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FINMECCANICA

PRESS RELEASE

Rome, 31 July 2012

Finmeccanica: the board of directors has examined the results of operations of the second quarter of 2012 and approved the Interim Financial Report at 30 June 2012 (*)

Key performance indicators (**)

- **New orders:** €4.2 billion in the second quarter (+13%); €7.7 billion in the first half of the year (+7%).
- **Order backlog:** €46.1 billion in the first half of the year. The order backlog ensures around two and a half years of production for the group.
- **Revenue:** €4.3 billion in the second quarter (-3%); €8 billion in the first half of the year (-2%).
- **EBITA:** €285 million in the second quarter (+33%); €459 million in the first half of the year (+10%).
- **Net Profit:** €44 million in the second quarter, an increase over the €6 million figure for the corresponding period of the previous year (net of the gain of €443 million generated by the sale of 45% of Ansaldo Energia); €70 million in the first half of the year, an increase over the €13 million figure for the corresponding period of the previous year (net of the above-mentioned gain).
- **Free Operating Cash Flow:** negative €70 million in the second quarter (-€181 million in the corresponding period of the previous year); a negative €1.208 billion in the first half of the year (-€1.184 billion in the first half of 2011).
- **Net financial debt:** €4,656 billion at 30 June 2012 (+11%).
- Free operating cash flow and net financial debt are impacted by the normal seasonal trend of the group's results of operations, as there are significantly more payments of trade payables than collections of trade receivables in the first half of the year.
- **Workforce:** 68,813 employees at 30 June 2012 compared to 70,474 employees at 31 December 2011
- **Research and development:** €943 million in the first half of the year (+7%)

(*) all data are unaudited

(**) Variations expressed according to company premises, that is, taking into consideration the deconsolidation of Ansaldo Energia by 45% (ceded in June 2011).

Highlights

- Strategic sectors show good performance: the excellent trend for helicopters is continuing; encouraging recovery for aeronautics; the restructuring of defence electronics and security is proceeding to schedule
- Management well focused on implementing the industrial plan in order to build a more focused, integrated and competitive Group, with economic-financial performances which are sustainable in the medium to long-term
- Management confident of achieving the goals it has fixed, although it is aware of the difficulties and the uncertainty of the external environment

The outlook for 2012

In view of the group's results of operations for the first half of 2012 and achieving the milestones set out both in its plans to improve competiveness and efficiency and for restructuring, and the roll out of actions to resolve strategic issues, we confirm the forecasts for the full year 2012 prepared at the time the 2011 Annual Report was being drawn up.

- **Revenue**: €16.9/€17.3 billion
- **EBITA**: approximately €1.1 billion
- **Free Operating Cash Flow**: positive

Giuseppe Orsi, Chairman and CEO of Finmeccanica, commented:

"The results of the first half, and in particular those of the second quarter, show an encouraging improvement in the main indicators and a recovery of profitability, a sign that the restructuring and efficiency plan is progressing according to schedule. Despite a national and international environment characterized by considerable persistent uncertainty, Finmeccanica is confident that it will achieve the targets for 2012 announced in March. 2012 remains, however, a year of delicate transition within a re-launch process which is demanding and will last some time".

Summary

The results of operations of Finmeccanica group for the first half of 2012 were better than those for the corresponding period of the previous year and in line with 2012 budget forecasts for the first half of the year. Even though the group's consolidated results for the first half of the year generally do not give an accurate representation of full year performance (as more than half of the group's operations take place in the second half of the year), it should be noted that the benefits witnessed in the second quarter of 2012, stemming from the reorganization and restructuring plans, exceed those of the first quarter of the year.

The first half of the year was impacted by several factors that will affect full year performance in 2012. Specifically, the budget cuts for military and security investment spending since 2010 in the group's key markets (Italy, Great Britain and the United States of America), the consequent increase in customers' attention to product performance/cost sustainability ratios and the shift in demand towards emerging countries with intense competition between companies, which is pushing prices downwards. Finally, the persistent and worsening recession in the Eurozone is making it more difficult (yet, at the same time, vital) to roll out the restructuring initiatives and even more important for companies to achieve a sound financial position.

Initiatives undertaken by the Finmeccanica group during 2011 enabled the group to improve its efficiency and simplify the corporate structure by drawing up and rolling out in-depth plans (detailing actions, costs/benefits, timeframes, restraints and execution milestones) to improve competitiveness and efficiency and to reorganise each company (with expected benefits of more than €440 million in 2013).

Guidance and monitoring undertaken during the reporting period by the parent company (as well as the improvement in the key production indicators for the companies) confirm the actions are being rolled out as scheduled in terms of physical progress and that the trend of financial statements figures is consistent with the quantitative targets in terms of overall benefits. As early as this reporting period, the results were especially strong in the Aerospace and Defence segments. However, their impact on the interim consolidated financial statements is still limited, as their progressive growth is closely related to revenue volumes in certain cases, such as purchases and controllable costs.

Financial performance for the period

Finmeccanica's board of directors met on 31 July, chaired by Giuseppe Orsi, examined the results of the second quarter of 2012 and unanimously approved the Interim Financial Report at 30 June 2012.

Key figures for the second quarter of 2012

The performance of the second quarter of 2012 resulted in significant improvements in the key indicators with respect to the second quarter of 2011.

- **New orders:** €4,200 million compared to the €3,750 million figure of the second quarter of 2011, with an increase of €450 million (or +12%).
- **Revenue:** €4,325 million compared to the €4,606 million figure of the second quarter of 2011, with a decrease of €281 million (or -6%).
- **Adj. EBITA:** €285 million compared to the €227 million figure of the second quarter of 2011, with an increase of €58 million (or +26%).
- **Net profit:** €44 million, compared to €449 million in the corresponding period of the previous year, which had benefitted from the gain of €443 million for the sale of the 45% stake in Ansaldo Energia. Excluding this gain, profit for the period would have come to €6 million in the second quarter of 2011, and the profit for the second quarter of 2012 would have increased by €38 million over the corresponding period of the previous year. The increase was mainly due to the following items: the increase in EBIT (€91 million), net of the increase in net financial expenses (€18 million), losses on equity investments (€21 million) and taxes (€14 million, excluding the tax effect of the gain on the sale).
- **Free operating cash flow:** negative €70 million, compared to a negative €181 million in the second quarter of 2011, representing a €111 million improvement.
- **Net financial debt:** €4,656 million, compared to €4,515 million in the first quarter of 2012, with a €141 million increase, basically due to changes in FOCF, to the impact of forex translation following the appreciation of the US dollar and the pound sterling against the euro.

Business sector performance in the second quarter of 2012

2°Quarter 2012	Helicopters	Defence Electronics & Security	Aeronautics	Space	Defence Systems	Energy	Transportation	Other Activities	Eliminations	Total
New Orders	955	1,267	684	131	208	362	671	24	(102)	4,200
Revenue	1,054	1,448	733	244	314	167	493	82	(210)	4,325
EBITA *Adj.*	131	88	36	19	39	10	---	(38)		285
ROS (%)	*12.4%*	*6.1%*	*4.9%*	*7.8%*	*12.4%*	*6.0%*	*n.a.*	*n.a.*		*6.6%*
2°Quarter 2011	**Helicopters**	**Defence Electronics & Security**	**Aeronautics**	**Space**	**Defence Systems**	**Energy**	**Transportation**	**Other Activities**	**Eliminations**	**Total**
New Orders	567	1,325	1,053	268	199	68	205	215	(150)	3,750
Revenue	1,022	1,601	733	261	298	296	495	82	(182)	4.606
EBITA *Adj.*	107	85	37	10	37	21	(14)	(56)		227
ROS (%)	*10.5%*	*5.3%*	*5.0%*	*3.8%*	*12.4%*	*7.1%*	*(2.8%)*	*n.a.*		*4.9%*
Changes	**Helicopters**	**Defence Electronics & Security**	**Aeronautics**	**Space**	**Defence Systems**	**Energy**	**Transportation**	**Other Activities**	**Eliminations**	**Total**
New Orders	68%	(4%)	(35%)	(51%)	5%	432%	227%	(89%)	---	12%
Revenue	3%	(10%)	n.s.	(7%)	5%	(44%)	n.s.	n.s.	---	(6%)
EBITA *Adj.*	22%	4%	(3%)	90%	n.s.	(52%)	---	(32%)		26%
ROS (%)	*1.9 p.p.*	*0.8 p.p.*	*(0.1) p.p.*	*4.0p.p.*	*0.0 p.p.*	*(1.1)p.p.*	*n.a.*	*n.a.*		*1.7p.p.*

Key financial figures for the first half of 2012 (*)

(€ million)

	First Half 2012	First Half 2011	Absolute Change	% Change	FY 2011
New orders	7,678	7,566	112	*1%*	17,434
Order backlog	46,060	44,981	1,079	*2%*	46,005
Revenue	8,027	8,432	(405)	(5%)	17,318
EBITA Adj. (**)	459	440	19	4%	(216)
ROS %	*5.7%*	*5.2%*	*0.5 p.p.*		*(1.2%)*
Net Profit	70	456	(386)	*(85%)*	(2,306)
Net financial debt	4,656	4,189	467	*11%*	3,443
FOCF	(1,208)	(1,184)	(24)	*(2%)*	(358)
ROI	*10.6%*	*8.2%*	*2.4 p.p.*		*(2.4%)*
VAE	(48)	(198)	150	*76%*	(956)
Research and Development	943	882	61	*7%*	2,020
Workforce	68,813	71,933	(3,120)	*(4%)*	70,474

(*) During 2012 the average euro exchanges rates of the first half 2012 and 2011 decreased against both the US dollar (around 8%) and the pound sterling (around 5%). The difference in the closing rates applied to statement of financial position items between 30 June 2012 and 31 December 2011 shows that the euro depreciated by 3% against both the US dollar and the pound sterling.

(**) Operating profit before:

- any impairment of goodwill;

- depreciation of fixed assets valued as part of business combinations;

- restructuring costs of major, defined plans;

- other extraordinary income and expenses, relating to particularly significant events unconnected with the ordinary operations of the core businesses.

For comparative purposes, it should be noted that a joint venture agreement with a leading international private equity investor specialised in the energy and natural resources sector, First Reserve Corporation, for the sale of 45% of Ansaldo Energia, was completed on 13 June 2011. Accordingly, the results of operations of Ansaldo Energia group were consolidated on a line-by-line basis until the transaction date. After such date they were consolidated on a proportionate basis (55%). Therefore, compared to the first half of 2011, the income statement for the reporting period reflects the decreased contribution of Ansaldo Energia resulting from the different consolidation method.

- **New orders** totalled €7,678 million, up €112 million (or +1%) over the €7,566 million figure for the first half of 2011. On a like-for-like basis, new orders for the first half of 2011 would have approximated €7,207 million. The increase is mainly due to the following business segments: Helicopters, thanks to the orders for the new AW169 and AW189 models (which represent around 32% of the total new orders); Defence Systems, due to the agreement of an important contract with the Indian Air Force for missile systems and an order to supply additional VBM armoured vehicles to the Italian Army in the land weapon systems. This improvement is partially offset by the contraction seen mainly in the Space business segment, which had benefitted from the significant order related to the Galileo programme in the first half of 2011. The Defence Electronics and Security, Aeronautics and Energy business segments were substantially stable (on a like-for-like basis).
- The **order backlog** totalled €46,060 million, up €55 million over the €46,005 million figure at 31 December 2011. The net increase is also affected by the translation of foreign currency orders

following the appreciation of both the US dollar and the pound sterling against the euro at 30 June 2012 (€464 million). The order backlog ensures around two and a half years of production for the group.

- **Revenue** totalled €8,027 million, compared to €8,432 million for the corresponding period of the previous year, with a €405 million decrease (-5%). On a like-for-like basis, consolidated revenue for the first half of 2011 would have amounted to roughly €8,179 million. The decrease in revenue is largely related to the Defence Electronics and Security business segment due to decreased DRS activities related to programmes for the US Armed Forces and the drop in production volumes in the command and control systems and information technology and security lines, which were also impacted by the freezing of the Ministry for the Environment's SISTRI programme. On a like-for-like basis, operations were largely in line with those of the corresponding period of the previous year in all the other business segments, except for Helicopters, which increased due to the different revenue mix.
- **Adjusted EBITA** totalled €459 million, compared to €440 million in the corresponding period of the previous year, with an increase of €19 million (or +4%). On a like-for-like basis, the group's adjusted EBITA for the first half of 2011 would have been €421 million. The increase is due to the Helicopters, Aeronautics and Space business segments, mainly due to: the restructuring and streamlining initiatives underway, the increase in production volumes (Helicopters) and greater profit margins on certain programmes (Space). Adjusted EBITA in the Defence Electronics and Security business segment decreased mainly due to DRS's drop in production volumes, which were partially offset by savings generated by the restructuring plans underway. The Defence Systems, Transportation and Energy business segment results were substantially stable (on a like-for-like basis). As a result, **ROS** came to 5.7%, compared to 5.2% in the first half of 2011.
- **EBIT** came to €375 million, compared to €321 million in the corresponding period of the previous year, with a €54 million (or +17%) increase, substantially due to the improvement in the adjusted EBITA (€19 million) and lower restructuring/adjustment costs (€35 million).
- **Net financial expense** came to €219 million, with a €12 million increase over the corresponding period of 2011 (net financial expense of €207 million, net of the effect of the sale of the 45% stake in Ansaldo Energia, which generated a €458 million gain). This trend related particularly to the group's share of losses of equity-accounted investments, which totalled €13 million, compared to €9 million in the first half of 2011.
- The effective **tax rate** for the first half of 2012 was -55.13% (-20.28% for the first half of 2011; -88.6% net of the gain on the partial sale of Ansaldo Energia). The tax rate is impacted by the seasonal nature of results of operations and should come into line with historical rates over the course of 2012.
- **Net profit** came to €70 million (€456 million in the corresponding period of the previous year, which had benefitted from the gain of €443 million recognised on the sale of the 45% stake in Ansaldo Energia). Excluding this gain, the profit for the period would have come to €13 million in the first half of 2011, and the profit for the first six months of 2012 would have increased by €57 million. The net increase was mainly due to the improvement in EBIT (€54 million), the increase in net financial expense (€12 million) and the decrease in taxes (€15 million, net of the tax effect of the gain on sale).
- **Net invested capital** totalled €9,325 million, compared to €8,046 million at 31 December 2011, with a net increase of €1,279 million. An in-depth review of the group's invested capital (both non-current and working capital) was carried out at 31 December 2011, leading to the recognition of impairment losses on development expense for products whose commercial outlook in terms of cost/performance no longer offered an adequate return on the investment, and significant impairment losses on goodwill recognised in relation to specific assets following defence and security budget cuts in the group's main markets which impacted the companies' growth prospects. Net invested capital was also impacted by the accruals made for the roll out of the restructuring plans involving the Aeronautics, Defence Electronics and Security and Transportation (*vehicle* line) business segments in particular. This resulted in the amount of net invested capital being more sustainable and consistent with the forecast growth in the group's profitability and the indicators adequately represent the return on invested capital. The increase in net invested capital in the first half of 2012 is substantially due to the typically negative performance of the free operating cash flow (FOCF) as a component of net working capital in this part of the year, as described below.
- **Net working capital** consequently increased by €1,106 million (a negative €246 million at 30 June 2012 compared to negative €1,352 million at 31 December 2011).

- **Non-current assets** increased by a net €173 million (€9,571 million at 30 June 2012 and €9,398 million at 31 December 2011), mainly due to investments, net of amortisation/depreciation of the period, and the exchange rate differences arising from the translation of financial statements prepared in currencies other than the euro (particularly following the appreciation of both the US dollar and pound sterling against the euro), which resulted in goodwill for the foreign companies higher by €110 million.
- In respect of the increase in net invested capital compared to 30 June 2011 (amounts in brackets), **ROI** was 10.6% (8.2%), **EVA** was a negative €48 million (negative €198 million) and **ROE** was 3.0% (0.4%).
- **Free operating cash flow (FOCF)** should be considered in terms of the period of the year (seasonality), when there are significantly more payments of trade payables than collections of trade receivables. At 30 June 2012, FOCF was therefore a negative (use of cash) €1,208 million, compared to a negative €1,184 million at 30 June 2011, with a net deterioration of €24 million (or -2%) due mainly to cash flows used in operating activities, while cash flows used in investing activities improved. In the first half of the year, investment activities necessary to develop products were concentrated in the Aeronautics business segment (around 38%), while the Defence Electronics and Security and Helicopters business segments accounted for 23% each.
- **Net financial debt** was €4,656 million (€3,443 million at 31 December 2011), with a net increase of €1,213 million. This amount, which reflects the typically negative impact of the FOCF of the period, is not materially impacted by non-recurring transactions, while it was affected by the appreciation of the US dollar and the pound sterling against the euro compared with 31 December 2011, due to forex translation impact. It also includes the €17 million ordinary dividend paid by Ansaldo STS to its non-controlling shareholders for 2011.
- **Research and development** investments totalled €943 million, up €61 million (or +7%) over the €882 million figure for the corresponding period of the previous year. Research and development is concentrated in the three strategic sectors: Defence Electronics and Security (41% of the total), Helicopters (24% of the total) and Aeronautics (16% of the total).
- The **workforce** numbered 68,813, compared to 70,474 employees at 31 December 2011. This decrease of 1,661 employees is substantially a result of the steps taken to reduce and streamline the workforce as part of the group's reorganisation and restructuring plan, especially in the Defence Electronics and Security, Helicopters, Defence systems and Transportation business segments. A breakdown of the workforce by geographical segment at the end of the first half of 2012 shows around 58% located in Italy and 42% abroad, mainly in the United States of America, the United Kingdom, France and Poland.

Key events of and after the reporting period

The merger into Alenia Aeronautica S.p.A. of its subsidiaries Alenia Aermacchi S.p.A. and Alenia SIA S.p.A. took effect on **1 January 2012**, as part of the reorganisation of the Aeronautics business segment commenced in 2010. Alenia Aeronautica S.p.A. then changed its name to Alenia Aermacchi S.p.A. and transferred its registered office from Pomigliano d'Arco (Naples) to Venegono Superiore (Varese). The plan to relaunch, reorganise and restructure the business segment was also rolled out near the end of 2011 with a view to recapturing market competitiveness through selected products and top-flight technologies.

The transaction approved by Finmeccanica's board of directors in December 2011 to transfer the equity investments in SELEX Galileo Ltd, SELEX Galileo S.p.A., SELEX Elsag S.p.A. and SELEX Sistemi Integrati S.p.A. from Finmeccanica to its wholly-owned subsidiary SELEX Electronic Systems S.p.A. took effect from **1 January 2012**. These transactions are part of the group's reorganisation in the Defence Electronics and Security business segment which will culminate in the creation of a single European-level organisation by the end of 2012. This will provide all business areas with consistent guidance and further streamline the business structure and investments and provide a unified approach to domestic and international customers. After having only a marginal impact on the results of the first half of the year, the effects of the streamlining could result in the accruals of provisions as early as the second half of 2012.

On **29 February 2012**, Finmeccanica and Northrop Grumman were awarded by NATO NC3A Agency (Consultation, Command and Control) the contract related to the collaboration agreement, signed in 19 December 2011, to meet the NCIRC (NATO Computer Incident Response Capability) - Full Operating

Capability (FOC) programme requirements. The programme's aim is to ensure security of the information held at around 50 NATO locations and sites across 28 countries, enabling rapid and effective detection of and response to cyber security risks.

Ansaldo STS reached a strategic agreement with the China-based Cnr Dalian and the Taiwan-based General Resources Company on **17 July 2012**, licensing the "TramWave" technology to the joint venture that will be formed by Cnr Dalian and General Resources.

On **23 July 2012**, Finmeccanica signed a strategic partnership agreement with Poste Italiane S.p.A. and the Russian postal services for its subsidiary SELEX Elsag to supply know how and technologies to develop and modernise the Russian postal network by upgrading the logistics network and rolling out new digital services. Under this agreement, activities will also be carried out in 2012 to identify further business opportunities where Italian know how can be applied.

Financial transactions

Finmeccanica group did not carry out material transactions on the capital markets in the first half of 2012, with the only transactions of the period being the finalisation of some existing bond repurchase transactions. Specifically, in February and March, Meccanica Holdings USA repurchased, in several instalments, around $34 million of bonds maturing in July 2019, bearing interest at 6.25%, that it issued in 2009 for a total of $500 million. In the second quarter, a further approximate $32 million of the same bonds was repurchased, for a total amount approximating $66 million (about €51 million). The average repurchase price totalled 89.81% of the nominal amount, with an average annual return of 8.13%. Unlike for bonds issued on the Euromarket, these bonds do not have to be cancelled immediately.

With reference to issues on the Euromarket, in 2011, Finmeccanica Finance repurchased on an arm's length basis and subsequently cancelled notes approximating €185 million and maturing in December 2013, bearing interest at 8.125%. They were issued as part of the Euro Medium Term Notes (EMTN) programme, renewed in December 2011 for a ceiling of €3,800 million, of which approximately €2,900 million has been used. After June 2012 closing, in respect of this issue (maturing in December 2013), an approximate further €12 million was repurchased in July for an average repurchase price of 106.40% of the nominal amount, with an average annual return of 3.21%. The repurchase of a total of €197 million took place at an average repurchase price of 105.74% of the nominal amount, with an average return of 5.21%.

The following table details the bonds outstanding at 30 June 2012 maturing within the next 18 months.

Issuer	Year of issue	Maturity	Nominal amount (€million)	Annual interest rate	Type of offer	IFRS carrying amount (€ million)
Finmeccanica Finance SA	2008	2013	815(*)	8.125%	European institutional	854

(*) *Residual nominal amount after the repurchase of €185 million in several instalments in the second half of 2011.*

During the life of the various bonds, Finmeccanica has undertaken transactions to convert the fixed rate to floating rate, in some cases together with option structures protecting against floating rate rises.

All bonds issued by Finmeccanica Finance and Meccanica Holdings USA are irrevocably and unconditionally secured by Finmeccanica and they have a medium-term credit rating from the international rating agencies Moody's Investor Service (Moody's), Standard and Poor's and Fitch. At 30 June 2012, Finmeccanica's credit ratings are unchanged from 31 December 2011:

- Baa2 with negative outlook from Moody's (from A3 with stable outlook at 31 December 2010);
- BBB- with negative outlook from Fitch (from BBB+ with stable outlook at 31 December 2010);
- BBB- with negative outlook from Standard and Poor's (from BBB with negative outlook at 31 December 2010).

In July, following the further downgrading of the Italian Republic, Moody's placed Finmeccanica's debt "on review for downgrade". In rating companies' debt, some agencies use methods such that issuers can be allocated a different rating from that on a "stand alone" basis in the event there are particular relationships linking the issuer to the country to which they belong.

The agencies' rating of Finmeccanica has remained at "Investment Grade", although with negative outlook. This rating could be changed by the rating agencies based not only on the progress of Finmeccanica's restructuring, reorganisation and disinvestment programmes, but also in the event of a deterioration in the macroeconomic context (eg., national economic system). A hypothetical further downgrading of Finmeccanica's rating, even to below Investment Grade, would not significantly affect the confirmed outstanding financing. However, it could be more difficult and costly to use some of the credit line sources of financing used to date, requiring the company to seek alternative sources which offer financing also to non-Investment Grade companies under normal market conditions.

The group is actively committed to rolling out the steps of the restructuring plan launched in 2011, which, inter alia, include the reduction of debt. Moreover, the group's financial and investment and contract selection policies mean the group constantly monitors the soundness of its financial position, which also enables compliance with the indicators the rating agencies refer to.

Other events

As part of the group's focus on its strategic sectors, on 31 May 2012, Finmeccanica Finance, Fondo Strategico Italiano S.p.A. ("FSI"), Avio S.p.A. ("Avio") and the ultimate parent, BCV Investments SCA, reached an agreement, with the condition precedent of Avio's listing on the stock exchange before the end of 2012 under favourable market conditions, which will enable FSI to become a shareholder of Avio with a stable approximate 15% investment, taking part in the initial public offering, which includes a share capital increase, and acquiring Finmeccanica's entire investment therein. Finmeccanica will receive an amount equal to the net placement price for the sale of its stake.

Outlook

Finmeccanica group's results for the first half of 2012 were better than those of the corresponding period of the previous year and were substantially in line with the forecasts contained in the companies' budgets.

The recession which affected other industries from 2008 extended to the Aerospace and Defence industries in the group's key markets of Great Britain, the United States of America and Italy, where budgets for military and security investment spending were cut in 2010. Customers are also tending to refocus on product performance/cost sustainability ratios. Current and prospective demand in the sector is shifting towards emerging countries and competition between companies is intense, which is pushing prices downwards. Particularly in the Eurozone, the current macroeconomic context is more worrying than originally thought, with significant impacts on its markets.

Initiatives undertaken to different extents by the various group companies during 2011 enabled the group to improve its efficiency and simplify the corporate structure by drawing up and rolling out in-depth plans (detailing actions, costs/benefits, timeframes, limitations and how the roll out is to take place) to improve competitiveness and efficiency and to reorganise each company (with expected benefits exceeding €440 million in 2013).

Guidance and monitoring undertaken during the reporting period by the parent (as well as the improvement in the key production indicators for the companies) confirm that actions are being rolled out as scheduled in terms of physical progress and that the trend of financial statements figures is consistent with the quantitative targets in terms of overall benefits. As early as this reporting period, the results were especially strong in the Aerospace and Defence segments.

The group is also taking the steps necessary for structural and "sustainable" growth, to solve strategic issues, including the consolidation and strengthening of activities in the Defence Electronics and Security business segment, through the combination of SELEX Galileo, SELEX Elsag and SELEX Sistemi Integrati into one company, while significantly streamlining technologies, product lines and industrial facilities, with important synergies and consequent significant reductions in manufacturing costs.

Equally important is the roll out of the group's asset portfolio review, concentrating invested capital in those activities and business segments boasting the technological and production capacities to maximise the creation and extraction of value on the market. This could entail the disposal of assets, thus reducing financial debt and thereby improving the overall cash position.

In view of the group's results of operations for the first half of 2012 and its achievement of the milestones set out both in its plans to improve competiveness, efficiency and restructuring, and the roll out of actions to resolve strategic issues, we confirm the forecasts for the full year 2012 prepared at the time the 2011 Annual Report was being drawn up.

Revenue for the full year is expected to be in the range of €16.9 billion and €17.3 billion. Adjusted EBITA will return to positive in the Aeronautics business segment while the Transportation business segment will substantially break even (although the vehicles line will continue to be negative). Adjusted EBITA will grow in the Defence Electronics and Security and Helicopters business segments. The adjusted EBITA will thus approximate €1,100 million, while FOCF will be positive thanks to operating activities before investing activities, which (after having funded part of the restructuring costs accrued in 2011, borrowing costs and income taxes) will generate cash flows exceeding €900 million, while investing activities (after collecting the grants under Law no. 808/85) are expected to absorb cash outflows approximating €900 million.

PERFORMANCE BY BUSINESS SEGMENT

(€ million)

Helicopters

Company: **AgustaWestland**

New orders: €1,780 million, up 42,7% over the corresponding period of the previous year (€1,247 million). Helicopters (new and upgrades) account for 77.9%, while product support (spare parts and overhauls), engineering and production account for 22.1%. The increase is largely due to the new AW169 and AW189 models (a total of 62 units), which represent 32% of the total new orders of the first half of 2012. The most important new orders of the period in the *military-government* line include the contract to supply six AW Super Lynx 300 helicopters to a key customer in the southern Mediterranean area, the contract to supply five AW169 units to a United Arab Emirates governmental customer, orders to supply two law enforcement-configured AW139 helicopters to the Japanese National Police Agency and the contract to supply one AW109 helicopter to the Chilean military police. New orders were received for 94 units in the *civil-government* line, the most important of which include the supply of 15 AW189 helicopters to Gulf Helicopters and the supply of five AW169 helicopters to the air rescue services provider, Inaer Aviation Spain.

Order backlog: at 30 June 2012 came to €12,153 million, in line with 31 December 2011 (€12,121 million). Helicopters (new and upgrades) account for 66%, while product support (spare parts and overhauls), engineering and production account for 34%. This amount ensures around three years of production.

Revenue: came to €1,912 million, up 4,4% over the six months ended 30 June 2011 (€1,831 million), due to the different revenue mix, with the helicopter component growing significantly in certain production lines (AW101, AW139); the product support area also performed strongly, with an overall growth of 1.5%.

Adjusted EBITA: came to €219 million, up 16,5% over the six months ended 30 June 2011 (€188 million). This improvement is consistent with the breakdown of revenue and is partially due to the above-mentioned increase in production volumes and partially to the streamlining and restructuring initiatives rolled out at the end of last year. **ROS** consequently increased 1.2% to 11.5%, from 10.3% for the period ended 30 June 2011.

The **workforce**: numbered 13,091, down a net 212 employees on the 13,303 employees at 31 December 2011. This is mainly due to the restructuring plan at the British site of Yeovil, with the laying off of 351 employees during the period and a forecast further 32 by December 2012, for a total of 383 employees, and the outsourcing of certain non-core activities of the Polish site of Swidnik.

Defence Electronics and Security

Companies: **DRS Technologies, SELEX Elsag, SELEX Galileo** and **SELEX Sistemi Integrati**

New orders: totalled €2,342 million, down by €196 million on those of the corresponding period of the previous year (€2,538 million). Key new orders include: *avionics and electro-optical systems*, orders for the EFA programme related to avionics devices and radars for the third lot, as well as logistics, the order for activities related to the fixed and mobile component of the ground-based part of a ground-to-air surveillance system forming part of NATO's Alliance Ground Surveillance programme; *command and control systems*, in the defence systems area, the order from the Italian Navy to implement the TESEO system in Orizzonte vessels and orders for the Medium Extended Air Defence System programme; in the civil systems area, contracts with Uruguay's Civil Aviation Authority and the Royal Bahraini Air Force for the supply of primary and secondary radar systems to control and manage air and airport traffic; *integrated communication networks and systems*, the order from NATO to develop, implement and manage the Computer Incident Response Capability - Full Operating Capability programme to protect data from threats and weaknesses as part of cyber security at numerous NATO command centres and locations in various countries; orders for communications systems of the VBM and VTMM vehicles from the Italian Army; info*rmation technology and security*, the order to develop and manage the Ministry of Education, University and Research's IT system, further orders from the Russian postal service to supply systems for their revenue protection programme, the order for maintenance and technical assistance services for Poste Italiane S.p.A.'s mail sorting lines and equipment; *DRS,* the order to supply modular fuel tanks for the US Army's Modular Fuel System and the order from the US Navy to supply electronic security services to the Space and Naval Warfare Systems Command.

Order backlog: came to €9,322 million, compared to €9,591 million at 31 December 2011. More than one-third of this amount relates to the *avionics and electro-optical systems* line, and around one-fifth each to *command and control systems*, *major integrated systems* and DRS activities.

Revenue: came to €2,734 million, down 6% over the six months ended 30 June 2011 (€2,923 million) due to decreased activities of DRS for the US Armed Forces, as forecast, and the fall in production volumes in the *command and control systems* and *information technology and security* lines, which were also impacted by the freezing of the Ministry for the Environment's SISTRI programme. Revenue was mainly generated by: *avionics* and *electro-optical systems*, the continuation of activities for the EFA programme; *major integrated defence and security systems,* the continuation of activities for the NEC Force programme; *command and control systems,* the continuation of activities on the air traffic control programmes in Italy and abroad; *integrated communications systems and networks*, continuation of the activities to develop the national TETRA network and the development and manufacture of equipment for EFA and helicopter platforms; *information technology and security,* activities related to postal and industrial automation in both Italy and abroad and monitoring and physical security services for domestic customers and automation services for the public administration; *DRS*, the additional supply of Thermal Weapon Sight vision systems for soldiers and the supply of services and products under the Rapid Response contract.

Adjusted EBITA: came to €143 million, down over the six month period ended 30 June 2011 (€181 million), mainly due to the above-mentioned drop in DRS production volumes, while the impact of the lower volumes and the deterioration of the mix of activities in the *command and control systems*, *information technology and security* and *integrated communication systems and networks* lines were largely offset by savings generated by the plans underway to improve competitiveness and efficiency and for restructuring. **ROS** for the first half of 2012 was 5.2%, representing a decrease over the corresponding period of the previous year of 6.2%.

The **workforce:** numbered 26,037, down a net 1,277 employees on the 27,314 employees at 31 December 2011, due to the streamlining of all the business divisions underway, and DRS especially.

Aeronautics

Companies: **Alenia Aermacchi (*), GIE-ATR (**), Alenia Aermacchi North America** and **SuperJet International (***)**

(*) With effect from 1 January 2012, Alenia Aermacchi S.p.A. and Alenia SIA S.p.A. were merged into Alenia Aeronautica S.p.A., which changed its name to "Alenia Aermacchi S.p.A.".

(**) Figures related to Consorzio GIE-ATR are consolidated on a proportionate basis at 50%.

(***) Figures related to Super Jet International are consolidated on a proportionate basis at 51%.

New orders: came to €1,556 million, in line with the figure for the corresponding period of 2011 (€1,588 million). Specifically, the increased orders in the *military* line, linked to the EFA and C27J programmes, offset the drop in the *civil* line, which had experienced significant purchases of ATR aircraft in the first half of 2011.

Key new orders acquired in the first half of 2012 include: in the *military* line, for the EFA programme, the contract to supply technical-logistics services for five years (this order forms part of a broader contract agreed by the Eurofighter consortium with NETMA to support the fleet of aircraft of the programme's four partner nations: Italy, Germany, Spain and the United Kingdom), for the C27J programme, the order for ten aircraft for the Australian Air Force via a Foreign Military Sales agreement with the government of the United States, with the contract awarded to the partnership between L-3 - as prime contractor - and Alenia Aermacchi, for the Maritime Patrol version of the ATR 72 aircraft, the additional order for logistical support for the four aircraft under production ordered by the Italian Air Force in 2008 for maritime patrol; in the *civil* line, for the ATR aircraft, GIE-ATR acquired orders for 11 aircraft, including two from the Laos-based Lao Airlines, nine from the Taiwan-based TransAsia Airways and one from the Danish-based Nordic Aviation; for aerostructures, further lots for the B767, B777, A380, ATR and A321 programmes and the production of engine nacelles. The Israeli Defence Ministry's decision in February 2012 to exclusively use the M346 aircraft for trainers was a great success for the *military* line's sales area, with the supply of 30 planes. The contract was agreed in July.

Order backlog: €8,994 million (€8,656 million at 31 December 2011), covering the medium/long-term. Analysing the breakdown shows a significant proportion of the EFA (41%), B787 (16%), ATR, (16%), M346 (4%) and C27J (5%) programmes.

Revenue: came to €1,318 million, up slightly (+1,6%) over the six months ended 30 June 2011 (€1,297 million) due to increased operations in the *civil* line and the increased production rates for the B787, ATR and A380 aircraft, which offset the drop in activities for EFA military and transport (C27J and G222) aircraft.

Adjusted EBITA: came to €49 million, up €8 million over the six months ended 30 June 2011 (€41 million), mainly due to the decrease in operating costs and the improved industrial efficiency thanks to the reorganisation underway. **ROS** was thus 3.7%, compared with 3.2% for the first half of 2011.

The **workforce:** numbered 12,131, up a net 138 employees on the 11,993 employees at 31 December 2011. This is due, *inter alia*, to the hiring of 395 former temporary workers, as per the agreement reached with the trade unions on 8 November 2011 and the early retirement of 325 employees as part of the reorganisation and business reorganisation underway.

Space

Companies: **Telespazio** and **Thales Alenia Space (*)**

(*) Figures for the two joint ventures - Telespazio and Thales Alenia Space - are consolidated on a proportionate basis at 67% and 33%, respectively.

New orders: for the first half of 2012 totalled €241 million, down approximately 35% on the corresponding period of the previous year (€371 million). This decrease relates in full to the *manufacturing* line due to the decrease in new orders in the *commercial telecommunications* and *earth observation* systems areas. Moreover, in the corresponding period of the previous year, the *manufacturing* line had benefitted from the significant order related to the Galileo programme (group's portion of €91 million) in the *satellite navigation* area.

The most important new orders of the period were as follows: in the *commercial telecommunications* line, the new orders for satellite and satellite TV services capacities and supply of satellite telecommunications services; in the *military and government telecommunications* line, additional lots of the contract with the Italian Space Agency and the French Space Agency (CNES) for the Athena Fidus satellite and orders for military satellite telecommunications services; in the *earth observation* line, additional lots of the order for third-generation Meteosat satellites; orders to supply Cosmo data and stations and GeoEye data; in the *satellite navigation* line, the order for the Egnos programme; in the *scientific programmes* line, an additional lot of orders under the Bepi-Colombo and Exomars programmes.

Order backlog: totalled €2,242 million, down €223 million on the €2,465 million figure at 31 December 2011. Manufacturing activities account for 60%, while satellite services account for the remaining 40%.

Revenue: totalled €462 million, down €18 million from the €480 million figure of the corresponding period of the previous year, due to decreased production mainly in the *manufacturing* line. Production mainly related to ongoing activities in the following lines: *commercial telecommunication,* for the W3D, APSTAR 7 and 7B and Yamal- 401 and 402 satellites and payloads; for the O3B and Iridium NEXT satellite constellations; satellite services for telecommunications and the resale of satellite capacity; *military telecommunications*, for the Sicral 2 and Athena Fidus satellites and the supply of satellite services; *earth observation*, for Sentinel mission satellites (the Kopernikus programme, previously known as GMES), for the Göktürk satellite system for the Turkish Ministry of Defence (the programme schedule is currently under review with the latter), for the third-generation Meteosat constellation; *scientific programmes*, for the Exomars and Bepi-Colombo programmes; *satellite navigation*, for activities in the ground mission line of the Galileo programme and activities related to the Egnos programme.

Adjusted EBITA: came to €30 million, up €20 million over the €10 million figure for the corresponding period of the previous year. The increase is mainly due to the greater profitability of *manufacturing* programmes (€6 million) and the improvements brought by the streamlining actions (€5 million) in the *satellite services* line. **ROS** came to 6.5%, compared to 2.1% for the six months ended 30 June 2011.

The **workforce:** numbered 4,172, up 33 employees from the 4,139 employees at 31 December 2011.

Defence systems

Companies: **Oto Melara, WASS** and **MBDA (*)**

(*) Figures related to the MBDA joint venture are consolidated on a proportionate basis at 25%.

New orders: totalled €522 million, an increase over the €318 million figure for the first half of 30 June 2011, due to the agreement of an important contract with the Indian Air Force for *missile systems* and an order to supply additional VBM armoured vehicles to the Italian Army in the *land weapon systems* line. Conversely, the *underwater systems* line decreased over 30 June 2011, which had benefitted from significant foreign orders. Key new orders of the reporting period include: in the *missile systems* line, the order to supply Mica air-to-air missiles as part of the upgrade of the Mirage 2000 fleet used by the Indian

Air Force and customer support orders; in the *land, sea and air weapons system* line, the order for an additional lot of VBM armoured vehicles for the Italian Army and various logistics orders; in the *underwater systems* line, various contracts in the heavy torpedoes and countermeasures business areas, orders related to the FREMM programme from France and various logistics orders.

Order backlog: at 30 June 2012 was €3,629 million, compared to €3,656 million at 31 December 2011. Around 64% of this amount relates to the *missile systems* line.

Revenue: came to €564 million, up slightly on the €558 million figure recognised in the corresponding period of the previous year. Revenue was mainly generated by: *missile systems*, the production of Aster surface-to-air missiles, Spada aerial defence missile systems and Exocet anti-ship missiles, the development of the aerial defence system as part of the Medium Extended Air Defence System programme and customer support; *land, sea and air weapons systems,* production related to the VBM armoured vehicles for the Italian army, the Hitfist turret kits for Poland, activities related to the FREMM programme, the production of SampT missile launchers; the production of machine guns for various foreign customers and logistics; *underwater systems*, activities related to the Black Shark heavy torpedo and the A244 light torpedoes, countermeasures, FREMM-related activities and logistics.

Adjusted EBITA: totalled €54 million, higher than the €49 million figure recognised in the corresponding period of the previous year mainly due to the improvement in the profit margins of the *underwater systems*. **ROS** came to 9.6% (8.8% for the six months ended 30 June 2011).

The **workforce:** at 30 June 2012 numbered 3,995, down 71 employees from the 4,066 employees at 31 December 2011.

Energy

Companies: **Ansaldo Energia** (*) (**)

(*) *Finmeccanica S.p.A. sold its 45% investment in Ansaldo Energia group to the US investment fund, First Reserve Corporation, on 13 June 2011. Ansaldo Energia Holding and its subsidiaries have been consolidated on a proportionate basis since that date. The merger of the parent Ansaldo Energia Holding into the subsidiary Ansaldo Energia was finalised on 30 June 2012.*

(**) *To properly present the business segment's performance, changes in income statement figures are also shown and discussed on a like-for-like basis.*

New orders: for the first half of 2012 came to €445 million, down €353 million over the corresponding period of the previous year (€798 million) as a result of the change in consolidation method. On a like-for-like basis, new orders increased €6 million, largely due to purchases in the *plants and components* line and partly to *nuclear*. Key new orders of the first half of the year include: in the *plants and components* line, supply of a gas turbine and alternator in Algeria; supply of a steam turbine and alternator in Chile; in the *service* line, the contract related to the revamping of the nuclear turbo alternator for a power station in Argentina and field service contracts; in the *nuclear* line, the plant engineering order in Argentina and the order for the full-scale prototype of the divertor's inner vertical target for a nuclear power station in France.

Order backlog: totalled €2,077 million, up €138 million over the €1,939 million figure at 31 December 2011. *Plants and components* account for 42%, while *services* account for 55% (70% of which is represented by long-term service agreements - LTSAs - for scheduled maintenance contracts), *nuclear* for 2% and *renewable energies* for the remaining 1%.

Revenue: for the first half of 2012 came to €306 million, down €256 million over the corresponding period of the previous year (€562 million), due entirely to the change in consolidation method. On a like-for-like basis, revenue is substantially unchanged from the corresponding period of the previous year. Revenue was mainly generated by: *plants and components*, work on contracts in Italy, Tunisia, Egypt, Turkey and Algeria; *services*, LTSAs in Italy, Northern Ireland; in the spare part area, the activities on the gas turbines in Spain, the Dominican Republic and Turkey and, finally, components for the power station in Argentina; activities in Italy in the *field service* area; *nuclear*, in the *plant engineering* area, the continuation of activities for the China project in conjunction with Westinghouse for the new AP1000 nuclear reactors and engineering activities in the Slovakia power station to complete the two VVER 440 reactors; in the *services* area, revamping activities at the power station in Argentina; in the *waste and decommissioning* area, activities to treat and store radioactive waste from submarines in Russia; *renewable energy*, in the *photovoltaic* area, progress on the Siracusa and Avellino, Martano and Soleto (both in Lecce) contracts; in the *wind* area, work on the Avellino contract to build a 66 MW wind farm.

Adjusted EBITA: for the first half of 2012 came to €21 million, down €21 million from the €42 million figure of the corresponding period of the previous year. On a like-for-like basis, adjusted EBITA is down €2 million, due mainly to the lower profitability of certain contracts in the *plant engineering* and *nuclear* lines. **ROS** for the reporting period was 6.9%, compared to 7.5% for the first half of 2011.

The **workforce:** at 30 June 2012 numbered 1,850, down 22 employees on the 1,872 employees at 31 December 2011.

Transportation

Companies: **Ansaldo STS, AnsaldoBreda** and **BredaMenarinibus**

New orders: for the first half of 2012 totalled €938 million, up €94 million on the €844 million figure of the corresponding period of the previous year, related mainly to the *signalling and transportation solutions* line. Key new orders of the reporting period include: for the *signalling and transportation solutions* line, in the s*ignalling* area, the order for the first two stages of a signalling system for the train line for heavy traffic use for the Roy Hill Iron Ore project in Australia, the contract agreed with Southeastern Pennsylvania Transportation Authority for the Positive Train Control integrated signalling system, the order for the new Shah-Habshan-Ruwais line in the United Arab Emirates, various components and service & maintenance contracts; in the *transportation solutions* area, the AutoHaul™ contract to develop and supply an automated train management system for the heavy transport of steel for Rio Tinto Iron Ore, awarded as part of the master agreement signed with Rio Tinto Iron Ore, and other contracts under the same contract, in Australia; in the *vehicles* line, the change to Trenitalia's 2010 order for high-speed trains, additional vehicles that had already been optioned for the Fortaleza metro system in Brazil and service orders; in the *bus* line, orders for five buses and various post-sales orders.

Order backlog: at 30 June 2012 totalled €8,336 million, up €19 million over the €8,317 million at 31 December 2011. The *signalling and transportations solutions* line accounts for 67.6%, the *vehicles* line for 32.2% and the *bus* line for 0.2%.

Revenue: for the first half of 2012 came to €940 million, compared to €953 million in the corresponding period of the previous year. Production mainly included: for the *signalling and transportation solutions* line, in the *signalling* area, high-speed projects, train control systems and the Turin-Padua stretch in Italy, contracts for the Bogazkopru-Ulukisla-Yenice and Mersin-Toprakkale train lines and for the Ankara metro in Turkey, orders for Australian Rail Track in Australia, the Union Pacific Railroad project in the US and various components contracts; in the *transportation solutions* area, the Copenhagen, Naples Line 6, Rome Line C, Brescia, Genoa, Milan and Riyadh (Saudi Arabia) metros, the Rio Tinto projects in Australia; in the *vehicles* line, double-decker carriages for Trenitalia, trains for the Danish railways, trains for the Dutch and Belgian railways, vehicles for the Fortaleza (Brazil), Milan and Riyadh (Saudi Arabia) metros and various service orders; in the *bus* line, various bus orders, representing 62% of this line's revenue, and post-sales activities.

Adjusted EBITA: for the first half of 2012 totalled €8 million, substantially unchanged from the €9 million figure of the corresponding period of the previous year. The adjusted EBITA of the individual lines is also consistent with the corresponding period of 2011. The profitability of the *vehicles* line, which is still negative, is impacted by *service*-related issues, while the streamlining initiatives proceed as planned under the reorganisation plan (EOS project) launched by Ansaldobreda's management and detailed in the 2011 consolidated financial statements. **ROS** for the business segment was 0.9% (0.9% also for the six months ended 30 June 2011).

The **workforce:** at 30 June 2012 numbered 6,642, down a net 234 employees on the 6,876 employees at 31 December 2011. This relates to both the *vehicles* line (162 employees), including in relation to AnsaldoBreda France SAS's placement in liquidation and consequent exit from the consolidation scope, and to the *signalling and transportation solutions* line.

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Pursuant to article 154-*bis*.2 of the Consolidated Finance Act, the manager in charge of financial reporting, Gian Piero Cutillo, states that the financial figures contained in this press release correspond to the accounting documentation, ledgers and entries.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

€mil.	**1H 2012 *(unaudited)***	**1H 2011**	***Chg. % y/y***	**2Q 2012 *(unaudited)***	**2Q 2011 *(unaudited)***	***Chg. % y/y***
Revenue	**8,027**	**8,432**	*(5%)*	**4,325**	**4,606**	*(6%)*
Purchases and personnel expenses	(7,268)	(7,671)		(3,884)	(4,200)	
Amortisation and depreciation	(279)	(294)		(144)	(159)	
Other net operating expense	(21)	(27)		(12)	(20)	
EBITA Adj (*)	**459**	**440**	*4%*	**285**	**227**	*26%*
ROS %	*5.7%*	*5.2%*		*6.6%*	*4.9%*	
Non-recurring expenses	-	(51)		-	(51)	
Restructuring costs	(40)	(27)		(31)	(14)	
Amortisation of intangible assets acquired as part of business combinations	(44)	(41)		(22)	(21)	
EBIT	**375**	**321**	*17%*	**232**	**141**	*65%*
EBIT margin	*4.7%*	*3.8%*		*5.4%*	*3.1%*	
Net financial income (expense)	(219)	251		(128)	369	
Income taxes	(86)	(116)		(60)	(61)	
PROFIT FOR THE PERIOD BEFORE DISCONTINUED OPERATIONS	**70**	**456**		**44**	**449**	
Profit (loss) from discontinued operations	-	-		-	-	
PROFIT FOR THE PERIOD	**70**	**456**	*(85%)*	**44**	**449**	*(90%)*
attributable to the owners of the parent	*53*	*433*		*33*	*434*	
attributable to non-controlling interests	*17*	*23*		*11*	*15*	
EPS (EUR)						
Basic	*0.091*	*0.750*		*0.057*	*0.752*	
Diluted	*0.091*	*0.749*		*0.057*	*0.751*	
EPS of continuing operations (EUR)						
Basic	*0.091*	*0.750*		*0.057*	*0.752*	
Diluted	*0.091*	*0.749*		*0.057*	*0.751*	

(*) Operating result before:
-any impairment in goodwill;
-amortisations of intangibles acquired under business combination;
-reorganization costs that are a part of significant, defined plans;
-other exceptional costs or income, i.e. connected to particularly significant events that are not related to the ordinary performance of the business.

BALANCE SHEET		
€mil.	**30.06.2012 *(unaudited)***	**31.12.2011**
Non-current assets	13,738	13,543
Non-current liabilities	(4,167)	(4,145)
	9,571	**9,398**
Inventories	4,895	4,486
Trade receivables	9,450	8,932
Trade payables	(13,070)	(13,162)
Working capital	**1,275**	**256**
Current provisions for risks and charges	(899)	(932)
Other current liabilities, net	(622)	(676)
Net working capital	**(246)**	**(1,352)**
Net invested capital	**9,325**	**8,046**
Equity attributable to the owners of the parent	4,361	4,301
Equity attributable to non-controlling interests	309	303
Equity	**4,670**	**4,604**
Net financial debt	**4,656**	**3,443**
Net assets held for sale	**(1)**	**(1)**

CASH FLOW		
€mil.	**1H 2012 *(unaudited)***	**1H 2011**
Opening cash and cash equivalents	**1,331**	**1,854**
Gross cash flow from operating activities	818	802
Change in other operating assets and liabilities and provisions for risks and charges	(497)	(619)
Funds From Operations (FFO)	**321**	**183**
Changes in working capital	(1,186)	(996)
Cash flows used in operating activities	**(865)**	**(813)**
Cash flows used in ordinary investing activities	(343)	(371)
Free operating cash flow (FOCF)	**(1,208)**	**(1,184)**
Strategic transactions	-	473
Change in other investing activities	(6)	21
Cash flows generated by (used in) investing activities	**(349)**	**123**
Dividends paid	(17)	(258)
Net change in loans and borrowings	694	(127)
Cash flows generated by (used in) financing activities	**677**	**(385)**
Exchange rate gains and losses	20	(45)
Closing cash and cash equivalents	**814**	**734**

NET FINANCIAL DEBT		
€mil.	**30.06.2012 *(unaudited)***	**31.12.2011**
Current loans and borrowings	1,026	414
Non-current loans and borrowings	4,409	4,397
Cash and cash equivalents	(814)	(1,331)
NET BANK LOANS AND BORROWINGS AND BONDS	**4,621**	**3,480**
Securities	(35)	(40)
Related party loans and receivables	(194)	(184)
Other loans and receivables	(783)	(887)
CURRENT LOANS AND RECEIVABLES AND SECURITIES	**(1,012)**	**(1,111)**
Relates party loans and borrowings	914	949
Other current loans and borrowings	75	66
Other non-current loans and borrowings	58	59
OTHER LOANS AND BORROWINGS	**1,047**	**1,074**
NET FINANCIAL DEBT	**4,656**	**3,443**

SHARE DATA			
	1H 2012 *(unaudited)*	**1H 2011**	***Chg. y/y %***
Average shares outstanding during the reporting period (in thousands)	578,118	577,438	*0.1%*
Profit for the period (excluding non-controlling interests) (€ million)	53	433	
Profit from continuing operations (excluding non-controlling interests) (€ million)	53	433	
BASIC EPS (EUR)	**0.091**	**0.750**	
Basic EPS from continuing operations	**0.091**	**0.750**	
Average shares outstanding during the reporting period (in thousands)	578,118	578,097	*0.0%*
Adjusted profit for the period (excluding non-controlling interests) (€ million)	53	433	
Adjusted profit from continuing operations (excluding non-controlling interests) (€ million)	53	433	
DILUTED EPS (EUR)	**0.091**	**0.749**	
Diluted EPS from continuing operations	**0.091**	**0.749**	

1H 2012 (Eur million) (unaudited)	Helicopters	Defence Electronics and Security	Aeronautics	Space	Defence Systems	Energy	Transport	Other Activities and Corporate	Eliminations	Total
New orders	1,780	2,342	1,556	241	522	445	938	31	(177)	**7,678**
Order backlog	12,153	9,322	8,994	2,242	3,629	2,077	8,336	207	(900)	**46,060**
Revenue	1,912	2,734	1,318	462	564	306	940	144	(353)	**8,027**
EBITA Adj (*)	**219**	**143**	**49**	**30**	**54**	**21**	**8**	**(65)**		**459**
ROS (%)	*11.5%*	*5.2%*	*3.7%*	*6.5%*	*9.6%*	*6.9%*	*0.9%*	*n.a.*		*5.7%*
EBIT	**215**	**83**	**49**	**25**	**50**	**21**	**(3)**	**(65)**		**375**
Depreciation and amortisation	70	118	60	17	14	7	11	26		**323**
Investment in non-current assets	134	93	157	13	14	10	10	13		**444**
Research and development costs	228	382	148	25	125	8	25	2		**943**
Workforce (no.)	13,091	26,037	12,131	4,172	3,995	1,850	6,642	895		**68,813**

1H 2011 (Eur million)	Helicopters	Defence Electronics and Security	Aeronautics	Space	Defence Systems	Energy	Transport	Other Activities and Corporate	Eliminations	Total
New orders	1,247	2,538	1,588	371	318	798	844	230	(368)	**7,566**
Order backlog (31/12/2011)	12,121	9,591	8,656	2,465	3,656	1,939	8,317	256	(996)	**46,005**
Revenue	1,831	2,923	1,297	480	558	562	953	131	(303)	**8,432**
EBITA Adj (*)	**188**	**181**	**41**	**10**	**49**	**42**	**9**	**(80)**		**440**
ROS (%)	*10.3%*	*6.2%*	*3.2%*	*2.1%*	*8.8%*	*7.5%*	*0.9%*	*n.a.*		*5.2%*
EBIT	**184**	**135**	**(23)**	**10**	**47**	**42**	**6**	**(80)**		**321**
Depreciation and amortisation	72	116	64	16	16	13	11	27		**335**
Investment in non-current assets	90	90	112	14	15	13	9	6		**349**
Research and development costs	203	332	156	31	124	12	24	-		**882**
Workforce (no.) (31/12/2011)	13,303	27,314	11,993	4,139	4,066	1,872	6,876	911		**70,474**

(*) Operating result before:
- any goodwill impairment;
- amortisations of intangibles acquired under business combination;
- restructuring costs of major, defined plans;
- other extraordinary income and expenses, i.e. relating to particularly significant events unconnected with the ordinary operations of the company's core businesses.

2Q 2012 (Eur million) (unaudited)	Helicopters	Defence Electronics and Security	Aeronautics	Space	Defence Systems	Energy	Transport	Other Activities and Corporate	Eliminations	Total
New orders	955	1,267	684	131	208	362	671	24	(102)	**4,200**
Revenue	1,054	1,448	733	244	314	167	493	82	(210)	**4,325**
EBITA Adj (*)	**131**	**88**	**36**	**19**	**39**	**10**	**-**	**(38)**		**285**
ROS (%)	*12.4%*	*6.1%*	*4.9%*	*7.8%*	*12.4%*	*6.0%*	*n.a.*	*n.a.*		*6.6%*
EBIT	**129**	**53**	**36**	**14**	**37**	**10**	**(9)**	**(38)**		**232**

2Q 2011 (Eur million) (unaudited)	Helicopters	Defence Electronics and Security	Aeronautics	Space	Defence Systems	Energy	Transport	Other Activities and Corporate	Eliminations	Total
New orders	567	1,325	1,053	268	199	68	205	215	(150)	**3,750**
Revenue	1,022	1,601	733	261	298	296	495	82	(182)	**4,606**
EBITA Adj (*)	**107**	**85**	**37**	**10**	**37**	**21**	**(14)**	**(56)**		**227**
ROS (%)	*10.5%*	*5.3%*	*5.0%*	*3.8%*	*12.4%*	*7.1%*	*(2.8%)*	*n.a.*		*4.9%*
EBIT	**105**	**60**	**(18)**	**10**	**35**	**21**	**(16)**	**(56)**		**141**

(*) Operating result before:
- any goodwill impairment;
- amortisations of intangibles acquired under business combination;
- restructuring costs of major, defined plans;
- other extraordinary income and expenses, i.e. relating to particularly significant events unconnected with the ordinary operations of the company's core businesses.