Piazza Monte Grappa, 4
00195 Rome – Italy

Press Office
Ph. +39 06 32473313
Fax +39 06 32657170

finmeccanica.com
ufficiostampa@finmeccanica.com

FINMECCANICA

PRESS RELEASE

Rome, 23 April 2013

Finmeccanica: the Board of Directors approves the 2012 results.

FY 2012 results in line with guidance. Revenues at EUR 17.2 billion. EBITA ca EUR 1.1 billion. FOCF positive for EUR 89 million.

The Board of Directors of Finmeccanica, convened under the chairmanship of the Vice President, Admiral Guido Venturoni, examined and unanimously approved the draft annual report and the consolidated results for 2012 (*).

Financial results

The *changes reported are expressed on a like-for-like consolidation basis, i.e. considering also for 2011 the proportional consolidation of Ansaldo Energia (45% of which was sold in June 2011). The changes excluded the effects of "exceptional" charges recorded at 31 December 2011 (EUR 1,094 million) relating to the following sectors: Aeronautics, Space, Defence and Security Electronics, Transportation, Defence Systems.*

- **New orders:** EUR 16.7 billion (-2.2%); EUR 6.1 billion in the fourth quarter;
- **Order backlog:** EUR 44.9 billion equivalent to about two and a half years of production;
- **Revenues:** EUR 17.2 billion (+1%); EUR 5.1 billion in the fourth quarter;
- **Adjusted EBITA:** EUR 1,080 million; EUR 339 million in the fourth quarter;
- **Net result:** a loss of EUR 786 million; a loss of EUR 932 million in the fourth quarter; the figure is affected by the impairment of goodwill in the Defence and Security Electronics sector in relation to SELEX ES (EUR 155 million) and to DRS (EUR 993 million);
- **Net result before impairment:** EUR 362 million;
- **Free Operating Cash Flow (FOCF):** positive EUR 89 million over a negative EUR 358 million (cash absorption) in 2011;
- **Net debt:** EUR 3.37 billion, substantially in line with the figure at 31 December 2011 amounting to EUR 3.44 billion;
- **Headcount:** 67,408 down from 70,474 at 31 December 2011;
- **Research & Development:** EUR 1.9 billion equal to 11% of revenues.

(*) *Financial data still unaudited*.

Forecasts for 2013

- **Revenues**: EUR 16.7/17 billion
- **Adjusted EBITA**: ca EUR 1.1 billion
- **Free Operating Cash Flow**: positive for around EUR 100 million

Key figures of year 2012

(EUR million)

Key comparative figures	2012	2011	Change	% change
New orders	16,703	17,434	(731)	*(4%)*
Order backlog	44,908	46,005	(1,097)	*(2%)*
Revenues	17,218	17,318	(100)	(1%)
Adjusted EBITA (*)	1,080	(216)	1,296	---
ROS %	*6.3%*	*(1.2%)*	---	*7.5 p.p.*
Net result	(786)	(2,306)	1,520	*65%*
Net invested capital	7,076	8,046	(970)	*(12%)*
Net debt	3,373	3,443	(70)	*(2%)*
FOCF	89	(358)	447	---
ROI	*14.3%*	*(2.4%)*	---	*16.7 p.p.*
ROE	*(18.9%)*	*(39.4%)*	---	*20.5 p.p.*
EVA	380	(956)	1,336	---
Research and development	1,929	2,020	(91)	*(5%)*
Headcount	67,408	70,474	(3,066)	*(4%)*

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 executed 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%). Furthermore, the Group's results in 2011 benefitted from a capital gain of EUR 407 million, net of taxes.

The results at 31 December 2011 (particularly for the Adjusted EBITA) included "exceptional" charges, totalling approximately EUR 1,094 million. In particular in the following sectors: Aeronautics, EUR 800 million, of which EUR 753 million related to the B787 programme and EUR 47 million to the C27J programme; Space, EUR 50 million, of which EUR 34 million related to the Gokturk programme; Defence and Security Electronics, a total of EUR 168 million; Transportation, EUR 47 million; Defence Systems, EUR 29 million, in the underwater systems.

In comparing the two reporting periods, this impact has been disclosed in order to give a more accurate representation of the operating performance of the Group and its segments.

Main data in the fourth quarter 2012

Group performance in the fourth quarter 2012

New orders: EUR 6.1 billion compared to EUR 6.8 billion recorded in the fourth quarter 2011;

Revenues: EUR 5.1 billion, substantially in line with revenues recorded in the fourth quarter 2011;

Adjusted Ebita: EUR 339 million, up from the negative EUR 30 million in the fourth quarter 2011; excluding the effects of the exceptional charges, adjusted EBITA in Q4 2011 would have amounted to EUR 313 million, showing an increase of EUR 26 million (+ 8%) in Q4 2012;

ROS: 6.7% with an increase from negative 0.6% in the fourth quarter 2011;

EBIT: negative EUR 1.1 billion, an improvement compared to the negative EUR 1.8 billion in the fourth quarter 2011;

Net result: negative EUR 932 million compared to a loss of EUR 1.9 billion recorded in the fourth quarter 2011. Excluding impairment, this result would have been a profit of EUR 200 million;

Free Operating Cash Flow (FOCF): EUR 1.5 billion, an increase from EUR 1.2 billion in the fourth quarter 2011.

Sectors performance in the fourth quarter 2012

Q4 2012	Helicopters	Defence Security Electronics	Aeronautics	Space	Defence Systems	Energy	Transportation	Other Activities	Eliminations	Total
New orders	1,738	1,743	945	227	362	322	1,046	81	(412)	**6,052**
Revenues	1,266	1,666	973	356	426	221	376	104	(309)	**5,079**
EBITA *Underlying*	134	147	30	37	75	29	(73)	(40)		**339**
EBITA *Underl. margin*	10.6%	8.8%	3.1%	10.4%	17.6%	13.1%	-19.4%	-38.5%		**6.7%**
Adjusted EBITA	134	147	30	37	75	29	(73)	(40)		**339**
EBIT	132	(1,084)	22	31	72	29	(244)	(39)		**(1,081)**
ROS (%)	*10.6%*	*8.8%*	*3.1%*	*10.4%*	*17.6%*	*13.1%*	*(19.4%)*	*(38.5%)*		***6.7%***
Q4 2012	**Helicopters**	**Defence Security Electronics**	**Aeronautics**	**Space**	**Defence Systems**	**Energy**	**Transportation**	**Other Activities**	**Eliminations**	**Total**
New orders	1,956	1,470	761	405	561	211	1,577	52	(197)	**6,796**
Revenues	1,160	1,722	801	302	412	261	505	108	(235)	**5,036**
EBITA *Underlying*	129	204	(88)	41	80	37	(53)	(37)		**313**
EBITA *Underl. margin*	11.1%	11.7%	-10.9%	13.6%	19.4%	14.2%	(10.5%)	-34.3%		**6.2%**
Adjusted EBITA	129	34	(135)	(9)	51	37	(100)	(37)		**(30)**
EBIT	123	(775)	(649)	(12)	48	(8)	(438)	(74)		**(1,785)**
ROS (%)	*11.1%*	*2.0%*	*(16.8%)*	*(3.0%)*	*12.4%*	*14.2%*	*(19.8%)*	*n.a.*		***(0.6%)***
Change	**Helicopters**	**Defence Security Electronics**	**Aeronautics**	**Space**	**Defence Systems**	**Energy**	**Transportation**	**Other Activities**	**Eliminations**	**Total**
New orders	218	273	184	-178	-199	111	-531	29	-215	**-744**
Revenues	106	-56	172	54	14	-40	-129	-4	-74	**43**
EBITA *Underlying*	5	(57)	118	(4)	(5)	(8)	(20)	(3)		**26**
EBITA *Underl. margin*	-0.5 p.p.	-2.9 p.p.	14.0 p.p.	-3.2p.p.	-1.8 p.p.	-1.1 p.p.	-8.9 p.p.	-4.2 p.p.		**0.5p.p.**
Adjusted EBITA	5	113	165	46	24	-8	27	-3	--	**369**
EBIT	9	(309)	671	43	24	37	194	35		**704**
ROS (%)	*-0.5 p.p.*	*6.8 p.p.*	*19.9 p.p.*	*13.4p.p*	*5.2 p.p.*	*-1.1 p.p.*	*0.4 p.p.*	---	--	***7.3p.p.***

ANALYSIS OF KEY FIGURES

New orders total EUR 16,703 million over the pro-forma figure of 2011 of about EUR 17,075 million, determined using the same consolidation percentage in relation to the Energy segment (the final new orders in 2011 amounted instead to EUR 17,434 million). The deterioration in the commercial performance mainly concerns the following sectors:

- **Transportation***,* due to lower acquisitions in the *signalling and transportation solutions* segment*,* which, in 2011, benefitted, in particular, from the important order for the construction, operation and maintenance of the new automated metro system for the City of Honolulu;
- **Energy***,* mainly due to the lower acquisitions in the *service* segment;
- **Defence Systems***,* due to lower acquisitions of missile systems and underwater systems that were affected by the postponement of the expected award of important contracts, both domestic and export, to 2013, which were offset by the increase in the land weapon systems due to a significant order for the supply of additional VBM armoured vehicles to the Italian Army;
- **Space***,* mainly due to the postponement of the order relating to the acquisition of the Cosmo 2G contract, which was expected in the latter period of 2012;

This reduction was partially offset by the increase recorded in particular in the following segments:

- **Helicopters***,* mainly due to the launch of the new AW169 and AW189 models, which obtained orders for a total of 98 units in 2012;
- **Aeronautics***,* due to increased orders in the military line, linked to the EFA, M346 and C27J programmes, which more than offset the drop in the *civil* line, which had significant orders of ATR aircraft in 2011.

The Defence and Security Electronics segment was substantially in line with the 2011 financial year's figure.

The **order backlog** at 31 December 2012 totalled EUR 44,908 million, down by EUR 1,097 million over the EUR 46,005 million figure at 31 December 2011. This reduction is attributable to a book-to-bill ratio lower than 1. The order backlog, considered in terms of its workability, ensures, however, around two and a half years of production for the Group.

Revenues at 31 December 2012 totalled EUR 17,218 million were basically consistent with the corresponding period of 2011 (EUR 17,318 million) and forecasts. On a like-for-like basis (using the same consolidation percentage for the Energy group at 31 December 2012), consolidated revenues in the 2011 financial year would have amounted to about EUR 17,043 million. However, note a different contribution of the Group's various business segments. In particular, against growth in the segments: *Helicopters*, mostly due to the machines area, which showed a significant increase in some production lines (AW101, AW139); *Aeronautics,* due to higher operations in the *civil* segment; *Space,* made up of manufacturing activities (65%) and services (35%); a decline was recorded in the following segments:

- **Defence and Security Electronics**, in which the decrease was, however, mitigated by the appreciation of the US dollar and the English pound sterling against the euro. This trend was seen across all lines of the segment, due to the generalised difficulties and the slow-down in purchases and start-up of new orders, worsened by the simultaneous decrease in the contribution of important programmes now in their final stages. This includes the decreased activities for the US Armed Forces, as substantially expected, and the drop in production volumes in the *command and control systems* and, to a lesser extent, the *avionics* and *information technology and security* lines, which were also impacted by the freezing of the Ministry for the Environment, Land and Sea's SISTRI programme.
- **Transportation***,* due to decreased revenues in the *vehicles and bus* segments, which were partially offset by higher activities in the *signalling and transportation solutions* segment.
- **Energy***,* mainly due to lower activities in the *plants and components* segment*.*

Adjusted EBITA at 31 December 2012 totalled EUR 1,080 million, compared to a negative EUR 216 million in the corresponding period of the previous year. Excluding the above-mentioned "exceptional" charges (EUR 1,094 million) and using the same consolidation percentage for Ansaldo Energia group at 31 December 2012, adjusted EBITA in 2011 would have been a positive EUR 878 million, with a EUR 202 million increase in the reporting period compared to 2011. Adjusted EBITA increased in almost all segments and specifically in:

- **Helicopters**, partly due to the above-mentioned increase in production volumes and partly to the streamlining and cost-saving initiatives rolled out at the end of last year;

- **Aeronautics***,* due to the above-mentioned higher business volumes, the improvement in operating expenses and the recovery in industrial efficiency deriving from the reorganisation process underway and the benefits arising from the supply chain streamlining and development plan, as well as the renegotiation of the trading agreements of certain programmes;

- **Space***,* due to the above-mentioned higher volumes and the benefits brought by the efficiency improvement actions rolled out in 2012;

- **Defence Systems**: due to the marked improvement in the profit margins, mainly in *missile systems;*

- **Other activities***,* mainly in the Parent for the positive outcome of the streamlining and cost-saving actions, which are progressing as expected.

On the contrary, adjusted EBITA decreased, considering the abovementioned adjustments in relation to 2011, in:

- **Defence and Security Electronics***,* following the above-mentioned drop in production volumes as well as the continuing difficulties in the *command and control systems* line and in some areas of activity of the *information technology and security* line, which were partially offset by savings generated by the plans underway to improve competitiveness and efficiency and for restructuring;

- **Transportation***,* mainly in the *vehicles* segment*.* At 31 December 2012, this segment was still negative and lower than expected, and, specifically, was affected by the losses in margins in the *service* segment's activities;

- **Energy**, due to lower production volumes and to the lower industrial profitability in the *plants and components* and *service* segments*.*

The above net change led to an improvement in **ROS**, which was 6.3%, compared to 5.1% over the corresponding period of the previous year (calculated net of the "exceptional" charges).

EBIT at 31 December 2012 was negative for EUR 457 million compared to a negative EUR 2,386 million in the previous financial year, with an overall positive change of EUR 1,929 million. However, the 2011 results included costs unrelated to ordinary operations (classified under adjusted EBITA and EBIT) equal to EUR 2,086 million, for the breakdown of which reference is made to the Reports on the 2011 Financial Statements. At 31 December 2012 these costs were instead equal to EUR 1,447 million, of which:

- EUR 1,148 million for the impairment of goodwill in the Defence and Security Electronics segment related to SELEX ES (EUR 155 million) and mainly to DRS (EUR 993 million), as a result of budget cuts in the main domestic markets and, with specific reference to DRS, also taking account of the further negative effects, if any, on the US Defence budget, arising from the rolling out of the sequestration process;
- EUR 152 million related to restructuring costs, mainly attributable to the processes started in the context of the set-up of SELEX ES and those underway in DRS in the Defence and Security Electronics (EUR 90 million) and to the Transportation segment (EUR 35 million);
- EUR 147 million related to the costs accrued in the *vehicles* line of the Transportation segment, in relation to contracts for the Dutch, Belgian and Danish railways, to take account of changes to be made to the units being supplied, and in the revamping business, for which future activities will solely consist in managing current orders in the backlog until their completion, following the decision to quit this market.

Net financial expense negative, at 31 December 2012, was EUR 362 million, with a deterioration of EUR 296 million compared to the corresponding period of the previous year (net financial expense of EUR 66 million). However, excluding the gains on the partial sale of Ansaldo Energia group (EUR 422 million), the 2012 figure improved by EUR 126 million compared to 2011, mainly as a result of the improvement in the share of net losses on equity-accounted investments (a negative EUR 13 million in 2012 compared to a negative EUR 90 million in the corresponding period of the previous year) and due to the positive results of the instruments measured at fair value (EUR 123 million compared to a negative

EUR 47 million in 2011), mainly as a result of the valuation of the instruments representing the investment in Avio.

Taxes at 31 December 2012 amounted to a positive €mil. 33 (positive €mil. 146 in 2011). Taxes are as follows for each tax type:

- A value attributable to corporate income tax (IRES) for €mil. 19 (€mil. 25 at 31 December 2011);
- A value attributable to IRAP tax for €mil. 98 (€mil. 79 at 31 December 2011);
- Other taxes (mainly relating to foreign companies) for €mil. 95 (€mil. 160 at 31 December 2011);
- Net proceeds arising from the recognition of net deferred tax assets of €mil. 245 (€mil. 410 at 31 December 2011).

The **net result** of the 2012 financial year came to a negative EUR 786 million (a loss of EUR 2,306 million in the corresponding period of the previous year), as a result of the changes discussed above. Excluding the impairment, this result would have been a positive EUR 362 million.

At 31 December 2012, **net invested capital** totalled EUR 7,076 million compared to EUR 8,046 million at 31 December 2011, with a net decrease of EUR 970 million, attributable for EUR 323 million to **net working capital** (a negative EUR 1,675 million at 31 December 2012 compared to a negative EUR 1,352 million at 31 December 2011) and for EUR 647 million to **fixed assets** (EUR 8,751 million at 31 December 2012 compared to EUR 9,398 million at 31 December 2011), mainly due to the impairment. In respect of the increase in net invested capital compared to 31 December 2011 (amounts in brackets), **ROI** was 14.3% (-2.4%), **EVA** was a positive EUR 380 million (negative EUR 956 million), whereas **ROE** was negative and equal to -18.9% (-39.4%).

FOCF at 31 December 2012 was a positive (cash generation) EUR 89 million compared to a negative EUR 358 million at 31 December 2011, with a net improvement of EUR 447 million, related to cash flows used in operating activities for EUR 309 million and to cash flows used in ordinary investing activities for EUR 138 million. In the 2012 financial year, investment activities necessary to develop products were concentrated in the Aeronautics business segment (around 34%), while the Helicopters business segment accounted for 26% and Defence and Security Electronics for 22%.

The group's **net financial debt** (greater loans and borrowings than loans and receivables and cash and cash equivalents) at 31 December 2012 was EUR 3,373 million, substantially in line with the figure at 31 December 2011 (EUR 3,443 million). The net financial debt at 31 December 2012 was not materially impacted by non-recurring transactions. The positive FOCF figure (EUR 89 million) did not significantly affect the debt, as well, which included, *inter alia*, the EUR 17 million ordinary dividend paid by Ansaldo STS to its non-controlling interests for 2011.

Research and development expenses, at 31 December 2012, totalled EUR 1,929 million, down EUR 91 million compared to the previous year (EUR 2,020 million). Research and development is concentrated in the three strategic sectors: Defence and Security Electronics (38%), Helicopters (26%) and Aeronautics (16%).

The **workforce** at 31 December 2012 numbered 67,408, with a net decrease of 3,066 employees over the 70,474 employees at 31 December 2011, substantially as 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 and Security Electronics*, *Helicopters*, *Defence Systems* and *Transportation* business segments. A breakdown of the workforce by geographical area in 2012 was substantially unchanged from 31 December 2011, with around 59% located in Italy and 41% abroad, mainly in the United States of America (13%), the United Kingdom (13%) and France (5%).

FINANCIAL TRANSACTIONS

In December 2012 Finmeccanica seized a favourable opportunity in the capital market, which is characterised by high availability of liquidity, with the consequent drop in price levels, and completed a new issue of Eurobonds on the market of institutional investors. More in particular, the Luxembourg company Finmeccanica Finance S.A. launched a 5-year bond issue for a nominal value of EUR 600 million and with an annual coupon of 4.375%. The issue price was equal to 99.4% of the nominal value. The coupons will be paid on an annual basis. The issue, like all the other issues which have been previously completed by Finmeccanica Finance, is fully guaranteed by Finmeccanica S.p.A., is listed in the Luxembourg Stock Exchange and has been implemented within the EMTN programme of a total amount of EUR 3,800 million, about EUR 3,450 million of which have been used after the abovementioned last issue. The proceeds from the issue will be used to refinance, at favourable conditions, part of the current debt expiring in December 2013, in line with the prudent borrowing policy which Finmeccanica has always pursued, extending the average term of the Group's debt and allowing a reduction in its average cost. In this framework, during 2012, a nominal amount of EUR 65 million of bonds, due December 2013 and a coupon of 8.125%, was repurchased in the market, at an average purchase value equal to 106.4 % of the nominal value. Said purchases must be added to those that were already carried out in 2011, thus determining a total average repurchase value equal to 105.88% of the nominal value of the bonds and reducing the outstanding amount to a nominal amount of EUR 750 million. The issue was implemented by Banca IMI, Barclays, BNP Paribas, Citi, Commerzbank, Crédit Agricole, HSBC, JP Morgan, RBS, Société Générale and Unicredit.

Furthermore, it must be recalled that in 2012 Meccanica Holdings USA redeemed (in several tranches) bonds to an overall amount of USD 66 million, due July 2019, with a coupon of 6.25%, issued by the company in 2009 to an overall amount of USD 500 million. The average repurchase price totalled 89.81% of the nominal amount, with an average annual yield of 8.13%. Unlike with bonds issued for the Euromarket, these bonds do not need to be cancelled immediately.

Below is a list of bond issues outstanding at 31 December 2012 maturing within the following 18 months.

Issuer	**Year of issue**	**Maturity**	**Nominal amount (EUR million)**	**Annual coupon**	**Type of offer**
Finmeccanica Finance SA	2008	2013	750	8.125%	European institutional

The average residual life of bond issues is about 10 years.

All the bond issues of Finmeccanica Finance and Meccanica Holdings USA are irrevocably and unconditionally secured by Finmeccanica, and are given a medium/long-term financial credit rating by the three international rating agencies: Moody's Investors Service (Moody's), Standard and Poor's and Fitch.

As of today Finmeccanica's credit ratings are as follows:

- Baa3 with a negative outlook from Moody's,
- BBB - with a negative outlook from Fitch,
- BB+ with a stable outlook from Standard and Poor's.

Specifically, it should be noted that Moody's rating was changed first on 24 October 2012, following its decision to place Finmeccanica's debt "on review for downgrade" in July as a result of the further downgrading of the Italian Republic. Following the closing date of the financial year, Moody's changed the outlook previously assigned, from stable to negative, in consideration of the financial and operative profile of the Group, as well as of delays in the implementation of the disposals announced on which could weigh further uncertainties also considering judicial measures that involved some senior managers of the Group. On the basis of similar considerations, in February 2013 Fitch decided to place the rating of Finmeccanica on credit watch for a period of six months.

In January 2013, Standard and Poor's decided to downgrade the rating assigned to the medium/long-term debt of Finmeccanica from the previous BBB - with a negative outlook to BB+ with a stable outlook, essentially in consideration of the extension of the time limits relating to the implementation of the disposal plan.

In this regard, it must be recalled that, in rating the company's debt, Standard and Poor's and Moody's use methodologies that take account of a company's strong connection with its government or of significant state interest in a company which may result in the issuer receiving a rating other than what it would have been given on a stand-alone basis. Moreover, the current credit ratings assigned by Standard and Poor's and Moody's do not show, to date, any difference between the "stand alone" rating and the rating determined based on Standard and Poor's "Government related entities" (GRE) and Moody's "Government related issuers" (GRI) methodologies. Overall, Finmeccanica is rated "Investment Grade", with a negative outlook, by Fitch and Moody's, while, after the last downgrading, the rating assigned by Standard & Poor's is "sub investment grade".

Finally, it should be noted that the overall changes that have occurred in the rating of the Finmeccanica's debt have not determined any significant effects on the loans in place that have been confirmed. However, it could be more difficult and costly to use some of the sources of financing used to date. On the other hand, the Group is actively committed to rolling out the steps of the restructuring plan launched in 2011, which include, *inter alia*, 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 and its financial debt level, which also enable compliance with the indicators the rating agencies refer to.

OTHER TRANSACTIONS

As part of the Group's focus on its strategic sectors, on 21 December 2012 Avio S.p.A. signed an agreement with the General Electric Group ("GE") for the transfer of its businesses concerning its aeronautical engine division. The completion of the transaction is subject to the antitrust and regulatory conditions precedent. It is expected that, at the time of the closing of the transaction, Finmeccanica will collect a gross amount of about EUR 260 million, to be applied to reduce the Group's debt level, against a total initial amount equal to about half of this sum invested in 2006. Furthermore, Finmeccanica will remain a shareholder holding 14.3% of BCV, which is the company that wholly owns Avio S.p.A., together with the majority shareholder Cinven. At the end of the transaction, Avio S.p.A. will only conduct the business in the Space sector that has not been acquired by GE. The shareholders have also agreed to start a process, led by Finmeccanica, aimed at increasing the value of the business outside Cinven control, in accordance with the national regulations on the management of strategic companies, also considering the possibility to increase the stake held by Finmeccanica through an option which is exercisable, independently or with third parties, if certain conditions are met.

OUTLOOK

Performance in 2012

At 31 December 2012, the Finmeccanica Group's results were higher than those of the corresponding period of 2011, except for the commercial trend (also when excluding "**exceptional" charges**, totalling EUR 1,094 million, from the 2011 results) and were substantially in line with the forecasts contained in the Group's budget.

Initiatives undertaken to different extents by the various group companies during 2011 enabled the Group to improve its efficiency by drawing up and rolling out in-depth and detailed plans to improve competitiveness and to reorganise each company.

Guidance and monitoring undertaken during the 2012 financial year by the parent confirm that the steps 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 for 2012 and for 2013 (the cumulative objectives for 2012/2013 equal to a total of EUR 440 million).

As early as this reporting period, the results were especially significant in the Aerospace and Defence segments, while the *vehicles* line of the Transportation business segment is encountering difficulties in pursuing the objectives of the reorganisation plan, mainly due to production issues.

At 31 December 2012, in financial and economic terms, the effects of such benefits were higher than the budget forecasts and equal to about EUR 280 million.

Macroeconomic scenario

In 2013 the world economy will still be characterized by a low growth rate in industrialized countries and emerging markets; the slowdown in domestic demand and trade will also affect the most consolidated economies; in this situation, the growth of the United States of America, Japan and of the countries of the European Monetary Union has been significantly lower than expected and it will also be limited in the short-term period.

In recent years, the US Defence sector has recorded a significant decrease in spending power, equal to about 5% (CAGR 2009 – 2012) however, it still represents more than 45% of the total spending, while the European Defence sector has recorded a progressive decrease in expenses. In the next ten years, growth trends are expected to be confirmed in the cost of Defence investments of about 2% in the Asia Pacific area and in the Middle East, as is stability, in real terms, in the United States of America (after being affected by the effect arising from the start of the sequestration process) and in Western countries. Finally, the Security demand is expected to show steady growth of about 5% p.a. due to persistent asymmetric / terrorist threats exacerbated by the emergence of problems of network security (Cyber) and the integrity of national critical infrastructures (electricity, transportation, etc.)

Forecasts for 2013

Consequently, the situation described so far will cause a drop in the Group's revenue volumes in 2013, specifically in the Defence Electronics segment in the three "domestic" markets, but to a large extent in the US market, also following the recent restrictive measures triggered by the sequestration.

In the continuous search for improving their profitability, the Group companies will have also to face higher competition and pressure on prices.

Undoubtedly, strengthening the efficiency-improvement and reorganisation measures that have been implemented so far will be useful; but this will be also accompanied by the adoption of new "structural" measures aimed at improving industrial structures. However, the latter will require a medium-term implementation time frame. In short, these initiatives will be aimed at: streamlining the product portfolio, reducing product costs, reviewing SG&A and limiting controllable costs, streamlining investments (consolidation of production facilities, activation of excellence centres) and, finally, outsourcing non-core activities.

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.

On the basis of the above considerations, below are reported the forecasts for the full 2013 financial year. Revenue for the full year is expected to be in the range of EUR 16.7 billion and EUR 17.0 billion. Adjusted EBITA will still increase in the Aeronautics and Helicopters business segments, while it will decrease in the Defence and Security Electronics business segment (specifically at DRS, while a slight improvement is reported at SELEX ES) and will still be negative in the *vehicles* segment. Adjusted EBITA will thus approximate about EUR 1.1 billion. FOCF will have a positive value of about EUR 100 million. Cash flows from ordinary operations will have a positive value near to EUR 1.1 billion (after having paid restructuring costs of about EUR 600 million, of which about half relates to the provisions that were necessary in the 2011 financial year), while net flows from investing activities (substantially in the absence of grants under Law 808/85) will be near to EUR 1 billion. The expected 2013 investment expenses have been limited to the minimum necessary, which is essential to continue the programmes that are being produced/developed (with particular reference to the B787 aeronautic programme); substantially, no "launches" of new programmes are expected in any sector of the Group.

REPORTS ON CORPORATE GOVERNANCE AND REMUNERATION

The Board of Directors also approved the Report on Corporate Governance and Shareholder Structures, which forms an integral part of the Financial Statements documentation, as well as the Report on Remuneration, which will be published within the time limits and according to the procedures set out by the regulations in force.

SHAREHOLDERS' MEETING

It is pointed out that, compared to the time frame communicated on 27 March 2013, the ordinary session of the Shareholders' Meeting will be called on 29 and 30 May 2013, on first and second call, respectively.

In addition to the approval of the Separate Financial Statements as at 31 December 2012, the Shareholders' Meeting will be called to also resolve on the new members of the Board of Directors, following the adjournment resolved by the Shareholders' Meeting on 15 April 2013, to replace the outgoing directors Franco Bonferroni and Giuseppe Orsi.

Furthermore, the Shareholders' Meeting will be required to give its opinion, by a non-binding resolution pursuant to article 123-*ter*, paragraph 6, of Legislative Decree no. 58/98, as to the first section of the Report on Remuneration.

The notice of call, as well as the documentation relating to the issues on the agenda, will be made available to the general public according to the procedures and within the time limits prescribed by law.

****

The officer in charge of preparing the company's accounting documents, Gian Piero Cutillo, hereby declares, in accordance with the provisions of Article 154-bis, paragraph 2, of the Consolidated Law on Financial Intermediation, that the accounting information included in this press release corresponds to the accounting records, books and supporting documentation.

RECLASSIFIED INCOME STATEMENT €mil.	2012	2011	Chg. % y/y	4Q 2012 (unaudited)	4Q 2011 (unaudited)	Chg. % y/y
Revenues	**17.218**	**17.318**	**(100)**	**5.079**	**5.036**	**43**
Purchases and personnel expense	(15.431)	(15.915)		(4.524)	(4.656)	
Amortisation and depreciation	(601)	(586)		(179)	(162)	
Other net operating income/(expense)	(106)	(1.033)		(37)	(248)	
Adjusted EBITA (*)	**1.080**	**(216)**	**1.296**	**339**	**(30)**	**369**
EBITA Adj (*) margin	*6,3%*	*(1,2%)*		*6,7%*	*(0,6%)*	
Non-recurring income/(expenses)	(147)	(1.124)		(148)	(815)	
Restructuring costs	(152)	(261)		(102)	(217)	
Impairment of goodwill	(1.148)	(701)		(1.148)	(701)	
Amortisation of intangible assets acquired as part of business combinations	(90)	(84)		(22)	(22)	
EBIT	**(457)**	**(2.386)**	**1.929**	**(1.081)**	**(1.785)**	**704**
EBIT margin	*(2,7%)*	*(13,8%)*		*(21,3%)*	*(35,4%)*	
Net financial income/ (expense)	(362)	(66)		(32)	(238)	
Income taxes	33	146		181	38	
NET PROFIT/(LOSS) BEFORE DISCONTINUED OPERATIONS	**(786)**	**(2.306)**		**(932)**	**(1.985)**	
Profit (loss) from discontinued operations	-	-			-	
NET PROFIT/(LOSS)	**(786)**	**(2.306)**	**1.520**	**(932)**	**(1.985)**	**1.053**
attributable to the owners of the parent	*(828)*	*(2.345)*		*(946)*	*(1.990)*	
attributable to non-controlling interests	*42*	*39*		*14*	*5*	
EPS (EUR)						
Basic	*(1,433)*	*(4,061)*		*(1,638)*	*(0,004)*	
Diluted	*(1,433)*	*(4,061)*		*(1,638)*	*(0,004)*	
EPS from continuing operations (EUR)						
Basic	*(1,433)*	*(4,061)*		*(1,638)*	*(0,004)*	
Diluted	*(1,433)*	*(4,061)*		*(1,638)*	*(0,004)*	

(*) 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.

RECLASSIFIED BALANCE SHEET €mil.	31.12.2012	31.12.2011
Non-current assets	12.715	13.543
Non-current liabilities	(3.964)	(4.145)
	8.751	**9.398**
Inventories	5.192	4.486
Trade receivables	8.576	8.932
Trade payables	(13.902)	(13.162)
Working capital	**(134)**	**256**
Provision for short-term risks and charges	(876)	(932)
Other net current assets (liablities)	(665)	(676)
Net working capital	**(1.675)**	**(1.352)**
Net invested capital	**7.076**	**8.046**
Equity attributable to the owners of the parent	3.398	4.301
Equity attributable to non-controlling interests	305	303
Shareholders' Equity	**3.703**	**4.604**
Net financial debt/(cash)	3.373	3.443
Net (assets) liabilities held for sale	**0**	**(1)**

CASH FLOW		
€mil.	**2012**	**2011**
Cash and cash equivalents at 1 January	**1.331**	**1.854**
Gross cash flows from operating activities	1.964	1.962
Change in other operating assets and liabilities and provisions for risks and charges	(781)	(1.054)
Funds From Operations (FFO)	**1.183**	**908**
Change in working capital	(342)	(376)
Net cash generated/(used) from/in investing activities	**841**	**532**
Net cash generated/(used) from/in ordinary investing activities	(752)	(890)
Free operating cash flow (FOCF)	**89**	**(358)**
Strategic transactions	0	473
Change in other investing activities	(18)	(14)
Net cash generated/(used) from/in investing activities	**(770)**	**(431)**
Net change in loans and borrowings	743	(352)
Dividends paid	(17)	(259)
Net cash generated/(used) from/in financing activities	**726**	**(611)**
Exchange rate differences	9	(13)
Cash and cash equivalents at 31 December	**2.137**	**1.331**

FINANCIAL POSITION		
€mil.	**31.12.2012**	**31.12.2011**
Short-term financial payables	1.154	414
Medium/long-term financial payable	4.227	4.397
Cash and cash equivalents	(2.137)	(1.331)
NET BANK DEBT AND BONDS	**3.244**	**3.480**
Securities	(5)	(40)
loans and receivables from related parties	(73)	(184)
Other loans receivables	(558)	(887)
CURRENT LOANS AND RECEIVABLES AND SECURITIES	**(636)**	**(1.111)**
Relates parties loans and borrowings	634	949
Other short-term loans and borrowings	78	66
Other medium/long-term loans and borrowings	53	59
OTHER LOANS AND BORROWINGS	**765**	**1.074**
NET FINANCIAL DEBT (CASH)	**3.373**	**3.443**

EARNINGS PER SHARE			
	2012	**2011**	***Var % YoY***
Average shares outstanding during the reporting period (in thousands)	578.118	577.488	*0,1%*
Earnings/(losses) for the period (excluding non-controlling interests) (€ million)	(828)	(2345)	
Adjusted earnings/(losses) - continuing operations (excluding non-controlling interests) (€ million)	(828)	(2345)	
BASIC EPS (EUR)	**(1,433)**	**(4,061)**	
Basic EPS from continuing operations	**(1,433)**	**(4,061)**	
Average number of shares outstanding during the reporting period (in thousands)	578.118	578.488	*-0,1%*
Adjusted net earnings/(losses) for the period (excluding non-controlling interests) (€ million)	(828)	(2345)	
Adjusted earnings/(losses) - continuing operations (excluding non-controlling interests) (€ million)	(828)	(2345)	
DILUTED EPS (EUR)	**(1,433)**	**(4,061)**	
Diluted EPS from continuing operations	**(1,433)**	**(4,061)**	

2012 (EUR million)	Helicopters	Defence Electronics and Security	Aeronautics	Space	Defence Systems	Energy	Transport	Other Activities	Eliminations	Total
New orders	4.013	5.136	3.169	866	1.005	834	2.290	124	(734)	**16.703**
Order backlog	11.876	8.831	8.819	2.261	3.381	1.978	8.679	159	(1.076)	**44.908**
Revenues	4.243	5.754	2.974	1.053	1.256	715	1.719	347	(843)	**17.218**
EBITA Underlying (**)	**473**	**384**	**104**	**84**	**164**	**65**	**(67)**	**(127)**		**1.080**
EBITA Underlying margin	*11,1%*	*6,7%*	*3,5%*	*8,0%*	*13,1%*	*9,1%*	*-3,9%*	*-36,6%*		***6,3%***
EBITA *Adj*. (*)	**473**	**384**	**104**	**84**	**164**	**65**	**(67)**	**(127)**		**1.080**
EBITA Adj (*) margin	*11,1%*	*6,7%*	*3,5%*	*8,0%*	*13,1%*	*9,1%*	*-3,9%*	*-36,6%*		***6,3%***
EBIT	**465**	**(933)**	**96**	**71**	**156**	**65**	**(251)**	**(126)**		**(457)**
Amortisation and depreciation	154	253	129	34	32	14	23	52		**691**
Investments	250	216	334	31	34	23	22	66		**976**
Research and development	506	732	310	53	257	17	49	5		**1.929**
Workforce (no.)	13.050	25.183	11.708	4.131	3.963	1.830	6.568	975		**67.408**

2011 (EUR million)	Helicopters	Defence Electronics and Security	Aeronautics	Space	Defence Systems	Energy	Transport	Other Activities	Eliminations	Total
New orders	3.963	4.917	2.919	919	1.044	1.258	2.723	319	(628)	**17.434**
Order backlog	12.121	9.591	8.656	2.465	3.656	1.939	8.317	256	(996)	**46.005**
Revenues	3.915	6.035	2.670	1.001	1.223	981	1.877	305	(689)	**17.318**
EBITA Underlying (**)	**417**	**471**	**(103)**	**68**	**146**	**91**	**(63)**	**(149)**		**878**
EBITA Underlying margin	*10,7%*	*7,8%*	*-3,9%*	*6,8%*	*11,9%*	*9,3%*	*(3,4%)*	*-48,9%*		***5,1%***
EBITA *Adj*. (*)	**417**	**303**	**(903)**	**18**	**117**	**91**	**(110)**	**(149)**		**(216)**
EBITA Adj (*) margin	*10,7%*	*5,0%*	*-33,8%*	*1,8%*	*9,6%*	*9,3%*	*(5,9%)*	*n.a.*		***(1,2%)***
EBIT	**404**	**(654)**	**(1.548)**	**14**	**110**	**46**	**(573)**	**(185)**		**(2.386)**
Amortisation and depreciation	144	232	121	36	37	20	24	56		**670**
Investments	467	240	263	30	32	23	22	20		**1.097**
Research and development	472	823	326	77	247	23	46	6		**2.020**
Workforce (no.)	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.

(**) "underlying" meaning before exceptional charges accounted for in FY2011

4Q 2012 (EUR million) (unaudited)	Helicopters	Defence Electronics and Security	Aeronautics	Space	Defence Systems	Energy	Transport	Other Activities	Eliminations	Total
New orders	1.738	1.743	945	227	362	322	1.046	81	(412)	**6.052**
Revenues	1.266	1.666	973	356	426	221	376	104	(309)	**5.079**
EBITA Underlying (**)	**134**	**147**	**30**	**37**	**75**	**29**	**(73)**	**(40)**		**339**
EBITA Underlying margin	*10,6%*	*8,8%*	*3,1%*	*10,4%*	*17,6%*	*13,1%*	*-19,4%*	*-38,5%*		*6,7%*
EBITA *Adj*. (*)	**134**	**147**	**30**	**37**	**75**	**29**	**(73)**	**(40)**		**339**
EBITA Adj (*) margin	*10,6%*	*8,8%*	*3,1%*	*10,4%*	*17,6%*	*13,1%*	*-19,4%*	*-38,5%*		*6,7%*
EBIT	**132**	**(1.084)**	**22**	**31**	**72**	**29**	**(244)**	**(39)**		**(1.081)**
Amortisation and depreciation	48	73	37	9	10	3	7	14		**201**
Investments	163	141	257	21	22	14	14	27		**659**
Research and development	175	197	94	18	71	5	14	2		**576**

4Q 2011 (EUR million) (unaudited)	Helicopters	Defence Electronics and Security	Aeronautics	Space	Defence Systems	Energy	Transport	Other Activities	Eliminations	Total
New orders	1.956	1.470	761	405	561	211	1.577	52	(197)	**6.796**
Revenues	1.165	1.744	804	302	412	261	505	108	(235)	**5.066**
EBITA Underlying (**)	**129**	**204**	**(88)**	**41**	**81**	**37**	**(53)**	**(38)**		**313**
EBITA Underlying margin	*11,1%*	*11,7%*	*-10,9%*	*13,6%*	*19,7%*	*14,2%*	*(10,5%)*	*-35,2%*		*6,2%*
EBITA *Adj*. (*)	**129**	**34**	**(135)**	**(9)**	**51**	**37**	**(100)**	**(37)**		**(30)**
EBITA Adj (*) margin	*11,2%*	*2,1%*	*-16,8%*	*-3,0%*	*12,6%*	*14,2%*	*(19,8%)*	*n.a.*		*(0,6%)*
EBIT	**123**	**(775)**	**(649)**	**(12)**	**48**	**(8)**	**(438)**	**(74)**		**(1.785)**
Amortisation and depreciation	38	64	29	12	14	3	9	15		**184**
Investments	337	97	98	12	8	6	9	10		**577**
Research and development	179	341	107	34	61	7	13	2		**744**

(*) 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.

(**) "underlying" meaning before exceptional charges accounted for in Q4 2011