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PRESS RELEASE

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Finmeccanica: the Board of Directors approves the Interim Financial Report at 30 September 2013 and the results for the third quarter 2013 (*)

Aerospace and Defence in line with forecasts – Still a negative performance for AnsaldoBreda

The Board of Directors of Finmeccanica, convened today under the chairmanship of Gianni De Gennaro, examined and unanimously approved the Interim Financial Report at 30 September 2013 and the results for the third quarter of 2013.

Comments on the main financial results in the first nine months of 2013 (**)

The comparative performance and cash flow figures for the first nine months of 2012 have been adjusted to exclude the Energy segment, which has been classified among discontinued operations as a result of the decision to sell the Group's stake in Ansaldo Energia to Fondo Strategico Italiano. Likewise financial and operating data only refers to continuing operations.

In the Aerospace and Defence business sector the restructuring process made it possible to:

- reach the targets in terms of orders (EUR 8,171 million) and revenues (EUR 9,978 million);
- exceed the expected EBITA figure (equal to EUR 712 million);
- partially lessen the negative effects on FOCF caused by the non-collection of payments for the Indian contract of AgustaWestland.

AnsaldoBreda did not achieve any of the objectives given, booking orders just for EUR 63 million, achieving revenues for EUR 402 million, and a negative EBITA for EUR 94 million. These figures negatively impact on Group's performance causing a net loss at 30 September 2013 .

Nevertheless, for the FY2013 the Group expects to achieve a positive consolidated net profit also thanks to the closing of the sale of Ansaldo Energia that is expected by the year-end.

(*) unaudited data

(**)The Aerospace and Defence sector includes the following segments: Helicopters, Defence and Security Electronics, Aeronautics, Space, Defence Systems and Other Activities, with the exception of Fata; the Transportation sector includes the Transportation segment and Fata

Overall, in the first nine months, the Group achieved the following main results in comparison with the same period of the prior year:

(€m)	A&D 9M2013	A&D 9M2012	% Change	AnsaldoBreda 9M2013	AnsaldoBreda 9M2012	% Change	GROUP Total continuing operations 9M2013	GROUP Total continuing operations 9M2012	% Change
Orders	8.171	8.905	-8,2%	63	183	-65,6%	9.440	10.140	-6,9%
Revenues	9.978	10.230	-2,5%	402	496	-19,0%	11.343	11.691	-3,0%
EBITA	712	704	1,1%	-94	-61	-54,1%	697	706	-1,3%
ROS%	*7,1%*	*6,9%*	*0,2 p.p.*	*-23,3%*	*-12,3%*	*-11,0 p.p.*	*6,1%*	*6,0%*	*0,1 p.p.*
Headcount	57.214	58.541	-2,3%	2.347	2.312	1,5%	64.482	65.578	-1,7%

As part of the process of focusing on the Aerospace & Defence activities, the sale of Ansaldo Energia has represented a key step in rationalising the asset portfolio of Finmeccanica.

Finmeccanica intends to identify solutions in terms of industrial prospects also for the Transportation segment, for which, among other things, the discussions underway have not allowed yet to define an appropriate structure.

With regard to the overall results of the Finmeccanica Group, the positive effects of the restructuring actions implemented in the "core" sectors, which show results in line with expectations, are heavily offset by the negative performance of AnsaldoBreda, which did not reach the expected recovery targets. Therefore, in order to identify an appropriate structure in the Transportation segment, it is necessary to introduce a strategic and operational discontinuity within AnsaldoBreda, reassessing the restructuring process and embarking on the following urgent course of action:

- the completion of the ongoing contracts optimising their industrial, economic and financial performance;
- the acquisition of new orders only if the contractual terms and conditions and profitability levels are adequate with respect to the restructuring objectives
- consequently, the redefinition of the company structure consistently with the order backlog to be worked in the period.

What reported above will permit to gradually reduce losses and cash absorption at AnsaldoBreda that, as of today, are not in line with the process to strengthen the capital and financial structure of Finmeccanica Group.

As a result, Ansaldo STS stake will be treated in the interest of the Company, its shareholders and Finmeccanica' shareholders.

Outlook

The results as of 30 September 2013, which no longer include Ansaldo Energia, post deconsolidation, highlight significant progress in the restructuring of the Aerospace and Defence businesses, which will deliver orders, revenues, EBITA and FOCF (excluding the impact deriving from the Indian contract, as explained below) in line with our expectations, notwithstanding the difficult market conditions.

The effects of the structural issues of AnsaldoBreda, whose outcome of any restructuring initiative remain unsatisfactory, have a material negative impact on Group performance.

Based on that:

- FY 2013 revenues are expected in line with the guidance provided at our FY 2012 results (within the range €b 15.9 – 16.2, after excluding the contribution by the Energy sector, which has been deconsolidated);
- due to the ongoing issues affecting AnsaldoBreda, the Group anticipates that it will not now deliver the targeted EBITA for FY 2013, notwithstanding the positive and satisfactory results by the Aerospace & Defence sector. The original FY 2013 EBITA guidance was €b 1.1, adjusted to €b 1 for the deconsolidation of Ansaldo Energia. The Group now expects FY 2013 EBITA to be around 5-10% lower compared to €b 1;
- the Group still anticipates a positive FOCF from the Aerospace & Defence sector, despite the shift of cash inflows of the Indian Helicopter contract (expected to be more than €mil. 300 in 2013). In addition, AnsaldoBreda will deliver a significantly worse cash situation, due to poor performances and also due to the lack of cash inflows and the unexpected cash outflows (repayment of advances) on the Fyra contract with Belgium and the Netherlands (totaling more than €mil. 130). As of today, the Group believes that, notwithstanding the corrective actions put in place, these issues cannot be recovered before year-end. Therefore, FOCF in aggregate is now expected to be negative, within the range - €mil. 350 – 450 (provided that there are no further developments on the Indian contract). This compares to the initial budget which was for positive FOCF of €b 0.1.

Main figures in the first nine months of 2013 (*)

(milions of euros)	Nine months of 2013	Nine months of 2012 (**)	Change	% change	Full Year 2012 (**)
New orders	9,440	10,140	(700)	*(7%)*	15,869
Order backlog	40,233	44,706	(4,473)	*(10%)*	44,908
Revenues	11,343	11,691	(348)	*(3%)*	16,503
EBITA (***)	697	706	(9)	*(1%)*	1,015
(ROS)	*6.1%*	*6.0%*	--	*0.1 p.p.*	*6.2%*
Net result	(136)	141	*n.a.*	*n.a.*	(792)
FOCF	(1,740)	(1,346)	(394)	*(29%)*	91
Net financial debt	5,153	4,853	300	*6%*	3,373
ROI	*11.6%*	*10.7%*	--	*0.9 p.p.*	*13.4%*
ROE	*(5.1%)*	*4.0%*	--	*(9.1 p.p)*	*(19.0%)*
EVA	(47)	(64)	17	*27%*	336
Research & Development	1,232	1,341	(109)	*(8%)*	1,912
Workforce	66,271	68,321	(2,050)	*(3%)*	67,408

(*) Data at September 2013 and comparative data relating to new orders, revenues, EBITA, FOCF, ROI, ROE, EVA and R&D do not include the contribution of the Energy sector which is now classified among Discontinued Operations. Therefore financial and operating data only refers to Continuing Operations (excluding Ansaldo Energia).

(**) Comparative data has been restated following the adoption of IAS 19 revised.

(***) The operating result before: any impairment of goodwill; amortisation of intangible assets measured as part of business combinations; restructuring costs that are a part of defined and significant plans; other exceptional costs or income, i.e. connected to particularly significant events that are not related to the ordinary performance of the business.

Main figures in the third quarter of 2013

- **New orders**: EUR 3,403 million vs EUR 2,907 million in the third quarter 2012;
- **Revenues:** EUR 3,677 million compared with EUR 3,970 million in the third quarter 2012;
- **EBITA:** EUR 253 million vs EUR 267 million in the third quarter 2012;
- **ROS:** 6.9% compared with 6.7% in the third quarter 2012;
- **EBIT:** EUR 37 million compared with EUR 234 million in the third quarter 2012;
- **Net result**: a loss of EUR 73 million compared with the net profit of EUR 74 million in the third quarter 2012;
- **Free Operating Cash Flow (FOCF):** it was negative (use of cash) for EUR 407 million compared with negative EUR 178 million in the third quarter 2012;
- **Research & Development:** EUR 382 million vs EUR 406 million in the third quarter 2012.

Analysis of the main figures in the first nine months of 2013

Before analysing the main indicators, it should be noted that the comparative performance and cash flow figures for the first nine months of 2012 have been adjusted to exclude the *Energy* segment, which has been classified among discontinued operations as a result of the decision to sell the Group's stake in Ansaldo Energia to Fondo Strategico Italiano. Likewise financial and operating data only refers to continuing operations.

Furthermore, it should be pointed out that the results for the first nine months of the year are not entirely representative of the trend for the financial year as a whole since around one-third of the Group's business occurs in the fourth quarter of the year.

The results at 30 September 2013 reported by the Finmeccanica Group are essentially in line with the forecasts outlined in the budget, with the exception of EBITA, which was higher thanks to the overall positive results posted by the *Aerospace and Defence* business segment, which more than offset the lacklustre performance of the *Transportation* business segment, a segment also responsible for the poorer performance in new orders than projected.

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New orders amounted to EUR 9,440 million compared with EUR 10,140 million at 30 September 2012, a reduction of EUR 700 million (-7%). The decrease is due to the reductions reported in the *Aerospace and Defence* business segment (down EUR 734 million), the new orders for which were nevertheless higher than budget forecasts. More specifically, the decline in *Aerospace and Defence* is mainly attributable to *Defence and Security Electronics,* both in the European component and in the US component, which continued to be affected by the difficulties linked to cuts in defence budgets in their respective geographical areas.

The **order backlog** totalled EUR 40,233 million, down by EUR 4,675 million compared to 31 December 2012. This reduction is substantially attributable to the deconsolidation of Ansaldo Energia (EUR 1,978 million) and 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 totalled EUR 11,343 million compared with EUR 11,691 million at 30 September 2012, down EUR 348 million (-3%). Revenues in the *Aerospace and Defence* segment fell by EUR 252 million, mainly in *Defence and Security Electronics,* while all the other segments reported an increase in revenues.

EBITA totalled EUR 697 million, substantially in line with EUR 706 million at 30 September 2012. In particular, the *Aerospace and Defence* segment reported a better result overall (EUR 8 million), despite the negative performance in *Defence and Security Electronics.* The latter reflected projected lower volumes of revenues in both components and, with regard to Selex ES, the continued difficulty in ensuring a return to adequate profit levels in certain business areas, especially in the air traffic control. Against this backdrop, the company is progressing satisfactorily in the execution of its integration and reorganisation plan with the aim of significantly rationalising of its technologies, product lines and industrial plants; the effects of the plan will be fully felt in the next financial years. Conversely, the EBITA of the *Transportation* segment fell by EUR 17 million, particularly in the *vehicles* segment, which remains significantly negative, reflecting inefficiencies caused by production slowdowns and contractual charges and cost overruns on some programmes.

EBIT amounted to EUR 293 million compared with EUR 589 million at 30 September 2012, with a deterioration of EUR 296 million (-50%), due to higher non-recurring costs (EUR 225 million) essentially resulting from contractual charges relating to programmes ending in the *vehicles* segment of the *Transportation* sector, including, in particular, the allocations made following recent events regarding the FYRA high-speed trains involving AnsaldoBreda, and higher restructuring costs (EUR 63 million) essentially attributable to the effects of the initial mobility actions under the Selex ES Reorganisation Plan, recently signed with the national trade unions.

Net financial expense showed an improvement of EUR 50 million compared with the corresponding period of 2012, essentially due to the gain (EUR 91 million) on the sale of Avio's engine business in August.

The effective **tax rate** was adversely affected by the above-mentioned non-recurring costs, against which no tax positive effects were recorded, and by the seasonality of results and will tend to come into line with historical rates in the course of the year.

The **net loss** was equal to EUR 136 million compared to the net profit of EUR 141 million posted at 30 September 2012, mainly due to above mentioned AnsaldoBreda non-recurring costs.

Net invested capital increased by EUR 1,849 million, mainly as a result of the rise in **net working capital** (EUR 1,685 million), attributable to the use of cash for the period, as discussed below, while **capital assets** showed a slight increase (EUR 164 million), mainly due to the reduction in non-current liabilities.

Free Operating Cash Flow (FOCF) is to be analysed in the context of the period, and seasonal factors have to be taken into account. The balance between trade collections and payments in the first months

of the year reveals that payments are particularly higher than collections. At 30 September 2013, FOCF was negative (use of cash) in the amount of about EUR 1,740 million, a deterioration, due in particular to the delay in collections of payments from India in respect of the AgustaWestland contract (compared with considerable payments made on orders in 2013), and the outlays made in repayment of advances and lower collections on AnsaldoBreda Fyra order. In the first nine months of 2013, investment in product development was concentrated in the Aeronautics segment (around 39%), while the Helicopters segment accounted for 30% and Defence and Security Electronics for 18%.

Net financial debt was EUR 5,153 million, up on the figure at 31 December 2012 EUR 3,373 million. The figure benefits from the reclassification of the negative financial position of the Ansaldo Energia group at 30 September 2013 to among assets and liabilities held for sale (EUR 259 million at 30 September 2013; EUR 148 million at 31 December 2012). The deterioration in that figure, net of the cited reclassification of Ansaldo Energia, was essentially due to the negative trend of FOCF in the period (EUR 1,740 million) and to other non-operating changes; the latter include, *inter alia*, the net balance of dividends paid to non-controlling shareholders (EUR 18 million), equity investments in non-controlling interests (EUR 21 million), in addition to accrued interest and changes in other financial items.

Investments in **Research & Development** amount to EUR 1,232 million, equal to 11% of revenues.

The **workforce** at 30 September 2013 numbered 66,271, a net decrease of 1,137 employees compared to 31 December 2012. Excluding *Energy* segment's employees, the workforce at 30 September 2013 numbered 64,482, a net decrease of 1,096 from 31 December 2012 (65,578), mainly in the *Defence and Security Electronics* business segment as a result of the rationalisation occurring in various segments, in particular at DRS. At the end of the first nine months of 2013, the breakdown of the workforce by geographical area was substantially unchanged from 31 December 2012, with around 58% located in Italy and 42% abroad, mainly in the United Kingdom (13%), the United States of America (12%) and France (6%).

Industrial transactions

On **17 January 2013**, Alenia Aermacchi and General Dynamics signed a Letter of Intent that ratifies the partnership of the two companies in the tender for the supply of the future advanced trainer to the US Air Force (T – X programme).

On **27 February 2013**, Finmeccanica signed a cooperation agreement with the Australian Ministry of Defence (through the Defence Material Organization) to join the "Global Supply Chain" programme. This agreement represents the operating contract which starts up the activities following the joining to the project occurred on 31 October 2012. In addition to being an opportunity to encourage possible commercial developments of the Group in Australia, this initiative has the objective of supporting the development of small- and medium-sized Australian enterprises within the supply chain of Finmeccanica to replace the traditional off-set obligations.

On **18 June 2013**, Alenia Aermacchi and the Secretariat General of Defence/National Armaments Directorate of the Italian Ministry of Defence signed an agreement to jointly define the operational specifications for the development of a new basic-advanced trainer, the M-345 HET (High Efficiency Trainer), expected to enter service between 2017 and 2020.

On **27 June 2013**, an agreement was reached with the national trade unions in relation to Selex ES Reorganisation and Relaunch Plan regarding a total of 2,529 redundancies, of which 1,938 in Italy, with 810 employees being placed into voluntary or incentivised redundancy, to be followed by 800 more starting in January 2014. Job security agreements will also be introduced for 9,000 employees. This Plan also seeks to rationalise production sites in Italy, reducing the number from 48 to 26.

1 August 2013 saw the completion of the sale of the aviation engines division of Avio SpA (indirectly held by Finmeccanica at 14.3% through BCV Investments SCA) to General Electric, for an amount of EUR 1,800 million.

On **6 September 2013**, Finmeccanica and Polish Defense Holding signed a Memorandum of Understanding with the intention of strengthening their collaboration in Aerospace, Defence and Security sectors in both Polish and international markets, particularly with regard to the Helicopters, Defence Systems and Space segments.

On **4 October 2013** the Board of Directors of Finmeccanica approved the sale of the equity interest held in Ansaldo Energia to Fondo Strategico. On the same day the relative contract has been signed. This transaction contributes to consolidating Finmeccanica's capital structure and constitutes a fundamental

step in the implementation of the Group's strategic plan, which envisages strengthening governance, operational and managerial restructuring and streamlining the Group's portfolio of activities.

Financial transactions

During the period ended 30 September 2013 Finmeccanica did not carry out any transactions in the capital market (bonds and bank debt), either in the form of new bond issues or as early redemption of existing bonds.

In October 2013, Finmeccanica renewed for another year the EMTN programme for issuing bonds on the European institutional market, bringing the total amount to EUR 4,000 million, of which around EUR 3,500 million had already been utilised for previous issues as of the date of this Report.

At the presentation date of this Report, Finmeccanica's credit ratings are as follows:

- Ba1 with a negative outlook from Moody's (from September 2013)
- BB+ with a negative outlook from Fitch (from July 2013)
- BB+ with a stable outlook from Standard and Poor's (from January 2013).

The changes in the assessment of Finmeccanica's creditworthiness, as described above, solely resulted in a limited increase in costs, as envisaged by the contractual terms, with regard to existing confirmed bank loans and specifically the EUR 2.4 billion revolving credit facility with a final maturity date of September 2015. However, similar assessments which might be carried out by banks granting the Group loans and guarantees could lead to cost increases and reduced volumes of loans and unsecured credit lines for future transactions.

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Appointment of a member of the Supervisory Body.

The Board of Directors also resolved to appoint Prof. Saverio Ruperto as the fourth external member of the Company's Supervisory Body, which is currently composed of the following external members: Prof. Enrico Laghi (Chairman), Prof. Angelo Carmona, Prof. Angelo Piazza and Prof. Saverio Ruperto, as well as the Group General Counsel of Finmeccanica Mr. Mario Orlando.

OPERATING PERFORMANCE OF THE BUSINESS SECTORS

(Figures in millions of euros)

Helicopters

Companies: **AgustaWestland**

New orders: The figures are in line with the same period of the previous year. Among the most important new orders received in the first nine months of 2013 are: in the *military-government segment*, contracts with: the government of the Republic of Korea (South Korea) for eight AW159 helicopters for the Navy; Japan's Maritime Self-Defence Force for the supply of three kits for the AW101 helicopter, which will be assembled on site by Kawasaki Heavy Industries; the Border Control Armed Forces of Malta for the supply of one AW139 helicopter in the search and rescue and border control missions configuration and related product support; in the *civil-government segment,* the contracts: with the Bristow Group for the supply of 11 AW189 helicopters in search and rescue configuration with Mitsui Bussan Aerospace for the supply of two AW139 helicopters to the Japan National Police Agency (JNPA); with Weststar Aviation Services Sdn Bhd, the services company for Malaysian civil aviation, for the supply of three additional AW139 helicopters.

Order backlog: At 30 September 2013, 70% of the order backlog was comprised of the *helicopter* component (new helicopters and upgrading), and of this 48% was attributable to the *civil-government segment*.

Revenues: This figure was in line with 30 September 2012. Revenues broke down into 60% attributable to the *helicopter* component (new helicopters and upgrading), of which two-thirds of the orders were for the *civil-government segment* and the remaining for product support.

EBITA: It rose by 21% over 30 September 2012 as a result of efficiency-improvement actions and the improved mix of activities; furthermore, the improvement in EBITA includes the revenues from the final closing of the VH71 programme.

Defence and Security Electronics

Companies: **Selex ES**, **DRS Technologies**

New orders: These fell by 16% compared to 30 September 2012, due, in essentially equivalent amounts, to both the European and the US components, which continue to feel the impact of cuts to defence budgets, as had already been anticipated at the time of preparation of the forecast estimates. The main orders relating to Selex ES include: in the field of *Airborne and Space Systems*, the order for the supply of a Falco system to a Middle Eastern country; the order for the supply of Defensive Aids Sub Systems (DASS) and Captor combat radars for Eurofighter Typhoon aircraft for Oman; additional orders for the EFA programme; orders for the NH90 helicopter programme; orders for countermeasure systems; the order for optics systems for the Meteosat space programme, orders for various space programmes; orders for customer support activities; in the field of *Land and Naval Systems*, the order for the supply and integration of the combat management system, radar sensors, communication systems, electro-optical systems and navigation systems for the third lot of the FREMM contract; orders for communications systems for MAVs for the Italian Army; the order from the Directorate General for Armaments of the French Ministry of Defence for the supply of six fixed-version PAR2090 radar systems; the contract for support activities for equipment in operation on the Type 23 class frigates of the British Navy; in the field of *Security and Smart Systems*, the contract with Expo 2015 SpA to supply the security support equipment, infrastructure and services for the event; the three-year contract to provide maintenance for Poste Italiane SpA's electromechanical mail sorting systems; the order for the supply and installation of two transportable radar for air traffic control from the Royal Saudi Air Force; the supply of the network infrastructure for the new Kuwait City airport for the Directorate General of Civil Aviation; the contract with Vietnam Air Traffic Corporation (VATM) for the supply of the new air traffic control system for the Hanoi airport. The main orders for DRS included the order for the supply of rugged computers and displays for the US Army; the order for the supply of Tunner systems for the loading and handling of goods for cargo aircraft; the additional order for support activities on programmes to upgrade target acquisition subsystems for Bradley combat vehicles; orders for the additional supply of services in support of communications for a programme managed by the Space and Naval Warfare Systems

Command; additional orders for satellite communication services under the Future Commercial Satellite Communications Services Acquisition programme; the order to continue to provide maintenance, repair and upgrading of C-130 aircraft for the US Coast Guard; the order to develop and manufacture two vehicles for supporting the movement of Minuteman III missile systems used by the US Air Force; orders for the supply of Tactical Quiet Generators (TQG), new-generation systems for producing electricity; additional orders for services and products under the Rapid Response Third Generation contract.

Order backlog: This fell by 9% compared with 31 December 2012 as a result of a book-to-bill ratio below 1. Over 80% relates to the activities of Selex ES.

Revenues: These decreased by 15% compared to the figure posted at 30 September 2012, of which about two-thirds attributable to DRS. Although this performance is in line with expectations, it continues to reflect the difficulties and the slowdown in the acquisition and the start-up of new orders, worsened by the simultaneous decrease in the contribution of important programmes in their final stages, in particular for the US Armed Forces and in the British component of Selex ES's *Airborne and Space Systems* business area.

EBITA: It fell by 57% compared with 30 September 2012 mainly attributable to Selex ES, as a result of lower revenues and the persistent difficulties in ensuring a return to adequate profit levels in certain business areas, especially in the air traffic control. Given this situation, the company continues to successfully implementing the expected integration and reorganisation plan with the aim of significantly rationalising its technologies, product lines and industrial plants; the effects of the plan will be fully felt in the next financial years. As regards DRS, the savings arising from on-going plans to improve competitiveness, efficiency and reorganisation were offset by the effects of the abovementioned decline in production volumes, causing a decline in EBITA of EUR 56 million compared to the corresponding period of the previous year.

Aeronautics

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

(**) Data of the GIE-ATR Consortium are consolidated on the basis of the proportional method at 50%.

(***) Data of the SuperJet International JV are consolidated on the basis of the proportional method at 51%.

New orders: These fell by 8% from 30 September 2012 due to the decline in new orders in the *military* segment for training and transport aircraft and EFA logistics, which was partly offset by the increase in new orders in the *civil* segment relating to the ATR and B787 aircraft. The most significant orders that were obtained in the first nine months of 2013 include: in the *military* segment: for the EFA programme, the first tranche of the order received by the Eurofighter consortium for the supply of major components (left wing and rear fuselage) and equipment for the 12 aircraft ordered by Oman. This order falls within the scope of a wider contract that was signed between BAE Systems, in its capacity as prime contractor, and the Ministry of Defence of Oman in December 2012; for the F35 (Joint Strike Fighter) programme, the LRIP 6-7 contract to supply Lockheed Martin with the first complete wing and certain components and non-recurring activity for the manufacture of production tools; for logistic support activities, the orders for the activities relating to the following aircraft: C27J for the Italian Air Force; M346 ordered by Israel; C27J for Australia and the AMX aircraft supplied to the Brazilian Air Force; in the *civil* segment: for the ATR aircraft, the orders obtained by GIE-ATR from various airlines for 69 aircraft, including the contract signed with the Indonesian company Garuda Indonesia and the Danish leasing company Nordic Aviation Capital to supply the Indonesian company with 25 aircraft; further orders from Nordic Aviation Capital for 30 aircraft and from the US company Air Lease for five aircraft; for aerostructures, the additional orders for the B787, A380, ATR, B767 and A321 programmes and for the production of engine nacelles.

Order backlog: This posted a decline of 4% compared to 31 December 2012. In particular, a considerable portion related to the EFA (36%), B787 (14%), ATR (17%), M346 (9%) and C27J (6%) programmes.

Revenues: These rose by 9% compared to 30 September 2012 due to increased activity in the *civil* segment as a result of higher production rates for B787, ATR, A380 and A321 aircraft.

EBITA: This doubled in comparison with the previous year, in particular thanks to the benefits of renegotiating commercial agreements for certain aerostructure production, to the restructuring and reorganisation process underway, which resulted in the improvement in efficiency (with consequent

benefits in terms of cost absorption) and savings on overhead costs, as well as to the release of provisions in excess for the ATR programme.

Space

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

(*)All figures relate to the two joint ventures – Telespazio and Thales Alenia Space – consolidated on a proportional basis at 67% and 33%, respectively.

New orders: These decreased by 24% compared to 30 September 2012, mainly due to the effect of delays in receipt of certain new orders in the *manufacturing* segment. The most significant orders received during the period include: engineering applications and services for maintenance operations relating to the Cosmo SkyMed system; the contract for the development of the ExoMars control system; an initial order under the Euclid programme for the development of a satellite for exploring dark matter.

Order backlog: This showed a decrease of 11% compared to 31 December 2012. The order backlog at 30 September 2013 was broken down into 55% for *manufacturing* activities and the residual 45% for *satellite services*.

Revenues: These rose by 5% over the corresponding period of the previous year, mainly bolstered by the *satellite services* segment.

EBITA: It grew by 15% compared to the same period of the previous year, mainly due to higher volumes of activity and a higher profitability in the *manufacturing* segment.

Defence Systems

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

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

New orders: These rose by 22% over 30 September 2012 across all three segments. The main orders for the period include: in the *missile systems* segment, the order from the UK Ministry of Defence for the production of the Sea Ceptor defence system for Type 23 class frigates under the Future Local Area Air Defence System (FLAADS) programme; the contract for Meteor air-to-air missiles from Germany, the sixth and last country among those that participated in the development stage to sign the production order; the order from a Middle Eastern country for missile systems for vehicles and various orders for customer support activities; in the *land, sea and air weapons systems* segment, contracts for two 127/64 Vulcano and two Davide 76/62 naval gun systems, 4 machine guns of 25 mm and 4 Sclar rocket-launchers, for the Italian FREMM programme, the supply of J-Dam and Paveway II kits for armaments to the Italian Air Force; the sale of 40/70 mm machine gun systems to Turkey; the order for 16 Hitrole machine gun systems to the Singapore Navy and logistics orders from various customers; in the *underwater systems* segment, the orders from a country in the Mediterranean area for 26 MU90 light torpedoes, two TLS launch systems for light torpedoes and ship countermeasure systems.

Order backlog: This showed a slight decrease (3%) compared to 31 December 2012, 63% of which related to activities in the *missile systems* segment.

Revenues: These rose by 6% compared with the figure posted at 30 September 2012, mainly due the increase in the *missile systems* segment, while the other two segments posted slight declines.

EBITA: There was a decrease mainly as a result of the lower profit margins in the *missile systems* segment as compared with the same period of 2012.

Transportation

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

New orders: These fell by 11% compared to the same period of the previous year, mainly attributable to fewer new orders in the *vehicles* line. The main orders for the period included: for the *signalling and transportation solutions* line: in the *signalling* area, the order for the installation of ERTMS technologies on the new line that connects Oued Tlelat to Tlemcen, in Algeria; the contract for the maintenance of the high speed line Madrid-Puigverd de Lleida, in Spain; the order for the installation of ERTMS Level 2 technologies on the new high-speed line that connects Tours to Bordeaux, in France; changes in the order relating to the project for the Ankara underground in Turkey; other various orders for components and service & maintenance; in the *transportation solutions* area, the contract for construction of the technology portion of the Riyadh Line 3 metro in Saudi Arabia; the ancillary contract related to the Milan Line 4 metro project; the order to extend the Rome Line C metro; contracts relating to the framework agreement signed with Rio Tinto Iron Ore, in Australia; in the *vehicles* line, the contract for Sirio trams in China, orders for service activities; in the *bus* line, orders for 119 buses and various after-sales orders.

Order backlog: This decreased by 3% compared to 31 December 2012. The *signalling and transportation solutions* line accounts for 68%, while the *vehicles* line accounts for 32%.

Revenues: These fell by 7% compared to the same period of 2012, mainly attributable to lower revenues in the *vehicles* lines, which was affected by production slowdowns on certain programmes in portfolio and by the attendant delay in the acquisition of new orders expected from national customers.

EBITA: The decrease of EUR 20 million compared to the figure at 30 September 2012 is mainly attributable to the *vehicles* line, which remains significantly negative. This trend continues to reflect the difficulties on the programmes underway with the recognition of further contractual charges and cost overruns, in addition to lower volumes of activity and the related worsening of order costs, which were influenced by significant production inefficiencies.

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The manager in charge of the company's financial reporting, 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.	9M 2013 (***)	9M2012 (**)	*Chg. y/y*	3Q 2013 (***)	3Q 2012 (**)	*Chg. y/y*
Revenues	**11.343**	**11.691**	(348)	**3.677**	**3.970**	**(293)**
Purchases and personnel expense	(10.260)	(10.541)	281	(3.356)	(3.553)	**197**
Amortisation and depreciation	(448)	(411)	(37)	(150)	(140)	**(10)**
Other net operating income/(expense)	62	(33)	95	82	(10)	**92**
EBITA (*)	**697**	**706**	(9)	**253**	**267**	**(14)**
EBITA (*) margin	*6,1%*	*6,0%*	0,1 p.p.	*6,9%*	*6,7%*	0,2 p.p.
Non-recurring income/(expenses)	(225)	-	-	(146)	-	**(146)**
Restructuring costs	(113)	(50)	(63)	(48)	(10)	**(38)**
Amortisation of intangible assets acquired as part of business combinations	(66)	(67)	1	(22)	(23)	**1**
EBIT	**293**	**589**	(296)	**37**	**234**	**(197)**
EBIT margin	*2,6%*	*5,0%*	*- 2,4 p.p.*			
Net financial income/ (expense)	(245)	(311)	66	(13)	(108)	95
Share of profit/(losses) of equity-accounted investments	(32)	(16)	(16)	(20)	(3)	(17)
Profit/(loss) before income taxes and discontinued operations	**16**	**262**	**-246**	**4**	**123**	**(119)**
Income taxes	(161)	(130)	(31)	(78)	(56)	**(22)**
Profit/(loss) from with discontinued operations	9	9	0	1	7	**(6)**
NET PROFIT/(LOSS)	**(136)**	**141**	**(277)**	**(73)**	**74**	**(147)**
attributable to the owners of the parent	*(165)*	*113*	(278)	*(85)*	*64*	(149)
attributable to non-controlling interests	29	28	1	*12*	*10*	2
EPS (EUR)						
Basic	(0,285)	0,195	(0,48)	*(0,147)*	*0,111*	(0,3)
Diluted	(0,301)	0,180	(0,481)	*(0,149)*	*0,099*	(0,2)

Amount at 30 September 2013 does not include Energia figures, reclassified into Discontinued Operation.

(*) 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.

(**) The comparative data has been restated following the adoption of IAS 19 (revised) and due to the classificationclassification of Ansaldo energia among discontinued Operations

(***) The performance and financial figures refer solely to continuing operation (therefore excluding Ansaldo Energia)

RECLASSIFIED BALANCE SHEET		
€mil.	**30.09.2013**	**31.12.2012 (**)**
Non-current assets	12.525	12.725
Non-current liabilities (***)	(3.602)	(3.966)
Capital assets	**8.923**	**8.759**
Inventories	5.409	5.192
Trade receivables	8.828	8.576
Trade payables	(12.665)	(13.902)
Working capital	**1.572**	**(134)**
Provision for short-term risks and charges	(897)	(876)
Other net current assets (liabilities) (****)	(665)	(665)
Net working capital	**10**	**(1.675)**
Net invested capital	**8.933**	**7.084**
Equity attributable to the owners of the parent	3.121	3.406
Equity attributable to non-controlling interests	312	305
Equity	**3.433**	**3.711**
Net financial debt/(cash)	**5.153**	**3.373**
Net (assets) liabilities held for sale	**347**	**-**

(**) The comparative data has been restated following the adoption of IAS 19 (revised)

(***) Non-current liabilities net of "Short-term loans and borrowings"

(****) Includes "Other current assets", net of "Other current liabilities", "Income tax payables" and "Provision for short-term risks and charges"

CASH FLOW		
€mil.	**9M2013**	**9M2012**
Cash and cash equivalents at 1 January	**2.137**	**1.331**
Gross cash flows from operating activities	1.248	1.214
Change in other operating assets and liabilities (*)	(555)	(732)
Funds From Operations (FFO)	**693**	**482**
Change in working capital	(1.794)	(1.391)
Cash flows used in operating activities	**(1.101)**	**(909)**
Cash flows from ordinary investing activities	(639)	(437)
Free operating cash flow (FOCF)	**(1.740)**	**(1.346)**
Strategic transactions	-	-
Change in other investing activities (**)	(19)	-
Cash flows used in investing activities	**(658)**	**(437)**
Net change in loans and borrowings	836	996
Dividends paid	(18)	(17)
Cash flows generated from financial activities	**818**	**979**
Exchange rate differences and other movements	(21)	19
Cash and cash equivalents of discontinued operations at 1 January	(186)	
Net increase in cash and cash equivalents of discontinued operations		110
Cash and cash equivalents at 30 September	**989**	**1.093**

Amount at 30 September 2013 does not include Energia figures, reclassified into Discontinued Operation.

(*) Includes the amounts of "Change in other operating assets and liabilities", "Interest paid", "Income taxes paid" and "Change in provisions for risks and charges".

(**) Includes "Other investing activities", dividends received from consolidated entities and loss coverage.

COMPOSIZIONE DELL'INDEBITAMENTO FINANZIARIO NETTO		
€mil.	**30.09.2013**	**31.12.2012**
Debiti obbligazionari	4.457	4.421
Debiti bancari	1.578	960
Disponibilità e mezzi equivalenti	(989)	(2.137)
INDEBITAMENTO BANCARIO E OBBLIGAZIONARIO NETTO	**5.046**	**3.244**
Titoli	(3)	(5)
Crediti finanziari correnti verso parti correlate	(70)	(73)
Altri crediti finanziari correnti	(436)	(558)
CREDITI FINANZIARI E TITOLI CORRENTI	**(509)**	**(636)**
Debiti finanziari verso parti correlate	465	634
Altri debiti finanziari	151	131
ALTRI DEBITI FINANZIARI	**616**	**765**
INDEBITAMENTO FINANZIARIO NETTO	**5.153**	**3.373**
Indebitamento finanziario netto delle Discontinued Operation	259	**-**

EARNINGS PER SHARE			
	9M2013	**9M2012**	***Var % YoY***
Average shares outstanding during the reporting period (in thousands)	578.118	578.118	
Earnings for the period (excluding non-controlling interests) (€ million)	(165)	113	
Earnings from continuing operations (excluding non-controlling interests) (€ million)	(174)	104	
Earnings from discontinued operations (excluding non-controlling interests) (€ million)	9	9	
BASIC and DILUTED EPS (EUR)	**(0,285)**	**0,195**	
Basic and Diluted EPS from continuing operations	**(0,301)**	**0,180**	
Basic and Diluted EPS from discontinued operations	**0,016**	**0,015**	

9M2013 (EUR million)	Helicopters	Defence Electronics and Security	Aeronautics	Space	Defence Systems	Eliminations/ other	Tot A&D	Transport	Eliminations/ other	Tot Transport	Eliminations	Total Continuing Operations	Discontinued Operations	Total
New orders	2.243	2.865	2.037	485	784	(243)	8.171	1.111	173	1.284	(15)	9.440	n.a.	9.440
Order backlog	10.888	8.010	8.484	2.015	3.270	(889)	31.778	8.378	190	8.568	(113)	40.233	n.a.	40.233
Revenues	3.012	3.471	2.174	729	881	(289)	9.978	1.291	137	1.428	(63)	11.343	n.a.	11.343
EBITA (*)	**411**	**104**	**148**	**54**	**79**	**(84)**	**712**	**(16)**	**1**	**(15)**	**-**	**697**	n.a.	**697**
EBITA (*) margin	*13,6%*	*3,0%*	*6,8%*	*7,4%*	*9,0%*	*n.a.*	7,1%	(1,2%)	*n.a.*	*(1,1%)*	*n.a.*	6,1%	n.a.	*6,1%*
EBIT	**402**	**(39)**	**130**	**51**	**77**	**(86)**	**535**	**(243)**	**1**	**(242)**		**293**	n.a.	**293**
Amortisation and depreciation	112	184	113	25	24	39	497	16	1	17		**514**	n.a.	**514**
Investments	198	118	257	26	21	26	646	12		12		**658**	n.a.	**658**
Research and development	328	442	190	36	195	1	1.192	39	1	40	-	1.232	n.a.	1.232
Workforce (no.)	13.311	23.667	11.637	4.102	3.960	538	57.214	6.748	520	7.268	-	64.482	1.789	66.271

9M2012 (**) (EUR million)	Helicopters	Defence Electronics and Security	Aeronautics	Space	Defence Systems	Eliminations/ other	Tot A&D	Transport	Eliminations/ other	Tot Transport	Eliminations	Total Continuing Operations	Discontinued Operations	Total
New orders	2.276	3.394	2.224	639	643	(271)	8.905	1.244	40	1.284	(49)	10.140	n.a.	10.140
Order backlog	11.876	8.831	8.819	2.261	3.381	(949)	34.219	8.679	158	8.837	(126)	42.930	1.978	44.908
Revenues	2.976	4.089	2.002	697	829	(363)	10.230	1.384	141	1.525	(64)	11.691	n.a.	11.691
EBITA (*)	**339**	**238**	**74**	**47**	**89**	**(83)**	**704**	**4**	**(2)**	**2**	**-**	**706**	n.a.	**706**
EBITA (*) margin	*11,4%*	*5,8%*	*3,7%*	*6,7%*	*10,7%*	*n.a.*	6,9%	*0,3%*	*n.a.*	*0,1%*	*n.a.*	6,0%	n.a.	*6,0%*
EBIT	**333**	**152**	**74**	**41**	**84**		684	**-10**		**-10**		**674**	n.a.	**589**
Amortisation and depreciation	106	180	93	25	21	37	**462**	16	1	**17**		**479**	n.a.	**479**
Investments	163	141	257	21	22	27	631	14		**14**		**645**	n.a.	**645**
Research and development	332	535	215	35	186	2	1.305	35	1	36	-	1.341	n.a.	1.341
Workforce (no.)	13.050	25.183	11.708	4.131	3.963	506	58.541	6.568	469	7.037	-	65.578	1.830	67.408

Amount at 30 September 2013 does not include Energia figures, reclassified into Discontinued Operation.

(*) 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.

(**) The comparative data has been restated following the adoption of IAS 19 (revised)

3Q 2013 (EUR million)	Helicopters	Defence Electronics and Security	Aeronautics	Space	Defence Systems	Eliminations/ other	Tot A&D	Transport	Eliminations/ other	Tot Transport	Eliminations	Total
New orders	809	1.031	345	199	276	(66)	2.594	652	165	817	(8)	3.403
Revenues	967	1.111	713	241	288	(114)	3.206	429	51	480	(9)	3.677
EBITA (*)	**125**	**31**	**87**	**18**	**18**	**(27)**	**252**	**0**	**1**	1	**-**	253
EBITA (*) margin	*12,9%*	*2,8%*	*12,2%*	*7,5%*	*6,3%*	*n.a.*	*7,9%*	*0,0%*	*n.a.*	*0,2%*	*n.a.*	6,9%
EBIT	**122**	**(21)**	**79**	**17**	**18**	**(28)**	**187**	**(151)**	**1**	**(150)**		**37**
Amortisation and depreciation	37	59	38	9	11	13	**167**	4	1	**5**		**172**
Investments	78	36	58	7	8	10	**197**	4		**4**		**201**
Research and development	117	118	57	13	63		**368**	14		**14**		**382**

3Q 2012 (EUR million) (**)	Helicopters	Defence Electronics and Security	Aeronautics	Space	Defence Systems	Eliminations/ other	Tot A&D	Transport	Eliminations/ other	Tot Transport	Eliminations	Total
New orders	496	1.052	668	398	121	(138)	2.597	306	10	316	(6)	**2.907**
Revenues	1.064	1.357	684	228	265	(118)	3.480	444	61	505	(15)	**3.970**
EBITA (*)	**120**	**95**	**25**	**17**	**35**	**(24)**	268	**(3)**	**2**	**(1)**	**-**	267
EBITA (*) margin	*11,3%*	*7,0%*	*3,7%*	*7,5%*	*13,2%*	*n.a.*	*7,7%*	*(0,7%)*	*n.a.*	*(0,2%)*	*n.a.*	6,7%
EBIT	**117**	**69**	**25**	**16**	**34**	**(23)**	238	**(6)**	**2**	**(4)**		**234**
Amortisation and depreciation	36	61	33	8	7	12	157	5	1	**6**		**163**
Investments	29	48	100	8	8	14	207	4		**4**		**211**
Research and development	104	153	67	10	61	0	395	10	1	**11**		**406**

Amount at 30 September 2013 does not include Energia figures, reclassified into Discontinued Operation.

(*) 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.

(**) The comparative data has been restated following the adoption of IAS 19 (revised)