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PRESS RELEASE

Rome, 14 May 2013

Finmeccanica: the Board of Directors approves the Interim Financial Report at 31 March 2013.

Results in line with the expectations. Revenues at EUR 3.7 billion. EBITA up to EUR 181 million. Net profit equal to EUR 6 million.

The Board of Directors of Finmeccanica, convened today under the chairmanship of the Vice Chairman, Admiral Guido Venturoni, examined and unanimously approved the Interim Financial Report at 31 March 2013.

Financial results

The results for the first quarter are partially representative of the performance of the entire financial year, as more than half of the business activities concentrate in the second half-year.

- **New orders**: equal to EUR 3,025 million compared to EUR 3,480 million in the first quarter of 2012. The reduction in the Defence and Security Electronics, Transportation, Defence Systems and Energy sectors is partially offset by the improvement in Helicopters (contract with South Korea) and in Aeronautics (orders for the EFA, ATR and B787 programmes).
- **Order backlog:** equal to EUR 43,944 million, compared to EUR 44,908 million at 31 December 2012, ensures around two and a half years of equivalent production.
- **Revenues:** equal to EUR 3,700 million compared to EUR 3,686 million in the first quarter of 2012. The improvement in Helicopters, Aeronautics and Defence Systems is partially compensated for by the reduction in Defence Electronics and Security, Transportation and Energy.
- **EBITA:** positive for EUR 181 million vs EUR 173 million in the first quarter of 2012. The 5% increase is due to the segments of Helicopters (thanks to the increase in production volumes) and Aeronautics (thanks to higher business volumes, the reduction in operating expenses and the improved efficiency as a result of the restructuring and reorganisation process underway).
- **Net result:** a profit of EUR 6 million compared with the net profit of EUR 24 million in the first quarter of 2012. The figure decreased because of the adverse impact of equity-accounted investments.
- **Free Operating Cash Flow (FOCF):** a negative EUR 1,435 million compared to a negative EUR 1,138 million at 31 March 2012. The figure reflects the seasonality of the cash flows of the Group companies in the period with an imbalanced ratio of collections to payments. The latter are typically higher than receipts until the fourth quarter of the year.
- **Net debt:** amounting to EUR 4,858 million compared to EUR 3,373 million at 31 December 2012. The increase was essentially due to the adverse impact of the cash flows for the period, this trend being typical in the Group's performance.
- **Research & Development:** amounting to EUR 391 million, around 10% of total revenues.

Outlook

In view of the Group's results of operations at 31 March 2013 and on the basis of what has been highlighted up to now, we confirm the guidance for the full year 2013 prepared at the time the 2012 Annual Report was prepared.

Main data of Q1 2013

	Q1 2013	Q1 2012 (*)	Change	% change	Full Year 2012 (*)
New orders	3,025	3,480	(455)	*(13%)*	16,703
Order backlog	43,944	45,721	(1,777)	*(4%)*	44,908
Revenues	3,700	3,686	14	*n.s.*	17,218
EBITA (**)	181	173	8	*5%*	1,080
EBITA margin* (ROS) *(**)	*4.9%*	*4.7%*	--	*0.2 p.p.*	*6.3%*
Net result	6	24	(18)	*(75%)*	(792)
FOCF	(1,435)	(1,138)	(297)	*(26%)*	89
Net debt	4,858	4,515	343	*8%*	3,373
ROI	*9.3%*	*8.1%*	--	*1.2 p.p.*	*14.3%*
ROE	*0.7%*	*2.0%*	--	*(1.3 p.p)*	*(19.0%)*
EVA	(43)	(61)	18	*29%*	382
Research & Development	391	409	(18)	*(4%)*	1,929
Headcount	67,297	69,652	(2,355)	*(3%)*	67,408

(*) Comparative data has been restated in order to reflect the effects of IAS 19 revised

(**) The operating result before:

- any impairment in 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.

Analysis of financial data

The results for the first quarter reported by the Finmeccanica Group were substantially in line with those reported in the same period of the previous year, except for the commercial performance, and were higher than the expectations outlined at the time of the preparation of the budget.
In particular, Aerospace and Defence showed a better commercial performance than expected, even if lower than the first quarter of 2012, as a result of the reduction attributable to the Defence Electronics and Security (in any case, showing an improvement compared to the forecasts) and Defence Systems. Furthermore, the Aerospace and Defence reported, as a whole, higher revenues and profits than both those reported in the same period of 2012 and the forecasts. On the contrary, the Civil sectors (Energy, Transportation and Fata) showed lower results.

New orders (EUR 3,025 million) decreased by EUR 455 million compared to the first quarter of 2012, due in particular to the reduction reported in Aerospace and Defence, the orders of which reported a decrease by EUR 272 million (in line with the expected decline in the Defence Electronics and Security, while Civil sectors reported a reduction of EUR 183 million. Specifically, the sectors that recorded a decline in the commercial performance are the following:

- **Defence Electronics and Security**, both in the European component and in the US component, which continued to be affected by the difficulties linked to decreasing Defence spending;
- **Transportation**, due to lower orders in the signalling and transportation solutions segment;
- **Defence Systems**, mainly as a result of reduced orders for the *missile systems,* which had recorded a significant order in the Indian market in the first quarter of 2012;
- **Energy**, due to lower orders in *service*.

This deterioration was partially offset by the increase that was mainly recorded in:

- **Helicopters**, substantially attributable to the acquisition of the contract with the government of the Republic of Korea (South Korea) for the supply of 8 AW159 helicopters for the Navy for a value of EUR 270 million;
- **Aeronautics**, including, in *military*, the EFA order for the supply of major components and equipment for 12 aircrafts ordered by OMAN and, in *civil*, orders for 23 ATR aircraft, as well as, with reference to aerostructures, for the B787 programme for 50 additional series.

The **order backlog** at 31 March 2013 totalled EUR 43,944 million, down by EUR 964 million compared to 31 December 2012. This reduction is substantially 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 equivalent production for the Group.

Revenues at 31 March 2013 totalled EUR 3,700 million, in line with those reported in the corresponding period of the previous year. Revenues from Civil reduced by EUR 58 million against an increase of EUR 72 million recorded in Aerospace and Defence.

Specifically, it should be pointed out that the increase was mainly recorded in:

- ***Helicopters***, as a result of the significant growth reported in activities relating to some commercial lines;
- ***Aeronautics***, as a result of higher operations in civil due to increased production rates for B787, ATR, A380 and A321 aircraft and in military for aircraft for special missions (Maritime Patrol) and trainers;
- ***Defence Systems***, including three main business segments (*missile systems*, *land, sea and air weapons systems* and *underwater systems)*.

This increase was partly offset by the reduction, in particular, in:

- ***Defence Electronics and Security***, more than two thirds of which were attributable to DRS. This trend, which was fully in line with the expectations, continued to be affected by the difficulties and the slow-down in purchases and start-up of new orders, as well as by the simultaneous decrease in the contribution of important programmes now in their final stages, in particular for the US Armed Forces;
- ***Transportation***, mainly attributable to the *vehicles* segment;
- ***Energy***, substantially due to lower operations in *Renewables* and *Service.*

EBITA at 31 March 2013 totalled EUR 181 million compared to EUR 173 million in the corresponding period of the previous year. Specifically, the increase was attributable to:

- ***Helicopters***, due to the abovementioned increase in production volumes and to the benefits arising from the streamlining actions taken mainly within production activities;
- ***Aeronautics***, due to higher volumes, the reduction in operating costs and the improved efficiency as a result of the restructuring and reorganisation process underway.

This increase was partially offset by the reduction in:

- ***Defence Electronics and Security***, mostly attributable to decreased volumes, as well as to worse profit margins and to the difficulty in absorbing the full production capacity in some business areas of SELEX ES. As regards DRS, the effects of the abovementioned decline in production volumes were largely offset by the savings arising from the ongoing plans for the improvement of competitiveness, efficiency and reorganisation;
- ***Transportation***, mainly in the *vehicles* segment, which was affected by production slowdowns and contractual charges on some programmes.

Net financial expense showed a deterioration of EUR 15 million compared to the corresponding period of 2012, which was attributable to the effects of equity-accounted investments (a negative EUR 12 million in 2013 against income of EUR 9 million in the first quarter of 2012), which was mainly referable to the investment in Sukhoi Aircraft.

The effective **tax rate** at 31 March 2013 showed an increase compared to the corresponding period of the previous year. However, eliminating the effects of equity-accounted investments, the effective tax rate appeared to be in line with that of 2012. In any case, this ratio affected by the seasonality of the results and will tend to come into line with historical levels in the course of the year.

Therefore, the **net result** in the first quarter of 2013 was equal to EUR 6 million, against EUR 24 million in the corresponding period of 2012. As mentioned, against improved EBITA, the net result decreased because of the adverse impact of equity-accounted investments.

The **net invested capital** recorded a net increase of EUR 1,412 million compared to 31 December 2012. In detail, the **net working capital** reported an increase of EUR 1,275 million, to be mainly attributable to the use of cash for the period (Free Operating Cash Flow), as commented below, while **capital assets** showed a slight increase (EUR 137 million), mainly due to the reduction in other non-current liabilities.

FOCF should be considered in terms of the period of the year (seasonality), when there are significantly more payments of trade payables than collections of trade receivables. At 31 March 2013, FOCF was therefore a negative (use of cash) EUR 1,435 million, compared to a negative EUR 1,138 million at 31 March 2012, with a deterioration of EUR 297 million, mostly attributable to the performance of the working capital. In the course of the first quarter of 2013, investment activities necessary to develop products were concentrated in Aeronautics (around 40%), while Helicopters accounted for 25% and Defence Electronics and Security for 20%.

The Group's **net financial debt** (greater loans and borrowings than loans and receivables and cash and cash equivalents) at 31 March 2013 was EUR 4,858 million, up compared to the figure at 31 December 2012 (EUR 3,373 million). The increase in the net financial debt at 31 March 2013 was essentially due to the adverse impact of the cash flows for the period, which were negative for EUR 1,435 million (against a negative EUR 1,138 million at 31 March 2012), this trend being typical in the Group's performance.

The **workforce** at 31 March 2013 was 67,297, with a net decrease of 111 units over the 67,408 employees at 31 December 2012, which was mainly recorded in the *Defence Electronics and Security*, as a result of the streamlining being conducted in the various divisions, in particular at DRS. At the end of the first quarter of 2013, a breakdown of the workforce by geographical area was substantially unchanged from 31 December 2012, with around 59% located in Italy and 41% abroad, mainly in the United States of America (13%), the United Kingdom (13%) and France (5%).

Significant events in the period and events subsequent to closure of the accounts

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 operational contract to start activities, following the approval of the project that took place 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 the Australian small- and medium-sized enterprises within the supply chain of Finmeccanica, to replace the traditional off-set obligations.

Financial transactions

In the first quarter of 2013 Finmeccanica did not carry out any transaction in the capital market (bonds and bank debt), neither in terms of new issues of bonds, nor in terms of early redemption of already existing bonds.

Below is a list of bond issues outstanding at 31 March 2013 and maturing in the subsequent eighteen months.

Issuer	Year of issue	Maturity	Nominal amount (EUR million)	Annual coupon	Type of offer
Finmeccanica Finance	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 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.

At the presentation date of this document, 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

All information regarding the ratings are unchanged from those presented at the time of the 2012 Annual Report.

Amendments to the Bylaws

The Board of Directors has also resolved to approve some amendments to the Bylaws in order to adapt the company Bylaws to the new regulations about the special powers on the corporate structures in defence and national security, as well as for the activities of strategic importance in the sectors of energy, transportation and communication in accordance with Law no. 56 of 11 May 2012 and Decree no. 253 issued by the President of the Council of Ministers on 30 November 2012.

Supplementary members of Committee

Finally, the Board of Directors has supplemented the Remuneration Committee by appointing as a new member the Independent Director Silvia Merlo.

The Remuneration Committee, in line with the new instructions of the Self-Regulatory Code (which envisages the presence of non-executive Directors, the majority of whom, including the Chairman, are "independent") is composed as follows:

– Dario Galli (Chairman – Independent Director)
– Silvia Merlo (Independent Director)
– Francesco Parlato
– Christian Streiff (Independent Director)

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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.	1Q 2013	1Q 2012 (**)	*Chg. % y/y*
Revenues	**3.700**	**3.686**	**14**
Purchases and personnel expense	(3.376)	(3.369)	
Amortisation and depreciation	(150)	(134)	
Other net operating income/(expense)	7	(10)	
Adjusted EBITA (*)	**181**	**173**	**8**
EBITA Adj (*) margin	*4,9%*	*4,7%*	
Non-recurring income/(expenses)	-	-	
Restructuring costs	(10)	(9)	
Amortisation of intangible assets acquired as part of business combinations	(22)	(22)	
EBIT	**149**	**142**	**7**
EBIT margin	*4,0%*	*3,9%*	
Net financial income/ (expense)	(108)	(93)	
Income taxes	(35)	(25)	
NET PROFIT/(LOSS) BEFORE DISCONTINUED OPERATIONS	**6**	**24**	
Profit (loss) from discontinued operations	-	-	
NET PROFIT/(LOSS)	**6**	**24**	**(18)**
attributable to the owners of the parent	-	17	
attributable to non-controlling interests	*6*	*7*	
EPS (EUR)			
Basic	-	*0,029*	
Diluted	-	*0,029*	
EPS from continuing operations (EUR)			
Basic	-	*0,029*	
Diluted	-	*0,029*	

(*) 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.

(**) comparative data has been restated to include the effects of the adoption of IAS 19 revised

RECLASSIFIED BALANCE SHEET

€mil.	**31.03.2013**	**31.12.2012 (**)**
Non-current assets	12.758	12.725
Non-current liabilities	(3.860)	(3.964)
	8.898	**8.761**
Inventories	5.354	5.192
Trade receivables	8.840	8.576
Trade payables	(13.052)	(13.902)
Working capital	**1.142**	**(134)**
Provision for short-term risks and charges	(854)	(876)
Other net current assets (liablities)	(688)	(665)
Net working capital	**(400)**	**(1.675)**
Net invested capital	**8.498**	**7.086**
Equity attributable to the owners of the parent	3.325	3.408
Equity attributable to non-controlling interests	315	305
Shareholders' Equity	**3.640**	**3.713**
Net financial debt/(cash)	4.858	3.373
Net (assets) liabilities held for sale	**0**	**0**

(**) comparative data has been restated to include the effects of the adoption of IAS 19 revised

CASH FLOW

€mil.	**1Q 2013**	**1Q 2012**
Cash and cash equivalents at 1 January	**2.137**	**1.331**
Gross cash flows from operating activities	357	320
Change in other operating assets and liabilities and provisions for risks and charges	(335)	(403)
Funds From Operations (FFO)	**22**	**(83)**
Change in working capital	(1.250)	(892)
Net cash generated/(used) from/in investing activities	**(1.228)**	**(975)**
Net cash generated/(used) from/in ordinary investing activities	(207)	(163)
Free operating cash flow (FOCF)	**(1.435)**	**(1.138)**
Strategic transactions	-	-
Change in other investing activities	(3)	(13)
Net cash generated/(used) from/in investing activities	**(210)**	**(176)**
Net change in loans and borrowings	732	763
Net cash generated/(used) from/in financing activities	**732**	**763**
Exchange rate differences	(5)	-
Cash and cash equivalents at 31 March	**1.426**	**943**

FINANCIAL POSITION		
€mil.	**31.03.2013**	**31.12.2012**
Short-term financial payables	4.413	4.421
Medium/long-term financial payable	1.743	960
Cash and cash equivalents	(1.426)	(2.137)
NET BANK DEBT AND BONDS	**4.730**	**3.244**
Securities	(3)	(5)
loans and receivables from related parties	(81)	(73)
Other loans receivables	(522)	(558)
CURRENT LOANS AND RECEIVABLES AND SECURITIES	**(606)**	**(636)**
Relates parties loans and borrowings	573	634
Other loans and borrowings	161	131
OTHER LOANS AND BORROWINGS	**734**	**765**
NET FINANCIAL DEBT (CASH)	**4.858**	**3.373**

EARNINGS PER SHARE			
	1Q2013	**1Q2012**	***Var % YoY***
Average shares outstanding during the reporting period (in thousands)	578.118	578.118	*0,0%*
Earnings/(losses) for the period (excluding non-controlling interests) (€ million)	-	17	
Adjusted earnings/(losses) - continuing operations (excluding non-controlling interests) (€ million)	-	17	
BASIC EPS (EUR)	**-**	**0,029**	
Basic EPS from continuing operations	**-**	**0,029**	
Average number of shares outstanding during the reporting period (in thousands)	578.118	578.118	*0,0%*
Adjusted net earnings/(losses) for the period (excluding non-controlling interests) (€ million)	-	17	
Adjusted earnings/(losses) - continuing operations (excluding non-controlling interests) (€ million)	-	17	
DILUTED EPS (EUR)	**-**	**0,029**	
Diluted EPS from continuing operations	**-**	**0,029**	

1Q2013 (EUR million)	Helicopters	Defence Electronics and Security	Aeronautics	Space	Defence Systems	Energy	Transport	Other Activities	Eliminations	Total
New orders	906	750	919	126	203	29	141	4	(53)	**3.025**
Order backlog	11.642	8.361	9.054	2.187	3.285	1.897	8.449	124	(1.055)	**43.944**
Revenues	954	1.123	670	210	279	122	399	70	(127)	**3.700**
EBITA (*)	**115**	**27**	**21**	**9**	**25**	**9**	**(3)**	**(22)**		**181**
EBITA (*) margin	*12,1%*	*2,4%*	*3,1%*	*4,3%*	*9,0%*	*7,4%*	*n.s.*	*n.a.*		***4,9%***
EBIT	**113**	**(2)**	**21**	**9**	**25**	**9**	**(4)**	**(22)**		**149**
Amortisation and depreciation	37	65	34	8	6	3	6	13		**172**
Investments	52	42	82	8	6	4	4	7		**205**
Research and development	86	158	60	8	65	3	11	-		**391**
Workforce (no.)	13.230	24.862	11.638	4.102	3.938	1.800	6.702	1.025		**67.297**

1Q2012 (EUR million)	Helicopters	Defence Electronics and Security	Aeronautics	Space	Defence Systems	Energy	Transport	Other Activities	Eliminations	Total
New orders	826	1.076	873	110	314	83	267	7	(76)	**3.480**
Order backlog (31/12/2012)	11.876	8.831	8.819	2.261	3.381	1.978	8.679	159	(1.076)	**44.908**
Revenues	853	1.276	584	218	250	139	447	63	(144)	**3.686**
EBITA (*)	**88**	**55**	**13**	**10**	**15**	**11**	**8**	**(27)**		**173**
EBITA (*) margin	*10,3%*	*4,3%*	*2,2%*	*4,6%*	*6,0%*	*7,9%*	*1,8%*	*n.a.*		***4,7%***
EBIT	**86**	**29**	**13**	**10**	**14**	**11**	**6**	**(27)**		**142**
Amortisation and depreciation	34	56	31	8	7	3	6	11		**156**
Investments	42	42	68	6	7	5	5	4	-	**179**
Research and development	90	165	67	11	61	4	11	-		**409**
Workforce (no.) (31/12/2012)	13.050	25.183	11.708	4.131	3.963	1.830	6.568	975		**67.408**

(*) 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.