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PRESS RELEASE

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Finmeccanica: the Board of Directors approves the Half-Year Financial Report at 30 June 2013

The Board of Directors of Finmeccanica, convened today under the chairmanship of Giovanni De Gennaro, has examined and unanimously approved the Half-Year Financial Report at 30 June 2013.

Comments on financial results (*)

Though considering that the results for the first six months are not fully representative of the performance of the entire financial year, as more than half of the business activities are concentrated in the second half-year, at 30 June 2013 the Group reported results in line with and, in some cases, better than the forecasts outlined in the budget for the period. The Aerospace and Defence business segment reported higher revenues and profits than the forecasts and as compared with the same period of 2012. Also the commercial performance was better than forecast although lower than in the first half of 2012. By contrast, Energy and Transportation showed a lower results.

EBITA increased (up by 2%) compared to first half of 2012, thanks to improvements throughout the Aerospace and Defence segment (with the exception of Selex ES) which were partially offset by the decrease in the Energy and Transportation segments that are still affected, particularly in the Vehicles business, by inefficiencies caused by production slowdowns and contractual charges and cost overruns on some programmes.

In the first half-year FOCF, though negative as traditional in this period, is better than expectations and came to a positive EUR 40 million in the second quarter.

The net result was affected in particular by higher non-recurring costs connected to certain contracts, among which there are provisions made following recent events regarding high-speed train in Belgium, and higher costs under the Selex ES Reorganisation Plan.

The abovementioned results derive from the industrial reorganisation started in 2012, which allowed Alenia Aermacchi, DRS Technologies and Selex ES to start and carry on virtuous processes of reorganisation and relaunch.

In this context the Aeronautics segment showed a good performance with an increase of about 9% in new orders and of about 11% in revenues and a significant increase in EBITA equal to 25%. In particular, EBITA was positively affected by higher business volumes and benefits of renegotiating certain commercial agreements and also by the reduction in operating expenses and the improvement in efficiency as a result of the restructuring and reorganisation process underway.

Similarly, in the Defence and Security Electronics business, DRS Technologies recorded results considerably higher than those outlined in the budget, which had positive effects on the profitability of the company. Selex ES, which has recently concluded an important trade-union agreement on the integration and reorganisation plan, is in the initial stage of the reorganisation process, the effects of which will be fully felt in the next financial years and will affect 2013 performance to a limited extent only.

The good results shown by Alenia Aermacchi, DRS Technologies and Selex ES arising from their reorganisation plans were not posted by AnsaldoBreda, which continues to be affected by significant losses connected to the production activity and to cost overruns on some specific programmes.

(*) The Aerospace and Defence business segment includes the following: Helicopters, Defence and Security Electronics, Aeronautics, Space, Defence Systems and Other Activities, with the exception of Fata; Energy and Transportation includes Energy and Transportation, in addition to Fata

Main figures of the first six months of 2013

- **New orders**: equal to EUR 6,227 million compared to EUR 7,678 million in the first half of 2012 (-19%). The reduction involved both the Aerospace and Defence and Energy and Transportation.
- **Order backlog:** amounting to EUR 42,589 million compared to EUR 44,908 million at 31 December 2012. The order backlog ensures around two and a half years of production for the Group.
- **Revenues:** equal to EUR 7,951 million compared to EUR 8,027 million in the first six months of 2012 (-1%). The increase in revenues in the *Aerospace and Defence* segment (EUR 41 million), partially offsets the reduction in the *Energy and Transportation* (EUR 94 million).
- **EBITA:** equal to EUR 467 million compared to EUR 459 million at 30 June 2012 (+2%). The increase was attributable to improvements throughout the *Aerospace and Defence* segment (with the exception of the *Defence and Security Electronics* segment).
- **ROS:** 5.9% compared to 5.7% in the first half of 2012 (+0,2 p.p.).
- **EBIT:** EUR 279 million compared to EUR 375 million in the first half of 2012 (-26%).
- **Net result:** a net loss of EUR 62 million compared to a net profit of EUR 67 million at 30 June 2012. The net result decreased due to higher non-recurring costs and, to a lesser extent, to the increase in financial expense.
- **Free Operating Cash Flow (FOCF):** was negative in the amount of EUR 1,395 million compared to the negative EUR 1,208 million in the first half of 2012. The figure 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 reveals that payments are particularly higher than collections.
- **Net financial debt:** amounting to EUR 4,929 million vs EUR 3,373 million at 31 December 2012. The increase is essentially due to the adverse effect of cash flows for the period, this trend being typical in the Group's performance.
- **Research & Development:** amounting to EUR 856 million compared to EUR 943 million in the first half of 2012 and around 11% of revenues.

Main figures of the second quarter 2013

- **New orders**: EUR 3,203 million compared to EUR 4,200 million recorded in the second quarter of 2012;
- **Revenues:** EUR 4,247 million compared to EUR 4,325 million of the second quarter of 2012;
- **EBITA:** EUR 286 million compared to EUR 285 million of the second quarter of 2012;
- **ROS:** 6.7% compared to 6.6% of the 2012 second quarter;
- **EBIT:** EUR 131 million compared to EUR 232 million of the second quarter of 2012;
- **Net result**: a loss of EUR 69 million compared to a profit of EUR 42 million in the second quarter of 2012
- **Free Operating Cash Flow (FOCF):** EUR 40 million in comparison with negative EUR 70 million (use of cash) of the second quarter of 2012.
- **Research & Development:** EUR 464 million compared to EUR 532 million of the 2012 second quarter.

Outlook

In view of the Group's results at 30 June 2013 and on the basis of what has been highlighted up to now, we confirm the forecasts for the full year of 2013 prepared at the time the 2012 Annual Report was drafted. Revenues: EUR 16.7/17 billion; EBITA: ca EUR 1.1 billion; Free Operating Cash Flow: positive for around EUR 100 million

Analysis of financial data of the first six months of 2013

(Million of euros)	1HY 2013	1HY 2012 (*)	Change	% change	Full Year 2012 (*)
New orders	6,227	7,678	(1,451)	*(19%)*	16,703
Order backlog	42,589	46,060	(3,471)	*(8%)*	44,908
Revenues	7,951	8,027	(76)	*(1%)*	17,218
EBITA (**)	467	459	8	*2%*	1,080
ROS	*5.9%*	*5.7%*	--	*0.2 p.p.*	*6.3%*
Net result	(62)	67	(129)	*n.d.*	(792)
FOCF	(1,395)	(1,208)	(187)	*(15%)*	89
Net financial debt	4,929	4,656	273	*6%*	3.373
ROI	*12%*	*10.6%*	--	*1.4 p.p.*	*14.3%*
ROE	*(3.4%)*	*2.9%*	--	*(6.3 p.p)*	*(19.0%)*
EVA	(3)	(47)	44	*94%*	382
Research & Development	856	943	(87)	*(9%)*	1,929
Workforce	66,782	68,813	(2,031)	*(3%)*	67,408

(*) Comparative data has been restated in order to reflect the effects of 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;

The results at 30 June 2013 reported by the Finmeccanica Group (Group) were in line with or higher than the forecasts outlined in the budget. Compared with the corresponding period of the previous year, new orders and cash generation declined, while revenues remained essentially in line and EBITA improved slightly. Specifically, the Aerospace and Defence business segment reported higher revenues and profits than expected and as compared with the same period of 2012, although commercial performance was poorer than in the first half of 2012 (but better than forecast). By contrast, Energy and Transportation posted worse results.

New orders, amounting to EUR 6,227 million**,** decreased by EUR 1,451 million compared to the first half of 2012, due in particular to the reductions reported in the Aerospace and Defence business segment (down EUR 725 million), the new orders for which were nevertheless higher than budget forecasts, and in the Energy and Transportation business segment (down EUR 755 million). 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, while the decrease in Energy and Transportation is the result of fewer new orders in plants and components in the Energy segment and in signalling and transportation solutions in the Transportation segment.

The **order backlog** at 30 June 2013 totalled EUR 42,589 million, down by EUR 2,319 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 production for the Group.

Revenues at 30 June 2013 totalled EUR 7,951 million, in line with those reported in the corresponding period of the previous year. Revenues in the Aerospace and Defence segment grew by EUR 41 million, while those in the Energy and Transportation fell by EUR 94 million.

EBITA at 30 June 2013 totalled EUR 467 million, compared with EUR 459 million for the corresponding period of the previous year. Specifically, the increase was attributable to improvements throughout the *Aerospace and Defence* segment (totalling EUR 24 million), with the exception of the *Defence and*

Security Electronics segment*,* in which Selex ES continued to encounter difficulties in ensuring a return to adequate profit levels in certain business areas, a situation that could persist throughout the second half of the year, in addition to lower volumes of revenues. By contrast, the **EBITA** of the *Energy and Transportation* segment fell by EUR 16 million, particularly in the *vehicles* segment of the *Transportation* segment, which remains significantly negative, reflecting inefficiencies caused by production slowdowns and contractual charges and cost overruns on some programmes.

EBIT at 30 June 2013 deteriorated by EUR 96 million, compared with the same period of 2012, mainly due to higher non-recurring costs (EUR 79 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 in Belgium regarding the FYRA high-speed trains involving AnsaldoBreda, and higher restructuring costs (EUR 25 million) essentially attributable to the effects of the initial mobility actions under the Selex ES Reorganisation Plan, recently signed with the national trade unions. These deteriorations were partially offset by the aforementioned improvement in EBITA.

Net financial expense showed a deterioration of EUR 25 million compared with the corresponding period of 2012, essentially due to higher non-cash charges (mainly relating to the discounting of liabilities and provisions).

The effective **tax rate** was adversely affected by the above-mentioned non-recurring costs, against which 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** for the first half of 2013 was equal to EUR 62 million, compared with a net profit of EUR 67 million in the corresponding period of 2012. As mentioned, while EBITA improved, the net result decreased due to higher non-recurring costs and, to a lesser extent, to the increase in financial expense.

Net invested capital increased by EUR 1,419 million compared to 31 December 2012, mainly as a result of the rise in **net working capital (**EUR 1,306 million), attributable to the use of cash for the period, as discussed below, while **capital assets** showed a slight increase (EUR 113 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 reveals that payments are particularly higher than collections. At 30 June 2013, FOCF was negative (use of cash) in the amount of about EUR 1,395 million, for a deterioration of EUR 187 million compared with the same period of 2012, mainly attributable to the performance of the working capital. In the first half of 2013, investment in product development was concentrated in the Aeronautics segment (around 43%), while the Helicopters segment accounted for 26% and Defence Electronics and Security for 18%.

Net financial debt was EUR 4,929 million, up on the figure at 31 December 2012 (EUR 3,373 million). The increase in the net financial debt at 30 June 2013 was essentially due to the negative trend of FOCF in the period for EUR 1,395 million (compared with a negative EUR 1,208 million at 30 June 2012) 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 29 million), in addition to accrued interest and changes in other financial items.

The **workforce** at 30 June 2013 numbered 66,782, a net decrease of 626 employees from 31 December 2012, 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 half 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%).

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 the Australian small- and medium-sized 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 2017-2020.

On **27 June 2013**, an agreement was reached with the national trade unions regarding the relaunch and reorganisation plan of Selex ES calling for a total of 2,529 redundancies, of which 1,938 in Italy, with 810 employees being placed into voluntary or incentivized 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.

On **2 July 2013** the European antitrust commission approved the transaction with regard to the sale of the aviation engines division of Avio SpA (held by Finmeccanica at 14.3%) to General Electric.

Financial transactions

In the first half of 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.

Below is a list of bond issues outstanding at 30 June 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 9 years.

All the bond issues of Finmeccanica Finance S.A. and Meccanica Holdings USA are irrevocably and unconditionally secured, on first request, 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 date of presentation of the present interim report, Finmeccanica's credit ratings are as follows:

- Baa3 with a negative outlook from Moody's (from February 2013)
- BB+ with a negative outlook from Fitch (from July 2013)
- BB+ with a stable outlook from Standard and Poor's

In 2013, all the ratings agencies downgraded the credit rating or lowered the outlook assigned to Finmeccanica. The agencies gave the weakened prospects for an improvement in the ratio between the potential cash flow generation and the level of debt, with respect to both expected cash flow from operations and cash flows from extraordinary operations, especially asset disposals, as the rationale for their decisions to downgrade the ratings. The weakness in expected operating cash flows was seen by the agencies to be mainly caused by the demand trend in the Company's major markets and delays in certain aspects of the Group's restructuring and reorganization process. Other reasons cited were the need to improve the Group's corporate governance process and the downgrading of the credit rating for Italy which, at its present level, severely limits the ability to apply methodologies for improving the rating of certain so-called "government-related" issuers, i.e. those that have a strong connection with their government or are of significant state interest.

Furthermore, the Group is actively committed to rolling out the steps of its restructuring and reorganisation plan aimed at improving cash generation by the operating companies and reducing debt, including by undertaking extraordinary operations. Moreover, the procedures for choosing investments and seeking new orders followed by the Group require that there be a constant focus on standards for cash flow generation and return on capital invested that take account of the risks and the cost of capital.

OPERATING PERFORMANCE OF THE BUSINESS SECTORS

(Figures in millions of euros)

Helicopters

Companies: **AgustaWestland**

New orders: These fell by 19% compared with the same period of the previous year, attributable almost entirely to the *helicopters* component (new helicopters and upgrading) component, which reported significant new orders in the AW169, AW189 and Super Lynx 300 lines in the first half of 2012. Among the most important new orders received in the first half of 2013 are: in the *military-government segment*, contracts with the government of the Republic of Korea (South Korea) for the supply of 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 (KHI). In the *civil-government segment,* we recall the contracts: with *Mitsui Bussan Aerospace*, for the supply of two AW139 helicopters and two additional AW169 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; with *Life Link III* for the supply of six AW119 helicopters for air medical transportation missions in Minnesota.

Order backlog: This showed a reduction in consequence of a book-to-bill ratio lower than 1.

Revenues: These rose by 7% over 30 June 2012, attributable to the *helicopters* component, specifically the AW139 line.

EBITA: It rose by 31% over 30 June 2012, due to the abovementioned increased production rates and the benefits deriving from efficiency-improvement actions, mainly within the framework of production 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 reported a decrease of 22% compared to 30 June 2012, due, in essentially equivalent amounts, to both the European and the U.S. components, which continue to feel the impact of the cuts to defence budgets, as had already been anticipated at the time of the 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 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, 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 radars; the contract for support activities for equipment in operation on the Type 23 frigates of the British Navy; in the field of Security and Smart Systems, the contract with Expo 2015 S.p.A. to supply the security support equipment, infrastructure and services for the event; the three-year extension of the current order for maintenance for Poste Italiane S.p.A.'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 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 the programmes for the upgrade of 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 U.S. Coast Guard; the order to develop and manufacture two vehicles for supporting the movement of Minuteman III missile systems used by the U.S. Air Force.

Order backlog: This fell by 8% compared with 31 December 2012 in consequence of a book-to-bill ratio lower than 1. Over 80% relates to the activities of Selex ES.

Revenues: These decreased by 14% compared to the figure posted at 30 June 2012, which was attributable to DRS for about two-thirds. 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 U.S. Armed Forces and in the British component of Selex ES's *Airborne and Space Systems* business area. In particular, revenues at Selex ES were generated by: *Airborne and Space Systems,* the continuation of activities relating to Defensive Aids Sub-System production and the production of equipment, avionics radars and communication systems for the EFA programme; countermeasure systems; combat and surveillance radars for other fixed-wing platforms; equipment for the NH90 helicopter programme; equipment for space programmes; customer support and logistics; *Land and Naval Systems,* the continuation of activities relating to FREMM contracts; the programme to supply combat systems for the Algerian logistic support amphibious vessel; the Forza NEC programme; activities to improve the level of protection for Italian forward operating bases (FOB) in Afghanistan; progress in the Medium Extended Air Defence System international cooperation programme; *Security and Smart Systems,* the construction of the national TETRA network; the continuation of activities on air traffic control programmes; activities relating to postal automation services in Italy; activities relating to monitoring and physical security for domestic customers and ICT services for government agencies. Revenues at DRS were generated by the continuation of deliveries of rugged computers and displays, particularly for the Joint Battle Command - Platform programme (JBC-P); additional deliveries on the programmes for the upgrade of target acquisition subsystems of Bradley combat vehicles; the continuation of support activities, technical assistance and logistics services for mast-mounted sight systems for helicopters; the provision of services and products for the Rapid Response contract and satellite communications services.

EBITA: It fell by 49% compared with 30 June 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, a situation that could continue throughout the second half of the year. Given this situation, the company has initiated the integration and reorganisation plan with the aim of significantly rationalising its technologies, product lines and industrial plants. The effects of the abovementioned actions, which also supplement and expand actions undertaken to improve competitiveness and efficiency, will be fully felt in the next few financial years and will affect 2013 performance to a limited extent only. As regards DRS, the savings arising from the on-going plans for the improvement of competitiveness, efficiency and reorganisation were offset by the effects of the abovementioned decline in production volumes, causing a decline in EBITA of EUR 15 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 increased by 9% over 30 June 2012 due to the rise in new orders in the *civil* segment, relating to the ATR and B787 aircraft, that more than offset the decline in the *military* segment for defence and transport aircraft. The most significant orders that were obtained in the first half 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 of prime contractor, and the Ministry of Defence of Oman in December 2012; for the F35 (*Joint Strike Fighter*) programme, the contract to supply Lockheed Martin with the first complete wing and certain components and non-recurring activity for the manufacture of production tools; for the logistic support activities, the orders for the activities relating to the following aircraft: 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 68 aircraft (45 of which in the second quarter), including 36 aircraft from Danish company Nordic Aviation, 19 aircraft from an Indonesian company, 6 from Bangkok Airways and 5 from U.S. company Air Lease; for aerostructures, the additional orders for the B787 (50 series), A380, ATR, B767 and A321 programmes and for the production of engine nacelles.

Order backlog: This posted a slight increase (2%) compared to 31 December 2012. In particular, a considerable portion related to the EFA (35%), B787 (15%), ATR (19%), M346 (9%) and C27J (5%) programmes.

Revenues: These rose by 11% compared to 30 June 2012 due to increased activity in the *civil* segment as a result of higher production rates for B787, ATR, A380 and A321 aircraft, and in the *military* segment for defence aircraft and trainers.

EBITA: There was an increase of 25%, due to higher business volumes, the benefits of renegotiating commercial agreements for certain aerostructure production, the reduction in operating expenses and the improvement in efficiency as a result of the restructuring and reorganisation process underway.

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 increased by 19% compared to 30 June 2012. The most significant orders obtained during the period concerned the following activities: engineering applications and services for maintenance operations relating to the Cosmo SkyMed system; the contract for the development of the ExoMars control system; satellite management and industrial support services for the SICRAL (*Sistema Italiano per Comunicazioni Riservate e Allarmi*, Italian System for Confidential Communications and Alerts) system; support and satellite operations activities for the Columbus Control Center.

Order backlog: This showed a decrease of 9% compared to 31 December 2012. The order backlog at 30 June 2013 was broken down into 58% for manufacturing activities and the residual 42% for satellite services.

Revenues: These rose by 5% over the corresponding period of the previous year. The production mainly concerned the continuation of activities in the following segments: in the *commercial telecommunications* segment, for the O3B and Iridium NEXT satellite constellations; for the provision of satellite telecommunications services and the resale of satellite capacity; in the *military telecommunications* segment, for the Sicral 2 and Athena Fidus satellites and for the provision of satellite services; in the *earth observation* segment, for the satellites for the Sentinel mission (Kopernikus programme, previously known as GMES); in the *science programmes* segment, for the ExoMars programme; in the *satellite navigation* segment, for the ground mission segment of the Galileo programme and activities related to the Egnos programme; in the *management systems and satellite operations* segment, for the OptSat, Gokturk, Sicral 2 and Galileo programmes.

EBITA: It grew by 20% compared to the same period of the previous year, mainly due to higher profitability in a number of programmes 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 were slightly below the figure reported at 30 June 2012, with a decline in *missile systems* and *land, sea and air weapons systems* segments partly offset by the increase in *underwater systems* segment*.* The main orders for the period include: in the *missile systems* segment, 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 East country for missile systems for vehicles and various orders for customer support activities; in the *land, sea and air weapons systems* segment*,* the supply of Paveway kits and kits for armaments to the Italian Air Force, the order for 16 Hitrole machine guns to the Singapore Navy, the sale of four 40/70mm machine guns to Turkey 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, ship countermeasure systems and two TLS launch systems for light torpedoes.

Order backlog: This showed a slight decrease (4%) compared to 31 December 2012, 64% of which related to activities in the *missile systems* segment.

Revenues: These rose by 5% compared with the figure posted at 30 June 2012, mainly due the increase in the *missile systems* segment*.* Revenues were generated by the following activities in the various segments: in the *missile systems* segment, activities for the production of Aster surface-to-air missiles and Exocet anti-ship missiles; activities relating to the development of the air defence system in connection with the Medium Extended Air Defence System programme; the deliveries of air-to-surface missiles as part of an important programme for a foreign country; and customer support; in the *land, sea and air weapons systems* segment*:* production of Medium Armoured Vehicles (MAV) and Multi-role Medium Tactical Vehicles (MMTV) for the Italian Army; FREMM programme activities; production of SampT missile launchers; the production of machine guns for various foreign customers and logistics; in the *underwater systems* segment: activities relating to the Black Shark heavy torpedo, the A244 light torpedo; countermeasures; activities relating to the FREMM programme and logistics.

EBITA: The 13% increase is mainly a result of the abovementioned higher revenues, as well as of improved profit margins in the *missile systems* segment, which benefitted from deliveries on an important programme for a foreign customer.

Energy

Companies: **Ansaldo Energia (*)**

(*) Figures related to Ansaldo Energia are consolidated on a proportional basis at 55%

New orders: These fell by 57% compared to the corresponding period of the previous year, mainly due to fewer orders in the *plants and components* and in the *service* segments. The main orders for the period included: in the *plants and components* segment, the contract for the design and construction of a 600 MW open-cycle electric power plant in Egypt (Il Cairo); the order for a steam turbine with generator for a geothermal plant in Italy (Bagnore); in the *service* segment*,* the supply of spare parts for a power station in Algeria (Hamma), various Long-Term Service Agreements (LTSA) and contracts for field service activities; in the *nuclear* segment, orders in the *plant engineering* area from Slovakia (Mochovce) and France (Cadarache); orders for decommissioning activities in Italy (Varese) and for service activities in Romania (Cernavoda) and France (Creys-Malville).

Order backlog: This declined by 4% compared to 31 December 2012. The composition of the backlog is attributable for 40% to the *plants and components* segment*,* 57% to the *service* segment (72% of which is represented by LTSAs for scheduled maintenance) and for 3% to the *nuclear* segment.

Revenues: These fell by 7% compared to the first half of 2012, mainly due to decreased operations in the *renewable energy* segment. Revenues were mainly generated by the following activities: in the *plant and components* segment: the orders from Tunisia (Sousse), Egypt (Giza North, Banha, Il Cairo), Turkey (Gebze) and Algeria (Ain Djasser II, Labreg and Hassi Messaud); in the *service* segment: activities on LTSAs in Italy (Ferrara, Rizziconi, Naples, Sparanise) and Northern Ireland (Ballylumford); spare parts for gas turbines in Algeria (M'Sila); the supply of a generator in Mexico (Lerdo) and field service activities in Italy (Ferrera); in the *nuclear* segment*,* for the *plant engineering* area*,* activities on the power station in Slovakia (Mochovce); for the *service* area*,* the continuation of activities in Argentina (Embalse); for the *waste* and *decommissioning* area*,* activities in Lithuania (Ignalina) and activities for the treatment and storage of radioactive waste from submarines in Russia (Andreeva Bay); in the *renewable energy* segment*,* electric drives activities, service activities on the solar energy plants in Martano and Soleto (Lecce), supply and servicing of micro-turbines.

EBITA: It rose by 10% compared to the first half of 2012, mainly as a result of higher industrial profitability and lower overheads.

Transportation

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

New orders: These fell by 51% compared to the same period of the previous year, mainly attributable to fewer new orders in the *signalling and transportation solutions* 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 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 to supply Sirio trams in China, orders for service activities; in the *bus* line*,* orders for 92 buses and various after-sales orders.

Order backlog: This decreased by 6% compared to 31 December 2012. The *signalling and transportation solutions* line accounts for 66%, while the *vehicles* line accounts for 34%.

Revenues: These fell by 8% compared to the first half of 2012, mainly attributable to the *vehicles* line. In particular, revenues were generated by the following orders: for the *signalling and transportation solutions* line: in the *signalling* area, the project for the Turin-Padua stretch in Italy; contracts for the Bogazkopru-Ulukisla-Yenice and Mersin-Toprakkale railway lines and for the Ankara metro in Turkey; the order related to the Shah-Habshan-Ruwais line in the United Arab Emirates; the contract for the Red Line of the Stockholm metro in Sweden; the projects for Union Pacific Railroad and Southeastern Pennsylvania Transportation Authority in the U.S.; orders for Australian Rail Track and the project relating to Roy Hill Iron Ore in Australia; various component orders; in the *transportation solutions* area, the Copenhagen, Naples Line 6, Rome Line C, Milan, Brescia metros; the Rio Tinto projects in Australia; in the *vehicles* line, double-decker carriages and high-speed trains for Trenitalia; trains for the Danish railways; vehicles for the Milan and Fortaleza (Brazil) metros; various service orders; in the *bus* line, various bus orders, representing 75% of this line's revenues and after-sales activities.

EBITA: It showed a reduction compared to the figure at 30 June 2012, mainly attributable to the *vehicles* line, which remains significantly negative, reflecting inefficiencies caused by production slowdowns and contractual charges and cost overruns on some programmes.

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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.	1H2013	1H2012 (**)	*Chg. % y/y*	2°Q 2013 (unaudited)	2°Q 2012 (**)(unaudited)	*Chg. % y/y*
Revenues	**7.951**	**8.027**	**(76)**	**4.248**	**4.325**	**(77)**
Purchases and personnel expense	(7.159)	(7.268)		(3.780)	(3.884)	
Amortisation and depreciation	(305)	(279)		(156)	(144)	
Other net operating income/(expense)	(20)	(21)		(26)	(12)	
EBITA (*)	**467**	**459**	**8**	**286**	**285**	**1**
EBITA (*) margin	*5,9%*	*5,7%*		*6,7%*	*6,6%*	
Non-recurring income/(expenses)	(79)	0		(79)	0	
Restructuring costs	(65)	(40)		(54)	(31)	
Amortisation of intangible assets acquired as part of business combinations	(44)	(44)		(22)	(22)	
EBIT	**279**	**375**	**(96)**	**131**	**232**	**(101)**
EBIT margin	*3,5%*	*4,7%*		*3,1%*	*5,4%*	
Net financial income/ (expense)	(249)	(224)		(143)	(131)	
Income taxes	(92)	(84)		(57)	(59)	
NET PROFIT/(LOSS)	**(62)**	**67**	**(129)**	**(69)**	**42**	**(111)**
attributable to the owners of the parent	*(79)*	*50*		*(80)*	*31*	
attributable to non-controlling interests	*17*	*17*		*11*	*11*	
EPS (EUR)						
Basic	*(0,137)*	*0,085*		*(0,138)*	*0,061*	
Diluted	*(0,137)*	*0,085*		*(0,138)*	*0,061*	

(*) 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.	30.06.2013	31.12.2012**
Non-current assets	12.624	12.725
Non-current liabilities	(3.752)	(3.966)
	8.872	**8.759**
Inventories	5.420	5.192
Trade receivables	8.661	8.576
Trade payables	(12.786)	(13.902)
Working capital	**1.295**	**(134)**
Provision for short-term risks and charges	(831)	(876)
Other net current assets (liablities)	(833)	(665)
Net working capital	**(369)**	**(1.675)**
Net invested capital	**8.503**	**7.084**
Equity attributable to the owners of the parent	3.270	3.406
Equity attributable to non-controlling interests	304	305
Equity	**3.574**	**3.711**
Net financial debt/(cash)	4.929	3.373
Net (assets) liabilities held for sale		**0**

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

CASH FLOW		
€mil.	1H2013	1H2012
Cash and cash equivalents at 1 January	**2.137**	**1.331**
Gross cash flows from operating activities	952	818
Change in other operating assets and liabilities	(336)	(497)
Funds From Operations (FFO)	**616**	**321**
Change in working capital	(1.572)	(1.186)
Net cash used in investing activities	**(956)**	**(865)**
Cash flows from ordinary investing activities	(439)	(343)
Free operating cash flow (FOCF)	**(1.395)**	**(1.208)**
Strategic transactions	0	0
Change in other investing activities	(25)	(6)
Cash flows used in investing activities	**(464)**	**(349)**
Net change in loans and borrowings	560	694
Dividends paid	(18)	(17)
Cash flows generated from financial activities	**542**	**677**
Exchange rate differences	(20)	20
Cash and cash equivalents at 30 June	**1.239**	**814**

FINANCIAL POSITION		
€mil.	**30.06.2013**	**31.12.2012**
Bonds	4.437	4.421
Bank debt	1.629	960
Cash and cash equivalents	(1.239)	(2.137)
NET BANK DEBT AND BONDS	**4.827**	**3.244**
Securities	(3)	(5)
Current loans and receivables from related parties	(51)	(73)
Other current loans and receivables	(478)	(558)
CURRENT LOANS AND RECEIVABLES AND SECURITIES	**(532)**	**(636)**
Related-party loans and borrowings	491	634
Other loans and borrowings	143	131
OTHER LOANS AND BORROWINGS	**634**	**765**
NET FINANCIAL DEBT	**4.929**	**3.373**

EARNINGS PER SHARE			
	1H2013	**1H2012**	***Var % YoY***
Average shares outstanding during the reporting period (in thousands)	578.118	578.118	*0,0%*
Earnings for the period (excluding non-controlling interests) (€ million)	(79)	50	
Earnings from continuing operations (excluding non-controlling interests) (€ million)	(79)	50	
BASIC and DILUTED EPS (EUR)	**(0,137)**	**0,085**	
Basic and Diluted EPS from continuing operations	**(0,137)**	**0,085**	

1H2013 (EUR million)	Helicopters	Defence Electronics and Security	Aeronautics	Space	Defence Systems	Elimination s/ other	Tot A&D	Energy	Transport	Elimination s/other	Tot E&T	Eliminations	Total
New orders	1.434	1.834	1.692	286	508	(177)	5.577	190	459	10	659	(9)	**6.227**
Order backlog	11.014	8.131	8.992	2.066	3.263	(920)	32.546	1.900	8.191	78	10.169	(126)	**42.589**
Revenues	2.045	2.359	1.461	484	593	(180)	6.762	284	862	86	1.232	(43)	**7.951**
EBITA (*)	**286**	**73**	**61**	**36**	**61**	**(57)**	**460**	**22**	**(16)**	**1**	**7**		**467**
EBITA (*) margin	*14,0%*	*3,1%*	*4,2%*	*7,4%*	*10,3%*		*6,8%*	*7,7%*	*-1,9%*		*0,6%*	*n.a.*	***5,9%***
EBIT	**280**	**(19)**	**52**	**35**	**59**	**(59)**	**348**	**22**	**(92)**	**1**	**(69)**		**279**
Amortisation and depreciation	75	126	75	16	13	26	331	7	11		18		**349**
Investments	120	82	198	19	13	16	448	9	9		18		**466**
Research and development							824				32		**856**
Workforce (no.)							57.729				9.053		**66.782**

1H2012 (**) (EUR million)	Helicopters	Defence Electronics and Security	Aeronautics	Space	Defence Systems	Elimination s/ other	Tot A&D	Energy	Transport	Elimination s/other	Tot E&T	Eliminations	Total
New orders	1.780	2.342	1.556	241	522	(139)	6.302	445	938	31	1.414	(38)	**7.678**
Order backlog	11.876	8.831	8.819	2.261	3.381	(949)	34.219	1.978	8.679	158	10.815	(126)	**44.908**
Revenues	1.912	2.734	1.318	462	564	(269)	6.721	306	940	80	1.326	(20)	**8.027**
EBITA (*)	**219**	**143**	**49**	**30**	**54**	**(59)**	**436**	**20**	**7**	**(4)**	**23**		**459**
EBITA (*) margin	*11,5%*	*5,2%*	*3,7%*	*6,5%*	*9,6%*		*6,5%*	*6,5%*	*0,7%*		*1,7%*	*n.a.*	***5,7%***
EBIT	**215**	**83**	**49**	**25**	**50**	**-59**	**363**	**20**	**-4**	**-4**	**12**		**375**
Amortisation and depreciation	70	118	60	17	14	26	305	7	11		18		**323**
Investments	134	93	157	13	14	13	424	10	10		20		**444**
Research and development							909				34		**943**
Workforce (no.)							58.541				8.867		**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.

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

2Q 2013 (EUR million) (unaudited)	Helicopters	Defence Electronics and Security	Aeronautics	Space	Defence Systems	Elimination s/ other	Tot A&D	Energy	Transport	Elimination s/other	Tot E&T	Eliminations	Total
New orders	528	1.084	773	160	305	(127)	2.723	162	318	6	486	(6)	**3.203**
Revenues	1.091	1.234	790	274	314	(107)	3.596	162	463	47	672	(21)	**4.247**
EBITA (*)	**171**	**46**	**40**	**27**	**35**	**(36)**	**283**	**14**	**(12)**	**1**	**3**		**286**
EBITA (*) margin	*15,7%*	*3,7%*	*5,1%*	*9,9%*	*11,1%*		*7,9%*	*8,6%*	*-2,6%*		*0,4%*	*n.a.*	*6,7%*
EBIT	**166**	**(16)**	**31**	**26**	**35**	**(38)**	**204**	**14**	**(88)**	**1**	**(73)**		**131**
Amortisation and depreciation	39	60	40	9	7	14	169	3	6		9		**178**
Investments	68	40	116	11	7	9	251	5	5		10		**261**
Research and development							446				18		**464**

2Q 2012 (EUR million) (**)(unaudited)	Helicopters	Defence Electronics and Security	Aeronautics	Space	Defence Systems	Elimination s/ other	Tot A&D	Energy	Transport	Elimination s/other	Tot E&T	Eliminations	Total
New orders	955	1.267	684	131	208	(66)	3.179	362	671	23	1.056	(35)	**4.200**
Revenues	1.054	1.448	733	244	314	(164)	3.629	167	493	48	708	(12)	**4.325**
EBITA (*)	**131**	**88**	**36**	**19**	**39**	**(33)**	**280**	**9**	**0**	**(4)**	**5**		**285**
EBITA (*) margin	*12,4%*	*6,1%*	*4,9%*	*7,8%*	*12,4%*		*7,7%*	*5,4%*	*0,0%*		*0,7%*	*n.a.*	*6,6%*
EBIT	**129**	**53**	**36**	**15**	**36**	**(33)**	**236**	**9**	**(9)**	**(4)**	**(4)**		**232**
Amortisation and depreciation	36	62	29	8	7	14	156	4	6		10		**166**
Investments	92	51	89	7	7	9	255	5	5		10		**265**
Research and development							514				18		**532**

(*) 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.

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