

A collage of images related to aviation and technology. It includes several helicopters, a large transport aircraft with 'AW500' and 'WINGDAG' written on its side, a small propeller plane, a satellite in orbit around Earth, a fighter jet, and a pilot in a cockpit wearing a headset and looking at a control panel with multiple screens.

1H/2Q 2015 Results Presentation

Mauro Moretti

Chief Executive Officer and General Manager

Gian Piero Cutillo

Chief Financial Officer



London, 31 July 2015

GROUP OVERVIEW *(CEO and General Manager)*

RESULTS AND OUTLOOK *(CFO)*

UPDATE ON STRATEGIC DEVELOPMENTS *(CEO and General Manager)*





Delivering on promises...

Executing 5 year industrial plan launched in January

⚡ Industrial Plan has STRENGTHENED financial results

- ⚡ Significant progress on profitability
- ⚡ All key metrics heading in the right direction
- ⚡ Share price up 46% over the first sixth months of the year (from €7.73 to €11.28)

⚡ Industrial Plan supporting financial strategy to STRENGTHEN our capital structure

- ⚡ Bond buyback finalised, lower gross debt
- ⚡ RCF renegotiated at better conditions

⚡ Strategic plan on track on DEVELOP a more cohesive and effective Finmeccanica

- ⚡ Disposal of Transportation, becoming a pure Aerospace, Defence & Security player
- ⚡ New Group governance launched, with new identity as “one single company”
- ⚡ 30 July BoD key resolution: approval of plans to merge OTO Melara and WSS into Finmeccanica and plans to partially spin-off Alenia Aermacchi, AgustaWestland and Selex ES into Finmeccanica



...and we have clear priorities for 2015 and onwards

STRENGTHEN

- ⚡ Delivery of 2015 guidance
- ⚡ Improve operating profitability: >150bp improvement in ROS (FY2016/2014),
- ⚡ Reduced P&L volatility and material step-up in net income
- ⚡ Positive and growing cash flows
- ⚡ Reduce Invested Capital through lower working capital and rationalised investments

DEVELOP

- ⚡ Develop our offering to customers—new commercial market model to be finalised in H2 2015
- ⚡ Complete transition to “One Single Operating Company” to increase visibility and accountability
- ⚡ More focused portfolio—Take portfolio opportunities when they arise



AW169 EASA certification achieved in July confirms our focus on products innovation to meet customer needs

- ✦ First all new helicopter type in its category in over 30 years set to enter service
- ✦ Marks operational readiness of the whole AW Family of new generation helicopters
- ✦ Outstanding capabilities and innovation made available in less than five years
- ✦ Over 150 helicopters have been ordered by customers worldwide, including framework agreements and options, for a wide range of roles



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Key Messages

✦ Satisfactory results achieved in 1H2015

- ✦ New orders and revenues in line with expectations
- ✦ Material step up in EBITA (+45% YoY) with RoS at 7.5% from 5.4%, mainly thanks to Selex and DRS
- ✦ Positive Net Result at €111m from negative €39m
- ✦ Positive FOCF in 2Q and improved compared to last year (same perimeter)
- ✦ Transportation sector included in the “Discontinued Operations”

✦ FY2015 guidance confirmed

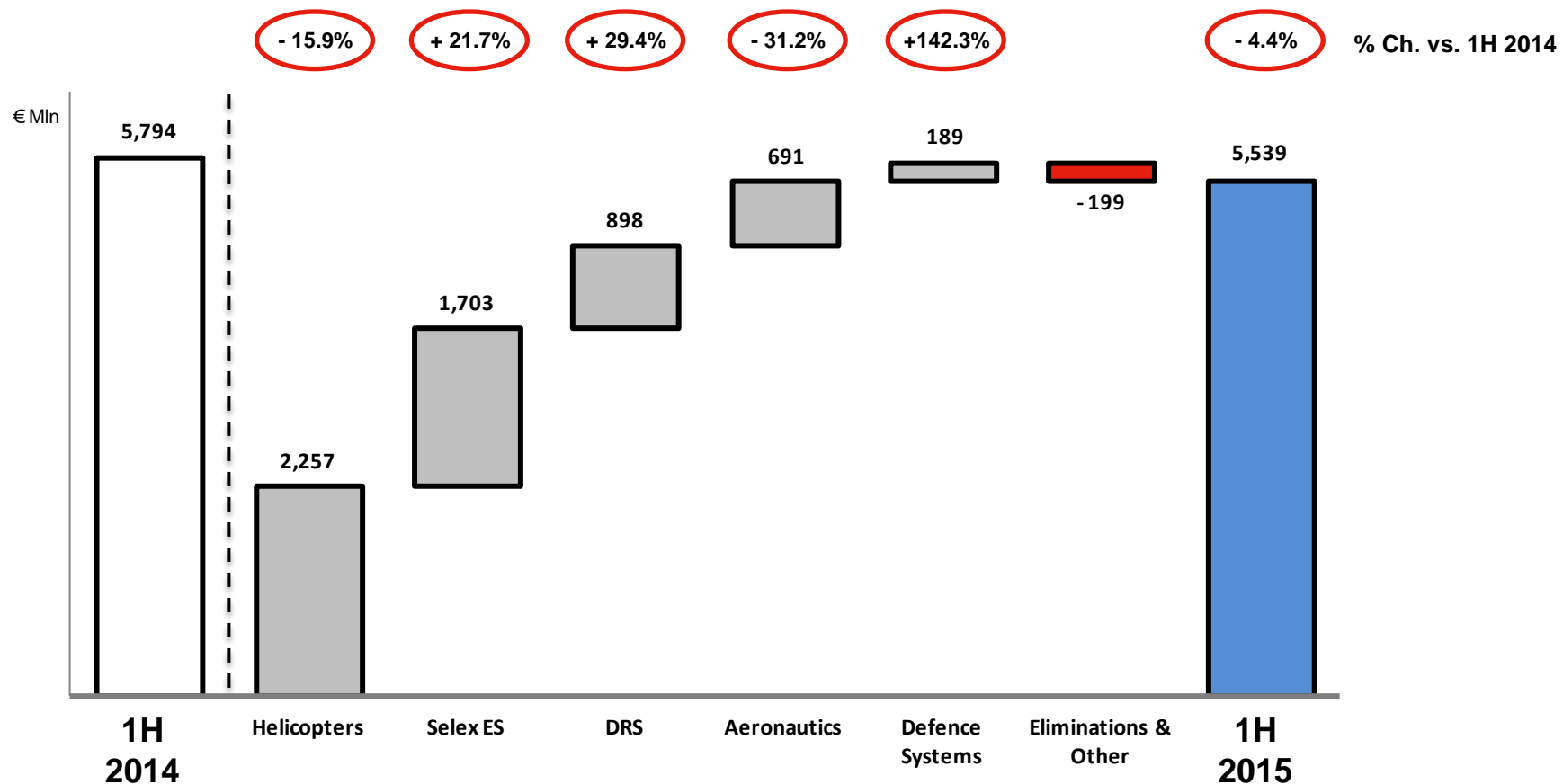
✦ On track with the execution of the the financial strategy: significant steps towards the strengthening of the capital structure

- ✦ Bond buyback
- ✦ Renegotiation of the RCF at better conditions



Focus on Group Orders

Commercial Performance in line with strong 1H 2014; Book to Bill remains close to 1



✦ Significant improvement in DRS supported by orders from the Canadian Army

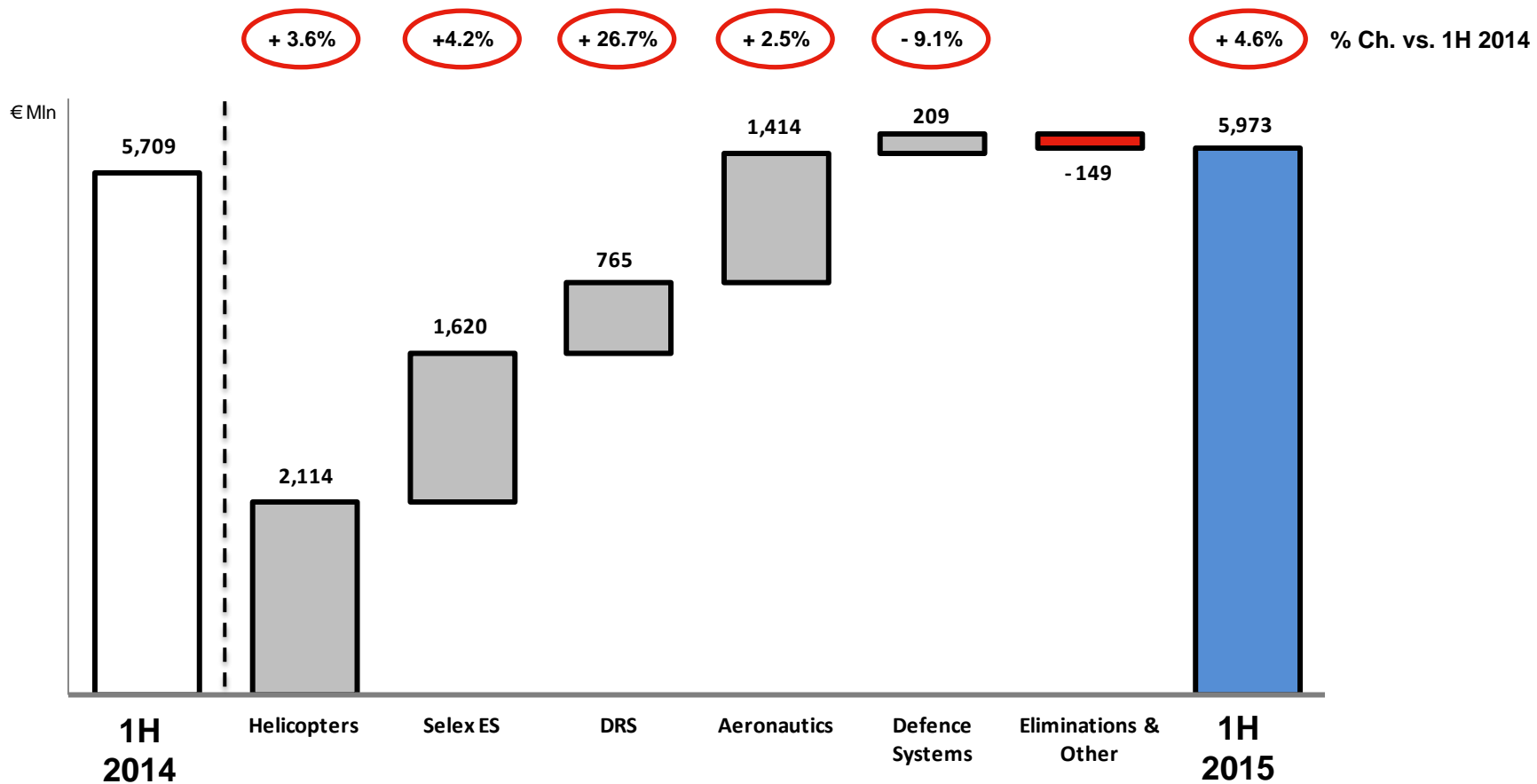
✦ Very good performance in Selex and Defence Systems

✦ 1H2014 Helicopters and Aeronautics benefitted from large size single orders (UK MoD and M346 Poland)



Focus on Group Revenues

Good performance above expectations



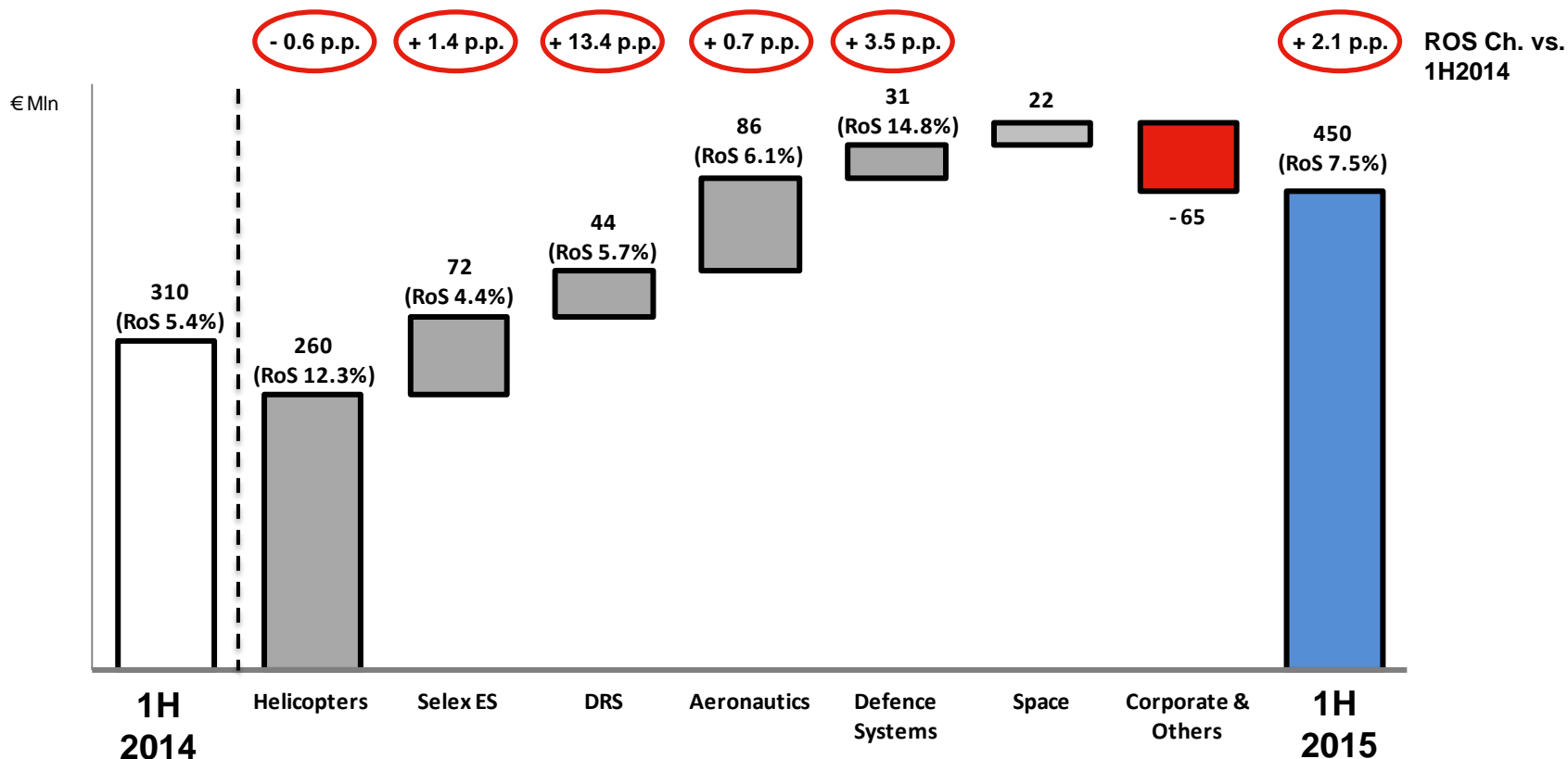
✦ DRS consolidating recovery in the top line

✦ Helicopters, Selex and DRS benefitted from forex effect



Focus on Group Profitability

Material step up in EBITA and ROS



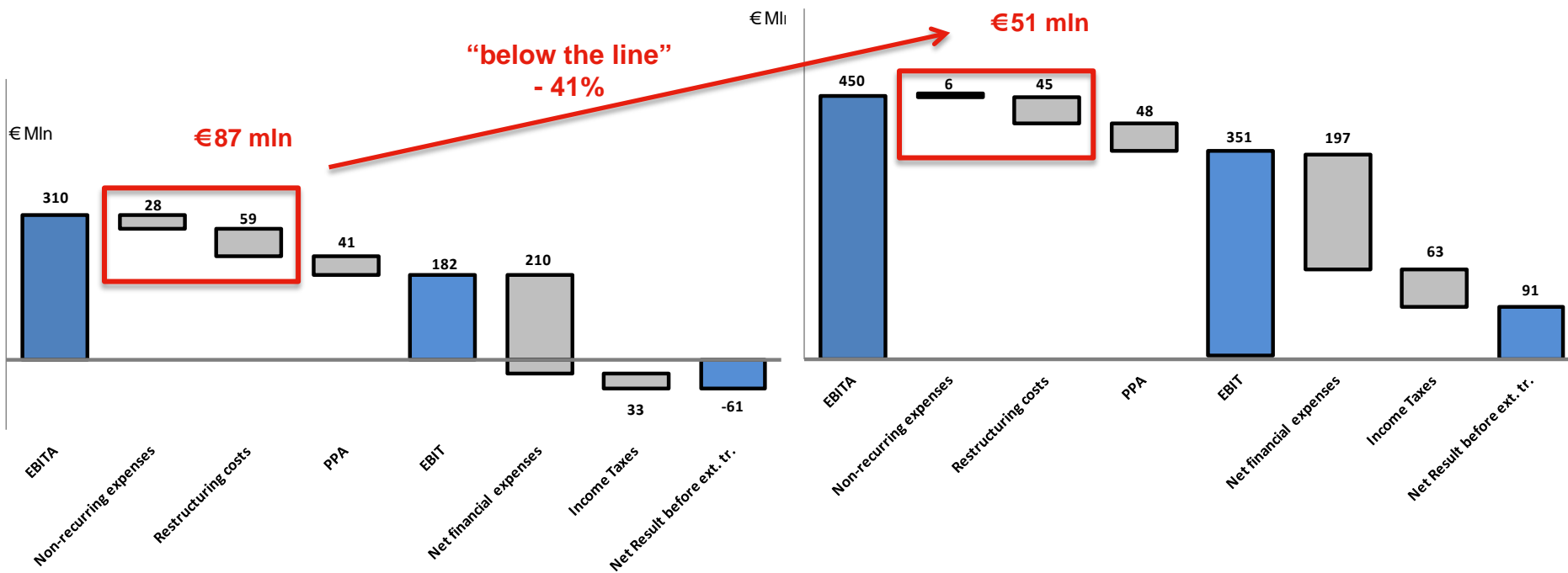
- Meaningful step up driven by improved performance at DRS and SELEX as well as benefits coming from restructuring and efficiency measures across the Group
 - DRS back on track, with YoY improvement even excluding the impact from provisions accounted for in 1H2014
 - SELEX confirming recovery in profitability



Focus on Group Net Result before extraordinary transactions Meaningful improvement

1H 2014

1H 2015



- ✦ Strong improvement in Net Result before extraordinary transactions driven by
 - ✦ Meaningful step up in EBITA
 - ✦ Lower below the line volatility

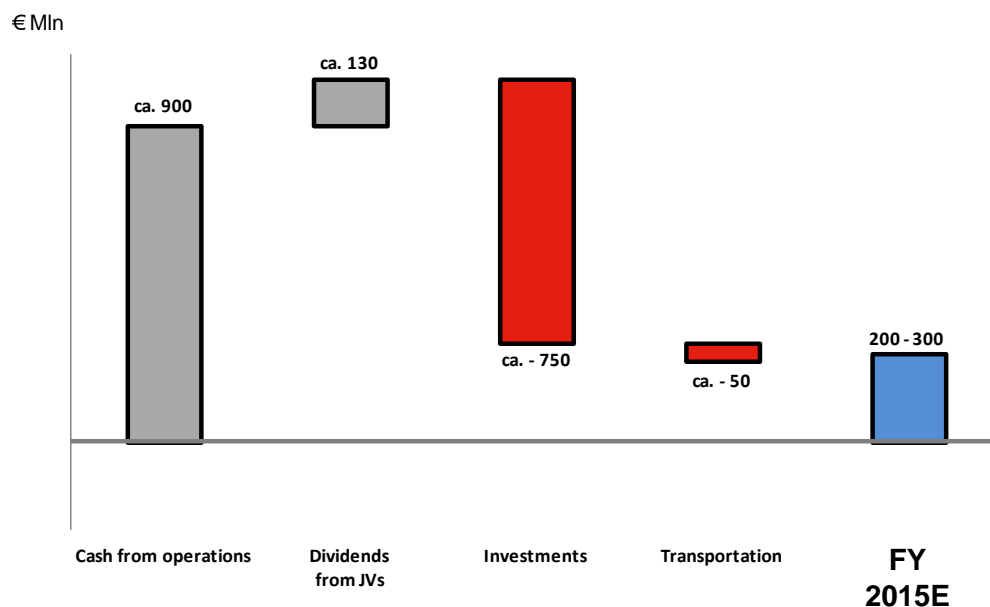


Focus on Group FOCF 1H 2015 and FY expectations

COMMENTS ON 1H 2015

- ⚡ Usual seasonality affecting 1H 2015
- ⚡ Positive FOCF in 2Q
- ⚡ YoY improvement in 1H 2015, also excluding the impact of €256mln outflows on Indian Helicopters and extraordinary dividend from JVs in 1H2014
- ⚡ 4Q remains the key period

2015E



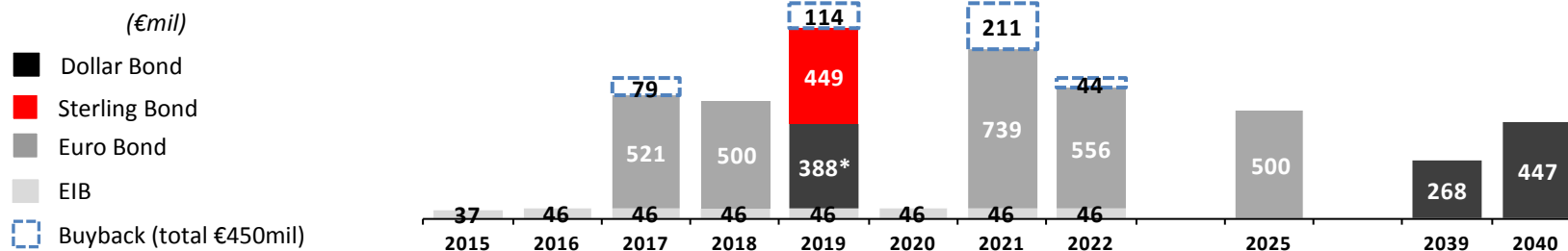


Recent achievements towards the reduction of Group gross debt and financial charges

Bond Buy-back

- ⌘ Target achieved with 100% tender redemption rate
- ⌘ 450 € mln repurchased across Sterling 2019 and Euro 2021, 2022, 2017 Bonds
- ⌘ No refinancing needs before end 2017
- ⌘ Strong liquidity position
- ⌘ Bonds have neither financial covenants nor rating pricing grids
- ⌘ Average life ≈ 8 years

FINANCIAL POSITION (as of end of June 2015 proforma buyback €450mil)



* Finmeccanica early repaid \$66mil in 2012



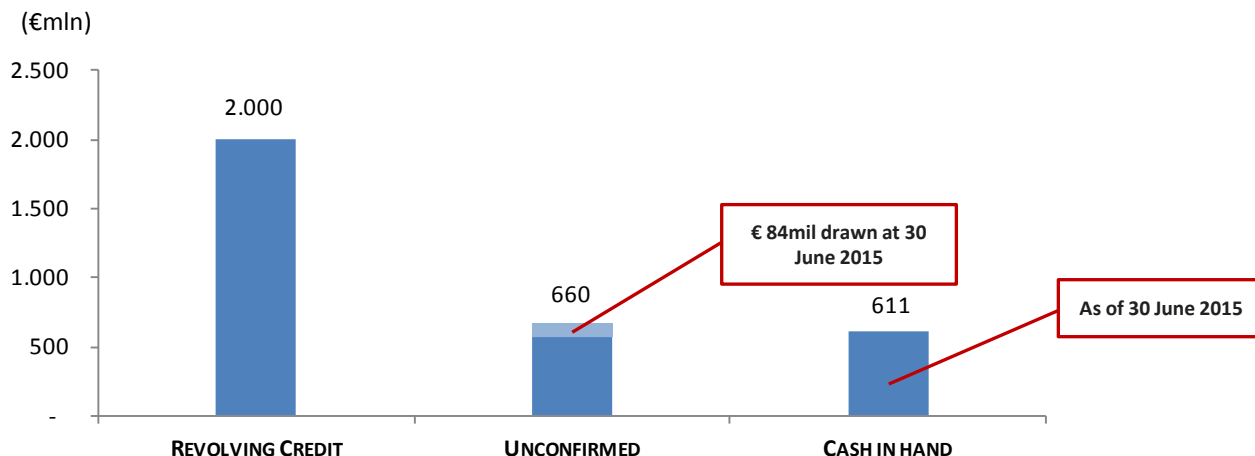
Renegotiated the 5 years Revolving Credit Facility at better conditions

- Leveraging on strengthened Group industrial fundamentals and favorable market conditions
- Reduction of size (from €2.2bn to €2bn), confirming the gradual decrease of working capital financing needs
- significant reduction of margins (from 180bps to 100bps)

LIQUIDITY POSITION (as of end of June 2015 proforma for the renegotiated RCF)

To cope with possible volatilities in financial needs, Finmeccanica can leverage on:

- cash balance of ca. €0.6bn
- Credit lines worth €2.7bn (confirmed and unconfirmed), including the RCF (undrawn at 30 June 2015)
- Bank Bonding lines of roughly €3.0bn to support the execution of bidding and orders' activities



	REVOLVING CREDIT FACILITY	UNCONFIRMED CREDIT LINES	CASH IN HAND
Tenor	July 2020	18 months	
Margin	100 bps ⁽¹⁾	100-110 bps ⁽²⁾	

(1) Based on rating as of 30/06/2015

(2) Average. Expected to be renewed at maturity



FY2015 Assumptions and Guidance

ASSUMPTIONS

- ✦ **Orders and Revenues:** moderate growth, taking into account the changes in perimeter
- ✦ **Profitability:** important step up of 10%
- ✦ **Below EBITA:** much lower volatility, with material improvement in the bottom line
- ✦ **Restructuring costs:** further decrease
- ✦ **FOCF:** improving cash from operations, lower impact of Transportation, normalized JV contribution and slightly higher net investments
- ✦ **Group Net Debt:** ca. €3.4bn*, after transportation disposal

		FY2014A		FY2015E*
		Reported	Pro forma	
New orders	€ bn	15.6	12.7	12.0 – 12.5
Revenues	€ bn	14.7	12.8	12.0 – 12.5
EBITA	€ mln	1,080	980	1,080 – 1,130
FOCF	€ mln	(137)	65	200 - 300
Group Net Debt	€ bn	4.0		ca. 3.4

(*) Assuming €/ \$ exchange rate at 1.27 and €/ £ at 0.8



Delivering on Industrial Plan: Medium Term Objectives

- ⇒ EBITA +20% and RoS +150b.p. from 2014 to 2016
- ⇒ SG&A reduction > 10% from 2013 to 2015
- ⇒ CAPEX and capitalized R&D rationalization > 20% from 2013 to 2017, rebalancing depreciation/investments ratio, significantly improving self-financing capacity
- ⇒ Operating working capital reduction, net of reducing customers advances, > 15% by 2017
- ⇒ FOCF expected to increase over time and Net Debt expected to reduce below €3bn by end 2017, thus improving Debt/EBITDA and Debt/Equity

The journey is proceeding in the right direction

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Executing the pillars of our Industrial Plan



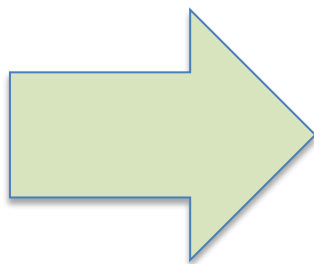
Quality & Effectiveness



Costs



Internationalisation & Market



*FEWER BUSINESSES –
FOCUS ON «A,D&S»*

*SELECTED JVs AND «A,D&S»
SEGMENTS*

FEWER PRODUCTS IN CORE «A,D&S»

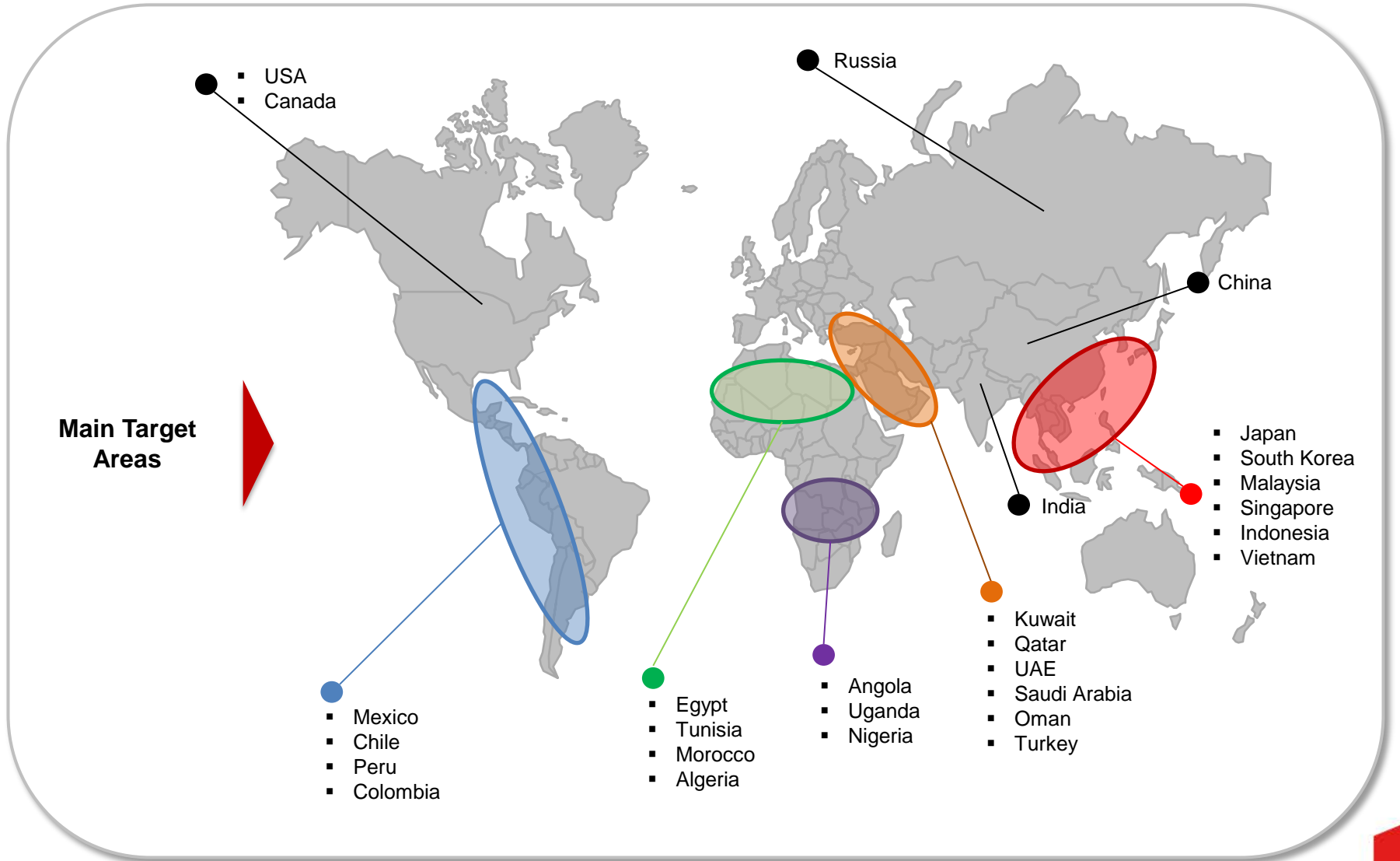
*IMPROVE INTERNATIONAL
FOOTPRINT / EXTEND REACH*

*NEW GOVERNANCE AND NEW
ORGANISATIONAL AND
OPERATING MODEL*



New Group Commercial Model

Target Regions in our Global presence

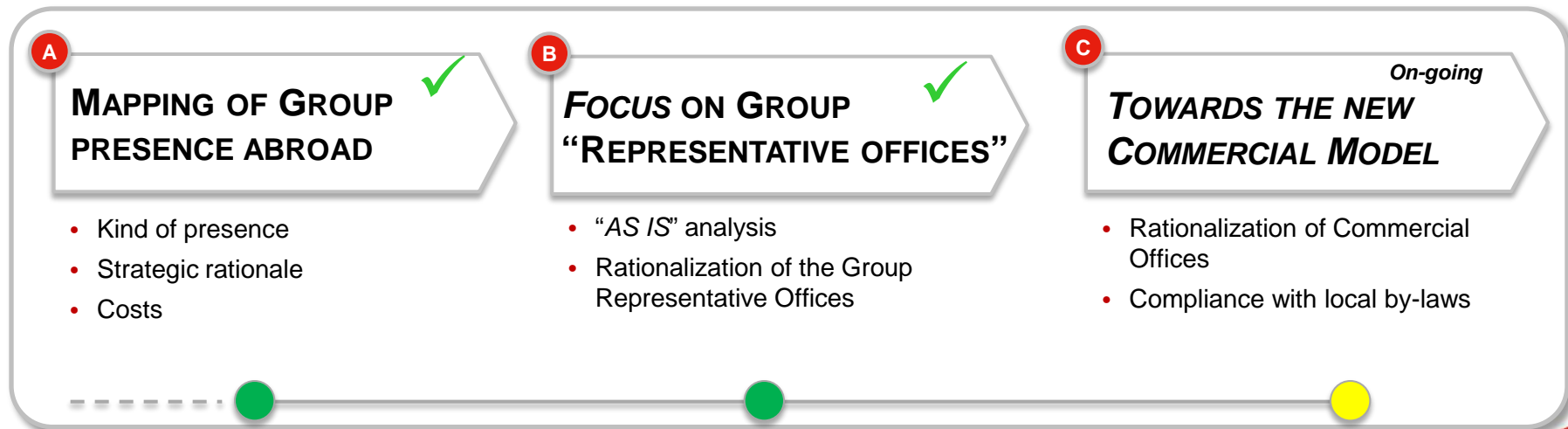




New Group Commercial Approach

Increasing effectiveness of Global commercial footprint

- ⇒ The new commercial approach will be based on
 - ⇒ **ONE VOICE FINMECCANICA**: Coherently with the divisionalisation process, Finmeccanica presence in the «*target*» markets will be **unique («one voice»)** according to clearly defined roles and responsibilities and under the coordination of the Corporate Centre
 - ⇒ **EFFICIENCY AND EFFECTIVENESS**: The implementation of the New Model will rationalize Finmeccanica presence, reducing costs and leveraging on synergies and shared services
 - ⇒ **“TAILORED” APPROACH**: The idea is to replicate, at a country or region level, the new Group Organisational model, with a unique corporate presence («*one roof*»), conveniently tailored based on local laws and the kind of activity the Group has in the area





New Governance and New Group Organisational and Operating Model

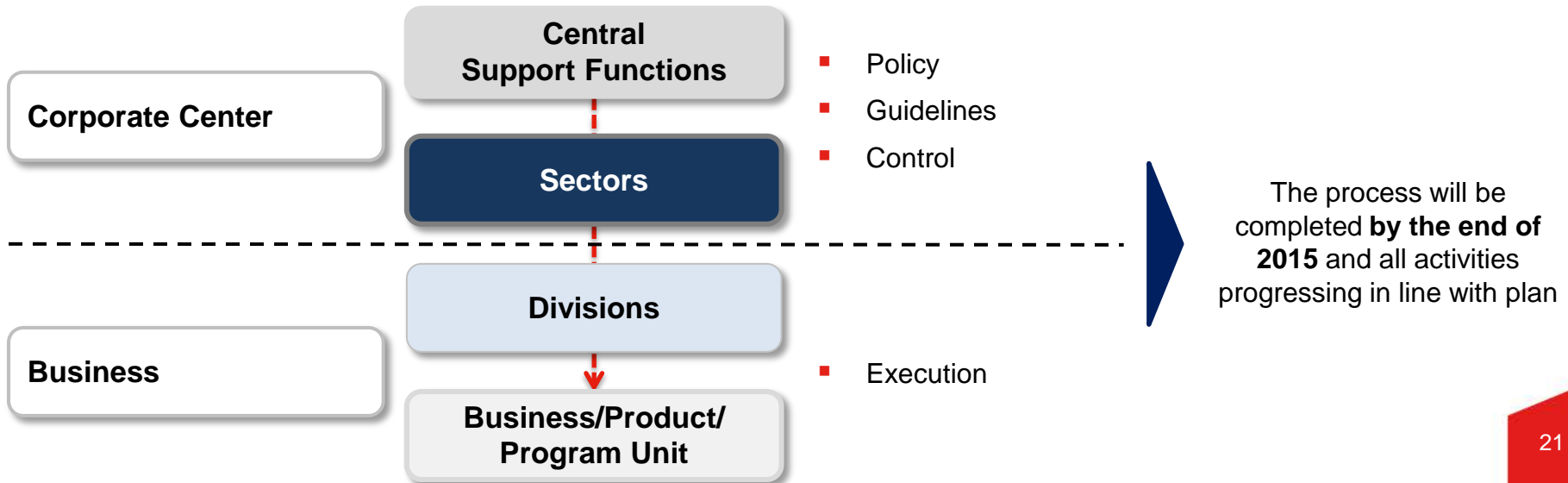
One single company

The new decentralized structure will provide the following benefits

- ⇒ Greater ability to control by the Corporate Center
- ⇒ Full accountability of the Divisions, profit centers with end to end responsibility, through decentralized operations

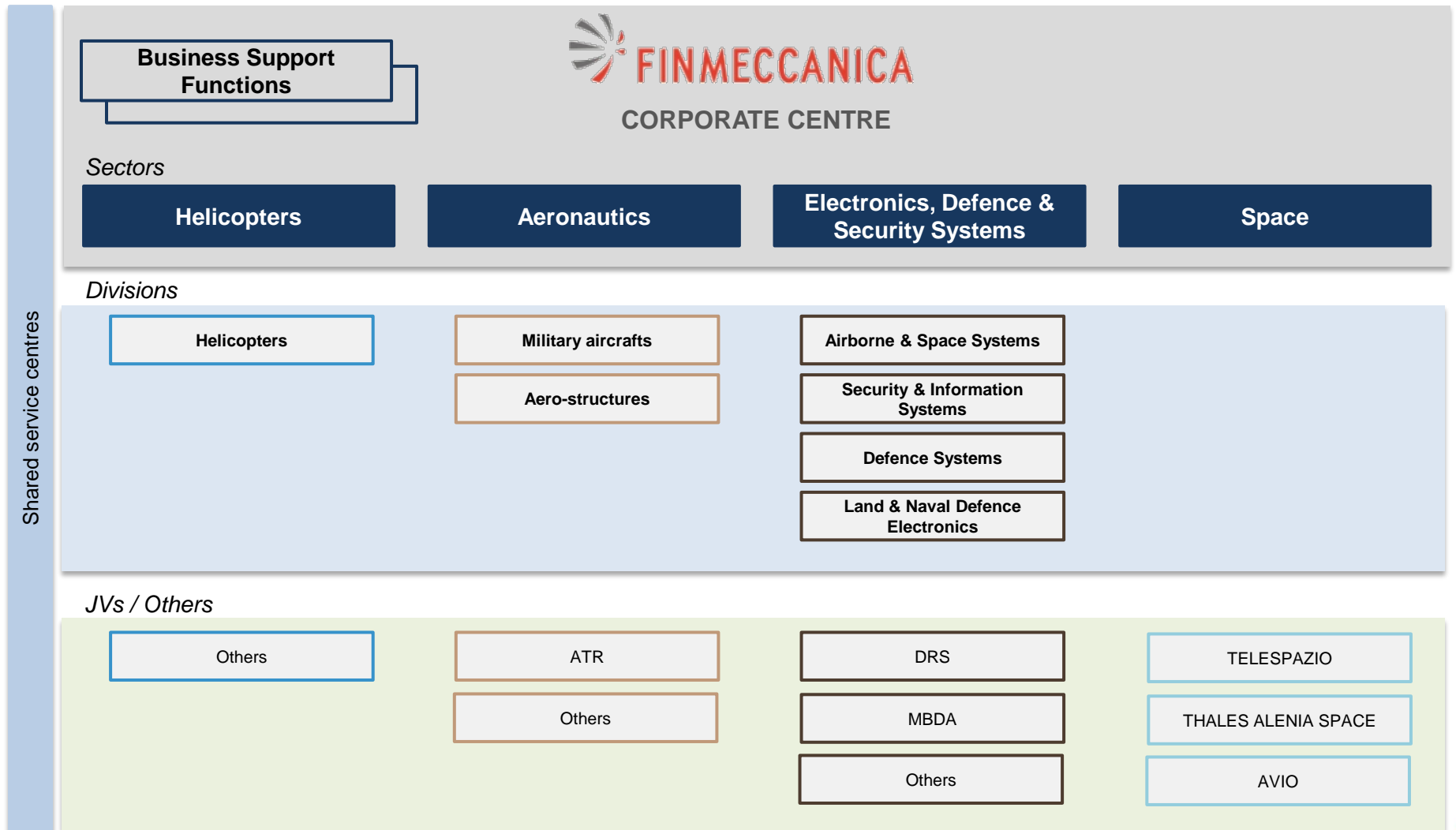
By

- ⇒ Streamlining and empowerment
- ⇒ Greater effectiveness and efficiency
- ⇒ Reliability of the business results
- ⇒ Shorter chain of ownership, fast decision-making and flexibility
- ⇒ Greater integration and overcoming of overlaps



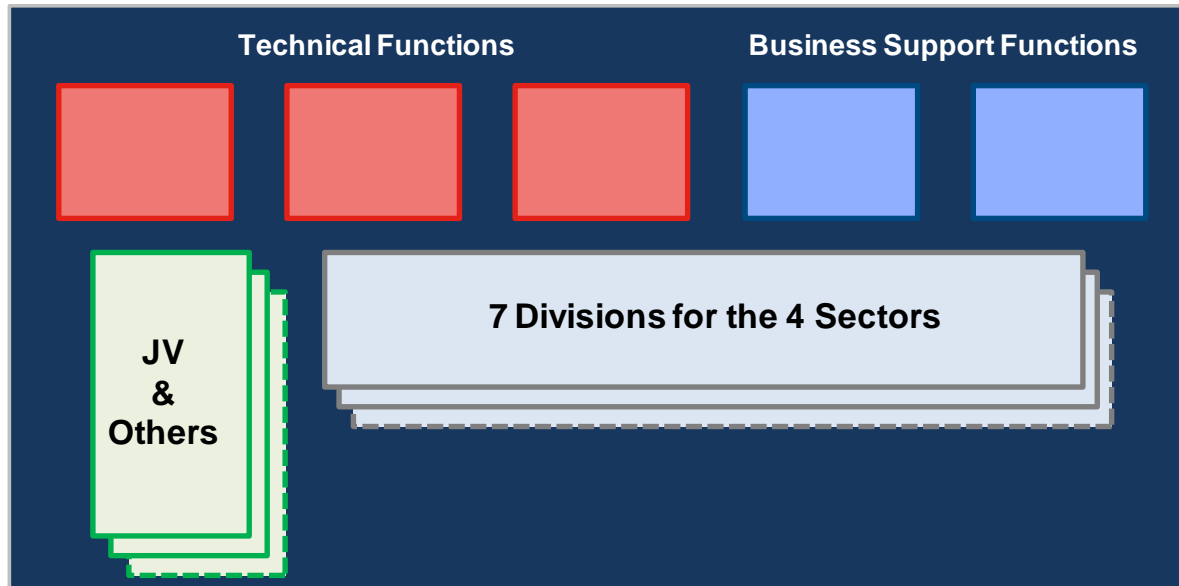


New Governance and New Group Organisational and Operating Model





Sectors: Finmeccanica presence in homogeneous business portfolios



- ⇒ The 4 Sectors are **part of the Finmeccanica Corporate Center** and **coordinate Subsidiary Companies/JV and related Divisions** in terms of business, technologies and reference markets, playing a role of coordination and guidance
- ⇒ In particular, they are equipped with streamlined structures, essential to the Sector's mission:
 - ⇒ **Efficacy and consistency between Strategies and Investments**, mainly those that are common to the various Divisions
 - ⇒ **Engineering coordination**
 - ⇒ **Commercial effectiveness and coordination.** Synergies especially regarding clients/markets shared by different Divisions
 - ⇒ Participation in **assigning and overseeing the economic and financial objectives of the individual Divisions**
 - ⇒ **Optimal use of assets and resources** that are shared and not divisible between Divisions that are also not to be replicated
 - ⇒ Participates in proposals associated with succession plans for management of the Sector and coordinated Divisions

Divisions: the pillars of the new Organisational and Operating Model

DIVISION X

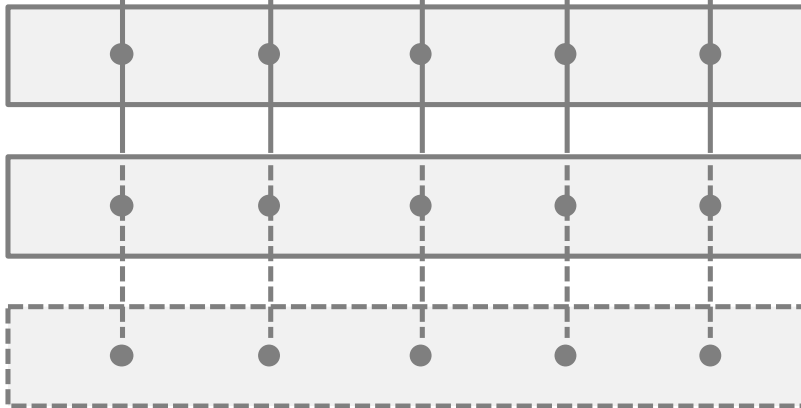
Division Business Support Functions



Division Technical Functions



BU/ Product/Program Units



✦ According to the new model each Division:

- ✦ Is a “**profit center**” overseeing one specific reference market with **responsibility for the P&L**
- ✦ Develops and manages its own business portfolio for the reference market with **end-to-end responsibility on the key industrial processes**
- ✦ Is **founded on Business Units or Product/Program Units** depending on the Divisions, and is provided with Technical Functions with which it maximizes functional synergies among the BU
- ✦ **Ensures the Performance & Health of the Business Units and the Technical Functions** with responsibility for the functioning of the Business/Functions matrix
- ✦ Maximizes the return on invested capital with **responsibility to propose and optimize necessary investments**
- ✦ **Maximizes the return on human capital** with responsibility for the effective and efficient use of resources available to the Division
- ✦ Is also provided with the Support Functions necessary to fulfil its role
- ✦ Is **responsible for collaborating with the other Divisions and Subsidiary Companies/Joint Ventures** on shared opportunities and initiatives



Delivering on our promises

- ⇒ The execution of industrial strategy is on track on key industrial processes (Engineering, Supply Chain and Manufacturing)
- ⇒ We are strengthening our financial structure
- ⇒ Delivering continued momentum in our financial performance
- ⇒ Increasing effectiveness of our global commercial footprint
- ⇒ Continuing to create a more cohesive and effective Finmeccanica

...with a clear focus on creating value for our shareholders

SECTOR RESULTS



HELICOPTERS

€ Mln	Q2			1H			FY
	2015	2014	% Change	2015	2014	% Change	2014
Orders	909	1,171	(22.4%)	2,257	2,685	(15.9%)	4,556
Revenues	1,190	1,138	4.6%	2,114	2,041	3.6%	4,376
EBITA	148	151	(2.0%)	260	263	(1.1%)	543
ROS %	12.4%	13.3%	(0.9) p.p.	12.3%	12.9%	(0.6) p.p.	12.4%

- ✦ AW169 achieved EASA certification in July 2015
- ✦ Lower orders YoY, as expected, as both Q1 and Q2 2014 benefitted from huge acquisitions (i.e. UK MoD and export)
- ✦ Q2 profitability slightly lower than last year, as expected, maintaining a strong RoS above 12%
- ✦ Continue to expect solid performance, with revenues in line and profitability steadily at double digit. Commercial success of AW169 and AW189 likely to be softened given the tough market conditions, especially in the Oil&Gas sector.



EU DEFENCE ELECTRONICS AND SECURITY-Selex ES

€ Mln	Q2			1H			FY
	2015	2014	% Change	2015	2014	% Change	2014
Orders	1,255	956	31.3%	1,703	1,399	21.7%	3,612
Revenues	940	928	1.3%	1,620	1,554	4.2%	3,577
EBITA	58	41	41.5%	72	47	53.2%	185
ROS %	6.2%	4.4%	1.8 p.p.	4.4%	3.0%	1.4 p.p.	5.2%

- Good order intake momentum confirmed by a strong 2Q (up 31%), mainly driven by Naval Systems for Italian Navy
- Increasing EBITA driven by recovery in profitability of some businesses as well as benefits coming from restructuring plan
- Profitability expected to further improve in 2015
- Additional benefits coming from the initiatives launched in engineering and production included in the new industrial plan



US DEFENCE ELECTRONICS AND SECURITY – DRS

	\$ Mln	Q2			1H			FY
		2015	2014	% Change	2015	2014	% Change	2014
Orders		435	556	(21.8%)	1,002	951	5.4%	1,945
Revenues		453	433	4.6%	854	828	3.1%	1,877
EBITA		31	(77)	n.a.	49	(64)	n.a.	31
ROS %		6.8%	(17.8%)	24.6 p.p.	5.7%	(7.7%)	13.4 p.p.	1.7%

- 1H results exceeded both 1H2014 and expectations
- Good order intake supporting signs of recovery in the top line
- Significant EBITA improvement, even excluding 1H2014 provision
- DRS expected to recover profitability in 2015 based on business performance as well as execution of efficiency programmes and streamlining efforts under way
- Orders and revenues expected to remain at the same levels as 2014 (excluding the effect of the disposals of two specific LoBs, which account for ca. €200mln Revenues p.y.), envisaging the conclusion of the gradual decline that affected DRS in recent years

AERONAUTICS

€ Mln	Q2			1H			FY
	2015	2014	% Change	2015	2014	% Change	2014
Orders	362	572	(36.7%)	691	1,004	(31.2%)	3,113
Revenues	754	728	3.6%	1,414	1,379	2.5%	3,144
EBITA	52	46	13.0%	86	74	16.2%	237
ROS %	6.9%	6.3%	0.6 p.p.	6.1%	5.4%	0.7 p.p.	7.5%

- ✦ Q2 Orders in line with expectations, lower than 2015 mainly on Civil (ATR, B787); increased Revenue driven by M346 with 4 additional a/c delivered to Israel
- ✦ 2015 profitability expected in line with 2014, driven by additional efficiency-improvement and cost reduction actions, that will offset the lower contribution of high-margin programmes
- ✦ 2015 Revenues impacted by pass through activities to be given back to Boeing under agreements for the B787 programme

SPACE

€ Mln	Q2			1H			FY
	2015	2014	% Change	2015	2014	% Change	2014
EBITA	21	10	n.a.	22	17	29.4%	52

- ⚡ Revenues expected to grow, mainly thanks to manufacturing and launch operations services
- ⚡ Business performance expected to improve, despite a decline in industrial profitability (unfavorable mix and growing pressure on prices)

DEFENCE SYSTEMS

€ Mln	Q2			1H			FY
	2015	2014	% Change	2015	2014	% Change	2014
Orders	113	45	n.a.	189	78	n.a.	209
Revenues	119	127	(6.3%)	209	230	(9.1%)	495
EBITA	28	23	21.7%	31	26	19.2%	89
ROS %	23.5%	18.1%	5.4 p.p.	14.8%	11.3%	3.5 p.p.	18.0%

- ⚡ Partial recovery expected in FY2015; performance moderately better than 2014, thanks to major deliveries of missile systems and rising production volumes for new orders in land, naval and underwater systems

APPENDIX



GROUP PERFORMANCE

	Q2			1H			FY
	2015	2014 (*)	% Change	2015	2014 (*)	% Change	2014 (*)
	€ Mln						
New Orders	2,898	3,102	(6.6%)	5,539	5,794	(4.4%)	12,667
Backlog				29,303	29,328	(0.1%)	29,383
Revenues	3,319	3,161	5.0%	5,973	5,709	4.6%	12,764
EBITA	293	169	73.4%	450	310	45.2%	980
	ROS %						
EBIT	8.8%	5.3%	3.5 p.p.	7.5%	5.4%	2.1 p.p.	7.7%
Net result before extraordinary transactions	241	81	n.a.	351	182	92.9%	597
Net result after minorities	87	(46)	n.a.	91	(61)	n.a.	15
EPS (€ cents)	85	(41)	n.a.	86	(62)	n.a.	(31)
FOCF	0.147	(0.071)	n.a.	0.149	(0.107)	n.a.	(0.054)
Group Net Debt including discontinued operations	137	51	n.a.	(743)	(1,031)	27.9%	65
Group Net Debt excluding discontinued operations	-	-	-	4,802	4,840	(0.8%)	3,962
Headcount	-	-	-	4,990	5,040	(1.0%)	4,255
	-	-	-	53,393	55,690	(4.1%)	54,380

(*) Figures (except for headcount) restated as a result of the reclassification of the operations in the Transportation sector to discontinued operations.

Free Operating Cash-Flow (FOCF): this is the sum of the cash flows generated by (used in) operating activities (which includes interests and income taxes paid) and the cash flows generated by (used in) ordinary investment activity (property, plant and equipment and intangible assets) and dividends received.



A new S/T and L/T Incentive Scheme focused on creating shareholders value

- ✦ Finmeccanica implemented a brand new Group remuneration policy as a key enabler of the cultural transformation
- ✦ The new Plan is now largely equity based and tightly linked to the **medium and long-term objectives set out in the Group Industrial Plan**
- ✦ Incentives are structured into a monetary component and a component expressed in Finmeccanica equity, with different mix depending on the managerial positions involved

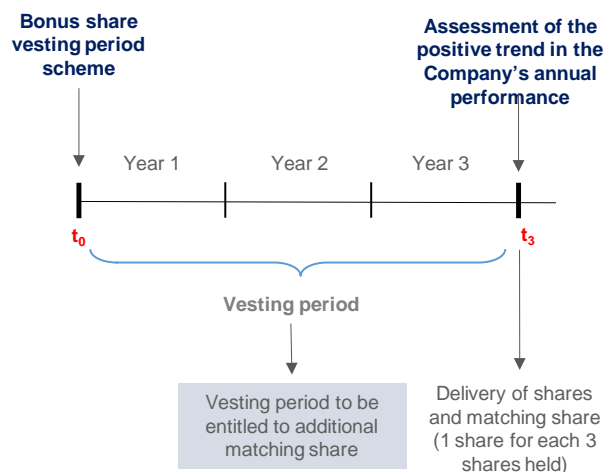
	SHARES	CASH
EXECUTIVES WITH STRATEGIC RESPONSIBILITIES AND OTHER TOP MANAGERS	100%	-
SENIOR MANAGERS	70%	30%
OTHER PARTICIPANTS	30%	70%

- ✦ The payment of incentives is conditional on the achievement of three-year targets of:
 - ✦ **Relative Finmeccanica Total Shareholder Return (TSR)** – 50% of the maximum number of shares that can be assigned
 - ✦ **Return on Sales (ROS)** – 25% of the maximum number of shares that can be assigned
 - ✦ **Net Financial Position (NFP)** – 25% of the maximum number of shares that can be assigned



A new co-investment Plan

- Finmeccanica also introduced a **new Co-Investment Plan** for the conversion of a portion of the annual bonus (min 25%, max 100%) into ordinary Finmeccanica shares
- At the end of the three-years vesting period, provided that the performance threshold set in the short-term variable remuneration scheme has been constantly achieved (so called “performance gate”) (*), bonus shares (“matching shares”) are to be assigned in the proportion of 1 bonus share for each 3 shares held



(*) The short-term variable incentive is subject to overall business profitability ratios (“performance gate”), the failure to achieve which entails the zeroing of the entire portion of bonus linked to financial/management objectives.



SAFE HARBOR STATEMENT

NOTE: Some of the statements included in this document are not historical facts but rather statements of future expectations, also related to future economic and financial performance, to be considered forward-looking statements. These forward-looking statements are based on Company's views and assumptions as of the date of the statements and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Given these uncertainties, you should not rely on forward-looking statements.

The following factors could affect our forward-looking statements: the ability to obtain or the timing of obtaining future government awards; the availability of government funding and customer requirements both domestically and internationally; changes in government or customer priorities due to programme reviews or revisions to strategic objectives (including changes in priorities to respond to terrorist threats or to improve homeland security); difficulties in developing and producing operationally advanced technology systems; the competitive environment; economic business and political conditions domestically and internationally; programme performance and the timing of contract payments; the timing and customer acceptance of product deliveries and launches; our ability to achieve or realise savings for our customers or ourselves through our global cost-cutting programme and other financial management programmes; and the outcome of contingencies (including completion of any acquisitions and divestitures, litigation and environmental remediation efforts).

These are only some of the numerous factors that may affect the forward-looking statements contained in this document.

The Company undertakes no obligation to revise or update forward-looking statements as a result of new information since these statements may no longer be accurate or timely.

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Sustainability



We do business in a sustainable manner, with a continued commitment to economic and social development and the protection of public health and the environment.