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Testo del comunicato

Vedi allegato.

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PRESS RELEASE

Finmeccanica: the Board of Directors approves the 2015 Financial Statements.

- **2015 Results materially improved and above expectations**
- **EBITDA at EUR 1.9 billion, +19% compared to 2014, EBITA at EUR 1,208 million, +23% compared to 2014, and EBIT at EUR 884 million, +48% compared to previous year**
- **Net Result positive for EUR 527 million, 26 times the EUR 20 million recorded in 2014. Net Result before extraordinary transactions positive for EUR 253 million, 17 times the EUR 15 million recorded in 2014**
- **FOCF at EUR 307 million, +372% compared to EUR 65 million in 2014**
- **Group Net Debt at EUR 3,278 million, 17% lower than the EUR 3,962 million of 2014. Equity at EUR 4,302 million, 12% higher than the EUR 3,854 of 2014 and *debt-to-equity* ratio down at 0.76 from the 1.03 in 2014**
- **In 2016 expected further improvements in profitability and cash generation, with the target of reducing Net Debt at ca. EUR 3 billion, to be achieved one year ahead of plan**
- **Proposed to the Shareholders' Meeting the change of the Company's name in Leonardo**

Rome, 16 March 2016 – The Board of Directors of Finmeccanica, convened under the chairmanship of Gianni De Gennaro, examined and unanimously approved the draft of Group consolidated and Finmeccanica S.p.A. financial statements at 31 December 2015.

2015 was a turning point for Finmeccanica in terms of strategy and organisation, operating performance and cash flow. The first challenging objectives set in the January 2015 industrial plan were fully achieved, including the disposals in *Transportation* (*Ansaldo Breda* and the stake in *Ansaldo STS*), the adoption of the new operational and organisational model with the launching of the "One Company", and the achievement of distinctly better results which were higher than expectations.

The initiatives undertaken are aimed at reassessing the Group's positioning in terms of business areas and product portfolios, on defining and implementing a new organisational and operating model, and on achieving targeted efficiency improvements, reorganisation and development. At the same time, a different commercial approach to the market has led to a greater attention in selecting new contracts; together with improved industrial performances, this ensures an increasing stability and quality of the order backlog. This all is in line with the strategy of the Group having an Aerospace, Defence and Security business perimeter that is both more defined and able to achieve adequate levels of profitability and cash generation.

2015 results confirmed the material improvement in both business and financial performance as compared with 2014, in line with the results achieved in the previous quarters. In particular, Finmeccanica recorded a considerable growth in its profitability in 2015, with increased EBITDA of 19% compared to 2014, increased EBITA of 23%, an EBIT 48% higher. The net result before extraordinary transactions, which doesn't include the capital gain from the disposals in the Transportation sector, is 17 times higher than last year (€mil. 253 compared to €mil. 15 in 2014). The improvement is even more material at net result level (which includes the aforementioned capital gain) which is 26 times the net profit of 2014, having risen to €mil. 527 from €mil. 20. Similarly, free operating cash flow reached €mil. 307 compared with €mil. 65 in 2014 (372% growth) which contributed to bringing the Group's debt to €bil. 3.278 (17% reduction compared to December 2014), also thanks to the successful disposals in Transportation, generating total net proceeds of Eur 790 millions, of which Eur 761 million for the sale of Ansaldo STS shares and Eur 68 million for the facilities sold by FGS, whereas the value of the Ansaldo Breda going concern was negative by Eur 38 million. Consequently, debt-to-equity ratio was down to 0.76.

The 2015 results no longer include the contribution of the operations in the Transportation sector which was sold to Hitachi and is separately classified among discontinued operations.

2015 results highlights are as follows:

- **New Orders**: amounted to **EUR 12,371 million**, slightly lower than 2014. The level of New Orders is also impacted by the more rigorous selection of commercial opportunities, aimed at increasing the backlog profitability (margins). Moreover, a indecline in *Helicopters* (also for *Oil&Gas*) and *Aeronautics* (postponements of some contracts by the Italian military customer), offset by improvement in *Defence Electronics and Security* and a positive foreign exchange effect, was recorded.
- **Order backlog:** amounting to **EUR 28,793 million** and characterized by a more rigorous selection of the orders based on stricter profitability criteria and ensuring about two and a half years of equivalent production.
- **Revenues:** amounted to **EUR 12,995 million**, +1.8% compared to 2014 due to favorable foreign exchange rates.
- **EBITDA: positive EUR 1,866 million**, 18.9% higher than the EUR 1,569 million in 2014. Also the EBITDA margin, at 14.4%, increased by 210bp compared to 12.3% in 2014.
- **EBITA: positive EUR 1,208 million**, significantly improved (+23.3%) compared to positive 980 in 2014, that had included expenses for about $mil. 100 relating to a specific DRS programme. Nonetheless, even excluding this effect, there is still a significant improvement as a result of the efficiency-enhancement and cost reduction actions. ROS was at 9.3%, 160 bps higher than last year.
- **EBIT: positive EUR 884 million**, +48.1% compared to positive 597 million of 2014.
- **Net result before extraordinary transactions**: **positive EUR 253 million,** 17 times higher than the positive 15 million in 2014.
- **Net result**: **positive EUR 527 million,** 26 times higher than the positive 20 million in 2014.
- **Group Net Debt** amounted to **EUR 3,278 million,** improved by 684 million (-17.3%) compared to 3,962 million at 31 December 2014 due to the closing of the sales of the activities in the Transportation Sector and notwithstanding the negative foreign exchange differences on debts denominated in sterling and US dollar.
- **Equity**: amounted to EUR 4,302 million, improved by 448 million (+11.6%) compared to 3,854 million at 2014 year-end. Consequently the debt-to-equity ratio was 0.76, lower than the 1.03 in 2014.
- **Free Operating Cash Flow (FOCF): positive EUR 307 million**, improved by 242 million (+372.3%) compared to positive 65 million in 2014.

Outlook

Finmeccanica operates in markets and business that are, by their nature, affected by current political, economic and social uncertainties, including tensions in Europe and the Middle East, low oil prices, immigration and the threat of terrorism. In this context, Finmeccanica continues its evolution, focusing in particular on activities aimed at:

- strengthening its positioning in terms of business areas and product portfolio; and
- improving the efficiency and effectiveness of its key industrial processes.

Implementation of this is being made through the New Organisational and Operational Model, following the set-up of the “One Company” structure.

The results achieved in 2015 underline the soundness of the Industrial Plan that was approved in early 2015 and, together with the 2016-2020 five-year budget plan, confirm its main guidelines and strategic objectives. For 2016 the Group expects a further improvement in profitability, with ROS at around 10%, in line with what has been already communicated, sustained by a sharp improvement in productivity ratios. An improvement is also expected in cash generation, which will allow the Group to achieve at the end of 2016 the Net Debt target originally forecasted at the end of 2017, so one year ahead of last year's guidance.

In 2016 Finmeccanica forecasts:

- New Orders between EUR 12.2 and EUR 12.7 billion compared to the EUR 12.4 billion recorded in 2015, despite the reduced business perimeter (as a consequence of the completion of the transfer of "pass-through" activities on B787 and the disposal of the non-core businesses of DRS and FATA);
- Revenues in line with 2015, despite the reduced business perimeter (as a consequence of the completion of the transfer of "pass-through" activities on B787 and the disposal of the non-core businesses of DRS and FATA). This confirms that the Group is increasingly focused on businesses that are able to ensure adequate levels of profitability and cash generation;
- Further growth in operating profits, mainly driven by the confirmation of a gradual improvement trend in the performance of the divisions of the Electronics, Defence & Security Systems Sector and by the consolidation of the results recorded in the Aeronautics segment in 2015, supported by the strong profitability of the Helicopters segment as well as the further reduction of the unit costs;
- An improvement in its ability to generate cash, which will be driven by the above mentioned factors, combined with careful management of working capital and a greater selectivity in its investments.

The 2016 full year guidance are summarised below:

	2015	**2016 Outlook***
New Orders (€bil.)	12.4	12.2 – 12.7
Revenues (€bil.)	13.0	12.2 – 12.7
EBITA (€mln.)	1,208	1,220 – 1,270
FOCF (€mln.)	307	300 – 400
Group Net Debt (€bil.)	3.3	Lower than 3

(*)Assuming €/$ exchange rate at 1.15 and €/£ at 0.75

Note:

Following the process of the reorganisation of the **Finmeccanica** Group's companies, it should be noted that from January 1st 2016: the "Helicopter Division" has absorbed the activities of AgustaWestland; the "Aircraft Division" has absorbed part of the activities of Alenia Aermacchi; the "Aero-structures Division" has absorbed part of the activities of Alenia Aermacchi; the "Airborne & Space Systems Division" has absorbed part of the activities of Selex ES; the "Land & Naval Defence Electronics Division" has absorbed part of the activities of Selex ES; the "Security & Information Systems Division" has absorbed part of the activities of Selex ES; the "Defence Systems Division" has absorbed the activities of OTO Melara and WASS.

It should be noted that the 2015 Group figures do not include the contribution of operations in the Transportation sector sold to Hitachi, which are now only shown under "discontinued operations" and "assets and liabilities held for sale". Accordingly, the income statement and cash flow figures for 2014 have been restated for comparative purposes.

Group ***(Euro million)***	**FY 2015**	**FY 2014 (*)**	**Chg.**	**Chg. %**
New orders	12,371	12,667	(296)	(2.3%)
Order backlog	28,793	29,383	(590)	(2.0%)
Revenues	12,995	12,764	231	1.8%
EBITDA	1,866	1,569	297	18.9%
EBITDA margin	14.4%	12.3%	2.1 p.p.	
EBITA (**)	1,208	980	228	23.3%
ROS	9.3%	7.7%	1.6 p.p.	
EBIT (***)	884	597	287	48.1%
Net result before extraordinary transactions	253	15	238	n.a.
Net result	527	20	507	n.a.
Group Net Debt	3,278	3,962	(684)	(17.3%)
FOCF	307	65	242	n.a.
ROI	15.7%	12.7%	3.0 p.p.	
ROE	6.2%	0.4%	5.8 p.p.	
Workforce (no.)	47,156	54,380	(7,224)	(13.3%)

(*)Figures restated (except for the workforce) as a result of the reclassification of the operations in the Transportation sector, which were disposed of in 2015, to discontinued operations.

(**)EBITA is obtained by eliminating from EBIT the following items: any impairment in goodwill; amortisation and impairment, if any, of the portion of the purchase price allocated to intangible assets as part of business combinations, as required by IFRS 3; 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.

(***) EBIT is obtained by adding to earnings before financial income and expense and taxes the Group's share of profit in the results of its strategic Joint Ventures (ATR, MBDA, Thales Alenia Space and Telespazio).

FY 2015 *(Euro million)*	**New orders**	**Order backlog**	**Revenues**	**EBITA**	**ROS %**
Helicopters	3,910	11,717	4,479	558	12.5%
Defence and Security Electronics	6,700	10,293	5,266	424	8.1%
- of which: DRS	*1,822*	*1,816*	*1,627*	*114*	*7.0%*
- of which: SES	*4,879*	*8,484*	*3,655*	*310*	*8.5%*
Aeronautics	1,741	6,170	3,118	312	10.0%
Space	-	-	-	37	n.a.
Defence Systems	686	1,233	459	88	19.2%
Other activities	110	215	298	(211)	(70.8%)
Eliminations	(776)	(835)	(625)	-	n.a.
Total	**12,371**	**28,793**	**12,995**	**1,208**	**9.3%**

FY 2014 (*) *(Euro million)*	**New orders**	**Order backlog**	**Revenues**	**EBITA**	**ROS %**
Helicopters	4,556	12,249	4,376	543	12.4%
Defence and Security Electronics	5,074	8,765	4,980	207	4.2%
- of which: DRS	*1,464*	*1,499*	*1,413*	*22*	*1.7%*
- of which: SES	*3,612*	*7,285*	*3,577*	*185*	*5.2%*
Aeronautics	3,113	7,730	3,144	237	7.5%
Space	-	-	-	52	n.a.
Defence Systems	209	1,005	495	89	18.0%
Other activities	138	9,407	398	(148)	(37.2%)
Eliminations	(423)	(9,773)	(629)	-	n.a.
Total	**12,667**	**29,383**	**12,764**	**980**	**7.7%**

Change %	**New orders**	**Order backlog**	**Revenues**	**EBITA**	**ROS %**
Helicopters	(14.2%)	(4.3%)	2.4%	2.8%	0.1 p.p.
Defence and Security Electronics	32.0%	17.4%	5.7%	n.a.	3.9 p.p.
- of which: DRS	*24.5%*	*21.1%*	*15.1%*	*n.a.*	*5.4 p.p.*
- of which: SES	*35.1%*	*16.5%*	*2.2%*	*67.6%*	*3.3 p.p.*
Aeronautics	(44.1%)	(20.2%)	(0.8%)	31.6%	2.5 p.p.
Space	n.a.	n.a.	n.a.	(28.8%)	n.a.
Defence Systems	n.a.	22.7%	(7.3%)	(1.1%)	1.2 p.p.
Other activities	(20.3%)	(97.7%)	(25.1%)	(42.6%)	(33.6) p.p.
Eliminations	(83.5%)	91.5%	0.6%	n.a.	n.a.
Total	**(2.3%)**	**(2.0%)**	**1.8%**	**23.3%**	**1.6 p.p.**

(*)Figures restated (except for the workforce) as a result of the reclassification of the operations in the Transportation sector, which were disposed of in 2015, to discontinued operations.

$ mil	**New orders**	**Revenues**	**EBITA**	**ROS %**
DRS FY 2015	2,022	1,805	126	7.0%
DRS FY 2014	1,945	1,877	31	1.7%

Analysis of the main figures of 2015

New orders showed a slight decrease (-2%) compared to 2014 due to the decline reported in the ***Helicopters*** and ***Aeronautics*** sectors – which were affected by some deferments of orders in the *Defence* segment and by challenging market conditions, in particular relating to the Oil&Gas end-market for ***Helicopters*** - this was substantially offset by the significant increase reported in ***Defence and Security Electronics*** (+ €bil. 1.6), attributable to a good commercial performance of DRS, also in international markets, and to significant orders in SES (including an order for naval systems under national programmes, which also benefited ***Defence Systems****),* as well as by a favourable exchange rate.

The book-to-bill ratio was equal to 0.95, showing a slight decrease compared to 2014 (when it was equal to 0.99).

Revenues recorded a slight increase of 2.0% over the corresponding period of 2014, mainly attributable to the appreciation of the US dollar and the pound sterling against the euro, benefiting the ***Defence and Security Electronics*** segment (especially DRS), and, to a lesser extent, ***Helicopters***.

all the profitability indicators showed a sharp improvement, both overall and in the main sectors. **EBITDA** increases 19% over 2014, **EBITA** increases 23%, and **operating profitability** increases by 1.6 p.p. This significant growth is evidence of the actions taken to improve industrial process and optimise costs. In particular, the ***Defence and Security Electronics***, as forecasted, improved the profitability of certain business areas of the ***Security & Information Systems*** Division and benefitted from ongoing reorganisation and efficiency improvement operations involving industrial units and processes. When comparing to the previous year 2014, it should be noted that the income statement for 2014 reported an expense of about USDmil. 100, relating to a specific DRS programme. However, even if this is excluded, a comparison with 2014 reflects the positive effects of the actions taken by Finmeccanica in the sector. The result reported in the ***Aeronautics*** sector was also significant, as a consequence of a higher contribution from ATR and also thanks to a positive effect of the USD/€ exchange rate. ***Helicopters*** sector also recorded a robust performance (with a ROS of 12.5%), while the decline recorded in the ***Space*** sector was attributable to the costs recorded on a specific programme.

There was also an even greater improvement in **EBIT** (+ 48%), despite a slight increase in amortisation associated with the intangibles involved in business combinations (due to exchange rate differences) as a result of the lesser impact of restructuring costs and non-recurring costs (from €mil. 299 to €mil. 226).

The **net result before extraordinary transactions** improved significantly (€mil. 253, 17 times the €mil. 15 profit in 2014), as a result of the improvement in EBIT and lower financial costs, despite the fact that they include costs (€mil. 50) arising from the buy-back of a portion of the Group's bond issues, which were only partially offset by increased taxation (attributable to the effects on deferred tax arising from a reduction expected in tax rates starting from 2017, partially offset by a lower impact of the IRAP tax following the review of the taxable base, and to provisions set aside for tax risks).

The total **net profit** was 26 times the 2014 one (positive €mil. 527 compared to €mil. 20 in 2014), and also benefitted from the capital gain arising from the disposals in the *Transportation* business (€mil. 248), as well as from the results of the operations disposed of up to the closing date and from the capital gain realised by DRS at the time of the transfer of minor businesses.

Cash flows in 2015 improved considerably over 2014, in particular in the ***Defence and Security Electronics*** and ***Helicopters*** sectors. Overall, **FOCF** was €mil. 307 (€mil. 65 in 2014), showing an increase (+372%) that was attributable to cash flows generated from operating activities and, to a lesser extent, to lower level of investments, including as a result of some disposals of properties and plants completed in the period.

The **Group net debt** (loans and borrowings higher than receivables, cash and cash equivalents) at 31 December 2015 amounted to €mil. 3,278, improving by 17% compared to December 2014 as a result of the FOCF for the period, partially offset by the negative effect arising from the conversion of the debt denominated in GBP and USD, the completion of the disposals in the *Transportation* business, which allowed net receipts of about €mil. 790 to be realised, entailing a benefit of about €mil. 600 to the Group's debt, considering an overall positive net financial position of the businesses sold. Key operations also included the amount collected from the disposal of some minor businesses falling within the scope of DRS's business (while the 2014 figures included the amount collected from the disposal of the engine business operated by Avio).

Workforce at 30 December 2015 was 47,156 with a net reduction of 7,224 employees compared to 54,380 at 31 December 2014, mainly due to the deconsolidation of the Transportation Sector.

Main figures of the fourth quarter of 2015

- **New Orders**: amounted to **EUR 4,580 million**, -9.7% compared to the fourth quarter of 2014.
- **Revenues:** amounted to **EUR 3,994 million**, -4.0% compared to the fourth quarter of 2014.
- **EBITDA: positive EUR 692 million**, +6.3% compared to the positive EUR 651 million of the fourth quarter of 2014.
- **EBITA: positive EUR 463 million**, in line with the positive EUR 465 million of the fourth quarter of 2014.
- **EBIT: positive EUR 285 million**, +4.8% compared to EUR 272 million of the fourth quarter of 2014.
- **Net result before extraordinary transactions**: **positive EUR 103 million**, compared to positive EUR 69 million of the fourth quarter of 2014.
- **Free Operating Cash Flow (FOCF): positive EUR 1,242 million,** 178 million lower than the positive 1,420 million of the fourth quarter of 2014.

SECTORS PERFORMANCE

Helicopters

Company: **AgustaWestland**

2015 commercial performance showed a reduction compared to 2014, to be attributable to the difficulty in concluding new contracts because of the challenges currently affecting certain reference markets, especially in relation to the performance of the Oil&Gas sector, which affected the levels of the orders of both the AW139 aircraft and the new AW189 and AW169 machines. Major orders for the year included the order from the UK Ministry of Defence for the provision of logistic support and maintenance services for the fleet of AW101 Merlin helicopters.

With respect to the new AW189 and AW169, although the ramp-up in production proceeded at a slower pace than expected, in the first quarter FAA validation for the EASA certification issued in 2014 was received and EASA certification was obtained in July.

Revenues, even excluding the positive forex effect, were substantially in line with last year. The slowdown due to *Oil&Gas* crisis, the gradual reduction in work on the CH47 programme for the Italian Army and the modification of the NH90 programme were mitigated by the rise in revenues coming from the AW159/Lynx programmes, the start of operations on the new AW169 aircraft and higher revenues from AW139 and AW189 lines for other applications.

Despite some difficulties and slowdowns that are peculiar to the phases when the production of new aircraft is started, the profitability, in line with 2014, remained at excellent levels**.**

Outlook. It is expected that the environment in which the Group is operating will remain tough in certain relevant end-markets, in particular in relation to the Oil&Gas sector. However, the Group expects that in 2016 its production volumes will remain substantially in line with those achieved in 2015, with a book-to-bill ratio near 1, while still reporting a robust double-digit profitability, thus benefitting from the actions taken to improve operational efficiency and optimize costs, as well as from a gradual entry into full operation of the production of new aircraft.

Defence and Security Electronics

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

SES

The results for 2015 showed an excellent commercial performance, noticeably higher than in 2014 as a result of important new orders reported in the second quarter, including the contract with the Italian Navy for the provision of equipment for a multi-purpose amphibious unit (LHD) and 7 offshore patrol vessels (OPV), following the recently-started programme for the upgrading of the fleet. Also worth mentioning among the main contracts obtained, in the *Security & Information Systems* division, is the order for the modernisation of the Canadian air traffic control agency's radar system, the supply of a parcel sorting system in England and an order which was finalised at the end of the last quarter for continuing the programme for the creation of a nationwide mobile radio service based on the Tetra communication standard (Tetra PIT) for the police forces.

Revenue growth is mainly attributable to the favourable impact of pound sterling/euro exchange rates, showing revenues substantially in line with the previous year in all the Divisions. The considerable increase in EBITA is due to the expected improvement in profitability in certain business areas in the *Security & Information Systems* Division, the benefits associated with the ongoing reorganisation plan and the increasing contribution from efficiency improvement operations involving industrial units and processes. This factor, together with the good performance recorded by the *Airborne & Space Systems* Division and the confirmation of the margin levels of the *Land & Naval Defence Electronics* Division, achieved a ROS of 8.5% to be realised in 2015 (compared to 5.4% in 2014).

DRS

2015, in line with forecasts, was characterised by a good commercial performance, better than last year, mainly attributable to export orders, including the order from the Canadian Army for the LRSS (Light Armoured Vehicle - Reconnaissance Surveillance System) programme. Main domestic orders included the main propulsion drive on the Ohio class submarine of the US Navy, the supply of ENVGs (Enhanced Night Vision Goggles) and additional activities on the MFoCS (Mounted Family of Computing Systems) programme for the US Army.

2015 Revenues were substantially in line with 2014 due to higher production volumes in the *Maritime & Combat Support* systems segment that offset the expected decline in deliveries of infra-red products and systems to the US Army, as well as in services in support of troops in areas of operations.

The EBITA significantly improved thanks to both the impact of the expenses for approx. $mil. 100 in 2014 and the growth and higher profitability in the *Maritime & Combat Support System* and *Aviation, Communication & Homeland Security* businesses, which offset some decline in other business areas.

Sector outlook. With reference to DRS, although some important challenges will have to be faced in relation to programmes under development and growing competitive pressure in relevant markets, it is expected that the positive trend reported in 2015 will be confirmed in 2016, with a further increase in profitability. Adjusting for the disposals of non-core businesses that occurred at the end of 2015, the Revenue volumes are expected to record a slight increase, thus confirming the turnaround with respect to the trend that affected DRS in the past financial years. With reference to the other components of the sector, a further improvement in profitability is expected in 2016, in line with the trend recorded in the course of the financial year just ended; this target will be supported by a gradual recovery in the *Security & Information Systems* Division, also thanks to an order backlog that will be more sound and profitable than in the past and to the good performance that will be recorded by the *Land & Naval Defence Electronics* and *Airborne & Space Systems* Divisions. This will occur despite the pressure put on margins by strong competition in relevant markets and the decreasing contribution of important and profitable programmes nearing completion. This improvement will be strongly supported by the increasing benefits arising from the actions taken to streamline and improve efficiency of industrial processes.

Aeronautics

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

(*) JVs are consolidated using the "Equity Method".

The reduction in 2015 order intake was due to fewer new orders both in the *Aircraft* Division, which was affected by the deferred formalisation of major orders abroad and, to a lesser extent, from the domestic customer for trainer aircraft, and in the *Aerostructures* Division, with the expected decline in the orders for the B787 and ATR programmes. The major orders gained in 2015 included those for the production for the B787, ATR and A380 programmes in the *Aerostructures* Division, while, in the *Aircraft* Division, they included those for logistical support activities for EFA and M346 aircraft, as well as those received from Lockheed Martin for F35 productions and the contract for the supply of two C27J aircraft to the air force of an African country.

In line with the results reported for the first part of the year, 2015 was good from a production standpoint, particularly for the B787 programme, with 132 fuselage sections and 74 stabilisers being delivered (compared with 113 fuselage sections and 82 stabilisers delivered in 2014), and for the M346 aircraft, for which 19 units were delivered to the Italian Air Force and to Israel (against deliveries of 10 aircraft in 2014). Furthermore, the first F35 aircraft assembled at the Cameri plant was delivered to the Italian Air Force at the beginning of December 2015.

With business volumes overall in line with 2014 both for the *Aerostructures* Division and the *Aircraft* Division, the profitability of the sector, with a ROS of 10%, was supported by the performance recorded by the *Aircraft* Division, in particular in defence aircraft, and by the important improvement in ATR results, which also benefited from the appreciation of the US dollar against the euro, while the issues identified in *Aerostructures* have not yet been fully sorted out.

Outlook. In 2016 it is expected that the Sector will record a slight decline in its revenues, which are affected by lower production volumes in the *Aerostructures* Division as a result of the transfer of some "pass-through" external supplies to Boeing for the B787 programme and of reduced rates on the A380 programme. As far as profitability is concerned, not being impacted by the latter "pass-through" activities, in 2016 it is expected that the levels recorded in 2015 will be strengthened, also due to additional stronger actions taken to improve industrial efficiency and review the procurement and production processes and aimed at improving the performance of the *Aerostructures* Division, as well as at reducing production costs and stabilizing the M346 and C27J programmes in the *Aircraft* Division, so as to also mitigate the effect of a lower contribution from high-margin programmes.

Space (*)

Companies: **Telespazio, Thales Alenia Space**

(*) JVs are consolidated using the "Equity Method".

2015 was marked by a good commercial performance, which saw the acquisition of major orders for the supply of telecommunications satellites, including the order placed by the French Directorate General for Armaments for a military satellite and orders for earth observation, including the order placed by the European Space Agency (ESA) for the European Copernicus programme.

Although production volumes during the year increased slightly compared to 2014, mainly due to the manufacturing segment, the operating result reported a decline due to the costs recognised on a specific programme.

The significant events that occurred in 2015 included the launch of the military satellite SICRAL 2 by an Arianespace vector from the European Space Centre in Kourou in the French Guiana, within the cooperation programme of the Italian Defence Ministry and of the French General Directorate for Armaments. Furthermore, work continued on the Second Generation of the COSMO-SkyMed System for Earth observation and on the programme for the construction of the Galileo satellite navigation.

Outlook. In 2016 the Group expects to record an increase in the revenues in this sector, which will be mainly attributable to the manufacturing segment especially to the production for telecommunications programmes, and to recover adequate profitability levels, with the consequent improvement of the result of operations.

Defence Systems

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

(*) JVs are consolidated using the "Equity Method".

2015 saw the initial signs of a recovery in order intake, with orders up compared to 2014 both in *land, sea and air weapons systems* and in *underwater systems* (major new orders include those relating to the new Italian Naval Law, orders for the Italian FREEM programme, the contract for the retrofit of VBM aircraft for the 1st Brigade of the Italian Army, an additional domestic order for the development of the ammunition programme named "Vulcano" and logistics contracts from various countries). There was a continuing drop in production volumes due to the gradual completion of a number of domestic programmes in the land weapons line, while there was also a fall in orders for supplying munitions to foreign customers, along with the effect of postponements in finalising new orders. Despite this, EBITA was in line with 2014, owing to the increase in deliveries by the *missile systems* segment on major export programmes, which set off the lower revenues and a deterioration in profitability from *underwater systems*.

Outlook. In 2016 the Group expects a slight increase in its revenues in this sector, which will be supported by the start of production on important programmes to be acquired in the course of the year, as well as a further improvement in profitability. Finally, it should be noted that, starting from 2016, the contribution of the *Defence Systems* sector will be shown within the scope of the *Defence and Security Electronics* sector, in line with the new organisational and operational model.

Financial transactions

During 2015 the Group was involved in a number of financial transactions.

In January 2015, the process of replacing Finmeccanica Finance SA with Finmeccanica S.p.A. as the issuer of outstanding bonds was completed. The operation was approved in November 2014 as part of the process of gradually centralising all Group financial activities within Finmeccanica S.p.A. As of today, Finmeccanica S.p.A. is the issuer of all the bonds denominated in euros and pound sterling placed on the market under the Euro Medium Term Notes Programme (EMTN). Finmeccanica S.p.A. also continues to guarantee all the bonds issued by Meccanica Holdings USA, Inc. on the US market.

Following the Board of Directors resolution on 27 October 2014, on 5 May 2015 Finmeccanica has signed the 12-months renewal of the *Euro Medium Term Note Programme* (EMTN), keeping unchanged at €bil. 4 the maximum amount.

On 6 July 2015, in order to take advantage of favourable market conditions and the industrial efficiency-enhancement actions undertaken, as well as the Group's improvement economic and financial outlook, Finmeccanica signed an agreement with the providers amending the terms of the Revolving Credit Facility obtained in July 2014. The new terms envisage reducing the margin from 180 bps to 100 bps. In line with the Group's financial needs, Finmeccanica has simultaneously reduced the total amount of the credit line from €bil. 2.2 to €bil. 2 and has extended the duration by one year, to July 2020.

On 8 July 2015, Finmeccanica announced an offer to holders of its euro-denominated bonds to tender their bonds for repurchase (Tender Offer) in an effort to make the best use of the proceeds from the disposals in the Transportation sector and thereby reduce the outstanding gross debt and the associated financial charges. The operation, worth a total nominal amount of €mil. 450, was carried out at the market values for the individual bonds, plus a premium to encourage investors to tender their bonds. It was structured so as to maximise the financial return, giving priority to those bonds whose net present value (NPV) was such so as to ensure that the saving on financial charges would exceed the initial repurchase cost. The operation was successfully completed on 20 July 2015 and overall will ensure a significant saving on financial charges in the future.

The recalculated nominal values of the notes repurchased are as follows:

Year of issue	Maturity	Currency	Nominal amount outstanding ante *buy back* (mil.)	Annual coupon	Nominal amount outstanding post *buy back* (mil.)
2009	2019	GBP	400	8.000%	319
2013	2021	€	950	4.500%	739
2009	2022	€	600	5.250%	555
2012	2017	€	600	4.375%	521

In November 2015, Meccanica Holdings USA also took steps to repurchase, in more than one tranche, a total amount of USDmil. 68 of bonds due 2039 and 2040, with coupons of 7.375% and 6.25%, respectively, which had been issued by the company in 2009 for a total amount of USDmil. 300 and USDmil. 500. The total average purchase value was 102.7% of the nominal value, with an average annual return of 6.50%. Other than for the provisions governing bonds issued on the Euromarket, it is not necessary, for tehse bonds which are currently held in the portfolio, to take steps for them to be cancelled immediately.

Outstanding bond issues are given a medium/long-term financial credit rating by the three international rating agencies: *Moody's Investors Service* (Moody's), *Standard & Poor's* and *Fitch*.

At the date of presentation of this report, Finmeccanica's credit ratings, compared to those preceding the last change, were as follows:

Agency	Last update	Updated		Previous	
		Credit Rating	*Outlook*	*Credit Rating*	*Outlook*
Moody's	August 2015	Ba1	stable	Ba1	negative
Standard&Poor's	April 2015	BB+	stable	BB+	negative
Fitch	May 2015	BB+	stable	BB+	negative

Rationalisation of business portfolio and disposals.

Among the industrial transactions completed over 2015 in order to focus the Group on the core Aerospace, Defence and Security business, the following are the most relevant:

- Completion on 2 November of the disposals of *AnsaldoBreda* and *Ansaldo STS* shares, the effects being already mentioned above;
- Disposal of non-core businesses of the DRS Technologies group. In 2015 DRS completed the disposal of some non-core businesses in the sectors of Aviation, Communications and Homeland Security (partly to IAP Worldwide Services and partly to the US Coast Guard), as well as the disposal of a stake of 30% in N2 Imaging Systems LLC to United Technologies. These transactions were a step in the process of strategic reorganisation and of the review of the product portfolio of DRS Technologies;
- Disposal of 100% of Fata S.p.A. following the signing on 6 October 2015. On 10 March 2016 Finmeccanica closed the sale to DANIELI Group of the 100 % of Fata S.p.A., active in the field of industrial plant engineering, including its subsidiaries in USA (Fata Hunter), India (Fata Engineering), China (Fata Shanghai) and UAE (Fata Gulf). The stake in Fata Logistic Systems and some assets had been spun off before the closing, through a partial spin-off, and merged into Finmeccanica. DANIELI was selected as the best industrial partner for Fata, as able to ensure the Company a successful long term positioning.

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The officer 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 Finance, that the accounting information included in this press release corresponds to the accounting records, books and supporting documentation.

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At today's meeting the Board of Directors also approved the Report on Corporate Governance and Shareholder Structure pursuant to art . 123 - bis of the Consolidated Law on Finance, which will be published together with the annual financial report.

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The Board of Directors also resolved to submit to the forthcoming Shareholders' Meeting the proposal to renew the authorization to purchase and dispose treasury shares (share buy-back) intended to serve the needs related to the incentive/co-investment Plans, up to a maximum of n. 2,000,000 ordinary shares of Finmeccanica, for a period - as the purchase - of eighteen months from the date of the shareholders' resolution; the authorization to dispose of the shares purchased, as well as for those already held, is requested within the time limits required for the implementation of the Plans.

The proposal provides that the purchases will be carried out on the Italian Stock Exchange (M.T.A.), in stages considered appropriate, to a maximum and minimum price per share equal to the market price recorded on the M.T.A. in the day before the purchase plus 5% (maximum price) or minus 5% (minimum price).

The Company currently holds no. 3,844,152 treasury shares, equal to approximately 0,6649% of its share capital.

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Today's Board has also resolved to renew the bond issue program "Euro Medium Term Note Programme" (EMTN) for additional 12 months, leaving at 4 billion Euro the maximum amount. The renewal is performed by Finmeccanica Group on a yearly basis, as part of its ordinary activities of financial management.

As usual, credit rating will be assigned to the Program by Moody's, Standard & Poor's and Fitch.

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The Shareholders' Meeting (as partial amendment to the Financial Calendar released on December 23, 2015) will be called in Extraordinary session on 22, 27 and 28 April 2016, in first, second and third call respectively and in Ordinary session on 22 and 28 April 2016, in first and second call respectively.

<u>Extraordinary part:</u>

With the execution of the new Organizational and Operating Model as One Company and, at the same time, the overcoming of the previous model as financial holding, Finmeccanica has not only redefined its own structure - to make it more consistent with customers and markets requirements and therefore more able to support the specific mission of creating value for all stakeholders - but it also aimed to redefine its identity. In this context of redefinition of purposes and priorities, in which the Company plans new models of development and candidates itself with a new role, there is a need of a new name representing the Company and that also constitutes the first and most important point of synthesis between its deep, specific values supporting its strategies.

In particular, the Board of Directors' proposal is to change the Company's name putting a new name before the current one until 31 December 2016 (with the faculty to use individually both as the abbreviate form of the Company's name), in order to grant the Company a time frame suitable to ensure the required continuity in relationships with foreign countries and providing for the exclusive use of the new name as of 1 January 2017.

Specifically, the proposal provides that the Company adopt the corporate name "Leonardo – Società per azioni" (abbreviated form "Leonardo S.p.a.") with effect from 1 January 2017 and the corporate name

"Leonardo - Finmeccanica - Società per azioni" (abbreviated form "Leonardo S.p.a.” or "Finmeccanica S.p.a. ") until 31 December 2016.

In addition to the approval of Finmeccanica S.p.a. 2015 annual report, the Shareholders will be called to vote on approval of Oto Melara S.p.A. and WASS S.p.A. financial statements at 31 December 2015, following the merger of such companies into Finmeccanica effective from 1 January 2016

The Ordinary Shareholders' Meeting will also be asked to vote on the described request to authorize the purchase and disposal of Treasury shares (share buy-back), to vote - by a non-binding resolution – on the first section of the Remuneration Report prepared pursuant to art. 123 - ter of TUF and approved by today's Board of Directors and to vote on the remuneration of the statutory audit conducted by KPMG S.p.A. and the Statutory Auditors' fees in connection with the implementation of the new “one Company” Organizational and Operating model

The notice of call of the Shareholders’ meeting and the documentation drawn up in compliance with current regulation will be available to the public within the terms provided by the existing provisions of law.

RECLASSIFIED INCOME STATEMENT						
€mil.	**FY 2015**	**FY 2014 (*)**	***Chg. YoY***	**4Q 2015 (unaudited)**	**4Q 2014 (*) (unaudited)**	***Chg. YoY***
Revenues	**12,995**	**12,764**	***231***	**3,994**	**4,160**	***(166)***
Purchases and personnel expense	(11,448)	(11,166)	*(282)*	(3,497)	(3,436)	*(61)*
Other net operating income/(expense)	58	(182)	*240*	55	(163)	*218*
Equity-accounted strategic JVs	261	153	*108*	140	90	*50*
EBITDA	**1,866**	**1,569**	***297***	**692**	**651**	***41***
EBITDA Margin	*14.4%*	*12.3%*	*2.1 p.p.*	*17.3%*	*15.6%*	*1.7 p.p.*
Amortisation and depreciation	(658)	(589)	*(69)*	(229)	(186)	*(43)*
EBITA	**1,208**	**980**	***228***	**463**	**465**	***(2)***
EBITA Margin	*9.3%*	*7.7%*	*1.6 p.p.*	*11.6%*	*11.2%*	*0.4 p.p.*
Non-recurring income/(expenses)	*(112)*	*(93)*	*(19)*	*(103)*	*(60)*	*(43)*
Restructuring costs	(114)	(206)	*92*	(50)	(111)	*61*
Amortisation of intangible assets acquired as part of business combinations	(98)	(84)	*(14)*	(25)	(22)	*(3)*
EBIT	**884**	**597**	***287***	**285**	**272**	***13***
EBIT Margin	*6.8%*	*4.7%*	*2.1 p.p.*	*7.1%*	*6.5%*	*0.6 p.p.*
Net financial income/ (expense)	(438)	(448)	*10*	(91)	(127)	*36*
Income taxes	(193)	(134)	*(59)*	(91)	(76)	*(15)*
Net result before extraordinary transactions	**253**	**15**	***238***	**103**	**69**	***34***
Net result related to discontinued operations and non-ordinary transactions	274	5	*269*	264	(25)	*289*
Net result	**527**	**20**	***507***	**367**	**44**	***323***
attributable to the owners of the parent	487	(31)	*518*	365	26	*339*
attributable to non-controlling interests	*40*	*51*	*(11)*	*2*	*18*	*(16)*
EPS (EUR)						
Basic and Diluted	0.905	(0.054)	*0.959*	0.694	0.045	*0.649*
EPS from continuing operations (EUR)						
Basic and Diluted	0.334	(0.066)	*0.400*	0.078	0.029	*0.049*
EPS from discontinued operations (EUR)						
Basic e diluted	0.447	0.012	*0.435*	0.492	0.016	*0.476*

(*) Figures restated (except for the w orkforce) as a result of the reclassification of the operations in the Transportation sector, w hich w ere disposed of in 2015, to discontinued operations

RECLASSIFIED BALANCE SHEET		
€mil.	**31.12.2015**	**31.12.2014**
Non-current assets	12,558	12,518
Non-current liabilities	(3,676)	(3,434)
Capital assets	**8,882**	**9,084**
Inventories	4,337	4,578
Trade receivables	6,375	7,676
Trade payables	(9,962)	(11,705)
Working capital	**750**	**549**
Provisions for short-term risks and charges	(736)	(749)
Other net current assets (liabilities)	(1,320)	(1,082)
Net working capital	**(1,306)**	**(1,282)**
Net invested capital	**7,576**	**7,802**
Equity attributable to the Owners of the Parent	4,280	3,511
Equity attributable to non-controlling interests	22	343
Equity	**4,302**	**3,854**
Group Net Debt	**3,278**	**3,962**
Net (assets)/liabilities held for sale	**(4)**	**(14)**

CASH FLOW STATEMENT		
€mil.	**FY 2015**	**FY 2014 (*)**
Funds From Operations (FFO) (**)	**1,446**	**1,227**
Changes in working capital	(596)	(560)
Cash flow from ordinary investing activities	(543)	(602)
Free operating cash flow (FOCF)	**307**	**65**
Strategic transactions	836	239
Change in other investing activities	(19)	(1)
Net change in loans and borrowings	(576)	(394)
Dividends paid	0	0
Net increase/(decrease) in cash and cash equivalents	**548**	**(91)**
Cash and cash equivalents at 1 January	**1,495**	**1,455**
Exchange rate gain/losses and other movements	18	34
Cash and cash equivalents at 1 January of discontinued operations	(290)	0
Net increase in cash and cash equivalents of discontinued operations	0	97
Cash and cash equivalents at 31 December	**1,771**	**1,495**

(*) Figures restated (except for the w orkforce) as a result of the reclassification of the operations in the Transportation sector, w hich w ere disposed of in 2015, to discontinued operations

(**) Includes dividends received from unconsolidated companies.

OTHER PERFORMANCE INDICATORS			
	FY 2015	**FY 2014 (*)**	***Var. YoY***
Research and development expenses	1,426	1,500	(4.9%)
Net Interest	(296)	(307)	3.6%

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

FINANCIAL POSITION		
€mil.	**31.12.2015**	**31.12.2014**
Bonds	4,397	4,761
Bank debt	389	472
Cash and cash equivalents	(1,771)	(1,495)
Net bank debt and bonds	**3,015**	**3,738**
Fair value of the residual portion in portfolio of Ansaldo Energia	(131)	(124)
Current loans and receivables from related parties	(122)	(161)
Other current loans and receivables	(45)	(45)
Current loans and receivables and securities	**(298)**	**(330)**
Hedging derivatives in respect of debt items	41	(24)
Effect of transactions involving Fyra contract	0	41
Related-party loans and borrowings	401	431
Other loans and borrowings	119	106
Group net debt	**3,278**	**3,962**

EARNINGS PER SHARE			
	FY 2015	**FY 2014 (*)**	***Var. YoY***
Average shares outstanding during the reporting period (in thousands)	578,034	578,118	*(84)*
Earnings/(losses) for the period (excluding non-controlling interests) (€ million)	487	(31)	*518*
Earnings/(losses) - continuing operations (excluding non-controlling interests) (€ million)	265	(38)	*303*
Earnings/(losses) - discontinued operations (excluding non-controlling interests) (€ million)	222	7	*215*
BASIC AND DILUTED EPS (EUR)	**0.843**	**(0.054)**	***0.897***
BASIC AND DILUTED EPS from continuing operations	**0.458**	**(0.066)**	***0.524***
BASIC AND DILUTED EPS from discontinued operations	**0.385**	**0.012**	***0.373***

(*) Figures restated (except for the w orkforce) as a result of the reclassification of the operations in the Transportation sector, w hich w ere disposed of in 2015, to discontinued operations

FY 2015 *(Euro million)*	**Helicopters**	**Defence Electronics and Security**	*- of which DRS*	*- of which SES*	**Aeronautics**	**Space**	**Defence Systems**	**Other activities**	**Eliminations**	**Total**
New orders	3,910	6,700	1,822	4,879	1,741	-	686	110	(776)	**12,371**
Order backlog	11,717	10,293	1,816	8,484	6,170	-	1,233	215	(835)	**28,793**
Revenues	4,479	5,266	1,627	3,655	3,118	-	459	298	(625)	**12,995**
EBITA	**558**	**424**	**114**	**310**	**312**	**37**	**88**	**(211)**	**-**	**1,208**
EBITA margin	*12.5%*	*8.1%*	*7.0%*	*8.5%*	*10.0%*	*n.a.*	*19.2%*	*(70.8%)*	*n.a.*	***9.3%***
EBIT	**527**	**220**			**263**	**37**	**88**	**(251)**	**-**	**884**
Amortisation and depreciation	104	274			253	-	9	52	-	**692**
Investments	174	192			203	-	8	26	-	**603**
Workforce (no.)	12,512	21,314			10,483	-	1,475	1,372	-	**47,156**

FY 2014(*) **(Euro million)**	**Helicopters**	**Defence Electronics and Security**	*- of which DRS*	*- of which SES*	**Aeronautics**	**Space**	**Defence Systems**	**Other activities**	**Eliminations**	**Total**
New orders	4,556	5,074	1,464	3,612	3,113	-	209	138	(423)	**12,667**
Order backlog	12,249	8,765	1,499	7,285	7,730	-	1,005	9,407	(9,773)	**29,383**
Revenues	4,376	4,980	1,413	3,577	3,144	-	495	398	(629)	**12,764**
EBITA	**543**	**207**	**22**	**185**	**237**	**52**	**89**	**(148)**	**-**	**980**
EBITA margin	*12.4%*	*4.2%*	*1.6%*	*5.2%*	*7.5%*	*n.a.*	*18.0%*	*(37.2%)*	*n.a.*	***7.7%***
EBIT	**489**	**30**			**155**	**52**	**88**	**(217)**	**-**	**597**
Amortisation and depreciation	97	254			214	-	11	56	-	**632**
Investments	236	180			280	-	10	61	-	**767**
Workforce (no.)	12,850	21,927			10,932	-	1,472	7,199	-	**54,380**

(*) Figures restated (except for the workforce) as a result of the reclassification of the operations in the Transportation sector, which were disposed of in 2015, to discontinued operations

4Q 2015 (Euro million)	Helicopters	Defence Electronics and Security	- of which DRS	- of which SES	Aeronautics	Space	Defence Systems	Other activities	Eliminations	Total
New orders	1,029	3,060	441	2,620	482	-	417	73	(481)	**4,580**
Revenues	1,267	1,729	463	1,271	978	-	158	72	(210)	**3,994**
EBITA	**177**	**214**	**31**	**183**	**149**	**10**	**44**	**(131)**	**-**	**463**
EBITA margin	*14.0%*	*12.4%*	*6.7%*	*14.4%*	*15.2%*	*n.a.*	*27.8%*	*n.a.*		***11.6%***
EBIT	**154**	**99**			**129**	**10**	**45**	**(152)**	**-**	**285**
Amortisation and depreciation	31	89			65	-	2	13	-	**200**
Investments	38	78			32	-	2	15	-	**165**

4Q 2014(*) (Euro million)	Helicopters	Defence Electronics and Security	- of which DRS	- of which SES	Aeronautics	Space	Defence Systems	Other activities	Eliminations	Total
New orders	1,473	2,087	426	1,661	1,584	-	59	74	(207)	**5,070**
Revenues	1,340	1,750	444	1,310	1,009	-	169	107	(215)	**4,160**
EBITA	**164**	**171**	**49**	**123**	**89**	**26**	**61**	**(46)**	**-**	**465**
EBITA margin	*12.2%*	*9.8%*	*11.0%*	*9.4%*	*8.8%*	*n.a.*	*36.1%*	*n.a.*	*n.a.*	***11.2%***
EBIT	**136**	**109**	**-**	**-**	**41**	**26**	**60**	**(100)**	**-**	**272**
Amortisation and depreciation	26	69	-	-	58	-	5	15	-	**173**
Investments	49	79	-	-	70	-	4	24	-	**226**

(*) Figures restated (except for the workforce) as a result of the reclassification of the operations in the Transportation sector, which were disposed of in 2015, to discontinued operations

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