BIt Market Services

| Informazione Regolamentata n. 0131-117-2016 | Data/Ora Ricezione 28 Luglio 2016 16:01:14 | MTA |
|---|---|---|

| | | |
|---|---|---|
| Societa' | : | LEONARDO - FINMECCANICA |
| Identificativo Informazione Regolamentata | : | 77507 |
| Nome utilizzatore | : | FINMECCANICAN04 - Micelisopo |
| Tipologia | : | AVVI 16 |
| Data/Ora Ricezione | : | 28 Luglio 2016 16:01:14 |
| Data/Ora Inizio Diffusione presunta | : | 28 Luglio 2016 16:16:15 |
| Oggetto | : | Leonardo-Finmeccanica: Net Result before extraordinary transactions 120% higher at EUR 200 million |

*Testo del comunicato*

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PRESS RELEASE

Half-Year Financial Report at 30 June 2016

# Leonardo-Finmeccanica: Net Result before extraordinary transactions 120% higher at EUR 200 million

- **The acquisition of the EUR 7.95bil contract for the supply of 28 Eurofighter Typhoon to the Kuwaiti Ministry of Defence completed – largest order ever booked by Leonardo – Finmeccanica – brings the backlog at EUR 35bil**
- **Improvements in main profitability and financial indicators**
- **EBITDA at EUR 786 million, +7% compared to the first half of 2015, EBITA at EUR 472 million (+5%) and EBIT at EUR 399 million (+14%)**
- **2016 full-year guidance confirmed**

**Rome, 28 July 2016** – The Board of Directors of Finmeccanica, convened today under the chairmanship of Gianni De Gennaro, has examined and unanimously approved the Half-Year Financial Report at 30 June 2016.

The first half of 2016 confirmed the success of the efficiency improvement actions that Leonardo-Finmeccanica had taken since the launch of the Industrial Plan, in particular in relation to production and industrial processes in business areas that had showed material criticalities in the past. These actions, together with the effects of streamlining the scope of operation and the product portfolio, entailed a gradual repositioning of the Group, so as to ensure, even in a period of difficulty in some reference markets (including the civil sector of *Helicopters* impacted by the prolonged crisis in the Oil &Gas), the overachievement of the targets set in the Industrial Plan, particularly in profitability improvement.

In more detail, the first half of the financial year show:

- **New Orders**: amounted to **EUR 12,867 million,** 132% higher than the first half of 2015 mainly due to the acquisition of the contract for the supply of 28 Eurofighter Typhoon aircraft signed on 5 April 2016 with the Kuwaiti Ministry of Defence, for an overall value of €bil. 7.95. Therefore, the book-to-bill ratio reached an outstanding 2.4.
- **Orders backlog:** amounted to **EUR 34,996 million** (+19% compared to June 2015) and more solid thanks to a rigorous selection of orders that stops the acquisition of structurally loss-making contracts which still slow down the full potential of Group profitability improvement. The backlog ensures about two and a half years of equivalent production.
- **Revenues:** amounted to **EUR 5,413 million**, -9.4% compared to the first half of 2015 essentially due to the reduction in Helicopters, affected by some weaknesses in the civil markets caused by the prolonged crisis in the Oil&Gas, and to the change in perimeter namely in DRS and FATA.

**Note**

Following the process of the reorganisation of the **Leonardo-Finmeccanica** Group's companies, it should be noted that from January 1st 2016: the "Helicopters" 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.

- **EBITDA: positive EUR 786 million**, 6.5% higher than the 738 million of the first half of 2015. Also the EBITDA *margin,* at 14.5%, increased by 210 bp compared to 12.4% of the first half of 2015.
- **EBITA: positive EUR 472 million**, improved (+4.9%) compared to the 450 million of the first half of 2015. RoS was at 8.7%, 120 bps higher than in the first half of 2015.
- **EBIT: positive EUR 399 million**, +13.7% compared to the 351 million of the first half of 2015. Also the EBIT *margin,* at 7.4%, increased by 150 bp compared to 5.9% of the first half of 2015.
- **Net Result before extraordinary transactions**: **positive EUR 200 million**, 120% higher than the EUR 91 million of the first half of 2015.
- **Net Result: positive EUR 210 million**, including the capital gain from the disposal of FATA, and materially improved (+89%) against the 111 million in 2015, which had benefitted from the results from the Transportation operations sold during the fourth quarter of 2015.
- **Group Net Debt:** amounted to **4,233 million** and improved by 757 million (15%) compared to 4,990 million at 30 June 2015 thanks to a positive cash performance during the last months of 2015 and to the disposals in the Transportation sector, which were completed in November 2015, notwithstanding negative exchange differences. The increase in comparison with 3,278 million at 31 December 2015 was essentially due to the usual cash absorption in the first quarters of the financial year and to the buy-back of treasury shares serving incentive plans.
- **Free Operating Cash Flow (FOCF): negative EUR 793 million**, slightly worse than the 743 million negative of the first half of 2015. This confirming the usual curve of Group cash absorption in the first quarters of the year.

## Outlook

The 2016 full-year guidance, as improved following the signature of the EFA Kuwait contract, are as follows:

| | Actual 2015 | Outlook 2016 |
|---|---|---|
| New Orders (€bil) | 12.4 | ca 20.0 |
| Revenues (€bil) | 13.0 | 12.2 – 12.7 |
| EBITA (€mil) | 1,208 | 1,220 – 1,270 |
| FOCF (€mil) | 307 | 500 - 600 |
| Group Net Debt (€bil) | 3.3 | ca. 2.8 |

*(*)Exchange rate assumptions: €/USD 1.15; €/GBP 0,75*

Based on the results for the six months ended 30 June and on its updated estimates, the Group now expects to deliver EBITA at the top of range stated above, reflecting the continuous improvement in operating performance and the increasing benefits from efficiency improvements. This will be achieved notwithstanding the decline in Revenues, which are now forecast to be at the lower end of the range above, due to lower revenues in *Helicopters*, affected by the crisis of *Oil&Gas* and other civil markets, which is lasting longer than expected. In this context of prolonged crisis of some markets, the achievement of our full-year guidance for New Orders will be challenging. Our cash flow guidance is confirmed.

The Group do not expect any significant short-term impact deriving from the so-called “Brexit process”. However, Leonardo-Finmeccanica assets and liabilities denominated in GBP are exposed to translation risk: therefore, the eventual worsening of the GBP versus the Euro currency compared to the outlook assumptions could affect negatively actual results, particularly with respect to Group Net Debt.

| Group (Euro million) | 1H 2016 | 1H 2015 | Chg. | Chg. % | FY 2015 |
|---|---|---|---|---|---|
| ***New orders*** | 12,867 | 5,539 | 7,328 | 132.3% | 12,371 |
| ***Order backlog*** | 34,996 | 29,303 | 5,693 | 19.4% | 28,793 |
| ***Revenues*** | 5,413 | 5,973 | (560) | (9.4%) | 12,995 |
| ***EBITDA*** | 786 | 738 | 48 | 6.5% | 1,866 |
| ***EBITDA Margin*** | 14.5% | 12.4% | 2.1 p.p. | | 14.4% |
| ***EBITA (*)*** | 472 | 450 | 22 | 4.9% | 1,208 |
| ***ROS*** | 8.7% | 7.5% | 1.2 p.p. | | 9.3% |
| ***EBIT (**)*** | 399 | 351 | 48 | 13.7% | 884 |
| ***EBIT Margin*** | 7.4% | 5.9% | 1.5 p.p. | | 6.8% |
| ***Net result before extraordinary transactions*** | 200 | 91 | 109 | 119.8% | 253 |
| ***Net result*** | 210 | 111 | 99 | 89.2% | 527 |
| ***Group Net Debt*** | 4,233 | 4,990 | (757) | (15.2%) | 3,278 |
| ***FOCF*** | (793) | (743) | (50) | (6.7%) | 307 |
| ***ROI*** | 11.8% | 11.0% | 0.8 p.p. | | 15.7% |
| ***ROE*** | 9.4% | 4.5% | 4.9 p.p. | | 6.2% |
| ***Workforce (no.)*** | 46,732 | 55,393 | (8,661) | (15.6%) | 47,156 |

*(*)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).*

***It should be noted that, consistently with the new organisation of the Group, the division into sectors has been changed, with the consequent restatement of the comparative position of Electronics, Defence and Security Systems, a division of which is that of Defence Systems (previously constituting a sector in itself).***

| **1H 2016** (*Euro million)* | **New orders** | **Order backlog** | **Revenues** | **EBITDA** | **EBITDA Margin** | **EBITA** | **ROS %** |
|---|---|---|---|---|---|---|---|
| Helicopters | 958 | 10,209 | 1,708 | 244 | 14.3% | 202 | 11.8% |
| Electronics, Defence and Security Systems | 2,490 | 10,841 | 2,437 | 281 | 11.5% | 177 | 7.3% |
| Aeronautics | 9,485 | 14,260 | 1,379 | 256 | 18.6% | 115 | 8.3% |
| Space | - | - | - | 29 | n.a. | 29 | n.a. |
| Other activities | 10 | 170 | 152 | (24) | (15.8%) | (51) | (33.6%) |
| Eliminations | (76) | (484) | (263) | - | n.a. | - | n.a. |
| **Total** | **12,867** | **34,996** | **5,413** | **786** | **14.5%** | **472** | **8.7%** |

| **1H 2015** (*Euro million)* | **New orders** | **Backlog at 31 Dec 2015** | **Revenues** | **EBITDA** | **EBITDA Margin** | **EBITA** | **ROS %** |
|---|---|---|---|---|---|---|---|
| Helicopters | 2,257 | 11,717 | 2,114 | 306 | 14.5% | 260 | 12.3% |
| Electronics, Defence and Security Systems | 2,728 | 11,116 | 2,556 | 240 | 9.4% | 147 | 5.8% |
| Aeronautics | 691 | 6,170 | 1,414 | 206 | 14.6% | 86 | 6.1% |
| Space | - | - | - | 22 | n.a. | 22 | n.a. |
| Other activities | 9 | 215 | 144 | (36) | (25.0%) | (65) | (45.1%) |
| Eliminations | (146) | (425) | (255) | - | n.a. | - | n.a. |
| **Total** | **5,539** | **28,793** | **5,973** | **738** | **12.4%** | **450** | **7.5%** |

| **Change %** | **New orders** | **Order backlog** | **Revenues** | **EBITDA** | **EBITDA Margin** | **EBITA** | **ROS %** |
|---|---|---|---|---|---|---|---|
| Helicopters | (57.6%) | (12.9%) | (19.2%) | (20.3%) | (0.2) p.p. | (22.3%) | (0.5) p.p. |
| Electronics, Defence and Security Systems | (8.7%) | (2.5%) | (4.7%) | 17.1% | 2.1 p.p. | 20.4% | 1.5 p.p. |
| Aeronautics | 1,272.6% | 131.1% | (2.5%) | 24.3% | 4.0 p.p. | 33.7% | 2.2 p.p. |
| Space | n.a. | n.a. | n.a. | 31.8% | n.a. | 31.8% | n.a. |
| Other activities | 11.1% | (20.9%) | 5.6% | 33.3% | 9.2 p.p. | 21.5% | 11.5 p.p. |
| Eliminations | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| **Total** | **132.3%** | **21.5%** | **(9.4%)** | **6.5%** | **2.1 p.p.** | **4.9%** | **1.2 p.p.** |

***The following key data of DRS are consolidated within the Electronics, Defence and Security Systems Sector.***

| | **New Orders** | **Revenues** | **EBITA** | **ROS %** | **EBITDA** | **EBITDA *Margin*** |
|---|---|---|---|---|---|---|
| DRS ($ mil) 1H 2016 | 890 | 771 | 33 | 4.3% | 53 | 6.9% |
| DRS ($ mil) 1H 2015 | 1,002 | 854 | 49 | 5.7% | 71 | 8.3% |

## Analysis of the main figures of the first half of 2016

During the first half of 2016 **new orders** showed considerable growth, attributable to the abovementioned contract for the EFA supply to Kuwait. Net of this acquisition, the performance recorded during the half-year also showed an increase in ***Aeronautics*** – thanks to the order for nine M346 trainer aircraft for the Italian Air Force, which had been postponed from 2015, and higher orders for ATR and B787 aircraft in the ***Aerostructures*** division – against a considerable decline in ***Helicopters*** (-€bil. 1.3), which was partly expected and which was attributable to the persistent difficulties in the *Oil&Gas* segment and in other civil aviation markets, at a time characterised by the launch of new products -, as well as to major acquisitions recorded during the first half of 2015 (IOS contract with the UK MoD). The decline in the ***Electronics, Defence and Security Systems*** was attributable to major acquisitions that had affected the first half of 2015 (specifically in the ***Defence Systems*** and the ***Airborne & Space Systems***) and to a different scope of operation of DRS arising from the disposals completed during the second half of 2015.

**Revenues** decreased over the corresponding period of 2015 by €mil. 560, mainly attributable to the abovementioned difficulties encountered in ***Helicopters*** and to a decline in ***Electronics, Defence and Security Systems***, which, in relation to DRS, reflected the review of the scope of business that occurred during the second half of 2015.

However, all the profitability indicators showed a sharp improvement supported by the results recorded in ***Aeronautics*** – thanks to an improvement in the ***Aerostructures*** division, as well as to a positive contribution given by ATR - and, above all, by the excellent performance in ***Electronics, Defence and Security Systems***, which benefitted from the restructuring actions that had involved the former divisions falling within the scope of operation of Selex ES, thus allowing it to confirm the trend recorded in 2015 and to set off the decline recorded in ***Helicopters*** as a result of the lower volumes already mentioned. Specifically, **EBITDA** and **EBITA** showed an increase of 6.5% and 4.9% respectively, compared to the first six months of 2015 (with an increase of 1.2 p.p. of operating profitability), while **EBIT** showed an even more considerable increase (+14%), as a result of the lesser impact of restructuring costs.

The **net result before extraordinary transactions** improved 120% (€mil. 200 compared with €mil. 91 in the first six months of 2015) due to the mentioned rise in EBIT and to lower financial costs as a result of lower interest on the Group's debt, by virtue of the buy-back transactions on bond issues which were completed in 2015, as well as of exchange differences, which also positively affected the fair value through profit or loss from derivatives.

The **net result** benefitted from the capital gain from the disposal of FATA (temporarily amounting to €mil. 10), while the comparative period included the results from operations in the sector of *Transportation*, which were then transferred to Hitachi.

In the first half of 2016 the cash flow performance posted an overall **FOCF** negative €mil. 793, in line with the usual curve of Group cash absorption in the first quarters of the year, while also showing cash generation (€mil. 83) in the second quarter. The decline compared to 2015 was substantially attributable to the abovementioned difficulties in ***Helicopters***.

**Net debt** showed a material reduction (- 15%) compared to 30 June 2015, despite negative exchange differences arising from the translation of the items expressed in GBP, thanks to the positive cash performance recorded in the last months of 2015 and to the disposals carried out in the sector of Transportation, which were completed in November 2015. The increase compared to 31 December 2015 is due to the usual cash absorption in the first quarters of the financial year and to the buy-back of treasury shares serving incentive plans.

**Workforce** at 30 June 2016 was 46,732 with a net reduction of 8,661 employees compared to 55,393 at 30 June 2015, mainly due to the deconsolidation of the Transportation Sector.

## Main figures of the second quarter 2016

- **New Orders**: amounted to **EUR 10,303 million**, considerably higher (+255.5%) than second quarter 2015 due to the acquisition of the EFA-Kuwait contract.
- **Revenues:** amounted to **EUR 2,877 million**, -13.3% compared to the second quarter of 2015.
- **EBITDA: positive EUR 460 million**, +20.0% compared to the 451 million of the second quarter of 2015.
- **EBITA: positive EUR 308 million**, +5.1% compared to the 293 million of the second quarter of 2015.
- **EBIT: positive EUR 265 million**, +10.0% compared to the 241 million of the second quarter of 2015.
- **Net Result before extraordinary transactions**: **positive EUR 144 million**, +65.5% compared to the positive 87 million of the second quarter of 2015.
- **Free Operating Cash Flow (FOCF): positive EUR 83 million,** 54 million lower than the positive 137 million of the second quarter of 2015.

## SECTORS PERFORMANCE

### Helicopters

The performance in the first half-year continued to be affected by commercial difficulties, which involved in particular the production of AW189 and AW139, at a time characterised by the start of operations for the production of the new AW169 aircraft, and therefore showed a decline in orders, revenues and EBITA. The reduction in new orders compared to last year was attributable to difficulties in the acquisition of commercial orders connected with the performance of the relevant civil aviation markets, as well as to the shift towards the second half of some opportunities in the Governmental segment. These events were also amplified by the excellent performance recorded during the first half of 2015, characterised by the booking of the contract for a particularly considerable amount, signed with the UK Ministry of Defence, in relation to logistical support and maintenance services for the AW101 Merlin helicopters. Revenues showed a decline to be attributable to the abovementioned commercial difficulties and to delayed progress in the production of the new AW169, as well as to the expected reduction in the operations of the AW159/Lynx programmes due to the completion of the Wildcat order for the UK MoD and the lower contribution from Product Support, due to a reduction in hours flown by commercial fleets. Consequently, EBITA was lower substantially due to the effect of lower revenues, while profitability was affected by the prolonged activities for the setup of the new AW169 aircraft, although maintaining the same solid double-digit levels as last year benefitting from constant attention to cost cutting and from some improvements on military programmes.

## Electronics, Defence & Security Systems

The first half of the year was characterised by a slight decline in the commercial performance compared to the same period in 2015 as a result of the postponement of some orders to the second half-year and of a review of the scope of business of DRS, which was completed at the end of the previous year (the main new orders included the contract for the supply of an air traffic surveillance and protection system to the Armed Forces in Qatar, in the *Land & Naval Defence Electronics* division and, for DRS, the JAB (Joint Assault Bridge) contract for the development of a drawbridge for the US army, aimed at improving the deployment of troops in the field). With regards to revenues, the expected decline recorded at DRS as a result of the review of its perimeter and the adverse impact of the GBP/€ exchange rate were partially offset by higher volumes associated with the start of operations for major orders gained during 2015, in particular in the *Security & Information Systems* Division (TETRA PIT). EBITA showed a sharp improvement compared to the first half-year of 2015, thus confirming the positive trend already recorded during 2015. Profitability was higher than expected in all the divisions, as a result of the benefits arising from efficiency improvement actions and cost cutting, as well of the gradual recovery of industrial profitability within the *Security & Information Systems* Division. As regards DRS, the lower profitability associated with a mix of activities that focused on low margin development programmes was partially offset by savings on SG&A costs.

## Aeronautics

The first half of 2016 was characterised by the acquisition of the abovementioned order for the supply of 28 *Eurofighter Typhoon* aircraft to Kuwaiti Ministry of Defence. Even excluding the contribution given by this order, the commercial performance in the half-year showed a sharp improvement compared to the same period in the previous year, with higher acquisitions in both divisions.

During the first half-year 2016, 60 fuselage sections and 43 stabilisers for the B787 programme (62 fuselage sections and 37 stabilisers delivered in the first half-year of 2015), and 47 ATR fuselages (40 delivered in the first half-year 2015) were delivered. As far as the M-346 programme is concerned, the delivery of the last 6 aircraft (out of 30) to Israel and the first (out of 8) to Poland was completed and is running flying tests for the certification of some specific systems chosen by the Polish Air Force (8 aircraft were delivered to the Italian Air Force and to Israel in the first half of 2015).

Revenues showed a slight decline compared to the first half of 2015, mainly attributable to the B787 programme that recorded lower external pass-through supplies, while, in the *Aircraft* Division, the increased productions for the M346 and F-35 programmes offset a decline in revenues for the EFA and C27J aircraft. The increase in EBITA was attributable to an improvement in the industrial performance in the *Aerostructures* Division and in the profitability of training and C27J aircraft, as well as to the higher result posted by the GIE-ATR consortium, which more than offset a lower contribution from military aircraft.

## Space

The first half-year was marked by the good performance of the manufacturing segment, which, in line with the value posted during the first quarter, reported considerably increased business volumes on the telecommunications programmes, but above all as regards earth observation, in particular for institutional customers, and an improved of industrial profitability compared to the same period of 2015. This also allowed a setoff of the lower result from the supply of satellite services, which recorded a decline in revenues mainly associated with the launch of the Athena Fidus satellite during 2015.

## Financial transactions

On 27 April 2016 Leonardo-Finmeccanica renewed the EMTN programme for 12 additional months, keeping unchanged the maximum amount of €bil. 4.

## Industrial transactions

On 10 March 2016 there was the closing of the transaction for the transfer to the DANIELI Group of 100% of the share capital of Fata S.p.A., which operates in the design of industrial plants, and its subsidiaries. Before the closing, there was a spin-off within Fata, through a partial demerger, which involved the investment in Fata Logistic Systems and some asset items which were transferred to companies in the Leonardo-Finmeccanica Group.

On 23 June 2016 the Board of Directors of Leonardo-Finmeccanica approved the project for the merger of Sirio Panel S.p.A. (a directly and wholly owned company) by incorporation into Leonardo-Finmeccanica.

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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 5, 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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The Board of Directors of Leonardo – Finmeccanica, which met today, approved – in place of the Shareholders' Meeting, in accordance with art. 24.1 of the Bylaws and art. 2505, paragraph 2 of the Civil Code - the plan of merger by incorporation of Sirio Panel S.p.A. into Leonardo – Finmeccanica.

As previously communicated, the merged company is directly and wholly owned by Leonardo – Finmeccanica and the operation, already disclosed to the market with press release dated 23 June 2016, is part of the reorganization process undertaken by the Company through the adoption of the divisional model (New Group Organizational and Operational Model – One Company).

Today the operation was also approved by the Sirio Panel Extraordinary Shareholders' Meeting. Following the time limits established by law, it will proceed to the signing of the merger deed, with effect from 1 January 2017.

The minutes of the resolution adopted today by the Company's Board of Directors will be made available to the public in accordance with terms and provisions of law. Reference is also made to the Merger Plan (approved by the same Board on June 23 2016) and to further documentation already available on the Company's website (www.leonardocompany.com, Corporate Governance section/ Extraordinary Operations).

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The Board of Directors of Leonardo – Finmeccanica also approved the reorganization of the Group activities in the United Kingdom, aimed at concentrating them in a single legal entity, Leonardo MW Limited, that will be fully owned by Leonardo – Finmeccanica (LDO-FNM), that will group all the main industrial activities that are currently performed by several legal entities, in particular Selex ES Ltd (SESL), AgustaWestland Ltd (AWL), Finmeccanica UK Ltd and DRS Technologies UK Ltd. The new Leonardo MW Ltd will support the Group Divisions/Companies in running their business within the UK "domestic" market, also strengthening the single brand among the customers and the key Stakeholders and developing partnerships and institutional relationships within the UK, in agreement with the central functions.

| RECLASSIFIED INCOME STATEMENT | | | | | | |
|---|---|---|---|---|---|---|
| *€mil.* | 1H 2016 | 1H 2015 | *Var. YoY* | 2Q 2016 (unaudited) | 2Q 2015 (unaudited) | *Var. YoY* |
| **Revenues** | **5,413** | **5,973** | ***(560)*** | **2,877** | **3,319** | ***(442)*** |
| Purchases and personnel expense | (4,731) | (5,265) | *534* | (2,478) | (2,894) | *416* |
| Other net operating income/(expense) | 12 | (39) | *51* | (24) | (31) | *7* |
| Equity-accounted strategic JVs | 92 | 69 | *23* | 85 | 57 | *28* |
| **EBITDA** | **786** | **738** | ***48*** | **460** | **451** | ***9*** |
| *EBITDA Margin* | *14.5%* | *12.4%* | *2.1 p.p.* | *16.0%* | *13.6%* | *2.4 p.p.* |
| Amortisation and depreciation | (314) | (288) | *(26)* | (152) | (158) | *6* |
| **EBITA** | **472** | **450** | ***22*** | **308** | **293** | ***15*** |
| *EBITA Margin* | *8.7%* | *7.5%* | *1.2 p.p.* | *10.7%* | *8.8%* | *1.9 p.p.* |
| Non-recurring income/(expenses) | *(3)* | *(6)* | *3* | *(3)* | *(6)* | *3* |
| Restructuring costs | (22) | (45) | *23* | (16) | (22) | *6* |
| Amortisation of intangible assets acquired as part of business combinations | (48) | (48) | - | (24) | (24) | - |
| **EBIT** | **399** | **351** | ***48*** | **265** | **241** | ***24*** |
| *EBIT Margin* | *7.4%* | *5.9%* | *1.5 p.p.* | *9.2%* | *7.3%* | *1.9 p.p.* |
| Net financial income/ (expense) | (121) | (197) | *76* | (50) | (95) | *45* |
| Income taxes | (78) | (63) | *(15)* | (71) | (59) | *(12)* |
| **Net result before extraordinary transactions** | **200** | **91** | ***109*** | **144** | **87** | ***57*** |
| Net result related to discontinued operations and non-ordinary transactions | 10 | 20 | *(10)* | 2 | 13 | *(11)* |
| **Net result** | **210** | **111** | ***99*** | **146** | **100** | ***46*** |
| *attributable to the owners of the parent* | 210 | 86 | *124* | 146 | 85 | *61* |
| *attributable to non-controlling interests* | - | *25* | *(25)* | - | *15* | *(15)* |

| RECLASSIFIED BALANCE SHEET | | | |
|---|---|---|---|
| *€mil.* | 30.06.2016 | 31.12.2015 | 30.06.2015 |
| Non-current assets | 12,101 | 12,558 | 12,448 |
| Non-current liabilities | (3,546) | (3,676) | (3,470) |
| **Capital assets** | **8,555** | **8,882** | **8,978** |
| Inventories | 4,379 | 4,337 | 4,808 |
| Trade receivables | 6,429 | 6,375 | 6,580 |
| Trade payables | (9,163) | (9,962) | (10,132) |
| **Working capital** | **1,645** | **750** | **1,256** |
| Provisions for short-term risks and charges | (660) | (736) | (681) |
| Other net current assets (liabilities) | (1,106) | (1,320) | (1,063) |
| **Net working capital** | **(121)** | **(1,306)** | **(488)** |
| **Net invested capital** | **8,434** | **7,576** | **8,490** |
| Equity attributable to the Owners of the Parent | 4,197 | 4,280 | 3,859 |
| Equity attributable to non-controlling interests | 19 | 22 | 359 |
| **Equity** | **4,216** | **4,302** | **4,218** |
| **Group Net Debt** | **4,233** | **3,278** | **4,990** |
| **Net (assets)/liabilities held for sale** | **(15)** | **(4)** | **(718)** |

| CASH FLOW STATEMENT | | |
|---|---|---|
| *€mil.* | **1H 2016** | **1H 2015** |
| **Funds From Operations (FFO) (*)** | **390** | **516** |
| Changes in working capital | (951) | (942) |
| Cash flow from ordinary investing activities | (232) | (317) |
| **Free operating cash flow (FOCF)** | **(793)** | **(743)** |
| Change in other investing activities | (7) | (23) |
| Net change in loans and borrowings | (34) | - |
| Treasury shares purchase | (104) | 135 |
| Dividends paid | - | - |
| **Net increase/(decrease) in cash and cash equivalents** | **(938)** | **(631)** |
| **Cash and cash equivalents at 1 January** | **1,771** | **1,495** |
| Exchange rate gain/losses and other movements | (22) | 37 |
| Cash and cash equivalents at 1 January of discontinued operations | - | (290) |
| **Cash and cash equivalents at 30 June** | **811** | **611** |

(*) Includes dividends received from unconsolidated companies.

| FINANCIAL POSITION | | | |
|---|---|---|---|
| *€mil.* | **30.06.2016** | **31.12.2015** | **30.06.2015** |
| Bonds | 4,311 | 4,397 | 4,873 |
| Bank debt | 358 | 389 | 506 |
| Cash and cash equivalents | (811) | (1,771) | (611) |
| **Net bank debt and bonds** | **3,858** | **3,015** | **4,768** |
| Fair value of the residual portion in portfolio of Ansaldo Energia | (134) | (131) | (127) |
| Current loans and receivables from related parties | (128) | (122) | (151) |
| Other current loans and receivables | (33) | (45) | (127) |
| **Current loans and receivables and securities** | **(295)** | **(298)** | **(405)** |
| Hedging derivatives in respect of debt items | 65 | 41 | (27) |
| Related-party loans and borrowings | 527 | 401 | 502 |
| Other loans and borrowings | 78 | 119 | 152 |
| **Group net debt** | **4,233** | **3,278** | **4,990** |

| EARNINGS PER SHARE | | | |
|---|---|---|---|
| | **1H 2016** | **1H 2015** | ***Var. YoY*** |
| Average shares outstanding during the reporting period (in thousands) | 576,042 | 578,118 | *(2,076)* |
| Earnings/(losses) for the period (excluding non-controlling interests) (€ million) | 210 | 86 | *124* |
| Earnings/(losses) - continuing operations (excluding non-controlling interests) (€ | 210 | 91 | *119* |
| Earnings/(losses) - discontinued operations (excluding non-controlling interests) (€ | - | (5) | *5* |
| **BASIC AND DILUTED EPS (EUR)** | **0.365** | **0.149** | ***0.216*** |
| **BASIC AND DILUTED EPS from continuing operations** | **0.365** | **0.157** | ***0.208*** |

| **1H 2016 (Euro million)** | **Helicopters** | **Electronics, Defence and Security Systems** | **Aeronautics** | **Space** | **Other activities** | **Eliminations** | **Total** |
|---|---|---|---|---|---|---|---|
| New orders | 958 | 2,490 | 9,485 | - | 10 | (76) | **12,867** |
| Order backlog | 10,209 | 10,841 | 14,260 | - | 170 | (484) | **34,996** |
| Revenues | 1,708 | 2,437 | 1,379 | - | 152 | (263) | **5,413** |
| **EBITA** | **202** | **177** | **115** | **29** | **(51)** | **-** | **472** |
| *EBITA margin* | *11.8%* | *7.3%* | *8.3%* | *n.a.* | *(33.6%)* | *n.a.* | ***8.7%*** |
| **EBIT** | **197** | **123** | **103** | **29** | **(53)** | **-** | **399** |
| Amortisation and depreciation | 45 | 137 | 136 | - | 27 | - | **345** |
| Investments | 68 | 80 | 71 | - | 8 | - | **227** |
| Workforce (no.) | 12,376 | 22,681 | 10,372 | - | 1,303 | - | **46,732** |

| **1H 2015 (Euro million)** | **Helicopters** | **Electronics, Defence and Security Systems** | **Aeronautics** | **Space** | **Other activities** | **Eliminations** | **Total** |
|---|---|---|---|---|---|---|---|
| New orders | 2,257 | 2,728 | 691 | - | 9 | (146) | **5,539** |
| Order backlog (31.12.2015) | 11,717 | 11,116 | 6,170 | - | 215 | (425) | **28,793** |
| Revenues | 2,114 | 2,556 | 1,414 | - | 144 | (255) | **5,973** |
| **EBITA** | **260** | **147** | **86** | **22** | **(65)** | **-** | **450** |
| *EBITA margin* | *12.3%* | *5.8%* | *6.1%* | *n.a.* | *(45.1%)* | *n.a.* | ***7.5%*** |
| **EBIT** | **254** | **87** | **71** | **22** | **(83)** | **-** | **351** |
| Amortisation and depreciation | 49 | 132 | 120 | - | 26 | - | **327** |
| Investments | 98 | 79 | 126 | - | 7 | - | **310** |
| Workforce (no.) (31.12.2015) | 12,512 | 22,789 | 10,483 | - | 1,372 | - | **47,156** |

| **2Q 2016 (Euro million)** | **Helicopters** | **Electronics, Defence and Security Systems** | **Aeronautics** | **Space** | **Other activities** | **Eliminations** | **Total** |
|---|---|---|---|---|---|---|---|
| New Orders | 574 | 1,273 | 8,492 | - | 4 | (40) | **10,303** |
| Revenues | 898 | 1,303 | 741 | - | 85 | (150) | **2,877** |
| **EBITA** | **119** | **121** | **74** | **25** | **(31)** | **-** | **308** |
| *EBITA margin* | *13.3%* | *9.3%* | *10.0%* | *n.a.* | *(36.5%)* | *n.a.* | ***10.7%*** |
| **EBIT** | **116** | **93** | **62** | **25** | **(31)** | **-** | **265** |
| Amortisation and depreciation | 24 | 58 | 68 | - | 14 | - | **164** |
| Investments | 52 | 44 | 36 | - | 5 | - | **137** |

| **2Q 2015 (Euro million)** | **Helicopters** | **Electronics, Defence and Security Systems** | **Aeronautics** | **Space** | **Other activities** | **Eliminations** | **Total** |
|---|---|---|---|---|---|---|---|
| New Orders | 909 | 1,726 | 362 | - | 4 | (103) | **2,898** |
| Revenues | 1,190 | 1,448 | 754 | - | 75 | (148) | **3,319** |
| **EBITA** | **148** | **114** | **52** | **21** | **(42)** | **-** | **293** |
| *EBITA margin* | *12.4%* | *7.9%* | *6.9%* | *n.a.* | *(56.0%)* | *n.a.* | ***8.8%*** |
| **EBIT** | **144** | **83** | **44** | **21** | **(51)** | **-** | **241** |
| Amortisation and depreciation | 27 | 77 | 60 | - | 13 | | **177** |
| Investments | 46 | 44 | 72 | - | 3 | - | **165** |

| | |
|---|---|
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