



FY2014 Results Presentation

Mauro Moretti

Chief Executive Officer and General Manager

Gian Piero Cutillo

Chief Financial Officer



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GROUP OVERVIEW *(CEO and General Manager)*

SECTOR RESULTS AND OUTLOOK *(CFO)*





Key Messages

⇒ Delivering on promises

⇒ FY 2014 results in the top end of Guidance range

⇒ EBITA >€1bn

⇒ EBIT ca. €700mln

⇒ New 5 year industrial plan launched

⇒ Disposal of Transportation to Hitachi executed: a significant development in our focus on A,D&S

⇒ Clear priorities set for 2015 and onwards



FY2014 Results Highlights

- ⇒ Results ahead of expectations
 - ⇒ Robust commercial performance: orders at >€15bn with book to bill >1
 - ⇒ Revenues close to €14.7bn
 - ⇒ EBITA improved bringing profitability at 7.4% (+100 b.p. YoY)

- ⇒ Strong performance in Helicopters, Defence Electronics & Security and Aeronautics

- ⇒ Step change in Corporate costs

- ⇒ Positive net result before extraordinary transactions, for the first time since 2010: “back in the black” at €70mln



New Industrial Plan launched in January 2015

10 things to take away

ASSESS

1. Serious turnaround plan
2. Based on a rigorous review ... and prudent assumptions

STRENGTHEN

3. Major cost cutting to deliver a significant step up in profitability
4. New discipline on capex, R&D and working capital to drive a material step up in cash
5. Focus on creating a stronger and more balanced capital base

DEVELOP

6. We will do more with less resources
7. ... through a more focussed portfolio – no “sacred cows”
8. ... and by strengthening our offer to customers across our markets

EXECUTE

9. We can deliver on this – change is already happening
10. A cost cutter with a vision – strengthen and develop



Disposal of the Transportation Division

Finmeccanica becomes a pure Aerospace, Defence & Security player

- ⇒ Key step in the execution of the Industrial Plan shared in January
 - ⇒ Developing the business – focused on A,D&S
 - ⇒ Total exit from non core - residual portion <1% of total Revenues
- ⇒ Binding agreements signed with Hitachi include:
 - ⇒ Sale of the current business of AnsaldoBreda, with the exclusion of some revamping activities and certain residual contracts
 - ⇒ Sale of Finmeccanica's entire interest in Ansaldo STS, equal to approx 40% of the share capital
- ⇒ Transactions will lead to significant reduction in Net debt (**approx. 600 € mln**) by end 2015
- ⇒ Hitachi selected as the best industrial partner after a competitive process
 - ⇒ to ensure a successful long term repositioning of the transportation business
 - ⇒ to secure the best possible future for the Ansaldo STS and AnsaldoBreda businesses and their employees



2015 Priorities

1. Execute Industrial Plan turnaround

- ✦ Complete transition to “One Single Operating Company”
- ✦ Focus on industrial processes in engineering, supply chain, manufacturing

2. Deliver as a focussed Aerospace, Defence & Security player

- ✦ Refine 'Go to market' model - market priorities (May); establish new market models (Sept)
- ✦ Take portfolio opportunities when they arise - no rush

GROUP OVERVIEW *(CEO and General Manager)*

SECTOR RESULTS AND OUTLOOK *(CFO)*





2014 Results: Key messages

- ⇒ Strong Commercial Performance, well above expectations, with Book to Bill >1
- ⇒ Revenues up 7% mainly driven by Aeronautics, Selex ES and Helicopters

- ⇒ Strong profitability improvement
 - ⇒ EBITA at €1,080mIn up 23% YoY as efficiencies and lower corporate costs more than offset impact from losses on Air Cargo contract at DRS

- ⇒ Strong reduction in “below the line” costs led to a significant increase in EBIT (from negative €14mIn to positive €692mIn)

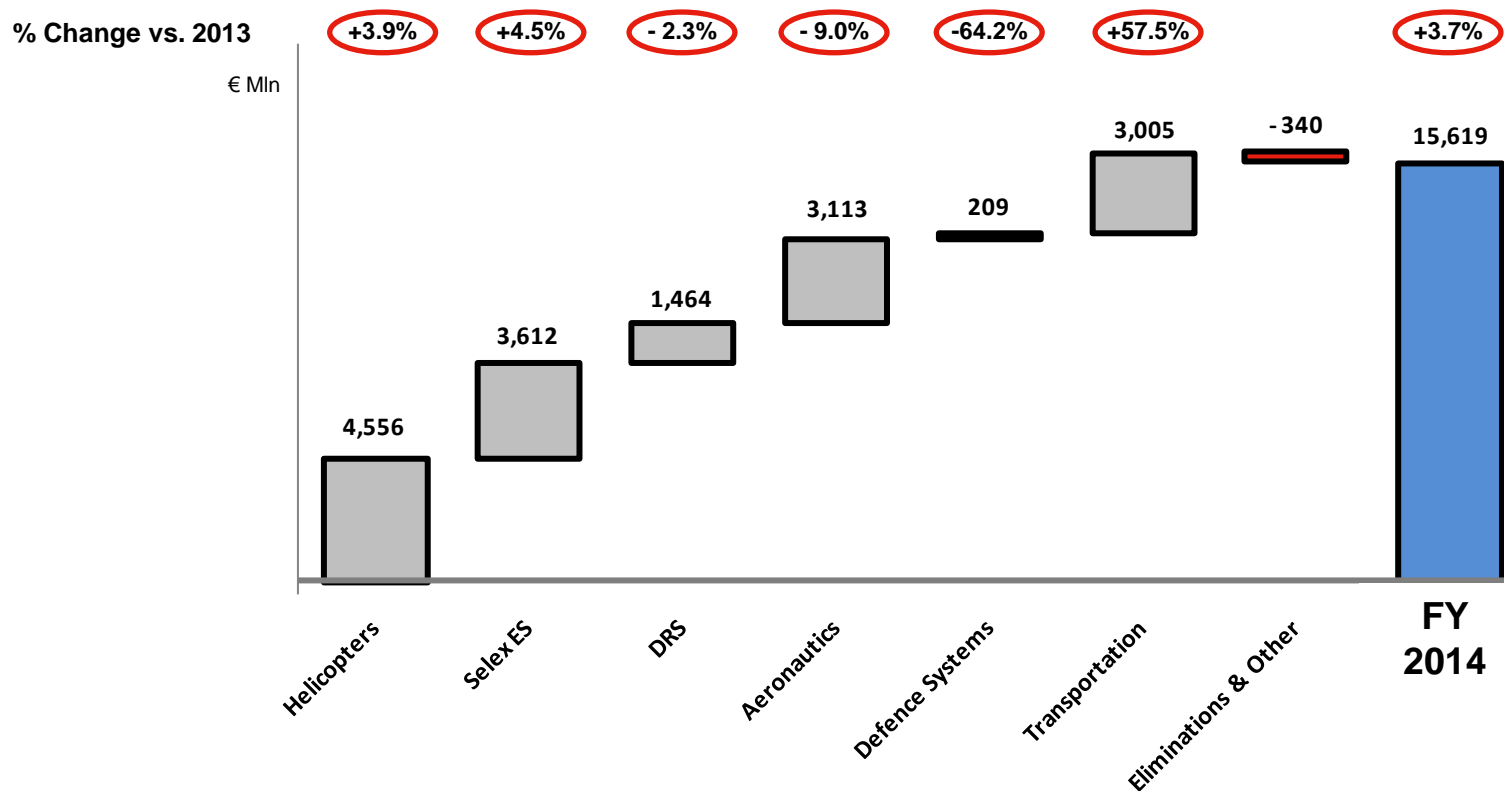
- ⇒ Net result before extraordinary transactions at €70mIn, positive for the first time since 2010

- ⇒ Positive A,D&S FOCF, despite payment on the Indian Helicopter contract



Focus on Group Orders

Solid Commercial Performance, with Book to Bill >1

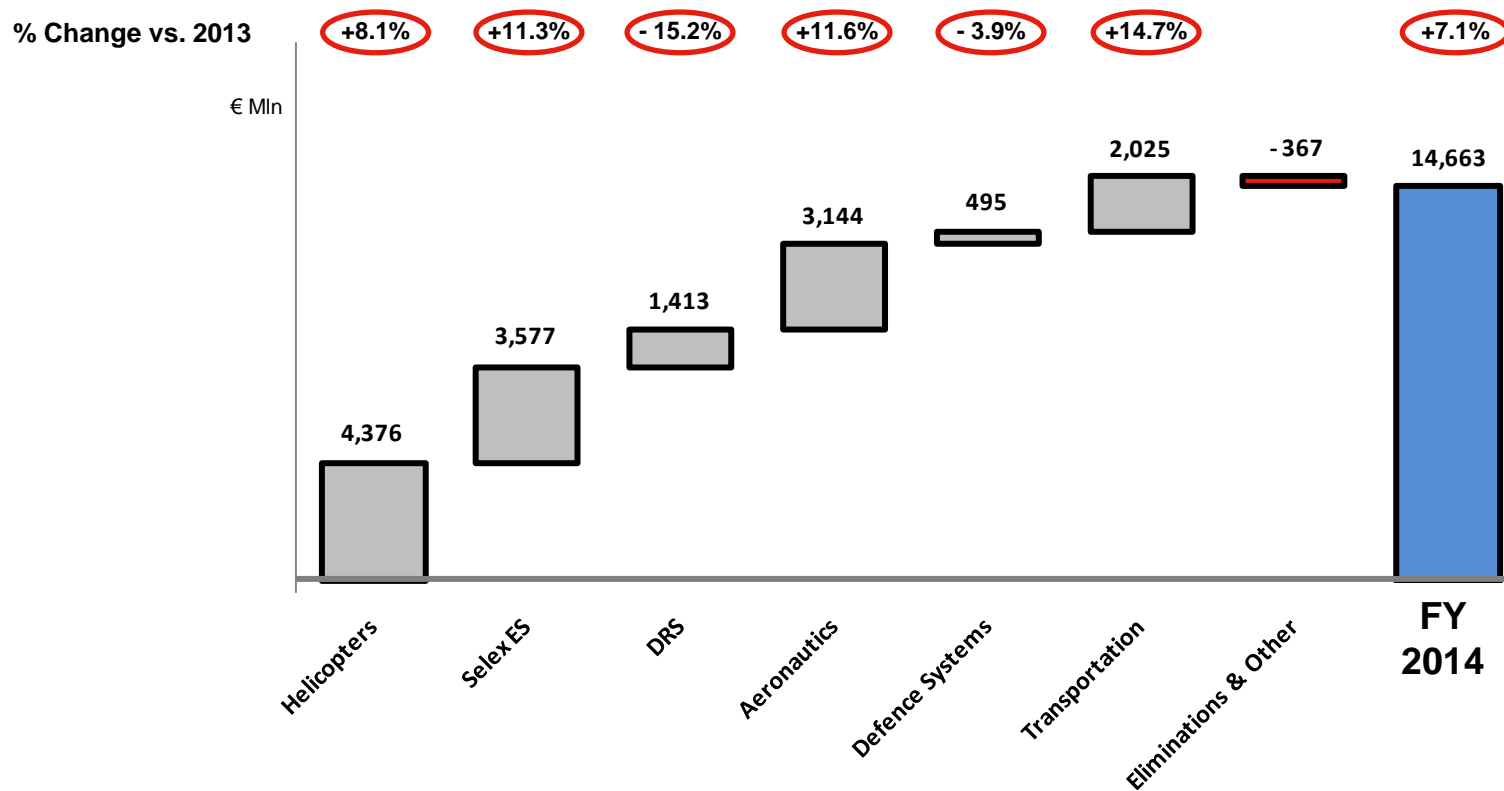


- ✦ Good A,D&S performance driven by
 - ✦ Helicopters (+4%YoY), thanks to UK MoD orders (AW101 and Apache Customer Support)
 - ✦ DRS stable after some years of declines due to US sequestration, Selex ES over 4% YoY
- ✦ Strong growth in Transportation



Focus on Group Revenues

Strong performance in A,D&S



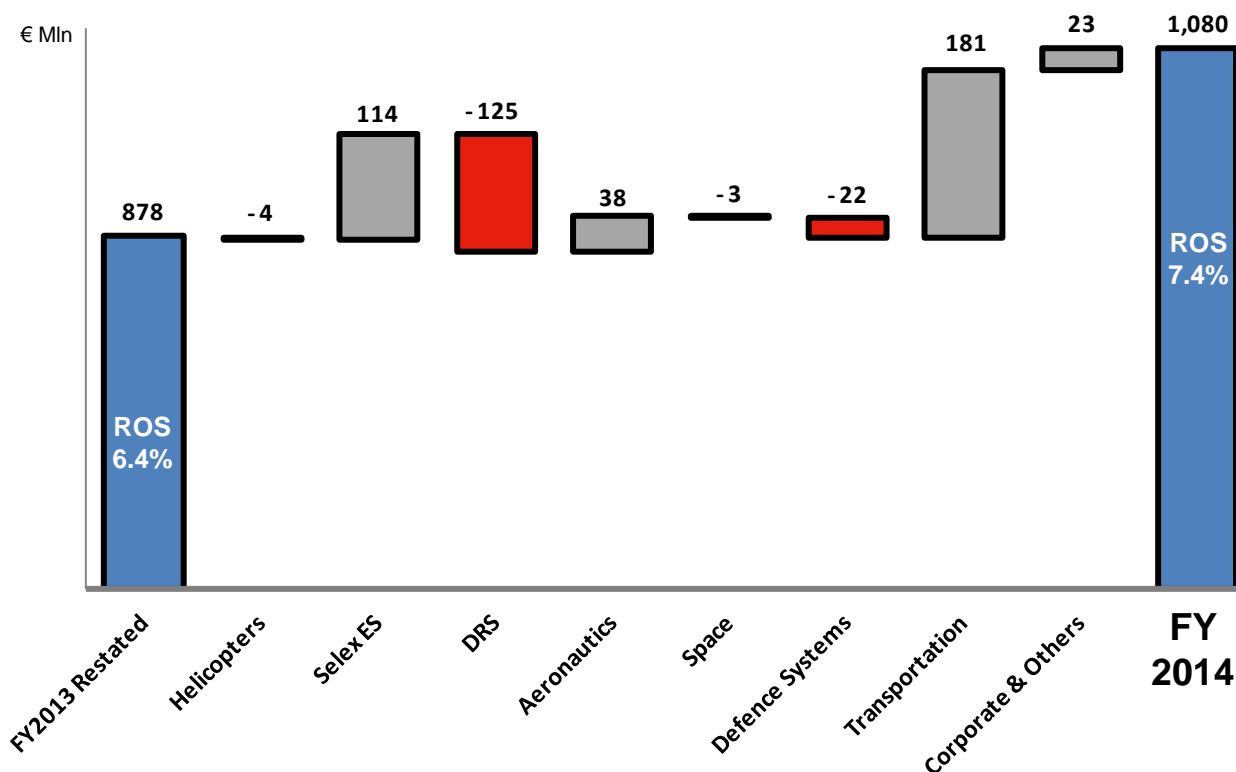
✦ Solid performance in A,D&S mainly driven by

- ✦ Helicopters: AW189, CH47 for the Italian Army, product support and AW101 production increased
- ✦ Selex ES: production of important programmes started
- ✦ Aeronautics: B787 production rates increased



Focus on Group Profitability

Material step up YoY in EBITA and ROS

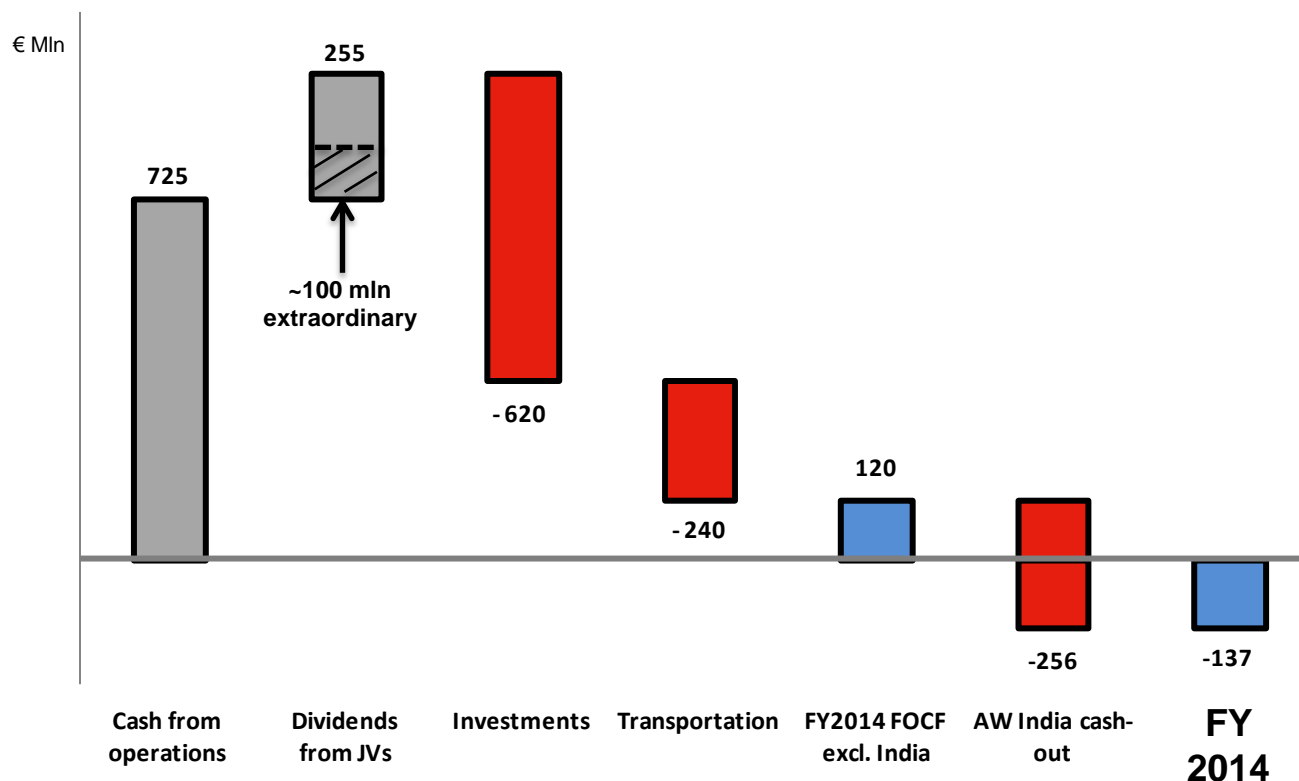


- Strong underlying improvement in Helicopters, excluding one-off benefit of US Presidential Helicopter in 2013
- DRS impact from losses more than made up at Group and A,D&S level for FY, in line with expectations
- Significant improvement of SES
- Corporate costs reduction (>€25mln of savings)
- Transportation returned to profitability, benefiting from reduced losses at AnsaldoBreda



Focus on Group FOCF

Positive, excluding extraordinary cash-out



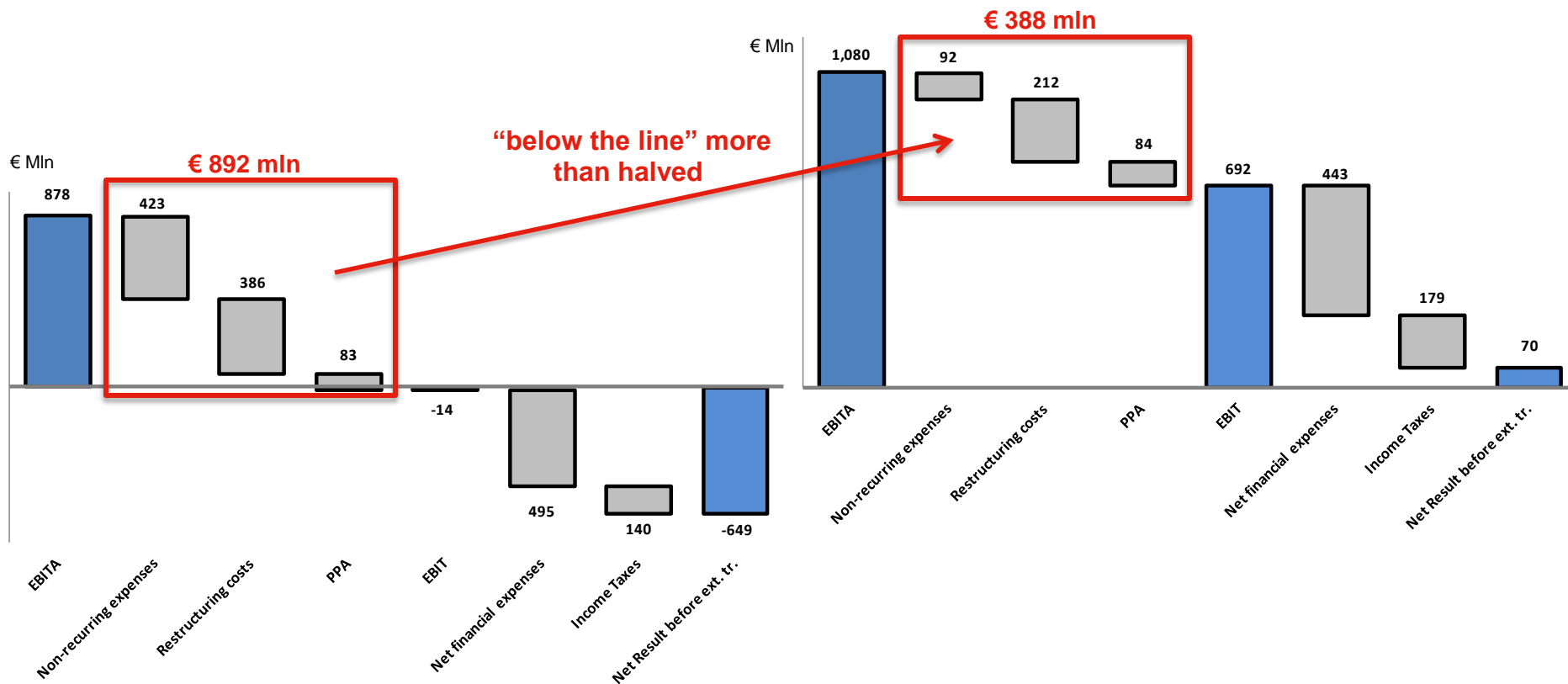
- €256m of outflows on Indian Helicopters included
- Excluding that outflow, FOCF would have been positive for around €120m (+€340m YoY), driven by higher cash generation in A,D&S and better performance of Transportation
- Benefited from extraordinary dividend distribution from JV's for approx €100m



Focus on Net Result before extraordinary transactions “Back in the black”

2013

2014



- +23% in EBITA driven by increasing revenues and improved efficiencies
- Financial expenses almost flat
- Slight increase in income taxes due to higher operating results



HELICOPTERS

	4Q			FY		
	2014	2013 Restated	% Change	2014	2013 Restated	% Change
€ Mln						
Orders	1,473	2,137	(31.1%)	4,556	4,386	3.9%
Revenues	1,340	1,051	27.5%	4,376	4,049	8.1%
EBITA	164	145	13.1%	543	547	(0.7%)
ROS %	12.2%	13.8%	(1.6) p.p.	12.4%	13.5%	(1.1) p.p.

- ✦ Strong performance in 2014
- ✦ Activities on new products progressing well:
 - ✦ AW189 AESA certification in Q1 and 10 units delivered in 2014, underpinning YoY revenue growth; FAA validation achieved in Q1 2015
 - ✦ AW169 certification expected in 2015
- ✦ Growing EBITA YoY, excluding the effect of the €50mln one-off related to the final closing of US Presidential Helicopter programme (1H2013), with strong double digit profitability
- ✦ Continue to expect solid performance, with revenues in line and profitability steadily at double digit. Growing commercial success of AW169, AW189 and customer support



EU DEFENCE ELECTRONICS AND SECURITY-Selex ES

	4Q			FY		
	2014	2013 Restated	% Change	2014	2013 Restated	% Change
€ Mln						
Orders	1,661	1,634	1.7%	3,612	3,457	4.5%
Revenues	1,310	970	35.1%	3,577	3,214	11.3%
EBITA	122	51	n.a.	185	71	n.a.
ROS %	9.3%	5.3%	4.1 p.p.	5.2%	2.2%	3.0 p.p.

- ✦ 2014 recorded a significant step up in results
 - ✦ strong improvement in EBITA driven by higher volumes, recovery in profitability in specific areas, as well as restructuring and integration plan progressing well
- ✦ 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

	4Q			FY		
	2014	2013 Restated	% Change	2014	2013 Restated	% Change
\$ Mln						
Orders	538	630	(14.6%)	1,945	1,991	(2.3%)
Revenues	564	624	(9.6%)	1,877	2,213	(15.2%)
EBITA	67	87	(23.0%)	31	194	(84.0%)
ROS %	11.9%	13.9%	(2.0) p.p.	1.7%	8.8%	(7.1) p.p.

- Order intake in line with last year, for the first time after some years of decreasing trend
- Air Cargo contract issue in Q2 that impacted FY profitability fully addressed and provisioned in 2014 - no impact going forward
- DRS expected to recover profitability in 2015 based on 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

	4Q			FY		
	2014	2013 Restated	% Change	2014	2013 Restated	% Change
€ Mln						
Orders	1,584	1,787	(11.4%)	3,113	3,422	(9.0%)
Revenues	1,009	983	2.6%	3,144	2,816	11.6%
EBITA	89	38	n.a.	237	199	19.1%
ROS %	8.8%	3.9%	4.9 p.p.	7.5%	7.1%	0.4 p.p.

- ✦ Good production performance, mainly B787, ATR as well as M346 and EFA
 - ✦ M346: 8 a/c delivered to Israel
 - ✦ B787 rise in production rates (113 fuselage and 82 horizontal stabilisers in 2014)

- ✦ 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 (ca. €300mln of revenues in 2014)



SPACE

€ Mln	4Q			FY		
	2014	2013 Restated	% Change	2014	2013 Restated	% Change
EBITA	26	19	36.8%	52	55	(5.5%)

- ⚡ 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	4Q			FY		
	2014	2013 Restated	% Change	2014	2013 Restated	% Change
Orders	59	279	(78.9%)	209	583	(64.2%)
Revenues	169	164	3.0%	495	515	(3.9%)
EBITA	61	48	27.1%	89	111	(19.8%)
ROS %	36.1%	29.3%	6.8 p.p.	18.0%	21.6%	(3.6) p.p.

- ⚡ 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



TRANSPORTATION

ANSALDO STS

	4Q			FY		
	2014	2013 Restated	% Change	2014	2013 Restated	% Change
€ Mln						
Orders	586	470	24.7%	1,825	1,484	23.0%
Revenues	434	381	13.9%	1,304	1,230	6.0%
EBIT	44	39	12.8%	125	117	6.8%
ROS (EBIT/Revenues) %	10.1%	10.2%	(0.1) p.p.	9.6%	9.5%	0.1 p.p.

ANSALDO BREDA

	4Q			FY		
	2014	2013 Restated	% Change	2014	2013 Restated	% Change
€ Mln						
Orders	628	321	95.6%	1,186	384	n.a.
Revenues	244	119	n.a.	728	521	39.7%
EBITA	(8)	(133)	94.0%	(42)	(227)	81.5%
ROS %	(3.3%)	(111.8%)	108.5 p.p.	(5.8%)	(43.5%)	37.7 p.p.



FY2015 Outlook Assumptions

- ✦ **Orders and Revenues:** moderate growth, taking into account the changes in perimeter (B787 pass-through and DRS)
- ✦ **Profitability:** meaningful step up of 10%
- ✦ **Below EBITA line:** much lower volatility, with material improvement in the bottom line
- ✦ **Restructuring costs:** further decrease, continuing the path already visible in 2014
- ✦ **FOCF:** improving cash from operations, lower impact of Transportation, normalized JV contribution and slightly higher net investments
- ✦ **Net Debt:** ca. €3.4bn*, after transportation disposal (ca. €600mln reduction)

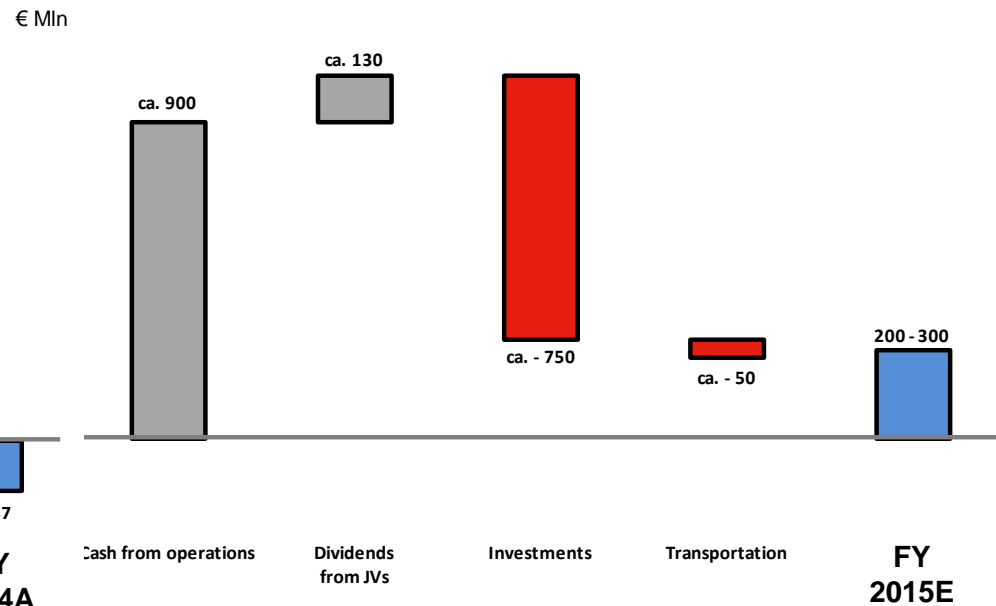
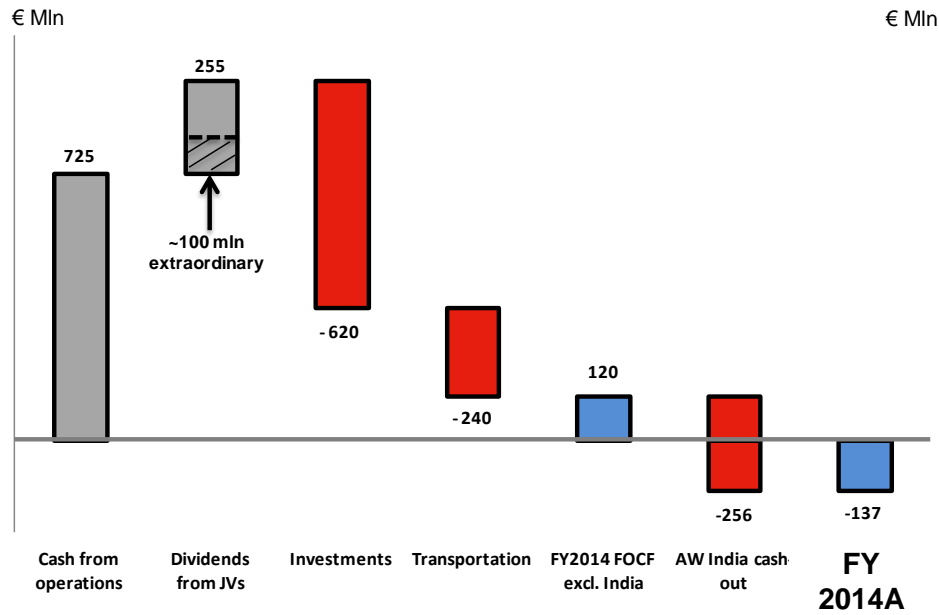
(*) Assuming €/€ exchange rate at 1.27 and €/£ at 0.8



Focus on Group FOCF 2015 expectations

2014A

2015E





FY2015 Guidance

		FY2014A		FY2015E Old Guidance		FY2015E New Guidance
		Reported	Pro forma	GROUP (incl. Transport.)	A&D	
New orders	€ bn	15.6	12.6	14.0 – 14.5	12.0 – 12.5	12.0 – 12.5
Revenues	€ bn	14.7	12.7	14.0 – 14.5	12.0 – 12.5	12.0 – 12.5
EBITA	€ mln	1,080	980	1,150 – 1,200	1,080 – 1,130	1,080 – 1,130
FOCF	€ mln	(137)	65	100 - 200	200 - 300	200 - 300
Group Net Debt	€ bn	4.0		Less than 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

APPENDIX





GROUP PERFORMANCE (1/2)

	4Q			FY		
	2014	2013 Restated	% Change	2014	2013 Restated	% Change
€ Mln						
New Orders	6,266	6,950	(9.8%)	15,619	15,059	3.7%
Backlog				38,234	36,831	3.8%
Revenues	4,794	3,962	21.0%	14,663	13,690	7.1%
EBITA	502	213	n.a.	1,080	878	23.0%
ROS %	10.5%	5.4	5.1 p.p.	7.4%	6.4%	1.0 p.p.
EBIT	308	(281)	n.a.	692	(14)	n.a.
Net result before extraordinary transactions	94	(413)	n.a.	70	(649)	n.a.
Net result after minorities	26	193	(86.5%)	(31)	28	n.a.
EPS (€ cents)	0.045	0.333	(86.5%)	(0.054)	0.048	n.a.
FOCF	1,420	1,293	9.8%	(137)	(220)	37.7%
Group Net Debt				3,962	3,902	1.5%
Headcount				54,380	56,282	(3.4%)

2013 figures restated according to the new IFRS11 accounting principle

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.



Transportation deal – Economics and financials

- ✦ As a result of the disposals, the € 600 mln net reduction on Group Net Debt at the end of 2015 will be as follows:
 - ✦ Net cash of **€ 36 mln** for the AnsaldoBreda and real estate assets disposal
 - ✦ Cash of **€ 773 mln** for ASTS disposal
 - ✦ Deconsolidation of ASTS cash of **€ 293 mln** as at the end of 2014
 - ✦ Deconsolidation of the two combined activities for additional **€ 100 mln**
- ✦ Total Capital Gain will be **approx. € 250 mln**, net of a preliminary estimate of price adjustments and indemnities
- ✦ FOCF for the Group in 2015 will benefit from the deconsolidation of the two businesses; some cash absorption from AnsaldoBreda retained activities still affecting 2015 results, that is for no more than **€ 50 mln**



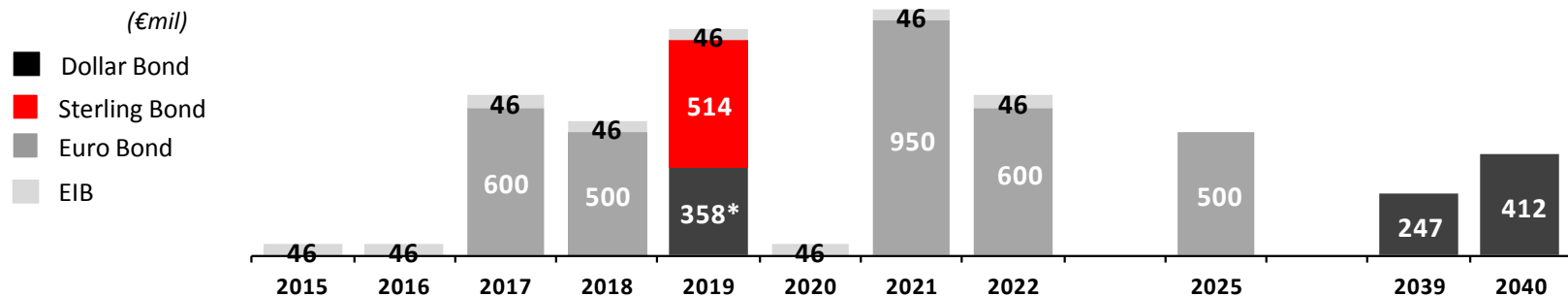
DEVELOPMENT COSTS CAPITALISED AS INTANGIBLE ASSETS AT 31 DECEMBER 2014

<i>€mln</i>	Self Funded National Security	Self Funded Other	Total
01 Jan 2014 Opening Balance	1,167	430	1,597
Gross R&D capitalised	253	95	348
Depreciation and write offs	-69	-66	-135
Disposals	0	0	0
Net R&D capitalised	184	29	213
Reclassifications and exchange differences	-5	55	50
31 Dec 2014	1,346	514	1,860



FINANCIAL POSITION (as of end of December 2014)

- ⌘ No refinancing needs before end 2017
- ⌘ Strong liquidity position
- ⌘ Bonds have neither financial covenants nor rating pricing grids
- ⌘ Average life ≈ 8 years



* Finmeccanica early repaid \$66mil



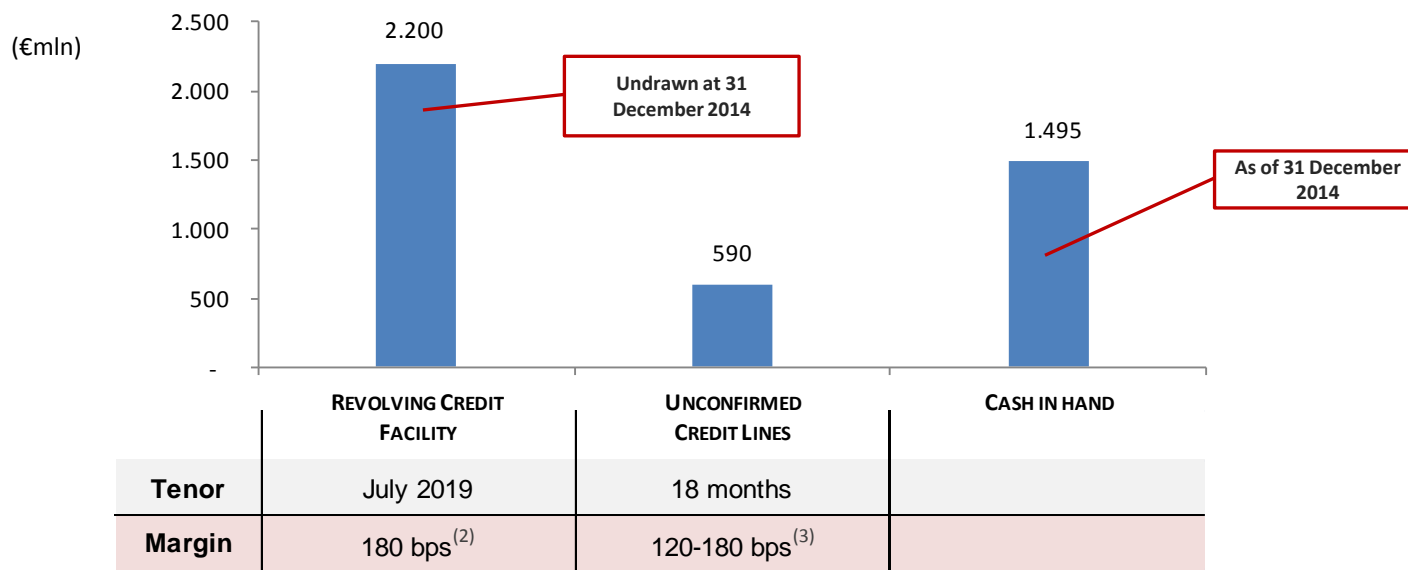
LIQUIDITY POSITION (as of end of December 2014)

Availability of adequate committed liquidity lines

In order to cope with possible volatilities in financial needs, Finmeccanica can leverage:

- 31 December cash balance of €1.5 Billion
- Credit lines worth €2.8 Billion (confirmed and unconfirmed), undrawn at 31 December 2014
 - The €2.2 Billion Revolving Credit Facility, which refinanced the €2.4 billion RCF⁽¹⁾, was signed on 9 July 2014 with a pool of leading Italian and foreign banks and will expire on July 2019
- Bank Bonding lines of roughly €2.8 Billion to support the execution of bidding and orders' activities

(1) Expiring in September 2015



(2) Based on rating as of 31/12/2014

(3) Average. Expected to be renewed at maturity



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.

Contacts

Raffaella Luglini

Head of Investor Relations & SRI

+39 06 32473.066

raffaella.luglini@finmeccanica.com

Valeria Ricciotti

Financial Communication

+39 06 32473.697

valeria.ricciotti@finmeccanica.com

Alessio Crosa

Fixed Income

+39 06 32473.337

alessio.crosa@finmeccanica.com

Paolo Salomone

ESG

+39 06 32473.829

paolo.salomone@finmeccanica.com

ir@finmeccanica.com

www.finmeccanica.com/investors

2014 Annual Results

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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.