Finmeccanica Nine Month 2009 Results Presentation

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Rome, 6 November 2009

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Finmeccanica 9M 2009 Financial Highlights

- Revenues up 30% to Eur 12,640 mln, mainly driven by Defence Electronics (+91%), Helicopters (+14%) and Energy (+52%). Organic growth: 9%.
- EBITA Adjusted up 46% to Eur 885 mln, due to Defence Electronics (+172%) and Energy (+84%). EBITA Adjusted margin at 7%. Organic growth: 5%
- Net profit adjusted up 6.4% to Eur 364 mln (excluding last year STM capital gain worth € 54mln)
- Orders rose 18% allowing backlog to reach new high of Eur 43.5 bn equivalent to 2.5 years of production.
- Net debt at Eur 5,220 mln, after latest bond issues (October) brought to a conclusion the debt structure optimisation following DRS acquisition, bringing the average life of debt back to more than 10 years.

9M and 3Q 2009 Main Economic Results

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(EUR mln)	9M 09	9M 08	% change	3Q 09	3Q 08	% change	FY08
Revenues	12,640	9,688	30%	4,154	3,261	27%	15,037
EBITA Adj.	885	606	46%	284	206	38%	1,305
EBITA Adj. margin	7.0%	6.3%	+0.7 pp	6.8%	6.3%	+0.5 pp	8.7%
EBIT	814	561	45%	258	186	39%	1,210
EBIT margin	6.4%	5.8%	+0.6pp	6.2%	5.7%	+0.5pp	8.0%
NET INCOME	364	396	-8%	124	100	24%	621
Excluding STM capital gain	364	342	6%				
EPS Adj (€ cents) *	0.57	0.7	-18%	0.19	0.2	-2%	1.39
New Orders	13,656	11,579	18%	5,329	4,770	12%	17,575
Order Backlog	43,496	40,856	6%	43,496	40,856	6%	42,937

*Excluding extraordinary operations and minority interests

Main Financial Results

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(EUR mln)	9M 09	9M 08	FY08
Net Working Capital	654	636	(945)
FOCF	(1,286)	(1,542)	469
Net Financial Debt	5,220	2,706	3,383
Debt/Equity	83%	50%	57%
ROI	16.7 %	14.8 %	21.4 %
EVA*	(78)	11	376

*The 2009 VAE has been calculated with a WACC of about one percentage point higher than the WACC utilised to calculate the VAE in 2008

Successful Completion of Debt Refinancing

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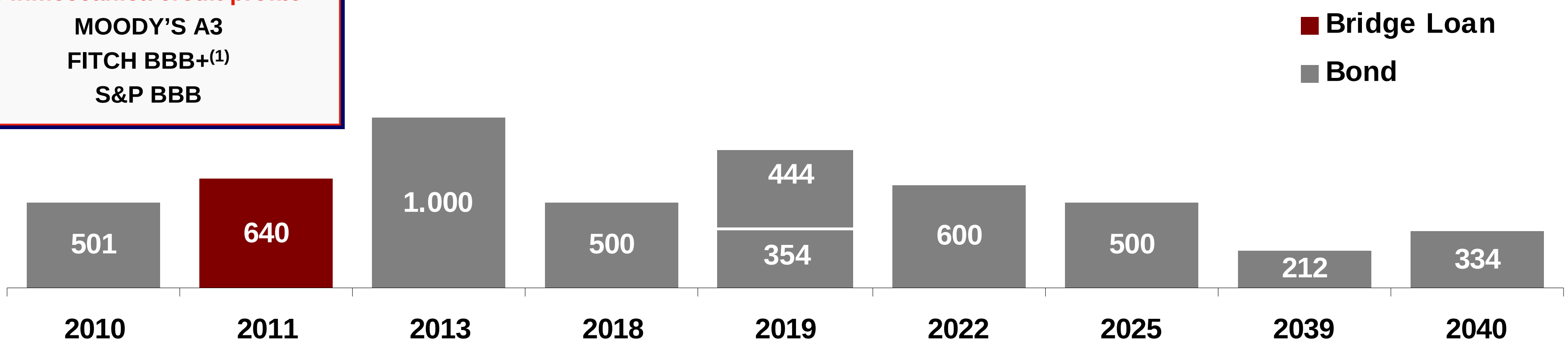
Current average cost of debt: ≈ 5.8%

Finmeccanica credit profile
MOODY'S A3
FITCH BBB+(1)
S&P BBB



- October: Eurobond €600mln 12yr and second long term USD bond Issue of $500mln 30yr
- July: First long term USD bond issue – total value of $800mln ($500mln 10yr, $300mln 30yr)
- July: EIB loan of €500mln (2+10 years, draw-down period until January 2011) so far unutilised

⇒ Cash on hand to repay debt for more than €500mln

Achieved Target of >10 Year Average Debt Life

(1) On 22 July FITCH upgraded Group rating to BBB+ with a "Stable" Outlook

Confirming our Guidance for 2009 and 2010 (DRS Included)

	2009E	2010E
Revenues	***€17.1-17.7bn***	***€17.4-18.6bn***
EBITA	***€1,550-1,620mln***	***€1,650-1,760mln***
Assumptions: forex €/US$	*1.43*	*1.485*

- Cumulative FOCF(*) 2008-2010, including DRS, €1.3–1.5bn, of which ca. €400 – 500mln expected in 2009
- Dividend policy: in line with profits and cash-flow

Guidance achieved for each of last six years

Management still fully committed to setting and pursuing targets for both 2009 and 2010

(*) Free Operating Cash Flow: Operating Cash after investments, net financial charges and taxes

Business Review

Helicopters

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(Euro mln)	9M 09	Change%	9M 08	Q3 09	Change%	Q3 08
Revenues	2,499	14%	2,188	853	18%	722
EBITA Adj	237	2%	233	75	0%	75
EBITA Adj Margin	9.5%	-	10.6%	8.8%	-	10.4%
Orders	2,747	(19%)	3,398	926	(48%)	1,780

- Revenues up 14% mainly due to AW139, AW101, T129Atak and product support (i.e. IOS programmes with UK MoD +10% YoY)
- Order intake supported by higher demand for government and military – i.e. Apache IOS contract ca. €480mln signed in Q3 - while civil orders declined
- Slight decrease in profitability due to product mix
- Order book covers ca. 3 years of equivalent production

Defence Electronics

(Euro mln)	9M 09	Change%	9M 08	Q3 09	Change%	Q3 08
Revenues	4,526	91%	2,373	1,481	97%	750
EBITA Adj	394	172%	145	125	166%	47
EBITA Adj Margin	8.7%	-	6.1%	8.4%	-	6.3%
Orders	4,716	76%	2,684	1,410	92%	733

- Orders and Revenues well above €4.5bn also due to DRS Technologies
- Revenues driven by Avionics and Electrooptics (i.e. EFA-DASS), Command & Control systems (ATC, FREMM, MEADS), Communication Systems (Tetra), IT&Security and DRS (i.e. activities in Reconnaissance, Surveillance and Target Acquisition segment)
- Profitability driven by increased volumes and higher profitability in Command & Control, offsetting slight decrease in IT & Security
- Orders driven by Avionics and Electrooptics (i.e. EFA- logistics and DASS), Command & Control systems (i.e. Empar for FREMM, ATC Malaysia), Communication Systems (i.e. Libya) and DRS (i.e JV-5, Driver's Vision Enhancer and Communication Services for Space and Naval Warfare Systems Center). Recent events: Border control agreement signed with Libya for ca.€300mln, first tranche of ca.€150mln already started

Strong performance by our US company DRS Technologies

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Strong Order Intake – Resilient US Business, Backlog at all time high

DRS Results
(9M2008 and 3Q 2008 not included in Group 9M 2008)

	9M 09		9M 08		Q3 09		Q3 08	
Revenues	€2,119	$2,892	€1,891	$2,878	€688	$939	€649	$987
EBITA Adj	€248	$338	€193	$293	€76	$106	€63	$96
Orders	€2,623	$3,601	€2,273	$3,251	€664	$991	€860	$1,230

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Integration Benefits Emerging Across the Group

Aeronautics

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(Euro mln)	9M 09	Change%	9M 08	Q3 09	Change%	Q3 08
Revenues	1,768	4%	1,701	566	(11%)	638
EBITA Adj	120	3%	117	61	30%	47
EBITA Adj Margin	6.8%	-	6.9%	10.8%	-	7.4%
Orders	2,098	45%	1,448	1,447	140%	604

- Strong order growth driven by military sector (mainly Eurofighter Tr. 3A)
- Revenues driven by military (i.e. Eurofighter, C27J and Trainers) and civil (i.e. ATR and B787)
- Robust backlog of ca. €8.6bn based on strong military programmes; Eurofighter accounts for ca. 52%

Space

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(Euro mln)	9M 09	Change%	9M 08	Q3 08	Change%	Q3 08
Revenues	639	(5%)	671	204	(7%)	220
EBITA Adj	19	(30%)	27	6	(50%)	12
EBITA Adj Margin	3%	-	4%	3%	-	5.5%
Orders	703	21%	579	138	(15%)	163

- Orders: strong increase, mainly due to satellite services, related in particular to Earth Observation (Cosmo images) and Military SatCom
- Revenues: reduction due to lower services and Globalstar temporary “stop work” order
- Profitability impacted by volumes decrease and extra-costs in manufacturing, mainly linked to Globalstar programme

Defence Systems

(Euro mln)	9M 09	Change%	9M 08	3Q 09	Change%	3Q 08
Revenues	767	1%	758	253	3%	245
EBITA Adj	58	4%	56	17	21%	14
EBITA Adj Margin	7.6%	-	7.4%	6.7%	-	5.7%
Orders	685	(7%)	740	119	(49%)	234

Including 25% of MBDA and 100% of Oto Melara and WASS

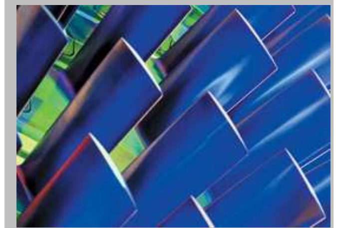
- Revenues driven by Missiles (MICA, Aster, MEADS), Land & Naval Systems (PZH2000, VBM, Hitfist) and Underwater (Black Shark, MU90 and FREMM)
- Profitability mainly improved in Land & Naval Systems due to product mix
- Orders driven by Missiles (i.e. Marte for UAE and customer support), partially offsetting slight decrease in Land, Naval & Underwater Systems. Recent events: contract signed on 26 October with Italian MoD to supply 81 Hitrole Light turrets for a tot value of ca. €20mln
- Order book covers more than 3 years of equivalent production

Transportation and Energy

Transportation

(Euro mln)	9M 09	Change %	9M 08	3Q 09	Change %	3Q 08
Revenues	1,328	5%	1,259	433	2%	423
EBITA Adj	60	(19%)	74	5	(81%)	27
EBITA Adj. Margin	4.5%	-	5.9%	1.2%	-	6.4%
Orders	2,086	120%	950	896	141%	372

- Revenues increase driven by Signalling & Transport Systems
- Profitability decreases due to weaker performance by Vehicles partially offset by improved performance by Signalling & Transport Systems
- Strong order inflow in all segments



Energy

(Euro mln)	9M 09	Change %	9M 08	3Q 09	Change %	3Q 08
Revenues	1,216	52%	801	396	37%	289
EBITA Adj	114	84%	62	37	48%	25
EBITA Adj. Margin	9.4%	-	7.7%	9.3%	-	8.7%
Orders	951	(51%)	1,937	553	(37%)	874

- Revenue growth mainly driven by Plant & Equipment (Turano, San Severo, Bayet)
- Profitability increases mainly due to higher volumes and better mix
- Orders decline due to temporary acquisition slippage

Appendix

Long Term Debt, Credit Lines and Rating

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Bond

Issuer	Notional Amount (€m)	Issue Date	Coupon	Maturity
Finm. Finance(1)	501	2003	0,375%	08 August 2010
Finm. Finance	1000	2008-2009	8,125%	03 December 2013
Finm. Finance	500	2003	5,750%	12 December 2018
Meccanica Holdings USA(3)	354	2009	6,250%	15 July 2019
Finm. Finance(2)	440	2009	8,000%	16 December 2019
Finm. Finance	600	2009	5,250%	21 January 2022
Finmeccanica SpA	500	2005	4,875%	24 March 2025
Meccanica Holdings USA(3)	212	2009	7,375%	15 July 2039
Meccanica Holdings USA(4)	335	2009	6,250%	15 January 2040
Total	4442			

1 Bonds exchangeable in 20,000,000 STMicroelectronics N.V. shares

2 Issued in April, in GBP, for a total amount of £ 400 mln

3 Issued in July, in USD, for a total amount of $ 800 mln (€/$ 1,39)

4 Issued in October, in USD, for a total amount of $ 500 mln (€/$ 1,49)

Bridge Loan for DRS acquisition

Tranche	Size	Outstanding	Tenor	Maturity	Margin (bps)
Tranche A	1000	0	-	-	-
Tranche B(5)	1500	0	-	-	-
Tranche C	700	640	3	June 2011	85
Total	3200	640			

5 Amount outstanding after July and October Bond issue in USD and in Euro

Credit Lines

Medium Term Revolving

Size € 750 mln

Tenor Committed until 2012

Interest Euribor+ 23 bps

Short Term Lines

Size € 1,243 mln of which € 778mln uncommitted

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Agency	Date	Medium-Long Term Debt	Outlook
MOODY'S	29 August 2005	A3	STABLE
S&P	1 July 2004	BBB	STABLE
FITCH	22 July 2009	BBB+	STABLE

Foreign Exchange Exposure & Hedging

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TRANSACTION RISK is constantly monitored and fully hedged through forward, swaps and options: 9M 2009 total hedged exposure worth approx. € 6.2 bln.

TRANSLATION RISK is constantly monitored: 9M 2009 impact on EBITA Adj was approx € (15) mln

For consolidated purposes, the following are the €/$ and €/£ spot rates

	30 September 2009		31 December 2008	30 September 2008	
	Average of period	Final of period	Final of year	Average of period	Final of period
US Dollar	1.36498	1.46430	1.39170	1.52186	1.43030
Pound Sterling	0.88649	0.90930	0.95250	0.78186	0.79030

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