

Board of Directors approves quarterly results. EBIT for first 9 months up to EUR 406 million (EUR 269 million in 2004).

Net profit up 22% from EUR 148 million to EUR 180 million. Orders shoot up 138% to EUR 10.6 billion, from EUR 4.5 billion in 2004.

Space alliance with French group Alcatel operational since 1 July.

- EBIT growth continued in the first nine months, and was up 51%, from EUR 269 million in 2004 to EUR 406 million. The EBIT margin rose from 4.2% to 5.4%. The group confirmed its end-of-year forecasts.
- New orders were up 138% to EUR 10 billion compared to 4.5 billion in 9M04, thanks mainly to the US101 and Eurofighter avionics programmes. Work on the first orders for Boeing 787 fuselages began. The order backlog grew to EUR 31,139 million, equivalent to around three years' production.
- The space alliance with Alcatel has been operational since 1 July.
- Net debt was EUR 2,245 million. The figure was mainly due to strategic acquisitions and the new IAS standards, as well as the typically seasonal nature of the business. The group's balance sheet remains sound (debt/equity ratio: 48%).

Research and development spending rose 24% y/y, to EUR 1.1 billion.

	9M 2005	9M 2004	Tot. Chg.	Chg. %
<i>Revenues</i>	7.298	6.191	1.107	18%
<i>Value of production</i>	7.554	6.460	1.094	17%
<i>EBIT</i>	406	269	137	51%
<i>EBIT margin</i>	5,4%	4,2%		
<i>Net profit</i>	180	148	32	22%
<i>New orders</i>	10.60 6	4.453	6.153	138%
<i>Order backlog</i>	31.13 9	24.315 *	6.824	
<i>Net debt</i>	2.245	701*	1.544	

\* at 31.12.2004

**Pier Francesco Guarguaglini**, Chairman and CEO, commented: "The further improvement in results in the third quarter of 2005 confirms the soundness of our growth strategy. As well as testifying to the high technological value of Finmeccanica products, the significant increase in orders provides the foundations for steady improvement in the group's results".

**KEY FIGURES FOR THE FIRST NINE MONTHS OF 2005**

**Value of production** rose 16.9% to EUR 7,554 million, from EUR 6,460 million in 2004. The result was in line with targets, and was due to the consolidation of AgustaWestland and the new operations acquired from BAE Systems, as well as the contribution of other sectors, including Aeronautics, which saw an increase of 5.5% compared to the same period last year, thanks to growth in the civil and military activities.

**EBIT** came in at EUR 406 million vs. EUR 269 million last year, an increase of EUR 137 million (51%). The group's EBIT margin rose from 4.2% to 5.4% in 9M05. The improvement is due to the higher contribution from AgustaWestland and the positive performance of the Aeronautics (+ EUR 43 million), Space (+EUR 22 million), Defence electronics (+ EUR 9 million) and Energy (+EUR 6 million) divisions. The Transport division (+EUR 21million) was boosted by good performances from Ansaldo Signal and Ansaldo Trasporti Sistemi Ferroviari, which both saw a significant increase in industrial profitability, while AnsaldoBreda's results were dragged down by increased costs relating to some international contracts.

**Net profit** rose 22% to EUR 180 million, compared to EUR 148 million in 2004. The 9M05 profit and loss account does not include any contribution from the stake in STM (following the adoption of IFRS principles, and more specifically IAS 39, this shareholding has been classified as available for sale. It is therefore recorded at fair value with a compensating entry under shareholders' equity), which showed an attributable profit of EUR 88 million in the same period of 2004. The total rise in net profit in 9M05 is therefore EUR 120 million, due mainly to the increase in EBIT and the smaller tax burden.

As is usual in the first nine months of the year, **net debt**, which stood at EUR 2,245 million at the end of September, was affected by the seasonal nature of the business, which means that receipts from customers come mostly towards the end of the year. The debt figure was due in significant measure to two factors: the application of the new IAS accounting standards and the huge investment made by the group for strategic purposes (EUR 637 million). However, debt ratios remain low enough to maintain the group's conservative financial management, all other things being equal.

The group secured **orders** totalling EUR 10,606 million in the first nine months of 2005, compared with EUR 4,453 million in the same period last year, an increase of 138%. The largest contributors to this performance were the Helicopters division, with the order for the first tranche of the US101 presidential helicopter contract, and Defence electronics, with the order to manufacture the "Defensive Aids Sub System" (DASS) for the second tranche of the Eurofighter contract. Moreover, in the third quarter, the Aeronautics division was awarded its first important contract for B787 aerostructures. Some 54% of total new orders related to the defence sector, compared with 43% in the same period of last year.

The **order backlog** stood at EUR 31,139 million at 30 September 2005, a rise of EUR 6,824 million on the EUR 24,315 million figure recorded at 31 December 2004. This is equivalent to almost three years' production. About 28% of current orders will be carried out in 2006. The assets acquired from BAE Systems account for EUR 2,620 million of the increase in orders.

Finmeccanica continued boosting its investment in **research and development**, spending EUR 1,103 million, compared with EUR 892 million in 2004 (+24%). The main activities included: prototypes and technologies for aerostructures and systems integration (Aeronautics); the CosmoSkyMed, Galileo and International Space Station programmes (Space); the development of the A149 and the BA609, as well as the variants on the basic EH101, NH90 and A109 LOH/LUH models (Helicopters); and avionics activities, command and control systems, integrated communication systems and networks, and private mobile communications (Defence electronics).

The **headcount** at 30 September 2005 was 55,195, an increase of 5,859. This was chiefly due to the agreements with BAE Systems. The group has more than 15,500 employees abroad, including over 9,300 in the UK.

### Key figures for the third quarter of 2005

In the third quarter of the year Finmeccanica saw its value of production rise 25% to EUR 2,591 million, from EUR 2,085 million in the same period last year. EBIT stood at EUR 156 million, a 114% jump on the EUR 73 million registered in 3Q04. Net profit for the period was EUR 76 million, a rise of 33% on the figure for 3Q04 (EUR 57 million).

Thanks to this positive performance, the group was able to achieve a particularly significant EBIT margin for 3Q05 of 5.9%, up from 3.5% in 3Q04 and 5.1% in 1H05.

Excluding the sectors that saw a significant change in their sphere of operations, particularly positive performances came from Aeronautics (EBIT up from EUR 24 to 51 million) and Defence Systems (EBIT up from EUR 4 to 22 million).

Financial expenses rose by EUR 25 million in 3Q05, owing to large strategic investments and the operational requirements of group companies. Tax for the period totalled EUR 55 million (+ EUR 19 million), as a result of higher taxable income.

### THIRD-QUARTER HIGHLIGHTS AND SIGNIFICANT EVENTS SINCE SEPTEMBER 2005

On 1 July the two new companies set up to integrate Finmeccanica and Alcatel's Space businesses started operations: specialising in satellite manufacturing and services respectively. Alcatel Alenia Space SAS, (owned 33% by Finmeccanica) focuses on the design, development and production of satellites, payloads, and other space equipment and systems. Telespazio Holding Srl (owned 67% by Finmeccanica) provides services for satellite solutions. The aim of the agreement is to develop major synergies and economies of scale, in order to improve the group's market position in the space sector and make it the European leader.

On 27 July 2005 Finmeccanica announced the acquisition of a 52.7% stake in Italian IT company **Datamat SpA**. On 5 October 2005 it finalised the acquisition for EUR 151 million, having gained all the authorisation required from the competition authorities. On 4 November Finmeccanica provided the market with all the necessary information regarding the offer, filing with Consob the information required under art. 102 of the *Testo Unico della Finanza* Law (TUF).

On 18 August 2005 Finmeccanica signed a memorandum of understanding with the Russian federal agency for industry. Under the agreement, **Alenia Aeronautica** and **Sukhoi** will work together to develop a new family of regional transport aircraft for the civil market. On the same day, Finmeccanica also signed three separate agreements with other Russian companies in the sectors of aviation design, training aircraft and unmanned aerial vehicle (UAV) technology.

On 10 September 2005 **Finmeccanica** signed a partnership agreement with the Greek company **Hellenic Aerospace Industry (HAI)** to identify areas in which to co-operate. The first areas of co-operation will be structural components for civil aircraft, the modification and upgrading of civil and military aircraft, satellite systems, electronic systems and surveillance systems.

As part of its more general drive to increase its activities in the civil market, on 29 September **Finmeccanica's** board of directors approved the merger of **Ansaldo Trasporti Sistemi Ferroviari SpA (ATSF)** with **Ansaldo Signal NV**, after already having approved the listing of the latter in July. The operation, which is expected to be completed by the end of the first half of 2006, will lead to the creation of a new industrial group able to take full advantage of the highly complementary skills of the two companies. ATSF will have greater access to foreign markets through the commercial network and international presence of Ansaldo Signal, a global leader in railway signalling sector, while Ansaldo Signal will increase its ability to compete in the integrated systems market thanks to ATSF's design and systems capabilities.

## OUTLOOK

Finmeccanica projects year-on-year revenue growth of over 20% in 2005, taking EBIT to around EUR 700 million. This forecast includes the consolidation of 100% of AgustaWestland for the whole year, and the consolidation of the defence electronics operations acquired from BAE Systems from 1 May 2005, as well as the consolidation of the space operations included under the joint venture with Alcatel from 1 July 2005. In 2006, revenues are expected to rise by a further 10%, with EBIT rising to some EUR 800 million. In addition, the company estimates that it will generate cumulative operating free cash flow of over EUR 600 million over the three years from 2005 to 2007. The projections include the impact of the new IAS/IFRS accounting standards.

The integration of new acquisitions (especially BAE's avionics operations), and the consolidation of those currently under way, will generate significant integration costs, necessary to achieve the substantial synergies foreseen. Continued close monitoring of working capital, against a backdrop of the major investments needed to develop new products, will lead to moderately positive cash flows which should ensure that net debt will not exceed the level recorded at 30 June 2005.

### Results by sector of activity (9M05 – figures in EUR million)

#### Helicopters

##### AgustaWestland (100%)

**Value of production: EUR 1,721 million (-3%); EBIT: EUR 174 million (-5%)**

The helicopters market confirmed its growth trend, driven by the need of certain countries with high budgets to renew their fleets (including the US and the UK), new security and civil defence requirements, and the trend towards the acquisition of solutions and services rather than operating platforms alone. In the military sector, the US will represent half of the world market over the next ten years.

**Value of production** came in at EUR 1,721 million, compared to EUR 1,780 million recorded in the same period in 2004. Production was mainly focused on: completion of the first batch of EH101 for the Italian navy, and delivery to the Danish, Portuguese and Japanese governments; the SuperLynx 300 for the armed forces of Oman, South Africa and Thailand; the AB139 (of which 15 were delivered in the first nine months); the A109 Power (with 20 units delivered to the civil-government market); the first delivery of the Grand at the Le Bourget air show; the upgrading of the A129 for the Italian army; the AB412 (of which five units were delivered in the first nine months); and delivery of the first two units of the A109E Power for the armed forces of Sweden and South Africa.

**EBIT** came in at EUR 174 million down from EUR 184 million at 9M04. The fall was due to the limited contribution of some important domestic programmes, such as the Apache in the UK, which contributed to the 2004 result. The FY2005 result will however be higher than that of FY2004, thanks to efficiencies generated by the integration of Italian and UK activities. **ROS** came in at 10.1%, in line with 9M04 (10.3%).

**New orders** came in at EUR 2,892 million, up on the EUR 800 million recorded in the same period in 2004. This was mainly due to orders for the AB139 and for a further 20 Grand helicopters.

**The order backlog** totalled EUR 7,039 million, a significant increase on the figure of EUR 5,238 million registered at 31 December 2004. Growth was due to important orders acquired in early 2005, including the first tranche of the US presidential helicopter, valued at EUR 800 million. Given the size of the order backlog, the company should be able to maintain the same production volumes as last year.

**The headcount** was 8,545, a decrease of 423 compared to the headcount at 31 December 2004 (8,968).

**Defence electronics****Selex Sensors and Airborne Systems, Selex Communications, Selex Sistemi Integrati, Elsag, Sistemi Navali Internazionali, Seicos****Value of production EUR 1,932 million (+17%); EBIT: EUR 114 million (+9%)**

The start-up of operations at the end of April 2005 by the new companies acquired from BAE Systems, has radically changed the structure of the Defence electronics business, completing Finmeccanica's avionics portfolio and strengthening the company's presence in military communications. Moreover, the company has now regained 100% control of the command and control systems business. Elsag—also part of the Defence electronics business—is now increasingly focused on the security market, a new mission for the company that completes the redefinition of the whole sector. The defence electronics market is worth around 20% of global demand in the aerospace, defence and security sector (valued at around EUR 300 billion) with a projected growth rate of around 6% a year until 2009. Against this backdrop, the strategic decisions made by Finmeccanica guarantee excellent prospects in the most advanced markets (the US and UK) from its participation in important military programmes in homeland security.

**Value of production** jumped by 16% from EUR 1,657 million in 9M04 to EUR 1,932 million, mainly due to the acquisition of the UK avionics operations, growth in communications and the creation of Seicos. The most profitable activities were: in the avionics sector, production relating to the Typhoon, the NH90, Grifo radar and PAR, as well as the supply of Mirach 100/5 target drones; in command and control systems, work on contracts with the Italian Navy, as well as on the FSAF and Horizon international partnerships; in integrated communications systems and networks, the supply of radio systems for NATO AWACS aircraft and the production of Personal Role Radio for the UK, US, Jordan and Saudi Arabia.

**EBIT** came in at EUR 114 million, up on the EUR 105 million recorded in the same period in 2004. The result was boosted by the change in the basis of consolidation. **ROS** fell from 6.2% in 9M04 to 5.9%.

**New orders** stood at EUR 3,367 million, up by EUR 2,084 million versus the same period last year (EUR 1,283 million). One of the chief contributors was the order for Selex Sensors and Airborne Systems Ltd for the production of DASS (*Defensive Aids Sub System*) for the second tranche of the EFA programme. In command and control systems, Selex Sistemi Integrati secured an order from MBDA for radar for MEADS (Medium Extended Air Defense System). The most significant orders for integrated communication systems and networks related to the A400M and Typhoon programmes, and the Personal Role Radio (for the UK, US and Jordan).

**The order backlog** was EUR 7,114 million, up EUR 4,257 million compared to 31 December 2004 (EUR 2,857 million), owing to the consolidation of Selex Sensors and Airborne Systems Ltd (EUR 2,620 million), after which activities in avionics account for more than 60% of the sector's total portfolio.

**The headcount** was 18,593, an increase of 5,997 on the headcount at 31 December 2004 (12,596), owing to the larger basis of consolidation and the 100% consolidation of Selex Sistemi Integrati.

**Aeronautics****Alenia Aeronautica, Aermacchi****Value of production EUR 1,405 million (+5%); EBIT: EUR 99 million (+77%)**

Demand in the military market is increasingly geared towards multi-purpose aircraft and advanced trainers. Interest is also growing in unmanned aircraft. Against this backdrop, Alenia Aeronautica has secured some important contracts, including the supply of the C-27J to Bulgaria and the ATR72ASW to Turkey. The company is also promoting the C-27J on the US market through the joint venture GMAS, while further promotional activities are under way in Canada, Finland and the Czech Republic. In the field of unmanned aircraft, the company signed a contract with Dassault to take part in the Neuron programme. In the civil market, Finmeccanica is playing an important role in the new Boeing and Airbus programmes, particularly those relating to the B787 and the A380, and the group plans to strengthen its presence in Europe through new agreements with Russian partners in the fields of regional aircraft, aircraft design, trainer aircraft and UCAV technology.

**Value of production** was EUR 1,405 million, up by EUR 73 million versus the same period last year (EUR 1,332 million). The rise was due to increased activity on the C-27J for Greece (with delivery of the first aircraft in

September) and a rise in production of the ATR and engine nacelles, which offset the slight fall in aerostructure production and aircraft conversion.

**EBIT** jumped to EUR 99 million, from 56 million last year. The increase was mainly due to higher sales recorded by the consortium GIE ATR, bigger contributions from the AMX, JSF and C-27J military programmes and the conclusion of negotiations that allowed the group in the third quarter to acquire compensation from Boeing for the closure of the B757 programme. This is reflected in an increase in **ROS**, which climbed to 7.0%, from 4.2% at 30 September 2004

**New orders**, at EUR 2,116 million, exceeded both forecasts and the EUR 723 million recorded in the same period in 2004. The rise is due to the first order for the B787 (around EUR 850 million), an increase in orders for equipment for the Eurofighter programme and for ATRs (53 aircraft ordered in 9M05), of which around EUR 300 million relates to the aeronautics business.

**The order backlog** was EUR 6,302 million, up on 31 December 2004 (EUR 5,375 million), with significant shares accounted for by the Eurofighter (59%), B787 (14%), C-27J (7%) and AMX (5%) programmes.

**The headcount** was 10,974, an increase of 270 on the headcount at 31 December 2004 (10,704).

### **Space (Alenia Spazio, Telespazio)**

**Value of production EUR 547 million (+5%); EBIT: EUR 24 million (+22 EUR mln)**

On 1 July 2005, two companies created by Finmeccanica and Alcatel to merge their respective space activities became operational, namely Alcatel Alenia Space for space systems and Telespazio for satellite services. The agreement significantly changes the group's prospects in the sector, where it is now a European leader, while the commercial market has started to show signs of recovery, particularly in broadband systems and in services. Institutional demand is likely to represent a source of strength in the coming years for industrial space activities through programmes such as Galileo for satellite navigation and GMES for defence and land monitoring, and those in broadband communications. Under this new structure, Finmeccanica will be able to maximise synergies between the two companies, and seize the opportunities presented by the European space market.

**Value of production** was EUR 547 million, up by 5% on the same period in 2004 (EUR 519 million), mainly through activities relating to the Terra Cosmo-SkyMed Earth observation programme, satellites for civil and scientific (Herschel/Plank and Goce) use, the International Space Station (Node 3 and the ATV vehicle), satellites for military telecommunications (Syracuse and Sicral 1B) and the Galileo and EGNOS programmes.

**EBIT** was EUR 24 million, an increase of EUR 22 million over the same period last year (EUR 2 million), which was affected by restructuring provisions and write-downs. Restructuring in both companies and the lower cost structure contributed to the improvement. As a result, **ROS** improved, climbing to 4.4% compared to 0.4% in the same period in 2004

**New orders** totalled EUR 330 million, versus EUR 353 million in the same period last year. The most important new orders included the final order for Node 3 for the International Space Station; orders for the AMOS and Galileo programmes and another tranche for the Herschel/Plant scientific satellite.

**The order backlog** was EUR 1,042 million (down by 26% compared to 31 December 2004, when 100% of Alenia Spazio and Telespazio were consolidated).

**The headcount** was 3,125, a reduction of 135 on the headcount at 31 December 2004 (3,260), mainly due to the new basis of consolidation.

### **Defence Systems—OTO Melara, WASS, MBDA**

**Value of production: EUR 706 million (-6%); EBIT: EUR 42 million (+14%)**

Worldwide demand for missile systems confirms a broadly positive short- to medium-term trend. Specifically, air defence systems will represent the biggest segment over the next few years (around 40% of worldwide

demand), with the continuation of major international programmes. The new defence and security requirements will also create attractive prospects in the market for mobile defence systems for the protection of armed forces, and for underwater systems for the protection of areas around ports.

**Value of production** was EUR 706 million, down by EUR 44 million versus the same period last year (EUR 750 million). The main contributors to revenues were: missile systems for the PAAMS naval platforms and the Storm Shadow and SCALP EG missile systems for the UK and French defence ministries, the Centauro and Dardo programmes and production of the 76/62 naval guns.

**EBIT** was EUR 42 million, up by 5 million compared to the same period of 2004, thanks to the increased profitability of certain activities. ROS improved to 5.9%, from 4.9% in 9M04.

**New orders** came in at EUR 403 million, up by EUR 21 million versus the same period last year (EUR 382 million). The new orders were for: the design and development of the MEADS system; the supply of a further tranche of the MICA air-to-air missile for France; PAAMS surface-to-air missile systems for naval platforms; and countermeasures for the Indian navy's submarine fleet. Lastly, an order of strategic importance was received for 24 Black Shark torpedoes for the Portuguese navy.

**The order backlog** totalled EUR 4,098 million, basically in line with the figure posted at 31 December 2004 (EUR 4,115 million). Two thirds of this figure related to missile systems activities.

**The headcount** was 4,130, 17 less than at 31 December 2004 (4,147).

#### **Energy—Ansaldo Energia**

**Value of production: EUR 519 million (+1%); EBIT: EUR 20 million (+43%)**

Growth in global demand for power generating plants and equipment remained strong, driven by demand in India and the Far East, and in the revitalised North American market. The large proportion of the demand coming from China and India indicates a prevalence for orders for traditional fossil fuel plants. Demand on the Italian market remains at 2004 levels. Ansaldo Energia enjoys a leading position on this market, and also has a presence in the Middle East and on the European market, particularly in services, where it has agreements in place with international operators to create long-term partnerships.

**Value of production** totalled EUR 519 million, broadly in line with the 9M04 figure (EUR 513 million). This breaks down as: 73% from the plant segment, with the new Vado Ligure, Leinì and Sparanise orders and ongoing work on orders for Enipower and Iran; 20% from services; and 7% from the nuclear division.

**EBIT** was EUR 20 million, up from EUR 14 million in 9M04, despite an increase in R&D costs. This result was achieved thanks to a different mix of activities, a greater contribution from services and the ongoing improvements achieved through efficiency plans. ROS therefore improved from 3% in 9M04 to 3.8%.

**New orders** jumped from EUR 128 million in 9M04 to EUR 557 million in 9M05. 60% were for the plant segment, 35% for services and 5% for the nuclear division. The main orders included a 380 MW combined-cycle plant for the Leinì facility in Piedmont, a power block for the 800 MW combined cycle plant in Escatron (Spain) and two 90 MW steam turbines for the ERG plant in Priolo.

**The order backlog** stood at EUR 2,130 million, up from EUR 2,089 million at 31 December 2004.

**The headcount** was 2,527, 61 less than at 31 December 2004.

#### **Transport—Ansaldo Trasporti Sistemi Ferroviari, Ansaldo Signal, AnsaldoBreda**

**Value of production: EUR 899 million (-8%); EBIT: EUR 5 million (-85%)**

Demand confirmed the attractive medium-term prospects, driven by the need to reduce the environmental impact of transport systems and to replace a large proportion of existing vehicles—as well as the increasing tendency of major operators to outsource management and maintenance services. Europe was again the main

world market. Italy offers significant growth prospects, mainly in urban transport systems and high-speed trains. Countries in the Asia Pacific region, especially India, are experiencing buoyant demand growth. In the first nine months of 2005, the Transport division reported varied results in the different business areas. Both Ansaldo Signal and Ansaldo Trasporti Sistemi Ferroviari benefited from order growth and a significant increase in operating profit, although AnsaldoBreda did not perform well.

**Value of production** was EUR 899 million, down by EUR 73 million versus the same period last year (EUR 972 million). The decline was entirely due to the vehicles business: operating profit fell sharply, since a major overhaul of the order estimate process (implemented in light of the year's negative business performance and as part of the company's restructuring programme undertaken at the time of the change in management) made its initial impact on results. However, the profitability of the systems division improved and the signalling segment put in a good sales performance, boosting results—thanks in particular to Italian subsidiary Ansaldo Segnalamento Ferroviario.

As regards AnsaldoBreda SpA, which posted a decline of EUR 49 million, note that as delays in expected delivery times intensified, the new management was set the task of implementing a comprehensive restructuring programme aimed at increasing efficiency and competitiveness on both the domestic market and the international market. This has required estimates regarding the “whole life” duration of certain contracts to be revised, and led to significant extra costs being expensed through the profit and loss accounts.

**EBIT** fell by EUR 28 million, from EUR 33 million in 9M04 to EUR 5 million in 9M05, due to the poor performance of AnsaldoBreda (ROS: -14.1%), which was only partly offset by the increase in industrial profitability at ATSF (ROS: 8.3%) and Ansaldo Signal (ROS: 8.9%). As a result, ROS for this division shrank to 0.6%, from 3.4% in 9M04.

**New orders** totalled EUR 1,394 million, up by EUR 62 million versus the same period last year (EUR 1,332 million), thanks to orders received by the signalling and systems businesses. The main orders included systems for the Genoa metro, a tram for the Florence local authority, modifications for Italian high-speed trains, and in signalling, orders from Trenitalia for SCMT systems, Union Pacific of the US and a maintenance order for the high-speed section of the Madrid-Lerida railway.

**The order backlog** was EUR 4,182 million, up by EUR 526 million compared to 31 December 2004 (EUR 3,846 million), equivalent to around three years' production.

**The headcount** was 6,260, an increase of 255 compared with 31 December 2004 (6,005), due to the increase in staff numbers in the signalling business.

### Comments on the third-quarter results to 30 September 2005

For a better understanding and comparison of the results, please note the following changes in the basis of consolidation.

- Helicopter group AgustaWestland, 50% consolidated using the proportional method until 30 November 2004 (when a further 50% was acquired), has been fully consolidated since that date.
- The structure of the defence electronics business was changed significantly by the agreement signed at the end of April 2005 with BAE Systems plc, especially following the acquisition of assets consolidated from 1 May 2005 (100% consolidation of Selex Sensors and Airborne Systems SpA and 100% of Selex Sistemi Integrati SpA). The assets of Elsag are also included in this business.
- On 1 July 2005, Finmeccanica and Alcatel Participations SAS formed two joint ventures in the space sector: Alcatel Alenia Space SAS (Finmeccanica 33%), for Space manufacturing and Telespazio Holding Srl (Finmeccanica 67%), which will offer satellite services. The two companies, and their subsidiaries, have been consolidated using the proportional method (from 1 July 2005).

The profit and loss account for the periods 1 January-30 September and 1 July to 30 September 2005 include figures only from the date of acquisition (or from the date the acquisition became effective).

The balance sheet at 31 December 2004 does not include the figures for the groups and companies consolidated from 2005.

CONSOLIDATED PROFIT AND LOSS ACCOUNT					
€mil.	9 M 2005	9 M 2004	Q3 2005	Q3 2004	H1 2005
<b>Revenues</b>	<b>7.298</b>	<b>6.191</b>	<b>2.572</b>	<b>1.989</b>	<b>4.721</b>
<b>Value of production</b>	<b>7.554</b>	<b>6.460</b>	<b>2.591</b>	<b>2.085</b>	<b>4.958</b>
Cost of goods, services and labour	(6.902)	(5.885)	(2.320)	(1.930)	(4.578)
Depreciation and amortization	(246)	(211)	(90)	(67)	(155)
Provisions for risks and charges	(11)	(19)	(1)	(1)	(10)
Restructuring costs	(17)	(47)	(7)	(8)	(10)
Other operating revenues (costs)	28	(29)	(17)	(6)	46
<b>EBIT</b>	<b>406</b>	<b>269</b>	<b>156</b>	<b>73</b>	<b>251</b>
<i>EBIT Margin</i>	<i>5,4%</i>	<i>4,2%</i>	<i>6,0%</i>	<i>3,5%</i>	<i>5,1%</i>
Financial income (expenses)	(89)	34	(25)	18	(64)
<i>of which effect of accounting for equity investments with equity method</i>	<i>(24)</i>	<i>60</i>	<i>(1)</i>	<i>17</i>	<i>(23)</i>
Income taxes	(137)	(150)	(55)	(36)	(82)
<b>Profit before discontinued operations</b>	<b>180</b>	<b>153</b>	<b>76</b>	<b>55</b>	<b>105</b>
<i>Profit of discontinued operations</i>	<i>-</i>	<i>(5)</i>	<i>-</i>	<i>2</i>	<i>-</i>
<b>Net profit</b>	<b>180</b>	<b>148</b>	<b>76</b>	<b>57</b>	<b>105</b>
<i>Minority interests</i>	<i>8</i>	<i>1</i>	<i>3</i>	<i>1</i>	<i>1</i>
<b>Net attributable profit</b>	<b>172</b>	<b>147</b>	<b>73</b>	<b>56</b>	<b>104</b>

**Value of production** increased by around 17%, from EUR 6,460 million at 30 September 2004, to EUR 7,554 million at 30 September 2005. This advance was largely attributable (in both periods) to the increased contributions from AgustaWestland and the defence electronics business, primarily resulting from the acquisition of the avionics assets of BAE Systems plc at the end of April 2005. As for other divisions, value of

production at aeronautics rose by 5.5% versus the same period of last year to EUR 73 million, both in the military segment owing to increased activity on the C27J, particularly in relation to aircraft for Greece, and in the civil segment, which saw growth in the production of the GIE/ATR and engine nacelles, offsetting the slight fall in aerostructure production and aircraft conversion. The contribution of some divisions fell, however: value of production fell by 5.9% for defence systems (to EUR 44 million), as fewer projects were developed; the same decline was recorded by the transport division (down 7.5% to EUR 73 million), owing to a lower contribution from AnsaldoBreda SpA, as the value of production of Ansaldo Signal NV, its subsidiaries and Ansaldo Trasporti Sistemi Ferroviari SpA was broadly in line with that of 9M04.

Value of production for the third quarter was EUR 2,591 million, an increase of EUR 506 million (+24%) versus the same period last year (EUR 2,085 million).

Within purchasing and personnel costs, "personnel costs" increased from EUR 1,825 million in 9M04 to EUR 2,155 million this time, due to a rise in staff numbers. The average headcount over the nine months was 52,066, up from 45,656 in the first nine months of 2004. The increase is largely attributable to staff working for companies that were added to the basis of consolidation, including the change relating to AgustaWestland (consolidated proportionally at 50% in 9M04). The headcount at 30 September 2005 stood at 55,195, an increase of 5,859 on the 49,336 registered at 31 December 2004, largely due to the acquisition of Selex Sensors and Airborne Systems Ltd and a small reduction in staff turnover.

Third-quarter personnel costs were EUR 714 million, compared with EUR 566 million in 3Q04. Please note that the costs relating to personnel reorganisation/restructuring are recorded under "restructuring costs".

**Depreciation and amortisation** rose in 9M05 compared to the same period last year, chiefly owing to the change in the basis of consolidation (the higher contribution of AgustaWestland and the acquisitions of Selex Sensors and Airborne Systems Ltd. and Alcatel Alenia Space SAS). The figure totalled EUR 246 million (from EUR 211 million in 9M04); EUR 207 million of this related to depreciation of tangible assets (EUR 178 million in 9M04), and EUR 39 million to amortisation of intangible assets (EUR 33 million).

**EBIT** came in at EUR 406 million, up EUR 137 million (51%) on the EUR 269 million recorded at 30 September 2004. The EBIT margin also improved, from 4.2% in 2004 to 5.4% in 2005. Again, the bigger contribution from AgustaWestland is the main reason for the increase. Other sectors registered growth, the only exception being rolling stock (AnsaldoBreda) in the transport business.

The main improvements related to:

- Aeronautics, where EBIT rose EUR 43 million, mainly due to the greater volumes of activity mentioned above, and to the conclusion of negotiations relating to the Boeing B757 programme
- Space, where EBIT rose EUR 22 million, as the result in 2004 was affected by provisions/write-downs aimed at restructuring non-core activities partly agreed with Alcatel ahead of the setting up of the partnerships which came into effect from July 2005.
- Defence Electronics, where EBIT increased by EUR 9 million, owing to the change in the basis of consolidation, although this was partly offset by delays in the Tetra order for Italy's police forces
- Defence Systems, where EBIT rose by EUR 5 million, thanks to a higher contribution from more profitable activities
- Energy, where EBIT rose by EUR 6 million, as a result of the different mix of activities, a higher contribution from services and the impact of efficiency and productivity plans
- Transport, where EBIT was up EUR 21 million, as Ansaldo Signal NV and Ansaldo Trasporti Sistemi Ferroviari SpA benefited from a significant increase in industrial profitability;

The only business to witness a significant decline in EBIT was AnsaldoBreda SpA (- EUR 49 million). As delays in expected delivery times intensified, the new management of AnsaldoBreda SpA was set the task of implementing a complete restructuring programme aimed at increasing efficiency/competitiveness on both the domestic market and the international market in particular. This required estimates regarding the "whole life" duration of certain contracts to be revised, and lead to the inclusion of significant extra costs on the balance sheet.

Finally in 3Q05, EBIT rose EUR 83 million, from EUR 73 million in 3Q04 to EUR 156 million, which allowed the company to post a particularly significant EBIT margin of 6%, up from 3.5% in 3Q04 and from 5.1% in 1H05.

The total of “**financial income and expenses**” came in at EUR 89 million of expenses, a decrease of EUR 123 million on 9M04 (income of EUR 34 million). For the third quarter, the figure fell by EUR 43 million, from income of EUR 18 million in 3Q04 to expenses of EUR 25 million.

The item breaks down as expenses of EUR 65 million for 9M05, compared to EUR 26 million for 9M04, and the negative impact of the valuation of shareholdings at equity, totalling EUR 24 million in 9M05, compared to a positive effect of EUR 60 million for 9M04.

Note that the group chose to adopt IAS 39 from 1 January 2005, so the profit and loss account for 9M04 does not include the effects resulting from the application of this standard.

The effects of the valuation of shareholdings at equity relate in particular to:

	<u>30.09.05</u>	<u>30.09.04</u>
STM increase/decrease	-	88
Aero Invest 1 SA (Avio)	(28)	(12)
increase/decrease		
Net increases/decreases from other investment holdings	4	(16)
	<u>(24)</u>	<u>60</u>

Note also that the sale of a total 96 million shares in StMicroelectronics NV (STM) in 2004, both directly and indirectly through the sale of around 30.4% of shares in holding company STMicroelectronics Holding NV (STH), gave the group an indirect stake in STM of around 6.6% and a direct stake of around 19.6% in STH. Following the adoption of IFRS principles, and more specifically IAS 39, Finmeccanica SpA has classified this shareholding as available for sale. It is therefore recorded at fair value with a compensating entry under shareholders' equity. The 9M05 profit and loss account does not therefore include any contribution from the stake in STM, which showed an attributable profit of EUR 88 million in 9M04.

“**Income taxes**” totalled EUR 137 million in 9M05, down from EUR 150 million in the same period last year. This figure breaks down as follows:

	<u>30.09.05</u>	<u>30.09.04</u>
IRES tax	69	54
IRAP tax	72	63
Benefit from the new “tax consolidation” system	(68)	(17)
Other income taxes and provisions for tax disputes	39	36
Net deferred taxes	25	14
	<u>137</u>	<u>150</u>

**Net profit** for the first nine months of 2005 was EUR 180 million, up EUR 32 million from EUR 148 million in the same period last year. The increase rises to EUR 120 million on a like-for-like basis (that is removing STM's contribution from the result to 30 September 2004).

BALANCE SHEET				
€mil.	30/09/2005	31/12/2004	30/09/2004	30/06/2005
Non-current assets	7.624	5.520	4.871	7.397
Non-current liabilities	(2.030)	(1.877)	(1.920)	(2.008)
	5.594	3.643	2.951	5.389
Inventories	5.281	4.589	3.872	5.161
Construction contracts	2.909	2.169	2.308	2.671
Receivables	3.623	3.353	2.956	3.610
Trade payables	(2.930)	(2.832)	(2.460)	(3.024)
Customer advances	(3.957)	(3.214)	(2.713)	(3.713)

Provisions for risks and charges S/T	(588)	(514)	(333)	(573)
Other net current assets (liabilities)	(3.059)	(2.975)	(2.172)	(3.030)
<b>Net working capital</b>	<b>1.279</b>	<b>576</b>	<b>1.458</b>	<b>1.102</b>
<b>Net invested capital</b>	<b>6.873</b>	<b>4.219</b>	<b>4.409</b>	<b>6.491</b>
Group's equity	4.195	3.627	3.222	4.100
Minorities interests	443	22	(1)	449
<b>Shareholders' equity</b>	<b>4.638</b>	<b>3.649</b>	<b>3.221</b>	<b>4.549</b>
<b>Net debt</b>	<b>2.245</b>	<b>701</b>	<b>1.208</b>	<b>1.952</b>
<b>Net (assets) liabilities held for sale</b>	<b>(10)</b>	<b>(131)</b>	<b>(20)</b>	<b>(10)</b>

“**Net invested capital**” stood at EUR 6,873 million compared to EUR 4,219 million at 31 December 2004. “Non-current assets” increased by EUR 2,104 million, from EUR 5,520 million at 31 December 2004 to EUR 7,624 million at 30 September 2005, thanks mainly to:

- the net increase in goodwill of EUR 1,521 million, mainly due to the acquisition, in the Defence Electronics business, of 75% of Selex Sensors and Airborne Systems SpA, and the acquisition of shareholdings belonging to the joint ventures Alcatel Alenia Space SAS and Telespazio Holding Srl;
- the valuation of the indirect stake in STM (6.6% at 30 September 2005) under “financial assets recorded at fair value”. The increase in value between 1 January 2005 and 30 September 2005, as well as the recording of the stake at fair value from 1 January 2005, was booked with a compensating entry in a specific reserve under shareholders’ equity.

“**Non-current liabilities**” increased by EUR 153 million, from EUR 1,877 million at 31 December 2004 to EUR 2,030 million at 30 September 2005. This rise was mainly due to the net increase of EUR 133 million in the “staff severance fund and other employee obligations”, following the revision of fixed benefit plans managed by the UK companies of AgustaWestland and the consolidation of Selex Sensors and Airborne System Ltd, and Alcatel Alenia Space SAS;

“**Net working capital**” was positive for EUR 1,279 million, compared to EUR 576 million at 31 December 2004, partly because of the increase in inventory, from EUR 4,589 million to EUR 5,281 million.

DEBT						
	€mil.	30/09/2005	01/01/2005	30/06/2005	31/12/2004	30/09/2004
Short-term financial debt		504	1.079	385	1.083	1.097
Medium to long term financial debt		1.954	1.443	1.884	1.551	1.438
Cash on hand or equivalent		(438)	(2.055)	(588)	(2.055)	(1.422)
<b>NET BANK DEBT</b>		<b>2.020</b>	<b>467</b>	<b>1.681</b>	<b>579</b>	<b>1.113</b>
Government bonds and securities		(20)	(33)	(33)	(33)	(22)
Loans to subsidiary and affiliated companies		(38)	(89)	(40)	(89)	(118)
Loans to third parties		(337)	(445)	(358)	(445)	(409)
<b>FINANCIAL LOANS and securities</b>		<b>(395)</b>	<b>(567)</b>	<b>(431)</b>	<b>(567)</b>	<b>(549)</b>
Loans from subsidiary and affiliated companies		304	456	325	456	340
Other short-term financial debt		221	647	279	130	168
Other medium to long term financial debt		95	103	98	103	115
<b>OTHER FINANCIAL DEBT</b>		<b>620</b>	<b>1.206</b>	<b>702</b>	<b>689</b>	<b>623</b>
<b>NET DEBT</b>		<b>2.245</b>	<b>1.106</b>	<b>1.952</b>	<b>701</b>	<b>1.187</b>
Net debt of <i>discontinued operations</i>		-	(61)	-	(61)	17

**Net debt** rose by EUR 1,544 million from EUR 701 million at 31 December 2004 to EUR 2,245 million at 30 September 2005. Considering the huge strategic investments made by the group and the seasonal nature of

payment flows, however, the position still allows the group to maintain its conservative financial management, all other things being equal. The net debt position confirms the typical trend of the group's receipts and payments in which the latter are generally concentrated in the second half of the year, especially those relating to the Italian public administration—from which, moreover, there is some doubt as to whether said revenues will actually be received.

In addition, the figure for the first nine months was heavily affected by certain one-off events:

- the Defence Electronics agreement with BAE Systems, which had a total net effect of EUR 718 million on the group's financial position at the date of agreement (29 April 2005). This was reduced to a cash outlay of EUR 528 million due to the payment made by BAE for its share of the project expenditure of EUR 109 million for the creation of joint ventures with Alcatel in the space sector
- dividends paid by Finmeccanica for 2004, totalling EUR 110 million. This is an increase on the EUR 84 million paid out in each of the last three years
- the receipt of EUR 68 million in April relating to the pro rata repayment of share capital to Finmeccanica and Carlyle shareholders by Aero Invest 1 SA (which owns Avio SpA).

The financial position also benefited for the first time from the application of the new system of consolidated tax calculation, which Finmeccanica adhered to in 2004. This led to a decrease of around EUR 63 million in tax in the first nine months of the year.

A breakdown of debt shows that bank and bond debt decreased, from EUR 2,522 million at 1 January 2005 (EUR 2,634 million at 31 December 2004) to EUR 2,458 million, owing to the combined effect of:

- the completion of Finmeccanica SpA's new bond issue of EUR 500 million, which has lengthened the group's average debt from five to 10.4 years, thanks to the effect of the bond loan repayment described below
- the reimbursement of the convertible bond loan issued in June 2000 by Finmeccanica SpA, which reached maturity and was settled on 8 June 2005 for a total of around EUR 953 million, of which EUR 878 million relates to the portion in shares.

**Cash and cash equivalents** stood at EUR 438 million at 30 September 2005, down from EUR 2,055 million at 31 December 2004 after the group covered its strategic and operational funding requirements for the period.

The financial position also includes the residual effects of the group's factoring operations without recourse (i.e. without a buyback clause for the group), which for accounting purposes (in accordance with IAS 39) requires that the factored asset is recorded under the balance sheet assets until the factoring company receives the amount due from the debtor. At 30 September 2005, the residual amount from these operations was EUR 167 million (EUR 526 million at 1 January 2005).

<b>CASH FLOW</b>			
	€mil.	9 mesi 2005	9 mesi 2004
<b>CASH AND EQUIVALENTS AT 1 JANUARY</b>		<b>2.055</b>	<b>2.259</b>
CASH FLOW FROM OPERATING ACTIVITIES		812	615
Changes in working capital		(887)	(889)
Changes in other operating assets and liabilities		(430)	(373)
<b>CASH FLOW GENERATED BY (UTILISED IN) OPERATING ACTIVITIES</b>		<b>(505)</b>	<b>(647)</b>
Net CAPEX		(208)	(225)
Other financial investments		63	357
<b>Free operating cash-flow</b>		<b>(650)</b>	<b>(515)</b>
Investments for acquisitions		(637)	(96)
<b>CASH FLOW GENERATED BY (UTILISED IN) INVESTMENT ACTIVITIES</b>		<b>(782)</b>	<b>36</b>
Dividends paid		(111)	(88)
CASH FLOW FROM FINANCING ACTIVITIES		(227)	(126)
<b>CASH FLOW GENERATED BY (UTILISED IN) FINANCING ACTIVITIES</b>		<b>(338)</b>	<b>(214)</b>
Exchange differences on cash and equivalents		8	(12)

## CASH AND EQUIVALENTS AT 30 NOVEMBER

438

1.422

The first nine months of 2005 closed with a net decrease in cash and cash equivalents of EUR 1,617 million, due to:

- negative operating cash flow of EUR 505 million, although this was a significant improvement on 9M04 (- EUR 647 million). This was largely due to the seasonal nature of revenues in this industry, which are usually concentrated in the last few months of the year;
- negative cash flow from ordinary investments of EUR 782 million (vs. a positive EUR 36 million at 30 September 2004), chiefly due to acquisitions in the Defence Electronics and Space sectors, which invested a total of EUR 637 million in acquisitions.

SHARE DATA				
	9 M 2005	9 M 2004	Q3 2005	Q3 2004
Average number of shares issued	421.831.659	421.614.040	421.836.731	421.652.205
Net profit including discontinued operations (€)	180.000.000	148.000.000	76.000.000	57.000.000
Profit of <i>continuing operations</i> (€)	180.000.000	153.000.000	76.000.000	55.000.000
<b>BASIC EPS (EURO)</b>	0,43	0,35	0,18	0,14
<b>BASIC EPS OF CONTINUING OPERATIONS (EURO)</b>	0,43	0,36	0,18	0,13
Average number of diluted shares	437.077.900	449.152.680	437.079.155	449.190.845
Adjusted profit including discontinued operations (€)	214.172.000	172.530.000	76.000.000	65.177.000
Adjusted profit of continuing operations (€)	214.172.000	177.530.000	76.000.000	63.177.000
<b>DILUTED EPS (EURO)</b>	0,49	0,38	0,17	0,15
<b>DILUTED EPS OF CONTINUING OPERATIONS (EURO)</b>	0,49	0,40	0,17	0,14

NOTE: 9M and Q3 2004 basic EPS include € 0,21 and € 0,16 of STM contribution

Roma, 14 November 2005

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9M 2005 (EUR million)	Aeronautics	Helicopters	Space*	Defence Electronics	Defence Systems	Transport	Energy	Other Activities and Corporate	Eliminations	TOTAL
Value of production	1.405	1.721	547	1.932	706	899	519	108	(283)	<b>7.554</b>
EBIT	99	174	24	114	42	5	20	(72)		<b>406</b>
EBIT margin (%)	<b>7,0%</b>	<b>10,1%</b>	<b>4,4%</b>	<b>5,9%</b>	<b>5,9%</b>	<b>0,6%</b>	<b>3,9%</b>	<b>-66,7%</b>		<b>5,4%</b>
Depreciation and amortisation	74	41	21	55	20	14	9	11		<b>245</b>
R&D costs	269	267	60	361	109	29	8	0		<b>1.103</b>
Investment in fixed assets	90	125	35	984**	28	18	8	4	-	<b>1.292</b>
New orders	2.116	2.892	330	3.367	403	1.394	557	96	(549)	<b>10.606</b>
Order backlog	6.302	7.039	1.042	7.114	4.098	4.182	2.130	164	(932)	<b>31.139</b>
Headcount	10.974	8.545	3.125	18.593	4.130	6.260	2.527	1.041		<b>55.195</b>
9M 2004 (EUR million)	Aeronautics	Helicopters***	Space	Defence Electronics	Defence Systems	Transport	Energy	Other Activities and Corporate	Eliminations	TOTAL
Value of production	1.332	890	519	1.657	750	972	513	38	(211)	<b>6.460</b>
EBIT	56	97	2	105	37	33	14	(75)		<b>269</b>
EBIT margin (%)	<b>4,2%</b>	<b>10,9%</b>	<b>0,4%</b>	<b>6,3%</b>	<b>4,9%</b>	<b>3,4%</b>	<b>2,7%</b>	<b>-197,4%</b>		<b>4,2%</b>
Depreciation and amortisation	76	15	27	45	15	17	9	7		<b>211</b>
R&D costs	210	169	64	288	135	21	5	0		<b>892</b>
Investment in fixed assets	96	13	10	107	18	8	9	17		<b>278</b>
New orders	723	400	353	1.283	382	1.332	128	14	(162)	<b>4.453</b>
Order backlog	3.640	2.710	978	3.448	4.352	3.846	1.454	57	(305)	<b>20.180</b>
Headcount	10.682	4.463	3.535	14.640	4.140	5.955	2.492	535		<b>46.442</b>

\* Proportional consolidation of the Space division JV starting from 1 July 2005

\*\* Including Eur 883 mln of goodwill coming from the acquisition of British assets of Defence Electronics.

\*\*\* Proportional consolidation (50%)

**Finmeccanica** is Italy's leading high-tech company, operating in the design and manufacture of helicopters, aerostructures, satellites, space infrastructure, missiles and defence electronics. It plays a leading role in the European aerospace and defence industry, and participates in some of the biggest international programmes in the sector through well-established alliances with European and American partners. Finmeccanica also boasts significant manufacturing assets and skills in the transport, energy and IT sectors. The group is listed on the Milan stock exchange, and operates in Italy and abroad through 18 companies and 4 joint ventures. It employs around 55,200 staff in total. As part of its drive to maintain and build on its technological expertise, Finmeccanica spends the equivalent of over 16% of its revenues on research and development.

<b>Q3 2005 (EUR million)</b>	<b>Aeronautics</b>	<b>Helicopters</b>	<b>Space*</b>	<b>Defence Electronics</b>	<b>Defence Systems</b>	<b>Transport</b>	<b>Energy</b>	<b>Other Activities and Corporate</b>	<b>Eliminations</b>	<b>TOTAL</b>
Value of production	469	551	176	712	236	313	181	40	(87)	<b>2.591</b>
EBIT	51	48	5	33	22	18	7	(28)		<b>156</b>
EBIT margin (%)	<b>10,9%</b>	<b>8,7%</b>	<b>2,8%</b>	<b>4,6%</b>	<b>9,3%</b>	<b>5,8%</b>	<b>3,9%</b>	<b>-70,0%</b>		<b>6,0%</b>
Depreciation and amortisation	29	14	7	21	8	5	2	4		<b>90</b>
R&D costs	89	81	6	165	36	12	3	0		<b>392</b>
Investment in fixed assets	28	103	26	44	12	5	4	(1)		<b>221</b>
New orders	1.049	472	63	518	71	558	121	12		<b>2.864</b>
<b>Q3 2004 (EUR million)</b>	<b>Aeronautics</b>	<b>Helicopters**</b>	<b>Space</b>	<b>Defence Electronics</b>	<b>Defence Systems</b>	<b>Transport</b>	<b>Energy</b>	<b>Other Activities and Corporate</b>	<b>Eliminations</b>	<b>TOTAL</b>
Value of production	448	311	185	511	229	278	172	19	(68)	<b>2.085</b>
EBIT	24	25	12	18	4	8	9	(27)		<b>73</b>
EBIT margin (%)	<b>5,4%</b>	<b>8,0%</b>	<b>6,5%</b>	<b>3,5%</b>	<b>1,7%</b>	<b>2,9%</b>	<b>5,2%</b>	<b>-142,1%</b>		<b>3,5%</b>
Depreciation and amortisation	26	5	7	15	5	5	3	2		<b>68</b>
R&D costs	72	60	17	74	38	5	2			<b>268</b>
Investment in fixed assets	51	5	2	49	4	2	4	6		<b>123</b>
New orders	123	129	105	205	99	245	37	5		<b>948</b>

\* Proportional consolidation of the Space division JV starting from 1 July 2005

\*\* Proportional consolidation (50%)