

Finmeccanica board approves preliminary consolidated results 2005. EBIT 735 million Eur (+58%)

Value of production 11.5 billion (+25%). Order intake about 15.4 billion (approx +45%)

Please note that the figures contained in this press release are currently being audited by PRICEWATERHOUSECOOPERS SpA, Finmeccanica's external auditor for the period 2003-2005. The results of the audit will be published in accordance with the schedule set out for the approval of the annual results.

Rome, 1 March 2006 – Finmeccanica's Board of Directors today met under the Chairmanship of Pier Francesco Guarguaglini, the group's Chairman and CEO, to review the preliminary consolidated results for 2005.

- New orders: around EUR 15.4 billion (up approx. 45% on the EUR 10,543 million booked in 2004)
- Value of production: EUR 11,469 million (+25% on the EUR 9,158 million reported in 2004)
- EBIT: EUR 735 million (+ 58%, from EUR 465 million in 2004)
- EBIT margin (EBIT/value of production): 6.4% (5.1% in 2004)
- Net debt: EUR 1,100 million (EUR 701 million at 31/12/2004), including payments for acquisitions made in 2005

Financial results for 2005 have been prepared in accordance with IFRS, which the group adopted starting from the 2005 half-year report. The consolidated results for 2004 (referred to in this press release) have therefore also been drafted according to the same standards.

For a better comparison of the figures reported here, please note the main changes in the basis of consolidation that occurred in the two periods under consideration:

- *the helicopter group AgustaWestland was 50% consolidated using the proportional method until 30/11/2004, when a further 50% was acquired. It has been fully consolidated since that date.*
- *the structure of the Defence Electronics sector 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 01/05/2005 (consolidation of 100% of both Selex Sensors and Airborne Systems Ltd and Selex Sistemi Integrati SpA). This sector also received the activities of Elsag and of Datamat SpA, which was fully consolidated from 05/10/2005, when 52.7% of the company was acquired.*
- *on 01/07/2005 Finmeccanica and Alcatel Participations SAS set up two joint ventures in the space sector: Alcatel Alenia Space SAS (of which Finmeccanica owns 33%), a manufacturing company, and Telespazio Holding Srl (Finmeccanica 67%), which provides satellite services. The two companies, and their subsidiaries, were consolidated using the proportional method from 01/07/2005.*

Pier Francesco Guarguaglini, Chairman and CEO, commented: "Preliminary results for 2005 beat the targets we previously announced to the market, both financially and in terms of operating profitability. Moreover, the significant growth in new orders lays the foundations for a similarly good performance over the next few years".

The group secured **new orders** totalling approximately EUR 15.4 billion, compared with EUR 10,543 million in 2004. This is an increase of around 45%, thanks largely to Helicopters, which won the contract to provide the first tranche of the US101 presidential helicopter to the US; to Defence Electronics, which won an order for the Defensive Aids Sub-System (DASS) for Tranche 2 of the Eurofighter; and to Aeronautics, which won its first major order for the aerostructures of the Boeing 787.

In the last quarter of 2005 the group secured orders worth around EUR 4.8 billion, including: orders for the AW139 (formerly the AB139) and customer support activities in Helicopters; orders for phase 2 of the VTS for the Italian Coastguard and further work on the Eurofighter, especially the Captor radar, in Defence Electronics; further aerostructures for the B787, orders relating to Eurofighter and the ATR regional aircraft in Aeronautics; and major manufacturing and service orders (Napoli Levante and Moncalieri) in Energy.

Value of production totalled EUR 11,469 million, an increase of 25% compared with the EUR 9,158 million posted in 2004.

The increase came from the consolidation of the remaining 50% of AgustaWestland, and of the new assets acquired from BAE Systems in Defence Electronics, as well as from a strong performance by Aeronautics.

EBIT was EUR 735 million, an increase of EUR 270 million (58%) on the EUR 465 million recorded in 2004. The EBIT margin rose to 6.4%, from 5.1% in 2004.

The improvement came from the increased contribution by AgustaWestland and good performances from Aeronautics, Defence Electronics, Defence Systems and Energy. Transport was boosted by the results of Ansaldo Signal and Ansaldo Trasporti Sistemi Ferroviari (now both regrouped into Ansaldo STS), but negatively affected by poor figures from AnsaldoBreda.

Net debt stood at EUR 1,100 million at 31/12/2005, compared with EUR 701 million at 31/12/2004 (EUR 1,045 million at 01/01/2005 due to the implementation of IAS 32 and 39).

The end-2005 figure includes the effects of the following non-recurring items: the agreement with BAE Systems (Defence Electronics), whose overall net impact on Group debt, at the date the agreements were signed (29 April 2005), was EUR 718 million. This value comprised a net cash outlay of EUR 528 million as a result of the balance paid by BAE for its portion; a payment of EUR 109 million for the creation of the joint ventures with Alcatel (Space); dividends for 2004 totalling EUR 110 million paid out by Finmeccanica SpA; the receipt in April of EUR 68 million relating to the proportional repayment of share capital to Finmeccanica and Carlyle shareholders by Aero Invest 1 SA (owner of Avio SpA); and the payment in October of EUR 151 million for the acquisition of 52.7% of Datamat SpA. Note that the payment of EUR 89 million for acquisition of Datamat's remaining shares through a Public Purchase Offer (OPA) was made in January 2006.

Finmeccanica will provide updated guidance for 2006 and 2007 on 28 March, when it announces its annual results for 2005.