FINMECCANICA

Piazza Monte Grappa, 4
00195 Rome - Italy

Press Office
Ph. +39 06 32473313
Fax +39 06 32657170

www.finmeccanica.com
ufficiostampa@finmeccanica.com

PRESS RELEASE

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The board of directors of Finmeccanica approves 1H06 results: EBIT +22%, from EUR 251 million to EUR 305 million; net profit up from EUR 105 million to EUR 575 million, including the capital gain from the Ansaldo STS flotation

Value of production came in at EUR 5,965 million, 20% ahead of the 1H05 figure (EUR 4,958 million)

Positive trend in new orders continues

- Finmeccanica again posted improved results in the first half of 2006. Value of Production increased by 20% (+9% organic growth). EBIT grew by 22% (15% like-for-like increase).
- Net profit was EUR 575 million, versus EUR 105 million in 1H05. Stripping out the capital gain on the Ansaldo STS flotation, net profit was EUR 170 million, an increase of EUR 65 million (+62%) on 1H05.
- The positive trend in new orders continued, thanks to helicopter orders in the UK, higher sales of ATR aircraft and contracts won in avionics systems, satellites and transport. The order backlog rose to EUR 35.2 billion, equivalent to around three years' work.
- Net debt was EUR 1,462 million at the end of the period. The figure largely reflects the seasonal nature of the business, whereby receipts are concentrated in the second half of the year, as well as the amount spent on the Datamat takeover and the ordinary and extraordinary dividend payouts that followed the Ansaldo STS flotation.
- Group investment in R&D remains substantial at EUR 872 million.

Key 1H06 figures
(EUR million)

	First half 2006	First half 2005	Change (absolute)	Change %
Value of production	5,965	4,958	1,007	*20%*
EBIT	305	251	54	*22%*
EBIT margin	*5,1%*	*5,1%*		
Net profit	575	105	470	*448%*
New orders	7,973	7,872	101	*1%*
Order backlog	35,185	32,114*	3,071	
Net debt	1,462	1,100*	362	
ROI	14.2%	12.2%		
EVA®[1]	6	-8	14	

** Result at 31/12/2005*

Pier Francesco Guarguaglini, Chairman and CEO, commented: “The results for the first half of 2006 provide further evidence of the solidity of our business in terms of both sales and financial results. With balance sheet flexibility achieved, and even increased following the Ansaldo STS and Avio transactions, we can look forward to future strategic developments with considerable confidence, underpinned by Finmeccanica's flagship products, further strengthening of the group's systems competencies and the prospects offered by a broader range of key markets.”

CONSOLIDATED PROFIT AND LOSS ACCOUNT			
EUR m	1H 2006	1H 2005	*% Chg. Y/Y*
Revenues	**5,706**	**4,721**	*21%*
Value of production	**5,965**	**4,958**	*20%*
Purchasing and staff costs	(5,508)	(4,578)	
Depreciation and amortisation	(182)	(155)	
Write-downs	(5)	(10)	
Restructuring costs	(15)	(10)	
Other net operating revenues (costs)	50	46	
EBIT	**305**	**251**	*22%*
EBIT margin	*5.1%*	*5.1%*	
Net financial income (expenses)	375	(64)	
Income taxes	(105)	(82)	
Net profit before discontinued operations	**575**	**105**	*448%*
Profit of discontinued operations	-	-	
Net profit	**575**	**105**	*448%*
Attributable net profit	*564*	*101*	
of which minorities	*11*	*4*	

Value of production at 30 June 2006 was EUR 5,965 million, up from EUR 4,958 million in 1H05—an increase of EUR 1,007 million (+20%). Around 9% of the increase came from organic growth, while the remainder was generated by newly-consolidated companies. This result was largely due to organic growth in helicopters (+15%), defence systems (+9%), energy (+26%) and transport (+18%).

EBIT came in at EUR 305 million versus EUR 251 million in 1H05, an increase of EUR 54 million (+22%). 15% of the increase was attributable to organic growth, and the remainder to newly-consolidated companies. The improvement was chiefly due to organic growth in EBIT in the helicopter (+6%), aeronautics, energy (+50%) and transport businesses. The **EBIT margin** was 5.1%, broadly in line with 1H05.

Net profit totalled EUR 575 million, compared with EUR 105 million in 1H05. Stripping out the capital gain on the sale of 60% of Ansaldo STS (around EUR 405 million), net profit was EUR 170 million - an increase of EUR 65 million (+62%) on 1H05.

CONSOLIDATED BALANCE SHEET		
EUR m	30.06.2006	31.12.2005
Non-current assets	8,082	7,671
Non-current liabilities	(2,100)	(2,018)
	5,982	5,653
Inventory	5,910	5,511
Contract work in progress	2,756	2,538
Trade receivables	3,711	3,600
Trade payables	(3,226)	(3,431)

Advances from clients	(4,581)	(4,389)
Short-term provisions for risks and liabilities	(496)	(523)
Other current net assets (liabilities)	(3,825)	(3,289)
Net working capital	**249**	**17**
Net capital employed	**6,231**	**5,670**
Group shareholders' equity	4,748	4,444
Minority interests	67	154
Shareholders' equity	**4,815**	**4,598**
Net debt	**1,462**	**1,100**
Net liabilities (assets) held for sale	**(46)**	**(28)**

FINANCIAL SITUATION			
EUR m	**30.06.2006**	**31.12.2005**	**30.06.2005**
Short-term debt	145	190	385
Medium- to long-term bank debt	1,851	1,879	1,884
Cash on hand or equivalent	(680)	(1,061)	(588)
BANK AND BOND DEBT	**1,316**	**1,008**	**1,681**
Government bonds	(20)	(20)	(33)
Loans to group companies	(21)	(17)	(40)
Other financial receivables	(393)	(443)	(358)
FINANCIAL RECEIVABLES AND BONDS	**(434)**	**(480)**	**(431)**
Loans from group companies	394	379	325
Other short-term debt	80	97	279
Other medium- to long-term bank debt	106	96	98
OTHER FINANCIAL PAYABLES	**580**	**572**	**702**
NET DEBT	**1,462**	**1,100**	**1,952**
Net debt attributable to discontinued operations	*10*	*5*	-

CASH FLOW		
EUR m	**1H 2006**	**1H 2005**
Cash and cash equivalents at 1 January	**1,061**	**2,055**
Gross cash flow from operating activities	626	527
Changes in working capital	(710)	(402)
Changes in other operating assets and liabilities	(145)	(267)
Cash flow generated (used) by operating activities	**(229)**	**(142)**
Investment in tangible and intangible assets after disposals	(241)	(134)
Other financial investments	(38)	(85)
Free operating cash flow	**(508)**	**(361)**
Strategic transactions	355	(528)
Changes in other financial assets	64	-
Cash flow generated (used) by investment activities	140	(747)
Dividends paid	(214)	(111)
Cash flow from financing activities	(73)	(476)
Cash flow generated (used) by financing activities	**(287)**	**(587)**
Translation difference	**(5)**	**9**
Cash and cash equivalents at 30 June	**680**	**588**

Net debt stood at EUR 1,462 million, compared with EUR 1,100 million at 31 December 2005 (+EUR 362 million), impacted by —as usual—by the seasonal nature of the business, which means that receipts are concentrated in the second half of the year. The debt figure was due in significant measure to two factors: the purchase of the remaining shares in Datamat (EUR 89 million) following the launch of the takeover in 2005, and the payment of an ordinary (EUR 131 million) and extraordinary dividend (EUR 80 million), following the successful flotation of Ansaldo STS, which brought in a total of EUR 458 million.

New orders totalled EUR 7,973 million (EUR 7,872 million in 1H05), an increase of EUR 101 million (+1%). Of these, 56% came from the defence business. The main orders were for helicopters, with the first tranche of the 70 Future Lynx craft to be supplied to the UK armed forces and the first tranche of the IMOS and MSCP contracts. There were also notable orders in defence electronics for command and control systems for FREMM frigates and avionics systems for the second tranche of the EFA.

The **order backlog** at 30 June 2006 was worth EUR 35,185 million, versus EUR 32,114 million at 31 December 2005—an increase of EUR 3,071 million. This is equivalent to around three years of production.

The group's **research and development** spending continues to grow: EUR 872 million was spent in the first half of 2006, compared to EUR 711 million in 1H05 (+EUR 161 million, or 23%), representing around 15% of value of production. The main R&D activities concerned: in aeronautics, the development of the B787, the A380, the C-27J, the Eurofighter and the M346 trainer aircraft; in space, the main satellite programmes and the International Space Station; in helicopters, the development of the A149 and BA609; in defence electronics, the avionics segment, the UAV Falco system prototypes and the completion of the TETRA network; in defence systems, the development of the Meteor missile and Black Shark torpedo.

The group's **headcount** stood at 57,479 at 30 June 2006, an increase of 876 on the figure at 31 December 2005 (56,603). The group has about 15,000 employees abroad.

SIGNIFICANT EVENTS: FIRST-HALF AND SINCE END-JUNE

The public purchase offer for the remaining shares in Datamat was completed in January 2006 (the initial acquisition was of a 52.7% stake in 2005). This transaction increased Finmeccanica's stake in Datamat to around 89%. On 1 March 2006 Finmeccanica's board of directors voted to delist Datamat by buying up the rest of the shares once the necessary threshold had been reached (over 90%) in accordance with the law. This threshold was reached in June 2006, after a series of purchases made on the market took Finmeccanica's stake to around 90.005%.

Also in January 2006, MBDA completed the acquisition of LFK GmbH, a key German producer of missile systems. The transaction enabled MBDA to strengthen its global leadership in guided missiles, and represented a further step in the consolidation process under way in the sector in Europe.

On 19 January 2006, Aermacchi (now Alenia Aermacchi) and Hellenic Aerospace Industry (HAI) signed a memorandum of understanding setting out the terms of a joint development programme for the M346 trainer aircraft. For Alenia Aermacchi, the participation of HAI—whose industrial contribution will be around 10%— represented an important step in the strategy for extending the M346 project at international level via the establishment of high-level partnerships.

Also on 19 January 2006, Galileo Industries (which includes Finmeccanica, EADS Astrium, Thales SA and Galileos Sistemas y Servicios) and the European Space Agency (ESA) signed a contract in Berlin worth around EUR 1 billion for the development and construction of the first four satellites of the Galileo European satellite navigation programme, as well as the related ground infrastructure. Participation in the Galileo programme will enable the Finmeccanica group to play a key role in a project of global importance, with strategic scope for new value-added applications. Italy has been chosen as the location for one of the two Constellation and Mission Control Stations and the Performance Assessment Centre.

On 28 February 2006 AgustaWestland signed an agreement with UK company Sloane Helicopters Ltd for the marketing of helicopters for civil use, which are destined for the UK and Irish markets. The agreement will cement AgustaWestland's position in the UK market for light twin-engine helicopters for VIP and corporate use, and will generate further growth in the markets for air ambulances and police operations helicopters.

24 March 2006 saw the completion of the sale of 52.17% of Ansaldo STS, a group of companies that includes Ansaldo Trasporti Sistemi Ferroviari and Ansaldo Signal. Following the exercise of a greenshoe option by the banks, the size of the stake sold rose to 60%. The new Ansaldo STS will benefit from the complementary competencies of these two companies, through the combination of the sales network and international dimension of Ansaldo Signal with Ansaldo Trasporti Sistemi Ferroviari's expertise in project and systems management.

Alenia Aeronautica and L-3 Communications signed a memorandum of understanding with Boeing Integrated Defense Systems on 27 April 2006, under which the latter will join the Global Military Aircraft Systems (GMAS) joint venture. GMAS was set up to work on the C-27J aircraft as part of the Joint Cargo Aircraft (JCA) programme for the US air force and army.

On 20 June 2006 Finmeccanica and Sukhoi Aviation Holding signed a preliminary partnership agreement on the Russian Regional Jet (RRJ) programme for the design, development, production, marketing and technical support for a family of new generation regional jets.

On 22 June 2006 the UK Ministry of Defence signed an agreement worth GBP 1 billion (EUR 1.4 billion) with AgustaWestland for the supply of 70 Future Lynx helicopters to the British armed forces. The first contract, for the development phase, is worth GBP 380 million (EUR 555 million). The order, which will see 30 helicopters delivered to the Royal Navy and 40 to the army from 2011, is part of the Strategic Partnering agreement between the MoD and AgustaWestland, and fulfils one of the main requirements outlined by the Defence Industrial Strategy of the British government in the helicopter sector.

On 6 August 2006, Finmeccanica signed the agreements relating to the reduction of its stake in the Avio group, which raised a considerable sum of cash and a capital gain that will be recorded in the second-half accounts.

FINANCIAL OPERATIONS

Finmeccanica carried out no transactions on the capital markets in the first half of 2006. As a result, there was no significant change in the structure of its medium-/long-term debt, which totalled around EUR 1,735 at the end of the period (recorded under IAS/IFRS principles). The average term of the debt is around 9.5 years.

The bonds issued by the group that mature in the next 18 months are shown below.

Issuer	Year of issue	Maturity	Amount (EUR m)	Annual coupon	Type of issue	IAS value (EUR m)
Finmeccanica Finance S.A.	1997	16-Jan-07	6	3.30%	Japanese, institutional	6
Finmeccanica Finance S.A.	2002	30-Dec-08	297	Variable	Italian, retail	292

OUTLOOK

In 2006 the group expects to generate revenues of between EUR 12.7 billion and EUR 13 billion, and EBIT of EUR 840-860 million. This year will see the first full-year consolidation of acquisitions made in 2005, notably the defence electronics operations acquired from BAE Systems and consolidated from 01/05/2005, and Datamat, which was consolidated fully from 05/10/2005, when Finmeccanica acquired 52.7% of the company.

In 2007 the group expects to generate revenues of between EUR 13.6 billion and EUR 14 billion, and EBIT of EUR 960 million-EUR 1 billion.

Finmeccanica also expects to generate average free operating cash flow of around EUR 300 million per year in 2006, 2007 and 2008.

This forecast is based on the size of the order backlog, which covers 85% of production in 2006, and on the higher contribution (in terms of value of production and profitability) expected from the Defence Electronics and Aeronautics businesses. An improved performance is also expected from the energy business, while the vehicles business is expected to show a significant recovery.

Integrating the new acquisitions—particularly those in the avionics and space sectors—will involve costs essential for achieving the expected synergies.

RESULTS BY SECTOR OF ACTIVITY

Helicopters
Companies: **AgustaWestland**

Value of production: EUR 1,348 million (+15%); EBIT: EUR 135 million (+6%)

Value of production stood at EUR 1,348 million, up 15% on the EUR 1,168 million posted at 30 June 2005. The improvement was due mainly to manufacturing activities on the VH 71 for the US President, and to increased production activity on the AW139. The main events in the first half included continuing activity on the second batch of the EH101 for the Italian navy, the delivery of five EH101 helicopters to the Danish government and one to the Japanese navy, the last of the deliveries of the Super Lynx 300 to Oman, the A109 (of which 13 Power models and eight Grand models were delivered during the period) and the upgrade of the A129 Mangusta for the Italian army.

EBIT came in at EUR 135 million, a rise of 6.3% on the EUR 127 million recorded in 1H05. The increase was due partly to higher volumes and partly to the impact of the integration between the Italian and UK operations. **ROI** stood at 12.8% at 30 June 2006, in line with the 12.5% registered at 30 June 2005, but down by about half a percentage point on the figure of 13.4% posted on 31 December 2005. This was due to an increase in the amount of capital invested. The **EBIT margin** dipped from 10.9% to 10.0%.

New orders were EUR 2,821 million, up sharply (17%) versus the EUR 2,420 million recorded in the same period of last year.

The **order backlog** was EUR 8,661 million, up 17% from EUR 7,397 million at 31 December 2005. The rise was due to a number of orders including the provision of 70 Future Lynx helicopters to the UK armed forces, the MCSP order to upgrade the EH101 Merlin MK1 helicopters and 128 helicopters (AW139, A109 and A119) for the civil market.

The **headcount** stood at 8,807, up 3% versus the 8,531 employees on the books at 31 December 2005.

Defence electronics

Companies: **SELEX Sensors and Airborne Systems, SELEX Communications, SELEX Sistemi Integrati, SELEX Service Management, Elsag, Datamat.**

Value of production: EUR 1,737 million (+44%); EBIT: EUR 99 million (+22%)

Value of production stood at EUR 1,737 million, an increase of EUR 528 million (44%) on the same period of last year, due mainly to the acquisition of the UK avionics operations and Datamat.

EBIT came in at EUR 99 million, up 22% on the EUR 81 million posted in the same period of 2005. This growth was due to the contribution of the UK avionics operations and Datamat, and to an upturn in activity on command and control systems. It was also due to the strategic repositioning of Elsag. The **EBIT margin** fell from 6.7% on 30 June 2005 to 5.7%, due essentially to the consolidation of the UK avionics operations, whose margins are lower than the sector average. This area will see an improvement over the next few years, through significant synergies resulting from the integration and rationalisation of the avionics business. **ROI** rose to 7.0%, from 6.4% last June.

New orders totalled EUR 1,654 million, thanks to important new contracts for the InfraRed Search and Track (IRST) avionics system for the second tranche of the Eurofighter, command and control and communication systems for the FREMM frigates, and for work on communication systems and networks in the UK, especially the Falcon programme for the UK Ministry of Defence. The decline compared with the same period of last year was due to the acquisition in June 2005 of the order to manufacture the DASS system for the whole second batch of the Eurofighter Typhoon by SELEX Sensors & Airborne Systems Ltd.

The **order backlog** came in at EUR 7,714 million, an increase of 11% on the EUR 7,337 million recorded at 31 December 2005.

The **headcount** stood at 19,588, 198 less than the figure at 31 December 2005. This was due essentially to the disposal of some operations by Elsag and Datamat.

Aeronautics

Companies: **Alenia Aeronautica, Alenia Aeronavali, Alenia Aermacchi, GIE ATR, Alenia S.I.A.**

Value of production: EUR 968 million (+3%); EBIT: EUR 61 million (+24%)

Value of production was EUR 968 million, compared with EUR 944 million in 1H05, an increase of EUR 24 million (3%). The rise was thanks partly to activities in the civil sector, including an increase in sales and production of the ATR. Production by Alenia Aermacchi and Alenia Aeronavali in the military sector fell slightly. The former was hit by the postponement of overseas orders, while the latter suffered from reduced activity on the Italian air force's aircraft due to the revision of the B707 Tanker and inspections of the Bréguet Atlantic.

EBIT rose to EUR 61 million, from EUR 49 million in 1H05 (+24%). The **EBIT margin** was 6.3%, compared with 5.2% at 30 June 2005.

New orders totalled EUR 1,171 million, versus EUR 1,066 million in 1H05, an increase of EUR 105 million (10%), due to a higher contribution from the civil business, particularly aerostructures, with orders for 29 ATR aircraft, five C-27J tactical transport aircraft, ten ATR72 ASW aircraft for maritime patrol and anti-submarine warfare for the Turkish navy.

The **order backlog** came in at EUR 7,189 million, versus EUR 6,865 million at end-2005, a rise of EUR 324 million.

The **headcount** was up 396 compared to 31 December 2005, at 11,594.

Space
Companies: **Alcatel Alenia Space, Telespazio (*)**

Value of production: EUR 349 million (-6%); EBIT: EUR 16 million (-24%)

**Note that results to 30 June 2005 relate to Alenia Spazio and Telespazio, consolidated at 100%, while the results to 30 June 2006 refer to two new joint ventures, Alcatel Alenia Space SAS and Telespazio Holding Srl, which are consolidated proportionally at 33% and 67% respectively. Figures for this year are therefore not comparable with those of last year.*

Value of production came in at EUR 349 million, a slight reduction on the EUR 373 million recorded in 1H05, due to lower manufacturing activities.

EBIT totalled EUR 16 million, down from EUR 21 million registered at 30 June 2005, owing essentially to an increased proportion of labour costs excluding the production synergies created by the new joint ventures. As a result of the above, the **EBIT margin** fell from 5.6% in 1H05 to 4.6% at 30 June 2006. **ROI** rose to 9.4%, from 8.4% at end-2005.

New orders were up by around EUR 64 million on the same period of 2005, owing to increased orders in the commercial satellites business.

The **order backlog** stood at EUR 1,166 million, higher than the EUR 1,154 million registered in December 2005.

The **headcount** was 3,218, up 24 on the figure of 3,194 posted at 31 December 2005.

Defence systems
Companies: **OTO Melara, WASS, MBDA**

Value of production: EUR 512 million (+9%); EBIT: EUR 22 million (+10%)

Value of production was EUR 512 million, compared with EUR 469 million in 1H05, an increase of EUR 43 million (9%), mainly due to growth in missile systems.

EBIT stood at EUR 22 million, an improvement on the EUR 20 million recorded in the same period of 2005, primarily from increased volumes of activity, higher profitability and the consolidation of the German company LFK in the missiles business. The **EBIT margin** was in line with that of 1H05.

New orders totalled EUR 338 million, the same as in 1H05. Particularly significant was the order secured in the second quarter by LFK, the German company newly acquired by MBDA, for a TRIGAT third-generation long-range anti-tank missile.

The **order backlog** came in at EUR 4,087 million, an increase of 6% on the EUR 3,869 million recorded at 31 December 2005.

The **headcount** was 4,304, up 200 on the staff numbers at 31 December 2005, primarily as a result of the acquisition of LFK GmbH.

Energy
Companies: **Ansaldo Energia**

Value of production: EUR 426 million (+26%); EBIT: EUR 18 million (+50%)

Value of production was EUR 426 million, an increase of 26% on the EUR 338 million posted in the same period of 2005. The breakdown by business was as follows: plant and machinery EUR 331 million (78% of the total); services EUR 72 million (17%); and nuclear energy EUR 23 million (5%).

EBIT came in at EUR 18 million, compared with EUR 12 million in 1H05 (+50%), due to a rise in volumes and despite higher research and development costs during the period. The **EBIT margin** stood at 4.2%, an increase of 0.6 percentage points versus 30 June 2005.

New orders totalled EUR 676 million, compared with EUR 436 million in the same period of last year (+55%). Some 52% of the figure related to plant and components, 44% to services and 4% to nuclear processing. The main orders included an 800 MW combined cycle plant for the Rizziconi power station in Reggio Calabria for the EGL group, and the design and supply of a steam turbine for the Amercoeur plant in Belgium for Electrabel.

The **order backlog** came in at EUR 2,587 million, an increase of 11% on the EUR 2,329 million recorded at 31 December 2005.

The **headcount** was 2,550, compared with 2,529 at 31 December 2005.

Transport
Companies: **Ansaldo STS * (Ansaldo Signal e ATSF), AnsaldoBreda**

Value of production: EUR 689 million (+18%); EBIT: EUR 27 million (n.m.)

**On 24 February Finmeccanica SpA sold its stakes in Ansaldo Trasporti - Sistemi Ferroviari SpA (systems) and Ansaldo Signal NV (signalling) to Ansaldo STS SpA. In April 2006 Finmeccanica completed a public share offer of 60% of Ansaldo STS. On 29 March 2006 the company's shares were listed on the STAR index of the Italian stock exchange.*

Value of production totalled EUR 689 million, an increase of EUR 103 million (18%) compared with the EUR 586 million posted in the same period of 2005. This increase included EUR 64 million from increased activity in the signalling business and EUR 30 million from an improved performance from the vehicles business versus 1H05.

EBIT came in at EUR 27 million, a rise of EUR 40 million from 1H05. Systems and signalling did well, while a sharp improvement was recorded by the vehicles business, which despite an operating loss of EUR 15 million, performed better than in 1H05. As a result, the overall **EBIT margin** went up to a positive 3.9%, from -2.2% in 1H05.

New orders stood at EUR 1,143 million, compared with EUR 836 million in 1H05, an increase of EUR 307 million (+37%), thanks to further orders in the systems and vehicles businesses.

The **order backlog** stood at EUR 4,401 million, an increase of EUR 445 million (+11%) versus the EUR 3,956 million recorded at 31 December 2005.

The **headcount** totalled 6,525, up from 6,321 at 31 December 2005. The 204 additional employees were mainly due to a rise in staff numbers in the signalling business.

SHARE DATA

	1H 2006	1H 2005	*% Chg. Y/Y*
Average number of shares in period (thousands)	423,635	421,706	0.5%
Net profit including discontinued operations (EUR m)	563	101	458.3%
Profit of continuing operations (EUR m)	564	101	458.6%
BASIC EPS (EUR)	1.330	0.239	455.9%
BASIC EPS of continuing operations (EUR)	1.331	0.239	456.2%
Average number of diluted shares in period	425,625	425,699	-
Adjusted profit (EUR m)	563	101	458.3%

Adjusted profit of continuing operations (EUR m)	564	101	458.7%
DILUTED EPS (EUR)	1.324	0.237	458.4%
DILUTED EPS of continuing operations (EUR)	1.324	0.237	458.8%

Earnings per share is calculated:

- by dividing net profit by the average number of ordinary shares in the period, excluding own shares (basic EPS);
- by dividing net profit—adjusted to take into account interest payable on convertible bonds—by the average number of ordinary shares and those that may result from the exercise of convertible bonds and stock options, excluding own shares (diluted EPS).

[1] EVA® is a registered trademark of Stern Stewart & Co.

Eliminato: <sp>

1H 2006 (EUR million)	Helicopters	Defence Electronics*	Aeronautics	Space**	Defence systems	Energy	Transport	Other activities	Elimin-ations	TOTAL
Value of production	1,348	1,737	968	349	512	426	689	104	(168)	**5,965**
EBIT	135	99	61	16	22	18	27	(73)		**305**
EBIT margin (%)	10.0%	5.7%	6.3%	4.6%	4.3%	4.2%	3.9%	n.m		5.1%
Depreciation and amortisation	33	45	56	14	13	6	9	6		**182**
Investment in non-current assets	32	427	161	10	76***	5	10	4		**725**
Research and development costs	180	281	225	30	126	7	23	0		**872**
New orders	2,821	1,654	1,171	331	338	676	1,143	39	(200)	**7,973**
Order backlog	8,661	7,714	7,189	1,166	4,087	2,587	4,401	402	(1,022)	**35,185**
Headcount	8,807	19,588	11,594	3,218	4,304	2,550	6,525	893		**57,479**
1H 2005 (EUR million)	**Helicopters**	**Defence Electronics**	**Aeronautics**	**Space**	**Defence systems**	**Energy**	**Transport**	**Other activities**	**Elimina tions**	**TOTAL**
Value of production	1,168	1,209	944	373	469	338	586	68	(197)	**4,958**
EBIT	127	81	49	21	20	12	(13)	(46)		**251**
EBIT margin (%)	10.9%	6.7%	5.2%	5.6%	4.3%	3.6%	-2.2%	n.m		5.1%
Depreciation and amortisation	27	33	46	14	13	6	10	6		**155**
Investment in non-current assets	22	934***	68	9	16	4	13	5		**1,071**
Research and development costs	186	185	191	54	73	5	17	0		**711**
New orders	2,420	2,850	1,066	267	332	436	836	84	(419)	**7,872**
Order backlog	7.155	7.337	5.674	1.306	4.124	2.181	3.921	185	(986)	**30.897**
Headcount	8,531	19,786	11,198	3,194	4,104	2,529	6,321	940		**56,603**

* Consolidation of 100% of UK defence electronics assets and of Datamat

** Proportional consolidation of two joint ventures in space sector from 1 July 2005

*** Includes the goodwill arising from the acquisition of LFK and from assets acquired in the defence electronics sector