

"The DRS acquisition will boost our presence in high technology"

## **Finmeccanica focuses on the US We will not reduce investment**

But government should not cut research funding, says Guarguaglini

By Antonella Baccaro

### **Mr Guarguaglini, What do you think lies ahead for Finmeccanica in view of the current crisis?**

In the long term, it has major opportunities to expand and maintain its profit levels. I am fairly optimistic, but big efforts have to be made in the current global economic context. Public investments need to be stepped up.

### **What kinds of investments?**

In infrastructure, but not only in roads and railways. We have to support intervention that fosters product competitiveness, particularly in technology.

### **Where do we currently stand in Italy?**

Product research and development in the aerospace and defence sector is supported under specific legislation issued by the Ministry for Economic Development. Finmeccanica has used this for programmes such as the C-27J, the M346 and helicopters.

### **Were similar allocations made in the last Budget?**

The funds allocated were confirmed. I hope that these sums are maintained and guaranteed.

### **What are you concerned about?**

That research will be sacrificed for the sake of contingent problems. We have to provide solutions for Italy's competitiveness that are more than temporary.

### **In France, 5bn euros are to be spent on encouraging aeronautics exports.**

That was mainly for Airbus. If and when a recovery comes, it will be an advantage.

### **Sarkozy has also increased the budget for defence technology.**

At this time we also have to think about defence in the sense of security: better control of borders and the coast. One has only to look at what is happening in Italy, or the piracy in the Middle East.

### **What will the election of Barack Obama, who is a Democrat, mean for US defence policy?**

For the moment, the 2009-2010 defence budget is still at the level expected. The emphasis on security is the same, to avoid any sudden changes in information structures. Moreover, it would be terrible for a new president to be unprepared, which is what happened to Bush in 2001.

**But will the US crisis and the political orientation of the new president mean that the situation will change?**

In defence, the government will be seeking the highest possible level of employment for the same level of spending. If it has to decide between researching a new product and producing large numbers using existing technology, I believe it will choose the second option.

**So will that mean less investment in technology?**

The US already has advanced technology that it can reuse. This could be an advantage for us, because we have already positioned many products.

**What will the acquisition of the US firm DRS Technologies mean?**

DRS is now a US company under foreign ownership. This means that, if we want to introduce a product to the US market, all we have to do is involve DRS, without seeking other partnerships.

**The aeronautics industry is in crisis. Orders are declining. What effect is this having on Finmeccanica?**

We have a high number of orders. For now we have work to do. Of course it will depend on how long the crisis lasts.

**Is Finmeccanica's lack of involvement in the Airbus A350 programme likely to continue?**

Talks with Airbus are ongoing, but I don't think there are specific discussions about the A350, where we have stalled. We will see how things develop.

**What is Finmeccanica's task for 2009?**

To find synergies between DRS and our other companies, and then to look carefully for weak spots.

**Such as?**

There are some, small and large, particularly in the transport sector. We need to improve processes and cut wasteful spending, but not investments.

**Will Ansaldo Energia be de-listed?**

We are waiting for more favourable market conditions. In the meantime, we have not ruled out taking on a partner capable of adding value to the company.

**Will Finmeccanica take part in the Alitalia rescue?**

At the moment we have not even sat down at table to discuss who the partners in such an operation might be. We are certainly available, in a secondary role only.