



Translation from : E Polis – 29 July 2009

Security is a priority, as even President Obama knows

“There is an increasing need to protect people and infrastructure”

Interview with Pier Francesco Guarguaglini, Chairman and CEO of Finmeccanica

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upturn in the global economy”.

BY EDOARDO BORRIELLO

In less than 10 years, Pier Francesco Guarguaglini, one of the last State managers and regularly seen in discussion with London and Washington, has transformed Finmeccanica from a struggling business to the jewel of the aerospace and defence industry. The group has made expansion in the UK and US a priority, embarking on major acquisitions in recent years. The most recent of these, US firm DRS Technologies (integrated electronic systems), led Finmeccanica to issue an \$800 million bond on the US market, which was immediately subscribed.

What are your plans for DRS, Mr Guarguaglini?

DRS is the ideal choice for Finmeccanica, because it tailors its products to the types of platforms we produce, whether air, ground or naval. It has a strong presence on the US market, where it generates 90% of its revenue from major supply and support contracts for the US army and navy. In addition, the combined offer of our platforms and DRS systems creates new opportunities for us in other markets, both in traditional military systems and homeland security.

However, the United States remains a difficult market. The Obama Administration has confirmed that it will cut defence spending, starting with helicopters for the White House, which would have been built by AgustaWestland.

Despite the current climate, the needs of the armed forces are still a top priority for the US government. It looks in fact as though there will be no spending cuts, but a redistribution of resources based on the new priorities. One of these is efficient military procurement, which for the US will mean upgrading existing products. The focus should remain on security and security infrastructure. Today, there is an increasing need for protection and security for people, territory, communications networks and

major infrastructure. Finmeccanica can satisfy these requirements in the military and civilian sectors. Apart from DRS, we have other companies that offer cutting-edge technology with a limited yet significant presence in the United States, whose products are sought after by the US administration.

How will the global recession affect the group?

Finmeccanica is a solid company and looks to the future with reasonable optimism, confident that we will soon witness an upturn in the global economy. During the recession, we must protect our solid financial position and invest prudently in products and technologies. Once we come out of recession, only those countries ready to launch high-tech products and systems will be competitive. Finmeccanica operates in the strategic sectors of defence and security. These will remain a priority for all governments and will act as an economic and industrial driver for any country that wants to re-establish its economy on a solid footing.

Finmeccanica is the ultimate non-cyclical industrial group. Yet to weather the recession, it will also need to focus on cyclical sectors such as transport, which accounts for a third of the group's revenue.

Obviously in order to survive the recession we need to invest in technologically advanced infrastructure in order to kick-start the economy and employment. In the transport sector, Finmeccanica has expertise both in the production of trains and vehicles, and in railway signalling and systems, with a presence all over the world. We also make buses, which have been hugely successful in Italy and elsewhere. In civil aviation, we are at the forefront with our regional aircraft and the new SuperJet 100.

Libya. What does this mean to you? Will Colonel Gaddafi become a Finmeccanica shareholder?

Our company has already capitalised on various opportunities in Libya, providing helicopters and training services. We have in fact just signed a contract for the production of railway signalling systems for two coastal routes. We should finalise the contract for border control systems by the end of the year. As regards shareholders, these decisions are made by our majority shareholder, the Italian Ministry of the Economy.