

### **Finmeccanica: Italian excellence**

Pier Francesco Guarguaglini, the group's Chairman and Chief Executive Officer, gives an upbeat review of its performance in 2008 and addresses the challenge of continuing growth

"2008? A very positive year for the group." Pier Francesco Guarguaglini, Chairman and CEO of Finmeccanica, looks back on a year of successes in various sectors despite the difficult economic environment.

**Finmeccanica invested heavily in 2008 and achieved major successes, both in its own core sectors and in others such as transport and energy. What were the highlights for the group in terms of products and contracts won?**

This was a highly satisfactory year. We acquired DRS Technologies, the US leading provider of integrated products, services and support in defence electronics, and carried out a capital increase that was fully subscribed. The group also attracted numerous orders last year. The main foreign contracts included orders for AgustaWestland's AW139 helicopters from Qatar, Malaysia and Canada, further confirming the success of this helicopter on the global market, as well as for the Sukhoi SuperJet 100, the new-generation, regional passenger-transport jet built by Alenia Aeronautica in partnership with Russia's Sukhoi. In space, Telespazio, which is 67% controlled by Finmeccanica, won the Turkish call for tenders for the Gokturk satellite system. Meanwhile, Ansaldo Energia was selected by Swiss group Atel to build twin combined-cycle power plants in Italy and France, and SELEX Sistemi Integrati signed an agreement to design and integrate air and airport traffic control systems for the new airport at Doha in Qatar. These were just a few of our biggest successes in 2008.

**Finmeccanica also forged major international partnerships in 2008. Which were the biggest of these?**

We built a solid system of global alliances in 2008, involving some of our core business sectors. In aeronautics, Finmeccanica teamed up with investment firm Mubadala in the United Arab Emirates to build aeronautical parts from composites. AnsaldoBreda signed an agreement with Bombardier of Canada for the joint development, marketing and production of a new high-speed train, capable of travelling at over 300 kilometres an hour. Also in the transport sector, we signed an agreement with Russian Railways to improve rail traffic safety, and with another Russian partner, Oboromprom, we created a 50-50 joint venture to build an assembly line in Russia for the AW139 helicopter, which will be a key part of our continuing expansion policy.

**In 2008 Finmeccanica carried out a capital increase that was fully subscribed. Were you expecting this result? And what is the outlook for 2009?**

The capital increase ended in November with more than satisfactory results, despite the serious crisis in the global economy. Our expectations were in fact quite high and we were sure that the operation would have a positive outcome, effectively demonstrating shareholder confidence in the group. This year, meanwhile, we are moderately optimistic: the financial crisis has had no substantial effect on Finmeccanica and we have confirmed guidance already issued to the market for 2009. The group also has three years of production on which to rely, because it has a sizeable order book and expects to win more large orders from Italy and abroad.

**Globally speaking, in view of the growth potential of the US market, what effect will Finmeccanica's investment in DRS Technologies have in terms of the group's outlook for expansion? Is this really, as you yourself have said, the dawn of a new era for Finmeccanica?**

I believe that a new era has already very much begun for Finmeccanica. The acquisition of DRS Technologies will create new business opportunities and further strengthen our presence in the US, which will overtake the UK to become Finmeccanica's second-largest market behind Italy. In the US, we aim to create a major transatlantic centre of excellence for the high-technology and innovation sector. The US is also the biggest market in the world in terms of defence spending, and it is therefore natural that Finmeccanica has always paid it great attention. The 2009 US defence budget is interesting for us, as we expected, and I see major expansion ahead, particularly since the US will have to combat the economic crisis and unemployment and Finmeccanica intends to create new jobs in the country.

**Apart from the US, what were the key countries for Finmeccanica in 2008? Where do you plan to expand your business in 2009?**

Leaving aside the UK and the US, which we regard as domestic markets, Finmeccanica aims to grow in Asia, not only to identify potential clients but also to create local partnerships to promote an exchange of skills and expertise and to pave the way for future joint programmes. Finmeccanica recently opened an office in Abu Dhabi, with the aim of establishing a larger presence in the Gulf countries. Finmeccanica has had companies in Malaysia for years, and has very positive industrial prospects in this country. In India, which is undergoing extraordinary economic growth, we aim to take advantage in the next 10-15 years of a number of opportunities connected with government programmes in the aerospace and defence sector. I would also like to mention Russia, a major partner in structured alliances; Brazil, where the outlook for our businesses is particularly promising; countries in the Mediterranean region, most notably Libya; and eastern Europe, particularly Poland and Romania. Bucharest, among other governments, could choose the Eurofighter as its defence aircraft. Finally, there is Turkey, where Finmeccanica has been operating for several years, taking part in many successful programmes in the areas of helicopters, aeronautics, radar systems and communications.