

From 2009, the recovery will push up dividends further, says chairman

FINMECCANICA: US SUCCESS WILL CONTINUE

Guarguaglini: the crisis will not prevent investment in US

by Paolo Silvestrelli

Barack Obama's election will not affect Finmeccanica's relationship with the US. On the contrary, according to **Pierfrancesco Guarguaglini**, chairman of Finmeccanica. "We are present in a great many American states and we are well-regarded. In the past, we had to find suppliers to ensure that products were at least 65% made in the USA, to comply with US law, but today we no longer have those problems": Mr Guarguaglini thus made it clear, in an interview with TV channel Class CNBC, how the change at the White House had made no difference to the group's excellent transatlantic relationship. "The US defence budget has already been decided, and is quite positive for us, but I think that in 2010 things will continue in the same direction, partly because they are paying a lot of attention right now to job creations, and we are creating them, because we are building a factory for C27J aircraft in Florida".

You've said that you are quite optimistic about Finmeccanica's outlook in 2009. What is the situation?

85% of our workload is already guaranteed by our backlog, so we are fairly relaxed. We are certain that we can win orders, both in Italy and abroad. However, we are paying close attention as the situation develops.

Will the US be making new investments in the aerospace and defence sector?

I think that investments in technology and infrastructure have to be made to overcome the crisis. This is precisely our field, so we are sure that we will be able, while remaining competitive, to take advantage of the various opportunities that the various states offer us in the space, energy and transport sectors and in the military and civil arenas.

Will you be expanding again through extraordinary operations next year?

At the moment, we are digesting acquisitions in R&D, and we have to keep an eye on debt, so I don't anticipate any acquisitions next year.

Geographically, which is the most interesting area in terms of growth: Asia, or eastern Europe, where there are competitions in progress, in Romania for example?

Eastern Europe is one of the areas we are considering, and so is Russia, but these areas don't have the potential of Asia. We have a strong focus on India and the Middle East in the civil field. I also think we will have to look at South America, which we have neglected somewhat. We had extremely positive meetings during President Lula's state visit. We will be seeking to explore in-depth, and carefully assess, the opportunities offered by these countries.

How much are exchange rates affecting your accounts, particularly sterling and the dollar, which are quite weak in the currency markets?

The big influence on us is sterling, because we have substantial activities in the UK representing about 25% of our turnover. There we will certainly lose out, in terms of both revenues and margins. In the US things are slightly different, because we have contracts in dollars but we have protected ourselves. In terms of RS activity, we valued it internally at 1.5 and are therefore within the margins we anticipated for the time being.

What would you like to say to shareholders?

I can say to shareholders that the dividend will be optimum, as it was in 2008, and that when the recovery comes it will grow, particularly because the market is currently not expressing this value.

What will ensure a recovery?

Recovery depends on how countries behave, and whether they can make investments and mechanisms to create confidence. Until now, governments have been trying to put up obstacles to deflect very difficult situations, and I believe that in future the main priority will be to find ways of reviving the economy.