

THE INTERVIEW Guarguaglini: I'll explain how we won DRS

## **“How Finmeccanica is breaking into the USA”**

ROME – “A push into the USA, the world's biggest defence and security market”, is how Finmeccanica CEO Guarguaglini describes the acquisition of DRS Technologies in an interview with *Il Messaggero*.

### **“This is how we'll break into the US defence market”**

Guarguaglini: “A decisive step forward in international expansion and technological development”

By ROBERTA AMORUSO and ROSARIO DIMITO

ROME – “I started by myself almost a year ago, chatting over dinner with Mark Newman. It took me a while, but I convinced him. For us it's a golden opportunity to win a share of the US defence market. For them it's a way to show the world market who they are.” The final struggle for Finmeccanica CEO Pier Francesco Guarguaglini, was to “succeed in the push for DRS Technologies once there was a government that was fully in power”. He even risked being tripped up by EADS. But as soon as he got the green light from minister Giulio Tremonti he put his foot down on the accelerator. A supercharged weekend began on Saturday with a board of directors' meeting left open. Then came the wait for the DRS board to give the go-ahead. Six hours to examine each individual page of the contract. Finally the call came: “Congratulations Piero”. The caller was his friend Mark Newman. There was just enough time to record the latest stage of proceedings in the minutes of Finmeccanica's board meeting before, just after 11.00 pm, congratulations arrived directly from Palazzo Chigi. “It wasn't a straightforward transaction, congratulations”. This time the callers were the prime minister, Silvio Berlusconi, and his undersecretary Gianni Letta. Thus Finmeccanica launched its challenge in the United States, as Guarguaglini explained to *Il Messaggero*.

#### **Mr Chairman, this is the biggest deal of your lifetime, how do you feel?**

“I'm not one to get over-excited, I must say, but I am satisfied. We already have a major presence in the United States, in the helicopter and aircraft sector. What we lacked was a stronger third pillar, in defence electronics, and we are about to obtain that”.

#### **How important is this move in the context of your group's overall strategy?**

“It is a decisive step forward in three different directions: centralisation, internationalisation and a decisive push into the largest defence and security market in the world, which is the USA. This means we can also strengthen our technological capabilities”.

#### **Why does this deal also benefit DRS?**

“We are two similar groups, and this is an opportunity for them to grow as well. Thus far they have been selling for the most part in the United States, now they have the opportunity to make themselves known to the world market”.

**Let's move on to the financial details. Will the Treasury support its share of the EUR 800 million capital increase? Or is there a chance of it being diluted?**

“I don't rule out either of these two scenarios. But even if the Treasury were not to invest a single euro, it would not fall below its 30% share. The mandate given to the board of directors which we will use was designed for this very purpose”.

**Finally you are relaunching the listing of Ansaldo Energia. But it might not be the most favourable time for the market.**

“We're optimistic. We had been considering the move for some time. And now it also serves our strategy”.

**What's the timetable?**

“We're going to start the process immediately”.

**Did any group managers believe, like you, in this deal from the very beginning?**

“At the beginning they were all a bit sceptical, but I soon won their support. Now they're all behind me. They know that with me they can't go wrong”.