



On May 4, the new board of directors of **Finmeccanica**, Italy's premier industrial conglomerate, confirmed **Pier Francesco Guarguaglini** as chairman, and conferred upon him the power to set the company's strategic guidelines as well as policy on mergers, acquisitions and the management of relations with government authorities. *Aviation Week's* Italy correspondent **Andy Nativi** sat down with **Guarguaglini** in Rome on the eve of the Paris Air Show to learn his priorities for **Finmeccanica**.

*(Editor's note: Guarguaglini's remarks are paraphrases, not direct quotes.)*

**Aviation Week:** How would you describe your new job in the company?

**Guarguaglini:** These responsibilities are all to be coordinated with the CEO, **Giuseppe Orsi**. To ensure continued growth of **Finmeccanica**, I will continue with the group. I am absolutely certain that the new managerial structure will be able to meet the numerous challenges we will face in the coming years.

**Finmeccanica** considers the U.S. one of its domestic markets. Do you fear you will suffer from the proposed downsizing of its Department of Defense's spending?

The U.S. government has set targets to reduce defense costs, probably by improving efficiency rather than reducing investments. The U.S. Defense Department is looking to make significant investments, particularly in high-tech sectors such as unmanned aircraft and cyber security. **Finmeccanica**, thanks in part to [its subsidiary] **DRS Technologies**, is developing its ability to tap into U.S. market opportunities. For instance, additional funds have been allocated for new acquisitions in 2012, while we are launching a tender for the new T-X trainer, with **Alenia Aermacchi's** M-346/T-100 features mak-

ing it highly competitive. **Finmeccanica** also intends to bid for the presidential helicopter.

Your relationship with Boeing is complex. You have some "dynamic" partnerships, including the Boeing 787 and possibly the U.S. presidential helicopter program, and you compete in some segments. Have you sorted out a long-term agreement on the 787 and on the 787-9? Will you try to partner on the 737?

**Finmeccanica** and **Alenia Aeronautica** have a long tradition of partnership with Boeing, which is today centered on negotiating the medium- to long-term future of all 787 activities. We will certainly propose future activities relating to the 787-9 version, given our important role as a single source for horizontal stabilizers. As for the 737 replacement, **Alenia** is willing to be involved.

**DRS** is delivering good financial performance but does not yet seem to be integrated with other **Finmeccanica** electronics companies. You mentioned that the DRS portfolio is under review and that some business lines could be sold. Which activities do you aim to sell, and are you thinking of allowing DRS to do some focused shopping, as in the past?

Our intention was not to integrate DRS with other group companies, but to manage it as an autonomous U.S. entity, able to develop U.S. partnerships and solutions [while] opening up

new opportunities on **Finmeccanica's** international markets. We reorganized the defense electronics sector to bring some coherence to the scope of the various company activities. We will concentrate DRS on the businesses with the most promising growth potential, both through focused acquisition and by disposing of non-core activities.

Italy is involved in the U.S. F-35 program, led by Lockheed Martin. The program has suffered some setbacks, but is proceeding. Have you solved the industrial issues with LM and its partners?

The results of our long negotiations with Lockheed Martin include setting up the final assembly and checkout [FACO] for the F-35 in Cameri, near Novara, which is proceeding as planned, and **Alenia's** production of wing section components and final wing section assembly. **Alenia** will assemble wings for the three versions of the F-35 at the Cameri facility as a second production line to Lockheed Martin's. This plant is also equipped to apply the extremely delicate external treatments that give the JSF its highly advanced characteristic of low observability. The first F-35 from Cameri [in the CTOL version - conventional takeoff and landing] will be delivered in 2014. We are also discussing the Cameri facility becoming a European logistics center for F-35 maintenance, repairs and upgrades.



**Finmeccanica** wants to become a true international company, generating 50% of revenues outside the domestic market by 2016. How will you make this happen?

In recent years, **Finmeccanica** has focused on emerging nations, such as India, Brazil, Russia and China. Brazil represents a new frontier for **Finmeccanica**, partly thanks to recent intergovernmental agreements that the country signed with Italy, which pave the way for important developments. India is a market of prime importance: in the last five years, the group has won orders from India worth some EUR250 million, and this is forecast to double by 2014. In China, the group has always had a presence in civil sectors, such as transport, energy generation, air traffic control, helicopters, and land and maritime control.