



Finmeccanica Investor Day 2006

Alessandro Pansa

Co-General Manager

Civil Sector Overview

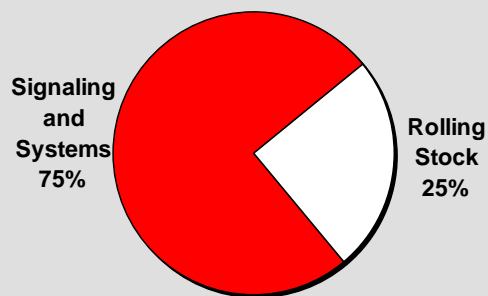
Key Figures 2004-2005

Transportation



(€ln)	2005	2004	%change
Revenues	1.230	1.369	(139)
EBIT	(48)	63	(111)
Margin	(3,9)%	(4,6)%	(8,5)%
Orders	1.615	1.645	(30)
Backlog	3.956	3.656	300

2005 Revenues

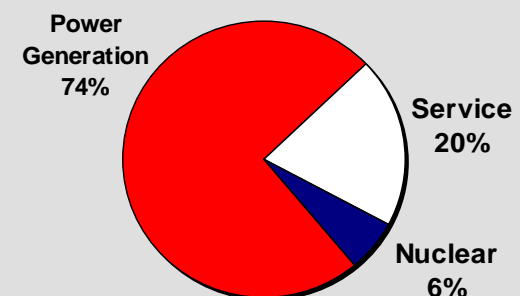


Energy



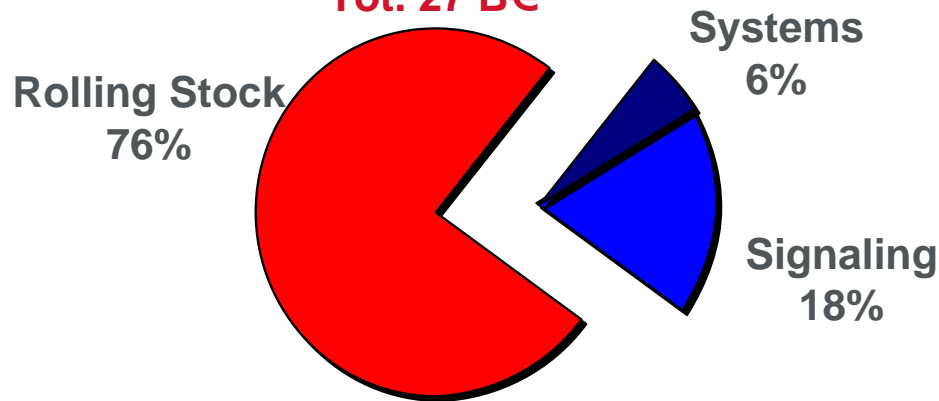
(€ln)	2005	2004	%change
Revenues	772	727	20
EBIT	39	20	19
Margin	5,1%	2,7%	2,4%
Orders	1.032	937	95
Backlog	2.329	2.089	240

2005 Revenues



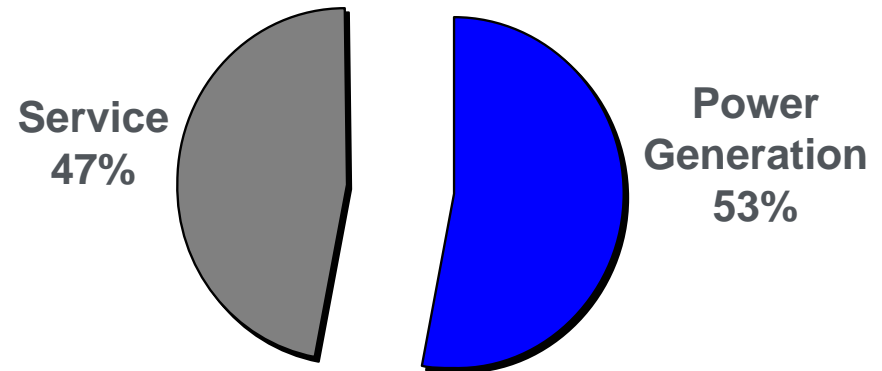
World Transportation Market 2005

Tot. 27 B€



World Energy Market 2005

Tot. 45 B€



CAGR 6% 2006 – 2010 driven by:

- GDP growth and Urbanisation
- Interoperability
- Urban congestion
- Safety & security
- Deregulation

CAGR 3% 2006 – 2015 driven by:

- Regulations and Environment
- Fuel Price
- Age of Installed base
- GDP evolution

Signalling and Transport Systems

ERTMS Lev 1 & 2



Computer Based Interlocking



CBTC



Driverless Metro System



Rolling Stock

High and Very High Speed Train



Driverless Metro



Tram Sirio



Regional Train



Energy

Steam Turbines and Generators



Gas Turbines > 50 MW



Extensive range of services for utility power generation



Signalling and Transport Systems

- Business process re-engineering
- Processes and tools rationalisation and optimisation to always be cost effective

Rolling Stock

- Implementation of extensive revision of industrial programme and processes focusing on the following areas:
 - Production processes
 - Measures to increase efficiency

Energy

- Building independent global provider business in high margin services
- Establishing technological independence in turbines to improve competitive position and reduce costs



Finmeccanica Investor Day 2006

Giuseppe Zampini

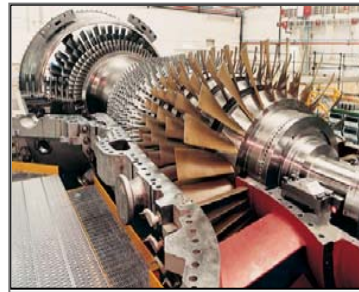
CEO

Ansaldo Energia



- **Equipment**

- Gas Turbines
- Electrical Generators
- Steam Turbines
- Supercritical Steam Turbines
- Geothermal Steam Turbines
- Hydro-Generators



- **Power Plants**

- Simple & Combined Cycles
- Cogeneration
- IGCC
- Conventional Fossil Power Plant
- Steam Cycle for Biomass/Waste to Energy applications



- **Nuclear Activities:**

- Engineering & Construction Services
- Decommissioning of Nuclear Installations



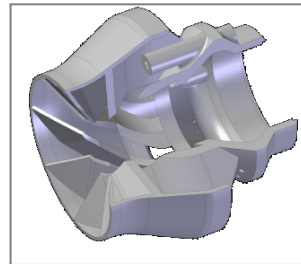
- **Service:**

- LTSA
- Upgrades
- Spare Parts
- Repairs
- Field Service



- **Commitment to Technology**

- Enhance products portfolio performance, Steam and Gas Turbines & Generators.
- Meet customer requirements.... Operational and Fuel flexibility
- Low NOx.... 15ppm a reality...shooting for single digit
- Service Solutions... increase customer assets value... (e.g. Upgrades, LTSA productivity)



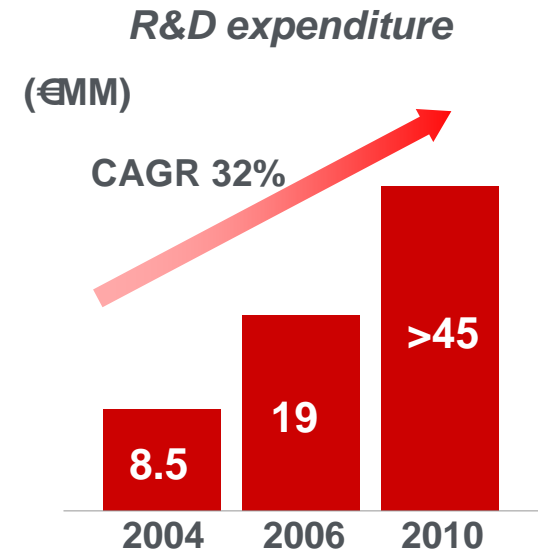
- **Service Growth**

- Organic growth supported by OEM fleet
- Independent Service Provider... enter other OEMs installed fleet...
- Leverage of technologies across the OEM and ISP service business



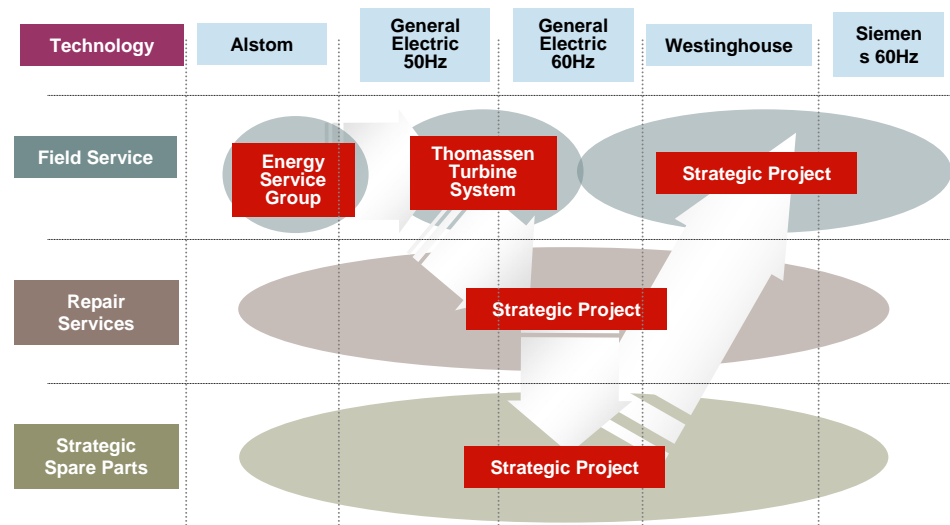
- Commitment to Technology

- Exploit internal excellence in the combustion and design technologies
- Voice of customer...Market driven products

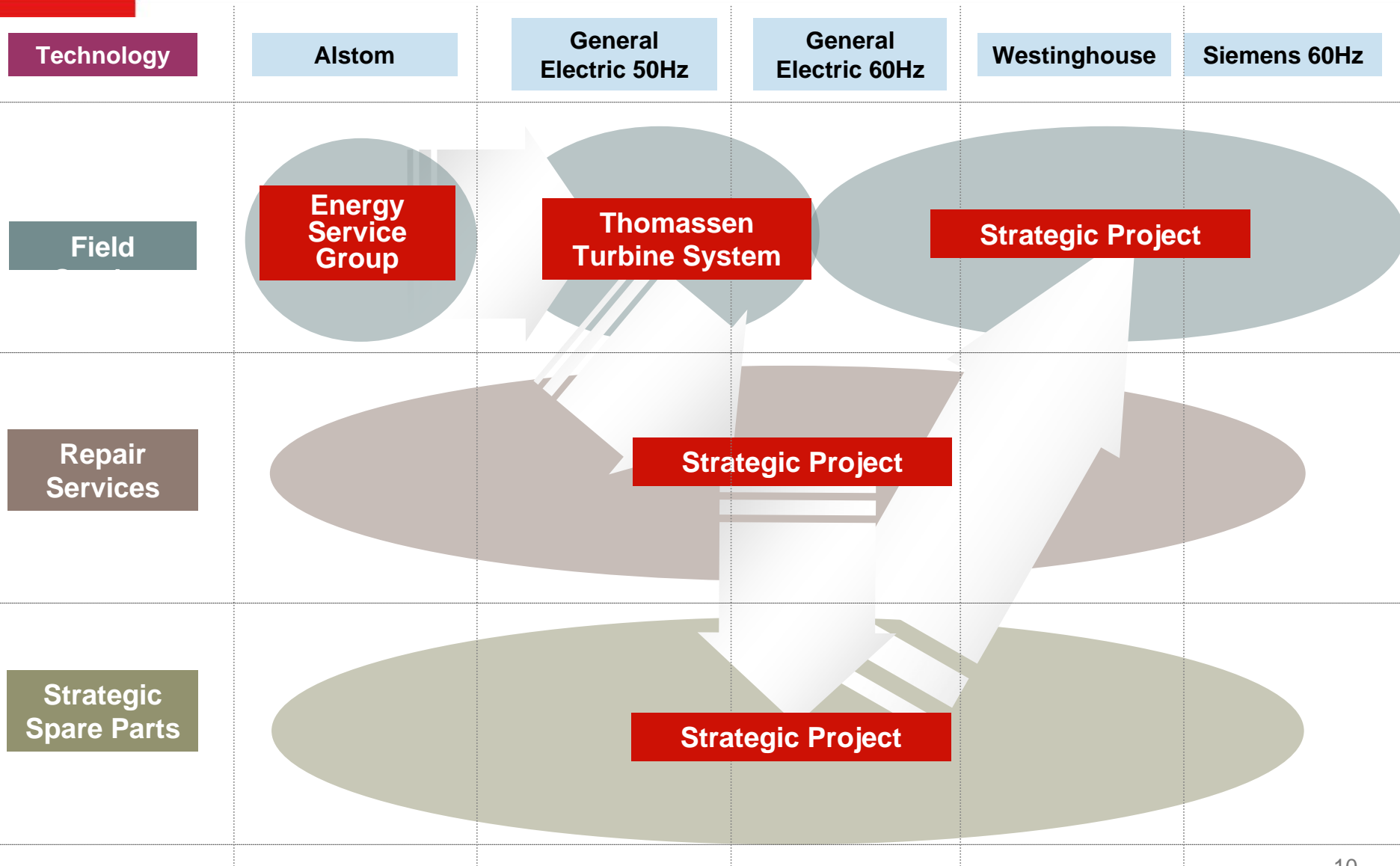


- Service Growth

- Organic Gameplan...
Market penetration...
- Inorganic Gameplan... Growth by
M&A and leveraging OEM
competences

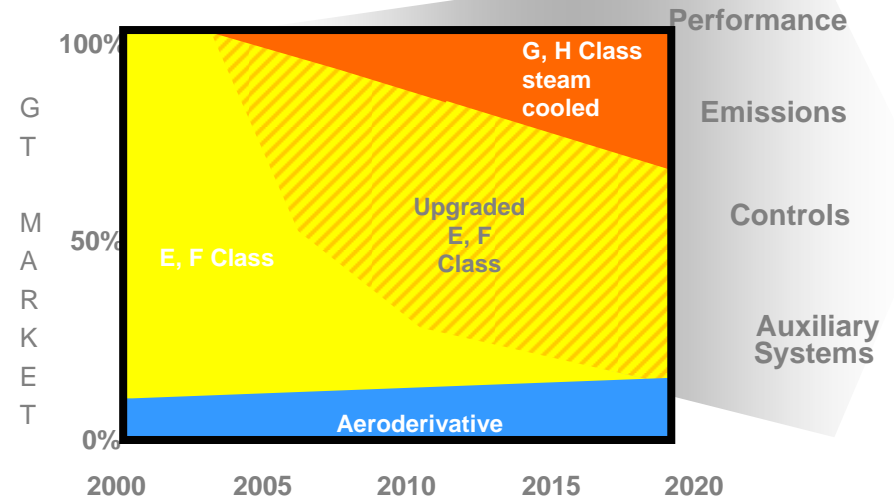


Independent Service Provider Strategy



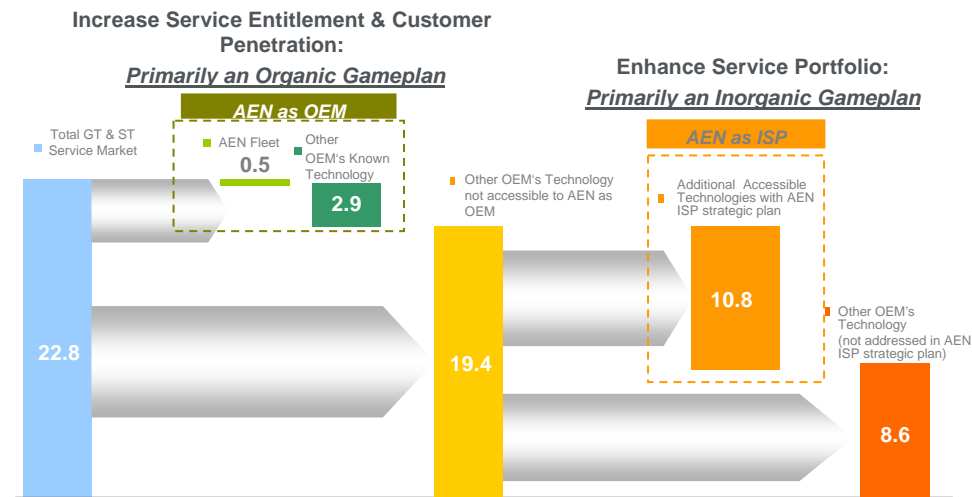
• Commitment to Technology

- E-Class and F-Class still on the market... Low Fuel Cost Countries...
- Post F-Class faces difficulties to enter the market - references, reliability and investment cost are the main market restrains

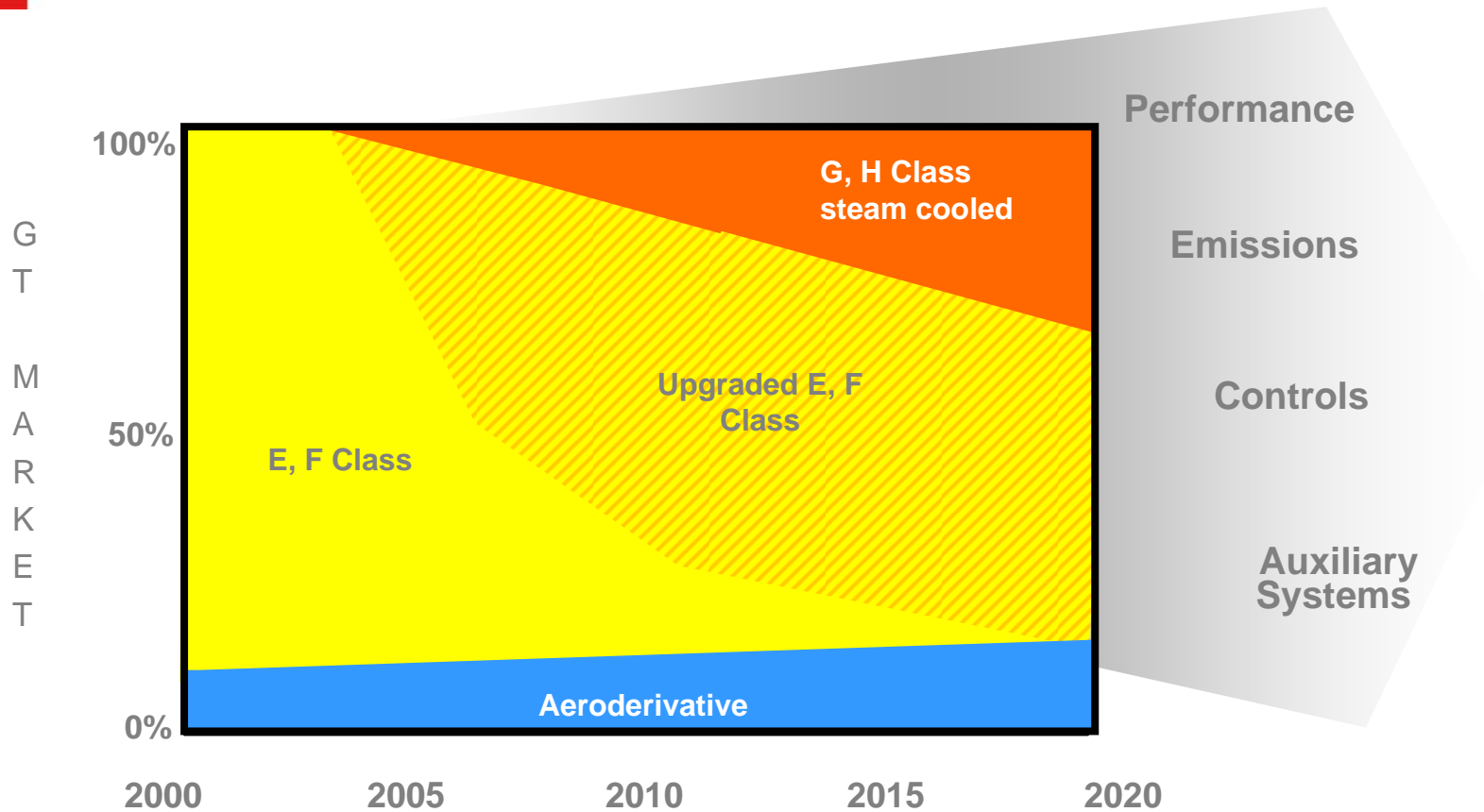


• Service Growth

- Provide to OEM customer base the ISP concept
- Export OEM solutions and technology to the ISP world
- Market is eager to receive new reliable player into leading OEM's fleet



The longer-than-expected E,F Class “residual” life

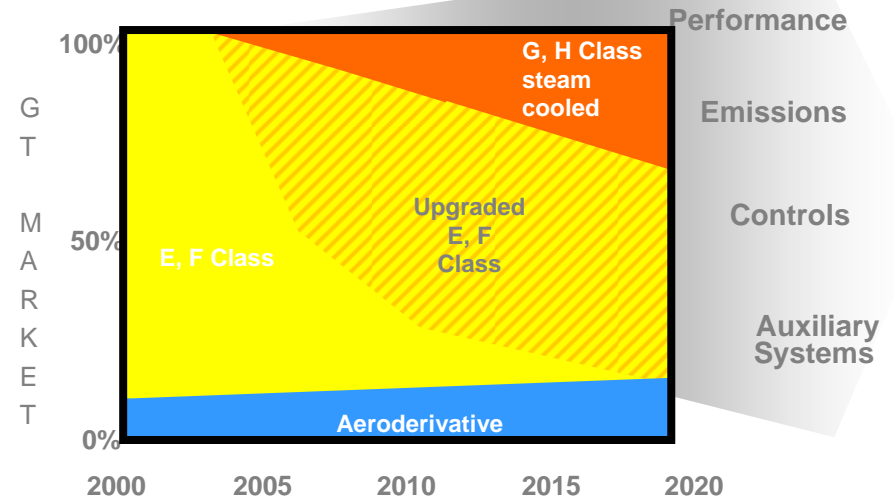


...E-Class and F-Class still on the market...
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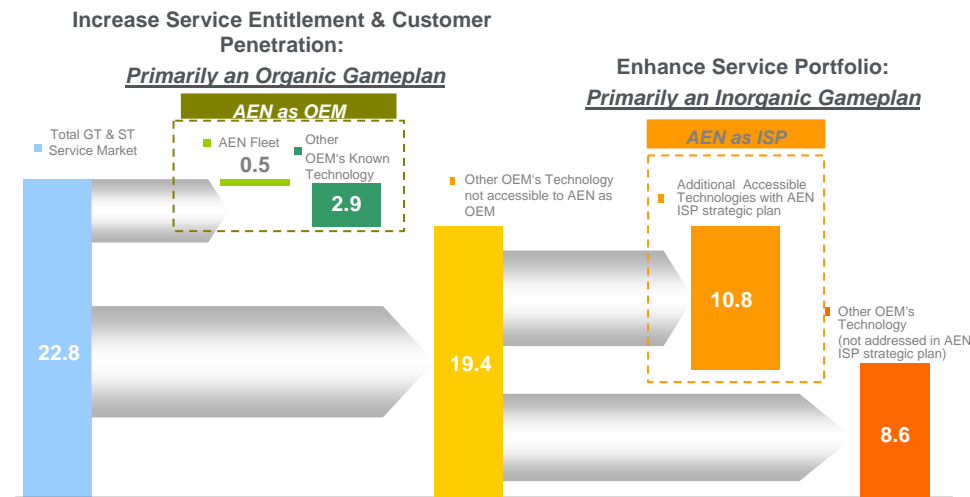
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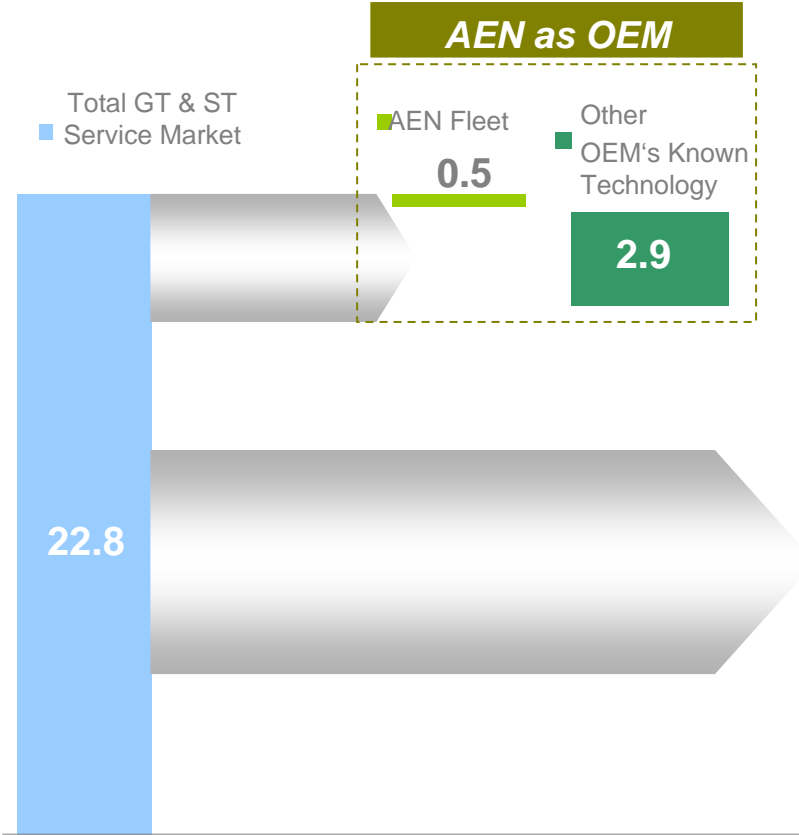
Data expressed in B€/year

Extend the Accessible Market



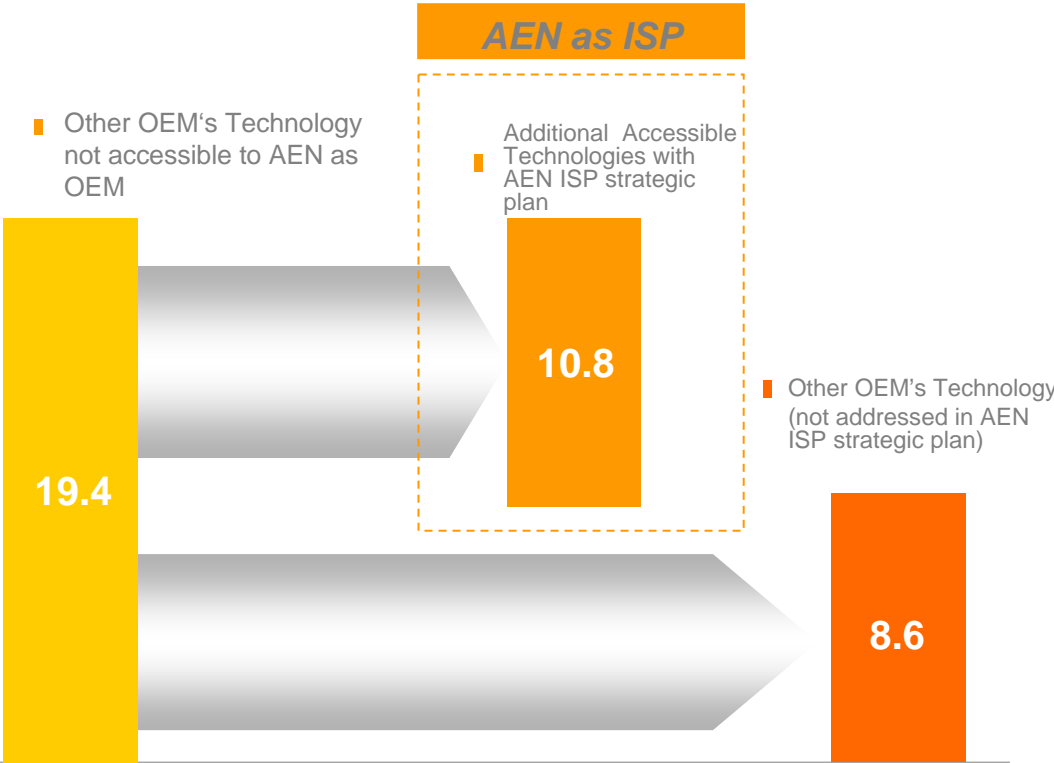
Increase Service Entitlement & Customer Penetration:

Primarily an Organic Gameplan



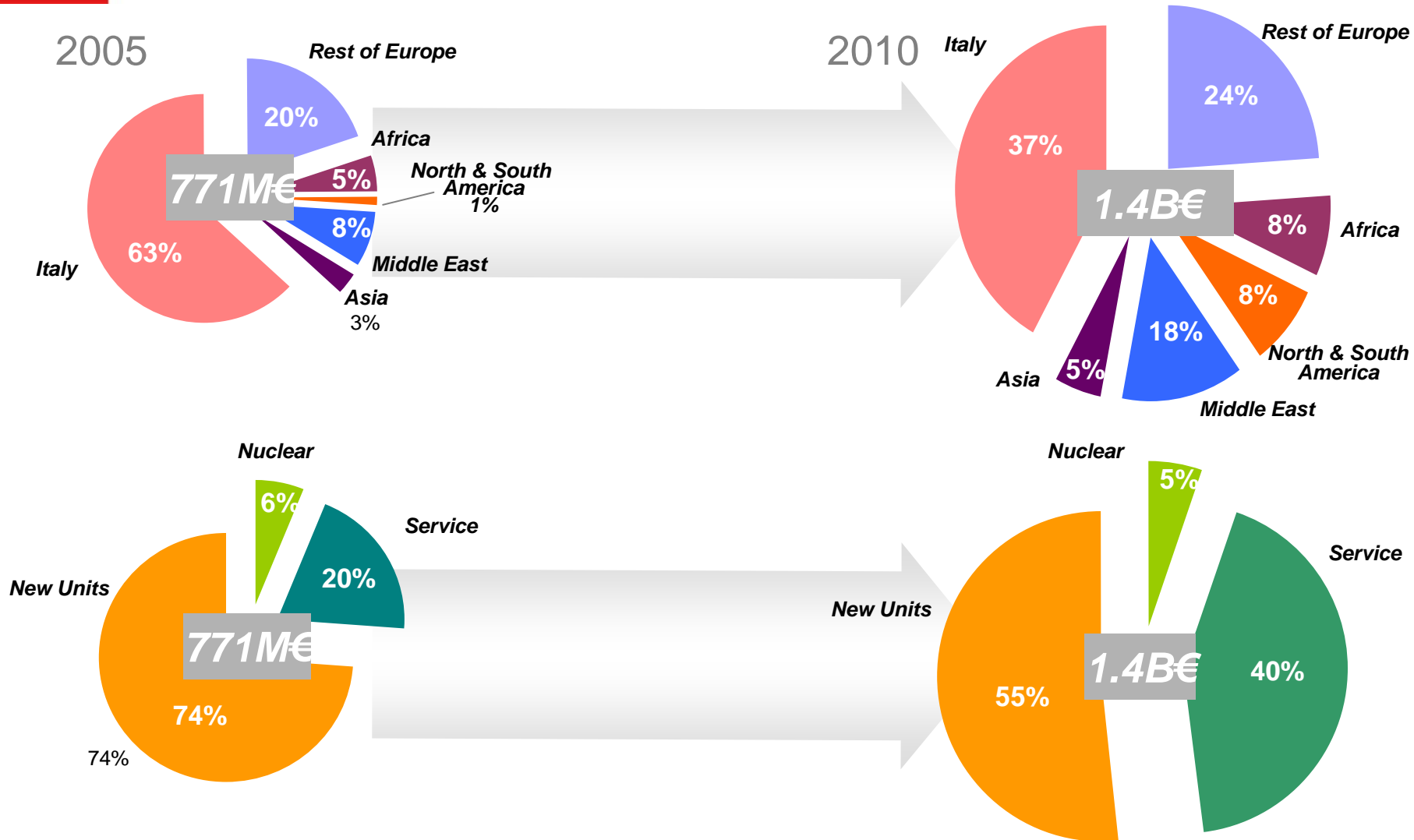
Enhance Service Portfolio:

Primarily an Inorganic Gameplan



Data expressed in B€/year

Extend Market Reach and Service Share

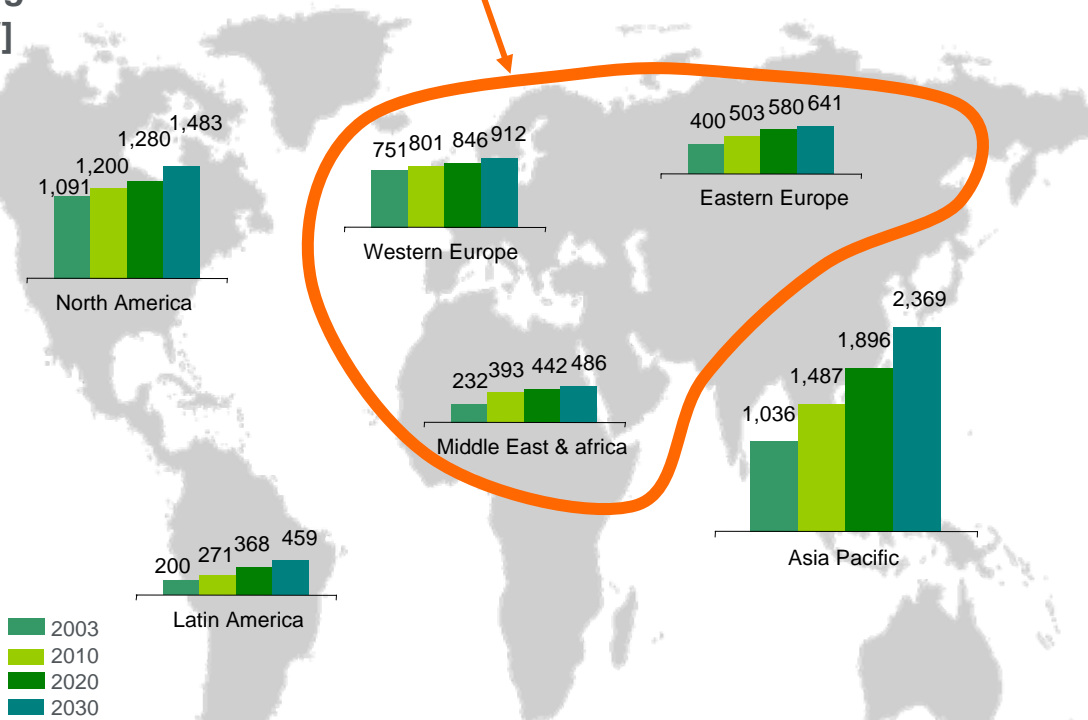


From 33% to ~65% of Gross Profit from Service Business

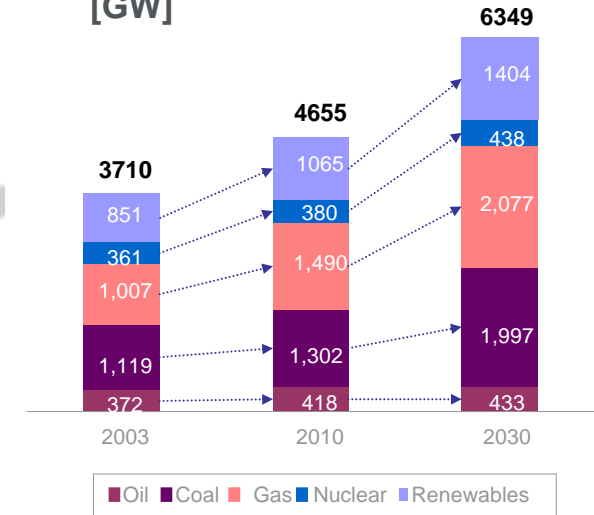
BACK-UP

World Electricity Outlook Installed Capacity

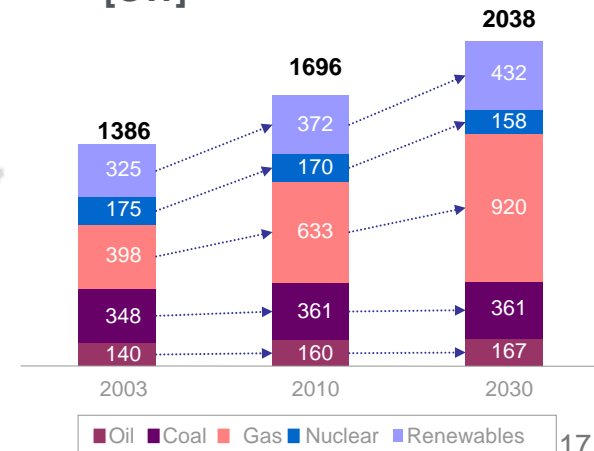
.... By Region
[GW]



.... By Fuel (Worldwide)
[GW]



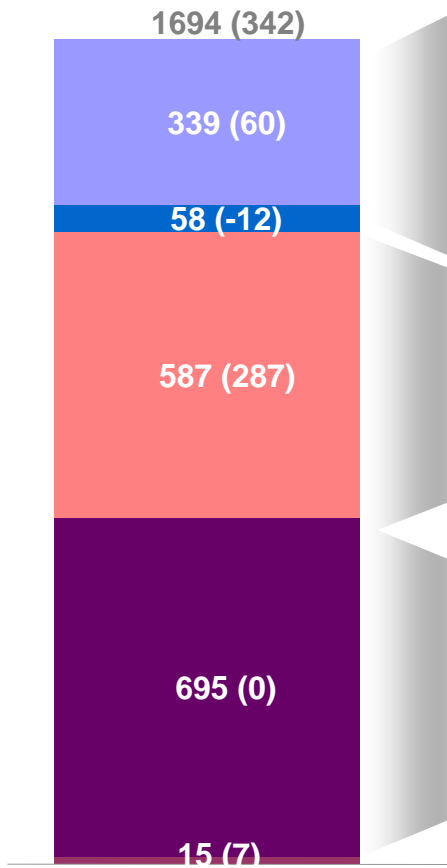
.... By Fuel (in Target Regions)
[GW]



Source: International Energy Outlook 2006, EIA

Technology Trend / Product Portfolio

Additional Installed Capacity 2010-2030



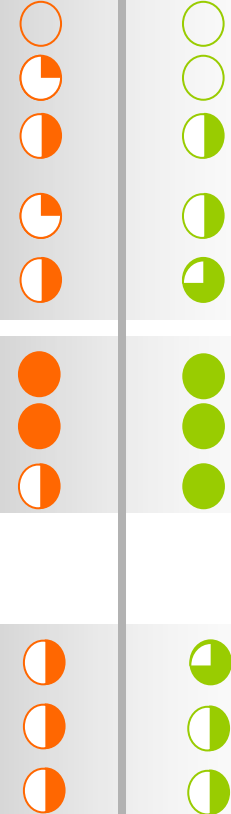
Oil Coal Gas Nuclear Renewables

Source: International Energy Outlook 2006, EIA

(in parenthesis Additional Capacity figures in Target Regions only, as defined in the previous chart)

AEN Portfolio

- Wind Energy
- Biomass/Waste to Energy
- Geothermal/Hydro
- New Nuclear Plant
- Decommissioning
- Gas Turbine Simple Cycles
- Gas Turbine Combined Cycles
- Cogeneration
- IGCC
- Conventional Fossil Power Plant
- Clean Coal Technologies

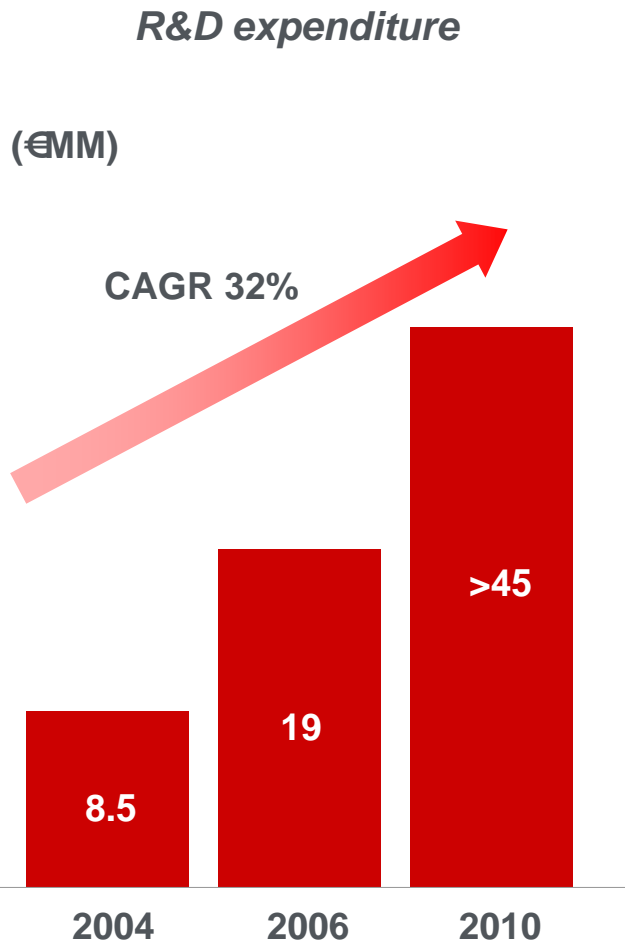


Strong Weak

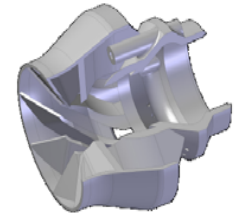
Competitiveness ● ○

Completeness ● ○

AEN Commitment to Technology



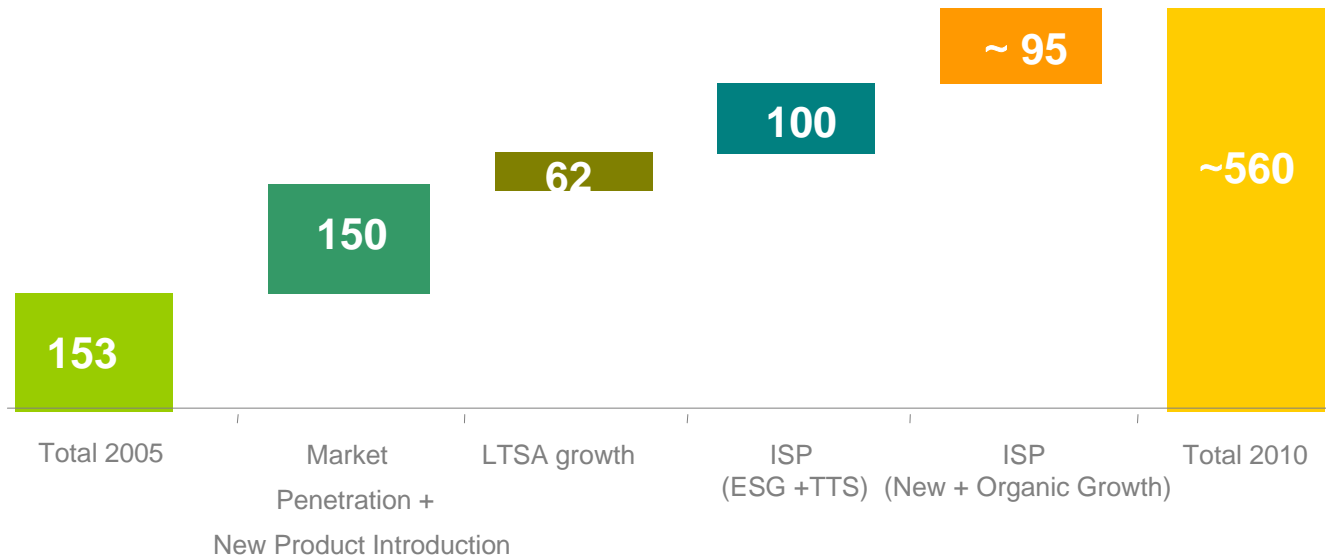
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- Independent Service Provider... technology development to enter other OEM fleets
- Service Solutions... increase customer assets value



The Path to Growth...

Revenues
[M€]

OEM Growth - CAGR 2005-2010 = 19%
Overall Growth - CAGR 2005-2010 = 30%



Service Technology

A Key differentiator to win on the market

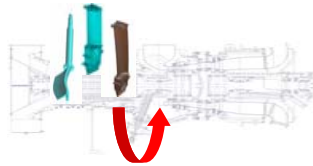


• Value Packs



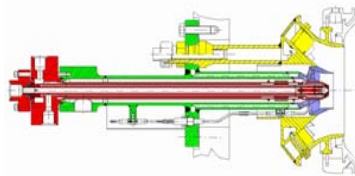
- V94.2 upgrades (e.g.: performance, burners, blades coating...)
- V94.3A2 upgrades (to A4)
- Retrofits LP sections on ST's
- BOP

• LTSA Productivity



- Increased hot gas path life
- Strategic Spare Maintenance
- Pooling
- On-Site services

• Environmental



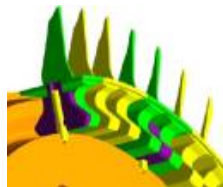
- HR3 burners
- Synfuels

• Other OEM's



- GT: Siemens fleet
- ST: ABB, GE, Westinghouse fleets
- TA: Alstom, GE fleets

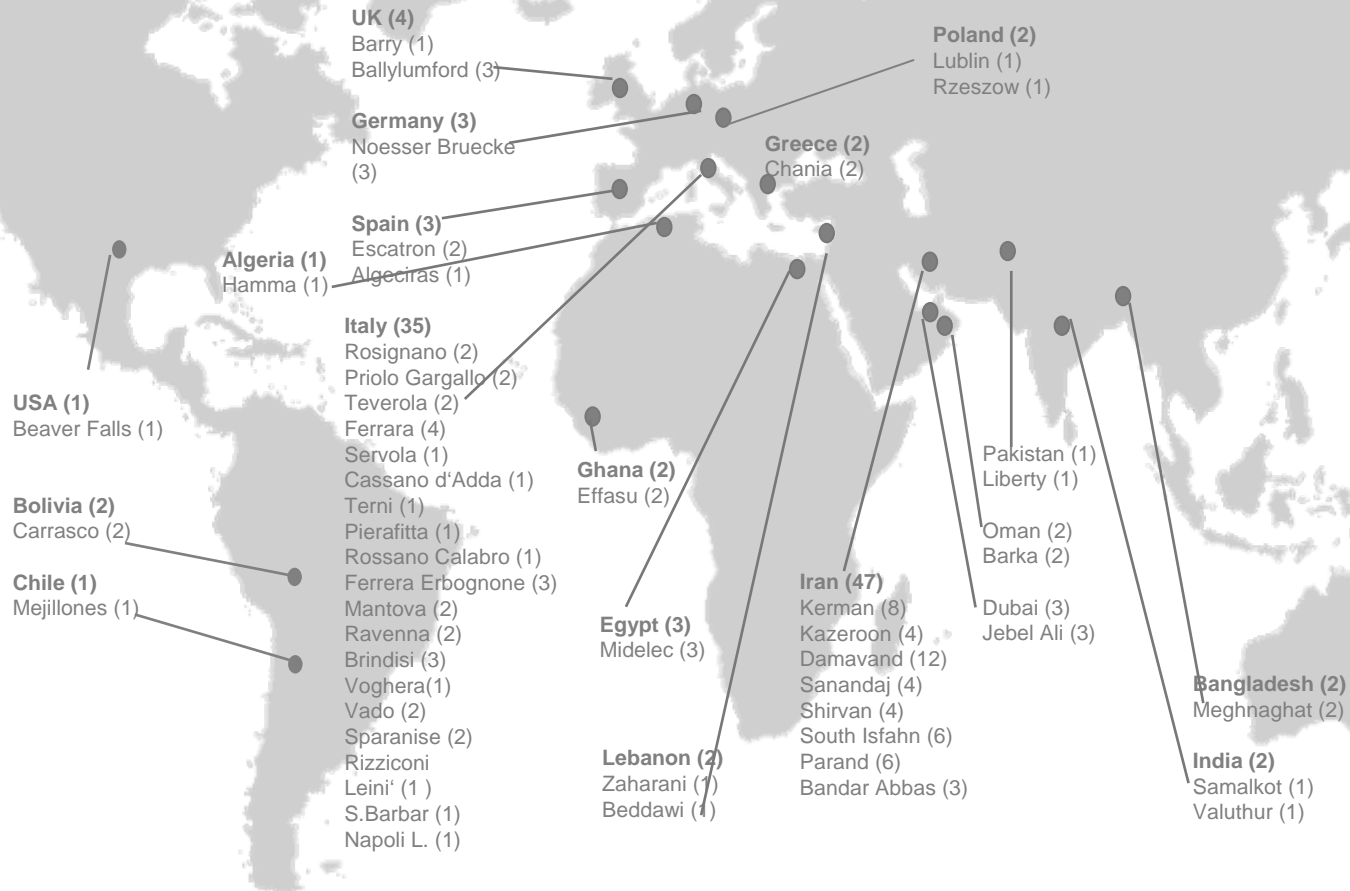
• RAMS



- Predictive Emission Monitoring System
- RM&D
- RCM

The deployment of the Service Technologies is leveraged across the OEM and ISP portfolio

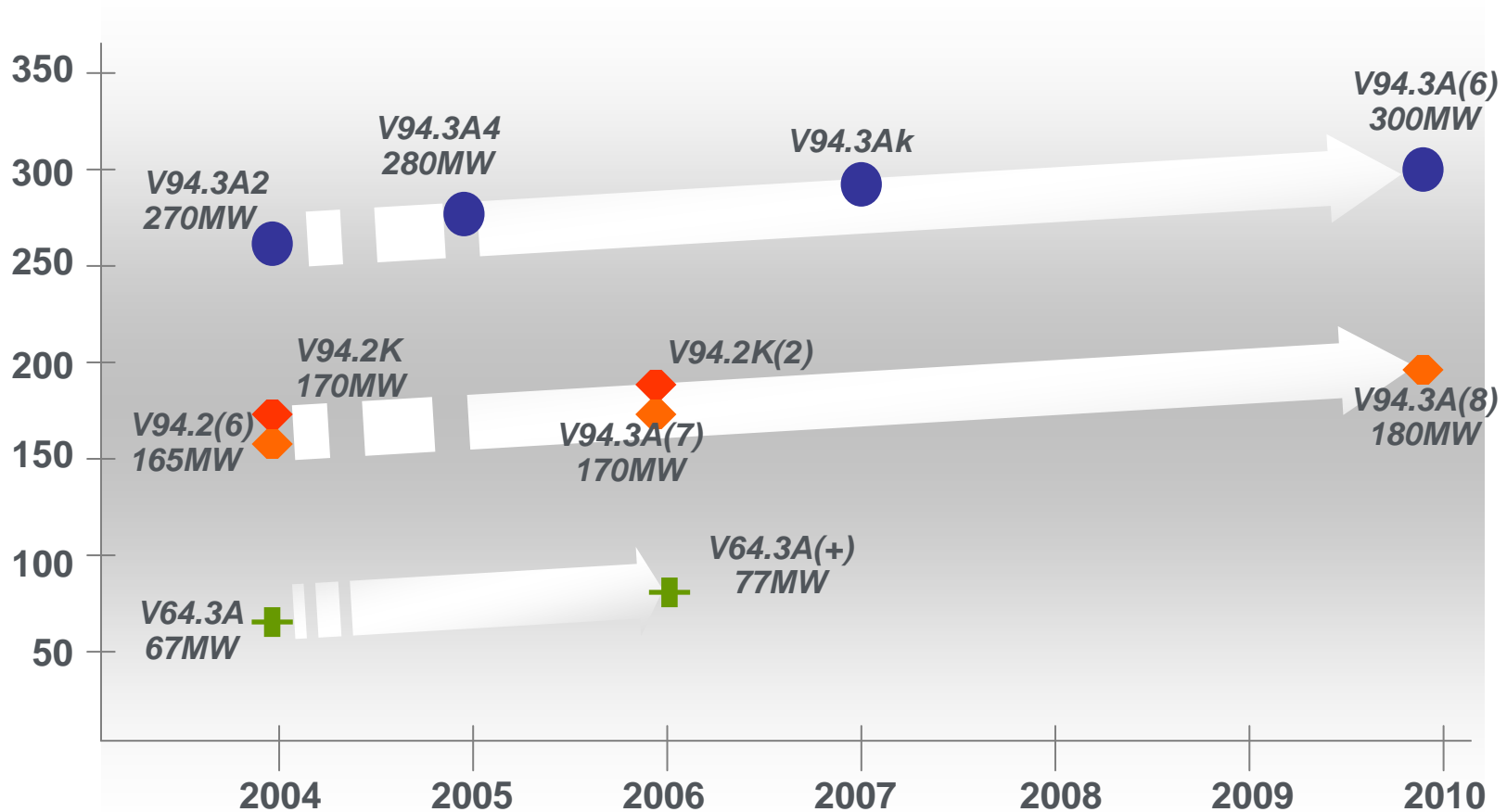
Gas Turbines AEN Installed Fleet



(n): Number of gas turbines

TOTAL: 118 UNITS
MORE THAN 2.8MILLION EOH

Class E & F evolution AEN playground



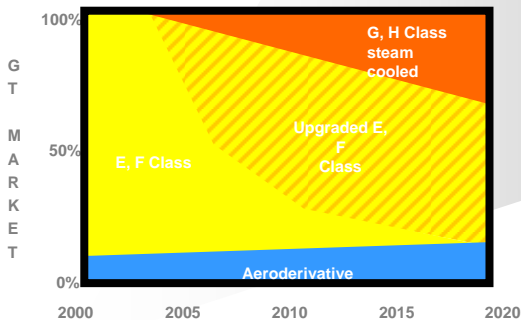
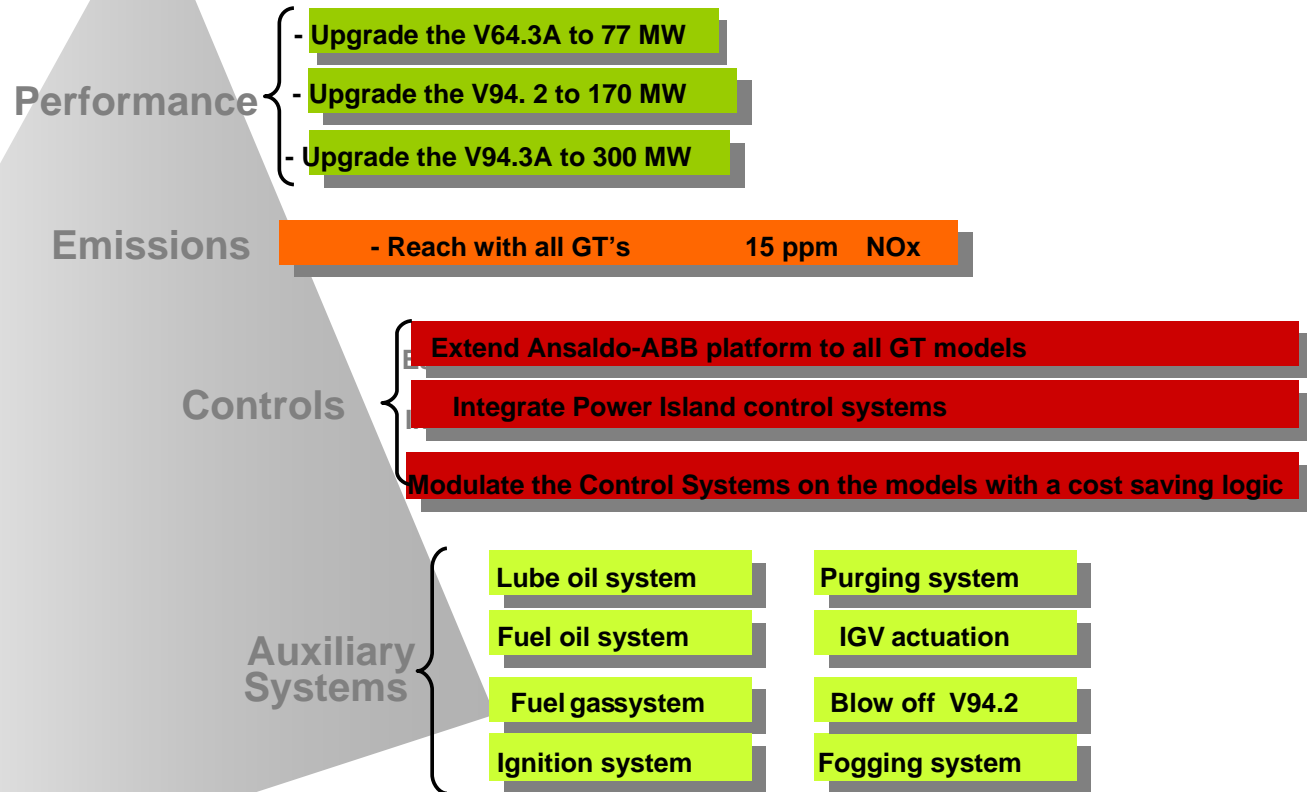
Technology

AEN has the right to “**continue to use**” without any limitation all the information relevant to the gas turbine technology received during the licence period.

According to the **winding-up agreement** with Siemens, AEN is allowed to:

- **Continue indefinitely to produce all gas turbine models** manufactured up today without any payment of royalties
- **Design upgradings on the existing gas turbines** in order to keep them on the high level side of the market
- **Develop an independent network of suppliers** for the critical items

Class E & F evolution AEN playground



Finmeccanica Investor Day 2006

Roberto Assereto

CEO

AnsaldoBreda

AnsaldoBreda is engaged on a comprehensive restructuring plan:

- Focused on reshaping the organisational and industrial processes
 - Identify centres of specialisation and excellence
 - Strengthen engineering capabilities
 - Enhance methodologies for risk assessment and mitigation
 - Based on a marketing plan finalised to:
 - restore long-term relationships with consolidated customers
 - promote the most competitive products
 - develop project financing, operative leasing and global service

**Final goal is to improve
efficiency and profitability**

Key Products



ETR500 3kVdc/25kVac



Boston LRVs



Copenhagen Driverless



Sirio LRVs



V250 EMU



TSR double deck EMUs



DMUs



Los Angeles HRVs



Locomotives



Circumvesuviana HRVs



Metro Madrid HRVs

Key drivers for the growth:

- 1. Italian market*
- 2. Emerging Opportunities in a major area: Russia*

- Italian Market is expected to continue its growth:
 - New Very High Speed Lines and enhancement of EUROSTAR service
 - Liberalisation process of regional transport
 - High average age of operational fleet
 - New Mass Transit Lines due to traffic congestion
 - Increase in railway transportation
- TRENITALIA Investment Plan, still to be assigned, amounts to approximately €4 Bln in the next 5 years
- The total expected Italian market demand will be approx. 1600 mln €/year

AnsaldoBreda intends to capture a significant share of the future investments, focusing on

Very High Speed Trains

Regional Trains

Mass Transit Vehicles

Italian Market: AnsaldoBreda strengths



- Capabilities to present a single deck, distributed power, Very High Speed trains according to the TSI European specifications and Trenitalia requirements
- MoU with Alstom for a common portfolio of solutions for Very High Speed Trains and High Speed Trains to cover Italian and export market demands

- Updated and competitive Double Deck Train for Regional Railways under homologation



- Mass transit vehicles leader



- Leverage on advanced driverless metro and low floor SIRIO LRV

Within the fast growing markets, the Russian area will represent a major opportunity for AnsaldoBreda

- Russian Government's decision to improve service quality will require new generation Rolling Stock fleets
- Russia represents a wide and promising market, based on one of the widest railway network (about 90.000 km)
- Russian Railways strongly intend to revitalise Russian rolling stock industry through co-operation with foreign reliable strategic partner
- The Italian Government support and the recognised Finmeccanica position in Russia as a reliable strategic and industrial partner, are key leverages for AnsaldoBreda success

AnsaldoBreda wants to invest in the Russian Market according to the M.o.U. signed by Russian Railways, Russian Industry Transmashholding and the Finmeccanica Transportation Companies

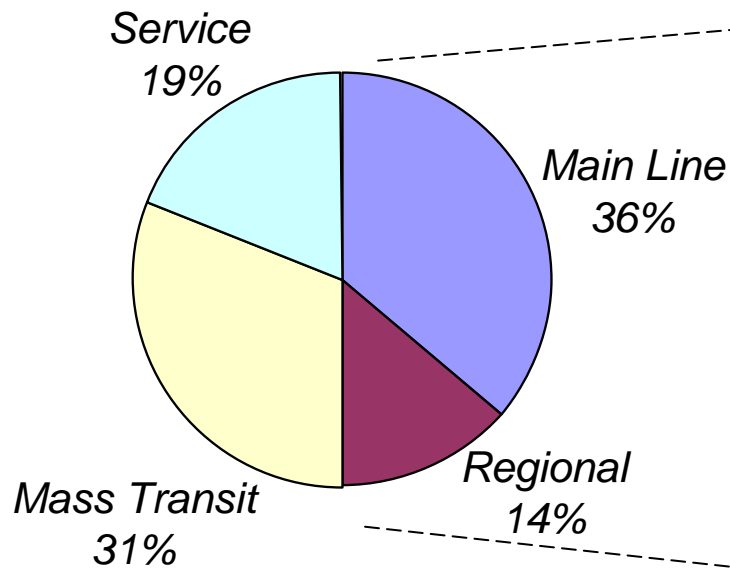


MoU Content

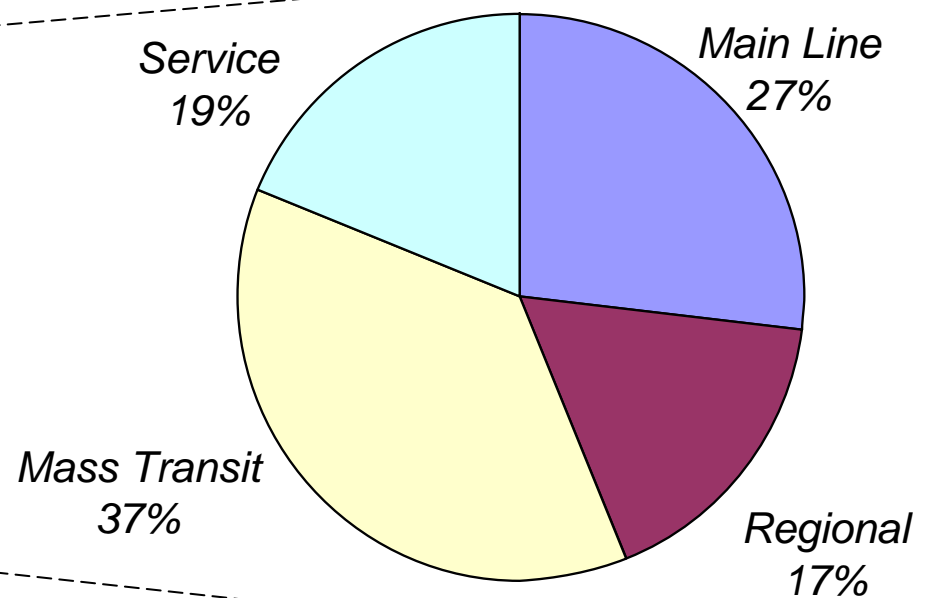
- Development, production and marketing of a new generation train (single deck, distributed power, 160 km/h) from Joint Operations of AnsaldoBreda and Transmashholding, based on AnsaldoBreda technology of the Class 72 train delivered to Norwegian Railways (similar weather conditions)
- First targeted goal: New Generation Intercity Train fleet (about 200 trains in 15-18 years), that may generate € 500 mln sales in next 5 years and € 1.5 bln sales in further years
- Cooperation extended to Locomotives, METRO and LRV markets
- Cost reduction through local activities will generate increased margin and additional volume

Revenues growth 2005-2010

2005 Revenues
398 Mln €



2010 Revenues
810 Mln €



- **Back on Track**
- **Selective growth based on key products**
- **Major Programme in partnership with Alstom (Very High Speed)**
- **Emerging market: Russia**
- **Revenues growing**