

Selex venture boosts Finmeccanica's Defence Electronics business

Encompassing avionics, communications, integrated systems and security, the new business will generate EUR 3 billion in revenues and employ 19,000 staff

Following the signing of the agreement with BAE Systems, Finmeccanica has created a new Defence Electronics division, making the Italian group Europe's second-largest operator in the sector and sixth-largest in the world. The new division will generate revenues of more than EUR 3 billion and employ about 19,000 people.

Together with the acquisition of 100% of AgustaWestland and the creation of the Space Alliance, this operation represents one of the three cornerstones of Finmeccanica's strategy of growth, international expansion and consolidation in its main areas of excellence. It is also a big step forward in the group's increased focus on aerospace and defence.

The deal entails:

- the return of the Italian assets of AMS NV under the full control of Finmeccanica. AMS SpA (renamed **Selex Sistemi Integrati**) now heads up the air traffic management (ATM) and air traffic control (ATC) operations acquired from BAE Systems in the UK, Gematronik in Germany and ASI in the US. Pro forma revenues for 2004 were EUR 616 million, and the company has production facilities in Italy, the UK, the US and Germany.
- the creation of a new company, **Selex Sensors and Airborne Systems**, owned 75% by Finmeccanica and 25% by BAE Systems, which will take control of the group's avionics business. Pro forma revenues for 2004 were EUR 1.58 billion, and the company has production facilities in Italy, the UK and the US.
- the acquisition by Finmeccanica of BAE Systems' military and secure communications arm, which has been merged into Selenia Communications (renamed **Selex Communications**). Pro forma revenues for 2004 were EUR 895 million, and the company has production facilities in Italy, the UK, Germany, Turkey and Romania.

In addition, the Finmeccanica subsidiary **Elsag** will be merged into the new Defence Electronics division. Elsag operates in IT and systems integration in the field of security.

Integrated systems

Finmeccanica has resumed control of the Italian activities of AMS NV headed by AMS SpA. The company, which has been renamed Selex Sistemi Integrati, is world leader in systems and sensors for defence, land, naval and air defence applications, and air traffic planning, management and control systems.

Lead by Marina Grossi, the company is based in Rome, and has around 3,000 employees, mostly highly skilled engineer. Its main production facilities are in Rome, Giugliano, Fusaro and Genoa (Italy), Broad Oak (UK), Neuss (Germany) and Kansas City (US).

Avionics

Selex Sensors and Airborne Systems SpA is based in Florence and controls the companies Galileo Avionica and Selex Sensors and Airborne Systems Ltd. The sole director of the new company is Giancarlo Grasso, while Alessandro Gustapane will remain at the helm of Galileo Avionica and Nick Franks will head up Selex

Sensors and Airborne Systems Ltd. The two companies employ 7,600 people in total, including 4,600 at the Basildon, Luton and Edinburgh sites in the UK.

Secure communications systems

The acquisition of BAE Systems' secure communications operations strengthens Finmeccanica's presence in the UK, and should give the group a more solid commercial base at a time when the MoD is ploughing significant investment into state-of-the-art communications systems such as the Falcon programme.

Selex Communications, led by Maurizio Tucci, is based in Pomezia, but it also has production facilities in Latina, Chelmsford (UK), Ploiesti (Romania), Ankara (Turkey) and Backnang (Germany). It employs about 5,100 staff, including 1,000 in the UK.

Security

Elsag is Finmeccanica's main operator in the field of IT expertise and applications, with a particular focus on aerospace, defence and security. It is also a centre of excellence for security, logistics systems for the defence sector and automation. The "new" Elsag will be based around three core divisions:

- Security systems, which has received the Security business unit formerly headed by Selenia Communications (except for the secure military communications systems arm).
- Logistical systems and services for defence;
- Automation systems.
- The new organisational structure means that Elsag will increase its pro forma revenues from EUR 390 million to EUR 470 million, and the number of employees will rise from 2,800 to around 3,100. The company's Managing Director is Vincenzo Zanni.