



The role of Genoa's industry in the national economy

P. F. Guarguaglini

Chairman and CEO of Finmeccanica

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In the last three years Finmeccanica has grown significantly. It has pursued a strategy of focusing on its core business, which has made it one of the top ten groups globally in the aerospace, defence and security industries. It has also been growing internationally, thus gaining access to some of the world's most attractive and competitive markets.

In achieving this important result, Finmeccanica has not, however, neglected its activities in the civil sector or its operations in Italy.

In Liguria, especially, where we have a long and deep-rooted presence, Finmeccanica has pursued a clear strategic direction and taken strong decisions that have led to substantial operating improvements.

ELSAG and DATAMAT

2004 saw the start of **Elsag's** strategic shift into the defence electronics sector, which entailed the definition of a new company direction and the transfer of Selex Communications' secure

communications division to the company.

The shift continued with the acquisition of **Datamat**, an Italian leader in IT and specialist software, especially for the defence, space and public administration sectors.

Elsag will be the group's centre of excellence for information technology, and will provide IT solutions for our core business, as well as making a big contribution to our security, logistics, automation and leading-edge software operations.

The synergies between Datamat and Elsag will enable Finmeccanica to:

- build up its expertise in software development within the group, especially for the naval, air and helicopter sectors;
- strengthen its foothold in integrated logistics services, especially through its 66% shareholding in the S3Log consortium, which is the main domestic supplier to the defence ministry;
- further consolidate its position as preferred supplier to the Italian navy, and to increase its capabilities in developing its own products for the domestic and international markets;
- enhance its portfolio of products in the security sector.

As a result of the recent measures, we expect Elsag to see a significant increase in new orders between 2005 and 2008.

SELEX COMMUNICATIONS

Selex Communications has more than 1,000 employees in Genoa, of whom around half work in R&D. It also has specialist labs for professional, military and civil use in the fields of secure mobile communications and systems security.

Its main clients are the police, fire, health and emergency services, transport and utility companies and government agencies.

I'd like to give a special mention to the Tetra system, in which Selex Communications has invested around EUR 130 million since 1994.

Selex Communications' research and development centre here in Genoa carries out innovative work on WiMAX and sensor networks.

WiMAX is a radio technology that provides broadband communications at a rate of tens of megabits per second over distances of up to 50-70 km. The company's sensor networks are the result of a fusion between three technologies: nanosensors, artificial intelligence and telecommunications. The company has developed sensors that individually can detect the presence of harmful substances via communications equipment.

SELEX SISTEMI INTEGRATI

Selex Sistemi's current successes in Italy include its Vessel Traffic Service, a state-of-the-art maritime traffic control system based on

wholly Italian technology, which currently covers 60% of the country's sea borders and will in a few years cover 100%.

The VTS will cut loading and unloading times by 30%, increase productivity by 20% and create 9,000 new jobs. The EU has estimated that the project will bring financial benefits of around EUR 1 billion in total.

The system is ideal for Liguria, and could be the springboard for the development of a wider strategic project to integrate and secure the region's entire transport system.

ANSALDO STS

In the rail transport sector, Finmeccanica took the decision to:

- merge **Ansaldo Trasporti Sistemi Ferroviari** and **Ansaldo Signal** into a single company, **Ansaldo STS**, and at the same time
- offer to the market a significant shareholding in Ansaldo STS, which will be based in Genoa.

Ansaldo STS generates revenues of around EUR 850 million. It has an order backlog of around EUR 2.3 billion and more than 3,600 employees, of whom 2,200 are based abroad, in France, the US and Australia.

The operation will lead to the creation of a major rail company that:

- can provide integrated products and high-tech solutions on a turnkey basis;

- has sufficient financial and operating independence to become a hub able to absorb other Italian and foreign companies.

We expect to see significant growth in revenues within three years.

ANSALDO ENERGIA

Finmeccanica is also pushing forward with its strategy in the energy sector, which is poised to be one of the most crucial industries both globally and for Italy in particular.

Thanks to a major programme of investment in product improvement, the licensing agreement with Siemens will enable **Ansaldo Energia** to:

- continue to develop, produce and upgrade the technology of its gas turbines;

- become national leader in the field of services, and work towards becoming one of the biggest independent operators in the world.

In order to make the most of our efforts to relaunch Ansaldo Energia, we need to march purposefully towards the international market.

By capitalising on Ansaldo Energia's technological leadership in the manufacture of combined cycle plants, Italy could achieve great success in the global arena. For example, we could aim for an

industrial partnership between Finmeccanica, ENI and Gazprom for the construction of plants fuelled by low-BTU gases, which would have great benefits for Italy's energy supplies.

ANSALDO NUCLEARE

Our new company **Ansaldo Nucleare**, a subsidiary of Ansaldo Energia, was created specifically to become a centre of nuclear excellence for the Finmeccanica group, with particular focus on decommissioning activities.

This will help us maintain our ground-breaking expertise in the sector, which is an absolute prerequisite for the launch of any future national plant construction programme, and for the involvement of Italy in international projects.

The measures initiated by Finmeccanica in this area will bear fruit only if they are backed up by the leveraging of the sector's few strengths—in both research and industry—and by a change in control structures, for example via Italy's participation in an international research programme in which it can also play a leading industrial role.