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Dateline Paris – or rather, Moscow

In conversation with Finmeccanica's chairman

Pierfrancesco Guarguaglini: "Our weapon is our identity"

International acquisitions are continuing and the group is growing, but new human resources are also needed. The arrival of British managers in the Italian aerospace holding company is having an effect.

"We could have a majority share of the BA609, but Bell does not want to sell"

A global player, as the expression goes. In the sense – and the expression has three different meanings – that if you form an alliance with, say, a big American company for a given programme, you can "fight" it over another. You can produce all kinds of things – satellites, helicopters, radar equipment – reaching the necessary agreements in China, South America or Australia. And if you have a big enough dowry, you can marry a good catch and become a big world player – for example, by being wedded to the French defence electronics industry. Bit by bit, we should be able to get there.

Today, Finmeccanica is a "global" player. At Le Bourget airport the group presented a growth plan based on its good 2006 results (apart from certain capital gains, profit was up 8 per cent) and on the forecast that even better results would be posted for 2007 (operating profit should be up by between 8 and 14 per cent). Brisk but polite, easygoing yet in his way severe, Pierfrancesco Guarguaglini, Finmeccanica's Chairman and Chief Executive Officer, answered our questions at Le Bourget.

Mr Chairman, let's start with our success with the C-27J in the US. Would it not have been worth celebrating such a significant coup with more fanfare at the show?

Well, it's partly due to my personality: I tend to be rather reserved. The first time I was in the newspaper, my mother urged me to favour understatement ... That aside, we will celebrate the success with the Spartan in the United States to the full when it has yielded the benefits we expect from it.

On that subject, there has been talk at the show that the US air force was showing some interest in the Aermacchi M-346 advanced trainer.

I have been to the Pentagon a few times in recent years. About a year and a half ago, on meeting the representative of the US treasury there, I was asked to provide documentation on the M-346, especially with reference to the savings our trainer can bring. As with the AgustaWestland US 101 for the White House and with the C-27J's success, if we are to supply our new trainer to the United States this clearly requires many years' preparation, and slow, hard work. We have only just started. For sure, the

enormous exposure that a stage such as Le Bourget can offer also helps – think, for example, of the first international outing for our BA609 Tiltrotor ...

You say “our Tiltrotor”. But are the rumours that there is a boycott by Bell, which is supposedly doing a go-slow in its supply of spare parts, and parts for the third prototype being assembled at Cameri, true?

No. The programme is a complex one, and it has its own timetable, but it is progressing. Bell certainly has its problems; Mr Orsi, the Chief Executive Officer of AgustaWestland, has had to deal with three or four different opposite numbers at our American partner in recent years. We entered the BA609 programme with a minority stake but now we are approaching 50 per cent.

Would it not be possible to take the plunge, and gain control of such an important programme?

The problem is very simple: Bell Helicopter, or rather Textron, which owns it, does not want to sell.

What has been the effect, or if you like, how have things changed at Finmeccanica with the arrival of English managers, for example at AgustaWestland or Selex Sensors and Airborne Systems?

No effect in particular. Taking control of the two Italo-British companies you mention has yielded something very important, which is also the weapon we were lacking: a strong new identity on international markets. Now, the whole of Italy’s aerospace and defence industry is, how shall I put it, more international.

Let’s come on to the segment which is always the most “explosive”: UAVs. Finmeccanica has two separate companies that operate in this area, Galileo Avionica and Alenia Aeronautica. Is it planned to merge the two?

I would say no. Galileo Avionica builds the smaller UAVs, in which the chief technological element is the payload, an area in which the Ronchi company excels. Alenia, on the other hand, deals with bigger platforms. At present, I don’t see how all production of unmanned aircraft could be united under a single brand. Of course, we must not stand still. Unmanned flight is making huge strides: there is already talk of pilotless cargo aircraft ...

From a financial standpoint, which of Finmeccanica’s various branches of activity is most profitable?

If we look at EBIT (operating profit before financial costs and taxes) there is no doubt: helicopters are absolutely the most profitable. Obviously we must try to approach that performance also in aerostructures, electronics and space.

Your term in your present post expires in about a year. What will the post-Guarguaglini era be like?

The driver of the minibus – or, if you like, the pilot of the helicopter or the airplane – counts only up to a point. What counts are the shareholders.