



Bono: a public listing is required to raise the €800m Fincantieri expects to invest over the next five years.

## Fincantieri holds steady ahead of IPO

**John McLaughlin**

ITALY'S Fincantieri, which is girding itself for a public listing early next year, posted earnings of €26.5m (\$37.3m) for the first half of this year, almost identical to last year's €26.4m.

Those earnings came on production value of €1.2bn, 5.1% up on the first half of 2006. Gross operating margins, meanwhile, were up 26.3% at €76.8m.

The future looks more promising this year than last. New orders came in at €2.7bn, 34% up on first half 2006, taking the orderbook to €10.6bn, a number the company said guarantees its eight Italian yards full occupation for the next three years.

Somewhat more contentiously, it also claimed that the latest results confirmed the wisdom of its broader strategic plan, which is focused on diversification into areas seen as contiguous to its core cruise and ferry businesses.

Among the gains in the offshore market, which is one of its key targets, it cited orders for eight offshore support vessels from Hartmann Logistik, and a contract from Saipem to complete and outfit the semi-submersible drilling platform *Scarabeo 8*.

Another coup, that it is more reluctant to publicise, is a second order for its

superyacht division. Although no price has been released, this is a high-margin business in which Fincantieri's prospects may well depend on the market's reaction to these first two orders.

The company also scored some successes on the cruise side in the first half of the year, securing orders for five ships from four brands, and pushing into the market for small luxury vessels with orders from Silversea and Oceania for a total of three ships and options for two more. On the ferry front, it snapped up orders for two more cruise ferries from Grimaldi.

Fincantieri also boasted that it had invested €50.8m through the first half as part of an investment plan based on developing those new businesses and reorganising its Italian yards.

The company expects to invest €800m over five years, a sum that chief executive Giuseppe Bono successfully argued could only be raised with the help of a public listing. Fincantieri's initial public offering will take place next year, though the government will retain a majority stake.

Fincantieri executives and government officials have also assured the company's workers that investment overseas, notably in repair yards and a partnership deal with an Eastern European yard through which to attack the offshore market, will not mean disinvestment at home.

