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# FINCANTIERI FUTURE ON BOARD

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[www.fincantieri.com](http://www.fincantieri.com)

**FINCANTIERI**

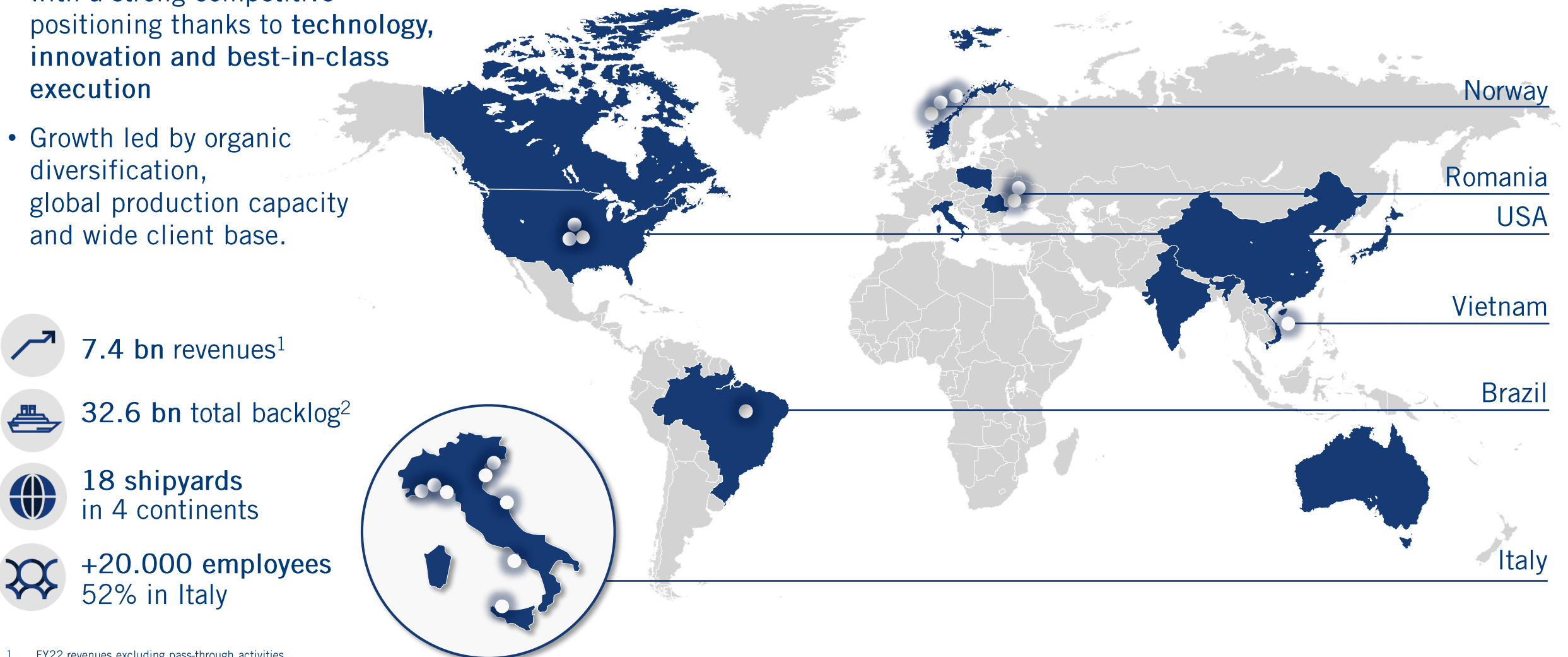
# Agenda

1. **Fincantieri at a glance**
2. **9M 2023 fully on track with guidance**
3. **Business Plan 2023-2027**
  - a. Strategic Pillars and Markets
  - b. Focus on Underwater Domain
  - c. Financials and Guidance
4. **Concluding remarks and Q&A**  
  
**Appendix**

# A leading global Group with widespread international presence

- Leading player in Shipbuilding with a strong competitive positioning thanks to technology, innovation and best-in-class execution
- Growth led by organic diversification, global production capacity and wide client base.

○ Shipyards



 7.4 bn revenues<sup>1</sup>

 32.6 bn total backlog<sup>2</sup>

 18 shipyards in 4 continents

 +20.000 employees 52% in Italy

1. FY22 revenues excluding pass-through activities

2. Value as of 30sept2023. Sum of backlog and soft backlog; soft backlog represents the value of existing contract options and letters of intent as well as contracts in advanced negotiation, none of which yet reflected in backlog

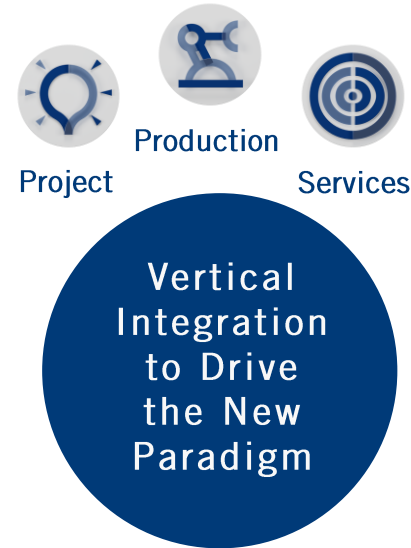
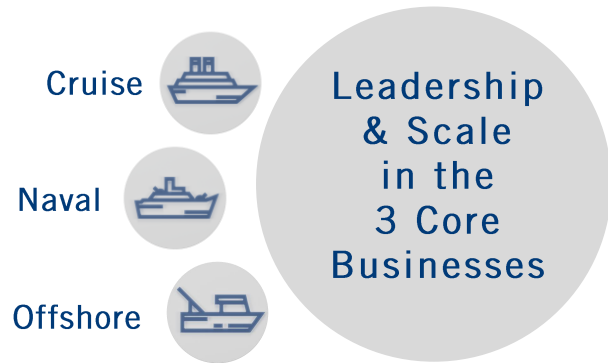
# Europe's largest shipbuilder with a vision to provide a comprehensive service proposition for the life-cycle of green and digital ships

Shipbuilding		
Cruise	Defence	Offshore
>40% global market share	Sole supplier to the Italian Navy	Prime mover in Offshore Wind SOVs
Diversified client base and complete segment coverage	Partner of choice of leading navies worldwide	>30% market share for orderbook for CSOV and SOV
>125 deliveries since 1990	>130 deliveries since 1990	Historical leadership in O&G SOVs
DIGITAL ENABLING TECHNOLOGIES		
Digital integration to turn into a Digital Design Authority with Artificial Intelligence and Data Analytics competences		
MARINE SYSTEMS AND COMPONENTS		
Leader in the green transition toward Net Zero emissions thanks to a consolidated know-how and a continuous R&D		

## Infrastructure

Infrastructure capabilities in sectors adjacent to shipbuilding

# Fincantieri has unique competitive strengths to meet customer needs








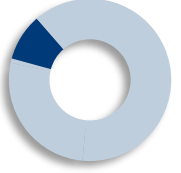

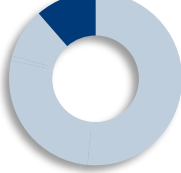
- Scale and cross-fertilization of competencies enabling the digital and zero-emissions ship
- **Cruise:** >40% market share serving all leading cruise players globally
- **Naval:** strategic partner of the Italian Navy, referenced leadership in frigates, established exporter
- **Offshore & Specialized Vessels:** leadership through VARD

- End-to-end design authority to deliver the digital and green ship
- Complete ship outfitting including new propulsion systems and automation and data management platforms
- 360° offering: “cradle to grave”, “stern to bow” and “onboard-ashore”

- Capability to address geopolitical demand with a global know-how & local capabilities
- **Global production network** in 4 continents leveraging on end-to-end supply chain
- Meeting client needs to manage complexity, technical support and cost efficiencies

# Products, track record and backlog

One of the most diversified product portfolio in the world combined with a wide client base and a strong backlog

		Main products	Track Record	Revenues 2022 <sup>1</sup>	Backlog <sup>2</sup>
Shipbuilding	 Cruise	<ul style="list-style-type: none"> <li>All cruise ships:               <ul style="list-style-type: none"> <li>- Luxury/Niche<sup>3</sup></li> <li>- Upper Premium</li> <li>- Premium</li> <li>- Contemporary</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li><b>World leader</b> in the design and construction of vessels for all segments of the cruise industry</li> <li><b>117<sup>4</sup> ships delivered</b> from 1990 to 2022</li> <li>4<sup>2</sup> vessels delivered in 2023</li> </ul>	 € 4,139 mln 51.5%	€ 18,873 mln (56 ships up to 2030)
	 Naval	<ul style="list-style-type: none"> <li>All surface vessels (also stealth)</li> <li>Support &amp; Special vessels</li> <li>Submarines</li> </ul>	<ul style="list-style-type: none"> <li><b>142<sup>4</sup> ships</b> delivered from 1990 to 2022</li> <li>3<sup>2</sup> vessel delivered in 2023</li> </ul>	 € 2,162 mln 26.9%	
Offshore and Specialized vessels	 Offshore and Specialized vessels	<ul style="list-style-type: none"> <li>SOV</li> <li>Fishery</li> <li>Ferries</li> <li>Offshore wind</li> <li>OPV</li> <li>Specialized vessels</li> </ul>	<ul style="list-style-type: none"> <li><b>431<sup>4</sup> ships</b> delivered from 1990 to 2022</li> <li>10<sup>2</sup> vessels delivered in 2023</li> </ul>	 € 751 mln 9.3%	€ 1,255 mln (30 ships up to 2026)
Equipment, Systems and Infrastructure	 Equipment, Systems and Infrastructure	<ul style="list-style-type: none"> <li>Marine systems, components &amp; turnkey solution</li> <li>Mechatronic</li> <li>Infrastructure</li> </ul>	<ul style="list-style-type: none"> <li><b>Leader in solutions for the green transition</b> thanks to a consolidated know-how and a continuous R&amp;D</li> </ul>	 € 916 mln 11.4%	€ 2,510 mln (of which € 2,021 mln infrastructure)

1. As of December 31, 2022, excluding the effect of pass-through activities and before eliminations and consolidation adjustments

2. As of September 30, 2023

3. Terminology used in the cruise sector to indicate smaller, more intimate cruises with fewer guests dedicated to more exploratory destinations (e.g. Alaska or polar regions)

4. As of December 31, 2022

# Shipbuilding – Cruise

## Products

### Luxury / Niche



Cruise ships (10 – 60.000 Gross Tonnage) expressly designed for **exclusive cruises** operated on **less popular routes** (e.g. high cultural/environmental value) and for niche markets (e.g. expedition cruise).

Extreme luxury is expressed in the "Yacht Experience" cruise ships<sup>(1)</sup>

### Upper Premium



Cruise ships (40 – 90.000 Gross Tonnage and 750 – 1.500 passengers) dedicated to **destination oriented cruises**, with **upscale on board service** on route/destinations out of reach for Premium/ Contemporary ships

### Premium



**Large cruise ships** (90 – 180.000 Gross Tonnage and 1.500 – 4.300 passengers) dedicated to a **wide range of cruise routes** with **higher on board standards and services** than Contemporary ships

### Contemporary



**Largest cruise ships** (over 130,000 Gross Tonnage and over 3.600 passengers) for **mainstream cruises** with standard routes and on board features representing the destination itself

## Target Market / Positioning

- Targeting **worldwide** cruise ships market
- **Global leader** in all market segments, most diversified client portfolio

## Client Portfolio

Luxury/Niche			Premium		
Upper Premium			Contemporary		

## Shipyards<sup>(2)</sup>

Italy  
 Monfalcone  
 Marghera  
 Sestri Ponente  
 Ancona

Romania  
 Tulcea  
 Braila

(1) Yacht Experience segment is born with the entry in the cruise market of some operators from the hotel industry who wanted to bridge the gap between cruises and the experience of traveling on a private yacht (ultra luxury yacht)

(2) In addition to the shipyards dedicated to cruise shipbuilding activities, Fincantieri also uses other production sites for support activities related to cruise shipbuilding (e.g. Castellammare di Stabia, Palermo)

# Shipbuilding – Naval

## Products

### Aircraft Carriers



Air operations, air power projection and dual use operations for disaster relief

### Corvettes



Fast vessel for coastal defense, sea patrol, search and rescue

### Destroyers



Other ships defense in multi threats environments

### Patrol Vessels



Littoral missions, sea patrol, search and rescue, anti pollution and fishery control

### Frigates



Multi-mission vessels with anti-surface and anti-submarine warfare

### Submarines



AIP<sup>(1)</sup> unit for surveillance and open sea operations

## Target Market / Positioning

- Sole supplier of the **Italian Navy**<sup>(2)</sup> and one of the major mid-sized vessel suppliers of **US Navy** and **US Coast Guard**
- **Constellation class**<sup>(3)</sup> program as a business card to pursue opportunities in foreign accessible markets

## Client Portfolio



## Shipyards<sup>(3)</sup>

Italy  
Riva Trigoso  
Muggiano

USA  
Marinette  
Green Bay  
Sturgeon Bay<sup>(4)</sup>

(1) Air independent propulsion  
 (2) For all the large ships and excluding minesweepers and a small ships below 45 m in length  
 (3) Former FFG(X) program  
 (4) Focused on the construction of offshore support and other specialized ships



# Offshore and Specialized vessels

## Products

### OSV

### AHTS<sup>(1)</sup>



Anchoring and moving drilling and offshore production units

### SPECIALIZED VESSEL



Heavy lift, LPG, icebreakers, research vessels

### CABLE-LAYING VESSEL



High precision cable positioning, underwater heavy-duty ploughs

### PSV



Transporting cargo/people to/from offshore rigs and platforms

### FERRIES



Dual-fuel, LNG powered ferries with hybrid gas-electric propulsion

### OSCV



Highly complex vessels performing subsea operations and maintenance

### SOV<sup>(2)</sup>



Wind Service Operation Vessels for offshore wind farms

### CSOV<sup>(2)</sup>



Wind Commissioning Service Operation Vessels for offshore wind farms

### OPV



Offshore Patrol Vessels

## Target Market / Positioning

- Market leader in the construction of SOVs/CSOVs to be deployed in offshore wind farms
- Among global leaders in high-end OSVs, supplier of complex vessels for the oil&gas industry
- **Diversification** in ferries, fishery, offshore wind and offshore patrol vessels (OPV) segments
- Innovation capability with dual-fuel and hybrid vessels as well as with service operation vessels
- Design and construction of robotic vessels for maritime operations worldwide (for Ocean Infinity)

## Client Portfolio



## Shipyards

Norway  
Brattvaag

Brasil  
Promar

Vietnam  
Vũng Tàu

(1) AHTS = Anchor Handling Tug Supply, PSV = Platform Supply Vessels, OSCV = Offshore Subsea Construction Vessels

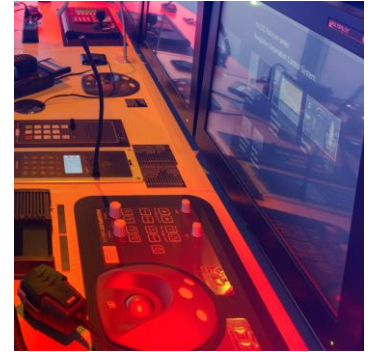
(2) SOV = Service Operation Vessel; CSOV = Commissioning Service Operation Vessel

(3) YARD's client is Windward Offshore, a joint venture consortium currently under establishment and led by ASSC's offshore arm SeaReEnergy Group in Germany

# Equipment, Systems and Infrastructure

## Electronics

- Design and integration of complex systems (system integration) with a focus on automation
- Cyber security
- Telecommunications
- Critical infrastructures



## Mechatronics

- Energy generation/storage systems:
  - Electrical, electronic and electromechanical integrated systems
  - Stabilization, propulsion, positioning and power generation systems
  - Steam turbines



## Infrastructure

- Design, construction and assembly of steel structures on large projects such as:
  - Bridges, viaducts, airports and ports
  - Maritime/hydraulic works
  - Large commercial and industrial buildings



# 2023 landmark projects

## Cruise

### MSC Explora Journeys



- Two new hydrogen-powered ships ordered by MSC to join Explora Journeys fleet worth € 1.1 billion. The agreement completes the total investment of € 3.5 billion in six luxury ships
- The two ships, EXPLORA V and EXPLORA VI, will be delivered in 2027 and 2028
- The fleet will be equipped with the latest technology, including hydrogen powered fuel cells for zero emission operations while in port, and a full range of energy-efficient on-board equipment

## Naval

### Near Future Submarine



- Third next-generation submarine related to the U212NFS (Near Future Submarine) program for the Italian Navy with a value of ~ € 500 mln, with additional € 160 mln for future activities
- The submarine will be delivered in 2030
- The submarine will be highly innovative, developed independently with the Group acting as Design Authority

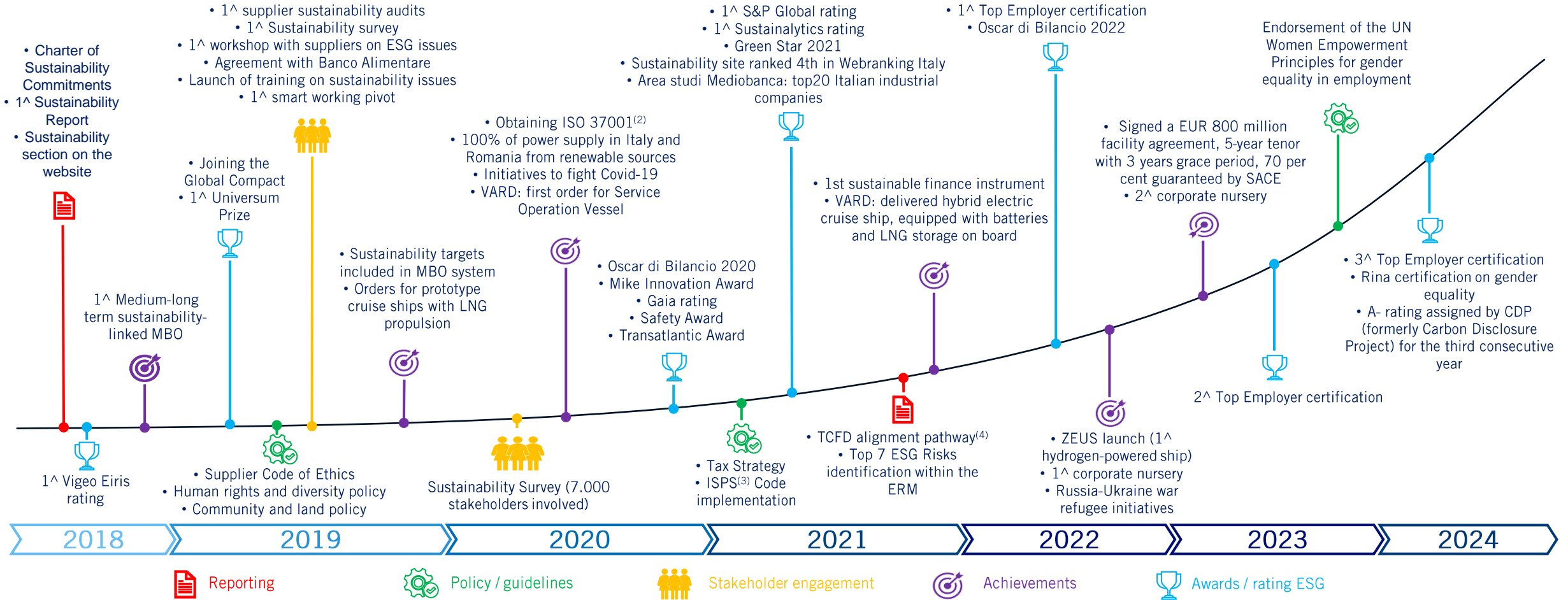
## Offshore

### Commissioning Service Operation Vessels



- Four CSOVs for the new client Edda Wind with a contract value of ~ € 250 mln and 8 options to be exercised
- The first two vessels are expected to be delivered in Q1 2025, the third in Q2 2025 and the fourth in Q1 2026
- The ships for Edda Wind are added to the CSOVs or Service Operation Vessels (SOV) in portfolio, that now are 15, including 12 CSOVs, along with 2 cable laying vessels

# Fincantieri's sustainability journey



1. Certification describing best practices for an information security management system  
 2. Certification that helps prevent, detect, and manage situations of corruption by the organization, its staff, and its business partners  
 3. International Ship and Port Facility Security, a set of standards to improve the security of ships and port facilities  
 4. Task Force on Climate-related Financial Disclosures, formed in 2015 to develop a framework for companies on financial reporting of climate change-related risks

# Over the last 18 months, Fincantieri has undertaken a deep operational, financial and strategic transformation



Leveraging on the **high added value** and diversified shipbuilding business featuring constant innovation, digital and energy transition solutions with benefits or marginality



Setting the **grounds** for the **new industrial cycle** thanks to a 5-year Strategic Plan with challenging KPIs and targets



**Solid commercial pipeline** upholding a solid backlog and strong order intake, despite challenging macro-economic and geopolitical headwinds



Fostering business opportunities in the **fast-growing wind offshore market**, reaching Vard break-even already in 2023



Consistent **deleveraging path** coupled with a **solid and sustainable financing structure**, with no upcoming maturities, no covenants and almost entirely hedged, supporting organic growth and new business development



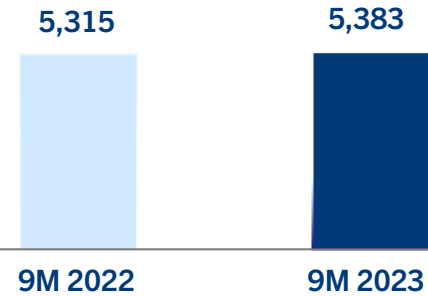
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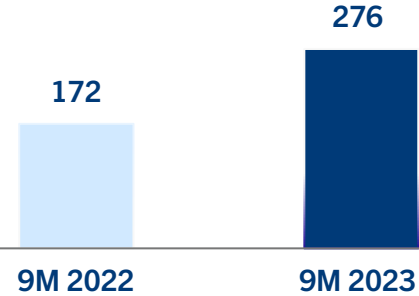
# 9M 2023 fully on track with guidance

(€ mln)

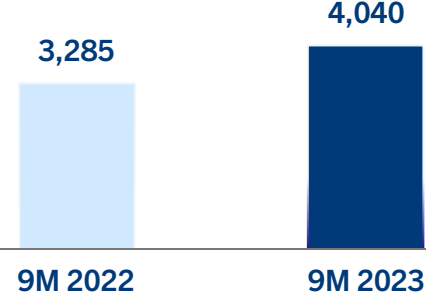
## Revenues



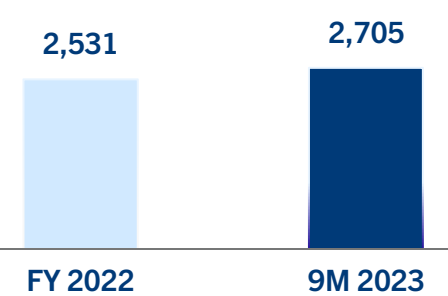
## EBITDA



## Order Intake



## Net Financial Position



EBITDA at € 276 million, up 60% vs 9M 2022, with EBITDA margin at 5.1% (3.2% in 9M 2022)

Solid top line with revenues at € 5,383 million, up by 1.3% vs 9M 2022

Net debt at euro 2,705 million, in line with FY 2023 outlook

86 ships in portfolio with deliveries up to 2030 and robust backlog at euro 22.2 billion

Order intake at € 4.0 billion vs € 3.3 billion in 9M 22 supported by a strong contribution from Defence and Wind Offshore

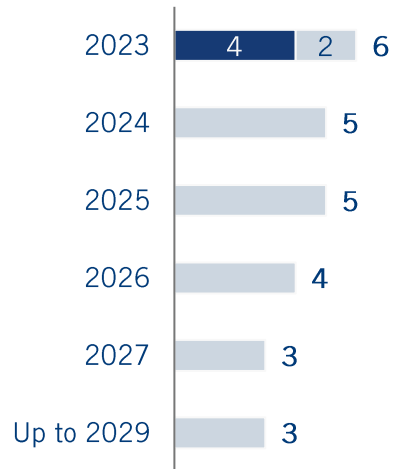
FY 2023 guidance confirmed

# Solid backlog with strong visibility up to 2030

Total backlog of € 32.6 bn equal to 4.4x 2022 revenues  
 Soft Backlog at € 10.4 bn further supporting the commercial pipeline (1.4x 2022 revenues)

## Shipbuilding – Cruise Segment

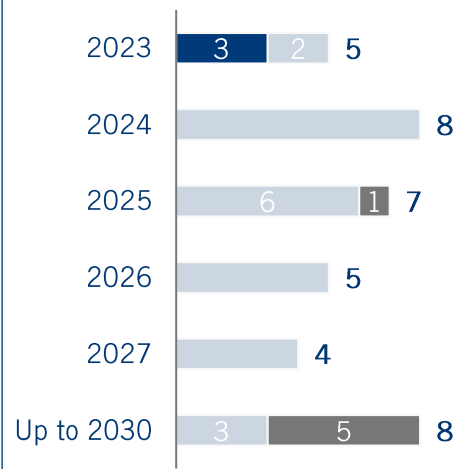
#ship deliveries



■ Delivered in 9M 2023  
 ■ Expected deliveries

## Shipbuilding – Naval Segment

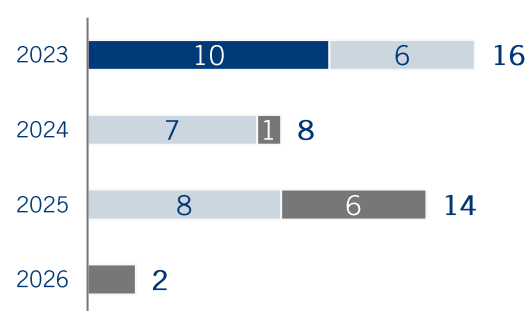
#ship deliveries



■ Delivered in 9M 2023  
 ■ Expected deliveries  
 ■ New orders in 9M 2023

## Offshore & Specialized Vessels

#ship deliveries

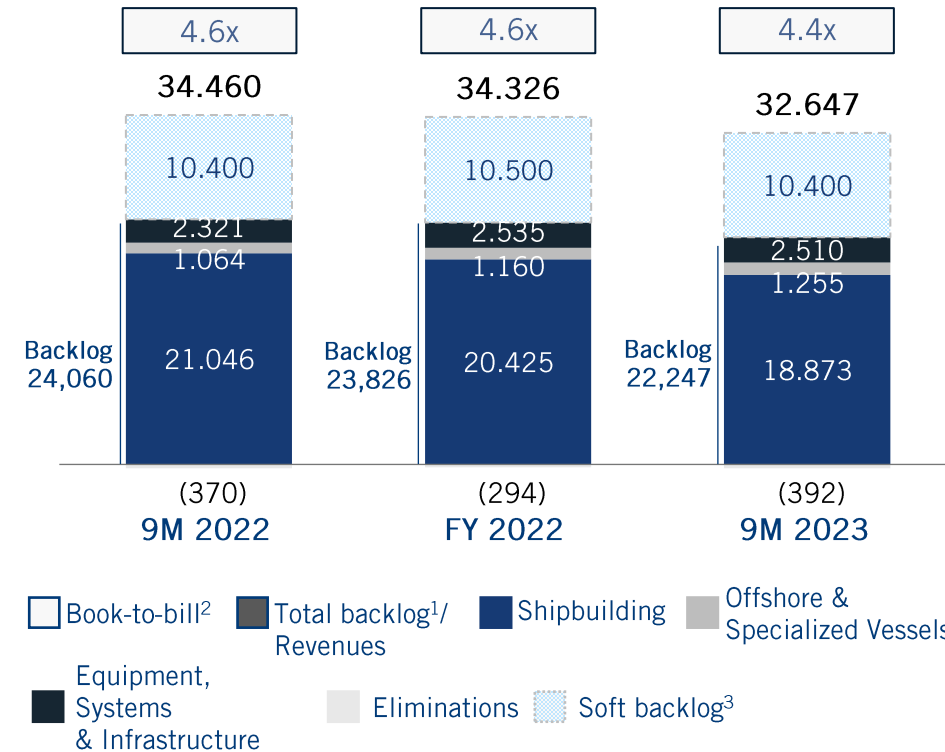


3 cable layers and 2 CSOV awarded only in December 2023 + 2 CSOV options exercised in January 2024

■ Delivered in 9M 2023  
 ■ Expected deliveries  
 ■ New orders in 9M 2023

## Total backlog<sup>1</sup> breakdown by segment

(€ mln)



17 units delivered, 15 units ordered, 86 ships in backlog and 19 ships in soft backlog

1. Total backlog is the sum of backlog and soft backlog. Backlog coverage calculated as Total Backlog/ previous year revenues ex pass through activities  
 2. Order intake/revenues  
 3. Soft backlog represents the value of existing contract options and letters of intent as well as contracts in advanced negotiation, none of which yet reflected in the order backlog



# Focus on deleveraging

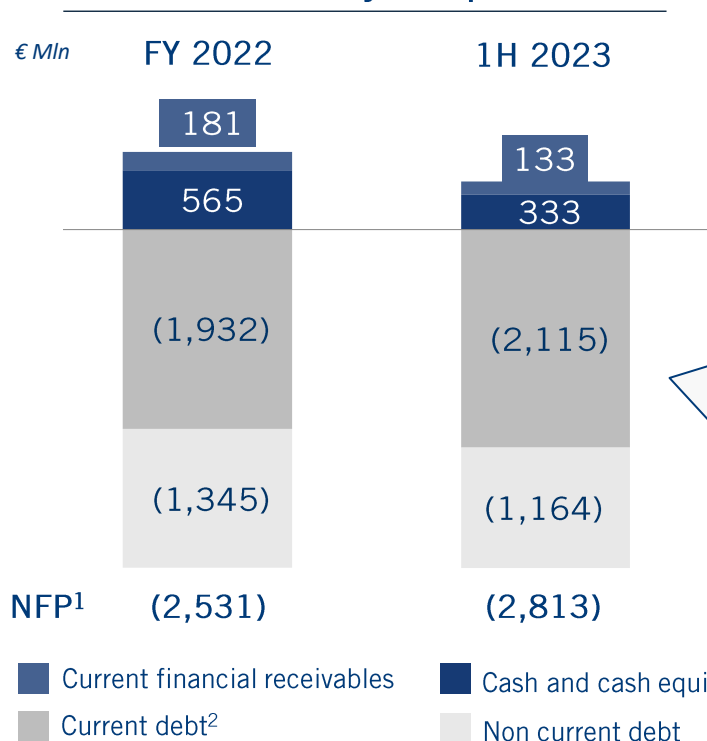


Capital structure with no refinancing risk, no covenants and low average interest rate



Deleveraging process on track with further potential upside

## Net Financial Position<sup>1</sup> breakdown by component



Current debt includes **Construction loans**, a working capital financing facility directly linked to the ship under construction and with a total duration of less than 18 months. The loan must be used to finance (or refinance) the costs incurred by the applicant on a specific project/contract, proportionally to the progress of the construction works (i.e. Percentage of Completion or POC%). Such loans are repaid in full upon delivery of the ship and the funds, previously allocated by the banks, could be quickly moved to new projects (subject to specific approval)

## 9M 2023

**NFP<sup>1</sup>**  
**(2,705)**

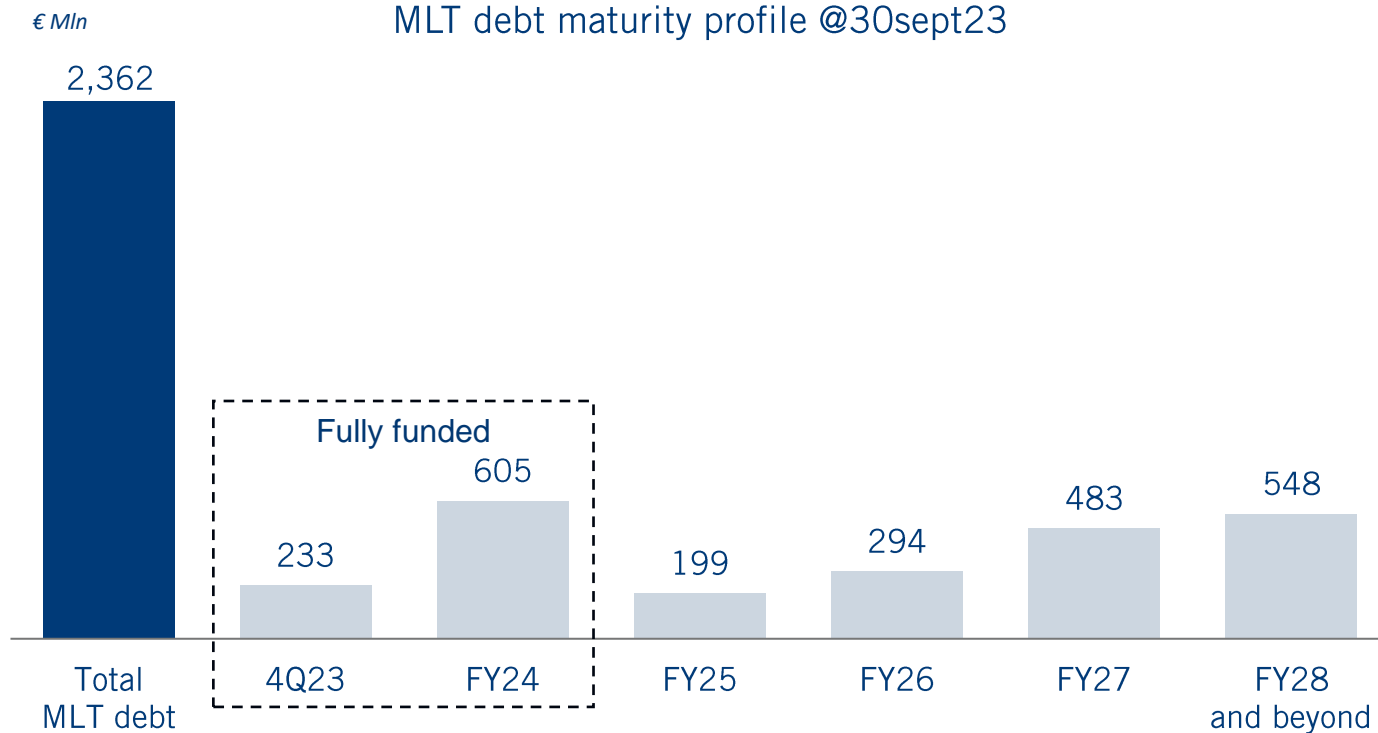


- 9M 2023 net debt reduction from 1H 2023 of approx. € 100 mln
- 4 cruise ships delivered in 9M 2023 and 2 more in 4Q 2023

2027 NFP/EBITDA target: 2.5x – 3.5x

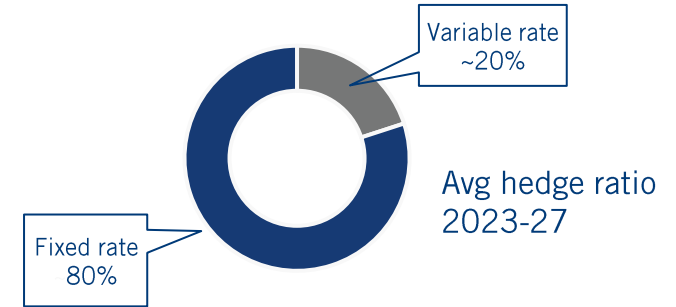
1. Group Net financial position has been aligned with ESMA guidelines and it includes (i) construction loans, (ii) non-current financial liabilities on hedging instruments and (iii) liabilities for fair-value options investments that were previously excluded, furthermore it excludes non-current financial receivables  
 2. Current debt includes also the portion of MLT debt to be repaid within the following 12 months

# Solid and sustainable capital structure



Includes € 800 mln new “ESG linked” loan, 5 years maturity with 3 years grace period, 70% guaranteed by SACE (italian export credit agency). The amount is not considered in 9M2023 NFP because the financing is granted but the actual value outstanding is zero

~ 4.3% Avg interest rate<sup>1</sup> 2023-27 (from 3.5% FY23 to 4.8% FY27)



No significant debt maturities until 2027



Debt structure with no covenants



~ 67% ECA guaranteed (of which 64% SACE)



~ 44% ESG linked

1. Average net interest rate on total debt. In Business Plan horizon deployment goes from 3.5% of 2023 to roughly 4.8% in 2027, with 4.0% in 2024, 4.3% in 2025, 4.7% in 2026

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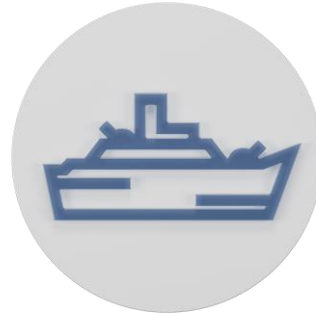
# Ready to exploit opportunities driven by market macro-trends

Current business outlook underpins potential to accelerate growth and global market share



## Cruise market rebounding after Covid-crisis

Cruise market rebound, with passengers estimated at around 38 million in 2026. Orders still below pre-covid levels



## Military market in a different global context

Expenditure on naval assets is projected to grow in line with overall defense spending, also driven by the increasing role of the underwater domain



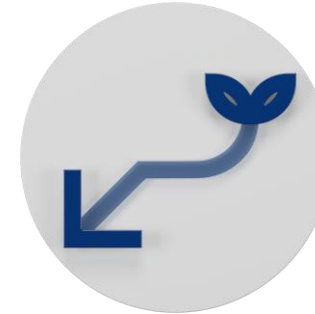
## Offshore market driven by wind power sector

Growth in offshore wind sector offers strong potential for specialized vessels, limited opportunities in Oil&Gas segment



## Growth and volatility in commodity and energy costs

Commodity and energy costs increased as a result of geo-political and pandemic phenomena and remain high compared to pre-pandemic levels



## Sector with strong push for ESG and decarbonization

Challenging Emissions reduction targets (-40% in 2023, -70% in 2050) by IMO<sup>1</sup> and Net Zero Fleet by 2050 by shipowners<sup>2</sup>

Acceleration driver for further upside



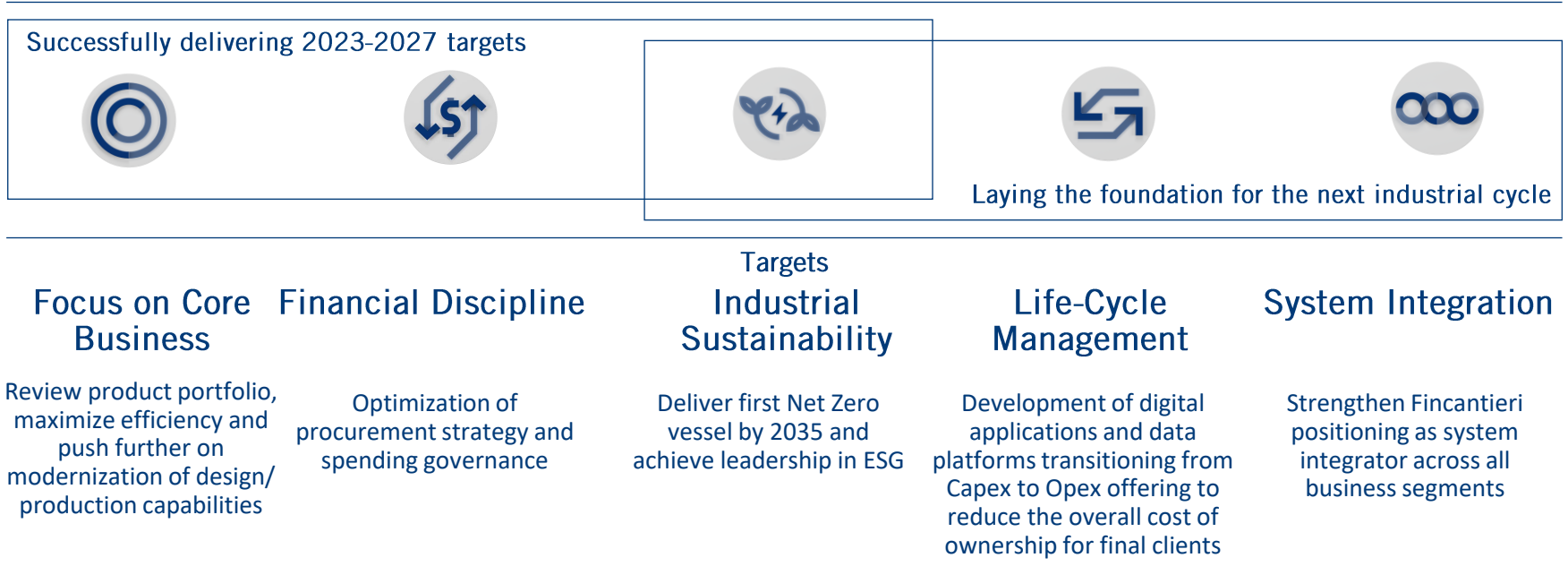
## Strategic role of the Underwater segment

Growth in the attractive Underwater economy driven by the increasing attention, due to geopolitical environment and need of complex sets of activities, players and technology

1. International Maritime Organization  
2. Cruise only

# 10 strategic projects underpinning the 5 strategic pillars

10 Working Teams fully committed to successfully reaching milestones and targets



**Strategic acceleration drivers**  
*Currently not reflected in the BP 2023 - 2027*

**Targets**

<b>Expansion in Underwater space</b>	<b>Upside from M&amp;A growth</b>
Expand Underwater footprint, making Fincantieri the right aggregator for the Underwater domain thanks to its know-how and capabilities	Capitalise on industry opportunities that may arise over time

10 Internal Strategic Projects started

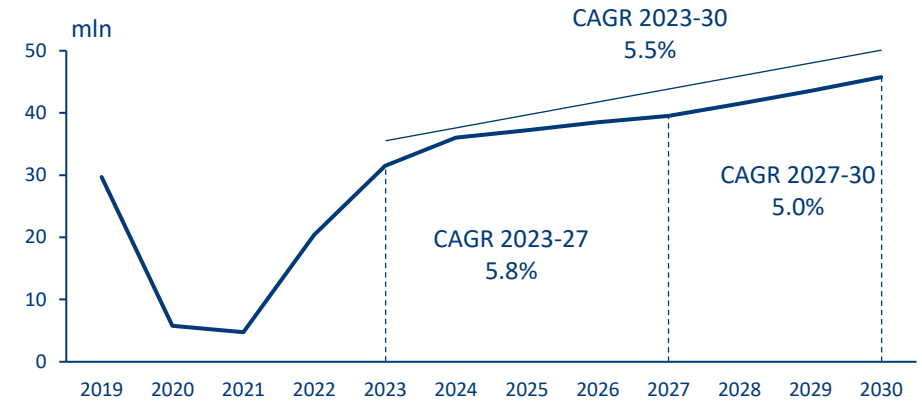
1. Operations excellence
2. Competitive VARD business model
3. Infrastructure de-risking and partnering
4. Accommodation business upswing
5. Procurement best practices
6. SG&A and process governance
7. Green transitioning towards Net-Zero
8. Group ESG strategy
9. Cruise digital offering
10. Whole warship capabilities

# Cruise: 2023 full recovery; passenger rate to grow 5.5% annually until 2030, with new ships needed from 2024

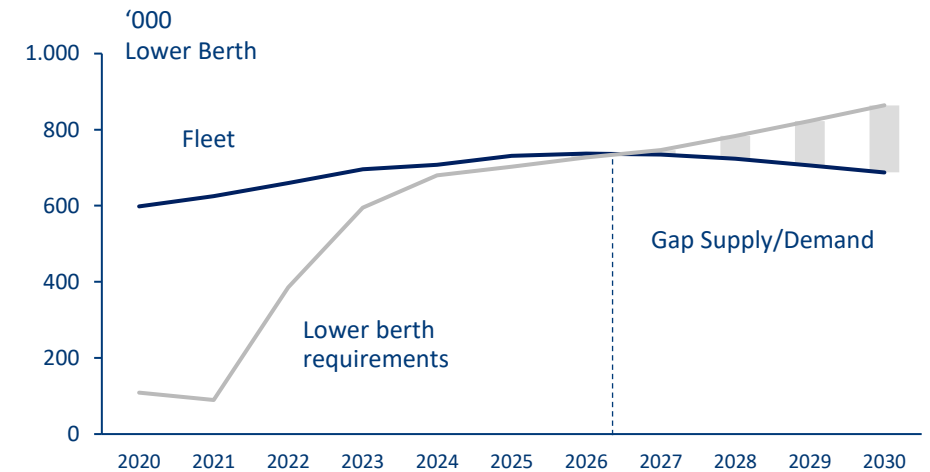
## Cruise Market

- Substantial rebounding in cruise activities, with passenger volume forecast to reach 106% of 2019 level in 2023, with 31.5 million passengers<sup>1</sup>
  - 39 mln passengers by 2027<sup>1</sup> (CAGR 2023-27: +5.8%)
  - 46 mln passengers by 2030 (CAGR 2027-30: +5%), in line with the pre Covid decade<sup>2</sup>
- Gap between supply and demand of vessels expected starting from 2027, foreseeing a resumption of new orders from 2024
- Cruise operators experiencing load factors, booking trends and cruise prices above 2019 level, together with a return to profitability
- Average age of tier-1 cruise fleet stands between 11 and 15 years: regulatory developments and ageing of fleets require the construction of “next generation” cruise vessels
- Resumption of orders already recorded for luxury segment with market newcomers from high-end hospitality industry
- Business outlook for the coming years influenced by:
  - evolution of environmental regulation and development of green technologies
  - financial support to shipowners by Export Credit Agencies
  - challenging competitive environment due the increased availability of production slots

Cruise Passengers



Evolution of the lower berth supply and demand<sup>3</sup>



1. Cruise Lines International Association  
 2. CLIA State of the Cruise Industry 2023, CAGR 2009-2019 = 5%, Fincantieri analysis based on CLIA data  
 3. Fincantieri analysis

# Defence: foreign accessible market opportunities for €20 bn in 2023 - 2027

## Global defence budget

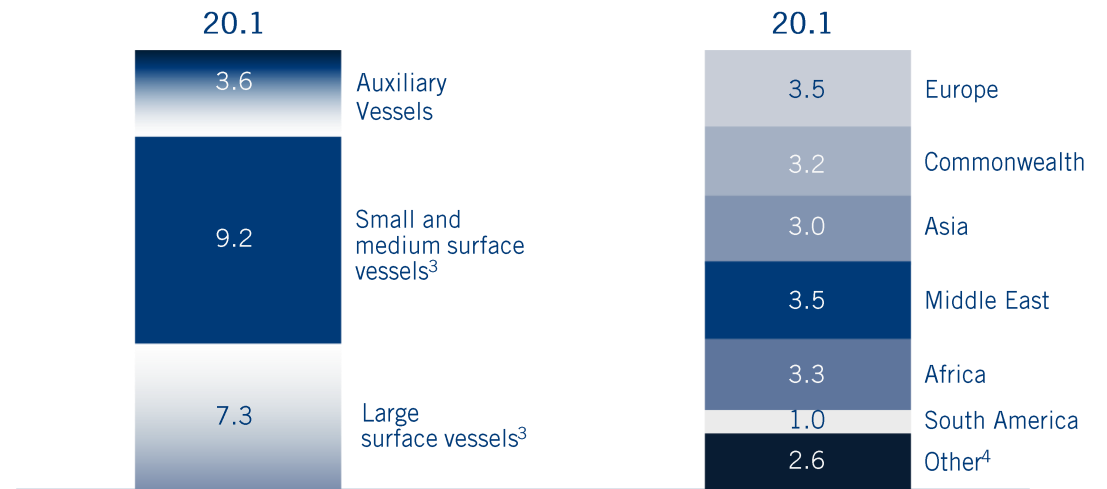
- Geopolitical context and foreign policy impact industrial defence sector and demand for larger fleets with more advanced technological requirements
- Global defence budget in 2023 at \$ 2.34 tn<sup>1</sup>, of which approx \$ 150 bn in Naval procurement. **Budgets rose** by 14.6% nominally, and **by 10.1% after the effects of inflation**. However, after many large rises in budget in 2023, most growth forecasts are now more moderate
- Outlook for higher defence budgets (CAGR 2023-27 at +2.6%; CAGR 2024-28 at +1.9%)
- Global defence budget allocated to the Navy in 2024-2028 set to grow, with increased demand for all naval classes (e.g. patroller, corvettes, frigates, submarines)

## Accessible Markets<sup>2</sup>

- Fincantieri consolidated and recognised expertise in frigates and corvettes and submarines:
  - Italian FREMM, US Navy Constellation-class and Qatari Ministry of Defence
- Fincantieri’s competitive edge enhanced by:
  - local production capability
  - shortening and utilizing local supply chains
  - adapting to new geopolitical paradigm and customer requirements
  - track record acting as prime contractor, integrating mission capabilities

## Programs 2023-2027

€ bn



1. Global Defence Budget, Jane’s, January 2024 - Data in real terms (adjusted for inflation)

2. Foreign accessible market: New naval vessels (neither refitting nor MLU - Mid-Life Upgrade) with conventional propulsion systems for not fully autonomous countries. Does not include programs for inaccessible countries (e.g. Russia, China), already awarded programs, programs for minesweepers, carriers and submarines, units below 30/45 m length. Fincantieri analysis, Jane’s

3. Large surface vessels: destroyer, frigate; medium and small surface vessels: patroller, corvette

4. Other opportunities for FREMM and corvette/OPV

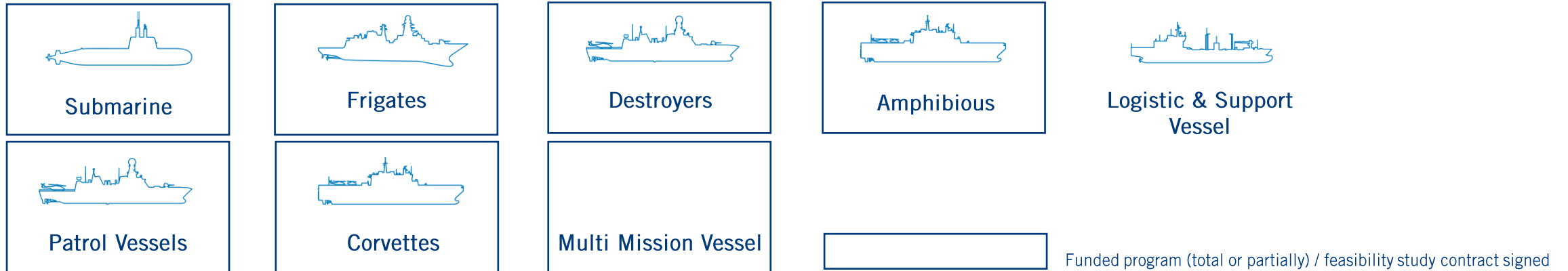
# Naval: supporting the Italian and US Navy fleet renewal and expansion

## Italian Navy

- Fincantieri is the strategic partner of the Italian Navy with more than 50 deliveries since 1990 and the reference player for the design and construction of naval vessels, including submarines, as well as after sale services
- Given the current geopolitical scenario and Italy's strategic role of the Mediterranean Sea, whereby it is a key member of NATO, potential demand from the Italian Navy is expected to grow in the next few years

## Current Pipeline with the Italian Navy

- During 2023, the renewal of the Italian fleet continued, which led to the definition of the supply of the PPX, the MLU of the Horizon class and the acquisition of the EPC contract
- There are currently more than 15 major vessels in Fincantieri business plan which are already financed or planned



## United States

- The Constellation frigates program for the US Navy is expected to continue, with funding for 5 - 6 units over the plan horizon



# Offshore & Specialized Vessels: unprecedented governmental support to green transition fostering offshore wind growth

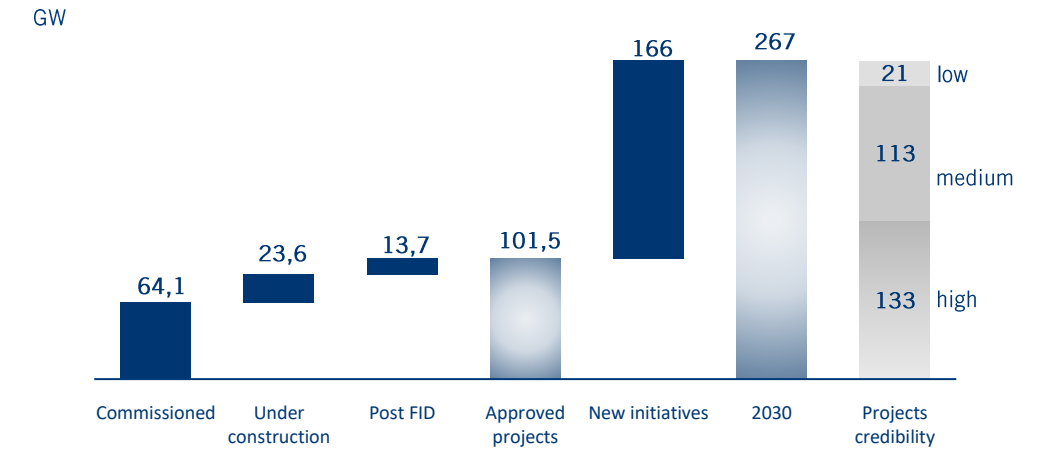
## Wind Offshore

- Offshore wind: total installed capacity expected to **rise from 64 GW to 267 GW by 2030 worldwide<sup>1</sup>**; in **Europe** the installed capacity amounts to **16 GW against a goal of 60 GW in 2030 (non-Binding target 111 GW)** and **300 GW in 2050 (non-Binding target 317 GW)<sup>2</sup>**.
- The construction and maintenance of wind farm and grid boosts demand for new specialized vessels (ie: SOV, CSOV<sup>3</sup> and cable layers)
- The unprecedented governmental support to green transition with setting of ambitious targets, the simplification of authorization process for new wind park, the slowdown in inflation suggest an acceleration of investments from 2028, doubling the average GW installed per year and fostering the expansion of the supply network
- **End December 2023**, CSOV /SOV fleet amounts to 40 vessels and the orderbook to 52 vessels, with **Fincantieri accounting for approximately one third of the market<sup>4</sup>**.
- **Newbuilding Demand:** more than 200 vessels estimated to be required by 2030 supporting newbuilding demand in the period 2024-2027, considering production leadtime<sup>5</sup>

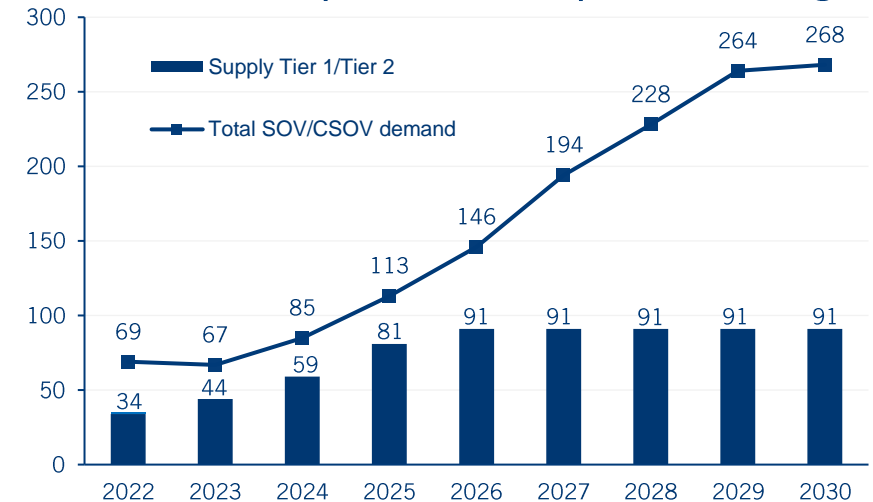
## Technological progress

- Reflecting client demand to manage complexity, reduce costs and secure emissions reduction targets, VARD's innovative offering includes:
  - propulsion systems ready for using alternative fuels (ie: methanol) together with the hybrid-electric system and charging at sea capacity
  - systems management and automation able to interface with a remote operations infrastructure, drastically reducing vessel staff and advancing toward unmanned vessels

Offshore wind: total installed capacity by 2030



SOV/CSOV units in operation and required excluding China



1. 4COffshore, Global Market Overview Q3 2023  
 2. EU Wind Power Action Plan, October 2023  
 3. CSOV: Construction Service Operations Vessels; SOV: Service Operation Vessels  
 4. Source: 4COffshore Service Vessels Database as at End December 2023; Fincantieri analysis  
 5. Edda Wind Presentation, Pareto Securities' 26th annual Power & Renewable Energy Conference, January 2024

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# Global Underwater Economy

(Estimates 2024 - 2030)

• Total est. size: >€400 billion

The underwater domain encompasses a wide and complex set of activities, players and technologies

ICT  
€ 44 bn

ENERGY OFFSHORE  
€ 250 bn

DEFENCE  
€ 94 bn

AQUACULTURE  
€ 3 bn

DEEP SEA MINING  
€ 18 bn

OIL & GAS  
€ 15 bn

# Underwater domain is increasingly gaining traction due to geopolitical tensions and critical role of subsea infrastructure



- **Mediterranean Sea** increasingly under threat of security being crossroad between three continents
- Significant economic (20% of maritime traffic) and social flows in a **geopolitical context** affected by **rising instability**



- Rapid and soaring growth of **Underwater data connectivity, Wind Off-shore, Sub-sea energy interconnectors** and **Oil & Gas flows** in the basin are pressing Nations to vigorously improve security countermeasures



- **Underwater domain** becoming of increasingly strategic importance for **national safety of critical subsea infrastructures**, also raised at European Union level



- **Italy** presenting **fragmented underwater capabilities** across few big players and a network of SME
- Clear need to consolidate competences

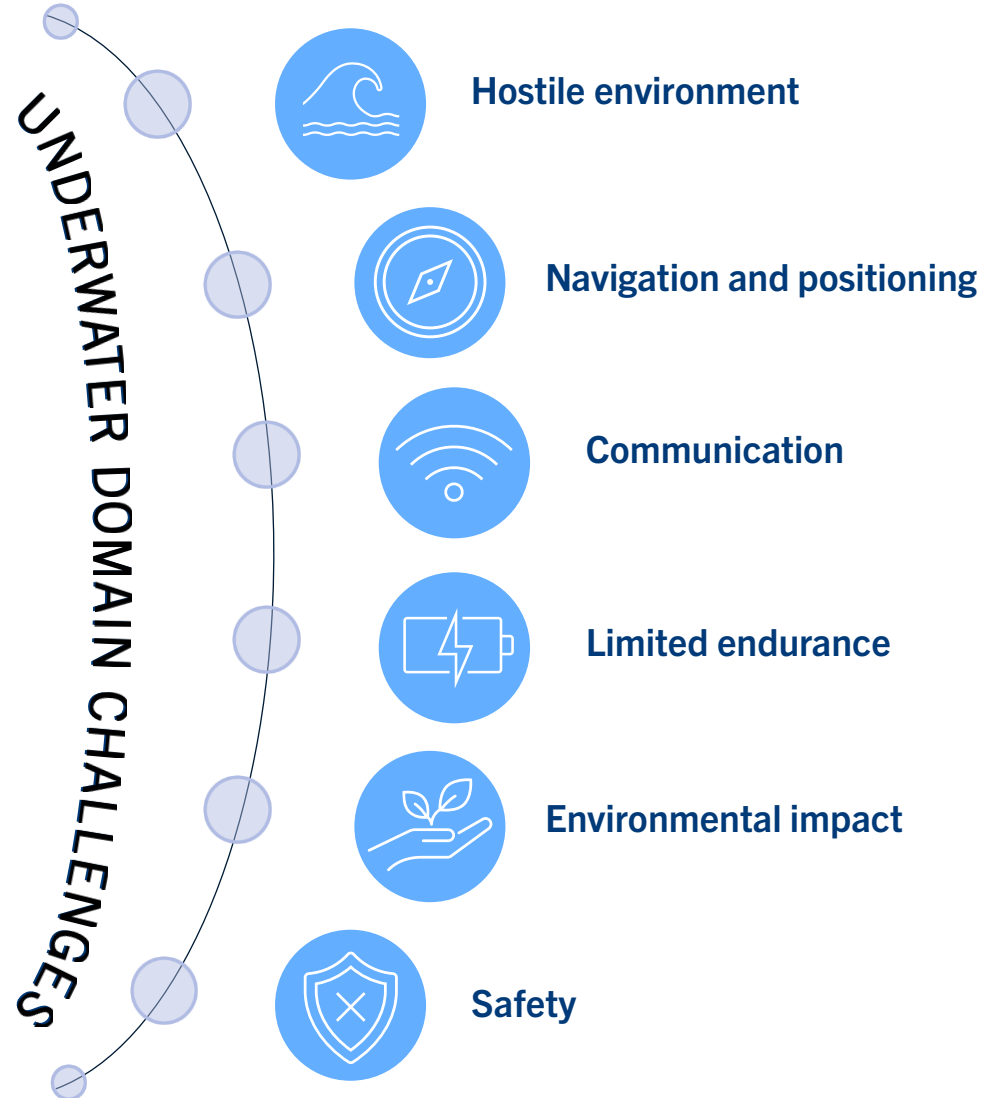


- **European Naval Forces** not currently willing to compromise their capacity to develop and build their strategic products
- **European consolidation** is not foreseeable in the short term



- Italian DoD established in 2023 the national underwater cluster “**Polo nazionale della dimensione subacquea**” in La Spezia
- Objective is to strengthen research and innovation for the **subsea domain**, targeting its security and fostering industrial and economic opportunities

# The challenges of the underwater domain



# Fincantieri as the national leader in the underwater space



- The current geopolitical context fosters the strategic role of the underwater domain
- Need for diversifying business and commercial strategies



- Fincantieri as the right aggregator and catalyst for the underwater domain in the defense segment
- Fincantieri is the prime contractor for the U212 NFS program



The current scope includes conventional submarines >800 tons

Developing and enhancing the national supply chain is essential for the National Underwater Hub



- The underwater drone segment is not ripe and highly fragmented
- This implies the necessity of multiple and diverse business strategies based on specific operational requirements of each class of unit



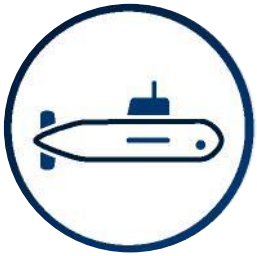
- The integration between submarines, drones and surface units expands the area under naval control
- Increasing integration capacities is crucial to control the activities with high added value



**Strong upside coming from penetration in the underwater segment, fueled by potential M&A prospects, aligns seamlessly with the strategic plan**

# Key value pools with Fincantieri to play the role of Orchestrator

Expanding the underwater product offering, from supplier of submarines alone to delivering complete solutions in the underwater ecosystem...



**Submarines**

including conventional  
subs and minisoms



**UW effectors**

incl. torpedoes,  
countermeasures



**UW sonars**

for mapping, object  
detection, and  
navigation underwater



**Non conventional UW  
solutions**

e.g. drones and  
ecosystem

... and take the **role of Orchestrator**, not only integrating subsystems but defining the strategic directions for the industry

# Laying the foundations in the underwater dimension

In 2023 Fincantieri has accelerated its journey to strengthen its positioning in the underwater space, acting as an aggregator and catalyst in both civil and defence fields

## January – June 2023

- Award for the construction of the **third new generation submarine** for the Italian Navy related to the **U212 Near Future Submarine program**, led by **OCCAR**, the international organization for joint armament cooperation, to secure adequate underwater spatial surveillance and control capacity (May 31)

## July – November 2023

- Signed a **MoU** with **C.A.B.I. Cattaneo**, a leading Italian company in the design, development and supply of underwater vehicles for Naval Special Forces, for the assessment of commercial and industrial **cooperation** in the field of **underwater vehicles** and their integration with larger vessels (August 3)
- Signed a **MoU** with **Leonardo** to define initiatives and developments related to systems, including underwater drones, for the **protection of critical underwater infrastructure** (October 27)

## December 2023

- Signed a **MoU** with **WSense**, a deep tech company specializing in underwater monitoring and communication systems, to start **collaboration** in the **Underwater Internet of Things (UIoT)** sector to develop joint projects concerning underwater communications in both defence and civilian context (December 21)
- Signed the agreement for the **acquisition of Remazel S.p.A**, a global leader specialized in the design and supply of highly customized and complex topside equipment in the deep-water offshore to strategically develop projects in the **Subsea and Marine Energy segments** (December 27)



# 5 key success factors identified when defining Fincantieri's role



Deliver **complete solutions** maximizing tech control<sup>1</sup>



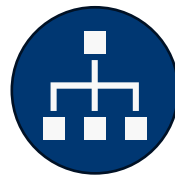
Lead development of "**non-negotiable**" critical capabilities



Develop on **defense specs**, adapt for civil solutions



Leverage **synergies with existing portfolio and customers**



Aggregate **existing know-how and capabilities**

1. E.g., Retaining Design Authority

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# Key Assumptions for the Business Plan – Top Line

		Healthy Market Prospects Across all Sectors	Strategic Focus on Growth and Profitability	High Quality Backlog and Visibility on Revenues	
Shipbuilding	 Cruise	Order intake resumption driven by passenger dynamics and green transition	Maintain global leadership, deliver backlog, improve profitability	€ 33 bn at Q3 2023 Total backlog including soft backlog at € 10.4 bn	} Backlog € 22.3 bn
	 Naval	Growth in defence budgets, robust order intake from domestic and foreign defence programs	Execute domestic and foreign programs, strong margins and working capital profile		
Offshore & Specialized Vessels	 Offshore	Growth in offshore wind capacity and technological innovation	Strong push on VARD turnaround, technological innovation	€ 1.2 bn (1.7x 2022 Offshore revenues)	
Equipment, Systems and Infrastructure		Ongoing shipbuilding programs, after sales services, fleet ageing	Continuing leadership in current offering, derisk Infrastructure segment	€ 2.5 bn (2.7x 2022 Equipment, Systems and Infrastructure revenues)	

# Key Assumptions for the Business Plan – Margins & Leverage

## De-risking and Financial Discipline

### Mitigation of Risk Profile

- Reviewing the core business portfolio and structural assessment of risk, strategic and value-based parameters on new potential projects
- De-risking and partnerships in the Infrastructure segment

### Initiatives to Enhance Profitability

Business Plan includes specific initiatives activated to achieve envisaged € 300 mln of cumulative savings from 2023 to 2027:

- Operational Excellence: industrial efficiency, digitalization of shipyards and design excellence for Cruise, Naval and Offshore
- Procurement initiatives: adoption of procurement best practices across the Group
- Initiatives specific to VARD and Accommodation
- Identified further savings on SG&A

## Key Cost Item and Financial Management

### Key Cost Items

- Steel and Energy: future costs consider current prices and potential volatility
- Italian labour costs inflation factored into collective bargaining agreements
- Financial charges calculated on YE 2022 yield curves, more than 70% hedged at fixed rate in 2023 and 80% average 2023-27

### Financial Management

Strategic priority to reduce leverage to 2.5x-3.5x by 2027:

- Strategic focus on maximizing cash flow generation
- Great attention to working capital management
- Financial flexibility from existing cash balances and credit facilities
- No covenants on debt facilities

# Revenues at c. € 10 bn in 2027, mainly driven by growth in naval and offshore

Higher margins leading to net profit from 2025 and significant deleveraging

	FY 2019 <sup>1</sup>	FY 2022	FY 2023	FY 2024	FY 2025	FY 2027
Revenues	5.8 bn	7.4 bn	~ 7.6 bn	~ 8.0 bn	~ 8.8 bn	~ 9.8 bn
EBITDA Margin	5.5%	3.0% <sup>2</sup>	~ 5.0%	~ 6.0%	~ 7.0%	~ 8.0%
NFP/EBITDA	5.5x	11.5x <sup>2</sup>	7.0-7.5x	6.0-7.0x	4.5-5.5x	2.5-3.5x
Capex	279 mln	295 mln	~ 300 mln	~ 250 mln	~ 230 mln	~ 200 mln

1. FY 2019 figures are exposed for the sole purpose of a pre-COVID performance benchmark  
2. As the result of a one-off strategic project review

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# Fincantieri represents a uniquely positioned investment story with strong top line and profitability growth over the plan period

## Key Investment highlights

1

Management fully focused on delivery of business plan targets: operational improvements, financial management discipline, acceleration of identified strategic initiatives

2

Significant untapped value from Naval/Defence business, characterized by high margins and positive working capital dynamics, representing almost 50% of top-line by 2027

3

Successful revamping of Vard business model, unleashing opportunities in the fast-growing wind offshore market, to achieve scale and improve cash-flows

4

Increasing margins from Cruise segment thanks to unique vertically-integrated business model efficiency and improving cash flow from full capacity production levels

5

Leveraging on consolidated expertise in submarine construction to orchestrate the vision “to-be” in the strategic underwater domain and unleash its value potential

**FINCANTIERI**

The background consists of several overlapping, rounded, shell-like shapes in various shades of blue, ranging from light to medium. These shapes are arranged in a pattern that suggests depth and movement, with some appearing to be in front of others.

Q&A



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Appendix

# Pillar 1 Initiatives - Key Initiatives



- 
- |  |  |
|--|--|
| <p>1. Operations Excellence</p>                    | <ul style="list-style-type: none"><li>• Speeding up new technologies adoption and maximize efficiency to bolster productivity:<ul style="list-style-type: none"><li>• Industrial efficiency through automation of low value-added activities</li><li>• Digitalization of shipyards adopting of state-of-the-art digital solutions</li><li>• Design excellence fully integrated with operations while adopting AI</li></ul></li></ul>   |
| <p>2. Competitive VARD business model</p>          | <ul style="list-style-type: none"><li>• Improving competitiveness in specialized vessels segment, seizing business opportunities in the wind offshore industry:<ul style="list-style-type: none"><li>• Implement new organization in the subsidiary VARD aimed at improving focus on wind offshore market</li><li>• Streamline operations and right-size key functions to deliver financial targets identified</li><li>• Gain support from local VARD stakeholders</li></ul></li></ul> |
| <p>3. Infrastructure de-risking and partnering</p> | <ul style="list-style-type: none"><li>• Streamlining initiatives to improve profitability and business evolutions, leveraging on the current backlog:<ul style="list-style-type: none"><li>• Reducing earnings volatility focusing on low execution risk projects while getting into partnership with leading industrial and engineering players</li><li>• Capitalizing on strategic opportunities for further business combinations</li></ul></li></ul>                               |
| <p>4. Accommodation business upswing</p>           | <ul style="list-style-type: none"><li>• Improving performances and developing new business streams:<ul style="list-style-type: none"><li>• Strengthen organization of the subsidiary Marine Interiors to manage growth of volumes</li><li>• Ramp up the Accommodation business, promoting refitting services for captive and third-party clients</li><li>• Pursue expansion in non-captive segments leveraging on the know-how developed</li></ul></li></ul>                           |
-

# Pillar 2 – Key Initiatives



Turning every stone to mitigate risks via close attention to costs management and optimization of Cash Flows

## 5. Procurement Best Practices

- Optimize purchasing expenditure, secure supply chain and reduce risks:
  - Sharing of best practices on should cost and design to value tools between different businesses
  - Boost on key account and category management of central activities
  - Cross-functional teams to remove road-blocks towards implementation of initiatives
  - Supporting subcontractors' network, lowering turnover, ensuring skilled and stable manpower in the long term
  - Activating specific savings initiatives worth c. € 100 mln from 2023 to 2027

## 6. SG&A and Process Governance

- Spending discipline on SG&A through:
  - Implementation of updated spending guidelines
  - Revision of overall cost governance
  - Further incremental savings to be captured up to 2027

### ← Optimization of cash flows →

#### Working Capital

- Advanced monitoring systems using the latest generation digital tools
- Focus on: i) increasing turnover of inventory items, (ii) optimizing suppliers advance payment conditions and (iii) collecting receivables

#### Refinancing

- Refinancing is under control, thanks to term loans signed in 2022-1Q23
- Financial flexibility with € 565 mln of cash balances and approx. € 1,800 mln of undrawn credit facilities at year end 2022
- Majority of long-term financial indebtedness composed of bilateral facilities with no financial covenants

# Pillar 3 – Key Initiatives



---

## 7. Green transitioning towards Net-Zero

- Defining a clear roadmap of product development in order to achieve the net-zero emissions target in all business segments:
  - Enable and integrate onboard new technologies and new fuels
  - Implement partnership with all relevant stakeholders as needed
  - Guide implementation process and adapt to new regulations (e.g. EU ETS) as needed

---

## 8. Group ESG Strategy

- Sustainability embedded in the industrial strategy:
    - Fostering the human capital within an inclusive and international environment also while safeguarding competences
    - Committing on clear targets to reduce GHG emissions of our products and our supply chain
    - Enhancing top-notch standards throughout the supply chain, through continuous improvement in efficiency and safety
-



# Pillar 4 – Pursuing a new business model

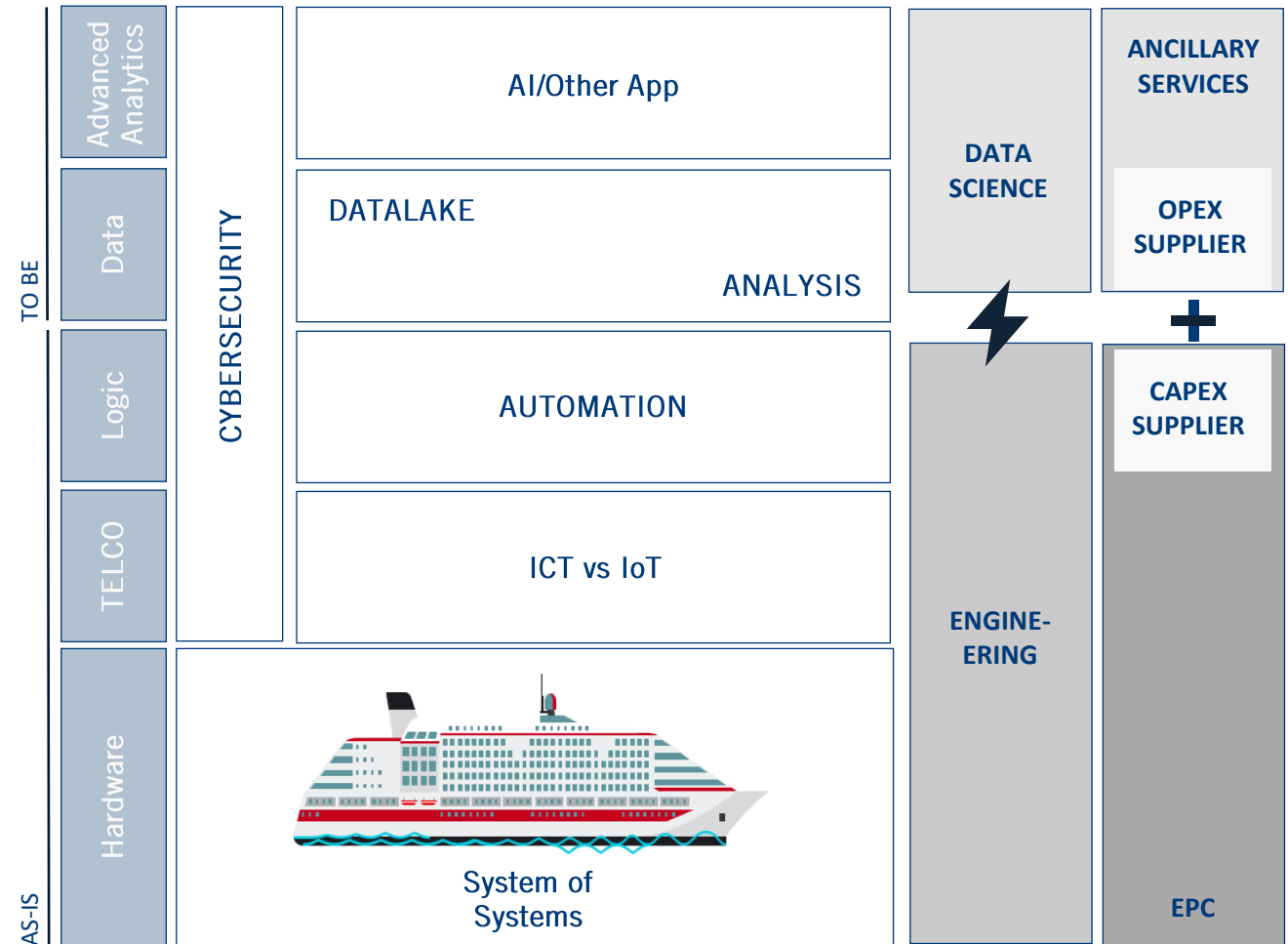
Long term opportunity by transitioning from Capex to Opex, with a full service offering that maximizes operating efficiency throughout the lifecycle of the ship

## 9. Cruise digital offering

- Pushing the boundaries of data collection and management capabilities while strengthening physical and digital services:
  - Anticipating shipowners' new business needs in terms of increasing operational efficiency to reduce overall life-cycle costs of vessels which are becoming more and more complex over time
  - Developing a win-win operational model with our customers
  - Seizing opportunities from a potentially highly profitable new business segment
  - Optimizing new products based on real data from the operation of the ship

## Key Milestones - illustrative

- **by 2030:** sensor data collection on board, ship-to-shore connectivity
- **by 2040:** green energy generation on systems widely implemented, digital platform available for all stakeholders
- **by 2050:** autonomous navigation systems and remote management of critical activities





# Pillar 5 – Naval integration capabilities to be enhanced

Enhance status as prime contractor in all defense programs by reinforcing combat system capabilities

## Status Quo

- Fincantieri is already prime contractor on some programs, for example with the US Navy for the Constellation-Class Frigate program
- Currently Fincantieri is in the process of strengthening internal competences regarding the integration of combat system and relevant auxiliaries

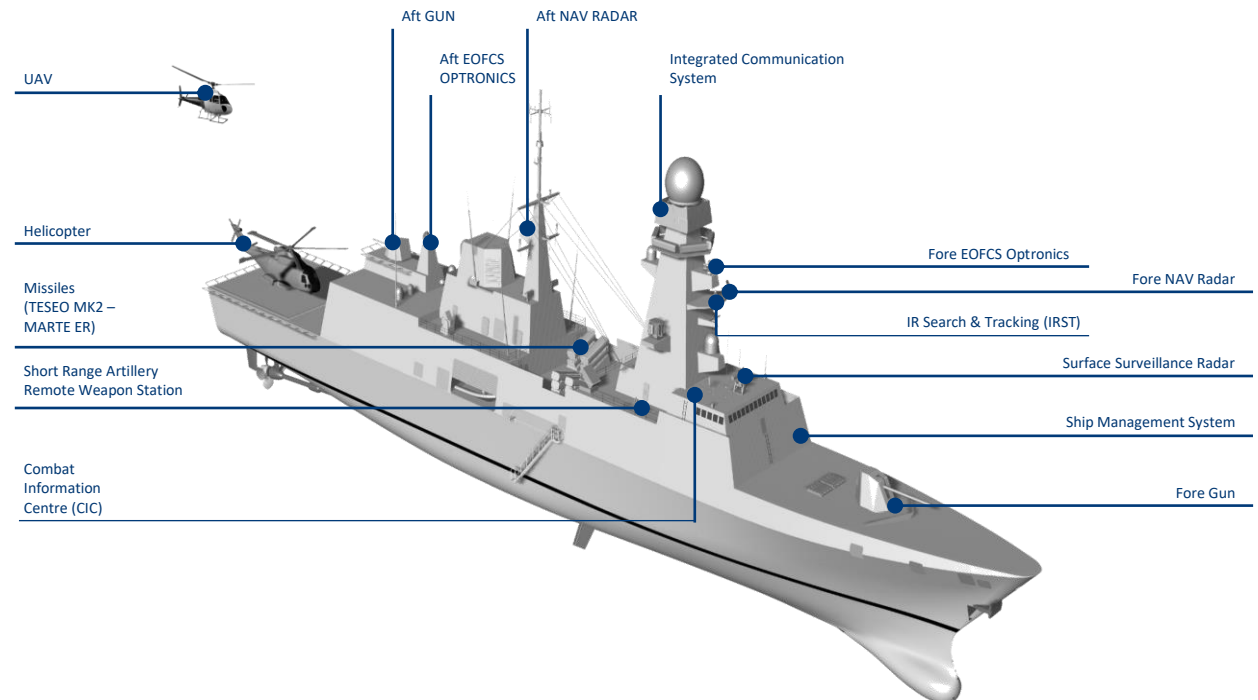
## Strategic Target

- Reinforce combat system integration to ease the design of physical/functional architecture strengthening the role of Orizzonte Sistemi Navali, 51% owned by Fincantieri and 49% by Leonardo
- Align Fincantieri's competences to fully match leading players globally thus giving a boost to current commercial efforts

## Expected Benefits

- Enhance competitiveness in foreign markets with a stronger commercial offering
- Mitigate execution risks
- Increase the value of the program whilst achieving higher operating margins

## A naval vessel and main system components



# Cruise and Environmental Sustainability

## CRUISE

### Market outlook

- Global fleet back in operation with occupancy above the 100% mark
- Value proposition gap between cruises and land-based holidays further shifting towards cruising
- Resumption of orders already recorded for the luxury niche segment and for medium to small vessels
- Booking trend for the remainder of 2023 is ahead of 2019 levels, at continued higher pricing
- Cruise shipowners back to positive operating cash flows
- Cruise passengers in 2022 amounted to 20 mln. CLIA expects global passenger to reach 31.5 mln in 2023 (106% of 2019 levels), 39 mln by 2027<sup>1</sup> and 46 mln by 2030<sup>2</sup>

### Sustainability

- **Net carbon neutrality** for cruise industry by 2050<sup>3</sup> and 40% reduction of average CO<sub>2</sub> intensity per tonne/mile required by International Maritime Organization (IMO) regulations by 2030 vs 2008
- **Shore-side power connectivity:** 222 ships expected in operation by 2028<sup>3</sup>, including ships already fitted, ships planned to be retrofitted and 98% of ships on order book through 2028
- **Alternative fuels:** shipowners increasingly interested in green propulsion systems and new fuels (LNG, methanol and hydrogen) for a fully decarbonized cruise industry
- Pillars for the achievement of zero GHG emissions: **Efficiency** (optimizing efficiency for existing fleet with systems upgrades and operational enhancements), **Innovation** (development of new technologies in order to operate green fuel ships) and **Collaboration** across stakeholders

1. CLIA – State of the Cruise Industry, September 2023 update

2. Fincantieri analysis based on CLIA data (CAGR 2023-2030 = CARG 2009-2019 = 5%)

3. CLIA – Cruise Industry August 2023, Environmental Technologies and Practices

# Naval and Offshore

## NAVAL

- Defence budgets are expected to further increase globally by 10% in 2023 reaching **USD 2.4 bn<sup>1</sup>**, with approx. **6.2%** allocated to **navy procurement**
- Increased interest by the EU member states for the creation of a common **EU Defence framework**, overcoming the fragmentation of European Defense Industry, while fostering cooperation between companies
- EU major defence programs include the Permanent Structured Cooperation (PESCO) for a new class of modular military ships, the European Patrol Corvette
- Ongoing geopolitical tensions worldwide may require to further investments for the protection and preservation of the maritime domain
- **Growing importance of the underwater domain** to ensure, among others, the security of subsea infrastructure for energy supply and international communications and data traffic

## OFFSHORE

- **Worldwide wind farms** now delivering nominal power of ca. **64 GW<sup>2</sup>**, with a favorable growth scenario with **almost 270 GW** of total **offshore wind capacity** to be installed by 2030 (CAGR 14.3%)<sup>2</sup>
- Unprecedented political support for green transition, enhanced build out target, attempts to streamline permitting and softening of inflationary tensions are expected to result in a strong acceleration of offshore wind activity starting in 2028, with a doubling of GW installed per year
- **Expected growth in the Floating offshore wind sector**: ca. **12 GW** of floating offshore wind capacity to be installed or underway globally by 2030, ca. 32 GW by 2035, ca. 69 GW by 2040<sup>2</sup>
- The upturn in the oil & gas market prevents or limits the transfer of tier2 vessels to the wind power sector, resulting in a strong demand for new generation SOV - Service Operation Vessels and CSOV - Construction Service Operations Vessels: 18 ships ordered in the first 9 months of 2023, leading to **59 units ordered since January 2020**, compared with current fleet of **38 vessels<sup>3</sup>**
- Demand for **subsea installation of offshore wind and interconnectors** cables expected to rise<sup>4</sup>, generating opportunities in the specialized niche market of cable layers

1. Jane's – Global Defence Budget, September 2023. Data in real terms (adjusted for inflation)

2. 4C Offshore – Wind Farm Projects Pipeline, 30 September 2023

3. 4C Offshore – New Orders and fleet as of September 30, 2023, excluding Chinese shipowners; Fincantieri analysis

4. 4C Offshore – Subsea cable forecast, predicting cable demand for 2023-32, January 2023. Cables to be installed between 2023-2032: 96.8 K Km of Offshore wind cables + 55.4 K Km of interconnectors cables



# Sustainability Plan 2023-2027

2023-2027 Group Sustainability Plan based on 3 pillars and 15 material topics



## Innovation

Innovative and technological development for energy and digital transition



## Inclusion

Protection, inclusion and development of people and communities



## Integrity

Industrial excellence

15 material topics, 7 of which strategic

- 1. Climate change
- 2. Environmental impact of products and services
- 3. Innovation, research and development
- 4. Environmental management
- 5. Customer satisfaction
- 6. Cyber security

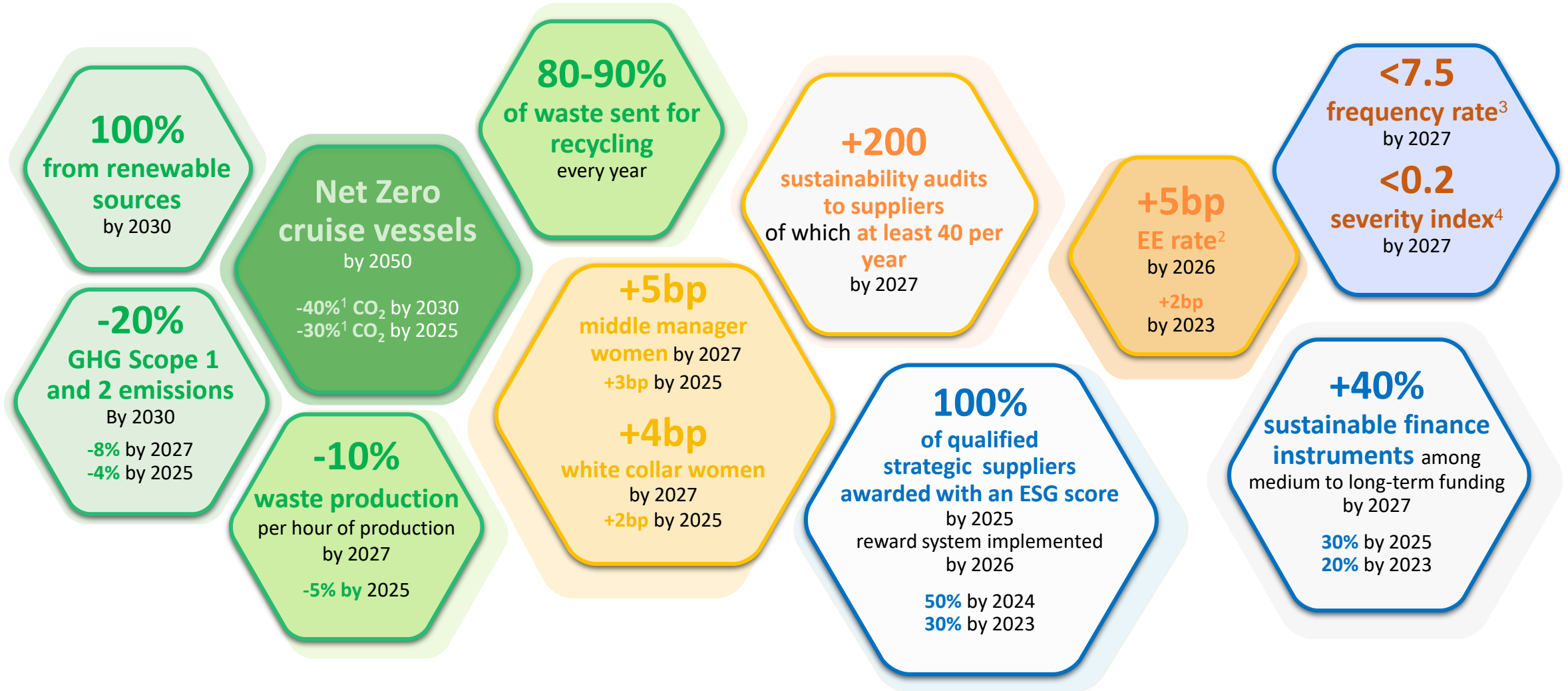
- 7. Development and safeguarding of human resources
- 8. Human rights
- 9. Diversity and equal opportunity
- 10. Company welfare
- 11. Local communities and relations with the local area

- 12. Health and safety in the workplace
- 13. Product quality and safety
- 14. Sustainable supply chain
- 15. Governance and business integrity



Top Managers variable compensation linked to ESG KPIs and ESG ratings

# Main ESG Targets

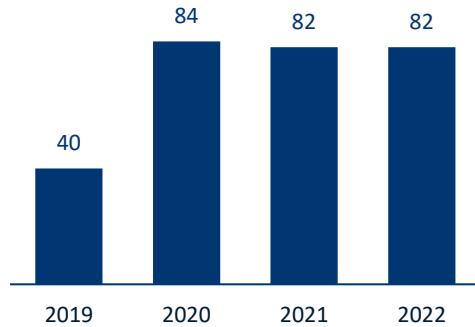


1. Considering equal GRT and miles at the Energy Efficiency Design (EEDI) reference speed  
 2. Employee Engagement rate, measuring employees' sense of belonging, satisfaction and motivation  
 3. Injury rate (number of injuries/hours worked) \*1.000.000  
 4. Severity index (n. days lost due to injury/ hours worked \* 1.000)

# Key ESG performance indicators

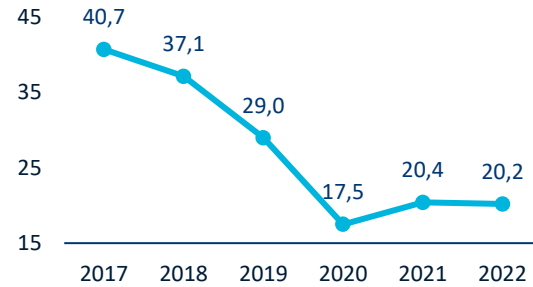
## Renewable energy

% total energy



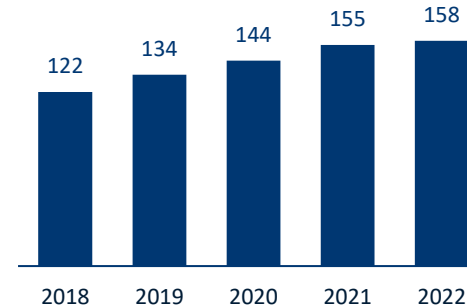
## Carbon intensity

scope 1-2 TCO<sub>2</sub>e / € mln revenues



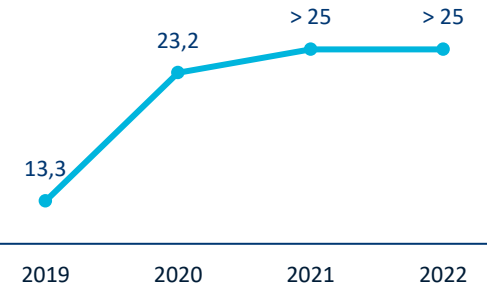
## R&D costs

€ mln



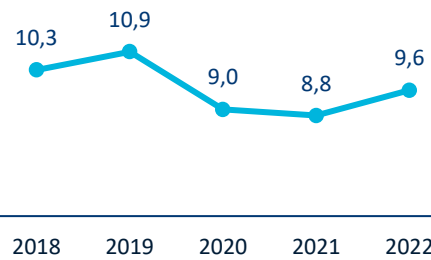
## Variable remuneration

% sustainability - linked MBO recipients



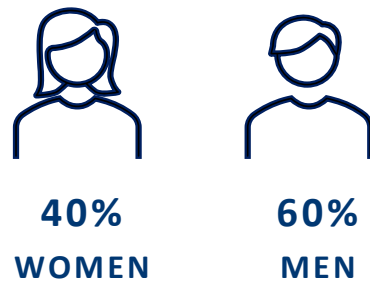
## Health and Safety

Injury rate/frequency rate<sup>1</sup>



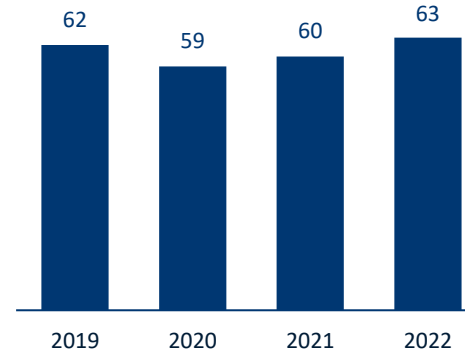
## Board diversity

% gender distribution



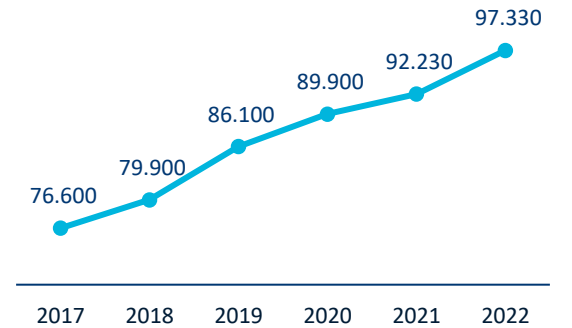
## New employees <35

% new hires in Italy



## Impact on Italian economy




# direct and indirect workforce



1. Number of Injuries/hours worked \* 1 million

# Sector leadership with top-notch ESG rating

Ratings and scores

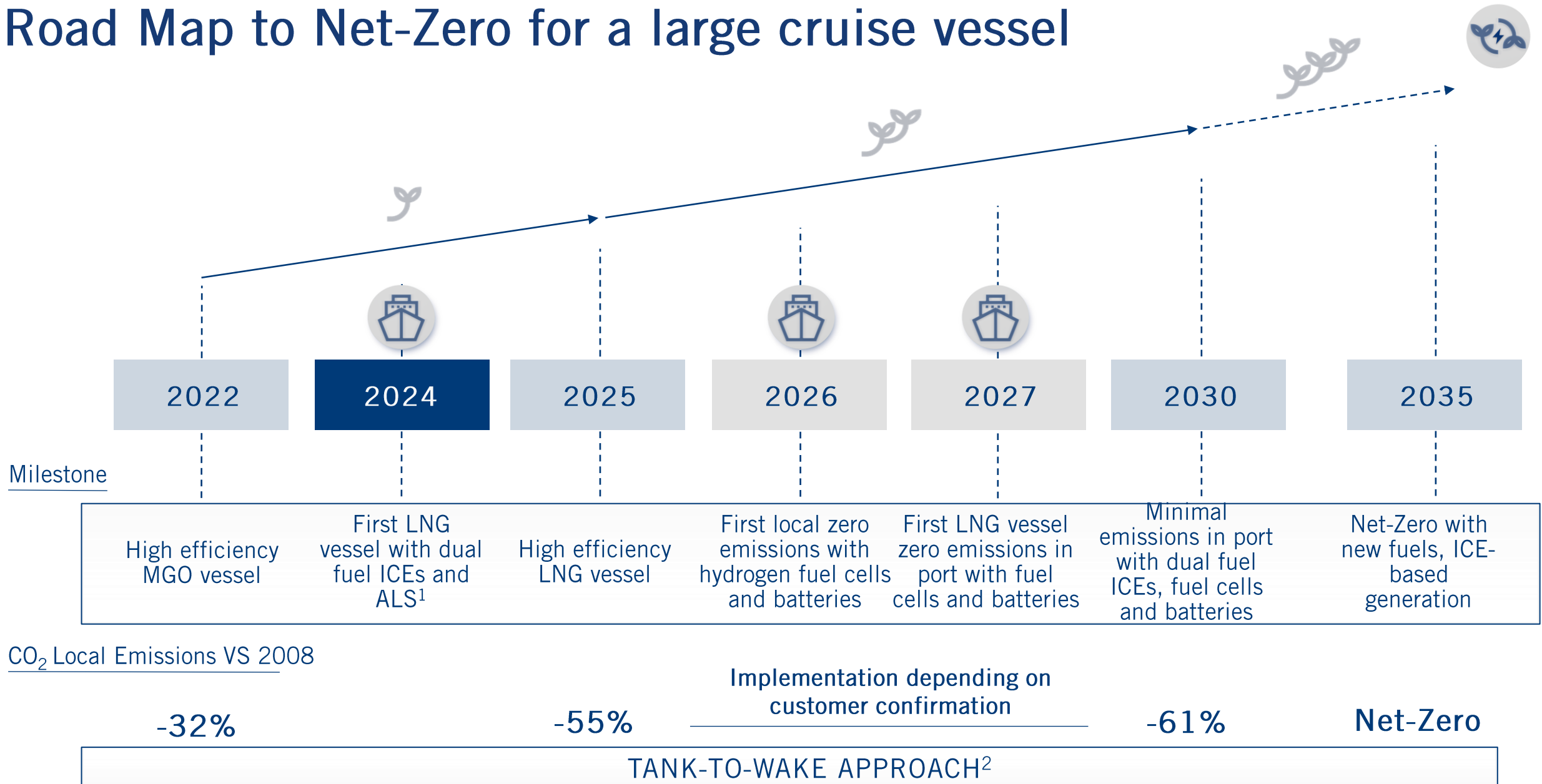
	A-	(D>A)
<b>S&amp;P Global</b>	61 <sup>1</sup>	(0>100)
	14.2 <sup>2</sup> (low risk)	(40>0)
<b>MOODY'S</b>   ESG Solutions <sup>3</sup>	69 <sup>4</sup> (advanced)	(0>100)
	70 <sup>5</sup>	(0>100)

Awards



1. As of June 16, 2023  
 2. As of February 10, 2023  
 3. Formerly known as V.E  
 4. As of July 2023, placing Fincantieri in the "Advanced" range  
 5. In 2022, the score attribution criteria and methodology was revised

# Road Map to Net-Zero for a large cruise vessel



Emissions reduction based on «selected standard profile»: 63% in navigation, 37% in harbor and vs baseline of Fincantieri reference

1. ICE: Internal Combustion Engine; ALS: Air Lubrication System

2. Tank-to-Wake approach: it takes into account the emissions resulting from burning or using a fuel once it is already in the tank