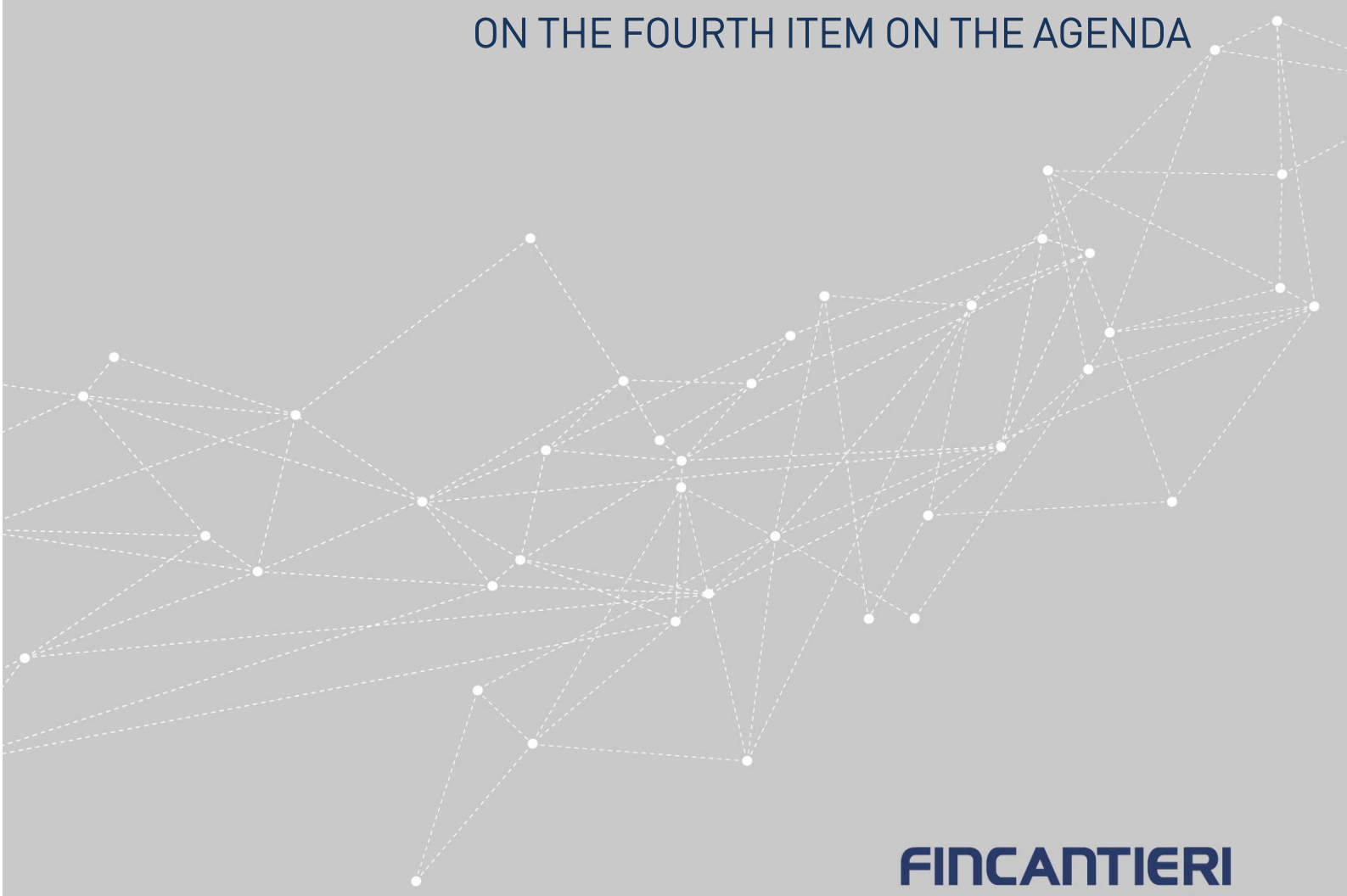


ORDINARY SHAREHOLDERS' MEETING

5 APRIL 2019

EXPLANATORY REPORT  
BY THE BOARD OF DIRECTORS  
ON THE FOURTH ITEM ON THE AGENDA



**FINCANTIERI**

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## FOURTH ITEM ON THE AGENDA

FINCANTIERI S.p.A.  
Registered office Via Genova No. 1, Trieste  
Share Capital € 862,980,725.70 – fully paid up  
VAT No. 00629440322  
Tax Code and Venezia Giulia Business Registry No.  
00397130584  
Trieste Economic and Administrative Index No. 89063

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*Explanatory Report drafted pursuant to Article 125-ter of Legislative Decree No. 58 dated 24 February 1998*

### POINT 4 OF THE AGENDA

#### *Adjustment of the fee of the statutory audit firm for the 2018-2021 financial years*

Dear Shareholders,

As to the fourth item on the agenda, please note that PricewaterhouseCoopers S.p.A. (“PwC”) is the current statutory audit firm of FINCANTIERI S.p.A. (“Fincantieri” or “Company”), as per the appointment made during the Ordinary Shareholders’ Meeting held on 28 February 2014, which expires in conjunction with the approval of the 2021 financial statements.

The aforementioned Shareholders’ Meeting of 28 February 2014 resolved on PwC’s annual fee in the amount of EUR 325,000.00, plus VAT, CONSOB contribution, out-of-pocket expenses reimbursement, and ISTAT indexations.

On 5 May 2014, the Company’s Board of Directors – with a view to the imminent admission of the ordinary shares issued by Fincantieri to listing on the MTA (“Mercato Telematico Azionario”), Electronic Stock Market organised and managed by Borsa italiana S.p.A, the Italian Stock Exchange, with effect conditional upon the commencement of negotiations – extended PwC’s engagement so as to include the review of the half-yearly financial report (under Article 154-ter, paragraphs 2 and 3 of Legislative Decree No. 58 of 24 February 1998), as well as to the report on corporate governance and ownership structures (under Article 123-bis, paragraph 4 of Legislative Decree No. 58 of 24 February 1998).

Following *(i)* amendments to the legislative framework concerning statutory auditing as introduced by Regulation (EU) No. 537/2014 of 16 April 2014, Directive 2014/56/EU of 16 April 2014 and Legislative Decree No. 135 of 17 July 2016, which amended Legislative Decree No. 39 of 27 January 2010, as well as *(ii)* the adoption of new auditing standards, the audit firm PwC requested an increase (the “Increase Request”) of the fee established at the aforementioned Shareholders’ Meeting of 28 February 2014 for the review of Fincantieri’s financial statements and consolidated financial statements, beginning in the 2018 financial year and until the engagement term expires, through a proposal submitted to the Company on 19 November 2018.

PwC drafted said Increase Request based on the additional activities that the audit firm is required to perform as a result of the abovementioned legislative amendments, which fall within the “*exceptional and unpredictable circumstances*” mentioned in the proposal PwC submitted on 27 January 2014, which the Shareholders’ Meeting of 28 February 2014 approved.

In accordance with Article 13, paragraph 1 of Legislative Decree No. 39 of 27 January 2010, and consistently with the engagement’s conferral procedure, the Board of Statutory Auditors examined and evaluated the Increase Request, submitting the following reasoned fee adjustment proposal for approval by the Ordinary Shareholders’ Meeting.

Trieste, 25 February 2019

For the Board of Directors  
The Chairman of the Board of Directors  
Giampiero Massolo

FINCANTIERI S.p.A.

**PROPOSAL OF THE BOARD OF STATUTORY AUDITORS TO THE FINCANTIERI S.P.A. ORDINARY SHAREHOLDERS' MEETING FOR ADJUSTING THE AUDIT FIRM'S FEE FOR THE 2018-2021 FINANCIAL YEARS**

To the Ordinary Shareholders' Meeting of FINCANTIERI S.p.A.

Dear Shareholders,

PricewaterhouseCoopers S.p.A. ("PwC") is the current statutory audit firm of FINCANTIERI S.p.A. ("Fincantieri" or "Company"), as per the appointment proposed by the Board of Statutory Auditors and made during the Ordinary Shareholders' Meeting held on 28 February 2014, which expires in conjunction with the approval of the 2021 financial statements.

The aforementioned Shareholders' Meeting of 28 February 2014 resolved on PwC's annual fee for the above engagement in the amount of EUR 325,000.00, plus VAT, CONSOB contribution, out-of-pocket expenses reimbursement and ISTAT indexations.

On 5 May 2014, the Company's Board of Directors – with a view to the admission of the ordinary shares issued by Fincantieri to listing on the MTA ("Mercato Telematico Azionario"), Electronic Stock Market organised and managed by Borsa italiana S.p.A, the Italian Stock Exchange, with effect conditional upon the commencement of negotiations – extended PwC's engagement so as to include the review of the half-yearly financial report (under Article 154-*ter*, paragraphs 2 and 3 of Legislative Decree No. 58 of 24 February 1998), as well as the report on corporate governance and ownership structures (under Article 123-*bis*, paragraph 4 of Legislative Decree No. 58 of 24 February 1998).

With respect to the engagement's conferral date, the legislative framework applicable to statutory auditing has been amended as a result of the reforms introduced by Regulation (EU) No. 537/2014 of 16 April 2014 ("EU Regulation"), Directive 2014/56/EU of 16 April 2014 and Legislative Decree No. 135 of 17 July 2016 – in turn amending Legislative Decree No. 39 of 27 January 2010 – and the adoption of new auditing standards.

The audit firm PwC requested an increase (the "Increase Request") of the fee established at the aforementioned Shareholders' Meeting of 28 February 2014 for the review of Fincantieri's financial statements and consolidated financial statements, beginning in the 2018 financial year and until the engagement term expires, through a proposal submitted to the Company on 19 November 2018.

PwC drafted said Increase Request based on the additional activities that the audit firm is required to perform as a result of the abovementioned legislative amendments, which fall within the "*exceptional and unpredictable circumstances*" mentioned in the proposal PwC submitted on 27 January 2014, which the Shareholders' Meeting of 28 February 2014 approved.

A detailed description of the amendments to the legislation in force on which the Increase Request presented by PwC is based, as well as the additional audit activities resulting therefrom, is provided below.

***Article 10 of the EU Regulation – Audit report***

This amendment has significantly reformed the audit report's form and contents, providing, among other things, that said report include the key matters examined by the auditor while performing the audit (the "Key Audit Matters"). The increased comprehensiveness of the report, as well as the more complex liaison procedure with the Company's management and governing bodies, entails a larger auditing volume.

***Art. 11 of the EU Regulation – Additional report to the audit committee***

Due to this amendment, the contents of the communications between the auditing and governing bodies are greater in number and require that the auditing body prepare an additional report to the audit committee (i.e., for a company applying a traditional management and control system, the Board of Statutory Auditors). Said additional report shall include a very detailed description of the activities that the auditing body performs to review the account balances, as well as describing any significant deficiencies in the internal control system for financial information.

***Auditing standard (SA Italia) 720B***

State General Accounting Department Resolution No. 129507 of 15 June 2017 introduced auditing standard (SA Italia) 720B on the auditor's liability with regard to assessing the management report's consistency, as well as specific information included in the report on corporate governance and ownership structures, and the latter's compliance with law provisions. More specifically, the new standard requires that the person in charge of the audit also prepare a statement regarding any significant faults in the information provided by the directors in the management report and, insofar as it is strictly applicable to the assessment of consistency with the financial statements, in the report on corporate governance and ownership structures, based on the knowledge and understanding of the business acquired during the audit, which includes the related context.

\* \* \* \* \*

In light of the foregoing, PwC quantified the overall increase of its activity resulting from the abovementioned requirements as around 70 hours per year (in addition to the 4,050 hours per year included in the proposal that the audit firm submitted before the abovementioned relevant law amendments came into force), requesting an additional fee of EUR 10,000.00 per year, plus VAT, out-of-pocket expenses reimbursement, CONSOB contribution and ISTAT indexations.

\* \* \* \* \*

At the meeting of 14 February 2019, Fincantieri's Board of Statutory Auditors examined and evaluated PwC's Increase Request, together with the favourable evaluations of the Company's relevant corporate bodies, which confirmed to the Board of Statutory Auditors that the additional activities estimated by the audit firm PwC, the enhanced duties related to such activities and the ensuing economic request are effectively consistent with the amount and quality of work to be performed.

Following its technical-economical assessment, the Board of Statutory Auditors

- considering that the engagement initially conferred at the Ordinary Shareholders' Meeting of 28 February 2014 provides that the PwC's fee may be adjusted if "*exceptional and unpredictable circumstances*" occur, in compliance with Consob Communication No. DAC/RM/96003556 of 18 April 1996;
- considering that the recent amendments to the applicable legislative framework and to the auditing standards, as described above, amount to "*exceptional and unpredictable circumstances*";
- acknowledging the fee Increase Request for the 2018, 2019, 2020 and 2021 financial years, submitted by PwC with the aforementioned proposal of 19 November 2018, and considering that, following discussions with Fincantieri's relevant corporate bodies, the additional activities estimated by PwC, the increased duties related to such activities and the ensuing economic request – as detailed in the table below – have been found to be effectively consistent with the amount and quality of work to be performed

Activity	Total hours (per year)	Fee (€/per year)	Proposed increase		Adjusted total	
			Hours	Fee	Hours	Fee
Fincantieri's financial statements auditing	3100	237,000	70	10,000	3170	247,000
Fincantieri Group's consolidated financial statements auditing	350	28,000	-	-	350	28,000
Parent company's half yearly consolidated file review	600	60,000	-	-	600	60,000
<b>TOTAL</b>	<b>4050</b>	<b>325,000</b>	<b>70</b>	<b>10,000</b>	<b>4120</b>	<b>335,000</b>

has concluded that PwC's fee Increase Request is justified by the described amendments to the applicable legislative framework and to the auditing standards, and that the same is proportional to the resulting enhanced activities, as well as consistent with the arrangements currently in force between the parties.

\* \* \* \* \*

In light of the foregoing, Fincantieri's Board of Statutory Auditors hereby submits to the Company Ordinary Shareholders' Meeting the following resolution proposal:

*"The Ordinary Shareholders' Meeting of Fincantieri S.p.A.,*

*having examined the Board of Statutory Auditors' proposal, prepared in compliance with Article 13, paragraph 1 of Legislative Decree No. 39 of 27 January 2010, laying down the terms of PricewaterhouseCoopers S.p.A.'s increase request,*

***resolves***

*to approve, in relation to the 2018, 2019, 2020 and 2021 financial years, an increase in the Company PricewaterhouseCoopers S.p.A.'s fee for its engagement as Fincantieri S.p.A.'s audit firm, as conferred at the Ordinary Shareholders' Meeting of 28 February 2014 and subsequently amended with Board of Directors' resolution of 5 May 2014, in the amount of EUR 10,000.00 (ten thousand) per year (equal to approximately 70 work hours), without prejudice to the other terms and conditions of the initial audit engagement proposal approved at the Ordinary Shareholders' Meeting of 28 February 2014."*

For the Board of Statutory Auditors  
The Chairman of the Board of Statutory Auditors  
Gianluca Ferrero