

2017 NINE MONTHS RESULTS

November 10, 2017

FINCANTIERI
The sea ahead



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Declaration of the Manager responsible for preparing financial reports

Pursuant to art. 154-BIS, par. 2, of the Unified Financial Act of February 24, 1998, the executive in charge of preparing the corporate accounting documents at Fincantieri, Carlo Gainelli, declares that the accounting information contained herein correspond to document results, books and accounting records.



9M 2017 Key Messages

- **9M 2017 results in line with Business Plan 2016-2020 targets:** revenues up 10.7% vs 9M 2016 and EBITDA margin at 6.5% vs 5.7% 9M 2016
- **Total backlog⁽¹⁾ at € 25.3 bln covering ~6 years of work if compared to 2016 revenues:**
 - **Backlog at € 20.3 bln** (97 ships) up from € 19.0 bln in 9M 2016 thanks to the **conversion of soft backlog into firm orders**
 - **Soft backlog⁽²⁾ at € 5.0 bln** (€ 2.8 bln in 9M 2016)
- **Further commercial developments in cruise business** with the conversion into order of a MoA for one cruise ship for the Princess Cruise brand, an order with Silversea for one cruise ship, a MoA with Carnival for one cruise ship for the luxury brand Cunard, **for a total of 14 cruise ships** (including options) acquired in 2017, in addition to a contract for the lengthening of the Silver Spirit ship
- **Good operating performance confirmed with the delivery of nine units in the Shipbuilding segment:**
 - Four cruise ships: "Viking Sky", "Majestic Princess", "Silver Muse" and "Viking Sun"
 - Three naval vessels: FREMM "Rizzo", submarine "Romeo Romei" for Italian Navy and the LCS 9 for US Navy
 - Two ATB units (Articulated Tug and Barge) for the transport of goods in the chemical/petroleum sector
- **The cooperation agreement reached between the Italian and French governments will lead to the creation of a global leader in civil and military shipbuilding**





(1) Sum of backlog and soft backlog

(2) Soft backlog which 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



9M 2017 main orders








Orders acquired in Q3

	Vessel		Client	Delivery
Shipbuilding		4 cruise ships	Norwegian Cruise Line	2022-2025
		1 cruise ship	Holland America Line (Carnival Corporation)	2021
		1 cruise ship (sixth “Royal Princess” class vessel)	Princess Cruises (Carnival Corporation)	2022
		1 cruise ship	Silversea Cruises	2020
Offshore		1 krill fishing vessel	Aker BioMarine	2018
		1 live fish transportation vessel	Fjordlaks Aqua	2018
		1 research expedition vessel	Rosellinis Four-10 (wholly-owned by the industrialist Kjell Inge Røkke)	2020
		1 expedition cruise vessel	Coral Expeditions	2019



9M 2017 main deliveries (1/2)

Deliveries in Q3






Vessel	Client	Delivery
	<i>Viking Ocean Cruises</i>	Ancona
	<i>Princess Cruises (Carnival Corporation)</i>	Monfalcone
	<i>Silversea Cruises</i>	Sestri Ponente
	<i>Italian Navy</i>	Muggiano
	<i>Italian Navy</i>	Muggiano
	<i>Viking Ocean Cruises</i>	Ancona
	<i>US Navy</i>	Marinette

Shipbuilding



9M 2017 main deliveries (2/2)

Deliveries in Q3

Vessel	Client	Delivery
	OSC V “Skandi Buzios”	Techdof
	OSC V “Far Superior”	Farstad
	OSC V “Skandi Vinland”	DOF
	2 Module Carrier Vessels	Topaz Energy and Marine
	2 Module Carrier Vessels	Kazmortransflot

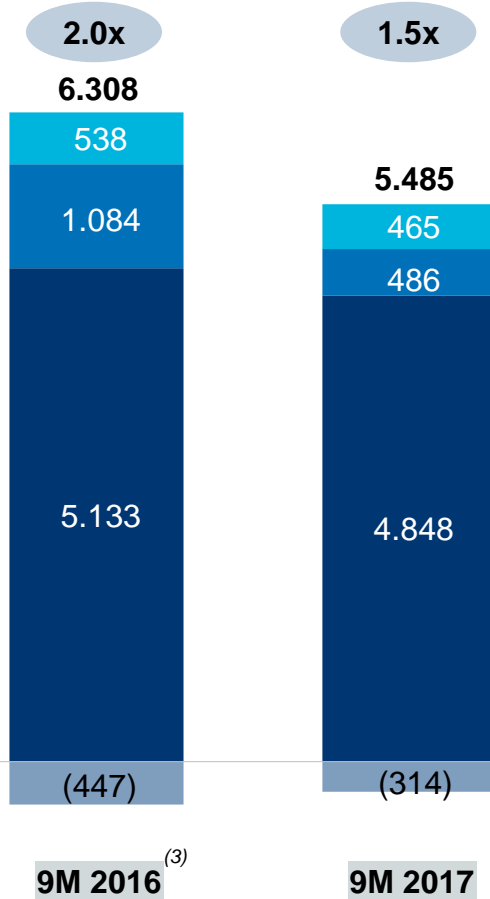
Offshore



Order intake and backlog – by segment

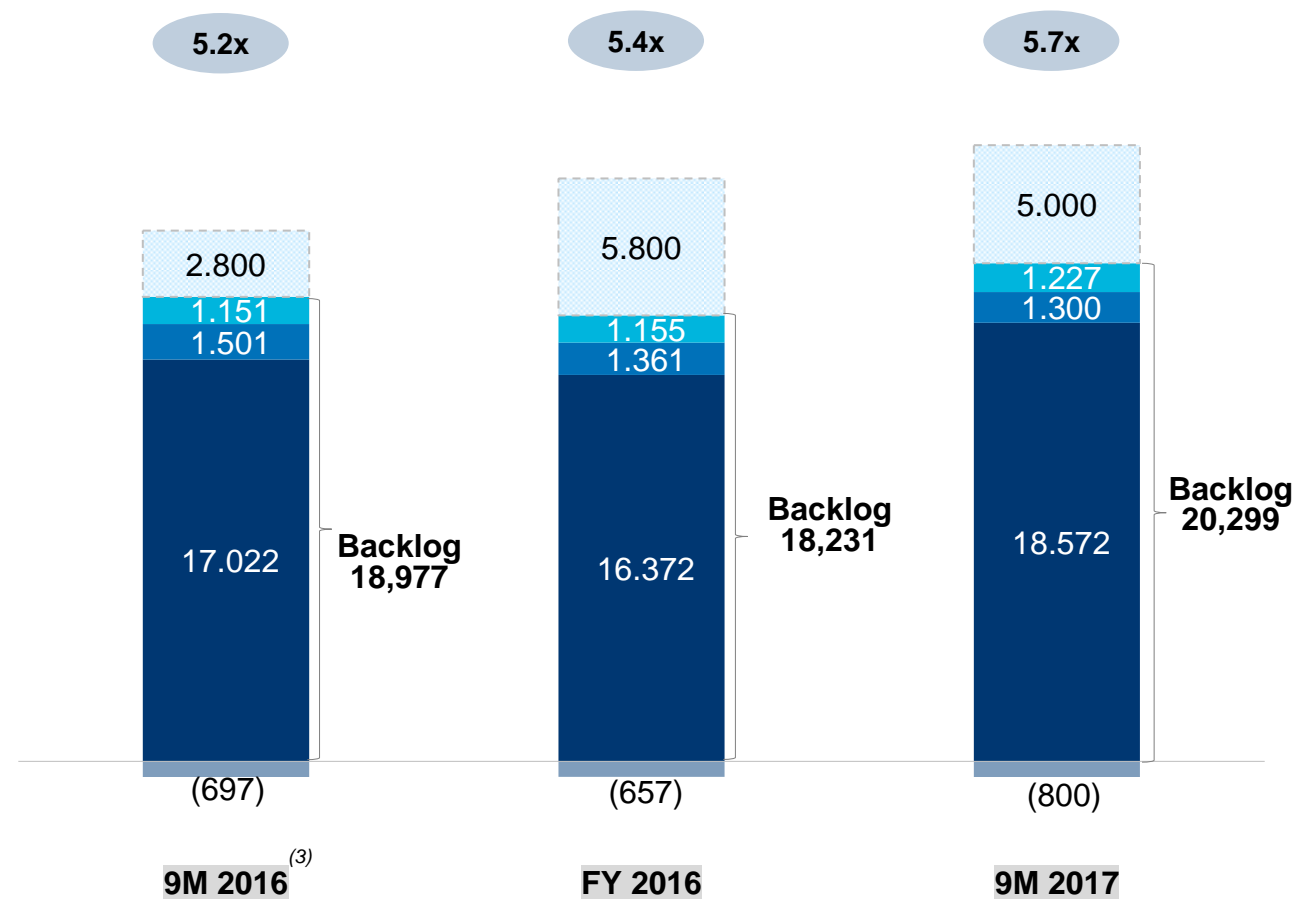
Order intake

€ mln



Total backlog⁽¹⁾

€ mln



(1) Sum of backlog and soft backlog

(2) 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

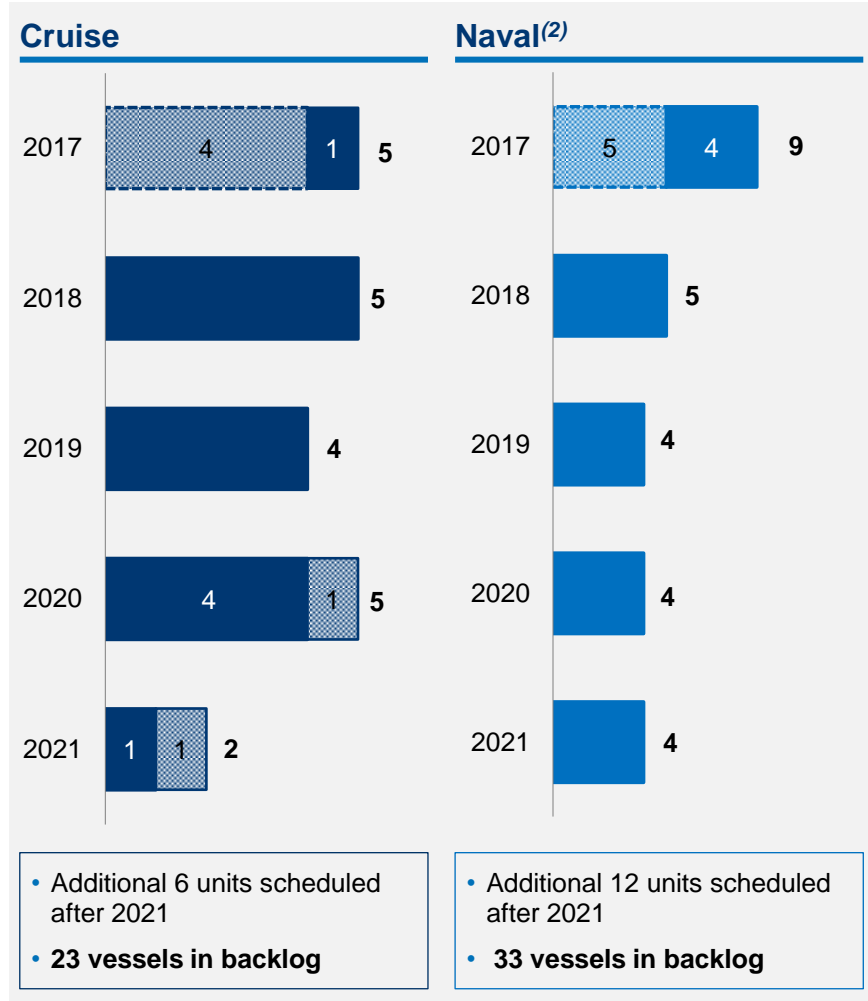
(3) For comparison purposes, 9M 2016 figures are restated following the redefinition of operating segments. Following the operational reorganization carried out in November 2016, the repair & conversion services, cabins & public areas business, as well as integrated systems business, all previously included in the Shipbuilding segment, have been relocated to the Equipment, Systems & Services segment starting from FY 2016 results.



Backlog deployment – by segment and end market

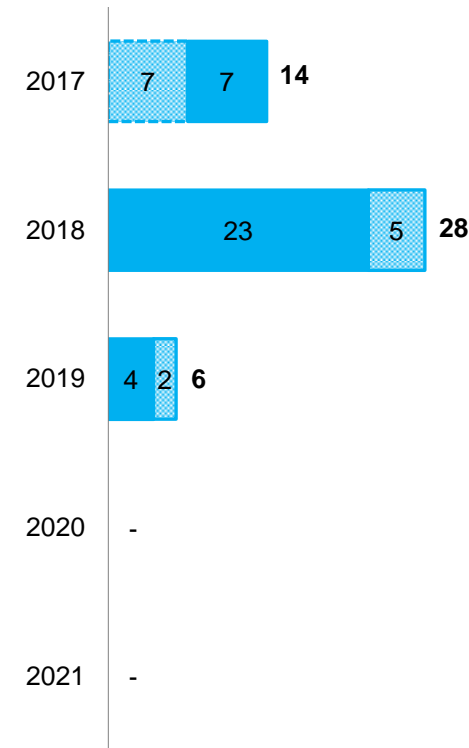
Shipbuilding

ship deliveries⁽¹⁾



Offshore

ship deliveries



• **41 vessels in backlog**

Comments

- 16 units delivered in 9M 2017, 14 units acquired in the period, 97 ships in backlog at September 30, 2017
- Cruise: 23 vessels
 - Deliveries up to 2025, stretching to 2027 in case of confirmation of the option for 2 ships for Norwegian Cruise Line
- Naval: 33 vessels
 - Deliveries up to 2026, with 12 units scheduled after 2021
- Offshore⁽³⁾: 41 vessels
 - 7 expedition cruise vessels in backlog

Delivered in 9M 2017
 New orders in 9M 2017

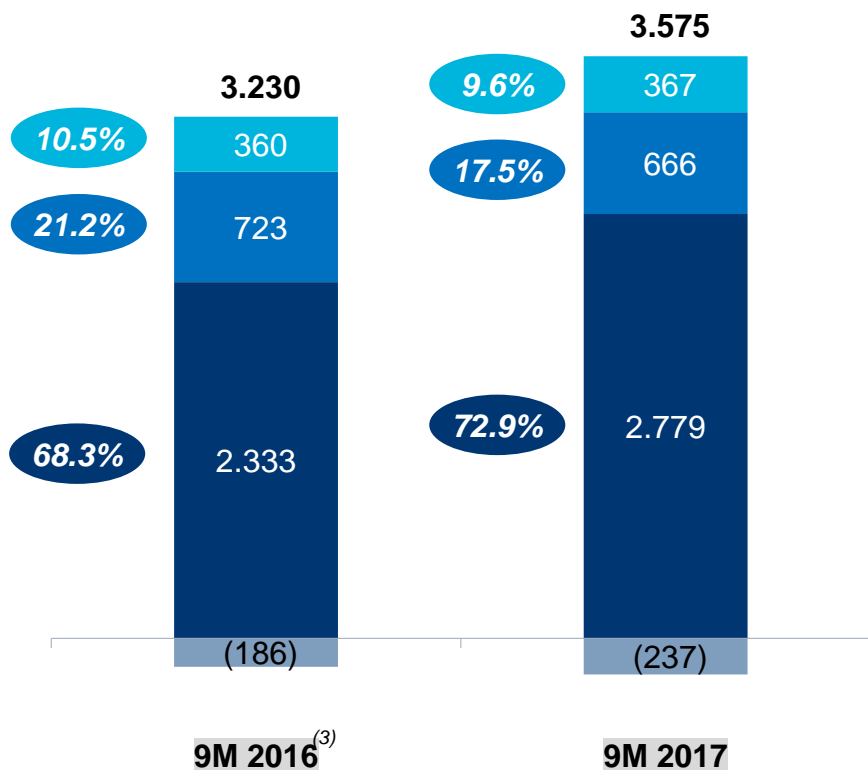


⁽¹⁾ Articulated Tug Barge (ATB) is an articulated unit consisting of a barge and a tug, thus being counted as two vessels in one unit
⁽²⁾ Ships with length > 40 m
⁽³⁾ Offshore business generally has shorter production times and, as a consequence, shorter backlog and quicker order turnaround than Cruise and Naval

Revenues and EBITDA⁽¹⁾ – by segment

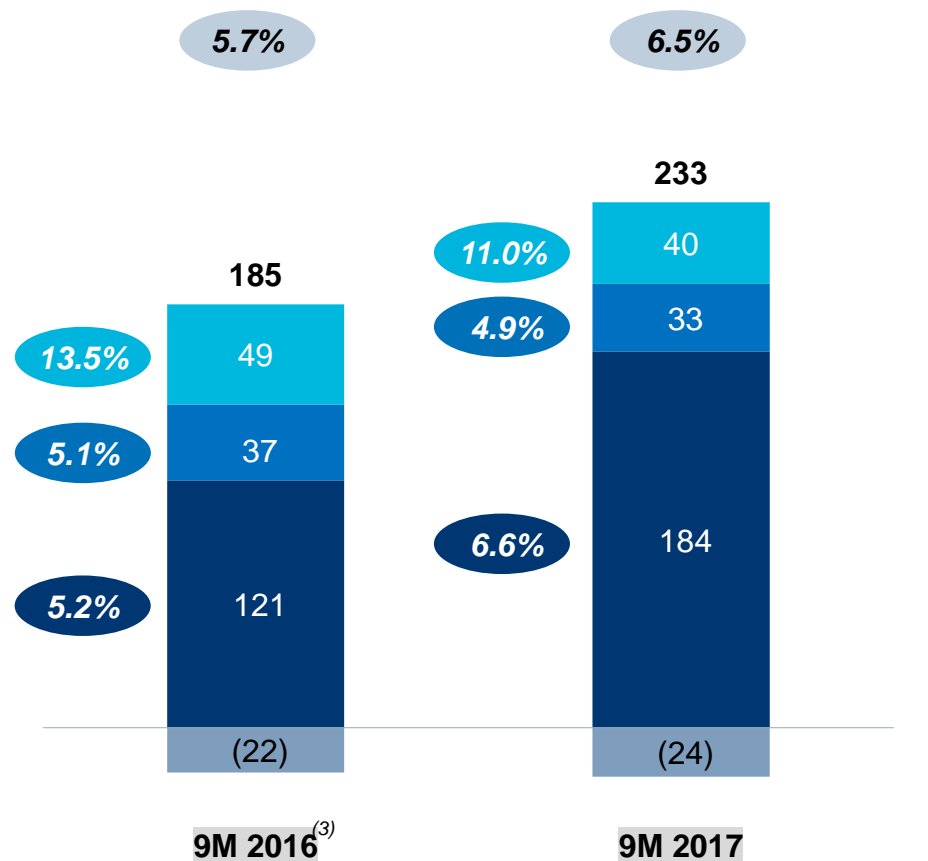
Revenues breakdown by segment⁽²⁾

€ mln



EBITDA and EBITDA margin

€ mln



Shipbuilding Offshore Equipment, Systems & Services

Eliminations % Total

Shipbuilding Offshore Equipment, Systems & Services

Other activities⁽⁴⁾ % of Revenues

(1) EBITDA is a Non-GAAP Financial Measure. The Company defines EBITDA as profit/(loss) for the period before (i) income taxes, (ii) share of profit/(loss) from equity investments, (iii) income/expense from investments, (iv) finance costs, (v) finance income, (vi) depreciation and amortization, (vii) wages guarantee fund – Cassa Integrazione Guadagni, (viii) expenses for corporate restructuring, (ix) accruals to provision and cost of legal services for asbestos claims, (x) other non recurring items

(2) Breakdown calculated on total revenues before eliminations

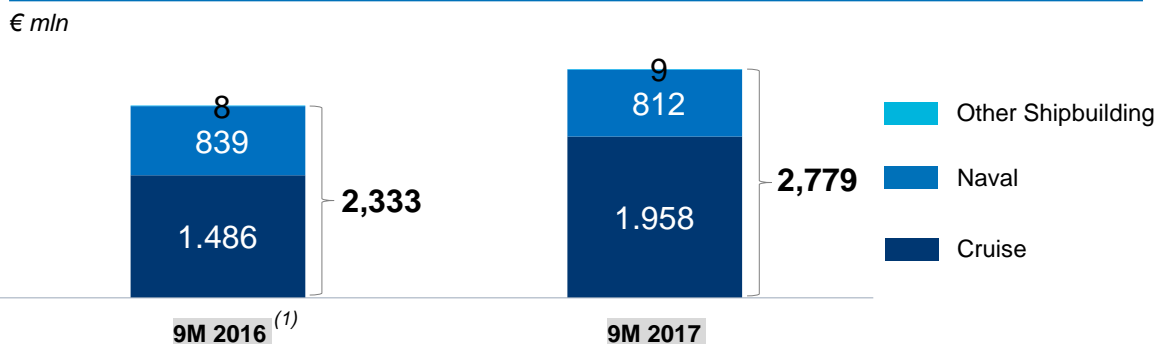
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(4) Other costs

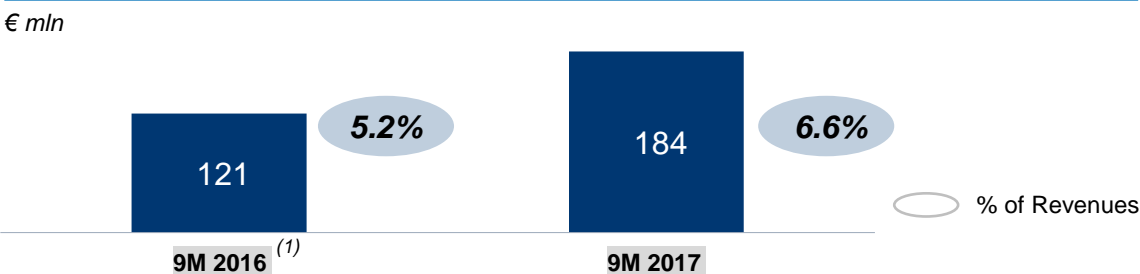


Shipbuilding

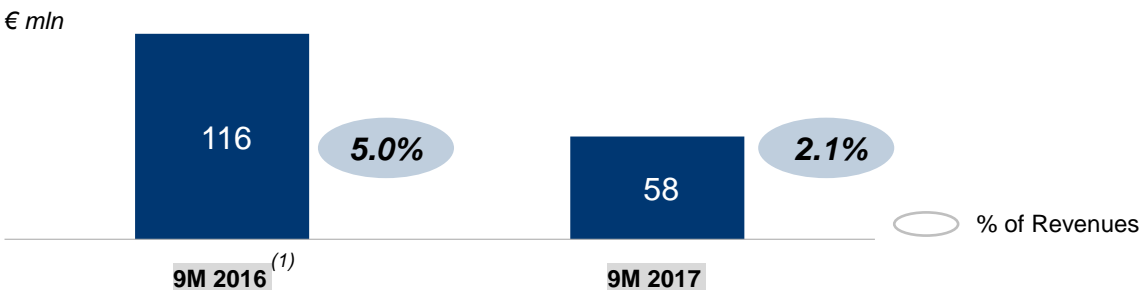
Revenues



EBITDA



Capex



Comments

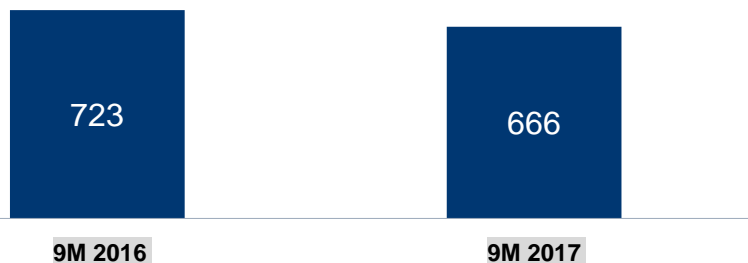
- **Revenues:** € 2,779 mln, up 19% vs 9M 2016
 - Growth of volumes in cruise reaching 51% of total Group revenues
- **EBITDA:** € 184 mln, margin at 6.6%
 - Further improvement due to the construction of cruise ships at higher margins, as well as to the improvement of production and design processes
- **Capex:** € 58 mln
 - 9M 2016 also saw upgrades at the Monfalcone yard
- **Orders:** € 4,848 mln vs € 5,133 mln in 9M 2016
 - 4 cruise ships for Norwegian Cruise Line
 - 1 cruise ship for Holland American Line
 - 1 cruise ship for Princess Cruises
 - 1 cruise ship for Silversea Cruises
- **Backlog:** € 18,572 mln vs € 17,022 mln in 9M 2016
- **Deliveries:** 9 ships
 - “Viking Sky” for Viking Ocean Cruises
 - “Majestic Princess” for Princess Cruises
 - “Silver Muse” for Silversea Cruises
 - FREMM “Rizzo” and submarine “Romeo Romei” for Italian Navy
 - “Viking Sun” for Viking Ocean Cruises
 - LCS 9 for US Navy
 - 2 ATB units (Articulated Tug and Barge) for Kirby Inland Marine

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Offshore

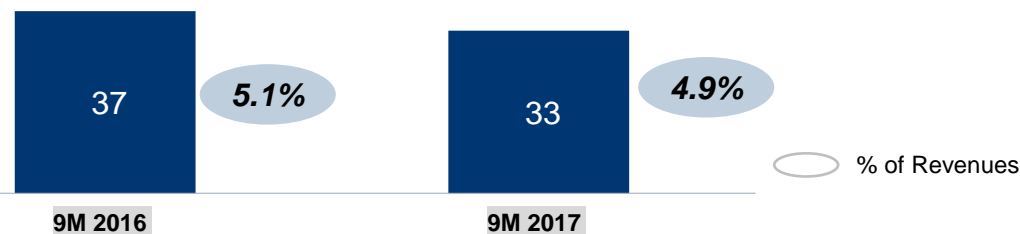
Revenues

€ mln



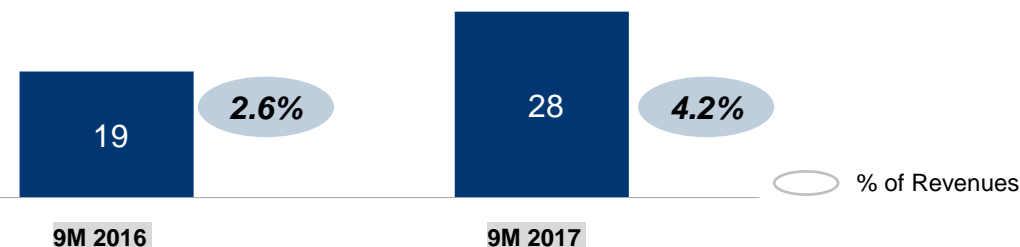
EBITDA

€ mln



Capex

€ mln



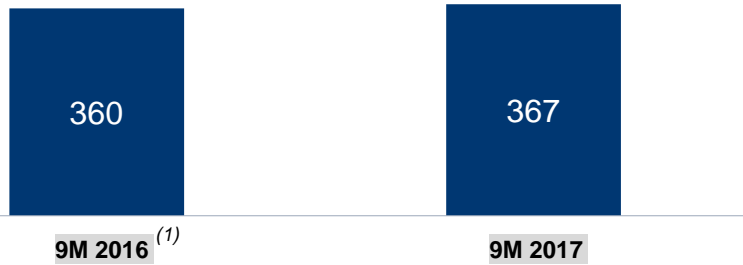
Comments

- **Revenues:** € 666 mln, down 8% vs 9M 2016
 - Reduction of workload at Norwegian and Brazilian yards
 - Positive effect of NOK/EUR exchange rate (€ 10 mln)
- **EBITDA:** € 33 mln, with margin at 4.9%
 - Margins still do not yet fully benefit from the business diversification initiatives
- **Capex:** € 28 mln
 - Upgrades at Tulcea yard
- **Orders:** € 486 mln vs € 1,084 mln in 9M 2016
 - 3 fishing vessel (1 for Aker BioMarine, 1 for Fjordlaks Aqua; 1 for Rosellinis Four-10)
 - 2 Car- and Passenger Ferries for Torghattan Nord
 - 1 Pelagic Trawler for Research Fishing Company
 - 1 Expedition Cruise Vessel for Coral Expeditions
- **Backlog:** € 1,300 mln vs € 1,501 mln in 9M 2016
- **Deliveries:** 7 ships
 - “Skandi Buzios” for Techdof
 - “Far Superior” for Farstad
 - “Skandi Vinland” for DOF
 - “Topaz Amur” and “Topaz Belaya” for Topaz Energy and Marine
 - “Barys” and “Berkut” for Kazmortransflot

Equipment, Systems and Services

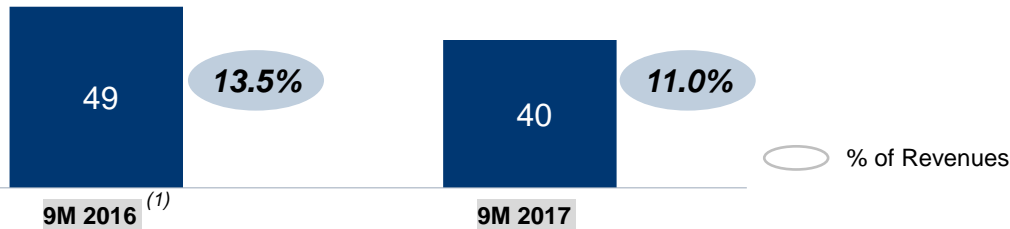
Revenues

€ mln



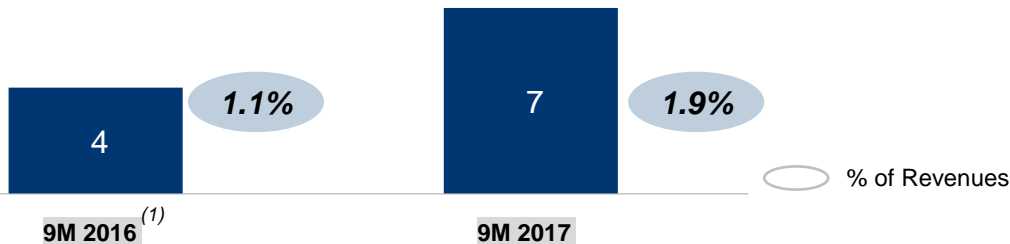
EBITDA

€ mln



Capex

€ mln



Comments

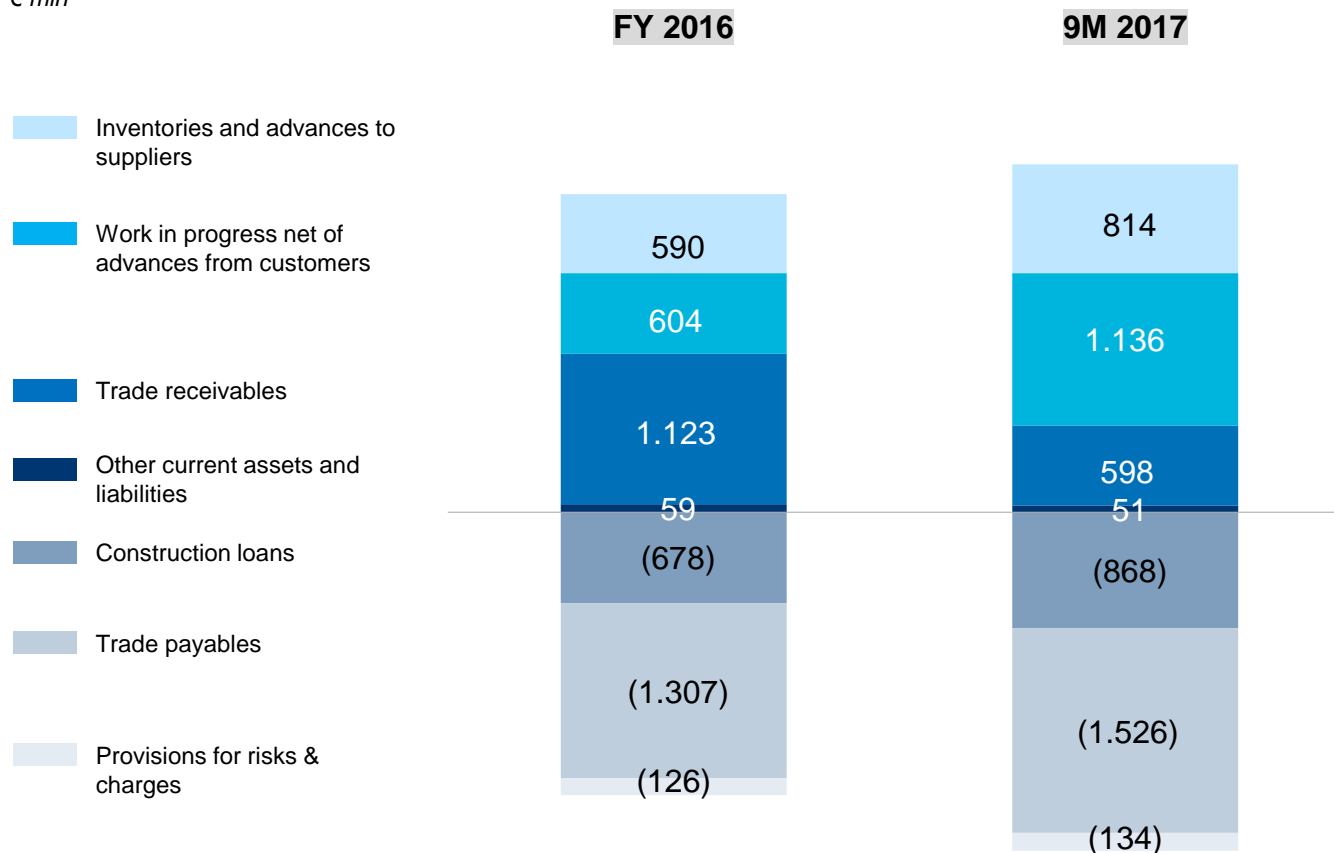
- **Revenues:** € 367 mln, up 1.9% vs 9M 2016
 - Despite the smaller contribution of ship conversion activities which benefited from the MSC Renaissance program in 9M 2016
- **EBITDA:** € 40 mln with margin at 11.0%
 - Decrease due to the change in products/services mix vs 9M 2016
- **Orders:** € 465 mln vs € 538 mln in 9M 2016
- **Backlog:** € 1,227 mln vs € 1,151 mln in 9M 2016

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Net working capital and net debt⁽¹⁾

Breakdown by main components

€ mln



Comments

- Net working capital and net debt dynamics related to the production volumes in cruise and the cash-in of the final installments for the cruise ships delivered during the period
- Construction loans at € 868 mln of which € 615 mln related to VARD and € 253 mln related to Fincantieri
- Most of the Group's debt is related to the financing of current assets associated with cruise ships construction and therefore consistent with net working capital changes

Net working capital

265

71

Net debt

615

501

⁽¹⁾ Construction loans are committed working capital financing facilities, treated as part of Net working capital, not in Net financial position, as they are not general purpose loans and can be a source of financing only in connection with ship contracts

Shipbuilding

- **Further increase of revenues in the last quarter of 2017**
 - Delivery of a prototype for MSC, the largest ship ever built in Italy
 - **Italian Navy's fleet renewal program fully operational**
 - Full swing of design activities related to the Qatari order

Offshore

- Crisis persisting in the Oil&Gas sector, although the first signs of a recovery in E&P investments
- **VARD continues to implement the diversification actions already begun, as well as focusing on the products with greatest potential in its reference markets**

Equipment, Systems & Services

- **Further increase of revenues in the last quarter of 2017**
- **Deployment of the significant backlog** related to the Italian Navy's fleet renewal program and to the Qatari order
- **Commercial and organizational actions will be implemented to ensure stronger foothold and development of the after sales business** in the cruise ship segment and in the most important geographical areas

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Q&A

