



1Q 2022 RESULTS

May 6, 2022

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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, Felice Bonavolontà, declares that the accounting information contained herein correspond to document results, books and accounting records.



Agenda

- ▶ EXECUTIVE SUMMARY & BUSINESS UPDATE
- ▶ FINANCIAL RESULTS
- ▶ OUTLOOK
- ▶ APPENDIX

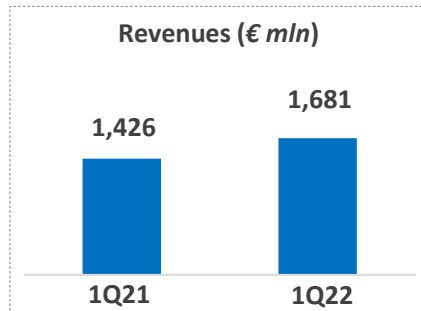


EXECUTIVE SUMMARY & BUSINESS UPDATE

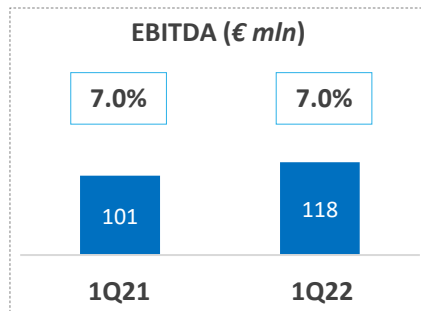


Executive summary

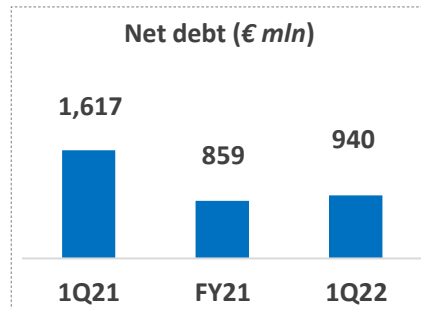
Revenues up by 17.8% and EBITDA +17.2%. Backlog at €34.4 bn



REVENUES +17.8% YoY



EBITDA AT €118 MLN AND EBITDA MARGIN AT 7.0%



NET DEBT AT €940 MLN (+ €81 MLN QoQ), BROADLY IN LINE WITH FY 2021 NOTWITHSTANDING INCREASING REVENUES AND CAPEX

- **Total backlog with 111 units** at €34.4 bn, 5.2x 2021 revenues: backlog with 93 units at €24.8 bn and soft backlog at €9.6 bn
- **Order intake** at €0.5 bn
- **5 ships**, one cruise and two naval vessels, one SOV and one fishery successfully **delivered**
- **Capex** at € 53 mln to support the upgrade of Italian and US shipyards, creating further efficiencies and improving technological standards
- **Production volumes** in line with 1Q 2021 levels generated higher Shipbuilding revenues and therefore higher margins
- **86% of revenues from international clients**

Please note that throughout the entire presentation:

1. 1Q 2021 and 1Q 2022 data are reported excluding the effect of pass-through activities

2. 1Q 2021 data have been restated following the reallocation of VARD Electro and Seonics respectively from the Shipbuilding and the Offshore & Specialized Vessels segment to the Equipment, Systems & Services segment

Business update

Positive business operating performance across all segments

SHIPBUILDING

- **Successfully delivered Discovery Princess**, the sixth unit of the Royal class, for Princess Cruises, a Carnival Group brand
- **Program for the Qatari Ministry of Defence:**
 - delivery of the first Offshore Patrol Vessel (OPV) «Musherib»
 - launch of the fourth corvette «Semaisma» and delivery of the second corvette «Damsah» in April
- **Program for the Italian Navy**
 - delivery of the PPA «Thaon di Revel», first of seven units
 - launch of the fourth PPA
 - production activities kick off for the first of two new generation submarines

OFFSHORE AND SPECIALIZED VESSELS

- Delivery of the first **Service Operation Vessel (SOV)** for Ta San Shang Marine
- Contract for the design and construction of **6 marine robotic vessels** for Ocean Infinity

EQUIPMENT, SYSTEMS AND SERVICES

- Construction kick off for the new **MSC Cruise Terminal in PortMiami**
- **Fincantieri Infrastructure** to work with Società Italiana Dragaggi, Sales and Fincosit on the construction of sea defence works and dredging at the **port of Livorno**



Strategic ESG initiatives

Fully committed to guarantee the highest environmental, social and governance standards

DECARBONIZATION & INNOVATION

- **ENEA:** MoU to develop R&I program regarding **energy efficiency, renewable energy generation systems** for the production, transportation and distribution of **hydrogen, fuel cells, and circular economy**
- **RINA:** MoU to develop synergies in the field of **decarbonization**, with a focus on **alternative fuels, carbon capture** and **renewable energies** in the shipping sector

STRUCTURAL HEALTH MONITORING & SMART ROADS

- **Fincantieri NexTech:** agreement with **Almaviva** and **Leonardo** to offer integrated and innovative digital solutions, applied to static and dynamic monitoring, and to the security of Italy's critical infrastructure

OUR PEOPLE & OUR COMMUNITIES

- Fincantieri's subsidiary **VARD** offered the use of its facilities at the Tulcea shipyard in Romania to **accommodate up to 250 Ukrainian refugees**, providing them with food and medical assistance
- Fincantieri takes part to **School4Life**, a program developed by companies and institutions against school dropout
- Signed the **corporate nursery program**, to be inaugurated in Trieste and to be followed by Monfalcone shipyard

SUSTAINABLE FINANCE

- Agreement with **BNP Paribas** for a **sustainability-linked guarantees facility** related to the achievement of two KPIs included in the Group's Sustainability Plan, **efficient energy consumption management** and a **sustainable supply chain**



ESG ratings and awards

Tireless effort to become a model of excellence acknowledged at the international level

Ratings

CDP

In 2021 Fincantieri was awarded with the **A- score** (scale from A to D) for its **commitment** and **transparency** in fighting climate change

V.E¹

In 2021 Fincantieri achieved a **score of 70/100**, holding its position in the «**Advanced**» range and **ranked first** among its peers belonging to the Mechanical Components & Equipment sector

GAIA

Gaia Rating improved the overall score of Fincantieri to **87 points out of 100** from 85 points in 2020

S&P GLOBAL

On December 20, 2021 S&P Global ranked Fincantieri **24th out of 186** “IEQ Machinery and Electrical Equipment” companies with a score of **58/100** in the Corporate Sustainability Assessment (CSA)

SUSTAINALYTICS

Sustainalytics positioned Fincantieri in the «**Low Risk**» range, and **6th out of 121** companies in the «Heavy Machinery and Trucks» category

Awards

UNIVERSUM

Fincantieri ranked as **Italy’s Most Attractive Employer** in the **Manufacturing, Mechanical and Industrial Engineering** sector according to Universum

HEALTH AND SAFETY

The **Shipbuilder Council of America** (SCA) awarded Fincantieri Marinette Marine with the “**Excellence in Safety Award**” and Fincantieri Bay Shipbuilding (Sturgeon Bay) with the “**Improvement in Safety Award**”

GREEN STAR 2021

Fincantieri was identified among the most sustainable Italian companies, receiving the “**Green Star 2021**” Seal by the German Institute of Quality (ITQF). Fincantieri won the **first prize** in the “**Engineering, constructions and infrastructure**” sector

1. V.E is part of Moody's ESG Solutions



Main deliveries & New orders

5 vessels delivered and 7 ships ordered in 1Q 2022



● Shipyard - Shipbuilding

○ Shipyard - Offshore & Specialized Vessels

Backlog deployment

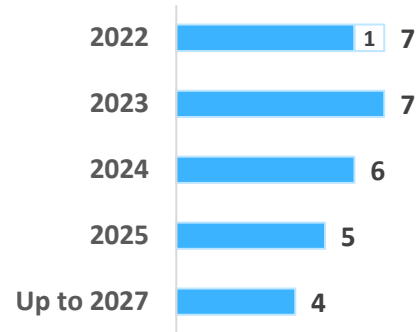
Well-balanced visibility both in Cruise and Naval, 7 new orders in Offshore and Specialized Vessels

Shipbuilding

ship deliveries

CRUISE

28 VESSELS
IN PORTFOLIO

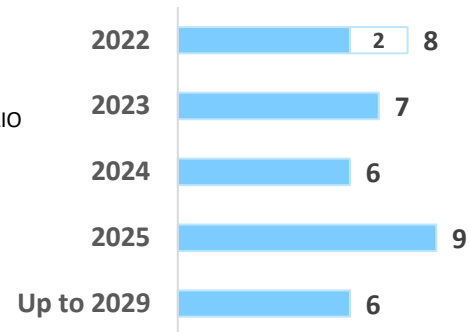


□ Delivered in 1Q 2022 ■ Expected deliveries

- Visibility up to 2027

NAVAL

34 VESSELS
IN PORTFOLIO



□ Delivered in 1Q 2022 ■ Expected deliveries

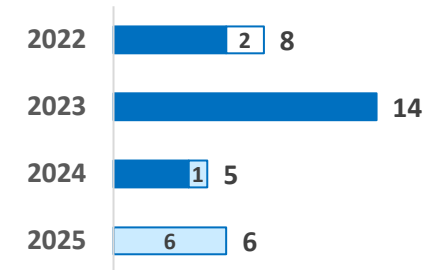
- 6 units to be delivered from 2026 to 2029

Offshore & Specialized Vessels

ship deliveries

OSV

31 VESSELS¹
IN PORTFOLIO



□ Delivered in 1Q 2022 ■ Expected deliveries
□ New orders in 1Q 2022

- Visibility up to 2025

5 units delivered, 7 units ordered, 93 ships in backlog and 18 ships in soft backlog

1. The Offshore & Specialized Vessels business generally has shorter production times and, as a consequence, shorter backlog and quicker order turnaround than Cruise and Naval

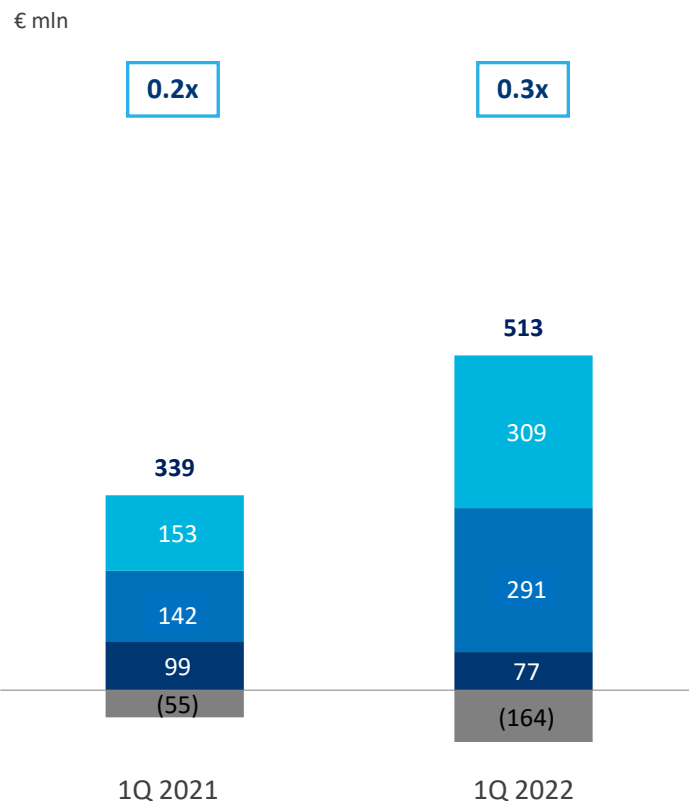
FINANCIAL RESULTS



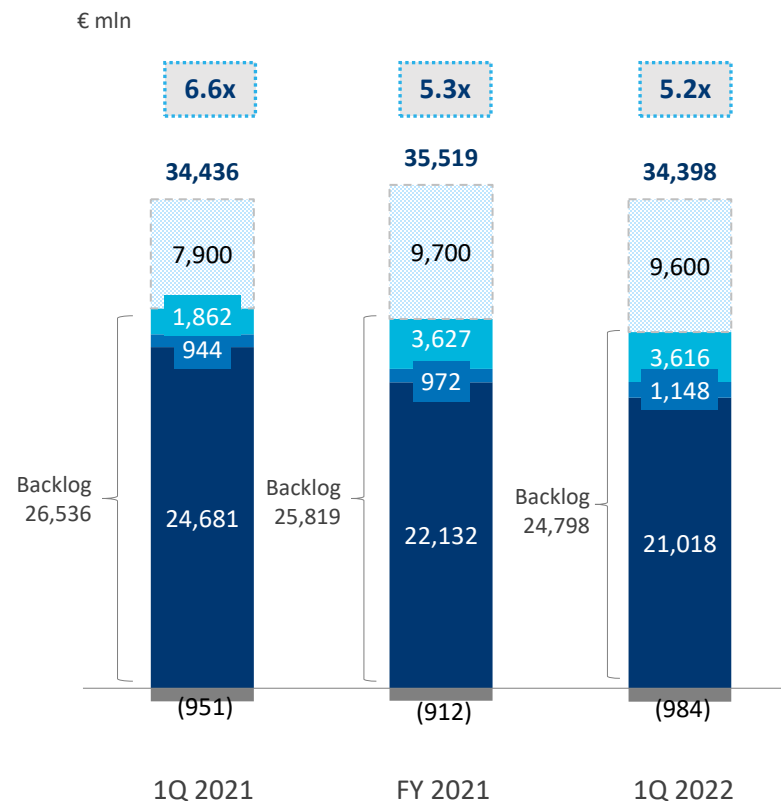
Order intake and backlog

Positive order intake with a solid contribution of ESS and Offshore. Sustained backlog and a robust soft backlog in line with 1Q 2021

Order intake breakdown by segment



Total backlog breakdown by segment¹



- Order intake at €0.5 bn, driven mainly by the expansion of ESS and Offshore
- Total backlog representing 5.2x 2021 revenues

■ Book-to-bill⁽²⁾
■ Total backlog / Revenues ex pass-through
 ■ Shipbuilding
 ■ Offshore & Specialized Vessels
 ■ Equipment, Systems & Services
 ■ Eliminations
 ■ Soft backlog⁽³⁾

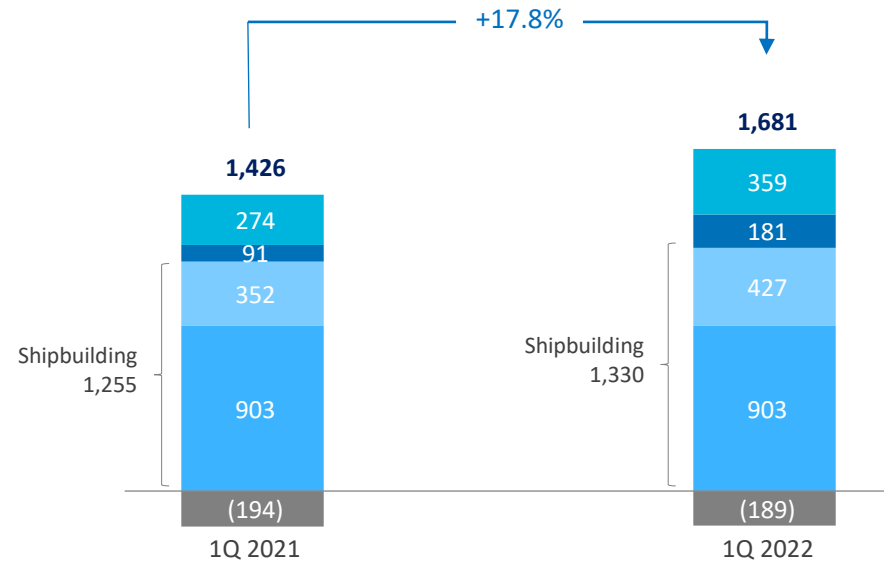
1. Total backlog is the sum of backlog and soft backlog
 2. Order intake/revenues ex pass-through
 3. Soft backlog represents the value of existing contract options and letters of intent as well as contracts in advanced negotiation, none of which yet reflected in the order backlog

Revenues

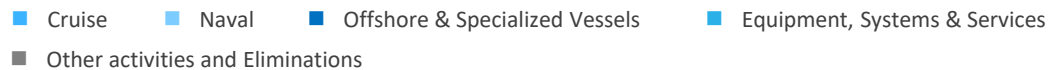
Revenues up 17.8%, with positive contribution across all segments

Revenues breakdown by segment¹

€ mln



% of Total revenues



Revenues up 17.8% YoY with positive contribution across all segments

- Shipbuilding up 6.0% YoY, mainly thanks to Naval, accounting for 22.8% of total revenues
- Offshore & Specialized Vessels doubled, up 90 mln YoY
- Equipment, Systems & Services up 31.4% YoY mainly related to infrastructure and mechatronics business areas

86% of revenues from international clients

1. Breakdown calculated before eliminations

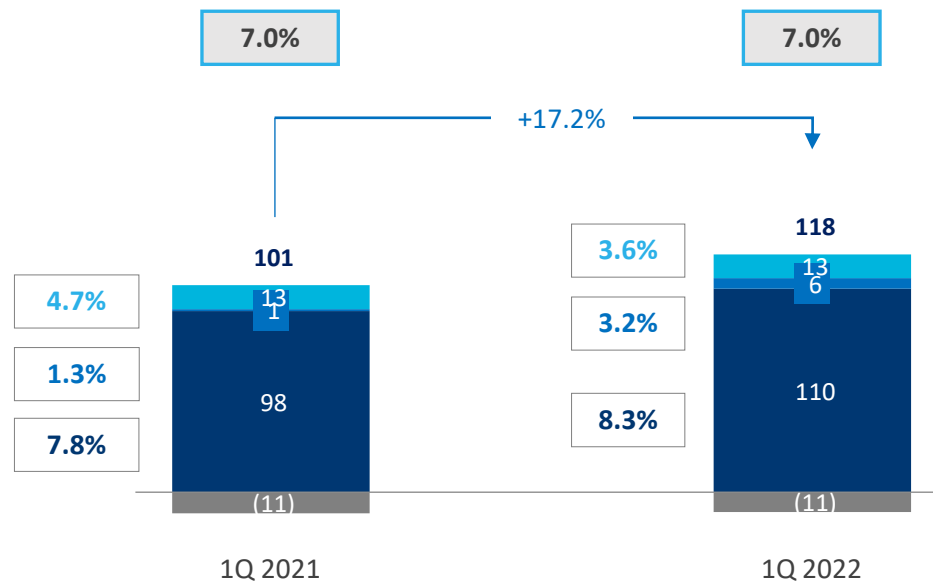


EBITDA

EBITDA at €118 mln (+17.2%) with an EBITDA margin at 7.0%

EBITDA breakdown by segment¹

€ mln



EBITDA margin at 7.0% mainly thanks to the positive contribution from Shipbuilding, despite the impact from increased commodities' prices

- Shipbuilding EBITDA is up €12 mln YoY with margin at 8.3%
- Offshore EBITDA is up €5 mln YoY thanks to the effective repositioning strategy in more promising sectors
- ESS EBITDA stable despite raw materials inflation

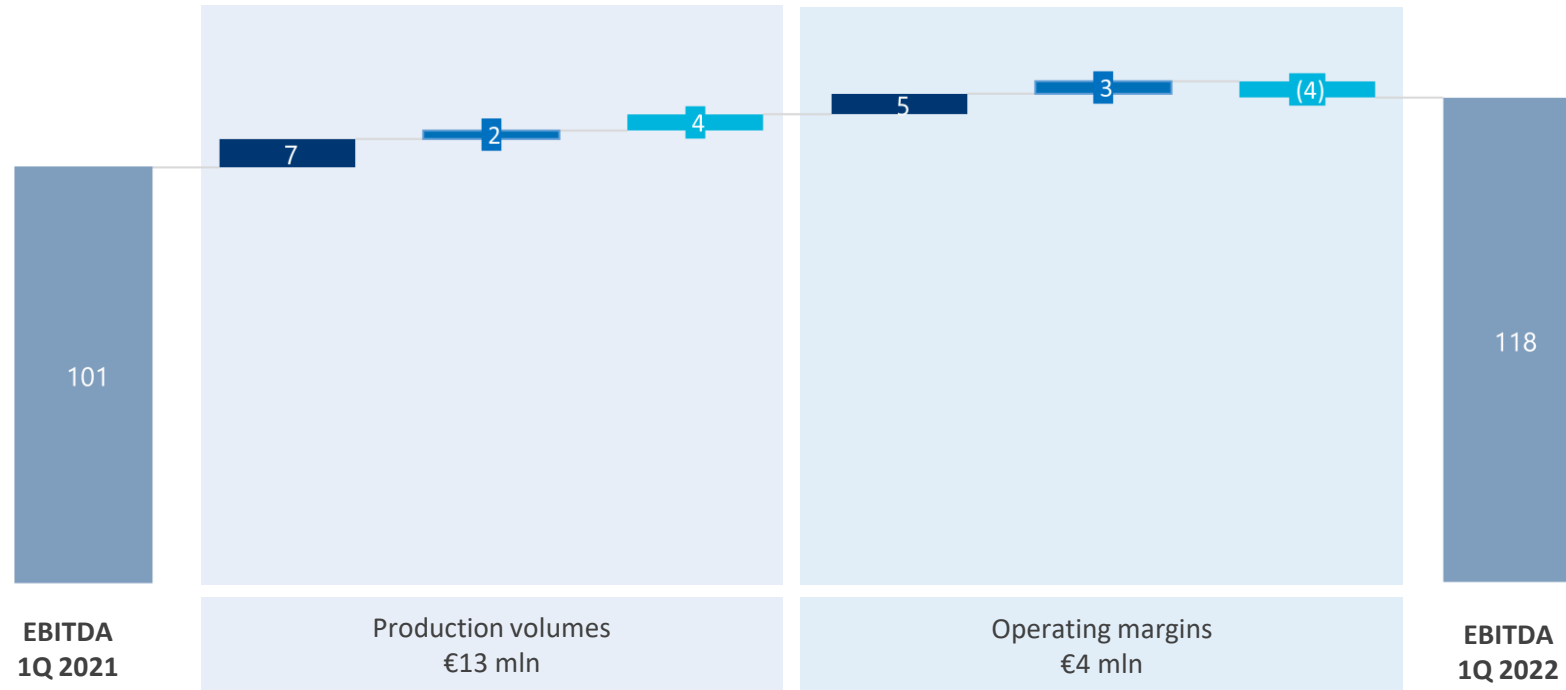
■ EBITDA Margin as % of total revenues
■ Shipbuilding ■ Offshore & Specialized Vessels ■ Equipment, Systems & Services ■ Other activities and Eliminations

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) expenses for corporate restructuring, (viii) accruals to provision and cost of legal services for asbestos claims, (ix) other non recurring items

EBITDA growth

Better operating margin thanks to higher production volumes and improved margins

EBITDA breakdown by segment



- **Shipbuilding:** EBITDA improvement driven by higher production volumes and operating margins
- **Offshore and Specialized Vessels:** increased EBITDA thanks to positive production volumes and operating margins
- **ESS:** production volumes fully offsetting lower margins

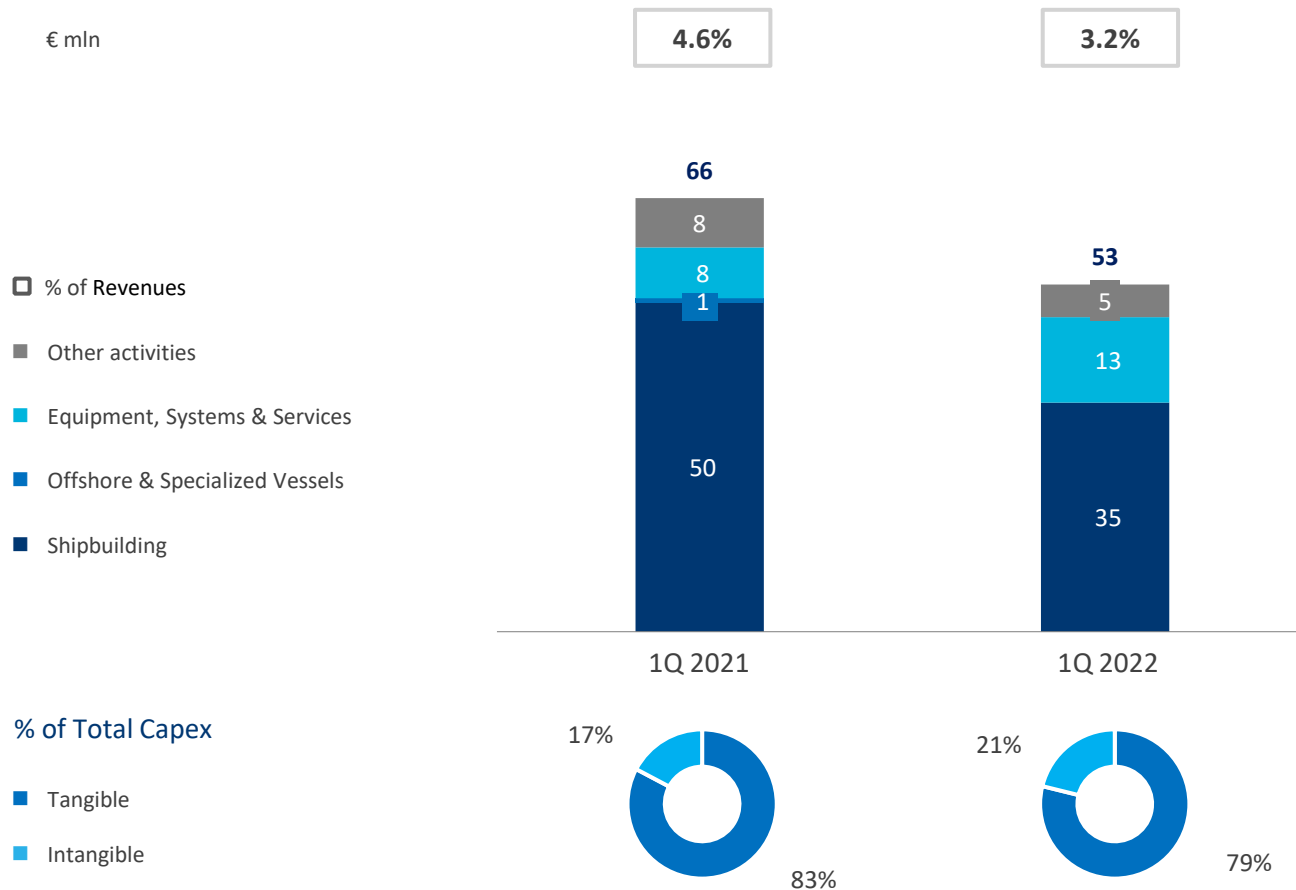
■ Shipbuilding ■ Offshore & Specialized Vessels ■ Equipment, Systems & Services ■ Other activities and Eliminations



Capex

Investments underpinning further efficiencies in engineering and production processes

Capex by segment



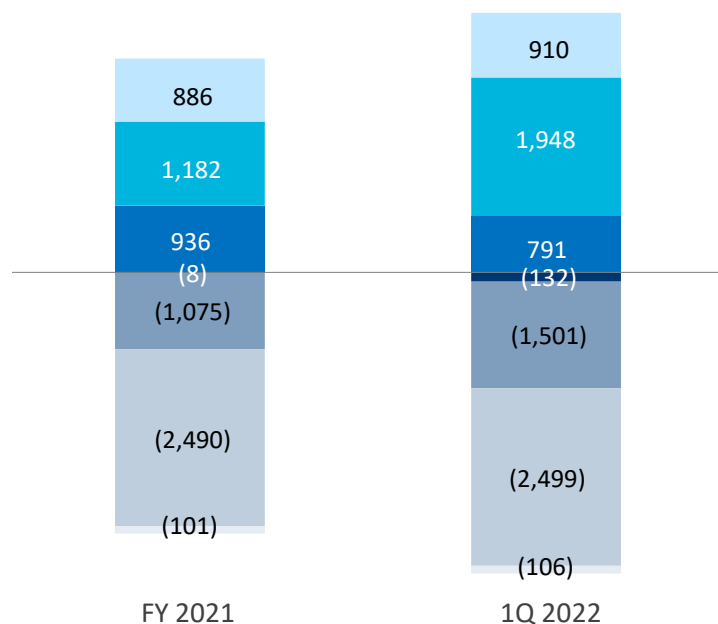
- Capex at €53 mln to support further **efficiencies** to address new production scenarios
- Upgrade of Marghera and Monfalcone shipyards along with US and Italian naval sites and further investments to improve the Group's technological solutions
- Investments breakdown:
 - Intangible activities for €11 mln
 - Tangible activities for €42 mln

Net working capital and net financial position

NFP broadly in line with FY 2021. Construction loans consistent with 2022 delivery schedule

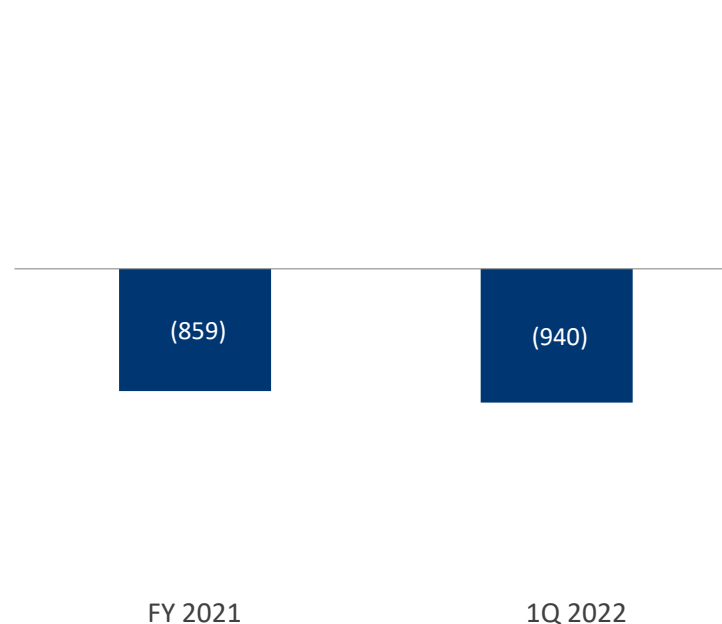
Net Working Capital breakdown by component

€ mln



Net Financial Position⁽¹⁾

€ mln



NWC (670) (589)

NFP¹ (859) (940)

- Inventories and advances to suppliers
- Trade receivables
- Construction loans
- Provisions for risks & charges
- Work in progress net of advances from customers
- Other current assets and liabilities
- Trade payables

- **Net financial position** at €940 mln consistent with production volumes and reflecting net working capital dynamics
- **Net financial position** still impacted by the strategy of deferrals granted to clients (ca. €292 mln)
- **Construction loans** increased to €1,501 mln (vs €1,075 mln in FY 2021) due to production dynamics, with six cruise vessels expected to be delivered in the rest of the year
- No financial covenants

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

OUTLOOK



Focus on core business

Competitive positioning confirmed. Cruise full recovery expected in 2023. Naval likely to benefit from higher defence budget.

Cruise

- The **U.S. Centers for Disease Control and Prevention (CDC)** has dropped cruise travel warning after two years and **Australia** lifted cruise ban too from mid April 2022
- **Nearly 100%** of CLIA oceangoing member lines are **projected to be in operation by summer season 2022, with load factors approaching historical levels¹**
- **Booking trends** for 2022 and 2023 are in line with 2019 levels, but at **higher prices**
- **Passenger volumes** are expected to recover and surpass 2019 levels by the end of 2023¹ with a target of **30 million pax**, pre-Covid volumes
- Recovery of cruise demand with a growth rate of +5% per year (CAGR 2009-2019 in terms of cruise pax) foresees a **target of almost 34 million pax in 2026** and 42 million in 2030. A **resumption in orders would be possible from 2023-2024**, taking into account construction lead-times and the availability of slots by shipyards¹
- The cruise industry aims to reach **net carbon neutrality by 2050**; by 2027 CLIA member fleet will include **26 LNG-powered cruise ships** and **174 cruise ships with shoreside power connectivity¹**. By 2035, all cruise ships will be equipped to use shore power in order to pursue net-zero carbon cruising by 2050²

Naval

- Total **global defence spending** reached **USD 2.06 trillion** in 2021, showing a **compound annual growth rate of 1.8%** (CAGR 2013-2021), with defence budgets expected to **accelerate in the upcoming years³**
- In 2021, the defence budget allocated to **navy procurement** estimated at **6.4% of global budget³**
- While the **upward effects** of the war in Ukraine on defence budget are yet to be determined, the conflict may accelerate the creation of a common **EU Defence**
- On 21 March 2022, the European Council has adopted the **Strategic Compass**, with the target to strengthen EU security and defence policy by 2030
- **EU major defence programs** include the **Permanent Structured Cooperation (PESCO)** for a new class of modular and flexible military ships, the **European Patrol Corvette (EPC)**

1. CLIA - State of the Cruise Industry 2022 report
2. CLIA - Cruise Industry is Sailing Back Toward a Better Future, April 2022
3. Jane's - Global Defence Budget, March 2022

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Q&A



APPENDIX



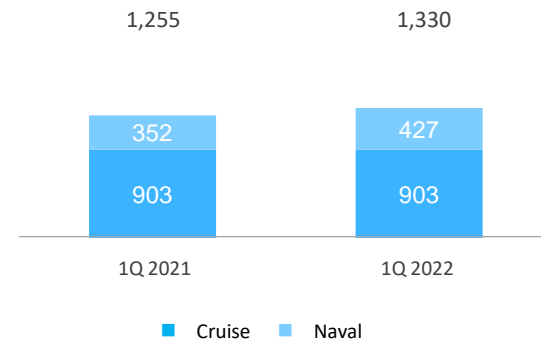
Financial overview – Shipbuilding

Orders, backlog and deliveries

- Orders: €77 mln (€99 mln in 1Q 2021)
- Backlog: €21,018 mln (€24,681 mln in 1Q 2021)
- Deliveries:
 - Discovery Princess for Princess Cruises
 - OPV Musherib for Qatari Ministry of Defence
 - PPA Thaon di Revel for Italian Navy

Revenues

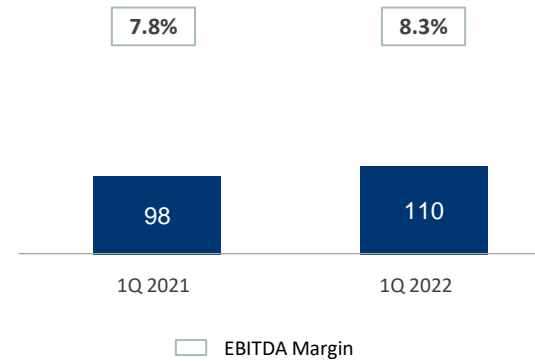
€ mln



- Revenues at €1,330 mln vs €1,255 mln in 1Q 2021

EBITDA

€ mln



- EBITDA at €110 mln (vs €98 mln in 1Q 2021)
- EBITDA margin at 8.3% (vs 7.8% in 1Q 2021)

Capex

€ mln



- Capex at €35 mln

Financial overview – Offshore & Specialized Vessels

Orders, backlog and deliveries

- Orders: €291 mln (€142 mln in 1Q 2021)
 - 6 marine robotic vessels for Ocean Infinity
 - 1 fishery for Deutsche Fischfang - Union
- Backlog: €1,148 mln (€944 mln in 1Q 2021)
- Deliveries:
 - Fishing vessel for Nergård Havfiske
 - SOV for Ta San Shang Marine

Revenues

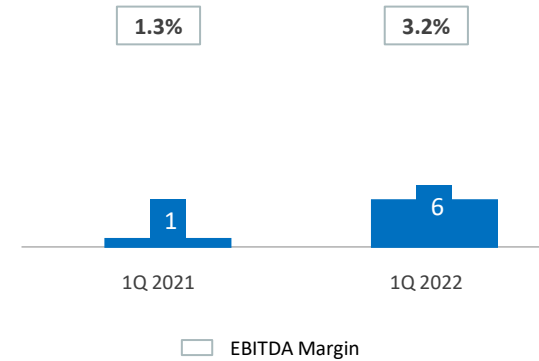
€ mln



- Revenues at €181 mln, +98.7% YoY
- Offshore & Specialized Vessels revenues represent 9.7% of total revenues excluding pass-through activities

EBITDA

€ mln



- EBITDA at €6 mln with margin at 3.2%

Capex

€ mln



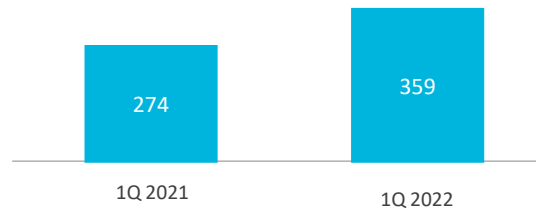
Financial overview – Equipment, Systems & Services

Orders, backlog and deliveries

- Orders: €309 mln (vs €153 in 1Q 2021)
- Backlog: €3,616 mln vs € 1,862 mln in 1Q 2021

Revenues

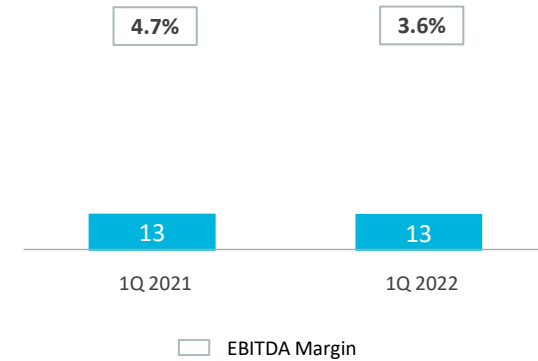
€ mln



- Revenues at €359 mln vs €274 mln in 1Q 2021
- ESS revenues represent 19.2% of total revenues

EBITDA

€ mln



- EBITDA at €13 mln with margin at 3.6%

Capex

€ mln



- Capex at €13 mln

Glossary

Book-to-bill ratio	Order intake/revenues
Construction loans	Committed working capital financing facilities, treated as part of Net working capital, not in Net debt, as they are not general purpose loans and can be a source of financing only in connection with ship contracts
EBITDA	Earnings before taxes, finance income and costs, income and expenses from investments and before depreciation, amortization and impairment, adjusted to exclude (i) provisions for costs and legal expenses associated with lawsuits brought by employees for asbestos-related damages; (ii) charges connected to the impacts of COVID-19 outbreak; (iii) costs relating to reorganization plans and non-recurring other personnel costs; (iv) other expenses or income outside the ordinary course of business due to particularly significant non-recurring events
EBITDA margin	Ratio between EBITDA and Revenue and income (ex pass-through)
Order book	Value of principal contracts, order additions and variations, in respect of orders not yet delivered or fulfilled
Order intake	Value of new orders, including order additions and variations, awarded to the Company in each reporting period
Net financial position (NFP)	It includes (i) Net current cash/(debt): cash and cash equivalents, trading securities, current financial receivables, current bank debt (excluding construction loans), current portion of long-term loans and credit facilities, other current financial liabilities; (ii) Net non-current cash/(debt): noncurrent financial receivables, non-current bank debt, bonds, other non-current financial liabilities
Net fixed capital	It includes Intangible assets, Property, plant and equipment, Investments and Other non-current assets (including the fair value of derivatives classified in non-current Financial assets and non-current Financial liabilities) net of Employee benefits



Glossary

Net working capital	Capital employed in ordinary operations which includes Inventories and advances, risks and charges, and Other current assets and liabilities (including Income tax assets, Income tax liabilities, Deferred tax assets and Deferred tax liabilities, as well as the fair value of derivatives classified in current Financial assets and current Financial liabilities)
Pass-through activities	Contracts whose value is entirely invoiced by the Group to the final client, but whose construction activities are not managed directly by the Group
Scope 1 emissions	Direct emissions from sources owned by or under the control of the Group
Scope 2 emissions	Indirect emissions from electricity consumption
Scope 3 emissions	Other indirect emissions from: raw materials, raw material procurement chain, employee mobility, water consumption and waste production
Soft backlog	Value of existing contract options and letters of intent as well as of contracts at an advanced stage of negotiation, none of which yet reflected in the order backlog
Total backlog	Sum of order backlog and soft backlog
Total order book	Sum of order book and soft backlog

