

FINCANTIERI

Investor Presentation

Trieste, October 2018

FINCANTIERI
The sea ahead



Safe Harbor Statement

This Presentation contains certain forward-looking statements. Forward-looking statements concern future circumstances and results and other statements that are not historical facts, sometimes identified by the words "believes," "expects," "predicts," "intends," "projects," "plans," "estimates," "aims," "foresees," "anticipates," "targets," and similar expressions. The forward-looking statements contained in this Presentation, including assumptions, opinions and views of the Company or cited from third party sources, are solely opinions and forecasts reflecting current views with respect to future events and plans, estimates, projections and expectations which are uncertain and subject to risks. Market data used in this Presentation not attributed to a specific source are estimates of the Company and have not been independently verified. These statements are based on certain assumptions that, although reasonable at this time, may prove to be erroneous. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. If certain risks and uncertainties materialize, or if certain underlying assumptions prove incorrect, Fincantieri may not be able to achieve its financial targets and strategic objectives. A multitude of factors which are in some cases beyond the Company's control can cause actual events to differ significantly from any anticipated development. Forward-looking statements contained in this Presentation regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. No one undertakes any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Market data used in this Presentation not attributed to a specific source are estimates of the Company and have not been independently verified. Forward-looking statements speak only as of the date of this Presentation and are subject to change without notice. No representations or warranties, express or implied, are given as to the achievement or reasonableness of, and no reliance should be placed on, any forward-looking statements, including (but not limited to) any projections, estimates, forecasts or targets contained herein.

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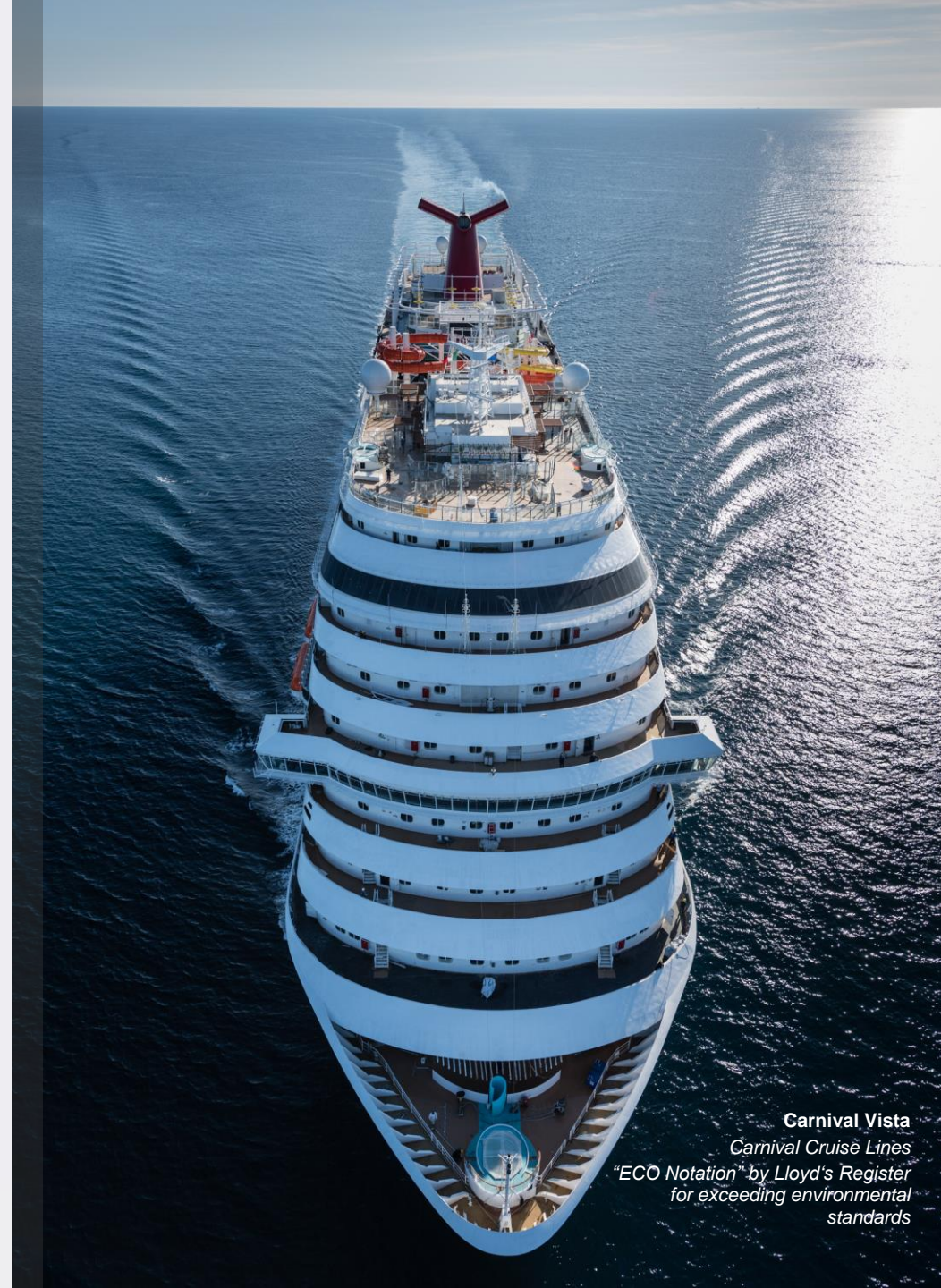
Declaration of the Manager responsible for preparing financial reports

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.



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Carnival Vista
Carnival Cruise Lines
"ECO Notation" by Lloyd's Register
for exceeding environmental
standards

Section 1

Fincantieri at a Glance



FREMM "Alpino"
Italian Navy
Best in class in terms of endurance

Fincantieri at a glance

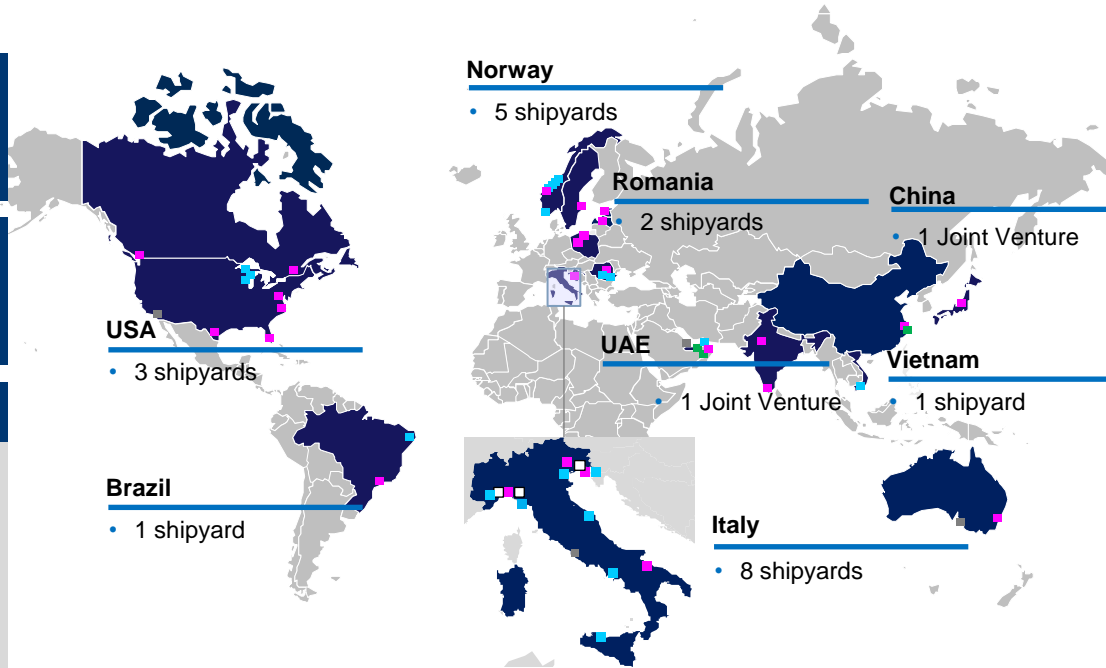
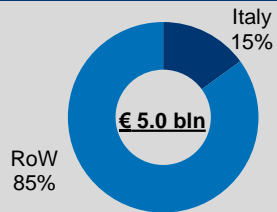
#1 Western designer & shipbuilder⁽¹⁾
with 230 years of history & >7,000 ships built

€ 5,020 mln revenues

~ € 29.8 bln total backlog⁽²⁾

- € 22 bln backlog
- € 7.8 bln soft backlog

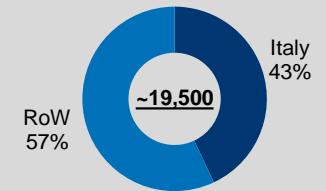
Revenues by geography



20 shipyards
4 continents

~ 19,500 employees
~ 80,000 subcontractors

Employees by location



Note: all figures reported at December 31, 2017, except for backlog which is reported as of June 30, 2018

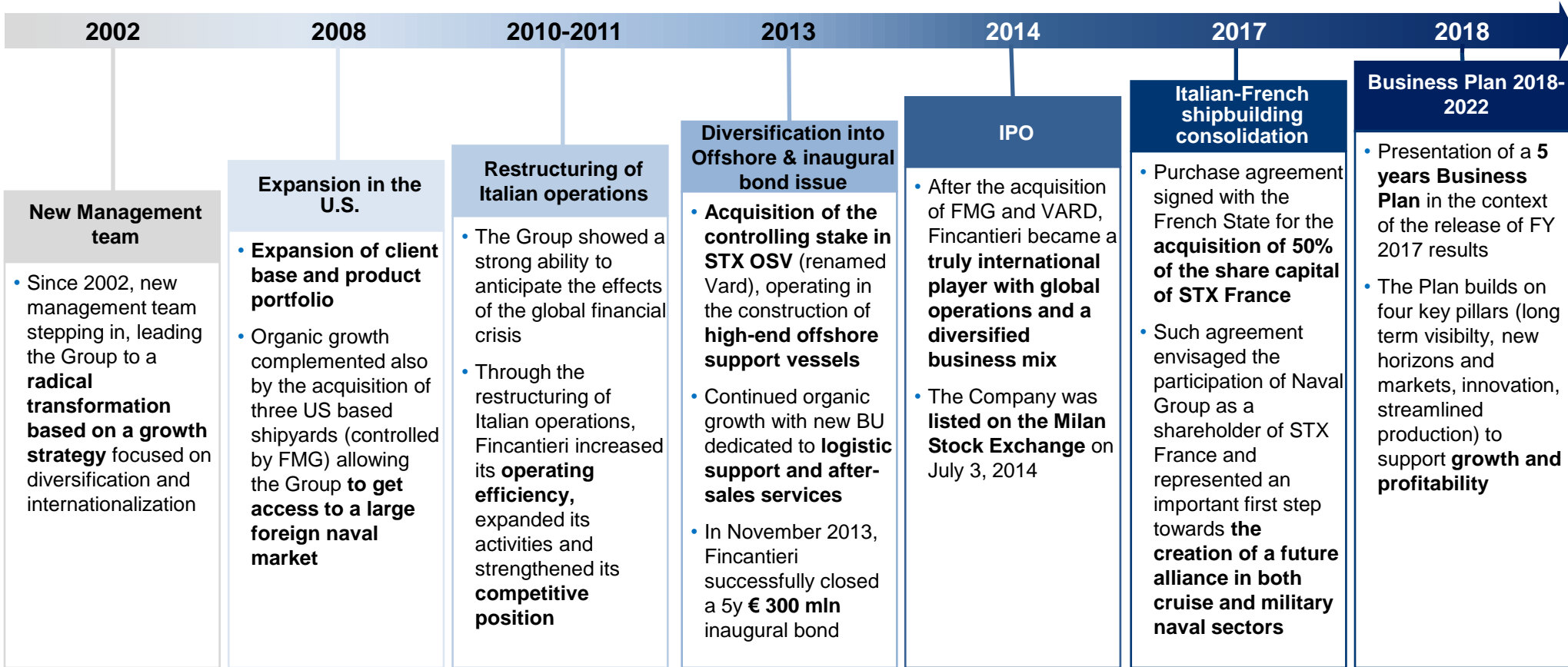
(1) By revenues, excluding naval contractors in the captive military segment. Based on Fincantieri estimates of shipbuilders' revenues in 2016

(2) At June 30, 2018; 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 the order backlog






- Corporate/BU headquarters
- Shipyard
- Joint Venture
- Operating subsidiary
- Representative / Sales office

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Creation of an international leading player with a well diversified product portfolio



Business units, products and positioning

	End markets	Main products	Positioning	Revenues 2017 ⁽⁴⁾	Backlog ⁽⁵⁾
Shipbuilding	 Cruise	<ul style="list-style-type: none"> All cruise ships (from contemporary to luxury) 	<ul style="list-style-type: none"> #1 worldwide (~45% market share⁽¹⁾) 	<p>€ 2,649 mln (49.2% on total)</p>	<p>€ 19,496 mln (55 ships)</p>
	 Naval	<ul style="list-style-type: none"> All surface vessels (also stealth) Support & Special vessels Submarines 	<ul style="list-style-type: none"> Leader: <ul style="list-style-type: none"> #1 in Italy⁽²⁾ Key supplier for US Navy & Coast Guard⁽³⁾ Key supplier for Qatar Emiri Naval Forces 	<p>€ 1,212 mln (22.5% on total)</p>	
	 Other	<ul style="list-style-type: none"> High tech ferries Large mega-yachts 	<ul style="list-style-type: none"> Experience and know-how: <ul style="list-style-type: none"> High tech ferries Large mega-yachts 	<p>€ 22 mln (0.4% on total)</p>	
Offshore		<ul style="list-style-type: none"> OSV Fisheries/aquaculture Offshore wind OPV Expedition cruise Ferries Special vessels 	<ul style="list-style-type: none"> Leading player in high-end OSVs 	<p>€ 943 mln (17.5% on total)</p>	<p>€ 1,990 mln (44 ships)</p>
Equipment Systems & Services		<ul style="list-style-type: none"> Marine systems, components & turnkey solutions Ship interiors Naval services Ship repairs & conversions 	<ul style="list-style-type: none"> Leading player worldwide 	<p>€ 558 mln (10.4% on total)</p>	<p>€ 1,289 mln</p>

(1) By oceangoing cruise ships > 10,000 gross tons ordered in the 2004 – June 2018 period (including VARD) Source: Fincantieri analysis based on IHS Lloyd's Fairplay – Shippax data and Company press releases

(2) For all the large ships and excluding minesweepers and small ships below 45 m in length

(3) For medium size ships, e.g. patrol vessels and corvettes

(4) Breakdown calculated based on revenues gross of consolidation effects

(5) As of June 30, 2018



Track record, clients and technological leadership

		1 Track record	2 Clients	3 Technological leadership
Shipbuilding	 <p>Cruise</p>	<p>Ship deliveries</p> <ul style="list-style-type: none"> 1990–2001 23 2002–1H2018 61 <p>• Twofold increase in activity</p>	       	<ul style="list-style-type: none"> • Carnival Vista: “ECO Notation” by Lloyd’s Register for exceeding environmental standards • Royal Princess: 1st cruise ship fully compliant with new regulations • Costa Luminosa & Costa Pacifica: Guinness World Record for joint-christening of 2 ships
	 <p>Naval</p>	<p>Ship deliveries</p> <ul style="list-style-type: none"> 1990–2001 51⁽¹⁾ 2002–1H2018 67⁽¹⁾ <p>• Steady, low risk business</p>	      	<ul style="list-style-type: none"> • LCS Freedom: world’s fastest steel frigate • Aircraft Carrier Cavour: world’s most powerful non-nuclear propulsion system • More than 20 prototypes developed over the last fifteen years
Offshore		<p>Ship deliveries</p> <ul style="list-style-type: none"> 1990 – 2001 72⁽²⁾ 2002–1H2018 319⁽²⁾ <p>• Acquired VARD in 2013</p>	      	<ul style="list-style-type: none"> • Normand Maximus: largest offshore vessel ever built in Norway • Skandi Africa: “Ship of the Year 2015”⁽⁵⁾ • AMC Connector: world’s largest cable layer⁽⁶⁾ • Far Samson: most powerful offshore vessel⁽⁷⁾
Equipment Systems & Services		<p>• Strong revenue growth to € 558 mln in 2017</p> <p>• Start-up in 2005</p>	     	<ul style="list-style-type: none"> • Innovative and technologically advanced products in terms of performances, lifecycle cost reduction and environmental standard • Full product lifecycle management with unique capacity to support vessels’ maintenance and repair all over the world

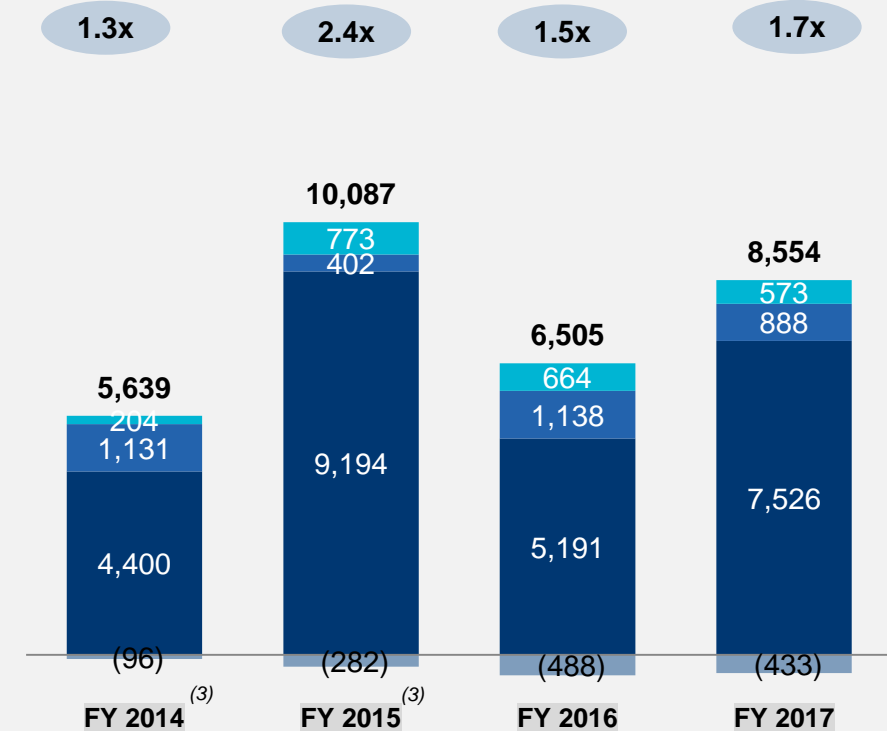
(1) Includes other products delivered by Naval business unit. Includes US subsidiaries pre Fincantieri acquisition, excluding 174 RB-M delivered since 2002, of which 28 in 2014 and 3 in 2015
 (2) Includes other products delivered by Offshore business unit. Includes VARD and predecessor companies
 (3) Parent company of several brands: Aida, Carnival Cruise Lines, Costa Crociere, Costa Asia, Cunard, Holland America Line, Princess Cruise Lines, P&O Cruises, P&O Australia and Seabourn Cruise Lines

(4) Reference of July, 2018
 (5) Award instituted by the major Nordic shipping magazine Skipsrevyen
 (6) In terms of loading capacity (2011)
 (7) In terms of bollard pull at the date of construction (423 tons)

1 Recent commercial track record: backlog ramp-up since 2014

Order intake

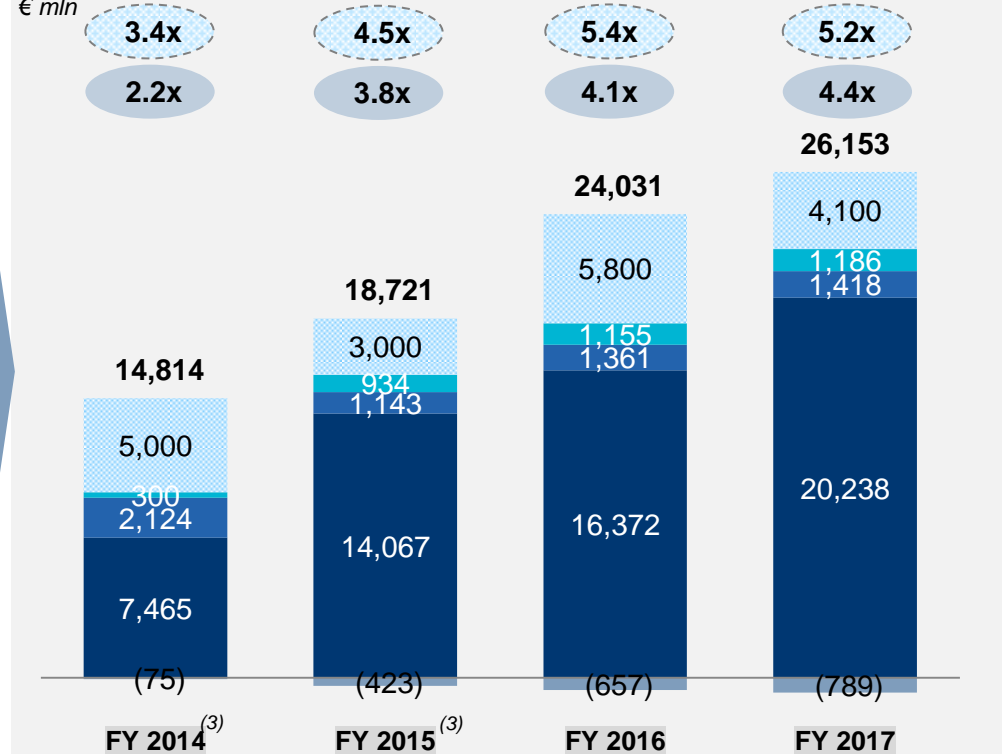
€ mln



■ Shipbuilding
 ■ Offshore
 ■ Equipment, Systems & Services
 ■ Eliminations
 Book to Bill (Order intake / Revenues)

Total backlog^(1,2)

€ mln



■ Shipbuilding
 ■ Offshore
 ■ Equipment, Systems & Services
 ■ Eliminations
 Soft backlog⁽⁴⁾
 Backlog / Revenues
 Total backlog / Revenues

- Total backlog⁽²⁾ at December 31, 2017 represents 5.2 years of work in relation to revenue generated in 2017 – Group's ability to finalize contracts under negotiation, contract options and commercial opportunities and to transform them into backlog

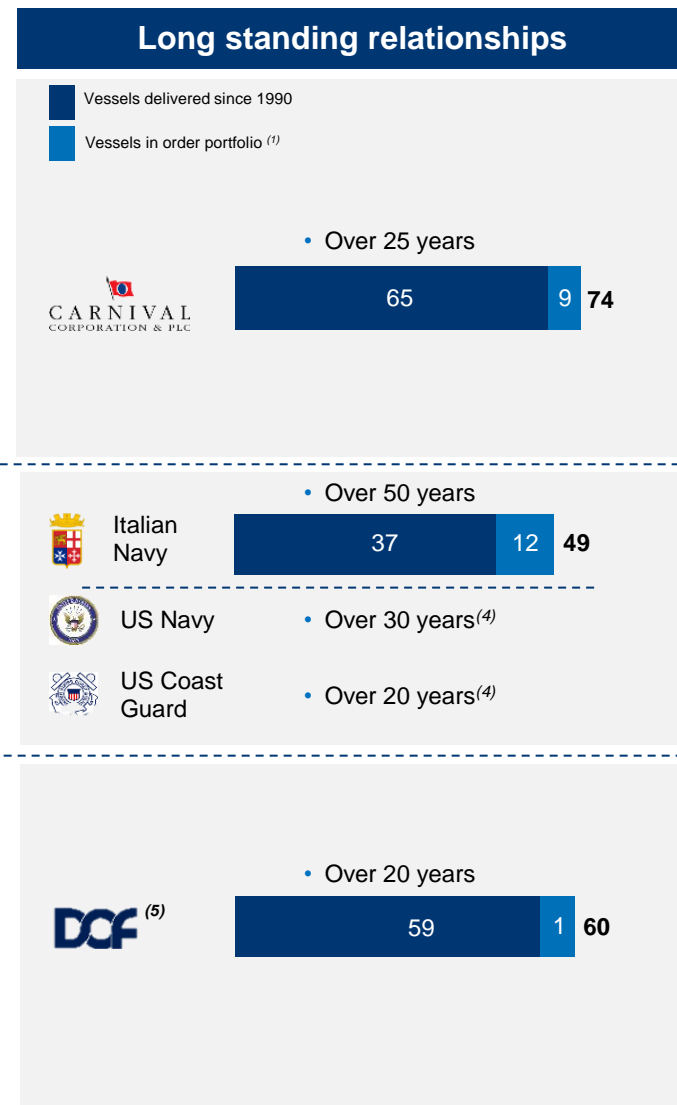
(1) Breakdown calculated based on total backlog (after eliminations)

(2) Sum of backlog and soft backlog

(3) For comparison purposes, 2015 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. 2014 data have not been reclassified.

(4) 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

2 Retention & diversification of client base



Source: Company information 1H 2018

(1) As of June 30, 2018

(2) One cruise ship below 10,000 Gross Tons

(3) Reference of July, 2018

(4) Through Manitowoc Marine Group (now Fincantieri Marine Group)

(5) DOF includes: DOF, DOF Subsea, Norskan Offshore, Techdof Brasil and Docon Navegação

(6) Ferry operator

3 Technological leadership: unique technological and operational excellence

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A Global and flexible production network

- Global engineering and production network with 20 shipyards
- State-of-the-art facilities
- Flexible capacity



B High flexibility

- Highly customized products
- Flexible utilization of resources globally
- Tailored project set-up to meet client needs



C Superior system integrator capabilities

- Ability to coordinate a broad network of specialized suppliers (more than 3,000 just in Italy)
- Integrated production model
- Proven track record of on-time deliveries



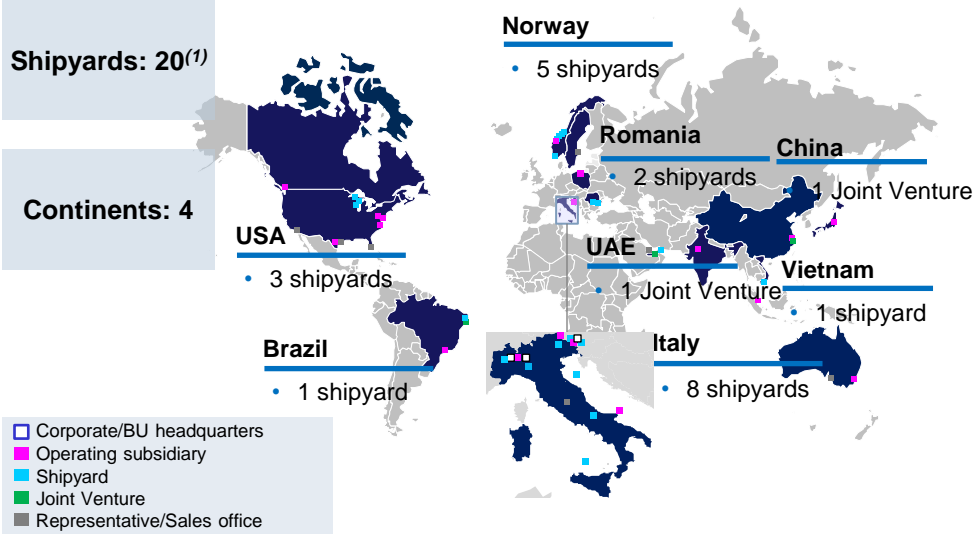
D Technological leadership

- Best-in-class know-how and leadership in high-end vessels
- Strong commitment to R&D
- Innovation across full product offering

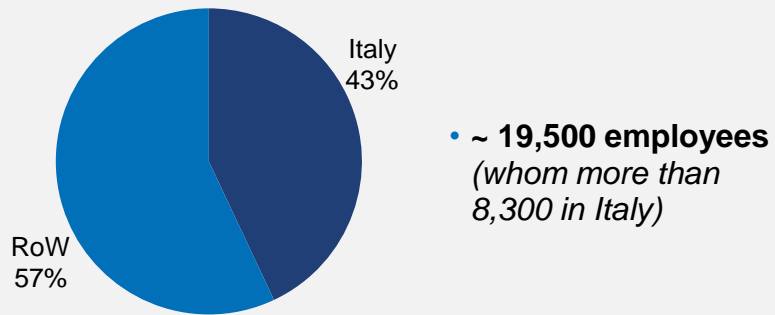


A Global and flexible production network

Global presence to exploit local opportunities



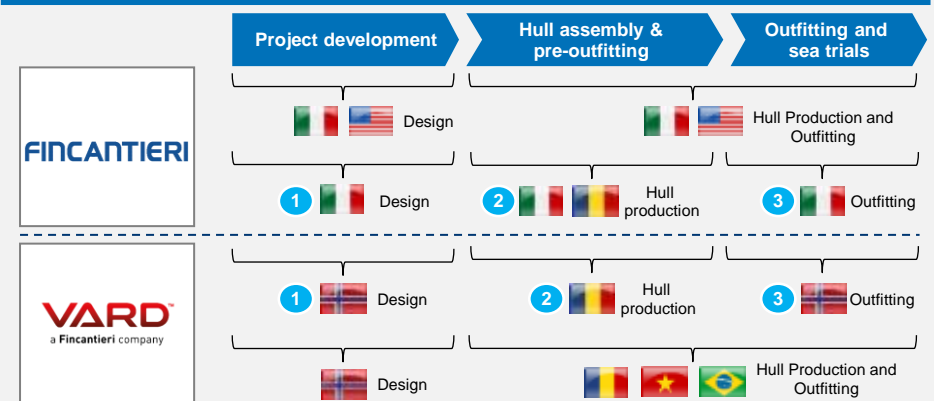
Employees by location⁽²⁾



Flexible engineering / production network



Supply chain



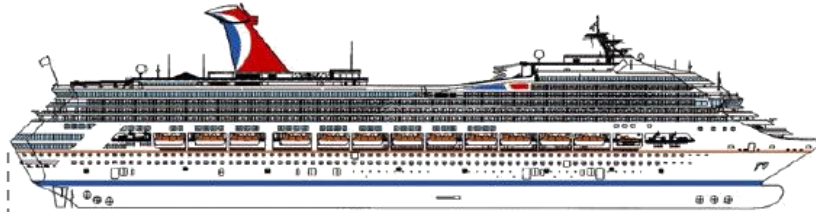
Source: Company information
 (1) Excluding one shipyard through the joint venture in UAE with Al Fattan Shipyard Industry Est and Melara Middle East FZCO
 (2) As of December 2017

B High flexibility

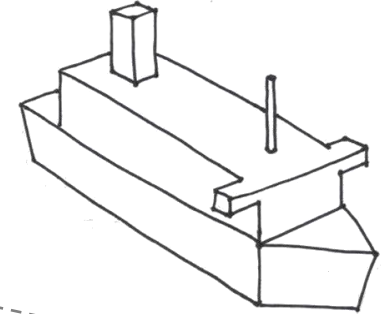
Owner's concept



DESIGN OF A CRUISE SHIP



Shipyard dream



Owner inputs

Guidelines e.g.:

- # of cabins / passengers
- Speed
- Operative profile
- ...

Basic design

- General arrangement plan
- Mid-ship section
- Ship specification
- ...

Functional design

- Keel design
- Static / Dynamic calculations
- Plants design
- Structure dimensioning
- Technical specifications for supply
- ...

Coordination and shop drawings

- Hull construction drawings
- Installation plans
- ...

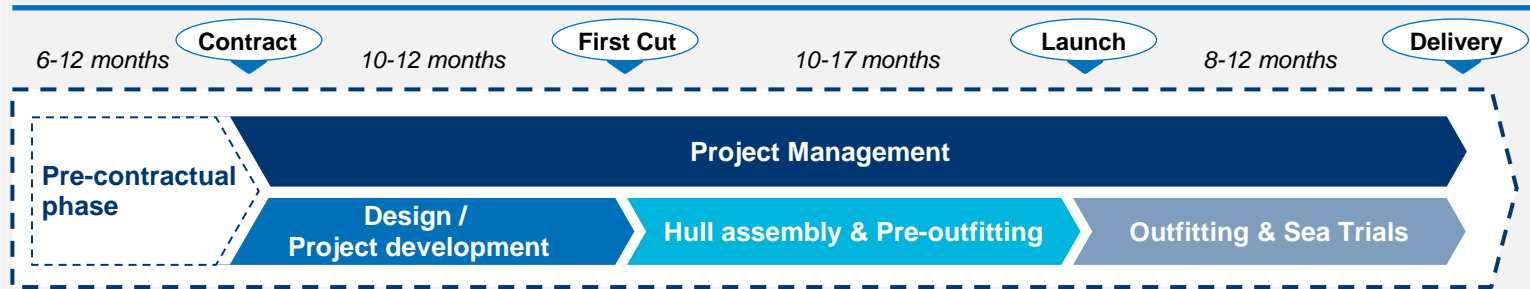
- Due date defined since order
- Any delay would significantly penalize the shipbuilder (e.g. penalties, reputation)

C Superior system integrator capabilities

“Prime / General contractor” role with:

- **Direct development of design & engineering** (starting from ship configuration in close cooperation with shipowner, ensuring high flexibility also during construction)
- **Project management of whole construction** (sole interface & coordinator of all parties involved interacting with suppliers for engineering and production)
- **Hull construction + integration of parts & components provided by suppliers** (active management of make-or-buy strategies)
- **Responsibility of project performance and results**

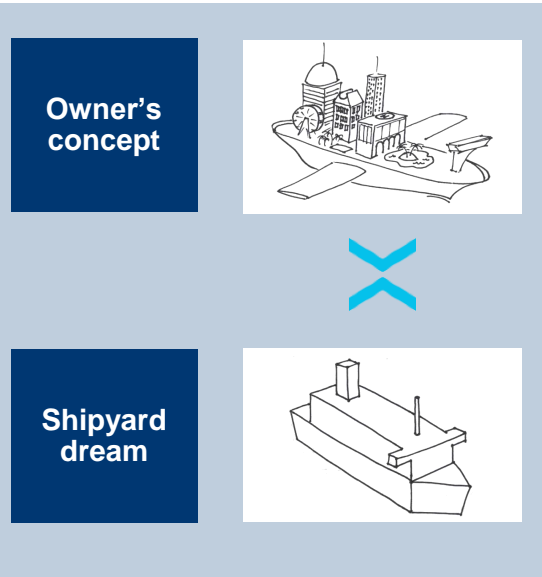
Example of a cruise ship



Engineering:
responsible of overall project

Hull:
direct construction
in Group shipyards

Outfitting:
integration & coordination in Group shipyards
of a large number of suppliers with dynamic
management of any modification













Source: Company information

D Technological leadership

Main achievements

- **Strong technological know-how and design skills:** ~ 100 prototypes in just over 15 years
- **R&D:**
 - ~ 90 projects ongoing
 - 2017 expenditure € 113 mln
 - Best-in-class R&D center (*CETENA*) in charge of developing new marine technologies across business units and for third parties

Example of innovative projects delivered / ongoing

Cruise		<ul style="list-style-type: none"> • <i>Carnival Vista</i>: “ECO Notation” by Lloyd's Register for exceeding environmental regulatory standards • <i>Royal Princess</i>: 1st cruise ship fully compliant with new regulations • <i>Costa Luminosa & Costa Pacifica</i>: Guinness World Record for joint-christening of 2 cruise ships • Contract for the first electric hybrid cruise icebreaker with dual fuel propulsion, featuring high-capacity batteries and LNG storage on board for Ponant 	
Ferries		<ul style="list-style-type: none"> • <i>F.A. Gauthier</i>: 1st dual fuel (LNG-gasoil) ferry in North America • <i>Glutra</i>: 1st LNG ferry ever built, delivered by VARD in 2000 • A fully electrical battery-powered ferry for Boreal, with delivery scheduled in 2019 • Two LNG powered ferries with hybrid gas-electric propulsion with battery systems for Torghatten Nord, with delivery scheduled before the end of the year 	
Naval		<ul style="list-style-type: none"> • <i>LCS Freedom</i>: world's fastest steel frigate • <i>Aircraft Carrier Cavour</i>: world's most powerful non-nuclear propulsion system • More than 20 prototypes developed over the last fifteen years 	
Offshore		<ul style="list-style-type: none"> • <i>Normand Maximus</i>: largest offshore vessel ever built in Norway • <i>Skandi Africa</i>: “Ship of the Year 2015”⁽¹⁾ • <i>AMC Connector</i>: world's largest cable layer⁽²⁾ • <i>Far Samson</i>: most powerful offshore vessel⁽³⁾ 	
Mega-Yachts		<ul style="list-style-type: none"> • <i>Serene</i>: winner of “World Superyacht Award 2012” (134 m length) 	

Source: Company information

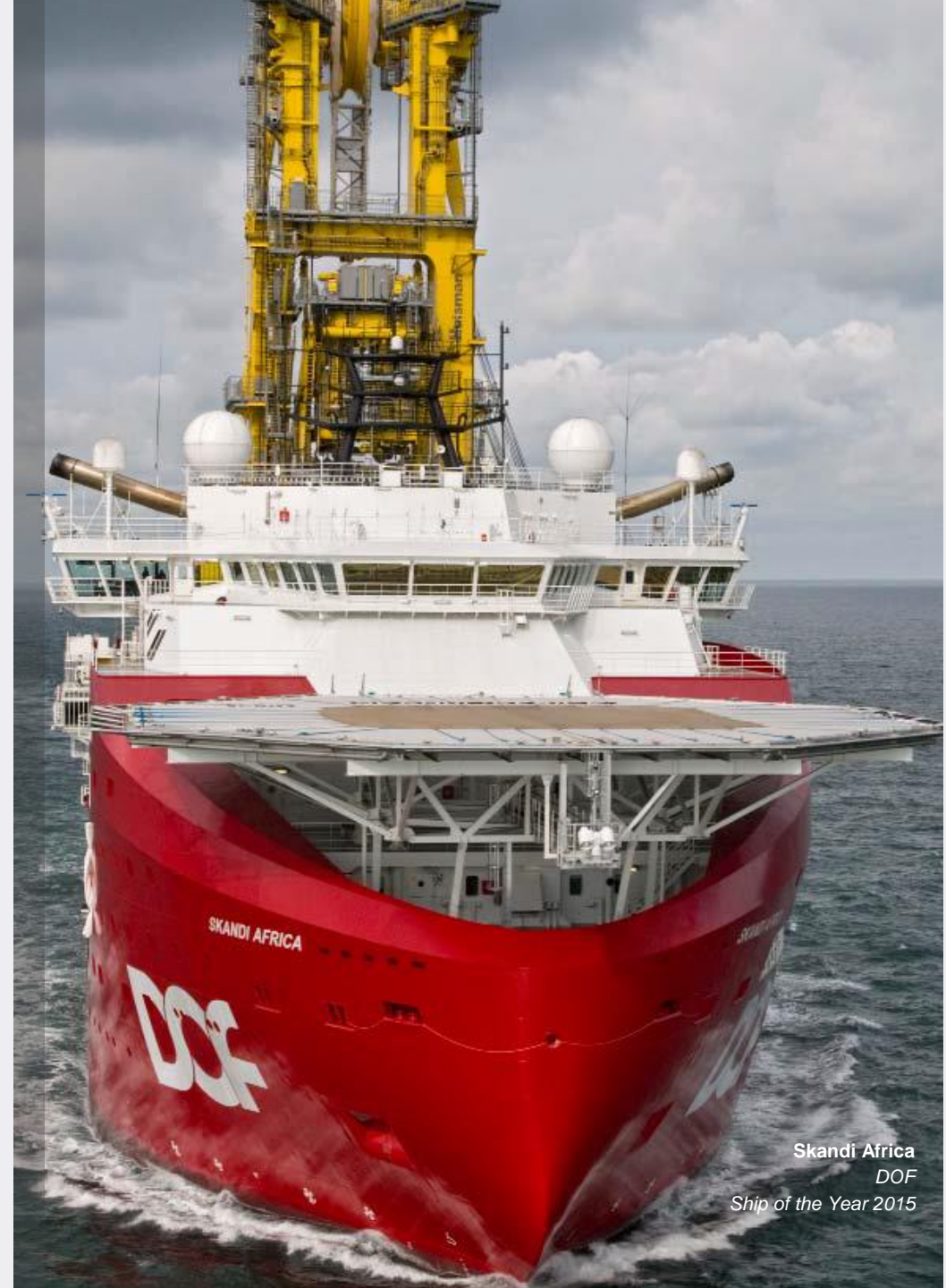
⁽¹⁾ Award instituted by the major Nordic shipping magazine *Skipsrevyen*

⁽²⁾ In terms of loading capacity (2011)

⁽³⁾ In terms of bollard pull at the date of construction (423 tonnes) (2009)

Section 2

Historical Financial Performance



Skandi Africa
DOF
Ship of the Year 2015

Overview of financial performance indicators⁽¹⁾

€ mln	FY 2013 ⁽²⁾	FY 2014	FY 2015	FY 2016	FY 2017
Order intake	4,998	5,639	10,087	6,505	8,554
Total backlog	13,068	14,814	18,721	24,031	26,153
<i>Of which backlog</i>	8,068	9,814	15,721	18,231	22,053
<i>Of which soft backlog</i>	5,000	5,000	3,000	5,800	4,100
Revenues	3,811	4,399	4,183	4,429	5,020
EBITDA	298	297	(26)	267	341
<i>As a % of revenues</i>	7.8%	6.8%	-0.6%	6.0%	6.8%
EBIT	209	198	(137)	157	221
<i>As a % of revenues</i>	5.5%	4.5%	-3.3%	3.5%	4.4%
Net result before extr. and non recurring items⁽³⁾	137	87	(252)	60	91
<i>Attributable to owners of the parent</i>	109	99	(141)	66	95
Net result for the period	85	55	(289)	14	53
<i>Attributable to owners of the parent</i>	57	67	(175)	25	57
Net fixed assets	1,432	1,417	1,453	1,590	1,743
Net working capital⁽⁴⁾	(67)	69	251	265	(120)
<i>Of which construction loans</i>	(563)	(847)	(1,103)	(678)	(624)
Equity	1,210	1,530	1,266	1,241	1,309
Net financial position <i>Net cash/ (Net debt)</i>	(155)	44	(438)	(615)	(314)
Employees	20,389	21,689	20,019	19,181	19,545

(1) With the aim to provide a meaningful index to measure the Group financial results, the Group adopts an EBITDA definition which normalizes the trend of results over time, and increases the level of comparability of the same results by excluding the impact of non recurring and extraordinary operating items; for the same reason, the Group also monitors Net Income before non recurring and extraordinary items (both operating and financials)

(2) 2013 figures consolidate VARD starting from January 23, 2013

(3) Excluding extraordinary and Non Recurring Items net of tax effect

(4) Construction loans are accounted for in Net working capital, not Net financial position, as they are not general purpose loans and can be a source of financing only in connection with ship contracts

Revenues⁽¹⁾ and EBITDA^(1,2) by segment

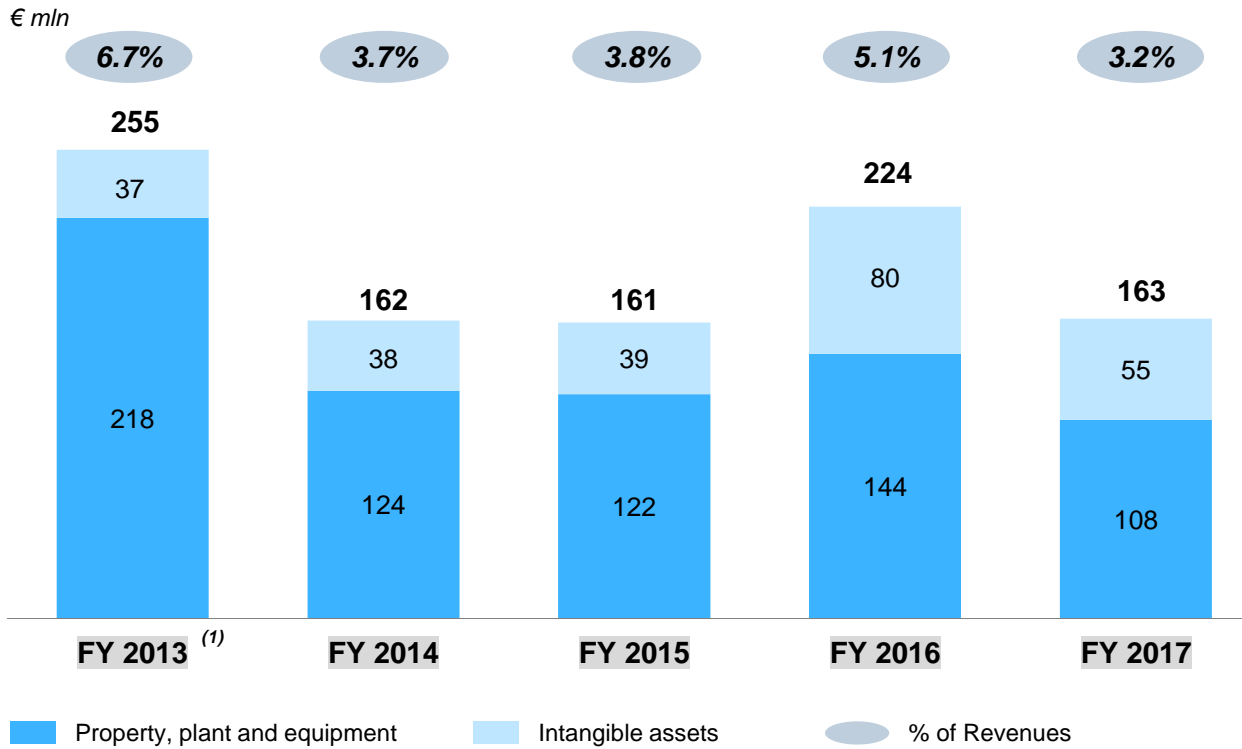
	€ mln	FY 2013 ⁽³⁾	FY 2014	FY 2015 ⁽⁴⁾	FY 2016	FY 2017
Shipbuilding	Revenues	2,394	2,704	2,652	3,246	3,883
	<i>Cruise</i>	<i>1,075</i>	<i>1,439</i>	<i>1,573</i>	<i>2,078</i>	<i>2,649</i>
	<i>Naval</i>	<i>1,126</i>	<i>1,059</i>	<i>1,056</i>	<i>1,156</i>	<i>1,212</i>
	<i>Other</i>	<i>193</i>	<i>206</i>	<i>23</i>	<i>12</i>	<i>22</i>
	EBITDA	155	195	(34)	185	269
	EBITDA margin	6.5%	7.2%	-1.3%	5.7%	6.9%
Offshore	Revenues	1,321	1,580	1,199	960	943
	EBITDA	155⁽³⁾	108⁽³⁾	(3)	51	42
	EBITDA margin	11.8%	6.8%	-0.2%	5.3%	4.4%
Equipment, Systems & Services	Revenues	163	192	498	495	558
	EBITDA	14	21	42	62	64
	EBITDA margin	8.5%	11.1%	8.4%	12.5%	11.5%
Consolidations / other activities	Revenues	(67)	(77)	(166)	(272)	(364)
	EBITDA	(26)	(27)	(31)	(31)	(34)
Total	Revenues	3,811	4,399	4,183	4,429	5,020
	EBITDA	298	297	(26)	267	341
	EBITDA margin	7.8%	6.8%	-0.6%	6.0%	6.8%

(1) Breakdown calculated gross of consolidation effects
(2) 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 amortisation, (vii) extraordinary wages guarantee fund – Cassa Integrazione Guadagni Straordinaria, (viii) accruals to provision for corporate restructuring, (ix) accruals to provision for asbestos claims, (x) other non recurring items. EBITDA breakdown are referred only to operating segments
(3) Including the release of orders risk fund referred to the provisions accrued at VARD business combination for expected losses on construction contracts in Brazil (€ 53 mln released in 2013 and € 35 mln in 2014)

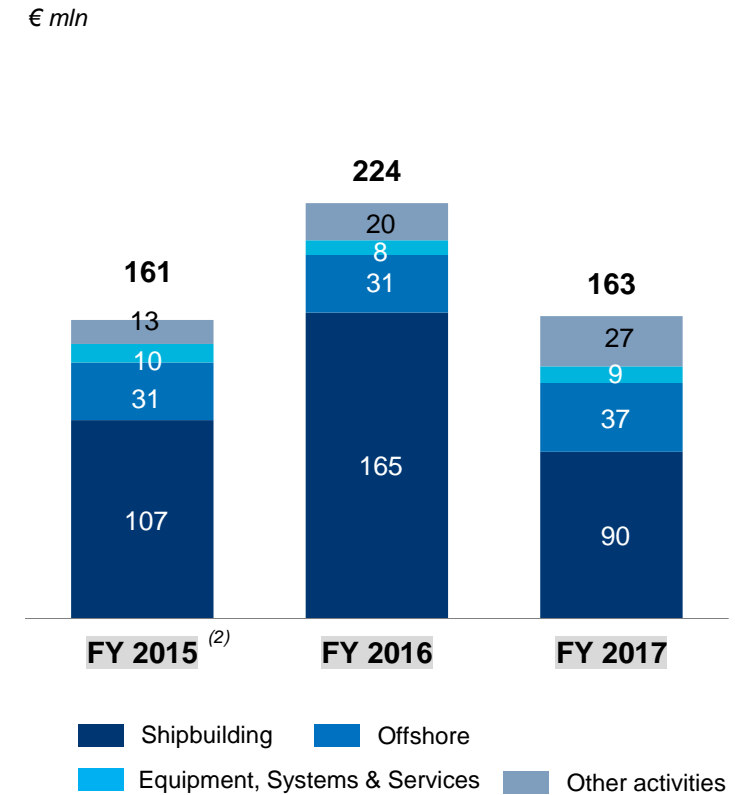
(4) For comparison purposes, 2015 figures are restated following the redefinition of operating segments. Following the operational reorganization carried out in November 2016, the repair & conversion services, cabins & public areas business, as well as integrated systems business, all previously included in the Shipbuilding segment, have been relocated to the Equipment, Systems & Services segment starting from FY 2016 results.

Capex

Capex evolution



Capex by segment



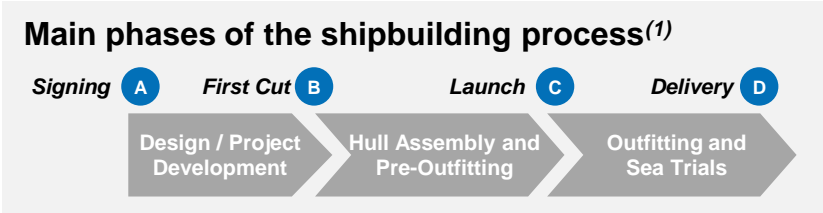
- **2014, 2015, 2016 and 2017 Capex mainly related to:**
 - Property, plant and equipment - aimed at supporting the development of production volumes and improving safety conditions and compliance with environmental regulations within the production sites
 - Intangible assets – mainly related to the development of new technologies for cruise business and IT systems
- **2013 Capex** mainly related to completion of multi-year programs to increase production capacity of the shipyards in Brazil and the United States

⁽¹⁾ In addition, acquisition of VARD = €169 mln (reported net of cash acquired; total cost = €498 mln)

⁽²⁾ For comparison purposes, 2015 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.

Working capital dynamics

Indicative payment terms

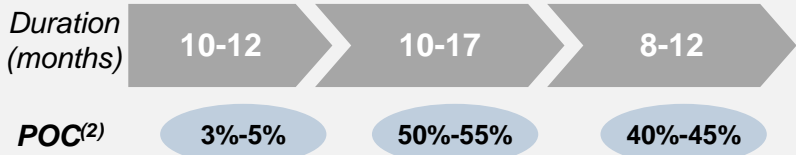


Impact on net working capital

Cruise



- 20% during construction
- 80% on delivery

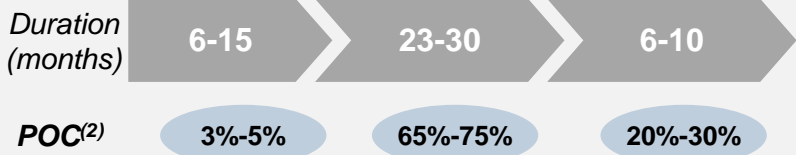


- Increases during construction
- Impact on net debt

Naval⁽³⁾



- According to % of completion

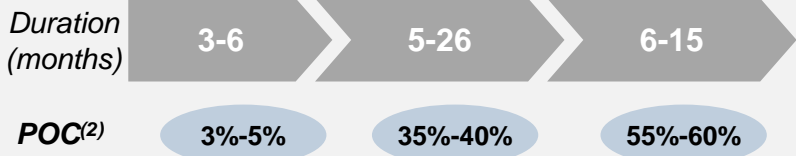


- Neutral profile

Offshore⁽³⁾



- 20% during construction
- 80% on delivery



- Increases during construction
- VARD generally uses construction loans (guaranteed by the ship as collateral)

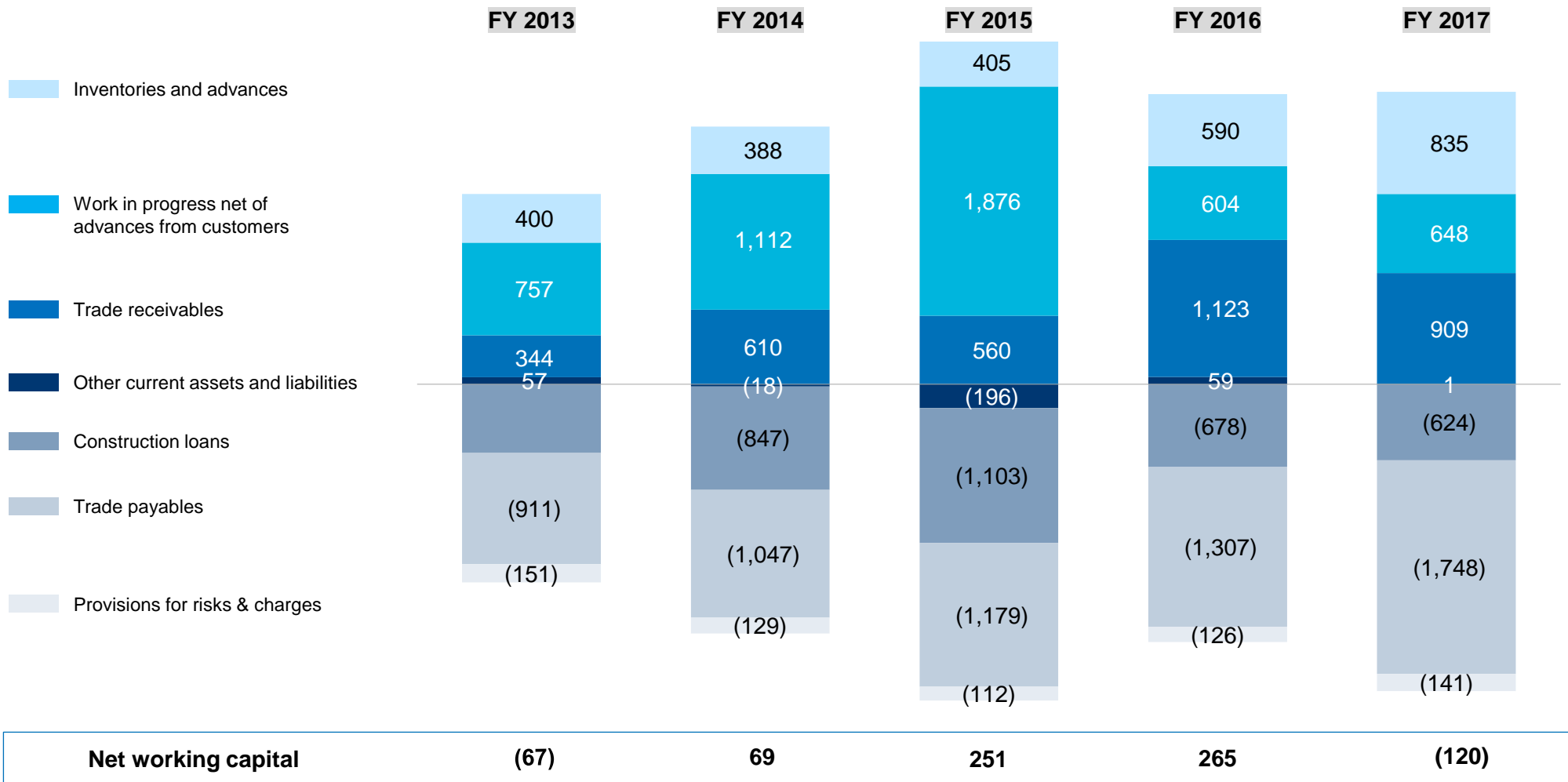
⁽¹⁾ Phases and durations may be subject to changes depending on circumstances, regions and vessels specificity, production geographical area and type of construction
⁽²⁾ Percentage of Completion
⁽³⁾ Illustrative for frigates and support vessels



Net working capital⁽¹⁾

Breakdown by main components

€ mln

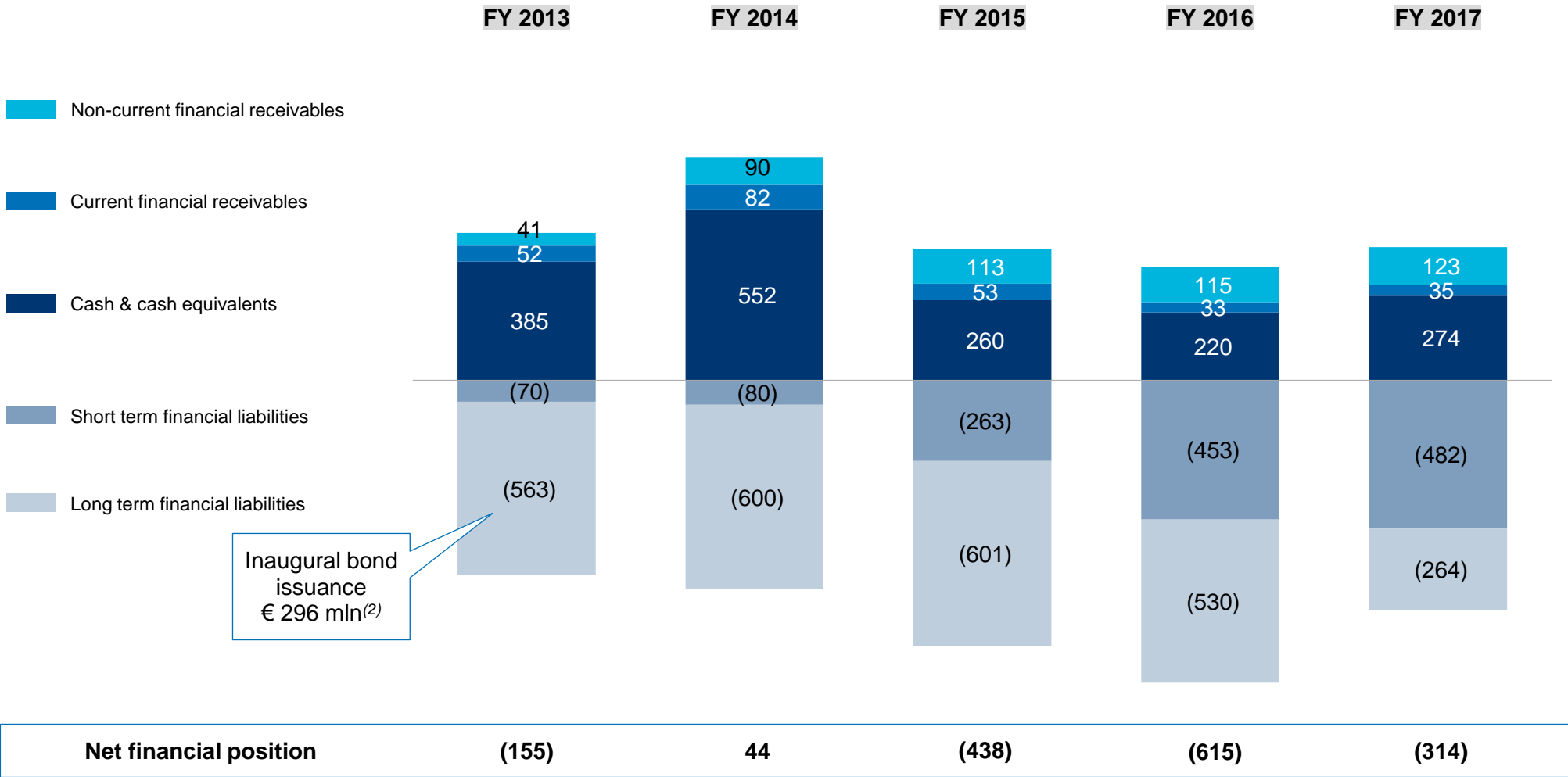


⁽¹⁾ Construction loans are committed working capital financing facilities, treated as part of Net working capital, not in Net financial position, as they are not general purpose loans and can be a source of financing only in connection with ship contracts

Net financial position⁽¹⁾

Breakdown by main components

€ mln – Net cash / (Net debt)



⁽¹⁾ Net financial position does not account for construction loans as they are not general purpose loans and can be a source of financing only in connection with ship contracts

⁽²⁾ Issuer FINCANTIERI S.p.A., Value € 300 mln, Annual coupon 3.75%, due November 2018



Profit & Loss and Cash flow statement

Profit & Loss statement (€ mln)	FY 2013⁽¹⁾	FY 2014	FY 2015	FY 2016	FY 2017
Revenues	3,811	4,399	4,183	4,429	5,020
Materials, services and other costs	(2,745)	(3,234)	(3,337)	(3,291)	(3,742)
Personnel costs	(752)	(843)	(865)	(846)	(909)
Provisions	(16)	(25)	(7)	(25)	(28)
EBITDA	298	297	(26)	267	341
Depreciation, amortization and impairment	(89)	(99)	(111)	(110)	(120)
EBIT	209	198	(137)	157	221
Finance income / (expense) ⁽²⁾	(55)	(66)	(135)	(66)	(83)
Income / (expense) from investments	2	6	(3)	(10)	(5)
Income taxes ⁽³⁾	(19)	(51)	23	(21)	(42)
Net result before extraordinary and non recurring items	137	87	(252)	60	91
<i>Attributable to owners of the parent</i>	109	99	(141)	66	95
Extraordinary and non recurring items ⁽⁴⁾	(80)	(44)	(50)	(59)	(49)
Tax effect on extraordinary and non recurring items	28	12	13	13	11
Net result for the year	85	55	(289)	14	53
<i>Attributable to owners of the parent</i>	57	67	(175)	25	57
Cash flow statement (€ mln)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Beginning cash balance	692	385	552	260	220
Cash flow from operating activities	(95)	33	(287)	73	532
Cash flow from investing activities	(424)	(157)	(172)	(237)	(168)
Cash flow from financing activities	255	303	167	115	(299)
Net cash flow for the period	(264)	179	(292)	(49)	65
Exchange rate differences on beginning cash balance	(43)	(12)	-	9	(11)
Ending cash balance	385	552	260	220	274

(1) 2013 figures consolidate VARD starting from January 23, 2013

(2) Includes interest expense on construction loans for € 24 mln in 2013, €26 mln in 2014, € 36 mln in 2015, € 34 mln in 2016 and € 24 mln in FY 2017

(3) Excluding tax effect on extraordinary and non recurring items

(4) Extraordinary and non recurring items gross of tax effect

(5) Excluding financial assets held for sale amounting to € 45 mln

Net result before extraordinary and non recurring items⁽¹⁾

€ mln	FY 2013 ⁽²⁾	FY 2014	FY 2015	FY 2016	FY 2017
A Net result before extraordinary and non recurring items ⁽¹⁾	137	87	(252)	60	91
<i>Attributable to owners of the parent</i>	109	99	(141)	66	95
B Extraordinary and non recurring items gross of tax effect	(80)	(44)	(50)	(59)	(49)
– Of which extraordinary wages	(15)	(10)	(3)	(1)	
– Of which restructuring and other non-recurring personnel costs	(11)	(9)	(17)	(12)	(4)
– Of which asbestos claims	(24)	(21)	(30)	(27)	(39)
– Of which other non recurring items	(22) ⁽³⁾	(4) ⁽⁵⁾	-	(19) ⁽⁶⁾	(6)
– Of which non recurring financial (costs) / income	(8) ⁽⁴⁾	-	-	-	
C Tax effect on extraordinary and non recurring items	28	12	13	13	11
A + B + C Net result	85	55	(289)	14	53
<i>Attributable to owners of the parent</i>	57	67	(175)	25	57

- **Extraordinary wages** - costs related to CIG (Cassa Integrazione Guadagni) for employees in temporary layoff
- **Restructuring costs** - extraordinary costs, such as severance, related to workforce reduction under the Reorganization Plan in Italy
- **Asbestos claims** - provisions or costs for asbestos related to claims by employees
- **Other non recurring items** - in 2013 VARD acquisition costs, in 2014 IPO related costs and in 2016 extraordinary charges related to a provision for an ongoing litigation with a Mega Yacht owner
- **Non recurring financial costs** - mainly financial expenses related in 2013 to VARD acquisition

(1) Extraordinary and non recurring items net of tax effect

(2) 2013 figures consolidate VARD starting from January 23, 2013

(3) Of which € 1 mln related to the acquisition of VARD in 2012 and € 13 mln in 2013

(4) Related to the acquisition of VARD

(5) Mainly IPO related costs

(6) Extraordinary charges related to a provision for an ongoing litigation with a Mega Yacht owner

Balance sheet

Balance sheet (€ mln)	FY 2013⁽¹⁾	FY 2014	FY 2015	FY 2016	FY 2017
Intangible assets	539	508	518	595	582
Property, plant and equipment	897	959	974	1,064	1,045
Investments	70	60	62	58	53
Other non-current assets and liabilities	(14)	(48)	(44)	(69)	122
Employee benefits	(60)	(62)	(57)	(58)	(59)
Net fixed assets	1,432	1,417	1,453	1,590	1,743
Inventories and advances	400	388	405	590	835
Construction contracts and advances from customers	757	1,112	1,876	604	648
Construction loans	(563)	(847)	(1,103)	(678)	(624)
Trade receivables	344	610	560	1,123	909
Trade payables	(911)	(1,047)	(1,179)	(1,307)	(1,748)
Provisions for risks and charges	(151)	(129)	(112)	(126)	(141)
Other current assets and liabilities	57	(18)	(196)	59	1
Net working capital	(67)	69	251	265	(120)
Assets held for sale including related liabilities	-	-	-	1	-
Net invested capital	1,365	1,486	1,704	1,856	1,623
<i>Equity attributable to Group</i>	968	1,310	1,137	1,086	1,237
<i>Non-controlling interests in equity</i>	242	220	129	155	72
Equity	1,210	1,530	1,266	1,241	1,309
Cash and cash equivalents	(385)	(552)	(260)	(220)	(274)
Current financial receivables	(52)	(82)	(53)	(33)	(35)
Non-current financial receivables	(41)	(90)	(113)	(115)	(123)
Short term financial liabilities	70	80	263	453	482
Long term financial liabilities	563	600	601	530	264
Net debt / (Net cash)	155	(44)	438	615	314
Sources of financing	1,365	1,486	1,704	1,856	1,623

(1) 2013 figures consolidate VARD starting from January 23, 2013



Section 3

Business Overview and Market Dynamics



Variable Pitch Propeller
Horizon class frigates
Italian Navy

Business Overview and Market Dynamics

1 Shipbuilding

- 1.1 Cruise ships
- 1.2 Naval vessels
- 1.3 Other shipbuilding – Mega Yachts
- 1.4 Other shipbuilding – Ferries



2 Offshore



3 Equipment, Systems and Services



1.1 Shipbuilding – Cruise

Products

Luxury / Niche⁽¹⁾



- Cruise ships (10 – 60,000 Gross Tonnage and up to 750 passengers) expressly designed for exclusive cruises operated on less popular routes (e.g. high cultural / environmental value)

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 – 150,000 Gross Tonnage and 1,500 – 3,600 passengers) dedicated to a wide range of cruise routes with higher on board standards and services than contemporary ships

Contemporary

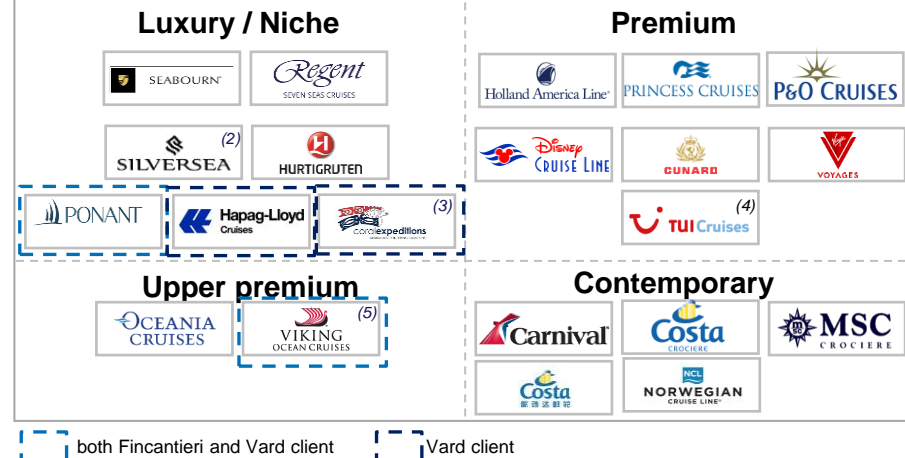


- Largest cruise ships (over 130,000 Gross Tonnage and over 3,600 passengers) for mainstream cruises with standard routes and on board features representing the destination itself

Target Market / Positioning

- Worldwide cruise ships market
- Global leader with presence in all cruise market segments and the most diversified client portfolio
- Main supplier of “Carnival Corporation & plc”, leading ship owner in the cruise sector
- Well established technological and project management capabilities

Client Portfolio



Shipyards

Italy:

- Monfalcone
- Marghera
- Sestri Ponente
- Ancona

Romania:

- Tulcea
- Vietnam:
- Vung Tau

Norway:

- Langsten
- Søviknes

(1) Terminology used in the cruise sector to indicate cruises with niche characteristics (e.g. arctic destinations, coastal routes, regional routes)



(2) In July Royal Caribbean Cruises purchased a 66.7% equity stake in Silversea Cruises




























(3) One cruise ship below 10,000 Gross Tons

(4) Reference of July, 2018

(5) The vessels in VARD's orderbook are expedition cruises

Shipbuilding – Cruise: selected cruise operators overview

 Fincantieri & VARD clients
 New entrants

		Multibrand					Monobrand				
Operators		Carnival	Royal Caribbean	Norwegian Cruise Line Holding	Genting Hong Kong	TUI AG	MSC	Viking Cruises	Silversea Cruises	Ponant	Virgin Voyages
Segment	Luxury / Niche	 ✓ 		 ✓ SEVEN SEAS CRUISES		 ✓ GREAT MOMENTS. TRULY EXCLUSIVE.			 (1) ✓	 ✓	
	Upper Premium			 ✓				 ✓			
	Premium	 ✓  PRINCESS CRUISES 					 (2) ✓				 ✓
	Contemporary	 ✓   	  (3)	 ✓	 		 ✓				

Source: Annual reports, company information, GP Wild, specialized press, Fincantieri analysis
 (1) In July Royal Caribbean Cruises purchased a 66.7% equity stake in Silversea Cruises
 (2) TUI Cruises is a 50% joint venture between TUI AG and Royal Caribbean Cruises Ltd
 (3) 49% RCL; 51% Springwater Capital

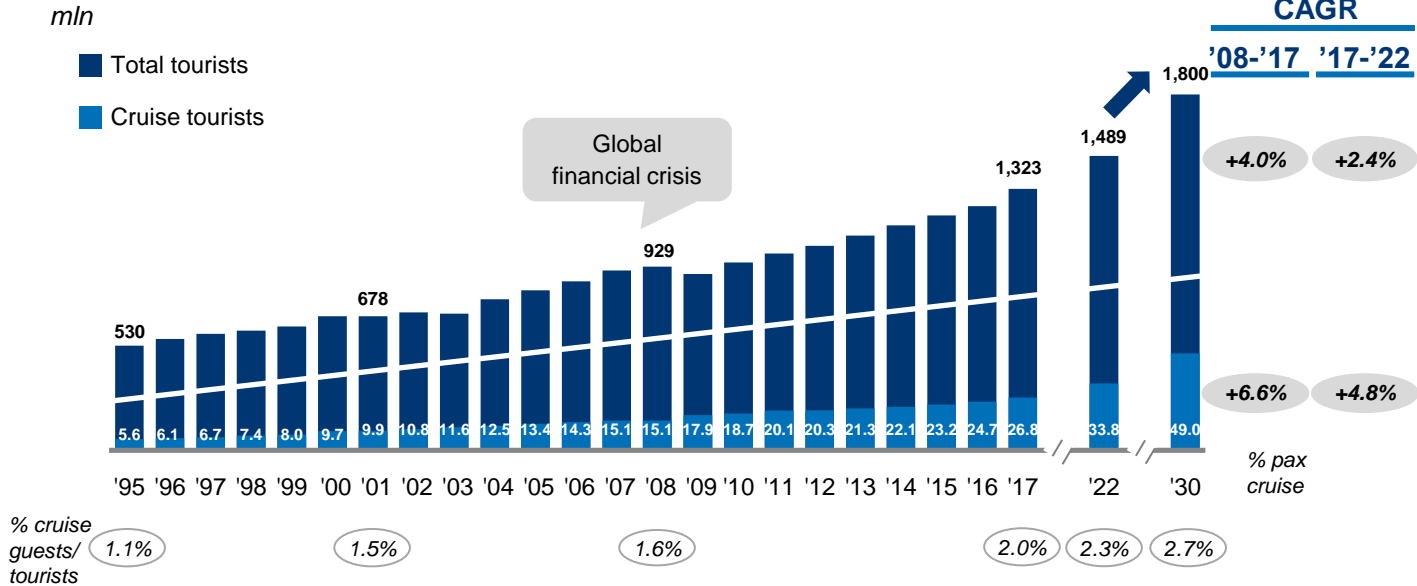


Shipbuilding – Cruise: steady long-term passenger growth

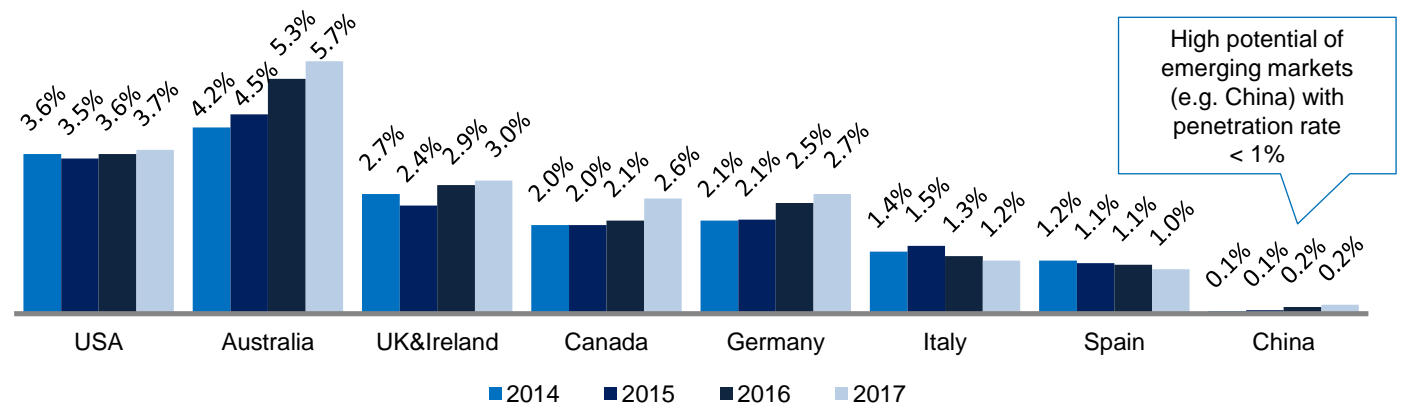
Dynamics of cruise market

- The cruise industry has proven to be remarkably resilient, having continued to grow throughout the 2008-2010 economic crisis
- Cruise tourists on total tourists at only 2% and growing
- Cruise penetration (cruise passengers on national population) is still very low: at a mere 5.7%, Australia has the highest penetration in the world
- CLIA⁽¹⁾ forecasts 28.0 mln people around the world will take seagoing vacations in 2018 (+4.5% compared to 2017)
- In view of the positive market outlook of the leisure industry and of the **increasing penetration of the cruise sector**, the latter is expected to **significantly grow in the future**, in particular thanks to the **development of some emerging markets: China and Australia**

Dynamics of global tourism and cruise passengers



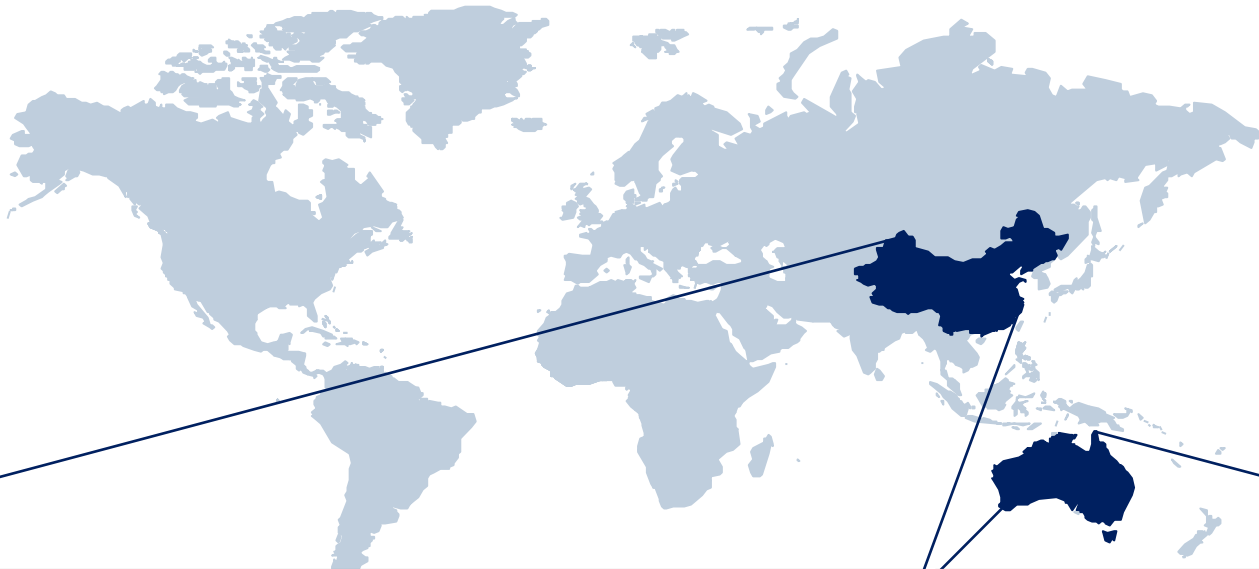
Key source market penetration rate development



(1) CLIA - Cruise Lines International Association

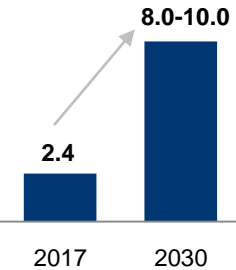
Source: Total Tourists: World Tourism Organization, UNWTO – Tourism Highlights, 2018 Edition & Total cruise Tourist: Fincantieri estimates; China National Tourism Administration; CLIA Australia

Shipbuilding – Cruise: China and Australia high potential markets



China

- According to CLIA, in 2016 China moved up to become the **second largest source market for cruising, with 2.1 mln passengers**, edging out Germany, and confirming this position in **2017 with 2.4 mln passengers**.⁽¹⁾
- Chinese Ministry of Transport forecast **4.5 mln of cruise passengers in 2020** and **8-10 mln in 2030, target that could be reached in 2026 according to the CSSC Chairman**
- Fincantieri and China State Shipbuilding Corporation have established a **JV aimed at developing and supporting the growth of the Chinese cruise industry**
 - **First mover advantage in a high potential market**
 - **Intellectual property protection guarantee**
 - **No execution risks**
 - **Growing stream of revenues in the future**



Australia

- In **2017 reached 1.3 mln cruise passengers**⁽²⁾ continuing a thirteen-years run of strong double digit growth
- The highest market penetration rate in the world, with the equivalent of 5.7 per cent of Australians taking an ocean cruise in 2017
- Australian cruise industry fixed a target of **2 mln passengers by 2020**



⁽¹⁾ Source: CLIA - Asia Cruise Trends 2018

⁽²⁾ Source: CLIA Australia - Cruise tourism's contribution to the Australian economy 2016-17; CLIA Australasia - Cruise Industry Ocean Source Market Report Australia 2017

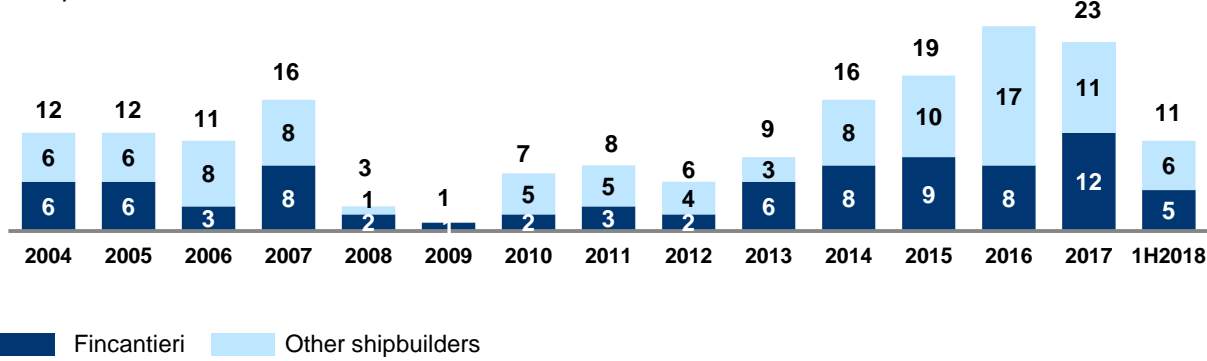
Shipbuilding – Cruise: from buyer’s market to builder’s market

Cruise ships demand

- After a long period of high and constant level of orders characterized by a substantial balance between demand and production capacity of European yards, **in 2008 the economic crisis caused a sudden and severe demand drop**
- Due to the investment programs’ cuts and the complete freeze of the credit market, **in 2008-2009 only 4 ships were ordered causing progressive workload reduction**
- **2010-2013 was still a very challenging period** characterized by:
 - **ship-owners reluctance to order** which caused shipbuilders to accept orders at challenging prices
 - **introduction of new safety regulations**, which make obsolete the previously developed projects, forcing shipyards to offer several prototypes, with substantial technological breakthrough and operational complexity

Cruise ship orders

of ships



2014 - today: from «Buyer’s Market» to «Builder’s Market»

- **Recovery in demand for cruises and increase of cruise prices in the "traditional" market** in relation to the improvement of the US and European economic situation
- **Opening of new cruise markets** (e.g. China and Australia): major players decided to invest heavily in these markets, **to get first mover advantages**
- **Replacement of vessels built in the years 1990-2000**, now obsolete and less attractive for the final customers
- **Entry of new cruise operators with strategic and innovative approaches**, aiming to differentiate from competitors, delivering a new type of cruise experience to specific target customers
- **Production capacity already filled through 2022: no slots available before 2023/2024**
- For the shipyards, **balanced ratio of prototypes vs sister ships**



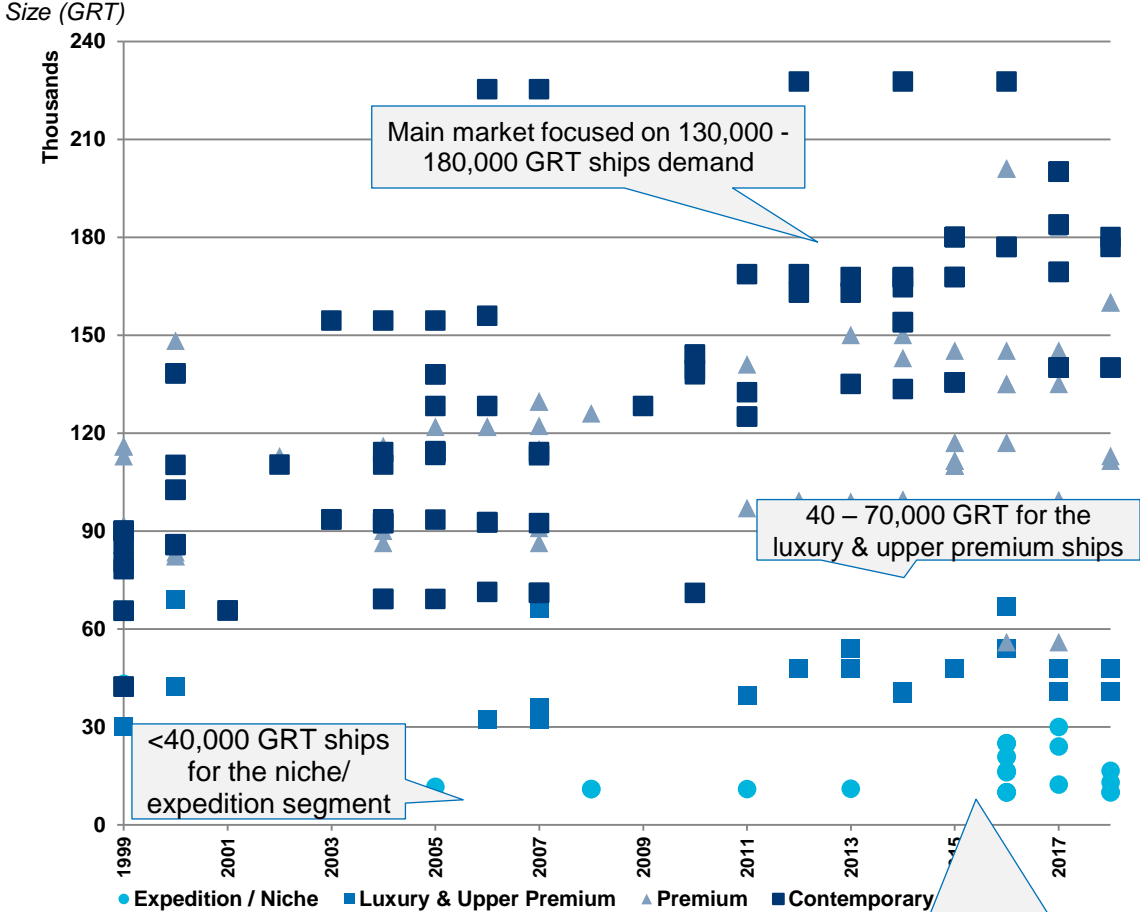
Shipbuilding – Cruise: market clustering trends

Description

Trend by ship type

- **Clustering of ship sizes towards:**
 - Large ships (>130,000 GRT) for premium and contemporary segments, focused on broadening of on-board entertainment
 - Medium-small size ships (<70,000 GRT) for luxury, niche and upper premium segments
- **Evolution of service to clients:**
 - Higher passenger expectations for on board entertainment
 - Enrichment of “wow” features ("ship as a destination")
 - New premium with fee services (e.g. food, SPA and wellness)
- **Higher technological complexity due to:**
 - New safety rules (Safe Return to Port)
 - New strict environmental rules

Market clustering trends








From January 2012 to June 2018 Fincantieri & VARD acquired 27 out of a total of 38 orders for luxury, upper premium and niche segments

Source: Fincantieri analysis; New Orders 2012 – 30.06.2018

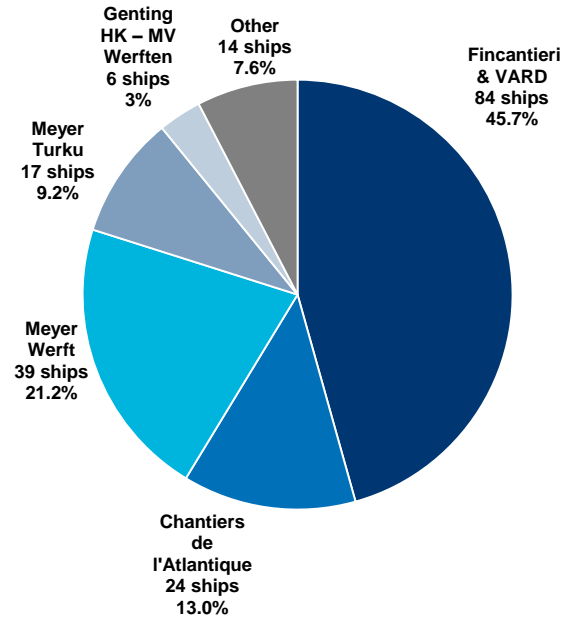
Shipbuilding – Cruise: competitive positioning

Competitors overview

	 FINCANTIERI VARD <small>a Fincantieri company</small>	 stx France	 MEYER WERFT <small>PAPELBERG 1705</small>	 MEYER TURKU <small>SHIPYARD 1227</small>	 MV WERFTEN <small>LOYD WERFT</small>
# of dedicated shipyards	4 +4 ⁽²⁾ Flexible operations	1	1	1	3 newbuilding + 1 repair & outfit
Ships in orderbook ⁽³⁾	33 ⁽⁴⁾	11	13	8	6
Product offering	<ul style="list-style-type: none"> Luxury / Niche Upper premium Premium Contemporary Widest product portfolio	<ul style="list-style-type: none"> Premium Contemporary 	<ul style="list-style-type: none"> Premium Contemporary 	<ul style="list-style-type: none"> Premium Contemporary 	<ul style="list-style-type: none"> Contemporary Luxury / Niche

Cruise Ships ≥ 10.000 Gross Tons: Market share⁽¹⁾

Number of ships, new orders Jan 2004 – June 2018
Tot. # ships = 184



Cruise shipbuilding segment is strongly dominated by European players with occasional presence of other shipbuilders

Fincantieri is the world leader with a solid track record of 84 delivered cruise ships since 1990 (at June 30, 2018)

Source: company information, Fincantieri analysis
 (1) Cruise ships over 10,000 of gross tonnage; New orders Jan 2004 – June 2018, including MOA, excluding options and agreements. Market share on a long period since this measure changes significantly year-on-year subject to deliveries and new orders
 (2) 4 VARD shipyards: Tulcea used for building of cruise sections for Fincantieri and hulls for expedition cruise vessels, Langsten and Søviknes involved in the outfitting of expedition cruise vessels, Vung Tau involved in the construction in small expedition cruises below 10.000 gross tons.
 (3) At June 30, 2018
 (4) Includes 8 vessels in VARD orderbook, excludes 1 cruise ship below 10.000 Gross Tons.

1.2 Shipbuilding – Naval

Products

Aircraft carriers



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

Destroyers



- Other ships defense in multi threats environments

Frigates



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

Corvettes



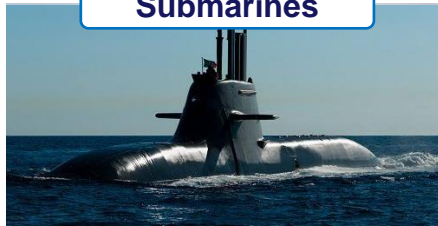
- Fast vessel for coastal defense, sea patrol, search and rescue

Patrol vessels



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

Submarines



- AIP⁽¹⁾ unit for surveillance and open sea operations

Target Market / Positioning

- Sole supplier of the Italian Navy⁽²⁾ and one of the major mid-sized vessel suppliers of US Navy and US Coast
- Pursuing opportunities in foreign accessible markets
- Signed ~ € 4.0 bln program with Qatar Emiri Naval Forces

Client Portfolio

 ITALIAN NAVY	 ITALIAN COAST GUARD	 US NAVY	 US COAST GUARD
 QATAR EMIRI NAVAL FORCES	 UAE NAVY	 IRAQI NAVY	 INDIAN NAVY
 PERUVIAN NAVY	 TURKISH COAST GUARD	 ALGERIA NAVY	 BANGLADESH COAST GUARD
 KENYA NAVY	 ARMED FORCES OF MALTA	 SAUDI ARABIA NAVY ⁽⁴⁾	

Shipyards

Italy

- Riva Trigoso - Muggiano

USA

- Marinette
- Green Bay
- Sturgeon Bay⁽³⁾

(1) Air independent propulsion

(2) For all the large ships and excluding minesweepers and small ships below 45 m in length

(3) Focused on the construction of offshore support and other specialized ships

(4) Reference of July, 2018

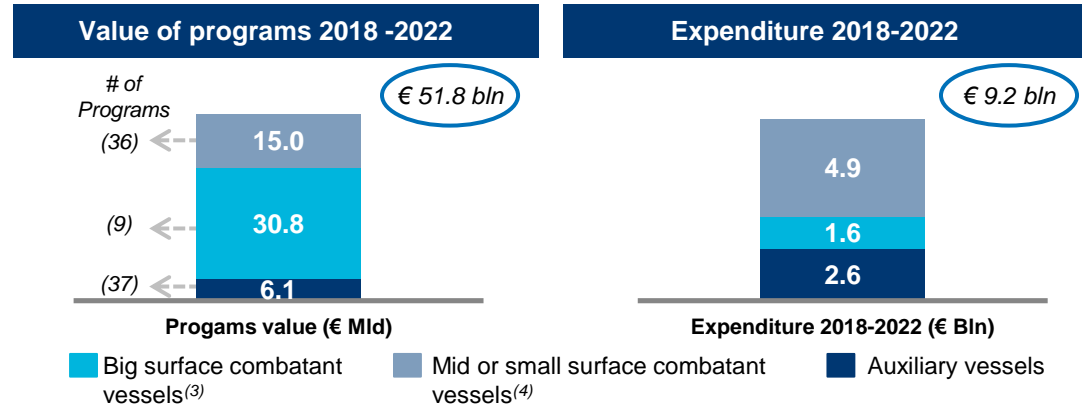
Shipbuilding - Naval: market opportunities

Description

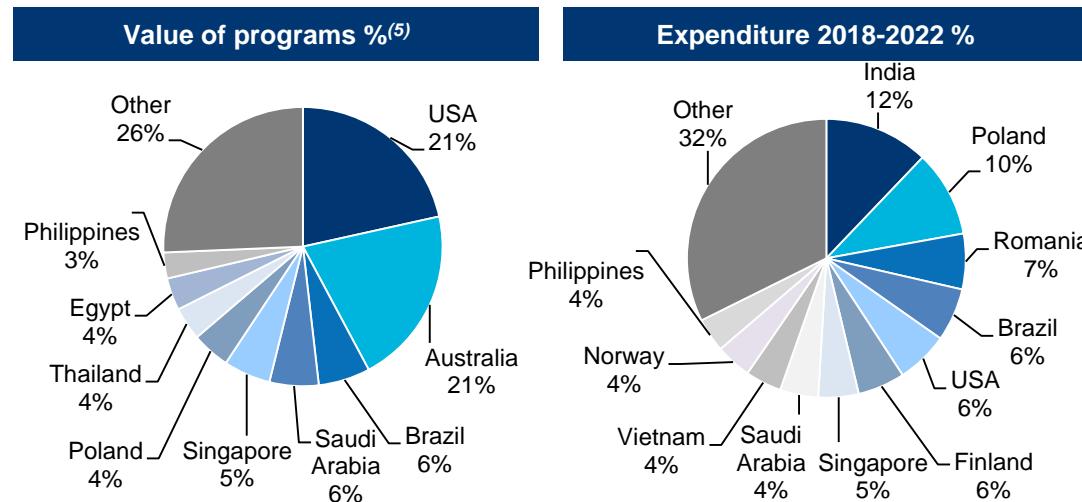
Fincantieri's accessible markets⁽¹⁾

- The value of high-likelihood programs⁽²⁾, with expected allocation date in the 2018-2022 period, amounts to approx. €52 billion
- In the 2018-2022 period **these programs should generate a commitment to expenditures approaching € 9.2 billion**
- 9 countries make for 74% of the orders:** USA, Australia, Brazil, Saudi Arabia, Singapore, Poland, Thailand, Egypt, Philippines.
- The main programs expected to be assigned in 2018-2022 include:
 - USA: LCS and FFG (X) Future Frigates
 - Canada⁽⁶⁾: Frigates
 - Brazil: FSGHM CV03 (Tamandaré), OPV NPa 500-BR
 - Saudi Arabia: Multi-Mission Surface combatant frigates
 - Singapore: Corvette, LPD
 - Poland: Corvette, AOR Supply
 - Thailand: Frigates, OPV
 - Egypt: Frigates
 - Philippines: Frigates, OPV
 - Romania: Corvette

Programs value and expenditure



Programs value, expenditure and number of units



Source: IHS Jane's – January 2018, Fincantieri analysis

⁽¹⁾ Excluding submarines, minehunters and programs of self-sufficient / non accessible countries

⁽²⁾ High likelihood programs are considered to be those with a probability of actual deployment greater than or equal to 75%. This percentage represents the chance that a program has of successfully achieving its programmatic objective. Impediments could be: a low funding priority; performance or configuration/technical issues, schedule or political problems.

⁽³⁾ Including aircraft carriers, destroyers and frigates

⁽⁴⁾ Including patrol vessels and corvettes

⁽⁵⁾ The program related to the construction of Frigates for the Canadian Navy is valued only in terms of the potential revenue for Fincantieri

FINCANTIERI
The sea ahead

Shipbuilding – Naval: key programs of the Italian Navy

Fleet renewal program

- **Multi-year program known as the "Defence Act" that will employ a total funding of € 5.4 bln**
- **Orders for a total of 9 new generation multi-purpose vessels already placed** with the consortium consisting of Fincantieri, agent, and Leonardo, principal, **for € 5.4 bln (Fincantieri share ~ € 3.6 bln)**
 - 7 multi-purpose offshore patrol vessels (PPA - Pattugliatore Polivalente d'Altura) with 3 more in option, scheduled for delivery in 2021, 2022, 2023, 2024 (two units), 2025 and 2026
 - 1 Logistic Support Ship (LSS), scheduled for delivery in 2019
 - 1 multi-purpose amphibious unit (LHD - Landing Helicopter Dock), scheduled for delivery in 2022
- In addition, Fincantieri will provide **support over the lifecycle of the vessels**, through the supply of logistic services during the construction and of ISS or In Service Support, during post-delivery operations, as well as components and naval machinery
- The fleet renewal is the **first significant shipbuilding program** since 2006 and will have **potential for export to other accessible markets**



Other programs

- **FREMM program**
 - Program launched in 2005 sponsored jointly by the French and Italian governments to design and build the European Multipurpose Frigate
 - DCNS manufactures for the French government, while Fincantieri manufactures for the Italian government and the two companies cooperate on the design
 - The program provides for the **construction of ten vessels** for the Italian Navy and is completed with the acquisition in 2015 of the **orders for the last two vessels, to be delivered after 2020**
- **U212A submarines**
 - Program launched in the nineties as part of an **Italian-German governmental cooperation that has led to the construction of four U212A submarines** with similar features for the Italian Navy (in two batches) and four for the German Navy
 - **Fincantieri delivered in July 2016 the third submarine** to the Italian Navy **and the fourth in May 2017**



Source: Company information

FINCANTIERI
The sea ahead

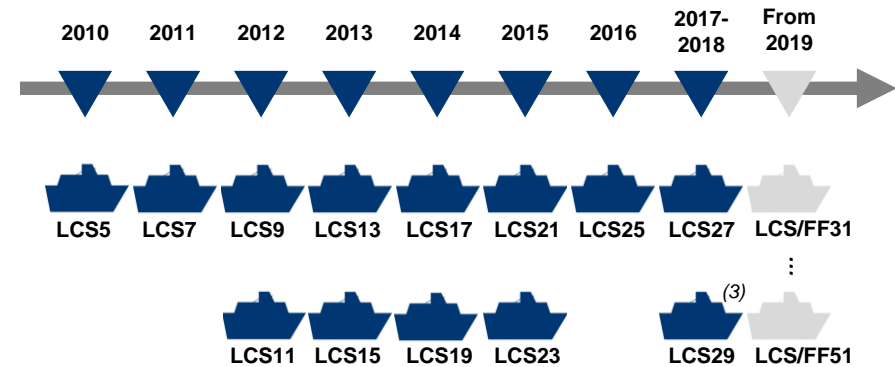
Shipbuilding – Naval: key programs of the US Navy

Description

- In 2009, Fincantieri together with Lockheed Martin Corporation (as minority investor) acquired for ~ USD 120 mln the marine business unit of the Manitowoc Company, Inc. (renamed Fincantieri Marine Group)
 - ~ USD 100 mln invested for the facility upgrade making the acquired shipyard among the best ones in the USA for the construction of mid-sized vessels
 - Recognized contribution to the enhancement of local know how and authorization by DSS to operate the yard with company's own staff
- In 2010 Fincantieri was awarded with the contract for the construction of up to 10 units of Freedom class of the Littoral Combat Ship program⁽¹⁾
 - First multi-purposes vessels : vessels capable of serving three missions with interchangeable modules within one day
 - Highly technological and efficient vessels allowing substantial operating costs reduction matching the declared effort of the US Navy to increase efficiency of the fleet
- In 2016 and in 2017 Fincantieri was awarded two contracts to build additional LCS, respectively LCS 25 and LCS 27
- The Navy maintains the requirement of 52 ships. The LCS program foresees 4 units to be financed in 2018-2019 and then will evolve towards an enhanced configuration, named Fast Frigate, to be procured from 2019 to 2025 in order to complete the program

LCS program⁽²⁾

Orders of "Freedom" class built by Fincantieri



USS Freedom
(LCS 1)
Delivered: 2008



USS Forth Worth
(LCS 3)
Delivered: 2012



USS Milwaukee
(LCS 5)
Delivered: 2015



USS Detroit
(LCS 7)
Delivered: 2016



USS Little Rock
(LCS 9)
Delivered: 2017

FINCANTIERI
The sea ahead

Source: AMI International, "Navy Force Structure and Shipbuilding Plans: Background and Issues for Congress" November 2013
 (1) Program for a total of 52 ships entails the construction of equal number of units of the Independence class built by Austal USA
 (2) LCS1, LCS3, LCS5, LCS7 and LCS9 already delivered
 (3) LCS 29 has been awarded in September, 2018

Shipbuilding – Naval: contract with Qatari Ministry of Defence

- In June 2016 Fincantieri and the Qatari Ministry of Defence have signed a contract for the construction of **seven new generation units (surface vessels)** included in the national naval acquisition programme of the Qatar Emiri Naval Forces:
 - **Four corvettes** of over 100 meters in length
 - **One amphibious vessel** (LPD - Landing Platform Dock)
 - **Two patrol vessels** (OPV - Offshore Patrol Vessel)
 - **Support services** in Qatar for further 15 years after the delivery of the vessels
- All the units will be entirely built in Fincantieri Italian shipyards starting from 2018
- **Value for Fincantieri close to € 4.0 bln**

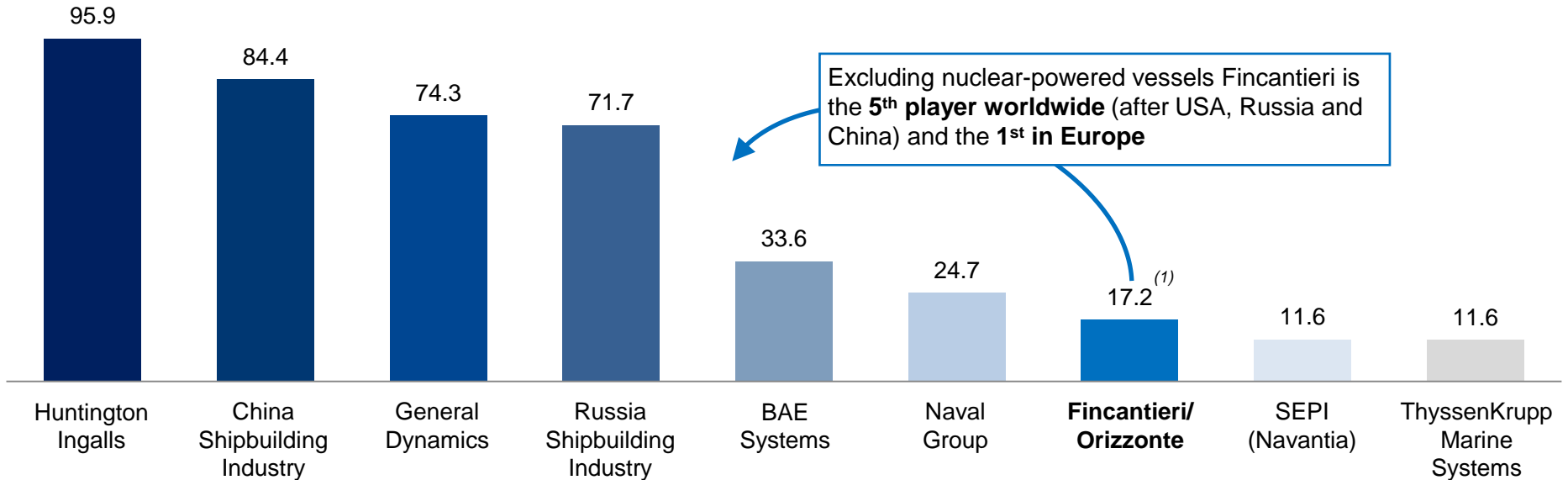


- **This large program falls within the company's strategy to expand into new naval markets, leveraging well-proven expertise with new potential clients**
- **It is the largest order for a foreign Navy acquired by Fincantieri over the last 30 years**

Shipbuilding – Naval: competitive positioning

Top suppliers based on work projected in 2017-2026

\$ Bln



- **Despite strong European national players bidding in the export market, Fincantieri is among the world leaders in Naval shipbuilding**
- Global market value of naval programs to be developed in 2017-2026 is \$ 824 bln
- Considering the value of the finalized or assigned contracts that will be developed in the period 2017-2026 **Fincantieri is ranking 7th in the world**
- Deducting the nuclear component, **Fincantieri rises to 5th position, qualifying as the 1st European military shipbuilder**, behind the major world powers: United States, China and Russia⁽¹⁾

Source: IHJ Military Ships Forecast Market - End year report 2017 (January 2018)

(1) Does not include the LCS program which is attributed to Lockheed Martin as a prime contractor

FINCANTIERI
The sea ahead



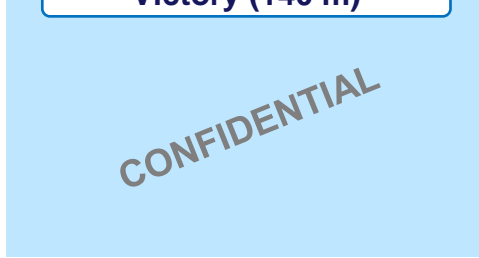
1.3 Other Shipbuilding – Mega-Yachts

Products

Serene (134 m)



Victory (140 m)



- **Large luxury customized mega yachts** resulting from a special synergy of advanced technical, design and construction capabilities of the Group

Target Market / Positioning

- Worldwide mega yachts market (> 80 m)
- First Fincantieri mega yacht (Serene, 134 m) delivered in 2011 and awarded with “World Superyacht Award 2012”



- In December 2014 Fincantieri delivered “Victory” (140m), the largest yacht ever built in Italy and one of the ten largest motor yacht in the world

Concept

Fortissimo (145 m)



Mars (92 m)



Xvintage (99 m)



Ottantacinque (85 m)



Commercial strategy

- Clients: Ultra High Net Worth Individuals on worldwide basis

Shipyards

- Riva Trigoso - Muggiano

1.4 Other Shipbuilding – Ferries

Products

Dual Fuel Ferries



- Mixed diesel and LNG (Liquefied Natural Gas) propulsion
- LNG powered ferries with hybrid gas-electric propulsion with battery systems and fully electrical battery-powered ferry

Cruise Ferries



- Ferries with high comfort level for the transportation of passengers

Ro-pax



- Vessels built for freight vehicle transport along with passenger accommodation

Target Market / Positioning

- Large ferries (length > 150 m) dedicated to the European market (Mediterranean Sea, Baltic Sea and North Sea)
- Innovative ferries adopting the most advanced solutions in terms of energy saving and low environmental impact

Client Portfolio

Vard client

Shipyards

Italy

- Castellammare di Stabia
- Ancona

Romania (hull construction)

- Braila

Norway (outfitting)

- Brevik

2 Offshore

Products

OSV⁽¹⁾

AHTS



- Anchoring and moving drilling and offshore production units

PSV



- Transporting cargo/people to/from offshore rigs and platforms

OSCV



- Highly complex vessels performing subsea operations and maintenance

Drilling units

Drillships



- Deep/ultra deep water drilling units

Semi-sub



- Mid/deep water drilling rigs

Others

Aquaculture



- Fisheries and other vessels for aquaculture sector

Offshore wind



- Wind Service Operation Vessels for offshore wind farms

Special vessels



- Heavy lift, icebreakers, research vessels, LPG

OPV



- Offshore Patrol Vessels

Expedition cruise



- Small sized expedition cruise vessels

Ferries



- Mixed diesel and LNG propulsion; LNG powered ferries with hybrid gas-electric propulsion

Target Market / Positioning

- Among global leaders in high-end OSVs, supplier of complex vessels
- Heads of Agreement with Rosneft (Russia) for the formation of a JV focused on design and engineering of a new type of vessel
- Diversification in expedition cruise, aquaculture, offshore wind and offshore patrol vessels segments

Client Portfolio

VIKING OCEAN CRUISES
Fjord1
TORGHATTEN NORD
BOREAL TRANSPORT

Expedition / luxury-niche cruise clients
Ferries client

Shipyards

Norway

- Aukra
- Brattvaag
- Brevik
- Langsten
- Søviknes

Brazil

- Promar

Romania

- Braila
- Tulcea

Vietnam

- Vũng Tàu

USA⁽²⁾

- Sturgeon Bay

Italy⁽²⁾

- Palermo

Langsten
Søviknes
Braila
Tulcea
Vũng Tàu
also production of luxury-niche cruise vessels
also production of cruise sections for Fincantieri

(1) AHTS = Anchor Handling Tug Supply, PSV = Platform Supply Vessels, OSCV = Offshore Subsea Construction Vessels
 (2) For reasons connected with the organization of production and the proximity of market/customers the Group's Italian (Palermo) and US (Sturgeon Bay) yards offer offshore products

Offshore: market overview

Description

Offshore Oil&Gas: forecast

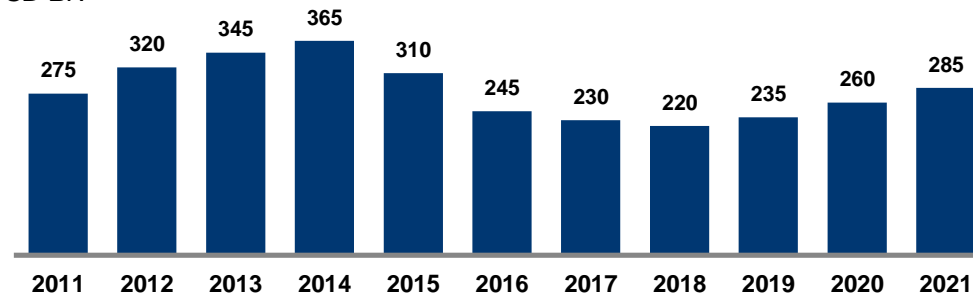
- Exploration & Production Expenditure is expected to increase by 10% in 2019, slowly returning to growth
- **Negative outlook for PSV and AHTS demand** due to oversupply following oil price fall and significant postponements of drilling projects
- **VARD uses a tender driven approach to establish itself** in other market segments of the offshore business

Focus on new business opportunities

- **Small FPSO:** emerging opportunities in the Norwegian Continental Shelf, a particular “niche” for an all “Norwegian” design/solution for both construction and operations. It requires partnerships with producers of topside or FPSO operators
- **Gas (LNG):** increase in future demand, also thanks to new environmental rules. The market for smaller FLNG and LNG carriers will likely ramp up. VARD to leverage on existing patent (Brevik containment system) for small LNG vessels
- **Offshore wind:** expected installed capacity in 2022 at 46,4 GW (2018-2022 CAGR at 15%)
- **Norwegian coastal ferries:** sector characterized by old fleet
- **Aquaculture & fisheries:** sustained market growth with increasing complexity related to higher technological and industrial contents
- **Specialized vessels:** old fleet of cable layer and pipe layer. New market for mining vessels

E&P Expenditure

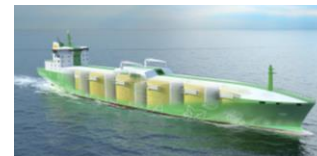
USD BN



New business opportunity



Small FPSO



Gas



Offshore wind



Norwegian coastal ferries



Aquaculture & fisheries



Specialized vessels

Sources: International Energy Agency - World Energy Outlook 2017: Global Energy Trends.
Rystad Energy - 2017 Annual Offshore Oil & Gas Market Report
Pareto Securities Equity Research, E&P Survey, September 2018

3 Equipment, Systems and Services

Products / Services

Systems & Components

Stabilization, propulsion, positioning and generation syst.



- Retractable/fix stabilization systems, propellers, thrusters, engines

Automation systems



- Platform automation, navigation and dynamic positioning systems

Steam turbines



- Energy generation and naval application

Electric & Electronic Systems



- Integrated electric and electronic packages
- Design, refitting and delivery of turnkey cabins, public areas and complete accommodation solutions

Interiors



Services

Naval services



- Life Cycle Management (ILS & ISS)

Ship repairs & conversions



- Repairs, conversions & refitting

Target Market / Positioning

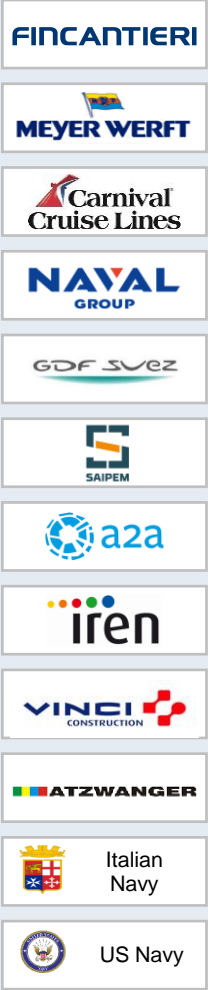
- One of the reference players in the design, construction and service of marine systems, components and turnkey solution in cruise, offshore and naval sectors
- One of the reference providers of after sales services (mainly naval vessels) and repairs & conversions
- Worldwide major player in ship interiors segment

Client Portfolio

Plants / Subsidiaries

- Riva Trigoso – Muggiano
- Palermo
- Trieste
- Fincantieri Infrastructure
- Delfi S.r.l.
- Sturgeon Bay
- Fincantieri Services US
- Seastema S.p.A.
- FMSNA Inc.
- Fincantieri Services Middle East
- Issel Nord
- Fincantieri SI
- Isotta Fraschini Motori S.p.A.
- Marine Interiors

Equipment, Systems & Services: Systems & Mechanical Components

Segments	Products	Client focus				Key applications	Key clients
		Shipbuilders	Industrials ⁽³⁾	EPC contr. ⁽⁴⁾	Navies		
Systems for stabilization, propulsion, dynamic positioning and generation ⁽¹⁾	Stabilization systems	✓	N.a.		✓	<ul style="list-style-type: none"> • New ships <ul style="list-style-type: none"> – Cruise ships – Ferries – Naval vessels – Mega-Yachts (> 60 m) – Offshore vessels • Repair, transformation and after sales services <ul style="list-style-type: none"> – Maintenance – Substitution of obsolete parts – Spare parts • Power plants <ul style="list-style-type: none"> – Refineries, paper mills, incinerators • Renewable energies plants (biomass) 	
	Propulsion systems and shaft lines						
	Positioning systems						
	Diesel engines						
Automation systems ⁽²⁾	Platform automation systems	✓	N.a.	N.a.	✓		
	Navigation systems						
	Dynamic positioning systems						
Steam turbines	Turbines < 30 MW	✓	✓	✓			
	Turbines 30 – 50 MW						

✓ Current

(1) Generation systems through Isotta Fraschini Motori
 (2) Automation systems through Seastema
 (3) Engineering companies active in the construction of small power plants
 (4) EPC contractors in Oil & Gas sector that provide turnkey complex projects

Equipment, Systems & Services: interiors and electric & electronic systems

Interiors - Marine Interiors



- Marine Interiors is today the **world leader in cabin and wet unit construction for cruise ships**
- The company has been established in July, 2014 to **enrich Fincantieri Group overall product portfolio**, integrating cabin design and production into its design and construction flow
- **Marine Interiors combines the 20 years experience of the former Santarossa** (acquired on May, 5th 2015) in cabins construction and refurbishment with **Fincantieri world leading experience** in ship construction and refurbishment and solid financial background
- From **2016** it has entered the **public spaces business, setting Marine Interiors as a worldwide major player in the naval interior segment**
- In **2017** it set up a new business unit, Complete Accommodation, to offer clients a turnkey package of cabins, wet units, public spaces, galley, provision areas, laundry
- It has developed the after-sales business, becoming “vendor of choice” for key clients and increasing revenues more than threefold in 2017 compared to 2016

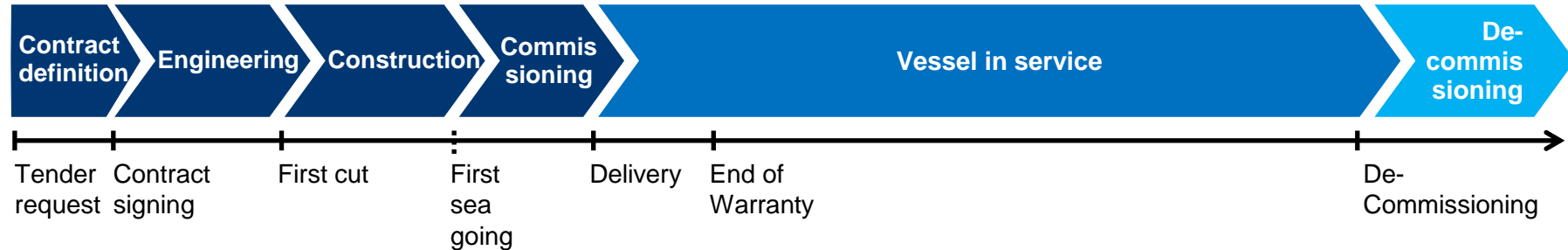
Electric & Electronic Systems - Fincantieri SI



- Fincantieri SI handles **the entire integrated electric and electronic package**, offering to its customers a turnkey product spanning the most sophisticated propulsion systems and the on-board electrical auxiliaries
- In this business Fincantieri SI provides project management, project engineering, construction and commissioning, supply of key hardware and software components and life-cycle services
- Products and services are aimed at the **marine sector** (e.g. cruise ships, naval vessels, yachts, offshore vessels and platforms) and at other industrial markets, such as **steel, oil and gas and power generation**

Equipment, Systems & Services: Naval services

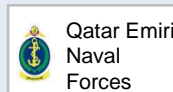
Product Lifecycle Management



Key clients



Italian Navy



Qatar Emiri Naval Forces



UAE Navy



Iraqi Navy



Bangladesh Coast Guard



Algeria Navy

Integrated Logistic Support

ILS

- **Engineering activities**
 - Logistic engineering
 - Bill of materials & configuration
 - Manuals & technical specifications
- **Training (Fincantieri Training Academy)**
 - Base & board operations
 - Computer-based
- **Spare parts provisioning**
 - On board
 - Ashore/base

In Service Support

- **Maintenance & repair**
 - Preventive
 - Predictive
 - Corrective
- **Change & obsolescence management**

ISS

- **Documentation updates**
- **Archives**
- **Follow-on training**
- **Spare replenishment**

Life Cycle Management services



Equipment, Systems & Services: Ship repairs & conversions

Segments

Ordinary repair services

- Ordinary maintenance and interventions required by international classification registers (e.g. dry docking and special surveys)

Extraordinary services

- Damage repair and upgrading of ship standards in order to adapt ships pursuant to new regulations

Conversion

- Structural changes of ships modifying their final use (conversion), upgrading of ship machineries and technologies and increase in the ship payload

Target market & positioning

- Repair and conversion of cruise ships, mega-yachts, offshore units, other commercial vessels and naval vessels leveraging **on presence in strategic geographical areas** (e.g. Mediterranean Sea and North America)
- **One of the key players in the Mediterranean Sea area and the main operator for ship repairs and conversions in the Great Lakes area of the US**

Main projects



- MSC Rinascimento (Cruise): lengthening by 24m of 4 Lirica class cruise ships



- Al Said (Mega-Yachts): extensive refitting and repair of machinery, propulsion system, power generation and HVAC



- Scarabeo 8 (Offshore): all phases, from hull construction to outfitting starting from bare deck



- Conversion from Corvette to OPV

Key clients

