

**FINCANTIERI**  
The sea ahead

# **FINCANTIERI**

## **Investor Presentation**

Trieste, February 2017

# 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, Carlo Gainelli, 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

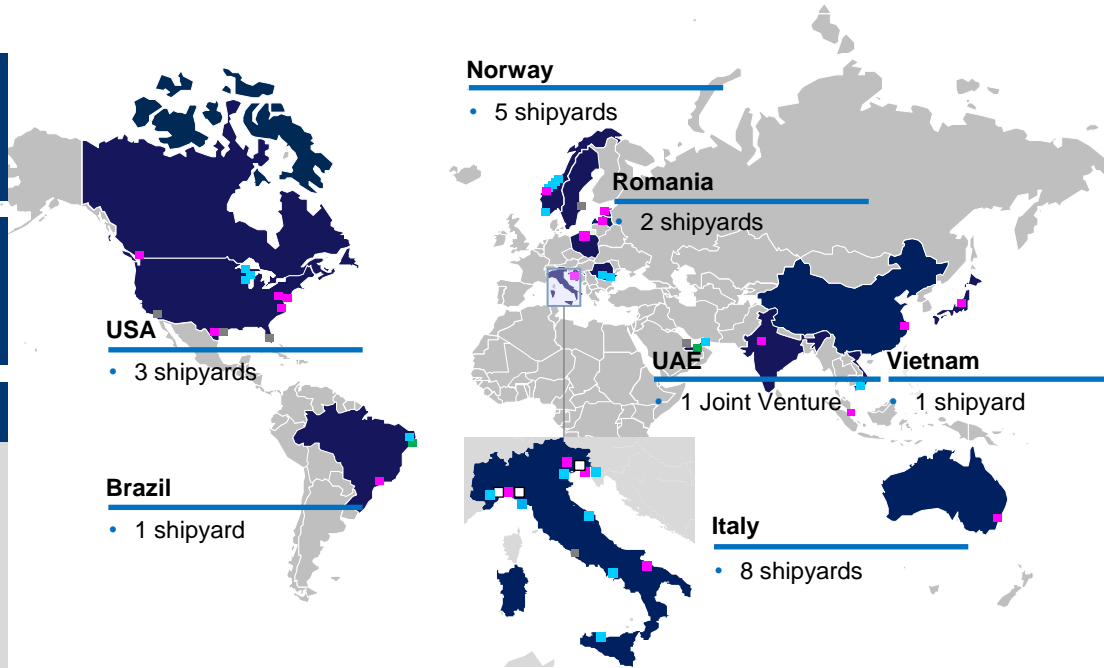
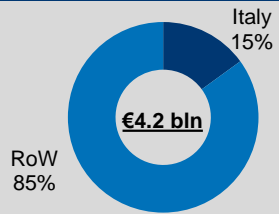
**#1 Western designer & shipbuilder<sup>(1)</sup>  
with 230 years of history & >7,000 ships built**

**€ 4,183 mln revenues**

**~ € 21.8 bln total backlog<sup>(2,3)</sup>**

- € 19.0 bln backlog
- € 2.8 bln soft backlog

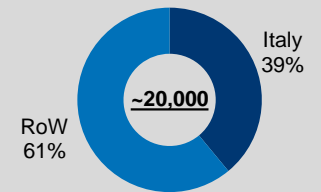
**Revenues by geography**



**20 shipyards  
4 continents**

**~ 20,000 employees  
~ 80,000 subcontractors**

**Employees by location**



Note: all figures reported at December 31, 2015, except for backlog and soft backlog which are referred to 9M 2016 (at September 30, 2016)

(1) By revenues, excluding naval contractors in the captive military segment. Based on Fincantieri estimates of shipbuilders' revenues in 2015

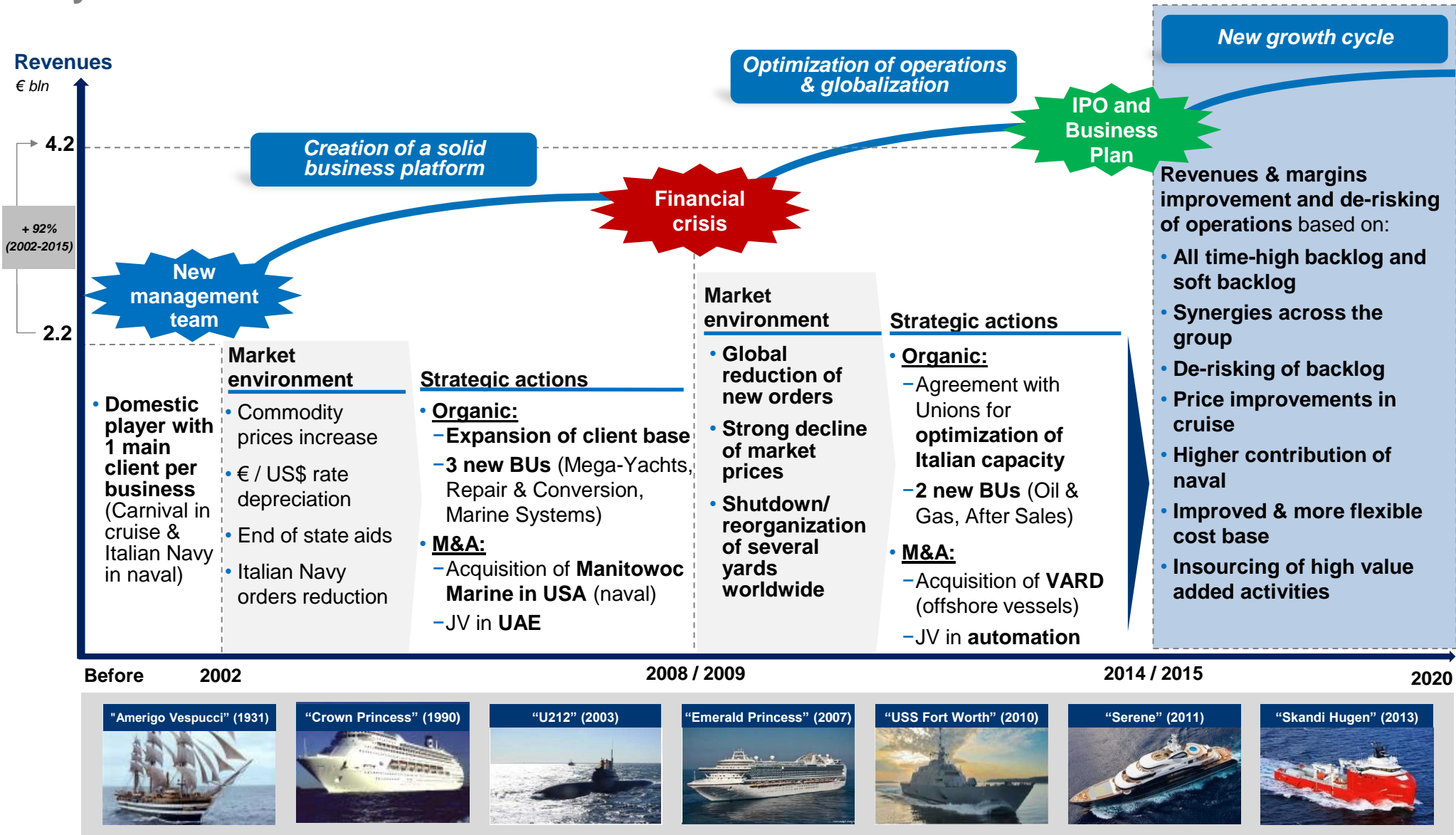
(2) At September 30, 2016

(3) 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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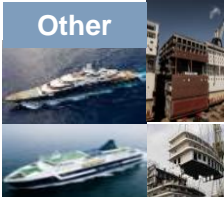


# Key historical events



Source: Company information

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# Business units, products and positioning

	End markets	Main products	Positioning	Revenues 2015 <sup>(4)</sup>	Backlog <sup>(5)</sup>
Shipbuilding	<b>Cruise</b> 	<ul style="list-style-type: none"> <li>All cruise ships (from contemporary to luxury)</li> </ul>	<ul style="list-style-type: none"> <li>#1 worldwide (~50% market share<sup>(1)</sup>)</li> </ul>	<b>€ 1,649 mln</b> (39% on total)	<b>€ 17,054 mln</b> (61 ships)
	<b>Naval</b> 	<ul style="list-style-type: none"> <li>All surface vessels (also stealth)</li> <li>Support &amp; Special vessels</li> <li>Submarines</li> </ul>	<ul style="list-style-type: none"> <li>Leader:                             <ul style="list-style-type: none"> <li>#1 in Italy<sup>(2)</sup></li> <li>Key supplier for US Navy &amp; Coast Guard<sup>(3)</sup></li> <li>Key supplier for Qatar Emiri Naval Forces</li> </ul> </li> </ul>	<b>€ 1,056 mln</b> (25% on total)	
	<b>Other</b> 	<ul style="list-style-type: none"> <li>High tech ferries</li> <li>Large mega-yachts</li> <li>Ship repair &amp; conversion services</li> </ul>	<ul style="list-style-type: none"> <li>Leading player:                             <ul style="list-style-type: none"> <li>High tech ferries</li> <li>Large mega-yachts</li> <li>Repair &amp; conversion</li> </ul> </li> </ul>	<b>€ 142 mln</b> (3% on total)	
Offshore		<ul style="list-style-type: none"> <li>OSV</li> <li>Drilling units</li> <li>Fisheries/aquaculture</li> <li>Offshore wind</li> <li>OPV</li> <li>Expedition cruise</li> <li>Special vessels</li> </ul>	<ul style="list-style-type: none"> <li>Leading player in high-end OSVs</li> </ul>	<b>€ 1,199 mln</b> (28% on total)	<b>€ 1,501 mln</b> (45 ships)
Equipment Systems & Services		<ul style="list-style-type: none"> <li>Marine systems, components &amp; turnkey solutions</li> <li>After sales services</li> </ul>	<ul style="list-style-type: none"> <li>Leading player worldwide</li> </ul>	<b>€ 226 mln</b> (5% on total)	<b>€ 908 mln</b>

(1) By oceangoing cruise ships > 10,000 gross tons ordered in the 2004 – 2015 period. Source: Fincantieri analysis based on IHS Lloyd's Fairplay – Shippax data (2015) and Company press releases

(2) For all the large ships and excluding minesweepers and small ships below 45 m in length (2015)








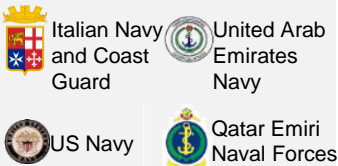
(3) For medium size ships, e.g. patrol vessels and corvettes

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

(5) At September 30, 2016



# Track record, clients and technological leadership

		Track record	Clients	Technological leadership
Shipbuilding	<b>Cruise</b> 	<b>Ship deliveries</b> <ul style="list-style-type: none"> <li>1990 – 2001 <b>23</b></li> <li>2002 – 2015 <b>47</b></li> </ul> <ul style="list-style-type: none"> <li><b>Twofold increase in activity</b></li> </ul>		<ul style="list-style-type: none"> <li><b>Carnival Vista: “ECO Notation” by Lloyd’s Register</b> for exceeding environmental standards</li> <li><b>Royal Princess: 1<sup>st</sup> cruise ship fully compliant with new regulations</b></li> <li><b>Costa Luminosa &amp; Costa Pacifica: Guinness World Record</b> for joint-christening of 2 ships</li> </ul>
	<b>Naval</b> 	<b>Ship deliveries</b> <ul style="list-style-type: none"> <li>1990 – 2001 <b>51<sup>(1)</sup></b></li> <li>2002 – 2015 <b>50<sup>(1)</sup></b></li> </ul> <ul style="list-style-type: none"> <li><b>Steady, low risk business</b></li> </ul>		<ul style="list-style-type: none"> <li><b>LCS Freedom: world’s fastest steel frigate</b></li> <li><b>Aircraft Carrier Cavour: world’s most powerful non-nuclear propulsion system</b></li> <li><b>More than 20 prototypes developed</b> over the last fifteen years</li> </ul>
Offshore		<b>Ship deliveries</b> <ul style="list-style-type: none"> <li>1990 – 2001 <b>72<sup>(2)</sup></b></li> <li>2002 – 2015 <b>279<sup>(2)</sup></b></li> </ul> <ul style="list-style-type: none"> <li><b>Acquired VARD in 2013</b></li> </ul>		<ul style="list-style-type: none"> <li><b>Normand Maximus: largest offshore vessel ever built in Norway</b></li> <li><b>Skandi Africa: “Ship of the Year 2015”<sup>(4)</sup></b></li> <li><b>AMC Connector: world’s largest cable layer<sup>(5)</sup></b></li> <li><b>Far Samson: most powerful offshore vessel<sup>(6)</sup></b></li> </ul>
Equipment Systems & Services		<ul style="list-style-type: none"> <li><b>Strong revenue growth to € 226 mln in 2015</b></li> </ul> <ul style="list-style-type: none"> <li><b>Start-up in 2005</b></li> </ul>		<ul style="list-style-type: none"> <li>Innovative and technologically advanced products in terms of <b>performances, lifecycle cost reduction and environmental safety</b></li> <li>Full product lifecycle management with unique capacity to support vessels’ <b>maintenance, repair and overhaul</b> all over the world</li> </ul>

(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: Carnival Cruise Lines, Costa Crociere, Cunard, Holland America Line, P&O Cruises, Princess Cruise Lines and Seabourn Cruise Lines

(4) Award instituted by the major Nordic shipping magazine Skipsrevyen

(5) In terms of loading capacity (2011)

(6) In terms of bollard pull at the date of construction (423 tons)



# 1 Recent commercial track record: substantial increase in order intake starting from 2014

## Order intake

€ mln

1.0x

1.8x

8,255

474

1,816

6,100

(135)

FY 2011 - 2013

15,726

843

1,533

13,662

(312)

FY 2014 - 2015

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

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

€ mln

3.4x

2.1x

3.4x

2.2x

4.5x

3.8x

Soft backlog  
€ 3.0 bln<sup>(2)</sup>

15,721

732

1,143

14,067

(221)

FY 2015

Soft backlog  
€ 5.0 bln<sup>(2)</sup>

8,068

264

2,480

5,345

(21)

FY 2013

Soft backlog  
€ 5.0 bln<sup>(2)</sup>

9,814

300

2,124

7,465

(75)

FY 2014

3%

31%

66%

3%

22%

76%

5%

7%

89%

Shipbuilding Offshore Equipment, Systems & Services  
Eliminations Backlog / revenues Total backlog / revenues

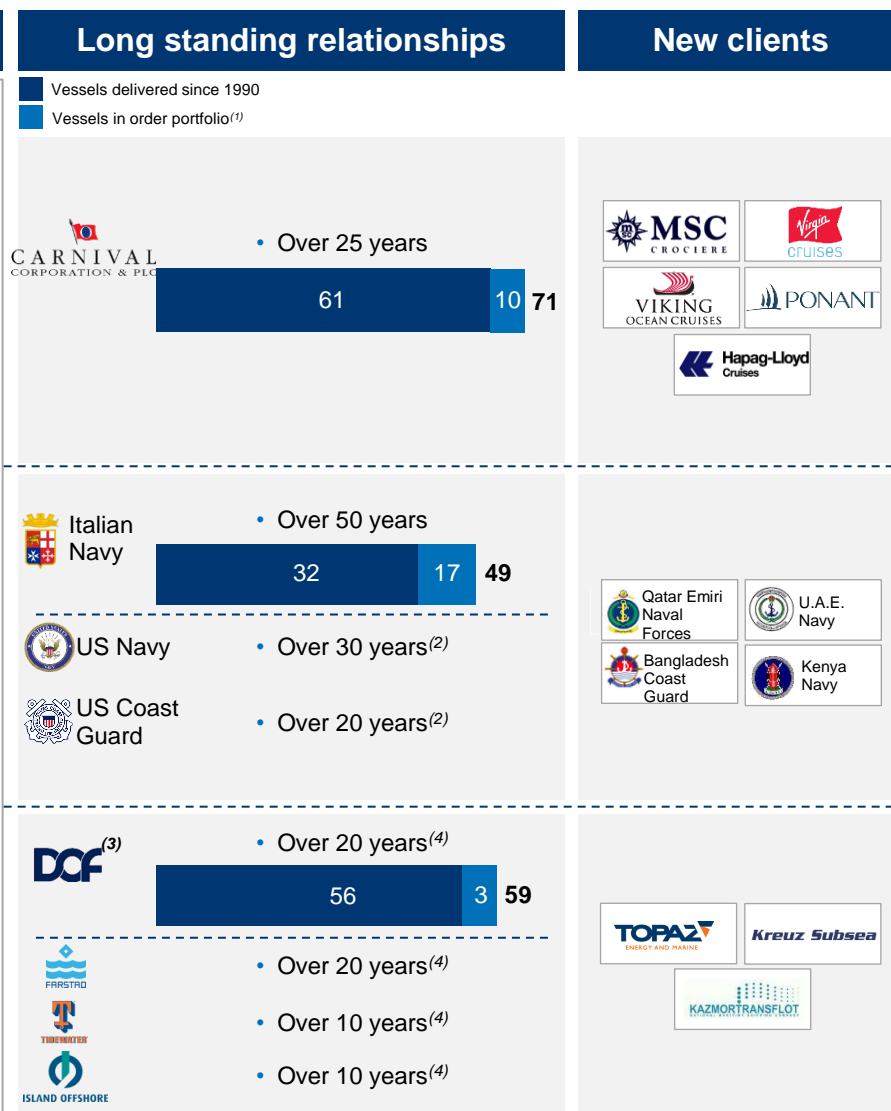
- Total backlog<sup>(3)</sup> at December 31, 2015 represents 4.5 years of work in relation to revenue generated in 2015 – Group's ability to finalize contracts under negotiation, contract options and commercial opportunities and to transform them into backlog

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

(2) 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) Sum of backlog and soft backlog

## 2 Retention & diversification of client base



Source: Company information

(1) As of June 2016

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

(3) DOF includes: DOF, DOF Subsea, Norskan Offshore, DOF Deepwater, Techdof Brasil and Dofcon Navegação

(4) Through VARD

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# FINCANTIERI



## 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 2,600 just in Italy)
- Integrated production model
- Proven track record of on-time deliveries

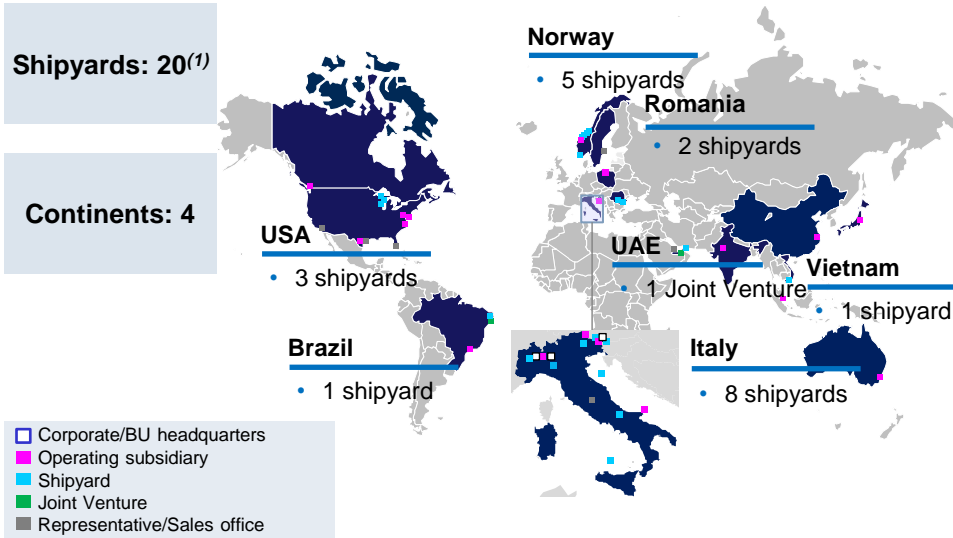


## D Technological leadership

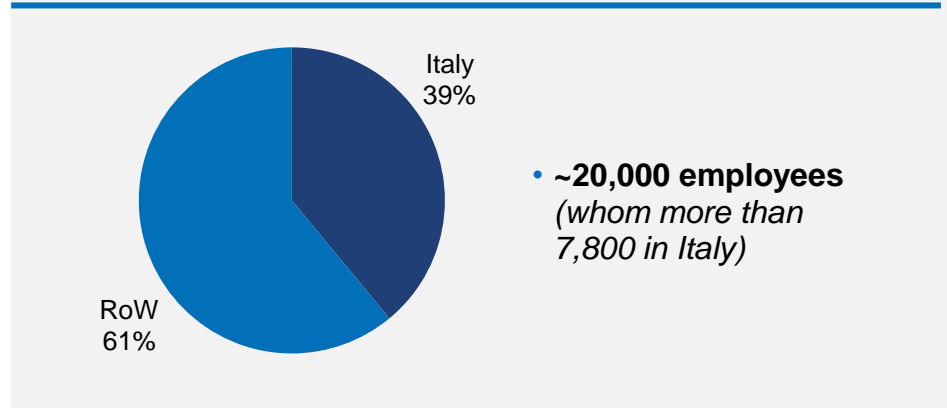
- Best-in-class know-how and leadership in high-end vessels
- Strong commitment to R&D
- Innovation across full product offering

# A Global and flexible production network

## Global presence to exploit local opportunities



## Employees by location<sup>(2)</sup>



Source: Company information

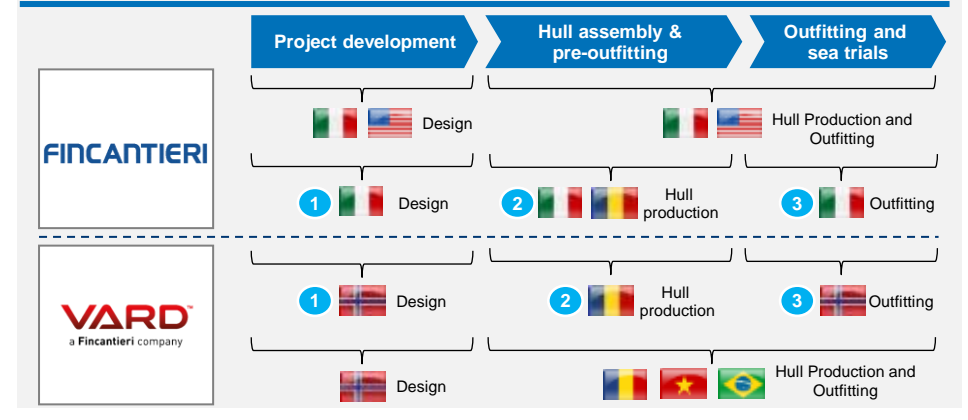
(1) Excluding one shipyard through the joint venture in UAE with Al Fattan Shipyard Industry Est and Melara Middle East FZCO

(2) As of December 2015

## Flexible engineering / production network



## Supply chain



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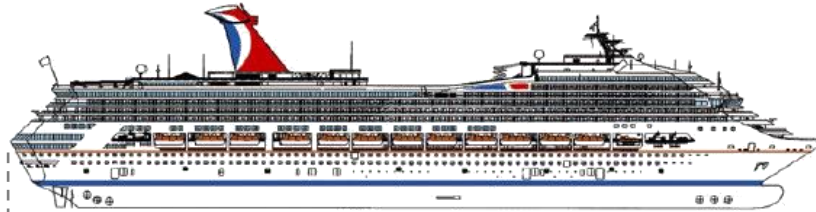


## B High flexibility

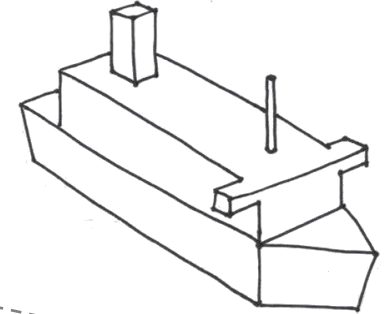
### Owner's concept



### 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)

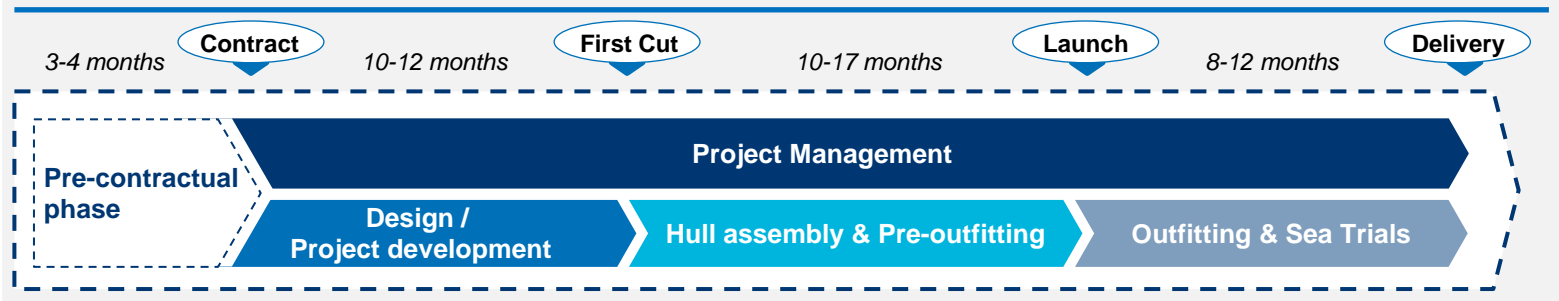
Source: Fincantieri analysis

## 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**

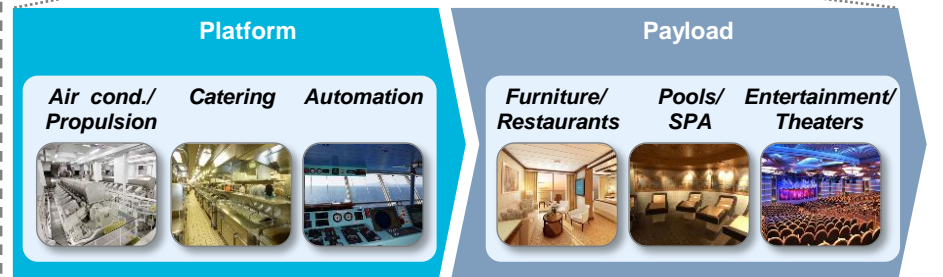
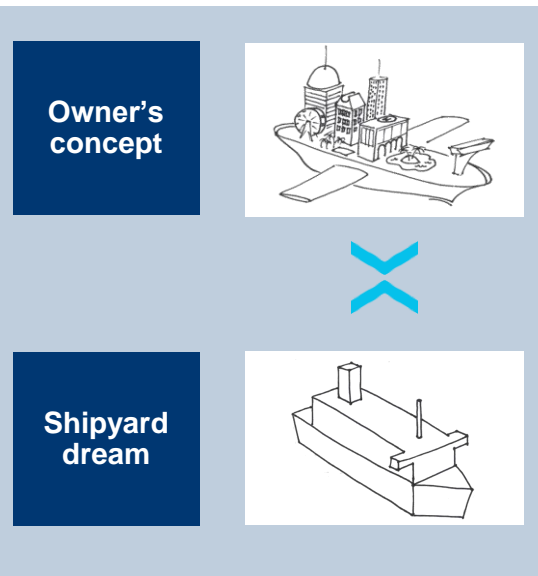
### Example of a cruise ship



**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



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# D Technological leadership

## Main achievements

- **Strong technological know-how and design skills:** ~90 prototypes in just over 10 years
- **R&D:**
  - >70 projects ongoing
  - 2015 expenditure € 90 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



- *Carnival Vista*: “**ECO Notation**” by Lloyd's Register for exceeding environmental regulatory standards
- *Royal Princess*: **1<sup>st</sup> cruise ship fully compliant with new regulations**
- *Costa Luminosa* & *Costa Pacifica*: **Guinness World Record** for joint-christening of 2 cruise ships



### Ferries



- *F.A. Gauthier*: **1<sup>st</sup> dual fuel (LNG-gasoil) ferry** in North America



### Naval



- *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



- *Normand Maximus*: **largest offshore vessel ever built in Norway**
- *Skandi Africa*: “**Ship of the Year 2015**”<sup>(1)</sup>
- *AMC Connector*: **world's largest cable layer**<sup>(2)</sup>
- *Far Samson*: **most powerful offshore vessel**<sup>(3)</sup>



### Mega-Yachts



- *Serene*: winner of “**World Superyacht Award 2012**” (134 m length)



Source: Company information

<sup>(1)</sup> Award instituted by the major Nordic shipping magazine *Skipsrevyen*

<sup>(2)</sup> In terms of loading capacity (2011)

<sup>(3)</sup> 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



# Fincantieri Group historical financial results: leaving behind the sector crisis

	Headwinds in 2009-2015	Implications	2015 financial impact	Countermeasures & recovery
Shipbuilding	<ul style="list-style-type: none"> <li>Global financial crisis heavily impacted cruise ships orders in 2009-2011</li> </ul>	<ul style="list-style-type: none"> <li>In order to preserve industrial capabilities Fincantieri decided to take on complex cruise ship prototype orders at challenging prices during 2012-2013</li> <li>Such prototypes were built mainly in 2015 and delivered in 2016</li> </ul>	<ul style="list-style-type: none"> <li>Operational issues surfaced in 2015 and were fully reflected in FY 2015 results</li> </ul>	<ul style="list-style-type: none"> <li><b>New Business Plan announced on March 31, 2016</b> (see Fincantieri Business Plan 2016-2020 presentation and Vard FY 2015 Results &amp; Business Plan presentation)</li> <li><b>2016 results highlight a strong recovery of Group operating and financial performance marking a turning point</b> (see Fincantieri Interim presentation and Vard Interim presentation)</li> </ul>
Offshore	<ul style="list-style-type: none"> <li><b>Oil price slump starting in Q3 2014</b> caused a scaling back of E&amp;P investments plans and cost-cutting</li> <li><b>Critical Brazilian economic e political situation</b></li> </ul>	<ul style="list-style-type: none"> <li><b>Significant order slowdown in Oil&amp;Gas equipment industry starting in 2015</b> with consequent reduction of activities at some shipyards</li> <li><b>Vard Brazilian operations were a drag</b></li> </ul>	<ul style="list-style-type: none"> <li><b>The full impact of the crisis was felt in 2015</b></li> </ul>	<ul style="list-style-type: none"> <li><b>The strategy of preserving the Group's assets and capabilities proved correct and allowed Fincantieri to get out of the crisis period strengthened</b></li> </ul>

# Overview of financial performance indicators<sup>(1)</sup>

			VARD		
€ mln	FY 2011	FY 2012	FY 2013 <sup>(2)</sup>	FY 2014	FY 2015
Order intake	1,863	1,394	4,998	5,639	10,087
Backlog	5,373	4,735	8,068	9,814	15,721
Soft backlog	-	-	5,000	5,000	3,000
Revenues	2,380	2,381	3,811	4,399	4,183
EBITDA	141	147	298	297	(26)
As a % of revenues	5.9%	6.2%	7.8%	6.8%	-0.6%
EBIT	75	87	209	198	(137)
As a % of revenues	3.1%	3.7%	5.5%	4.5%	-3.3%
Net result before extr. and non recurring items <sup>(3)</sup>	44	44	137	87	(252)
Attributable to owners of the parent	43	44	109	99	(141)
Net result for the period	9	15	85	55	(289)
Attributable to owners of the parent	8	15	57	67	(175)
Net fixed assets	566	595	1,432	1,417	1,453
Net working capital <sup>(4)</sup>	159	(97)	(67)	69	251
Of which construction loans	-	-	(563)	(847)	(1,103)
Equity	951	957	1,210	1,530	1,266
Net financial position Net cash/ (Net debt)	226	459	(155)	44	(438)
Employees	9,994	10,240	20,389	21,689	20,019

(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

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# Revenues<sup>(1)</sup> and EBITDA<sup>(1,2)</sup> by segment

	VARD					
	€ mln	FY 2011	FY 2012	FY 2013 <sup>(3)</sup>	FY 2014	FY 2015
Shipbuilding	Revenues	2,288	2,292	2,394	2,704	2,847
	Cruise	1,244	1,062	1,075	1,439	1,649
	Naval	894	1,052	1,126	1,059	1,056
	Other	150	178	193	206	142
	EBITDA	156	157	155	195	(23)
	EBITDA margin	6.8%	6.8%	6.5%	7.2%	-0.8%
Offshore	Revenues	-	-	1,321	1,580	1,199
	EBITDA	-	-	155 <sup>(3)</sup>	108 <sup>(3)</sup>	(3)
	EBITDA margin	-	-	11.8%	6.8%	-0.2%
Equipment, Systems & Services	Revenues	131	166	163	192	226
	EBITDA	10	15	14	21	31
	EBITDA margin	7.9%	9.3%	8.5%	11.1%	13.8%
Consolidations / other activities	Revenues	(39)	(76)	(67)	(77)	(89)
	EBITDA	(25)	(25)	(26)	(27)	(31)
Total	Revenues	2,380	2,381	3,811	4,399	4,183
	EBITDA	141	147	298	297	(26)
	EBITDA margin	5.9%	6.2%	7.8%	6.8%	-0.6%

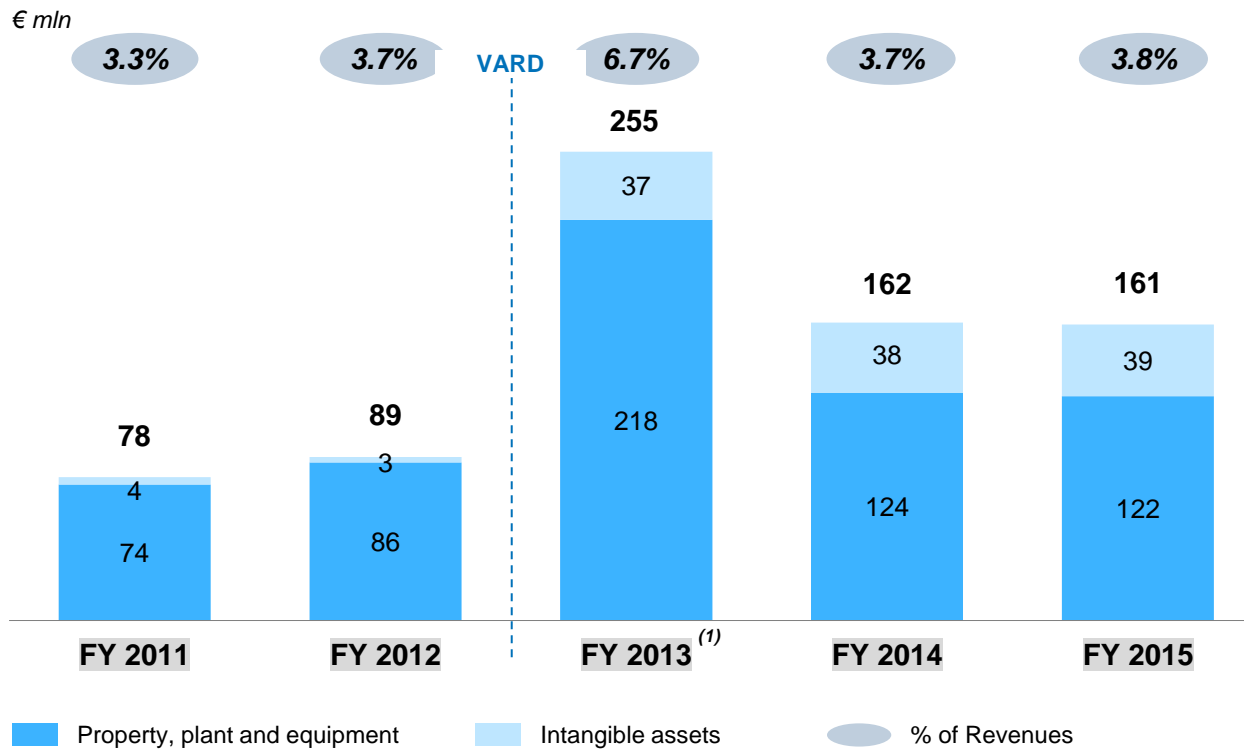
(1) Breakdown calculated gross of consolidation effects

(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

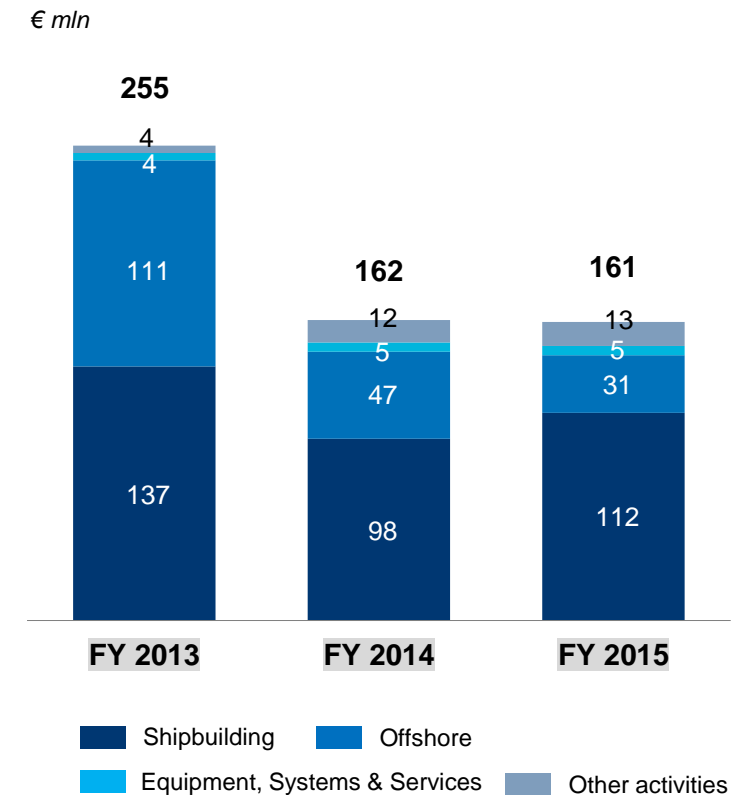
(3) Including the release of orders risk fund referred to the provisions accrued at VARD business combination for expected losses on construction contracts in Brazil (€ 53 mln released in 2013 and € 35 mln in 2014)

# Capex

## Capex evolution



## Capex by segment



- **2014 and 2015 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

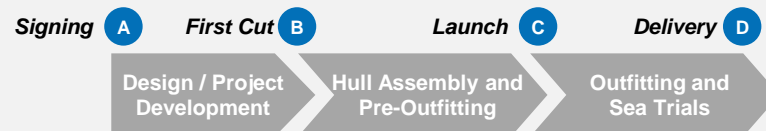
(1) In addition, acquisition of VARD = €169 mln (reported net of cash acquired; total cost = €498 mln)



# Working capital dynamics

## Indicative payment terms

## Main phases of the shipbuilding process<sup>(1)</sup>

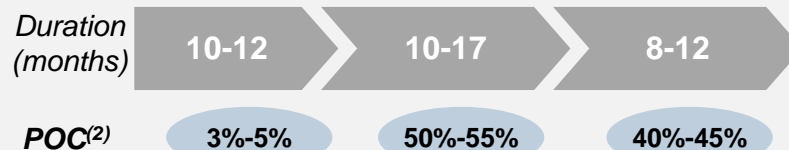


## Impact on net working capital

### Cruise



- 20% during construction
- 80% on delivery

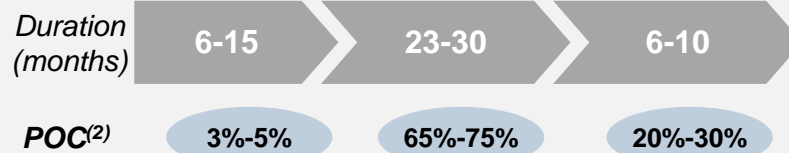


- Increases during construction
- Impact on net debt

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



- According to % of completion

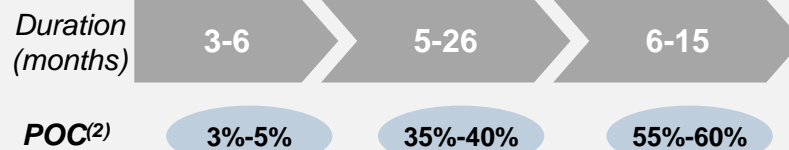


- Neutral profile

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



- 20% during construction
- 80% on delivery



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

<sup>(1)</sup> Phases and durations may be subject to changes depending on circumstances, regions and vessels specificity, production geographical area and type of construction

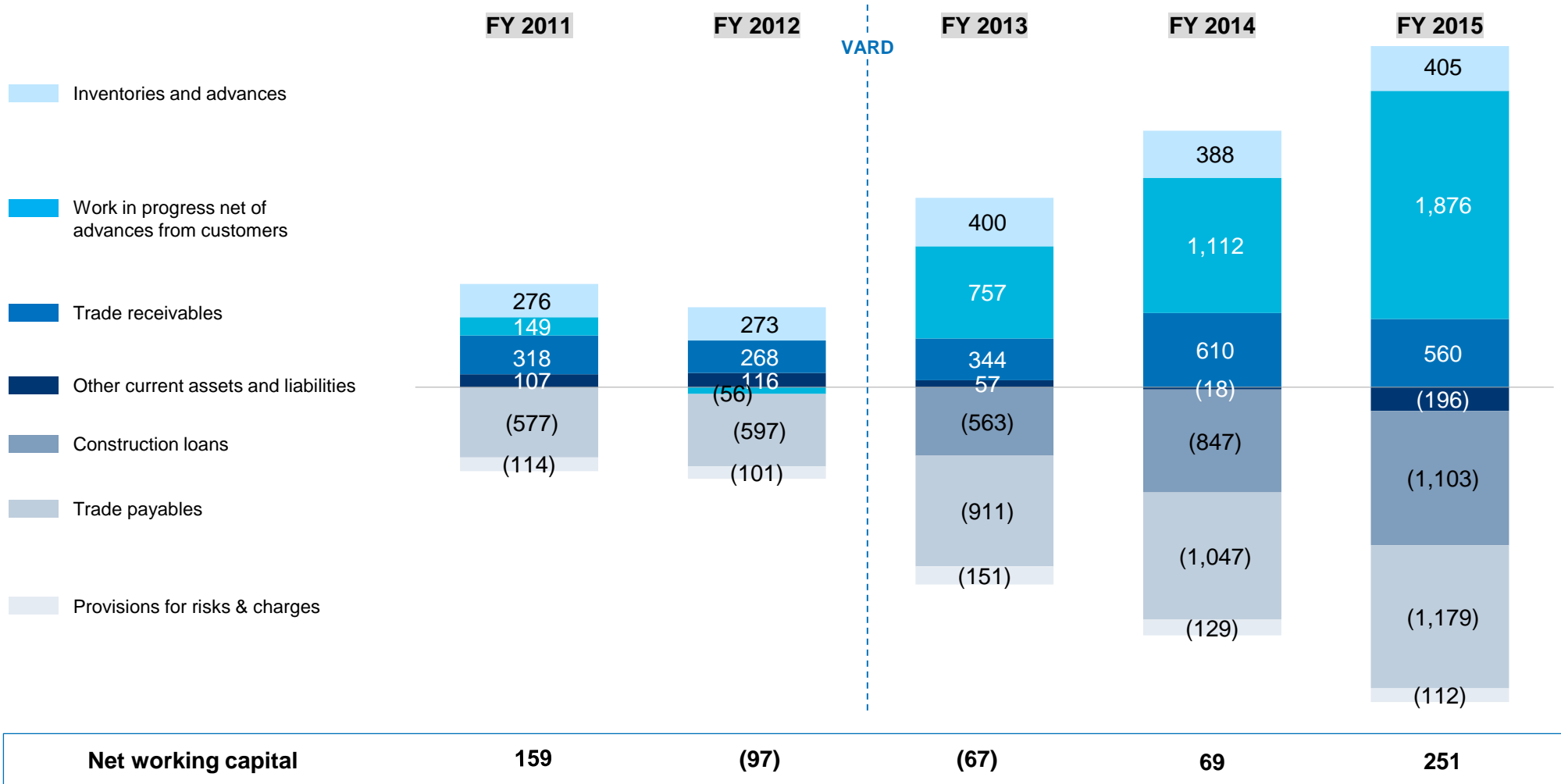
<sup>(2)</sup> Percentage of Completion

<sup>(3)</sup> Illustrative for frigates and support vessels

# Net working capital<sup>(1)</sup>

## Breakdown by main components

€ mln

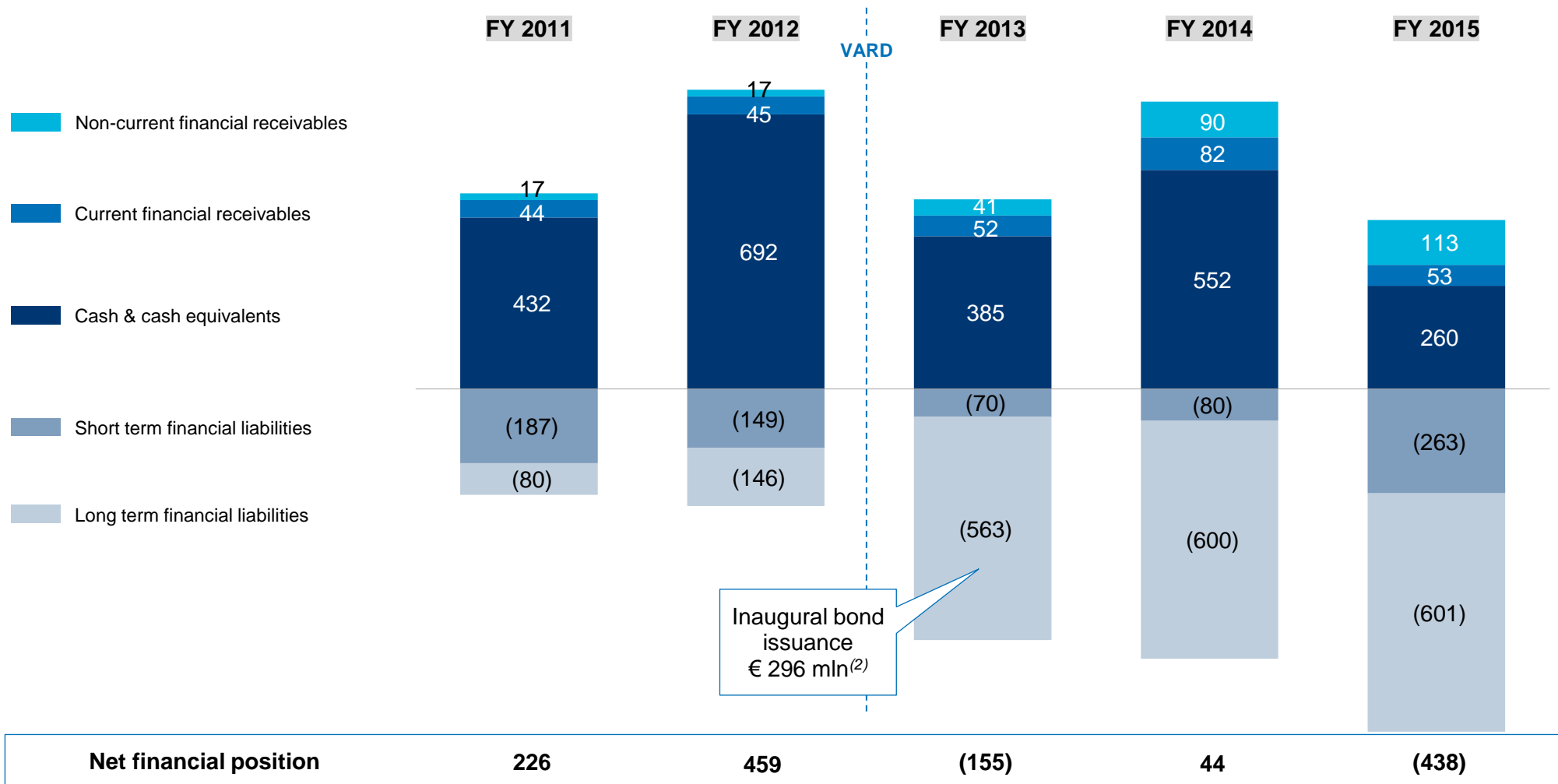


<sup>(1)</sup> Construction loans are committed working capital financing facilities, treated as part of Net working capital, not in Net financial position, as they are not general purpose loans and can be a source of financing only in connection with ship contracts

# Net financial position<sup>(1)</sup>

## Breakdown by main components

€ mln – Net cash / (Net debt)



<sup>(1)</sup> 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

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

# Profit & Loss and Cash flow statement

VARD

<b>Profit &amp; Loss statement (€ mln)</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013<sup>(1)</sup></b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Revenues</b>	<b>2,380</b>	<b>2,381</b>	<b>3,811</b>	<b>4,399</b>	<b>4,183</b>
Materials, services and other costs	(1,768)	(1,727)	(2,745)	(3,234)	(3,337)
Personnel costs	(458)	(507)	(752)	(843)	(865)
Provisions	(13)	-	(16)	(25)	(7)
<b>EBITDA</b>	<b>141</b>	<b>147</b>	<b>298</b>	<b>297</b>	<b>(26)</b>
Depreciation, amortization and impairment	(66)	(60)	(89)	(99)	(111)
<b>EBIT</b>	<b>75</b>	<b>87</b>	<b>209</b>	<b>198</b>	<b>(137)</b>
Finance income / (expense) <sup>(2)</sup>	(1)	(12)	(55)	(66)	(135)
Income / (expense) from investments	-	1	2	6	(3)
Income taxes <sup>(3)</sup>	(30)	(32)	(19)	(51)	23
<b>Net result before extraordinary and non recurring items</b>	<b>44</b>	<b>44</b>	<b>137</b>	<b>87</b>	<b>(252)</b>
Attributable to owners of the parent	43	44	109	99	(141)
Extraordinary and non recurring items <sup>(4)</sup>	(51)	(41)	(80)	(44)	(50)
Tax effect on extraordinary and non recurring items	16	12	28	12	13
<b>Net result for the year</b>	<b>9</b>	<b>15</b>	<b>85</b>	<b>55</b>	<b>(289)</b>
Attributable to owners of the parent	8	15	57	67	(175)
<b>Cash flow statement (€ mln)</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Beginning cash balance</b>	<b>329</b>	<b>387<sup>(5)</sup></b>	<b>692</b>	<b>385</b>	<b>552</b>
Cash flow from operating activities	150	375	(95)	33	(287)
Cash flow from investing activities	(68)	(83)	(424)	(157)	(172)
<b>Free cash flow</b>	<b>82</b>	<b>292</b>	<b>(519)</b>	<b>(124)</b>	<b>(459)</b>
Cash flow from financing activities	(24)	13	255	303	167
<b>Net cash flow for the period</b>	<b>58</b>	<b>305</b>	<b>(264)</b>	<b>179</b>	<b>(292)</b>
Exchange rate differences on beginning cash balance	-	-	(43)	(12)	-
<b>Ending cash balance</b>	<b>387<sup>(5)</sup></b>	<b>692</b>	<b>385</b>	<b>552</b>	<b>260</b>

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

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

(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

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# Net result before extraordinary and non recurring items<sup>(1)</sup>

VARD

€ mln	FY 2011	FY 2012	FY 2013 <sup>(2)</sup>	FY 2014	FY 2015
<b>A</b> Net result before extraordinary and non recurring items <sup>(1)</sup>	44	44	137	87	(252)
Attributable to owners of the parent	43	44	109	99	(141)
<b>B</b> Extraordinary and non recurring items gross of tax effect	(51)	(41)	(80)	(44)	(50)
– Of which extraordinary wages	(20)	(19)	(15)	(10)	(3)
– Of which restructuring and other non-recurring personnel costs	(20)	(8)	(11)	(9)	(17)
– Of which asbestos claims	(4)	(8)	(24)	(21)	(30)
– Of which other non recurring items	(10)	(9) <sup>(3)</sup>	(22) <sup>(3)</sup>	(4) <sup>(5)</sup>	-
– Of which non recurring financial (costs) / income	3	3	(8) <sup>(4)</sup>	-	-
<b>C</b> Tax effect on extraordinary and non recurring items	16	12	28	12	13
<b>A + B + C</b> Net result	9	15	85	55	(289)
Attributable to owners of the parent	8	15	57	67	(175)

- **Extraordinary wages** - costs related to CIGS (Cassa Integrazione Guadagni Straordinaria) 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** - mainly write-downs; in 2013 VARD acquisition costs and in 2014 IPO related costs
- **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

# Balance sheet

VARD

Balance sheet (€ mln)	FY 2011	FY 2012	FY 2013 <sup>(1)</sup>	FY 2014	FY 2015
Intangible assets	110	104	539	508	518
Property, plant and equipment	555	585	897	959	974
Investments	16	17	70	60	62
Other non-current assets and liabilities	(50)	(40)	(14)	(48)	(44)
Employee benefits	(65)	(71)	(60)	(62)	(57)
<b>Net fixed assets</b>	<b>566</b>	<b>595</b>	<b>1,432</b>	<b>1,417</b>	<b>1,453</b>
Inventories and advances	276	273	400	388	405
Construction contracts and advances from customers	149	(56)	757	1,112	1,876
Construction loans	-	-	(563)	(847)	(1,103)
Trade receivables	318	268	344	610	560
Trade payables	(577)	(597)	(911)	(1,047)	(1,179)
Provisions for risks and charges	(114)	(101)	(151)	(129)	(112)
Other current assets and liabilities	107	116	57	(18)	(196)
<b>Net working capital</b>	<b>159</b>	<b>(97)</b>	<b>(67)</b>	<b>69</b>	<b>251</b>
<b>Net invested capital</b>	<b>725</b>	<b>498</b>	<b>1,365</b>	<b>1,486</b>	<b>1,704</b>
<i>Equity attributable to Group</i>	934	940	968	1,310	1,137
<i>Non-controlling interests in equity</i>	17	17	242	220	129
<b>Equity</b>	<b>951</b>	<b>957</b>	<b>1,210</b>	<b>1,530</b>	<b>1,266</b>
Cash and cash equivalents	(432) <sup>(1)</sup>	(692)	(385)	(552)	(260)
Current financial receivables	(44)	(45)	(52)	(82)	(53)
Non-current financial receivables	(17)	(17)	(41)	(90)	(113)
Short term financial liabilities	187	149	70	80	263
Long term financial liabilities	80	146	563	600	601
<b>Net debt / (Net cash)</b>	<b>(226)</b>	<b>(459)</b>	<b>155</b>	<b>(44)</b>	<b>438</b>
<b>Sources of financing</b>	<b>725</b>	<b>498</b>	<b>1,365</b>	<b>1,486</b>	<b>1,704</b>

(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
- 1.5 Other shipbuilding – Repair & Conversion



## 3 Equipment, Systems and Services





## 1.1 Shipbuilding – Cruise

### Products

#### Luxury / Niche<sup>(1)</sup>



- 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 niches
- Main supplier of “Carnival Corporation & plc”, leading ship owner in the cruise sector
- Well established technological and project management capabilities

### Client Portfolio

#### Luxury / Niche



#### Premium



#### Upper premium



#### Contemporary



both Fincantieri and Vard client

Vard client

### Shipyards

#### Italy:

- Monfalcone
- Sestri Ponente
- Marghera
- Ancona

#### Romania:





























- Tulcea

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



# Shipbuilding – Cruise: selected cruise operators overview

✓ Fincantieri clients  
 ■ New entrants

		Multibrand				Monobrand					<div></div> New entrants
Operators		Carnival	Royal Caribbean	Norwegian Cruise Line Holding	Genting Hong Kong	MSC	Viking Cruises	Silversea Cruises	Ponant	Disney Cruise Line	Virgin Voyages
Segment	Luxury / Niche	<div><div></div><div></div></div> <div>✓</div>		<div><div></div><div>SEVEN SEAS CRUISES</div></div> <div>✓</div>	<div><div></div><div>CRYSTAL YACHT CRUISES™</div></div>			<div><div></div></div> <div>✓</div>	<div><div></div></div> <div>✓</div>		
	Upper Premium		<div></div>	<div><div></div></div> <div>✓</div>			<div><div></div></div> <div>✓</div>				
	Premium	<div><div></div><div></div><div>PRINCESS CRUISES</div><div></div></div> <div>✓</div>	<div><div></div><div></div><div>(1)</div><div></div><div>(2)</div></div>							<div><div></div></div> <div>✓</div>	<div><div></div></div> <div>✓</div>
	Contemporary	<div><div></div><div></div><div></div><div></div></div> <div>✓</div>	<div><div></div><div></div><div>(3)</div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>	<div><div></div></div> <div>✓</div>				

Source: Annual reports, company information, GP Wild, specialized press, Fincantieri analysis

(1) TUI Cruises is a 50% joint venture between TUI AG and Royal Caribbean Cruises Ltd

(2) SkySea Cruise Line is a 35% joint venture between Royal Caribbean Cruises and Ctrip

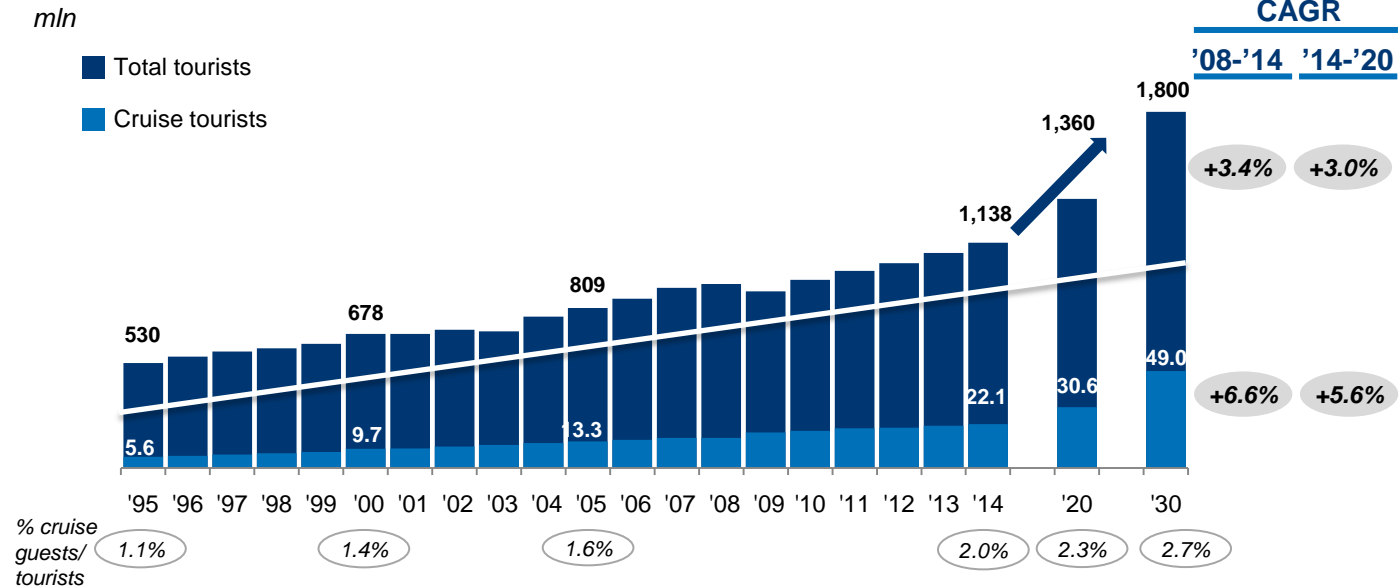
(3) 49% RCL; 51% Springwater Capital

# Shipbuilding – Cruise: steady long-term passenger growth

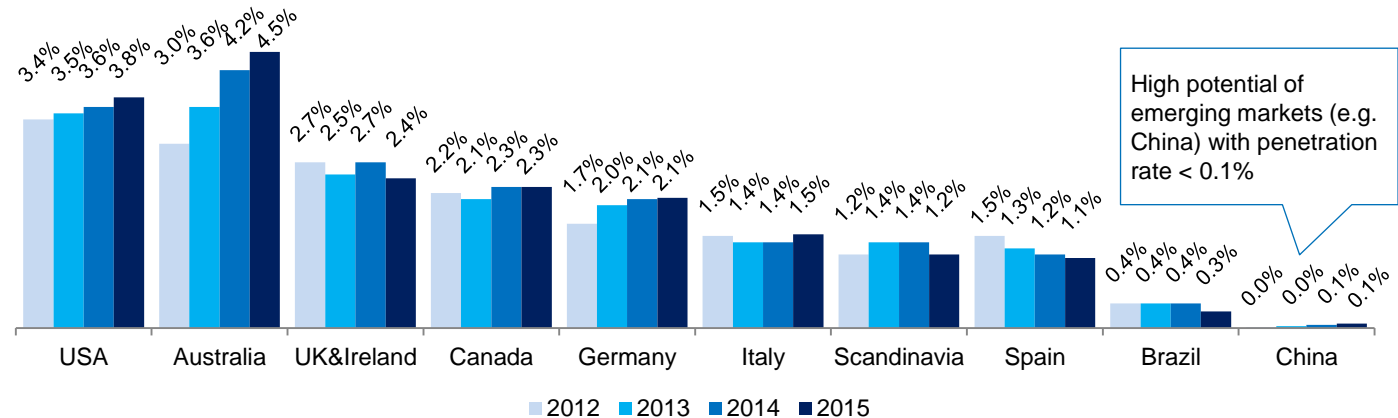
## Dynamics of cruise market

- 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 4.5%, Australia has the highest penetration in the world
- 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

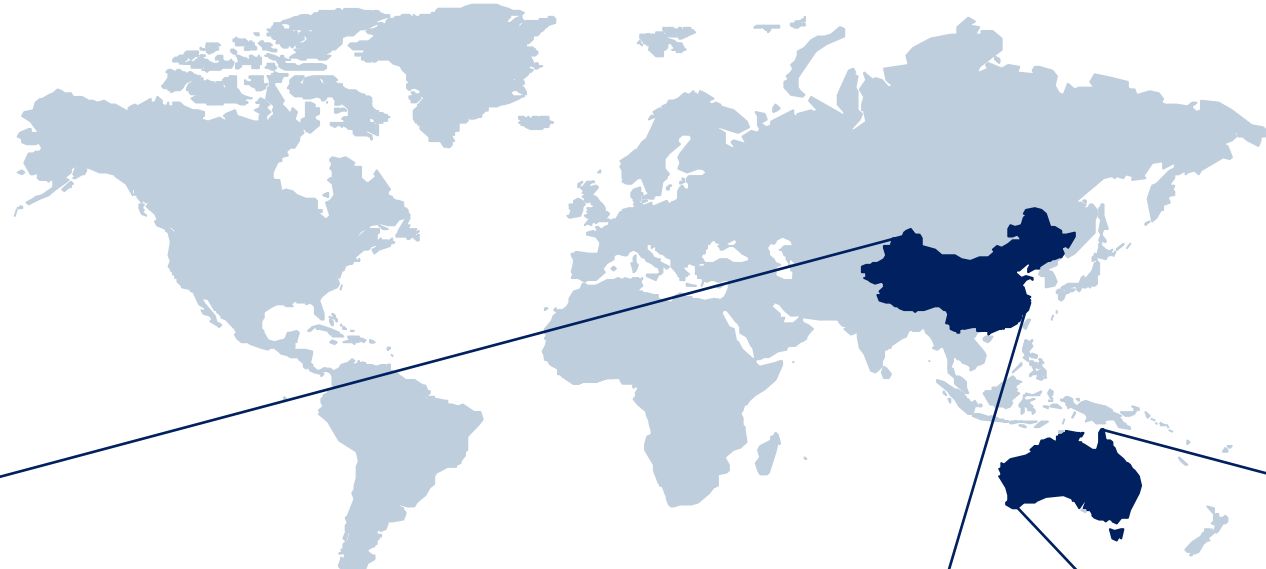


■ 2012 ■ 2013 ■ 2014 ■ 2015

Source: Total Tourists: World Tourism Organization, UNWTO – Tourism Highlights, 2015 Edition & Total cruise Tourist: Fincantieri estimates; China National Tourism Administration; CLIA Australia

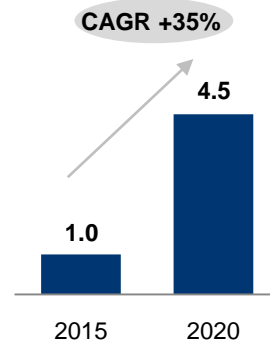
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# Shipbuilding – Cruise: China and Australia high potential markets



## China

- The Chinese Ministry of Transport estimates **cruise passengers to grow from 1 mln<sup>(1)</sup> in 2015 to 4.5 mln in 2020**
- China is expected to become the **world's second largest cruise market** after US with **8-10 mln cruise passengers in 2030**
- Fincantieri and China State Shipbuilding Corporation have signed an **agreement for the constitution of 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 2014 **overcame the target of 1 mln<sup>(2)</sup> cruise passengers previously foreseen for 2020** (4.2% of the national population)
- First region to achieve more than 4% market penetration
- **Expansion of product offering** (cruise lines establishing presence, and introducing more itineraries and ships)
- **New target is for 2 mln passengers by 2020**

(1) Source: CLIA - Asia Cruise Trends 2016

(2) Source: CLIA Australia

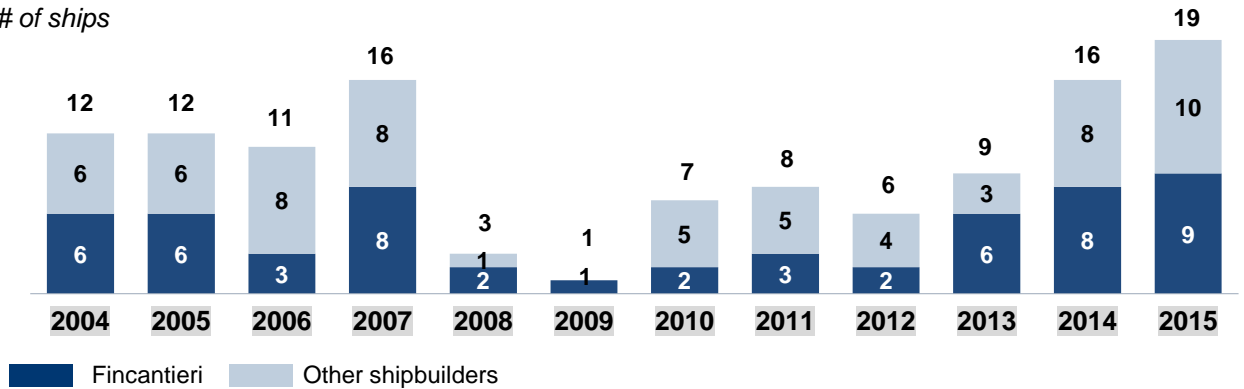
# Shipbuilding – Cruise: from buyer's market to builder's market

## 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 2020: no slots available before 2021/2022**
- For the shipyards, **balanced ratio of prototypes vs sister ships**

# Shipbuilding – Cruise: market clustering trends

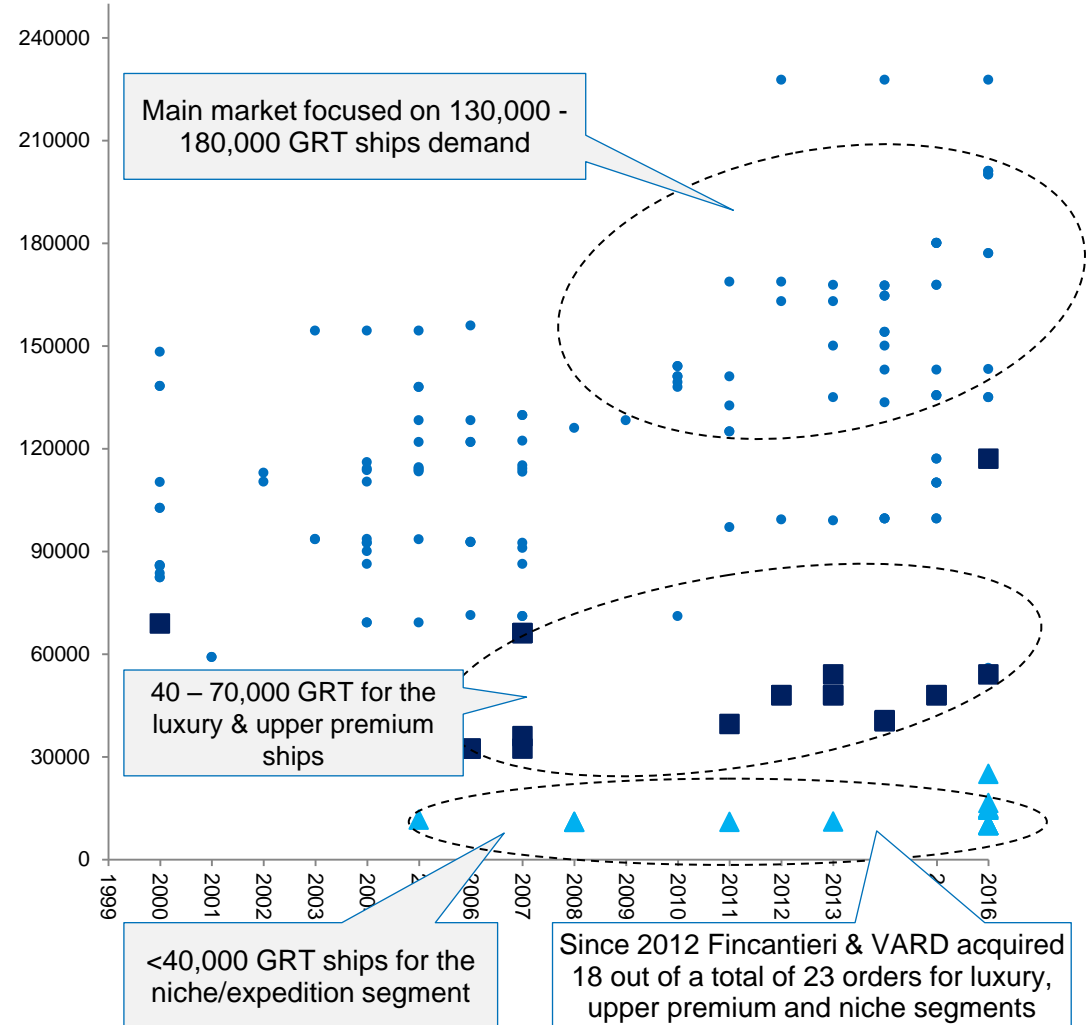
## Description

### Trend by ship type

- **Clustering of ship sizes towards:**
  - Large ships (~130 -180,000 GRT) for premium and contemporary segments, focused on broadening of 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

Size (GRT)



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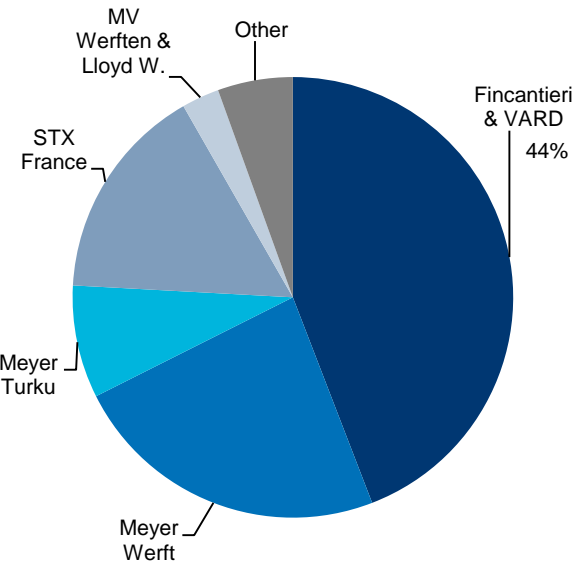
# Shipbuilding – Cruise: competitive positioning

## Competitors overview

	<div> <div>FINCANTIERI</div> <div>VARD</div> <div>a Fincantieri company</div> </div>	<div> <div>MEYER WERFT</div> <div>PAPENBURG 1795</div> </div>	<div> <div>MEYER TURKU</div> <div>SCHWABEN 1722</div> </div>	<div> <div>STX France</div> </div>	<div> <div>MV WERFTEN</div> <div>WERFTEN</div> <div>Lloyd Werft</div> </div>
# of dedicated shipyards	4 +1	1	1	1	2 newbuilding + 2 repair & outfit
Ships in orderbook <sup>(2)</sup>	27 <sup>(3)</sup>	12	5	12	4
Product offering	<ul style="list-style-type: none"> <li>Luxury / Niche</li> <li>Upper premium</li> <li>Premium</li> <li>Contemporary</li> </ul>	<ul style="list-style-type: none"> <li>Premium</li> <li>Contemporary</li> </ul>	<ul style="list-style-type: none"> <li>Premium</li> <li>Contemporary</li> </ul>	<ul style="list-style-type: none"> <li>Premium</li> <li>Contemporary</li> </ul>	<ul style="list-style-type: none"> <li>Contemporary</li> <li>Luxury / Niche</li> </ul>

## Market share<sup>(1)</sup>

Number of ships, new orders Jan 2004 – June 2016  
Tot. # ships = 145



Cruise shipbuilding segment is strongly dominated by European players with occasional presence of other shipbuilders (e.g. Mitsubishi acquired orders for 2 cruise ships for Aida brand in 2010 and booked significant losses)

Fincantieri is the world leader with a solid track record of 74 delivered cruise ships since 1990 (at June 30, 2016)

Source: Shippax, company information, Fincantieri analysis  
 (1) Cruise ships over 10,000 of gross tonnage; New orders Jan 2004 – June 2016, including MOA, LOI, excluding options. Market share on a long period since this measure changes significantly year-on-year subject to deliveries and new orders  
 (2) At June 30, 2016; including MOA and LOI, excluding options

(3) Includes 6 vessels in VARD orderbook

## 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



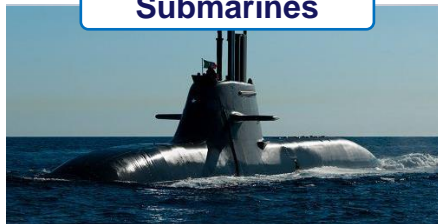
- Fast vessel for coastal defense, sea patrol, search and rescue

#### Patrol vessels



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

#### Submarines



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

### Target Market / Positioning

- Sole supplier of the Italian Navy<sup>(2)</sup> and one of the major mid-sized vessel suppliers of US Navy and US Coast
- 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		

### Shipyards

#### Italy

- Riva Trigoso - Muggiano

#### USA

- Marinette
- Green Bay
- Sturgeon Bay<sup>(3)</sup>

(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

# Shipbuilding – Naval: market opportunities

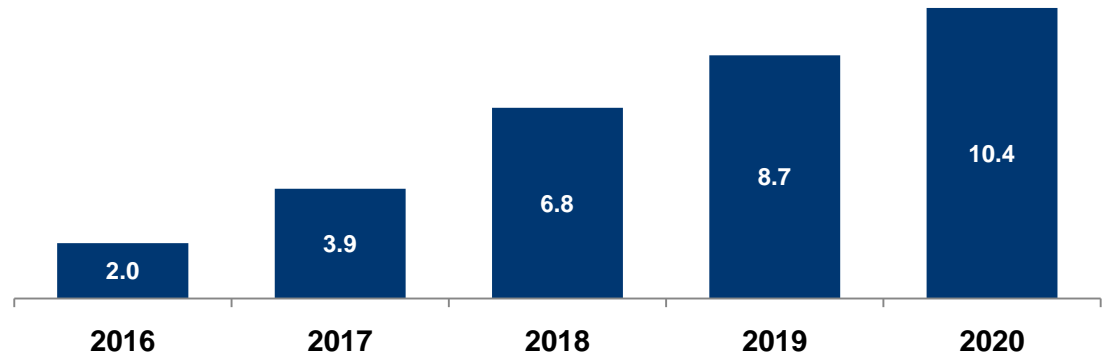
## Description

### Fincantieri's accessible markets

- **Countries with naval shipbuilding capabilities** where the Group already operates
  - **Italy:** Italian Navy's fleet renewal program and other programs (e.g. FREMM)
  - **US:** LCS program
- **Countries with no strong local shipbuilder or with no significant naval technologies**
  - Cumulated spending programs amount to € 31.8 bln over 2016-2020
  - 60% of estimated 2016-2020 spending for naval vessels is related to a group of 10 countries

## Estimated defense spending for naval vessels (foreign markets accessible to Fincantieri<sup>(1)</sup>)

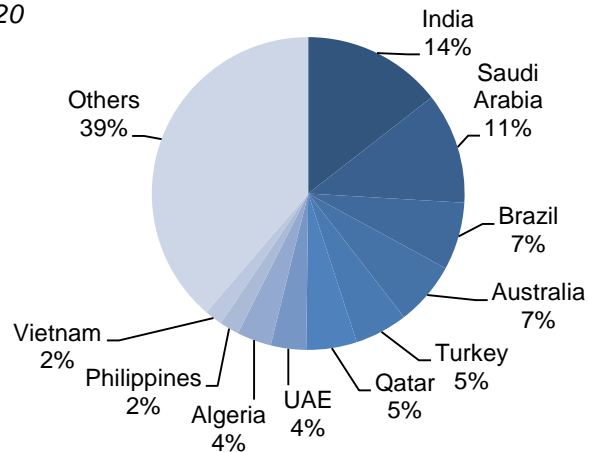
€ bln



Source: IHS Jane's – October 2015, Fincantieri analysis

## Spending by country (foreign markets accessible to Fincantieri)

Euro in %, period 2016-2020



Source: IHS Jane's – October 2015, Fincantieri analysis

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

# 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 Finmeccanica, 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, while the fourth one has been launched in July 2015



Source: Company information

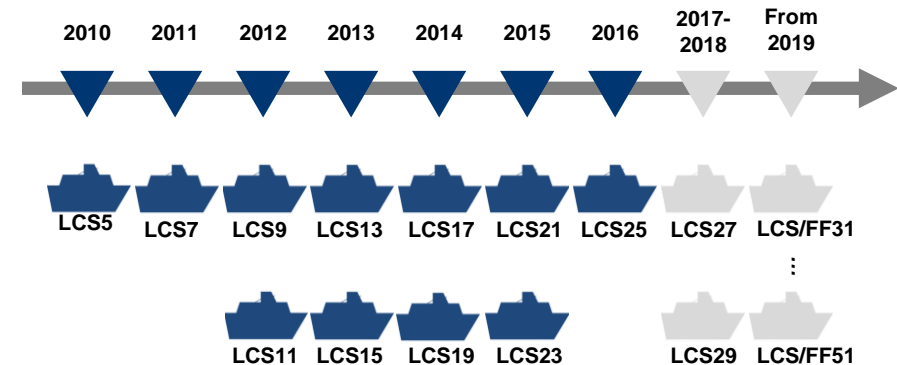
# Shipbuilding – Naval: key programs of the US Navy

## Description

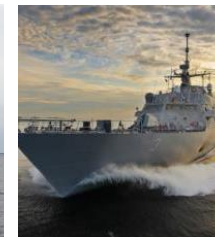
- In 2009, Fincantieri together with Lockheed Martin Corporation (as minority investor) acquired for ~ USD 120 mln the marine business unit of the Manitowoc Company, Inc. (renamed Fincantieri Marine Group)
  - ~ USD 100 mln invested for the facility upgrade making the acquired shipyard among the best 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<sup>(1)</sup>
  - 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 2015 Fincantieri was awarded an option for an additional unit (LCS 25), subsequently financed in 2016
- The Navy maintains the requirement of 52 ships. The LCS program foresees 4 units to be financed in 2017-2018 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<sup>(2)</sup>

Orders of "Freedom" class built by Fincantieri



USS Freedom  
(LCS 1)  
Delivered: 2008



USS Fort Worth  
(LCS 3)  
Delivered: 2012



USS Milwaukee  
(LCS 5)  
Delivered: 2015



USS Detroit  
(LCS 7)  
Delivered: 2016

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 and LCS7 already delivered



# Shipbuilding – Naval: contract with Qatari Ministry of Defence






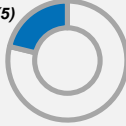





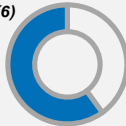


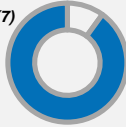



- In June 2016 Fincantieri and the Qatari Ministry of Defence have signed a contract for the construction of **seven new generation units (surface vessels)** included in the national naval acquisition programme of the Qatar Emiri Naval Forces:
  - **Four corvettes** of over 100 meters in length
  - **One 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

## Competitors overview

		FY 2015 overview	■ Naval revenues/total revenues	Product Portfolio		
				Surface Ships	Auxiliary Ships	Submarine
		<ul style="list-style-type: none"> <li>• <b>Total revenues: € 4,183 mln</b> <ul style="list-style-type: none"> <li>– of which naval: € 1,056 mln</li> </ul> </li> <li>• Employees: 20,000</li> <li>• n. naval shipyards: 3 (2 USA)</li> </ul>	25% 	✓	✓	✓
		<ul style="list-style-type: none"> <li>• <b>Total revenues: € 24,659 mln</b> <ul style="list-style-type: none"> <li>– of which naval: € 5,228 mln</li> </ul> </li> <li>• Employees: 82,500</li> <li>• n. naval shipyards: 4<sup>(1)</sup></li> </ul>	21% <sup>(5)</sup> 	✓	✓	✓ Including nuclear submarines
		<ul style="list-style-type: none"> <li>• <b>Revenues: € 2,100 mln</b> <ul style="list-style-type: none"> <li>– of which naval: ~€ 600<sup>(2)</sup> mln</li> </ul> </li> <li>• Employees: 9,700</li> <li>• n. naval shipyards: 2<sup>(3)</sup></li> </ul>	30% 	✓	✓	
		<ul style="list-style-type: none"> <li>• <b>Revenues: € 3,039 mln</b> <ul style="list-style-type: none"> <li>– of which naval: € 1,800 mln</li> </ul> </li> <li>• Employees: 12,770</li> <li>• n. naval shipyards: 4<sup>(4)</sup></li> </ul>	60% <sup>(6)</sup> 	✓	✓	✓ Including nuclear submarines
		<ul style="list-style-type: none"> <li>• <b>Revenues: € 705 mln</b> <ul style="list-style-type: none"> <li>– of which naval: ~€ 634 mln</li> </ul> </li> <li>• Employees: 5,530</li> <li>• n. naval shipyards: 4</li> </ul>	90% <sup>(7)</sup> 	✓	✓	✓
		<ul style="list-style-type: none"> <li>• <b>Revenues: € 42,778 mln</b> <ul style="list-style-type: none"> <li>– of which naval: € 1,700 mln</li> </ul> </li> <li>• Employees: 154,900</li> <li>• n. naval shipyards: 2</li> </ul>	4% 	✓	✓	✓

- Strong European national players bidding in the export market

Source: Annual reports, company information, Fincantieri analysis

(1) Excluding US shipyards (ship repair)

(2) Estimate: excluding nuclear production and fleet maintenance

(3) Includes Damen Galati shipyard (Romania, construction of hulls)

(4) Includes Brest and Toulon (fleet maintenance)

(5) Sales of BAE Platform & services UK Maritime business and BAE Sys. Platform & services USA Ship repair business

(6) Estimate

(7) Estimate

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## 1.3 Other Shipbuilding – Mega-Yachts

### Products

**Serene (134 m)**



**Victory (140 m)**

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

### Concept

**Fortissimo (145 m)**



**Mars (92 m)**



**Xvintage (99 m)**



**Ottantacinque (85 m)**



### Target Market / Positioning

- Worldwide mega yachts market (> 80 m)
- One of the key<sup>(1)</sup> players in the construction of luxury vessels of over 100 meters in length
- 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

### Commercial strategy

- Clients: Ultra High Net Worth Individuals on worldwide basis
- Minority stake in Camper & Nicholson, the world leading authority in all luxury yachting activities, notably brokerage

### Shipyards

- Riva Trigoso - Muggiano

(1) Source: The Superyacht Report, ShowBoats International (2014)

## 1.4 Other Shipbuilding – Ferries

### Products

#### Dual Fuel Ferries



- Mixed diesel and LNG (Liquefied Natural Gas) propulsion

#### 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



### Shipyards

- Castellammare di Stabia
- Ancona



## 1.5 Other Shipbuilding – Repair & Conversion

### Products



- **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 changing their final use (conversion), upgrading of ship machineries and technologies and increase in the ship payload

(1) The Group also offers repair and conversion services through the subsidiaries Bacini di Palermo S.p.A. and Gestione Bacini La Spezia S.p.A.

### Target Market / Positioning

- Repair and conversion of cruise ships, mega-yachts, offshore units and other commercial 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

### Client Portfolio



### Shipyards

#### Italy

- Palermo
- Trieste
- Riva Trigoso - Muggiano

#### USA

- Sturgeon Bay



# Other Shipbuilding – Repair & Conversion: examples of Fincantieri projects

## Project

## Description

### MSC Rinascimento (Cruise)



- Fincantieri performed a large upgrading program of 4 Lirica class cruise ships for MSC
- The project consisted of the lengthening by 24 m of the mid section of 60,000 GRT vessels built in France in 2000/2002
- Passenger capacity increase by 25%
- 2 months intervention duration in dry dock per ship
- Design and development directly performed by Fincantieri

### Al Said (Mega-Yachts)



- Mega-yacht Al Said is the 4<sup>th</sup> largest private vessel with 155 m length
- Built in Germany in 2008
- The project consisted of 2 months extensive refitting and repair of machinery, propulsion system, power generation and HVAC (i.e. heating, ventilation and air conditioning)

### Scarabeo 8 (Offshore)



- Scarabeo 8 is one of the largest semi-sub platforms owned by Saipem
- The project started from a completely bare deck supplied by Saipem. Fincantieri performed all phases, from hull construction to outfitting. In particular:
  - Upgrade of bare deck and hull construction
  - Outfit with technical equipment (e.g. derricks, drilling system)
  - Outfit with a large accommodation module with cabins and public areas

### Products

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

##### 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
- Small sized expedition cruise vessels

##### Expedition cruise



### 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 in 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



Expedition / luxury-niche cruise clients

### Shipyards

#### Norway

- Aukra
- Brattvaag
- Brevik
- Langsten
- Søviknes

#### Brazil

- Promar

#### Romania

- Braila
- Tulcea

#### Vietnam

- Vũng Tàu

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

- Sturgeon Bay

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

- Palermo
- Ancona

also production of luxury-niche cruise vessels also production of cruise sections for Fincantieri

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

<sup>(2)</sup> For reasons connected with the organization of production and the proximity of market/customers the Group's Italian (Palermo e Ancona) and US (Sturgeon Bay) yards offer offshore products

# Offshore: market overview

## Description

### Offshore Oil&Gas: forecast (2016-2020)

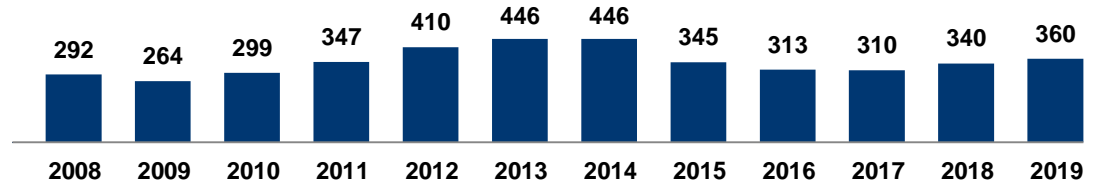
- **Negative outlook for PSV and AHTS demand** due to oversupply following oil price fall and significant postponements of drilling projects
- Opportunities in **OSCV** sub-segment, notably in **Middle East region**
- **Expected recovery in demand starting from 2018**

### New business opportunities

- **Offshore wind:** expected installed capacity in 2020 at 27.9 GW (2014-2020 CAGR at 23%): emerging opportunities for Wind Service Operation Vessels (SOV)
- **Aquaculture:** sustained market growth with increasing complexity related to higher technological and industrial contents
- **Niche/Expedition cruise:** strong market growth (e.g. recent VARD contract from PONANT)
- **Offshore Patrol Vessels:** positive outlook, Vard Marine leading provider of innovative and cost effective OPV designs

## E&P Capex

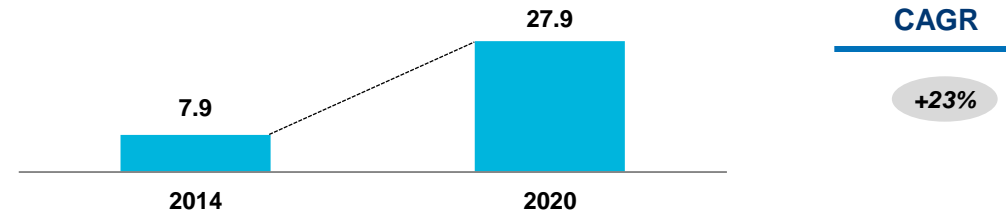
USD bln



Sources: Pareto E&P Survey 2015, 24/08/2015, E&P CAPEX estimated based on announced expenditure budget (54 E&P companies); INTSOK, Annual Offshore Market Report 2015 (2016-2019) – June 2015

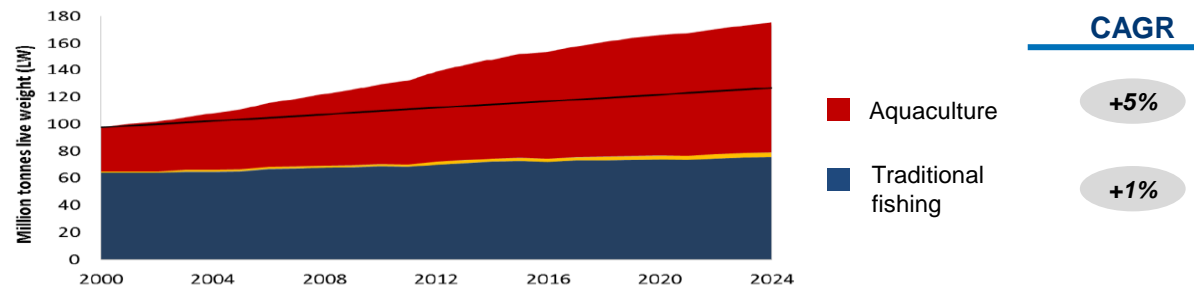
## Offshore wind: growth of installed capacity in Europe

GW



Source: EWEA - Wind energy scenarios for 2020 (High Scenario)

## Aquaculture: growth of aquaculture vs traditional fishing



Source: Marine Harvest "Salmon Farming Industry Handbook 2016"

### 3 Equipment, Systems and Services

#### Products / Services

##### Stabilization, propulsion, positioning and generation syst.



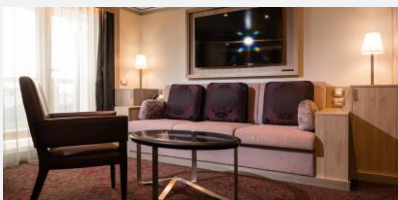
- Retractable/fixed stabilization systems, propellers, thrusters, engines

##### Automation systems



- Platform automation, navigation and dynamic positioning systems

##### Interiors



- Design, refitting and delivery of turnkey cabins and public areas

##### Steam turbines



- Energy generation and naval application

##### Electric & Electronic Systems



- Integrated electric and electronic packages

##### After Sales



- Life Cycle Management (ILS & ISS) and Conversions & Modernization

#### Target Market / Positioning

- Worldwide market of marine systems, components, turnkey solutions and after sale services
- One of the reference players in the design and construction of marine systems and components in cruise, offshore and naval sectors and one of the reference providers of after sales services (mainly naval vessels)














#### Client Portfolio



#### Plants / Subsidiaries

- Riva Trigoso - Muggiano
- Seastema S.p.A.
- Delfi S.r.l.
- Isotta Fraschini Motori S.p.A.
- FMSNA Inc.
- Marine Interiors
- Fincantieri SI

# Equipment, Systems & Services: Fincantieri products / services and key clients

Segments		Products	Client focus				Key applications	Key clients
			Shipbuilders	Industrials <sup>(3)</sup>	EPC contr. <sup>(4)</sup>	Navies		
Equipment and Systems	Systems for stabilization, propulsion, dynamic positioning and generation <sup>(1)</sup>	Stabilization systems	✓	N.a.		✓	<ul style="list-style-type: none"><li>• <b>New ships</b><ul style="list-style-type: none"><li>– Cruise ships</li><li>– Ferries</li><li>– Naval vessels</li><li>– Mega-Yachts (&gt; 60 m)</li><li>– Offshore vessels</li></ul></li><li>• <b>Repair, transformation and after sales services</b><ul style="list-style-type: none"><li>– Maintenance</li><li>– Substitution of obsolete parts</li><li>– Spare parts</li></ul></li><li>• <b>Power plants</b><ul style="list-style-type: none"><li>– Refineries, paper mills, incinerators</li></ul></li><li>• <b>Renewable energies plants</b> (biomass)</li><li>• <b>Delivered ships</b> (mainly naval vessels)</li></ul>	<div></div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div>
		Propulsion systems and shaft lines						
		Positioning systems						
		Diesel engines						
	Automation systems <sup>(2)</sup>	Platform automation systems	✓	N.a.	N.a.	✓		
		Navigation systems						
		Dynamic positioning systems						
	Steam turbines	Turbines < 30 MW	✓	✓	✓			
		Turbines 30 – 50 MW						
After Sales	Life Cycle Management	Integrated Logistic Support (ILS)	✓			✓		<div></div> <div></div> <div></div> <div></div>
		In Service Support (ISS)						
	Industrial operations	Conversions & Modernization						

✓ Current    ✓ Under development

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(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)**  
evolving integration

- 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
- The event marks a major meeting of knowledge as **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** has entered in the **public rooms business** through the incorporation of the internal Fincantieri team, **setting Marine Interiors as a worldwide major player in the naval interior segment**

## Electric & Electronic Systems - Fincantieri SI

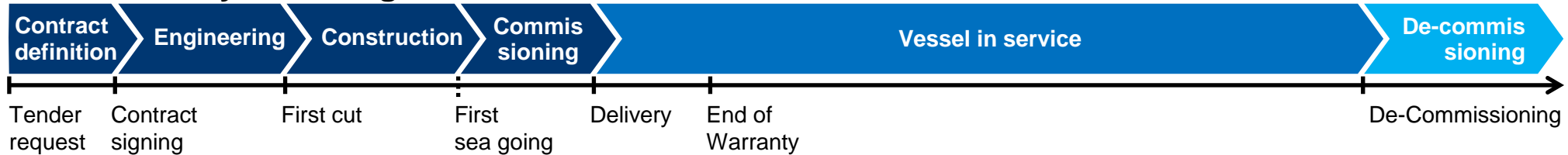


**FINCANTIERI** **SI**  
evolving integration

- 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 After Sales & Services - business overview

## Product Lifecycle Management



## Integrated Logistic Support

**ILS** **DELFI**  
ILS SOLUTIONS

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

## In Service Support

**ISS**

- **Maintenance & repair**
  - Preventive
  - Predictive
  - Corrective
- **Change & obsolescence management**
- **Documentation updates**
- **Archives**
- **Follow-on training**
- **Spare replenishment**

## Conversions & Modernization

**MRO&C/Sales of Second Hand Vessels**

- **Mid-life docking activities**
- **Modernization**
- **Platform upgrade & restoring**
- **Combat system upgrade & restoring**
- **Refurbishment & revamping**

Life Cycle Management services

Industrial operations