



9M 2021 RESULTS

November 12, 2021

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The sea ahead



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Declaration of the Manager responsible for preparing financial reports

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



Agenda

▶ SUMMARY & BUSINESS UPDATE

▶ FINANCIAL RESULTS

▶ OUTLOOK

▶ APPENDIX

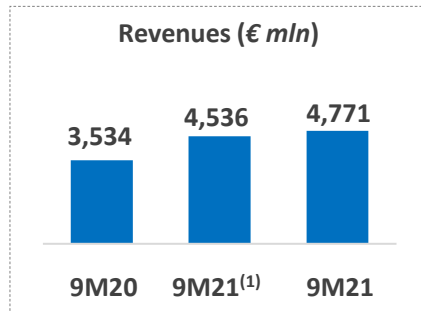


SUMMARY & BUSINESS UPDATE



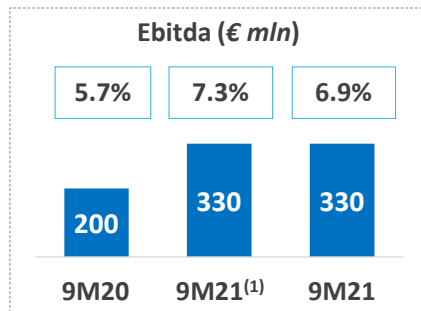
Executive summary

Revenues up by 28% and EBITDA +65%, Backlog at €36 bn, 2021 guidance fully confirmed



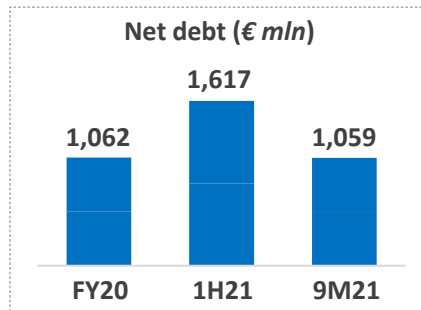
REVENUES EXCLUDING PASS-THROUGH ACTIVITIES +28.3% YOY

- **FY 2021 guidance fully confirmed** with revenues expected to reach +25-30% YoY and EBITDA margin over 7%
- **Total backlog with 110 units** at €36.0 bn, 6.9x 2020 revenues: backlog with 92 units at €26.6 bn and soft backlog at €9.4 bn



EBITDA AT €330 MLN AND EBITDA MARGIN AT 7.3% EXCLUDING PASS-THROUGH ACTIVITIES

- **Order intake** at €2.3 bn
- **Record-high production volumes** with 12.3 mln production hours at Italian sites, +34% YoY
- **13 ships successfully delivered** from 10 different shipyards, of which **3 cruise ships delivered in July**



NET DEBT CONSISTENT WITH EXPECTED DELIVERY SCHEDULE AND IN LINE WITH FY 2021 GUIDANCE

NET DEBT AT €1,059 BN IN LINE WITH FY 2020

- **Operating cash flow** more than compensates Capex needs, also after €350 mln repayment of construction loans
- **COVID-19** managed effectively

(1) Excluding the effect of pass-through activities

Business update

Positive business operating performance across all segments

CRUISE

- **Sound operating performance with 4 units delivered in 3Q:**
 - Valiant Lady, the second of four ships ordered by Virgin Voyages
 - MSC Seashore, the **largest cruise ship** ever built in Italy
 - Rotterdam, third unit of the class for Holland America Line
 - Le Commandant Charcot, **electric hybrid** exploration vessel propelled with LNG, for the French shipowner Ponant

DEFENCE

- **Program for the Qatari Ministry of Defence:**
 - launch of the third corvette «Al Khor»
 - delivery in October of the first corvette of the «Al Zubarah» class
- **Program for the Italian Navy**
- **Program for the US Navy:** LCS 23 «Cooperstown» delivered, 10th unit of the class
- **MoU with Navantia** to boost collaboration in the naval and maritime fields within the **European Defence** framework

OFFSHORE AND SPECIALIZED VESSELS

- Confirmed VARD positioning in the **offshore wind sector**, with 8 SOVs in the portfolio, of which 4 ordered this quarter, out of 18 overall units ordered worldwide, becoming market leader

EQUIPMENT, SYSTEMS AND SERVICES

- **Infrastructure:** launch of construction activities for the new **MSC Cruise terminal** at **PortMiami**
- **Fincantieri NexTech:** finalized the acquisition of **IDS group**, which operates in the realization of high-tech products in both civil and defence fields



Sustainable strategy

Tireless effort to become a model of excellence



(1) Rating related to the engagement of the supply chain on sustainability and climate change topics

New orders

New orders across all segments amount to € 2.3 bn

Segment	Vessel	Client	Expected Delivery
■ Shipbuilding	FFG-62 frigate	US Navy	Beyond 2025
	Somnio	Somnio Superyachts	2024
■ Offshore & Specialized Vessels	3 Service Operation Vessels	North Star Renewables	2023
	2 Service Operation Vessels ⁽¹⁾	Rem Offshore	2023-2024
	2 Service Operation Vessels ⁽¹⁾	Norwind Offshore	2022-2024

Main deliveries

13 ships successfully delivered from 10 different shipyards in 3 different continents

Segment	Vessel	Client	Shipyard	
■ Shipbuilding	LSS "Vulcano"	Italian Navy	Muggiano (ITA)	
	Viking Venus	Viking Cruises	Ancona (ITA)	
	Hanseatic Spirit	Hapag-Lloyd Cruises	Langsten (NOR)	
	LCS21 USS Minneapolis St. Paul	US Navy	Wisconsin (USA)	
	FREMM		Riva Trigoso (ITA)	
	Valiant Lady ⁽²⁾	Virgin Voyages	Sestri Ponente (ITA)	
	MSC Seashore ⁽²⁾	MSC Cruises	Monfalcone (ITA)	
	Rotterdam ⁽²⁾	Holland America Line	Marghera (ITA)	
	Le Commandant Charcot ⁽²⁾	Ponant	Sjøviknes (NOR)	
	LCS23 USS Cooperstown ⁽²⁾	US Navy	Wisconsin (USA)	
	■ Offshore & Specialized Vessels	Cruise ship "Coral Geographer" ⁽³⁾	Coral Expeditions	Vung Tau (VNM)
		Fishing Vessel	Luntos	Vung Tau (VNM)
		Leonardo da Vinci ⁽²⁾	Prysmian	Brattvag (NOR)

(1) Ordered in Q3

(2) Delivered in Q3

(3) For reasons connected to the organizational responsibility of VARD yards split between Cruise and Offshore, "Coral Geographer" for Coral Expeditions delivered in Q1 2021 is included in the Offshore & Specialized Vessels deliveries

Backlog deployment

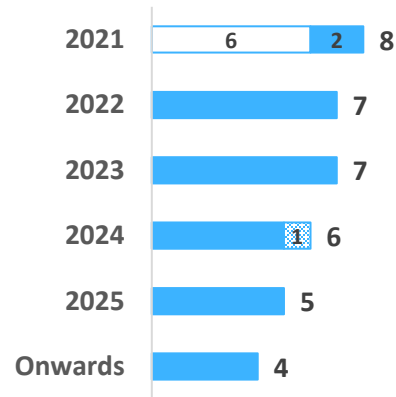
Well-balanced visibility both in Cruise and Naval, 4 new orders in Offshore and Specialized Vessels in 3Q

Shipbuilding

ship deliveries

CRUISE

31 VESSELS

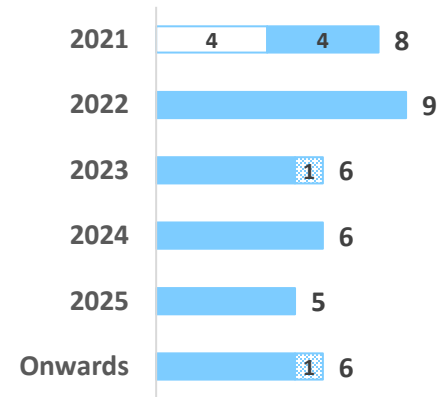


□ Delivered in 9M 2021 ■ New orders in 9M 2021

- 1 new unit ordered in 9M
- Visibility up to 2027

NAVAL

36 VESSELS ⁽¹⁾



□ Delivered in 9M 2021 ■ New orders in 9M 2021

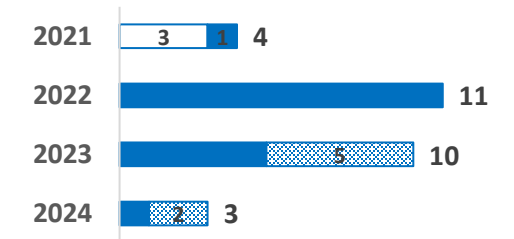
- 2 new units ordered in 9M
- 6 units to be delivered from 2026 to 2029

Offshore & Specialized Vessels

ship deliveries

OSV

25 VESSELS ⁽²⁾



□ Delivered in 9M 2021 ■ New orders in 9M 2021

- 7 new units ordered in 9M
- Visibility up to 2024

13 units delivered, 10 new units, 92 ships in backlog and 110 ships including soft backlog

(1) Articulated Tug Barge (ATB) is an articulated unit consisting of a barge and a tug, thus being counted as two vessels in one unit

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

FINANCIAL RESULTS

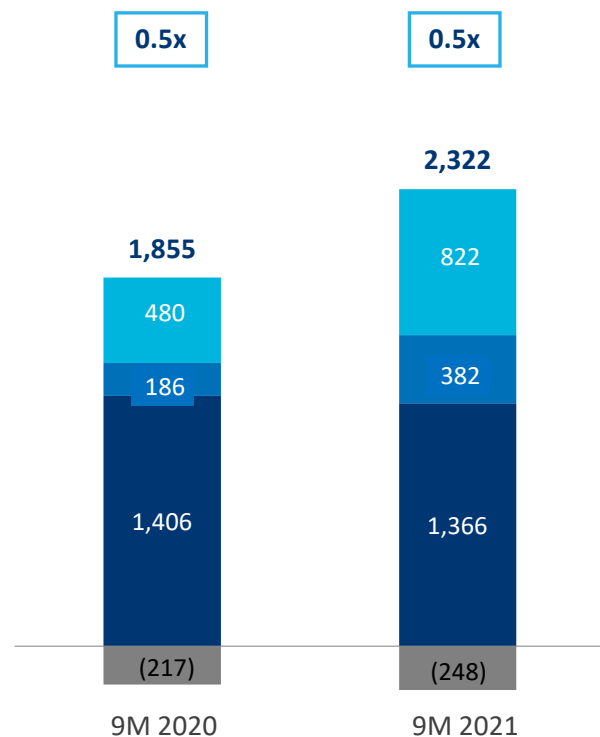


Order intake and backlog

Solid order intake and hefty soft backlog

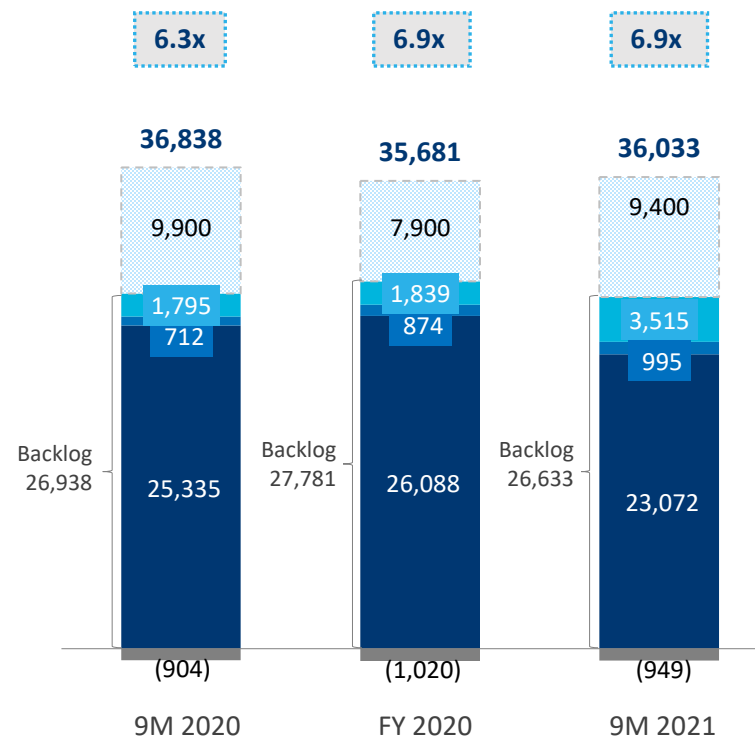
Order intake breakdown by segment

€ mln



Total backlog breakdown by segment⁽¹⁾

€ mln



- **No orders cancellation**
- **Sizeable order intake** at € 2.3 bn, thanks to the positive impact of Offshore & Special Vessels and ESS
- **Soft backlog** includes the agreement of Fincantieri as prime contractor for the supply of 6 frigates to the Indonesian Navy
- **Total backlog** represents 6.9x 2020 revenues

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

(1) Total backlog is the sum of backlog and soft backlog

(2) Order intake/revenues

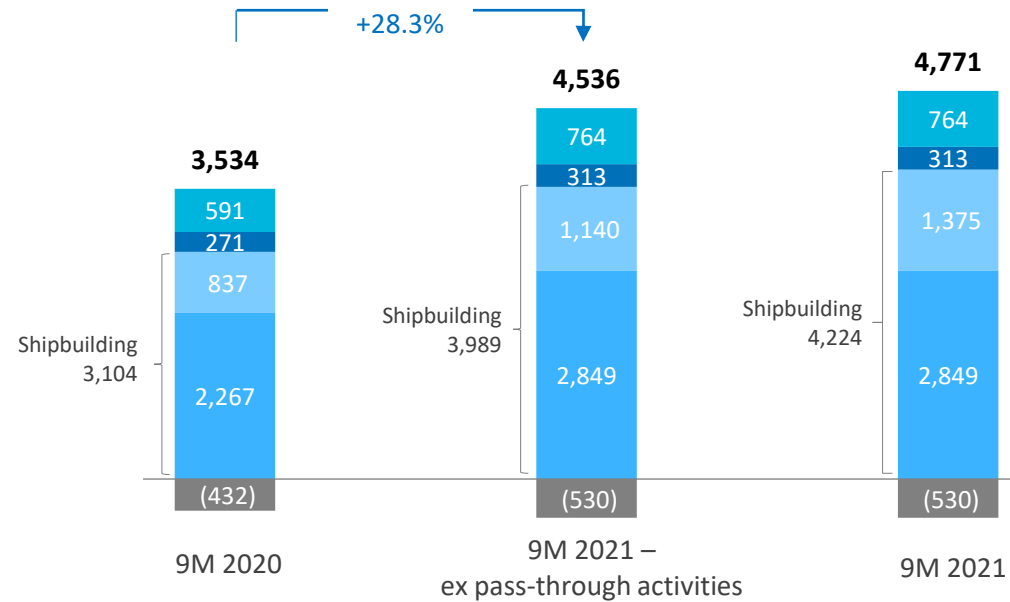
(3) Soft backlog represents the value of existing contract options and letters of intent as well as contracts in advanced negotiation, none of which yet reflected in the order backlog

Revenues

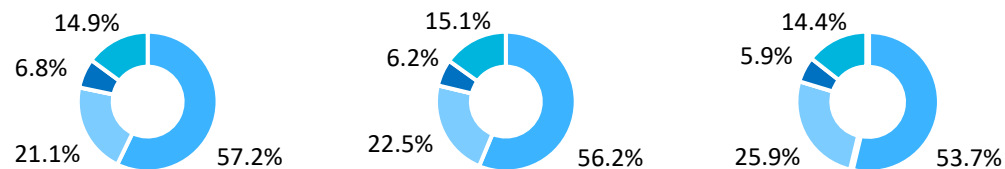
Revenue growth in line with 2021 guidance, with positive contribution across all segments

Revenues breakdown by segment⁽¹⁾

€ mln



% of Total revenues



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

Revenues excluding pass-through activities are up **28.3% YoY** thanks to **record-high production volumes** in the 9M 2021 (**12.3 mln production hours**)

- Shipbuilding up 28.5% YoY thanks to the programmed production ramp-up
- Offshore & Specialized Vessels up 15.3% YoY
- Equipment, Systems & Services up 29.1% YoY mainly related to the complete accommodation business area

88% of revenues from international clients

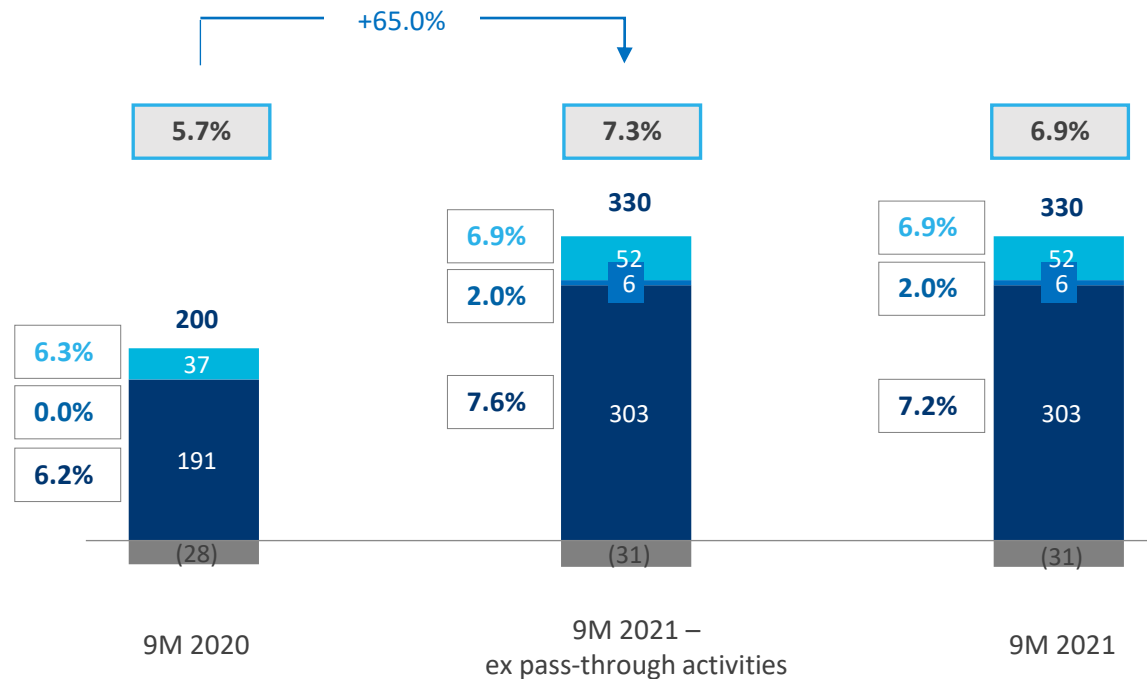
(1) Breakdown calculated before eliminations

EBITDA

Remarkable increase in volumes and margins

EBITDA breakdown by segment⁽¹⁾

€ mln



EBITDA margin at 7.3% excluding pass-through activities mainly thanks to the positive contribution from Shipbuilding despite the impact from increased steel prices

- Shipbuilding EBITDA is up €112 mln YoY with margin at 7.6%
- Offshore EBITDA is up €6 mln YoY thanks to the effective repositioning strategy in more promising sectors
- ESS EBITDA is up €15 mln YoY despite the lower Ship Repair and Conversion margins

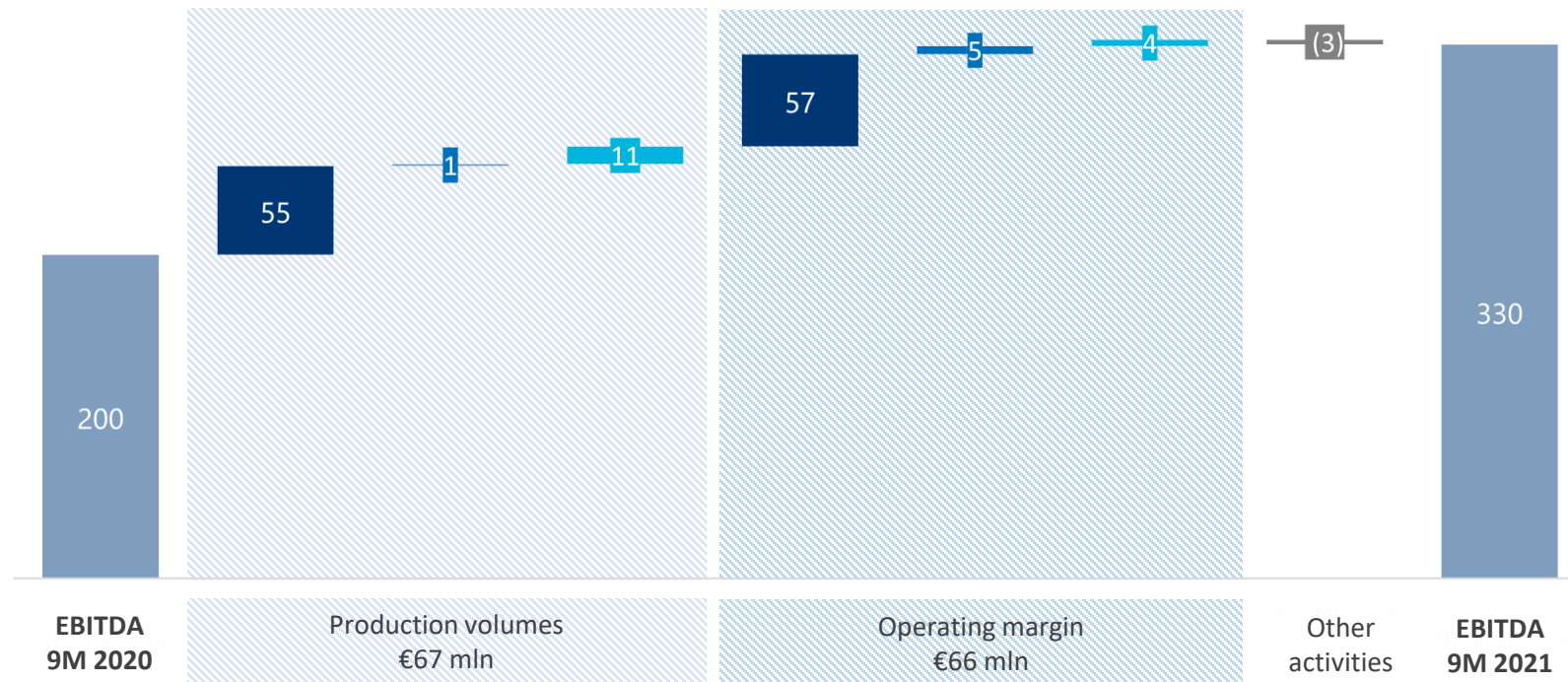
■ EBITDA Margin as % of total revenues
■ Shipbuilding ■ Offshore & Specialized Vessels ■ Equipment, Systems & Services ■ Other activities and Eliminations

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

EBITDA growth

Better operating margin thanks to higher production volumes and improved margins

EBITDA breakdown by segment



- **Shipbuilding:** EBITDA improvement driven by higher production volumes and improved operating margin
- **Offshore and Specialized Vessels:** increased EBITDA thanks to higher operating margins
- **ESS:** positive effect brought about by higher production volumes and better margins

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

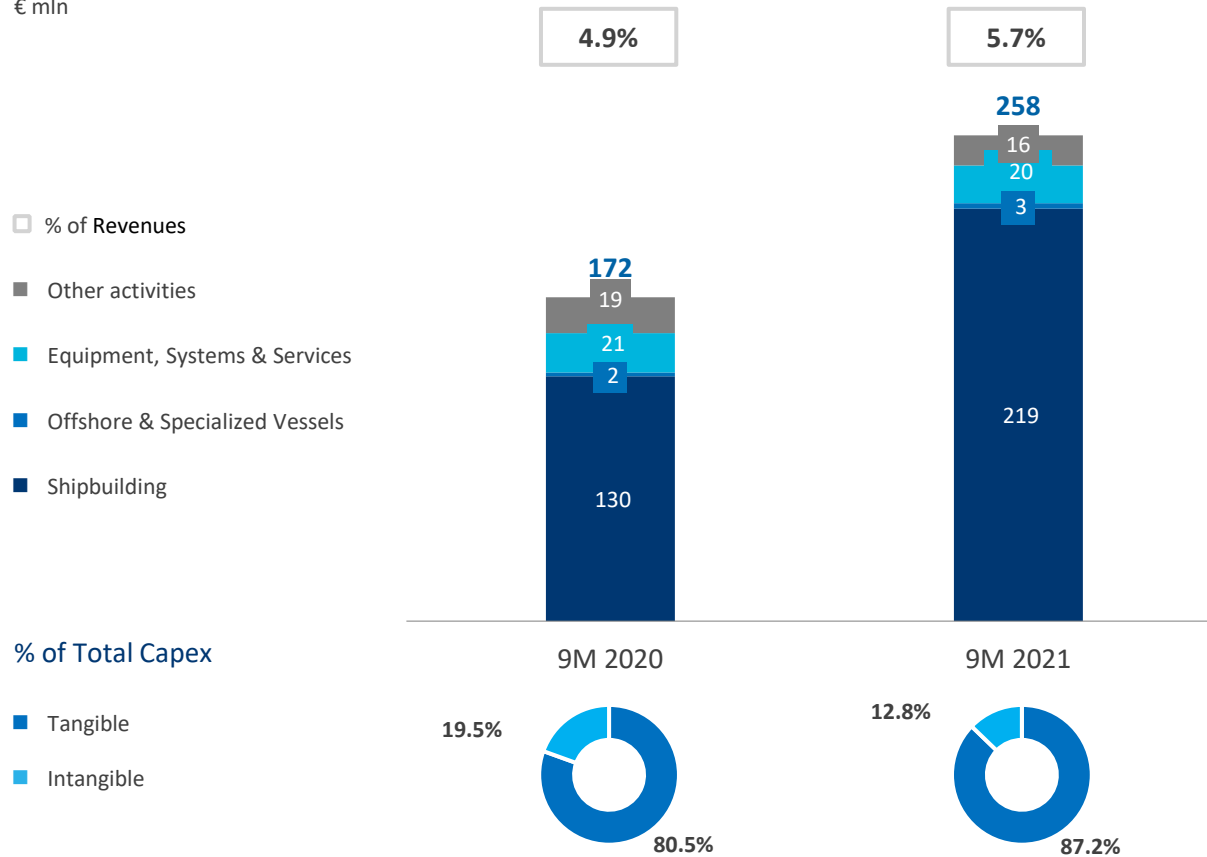


Capex

Significant investments creating further efficiencies in engineering and production scenarios

Capex by segment

€ mln

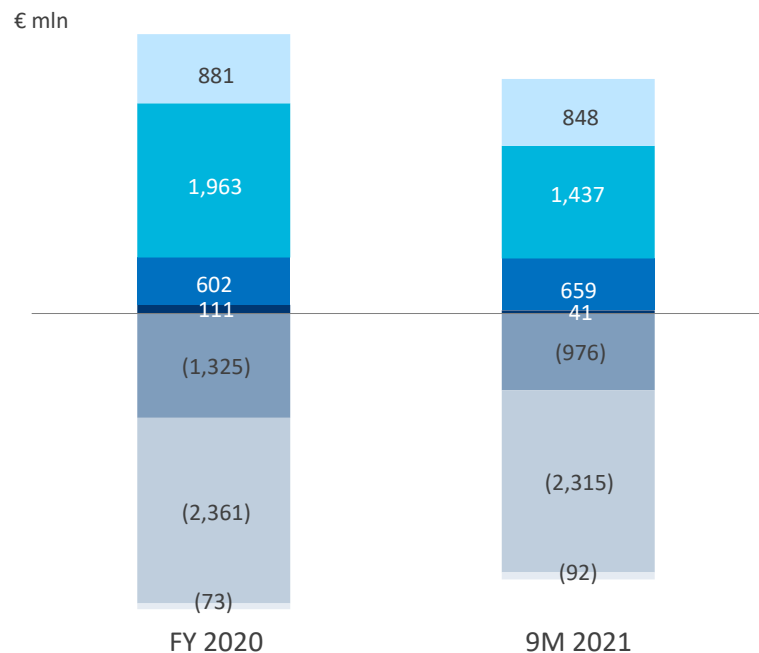


- Capex up 50% vs 9M 2020 to support **shipyards upgrade** and further **efficiencies** to address new productive scenarios
- Investments breakdown as follows:
 - Intangible activities for €33 mln, in line with 9M 2020
 - Tangible activities for €225 mln
- **Solid coverage** of industrial fixed costs structure, allowing **greater cash generation** and **progressive deleveraging**

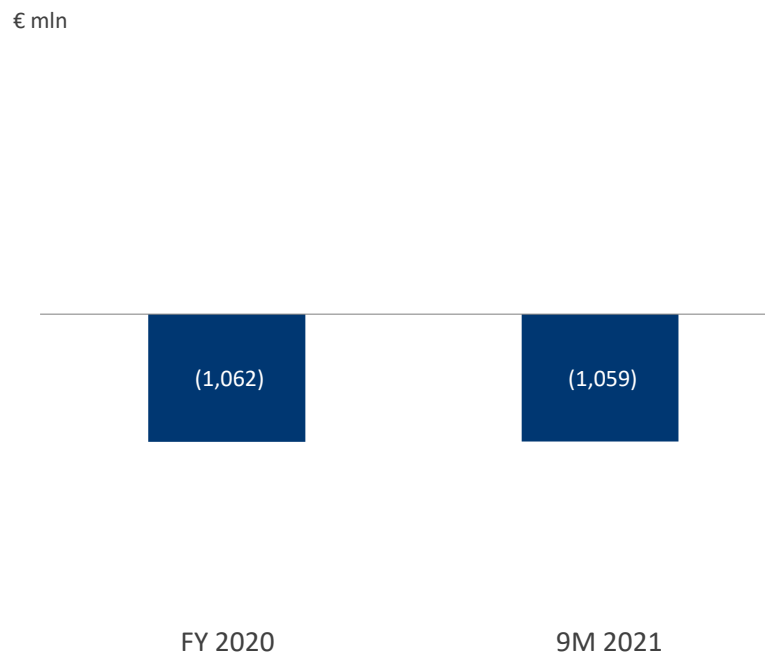
Net working capital and net financial position

NFP in line with expectations with 2 cruise units to be delivered in 4Q

Net Working Capital breakdown by component



Net Financial Position breakdown by component⁽¹⁾



- **NWC** negative at €398 mln, - € 196 mln vs FY 2020, mainly due to the deliveries in the period
- **Net debt** at €1,059 mln in line with FY 2020 and FY 2021 expectations
- **NFP** still affected by the strategy of deferrals granted to clients (€ 298 mln), with cash-in to occur in 4Q and in 2022
- **Operating cash flow** more than compensates the Capex needs, allowing also €350 mln repayment of construction loans

NWC	(202)	(398)
------------	--------------	--------------

NFP¹	(1,062)	(1,059)
------------------------	----------------	----------------

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

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

OUTLOOK



Update on cruise

Around 57% of the global fleet in service with 65 brands already operating by the end of October

CRUISE RESTART

- The Conditional Sailing Order will expire in January 2022; After January 15, CDC will transition to a voluntary program in coordination with cruise ship operators
- **Pent up demand** reflected in **strong bookings for 2022**, even though uncertainty related to the Delta variant persists
- **Occupancy levels** vary across and within the main operators' brands, constantly improving quarter by quarter
- **Carnival**: occupancy in the third quarter of 2021 was **54%**, growing consistently from 39% in June to 59% in August

FINANCIAL MARKETS RESPONSE

- **Carnival**: Successful closing of private offering of secured notes⁽¹⁾ of \$2.3 bn at 4% due 2028, replacing existing debt of \$2.0 bn at 11.5% due 2023 (savings up to \$135 mln interest/year)
- **TUI Group** has announced further strengthening of its balance sheet via fully underwritten €1.1 bn capital increase. The Company intends to use the net proceeds of the offering to reduce interest costs and net debt by reducing current drawings, in line with the Group's goal to rapidly repay government loans

FORECASTS

- The **big 3 cruise groups** should have roughly **65-80% of their capacity back in operation by the end of 2021**
- **Carnival**: about 65%⁽²⁾ of total operating capacity back in service by year-end, with full fleet sailing at the end of the first half 2022⁽³⁾
- **Booking trends** for 2022 are in line with 2019 levels; for some operators even higher, with no reduction on ticket prices

(1) First-Priority Senior Secured Notes

(2) Carnival Corporation on Pace to Restart Over 50% of Fleet Capacity by October (<https://www.carnivalcorp.com/news-releases/news-release-details/carnival-corporation-pace-restart-over-50-fleet-capacity-october>)

(3) Carnival 3Q 2021 Business Update ([3Q 2021 Business Update - Final PDF \(1\).pdf \(carnivalcorp.com\)](#))

Business outlook

Confirmed FY 2021 guidance

EXPECTED FINANCIAL PERFORMANCE IN 2021

- **Revenues +25%-30% YoY** and **EBITDA margin over 7.0%** despite the surge in commodity and energy prices
- **FY 2021 net debt to be in line with FY 2020 levels**

MEDIUM TO LONG TERM EXPECTATIONS

- **Backlog preservation** with production activities at full speed, thanks to the solid coverage of industrial fixed costs structure, allowing greater cash generation and progressive deleveraging
- Increased commodity prices mitigated by the positive effect of planning and design processes' revision, by the important Capex plan in both production and technology and by human capital investments

FOCUS ON ESG

- Development of **technological solutions** able to satisfy clients' needs, while **reducing emissions** and **raising energy efficiencies**
- Promotion of growth, enhancement and training of **human capital**, with a particular focus on highly motivated people, in particular youth, able to spread an **inclusive and innovative company culture**
- **Reduction of CO₂ and other pollutant emissions** in order to fight against climate change also by purchasing energy from renewable sources



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Q&A



APPENDIX

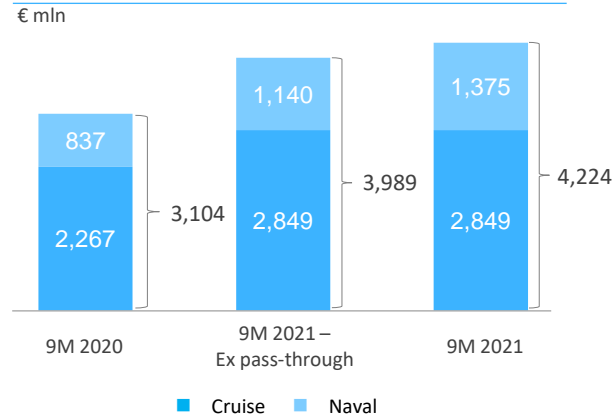


Financial overview – Shipbuilding

Orders, backlog and deliveries

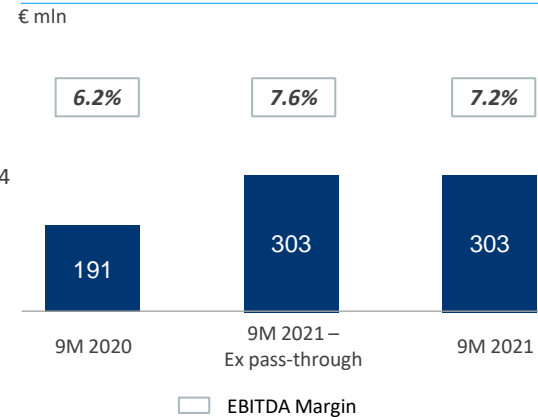
- Orders:** €1,366 mln (€1,406 mln in 9M 2020)
 - Residential yacht Somnio
 - Second Constellation-class frigate to the US Navy
- Backlog:** €23,072 mln (€25,335 mln in 9M 2020)
- Deliveries⁽¹⁾:**
 - 1 Logistic Support Ship (LSS)
 - 4 cruise ship
 - 2 Littoral Combat Ship (LCS)
 - 1 FREMM frigate
 - 2 luxury-niche unit

Revenues



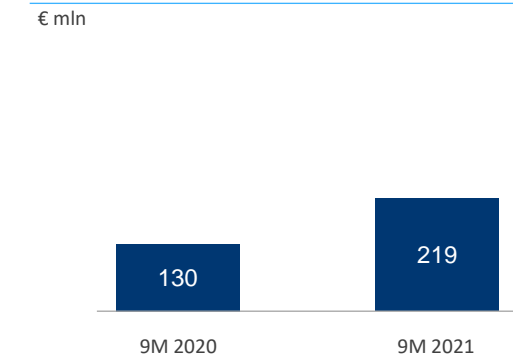
- Revenues:** €235 mln pass-through activities are included in 9M 2021 Naval revenues

EBITDA



- EBITDA:** €303 mln (vs € 191 mln in 9M 2020)
- EBITDA margin 7.6% excluding pass-through activities and 7.2% including pass-through activities (vs 6.2% in 9M 2020)

Capex



- Capex:** €219 mln

(1) LSS "Vulcano" to the Italian Navy, "Viking Venus" to Viking, LCS 21 "USS Minneapolis St. Paul" to the US Navy, 1 FREMM frigate to the Egyptian Navy, "Hanseatic Spirit" to Hapag-Lloyd, "Valiant Lady" to Virgin Voyages, "MSC Seashore" to MSC Cruises, "Rotterdam" for Holland America Line, "Le Commandant Charcot" for Ponant, LCS 23 "US Cooperstown"

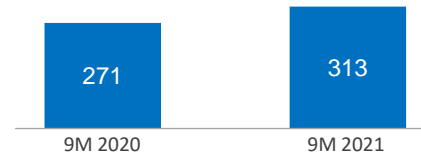
Financial overview – Offshore & Specialized Vessels

Orders, backlog and deliveries

- Orders: €382 mln (€186 mln in 9M 2020)
- Backlog: €995 mln (€712 mln in 9M 2020)
- Deliveries⁽¹⁾:
 - 1 expedition cruise vessel
 - 1 fishery unit
 - 1 cable layer

Revenues

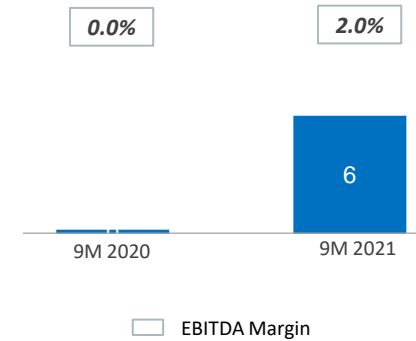
€ mln



- Revenues: €313 mln, i.e. +15.3% YoY
- Offshore & Specialized Vessels revenues represent 6.2% of total revenues excluding pass-through activities

EBITDA

€ mln



- EBITDA: €6 mln with margin at 2.0%

Capex

€ mln



- Capex: €3 mln

(1) Expedition cruise to Coral Expedition; fishery unit to Luntos, cable layer Leonardo da Vinci to Prysmian

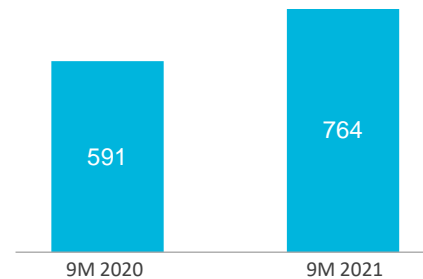
Financial overview – Equipment, Systems & Services

Orders, backlog and deliveries

- Orders: €822 mln including new MSC cruise terminal at PortMiami (vs €480 mln in 9M 2020)
- Backlog: €3,515 mln vs € 1,795 mln in 9M 2020

Revenues

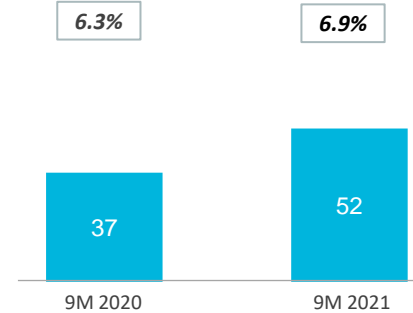
€ mln



- Revenues: €764 mln vs €591 mln in 9M 2020
- ESS revenues represent 14.4% of total revenues

EBITDA

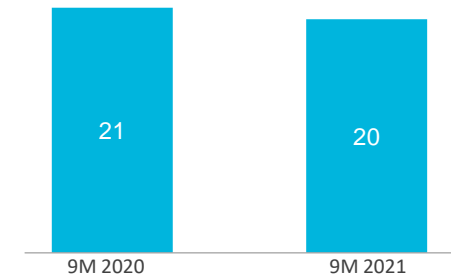
€ mln



- EBITDA: €52 mln (vs €37 mln in 9M 2020) with margin at 6.9%

Capex

€ mln



- Capex: €20 mln