FINCANTIERI
Update post FY 2016 Results

April, 2017

FINCANTIERI
The sea ahead

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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

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

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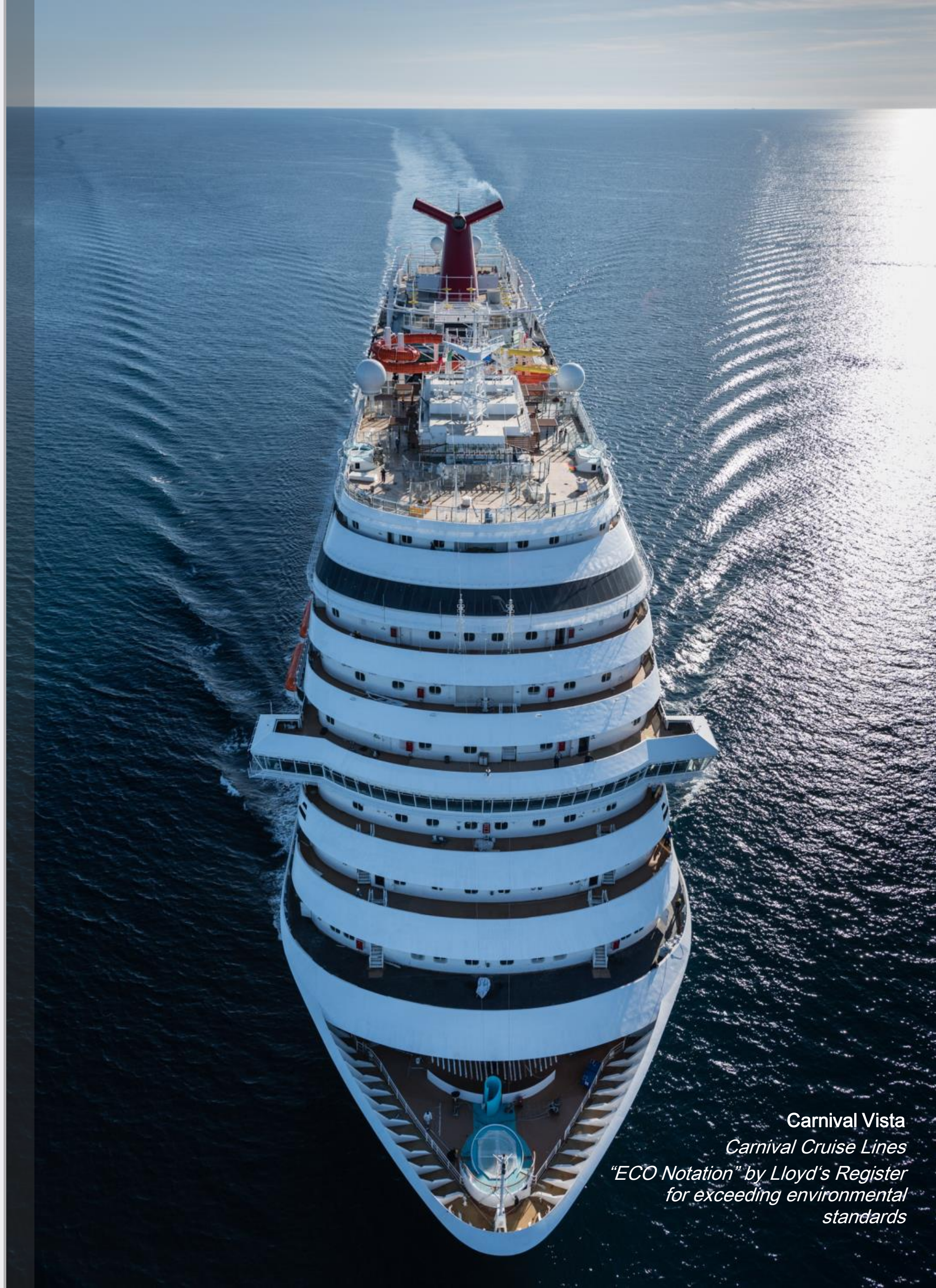


Carnival Vista
Carnival Cruise Lines
"ECO Notation" by Lloyd's Register for exceeding environmental standards

Section 1

Introduction

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

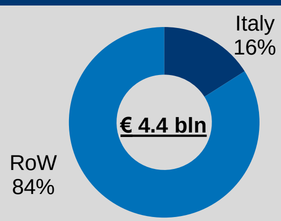
Fincantieri at a glance

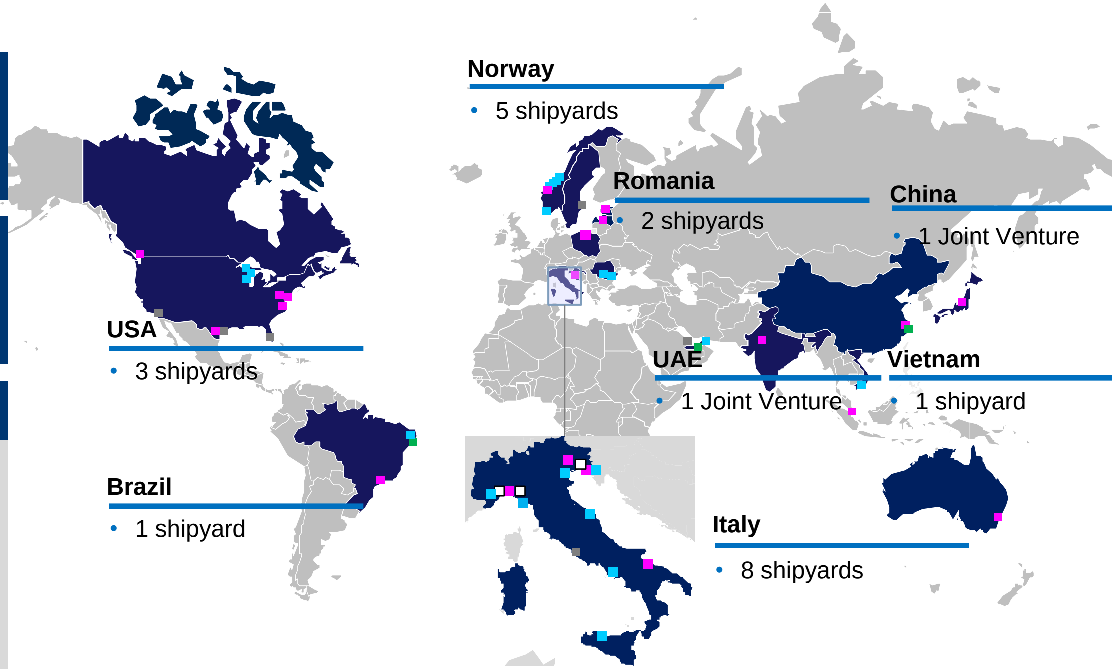
#1 Western designer & shipbuilder(1) with 230 years of history & >7,000 ships built

€ 4,429 mln revenues

~ € 24.0 bln total backlog(2)
- **€ 18.2 bln backlog**
- **€ 5.8 bln soft backlog**

Revenues by geography

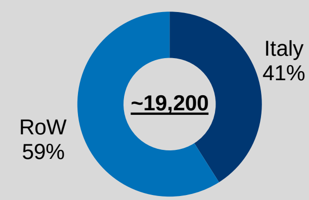




20 shipyards
4 continents

~ 19,200 employees
~ 80,000 subcontractors

Employees by location







Note: all figures reported at December 31, 2016
(1) By revenues, excluding naval contractors in the captive military segment. Based on Fincantieri estimates of shipbuilders' revenues in 2015
(2) 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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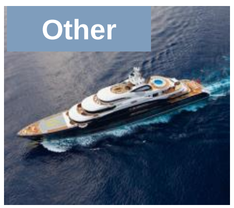
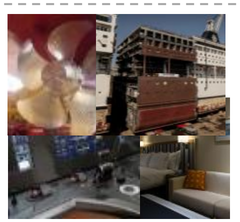
Business units, products and positioning

	End markets	Main products	Positioning	Revenues 2016[4]	Backlog
Shipbuilding	Cruise 	• **All cruise ships** *(from contemporary to luxury)*	• **#1 worldwide (~45% market share[1])**	**€ 2,078 mln** *(44.2% on total)*	**€ 16,372 mln (58 ships)**
	Naval 	• **All surface vessels** *(also stealth)* • **Support & Special vessels** • **Submarines**	• **Leader:** – **#1 in Italy[2]** – **Key supplier for US Navy & Coast Guard[3]** – **Key supplier for Qatar Emiri Naval Forces**	**€ 1,156 mln** *(24.6% on total)*	
	Other 	• **High tech ferries** • **Large mega-yachts**	• **Leading player:** – **High tech ferries** – **Large mega-yachts**	**€ 12 mln** *(0.3% on total)*	
Offshore		• **OSV** • **Drilling units** • **Fisheries/ aquaculture** • **Offshore wind** • **OPV** • **Expedition cruise** • **Special vessels**	• **Leading player in high-end OSVs**	**€ 960 mln** *(20.4% on total)*	**€ 1,361 mln (41 ships)**
Equipment Systems & Services		• **Marine systems, components & turnkey solutions** • **Ship interiors** • **Naval services** • **Ship repairs & conversions**	• **Leading player worldwide**	**€ 495 mln** *(10.5% on total)*	**€ 1,155 mln**

(1) By oceangoing cruise ships > 10,000 gross tons ordered in the 2004 – 2016 period. 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

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Track record, clients and technological leadership

Shipbuilding

Cruise

1 Track record

Ship deliveries

- 1990 – 2001: 23
- 2002 – 2016: 52

- Twofold increase in activity

2 Clients

- Carnival Corporation & plc[3]
- Prestige Cruise Holdings, Inc.
- MSC Crociere
- Norwegian Cruise Line (NCL)
- Viking Ocean Cruises
- Virgin cruises
- Silversea
- Ponant

3 Technological leadership

- *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

Naval

Ship deliveries

- 1990 – 2001: 51[1]
- 2002 – 2016: 58[1]

- Steady, low risk business

Clients

- Italian Navy and Coast Guard
- United Arab Emirates Navy
- US Navy
- Qatar Emiri Naval Forces
- Algerian Navy
- Indian Navy

Technological leadership

- *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

Ship deliveries

- 1990 – 2001: 72[2]
- 2002 – 2016: 292[2]

- Acquired VARD in 2013

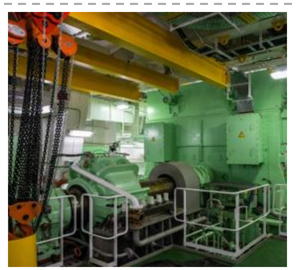
Clients

- Topaz Energy and Marine
- Technip
- Solstad Offshore ASA
- Island Offshore
- DOF
- Farstad

Technological leadership

- *Normand Maximus*: **largest offshore vessel ever built in Norway**
- *Skandi Africa*: **"Ship of the Year 2015"**[4]
- *AMC Connector*: **world's largest cable layer**[5]
- *Far Samson*: **most powerful offshore vessel**[6]

Equipment Systems & Services



- Strong revenue growth to € 495 mln in 2016

- Start-up in 2005

Clients

- Italian Navy and Coast Guard
- United Arab Emirates Navy
- US Navy
- Qatar Emiri Naval Forces
- MSC Crociere
- Carnival

Technological leadership

- Innovative and technologically advanced products in terms of **performances**, **lifecycle cost reduction** and **environmental safety**
- Full product lifecycle management with unique capacity to support vessels' **maintenance, repair and overhaul 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: 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)

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Section 2

Financial performance

Skandi Africa
DOF
Ship of the Year 2015

Overview of financial performance indicators[1]

€ mln	FY 2014	FY 2015	FY 2016
Order intake	**5,639**	**10,087**	**6,505**
Total backlog	**14,814**	**18,721**	**24,031**
Of which backlog	***9,814***	***15,721***	***18,231***
Of which soft backlog	***5,000***	***3,000***	***5,800***
Revenues	**4,399**	**4,183**	**4,429**
EBITDA	**297**	**(26)**	**267**
As a % of revenues	*6.8%*	*-0.6%*	*6.0%*
EBIT	**198**	**(137)**	**157**
As a % of revenues	*4.5%*	*-3.3%*	*3.5%*
Net result before extr. and non recurring items[2]	**87**	**(252)**	**60**
Attributable to owners of the parent	*99*	*(141)*	*66*
Net result for the period	**55**	**(289)**	**14**
Attributable to owners of the parent	*67*	*(175)*	*25*
Net fixed assets	**1,417**	**1,453**	**1,590**
Net working capital[3]	**69**	**251**	**265**
Of which construction loans	*(847)*	*(1,103)*	*(678)*
Equity	**1,530**	**1,266**	**1,241**
Net financial position *Net cash/ (Net debt)*	**44**	**(438)**	**(615)**
Employees	**21,689**	**20,019**	**19,181**

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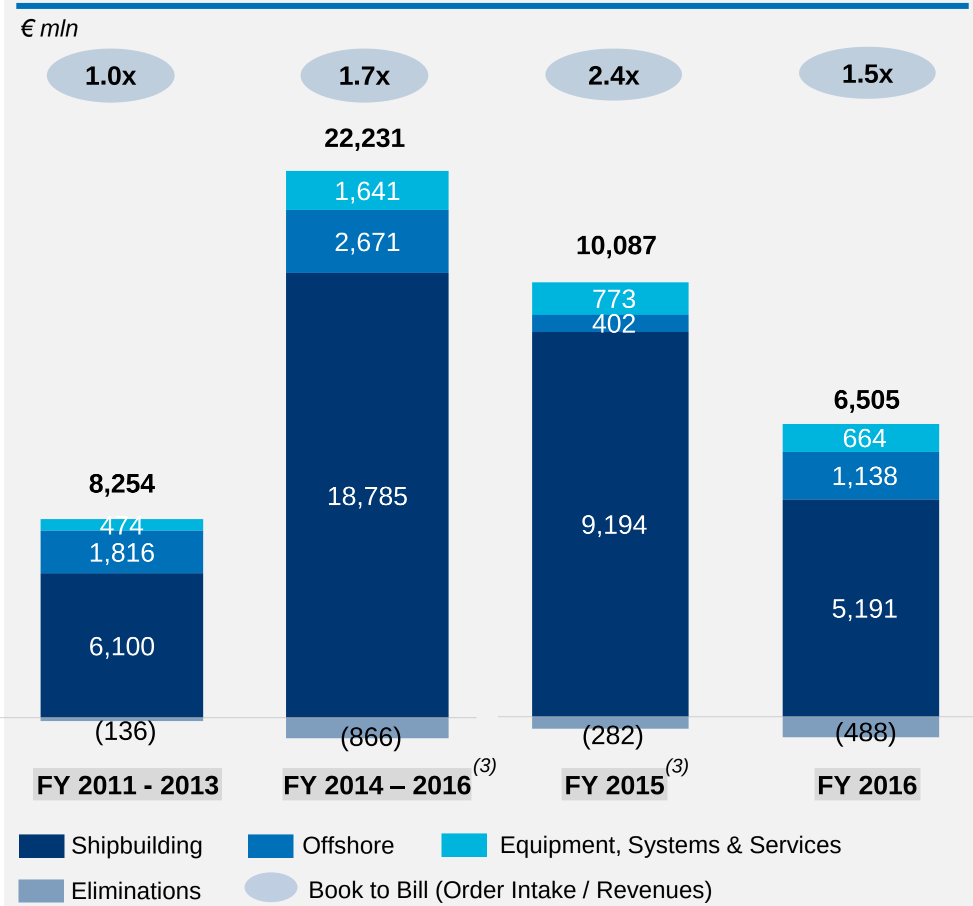
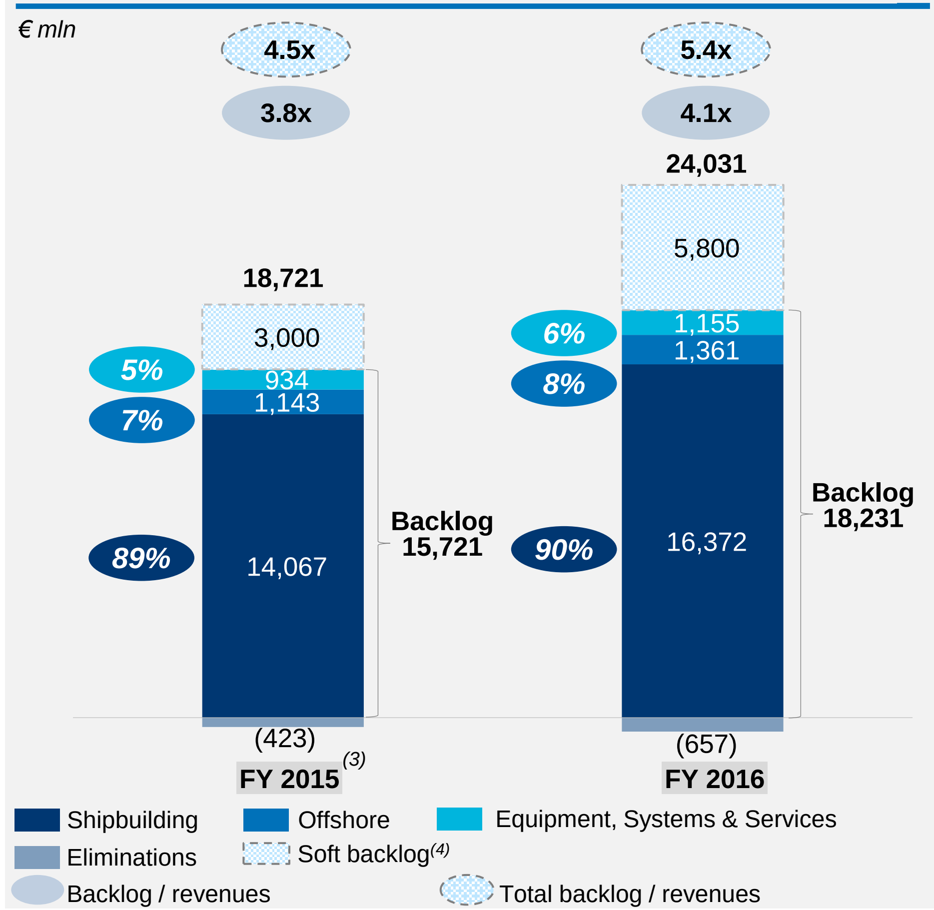
Order intake and backlog

Order Intake



Total backlog[1,2]



- **Total backlog**[1] at December 31, 2016 **represents ~ 5.4 years of work** in relation to revenue generated in 2016 – Group's ability to finalize contracts under negotiation, contract options and commercial opportunities and to transform them into backlog

(1) Sum of backlog and soft backlog
(2) Breakdown calculated based on backlog after eliminations
(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.
(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

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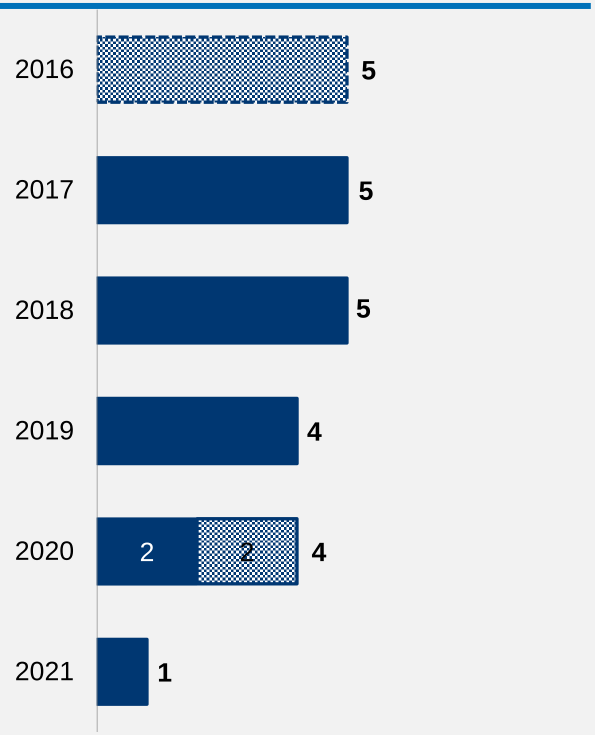
Backlog deployment

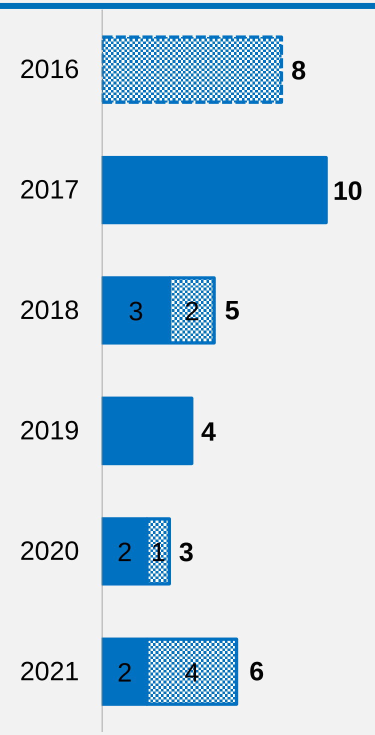
Shipbuilding

 # ships deliveries[1]

Cruise

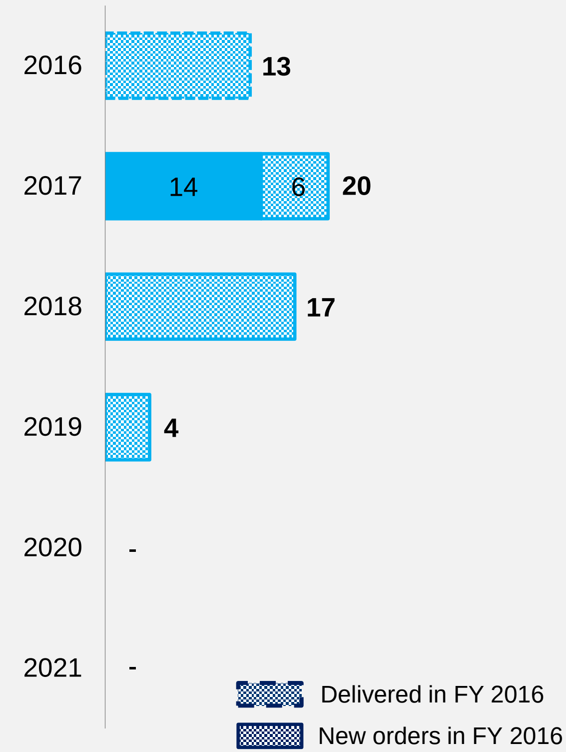


Naval[(2)]



Offshore

 # ships deliveries



- Additional 1 unit scheduled after 2021
- **20 vessels**
- Deliveries up to 2022 without considering the order for 4 ships for Norwegian Cruise Line, signed in Q1 2017

- Additional 10 units scheduled after 2021
- **38 vessels**
- Deliveries up to 2026

- **41 vessels**
- 20 module carrier vessels scheduled for delivery in 2017-2018 and 6 expedition cruise vessels in 2018-2019

(1) Articulated Tug Barge (ATB) is an articulated unit consisting of a barge and a tug, thus being counted as two vessels in one unit
(2) Ships with length > 40 m

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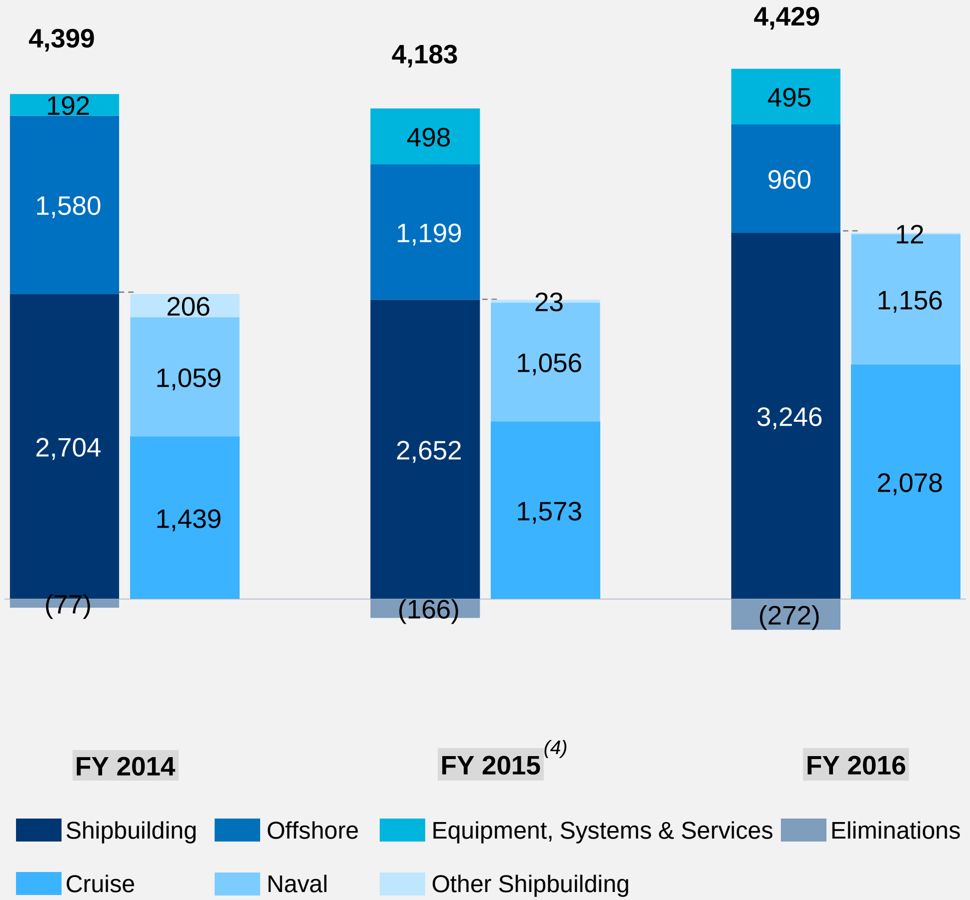
Financial performance

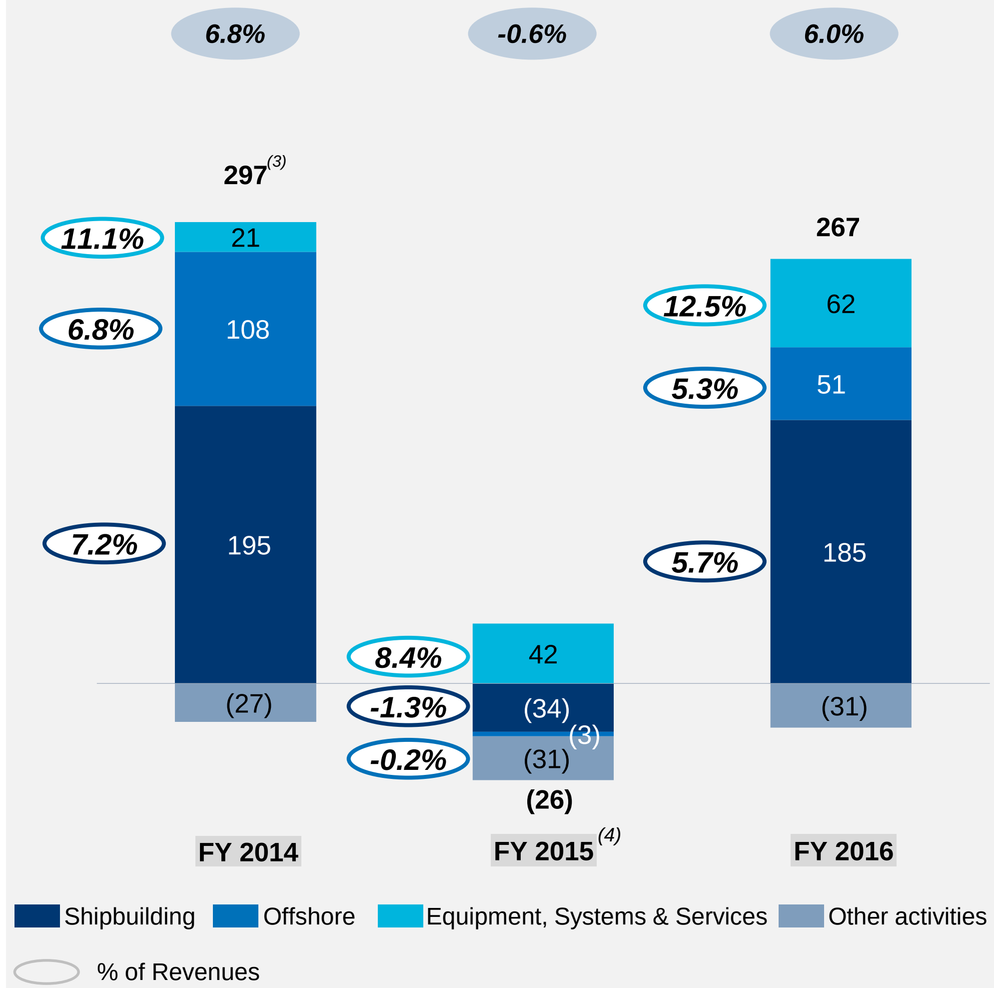
Revenues(1)

€ mln



EBITDA / margins(2)

€ mln



(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 amortization, (vii) extraordinary wages guarantee fund – Cassa Integrazione Guadagni Straordinaria, (viii) expenses for corporate restructuring and other non-recurring personnel costs, (ix) accruals to provision and cost of legal services 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 (€ 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.*

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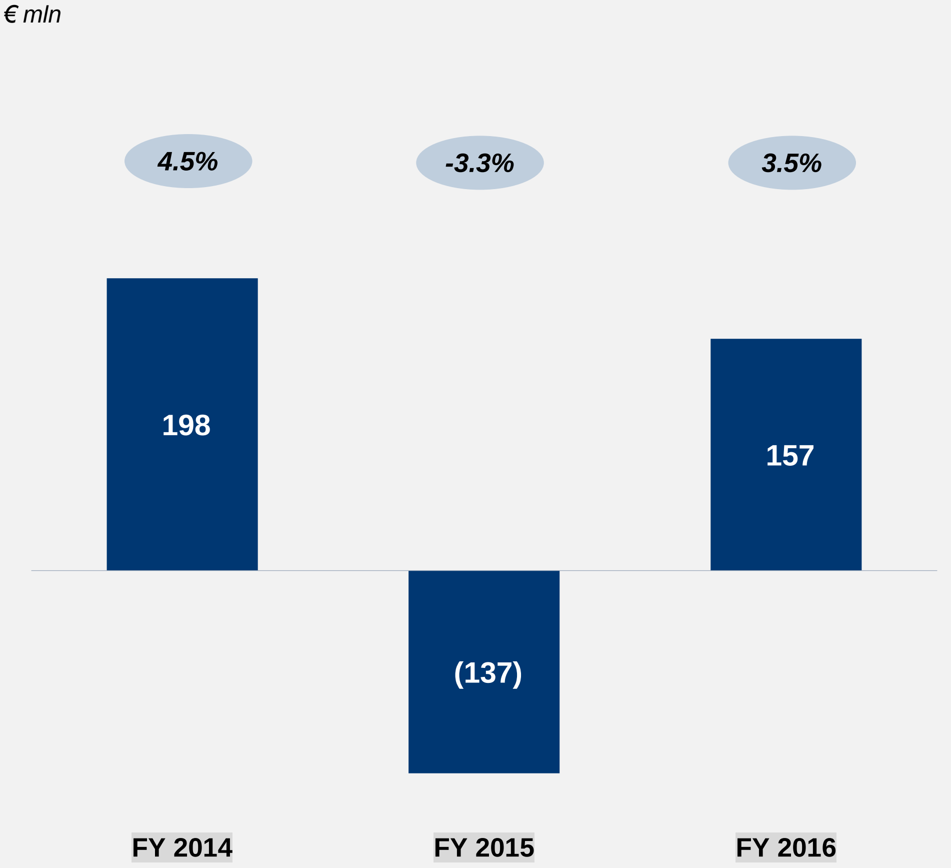
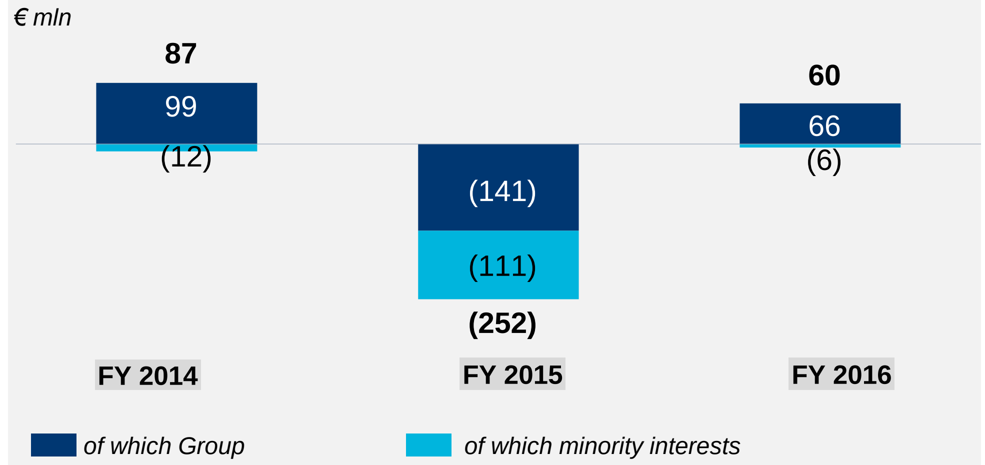
Financial performance

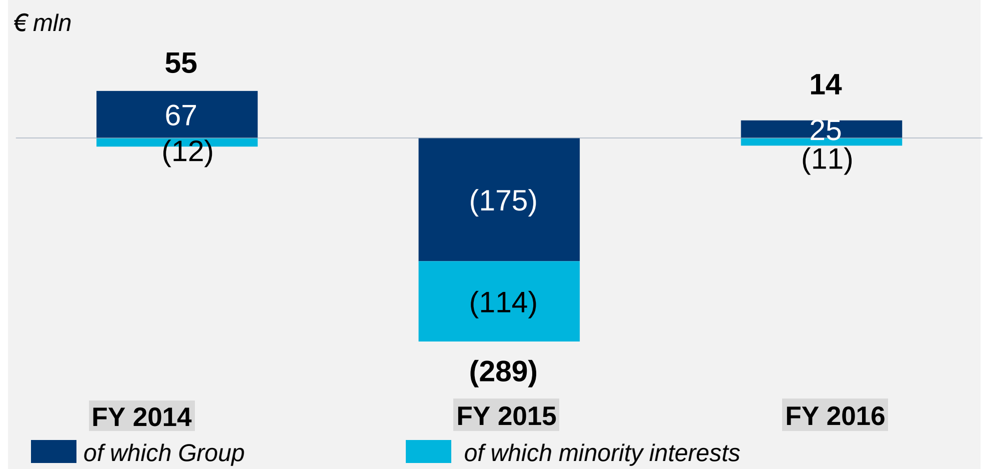
EBIT / margins



Net result before extraordinary and non recurring items[1]



Net result



(1) Extraordinary and non recurring costs net of tax effect amounted to € 32 mln in 2014, € 37 mln in 2015, € 46 mln in FY 2016

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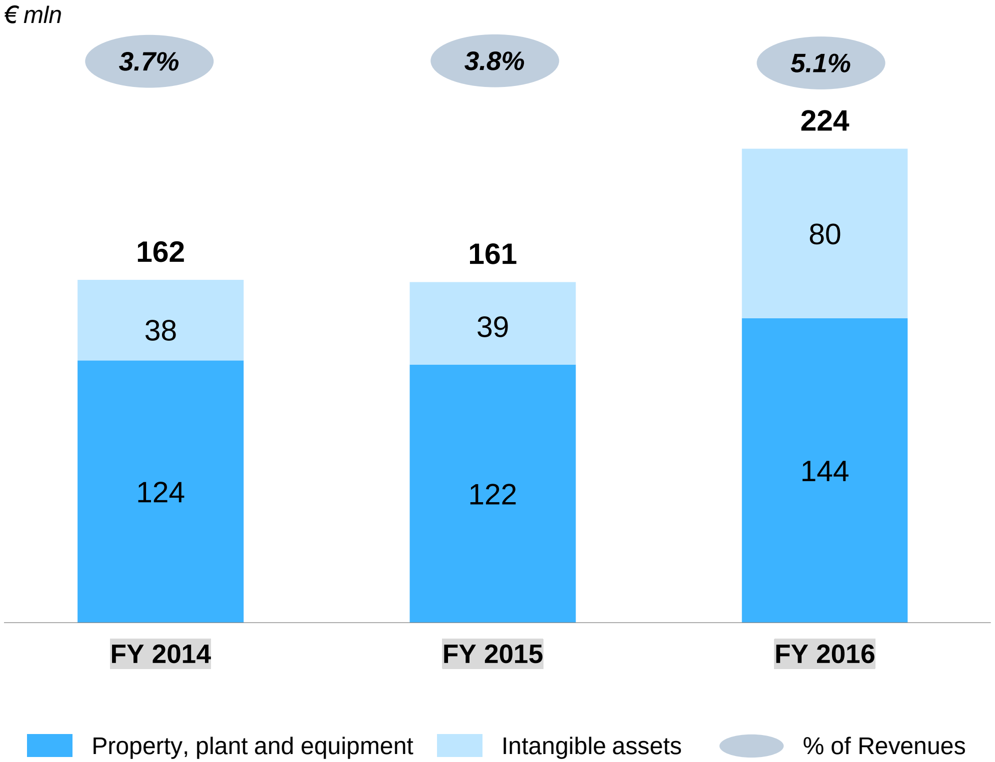
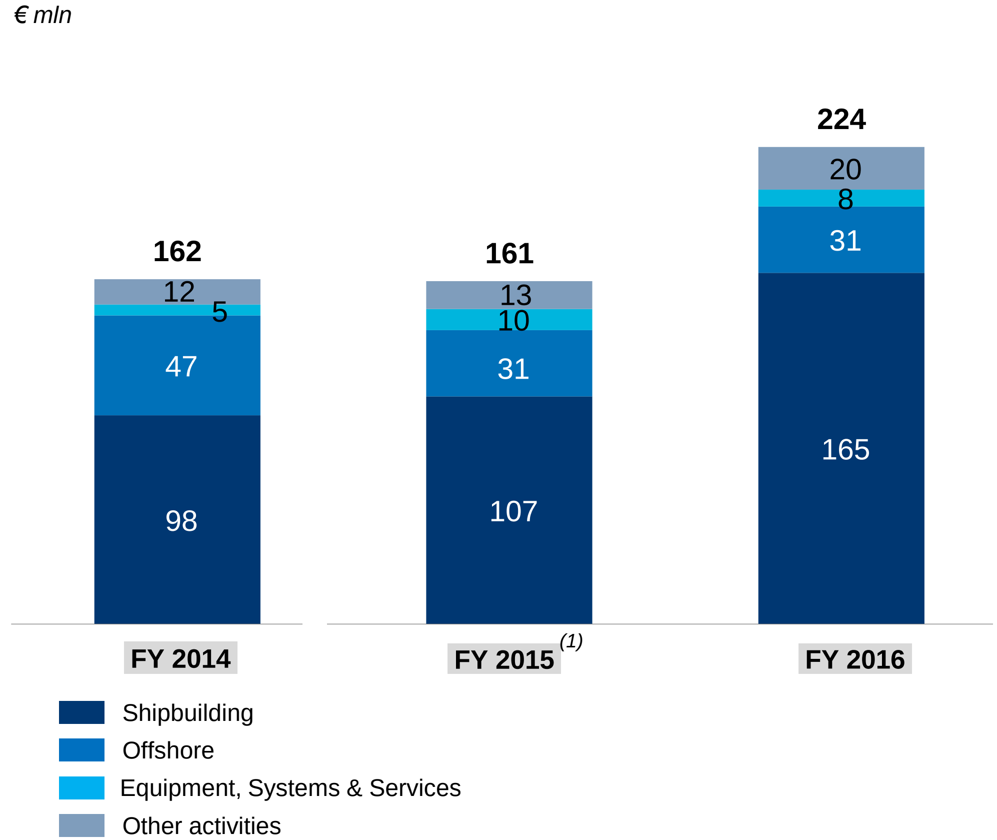
Capex

Capex evolution



Capex by segment



- **2015 and 2016 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

(1) 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.

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Section 3

Working capital and net financial position

Serene
Private owner
2012 World Super Yacht Award
(134 meters)

Working capital dynamics

Main phases of the shipbuilding process(1)

Signing (A) — First Cut (B) — Launch (C) — Delivery (D)

Indicative payment terms		Design / Project Development	Hull Assembly and Pre-Outfitting	Outfitting and Sea Trials	Impact on net working capital
Cruise  • 20% during construction • 80% on delivery	*Duration (months)*	10-12	10-17	8-12	• Increases during construction • Impact on net debt
	POC(2)	3%-5%	50%-55%	40%-45%	
Naval(3)  • According to % of completion	*Duration (months)*	6-15	23-30	6-10	• Neutral profile
	POC(2)	3%-5%	65%-75%	20%-30%	
Offshore(3)  • 20% during construction • 80% on delivery	*Duration (months)*	3-6	5-26	6-15	• Increases during construction • VARD generally uses construction loans (guaranteed by the ship as collateral)
	POC(2)	3%-5%	35%-40%	55%-60%	

(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

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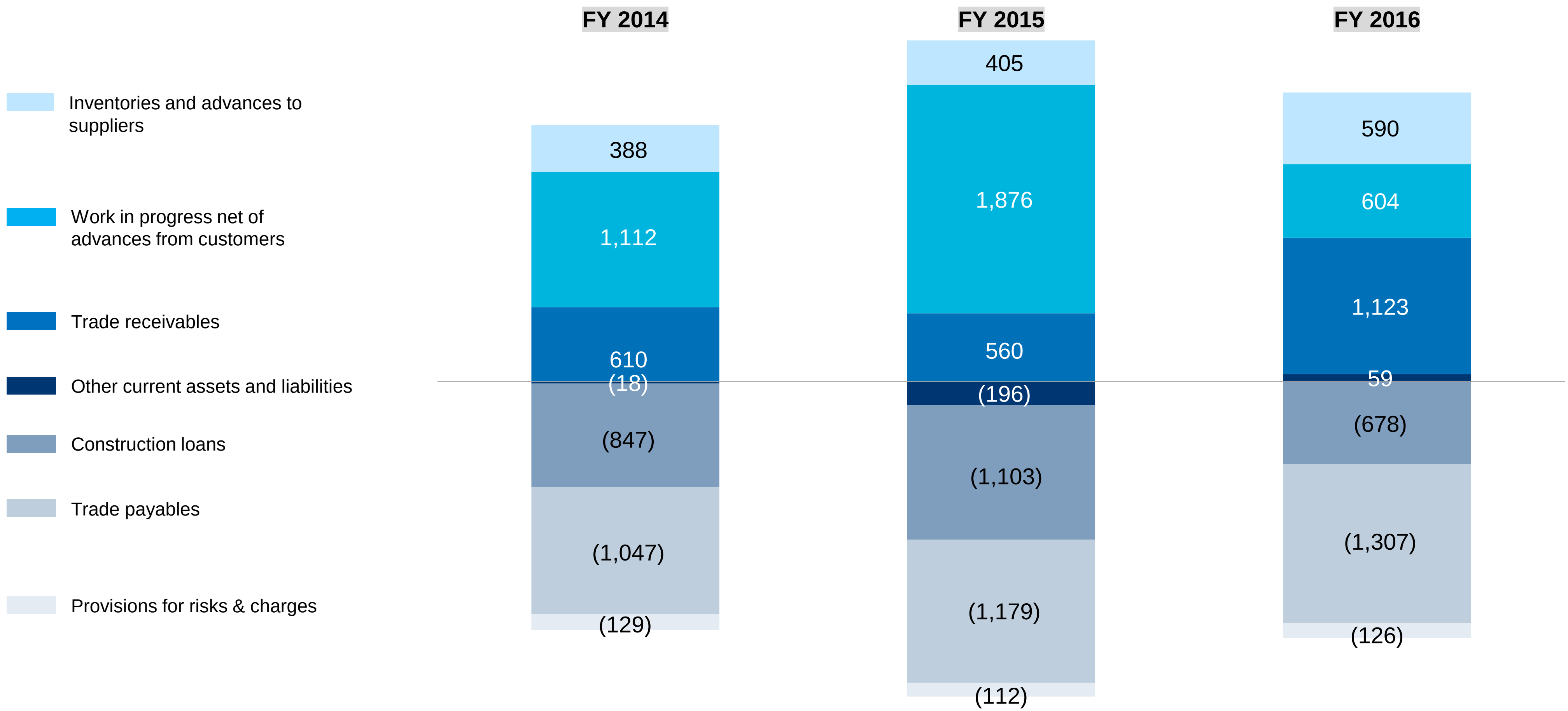
Net working capital[(1)]

Breakdown by main components

€ mln



	FY 2014	FY 2015	FY 2016
Net working capital	**69**	**251**	**265**

(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

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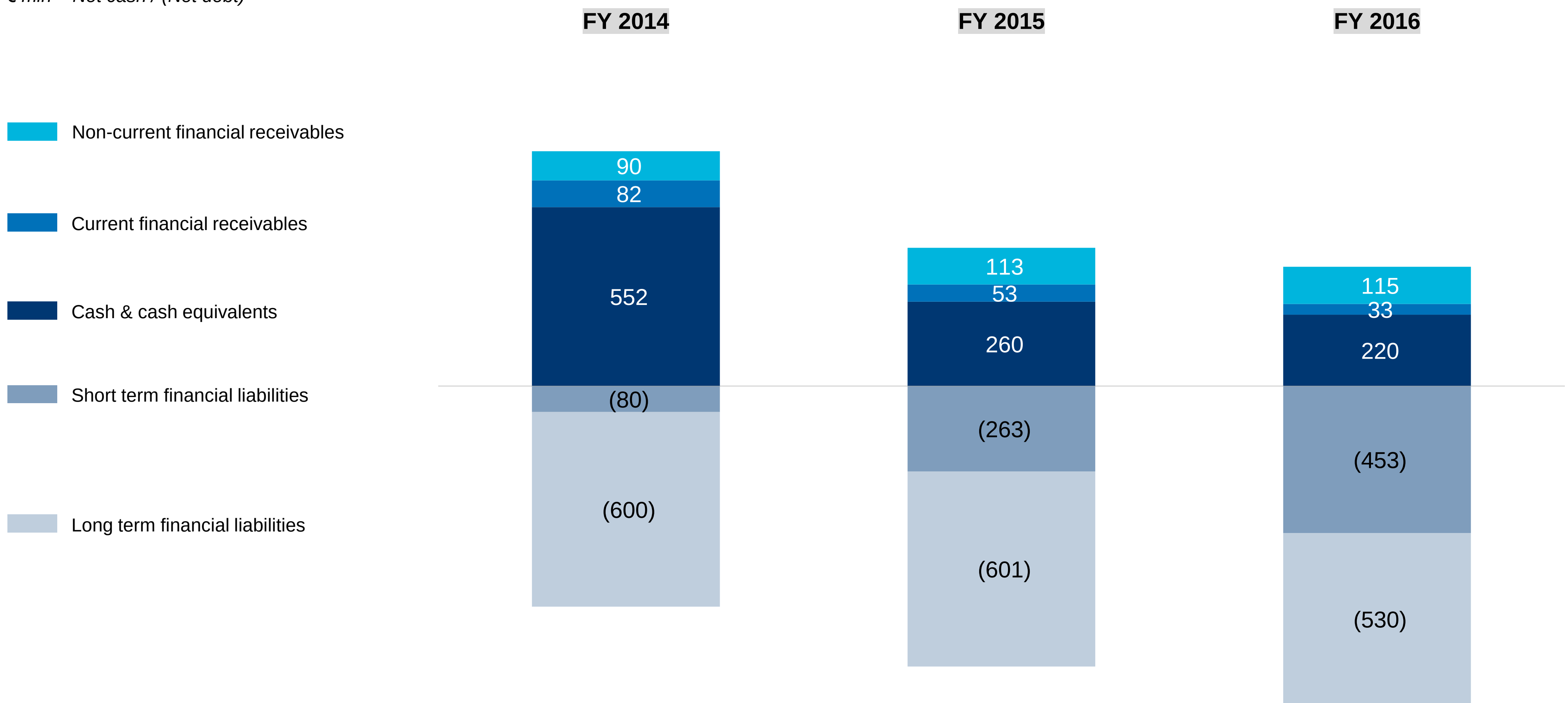
Net financial position(1)

Breakdown by main components

€ mln – Net cash / (Net debt)



Net financial position	44	(438)	(615)

(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

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Q&A

Variable Pitch Propeller
Horizon class frigates
Italian Navy

Appendix
FY 2016 results

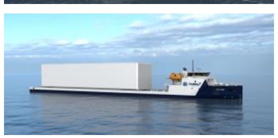
MSC Armonia
MSC - Renaissance Programme

FY 2016 Key Messages

- **Positive net result:** at € 14 mln, up more than € 300 mln vs 2015
- **Business Plan targets confirmed:** FY 2016 results show substantial improvement compared to FY 2015 and confirm short and medium term guidance. Revenues up 5.9% (in line with 2016 target), EBITDA margin at 6.0% (above 2016 target) and net debt at € 615 mln (better than 2016 target)
- **Total backlog[(1)] at € 24.0 bln covering ~ 5.4 years of work if compared to 2016 revenues**; **backlog at € 18.2 bln** (€ 15.7 bln in FY 2015) **with 99 ships in orderbook** and **soft backlog[(2)] at € 5.8 bln** (€ 3.0 bln in FY 2015)
- **The continuous development of strategic and commercial initiatives** led to the closing of **contracts with Virgin Voyages**; and, at the beginning of 2017, the addition of a new prestigious brand to our cruise client portfolio with the order of **4 cruise ships** for **Norwegian Cruise Line** and the signing of the first binding agreements for **the construction of cruise ships in China**
- **Expansion of naval business in foreign markets:** signed an **important contract worth almost € 4.0 bln with the Qatari Ministry of Defense.** This order is the most significant commercial milestone of the past 30 years in the naval business
- **Strong recovery of operating performance in cruise:** 4 highly complex prototype vessels delivered on time, with simultaneous start of production of sister-ships and semi sister-ships, acquired at higher prices and better expected margins
- **Effective implementation of VARD Business Plan:** the production structure in Brazil has been rationalized, VARD developed significant synergies with the cruise business and continued successfully the diversification strategy
- **New labor agreement:** the agreement, entails benefits which are linked both to individual performance and overall Company results. It is a key step towards greater efficiency and a unique innovation in industrial relations

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

FY 2016 main orders

		Vessel	Client	Delivery
Shipbuilding		**1 ultra-luxury cruise ship (“Seven Seas Explorer” sister ship)**	*Regent Seven Seas Cruises (Norwegian Cruise Line Holdings)*	2020
		**1 Littoral Combat Ship**	*US Navy*	2020
		**1 cruise ship (fifth “Royal Princess” class vessel)**	*Princess Cruises (Carnival Corporation)*	2020
	CONFIDENTIAL	**7 new generation surface vessels (4 corvettes, 1 amphibious vessel, 2 Offshore Patrol Vessels)**	*Qatari Ministry of Defence*	after 2020
Offshore (Vard)		**1 Stern Trawler**	*Havfisk ASA*	2018
		**4 expedition cruise vessels**	*Ponant*	2018 - 2019
		**2 expedition cruise vessels**	*Hapag-Lloyd Cruises*	2019
		**20 Module Carrier Vessels**	*Topaz Energy and Marine/ Kazmortransflot*	2017 - 2018

FY 2016 main deliveries (1/2)

Deliveries in Q4

		Vessel	Client	Shipyard
Shipbuilding		**Cruise ship “Viking Sea”**	*Viking Ocean Cruises*	Ancona
		**Cruise ship “Koningsdam” (prototype)**	*Holland America Line (Carnival Corporation)*	Marghera
		**Cruise ship “Carnival Vista” (prototype)**	*Carnival Cruise Lines*	Monfalcone
		**Cruise ship “Seven Seas Explorer” (prototype)**	*Regent Seven Seas Cruises (Norwegian Cruise Line Holdings)*	Sestri Ponente
		**Submarine “Pietro Venuti”**	*Italian Navy*	Muggiano
		**Littoral Combat Ship “USS Detroit” (LCS 7)**	*US Navy*	Marinette
		**FREMM “Alpino”**	*Italian Navy*	Muggiano
		**Cruise ship “Seabourn Encore” (prototype)**	*Seabourn Cruise Line (Carnival Corporation)*	Marghera

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FY 2016 main deliveries (2/2)

Deliveries in Q4

	Vessel		Client	Shipyard
Offshore (Vard)		**OSCV "Skandi Açu"**	*Techdof Brasil*	Vard Søviknes
Offshore (Vard)		**AHTS "Skandi Paraty"**	*DOF*	Vard Niterói
Offshore (Vard)		**3 LPG carriers "Barbosa Lima Sobrinho", "Darcy Ribeiro" and "Lucio Costa"**	*Transpetro*	Vard Promar
Offshore (Vard)		**OSCV "Normand Maximus"**	*Solstad Offshore*	Vard Brattvaag
Offshore (Vard)		**OSCV "Deep Explorer"**	*Technip*	Vard Langsten
Equipment, Systems and Services		**Conversion of 2 Corvettes in OPV**	*Bangladesh Coast Guard*	Muggiano

Outlook

2017 Guidance

- **2017 results expected to be in line with the Business Plan guidance**, following the positive performance in 2016
- **Confirmed dividend distribution on 2017 net profit**

Shipbuilding

- **Further volume growth and margin improvement** thanks to
  - the **start of construction works for cruise sister ships** acquired after the downturn, at higher prices
  - the **increase of naval volumes** related to the full start of the Italian Navy's fleet renewal program and the design activities related to the Qatar order
- **Continuing effort to optimize the production and engineering systems in Italy and to develop significant production synergies with VARD** through the utilization of Tulcea shipyard to support Italian facilities

Offshore

- **Gradual growth of volumes coming from the diversification strategy**, notably in the expedition cruise vessels segment, implemented in response to the downturn of the core Oil&Gas sector
- **Continuous implementation of reorganization measures aimed at structural cost reduction and optimization of the production system** in order to improve competitiveness and seize opportunities at market recovery
- The current order portfolio still significantly exposed to Oil&Gas segment

Equipment, Systems & Services

- **Deployment of the significant backlog** related to the Italian Navy's fleet renewal program
- **Continuous focus on the insourcing of high value added activities** and outsourcing of lower value added ones, in order to **optimize the value chain and further develop after sales activities**

Business Plan Guidance

- **Guidance 2018 confirmed**
  - Revenue increase 16-23% vs. 2016
  - EBITDA margin approx. 6-7%
  - Net debt at approx. € 0.4-0.6 bln*

- **Guidance 2020 confirmed**
  - Revenue increase 16-21% vs. 2018
  - EBITDA margin approx. 7-8%
  - Net debt at approx. € 0.1-0.3 bln*

** Net debt partly used to finance net working capital*

Shipbuilding

Highlights

€ mln	FY 2015[(1)]	FY 2016
Order intake	**9,194**	**5,191**
Order book	**18,539**	**20,825**
Backlog	**14,067**	**16,372**
Revenues	**2,652**	**3,246**
EBITDA	**(34)**	**185**
% on revenues	*-1.3%*	*5.7%*
Capex	**107**	**165**
Ships delivered	**9**	**13[(2)]**

- 1 cruise ship for Princess Cruises
- 1 cruise ship for Regent Seven Seas Cruises (Norwegian Cruise Line Holdings)
- 7 naval vessels for Qatar Emiri Naval Forces
- 1 LCS unit for US Navy
- 1 ATB unit to be built in US

Further volume growth and margin improvement thanks to

- the **start of construction works for cruise sister ships** acquired after the downturn, at higher prices
- the **increase of naval volumes** related to the full start of the Italian Navy's fleet renewal program and the design activities related to the Qatar order

Continuing effort to optimize the production and engineering systems in Italy and to develop significant production synergies with VARD through the utilization of Tulcea shipyard to support Italian facilities

Comments

- Orders: order intake at € 5,191 mln taking backlog to € 16,372 mln
- Revenues: at € 3,246 mln, up 22.4%
  - Growth of volumes in cruise reaching 44% of total Group revenues
  - Gradual ramp-up of naval volumes, due to the start of production activities related to the Italian Navy's fleet renewal program
- EBITDA at € 185 mln, margin at 5.7%
  - Good performance of cruise projects under construction, with on-time delivery of 4 prototype vessels, and of the naval business unit, notably on ships delivered during the year
- Capex: at € 165 mln

(1) *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.*

(2) *5 cruise ships (Viking Sea for Viking Ocean Cruises, Koningsdam for Holland America Line, Carnival Vista for Carnival Cruise Lines, Seven Seas Explorer for Regent Seven Seas Cruises and Seabourne Encore for Seabourn Cruise Line), 1 semisubmersible floating platform (Itarus for the Russian RosRAO), 1 submarine (Pietro Venuti for the Italian Navy, 1 LCS (LCS 7 "USS Detroit" for the US Navy), 1 FREMM (Alpino for Ithe talian Navy) and 4 vessels for petrol-chemical transportation*

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Offshore

Highlights

€ mln	FY 2015(1)	FY 2016
Order intake	**402**	**1,138**
Order book	**2,729**	**2,366**
Backlog	**1,143**	**1,361**
Revenues	**1,199**	**960**
EBITDA	**(3)**	**51**
% on revenues	*-0.2%*	*5.3%*
Capex	**31**	**31**
Ships delivered	**12**	**13**

- 4 expedition cruise vessels for Ponant
- 2 expedition cruise vessels for Hapag-Lloyd
- 17 module carrier vessels for Topaz Energy & Marine
- 3 module carrier vessels for Kazmortransflot
- 1 Stern Trawler for Havfisk ASA

Gradual growth of volumes coming from the diversification strategy, notably in the expedition cruise vessels segment, implemented in response to the downturn of the core Oil&Gas sector

Continuous implementation of reorganization measures aimed at structural cost reduction and optimization of the production system in order to improve competitiveness and seize opportunities at market recovery

The current order portfolio still significantly exposed to Oil&Gas segment

Comments

- Orders: order intake at € 1,138 mln taking backlog to € 1,361 mln
- Revenues: at € 960 mln, down 19.9%
  - Reduction of production volumes following the crisis of VARD's core market, pending the contribution of the diversification strategy
  - Shut down of Niterói yard in Brazil
  - Negative effect of NOK/EUR exchange rate (€ 37 mln)
- EBITDA: at € 51 mln, with margin at 5.3%
  - Positive contribution of projects under construction in Europe and release of provisions accrued in 2015 in relation to the Brazilian yards
  - De-risking of activities in Brazil: shut down of Niterói yard
- Capex: at € 31 mln

(1) *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.*

Equipment, Systems and Services

Highlights

€ mln	FY 2015[(1)]	FY 2016
Order intake	**773**	**664**
Order book	**1,446**	**1,742**
Backlog	**934**	**1,155**
Revenues	**498**	**495**
EBITDA	**42**	**62**
% on revenues	*8.4%*	*12.5%*
Capex	**10**	**8**

Deployment of the significant backlog related to the Italian Navy's fleet renewal program

Continuous focus on the insourcing of high value added activities and outsourcing of lower value added ones, in order to **optimize the value chain and further develop after sales activities**

Comments

- Orders: order intake at € 664 mln taking backlog at € 1,155 mln
- Revenues: at € 495 mln
  - The increase of volumes in after sales services for naval vessels and sales of automation systems as well as other naval equipment has balanced the reduction in ship conversion activities
- EBITDA: at € 62 mln with margin at 12.5%
  - Higher contribution of repair & conversion despite lower revenues, as well as design and production of systems & components

(1) *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.*

Financial appendix






Profit & Loss and Cash flow statement

Profit & Loss statement (€ mln)	FY 2014	FY 2015	FY 2016
Revenues	**4,399**	**4,183**	**4,429**
Materials, services and other costs	(3,234)	(3,337)	(3,291)
Personnel costs	(843)	(865)	(846)
Provisions[(1)]	(25)	(7)	(25)
EBITDA	**297**	**(26)**	**267**
Depreciation, amortization and impairment	(99)	(111)	(110)
EBIT	**198**	**(137)**	**157**
Finance income / (expense)[(2)]	(66)	(135)	(66)
Income / (expense) from investments	6	(3)	(10)
Income taxes[(3)]	(51)	23	(21)
Net result before extraordinary and non recurring items	**87**	**(252)**	**60**
Attributable to owners of the parent	*99*	*(141)*	*66*
Extraordinary and non recurring items[(4)]	(44)	(50)	(59)
Tax effect on extraordinary and non recurring items	12	13	13
Net result for the period	**55**	**(289)**	**14**
Attributable to owners of the parent	*67*	*(175)*	*25*

Cash flow statement (€ mln)	FY 2014	FY 2015	FY 2016
Beginning cash balance	**385**	**552**	**260**
Cash flow from operating activities	33	(287)	73
Cash flow from investing activities	(157)	(172)	(237)
Free cash flow	**(124)**	**(459)**	**(164)**
Cash flow from financing activities	303	167	115
Net cash flow for the period	**179**	**(292)**	**(49)**
Exchange rate differences on beginning cash balance	(12)	-	9
Ending cash balance	**552**	**260**	**220**

(1) The line "Provisions and impairment" has been modified in "Provisions" and includes provisions and reversal for risks and writedowns. It excludes impairment of Intangible assets and Property, plant and equipment, which is included in "Depreciation, amortization and impairment" (previously "Depreciation and amortization"). This change had no effect on the comparative information.
(2) Includes interest expense on construction loans for € 26 in FY 2014, € 36 mln in FY 2015 and €34 mln in FY 2016
(3) Excluding tax effect on extraordinary and non recurring items
(4) Extraordinary and non recurring items gross of tax effect

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Net result before extraordinary and non recurring items(1)

Net result before extraordinary and non recurring items (€ mln)	FY 2014	FY 2015	FY 2016
A **Net result before extraordinary and non recurring items(1)**	**87**	**(252)**	**60**
Attributable to owners of the parent	*99*	*(141)*	*66*
B Extraordinary and non recurring items gross of tax effect	(44)	(50)	(59)
– *Of which extraordinary wages*	*(10)*	*(3)*	*(1)*
– *Of which restructuring costs*	*(9)*	*(17)*	*(12)*
– *Of which asbestos claims*	*(21)*	*(30)*	*(27)*
– *Of which other non recurring items*	*(4)*	-	*(19)*
Tax effect on extraordinary and non recurring items	12	13	13
C **Net result for the period**	**55**	**(289)**	**14**
A + B + C *Attributable to owners of the parent*	*67*	*(175)*	*25*

- **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 and Vard
- **Asbestos claims** - provisions or costs for asbestos related to claims by employees
- **Other non recurring items** - mainly write-downs; in 2014 IPO related costs; in 2016 related to a provision for an ongoing litigation with a Mega Yacht owner

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

Balance sheet

Balance sheet (€ mln)	FY 2014	FY 2015	FY 2016
Intangible assets	508	518	595
Property, plant and equipment	959	974	1,064
Investments	60	62	58
Other non-current assets and liabilities	(48)	(44)	(69)
Employee benefits	(62)	(57)	(58)
Net fixed assets	**1,417**	**1,453**	**1,590**
Inventories and advances	388	405	590
Construction contracts and advances from customers	1,112	1,876	604
Construction loans	(847)	(1,103)	(678)
Trade receivables	610	560	1,123
Trade payables	(1,047)	(1,179)	(1,307)
Provisions for risks and charges	(129)	(112)	(126)
Other current assets and liabilities	(18)	(196)	59
Net working capital	**69**	**251**	**265**
Assets held for sale including related liabilities	**-**	**-**	**1**
Net invested capital	**1,486**	**1,704**	**1,856**
Equity attributable to Group	*1,310*	*1,137*	*1,086*
Non-controlling interests in equity	*220*	*129*	*155*
Equity	**1,530**	**1,266**	**1,241**
Cash and cash equivalents	(552)	(260)	(220)
Current financial receivables	(82)	(53)	(33)
Non-current financial receivables	(90)	(113)	(115)
Short term financial liabilities	80	263	453
Long term financial liabilities	600	601	530
Net debt / (Net cash)	**(44)**	**438**	**615**
Sources of financing	**1,486**	**1,704**	**1,856**