



# **FINCANTIERI**

## **Update post 1H 2018 Results**

September, 2018

**FINCANTIERI**  
The sea ahead



# Safe Harbor Statement

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

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## Declaration of the Manager responsible for preparing financial reports

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.



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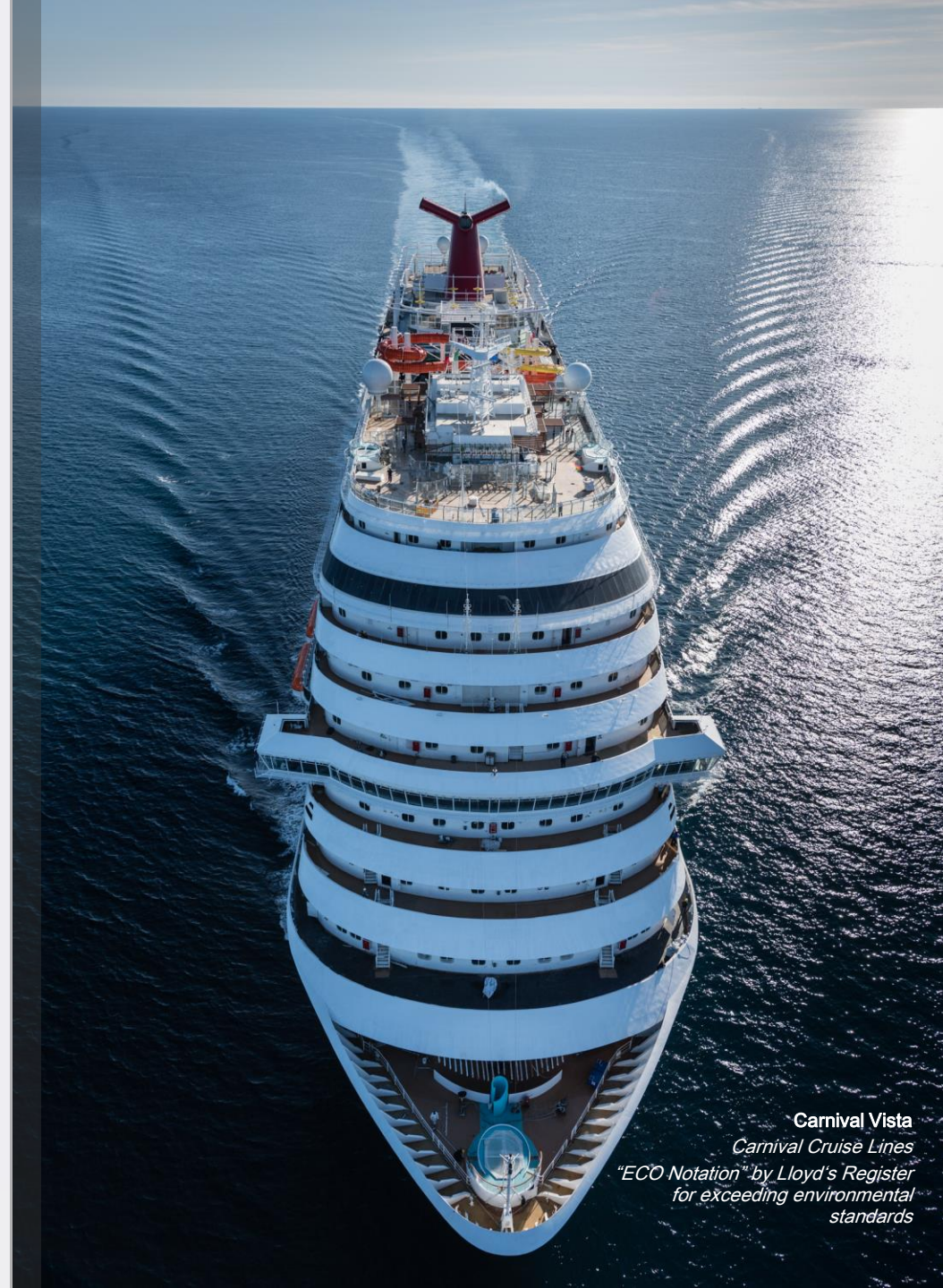
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**Section 2** 1H 2018 results and outlook

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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

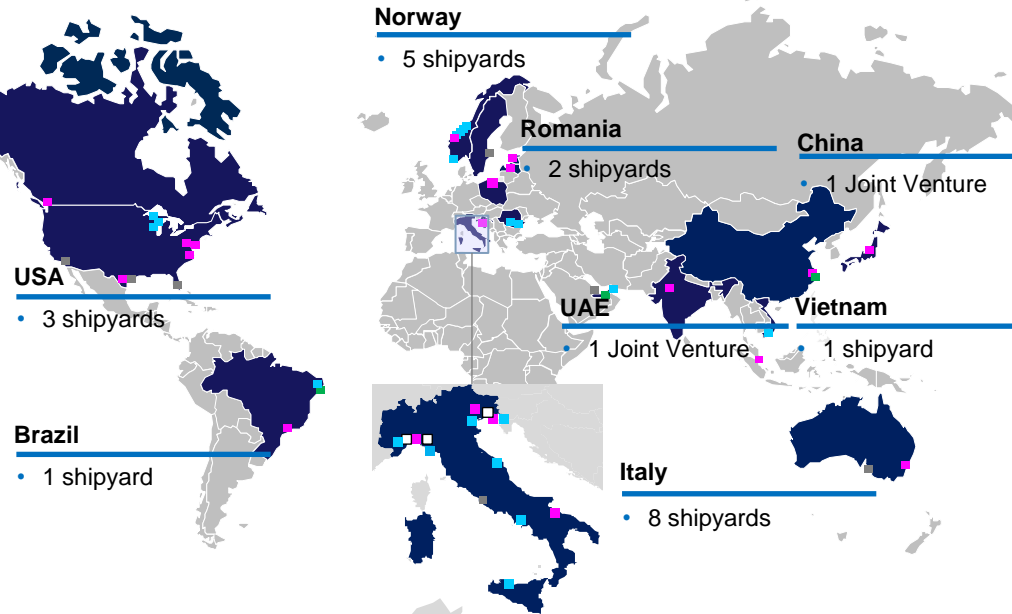
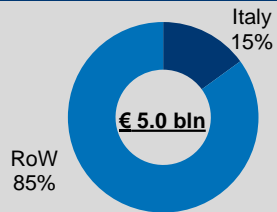
#1 Western designer & shipbuilder <sup>(1)</sup>  
with 230 years of history & >7,000 ships built

€ 5,020 mln 2017 revenues

~ € 29.8 bln total backlog<sup>(2,3)</sup>

- € 22 bln backlog
- € 7.8 bln soft backlog

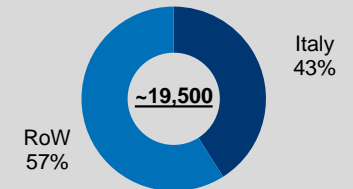
## Revenues by geography



20 shipyards  
4 continents

~ 19,500 employees  
~ 80,000 subcontractors

## Employees by location



Note: all figures reported at December 31, 2017, except for backlog and soft backlog which are referred to 1H 2018 (at June 30, 2018)

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



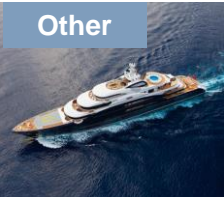


(2) At June 30, 2018

(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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# Business units, products and positioning

	End markets	Main products	Positioning	Revenues 2017 <sup>(4)</sup>	Backlog <sup>(5)</sup>
Shipbuilding	 <b>Cruise</b>	<ul style="list-style-type: none"> <li>• All cruise ships <i>(from large contemporary ships to small luxury and expedition ships)</i></li> </ul>	<ul style="list-style-type: none"> <li>• #1 worldwide <i>(~45% market share<sup>(1)</sup>)</i></li> </ul>	<b>€ 2,649 mln</b> <i>(49.2% on total)</i>	<b>€ 19,496 mln</b> <b>(55 ships)</b>
	 <b>Naval</b>	<ul style="list-style-type: none"> <li>• All surface vessels <i>(also stealth)</i></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>€ 1,212 mln</b> <i>(22.5% on total)</i>	
	 <b>Other</b>	<ul style="list-style-type: none"> <li>• Ferries</li> <li>• Mega-yachts</li> </ul>	<ul style="list-style-type: none"> <li>• Experience and know-how: <ul style="list-style-type: none"> <li>– High tech ferries</li> <li>– Large mega-yachts</li> </ul> </li> </ul>	<b>€ 22 mln</b> <i>(0.4% on total)</i>	
Offshore		<ul style="list-style-type: none"> <li>• OSV</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>€ 943 mln</b> <i>(17.5% on total)</i>	<b>€ 1,990 mln</b> <b>(44 ships)</b>
Equipment Systems & Services		<ul style="list-style-type: none"> <li>• Marine systems, components &amp; turnkey solutions</li> <li>• Ship interiors</li> <li>• Naval services</li> <li>• Ship repairs &amp; conversions</li> </ul>	<ul style="list-style-type: none"> <li>• Leading player worldwide</li> </ul>	<b>€ 558 mln</b> <i>(10.4% on total)</i>	<b>€ 1,289 mln</b>

(1) By oceangoing cruise ships > 10,000 gross tons ordered in the 2004 – december 2017 period (including VARD).

Source: Fincantieri analysis based on IHS Lloyd's Fairplay – Shippax data and Company press releases

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





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

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

(5) At June 30, 2018



# Track record, clients and technological leadership

		1 Track record	2 Clients	3 Technological leadership
Shipbuilding	Cruise	<p><b>Ship deliveries</b></p> <ul style="list-style-type: none"> <li>1990 – 2001 23</li> <li>2002 – 2017 57</li> </ul> <p>• <b>Twofold increase in activity</b></p>		<ul style="list-style-type: none"> <li><i>Carnival Vista</i>: “ECO Notation” by Lloyd’s Register for exceeding environmental standards</li> <li><i>Royal Princess</i>: 1<sup>st</sup> cruise ship fully compliant with new regulations</li> <li><i>Costa Luminosa &amp; Costa Pacifica</i>: Guinness World Record for joint-christening of 2 ships</li> </ul>
	Naval	<p><b>Ship deliveries</b></p> <ul style="list-style-type: none"> <li>1990 – 2001 51<sup>(1)</sup></li> <li>2002 – 2017 65<sup>(1)</sup></li> </ul> <p>• <b>Steady, low risk business</b></p>		<ul style="list-style-type: none"> <li><i>LCS Freedom</i>: world’s fastest steel frigate</li> <li><i>Aircraft Carrier Cavour</i>: world’s most powerful non-nuclear propulsion system</li> <li>More than 20 prototypes developed over the last fifteen years</li> </ul>
Offshore		<p><b>Ship deliveries</b></p> <ul style="list-style-type: none"> <li>1990 – 2001 72<sup>(2)</sup></li> <li>2002 – 2017 305<sup>(2)</sup></li> </ul> <p>• <b>Acquired VARD in 2013</b></p>		<ul style="list-style-type: none"> <li><i>Normand Maximus</i>: largest offshore vessel ever built in Norway</li> <li><i>Skandi Africa</i>: “Ship of the Year 2015”<sup>(4)</sup></li> <li><i>AMC Connector</i>: world’s largest cable layer<sup>(5)</sup></li> <li><i>Far Samson</i>: most powerful offshore vessel<sup>(6)</sup></li> </ul>
Equipment Systems & Services		<p>• <b>Strong revenue growth to € 558 mln in 2017</b></p> <p>• <b>Start-up in 2005</b></p>		<ul style="list-style-type: none"> <li>Innovative and technologically advanced products in terms of <b>performances, lifecycle cost reduction and environmental standard</b></li> <li>Full product lifecycle management with unique capacity to support vessels’ <b>maintenance and repair all over the world</b></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)

## Section 2

## 1H 2018 results



Skandi Africa  
DOF  
Ship of the Year 2015



# 1H 2018 Key Messages

- **1H 2018 revenues up 10% vs 1H 2017, EBITDA at €183 mln (+25%), EBITDA margin at 7.3% (up 16% compared to 6.3% in 1H 2017); Adjusted profit of €39 mln (+39%)**
- **Total backlog<sup>(1)</sup> at record €29.8 bln amounting to ~ 6 times 2017 revenues:**
  - **Backlog at €22 bln (99 ships) up from €20.4 bln in 1H 2017, with scheduled deliveries until 2026**
  - **Soft backlog<sup>(2)</sup> at €7.8 bln (€5.1 bln in 1H 2017)**
- **Commercial success with the acquisition, in the first six months of the year, of firm orders and options for 9 cruise ships**
- **In July 2018, a new order from Tui Cruises for two LNG propelled cruise ships was acquired, an MOA with Princess Cruises for two LNG fuelled ships was signed and an option for two additional Leonardo Class ships for NCL was exercised. In addition, VARD acquired orders for three additional expedition cruise vessels**
- **Sound operating performance in Shipbuilding with the delivery of six units (four cruise and two naval vessels)**
- **VARD's shareholders approved the delisting of the company**
- **Signed a share purchase agreement with the French state for the acquisition of 50% (+1% loan) of the share capital of STX France**
- **Net debt at €264 mln (vs €314 mln at FY17)**

(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











# 1H 2018 main orders

Orders acquired in Q2

	Vessel		Client	Delivery
Shipbuilding		2 Cruise ships	Viking Ocean Cruises	2022-2023
		1 Cruise ship	Silversea Cruises	2021
Offshore		2 Expedition cruise vessels	Ponant	2020
		1 Cable laying vessel	Prysmian	2020
		3 Offshore Patrol Vessels	Norwegian Defence Materiel Agency	2022-2024

# 1H 2018 main deliveries

Deliveries in Q2

	Vessel	Client	Delivery	
Shipbuilding		Cruise ship “Carnival Horizon”	Carnival Cruise Line (Carnival Corporation)	Monfalcone
		Oceanographic vessel “Kronprins Haakon”	Institute of Marine Research	Riva Trigoso - Muggiano
		Cruise ship “Seabourn Ovation”	Seabourn Cruise Line	Sestri Ponente
		Cruise ship “MSC Seaview”	MSC Cruises	Monfalcone
		Cruise ship “Viking Orion”	Viking Ocean Cruises	Ancona
		FREMM “Martinengo”	Italian Navy	Muggiano
Offshore		10 Module Carrier Vessels	9 for Topaz Energy and Marine; 1 for Kazmortransflot	Vard Braila Vard Vung Tau
		Expedition cruise vessel “Le Laperouse”	Ponant	Vard Ålesund



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

€ mln	FY 2015	FY 2016	FY 2017	1H 2017	1H 2018
<b>Order intake</b>	<b>10,087</b>	<b>6,505</b>	<b>8,554</b>	<b>4,369</b>	<b>2,388</b>
<b>Total backlog</b>	<b>18,721</b>	<b>24,031</b>	<b>26,153</b>	<b>25,524</b>	<b>29,787</b>
<i>Of which backlog</i>	<i>15,721</i>	<i>18,231</i>	<i>22,053</i>	<i>20,424</i>	<i>21,987</i>
<i>Of which soft backlog</i>	<i>3,000</i>	<i>5,800</i>	<i>4,100</i>	<i>5,100</i>	<i>7,800</i>
<b>Revenues</b>	<b>4,183</b>	<b>4,429</b>	<b>5,020</b>	<b>2,295</b>	<b>2,527</b>
<b>EBITDA</b>	<b>(26)</b>	<b>267</b>	<b>341</b>	<b>146</b>	<b>183</b>
<i>As a % of revenues</i>	<i>-0.6%</i>	<i>6.0%</i>	<i>6.8%</i>	<i>6.3%</i>	<i>7.3%</i>
<b>EBIT</b>	<b>(137)</b>	<b>157</b>	<b>221</b>	<b>88</b>	<b>118</b>
<i>As a % of revenues</i>	<i>-3.3%</i>	<i>3.5%</i>	<i>4.4%</i>	<i>3.8%</i>	<i>4.7%</i>
<b>Adjusted profit/loss<sup>(2)</sup></b>	<b>(252)</b>	<b>60</b>	<b>91</b>	<b>28</b>	<b>39</b>
<i>Attributable to owners of the parent</i>	<i>(141)</i>	<i>66</i>	<i>95</i>	<i>30</i>	<i>45</i>
<b>Net result for the period</b>	<b>(289)</b>	<b>14</b>	<b>53</b>	<b>11</b>	<b>15</b>
<i>Attributable to owners of the parent</i>	<i>(175)</i>	<i>25</i>	<i>57</i>	<i>13</i>	<i>21</i>
<b>Net fixed assets</b>	<b>1,453</b>	<b>1,590</b>	<b>1,743</b>	<b>1,671</b>	<b>1,721</b>
<b>Net working capital<sup>(3)</sup></b>	<b>251</b>	<b>265</b>	<b>(120)</b>	<b>206</b>	<b>(198)</b>
<i>Of which construction loans</i>	<i>(1,103)</i>	<i>(678)</i>	<i>(624)</i>	<i>(970)</i>	<i>(488)</i>
<b>Equity</b>	<b>1,266</b>	<b>1,241</b>	<b>1,309</b>	<b>1,246</b>	<b>1,259</b>
<b>Net financial position</b> <i>Net cash/ (Net debt)</i>	<b>(438)</b>	<b>(615)</b>	<b>(314)</b>	<b>(631)</b>	<b>(264)</b>
<b>Employees</b>	<b>20,019</b>	<b>19,181</b>	<b>19,545</b>	<b>19,428</b>	<b>19,375</b>

(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

# Order intake and backlog – by segment

## Order intake

€ mln

1.9x

0.9x

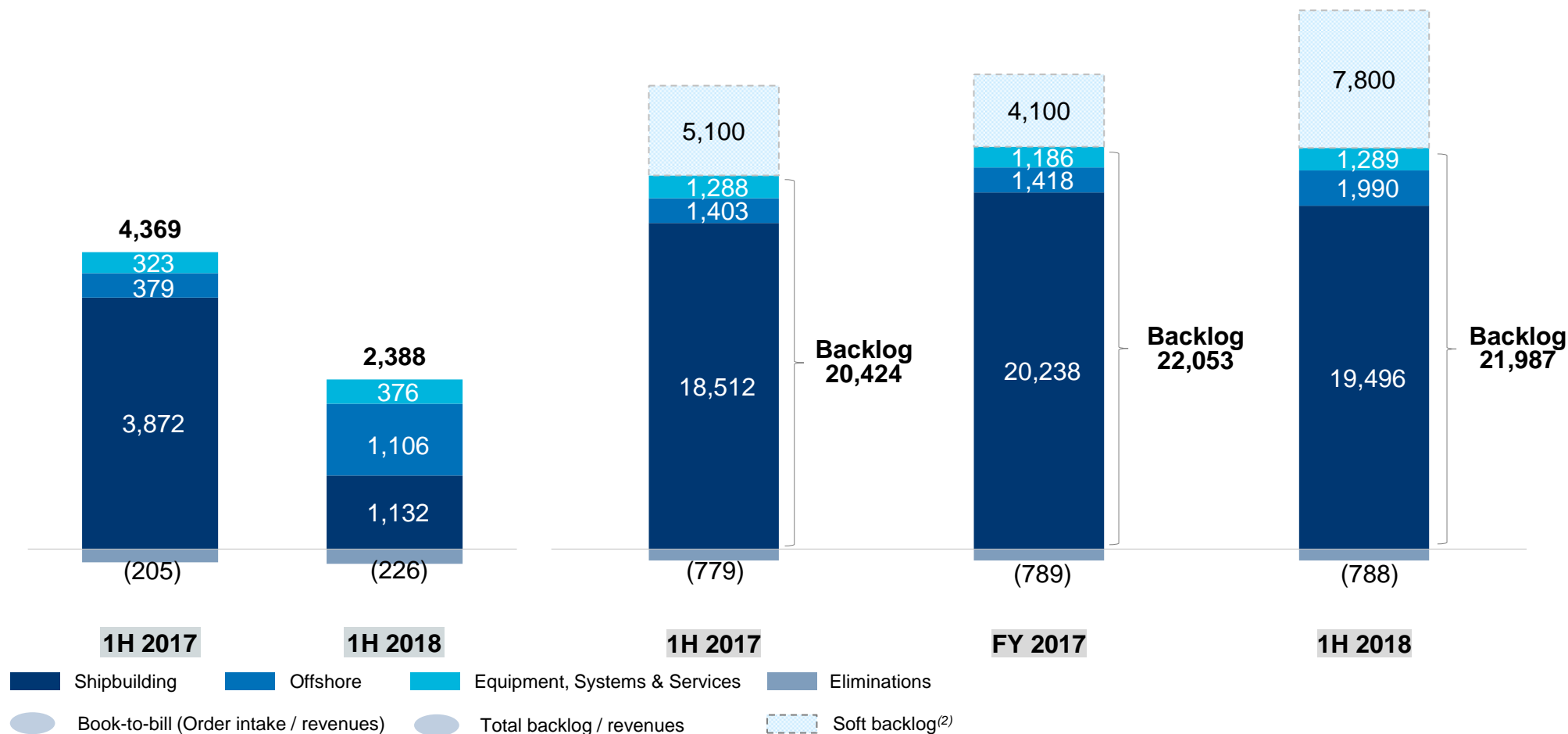
## Total backlog<sup>(1)</sup>

€ mln

5.1x

5.2x

5.9x



(1) Sum of backlog and soft backlog

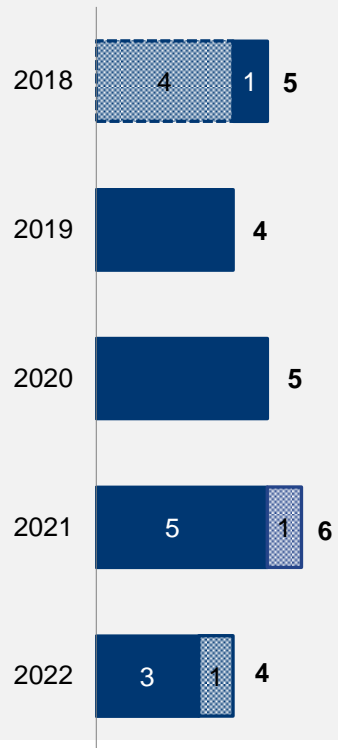
(2) Soft backlog represents the value of existing contract options and letters of intent as well as contracts in advanced negotiation, none of which yet reflected in the order backlog

# Backlog deployment

## Shipbuilding

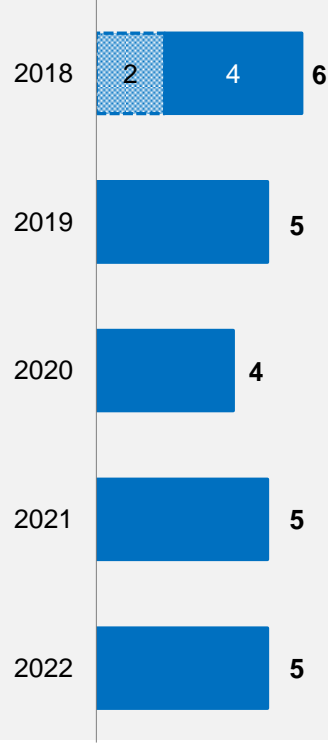
# ships deliveries<sup>(1)</sup>

### Cruise



- Additional 5 units scheduled after 2022
- **25 vessels in backlog**

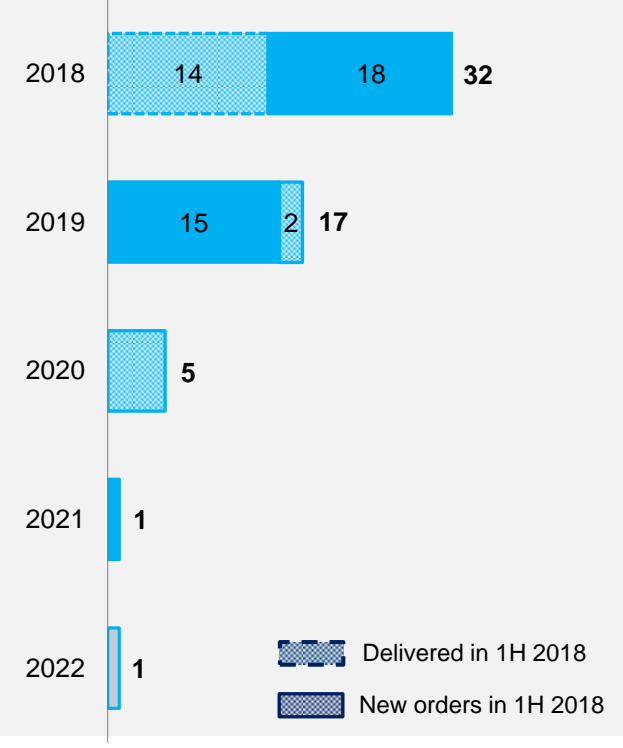
### Naval<sup>(2)</sup>



- Additional 7 units scheduled after 2022
- **30 vessels in backlog**

## Offshore

# ships deliveries



- Additional 2 units scheduled after 2022
- **44 vessels in backlog**

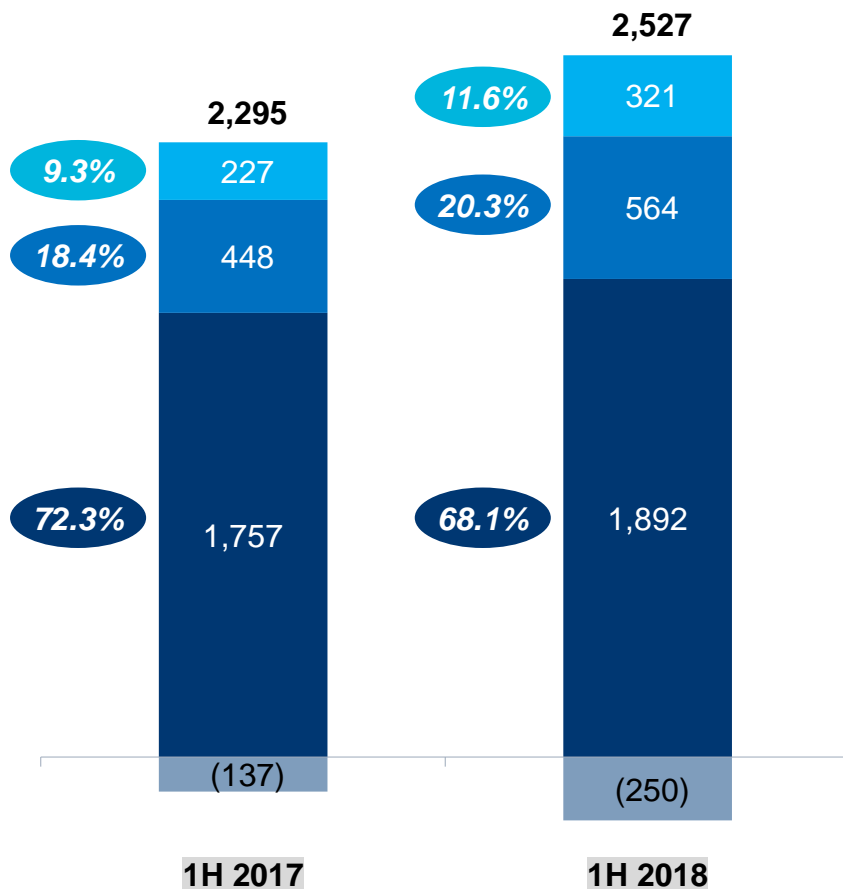
(1) Articulated Tug Barge (ATB) is an articulated unit consisting of a barge and a tug, thus being counted as two vessels in one unit  
 (2) Ships with length > 40 m



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

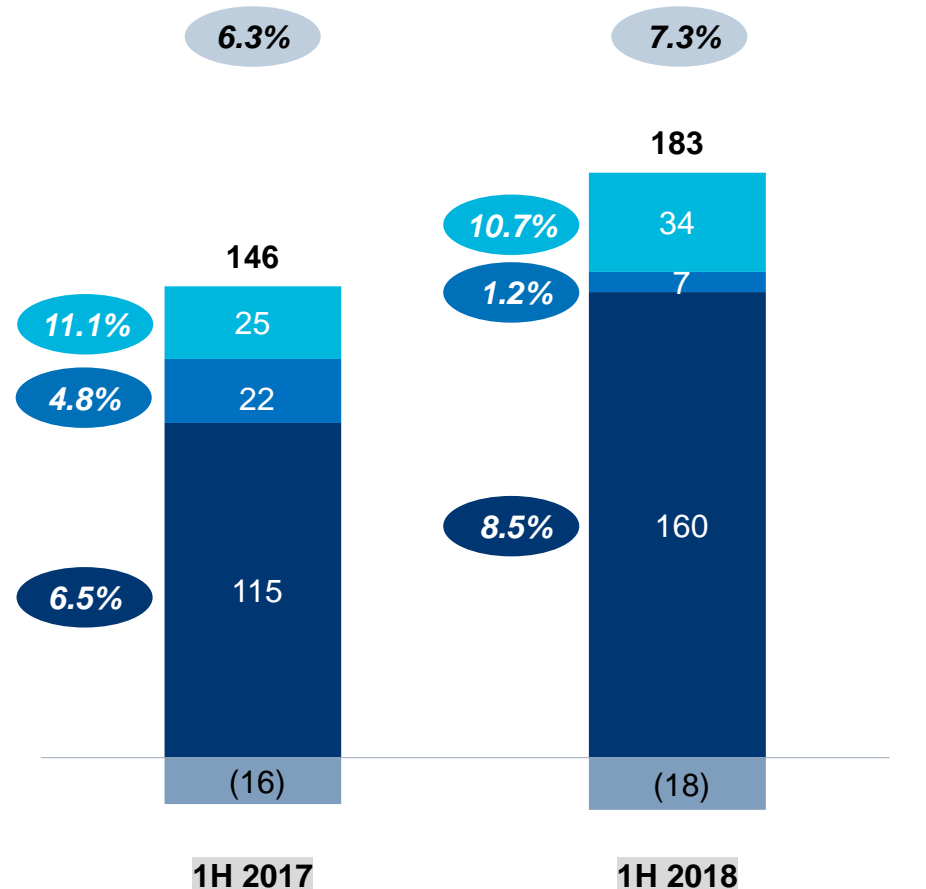
## Breakdown by segment<sup>(2)</sup>

€ mln



## EBITDA and EBITDA margin

€ mln



Shipbuilding Offshore Equipment, Systems & Services

Eliminations % Total

Shipbuilding Offshore Equipment, Systems & Services

Other activities<sup>(3)</sup> % of Revenues

(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) wages guarantee fund – Cassa Integrazione Guadagni, (viii) expenses for corporate restructuring, (ix) accruals to provision and cost of legal services for asbestos claims, (x) other non recurring items

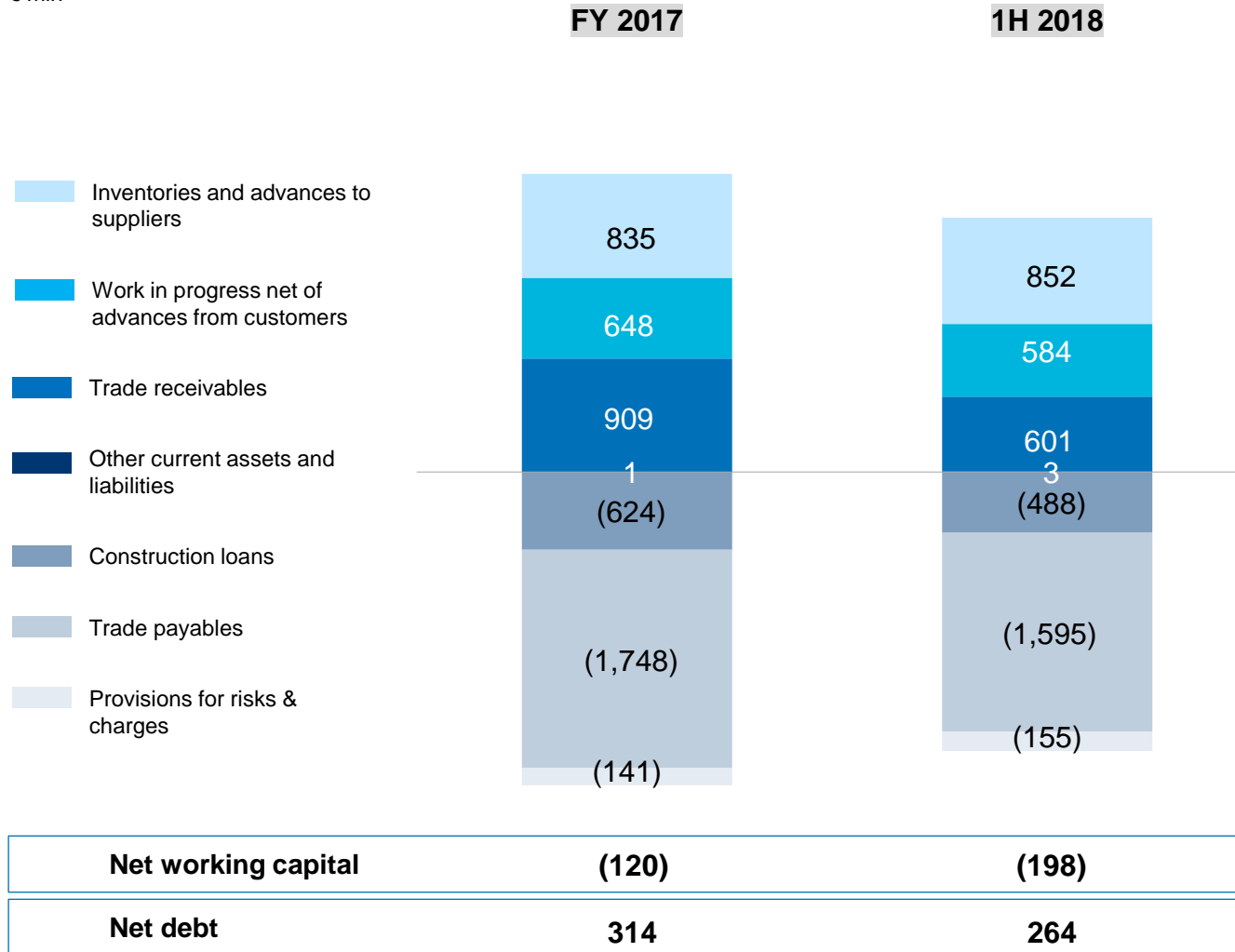
(2) Breakdown calculated on total revenues before eliminations

(3) Other costs

# Net working capital and net debt<sup>(1)</sup>

## Breakdown by main components

€ mln



## Comments

- Net working capital and net debt dynamics related to the production volumes in cruise and the cash-in of the final installments for the cruise ships delivered during the period
- Construction loans at €488 mln (down €136 mln) entirely attributable to VARD
- Most of the Group's debt is related to the financing of current assets associated with cruise ships construction and therefore consistent with net working capital changes

(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

## 2018 Guidance

- Full year results expected to be in line with 2018-2022 Business Plan targets

### Shipbuilding

- Expected delivery of 5 units, of which 1 cruise ship and 4 naval vessels
- Italian Navy's fleet renewal program fully operational
- Start of production activities related to the Qatari order

### Offshore

- Continuation of Vard's construction activities related to the backlog acquired as a result of the diversification strategy
- Continued focus on execution aimed at recovering margins in the medium term
- Persisting crisis of the Oil&Gas sector could impact on order intake and backlog

### Equipment, Systems & Services

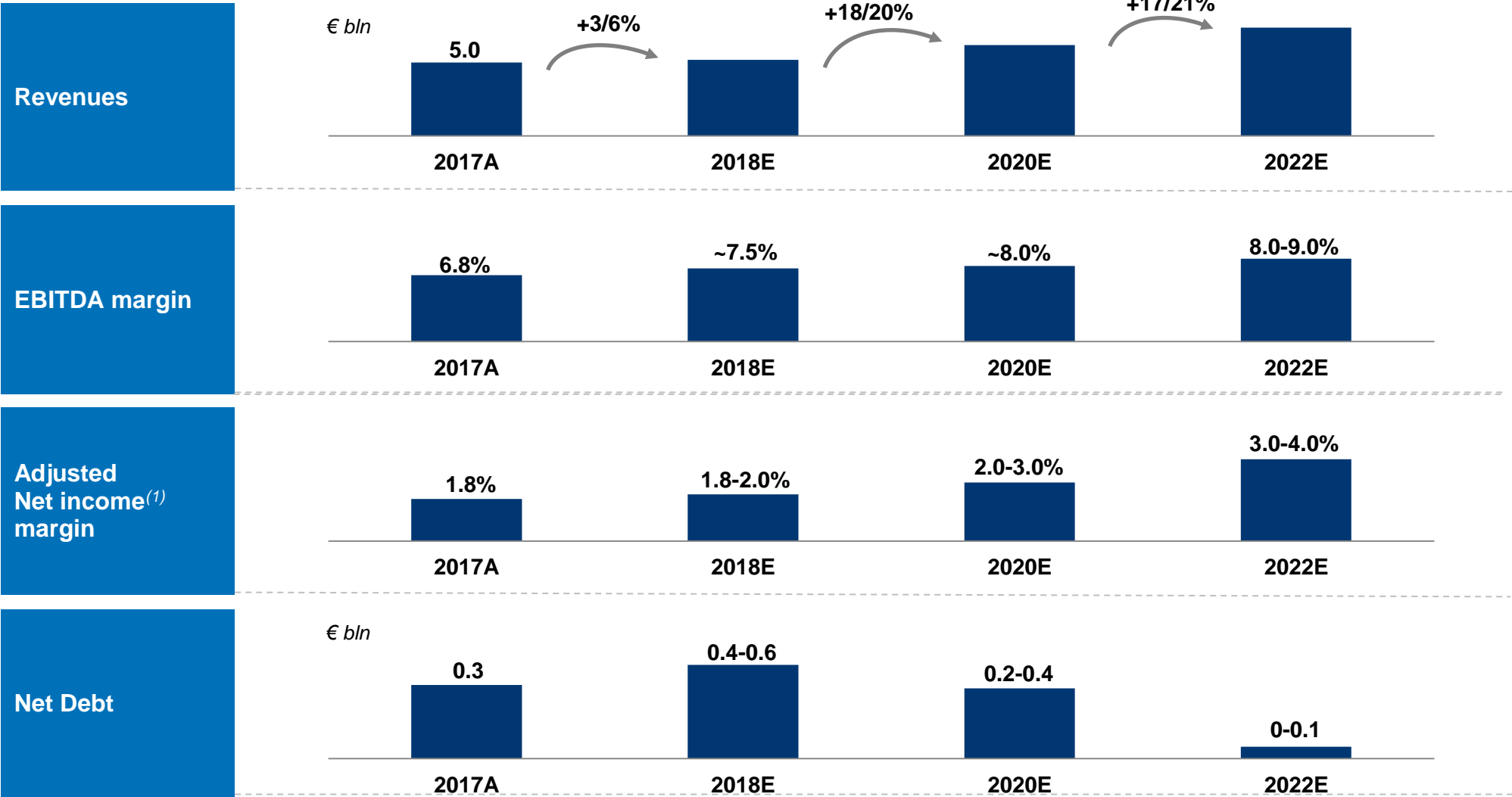
- Confirmation of the growth trend, thanks to:
  - Backlog deployment related to the Italian Navy's fleet renewal program and to the Qatari order
  - Higher volumes for the production of cabins and public areas driven by growth of the cruise sector

## Business Plan Guidance

- **Guidance 2018 confirmed**
  - Revenue increase 3-6% vs. 2017
  - EBITDA margin approx. 7.5%
  - Net debt at approx. € 0.4-0.6 bln



# Short and medium term financial targets

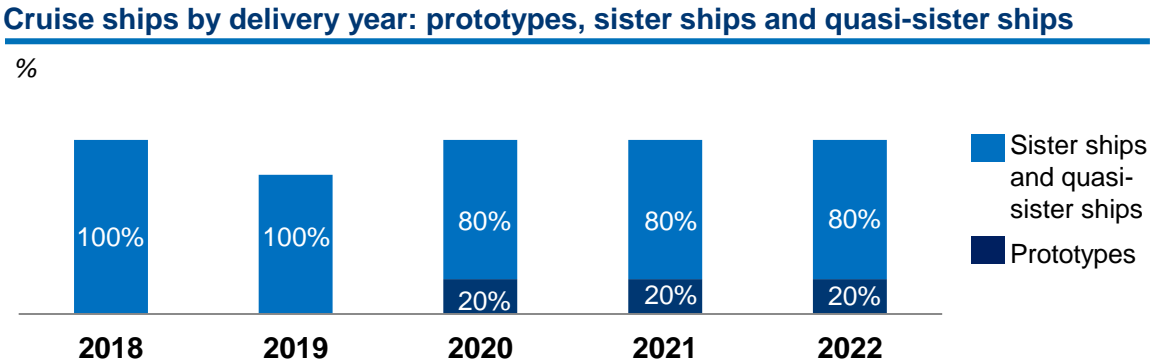


(1) Net income before extraordinary and non-recurring items



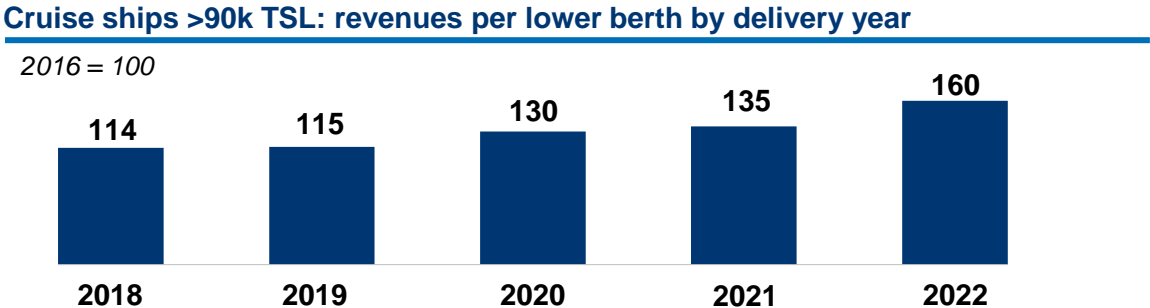
# Shipbuilding: quantifying main drivers of growth and increasing profitability

Cruise: mix prototypes/sister ships and quasi-sister ships



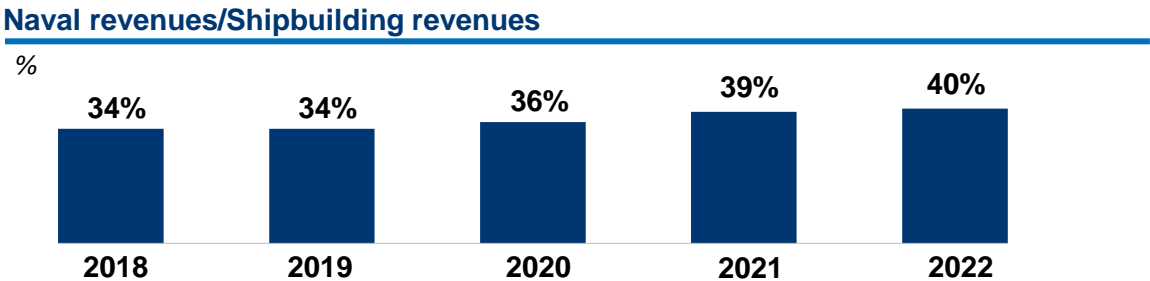
Deliveries heavily skewed towards sister ships with lower execution risks and better margins

Cruise: pricing trends



Positive trend due to progressive, structural increase in base line pricing for contracts acquired at greater margin

Naval revenues/Shipbuilding revenues



The relative contribution is influenced by the strong uptick in cruise volumes

## Section 3

## Appendix Historical financial performance

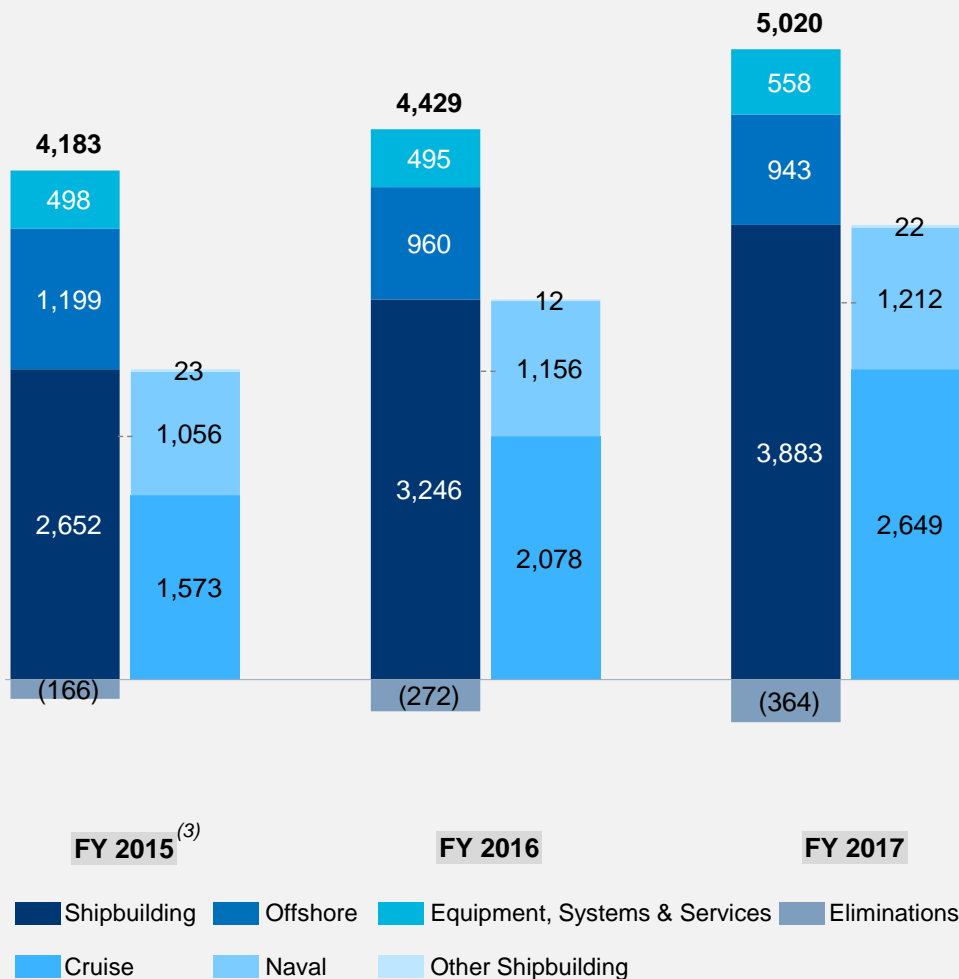




# Financial performance

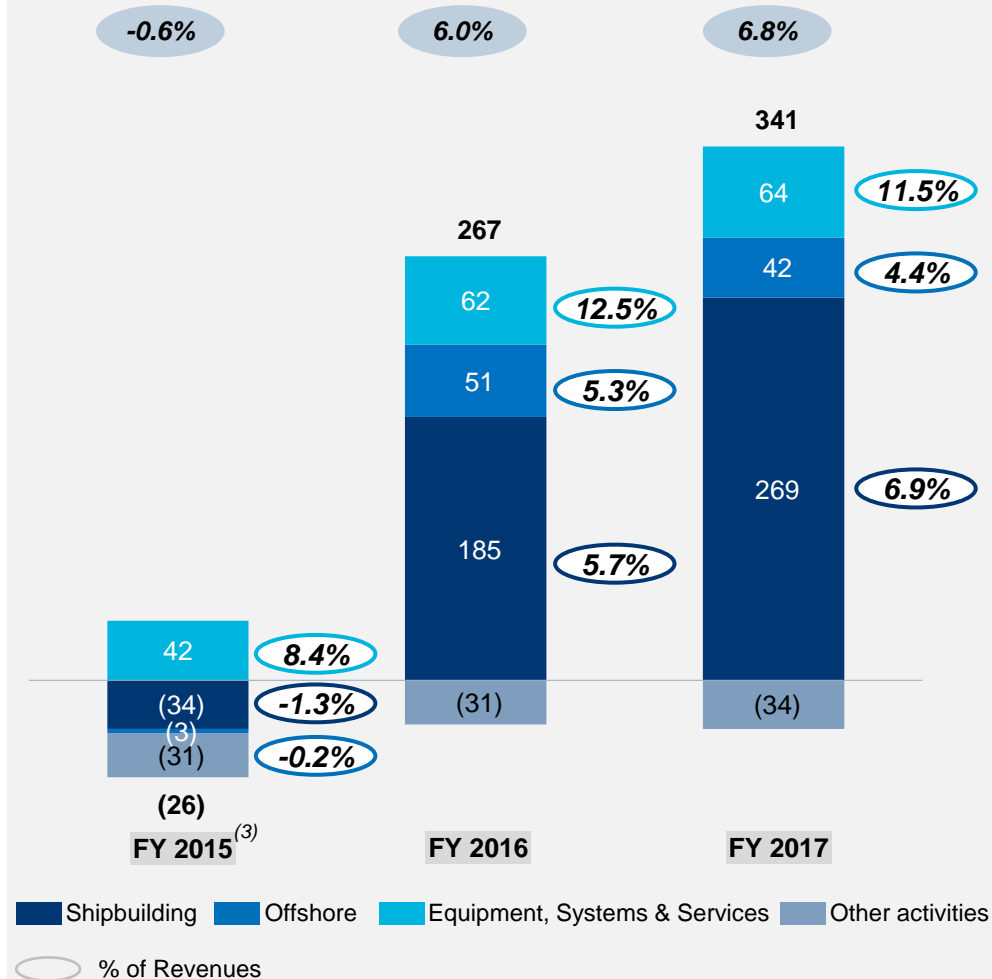
## Revenues<sup>(1)</sup>

€ mln



## EBITDA / margins<sup>(2)</sup>

€ mln



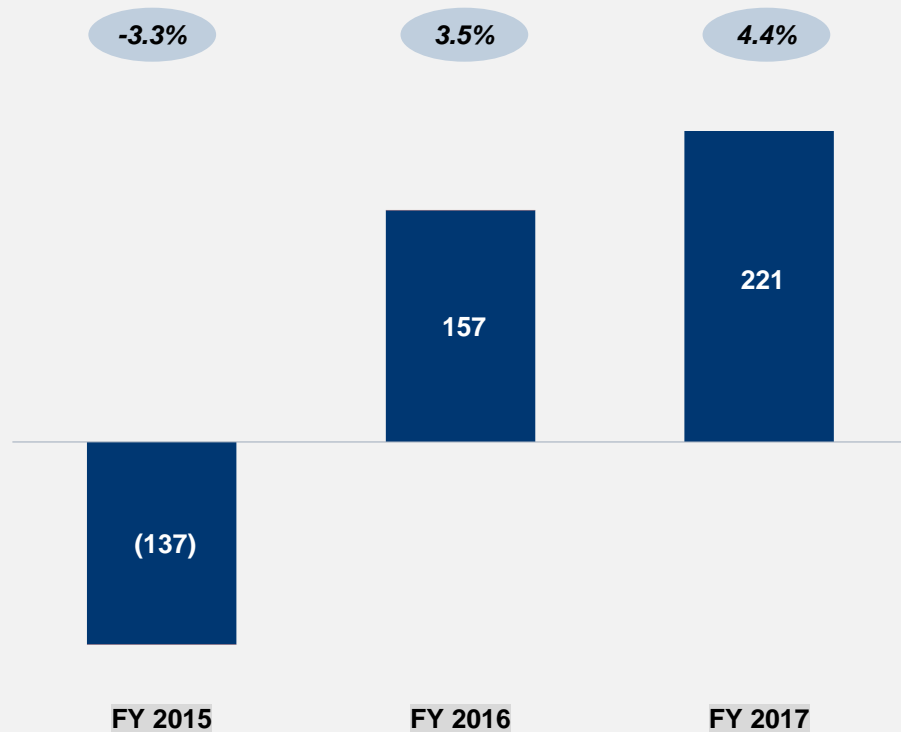
(1) Breakdown calculated gross of consolidation effects  
 (2) EBITDA is a Non-GAAP Financial Measure. The Company defines EBITDA as profit/(loss) for the period before (i) income taxes, (ii) share of profit/(loss) from equity investments, (iii) income/expense from investments, (iv) finance costs, (v) 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) 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 performance

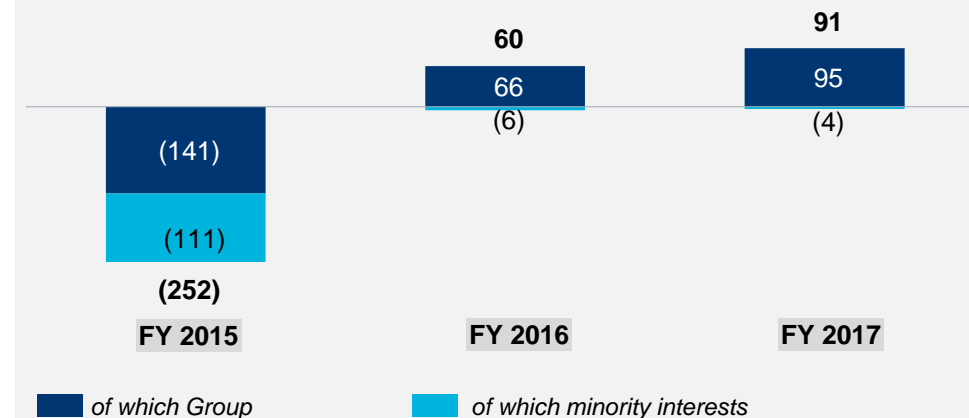
## EBIT / margins

€ mln



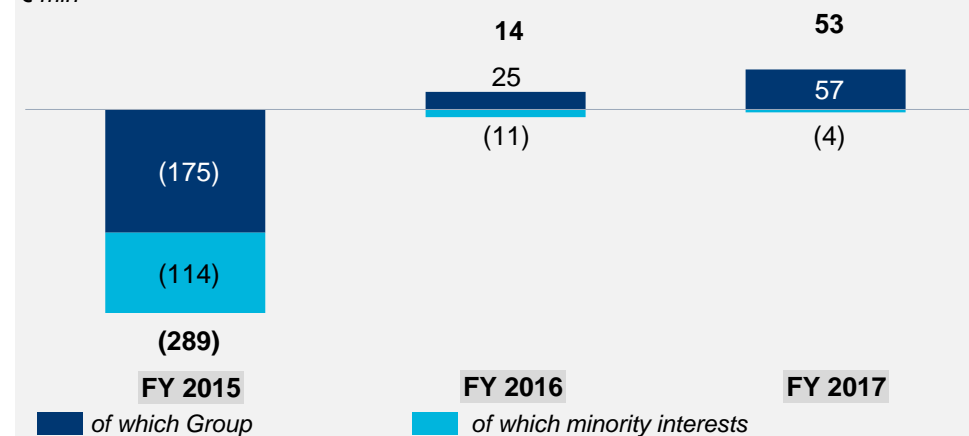
## Net result before extraordinary and non recurring items<sup>(1)</sup>

€ mln



## Net result

€ mln

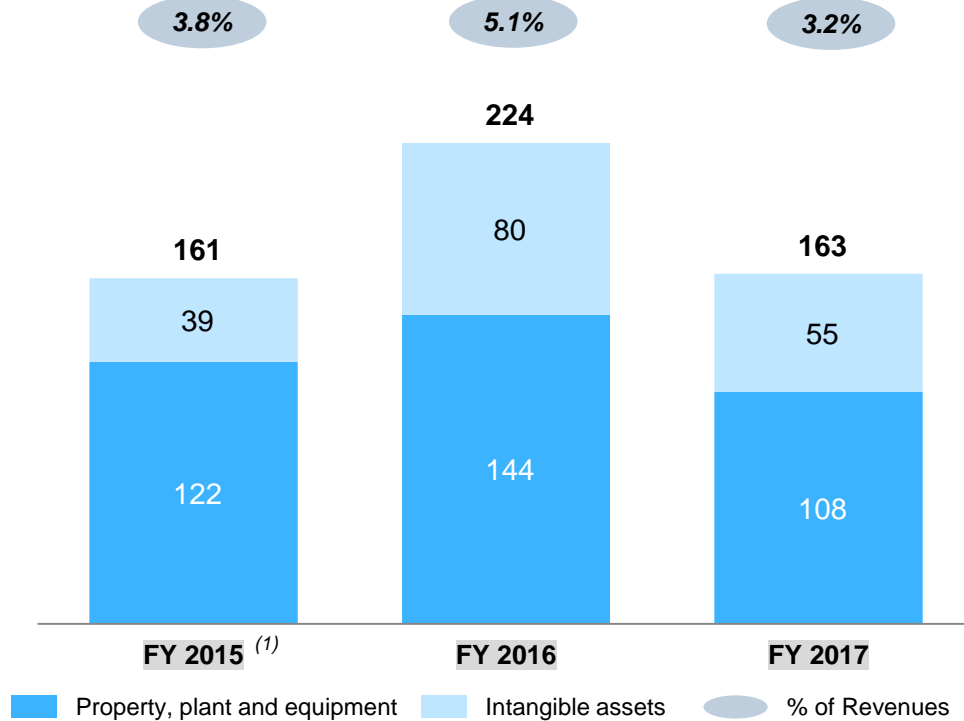


<sup>(1)</sup> Extraordinary and non recurring costs net of tax effect amounted to € 37 mln in 2015, € 46 mln in FY 2016, € 38 mln in 2017

# Capex

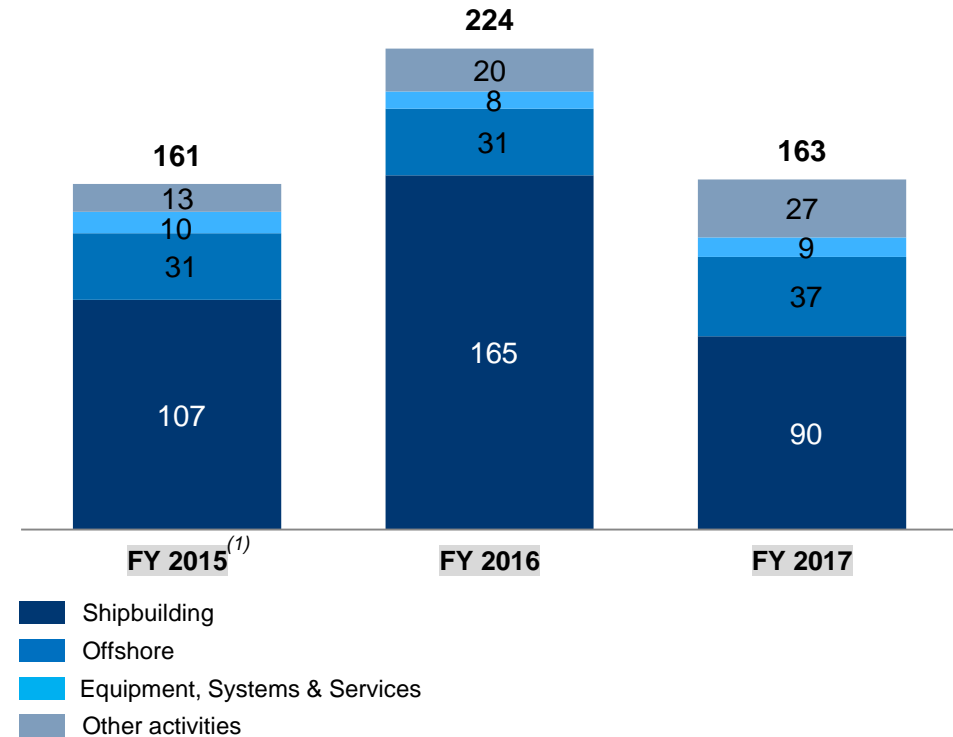
## Capex evolution

€ mln



## Capex by segment

€ mln



- **2015, 2016 and 2017 Capex mainly related to:**

- Property, plant and equipment - aimed at supporting the development of production volumes and improving safety conditions and compliance with environmental regulations within the production sites
- Intangible assets – mainly related to the development of new technologies for cruise business and IT systems

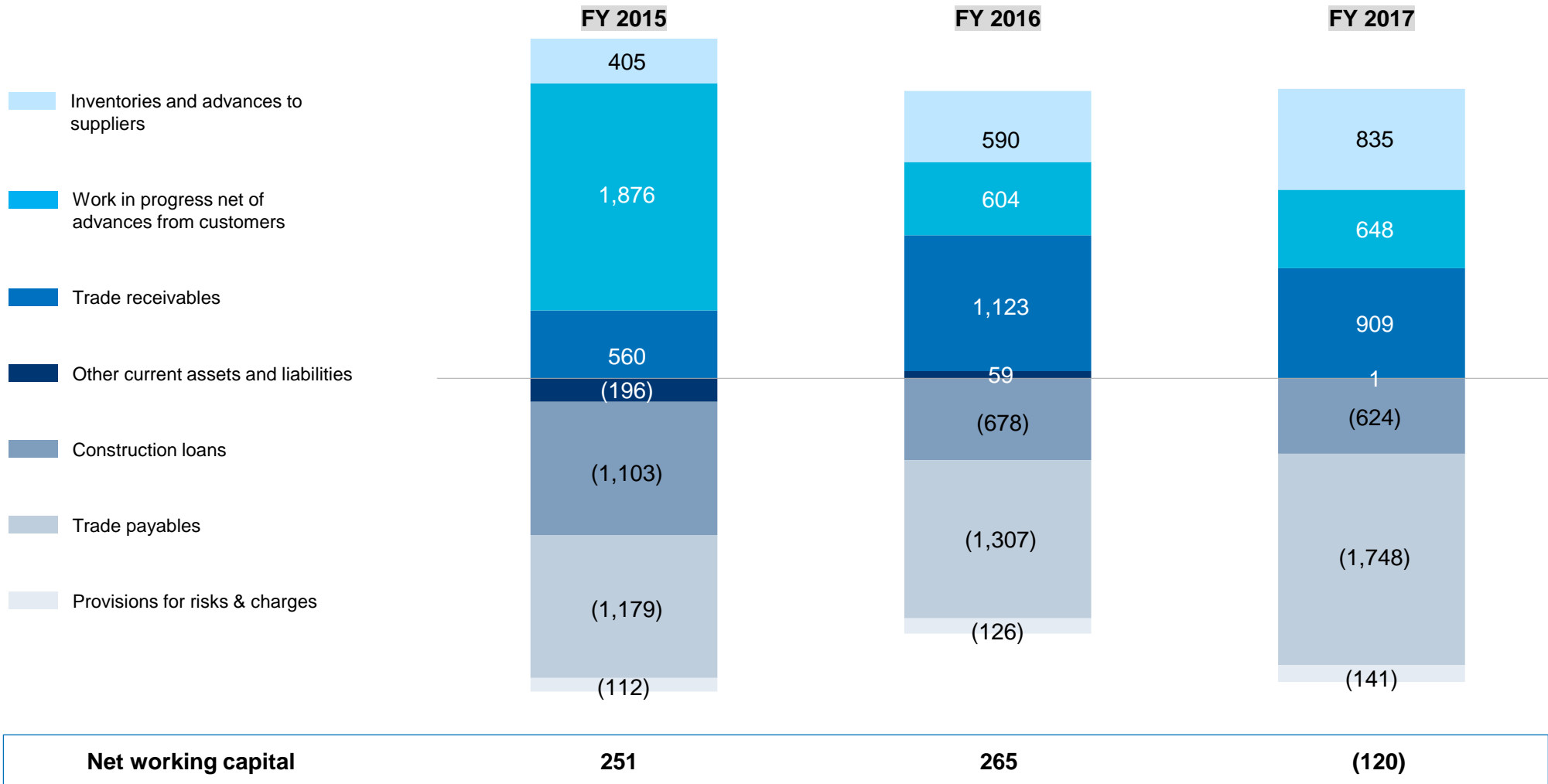
(1) For comparison purposes, 2015 figures are restated following the redefinition of operating segments. Following the operational reorganization carried out in November 2016, the repair & conversion services, cabins & public areas business, as well as integrated systems business, all previously included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



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

## Breakdown by main components

€ mln



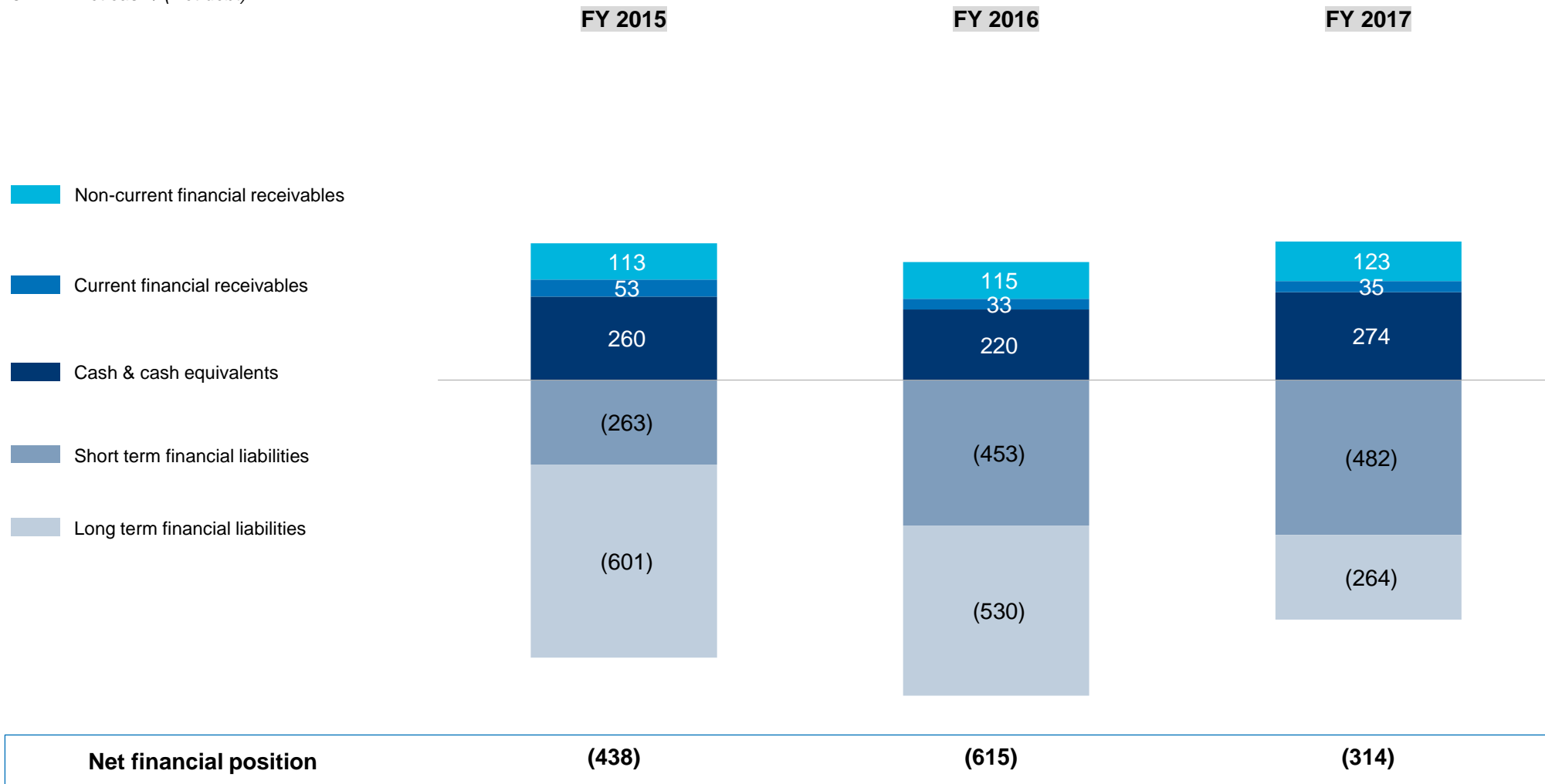
<sup>(1)</sup> Construction loans are committed working capital financing facilities, treated as part of Net working capital, not in Net financial position, as they are not general purpose loans and can be a source of financing only in connection with ship contracts



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

## Breakdown by main components

€ mln – Net cash / (Net debt)



(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



# Working capital dynamics

## Indicative payment terms

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

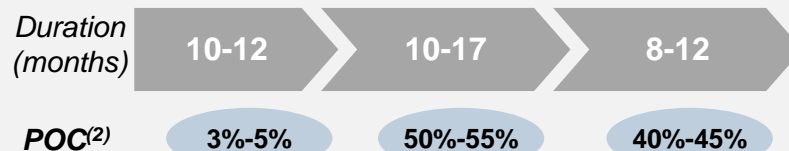


## Impact on net working capital

### Cruise



- 20% during construction
- 80% on delivery

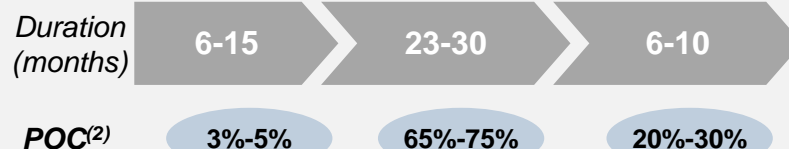


- Increases during construction
- Impact on net debt

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



- According to % of completion

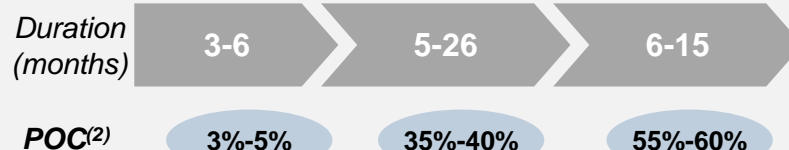


- Neutral profile

### 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

# Profit & Loss and Cash flow statement

<b>Profit &amp; Loss statement (€ mln)</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>Revenues</b>	<b>4,183</b>	<b>4,429</b>	<b>5,020</b>
Materials, services and other costs	(3,337)	(3,291)	(3,742)
Personnel costs	(865)	(846)	(909)
Provisions <sup>(1)</sup>	(7)	(25)	(28)
<b>EBITDA</b>	<b>(26)</b>	<b>267</b>	<b>341</b>
Depreciation, amortization and impairment	(111)	(110)	(120)
<b>EBIT</b>	<b>(137)</b>	<b>157</b>	<b>221</b>
Finance income / (expense) <sup>(2)</sup>	(135)	(66)	(83)
Income / (expense) from investments	(3)	(10)	(5)
Income taxes <sup>(3)</sup>	23	(21)	(42)
<b>Net result before extraordinary and non recurring items</b>	<b>(252)</b>	<b>60</b>	<b>91</b>
<i>Attributable to owners of the parent</i>	<i>(141)</i>	<i>66</i>	<i>95</i>
Extraordinary and non recurring items <sup>(4)</sup>	(50)	(59)	(49)
Tax effect on extraordinary and non recurring items	13	13	11
<b>Net result for the period</b>	<b>(289)</b>	<b>14</b>	<b>53</b>
<i>Attributable to owners of the parent</i>	<i>(175)</i>	<i>25</i>	<i>57</i>
<b>Cash flow statement (€ mln)</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>Beginning cash balance</b>	<b>552</b>	<b>260</b>	<b>220</b>
Cash flow from operating activities	(287)	73	532
Cash flow from investing activities	(172)	(237)	(168)
Cash flow from financing activities	167	115	(299)
<b>Net cash flow for the period</b>	<b>(292)</b>	<b>(49)</b>	<b>65</b>
Exchange rate differences on beginning cash balance	-	9	(11)
<b>Ending cash balance</b>	<b>260</b>	<b>220</b>	<b>274</b>

(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 mln 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

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

Net result before extraordinary and non recurring items (€ mln)	FY 2015	FY 2016	FY 2017
<b>A</b> Net result before extraordinary and non recurring items <sup>(1)</sup>	(252)	60	91
Attributable to owners of the parent	(141)	66	95
<b>B</b> Extraordinary and non recurring items gross of tax effect	(50)	(59)	(49)
– Of which extraordinary wages	(3)	(1)	-
– Of which restructuring costs	(17)	(12)	(4)
– Of which asbestos claims	(30)	(27)	(39)
– Of which other non recurring items	-	(19)	(6)
<b>C</b> Tax effect on extraordinary and non recurring items	13	13	11
<b>A + B + C</b> Net result for the period	(289)	14	53
Attributable to owners of the parent	(175)	25	57

- **Extraordinary wages** - costs related to CIG (Cassa Integrazione Guadagni) for employees in temporary layoff
- **Restructuring costs** - extraordinary costs, such as severance, related to workforce reduction under the Reorganization Plan in Italy
- **Asbestos claims** - provisions or costs for asbestos related to claims by employees
- **Other non recurring items** - in 2016 and 2017 extraordinary charges related to provisions for ongoing litigations

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

# Balance sheet

<b>Balance sheet (€ mln)</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
Intangible assets	518	595	582
Property, plant and equipment	974	1,064	1,045
Investments	62	58	53
Other non-current assets and liabilities	(44)	(69)	122
Employee benefits	(57)	(58)	(59)
<b>Net fixed assets</b>	<b>1,453</b>	<b>1,590</b>	<b>1,743</b>
Inventories and advances	405	590	835
Construction contracts and advances from customers	1,876	604	648
Construction loans	(1,103)	(678)	(624)
Trade receivables	560	1,123	909
Trade payables	(1,179)	(1,307)	(1,748)
Provisions for risks and charges	(112)	(126)	(141)
Other current assets and liabilities	(196)	59	1
<b>Net working capital</b>	<b>251</b>	<b>265</b>	<b>(120)</b>
<b>Assets held for sale including related liabilities</b>	<b>-</b>	<b>1</b>	<b>-</b>
<b>Net invested capital</b>	<b>1,704</b>	<b>1,856</b>	<b>1,623</b>
<i>Equity attributable to Group</i>	<i>1,137</i>	<i>1,086</i>	<i>1,237</i>
<i>Non-controlling interests in equity</i>	<i>129</i>	<i>155</i>	<i>72</i>
<b>Equity</b>	<b>1,266</b>	<b>1,241</b>	<b>1,309</b>
Cash and cash equivalents	(260)	(220)	(274)
Current financial receivables	(53)	(33)	(35)
Non-current financial receivables	(113)	(115)	(123)
Short term financial liabilities	263	453	482
Long term financial liabilities	601	530	264
<b>Net debt / (Net cash)</b>	<b>438</b>	<b>615</b>	<b>314</b>
<b>Sources of financing</b>	<b>1,704</b>	<b>1,856</b>	<b>1,623</b>

