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Update post 1H 2019 results

September 2019

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Safe Harbor Statement

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

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Declaration of the Manager responsible for preparing financial reports

The executive in charge of preparing the corporate accounting documents at Fincantieri, Felice Bonavolontà, declares that the accounting information contained herein correspond to document results, books and accounting records.



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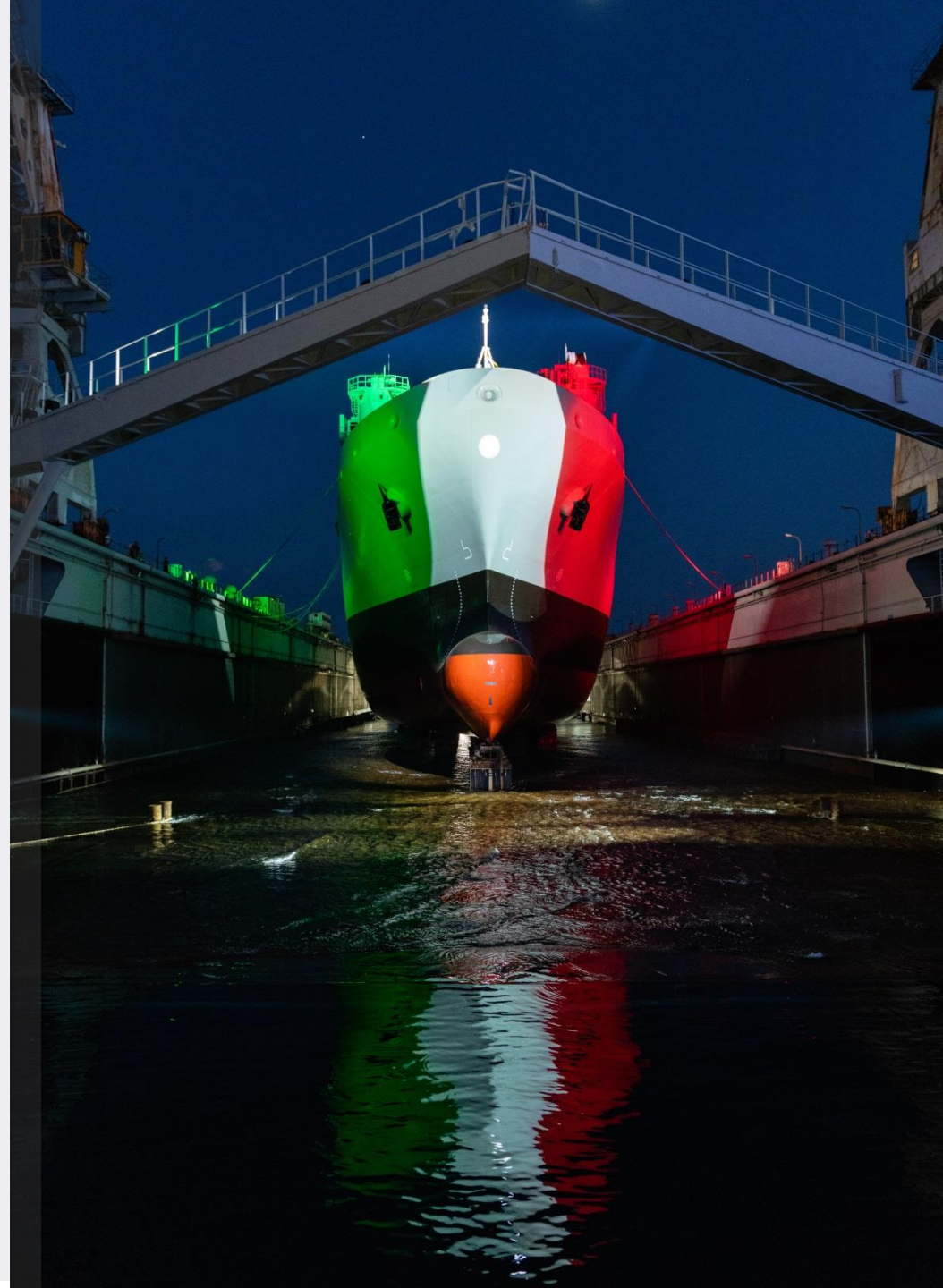
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Appendix



Section 1

Description of the Group



Fincantieri at a glance

We are an Italian Group with a global footprint

Our figures

€ 5.5 bn
FY18 revenues

€ 33.1 bn
Total backlog^(1,2)



Our global reach

20
shipyards

4
continents

~ 19,300
employees

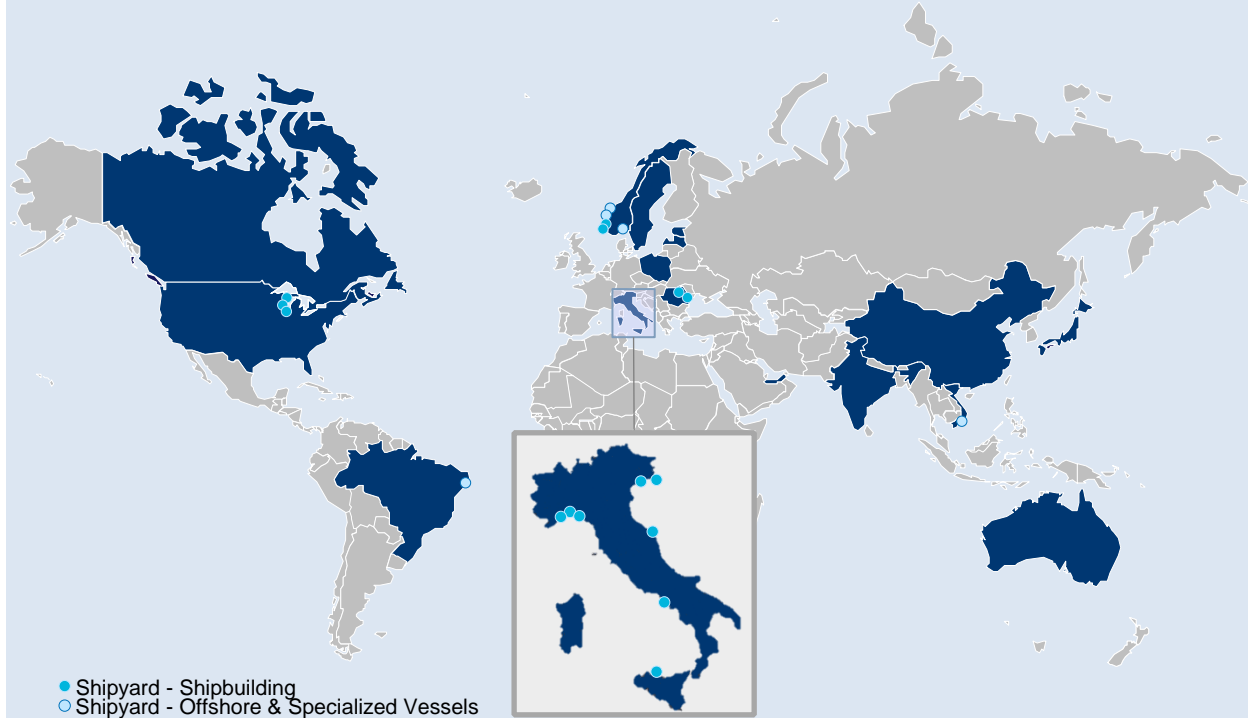
~ 80,000
subcontractors

Our impact

4.5x
Economic multiplier⁽³⁾

8.9x
Employment multiplier⁽⁴⁾

45% of our employees are based in Italy and 82% of revenues come from international clients



We are the #1 Western designer & shipbuilder⁽⁵⁾ with 230 years of history and over 7,000 ships built

Note: all figures reported at December 31, 2018, except for backlog and soft backlog which are referred to 1H 2019 (at June 30, 2019)

(1) At June 30, 2019

(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

(3) Value generated for each euro invested in shipbuilding according to the CENSIS "5th Report on the Economy of the Sea" (2015)

(4) Source: Fincantieri Sustainability Report 2018;

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

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Products, clients and backlog

Diversified product portfolio with a wide client base and strong backlog

		Main products	Key clients	Revenues 2018 ⁽¹⁾	Backlog ⁽²⁾
Shipbuilding	Cruise	<ul style="list-style-type: none"> All cruise ships: <ul style="list-style-type: none"> Luxury/Niche⁽³⁾ Upper Premium Premium Contemporary 	<div> <div>(4)</div> <div>CARNIVAL CORPORATION & PLC</div> <div>VIKING OCEAN CRUISES</div> <div>SILVERSEA</div> <div>TUI Cruises</div> </div> <div> <div>(5)</div> <div>NORWEGIAN CRUISE LINE HOLDINGS LTD.</div> <div>VOYAGER</div> <div>MSC CRUISES</div> <div>PONANT</div> </div>	<p>€3,226 mln 53.7%</p>	
	Naval	<ul style="list-style-type: none"> All surface vessels (Also stealth) Support & Special vessels Submarines 	<div> <div>Italian Navy and Coast Guard</div> <div>Qatar Emiri Naval Forces</div> <div>Algerian Navy</div> </div> <div> <div>US Navy</div> <div>United Arab Emirates Navy</div> <div>Indian Navy</div> </div>	<p>€1,434 mln 23.9%</p>	€ 27,793 mln (76 ships)
	Other	<ul style="list-style-type: none"> Similar businesses to our core ones where we operate opportunistically (e.g. Mega Yachts, Ferries...) 		<p>€18 mln 0.3%</p>	
Offshore & Specialized Vessels		<ul style="list-style-type: none"> OSV Fishery Ferries Offshore wind OPV Special vessels 	<div> <div>DCF</div> <div>SOLSTAD OFFSHORE ASA</div> <div>Prysmian Group</div> <div>TOPAZ</div> <div>Technip</div> </div> <div> <div>ISLAND OFFSHORE</div> <div>BOREAL TRANSPORT</div> <div>TRANSPECTRO</div> <div>FRASATTO</div> </div>	<p>€681 mln 11.3%</p>	€ 885 mln (22 ships)
Equipment Systems & Services		<ul style="list-style-type: none"> Marine systems, components & turnkey solutions Ship interiors Naval services Ship repairs & conversion 	<div> <div>Italian Navy and Coast Guard</div> <div>United Arab Emirates Navy</div> <div>US Navy</div> <div>Qatar Emiri Naval Forces</div> </div> <div> <div>GRIMALDI LINES</div> <div>MSC CRUISES</div> <div>WINDSTAR CRUISES</div> <div>Carnival</div> <div>ROYAL CARIBBEAN</div> </div>	<p>€651 mln 10.8%</p>	€ 1,604 mln

(1) Before eliminations and consolidation adjustments

(2) At June 30, 2019









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

(4) Parent company of several brands: Carnival Cruise Lines, Costa Crociere, Cunard, Holland America Line, P&O Cruises, Princess Cruise Lines and Seabourn Cruise Lines

(5) Parent company of several brands: Norwegian Cruise Line, Oceania Cruises, Regent Seven Seas Cruises

Markets and positioning

Leadership in high-potential reference markets and solid track record

	End markets	Market Trend	Main Drivers	Track record
Shipbuilding	Cruise 	 <ul style="list-style-type: none"> Almost 50 million passengers worldwide by 2030 (+4.8% compared to 2018)⁽¹⁾ > 400 thousand additional lower berths required to satisfy the increase in passengers⁽²⁾ Booming market with record order levels and high visibility 	<ul style="list-style-type: none"> Passenger growth Credit market situation USD/EUR exchange rates Oil price Fleet ageing and new regulations 	<ul style="list-style-type: none"> World leader in the design and construction of vessels for all segments of the cruise industry 87 ships delivered from 1990 to 2018 (5 delivered in 1H 2019)
	Naval 	 <ul style="list-style-type: none"> Large programs under development (Italian Navy fleet renewal program, LCS program, Qatari Navy program) Foreign accessible markets' programs with expenditures ~USD10.3 billion up to 2023⁽³⁾ 	<ul style="list-style-type: none"> Defence budgets for accessible markets Global geopolitical situation Naval fleet renewals 	<ul style="list-style-type: none"> 122⁽⁴⁾ ships delivered from 1990 to 2018 2 ships delivered in 1H 2019
Offshore & Specialized Vessels		 <ul style="list-style-type: none"> O&G sector crisis and postponements of drilling projects caused a slowdown related equipment industry (PSV, AHTS) Segment diversification strategy (Fishery, Aquaculture, OPV, Special vessels) 	<ul style="list-style-type: none"> Oil price and E&P investments New business opportunities for units with similarities to the Offshore ones (e.g. cable – laying vessels) 	<ul style="list-style-type: none"> 399⁽⁵⁾ ships delivered from 1990 to 2018 8 ships delivered in 1H 2019
Equipment Systems & Services		 <ul style="list-style-type: none"> High potential and high margin business Result of the insourcing strategy of high value-added activities 	<ul style="list-style-type: none"> Shipbuilding programs ongoing Fleet ageing and development of new technologies New emissions' regulations 	<ul style="list-style-type: none"> Strong revenue growth to € 651 mIn in 2018 (2015-2018 CAGR: +9.3%)

(1) Source: CLIA - Cruise Lines International Association

(2) Assuming 1 week of average duration of a cruise and capacity utilization of ships close to 100%

(3) Source: IHJ Military Ships Forecast Market as of 25th March 2019, Fincantieri analysis

(4) Includes other products delivered by Naval business unit. Includes US subsidiaries pre Fincantieri acquisition, excluding 174 RB-M delivered since 2002

(5) Includes other products delivered by Offshore & Specialized Vessels business unit. Includes VARD and predecessor companies

Focus: cruise client portfolio

Consolidated capability to acquire new clients and diversify product portfolio....

2002



- Carnival brands
- Norwegian Cruise Lines brands
- Royal Caribbean brands

Today

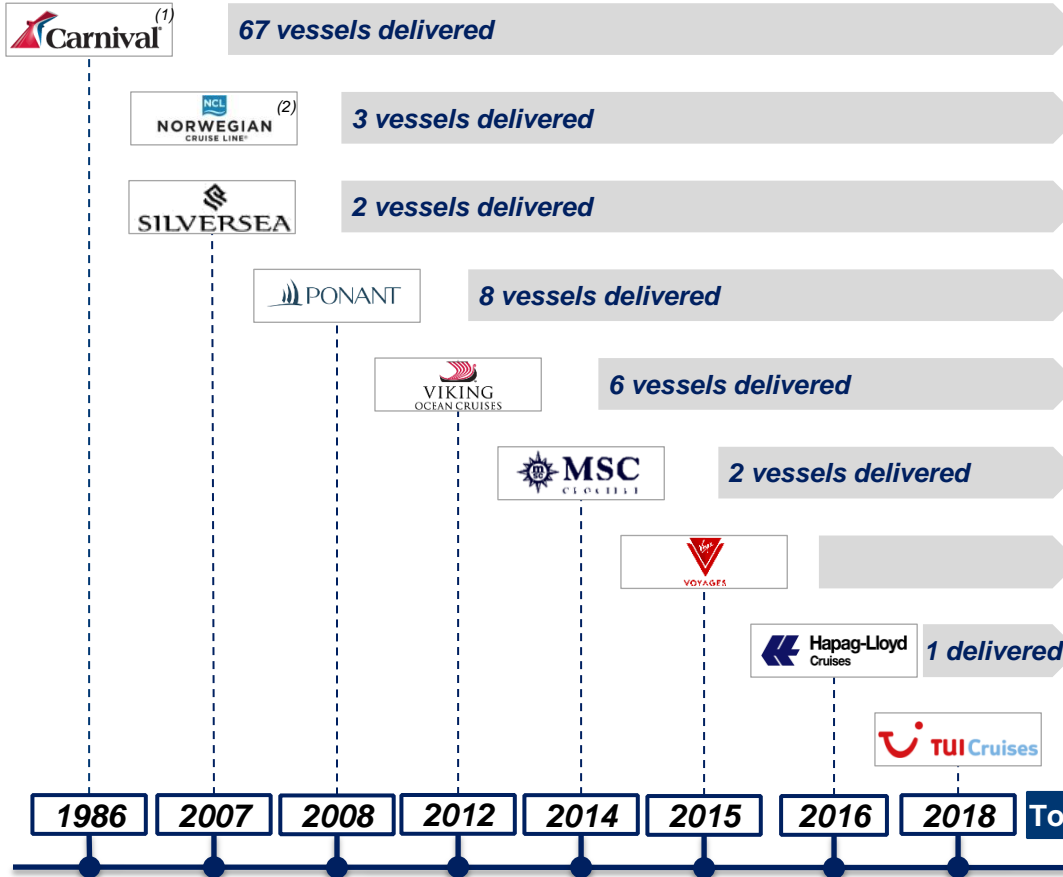


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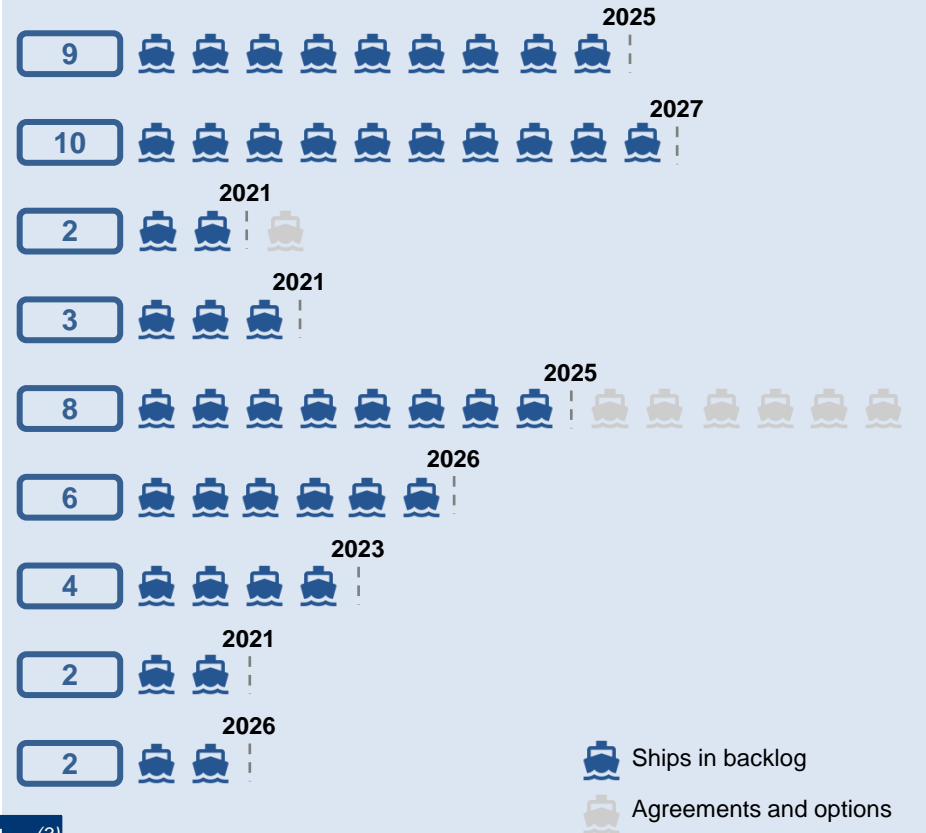
Focus: cruise client portfolio

...while developing long-term partnerships and far-reaching visibility

Delivered vessels



Vessels in backlog⁽³⁾



Scheduled deliveries up to 2027 and long-lasting relationships with our client base including the 4 major cruise operators

Source: Company information

(1) Parent company of several brands: Carnival Cruise Lines, Costa Crociere, Cunard, Holland America Line, P&O Cruises, Princess Cruise Lines and Seabourn Cruise Lines

(2) Parent company of several brands: Norwegian Cruise Line, Oceania Cruises, Regent Seven Seas Cruises

(3) As of June 30, 2019

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Key competitive strengths

Consolidated leadership, high diversification and flexible global production network

1 Consolidated leadership in growing markets and long term visibility



- Leader in fast-growing cruise market and in naval segment
- Sizable order book and total backlog⁽¹⁾ amounting to approximatively 6.1 years of work if compared to 2018 revenues

2 High diversification in terms of end market, geography and client portfolio



- Focus on high complexity and high value-added segments
- Most diversified shipbuilder with a broad range of clients with both long-term relationships and strategy of extending its customer base



4 Technological leadership



- High innovation capacity and system integrator capabilities (coordination of whole product lifecycle as prime contractor), with ~ 100 prototypes delivered in the last 15 years
- Strong commitment to R&D and proven track record of on-time and on-budget deliveries, with an expenditure > € 400 mln for the period 2015-2018

3 Flexible and global production network



- Integrated production model to control entire production process and aftermarket
- Flexible and global integrated network of 20 shipyards and approx. 19,300 employees located in both emerging and Western countries

(1) At June 30, 2019

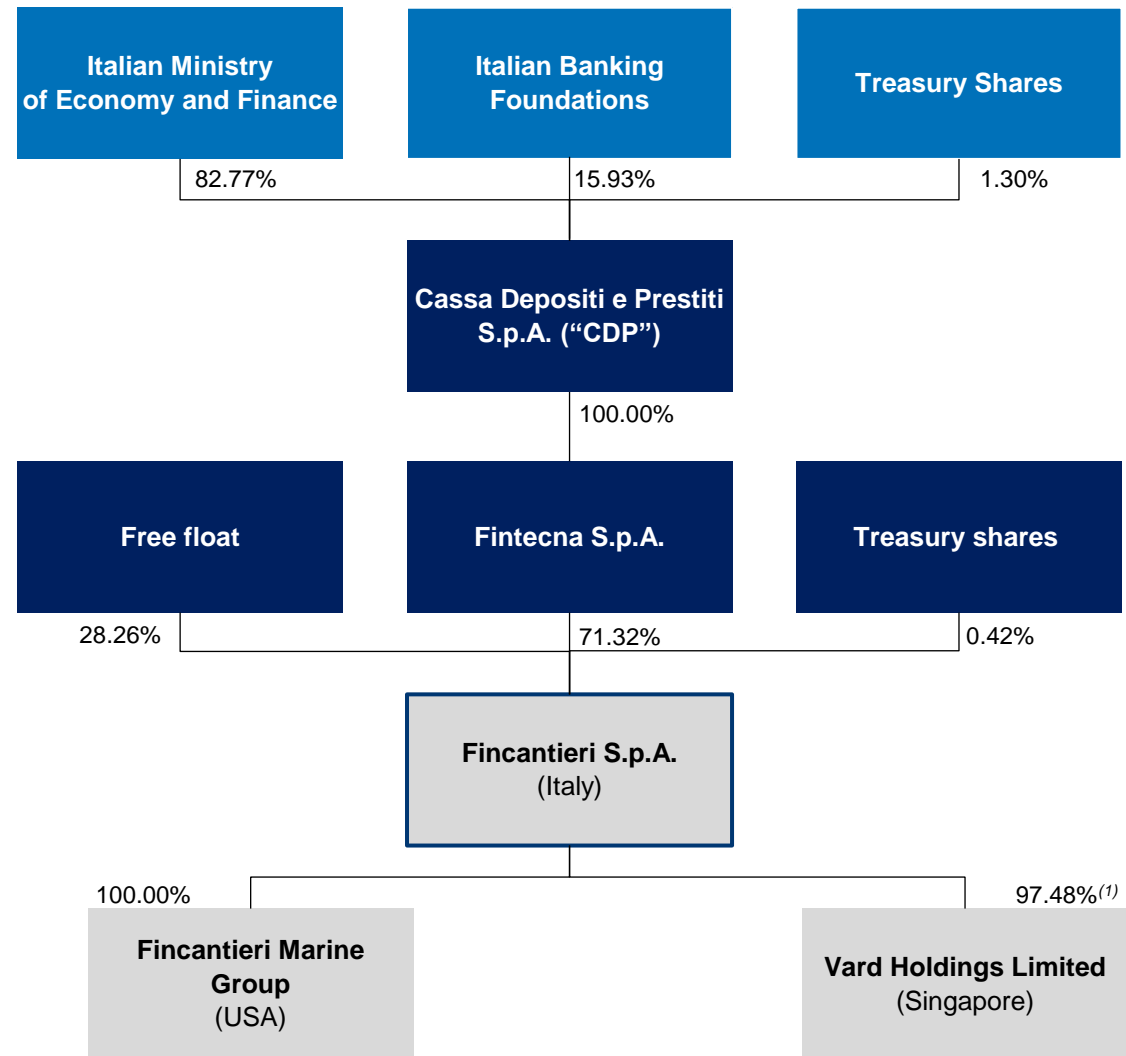
Ownership and Group structure

A listed company with strong reference shareholders

Brief description of the Group structure

- Fincantieri shares are listed on the Milan Stock Exchange since July 3, 2014
- Fincantieri's reference shareholder is Fintecna S.p.A., a holding company fully owned by CDP, owning 71.64% stake
- CDP is an Italian state-owned National Development Institution holding major stakes in several listed / non listed strategic Italian companies like ENI, Snam, Terna, Sace, Saipem and Poste Italiane
- Fincantieri S.p.A. is the Holding company of the Group
- Fincantieri Marine Group ("FMG") is the US subsidiary controlling the three American yards (among them, Marinette Marine participated by Lockheed Martin with a minority stake)
- Vard Holdings Limited is the holding company for the VARD Group, recently delisted from the Singapore Stock Exchange

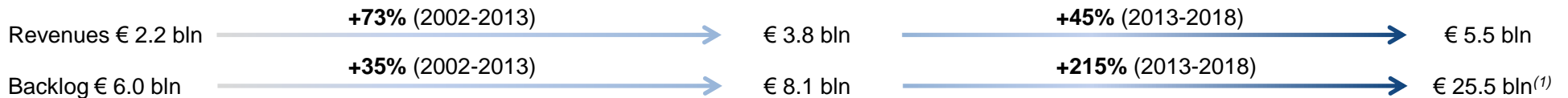
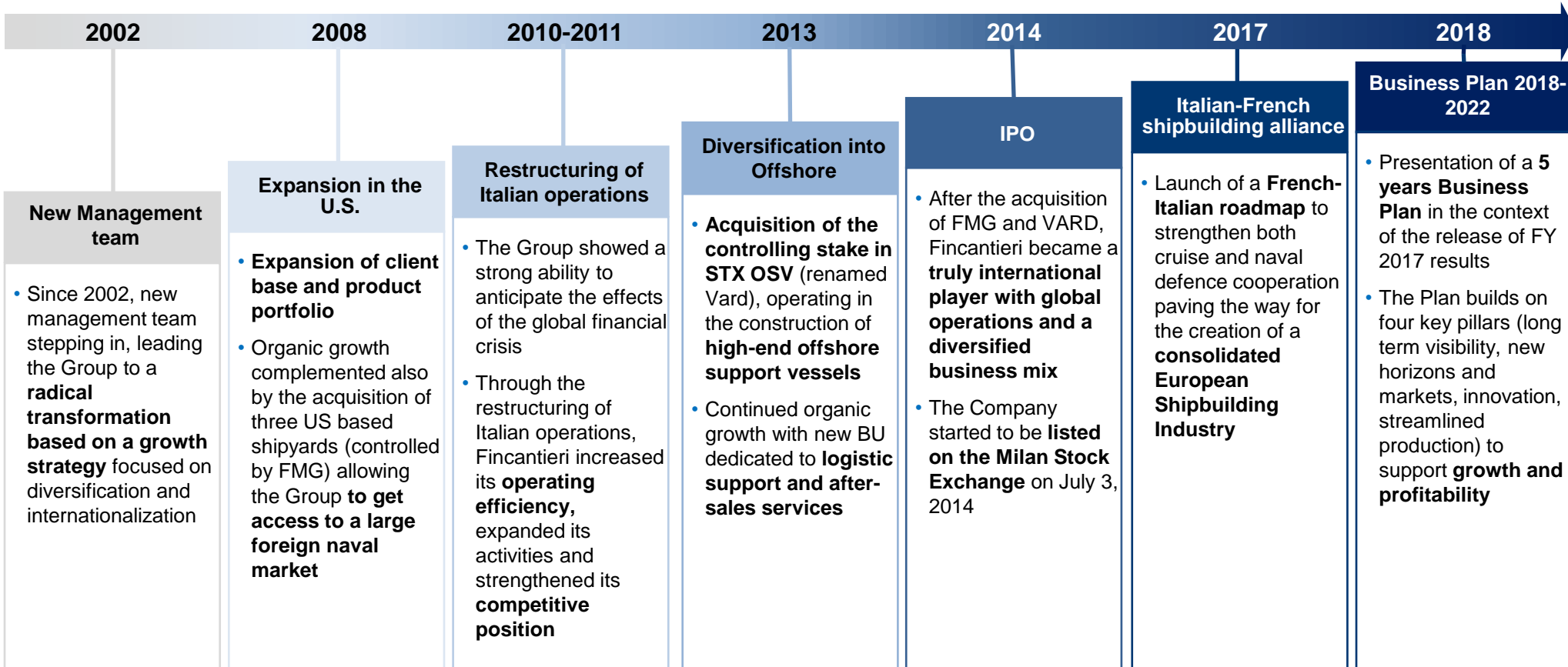
Simplified ownership and Group structure



(1) Ownership as of July 31, 2019

Key historical events

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

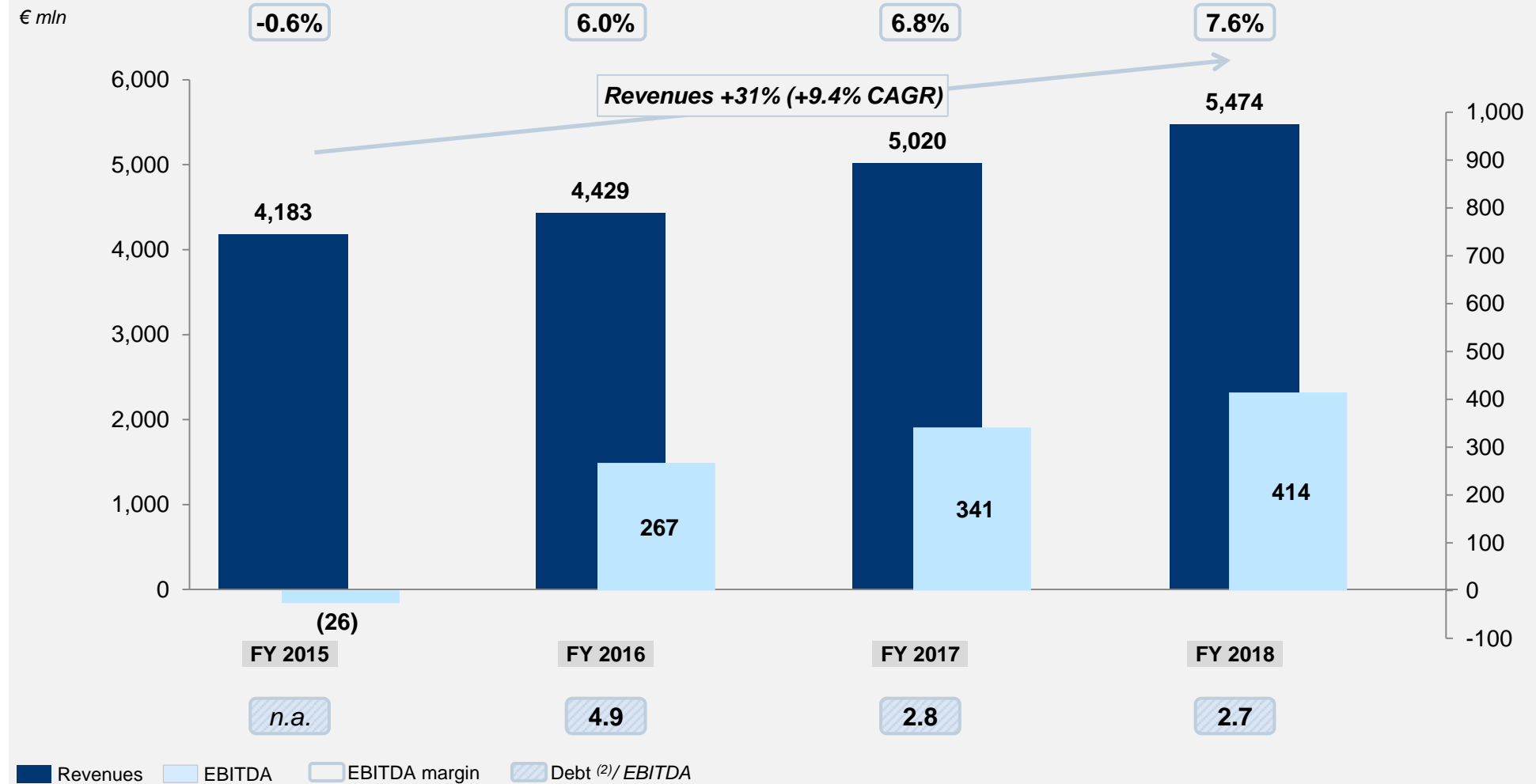


(1) Backlog was € 29.5 bln at June 30, 2019

Key financials

Growing revenues and operating performance

Revenues & EBITDA⁽¹⁾ / margin



(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) 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

(2) Sum of Net Financial Position and Construction Loans

Section 2

Financial overview



1H 2019 Key Messages

Revenues up 12%, EBITDA up 17%, record order intake at € 6.6 bln

Financials

- Revenues up 12% at € 2.8 bln
- EBITDA up 17% at € 215 mln and EBITDA margin at 7.6% (vs 7.3% in 1H 2018)
- Adjusted Net income € 34 mln and Net income at € 12 mln, net of charges for asbestos-related claims (€ 18 mln) and taxes (€ 40 mln)
- Net debt⁽¹⁾ at € 724 mln (€ 494 mln at December 31, 2018)

Order intake

- Record order intake (€ 6.6 bln) in a single semester:
 - Orders for 15 units including 11 cruise ships for 5 different brands (Oceania, Regent Seven Seas Viking, MSC, Princess) and 1 LCS for the US Navy (LCS 31)
- Total backlog⁽²⁾ with 108 units at € 33.1 bln: backlog at € 29.5 bln (+34% vs 1H 2018) and soft backlog⁽³⁾ at € 3.6 bln

Business update

- Delivery of 15 units from 11 shipyards; launch of two units within the Italian Navy fleet renewal program
- Signed the *Alliance Cooperation Agreement with Naval Group* for the incorporation of a 50/50 joint venture
- Ongoing interactions with the Antitrust Authorities on the acquisition of Chantiers de l'Atlantique
- Start of production activities for the bridge over the Polcevera river in Genoa
- Ongoing focus of the Group on sustainability: signed important agreements on environmental and social topics; implementation of activities aimed at reaching the targets set out in the Sustainability Plan

(1) Excluding Construction loans

(2) Sum of backlog and soft backlog

(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

Ongoing strategic development

Defence industry

- Building on the support of the French and Italian Governments, **Fincantieri and Naval Group signed the Alliance Cooperation Agreement for the establishment of a 50/50 joint venture**, a crucial step towards the creation of a groundbreaking industrial Alliance

Cruise industry

- **Fincantieri signed a share purchase agreement with the French Government for 50% of the share capital of Chantiers de l'Atlantique**; upon the closing of the transaction, currently subject to the approval by the Antitrust Authorities, an additional 1% of the share capital will be lent to Fincantieri

Infrastructure sector

- The Group **improved its positioning in the infrastructure business** through the involvement in important projects, notably for the construction of the longest suspension bridge in Romania and of the bridge over the Polcevera river in Genoa

Development of competences

- **Consolidation of existing activities in the area of electronics and IT** – strategic sectors for innovation – with the objective of strengthening the existing knowledge base in the field of cybersecurity, automation, simulation, training and technologies for unmanned conduct, by creating synergies within the Group

Sustainability

- **Approval and publication of the Sustainability Plan**, with the goal of spreading and strengthening the sustainability culture within the Company while combining business growth and financial solidity with the principles of social and environmental sustainability

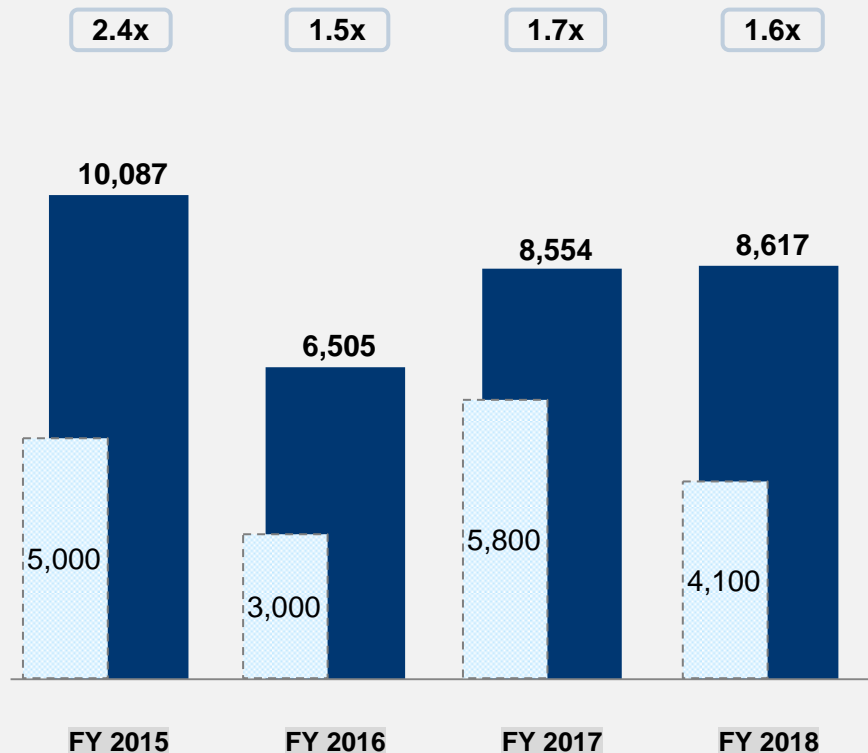
VARD

- **Completion of delisting process of VARD and launch of its full integration with the Italian activities of the Group** aiming at ensuring greater coordination

Backlog ramp-up and conversion of soft backlog into backlog

Order intake

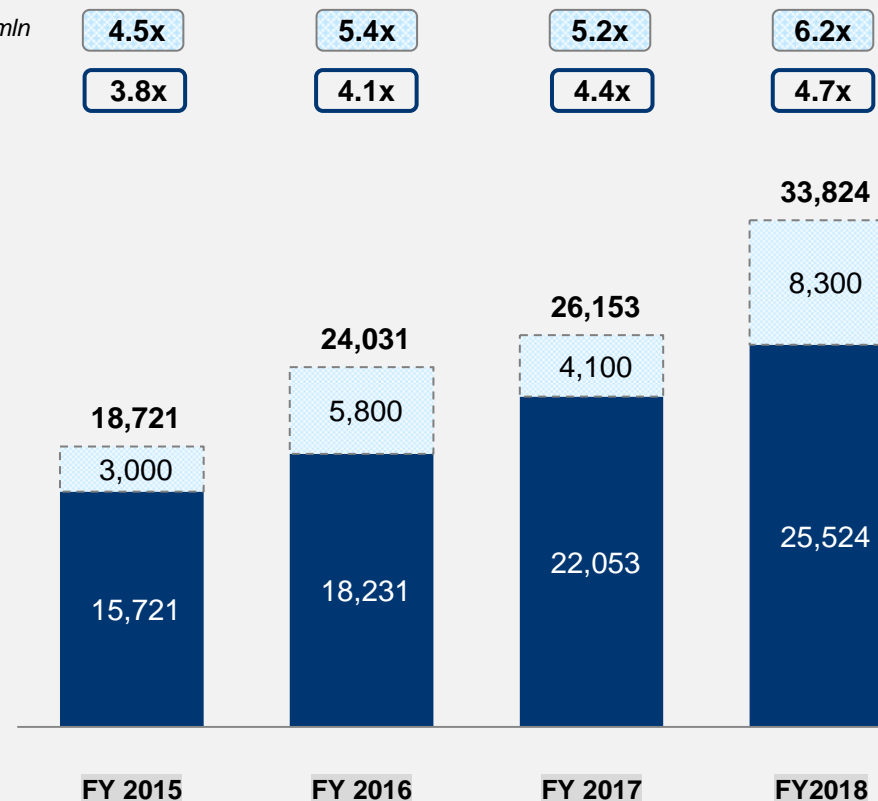
€ mln



□ Book to Bill (Order intake / Revenues) □ Soft backlog previous FY

Total backlog⁽¹⁾

€ mln



■ Backlog □ Soft backlog⁽²⁾ □ Backlog / Revenues □ Total backlog / Revenues

- Proven ability to finalize contracts under negotiation, contract options and commercial opportunities and to transform them into backlog

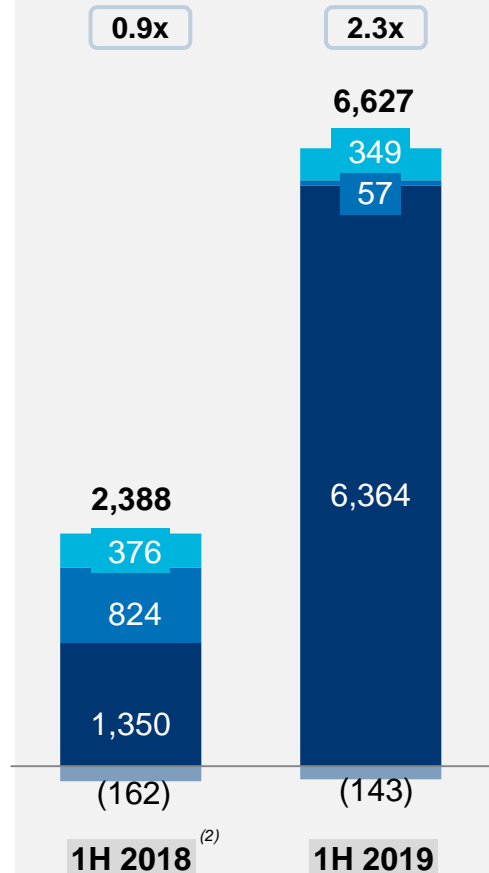
⁽¹⁾ Sum of backlog and soft backlog

⁽²⁾ 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

1H 2019 order intake and backlog: breakdown by segment

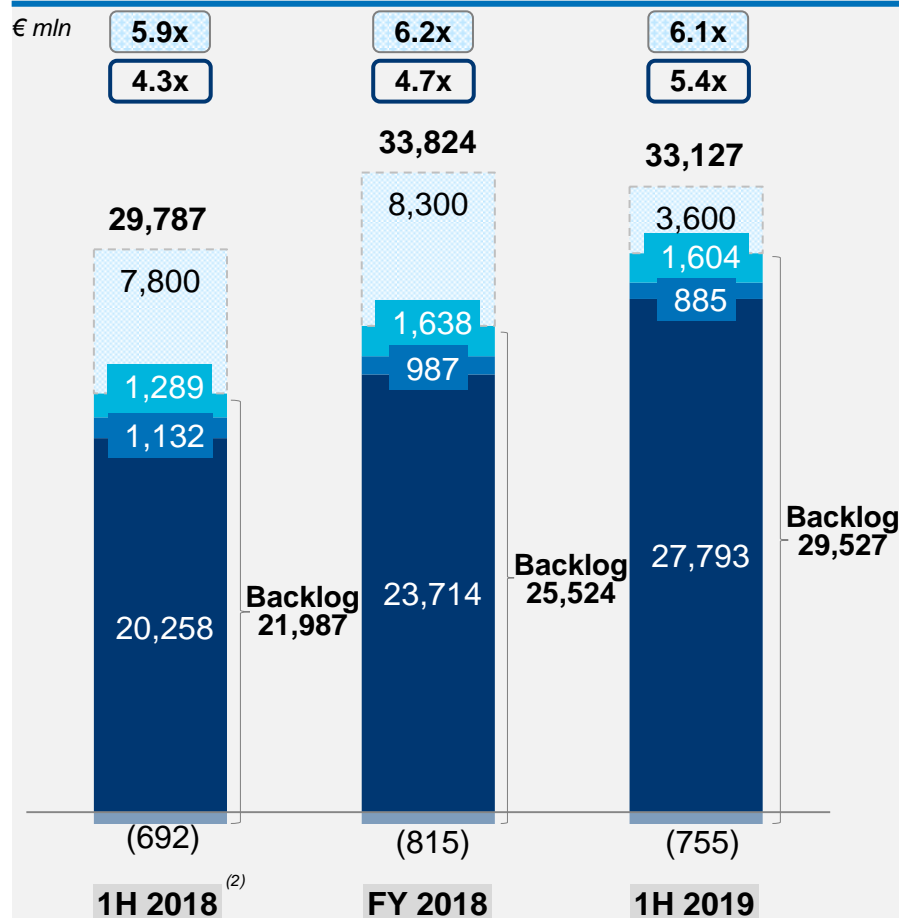
Order intake

€ mln



Total backlog⁽¹⁾

€ mln



- Record order intake at € 6.6 bln
- Contracts signed for 15 units, including 11 cruise ships for 5 different brands and 1 naval unit
- Total backlog with 108 units at € 33.1 bln, approximately 6.1 times 2018 revenues
- Backlog up 34% vs. 1H 2018

Shipbuilding Offshore & Specialized Vessels Equipment, Systems & Services Eliminations

Book-to-bill (Order intake/revenues) Backlog /Revenues Total backlog / revenues Soft backlog⁽³⁾

(1) Sum of backlog and soft backlog

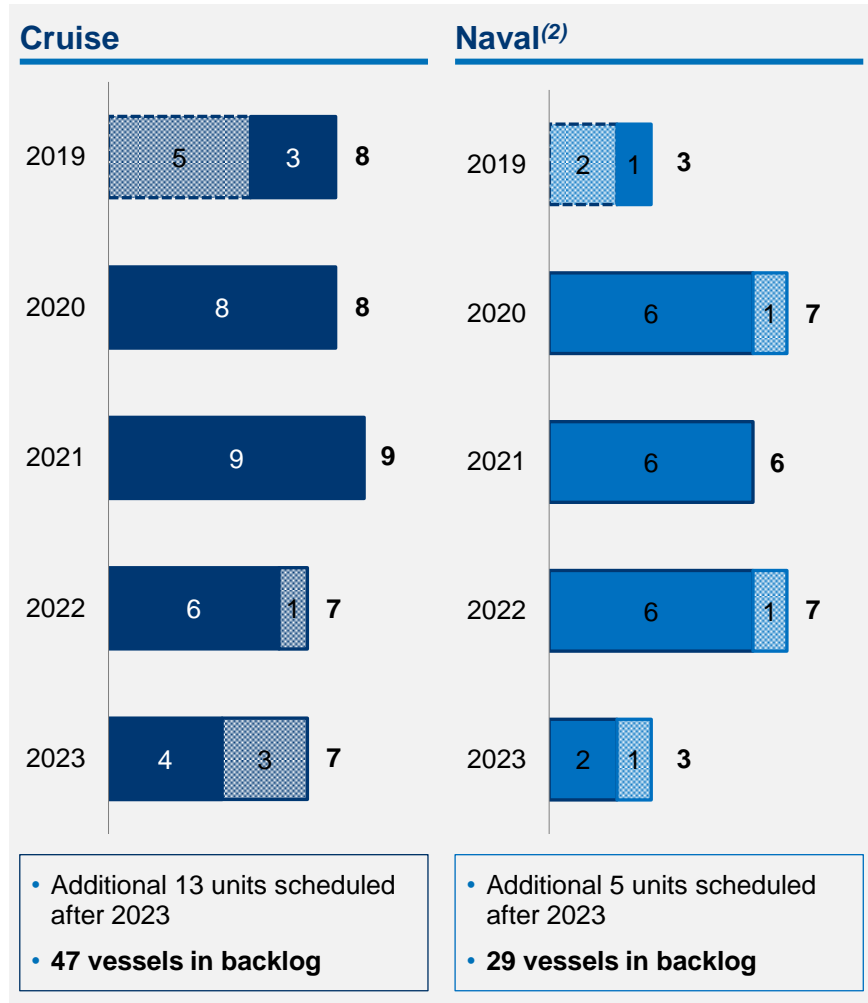
(2) Restated following the reorganization of VARD

(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

1H 2019 backlog deployment: breakdown by segment and end market

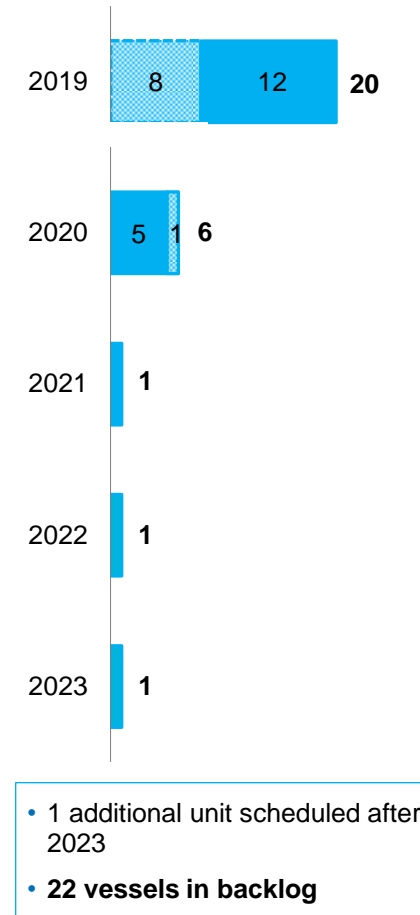
Shipbuilding

ship deliveries⁽¹⁾



Offshore & Specialized Vessels

ship deliveries⁽¹⁾



Delivered in 1H 2019
New orders in 1H 2019

- 15 units delivered in 1H 2019 and 98 ships in backlog
- Cruise: 47 vessels
 - Deliveries up to 2027
 - 13 units scheduled after 2023
- Naval: 29 vessels
 - Deliveries up to 2026
 - 5 units scheduled after 2023
- Offshore & Specialized Vessels⁽³⁾: 22 vessels
 - Deliveries up to 2024

(1) For reasons connected to the organizational responsibility of VARD yards split between Cruise and Offshore, one fishery vessel (for Havfisk) scheduled for delivery in 2020 is included in the cruise deliveries and two Expedition cruise vessels (for Coral Expeditions) scheduled for delivery in 2019 and in 2020 are included in Offshore & Specialized Vessels

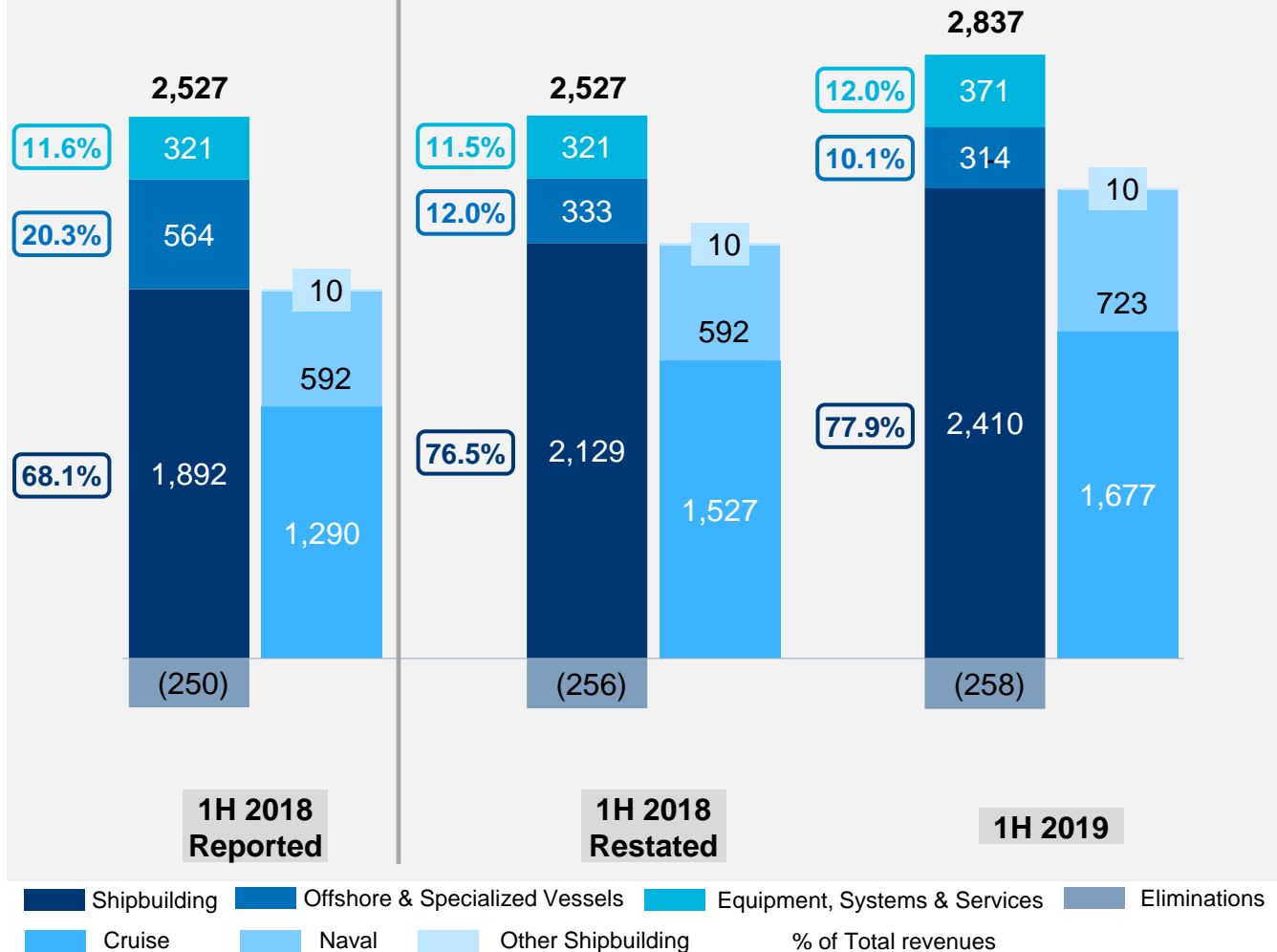
(2) Articulated Tug Barge (ATB) is an articulated unit consisting of a barge and a tug, thus being counted as two vessels in one unit

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

1H 2019 Revenues: +12% YoY

Revenues breakdown by segment⁽¹⁾

€ mln



• Revenues up 12% vs 1H 2018

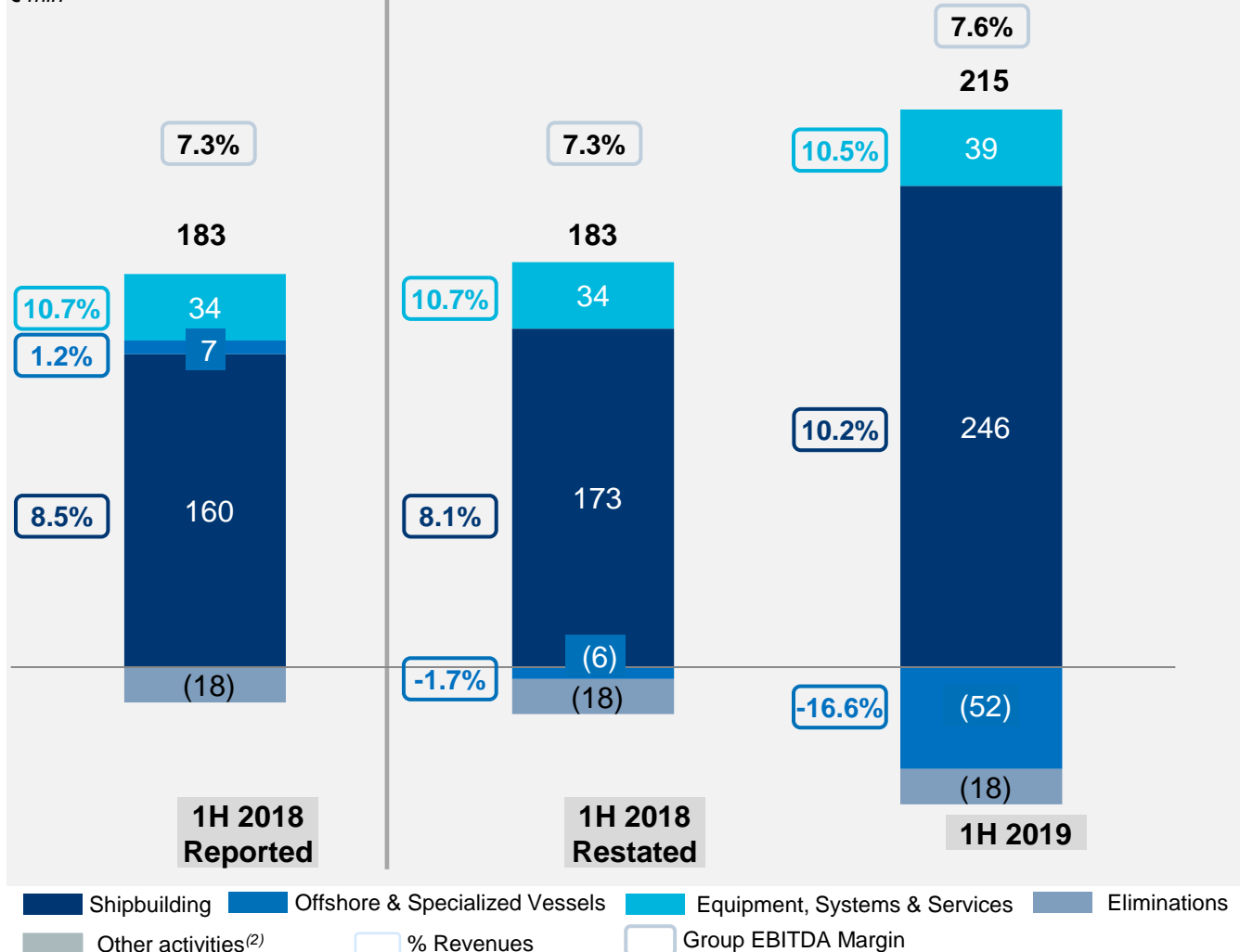
- Shipbuilding revenues up 13.2% vs 1H 2018 (Cruise revenues up 9.8% and Naval revenues up 22.1%)
- Offshore & Specialized Vessels revenues down 5.7% vs 1H 2018
- Equipment, Systems & Services revenues up 15.3% vs 1H 2018

(1) Breakdown calculated on total revenues before eliminations

1H 2019 EBITDA

EBITDA⁽¹⁾ and EBITDA margin

€ mln



- **EBITDA at € 215 mln** (+17% vs 1H 2018), **EBITDA margin at 7.6%** (7.3% in 1H 2018)

- Good operating performance of the Shipbuilding segment confirming the soundness of Business Plan drivers
- Positive performance of the Shipbuilding and the Equipment, Systems and Services segments
- Negative profitability of the Offshore and Specialized Vessels segment

(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

(2) Other costs

Section 3

Balance Sheet and Capital Structure



Working capital dynamics

Indicative payment terms

Illustrative phases of the shipbuilding process⁽¹⁾

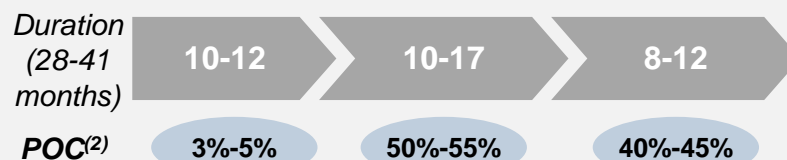


Impact on net working capital

Cruise



- 20% during construction
- 80% on delivery

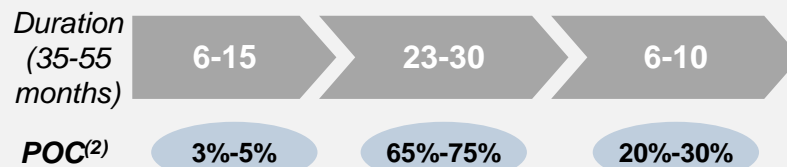


- Increases during construction
- Impact on net debt/construction loans

Naval⁽³⁾



- According to % of completion

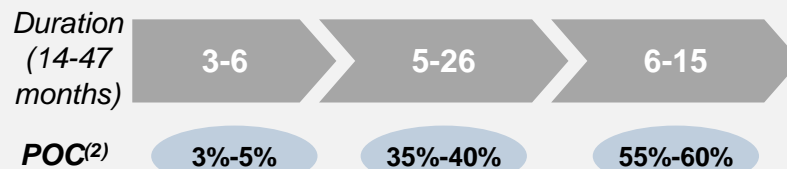


- Positive or neutral profile

Offshore⁽³⁾



- 20% during construction
- 80% on delivery



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

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

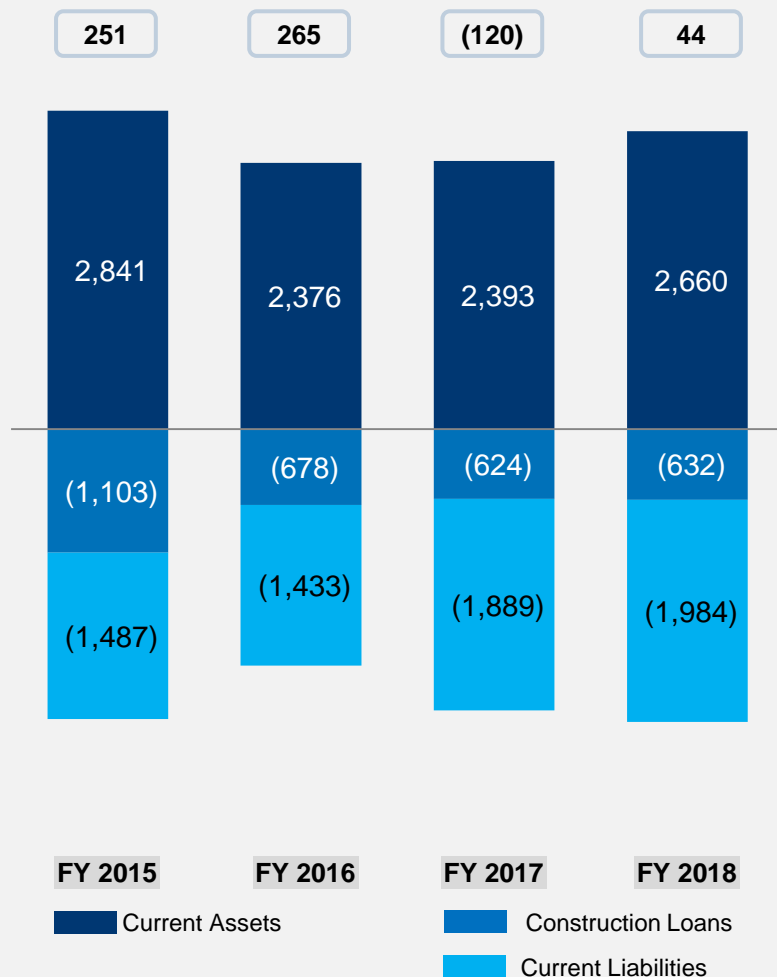
⁽²⁾ Percentage of Completion

⁽³⁾ Illustrative for frigates and support vessels

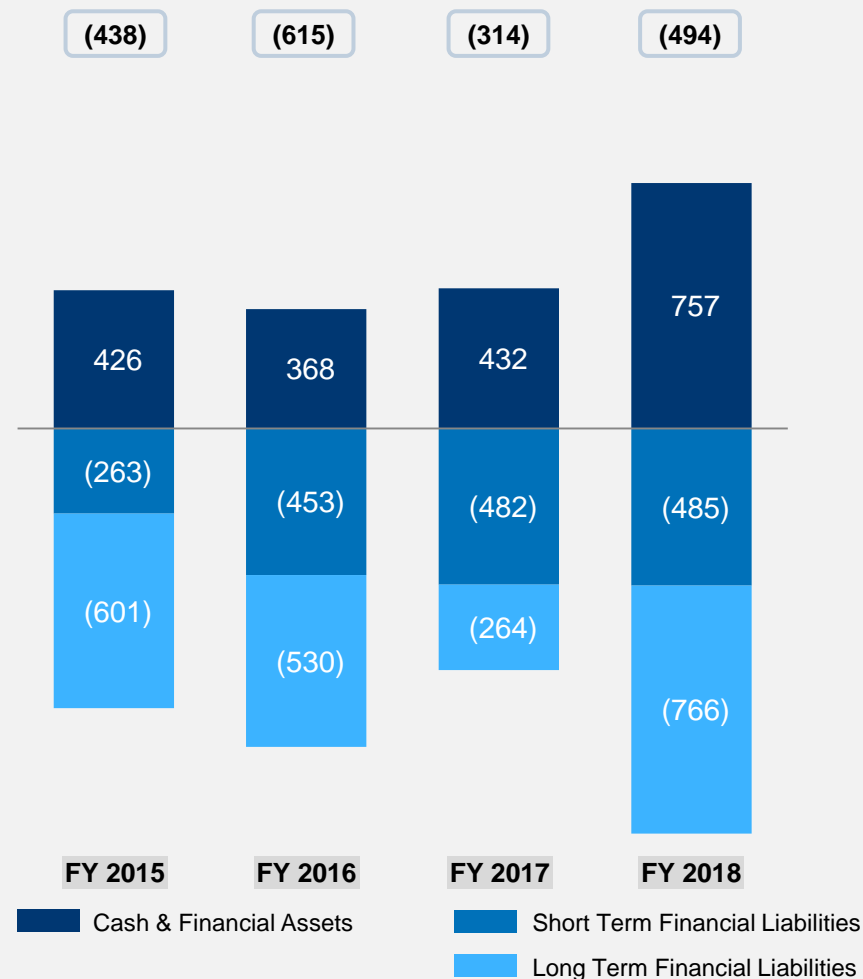
Historical evolution of Net Working Capital and Net Financial Position

Net Working Capital⁽¹⁾

€ mln



Net Financial Position⁽²⁾



(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

(2) 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

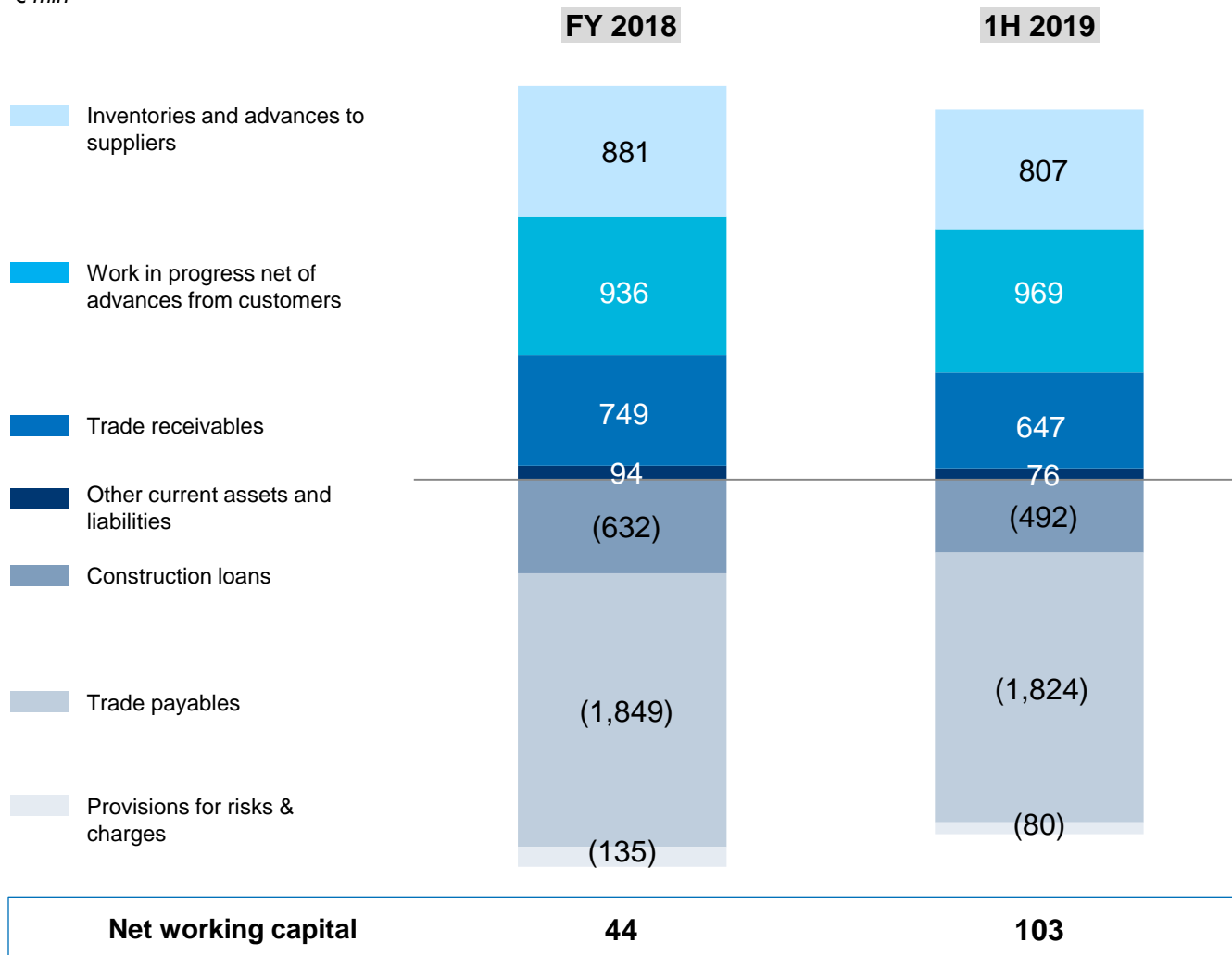
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1H 2019 Net working capital ⁽¹⁾

Breakdown by main components

€ mln



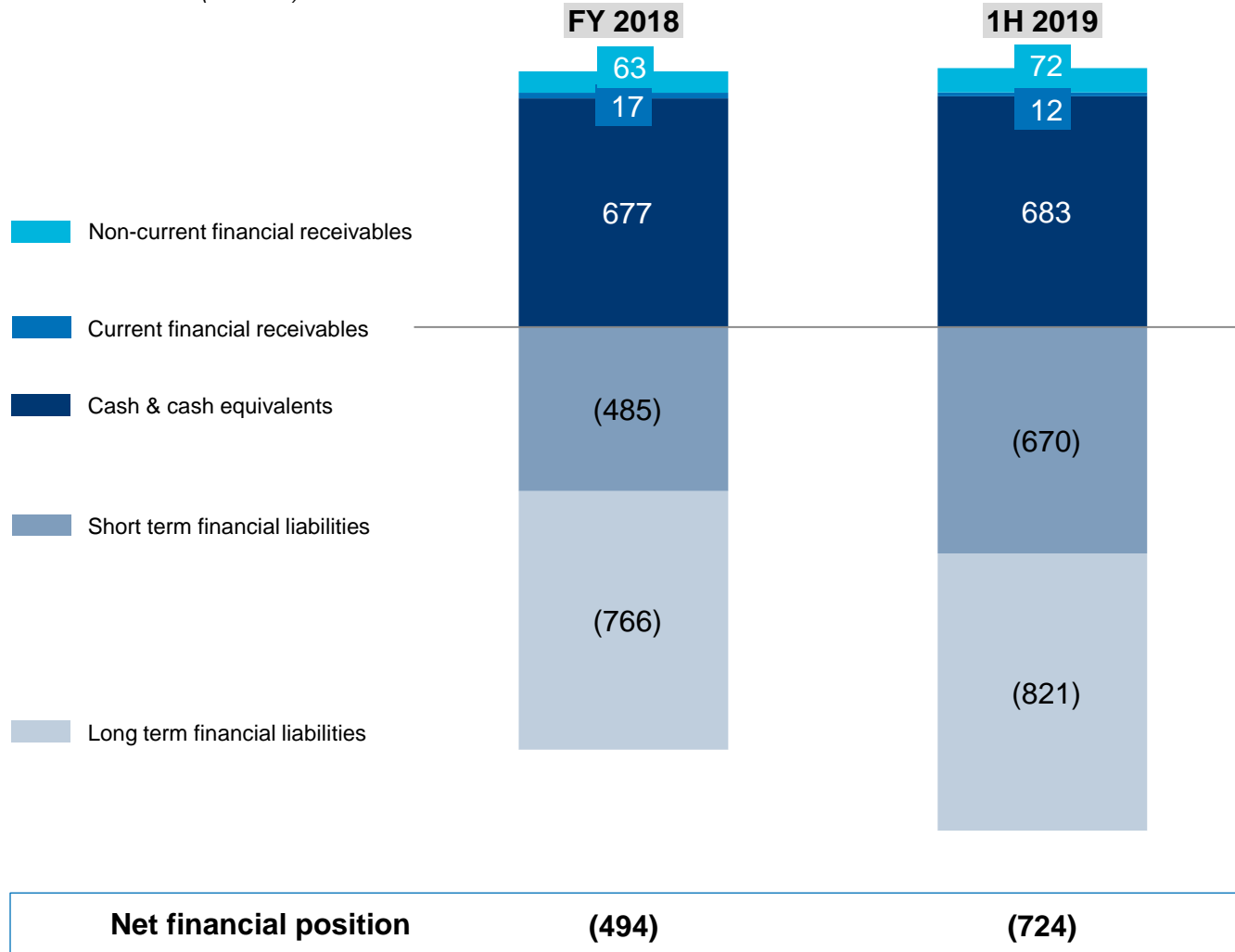
- Main drivers include:
 - Delivery of a vessel previously classified as inventory
 - Typical business dynamics related to increase in production volumes and cash-in of final payments at delivery

⁽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

1H 2019 Net financial position⁽¹⁾

Breakdown by main components

€ mln – Net cash / (Net debt)

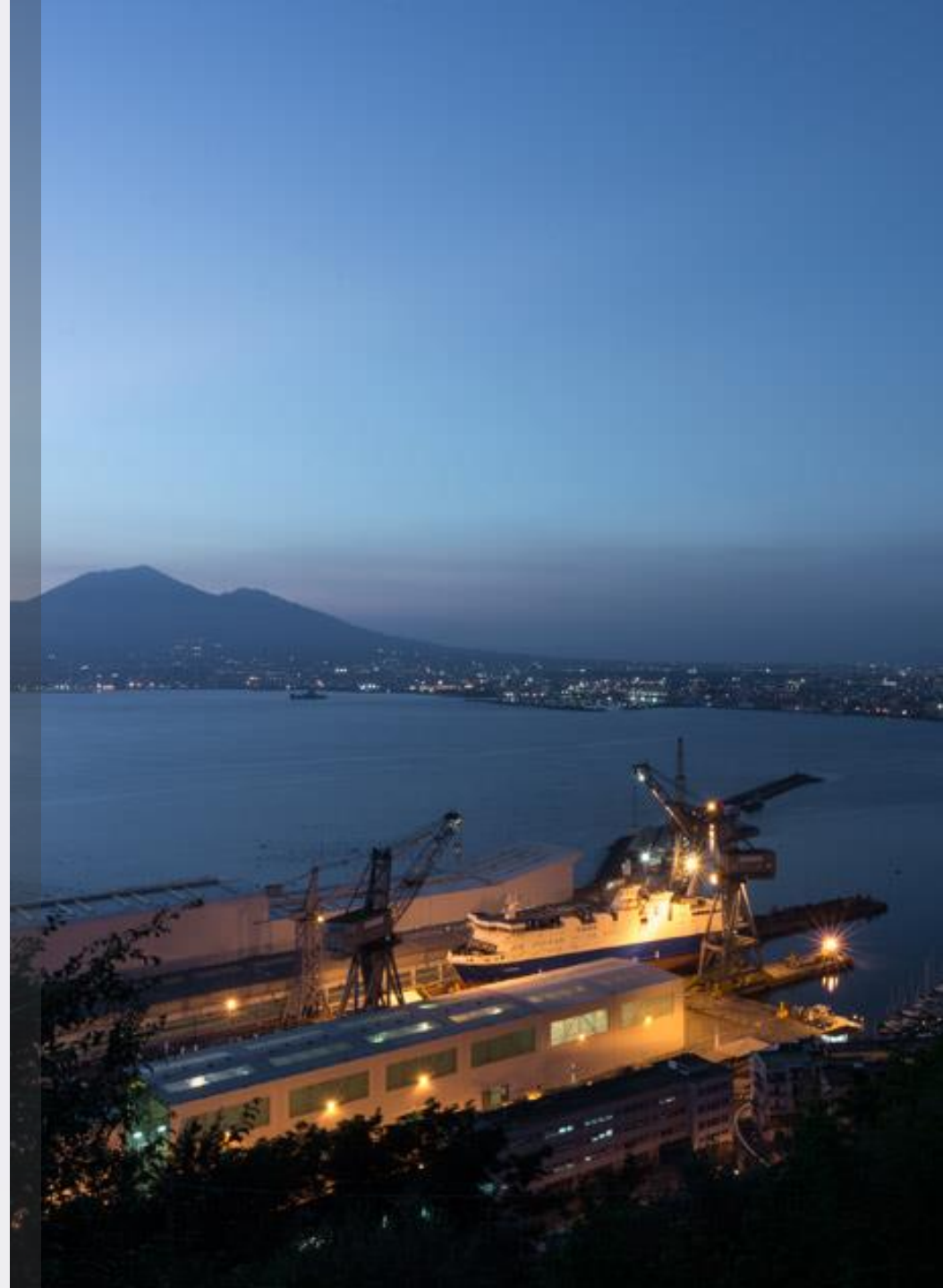


- Increase of net debt consistent with investments of the period and cruise business dynamics with higher production volumes expected in the coming months

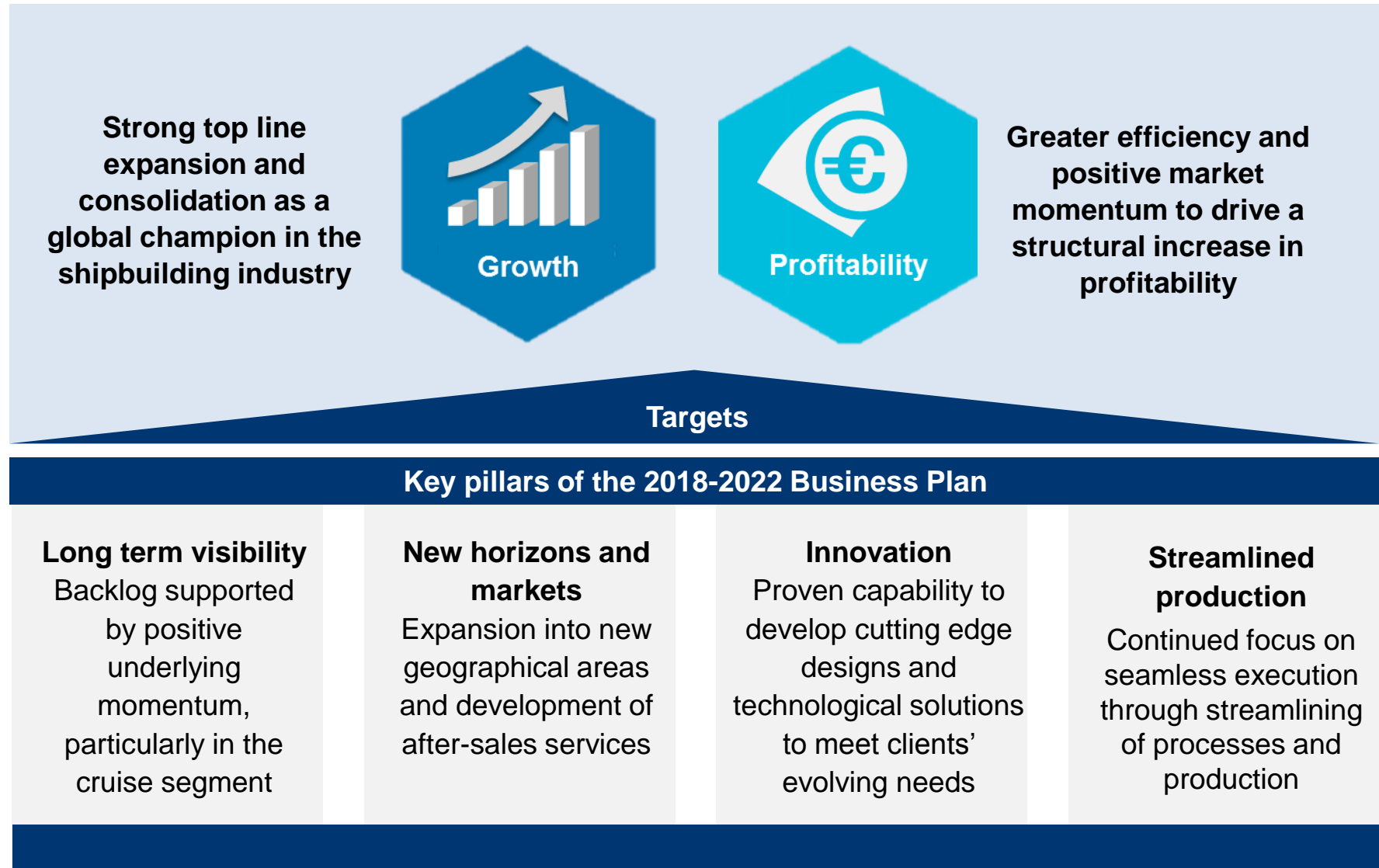
⁽¹⁾ Net financial position does not account for construction loans as they are not general purpose loans and can be a source of financing only in connection with ship contracts

Section 4

Strategy & Outlook



Growth strategy based on long term visibility, new horizons and markets, innovation and streamlined production



- The good performance of the Shipbuilding segment allows us to reiterate the Group guidance for 2019, despite the challenging context in the Offshore and Specialized Vessels sector,
- **2019 results expected to be in line with 2018 and consistent with 2018-2022 Business Plan guidelines**
 - Growth trend for revenues with an EBITDA margin confirmed to be in line with 2018
 - Expected temporary increase in net debt due to working capital financing needs

Shipbuilding

- Delivery of 4 additional units, of which 3 cruise ships and 1 naval vessel
- Full swing of production activities related to the order for the Qatari Ministry of Defense with 3 units under construction, the first of which is scheduled for delivery in 2021

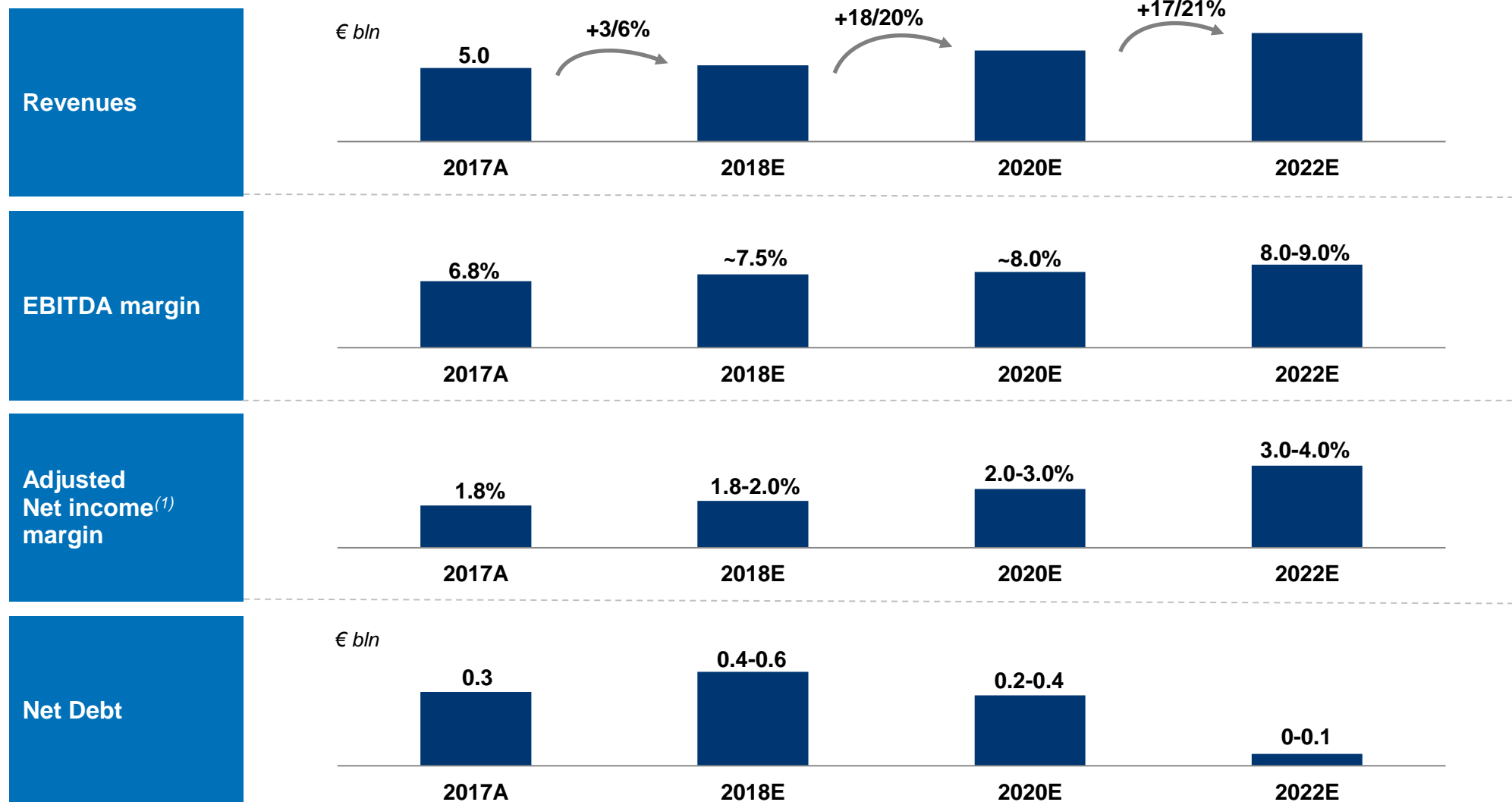
Offshore & Specialized Vessels

- Continuing execution of VARD's diversified backlog and organizational and production adjustments
- Restructuring plan aimed at margin recovery in the medium term currently under definition – includes leveraging of experience on innovative products and technologies in segments not directly linked to Oil&Gas sector

Equipment, Systems & Services

- Confirmation of the growth trend thanks to: backlog development relating to naval contracts, higher volumes for the production of cabins and public areas for cruise ships, as well as infrastructure activities

Short and medium term financial targets

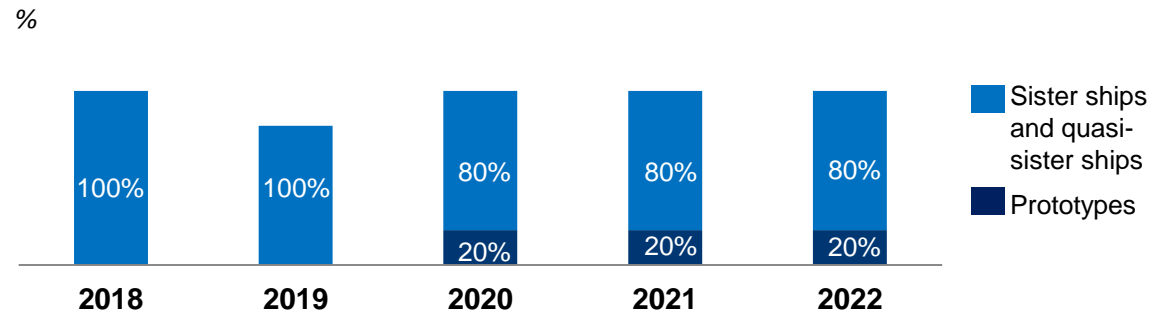


(1) Net income before extraordinary and non-recurring items
Source: Fincantieri 2018 – 2022 Business Plan presentation published on March 28, 2018

Shipbuilding: quantifying main drivers of growth and increasing profitability

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

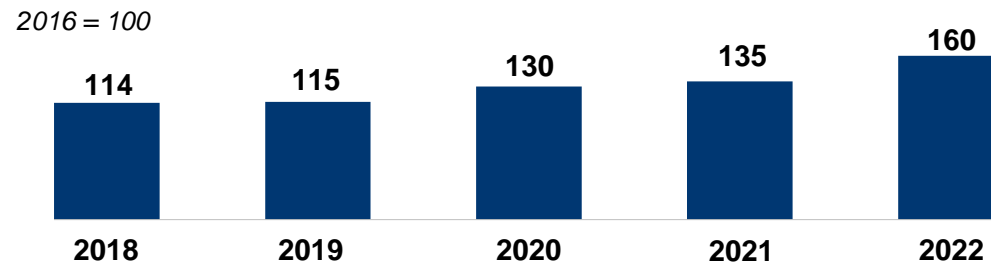
Cruise ships by delivery year: prototypes, sister ships and quasi-sister ships



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

Cruise: pricing trends

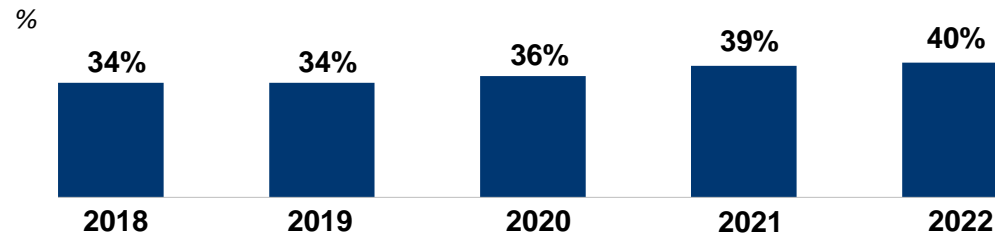
Cruise ships >90k TSL: revenues per lower berth by delivery year



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

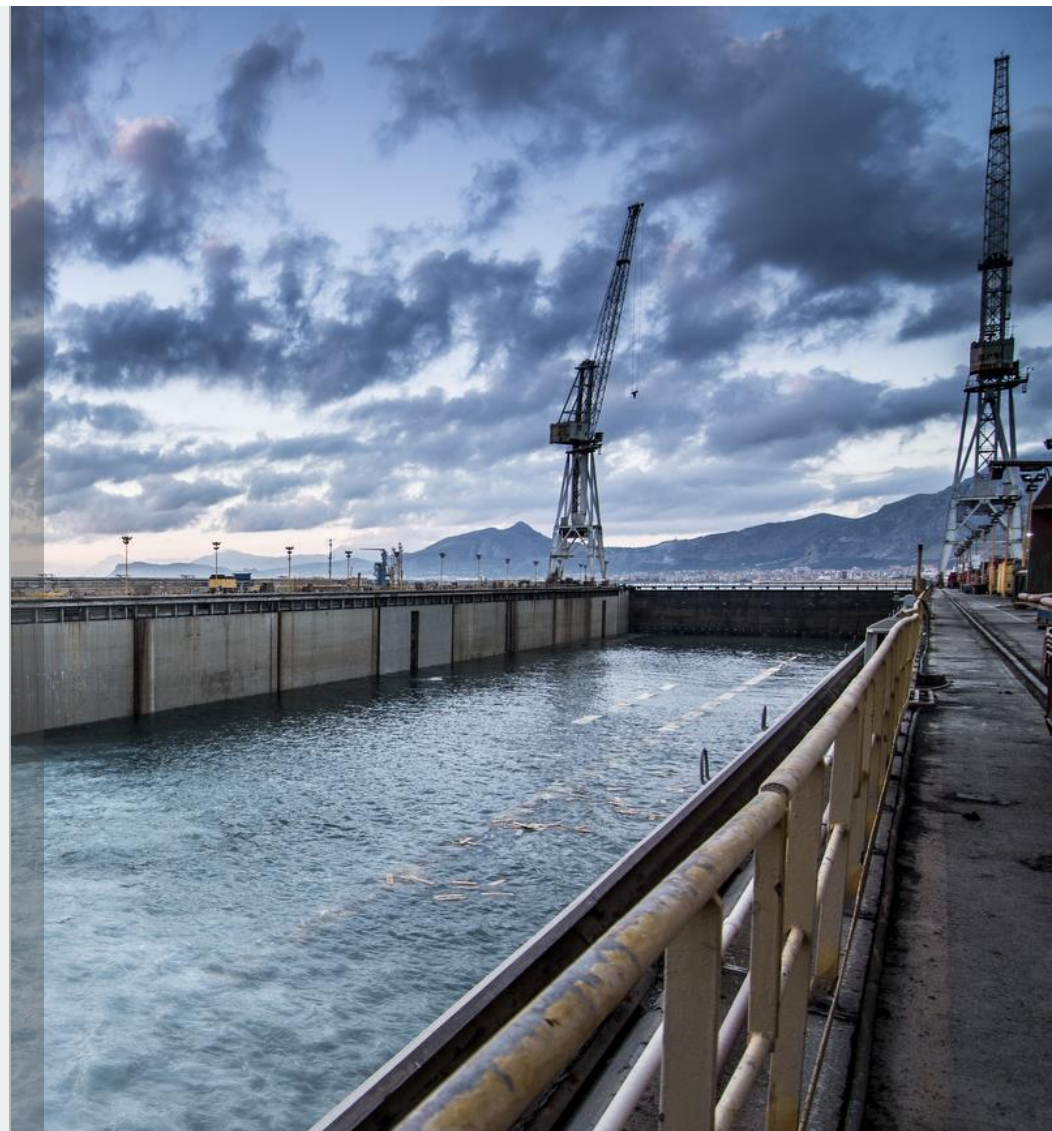
Naval revenues/Shipbuilding revenues

Naval revenues/Shipbuilding revenues



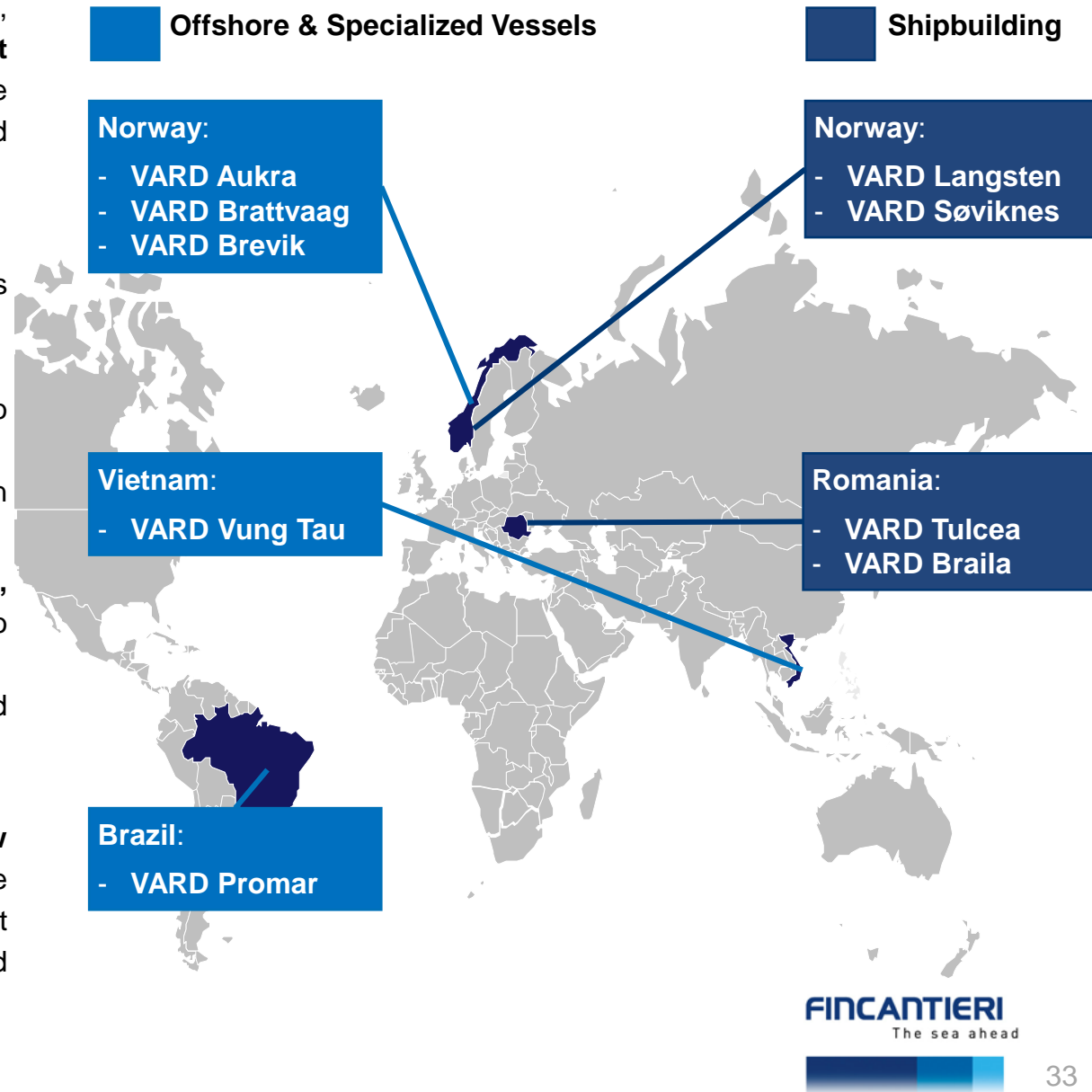
- The relative contribution is influenced by the strong uptick in cruise volumes

Appendix



New organizational structure and segment review

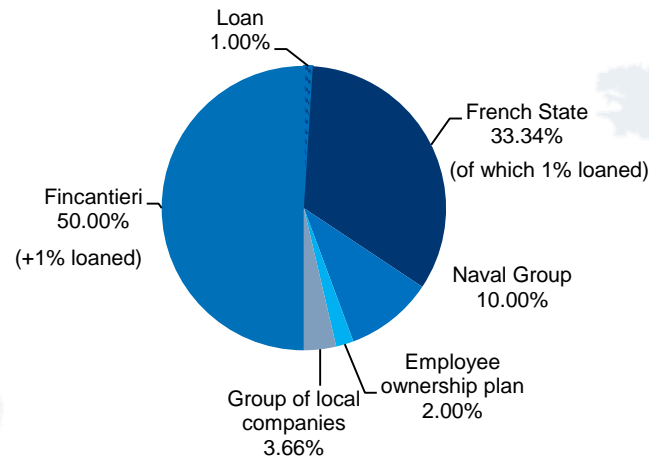
- Following the delisting of VARD, in December 2018, the **full organizational integration with the Parent Company was launched**, both for expedition cruise shipbuilding projects and the related shipyards, and for offshore and special vessels projects
- VARD's activities are now split between:
 - Cruise business unit**, which includes activities related to expedition cruise shipbuilding:
 - project management
 - Romanian and Norwegian yards dedicated to cruise ship construction
 - other key activities such as production oversight of public areas and purchasing
 - Offshore & Specialized Vessels business unit**, which includes all the activities not related to expedition cruise shipbuilding:
 - project management of offshore, specialized and other vessels
 - remaining VARD shipyards
- VARD Cruise business unit results are now aggregated into the Shipbuilding segment**, while VARD Offshore & Specialized Vessels business unit is part of the Offshore segment (now renamed Offshore & Specialized Vessels)



- In February 2018 **Fincantieri⁽¹⁾** signed a share purchase agreement for the acquisition of **50% of STX France from the French State⁽²⁾**
- The signing follows the agreement between the **Italian and French Governments** to launch a joint process paving the way for the future creation of a progressive **alliance in the naval defence sector, through the involvement of Fincantieri, Naval Group and STX France**
- The completion of the transaction is subject to a series of conditions

Future capital structure and governance

- Fincantieri will borrow 1% of shares from the French State (carrying all economic and voting rights)
- The Board of Directors of STX France will be composed as follows:
 - 4 members appointed by Fincantieri (including Chairman and CEO)
 - 2 members appointed by the French State (APE)
 - 1 member appointed by Naval Group
 - 1 member appointed by the employees
- The Chairman of the Board will have a “casting vote” in case of stall



Industrial partnership

- Through this industrial partnership **Fincantieri strengthens its leadership on the global market**
- **The perfect complementarity of Fincantieri's and STX France's cruise activities and products** would allow the two companies to serve **all the clients and end-markets** and to **generate value not only for the shareholders, but also for the employees and the respective subcontractors' networks**

Bringing together strengths of **Fincantieri, Naval Group and STX France** will create a **global European leader** aiming to become world's top player in the construction of complex, high value-added vessels and largest exporter in both civil and military markets, with a significant activity in systems and services

(1) Through its subsidiary Fincantieri Europe SpA

(2) Represented by the Agence des Participations de l'Etat (APE)

1H 2019 main orders

Segment	Vessel	Client	# of ships	Expected Delivery
Shipbuilding	Cruise Ships	<i>Oceania Cruises</i>	2	2022-2025
		<i>Regent Seven Seas Cruises</i>	1	2023
		<i>Viking Cruises</i>	2	2024-2025
		<i>MSC Cruises</i>	4	2023-2026
		<i>Princess Cruises</i>	2	2023-2025
	Littoral Combat Ship	<i>US Navy</i>	1	2023
Offshore & Specialized Vessels	Expedition Cruise Vessel "Coral Geographer"	<i>Coral Expeditions</i>	1	2020

1H 2019 main deliveries

Segment	Vessel	Client	Shipyard
Shipbuilding	Cruise ship "Viking Jupiter"	<i>Viking Cruises</i>	Ancona
	Cruise ship "Costa Venezia"	<i>Costa Crociere</i>	Monfalcone
	Littoral Combat Ship "Billings" (LCS 15)	<i>US Navy</i>	Marinette
	FREMM "Antonio Marceglia"	<i>Italian Navy</i>	Muggiano
	Expedition cruise vessel "Le Bougainville"	<i>Ponant</i>	Vard Søviknes
	Expedition cruise vessel "Le Dumont d'Urville"	<i>Ponant</i>	Vard Søviknes
Offshore & Specialized Vessels	Expedition cruise vessel "Hanseatic Nature"	<i>Hapag-Lloyd Cruises</i>	Vard Langsten
	OSCV (3 vessels)	2 for <i>Topaz Energy and Marine</i> 1 for <i>Dofcon Navegação</i>	Vard Brattvaag Vard Promar
	Expedition cruise vessel "Coral Adventurer"	<i>Coral Expeditions</i>	Vard Vung Tau

Acquired in Q2

Overview of financial performance indicators⁽¹⁾

€ mln	FY 2015	FY 2016	FY 2017	FY 2018
Order intake	10,087	6,505	8,554	8,617
Total backlog	18,721	24,031	26,153	33,824
<i>Of which backlog</i>	<i>15,721</i>	<i>18,231</i>	<i>22,053</i>	<i>25,524</i>
<i>Of which soft backlog</i>	<i>3,000</i>	<i>5,800</i>	<i>4,100</i>	<i>8,300</i>
Revenues	4,183	4,429	5,020	5,474
EBITDA	(26)	267	341	414
<i>As a % of revenues</i>	<i>-0.6%</i>	<i>6.0%</i>	<i>6.8%</i>	<i>7.6%</i>
EBIT	(137)	157	221	277
<i>As a % of revenues</i>	<i>-3.3%</i>	<i>3.5%</i>	<i>4.4%</i>	<i>5.1%</i>
Adjusted profit/loss⁽²⁾	(252)	60	91	108
<i>Attributable to owners of the parent</i>	<i>(141)</i>	<i>66</i>	<i>95</i>	<i>111</i>
Net result for the period	(289)	14	53	69
<i>Attributable to owners of the parent</i>	<i>(175)</i>	<i>25</i>	<i>57</i>	<i>72</i>
Net fixed assets	1,453	1,590	1,743	1,703
Net working capital⁽³⁾	251	265	(120)	44
<i>Of which construction loans</i>	<i>(1,103)</i>	<i>(678)</i>	<i>(624)</i>	<i>(632)</i>
Equity	1,266	1,241	1,309	1,253
Net financial position <i>Net cash/ (Net debt)</i>	(438)	(615)	(314)	(494)
Employees	20,019	19,181	19,545	19,274

⁽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)

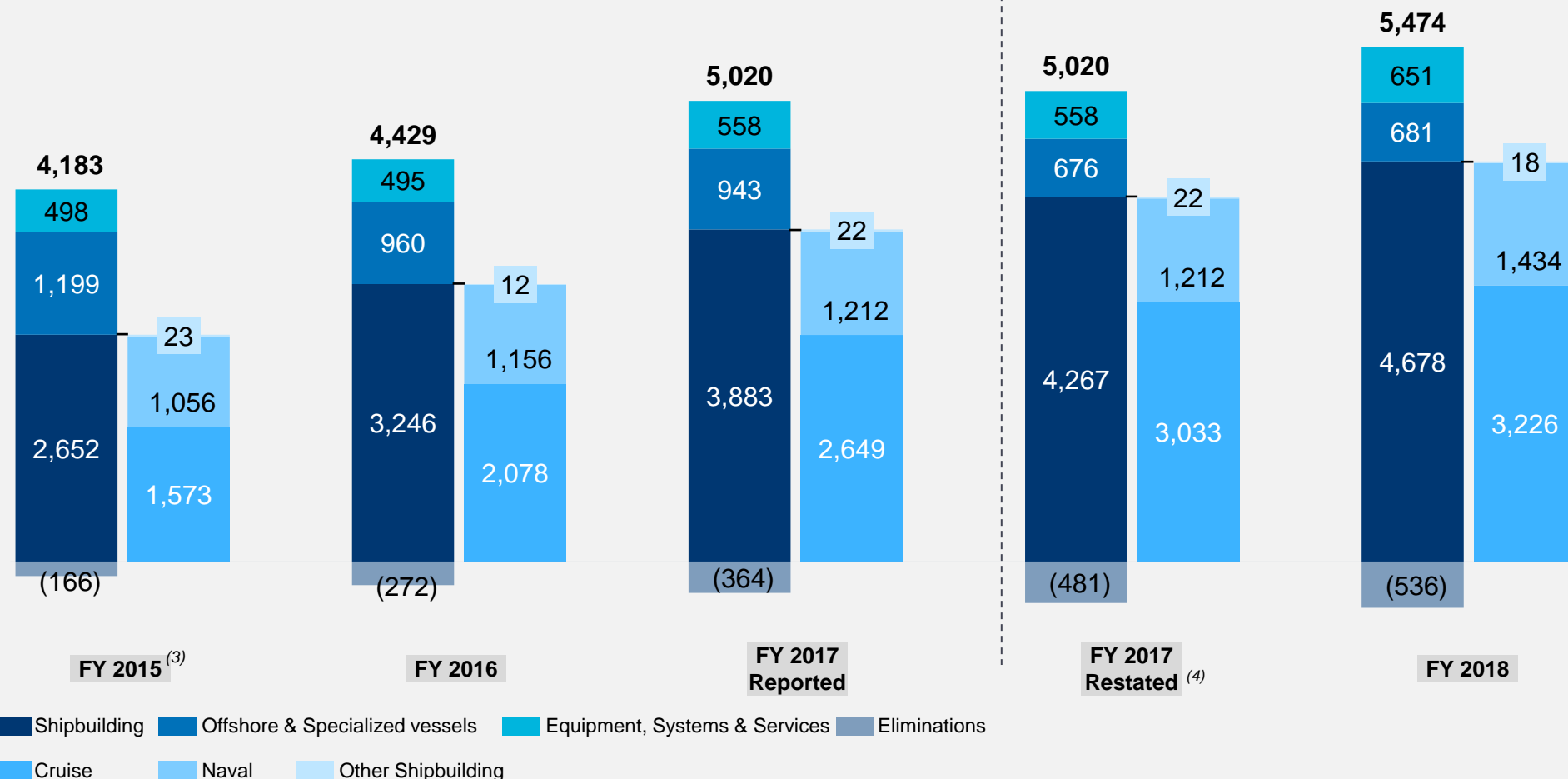
⁽²⁾ Excluding extraordinary and Non Recurring Items net of tax effect

⁽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

Financial performance: Revenues

Revenues⁽¹⁾

€ 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

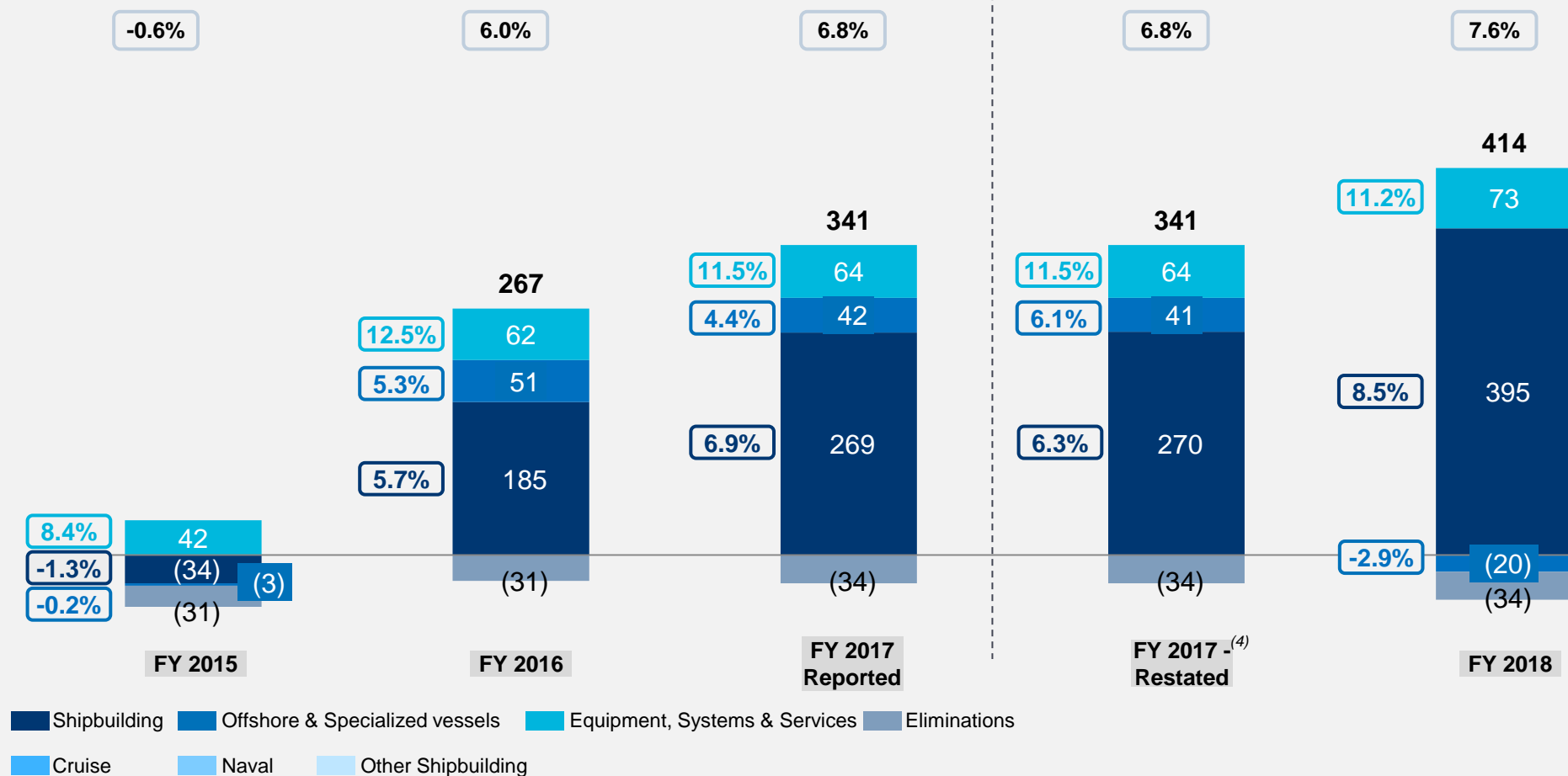
(3) For comparison purposes, 2015 figures are restated following the redefinition of operating segments. Following the operational reorganization carried out in November 2016, the repair & conversion services, cabins & public areas business, as well as integrated systems business, all previously included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

(4) Comparative numbers of 2017 are shown restated following the integration of the business unit Cruise of VARD within the Shipbuilding segment (November 2018)

Financial performance: EBITDA

EBITDA / margin⁽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

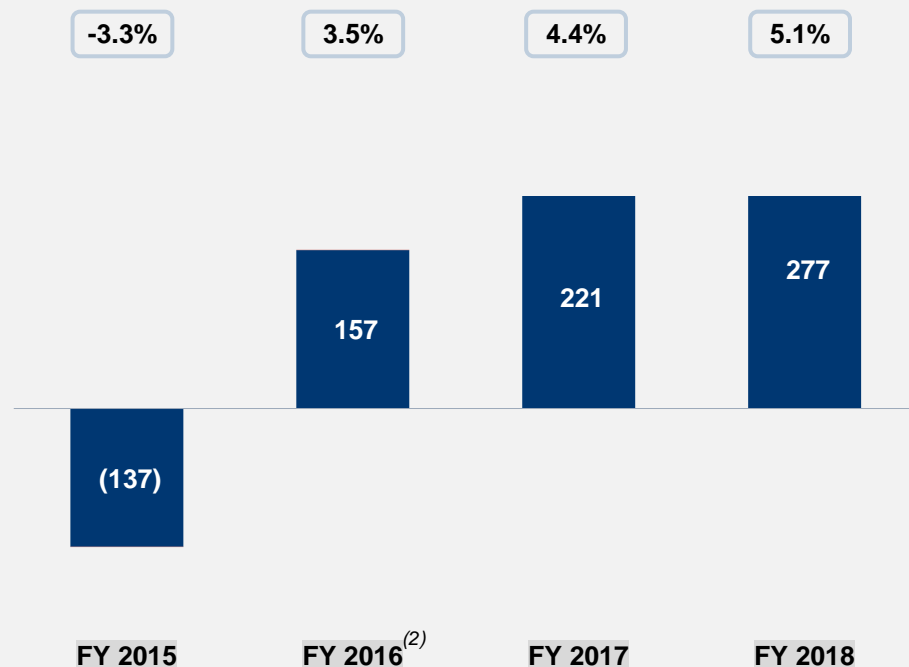
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(4) Comparative numbers of 2017 are shown restated following the integration of the business unit Cruise of VARD within the Shipbuilding segment (November 2018)

Financial performance: EBIT and Net result

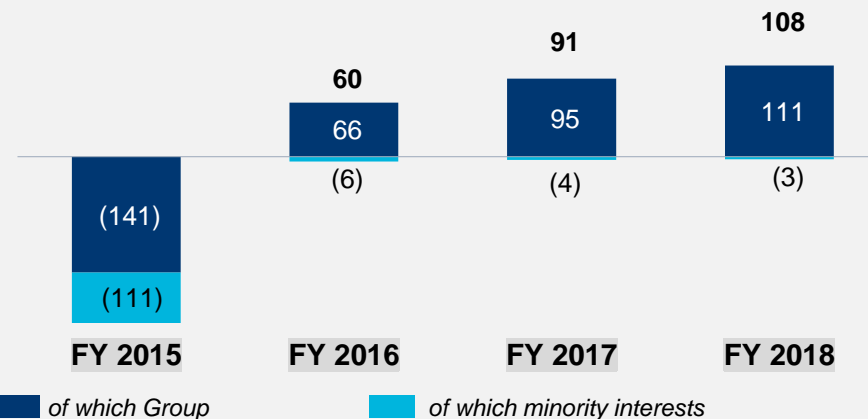
EBIT / margin

€ mln



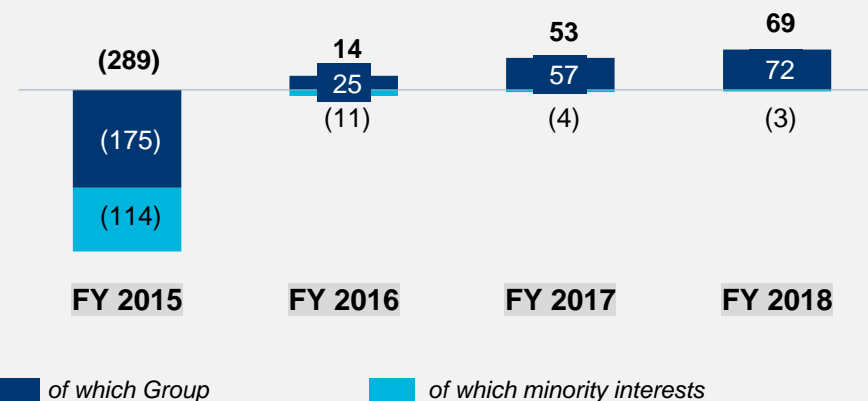
Net result before extraordinary and non recurring items⁽¹⁾

€ mln



Net result

€ mln

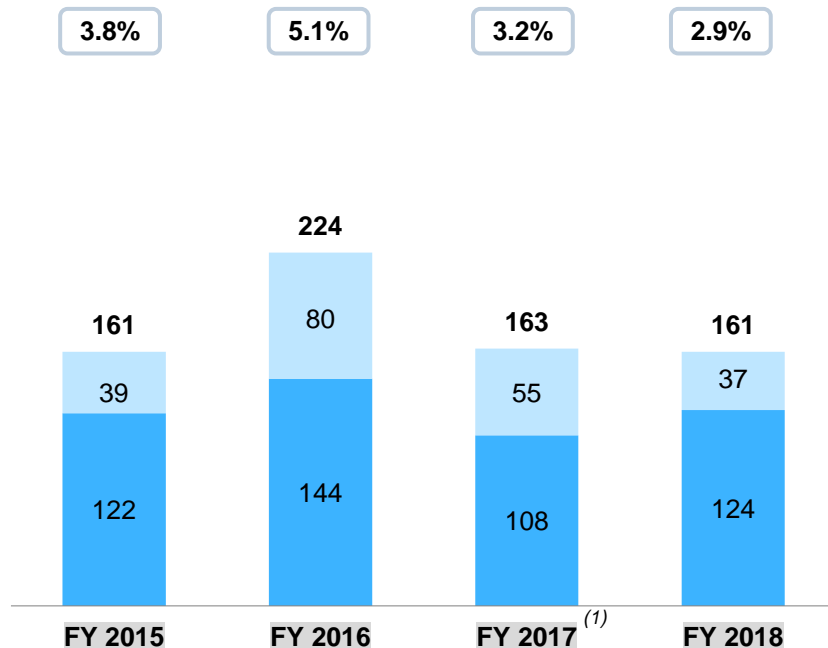


(1) Extraordinary and non recurring costs net of tax effect amounted to € 37 mln in 2015, € 46 mln in FY 2016, € 38 mln in 2017, and € 39 mln in 2018

Capex: FY 2018

Capex evolution

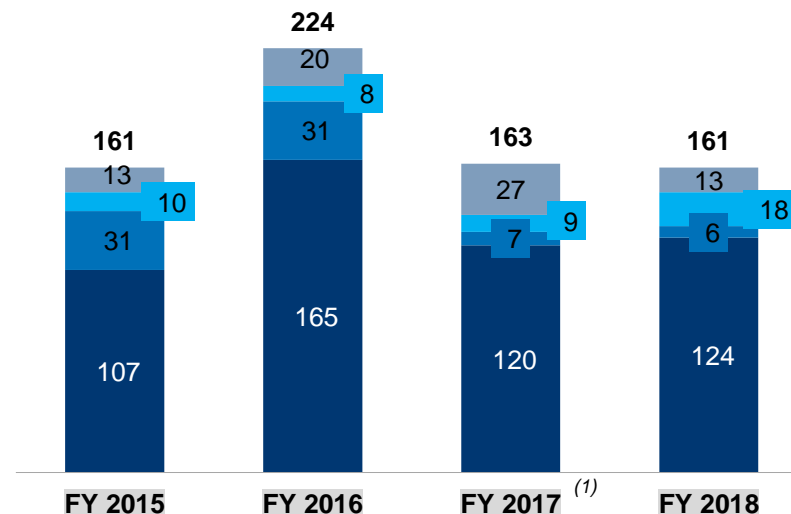
€ mln



Property, plant and equipment Intangible assets % of Revenues

Capex by segment

€ mln



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

• 2018 Capex mainly related to:

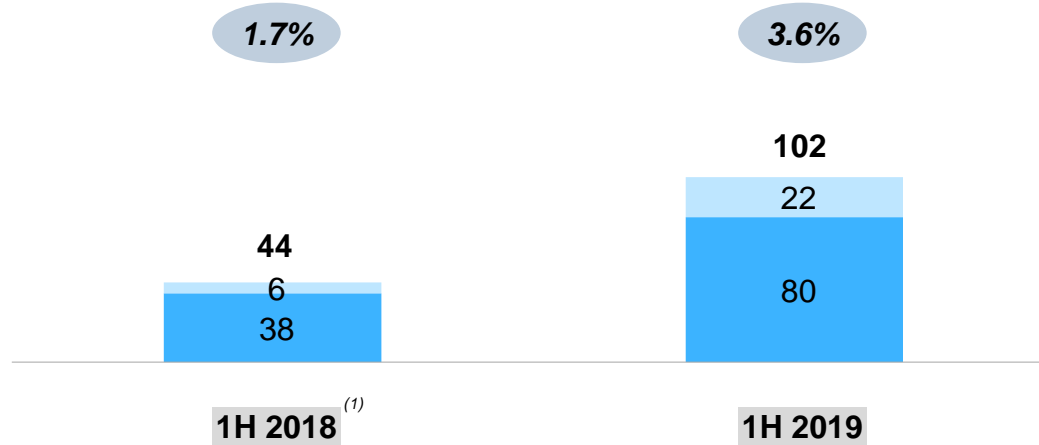
- Property, plant and equipment - aimed at supporting the development of production volumes and improving safety conditions and compliance with environmental regulations within the production sites
- Intangible assets – mainly related to the development of new technologies for cruise business and IT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

⁽¹⁾ Comparative numbers of 2017 are shown restated following the integration of the business unit Cruise of VARD within the Shipbuilding segment (November 2018)

Capex: 1H 2019

Capex

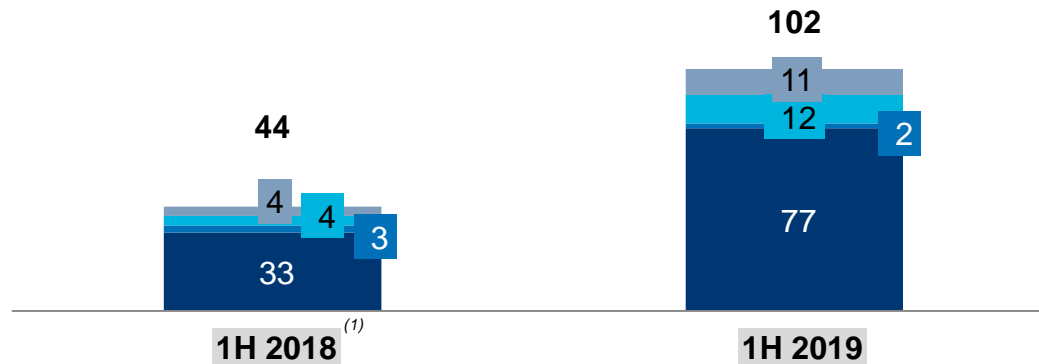
€ mln



■ Tangible ■ Intangible ○ % of Revenues

Capex by segment

€ mln



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

(1) Restated following the reorganization of VARD

- Capex mainly aimed at:
 - Upgrading of Italian yards to enable the construction of larger ships
 - Adjusting Vard Tulcea and Braila production capacity
 - Improving safety and environmental conditions in all production sites