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Update post 9M 2019 results

November 2019

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Safe Harbor Statement

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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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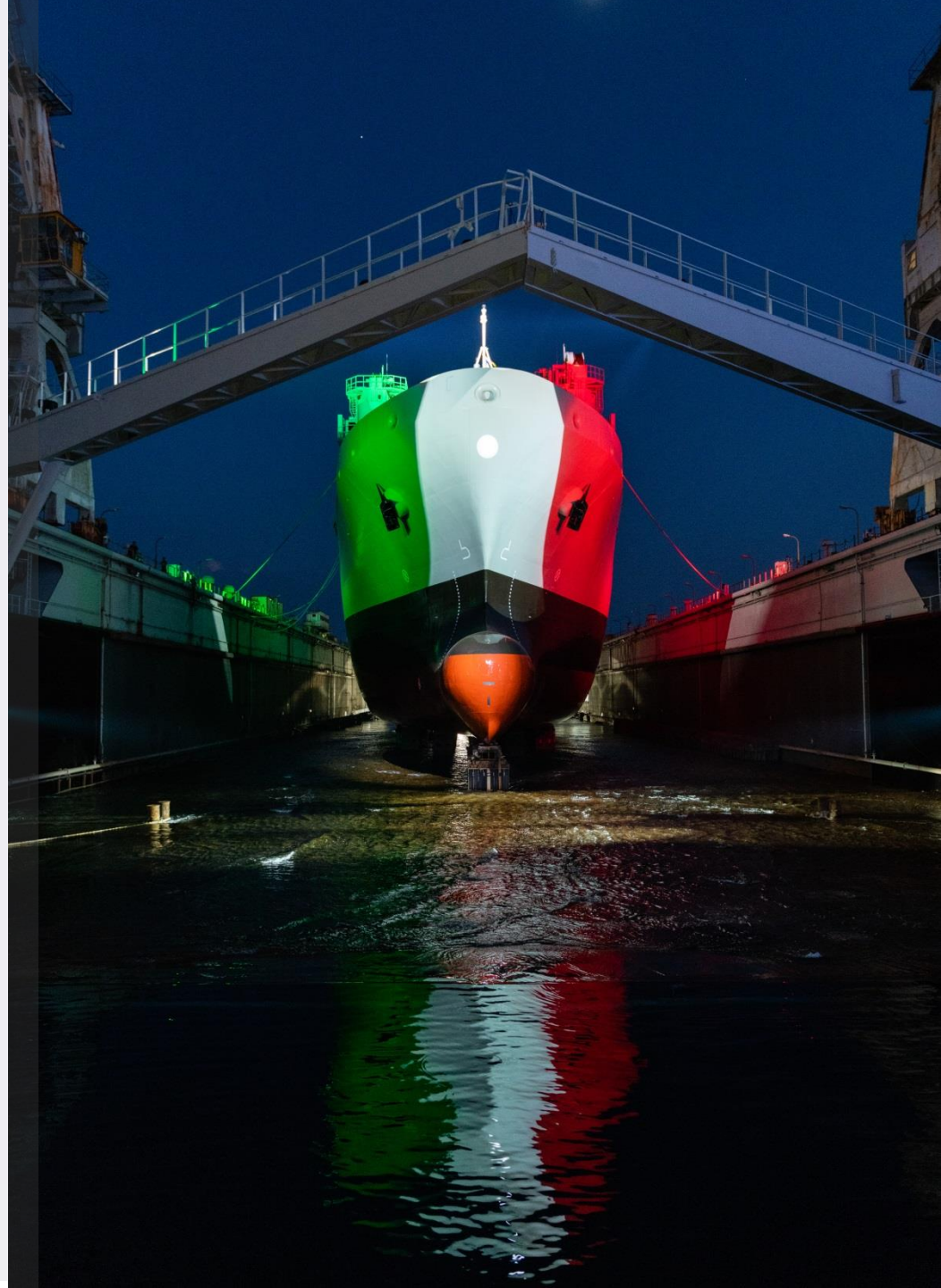
Section 4 Strategy & Outlook

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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

€ 32.3 bn
Total backlog^(1,2)



Our global reach

20
shipyards

4
continents

~ 19,300
employees

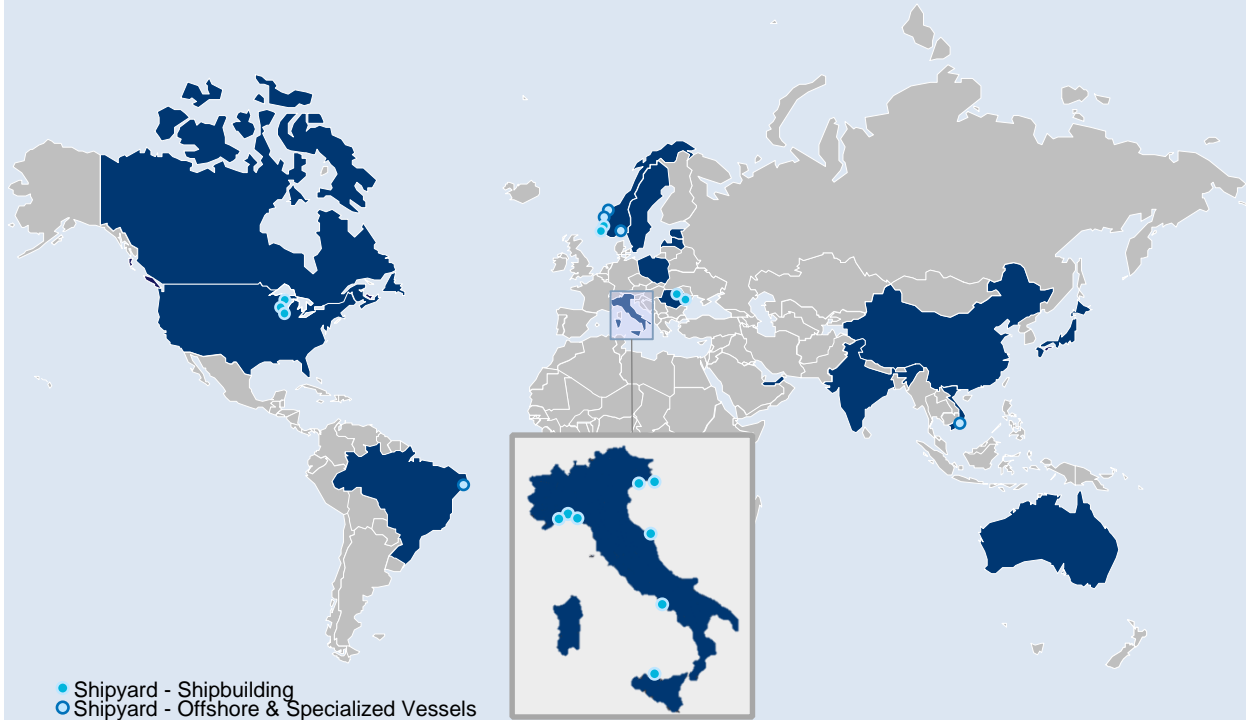
> 80,000
subcontractors

Our impact

4.5x
Economic multiplier⁽³⁾

5.5x
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 9M 2019 (at September 30, 2019)

(1) At September 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) Fincantieri valuation according to Censis methodology based on Italian operations

(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>VOYAGES</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>	€ 26,720 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>FRASAT</div> </div>	<p>€681 mln 11.3%</p>	€ 836 mln (20 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>	€ 1,525 mln

(1) Before eliminations and consolidation adjustments

(2) At September 30, 2019

(3) Terminology used in the cruise sector to indicate smaller, more intimate cruises with fewer guests dedicated to more exploratory destinations (e.g. Alaska or polar regions)

(4) Parent company of several brands, among which our clients are: 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

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Markets and positioning

Leadership in high-potential reference markets and solid track record

End markets

Market Trend

Main Drivers

Track record

Shipbuilding

Cruise



- **Almost 50 million passengers** worldwide by 2030 (+72% compared to 2018)⁽¹⁾
- **Newbuilding demand growth fostered** by both the **need to replace old ships** and to **satisfy passenger increase**
- **Booming market with record order levels and high visibility**

- Passenger growth
- Credit market situation
- USD/EUR exchange rates
- Oil price
- Fleet ageing and new regulations

- **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 9M 2019)

Naval



- **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⁽²⁾

- Defence budgets for accessible markets
- Global geopolitical situation
- Naval fleet renewals

- **122⁽³⁾** ships delivered from 1990 to 2018
- 3 ships delivered in 9M 2019

Offshore & Specialized Vessels



- **O&G sector crisis and postponements of E&P projects** caused a slowdown in related equipment industry (PSV, AHTS)
- **Segment diversification strategy** (Fishery, Aquaculture, OPV, Special vessels)

- Oil price and E&P investments
- Demand of special purpose vessels for marine infrastructure and exploitation of marine resources (e.g. cable-laying vessels)

- **399⁽⁴⁾** ships delivered from 1990 to 2018
- 10 ships delivered in 9M 2019

Equipment Systems & Services



- **High potential and high margin business**
- Result of the **insourcing of strategic activities**

- Shipbuilding programs ongoing
- Fleet ageing and development of new technologies
- New environmental regulations

- **Strong revenue growth to € 651 mIn in 2018** (2015-2018 CAGR: +9.3%)

(1) Source: CLIA - Cruise Lines International Association

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

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

(4) 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

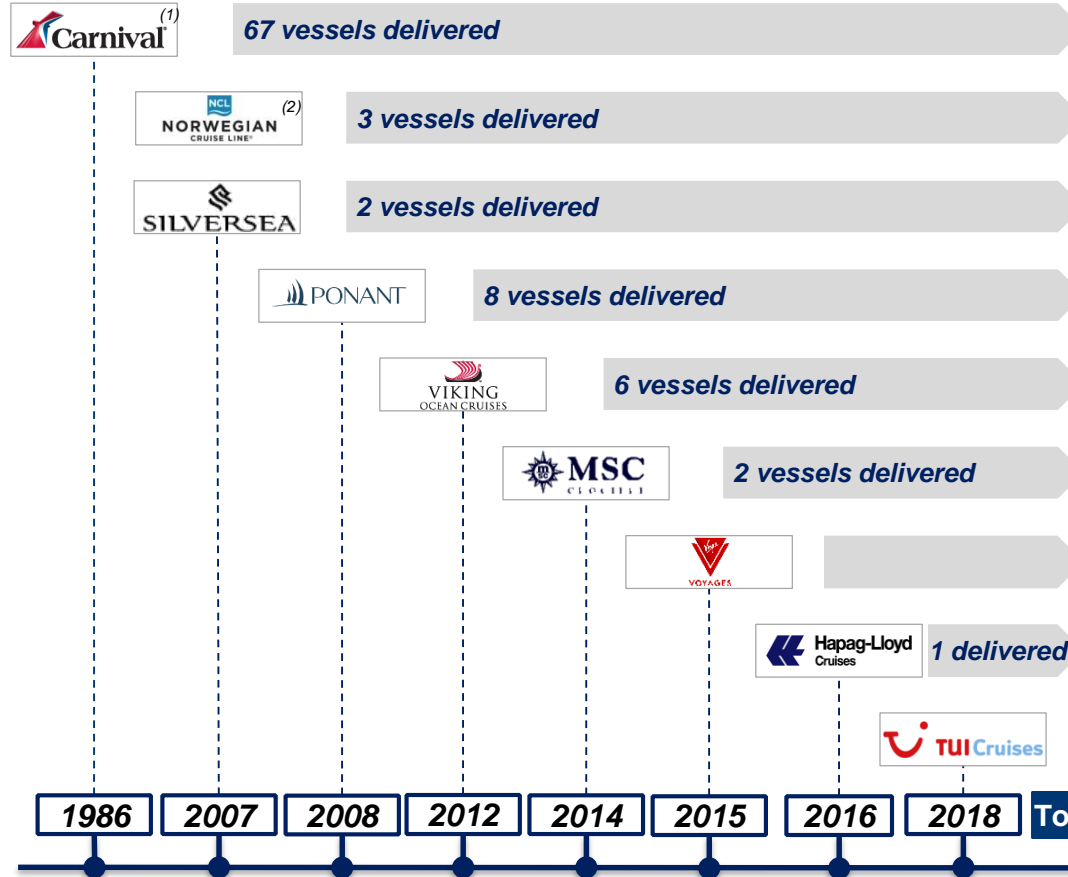
Today



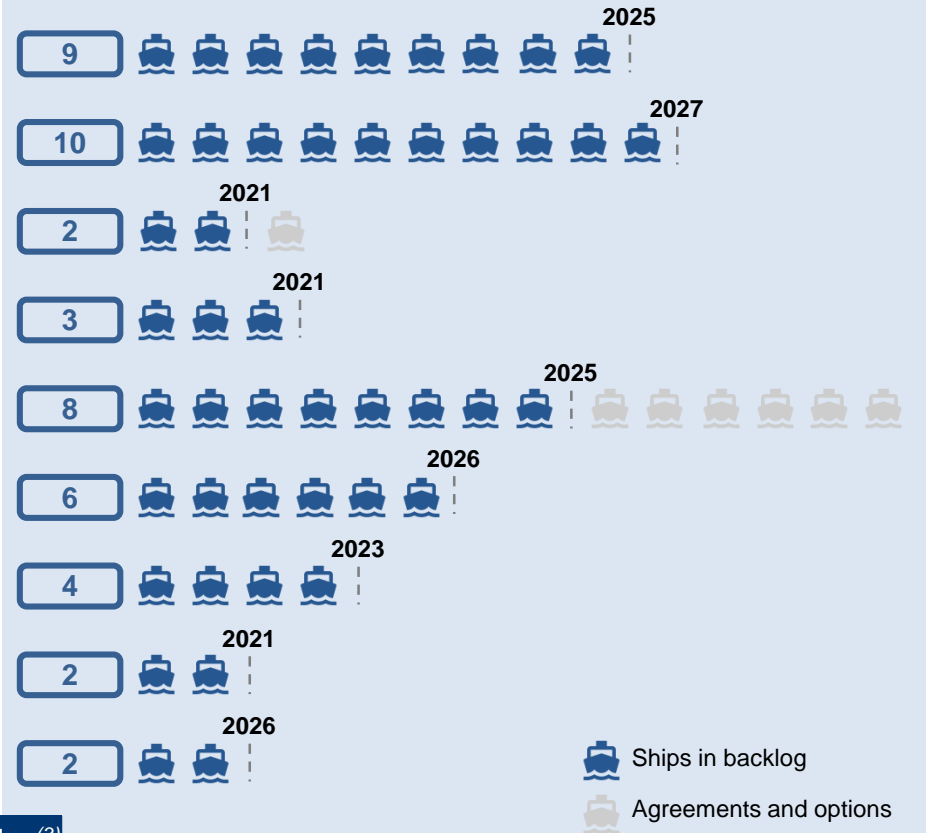
Focus: cruise client portfolio

...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 September 30, 2019

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 5.9 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 September 30, 2019

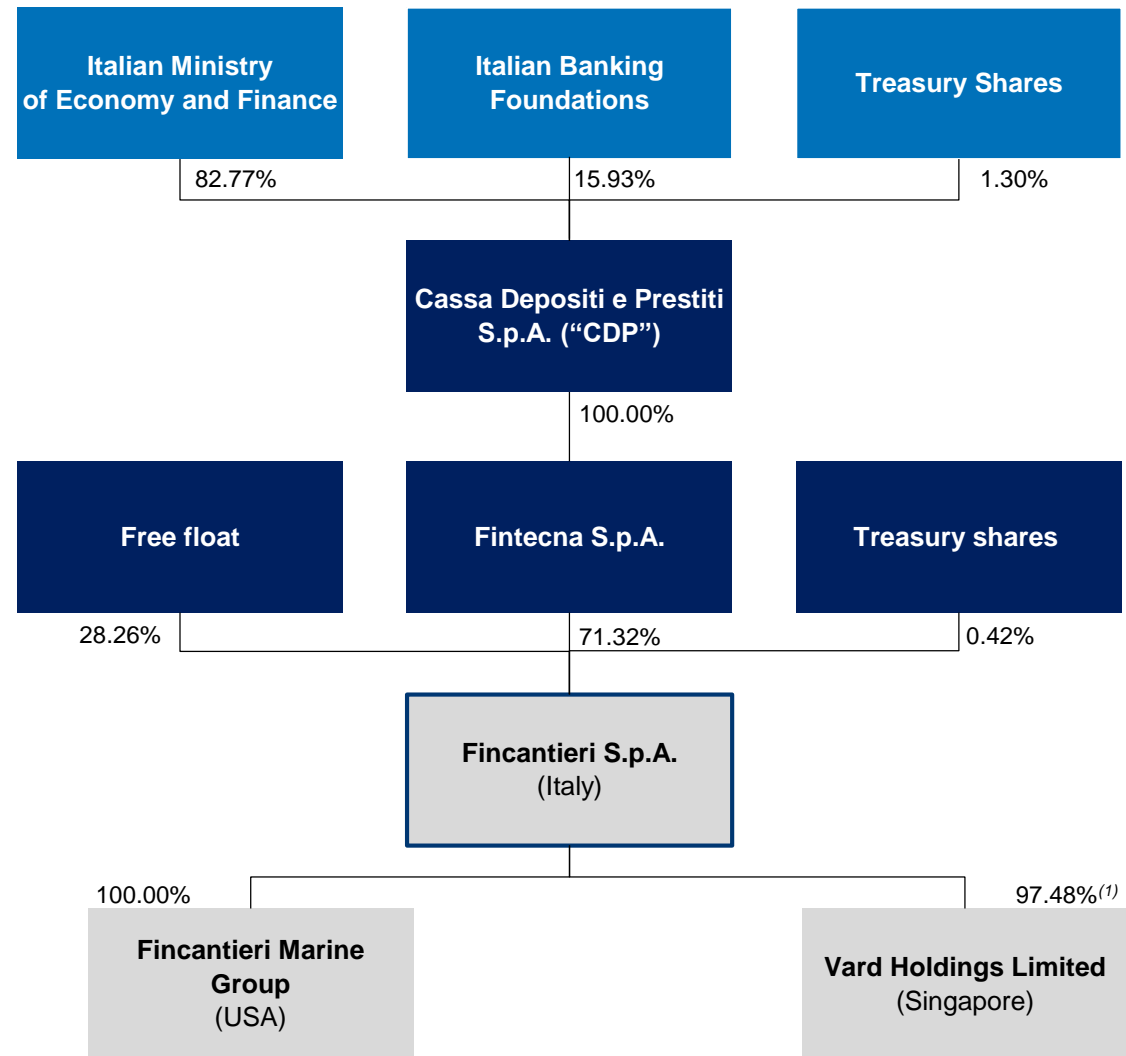
Ownership and Group structure

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 71.32% 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

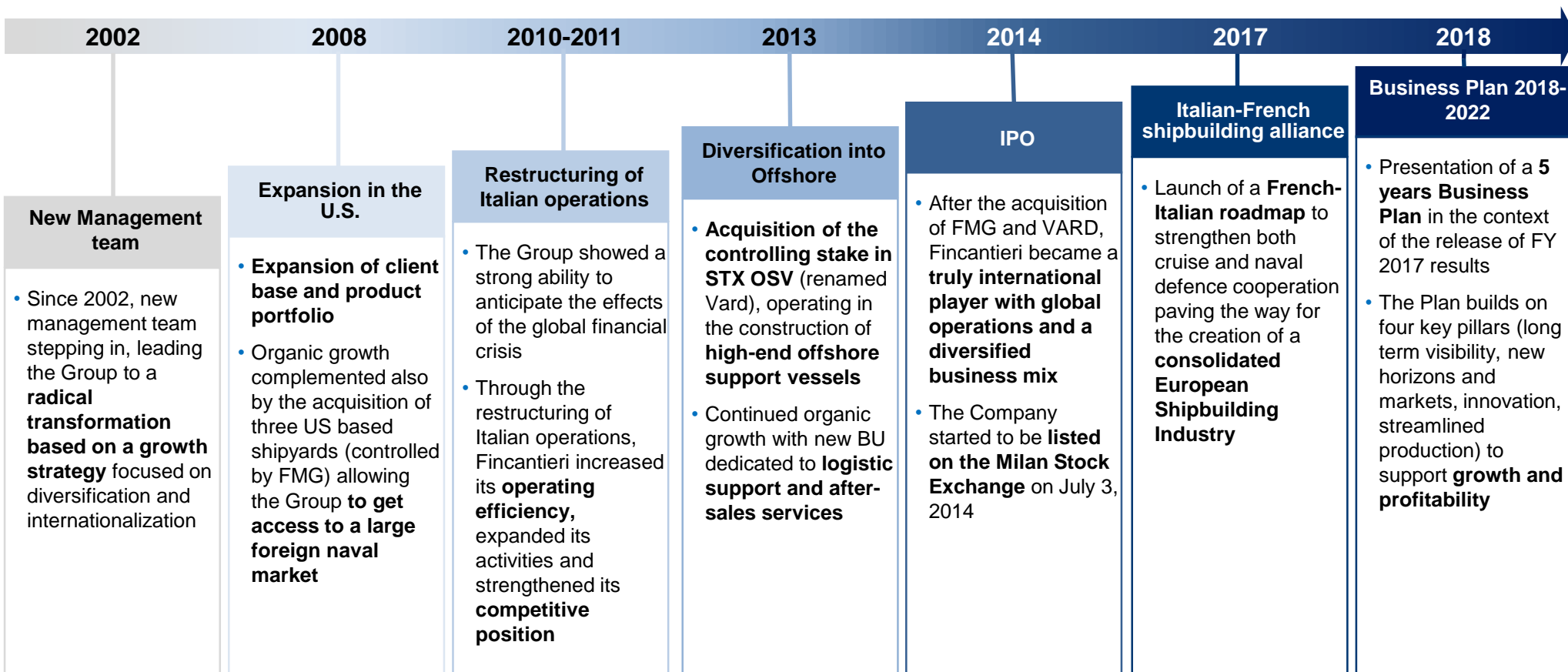
Simplified ownership and Group structure



(1) Ownership as of August 2019

Key historical events

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

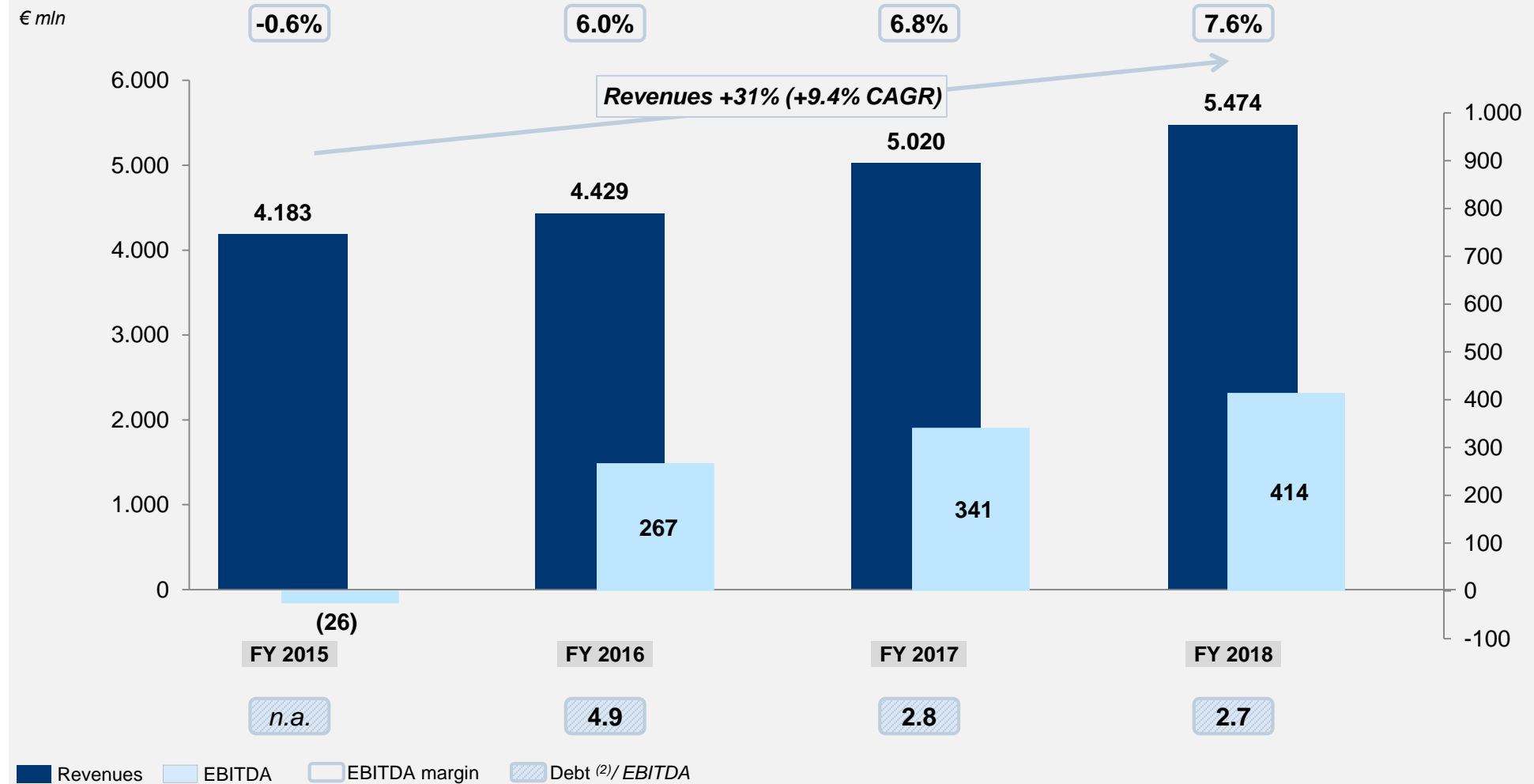


(1) Backlog was € 28.4 bln at September 30, 2019

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



9M 2019 Key Messages

Revenues up 10% and total backlog at € 32 bln with deliveries up to 2027

Financials

- **Revenues up 9.7% at € 4.3 bln** (€ 3.9 bln in 9M 2018)
- **EBITDA at € 287 mln** (€ 281 mln in 9M 2018) and **EBITDA margin at 6.7%** (7.3% in 9M 2018): Shipbuilding +30.2% (despite negative contribution of Vard Cruise), negative Offshore & Specialized vessels margin
- **Positive operating performance in all areas limited by the negative contribution of Vard**, which is currently undergoing a reorganizational process
- **Net debt⁽¹⁾ at € 904 mln** (€ 494 mln at December 31, 2018), in line with expectations and consistent with cruise delivery schedule

Order intake

- **Total order intake at € 6.8 bn for 17 new units including:**
 - **11 cruise ships for 5 different brands** (Oceania, Regent Seven Seas, Viking, MSC, Princess)
 - **1 LCS** for the US Navy (LCS 31)
- **Total backlog⁽²⁾ with 106 units at € 32.3 bln: backlog at € 28.4bln** (+9.3% vs. 9M 2018) and **soft backlog⁽³⁾ at € 3.9 bln**

Business update

- **Delivery of 18 units** from 11 shipyards; launch of two units within the Italian Navy fleet renewal program
- **Development of electronic and IT excellence center:** acquisition of 60% if INSIS Group
- **Progress of the French-Italian cooperation** aimed at creating a more efficient and competitive European Shipbuilding Industry
- **Ongoing interactions with the EU Antitrust Authorities on the acquisition of Chantiers de l'Atlantique** with the opening of an additional investigation phase

(1) Excluding Construction loans

(2) Sum of backlog and soft backlog

(3) 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

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

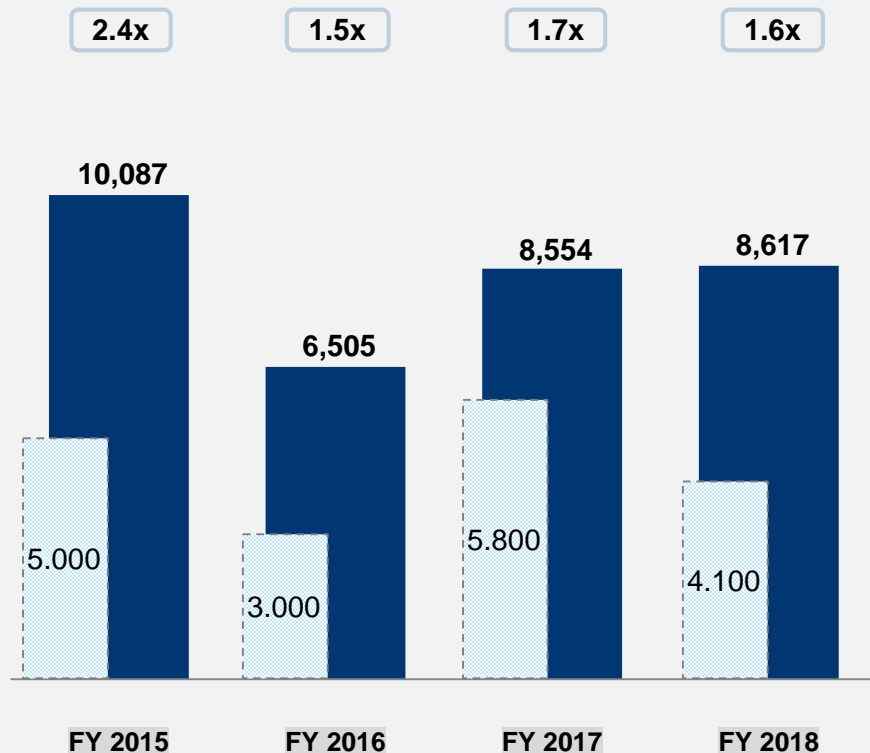
VARD

- **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

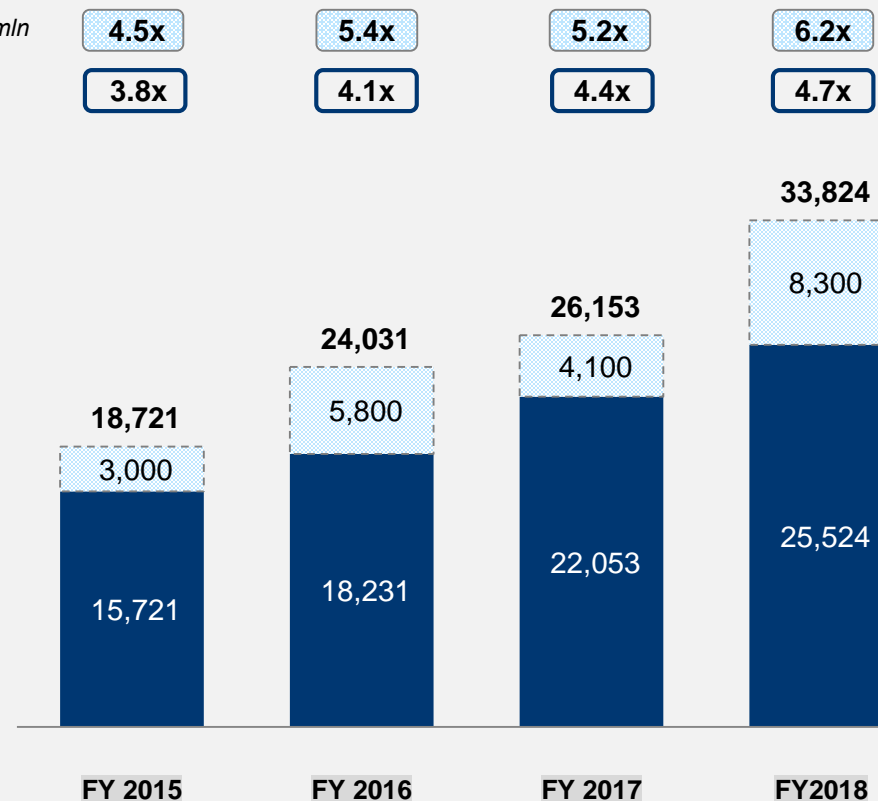
€ mln



□ 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

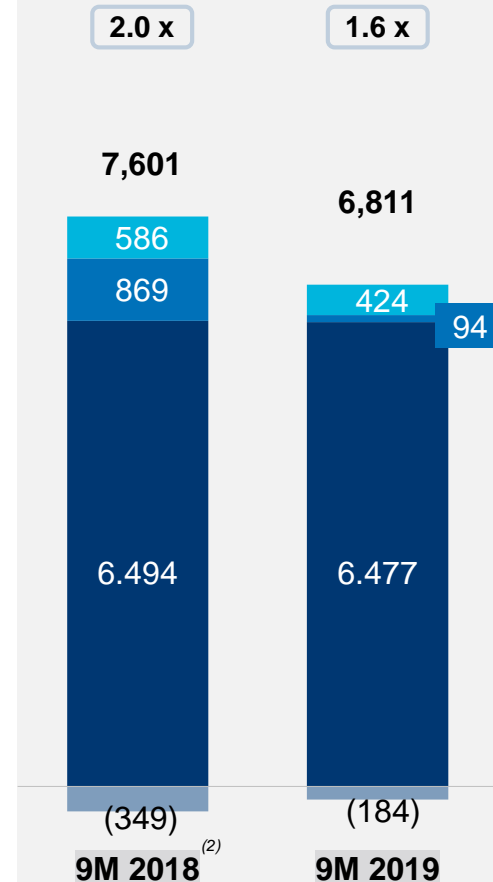
⁽¹⁾ Sum of backlog and soft backlog

⁽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

9M 2019 order intake and backlog: breakdown by segment

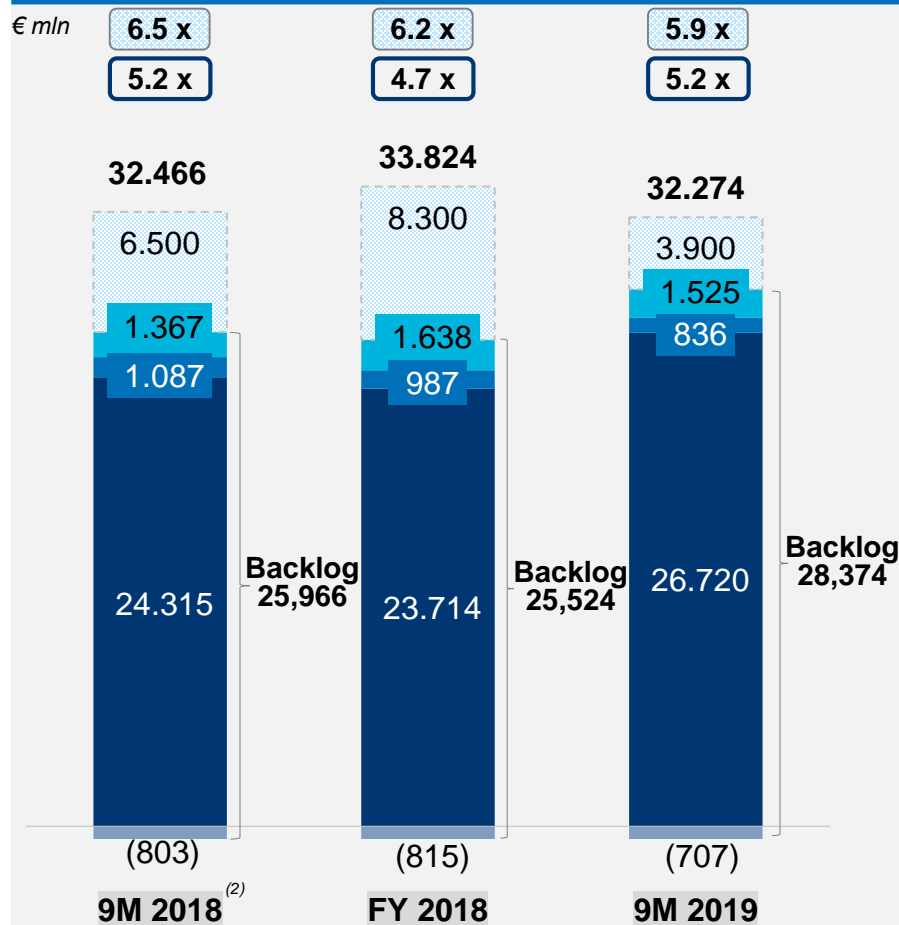
Order intake

€ mln



Total backlog⁽¹⁾

€ mln



- Total order intake for the quarter € 6.8 bln, mainly coming from Shipbuilding
- Total backlog with 106 units at € 32.3 bln, approximately 5.9 times 2018 revenues

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

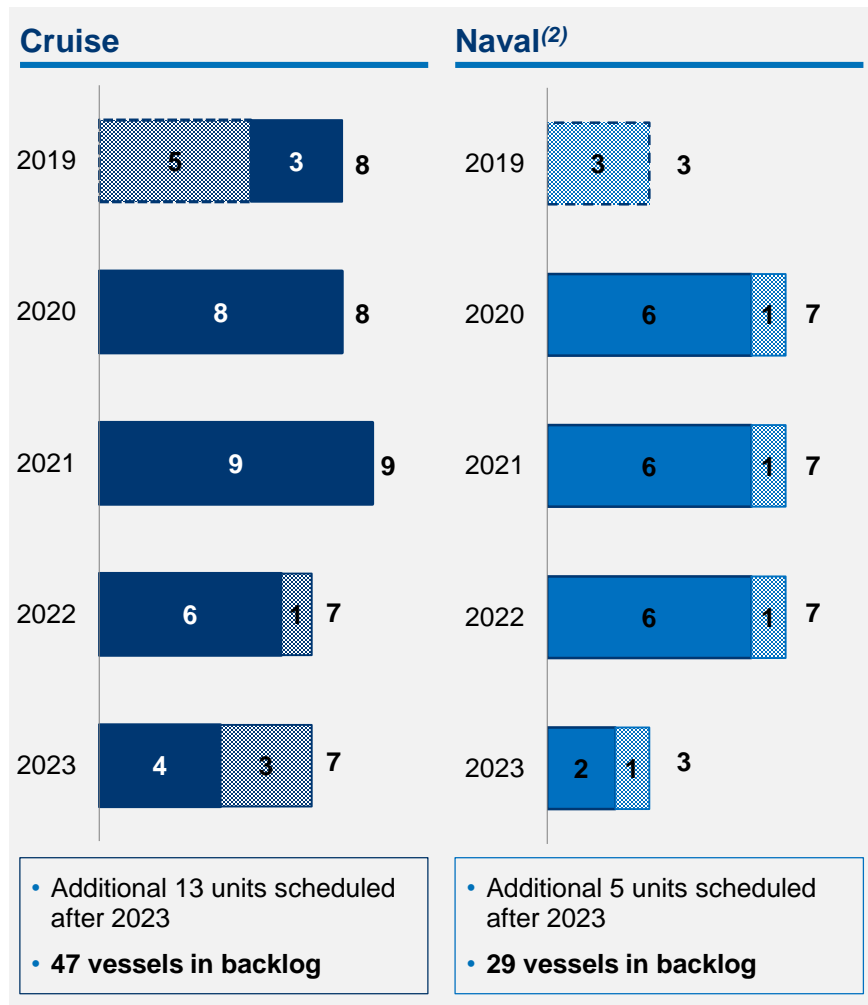
(2) Restated following the reorganization of VARD

(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

9M 2019 backlog deployment: breakdown by segment and end market

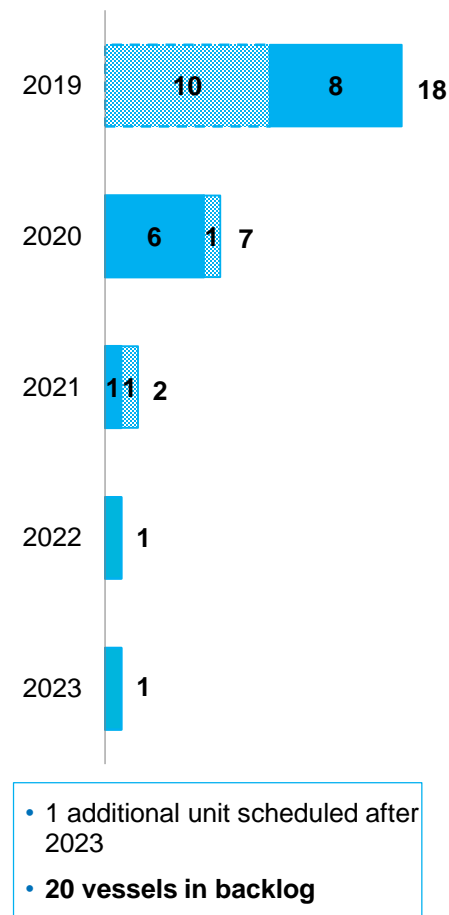
Shipbuilding

ship deliveries⁽¹⁾



Offshore & Specialized Vessels

ship deliveries⁽¹⁾



- 18 units delivered in 9M 2019 and 96 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⁾:** 20 vessels
 - Deliveries up to 2024

Delivered in 9M 2019
 New orders in 9M 2019

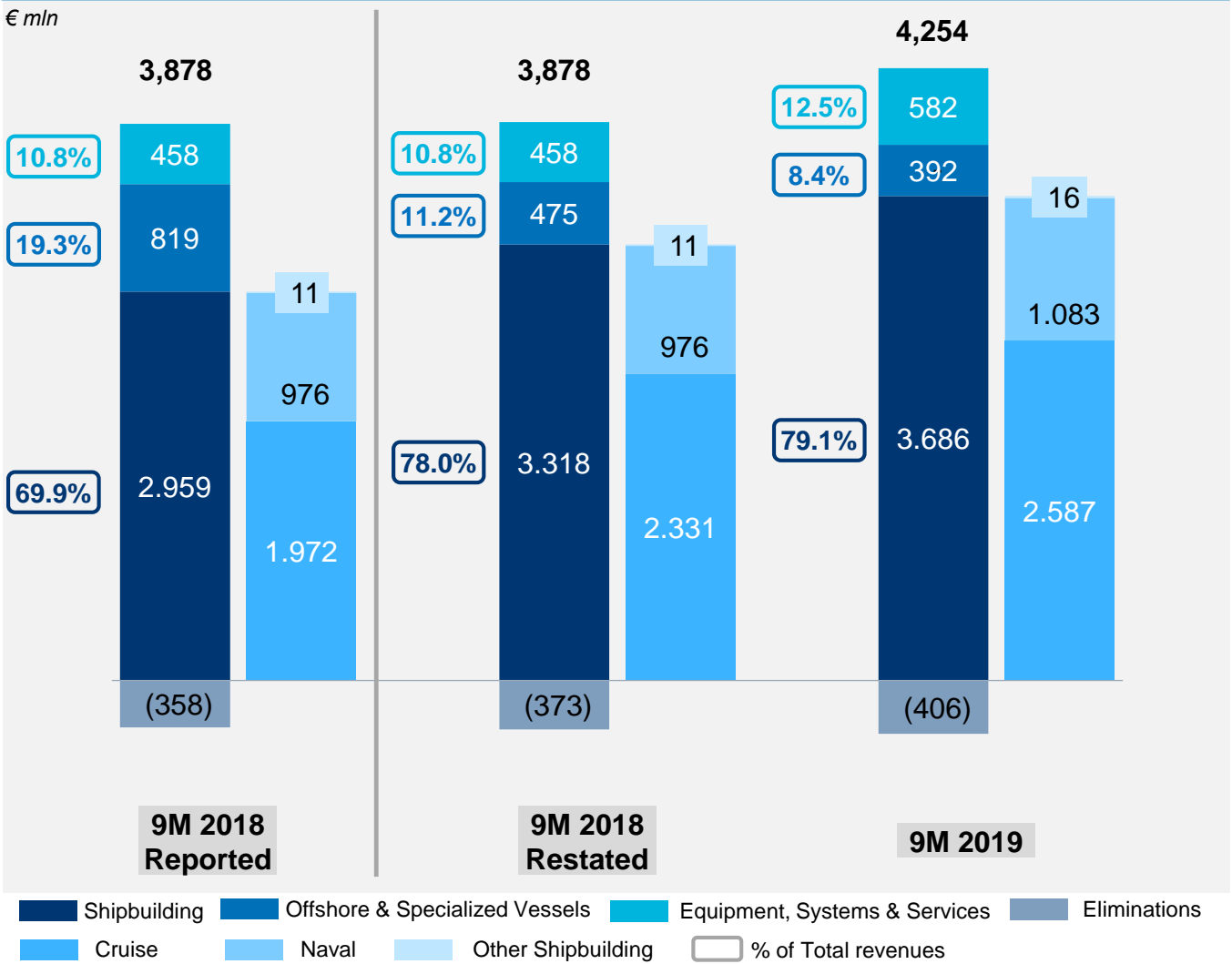
(1) For reasons connected to the organizational responsibility of VARD yards split between Cruise and Offshore, one fishery vessel (for Havfisk) scheduled for delivery in 2020 is included in the cruise deliveries and two Expedition cruise vessels (for Coral Expeditions) the first one delivered in 2019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

9M 2019 Revenues

Revenues breakdown by segment⁽¹⁾



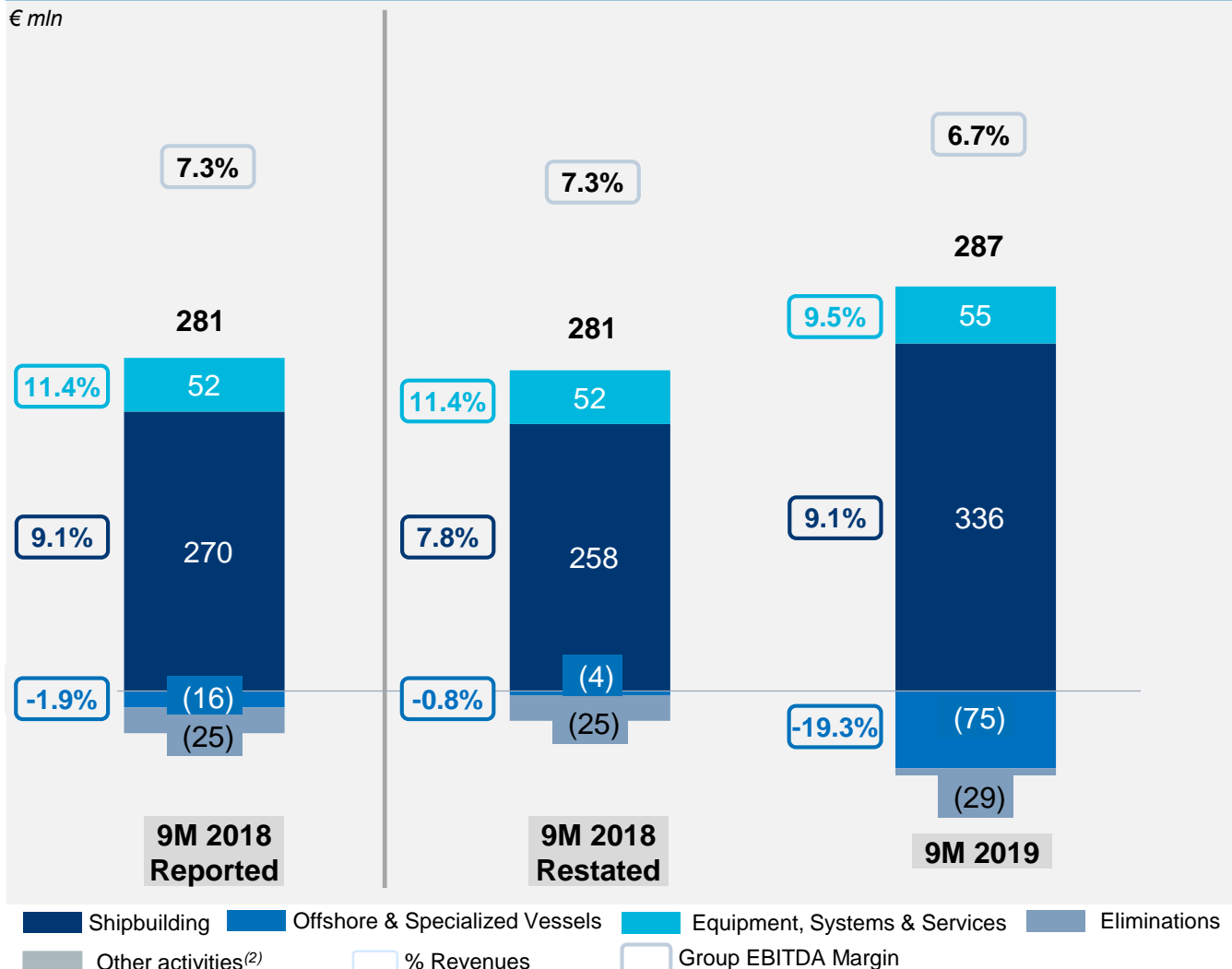
- Revenues up 9.7% vs 9M 2018
 - Shipbuilding revenues up 11.1% vs 9M 2018
 - Offshore & Specialized Vessels revenues down 17.5% vs 9M 2018
 - Equipment, Systems & Services revenues up 27.1% vs 9M 2018

(1) Breakdown calculated on total revenues before eliminations

9M 2019 EBITDA

EBITDA⁽¹⁾ and EBITDA margin

€ mln



• EBITDA at € 287 mln, EBITDA margin at 6.7% (7.3% in 9M 2018)

- Positive performance of the Shipbuilding (+30.2% vs 9M 2018), despite the adverse contribution of Vard Cruise projects due to the revision of the estimated costs at completion
- 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⁾

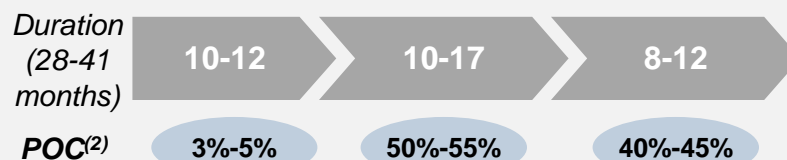


Impact on net working capital

Cruise



- 20% during construction
- 80% on delivery

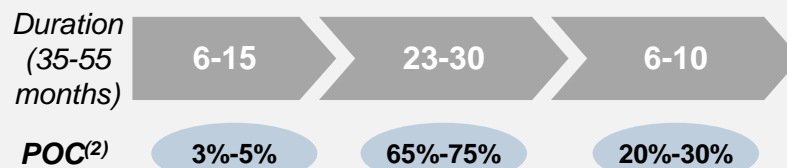


- Increases during construction
- Impact on net debt/construction loans

Naval⁽³⁾



- According to % of completion

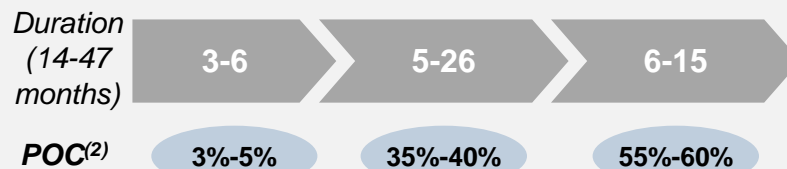


- Positive or neutral profile

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

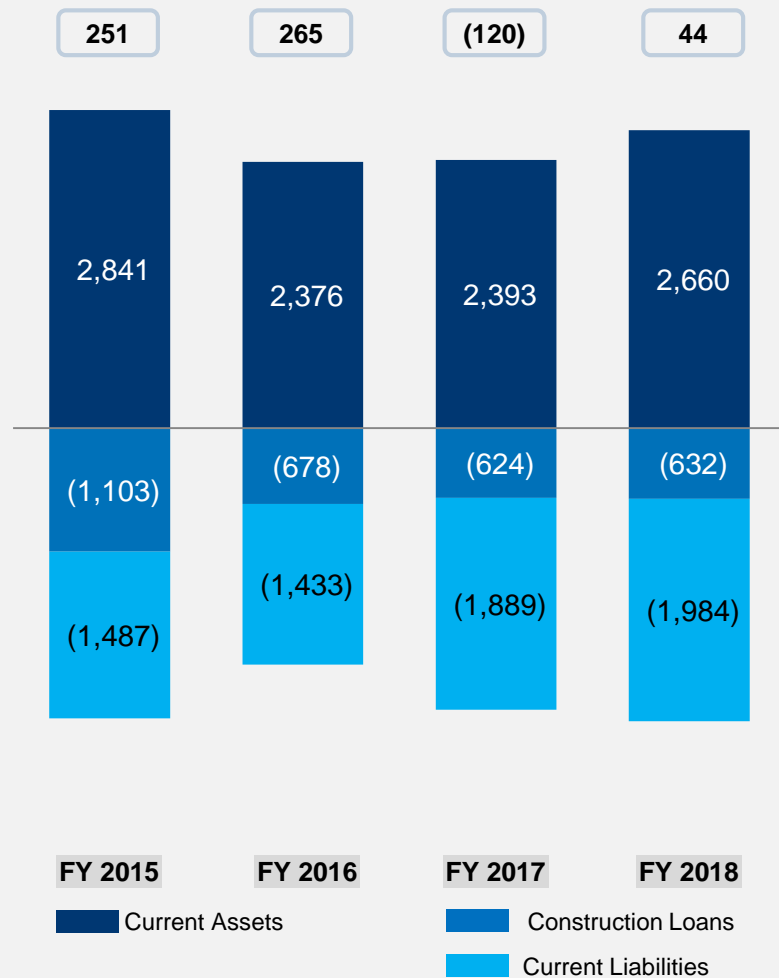
⁽²⁾ Percentage of Completion

⁽³⁾ Illustrative for frigates and support vessels

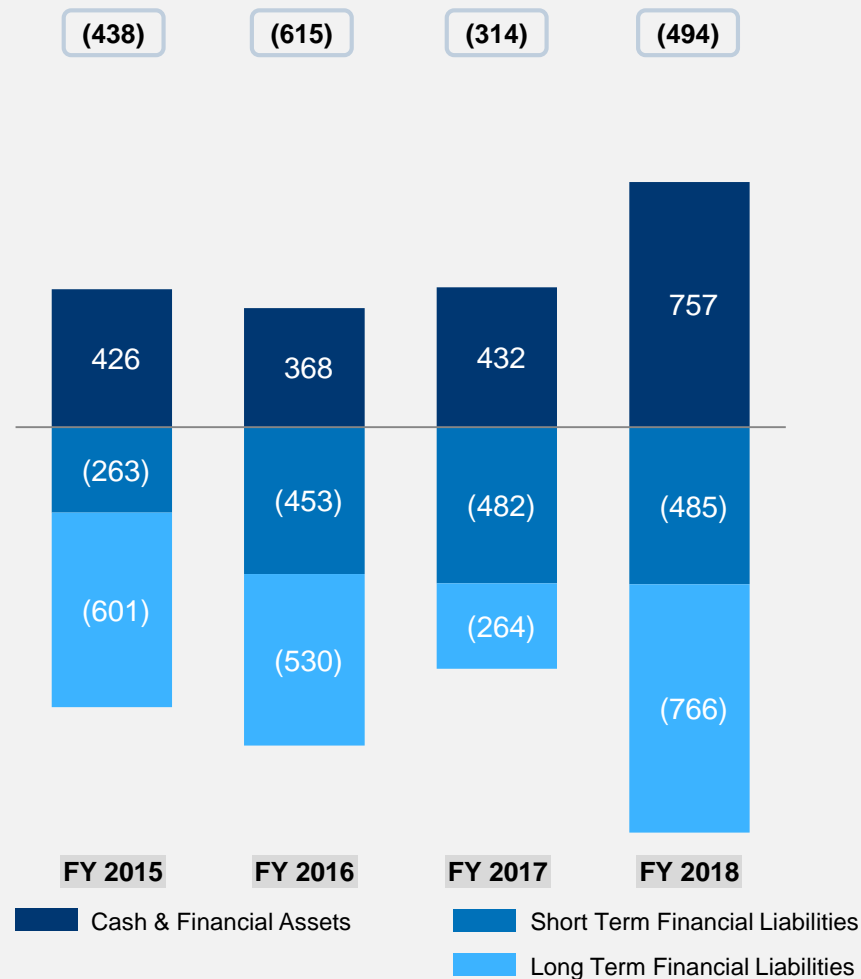
Historical evolution of Net Working Capital and Net Financial Position

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

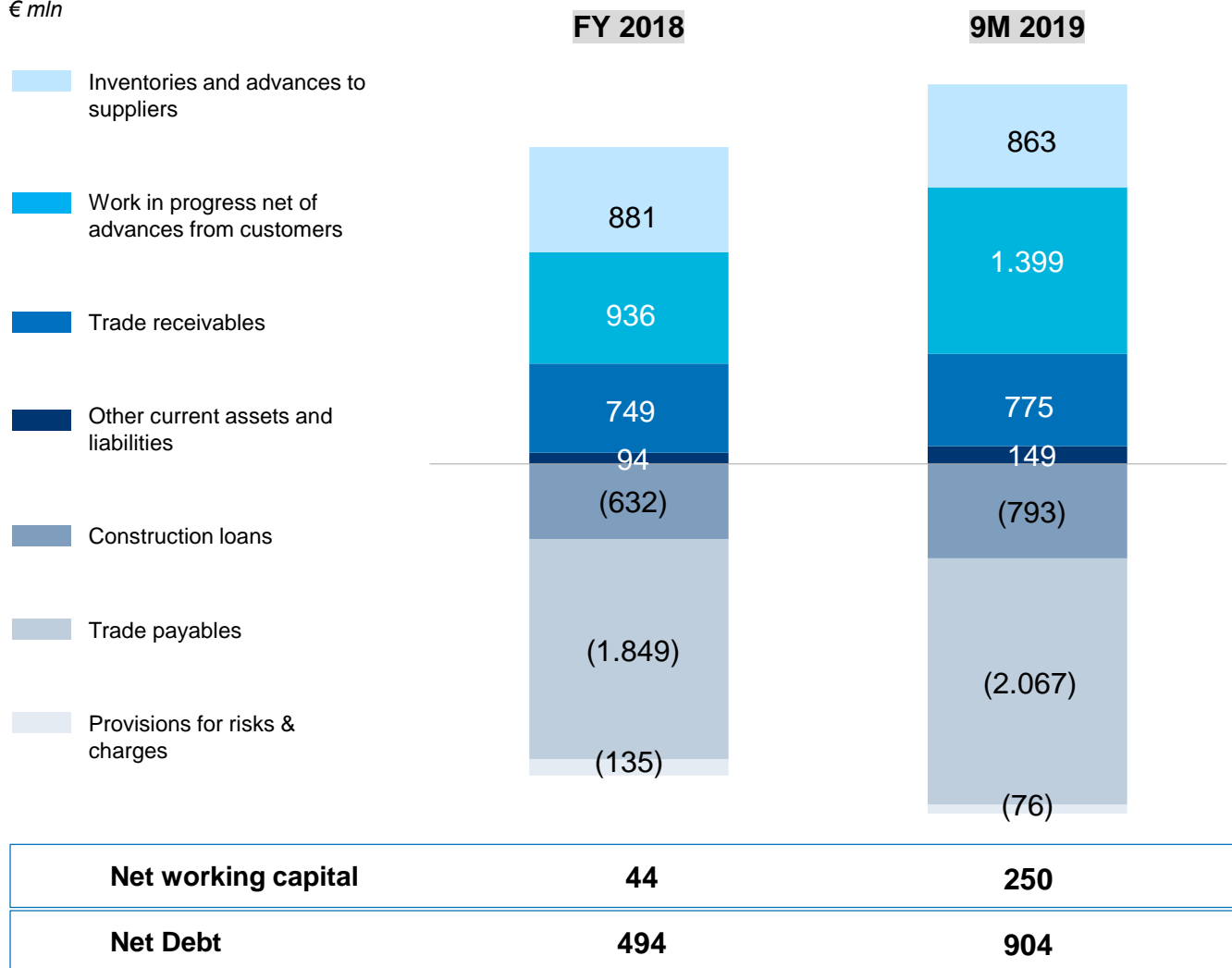
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9M 2019 Net working capital and Net Debt ⁽¹⁾

Breakdown by main components

€ mln

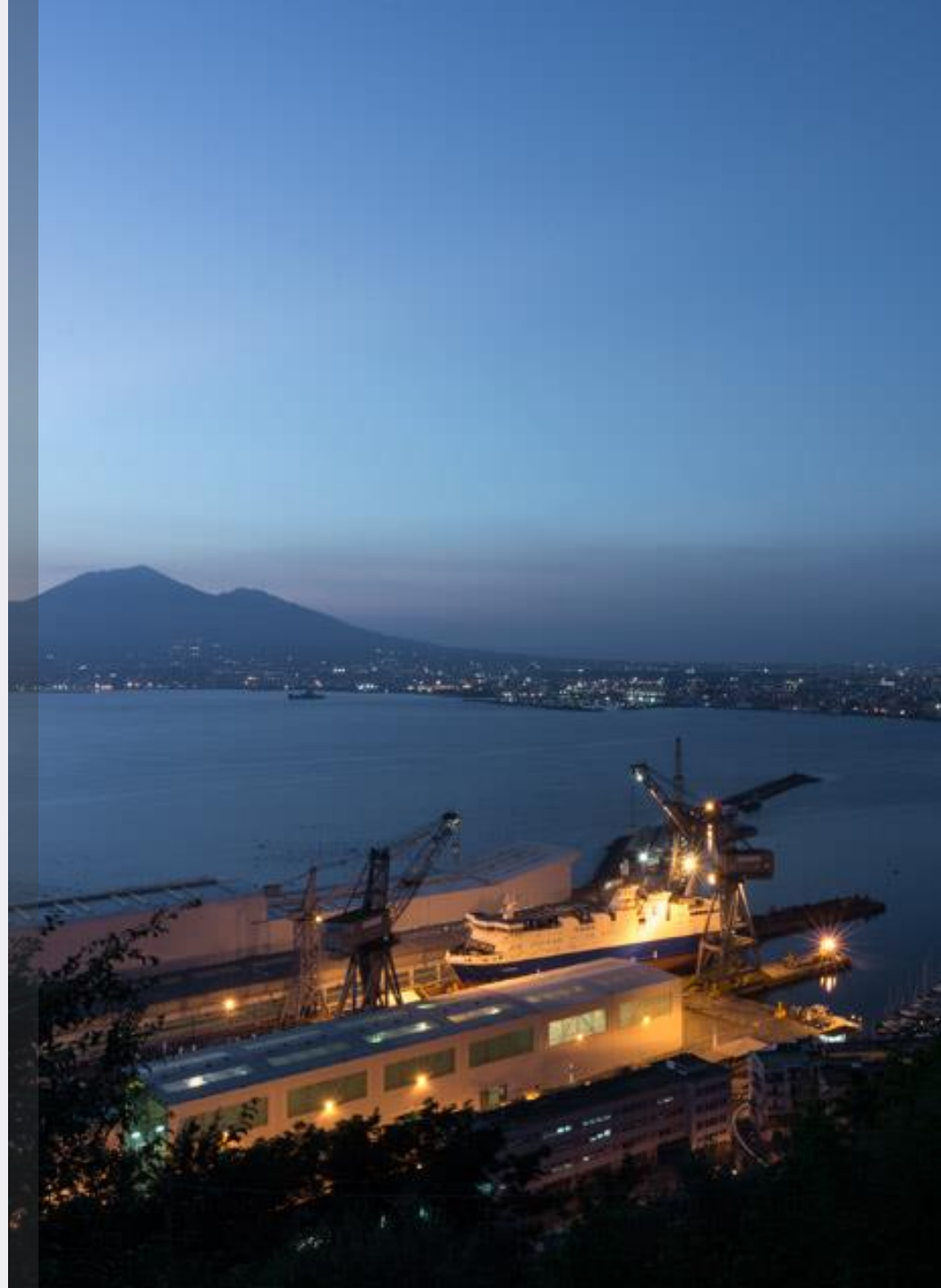


- Net working capital and Net debt dynamics mirror:
 - The increase in production volumes and cruise delivery schedule (3 ships delivered in October)
 - The use of provisions due to the settlement of the "Serene" litigation
 - The delivery of a vessel previously classified as inventory
- Construction loans at € 793 mln (€ 293 mln Vard and € 500 mln Fincantieri)

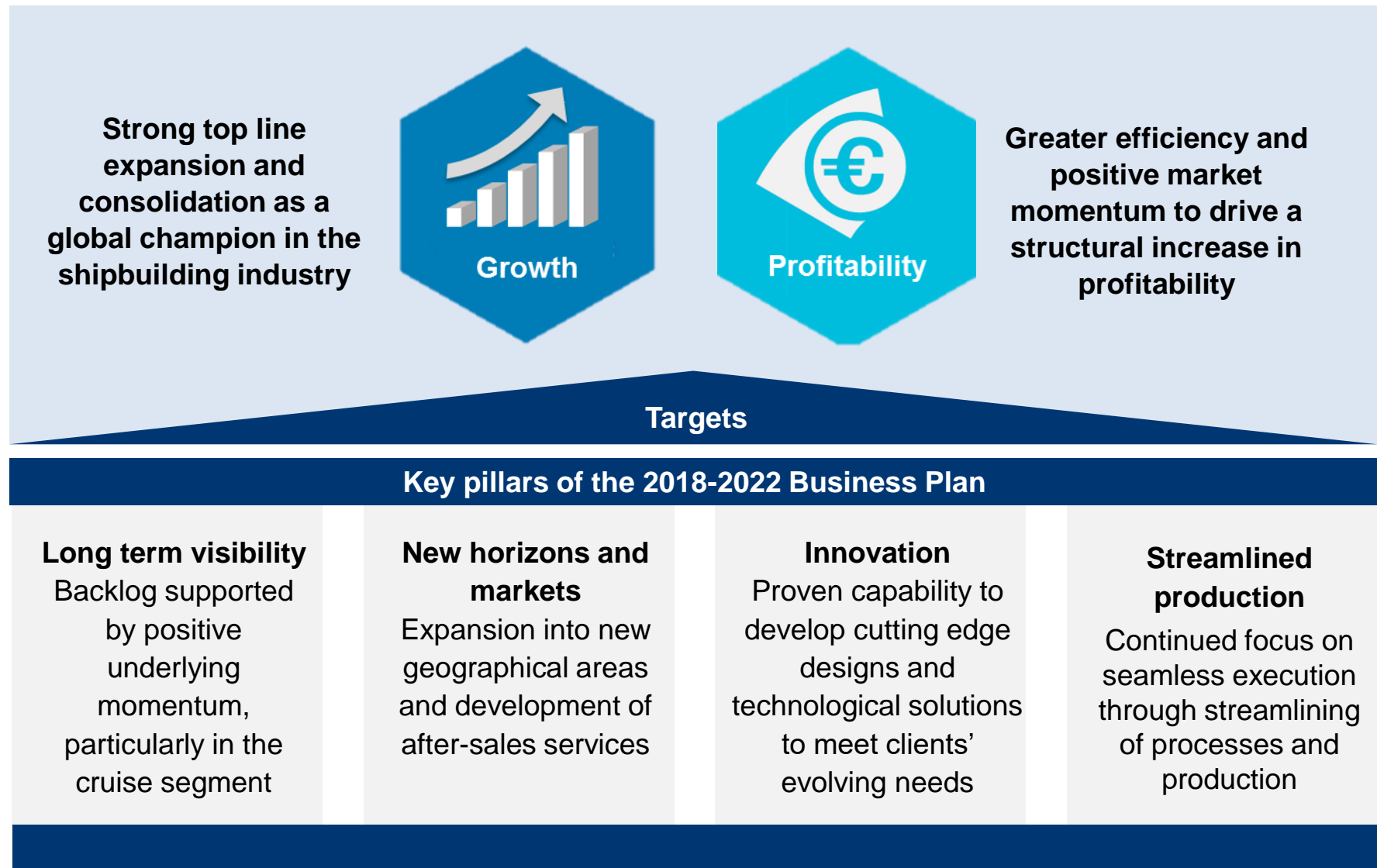
(1) Construction loans are committed working capital financing facilities, treated as part of Net working capital, not in Net financial position, as they are not general purpose loans and can be a source of financing only in connection with ship contracts

Section 4

Strategy & Outlook



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



2019 Guidance

- **Positive Group performance** related to the propitious dynamics of cruise and naval projects across all geographies, limited by negative performance of Vard both in cruise and offshore
- **Efforts to align industrial management systems and economic planning of Vard to the best practices of the Group** are still ongoing and any potential adjustment of cost estimates for medium-long term projects that may arise from the process will be included in Group results
- **Presentation of a reorganization plan for Vard** together with the Group FY 2019 results
- **Net debt expected to slightly decrease** following the delivery of 3 cruise ships in October, even if financing needs for the units in production and scheduled for delivery remain high

Shipbuilding

- 3 cruise ships delivered in October
- 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

- Focus on execution of Vard's diversified backlog and organizational and production adjustments
- Commercial activities aimed at developing innovative products and cutting-edge solutions for non O&G related sectors

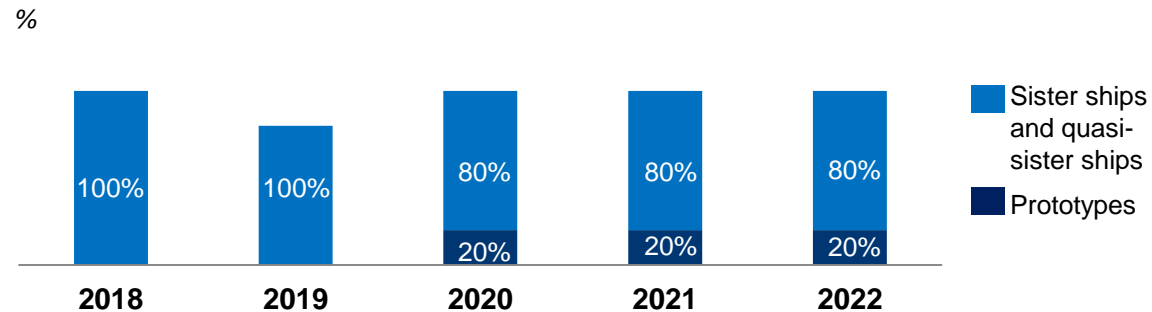
Equipment, Systems & Services

- Confirmation of the revenues 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

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

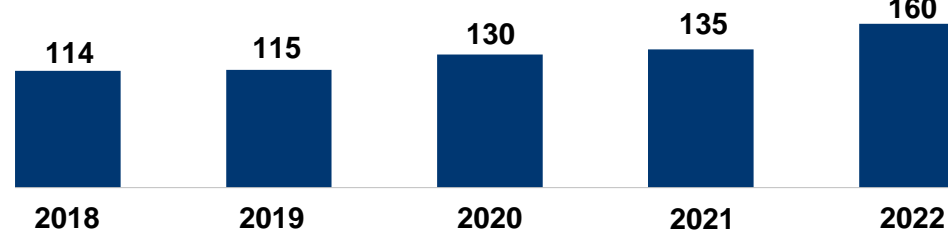


- Deliveries heavily skewed towards sister ships with lower execution risks and better margins

Cruise: pricing trends

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

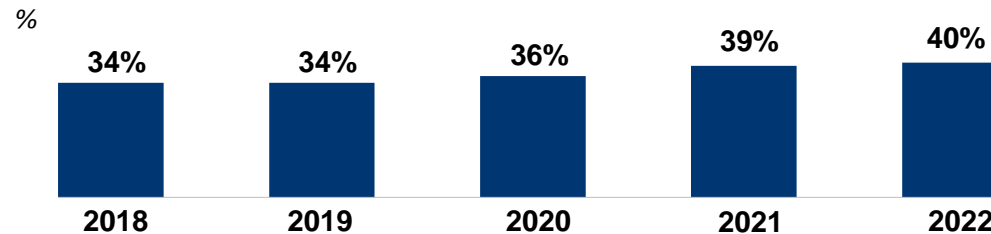
2016 = 100



- 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



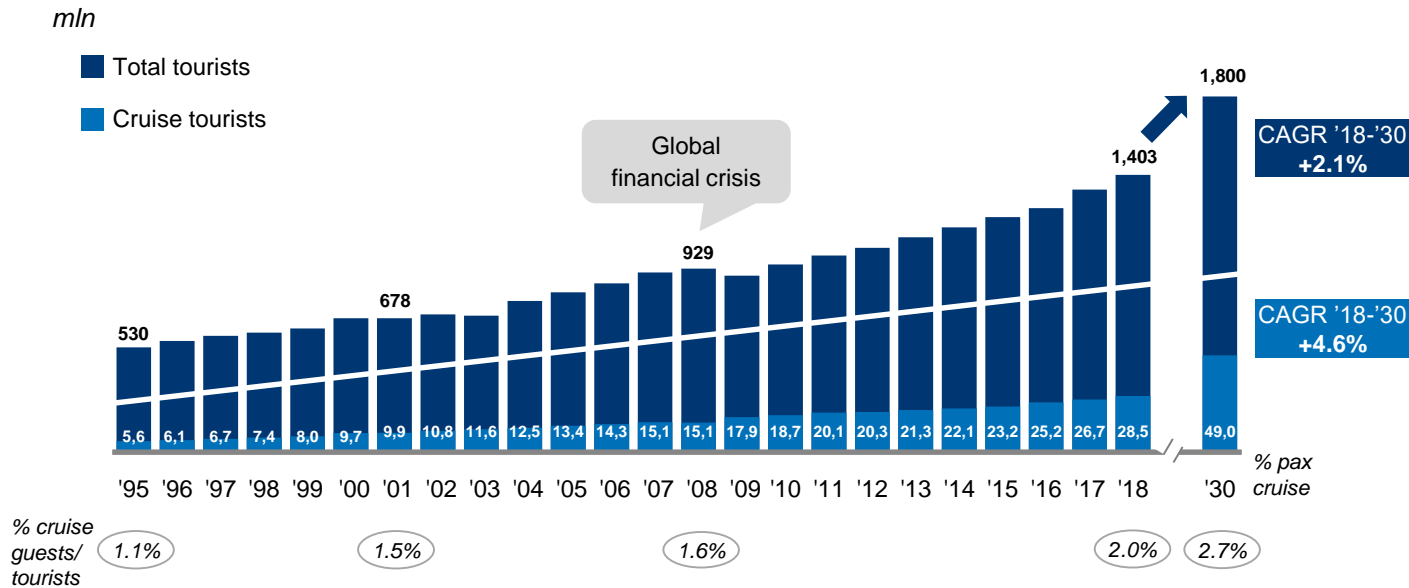
- The relative contribution is influenced by the strong uptick in cruise volumes

Shipbuilding – Cruise trend: steady long-term passenger growth

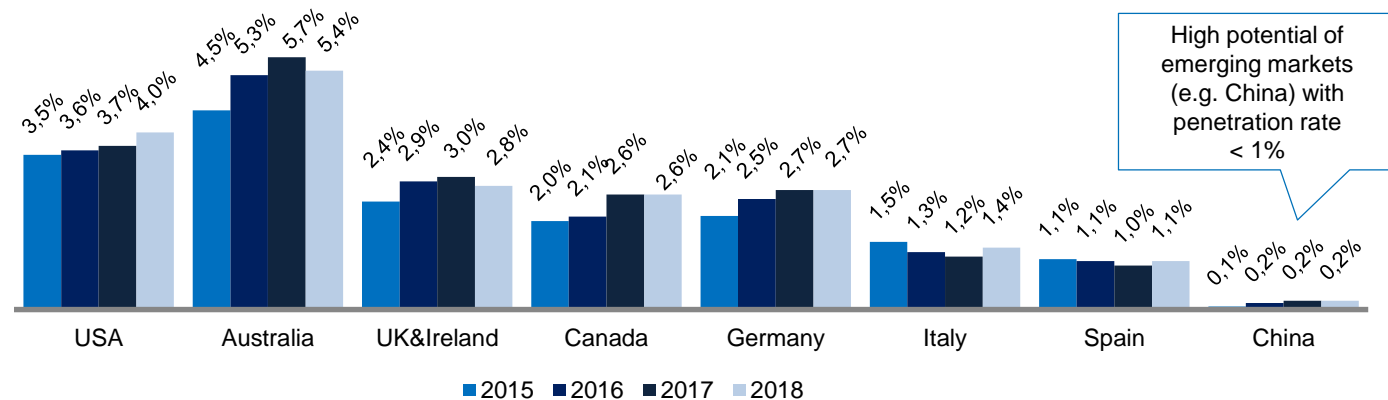
Dynamics of cruise market

- The cruise industry has proven to be remarkably resilient, having continued to grow throughout the 2008-2010 economic crisis
- Cruise tourists on total tourists at only 2% and growing
- Cruise penetration (cruise passengers on national population) is still very low: at a mere 5.7%, Australia has the highest penetration in the world
- CLIA⁽¹⁾ forecasts 30.0 mln people around the world will take seagoing vacations in 2019 (+5.3% compared to 2018)
- In view of the positive market outlook of the leisure industry and of the **increasing penetration of the cruise sector**, the latter is expected to **significantly grow in the future**, in particular **thanks to the development of some emerging markets: China and Australia**

Dynamics of global tourism and cruise passengers



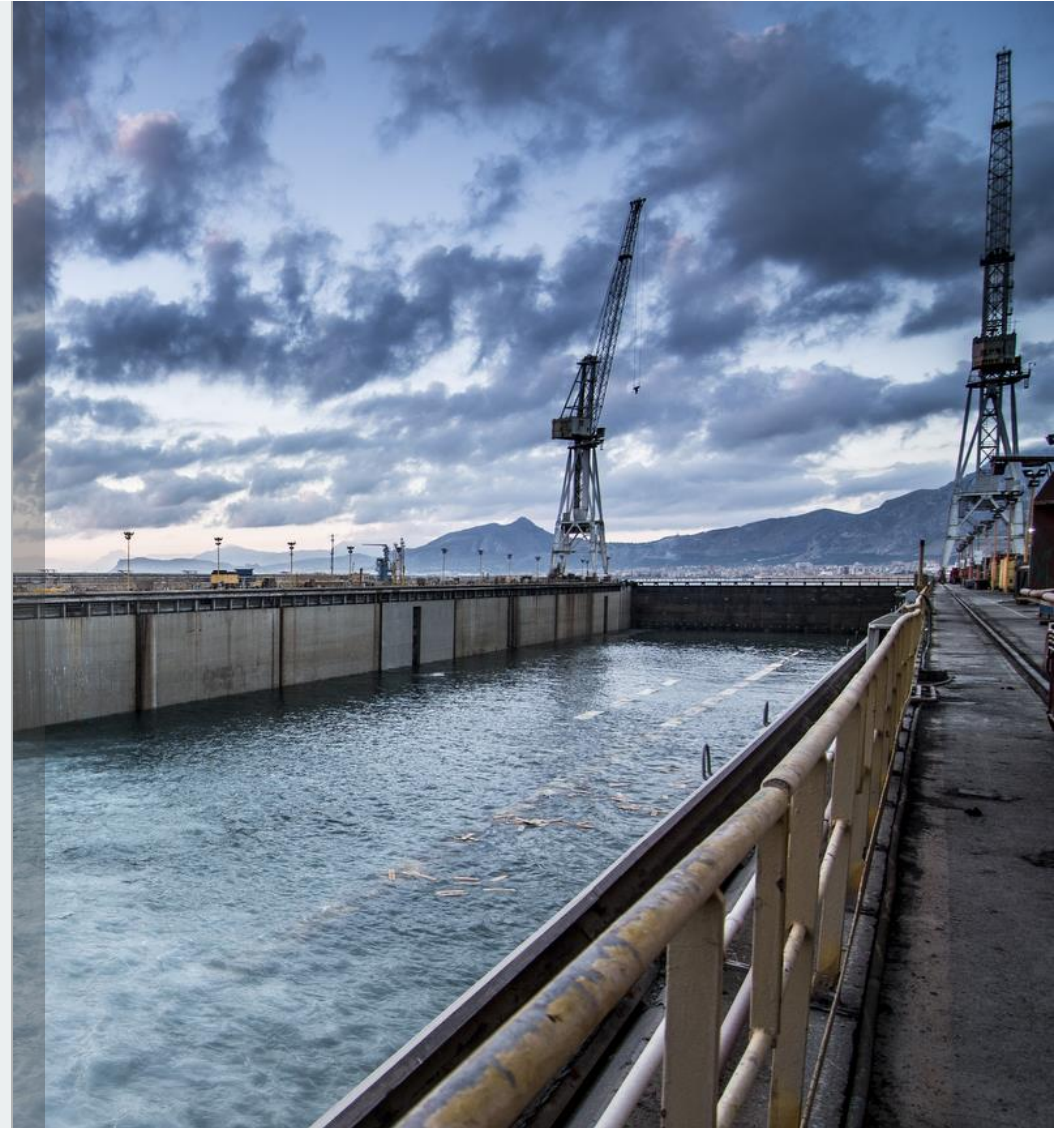
Key source market penetration rate development



(1) CLIA – Cruise Lines International Association

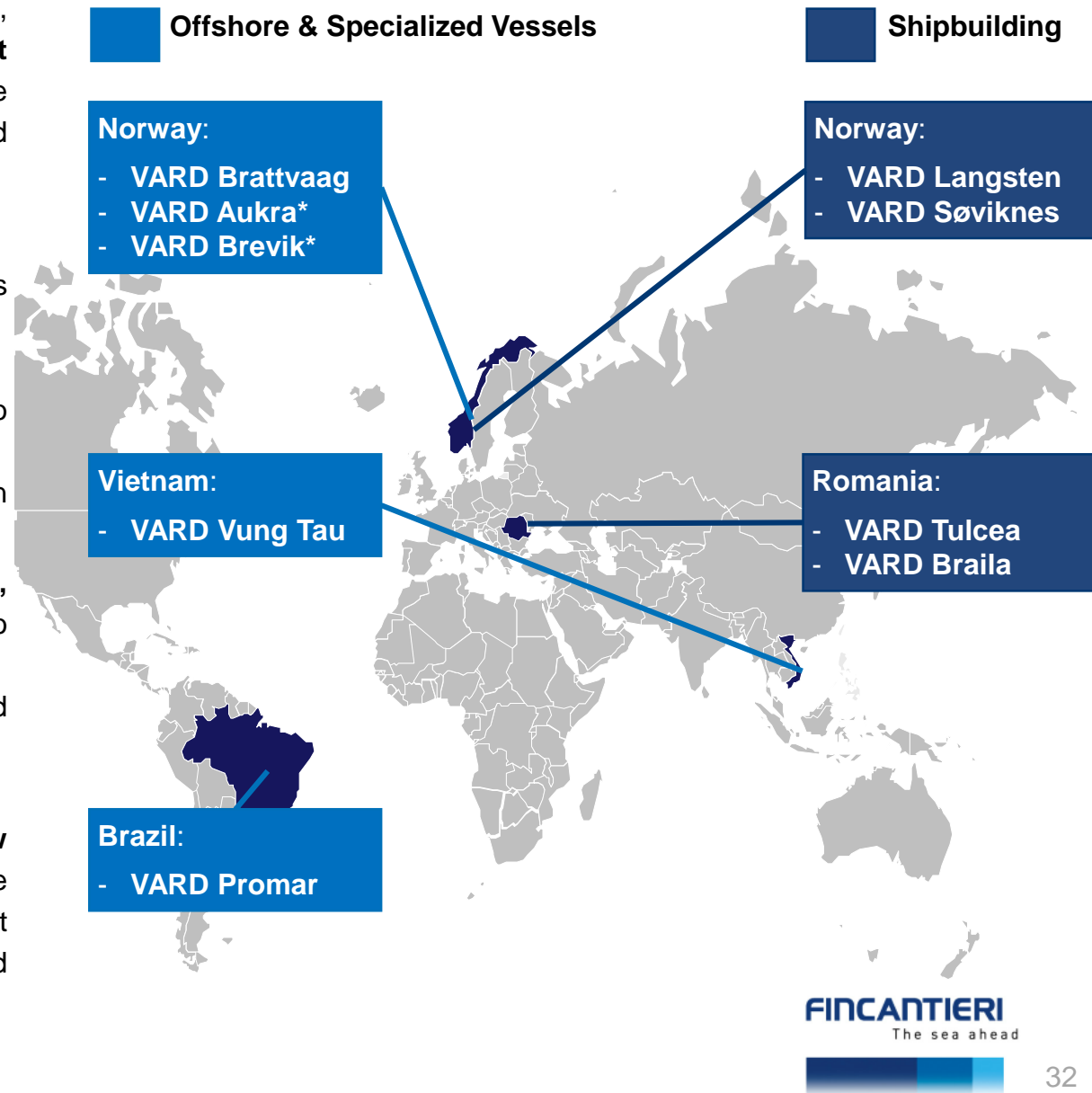
Source: Total Tourists: World Tourism Organization, UNWTO – Tourism Highlights, 2018 Edition & Total cruise Tourist: Fincantieri estimates; China National Tourism Administration; CLIA Australia

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)



Ongoing integration and alignment to Group best practices

What we did

What we are working on

Action

- **Vard full integration process:**
 - Delisting of the subsidiary in December 2018
 - Change in management
 - **Operational reorganization** of both Cruise and Offshore & Specialized Vessels business units, including the revision of industrial management and economic planning of the projects
- **Revision of production footprint to minimize operational costs**
- **Exit from the small fishery and aquaculture support vessels business**

- **Additional efforts to align industrial management and economic planning of projects to the Group best practices**
- **Optimization of Vard operations and Vard reorganization plan**



Outcome

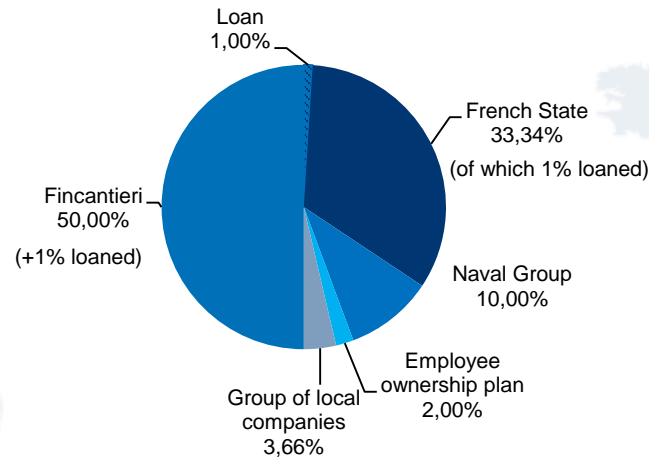
- **Recovery of production delays** of 2019 deliveries
- **Review of estimated costs at completion of the projects** weighting on the 9M 2019 results
- **Resizing of Promar shipyard in Brazil and disposal of Aukra and Brevik shipyards in Norway**

- **Margin recovery** in medium-to-long term
- **Additional review of estimated costs at completion** on long-term projects

- 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)

9M 2019 main orders

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

9M 2019 main deliveries

Segment	Vessel	Client	Shipyard
Shipbuilding	Cruise ship "Viking Jupiter"	Viking Cruises	Ancona
	Cruise ship "Costa Venezia"	Costa Crociere	Monfalcone
	Littoral Combat Ship "Billings" (LCS 15)	US Navy	Marinette
	FREMM "Antonio Marceglia"	Italian Navy	Muggiano
	Expedition cruise vessel "Le Bougainville"	Ponant	Vard Søviknes
	Expedition cruise vessel "Le Dumont d'Urville"	Ponant	Vard Søviknes
	Expedition cruise vessel "Hanseatic Nature"	Hapag-Lloyd Cruises	Vard Langsten
	Littoral Combat Ship (LCS 17)	US Navy	Marinette
Offshore & Specialized Vessels	OSCV (3 vessels)	2 for Topaz Energy and Marine 1 for Dofcon Navegação	Vard Brattvaag Vard Promar
	Expedition cruise vessel "Coral Adventurer"	Coral Expeditions	Vard Vung Tau

Delivered in Q3

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)

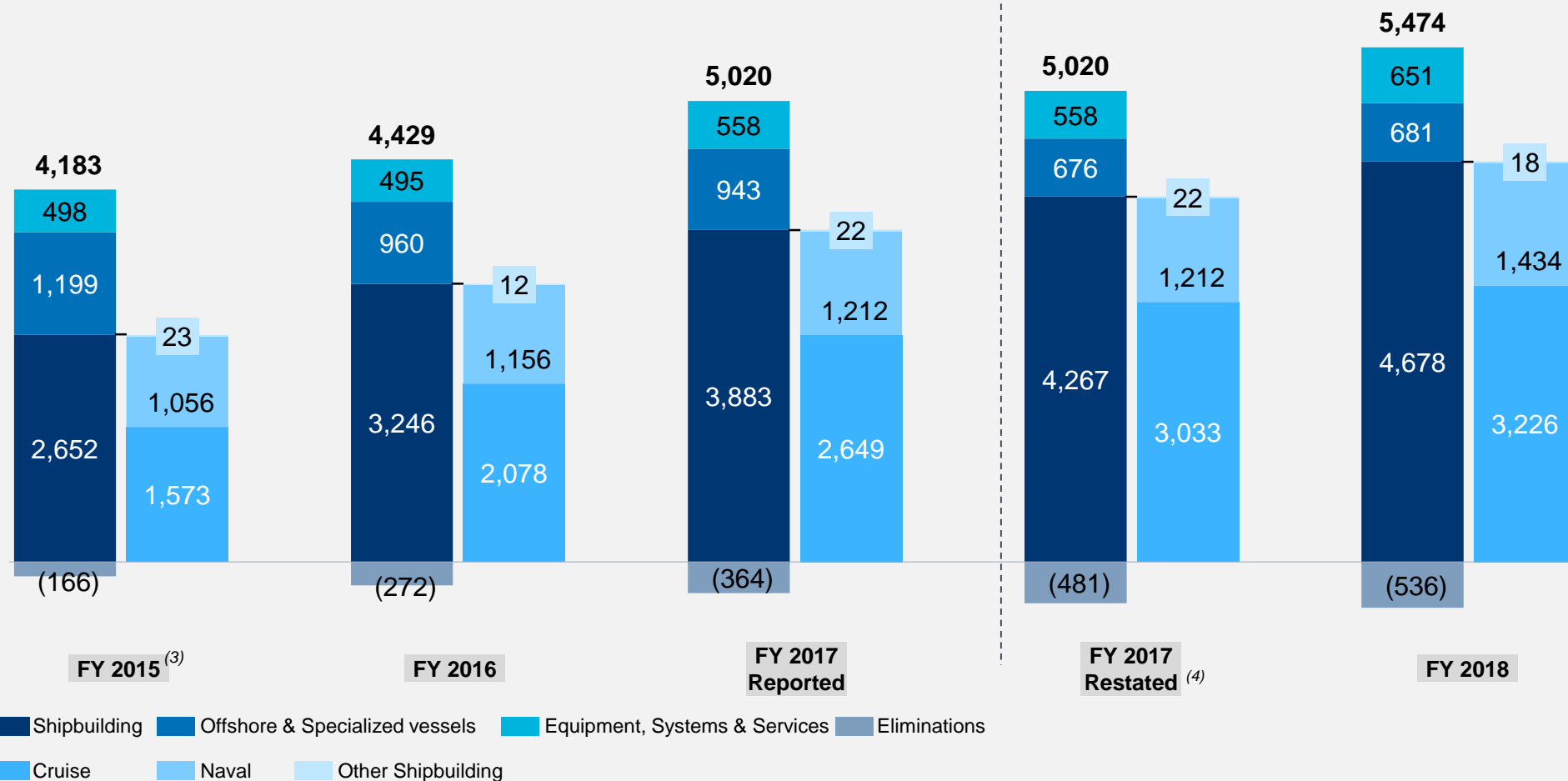
⁽²⁾ Excluding extraordinary and Non Recurring Items net of tax effect

⁽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

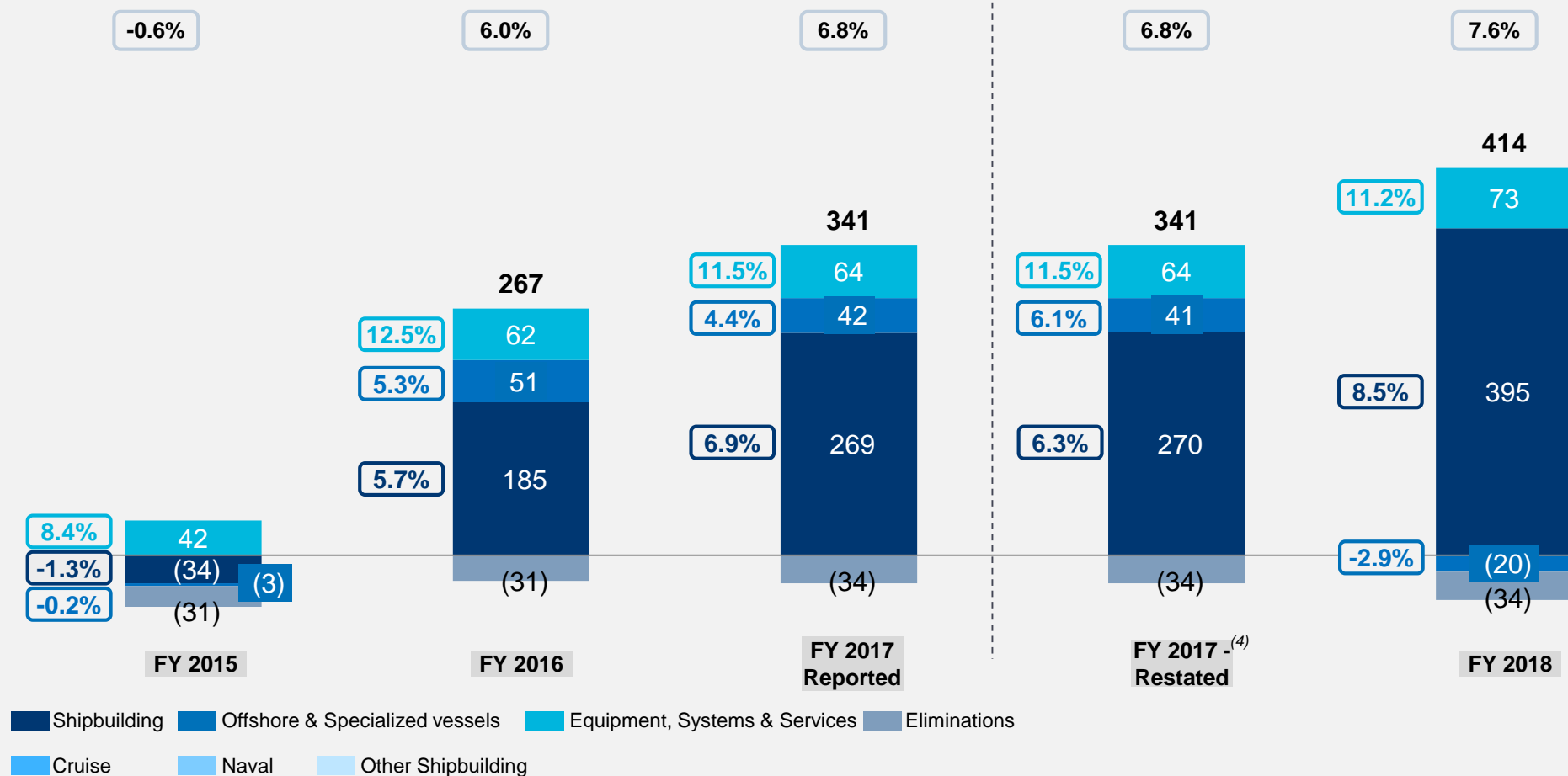
(3) For comparison purposes, 2015 figures are restated following the redefinition of operating segments. Following the operational reorganization carried out in November 2016, the repair & conversion services, cabins & public areas business, as well as integrated systems business, all previously included 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

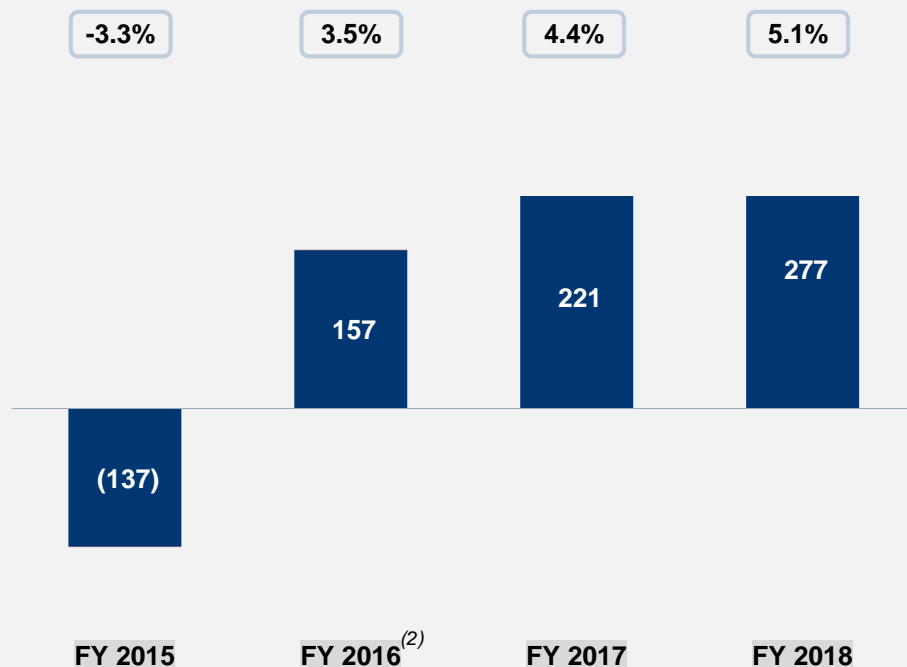
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(4) Comparative numbers of 2017 are shown restated following the integration of the business unit Cruise of VARD within the Shipbuilding segment (November 2018)

Financial performance: EBIT and Net result

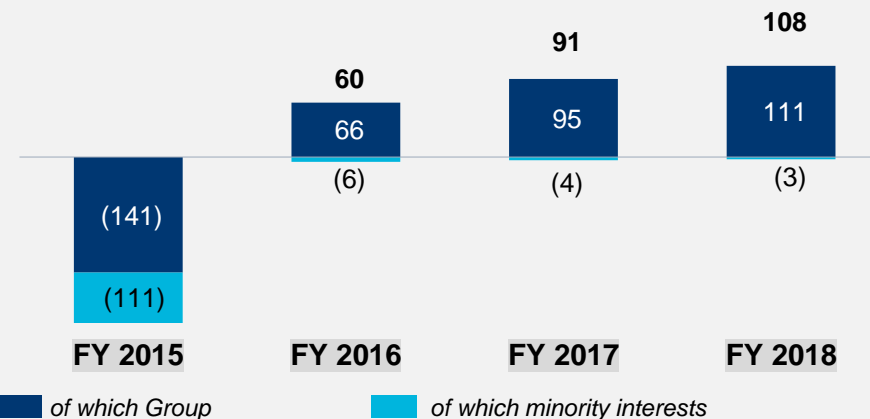
EBIT / margin

€ mln



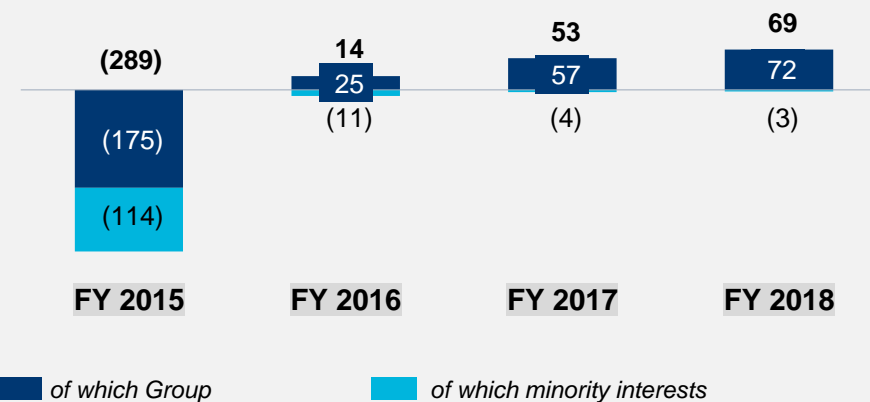
Net result before extraordinary and non recurring items⁽¹⁾

€ mln



Net result

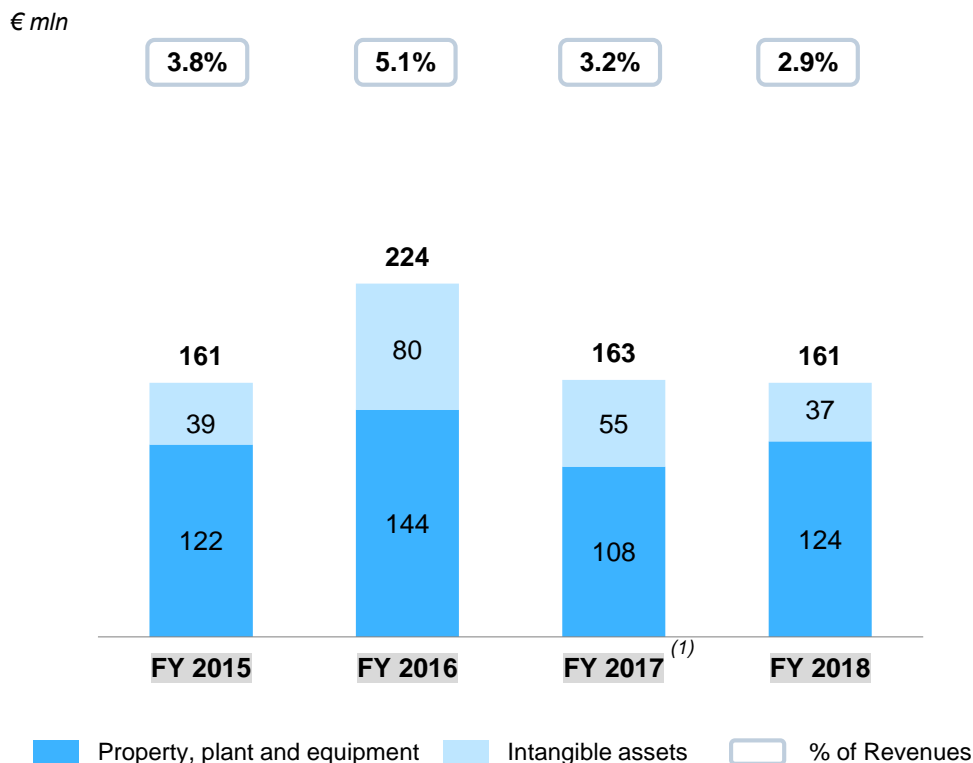
€ mln



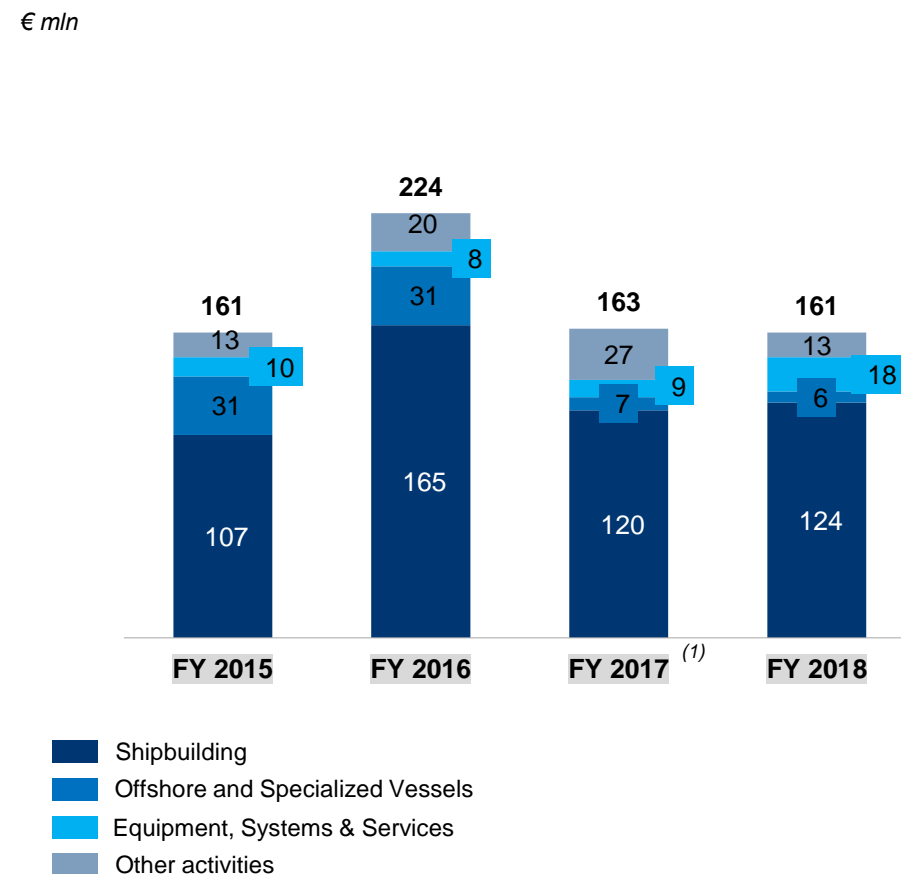
(1) Extraordinary and non recurring costs net of tax effect amounted to € 37 mln in 2015, € 46 mln in FY 2016, € 38 mln in 2017, and € 39 mln in 2018

Capex: FY 2018

Capex evolution



Capex by segment



- **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)