

FINCANTIERI

Update post Q1 2019 results

July 2019

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

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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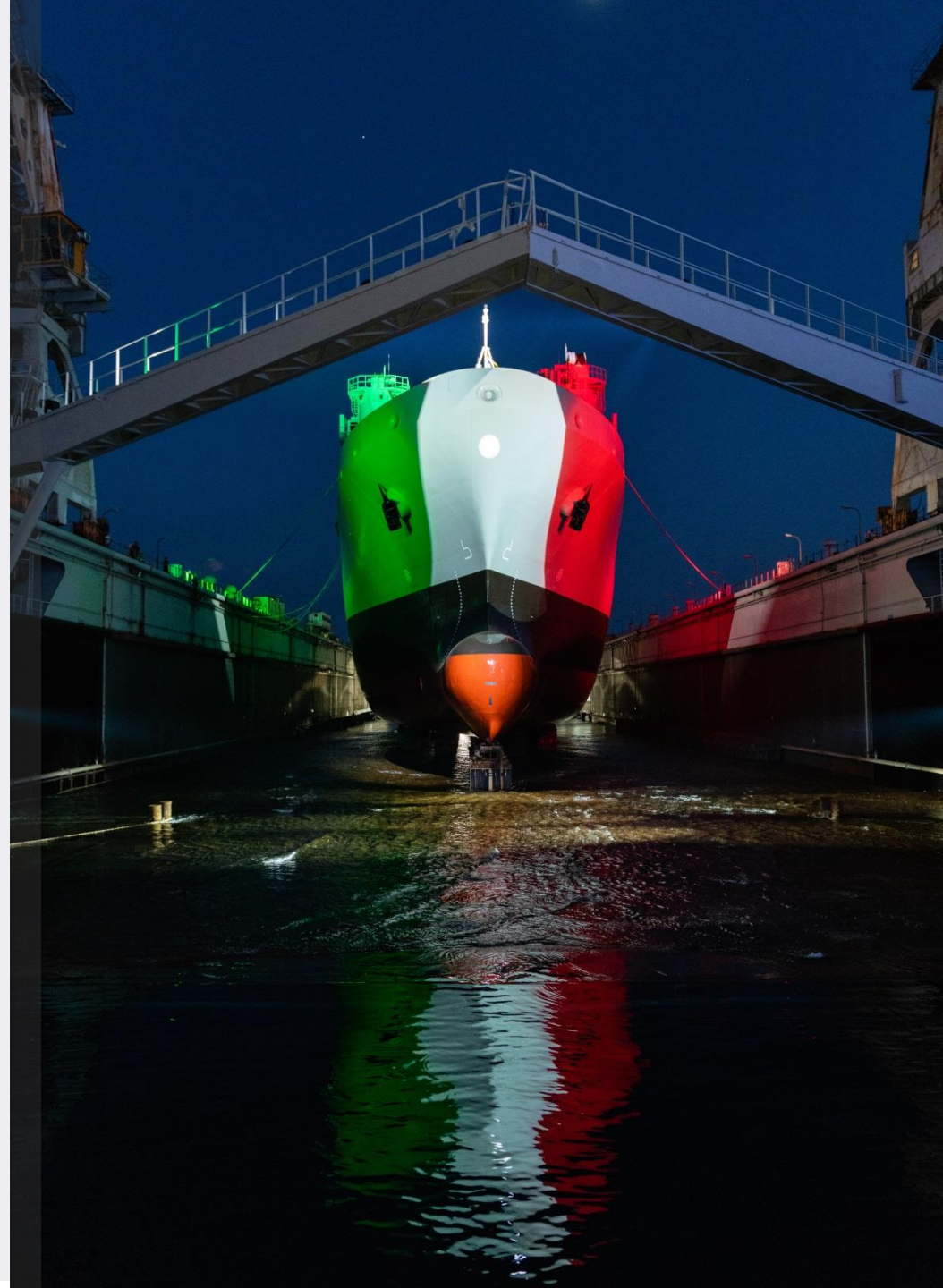
Section 5 Strategy & Outlook

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

€ 34.3 bn
Total backlog^(1,2)



Our global reach

20
shipyards

4
continents

~ 19,300
employees

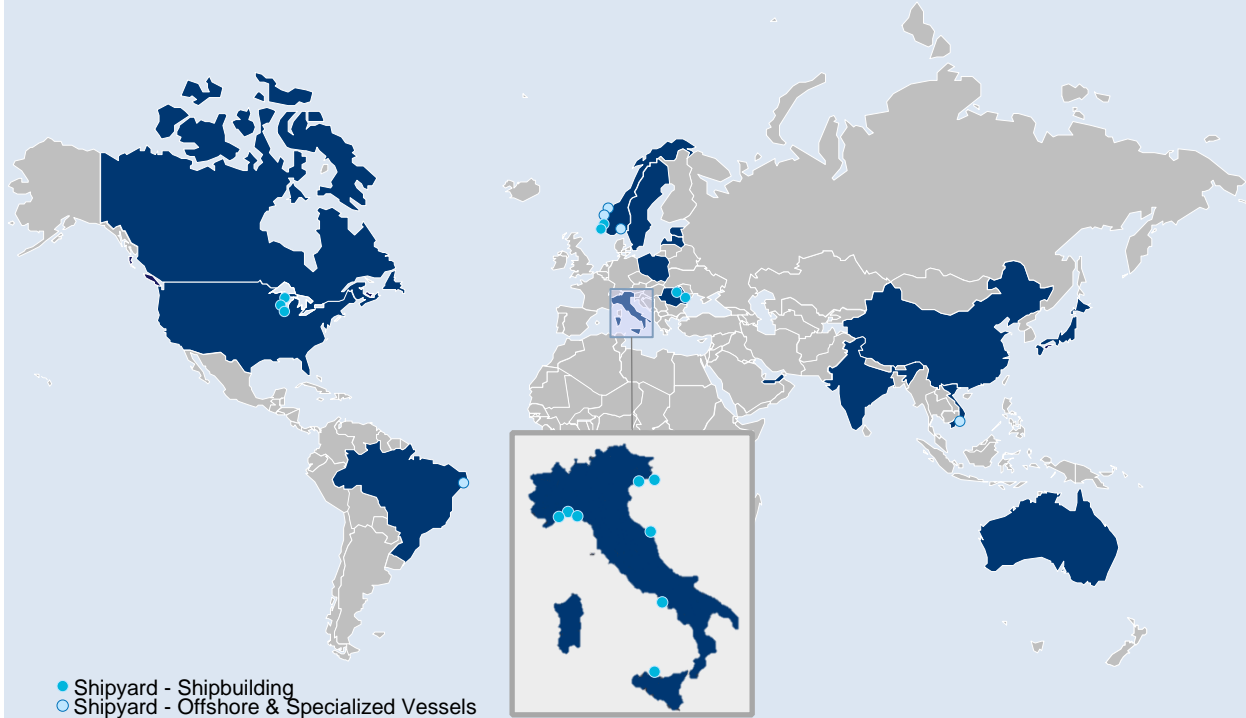
~ 80,000
subcontractors

Our impact

4.5x
Economic multiplier⁽³⁾

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 Q1 2019 (at March 31, 2019)

(1) At March 31, 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>	€ 28,974 mln (79 ships)
	Other	<ul style="list-style-type: none"> Similar businesses to our core ones where we operate opportunistically (e.g. Mega Yachts, Ferries...) 		€18 mln 0.3%	
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>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>	€ 920 mln (25 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>	€ 1,607 mln

(1) Before eliminations and consolidation adjustments

(2) At March 31, 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

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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 	 <ul style="list-style-type: none"> Almost 50 million passengers worldwide by 2030 (+6.4% 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 (2 delivered in Q1 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 1 ship delivered in Q1 2019
Offshore & Specialized Vessels		 <ul style="list-style-type: none"> O&G sector crisis and postponements of drilling projects caused a slowdown in 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 5 ships delivered in Q1 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: IJH 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

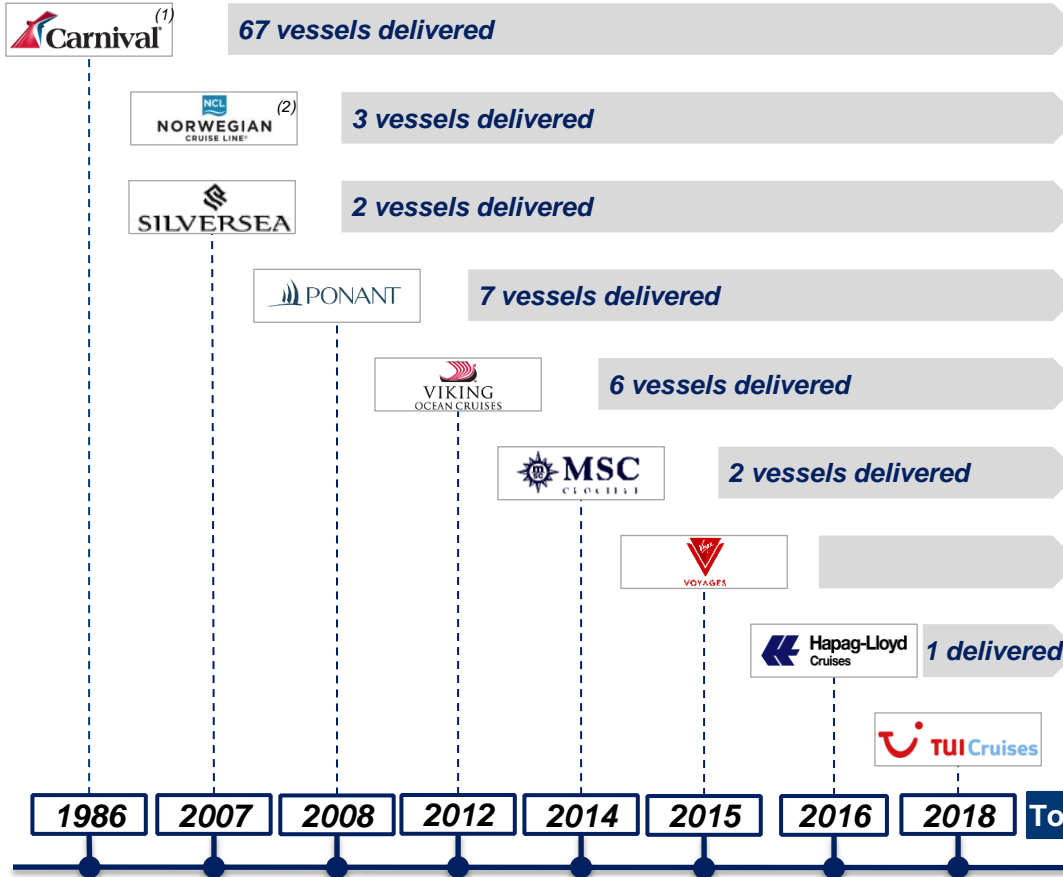


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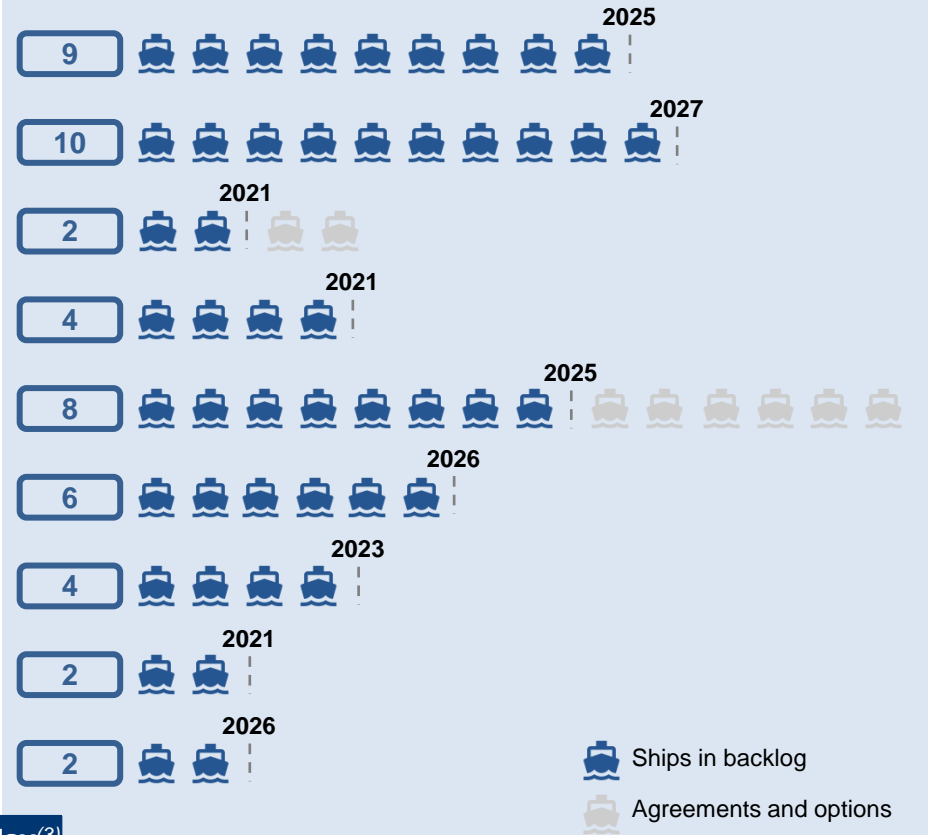
Focus: cruise client portfolio

...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 May 31, 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 6.3 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 March 31, 2019

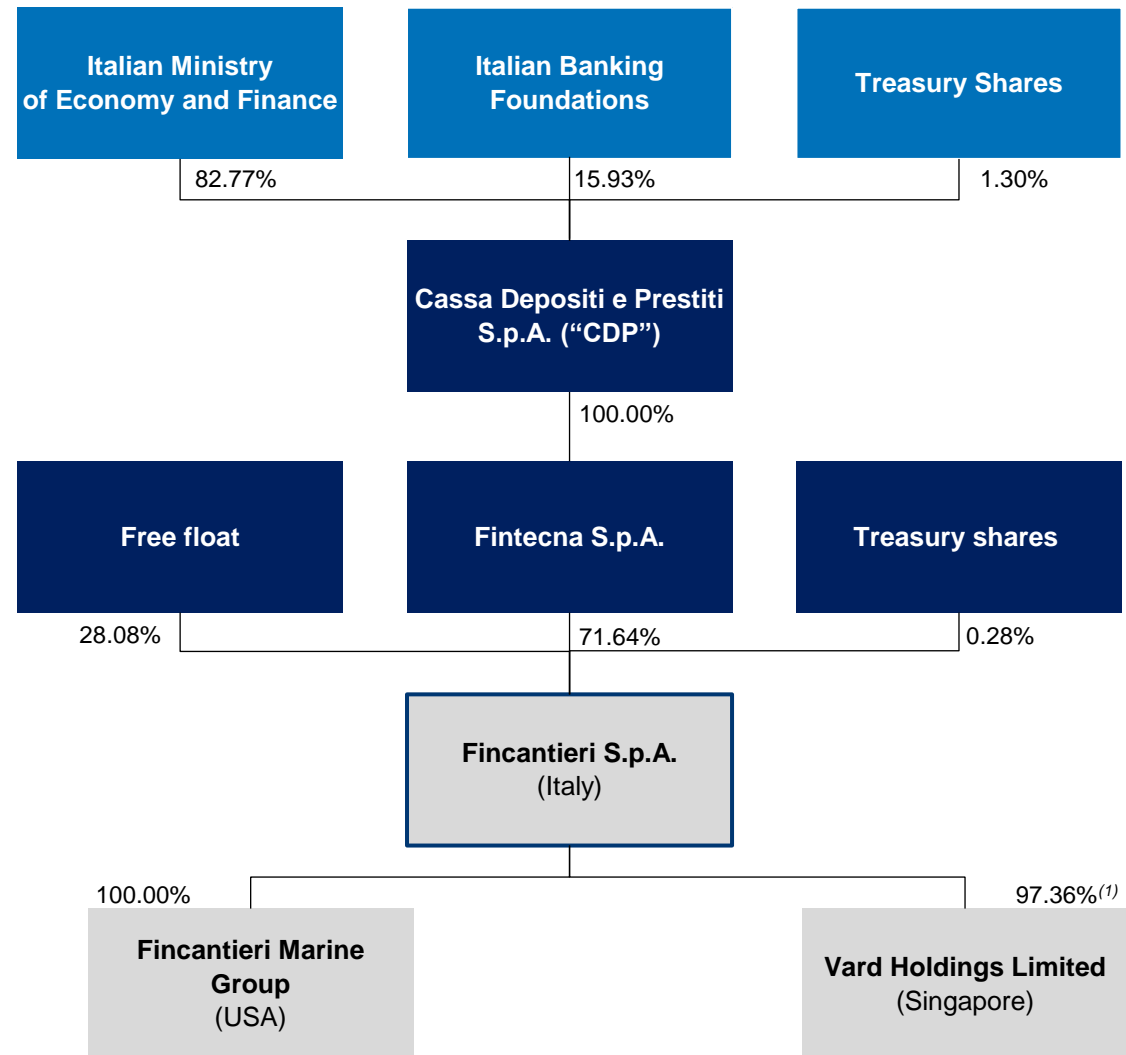
Ownership and Group structure

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

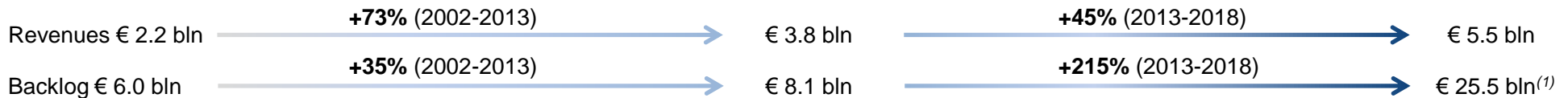
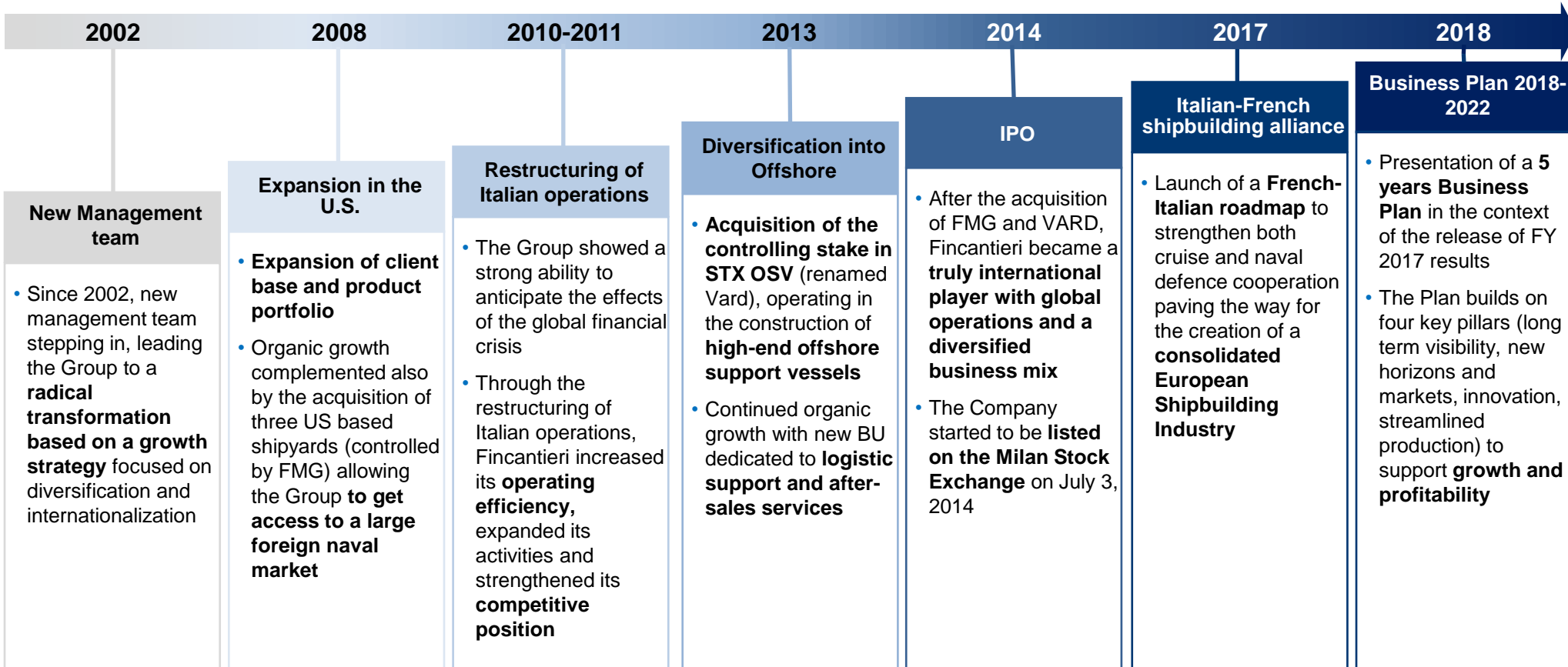
Simplified ownership and Group structure



(1) Ownership as of March 31, 2019

Key historical events

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

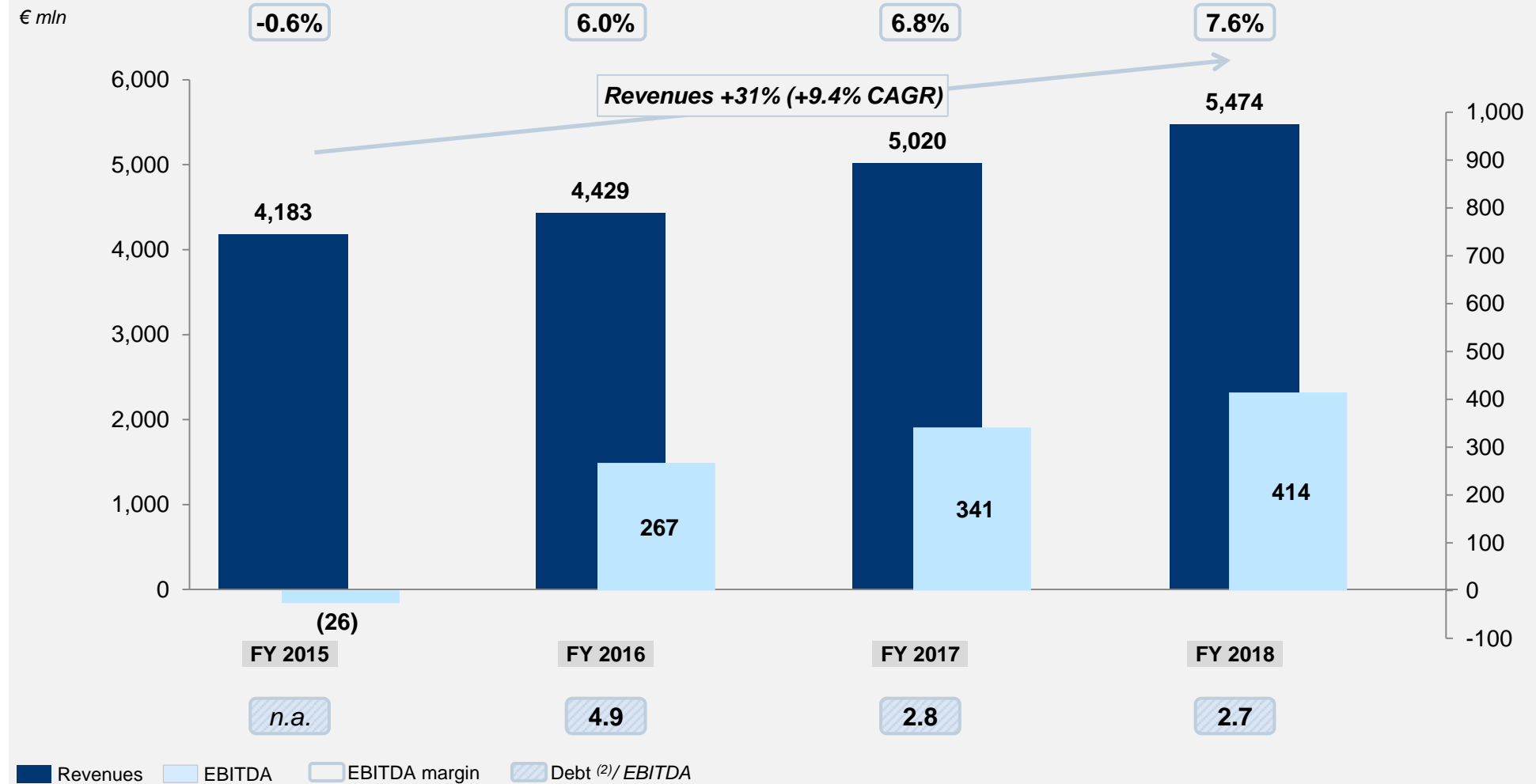


(1) Backlog was € 30.7 bln at March 31, 2019

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

Sustainability



Cruising to Sustainability: a long term commitment that is driving our business

Our attention to sustainability is rooted at the very core of our business – however, in the last 3 years we formalized our commitment with a fast-paced governance evolution



2016

- Fincantieri's Board of Directors establishes the Sustainability Committee aiming at supervising the overall management of sustainability for the Group and defining the strategy for a sustainable development



2017

- Fincantieri's Risk Officer integrates the Company risk model with additional risks concerning Corporate Social Responsibility (CSR)



2018

- Fincantieri's Board of Directors approves:
 - The **Charter of Sustainability Commitments** with the aim of contributing to a healthy, resilient, sustainable society
 - The first **Sustainability Report**
 - **Performance share plan 2019 – 2021**, that includes a new specific sustainability target
 - The first **Sustainability Plan**, highlighting and bolstering the will of the Group to be responsible towards all direct and indirect stakeholders

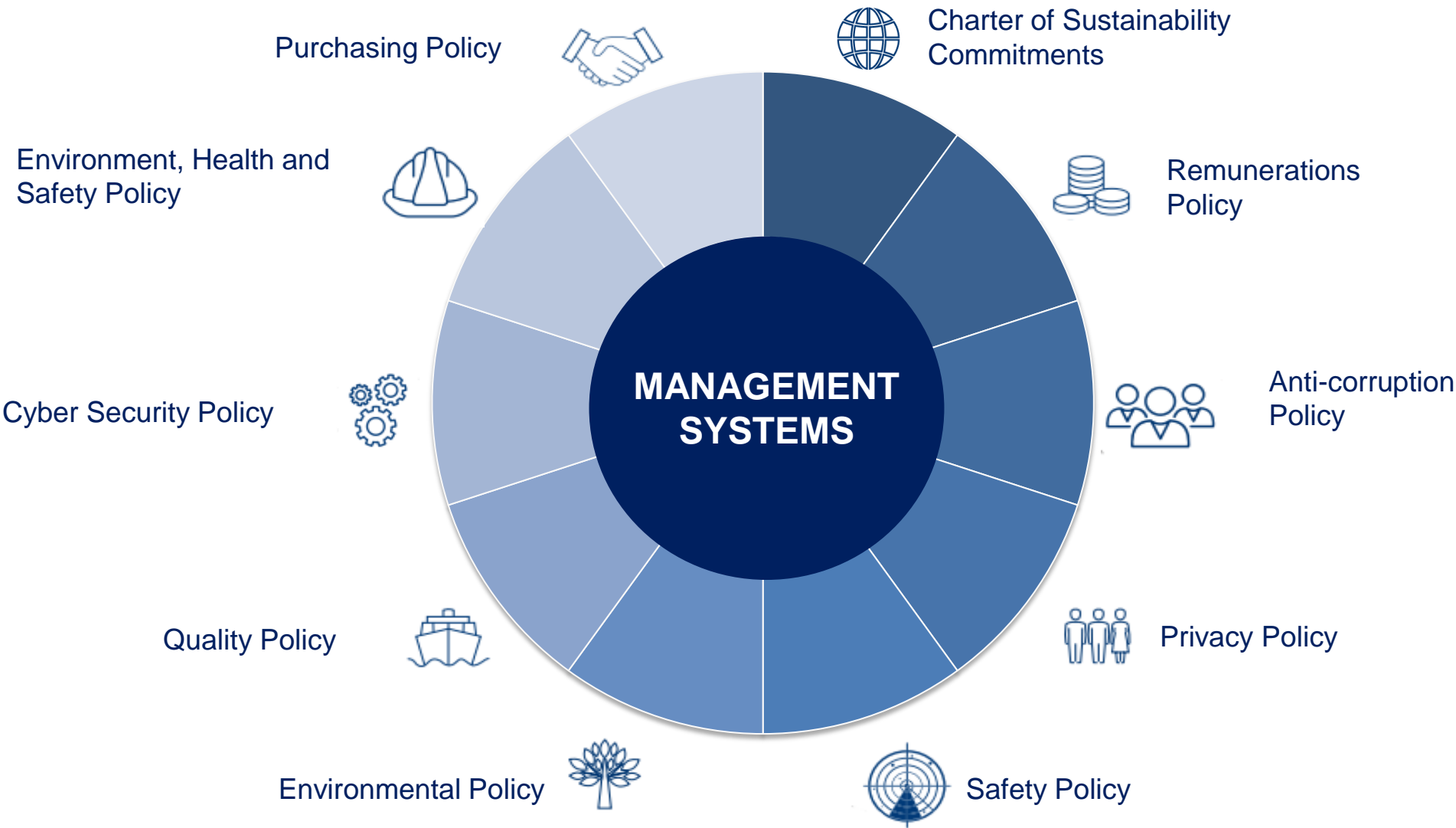


2019

- Fincantieri's Board of Directors approves the 2018 Sustainability Report

Sustainability in Fincantieri

Our dedication is testified by our internal policies and charter of commitments



Sustainability Committee



- Established by the Board of Directors in 2016
- Composed of 4 independent members
- Key responsibilities:
 - Thorough investigation of issues related to the sustainability of Company activities
 - Advisory and informative role for the Board of Directors on non-financial matters
- 6 meetings held in 2018

Sustainability unit

- Reports to Deputy CFO
- Performs coordination, monitoring and compliance activities
- Keeps the Sustainability Committee continually informed

Multifunctional Working Group

- Supports the Sustainability unit
- Composed of representatives of key departments
- Supports the preparation of the Sustainability Report and the definition of targets and timeline for sustainability commitments

Local representatives abroad

- Support the Sustainability unit
- Represent VARD Group, Fincantieri Marine Group and Fincantieri Marine Systems North America Inc.
- Collect and manage information for the Sustainability Report

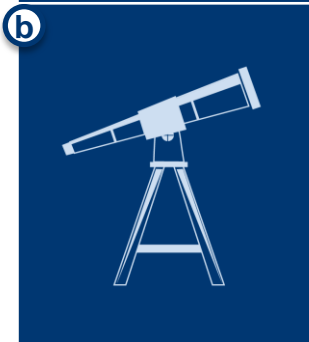
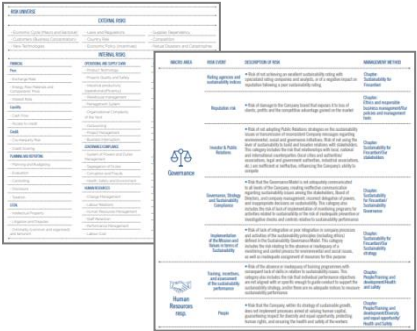
Sustainability in Fincantieri

Our key objectives and tools for sustainability management



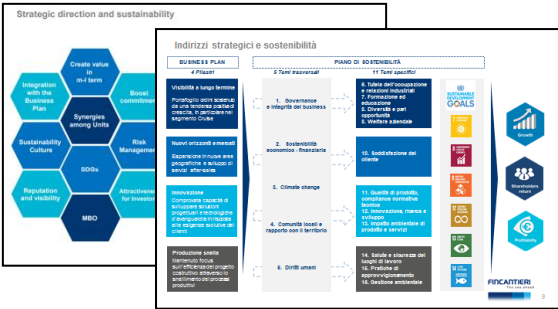
Be prepared

Sustainability in risk mapping



Plan ahead

Sustainability Plan



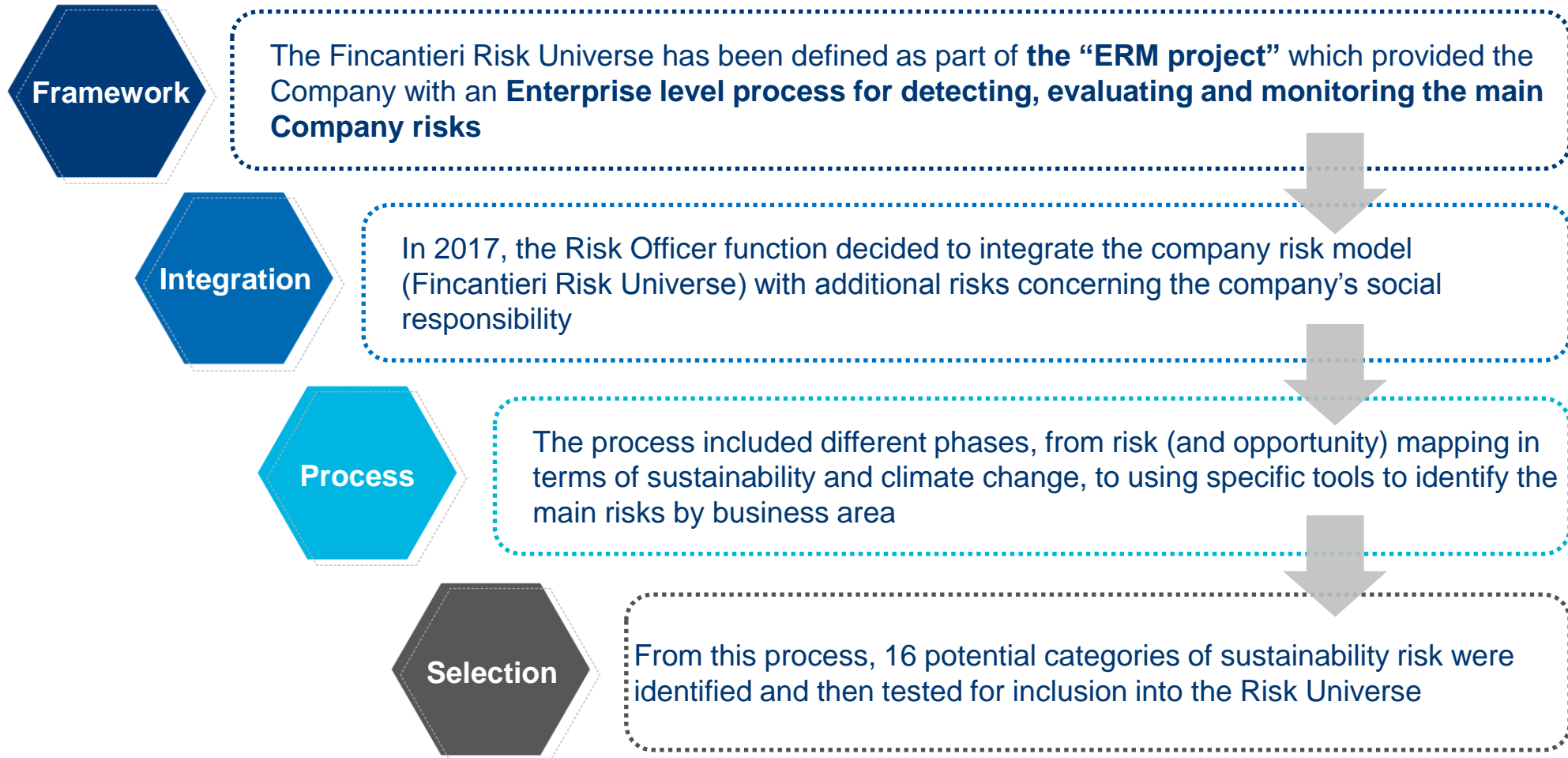
Report

Sustainability Report



a Be prepared: Sustainability in risk mapping

We broadened our ERM framework to incorporate sustainability risks



a) Be prepared: Sustainability in risk mapping

10 Sustainability risks were included in our Enterprise Risk Management framework

We identified 10 key sustainability risks across 5 major categories and fully integrated them into our Enterprise Risk Management



Governance

- Rating agencies and sustainability indices
- Reputation risks
- Investor & public relations
- Governance, strategy and sustainability compliance
- Implementation of the mission and values in terms of sustainability



Product responsibility

- Ecologically compatible product development



Human resources responsibility

- Training, incentives and assessment of the sustainability performance
- People



Governance, economics, human resources, social and environmental responsibility

- Sustainable supply chain

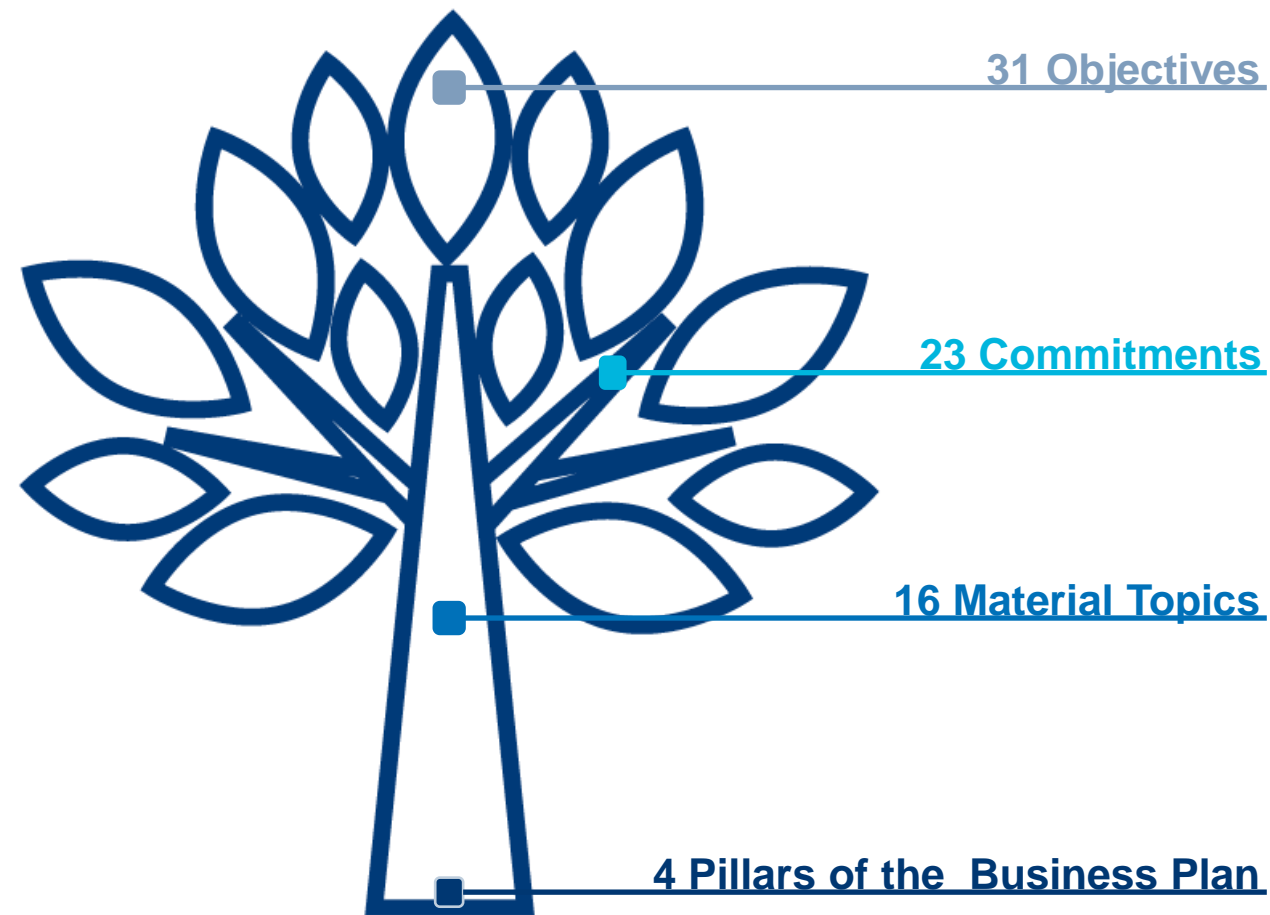


Environmental responsibility

- Environment

⑥ Plan ahead: Sustainability Plan

In 2018 the BoD approved the first Group Sustainability Plan



⑥ Plan ahead: Sustainability Plan

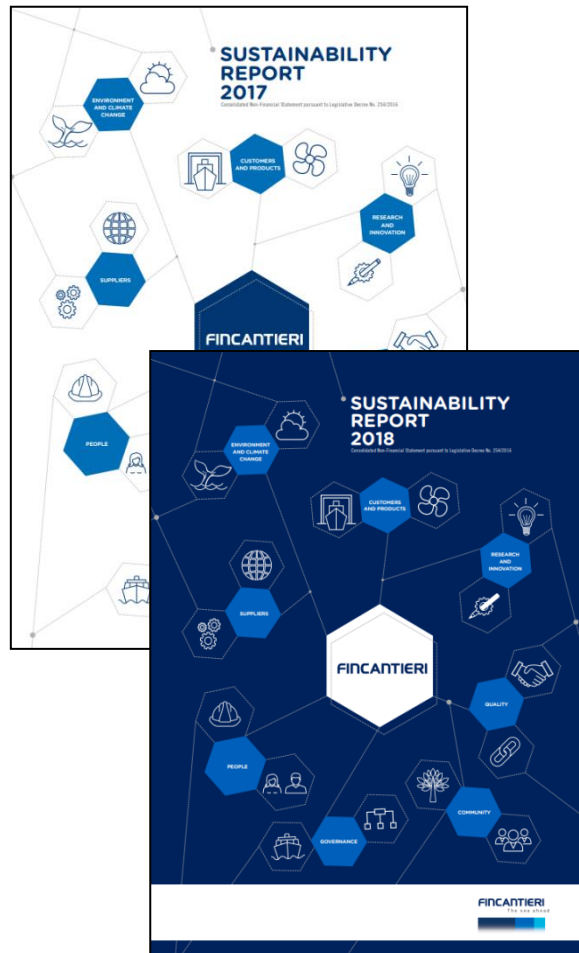
The Plan topics mirror the structure of the Group Business Plan 2018-2022



©Report: Sustainability Report

The annual Sustainability Report provides an overview of the percentage of completion

The Sustainability Report, at its **second edition**, is a communication tool that describes in a transparent and articulated manner the results gathered in the economic, social and environmental fields. It shows the commitment of the Group to sustainable development which aims to produce value not only for itself but also for its stakeholders



Sustainability Report 2018 – Non Financial Statement

- It's compliant with Legislative Decree No. 254/16 requirements
- It's a stand alone report
- It's issued in accordance to the GRI Sustainability Reporting Standards (2016) of the Global Reporting Initiative and to the option "in accordance-core".
- The contents of the Report have been selected from the results of **materiality analysis**
- The reporting boundary of the data presented in the Report relates to the **Companies fully consolidated**
- The document is subject to a **limited assurance** engagement by PwC S.p.A

©Report: Sustainability Report

2018 Report testifies a general improvement of the measured KPIs

Social Responsibility KPIs



Diversity and equal opportunity

➤ 12.0 % women employed

➤ 7.0 % women managers

➤ 14.0 % employees under 30



Training & education

➤ +19.8% training hours per capita



Health & Safety

➤ -4.4% number of injuries



Community

➤ +26.1% investments in communities

Environmental Responsibility KPIs



Energy

➤ +1.7% electric energy from renewables

➤ +3.5% electric energy consumption



GHG emissions

➤ +4.4% scope 1 emissions

➤ -4.9% scope 2 emissions

Section 3

Financial overview



Skandi Africa
DOF
Ship of the Year 2015

Q1 2019 Key Messages

Revenues up 13%, orders at € 6.5 bln with 11 cruise vessels, total backlog at € 34.3 bln

Order intake

- **Total order intake at € 6.5 bn:**
 - Record order acquisition of 11 cruise ships for 5 different brands (Oceania, Regent Seven Seas Cruises, Viking, MSC, Princess)
 - 1 Littoral Combat Ship (LCS31) for the US Navy, the sixteenth unit of the "Freedom" class
- **Total backlog⁽¹⁾ at € 34.3 bln: backlog with 104 units at € 30.7 bln** (€ 21.8 bln in Q1 2018) and **soft backlog⁽²⁾ at € 3.6 bln** (€ 5.9 bln in Q1 2018)

Financials

- **Revenues up 13% at € 1.4 bln** (€ 1.2 bln in Q1 2018)
- **EBITDA at € 90 mln** (€ 89 mln in Q1 2018) and **EBITDA margin at 6.5%** (7.3% in Q1 2018)
- **Net debt⁽³⁾ at € 505 mln** (€ 494 mln at December 31, 2018)

Business update

- **Delivery of 8 units** including two cruise ships “Viking Jupiter” and “Costa Venezia” (the first vessel for the Italian shipowner specifically designed for the Chinese market), and of a naval vessel for the US Navy
- Inauguration of the **Fincantieri Infrastructure** production plant and steel cutting ceremony for the bridge over the Polcevera river
- **Ongoing focus of the Group on sustainability:** the newly appointed Board of Directors beyond the regulatory requirements for gender diversity with an equal number of elected men and women

(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

(3) Excluding Construction loans

Ongoing strategic development

Defence industry

- Building on the support of the French and Italian Governments, **Fincantieri and Naval Group laid the grounds 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

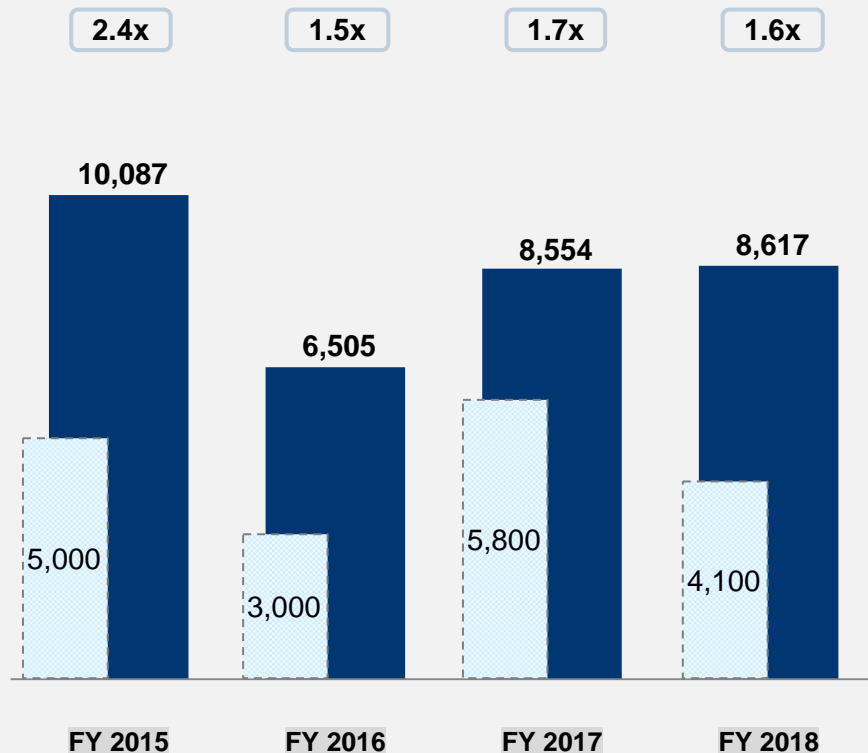
VARD

- **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

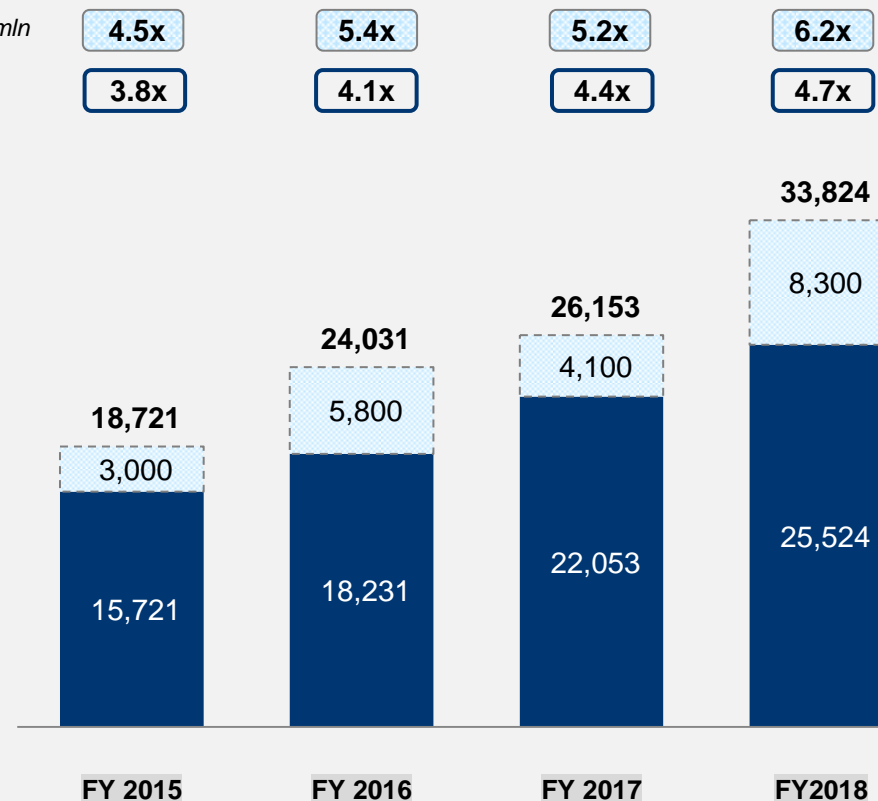
€ mln



□ 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

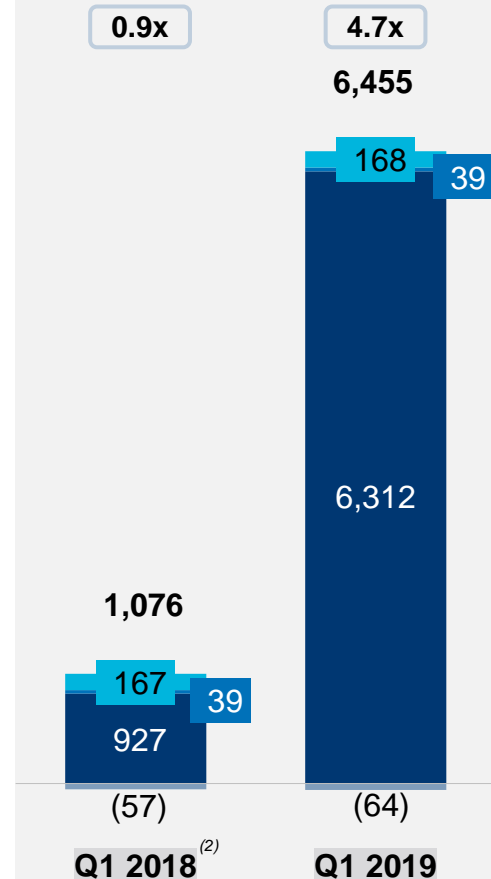
⁽¹⁾ Sum of backlog and soft backlog

⁽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

Q1 2019 order intake and backlog: breakdown by segment

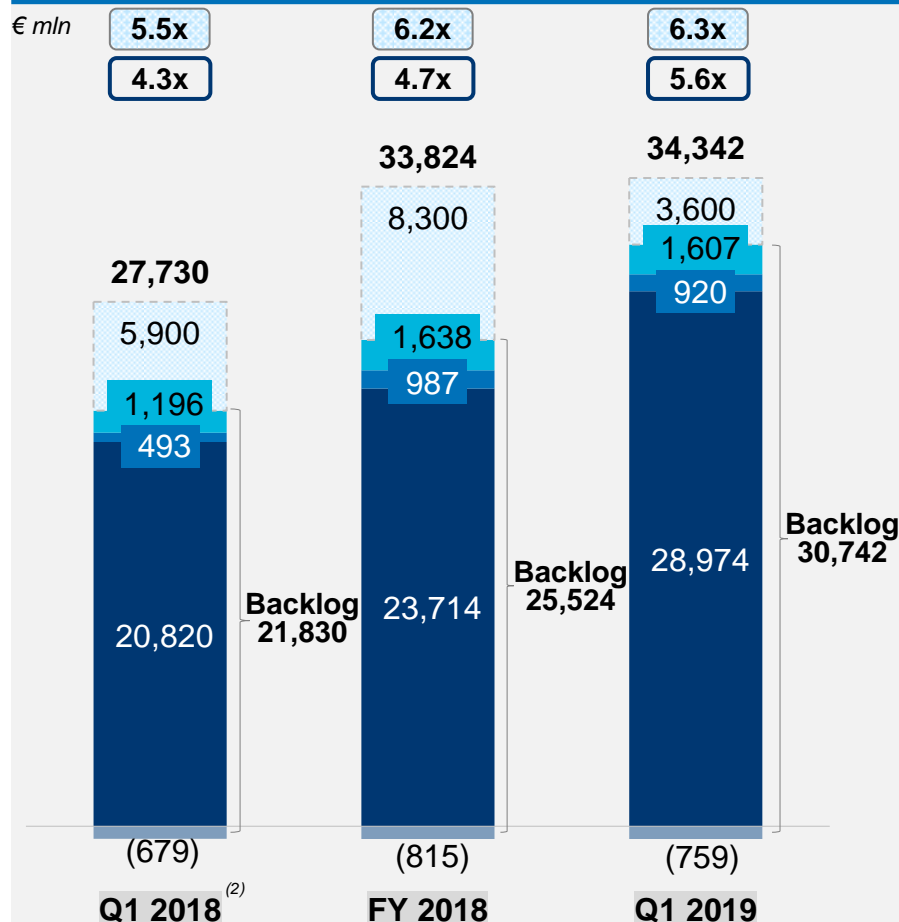
Order intake

€ mln



Total backlog⁽¹⁾

€ mln



Shipbuilding Offshore & Specialized Vessels Equipment, Systems & Services Eliminations

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

- Total order intake for the quarter € 6.5 bln
- Record order acquisition in cruise business area with contracts signed for 11 cruise ships
- Total backlog at € 34.3 bln, approximately 6.3 times 2018 revenues

(1) Sum of backlog and soft backlog

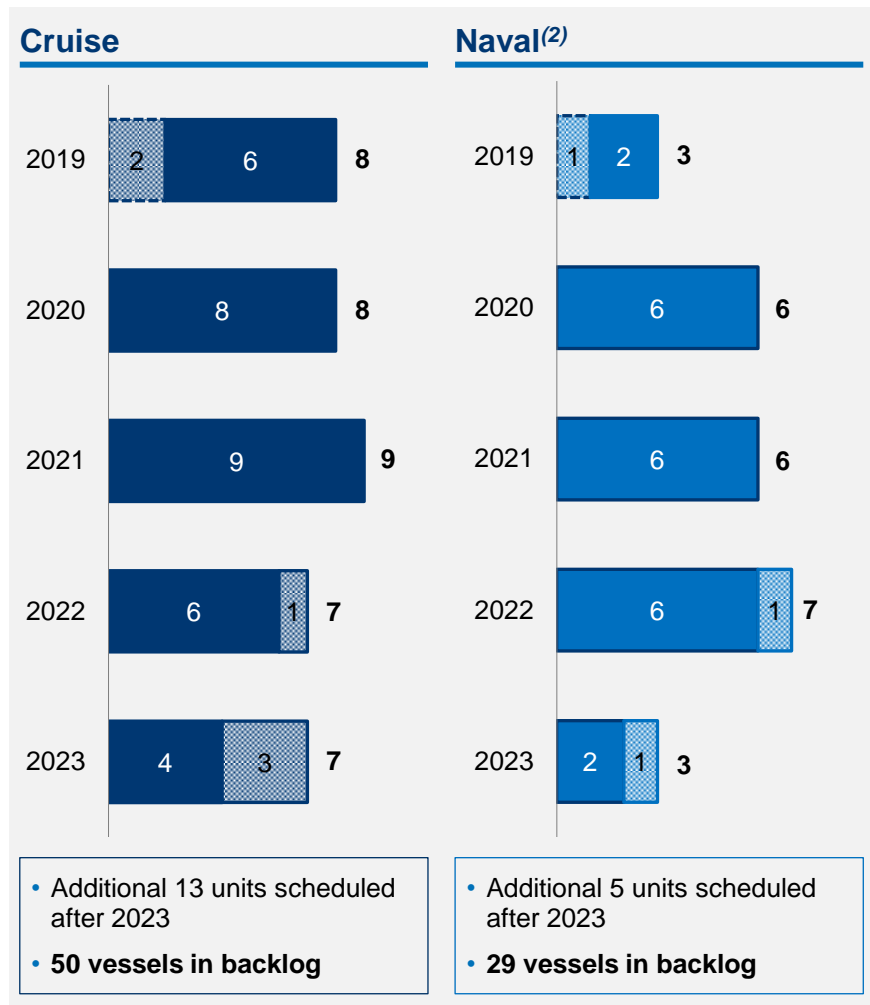
(2) Restated following the reorganization of VARD

(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

Q1 2019 backlog deployment: breakdown by segment and end market

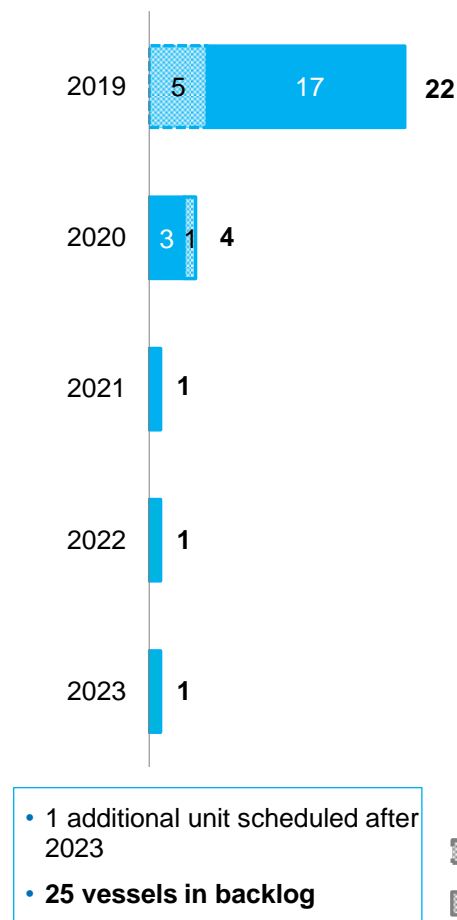
Shipbuilding

ship deliveries⁽¹⁾



Offshore & Specialized Vessels

ship deliveries⁽¹⁾



Delivered in Q1 2019
New orders in Q1 2019

- **8 units delivered in Q1 2019 and 104 ships in backlog**
- Cruise: 50 vessels
 - Deliveries up to 2027
 - 13 units scheduled after 2023, of which 7 acquired in Q1 2019
- Naval: 29 vessels
 - Deliveries up to 2026
 - 5 units scheduled after 2023
- Offshore & Specialized Vessels⁽³⁾: 25 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

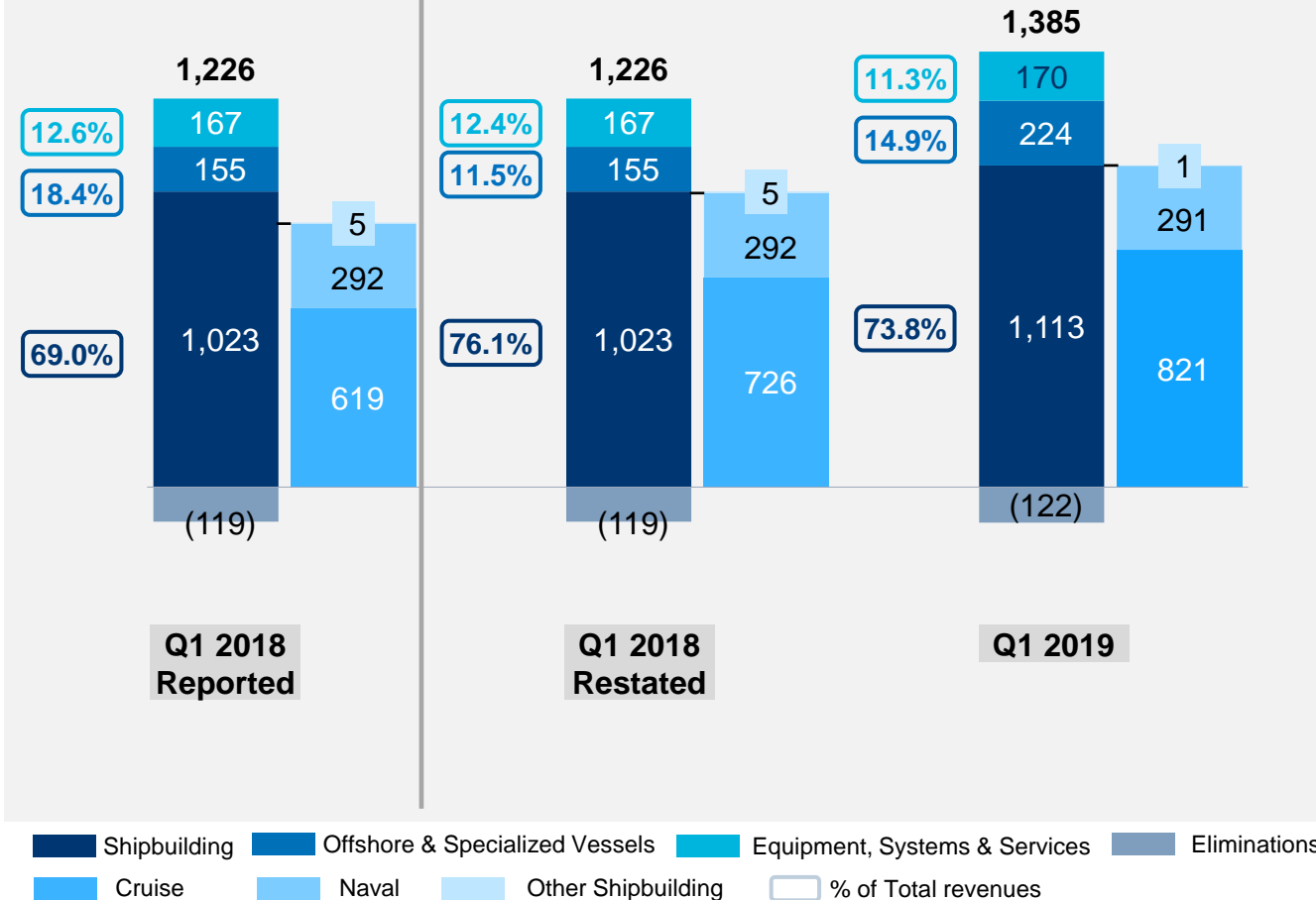
(2) Ships with length > 40 m; Articulated Tug Barge (ATB) is an articulated unit consisting of a barge and a tug, thus being counted as two vessels in one unit

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

Q1 2019 Revenues: +13% YoY

Revenues breakdown by segment⁽¹⁾

€ mln



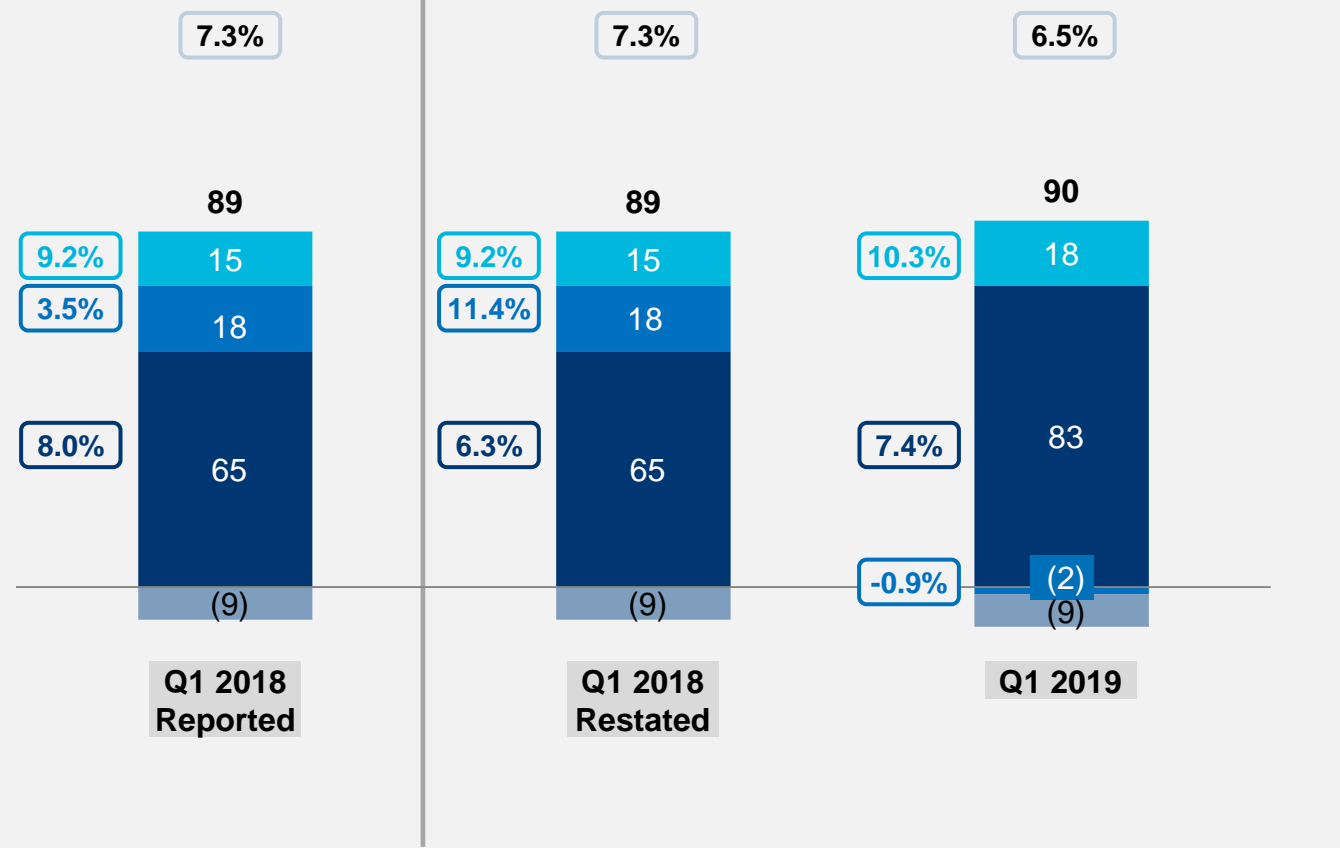
- Revenues up 13% vs Q1 2018 at € 1,385 mln
- Shipbuilding revenues up 8.8% vs Q1 2018
- Offshore & Specialized Vessels revenues up 44.5% vs Q1 2018
- Equipment, Systems & Services revenues up 1.8% vs Q1 2018

(1) Breakdown calculated on total revenues before eliminations

Q1 2019 EBITDA

EBITDA⁽¹⁾ and EBITDA margin

€ mln



- EBITDA at € 90 mln (€ 89 mln in Q1 2018), EBITDA margin at 6.5% (7.3% in Q1 2018)

- Trend substantially resulting from:
 - 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 4

Balance Sheet and Capital Structure



Working capital dynamics

Indicative payment terms

Illustrative phases of the shipbuilding process⁽¹⁾

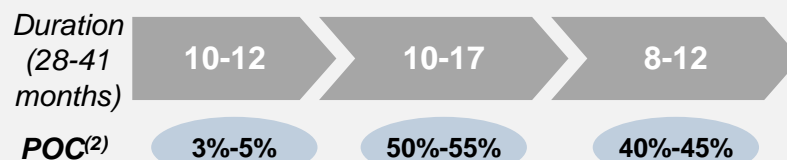


Impact on net working capital

Cruise



- 20% during construction
- 80% on delivery

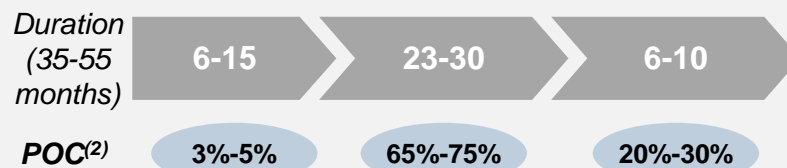


- Increases during construction
- Impact on net debt/construction loans

Naval⁽³⁾



- According to % of completion

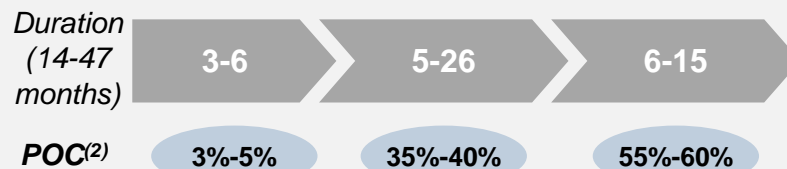


- Positive or neutral profile

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

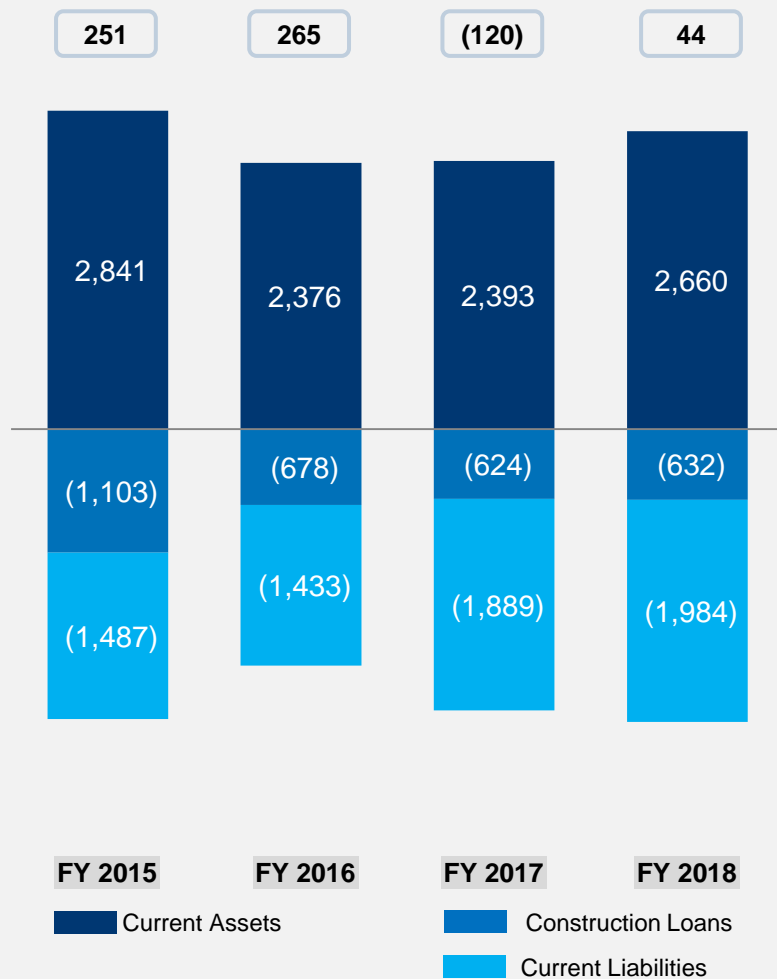
⁽²⁾ Percentage of Completion

⁽³⁾ Illustrative for frigates and support vessels

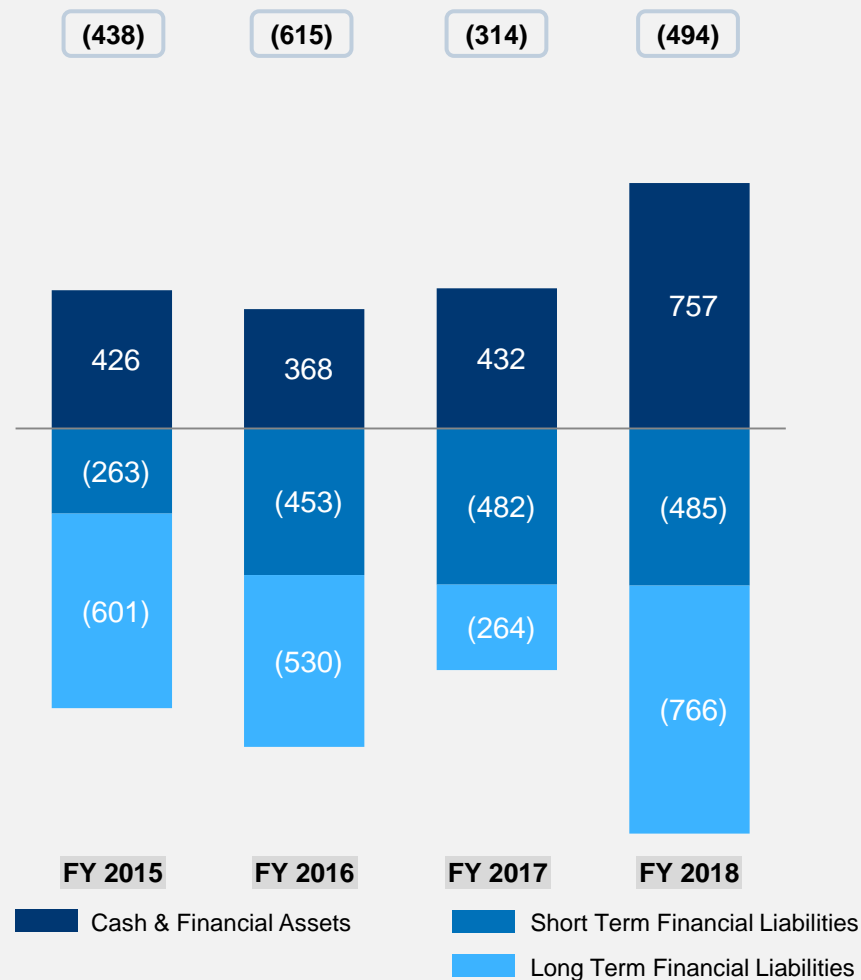
Historical evolution of Net Working Capital and Net Financial Position

Net Working Capital⁽¹⁾

€ mln



Net Financial Position⁽²⁾



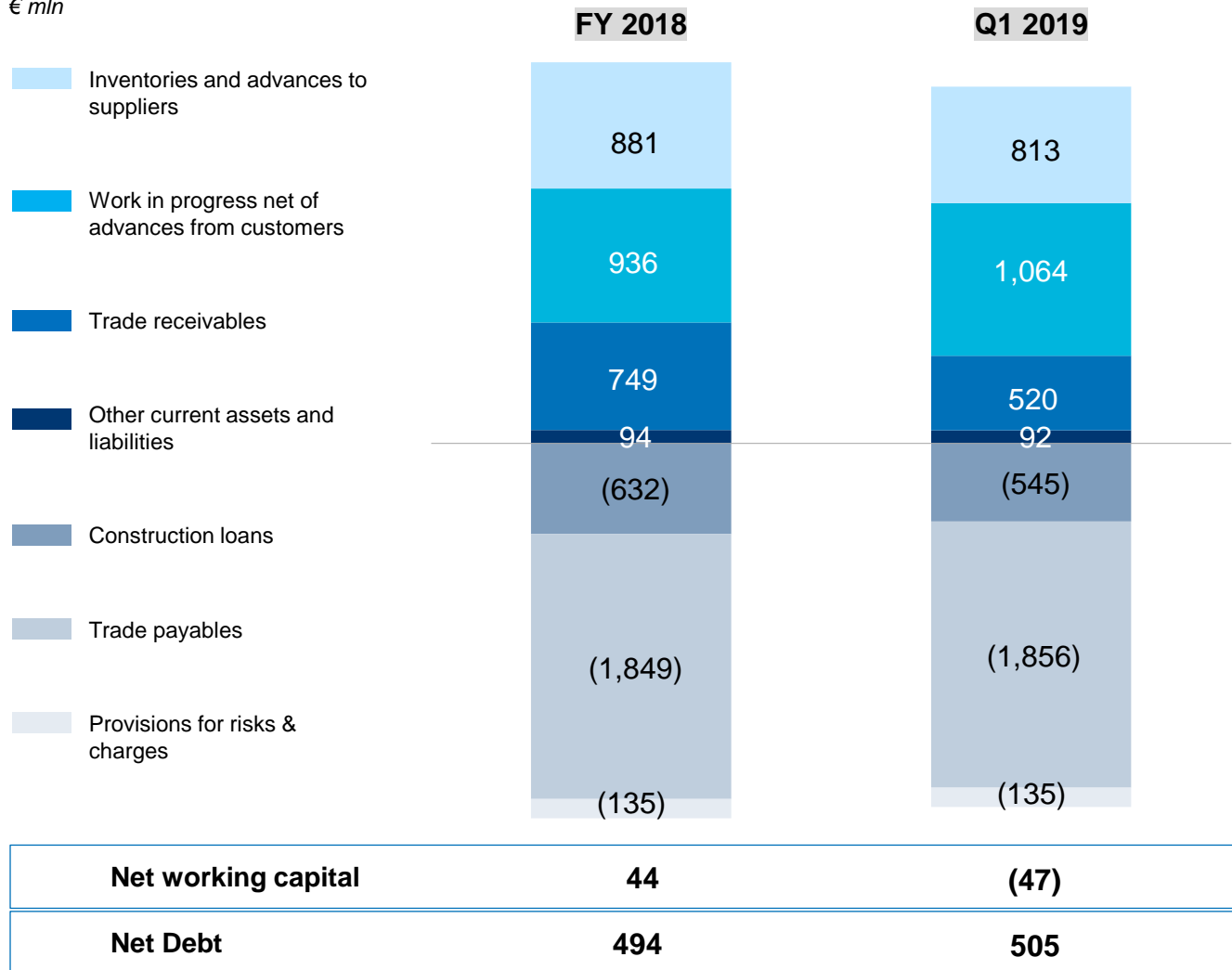
(1) Construction loans are committed working capital financing facilities, treated as part of Net working capital, not in Net financial position, as they are not general purpose loans and can be a source of financing only in connection with ship contracts

(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

Q1 2019 Net working capital and Net debt⁽¹⁾

Breakdown by main components

€ mln

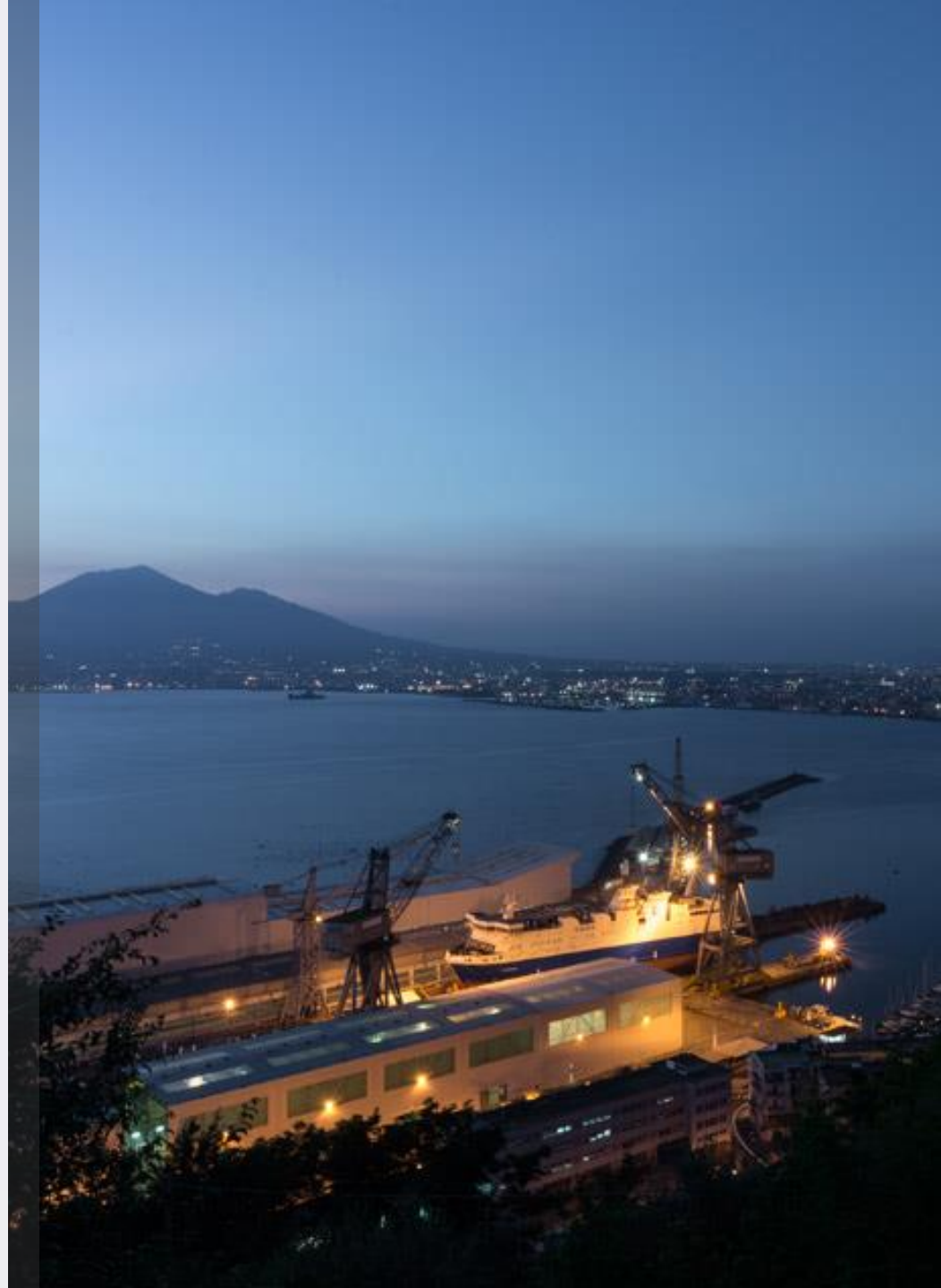


- Net working capital and Net debt dynamics mirror:
 - The increase in production volumes
 - The cash-in of the final payments for the cruise ships delivered in the quarter
 - The delivery of a vessel that was included in the inventory following the order cancellation
- Construction loans at € 545 mln (€ 395 mln Vard and € 150 mln Fincantieri)

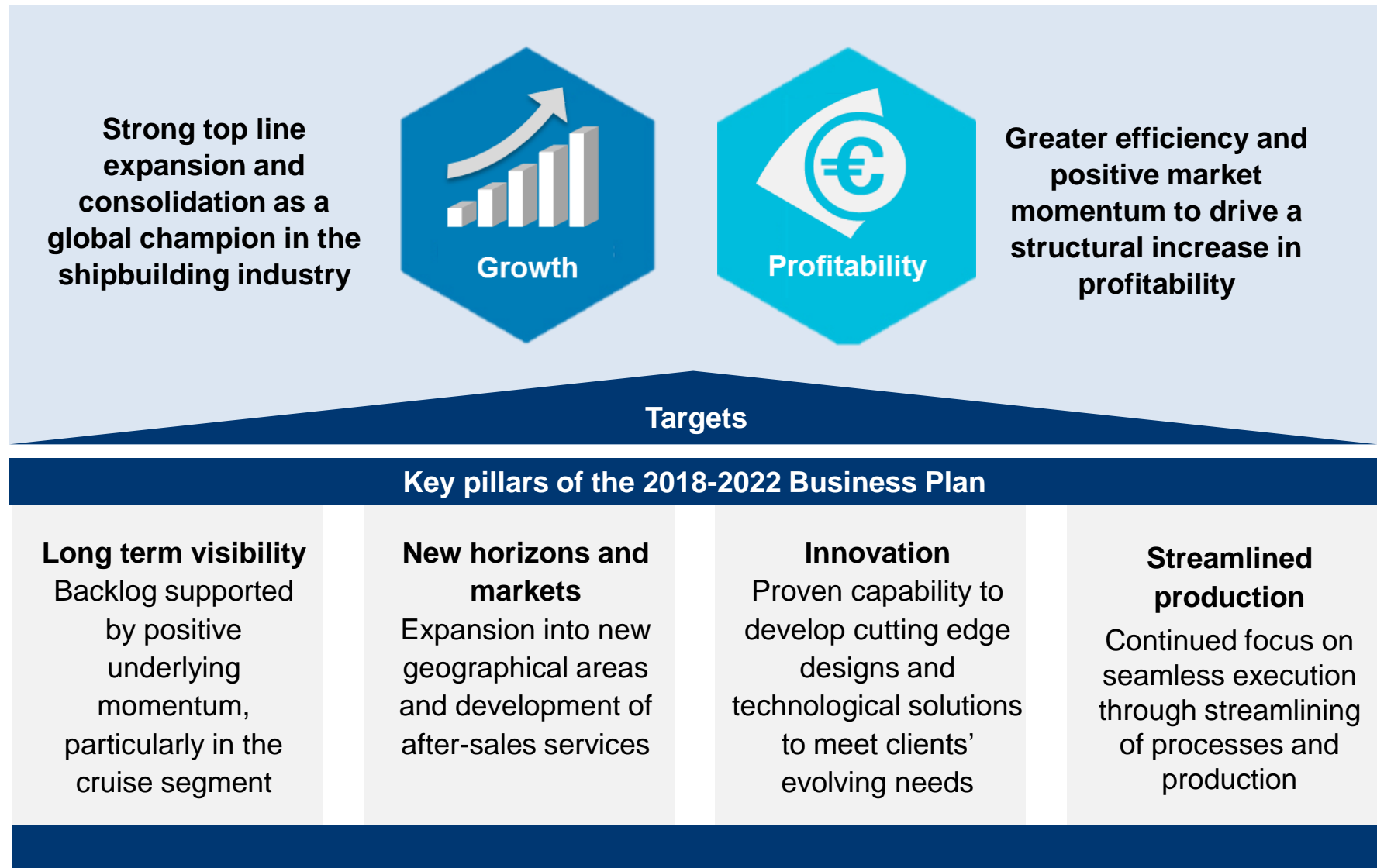
(1) Construction loans are committed working capital financing facilities, treated as part of Net working capital, not in Net financial position, as they are not general purpose loans and can be a source of financing only in connection with ship contracts

Section 5

Strategy & Outlook



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



- **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 increase in net debt due to working capital financing needs

Shipbuilding

- Delivery of 8 additional units, of which 6 cruise ships and 2 naval units
- Full swing production of both the Italian Navy's fleet renewal program and the order for the Qatari Ministry of Defense, with delivery of the first unit due in 2021

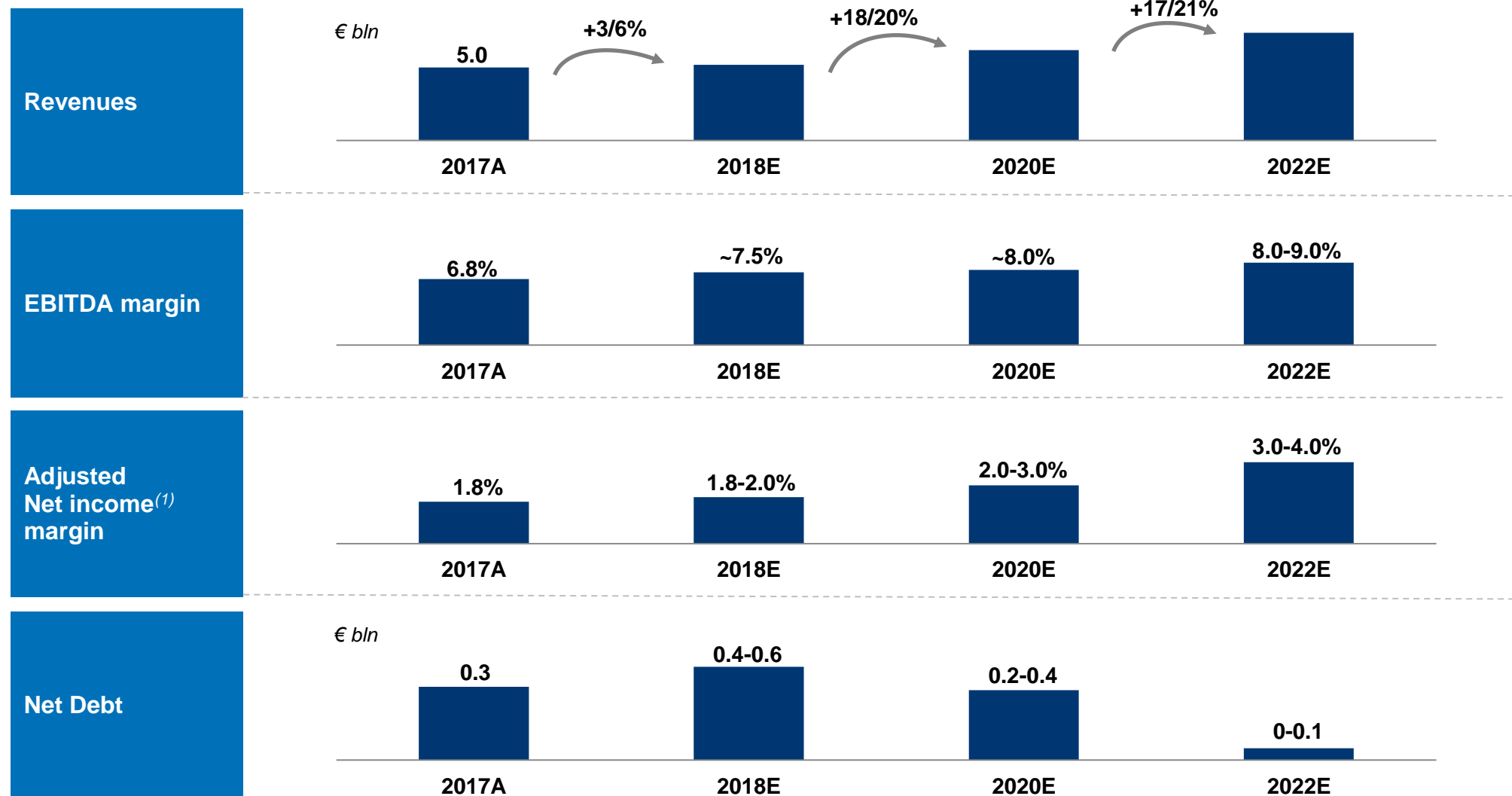
Offshore & Specialized Vessels

- Continuing execution of VARD's diversified backlog and organizational and production adjustments aimed at margin recovery

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 the lengthening and infrastructure activities

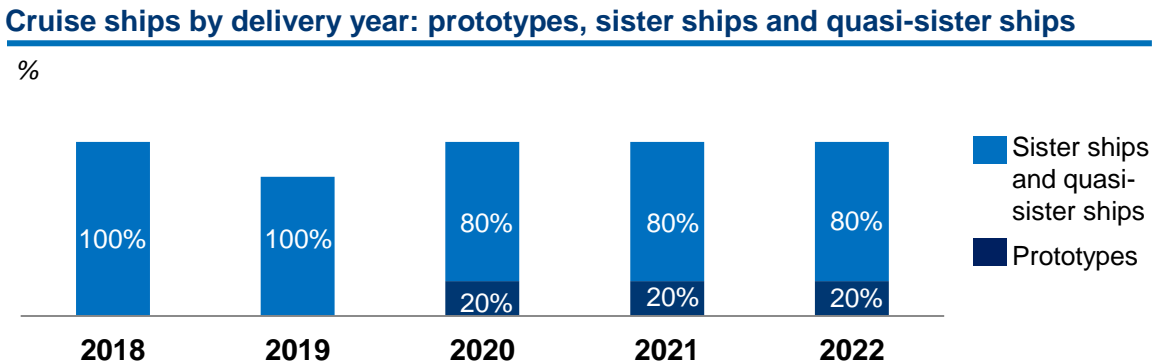
Short and medium term financial targets



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

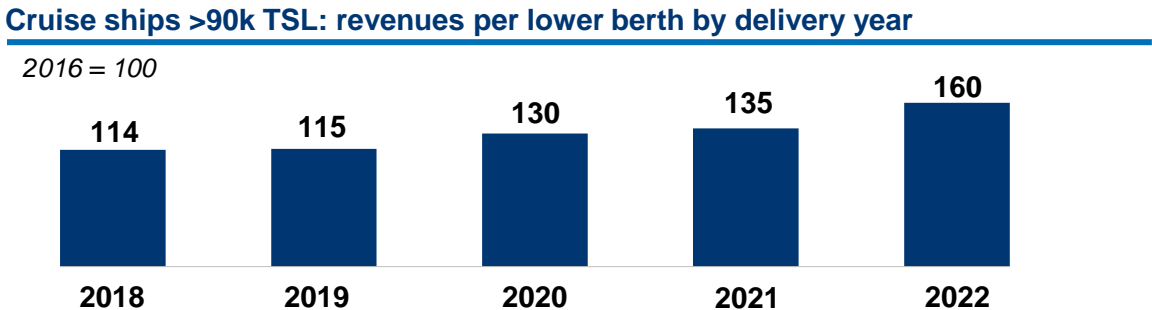
Shipbuilding: quantifying main drivers of growth and increasing profitability

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



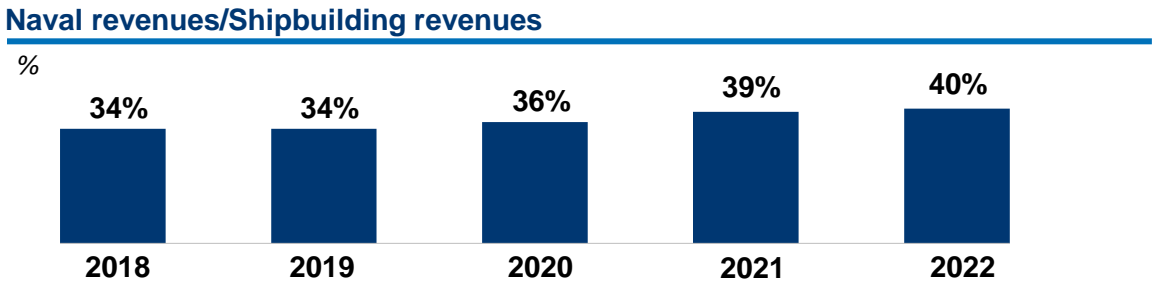
- Deliveries heavily skewed towards sister ships with lower execution risks and better margins

Cruise: pricing trends



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

Naval revenues/Shipbuilding revenues

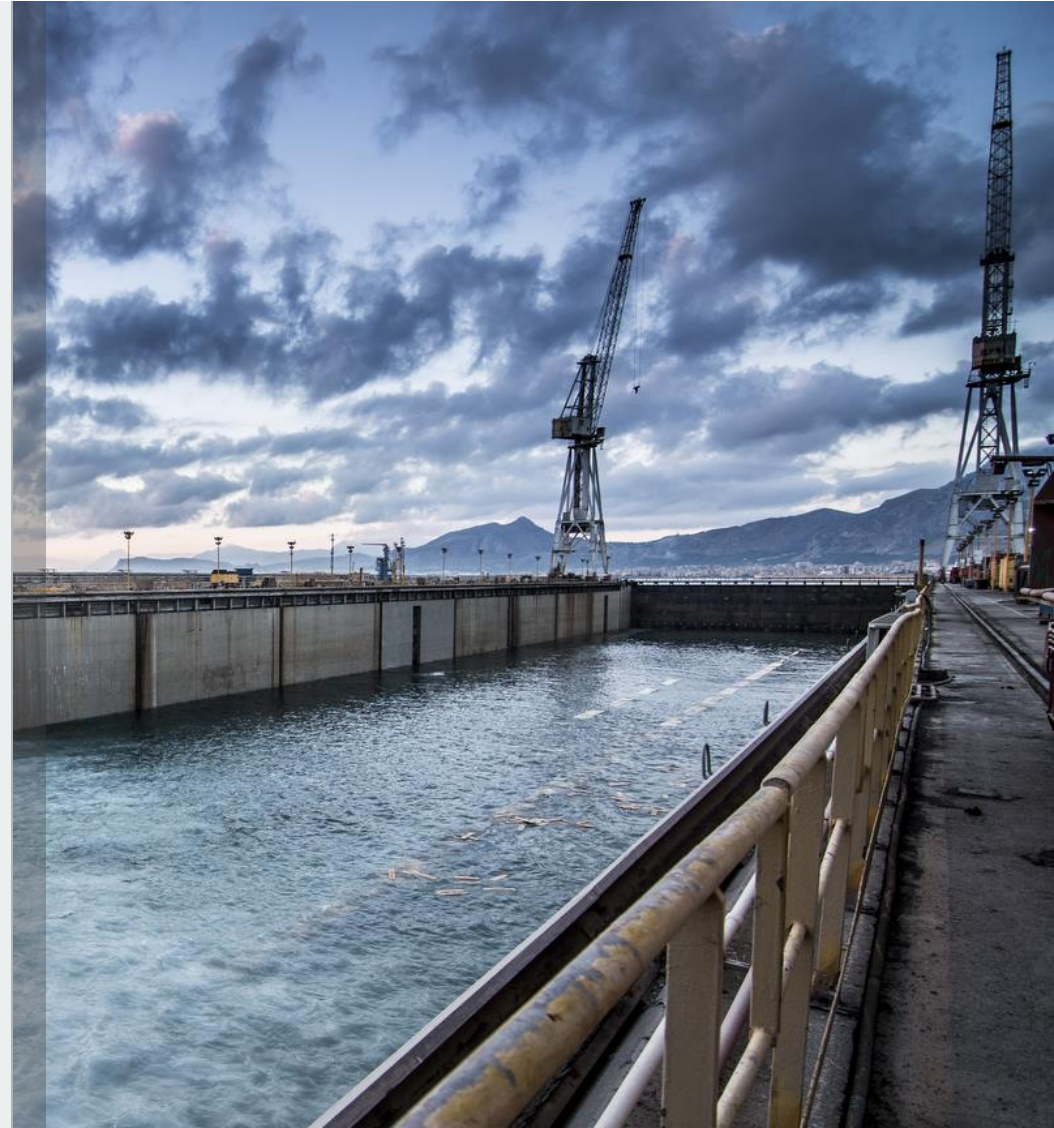


- The relative contribution is influenced by the strong uptick in cruise volumes

Source: Fincantieri 2018 – 2022 Business Plan presentation published on March 28, 2018



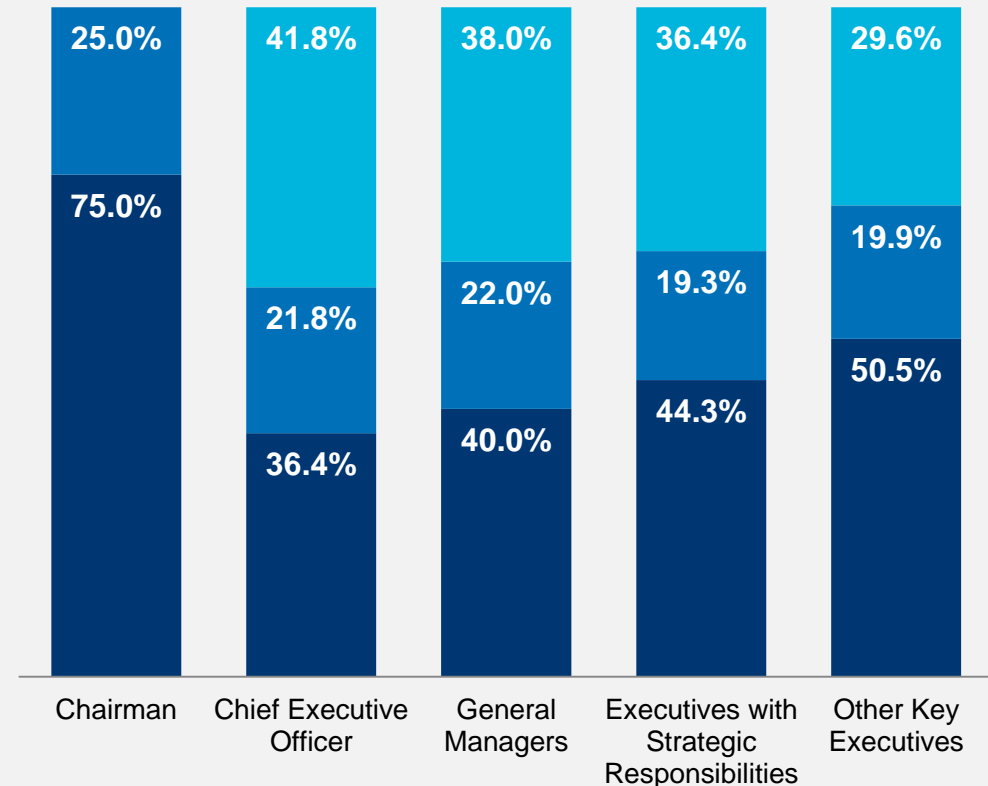
Appendix



Our sustainable business development is encouraged by incentive plans

Management remuneration policy overview

- Remuneration for strategic roles includes an **annual and a long term variable portion**, defined in the LTI Plan (time horizon - 3 years)
- **LTI Plan 2019 – 2021** includes a **specific sustainability target** to guarantee a higher commitment:
 - **Fixed remuneration**
 - **Medium-long term variable remuneration (Performance Share Plan)**
 - The bonus is based on the achievement level of economic and performance objectives and to share performance (TSR)
 - It consists of an allocation of shares, a percentage of which (~20%) is subject to a lock-up period
 - **Short-term variable remuneration (annual MBO)**
 - The objectives are predetermined and measurable, they are identified in line with the business plan on an annual basis
 - The executives involved receive a bonus consisting in a predefined percentage of their base salary



Plan ahead: Sustainability Plan

Every material topic is linked to one or more objectives with a strict timetable (1/2)

	Material topic	Objectives	Timetable
Horizontal topics	1. Governance and business integrity	1) Gradual assignment of sustainability objectives in the Company's variable remuneration system 2) Structure an Emergency Response & Crisis Management process in Safety & Security 3) Implementation of the International Ship and Port Facility Security Code (ISPS Code) 4) ISO 37001 Certification 5) Implement an external Stakeholder engagement programme	2019 2019 2020 2020 2022
	2. Economic and financial sustainability	Contents of the Business Plan	2022
	3. Climate change	6) Research projects to develop new solutions for energy savings or reduction of emissions in collaboration with Research Institutes / Universities on issues associated with climate risks	2019-2030
	4. Relations with local communities	7) Commitment to managing social activities 8) Enter into agreements with Food Banks or other Associations to redirect food surpluses in canteens at Fincantieri sites	2019 2020
	5. Human rights	9) Annual audits to assess and monitor the most critical suppliers in terms of human rights, health and safety and the environment (Second Party Audit)	2019
Long term visibility	6. Protection of employment and industrial relationships	10) Promoting the hiring of under-35s	2022
	7. Training and education	11) Collect proposals and improvement initiatives with regard to sustainability from employees and implement them (FincantieriON project) 12) Include a sustainability module in the Fincantieri Corporate University training programmes	2020 2020
	8. Diversity and equal opportunity	13) Commitment to human rights and diversity 14) Develop a training programme for facilitators on sustainability issues and in particular on diversity and its promotion in the Company	2019 2020
	9. Company welfare	15) Launch the smart working tool to support maternity from before birth until the child reaches one year of age as well as resources with evident non-fitness to work certified by the competent doctor	2021
		16) Company car pooling project	2019-2020

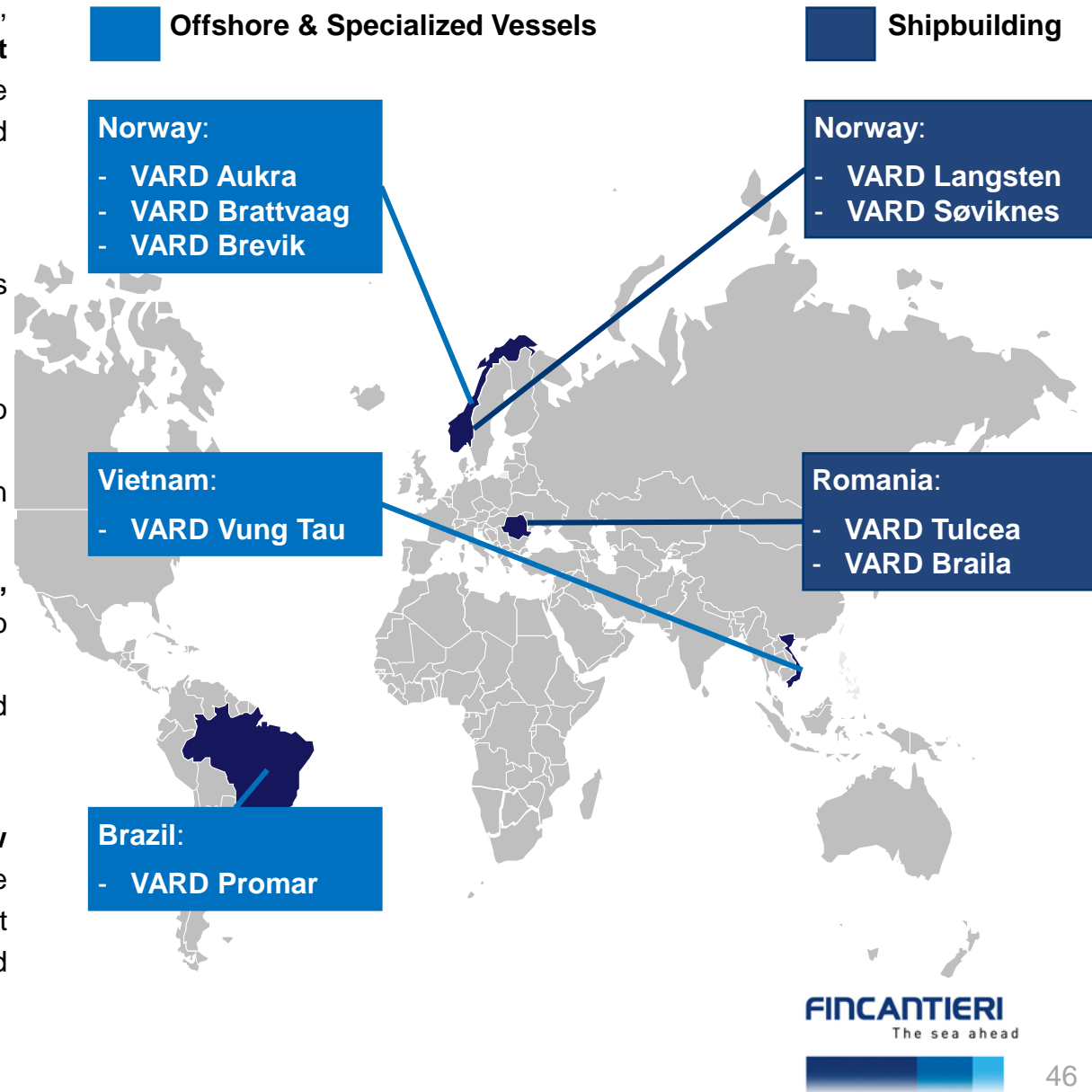
Plan ahead: Sustainability Plan

Every material topic is linked to one or more objectives with a strict timetable (2/2)

	Material topic	Objectives	Timetable
New horiz. & Markets	10. Customer satisfaction	17) <i>Develop and apply methodologies for detecting the level of customer satisfaction. Identify new organisational solutions to strengthen customer loyalty</i>	2019-2021
	11. Product quality, compliance with technical standards	18) <i>Keep ISO 9001 certifications on the Quality Management Systems and product certifications in line with market expectations</i>	Annually
Innovation	12. Innovation, R&D	19) <i>Development of intelligent ships and platforms (smart ships / smart offshore infrastructure) and autonomous ships. Development of innovative solutions for yards (Smart Yards)</i>	2030
	13. Environmental impact of products and services	20) <i>Develop technological solutions that enable energy savings to be increased for ships with the same features (green ships)</i>	2030
		21) <i>Definition of an eco-design system to promote the development of environmentally sustainable ships</i>	2019
Streamline production	14. Health and safety in the workplace	22) <i>Obtain ISO 45001 certification</i>	2020
		23) <i>Initiatives to engage subcontractors (workshops, "last metre") on issues associated with health and safety</i>	2021
		24) <i>Health promotion to disseminate healthy lifestyles</i>	2022
	15. Procurement activities	25) <i>Code of Ethics for suppliers</i>	2019
		26) <i>Organise meetings and opportunities for dialogue with suppliers as well as training on sustainability issues</i>	2019
		27) <i>Deliver a training course on sustainability and responsible procurement principles to employees who interact directly with suppliers</i>	2022
	16. Environmental management	28) <i>Reduction of Scope 2 greenhouse gas (GHG) emissions</i>	2020
		29) <i>Obtain ISO 50001 certification</i>	2021
		30) <i>Increase the portion of electricity from renewable sources</i>	2020
		31) <i>Launch the Sustainable Office Project (10 rules)</i>	2019

New organizational structure and segment review

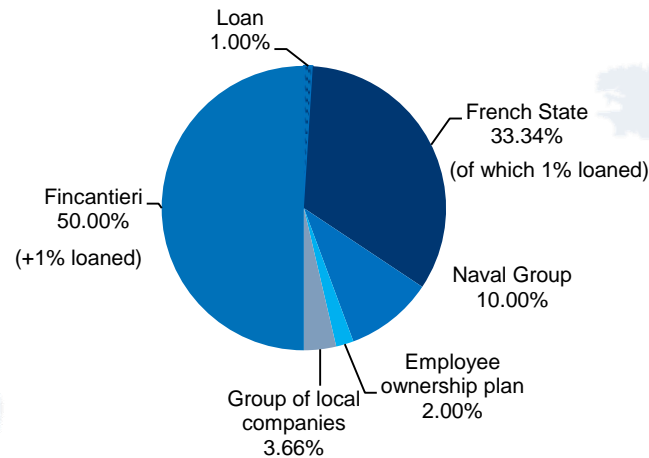
- Following the delisting of VARD, in December 2018, the **full organizational integration with the Parent Company was launched**, both for expedition cruise shipbuilding projects and the related shipyards, and for offshore and special vessels projects
- VARD's activities are now split between:
 - Cruise 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)

Q1 2019 main orders

Segment	Vessel	Client	Number 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	<i>Coral Expeditions</i>	1	2020

Q1 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
Offshore & Specialized Vessels	OSCV (3 vessels)	2 for <i>Topaz Energy and Marine</i> 1 for <i>Dofcon Navegação</i>	Vard Brattvaag Vard Promar

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)

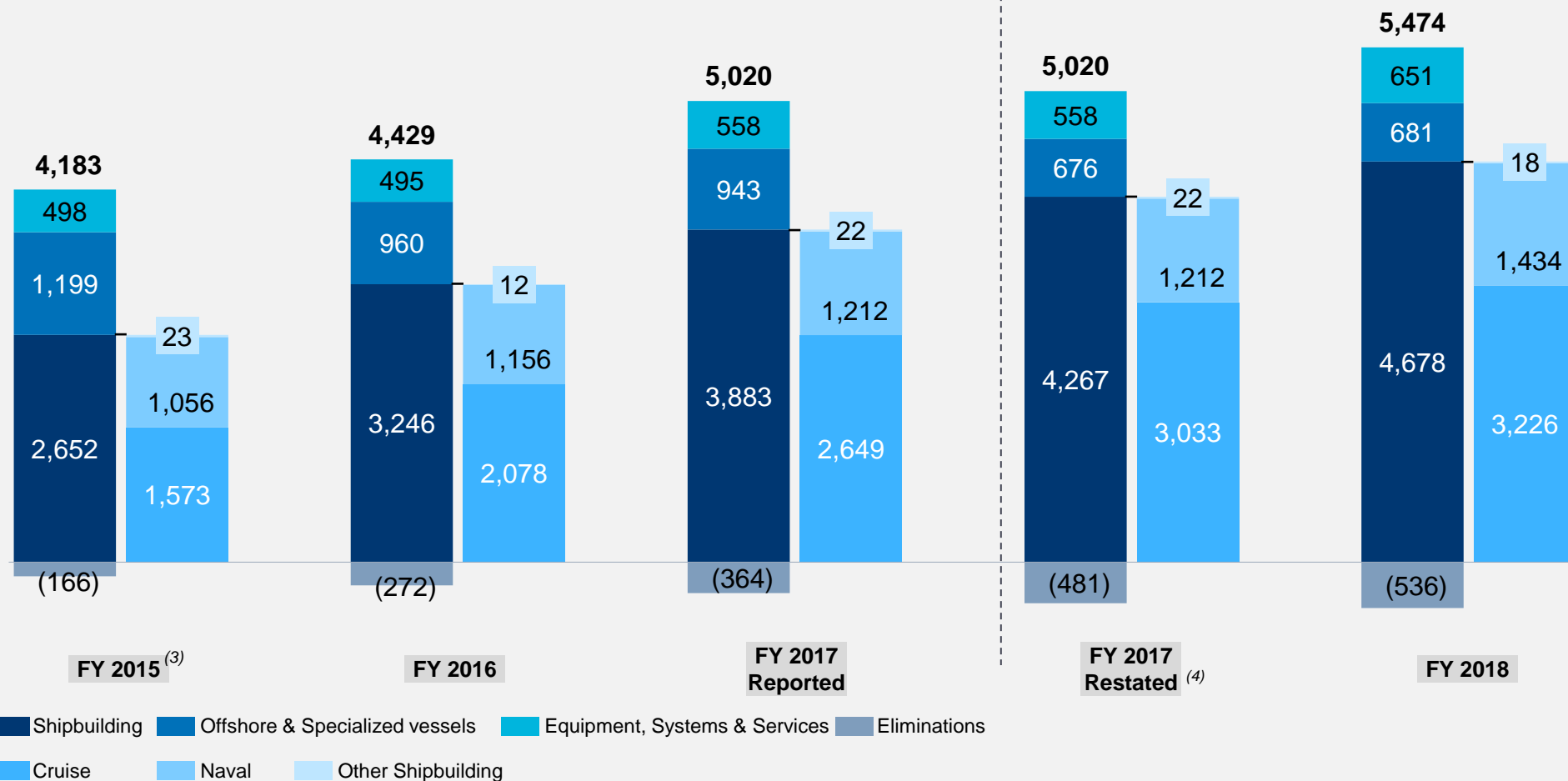
⁽²⁾ Excluding extraordinary and Non Recurring Items net of tax effect

⁽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

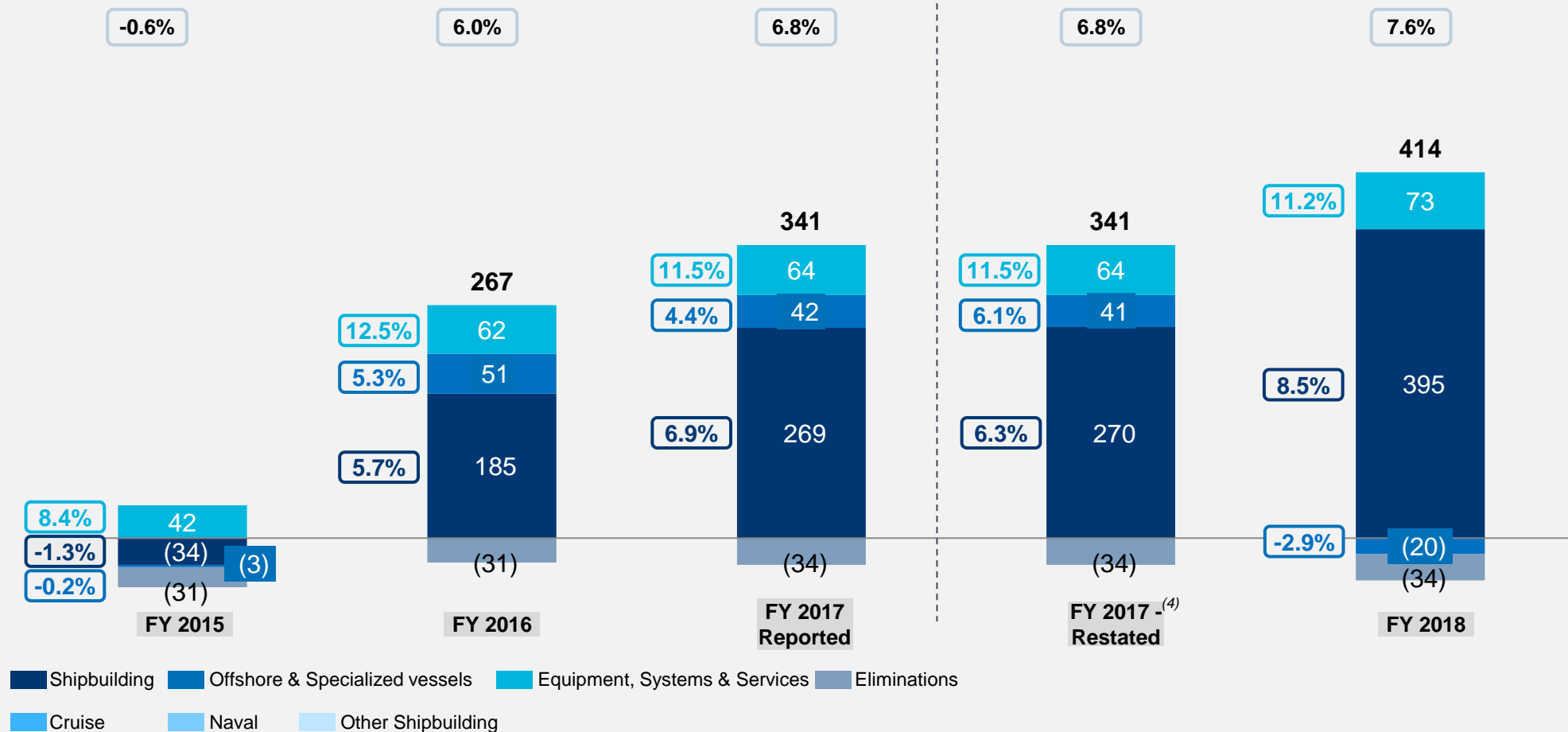
(3) For comparison purposes, 2015 figures are restated following the redefinition of operating segments. Following the operational reorganization carried out in November 2016, the repair & conversion services, cabins & public areas business, as well as integrated systems business, all previously included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



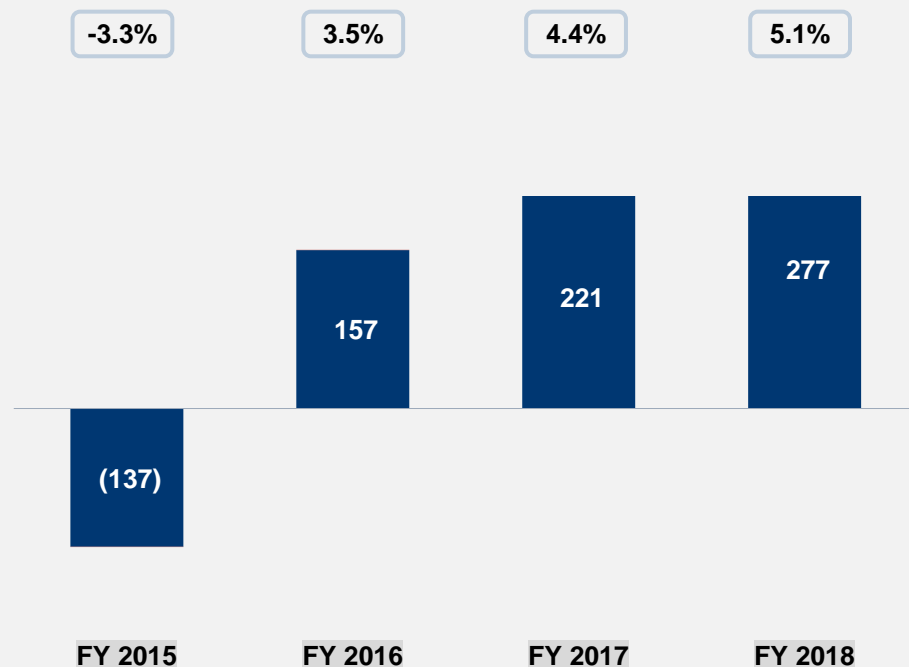
(1) Breakdown calculated gross of consolidation effects
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 (4) Comparative numbers of 2017 are shown restated following the integration of the business unit Cruise of VARD within the Shipbuilding segment (November 2018)

Financial performance: EBIT and Net result

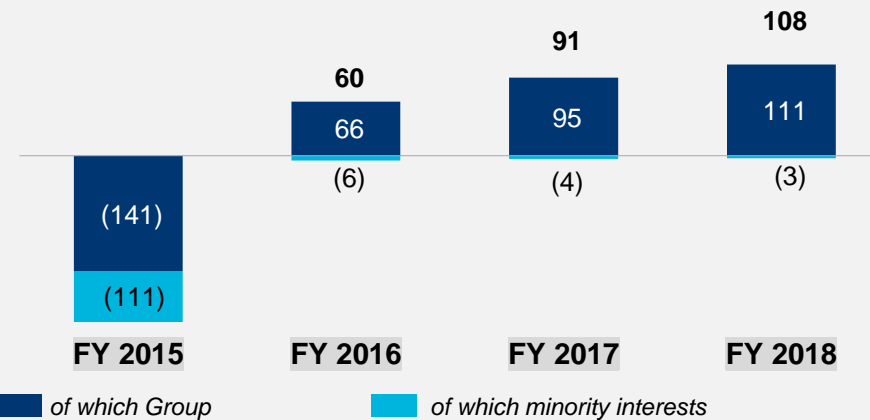
EBIT / margin

€ mln



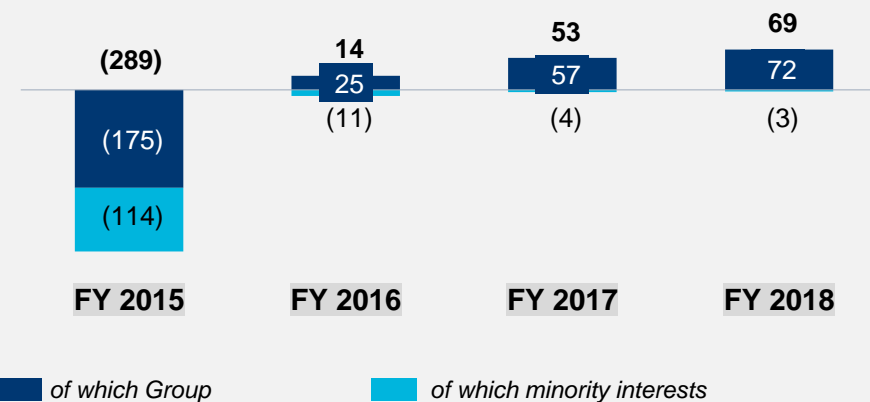
Net result before extraordinary and non recurring items⁽¹⁾

€ mln



Net result

€ mln

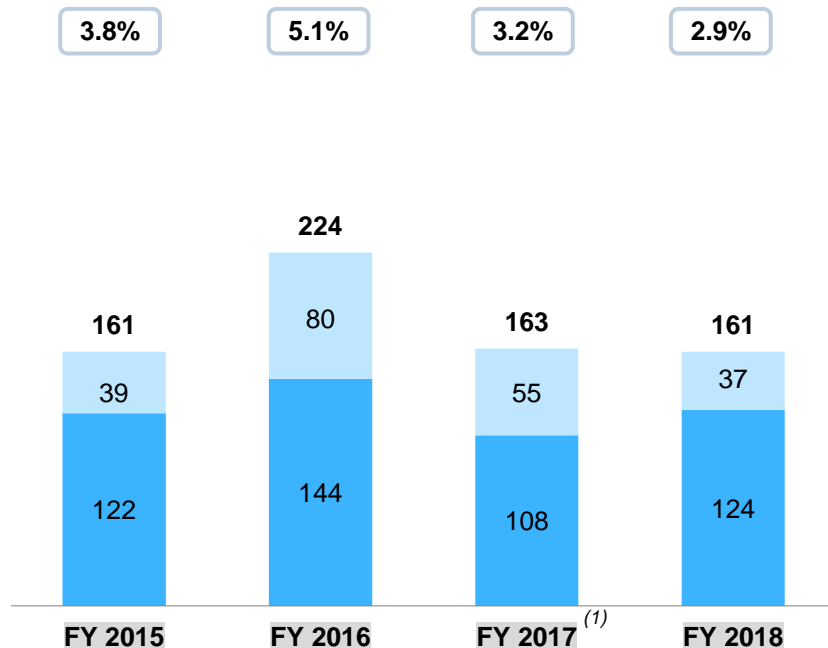


(1) Extraordinary and non recurring costs net of tax effect amounted to € 37 mln in 2015, € 46 mln in FY 2016, € 38 mln in 2017, and € 39 mln in 2018

Capex: FY 2018

Capex evolution

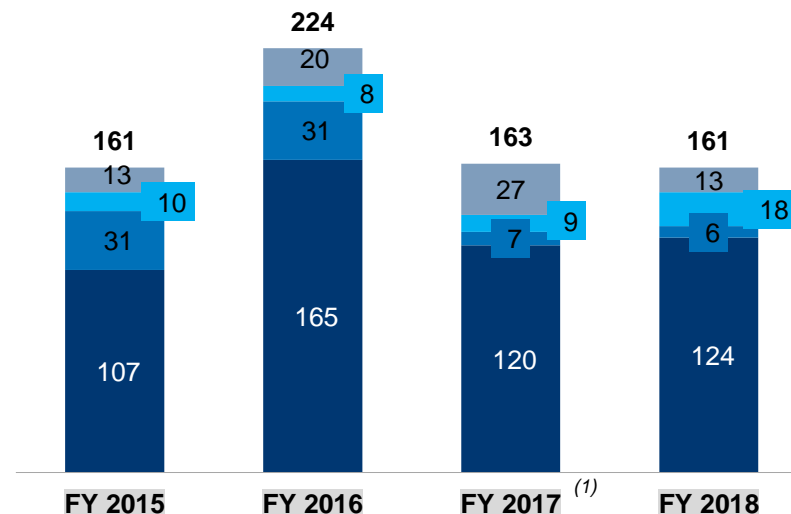
€ mln



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)