



FINCANTIERI

Update post FY 2018

March 2018

FINCANTIERI
The sea ahead



Safe Harbor Statement

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

Fincantieri does not undertake to provide any additional information or to remedy any omissions in or from this Presentation. Fincantieri does not intend, and does not assume any obligation, to update industry information or forward-looking statements set forth in this Presentation. This presentation does not constitute a recommendation regarding the securities of the Company.

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

Section 1

Description of the Group



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

Fincantieri at a glance

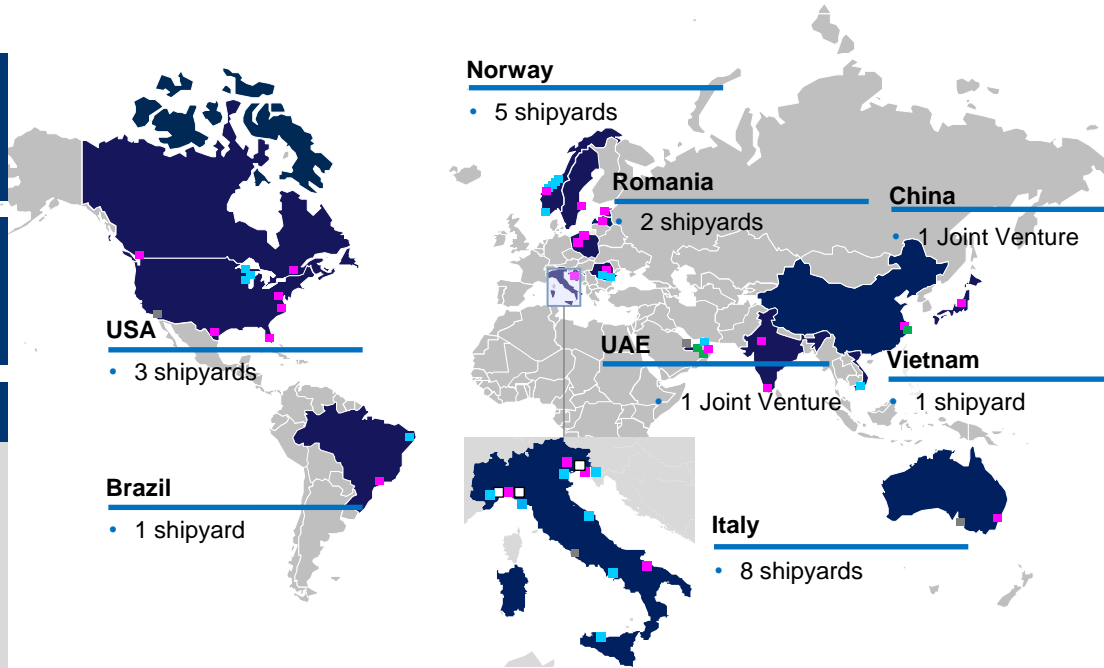
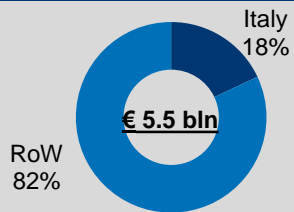
#1 Western designer & shipbuilder⁽¹⁾
with 230 years of history & >7,000 ships built

€ 5,474 mln revenues

~ € 33.8 bln total backlog⁽²⁾

- € 25.5 bln backlog
- € 8.3 bln soft backlog

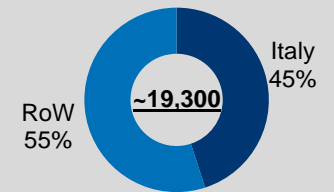
Revenues by geography



20 shipyards
4 continents

~ 19,300 employees
~ 80,000 subcontractors

Employees by location



Note: all figures reported at December 31, 2018




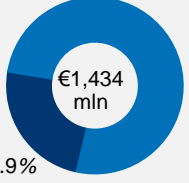
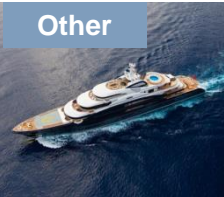
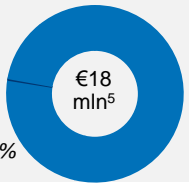

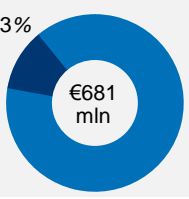

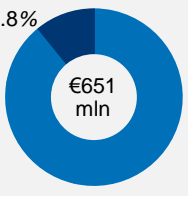
(1) By revenues, excluding naval contractors in the captive military segment. Based on Fincantieri estimates of shipbuilders' revenues in 2016

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

- Corporate/BU headquarters
- Shipyard
- Joint Venture
- Operating subsidiary
- Representative / Sales office

FINCANTIERI
The sea ahead

Consolidated positioning in Fincantieri's reference markets

	End markets	Main products	Comments	Revenues 2018 ⁽¹⁾	Backlog ⁽²⁾
Shipbuilding	Cruise 	<ul style="list-style-type: none"> • All cruise ships (from large contemporary ships to small luxury and expedition ships) 	<ul style="list-style-type: none"> • A world leader in the design and construction of vessels for all segments of the cruise industry 	 <p>€3,226 mln</p> <p>53.7%</p>	€ 23,714 mln (69 ships)
	Naval 	<ul style="list-style-type: none"> • All surface vessels (also stealth) • Support & Special vessels • Submarines 	<ul style="list-style-type: none"> • Sole supplier for Italian Navy⁽³⁾ • One of key suppliers for US Navy & Coast Guard⁽⁴⁾ • Key supplier for Qatar Emiri Naval Forces and one of the key suppliers for UAE Navy 	 <p>€1,434 mln</p> <p>23.9%</p>	
	Other 	<ul style="list-style-type: none"> • Ferries • Mega-yachts 	<ul style="list-style-type: none"> • Focus on the design and construction of: <ul style="list-style-type: none"> – High tech ferries – Large mega-yachts 	 <p>€18 mln⁽⁵⁾</p> <p>0.3%</p>	
Offshore & Specialized Vessels		<ul style="list-style-type: none"> • OSV • Fishery • Ferries • Offshore wind • OPV • Special vessels 	<ul style="list-style-type: none"> • Traditionally focused on the design and construction of offshore support vessels • Recent diversification into new segments (fishery, ferries, special vessels) 	 <p>€681 mln</p> <p>11.3%</p>	€ 987 mln (29 ships)
Equipment Systems & Services		<ul style="list-style-type: none"> • Marine systems, components & turnkey solutions • Ship interiors • Naval services • Ship repairs & conversions 	<ul style="list-style-type: none"> • Design and manufacturing of high-tech equipment & systems • Full range of repair & conversion services, logistical support and after sale services • Insourcing of critical components 	 <p>€651 mln</p> <p>10.8%</p>	€ 1,638 mln

(1) Before eliminations and consolidation adjustments





(2) As of December 31, 2018 excluding eliminations (€ 815 mln)

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

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

(5) Revenues from other activities

Diversified client base with long standing relationships, unrivalled track record & technological leadership

		Key clients and relationships	Track record	<ul style="list-style-type: none"> Proven track record of on-time, on-budget deliveries Strong technological know-how and design skills: <ul style="list-style-type: none"> ~ 100 prototypes delivered in the last 15 years Strong commitment to R&D: <ul style="list-style-type: none"> ~ 90 projects ongoing 2015-2018 expenditure > € 400 mln
Shipbuilding	Cruise	 <div> <div>CARNIVAL⁽¹⁾ CORPORATION & PLC</div> <div>SILVERSEA</div> <div>MSC CRUISES</div> <div>TUI Cruises</div> <div>VIKING OCEAN CRUISES</div> <div>NCLH⁽²⁾ NORWEGIAN CRUISE LINE HOLDINGS LTD</div> <div>VOYAGES</div> <div>PCUNANT</div> </div>	<ul style="list-style-type: none"> 87 ships delivered from 1990 to 2018 7 ships delivered in FY 2018 	
	Naval	 <div> <div>Italian Navy and Coast Guard</div> <div>United Arab Emirates Navy</div> <div>Qatar Emiri Naval Forces</div> <div>US Navy</div> <div>Algerian Navy</div> <div>Indian Navy</div> </div>	<ul style="list-style-type: none"> 121⁽³⁾ ships delivered from 1990 to 2018 5 ships delivered in FY 2018 	
Offshore & Specialized Vessels		 <div> <div>TOPAZ⁽⁴⁾ ENERGY AND MARINE</div> <div>DCF</div> <div>ISLAND OFFSHORE</div> <div>BOREAL TRANSPORT</div> <div>Prysmian Group</div> <div>TRANSPECTRO</div> <div>SOLSTAD OFFSHORE ASA</div> <div>Technip</div> <div>FARSTAD</div> </div>	<ul style="list-style-type: none"> 399⁽⁴⁾ ships delivered from 1990 to 2018 22 ships delivered in FY 2018 	
Equipment Systems & Services		 <div> <div>Italian Navy and Coast Guard</div> <div>United Arab Emirates Navy</div> <div>Qatar Emiri Naval Forces</div> <div>US Navy</div> <div>MSC CRUISES</div> <div>Carnival</div> <div>GRIMALDI LINES</div> <div>WINDSTAR CRUISES</div> <div>ROYAL CARIBBEAN</div> </div>	<ul style="list-style-type: none"> Strong revenue growth to € 651 mln in 2018 	

(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) Includes other products delivered by Naval business unit. Includes US subsidiaries pre Fincantieri acquisition, excluding 174 RB-M delivered since 2002, of which 28 in 2014 and 3 in 2015

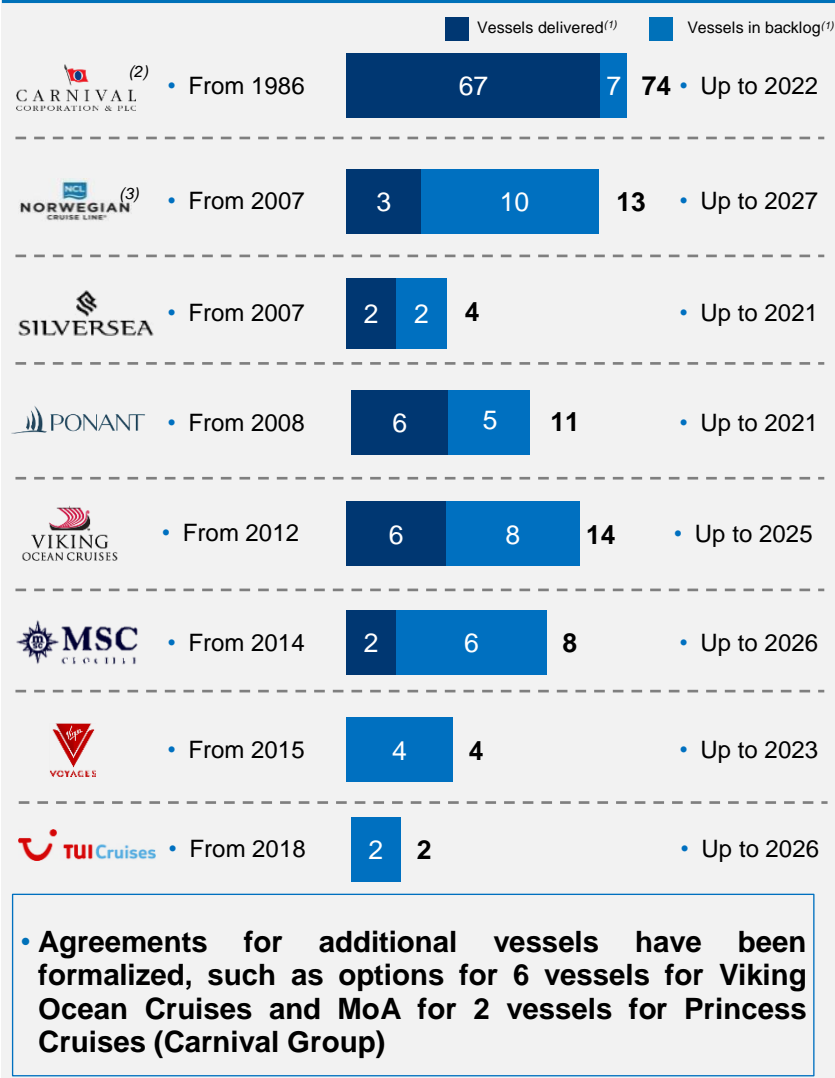
(4) Includes other products delivered by Offshore & Specialized Vessels business unit. Includes VARD and predecessor companies

Consolidated capability to acquire new clients and develop solid partnerships

Client diversification



Long standing relationships



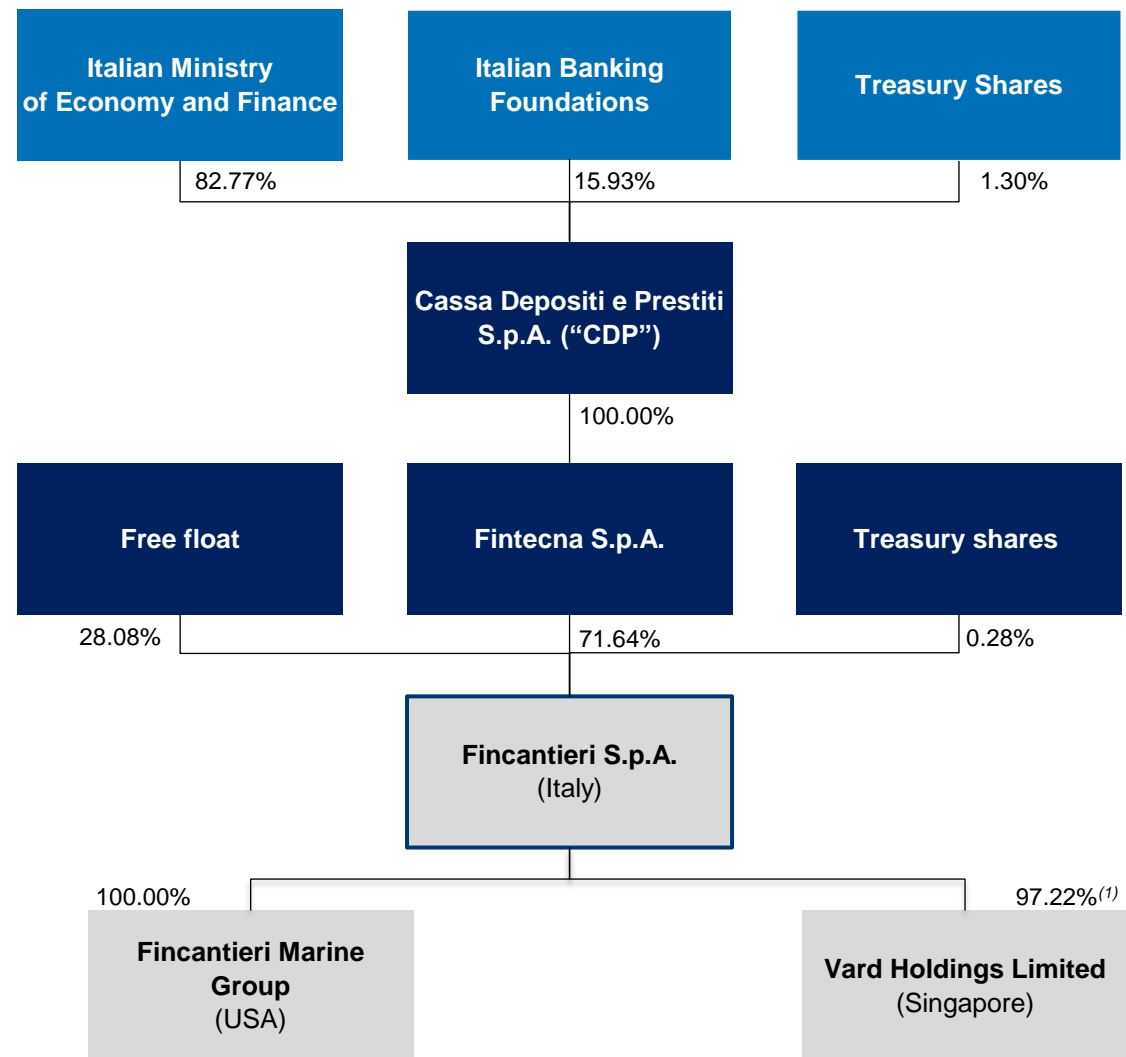
Source: Company information
(1) As of March 15, 2019
(2) Parent company of several brands: Carnival Cruise Lines, Costa Crociere, Cunard, Holland America Line, P&O Cruises, Princess Cruise Lines and Seabourn Cruise Lines
(3) Parent company of several brands: Norwegian Cruise Line, Oceania Cruises, Regent Seven Seas Cruises

Solid ownership and Group structure

Brief description of the Group structure

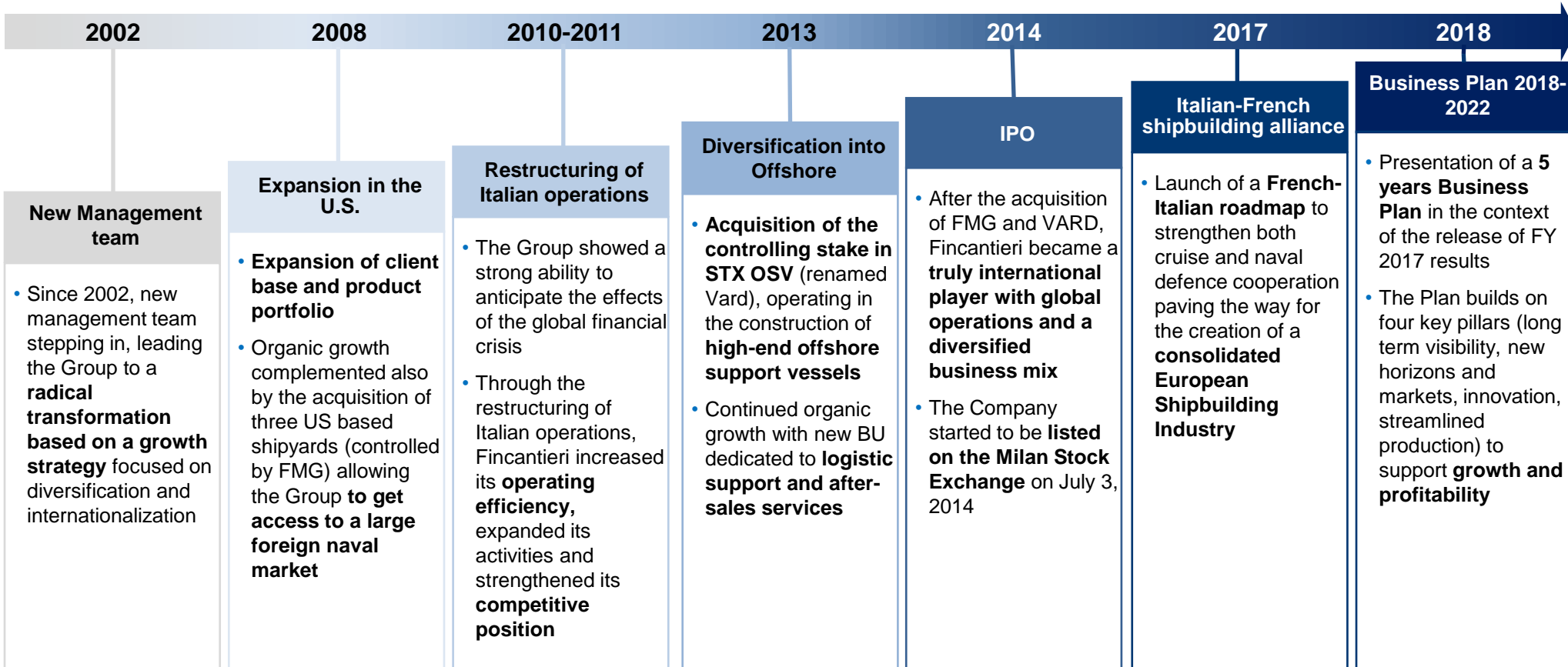
- Fincantieri shares are listed on the Milan Stock Exchange since July 3, 2014
- Fincantieri's reference shareholder is Fintecna S.p.A., a holding company fully owned by CDP, owning 71.64% stake
- CDP is an Italian state-owned National Development Institution holding major stakes in several listed / 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 December 31, 2018

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



Key competitive strengths

FINCANTIERI



wide portfolio of
clients & products



flexible & global
production network



technological
leadership

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⁾ covering approximatively 6.2 years of work if compared to 2018 revenues

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

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. 19,000 employees located in both emerging and Western countries

Technological leadership

- Technological leadership based on high innovation capacity and system integrator capabilities (coordination of whole product lifecycle as prime contractor)
- Strong commitment to R&D and proven track record of on-time and on-budget deliveries

Experienced management team

- CEO enjoying more than 15 years experience in Fincantieri and senior management team with extensive experience in their fields
- International (55% of the workforce located outside Italy) and highly specialized human resources

⁽¹⁾ As of December 31, 2018

Section 2

Financial overview



Skandi Africa
DOF
Ship of the Year 2015

FY 2018 Key Messages: Solid financial and operating performance

Order intake

- **Robust order intake at €8.6 bln with orders for 27 new vessels**
 - 14 new cruise ships for 8 different shipowners
 - Acquisition of a new important client: TUI Cruises (RCL Group)
- **Record-high Total backlog⁽¹⁾ with 116 units at €33.8 bln (+29% vs FY 2017)**
 - Backlog at €25.5 bln (+16% vs FY 2017) and **soft backlog⁽²⁾ at €8.3 bln (+102% vs FY 2017)**

Financials

- **Revenues increased by 9% to a record-high level of almost €5.5 bln (+9% vs FY 2017)**
- **EBITDA at €414 mln (+21% vs FY 2017) and EBITDA margin at 7.6% (6.8% in FY 2017)**
- **Adjusted Net Income at €108 mln (+19% vs FY 2017)**
- **Net debt at €494 mln**
- **Proposed dividend €1 cent**

Operations

- **Successfully delivered 35 vessels from 15 yards, notably 7 cruise ships** (Carnival Horizon, Seabourn Ovation, MSC Seaview, Viking Orion, HAL Nieuw Statendam, Ponant Le Laperouse and Le Champlain) **and 6 naval vessels**

(1) Sum of backlog and soft backlog

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

FY 2018 Key Messages: 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

- **In 2018 Fincantieri approved and published its first 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

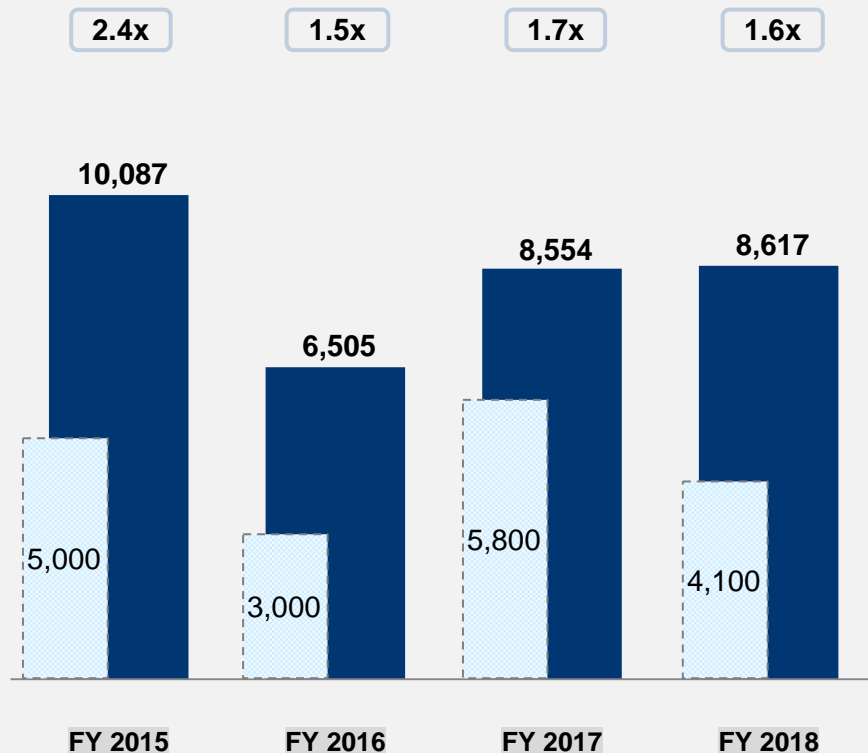
VARD

- **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 to record-high level in 2018

Order intake

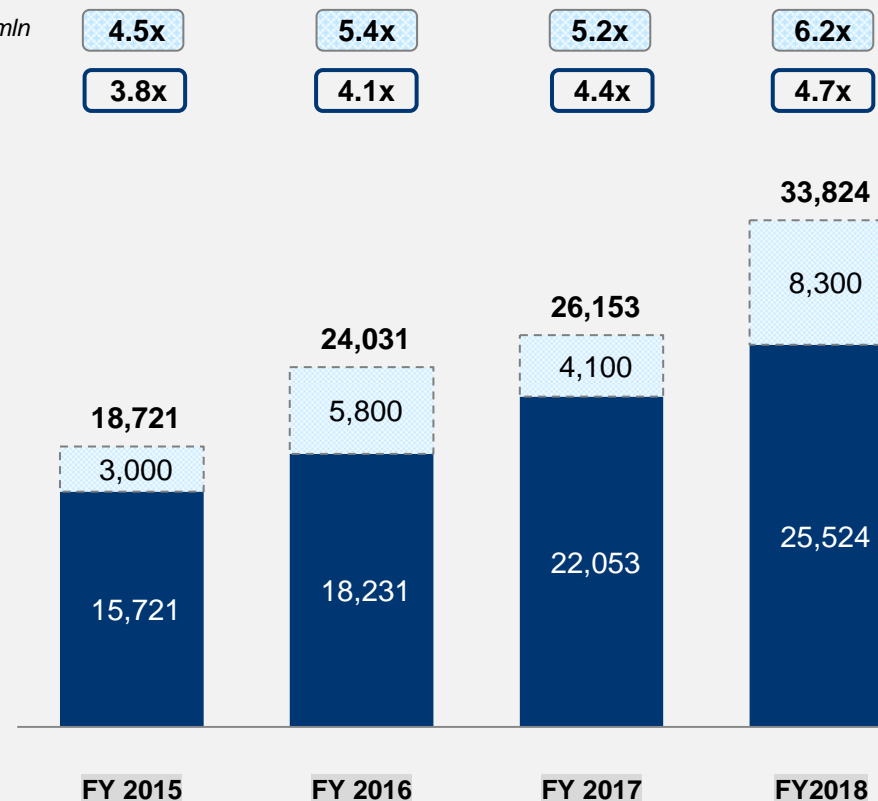
€ mln



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

Total backlog⁽¹⁾

€ mln



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

- Total backlog⁽¹⁾ at December 31, 2018 represents 6.2 years of work in relation to revenue generated in 2018 – Group's ability to finalize contracts under negotiation, contract options and commercial opportunities and to transform them into backlog

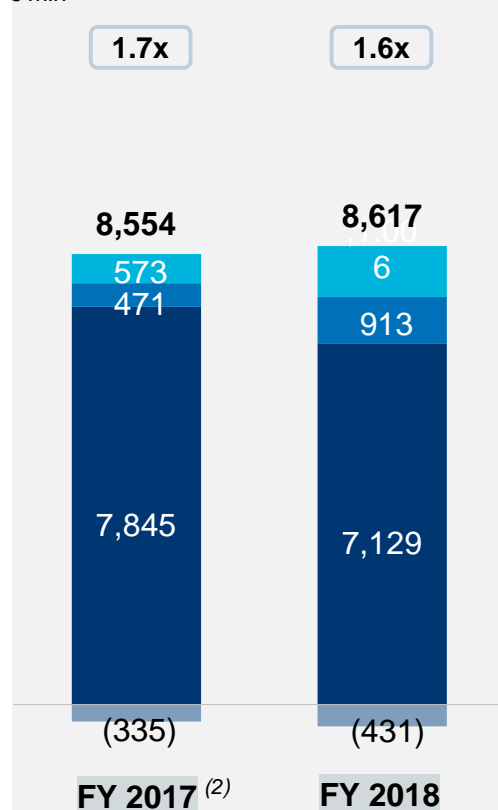
⁽¹⁾ Sum of backlog and soft backlog

⁽²⁾ 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

2018 order intake and backlog: breakdown by segment

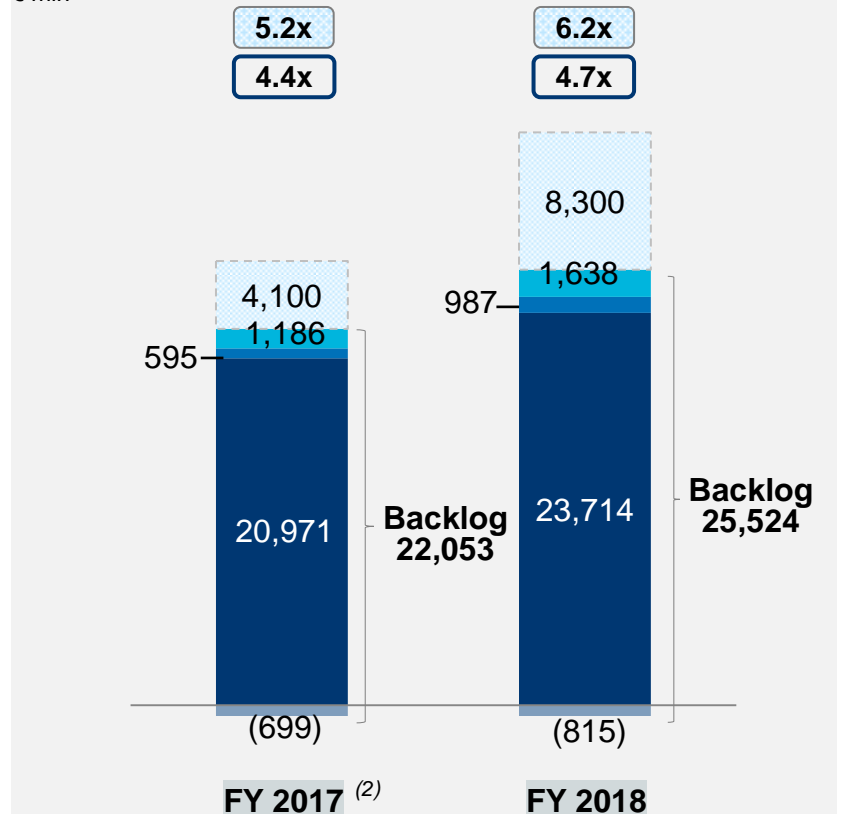
Order intake

€ mln



Total backlog⁽¹⁾

€ mln



- Record-high total backlog at €33.8 bln, covering 6.2 years of work if compared to 2018 revenues
- Total backlog up 29% vs FY 2017
- Backlog up 16% vs 2017
- 2017 soft backlog (€4.1 bln) substantially converted into backlog and replaced with new initiatives

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

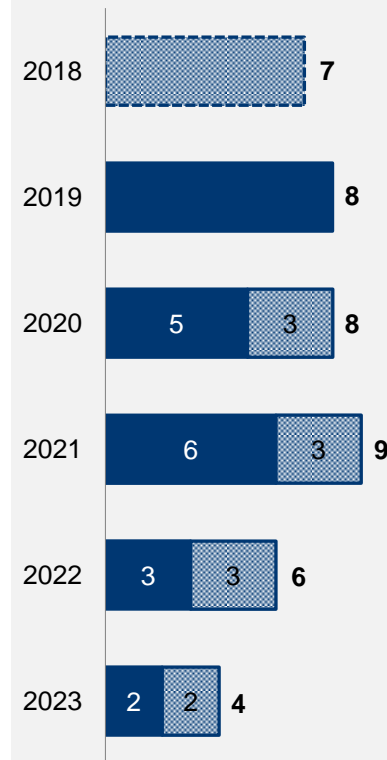
(3) Soft backlog represents the value of existing contract options and letters of intent as well as contracts in advanced negotiation, none of which yet reflected in the order backlog

2018 backlog deployment: breakdown by segment and end market

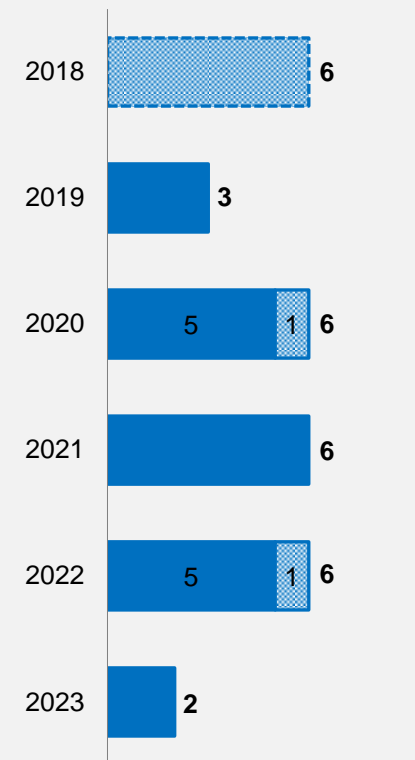
Shipbuilding

ship deliveries⁽¹⁾

Cruise



Naval⁽²⁾



- Additional 6 units scheduled after 2023

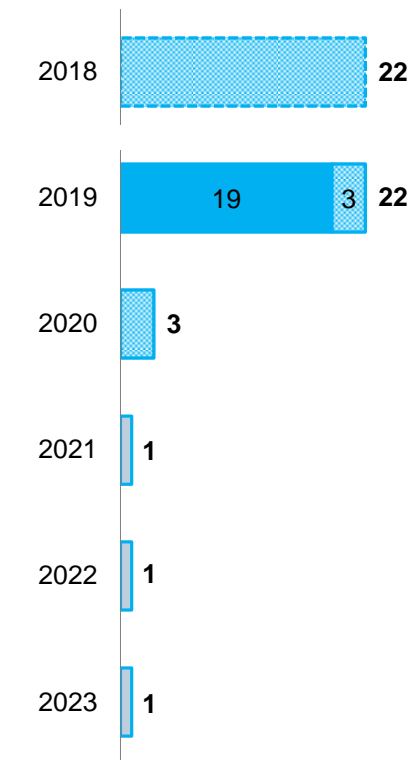
• **41 vessels in backlog**

- Additional 5 units scheduled after 2023

• **28 vessels in backlog**

Offshore & Specialized Vessels

ship deliveries⁽¹⁾



- 1 additional unit scheduled after 2023

• **29 vessels in backlog**

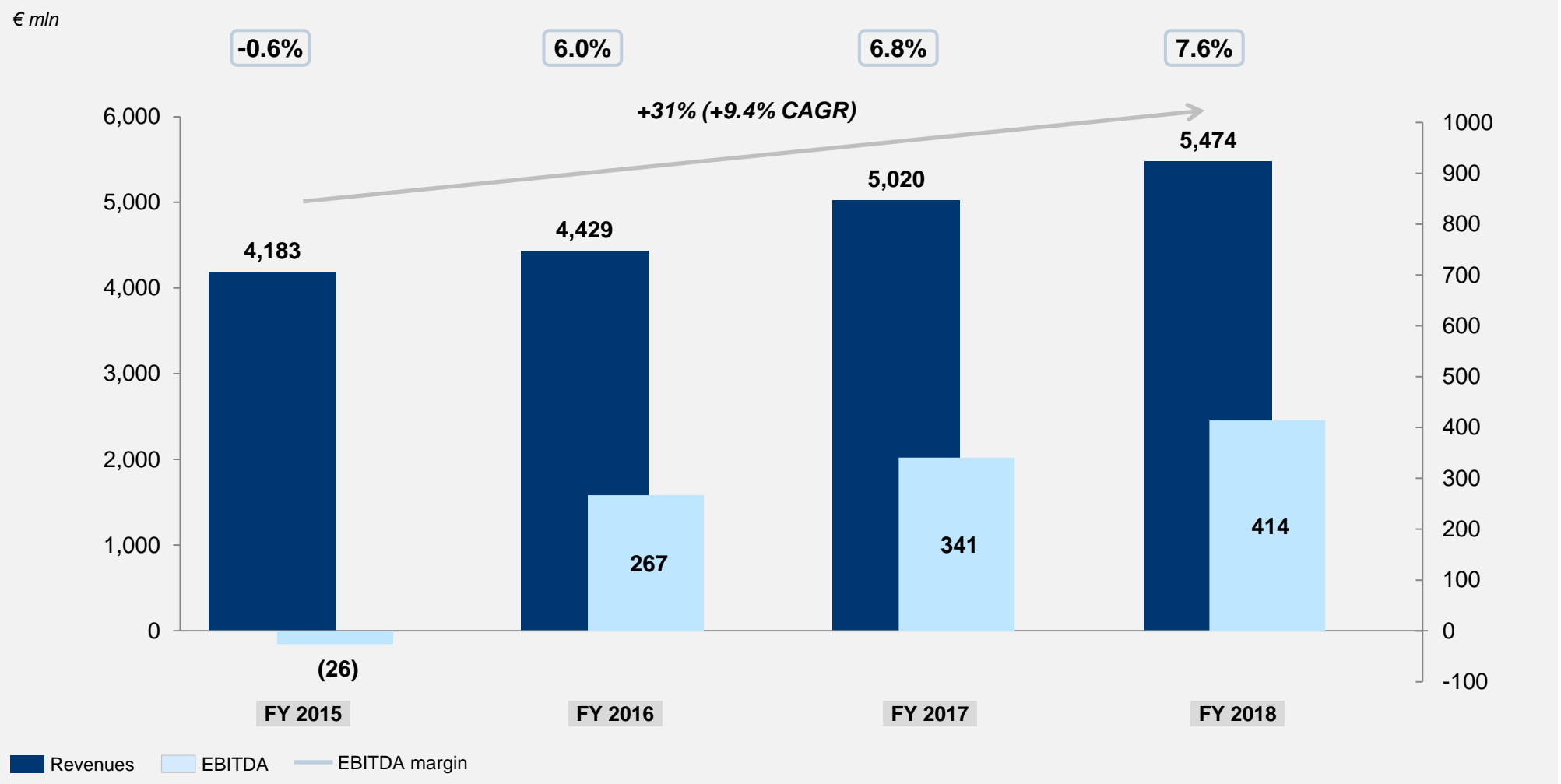
Delivered in FY 2018
New orders in FY 2018

- **35 units delivered in FY 2018, 98 ships in backlog**
- Cruise: 41 vessels
 - Deliveries up to 2027
 - 6 units scheduled after 2023, of which 4 acquired in 2018
- Naval: 28 vessels
 - Deliveries up to 2026
 - 5 units scheduled after 2023
- Offshore & Specialized Vessels⁽³⁾: 29 vessels
 - Deliveries up to 2024 thanks to the unit acquired in 2018

(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 one Expedition cruise vessel (for Coral Expeditions) scheduled for delivery in 2019 is 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 business generally has shorter production times and, as a consequence, shorter backlog and quicker order turnaround than Cruise and Naval

Solid revenue growth and operating performance

Revenues & EBITDA⁽¹⁾ / margin



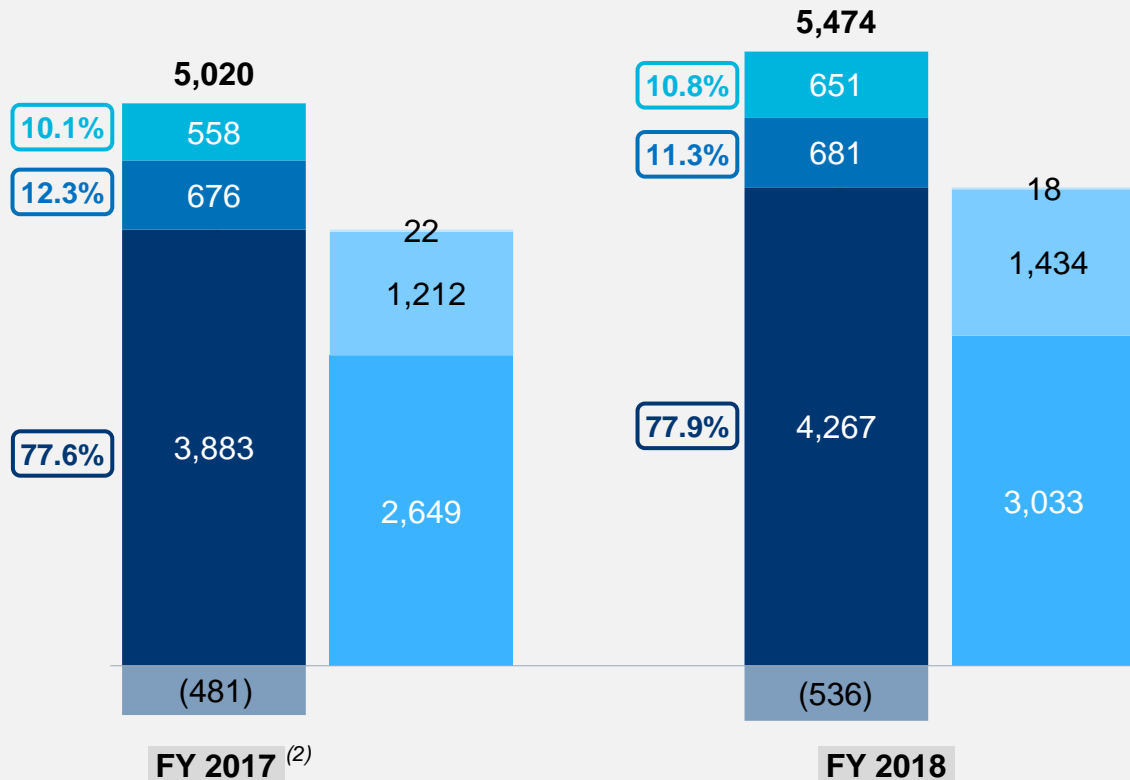
⁽¹⁾ EBITDA is a Non-GAAP Financial Measure. The Company defines EBITDA as profit/(loss) for the period before (i) income taxes, (ii) share of profit/(loss) from equity investments, (iii) income/expense from investments, (iv) finance costs, (v) finance income, (vi) depreciation and amortization, (vii) 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



Revenues: record-high level with a growth of +9% YoY

Revenues breakdown by segment⁽¹⁾

€ mln



- Record-high revenues at €5,474 mln (+9% vs FY 2017)
 - Shipbuilding revenues up 9.6% vs FY 2017
 - Offshore & Specialized Vessels revenues in line with FY 2017
 - Equipment, Systems & Services revenues up 16.7% vs FY 2017

■ Shipbuilding
 ■ Offshore & Specialized Vessels
 ■ Equipment, Systems & Services
 ■ Eliminations
■ Cruise
 ■ Naval
 ■ Other Shipbuilding
 % of Total revenues

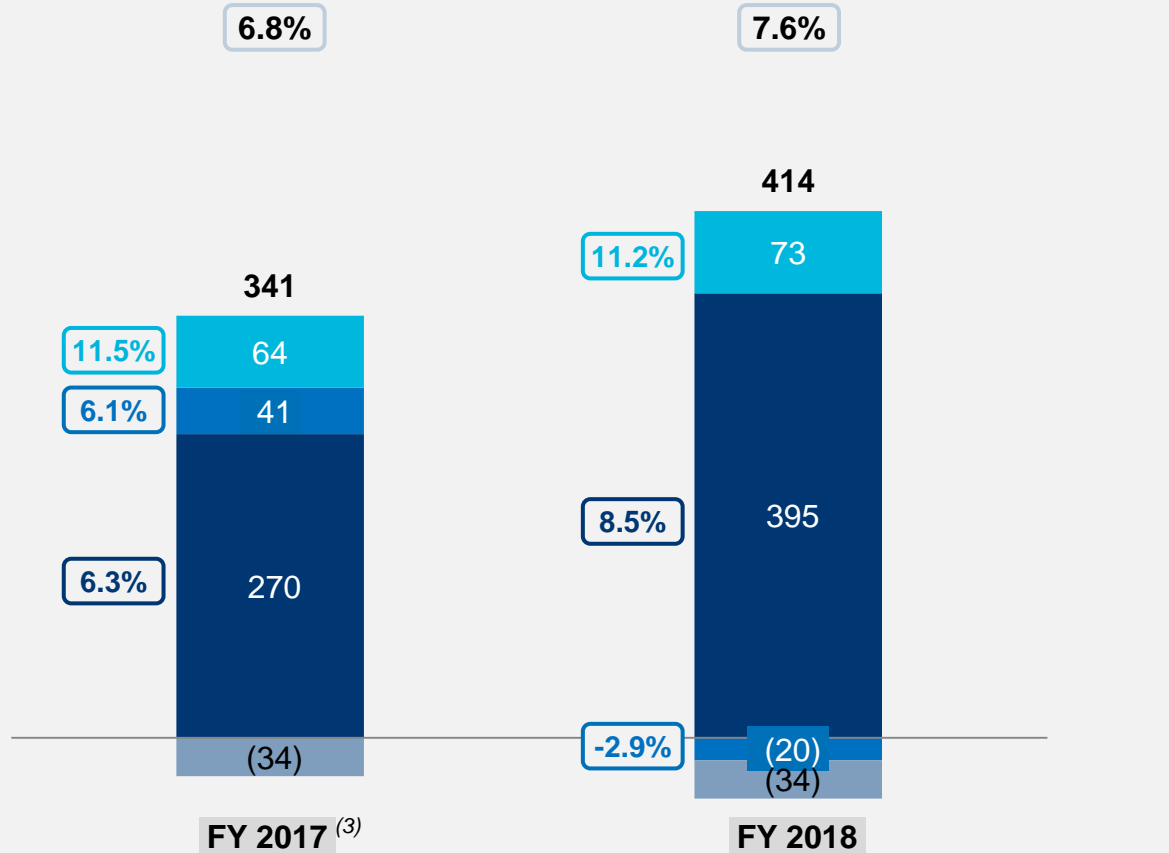
(1) Breakdown calculated on total revenues before eliminations

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

2018 EBITDA: healthy operating performance

EBITDA⁽¹⁾ and EBITDA margin

€ mln



■ Shipbuilding
 ■ Offshore & Specialized Vessels
 ■ Equipment, Systems & Services
 ■ Eliminations
■ Other activities⁽²⁾
 % Revenues
 Group EBITDA Margin

- **EBITDA at €414 mln** (up 21% vs FY 2017), **EBITDA margin at 7.6%** (vs 6.8% of FY 2017)
- **Strong performance in Shipbuilding** both from cruise projects and naval business
- **Higher volumes in Equipment, Systems & Services**
- **Offshore & Specialized Vessels** margin affected by low profitability of remaining offshore projects and limited workload in dedicated yards (i.e. Brazil)

(1) EBITDA is a Non-GAAP Financial Measure. The Company defines EBITDA as profit/(loss) for the period before (i) income taxes, (ii) share of profit/(loss) from equity investments, (iii) income/expense from investments, (iv) finance costs, (v) finance income, (vi) depreciation and amortization, (vii) wages guarantee fund – Cassa Integrazione Guadagni, (viii) expenses for corporate restructuring, (ix) accruals to provision and cost of legal services for asbestos claims, (x) other non recurring items

(2) Other costs

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

Section 3

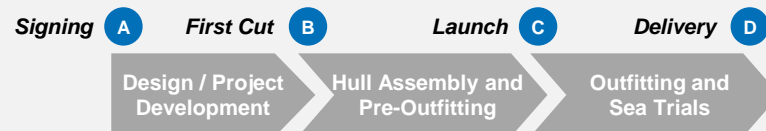
Balance Sheet and Capital Structure



Working capital dynamics

Indicative payment terms

Illustrative phases of the shipbuilding process⁽¹⁾

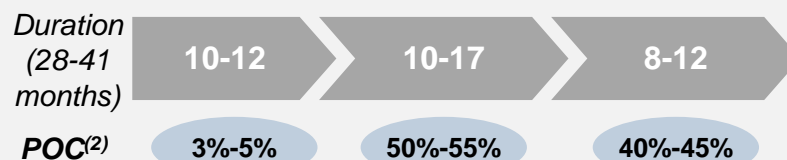


Impact on net working capital

Cruise



- 20% during construction
- 80% on delivery

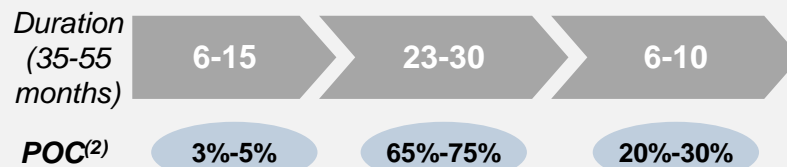


- Increases during construction
- Impact on net debt/construction loans

Naval⁽³⁾



- According to % of completion

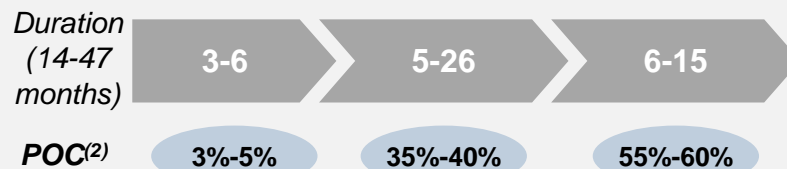


- Positive or neutral profile

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

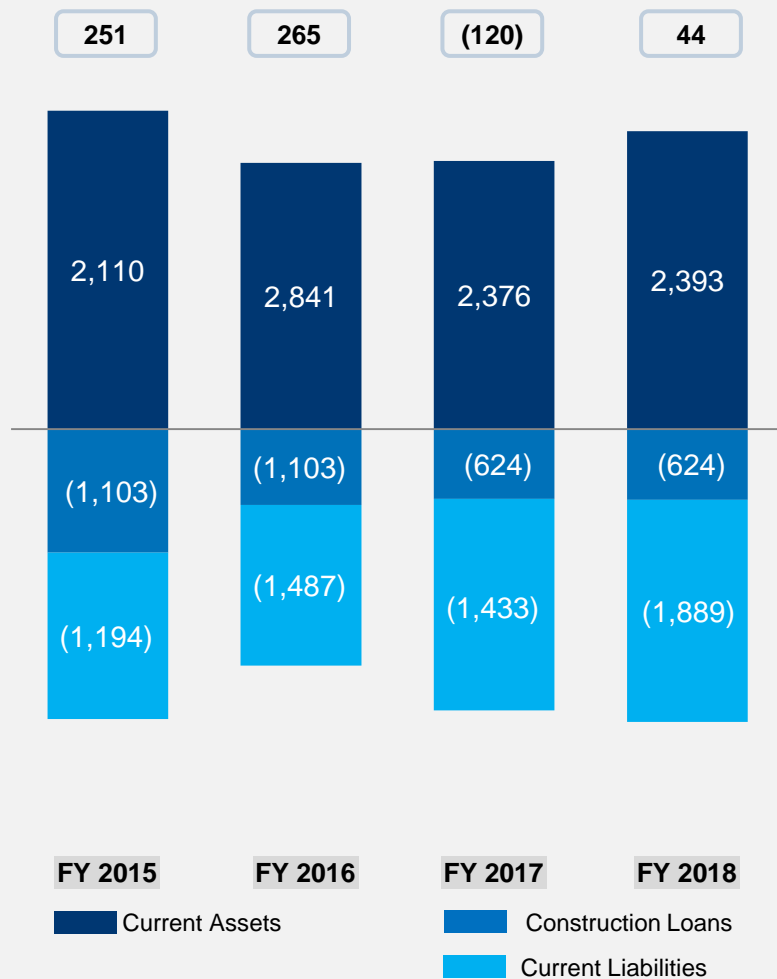
⁽²⁾ Percentage of Completion

⁽³⁾ Illustrative for frigates and support vessels

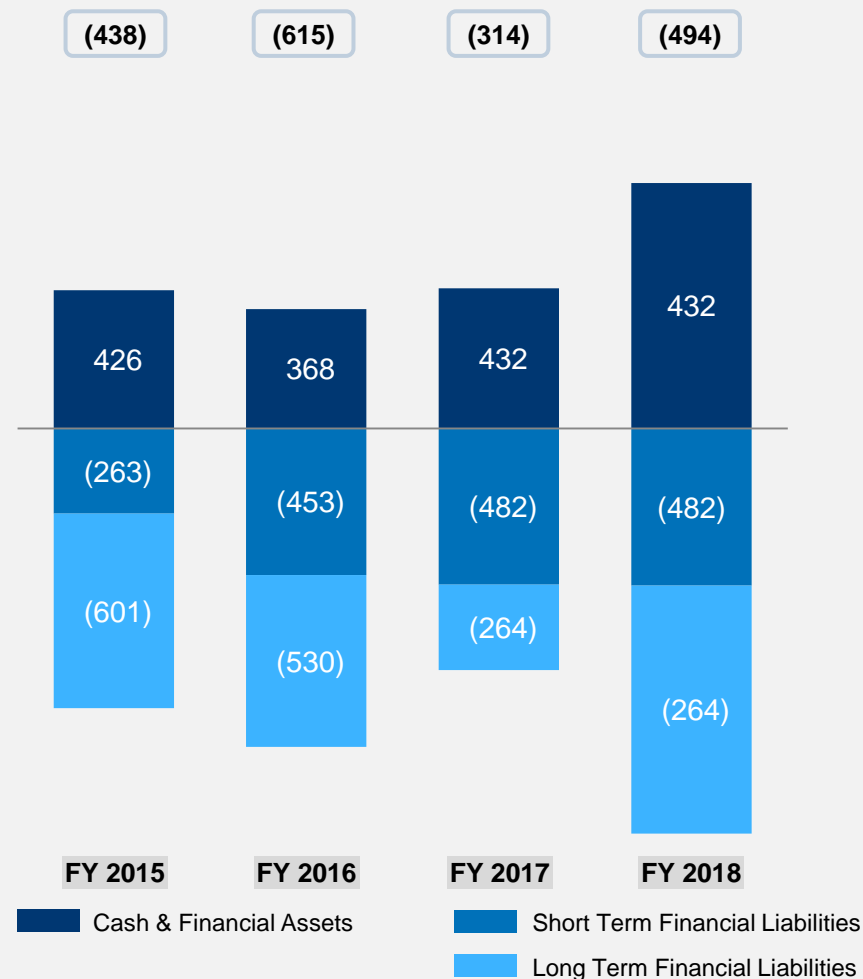
Historical evolution of Net Working Capital and Net Financial Position

Net Working Capital⁽¹⁾

€ mln



Net Financial Position⁽²⁾



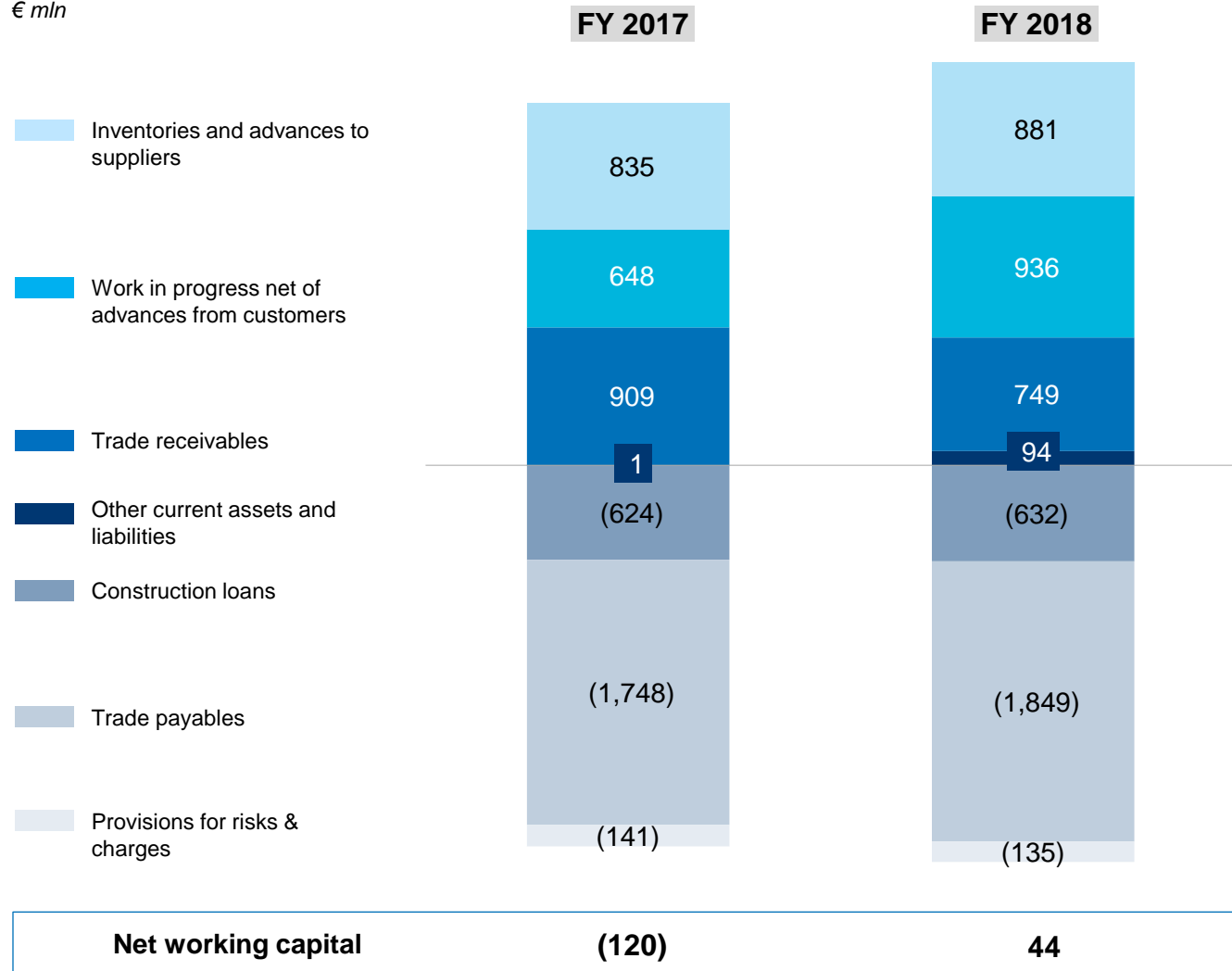
(1) Construction loans are committed working capital financing facilities, treated as part of Net working capital, not in Net financial position, as they are not general purpose loans and can be a source of financing only in connection with ship contracts

(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

2018 Net working capital⁽¹⁾

Breakdown by main components

€ mln



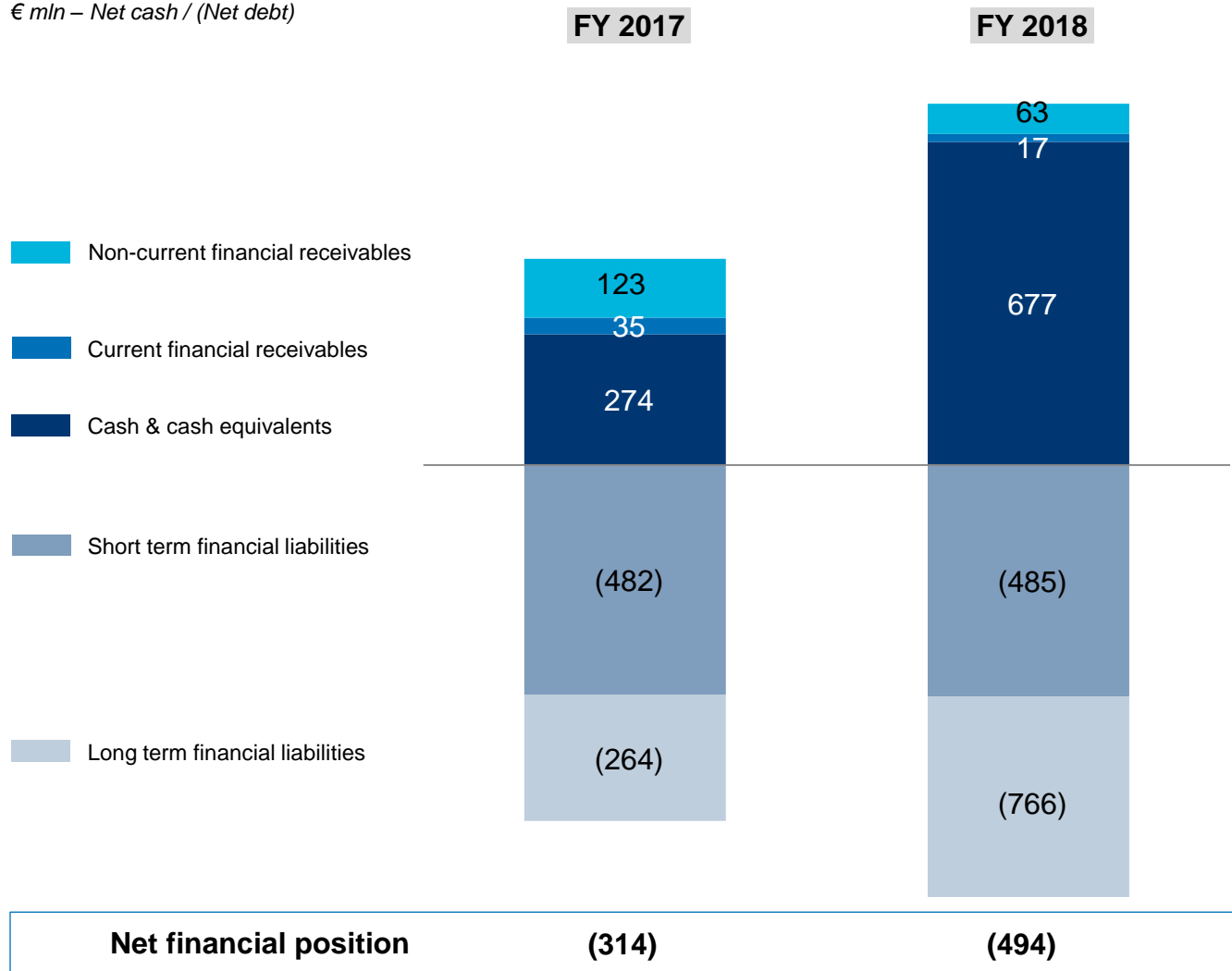
- Growth of production volumes in cruise and naval implies increase of Work in progress and Trade payables
- Reduction of Trade receivables related to the cash-in during the year of the final payments for the cruise ships delivered
- Construction loans in line with FY 2017

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

2018 Net financial position⁽¹⁾

Breakdown by main components

€ mln – Net cash / (Net debt)

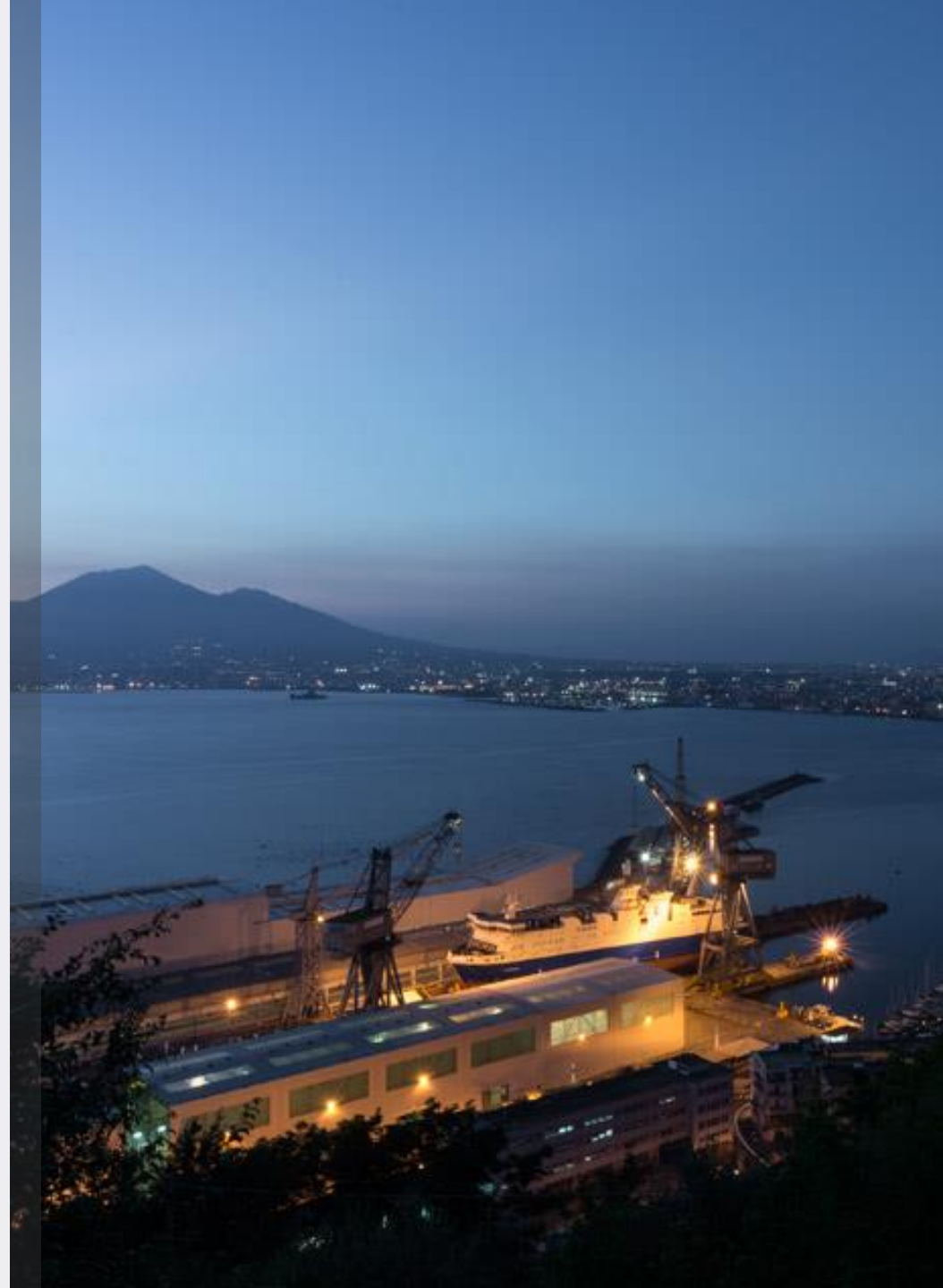


- Increase of net debt consistent with the cruise business dynamics showing higher production volumes with 3 units scheduled for delivery in the first three months of 2019

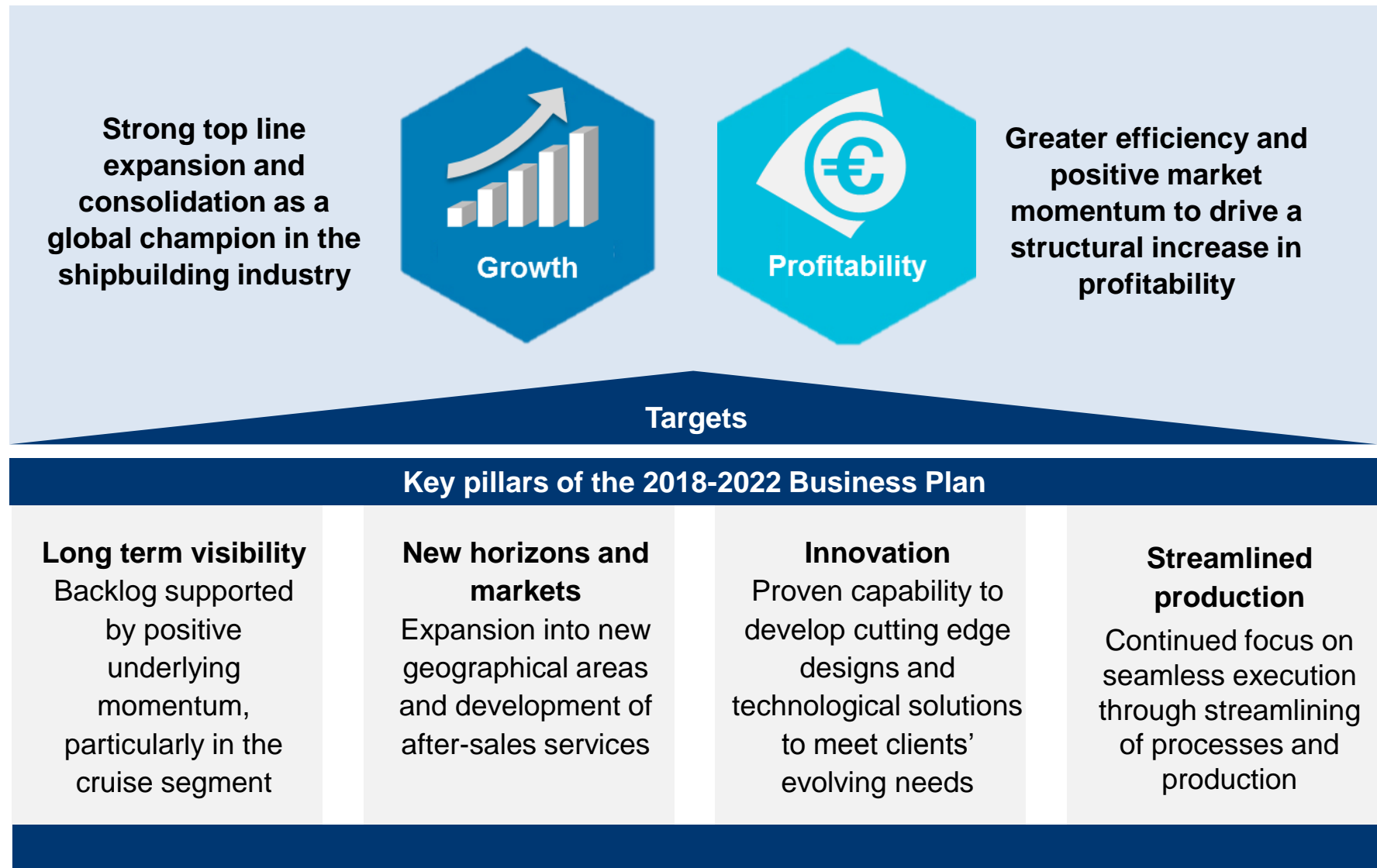
(1) Net financial position does not account for construction loans as they are not general purpose loans and can be a source of financing only in connection with ship contracts

Section 4

Strategy & Outlook



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



- **2019 results expected to be in line with 2018 and consistent with 2018-2022 Business Plan guidelines**
 - Further growth of revenues and EBITDA margin in line with 2018
 - Expected increase in net debt due to working capital financing needs

Shipbuilding

- Expected delivery of 11 units, of which 8 cruise ships and 3 naval units
- Full swing production of both the Italian Navy's fleet renewal program and the order for the Qatari Ministry of Defense

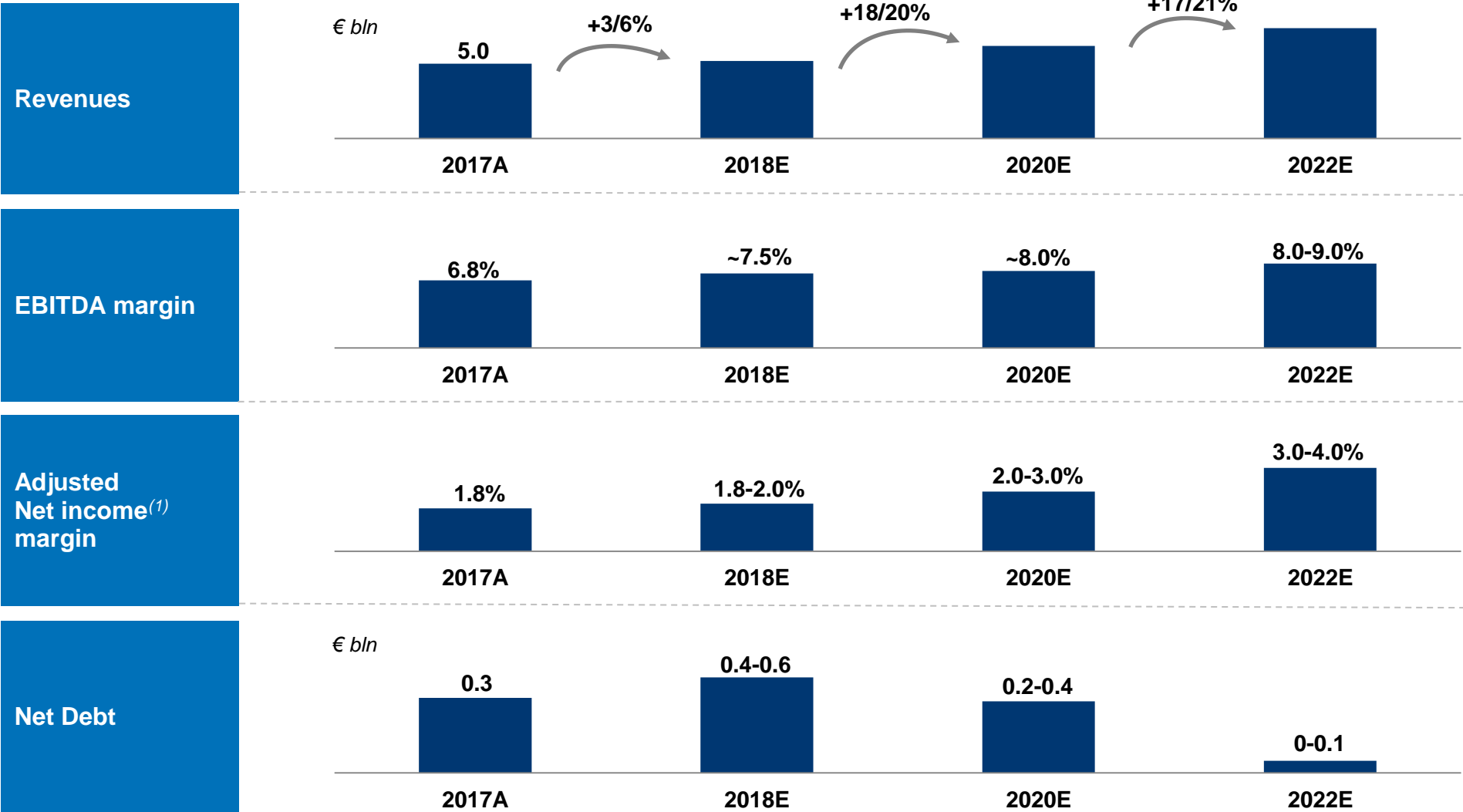
Offshore & Specialized Vessels

- 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 refitting activities

Short and medium term financial targets

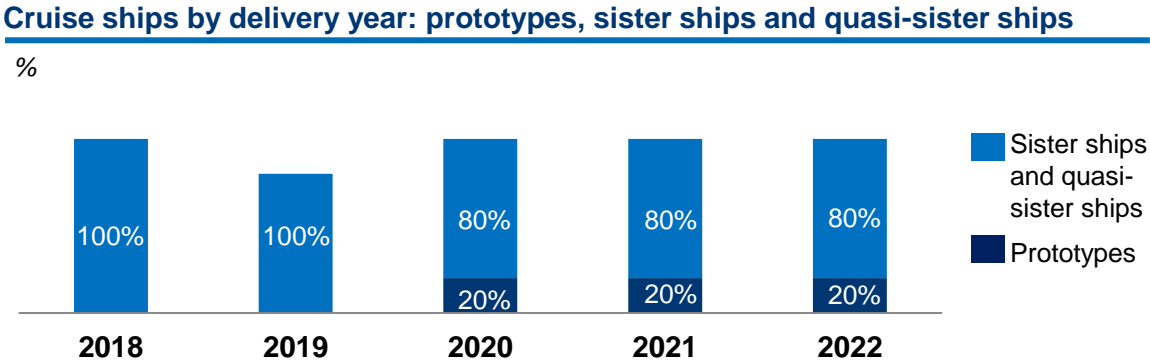


(1) Net income before extraordinary and non-recurring items



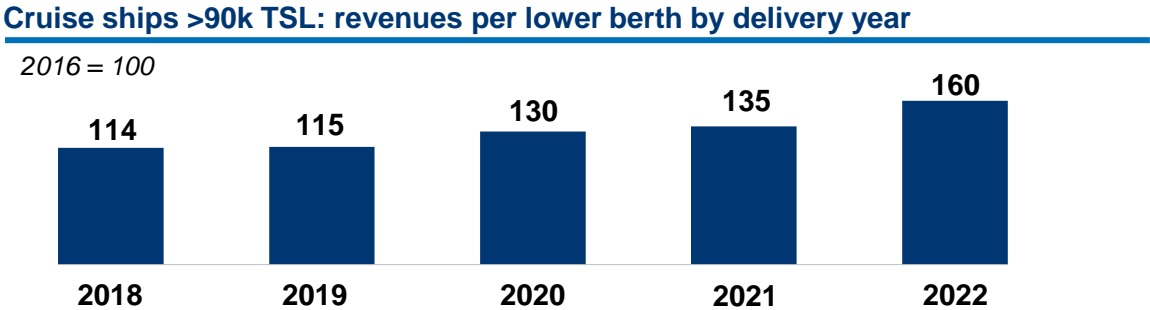
Shipbuilding: quantifying main drivers of growth and increasing profitability

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



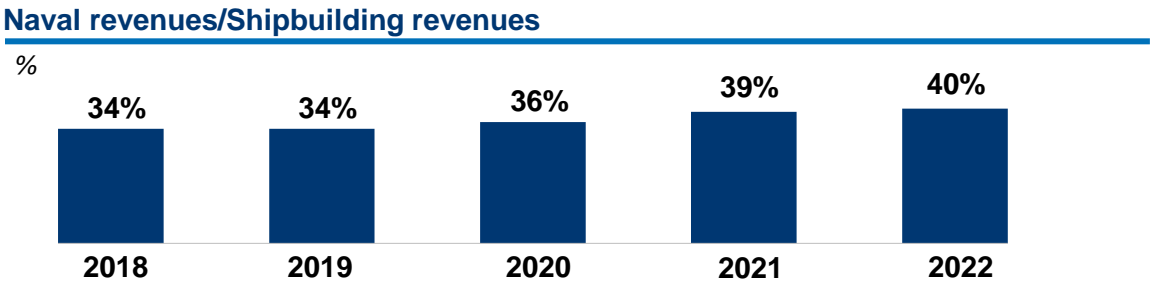
Deliveries heavily skewed towards sister ships with lower execution risks and better margins

Cruise: pricing trends



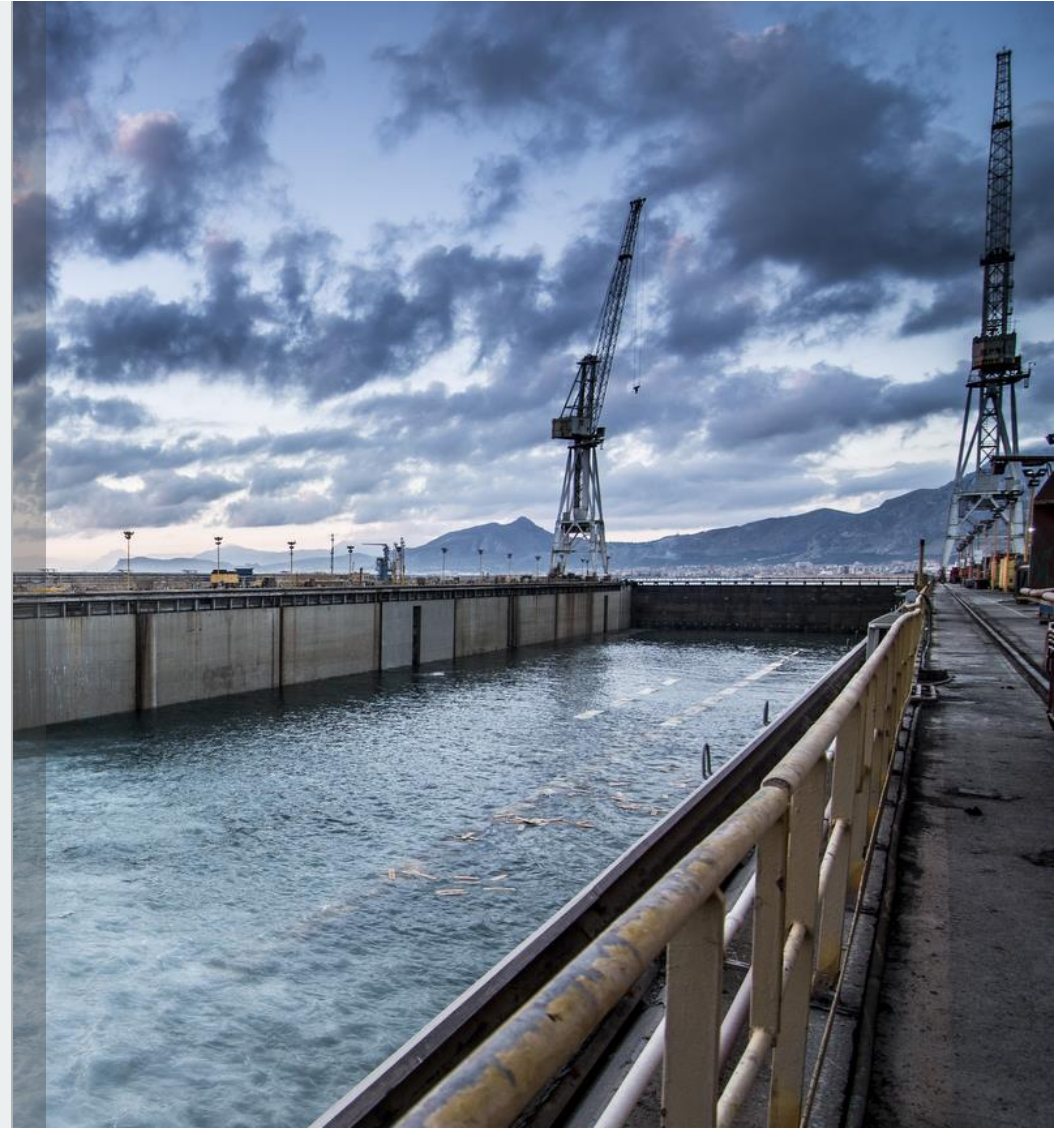
Positive trend due to progressive, structural increase in base line pricing for contracts acquired at greater margin

Naval revenues/Shipbuilding revenues



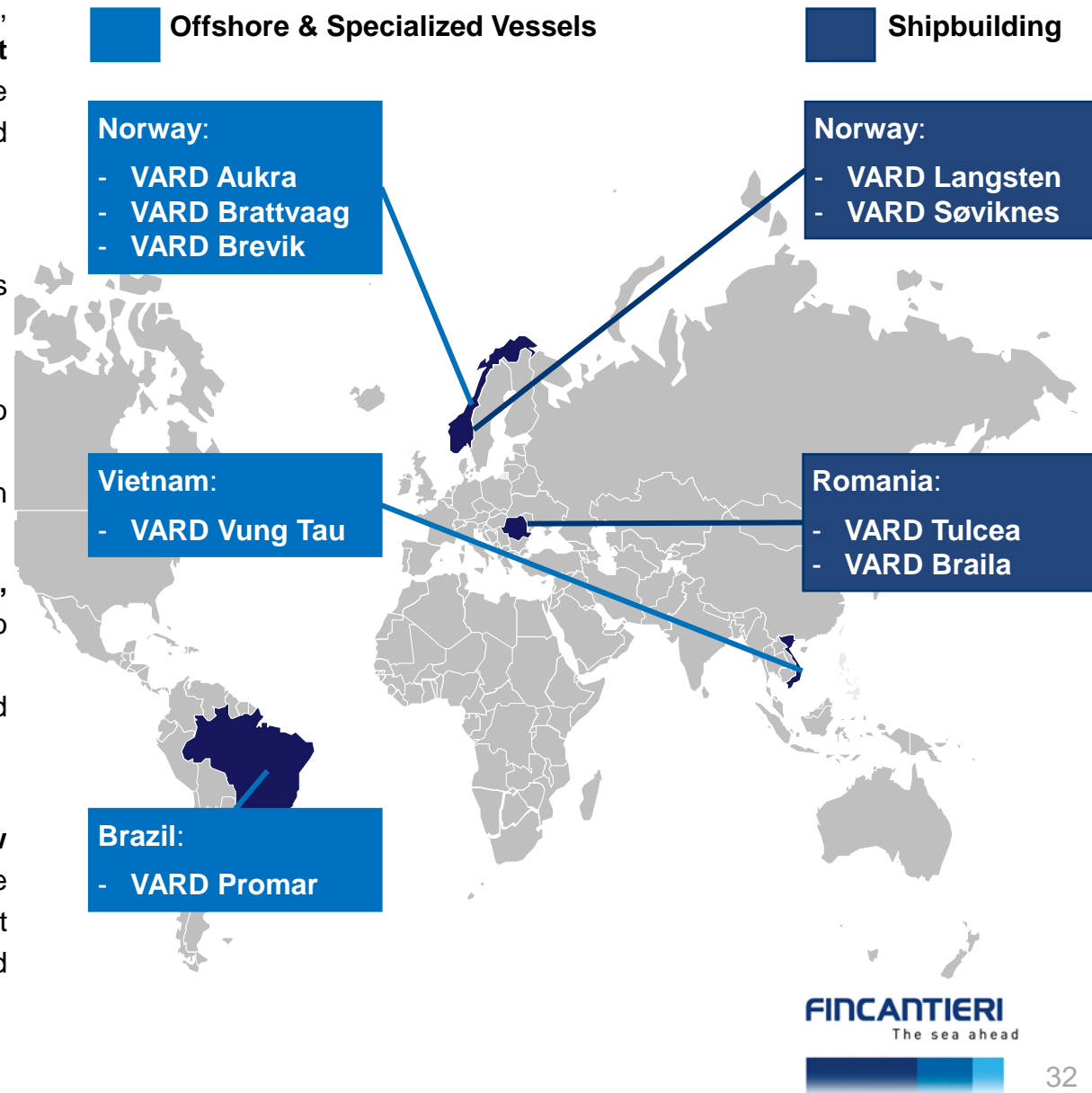
The relative contribution is influenced by the strong uptick in cruise volumes

Appendix



New organizational structure and segment review

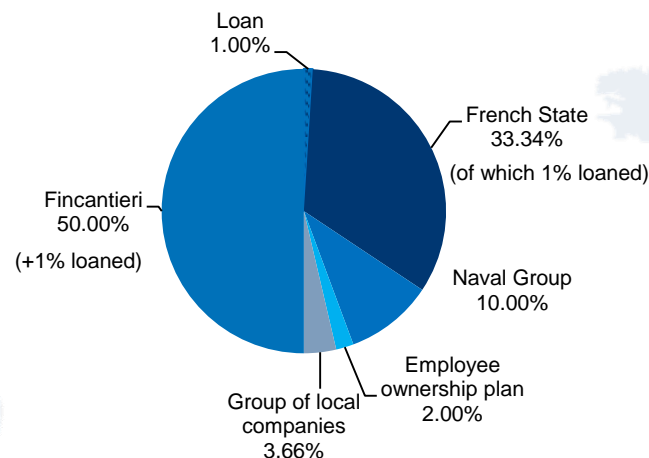
- Following the delisting of VARD, in December 2018, the **full organizational integration with the Parent Company was launched**, both for expedition cruise shipbuilding projects and the related shipyards, and for offshore and special vessels projects
- VARD's activities are now split between:
 - Cruise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

FY 2018 main orders

Sector	Vessel	Client	Number of ships	Expected Delivery
Shipbuilding	Cruise Ships	<i>Viking Cruises</i>	2	2022-2023
		<i>Silversea Cruises</i>	1	2021
		<i>Norwegian Cruise Line</i>	2	2026-2027
		<i>Cunard Line</i>	1	2022
		<i>Virgin Cruises</i>	1	2023
		<i>TUI Cruises</i>	2	2024-2026
	Expedition Cruise Vessels	<i>Ponant</i>	2	2020
		<i>Hapag-Lloyd Cruises</i>	1	2021
		<i>Viking Cruises</i>	2	2021-2022
	Littoral Combat Ship	<i>US Navy</i>	1	2022
Offshore & Specialized Vessels	Cable laying vessel	<i>Prysmian</i>	1	2021
	Offshore patrol vessel	<i>Norwegian Defence Material Agency</i>	3	2022-2024

Acquired in Q4

FY 2018 main deliveries

Sector	Vessel	Client	Shipyard
Shipbuilding	Cruise ship “Carnival Horizon”	<i>Carnival Cruise Line (Carnival Corporation)</i>	Monfalcone
	Oceanographic vessel “Kronprins Haakon”	<i>Institute of Marine Research</i>	Riva Trigoso – Muggiano/ Vard Langsten
	Cruise ship “Seabourn Ovation”	<i>Seabourn Cruise Line</i>	Sestri Ponente
	Cruise ship “MSC Seaview”	<i>MSC Cruises</i>	Monfalcone
	Cruise ship “Viking Orion”	<i>Viking Ocean Cruises</i>	Ancona
	Cruise ship “Nieuw Statendam”	<i>Holland America Line</i>	Marghera
	Expedition cruise vessel “Le Laperouse”	<i>Ponant</i>	Vard Søviknes
	Expedition cruise vessel “Le Champlain”	<i>Ponant</i>	Vard Søviknes
	FREMM “Martinengo”	<i>Italian Navy</i>	Muggiano
	Littoral Combat Ships “Sioux City” (LCS 11) and “Wichita” (LCS 13)	<i>US Navy</i>	Marinette
Offshore & Specialized Vessels	Module Carrier Vessels (12 vessels)	<i>Topaz Energy and Marine (11) and Kazmortransflot (1)</i>	Vard Braila Vard Tulcea Vard Vung Tau
	LPG carrier “Jorge Amado”	<i>Transpetro</i>	Vard Promar

FY 2018 main deliveries

Shipbuilding



Carnival Horizon



Seabourn Ovation



MSC Seaview



Viking Orion



HAL Nieuw Statendam



Ponant Le Champlain



Ponant Le Laperouse



Kronprins Haakon



FREMM Martinengo



LCS 11 Sioux City



LCS 13 Wichita



Module Carrier Vessel (x12)



LPG Carrier Jorge Amado

Offshore & Specialized Vessels

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)

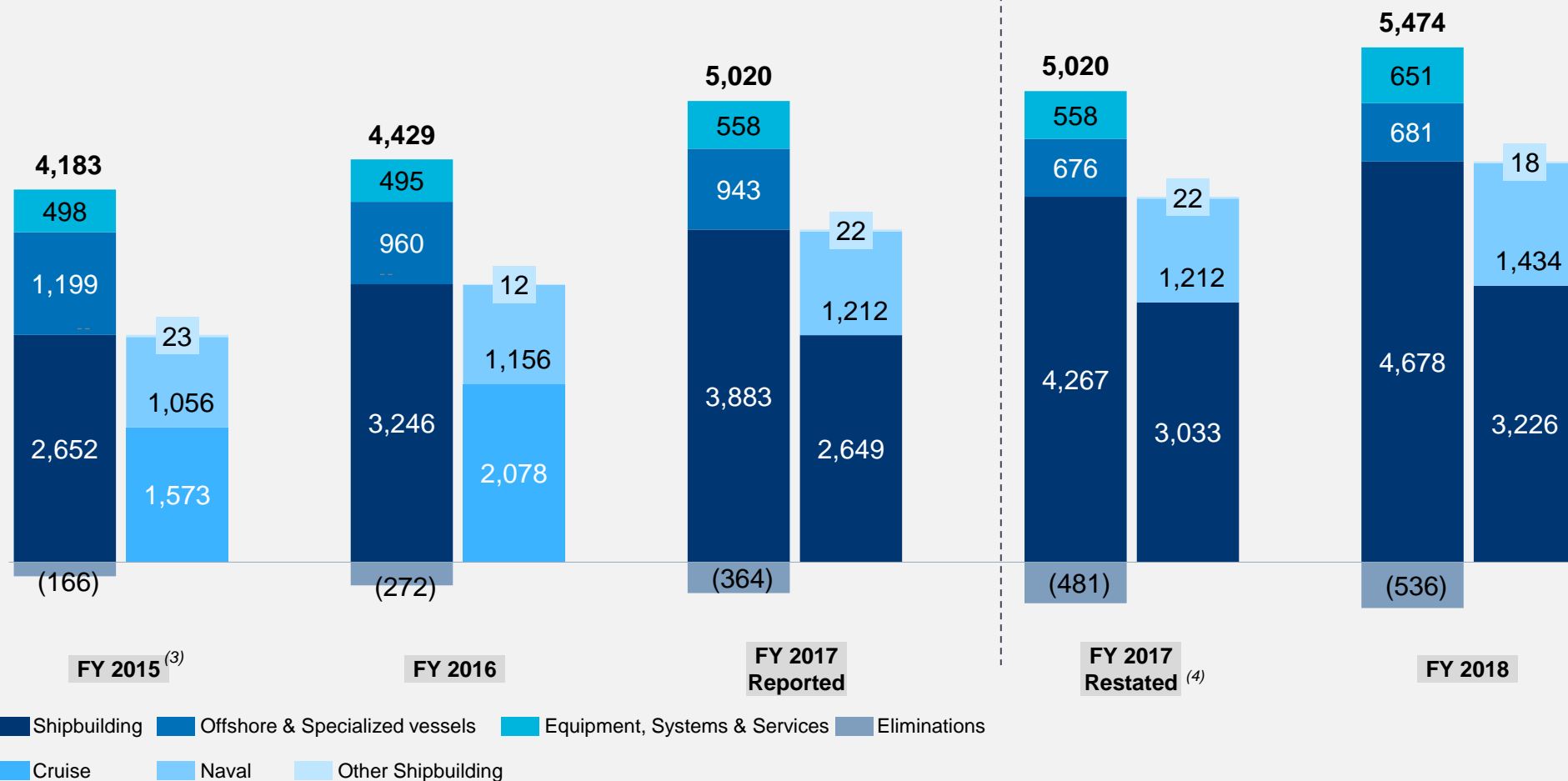
⁽²⁾ Excluding extraordinary and Non Recurring Items net of tax effect

⁽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

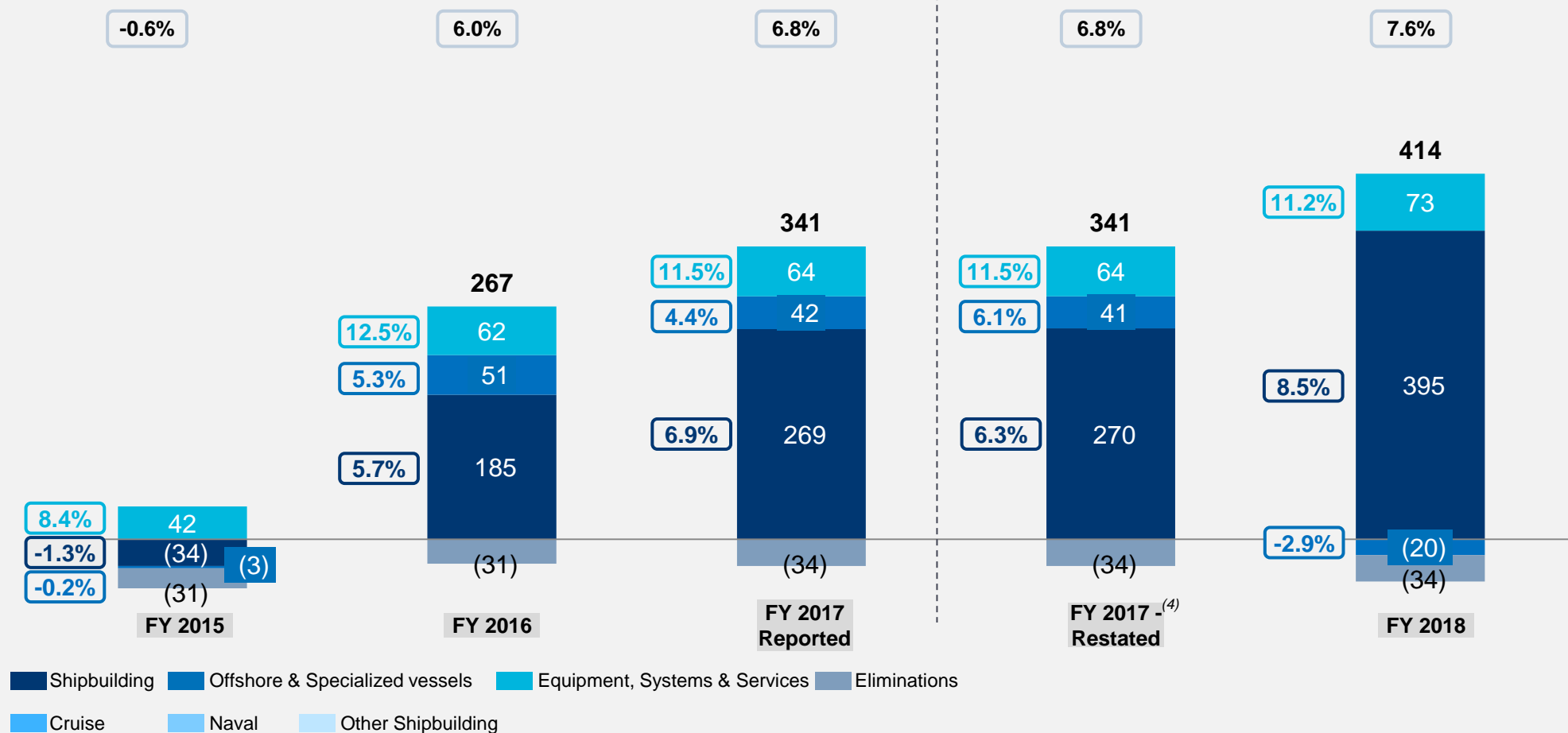
(3) For comparison purposes, 2015 figures are restated following the redefinition of operating segments. Following the operational reorganization carried out in November 2016, the repair & conversion services, cabins & public areas business, as well as integrated systems business, all previously included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

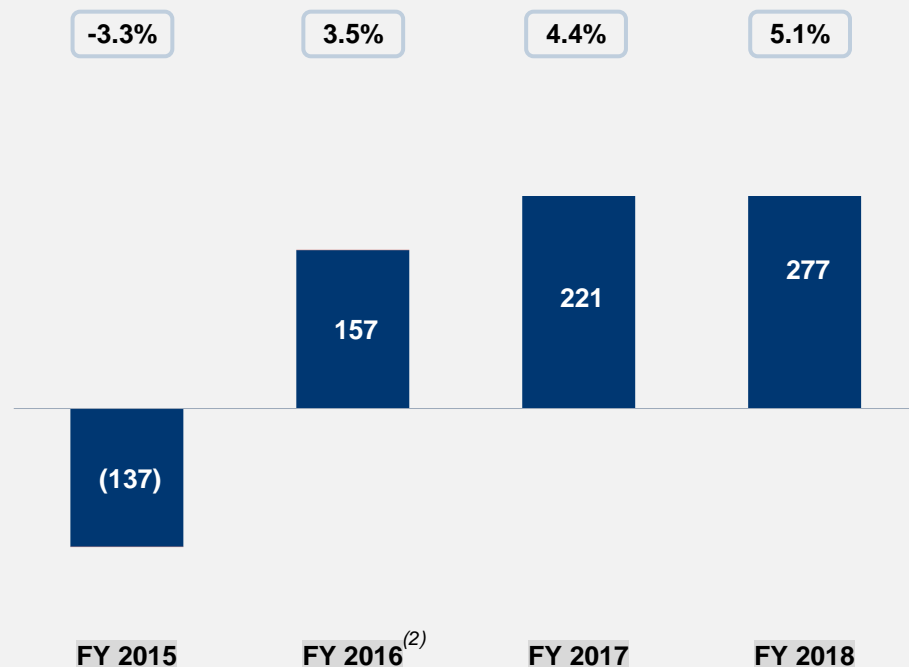
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(4) Comparative numbers of 2017 are shown restated following the integration of the business unit Cruise of VARD within the Shipbuilding segment (November 2018)

Financial performance: EBIT and Net result

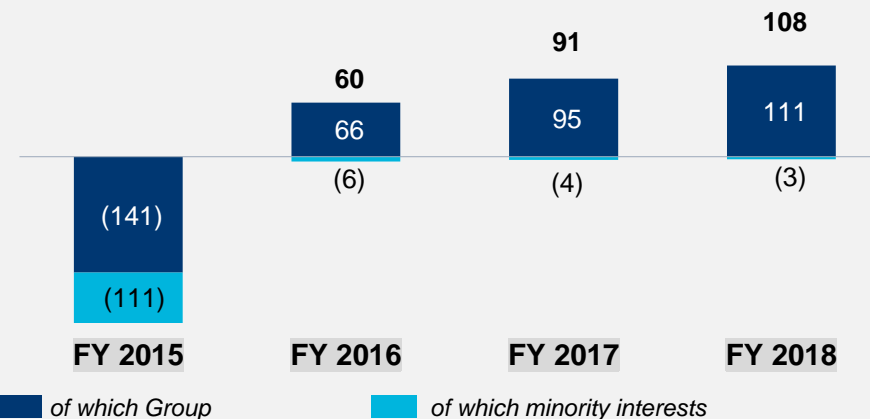
EBIT / margin

€ mln



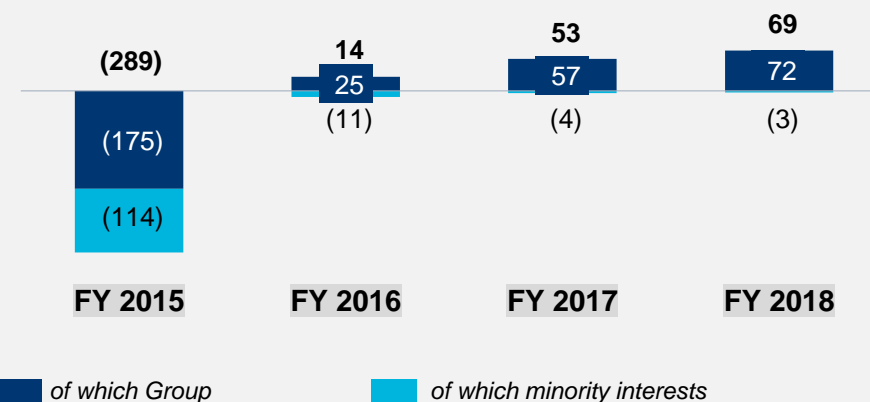
Net result before extraordinary and non recurring items⁽¹⁾

€ mln



Net result

€ mln

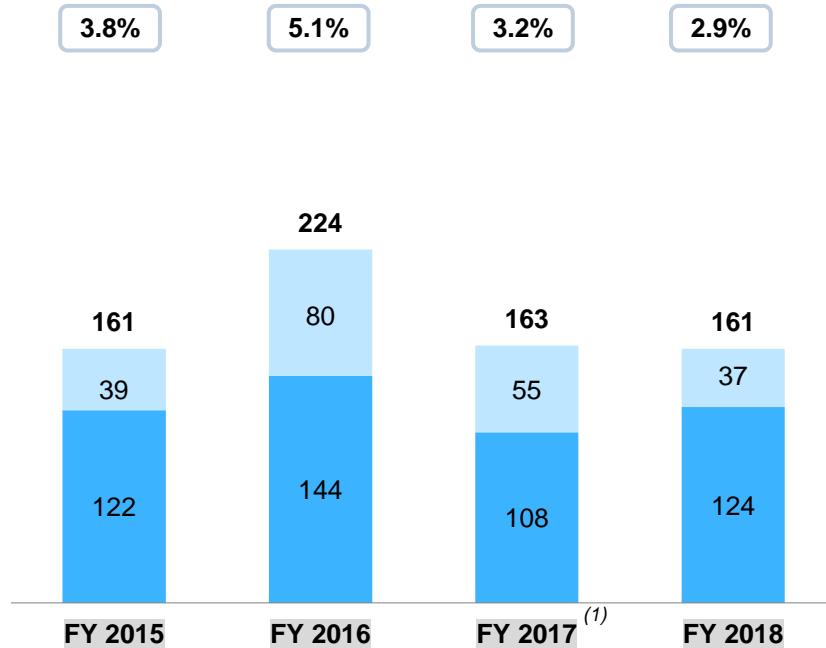


(1) Extraordinary and non recurring costs net of tax effect amounted to € 37 mln in 2015, € 46 mln in FY 2016, € 38 mln in 2017, and € 39 mln in 2018

Capex

Capex evolution

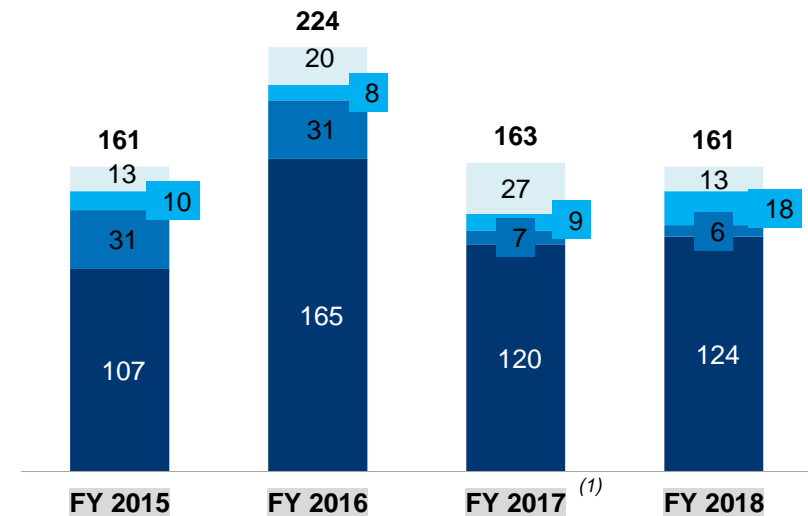
€ mln



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)