

FINCANTIERI

**Borsa Italiana - Digital Italian Equity Week
Industrial & Healthcare Day**

15th September 2020

FINCANTIERI
The sea ahead



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Declaration of the Manager responsible for preparing financial reports

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



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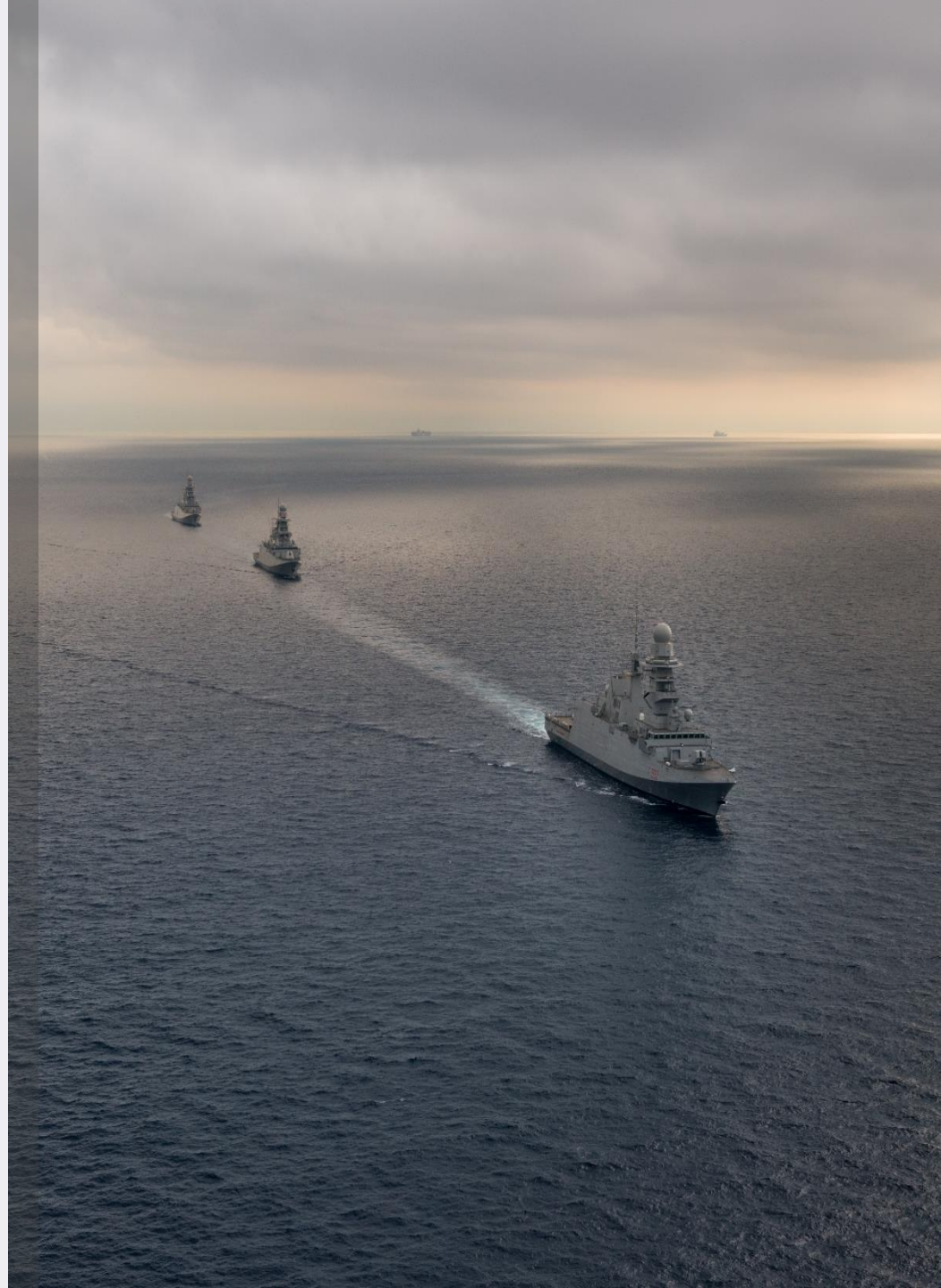
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Section 1

Description of the Group



Fincantieri at a glance

We are an Italian Group with a global footprint

Our figures

€ 5.8 bn
FY19 revenues⁽¹⁾

€ 37.9 bn
Total backlog^(2,3)



Our global reach

18
shipyards

4
continents

~ 20,000
employees

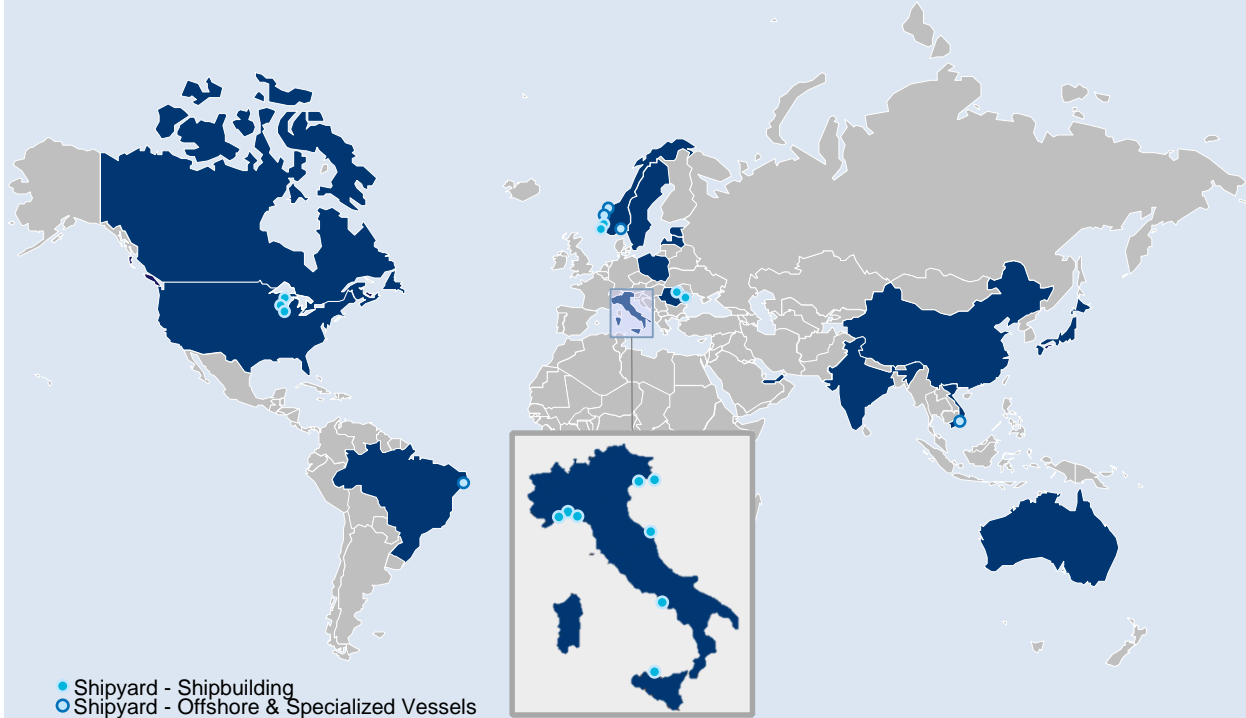
> 80,000
subcontractors

Our impact

4.5x
Economic multiplier⁽⁴⁾

5.9x
Employment multiplier⁽⁵⁾

48% of our employees are based in Italy⁽²⁾ and 82% of revenues come from international clients⁽¹⁾



We are the #1 Western designer & shipbuilder⁽⁶⁾ with 230 years of history and over 7,000 ships built

(1) At December 31, 2019

(2) At June 30, 2020

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

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

(5) Fincantieri valuation according to Censis methodology based on Italian operations

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

Products, clients and backlog

Diversified product portfolio with a wide client base and strong backlog

		Main products	Key clients	Revenues 2019 ⁽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> </div> <div> <div>(5)</div> <div> </div> </div> </div>	<p>€3,574 mln</p> <p>55.6%</p>	€ 26,333 mln (79 ships)
	Naval	<ul style="list-style-type: none"> All surface vessels (also stealth) Support & Special vessels Submarines 		<p>€1,503 mln</p> <p>23.4%</p>	
	Other	<ul style="list-style-type: none"> Similar businesses to our core ones where we operate opportunistically (e.g. Mega Yachts, Ferries...) 		<p>€11 mln</p> <p>0.2%</p>	
Offshore & Specialized Vessels		<ul style="list-style-type: none"> OSV Fishery Ferries Offshore wind OPV Special vessels 		<p>€440 mln</p> <p>6.8%</p>	€ 744 mln (13 ships)
Equipment Systems & Services		<ul style="list-style-type: none"> Marine systems, components & turnkey solutions Ship interiors Naval services Ship repairs & conversion 		<p>€899 mln</p> <p>14.0%</p>	€ 1,951 mln

(1) Before eliminations and consolidation adjustments

(2) At June 30, 2020

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





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

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

FINCANTIERI
The sea ahead

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"> • Record order levels in 2019 • Significant impact of COVID-19, affecting Cruise operators' liquidity and operations 	<ul style="list-style-type: none"> • To be reviewed once the effects of COVID-19 will be quantifiable 	<ul style="list-style-type: none"> • World leader in the design and construction of vessels for all segments of the cruise industry • 95 ships delivered from 1990 to 2019 (4 delivered in H1 2020)
	Naval 	<ul style="list-style-type: none"> • Stable high margin business in the low double-digit range • Focus on accessible markets • Large programs under development (Italian Navy fleet renewal program, LCS program, Qatari Navy program, FREMM program) 	<ul style="list-style-type: none"> • Defence budgets for accessible markets • Global geopolitical situation • Naval fleet renewals 	<ul style="list-style-type: none"> • 128⁽¹⁾ ships delivered from 1990 to 2019 • 1 vessel delivered in H1 2020
Offshore & Specialized Vessels		<ul style="list-style-type: none"> • O&G sector crisis and postponements of E&P projects caused a slowdown in related equipment industry (PSV, AHTS) • Segment diversification strategy (Fishery, Aquaculture, OPV, Special vessels, Renewable energies) 	<ul style="list-style-type: none"> • Oil price and E&P investments • Demand of special purpose vessels for marine infrastructure and exploitation of marine resources • New business opportunities 	<ul style="list-style-type: none"> • 414⁽²⁾ ships delivered from 1990 to 2019 • 5 vessels delivered in H1 2020
Equipment Systems & Services		<ul style="list-style-type: none"> • High potential and high margin business • Result of the insourcing of strategic activities • A minor, but growing, share of the total company's turnover 	<ul style="list-style-type: none"> • Shipbuilding programs ongoing • Fleet ageing and development of new technologies 	<ul style="list-style-type: none"> • Strong revenue growth to € 899 mln in 2019 (2016-2018 CAGR: +20.40%)

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

(2) 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



Key competitive strengths

Consolidated leadership, high diversification and flexible global production network

1 Consolidated leadership in diversified markets and sizeable backlog



- Leader in cruise market and in naval segment
- Cruise visibility influenced by Covid-19 impacts
- Sizable order book and total backlog⁽¹⁾ amounting to approximatively 6.5 years of work if compared to 2019 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 > € 500 mln for the period 2015-2019

3 Flexible and global production network



- Integrated production model to control entire production process and aftermarket
- Flexible and global integrated network of 18 shipyards and almost 20,000 employees located in both emerging and Western countries

(1) At June 30, 2020

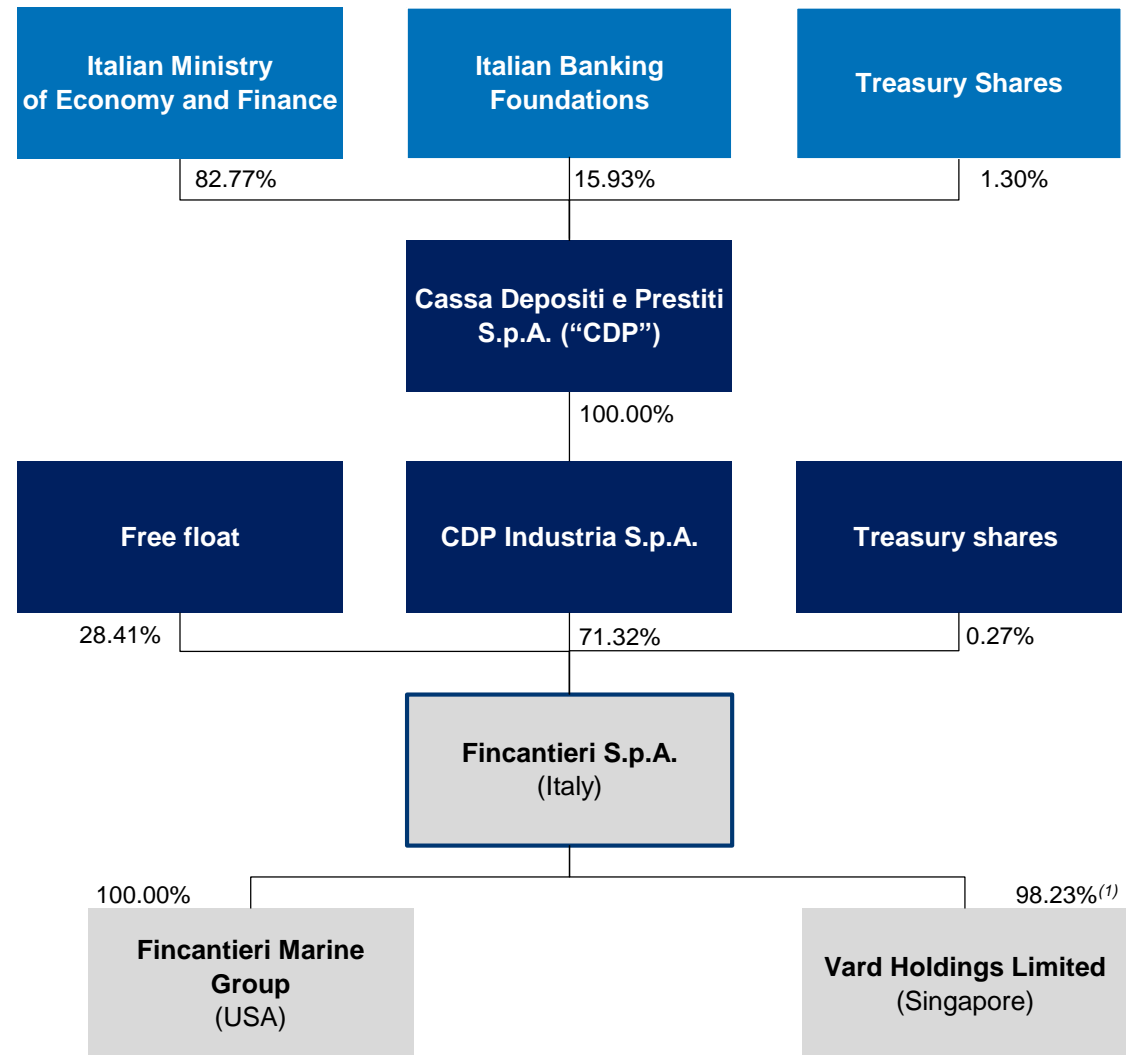
Ownership and Group structure

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 **CDP Industria S.p.A.**, a holding company fully owned by CDP, **owning 71.32% stake**
- **CDP** is an **Italian state-owned National Development Institution holding major stakes in several listed / non listed strategic Italian companies like ENI, Snam, Terna, Sace, Saipem and Poste Italiane**
- **Fincantieri S.p.A.** is the Holding company of the Group
- **Fincantieri Marine Group ("FMG")** is the US subsidiary controlling the three American yards (among them, Marinette Marine participated by Lockheed Martin with a minority stake)
- **Vard Holdings Limited** is the holding company for the VARD Group, recently delisted from the Singapore Stock Exchange

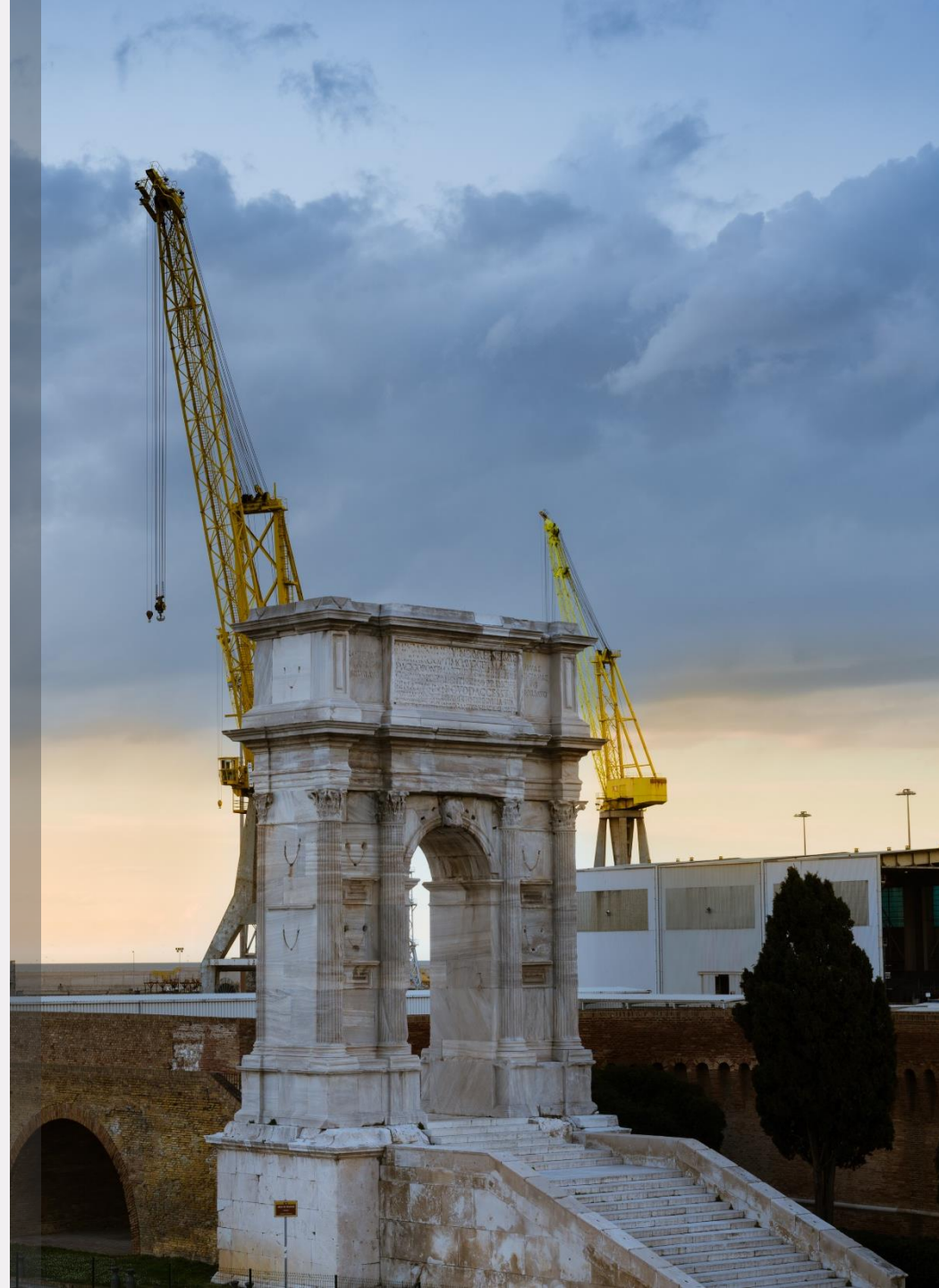
Simplified ownership and Group structure



(1) Ownership as of August 2020

Section 2

Financial overview



1H 2020 Key Messages

No order cancellation and record-high total backlog up to almost €38 bln

COVID-19 update

- **No cancelled orders thanks to effective backlog preservation strategy**
- **Slowdown of the production schedule and postponement of deliveries** has impacted revenues (-15.6% YoY)
- **3 cruise ships** scheduled for delivery from Italian shipyards in **2H 2020**
- **Production activities gradually resumed** in all the Italian shipyards starting from **April 20th, 2020**
- As of June 30th, **90% of production staff safely back at work**

Business update

- **10 ships delivered from 7 shipyards**, among which 3 cruise ships, 1 fishery and 1 naval vessel
- **Ongoing diversification strategy:**
 - in infrastructures, electronics, and cyber security, as well as complete accommodation in the cruise segment, contributing to revenue growth in the ESS (1H 2020 revenues +5.7%)
 - new orders acquired in the renewable energy sector (1 Service Operation Vessel), 2 fishing vessels, 1 order and 1 agreement for the Port of Rapallo and the «Renato Dall'Ara» Stadium respectively
- **Total backlog⁽¹⁾ with 117 units at €37.9 bln:** backlog at ~ €28 bln and soft backlog⁽²⁾ €9.9 bln

Financials

- **Revenues at €2,369 mln** (down 15.6% vs 1H 2019⁽³⁾): €790 mln shortfall in revenues due to production downtime
- **EBITDA at €119 mln** (€227 mln in 1H 2019⁽³⁾) **and EBITDA margin at 5.0%** (8.1% in 1H 2019⁽³⁾): shortfall in EBITDA contribution of €65 mln
- Adjusted net result €(29) mln and net result €(137) mln, with COVID-19 related extra-ordinary costs of €114 mln
- **Net debt⁽⁴⁾ at €980 mln** mainly due to the postponed delivery of one cruise vessel to 2H

(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

(3) Restated following the disposal of small fishery and aquaculture support vessels business and the closure of the Aukra yard, as well as the reallocation of VARD Electro from the Offshore and Specialized Vessels segment to the Shipbuilding

(4) Excluding Construction loans

1H 2020 Key Messages

Continuing focus on strategic developments

FFG(X) program

- **FMM prime contractor within the FFG(X) program:** awarded a nearly **\$800 mln** contract for the design and construction of the first-in-class guided missile frigate for the US Navy. The contract also includes **options for 9 additional units**, thus bringing the contract cumulative value to **\$5.5 bn**

Genoa bridge

- **On April 28th the last steel span of the bridge was raised, completing the structure** in one year from the steel-cutting ceremony held on March 11, 2019
- Opening ceremony held on on August 3rd

JV Naviris

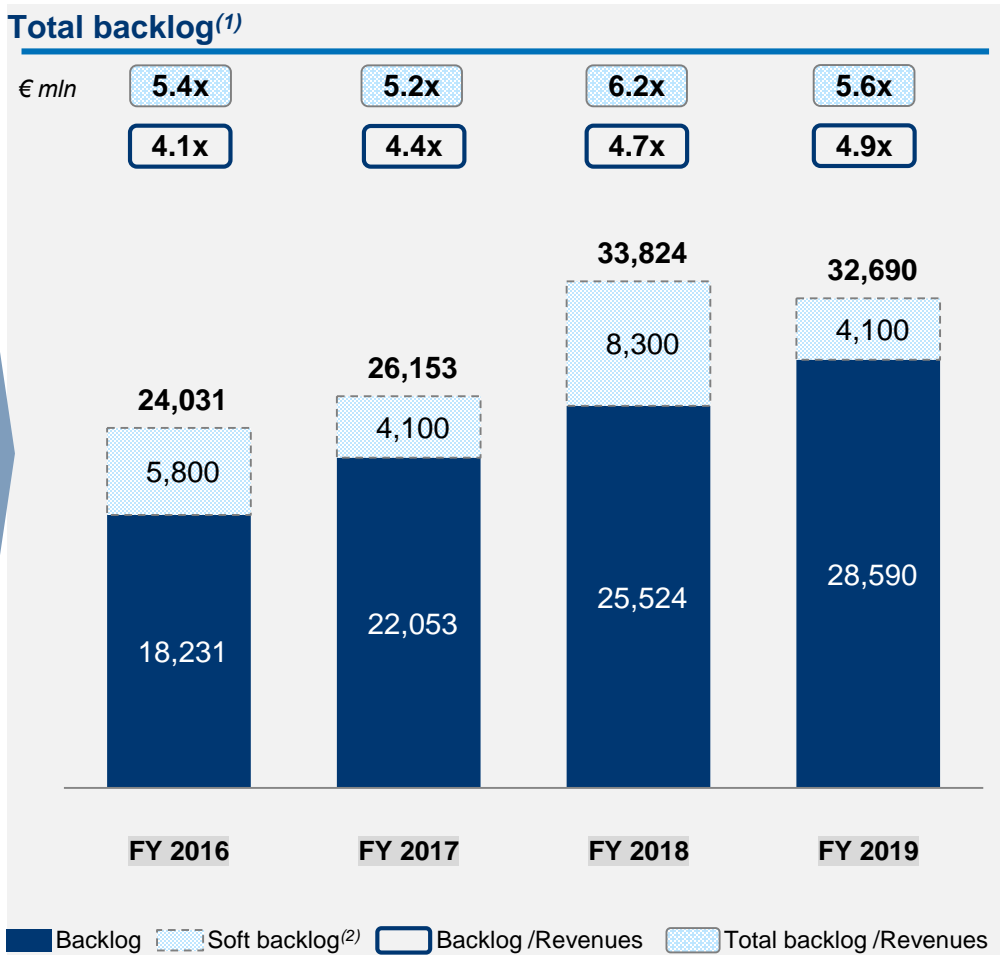
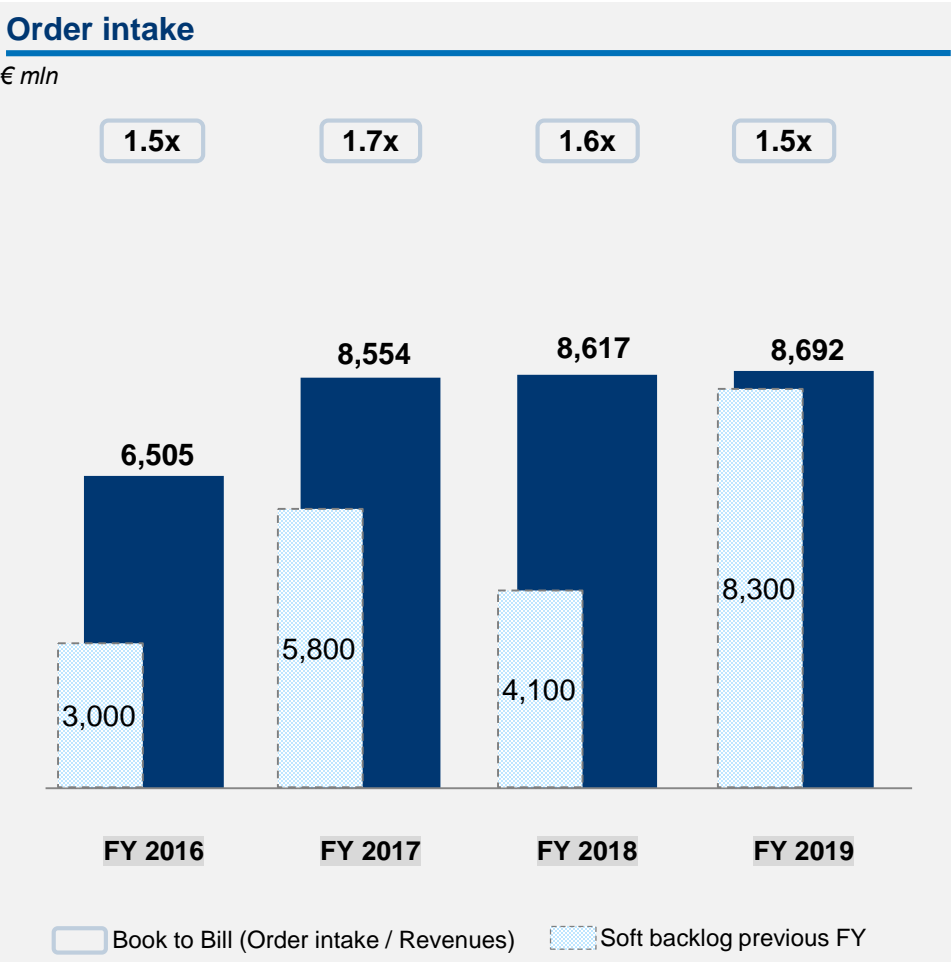
- **Naviris signed its first contract with OCCAR:** an R&T program involving 5 different projects with the goal of enhancing the performance of Fincantieri's and Naval Group's vessels

Sustainability

- Obtained the **B-rating within the CDP⁽¹⁾ Climate Change Programme** for the fight against climate change. **First** in the Mechanical Components & Equipment sector within the **Vigeo Eiris** ranking
- Update of the **2018-2022 Sustainability Plan**
- Extended the **agreement with Eni** within the **circular economy** and **decarbonisation**

(1) Carbon Disclosure Project is a British organization whose goal is to improve the management of environmental risks. In 2019, Fincantieri obtained the B rating on a scale ranging from D (minimum) to A (maximum)

Backlog ramp-up and conversion of soft backlog into backlog



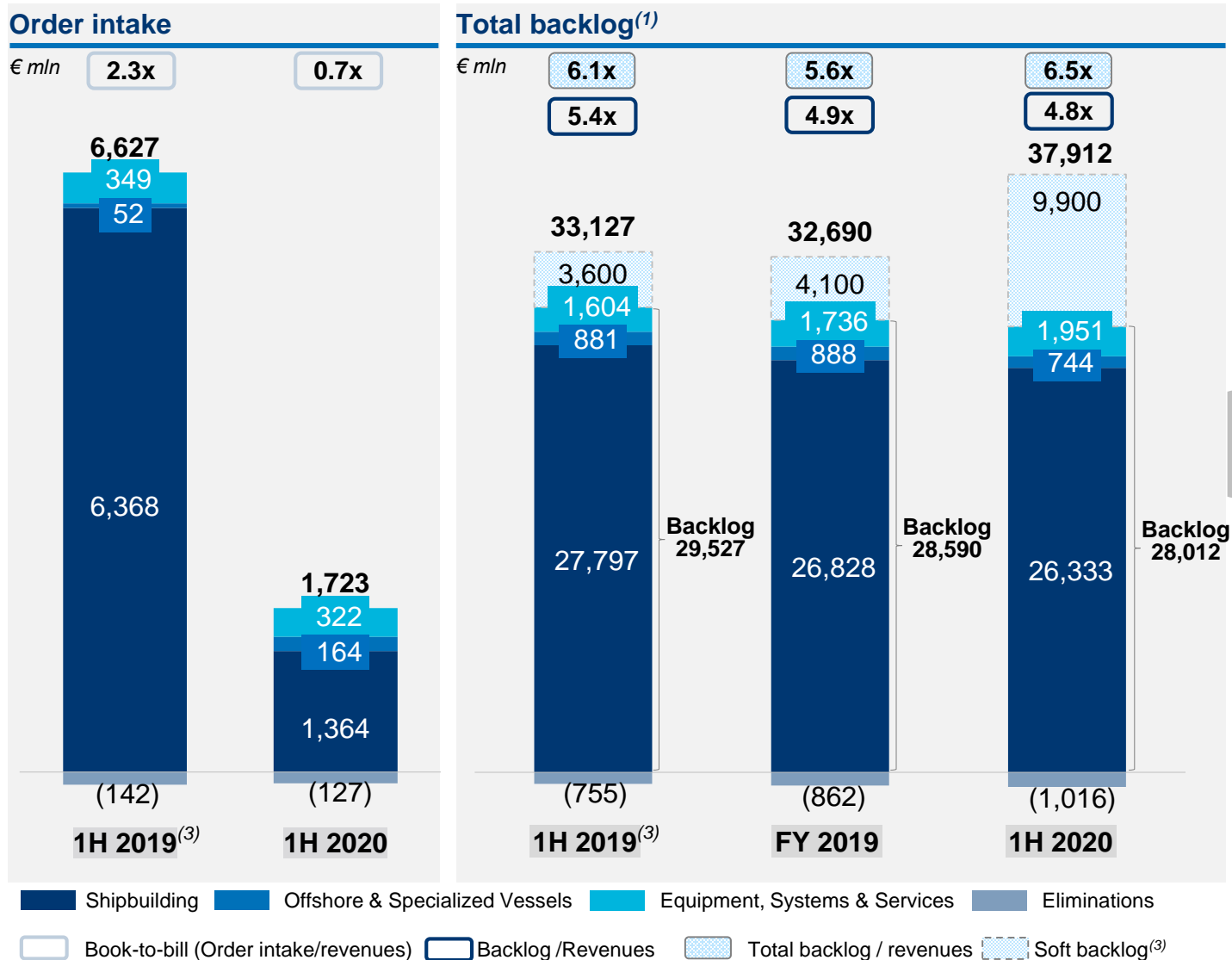
- Proven ability to finalize contracts under negotiation, contract options and commercial opportunities and to transform them into backlog

⁽¹⁾ Sum of backlog and soft backlog
⁽²⁾ Soft backlog represents the value of existing contract options and letters of intent as well as contracts in advanced negotiation, none of which yet reflected in the order backlog



1H 2020 Order intake and backlog

Breakdown by segment



- Order intake at € 1.7 bln
- Total backlog with 117 units at € 37.9 bln, approximately 6.5 times 2019 revenues

(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

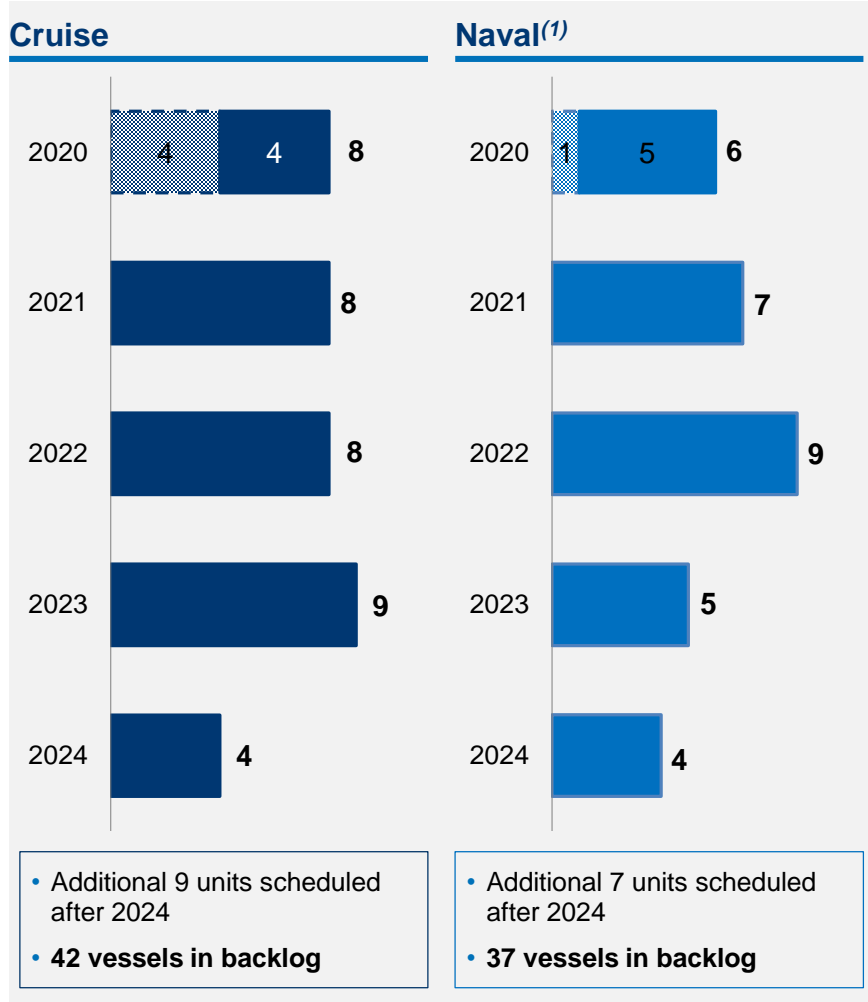
(3) Restated following the reallocation of VARD Electro from the Offshore and Specialized Vessels segment to the Shipbuilding

Backlog deployment

Breakdown by segment and end market

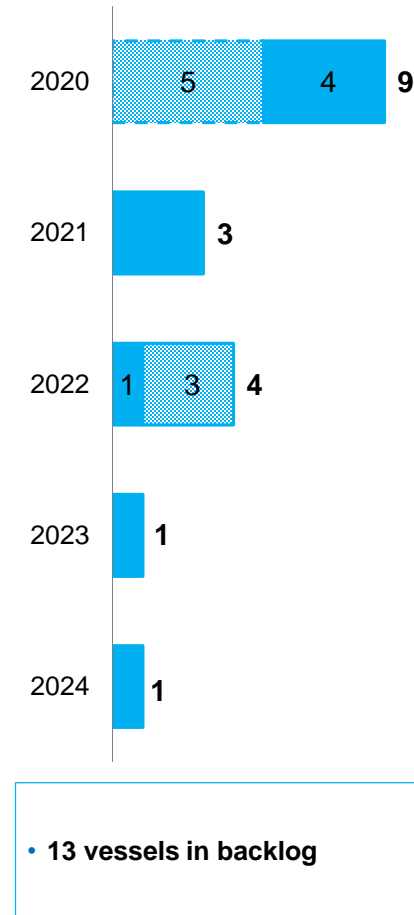
Shipbuilding

ship deliveries



Offshore & Specialized Vessels

ship deliveries



Delivered in 1H 2020
 New orders in 1H 2020

- **10 units delivered in 1H 2020 and 92 ships in backlog**
- Cruise: 42 vessels
 - Deliveries up to 2027
 - 9 units scheduled after 2024
- Naval: 37 vessels
 - Deliveries up to 2027
 - 7 units scheduled after 2024
- Offshore & Specialized Vessels⁽²⁾: 13 vessels
 - Deliveries up to 2024

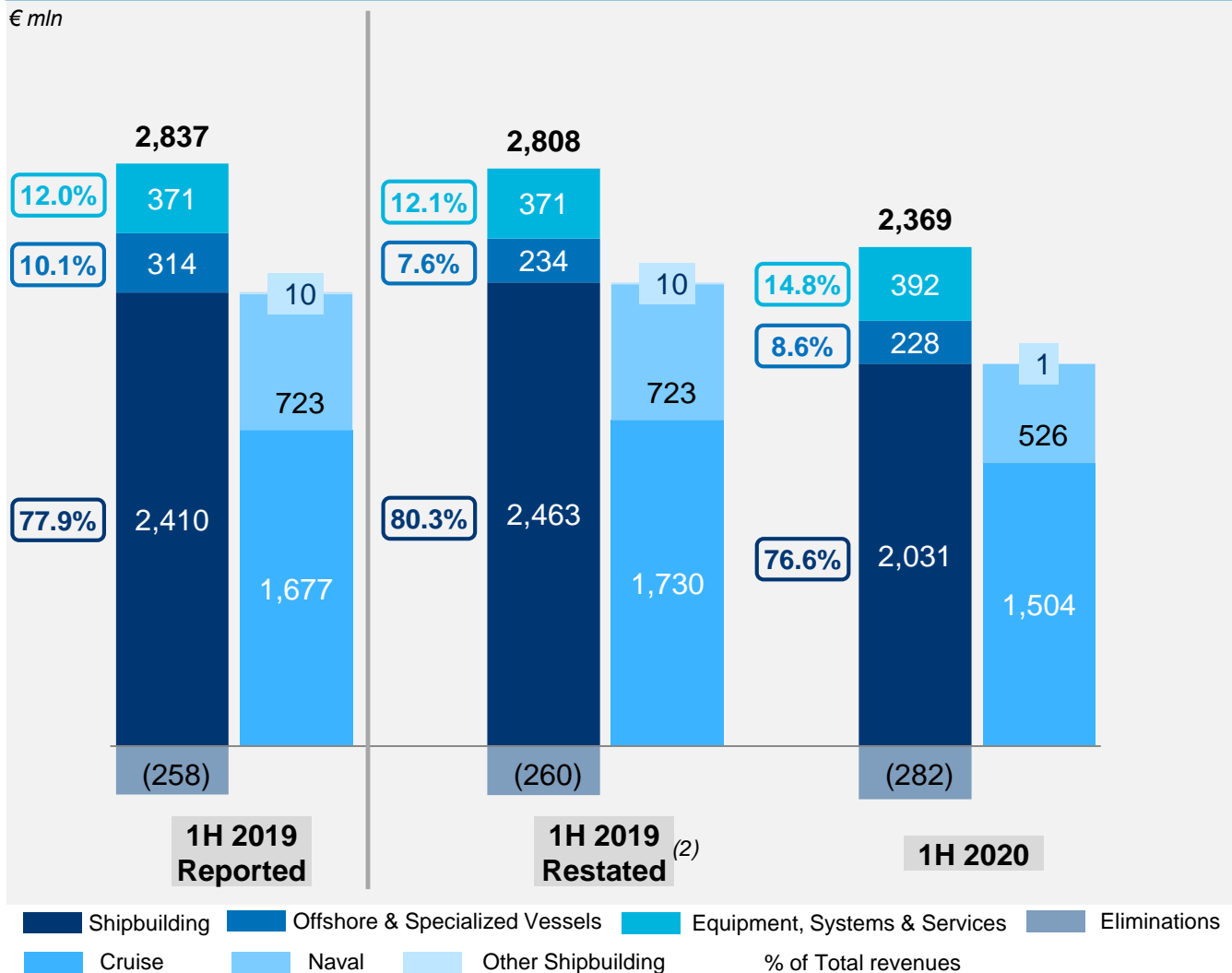
(1) Articulated Tug Barge (ATB) is an articulated unit consisting of a barge and a tug, thus being counted as two vessels in one unit

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

1H 2020 Revenues

Revenues breakdown by segment⁽¹⁾

€ mln



- Revenues down 15.6% YoY, with an estimated **shortfall of €790 mln due to the production downtime**

- Shipbuilding revenues down 17.5% vs 1H 2019 (Cruise revenues down 13.1% and Naval revenues down 27.3%)
- Offshore & Specialized Vessels revenues down 2.6% vs 1H 2019
- Equipment, Systems & Services revenues up 5.7% vs 1H 2019

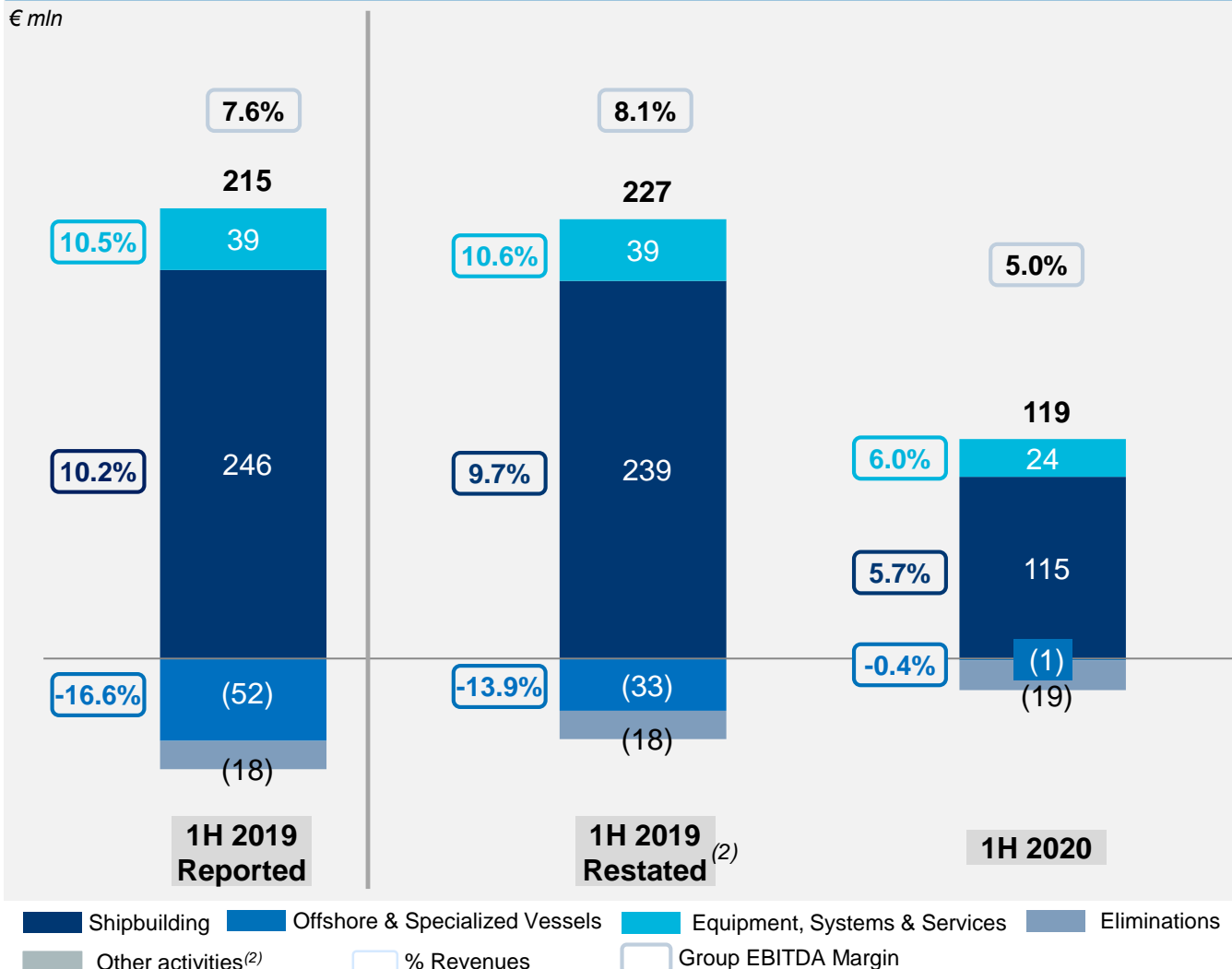
(1) Breakdown calculated on total revenues before eliminations

(2) Restated following the disposal of small fishery and aquaculture support vessels business and the closure of the Aukra yard, as well as the reallocation of VARD Electro from the Offshore and Specialized Vessels segment to the Shipbuilding

1H 2020 EBITDA

EBITDA⁽¹⁾ and EBITDA margin

€ mln



- **EBITDA at € 119 mln** (-47.5% YoY) and **EBITDA margin at 5.0%** (8.1% in 1H 2019)

- **COVID-19 related reduced EBITDA contribution of € 65 mln**

- Shipbuilding segment lags behind performance due to **suspension of operations**
- Offshore and Specialized Vessels **breakeven**
- **Positive contribution of the ES&S** despite lower-than-average margin

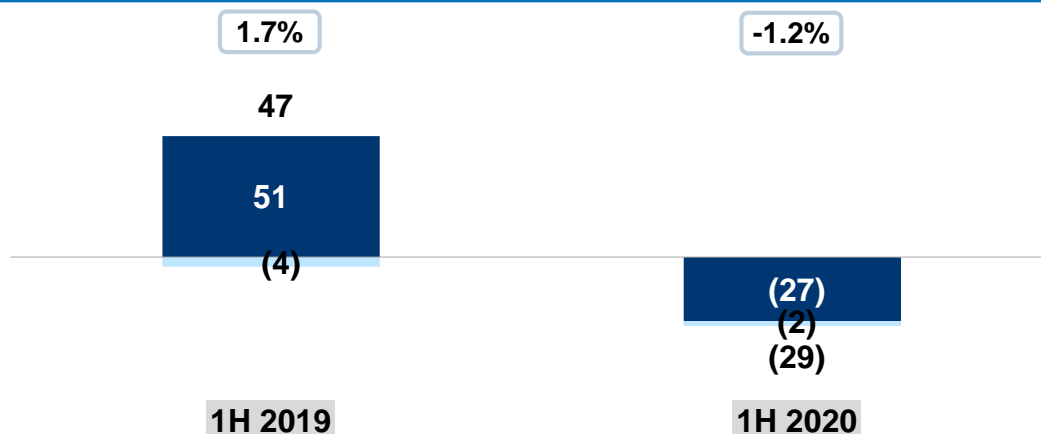
(1) EBITDA is a Non-GAAP Financial Measure. The Company defines EBITDA as profit/(loss) for the period before (i) income taxes, (ii) share of profit/(loss) from equity investments, (iii) income/expense from investments, (iv) finance costs, (v) finance income, (vi) depreciation and amortization (vii)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

(2) Restated following the disposal of small fishery and aquaculture support vessels business and the closure of the Aukra yard, as well as the reallocation of VARD Electro from the Offshore and Specialized Vessels segment to the Shipbuilding

1H 2020 Net result

Adjusted Net result⁽¹⁾

€ mln



Attributable to owners of the parent

 Attributable to non-controlling interests

 Adjusted Net income margin

€ mln	1H 2019 - Restated	1H 2020
A Adjusted Net result⁽¹⁾	47	(29)
<i>Attributable to owners of the parent</i>	51	(27)
B Extraordinary and non recurring items gross of tax effect	(27)	(139)
C Tax effect on extraordinary and non recurring items	5	31
A + B + C = D Net result from continuing operations	25	(137)
E Net result from discontinued operations	(13)	-
D + E Net result	12	(137)

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

- Increased extraordinary and non recurring items
 - €114 mln COVID-19 related costs
 - €23 mln asbestos-related litigation claims

Section 3

Balance Sheet and Capital Structure



Working capital dynamics

Indicative payment terms

Illustrative phases of the shipbuilding process⁽¹⁾

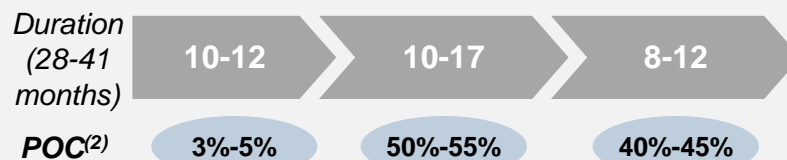


Impact on net working capital

Cruise



- 20% during construction
- 80% on delivery

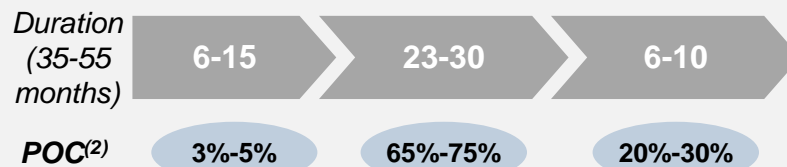


- Increases during construction
- Impact on net debt/construction loans

Naval⁽³⁾



- According to % of completion

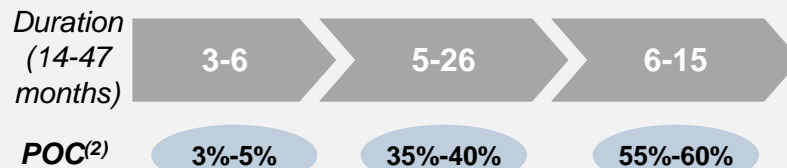


- Positive or neutral profile

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

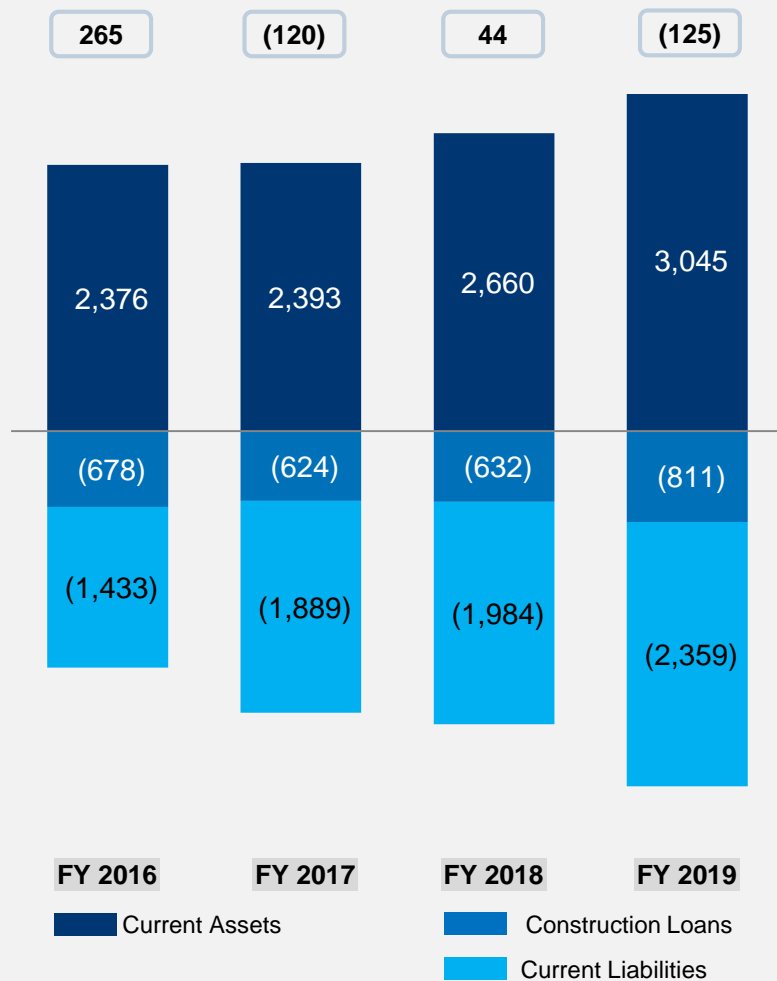
⁽²⁾ Percentage of Completion

⁽³⁾ Illustrative for frigates and support vessels

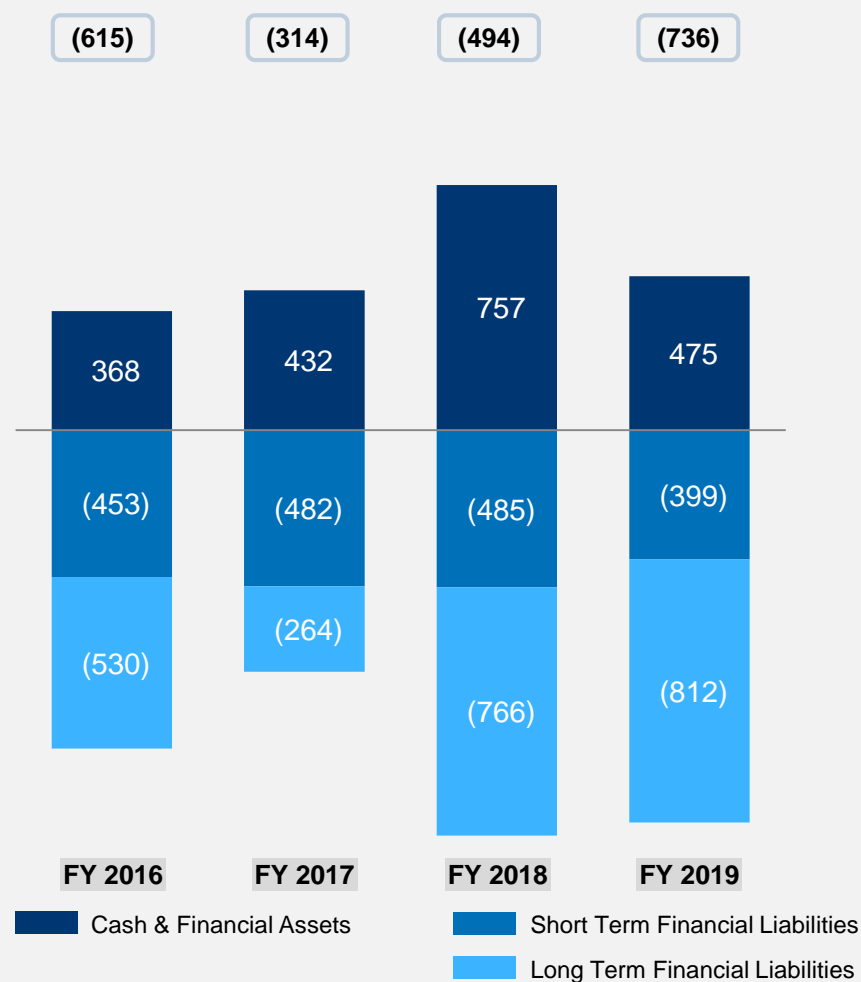
Historical evolution of Net Working Capital and Net Financial Position

Net Working Capital⁽¹⁾

€ mln



Net Financial Position⁽²⁾



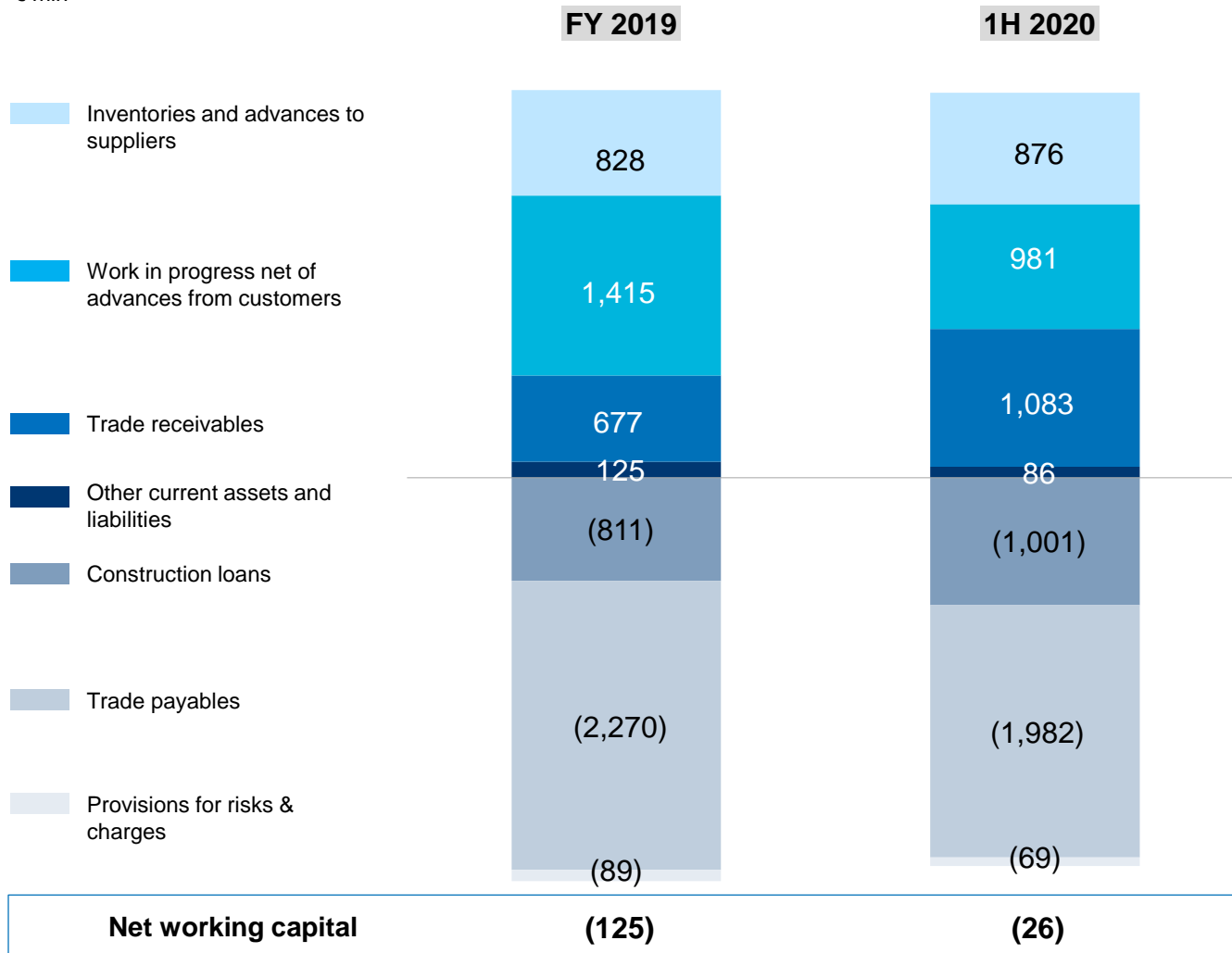
(1) Construction loans are committed working capital financing facilities, treated as part of Net working capital, not in Net financial position, as they are not general purpose loans and can be a source of financing only in connection with ship contracts

(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

1H 2020 Net working capital⁽¹⁾

Breakdown by main components

€ mln



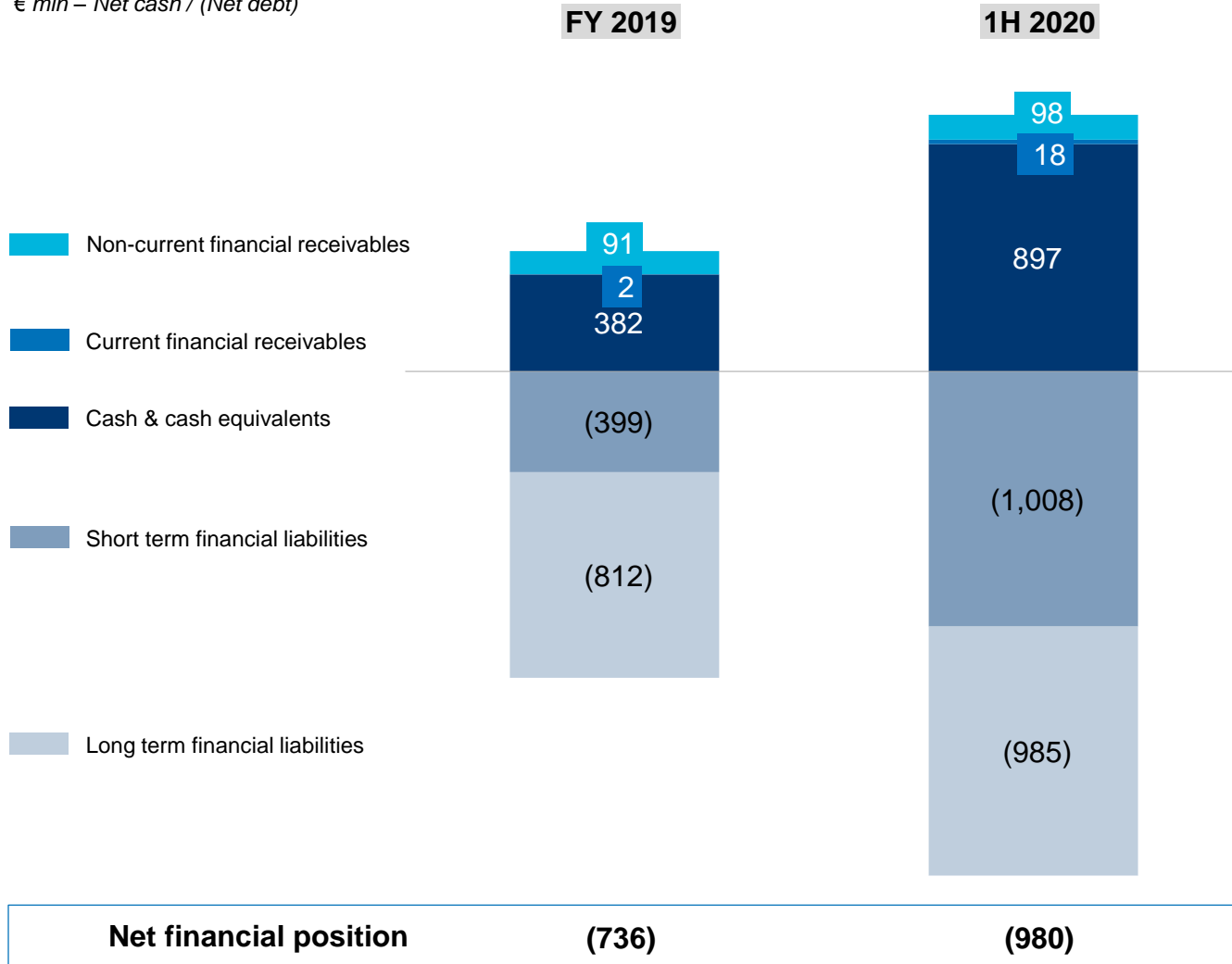
- Main drivers include:
 - **Reduced production activities** at Italian premises as a consequence of suspension of operations
 - **Cash-in of the final payments** for the vessels delivered in 1H and for one vessel to be delivered in 2H

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

1H 2020 Net financial position ⁽¹⁾

Breakdown by main components

€ mln – Net cash / (Net debt)

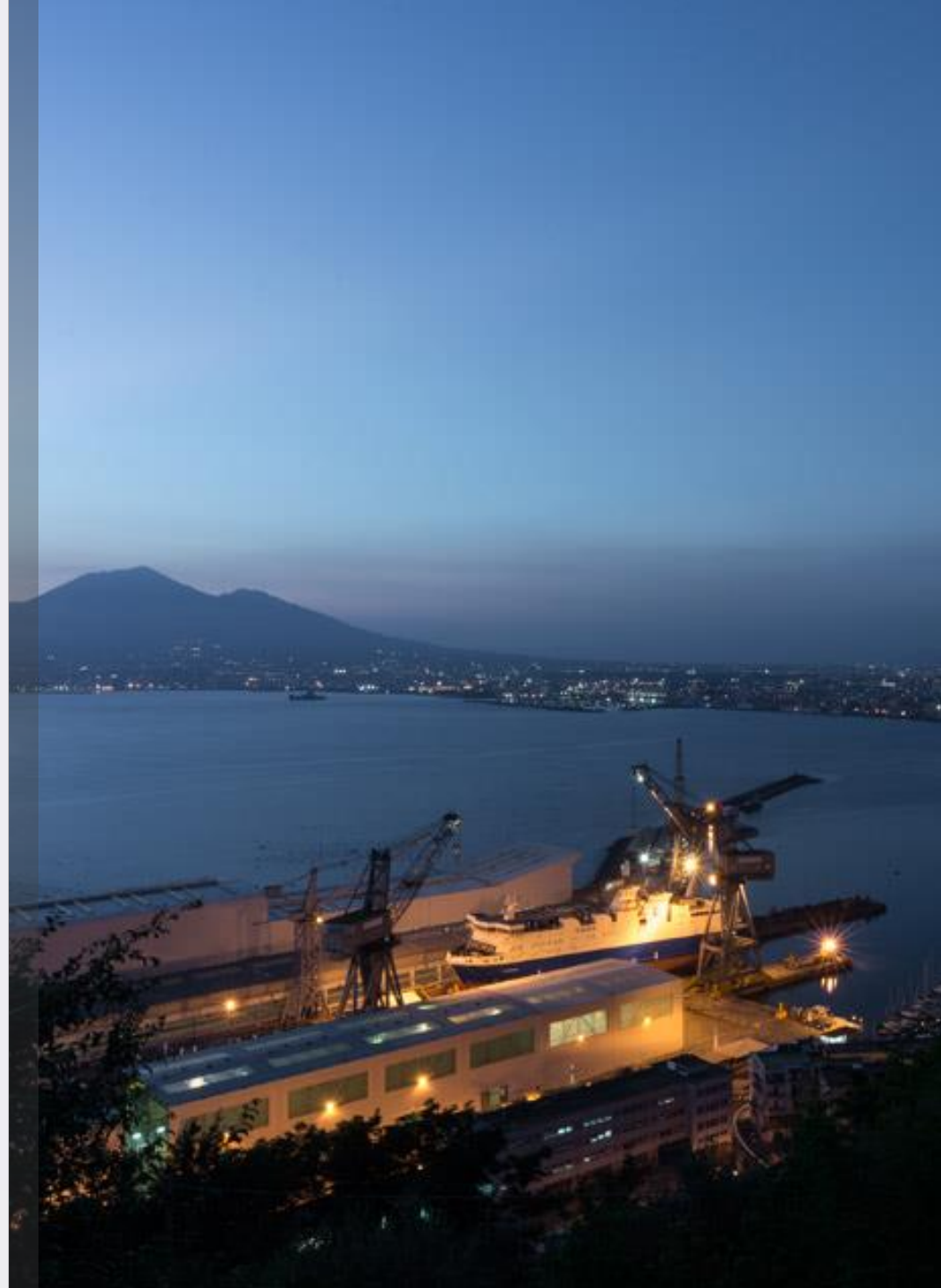


- Increase of net debt (+244 mln vs FY 2019) mainly due to the postponement of one unit from 1H to 2H, partially offset by lower production volumes

(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



Cruise industry outlook

Cruise travelers

- Results of a survey on cruise traveler sentiment shows **32% of respondents are already looking to book their next cruise** and **37% said that they are likely to book a future cruise** once restrictions ease⁽¹⁾

Cruise operators

- Major cruise operators are disposing of older vessels⁽²⁾
- **New ships deliveries are being delayed but not cancelled⁽³⁾**

New ships

- **New ships are just more appealing⁽³⁾:**
 - Major efficiency and higher ROI
 - More environmentally friendly

Operations resumption

- **Operations have either been resumed or are about to be resumed** starting from late July/early August at reduced capacity and in limited geographies⁽⁴⁾
- **Safety measures** are being implemented **onboard** both for passengers and cruise staff

(1) June survey from Cruise Critic. In: Forman, L. (11/07/2020). "Cruise Fans Yearn to Ship Out". The Wall Street Journal, p. 14

(2) Carnival has stated to have reached agreements for disposing 9 vessels. Source: Carnival 2Q 2020 Conference Call Transcript

(3) Carnival CEO, Arnold Donald, stated that «the new ships are just far more efficient. We would regulate with demand by, again disposing of less efficient ships rather than trying to avoid bringing on the new ships. The timing of that is important to us, but we would like to have the new ships». Source: Carnival 2Q 2020 Conference Call Transcript

(4) Aida Cruises (early August), Marella Cruises (late August), MSC (early August), Ponant (mid-August). Source: When Will Each Cruise Line Resume Sailings Again? Accessed from: <https://www.cruisehive.com/when-will-each-cruise-line-resume-sailings-again/39187>

Company outlook

Production volumes

- **Production volumes** are expected to come back to pre-Covid levels in the second half of the year
- **Second-half 2020 revenues are expected to be broadly in line with second-half 2019 revenues**

Cruise

- **3 units scheduled for delivery from Italian shipyards in the second half** of the year

Naval

- Progress of the orders for the **Qatari Ministry of Defence** and for the **fleet renewal of the Italian Navy**

L/T Prospects

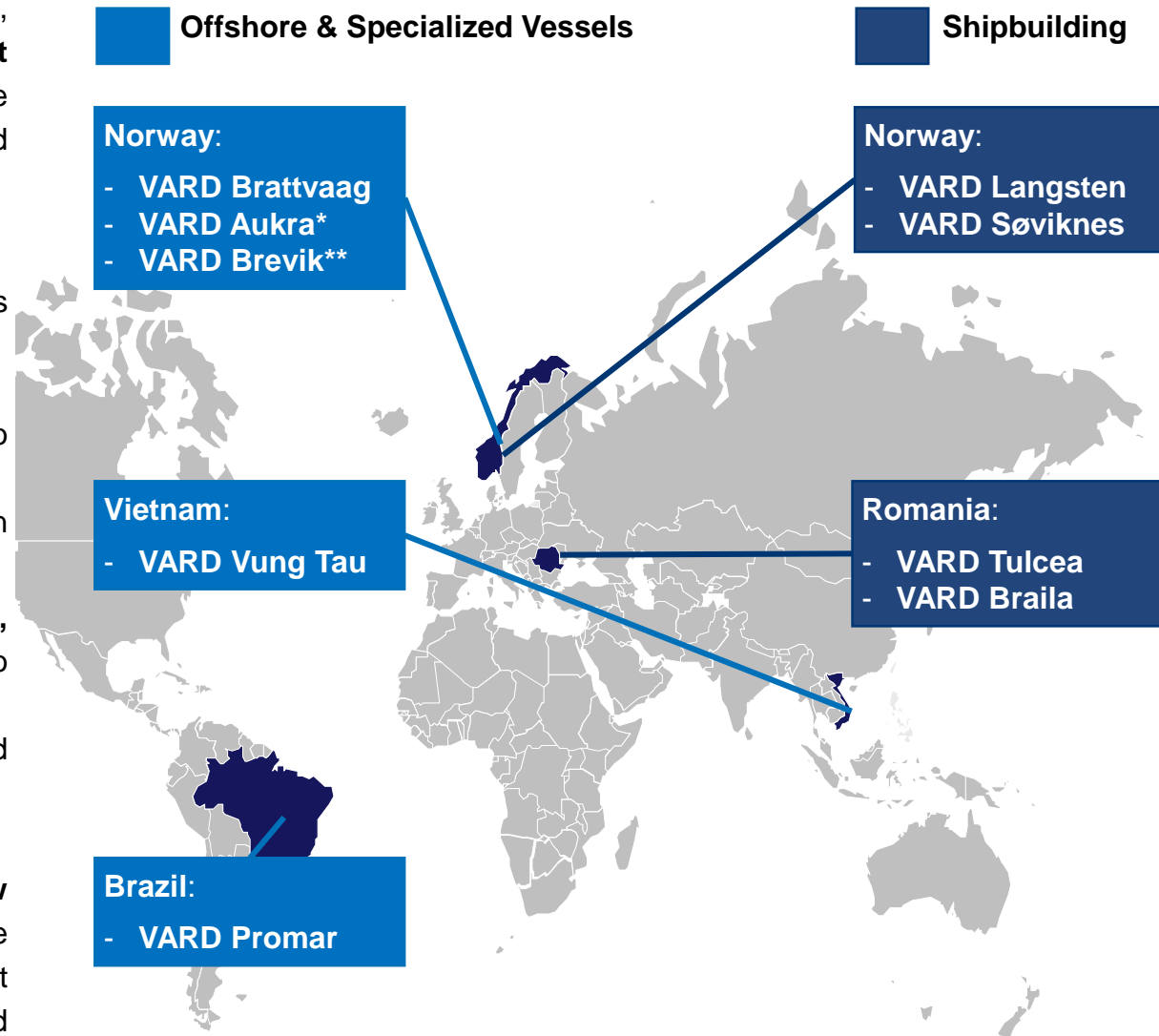
- If backlog is preserved, its **embedded profitability** will trigger a **robust improvement of Group's results** in the medium to long term
- The new **Business Plan** will be presented as soon as a more detailed analysis about the long-term impacts of the pandemic will be feasible

Appendix



New organizational structure and segment review

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



Ongoing integration and alignment to Group best practices

What we did

Action

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



Outcome

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

What we are working on

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



- **Margin recovery** in medium-to-long term

1H 2020 main orders

Segment	Vessel	Client	# of ships	Expected Delivery
Shipbuilding	FFG(X) first-in-class frigate	US Navy	1	2026
Offshore & Specialized Vessels	Fishing vessel	Framherij	1	2022
	Fishing vessel	Nergard Havfiske	1	2022
	Service operation vessel	Ta San Shang Marine	1	2022

1H 2020 main deliveries

Segment	Vessel	Client	Shipyard
Shipbuilding	Cruise ship “Seven Seas Splendor”	Regent Seven Seas Cruises	Ancona
	Cruise ship “Scarlet Lady”	Virgin Cruises	Genova
	Littoral Combat Ship “St. Louis” (LCS 19)	US Navy	Marinette
	Expedition cruise vessel “Le Bellot”	Ponant	Vard Soviknes
	Fishing vessel	Finnmark Havfiske	Vard Soviknes
Offshore & Specialized Vessels	Fishing vessel	Nergard Havfiske	Vard Brattvaag
	OSCV	Island Offshore XII Ship	Vard Brevik
	Ferry	Boreal Sjø	Vard Langsten
	Aqua	Remøybuen	Vard Langsten
	Ferry	Boreal Sjø	Vard Langsten

Overview of financial performance indicators⁽¹⁾

€ mln	FY 2016	FY 2017	FY 2018 ⁽²⁾	FY 2019
Order intake	6,505	8,554	8,617	8,692
Total backlog	24,031	26,153	33,824	32,690
<i>Of which backlog</i>	<i>18,231</i>	<i>22,053</i>	<i>25,524</i>	<i>28,590</i>
<i>Of which soft backlog</i>	<i>5,800</i>	<i>4,100</i>	<i>8,300</i>	<i>4,100</i>
Revenues	4,429	5,020	5,416	5,849
EBITDA	267	341	421	320
<i>As a % of revenues</i>	<i>6.0%</i>	<i>6.8%</i>	<i>7.8%</i>	<i>5.5%</i>
EBIT	157	221	285	153
<i>As a % of revenues</i>	<i>3.5%</i>	<i>4.4%</i>	<i>5.3%</i>	<i>2.6%</i>
Adjusted profit/loss⁽³⁾	60	91	114	(71)
<i>Attributable to owners of the parent</i>	<i>66</i>	<i>95</i>	<i>117</i>	<i>(64)</i>
Net result for the period	14	53	69	(148)
<i>Attributable to owners of the parent</i>	<i>25</i>	<i>57</i>	<i>72</i>	<i>(141)</i>
Net fixed assets	1,590	1,743	1,703	1,905
Net working capital⁽⁴⁾	265	(120)	44	(125)
<i>Of which construction loans</i>	<i>(678)</i>	<i>(624)</i>	<i>(632)</i>	<i>(811)</i>
Equity	1,241	1,309	1,253	1,050
Net financial position <i>Net cash/ (Net debt)</i>	(615)	(314)	(494)	(736)
Employees	19,181	19,545	19,274	19,823

⁽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⁾ Restated following the disposal of small fishery and aquaculture business (Vard Aukra yard) in 2019

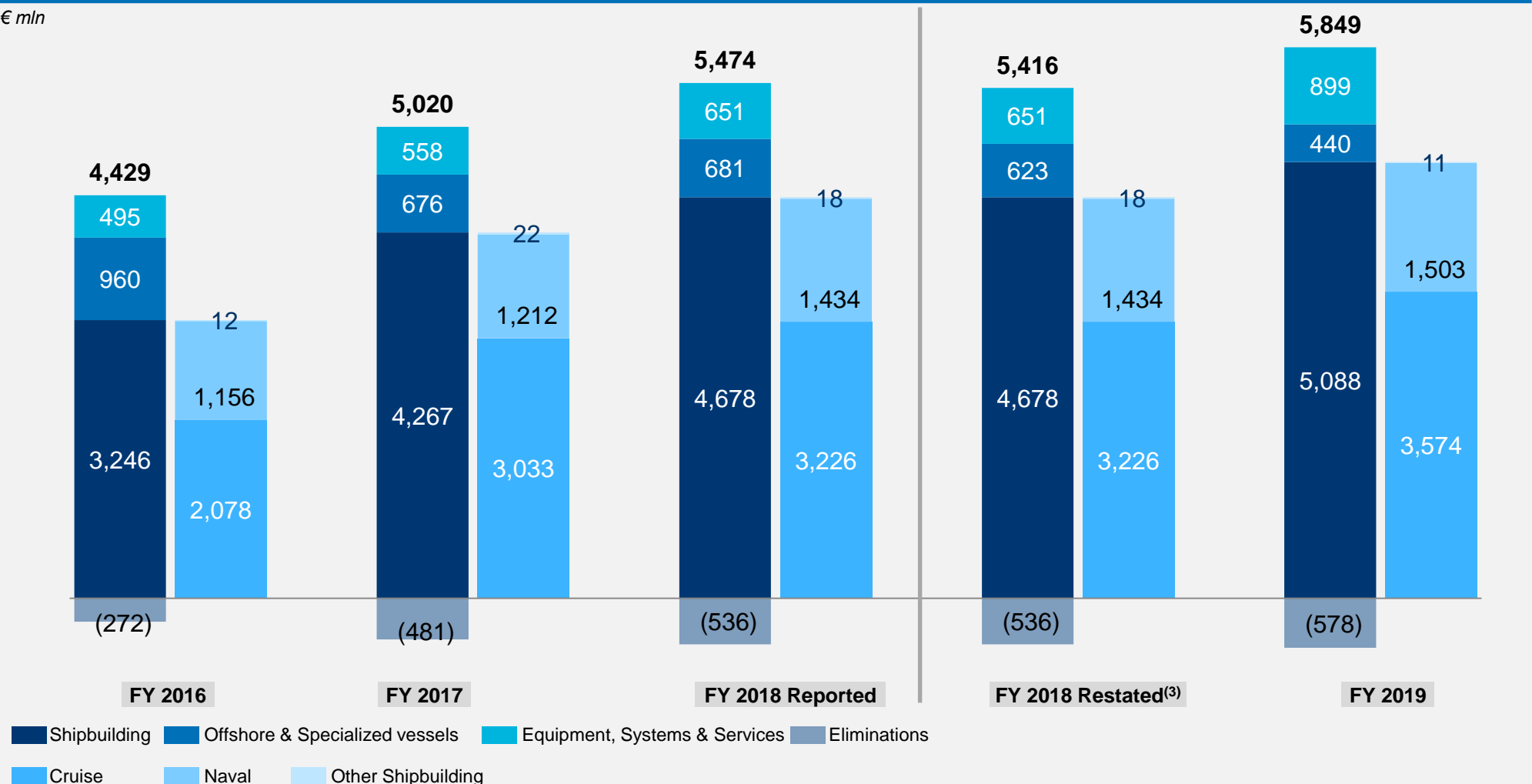
⁽³⁾ Excluding extraordinary and Non Recurring Items net of tax effect

⁽⁴⁾ 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

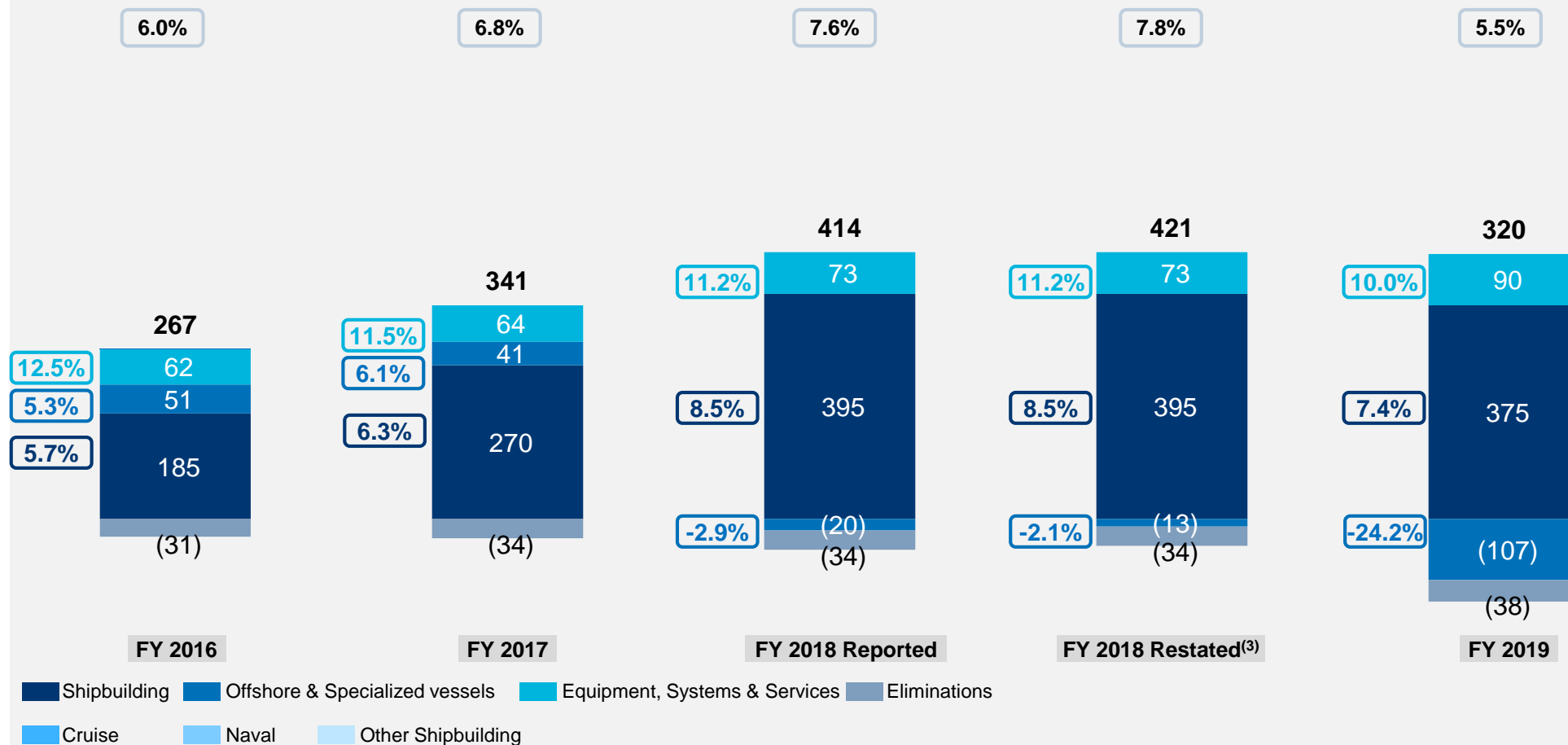
(2) EBITDA is a Non-GAAP Financial Measure. The Company defines EBITDA as profit/(loss) for the period before (i) income taxes, (ii) share of profit/(loss) from equity investments, (iii) income/expense from investments, (iv) finance costs, (v) finance income, (vi) depreciation and amortization, (vii) 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) Comparative numbers of 2018 are shown restated following the exit from the small fishery and aquaculture business (disposal of Vard Aukra in 2019)

Financial performance: EBITDA

EBITDA / margin⁽²⁾

€ mln



(1) Breakdown calculated gross of consolidation effects

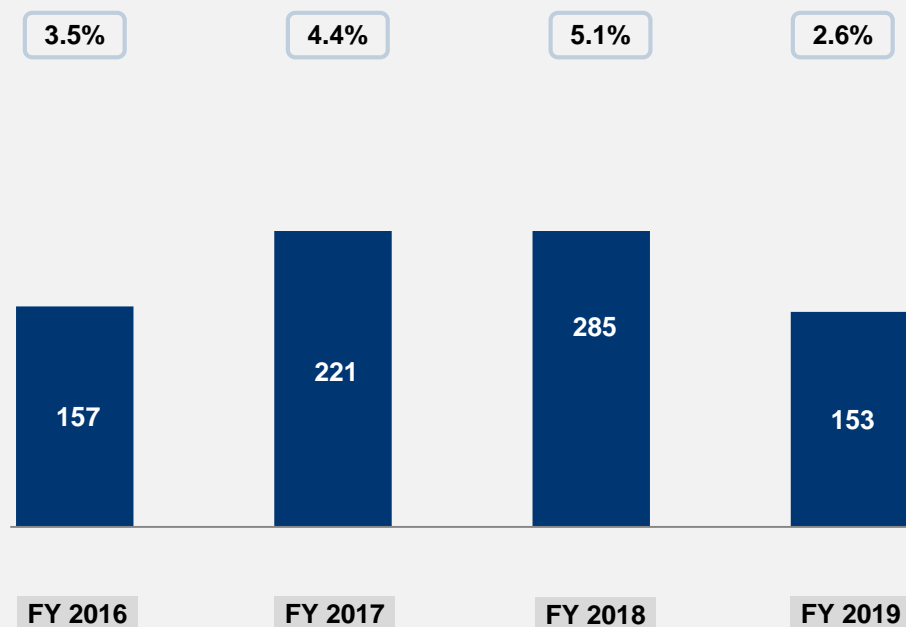
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(3) Comparative numbers of 2018 are shown restated following the exit from the small fishery and aquaculture business (disposal of Vard Aukra in 2019)

Financial performance: EBIT and Net result

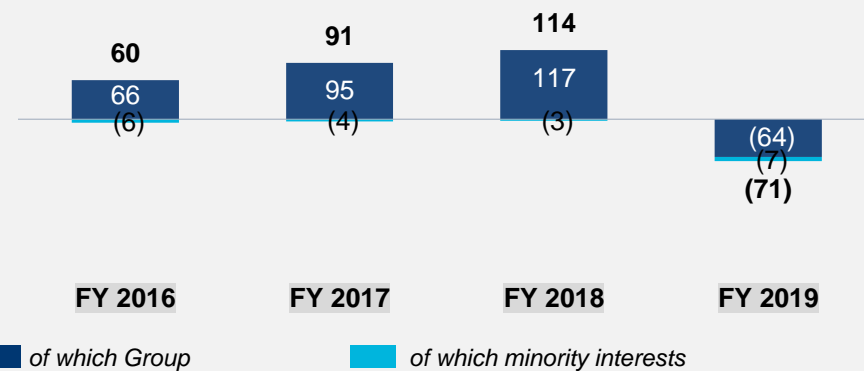
EBIT / margin

€ mln



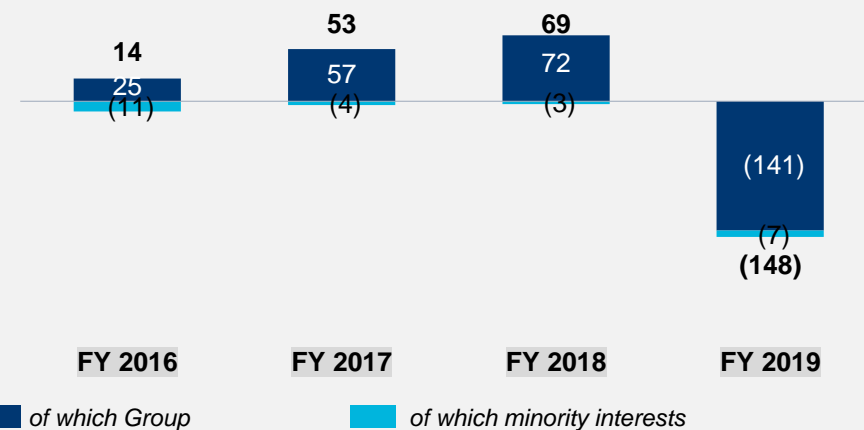
Net result before extraordinary and non recurring items⁽¹⁾

€ mln



Net result

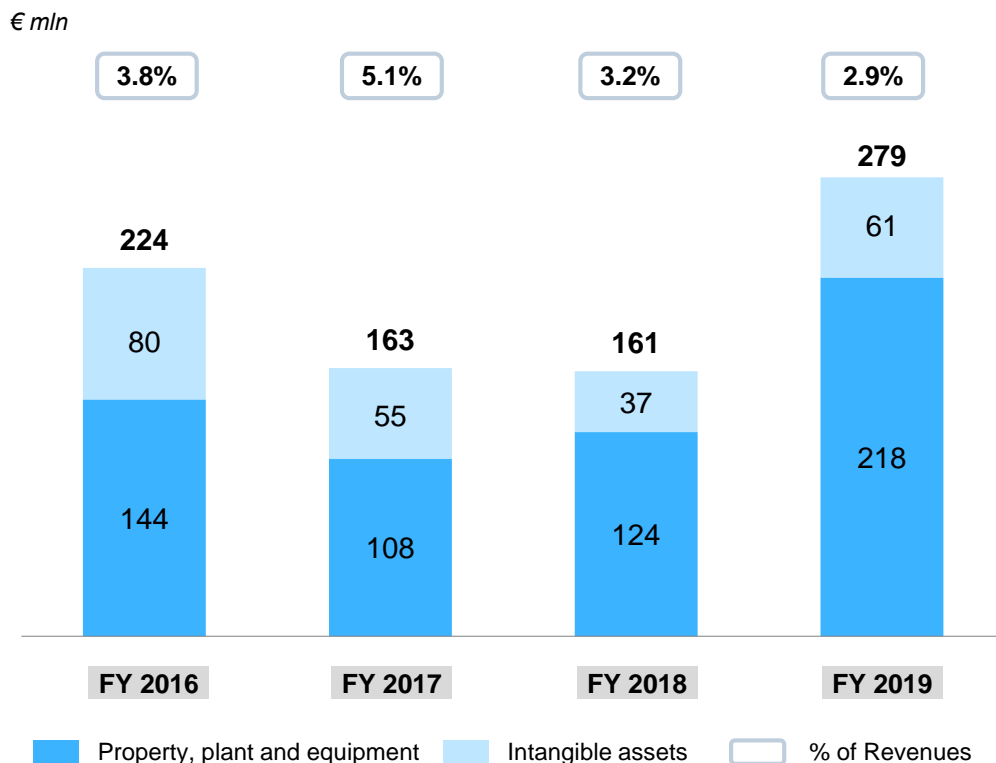
€ mln



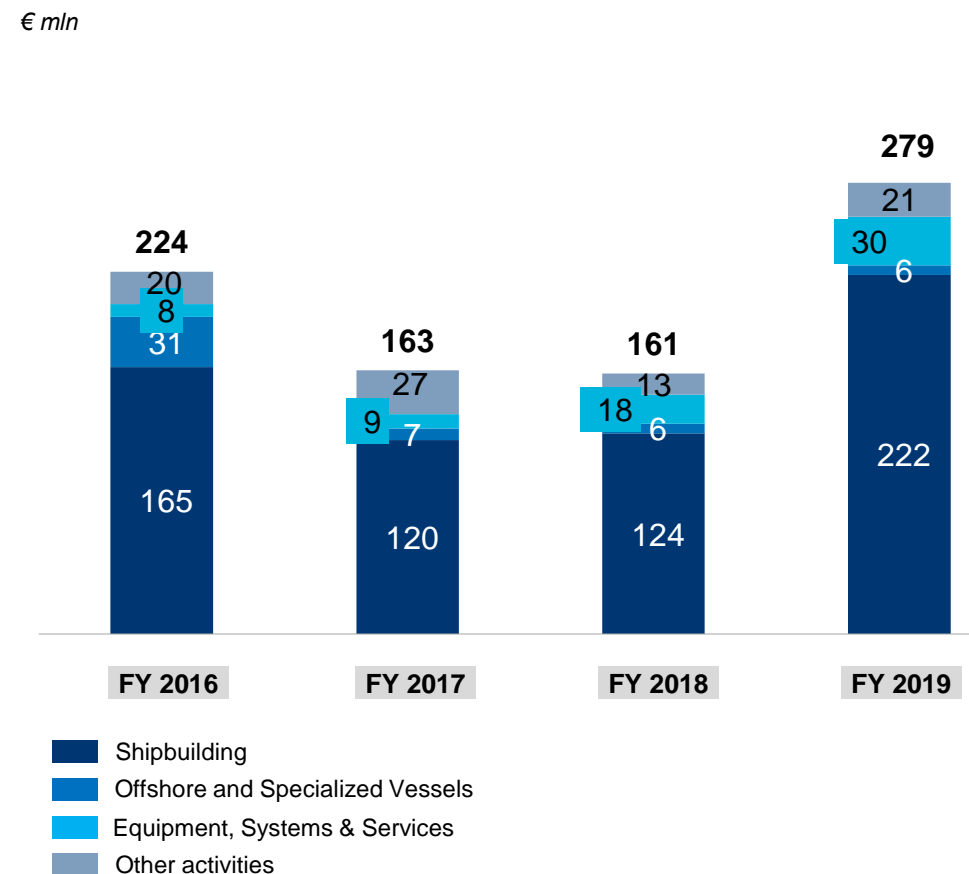
(1) Extraordinary and non recurring costs net of tax effect amounted to € 37 mln in 2015, € 46 mln in FY 2016, € 38 mln in 2017, € 39 mln in 2018, and € 53 in 2019

Capex: historical trend

Capex evolution



Capex by segment



- **2019 Capex mainly related to:**

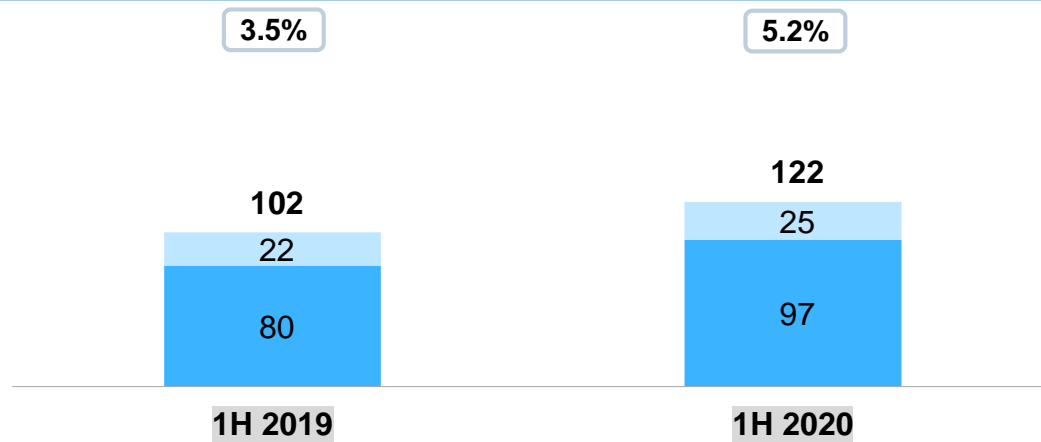
- Upgrading Italian yards in order to adjust the production capacity to the construction of large vessels and substantially higher volumes
- Improving safety and environmental conditions in all production sites
- Conversion of Vard Tulcea and Vard Braila to cruise activities

(Comparative numbers of 2018 are shown restated following the exit from the small fishery and aquaculture business (disposal of Vard Aukra yard in 2019))

Capital expenditures

Capex

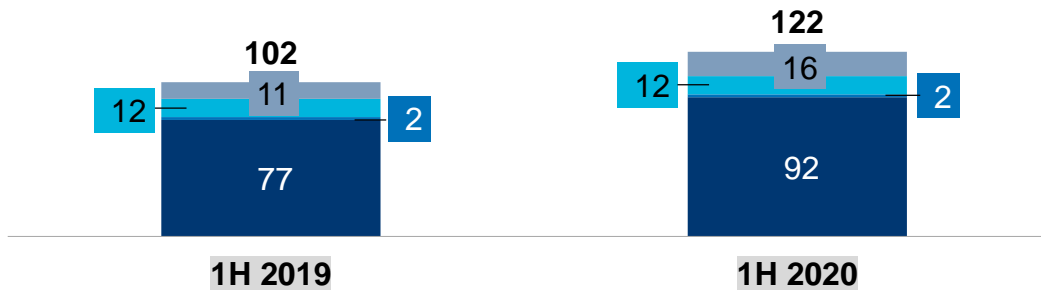
€ mln



■ Tangible ■ Intangible □ % of Revenues

Capex by segment

€ mln



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

- Capex mainly dedicated to:
 - Improving Italian yards for higher efficiency
 - Adjusting Vard Tulcea and Braila production capacity
 - Enhancing safety and environmental conditions in all the yards