GOLDMAN SACHS: TWELFTH ANNUAL INDUSTRIAL CONFERENCE

30th November 2020

www.fincantieri.com

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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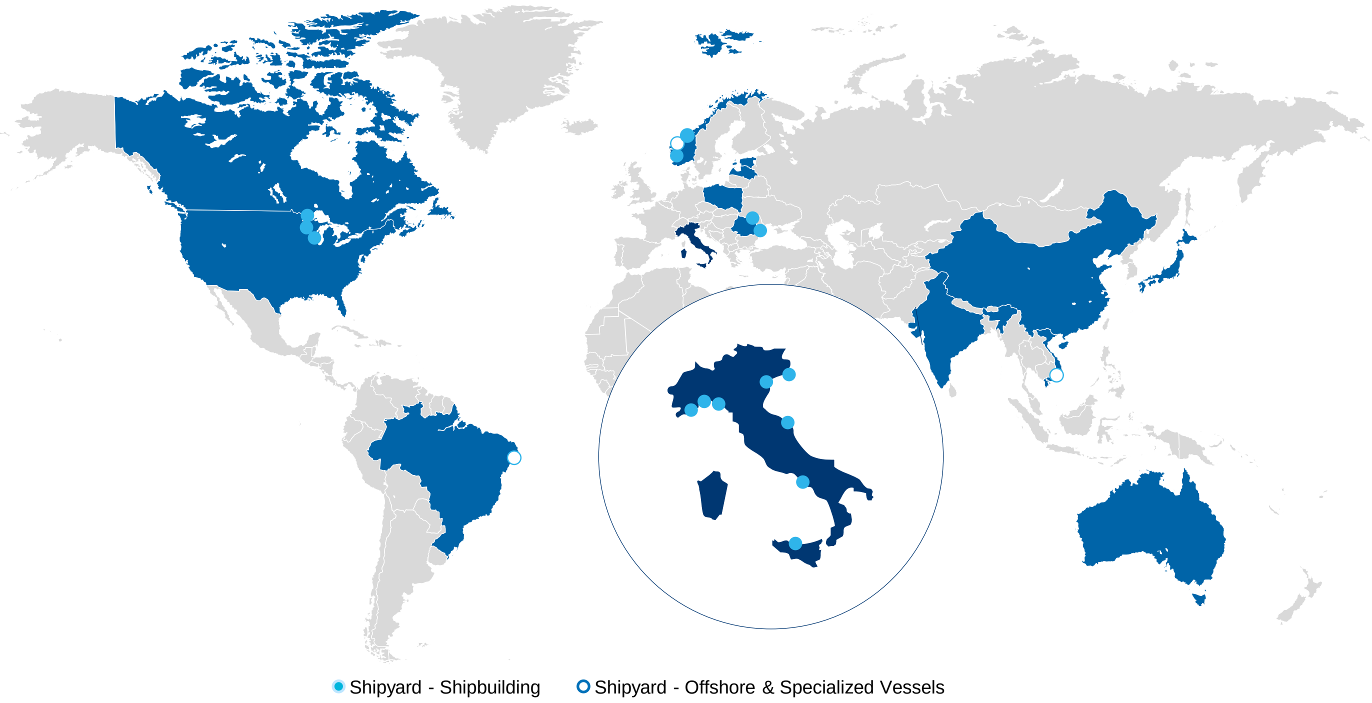
SECTION 1

DESCRIPTION OF THE GROUP

Fincantieri at a glance

We are an Italian Group with a global footprint

48% of our **employees** are based in Italy and **82%** of **revenues** come from international clients



OUR FIGURES

- **€ 5.8 bn Revenues in FY2019, 82% of which come from international clients**
- **€ 36.8 bn Total Backlog[1]**

OUR GLOBAL REACH

- **18 shipyards in 4 continents**
- **~20,000 employees, 48% of which are based in Italy**
- **>80,000 subcontractors**

OUR IMPACT

- **4.5x Economic multiplier[2]**
- **5.9x Employment multiplier[3]**

#1 Western designer & shipbuilder[4] with 230 years of history and over 7,000 ships built

Note: all figures are referred to December 31, 2019, except for backlog and soft backlog which are referred to 9M 2020 (at September 30, 2020)
(1) 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
(2) Value generated for each euro invested in shipbuilding according to the CENSIS "5th Report on the Economy of the Sea" (2015)
(3) Fincantieri valuation according to Censis methodology based on Italian operations
(4) By revenues, excluding naval contractors in the captive military segment. Based on Fincantieri estimates of shipbuilders' revenues in 2016

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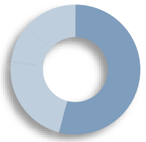
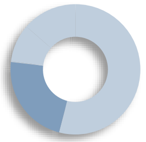
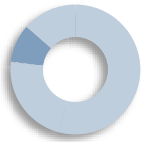
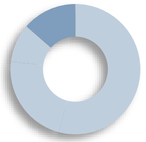
Products, clients and backlog

Diversified product portfolio with a wide client base and strong backlog

		Main products	Key clients	Revenues 2019[1]	Backlog[2]
Shipbuilding	Cruise 	• All cruise ships: – Luxury/Niche[3] – Upper Premium – Premium – Contemporary	Carnival Corporation & plc[4], Norwegian Cruise Line Holdings Ltd.[5], Silversea, Viking Ocean Cruises, Virgin Voyages, MSC Cruises, TUI Cruises, Ponant	 €3,574 mln 55.6%	€ 25,335 mln (76 ships)
	Naval 	• All surface vessels (also stealth) • Support & Special vessels • Submarines	Italian Navy and Coast Guard, US Navy, Qatar Emiri Naval Forces, United Arab Emirates Navy, Algerian Navy, Indian Navy	 €1,503 mln 23.4%	
	Other	• Similar businesses to our core ones where we operate opportunistically (e.g. Mega Yachts, Ferries…)		€11 m 0.2%	
Offshore & Specialized Vessels		• OSV • Fishery • Ferries • Offshore wind • OPV • Special vessels	DOF, Island Offshore, Solstad Offshore ASA, Prysmian Group, Boreal Transport, Topaz Energy and Marine, Transpetro, Technip, Farstad	 €440 mln 6.8%	€ 712 mln (12 ships)
Equipment, Systems & Services		• Marine systems, components & turnkey solutions • Ship interiors • Naval services • Ship repairs & conversion	Italian Navy and Coast Guard, Grimaldi Lines, MSC Cruises, United Arab Emirates Navy, Windstar Cruises, US Navy, Carnival, Qatar Emiri Naval Forces, Royal Caribbean	 €899 mln 14.0%	€ 1,795 mln

(1) At December 31, 2019, before eliminations and consolidation adjustments
(2) At September 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

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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** 	• **Record order levels in 2019** • Significant impact of COVID-19, affecting Cruise operators' liquidity and operations	• To be reviewed once the effects of COVID-19 will be quantifiable	• **World leader** in the design and construction of vessels for all segments of the cruise industry • **95 ships delivered** from 1990 to 2019 (6 delivered in 9M 2020)
	Naval 	• **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)	• Defence budgets for accessible markets • Global geopolitical situation • Naval fleet renewals	• **128**[1] ships delivered from 1990 to 2019 • 2 vessels delivered in 9M 2020
Offshore & Specialized Vessels		• **O&G sector crisis and postponements of E&P projects** caused a slowdown in related equipment industry (PSV, AHTS) • **Segment diversification strategy** (Fishery, Aquaculture, OPV, Special vessels, Renewable energies)	• Oil price and E&P investments • Demand of special purpose vessels for marine infrastructure and exploitation of marine resources • New business opportunities	• **414**[2] ships delivered from 1990 to 2019 • 6 vessels delivered in 9M 2020
Equipment, Systems & Services		• **High potential and high margin business** • Result of the **insourcing of strategic activities** • **A minor, but growing, share** of the total company's turnover	• Shipbuilding programs ongoing • Fleet ageing and development of new technologies	• **Strong revenue growth to € 899 m in 2019**

(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

Premium	Disney Cruise Line; Princess Cruises; Holland America Line; P&O Cruises
Contemporary	Carnival; Costa Crociere

Today

Luxury / Niche	Seabourn; MSC Crociere; Hurtigruten (Norwegen für Entdecker); Hapag-Lloyd Cruises; Ponant; coralexpeditions
Upper Premium	Regent Seven Seas Cruises; Oceania Cruises; Viking Ocean Cruises; Silversea
Premium	Disney Cruise Line; Virgin Voyages; TUI Cruises; Princess Cruises; Cunard; P&O Cruises; Holland America Line; MSC Crociere
Contemporary	Carnival; Costa Crociere; NCL Norwegian Cruise Line

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

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 6.3 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

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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 expenditure > € 500 m 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

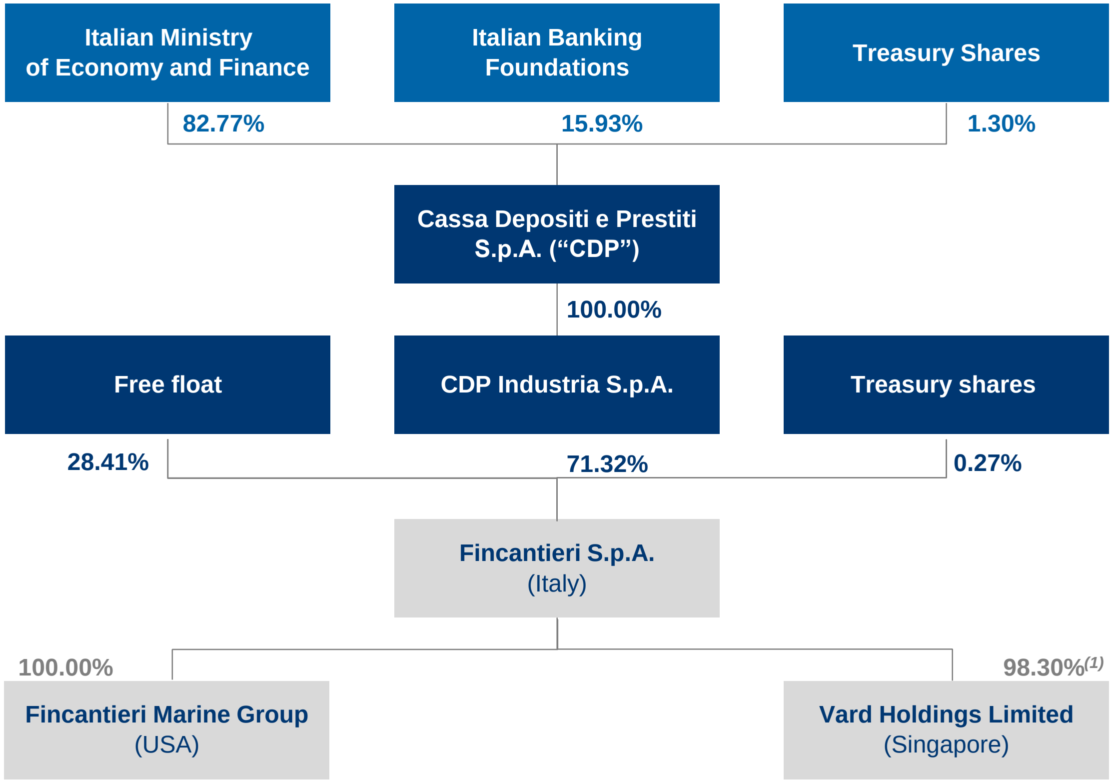
(1) At September 30, 2020

Ownership and Group structure

A listed company with strong reference shareholders

- **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, delisted from the Singapore Stock Exchange in 2018

Simplified ownership and Group structure



(1) Ownership as of November 2020

SECTION 2

FINANCIAL OVERVIEW

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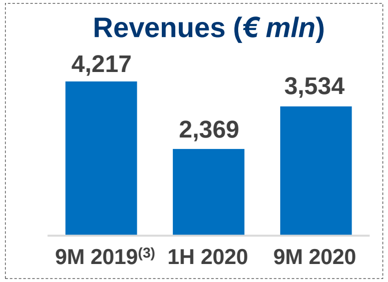
9M 2020 executive summary

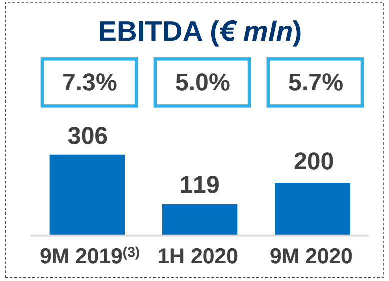
100th cruise ship successfully delivered, revenues at €3.5 bn, and backlog fully preserved

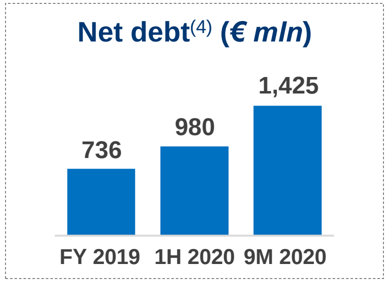
Preserving backlog and protecting our people

- **No orders cancelled**. Production programs have been rescheduled following the pandemic outbreak
- **«No Sail Order» lifted by the CDC** – no mandatory downtime for cruise operations in Italy
- **2 cruise ships** and 1 expedition cruise vessel successfully **delivered** amid the pandemic. New orders: 1 FFG(X), 2 stern trawlers, 1 SOV for wind offshore maintenance
- **Measures**(1) **for prevention and mitigation of transmission risk on the workplace have proven effective:** tested positive are only ≃3%, and 91%(2) of surveyed **employees** are **satisfied with** the Company's **response to COVID-19. Production completely resumed**, despite substantially impacted by health & safety protocols
- **VARD Offshore maintains break even**. Encouraging order intake
- **Sound funding capacity, with liquidity and credit lines** to support current and M-T developments (€1.15 bn loan granted by a pool of banks and guaranteed by SACE)
- **Q3 2020 revenues (€1,165 mln), EBITDA (€81 mln) and EBITDA margin (7.0%)** show recovery in production activities, broadly in line with pre COVID-19 performance

9M results still impacted by COVID-19







- Revenues & EBITDA impacted by production downtime and rescheduling of production programmes
- COVID-19 related extraordinary costs: €149 mln
- Net debt impacted by rescheduling of cruise ship deliveries and expected installments (≃€600 mln)

Ensuring visibility despite volatile macro-economic environment

- **Total backlog**(5) at **€36.8 bn** (€32.2 bn in 9M 2019) with record-high soft backlog (mainly due to Naval business)
- **Costa Firenze scheduled for delivery in 4Q** as per new delivery schedule
- **4Q production volumes are expected to be in line with pre COVID-19 levels**
- Continuing commitment on **enhancing business diversification** through **new opportunities** in **naval**, **electronics & cyber security**, **infrastructures**
- Keeping up with the **sustainability** shift: 2 new cutting-edge fishery units,1 SOV for VARD and 1 experimental fuel cell-powered vessel (Zeus)
- **Marine Interiors will supply ≃2,800 cabins** for the first Chinese cruise ship to be built by SWS; JV CSSC will grant the license of the ship platform to SWS, along with further technical services(6)
- **Multi-year agreement**(7) **signed by Fincantieri Next Tech (former INSIS), Autostrade Tech and IBM** for an innovative system for the monitoring and safety on the ASPI network

(1) Including: thermal scanners, staggered entry time, remote working, PPE
(2) Survey conducted on June 30, 2020
(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 Offshore to Shipbuilding
(4) Excluding Construction loans
(5) 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
(6) SWS is a CSSC subsidiary, while JV CSSC is the joint venture between Fincantieri China and CSSC Cruise Technology Development Co. Ltd (CCTD)
(7) For the implementation, sale, and joint maintenance

Business update

Continuing focus on strategic development

SHIPBUILDING

- **FMM is prime contractor for the first-in-class guided missile frigate** and 9 additional options for the **US Navy's FFG(X)**[(1)]. FMM was also awarded a contract for the design and engineering of the future Large Unmanned Surface Vessel (LUSV)
- Fincantieri, in close cooperation with **ICGEB**[(2)], has developed a cutting-edge **system for air sanitation** (**"Safe Air"**) to significantly improve air quality on board. The system will be first installed on the MSC Seashore, to be delivered in 2021

OFFSHORE & SPECIALIZED VESSELS

- **VARD** will design and build a second **cutting-edge stern trawler** for Luntos, to be delivered in 2022. This new order confirms the effectiveness of the **restructuring plan and diversification strategy** implemented to restore VARD back to profitability

INFRASTRUCTURES

- The **opening ceremony of the Genoa bridge was held on August 3**: the structure was completed in one year from the steel-cutting ceremony, with the last steel span raised on April 28
- The partnership agreement between Bologna Stadio and Fincantieri Infrastructure for restyiling the **Dall'Ara Stadium and Antistadium** was declared "matter of public interest" by the Municipality of Bologna

DEFENCE

- **Naviris signed a second contract with OCCAR**[(3)] to develop the feasibility study for the mid-life upgrade of the 4 Horizon frigates
- **Fincantieri NexTech**[(4)] awarded European Tender for **programmable EO/IR**[(5)] **seeker emulator** to be supplied to the Italian Ministry of Defence

SUSTAINABILITY

- **Zeus keel-laying ceremony**: Zeus is an experimental fuel cell-powered marine vessel for improving the level of **environmental sustainability** of cruise ships, by reducing GHG emissions, Nox, Sox and particulate
- **MIKE Award**: Fincantieri received the Most Innovative Knowledge Enterprise award in the Global Companies category

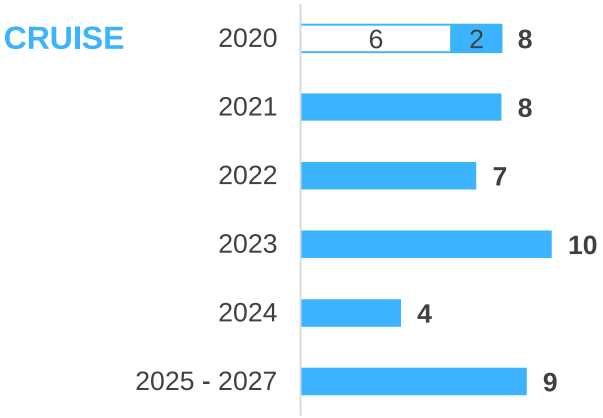
(1) Guided-missile frigate
(2) The system was developed with the virology lab of ICGEB (International Centre for Genetic Engineering and Biotechnology)
(3) Organisation for Joint Armament Cooperation
(4) Insis was renamed Fincantieri Next Tech after the full takeover on October, 12
(5) Electro-optical/infrared seeker emulator for assessing the effectiveness of Electronic Defence systems countermeasures

Backlog deployment

Balanced visibility in Cruise and Naval with deliveries stretching up to 2027

Shipbuilding

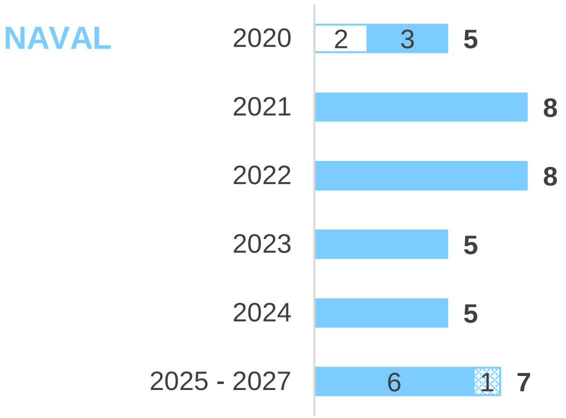
ship deliveries



Delivered in 9M 2020 New orders in 9M 2020

Cruise: 40 vessels in backlog

- Deliveries up to 2027
- 9 units scheduled after 2024



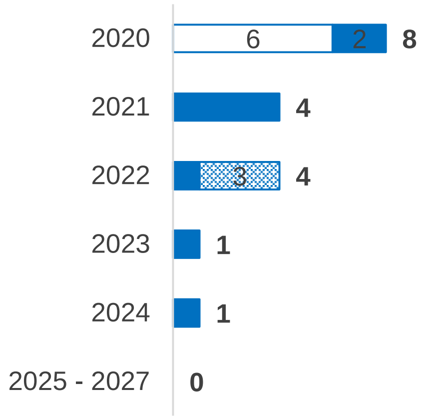
Delivered in 9M 2020 New orders in 9M 2020

Naval: 36 vessels in backlog(1)

- Deliveries up to 2027
- 7 units scheduled after 2024

Offshore & Specialized Vessels

ship deliveries



Delivered in 9M 2020 New orders in 9M 2020

Offshore & Specialized Vessels: 12 vessels in backlog(2)

- 3 new orders to be delivered in 2022

9M 2020: 14 units delivered, 4 new orders, 88 ships in backlog

(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

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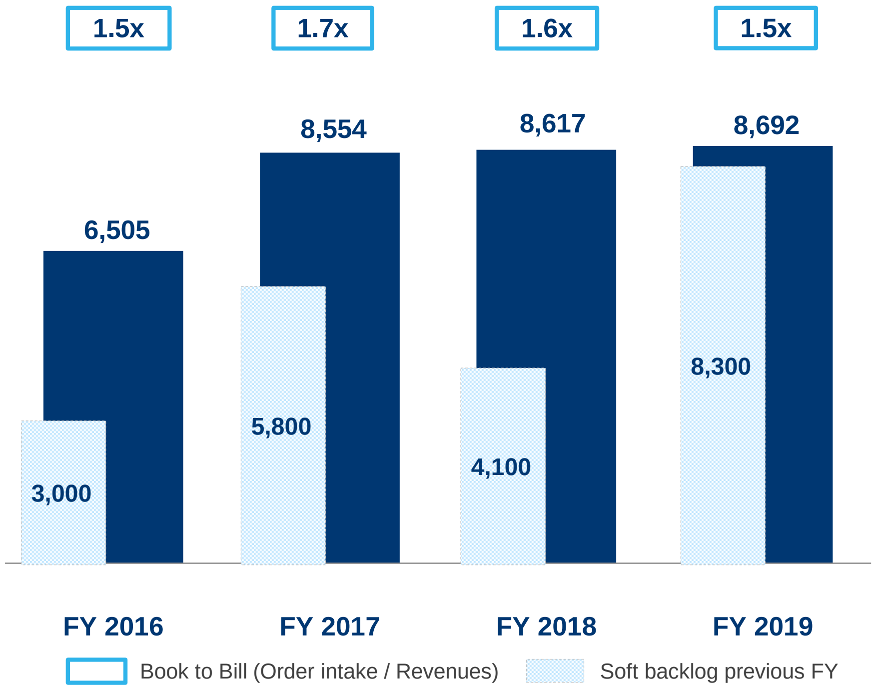
Backlog ramp-up and conversion of soft backlog into backlog

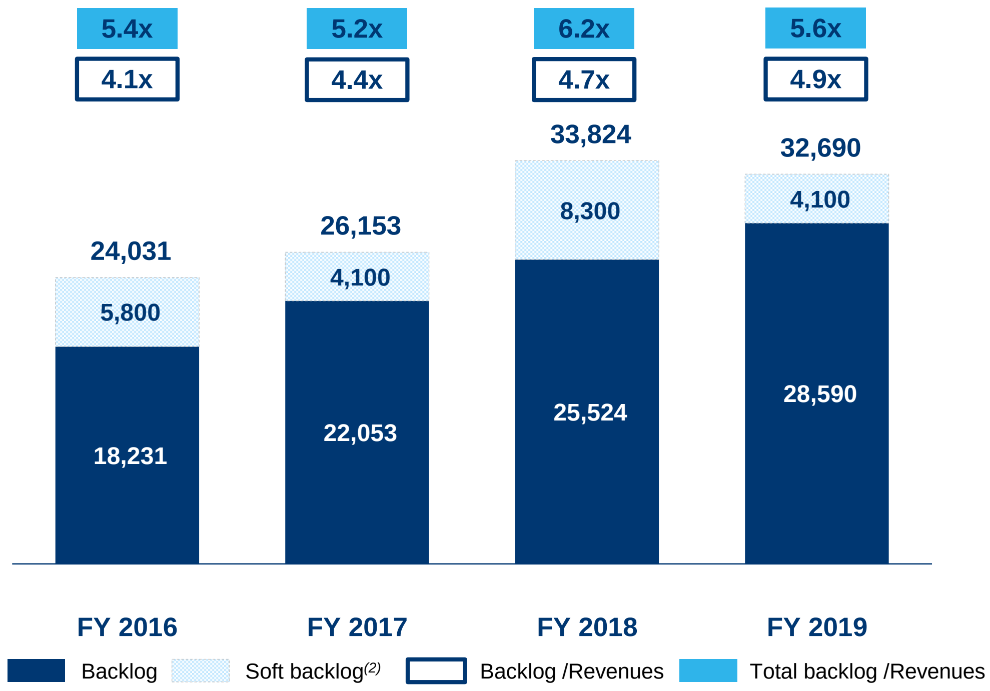
Order intake

€ mln



Total backlog(1)

€ mln



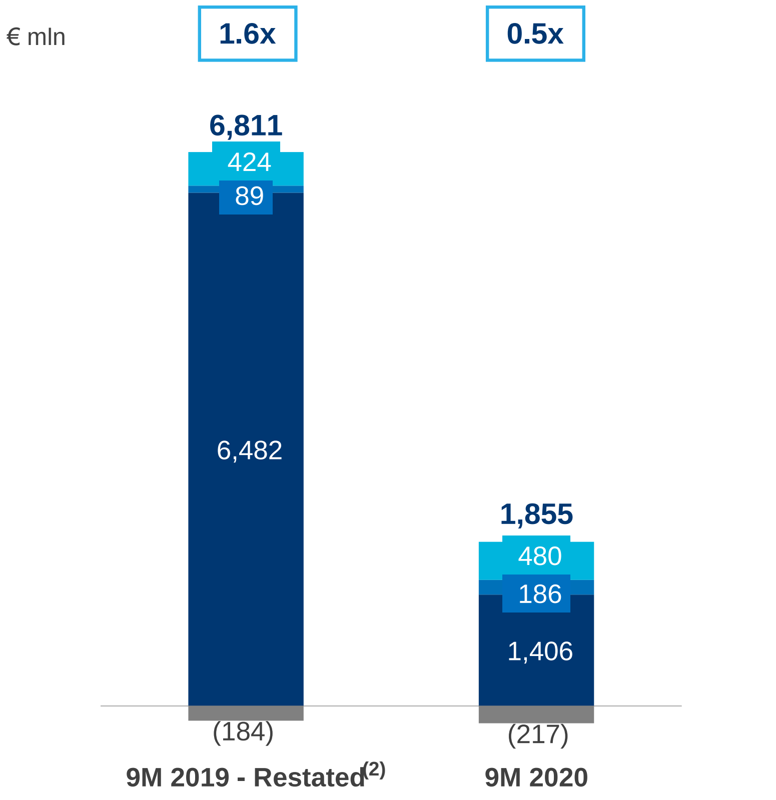
Proven ability to finalize contracts under negotiation, contract options and commercial opportunities and to transform them into backlog

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

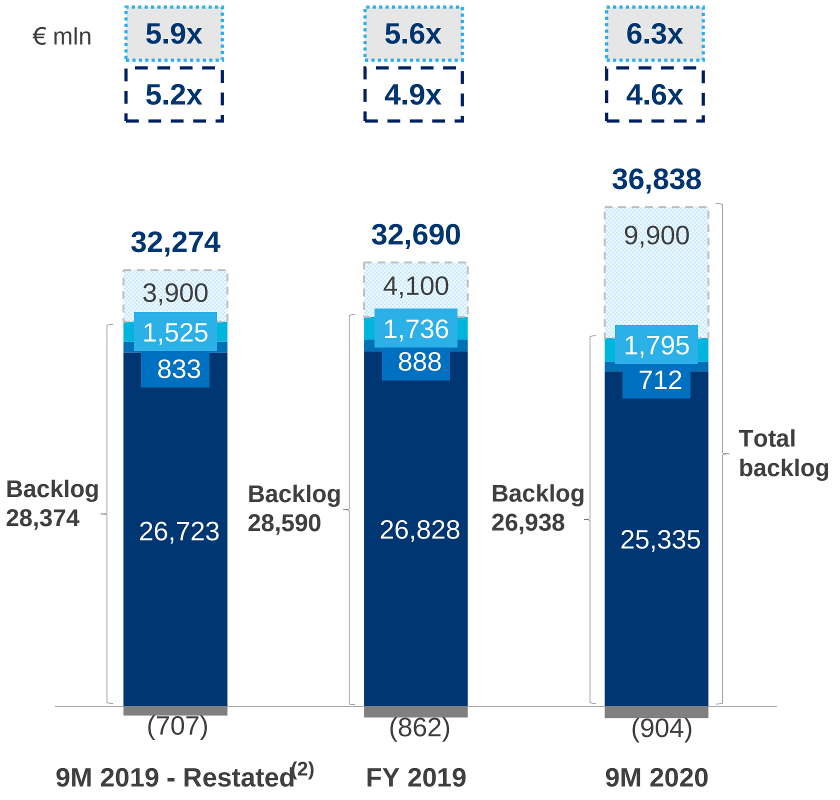
9M 2020 Order intake and backlog

Backlog fully preserved and Offshore order intake gaining momentum

Order intake breakdown by segment



Total backlog breakdown by segment(1)



■ Shipbuilding ■ Offshore & Specialized Vessels ■ Equipment, Systems & Services ■ Eliminations
□ Book-to-bill[3] Soft backlog[4] Total backlog / Revenues Backlog / Revenues

Order intake at €1.9 bn

- Shipbuilding down YoY after past year's record achievements
- Offshore & Specialized Vessels gaining momentum vs. 9M 2019

Backlog successfully **preserved** thanks to **solid partnership with clients**

- Total backlog at €36.8 bn, approximately 6.3 times 2019 revenues
- 88 units in backlog

(1) Total backlog is the sum of backlog and soft backlog
(2) Restated following the reallocation of VARD Electro from Offshore to Shipbuilding
(3) Order intake/revenues
(4) 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

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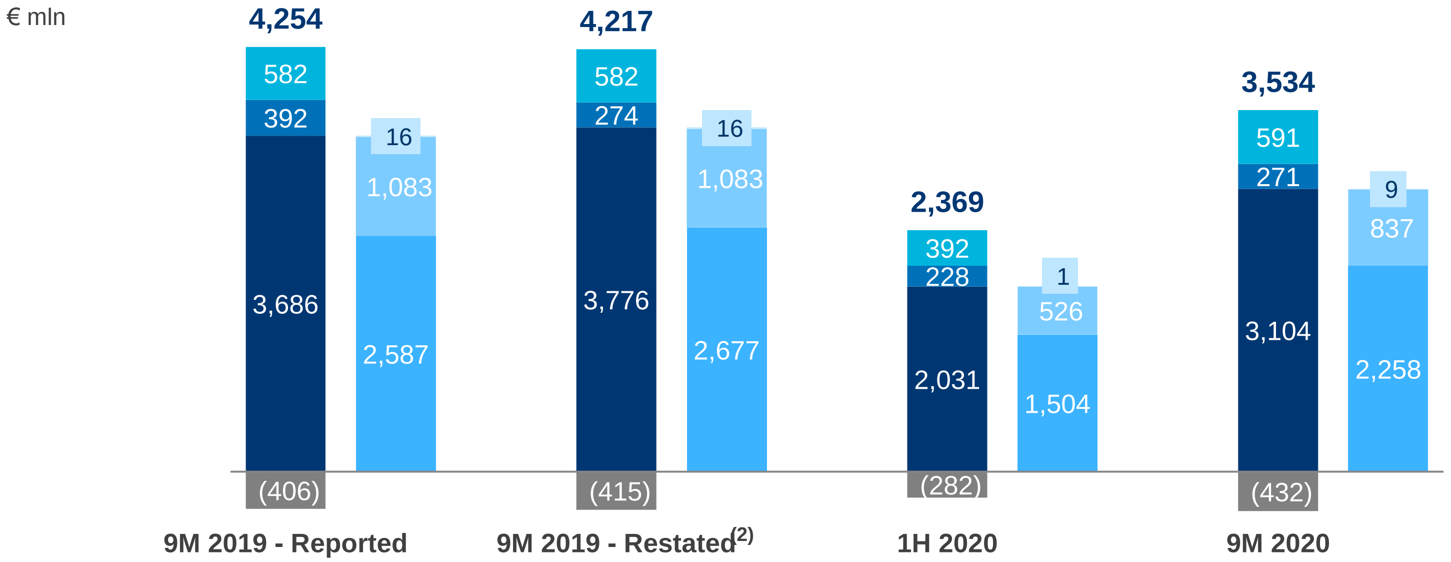
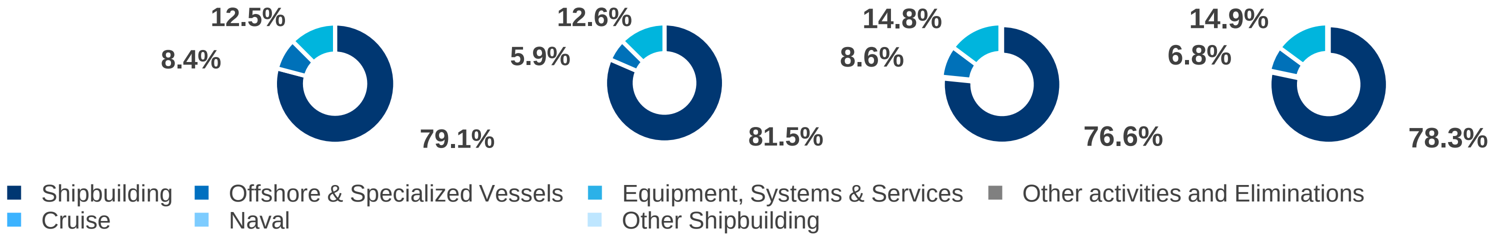
9M 2020 Revenues

Production volumes down 19% versus pre COVID-19 estimates due to downtime of operations

Revenues breakdown by segment[1]



% of Total revenues



Severe effect of the production downtime and gradual resumption of operations. Whilst revenues have decreased 16.2% YoY, real revenues **shortfall** is **€945 mln compared to pre COVID-19 production plan (€790 mln in 1H 2020)**

€(42) mln from negative EUR/NOK conversion

- **Shipbuilding** revenues down 17.8% YoY
  - Cruise revenues down 15.7% YoY
  - Naval revenues down 22.7% YoY
- **Offshore & Specialized Vessels** revenues down only 1.1% YoY despite €19 mln negative effect from EUR/NOK conversion (+5.8% like for like exchange rate)
- **Equipment, Systems & Services** revenues **up 1.6%** YoY

(1) Breakdown calculated 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 Offshore to Shipbuilding

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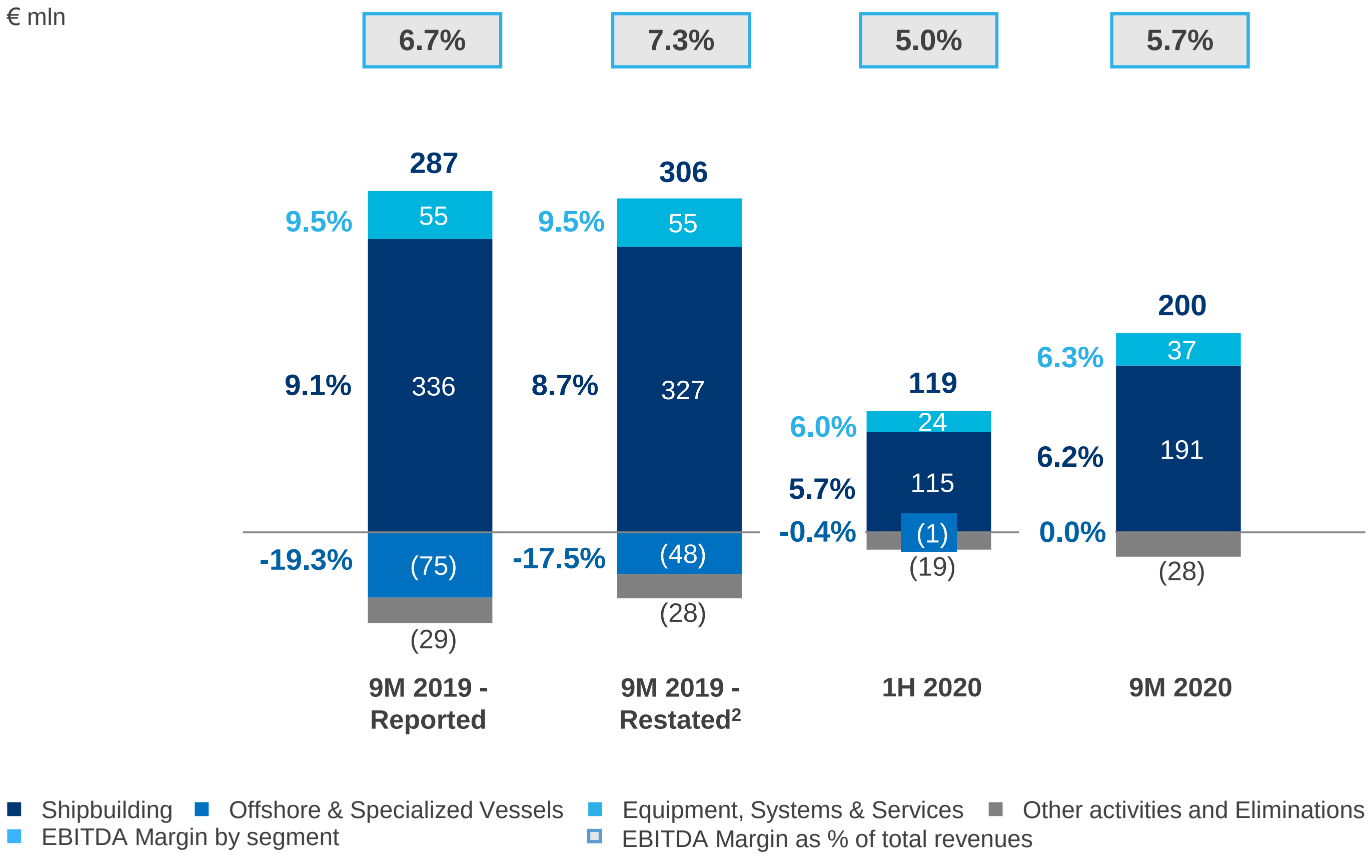
9M 2020 EBITDA

Lost EBITDA contribution of €71 mln as effect of production rescheduling. Breakeven of VARD Offshore

EBITDA breakdown by segment(1,2)



Shortfall in EBITDA of €71 mln (only €6 mln in 3Q) following rescheduling of production programs, with major impact on Shipbuildiing

- €51 mln lost EBITDA contribution from Shipbuilding (of which €48 mln in 1H 2020)
- Break-even of the Offshore & Specialized Vessels
- Equipment, Systems & Services margin below average

(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 Offshore to Shipbuilding

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SECTION 3

BALANCE SHEET AND CAPITAL STRUCTURE

Working capital dynamics

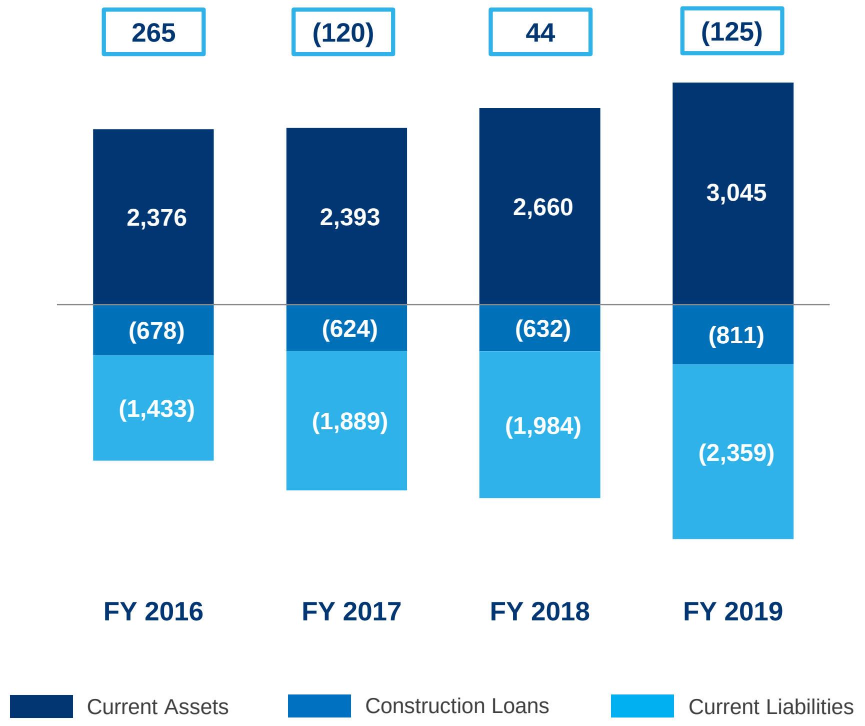
Indicative payment terms		Illustrative phases of the shipbuilding process[1]				Impact on net working capital
		Signing (A) / First Cut (B) / Launch (C) / Delivery (D)	Design / Project Development	Hull Assembly and Pre-Outfitting	Outfitting and Sea Trials	
Cruise	• 20% during construction • 80% on delivery	Duration (28-41 months)	10-12	10-17	8-12	• Increases during construction • Impact on net debt/construction loans
		POC[2]	3%-5%	50%-55%	40%-45%	
Naval[3]	• According to % of completion	Duration (35-55 months)	6-15	23-30	6-10	• Positive or neutral profile
		POC[2]	3%-5%	65%-75%	20%-30%	
Offshore[3]	• 20% during construction • 80% on delivery	Duration (14-47 months)	3-6	5-26	6-15	• Increases during construction • VARD generally uses construction loans (guaranteed by the ship as collateral)
		POC[2]	3%-5%	35%-40%	55%-60%	

(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

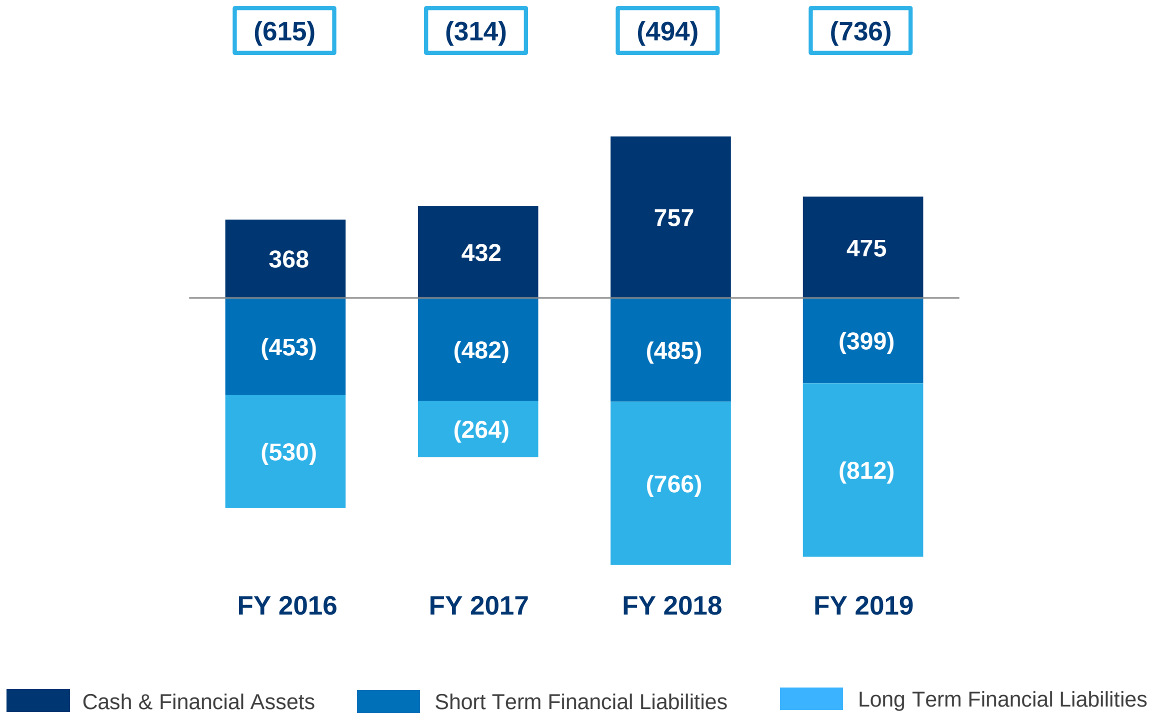
Net Working Capital[1]

€ mln



Net Financial Position[2]

€ mln



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

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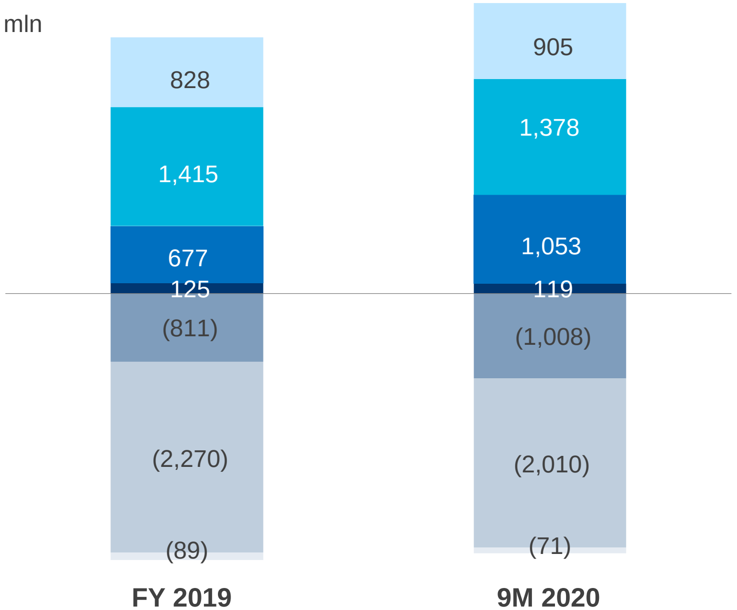
9M 2020 Net Working Capital and Net Financial Position

Impact from slowdown in production schedule with cash-ins skewed towards 4Q

Net Working Capital breakdown by segment

€ mln

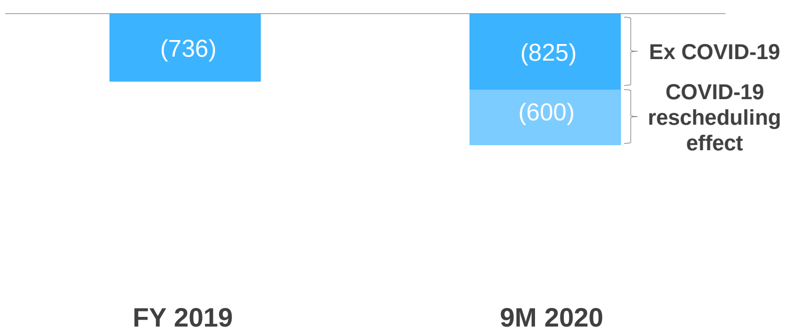


NWC	(125)	366

- Inventories and advances to suppliers
- Work in progress net of advances from customers
- Trade receivables
- Other current assets and liabilities
- Construction loans
- Trade payables
- Provisions for risks & charges

Net Financial Position(1)

€ mln



NFP[1]	(736)	(1,425)

- Net Financial Position
- COVID-19 rescheduling effect

Main drivers:

- **Cruise-specific financial dynamics**
- **Postponed cash-in of the final payments** of 2 deliveries rescheduled to 4Q
- Net debt impacted by rescheduling of cruise ship deliveries and expected installments (≃€600 mln)

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

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SECTION 4

STRATEGY & OUTLOOK

Focus on Cruise

Enhanced health & safety protocols on board could reshape global cruise industry with an eye to sustainability

UPDATE ON OPERATIONS	▪ **EU operations**: temporary suspension as **new travel restrictions** are being reintroduced amid second wave of COVID-19 ▪ **US operations**: **CDC** lifted the no-sail order and issued a **framework for conditional sailing** for **responsible resumption** of cruising ▪ **CLIA** announced **voluntary suspension** through December 31 to meet the health & safety requirements set by the CDC
RESPONSIBLE RESUMPTION	▪ Major cruise operators are implementing **rigorous safety protocols** while preparing for a gradual resumption: - **Reduced occupancy rates** - **100% testing** of passengers and crew members both at embarkation and disembarkation - **Increased onboard testing and improved ship medical facilities** - **Enhanced air sanitation** standards
NEW STANDARDS	▪ The effectiveness of **timely clinical developments** and of the new **health & safety protocols** implemented on board will be **key to** industry **recovery**, with a gradual resumption of activities expected next year ▪ **Enhanced health & safety standards may be key to driving technological innovation**: e.g. onboard contact tracing, improved air sanitation, and enhanced onboard medical capability ▪ **New ships are more appealing**: new health & safety measures, greater ROIs (through optimization of operating expenses), compliance with increasingly stringent environmental regulations

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Company outlook

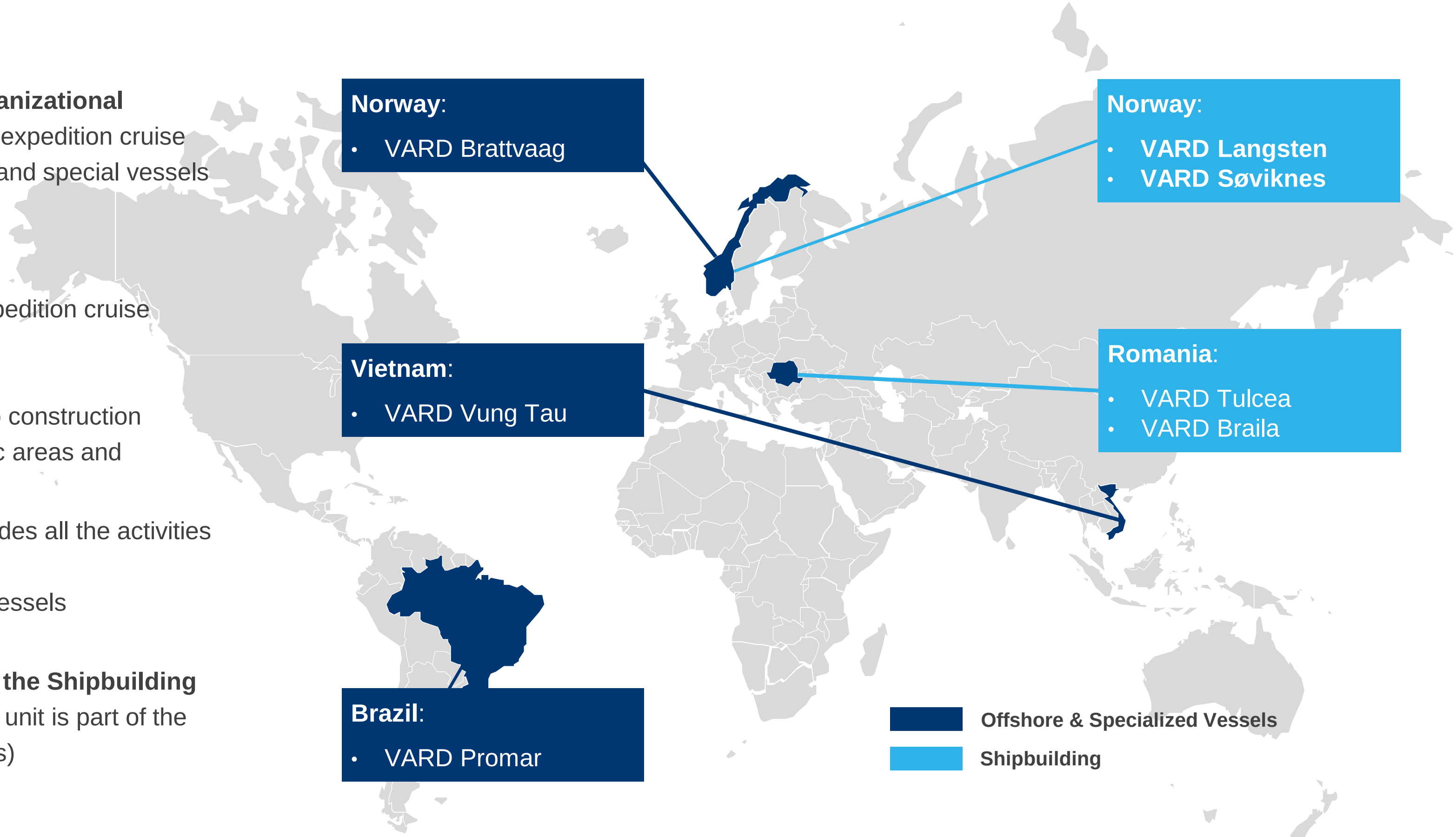
PRODUCTION VOLUMES	▪ Solid backlog ensures future visibility despite volatile macroeconomic environment ▪ All production workers safely back to shipyards, though **operations** are still **impacted by health & safety protocols** ▪ 4Q production volumes are expected to be back at pre COVID-19 levels
CRUISE	▪ Enchanted Princess and Silver Moon – **the first two ships to be delivered amid the pandemic** – successfully handed over to Princess Cruises and Silversea Cruises respectively ▪ **Costa Firenze** is scheduled for delivery before year-end
NAVAL	▪ Further intake of new projects expected in the near term ▪ Planning to catch up with production delays caused by suspension of operations ▪ Progress of the orders for the **Qatari Ministry of Defence** and for the fleet renewal of the **Italian Navy**
FINANCIAL SOUNDNESS	▪ **Financially robust with adequate liquidity and credit lines** to face current and M-T challenges (€1.15 bn loan granted by a pool of banks and guaranteed by SACE), with 2-year grace period and 2-year amortization

APPENDIX

VARD

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)



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Deep-dive: VARD

Ongoing integration and alignment to Group best practices

	What we did	What we are working on
ACTION	▪ **Vard full integration process:** ▪ **Delisting of the subsidiary in December 2018** ▪ **Change in management** ▪ **Operational reorganization** of both Cruise and Offshore & Specialized Vessels business units, including the revision of industrial management and economic planning of the projects ▪ **Revision of production footprint to minimize operational costs** ▪ **Exit from the small fishery and aquaculture support vessels business**	▪ **Additional efforts to align industrial management and economic planning of projects to the Group best practices** ▪ **Optimization of Vard operations and Vard reorganization plan**
OUTCOME	▪ **Recovery of production delays** of 2019 deliveries ▪ **Review of estimated costs at completion of the projects** weighting on the FY 2019 results ▪ **Resizing of Promar shipyard in Brazil and disposal of Aukra and Brevik shipyards in Norway**	▪ **Margin recovery** in medium-to-long term

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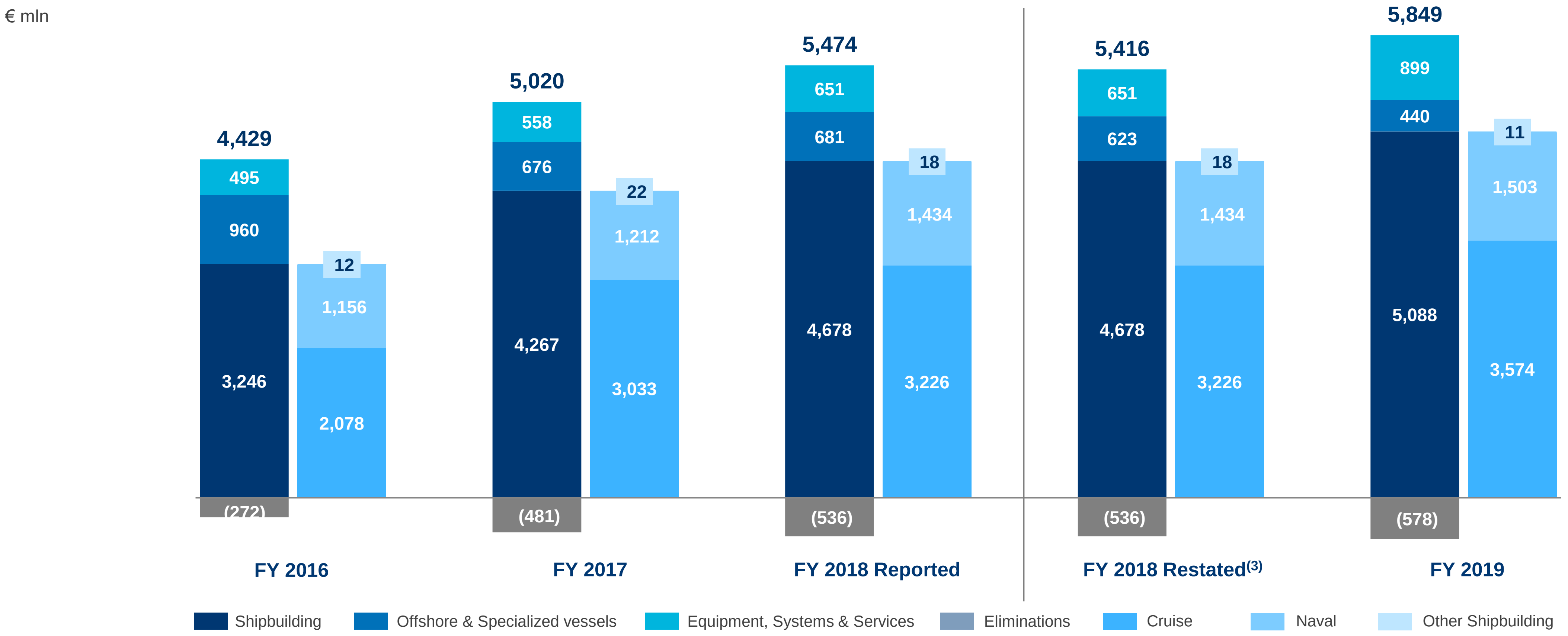
Overview of financial performance indicators[1]

€ 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**
Of which backlog	*18,231*	*22,053*	*25,524*	*28,590*
Of which soft backlog	*5,800*	*4,100*	*8,300*	*4,100*
Revenues	**4,429**	**5,020**	**5,416**	**5,849**
EBITDA	**267**	**341**	**421**	**320**
As a % of revenues	*6.0%*	*6.8%*	*7.8%*	*5,5%*
EBIT	**157**	**221**	**285**	**153**
As a % of revenues	*3.5%*	*4.4%*	*5.3%*	*2,6%*
Adjusted profit/loss[3]	**60**	**91**	**114**	**(71)**
Attributable to owners of the parent	*66*	*95*	*117*	*(64)*
Net result for the period	**14**	**53**	**69**	**(148)**
Attributable to owners of the parent	*25*	*57*	*72*	*(141)*
Net fixed assets	**1,590**	**1,743**	**1,703**	**1,905**
Net working capital[4]	**265**	**(120)**	**44**	**(125)**
Of which construction loans	*(678)*	*(624)*	*(632)*	*(811)*
Equity	**1,241**	**1,309**	**1,253**	**1,050**
Net financial position *Net cash/ (Net debt)*	**(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: Historical revenues

Revenues breakdown by segment(1)



(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)

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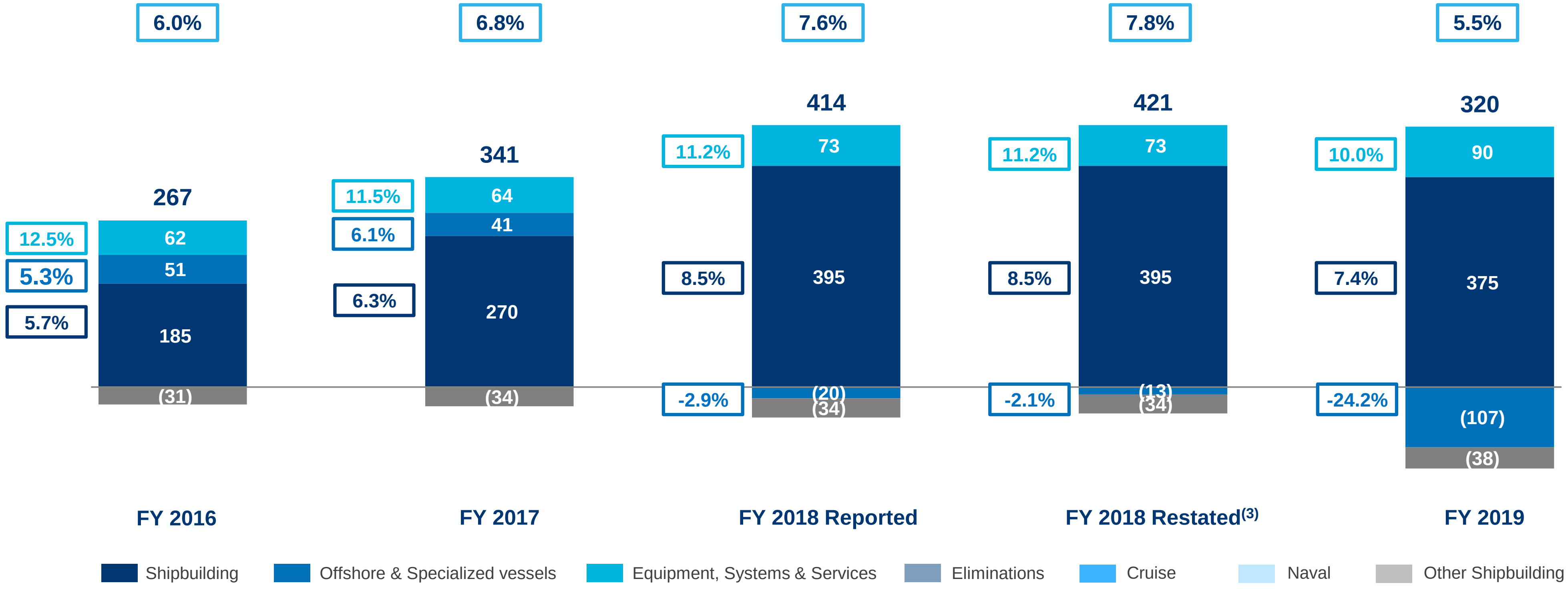
Financial performance: EBITDA

EBITDA breakdown by segment(1)/margin(2)

€ mln



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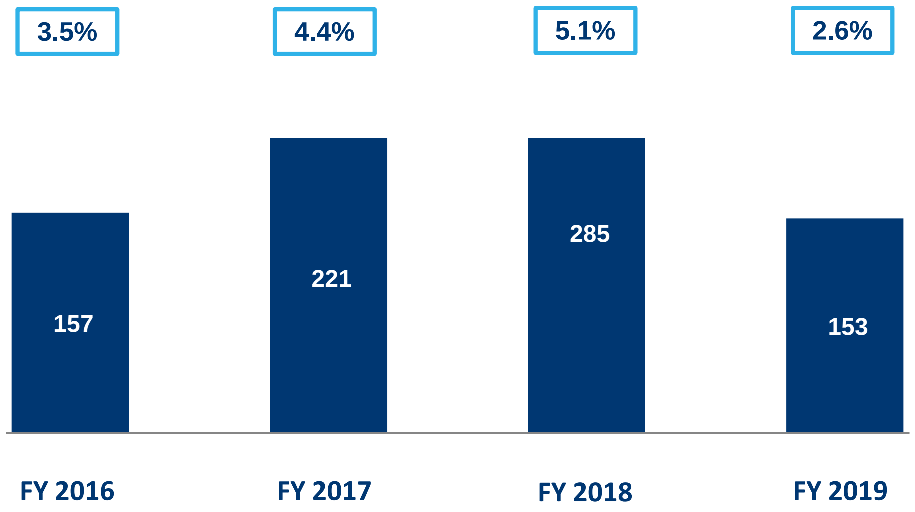
(3) Comparative numbers of 2018 are shown restated following the exit from the small fishery and aquaculture business (disposal of Vard Aukra in 2019)

Financial performance: historical EBIT and Net result

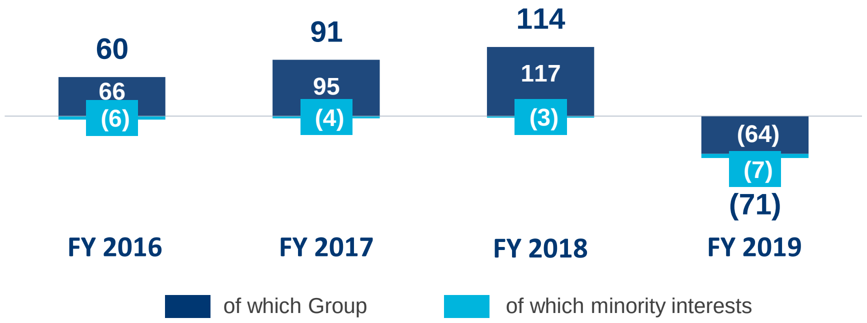
EBIT / margin

€ mln



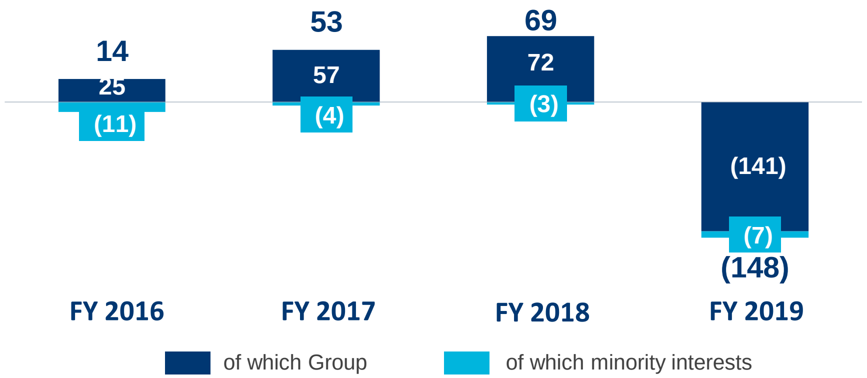
Net result before extraordinary and non recurring items[1]

€ 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

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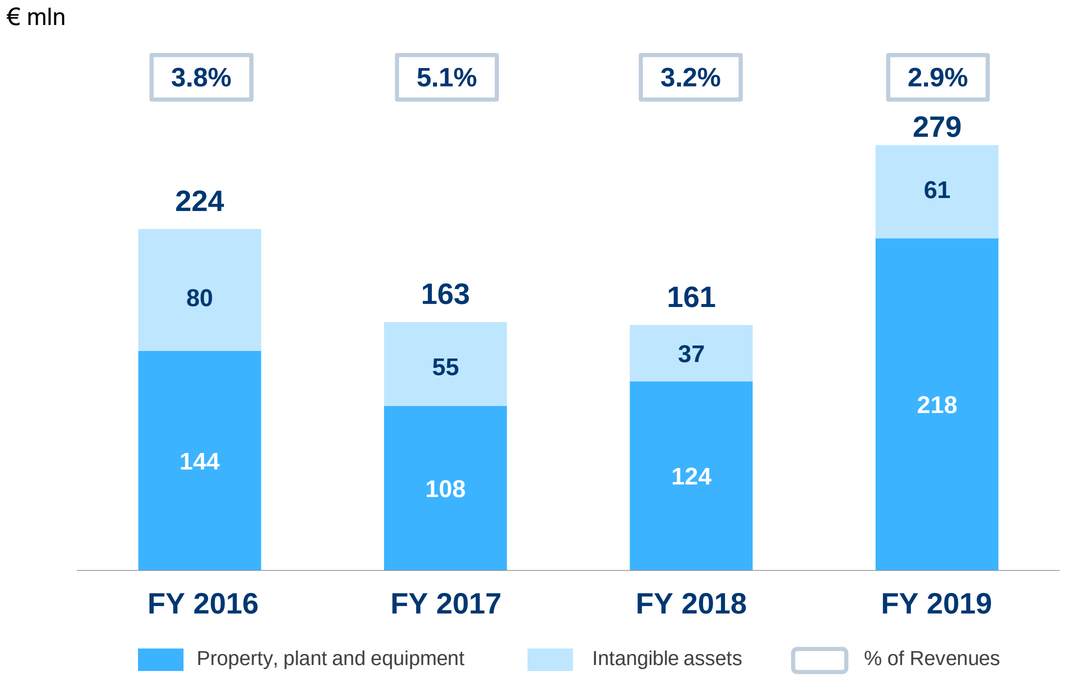
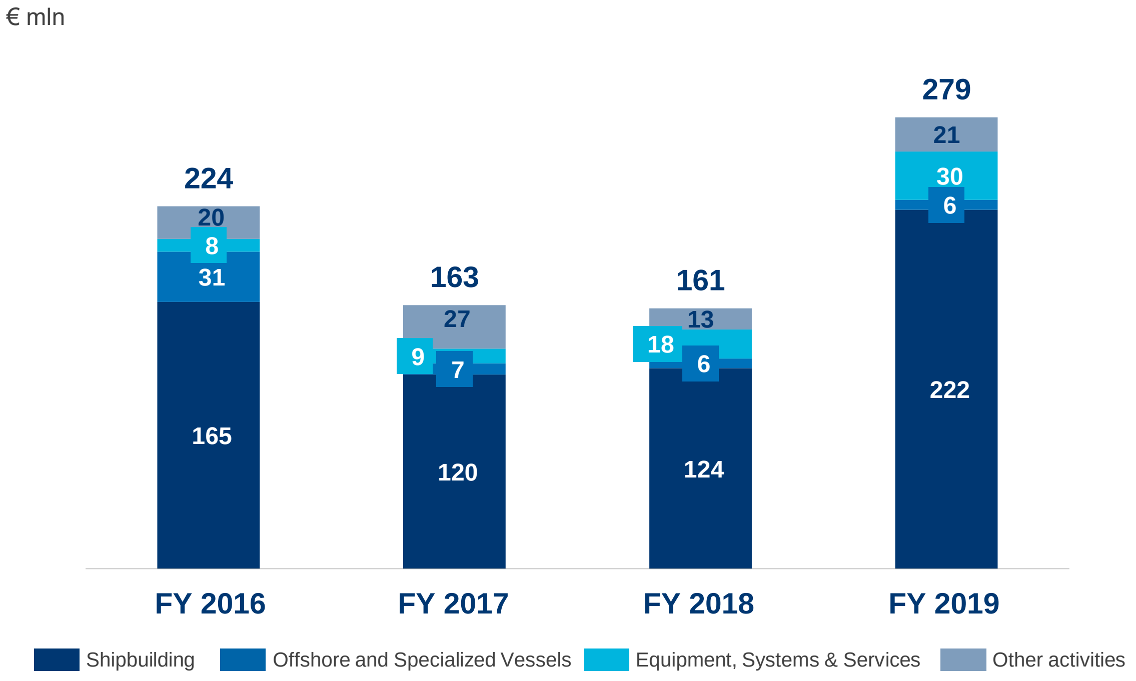
Capex: historical trend

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)

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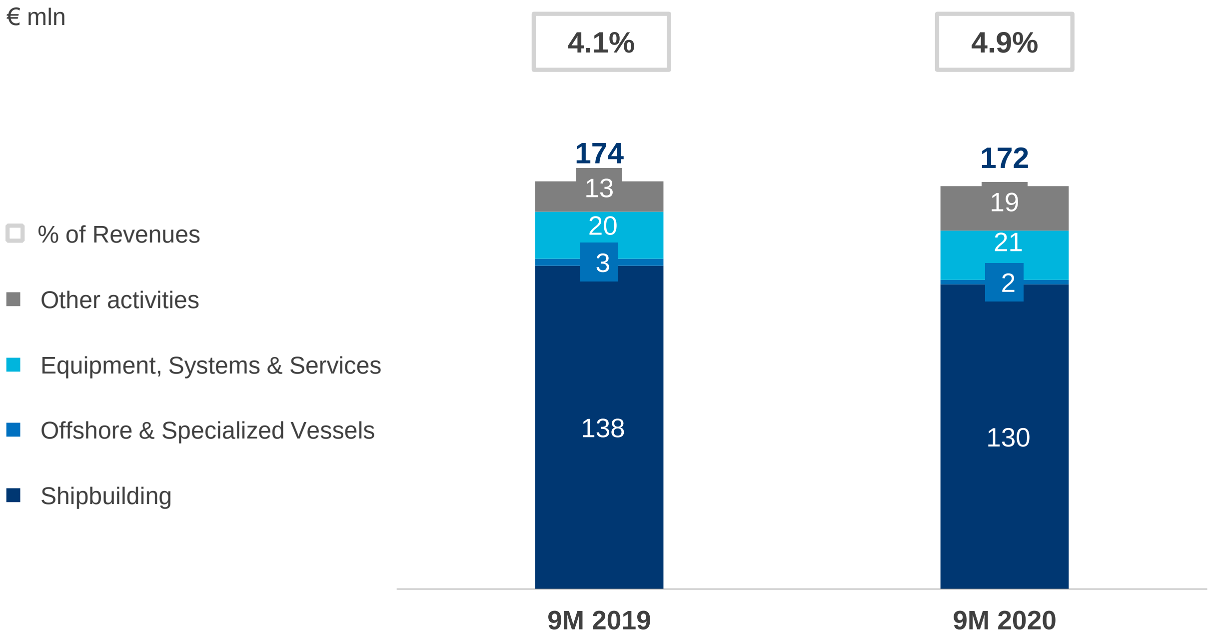
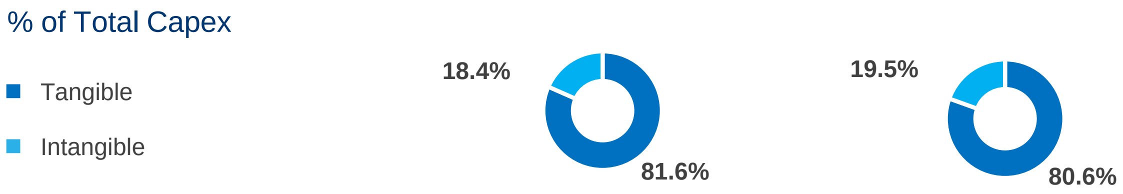
9M 2020 Capex

Capital expenditures broadly in line with 2019

Capex by segment





Capex broadly in line with 9M 2019:

- Improving efficiency at Italian yards
- Adjusting VARD Tulcea and VARD Braila production capacity
- Enhancing general safety and environmental conditions

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