



Kepler Cheuvreux – Carbon Free Roadshow with Corporate

April 21, 2020

FINCANTIERI
The sea ahead



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

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Declaration of the Manager responsible for preparing financial reports

Pursuant to art. 154-BIS, par. 2, of the Unified Financial Act of February 24, 1998, 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.



Key Messages

Preserving backlog in the COVID-19 emergency

COVID-19

- **Timely implemented countermeasures** aimed at safeguarding employees' health and well-being, with the **suspension of production activities** starting from March 16, 2020
- To the extent that the situation stabilizes within a reasonable timeframe, **the Group's current financial structure is capable of weathering the storm**
- **Current focus and commitment on preserving the backlog** in cruise
- **2020-2024 Business Plan to be finalized** as soon as a clearer analysis of the impacts is possible

FY 2019 Operating performance

- **Order intake at €8.7 bln for 28 new units**, including 13 cruise ships and 5 naval units in the US
- **Total backlog⁽¹⁾ at €32.7 bln for 109 units**, with **backlog at €28.6 bln (+12%)** and **soft backlog⁽²⁾ at €4.1 bln**
- **Delivered 26 vessels from 12 yards**, among which 4 cruise ships 4 expedition cruise vessels and 3 naval vessels, and **launched 3 naval units** for the Italian Navy
- **Created 550 new jobs directly and 2,650 through the subcontractor network**

FY 2019 Financial performance

- **Excellent performance of Fincantieri SpA** (Revenues €4.3 bln, EBITDA €489 mln, EBITDA margin 11.3% and Net income € 151 mln, including € 40 mln extraordinary charges for asbestos)
- **Negative performance of Vard** with restructuring plan underway, resulting in the following Group results:
 - **Revenues at €5.8 bln (+8%), EBITDA at €320 mln, EBITDA margin 5.5%, Adjusted Net Result at €-71 mln and Net result at €-148 mln**, including €24 mln losses from discontinued operations, €67 mln extraordinary charges and €73 mln taxes
 - **Net debt at €736 mln** consistent with cruise production volumes and delivery schedule

(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

Key Messages

Continuing focus on strategic developments

JV Naval Group

- **Incorporated Naviris, 50/50 joint venture with Naval Group**, currently fully operating
- The milestone falls within the consolidation strategy of the **European naval industry** aiming at creating a **worldwide leader in product performance and technological innovation**.

Chantiers de l'Atlantique

- **Interactions with the European Antitrust Authorities** for the acquisition of 50% of **Chantiers de l'Atlantique** signed in 2018 have continued during 2019
- On March 16, 2020 the EU commission **suspended the investigation** for the time being

Technology & Innovation

- **Acquired a majority stake of Insis**, a leading solution provider in the defense and civil sector, in the context of developing IT & electronic excellence center
- The acquisition will allow to **create synergies within the Group**, expand the range of our **technological competences** and accelerate the **development of new technologies**

Vard restructuring

- Restructuring plan being implemented by the **new management**, with the **revision of industrial management systems and economic planning of Vard**
- **Closed two shipyards** and changed commercial strategy with the **exit from small fishery and aquaculture support vessels business** (discontinued operations)

Sustainability

- **Achieved 2019 targets** laid out by the **Sustainability Plan** ranging from environmental matters to supply chain, human rights, health and safety, as well as sustainable design
- **Joined United Nations Global Compact**, the most wide-ranging business sustainability initiative in the world

FY 2019 main orders

13 cruise ships and 5 naval vessels in the US

Segment	Vessel	Client	# of units	Expected Delivery
Shipbuilding	Cruise Ships	<i>Oceania Cruises</i>	2	2022-2025
		<i>Regent Seven Seas Cruises</i>	1	2023
		<i>Viking Cruises</i>	2	2024-2025
		<i>MSC Cruises</i>	4	2023-2026
		<i>Princess Cruises</i>	2	2023-2025
		<i>Ponant</i>	2	2022
	Ferry	<i>Washington Island Ferry</i>	1	2020
	Interlake Bulk Carrier	<i>Interlake Steamship</i>	1	2022
	Littoral Combat Ship	<i>US Navy</i>	1	n.d.
	Logistic Support Ships forward sections	<i>French Navy</i>	4	2021-2027
Offshore & Specialized Vessels	LNG Barge	<i>NorthStar Midstream</i>	1	2021
	Multi-Mission Surface Combatants	<i>US Navy (Saudi Arabia)</i>	4	n.d.
	Expedition Cruise Vessel	<i>Coral Expeditions</i>	1	2020
	Expedition Cruise Vessel	<i>Seasons Shipping</i>	1	2021
	Fishery unit	<i>Luntos</i>	1	2021

Acquired in Q4

n.d.: not disclosed

FY 2019 main deliveries⁽¹⁾

26 ships from 12 shipyards

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

 Delivered in Q4



(1) Only main deliveries are reported – during 2019 the Group also delivered additional 11 units in the Offshore & Specialized vessels segment

Overview of 2019 main deliveries

Shipbuilding



Viking Jupiter



Costa Venezia



LCS 15 – USS Billings



FREMM Marcegaglia



Ponant Le Dumont d'Urville



Ponant Le Bougainville



Hapag-Lloyd Hanseatic Nature



LCS 17 – USS Indianapolis



Hapag-Lloyd Hanseatic Inspiration



Carnival Sky Princess



Carnival Panorama



OSCV Topaz (x2)



OSCV Skandi Olinda (DOF)



Coral Adventurer

Offshore & Specialized Vessels

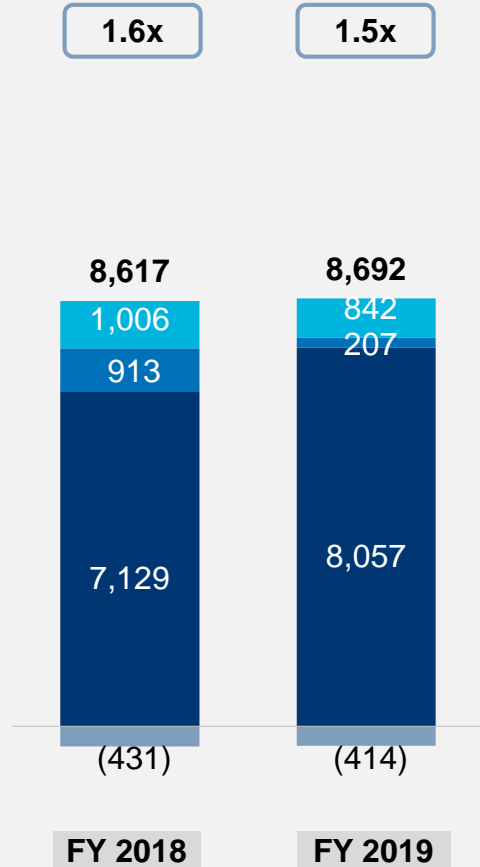
Delivered in Q4

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Order intake and backlog Breakdown by segment

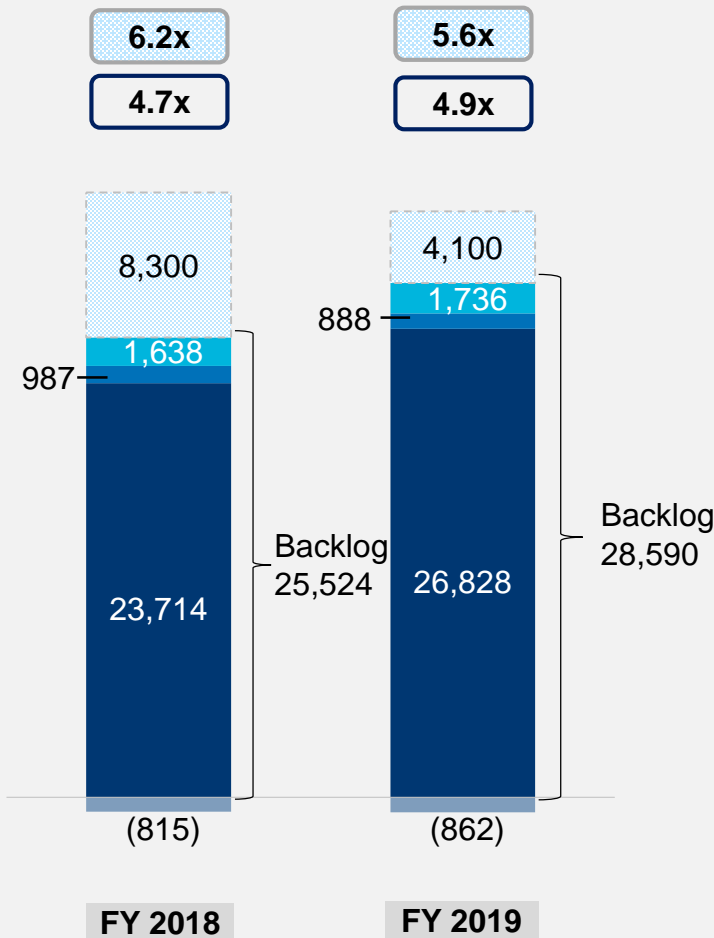
Order intake

€ mln



Total backlog⁽¹⁾

€ mln



- Total backlog at €32.7 bln, covering ~6 years of work if compared to 2019 revenues
- Backlog up 12.0% vs 2018
- 2018 soft backlog substantially converted into backlog

Shipbuilding Offshore & Specialized Vessels Equipment, Systems & Services Eliminations

Book-to-bill (Order intake / revenues) Total backlog / revenues Backlog / revenues Soft backlog⁽²⁾

(1) Sum of backlog and soft backlog

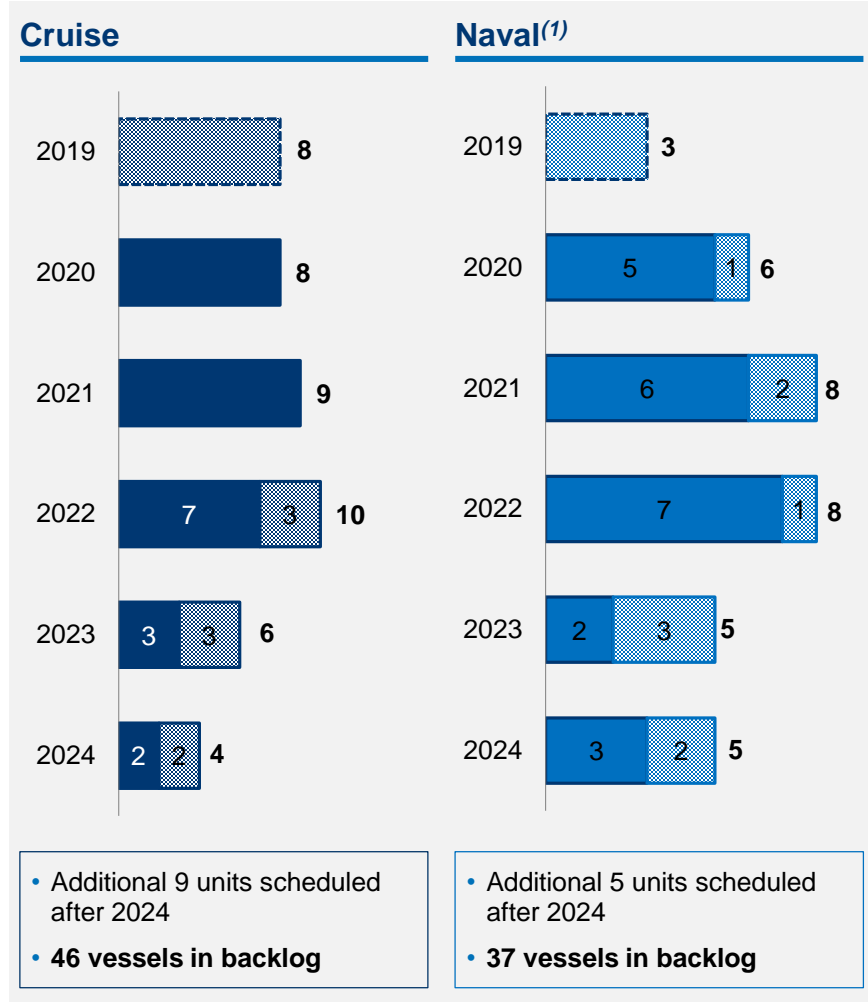
(2) Soft backlog represents the value of existing contract options and letters of intent as well as contracts in advanced negotiation, none of which yet reflected in the order backlog

Backlog deployment

Breakdown by segment and end market

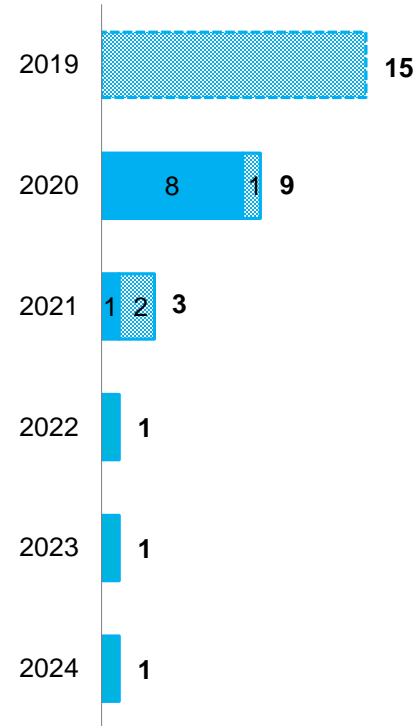
Shipbuilding

ship deliveries



Offshore & Specialized Vessels

ship deliveries



• **15 vessels in backlog**

Delivered in FY 2019
 New orders in FY 2019

- **26 units delivered in FY 2019, 98 ships in backlog**
- Cruise: 46 vessels
 - Deliveries up to 2027
 - 9 units scheduled after 2024
- Naval: 37 vessels
 - Deliveries up to 2027
 - 5 units scheduled after 2024
- Offshore & Specialized Vessels⁽²⁾: 15 vessels
 - Deliveries up to 2024

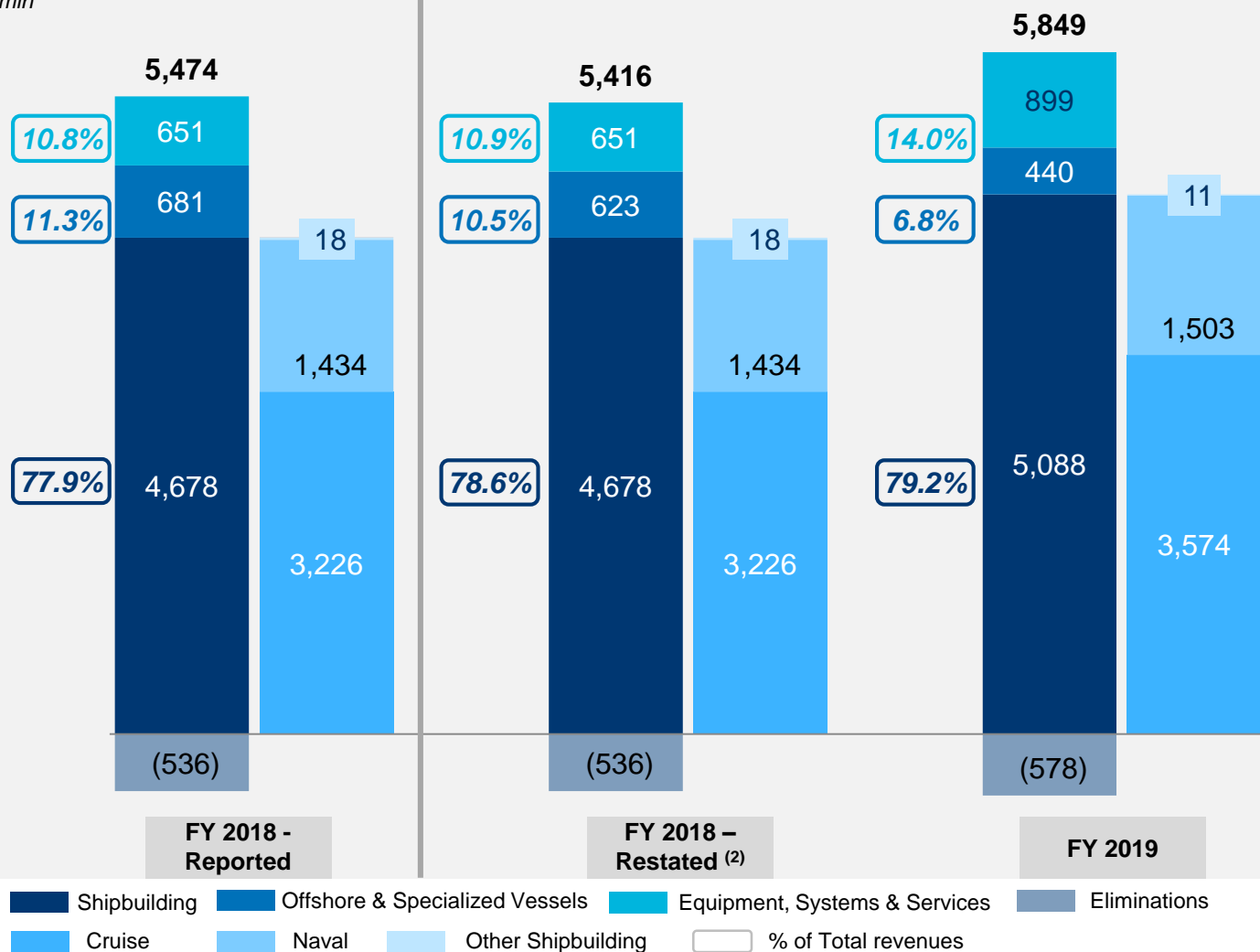
(1) Ships with length > 40 m; Articulated Tug Barge (ATB) is an articulated unit consisting of a barge and a tug, thus being counted as two vessels in one unit

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

Revenues

Revenues breakdown by segment⁽¹⁾

€ mln



- **Record-high revenues at €5,849 mln (+8.0% vs FY 2018)**
- **Shipbuilding revenues up 8.8%** on the back of increased volumes both in Italy and at Vard
- **Offshore revenues down 29.4%**, with volume decrease related to the lack of orders in the core market
- **Equipment, Systems & Services revenues up 38.1%** thanks to positive backlog deployment

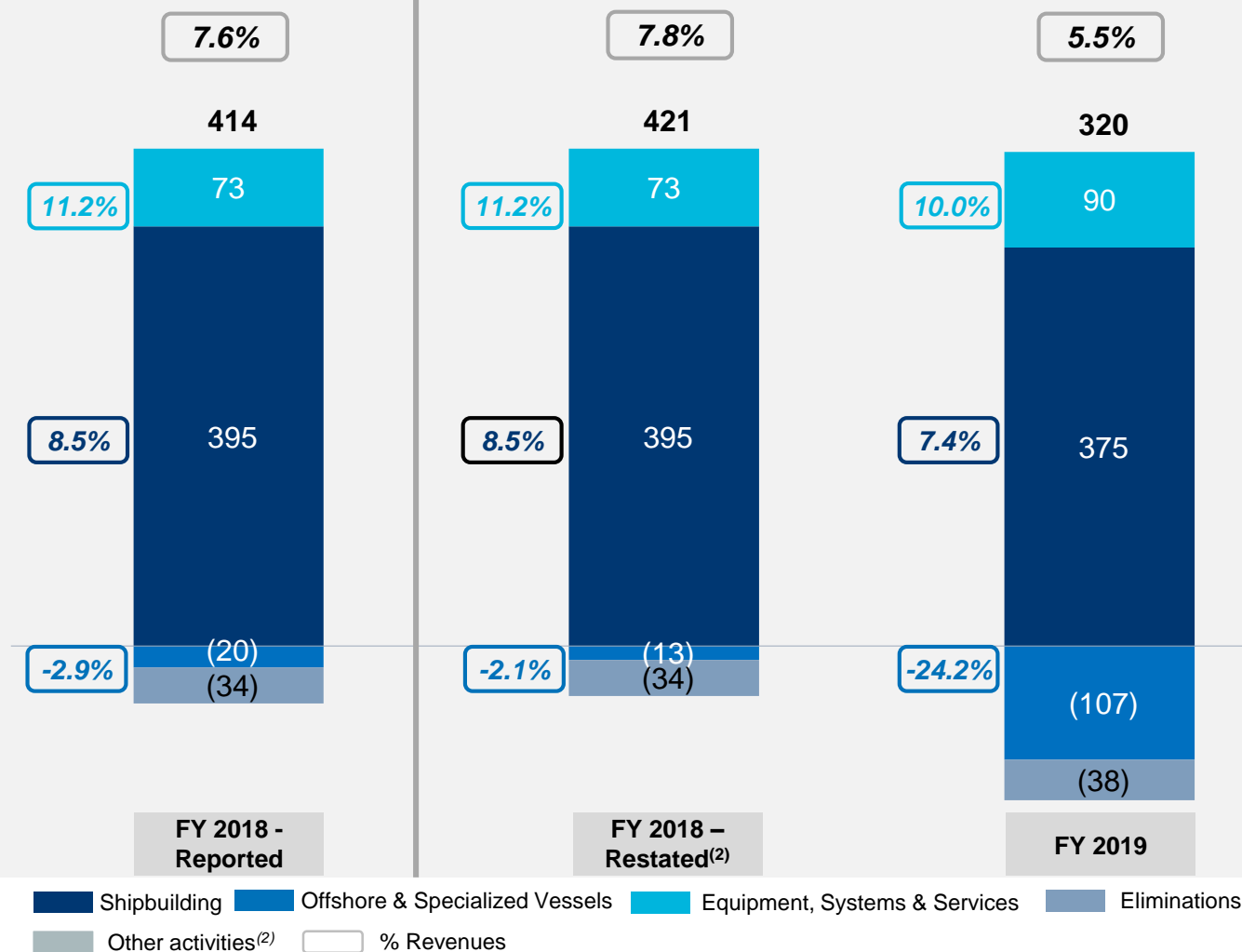
(1) Breakdown calculated on total revenues before eliminations

(2) Restated following the dismissal of small fishery and aquaculture support vessels business (Vard Aukra yard)

EBITDA

EBITDA⁽¹⁾ and EBITDA margin

€ mln



- EBITDA at €320 mln with EBITDA margin at 5.5%
- Excellent profitability of the Italian operations negatively affected by Vard cruise performance
- Positive contribution from Equipment, Systems & Services
- Negative margin in Offshore & Specialized Vessels following the revision of costs at completion for several projects

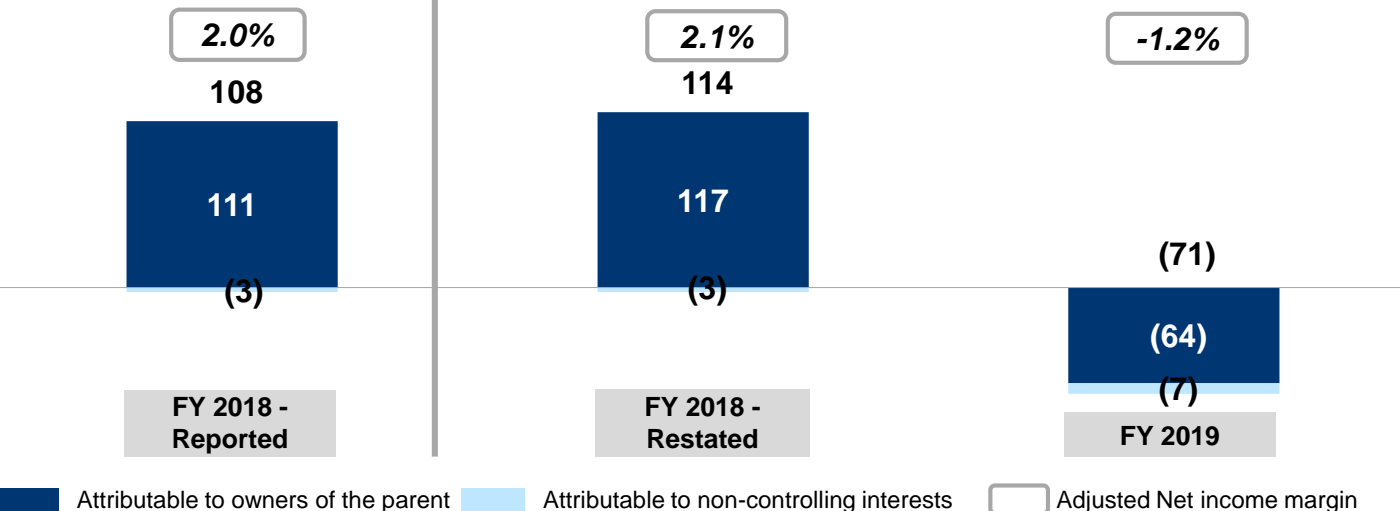
(1) EBITDA is a Non-GAAP Financial Measure. The Company defines EBITDA as profit/(loss) for the period before (i) income taxes, (ii) share of profit/(loss) from equity investments, (iii) income/expense from investments, (iv) finance costs, (v) finance income, (vi) depreciation and amortization, (vii) 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) Restated following the disposal of small fishery and aquaculture support vessels business (Vard Aukra yard)

Net result

Adjusted Net result⁽¹⁾

€ mln



- Increased **FX charges** (partially non-cash)
- Increased **extraordinary and non recurring items**:
 - €53 mln for litigations (€40 mln for asbestos-related claims)
 - €9 mln restructuring charges
 - €5 mln other non recurring expenses
- **Negative net result from discontinued operations** arising from the disposal of small fishery and aquaculture support vessels business (Vard Aukra yard)

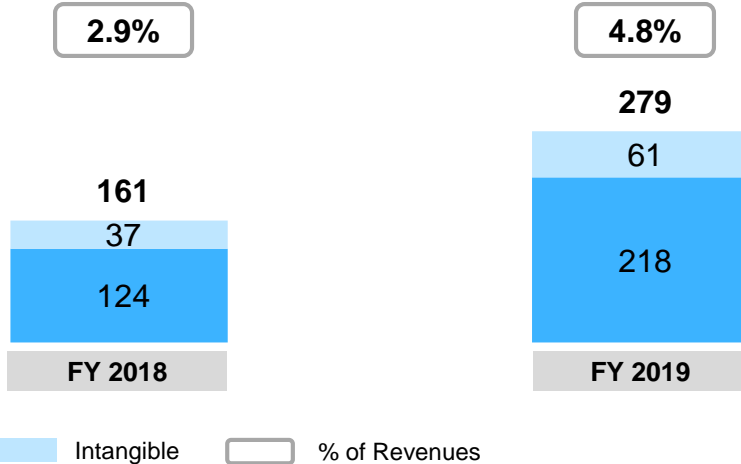
€ mln	FY 2018 Reported	FY 2018 Restated	FY 2019
A Adjusted Net result⁽¹⁾	108	114	(71)
Attributable to owners of the parent	111	117	(64)
B Extraordinary and non recurring items gross of tax effect	(51)	(51)	(67)
C Tax effect on extraordinary and non recurring items	12	12	14
A + B + C = D Net result from continued operations	-	75	(124)
E Net result from discontinued operations	-	(6)	(24)
D + E Net result	69	69	(148)

(1) Net result before extraordinary and non recurring items

Capital expenditure

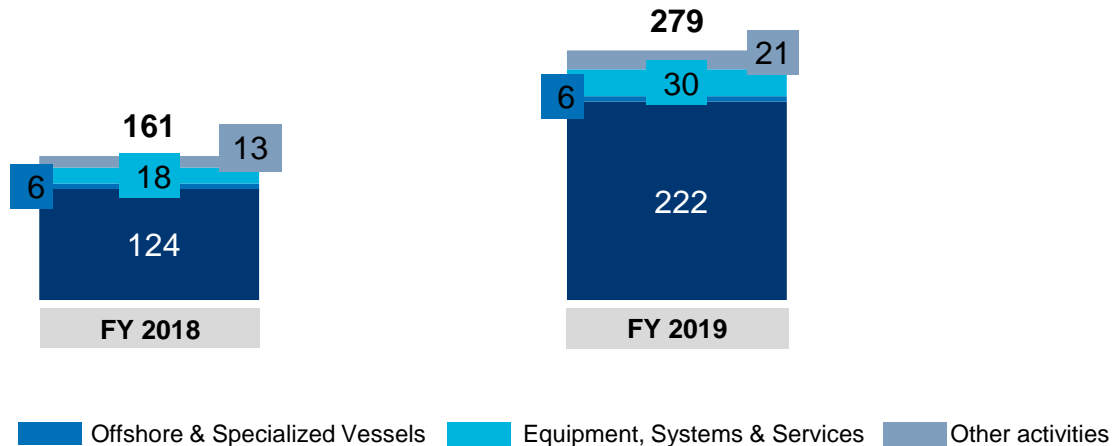
Capex

€ mln



Capex by segment

€ mln

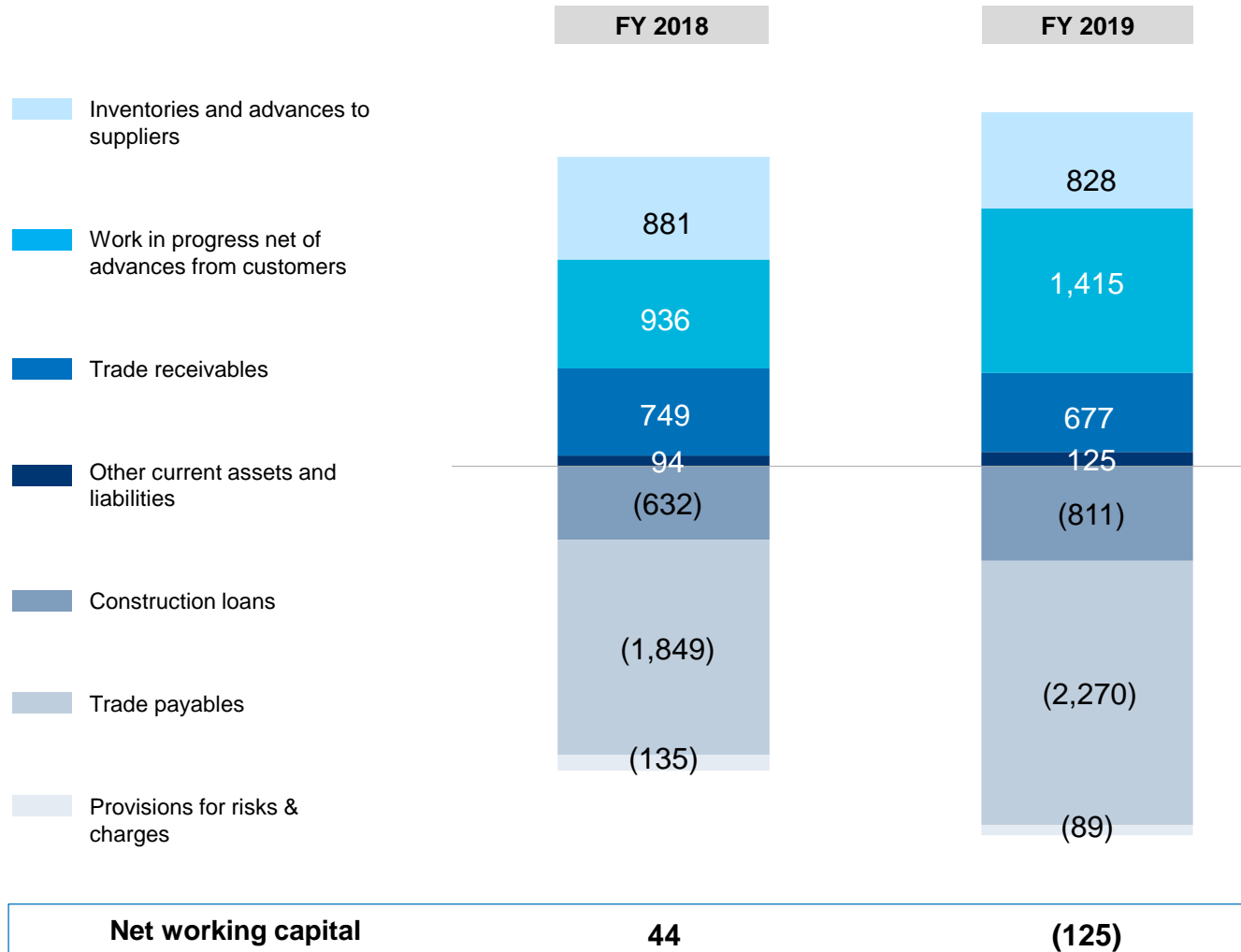


- **Tangible capex** mainly related to:
 - Upgrading Italian yards in order to adjust the production capacity to the construction of large vessels and substantially higher volumes
 - Improving safety and environmental conditions in all production sites
 - Conversion of Vard Tulcea and Vard Braila to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

Net working capital⁽¹⁾

Breakdown by main components

€ mln



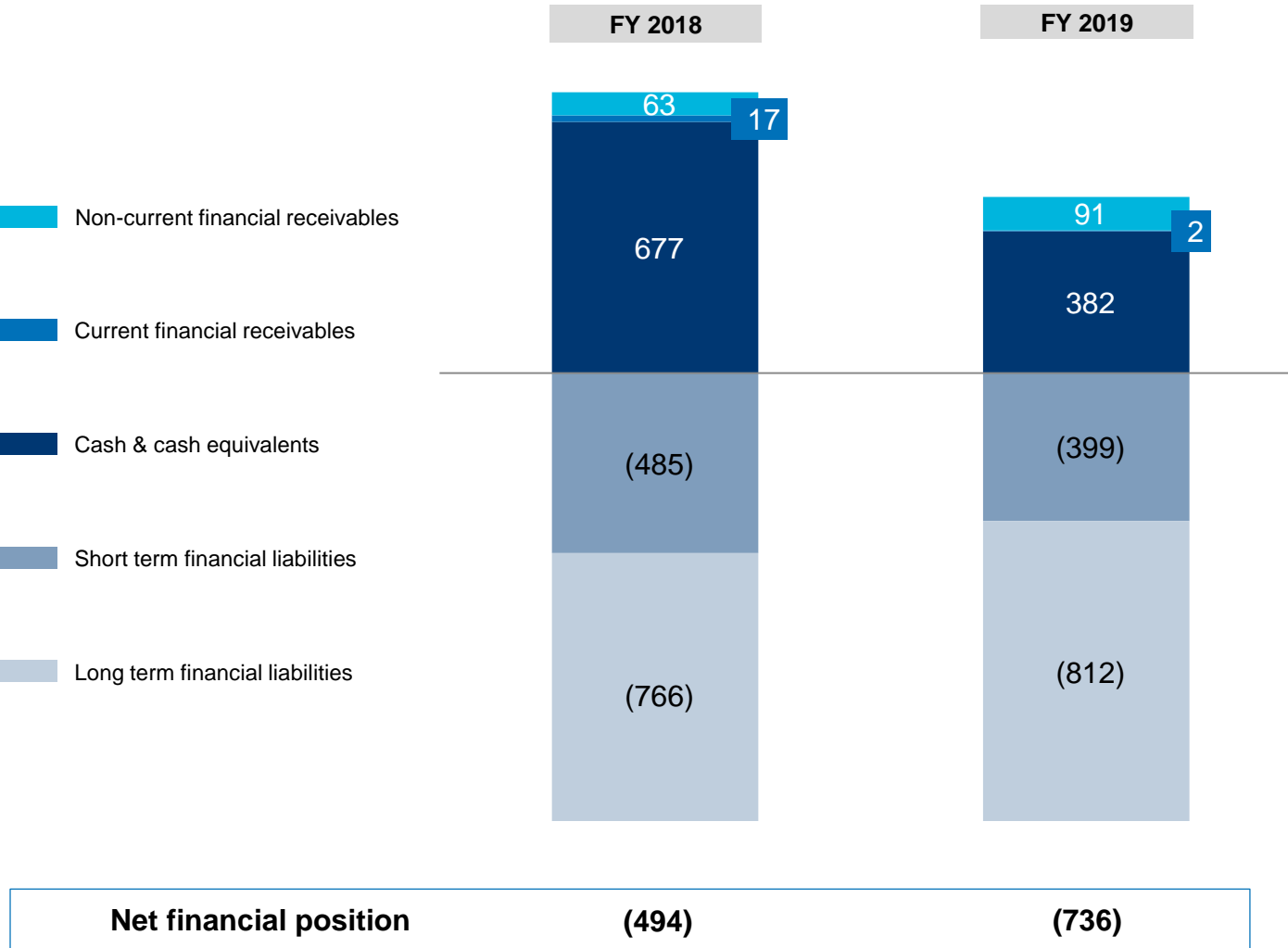
- Increase of Work in progress and trade payables due to the **growth of production volumes** with 2 cruise ships delivered in the first 3 months of 2020
- Increase of construction loans, with majority related to Italian operations

(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

Net financial position

Breakdown by main components

€ mln – Net cash / (Net debt)



- Increase of **net debt** mainly related to investments and cruise-specific financial dynamics

(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

- **COVID-19:** since its outbreak, COVID-19 posed a major threat to national healthcare systems, social wellbeing and the global economy, thus urging Government Authorities to undertake strict countermeasures and lockdown protocols
- **Tackling the emergency:** Fincantieri reacted promptly to protect the health of its employees and those of the subcontractor network, by implementing preventive measures and suspending production activities at Italian shipyards from March 16, 2020
- **Assessing and monitoring risks:** the management is actively involved in the daily monitoring of the evolution of the emergency, in order to ensure proactive management of its potential effects. Impact on Group activities in 2020 likely related to:
 - Production programs
 - Supply chain
 - Personnel
 - Capital expenditures
 - Commercial negotiations
- **Focus on preserving cruise backlog:** with cruise tourism as one of the most affected sectors and cruise operators being forced to suspend operations early on, Fincantieri's priority and commitment are focused on the support to our customers and strategic partners in order to protect the acquired backlog
- **Additional efforts in other segments:** increased commitment to effectively secure new opportunities in naval and continuous focus on diversification in key areas such as technology & electronics and infrastructure
- **Solid financial structure:** to the extent that the situation stabilizes within a reasonable timeframe, the Group's financial structure is adequate to cope with the effects of the emergency
- **Business Plan 2020-2024:** as soon as the developments of the emergency allow a clearer analysis of the possible impacts, the Company will finalize the new business plan and promptly communicate to the market

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Q&A



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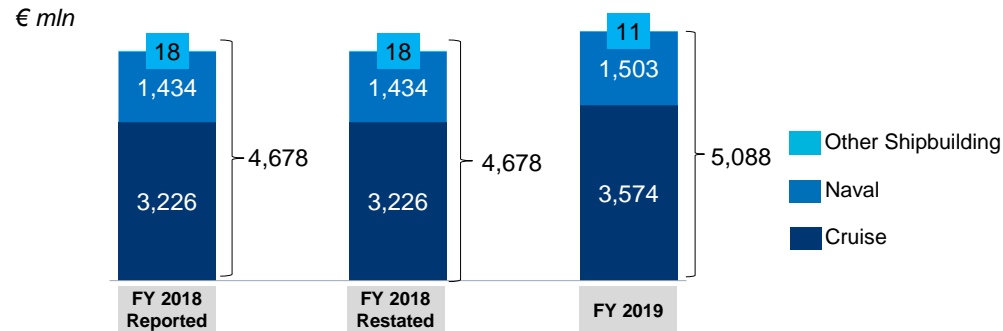


Appendix

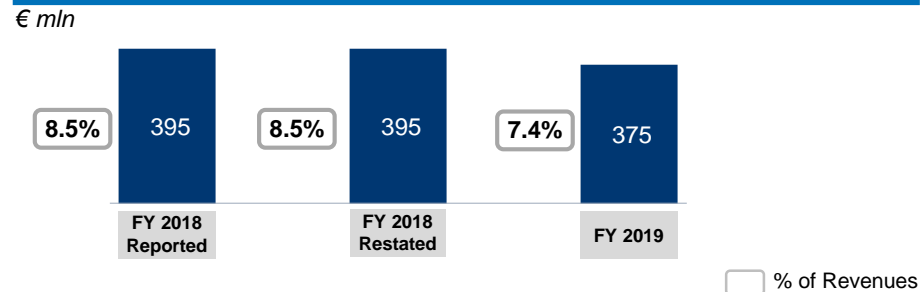


Financial Overview - Shipbuilding

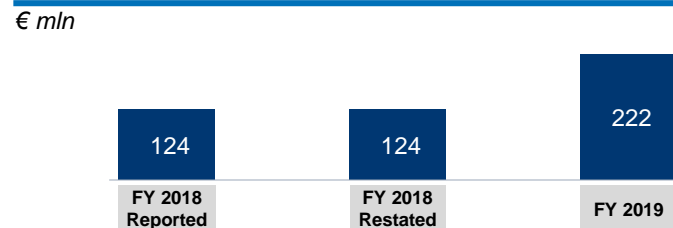
Revenues



EBITDA



Capex



- **Revenues:** €5,088 mln (+8.8% vs FY 2018)
 - Cruise up 10,8%, driven by the construction of bigger and more valuable vessels in Italy and higher volumes in Vard
 - Volumes in Naval guaranteed both by the projects for the Italian and Qatari Navies and by the US subsidiary
- **EBITDA:** €375 mln with margin at 7.4%
 - Good profitability of Italian operations, both in cruise and naval, offset by the negative performance of Vard Cruise
- **Capex:** €222 mln
- **Orders:** €8,057 mln (€7,129 mln in FY 2018)
 - 13 Cruise ships¹
 - 4 forward sections for the FLOTLOG Program
 - 1 Littoral Combat Ship (LCS 31)
 - 4 Multi-Mission Surface Combatants (FMS Saudi Arabia)
 - 1 interlake bulk carrier for Interlake Steamship
 - 1 ferry for Washington Island Ferry Line
 - 1 LNG Barge
- **Backlog:** €26,828 mln (€23,714 mln in FY 2018)
- **Deliveries:**
 - 8 Cruise ships²
 - 2 Littoral Combat Ships (LCS 15 and 17)
 - 1 Multi-Mission European Frigate (FREMM «Marceglia»)

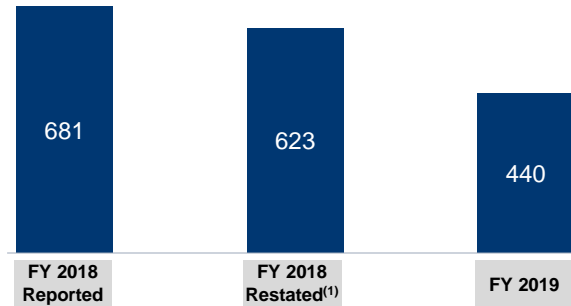
(1) 2 for Oceania Cruises; 1 for Regent Seven Seas Cruises; 4 for MSC Crociere; 2 for Viking; 2 for Princess Cruises; 2 for Ponant

(2) "Viking Jupiter" for Viking Cruises; "Costa Venezia" for Costa Crociere; "Sky Princess" for Princess Cruises and "Carnival Panorama" for Carnival Cruise Line; "Le Bougainville" and "Le Dumont d'Urville" for Ponant; "Hanseatic Nature" and "Hanseatic Inspiration" for Hapag-Lloyd

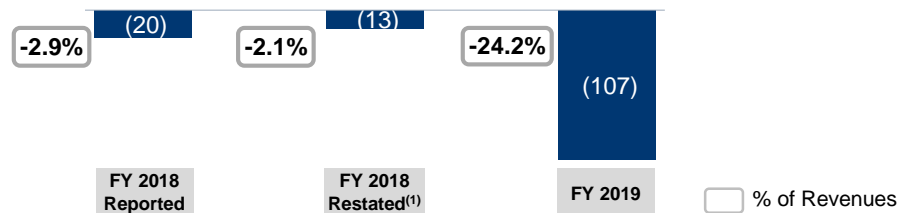
Financial Overview – Offshore and Specialized Vessels

Revenues

€ mln



EBITDA



Capex

€ mln



- **Revenues:** €440 mln (-29.4% vs FY 2018)
 - Decrease in volumes related to the lack of order intake in core business
- **EBITDA:** €(107) mln, with margin at -24.2%
 - Impacted by the review of estimated costs at completion of units under construction
 - Negative impact from low yards utilization rate and high complexity of special vessels in order portfolio
- **Capex:** €6 mln
- **Orders:** €207 mln (€913 mln in FY 2018¹)
 - 1 fishing unit for Luntos
 - 1 expedition cruise vessel for Coral Expeditions
 - 1 expedition cruise vessel for Seasons Shipping
- **Backlog:** €888 mln (€987 mln in FY 2018¹)
- **Deliveries:** 15 ships
 - 3 OSCV units²
 - 1 expedition cruise vessel to Coral Expedition
 - 8 fishing units³
 - 1 aquaculture unit to Solstrand
 - 2 ferries to Torghatten Nord

(1) Restated following the disposal of operations in Aukra

(2) 2 units to Topaz Energy and Marine and 1 unit to Dofcon Navegação

(3) 2 to Bergur-Huginn; 2 to Gjøgur; 2 to Skinney-Thinganes; 1 to Utgerðarfelag Akureyringa; 1 to Aker BioMarine Antarctic

Financial Overview – Equipment, Systems & Services

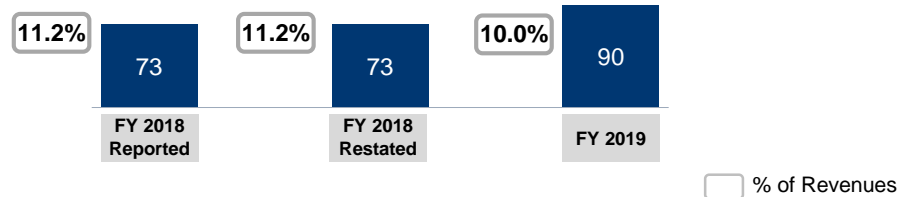
Revenues

€ mln



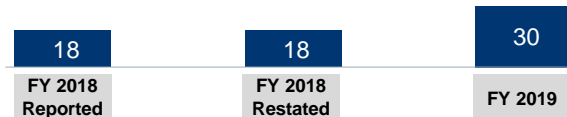
EBITDA

€ mln



Capex

€ mln



- Revenues: €899 mln (+38.1% vs FY 2018)
 - Increased volumes mainly attributable to navel services, repair and conversion activities, as well as to the contribution from Fincantieri Infrastructure
- EBITDA: €90 mln with margin at 10,0%
 - Major contribution of infrastructure and conversion & refurbishment projects
- Orders: €842 mln vs €1,006 mln in FY 2018
- Backlog: €1,736 mln, up 6% with respect to FY 2018

Profit & Loss and Cash flow statement

Profit & Loss statement (€ mln)	FY 2018 Reported	FY 2018 Restated	FY 2019
Revenues	5,474	5,416	5,849
Materials, services and other costs	(4,089)	(4,029)	(4,497)
Personnel costs	(946)	(941)	(996)
Provisions ⁽¹⁾	(25)	(25)	(36)
EBITDA	414	421	320
Depreciation, amortization and impairment	(137)	(136)	(167)
EBIT	277	285	153
Finance income / (expense)	(104)	(104)	(134)
Income / (expense) from investments	(1)	(1)	(3)
Income taxes ⁽²⁾	(64)	(66)	(87)
Adjusted Net result⁽³⁾	108	114	(71)
Attributable to owners of the parent	111	117	(64)
Extraordinary and non recurring items ⁽⁴⁾	(51)	(51)	(67)
Tax effect on extraordinary and non recurring items	12	12	14
Net result from continued operations	-	75	(124)
Attributable to owners of the parent	-	78	(117)
Net result from discontinued operations	-	(6)	(24)
Net result for the period	69	69	(148)
Attributable to owners of the parent	72	72	(141)
Cash flow statement (€ mln)	FY 2018 Reported	FY 2018 Restated	FY 2019
Beginning cash balance	274	274	677
Cash flow from operating activities	30	37	209
Cash flow from discontinued activities	-	(7)	(22)
Cash flow from investing activities	(163)	(163)	(310)
Cash flow from financing activities	535	535	(173)
Net cash flow for the period	402	402	(296)
Exchange rate differences on beginning cash balance	1	1	1
Ending cash balance	677	677	382

(1) The line "Provisions and impairment" has been modified in "Provisions" and includes provisions and reversal for risks and writedowns. It excludes impairment of Intangible assets and Property, plant and equipment, which is included in "Depreciation, amortization and impairment" (previously "Depreciation and amortization"). This change had no effect on the comparative information.

(2) Excluding tax effect on extraordinary and non recurring items

(3) Net results before extraordinary and non recurring items

(4) Extraordinary and non recurring items gross of tax effect



Balance sheet

Balance sheet (€ mln)	FY 2018	FY 2019
Intangible assets	618	744 ⁽¹⁾
Property, plant and equipment	1,074	1,225
Investments	60	75
Other non-current assets and liabilities	8	(79)
Employee benefits	(57)	(60)
Net fixed assets	1,703	1,905
Inventories and advances	881	828
Construction contracts and advances from customers	936	1,415
Construction loans	(632)	(811)
Trade receivables	749	677
Trade payables	(1,849)	(2,270)
Provisions for risks and charges	(135)	(89)
Other current assets and liabilities	94	125
Net working capital	44	(125)
Assets held for sale including related liabilities	-	6
Net invested capital	1,747	1,786
<i>Equity attributable to Group</i>	1,227	1,019
<i>Non-controlling interests in equity</i>	26	31
Equity	1,253	1,050
Cash and cash equivalents	(677)	(382)
Current financial receivables	(17)	(2)
Non-current financial receivables	(63)	(91)
Short term financial liabilities	485	399
Long term financial liabilities	766	812
Net debt / (Net cash)	494	736
Sources of financing	1,747	1,786

(1) Includes Rights on the use of assets

