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2014 HALF-YEAR RESULTS

July 22, 2014

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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, Carlo Gainelli, declares that the accounting information contained herein correspond to document results, books and accounting records.

1H 2014 Key Highlights

Key Business Highlights

- **Solid order intake and confirmation of positive revenue trend** across all segments and end markets
- **Continuous conversion of soft backlog[(1)] into backlog** confirmed by MSC Project Seaside which testifies
  - Technological know how and innovation capabilities
  - New client acquisition skills
- **Italian Navy renewal plan funds confirmed with 2014/2016 Defense Program approval in June 2014;** discussions with the Italian Navy ongoing

Key Financial Highlights

- **Solid order intake of € 3.4 BN**, up 87% from 1H 2013, with book to bill ratio at 1.7x vs. 1.0x in 1H 2013
- **Group backlog at € 9.5 BN**, up 39% from 1H 2013 and **soft backlog[(1)] at € 5.8 BN**
- **Revenues at € 2 BN**, up 5% from 1H 2013, with 81% coming from non-Italian clients, of which **62% from Shipbuilding and 34% from Offshore**
- **EBITDA at € 142 MM** in line with 1H 2013, with EBITDA margin at 7.1%
- **Net income before extraordinary and non recurring items at € 48 MM** (2.4% on revenues)
- **Net financial position at € 184 MM of net debt** from € 155 MM at 2013 year end
- **Net working capital at € 52 MM**, substantially in line with FY 2013, including **construction loans at € 607 MM** up € 44 MM from end of 2013
- 1H 2014 is the first semester for the Group which includes the effects, for the entire period, of the full consolidation of VARD (acquired on 23/01/2013)

(1) Soft backlog includes contracts signed after the reporting period, agreements subject to finalization of financing, options, estimate of new Italian Navy program (net of financial costs and of costs related to the combat system)

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1H 2014 main new orders

		Vessel		Client	Delivery
Q1	**Shipbuilding**		**2 extra-luxury cruise vessels**	*Seabourn Cruise* *Undisclosed*	2016 2016
			**Programma Rinascimento**	*MSC Crociere*	2015
			**2 Littoral Combat Ship units**	*US Navy*	2018
	Offshore		**OSCV VARD 3 19**	*Solstad Offshore*	2016
Q2	**Shipbuilding**		**2 cruise ships (Project Seaside)**	*MSC Crociere*	2017 / 2018
			**2 Articulated Tug Barge units**[1]	*Moran Towing Corporation*	2015 / 2016
	Offshore		**OSCV**	*Island Offshore*	2016

(1) *The second order for the ATB unit for the transportation of petrochemical products is dated April 2014, while the first one was acquired in Q1 2014. ATB is an articulated unit consisting of a barge and a tug, thus being counted as two vessels in one unit.*

1H 2014 main deliveries

			Vessel	Client	Shipyard
Q1	Shipbuilding		**FREMM Carlo Margottini**	*Italian Navy*	Muggiano
			**Patrol boat Ubaldo Diciotti**	*Italian Coast Guard*	Castellammare di Stabia
	Offshore		**PSV Troms Arcturus**	*Troms Offshore*	Vard Aukra
			**AHTS Far Sigma**	*Farstad Shipping*	Vard Langsten
Q2	Shipbuilding		**Regal Princess**	*Princess Cruises*	Monfalcone
			**Oceanographic vessel Sikuliaq**	*University of Alaska - Fairbanks*	Marinette
	Offshore		**OSCV Normand Reach**	*Solstad Offshore*	Vard Aukra

Summary of financial performance indicators[(1)]

€ MM	FY 2013	1H 2013	1H 2014
Order intake	**4,998**	**1,843**	**3,447**
Backlog	**8,068**	**6,830**	**9,515**
Revenues	**3,811**	**1,894**	**1,983**
EBITDA	**298**	**140**	**142**
As a % of revenues	*7.8%*	*7.4%*	*7.1%*
Net income before extraordinary and non recurring items[(2)]	**137**	**55**	**48**
As a % of revenues	*3.6%*	*2.9%*	*2.4%*
Attributable to owners of the parent	*109*	*42*	*39*
Net financial position *Net cash/ (Net debt)*	**(155)**	**157**	**(184)**
Net working capital[(3)]	**(67)**	**(351)**	**(52)**
Construction loans	**(563)**	**(425)**	**(607)**

Comments

- Order intake at € 3.4 BN bringing backlog up to € 9.5 BN
- Revenues at € 2.0 BN
- EBITDA at € 142 MM (7.1% on revenues)
- Net income before extraordinary and non recurring items at € 48 MM[(2)] of which € 39 MM net of minority interests
- Net financial position at € (184) MM
- Net working capital at € (52) MM
- Construction loans at € (607) MM

(1) *With the aim to provide a meaningful index to measure the Group financial results, the Group adopts an EBITDA definition which normalizes the trend of results over time, and increases the level of comparability of the same results by excluding the impact of non recurring and extraordinary operating items; for the same reason, the Group also monitors Net Income before non recurring and extraordinary items (both operating and financials)*

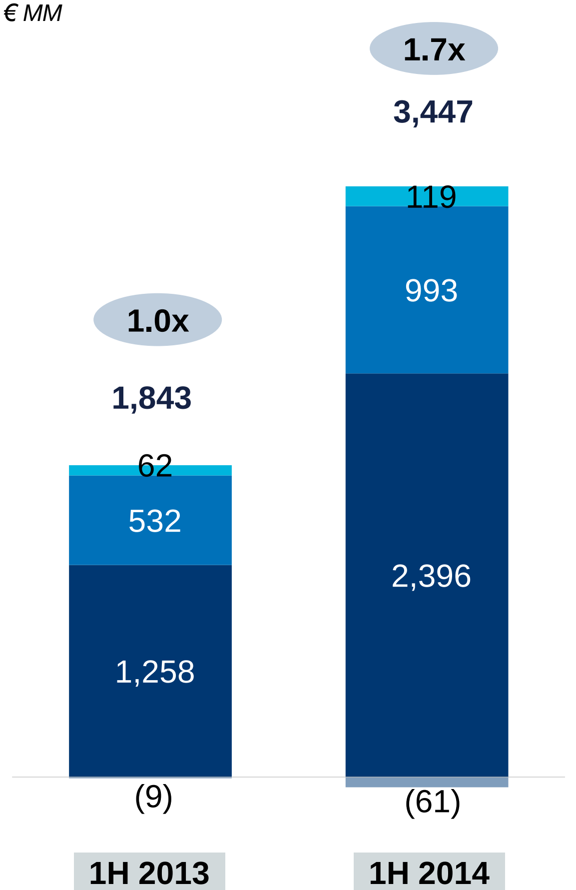
(2) *Excluding extraordinary and Non Recurring Items net of tax effect. Figures reported before minority interests*

(3) *Construction loans are accounted for in Net working capital, not Net financial position, as they are not general purpose loans and can be a source of financing only in connection with ship contracts*

Order intake and backlog – by segment

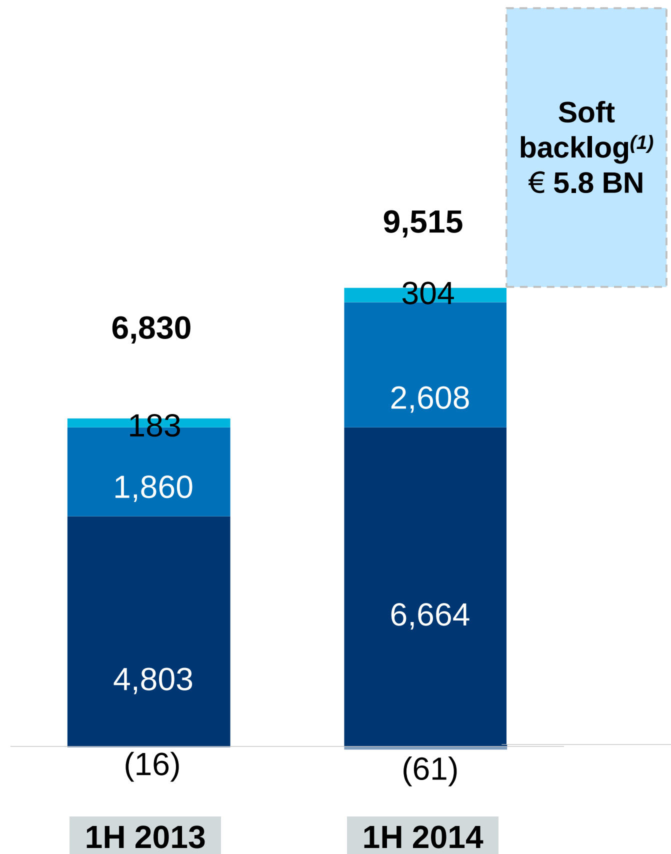
Order intake

€ MM



Backlog

€ MM



Shipbuilding Offshore Equipment, systems & services Eliminations

Book-to-bill (Order intake / revenues)

Comments

- Solid order intake at € 3.4 BN in 1H 2014, with book-to-bill ratio of 1.7x
  - <u>Shipbuilding:</u> € 2.4 BN
    - 14 units, of which 4 cruise ships and 10[2] naval vessels
  - <u>Offshore</u>: € 1 BN
    - 13 units, of which 3 OSCVs
  - <u>Equipment, systems & services</u>: € 119 MM
- Backlog increase to € 9.5 BN
  - Shipbuilding at € 6.7 BN
  - Offshore at € 2.6 BN
  - Equipment, systems & services at € 304 MM
- Soft backlog[1] at € 5.8 BN

(1) *Soft backlog includes contracts signed after the reporting period, agreements subject to finalization of financing, options, estimate of new Italian Navy program (net of financial cost and of cost related to the combat system)*
(2) *Of which 4 units with length < 40 m (RB-M for US Coast Guard)*

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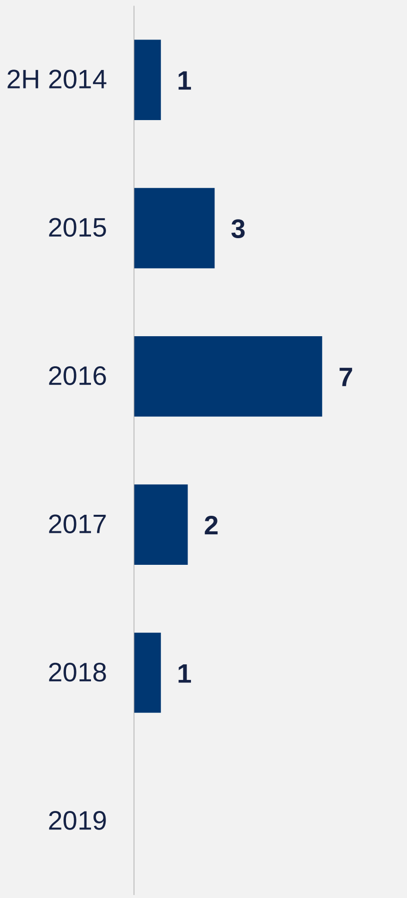
Backlog deployment – by segment and end market

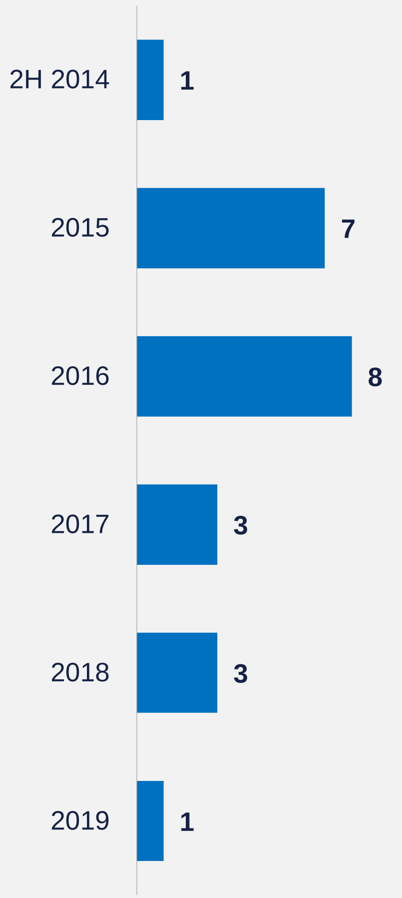
Shipbuilding

 # ships [(1)]

Cruise

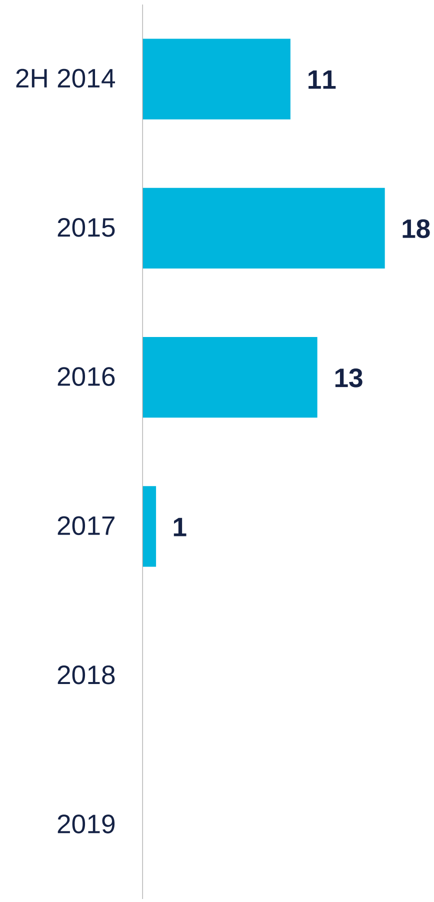


Naval[(2)]



Offshore

 # ships



Comments

- Cruise: orders bringing visibility of deliveries to 2018
- Naval: deliveries of LCS units up to 2018; still waiting for conversion into backlog of Italian Navy fleet renewal program
- Offshore: generally shorter production times and, as a consequence, shorter backlog and quicker order turnaround

(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) Ships with length > 40 m (excluding 4 RB-M for US Coast Guard)

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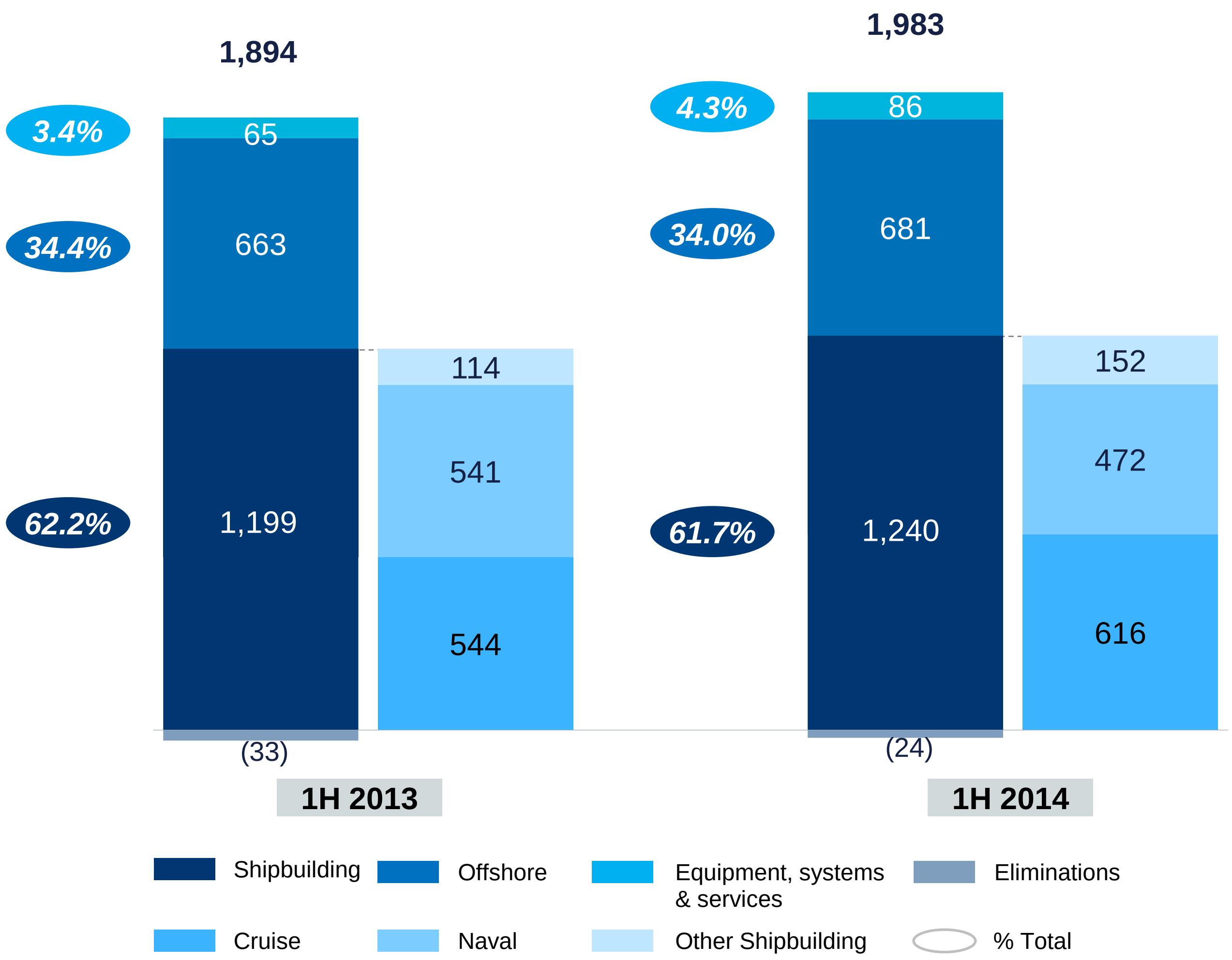
Revenues – by segment and end market

Breakdown by segment and end market[1]

€ MM



Comments

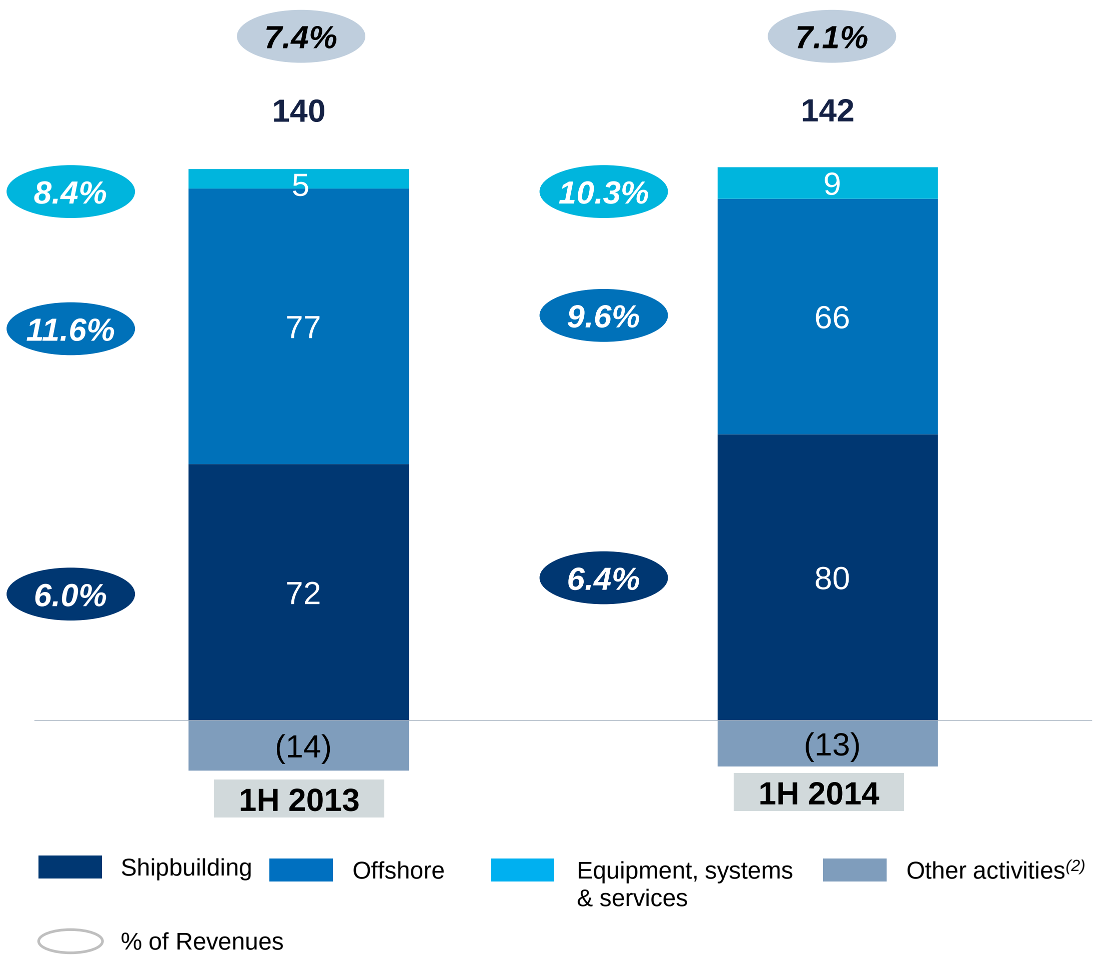
- Shipbuilding revenues increased by 4.7% at € 1.24 BN, with
  - Higher contribution of Cruise, where signs of recovery have been observed
  - Reduced contribution of Naval following recent deliveries in Italy
- Offshore revenues at € 681 MM up 2.8% vs. 1H 2013 mainly due to full consolidation of VARD and mitigated by NOK/EUR exchange rate
- Equipment, systems and services revenues up to € 86 MM, mainly due to the increase of volumes of after sale services for naval vessels following the recent deliveries

(1) *Breakdown calculated on total revenues before eliminations*

EBITDA[1] by segment

EBITDA and EBITDA margin

€ MM



Comments

- Group EBITDA at € 142 MM, in line with 1H 2013 although affected by Provisions and impairment losses for € 10 MM, with margin at 7.1%
  - Shipbuilding at € 80 MM with higher contribution in terms of margins at 6.4%
  - Offshore at € 66 MM, with margin at 9.6% down from 11.6% in 1H 2013 mainly driven by
    - 1H 2013 being positively affected by higher margin orders acquired in 2011/2012
    - 1H 2014 including effects of productivity development hampered by adverse climatic conditions and country-wide protests in Brazil, triggering additional costs to mitigate impact on the delivery schedule
  - Equipment, systems & services at € 9 MM, with margin at 10.3%, increasing vs. 1H 2013

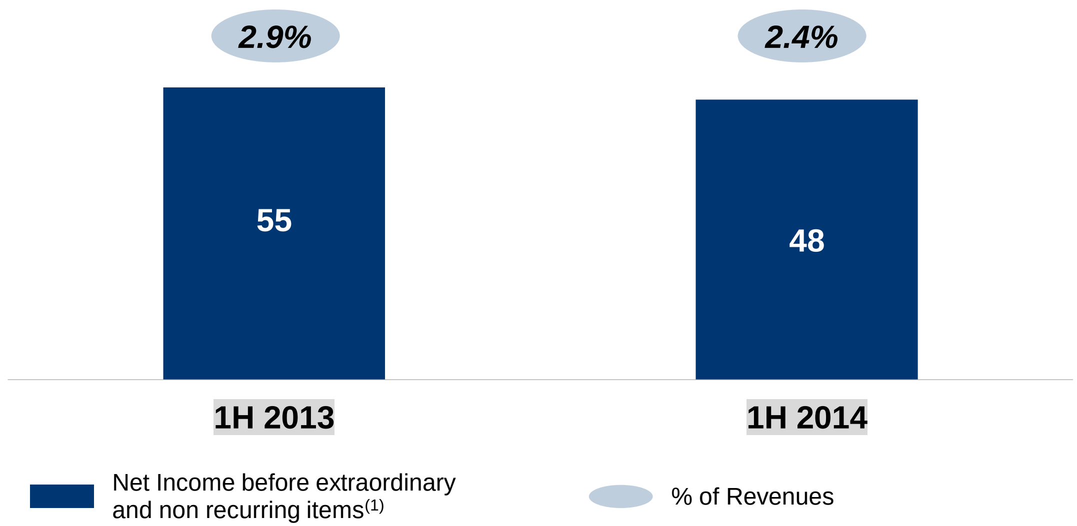
(1) EBITDA is a Non-GAAP Financial Measure. The Company defines EBITDA as profit/(loss) for the period before (i) income taxes, (ii) share of profit/(loss) from equity investments, (iii) income/expense from investments, (iv) finance costs, (v) finance income, (vi) depreciation and amortisation, (vii)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

(2) Other costs

Net income before extraordinary and non recurring items(1)

Net income before extraordinary and non recurring items(1)

€ MM



	€ MM	1H 2013	1H 2014
A	Net profit/(loss) for the period	33	33
B	Extraordinary and non recurring items gross of tax effect	32	21
C	Tax effect on extraordinary and non recurring items	10	6
A + B + C	**Net income before extraordinary and non recurring items(1)**	**55**	**48**
	Attributable to owners of the parent	*42*	*39*

Comments

- Net income before extraordinary and non recurring items at € 48 MM, 2.4% on revenues (vs. 2.9% in 1H 2013)
  - Extraordinary and non recurring items gross of tax effect at € 21 MM mainly relates to extraordinary wage guarantee fund costs (€ 6 MM) and asbestos claims (€ 12 MM)
- Profit for the period in 1H 2014 at € 33 MM, in line with 1H 2013

(1) Excluding extraordinary and non recurring items net of tax effect

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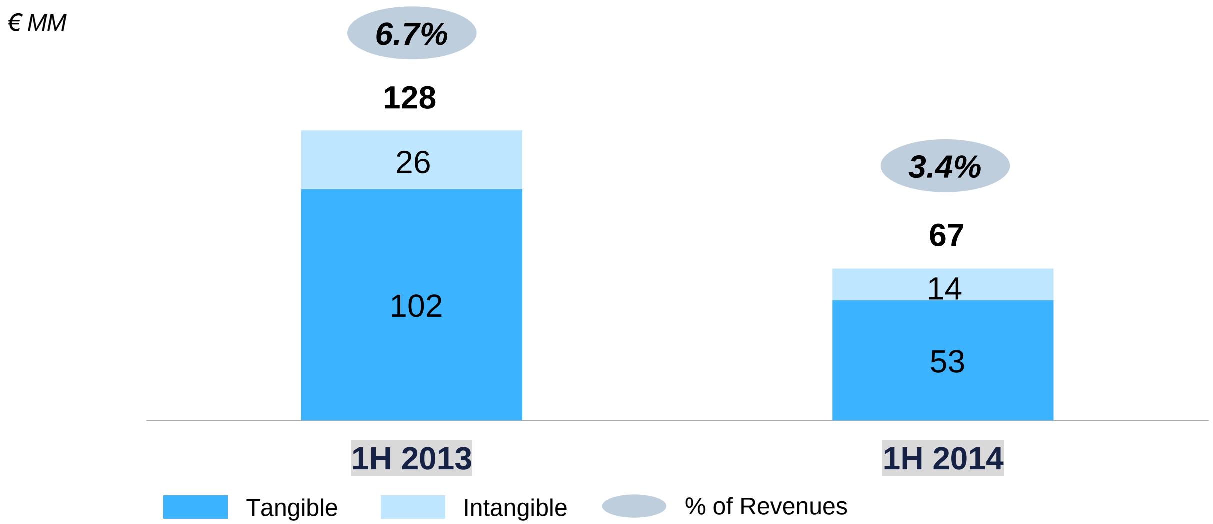
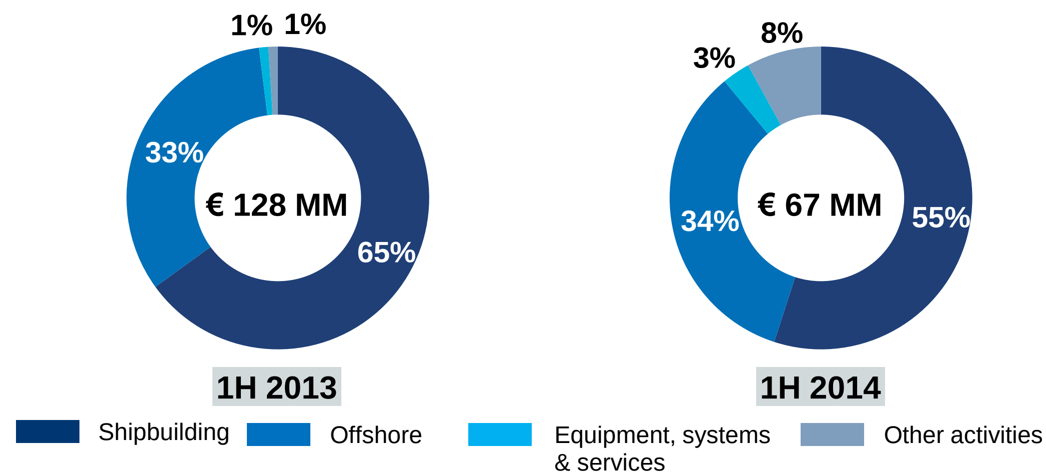
Capital expenditures

Capex



Capex by segment

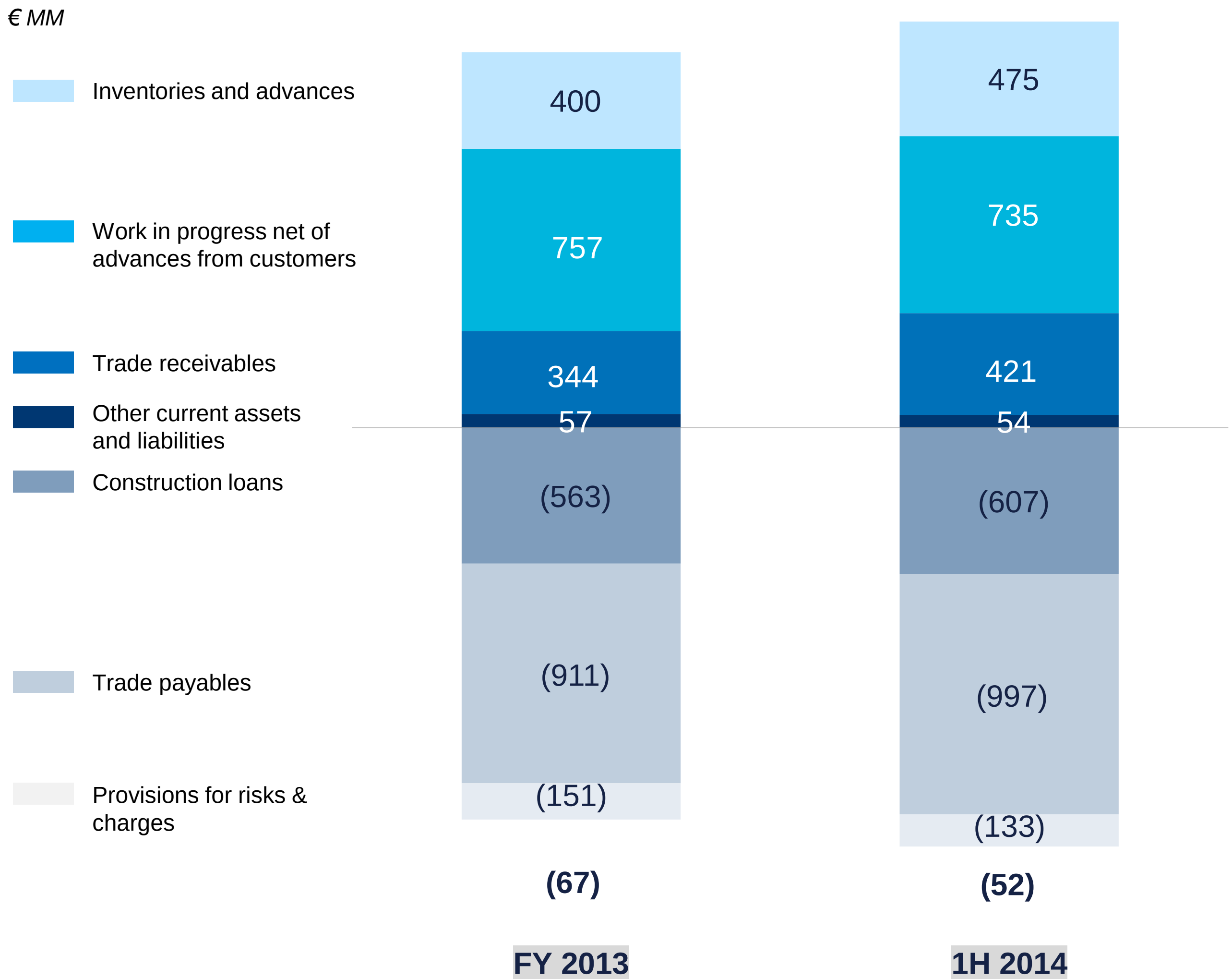


Comments

- Capex in 1H 2014 equal to € 67 MM, of which
  - Tangible for € 53 MM, mainly related to the construction of new infrastructures (e.g. Vard Promar Brazilian shipyard) and technological upgrading of facilities in Italy and Romania. High level of tangible capex in 1H 2013 (€ 102 MM) due to the construction of the new yard in Brazil and a semisubmersible barge in Italy for internal use
  - Intangible for € 14 MM, including € 10 MM dedicated to the development of new technologies for cruise business, compared to € 24 MM in 1H 2013

Net working capital

Breakdown by main components



Comments

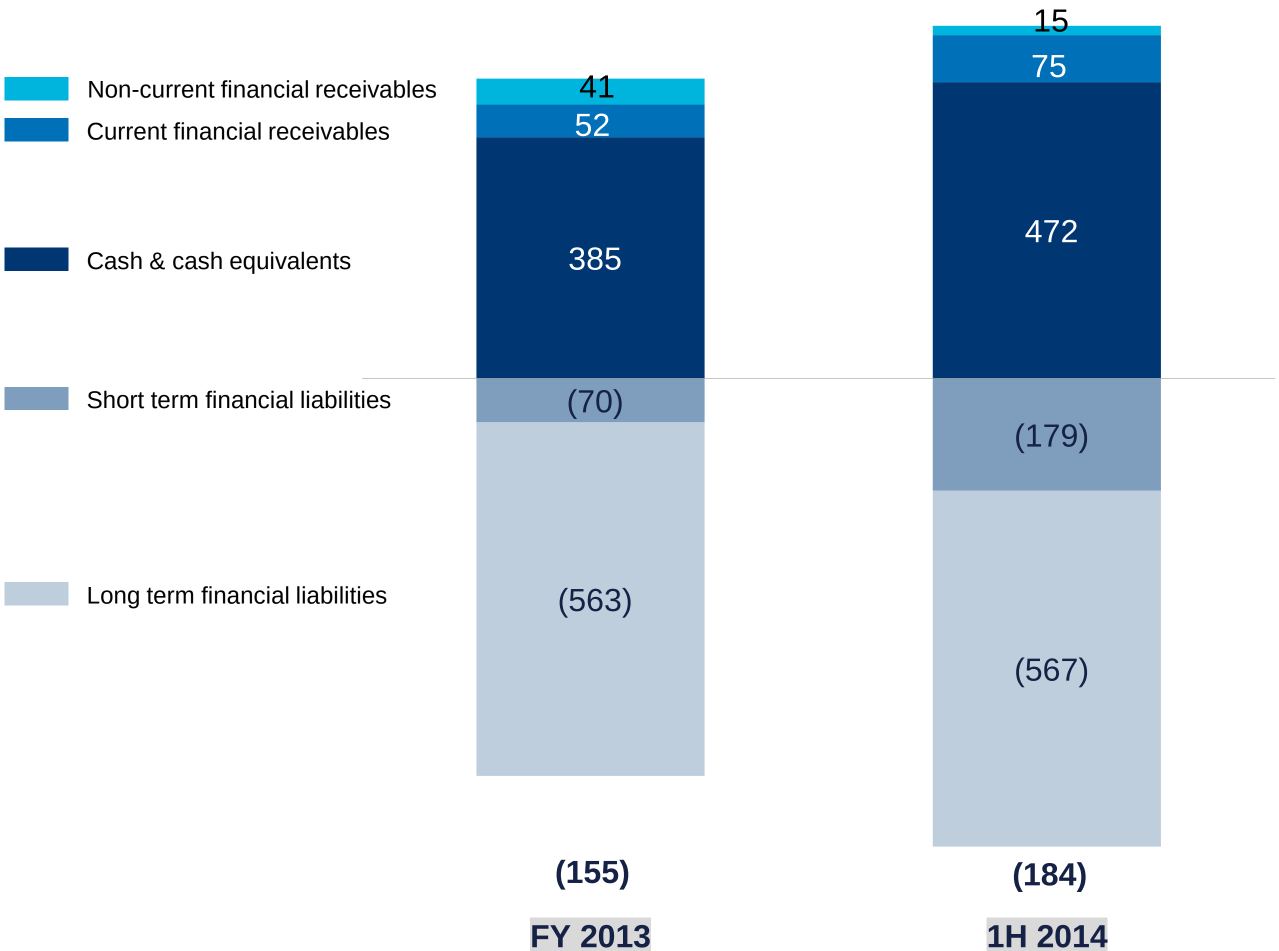
- Net working capital in 1H 2014 at € (52) MM, stable compared to FY 2013 with
  - Increase in inventories and advances (€ 75 MM) driven by growth in advances to suppliers of VARD, increase in receivables (€ 77 MM) and decrease in work in progress (€ 22 MM), compensated by
  - Increase in payables to suppliers (€ 86 MM), increase in construction loans (€ 44 MM) and decrease of provisions for risks and charges (€ 18 MM) mainly at VARD for utilization of warranty and other provisions

(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(1)

Breakdown by main components

€ MM – Net cash / (Net debt)



Comments

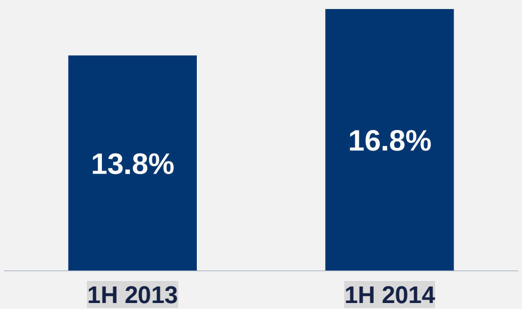
- Net financial position in 1H 2014 at € (184) MM of net debt, stable compared to FY 2013 due to the inflows from the delivery of a large cruise ship (Regal Princess) in May 2014 that almost compensated financing requirements from the increase of the cruise shipbuilding activities

(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

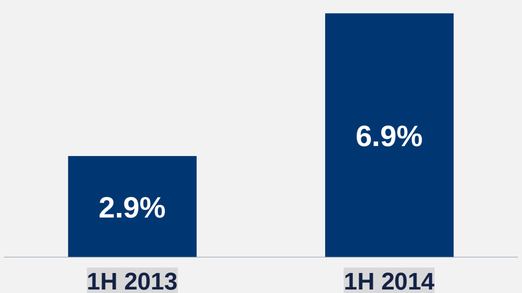
Key financial ratios

Profitability ratios

ROI[1] (EBIT / Net invested capital)

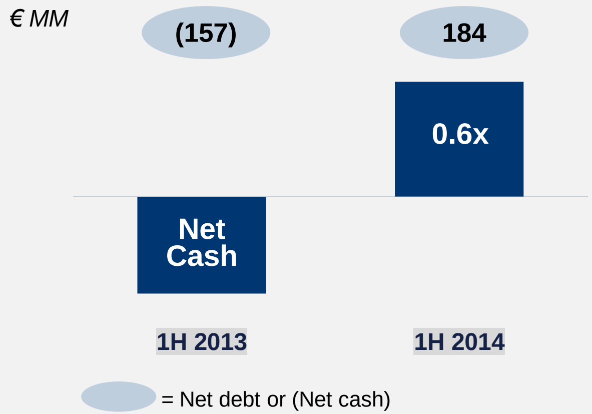


ROE[1] (Net income / Equity)

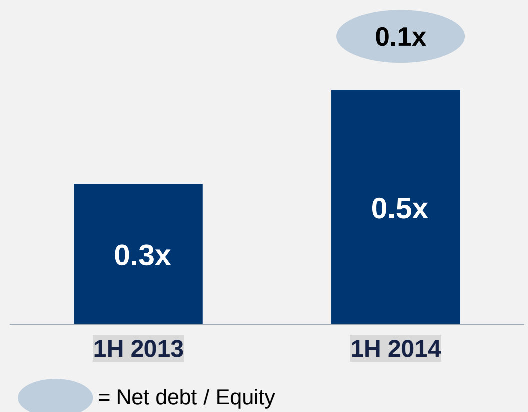


Debt ratios

Net debt / EBITDA



Gross debt / Shareholders' equity



Comments

- ROI and ROE show an improvement in Group profitability for 1H 2014 mainly due to changes in Net invested capital and Equity, respectively, for the period
- Net debt / EBITDA at 0.6x for 1H 2014, driven by a Net financial position at € (184) MM of net debt, which compares with net cash position for the same period in 2013

(1) *Ratios calculated based on economic parameters related to 12 months trailing (from July 1, 2012 to June 30, 2013 and from July 1, 2013 to June 30, 2014)*

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Outlook

- Trend of the business suggests a higher activity during the remaining part of 2014, with expectations of a better visibility due to further extension of the order book
- In the Shipbuilding segment
  - Positive cruise market outlook supported by order intake (MSC Project Seaside) and ongoing negotiations
  - Expected recovery of the naval order intake as the renewal plan for the Italian Navy is finalized
- In the Offshore segment
  - Continued demand for highly specialized OSCVs and subsea support vessels, while North Sea OSV day rates are under pressure
  - VARD order flow supported by growing and more international client base, but slowdown in new order intake expected compared to exceptional 1H 2014
  - Improved throughput and productivity development critical to reach production targets at Vard Promar
- In the Equipment, systems and services segment positive market outlook confirms expected growth

Investor Relations contacts

Head of Investor Relations

Luca Passa

+39 040 319 2369

luca.passa@fincantieri.it

Institutional Investors

investor.relations@fincantieri.it

Individual Shareholders

azionisti.individuali@fincantieri.it

www.fincantieri.com

Appendix

Shipbuilding

Highlights

€ MM	1H 2013	1H 2014
Order intake	**1,258**	**2,396**
Backlog	**4,803**	**6,664**
Revenues	**1,199**	**1,240**
EBITDA	**72**	**80**
% on revenues	*6.0%*	*6.4%*
Capex	**84**	**37**
Ships delivered	**6**	**4**[(1)]

- 2 large cruise ships for MSC Crociere
- 2 extra-luxury cruise ships for Seabourn Cruise and an undisclosed client
- 2 LCS for the US Navy
- 2 ATB units for Moran Towing
- 4 RBM units for the US Coast Guard
- "Rinascimento" program for MSC Crociere

Positive cruise market outlook supported by order intake (MSC Project Seaside) and ongoing negotiations

Expected recovery of the naval order intake as the renewal plan for the Italian Navy is finalized

Comments

- Orders: solid order intake at € 2.4 BN, including 14 new ships
- Revenues: at € 1.2 BN driven by increasing contribution of cruise with a reduction of naval
- EBITDA: slight increase in absolute values to € 80 MM, with margin up at 6.4% due to
  - Higher volumes despite lower activity in the naval business
  - 1H 2013 being negatively affected by low margins of ships on delivery
- Capex: down at € 37 MM back to levels more in line with historical depreciation

(1) Of which 1 cruise ship and 3 naval vessels

Offshore

Highlights

€ MM	1H 2013	1H 2014
Order intake	**532**	**993**
Backlog	**1,860**	**2,607**
Revenues	**663**	**681**
EBITDA	**77**	**66**
% on revenues	*11.6%*	*9.6%*
Capex	**42**	**23**
Ships delivered	**13**	**11**

- 1 Diving Support and Construction Vessel for Technip
- 1 arctic AHTS for Bourbon
- 6 PSVs, of which 2 for Carlotta Offshore, 2 for Nordic American Offshore and 2 for Mermaid Marine Australia
- 1 OSCV for Solstad Offshore
- 2 OSVs and 1 OSCV for Island Offshore
- 1 Offshore Construction and Anchor Handling Vessel for Rem Offshore

Order flow supported by growing and more international client base, but slowdown in new order intake expected compared to exceptional 1H 2014

Improved throughput and productivity development critical to reach production targets at Vard Promar

Comments

- Orders: healthy order intake at € 1 BN bringing backlog up at € 2.6 BN
- Revenues: at € 681 MM up 2.8% vs. 1H 2013 mainly due to full consolidation of VARD and PPA effect for € 15 MM (vs. € 23 MM in 1H 2013) referred to release of provisions accrued at VARD business combination linked with losses on ships under construction in Brazil
- EBITDA: at € 66 MM, with margin at 9.6%, down from 11.6% in 1H 2013, mainly driven by
  - 1H 2013 being positively affected by higher margin orders acquired in 2011/2012
  - 1H 2014 including effects of productivity development hampered by adverse conditions in Brazil, triggering additional costs to mitigate impact on the delivery schedule
- Capex: down at € 23 MM with Vard Promar yard finalizing the start-up phase

(1) Purchase price allocation

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Equipment, systems and services

Highlights

€ MM	1H 2013	1H 2014
Order intake	**62**	**119**
Backlog	**183**	**304**
Revenues	**65**	**86**
EBITDA	**5**	**9**
% on revenues	*8.4%*	*10.3%*
Capex	**1**	**2**

Revenues increase expectation confirmed by positive order intake dynamics

Comments

- Orders: good order intake at € 119 MM, up from € 62 MM in 1H 2013, with backlog at € 304 MM
- Revenues: up to € 86 MM, mainly due to the increase of volumes of after sale services for naval vessels following the recent deliveries
- EBITDA: up to € 9 MM, with margin at 10.3%, increasing both in terms of absolute value and % vs. 1H 2013, thanks in particular to higher contribution of after sale services
- Capex: equal to € 2 MM

Profit & Loss and Cash flow statement

Profit & Loss statement (€ MM)	1H 2013	1H 2014
Revenues	**1,894**	**1,983**
Materials, services and other costs	(1,386)	(1,425)
Personnel costs	(369)	(406)
Provisions and impairment losses	1	(10)
EBITDA	**140**	**142**
Depreciation and amortization	(44)	(49)
EBIT	**96**	**93**
Finance income / (expense)	(20)	(28)
Income / (expense) from investments	-	1
Income taxes	(21)	(18)
Net Income before extraordinary and non recurring items[1]	**55**	**48**
Attributable to owners of the parent	*42*	*39*
Extraordinary and non recurring items	(32)	(21)
Tax effect on extraordinary and non recurring items	10	6
Profit / (loss) for the year	**33**	**33**
Attributable to owners of the parent	*20*	*24*

Cash flow statement (€ MM)	1H 2013	1H 2014
Beginning cash balance	**692**	**385**
Cash flow from operating activities	58	49
Cash flow from investing activities	(298)	(74)
Free cash flow	**(240)**	**(25)**
Cash flow from financing activities	26	105
Net cash flow for the period	**(214)**	**80**
Exchange rate differences on beginning cash balance	(9)	7
Ending cash balance	**469**	**472**

Balance sheet

€ MM	FY 2013	1H 2014
Intangible assets	539	548
Property, plant and equipment	897	926
Equity investments	70	76
Other non current assets and liabilities	(14)	(17)
Employee indemnity benefit	(60)	(60)
Net fixed capital	**1,432**	**1,473**
Inventories	400	475
Construction contracts net of advances from customers	757	733
Construction loans	(563)	(607)
Trade receivables	344	421
Trade payables	(911)	(997)
Provisions for other risks and charges	(151)	(133)
Other current assets and liabilities	57	54
Net working capital	**(67)**	**(52)**
Net invested capital	**1,365**	**1,421**
Group equity	*968*	*985*
Minority interests	*242*	*252*
Equity	**1,210**	**1,237**
Cash & cash equivalents	(385)	(472)
Current financial receivables	(52)	(75)
Non-current financial receivables	(41)	(15)
Short term financial liabilities	70	179
Long term financial liabilities	563	567
Net debt / (Net cash)	**155**	**184**
Source of financing	**1,365**	**1,421**

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