

**FINCANTIERI BOARD OF DIRECTORS APPROVES 1H 2014 RESULTS WITH BACKLOG AT EURO 9.5 BILLION AND REVENUE AT APPROX. EURO 2 BILLION****Financial Highlights**

- **Order intake: euro 3,447 million** (euro 1,843 million at 30 June, 2013)
- **Backlog: euro 9,515 million** (euro 6,830 million at 30 June, 2013)
- **Revenue: euro 1,983 million** (euro 1,894 million at 30 June, 2013)
- **EBITDA: euro 142 million with EBITDA margin at 7.1%** (euro 140 million at 30 June, 2013 with EBITDA margin at 7.4%)
- **Net income from ordinary activities<sup>(1)</sup>: euro 48 million** (euro 55 million at 30 June, 2013)
- **Profit for the period: euro 33 million** (unchanged compared to 30 June, 2013)
- **Net financial position<sup>(2)</sup>: euro 184 million of net debt** (euro 155 million of net debt at 31 December, 2013)

**Business Highlights**

- **Solid order intake and confirmation of positive revenue trend across all segments and end markets**
- **Ability to increase backlog confirmed by MSC Project Seaside which testifies technological know-how and innovation as well as new client acquisition capabilities**
- **Ongoing discussions with the Italian Navy regarding the fleet renewal plan, confirmed in June with the approval of the multi-annual Defense program for the three years 2014/2016**

**Other Resolutions**

- **Evaluation of the independence requirements prescribed by Italy's Corporate Governance Code**
- **Appointment of members of internal committees**
- **Appointment of the director in charge of the internal control system**

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**Rome, 21 July 2014** – The Board of Directors of FINCANTIERI S.p.A. ("Fincantieri" or the "Company"), chaired by Vincenzo Petrone, approved the **Half-year financial report at 30 June 2014**, prepared in compliance with International Financial Reporting Standards (IAS/IFRS).

(1) Profit/loss (+/-) before extraordinary and non-recurring income and expenses

(2) Net Financial Position do not include Construction Loans , which are treated as part of working capital

During the Board meeting **Giuseppe Bono, Fincantieri's Chief Executive Officer**, said: *"The first half of 2014 confirms the soundness of our strategy, but especially marks the listing on the Italian Stock Exchange of Fincantieri, a major Italian industrial corporation that in recent years has become the largest Western shipbuilder and one of the most dynamic and diversified players in the sector. The first half of the year reports a continuously growing order intake and an upward trend in revenue in all the Group's business segments. The conditions for a further stage in the Company's development are therefore in place."*

#### **Group operational performance in the first half of 2014**

In the first half of 2014 the Group achieved **new orders** totaling euro 3.4 billion (increasing from to euro 1.8 billion in the corresponding period of 2013), of which euro 1.7 billion secured in the second quarter of 2014, thus confirming a future growth trend for all the sectors in which the Group operates.

Of the total new orders (excluding consolidation adjustments), 69% relates to the Shipbuilding segment, 29% to the Offshore segment, and 3% to the Equipment, systems and services segment. New orders secured by the Parent Company Fincantieri S.p.A. accounted for 59% of the total.

In the **Shipbuilding segment**, the trend in order intake indicates a recovery in the cruise business area, while in the naval business, the Littoral Combat Ship program for the U.S. Navy has continued (with the award of two more options to the subsidiary Marinette Marine Corporation) and demand has recovered for complex vessels for chemical/petroleum transportation in the Great Lakes area. Negotiations have also continued with the Italian Navy for the start of the fleet renewal plan, recently confirmed with the approval in June of the multi-annual Defense program for the three years period 2014/2016.

As for the **Offshore segment**, demand has continued to be high, especially for complex support vessels.

The order **backlog** amounted to euro 9.5 billion at 30 June 2014 (euro 6.8 billion at the end of the first half of 2013), with the order profile extending until 2019.

The growth in backlog reflects the significant increase in orders over the last 12 months and the Group's ability to finalize contracts under negotiation, contract options and commercial opportunities. Furthermore, the value at 30 June 2014 of existing contract options and letters of intent, contracts conditional upon finalization of financing, as well as contracts under negotiation for the Italian Navy's fleet renewal program, none of which yet reflected in the order backlog, amounts to approximately euro 5.8 billion.

#### **Consolidated financial highlights for the first half of 2014**

**Revenue and income** in the first half of 2014 amounted to euro 1,983 million, reporting an increase of euro 89 million (4.7%) compared to the same period of 2013 (euro 1,894 million) mainly due to higher volumes in the cruise business.

During the six months ended 30 June 2014, the Group's export revenue increased to 81% of the total from 79% in the first half of 2013.

**EBITDA** came to euro 142 million, in line with the figure of euro 140 million recorded in the first half of 2013. The **EBITDA margin** was 7.1%, slightly lower compared to the same period of 2013 (7.4%). In terms of contribution, the Shipbuilding and Equipment, systems and services segments posted an increase in profitability over the first half of 2013, which, however, only partially offset the Offshore business's decline in margins, which accounted for more than 50% of Group EBITDA in the first six months of 2013. It should be noted that the VARD Group's results in the first half of 2013 benefited from certain high margins contracts, mainly acquired during 2011 and 2012 and completed during the period, and did not fully reflect the losses on its Brazilian operations which influenced the first half 2014 results. This effect has been only partially offset by using the related provision recognized at the time of the subsidiary's purchase price allocation.

**EBIT** amounted to euro 93 million in the first half of 2014 (compared with euro 96 million in the first half of 2013). **EBIT margin** at 4.7% in the first half of 2014, slightly down on the same period of 2013 (5.0%), reflects a higher impact of depreciation and amortization combined with lower margins in the Offshore business.

**Net income before extraordinary and non-recurring items** amounts to euro 48 million at 30 June 2014, compared to euro 55 million at 30 June 2013 and representing 2.4% of Revenue and income (2.9% in the first half of 2013).

**Profit for the period** amounts to euro 33 million for the first half of 2014, remaining unchanged from the same period of the previous year.

**Net financial position** at 30 June 2014 reports a negative balance of euro 184 million (negative balance of euro 155 million at 31 December 2013). The financial requirements resulting from increased activity in the cruise business in the period have been offset by the inflows from the delivery of the cruise ship Regal Princess in May, which contributed to maintaining the Group's net financial position substantially stable compared to 31 December 2013.

**Net working capital** reports a negative balance of euro 52 million, which is broadly in line with the figure at 31 December 2013 (which was euro 67 million). **Construction loans**, committed working capital financing facilities which are treated as part working capital, amount to euro 607 million at 30 June 2014, up by euro 44 million from the same period of 2013.

**Equity** at 30 June 2014 amounted to euro 1,237 million (euro 1,210 million at 31 December 2013)

**Capital expenditure** during the first half of 2014 amounted to euro 67 million, down from the first half of 2013, representing 3.4% of revenues compared with 6.7% in the first half of 2013.

**The first half of 2013 includes the first time line-by-line consolidation of VARD as from 23 January 2013; the figures at 30 June 2013 have been restated in order to make them comparable with the first half of 2014 and also following the completion of the VARD purchase price allocation process.**

**Operational review by segment****SHIPBUILDING**

The Shipbuilding segment is engaged in the design and construction of cruise ships, ferries, naval vessels and mega-yachts, as well as in ship repair and conversion activities.

**Revenue** from the Shipbuilding segment amounted to euro 1,240 million at 30 June 2014 (up from euro 1,199 million at 30 June 2013), of which euro 616 million from the cruise business area (euro 544 million at 30 June 2013) and euro 472 million from the naval business area (euro 541 million at 30 June 2013). Compared with the first half of 2013 cruise revenues increased by euro 72 million, with 7 ships under construction at the Group's Italian shipyards (versus 5 ships in the first half of 2013) against a reduction in revenue in the naval business following recent deliveries of vessels to the Italian Navy and Coast Guard. Other activities reported an increase of euro 38 million.

The segment's **EBITDA** came to euro 80 million in the first half of 2014, up from euro 72 million in the first half of 2013. This improvement is largely attributable to increased volumes and positive trend of the ships under construction. It should be underlined that these results have been achieved despite the fact that prices for cruise ships currently under production have been depressed due to the crisis and despite the underutilization of production capacity at the Group's Italian shipyards. **EBITDA margin** amounted to 6.4%, increasing from the same period of 2013 (6.0%).

During the first half of 2014 the Shipbuilding segment was awarded **orders** totaling euro 2,396 million for 14 ships. In particular, these orders refer to: two new cruise ships (plus one option) for MSC Cruises; one ultra-luxury cruise ship for Seabourn, a Carnival Corporation brand; one ultra-luxury cruise ship for an undisclosed client; two ATBs (Articulated Tug Barges) for petroleum/chemical transportation; two more Littoral Combat Ships for the U.S. Navy; a contract for the construction of four more Response Boats Medium (RB-M) for the U.S. Coast Guard; the "Renaissance" program for the refitting of four Lirica class ships for MSC Cruises.

**OFFSHORE**

The Offshore operating segment is engaged in the design and construction of support vessels for the oil&gas exploration and production market. Fincantieri operates in this market through the VARD Group, FINCANTIERI S.p.A. and Fincantieri Oil&Gas S.p.A.

The VARD Group also provides its customers with turnkey electrical systems, inclusive of engineering, manufacturing, installation, integration testing and commissioning.

**Revenue** from the Offshore segment amounted to euro 681 million at 30 June 2014, up 2.8% from the first half of 2013 (euro 663 million). The change is mainly due to the full consolidation of the results of the subsidiary VARD for a full six months in the first half of 2014, only partially offset by the negative effect of changes in the Norwegian krone/Euro exchange rate.

The Offshore segment reported **EBITDA** of euro 66 million at 30 June 2014 compared with euro 77 million at 30 June 2013. **EBITDA margin** stood at 9.6%, down from the first half of 2013 (11.6%). This change mainly reflects the fact that EBITDA in the first half of 2013 benefited from high margins on certain contracts mainly

acquired during 2011 and 2012. In addition, the Norwegian krone/Euro exchange rate (affecting the translation of the VARD Group's financial statements into the presentation currency of the Parent Company's consolidated financial statements) had a negative effect on the absolute value of EBITDA for the period.

During the first half of 2014 the Offshore segment was awarded **orders** totaling euro 993 million for 13 vessels. In particular: one Diving Support and Construction Vessel for Technip; one arctic Anchor Handling Tug Supply vessels (AHTS) for Bourbon Offshore; six Platform Supply Vessels (PSV), of which two for Carlotta Offshore Ltd, two for Nordic American Offshore Ltd and two for Mermaid Marine Australia Ltd; one Offshore Subsea Construction Vessel (OSCV) for Solstad Offshore, representing the largest order ever won by the VARD Group for a single vessel; two Offshore Support Vessels (OSV) for Island Offshore; one Offshore Subsea Construction Vessel (OSCV) for Island Offshore; one Offshore Construction and Anchor Handling vessel for Rem Offshore.

#### **EQUIPMENT, SYSTEMS AND SERVICES**

The Equipment, systems and services segment is engaged in the design and manufacture of systems and components as well as in the after-sales services. These activities are carried out by FINCANTIERI S.p.A. and its subsidiaries Isotta Fraschini Motori S.p.A., Delfi S.r.l., Seastema S.p.A. and FMSNA Inc..

**Revenue** from the Equipment, systems and services segment increased by 32.3% to euro 86 million at 30 June 2014. This increase was primarily due to higher volumes of after-sales service for naval vessels in line with the development prospects for this business.

The segment's **EBITDA** came to euro 9 million at 30 June 2014 (**EBITDA margin** of 10.3%), reporting an increase on the figure of euro 5 million in the first half of 2013 (EBITDA margin of 8.4%). This increase was mainly due to higher volumes and the growth in the contribution of after-sales services.

The Equipment, systems and services segment secured euro 119 million in new **orders** during the first half of 2014.

#### **Listing on the Milan Stock Exchange organized and managed by Borsa Italiana S.p.A.**

During the first half of the year, Fincantieri Group undertook and successfully completed the process of listing its shares on the Milan Stock Exchange (*Mercato Telematico Azionario* or MTA) organized and managed by Borsa Italiana S.p.A., achieving an important milestone in the Group's history.

The process involved a preparatory phase in the months of March, April and May, and the offering period during the month of June.

The process formally started on 5 May, 2014, when the shareholders of FINCANTIERI S.p.A. approved in ordinary meeting the proposal for admission to listing of the Company's ordinary shares, and, in the extraordinary meeting, a share capital increase for up to euro 600 million to serve the initial public offering.

During the offering period, lasting from 16 to 27 June 2014 and involving a maximum of 703,980,000 shares, of which up to 600,000,000 coming from the share capital increase and up to 103,980,000 offered by the

selling shareholder, the Company's management was engaged in numerous meetings with investors in the major European and US financial centers.

During this period, characterized by an high number of equity placements in Europe and in Italy, by an increase in market volatility and a poor overall performance of the equity markets, applications were received for a total of 578,475,809 shares, of which 69% from the general public, which showed great interest in the Group. Based on the number of applications received, it was decided, by the Board of Directors and its meeting held on 27 June, 2014, to reduce the total number of shares placed to 450,000,000, served exclusively by the capital increase, and to fix the price at €0.78 per share.

Upon allotment, a total of 500,000,000 shares were allocated to 55,200 applicants, of which 450,000,000 deriving from the capital increase and 50,000,000 from the exercise of an overallotment option granted by the selling shareholder. Furthermore, under the claw-back provision contained in the Prospectus, a total of 99,262,000 shares were allocated to institutional investors and 400,738,000 shares to the general public, of which 5,650,000 shares to Fincantieri employees residing in Italy.

Settlement took place on 3 July, 2014, coinciding with the first day of trading of the Company's shares on the MTA, with the proceeds from the capital increase amounting to euro 351 million, of which euro 230 million allocated to share capital and euro 121 million to the share premium reserve.

From this date, the share capital of Fincantieri S.p.A. amounts to euro 862,980,726 divided into 1,692,119,070 ordinary shares with no par value.

#### **Other significant events in the period**

- Acquisition from ABB S.p.A, of 50% of the share capital of Seastema S.p.A. and acquisition of 38% and 11% of the share capital of Delfi S.r.l. from ISSELnord S.r.l. and Gentes S.r.l. respectively. Following these acquisitions Fincantieri now controls 100% of both companies share capital.
- Incorporation of Vard Marine Inc., based in Canada, whose capital is wholly owned by Vard Group AS.
- Signing with the Provincial Secretariats of all the trade unions and the individual shipyard trade union representatives, of an agreement for the reorganization of the Palermo yard, which follows on the one signed on 21 December, 2011 with the Government and national unions, which establishes important new practices to make work more flexible, essential for achieving those improvements in efficiency and productivity demanded by the altered international environment (January 2014).
- Signing of a historic settlement agreement in Baghdad with the Iraqi government that paves the way for resolving a dispute between the parties running over twenty years (May 2014). In return for closing all pending litigation, the agreement also provides for the refurbishment of the two corvettes "Musa Bin Nasir" and "Tariq Bin Ziyad", whose delivery was suspended as a result of the arms embargo imposed on Iraq.



- Presentation to the market of the PROXIMA project, a revolutionary offshore drillship able to operate effectively in conditions and places previously considered unattainable (May 2014). PROXIMA has been developed by integrating the innovative drilling tower designed by Castor Drilling Solution AS. This project has confirmed Fincantieri's strong commitment to developing the offshore market.

**Key events after 30 June, 2014**

Apart from the start of trading in the Company's shares on the Milan Stock Exchange on 3 July 2014, as described in the section on the Listing on the Milan Stock Exchange, on July 4, 2014, Vard Holdings Ltd announced the acquisition of STX Canada Marine Inc., a leading provider of marine engineering services in North America. The company, which has about 75 employees, will be fully integrated with Vard Marine Inc..

This important acquisition allows VARD to accelerate its growth strategy in North America and to strengthen the presence of the Group's in that region and market, and shows the Group focus on high value added activities that can increase and complement the know-how in existing product portfolio of vessels designs and equipment.

It is also reported that on 15 July 2014, VARD announced the signing of a contract for the design and construction of a Platform Supply Vessel (PSV) for E.R. Offshore.

**Business outlook**

In general, the Group's business performance and prospective higher visibility resulting from the first-half growth in order backlog, suggest an increase in activity in the second half of the year.

In particular, with regard to the Shipbuilding segment, the Cruise Ship business area is experiencing tangible evidence of market recovery as underlined by the recent MSC Cruises order for two new ships and other negotiations in progress, while the Naval Vessels business area expects to see an upturn in orders upon finalization of the Italian Navy's fleet renewal plan, recently confirmed with the approval of the multi-annual Defense program for the three years 2014-2016.

With regard to the Offshore sector, given the general industry trend towards ever more efficient vessels and despite the pressure on offshore vessel day rates in the North Sea region, we expect to see strong demand in the short and medium term, particularly for highly specialized Offshore Subsea Construction Vessels. Following the high order intake in the first half, supported also by a more diversified and international customer base, the subsidiary VARD is expecting a gradual normalization in the second half of the year. On the operational front, the increase in productivity and production capacity at the Vard Promar yard in Brazil will be critical for meeting production targets at a time of rapid growth that has seen the addition of more than 500 new employees over the past few months.

In the Equipment, systems and services segment, the first-half trend in new orders and revenue confirms the expectation of a growth in business on previous years.

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**Other Resolutions**

The Fincantieri Board of Directors has evaluated that the Directors Mr. Simone Anichini, Mr. Massimiliano Cesare and Mr. Paolo Scudieri satisfy the independence requirements prescribed by law (art. 148, par. 3 of the Unified Financial Act) and Italy's Corporate Governance Code for listed companies (art. 3.C.1). The Board also recalls that Mr. Andrea Mangoni has already been qualified as independent at the Board meeting held on 16 April, 2014.

When making its evaluation, the Board of Directors has adopted the principles and application criteria set out in the Corporate Governance Code.

The Board of Directors has also appointed the members of the following internal committees:

Control and Risk Committee: Mr. Massimiliano Cesare, Mr. Leone Pattofatto and Mr. Paolo Scudieri. This Committee, to which the functions of the committee responsible for related party transactions have been temporarily assigned, will be supported by Mr. Andrea Mangoni for activities relating to the most significant related party transactions.

Nomination Committee: Mr. Simone Anichini, Mr. Massimiliano Cesare and Mr. Leone Pattofatto

Compensation Committee: Mr. Simone Anichini, Mr. Andrea Mangoni and Mrs. Anna Molinotti.

As required by the Corporate Governance Code, the Board of Directors has also appointed Mr. Giuseppe Bono as the director in charge of establishing and maintaining the internal control and risk management system, and has taken a position in relation to the number of directorships or statutory auditorships that the Company's Directors may hold.

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*Fincantieri is one of the world's largest shipbuilding groups, which in over 200 years of maritime history has built more than 7,000 vessels. It is world leader in cruise ship construction and a reference player in other sectors, from naval vessels to cruise ferries, from mega-yachts to special high value-added vessels, ship repairs and conversions and offshore vessels. Headquartered in Trieste, the Group has more than 20,000 employees, of whom 7,700 in Italy, and 21 shipyards in 4 continents. In 2013 the Group acquired VARD, a company listed on the Singapore Stock Exchange that builds offshore support vessels for oil and gas extraction and production.*

*Fincantieri has doubled in size to become the main occidental shipbuilder and the first one by diversification and presence in every high value-added sectors. Fincantieri operates in the United States through its subsidiary Fincantieri Marine Group (FMG). This company, which serves important government customers, including the U.S. Navy and Coast Guard, has three shipyards (Marinette Marine, Bay Shipbuilding, Ace Marine), all located in the Great Lakes region. Fincantieri is present in the UAE with Etihad Ship Building, a joint venture set up with Melara Middle East and Al Fattan Ship Industries, to design, produce and sell different types of civilian and military ships as well as perform maintenance and refitting activities.*



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*The Manager Responsible for Preparing Financial Reports, Carlo Gainelli, declares, pursuant to paragraph 2 of article 154-bis of Italian Legislative Decree no. 58 dated 24 February 1998, that the accounting information contained in this press release corresponds to the underlying accounting books and records.*

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*The first half 2014 results will be presented to the financial community during a conference call scheduled for 22 July, 2014 at 18:00 CET.*

*To attend the conference please dial the following telephone numbers:*

*Italy +39 028020911*

*United Kingdom +44 1212818004*

*United States +1 7187058796*

*Hong Kong +852 58080984 then press \*0*

*The slide presentation will be available in the Investor Relations section of the web page [www.fincantieri.com](http://www.fincantieri.com) 10 minutes before the start of the conference.*

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**RECLASSIFIED CONSOLIDATED INCOME STATEMENT**

31.12.2013	(Euro/million)	30.06.2014	30.06.2013
<b>3,811</b>	<b>Revenue and income</b>	<b>1,983</b>	<b>1,894</b>
(2,745)	Materials, services and other costs	(1,425)	(1,386)
(752)	Personnel costs	(406)	(369)
(16)	Provisions and impairment	(10)	1
<b>298</b>	<b>EBITDA</b>	<b>142</b>	<b>140</b>
<b>7.8%</b>	<b>EBITDA margin</b>	<b>7.1%</b>	<b>7.4%</b>
(89)	Depreciation and amortization	(49)	(44)
<b>209</b>	<b>EBIT</b>	<b>93</b>	<b>96</b>
<b>5.4%</b>	<b>EBIT margin</b>	<b>4.7%</b>	<b>5.0%</b>
(55)	Finance income/costs (+/-)	(28)	(20)
2	Income/expense (+/-) from investments	1	-
(19)	Income taxes	(18)	(21)
<b>137</b>	<b>Profit/loss (+/-) before extraordinary and non-recurring income and expenses</b>	<b>48</b>	<b>55</b>
109	<i>of which Group</i>	39	42
(80)	Extraordinary and non-recurring income and expenses (+/-)	(21)	(32)
28	Tax effect of extraordinary and non-recurring income and expenses	6	10
<b>85</b>	<b>Profit for the period</b>	<b>33</b>	<b>33</b>
57	<i>of which Group</i>	24	20

**RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

30.06.2013	(Euro/ million)	30.06.2014	31.12.2013
570	Intangible assets	548	539
838	Property, plant and equipment	926	897
75	Investments	76	70
(23)	Other non-current assets and liabilities	(17)	(14)
(71)	Employee benefits	(60)	(60)
<b>1,389</b>	<b>Net fixed capital</b>	<b>1,473</b>	<b>1,432</b>
429	Inventories and advances	475	400
307	Construction contracts and advances from customers	735	757
(425)	Construction loans	(607)	(563)
542	Trade receivables	421	344
(1,061)	Trade payables	(997)	(911)
(161)	Provisions for risks and charges	(133)	(151)
18	Other current assets and liabilities	54	57
<b>(351)</b>	<b>Net working capital</b>	<b>(52)</b>	<b>(67)</b>
<b>1,038</b>	<b>Net invested capital</b>	<b>1,421</b>	<b>1,365</b>
<b>1,195</b>	<b>Equity</b>	<b>1,237</b>	<b>1,210</b>
<b>(157)</b>	<b>Net financial position</b>	<b>184</b>	<b>155</b>

<b>1,038</b>	<b>Sources of funding</b>	<b>1,421</b>	<b>1,365</b>
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**RECLASSIFIED CONSOLIDATED STATEMENT OF CASH FLOWS**

<b>31.12.2013</b>	(Euro/million)	<b>30.06.2014</b>	<b>30.06.2013</b>
(95)	Net cash flows from operating activities	48	58
(424)	Net cash flows from investing activities	(74)	(298)
255	Net cash flows from financing activities	105	26
<b>(264)</b>	<b>Net cash flows for the period</b>	<b>80</b>	<b>(214)</b>
<b>692</b>	<b>Cash and cash equivalents at beginning of period</b>	<b>385</b>	<b>692</b>
(43)	Effects of currency translation difference on opening cash and cash equivalents	7	(9)
<b>385</b>	<b>Cash and cash equivalents at end of period</b>	<b>472</b>	<b>469</b>

<b>31.12.2013</b>	(Euro/million)	<b>30.06.2014</b>	<b>30.06.2013</b>
<b>(519)</b>	<b>Free cash flow</b>	<b>(26)</b>	<b>(240)</b>