

FINCANTIERI BOARD OF DIRECTORS APPROVES 9M 2014 RESULTS WITH BACKLOG AT EURO 9.5 BILLION AND REVENUE FOR MORE THAN EURO 2.9 BILLION**Financial highlights**

- **Order intake: euro 4,247 million** (euro 3,971 million at 30 September 2013)
- **Backlog: euro 9,472 million** (euro 8,089 million at 30 September 2013)
- **Revenue: euro 2,935 million** (euro 2,715 million at 30 September 2013)
- **EBITDA: euro 207 million** (208 million at 30 September 2013) with **EBITDA margin at 7.1%** (7.6% at 30 September 2013)
- **EBIT: euro 132 million** (euro 141 million at 30 September 2013) with **EBIT margin at 4.5%** (5.2% at 30 September 2013)
- **Profit from ordinary activities⁽¹⁾: euro 68 million** (euro 88 million at 30 September 2013)
- **Profit for the period: euro 43 million** (euro 53 million at 30 September 2013)
- **Net financial position⁽²⁾: euro 238 million of net debt** (euro 155 million of net debt at 31 December 2013)
- **Net working capital: positive euro 353 million** (negative euro 67 million at 31 December 2013), including **construction loans of euro 584 million** (euro 563 million at 31 December 2013)
- **Capital expenditure: euro 110 million** (euro 201 million at 30 September 2013)
- **Free cash flow: negative euro 419 million** (negative euro 475 million at 30 September 2013) with euro 300 million absorbed by operating activities

Business highlights

- **Confirmation of positive revenue trend across all segments with consolidated EBITDA margins stable at 7.1%**
- **Confirmation of uptrend in new orders in Shipbuilding, notably in cruise business, where the first preliminary indications of volumes recovery in Italian shipyards are observed; within the Italian Navy's fleet renewal program, first two vessels configuration defined and continuous joint efforts engagement for other vessels configuration as premises for the formalization of related contracts**
- **Offshore segment affected by slower order intake in the third quarter due to market situation characterized by oil price decline and expectations of lower E&P spending, with margins impacted by delays in productivity improvements at the Brazilian yards and cost overruns for a limited number of projects in Europe**

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

(2) Net financial position does not include Vard construction Loans, which are treated as part of working capital

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Rome, 10 November 2014 – The Board of Directors of **FINCANTIERI S.p.A.** ("Fincantieri" or the "Company"), chaired by Vincenzo Petrone, has approved the **Interim management report at 30 September 2014**, prepared in compliance with International Financial Reporting Standards (IAS/IFRS).

During the Board meeting **Giuseppe Bono, Fincantieri's Chief Executive Officer**, said: *"The first nine months of 2014 showed an increase in order intake, particularly in the cruise business, and a positive revenue trend for all sectors in which the Group operates, recording a progressive recovery in volumes at the Italian facilities with eight cruise ships under construction compared to the four in the same period of last year. Despite the difficulties encountered by our subsidiary Vard in the third quarter, the Group maintained a stable EBITDA margin at 7.1% also thanks to the positive contribution of the business diversification. In this direction, we have recently concluded two cooperation agreements in the naval and offshore segments, with Finmeccanica and Technip respectively, which further support the conditions for the continuous development of the Company."*

Group operational performance in the first nine months of 2014

In the first nine months of 2014 the Group secured new **orders** totaling euro 4.2 billion (increasing from euro 4 billion in the corresponding period of 2013), with a book-to-bill ratio (order intake/revenues) of 1.5 (1.5 at 30 September 2013), thus confirming a growth trend across all its sectors of operation.

Of the total new orders (excluding consolidation adjustments), 71% relates to the Shipbuilding segment (56% at 30 September 2013), 25% to the Offshore segment (39% at 30 September 2013), and 4% to the Equipment, systems and services segment (5% at 30 September 2013). New orders secured by the Parent Company FINCANTIERI S.p.A. accounted for 62% of the total (51% at 30 September 2013).

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. In addition, the first two vessels configuration within the Italian Navy's fleet renewal program has been defined, with continuous joint efforts engagement to define the configuration of other vessels as premises for formalization of related contracts.

As for the **Offshore segment**, the very high value of orders won in the first half has been followed, as expected, by a slowdown in the third quarter, triggered by the repercussions of crude oil price trends on the oil extraction industry.

The order **backlog** amounted to euro 9.5 billion at 30 September 2014 (euro 8.1 billion at the end of the first nine months of 2013), increasing by 17% on the same period in 2013, with the order profile extending until 2019. The growth in backlog reflects the significant increase in orders over the last 15 months and the Group's ability to finalize contracts under negotiation, contract options and commercial opportunities. In

addition, soft backlog, which represents the value of existing contract options and letters of intent as well as contracts under negotiation for the Italian Navy's fleet renewal program, none of which yet reflected in the order backlog, amounted to approximately euro 5.7 billion at 30 September 2014.

Regarding the breakdown of order backlog by operating segment (excluding consolidation adjustments), 71% relates to Shipbuilding (66% at 30 September 2013), 26% to Offshore (31% at 30 September 2013), and 3% to Equipment, systems and services (3% at 30 September 2013).

Capital expenditure amounted to euro 110 million in the first nine months of 2014, down from euro 201 million in the first nine months of 2013, representing 3.7% of revenue compared with 7.4% in the first nine months of 2013. In particular, euro 90 million (euro 170 million at 30 September 2013) have been invested for the construction of new infrastructures (e.g. VARD Promar's Brazilian shipyard) and technological upgrades to improve production efficiency as well as safety and environmental conditions of facilities. Investments in intangible assets amounted to euro 20 million (euro 31 million at 30 September 2013) and are mainly related to the development of new technologies for the cruise business (euro 14 million). With regards to the breakdown by operating segment, 60% of the total capital expenditure relates to Shipbuilding (55% at 30 September 2013), 33% to Offshore (43% at 30 September 2013), 3% to Equipment, systems and services (1% at 30 September 2013) and 4% to Other activities (1% at 30 September 2013).

Consolidated financial results for the first nine months of 2014

Revenue and income amounted to euro 2,935 million in the first nine months of 2014, reporting an increase of euro 220 million (8.1%) on the same period of 2013 (euro 2,715 million) mainly due to higher volumes in the cruise business which more than compensate the decline in naval contribution with the progressive completion of existing contracts, pending the start of new programs under the latest Naval Defense Act.

The segment breakdown (excluding consolidation adjustments) shows that 62.4% of revenue relates to the Shipbuilding segment, (61.7% at 30 September 2013), 33.3% to the Offshore segment, (34.5% at 30 September 2013) and 4.3% to the Equipment, systems and services segment (3.8% at 30 September 2013). During the nine months ended 30 September 2014, the Group's export revenue represented 81% of the total, in line with the corresponding period of 2013.

EBITDA came to euro 207 million, in line with the figure of euro 208 million recorded in the first nine months of 2013. It should be noted, however, that the first nine months of 2013 benefited from the positive effect on "Provisions and impairment" of the large release from the product warranty provision. The **EBITDA margin** was 7.1%, slightly lower than in the same period of 2013 (7.6%). In terms of contribution, the Shipbuilding and Equipment, systems and services segments posted an increase in marginality over the first nine months of 2013, which, however, only partially offset the Offshore segment's decline in margins.

It is also noted in this regard that the Offshore segment's nine-month profitability in 2014 was affected by VARD's slightly negative margin in the third quarter, which was partly offset, upon consolidation, by full utilization of the provision for risks on contracts recognized at the time of the Norwegian group's acquisition.

EBIT amount to euro 132 million in the first nine months of 2014 (compared with euro 141 million in the first nine months of 2013). The **EBIT margin** at 4.5% in the first nine months of 2014 (5.2% in the first nine months of 2013), reflects the higher impact of depreciation and amortization charges on assets entering service in 2014 (mainly at the new Promar shipyard in Brazil) combined with lower margins in the Offshore business.

Profit (loss) before extraordinary and non-recurring income and expenses amounts to euro 68 million at 30 September 2014, compared with euro 88 million at 30 September 2013, and represents 2.3% of Revenue and income (3.2% in the first nine months of 2013).

Extraordinary and non-recurring income and expenses amount to euro 35 million for the first nine months of 2014, and include costs for the "Extraordinary Wage Guarantee Fund" (euro 8 million), costs related to business reorganization plans (euro 4 million), provisions for costs and legal expenses associated with asbestos-related lawsuits (euro 20 million) and non-recurring expenses related to the initial public offering (euro 3 million). At 30 September 2013, extraordinary and non-recurring income and expenses amounted to euro 48 million, including euro 18 million for the VARD Group's acquisition-related costs.

Profit (loss) for the period amounts to euro 43 million for the first nine months of 2014, decreasing from euro 53 million reported in the same period of 2013 for the reasons described above.

Net financial position, which does not include construction loans, reports net debt of euro 238 million at 30 September 2014 (net debt of euro 155 million at 31 December 2013). Net financial position reflects the positive effect of the capital increase realized on 3 July 2014 following the Parent Company's initial public offering and the negative effect of the higher working capital requirements resulting from the growth in volumes for the cruise business, with three ships and one ferry scheduled for delivery by the end of the first quarter of 2015 (including the "Costa Diadema" delivered in October 2014).

In addition, net financial position was also affected by an increase in other non-current financial receivables, primarily as a result of extending the maturity of certain current financial receivables due from customers.

Net working capital reports a positive balance of euro 353 million, reflecting a steep increase from the negative balance of euro 67 million at 31 December 2013. This change is mainly due to the increase in construction contracts, following the growth of volumes in the cruise business, with three ships and one ferry scheduled for delivery by the end of the first quarter of 2015, and to the increase in advances to suppliers for orders placed against contracts. **Construction loans**, committed working capital financing facilities and treated as part of working capital, amount to euro 584 million at 30 September 2014, up by euro 21 million on the same date in 2013.

Equity amounts to euro 1,601 million at 30 September 2014 (euro 1,210 million at 31 December 2013).

Net cash flow for the period is a negative euro 31 million (negative euro 420 million at 30 September 2013), reflecting negative **Free cash flow** (the sum of cash flow from operating activities and cash flow from investing activities) of euro 419 million (negative euro 475 million at 30 September 2013), as offset by euro

388 million in cash flows provided by financing activities (euro 55 million at 30 September 2013). Cash flows absorbed by operating activities mainly reflect the growth in working capital due to the increase in construction contracts and advances to suppliers.

Among the **profitability indicators**, ROI stood at 12.8% and ROE at 5.3%. The change in ROI compared with 31 December 2013 and 30 September 2013 mainly reflects the growth in net invested capital during the course of 2014, while ROE at 30 September 2014 has been influenced by the growth in equity and lower profits compared with 31 December 2013 and the consolidation of VARD for only part of the first nine months of 2013.

The **indicators of the strength and efficiency of the capital structure** at 30 September 2014 (Total debt/Total equity at 0.4, Net financial position/EBITDA at 0.8 and Net financial position/Total equity at 0.1) are in line with the values reported at both 31 December 2013 and 30 September 2013, except for the Net financial position/EBITDA ratio, which reflects the increase in net debt.

The first nine months of 2013 include the first time line-by-line consolidation of VARD as from 23 January 2013.

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 1,855 million at 30 September 2014 (up from euro 1,706 million at 30 September 2013), of which euro 964 million from the cruise business (euro 766 million at 30 September 2013) and euro 692 million from the naval business (euro 764 million at 30 September 2013). Compared with the first nine months of 2013 cruise revenue increased by euro 198 million, with 8 ships under construction at the Group's Italian shipyards against a reduction in volumes in the naval business following recent deliveries of vessels to the Italian Navy and Coast Guard. Other activities reported an increase of euro 23 million from euro 176 million at 30 September 2013.

The segment's **EBITDA** came to euro 125 million in the first nine months of 2014, up from euro 106 million in the first nine months of 2013. This improvement is largely attributable to increased volumes and the positive impact on US dollar denominated contracts of movements in the Euro/USD exchange rate over the course of 2014. It should be underlined that these results have been achieved despite the fact that prices for cruise ships currently in production are severely depressed due to the crisis and despite the Group's not yet full utilization of its capacity in Italy.

EBITDA margin amounted to 6.7%, increasing from the same period of 2013 (6.2% at 30 September 2013).

During the first nine months of 2014 the Shipbuilding segment was awarded **orders** totaling euro 3,086 million (euro 2,248 million in the same period of 2013) for 19 ships, taking the Shipbuilding backlog to euro 6,797 million (euro 5,371 million in the same period of 2013).

Main orders:

- two new cruise ships (plus one option) for MSC Cruises;
- one cruise ship for Princess Cruises, a Carnival Corporation brand;
- one extra-luxury cruise ship for Seabourn, a Carnival Corporation brand;
- one extra-luxury cruise ship for an undisclosed client;
- four ATBs (Articulated Tug Barges), comprising four tugs plus four barges, for petroleum/chemical transportation for Moran Towing Corporation and Kirby Offshore Marine Operating llc;
- 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 “Rinascimento” program for the upgrade and enlargement of four “Lirica” class ships for MSC Cruises.

Main deliveries:

- “Regal Princess”, the new flagship of the Princess Cruises fleet, delivered by the Monfalcone shipyard;
- “Ubaldo Diciotti”, a patrol boat delivered by the Castellammare di Stabia shipyard to the General Command of the Port Authority Corp for the Italian Coast Guard;
- “Carlo Margottini”, the third of a series of FREMM vessels, delivered to the Italian Navy by the Muggiano shipyard;
- “Sikuliaq”, a oceanographic vessel, delivered to the University of Alaska Fairbanks by the Marinette shipyard;
- “Kalaat Beni-Abbes”, a vessel commissioned in 2011 to Orizzonte Sistemi Navali by the Ministry of Defense of the People’s Democratic Republic of Algeria.

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 991 million at 30 September 2014, up 4% from euro 953 million in the first nine months of 2013. The change is mainly due to the full consolidation of the results of the subsidiary VARD for a full nine months in 2014, only partially offset by the negative effect of changes in the Norwegian krone/Euro exchange rate.

It should also be noted that the Offshore segment's operating revenue in the first nine months of 2014 and 2013 included euro 35 million and euro 39 million respectively in utilizations of the provision recognized at the time of allocating the VARD Group's purchase price in respect of delays and higher expected costs at its Brazilian shipyards; as at 30 September 2014 this provision had been utilized in full.

The Offshore segment reported **EBITDA** of euro 89 million at 30 September 2014 compared with euro 112 million at 30 September 2013, with **EBITDA margin** at 8.9% (11.7% at 30 September 2013). This change mainly reflects slower-than expected improvements in throughput and productivity at the Vard Promar shipyard in Brazil and additional costs for the two vessels in the Promar order book built at a third-party yard and currently being outfitted at Niterói. In addition, during the third quarter of 2014, VARD revised its estimates for a limited number of projects in its European order book where cost overruns had been incurred, although these are not expected to impact delivery schedules, having taken the necessary mitigating actions.

During the first nine months of 2014 the Offshore segment was awarded **orders** totaling euro 1,081 million (euro 1,533 million in the same period of 2013) for 15 vessels, taking the Offshore backlog to euro 2,433 million (euro 2,543 million in the same period of 2013).

Main orders:

- one Diving Support and Construction Vessel for Technip;
- one arctic AHTS (Anchor Handling Tug Supply vessel) for Bourbon Offshore;
- eight PSV (Platform Supply Vessels), of which two for Carlotta Offshore Ltd, two for Nordic American Offshore Ltd, two for Mermaid Marine Australia Ltd, one for E.R. Offshore and one for Island Offshore (disclosed on 3 October 2013);
- one OSCV (Offshore Subsea Construction Vessel) for Solstad Offshore;
- two OSV (Offshore Support Vessels) for Island Offshore;
- one OSCV (Offshore Subsea Construction Vessel) for Island Offshore;
- one Offshore Construction and Anchor Handling vessel for Rem Offshore.

Main deliveries:

- three AHTS (Anchor Handling Tug Supply vessels), of which "Far Sigma" and "Far Sirius" delivered to Farstad Shipping by the Vard Langsten shipyard (Norway) and "Skandi Urca" delivered to DOF by the Vard Niterói shipyard (Brazil);
- six PSV (Platform Supply Vessels), of which "Island Dawn" delivered to Island Offshore by the Vard Brevik shipyard (Norway), "Troms Arcturus" delivered to Troms Offshore by the Vard Aukra shipyard (Norway), "Siem Giant" delivered to Siem Offshore by the Vard Niterói shipyard (Brazil), "Island Dragon" delivered to Island Offshore by the Vard Langsten shipyard (Norway), "Far Sun" and "Far Sygna" delivered to Farstad Shipping by the Vard Vung Tau shipyard (Vietnam);

- five OSCV (Offshore Subsea Construction Vessel), of which “Island Pride” delivered to Island Offshore by the Vard Brevik shipyard (Norway), “Siem Spearfish” delivered to Siem Offshore by the Vard Brattvaag shipyard (Norway), “Normand Reach” delivered to Solstad Offshore by the Vard Aukra shipyard (Norway) and “Normand Vision” by the Vard Søviknes shipyard (Norway), “Siem Stingray” delivered to Siem Offshore by the Vard Brattvaag shipyard (Norway);
- unit “Gadus Neptun” delivered to Havfis by the Vard Brattvaag shipyard (Norway);
- unit “Kanysh Satpayevn” delivered to Circle Maritime Invest by the Vard Braila shipyard (Romania).

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 provision of 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 21.8% to euro 129 million at 30 September 2014 (euro 106 million at 30 September 2013). 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 13 million at 30 September 2014 (**EBITDA margin** of 10.3%), reporting an increase on the figure of euro 8 million in the first nine months of 2013 (EBITDA margin of 7.6%). 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 168 million in new **orders** during the first nine months of 2014 (euro 188 million in the same period of 2013), taking the segment's backlog to euro 327 million (euro 198 million in the same period of 2013).

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

During the first half of 2014, the Fincantieri Group undertook and successfully completed the process of listing its shares on the Italian stock market (*Mercato Telematico Azionario* or MTA) organized and managed by Borsa Italiana S.p.A., marking 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 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 from the share capital increase and up to 103,980,000 offered by the selling shareholder, saw management engaged in numerous meetings with investors in the major European and U.S. financial centers.

During this period, characterized by a large number of equity placements in Europe and Italy, an increase in market volatility and poor overall performance by 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 on 27 June 2014, to reduce the total number of shares placed to 450,000,000, derived exclusively from 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 derived 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 allotted to institutional investors and 400,738,000 shares to the general public, including 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.

The costs of the listing amounted to euro 19 million, of which euro 12 million has been accounted for as a deduction from the share premium reserve (net of euro 4 million in tax effects), while the remainder (euro 3 million) has been recognized as services in the income statement and reported among "non-recurring expenses".

A statement confirming execution of the capital increase approved by resolution of the Extraordinary Shareholders' Meeting held on 5 May 2014 was formally lodged with the Trieste Company Registry on 3 July 2014. Therefore, the share capital of Fincantieri S.p.A. now amounts to euro 862,980,726 divided into 1,692,119,070 ordinary shares with no par value.

Lastly, it is reported that the Stabilizing Manager, Credit Suisse Securities (Europe) Limited, also acting in the name and on behalf of the Institutional Managers, partially exercised the greenshoe option granted by Fintecna S.p.A. over 7,215,171 shares for consideration of euro 5.6 million, settled on 6 August. Including the exercised part of the greenshoe option, the Global Offering therefore involved a total of 457,215,171 FINCANTIERI S.p.A. shares, corresponding to 27% of the company's share capital, for an aggregate amount of euro 356.6 million.

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 the share capital in both these companies
- Incorporation of VARD Marine Inc. in Canada, with all of its share capital owned by VARD Group AS, and the subsequent acquisition of STX Canada Marine Inc., a leading provider of marine engineering services in North America. The company, which has about 75 employees, has been merged with VARD Marine Inc.

- 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, and 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
- Presentation of two prestigious awards to Fincantieri, the National Award for Innovation and the Andrea Pininfarina Award for Business Innovation. These awards have been presented to the Group for promoting the culture of innovation among young people.

Key events after 30 September 2014

On 8 October 2014, Mr. Giuseppe Dado was appointed Chief Financial Officer, relieving Mr. Vitaliano Pappaiani of this responsibility temporarily assumed on 1 October 2014 following the resignation of Mr. Fabrizio Palermo.

On 9 October 2014, the Muggiano shipyard hosted the launching ceremony for the submarine "Pietro Venuti," the third of four U212A "Todaro" class sister submarines ordered from Fincantieri by the Directorate General of Naval Armaments (NAVARM) for the Italian Navy.

At the same event, an important cooperation agreement between Fincantieri and Finmeccanica was signed in the field of naval shipbuilding with the aim of making the two companies more competitive in domestic and international markets by offering a more effective and efficient integrated range of products. The agreement also provides for collaboration in research and innovation in order to maximize market position and rationalize the associated expenditure.

On 20 October 2014, the newly-formed company Marine Interiors S.p.A. finalized an agreement to lease "Santarossa Contract", with an option to buy this business, which is currently in a state of voluntary arrangement and is a traditional supplier of Fincantieri for the design and creation of turnkey solutions and cabin refitting for the cruise industry. This transaction is in line with the strategic decision to expand Fincantieri's direct involvement in higher value-added segments, with the aim of expanding its areas of business and, at the same time, of reducing its supply costs.

On 25 October 2014, the Marghera shipyard hosted the delivery ceremony for the "Costa Diadema", the fifteenth ship and new flagship of the Costa Cruises fleet.

On 29 October 2014, a cooperation agreement was signed during the Euronaval event between Fincantieri and the Vittoria Shipyard, which specializes in building military, transport and working vessels of up to 100 meters in length. The agreement provides for the supply of services and activities relating to platforms for smaller vessels for both military and commercial use.

Finally, Fincantieri and Technip Italy, a world leading provider of engineering, construction and project management services for the Oil & Gas industry, signed a Memorandum of Understanding aimed at jointly increasing their competitiveness in the domestic and international offshore market.

Business outlook

In general, the Group's business performance and prospective higher visibility resulting from the nine-month growth in order backlog, point towards an increase in activity in the last quarter of the year.

In particular, the Shipbuilding segment will be able to benefit from the gradual recovery in volumes thanks to a significant number of acquired orders entering production and the prospective finalization of contracts for the Italian Navy's fleet renewal program as well as the price recovery in cruise market following the increase of demand for new units.

With regard to the Offshore segment, the subsidiary VARD, counting on a large existing backlog, will focus on implementing those efficiency measures needed to operate in a challenging market environment, characterized by a decline in oil prices and greater customer caution towards new investments. In this respect, VARD has communicated to the market that it expects to achieve a positive EBITDA in the fourth quarter of 2014 with prospects for further improvements in 2015.

In the Equipment, Systems and Services operating segment, the trend in new orders and revenue in the first nine months of 2014 confirms the expectation of a growth in volumes and margins on previous years.

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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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DISCLAIMER

Forecast data and information must be regarded as forward-looking statements and therefore, not being based on simple historical facts, contain, by their nature, an element of risk and uncertainty because they also depend on the occurrence of future events and developments outside the Company's control. Actual results could therefore be materially different from those expressed in forward-looking statements. Forward-looking statements refer to the information available at the date of their publication; Fincantieri S.p.A undertakes no obligation to revise, update or correct its forward-looking statements after such date, other than in the circumstances strictly required by applicable regulations. The forward-looking statements provided do not constitute and shall not be considered by users of the financial statements as advice for legal, accounting, tax or investment purposes nor is it the intention for such statements to create any type of reliance and/or induce such users to invest in the Company.

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The first nine months of 2014 results will be presented to the financial community during a conference call scheduled for 11 November 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 10 minutes before the start of the conference.

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RECLASSIFIED CONSOLIDATED INCOME STATEMENT

31.12.2013	(Euro/million)	30.09.2014	30.09.2013
3,811	Revenue and income	2,935	2,715
(2,745)	Materials, services and other costs	(2,105)	(1,954)
(752)	Personnel costs	(617)	(557)
(16)	Provisions and impairment	(6)	4
298	EBITDA	207	208
7.8%	EBITDA margin	7.1%	7.6%
(89)	Depreciation and amortization	(75)	(67)
209	EBIT	132	141
5.5%	EBIT margin	4.5%	5.2%
(55)	Finance income/costs (+/-)	(50)	(31)
2	Income/expense (+/-) from investments	2	1
(19)	Income taxes	(16)	(23)
137	Profit/loss (+/-) before extraordinary and non-recurring income and expenses	68	88
109	<i>of which Group</i>	67	70
(80)	Extraordinary and non-recurring income and expenses (+/-)	(35)	(48)
28	Tax effect of extraordinary and non-recurring income and expenses	10	13
85	Profit for the period	43	53
57	<i>of which Group</i>	42	35

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30.09.2013	(Euro/ million)	30.09.2014	31.12.2013
554	Intangible assets	558	539
873	Property, plant and equipment	951	897
73	Investments	75	70
(8)	Other non-current assets and liabilities	(40)	(14)
(69)	Employee benefits	(58)	(60)
1,423	Net fixed capital	1,486	1,432
435	Inventories and advances	481	400
377	Construction contracts and advances from customers	1,049	757
(518)	Construction loans	(584)	(563)
559	Trade receivables	350	344
(853)	Trade payables	(896)	(911)
(147)	Provisions for risks and charges	(126)	(151)
8	Other current assets and liabilities	79	57
(139)	Net working capital	353	(67)
1,284	Net invested capital	1,839	1,365
1,187	Equity	1,601	1,210
97	Net financial position	238	155
1,284	Sources of funding	1,839	1,365

RECLASSIFIED CONSOLIDATED STATEMENT OF CASH FLOWS

31.12.2013	(Euro/million)	30.09.2014	30.09.2013
(95)	Net cash flows from operating activities	(300)	(104)
(424)	Net cash flows from investing activities	(119)	(371)
255	Net cash flows from financing activities	388	55
(264)	Net cash flows for the period	(31)	(420)
692	Cash and cash equivalents at beginning of period	385	692
(43)	Effects of currency translation difference on opening cash and cash equivalents	10	(31)
385	Cash and cash equivalents at end of period	364	241
31.12.2013	(Euro/million)	30.06.2014	30.09.2013
(519)	Free cash flow	(419)	(475)

CONSOLIDATED NET FINANCIAL POSITION

30.09.2013	(Euro/million)	30.09.2014	31.12.2013
242	Cash and cash equivalents	364	385
51	Current financial receivables	25	52
(11)	Current bank debt	(31)	(35)
(32)	Current portion of bank loans and credit facilities	(40)	(32)
(116)	Other current financial liabilities	(75)	(3)
(159)	Current debt (-)	(146)	(70)
134	Net current cash/debt (+/-)	243	367
42	Non-current financial receivables	80	41
(258)	Non-current bank debt	(251)	(255)
-	Bond	(297)	(296)
(15)	Other non-current financial liabilities	(13)	(12)
(273)	Non-current debt (-)	(561)	(563)
(97)	Net financial position	(238)	(155)

ECONOMIC AND FINANCIAL INDICATORS

31.12.2013		30.09.2014	30.06.2013
15.3%	ROI	12.8%	13.3%
7.0%	ROE	5.3%	4.9%
0.5	Total debt/Total equity	0.4	0.4
0.5	Net financial position/EBITDA	0.8	0.4
0.1	Net financial position /Total equity	0.1	0.1

SCHEDULED DELIVERIES

(number)	30.09.14 completed	2014	2015	2016	2017	2018	2019
Cruise ships	1	2	3	7	3	1	
Naval vessels (>40 m)	4	4	7	9	6	3	1
Offshore	16	20	20	15	1		