FINCANTIERI BOARD OF DIRECTORS APPROVES 1H 2015 RESULTS WITH BACKLOG AT EURO 12 BILLION AND REVENUES FOR MORE THAN EURO 2.2 BILLION

Group financial highlights

- **Order intake: euro 4,170 million** (euro 3,477 million at 30 June 2014)
- **Order book: euro 15,968 million** (euro 14,184 million at 30 June 2014)
- **Backlog: euro 12,044 million** (euro 9,515 million at 30 June 2014)
- **Revenues: euro 2,220 million** (euro 1,983 million at 30 June 2014)
- **EBITDA: euro 128 million** (142 million at 30 June 2014) with **EBITDA margin at 5.8%** (7.1% at 30 June 2014)
- **EBIT: euro 74 million** (euro 93 million at 30 June 2014) with **EBIT margin at 3.3%** (4.7% at 30 June 2014)
- **Profit/loss from ordinary activities[1]: negative euro 7 million** (positive euro 48 million at 30 June 2014)
- **Profit/loss from ordinary activities attributable to owners of the parent[2]: positive euro 23 million** (positive euro 39 million at 30 June 2014)
- **Profit/loss for the period: negative euro 19 million** (positive euro 33 million at 30 June 2014)
- **Profit/loss for the period attributable to owners of the parent[3]: positive euro 12 million** (positive euro 24 million at 30 June 2014)
- **Free cash flow: negative euro 256 million** (negative euro 25 million at 30 June 2014)
- **Net financial position[4]: euro 220 million of net debt** (euro 44 million of net cash at 31 December 2014)
- **Net working capital: positive euro 299 million** (positive euro 69 million at 31 December 2014)**,** including **construction loans of euro 868 million** (euro 847 million at 31 December 2014)
- **Capital expenditure: euro 68 million** (euro 67 million at 30 June 2014)

[1] *Profit/loss before extraordinary and non-recurring income and expenses*
[2] *Profit/loss before extraordinary and non-recurring income and expenses after attributing losses to non-controlling interests*
[3] *Profit/loss for the period after attributing losses to non-controlling interests*
[4] *Net financial position does not include Vard construction loans, which are treated as part of working capital*

Group business highlights

- **Significant order intake** leading to an **all-time high backlog at euro 12 billion** together with an **important soft backlog[5] of euro 7.2 billion** totalling **more than euro 19 billion**, guarantee **long-term visibility on Group revenues**
- **In Shipbuilding,** with regards to **Cruise, signing of two strategic agreements with Carnival Corporation & plc and Virgin Cruises** for the construction of 5 ships and additional options and 3 innovative cruise ships respectively. **In Naval, acquisition of the Italian Navy's fleet renewal program** (6 Multipurpose Offshore Patrol Ship units, 1 Logistic Support Ship unit and 1 Multipurpose Amphibious unit) **and the continuation of both FREMM** (2 units) **and LCS programs** (2 units)[6]
- **In Offshore, very low order intake** with only one new order in a still very challenging market environment in the short term, but with opportunities in some specialized segments; **still weak operating performance of Brazilian shipyards** coupled with **initial decline of activity levels at some European shipyards.** In this context, VARD enhances its **focus on efficiency measures, increase of flexibility and cost cutting initiatives** also through the start of a workforce reduction program in Europe

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Rome, 21 July 2015 – The Board of Directors of **FINCANTIERI S.p.A.** ("Fincantieri" or the "Company"), chaired by Vincenzo Petrone, has approved the **Half year financial report at 30 June 2015**, prepared in compliance with International Financial Reporting Standards (IAS/IFRS).

During the Board meeting **Giuseppe Bono**, **Fincantieri's Chief Executive Officer**, said: *" In the first half of 2015, we achieved significant commercial results. Order book and backlog reached record values amounting respectively to 16 and 12 euro billion. In addition to this the Group could count on a significant soft backlog of 7.2 billion which translates into expected values of order book and backlog of over 23 and 19 euro billion. In order to sustain this important workload we have implemented a relevant reorganization of the Italian production sites without resorting to lay-offs while improving the Group competencies through the addition in Italy of more than 380 highly qualified resources over the last 18 months. Moreover we are working in order to strengthen the subcontractor network jeopardized during the period of crisis.*
Revenues significantly increased from last year mainly due to higher volumes in cruise business, with 11 units under construction at the Italian facilities. Finally, notwithstanding the fact that the Offshore segments is still affected by the decrease in profitability mainly due to the persisting crisis in the Oil&Gas market and still weak operating performance of Brazilian shipyards, the Group profit was positive and all the effort put in place will allow significant growth in production volumes for the years to come.

[5] *Soft backlog represents the value of existing contract options and letters of intent as well as contracts under negotiation, none of which yet reflected in the order backlog*
[6] *One LCS unit along with advanced procurement funding for another ship and a priced option for one additional ship*

In general, the Group's operating performance in the semester was in line with our expectations and was influenced by reduced margins of cruise ships currently under constructions, by production complexity related to volumes increase and finally by the persisting crisis in the Oil&Gas market".

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Group operational performance in the first half of 2015

In the first half of 2015 the Group secured new **orders** totalling euro 4.2 billion compared to euro 3.4 billion in the corresponding period of 2014, with a book-to-bill ratio (order intake/revenues) of 1.9 (1.7 at 30 June 2014).

Of the total new orders 90% relates to the Shipbuilding segment (69% at 30 June 2014), 3% to the Offshore segment (29% at 30 June 2014), and 8% to the Equipment, Systems and Services segment (3% at 30 June 2014). New orders secured by the Parent Company FINCANTIERI S.p.A. accounted for 88% of the total (59% at 30 June 2014).

In the **Shipbuilding segment**, the Group recorded orders for 8 naval vessels (6 multi-purpose offshore patrol vessels, 1 logistic support vessel and 1 multi-purpose amphibious unit) under the Italian Navy's fleet renewal program, the order for the construction of the ninth and tenth Multi Mission European Frigates (or FREMMs), completing the supply of a series of 10 such vessels to the Italian Navy, and the order for one Littoral Combat Ship (LCS 21), while advance procurement funding was confirmed for another ship (LCS 23) under the existing program with the US Navy. The contract also includes a priced option for one more ship, the LCS 25, to be funded in 2016 and which is in addition to the 10 in the original contract, ensuring full continuity to the program.

In the cruise business, the Group also recorded a significant increase in soft backlog during the period, with the signing of a historic strategic memorandum of agreement with Carnival Corporation & plc, announced on 27 March 2015, for five next-generation cruise ships to be built over the period 2019-2022. The agreement, that is subject to several conditions among which satisfactory shipowner financing, also includes options for additional ship builds in the coming years. This fresh momentum for the partnership between Fincantieri and Carnival Corporation, announcing a program of this magnitude for the first time ever, is of the greatest strategic importance and sets out a long-term program with a historic partner of the Group. In addition to this agreement, a binding letter of intent was signed with Virgin Cruises, a Virgin Group brand and new entrant to the cruise market, for the construction of three cruise ships. Also the finalization of these agreements is subject to several conditions and so the related value at 30 June has been included in the soft backlog. On 3 July, Fincantieri was also awarded a contract with the Bangladesh Coast Guard (BCG) for the supply of four Italian Navy "Minerva" class corvettes to be modernized and converted into Offshore Patrol Vessels (OPV) and for the provision of the related integrated logistics support services; this order has been included in the soft backlog at 30 June.

As for the **Offshore segment**, the persistent decline in oil prices already commencing in the second half of 2014 has significantly altered the spending outlook for oil exploration & production companies, which have scaled back their investment plans and initiated cost-cutting programs. As a result, order intake in the first half of 2015 was very limited, amounting to euro 140 million (one OSCV unit) compared with euro 993 million in the same period of 2014.

During the first half of the year, the **Equipment, Systems and Services segment** finalized euro 306 million in new orders, compared with euro 119 million in the same period of 2014, mainly related to the Italian Navy's fleet renewal program.

The order **backlog** amounted to euro 12 billion at 30 June 2015 (euro 9.5 billion at the end of the first half of 2014), strongly increasing compared to the same period in 2014, with the order delivery profile extending until 2025. The growth in backlog confirms the Group’s ability to finalize contracts under negotiation, contract options and commercial opportunities and to transform them into backlog. The backlog represents about 2.7 years of work in relation to revenue generated in 2014.

It is also reported that on 13 March 2015, VARD Group terminated the contracts for the construction of two vessels after the companies that had ordered them filed for bankruptcy. The value of these orders has been excluded from the backlog at 30 June 2015, pending their purchase and associated contract formalization by new customers.

Regarding the breakdown of order backlog by operating segment 83% relates to Shipbuilding (70% at 30 June 2014), 13% to Offshore (27% at 30 June 2014), and 4% to Equipment, Systems and Services (3% at 30 June 2014).

The soft backlog, representing the value of existing contract options and letters of intent as well as of contracts under negotiations, none of which yet reflected in the order backlog, amounted to approximately euro 7.2 billion at 30 June 2015, compared with euro 5.8 billion at 30 June 2014, and particularly includes the strategic agreement with Carnival Corporation & plc and the agreement with Virgin Cruises.

Capital expenditure amounted to euro 68 million in the first half of 2015, of which euro 12 million related to intangible assets (euro 9 million for development projects) and euro 56 million to Property, plant and equipment. The Parent Company accounted for 65% of the total capex.

Capital expenditure represented 3.1% of the Group's revenues in the first half of 2015 compared with 3.4% in the first half of 2014.

Capital expenditure in the first half of 2015 mainly related to the construction of new infrastructure, and to technological upgrades designed to improve production efficiency through greater process automation and to improve safety conditions and environmental respect within the production sites. There was also continued investment in developing new technologies, particularly with regard to cruise ships.

With regards to the breakdown by operating segment, 68% of the total capital expenditure relates to Shipbuilding (55% at 30 June 2014), 24% to Offshore (34% at 30 June 2014), 4% to Equipment, Systems and Services (3% at 30 June 2014) and 4% to Other activities (8% at 30 June 2014).

Employees at the end of the period have decreased from 21,689 at 31 December 2014 (of which 7,706 in Italy) to 21,553 at 30 June 2015 (of which 7,780 in Italy). This variation is due to a reduction in the number of resources employed at the VARD yards, primarily in Brazil with continued downsizing of the Niterói shipyard, and in Romania, as a result of cost-cutting measures in response to the contraction in workload triggered by the difficulties in the Oil&Gas market in which the subsidiary operates.

Consolidated financial results for the first half of 2015

Revenue and income amounted to euro 2,220 million in the first half of 2015, reporting an increase of 12% compared to 1,983 million in the same period of 2014, mainly due to higher volumes in the cruise business which accounted for 37% of the Group's total revenues for the period (31% in the same period of 2014).
The segment breakdown shows that 68.3% of revenues relates to the Shipbuilding segment (61.7% at 30 June 2014), 27.5% to the Offshore segment (34.0% at 30 June 2014) and 4.2% to the Equipment, Systems and Services segment (4.3% at 30 June 2014). During the first half of 2015, the Group's export revenues represented 84% of the total, increasing from the corresponding period of 2014 (equal to 81%).

EBITDA came to euro 128 million, compared to 142 million at 30 June 2014. The **EBITDA margin**, was 5.8% compared with 7.1% in the corresponding period of 2014. The margin decrease was mainly attributable to the Offshore segment, whose margin was 4.6% compared with 9.6% in the first half of 2014. This reduced profitability is due to the gradual reduction in production volumes at some of VARD's European yards accompanying the continuing crisis in the offshore Oil&Gas market, and to the still weak operating performance of VARD's Brazilian yards. In addition, the Offshore segment's six-month profitability in 2014 had benefited from euro 15 million in utilizations from the provision for risks on contracts recognized at the time of the VARD Group's acquisition, all of which utilized by 31 December 2014.

EBIT amounted to euro 74 million in the first half of 2015, compared with euro 93 million in the first half of 2014. The decrease is due not only to the factors discussed earlier, but also to an increase of euro 5 million in depreciation and amortization charges in the first half of 2015. As a result, the **EBIT margin** was 3.3% compared to 4.7 % in the same period of 2014.

Net financial charges[7] reported a net expense of euro 62 million (euro 28 million at 30 June 2014). The increase on the same period of last year is mainly attributable to higher financial charges for construction loans (euro 18 million at 30 June 2015 versus euro 9 million in the same period a year ago) and to the recognition of euro 16 million in unrealized foreign exchange losses (without a corresponding monetary impact) on certain currency balances recorded by companies within the VARD Group.

Income taxes reported a negative balance of euro 19 million in the first half of 2015 (a negative euro 18 million in the same period of 2014); the current half-year figure was affected by the non-recognition of deferred tax assets for losses at the VARD Group's Brazilian subsidiaries.

Profit/loss before extraordinary and non-recurring income and expenses reported a net loss of euro 7 million at 30 June 2015 (profit of euro 48 million in the same period of last year) which included euro 16 million in unrealized foreign exchange losses arising on translation of the VARD Group's foreign currency

[7] *Finance income and costs*

balances, as mentioned above. The Group's share of this result was a profit of euro 23 million (profit of euro 39 million in the first half of 2014).

Extraordinary and non-recurring income and expenses amounted to euro 16 million for the first half of 2015, and included costs for the "Extraordinary Wage Guarantee Fund" (euro 2 million), costs related to business reorganization plans (euro 4 million), and provisions for costs and legal expenses associated with asbestos-related lawsuits (euro 10 million). At 30 June 2014, extraordinary and non-recurring income and expenses amounted to euro 21 million.

Tax effect of extraordinary and non-recurring income and expenses was a positive euro 4 million at 30 June 2015 (a positive euro 6 million at 30 June 2014).

Profit/loss for the period amounted to a negative euro 19 million for the first half of 2015 (positive euro 33 million at 30 June 2014), for the reasons described above. The Group's share of this result is a profit of euro 12 million at 30 June 2015, compared with a profit of euro 24 million in the first half of 2014.

Net financial position, which does not include construction loans, reports net debt of euro 220 million at 30 June 2015 (net cash of euro 44 million at 31 December 2014). The change in Net financial position is mainly due to the growth in funding requirements for increased activities in the cruise ship business.

Net working capital reports a positive balance of euro 299 million (positive for euro 69 million at 31 December 2014). The growth in production volumes led to increases in both Inventories and advances (by euro 73 million) and Construction contracts (by euro 454 million). Trade receivables decreased by euro 178 million, while Trade payables declined by euro 30 million; lastly, Other current assets and liabilities reported a negative change of euro 146 million mainly because of the fair value of currency derivatives. Construction loans, treated as part of working capital, amount to euro 868 million at 30 June 2015, slightly increasing from euro 847 million at 31 December 2014.
It should be noted that on 29 June 2015, the Parent Company finalized a construction loan with a leading international bank, capped at euro 150 million, for the purpose of financing cruise ship construction. This loan had not been drawn down at 30 June 2015 and so construction loans at this date refer exclusively to the VARD Group.

Equity amounted to euro 1,564 million at 30 June 2015 (euro 1,530 million at 31 December 2014).

Net cash flow for the period is a negative euro 156 million (a positive euro 80 million at 30 June 2014), reflecting **Free cash flow** (the sum of cash flow from operating activities and cash flow from investing activities) of negative euro 256 million (negative euro 25 million at 30 June 2014) and euro 100 million positive cash flows provided by financing activities (euro 105 million at 30 June 2014).

Among the **profitability indicators**, ROI stood at 11.2% and ROE at 0.3%. The change in ROI compared with 31 December 2014 and 30 June 2014 mainly reflects the increase in net invested capital and the reduction in EBIT, while ROE at 30 June 2015 has been seriously affected by the reduced result for the period.

The **indicators of the strength and efficiency of the capital structure** are largely in line with those at 30 June 2014, except for the Net financial position/EBITDA ratio, which reports a slight increase to 0.8. At 31 December 2014, some of the indicators were not applicable because of the positive Net financial position at that date.

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.

Revenues from the Shipbuilding segment amounted to euro 1,555 million at 30 June 2015 (up from euro 1,240 million at 30 June 2014), of which euro 826 million from the cruise business (euro 616 million at 30 June 2014) and euro 554 million from the naval business (euro 472 million at 30 June 2014). Compared with the first half of 2014 cruise revenues increased by euro 210 million, with 11 ships under construction at the Group's Italian shipyards (of which 3 delivered in the quarter) versus 7 ships at 30 June 2014; revenues from the naval business also increased, mainly thanks to a larger contribution by the FMG[8] Group, which benefited from the positive trend in the USD/Euro rate, helping offset the reduction in activity in Italy pending the start of work of the Italian Navy's fleet renewal program. Revenues from other activities amounted to euro 175 million compared to euro 152 million at 30 June 2014.

The segment's **EBITDA** came to euro 103 million in the first half of 2015, up from euro 80 million in the first half of 2014. The improvement on the same period in 2014 is largely attributable to increased volumes, allowing better capacity utilization at the Group's Italian yards.

The **EBITDA margin** was 6.6% for the first half of 2015 compared to 6.4% for the first half of 2014. Despite the increase in segment revenue, it should be noted that the margins on cruise ships currently under construction, most of which prototypes, reflect severely depressed prices agreed during the crisis. In this context, Fincantieri is therefore engaged in achieving a significant growth in volumes, with 2 cruise ship prototypes delivered in 2015 and another 4 due for delivery in 2016. In order to fulfil this sizeable order backlog, not only has the Company embarked on extensive reorganization of its Italian sites without resorting to lay-offs whilst improving the mix of skills with the recruitment of over 380 new staff in Italy over the past 18 months, it is also working to rebuild the subcontractor network seriously undermined by the years of crisis.

During the first half of 2015 the Shipbuilding segment was awarded **orders** totalling euro 3,752 million, in comparison with order intake of euro 2,396 million in the corresponding period of 2014. The order backlog for the segment stood at euro 9,955 million at 30 June 2015 (6,664 million at 30 June 2014).

[8] *Fincantieri Marine Group*

Main orders (13 units):

- 8 units within the Italian Navy's fleet renewal program (6 Multipurpose Offshore Patrol units, 1 Logistic Support Ship and 1 Multipurpose Amphibious unit);
- 2 FREMM units for the Italian Navy;
- 1 LCS unit for US Navy along with advanced procurement funding for another ship and a priced option for one additional ship;
- 1 ATB unit (*Articulated Tug Barge*) (comprising one tug plus one barge) for petroleum/chemical transportation.

Main deliveries (6 units):

- "Britannia" the new flagship of the P&O Cruises fleet, a Carnival Corporation brand, delivered by the Monfalcone shipyard;
- "Viking star", the prototype ship for the Viking Ocean Cruises fleet, delivered by the Marghera shipyard;
- "Le Lyrial", the super luxury small cruise ship for the French cruise line Ponant (Bridgepoint Group), delivered by the Ancona shipyard;
- "Carabiniere", the fourth frigate for the Italian navy delivered at the Muggiano shipyard.
- "F.-A.-Gauthier", the first ever LNG powered ferry ever built in Italy by the Castellammare di Stabia (Naples) shipyard for the Canadian shipowner Société des traversiers du Québec;
- One *barge* for Moran Towing Corporation delivered by the Group's American shipyards.

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.

Revenues from the Offshore segment amounted to euro 626 million at 30 June 2015, down 8,2% from euro 681 million in the first half of 2014, largely due to the negative effect of changes in the Norwegian krone/Euro exchange rate (euro 27 million). It should also be noted that the Offshore segment's operating revenues in the first half of 2014 included euro 15 million 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.

The Offshore segment reported **EBITDA** of euro 29 million at 30 June 2015 compared with euro 66 million at 30 June 2014, with **EBITDA margin** at 4.6% (9.6% at 30 June 2014). This deterioration is the result of weak operating performance by some of the VARD shipyards. In particular, operations in Norway and Romania are seeing a gradual reduction in the volume of activity as a result of lower order intake in a considerably shrunken market, leading to ever-increased focus on reducing costs. In Brazil, affected by persistent problems linked to the difficult political and economic situation, (i) at Niterói shipyard downsizing continues in line with the decreasing workload following recent vessel deliveries: after the delivery of the first LPG carrier on 9 July 2015, in its orderbook the yard has only the outfitting work on the second LPG carrier and one AHTS which has incurred cost overruns during the semester; and (ii) margins at the new Promar shipyard have been affected by additional cost overruns and provisions for completion of the outfitting of the first LPG carriers, whose estimated completion dates have been further postponed.

During the first half of 2015 the Offshore segment was awarded **orders** totalling euro 140 million (euro 993 million in the same period of 2014). Since the second half of last year the decline in oil prices has significantly altered the spending outlook for oil exploration & production companies, involving a general scaling back of investment plans and introduction of cost-cutting programs. The order backlog stood at euro 1,609 million at 30 June 2015 (2,607 million at 30 June 2014), relating to 29 vessels, of which 17 of VARD's own design, ensuring activity until 2017.

The Offshore segment awarded 1 order for a Offshore Support and Construction Vessel (OSCV) for Kreuz Subsea.

It is also reported that on 13 March 2015, the VARD Group terminated the contracts for the construction of two vessels after the companies that had ordered them filed for bankruptcy. The value of these orders has been excluded from the backlog at 30 June 2015, pending their assumption and associated contract formalization by new customers, with no impact on first-semester profitability. In fact, the subsidiary intends to complete the construction of the 2 vessels currently in production at Vard's Vietnamese yard and to resell them to a new customer.

Offshore deliveries (9 units):

- 4 PSV (Platform Supply Vessel), in particular “Troms Mira” delivered to Tidewater by the Vard Vung Tau shipyard (Vietnam), “Stril Barents” delivered to Simon Møkster Shipping by the Vard Aukra shipyard (Norway); “Island Clipper” delivered to Island Offshore by the Vard Brevik shipyard (Norway) and “Troms Hera” delivered to Troms Offshore by the Vard Vung Tau shipyard (Vietnam).
- 2 OSCV (Offshore Subsea Construction Vessel), in particular “Skandi Africa” delivered to DOF by the Vard Søviknes (Norway) and “Far Sleipner” delivered to Farstad Shipping by the Vard Langsten shipyard (Norway);
- 1 AHTS (Anchor Handling Tug Supply vessel) “Skandi Angra” delivered to DOF by the Vard Niterói shipyard (Brazil)
- 1 Offshore Tug Vessel, “BB Power” delivered to Buksér og Berging by the Vard Braila shipyard (Romania);
- 1 research unit, “Marjata”, delivered to the Royal Norwegian Navy by the Vard Langsten (Norway).

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.

Revenues from the Equipment, Systems and Services segment increased by 11% to euro 95 million at 30 June 2015 (euro 86 million at 30 June 2014). This improvement was primarily due to higher sales volumes for systems and equipment, in line with the development prospects for this business.

The segment's **EBITDA** came to euro 11 million at 30 June 2015 compared to 9 million at 30 June 2014, with an improvement in **EBITDA margin** to 11.9% from 10.3% in the first half of 2014 mainly reflecting the change in mix of products and services sold in the quarter compared with the corresponding prior year period.

The Equipment, Systems and Services segment secured euro 306 million in new **orders** during the first half of 2015 (euro 119 million in the same period of 2014), partly in connection with the Italian Navy's fleet renewal program, taking the segment’s backlog to euro 513 million increasing from euro 304 million of the same period of 2014.

<u>Other significant events in the period</u>

- Incorporation of Fincantieri SI, a company based in Trieste, to design, manufacture and supply integrated innovative systems in the field of electric, electronic and electromechanical industrial solutions.
- Launch in February of the association known as "Vessels for the Future". The initiative, of which Fincantieri is a founding member along with Rolls Royce, aims to promote research, development and innovation in the maritime field, with a particular focus on vessels for the future and their operational requirements.
- Announcement in February of the three winning project ideas for Innovation Challenge, the Open Innovation initiative developed by Fincantieri with the Chemical, Management, Computer and Mechanical Engineering Department of the University of Palermo.
- Unification of the Corporate General Management unit and the Operations General Management unit, into a single General Management unit and appointment as General Manager of Mr. Andrea Mangoni, already member of the company’s Board of Directors since June 2013, who took office with effect from 13 March 2015.
- Signing of a historic strategic memorandum of agreement with Carnival Corporation & plc during March 2015 for five next-generation ships, to be built over the period 2019-2022. The agreement between the two companies also includes options for additional ship builds in the coming years. The agreement is subject to several conditions, including satisfactory shipowner financing.

- Notification in March to the VARD Group that Nordmoon Schiffahrts GmbH & Co. KG and Nordlight Schiffahrts GmbH & Co. had filed for bankruptcy in the court of Neumünster in Germany. The VARD Group is building a PSV for each of these two companies at its shipyard in Vietnam. The VARD Group has received a 10% advance payment in respect of one of these two vessels. On 13 March 2015, the VARD Group terminated the contracts for the construction of the two vessels. The VARD Group does not expect to have to return the advance payment and expects to be able to sell the two vessels at a price that will allow it to recover their construction costs, net of the advance received.
- In April Vard Group AS (55.63% controlled by Fincantieri) announced the incorporation of Vard Contracting AS, a Norwegian-registered company in which it owns 100% of the shares. The new company's mission is to improve control over services provided by subcontractors at Norwegian shipyards, to strengthen the competitiveness of these yards and to defend the Group's know-how.
- Still in April Fincantieri signed an important agreement with Banca Mediocredito FVG, allowing the naval engineering group's suppliers to access factoring services and to benefit from specific banking products giving them easier and cheaper access to credit. The agreement opens new possibilities and opportunities to the enterprises in Friuli Venezia Giulia.
- During April 2015, Fincantieri signed agreements with the University of Palermo and the University of Rijeka aimed at working and cooperating together for mutual benefit.
- In May 2015, the subsidiary Marine Interiors S.p.A. finalized the acquisition of Santarossa Contract, a company in a state of voluntary arrangement and a traditional supplier of Fincantieri for the design and creation of turnkey cabin solutions and refitting for the cruise industry. This acquisition confirms Fincantieri's strategy of extending direct control over higher value-added business segments, with the aim of expanding its areas of business whilst also reducing its procurement costs
- In the same month Fincantieri signed an agreement for the acquisition of a minority stake via capital injection in Camper & Nicholsons International ("Camper and Nicholsons"), a global leader in all luxury yachting activities. The agreement gives Fincantieri the possibility of increasing its interest in Camper & Nicholsons at a later date
- In June VARD announced that the "Skandi Africa", an Offshore Subsea Construction Vessel (OSCV), had received the prestigious "Ship of the Year" award, instituted by the major Nordic shipping magazine, Skipsrevyen.
- In the same month VARD announced the launch of its "A step forward" innovation project following its strategy and long shipbuilding traditions in developing high technology and new solutions. The goal of the project is to develop tools to enable higher returns on investment for shipowners, increase the efficiency and ease of operations, and provide an attractive work environment on board
- In June Fincantieri and Virgin Cruises, a Virgin Group brand and new entrant to the cruise market, signed a binding letter of intent for the construction of three highly innovative cruise ship prototypes, scheduled

for delivery in the years 2020, 2021 and 2022. Subject to satisfaction of the usual conditions for the shipowner, the related agreements are expected to be finalized by the last quarter of this year

- In June Vard Holdings Limited announced the acquisition of 100% of the shares in ICD Software AS and its subsidiaries. The ICD Software Group is specialized in the development of automation and control system software for the offshore and marine sectors and has 63 employees, half of whom in Norway and the rest in two subsidiaries in Poland and Estonia. The acquisition was made by Seaonics AS, a 51% subsidiary of Vard Group AS. As a result of the acquisition, Seaonics is expected to be able to expand its business in deck handling equipment and automation technology. The acquisition forms part of the initiatives taken by the VARD Group to enhance its product range and develop new areas of business
- Still in June Fincantieri launched the "Active Safety" training project at all the Group's Italian yards, with a session devoted to the topic of "protection from slips, trips and falls", representing a major cause of shipyard injury. The project, involving about 4,000 employees, is part of the "Towards Zero Accidents" operational safety program started by the Group in 2011, which over the years has led to a more than 50% reduction in the number of on-site accidents
- On 29 June 2015, in implementation of an order issued by the Criminal Court of Gorizia, the Italian Military Police's Environmental Operations Task Force from Udine preventively seized some areas of the Monfalcone shipyard used for sorting process residues and essential for the proper conduct of the production process. Fincantieri was forced, in accordance with the aforementioned court order, to suspend working activities for all the workers involved in the production cycle at the Monfalcone shipyard with effect from 30 June 2015. Following the entry into force of Legislative Decree 92 of 4 July 2015, the Gorizia Prosecutor's Office subsequently ordered on 6 July 2015 the release of the seized areas in the Monfalcone shipyard, allowing all the shipyard's production workers to resume their working activities on 7 July.

Key events after 30 June 2015

On 1 July 2015, Fincantieri announced that the order for a new ultra-luxury cruise ship secured in the first half of 2014 is for the client Silversea Cruises. The unit will be named "Silver Muse" and is due for delivery in April 2017.

In order to secure its presence in the Chinese market, during the month of July Fincantieri has established a Shanghai-based subsidiary in China, under the name of Fincantieri (Shanghai) Trading Co. Ltd. Forming part of Fincantieri's international expansion strategy, the aim is to capture the important business opportunities offered by the Chinese market in several sectors, such as cruise ships, repairs and conversions, offshore and marine systems and equipment.

On 3 July 2015, Fincantieri was awarded a contract with the Bangladesh Coast Guard (BCG) for the supply of four Italian Navy "Minerva" class corvettes to be upgraded and converted into Offshore Patrol Vessels

(OPV) and for the provision of the related integrated logistics support services. These vessels, which will be decommissioned by the Italian Navy and replaced by new ones under the fleet renewal program, have been remised by the Italian Navy through a reselling contract executed by the Central Unit of Naval Armament (NAVARM) and Fincantieri.

On 4 July 2015, in the presence of the Minister of Justice, Andrea Orlando, the Fincantieri shipyard in Muggiano (La Spezia) hosted the launching ceremony for the "Romeo Romei" submarine, the last of the four U212A "Todaro" class sister vessels ordered from Fincantieri by the Central Unit of Naval Armament (NAVARM) for the Italian Navy.

On 21 July 2015, Vard Holdings Limited (55.63% controlled by Fincantieri) announced the incorporation of Vard Electro Italy Srl, an Italian-registered company, 100% owned by Vard Electro AS. The main business of the new subsidiary will be to deliver turn-key electrical solutions to other parts of the Fincantieri Group.

Business outlook

In general terms, the Group forecasts a sustained order intake for the second half of 2015, particularly in the Shipbuilding segment, thanks to the expected finalization of cruise ship orders under the strategic memorandum of agreement with Carnival Corporation & plc for five next-generation cruise ships and under the agreement with Virgin Cruises for three prototype ships.

In particular, in the Shipbuilding segment, the Group will be engaged in managing a plan for a major increase in design and production volumes, with 5 cruise ships due for delivery in 2016, of which 4 prototypes. In order to fulfil this sizeable order backlog, not only will the Group take steps to further improve its mix of skills by recruiting highly qualified personnel, it will also work to rebuild the subcontractor network seriously undermined by the years of crisis. In this context, it is confirmed that margins will continue to be affected by the low prices on orders acquired during the crisis for cruise ships currently under construction, as well as by not yet full utilization of the Group's production capacity in Italy. As for the naval business, the period will see reduced production volumes, despite the start of activities related to the Italian Navy's fleet renewal program.

Fincantieri also continues to be engaged in negotiations with trade unions for the renewal of the supplementary agreement in Italy which, after being extended for two years after its original expiry and after long discussions since the start of this year, was terminated on 30 March 2015. Fincantieri hopes that it will be possible to achieve labour relations better suited to competing in a global market, having raised as a central point of the negotiations the need for a significant improvement in the standards of efficiency, productivity and flexibility of the workforce in Italy. Despite the significant competitive challenges faced, described earlier, Fincantieri is in a position to ensure a considerable workload for the years to come, assuming it is put in a position to guarantee a standard of performance and quality that matches customer expectations.

As for the Offshore segment, the rest of 2015 will be characterized by a still very difficult global market environment, particularly in the North Sea, although opportunities exist in some specialized segments and niche markets. In order to take up such opportunities, VARD will focus on developing new concept designs for highly innovative vessels. The subsidiary will also continue to pursue actions to improve efficiency and cut costs in order to adjust its production capacity flexibly in line with the new order development, by reducing the workforce while preserving the core competencies needed to capture any opportunities once recovery sets in.

The Equipment, Systems and Services segment can expect to see further growth in volumes in the rest of 2015, arising from the diversification strategy implemented by the Group, with confirmation of the positive margins achieved in previous periods.

* * *

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.

* * *

Fincantieri *is one of the world's largest shipbuilding groups and number one by diversification and presence in all high value-added market sectors, having built more than 7,000 vessels in over 230 years of its maritime history. 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, from ship repairs and conversions to offshore vessels. Headquartered in Trieste (Italy), the Group has approximately 21,600 employees, of whom almost 7,800 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 & gas exploration and production. Fincantieri has doubled in size to become the West's leading shipbuilder. 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 Al Fattan Ship Industries and Melara Middle East, to design, produce and sell different types of civilian and military ships as well as perform maintenance and refitting activities.*

* * *

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 it is the intention for such statements to create any type of reliance and/or induce such users to invest in the Company.

The first half of 2015 results will be presented to the financial community during a conference call scheduled for 22 July 2015 at 9:00 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

31.12.2014	(Euro/million)	30.06.2015	30.06.2014
4,399	**Revenue and income**	**2,220**	**1,983**
(3,234)	Materials, services and other costs	(1,636)	(1,425)
(843)	Personnel costs	(459)	(406)
(25)	Provisions and impairment	3	(10)
297	**EBITDA**	**128**	**142**
6.8%	***EBITDA margin***	***5.8%***	***7.1%***
(99)	Depreciation and amortization	(54)	(49)
198	**EBIT**	**74**	**93**
4.5%	***EBIT margin***	***3.3%***	***4.7%***
(66)	Finance income/costs (+/-)	(62)	(28)
6	Income/expense (+/-) from investments	-	1
(51)	Income taxes	(19)	(18)
87	**Profit/loss (+/-) before extraordinary and non-recurring income and expenses**	**(7)**	**48**
99	*of which Group*	*23*	*39*
(44)	Extraordinary and non-recurring income and expenses (+/-)	(16)	(21)
12	Tax effect of extraordinary and non-recurring income and expenses	4	6
55	**Profit for the period**	**(19)**	**33**
67	*of which Group*	*12*	*24*

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30.06.2014	(Euro/ million)	30.06.2015	31.12.2014
548	Intangible assets	533	508
926	Property, plant and equipment	977	959
76	Investments	69	60
(17)	Other non-current assets and liabilities	(36)	(48)
(60)	Employee benefits	(58)	(62)
1,473	**Net fixed capital**	**1,485**	**1,417**
475	Inventories and advances	461	388
735	Construction contracts and advances from customers	1,566	1,112
(607)	Construction loans	(868)	(847)
421	Trade receivables	432	610
(997)	Trade payables	(1,017)	(1,047)
(133)	Provisions for risks and charges	(111)	(129)
54	Other current assets and liabilities	(164)	(18)
(52)	**Net working capital**	**299**	**69**
1,421	**Net invested capital**	**1,784**	**1,486**
1,237	**Equity**	**1,564**	**1,530**
184	**Net financial position**	**220**	**(44)**
1,421	**Sources of funding**	**1,784**	**1,486**

RECLASSIFIED CONSOLIDATED STATEMENT OF CASH FLOWS

31.12.2014	(Euro/million)	30.06.2015	30.06.2014
33	Net cash flows from operating activities	(177)	49
(157)	Net cash flows from investing activities	(79)	(74)
303	Net cash flows from financing activities	100	105
179	**Net cash flows for the period**	**(156)**	**80**
385	**Cash and cash equivalents at beginning of period**	**552**	**385**
(12)	Effects of currency translation difference on opening cash and cash equivalents	10	7
552	**Cash and cash equivalents at end of period**	**406**	**472**

31.12.2014	(Euro/million)	30.06.2015	30.06.2014
(124)	Free cash flow	**(256)**	**(25)**

CONSOLIDATED NET FINANCIAL POSITION

30.06.2014	(Euro/million)	30.06.2015	31.12.2014
472	**Cash and cash equivalents**	**406**	**552**
75	**Current financial receivables**	**58**	**82**
(67)	Current bank debt	(42)	(32)
(38)	Current portion of bank loans and credit facilities	(111)	(47)
(74)	Other current financial liabilities	(37)	(1)
(179)	**Current debt (-)**	**(190)**	**(80)**
368	**Net current cash/debt (+/-)**	**274**	**554**
15	**Non-current financial receivables**	**99**	**90**
(257)	Non-current bank debt	(295)	(290)
(296)	Bond	(297)	(297)
(14)	Other non-current financial liabilities	(1)	(13)
(567)	**Non-current debt (-)**	**(593)**	**(600)**
(184)	**Net financial position**	**(220)**	**44**

ECONOMIC AND FINANCIAL INDICATORS

31.12.2014		30.06.2015	30.06.2014
13.9%	ROI	11.2%	16.8%
4.0%	ROE	0.3%	6.9%
0.4	Total debt/Total equity	0.5	0.5
n.a.	Net financial position/EBITDA	0.8	0.6
n.a.	Net financial position /Total equity	0.1	0.1

SCHEDULED DELIVERIES[9]

(number)	*30.06.15 completed*	2015	2016	2017	2018	2019	2020	beyond
Cruise ships	3	3	5	5	4			
Naval vessels (>40 m)	2	7	9	8	3	3	1	8
Offshore	9	15	18	5				

[9] *It should be noted that compared to the situation at 31 December 2014, the delivery of two cruise ships was postponed in agreement with the cruise line companies from 2016 to the first half of 2017, in order to ensure a better workload balance. Furthermore, in the Offshore segment Vard has adjusted production schedules as a consequence of variation orders for several projects leading to extended delivery dates, resulting in an improved workload balance at the yards.*

OTHER INDICATORS

31.12.2014			30.06.2015	30.06.2014
5,639	Order intake (*)	Euro/million	4,170	3,447
15,019	Oder book (*)	Euro/million	15,968	14,184
9,814	Backlog (*)	Euro/million	12,044	9,515
5.0	Soft backlog	Euro/billion	7.2	5.8
162	Capital expenditure	Euro/million	68	67
21,689	Employees at the end of the period	Number	21,553	21,080

(*)Net of eliminations and consolidation adjustments

OPERATIONAL REVIEW BY SEGMENT

SHIPBUILDING

31.12.2014	(Euro/million)	30.06.2015	30.06.2014
2,704	Revenue and income (*)	1,555	1,240
195	EBITDA (*)	103	80
7.2%	*EBITDA margin (*) (**)*	*6.6%*	*6.4%*
4,400	Order intake (*)	3,752	2,396
10,945	Order book (*)	12,353	10,142
7,465	Backlog (*)	9,995	6,664
98	Capital expenditure	46	37
7	Vessels delivered (number) (***)	6	4

(*) Before eliminations between operating segments
(**) Ratio between segment EBITDA and Revenues and income
(***) Vessels over 40 meters long

OFFSHORE

31.12.2014	(Euro/million)	30.06.2015	30.06.2014
1,580	Revenue and income (*)	626	681
108	EBITDA (*)	29	66
6.8%	*EBITDA margin (*) (**)*	*4.6%*	*9.6%*
1,131	Order intake (*)	140	993
3,623	Order book (*)	2,917	3,575
2,124	Backlog (*)	1,609	2,607
47	Capital expenditure	16	23
18	Vessels delivered (number)	9	11

(*)Before eliminations between operating segments
(**) Ratio between segment EBITDA and Revenues and income

EQUIPMENT, SYSTEMS AND SERVICES

31.12.2014	(Euro/million)	30.06.2015	30.06.2014
192	Revenue and income (*)	95	86
21	EBITDA (*)	11	9
11.1%	*EBITDA margin (*) (**)*	*11.9%*	*10.3%*
204	Order intake (*)	306	119
663	Order book (*)	932	686
300	Backlog (*)	513	304
5	Capital expenditure	3	2
53	Engines produced in workshops (number)	18	19

(*)Before eliminations between operating segments
(**) Ratio between segment EBITDA and Revenues and income