FINCANTIERI BOARD APPROVES 1H 2016 RESULTS: POSITIVE NET RESULT EURO 5 MILLION, PERFORMANCE IN LINE WITH BUSINESS PLAN TARGETS, TOTAL BACKLOG EURO 21.8 BILLION

Results for the first half of 2016[1]

- **2016 and medium-term guidance confirmed**: the solid results for the first half of 2016 mark a **turning point from the second half of 2015 (EBITDA margin of 5.0% compared to -7.8% of the second half of 2015)** and are **in line with the targets outlined in the Business Plan 2016-2020**
- **All time high total backlog**[2] **of euro 21.8 billion covering approximately 5.2 years of work if compared to 2015 revenues.** The Group confirms its **ability to continuously convert major commercial negotiations into firm contracts: the backlog is euro 19,290 million at 30 June 2016** (euro 12,044 million at 30 June 2016), **with 103 ships in orderbook** and **soft backlog is approximately euro 2.5 billion** (approximately euro 7.2 billion at 30 June 2015)
- **Group's ability to deliver highly complex vessels on time confirmed**: four cruise ships delivered to four different clients and in four different shipyards, including three prototypes "Koningsdam", "Carnival Vista" and "Seven Seas Explorer"
- **VARD Business Plan execution ahead of schedule**: shut down of Vard Niterói yard in Brazil, development of significant synergies with Cruise business and **relevant commercial achievements** within diversification strategy
- **Signed important contract with the Qatari Ministry of Defence: the most significant commercial milestone in naval business acquired by Fincantieri over the last 30 years**. The Qatar Ministry of Defence chose Fincantieri for the national naval acquisition programme; the contract, worth almost euro 4 billion, envisages the supply of 7 naval vessels and support services for 15 years after the delivery
- **Strategic agreement, signed after the end of the period, for the constitution of a JV with China State Shipbuilding Corporation (CSSC)**: the agreement, which follows the historic ones signed with CSSC and Carnival Corporation in November 2014, will allow Fincantieri to contribute to develop the growth of the Chinese cruise industry
- **Order intake**: euro 5,851 million (euro 4,170 million at 30 June 2015)
- **Revenue and income**: euro 2,266 million (euro 2,220 million at 30 June 2015)
- **Result before extraordinary and non-recurring income and expenses**: net profit of euro 19 million (net loss of euro 7 million at 30 June 2015). The Group share of this result was a net profit of euro 19 million (net profit of euro 23 million at 30 June 2015).
- **Result for the period**: net profit of euro 5 million (net loss of euro 19 million at 30 June 2015). The Group share of this result was a net profit of euro 7 million (net profit of euro 12 million at 30 June 2015)

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[1] Fincantieri uses, in addition to the conventional financial indicators required by IFRS, certain alternative performance indicators for purposes of a better understanding of the operating performance and financial position. The meaning and content of these indicators are reported attached to this press release, pursuant to Consob communication no. 0092543 of 3 December 2015 which implements ESMA/2015/1415 guidelines

[2] Sum of backlog and soft backlog

- **EBITDA**: euro 113 million (euro 128 million at 30 June 2015) with **consolidated EBITDA margin of 5.0%** (5.8% at 30 June 2015)
- **Net financial position**[3]: euro 408 million of net debt (euro 438 million of net debt at 31 December 2015). The improvement is mainly due to cash inflows from the deliveries in the period partially offset by cash absorption of investing activities and reimbursement of financing related to current operations
- **Net cash flows from operating activities**: positive euro 131 million in the first half of 2016 (negative euro 177 million at 30 June 2015), thanks to deliveries in the period, despite significant repayments related to construction loans that absorbed cash for euro 227 million. This confirms the peculiarity of the cruise business working capital cycle, which generates a positive effect on short term current financial situation at ship delivery.

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Rome, 20 July 2016 – The Board of Directors of **FINCANTIERI S.p.A.** ("Fincantieri" or the "Company"), chaired by Giampiero Massolo, has examined and approved the **Half year financial report at 30 June 2016**[4], prepared in accordance with international financial reporting and accounting standards (IAS/IFRS).

During the Board meeting **Giuseppe Bono, Fincantieri's Chief Executive Officer,** said: *"As highlighted in the Business Plan presentation and widely outlined during the IPO, over the recent years Fincantieri has managed the cruise industry's longest period of crisis through the implementation of a balanced restructuring plan, encompassing a significant headcount reduction whilst retaining the Group's engineering and production know-how. This strategy has proved to be successful as it allowed Fincantieri to seize the huge opportunities of the booming cruise sector in 2015 and to reach fundamental agreements such as the one recently announced with the Qatari Ministry of Defence, thus becoming a world leader also in the defence sector, as in the cruise and offshore businesses.*

During the first half of 2016 the Group has also confirmed its ability to deliver highly complex vessels within contractual deadlines, leaving behind the operational difficulties experienced in 2015 despite the doubling of production volumes and delivering four cruise ships, of which three prototypes, in four different shipyards to four different clients.

Finally, a few days ago we signed with China State Shipbuilding Corporation a historic JV agreement, which will allow us to participate in the emerging and extremely promising growth of the Chinese and Asian cruise industry."

Bono concluded: *"The relevant commercial achievements in the first half of 2016 took us to an all-time high total backlog and, together with the excellent operating and financial results, allow us to confirm our Business Plan targets, in terms of revenue growth, increasing profitability, cash generation and shareholders remuneration."*

[3] *Consistently with the presentation at 31 December 2015, this figure does not include construction loans.*

[4] *Half year financial report at 30 June 2016 has been transmitted to Statutory Auditors and Independent Auditors firm, jointly with the Report on operations. All the documentation will be made available to the public in the ways and within the terms laid down by the regulations in force*

Financial highlights

31.12.2015	Economic data		30.06.2016	30.06.2015
4,183	Revenue and income	euro/million	2,266	2,220
(26)	EBITDA	euro/million	113	128
(0.6)%	*EBITDA margin* (*)	*percentage*	*5.0%*	5.8%
(137)	EBIT	euro/million	61	74
(3.3)%	*EBIT margin* (**)	*percentage*	*2.7%*	3.3%
(252)	Profit/(loss) before extraordinary and non-recurring income and expenses	euro/million	19	(7)
(50)	Extraordinary and non-recurring income and (expenses)	euro/million	(18)	(16)
(289)	Profit/(loss) for the period	euro/million	5	(19)
(175)	Group share of profit/(loss) for the period	euro/million	7	12

31.12.2015	Financial data		30.06.2016	30.06.2015
1,704	Net invested capital	euro/million	1,663	1,784
1,266	Equity	euro/million	1,255	1,564
(438)	Net financial position	euro/million	(408)	(220)

31.12.2015	Other indicators		30.06.2016	30.06.2015
10,087	Order intake (***)	euro/million	5,851	4,170
22,061	Order book (***)	euro/million	25,038	15,968
15,721	Order backlog (***)	euro/million	19,290	12,044
3.0	Soft backlog	euro/billion	2,5	7.2
161	Capital expenditure	euro/million	94	68
(459)	Free cash flow	euro/million	37	(256)
90	Research and Development costs	euro/million	49	48
20,019	Employees at the end of the period	number	18,825	21,553
21	Vessels delivered (****)	number	15	15

(*) Ratio between EBITDA and Revenue and income
(**) Ratio between EBIT and Revenue and income
(***) Net of eliminations and consolidation adjustments
(****) Number of vessels over 40 meters long
Percentages have been calculated with reference to amounts expressed in thousands of euros.

Financial and economic results for the first half of 2016

The **positive results for the first half of 2016** highlight a **strong recovery of Group operating and financial performance marking a turning point from the second half of 2015. Results are in line with the targets set out in the Business Plan 2016-2020**, with 2016 revenue growth of 4-6%, an EBITDA margin of approximately 5% and a positive net result.

Revenue and income amounted to euro 2,266 million in the first half of 2016, with year-on-year changes shown in the table below.

Revenue and income *(euro/million)*	**30.06.2016**	**30.06.2015**	**Delta**	**Delta %**
Shipbuilding	1,659	1,555	104	*6.7%*
Offshore	536	626	(90)	*(14.4%)*
Equipment, Systems and Services	131	95	36	*37.9%*
Consolidation adjustments	(60)	(56)	(4)	*n.a.*
Total	**2,266**	**2,220**	**46**	***2.1%***

n.a. = not applicable

Revenue generated by foreign clients accounted for 85% of the total in the period ended 30 June 2016, increasing from 84% reported in the corresponding period of 2015.

EBITDA was euro 113 million at 30 June 2016 (euro 128 million in the first half of 2015), with an EBITDA margin of 5.0% compared to 5.8% in the first half of 2015.

EBIT was euro 61 million in the first half of 2016 (euro 74 million in the first half of 2015).

Profit before extraordinary and non-recurring income and expenses was euro 19 million at 30 June 2016, improving from a net loss of euro 7 million in the first half of 2015. Net finance costs amounted to euro 32 million in the period (euro 62 million at 30 June 2015): the improvement is primarily attributable to euro 19 million unrealized foreign exchange gains translation effect from US Dollars into Brazilian Reals on a loan held by Vard Promar (the same loan had generated euro 16 million unrealized exchange losses at 30 June 2015). Finance costs for construction loans in the first half of 2016 amounted to euro 20 million (euro 18 million in the first half of 2015). The Group share of profit before extraordinary items was a net profit of euro 19 million (net profit of euro 23 million at 30 June 2015).

Extraordinary and non-recurring income and expenses were euro 18 million in net expenses (euro 16 million at 30 June 2015) and mainly include costs for claims under asbestos-related lawsuits (euro 12 million) and charges for business reorganization plans, mainly related to VARD (euro 5 million).

Profit for the period, reflecting the factors described above, was euro 5 million (net loss of euro 19 million at 30 June 2015). The Group share of this result was a net profit of euro 7 million, compared to a net profit of euro 12 million in the same period of the previous year.

Net invested capital amounted to euro 1,663 million at 30 June 2016, down from euro 1,704 million at 31 December 2015. In detail, **Net fixed assets** increased by euro 75 million to euro 1,528 million (euro 1,453 million at 31 December 2015), mainly due to the increase in Intangible assets and Property, plant and equipment for euro 68 million (reflecting capital expenditure in the period, net of depreciation and amortization, and the effect of translating foreign currency balances of international subsidiaries for euro 27 million) and to the positive change in the fair value of currency derivatives classified in Other non-current assets and liabilities for euro 16 million; **Net working capital** decreased by euro 116 million to euro 135 million (from euro 251 million at 31 December 2015). The main changes relate to: (i) increase of Inventories and advances by euro 125 million mainly due to the reclassification from Construction contracts of the value of the vessel under construction for Harkand, VARD client that entered into administration; (ii) decrease of Construction Contracts and client advances by euro 434 million following cruise ships deliveries in the period and reduction in VARD Group production volumes; (iii) reduction of Trade payables by euro 141 million. In addition, Other current assets and liabilities reported a net negative balance of euro 44 million at 30 June 2016 (negative euro 196 million at 31 December 2015); the change is mainly due to a reduction in the negative fair value of currency derivatives, also as a result of closing contracts referring to the deliveries made in the period.

The **Net financial position**, which excludes construction loans, was a net debt of euro 408 million (euro 438 million net debt at 31 December 2015). The change in net financial position is primarily attributable to cash inflows from cruise ship deliveries in the period, partially offset by cash absorption of investing activities and repayment of financing related to current operations.

Construction loans amounted to euro 937 million at 30 June 2016 (euro 1,103 million at 31 December 2015) and are related only to the subsidiary VARD. The construction loan of the Parent Company, recorded at 31 December 2015 for euro 120 million, has been fully repaid in the first half of 2016.

Group operational results and performance indicators for the first half of 2016

Order intake and backlog

During the first half of 2016, the Group was awarded euro 5,851 million in new orders, compared to euro 4,170 million in the corresponding period of 2015, with a book-to-bill ratio (order intake/revenue) of 2.6 (1.9 at 30 June 2015).

The Shipbuilding segment accounted for 87% of the period's order intake before consolidation adjustments (90% in the first half of 2015), the Offshore segment for 12% (3% in the first half of 2015) and the Equipment, Systems and Services segment for 5% (8% in the first half of 2015).

With reference to the **Shipbuilding segment**, in the first months of 2016 Fincantieri secured an order from Carnival Corporation for the construction of another ship for the Princess Cruises brand, as an addendum to the memorandum of agreement previously signed in December for four ships, and finalized an agreement with Norwegian Cruise Line Holdings for the construction of a second ultra-luxury cruise ship for the Regent Seven Seas Cruises brand.

With reference to the naval vessels business, Fincantieri has signed a contract with the Qatari Ministry of Defence for the construction of seven new generation surface vessels, of which four corvettes of over 100 meters in length, one amphibious vessel (LPD - Landing Platform Dock) and two patrol vessels (OPV - Offshore Patrol Vessel), as well as for the provision of support services in Qatar for 15 years after the delivery of the vessels.

Also in the naval business the US Navy has awarded the Fincantieri Group, through the subsidiary Marinette Marine Corporation, a contract to build another fully funded "Freedom" class LCS (LCS 25) with delivery scheduled for 2020.
In addition, an order was received during the period for an ATB (Articulated Tug Barge) for chemical/petroleum transportation, which will be built at the Sturgeon Bay shipyard.

In the **Offshore segment**, as a result of the revenue diversification strategy developed in response to the Oil&Gas market crisis, during the period VARD Group signed an agreement with PONANT for the construction of four small sized cruise ships and a letter of intent with an international cruise company, included in the soft backlog, for the design and construction of two small-sized cruise vessels. Both projects involve support and supply of key components by Fincantieri.
During the same period VARD also acquired an important order for the design and construction of 15 module carrier vessels for Topaz Energy and Marine, which guarantees a significant workload for the shipyards in Romania and Vietnam, and an order for the construction of a stern trawler for HAVFISK ASA.

Over the course of the first six months of 2016, the **Equipment, Systems and Services segment** saw the finalization of euro 271 million in orders (compared to euro 306 million in the same period of the previous year).

The Group's total backlog amounted to euro 21.8 billion at 30 June 2016, of which euro 19.3 billion in backlog (euro 12.0 billion at 30 June 2015) and euro 2.5 billion in soft backlog (euro 7.2 billion at 30 June 2015), with the order delivery profile extending until 2026. The backlog and total backlog guarantee about 4.6 and 5.2 years of work respectively in relation to the 2015 level of revenue, with most of it in the Shipbuilding segment.

Before consolidation adjustments, the Shipbuilding segment accounts for 91% of backlog (83% in the first half of 2015), the Offshore segment for 7% (13% in the first half of 2015) and the Equipment, Systems and Services segment for 5% (4% in the first half of 2015).

Capital expenditure

Capital expenditure amounted to euro 94 million in the first half of 2016, of which euro 31 million for intangible assets (including euro 22 million for development projects) and euro 63 million for property, plant and equipment.

Capital expenditure on property, plant and equipment in the first six months of 2016 mainly relates to work to support growth in production volumes, including by using the Vard Tulcea shipyard to produce cruise ship sections and blocks in support of the Italian production network, and to improve health and safety and compliance with environmental regulations within the production sites. In more detail, this work has involved enlarging the semi-submersible barge used for the launch of ships at the Vard Tulcea yard, making technological upgrades to hull-building infrastructure to increase weld quality, reorganizing operational areas at production sites and renewing shipyard equipment. Lastly, there has been continued investment in developing new technologies, particularly with regard to the large number of cruise ships in the order book.

Headcount

Period-end headcount decreased from 20,019 at 31 December 2015 (of whom 7,771 in Italy) to 18,825 at 30 June 2016 (of whom 7,838 in Italy). This effect is mainly due to a reduction in the number of resources employed at the VARD Brazilian yards, particularly in Niterói.

Deliveries[5]

The table shows the deliveries scheduled each year for vessels currently in the order book, split by business unit. With reference to 2016, the table presents deliveries completed as at 30 June 2016 in addition to the total number of deliveries scheduled for the year.

	Deliveries						
(number)	***30.06.16 completed***	**2016**	**2017**	**2018**	**2019**	**2020**	**Beyond**
Cruise ships	4	5	5	5	4	4	2
Naval >40 m.	3	10	8	5	5	2	16
Offshore	8	17	16	12	2		

<u>Outlook for 2016</u>

The Group confirms the guidance for 2016 outlined in the Business Plan 2016-2020, i.e. revenue growth of 4-6% compared to 2015 revenues, an EBITDA margin of around 5% and a positive net result.

As for the Shipbuilding segment, the delivery of the last cruise ship prototype for 2016 is scheduled for the second half of the year, in addition to the four ships already delivered in first six months of 2016; in naval the Company expects a gradual recovery in volumes as the first unit of the Italian Navy's fleet renewal program enters full-swing production and the design activities related to Qatar Ministry of Defence order start. Moreover, in order to cope with the significant increase in production volumes, notably in cruise, over the Business Plan period, the Company is engaged in developing significant production synergies with VARD by using the Romanian shipyard of Tulcea to support the Italian production network. Furthermore, strategic initiatives currently being finalized could help consolidate expected profitability over the next semesters.

As for the Offshore segment, the remainder of 2016 will be characterized by a still very challenging global market environment, with limited new opportunities for further orders in the short term. VARD will confront this market situation by carrying on the actions already successfully initiated to diversify and reorganize, and by concentrating its activities in Brazil at the VARD Promar yard.

The Equipment, Systems and Services segment is expected to confirm its positive six-month results in the second half of 2016, with consolidation of the upward trend in volumes and profits.

[5] It is recalled that compared to the situation at 31 December 2015, Vard Group suspended the deliveries of one OSCV previously scheduled for delivery in 2016 to Harkand which has entered administration, and of one AHTS previously scheduled expected for delivery in 2018 with whom the related contract is in the process of being terminated

Operational review by segment

SHIPBUILDING

31.12.2015	(euro/million)	30.06.2016	30.06.2015
2,847	Revenue and income (*)	1,659	1,555
(23)	EBITDA (*)	81	103
(0.8)%	*EBITDA margin* (*) (**)	*4.9%*	*6.6%*
9,262	Order intake (*)	5,112	3,752
18,540	Order book (*)	21,804	12,353
14,067	Order backlog (*)	17,565	9,995
112	Capital expenditure	75	46
9	Vessels delivered (number) (***)	7	6

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

Revenue and income

Revenue from the Shipbuilding segment amounted to euro 1,659 million at 30 June 2016, up 6.7% from euro 1,555 million in the first half of 2015, and comprised euro 1,026 million from the cruise ships business (euro 826 million at 30 June 2015) and euro 554 million from the naval vessels business (euro 554 million at 30 June 2015) compared with the first half of 2015. Cruise ship production volumes have continued to increase, with 13 ships under construction at the Group's Italian yards (of which 4 delivered in the period) versus 11 ships at 30 June 2015. Revenue from other activities decreased to euro 79 million from euro 175 million at 30 June 2015, mainly reflecting a lower contribution from repairs and conversions that, in the previous period, had benefitted from the execution of the Renaissance Program for the client MSC.

EBITDA

EBITDA was euro 81 million at 30 June 2016 (euro 103 million at 30 June 2015), with an EBITDA margin of 4.9% (6.6% at 30 June 2015) and marks a return to positive territory after the negative result recorded in the second half of 2015 (equal to -9.8%). First half profitability continued to be affected by low margins of the large number of highly complex cruise prototypes delivered in the period. Having left behind the industry's longest period of crisis with 2015 second-half results, Shipbuilding margins are seeing a gradual improvement after completing delivery of low-margin prototype cruise ships ordered during the severe market downturn. Moreover, Fincantieri, which is gearing up to manage the significant growth in activity envisaged in its business plan, will benefit in the coming semesters from higher production volumes expected in the naval vessels business and from strategic initiatives currently being finalized which will help consolidate the recovery in profitability.

Deliveries

A total of 7 ships were delivered in the period:

- "Viking Sea", the second of a series of six cruise ships for Viking Ocean Cruises, was delivered at the shipyard in Ancona;

- "Koningsdam", a prototype ship for Holland America Line, a brand of the Carnival Group, the world's largest cruise operator, was delivered at Marghera shipyard;
- “Carnival Vista”, a prototype ship and new flagship of the fleet of Carnival Cruise Line, a brand of the Carnival Group, was delivered at Monfalcone shipyard;
- “Seven Seas Explorer”, the newest ultra luxury ship of Regent Seven Seas Cruises, a brand of Norwegian Cruise Line Holdings, was delivered at the shipyard in Sestri Ponente (Genoa);
- "Itarus", a semisubmersible floating platform for RosRAO, Russia's federal state unitary enterprise for radioactive waste management, was delivered at the shipyard in Muggiano (La Spezia);
- 1 ATB unit (Articulated Tug Barge) (comprising 1 tug plus 1 barge) for petroleum/chemical transportation for Moran Towing Corporation delivered by Sturgeon Bay shipyards.

OFFSHORE

31.12.2015	(euro/million)	30.06.2016	30.06.2015
1,199	Revenue and income (*)	536	626
(3)	EBITDA (*)	25	29
(0.2)%	*EBITDA margin* (*) (**)	*4.7%*	*4.6%*
402	Order intake (*)	729	140
2,729	Order book (*)	2,447	2,917
1,143	Order backlog (*)	1,266	1,609
31	Capital expenditure	11	16
12	Vessels delivered (number)	8	9

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

Revenue and income

Revenue from the Offshore segment amounted to euro 536 million at 30 June 2016, down 14.4% from euro 626 million in the first half of 2015, primarily due to the reduction in activities at VARD's European and Brazilian shipyards, particularly at the Niterói yard where shipbuilding activities have been phased out and to the negative impact of changes in the Norwegian krone/Euro exchange rate (euro 48 million).

EBITDA

The Offshore segment reported euro 25 million in EBITDA at 30 June 2016, compared to euro 29 million in the first half of 2015, with a margin of 4.7% versus 4.6% in the first half of 2015. The period under review has seen progressive de-risking of VARD Group activities in Brazil following the delivery of three vessels at Promar and Niterói shipyards and the consequent phasing out of the activities at the latter. The profitability of European yards during the first half of 2016 continued to be affected by the drop in offshore market order volumes experienced since the fourth quarter of 2014, pending the start of production of the newly won cruise ship order. Profitability of the first half of 2016 was also affected by the possible cancellation of a ship building contract by a subsidiary of Rem Offshore ASA. VARD is pursuing a strategy which involves not only the reorganization of its operations, with the aim of achieving a structural reduction in the cost base, but also the stepping up of actions to develop synergies with the Italian cruise ship business.

Deliveries

A total of 8 vessels were delivered in the period:

- 2 AHTS (Anchor Handling Tug Supply), in particular "Bourbon Artic" delivered to Bourbon by Vard Brattvag shipyard (Norway) and "Skandy Paraty" delivered to DOF at Vard Niterói (Brazil);
- 3 PSV (Platform Supply Vessel), in particular "MMA Brewster" delivered to Mermaid Marine Australia Offshore at Vard Vung Tau (Vietnam), "NAO Galaxy" and "NAO Horizon" delivered to Nordic American Offshore by Vard Aukra (Norway);
- 1 OSCV, "Skandi Açu" delivered to Techdof Brasil by Vard Søviknes (Norway);
- 2 LPG Carriers, in particular "Barbosa Lima Sobrinho" and "Darcy Ribeiro" delivered to Transpetro by Vard Promar (Brazil).

EQUIPMENT, SYSTEMS AND SERVICES

31.12.2015	(euro/million)	30.06.2016	30.06.2015
226	Revenue and income (*)	131	95
31	EBITDA (*)	22	11
13.8%	*EBITDA margin (*) (**)*	*16.4%*	*11.9%*
639	Order intake (*)	271	306
1,181	Order book (*)	1,390	932
732	Order backlog (*)	873	513
5	Capital expenditure	1	3
44	Engines produced in workshops (number)	15	18

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

Revenue and income

Revenue from the Equipment, Systems and Services segment amounted to euro 131 million at 30 June 2016, an increase of 37.9% on the prior year corresponding figure of euro 95 million. This improvement was primarily due to higher volumes of both after-sales services for naval vessels and sales of ship automation systems, in line with the development prospects for this business envisaged in Fincantieri Business Plan.

EBITDA

The segment's EBITDA amounted to euro 22 million at 30 June 2016 (euro 11 million at 30 June 2015), with the margin improving to 16.4% from 11.9% in the first half of 2015, mainly reflecting the continuing positive trend in all business areas.

OTHER ACTIVITIES

31.12.2015	(euro/million)	30.06.2016	30.06.2015
-	Revenue and income	-	-
(31)	EBITDA	(15)	(15)
n.a.	*EBITDA margin*	*n.a.*	*n.a.*
13	Capital expenditure	7	3

n.a. not applicable

Other activities primarily refer to the costs incurred by corporate headquarters, not allocated to other operating segments, for directing, controlling and coordinating the business,.

Other information

Other significant events in the period

On 2 March 2016, the Group signed an exclusive partnership agreement with a major Chinese shipyard for the development of technical skills, project management and logistics procedures in the field of ship repairs and conversions.

On 9 May 2016, VARD has communicated that its client Harkand Group has entered into administration.

On 19 May 2016, following the approval of the financial statements of Fincantieri, the ordinary Shareholders' Meeting appointed the new Board of Directors which will remain in office until the date of the Shareholders' Meeting called to approve the 2018 financial statements.

On 26 May 2016 the Board of Directors confirmed Giuseppe Bono as Chief Executive Officer of the Company.

On 17 June 2016 during the 20th St. Petersburg International Economic Forum, Fincantieri and Rosneft signed a Heads of agreement for the set up of a joint venture for the design and engineering of a new type of vessel to be built at the Zvezda shipbuilding cluster.

On 24 June 2016, Fincantieri and the FIM, FIOM and UILM trade unions signed the Group's new supplementary labor agreement at the national headquarters of Confindustria (the Italian employers' federation). The agreement, which will be submitted for review by the workers, will be in force from 1.7.2016 to 31.12.2019 and will apply to all employees of Fincantieri S.p.A. and those of Isotta Fraschini Motori S.p.A., Orizzonte Sistemi Navali S.p.A. and Cetena S.p.A.

On 28 June 2016 VARD Board of Directors announced that the client Rem Offshore ASA presented a debt restructuring plan which foresees, concerning the relationship with VARD, the termination of the contract for the construction of an AHV (Anchor Handling Vessel) in return for approximately 4% of post restructuring share capital of Rem Offshore ASA.

Key events after 30 June 2016

On 4 July 2016 the Group has signed, with China State Shipbuilding Corporation (CSSC), China’s largest shipbuilding conglomerate, an agreement for the constitution of a joint venture aimed at developing and supporting the growth of the Chinese cruise industry.

On 6 July 2016 the submarine “Pietro Venuti” was delivered in Muggiano (La Spezia). It is the third of the U212A “Todaro” class, a series of four sister units which the Central Unit for Naval Armament – NAVARM has ordered to Fincantieri for the Italian Navy.

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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 document corresponds to the underlying accounting books and records.

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The present press release is made available to the public at the Company's registered office, on the Company's website (www.fincantieri.com) in the section "Investor Relations - Financial Statements" and on the website of the authorized storage mechanism "NIS-Storage" (www.emarketstorage.com).

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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. reserves the right to communicate any changes in its forward-looking data and information within the time and in the manner required by law.

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The financial results for the first three months of 2016 will be presented to the financial community during a conference call scheduled for Thursday 21 July 2016 at 9:00 CEST.
To take part in the conference call, it is necessary to call one of the following 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 10 minutes before the start of the conference in the Investor Relations section of the website www.fincantieri.com.

* * *

Fincantieri *is one of the world's largest shipbuilding groups and number one for diversification and innovation. It is leader in cruise ship design and construction and a reference player in all the shipbuilding industry's high-tech sectors, from naval to offshore vessels, from highly complex special vessels and ferries to mega-yachts, as well as in ship repairs and conversions, the production of marine systems and equipment and the provision of after-sales services.*
Headquartered in Trieste (Italy), the Group has built more than 7,000 vessels in its over 230 years of maritime history. With almost 19,000 employees, of whom more than 7,800 in Italy, 21 shipyards in 4 continents, Fincantieri is now the leading Western shipbuilder. Its client portfolio includes the world's largest cruise operators, the Italian Navy and the U.S. Navy, as well as several other foreign navies, and it is partner to some of the leading European Defence companies in connection with supranational programs.

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APPENDICES

Presented below are the reclassified consolidated versions of the income statement, statement of financial position and statement of cash flows and the breakdown of consolidated net financial position, used by management to monitor business performance.

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

31.12.2015	(euro/million)	30.06.2016	30.06.2015
4,183	**Revenue and income**	**2,266**	**2,220**
(3,337)	Materials, services and other costs	(1,712)	(1,636)
(865)	Personnel costs	(431)	(459)
(7)	Provisions	(10)	3
(26)	**EBITDA**	**113**	**128**
(0.6)%	***EBITDA margin***	***5.0%***	***5.8%***
(111)	Depreciation, amortization and impairment	(52)	(54)
(137)	**EBIT**	**61**	**74**
(3.3)%	***EBIT margin***	***2.7%***	***3.3%***
(135)	Finance income/(costs)	(32)	(62)
(3)	Income/(expense) from investments	(4)	-
23	Income taxes	(6)	(19)
(252)	**Profit/(loss) before extraordinary and non-recurring income and expenses**	**19**	**(7)**
(141)	*of which attributable to Group*	*19*	*23*
(50)	Extraordinary and non-recurring income and (expenses)	(18)	(16)
13	Tax effect of extraordinary and non-recurring income and expenses	4	4
(289)	**Profit/(loss) for the period**	**5**	**(19)**
(175)	*of which attributable to Group*	*7*	*12*

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30.06.2015	(euro/million)	30.06.2016	30.12.2015
533	Intangible assets	546	518
977	Property, plant and equipment	1,014	974
69	Investments	57	62
(36)	Other non-current assets and liabilities	(28)	(44)
(58)	Employee benefits	(61)	(57)
1,485	**Net fixed capital**	**1,528**	**1,453**
461	Inventories and advances	530	405
1,566	Construction contracts and client advances	1,442	1,876
(868)	Construction loans	(937)	(1,103)
432	Trade receivables	419	560
(1,017)	Trade payables	(1,170)	(1,179)
(111)	Provisions for risks and charges	(105)	(112)
(164)	Other current assets and liabilities	(44)	(196)
299	**Net working capital**	**135**	**251**
1,784	**Net invested capital**	**1,663**	**1,704**
863	Share capital	863	863
488	Reserves and retained earnings attributable to the Group	286	274
213	Non-controlling interests in equity	106	129
1,564	**Equity**	**1,255**	**1,266**
220	**Net financial position**	**408**	**438**
1,784	**Sources of funding**	**1,663**	**1,704**

RECLASSIFIED CONSOLIDATED STATEMENT OF CASH FLOWS

31.12.2015	(euro/million)	30.06.2016	30.06.2015
(287)	Net cash flows from operating activities (*)	131	(177)
(172)	Net cash flows from investing activities	(94)	(79)
167	Net cash flows from financing activities	(117)	100
(292)	**Net cash flows for the period**	**(80)**	**(156)**
552	**Cash and cash equivalents at beginning of period**	**260**	**552**
	Effects of currency translation difference on opening cash and cash equivalents	6	10
260	**Cash and cash equivalents at end of period**	**186**	**406**

31.12.2015	(Euro/million)	30.06.16	30.06.2015
(459)	**Free cash flow**	**37**	**(256)**

(*)Net cash flows from operating activities also include the change in construction loans which used euro 227 million in cash flow in the first half of 2016, compared with the euro 17 million in cash used in the first half of 2015.

CONSOLIDATED NET FINANCIAL POSITION

30.06.2015	(euro/million)	30.06.2016	31.12.2015
406	**Cash and cash equivalents**	**186**	**260**
58	**Current financial receivables**	**85**	**53**
(42)	Current bank debt	(140)	(187)
(111)	Current portion of bank loans and credit facilities	(131)	(63)
(37)	Other current financial liabilities	-	(13)
(190)	**Current debt**	**(271)**	**(263)**
274	**Net current cash/(debt)**	**-**	**50**
99	**Non-current financial receivables**	**115**	**113**
(295)	Non-current bank debt	(223)	(299)
(297)	Bonds	(298)	(298)
(1)	Other non-current financial liabilities	(2)	(4)
(593)	**Non-current debt**	**(523)**	**(601)**
(220)	**Net financial position**	**(408)**	**(438)**

ALTERNATIVE PERFORMANCE MEASURES

Fincantieri's management reviews the performance of the Group and its business segments using also certain non-GAAP measures not defined under IFRS. In particular, EBITDA is used as the main earnings indicator, as it enables the Group's underlying profitability to be assessed, by eliminating the impact of volatility associated with non-recurring items or extraordinary items outside the ordinary course of business.

As required by Consob Communication no. 0092543 of 3 December 2015 which implements the ESMA Guidelines on Alternative Performance Measures (document no. ESMA/2015/1415), the components of each of these measures are described below:

- EBITDA: this is equal to earnings before taxes, before finance income and costs, before income and expenses from investments and before depreciation, amortization and impairment, as reported in the financial statements, adjusted by the following items:
  - company costs for the Extraordinary Wage Guarantee Fund;
  - costs relating to reorganization plans and non-recurring other personnel costs;
  - provisions for costs and legal expenses associated with lawsuits brought by employees for asbestos-related damages;
  - other expenses or income outside the ordinary course of business due to particularly significant non-recurring events.
- EBITDA margin: EBITDA expressed as a percentage of Revenue and income.
- EBIT: this is equal to EBITDA after deducting depreciation, amortization and recurring impairment (this excludes impairment of goodwill, intangible assets and property, plant and equipment recognized as a result of impairment tests).
- EBIT margin: EBIT expressed as a percentage of Revenue and income.
- Profit/(loss) before extraordinary and non-recurring income and expenses: this is equal to profit (loss) for the period before adjustments for non-recurring items or those outside the ordinary course of business, which are reported before the related tax effect.
- Net fixed capital: this reports the fixed assets used in the business and includes the following items: Intangible assets, Property, plant and equipment, Investments and Other non-current assets (including the fair value of derivatives classified in non-current Financial assets and non-current Financial liabilities) net of Employee benefits.
- Net working capital: this is equal to capital employed in ordinary operations which includes Inventories and advances, Construction contracts and client advances, Construction loans, Trade receivables, Trade payables, Provisions for risks and charges, and Other current assets and liabilities (including Income tax assets, Income tax liabilities, Deferred tax assets and Deferred tax liabilities, as well as the fair value of derivatives classified in current Financial assets and current Financial liabilities).
- Net invested capital: this is equal to the total of Net fixed capital and Net working capital.
- Free cash flow: this is equal to the sum of (i) net cash flows from operating activities, (ii) net cash flows from investing activities and (iii) cash flows arising from the change in construction loans.

Presented below are the reconciliation of the reclassified financial statements used in the report on operations with the mandatory IFRS statements.

CONSOLIDATED INCOME STATEMENT

(Euro/million)	30.06.2016 Amounts in IFRS statement	30.06.2016 Amounts in reclassified statement	30.06.2015 Amounts in IFRS statement	30.06.2015 Amounts in reclassified statement
A – Revenue		**2,266**		**2,220**
Operating revenue	2,232		2,179	
Other revenue and income	34		41	
B - Materials, services and other costs		**(1,712)**		**(1,636)**
Materials, services and other costs	(1,715)		(1,640)	
Recl. to I – Extraordinary and non-recurring income and expenses	3		4	
C - Personnel costs		**(431)**		**(459)**
Personnel costs	(436)		(462)	
Recl. to I – Extraordinary and non-recurring income and expenses	5		3	
D – Provisions		**(10)**		**3**
Provisions	(20)		(6)	
Recl. to I – Extraordinary and non-recurring income and expenses	10		9	
E – Depreciation, amortization and impairment		**(52)**		**(54)**
Depreciation, amortization and impairment	(52)		(54)	
F – Finance income and (costs)		**(32)**		**(62)**
Finance income and costs	(32)		(62)	
G - Income/(expense) from investments		**(4)**		
Income/(expense) from investments	(4)			
H - Income taxes		**(6)**		**(19)**
Income taxes	(2)		(15)	
Recl. to I – Extraordinary and non-recurring income and expenses	(4)		(4)	
I - Extraordinary and non-recurring income and expenses		**(18)**		**(16)**
Recl. from B - Materials, services and other costs	(3)		(4)	
Recl. from C - Personnel costs	(5)		(3)	
Recl. from D - Provisions	(10)		(9)	
L- Tax effect of extraordinary and non-recurring income and expenses		**4**		**4**
Recl. from H – Income taxes	4		4	
Profit/(loss) for the year		**5**		**(19)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30.06.2016		31.12.2015	
	(Euro/million)	Amounts in IFRS statement	Amounts in reclassified statement	Amounts in IFRS statement	Amounts in reclassified statement
A)	**Intangible assets**		**546**		**518**
	Intangible assets	546		518	
B)	**Property, plant and equipment**		**1,014**		**974**
	Property, plant and equipment	1,014		974	
C)	**Investments**		**57**		**62**
	Investments	57		62	
D)	**Other non-current assets and liabilities**		**(28)**		**(44)**
	Derivative assets	5		2	
	Other non-current assets	10		11	
	Other liabilities	(39)		(47)	
	Derivative liabilities	(4)		(10)	
E)	**Employee benefits**		**(61)**		**(57)**
	Employee benefits	(61)		(57)	
F)	**Inventories and advances**		**530**		**405**
	Inventories and advances	530		405	
G)	**Construction contracts and client advances**		**1,442**		**1,876**
	Construction contracts – assets	2,060		2,554	
	Construction contracts – liabilities and client advances	(618)		(678)	
H)	**Construction loans**		**(937)**		**(1,103)**
	Construction loans	(937)		(1,103)	
I)	**Trade receivables**		**419**		**560**
	Trade receivables and other current assets	700		888	
	Recl. to N) Other assets	(281)		(328)	
L)	**Trade payables**		**(1,170)**		**(1,179)**
	Trade payables and other current liabilities	(1,376)		(1,366)	
	Recl. to N) Other liabilities	206		187	
M)	**Provisions for risks and charges**		**(105)**		**(112)**
	Provisions for risks and charges	(105)		(112)	
N)	**Other current assets and liabilities**		**(44)**		**(196)**
	Deferred tax assets	151		151	
	Income tax assets	29		35	
	Derivative assets	13		37	
	Recl. from I) Other current assets	281		328	
	Deferred tax liabilities	(89)		(82)	
	Income tax liabilities	(2)		(3)	
	Derivative liabilities and option fair value	(221)		(475)	
	Recl. from L) Other current liabilities	(206)		(187)	
NET INVESTED CAPITAL			**1,663**		**1,704**
O)	**Equity**		**1,255**		**1,266**
P)	**Net financial position**		**408**		**438**
SOURCES OF FUNDING			**1,663**		**1,704**