

2019 FIRST QUARTER RESULTS

May 10, 2019

FINCANTIERI
The sea ahead



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Declaration of the Manager responsible for preparing financial reports

Pursuant to art. 154-BIS, par. 2, of the Unified Financial Act of February 24, 1998, the executive in charge of preparing the corporate accounting documents at Fincantieri, Felice Bonavolontà, declares that the accounting information contained herein correspond to document results, books and accounting records.



Q1 2019 Key Messages

Revenues up 13%, orders at € 6.5 bln with 11 cruise vessels, total backlog at € 34.3 bln

Order intake

- **Total order intake at € 6.5 bn:**
 - Record order acquisition of 11 cruise ships for 5 different brands (Oceania, Regent Seven Seas Cruises, Viking, MSC, Princess)
 - 1 Littoral Combat Ship (LCS31) for the US Navy, the sixteenth unit of the "Freedom" class
- **Total backlog⁽¹⁾ at € 34.3 bln: backlog with 104 units at € 30.7 bln** (€ 21.8 bln in Q1 2018) and **soft backlog⁽²⁾ at € 3.6 bln** (€ 5.9 bln in Q1 2018)

Financials

- **Revenues up 13% at € 1.4 bln** (€ 1.2 bln in Q1 2018)
- **EBITDA at € 90 mln** (€ 89 mln in Q1 2018) and **EBITDA margin at 6.5%** (7.3% in Q1 2018)
- **Net debt⁽³⁾ at € 505 mln** (€ 494 mln at December 31, 2018)

Business update

- **Delivery of 8 units** including two cruise ships "Viking Jupiter" and "Costa Venezia" (the first vessel for the Italian shipowner specifically designed for the Chinese market), and of a naval vessel for the US Navy
- Inauguration of the **Fincantieri Infrastructure** production plant and steel cutting ceremony for the bridge over the Polcevera river
- **Ongoing focus of the Group on sustainability:** the newly appointed Board of Directors beyond the regulatory requirements for gender diversity with an equal number of elected men and women

(1) Sum of backlog and soft backlog

(2) Soft backlog which represents the value of existing contract options and letters of intent as well as contracts in advanced negotiation, none of which yet reflected in the order backlog

(3) Excluding Construction loans

Q1 2019 main orders

Segment	Vessel	Client	Number of ships	Expected Delivery
Shipbuilding	Cruise Ships	<i>Oceania Cruises</i>	2	2022-2025
		<i>Regent Seven Seas Cruises</i>	1	2023
		<i>Viking Cruises</i>	2	2024-2025
		<i>MSC Cruises</i>	4	2023-2026
		<i>Princess Cruises</i>	2	2023-2025
	Littoral Combat Ship	<i>US Navy</i>	1	2023
Offshore & Specialized Vessels	Expedition Cruise Vessel	<i>Coral Expeditions</i>	1	2020

Q1 2019 main deliveries

Segment	Vessel	Client	Shipyard
Shipbuilding	Cruise ship “Viking Jupiter”	<i>Viking Cruises</i>	Ancona
	Cruise ship “Costa Venezia”	<i>Costa Crociere</i>	Monfalcone
	Littoral Combat Ship “Billings” (LCS 15)	<i>US Navy</i>	Marinette
Offshore & Specialized Vessels	OSCV (3 vessels)	2 for <i>Topaz Energy and Marine</i> 1 for <i>Dofcon Navegação</i>	Vard Brattvaag Vard Promar



Overview of Q1 2019 main deliveries



Viking Jupiter



Costa Venezia



LCS 15 "Billings"



OSCV: Topaz "Tangara" and "Tiamat"



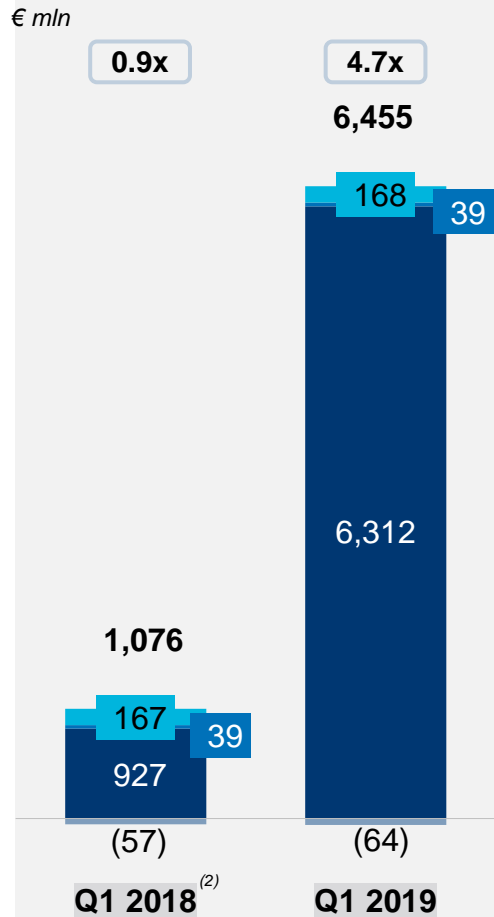
OSCV: "Skandi Olinda" (Dofcon Navegação)



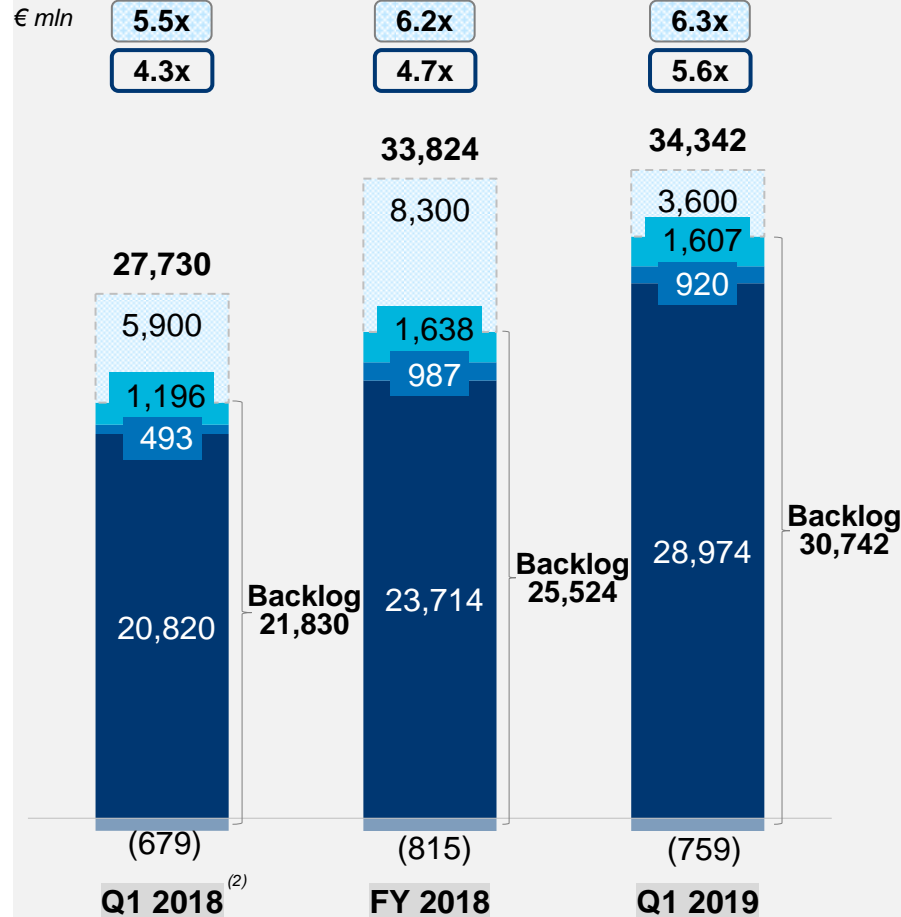
Order intake and backlog

Breakdown by segment

Order intake



Total backlog⁽¹⁾



- Total order intake for the quarter € 6.5 bln
- Record order acquisition in cruise business area with contracts signed for 11 cruise ships
- Total backlog at € 34.3 bln, approximately 6.3 times 2018 revenues

■ Shipbuilding
 ■ Offshore & Specialized Vessels
 ■ Equipment, Systems & Services
 ■ Eliminations

Book-to-bill (Order intake/revenues)
 Backlog /Revenues
 Total backlog / revenues
 Soft backlog⁽³⁾

(1) Sum of backlog and soft backlog

(2) Restated following the reorganization of VARD

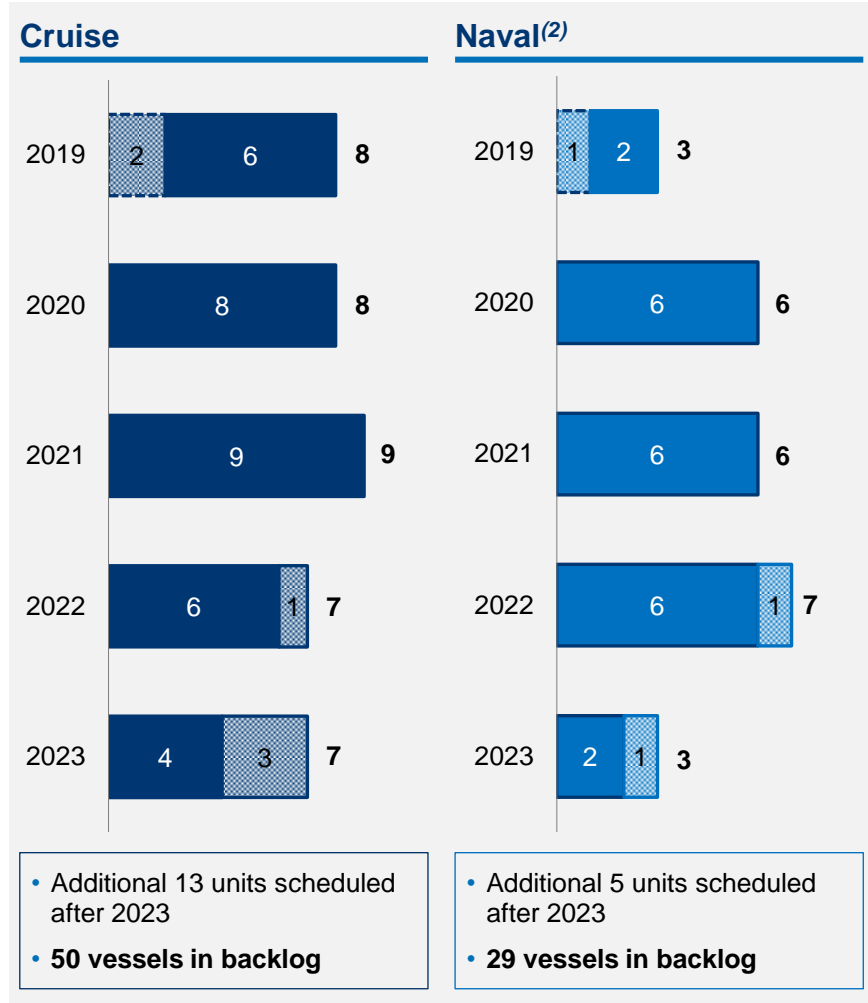
(3) Soft backlog represents the value of existing contract options and letters of intent as well as contracts in advanced negotiation, none of which yet reflected in the order backlog

Backlog deployment

Breakdown by segment and end market

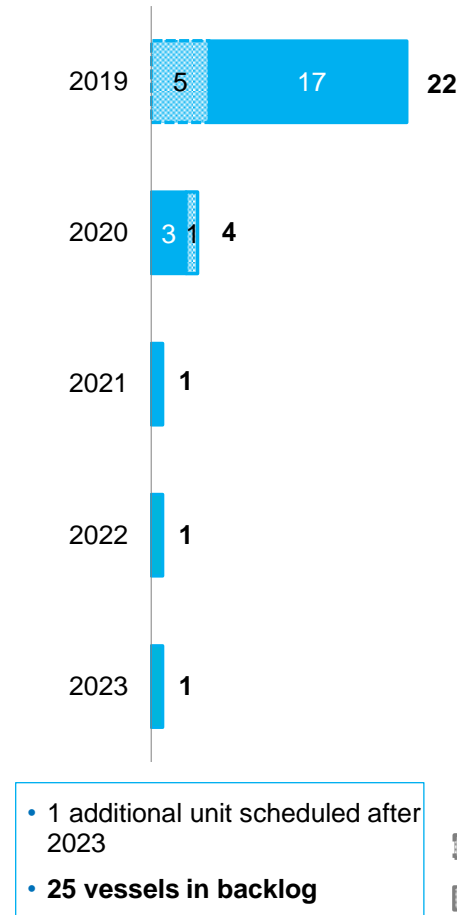
Shipbuilding

ship deliveries⁽¹⁾



Offshore & Specialized Vessels

ship deliveries⁽¹⁾



Delivered in Q1 2019
 New orders in Q1 2019

- **8 units delivered in Q1 2019 and 104 ships in backlog**
- Cruise: 50 vessels
 - Deliveries up to 2027
 - 13 units scheduled after 2023, of which 7 acquired in Q1 2019
- Naval: 29 vessels
 - Deliveries up to 2026
 - 5 units scheduled after 2023
- Offshore & Specialized Vessels⁽³⁾: 25 vessels
 - Deliveries up to 2024

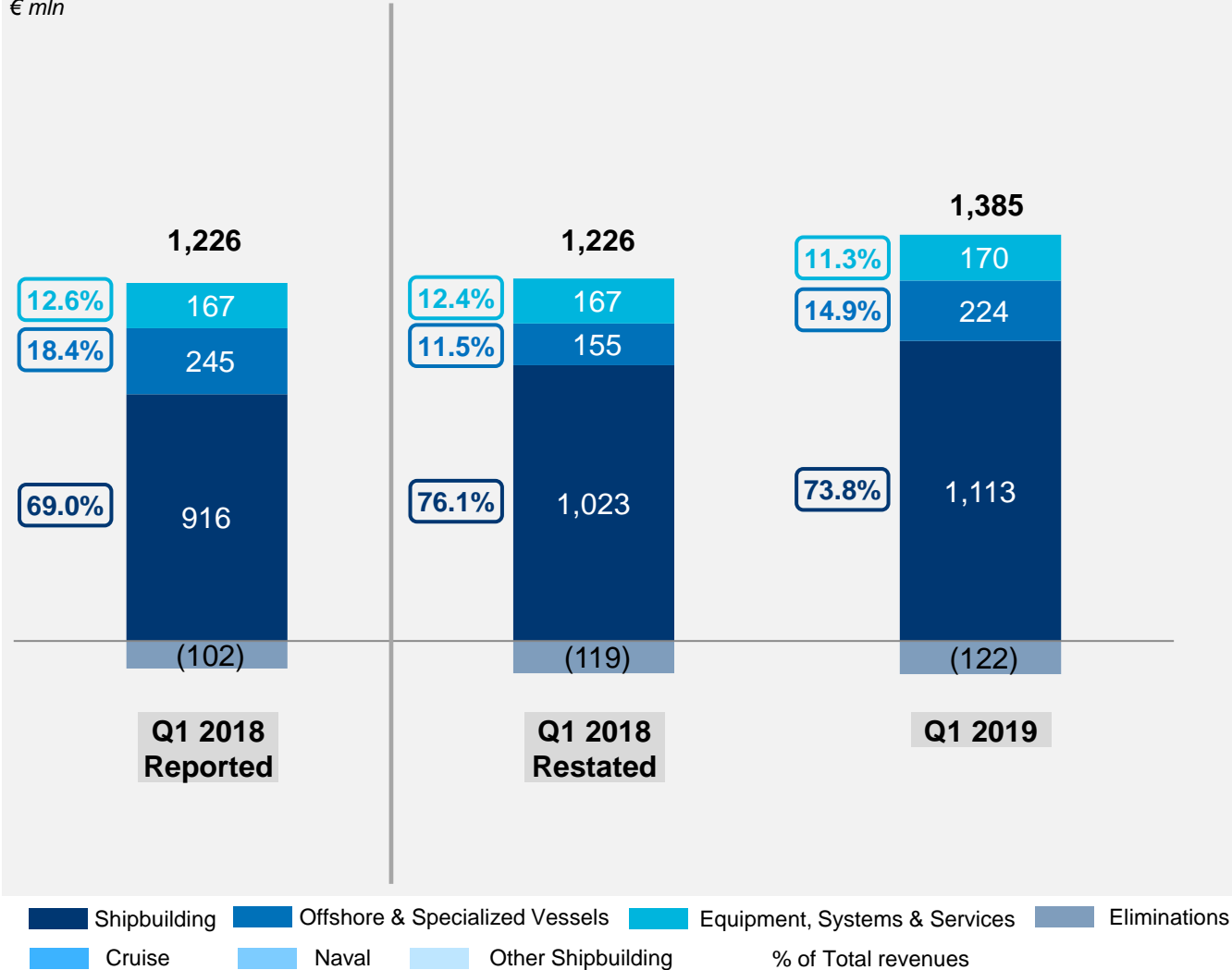


⁽¹⁾ For reasons connected to the organizational responsibility of VARD yards split between Cruise and Offshore, one fishery vessel (for Havfisk) scheduled for delivery in 2020 is included in the cruise deliveries and two Expedition cruise vessels (for Coral Expeditions) scheduled for delivery in 2019 and in 2020 are included in Offshore & Specialized Vessels
⁽²⁾ Ships with length > 40 m; Articulated Tug Barge (ATB) is an articulated unit consisting of a barge and a tug, thus being counted as two vessels in one unit
⁽³⁾ Offshore & Specialized Vessels business generally has shorter production times and, as a consequence, shorter backlog and quicker order turnaround than Cruise and Naval

Revenues

Revenues breakdown by segment⁽¹⁾

€ mln



- Revenues up 13% vs Q1 2018 at € 1,385 mln
 - Shipbuilding revenues up 8.8% vs Q1 2018
 - Offshore & Specialized Vessels revenues up 44.5% vs Q1 2018
 - Equipment, Systems & Services revenues up 1.8% vs Q1 2018

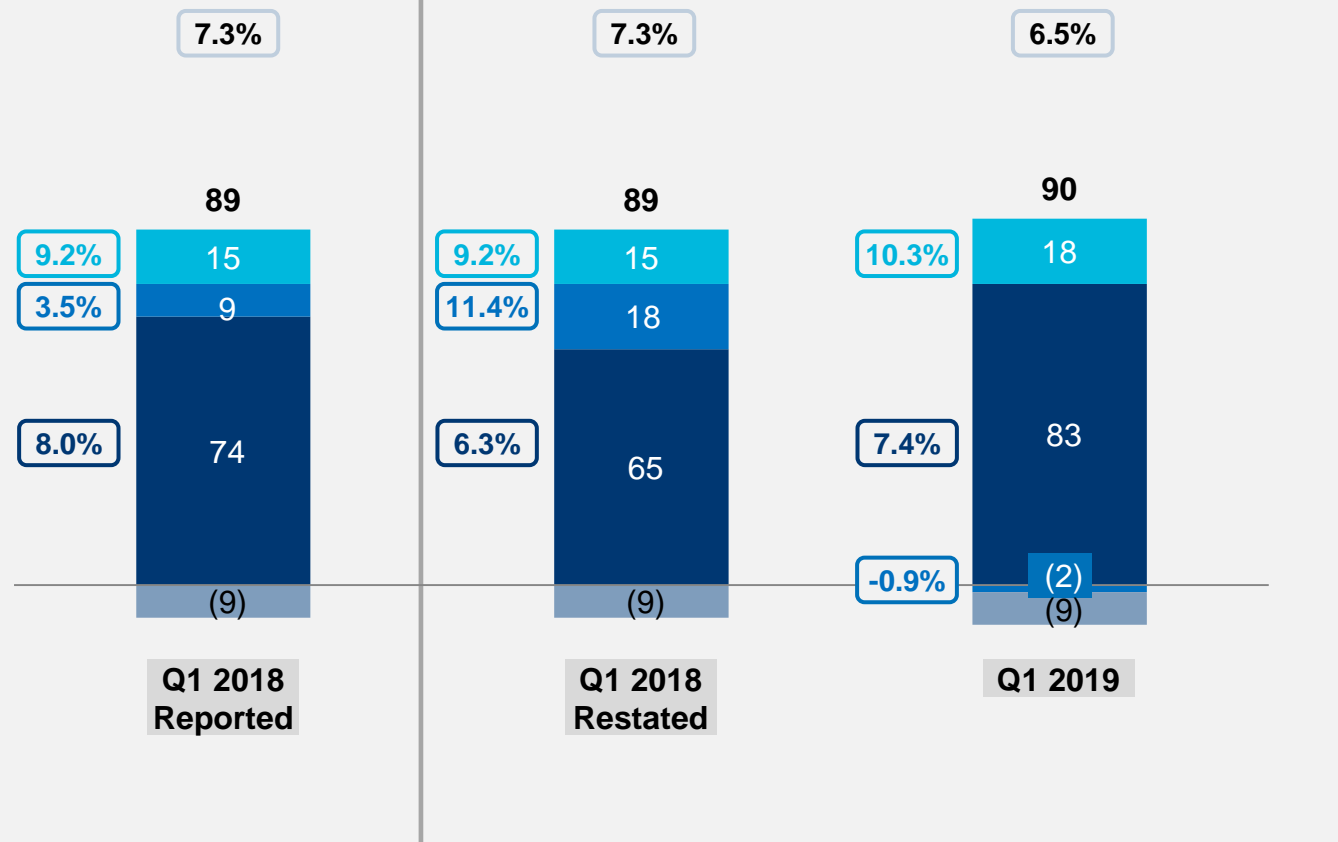
(1) Breakdown calculated on total revenues before eliminations



EBITDA

EBITDA⁽¹⁾ and EBITDA margin

€ mln



■ Shipbuilding
 ■ Offshore & Specialized Vessels
 ■ Equipment, Systems & Services
 ■ Eliminations

■ Other activities⁽²⁾
 % Revenues
 Group EBITDA Margin

- EBITDA at € 90 mln (€ 89 mln in Q1 2018), EBITDA margin at 6.5% (7.3% in Q1 2018)

- Trend substantially resulting from:
 - Positive performance of the Shipbuilding and the Equipment, Systems and Services segments
 - Negative profitability of the Offshore and Specialized Vessels segment

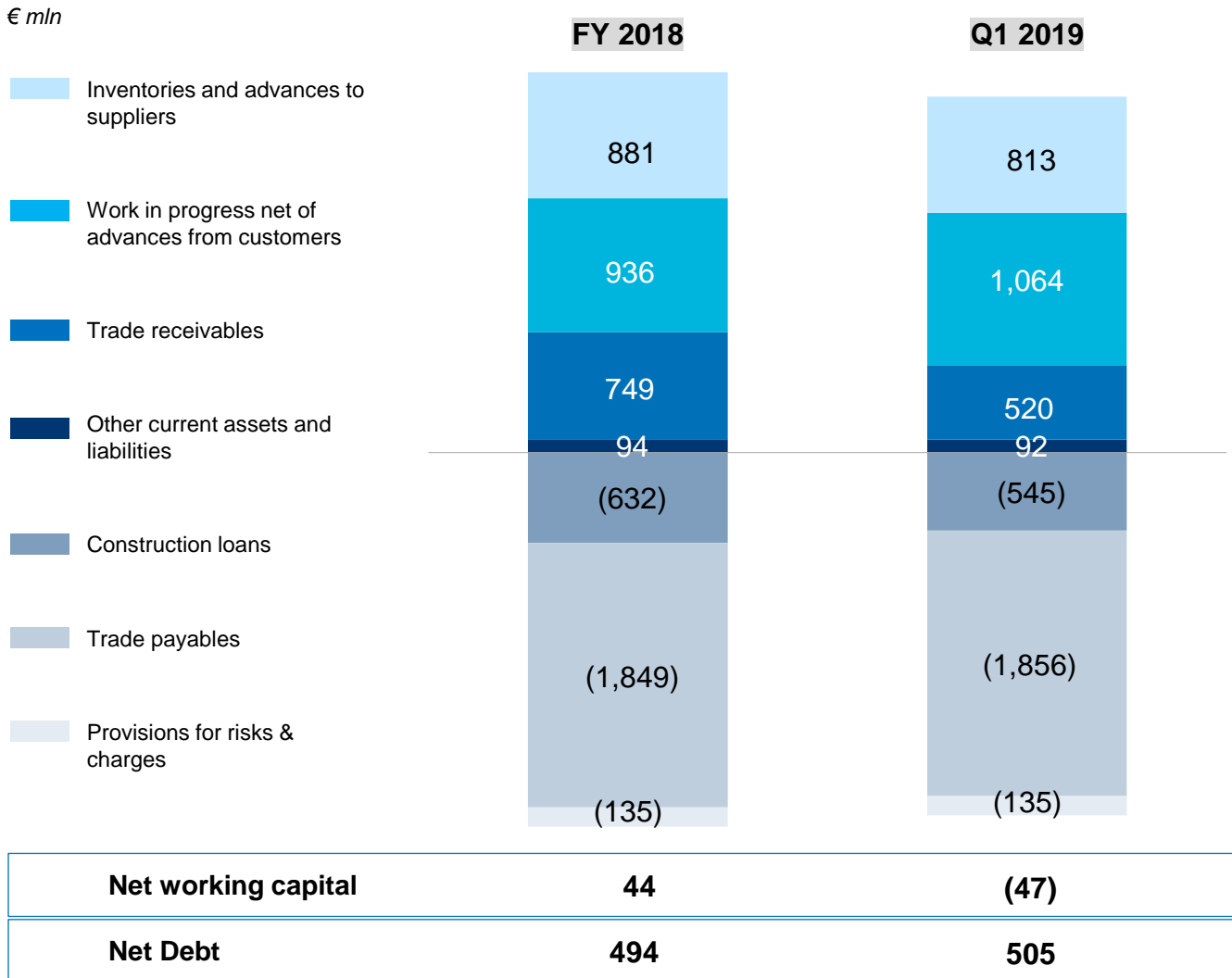
(1) EBITDA is a Non-GAAP Financial Measure. The Company defines EBITDA as profit/(loss) for the period before (i) income taxes, (ii) share of profit/(loss) from equity investments, (iii) income/expense from investments, (iv) finance costs, (v) finance income, (vi) depreciation and amortization (vii)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

(2) Other costs



Net working capital and net debt⁽¹⁾

Breakdown by main components



- Net working capital and Net debt dynamics mirror:
 - The increase in production volumes
 - The cash-in of the final payments for the cruise ships delivered in the quarter
 - The delivery of a vessel that was included in the inventory following the order cancellation
- Construction loans at € 545 mln (€ 395 mln Vard and € 150 mln Fincantieri)

⁽¹⁾ Construction loans are committed working capital financing facilities, treated as part of Net working capital, not in Net financial position, as they are not general purpose loans and can be a source of financing only in connection with ship contracts

- **2019 results expected to be in line with 2018 and consistent with 2018-2022 Business Plan guidelines**
 - Growth trend for revenues with an EBITDA margin confirmed to be in line with 2018
 - Expected increase in net debt due to working capital financing needs

Shipbuilding

- Delivery of 8 additional units, of which 6 cruise ships and 2 naval units
- Full swing production of both the Italian Navy's fleet renewal program and the order for the Qatari Ministry of Defense, with delivery of the first unit due in 2021

Offshore & Specialized Vessels

- Continuing execution of VARD's diversified backlog and organizational and production adjustments aimed at margin recovery, including alignment of headcount to the production needs of some shipyards

Equipment, Systems & Services

- Confirmation of the growth trend thanks to: backlog development relating to naval contracts, higher volumes for the production of cabins and public areas for cruise ships, as well as the lengthening and infrastructure activities



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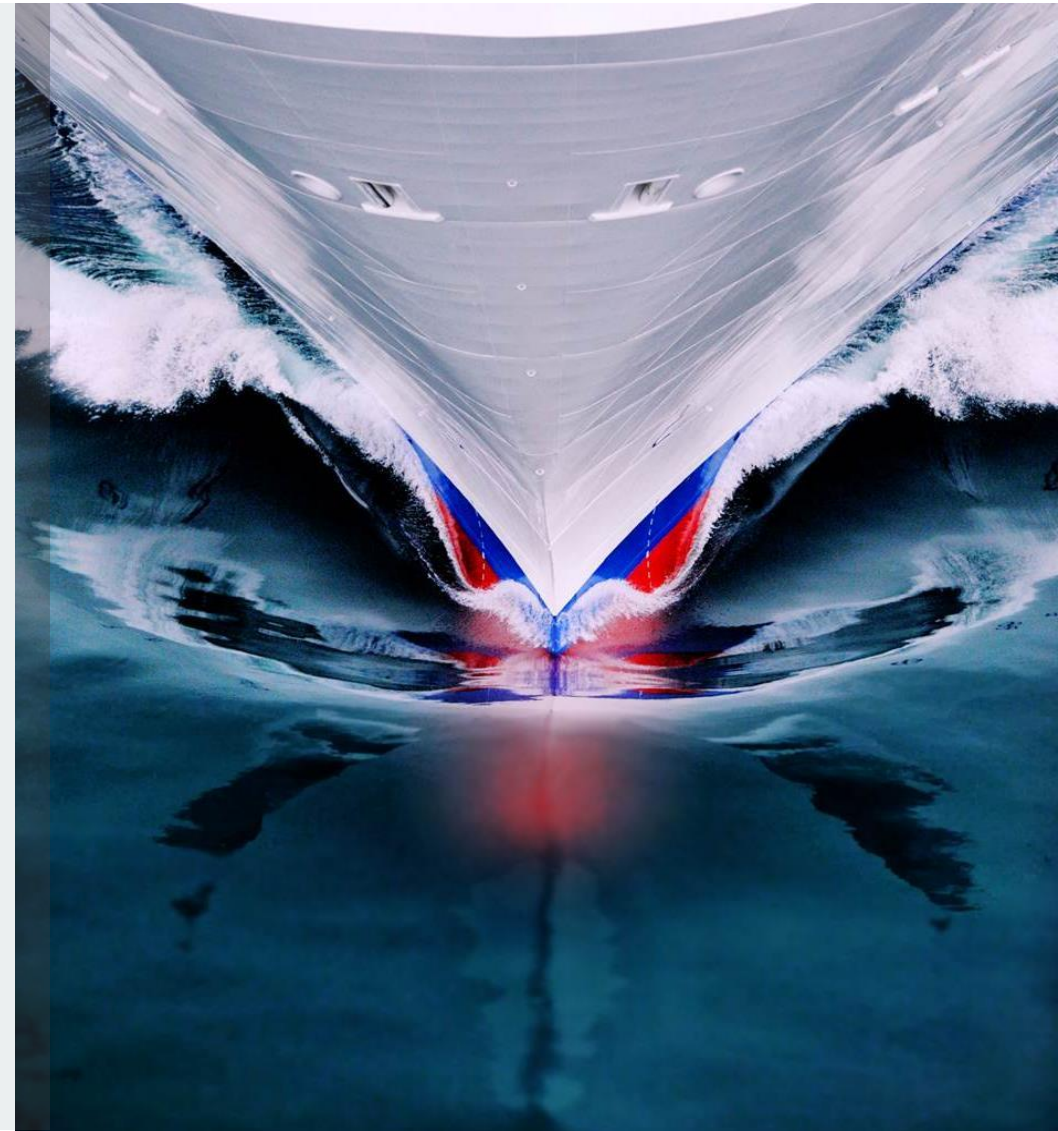
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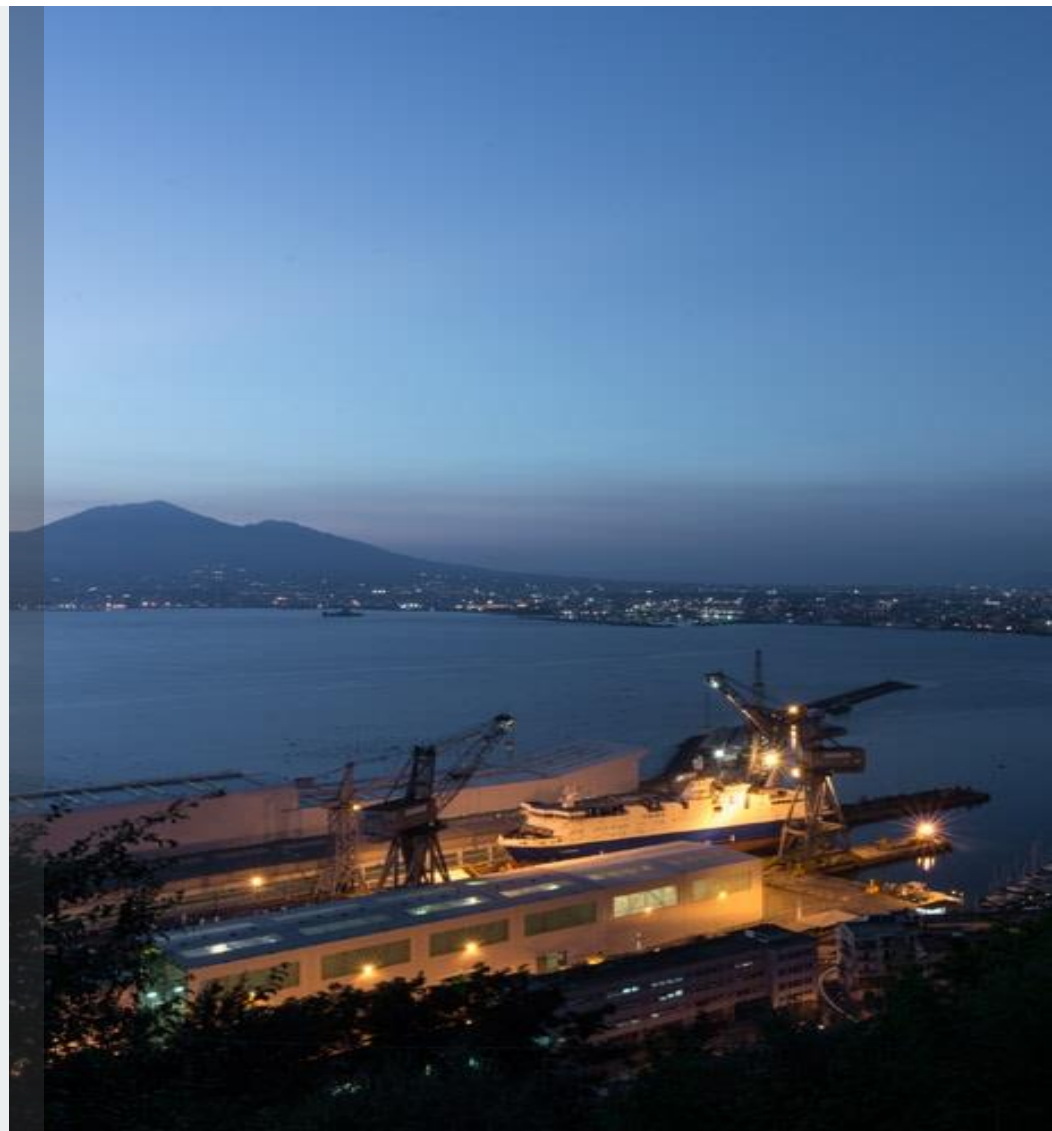
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Q&A



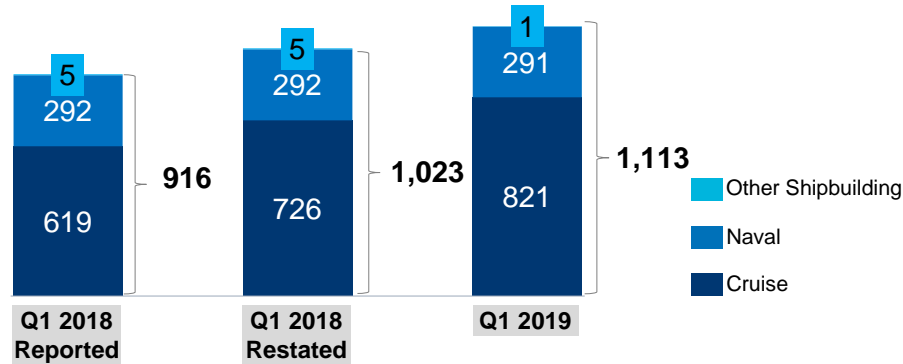
Appendix



Financial overview - Shipbuilding

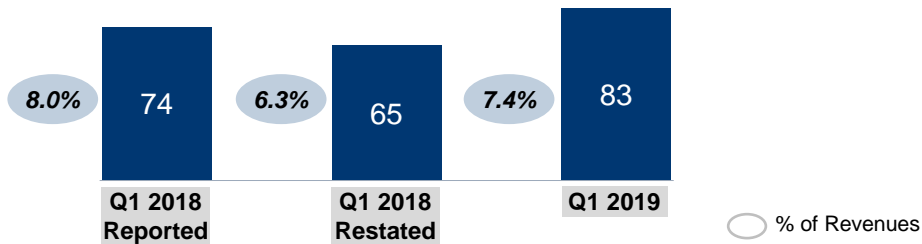
Revenues

€ mln



EBITDA

€ mln



Capex

€ mln



- **Revenues:** € 1,113 mln (+8.8% vs Q1 2018)
 - Increase due to higher volumes in cruise
- **EBITDA:** € 83 mln, with margin at 7.4%
 - Benefiting from construction of higher margin sister ships in cruise
 - Low profitability of VARD Cruise business unit projects, due for delivery in 2019
- **Capex:** € 30 mln
- **Orders:** € 6,312 mln (€ 927 mln in Q1 2018)
 - 11 Cruise ships⁽¹⁾
 - 1 Littoral Combat Ship (LCS 31)
- **Backlog:** € 28,974 mln (€ 20,820 mln in Q1 2018)
- **Deliveries:**
 - 2 Cruise ships⁽²⁾
 - 1 Naval vessel⁽³⁾

(1) 2 for Oceania Cruises, 1 for Regent Seven Seas Cruises, 2 for Viking Cruises, 4 for MSC Cruise, 2 for Princess Cruises

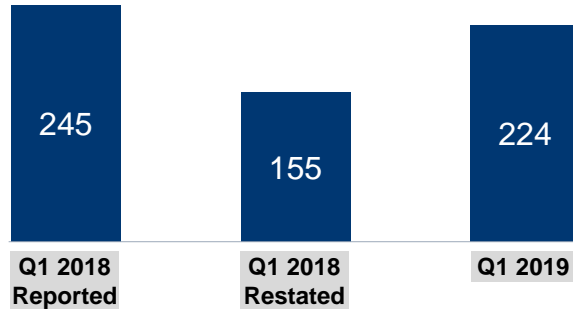
(2) "Viking Jupiter" for Viking Cruises; "Costa Venezia" for Costa Cruises

(3) LCS 15 for the US Navy

Financial overview – Offshore & Specialized Vessels

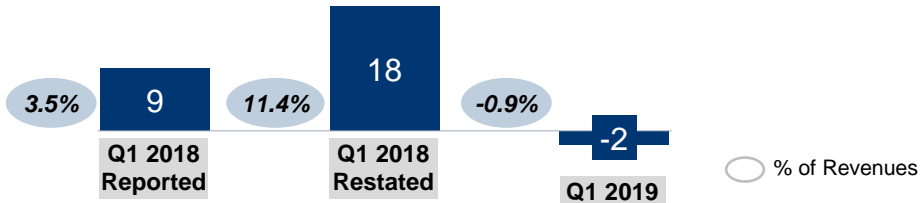
Revenues

€ mln



EBITDA

€ mln



Capex

€ mln



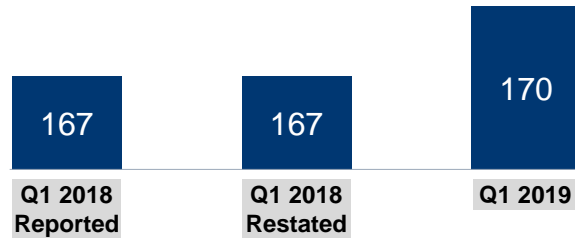
- Revenues: € 224 mln (+44.5% vs Q1 2018)
 - Increased production of specialized vessels as a result of the diversification strategy
 - Sub-optimal utilization of the production capacity
- EBITDA: € (2) mln, with margin at -0.9%
 - Development of the complex, highly challenging specialized vessels' portfolio
- Capex: € 1 mln
- Orders: € 39 mln (€ 39 mln in Q1 2018)
- Backlog: € 920 mln (€ 493 mln in Q1 2018)
- Deliveries: 5 ships
 - 3 OSCV units: 2 to Topaz Energy and Marine, 1 to Dofcon Navegação
 - 1 ferry to Torghatten Nord
 - 1 fishing and aquaculture unit to Aker BioMarine



Financial overview - Equipment, Systems and Services

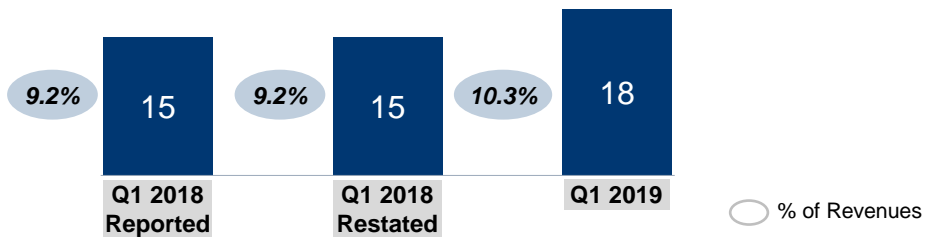
Revenues

€ mln



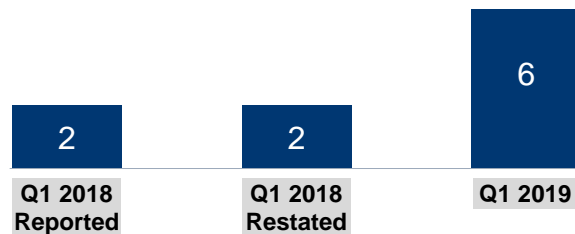
EBITDA

€ mln



Capex

€ mln



- Revenues: € 170 mln, up 1.8% vs Q1 2018
 - Revenues in line with the same period of 2018
 - Includes the start of activities related to the orders acquired in the infrastructures sector
- EBITDA: € 18 mln with margin at 10.3%
- Capex: € 6 mln
- Orders: € 168 mln vs € 167 mln in Q1 2018
- Backlog: € 1,607 mln vs € 1,196 mln in Q1 2018

