2019 FIRST QUARTER RESULTS

May 10, 2019
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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

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

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

### Q1 2019 main deliveries

<table>
<thead>
<tr>
<th>Segment</th>
<th>Vessel</th>
<th>Client</th>
<th>Shipyard</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shipbuilding</td>
<td>Cruise ship “Viking Jupiter”</td>
<td>Viking Cruises</td>
<td>Ancona</td>
</tr>
<tr>
<td></td>
<td>Cruise ship “Costa Venezia”</td>
<td>Costa Crociere</td>
<td>Monfalcone</td>
</tr>
<tr>
<td></td>
<td>Littoral Combat Ship “Billings” (LCS 15)</td>
<td>US Navy</td>
<td>Marinette</td>
</tr>
<tr>
<td>Offshore &amp; Specialized Vessels</td>
<td>OSCV (3 vessels)</td>
<td>2 for Topaz Energy and Marine</td>
<td>Vard Brattvaag</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1 for Dofcon Navegação</td>
<td>Vard Promar</td>
</tr>
</tbody>
</table>
Overview of Q1 2019 main deliveries

- **Viking Jupiter**
- **Costa Venezia**
- **LCS 15 “Billings”**
- OSCV: Topaz “Tangaroa” and “Tiamat”
- OSCV: “Skandi Olinda” (Dofcon Navegação)
## Order intake and backlog

### Breakdown by segment

<table>
<thead>
<tr>
<th>Order intake</th>
<th>Total backlog(^{(1)})</th>
</tr>
</thead>
<tbody>
<tr>
<td>(\text{€ mln})</td>
<td>(\text{€ mln})</td>
</tr>
<tr>
<td>Q1 2018</td>
<td>Q1 2019</td>
</tr>
<tr>
<td>0.9x</td>
<td>4.7x</td>
</tr>
<tr>
<td>1,076</td>
<td>6,312</td>
</tr>
<tr>
<td>1,163</td>
<td>168</td>
</tr>
<tr>
<td>(57)</td>
<td>(64)</td>
</tr>
</tbody>
</table>

### Notes:

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

- **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**
### Backlog deployment

#### Breakdown by segment and end market

**Shipbuilding**

<table>
<thead>
<tr>
<th></th>
<th>Cruise</th>
<th>Naval (2)</th>
<th>Offshore &amp; Specialized Vessels</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td># ship deliveries(1)</td>
<td># ship deliveries(1)</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>2</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>2020</td>
<td>8</td>
<td>6</td>
<td>17</td>
</tr>
<tr>
<td>2021</td>
<td>9</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>2022</td>
<td>6</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>2023</td>
<td>4</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

**Cruise**
- Additional 13 units scheduled after 2023
- 50 vessels in backlog

**Naval**
- Additional 5 units scheduled after 2023
- 29 vessels in backlog

**Offshore & Specialized Vessels**
- 1 additional unit scheduled after 2023
- 25 vessels in backlog

#### Notes

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.

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
Revenues

Revenues breakdown by segment\(^{(1)}\)

<table>
<thead>
<tr>
<th>Segment</th>
<th>Q1 2018 Reported</th>
<th>Q1 2018 Restated</th>
<th>Q1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shipbuilding</td>
<td>916 (69.0%)</td>
<td>1,023 (76.1%)</td>
<td>1,113 (73.8%)</td>
</tr>
<tr>
<td>Offshore &amp; Specialized Vessels</td>
<td>167 (12.6%)</td>
<td>167 (12.4%)</td>
<td>170 (11.3%)</td>
</tr>
<tr>
<td>Equipment, Systems &amp; Services</td>
<td>245 (18.4%)</td>
<td>155 (11.5%)</td>
<td>224 (14.9%)</td>
</tr>
</tbody>
</table>

\(^{(1)}\) Breakdown calculated on total revenues before eliminations

- 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
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.

- 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
Net working capital and net debt\(^{(1)}\)

<table>
<thead>
<tr>
<th>Breakdown by main components</th>
<th>FY 2018</th>
<th>Q1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventories and advances to suppliers</td>
<td>881</td>
<td>813</td>
</tr>
<tr>
<td>Work in progress net of advances from customers</td>
<td>936</td>
<td>1,064</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>749</td>
<td>520</td>
</tr>
<tr>
<td>Other current assets and liabilities</td>
<td>94</td>
<td>92</td>
</tr>
<tr>
<td>Construction loans</td>
<td>(632)</td>
<td>(545)</td>
</tr>
<tr>
<td>Trade payables</td>
<td>(1,849)</td>
<td>(1,856)</td>
</tr>
<tr>
<td>Provisions for risks &amp; charges</td>
<td>(135)</td>
<td>(135)</td>
</tr>
</tbody>
</table>

### Net working capital

<table>
<thead>
<tr>
<th></th>
<th>FY 2018</th>
<th>Q1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net working capital</td>
<td>44</td>
<td>(47)</td>
</tr>
<tr>
<td>Net Debt</td>
<td>494</td>
<td>505</td>
</tr>
</tbody>
</table>

\(^{(1)}\) 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.

- 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)
Outlook

- **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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Appendix
Financial overview - Shipbuilding

**Revenues**

€ mln

<table>
<thead>
<tr>
<th></th>
<th>Q1 2018 Reported</th>
<th>Q1 2018 Restated</th>
<th>Q1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cruise</td>
<td>5292</td>
<td>5292</td>
<td>1291</td>
</tr>
<tr>
<td>Naval</td>
<td>619</td>
<td>726</td>
<td>821</td>
</tr>
<tr>
<td>Other Shipbuilding</td>
<td>916</td>
<td>1,023</td>
<td>1,113</td>
</tr>
</tbody>
</table>

- **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

**EBITDA**

€ mln

<table>
<thead>
<tr>
<th></th>
<th>Q1 2018 Reported</th>
<th>Q1 2018 Restated</th>
<th>Q1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cruise</td>
<td>74</td>
<td>65</td>
<td>83</td>
</tr>
</tbody>
</table>

- 8.0%
- 6.3%
- 7.4%

% of Revenues

**Capex**

€ mln

<table>
<thead>
<tr>
<th></th>
<th>Q1 2018 Reported</th>
<th>Q1 2018 Restated</th>
<th>Q1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>12</td>
<td>16</td>
<td>30</td>
</tr>
</tbody>
</table>

- **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)

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(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**: €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
Revenues

- **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

- **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