



FY 2022 RESULTS

March 8, 2023

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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.



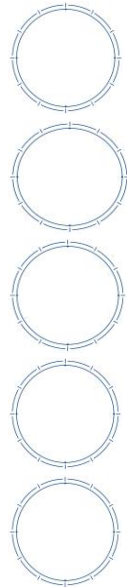
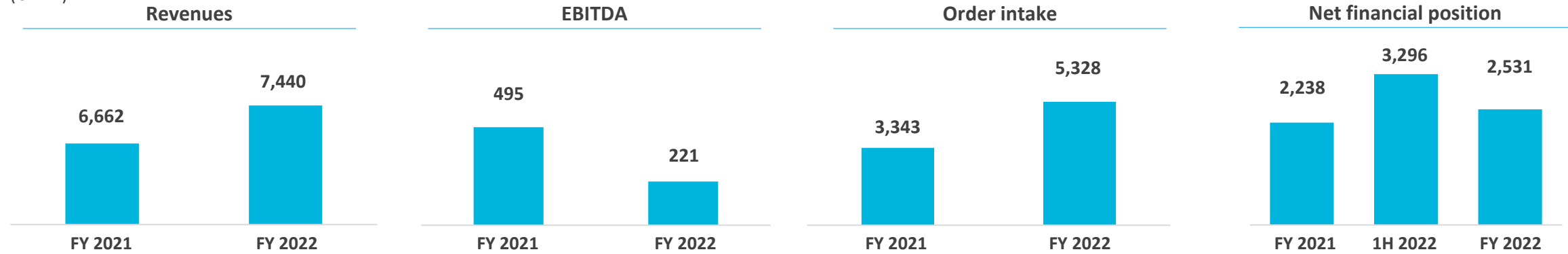
- ▶ Executive summary
- ▶ Business update
- ▶ Financial results
- ▶ Market update
- ▶ Next steps & Concluding remarks
- ▶ Appendix

EXECUTIVE SUMMARY



FY 2022 financial and operating highlights

(€ mln)



Revenues at € 7,440 mln, up by 11.7% YoY, in line with expectations and with the development of backlog

EBITDA at € 221 mln and EBITDA margin at 3.0%, mainly impacted by inflationary pressures and 1H 2022 one-offs

Order intake at € 5.3 bn, with new contracts for cruise ships signed with two consolidated clients and a sector newcomer

Net financial position at € 2,531 mln, following € 765 mln net cash generation in 2H 2022

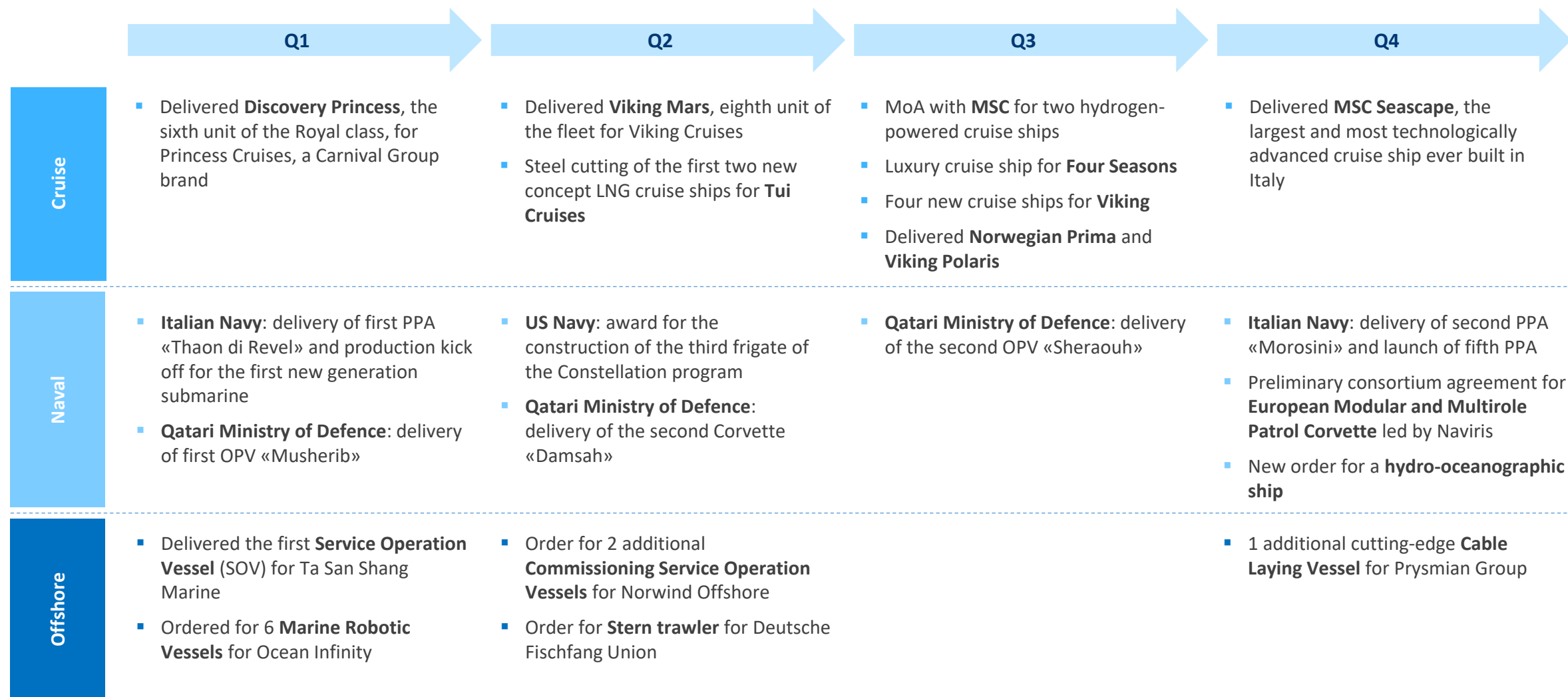
Net loss at € 324 mln, due to extraordinary or non-recurring items, of which 164 mln non-cash impairment items

Please note that throughout the entire presentation:
- FY 2021 and FY 2022 data are reported excluding the effect of pass-through activities

BUSINESS UPDATE






Consistent business operating performance throughout the year



Tireless effort to become a model of excellence acknowledged at the international level

Ratings and scores

	A-	(D>A)
S&P Global	61 ¹	(0>100)
	17.3 (low risk)	(40>0)
MOODY'S ESG Solutions ²	70 ³ (advanced)	(0>100)
	70 ⁴	(0>100)

Awards



1. As of December 16, 2022
 2. Formerly known as V.E
 3. The last evaluation was held in 2021, placing Fincantieri in the “Advanced” range; the next evaluation will take place in 2023
 4. In 2022, the score attribution criteria and methodology was revised
 5. Ranked fourth for sustainability communication

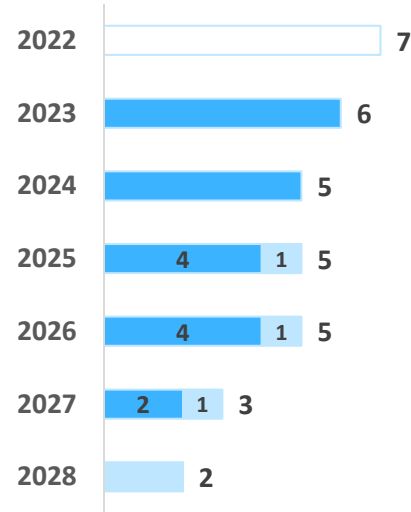
Strong visibility up to 2029 with 84 ships scheduled to be delivered by 2027

Shipbuilding

ship deliveries

CRUISE

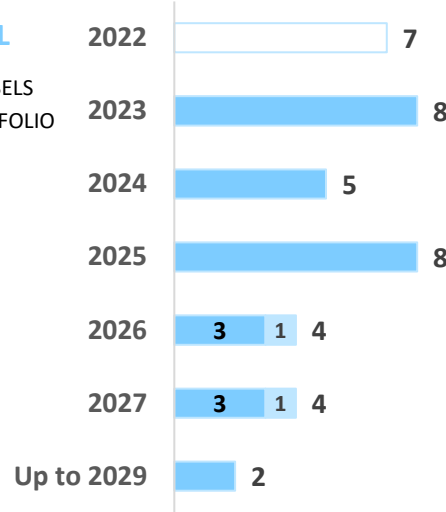
26 VESSELS
IN PORTFOLIO



□ Delivered in FY 2022 ■ Expected deliveries
□ New orders in FY 2022

NAVAL

31 VESSELS
IN PORTFOLIO



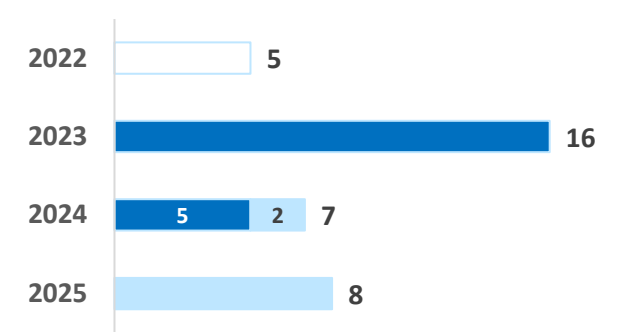
□ Delivered in FY 2022 ■ Expected deliveries
□ New orders in FY 2022

Offshore & Specialized Vessels

ship deliveries

OSV

31 VESSELS¹
IN PORTFOLIO



□ Delivered in FY 2022 ■ Expected deliveries
□ New orders in FY 2022

19 units delivered, 17 units ordered, 88 ships in backlog and 21 ships in soft backlog

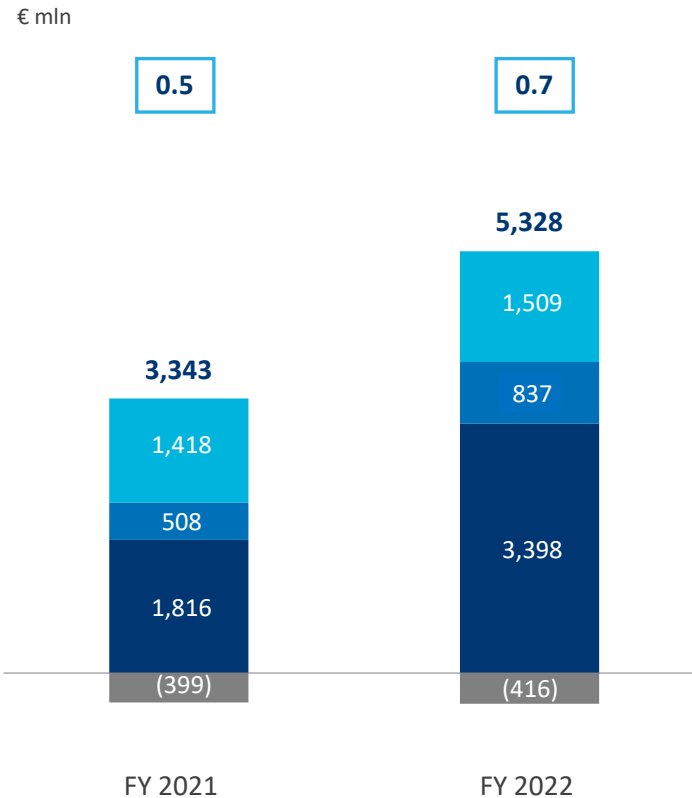
1. The Offshore & Specialized Vessels business generally has shorter production times and, as a consequence, shorter backlog and quicker order turnaround than Cruise and Naval

FINANCIAL RESULTS

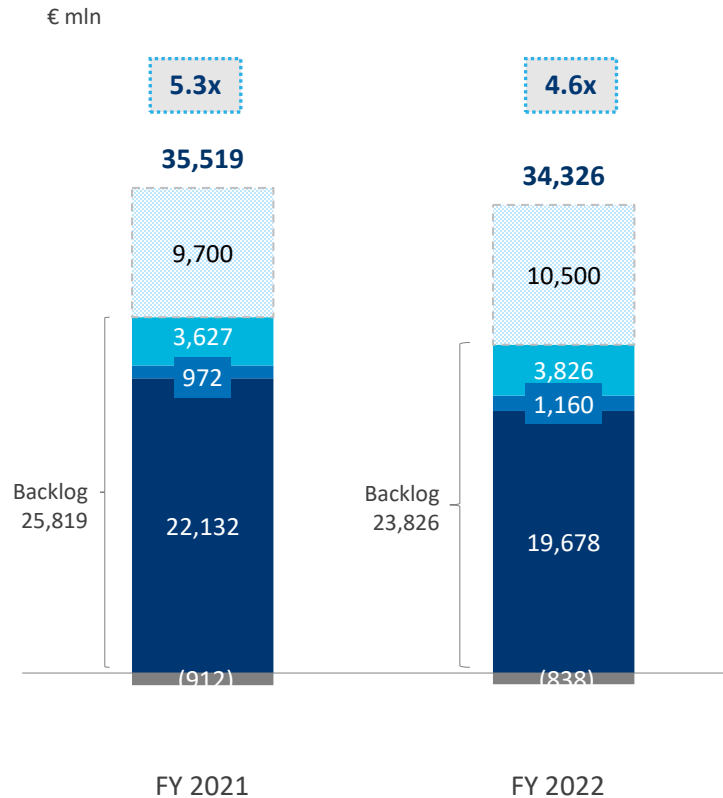


Positive signals in order resumption upholding a stable backlog

Order intake breakdown by segment



Total backlog breakdown by segment¹



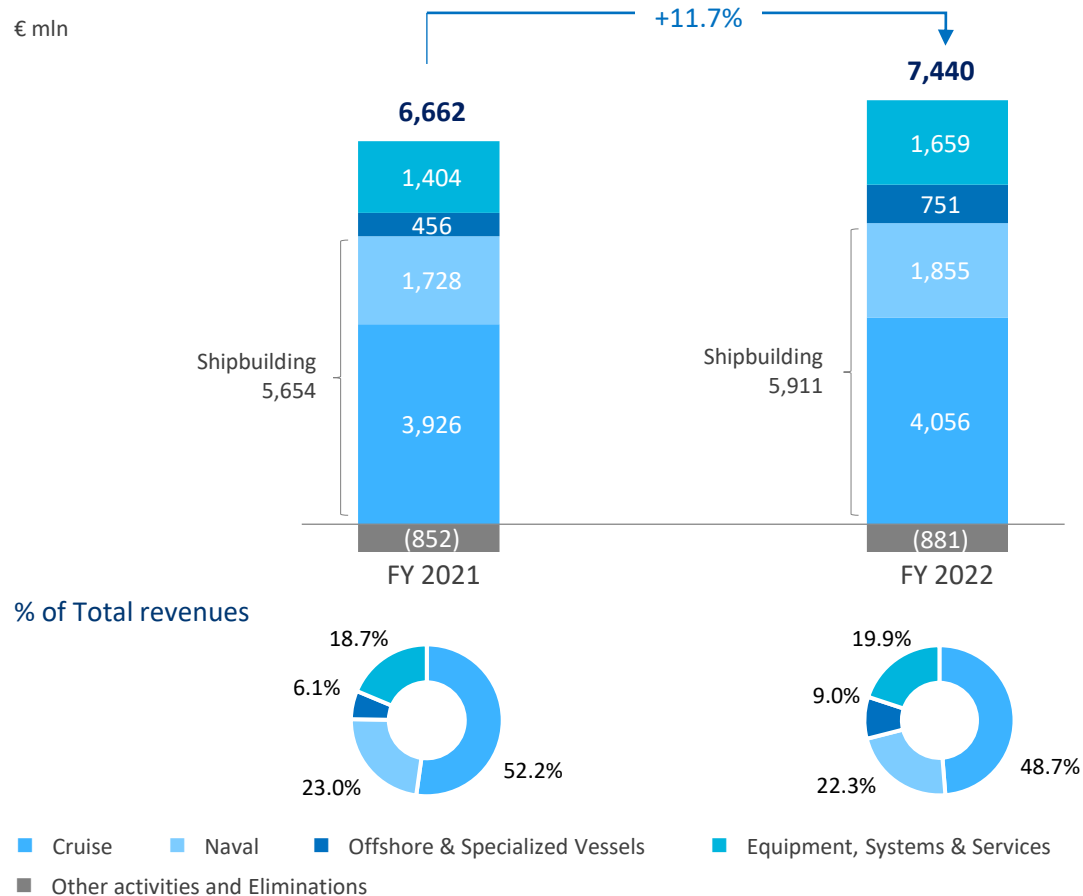
- **Order intake** at €5.3 bn, with major contribution from Shipbuilding (+87% YoY). Offshore increased by 65% YoY, with 10 vessels ordered
- **New agreements signed** for next generation, highly technological and innovative cruise ships, strengthening collaborations with consolidated clients and welcoming newcomer luxury brands
- **Total backlog** representing 4.6x 2022 revenues

■ Book-to-bill²
 ■ Total backlog¹ / Revenues ex pass-through
■ Shipbuilding
 ■ Offshore & Specialized Vessels
 ■ Equipment, Systems & Services
 ■ Eliminations
 ■ Soft backlog³

1. Total backlog is the sum of backlog and soft backlog. Backlog coverage calculated as Total Backlog/ previous year revenues ex pass through activities
 2. Order intake/revenues ex pass-through
 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

Revenues up 11.7% with a positive contribution from Offshore & Specialized Vessels

Revenues breakdown by segment¹



Revenues up 11.7% YoY at €7,440 mln

- Shipbuilding up 4.5% YoY, with Cruise accounting for 48.7% and Naval for 22.3% of total revenues
- Offshore & Specialized Vessels up 64.7% YoY, confirming the positive trend recorded since 2021, also thanks to positive FX rates effects
- Equipment, Systems & Services up 18.1% YoY mainly related to the Mechatronics and Complete Accommodation businesses

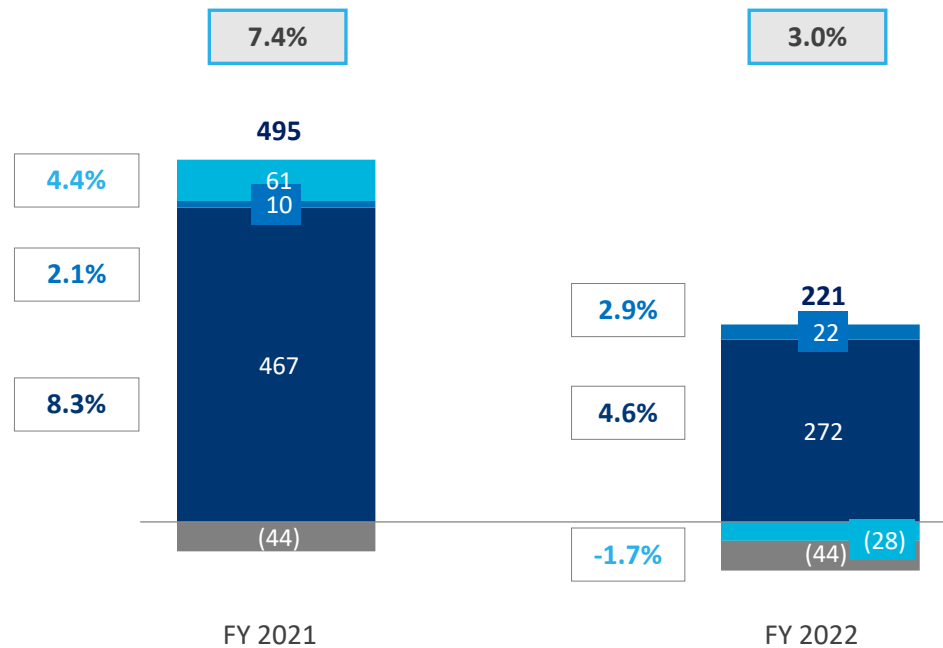
87% of revenues from international clients

1. Breakdown calculated before eliminations

Operating performance at 3.0% margin, affected by inflationary pressures

EBITDA breakdown by segment

€ mln



EBITDA margin at 3.0% impacted by raw material and energy inflation, in particular in 4Q 2022, as well as low marginality in the Infrastructure business and non-recurring items in Shipbuilding

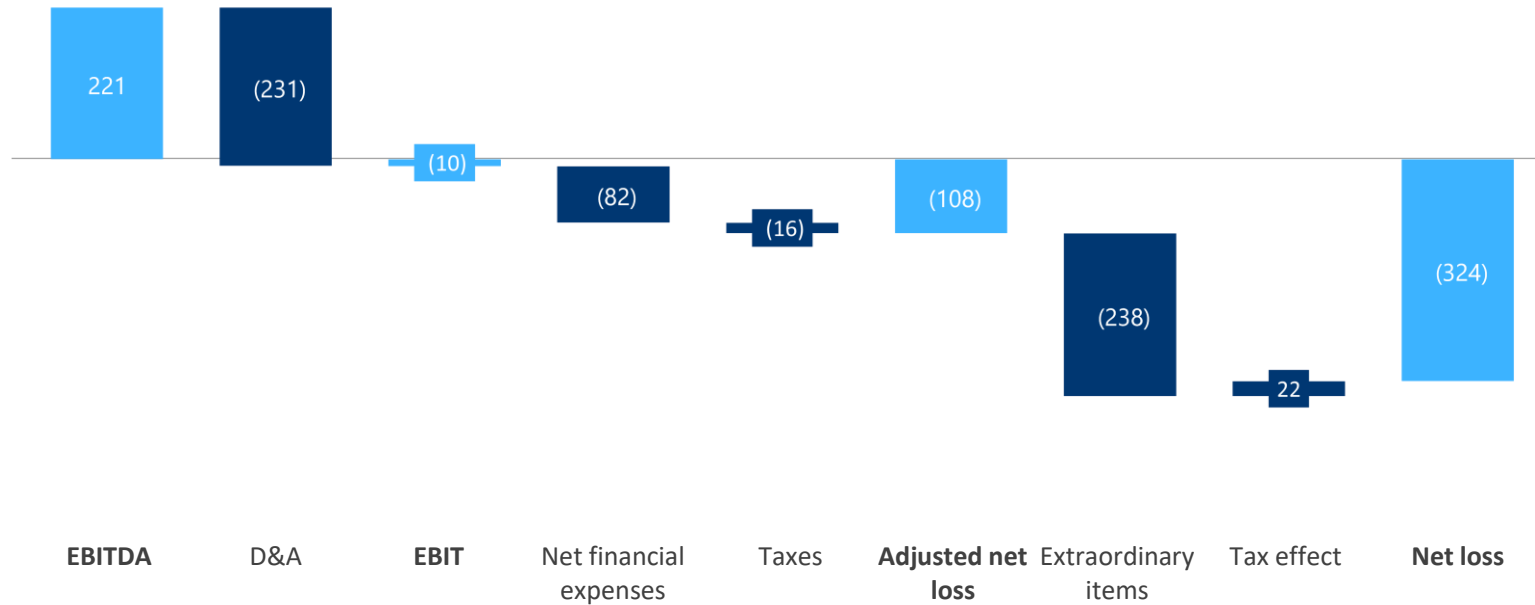
- **Shipbuilding:** EBITDA impacted by inflationary pressures, mainly affecting raw materials and energy, along with the US labour market and supply chain. Marginality still carries the negative impact of 1H2022 write-down (according to IFRS 9) of work in progress due to the reassessment of a client credit rating
- **Offshore:** improved EBITDA confirming the successful repositioning strategy towards the wind offshore sector
- **ESS:** negative EBITDA due to lower margins in Infrastructure business, together with raw materials inflation, already recorded in previous quarters

■ EBITDA Margin as % of total revenues
■ Shipbuilding ■ Offshore & Specialized Vessels ■ Equipment, Systems & Services ■ Other activities and Eliminations

Net loss at €324 mln, mainly due to one off items of the period

Walk EBITDA to Net Loss

€ mln

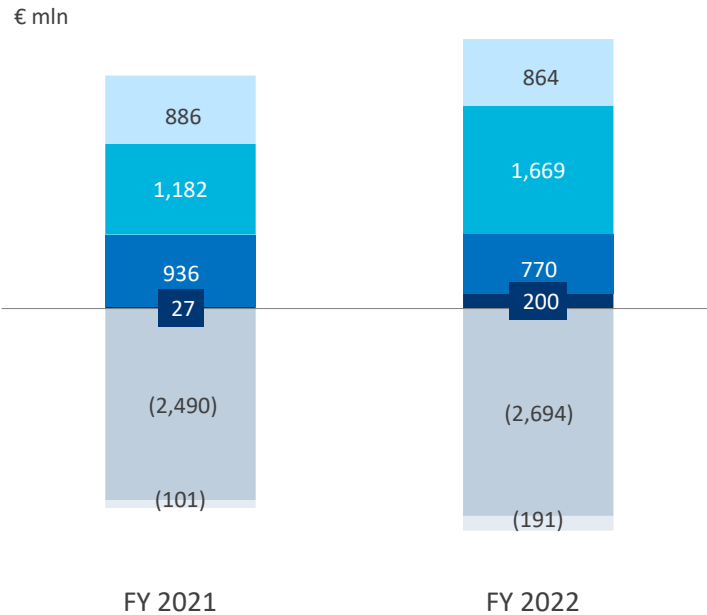


- **Net result** for FY 2022 negative at €324 mln, despite positive business operating performance
- Extraordinary items include:
 - €164 mln for goodwill impairments and other intangible assets
 - €52 mln for asbestos related litigations
 - €22 mln due to provisions for risks of probable non-fulfillment of obligations related to offset agreements and other extraordinary expenses

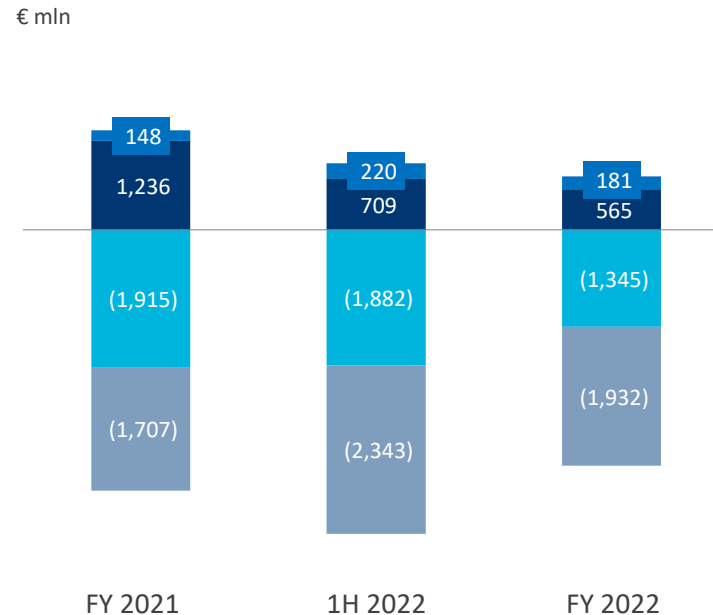


Improved NFP when compared to 1H 2022, consistent with production schedule

Net Working Capital¹ breakdown by component



Net Financial Position² breakdown by component



- **Net financial position** at €2,531 mln, improved when compared to 1H 2022 with an implied net cash generation of €765 mln in 2H 2022
- **Net financial position** still impacted by €94 mln deferrals granted to clients during COVID-19 pandemic
- No financial covenants
- **Net working capital** increased to €618 mln from €440 mln in FY 2021

NWC¹	440	618
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NFP²	(2,238)	(3,296)	(2,531)
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- Inventories and advances to suppliers
- Trade receivables
- Trade payables
- Construction contracts and client advances
- Other current assets and liabilities
- Provisions for risks & charges

- Cash & cash equivalents
- Other current financial assets
- Non-current debt
- Current debt

1. Group Net Working Capital aligned with ESMA guidelines excludes (i) construction loans, (ii) current portion of derivative liabilities for non-financial items, and (iii) the current portion of the fair value of option on equity investment
 2. Group Net financial position has been aligned with ESMA guidelines and it includes (i) construction loans, (ii) non-current financial liabilities on hedging instruments and (iii) liabilities for fair-value options investments that were previously excluded, furthermore it excludes non-current financial receivables

MARKET OUTLOOK



Cruise full recovery expected in 2023

Cruise

Operations and market outlook

- **93%** of the **global fleet back in operation** at the end of **December 2022**¹, with load factors approaching pre-pandemic levels
- Major cruise lines dropped vaccine requirements and **eased** pre-boarding **Covid rules**
- Value proposition gap between cruises and land-based holidays further shifting towards cruising during the pandemic. **Resumption of orders** already recorded for the luxury niche segment, with new operators (i.e. brands established by hotel groups), for medium to small vessels
- **Booking trends** for 2023 in line with 2019 levels
- **Passenger volumes** expected to have reached 28 million in 2022 and to surpass 2019 levels by the end of 2023² with a target of **32 million passengers**, pre-Covid volumes

Sustainability

- **Net carbon neutrality** for cruise industry by **2050**³ and 40% reduction of average CO₂ intensity per tonne/mile required by International Maritime Organization (IMO) regulations by 2030 vs 2008
- **Alternative fuels**: shipowners increasingly interested in green propulsion systems and new fuels (LNG, methanol, ammonia and hydrogen) for a fully decarbonized cruise industry
- **Shore-side power connectivity**: 209 ships expected in operation by 2028³, including ships already fitted, ships planned to be retrofitted and 98% of ships on order book through 2028

1. Cruise Industry News – Ships in Service, 1st December 2022

2. CLIA – State of the Cruise Industry 2022 Report

3. CLIA - Cruise Industry August 2022, Environmental Technologies and Practices

Best positioned thanks to higher defence budgets and new opportunities in wind offshore

Naval

- **Global defence spending** reached **USD 2.08 trillion** in 2022 confirming value of 2020-2021, with a **compound annual growth rate of ca. 1.6%** (CAGR 2014-2022)
- Fostered by the Ukraine crisis, Defence budgets have been revised upwards, above all in Western European Countries and according to NATO guidelines. Global spending is expected to further increase by 4.4% in 2023¹
- Defence budget allocated to **navy procurement** estimated at 6.6% of global budget¹
- Increased interest from EU member states in the creation of a common **EU Defence framework**
- EU major defence programs include the Permanent Structured Cooperation (PESCO) for a new class of modular military ships, the European Patrol Corvette

Offshore

- **Worldwide wind farms** operating today delivering nominal power of **ca. 55 GW**²
- Favorable growth scenario, with **almost 270 GW** of total **offshore wind capacity** to be installed by **2030** (CAGR 15.7%)²
- **Floating offshore wind** expected to rapidly grow: **14 GW** of floating offshore wind capacity to be installed or underway globally by 2030²
- Growing demand for SOV - Service Operation Vessels and CSOV - Construction Service Operations Vessels: **41 units ordered since January 2020**, compared with current **fleet of 33 vessels**³

1. Jane's – Global Defence Budget, October 2022

2. 4C Offshore – Global Market Overview Q4 2022 Slide Deck, 14 December 2022

3. 4C Offshore – Orderbook and fleet as of end December 2022, excluding Chinese shipowners; Fincantieri analysis

NEXT STEPS & CONCLUDING REMARKS

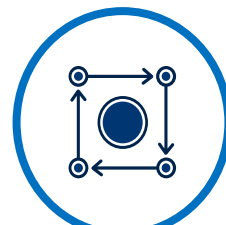


2023-2027 Business Plan – The Strategic Pillars & Actions



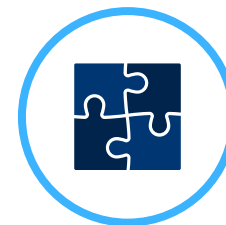
FOCUS ON CORE BUSINESS

- Review and digitalization of the Group yards
- Higher competitiveness in specialized vessels segment seizing opportunities in the fast-moving wind offshore industry
- De-risking and partnering of the infrastructure business
- Accommodation upswing supporting captive market and expansion in the non-captive one
- Underpinning suppliers' network



LIFE-CYCLE MANAGEMENT

- Strengthening the role as digital design authority and complex system integrator, including automation, data management and Artificial Intelligence



SYSTEM INTEGRATION

- Reinforcing Orizzonte Sistemi Navali know-how to enhance combat systems integration



FINANCIAL DISCIPLINE

- Interfunctional and interdivisional approach, spreading procurement best practices
- Financial discipline, assigning specific and cross functional responsibilities to monitor cost and standardize processes



INDUSTRIAL SUSTAINABILITY

- Enabling new alternative fuels and propulsion technologies
- A clear sustainability strategy aimed at
 - fostering the Human Capital within an inclusive and international environment
 - offering innovative solutions to clients to reach their Net-Zero targets
 - enhancing top-notch standards throughout the supply chain

2023-2027 Business Plan – Main Targets

5 PILLARS

10 STRATEGIC PROJECTS

CORE BUSINESS

CRUISE NAVAL OFFSHORE

GREEN & DIGITAL

KEY DRIVERS

2025

2027

€8.8bn
REVENUES

~7%
EBITDA

4.5-5.5x
NFP/EBITDA

2023-2027
Business
Plan

€9.8bn
REVENUES






~8%
EBITDA

2.5-3.5x
NFP/EBITDA

Investor Day at 1Q23 results



Concluding remarks

-  Entrepreneurial approach to further strengthen the **competitive positioning and business distinctiveness** in the international shipbuilding industry, optimizing performance and anticipating clients' future needs
-  Focus on **high added value** shipbuilding business triggered by **continuous innovation, digital solutions and energy transition**, seizing market opportunities through **cross-fertilization** of competences across the core business
-  Increased **productivity and efficiency** thanks to a thorough **review** and **sharpen-up** of the **production processes** together with a **relentless** attention to **cost governance and financial discipline**
-  **2023-2027 Business and Sustainability Strategy** as building blocks of the sustainable growth of the business and the creation of value to all the stakeholders to be presented during our Investor Day at 1Q23 results
-  **2023 Guidance:** Revenues in line with 2022, EBITDA margin at around 5%, NFP broadly in line with 2022

Q&A



Investor Relations contacts

INVESTOR RELATIONS TEAM

Paola Dimario

+39 040 319 2279

paola.dimario@fincantieri.it

Caterina Venier-Romano

+39 040 319 2229

caterina.venierromano@fincantieri.it

Martina Saiu

+39 040 319 2672

martina.saiu@fincantieri.it

INSTITUTIONAL INVESTORS

investor.relations@fincantieri.it

INDIVIDUAL SHAREHOLDERS

azionisti.individuali@fincantieri.it

www.fincantieri.com



APPENDIX

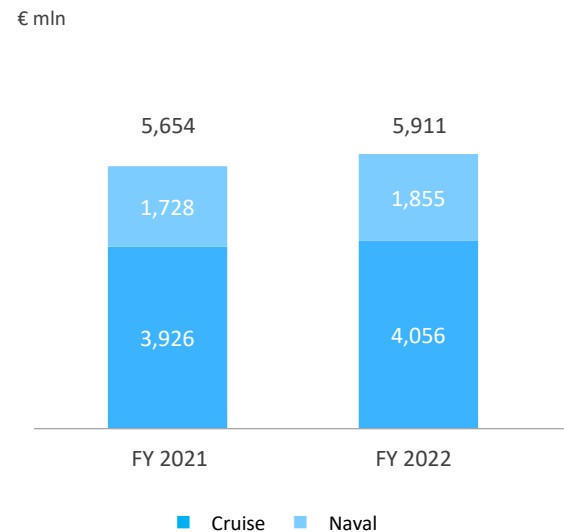


Focus on Shipbuilding

Orders, backlog and deliveries

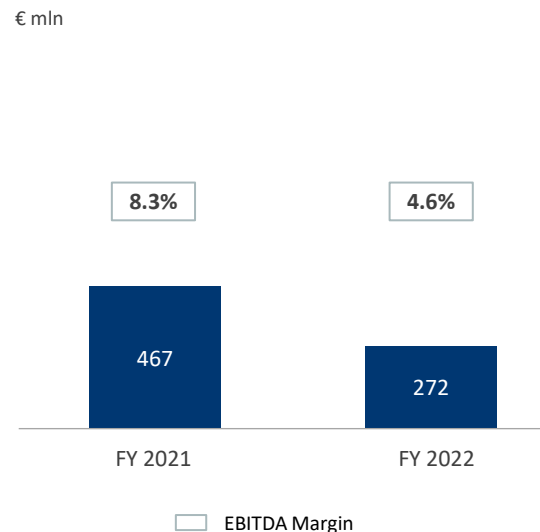
- Orders: €3,398 mln (€1,816 mln in FY 2021)
 - 1 ultra luxury cruise ship for Four Seasons
 - 4 cruise ships for Viking
- Backlog: €19,678 mln (€22,132 mln in FY 2021)
- Deliveries:
 - 7 cruise ships
 - 2 Offshore Patrol Vessels (OPV)
 - 2 Multirole Patrol Vessels (PPA)
 - 2 Corvette
 - 1 Bulk Carrier

Revenues



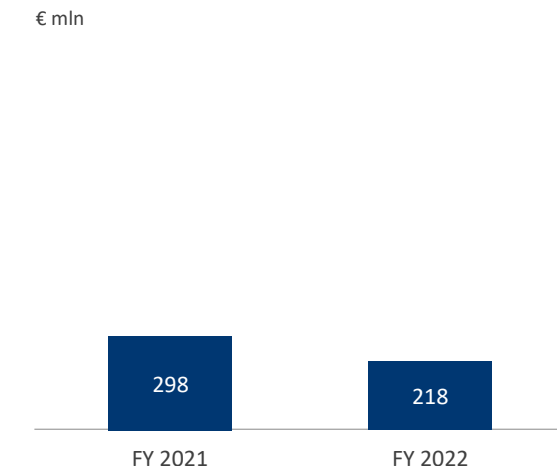
- Revenues at €5,911 mln vs €5,654 mln in FY 2021

EBITDA



- EBITDA at €272 mln (vs €467 mln in FY 2021)
- EBITDA margin at 4.6% (vs 8.3% in FY 2021)

Capex



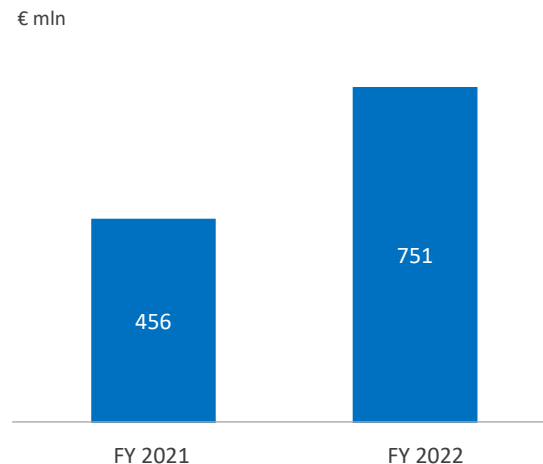
- Capex at €218 mln

Focus on Offshore & Specialized Vessels

Orders, backlog and deliveries

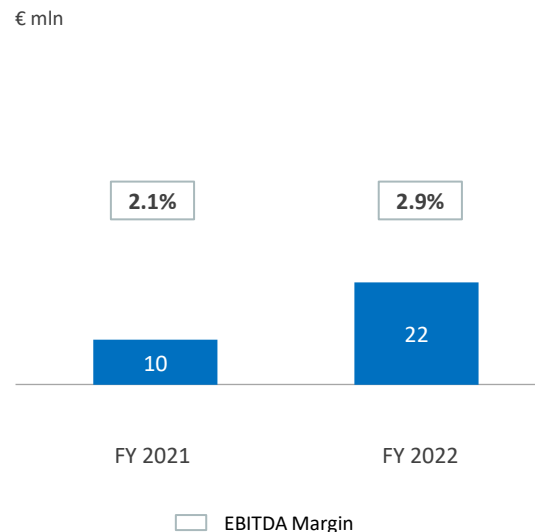
- Orders: €837 mln (€508 mln in FY 2021)
 - 6 marine robotic vessels for Ocean Infinity
 - 1 fishery for Deutsche Fischfang – Union
 - 2 CSOV for Norwind Offshore
 - 1 Cable laying vessel for Prysmian Group
- Backlog: €1,160 mln (€972 mln in FY 2021)
- Deliveries:
 - 2 Fishing vessels
 - 1 SOV
 - 2 Marine Robotic vessels

Revenues



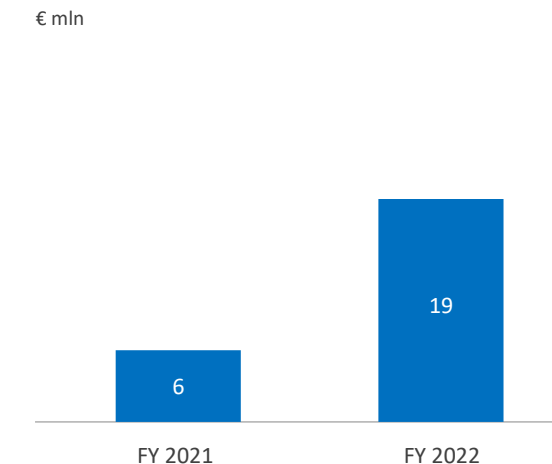
- Revenues at €751 mln, +64.7% YoY
- Offshore & Specialized Vessels revenues represent 9% of total revenues excluding pass-through activities

EBITDA



- EBITDA at €22 mln with margin at 2.9%

Capex



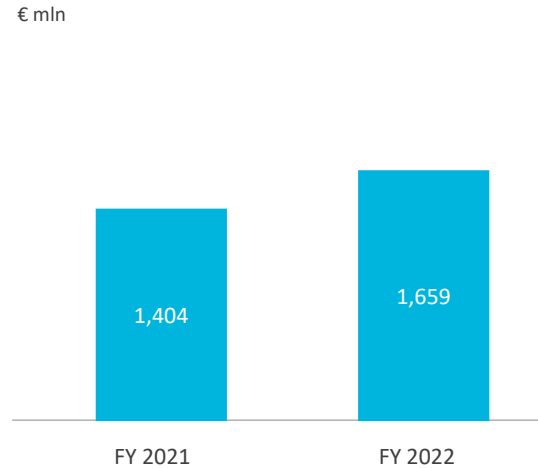
- Capex at €19 mln

Focus on Equipment, Systems & Services

Orders, backlog and deliveries

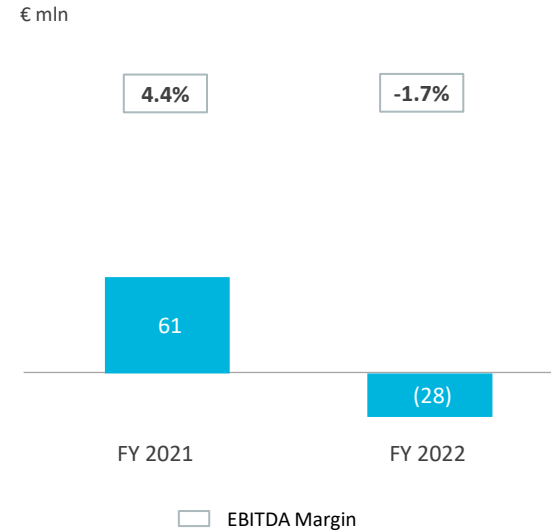
- Orders: €1,509 mln (€1,418 in FY 2021)
- Backlog: €3,826 mln (€3,627 mln in FY 2021)

Revenues



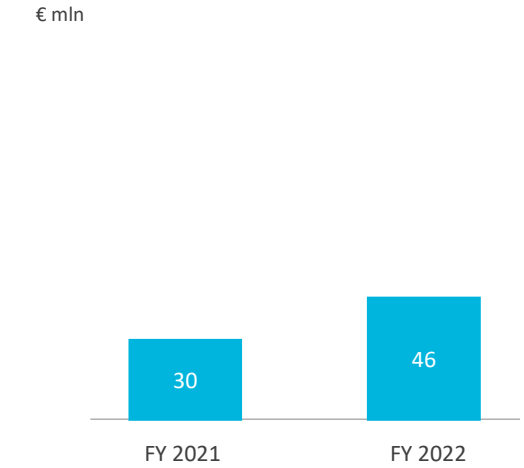
- Revenues at €1,659 mln vs €1,404 mln in FY 2021
- ESS revenues represent 19.9% of total revenues

EBITDA



- EBITDA negative at €28 mln with margin at -1.7%

Capex



- Capex at €46 mln

