



# 9M 2022 RESULTS

November 8, 2022

[www.fincantieri.com](http://www.fincantieri.com)

**FINCANTIERI**  
The sea ahead



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This Presentation contains certain forward-looking statements. Forward-looking statements concern future circumstances and results and other statements that are not historical facts, sometimes identified by the words "believes," "expects," "predicts," "intends," "projects," "plans," "estimates," "aims," "foresees," "anticipates," "targets," and similar expressions. The forward-looking statements contained in this Presentation, including assumptions, opinions and views of the Company or cited from third party sources, are solely opinions and forecasts reflecting current views with respect to future events and plans, estimates, projections and expectations which are uncertain and subject to risks. Market data used in this Presentation not attributed to a specific source are estimates of the Company and have not been independently verified. These statements are based on certain assumptions that, although reasonable at this time, may prove to be erroneous. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. If certain risks and uncertainties materialize, or if certain underlying assumptions prove incorrect, Fincantieri may not be able to achieve its financial targets and strategic objectives. A multitude of factors which are in some cases beyond the Company's control can cause actual events to differ significantly from any anticipated development. Forward-looking statements contained in this Presentation regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. No one undertakes any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Market data used in this Presentation not attributed to a specific source are estimates of the Company and have not been independently verified. Forward-looking statements speak only as of the date of this Presentation and are subject to change without notice. No representations or warranties, express or implied, are given as to the achievement or reasonableness of, and no reliance should be placed on, any forward-looking statements, including (but not limited to) any projections, estimates, forecasts or targets contained herein.

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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 Outlook
- ▶ Concluding Remarks
- ▶ Appendix

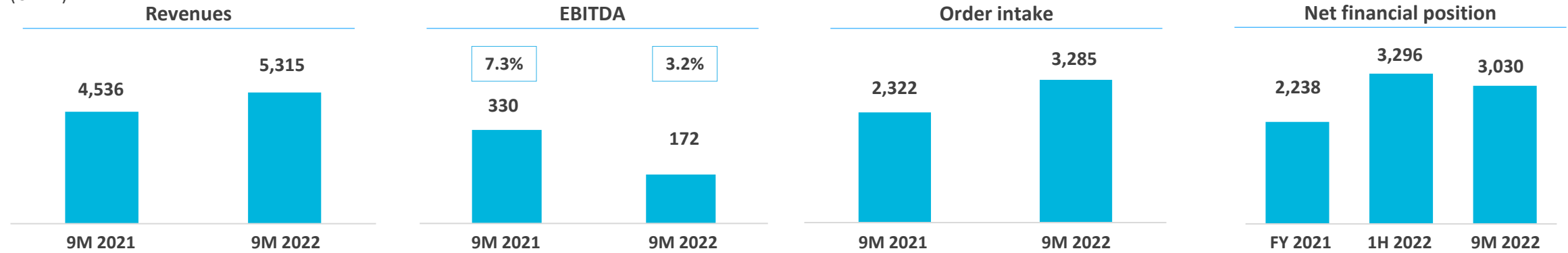


# EXECUTIVE SUMMARY



# Financial and operating highlights

(€ mln)



Revenues at € 5,315 mln, up by 17% YoY, in line with expectations and with the development of backlog



EBITDA at € 172 mln and EBITDA margin at 3.2%, impacted by 1H 2022 one-offs



Order intake at € 3.3 bn, new agreements for cruise ships signed with three different shipowners in 3Q 2022



Net financial position at € 3.0 bn, improving compared to 1H 2022

Please note that throughout the entire presentation:

- 9M 2021 and 9M 2022 data are reported excluding the effect of pass-through activities

- 9M 2021 data have been restated following the reallocation of VARD Electro and Seonics respectively from the Shipbuilding and the Offshore & Specialized Vessels segment to the Equipment, Systems & Services segment

# BUSINESS UPDATE



# Positive business operating performance both in Cruise and Naval

## Cruise

- **MoA with MSC** for the construction of **two** next generation **hydrogen-powered** luxury cruise ships to be delivered by 2028
- **Ultra-luxury cruise ship** to be delivered to **Four Seasons** by 2025
- **Agreement for four new cruise ships** to be delivered to **Viking**, reaching a total of 18 vessels for the shipowner
- Four cruise ships delivered, among which:
  - **Discovery Princess**, the sixth unit of the Royal class, for Princess Cruises, a Carnival Group brand
  - **Norwegian Prima** to Norwegian Cruise Line, first of six vessels of the Prima Class

## Naval

- Delivery of the first PPA «Thaon di Revel» and second PPA «Morosini» in October to the **Italian Navy**
- Successfully delivered three vessels to the **Qatari Ministry of Defence**:
  - First Offshore Patrol Vessel (OPV) «Musherib» in Q1
  - Second Corvette «Damsah» in Q2
  - Second Offshore Patrol Vessel (OPV) «Sheraouh» in Q3
- **US Navy**: award for the construction of the third frigate of the Constellation program
- Preliminary **consortium agreement** with Naviris, Naval group and Navantia for the Modular and Multirole Patrol Corvette (MMPC)

# Major agreements for green and next generation cruise ships in 3Q 2022, strengthening the partnership with consolidated clients and welcoming newcomer luxury brands



## Viking

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- The collaboration with shipowner Viking reaches a total of 18 vessels: **4 new cruise ships** to be delivered by 2028
- The vessels will be built according to the latest navigation regulations, equipped with the **most modern safety systems** and will be designed for **hydrogen fuel cells**, setting new industry standards



## MSC Cruises

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- Long term partnership with MSC Cruises strengthened with a total of six Explora Journeys luxury cruise ships equipped with industry top-notch features
- Four cruise ships powered by **liquefied natural gas (LNG)**, the cleanest marine fuel currently available, reducing CO<sub>2</sub> emissions by up to 25% vs standard marine fuels and two additional cruise ships featuring **new generation hydrogen powered engines**
- Hydrogen to power a 6 MW fuel cell allowing **emissions-free hotel operations** and **zero emissions in ports**, with engines turned off



## Four Seasons

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- First **ultra-luxury cruise ship** for Four Seasons to be delivered by 2025
- The vessel, which is currently being designed, will be 207 meters long and 27 meters wide, with 14 decks. It will offer ultimate privacy, flexibility and spaciousness in an all-suite nautical residential setting





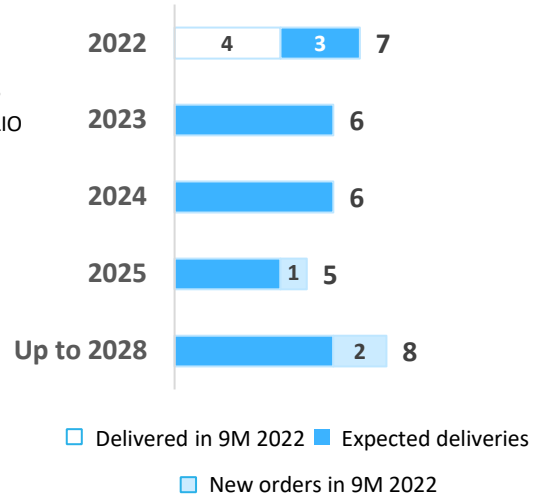
# Well-balanced visibility and deliveries up to 2029

## Shipbuilding

# ship deliveries

### CRUISE

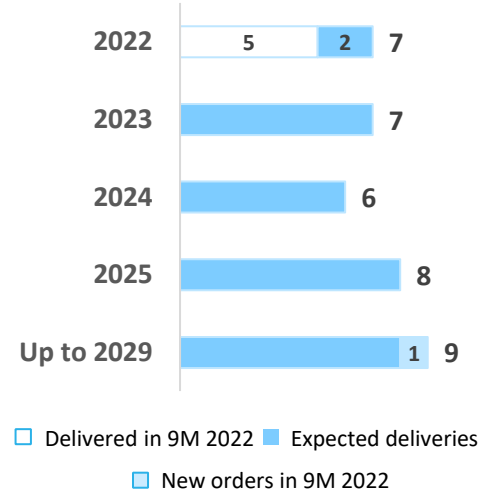
28 VESSELS  
IN PORTFOLIO



- Visibility up to 2028

### NAVAL

32 VESSELS  
IN PORTFOLIO



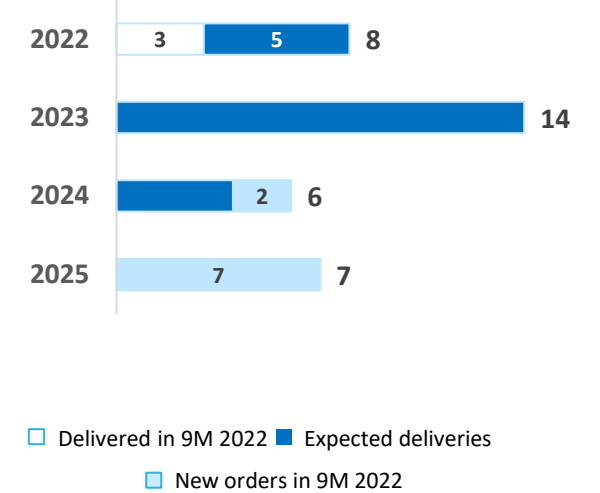
- 9 units to be delivered from 2026 to 2029

## Offshore & Specialized Vessels

# ship deliveries

### OSV

32 VESSELS<sup>1</sup>  
IN PORTFOLIO



- Visibility up to 2025

**12 units delivered, 13 units ordered, 92 ships in backlog and 19 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

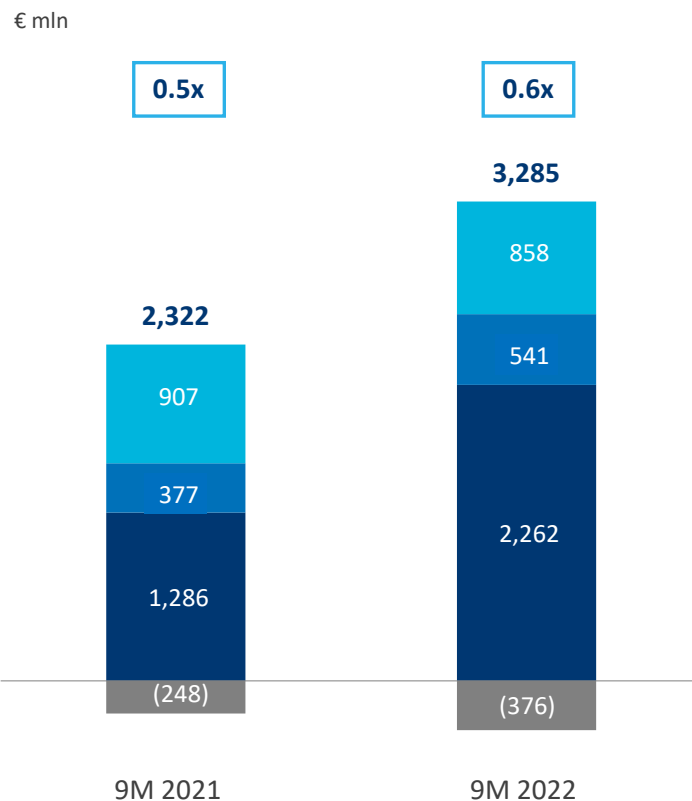


# FINANCIAL RESULTS

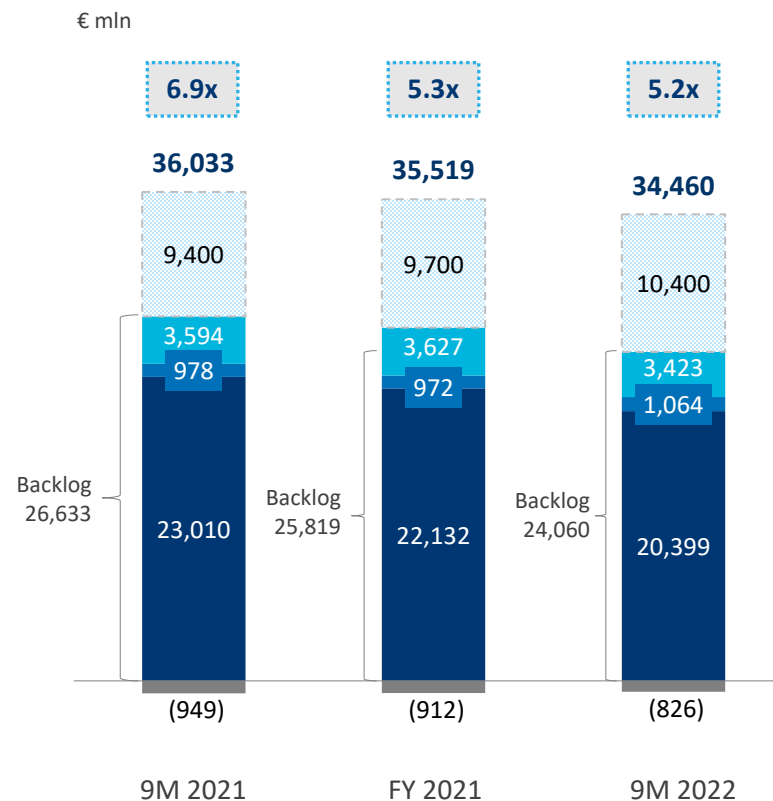


# Stable backlog with first signs of order resumption in Cruise and Offshore

## Order intake breakdown by segment



## Total backlog breakdown by segment<sup>1</sup>



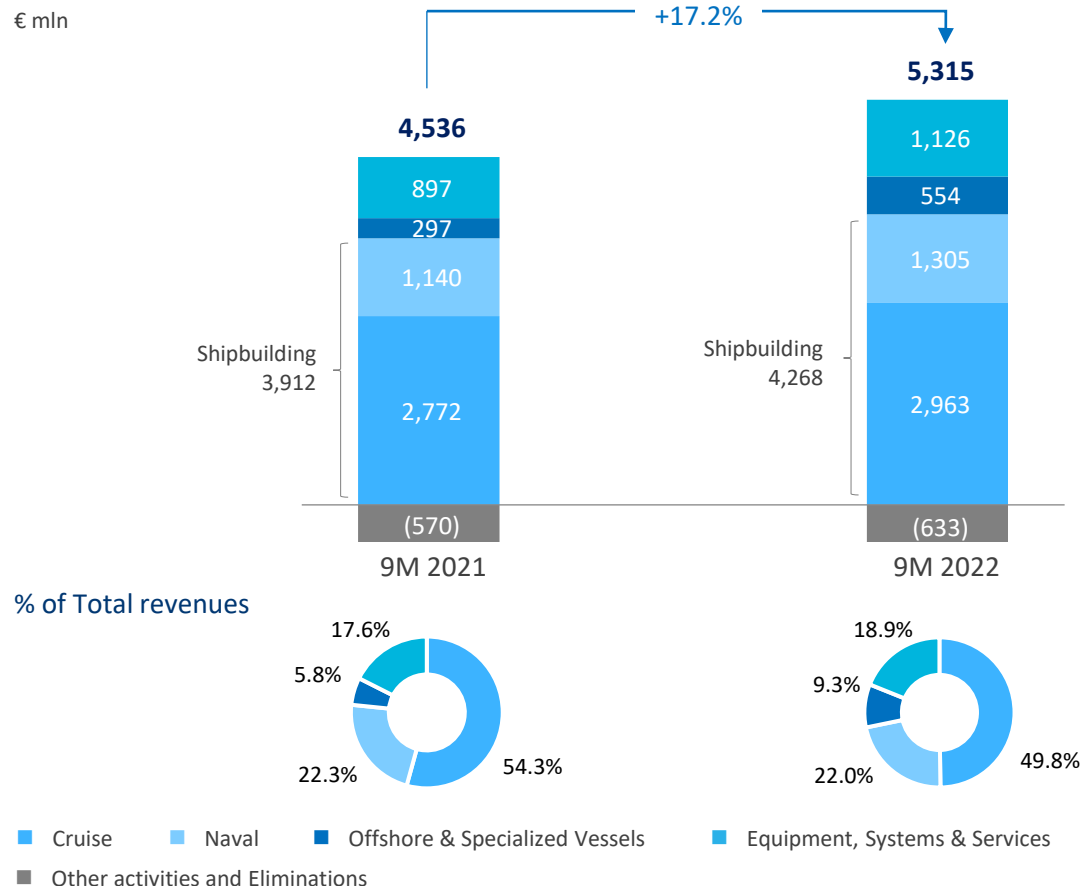
- **Order intake** at €3.3 bn, with major contribution from Shipbuilding
- **New agreements signed in 3Q 2022** for next generation, green, technological, and innovative cruise ships, strengthening the collaboration with consolidated clients and welcoming newcomer luxury brands
- **Total backlog** representing 5.2x 2021 revenues

■ Book-to-bill<sup>2</sup>   
 ■ Total backlog<sup>1</sup> / Revenues ex pass-through  
■ Shipbuilding   
 ■ Offshore & Specialized Vessels   
 ■ Equipment, Systems & Services   
 ■ Eliminations   
■ Soft backlog<sup>3</sup>

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 17% with a positive contribution from Offshore & Specialized Vessels

## Revenues breakdown by segment<sup>1</sup>



## Revenues up 17% YoY at €5,315 mln

- Shipbuilding up 9.1% YoY, with Cruise accounting for 50% and Naval for 22% of total revenues
- Offshore & Specialized Vessels up 86.4% YoY, thanks to the effective repositioning strategy, confirming the positive trend since 2021
- Equipment, Systems & Services up 25.5% YoY mainly related to the Mechatronics and Complete Accommodation businesses

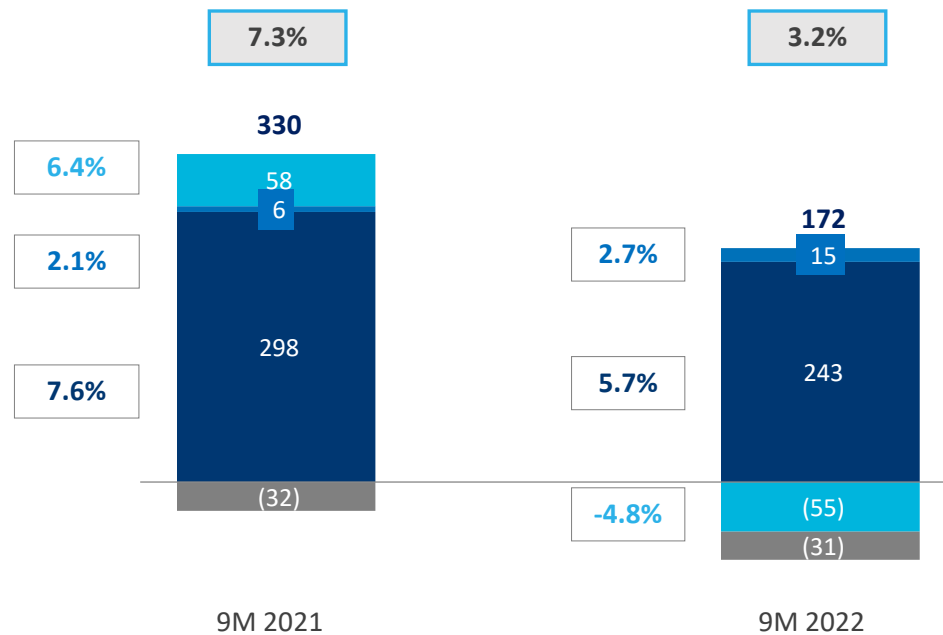
## 87% of revenues from international clients

1. Breakdown calculated before eliminations

# Operating performance at 3.2% margin, impacted by 1H 2022 one offs

## EBITDA breakdown by segment

€ mln



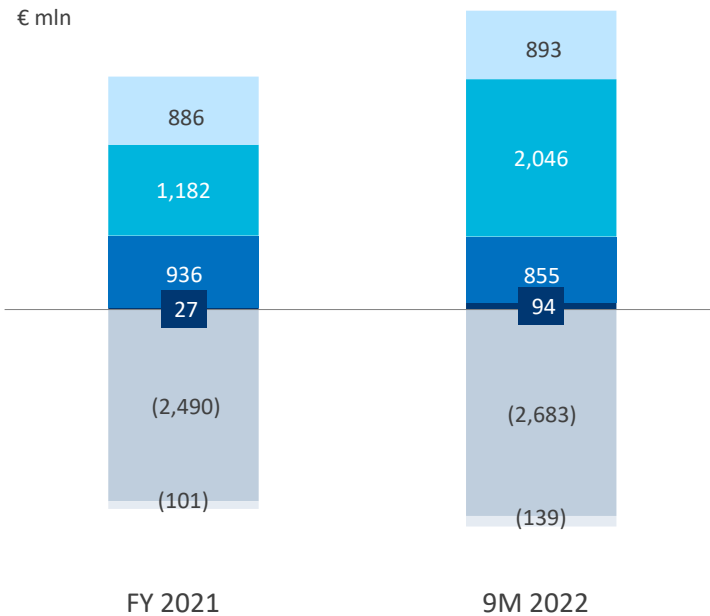
**EBITDA margin at 3.2%** impacted by lower marginality in Infrastructure, raw materials inflation, 1H 2022 non-recurring items in Shipbuilding and US market headwinds

- **Shipbuilding:** EBITDA mainly affected by a 1H 2022 write-down (according to IFRS9) of work in progress due reassessment of a client credit rating
- **Offshore:** increased EBITDA thanks to the repositioning strategy towards offshore wind sectors
- **ESS:** EBITDA impacted by the reduction in Infrastructure business margins, raw materials inflation, as already recorded in 1H 2022

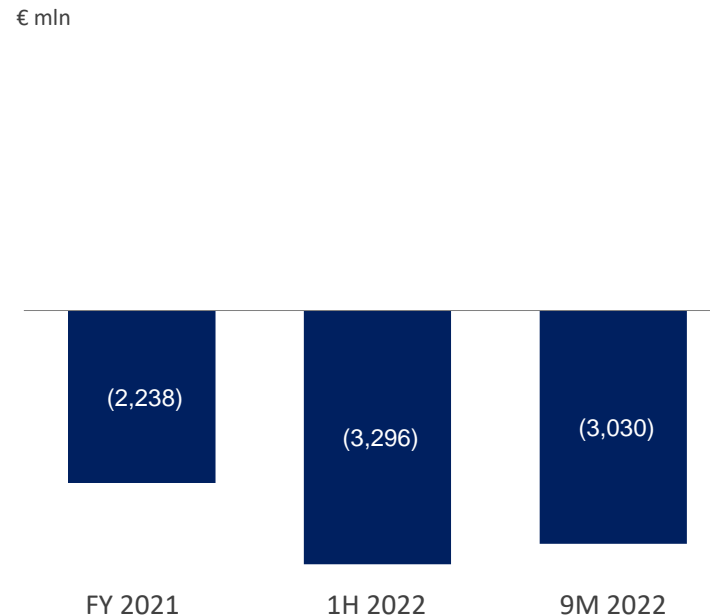
■ EBITDA Margin as % of total revenues  
■ Shipbuilding    ■ Offshore & Specialized Vessels    ■ Equipment, Systems & Services    ■ Other activities and Eliminations

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

## Net Working Capital<sup>1</sup> breakdown by component



## Net Financial Position<sup>2</sup> breakdown by component



- **Net financial position** at €3,030 mln, improved by €266 mln when compared to 1H 2022
- **Net financial position** still impacted by €132 mln deferrals granted to clients during COVID-19 pandemic
- No financial covenants
- Net working capital positive at €1,066 mln (€1,346 mln in 1H 2022)
- Capex at €183 mln to support further efficiencies to address new production scenarios (€108 mln in 1H 2022), to scale up US and European shipyards

**NWC<sup>1</sup> 440 1,066**

**NFP<sup>2</sup> (2,238) (3,296) (3,030)**

- Inventories and advances to suppliers
- Trade receivables
- Provisions for risks & charges
- Construction contracts and client advances
- Other current assets and liabilities
- Trade payables

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

- **94%** of the **global fleet** back **in operation** at the end of **September 2022**<sup>1</sup>, 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. As a result, lately, few hotel brands expanded their business in the cruise sector
- **Booking trends** for 2023 in line with 2019 levels, for some companies at **higher net yields**
- **Passenger volumes** expected to recover and surpass 2019 levels by the end of 2023<sup>2</sup> with a target of **30 mln pax**, pre-Covid volumes

### Sustainability

- **Net carbon neutrality** for cruise industry by **2050**<sup>3</sup> and 40% reduction of average CO<sub>2</sub> intensity per tonne/mile required by International Maritime Organization (IMO) regulations by 2030 vs 2008
- **Alternative fuels**: shipowners increasingly interested in green propulsion systems, in particular hydrogen-powered zero-emission solutions, for a fully decarbonized cruise industry
- **Shore-side power connectivity**: 209 ships expected in operation by 2028<sup>3</sup>, 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, October 2022

2. CLIA – State of the Cruise Industry 2022 report

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



# Naval likely to benefit from higher defence budgets and new opportunities in Offshore

## Naval

- **Global defence spending** reached **USD 2.09 trillion** in 2021, with a **compound annual growth rate of ca. 2.0%** (CAGR 2013-2021)
- Defence budgets expected to accelerate in the upcoming years, especially in the Western European Countries (+2% in 2022 and +5.5% in 2023)<sup>1</sup>
- In 2021-2022, the defence budget allocated to **navy procurement** estimated at 6.3% of global budget<sup>1</sup>
- 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<sup>2</sup>**
- Favorable growth scenario, with **271 GW** of total **offshore wind capacity** to be installed by **2030** (CAGR 15.7%)<sup>2</sup>
- **Floating offshore wind** expected to rapidly grow: **18 GW** of floating offshore wind capacity to be installed or underway globally by 2030 and 63 GW by 2035<sup>2</sup>
- Growing demand for **Service Operation Vessels (SOVs)**: 30 units ordered since January 2020, compared with current fleet of 29 vessels<sup>3</sup>

1. Jane's – Global Defence Budget, October 2022  
2. 4C Offshore – Global Market Overview Q3 2022 Slide Deck, September 14, 2022  
3. 4C Offshore – orderbook as of September 2022, Fincantieri analysis as of October 2022; excluding Chinese shipowners

# CONCLUDING REMARKS



## Concluding remarks



Assuming no further deterioration of the current scenario, we confirm our expectations:

- 2022 revenues higher than in 2021
- 2H 2022 marginality higher than in 1H 2022
- Net financial position slightly improving by year-end, albeit affected by the need to finance 1H 2023 production activities



Defining the strategic actions to strengthen the Group business portfolio, reduce the risk profile and deleverage

- Fully committed in strengthening our core business, namely cruise, naval and offshore
- Focus on integrated digital solutions, innovative propulsion systems and pioneer products to pave the way for the green transition of the industry
- System integrator, driven by excellence, expertise and innovation
- Consolidation of our industrial leadership and business distinctiveness



# Q&A



# Investor Relations contacts

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# APPENDIX



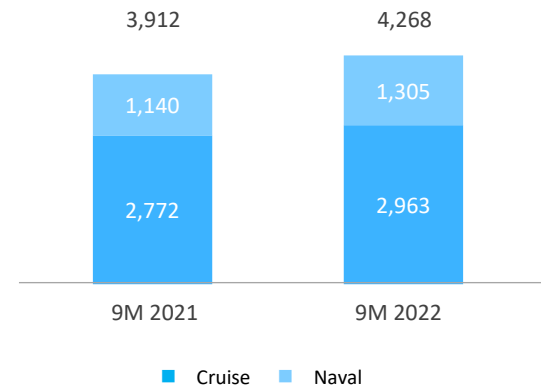
# Focus on Shipbuilding

## Orders, backlog and deliveries

- Orders: €2,262 mln (€1,286 mln in 9M 2021)
- Backlog: €20,399 mln (€23,010 mln in 9M 2021)
- Deliveries:
  - Discovery Princess for Princess Cruises
  - OPV Musherib for Qatari Ministry of Defence
  - PPA Thaon di Revel for Italian Navy
  - Corvette Damsah for Qatari Ministry of Defence
  - Viking Mars for Viking
  - OPV Sheraouh for Qatari Ministry of Defence
  - Mark W. Barker for Interlake Steamship
  - Norwegian Prima for Norwegian Cruise Line
  - Viking Polaris for Viking

## Revenues

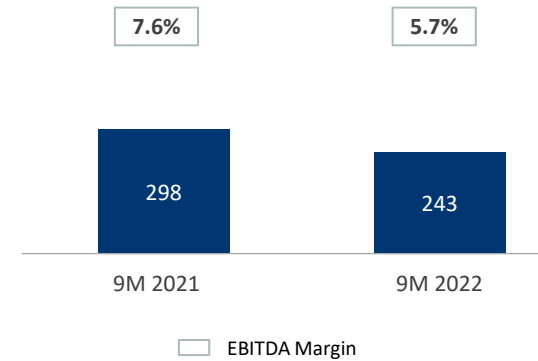
€ mln



- Revenues at €4,268 mln vs €3,912 mln in 9M 2021

## EBITDA

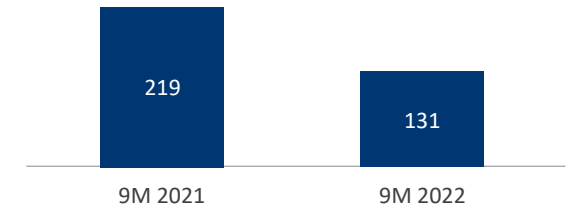
€ mln



- EBITDA at €243 mln (vs €298 mln in 9M 2021)
- EBITDA margin at 5.7% (vs 7.6% in 9M 2021)

## Capex

€ mln



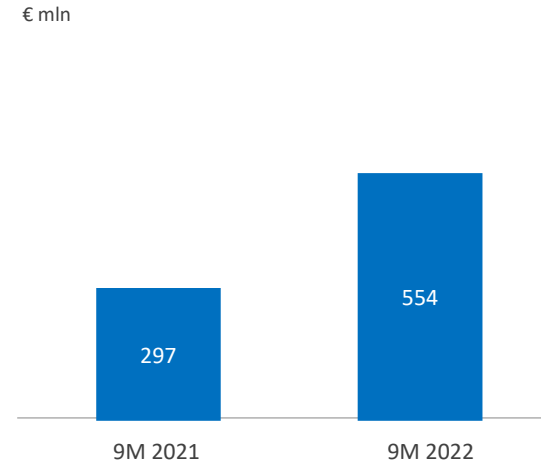
- Capex at €131 mln

# Focus on Offshore & Specialized Vessels

## Orders, backlog and deliveries

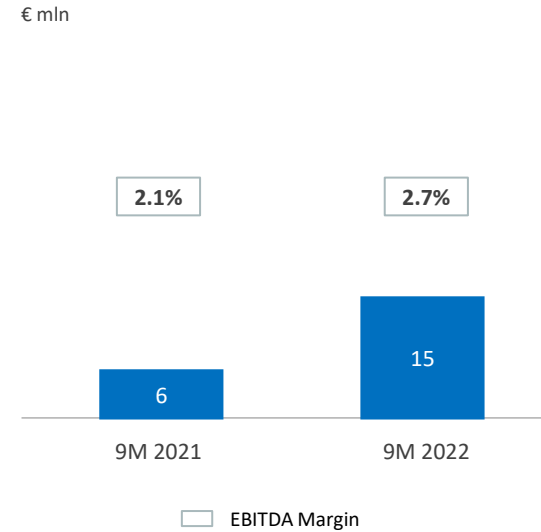
- Orders: €541 mln (€377 mln in 9M 2021)
  - 6 marine robotic vessels for Ocean Infinity
  - 1 fishery for Deutsche Fischfang – Union
  - 2 CSOV for Norwind
- Backlog: €1,064 mln (€978 mln in 9M 2021)
- Deliveries:
  - Fishing vessel for Nergård Havfiske
  - SOV for Ta San Shang Marine
  - Fishing vessel for Akraberg

## Revenues



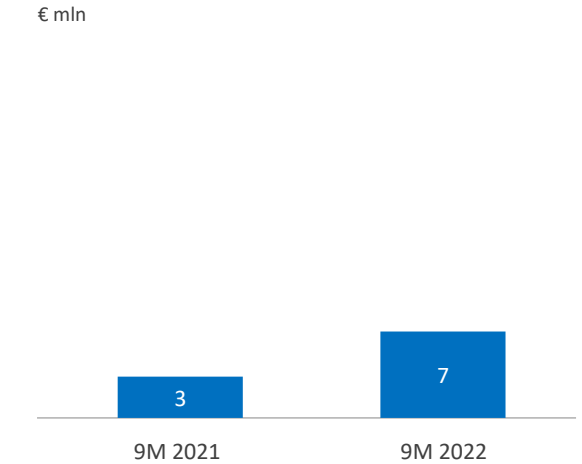
- Revenues at €554 mln, +86.4% YoY
- Offshore & Specialized Vessels revenues represent 9.3% of total revenues excluding pass-through activities

## EBITDA



- EBITDA at €15 mln with margin at 2.7%

## Capex





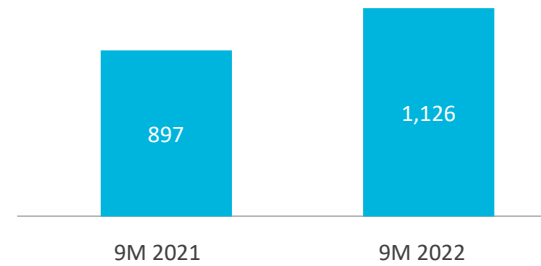
# Focus on Equipment, Systems & Services

## Orders, backlog and deliveries

- Orders: €858 mln (vs €907 in 9M 2021)
- Backlog: €3,423 mln vs €3,594 mln in 9M 2021

## Revenues

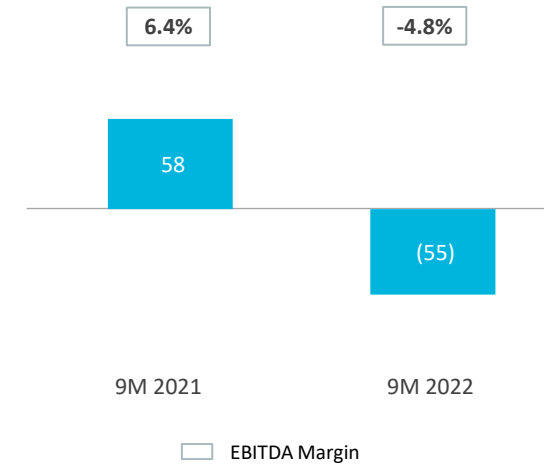
€ mln



- Revenues at €1,126 mln vs €897 mln in 9M 2021
- ESS revenues represent 18.9% of total revenues

## EBITDA

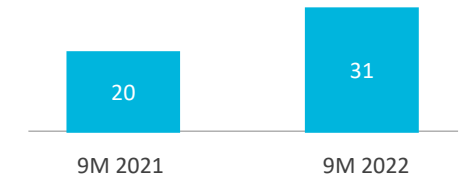
€ mln



- EBITDA negative at €55 mln with margin at -4.8%

## Capex




€ mln



- Capex at €31 mln

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

## Ratings and scores

	<b>A-</b>	(D>A)	Stable	=
<b>S&amp;P Global</b>	<b>57</b> <sup>1</sup>	(0>100)	Positive	↑
	<b>19.7</b> (low risk)	(40>0)	Positive	↓
<b>MOODY'S</b>   ESG Solutions <sup>2</sup>	<b>70</b>	(0>100)	Positive	↑
	<b>87</b>	(0>100)	Positive	↑

## Awards



AREA STUDI  
MEDIOBANCA



1. As of July 15, 2022  
 2. Formerly known as V.E  
 3. Ranked fourth for sustainability communication


# Key ESG initiatives signed in 2022

## GREEN


 R&I program on **energy efficiency, renewable energy generation systems** for the production and distribution of **hydrogen, fuel cells** and **circular economy**

 Developing synergies for **decarbonization**, with a focus on **alternative fuels, carbon capture** and **renewable energies** in the shipping sector

 Construction of **10 MW of solar farms** at 5 Italian production sites, contributing to **reducing GHG emissions**, with Snam subsidiary

 Part of **IPCEI<sup>1</sup> hydrogen project**, seeking to identify alternative energy sources, with **€ 5.4 bn** granted by the EU (€ 1 bn to Italy)

## DIGITAL INNOVATION


 Integrated **digital solutions**, applied to static and dynamic monitoring, and to the **security** of Italy's **critical infrastructure**

## PEOPLE

 Inauguration of the first **corporate nursery in Trieste**, to be followed by the shipyards of Monfalcone and Marghera

## SUSTAINABLE FINANCE

 Sustainability-linked **guarantees facility** for up to €700 mln connected to **efficient energy consumption** management and a **sustainable supply chain**

 Sustainability-linked **revolving credit facility** for an amount of €500 mln connected with **ESG rating** and cruise ship **energy efficiency**

1. Initiative launched by IPCEI (Important Projects of Common European Interest) that brings together companies and research centers from different EU Member States providing significant benefits to strategic EU goals