Q1 2024 Results and Overview of 'UAS' Acquisition

May 14, 2024

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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.

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Agenda

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Fincantieri acquires "Underwater Armaments Systems"(UAS) business – a leader in underwater defence systems

A Unique Opportunity to Drive Fincantieri's Global Leadership in the Underwater Domain

Highly specialized in the development and construction of underwater defence systems such as torpedoes and sonars

World leadership in high-tech **lightweight** and **heavyweight torpedoes**

Strengthens Fincantieri's focus on the **highly attractive underwater defence market**

Long-standing track record of innovation and development

Enhances Fincantieri's **growth profile** and is **margin accretive from the outset**

1. Anti-Submarine Warfare
2. Source: Target's management data (reference year: 2023A)

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UAS business' compelling product offering and financial profile strongly complement Fincantieri's underwater strategy

Business Description

Whitehead Alenia Sistemi Subacquei S.p.A. (**"WASS"**) is a company specialized in the development and construction of **underwater defence systems**, in particular torpedoes and sonar. In 2016 the company was absorbed into Leonardo, becoming a business line denominated **"Underwater Armaments Systems"** ("**UAS** business"):

- Key product offering includes: torpedoes, ASW[1] Countermeasures, sonars, service & support
- Specialized in the construction of underwater defence systems
- **Global leader** in high-tech **lightweight** and **heavyweight torpedoes**
- Renowned underwater player with several Navies as customers
- **Located in 2 sites** in Italy, Livorno and Pozzuoli, and employs ~**445** people

2023 financial highlights[2]

€456 mln Backlog	**€160 mln** Revenues
€34.1 mln EBITDA	**21.3%** EBITDA margin

Strategic Considerations

1. Strengthen exposure to the growing defence market, in the highly attractive underwater segment
2. Reinforce the Italian Navy relationship, while penetrating new foreign markets by leveraging UAS business' international reach
3. Integrate best-in-class torpedoes and countermeasures on Fincantieri surface ships and submarines, benefiting from a highly complementary underwater product portfolio
4. Consolidate key capabilities in the underwater ecosystem, particularly related to electroacoustic and electronic control systems
5. Support for the development of a complete suite of non-conventional underwater systems and solutions, both for defence and civil markets and applications

1. Anti-Submarine Warfare
2. Source: Target's management data (reference year: 2023A)

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Transaction at a glance

Key Terms of the Transaction

- Acquisition of the **Underwater Armaments Systems** business line, owned by Leonardo S.p.A.
- The **value** of the acquisition is equal to **€ 300 mln** as **fixed Enterprise Value**, subject to price adjustment mechanisms, in addition to a maximum of **€ 115 mln** as a **variable component** based on certain growth assumptions linked to the performance of the UAS business line in 2024, **for a total maximum Enterprise Value of € 415 mln**
- **Closing** expected by the beginning of **2025**, subject to regulatory approval and customary closing conditions

Strategic Rationale

- **Accelerates and completes** Fincantieri's leadership role as **technological aggregator** in the **underwater** and naval **defence sectors**, in line with its strategy and the industrial agreements already in place
- **UAS** is the **main player** in Italy and relevant player in all major product lines in **underwater market segment**, specialising in the construction of **underwater defence systems**, particularly torpedoes, countermeasures, and sonars
- Highly **complementary product portfolio** in the **underwater domain**, starting from the **defence** field moving towards innovative solutions for the security of civilian underwater infrastructure, as well as new products in the **civilian sector**
- Synergic competencies, especially electronics, to develop non-conventional underwater solutions

Financial Impact and Funding

- The acquisition is expected to be **funded** through a **share capital increase** by way of rights offering for a total amount of **€ 400 mln**, expected to be completed by **year end**, subject to market conditions and obtaining the relevant regulatory authorizations
- **Underwriting commitment** of the controlling shareholder **CDP Equity** for a total amount of **€ 287 mln** and of an underwriting consortium of primary **financial institutions**
- **Shareholders** who subscribe to the rights issue will receive **free warrants** to subscribe new Fincantieri shares to be issued under a **second tranche** of capital increase of up to **€ 100 mln**
- The acquisition is immediately accretive, **strengthening** the Group's **EBITDA margin** from 5.2% standalone to **5.5%** pro-forma 2023

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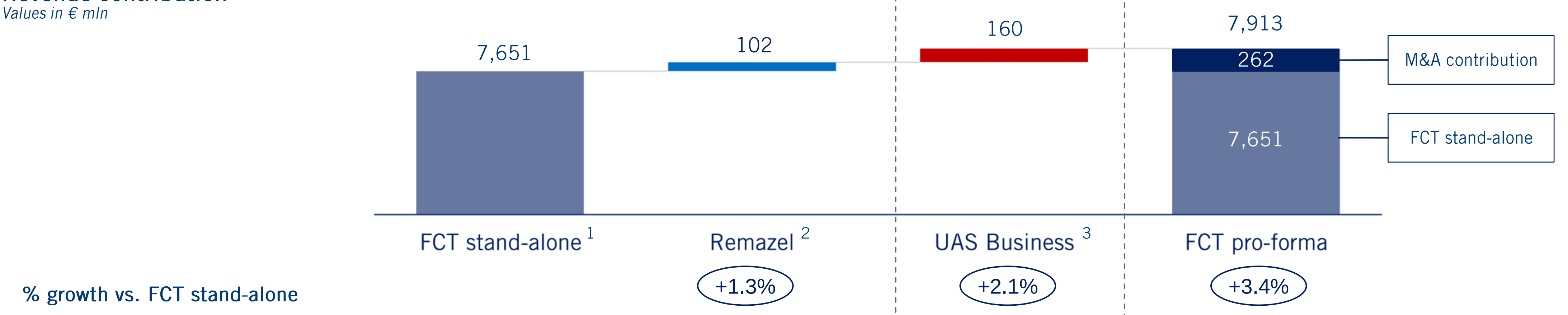
Fincantieri Pro-Forma FY2023 I M&A Contribution

Focus of the transaction

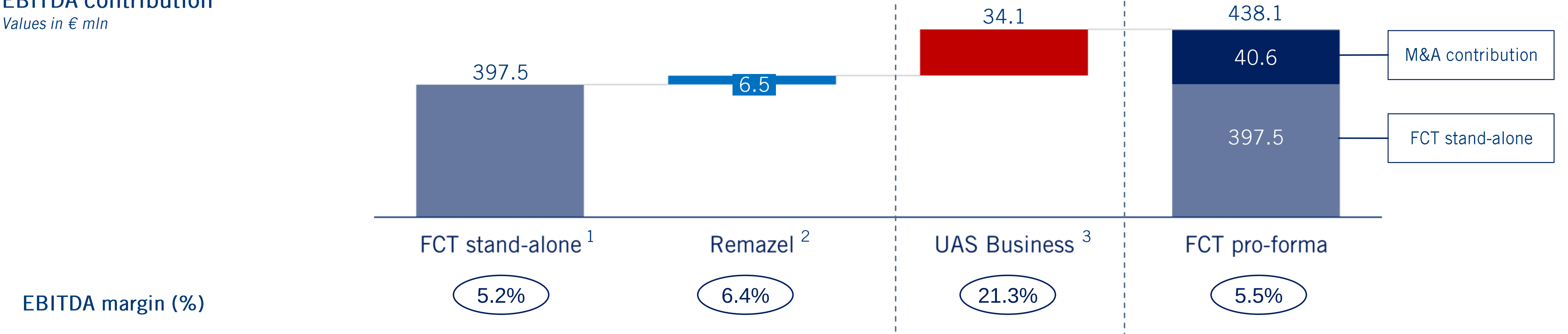
Revenue contribution

Values in € mln



EBITDA contribution

Values in € mln



Please note that figures presented do not include intercompany eliminations and pro-forma adjustments

1. Fincantieri Group FY23 Actual
2. Remazel FY23 Actual
3. FY2023 Actual reported by UAS management

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Fincantieri fully fledged to become a leader in the underwater domain

Market trends driving technological innovation

Underwater communication and energy **infrastructures** are essential but **poorly protected** from external threats

Growing geopolitical tension, with the **Mediterranean and Red Sea** increasingly **under threat** as the crossroads of three continents

Technological innovation is a **key factor** in developing products and systems adapted to the inherent complexities of the underwater domain

Addressing a large market opportunity growing significantly in the coming years

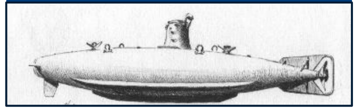
>€100 bn
(Market Size 2024-28)

c. 15%
(Market CAGR 2024-28)

Fincantieri's long heritage in submarines enables it to play a key role in the everchanging underwater domain

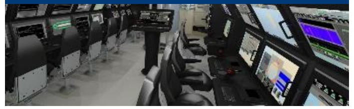
Fincantieri's long history in underwater, having produced c. 180 submarines so far

1st Italian submarine (Delfino)



World War II

Near Future Submarine



Fincantieri's underwater offering today: Orchestrator of complete solutions

Submarines
Including conventional subs and minisoms

UW effectors
Incl. torpedoes, countermeasures

UW sonars
For mapping, navigation underwater, and object detection

Non-conventional UW solutions
E.g., drones and ecosystem

Expanding Fincantieri's underwater offering, from supplier of submarines to delivering complex underwater solutions, defining the strategic direction for the industry

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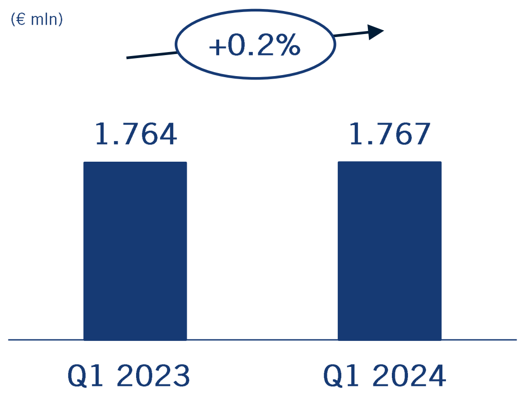
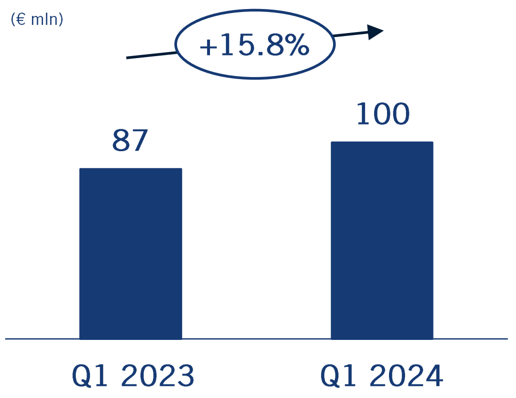
Q1 2024 Highlights

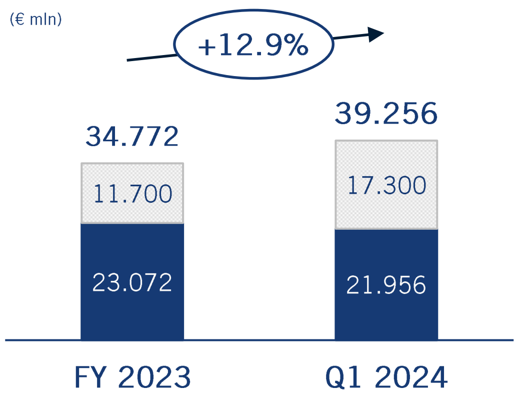
Revenues



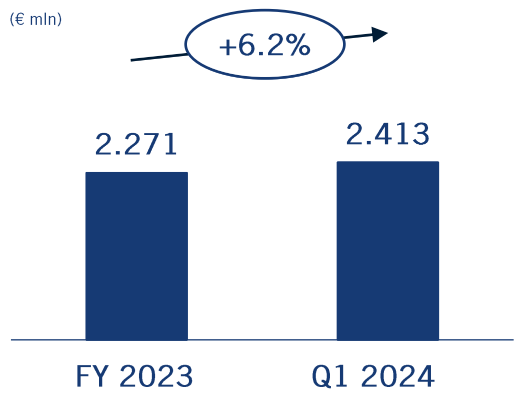
EBITDA



Total Backlog



NFP



Solid top-line with revenues at € 1,767 mln, in line with expectations

EBITDA up by 15.8% YoY at € 100 mln, with EBITDA margin at 5.7%, significantly improved vs FY 2023 results (5.2%)

Net debt at € 2,413 mln, well on track with the deleveraging path

4 units delivered, 85 ships in portfolio with deliveries up to 2030 and robust backlog at € 22.0 bn

Record high total backlog at € 39.3 billion, approximately 5.1 times FY 2023 revenues

Closed the acquisition of Remazel Engineering S.p.A. to develop projects in the Subsea and Marine Energy segments (February 15th)

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Record high commercial pipeline driven by strong market demand

Cruise

April 2024

- **4 next-generation cruise ships** ordered by **NCLH** (2 for Regent Seven Seas Cruises and 2 for Oceania Cruises brands)[1]
- Letter of Intent with **NCLH** for the construction of **4 additional units**, with gross tonnage of approx. **200k tons** and deliveries up to **2036**[1]

Naval

- Signed a **€ 1.18 bn** contract with the **Indonesian Ministry of Defence** for the supply of **2 PPAs**[2]
- Signed a term sheet with **EDGE** for the creation of a **joint venture** (JV) with a **commercial pipeline** valued at approx. **€ 30 bn**

Offshore

- Order for **1 CSOV** (plus option for 2 more) by **Navigare Capital Partners**, in close collaboration with Norwind Offshore
- Order for **1 hybrid CSOV** by **Cyan Renewables**
- Option exercised by **Windward Offshore** for **2 hybrid CSOVs**
- **1 hybrid-powered OECV** (Ocean Energy Construction Vessel) for **Island Offshore**
- **2 CSOVs** for a **Taiwanese customer**

May 2024

Strong commercial performance enhancing order acquisition in all businesses

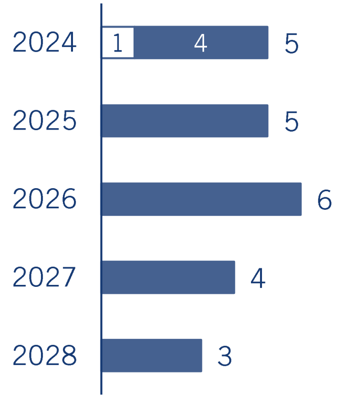
1. The order and the Letter of Intent are part of the same agreement with Norwegian Cruise Line Holdings
2. PPA (Pattugliatore Polivalente d'Altura - Multipurpose Offshore Patrol Vessel) originally destined for the Italian Navy and under construction and fitting at the Integrated Shipyard in Riva Trigoso-Muggiano

Order book with strong visibility up to 2030

Backlog

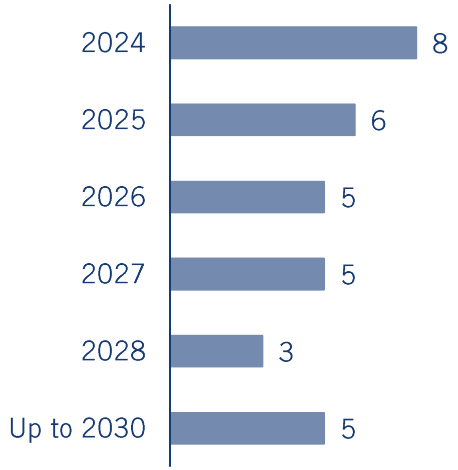
Total backlog[1] of € 39.3 bn, equal to 5.1x FY 2023 revenues[2]
Soft Backlog at € 17.3 bn, further supporting the commercial pipeline

Shipbuilding – Cruise
#ship deliveries



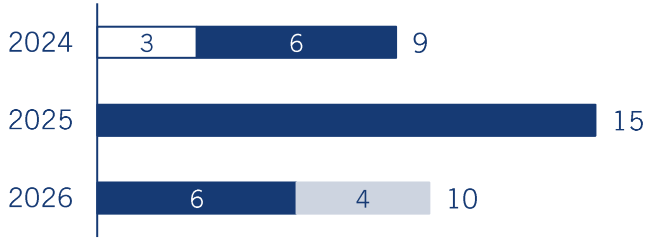
- Delivered in Q1 2024
- Expected deliveries
- New orders in Q1 2024

Shipbuilding – Naval
#ship deliveries



- Delivered in Q1 2024
- Expected deliveries
- New orders in Q1 2024

Offshore & Specialized Vessels
#ship deliveries



- Delivered in Q1 2024
- Expected deliveries
- New orders in Q1 2024

4 units delivered (3 Offshore and 1 Cruise), 85 ships in backlog and 29 ships in soft backlog

1. Total backlog is the sum of backlog and soft backlog
2. Backlog coverage calculated as Total Backlog / Previous year revenues

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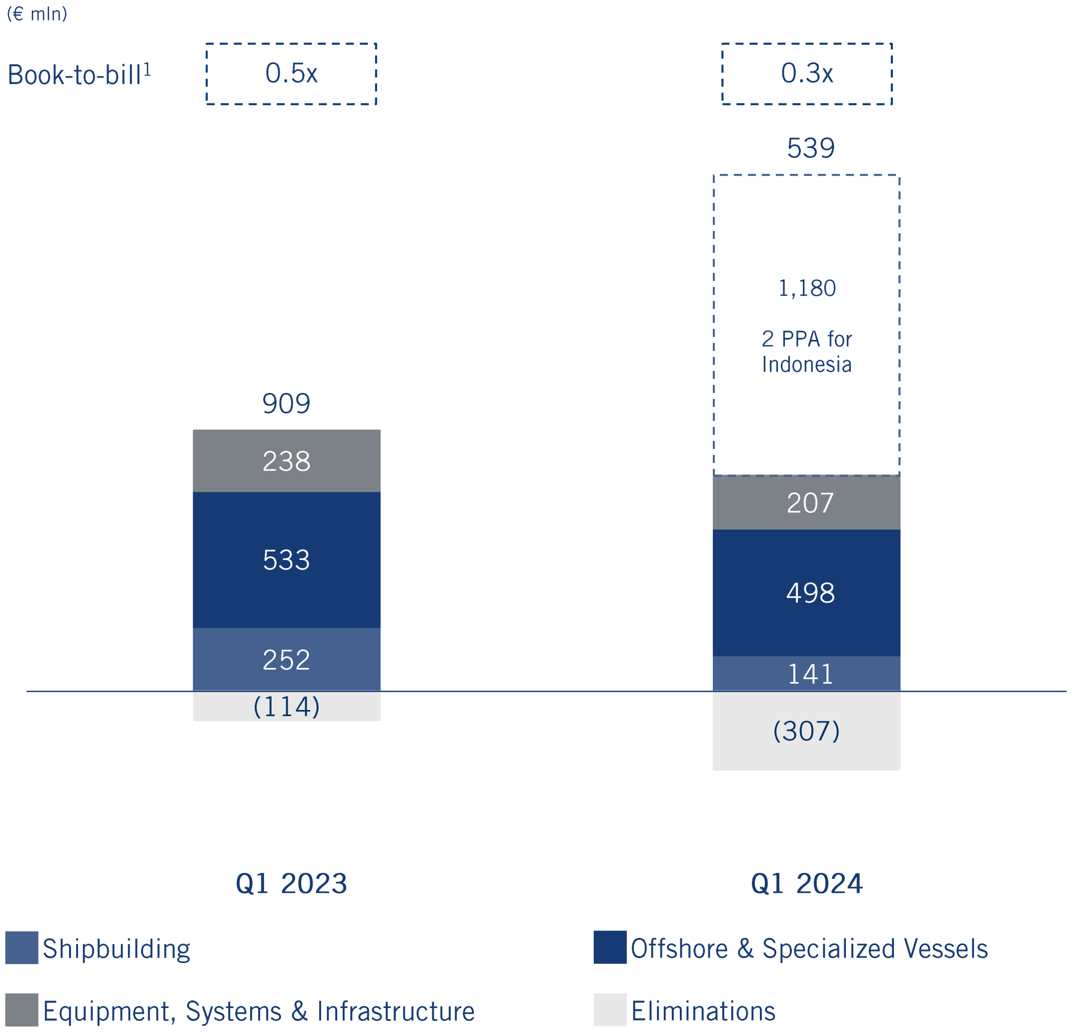
Strong order intake with a book to bill at 0.3x

Order intake breakdown by segment



- **Order intake at € 0.5 bn** with strong contribution from Offshore, not taking into consideration the PPA order for Indonesia not yet effective
- **Book to bill** at 0.3x

Shipbuilding at **€ 0.1 bn**

- **Excluding €1.18 bn contract for 2 PPA[2]** (Multipurpose Offshore Patrol Vessel) for the Indonesian Ministry of Defence, not yet effective pending customary authorizations
- **4 next generation cruise ships** and a LoI for 4 additional units for NCLH[3]

April 2024

Offshore & Specialized Vessels at € 0.5 bn

- 1 CSOV by Navigare Capital Partners (option for 2 more)
- 3 hybrid CSOVs: 2 for Windward Offshore, 1 for Cyan Renewables

Equipment, Systems & Infrastructure at € 0.2 bn

- Infrastructure accounting for almost 50%

1. Order intake / Revenues
2. Ships originally destined for the Italian Navy and under construction and fitting at the Integrated Shipyard in Riva Trigoso-Muggiano
3. Contract for 4 next-generation cruise ships (2 for Regent Seven Seas Cruises and 2 for the Oceania Cruises brands) scheduled by 2029 and a Letter of Intent for the construction of 4 additional units, the largest ever built for the Norwegian Cruise Line (NCL) brand with deliveries up to 2036

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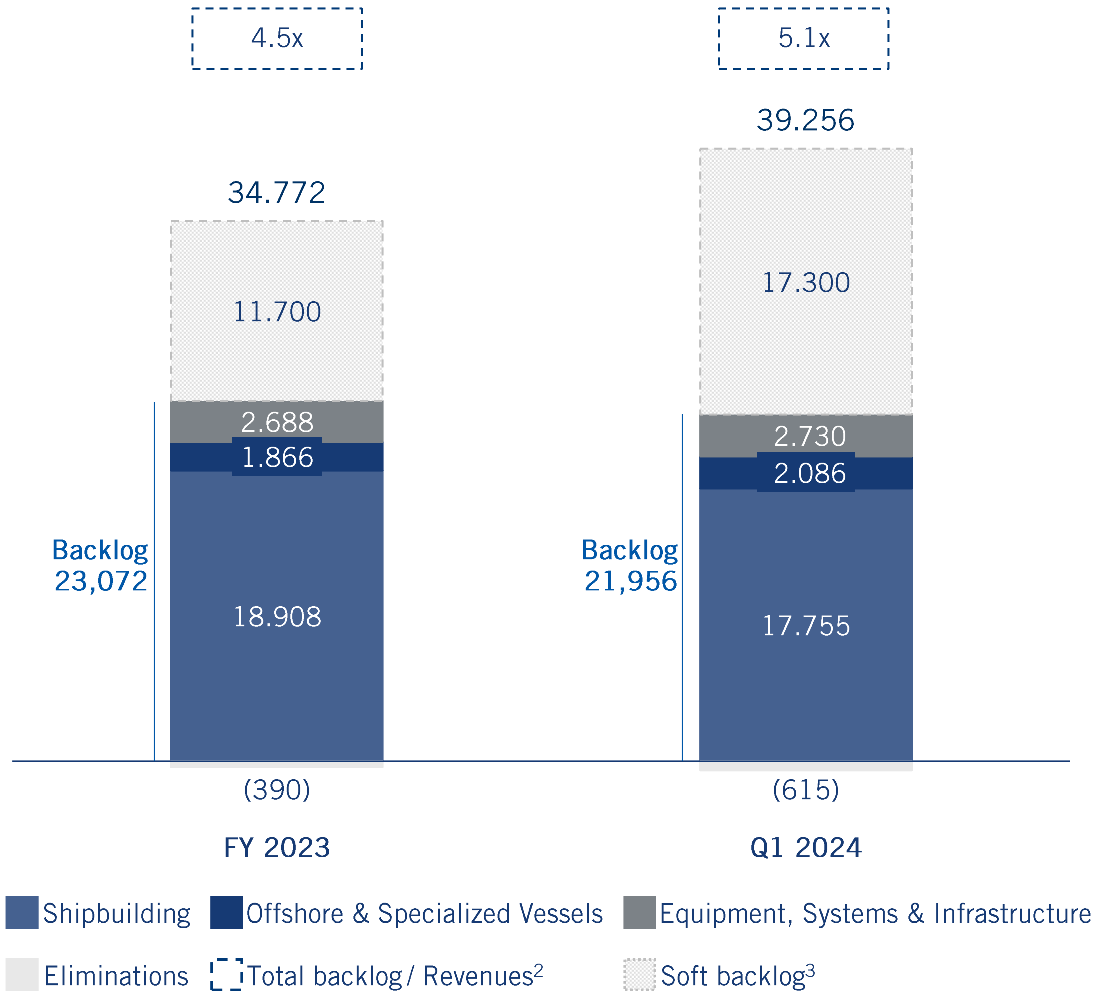
Q1 2024 total backlog covers 5.1x FY 2023 revenues

Total backlog[1] breakdown by segment

(€ mln)



- **Total backlog** at **€ 39.3 bn**, approximately 5.1 times FY 2023 revenues
- **Backlog** at **€ 22.0 bn** (€ 23.1 bn as of December 31, 2023), with **85 units** in **portfolio, confirming** the **delivery plan up to 2030**
- **Soft backlog** at **€ 17.3 bn** (€ 11.7 bn as of December 31, 2023), further **supporting** the **commercial pipeline**

- **4 ships delivered**

1. Total backlog is the sum of backlog and soft backlog
2. Backlog coverage calculated as Total Backlog / 2023 revenues
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

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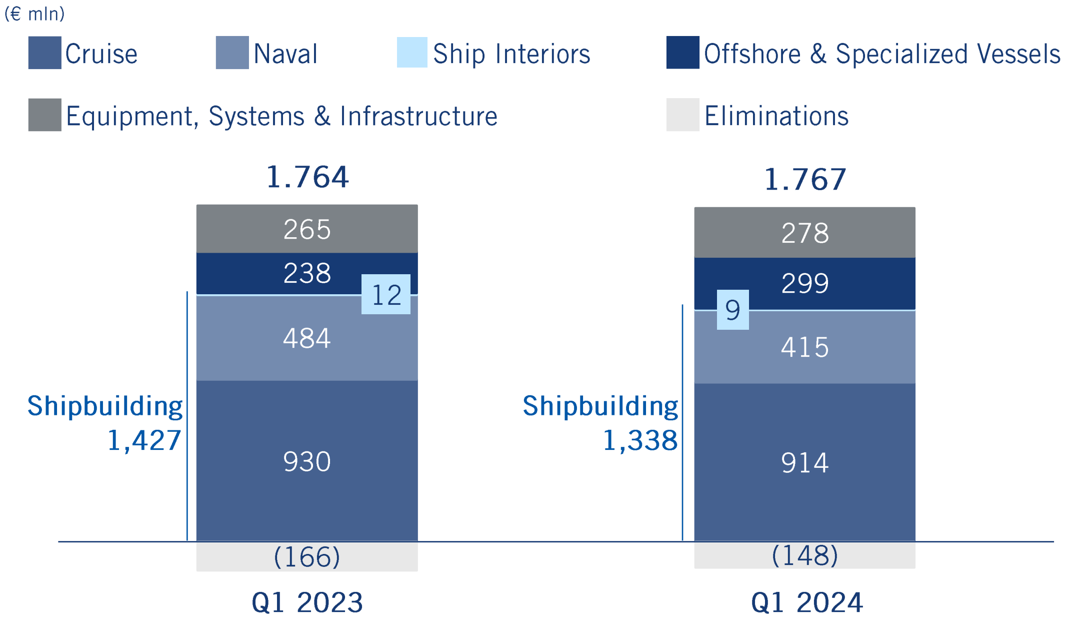
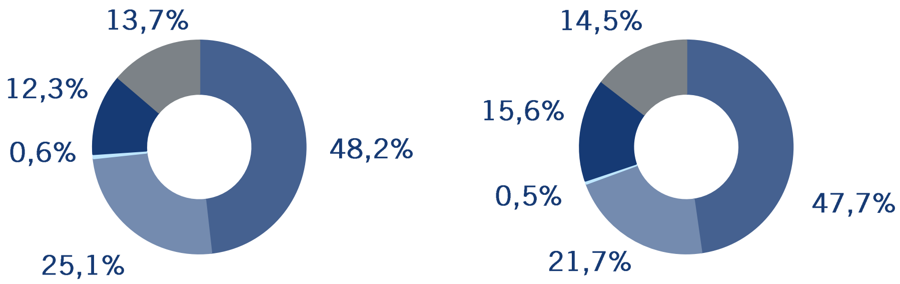
Revenues at € 1.8 bn, in line with expectations

Revenues breakdown by segment[1]



% of total revenues



Shipbuilding revenues at **€ 1,338 mln** representing 69.9% of total revenues, down by 6.2% YoY in line with expectations

- **Cruise:** 47.7% of total revenues (€ 914 mln)
- **Naval:** 21.7% of total revenues (€ 415 mln)
- **Ship Interiors:** 0.5% of total revenues (€ 9 mln)

Offshore & Specialized Vessels revenues at **€ 299 mln** (15.6% of total revenues), up 25.7% YoY

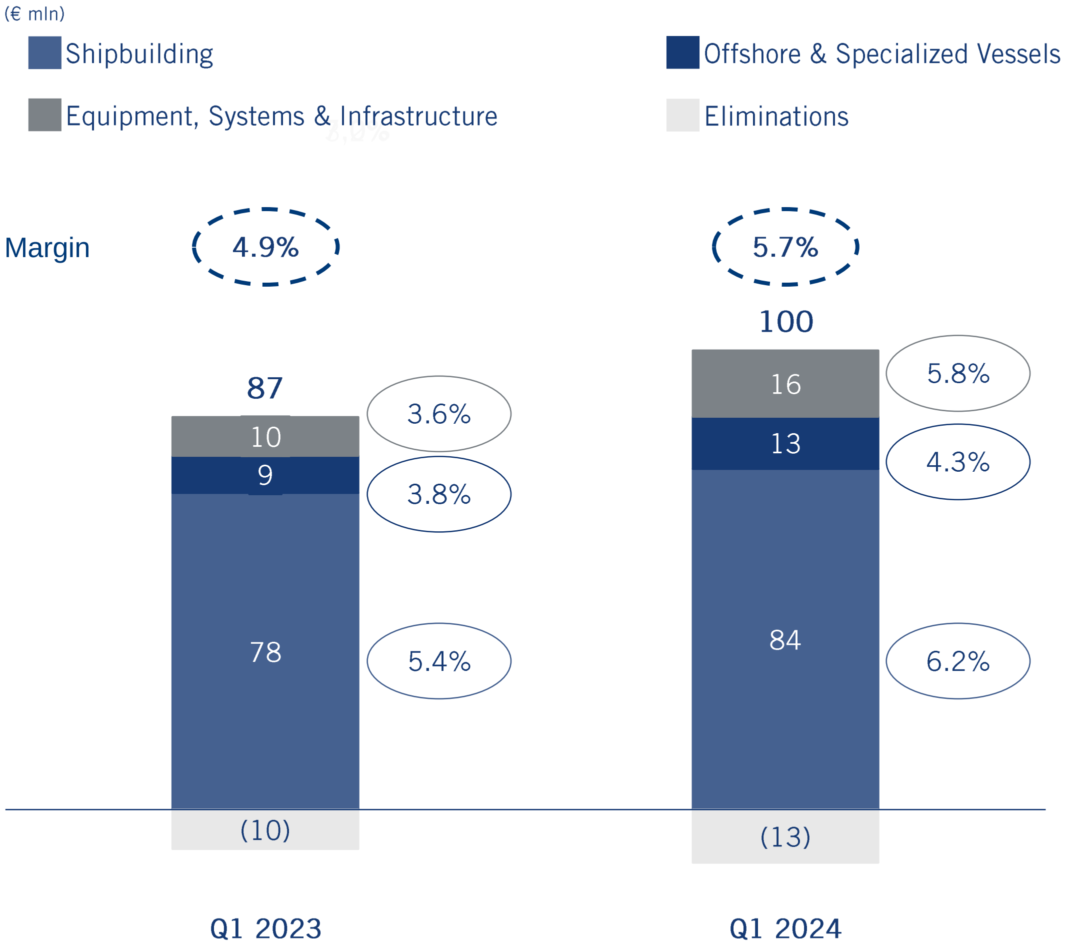
Equipment, Systems & Infrastructure revenues at **€ 278 mln** (14.5% of total revenues), up 5.0% YoY

- **Electronics:** revenues at € 82 mln, up by 7.7% YoY
- **Mechatronics:** revenues at € 73 mln, up by 25.2% YoY, benefitting from Remazel consolidation (€ 14 mln)
- **Infrastructure:** revenues at € 123 mln, down 5.7% YoY

1. Breakdown calculated before eliminations

EBITDA up 16% YoY to € 100 mln, margin at 5.7%

EBITDA breakdown by segment[1]



Shipbuilding EBITDA grows 7.5% YoY to **€ 84 mln** with **EBITDA margin** at **6.2%, +80 bps YoY** (5.4% in Q1 2023)

Offshore & Specialized Vessels EBITDA up 41.6% YoY at **€ 13 mln** with a **margin** growing to **4.3%** (3.8% in Q1 2023), confirming the positive momentum in the offshore wind sector

Equipment, Systems & Infrastructure EBITDA improving to **€ 16 mln** with **5.8% margin** (3.6% in Q1 2023)

- **Electronics**: EBITDA at € 2 mln (€ 4 mln in Q1 2023) and margin at 2.8% (5.4% in Q1 2023)
- **Mechatronics**: EBITDA at € 8 mln (€ 4 mln in Q1 2023) and margin at 10.8% (6.7% in Q1 2023) also thanks to Remazel
- **Infrastructure**: EBITDA positive for € 6 mln (€ 2 mln in Q1 2023) and margin at 4.9% improving YoY (1.2% in Q1 2023)

Figures subject to rounding
1. Breakdown calculated before eliminations

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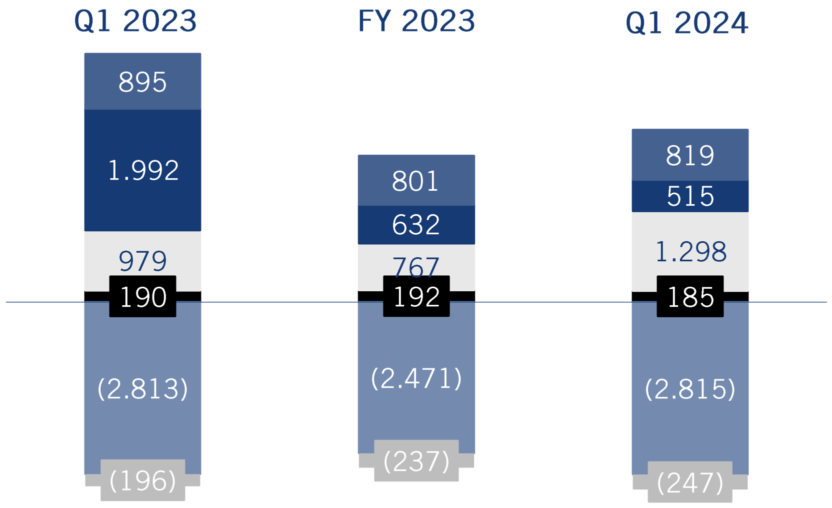
On track with the deleveraging path

Net Working Capital[1] breakdown

(€ mln)

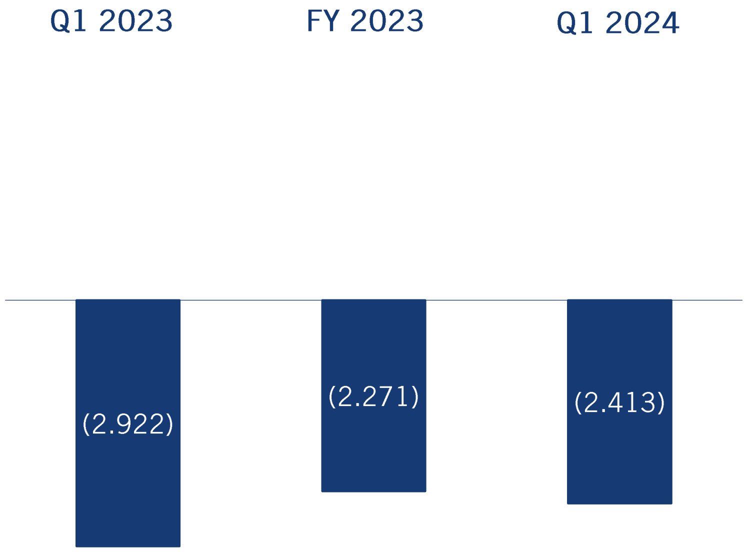


NWC[1]	1,047	(316)	(245)

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

Net Financial Position[2]

(€ mln)



NFP[2]	(2,922)	(2,271)	(2,413)

- **Net financial position** at € 2,413 mln, materially reduced YoY
- **Develeraging** path confirmed with 2024 NFP/EBITDA between 5.5x and 6.5x
- **Net working capital** at negative € 245 mln, up by € 71 mln vs FY 2023. The increase is mainly due to the liquidity absorption caused by a cruise ship delivered in April

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
3. Last twelve months

Agenda

Full recovery of Cruise market, new opportunities in Naval and Offshore momentum expected to continue

Cruise

- **Gap** between **supply** and **demand** of vessels expected **starting from 2027**, with a **revamp** of new **orders from 2024** already observed
- Passengers' volume reached ca. 107% of 2019 level in 2023, with ca. 32 mln passengers[1]; expected **39 mln by 2027**[1] and **46 mln by 2030**[2]
- **Neutrality by 2050**[3] and **40% reduction** of **average CO_2 intensity per tonne/mile by 2030** vs 2008
- Efficiency, innovation and collaboration across stakeholders to achieve zero GHG emissions

Naval

- **Geopolitical context** and **foreign policy impacting industrial defence sector** and demand for larger fleets with more advanced technological requirements
- **Increasing defence budgets**: outlook for higher defence budgets (CAGR 2023-27 at +2.6%; CAGR 2024-28 at +1.9%)[4]
- **Underwater domain**, with its wide and complex set of activities, players and technologies, is becoming **increasingly important** due to the presence of **critical infrastructure**, **resources** and **assets**

Offshore

- **Total installed capacity expected** to **rise** from 67 GW to 267 GW by 2030 worldwide[5]; in Europe the installed capacity amounts to 16 GW against a goal of 60 GW in 2030[6] and 300 GW in 2050[6]
- **End March 2024, CSOV / SOV fleet** amounts to **43 vessels** and the **orderbook** to **56 vessels**, with **Fincantieri accounting** for approximately **one third** of the market[7]
- **More than 200 vessels** estimated to be required **by 2030** supporting new building demand in the period 2024-2027, considering production leadtime[8]

1. CLIA – Cruise Lines International Association
2. Fincantieri analysis based on CLIA data (Cruise Lines International Association - State of the Cruise Industry 2023); CAGR 2023-2030 = 5.4%
3. CLIA – Cruise Industry August 2023, Environmental Technologies and Practices
4. Global Defence Budget, Janes, January 8, 2024 (inflation-adjusted real terms data)
5. 4COffshore, Global Market Overview Q4 2023
6. EU Wind Power Action Plan, October 2023
7. 4COffshore Service Vessels Database as of End December 2023; Fincantieri analysis
8. Edda Wind Presentation, Pareto Securities' 26th annual Power & Renewable Energy Conference, January 2024

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ESG: main results achieved

Ratings and scores

CDP – Disclosure Insight Action	A-	(D>A)
S&P Global	59	(0>100)
Sustainalytics – Rated	14.2[1] (low risk)	(40>0)
Moody's ESG Solutions	69[2] (advanced)	(0>100)

Fincantieri included in Sustainalytics' list of "Top-Rated ESG Companies"

Awards

- Professional Most Attractive Employers Italy – Universum 2023
- Student Most Attractive Employers Italy – Universum 2023
- Shipbuilders Council of America – SCA – founded in 1920
- ESG Identity – Fincantieri IGI Company 2023 leader
- Top Employer Italia Italy 2024 – Certified excellence in employee conditions

1. As of February 2024, Fincantieri included in Sustainalytics' prestigious list of "Top-Rated ESG Companies". Scoring updated on April 27th, 2024 (15.2)
2. Fincantieri confirmed in the "Advanced" range

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Concluding remarks

- **Uniquely positioned investment story with strong top line and profitability growth over the plan period**
- **Accelerated** the **expansion** in the **underwater and naval defence dimension** to become a global leader:
  - **Finalized** the **acquisition** of **Remazel Engineering S.p.A.**, global leader specialized in the design and supply of highly customized and complex topside equipment
  - **Signed** an **agreement** for the **acquisition** of **Leonardo's "Underwater Armament Systems" business** to further **consolidate** the **Group's positioning in the underwater** and **defence sectors**
- **1Q 2024 EBITDA up by 16%, strong margin growth at 5.7% and confirmed deleveraging path**
- **2024 guidance confirmed**:
  - **Revenues** at approximately **8 billion euro**
  - **EBITDA margin** at around **6%** (up by 1 percentage point vs 2023)
  - **Leverage ratio** (NFP/EBITDA) **between 5.5 and 6.5x**

Q&A

Investor Relations contacts

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Appendix

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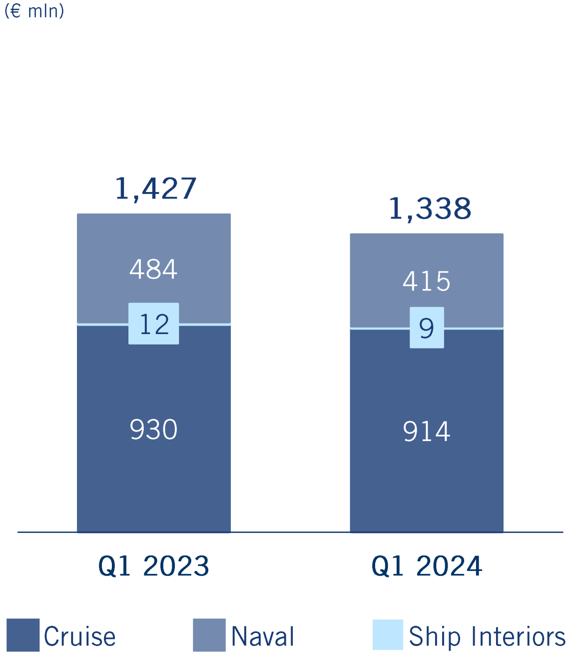
Focus on Shipbuilding

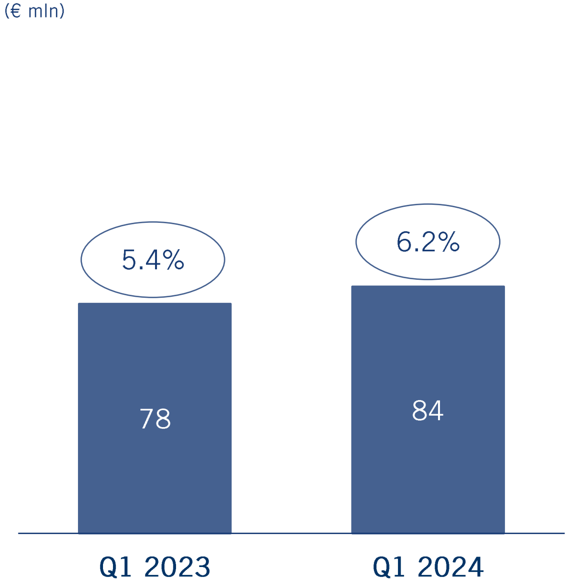
Orders, backlog and deliveries

- **Orders:** € 141 mln (€ 252 mln in Q1 2023)
- **Backlog:** € 17,755 mln (€ 18,908 mln in FY 2023)
- **Deliveries:**
  - «Sun Princess» for Princess Cruises – Carnival Group

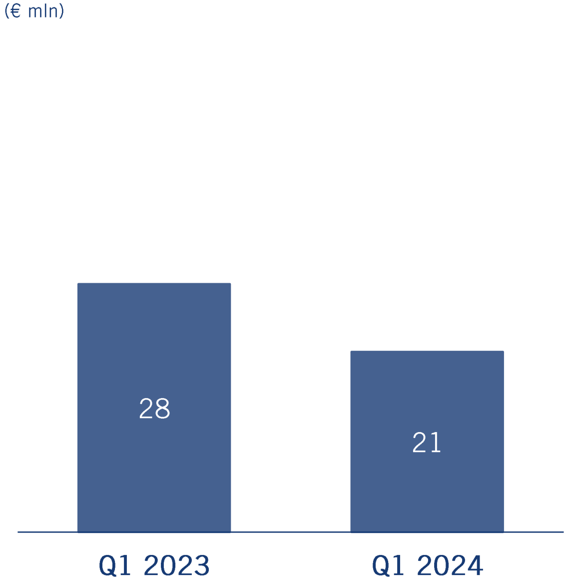
Revenues



EBITDA



Capex



- **Revenues** at € 1,338 mln (vs € 1,427 mln in Q1 2023)

- **EBITDA** at € 84 mln (vs € 78 in in Q1 2023)
- **EBITDA margin** at 6.2% mln (vs 5.4% in Q1 2023)

- **Capex** at € 21 mln

FINCANTIERI

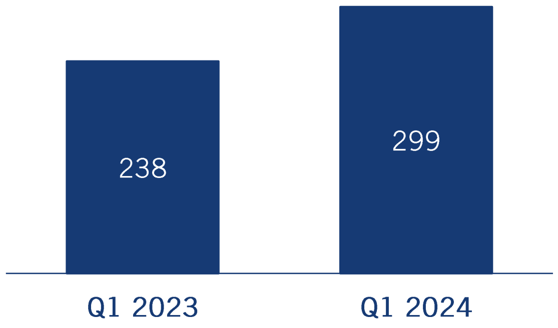
Focus on Offshore

Orders, backlog and deliveries

- **Orders:** € 498 mln (€ 533 mln in Q1 2023)
- **Backlog:** € 2,086 mln (€ 1,866 mln in FY 2023)
- **Deliveries:**
  - One Marine Robotic Unit for Ocean Infinity
  - One Fishery Unit for Deutsche Fischfang-Union
  - One CSOV for Norwind Offshore

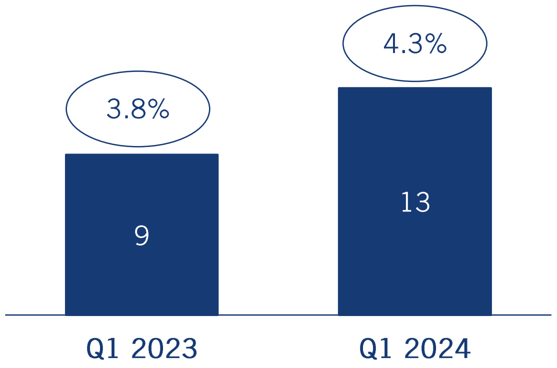
Revenues

(€ mln)



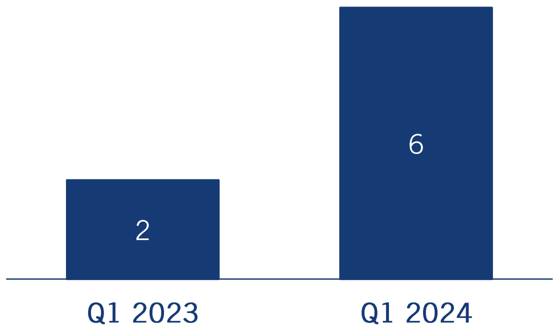
EBITDA

(€ mln)



Capex

(€ mln)



- **Revenues** at € 299 mln (vs € 238 mln in Q1 2023)

- **EBITDA** at € 13 mln (vs € 9 mln in Q1 2023)
- **EBITDA margin** at 4.3% mln (vs 3.8% in Q1 2023)

- **Capex** at € 6 mln

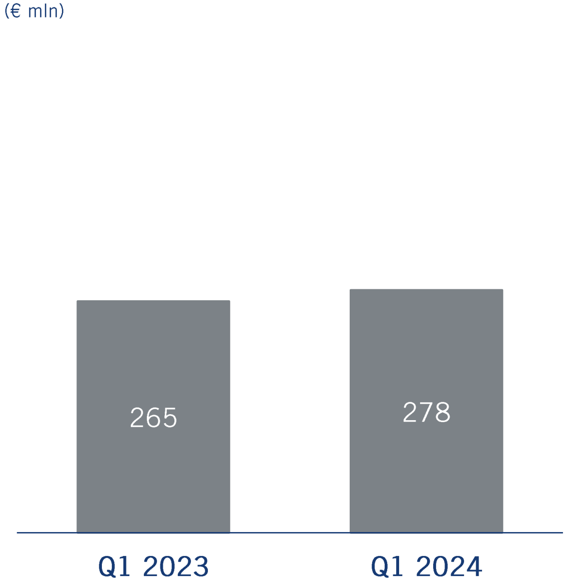
FINCANTIERI

Focus on Equipment, Systems & Infrastructure

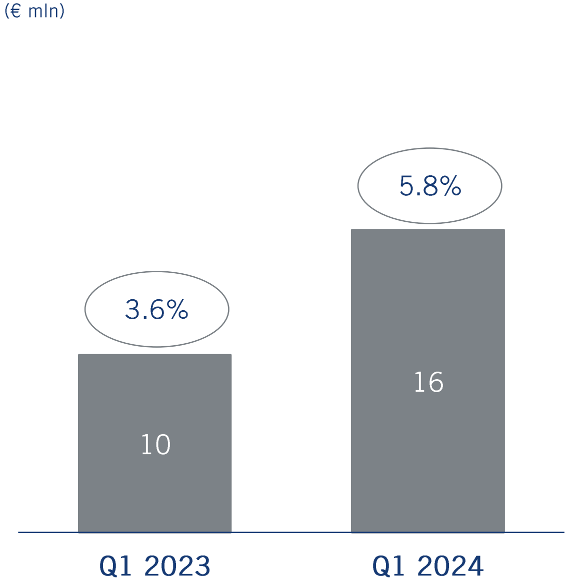
Orders, backlog and deliveries

- **Orders:** € 207 mln (€ 238 in Q1 2023)
- **Backlog:** € 2,730 mln (€ 2,688 n FY 2023)

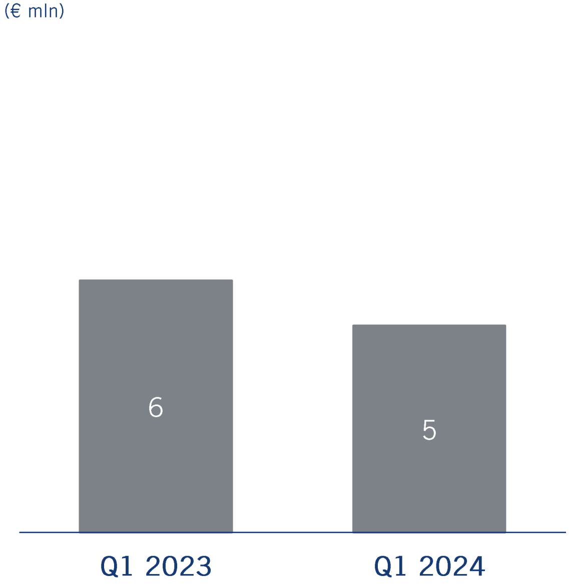
Revenues



EBITDA



Capex



- **Revenues** at € 278 mln (vs € 265 mln in Q1 2023)

- **EBITDA** at € 16 mln (vs € 10 mln in Q1 2023)
- **EBITDA margin** at 5.8% (vs 3.6% in Q1 2023)

- **Capex** at € 5 mln

Q1 2024 Results

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