

THE BOD APPROVES 9M 2017 RESULTS: INCREASING REVENUES AND EBITDA, TOTAL BACKLOG AT EURO 25.3 BILLION

- **Results in line with the Business Plan 2016-2020 targets:** revenues at September 30, 2017 up 10.7% compared to the same period of 2016, EBITDA margin at 6.5%, up 14% from the 5.7% margin of the first nine months of 2016
- **Total backlog¹ at over euro 25 billion, covering approximately 6 years of work if compared to 2016 revenues:** backlog as at September 30, 2017 was euro 20.3 billion (euro 19.0 billion as at September 30, 2016) with 97 ships in the order book; the soft backlog at the same date was approximately euro 5.0 billion (approximately euro 2.8 billion as at September 30, 2016)
- **Further commercial developments in cruise business:** conversion into order from MoA of one cruise ship for Princess Cruise brand, finalizing of an order with Silversea for one cruise ship, signing of a MoA with Carnival for one cruise ship for the luxury brand Cunard, for **a total of 14 cruise ships** (including options) **acquired in 2017**. In addition, Fincantieri signed a contract for the lengthening of Silver Spirit, for Silversea Cruises, which reiterates the Company's ability to manage for high-complexity projects in a high-tech sector
- **Good operating performance confirmed** with four additional units delivered in the quarter, for a total of nine ships delivered in 2017, of which four cruise ships ("Viking Sky", "Majestic Princess", "Silver Muse" and "Viking Sun"), three naval vessels (the sixth FREMM and submarine "Romeo Romei" for Italian Navy, LCS 9 for US Navy) and two ATB units (Articulated Tug and Barge) for the transport of goods in the chemical/petroleum sector, at the Sturgeon Bay yard. **Consolidated the actions aimed at improving profitability**
- **Cooperation agreement reached between Italian and French governments which will lead to the creation of a global leader** in civil and military shipbuilding

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Rome, November 9, 2017 - The Board of Directors of **FINCANTIERI S.p.A.** ("Fincantieri" or the "**Company**"), chaired by Giampiero Massolo, has examined and approved the interim financial information at September 30, 2017².

During the Board meeting **Giuseppe Bono, Fincantieri's Chief Executive Officer**, said: *"The excellent commercial, managerial and economic results of the first nine months of 2017 further consolidate Fincantieri's leadership and allow us to confirm, to date, the expected results for 2017, in line with the Business Plan."*

With regards to strategic development, the recent announcement by the Italian and French Governments of an agreement aimed at the creation of a wide ranging alliance in the naval sector is certainly a milestone for our company. This agreement is the first step in the creation of a world leader, destined to become a

¹ Sum of backlog and soft backlog

² Prepared in accordance with international financial reporting and accounting standards (IAS/IFRS) and unaudited

reference point in the naval defense sector, thanks to its technological know-how and product portfolio, the world's foremost cruise ship builder and one of the top players in other high-value segments, such as offshore, energy, as well as marine equipment, systems and services.

The expected integration will create a well-balanced group, capable of weathering the cyclicity of the sectors it operates in. Uniting the technical know-how will allow us to express innovative engineering capabilities and thus provide our clients with top class products and solutions, as well as equipping us with the competences necessary to best face the changes of a constantly evolving global scenario, also through the diversification of our business portfolio.”

ECONOMIC DATA

31.12.2016	(euro/million)	30.09.2017	30.09.2016
4,429	Revenue	3,575	3,230
267	EBITDA	233	185
6.0%	EBITDA margin	6.5%	5.7%

Shipbuilding

31.12. 2016	(euro/million)	30.09.2017	30.09.2016 (***)
3,246	Revenue(*)	2,779	2,333
2,078	Cruise ships	1,958	1,486
1,156	Naval vessels	812	839
12	Other activities	9	8
185	EBITDA (*)	184	121
5.7%	EBITDA margin (*) (**)	6.6%	5.2%

(*) Before eliminations between operating segments

(**) Ratio between segment EBITDA and Revenue and income

(***) The comparative figures at 30.09.2016 have been restated following redefinition of the operating segments

The third quarter of 2017 saw an accelerated revenue accretion, with an increase of about 19% compared to the same period of the last year, resulting in the line with full year expectations.

The year-on-year growth is mainly attributable to the increase in the volumes of the cruise ships business due to the larger size of the vessels under construction (with cruise ship revenues now accounting for approximately 51% of the Group's revenues before consolidation adjustments).

Shipbuilding margins confirm the positive trend started in 2016, reporting further improvements due to the construction of more profitable cruise ships and to the streamlining of production and design processes.

Offshore

31.12.2016	(euro/million)	30.09.2017	30.09.2016
960	Revenue(*)	666	723
51	EBITDA (*)	33	37
5.3%	EBITDA margin (*) (**)	4.9%	5.1%

(*) Before eliminations between operating segments

(**) Ratio between segment EBITDA and Revenue and income

The decline in revenues of approximately 8% compared with the first nine months of 2016 is due to the reduction in production volumes at VARD's European and Brazilian shipyards, partly offset by the positive impact of changes in the Norwegian krone/Euro exchange rate (euro 10 million).

The overall segment's performance has not yet fully benefited from the business diversification initiatives implemented over the previous years in response to the crisis in the Oil&Gas sector.

Equipment, Systems and Services

31.12.2016	(euro/million)	30.09.2017	30.09.2016 (***)
495	Revenue(*)	367	360
62	EBITDA (*)	40	49
12.5%	EBITDA margin (*) (**)	11.0%	13.5%
(*) Before eliminations between operating segments (**) Ratio between segment EBITDA and Revenue and income (***) The comparative figures at 30.09.2016 have been restated following redefinition of the operating segments			

The revenues of the Equipment, Systems and Services segment were slightly above those of the corresponding period of 2016 despite the lower contribution from ship conversion activities which, in the first nine months of 2016, benefited from the positive effects of the "Renaissance" program for MSC, completed during 2016.

The margin decline is due to a change in the mix of products and services sold in the period compared to the first nine months of the previous year.

FINANCIAL DATA

30.09.2016	(euro/million)	30.09.2017	31.12.2016
1,577	Net fixed capital	1,723	1,590
557	Inventories and advances	814	590
1,445	Construction contracts and client advances	1,136	604
(833)	Construction loans	(868)	(678)
424	Trade receivables	598	1,123
(1,227)	Trade payables	(1,526)	(1,307)
(105)	Provisions for risks and charges	(134)	(126)
61	Other current assets and liabilities	51	59
322	Net working capital	71	265
-	Net assets classified as held for sale	-	1
1,274	Equity	1,293	1,241
625	Net financial position	501	615

Net fixed capital increased as a result of capital expenditure on Intangible assets for euro 35 million (of which euro 19 million for development projects), and on Property, plant and equipment for euro 76 million, - largely offset by euro 88 million in amortization and depreciation for the period - as well as the positive change of euro 163 million in Other non-current assets and liabilities, mainly related to the positive effect of the fair value measurement of currency derivatives. Furthermore, the translation of foreign currency balances of the foreign subsidiaries contributed negatively for euro 54 million.

The main changes affecting **Net working capital** were: (i) an increase in Inventories, Construction contracts and client advances as well as in Trade payables, primarily due to the growth in cruise ship production volumes; (ii) a reduction in Trade receivables, after collecting final payments for the cruise ships delivered in the period.

It should be noted that the stake in VARD Group has risen from 55.63% at December 31, 2016 to 79.26% at September 30, 2017. The average carrying value of the VARD shares went down from SGD 1.22 at December 31, 2016 to SGD 0.93 at September 30, 2017. This transaction has caused **Equity** attributable to the Group to increase by euro 27 million and non-controlling interests in equity to decrease by euro 71 million.

Net financial position, which excludes construction loans, was negative for euro 501 million (euro 615 million in net debt at December 31, 2016). Most of the Group's debt is dedicated to finance current assets associated with cruise ship construction and is therefore directly connected with the financing of net working capital. On the other hand, net fixed capital is financed through equity and other long-term sources of funding. The change in Net financial position is mainly due to financial flows typical of the cruise ship business, characterized on one hand by significant growth of volumes and on the other hand by the cash-in of final payments for the cruise ships delivered in the period.

Construction loans, specially dedicated credit instruments used for the exclusive financing of the order to which they are referred, amounted to euro 868 million at September 30, 2017; of these, euro 615 million were related to the subsidiary VARD and euro 253 million to the Parent Company.

OTHER INDICATORS

(euro/million)	Order intake		Backlog		Capital expenditure	
	30.09.2017	30.09.2016 (*)	30.09.2017	30.09.2016 (*)	30.09.2017	30.09.2016 (*)
Shipbuilding	4,848	5,133	18,572	17,022	58	116
Offshore	486	1,084	1,300	1,501	28	19
Equipment, Systems and Services	465	538	1,227	1,151	7	4
Consolidation adjustments/Other activities	(314)	(447)	(800)	(697)	18	13
Total	5,485	6,308	20,299	18,977	111	152

(*) The comparative figures at 30.09.2016 have been restated following redefinition of the operating segments

DELIVERIES

(number)	30.09.17 completed	2017	2018	2019	2020	2021	Beyond
Cruise ships	4	5	5	4	5	2	6
Naval >40 m.	5	9	5	4	4	4	12
Offshore	7	14	28	6			

BUSINESS OUTLOOK

Full year 2017 results are expected to be consistent with the Business Plan targets. In the last quarter of 2017, Shipbuilding and Equipment, Systems and Services revenues will further increase compared with the first nine months of the year .

Regarding the Shipbuilding segment, in the fourth quarter of 2017, the Company expects the delivery of the first prototype for MSC (the largest ship ever built in Italy), the full-swing production for the Italian Navy's fleet renewal program and the full swing of design activities for the Qatari Ministry of Defense contract.

The Oil&Gas industry remains in deep crisis, although there is some visibility on the first signs of a recovery in E&P investments . As such, VARD is continuing with the implementation of the business diversification actions already started, as well as focusing on the products with greatest potential in its reference markets .

In the last quarter of 2017, the Equipment, Systems and Services segment is expected to confirm the positive results achieved in the first nine months, also thanks to the deployment of the backlog associated with the Italian Navy's fleet renewal program and with the Qatari contract. Commercial and organizational actions will be implemented to ensure stronger foothold and development of the after sales business in the cruise ship segment and in the most important geographical areas.

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The Manager Responsible for Preparing Financial Reports, Carlo Gainelli, declares, pursuant to paragraph 2 of article 154-bis of Italian Legislative Decree no. 58 dated February 24, 1998, that the information contained in this press release corresponds to the underlying documentary and accounting books and records.

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For the significant events occurring during the period and after the reporting period, please refer to the press releases available on the Company's website (www.fincantieri.com).

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This press release is available to the public at the Company's registered office and on its website (www.fincantieri.com) under "Investor Relations - Financial Statements" and on the website of the authorized storage mechanism (www.emarketstorage.com).

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DISCLAIMER

Forecast data and information must be regarded as forward-looking statements and therefore, not being based on simple historical facts, contain, by their nature, an element of risk and uncertainty because they also depend on the occurrence of future events and developments outside the Company's control. Actual results could therefore be materially different from those expressed in forward-looking statements. Forward-looking statements refer to the information available at the date of their publication; Fincantieri S.p.A. reserves the right to communicate any changes in its forward-looking data and information within the time and in the manner required by law.

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The financial results for the first nine months of 2017 will be presented to the financial community during a conference call scheduled for Friday, November 10, 2017 at 9:00 CEST.

To take part in the conference call, it is necessary to call one of the following numbers:

Italy +39 028020911

United Kingdom +44 1212818004

United States +1 7187058796

*Hong Kong +852 58080984 then press *0*

The slide presentation will be available 10 minutes before the start of the conference in the Investor Relations section of the website www.fincantieri.com.

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Fincantieri is one of the world's largest shipbuilding groups and number one by diversification and innovation. It is leader in cruise ship design and construction and a reference player in all high-tech shipbuilding industry sectors, from naval to offshore vessels, from high-complexity special vessels and ferries to mega-yachts, ship repairs and conversions, systems and equipment production and after-sales services.

Headquartered in Trieste (Italy), the Group has built more than 7,000 vessels in over 230 years of maritime history. With almost 19,400 employees, of whom more than 8,200 in Italy, 20 shipyards in 4 continents, today Fincantieri is the leading Western shipbuilder. It has among its clients the major cruise operators, the Italian Navy and the US Navy, in addition to several foreign navies, and it is partner of some of the main European defense companies within supranational programs.

www.fincantieri.com

ALTERNATIVE PERFORMANCE MEASURES

Fincantieri's management reviews the performance of the Group and its business segments also using certain measures not envisaged by IFRS. In particular, EBITDA is used as the main earnings indicator, as it enables the Group's underlying profitability to be assessed without the impact of volatility associated with non-recurring items or extraordinary items outside the ordinary course of business.

As required by Consob Communication no. 0092543 of December 3, 2015 which implements the ESMA Guidelines on Alternative Performance Measures (document no. ESMA/2015/1415), the components of each of these measures are described below:

- *EBITDA: this is equal to earnings before taxes, before finance income and costs, before income and expenses from investments and before depreciation, amortization and impairment, as reported in the financial statements, adjusted to exclude the following items:*
 - *company costs for the Wage Guarantee Fund;*
 - *costs relating to reorganization plans and non-recurring other personnel costs;*
 - *provisions for costs and legal expenses associated with lawsuits brought by employees for asbestos-related damages;*
 - *other expenses or income outside the ordinary course of business due to particularly significant non-recurring events.*
- *EBITDA margin: EBITDA expressed as a percentage of Revenue and income.*
- *Net fixed capital: this reports the fixed assets used in the business and includes the following items: Intangible assets, Property, plant and equipment, Investments and Other non-current assets (including the fair value of derivatives classified in non-current Financial assets and non-current Financial liabilities) net of Employee benefits.*
- *Net working capital: this is equal to capital employed in ordinary operations which includes Inventories and advances, Construction contracts and client advances, Construction loans, Trade receivables, Trade payables, Provisions for risks and charges, and Other current assets and liabilities (including Income tax assets, Income tax liabilities, Deferred tax assets and Deferred tax liabilities, as well as the fair value of derivatives classified in current Financial assets and current Financial liabilities).*

For a more detailed description of the alternative performance measures, please refer to the specific note within the Fincantieri Group's report on operations forming part of the Group Annual Report 2016.

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