FINCANTIERI:

FINCANTIERI BOARD APPROVES 1H 2018 RESULTS

Results for the first half of 2018[1]

- **Revenues at June 30, 2018 up 10%** compared to the same period of 2017, **EBITDA at euro 183 mln** (up 25%), **EBITDA margin at 7.3%, marking an improvement from 6.3%** from the first half of 2017 (+16%). **Adjusted profit**[2] **of euro 39 mln** (up 39%)
- **Total backlog**[3] **at a record euro 29.8 billion, amounting to approximately 6 times 2017 revenues:** backlog as at June 30, 2018 was euro 22 billion (euro 20.4 billion as at June 30, 2017) with scheduled deliveries stretching to 2026, while the soft backlog at the same date was approximately euro 7.8 billion (circa euro 5.1 billion as at June 30, 2017), most of which transformed into backlog during the month of July. The total backlog gives Fincantieri visibility for the years to come and allows to ensure workload for all its Italian yards and to consolidate its global leadership. **At June 30, 2018 the Group's order portfolio consisted of 99 ships, which increased to 109 with the orders acquired during the month of July**
- **Orders and agreements (in the Shipbuilding sector) signed in the first six months of the year for a total of 9 cruise ships** (including options)
- In the month of July, Fincantieri **acquired a new important customer, Tui Cruises**, with an order for two new-concept, LNG-powered cruise ships; **conversion into order of an option** for two cruise ships **by Norwegian Cruise Line**; **signed a Memorandum of Agreement with Princess Cruises**, a brand of Carnival Group & plc, for the construction of two new-generation cruise ships of 175,000 tons each, that will be the largest ever built in Italy so far; **confirmed an order** for a cruise ship by **Cunard,** an iconic brand belonging to Carnival Corporation & plc; **acquired, through the American subsidiary Marinette Marine Corporation** (in a consortium led by Lockheed Martin)**, an order from the US Government to advance work in support of the construction of four** Multi-Mission Surface Combatants (MMSC) **ships for the Kingdom of Saudi Arabia.** Furthermore, **VARD acquired an order from Viking for two new expedition cruise vessels**, a promising market
- **In the Shipbuilding sector, six units delivered** during the first semester, of which four cruise ships ("Carnival Horizon", "Seabourn Ovation", "MSC Seaview", "Viking Orion") and two naval vessels (the seventh unit of the "FREMM" programme to the Italian Navy and the oceanographic vessel "Kronprins Haakon" for the Norwegian Institute of Marine Research)
- **Signed a share purchase agreement with the French State for the acquisition of 50% of the share capital of STX France.** The closing will be subject to customary conditions for this kind of transactions, including the approval from the relevant Antitrust Authorities. The shareholders' agreements and the agreement covering the loan of 1% of the share capital of STX France to Fincantieri - the terms of which have already been agreed by the parties - will be signed at the closing of the transaction. The agreement

[1] In addition to the standard financial indicators required by IFRS, Fincantieri uses certain alternative performance measures for the purpose of better assessing its operating performance and financial position. The meaning and content of these measures are described in the appendices, in accordance with Consob Communication no. 0092543 of December 3, 2015 which implements the ESMA guidelines (document no. ESMA/2015/1415)
[2] Net result before extraordinary and non recurring items
[3] Sum of backlog and soft backlog

with STX France is part of a broader collaboration on shipbuilding between Italy and France in the context of a consolidation of the European shipbuilding industry

- **VARD's shareholders meeting approved the company's delisting**
- **Order intake:** euro 2,388 mln (euro 4,369 mln at June 30, 2017)
- **Revenue and income:** euro 2,527 million (euro 2,295 million at June 30, 2017)
- **EBITDA**: euro 183 million (euro 146 million at June 30, 2017) with a consolidated **EBITDA margin** of 7.3% (6.3% at June 30, 2016), an improvement of 16%
- **Adjusted profit** of euro 39 million (euro 28 million at June 30, 2017)
- **Profit for the period** of euro 15 million, up euro 4 million from the first semester of 2017 (euro 11 million at June 30, 2017), despite euro 32 million in extraordinary charges, mostly due to provisions for asbestos-related litigations
- **Net debt**[4] of euro 264 million (net debt of euro 314 million at December 31, 2017), mostly related to the financing of current assets associated with cruise ships construction. This figure includes certain short term debts which, although related to the financing of construction, are not, due to their technical specifications, construction loans
- **Construction loans**, i.e. credit instruments used for the exclusive financing of orders to which they are referred, at euro 488 million at June 30, 2018 (euro 624 million at December 31, 2017), entirely related to the subsidiary VARD (euro 574 million at December 31, 2017)
- **Net cash flows from operating activities**: positive at euro 99 million in the first six months of 2018 (positive at euro 122 million at June 30, 2017); this includes euro 165 million of outflows related to construction loans repayments (whereas at June 30, 2017 they had generated cash for euro 319 million)

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Rome, July 26, 2018 – The Board of Directors of **FINCANTIERI S.p.A.** ("**Fincantieri**" or the "**Company**"), chaired by Giampiero Massolo, has examined and approved the **Half year financial report at June 30, 2018**, prepared in accordance with international financial reporting and accounting standards (IAS/IFRS).

During the Board meeting **Giuseppe Bono, Fincantieri's Chief Executive Officer,** said: "*Fincantieri proved once more its ability to transform its industrial and commercial strategy into a solid economic and financial performance. Revenues, profits and margins are increasing if compared to last year, and will witness a further improvement in the second half of the year, confirming the Business Plan guidelines.*

I would also like to highlight once more our outstanding ability to acquire new orders. Standing already at a record level at the end of the first half, with the new orders acquired during July our backlog now exceeds euro 32 billion and testifies our ability to build and deliver on time high value added products.

These orders will ensure workload for all the Italian shipyards in the coming years; in 2018 alone, we will deploy 15 millions of production hours, giving a fundamental contribution to the Country's exportations.

Fincantieri is a strong Group that was able, with its own forces, to lay the foundations for a bright future and that will ensure stability for the years to come in terms of both workload and margins. Leveraging on this strength, Fincantieri will be a protagonist in the consolidation of the European shipbuilding sector."

[4] Excluding Construction loans

Financial Highlights

31.12.2017	Economic data		30.06.2018	30.06.2017
5,020	Revenue and income	euro/million	2,527	2,295
341	EBITDA	euro/million	183	146
6.8%	*EBITDA margin* (*)	*%*	*7.3%*	6.3%
221	EBIT	euro/million	118	88
4.4%	*EBIT margin* (**)	*%*	*4.7%*	3.8%
91	Adjusted profit/(loss) for the period[5]	euro/million	39	28
(49)	Extraordinary and non-recurring income and (expenses)	euro/million	(32)	(22)
53	Profit/(loss) for the period	euro/million	15	11
57	Group share of profit/(loss) for the period	euro/million	21	13

31.12.2017	Financial data		30.06.2018	30.06.2017
1,623	Net invested capital	euro/million	1,523	1,877
1,309	Equity	euro/million	1,259	1,246
(314)	Net financial position	euro/million	(264)	(631)

31.12.2017	Other indicators		30.06.2018	30.06.2017
8,554	Order intake (***)	euro/million	2,388	4,369
28,482	Order book (***)	euro/million	27,665	26,086
26,153	Total backlog (***)(****)	euro/million	29,787	25,524
22,053	*- of which backlog*	euro/million	21,987	20,424
163	Capital expenditure	euro/million	44	76
65	Net cash flows for the period	euro/million	342	41
113	Research and Development costs	euro/million	61	53
19,545	Employees at the end of the period	number	19,375	19,428
25	Vessels delivered (****)	number	20	8
32	Vessels ordered (*****)	number	13	11
106	Vessels in order book (*****)	number	99	102

31.12.2017	*Ratios*		30.06.2018	30.06.2017
12.7%	ROI	%	11.0%	10.4%
4.1%	ROE	%	1.4%	1.6%
0.6	Total debt/Total equity	number	0.8	0.8
0.9	Net financial position /EBITDA	number	0.9	2.1
0.2	Net financial position/Total equity	number	0.2	0.5

(*) Ratio between EBITDA and Revenue and income
(**) Ratio between EBIT and Revenue and income
(***) Net of eliminations and consolidation adjustments
(****) Sum of backlog and soft backlog
(*****) Number of vessels over 40 meters in length
n.a. not applicable
The percentages contained in this report have been calculated with reference to amounts expressed in thousands of euros

[5] Net result before extraordinary and non recurring items

Financial and economic results for the first half of 2018

Fincantieri's results for the first half of 2018 confirm the strategic guidelines set out in the new Business Plan 2018-2022 which was presented at the end of March. The Group's leadership in the high-tech shipbuilding industry sectors is confirmed by its increasing production volumes and margins, continuing to highlight its significant capacity to create value despite operating in an extremely complex sector.

Revenue and income amounted to euro 2,527 million in the first half of 2018, with year-on-year changes shown in the table below.

Revenue and income *(euro/million)*	**30.06.2018**	**30.06.2017**	**Delta**	**Delta %**
Shipbuilding	1.892	1.757	135	*7,7%*
Offshore	564	448	116	*25,9%*
Equipment, Systems and Services	321	227	94	*41,4%*
Consolidation adjustments	(250)	(137)	(113)	*n.a*
Total	**2.527**	**2.295**	232	***10,1%***

n.a. = not applicable

The variation of Revenue and income is mostly due to the increase in Shipbuilding and Offshore revenues.

Revenue generated by foreign clients accounted for 82% of the total in the period ended June 30, 2018, down from the 86% reported in the corresponding period of 2017.

EBITDA was euro 183 million at 30 June 2018 (euro 146 million in the first half of 2017), with an EBITDA margin of 7.3%, an improvement on the 6.3% at 30 June 2017. This increase was influenced by the Shipbuilding segment which has benefited from the higher profitability of the sister cruise ships delivered in the period and the progress on the naval orders for the Italian Navy and the Qatari Ministry of Defense.

EBIT was euro 118 million in the first half of 2018 (euro 88 million in the same period of the previous year), with an EBIT margin (EBIT expressed as a percentage of Revenue and income) of 4.7% (3.8% in the first half of 2017). This change is the result of the reasons illustrated above for the Group's EBITDA and is partially offset by the greater amortization in the period.

Adjusted Profit/(loss) for the period is positive for euro 39 million at 30 June 2018 (an increase from euro 28 million at 30 June 2017).

Extraordinary and non-recurring income and expenses amount to euro 32 million in net expenses (euro 22 million at 30 June 2017) and mainly include costs for legal disputes for euro 33 million (of which euro 32 million mainly related to provisions for asbestos-related litigation), charges for business reorganization plans related to the subsidiary VARD for euro 3 million and an income of euro 4 million from the sale of a shareholding.

Profit for the period, reflecting the factors described above, was euro 15 million (net profit of euro 11 million at June 30, 2017). The Group share of this result was a net profit of euro 21 million, compared to a net profit of euro 13 million in the same period of the previous year.

Net invested capital amounted to euro 1,523 million at June 30, 2018, down from euro 1,877 million at December 31, 2017. In detail, **Net fixed assets** amounting to 1,721 million (euro 1,743 million at December

31, 2017) decreased by euro 22 million. The main effects include the decrease in Other non-current assets and liabilities, as a result of the negative fair value of derivatives on exchange rates offset by the increase in the value of Intangible assets, affected by the first application of IFRS 15 (euro 48 million). **Net working capital** was negative for euro 198 million (negative for euro 120 million at December 31, 2017). The main changes relate to i) the decrease in Construction contracts and client advances (euro 64 million), due to the deliveries of some vessels, partially offset by the volumes realized in the first half of the year; and ii) the decrease in Trade receivables (euro 308 million), due to the receipt of the final payments of the vessels delivered, and in Trade payables (euro 153 million).

The **Consolidated net financial position**, which excludes construction loans, reported a net debt balance of euro 264 million (euro 314 million in net debt at 31 December 2017). Most of the Group's debt is used to finance current assets associated with cruise ship construction and thus directly connected with the financing of net working capital. By contrast, fixed capital is financed primarily by equity and for the remainder by other sources of long-term funding. The change in Net financial position is mainly due to the payments received during the six month period, including those related to the four cruise ships delivered, which have more than offset the commitments arising from the continuation of shipbuilding activities.

Construction loans amounted to euro 488 million at 30 June 2018 (euro 624 million at 31 December 2017) and relate to the subsidiary VARD for the entire amount (euro 574 million at 31 December 2017).

In the first half of 2018, **profitability indicators** ROI and ROE decreased from December 31, 2017, a year in which the Group recorded significant growth in economic results which peaked in the second half of 2017. Compared to June 30, 2017, ROI increased thanks to higher profitability, while ROE was steady.

The **indicators of the strength and efficiency of the capital structure** at 30 June 2018 are largely in line with those at 31 December 2017. When compared with the same period in 2017, these indicators show a clear improvement (except for the "Debt/Equity" ratio which is in line) due to the positive change in the net financial position and growth of operating margins.

Group operational results and performance indicators for the first half of 2018

Order intake and backlog

During the first six months of 2018, the Group recorded euro 2,388 million in new orders, compared with euro 4,369 million in the corresponding period of 2017, with a book-to-bill ratio (order intake/revenue) of 0.9 (1.9 at 30 June 2017).

Before consolidation adjustments, the Shipbuilding segment accounted for 47% of the period's total order intake (89% in the first half of 2017), the Offshore segment for 46% (9% in the first half of 2017) and the Equipment, Systems and Services segment for 16% (7% in the first half of 2017).

As for the **Shipbuilding segment**, with reference to the cruise ship business, during the first six months of 2018 Fincantieri acquired an order for 2 sister ships (of a series of 8 already acquired) and an option for the construction of 6 new vessels for Viking (that would bring the aggregate number of vessels built in partnership by the two groups to 16). The Group furthermore signed a contract with Silversea Cruises for the construction of an extra-luxury unit, the third one of the "Muse" series.

In the **Offshore segment**, as a consequence of the business diversification strategies, the Group secured orders for the construction of 2 expedition cruise vessels for the French shipowner Ponant, 3 vessels for fishing operations, 1 passenger and vehicle ferry and 1 cable-laying vessel. In addition, there are three vessels for the Royal Norwegian Coast Guard, enriching VARD's order book with a naval project and further contributing to diversifying the business. Moreover, during the first six months of the year Viking and VARD signed a letter of intent for the construction of two expedition cruise vessels (plus an option for two more).

Lastly, in the **Equipment, Systems and Services** segment, Fincantieri and the Grimaldi Group signed an agreement for the program to lengthen and transform the cruise ferries "Cruise Roma" and "Cruise Barcelona" which will be carried out in the Palermo shipyard. Furthermore, the Group has secured the contract to upgrade the Cavour aircraft carrier.

The Group's total backlog reached a record level of euro 29.8 billion at 30 June 2018, of which euro 22 billion in backlog (euro 20.4 billion at 30 June 2017) and euro 7.8 billion in soft backlog (euro 5.1 billion at 30 June 2017), with the order delivery profile extending until 2027. The backlog and total backlog guarantee about 4.4 years and 6 years of work respectively in relation to 2017 revenues.

Before consolidation adjustments, the Shipbuilding segment accounts for 89% of the Group's backlog (91% in the first half of 2017), the Offshore segment, represented by the subsidiary VARD's activities, for 9% (7% in the first half of 2017) and the Equipment, Systems and Services segment for 6% (6% in the first half of 2017).

Capital expenditure

Capital expenditure amounted to euro 44 million in the first six months of 2018, of which euro 6 million for intangible assets (including euro 2 million for development projects) and euro 38 million for property, plant and equipment. Capital expenditure represents 1.7% of the Group's revenue in the first six months of 2018 compared with 3.3% in the first six months of 2017. Capital expenditure on property, plant and equipment in the first half of 2018 mainly related to the continuation of initiatives to support growth in production volumes and to boost safety standards and compliance with environmental regulations within production sites.

Headcount

Headcount moved from 19,545 at December 31, 2017 (of whom 8,314 in Italy) to 19,375 at June 30, 2018 (of whom 8,447 in Italy). This effect is mostly due to the reduction of workforce in Vard's Brazilian shipyard.

Deliveries

The following table shows the deliveries scheduled each year for vessels currently in the order book, analyzed by the main business units.

(number)	***30.06.18 completed***	***2018***	***2019***	***2020***	***2021***	***2022***	***Beyond 2022***
Cruise ships	4	5	4	5	6	4	5
Naval >40 m.	2	6	5	4	5	5	7
Offshore	14	32	17	5	1	1	2

Business outlook

The Group forecasts results for the year 2018 which are in line with the economic and financial projections outlined in the Business Plan 2018-2022. The growth in revenues forecasted for the second half of the year enables the Group to confirm the target of a 3-6% increase in revenues on an annual basis with a margin of around 7.5%. The target margin of between 1.8% and 2% for adjusted net profit is also confirmed. By the end of 2018, the Net financial position will be a net debt of euro 400-600 million, an increase compared to the amount in the first half of the year, in line with the constant growth of the size and value of the cruise ships under construction and with the delivery schedule.

In the Shipbuilding segment, Fincantieri expects to deliver 5 ships in the second half of 2018, 1 cruise ship and 4 vessels in the naval business. It also expects activities for the the fleet renewal program for the Italian Navy to reach full swing and to see the start of production activities for the Qatari Ministry of Defense contract.

In the Offshore segment, the Group foresees the continuation of construction activities related to the backlog acquired as a result of the diversification strategy, and the related continued focus on execution aimed at recovering medium-term margins. The deep crisis in the Oil & Gas sector continues and could have impacts on the order intake.

In 2018, the Equipment, Systems and Services segment is expected to see its growth in revenues confirmed, thanks to the development of the backlog related to the Italian Navy fleet renewal program, the Qatari contract and the higher volumes for the production of cabins and public areas driven by the growth of the cruise ship sector.

Operational review by segment

SHIPBUILDING

31.12.2017	(euro/million)	30.06.2018	30.06.2017
3,883	Revenue and income (*)	1,892	1,757
269	EBITDA (*)	160	115
6.9%	*EBITDA margin* (*) (**)	*8.5%*	*6.5%*
7,526	Order intake (*)	1,132	3,872
25,069	Order book (*)	23,686	22,761
20,238	Order backlog (*)	19,496	18,512
90	Capital expenditure	27	42
12	Vessels delivered (number) (***)	6	5

(*) Before eliminations between operating segments
(**) Ratio between segment EBITDA and Revenue and income
(***) Vessels over 40 meters long

Revenue and income

Revenue from the Shipbuilding segment amounted to euro 1,892 million at 30 June 2018, up 7.7% compared to the first half of 2017, despite the change in the Euro/USD exchange rate (around euro 24 million), generated from the translation of the financial statements of the US subsidiaries, which negatively affected the naval vessels business, and comprises euro 1,290 million from the cruise ships business (euro 1,238 million at 30 June 2017) and euro 592 million from the naval vessels business (euro 515 million at 30 June 2017).

EBITDA

Segment EBITDA was euro 160 million at 30 June 2018 (euro 115 million at 30 June 2017), with an EBITDA margin of 8.5% (6.5% at 30 June 2017). The growth trend continues, recording a further increase owing to the production and prompt delivery of sister cruise ships with higher margins and the ongoing activities in the fleet renewal program of the Italian Navy.

Deliveries

A total of 6 vessels were delivered in the period:

- “Carnival Horizon”, the cruise ship for Carnival, was delivered at the Monfalcone shipyard;
- "Seabourn Ovation", the second ultra-luxury cruise ship for Seabourn Cruise Line, a Carnival Group brand, was delivered at the Genoa Sestri Ponente shipyard;
- “MSC Seaview”, the second next-generation cruise ship for MSC Cruises, was delivered at the Monfalcone shipyard;
- "Viking Orion", the fifth cruise ship for Viking, was delivered at the Ancona shipyard;
- “Federico Martinengo”, the seventh of a series of ten multi-role frigates (FREMM) for the Italian Navy, was delivered at the Muggiano shipyard in La Spezia;
- “Kronprins Haakon”, the ice breaker vessel built in the Group’s Italian shipyards for the Norwegian Government’s Institute of Marine Research, was delivered at the Norwegian Vard Langsten shipyard.

OFFSHORE

31.12.2017	(euro/million)	30.06.2018	30.06.2017
943	Revenue and income (*)	564	448
42	EBITDA (*)	7	22
4.4%	*EBITDA margin (*) (**)*	*1.2%*	*4.8%*
888	Order intake (*)	1,106	379
2,646	Order book (*)	3,018	2,478
1,418	Order backlog (*)	1,990	1,403
37	Capital expenditure	9	19
13	Vessels delivered (number)	14	3

(*) Before eliminations between operating segments
(**) Ratio between segment EBITDA and Revenue and income

Revenue and income

Revenue from the Offshore segment amounted to euro 564 million at 30 June 2018, up 25.9% from euro 448 million in the first six months of 2017, in spite of the negative impact of changes in the Euro/Norwegian Krone exchange rate (euro 25 million) due to the translation of VARD's financial statements. This result is attributable, in particular, to the continuation of the business diversification strategy implemented by VARD which has generated an increased of production volumes, particularly in the Group's Romanian shipyards.

EBITDA

The segment's EBITDA of euro 7 million at 30 June 2018 (euro 22 million at 30 June 2017), with an EBITDA margin of 1.2% (4.8% at 30 June 2017), in the context of a gradual recovery in the growth of revenues, suffers from lower margins of the Offshore productions in the order book or delivered during the period together with a level of employment in the VARD shipyards involved in the current diversification process that is still inadequate.

Deliveries

A total of 14 vessels were delivered during the period:

- one PSV (Platform Supply Vessel) was delivered to Island Offshore Shipping AS at the Brevik shipyard (Norway);
- one OSCV (Offshore Subsea Construction Vessel) was delivered to Dofcon Navegação Ltda at the Promar shipyard (Brazil);
- ten MCVs (Module Carrier Vessels), one of which was delivered to NMSC Kazmortransflot LLP at the Braila shipyard (Romania) and nine were delivered to Topaz Energy and Marine at the Braila and Vung Tau (Vietnam) shipyards;
- one expedition cruise vessel was delivered to the French shipowner Ponant at the Søviknes shipyard (Norway).
- one fishing vessel was delivered to Nordland Havfiske AS at the Søviknes shipyard (Norway).

EQUIPMENT, SYSTEMS AND SERVICES

31.12.2017	(euro/million)	30.06.2018	30.06.2017
558	Revenue and income (*)	321	227
64	EBITDA (*)	34	25
11.5%	*EBITDA margin (*) (**)*	*10.7%*	*11.1%*
573	Order intake (*)	376	323
1,973	Order book (*)	2,140	1,987
1,186	Order backlog (*)	1,289	1,288
9	Capital expenditure	4	3
31	Engines produced in workshops (number)	8	13

(*) Before eliminations between operating segments
(**) Ratio between segment EBITDA and Revenue and income

Revenue and income

Revenue from the Equipment, Systems and Services segment amounted to euro 321 million (+41.4% compared to the first half of 2017). This increase confirms the growth trend which started in the first half of 2017, due to the development of significant order backlog for the services provided under the orders for the Italian Navy and for the Qatari Ministry of Defense and the increased volumes of cabins and public areas to support the cruise ship business.

EBITDA

Segment EBITDA is euro 34 million at 30 June 2018 (euro 25 million at 30 June 2017), with the EBITDA margin of 10.7%, down from 11.1% in the first six months of 2017, reflecting the greater impact of volumes associated with the cruise ship business.

OTHER ACTIVITIES

31.12.2017	(euro/million)	30.06.2018	30.06.2017
-	Revenue and income	-	-
(34)	EBITDA	(18)	(16)
n.a.	*EBITDA margin*	*n.a.*	*n.a.*
27	Capital expenditure	4	12

n.a. not applicable

Other activities primarily refer to the costs incurred by corporate headquarters for directing, controlling and coordinating the business, that are not allocated to other operating segments.

Other information

Other significant events in the period

On 17 January 2018, Fincantieri signed a collaboration agreement with the autonomous region of Friuli Venezia Giulia and with the trade union organizations Cgil, Cisl and Uil aimed at implementing a series of initiatives to promote work placement processes and boost local employment, particularly for young people, thus contributing to the social and economic development of the region.

On 2 February 2018, Fincantieri, through its subsidiary Fincantieri Europe S.p.A., signed the share purchase agreement for 50% of the capital of STX France with the French Government, represented by the Agence des Participations de l'Etat (APE). This signature is the result of the Share Purchase Agreement signed by Fincantieri and STX Europe AS on 19 May, following the French Government's exercise on 28 July 2017 of its preemptive rights on all the capital of STX France, as well as the signature of the Share Purchase Agreement between the French Government and STX Europe. The acquisition by Fincantieri will be subject to the closing of the transaction between the French Government and STX Europe, and to the usual conditions provided for this type of operation. For Fincantieri, the agreement envisages a purchase price for the shareholding of euro 59.7 million, payable with available financial resources. The shareholders' agreements and the agreement covering the loan of 1% of the share capital of STX France to Fincantieri will be signed at the closing of the transaction.

On 19 February 2018, the US Navy awarded Fincantieri's American subsidiary, Marinette Marine, a contract worth USD 15 million to develop the study of a customized version of its FREMM project for the new future generation multirole frigates of the FFG(X) program.

On 28 February 2018, Fincantieri signed a collaboration agreement with the region of Liguria and with the trade union organizations Cgil, Cisl and Uil aimed at implementing a series of initiatives to promote work placement processes and boost local employment, particularly for young people, thus contributing to the social and economic development of the region.

On 22 May 2018, the Campania Region and Fincantieri signed a cooperation agreement to launch actions aimed at maintaining employment levels and increasing order backlog in the Castellammare di Stabia shipyard and developing the economic, productive, social and employment aspects of the area, while keeping to environmentally sustainable conditions.

Key events after June 30, 2018

On 3 July 2018, the subsidiary VARD secured a new order for the construction of an Expedition Cruise ship (part of the series of 2 vessels commissioned previously) for Hapag-Lloyd Cruises.

On 12 July 2018, Fincantieri received confirmation from Norwegian Cruise Line Holdings Ltd. of the option for the construction of the fifth and sixth vessels in the "Leonardo" class new-generation cruise ships for Norwegian Cruise Line (NCL), which will be delivered in 2026 and 2027. The option was contained in the February 2017 agreement for the construction of the first 4 vessels.

On 13 July 2018, Fincantieri received an order from TUI Cruises, the joint venture between TUI AG and Royal Caribbean Cruises, for the construction of 2 new-generation cruise ships powered by LNG (Liquified Natural Gas). These vessels will be built at the Monfalcone shipyard and delivered in 2024 and 2026.

On 20 July 2018, the US Government awarded the consortium led by Lockheed Martin, of which Fincantieri's subsidiary, Marinette Marine Corporation, is part, an order under an "Undefinitized Contract Action" as an advance on the Foreign Military Sales contract for the construction of four Multi-Mission Surface Combatants (MMSC) for Saudi Arabia. The ships will be built in the Marinette shipyard (Wisconsin) and will be characterized by their high maneuverability, the flexibility deriving from the Freedom class Littoral Combat Ship's single hull, built by the same consortium for the US Navy, with autonomy increased to 5,000 nautical miles and a speed above 30 knots, making it capable of coastal and open sea patrol operations.

On 23 July 2018, Fincantieri signed a Memorandum of Agreement with Princess Cruises, a brand belonging to Carnival Corporation & plc, for the construction of 2 cruise ships, the first in the fleet to be primarily fueled by liquefied natural gas (LNG). Each ship will have a gross tonnage of 175,000 and will be the largest ever built in Italy.

On 24 July 2018, the subsidiary VARD signed a contract for the design and construction of two expedition cruise ships for Viking. The vessels will be delivered in Norway in 2021 and 2022 respectively and they will be the first vessels built for this shipowner by VARD.

On 24 July 2018, the Shareholders' Meeting of VARD approved the company's delisting from the Singapore stock exchange.

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The Manager Responsible for Preparing Financial Reports, Felice Bonavolontà, 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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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 centralized storage of regulated information denominated eMarket STORAGE, available at the website 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.

* * *

The financial results for the first six months of 2018 will be presented to the financial community during a conference call scheduled for Friday July 27, 2018 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.

* * *

Attachments: Financial statements, not subject to audit by the Independent Audit Firm

* * *

Fincantieri *is one of the world's largest shipbuilding groups and number one for 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, as well as in ship repairs and conversions, production of systems and mechanical and electrical component equipment and after-sales services.*

With over 230 years of history and more than 7,000 vessels built, Fincantieri has always kept its management offices, as well as all the engineering and production skills, in Italy. With over 8,400 employees and a supplier network that employs nearly 50,000 people, Fincantieri has enhanced a fragmented production capacity over several shipyards into a strength, acquiring the widest portfolio of clients and products in the cruise segment. To hold its own in relation to competition and assert itself at global level, Fincantieri has broadened its product portfolio becoming world leader in the sectors in which it operates.

With globalization, the Group has around 20 shipyards in 4 continents, over 19,000 employees and is the leading Western shipbuilder. It has among its clients the world's major cruise operators, the Italian 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.
Fincantieri's business is widely diversified by end markets, geographical exposure and by client base, with revenue mainly generated from cruise ship, naval and offshore vessel construction. Compared with less diversified players, such diversification allows it to mitigate the effects of any fluctuations in demand on the end markets served.
www.fincantieri.com

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APPENDICES

Presented below are the reclassified consolidated versions of the income statement, statement of financial position and statement of cash flows and the breakdown of consolidated net financial position, used by management to monitor business performance.

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

31.12.2017	(euro/million)	30.06.2018	30.06.2017
5,020	**Revenue and income**	**2,527**	**2,295**
(3,742)	Materials, services and other costs	(1,855)	(1,671)
(909)	Personnel costs	(482)	(462)
(28)	Provisions	(7)	(16)
341	**EBITDA**	**183**	**146**
6.8%	***EBITDA margin***	***7.3%***	***6.3%***
(120)	Depreciation, amortization and impairment	(65)	(58)
221	**EBIT**	**118**	**88**
4.4%	***EBIT margin***	***4.7%***	***3.8%***
(83)	Finance income/(costs)	(52)	(39)
(5)	Income/(expense) from investments	1	(1)
(42)	Income taxes	(28)	(20)
91	**Adjusted profit/(loss) for the period**[1]	**39**	**28**
95	*of which attributable to Group*	*45*	*30*
(49)	Extraordinary and non-recurring income and (expenses)	(32)	(22)
11	Tax effect of extraordinary and non-recurring income and expenses	8	5
53	**Profit/(loss) for the period**	**15**	**11**
57	*of which attributable to Group*	21	*13*

(1) Profit/(loss) before extraordinary and non-recurring income and expenses.

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30.06.2017	(euro/million)	30.06.2018	31.12.2017
583	Intangible assets	625	582
1,049	Property, plant and equipment	1,031	1,045
55	Investments	51	53
42	Other non-current assets and liabilities	72	122
(58)	Employee benefits	(58)	(59)
1,671	**Net fixed capital**	**1,721**	**1,743**
575	Inventories and advances	852	835
1,594	Construction contracts and client advances	584	648
(970)	Construction loans	(488)	(624)
449	Trade receivables	601	909
(1,426)	Trade payables	(1,595)	(1,748)
(130)	Provisions for risks and charges	(155)	(141)
114	Other current assets and liabilities	3	1
206	**Net working capital**	**(198)**	**(120)**
-	**Net assets classified as held for sale**	**-**	**-**
1,877	**Net invested capital**	**1,523**	**1,623**
863	Share capital	863	863
302	Reserves and retained earnings attributable to the Group	338	374
81	Non-controlling interests in equity	58	72
1,246	**Equity**	**1,259**	**1,309**
631	**Net financial position**	**264**	**314**
1,877	**Sources of funding**	**1,523**	**1,623**

RECLASSIFIED CONSOLIDATED STATEMENT OF CASH FLOWS

31.12.2017	(euro/million)	30.06.2018	30.06.2017
532	Net cash flows from operating activities	99	122
(168)	Net cash flows from investing activities	(35)	(81)
(299)	Net cash flows from financing activities	278	(110)
65	**Net cash flows for the period**	**342**	**(69)**
220	**Cash and cash equivalents at beginning of period**	**274**	**220**
(11)	Effects of currency translation difference on opening cash and cash equivalents	2	(7)
274	**Cash and cash equivalents at end of period**	**618**	**144**

CONSOLIDATED NET FINANCIAL POSITION

30.06.2017	(euro/million)	30.06.2018	31.12.2017
144	**Cash and cash equivalents**	**618**	**274**
34	**Current financial receivables**	**30**	**35**
(329)	Current bank debt	(150)	(122)
-	Bonds - current portion*	(300)	(300)
-	Commercial papers	(225)	-
(63)	Current portion of bank loans and credit facilities	(56)	(52)
(26)	Other current financial liabilities	(2)	(8)
(418)	**Current debt**	**(733)**	**(482)**
(240)	**Net current cash/(debt)**	**(85)**	**(173)**
128	**Non-current financial receivables**	**130**	**123**
(218)	Non-current bank debt	(307)	(262)
(299)	Bonds	-	-
(2)	Other non-current financial liabilities	(2)	(2)
(519)	**Non-current debt**	**(309)**	**(264)**
(631)	**Net financial position**	**(264)**	**(314)**

(*) Bonds were reclassified from non-current portion to current portion, due to contractual maturities

EXCHANGE RATES

The exchange rates used to translate the financial statements of Group companies with a "functional currency" other than the Euro are as follows:

	30.06.2018		31.12.2017		30.06.2017	
	Average	Spot	Average	Spot	Average	Spot
US Dollar (USD)	1.2104	1.1658	1.1297	1.1993	1.0830	1.1412
Australian Dollar (AUD)	1.5688	1.5787	1.4732	1.5346	1.4851	1.4364
UAE Dirham (AED)	4.4450	4.2814	4.1475	4.4044	3.9758	4.1894
Brazilian Real (BRL)	4.1415	4.4876	3.6054	3.9729	3.4431	3.7600
Norwegian Krone (NOK)	9.5929	9.5115	9.3270	9.8403	9.1785	9.5713
Indian Rupee (INR)	79.4903	79.8130	73.5324	76.6055	71.1760	73.7445
Romanian Leu (RON)	4.6543	4.6631	4.5688	4.6585	4.5370	4.5523
Chinese Yuan (CNY)	7.7086	7.7170	7.6290	7.8044	7.4448	7.7385
Swedish Krona (SEK)	10.1508	10.4530	9.6351	9.8438	9.5968	9.6398

ALTERNATIVE PERFORMANCE MEASURES

Fincantieri's management reviews the performance of the Group and its business segments also using certain non-GAAP measures not defined under IFRS. In particular, EBITDA is used as the main earnings indicator, as it enables the Group's underlying profitability to be assessed, by eliminating 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 by 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.
- EBIT: this is equal to EBITDA after deducting recurring depreciation, amortization and impairment (this excludes impairment of goodwill, intangible assets and property, plant and equipment recognized as a result of impairment tests).
- EBIT margin: EBIT expressed as a percentage of Revenue and income.
- Adjusted profit: this is equal to profit/(loss) for the period before adjustments for non-recurring items or those outside the ordinary course of business, which are reported before the related tax effect.
- 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).
- Net invested capital: this is equal to the total of Net fixed capital and Net working capital.
- ROI (Return on investment) is calculated as the ratio between EBIT (calculated on a 12-month basis for 1 July - 30 June) and the arithmetic mean of Net invested capital at the beginning and end of the reporting period.

- ROE (Return on equity) is calculated as the ratio between Profit/(loss) for the period (calculated on a 12-month basis for 1 July - 30 June) and the arithmetic mean of Total Equity at the beginning and end of the reporting period.
- Total debt/Total equity: this is calculated as the ratio between Total debt and Total equity.
- Net financial position/EBITDA: this is calculated as the ratio between the Net financial position, as monitored by the Group, and EBITDA.
- Net financial position/Total equity: this is calculated as the ratio between the Net financial position, as monitored by the Group, and Total equity.
- Provisions: these refer to increases in the Provisions for risks and charges, and impairment of Trade receivables and Other non-current and current assets.

The following tables reconcile the amounts presented in the reclassified statements with those presented in the mandatory IFRS statements.

CONSOLIDATED INCOME STATEMENT

(euro/million)	30.06.2018 Amounts in IFRS statement	30.06.2018 Amounts in reclassified statement	30.06.2017 Valori schema obbligatorio	30.06.2017 Valori schema riclassificato
A – Revenue		**2,527**		**2,295**
Operating revenue	2,473		2,252	
Other revenue and income	54		43	
B - Materials, services and other costs		**(1,855)**		**(1,671)**
Materials, services and other costs	(1,857)		(1,673)	
Recl. to I – Extraordinary and non-recurring income and expenses	2		2	
C - Personnel costs		**(482)**		**(462)**
Personnel costs	(485)		(463)	
Recl. to I – Extraordinary and non-recurring income and expenses	3		1	
D – Provisions		**(7)**		**(16)**
Provisions	(38)		(35)	
Recl. to I – Extraordinary and non-recurring income and expenses	31		19	
E – Depreciation, amortization and impairment		**(65)**		**(58)**
Depreciation, amortization and impairment	(65)		(58)	
F – Finance income and (costs)		**(52)**		**(39)**
Finance income and costs	(52)		(39)	
G - Income/(expense) from investments		**1**		**(1)**
Income/(expense) from investments	5		(1)	
Recl. to I - Extraordinary and non-recurring income and expenses	(4)			
H - Income taxes		**(28)**		**(20)**
Income taxes	(20)		(15)	
Recl. to L – Tax effect of extraordinary and non-recurring income and expenses	(8)		(5)	
I - Extraordinary and non-recurring income and expenses		**(32)**		**(22)**
Recl. from B - Materials, services and other costs	**(2)**		**(2)**	
Recl. from C - Personnel costs	**(3)**		**(1)**	
Recl. from D - Provisions	**(31)**		**(19)**	
Recl. from G - Income/(expense) from investments	**4**			
L- Tax effect of extraordinary and non-recurring income and expenses		**8**		**5**
Recl. from H – Income taxes	8		5	
Profit/(loss) for the period		**15**		**11**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30.06.2018		30.06.2017	
	(euro/million)	Amounts in IFRS statement	Amounts in reclassified statement	Amounts in IFRS statement	Amounts in reclassified statement
A)	**Intangible assets**		**625**		**582**
	Intangible assets	625		582	
B)	**Property, plant and equipment**		**1,031**		**1,045**
	Property, plant and equipment	1,031		1,045	
C)	**Investments**		**51**		**53**
	Investments	51		53	
D)	**Other non-current assets and liabilities**		**72**		**122**
	Derivative assets	96		144	
	Other non-current assets	14		26	
	Other liabilities	(32)		(31)	
	Derivative liabilities	(6)		(17)	
E)	**Employee benefits**		**(58)**		**(59)**
	Employee benefits	(58)		(59)	
F)	**Inventories and advances**		**852**		**835**
	Inventories and advances	852		835	
G)	**Construction contracts and client advances**		**584**		**648**
	Construction contracts - assets	1,973		1,995	
	Construction contracts – liabilities and client advances	(1,389)		(1,347)	
H)	**Construction loans**		**(488)**		**(624)**
	Construction loans	(488)		(624)	
I)	**Trade receivables**		**601**		**909**
	Trade receivables and other current assets	855		1,156	
	Recl. to N) Other assets	(254)		(247)	
L)	**Trade payables**		**(1,595)**		**(1,748)**
	Trade payables and other current liabilities	(1,838)		(1,973)	
	Recl. to N) Other liabilities	243		225	
M)	**Provisions for risks and charges**		**(155)**		**(141)**
	Provisions for risks and charges	(155)		(141)	
N)	**Other current assets and liabilities**		**3**		**1**
	Deferred tax assets	87		72	
	Income tax assets	25		19	
	Derivative assets	9		16	
	Recl. from I) Other current assets	254		247	
	Deferred tax liabilities	(62)		(62)	
	Income tax liabilities	(10)		(12)	
	Derivative liabilities and option fair value	(57)		(54)	
	Recl. from L) Other current liabilities	(243)		(225)	
NET INVESTED CAPITAL			**1,523**		**1,623**
O)	**Equity**		**1,259**		**1,309**
P)	**Net financial position**		**264**		**314**
SOURCES OF FUNDING			**1,523**		**1,623**