2018 CONSOLIDATED FINANCIAL STATEMENTS AND DRAFT FINANCIAL STATEMENTS OF THE PARENT COMPANY: REVENUES INCREASED BY 9% AT EURO 5.5 BILLION, EBITDA UP BY 21% AT EURO 414 MILLION WITH A MARGIN OF 7.6% ON REVENUES, RECORD-HIGH TOTAL BACKLOG AT ALMOST EURO 34 BILLION

Consolidated 2018 results[1]

- **Record-high revenues at almost euro 5.5 billion** increased by 9% compared to 2017
- **Growing profitability with EBITDA at euro 414 million** (+21% compared to 2017), with a margin of 7.6% (6.8% in 2017)
- **Adjusted**[2] **net income at euro 108 million** (+19% compared to 2017)
- **Net income at euro 69 million** (+30% compared to 2017).
- **Net debt**[3] **at euro 494 million**
- **Order intake at euro 8.6 billion: orders for 27 units, 14 of which are cruise ships for 8 different clients,** reconfirming the commercial effectiveness of Fincantieri. New orders awarded by TUI Cruises demonstrate the ability of the Group to attract new clients
- **Record-high total backlog**[4] **with 116 units at euro 33.8 billion** (+29%): backlog at euro 25.5 billion (+16%) and soft backlog at euro 8.3 billion
- **Successful delivery of 35 units from 15 different shipyards**
- **Completion of delisting process of VARD and launch of its full integration with the Italian activities of the Group** aiming at ensuring greater coordination
- **Continued focus on strategic initiatives:**
  - **Grounds laid for the establishment of a joint venture with Naval Group,** with the support of the Italian and French Governments
  - **Signed a share purchase agreement for the acquisition of 50% of Chantiers de l'Atlantique** (ex STX France). Upon closing of the transaction, currently subject to the approval by the Antitrust Authorities, an additional 1% of the share capital will be lent to Fincantieri
  - **Improved positioning in the infrastructure business** through the involvement in relevant projects, notably in Romania and in Italy for the construction of the bridge over the Polcevera river in Genoa
  - **Consolidation of the existing activities in the area of electronics and IT**, a strategic sector for innovation, with the objective of further strengthening the existing knowledge base in the field of cybersecurity, automation, simulation, training and technologies for unmanned conduct, by creating synergies within the Group
- **Approval and publishing of the Group's first Sustainability Plan,** with the purpose of combining business growth and financial solidity with the principles of social and environmental sustainability
- **Proposed Dividend payment of euro 0.01 per share**

[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] Excluding construction loans

[4] Sum of backlog and soft backlog

<u>Other resolutions</u>

- **Approval of Consolidated Non-financial Statement pursuant to Legislative Decree No. 254/2016**
- **Ordinary Shareholders' Meeting convened for April 5, 2019 on single call**

* * *

Trieste, February 25, 2019 – The Board of Directors of **FINCANTIERI S.p.A.** ("**Fincantieri**" or the "**Company**"), chaired by Giampiero Massolo, has approved the **Consolidated financial statements at December 31, 2018,** the **draft financial statements of the parent company at December 31, 2018,** prepared in accordance with international financial reporting and accounting standards (IAS/IFRS) and the **Consolidated Non-financial Statement at December 31, 2018** pursuant to Legislative Decree No. 254/2016.

During the Board meeting **Giuseppe Bono, Chief Executive Officer of Fincantieri,** said: "*The results we have presented prove once again that our Company is a leader, a landmark in the worldwide shipbuilding industry, a network of excellences that share knowledge and resources in many fields. The relevant increase in revenues that have grown by almost 10% is only the first step in the growth path aiming at an approximate 50% increase of volumes by 2022 requiring a high organizational effort and a clear vision of the future challenges.*

The total backlog of almost 34 billion euro (approximately 2% of the Italian GDP), together with the long term workload visibility, sustain the development of leading-edge supply chain and technology districts, thus creating a flywheel effect on the subcontractor network and fostering the Italian export and innovation. The backlog also assure long term visibility for all the Italian shipyards of the Group and for the large and diversified supply chain network, hence providing financial stability. These are unique results, not only in the industrial segment in which we operate, but also across all Industries.

We received evidence, once again, of our ability to combine the best Italian competencies and to manage complex projects in the infrastructure field. Fincantieri stood out for the reconstruction of the bridge over the Polcevera river, putting its excellence at service of the Country for a project that aims not only at restoring a key-infrastructure, but also at mending Genoa's community, a city where our Group sets its solid roots".

Bono concluded: "*I wish to thank all of our workers and contractors that together form our global network, for the unparalleled support to the success of Fincantieri. I am confident that their effort and passion will further increase to sustain the growth entailed by our backlog and to continue conferring to our products their added value that is so praised and rewarded by the market*".

CONSOLIDATED 2018 RESULTS

Financial Highlights

Economic data		**31.12.2018**	**31.12.2017**
Revenue and income	euro/million	5,474	5,020
EBITDA	euro/million	414	341
EBITDA margin (*)	*Percentage*	*7.6%*	*6.8%*
EBIT	euro/million	277	221
EBIT margin (**)	*Percentage*	*5.1%*	*4.4%*
Adjusted profit/(loss) for the year[1]	euro/million	108	91
Extraordinary and non-recurring income and (expenses)	euro/million	(51)	(49)
Profit/(loss) for the year	euro/million	69	53
Group share of profit/(loss) for the year	euro/million	72	57

Financial data		**31.12.2018**	**31.12.2017**
Net invested capital	euro/million	1,747	1,623
Equity	euro/million	1,253	1,309
Net financial position	euro/million	(494)	(314)

Other indicators		**31.12.2018**	**31.12.2017**
Order intake (***)	euro/million	8,617	8,554
Order book (***)	euro/million	32,743	28,482
Total backlog (***)(****)	euro/million	33,824	26,153
- of which backlog	euro/million	*25,524*	*22,053*
Capital expenditure	euro/million	161	163
Net cash flow of the period	euro/million	402	65
Research and Development costs	euro/million	122	113
Employees at the end of the period	Number	19,274	19,545
Vessels delivered (*****)	Number	35	25
Vessels ordered (*****)	Number	27	32
Vessels in order book (*****)	Number	98	106

Ratios		**31.12.2018**	**31.12.2017**
ROI	Percentage	16.5%	12.7%
ROE	Percentage	5.4%	4.1%
Total debt/Total equity	Number	1.0	0.6
Net financial position /EBITDA	Number	1.2	0.9
Net financial position/Total equity	Number	0.4	0.2

(*) 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

The percentages contained in this report have been calculated with reference to amounts expressed in thousands of euros

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

Financial and economic results for 2018

2018 results confirm the development guidelines provided with the 2018 – 2022 Business Plan.

Following the delisting of VARD, in December 2018, the full organizational integration with the Parent Company was launched both for expedition cruise shipbuilding projects and the relating shipyards, and for offshore and special vessels projects.

Because of the reorganization, the Romanian shipyards and the Norwegian yards dedicated to the outfitting of cruise ships, together with other key activities such as project management, production supervision of public areas and procurement, have been merged into an autonomous organizational unit denominated "Cruise business unit". The VARD Cruise business unit and the parent company Fincantieri have defined a specific coordination policy based on which the Director of Fincantieri's Merchant Ships Business Unit directs and controls the activities of VARD Cruise business unit. In line with the above, the economic results of this business unit have been allocated to the Shipbuilding operating segment. Project management for the construction of offshore vessels, special ships and vessels for the Norwegian Coastguard, as well as the direction of the remaining production sites in Norway, Brazil and Vietnam, have been allocated to the VARD Offshore & Specialized Vessels business unit, whose economic results continue to be shown in the Offshore segment.

Revenue and income amounted to a record euro 5,474 million, an increase of euro 454 million compared to the previous year (+9%), despite the negative impact (euro 49 million) of the conversion into euro of the revenues denominated in NOK and USD generated by the foreign subsidiaries.

Revenue and income *(euro/million)*	**31.12.2018**	**31.12.2017 restated(*)**	**31.12.2017**	**Delta vs. 31.12.2017 restated(*)**	**Delta % vs. 31.12.2017 restated (*)**
Shipbuilding	4,678	4,267	3,883	411	9.6%
Offshore	681	676	943	5	0.7%
Equipment, Systems and Services	651	558(**)	558	93	16.7%
Consolidation adjustments	(536)	(481)	(364)	(55)	n.a.
Total	**5,474**	**5,020**	**5,020**	**454**	**9.0%**

n.a. = not applicable
* The 2017 comparative data were restated following the redefinition of Shipbuilding and Offshore operating segments.
** Not impacted by the redefinition of the Shipbuilding and offshore operating segments

The Shipbuilding segment recorded an overall increase in revenues of 9.6%, with the revenues from cruise ships increasing by 6.4% and the revenues from naval vessels increasing by 18.3%.

At 31 December 2018 revenues from the cruise ships business area accounted for 54% of the Group's revenues (55% at 31 December 2017), while the naval vessels business area accounted for 24% (22% at 31 December 2017). The Equipment, Systems and Services segment also recorded an increase in volumes of about 17%, while revenue from the Offshore and Specialized Vessels segment was substantially in line with the previous year. Revenues generated by foreign clients accounted for 82% of total revenues in 2018, a reduction compared to 2017 (85%).

EBITDA came in at euro 414 million (euro 341 million in 2017), with an EBITDA margin of 7.6% compared to 6.8% in 2017. The Shipbuilding segment made a significant contribution to the overall profitability of the Group, with a record EBITDA margin of 8.5% thanks to the excellent performance of the orders under construction both for cruise ships and naval vessels. 2018 also saw the EBITDA in the Equipment, Systems and Services segment benefiting from the growth in volumes, and a negative margin in the Offshore and Special Vessels segment, which is suffering from the insufficient level of employment of some of its shipyards and the low profitability of the last offshore projects being delivered.

EBIT was euro 277 million in 2018 (euro 221 million in 2017), with an EBIT margin of 5.1% (4.4% in 2017). This change is due, in addition to the reasons illustrated above for the Group's EBITDA, to the higher amortization following the completion of various capital investment projects in 2018.

Adjusted profit was positive at euro 108 million at December 31, 2018 (euro 91 million at December 31, 2017). The Group share of this result was a profit of euro 111 million, compared with a profit of euro 95 million in 2017. Finance costs and expense from investments were euro 105 million (net expense of euro 88 million at December 31, 2017). The main changes are due to the increased finance costs on hedging derivatives for orders denominated in foreign currency (increased by euro 14 million in comparison with 2017) and unrealized losses associated with the conversion into euro of a loan taken out in US dollars by VARD Promar (increased by euro 6 million compared to 2017), whose effects were partly offset by reduced expenses from associates (reduced by euro 4 million compared to 2017).

Extraordinary and non-recurring income and expenses were negative at euro 51 million and include costs for legal disputes (euro 39 million, of which euro 37 million relate to asbestos-related litigation), charges for business reorganization plans related to the subsidiary VARD (euro 5 million), other costs linked to non-recurring operations (euro 11 million) and income from the sale of a shareholding (euro 4 million). The same item at 31 December 2017 amounted to euro 49 million and included costs for legal disputes (euro 45 million, of which euro 39 million related to asbestos-related litigation) and charges related to business reorganization plans and other non-recurring personnel costs (euro 4 million), mainly related to the subsidiary VARD for the closure of the Niteròi shipyard.

Profit for the period was euro 69 million in 2018, up on 2017 (euro 53 million). The Group share of this result was a profit of euro 72 million, compared with a profit of euro 57 million in 2017.

Net invested capital amounted to euro 1,747 million at December 31, 2018 (euro 1,623 million at December 31, 2017). In detail, **net fixed capital** was euro 1,703 million (1,743 million at December 31, 2017), presenting an overall decrease of euro 40 million. The main effects include i) the increase of the value of Property plant and equipment and Intangible assets by euro 65 million in total, mainly due to capital expenditure in the period (euro 161 million) and the effects of the first application of IFRS 15 (euro 48 million), partly offset by amortization (euro 137 million), and ii) the reduction in Other non-current assets and liabilities (euro 114 million), mainly the result of the negative trend in the fair value of exchange rate derivatives negotiated to cover contracts in currencies other than the euro. **Net working capital** reports a positive balance of euro 44 million (negative for euro 120 million at December 31, 2017). The main changes relate to i) the increase in Construction contracts and client advances (euro 288 million) and Trade payables (euro 101 million), mainly due to the growth in production volumes in the cruise ships and naval vessels business, ii) the reduction in Trade receivables (euro 160 million) due to the receipt of the final payment instalment for a cruise ship delivered in the first quarter of 2018, and iii) the increase in Other current assets and liabilities (euro 93 million) as a result of the increase in Receivables for prepaid taxes and Other current receivables.

Equity amounting to euro 1,253 million, recorded a reduction of euro 56 million with a profit for the year of euro 69 million, which was more than offset by the reduction in the legal reserve linked to cash flow hedging instruments (euro 77 million), the distribution of dividends (euro 17 million) and the establishment, as a deduction from shareholders equity, of the reserve for the first application of IFRS 15 and IFRS 9 (euro 21 million).

It should also be noted that the shareholding in VARD group increased from 79.74% at the end of 2017 to 97.22% at the end of 2018.

The **Consolidated net financial position**, which excludes construction loans, reports a net debt balance of euro 494 million compared to euro 314 million in net debt at December 31, 2017. The change is mainly due to the financial dynamics typical of the cruise ships business which has recorded a growth of volumes in comparison with the previous year, with 3 vessels due for delivery in the first three months of 2019.

Construction loans, amounting to euro 632 million are broadly in line with the previous year. Of these, euro 582 million are relating to the subsidiary VARD and the remaining euro 50 million relate to the parent company.

It is worth recalling that, in view of the operational nature of construction loans and particularly the fact that these types of loan can be used exclusively to finance the contracts to which they refer, management treats them in the same way as client advances and so classifies them as part of Net working capital.

Among the **profitability indicators** ROI and ROE at December 31, 2018 showed an improvement compared to December 31, 2017 essentially due to the improved economic performance.

Among **indicators of the strength and efficiency of the capital structure** at December 31, 2018, the Total debt/Equity ratio was 1.0, Net financial position/Equity ratio was 0.4, while Net financial position/EBITDA was 1.2. All indicators of strength and efficiency of the capital structure at December 31, 2018 when compared with those at December 31, 2017 show a minimal increase due to the negative change in the Net financial position and, in particular, the increase in non-current debt.

Group operational results and performance indicators for 2018

Order intake and backlog

New orders in 2018 amounted to euro 8,617 million (+1%) with a book-to-bill ratio (Order intake/Revenues) of 1.6 (1.7 in 2017).

Before intersegment consolidation adjustments, the Shipbuilding segment accounted for 82% of (92% in 2017), the Offshore and Specialized Vessels segment for 11% (5% in 2017) and the Equipment, Systems and Services segment for 12% (7% in 2017).

The cruise ships business area of the **Shipbuilding segment** acquired orders for 14 new units in 2018: 4 units for the shipowner Viking (of which 2 for expedition cruise vessels), 2 units for the shipowner Norwegian Cruise Line, 1 unit for the historic luxury brand Cunard (Carnival Group), 1 ultra-luxury vessel for the shipowner Silversea Cruises, 1 unit for the shipowner Virgin, 2 new generation LNG-powered vessels for a new client, Tui Cruises, 2 expedition cruise vessels for Ponant and 1 expedition cruise vessel for the shipowner Hapag Lloyd. In the naval business area, an order was placed, through the subsidiary Marinette Marine Corporation (in consortium with Lockheed Martin), for the construction of a new “Freedom” class vessel within the Littoral Combat Ship program (LCS 29), the fifteenth ship of the program, as well as an order for the construction of a barge and an order from the United States Government for starting the detailed drafting of the project and the project planning for the construction of four Multi-Mission Surface Combatants (MMSC) for Saudi Arabia.

In the **Offshore and Specialized Vessels** segment, orders were received for the construction of four fishing vessels, two electric powered passenger and vehicle ferries and an offshore cable-laying vessel. In addition, three vessels were commissioned by the Royal Norwegian Coast Guard, enriching VARD's order book with a naval project and further contributing to business diversification. Also it is to be noted the acquisition of an experimental project, the first autonomous (unmanned) electric containership for the Norwegian company Yara Norge.

In the **Equipment, Systems and Services segment,** the Group signed a contract for a significant plan to extend and modernize three ships for the shipowner Windstar Cruises (Xanterra Travel Collection Group); in addition an order was acquired for the program to extend and convert the cruise ferries "Cruise Roma" and "Cruise Barcelona", to be carried out in the Palermo shipyard for the Grimaldi Group, as well as an order for the upgrading of the Cavour aircraft carrier for the Italian Navy.

Lastly, in November 2018, the Group secured an order for the supply of the metal components of a suspension bridge to be built in Romania which, once built, will be the longest in the country and the third biggest in Europe in terms of the width of the central span.

The Group's total backlog reached a record level of euro 33.8 billion at December 31, 2018 (+29% compared to the previous year), of which euro 25.5 billion of backlog and 8.3 billion of soft backlog, with the order delivery profile extending until 2027. The backlog and the total backlog guarantee respectively about 4.7 and 6.2 years of work if compared to the revenues recorded in 2018, with a clear predominance of the Shipbuilding segment.

The Group has once again demonstrated its ability to convert agreements and commercial negotiations, represented by the soft backlog, into firm orders in a short time. In fact, the soft backlog, which amounted to euro 4.1 billion at the end of the previous year, has substantially been converted into new orders during 2018. This conversion, on top of the new orders acquired over the period, has led to an increase in backlog of about 16% (from euro 22 billion at December 31, 2017 to euro 25.5 billion at December 31, 2018).

Before intersegment consolidation adjustments, the backlog for the Shipbuilding segment recorded an increase of euro 2,743 million (+13%), the Offshore and Specialized Vessels segment an increase of euro 392 million (+66%) and the Equipment, Systems and Services an increase of 452 million (+38%).

Capital expenditure

Capital expenditure amounted to euro 161 million in 2018, of which euro 37 million for intangible assets (including euro 22 million for development projects) and euro 124 million for Property, plant and equipment. The Parent Company accounted for 68% of total capital expenditure.

Capital expenditure represented 2.9% of the Group's revenue in 2018 (3.2% in 2017).

Capital expenditure on Property, plant and equipment in 2018 mainly related to the upgrading of operational areas and infrastructure at some Italian shipyards to meet new production scenarios based on an increasing order backlog, an improvement of the safety standards of the plants, equipment and buildings and the prosecution of the activities aimed at increasing production capacity of the Vard Tulcea shipyard to support both the construction of the hulls of the cruise ships for Norway and the multi-year program to construct the pre-fitted sections of cruise ships in support of Fincantieri production network.

Headcount

Headcount decreased from 19,545 at December 31, 2017 (of which 8,314 in Italy) to 19,274 units at December 31, 2018 (of which 8,662 in Italy), mainly because of the reduction of the workforce in VARD shipyard in Brazil.

Deliveries[1]

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

(number)	*2018*	*2019*	*2020*	*2021*	*2022*	*2023*	*Beyond 2023*
Cruise ships and expedition cruise vessels	7	8	8	9	6	4	6
Naval > 40 m.	6	3	6	6	6	2	5
Offshore and Specialized Vessels	22	22	3	1	1	1	1

Business outlook

The Group expects 2019 results to be in line with 2018 and consistent with the economic and financial forecast announced within the 2018-2022 Business Plan.

Revenues will continue their trend of growth with an EBITDA margin in line with the one recorded in 2018.

Net debt is expected to rise due to working capital financing needs.

In the Shipbuilding segment, the Group expects to deliver 11 ships in 2019, including 8 cruise ships (one of which, the “Viking Jupiter”, the sixth built for the shipowner Viking Cruises, was delivered on 7 February at the Ancona shipyard) and 3 naval vessels (one of which, “Billings” – LCS 15, was delivered at the Marinette shipyard to the US Navy on 6 February). Also with reference to the naval vessels business area, the launch of two vessels falling within the fleet renewal program for the Italian Navy is scheduled, including the landing helicopter dock currently under construction at the Castellamare di Stabia shipyard, while the program for the Qatari ministry of Defense is coming into full swing, with 3 vessels under construction.

In the Offshore and Specialized Vessels segment, the construction activity related to the backlog acquired as a result of the diversification strategy will continue as well as the focus on execution aimed at the recovery of the margins.

In 2019 the Equipment, Systems and Services segment is expected to confirm its revenue growth trend, thanks to the development of the backlog linked to the renewal of the Italian Navy fleet and to the Qatari contract, the higher volumes of production of cabins and public areas for the cruise business activity, the extension projects and the refitting of the Cavour aircraft carrier.

The results achieved in 2018 allow us to confirm the 2018 – 2022 Business Plan targets, attainable also thanks to the constant support of an extremely cohesive and determined management team.

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[1] *Compared to the situation presented at 31 December 2017, the delivery, initially planned for 2018, of five offshore vessels, two ferries and a fishery unit has been postponed by VARD in agreement with the shipowners. With regards to naval vessels, the delivery of one unit for the Italian Navy has been postponed. It should be noted that following the reorganization of VARD, the cruise ships and expedition cruise vessels category now includes the vessels delivered by the VARD Cruise business unit.*

Operational review by segment[1]

SHIPBUILDING

(euro/million)	31.12.2018	31.12.2017 restated (****)	31.12.2017 published
Revenue and income (*)	4,678	4,267	3,883
EBITDA (*)	395	270	269
EBITDA margin (*) (**)	*8.5%*	*6.3%*	*6.9%*
Order intake (*)	7,129	7,845	7,526
Order book (*)	29,620	26,007	25,069
Order backlog (*)	23,714	20,971	20,238
Capital expenditure	124	120	90
Vessels delivered (number) (***)	13	12	12

(*) Before eliminations between operating segments
(**) Ratio between segment EBITDA and Revenue and income
(***) Vessels over 40 meters in length
(****) The 2017 comparative figures have been restated following redefinition of the operating segments.

Revenue and income

Revenues from the Shipbuilding segment in 2018 amounted to euro 4,678 million (euro 4,267 million in 2017 restated, +9.6%) and relates for euro 3,226 million to the cruise ships business area (euro 3,033 million in 2017 restated, +6.4%), for euro 1,434 million to the naval vessels business area (euro 1,212 million in 2017, +18.3%) and, for 18 million, to other activities (euro 22 million in in 2017). The overall increase in revenues generated by the Shipbuilding segment in 2018 is due to substantial progresses in production activities on cruise orders in the final part of the year and the development of naval contracts, with particular reference to the FREMM program, the Italian Navy fleet renewal program and the contract for the Qatari Ministry of Defense.

EBITDA

EBITDA of the segment was euro 395 million at December 31, 2018 (euro 270 million in 2017 restated), with an EBITDA margin of 8.5% (6.3% in 2017 restated), confirming the positive trend which started in 2016. This result was achieved thanks to the positive performance of some cruise contracts relating both to delivered and almost completed units (in particular in the second half of the year), as well as to the contribution to the profitability of the Group of the naval units contracts. Such dynamics countervailed the ramp-up phase of production activity in the Cruise business unit of the VARD Group, reallocated to the Shipbuilding operating segment as a result of the reorganization completed in 2018, following the delisting of the company.

Deliveries

The vessels delivered were:

- “Carnival Horizon”, the cruise ship for Carnival, delivered at the Monfalcone shipyard;
- "Seabourn Ovation", the second ultra-luxury cruise ship for Seabourn Cruise Line, a Carnival Group brand, delivered at the Genoa Sestri Ponente shipyard;

[1] *Following the operational reorganization carried out in Q4 2018 VARD Business unit Cruise that was reported within the Offshore segment, is now reported within the Shipbuilding segment.*

- “MSC Seaview”, the second next-generation cruise ship for MSC Cruises, delivered at the Monfalcone shipyard;
- "Viking Orion", the fifth cruise ship for Viking, delivered at the Ancona shipyard;
- “Nieuw Statendam”, the second cruise ship in the "Pinnacle" class for the Carnival Group brand Holland America Line, delivered at the Marghera shipyard;
- two expedition cruise vessels delivered by the Søviknes shipyard (Norway) to the French shipowner Ponant;
- “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 oceanographic vessel built in the Group’s Italian shipyards for the Norwegian Government’s Institute of Marine Research and Fishing, delivered at the Norwegian Vard Langsten shipyard.
- “USS Sioux City” (LCS 11) and “USS Wichita” (LCS 13) for the US Navy, within the LCS program, delivered at the US Marinette shipyard (Wisconsin);
- two ATB (Articulated Tug Barges) for cargo transport in the chemical/oil & gas segment (each unit composed of 1 tug and 1 barge) delivered at the Sturgeon Bay shipyard for the shipowner AMA.

OFFSHORE AND SPECIALIZED VESSELS

(euro/million)	31.12.2018	31.12.2017 restated (***)	31.12.2017 published
Revenue and income (*)	681	676	943
EBITDA (*)	(20)	41	42
EBITDA margin (*) (**)	*-2.9%*	*6.1%*	*4.4%*
Order intake (*)	913	471	888
Order book (*)	1,860	1,564	2,646
Order backlog (*)	987	595	1,418
Capital expenditure	6	7	37
Vessels delivered (number)	22	13	13

(*) Before eliminations between operating segments
(**) Ratio between segment EBITDA and Revenue and income
(***) The 2017 comparative figures have been restated following redefinition of the operating segments.

Revenue and income

Revenues from the Offshore and Specialized Vessels segment in 2018 amounted to euro 681 million, with a slight increase of euro 5 million compared to 2017 restated (euro 676 million), despite the negative impact of changes in the Euro/Norwegian Krone exchange rate (euro 20 million) due to the conversion of VARD financial statements. Volumes recorded benefited from the diversification strategy of VARD's business that was successful also in 2018 and that lead to new orders in the fishery and ferry segments, and to the acquisition of an important program for the Norwegian Coast Guard.

EBITDA

The Offshore and Specialized Vessels segment presents a negative EBITDA at December 31, 2018 of euro 20 million compared to the positive EBITDA of euro 41 million in 2017 restated, with a negative margin of 2.9% compared to the positive 6.1% of 2017 restated. This performance mirrors, in particular, the low profitability of the last offshore contracts in the order book, the costs associated with the reduction of workload in some shipyards (mainly Brazil) as well as a loss realized from the sale of an offshore vessel whose original contract was cancelled following the bankruptcy of the client (a transaction that however generated significant benefits in terms of reducing VARD's commitments to the banks).

The workforce of VARD's Brazilian shipyard (Vard Promar) during the period was adapted to its reduced utilization. The strategic relevance of the Group's presence in that country remains unchanged as it allows the Group to take part to military tenders, in particular for what concerns the Brazilian Navy for the Tamandaré corvettes, and to maintain commercial relationships with key clients in the offshore business.

Deliveries

The following units 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);

- twelve MCV units (Module Carrier Vessels), eleven of which were delivered at the Group's Romanian and Vietnamese shipyards to the shipowner Topaz Energy and Marine and one vessel was delivered at the Romanian Braila shipyard to NMSC Kazmortransflot LLP;
- seven fishery & aquaculture vessels delivered at the Group's Norwegian shipyards, two of which were delivered to the shipowner Cermaq Norway and the remainder to the companies Nordland Havfiske AS, FSV Group-Solstrand trading, Aqua Shipping AS, Midt-Norsk Havbruk and Research Fishing Co.;
- an LPG unit delivered at the Brazilian Promar shipyard to the shipowner Petrobrás Transporte

EQUIPMENT, SYSTEMS AND SERVICES

(euro/million)	31.12.2018	31.12.2017
Revenue and income (*)	651	558
EBITDA (*)	73	64
EBITDA margin (*) (**)	*11.2%*	*11.5%*
Order intake (*)	1,006	573
Order book (*)	2,519	1,973
Order backlog (*)	1,638	1,186
Capital expenditure	18	9
Engines produced in workshops (number)	18	31

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

Revenue and income

The revenues from the Equipment, Systems and Services segment, which amounted to euro 651 million at December 31, 2018, recorded an increase of 16.7% compared to the previous period (euro 558 million). Revenues continue to benefit from the increase in the volumes of cabins and public areas built within the Group to support mainly the cruise ship business.

EBITDA

Segment EBITDA at December 31, 2018 was euro 73 million, up compared to euro 64 million in 2017 thanks to the growth in production volumes; the EBITDA margin of 11.2% is substantially in line with the 11.5% of the previous year.

OTHER ACTIVITIES

(euro/million)	31.12.2018	31.12.2017
Revenue and income	-	-
EBITDA	(34)	(34)
EBITDA margin	*n.a.*	*n.a.*
Capital expenditure	13	27

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 January 17, 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 the work placement process and boost local employment, particularly for young people, thus contributing to the social and economic development of the region.

On February 2, 2018 Fincantieri, through its subsidiary Fincantieri Europe S.p.A., signed a share purchase agreement with the French Government represented by the *Agence des Participations de l'Etat* (APE), regarding the acquisition of 50% of the share capital of Chantiers de l'Atlantique (ex STX France). The signing took place after the resolution of the share purchase agreement previously signed between Fincantieri and STX Europe on May 19, 2017 as a consequence of the exercise by the French State of its pre-emption right for the acquisition of the entirety of STX France share capital on July 28, 2017 and followed the signing of the share purchase agreement between the French State and STX Europe. The acquisition by Fincantieri is subject to some conditions, among which the approval by the EU Antitrust Authority. Upon the closing of the deal, the shareholders' agreements and the stock lending agreement relating to 1% of share capital of Chantier de l'Atlantique will be signed.

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

On August 28, 2018 Fincantieri and China State Shipbuilding Corporation (CSSC), the leading Chinese shipbuilding conglomerate, signed a Memorandum of Understanding for the expansion of the industrial cooperation already in place between the two groups to all the naval and merchant shipbuilding segments.

On October 9, 2018 Fincantieri and Leonardo agreed on guiding principles to strengthen their collaboration in the naval sector, revamping the joint venture Orizzonte Sistemi Navali (in which Fincantieri has a 51% stake) with the aim of making the latter responsible for the combat systems. This partnership will enable both groups to compete in a market that is ever more challenging, enhancing the reciprocal skills developed within Italy with a view to the country's system perspective.

On October 23, 2018 Fincantieri and Naval Group announced the start of discussions to define terms and conditions for the establishment of a 50/50 joint venture. This represents the first step towards the creation of a broader alliance as defined in the intergovernmental agreement signed on September 27, 2017 in Lyon.

On October 31, 2018 Fincantieri, ArcelorMittal, CLN Distribuzione Italia and Palescandolo Lavorazioni Siderurgiche established a company called "Centro Servizi Navali S.p.A.", specialized in logistic services and metal working for the shipyards in support to both the Monfalcone and Marghera shipyards.

On November 5, 2018 Fincantieri and the district of Baoshan in Shanghai signed contracts related to the creation of an Industry hub, mainly for cruise ships, shipyards and maritime activities, as part of the development in these areas of activity started by China.

On November 2, 2018, the delisting of VARD Group from the Singapore Stock Exchange, previously approved by the Shareholders' Meeting on July 24, 2018, was completed. Following the delisting, Fincantieri holds 97.22% of its shares.

On December 13, 2018, following approval by the Board of Directors, Fincantieri published its Sustainability Plan. It was an important step along the path undertaken by the Company to spread and foster a culture of sustainability, which is an increasingly important aspect in the creation of long-term value.

Key events after December 31, 2018

On January 14, 2019 Cassa Depositi e Prestiti, Fincantieri and Snam have signed a preliminary collaboration agreement aimed at identifying, defining and implementing medium-term strategic projects for the innovation and development of port facilities in Italy, as well as for the development of sustainable technologies applied to maritime transport, in line with the provisions of the National Integrated Energy and Climate Plan Proposal (PNIEC)

On January 21, 2019 Within the Littoral Combat Ship Program (LCS), the US Navy has awarded the consortium consisting of Fincantieri, through its subsidiary Fincantieri Marinette Marine (FMM), and Lockheed Martin Corporation, a contract to build an additional LCS (LCS 31)

On January 23, 2019 ss part of the initiatives targeted at the tender carried out by the Brazilian Navy for the construction of 4 Tamandaré class corvettes, Fincantieri engaged in a road show aimed at involving the country's industry, promoting the creation and the development of the small and medium-sized local and national companies supply chain.

In January 2019, the Group was selected through its subsidiary Fincantieri Infrastructure in joint venture with Salini Impregilo, for the reconstruction of the bridge over the Polcevera river in Genoa. This contract includes also a collaboration with other companies of the Group involved in the development of an integrated monitoring, inspection and control of the bridge.

On February 4, 2019 the *Autorità di Sistema portuale del Mare di Sicilia Occidentale* (AdSP) and Fincantieri signed a Memorandum of Understanding for the revamping of the shipbuilding industry hub in the Palermo port, based on the common objective of allowing the Sicilian port to develop as one of the most important in the Mediterranean Sea.

On February 6, 2019 the Group's subsidiary Fincantieri Marinette Marine in consortium with Lockheed Martin, delivered "Billings" (LCS 15) to the US Navy from its Marinette Shipyard (Wisconsin).

On February 7, 2019 "Viking Jupiter" was delivered at Fincantieri Ancona shipyard to the shipowner Viking Cruises. This is the sixth unit delivered to this same shipowner company.

On February 21, 2019 during the Abu Dhabi 2019 International Defense Exhibition & Conference (IDEX), Fincantieri and Abu Dhabi Shipbuilding (ADSB), the leading shipbuilder in the United Arab Emirates specialized in the construction, repair and refit of military and commercial vessels, today announced that they have reached an agreement in principle to explore future forms of industrial and market cooperation in the UAE shipbuilding segment.

CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO LEGISLATIVE DECREE NO. 254/2016

In today's meeting, the Board of Directors approved the non-financial statement at December 31, 2018, pursuant to Legislative Decree No. 254/2016, concerning the communication of non-financial information and the diversity of companies and large groups.

The approval of this document confirms the Company's commitment to the respect and promotion of the human rights, the labor rights, the environment, the transparency and fight against corruption, the health and safety of business activities, the rights of all stakeholders, the product liability and innovation.

Fincantieri's non-financial statement for the year 2018 will be made available to the public in the terms and modalities laid down in the current legislation.

ORDINARY SHAREHOLDERS' MEETING

The Board of Directors approved today the "Illustrative Reports" on the following topics in the Shareholders' Meeting convened for April 5, 2019: (i) approval of Financial statements as at December 31, 2018 (1st topic in agenda); (ii) approval of the allocation of the profit and dividend distribution (2nd topic in agenda); (iii) adjustment of the compensation due to the auditing firm (4th topic in agenda); (iv) authorization to purchase and dispose of treasury shares following the expiry of the previous authorization granted by the Shareholder's Meeting (5th topic in agenda); and non-binding vote on the first Section of the Remuneration Report in accordance with Article 123-ter, paragraph 6, of the Italian Consolidated Financial Act (6th topic in agenda).

It is to be reminded that the Notice of call of the Shareholders' Meeting, together with the Illustrative Report relating the 3rd topic in agenda (renewal of the Board of Directors), was already subject to approval by the Board of Directors in the meeting held on February 14, 2019 and to publication by the Company on February 22, 2019.

The documentation related to the items on the agenda, including the Report on Corporate Governance and Ownership Structure and the Remuneration Report, will be made available to the public as laid down by regulations in force.

Approval of Financial statements as at December 31, 2018

Concerning the Financial statements as at December 31, 2018 of Fincantieri S.p.A. the Board of Directors resolved to propose to the Shareholders' Meeting its approval, which recorded a net profit of euro 217,998,151.59.

Approval of the allocation of the profit and dividend distribution

Concerning net results recorded by the Financial statements as at December 31, 2018, which was euro 217,998,151.59, the Board of Directors resolved to propose to the Shareholders' Meeting:

(i) the allocation of the net profit, which was euro 217,998,151.59, as following:

- for 5% of net profit to the Legal reserve

- a dividend of euro 0.01 to be paid to all shares outstanding at the date the shares trade ex-dividend (April 15, 2019), excluding those in treasury stock at the same date. The total amount of dividend distribution, considering shares outstanding at February 25, 2019 (1,687,412,180), is estimated to be of euro 16,874,121.80
- and for remaining portion to the Extraordinary reserve.

(ii) The payment, gross of legal withholdings, of a dividend of euro 0.01 per share from April 17, 2019, with the coupon payment n. 2 on April 15, 2019 and a record date (date of legitimation of dividend payment, pursuant to art. 83-*tercidieces* of D.Lgs. February 24, 1998, n. 58 and article 2.6.6. subsection 2 of the Rules of the Markets organized and managed by Borsa Italiana S.p.A.) of April 16, 2019.

Authorization to purchase and dispose of treasury shares

The Board of Directors also resolved to submit the Ordinary Shareholders' Meeting the proposal for the authorization to purchase and dispose of treasury shares, following the revocation of the previous authorization granted by the Shareholder's Meeting on May 11, 2018 that has not been used until today and that would expire on November 11, 2019.

The Ordinary Shareholders' Meeting gave to the Board of Directors authority over the purchase of treasury shares for a period of 18 months starting from the date of the resolution, whereas the authorization to dispose of treasury shares has no time limits.

The authorization to purchase and dispose of treasury shares is for the following purposes: (i) to service share-based incentive plans approved by the Company and/or by its subsidiaries; (ii) to fulfil the obligations deriving from debt instruments that are convertible into ordinary shares; (iii) t to support the market liquidity; (iv) to build a securities portfolio in order to sell, dispose, and/or utilize treasury shares in extraordinary transactions, in line with the strategic initiatives that the Company intends to pursue; (v) to operate in the market with a medium and long term investment perspective, also in order to build long-term shareholdings or in the context of initiatives related to the current operations, or again to lower the average cost of equity of the Company or to seize the opportunities to maximize the stock value that can derive from market trends

The authorization to purchase treasury shares is requested for a period of 18 months from the date of the corresponding Shareholder's Meeting resolution and for a maximum amount of shares not exceeding one fifth of the share capital of the Company, or to the different amount defined by the applicable law. The authorization to dispose of treasury shares is requested without time limits.

The purchase and the disposal of such shares shall be carried out in accordance with the terms and conditions laid down by the applicable regulations, and accepted market practice. In particular the share purchases shall be made at a price within a +/-10% range limit compared to the reference share price recorded on the Italian stock market (Mercato Telematico Azionario - MTA) organized and managed by Borsa Italiana S.p.A on the trading session preceding each single transaction.

As today, the Company holds a total of 4,706,890 ordinary shares, equal to approximately 0.28% of the total number of shares issued. The Company's subsidiaries do not hold Fincantieri shares.

The details of the proposal related to the authorization to purchase and dispose of treasury shares are contained in the Explanatory Report by the Board of Directors in accordance with Article 125-ter of the Italian Consolidated Financial Act and of the Article 73 of Consob Regulation No. 11971 of May 14, 1999 that will be made available to the public within the terms laid down by the regulations in force.

* * *

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.

* * *

This press release is available to the public at the Company's registered office and on its website (www.fincantieri.com) under "Investor Relations – Price Sensitive Press Releases" 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 2018 full year will be presented to the financial community during a conference call scheduled for Tuesday February 26, 2019 at 9:00 CET
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

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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 8,600 employees in Italy and a supplier network that employs nearly 50,000 people, Fincantieri has enhanced a fragmented production capacity over several shipyards into 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.

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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

(euro/million)	31.12.2018	31.12.2017
Revenue and income	**5,474**	**5,020**
Materials, services and other costs	(4,089)	(3,742)
Personnel costs	(946)	(909)
Provisions	(25)	(28)
EBITDA	**414**	**341**
EBITDA margin	***7.6%***	***6.8%***
Depreciation, amortization and impairment	(137)	(120)
EBIT	**277**	**221**
EBIT margin	***5.1%***	***4.4%***
Finance income/(costs)	(104)	(83)
Income/(expense) from investments	(1)	(5)
Income taxes	(64)	(42)
Profit/(loss) before extraordinary and non-recurring income and expenses	**108**	**91**
of which attributable to Group	111	95
Extraordinary and non-recurring income and (expenses)	(51)	(49)
Tax effect of extraordinary and non-recurring income and expenses	12	11
Profit/(loss) for the period	**69**	**53**
of which attributable to Group	*72*	*57*

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(euro/million)	31.12.2018	31.12.2017
Intangible assets	618	582
Property, plant and equipment	1,074	1,045
Investments	60	53
Other non-current assets and liabilities	8	122
Employee benefits	(57)	(59)
Net fixed capital	**1,703**	**1,743**
Inventories and advances	881	835
Construction contracts and client advances	936	648
Construction loans	(632)	(624)
Trade receivables	749	909
Trade payables	(1,849)	(1,748)
Provisions for risks and charges	(135)	(141)
Other current assets and liabilities	94	1
Net working capital	**44**	**(120)**
Net invested capital	**1,747**	**1,623**
Share capital	863	863
Reserves and retained earnings attributable to the Group	364	374
Non-controlling interests in equity	26	72
Equity	**1,253**	**1,309**
Net financial position	**494**	**314**
Sources of funding	**1,747**	**1,623**

RECLASSIFIED CONSOLIDATED STATEMENT OF CASH FLOWS

(euro/million)	31.12.2018	31.12.2017
Net cash flows from operating activities (*)	30	532
Net cash flows from investing activities	(163)	(168)
Net cash flows from financing activities	535	(299)
Net cash flows for the period	**402**	**65**
Cash and cash equivalents at beginning of period	**274**	**220**
Effects of currency translation difference on opening cash and cash equivalents	1	(11)
Cash and cash equivalents at end of period	**677**	**274**

CONSOLIDATED NET FINANCIAL POSITION

(euro/million)	31.12.2018	31.12.2017
Cash and cash equivalents	**677**	**274**
Current financial receivables	**17**	**35**
Current bank debt	(197)	(122)
Bonds – current portion(*)	(231)	(300)
Current portion of bank loans and credit facilities	(54)	(52)
Other current financial liabilities	(3)	(8)
Current debt	**(485)**	**(482)**
Net current cash/(debt)	**209**	**(173)**
Non-current financial receivables	**63**	**123**
Non-current bank debt	(760)	(262)
Bonds	-	-
Other non-current financial liabilities	(6)	(2)
Non-current debt	**(766)**	**(264)**
Net financial position	**(494)**	**(314)**

(*) Bond 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:

	2018		2017	
	Average	Spot	Average	Spot
US Dollar (USD)	1.1810	1.1450	1.1297	1.1993
Australian Dollar (AUD)	1.5797	1.6220	1.4732	1.5346
UAE Dirham (AED)	4.3371	4.2050	4.1475	4.4044
Brazilian Real (BRL)	4.3085	4.4440	3.6054	3.9729
Norwegian Krone (NOK)	9.5975	9.9483	9.3270	9.8403
Indian Rupee (INR)	80.7332	79.7298	73.5324	76.6055
Romanian Leu (RON)	4.6540	4.6635	4.5688	4.6585
Chinese Yuan (CNY)	7.8081	7.8751	7.6290	7.8044
Swedish Krona (SEK)	10.2583	10.2548	9.6351	9.8438

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.
- Profit/(loss) before extraordinary and non-recurring income and expenses: 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 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 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)	31.12.2018 Amounts in IFRS statement	31.12.2018 Amounts in reclassified statement	31.12.2017 Amounts in IFRS statement	31.12.2017 Amounts in reclassified statement
A – Revenue		**5,474**		**5,020**
Operating revenue	5,369		4,914	
Other revenue and income	105		106	
Recl. to I – Extraordinary and non-recurring income and expenses				
B - Materials, services and other costs		**(4,089)**		**(3,742)**
Materials, services and other costs	(4,104)		(3,747)	
Recl. to I – Extraordinary and non-recurring income and expenses	15		5	
C - Personnel costs		**(946)**		**(909)**
Personnel costs	(951)		(912)	
Recl. to I – Extraordinary and non-recurring income and expenses	5		3	
D – Provisions		**(25)**		**(28)**
Provisions	(60)		(69)	
Recl. to I – Extraordinary and non-recurring income and expenses	35		41	
E – Depreciation, amortization and impairment		**(137)**		**(120)**
Depreciation, amortization and impairment	(137)		(120)	
F – Finance income and (costs)		**(104)**		**(83)**
Finance income and costs	(104)		(83)	
G - Income/(expense) from investments		**(1)**		**(5)**
Income/(expense) from investments	3		(5)	
Recl. to I - Extraordinary and non-recurring income and expenses	(4)			
H - Income taxes		**(64)**		**(42)**
Income taxes	(52)		(31)	
Recl. to L – Tax effect of extraordinary and non-recurring income and expenses	(12)		(11)	
I - Extraordinary and non-recurring income and expenses		**(51)**		**(49)**
Recl. from B - Materials, services and other costs	(15)		(5)	
Recl. from C - Personnel costs	(5)		(3)	
Recl. from D - Provisions	(35)		(41)	
Recl. from G – Income / (expense) from investments	4			
L- Tax effect of extraordinary and non-recurring income and expenses		**12**		**11**
Recl. from H – Income taxes	12		11	
Profit/(loss) for the year		**69**		**53**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31.12.2018		31.12.2017	
	(euro/million)	Amounts in IFRS statement	Amounts in reclassified statement	Amounts in IFRS statement	Amounts in reclassified statement
A)	**Intangible assets**		**618**		**582**
	Intangible assets	618		582	
B)	**Property, plant and equipment**		**1,074**		**1,045**
	Property, plant and equipment	1,074		1,045	
C)	**Investments**		**60**		**53**
	Investments	60		53	
D)	**Other non-current assets and liabilities**		**8**		**122**
	Derivative assets	30		144	
	Other non-current assets	31		26	
	Other liabilities	(32)		(31)	
	Derivative liabilities	(21)		(17)	
E)	**Employee benefits**		**(57)**		**(59)**
	Employee benefits	(57)		(59)	
F)	**Inventories and advances**		**881**		**835**
	Inventories and advances	881		835	
G)	**Construction contracts and client advances**		**936**		**648**
	Construction contracts - assets	2,531		1,995	
	Construction contracts – liabilities and client advances	(1,595)		(1,347)	
H)	**Construction loans**		**(632)**		**(624)**
	Construction loans	(632)		(624)	
I)	**Trade receivables**		**749**		**909**
	Trade receivables and other current assets	1,062		1,156	
	Recl. to N) Other assets	(313)		(247)	
L)	**Trade payables**		**(1,849)**		**(1,748)**
	Trade payables and other current liabilities	(2,116)		(1,973)	
	Recl. to N) Other liabilities	267		225	
M)	**Provisions for risks and charges**		**(135)**		**(141)**
	Provisions for risks and charges	(135)		(141)	
N)	**Other current assets and liabilities**		**94**		**1**
	Deferred tax assets	123		72	
	Income tax assets	21		19	
	Derivative assets	23		16	
	Recl. from I) Other current assets	313		247	
	Deferred tax liabilities	(58)		(62)	
	Income tax liabilities	(4)		(12)	
	Derivative liabilities and option fair value	(57)		(54)	
	Recl. from L) Other current liabilities	(267)		(225)	
NET INVESTED CAPITAL			**1,747**		**1,623**
P)	**Equity**		**1,253**		**1,309**
Q)	**Net financial position**		**494**		**314**
SOURCES OF FUNDING			**1,747**		**1,623**