

**THE BOD APPROVES Q1 2019 RESULTS: REVENUES UP 13%, ORDER INTAKE AT EURO 6.5 BILLION WITH 11 CRUISE SHIPS, TOTAL BACKLOG AT NEW RECORD LEVEL OF EURO 34.3 BILLION**

- **Order intake at euro 6.5 billion, record amount of orders in the cruise business area:** contracts signed for 11 cruise ships in a single quarter for 5 different brands (Oceania, Regent Seven Seas Cruises, Viking, MSC, Princess), in addition to the order by the US Navy for an additional Littoral Combat Ship (LCS) unit
- **Total backlog<sup>1</sup> at euro 34.3 billion, covering approximately 6.3 times the 2018 revenues:** backlog at euro 30.7 billion (euro 21.8 billion at March 31, 2018) with 104 ships in the order book; soft backlog at approximately euro 3.6 billion (approximately euro 5.9 billion at March 31, 2018). Fincantieri further strengthens its global leadership and ensures long-term visibility for the Group and its supply chain, while confirming its ability to convert soft backlog into firm orders
- **Revenues increased by 13.0%:** revenues at March 31, 2019 at euro 1,385 million (euro 1,226 million at March 31, 2018)
- **Group results:** EBITDA at euro 90 million (euro 89 million at March 31, 2018), EBITDA margin at 6.5% (7.3% at March 31, 2018), Net debt<sup>2</sup> at euro 505 million (euro 494 million at December 31, 2018)
- **Delivery of 8 vessels during the quarter**, of which two cruise ships “Viking Jupiter” and “Costa Venezia” – first vessel for this Italian shipowner specifically designed for the Chinese market – and a naval vessel for the US Navy
- **Inauguration of the Fincantieri Infrastructure plant** and first steel cutting for the bridge over the Polcevera river
- **Ongoing focus of the Group on sustainability:** the newly appointed Board of Directors goes beyond the regulatory requirements of gender diversity with an equal number of elected men and women

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**Rome, May 9, 2019** - The Board of Directors of **FINCANTIERI S.p.A.** ("**Fincantieri**" or the "**Company**"), chaired by Giampiero Massolo, has examined and approved the interim financial information at March 31, 2019<sup>3</sup>.

During the Board meeting **Giuseppe Bono, Fincantieri's Chief Executive Officer**, said: *"The results of the first quarter 2019 strengthen our role as a leader company, capable of quickly transforming the soft backlog into firm orders. This strength gives us a key role in the Country, thanks to the long term contribution that we are able to provide, as testified by the growing trust shown by our clients. The orders for the 11 cruise vessels signed in these three months translate into almost 27 billion euro generated to the benefit of the territories where we are located: this figure speaks for itself."*

<sup>1</sup> Sum of backlog and soft backlog

<sup>2</sup> Excluding Construction loans

<sup>3</sup> Prepared in accordance with international financial reporting and accounting standards (IAS/IFRS) and unaudited

I would also like to recall the strategic initiatives that we are carrying on with determination, both in the naval business area and in the development of an in-house center of excellence in engineering and information technology services. Furthermore, we are keeping up with our diversification efforts consistently with our engineering capabilities: I'd like to mention the cooperation agreement that we signed with Eni, CDP and Terna, featuring highly innovative content and particularly important from an industrial standpoint”.

Bono concluded: “This is the first glimpse of a challenging year ahead of us, which will allow us to show our excellent production and system integration capabilities”.

## ECONOMIC DATA

31.12.2018	(euro/million)	31.03.2019	31.03.2018
5,474	Revenue	1,385	1,226
414	EBITDA	90	89
7.6%	EBITDA margin	6.5%	7.3%

In the first three months of 2019 Revenues increased by 13.0% compared to the same period of 2018, in line with the growth expectations for 2019.

Group EBITDA at March 31, 2019 stood at euro 90 million (euro 89 million at March 31, 2018) with an EBITDA margin of 6.5%, compared to the 7.3% of the first three months of 2018; such trend was mainly due to the positive performance of the Shipbuilding and the Equipment, Systems and Services segments on the one hand, and to the negative margins of the Offshore and Specialized Vessels segment on the other.

## Shipbuilding

31.12. 2018	(euro/million)	31.03.2019	31.03.2018 restated (***)	31.03.2018 published
4,678	Revenues(*)	1,113	1,023	916
3,226	Cruise ships	821	726	619
1,434	Naval vessels	291	292	292
18	Other activities	1	5	5
395	EBITDA (*)	83	65	74
8.5%	EBITDA margin (*) (**)	7.4%	6.3%	8.0%

(\*)Before eliminations between operating segments

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

(\*\*\*)The 2018 comparative figures have been restated following redefinition of the operating segments

Revenues in the Shipbuilding segment at March 31, 2019 were equal to euro 1,113 million, increased by 8.8% if compared to the euro 1,023 million of the first quarter 2018 restated. The increase in revenues was linked to the higher volumes generated by the construction of cruise vessels, that recorded an increase of 13.1% if compared to the same period of 2018.

EBITDA of the segment at March 31, 2019 was euro 83 million (euro 65 million at March 31, 2018 restated), with an EBITDA margin of 7.4% (6.3% at March 31, 2018 restated). The EBITDA margin benefited from the progress in the construction of sister cruise ships with higher marginality. The profitability of the segment was

nonetheless impacted by the low margins of some VARD Cruise business unit projects, due for delivery in 2019.

### **Offshore and Specialized Vessels**

31.12.2018	(euro/million)	31.03.2019	31.03.2018 restated (***)	31.03.2018 published
681	Revenues(*)	224	155	245
(20)	EBITDA (*)	(2)	18	9
-2.9%	EBITDA margin (*) (**)	-0.9%	11.4%	3.5%

(\*) Before eliminations between operating segments

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

(\*\*\*) The 2018 comparative figures have been restated following redefinition of the operating segments

Offshore and Specialized Vessels revenues at March 31, 2019 stood at euro 224 million, with an increase of 44.5% compared to the same period of 2018 (euro 155 million). Production volumes of specialized vessels increased as a result of the diversification strategy, recording a still sub-optimal utilization rate of the production capacity. In the context of the diversification strategy, on April 19, 2019 an agreement was signed with Eni, Cassa depositi e prestiti and Terna to develop and build wave power stations on an industrial scale.

EBITDA of the segment at March 31, 2019 was negative for euro 2 million (positive for euro 18 million at March 31, 2018 restated), with an EBITDA margin of -0.9% (+11.4% at March 31, 2018 restated). As compared to the first quarter 2018, positively impacted by the development of the "Module Carrier Vessels" (MCV) program, the trend recorded by the segment in the first quarter 2019 is affected by the complexity of the current, highly challenging, specialized vessels' portfolio, that features different projects and categories of vessels under construction at the same time. The segment is facing a depressed market environment where the acquisition of high-potential projects comes alongside other orders with lower profitability.

### **Equipment, Systems and Services**

31.12.2018	(euro/million)	31.03.2019	31.03.2018
651	Revenues(*)	170	167
73	EBITDA (*)	18	15
11.2%	EBITDA margin (*) (**)	10.3%	9.2%

(\*) Before eliminations between operating segments

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

Revenues of the Equipment, Systems and Services segment were equal to euro 170 million, substantially in line with the first quarter of 2018. They include the contribution from the launch of Fincantieri Infrastructure activities.

EBITDA of the segment at March 31, 2019 stood at euro 18 million (euro 15 million at March 31, 2018) with an EBITDA margin of 10.3%, increased in comparison with the first quarter of 2018.

## FINANCIAL DATA

31.03.2018	(euro/million)	31.03.2019	31.12.2018
<b>1,818</b>	<b>Net fixed capital</b>	<b>1,801</b>	<b>1,703</b>
869	Inventories and advances	813	881
904	Construction contracts and client advances	1,064	936
(684)	Construction loans	(545)	(632)
658	Trade receivables	520	749
(1,664)	Trade payables	(1,856)	(1,849)
(143)	Provisions for risks and charges	(135)	(135)
20	Other current assets and liabilities	92	94
<b>(40)</b>	<b>Net working capital</b>	<b>(47)</b>	<b>44</b>
<b>1,332</b>	<b>Equity</b>	<b>1,249</b>	<b>1,253</b>
<b>446</b>	<b>Net financial position</b>	<b>505</b>	<b>494</b>

**Net fixed capital** was euro 1,801 million (euro 1,703 million at December 31, 2018), increased by euro 98 million. Among the main impacts is the inclusion of the utilization right of the leased items following the first application of IFRS 16 (euro 83 million). **Net working capital** was negative for euro 47 million (positive for euro 44 million at December 31, 2018). The main effects include: i) the decrease of the Inventories and advances (euro 68 million) mainly due to the delivery of a vessel accounted for in the inventories following the order cancellation, then sold; ii) the increase in Construction contracts and client advances (euro 128 million) due to the volumes generated in the period; and iii) the reduction of Trade receivables (euro 229 million) mainly due to the cash-in of the final instalment of the cruise vessels delivered in the quarter.

**Construction loans**, specially dedicated credit instruments used for the exclusive financing of the project they are referred to, amounted to euro 545 million at March 31, 2019, recording a reduction of euro 87 million; of these, euro 395 million were related to the subsidiary VARD and euro 150 million to the Parent Company.

**Net financial position**, which excludes construction loans, reported a net debt balance of euro 505 million (euro 494 million in net debt at December 31, 2018), consistently with the production volumes developed by the Group and with the delivery schedule of the cruise units. It also includes the financial liabilities arising from the application of IFRS 16 (euro 85 million).

## OTHER INDICATORS

(euro/million)	Order intake			Backlog			Capital expenditure		
	31.03.2019	31.03.2018 restated (*)	31.03.2018 published	31.03.2019	31.03.2018 restated (*)	31.03.2018 published	31.03.2019	31.03.2018 restated (*)	31.03.2018 published
Shipbuilding	6,312	927	750	28,974	20,820	20,005	30	16	12
Offshore & Specialized Vessels	39	39	217	920	493	1,363	1	1	5
Equipment, Systems and Services	168	167	167	1,607	1,196	1,196	6	2	2
Consolidation adjustments/Other activities	(64)	(57)	(58)	(759)	(679)	(734)	5	2	2
<b>Total</b>	<b>6,455</b>	<b>1,076</b>	<b>1,076</b>	<b>30,742</b>	<b>21,830</b>	<b>21,830</b>	<b>42</b>	<b>21</b>	<b>21</b>

(\*)The 2018 comparative figures have been restated following redefinition of the operating segments

## DELIVERIES

(number)	31.03.19 completed	2019	2020	2021	2022	2023	Beyond
Cruise ships	2	6	8	9	7	7	13
Naval >40 m.	1	2	6	6	7	3	5
Offshore	5	17	4	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.

In particular, for FY 2019 the revenue growth trend is confirmed, with an EBITDA margin in line with 2018.

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

In the Shipbuilding segment, in the next quarters of 2019 the Group expects to deliver 8 ships, 6 cruise units (two of which, the “*Le Bougainville*” and the “*Hanseatic Nature*”, were delivered in April by VARD respectively to the shipowners Ponant and Hapag Lloyd) and 2 naval vessels (one of which, the FREMM “*Antonio Marceglia*”, was delivered in April to the Italian Navy). Also with reference to the naval vessels business area, the launch of two vessels included in the fleet renewal program for the Italian Navy is scheduled, including the Landing Helicopter Dock currently under construction at the Castellammare di Stabia shipyard, while the program for the Qatari Ministry of Defense is coming into full swing, with 3 vessels under construction and first delivery scheduled for 2021.

In the Offshore and Specialized Vessels segment, the construction activity related to the backlog acquired as a result of the diversification strategy put in place following the Oil&Gas sector crisis will continue, as well as the focus on execution aimed at margin recovery. Among these is the reorganization of production facilities, with the alignment of headcount to the current workload at some yards.

In 2019 the Equipment, Systems and Services segment is expected to confirm its revenue growth trend, thanks to the development of the naval orders, to the higher volumes of production of cabins and public areas for the cruise business activity, to the lengthening projects and to the activities in the infrastructure sector, where the construction of the bridge over the Polcevera river started in the first quarter.

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

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*This press release is available to the public at the Company's registered office and on its website ([www.fincantieri.com](http://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](http://www.emarketstorage.com).*

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#### DISCLAIMER

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

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*The financial results for the first three months of 2018 will be presented to the financial community during a conference call scheduled for Friday, May 10, 2019 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](http://www.fincantieri.com).*

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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.*

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

#### **ALTERNATIVE PERFORMANCE MEASURES**

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

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

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

*For a more detailed description of the alternative performance measures, please refer to the specific note within the Fincantieri Group's report on operations forming part of the Group Annual Report 2018.*

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**FINCANTIERI S.p.A. – Media Relations**

Antonio Autorino

Tel. +39 040 3192473

Mob. +39 335 7859027

[antonio.autorino@fincantieri.it](mailto:antonio.autorino@fincantieri.it)

Laura Calzolari

Tel. +39 040 3192527

Mob. +39 334 6587922

[laura.calzolari@fincantieri.it](mailto:laura.calzolari@fincantieri.it)

Cristiano Musella

Tel. +39 040 3192225

Mob. +39 366 9254543

[cristiano.musella@fincantieri.it](mailto:cristiano.musella@fincantieri.it)

Micaela Longo

Tel. +39 040 3192247

Mob. +39 366 6856280

[micaela.longo@fincantieri.it](mailto:micaela.longo@fincantieri.it)

Emanuele Macaluso

Tel. +39 040 3192667

Mob. +39 344 2737019

[emanuele.macaluso@fincantieri.it](mailto:emanuele.macaluso@fincantieri.it)**FINCANTIERI S.p.A. – Investor Relations**

Tijana Obradovic

Tel. +39 040 3192409

[tijana.obradovic@fincantieri.it](mailto:tijana.obradovic@fincantieri.it)

Emanuela Cecilia Salvini

Tel. +39 040 3192614

[emanuelacecilia.salvini@fincantieri.it](mailto:emanuelacecilia.salvini@fincantieri.it)

Marco Pesaresi

Tel. +39 040 3192663

[marco.pesaresi2@fincantieri.it](mailto:marco.pesaresi2@fincantieri.it)