

**FINCANTIERI BOD APPROVES 1H 2019 RESULTS: REVENUES INCREASE BY 12%, EBITDA UP 17%, RECORD ORDER INTAKE AT EURO 6.6 BILLION****Results for the first half of 2019<sup>1</sup>**

- **Group results in line with the 2019 economic and financial guidance and with the 2018 – 2022 Business Plan**
- **Revenues up 12% at euro 2,837 million** (euro 2,527 million at 30 June 2018)
- **EBITDA increase by 17% at euro 215 million** with EBITDA margin at 7.6% (7.3% at 30 June 2018)
- **Adjusted Net profit of euro 34 million** (euro 39 million at 30 June 2018)
- **Net profit for the period of euro 12 million** (euro 15 million at 30 June 2018), after extraordinary costs for asbestos-related litigations for euro 18 million and net of tax expenses of euro 40 million
- **Net debt<sup>2</sup> at euro 724 million** (euro 494 million at 31 December 2018) including the impact of IFRS 16 (euro 88 million) and a financial structure consistent with the increased volume and value of Cruise units in production and with the delivery schedule
- **Record order intake in a single semester, with orders acquired amounting to euro 6.6 billion:** signed contracts for 15 units, of which 11 cruise ships for 5 different brands (Oceania, Regent Seven Seas, Viking, MSC, Princess) and an additional vessel for the US Navy within the Littoral Combat Ship (LCS) program
- **Total backlog<sup>3</sup> at euro 33.1 billion, comprising 108 ships, equivalent to approximately 6.1 times 2018 revenues:** backlog at euro 29.5 billion (+34% compared to 30 June 2018) with 98 units to be delivered up to 2027, and *soft backlog* at euro 3.6 billion
- **Delivered 15 ships from 11 different shipyards**, among which 5 cruise ships and 2 naval units; **launched 2 vessels of the Italian Navy fleet renewal program**
- **Signed the Alliance Cooperation Agreement with Naval Group**, setting out the operational terms for the incorporation of a 50/50 owned joint venture and paving the way towards a broader alliance aimed at reinforcing a cooperation in the naval field with the objective of creating a more efficient and competitive European shipbuilding industry
- **Ongoing interactions with the Antitrust Authorities on the acquisition of Chantiers de l'Atlantique**
- **Started activities for the construction of the bridge over the Polcevera river in Genoa**
- **Continued focus of the Group on sustainability** with the signing of important agreements on environmental and social topics, alongside the implementation of activities aimed at reaching the targets set out in the Sustainability Plan

<sup>1</sup> 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)

<sup>2</sup> Excluding construction loans

<sup>3</sup> Sum of backlog and soft backlog

\* \* \*

**Trieste, July 24, 2019** – 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 30 June 2019**, prepared in accordance with the international financial reporting standards (IAS/IFRS).

During the Board meeting **Giuseppe Bono, Chief Executive Officer of Fincantieri**, said: *“In this first part of the year we achieved an exceptional growth for the seventh semester in a row and a new record, with unparalleled order intake. Remarkable achievements, also considering the innovation level of the acquired contracts. These are confirmations that praise our great work on research and development, allowing us to offer our clients projects that are capable to anticipate times. We design and install advanced solutions for a market that is increasingly asking for a higher attention to the environment, universal heritage that we must protect both for us and for future generations.*

*Well aware of the new global challenges, we are keeping up with our commitment towards the creation of a more efficient and competitive European shipbuilding industry: recently, we signed the Alliance Cooperation Agreement with Naval Group which starts to shape the Poseidon project and paves the way to the reinforcement of the naval cooperation between France and Italy.”*

Bono concluded: *“The huge bulk of projects we are working on require an increasing effort of the entire workforce currently involved in the production process, and more than this. We expect to be able to lever the support of new professionalisms, developed also through the inclusion of new courses among Industrial Technical Institutes and through the cooperation with Universities in order to be able to best meet the expectations we created with our performance and the quality of our products.”*

**Financial Highlights**

31.12.2018	Economic data		30.06.2019	30.06.2018
5,474	Revenue and income	euro/million	2,837	2,527
414	EBITDA	euro/million	215	183
7.6%	EBITDA margin (*)	%	7.6%	7.3%
277	EBIT	euro/million	137	118
5.1%	EBIT margin (**)	%	4.8%	4.7%
108	Adjusted profit/(loss) for the year <sup>4</sup>	euro/million	34	39
(51)	Extraordinary and non-recurring income and (expenses)	euro/million	(27)	(32)
69	Profit/(loss) for the year	euro/million	12	15
72	Group share of profit/(loss) for the year	euro/million	16	21

31.12.2018	Financial data		30.06.2019	30.06.2018
1,747	Net invested capital	euro/million	1.962	1.523
1,253	Equity	euro/million	1.238	1.259
(494)	Net financial position	euro/million	(724)	(264)

31.12.2018	Other indicators		30.06.2019	30.06.2018
8,617	Order intake (***)	euro/million	6,627	2,388
32,743	Order book (***)	euro/million	36,979	27,665
33,824	Total backlog (***) (****)	euro/million	33,127	29,787
25,524	- of which backlog	euro/million	29,527	21,987
161	Capital expenditure	euro/million	102	44
402	Net cash flow of the period	euro/million	5	342
122	Research and Development costs	euro/million	65	61
19,274	Employees at the end of the period	number	19,725	19,375
35	Vessels delivered	number	15	20
27	Vessels ordered	number	15	13
98	Vessels in order book	number	98	99

31.12.2018	Ratios		30.06.2019	30.06.2018
16.5%	ROI	%	17.0%	14.8%
5.4%	ROE	%	5.3%	4.6%
1.0	Total debt/Total equity	number	1.2	0.8
1.2	Net financial position /EBITDA	number	1.6	1.1
0.4	Net financial position/Total equity	number	0.6	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

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

**Financial and economic results for the first half of 2019**
<sup>4</sup> Profit/(loss) before extraordinary and non-recurring income and expenses

With revenues growing for the seventh semester in a row, Fincantieri's results for the first half of 2019 confirm once more the positive growth trend from a commercial, productive and economic standpoint and are in line with the 2018-22 Business Plan.

**Revenue and income** amounted to euro 2,837 million in the first half of 2019, with year-on-year changes shown in the table below.

Revenue and income (euro/million)	30.06.2019	30.06.2018 Restated (*)	30.06.2018	Delta vs. 30.06.2018 restated (*)	Delta % vs. 30.06.2018 restated (*)
Shipbuilding	2,410	2,129	1,892	281	13.2%
Offshore and Specialized Vessels	314	333	564	(19)	-5.7%
Equipment, Systems and Services	371	321(**)	321	50	15.6%
Consolidation adjustments	(258)	(256)	(250)	(2)	0.8%
<b>Total</b>	<b>2,837</b>	<b>2,527</b>	<b>2,527</b>	<b>310</b>	<b>12.3%</b>

n.a. = not applicable

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

\*\* Not affected by the restatement of the Shipbuilding and Offshore and Specialized Vessels operating segments

**Revenue and income** increased by euro 310 million compared to the same period of the previous year (+12%), including a positive net effect (euro 8 million) from the conversion into euro of revenues in USD and Norwegian Krone generated by the foreign subsidiaries. The Shipbuilding segment registered an aggregate growth in revenues of 13.2%, with revenues of the Cruise business up 9.8% and revenues of the naval business up 13.2% compared to the first six months of 2018. At June 30, 2019, revenues from the Cruise business contributed to 54% of the Group's revenues (55% at 30 June 2018) while the contribution of the naval vessels business unit stood at 23% (21% at 30 June 2018). The Equipment, Systems and Services segment recorded a growth in production volumes as well, with revenues up 16%, while revenues of the Offshore and Specialized Vessels segment declined compared to the same period of the previous year.

Revenue generated by foreign clients accounted for 81% of the total in the period ended June 30, 2019, compared to the 82% reported in the corresponding period of 2018.

**EBITDA** at June 30, 2019 was euro 215 million (euro 183 million in the first half of 2018) with an EBITDA margin of 7.6%, improved from the 7.3% at June 30, 2018. Such result includes the positive performance of the Shipbuilding and the Equipment, Systems and Services segments on the one hand, and the negative margins of the Offshore and Specialized Vessels segment on the other.

**EBIT** was euro 137 million in the first half of 2019 (euro 118 million in the same period of 2018), with an EBIT margin of 4.8% (4.7% in the first half 2018). The increase is mainly due to the reasons illustrated above for the Group's EBITDA and includes also the impact of the higher amortization following the registration of the right of use assets in application of IFRS 16.

**Adjusted Net profit** was positive at euro 34 million at June 30, 2019 (euro 39 million at June 30, 2018). Finance costs and expenses from investments were euro 63 million (net expense of euro 51 million at June 30, 2018). Main changes are due to the increased financial costs on hedging derivatives for projects denominated in foreign currency (increased by euro 22 million in comparison with the same period of 2018), to the reduced unrealized losses associated to the conversion of a loan taken out in US dollars (change equal to euro 8 million in comparison with the same period of 2018) and to the lower financial costs related to net debt (decrease of 6 million).

**Extraordinary and non-recurring income and expenses** were negative at euro 27 million (euro 32 million at June 30, 2018) and mainly include costs for asbestos-related litigations for euro 18 million and charges for business reorganization plans related to the subsidiary VARD for euro 7 million.

**Net profit for the period**, as an effect of the factors described above, was positive for euro 12 million (euro 15 million at June 30, 2018). The Group share of this result was a net profit of euro 16 million, compared to a net profit of 21 million in the same period of the previous year.

**Net invested capital** at June 30, 2019 amounted to euro 1,962 million, up from euro 1,747 million at December 31, 2018. In detail, **Net fixed assets** amounted to euro 1,859 million (euro 1,703 million at December 31, 2018) increased by euro 156 million. The main effects include i) the registration of the right of use for the leased assets following the first application of IFRS 16 net of the related amortization (euro 85 million); ii) the increase of the value of Intangible assets and Property plant and equipment by euro 81 million, due to capital expenditure (euro 102 million), to the inclusion as fixed assets of two vessels previously included within the Construction contracts following the decision of managing them directly (euro 37 million), the positive effect of the conversion of the balance sheets in currencies other than euro (euro 12 million), partially offset by amortization (euro 70 million); and iii) the decrease of Other non-current assets and liabilities (euro 22 million), mainly the result of the fluctuation of the fair value of exchange rate derivatives negotiated to cover contracts in currencies other than euro. Net working capital was euro 103 million (euro 44 million at December 31, 2018). Main changes include i) decrease of inventories (euro 74 million), mainly due to the delivery of a vessel previously accounted for as Inventories following the order cancellation and then re-sold; ii) increase of the Construction contracts and client advances (euro 33 million), due to the growth in production volumes in the first semester net of deliveries and of the previously mentioned change; iii) decrease of Trade receivables (euro 102 million), due to the cash-in of the final payment instalment for the delivered units; iv) decrease of Trade payables (euro 25 million); v) decrease of the Provisions for risks and charges (euro 55 million) mainly for the use of the provisions for the "Serene" litigation, following the settlement agreement terminating all proceeds standing.

The **Consolidated net financial position**, which excludes construction loans, reported a net debt balance of euro 724 million (euro 494 million in net debt at December 31, 2018). The change is mainly due to the capital expenditure of the period and to the financial dynamics typical of the cruise ships business, with volumes due to increase in the coming months. The Net financial position at June 30, 2019 is also impacted by the financial liabilities linked to the first application of IFRS 16 (euro 88 million).

**Construction loans** at June 30, 2019 amounted to euro 492 million, recording a decrease of euro 140 million if compared to December 31, 2018. They are relating to the subsidiary VARD for euro 232 million and to the parent company for euro 260 million. 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 they are included as part of Net working capital.

In the first half of 2019, the profitability indicators, ROI at 17.0% and ROE at 5.3%, were broadly in line with those at December 31, 2018, and slightly improving if compared to their June 30, 2018 performance mainly due to the increase of the economic performance.

The **indicators of the strength and efficiency of the capital structure** at June 30, 2019 are negatively impacted by the increase of the Group net debt, despite the improvement of the economic results. The Total debt /Total equity was equal to 1.2, the Net financial position /EBITDA was 1.6 whereas the Net financial

position/Total equity was 0.6. It is to be noted that the Group net debt includes the financial liabilities linked to the application of IFRS 16 (88 million).

### **Group operational results and performance indicators for the first half of 2019**

#### **Order intake and backlog**

In the first half of 2019, the Group reported a record level of euro 6,627 million in new orders, compared to euro 2,388 million for the same period in 2018, with a book to bill ratio (new orders/revenues) of 2.3 (0.9 at 30 June 2018). Before intersegment consolidation adjustments, the Shipbuilding segment accounted for 96% of the period's total order intake (57% in the first half of 2018), the Offshore and Special Vessels segment for 1% (35% in the first half of 2018) and the Equipment, Systems and Services segment for 5% (16% in the first half of 2018).

As for the **Shipbuilding segment**, with reference to the cruise ship business unit, in the first six months of 2019, Fincantieri registered significant commercial success: the American group Norwegian Cruise Line Holdings Ltd. confirmed its order for two new-concept cruise ships for the Oceania Cruises brand and signed a contract for the construction of a new ultra-luxury cruise ship for the Regent Seven Seas Cruises brand (the third vessel of the Explorer class). MSC Cruises has signed contracts for the construction of four luxury cruise ships, thus entering a new segment with significant growth potential, while Viking has confirmed the order for two of the six optional vessels provided for in the March 2018 agreement, which will bring its fleet to 12 vessels built by Fincantieri - the largest number of same-class vessels for a single shipowner. Furthermore, Princess Cruises, a brand under Carnival Corporation & plc, finalized contracts for the construction of two next-generation dual fuel cruise ships, also powered by Liquefied Natural Gas.

With reference to the naval vessel business unit and, in particular, within the context of the Littoral Combat Ships (LCS) programme, the Group, through the Marinette Marine Corporation subsidiary, was awarded the contract for the construction of an additional vessel, the sixteenth unit of the LCS programme "Freedom" class variant (LCS 31). In just ten years the Group's American yards successfully delivered 8 units of the LCS program and are working on the construction of further 8 units.

In the **Offshore and Specialized Vessels** segment, the Group, through the Vard subsidiary, signed a contract with the Australian shipowner Coral Expeditions for the design and construction of a second luxury cruise ship (expedition cruise vessel), sister ship of the "Coral Adventurer" which entered the shipowner's fleet in April. The vessel will be produced and delivered by the Vard Vung Tau yard (Vietnam).

Lastly, in the **Equipment, Systems and Services** operating segment, in the first half of the year the Group started the construction of the bridge over the Polcevera River in Genoa, with the related orders for the supply and installation of the metal deck. Furthermore, the Group secured an order from Meyer Turku for the supply of stabilization systems and turbogenerator systems for heat recovery which will be installed on the new class of cruise ships under construction at the Finnish yard.

The Group's total backlog reached euro 33.3 billion at 30 June 2019, of which euro 29.7 billion of backlog (euro 22 billion at 30 June 2018) and euro 3.6 billion of soft backlog (euro 7.8 billion at 30 June 2018) with the order delivery profile extending until 2027. The backlog and total backlog imply about 5.4 years and 6.1 years of work respectively in relation to 2018 revenues.

Before consolidation adjustments, the Shipbuilding segment accounted for 94% of the Group's backlog (92% in the first half of 2018), the Offshore and Specialized Vessels segment for 3% (5% in the first half of 2018) and the Equipment, Systems and Services segment for 5% (6% in the first half of 2018).

## Capital Expenditure

**Capital expenditure** amounted to euro 102 million in the first six months of 2019, of which euro 22 million for intangible assets (including euro 14 million for development projects) and euro 80 million for property, plant and equipment. Capital expenditure represents 3.5% of the Group's revenues in the first six months of 2019 compared with 1.7% in the first six months of 2018. Investments in property, plant and equipment in the first half of 2019 related mainly to i) the ongoing activities to adapt the operating areas and infrastructures of certain Italian shipyards to new production scenarios, which involve the construction of increasingly large cruise ships and which have seen a growth in their workload; ii) the improvement of safety standards for property, plant and equipment, and iii) the continuation of activities to expand production capacity at the Vard Tulcea and Braila shipyards to support the construction of hulls and the multi-year programme to build pre-fitted cruise ship blocks and sections for the Fincantieri production network.

## Headcount

**Headcount** moved from 19,274 (of whom 8,662 in Italy) at December 31, 2018 to 19,725 (of whom 8,941 in Italy) at June 30, 2019. Such increase is mostly due to the alignment of workforce to the current workload related to the Cruise business.

## Deliveries

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

(number)	30.06.19 completed	2019	2020	2021	2022	2023	Beyond 2023
<i>Cruise ships and expedition cruise vessels</i>	5	8	8	9	7	7	13
<i>Naval</i>	2	3	7	6	7	3	5
<i>Offshore and Specialized Vessels</i>	8	20	6	1	1	1	1

## Business outlook

Notwithstanding the challenging context with reference to the Offshore and Specialized Vessels sector performance, the good results within the Shipbuilding segment allow to confirm of the 2019 Group guidance. In particular for full year 2019 the revenue growth trend is confirmed, with an EBITDA margin in line with 2018, consistently with the economic and financial forecast announced within the 2018 – 2022 Business Plan. Net debt is expected to temporarily rise due to working capital financing needs.

In the Shipbuilding segment, in the next half of 2019 the Group expects to deliver 4 ships, 3 cruise units and 1 naval vessel. Also with reference to the naval vessels business area, 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. A restructuring plan is currently under definition and will include initiatives focused on the medium term profitability recovery also leveraging on the experience on innovative products and technologies currently being developed in segments that are not directly linked to the Oil&Gas sector.

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 semester.

### Operational review by segment

#### SHIPBUILDING

31.12.2018		30.06.2019	30.06.2018 restated (***)	30.06.2018 published
	(Euro/million)			
4,678	Revenue and income (*)	2,410	2,129	1,892
395	EBITDA (*)	246	173	160
8.5%	EBITDA margin (*) (**)	10.2%	8.1%	8.5%
7,129	Order intake (*)	6.364	1,350	1,132
29,620	Order book (*)	34.305	24,709	23,686
23,714	Order backlog (*)	27.793	20,258	19,496
124	Capital expenditure	77	33	27
13	Vessels delivered (number)	7	8	6

(\*) 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 and for coherence purposes, the Comparative data at June 30, 2018 refer to restated figures

The results achieved by the Shipbuilding segment in the first half of 2019 confirm the effectiveness of the drivers set out in the Business Plan. In fact, the Cruise portfolio de-risking together with commercial competitiveness, a positive market momentum and the effectiveness of the strategic choices implemented, are among the major growth factors for the Group, as outlined in the 2018-2022 Business Plan. The initiatives aimed at improving the production capacity of the Italian activities, which were undertaken in order to develop the considerable backlog that turned into an annual revenue growth of 10%, will enable Fincantieri to reach greater levels of operating efficiency and thus profitability.

#### Revenue and income

Revenue from the Shipbuilding segment amounted to euro 2,410 million at 30 June 2019, up 13.2% compared to the first half of 2018. Such amount comprises euro 1,677 million from the cruise ships business (euro 1,527 million at 30 June 2018), up 9.9% despite the negative impact of the change in the Euro/NOK exchange rate (approx. euro 5 million) generated from the conversion of the financial statements of the Norwegian subsidiaries, and euro 723 million from the naval vessels business (euro 592 million at 30 June 2018), up 22.0%, benefitting from the positive impact of the change in the Euro/USD exchange rate (approx. euro 15 million) arising from the translation of the financial statements of the American subsidiaries.

Revenue growth compared to June 30, 2018 is mostly due to the higher volumes of production generated by cruise ships of larger size, to the value of ships under construction and to the progress, in the naval business, of construction activities related to both the order for the Qatari Ministry of Defense and the Italian Navy fleet renewal program. With respect to the latter, during the second quarter of 2019 two units were launched, namely the Landing Helicopter Dock (LHD) "Trieste" and the first Multipurpose Offshore Patrol Vessel (*Pattugliatore Polivalente d'Altura*) "Paolo Thaon di Revel", with the first unit of the program scheduled for delivery in 2020.



**EBITDA**

Segment EBITDA was euro 246 million at 30 June 2019 (euro 173 million at 30 June 2018), with an EBITDA margin of 10.2% (8.1% at 30 June 2018). The growth trend continues, recording a further increase owing to the production and prompt delivery of cruise sister ships with higher margins and the advancement of activities related to naval programs. The improvement of EBITDA for the Cruise activities of the Italian shipyards testifies the effectiveness of the drivers set out in the 2018 – 2022 Business Plan. In the context of growing Cruise margins, the order portfolio de-risking and the positive pricing trends are of particular relevance. The segment is therefore evolving along the path identified in the Business Plan, despite the low profitability of certain projects in the VARD Cruise business unit.

**Deliveries**

The following vessels were delivered in the period:

- “Costa Venezia”, the first vessel of the Italian shipowner Costa Crociere designed specifically for the Chinese market at the Monfalcone shipyard;
- “Viking Jupiter”, the sixth cruise ship for Viking at the Ancona shipyard;
- LCS 15 “Billings”, for the US Navy, as part of the LCS program, at the US Marinette shipyard (Wisconsin);
- “Antonio Marceglia”, the eighth vessel of a series of ten multirole frigates (FREMM) for the Italian Navy, at the Muggiano shipyard (La Spezia);
- 2 vessels for the French shipowner Compagnie du Ponant (“Le Bougainville” and “Le Dumont-d’Urville”) at the Norwegian Søviknes shipyard;
- “Hanseatic Nature”, the first vessel for Hapag-Lloyd, at the Norwegian Langsten shipyard.

**OFFSHORE AND SPECIALIZED VESSELS**

31.12.2018		30.06.2019	30.06.2018 restated (***)	30.06.2018 published
	(Euro/million)			
681	Revenue and income (*)	314	333	564
(20)	EBITDA (*)	(52)	(6)	7
-2.9%	EBITDA margin (*) (**)	-16.6%	-1.7%	1.2%
913	Order intake (*)	57	824	1,106
1,860	Order book (*)	1,346	1,854	3,018
987	Order backlog (*)	885	1,132	1,990
6	Capital expenditure	2	3	9
22	Vessels delivered (number)	8	12	14

(\*) 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 and for coherence purposes, the comparative data at June 30, 2018 refer to restated figures

**Revenue and income**

Revenue from the Offshore and Specialized Vessels segment at 30 June 2019 amounted to euro 314 million, a decrease of 5.7% compared to the first half of 2018 (euro 333 million), reflecting the negative impact deriving from the change in the Euro/NOK exchange rate (euro 5 million) due to the conversion of the VARD financial statements. The slowdown in production volumes is related to a reduced use of production capacity.

**EBITDA**

The segment's EBITDA at 30 June 2019 is negative for euro 52 million (negative for euro 6 million at 30 June 2018), with an EBITDA margin of -16.6% (-1.7% at 30 June 2018). The gradual decrease in the use of production capacity, brought on by the persisting total absence of orders related to the Oil & Gas sector, led to the acquisition of orders for new specialized ships belonging to different operating segments (e.g. fishery & aquaculture, ferries), where occasional projects with high potential go side by side with other orders with lower margins. These elements have also led to a high level of complexity within the production process linked to the development of a particularly challenging product portfolio in terms of the diversity of projects and types of vessels under construction at the same time. Those prototype projects absorb more resources during their production phase, but they allow the Group to obtain useful know-how for future development.

Following the delisting of VARD in the last quarter of 2018, a first phase of reorganization was initiated with the aim of achieving full organizational integration with the Parent Company for both projects for the construction of expedition cruise vessels and projects for offshore and special vessels. In continuity with the integration project, a restructuring plan is currently being drawn, which involves initiatives to recover margins in the medium term, also leveraging on the experience acquired in the development of innovative products and cutting edge technologies in fields not necessarily strictly related to the Oil&Gas sector.

**Deliveries**

The following vessels were delivered in the period:

- three OSCVs (Offshore Subsea Construction Vessel), two of which were delivered by the Brattvåg (Norway) shipyard to Topaz Energy and Marine Limited, and a vessel delivered by the Promar (Brazil) shipyard to Dofcon Navegação Ltda;

- one expedition cruise vessel delivered by the Vung Tau (Vietnam) shipyard to the Australian shipowner Coral Expedition;
- one Fishery vessel delivered by the Brattvåg (Norway) shipyard to Aker BioMarine Antarctic AS;
- one Aqua vessel delivered by the Aukra (Norway) shipyard to Solstrand;
- two Ferries delivered by the Brevik (Norway) shipyard to Torghatten Nord AS.

### EQUIPMENT, SYSTEMS AND SERVICES

31.12.2018	(euro/million)	30.06.2019	30.06.2018
651	Revenue and income (*)	371	321
73	EBITDA (*)	39	34
11.2%	EBITDA margin (*) (**)	10.5%	10.7%
1,006	Order intake (*)	349	376
2,519	Order book (*)	2,530	2,140
1,638	Order backlog (*)	1,604	1,289
18	Capital expenditure	11	4
18	Engines produced in workshops (number)	6	8

(\*) 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 371 million (+15.3% compared to the first half of 2018). This increase confirms the growth trend started in the first half of 2017, due to the development of the significant order backlog for services provided in the context of contracts for the Italian Navy and the Qatari Ministry of Defence, to an increase in the volumes of ship repair and conversion activities, and to the contribution resulting from the start of Fincantieri Infrastructure activities.

### EBITDA

Segment EBITDA is euro 39 million at 30 June 2019 (euro 34 million at 30 June 2018), with an EBITDA margin of 10.5%, essentially in line with the first half of 2018. There is a greater contribution from conversions and refurbishment projects, characterized by a lower profitability profile than other businesses in the same segment, but strategically important as they enable the development and maintenance of relationships with clients and order backlog and contribute to the increase in utilization rates of some of the Group's Italian yards. Among these projects is especially noteworthy the one developed for Grimaldi Lines that entails the installation of vanguard solutions aimed at a reduction of the environmental impact and at power savings, such as energy storage systems that allow the units to not use the diesel engines during stops at the port, in line with the Grimaldi group's target of zero emissions when at port.

### OTHER ACTIVITIES

31.12.2018	(euro/million)	30.06.2019	30.06.2018
-	Revenue and income	1	-
(34)	EBITDA	(18)	(18)
n.a.	EBITDA margin	n.a.	n.a.

13 Capital expenditure	12	4
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 14 January 2019 Cassa depositi e prestiti (CDP), Fincantieri and Snam 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 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 21 February 2019 During the Abu Dhabi 2019 International Defence 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.

On 6 March 2019 Fincantieri signed a cooperation agreement for charity purposes with the Liguria region's *Banco Alimentare*, a nonprofit organization specialized in the recovery of food surpluses, and I.F.M., a company supplying food services at the canteen of the Group's shipyard in Muggiano (La Spezia).

On 7 March 2019 Genova Industrie Navali (GIN) – holding founded in 2008 from the merger of two historical shipyards in Genoa, T. Mariotti and San Giorgio del Porto – and Fincantieri have reached a cooperation agreement covering different areas, from new buildings, to ship repair, conversions and outfitting. Such agreement provides for the acquisition by Fincantieri of a minority stake in GIN Group's holding company and an option for a minority stake in T. Mariotti.

On 11 March 2019 the inauguration ceremony of the Fincantieri Infrastructure production plant took place in Valeggio sul Mincio (Verona). The first steel for the construction of the new bridge over the Polcevera River was also cut on the occasion.

On 19 April 2019 the Chief Executive Officers of Cassa depositi e prestiti, Fabrizio Palermo, of Fincantieri, Giuseppe Bono, of Terna, Luigi Ferraris, and of Eni, Claudio Descalzi, signed a non-binding agreement today at the Eni headquarters in the EUR district of Rome to develop and build wave power stations on an industrial scale.

On 23 April 2019 as part of the enhancement of its activities in high technological content sectors, Fincantieri has acquired a majority stake of Insis S.p.A., a company headquartered in Follo (La Spezia) operating in the sectors of information technology and electronics.

On 30 April 2019 the President of INAIL - National Institute for Insurance against Accidents at Work - Massimo De Felice and the CEO of Fincantieri signed a memorandum of understanding aimed at developing safety at work culture and at implementing activities and projects with the goal of consistently reducing accidents and occupational diseases.

On 20 May 2019 the CEO of Fincantieri and the Dean of the University of Calabria Gino Mirocle Crisci signed an agreement aimed at establishing new cooperation relationships in the field of civil, industrial and information engineering.

On 7 June 2019 Fincantieri signed a cooperation agreement for charity purposes with the Marche region's *Banco Alimentare*, a nonprofit organization specialized in the recovery of food surpluses, and Gemeaz Elior, a company supplying food services at the canteen of the Group's shipyard in Ancona.

On 11 June 2019 the subsidiary Isotta Fraschini Motori celebrated at its facility in Bari, the "1000-Hour Certification" for its 16V170C2ME diesel generator system for Multipurpose Offshore Patrol Vessels (PPA) of the Italian Navy, an innovative product for naval applications.

On 14 June 2019, Fincantieri and Naval Group signed the Alliance Cooperation Agreement, which sets out the operational terms for the incorporation of a 50/50 owned joint venture.

On 18 June 2019, Fincantieri and the National Research Council (CNR) presented the results of six multidisciplinary research projects, in a program aimed at innovation in shipbuilding supported by the Ministry of Infrastructure and Transport.

On 26 June 2019 pursuant to the agreement signed in 2018 between Fincantieri, the Liguria Region and the trade unions Cgil, Cisl and Uil, aimed at carrying out a series of initiatives to encourage job placement processes, the offer of the courses of the technical institutes of higher education for next autumn is to be extended. In fact, a new educational path meeting the employment needs of the shipbuilding sector will start in Liguria at the *Accademia della Marina Mercantile* (the Merchant Navy Academy).

On 27 June 2019 the Board of Directors of Fincantieri S.p.A., exercising the powers given by the extraordinary Shareholders' Meeting held on May 19, 2017, resolved on the issuance of No. 7,532,290 ordinary shares, without par value, with the same characteristics as the outstanding ordinary shares, to be used for the "Performance Share Plan 2016-2018", to be allotted free of charge, pursuant to Article 2349 of the Italian Civil Code, to the beneficiaries of the Plan without increasing the share capital in compliance with the conditions and terms laid down therein.

#### **Key events after June 30, 2019**

On 1 July 2019 the Municipality of Genoa and Fincantieri inaugurated a summer camp that will welcome children of 4 to 11 years old of Group employees. Fincantieri has carried out this project aiming at improve the wellbeing of its employees and their families. The initiative, resulting from public-private collaboration, represents a first demonstration of collaboration with local companies, included within the "Genova in Family" implementation plan.

On 4 July 2019 Fincantieri perfected the acquisition of a majority stake in the Group Insis S.p.A., a solution provider in the field of integrated physical and logistic security operating in national and foreign markets both directly and through technological partnerships with big industrial groups.

\* \* \*

*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](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).*

\* \* \*

#### 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 2019 will be presented to the financial community during a conference call scheduled for Thursday, July 25, 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).*

\* \* \*

*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 8,900 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 and Specialized 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)

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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**

<b>31.12.2018</b>	(euro/million)	<b>30.06.2019</b>	<b>30.06.2018</b>
<b>5,474</b>	<b>Revenue and income</b>	<b>2,837</b>	<b>2,527</b>
(4,089)	Materials, services and other costs	(2,100)	(1,855)
(946)	Personnel costs	(508)	(482)
(25)	Provisions	(14)	(7)
<b>414</b>	<b>EBITDA</b>	<b>215</b>	<b>183</b>
<b>7.6%</b>	<b>EBITDA margin</b>	<b>7.6%</b>	<b>7.3%</b>
(137)	Depreciation, amortization and impairment	(78)	(65)
<b>277</b>	<b>EBIT</b>	<b>137</b>	<b>118</b>
<b>5.1%</b>	<b>EBIT margin</b>	<b>4.8%</b>	<b>4.7%</b>
(104)	Finance income/(costs)	(60)	(52)
(1)	Income/(expense) from investments	(3)	1
(64)	Income taxes	(40)	(28)
<b>108</b>	<b>Adjusted profit/(loss) for the period<sup>1</sup></b>	<b>34</b>	<b>39</b>
111	<i>of which attributable to Group</i>	38	45
(51)	Extraordinary and non-recurring income and (expenses)	(27)	(32)
12	Tax effect of extraordinary and non-recurring income and expenses	5	8
<b>69</b>	<b>Profit/(loss) for the period</b>	<b>12</b>	<b>15</b>
72	<i>of which attributable to Group</i>	16	21

**RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

30.06.2018	(euro/million)	30.06.2019	31.12.2018
625	Intangible assets	621	618
0	Right of use assets	85	0
1,031	Property, plant and equipment	1,152	1,074
51	Investments	74	60
72	Other non-current assets and liabilities	(14)	8
(58)	Employee benefits	(59)	(57)
<b>1,721</b>	<b>Net fixed capital</b>	<b>1,859</b>	<b>1,703</b>
852	Inventories and advances	807	881
584	Construction contracts and client advances	969	936
(488)	Construction loans	(492)	(632)
601	Trade receivables	647	749
(1,595)	Trade payables	(1,824)	(1,849)
(155)	Provisions for risks and charges	(80)	(135)
3	Other current assets and liabilities	76	94
<b>(198)</b>	<b>Net working capital</b>	<b>103</b>	<b>44</b>
<b>1,523</b>	<b>Net invested capital</b>	<b>1,962</b>	<b>1,747</b>
863	Share capital	863	863
338	Reserves and retained earnings attributable to the Group	353	364
58	Non-controlling interests in equity	22	26
<b>1,259</b>	<b>Equity</b>	<b>1,238</b>	<b>1,253</b>
<b>264</b>	<b>Net financial position</b>	<b>724</b>	<b>494</b>
<b>1,523</b>	<b>Sources of funding</b>	<b>1,962</b>	<b>1,747</b>

**RECLASSIFIED CONSOLIDATED STATEMENT OF CASH FLOWS**

31.12.2018	(euro/million)	30.06.2019	30.06.2018
30	Net cash flows from operating activities	(14)	99
(163)	Net cash flows from investing activities	(118)	(35)
535	Net cash flows from financing activities	137	278
<b>402</b>	<b>Net cash flows for the period</b>	<b>5</b>	<b>342</b>
<b>274</b>	<b>Cash and cash equivalents at beginning of period</b>	<b>677</b>	<b>274</b>
1	Effects of currency translation difference on opening cash and cash equivalents	2	2
<b>677</b>	<b>Cash and cash equivalents at end of period</b>	<b>684</b>	<b>618</b>

**CONSOLIDATED NET FINANCIAL POSITION**

30.06.2018	(euro/million)	30.06.2019	31.12.2018
<b>618</b>	<b>Cash and cash equivalents</b>	<b>683</b>	<b>677</b>
<b>30</b>	<b>Current financial receivables</b>	<b>12</b>	<b>17</b>
(150)	Current bank debt	(322)	(197)
(525)	Bond and commercial papers - current	(219)	(231)
(56)	Current portion of bank loans and credit facilities	(109)	(54)
(2)	Other current financial liabilities	(20)	(3)
<b>(733)</b>	<b>Current debt</b>	<b>(670)</b>	<b>(485)</b>
<b>(85)</b>	<b>Net current cash/(debt)</b>	<b>25</b>	<b>209</b>
<b>130</b>	<b>Non-current financial receivables</b>	<b>72</b>	<b>63</b>
(307)	Non-current bank debt	(744)	(760)
-	- Bond - non current	-	-
(2)	Other non-current financial liabilities	(77)	(6)
<b>(309)</b>	<b>Non-current debt</b>	<b>(821)</b>	<b>(766)</b>
<b>(264)</b>	<b>Net financial position</b>	<b>(724)</b>	<b>(494)</b>

**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:

	30.06.2019		31.12.2018		30.06.2018	
	Average	Spot	Average	Spot	Average	Spot
Dollaro (USD)	1.1298	1.1380	1.1810	1.1450	1.2104	1.1658
Dollaro Australiano (AUD)	1.6003	1.6244	1.5797	1.6220	1.5688	1.5787
Dirham (AED)	4.1491	4.1793	4.3371	4.2050	4.4450	4.2814
Real (BRL)	4.3417	4.3511	4.3085	4.4440	4.1415	4.4876
Corona Norvegese (NOK)	9.7304	9.6938	9.5975	9.9483	9.5929	9.5115
Rupia (INR)	79.124	78.524	80.7332	79.7298	79.4903	79.8130
Nuovo Leu (RON)	4.7418	4.7343	4.6540	4.6635	4.6543	4.6631
Yuan Cinese (CNY)	7.6678	7.8185	7.8081	7.8751	7.7086	7.7170
Corona Svedese (SEK)	10.5181	10.5633	10.2583	10.2548	10.1508	10.4530

**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:
  - 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 (calculated on a 12-month basis for 1 July - 30 June).
- 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)	30.06.2019		30.06.2018	
	Amounts in IFRS statement	Amounts in reclassified statement	Amounts in IFRS statement	Amounts in reclassified statement
<b>A – Revenue</b>		<b>2,837</b>		<b>2,527</b>
Operating revenue	2,804		2,473	
Other revenue and income	33		54	
<b>B - Materials, services and other costs</b>		<b>(2,100)</b>		<b>(1,855)</b>
Materials, services and other costs	(2,108)		(1,857)	
Recl. to I – Extraordinary and non-recurring income and expenses	8		2	
<b>C - Personnel costs</b>		<b>(508)</b>		<b>(482)</b>
Personnel costs	(511)		(485)	
Recl. to I – Extraordinary and non-recurring income and expenses	3		3	
<b>D – Provisions</b>		<b>(14)</b>		<b>(7)</b>
Provisions	(30)		(38)	
Recl. to I – Extraordinary and non-recurring income and expenses	16		31	
<b>E – Depreciation, amortization and impairment</b>		<b>(78)</b>		<b>(65)</b>
Depreciation, amortization and impairment	(78)		(65)	
<b>F – Finance income and (costs)</b>		<b>(60)</b>		<b>(52)</b>
Finance income and costs	(60)		(52)	
<b>G - Income/(expense) from investments</b>		<b>(3)</b>		<b>1</b>
Income/(expense) from investments	(3)		5	
Recl. to I - Extraordinary and non-recurring income and expenses	-		(4)	
<b>H - Income taxes</b>		<b>(40)</b>		<b>(28)</b>
Income taxes	(35)		(20)	
Recl. to L – Tax effect of extraordinary and non-recurring income and expenses	(5)		(8)	
<b>I - Extraordinary and non-recurring income and expenses</b>		<b>(27)</b>		<b>(32)</b>
Recl. from B - Materials, services and other costs	(8)		(2)	
Recl. from C - Personnel costs	(3)		(3)	
Recl. from D - Provisions	(16)		(31)	
Recl. from G - Income/(expense) from investments	-		4	
<b>L- Tax effect of extraordinary and non-recurring income and expenses</b>		<b>5</b>		<b>8</b>
Recl. from H – Income taxes	5		8	
<b>Profit/(loss) for the period</b>		<b>12</b>		<b>15</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

(Euro/million)	30.06.2019		31.12.2018	
	Amounts in IFRS statement	Amounts in reclassified statement	Amounts in IFRS statement	Amounts in reclassified statement
<b>A) Intangible assets</b>		<b>621</b>		<b>618</b>
<i>Intangible assets</i>	621		618	
<b>B) Right of use assets</b>		<b>85</b>		<b>-</b>
<i>Right of use assets</i>	85		-	
<b>C) Property, plant and equipment</b>		<b>1,152</b>		<b>1,074</b>
<i>Property, plant and equipment</i>	1,152		1,074	
<b>D) Investments</b>		<b>74</b>		<b>60</b>
<i>Investments</i>	74		60	
<b>E) Other non-current assets and liabilities</b>		<b>(14)</b>		<b>8</b>
<i>Derivative assets</i>	1		30	
<i>Other non-current assets</i>	30		31	
<i>Other liabilities</i>	(30)		(32)	
<i>Derivative liabilities</i>	(15)		(21)	
<b>F) Employee benefits</b>		<b>(59)</b>		<b>(57)</b>
<i>Employee benefits</i>	(59)		(57)	
<b>G) Inventories and advances</b>		<b>807</b>		<b>881</b>
<i>Inventories and advances</i>	807		881	
<b>H) Construction contracts and client advances</b>		<b>969</b>		<b>936</b>
<i>Construction contracts - assets</i>	2,301		2,531	
<i>Construction contracts - liabilities and client advances</i>	(1,332)		(1,595)	
<b>I) Construction loans</b>		<b>(492)</b>		<b>(632)</b>
<i>Construction loans</i>	(492)		(632)	
<b>L) Trade receivables</b>		<b>647</b>		<b>749</b>
<i>Trade receivables and other current assets</i>	979		1,062	
<i>Recl. to N) Other assets</i>	(332)		(313)	
<b>M) Trade payables</b>		<b>(1,824)</b>		<b>(1,849)</b>
<i>Trade payables and other current liabilities</i>	(2,150)		(2,116)	
<i>Recl. to N) Other liabilities</i>	326		267	
<b>N) Provisions for risks and charges</b>		<b>(80)</b>		<b>(135)</b>
<i>Provisions for risks and charges</i>	(80)		(135)	
<b>O) Other current assets and liabilities</b>		<b>76</b>		<b>94</b>
<i>Deferred tax assets</i>	139		123	
<i>Income tax assets</i>	22		21	
<i>Derivative assets</i>	8		23	
<i>Recl. from I) Other current assets</i>	332		313	
<i>Deferred tax liabilities</i>	(57)		(58)	
<i>Income tax liabilities</i>	(12)		(4)	
<i>Derivative liabilities and option fair value</i>	(30)		(57)	
<i>Recl. from L) Other current liabilities</i>	(326)		(267)	
<b>NET INVESTED CAPITAL</b>		<b>1,962</b>		<b>1,747</b>
<b>P) Equity</b>	<b>1,238</b>			<b>1,253</b>
<b>Q) Net financial position</b>	<b>724</b>			<b>494</b>
<b>SOURCES OF FUNDING</b>		<b>1,962</b>		<b>1,747</b>