

PartnerShip Summit - Second Edition

# **CHARTING NEW WATERS**

Building Innovation, Driving Sustainable Growth

**FINCANTIERI**

 **PartnerShip**

A wireframe model of a large ship, possibly a cruise ship or a large cargo ship, is shown against a dark blue background with a grid pattern. The ship is oriented horizontally, with its bow on the left and stern on the right. The structure is composed of a complex network of white lines representing the ship's hull, superstructure, and various equipment. The background features a glowing blue grid and some light streaks, giving it a high-tech, digital feel.

# PartnerShip Summit 2024

**CHARTING**

**NEW WATERS**

Building Innovation with Partners to Drive Long-term Sustainable Growth

# Today's Meeting Goals

- 0 Reviewing the **PartnerShip's** log: progress and course since last year's Summit
- 1 Strategic update on our **Business Plan 2023-2027** FutureOnBoard
- 2 Reiterate need for **maximum collaboration** to capitalize on current discontinuities
- 3 Fostering alignment across the **pillars of innovation**

# In 2023 our Suppliers Summit kicked off Collaboration on 2 main Programmes...



1

## Procurement Excellence

One of the strategic projects of our 2023-2027 Business Plan aiming at strengthening procurement best practices within the Group and implement levers to optimize procurement spending

2

## PartnerShip Ecosystem

Our "Programma di filiera" focused on improving suppliers' engagement, ESG and digitalization

# ...which we are consistently following up



## Procurement Excellence

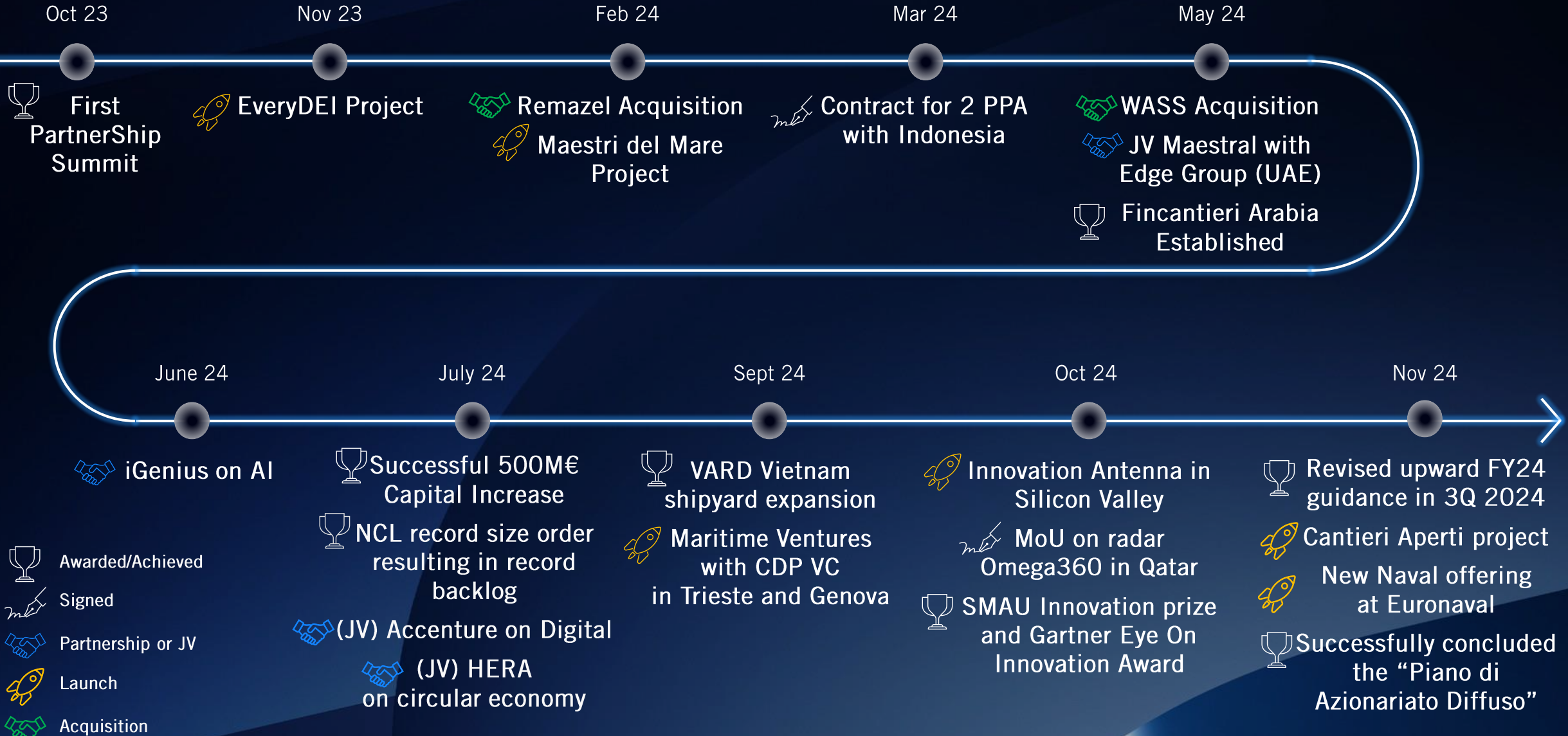
- 🔗 300+ internal resources involved
- 🔗 > 4 € Bln procurement baseline analysed
- 🔗 220+ improvement actions

## PartnerShip Ecosystem



- 🔗 Shared Open Innovation Implementaion
- 🔗 Enforced ESG model: 600 assessments, 160 visits
- 🔗 Engaged in PartnerShip Roadshow and Summit
- 🔗 Pursued Digital and Cybersecurity collaboration
- 🔗 Launched our Subcontractors model: "Cantieri aperti"

# A lot has happened in this 12 months...



# ... in 3 main areas



# The Geopolitical and Strategic Impact of Shipbuilding

3/14/24, 9:31 AM

The geopolitics of shipbuilding

## The geopolitics of shipbuilding

Trade unions in the US are urging the Biden administration to investigate China's dominance of naval engineering, potentially opening up a new front in the Sino-American trade war.

Financial Times Europe  
14 Mar 2024  
By Rana Foroohar

International | Gun, boat, diplomacy

## Welcome to the new era of global sea power

Naval might is back at the heart of competition—and conflict

### THE DIPLOMAT

INTERVIEWS | SECURITY | EAST ASIA

## Shipping, Ports, and China's New Maritime Empire

Insights from Christopher R. O'Dea.



By Mercy A. Kuo  
February 06, 2024

Global Politics

## Navigating Turbulent Waters: Shipping Routes as Key Geopolitical Battlegrounds

## GT Voice: Protectionism is poison for US shipbuilding industry

By Global Times

Published: Sep 22, 2024 11:35 PM



## How geopolitics and climate change are disrupting shipping routes

By Julien Bouissou, Francesca Fattori (infographic), Delphine Papin (infographic), Riccardo Pravettoni (infographic) and Eric Dedier (infographic)

### FINANCIAL TIMES

## Shipbuilder Fincantieri strikes underwater defence deal

The Big Read Shipping

## Shipbuilding: the new battleground in the US-China trade war

Labour unions are urging the Biden administration to investigate China's dominance of naval engineering, potentially inflaming Sino-American tensions

Rana Foroohar in New York MARCH 12 2024

# Solid Growth trend in all core Businesses



Cruise

🔗 Robust demand in all segments, from luxury to mainstream large ships, filling the supply gap  
Forecasted passengers ~35 mln pax (2024) → ~46 mln pax (2030) <sup>1</sup>



Naval

🔗 Increased relevance due to geopolitical tensions, growing importance of underwater domain  
Global defence spending increasing to \$2.59 trillion (2027)<sup>2</sup>



Offshore

🔗 Long-term demand of specialized vessels for Wind farms, Cablelaying and rebound in offshore Oil&Gas  
Installed wind capacity ~ **74GW** (2024) → ~ **258GW** (2030) → ~ **567GW** (2040) worldwide<sup>3</sup>

<sup>1</sup>Source: State of the Cruise Industry 2024

<sup>2</sup>Source: Global Defence Budget, Janes, October 22, 2024 (inflation-adjusted real terms data)

<sup>3</sup>Source: POP database 3Q 2024, 4Offshore

# 9M 2024 Extensive Order Intake - 22 new orders

## Driving all time record backlog with visibility beyond 2032



Major commercial agreements further extending top line visibility

+6

- 6 next gen units with deliveries from 2026 to 2031 for NCLH Regent Seven Seas Cruise and Oceania Cruises.
- Further orders, not yet effective, for Carnival with 3 MEGA dual fuel units of 230K gross tons with deliveries from 2029 to 2033
- 2 units for Viking to be delivered in 2030 with 4 additional ships in option
- 3 high-end cruise ships for Crystal



Strong acceleration in Defence led by export and underwater

+5

- 5<sup>th</sup> and 6<sup>th</sup> Constellation-class frigates for the U.S. Navy (> \$ 1 bn)
- 4<sup>th</sup> next gen submarine for the Italian Navy (ca. € 500 mln)
- 4<sup>th</sup> next gen OPV<sup>1</sup> for the Italian Navy
- 2 PPA units for the Indonesian Ministry of Defence (€ 1.18 bn)
- 2 FREMM EVO frigates (ca. € 1.5 bn) with deliveries in 2029 and 2030, with onboard operational capabilities of UMS



Rising international demand in Offshore wind and Oil&Gas

+11

- 2 OECV<sup>1</sup> for Island Offshore, subsea infrastructure & ops
- 1 ECV<sup>2</sup> for Wind Energy Construction, for the offshore wind and subsea market
- 2 CSOV<sup>3</sup> for Taiwanese client Dong Fang Offshore with
  - highly versatile all-round platform and for sustainable
  - windfarm support operations
- 2 hybrid CSOV for Windward Offshore equipped with hybrid battery system and prepared for future operation on green methanol
- 1 CSOV for Cyan Renewables, featuring class-leading station keeping performance, along with highly fuel-efficient solutions
- 1 CSOV for Navigare Capital Partners, to be installed with battery solutions
- 1 CSOV for REM Offshore equipped with diesel-electric and battery hybrid propulsion, designed for highly flexible and fuel-efficient operation
- 1 stern trawler for Havbryn featuring advanced technology for fuel efficiency and environmentally friendly operations
- Q4: signed orders for a tailor-made CSOV for Navigare Capital Partners
- Q4: 5 walk-to-work vessels for an international client

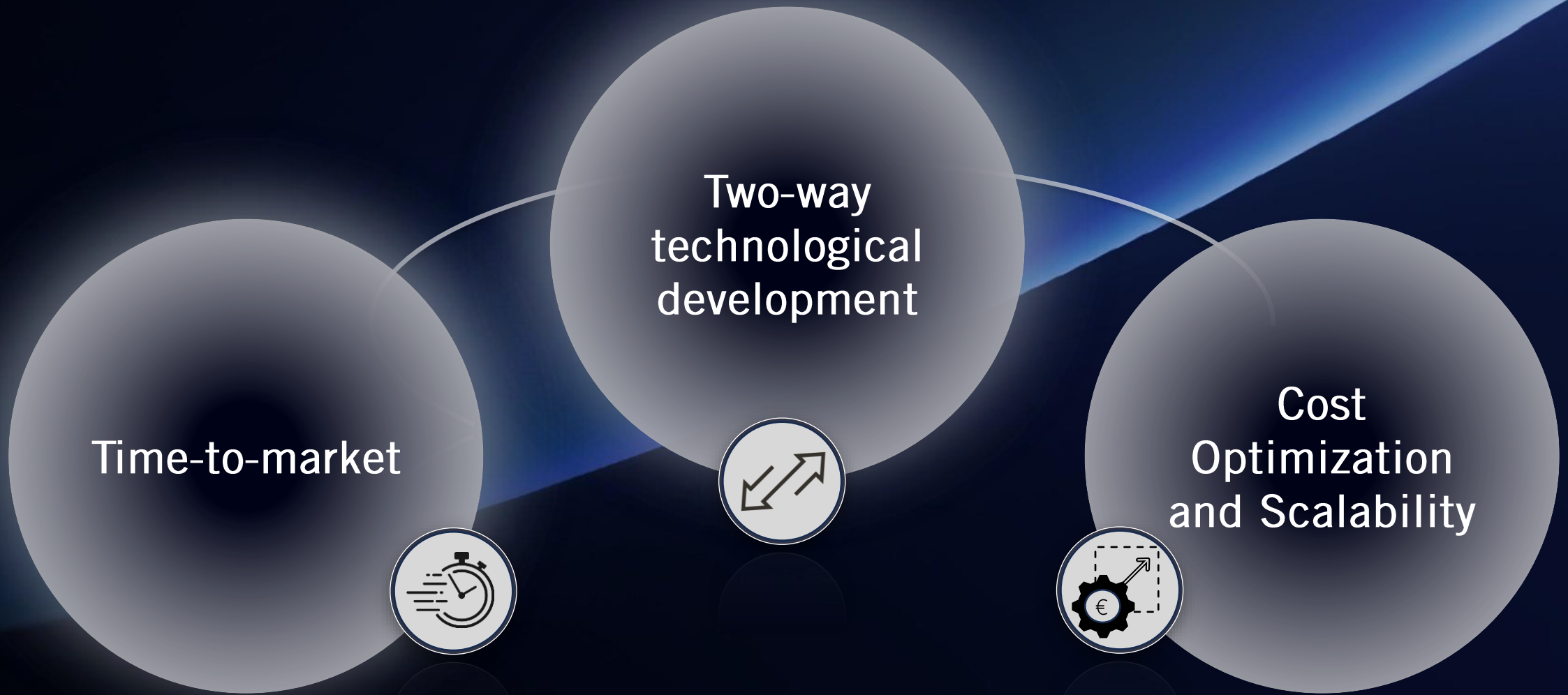


<sup>1</sup>OECV: Ocean Energy Construction Vessel  
<sup>2</sup>ECV: Energy Construction Vessel  
<sup>3</sup>CSOV: Commissioning Service Operations Vessels

**9M order intake of 8.5€ bn resulting in Total Backlog of 40 € bn at Q3 2024**

# Dual-use: Civil-Military cross fertilization

## Faster - Cheaper - Better



# Business Plan targets are so far perfectly on track and better than expected in terms of deleveraging

	GUIDANCE 2024			NEW GUIDANCE	BUSINESS PLAN	
	FY 2019	FY 2022	FY 2023	FY 2024	FY 2025	FY 2027
Revenues (€)	5.8 € Bln	7.4 € Bln	7.7 € Bln	> 8.0 € Bln 	~ 8.8 € Bln	~ 9.8 € Bln
EBITDA Margin	5.5%	3.0%	5.2%	~ 6.0% 	~ 7.0%	~ 8.0%
NFP/EBITDA	5.5x	11.5x	5.7x	4.5-5.0x 	4.5-5.5x	2.5-3.5x

# 2023-2027 Business Plan based on 5 pillars

Each pillar has ambitious objectives and is deployed in strategic projects



## Focus on Core Business

Review product portfolio, maximize efficiency and push further on modernization of design/ production capabilities



## Cost optimization and deleveraging

Optimize purchasing costs and SG&A spending governance



## Platform integrator DNA in defense

Research into capabilities to position FC as prime contractor for the defense business



## Total cost of ownership

Develop digital products to provide cruise customers with solutions to reduce overall cost of ownership



## Focus on ESG and decarbonization

Deliver the first cruise Net Zero Vessel by 2035 and attain ESG leadership

# All Strategic Projects are on track (1/2)

11 stream leaders, 34 portfolio leaders with 1000+ employees directly involved

PROJECTS

Operations Excellence

- Pre-outfitting
- Planning capabilities
- Robotics and AI

Infrastructure  
De-risking  
and Partnering

- Portfolio quality
- Risk awareness

Whole Warship  
Integration

- Orizzonte Sistemi Navali JV

Cruise Digital  
Offering

- Fincantieri Digital Ecosystem
- Strategic partnerships

Energy Transition  
and ESG

- Newbuilding and refitting strategies
- Alternative fuels
- Driving sustainability strategy forward

Key results 2024



# All Strategic Projects are on track (2/2)

11 stream leaders, 34 portfolio leaders with 1000+ employees directly involved

PROJECTS

Key results 2024

## Marine Interiors

- Internal capabilities
- Synergies with Cruise organization



## VARD business model

- Market re-start
- Financial results



## Procurement Excellence

- Consolidate identified levers
- Leverage AI and digital



## Subcontractors

- Subcontractors network
- Partners' volume growth

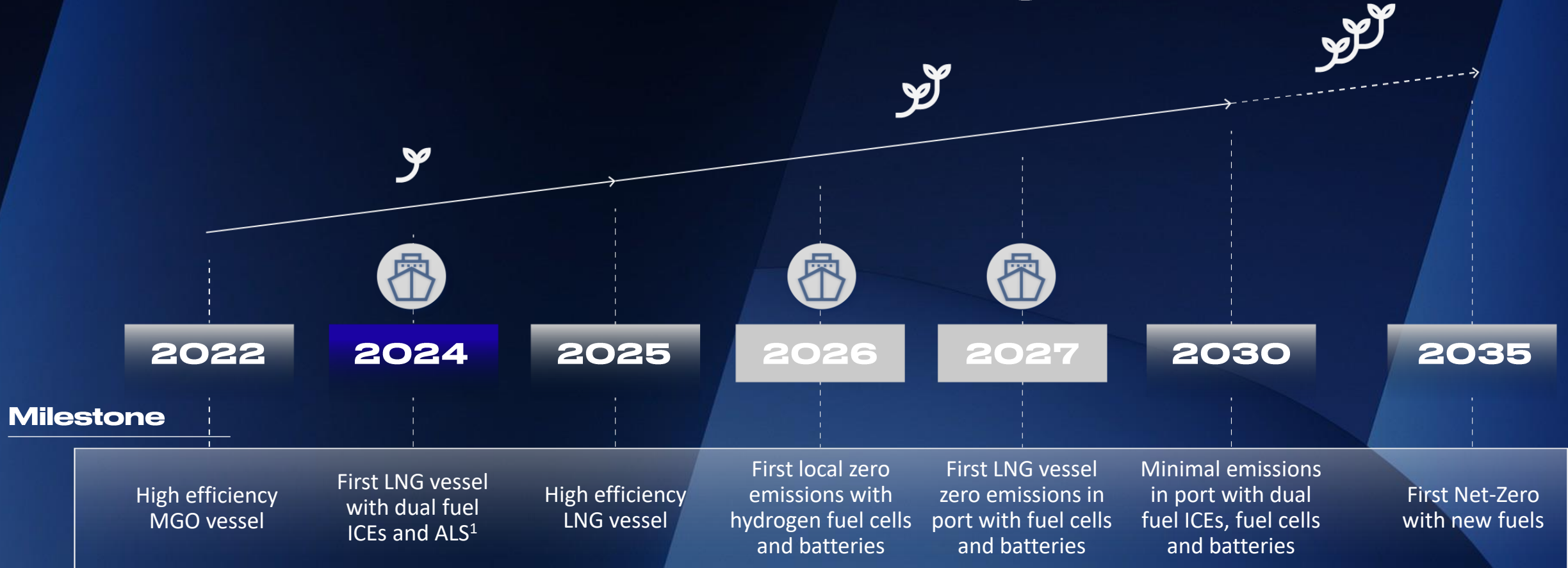


## SG&A and Industrial Governance

- Financial discipline and SG&A optimization
- New internal governance



# Road Map to Net-Zero for a large Cruise Vessel



## CO<sub>2</sub> Local Emissions VS 2008

**-32%**

**-55%**

Implementation depending on customer confirmation

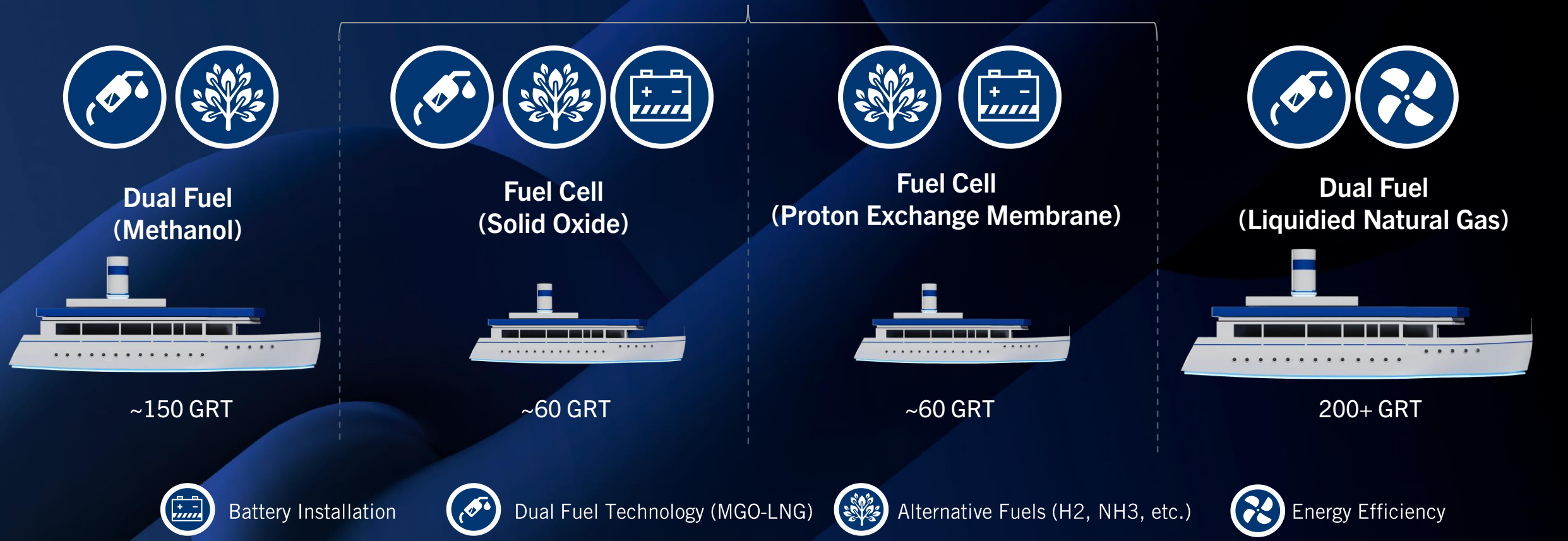
**-61%**

**Net-Zero**

**TANK-TO-WAKE APPROACH<sup>2</sup>**

# Recent Energy Transition Road Map Milestones

## IPCEI Hy2Tech – Wave 2 the Future Project

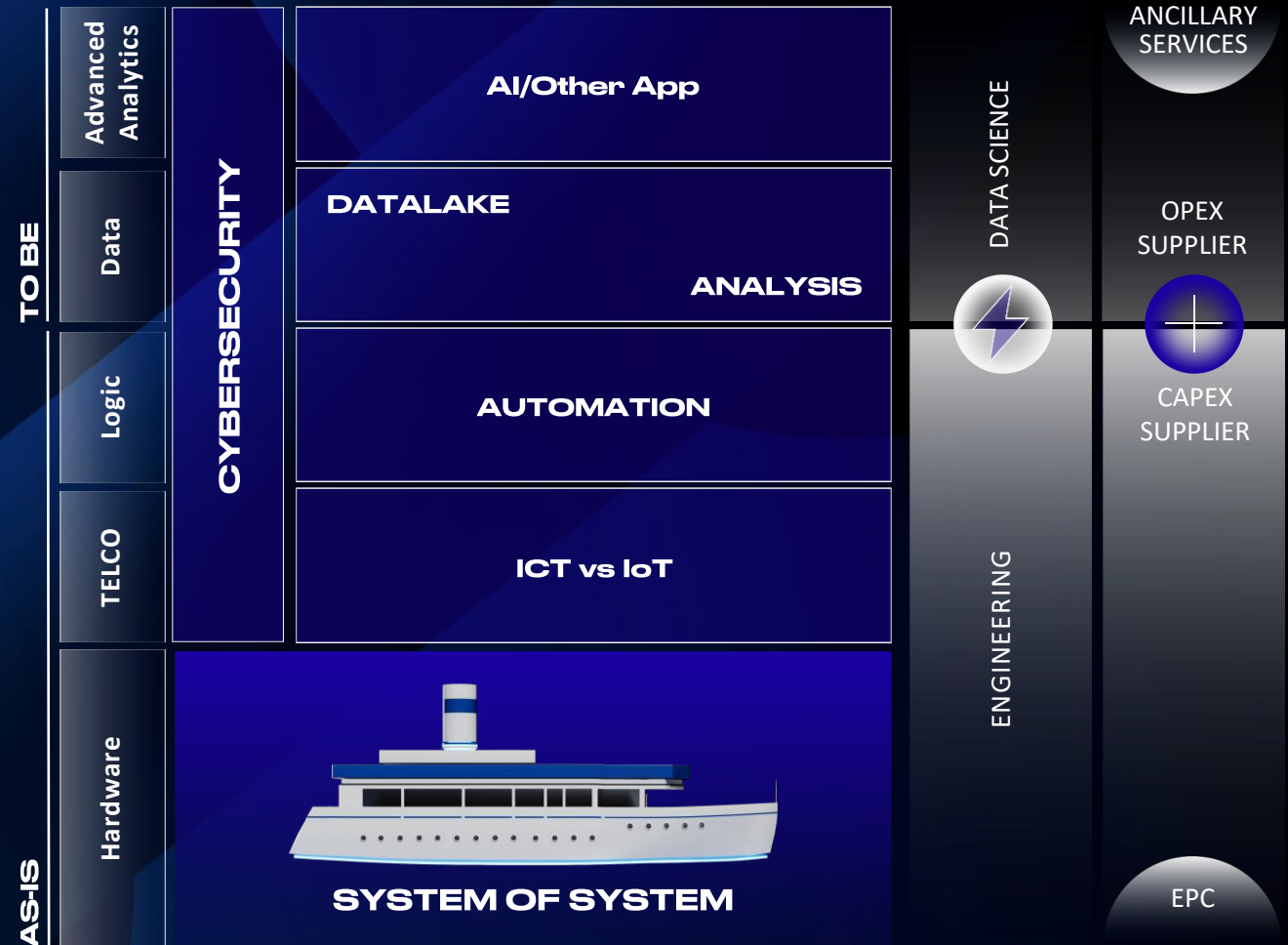


# Pursuing a New Business Model

Long term opportunity by transitioning from Capex to Opex, with a full service offering

## Cruise digital offering

- 🔗 Merging physical and digital expertise for data collection and decision making.
- 🔗 Addressing shipowners' needs: increasing operational efficiency to **reduce overall life-cycle costs**
- 🔗 Leverage **AI** applications and cyber security **on-board** and **on-shore** to seize new business segments



# Fincantieri Digital Ecosystem

## Digital Platform

### SMARTER SHIP

Our ship will improve over time by installing and upgrading new business capabilities over-the-air

## Open marketplace

### AGGREGATION PLATFORM

Providing an Open Marketplace for Partners, Suppliers and Ecosystem stakeholders to trigger a multisided market

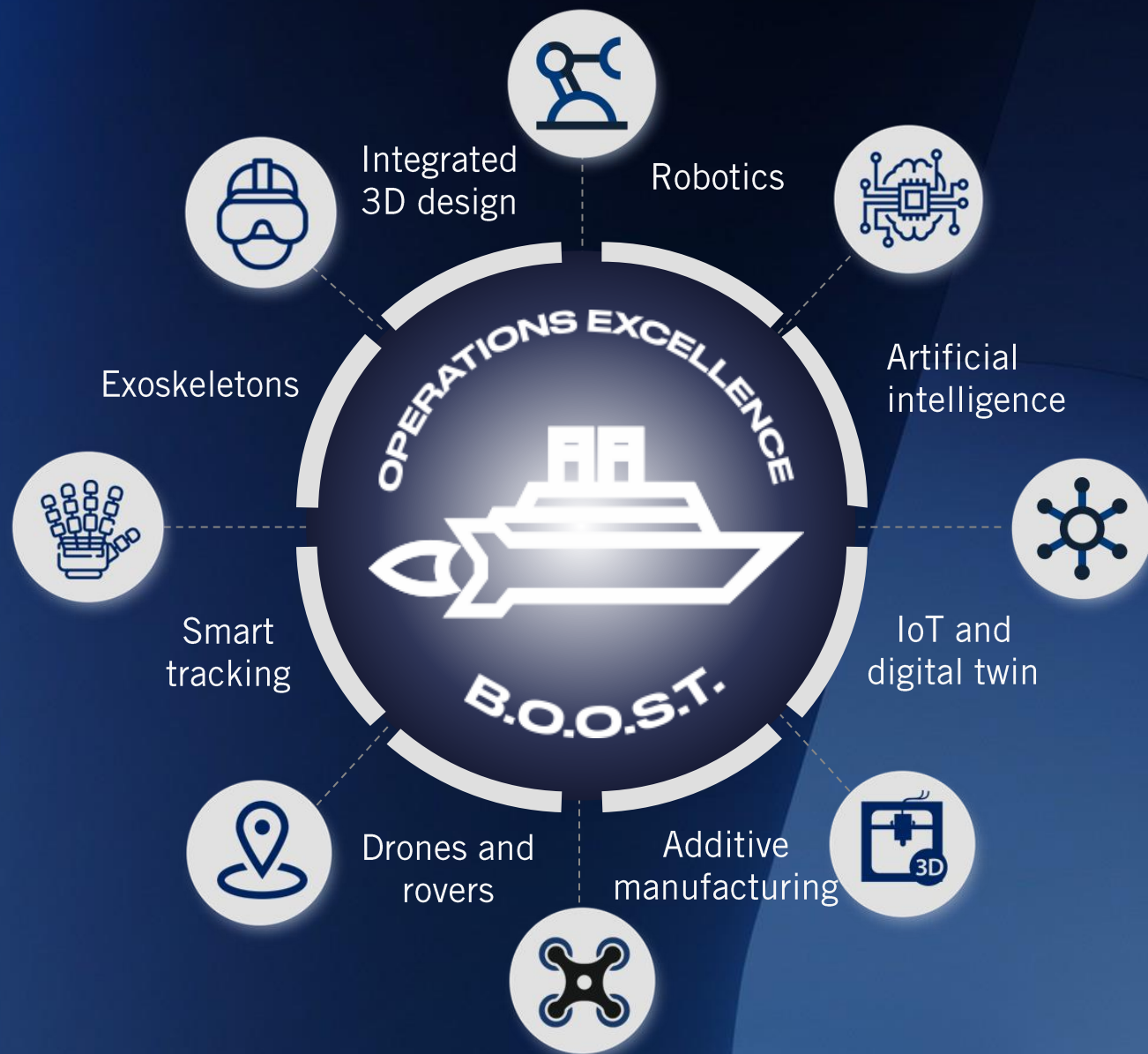


**JV with Accenture as digital engineering partner**



**Deploying MVP on a ship by end of 2025**

# Focus on Operations Excellence



- > Significant effort to study innovative solutions
- > Coupling internal know how with state-of-the-art partners
- > Focus is now on industrialization and scalability



# Focus on Subcontractors



Approx. 20 k blue collars daily working in our Italian shipyards

## > Project “Maestri del Mare”

- From “Manodopera” to “Testadopera” concept for our blue collars
- 2,5 months of dedicated training program implemented for new hires
- Over 20.000 candidates received
- 90 new direct hires in 2024 and 110 expected in 2025



Increasing mismatch between available skilled workers and market needs and disruptive turnover

## > Initiatives on extra SEE basins

- Organize training and selection directly in specific foreign countries
- 200+ workers already trained and working for Fincantieri or our subcontractors’ network

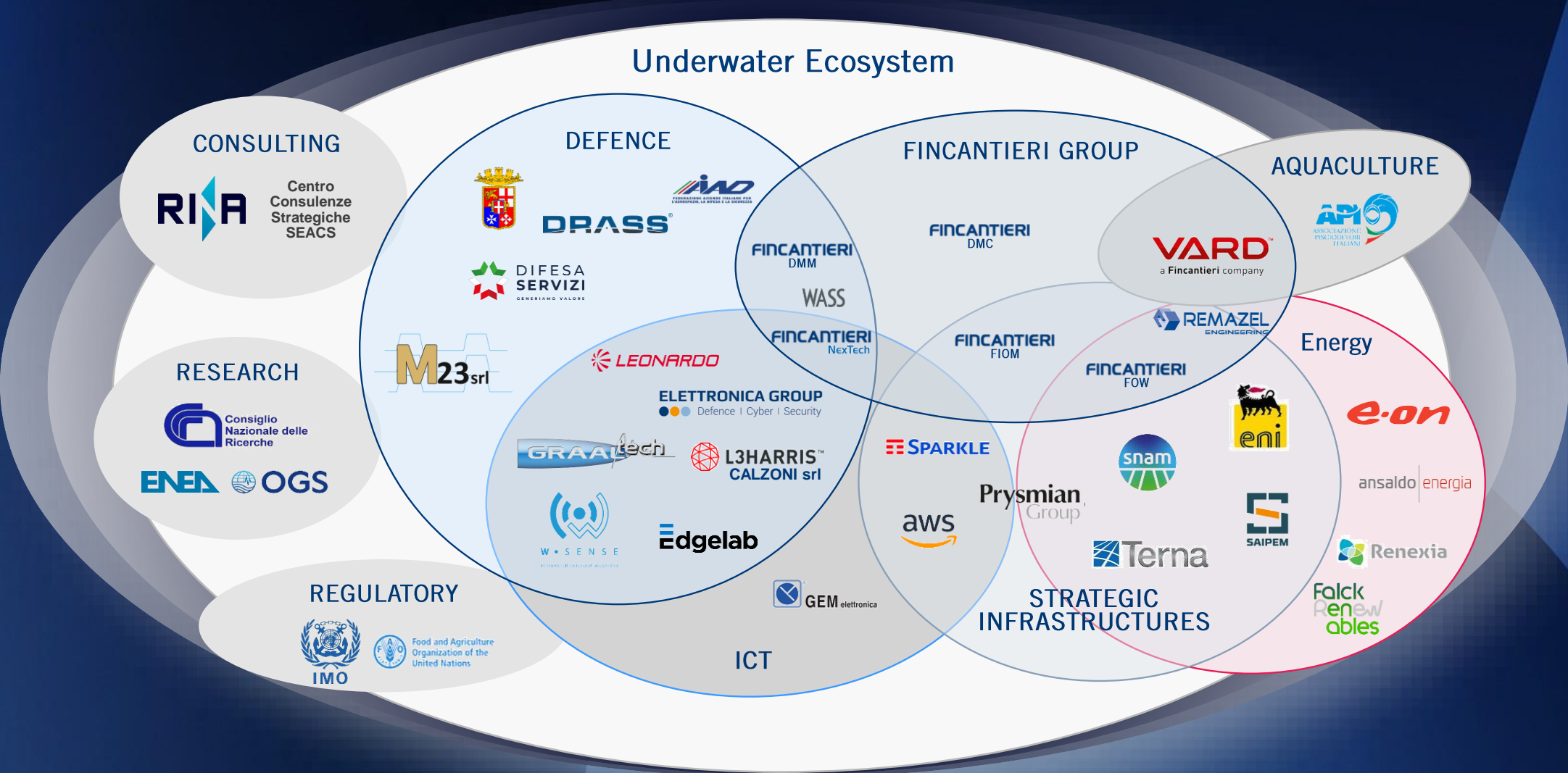


## > ESG focus

- 50+ investments in 5 years for the communities where our shipyards are based
- Different nationalities, experiences and background



# Driving Italian Underwater Stakeholders



# Fincantieri fully fledged to become a Leader in the Underwater Domain

## Market trends



Need to increase critical underwater infrastructure protection



Mediterranean and Red Sea increasingly under threat as crossroads of continents



Technological innovation as key success factor to challenge underwater domain complexity

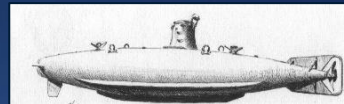
> € 100 bn

(Market Size 2024-28)

## Fincantieri role

Having long tradition in underwater (c. 180 submarines)...

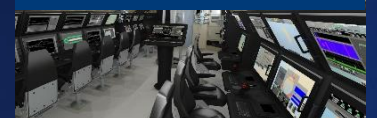
1<sup>st</sup> Ita submarine



World War II



NFS



... moving towards role of orchestrator of complete solutions



Submarines



UW effectors



UW sonars



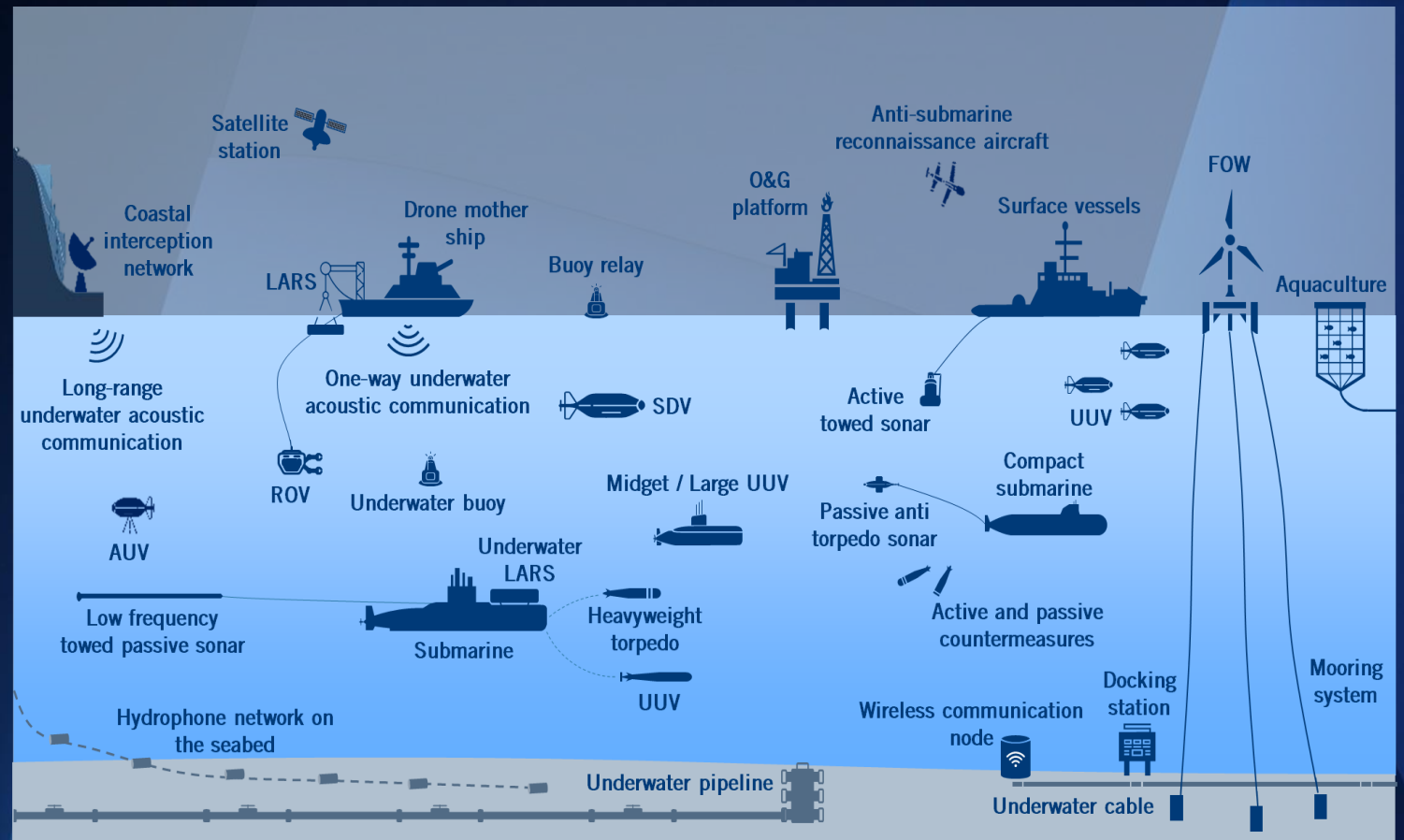
Non-conventional  
UW solutions

# Underwater is a complex Ecosystem with multiple technologies involved

## Key technologies...

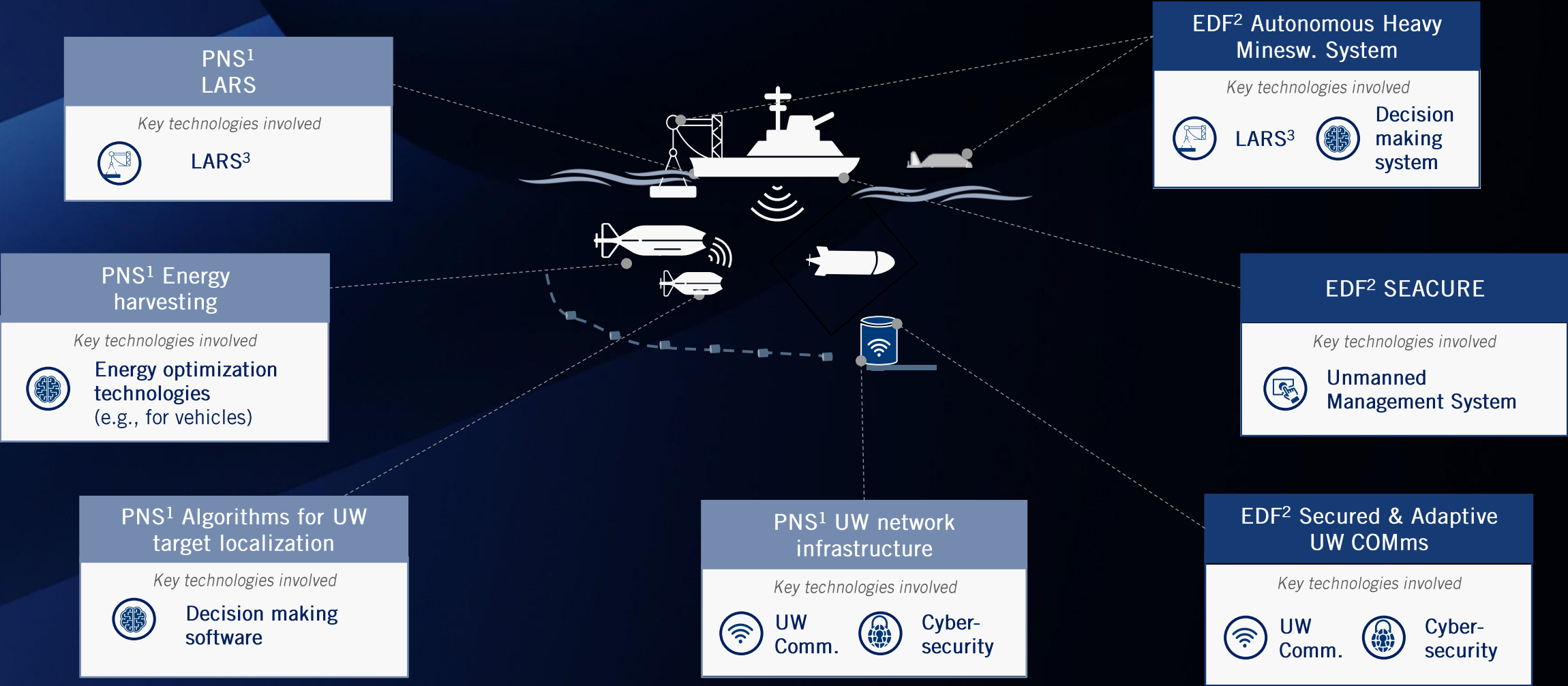
- Unmanned Management System
- Decision-Making System
- Launch and Recovery System
- Underwater communication
- Cybersecurity
- Propulsion systems

## ...enabling a broad spectrum of underwater missions and systems



Notes: AUV = Autonomous Underwater Vehicles; ROV = Remotely Operated Vehicles. LARS = Launch and Recovery Systems. Source: Fincantieri, desk research, expert interviews

# Further expanding capabilities leveraging PNS tenders and EDF calls



<sup>1</sup>PNS: Polo Nazionale della Subacquea i.e. National Underwater Hub

<sup>2</sup>EDF: European Defence Fund

<sup>3</sup>LARS: Launch And Recovery Systems

# M&A boosting Underwater Development



Global leader in the design and supply of highly customized and **complex topside equipment** operating in the **deep-water offshore** and primarily serving the marine energy sector



Renowned underwater player with several Navies as customers, with a key product offering portfolio that includes high-tech **torpedoes**, **ASW<sup>2</sup>** **countermeasures**, **sonars** and **service & support**

# Capital Increase successfully completed



## Capital Increase

€ 400mIn + € 100mIn  
paired in warrants

Capital Market Day  
May 10, 2023<sup>1</sup>

€ 980 mIn

Market Capitalization



## Acquisition of UAS

Transfer of shares  
beginning 2025

€ 300 mIn  
+ up to € 115 mIn

PartnerShip Summit  
November 25, 2024

€ 1.850 mIn

Market Capitalization

+ € 470 mIn of added value for shareholders (+34%)



# Key Takeaways

- 1 Strong tailwinds in all core businesses creating long-term workload visibility
- 2 Geopolitical factors to play increasingly significant role
- 3 Product and process innovation as a key technological driver to win
- 4 Our PartnerShip one year in: stronger and even more decisive