

**LET'S TURN
COLLABORATION
INTO INNOVATION**

www.fincantieri.com

17 October 2023

Fincantieri's Supplier Summit

FINCANTIERI

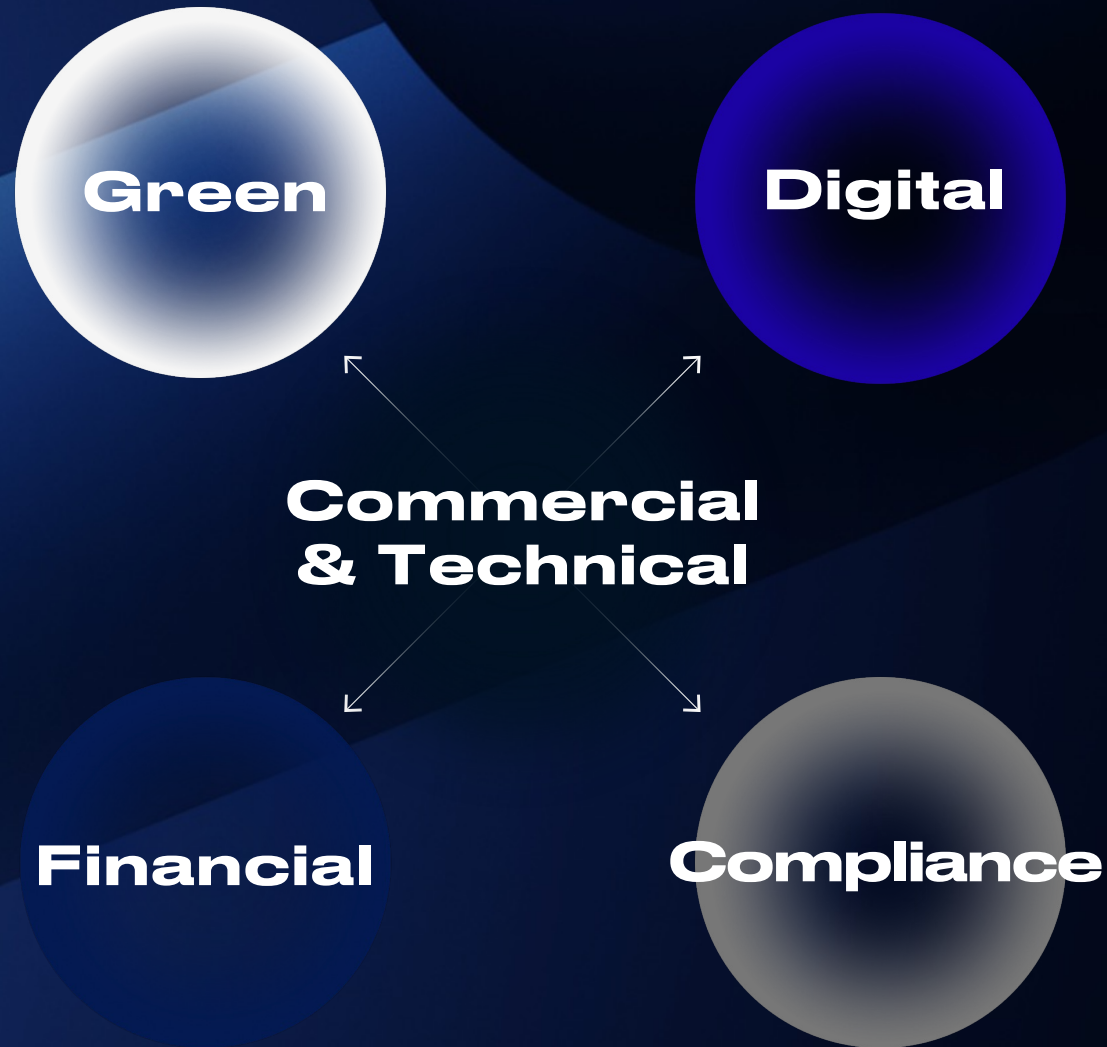
Meeting Agenda

Meeting Objectives

Our Vision:
Fincantieri
Industrial Plan
2023-2027

Round table
on market
perspectives
and actions

Collaboration Evolution



Drive the industry's competitiveness & distinctiveness:

- Enable **Energy Transition**
- Push Process & Product **Digitalization**
- Build **Cyber** and **ESG** compliance
- Optimize **Working Capital**

BUILDABLE INNOVATION

We believe in our role of bringing the **FUTURE ON BOARD** through “buildable” innovations. Innovating not by inventing but by creating and producing at industrial scale First of a Kinds.

We look for partners with whom to change paradigm and deploy the future that takes us together to another level

How to be part of it

Today's Kick-Off



1

Create Strategic Ecosystem and
Collaboration Space
with all the Industry players



2

Develop collaboration
projects aiming for tangible
short and long term results
and deliverables



3

Meet again on a
periodical basis to share
results and set new goals

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**Our Vision:
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Round table
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Italian Group with a global footprint

- **Leading player in Shipbuilding** with a strong competitive positioning thanks to **technology, innovation and best-in-class execution**
- Growth led by organic diversification, global production capacity and wide client base.



7.4 b/€ revenues¹



34.3 b/€ total backlog²



18 shipyards
in 4 continents



+20.000 employees
52% in Italy



As of December 31, 2022

1. Excluding pass-through activities

2. Sum of backlog and soft backlog; soft backlog represents the value of existing contract options and letters of intent as well as contracts in advanced negotiation, none of which yet reflected in backlog

We are leading shipbuilders with a vision to provide a comprehensive service proposition of the life-cycle of green and digital ships

Shipbuilding

Cruise

>40% global market share
Diversified client base
>125 deliveries since 1990

Defence

Sole supplier to the Italian Navy
Leading navies partner of choice
>130 deliveries since 1990

Offshore

Prime mover in Offshore Wind SOVs
>30% market share in CSOV and SOV
Historical leadership in O&G SOVs

DIGITAL ENABLING TECHNOLOGIES

Digital integration to turn into a Digital Design Authority
with Artificial Intelligence and Data Analytics

MARINE SYSTEMS AND COMPONENTS

Leader in green transition to Net Zero emissions
with consolidated know-how and continuous R&D

Infrastructure

Infrastructure capabilities
in sectors adjacent to
shipbuilding

Fincantieri has unique competitive strengths to meet customer needs



18 Shipyards In 4 Continents



- **Scale** and **cross-fertilization** of competencies enabling the **digital and zero-emissions ship**
- **Cruise:** >40% market share serving all leading cruise players globally
- **Naval:** strategic partner of the Italian Navy, referenced leadership in frigates, established exporter
- **Offshore & Specialized Vessels:** leadership through VARD

- **End-to-end design authority** to deliver the **digital and green ship**
- **Complete ship outfitting** including new **propulsion systems** and **automation** and **data management platforms**
- **360° offering:** “cradle to grave”, “stern to bow” and “onboard-ashore”

- Capability to address geopolitical demand with a **global know-how & local capabilities**
- **Global production network** in 4 continents leveraging on end-to-end supply chain
- Meeting client needs to manage **complexity, technical support** and **cost efficiencies**

Ready to exploit opportunities driven by market macro-trends

Current business outlook underpins potential to accelerate growth and global market share



Cruise market rebounding after Covid-crisis

Cruise market rebound, orders still below pre-covid levels in the short term



Military market in a different global context

Expenditure on naval to grow with overall defence spending, increasing role of underwater and unmanned domain



Offshore market driven by wind power sector

Growth in offshore wind offers strong potential for specialized vessels, limited opportunities in Oil&Gas segment



Growth and volatility in commodity and energy costs

Commodity and energy costs increased and remain high compared to pre-pandemic levels



Sector with strong push for ESG and decarbonization

Challenging Emissions reduction targets by IMO¹ and Net Zero Fleet by 2050 by shipowners²

1. International Maritime Organization
2. Cruise only

Future vessel requirements in 2030-2040-2050

Customer needs undergoing a complete transformation for a full-service proposition

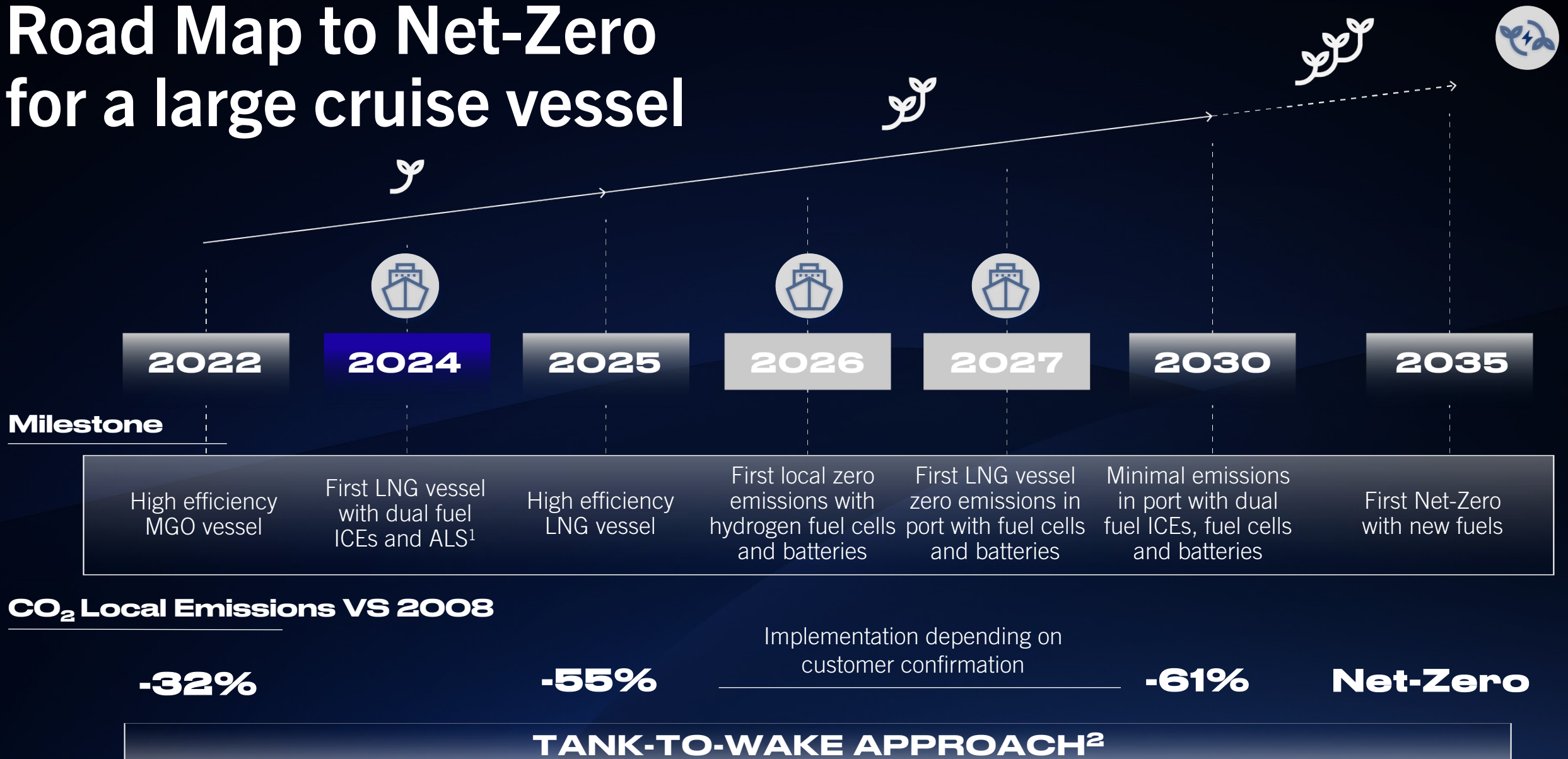


Most vessels will have the specific technology by:

2030 2040 2050



Road Map to Net-Zero for a large cruise vessel



Emissions reduction based on «selected standard profile»: 63% in navigation, 37% in harbor and vs baseline of Fincantieri reference

1. ICE: Internal Combustion Engine; ALS: Air Lubrication System

2. Tank-to-Wake approach: it takes into account the emissions resulting from burning or using a fuel once it is already in the tank



Pursuing a new business model

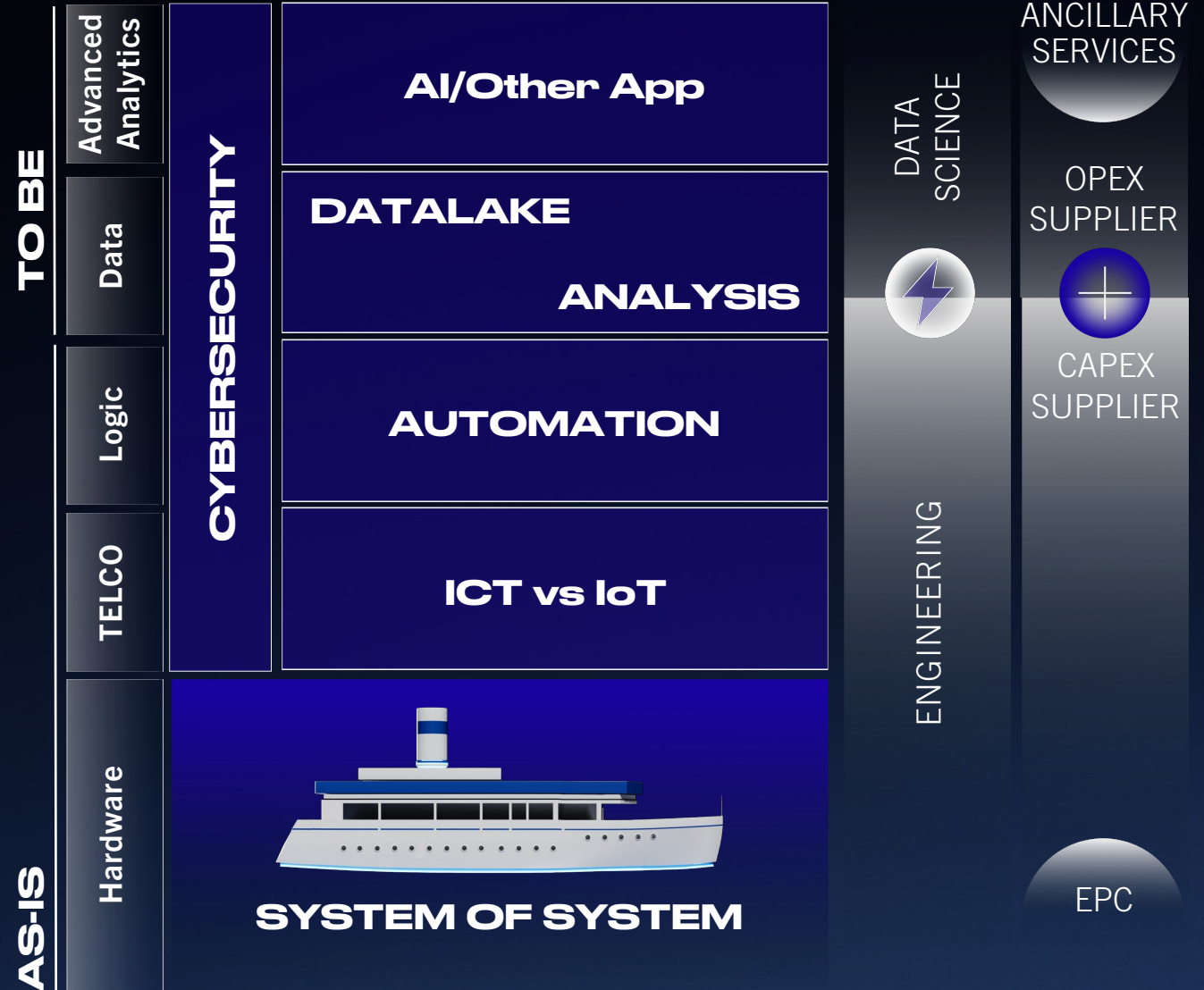
Long term opportunity by transitioning from a Capex to a full lifecycle Opex model

Cruise digital offering

- Pushing the boundaries of data collection and management capabilities while strengthening physical and digital services:
 - Increasing operational efficiency to reduce overall life-cycle costs
 - Developing a win-win operational model
 - Seizing opportunities from new business segment
 - Optimizing new products based on real data

Key Milestones - illustrative

- **by 2030:** data collection on board, ship-to-shore connectivity
- **by 2040:** green energy generation, digital platform
 - **by 2050:** autonomous navigation and remote management



Capitalizing upon additional competitive advantages

Aiming to create long term customer value as a life cycle partner

**Distinctiveness
is the name
of the game**

- Industrial excellence across three core businesses
 - Highly customized product portfolio
 - Pioneering digital and zero emission ship
 - Vertical integration throughout the business chain

**Focused on
increasing
efficiency
and productivity**

- Digitalized production facilities for productivity enhancement
 - Procurement and spending governance optimization
 - Integration capabilities and project management skills to tackle complexity and risks

**Deep roots
in the industry
translating into**

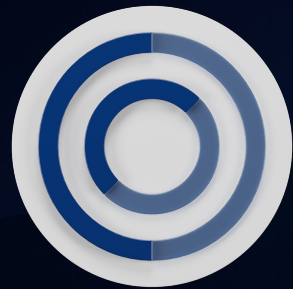
- Product design to cost & design to build
 - Design to digital to cut Opex through digitalization and emissions reduction
 - Evolution towards total cost of ownership approach

From industrial shipbuilding to integration, from integration to technology

**OUR AMBITION IS TO BECOME
THE LIFECYCLE PARTNER OF CHOICE**

Our new strategy deployed in a set of key projects aggregated in 5 pillars

Aimed at strengthening existing global leadership and preparing the Group for extending its leadership in the long term



Focus on Core Business

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



Life-Cycle Management

Development of digital applications and data platforms transitioning from Capex to Opex



System Integration

Strengthen positioning as system integrator across all businesses



Financial Discipline

Optimization of procurement and spending governance



Industrial Sustainability

First Net Zero vessel by 2035 and leadership in ESG

Cross-fertilization of expertise, top-notch competences and best-practices throughout the core business, accelerated by green and digital transition



- **Clear targets to reach net-zero emissions by 2035:** first Net-Zero cruise ship, carbon free operations and R&D investments
- Roadmap for Net-Zero ships:
 - **Technological improvements** to cut energy consumption
 - **New fuels and innovative propulsion technologies**
 - **Ship operations** adapted to Net-Zero targets
- **Process digitalization** for higher efficiencies in operations, design and procurement
- **Digital integration** through Artificial Intelligence and Data Analytics competences
- **From EPC to Life Cycle Management**
- **Advanced analytics developing digital applications** and data platform

Economies of scope and scale on new propulsion systems, new fuels, digital ship platforms, system integrations and cyber security

Supported by repositioning of ESS unit to support green and digital journey

ESS reorganised as enabler for comprehensive life-cycle service offering

ELECTRICAL, ELECTRONIC AND DIGITAL SERVICES

Area of Activities

- Propulsion and electrical grid
- Control, bridge and communication
- Enabled digital services (simulators, energy efficiency and cyber security)

Group Companies Delivering

- Fincantieri NexTech – Communication, safety and enabled digital services
- VARD Electro – Power, propulsion, drives, control and bridge
- Fincantieri SI – Battery management system

MARINE SYSTEMS AND COMPONENTS

- Stabilizers and thrusters
- Low/mid power marine engines
- Steam turbines
- Cranes, winches and gangways

- DSC – Stabilizers, thrusters, and steam turbines
- Isotta Fraschini Motori – Fast medium duty diesel engines
- Seaonics – Offshore handling systems

Technological leadership in complex electronic and digital systems



Cybersecurity Maritime

- Ship secure by design
- Cyber solutions for naval platforms in operation
- Security of facilities, supply chain and adjacent infrastructure

Simulation & Digital Twin

- Solutions to optimize design and enhance training and in-service support by leveraging simulations based on digital models and Augmented Reality

Digital Lifecycle Services & After Sales

- Digital logistics services and integrated product support Artificial Intelligence and big data

Maritime IoT Solutions

- IoT and Industrial IoT solutions to govern and monitor the ship platform, controlling its total costs of ownership

Platform Automation & Integration

- Platform system automation with key mission support and combat subsystems
- Focus on unmanned and autonomous solutions

ESG & Sustainability fully integrated in the Strategic Plan

2023-2027 Group Sustainability Plan based on 3 pillars and 15 material topics

15 materials topics, 7 of which are strategic



INNOVATION

Innovative and technological development for energy and digital transition



INCLUSION

Protection, inclusion and development of people and communities



INTEGRITY

Industrial excellence

1. CLIMATE CHANGE
2. ENVIRONMENTAL IMPACT OF PRODUCTS AND SERVICES
3. INNOVATION, RESEARCH AND DEVELOPMENT
4. Environmental management
5. Customer satisfaction
6. Cyber security

7. DEVELOPMENT AND SAFEGUARDING OF HUMAN RESOURCES
8. Human rights
9. DIVERSITY AND EQUAL OPPORTUNITY
10. Company welfare
11. Local communities and relations with the local area

12. HEALTH AND SAFETY IN THE WORKPLACE
13. Product quality and safety
14. SUSTAINABLE SUPPLY CHAIN
15. Governance and business integrity



10 strategic projects underpinning the 5 strategic pillars

10 Working Teams fully committed to successfully reaching milestones and targets

Successfully delivering 2023-2027 targets



Laying the foundation for the next industrial cycle

Targets

Focus on Core Business

Financial Discipline

Industrial Sustainability

Life-Cycle Management

System Integration

10 Internal Strategic Projects started

1. Operations excellence
2. Competitive VARD business model
3. Infrastructure de-risking and partnering
4. Accommodation business upswing

5. Procurement best practices
6. SG&A and process governance

7. Green transitioning towards Net-Zero
8. Group ESG strategy

9. Cruise digital offering

10. Whole warship capabilities

Revenues at 10 bn/€ in 2027, mainly driven by growth in naval and offshore

Higher margins leading to net profit from 2025 and significant deleveraging

	FY 2019 ¹	FY 2022	FY 2023	FY 2027
REVENUES	5.8 _{bn}	7.4 _{bn}	~ 7.6 _{bn}	~ 9.8 _{bn}
EBITDA MARGIN	5.5%	3.0% ²	~ 5.0	~ 8.0%
NFP/EBITDA	5.5 _x	11.5 _x ²	7.0-7.5 _x	2.5-3.5 _x
CAPEX	279 mln	295 mln	~ 300 mln	~ 200 mln

1. FY 2019 figures are exposed for the sole purpose of a pre-COVID performance benchmark

2. As the result of a one-off strategic project review

Floating Wind Offshore is a fundamental enabler of the energy transition

Ready to play a leading role in the sector supporting an industrial acceleration to capture the opportunity in the short-term

~ 120_{GW}

Targeted European Offshore Wind installed capacity by 2030⁽¹⁾

2_{GW}

Italian target for the Offshore Wind installed capacity at 2030⁽¹⁾

150_{kton/y}

Steel quantity⁽²⁾ to be developed yearly to meet Italian targets

Fincantieri and the shipbuilding value chain have a **privileged position** to capture the once-in-a-lifetime **Floating Offshore Wind development** macrotrend

1. Source: The European House - Ambrosetti elaboration on IRENA data, 2023. Considered countries: UK, Germany, Netherlands, Belgium, Denmark and Italy.
2. Fincantieri analysis

The Underwater is a strategic domain in the Mediterranean Sea for Defence and Energy

Naturally positioned to act as one of the leaders of Underwater Industry development in Europe



UW infrastructures strategic for both energy and connectivity sectors requiring **solutions for operations** and **defence**

Market dynamics

8 b/\$

Global **Submarine** market size in 2030⁽¹⁾

2 b/\$

Global **Robotic** spending in 2025 for maritime vehicles

Governance



Italian DoD has created the **National UW Cluster** to sustain **Italian underwater excellence** developing **synergies among champions**

Fincantieri aims at playing a driving role for the Italian industrial fabric in the development of **underwater competencies**, enabling Italy to become a **key player** in the international landscape

1. Source: Globaldata, including diesel AIP submarine, diesel electric submarine and midget submarine

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