

**LET'S TURN
COLLABORATION
INTO INNOVATION**

www.fincantieri.com

Fincantieri's Supplier Summit

17 October 2023

Meeting Agenda

Meeting Objectives

Our Vision:
Fincantieri
Industrial Plan
2023-2027

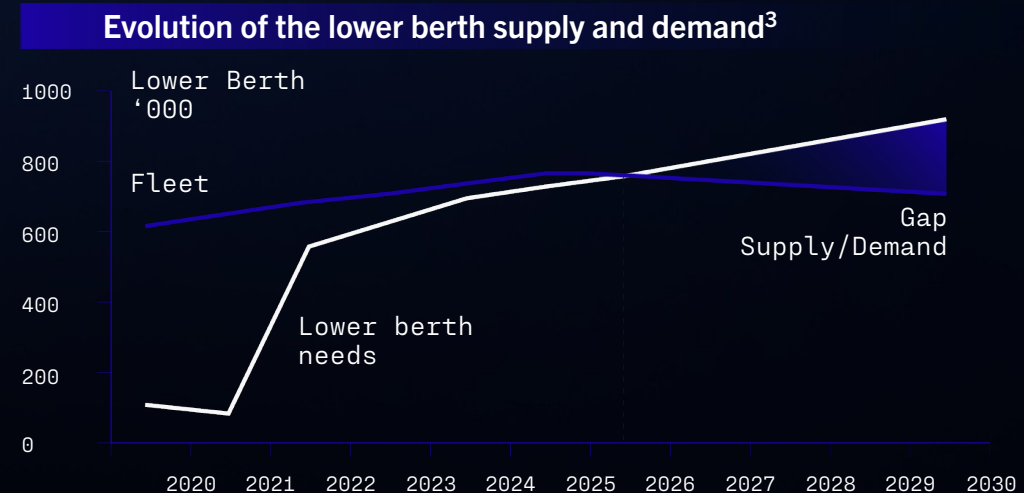
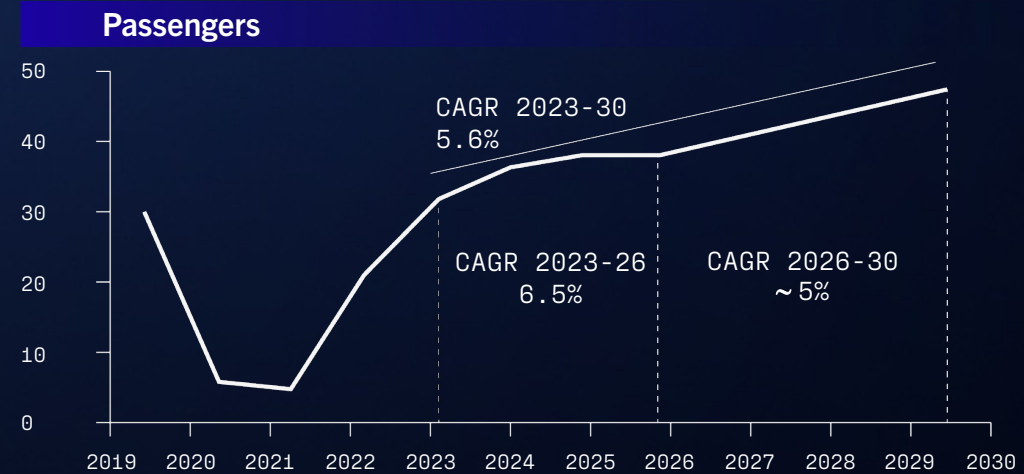
Round table
on market
perspectives
and actions



Cruise: passenger rate to grow ~ 6% annually until 2030, with new ships needed from 2023 - 2024

Cruise Market

- With a substantial resumption in cruise activities, cruise passengers in 2022 amounted to 20 million¹
 - 38 mln passengers by 2026 (CAGR 2023-26: +6.5%)
 - 46 mln passengers by 2030 (CAGR 2026-30: +5%), in line with the pre Covid decade²
- Gap between supply and demand of vessels expected starting from 2026, foreseeing a resumption of order intake from 2023
- Naval operators experiencing significant pick up in occupancy rates with higher pricing, with important cash generation
- Average age of tier-1 cruise fleet stands between 11 and 15 years
- Regulatory developments and ageing of fleets require new compliant vessels
- Resumption of orders already recorded for luxury segment with market newcomers from hôtellerie
- Business outlook will be influenced by:
 - level of technological maturity to address emission reduction requirements
 - financial support to shipowners by Export Credit Agencies



1. Cruise Lines International Association
 2. CLIA Report 2022, CAGR 2009-2019 = 5%, Fincantieri analysis based on CLIA data
 3. Fincantieri analysis



Defence: foreign accessible markets opportunities for € 20 bn in 2023 - 2027

Global defence budget

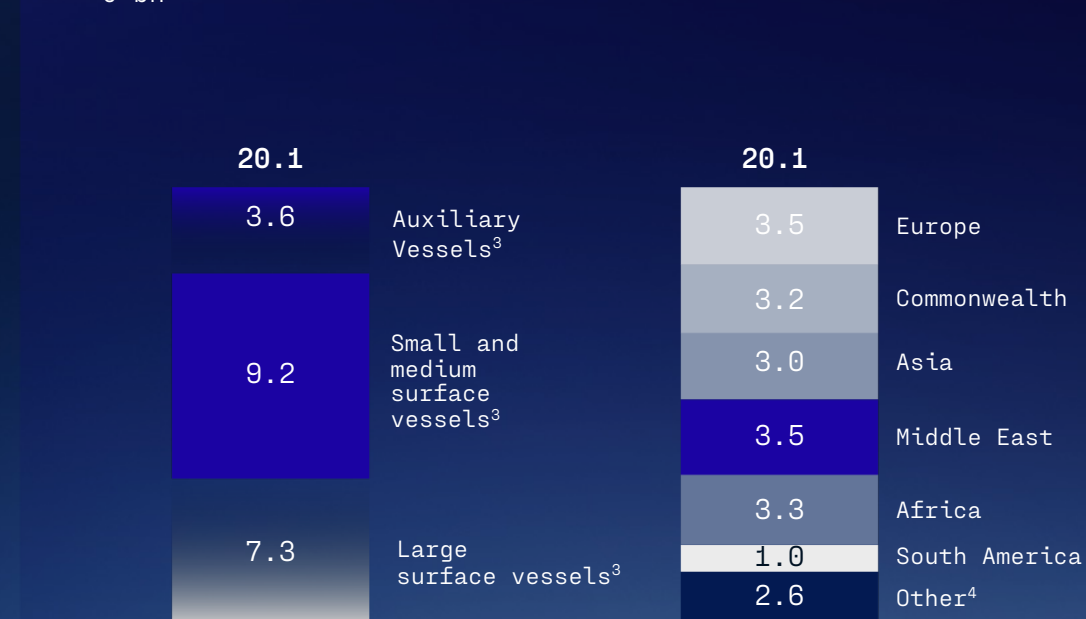
- Geopolitical context and foreign policy impact industrial defence sector and demand for larger fleets with more advanced technological requirements
- Global defence budget in 2022 at \$ 2.09 tn¹, confirming the growth trend started in 2014 (+1.9% annually); of which approx \$ 120 bn in Naval procurement
- Outlook for higher defence budgets (CAGR 2023-27 at +2.6%)
- Global defence budget allocated to the Navy in 2023-2027 set to grow, with increased demand for frigates, corvettes and submarines

Accessible Markets²

- Fincantieri consolidated and recognised expertise in frigates and corvettes and submarines:
 - Italian FREMM, US Navy Constellation-class and Qatari Ministry of Defence
- Fincantieri's competitive edge enhanced by:
 - local production capability
 - shortening and utilizing local supply chains
 - adapting to new geopolitical paradigm and customer requirements
 - track record acting as prime contractor, integrating combat capabilities

Programs 2023-2027

€ bn



1. Global Defence Budget, Jane's , April 2023 - Data in real terms (adjusted for inflation)
 2. Foreign accessible market: New naval vessels (neither refitting nor MLU - Mid-Life Upgrade) with conventional propulsion systems for not fully autonomous countries. Does not include programs for inaccessible countries (e.g. Russia, China), already awarded programs, programs for minesweepers, carriers and submarines, units below 30/ 45 m length. Fincantieri analysis, Jane's
 3. Large surface vessels: destroyer, frigate; medium and small surface vessels: patroller, corvette
 4. Other opportunities for FREMM and corvette/OPV



Naval: supporting the Italian Navy fleet renewal and expansion

Italian Navy

- Fincantieri is the strategic partner of the Italian Navy with more than 50 deliveries since 1990 and the reference player for the design and construction of naval vessels, including submarines, as well as after sale services
- Given the current geopolitical scenario and Italy’s strategic role of the Mediterranean Sea, whereby it is a key member of NATO, potential demand from the Italian Navy is expected to grow in the next few years

Current Pipeline with the Italian Navy

There are currently over 20 major vessels in Fincantieri business plan which are already financed or planned



Defence Commission Hearing to the Italian Navy

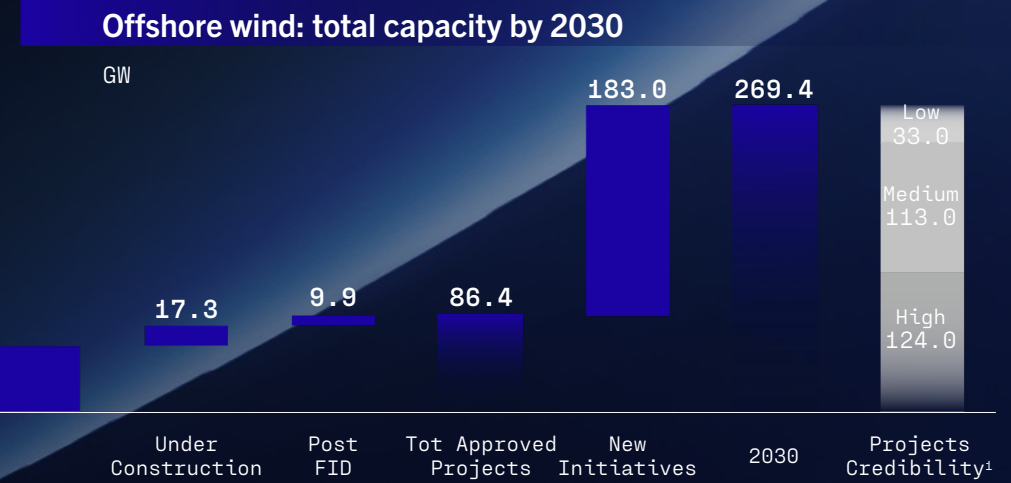
- On February 23, 2023 the Chief of the Italian Navy Enrico Credendino indicated “In order of priority we would need 3-6 more anti-submarine frigates, 2 more anti-aircraft ships, a 2nd aircraft carrier to ensure that we have a carrier available all year round, a logistics ship and 2 submarines”



Offshore & Specialized Vessels: expansion in offshore wind with significant attention to renewable energies

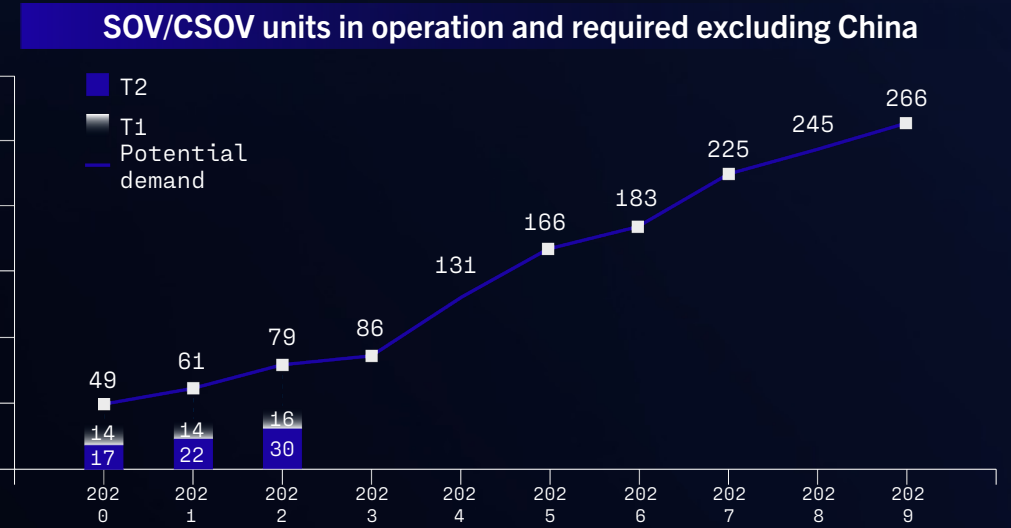
Wind Offshore

- Offshore wind farms: total installed capacity expected to rise from 59.2 GW to c. 269 GW by 2030¹, spurring strong demand for specialized vessels and cable layers
- Governments attention to renewable technology, especially offshore wind:
 - in US, the Inflation Reduction Act (IRA), with its \$ 369 bn investment in clean energy
 - the EU proposal of the Net Zero Industry Act, aiming to counter the IRA’s impacts on competitiveness and the volatile energy market with flexible state aid
- Current CSOV and SOV fleet includes 34 vessels with Fincantieri market share in terms of orderbook amounts to 36%². Almost 150 vessels are deemed to be ordered in 2023-27³



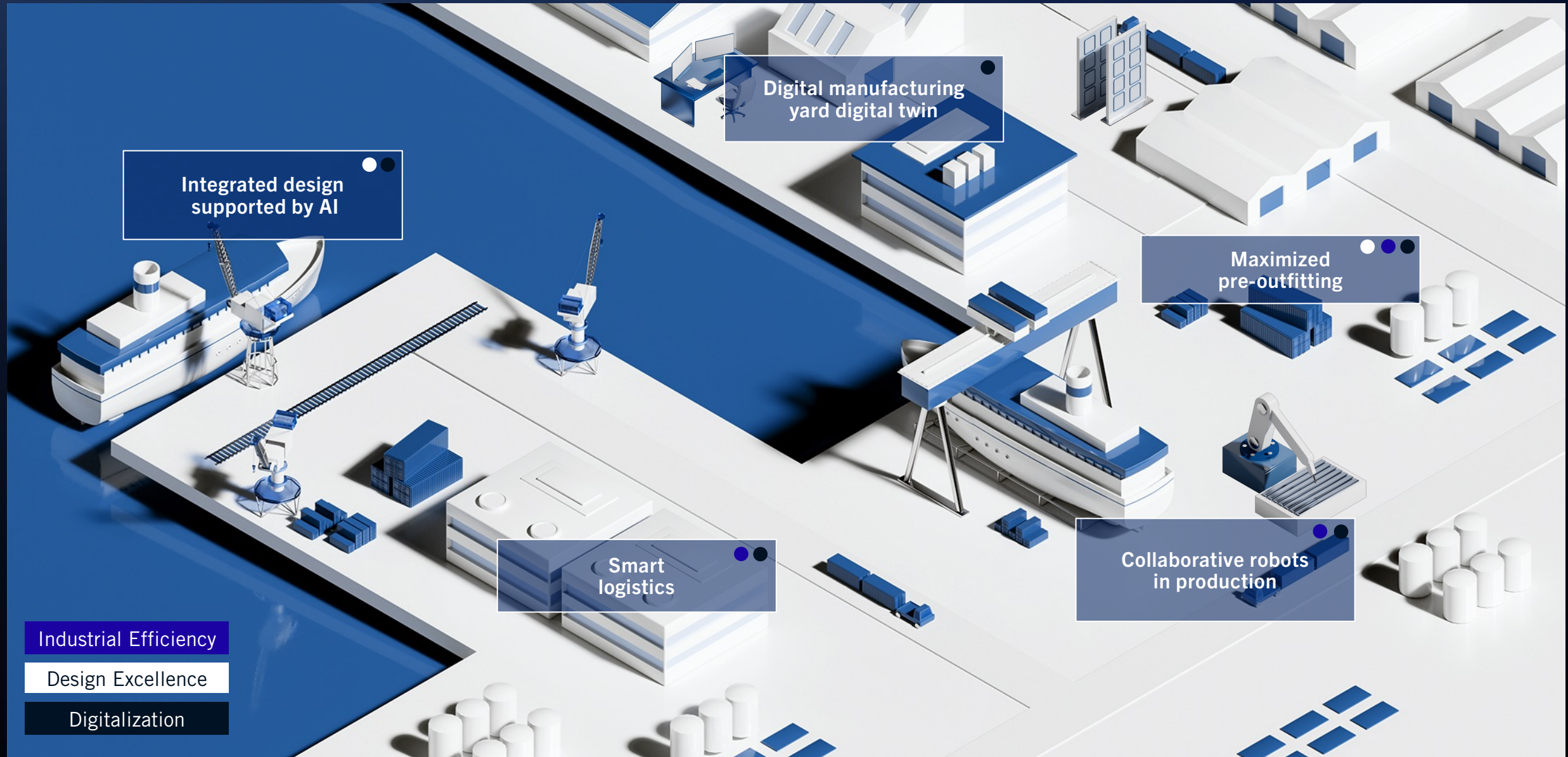
Technological advancements

- Reflecting client demand to manage complexity, reduce costs and secure emissions reduction targets, VARD’s innovative offering includes:
 - Battery propulsion, with capability of transitioning to future fuels and fuel cells
 - Equipment interfaced with onshore control centers, drastically reducing vessel staff and advancing toward unmanned fleets



1. 4COffshore, Global Market Overview Q1 2023
 2. CSOV: Construction Service Operations Vessels; SOV: Service Operation Vessels. Fincantieri internal calculation for market share as of March 31, 2023
 3. Clarkson, September 2022 – Edda Wind 3Q2022

Digitalization of Operations: the Shipyard of the Future



Integrated design supported by AI

Digital manufacturing yard digital twin

Maximized pre-outfitting

Smart logistics

Collaborative robots in production

Industrial Efficiency

Design Excellence

Digitalization

Future is today

Example of ongoing initiatives to improve working conditions and efficiency



Initiative:
Cooperative welding robot

Prototype cobot with an anthropomorphic welding arm



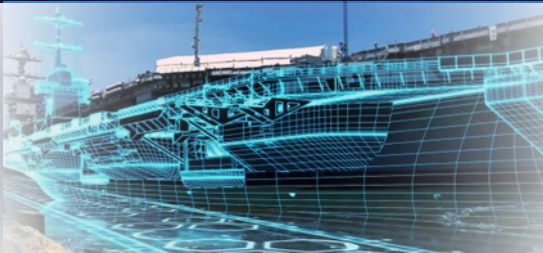
Initiative:
Augmented reality

Virtual information projected on panels under assembly



Initiative:
Drones

Drones for quality controls on panel welding



Initiative:
Shipyard digital twin

Real time monitoring of assets and predictive maintenance



Initiative:
Exoskeletons

Improving safety while enhancing capabilities of operators



Initiative:
Artificial intelligence

Design activities supported by generative AI

Supply chain finance as an enabler for sustainable growth

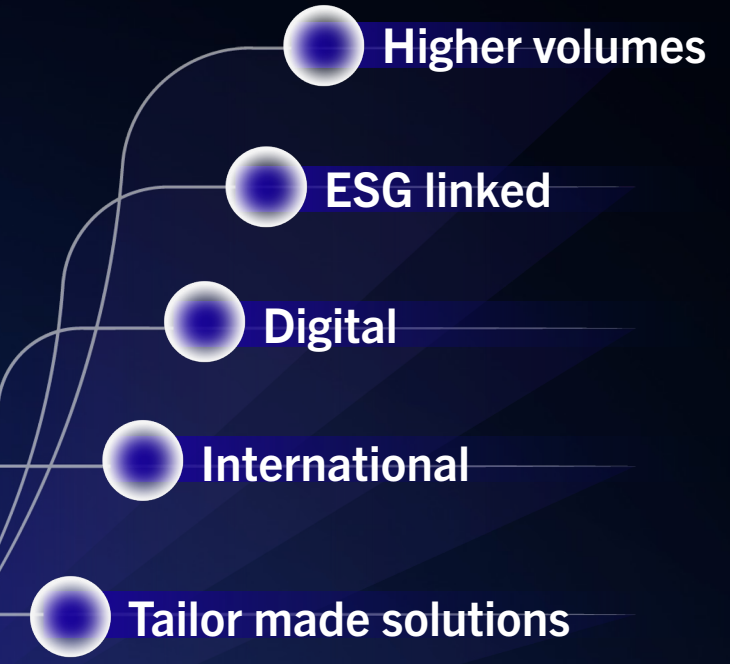
Fincantieri's solutions continuously evolving to support Group's strategic pillars

- Reverse Factoring
8 banks & financial institutions
86 suppliers
€ 500 mln invoices paid

YESTERDAY(1)

- Reverse Factoring
10 banks & financial institutions
170 suppliers (all Italian)
> € 1.000 mln invoices paid in 2022
- Dynamic discounting
400 suppliers
€ 200 mln invoices paid in 9M 2023
- ESG supply chain finance
5 banks
up to 15% annual savings
- Supply chain development program
2 banks
70 suppliers involved

TODAY



TOMORROW

1. Data referred to year 2017

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