

FINCANTIERI
The sea ahead



2015 NINE MONTHS RESULTS

11 November 2015

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Pursuant to art. 154-BIS, par. 2, of the Unified Financial Act of February 24, 1998, the executive in charge of preparing the corporate accounting documents at Fincantieri, Carlo Gainelli, declares that the accounting information contained herein correspond to document results, books and accounting records.

9M 2015 Key Highlights

Key Business Highlights

- **Important commercial agreements in cruise and naval** led to the **expected backlog and order portfolio of approx. euro 20 and 26 billion respectively**, including both firm contracts and agreements being finalized⁽¹⁾
- **Shipbuilding segment**
 - Significant order backlog, dense with prototypes acquired during the crisis caused overload of engineering facilities, notably in the subcontractors network

Actions:

 - Set up of a task force for the management of design modifications in production phases
 - Utilization of VARD engineering and production capabilities to assist Italian operations
 - Strengthen the subcontractor network
 - Launched improvement projects regarding engineering processes and production planning
- **Offshore segment**
 - Difficult global market environment
 - Continuing issues in Brazil, partly due to currently difficult political and economic situation

Actions:

 - Continuing the reorganization of operations, notably in Romania and Norway, aimed at structural cost base reduction
 - Detailed action plan under study aimed at permanent resolution of Brazil issues, including several strategic options
- **Equipment and Services segment:**
 - Very solid performance

Actions:

 - Continued strategy of internalization of critical components and systems
- **Group Business Plan, with economic and financial targets for the short and medium term, to be presented with the approval of 2015 annual results**

⁽¹⁾ Soft backlog which represents the value of existing contract options and letters of intent as well as contracts under negotiation, none of which yet reflected in the order backlog

9M 2015 Key Highlights


Key Financial Highlights

- **Order intake at € 4.9 BN** (from € 4.2 BN in 9M 2014) with book to bill ratio at 1.6x (1.5x in 9M 2014)
- **Order book at € 17.6 BN** (from € 14.6 BN in 9M 2014)
- **Group backlog at € 11.6 BN** (from € 9.5 BN in 9M 2014) and **soft backlog⁽¹⁾ at € 8.2 BN** (€ 5.7 BN in 9M 2014)
- **Revenues at € 3.0 BN** (from € 2.9 BN in 9M 2014)
 - 68% coming from Shipbuilding and 27% from Offshore
 - 85% coming from foreign clients
- **EBITDA at € 6 MM** (from € 207 MM in 9M 2014) with **EBITDA margin at 0.2%**
 - Shipbuilding at € 26 MM , Offshore at € (16) MM and Equipment, Systems and Services at € 19 MM ⁽²⁾
- **EBIT at € (74) MM** (from € 132 MM in 9M 2014) with **EBIT margin at (2.4)%**
- **Profit/(loss) for the period attributable to owners of the parent at € (96) MM** (from € 42 MM in 9M 2014); the result would have been € (73) MM (from € 67 MM in 9M 2014) without considering extraordinary and non recurring items
- **Free cash flow at € (523) MM** (from € (419) MM in 9M 2014)
- **Net financial position at € 506 MM of net debt** (from € 44 MM of net cash for FY 2014), reflects the typical working capital dynamics few months before the delivery of 4 cruise ships (in 1H 2016)
- **Net working capital at positive € 431 MM** (from € 69 MM for FY 2014) including **construction loans at € 995 MM** (from € 847 MM in FY 2014)

(1) Soft backlog represents the value of existing contract options and letters of intent as well as contracts under negotiation, none of which yet reflected in the order backlog

(2) Breakdown excluding costs for other activities and consolidation adjustments

9M 2015 main orders

	Vessel		Client	Delivery	
Q2	Shipbuilding		2 Littoral Combat Ship units ⁽¹⁾	US Navy	after 2019
			2 FREMM units	Italian Navy	after 2020
			1 Logistic Support Ship unit (LSS)	Italian Navy	2019
			6 Multipurpose Offshore Patrol Ship units (PPA)	Italian Navy	2021 - 2025
			1 Multipurpose Amphibious unit (LHD)	Italian Navy	2022
	Offshore		DSCV (Diving Support and Construction Vessel)	Kreuz Subsea	2017
Q3	Offshore		2 OSCV (Offshore Subsea Construction Vessels)	Topaz Energy and Marine	2017
	Equipment, Systems and Services		Conversion of 4 Corvettes in OPV (Offshore Patrol Vessels)	Bangladesh Coast Guard	-

(1) 1 LCS unit along with advanced procurement funding for another ship and a priced option for one additional ship

9M 2015 main deliveries

		<u>Vessel</u>	<u>Client</u>	<u>Shipyard</u>
Q1	Shipbuilding	 Cruise ship “ Britannia ”	<i>P&O Cruises</i>	Monfalcone
		 Cruise ship “ Viking Star ”	<i>Viking Ocean Cruises</i>	Marghera
	Offshore	 OSCV “ Far Sleipner ”	<i>Farstad Shipping</i>	Vard Langsten
		 Research and surveillance vessel “ Marjata ”	<i>Norwegian Navy</i>	Vard Langsten
Q2	Shipbuilding	 Cruise ship “ Le Lyrial ”	<i>Ponant</i>	Ancona
		 FREMM “ Carabiniere ”	<i>Italian Navy</i>	Muggiano
		 LNG ferry “ F.-A.- Gauthier ”	<i>Société des traversiers du Québec</i>	Castellammare di Stabia
	Offshore	 AHTS “ Skandi Angra ”	<i>Norskan Offshore (DOF)</i>	Vard Niterói
Q3	Shipbuilding	 Cruise ships “ MSC Sinfonia ” and “ MSC Opera ”	<i>MSC Crociere</i>	Palermo
	Offshore	 OSCV “ Far Sentinel ”	<i>Farstad Shipping</i>	Vard Langsten
		 LPG Carrier “ Oscar Niemeyer ”	<i>Transpetro</i>	Vard Promar

Summary of financial performance indicators⁽¹⁾

€ MM	FY 2014	9M 2014	9M 2015
Order intake	5,639	4,247	4,852
Order book	15,019	14,590	17,605
Backlog	9,814	9,472	11,558
Soft backlog	5,000	5,700	8,200
Revenues	4,399	2,935	3,032
EBITDA	297	207	6
<i>As a % of revenues</i>	<i>6.8%</i>	<i>7.1%</i>	<i>0.2%</i>
EBIT	198	132	(74)
<i>As a % of revenues</i>	<i>4.5%</i>	<i>4.5%</i>	<i>-2.4%</i>
Profit/(loss) before extraordinary and non recurring items⁽²⁾	87	68	(169)
<i>Attributable to owners of the parent</i>	<i>99</i>	<i>67</i>	<i>(73)</i>
Profit/(loss) for the period	55	43	(195)
<i>Attributable to owners of the parent</i>	<i>67</i>	<i>42</i>	<i>(96)</i>
Net financial position <i>Net cash/ (Net debt)</i>	44	(238)	(506)
Net working capital⁽³⁾	69	353	431
<i>Of which construction loans</i>	<i>(847)</i>	<i>(584)</i>	<i>(995)</i>
Free cash flow	(124)	(419)	(523)
Employees	21,689	21,746	20,868

Comments

- Order intake at € 4.9 BN
- Order book at € 17.6 BN
- Backlog at € 11.6 BN
- Soft backlog at € 8.2 BN
- Revenues at € 3.0 BN
- EBITDA at € 6 MM, 0.2% on revenues
- EBIT at € (74) MM, -2.4% on revenues
- Profit/(loss) before extraordinary and non recurring items⁽²⁾ at € (169) MM
 - Result attributable to owners of the parent at € (73) MM
- Profit/(loss) for the period at € (195) MM
 - Result attributable to owners of the parent at € (96) MM
- Net financial position at € (506) MM
- Net working capital⁽³⁾ at € 431 MM, including construction loans at € (995) MM
- Free cash flow at € (523) MM
- Workforce decrease mainly related to ongoing cost cutting program in Romania

(1) With the aim to provide a meaningful index to measure the Group financial results, the Group adopts an EBITDA definition which normalizes the trend of results over time, and increases the level of comparability of the same results by excluding the impact of non recurring and extraordinary operating items; for the same reason, the Group also monitors Net Income before non recurring and extraordinary items (both operating and financials)

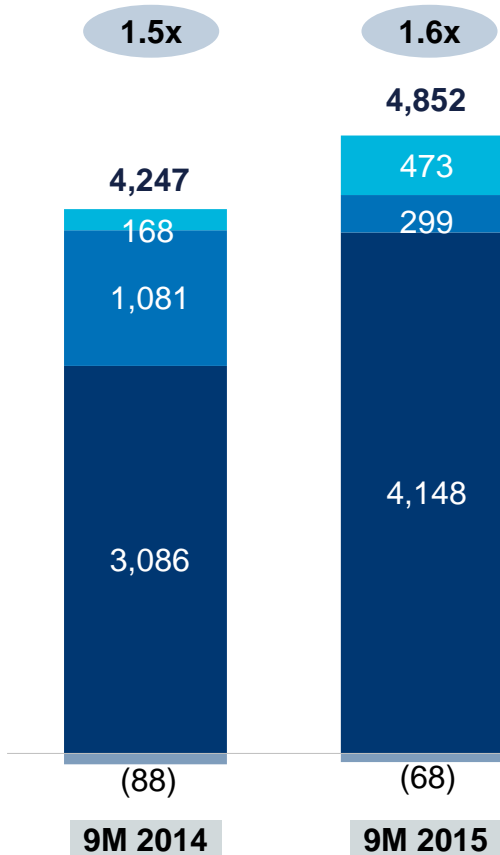
(2) Excluding extraordinary and non recurring Items net of tax effect

(3) Construction loans are accounted for in Net working capital, not Net financial position, as they are not general purpose loans and can be a source of financing only in connection with ship contracts

Order intake and backlog – by segment

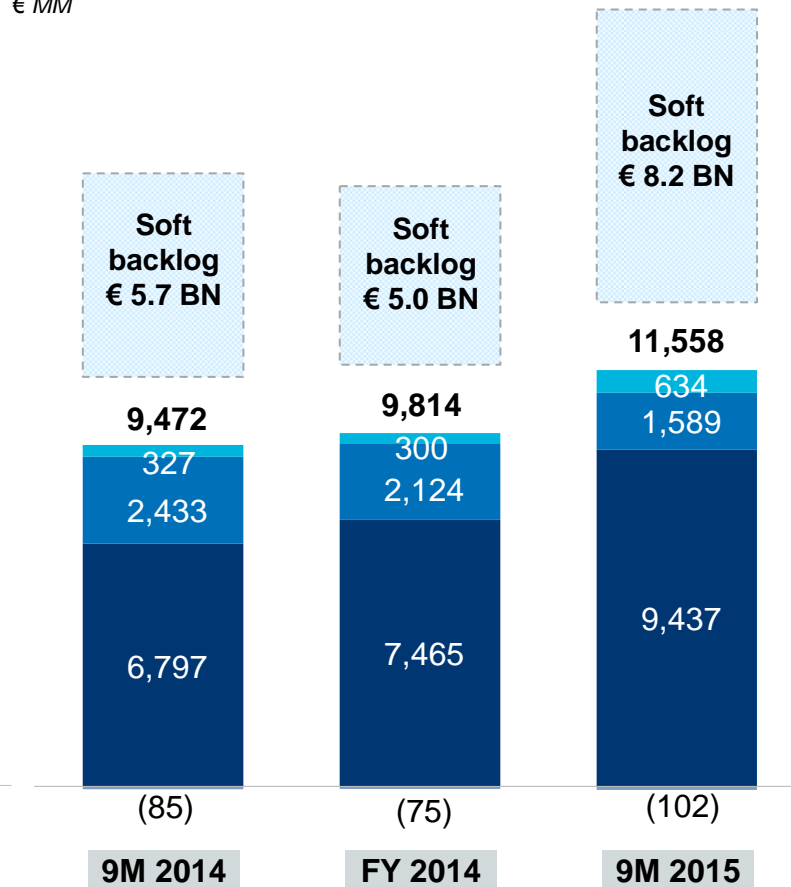
Order intake

€ MM



Backlog

€ MM



Comments

- Order intake at € 4.9 BN (€ 4.2 BN in 9M 2014), with book-to-bill ratio at 1.6x
 - Shipbuilding at € 4.1 BN, related to the Italian Navy's fleet renewal program (8 units), the continuation of FREMM (2 units) and LCS programs (2 units⁽¹⁾) and 2⁽²⁾ vessels for petroleum/chemical transportation to be built in US
 - Offshore at € 299 MM (3 OSCV, 2 Other)
 - Equipment, Systems & Services at € 473 MM
- Backlog increased to € 11.6 BN from € 9.5 BN in 9M 2014 (€ 9.8 BN in FY 2014)
 - Shipbuilding at € 9.5 BN
 - Offshore at € 1.6 BN
 - Equipment, Systems & Services at € 634 MM
- Soft backlog⁽³⁾ at € 8.2 BN mainly related to the agreements with Carnival and Virgin for 5 and 3 cruise ships respectively

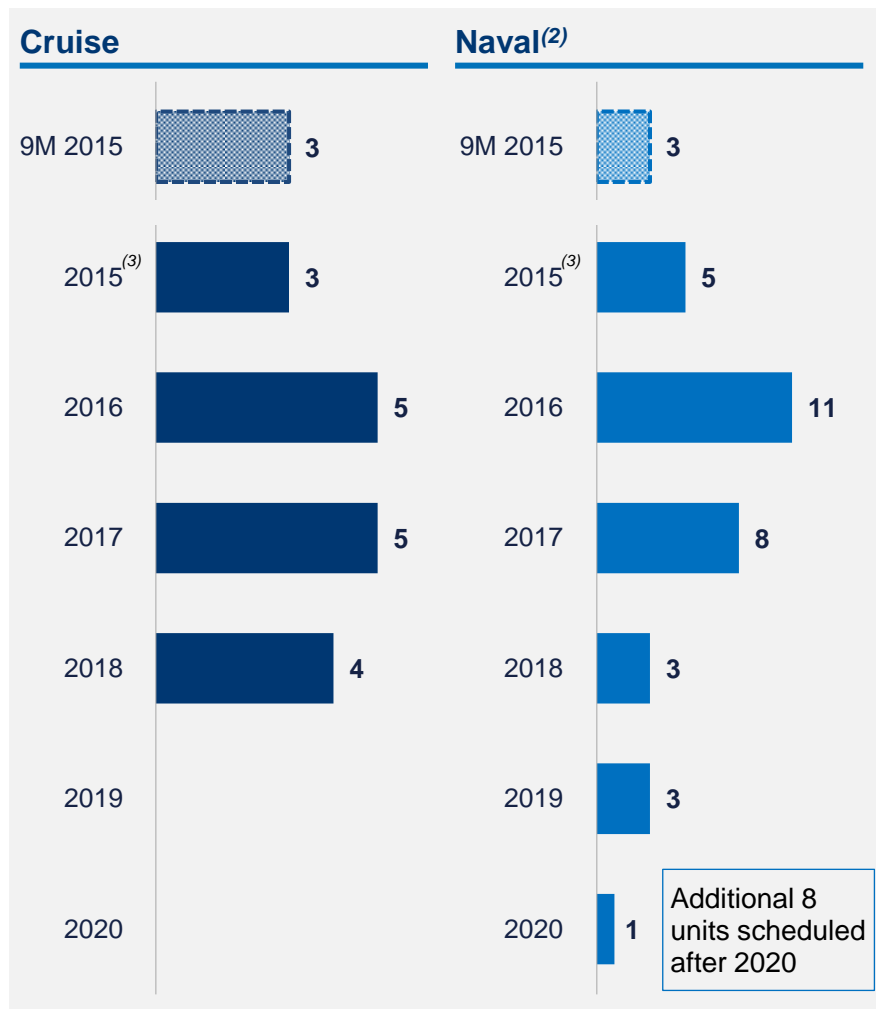
■ Shipbuilding
 ■ Offshore
 ■ Equipment, Systems & Services
 ■ Eliminations

(1) 1 LCS unit along with advanced procurement funding for another ship and a priced option for one additional ship
 (2) 1 ATB (Articulated Tug Barge) unit - articulated unit consisting of a barge and a tug, thus being counted as two vessels in one unit
 (3) Soft backlog represents the value of existing contract options and letters of intent as well as contracts under negotiation, none of which yet reflected in the order backlog

Backlog deployment – by segment and end market

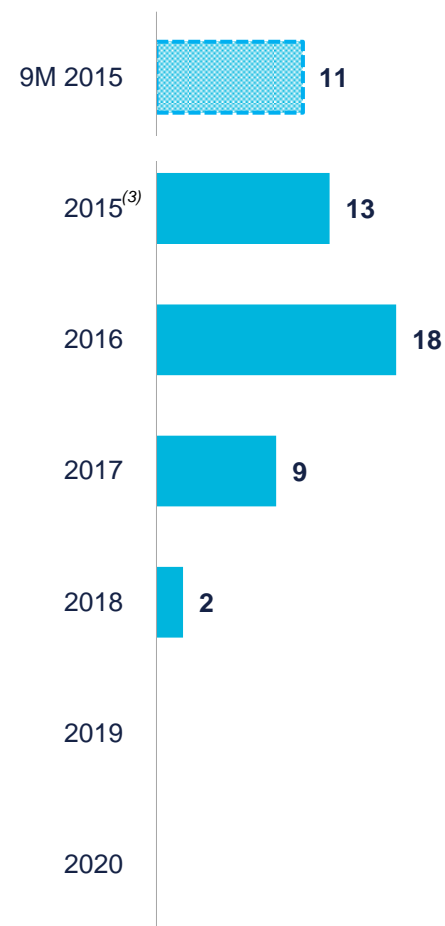
Shipbuilding

ship deliveries⁽¹⁾



Offshore

ship deliveries



Comments

- Cruise
 - Visibility of deliveries up to 2018 without considering the agreements with Carnival and Virgin
 - Extension of delivery dates agreed with clients, from 2016 to 1H 2017, for 2 cruise ships in order to reach a better workload balance
- Naval
 - Orders for the Italian Navy's fleet renewal program and continuation of LCS and FREMM programs extended visibility of deliveries up to 2025, with 8 units scheduled for delivery after 2020
 - Delivery of "Pietro Venuti" submarine and LCS7 rescheduled to 2016
- Offshore⁽⁴⁾
 - Terminated 2 contracts following the filing for insolvency of two clients, thus excluding them from backlog (one chartered to DOF pending its sale, the other one under construction)
 - Production schedules adjusted due to extension of delivery dates on some projects, resulting in improved workload balance

(1) Articulated Tug Barge (ATB) is an articulated unit consisting of a barge and a tug, thus being counted as two vessels in one unit

(2) Ships with length > 40 m (excluding 3 RB-M for US Coast Guard delivered in 2015)

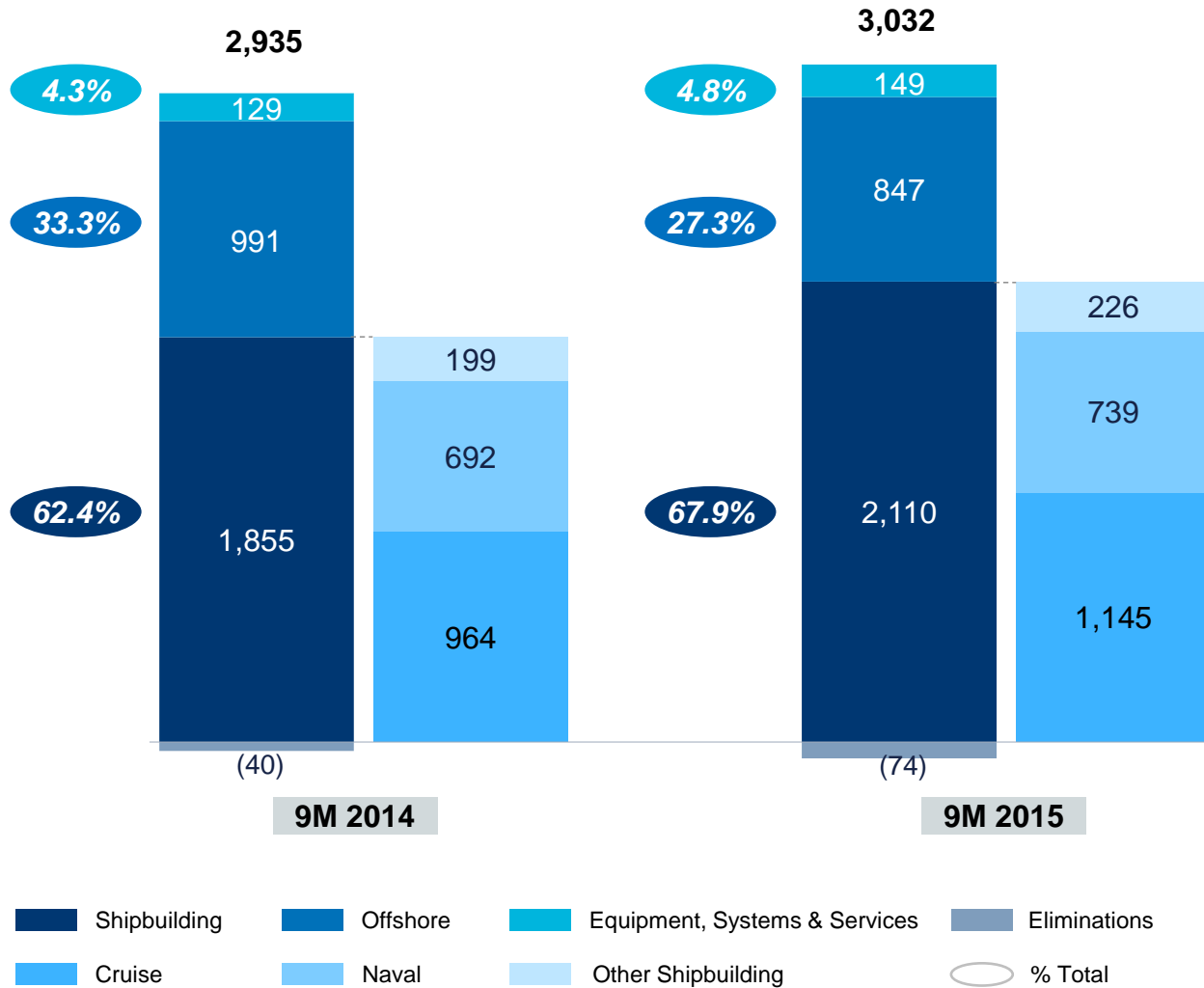
(3) All deliveries scheduled for 2015, including the vessels already delivered in 9M 2015

(4) Offshore business generally has shorter production times and, as a consequence, shorter backlog and quicker order turnaround than Cruise and Naval

Revenues – by segment and end market

Breakdown by segment and end market⁽¹⁾

€ MM



Comments

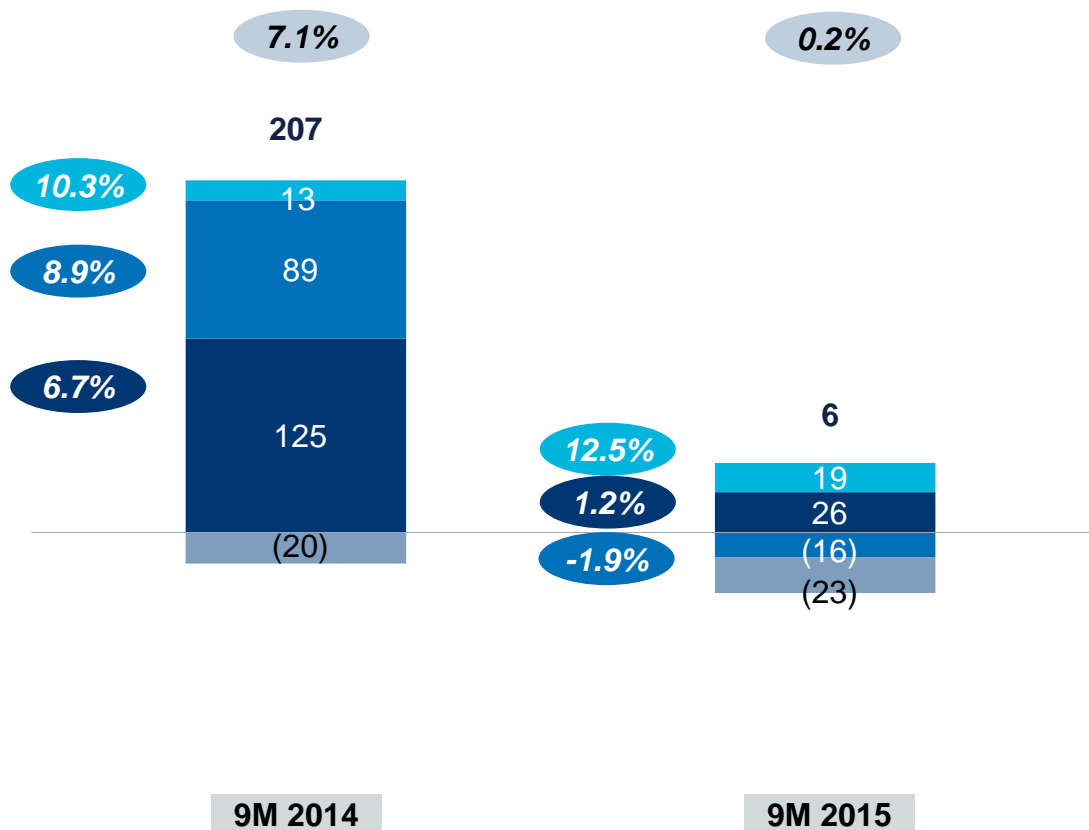
- Shipbuilding revenues at € 2.1 BN, increased by 13.7% from 9M 2014
 - Higher volumes in cruise partially offset by the effects of cost overruns on work in progress
 - In naval, the increase in revenues is mainly driven by US subsidiary (FMG) contribution benefiting from the USD strengthening compared to 9M 2014
- Offshore revenues at € 847 MM, down 14.5% vs. 9M 2014 due to reduced activity at some of the European shipyards and negative effect of NOK/EUR exchange rate
- Equipment, Systems and Services revenues at € 149 MM, up 15.5% vs. 9M 2014, due to the increase of volumes both in after sales services for naval vessels and sale of automation systems

(1) Breakdown calculated on total revenues before eliminations

EBITDA⁽¹⁾ by segment

EBITDA and EBITDA margin

€ MM



■ Shipbuilding
 ■ Offshore
 ■ Equipment, Systems & Services
 ■ Other activities⁽²⁾

○ % of Revenues

Comments

- Group EBITDA at € 6 MM (from € 207 MM in 9M 2014), with margin at 0.2%
- Shipbuilding EBITDA at € 26 MM, with margin at 1.2%
 - Margins impacted by low prices of ships under construction, higher costs caused by engineering overload on prototypes under construction
- Offshore EBITDA at € (16) MM, with margin at -1.9%
 - Continuing weak operating performance at VARD, but developing action plan
 - New cost overruns and delays in Brazil, where difficult political and economic situation persists
 - Gradual decrease in activity levels at Romanian and Norwegian yards where management effort continues as planned
- Equipment, Systems & Services EBITDA at € 19 MM, with margin at 12.5%

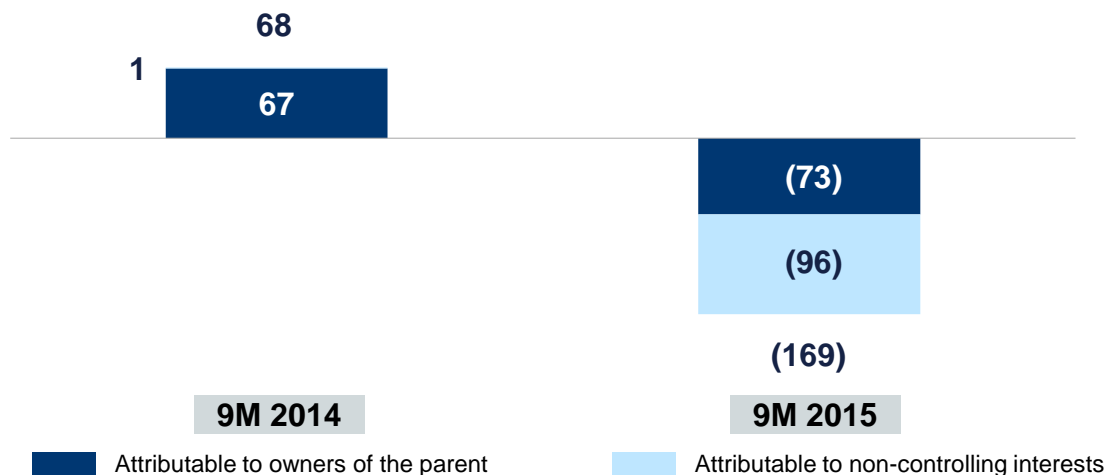
(1) EBITDA is a Non-GAAP Financial Measure. The Company defines EBITDA as profit/(loss) for the period before (i) income taxes, (ii) share of profit/(loss) from equity investments, (iii) income/expense from investments, (iv) finance costs, (v) finance income, (vi) depreciation and amortization, (vii) extraordinary wages guarantee fund – Cassa Integrazione Guadagni Straordinaria, (viii) expenses for corporate restructuring, (ix) accruals to provision and cost of legal services for asbestos claims, (x) other non recurring items

(2) Other costs

Profit/(loss) before extraordinary and non recurring items⁽¹⁾

Profit/(loss) before extraordinary and non recurring items⁽¹⁾

€ MM



€ MM	9M 2014	9M 2015
A Profit/(loss) for the period	43	(195)
B Extraordinary and non recurring items gross of tax effect	35	34
C Tax effect on extraordinary and non recurring items	(10)	(8)
A + B + C Profit/(loss) before extraordinary and non recurring items ⁽¹⁾	68	(169)
Attributable to owners of the parent	67	(73)

Comments

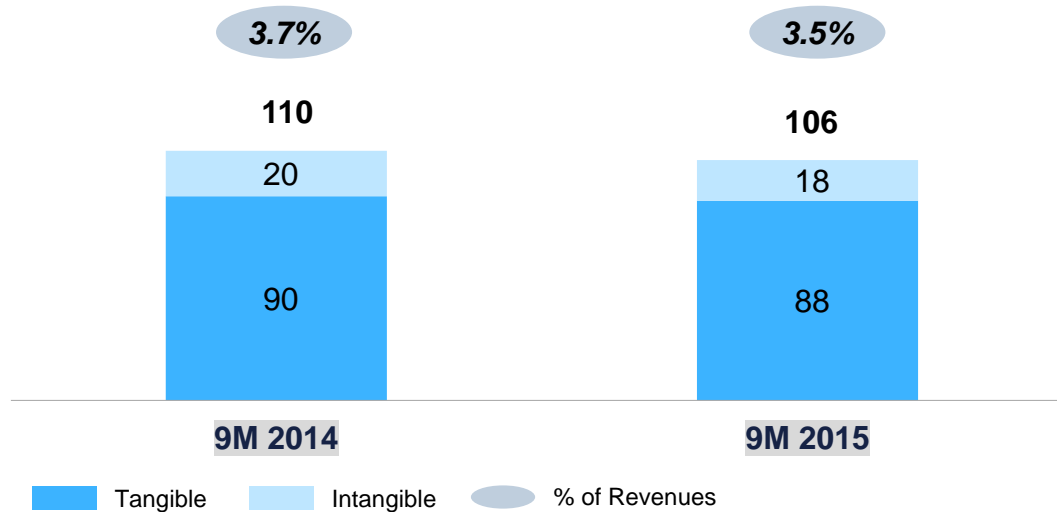
- Profit/(loss) before extraordinary and non recurring items at € (169) MM, vs. € 68 MM in 9M 2014 mainly due to:
 - Lower EBIT (€ -206 MM) mainly related to low margins in Shipbuilding and Offshore
 - Higher finance expenses (€ +59 MM) which include unrealized foreign exchange losses related to VARD for € 44 MM
 - Extraordinary and non recurring items gross of tax effect at € 34 MM related to asbestos claims (€ 22 MM), costs for restructuring plans (€ 9 MM) and extraordinary wage guarantee fund costs (€ 3 MM)
- Profit/(loss) for the period at € (195) MM (€ 43 MM in 9M 2014), with result attributable to owners of the parent at € (96) MM (€ 42 MM in 9M 2014)

(1) Excluding extraordinary and non recurring items net of tax effect

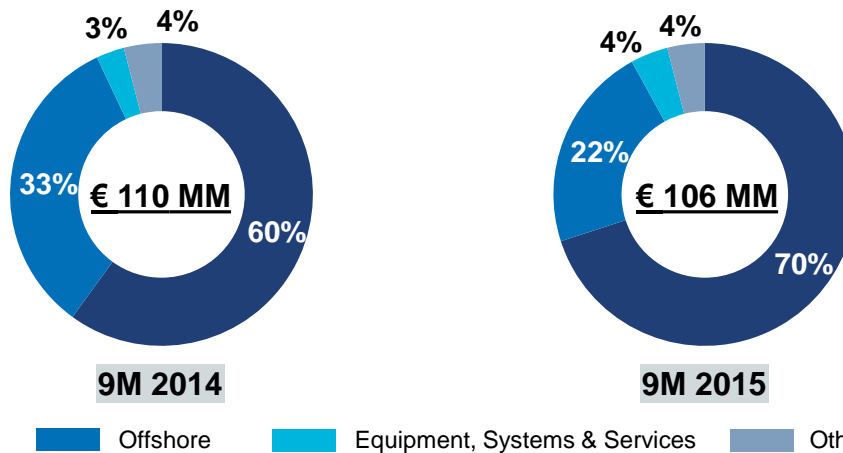
Capital expenditures

Capex

€ MM



Capex by segment



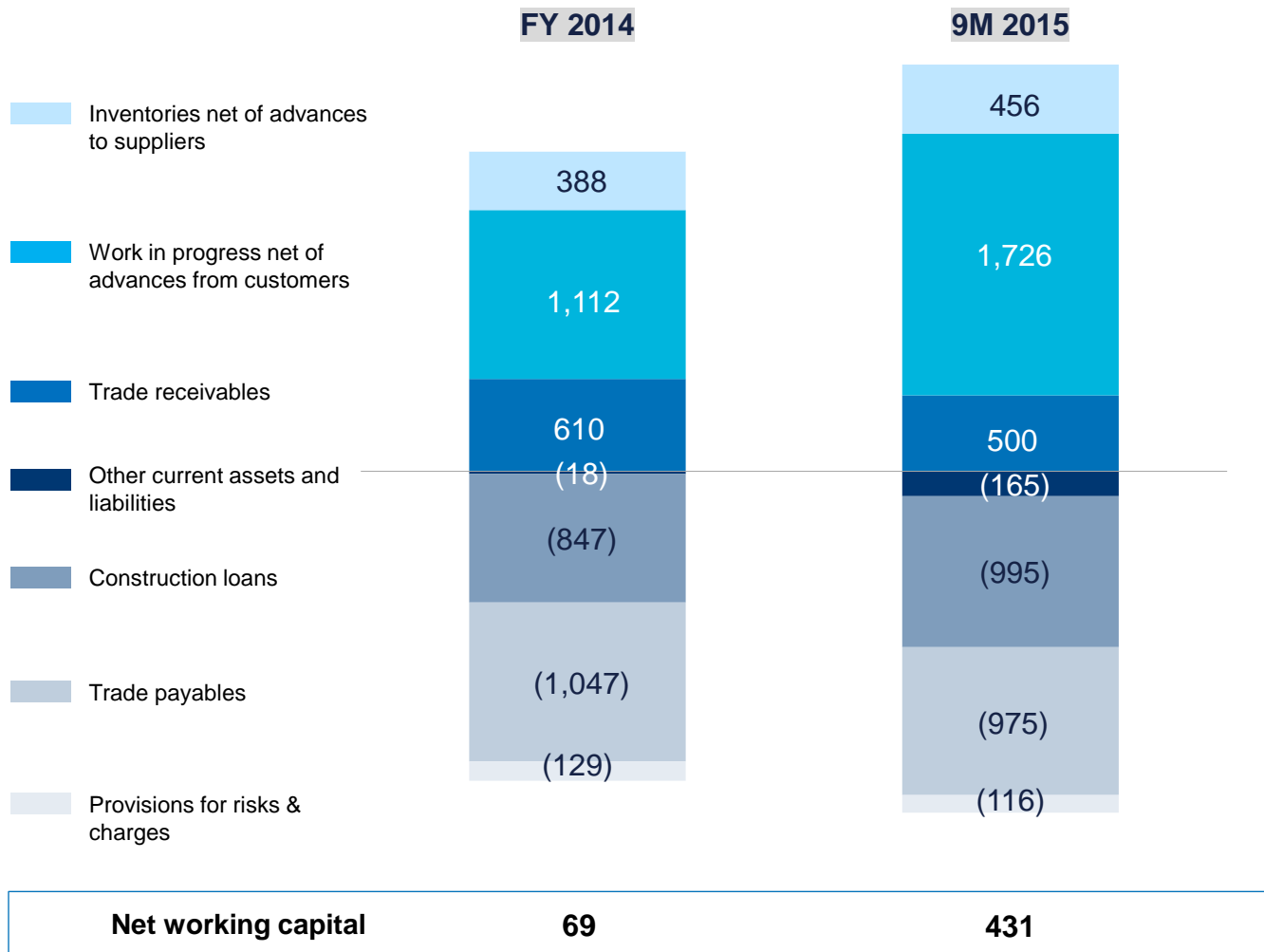
Comments

- Capex in 9M 2015 equal to € 106 MM, of which:
 - Tangible for € 88 MM related to the construction of new infrastructure and technological upgrading of facilities, notably for hull construction and logistic support, to improve production efficiency as well as safety and environmental conditions
 - Intangible for € 18 MM for the development of new technologies for cruise business (€ 12 MM) and upgrading of IT systems

Net working capital⁽¹⁾

Breakdown by main components

€ MM



Comments

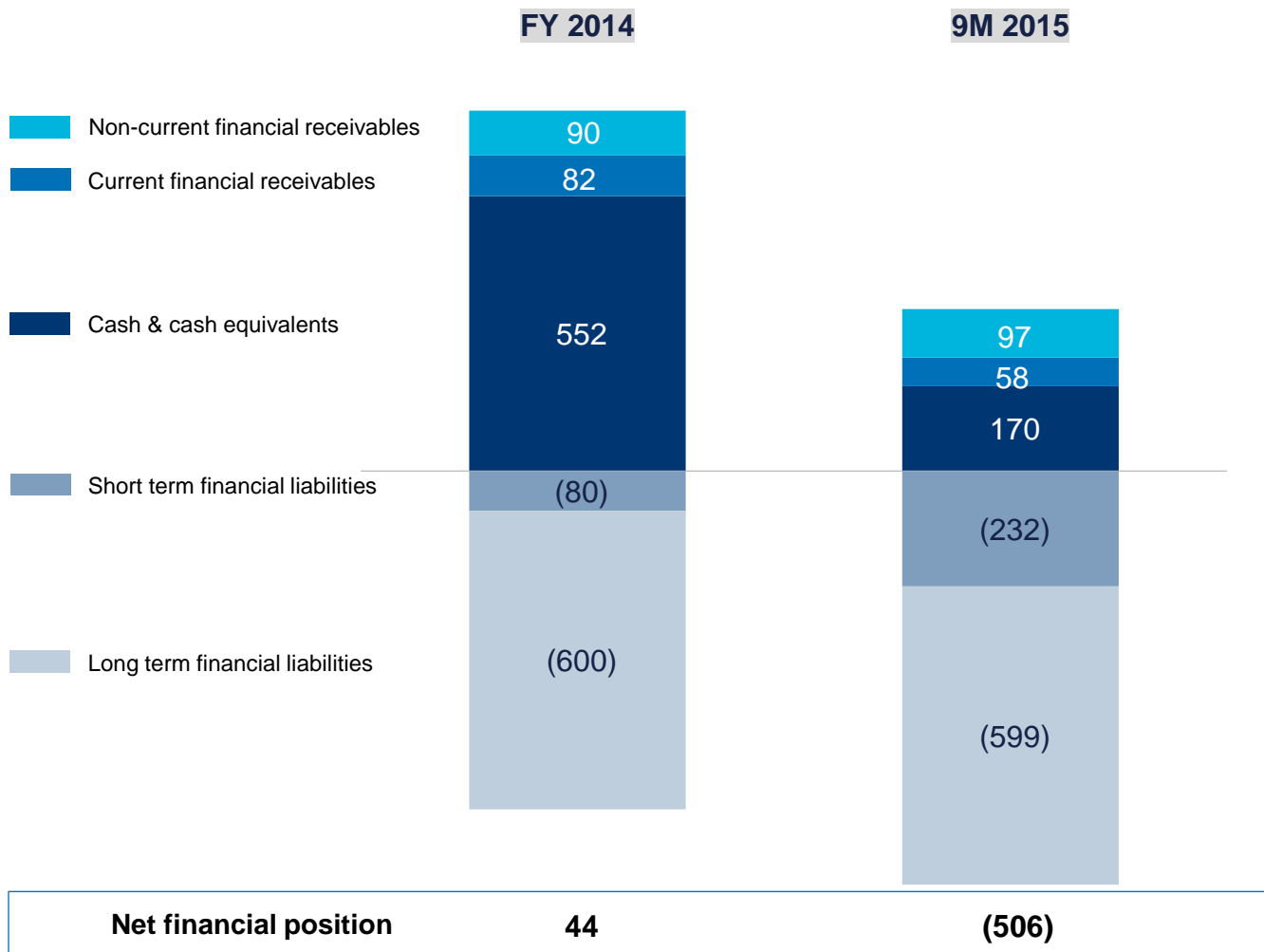
- Net working capital at the end of 9M 2015 increased to € 431 MM, compared to € 69 MM for FY 2014 with:
 - Increase in work in progress (€ +614 MM) and inventories and advances (€ +68 MM) driven by growth of volumes in cruise
 - Increase in construction loans (€ +148 MM)
 - Decrease in trade receivables (€ -110 MM) and in trade payables (€ -72 MM)
 - Negative variation of other current assets and liabilities (€ -147 MM) mainly related to changes in fair value of forex derivatives
- Construction loans in 9M 2015 at € 995 MM, of which € 907 MM related to VARD and € 88 MM related to cruise business

⁽¹⁾ Construction loans are committed working capital financing facilities, treated as part of Net working capital, not in Net financial position, as they are not general purpose loans and can be a source of financing only in connection with ship contracts

Net financial position⁽¹⁾

Breakdown by main components

€ MM – Net cash / (Net debt)



Comments

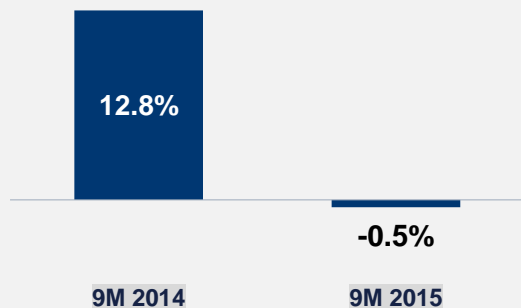
- Net financial position at the end of 9M 2015 at € 506 MM of net debt due to:
 - Growth of volumes in cruise business where payment terms foresee relevant cash inflow at delivery implying significant level of working capital over the last few months of construction with 4 units scheduled for delivery in 1H 2016
 - VARD's working capital absorption for ships scheduled for delivery in 1H 2016
 - Higher financing requirements resulting from investments for the period at € 106 MM

(1) Net financial position does not account for construction loans as they are not general purpose loans and can be a source of financing only in connection with ship contracts

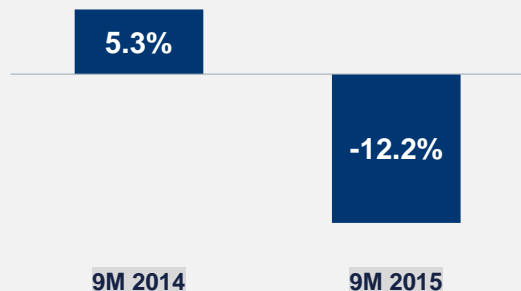
Key financial ratios

Profitability ratios

ROI⁽¹⁾ (EBIT / Net invested capital)

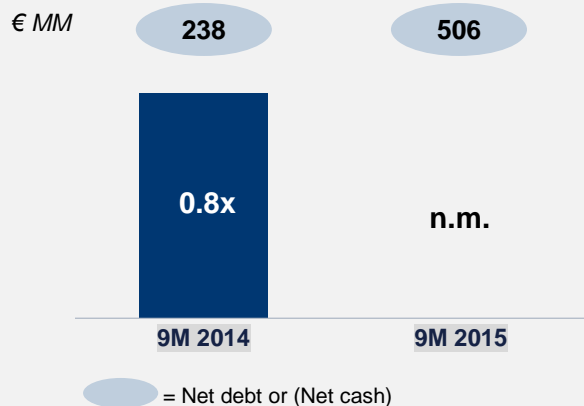


ROE⁽¹⁾ (Net income / Equity)

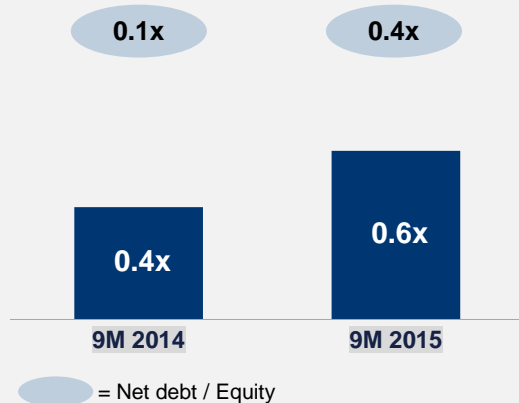


Debt ratios

Net debt / EBITDA



Gross debt / Equity



Comments

- ROI at -0.5% and ROE at -12.2% for 9M 2015 significantly affected by the negative results for the period and not directly comparable to 9M 2014
- Net debt / Equity at 0.4x and Gross debt / Equity at 0.6x for 9M 2015, increasing compared with 9M 2014 due to
 - Equity decrease following the losses in the period
 - Debt increase (both gross and net) related to higher financing requirements resulting from the growth of volumes in cruise business

(1) Ratios calculated based on economic parameters related to 12 months trailing (from 1 October 2013 to 30 September 2014 and from 1 October 2014 to 30 September 2015)
n.m. – not meaningful

Outlook

Shipbuilding

- **Convert the cruise strategic agreements signed into firm orders**
- **Focus on managing the significant increase in engineering and production volumes in cruise business**
- Margins in Q4 2015 will continue to be affected by low profitability of cruise ships currently under construction, before new orders kick-in
- **Reduced production volumes in naval**, with the first vessel from the Italian Navy's fleet renewal program entering production early in 2016

Offshore

- **Market remains challenging**; new order outlook is still weak in the near term, especially in the North Sea
- **Rightsizing of the organization** to make the company competitive in a changed market environment
- Relevant **synergies between Fincantieri and VARD** already implemented over the year, with further potential both to support Italian operations and to structurally increase cruise production capacity
- **Action plan under study** aimed at providing **permanent resolution of issues in Brazil**, including several strategic options to guarantee business sustainability in the medium term

Equipment, Systems & Services

- **Further volumes growth** resulting from the implementation of the strategy to internalize key systems and components
- **Expected confirmation of positive margin trend** with focus going forward on further enhancement of product portfolio and development of new technologies

Business Plan

- **Group Business Plan with economic and financial targets for the short and medium term**, to be presented with the approval of 2015 annual results
- The Plan will outline all the necessary measures needed to allow an adequate return to shareholders

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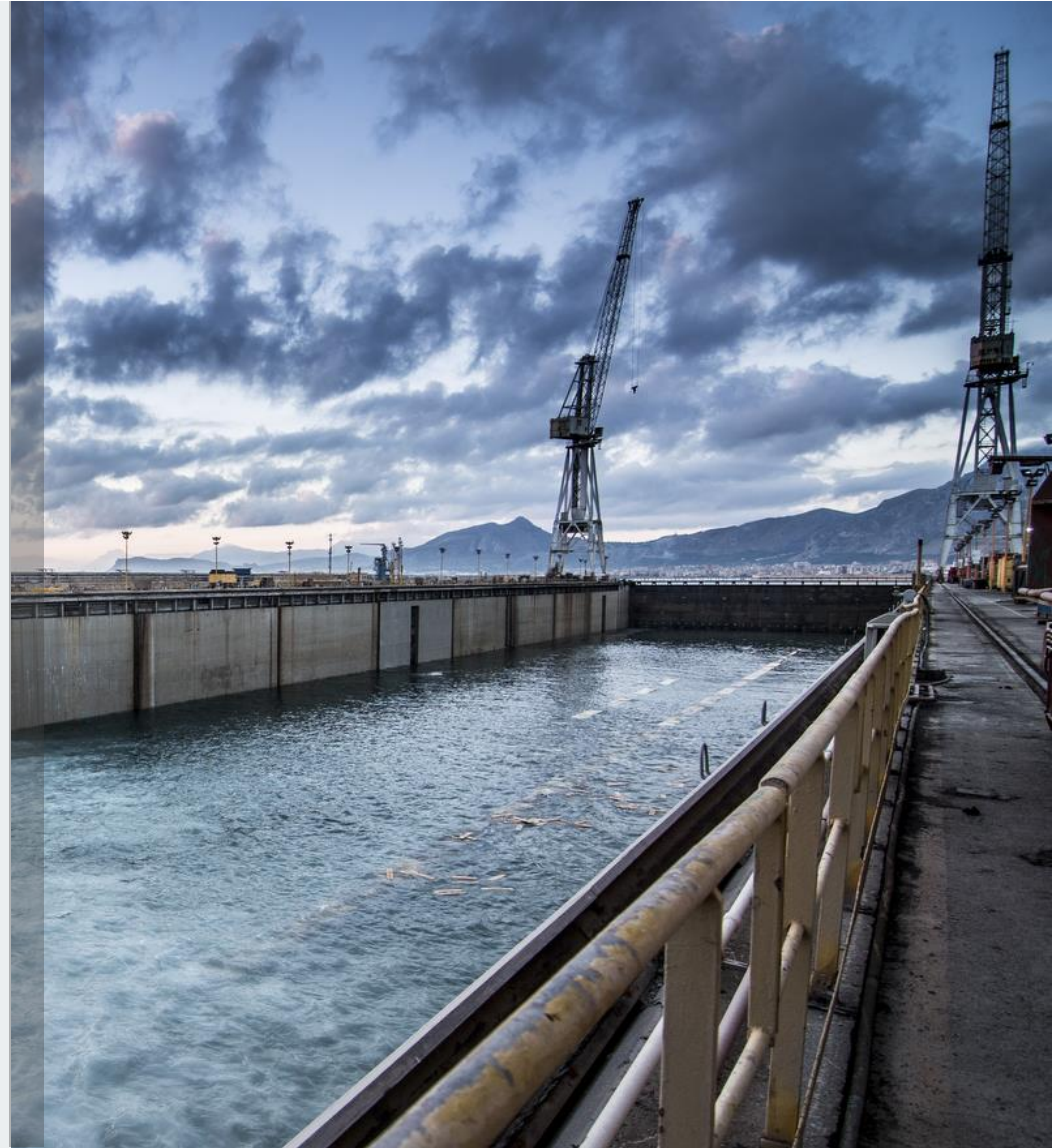
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Q&A



Appendix



9M 2015 results by segment

Shipbuilding



Offshore



Equipment, Systems and Services



Shipbuilding

Highlights

€ MM	9M 2014	9M 2015
Order intake	3,086	4,148
Order book	10,549	13,817
Backlog	6,797	9,437
Revenues	1,855	2,110
EBITDA	125	26
% on revenues	6.7%	1.2%
Capex	66	74
Ships delivered	5	7 ⁽¹⁾

- 8 units within the Italian Navy's fleet renewal program (6 Multipurpose Offshore Patrol units, 1 Logistic Support Ship and 1 Multipurpose Amphibious unit)
- 2 FREMM units for the Italian Navy
- 1 LCS unit for US Navy along with advanced procurement funding for another ship and a priced option for one additional ship
- 1 ATB unit

Convert the cruise strategic agreements signed into firm orders

Focus on managing the significant increase in engineering and production volumes in cruise business

Margins in Q4 2015 will continue to be affected by low profitability of cruise ships currently under construction, before new orders kick-in

Reduced production volumes in naval, with the first vessel from the Italian Navy's fleet renewal program entering production early in 2016

Comments

- Orders: high order intake at € 4.1 BN, taking backlog to € 9.5 BN
 - Agreements with Carnival and Virgin Cruises for 5 and 3 innovative cruise ships included in soft backlog
- Revenues: at € 2.1 BN, up 14% from 9M 2014, thanks to
 - Higher volumes in cruise partially offset by the effects of cost overruns on work in progress in Q3 2015
 - Positive exchange rate effects in US shipyards more than compensating the reduced contribution of Naval in Italy
- EBITDA at € 26 MM, margin at 1.2%
 - Margins impacted by low prices of ships under construction, higher costs caused by engineering overload on prototypes under construction
- Capex: at € 74 MM

(1) 3 cruise ships (Britannia for P&O Cruises, Viking Star for Viking Ocean Cruises and Le Lyrial for Ponant), 1 ferry (F.-A.- Gauthier for Société des traversiers du Québec), 1 naval vessel (frigate Carabiniere for the Italian Navy) and 2 barges for Moran Towing Corporation

Offshore

Highlights

€ MM	9M 2014	9M 2015
Order intake	1,081	299
Order book	3,564	2,975
Backlog	2,433	1,589
Revenues	991	847
EBITDA	89	(16)
% on revenues	8.9%	(1.9)%
Capex	36	24
Ships delivered	16	11

- 1 Diving Support and Construction Vessel (DSCV) for Kreuz Subsea
- 1 coastal fishing vessel for Breivik AS
- 1 stern trawler for a new Canadian client
- 2 Offshore Subsea Construction Vessels (OSCV) for Topaz Energy and Marine

Market remains challenging; new order outlook is still weak in the near term, especially in the North Sea

Rightsizing of the organization to make the company competitive in a changed market environment

Relevant synergies between Fincantieri and VARD already implemented over the year, with further potential both to support Italian operations and to structurally increase cruise production capacity

Action plan under study aimed at providing permanent resolution of issues in Brazil, including several strategic options to guarantee business sustainability in the medium term

Comments

- Orders: weak order intake at € 299 MM, due to a persistently challenging market environment
- Revenues: at € 847 MM down 15% vs. 9M 2014 due to reduced activity at some of the European shipyards and negative effect of NOK/EUR exchange rate; 9M 2014 includes orders risk fund⁽¹⁾ release for € 35 MM
- EBITDA: at € (16) MM, with margin at (1.9)% driven by weak operating performance at some VARD shipyards, but developing action plan
 - Brazil: at Niterói cost overruns with rescheduling of AHTS and LPG units; at Promar progress on the LPG carriers not satisfactory with delays and additional loss provisions
 - Norway and Romania: gradual decrease in activity levels and increasing focus on cost cutting and workforce reduction measures
- Capex: at € 24 MM

(1) Fund referred to the provisions accrued at VARD business combination

Equipment, Systems and Services

Highlights

€ MM	9M 2014	9M 2015
Order intake	168	473
Order book	721	1,083
Backlog	327	634
Revenues	129	149
EBITDA	13	19
% on revenues	10.3%	12.5%
Capex	3	4

Further volumes growth resulting from the implementation of the strategy to internalize key systems and components

Expected confirmation of positive margin trend with focus going forward on further enhancement of product portfolio and development of new technologies

Comments

- Orders: order intake at € 473 MM taking backlog at € 634 MM
 - Mainly related to Italian Navy's fleet renewal program and the conversion of 4 "Minerva" class corvettes into Offshore Patrol Vessels for the Bangladesh Coast Guard
- Revenues: up to € 149 MM, mainly due to the increase of volumes both in after sales services for naval vessels and sale of automation systems
- EBITDA: at € 19 MM with margin at 12.5%, increased vs. 9M 2014 both in terms of absolute value and in terms of margins due to higher contribution of after sales services related to naval vessels and propulsion systems
- Capex: at € 4 MM

Profit & Loss and Cash flow statement

Profit & Loss statement (€ MM)	9M 2014	9M 2015
Revenues	2,935	3,032
Materials, services and other costs	(2,105)	(2,368)
Personnel costs	(617)	(658)
Provisions ⁽¹⁾	(6)	-
EBITDA	207	6
Depreciation, amortization and impairment	(75)	(80)
EBIT	132	(74)
Finance income / (expense) ⁽²⁾	(50)	(109)
Income / (expense) from investments	2	-
Income taxes ⁽³⁾	(16)	14
Profit / (loss) before extraordinary and non recurring items	68	(169)
<i>Attributable to owners of the parent</i>	67	(73)
Extraordinary and non recurring items ⁽⁴⁾	(35)	(34)
Tax effect on extraordinary and non recurring items	10	8
Profit / (loss) for the period	43	(195)
<i>Attributable to owners of the parent</i>	42	(96)
Cash flow statement (€ MM)	9M 2014	9M 2015
Beginning cash balance	385	552
Cash flow from operating activities	(300)	(406)
Cash flow from investing activities	(119)	(117)
Free cash flow	(419)	(523)
Cash flow from financing activities	388	149
Net cash flow for the period	(31)	(374)
Exchange rate differences on beginning cash balance	10	(8)
Ending cash balance	364	170

(1) The line "Provisions and impairment" has been modified in "Provisions" and includes provisions and reversal for risks and writedowns. It excludes impairment of Intangible assets and Property, plant and equipment, which is included in "Depreciation, amortization and impairment" (previously "Depreciation and amortization"). This change had no effect on the comparative information.

(2) Includes interest expense on VARD construction loans for € 19 MM in 9M 2014 and € 28 MM in 9M 2015

(3) Excluding tax effect on extraordinary and non recurring items

(4) Extraordinary and non recurring items gross of tax effect

Balance sheet

Balance sheet (€ MM)	FY 2014	9M 2015
Intangible assets	508	504
Property, plant and equipment	959	958
Investments	60	65
Other non-current assets and liabilities	(48)	(43)
Employee benefits	(62)	(57)
Net fixed capital	1,417	1,427
Inventories and advances	388	456
Construction contracts and advances from customers	1,112	1,726
Construction loans	(847)	(995)
Trade receivables	610	500
Trade payables	(1,047)	(975)
Provisions for risks and charges	(129)	(116)
Other current assets and liabilities	(18)	(165)
Net working capital	69	431
Assets held for sale including related liabilities	-	23
Net invested capital	1,486	1,881
<i>Equity attributable to Group</i>	<i>1,310</i>	<i>1,223</i>
<i>Non-controlling interests in equity</i>	<i>220</i>	<i>152</i>
Equity	1,530	1,375
Cash and cash equivalents	(552)	(170)
Current financial receivables	(82)	(58)
Non-current financial receivables	(90)	(97)
Short term financial liabilities	80	232
Long term financial liabilities	600	599
Net debt / (Net cash)	(44)	506
Sources of financing	1,486	1,881