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Testo del comunicato

Vedi allegato.

FINCANTIERI:

2016 CONSOLIDATED FINANCIAL STATEMENTS AND DRAFT FINANCIAL STATEMENTS OF THE PARENT COMPANY

CONVENING OF THE SHAREHOLDERS' MEETING

Consolidated 2016 results[1]

- **Profit for the year** of euro 60 million (net loss of euro 252 million at December 31, 2015) **before extraordinary and non-recurring income and expenses**. The Group share of this result was a net profit of euro 66 million, compared to a net loss of euro 141 million at December 31, 2015
- **Profit for the year** of euro 14 million (up euro 303 million compared to a net loss of euro 289 million at December 31, 2015). The Group share of this result was a net profit of euro 25 million (net loss of euro 175 million at December 31, 2015)
- **Business Plan targets confirmed**: the results of 2016 show a substantial improvement compared to 2015 and confirm short and medium term guidance. Revenues up 5.9% (in line with 2016 target), EBITDA margin at 6.0% (above 2016 target) and net debt at euro 615 million (improved compared to 2016 target)
- **Total backlog[2] of euro 24.0 billion, covering approximately 5.4 years of work if compared to 2016 revenues**: the backlog is euro 18,231 million at December 31, 2016 (euro 15,721 million at December 31, 2015) with 99 ships in order book and the soft backlog is approximately euro 5.8 billion (euro 3.0 billion at December 31, 2015)
- **Continuous development of strategic and commercial initiatives** which led to the finalization of contracts with Virgin Voyages, a Virgin Group brand and new cruise industry player. At the beginning of 2017, Fincantieri added a new prestigious brand to the cruise client portfolio with the order of 4 cruise ships for Norwegian Cruise Line brand and signed the first binding agreements for the construction of cruise ships in China for the local market
- **Expansion of naval business in foreign markets**: signed an important contract worth almost euro 4 billion with the Qatari Ministry of Defense, which represents the most significant commercial milestone of the past 30 years in the naval business
- **Strong recovery of operating performance in cruise**: 4 highly complex prototype vessels delivered on time, with simultaneous start of production of sister-ships, and/or semi sister-ships, acquired subsequently and characterized by higher margins
- **Effective implementation of VARD Business Plan**: rationalized production structure in Brazil, developed significant synergies with cruise business and continued successfully the diversification strategy
- **New supplementary labor agreement:** the agreement, based on incentive tools, some of which in the form of welfare, linked to individual performance and overall Company results, represents a key step towards greater efficiency and an absolute innovation in industrial relations, with workers at all levels participating to the management of the Company

[1] *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)*
[2] *Sum of backlog and soft backlog*

- **Order intake**: euro 6,505 million (euro 10,087 million at December 31, 2015)
- **Revenue and income:** euro 4,429 million (euro 4,183 million at December 31, 2015)
- **EBITDA**: euro 267 million (negative euro 26 million at December 31, 2015) with a consolidated **EBITDA margin** of 6.0% (negative 0.6% at December 31, 2015)
- **Net financial position**[3]: net debt of euro 615 million (net debt of euro 438 million at December 31, 2015), slightly better compared to the guidance. Most of the Group's debt is related to the financing of current assets associated with cruise ships construction and thus directly connected with the financing of net working capital
- ***Construction loans*** at euro 678 million (euro 1,103 million at December 31, 2015). The decrease of construction loans more than compensated the increase of net debt over the period leading to a reduction of the overall funding requirements of the Group

Other resolutions

- **Ordinary and Extraordinary Shareholders' Meeting convened for May 19, 2017 on single call**

* * *

Trieste, March 29, 2017 – The Board of Directors of **FINCANTIERI S.p.A.** ("**Fincantieri**" or the "**Company**"), chaired by Giampiero Massolo, has approved the **Consolidated financial statements at December 31, 2016** and the **draft financial statements of the parent company at December 31, 2016**, prepared in compliance with International Financial Reporting Standards (IFRS).

During the Board meeting **Giuseppe Bono, Fincantieri's Chief Executive Officer,** said: "*We are very pleased with the results achieved in 2016 thanks to effective execution of the strategy outlined in our Business Plan 2016-2020. The total backlog exceeded, once again, previous highs, reaching euro 24 billion, thus confirming the Group ability to strike important agreements. 2016 has moreover highlighted a significant recovery in operating terms, with on-time delivery of four highly complex prototype vessels, but also in financial performance with revenues up 6%, in line with the business plan target, EBITDA margin at 6%, above the guidance, and positive net result, improved by more than euro 300 million: a sharp turning point compared to 2015, the year where Fincantieri has left behind the longest sector crisis on record. The remarkable results achieved are well above the targets set for the year and allow us to confirm our medium term targets as well as dividend distribution starting from 2017 net income".*

Bono concluded: "*A special thanks to all the Company's and subcontractors' employees: they contributed effectively to the achievement of these results, making Fincantieri an Italian excellence renowned on a global scale. This is even more important if we consider that our products and processes are among the most complex in the world".*

[3] *Consistent with the presentation at December 31, 2015, this figure does not include construction loans.*

CONSOLIDATED 2016 RESULTS

Financial Highlights

Economic data		**31.12.2016**	**31.12.2015**
Revenue and income	euro/million	4,429	4,183
EBITDA	euro/million	267	(26)
EBITDA margin (*)	*percent*	*6.0%*	*-0.6%*
EBIT	euro/million	157	(137)
EBIT margin (**)	*percent*	*3.5%*	*-3.3%*
Profit/(loss) before extraordinary and non-recurring income and expenses	euro/million	60	(252)
Extraordinary and non-recurring income and (expenses)	euro/million	(59)	(50)
Profit/(loss) for the year	euro/million	14	(289)
Group share of profit/(loss) for the year	euro/million	25	(175)

Financial data		**31.12.2016**	**31.12.2015**
Net invested capital	euro/million	1,856	1,704
Equity	euro/million	1,241	1,266
Net financial position	euro/million	(615)	(438)

Other indicators		**31.12.2016**	**31.12.2015**
Order intake (***)	euro/million	6,505	10,087
Order book (***)	euro/million	24,003	22,061
Total backlog (***)(****)	euro/million	24,031	18,721
- of which backlog	euro/million	*18,231*	*15,721*
Capital expenditure	euro/million	224	161
Free cash flow	euro/million	(164)	(459)
Research and Development costs	euro/million	96	90
Employees at the end of the period	number	19,181	20,019
Vessels delivered (*****)	number	26	21
Vessels ordered (*****)	number	39	30
Vessels in order book (*****)	number	99	88

Ratios		**31.12.2016**	**31.12.2015**
ROI	percentage	8.8%	-8.6%
ROE	percentage	1.1%	-20.7%
Total debt/Total equity	number	0.8	0.7
Net financial position /EBITDA	number	2.3	n.s.
Net financial position/Total equity	number	0.5	0.3

(*) 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
(*****) Number of vessels over 40 meters in length
n.a. not applicable
n.s. not significant
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 nine months of 2016

The **positive 2016 results** confirm the **strong recovery in the Group operating and economic performance**, in line with the targets set by the **Business Plan 2016-2020** thus marking **a turning point when compared to 2015**, and in particular to the second half of 2015, when Fincantieri has left behind the longest period of crisis.

Revenue and income amounted to euro 4,429 million in 2016, with year-on-year changes shown in the table below.

Revenue and income *(euro/million)*[4]	**31.12.2016**	**31.12.2015(*)**	**Delta**	**Delta %**
Shipbuilding	3,246	2,652	594	*22.4%*
Offshore	960	1,199	(239)	*-19.9%*
Equipment, Systems and Services	495	498	(3)	*-0.6%*
Consolidation adjustments	(272)	(166)	(106)	*n.a.*
Total	**4,429**	**4,183**	**246**	***5.9%***

n.a. = not applicable
(*)The 2015 comparative figures have been restated following redefinition of the operating segments as described in note 4 and 6 of this press release

The variation of Revenue and income is due to the increase in Shipbuilding revenues, mainly in the cruise business which accounted for 44% of the Group's total revenues for the year (36% in 2015), and is partially offset by the decline in Offshore revenue, which accounted for 20% of the Group's total revenue (28% in 2015).

Revenue generated by foreign clients accounted for 84% of the total in 2016, in line with the figure of 85% reported in 2015.

EBITDA was euro 267 million at December 31, 2016 (negative euro 26 million at December 31, 2015) with an EBITDA margin of 6,0% compared to a negative margin of 0.6% in 2015. This result reflects the steady improvement in operating and economic performance by all the Group's businesses.

EBIT was euro 157 million (negative euro 137 million at December 31, 2015) with an EBIT margin of 3.5% compared to negative 3.3% at December 31, 2015.

Profit before extraordinary and non-recurring income and expenses was euro 60 million at December 31, 2016, a marked improvement from a net loss of euro 252 million at December 31, 2016. Net finance costs amounted to euro 66 million (euro 135 million at December 31, 2015): the positive change is primarily attributable to the recognition of euro 26 million in unrealized exchange gains on translating a loan held by Vard Promar from US Dollars into Brazilian Reals (the same loan had generated euro 32 million in unrealized exchange losses at December 31, 2015). Finance costs for construction loans amounted to euro 34 million in 2016 (euro 36 million at December 31, 2015). The Group share of the result before extraordinary items was a net profit of euro 66 million, compared to a net loss of euro 141 million at December 31, 2015.

[4] *Following the operational reorganization carried out in November 2016, the repair & conversion services, cabins & public areas business, as well as integrated systems business, all previously included in the Shipbuilding segment, have been relocated to the Equipment, Systems & Services segment starting from FY 2016 results. Such reorganization falls within the Group's strategy to further develop after sales activities, notably in cabins & public areas and integrated systems businesses.*

Extraordinary and non-recurring income and expenses were euro 59 million in net expenses (euro 50 million in net expenses at December 31, 2015) and include costs for claims under asbestos-related lawsuits (euro 27 million) and charges for business reorganization plans and other non-recurring personnel costs, primarily related to VARD (euro 12 million), notably for the shut-down of the Niterói shipyard in Brazil, costs for Italy's Wage Guarantee Fund (euro 1 million) and other extraordinary expenses and income (negative euro 19 million) primarily related to a provision against the risk of a negative outcome to ongoing litigation with a Mega-Yacht owner.

Profit for the year, reflecting the factors described above, was euro 14 million (net loss of euro 289 million at December 31, 2015). The Group share of this result was a net profit of euro 25 million, compared to a net loss of euro 175 million in the previous year.

Net invested capital amounted to euro 1,856 million at December 31, 2016, up from euro 1,704 million at December 31, 2015. In detail, **Net fixed assets** amount to 1,590 million (euro 1,453 million at December 31, 2015) increased by euro 137 million mainly due to the growth of euro 167 million in the value of Intangible assets and Property, plant and equipment reflecting the capital expenditure in the year, net of depreciation and amortization. In addition, there was a decrease of euro 25 million in the value of Other non-current assets and liabilities mainly related to the negative effect of the fair value measurement of currency derivatives. **Net working capital** amounted to euro 265 million (from euro 251 million at December 31, 2015). The main changes are: (i) an increase of euro 185 million in Inventories and advances, mainly due to reclassification from Construction contracts of the value of the vessel being built for Harkand, a VARD client that entered administration; (ii) a reduction of euro 1,272 million in Construction contracts and client advances mainly reflecting Vard deliveries made in the year, the reclassification to Inventories of the value of the vessel mentioned above and the issue of invoices for the final rate of three cruise ships in delivery; (iii) an increase of euro 563 million in Trade receivables, mainly due to the invoicing of final payments for the three cruise ships mentioned above, and (iv) an increase of euro 128 million in Trade payables. Lastly, Other current assets and liabilities increased from a net negative balance of euro 196 million at December 31, 2015 to a net positive balance of euro 59 million at December 31, 2016, reflecting a reduction in the negative fair value of currency derivatives, also as a result of the settlement of hedging contracts referring to the vessels delivered in the year and to the positive change in Other current receivable.

The **Net financial position**, which excludes construction loans, was a net debt of euro 615 million (euro 438 million in net debt at December 31, 2015) slightly better compared to the 2016 guidance. Most of the Group's debt is related to the financing of current assets associated with cruise ships construction and thus directly connected with the financing of net working capital. On the other hand the fixed assets are financed primarily by equity and for the remaining part by other sources of long term funding. The change in Net financial position is mainly due to financial flows typical of the cruise ship business whose volumes have grown significantly compared to last year, with three ships due for delivery in the first three months of 2017.

Construction loans amounted to euro 678 million at December 31, 2016 (euro 1,103 million at December 31, 2015) and related to the subsidiary VARD for euro 578 while the remaining euro 100 related to the Parent company, which has finalized a construction loan with a leading international bank for the purpose of financing cruise ship construction.

Among the **profitability indicators**, ROI was positive at 8.8% and ROE at 1.1%. These indicators benefited from the positive results in 2016 compared with 2015 which reported negative EBIT and an overall net loss.

Among the **indicators of the strength and efficiency of the capital structure** at December 31, 2016 Total debt/Equity ratio was 0.8, while Net financial position/Equity ratio was 2.3. These indicators reported an increase compared with those at December 31, 2015 mainly due to the growth in gross and net debt, following the absorption of financial resources needed to cope with the growth in Shipbuilding production volumes.

Group operational results and performance indicators of 2016

Order intake and backlog

At December 31, 2016, the Group recorded euro 6,505 million in new orders, compared to euro 10,087 million in 2015, with a book-to-bill ratio (order intake/revenue) of 1.5 (2.4 at December 31, 2015).

Before consolidation adjustments, the Shipbuilding segment accounted for 80% of the year's total order intake (91% at December 31, 2015), the Offshore segment for 17% (4% at December 31, 2015) and the Equipment, Systems and Services segment for 10% (8% at December 31, 2015).

As for the **Shipbuilding segment** during 2016, with reference to naval business, Fincantieri signed an important contract with the Qatari Ministry of Defense for the supply of seven new-generation surface vessels and the provision of on-site support services for 15 years after vessel delivery. Again in the naval business, the US Navy exercised its option for a new "Freedom" class ship (LCS 25) under the Littoral Combat Ship program, and an order was received for an ATB (Articulated Tug Barge) for chemical/petroleum transportation, to be built at the Sturgeon Bay shipyard. With reference to the cruise ship business, during the year Fincantieri finalized a contract with Carnival Corporation for another ship for the Princess Cruises brand on top of the four foreseen in the memorandum of agreement signed in December 2015, as well as an agreement with Norwegian Cruise Line Holdings for the construction of a second ultra-luxury cruise ship for the Regent Seven Seas Cruises brand.

In the **Offshore segment**, as a result of the strategy to diversify the business following the Oil&Gas market crisis, the VARD Group signed two major contracts during the year, respectively with Ponant for the construction of 4 expedition cruise vessels and with Hapag-Lloyd Cruises, a German cruise company, for the construction of 2 vessels, the contract for which became effective at the beginning of October 2016. Both orders involve support and supply of key components by Fincantieri.

During the year VARD also acquired important orders to design and build 20 module carrier vessels, of which 17 for Topaz Energy and Marine and 3 for Kazmortransflot, guaranteeing a significant workload for the yards in Romania and Vietnam, as well as an order to build a stern trawler for HAVFISK ASA.

Over the course of 2016, the **Equipment, Systems and Services segment** saw the finalization of euro 664 million in orders (compared to euro 773 million during last year).

The Group's total backlog amounted to euro 24.0 billion at December 31, 2016, of which euro 18.2 billion in backlog (euro 15.7 billion at December 31, 2015) and euro 5.8 billion in soft backlog (euro 3.0 billion at December 31, 2015), with the order delivery profile extending until 2026. The backlog and total backlog guarantee about 4.1 and 5.4 years of work respectively in relation to the 2016 level of revenue, with most of it in the Shipbuilding segment.

Before consolidation adjustments, the Shipbuilding segment accounts for 90% of the Group's backlog (89% at December 31, 2015), the Offshore segment for 8% (7% at December 31, 2015) and the Equipment, Systems and Services segment for 6% (5% at December 31, 2015).

Capital expenditure

Capital expenditure amounted to euro 224 million in 2016, of which euro 80 million for intangible assets (including euro 61 million for development projects) and euro 144 million for property, plant and equipment.

Capital expenditure on property, plant and equipment in 2016 mainly related to initiatives to support growth in production volumes and to boost safety standards and compliance with environmental regulations within production sites. In more detail, this expenditure has involved the extension of the semi-submersible launching barge to accommodate larger ships at the Vard Tulcea yard, supporting the production of cruise ship sections and blocks in order to support the Italian production network, the introduction of new sandblasting and painting systems at the Monfalcone yard, the reorganization of operational areas within production sites and the technological upgrade of welding systems to improve hull construction quality.
Lastly, there was also continued investment in developing new technologies, particularly with regard to cruise ships.

Headcount

Headcount decreased from 20,019 at December 31, 2015 (of whom 7,771 in Italy) to 19,181 at December 31, 2016 (of whom 7,939 in Italy). This effect is mainly due to a reduction in activities in Brazil following the shut-down of Vard Niterói shipyard.

Deliveries[5]

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

(number)	*2016*	*2017*	*2018*	*2019*	*2020*	*2021*	*Beyond 2021*
Cruise ships	5	5	5	4	4	1	1
Naval >40 m.	8	10	5	4	3	6	10
Offshore	13	20	17	4			

Business outlook

Together with its 2015 financial results, Fincantieri also presented its Business Plan 2016-2020 that aims to consolidate the Group’s global leadership in all high value added shipbuilding segments in line with the diversification and growth strategy pursued over the recent years.

[5] Compared with the situation presented at December 31, 2015, delivery of the following vessels has been postponed: LCS 9 and 23 and the submarine "Romei" respectively for the US Navy and for the Italian Navy; 4 offshore vessels (of which 2 OSCVs and 2 PSVs) in agreement with the shipowners. VARD also suspended delivery of an OSCV previously scheduled for delivery in 2016 to Harkand which is in administration and cancelled the order for an AHTS placed by Rem Offshore Asa, originally due for delivery in 2018.

Given the results achieved in 2016 and the progress in the implementation of strategic initiatives planned and announced at the time of presenting the Business Plan 2016-2020, the Group confirms the lines of action set out in the Plan and its short and medium term guidance at a consolidated level: in 2018, revenue growth of 16-23% compared to 2016, EBITDA margin approximately at 6-7% and net debt at approximately 0.4-0.6 billion, related to working capital dynamics; in 2020 revenue growth of 16-21% compared to 2018, EBITDA margin at approximately 7-8% and net debt at approximately 0.1-0.3 billion.

For the year 2017 results are expected to be in line with the Business Plan guidance, following the positive performance achieved in 2016. In line with these expectations the Group confirms dividend distributions starting on 2017 net income.

As for the Shipbuilding segment, 2017 will see another increase in volumes and margin improvement thanks to the start of construction works for cruise sister ships acquired after the crisis at higher prices and to the increase of naval volumes related to the full start of the Italian Navy's fleet renewal program and to the design activities for the contract with the Qatari Ministry of Defense. The Group foresees in addition the prosecution of the actions aiming at improving the marginality mainly thanks to the development of significant production synergies with VARD through the utilization of Tulcea shipyard to support Italian facilities for the construction of sections of large cruise ships. In order to satisfy the increasing needs of growing workloads the Company will moreover continue its efforts to optimize the production and engineering systems in Italy.

As for the Offshore segment, VARD expects that 2017 will not only see steady growth in volumes, particularly in the expedition cruise segment, after diversifying its business in response to the crisis in the core Oil&Gas business, but also continued actions to reduce its cost base and optimize its production network, with the aim of becoming more competitive and ready to seize the opportunities arising once the market recovers. The current order book nonetheless continues to have a significant exposure to vessels under construction for the Oil&Gas industry.

The Equipment, Systems and Services segment is expected to deploy the significant backlog related to the Italian Navy's fleet renewal program and to continue focusing on the insourcing of high value added activities and outsourcing of lower value added ones, in order to optimize the value chain and further develop after sales activities.

Operational review by segment[6]

SHIPBUILDING

(euro/million)	31.12.2016	31.12.2015 (****)
Revenue and income (*)	3,246	2,652
EBITDA (*)	185	(34)
EBITDA margin (*) (**)	*5.7%*	*-1.3%*
Order intake (*)	5,191	9,194
Order book (*)	20,825	18,539
Order backlog (*)	16,372	14,067
Capital expenditure	165	107
Vessels delivered (number) (***)	13	9

(*) Before eliminations between operating segments
(**) Ratio between segment EBITDA and Revenue and income
(***) Vessels over 40 meters in length
(****) The 2015 comparative figures have been restated following redefinition of the operating segments as described in note 4 and 6 of this press release

Revenue and income

Revenue from the Shipbuilding segment amounted to euro 3,246 million at December 31, 2016, (euro 2,652 at December, 2015) and comprised euro 2,078 million from the cruise ships business (euro 1,573 million at December 31, 2015) and euro 1,156 million from the naval business (euro 1,056 million at December 31, 2015) and euro 12 million to other activities (euro 23 million at December 31, 2015). Compared to 2015, cruise ship production volumes continued to grow, with 15 ships currently under construction versus 14 ships under construction during 2015 and the gradual recovery in naval volumes, due to the start of production activities related to the Italian Navy's fleet renewal program.

EBITDA

Segment EBITDA was euro 185 million at December 31, 2016 (negative euro 34 million at December 31, 2015), with an EBITDA margin of 5.7% (negative 1.3% at December 31, 2015). Having left behind the industry's longest period of crisis with its 2015 results, Shipbuilding margins have improved significantly thanks to, on one hand, the good performance of cruise projects under construction with on-time delivery of 4 prototype vessels and, on the other, the positive performance recorded on naval units delivered during the year.

Deliveries

A total of 13 vessels were delivered in the year

- "Viking Sea", the second of a series of six cruise ships for Viking Ocean Cruises, was delivered at the Ancona shipyard;
- "Koningsdam", a prototype ship for Holland America Line, a brand of the Carnival Group, the world's largest cruise operator, was delivered at the Marghera shipyard;

[6] *Following the operational reorganization carried out in November 2016, the repair & conversion services, cabins & public areas business, as well as integrated systems business, all previously included in the Shipbuilding segment, have been relocated to the Equipment, Systems & Services segment starting from FY 2016 results. Such reorganization falls within the Group's strategy to further develop after sales activities, notably in cabins & public areas and integrated systems businesses.*

- "Carnival Vista", a prototype and new flagship of the fleet of Carnival Cruise Line, a Carnival Group brand, was delivered at the Monfalcone shipyard;
- "Seven Seas Explorer", the new super-luxury prototype ship for Regent Seven Seas Cruises, a brand of Norwegian Cruise Line Holdings, was delivered at the Sestri Ponente shipyard;
- “Seabourn Encore,” the first of two ultra-luxury cruise ships for Seabourn Cruise Line, a Carnival Group brand, was delivered at the Marghera shipyard;
- "Alpino", the fifth frigate in the FREMM program for the Italian Navy, was delivered at the Muggiano shipyard in La Spezia;
- USS "Detroit" (LCS 7) for the US Navy's LCS program was delivered at the Marinette shipyard in Wisconsin (USA);
- "Pietro Venuti", the third U212A "Todaro" class submarine for the Italian Navy, was delivered at the Muggiano shipyard in La Spezia;
- "Itarus", a semi-submersible floating platform for RosRAO, Russia's federal state unitary enterprise for radioactive waste management, was delivered at the Muggiano shipyard in La Spezia;
- 2 ATB (an Articulated Tug Barge comprising 1 tug and 1 barge) for petroleum/chemical transportation were respectively delivered to Moran Towing and Kirby Inland at the Sturgeon Bay shipyard.

OFFSHORE

(euro/million)	31.12.2016	31.12.2015
Revenue and income (*)	960	1,199
EBITDA (*)	51	(3)
EBITDA margin (*) (**)	*5.3%*	*-0.2%*
Order intake (*)	1,138	402
Order book (*)	2,366	2,729
Order backlog (*)	1,361	1,143
Capital expenditure	31	31
Vessels delivered (number)	13	12

(*) Before eliminations between operating segments
(**) Ratio between segment EBITDA and Revenue and income

Revenue and income

Revenue from the Offshore segment amounted to euro 960 million at December 31, 2016, down 19.9% from euro 1,199 million at December, 31 2015. This reflects the downturn in production activities stemming from the crisis in VARD's core market, whilst awaiting the results of the Norwegian group's efforts to diversify its operations, particularly the production of expedition cruise vessels. The decline in revenue was also affected by the shut-down of shipbuilding activities at the Niterói yard in Brazil and by the negative impact of changes in the NOK/EUR exchange rate (euro 37 million).

EBITDA

Offshore segment reported EBITDA of euro 51 million at December 31, 2016, compared to a negative euro 3 million in 2015, and a positive margin of 5.3% versus a negative of 0.2% in 2015. The profitability of the Offshore segment, although still affected by the downturn in the order intake since the fourth quarter of 2014, showed a significant improvement versus 2015, thanks to the positive contribution of projects under construction in Europe and the use of loss provisions accrued in 2015 against projects at the Brazilian yards. As part of the plan to de-risk its operations in Brazil, the Norwegian group also completed the process of phasing out shipbuilding activities at VARD Niterói and increased its stake in Vard Promar to 95.15%, thereby simplifying corporate structure in this country.

Deliveries

A total of 13 vessels were delivered during the period:

- 2 AHTS (Anchor Handling Tug Supply vessels): "Bourbon Arctic" delivered to Bourbon at the Vard Brattvag shipyard (Norway) and "Skandi Paraty" delivered to DOF at the Vard Niterói shipyard (Brazil);
- 3 PSV (Platform Supply Vessels): "MMA Brewster" delivered to Mermaid Marine Australia Offshore at the Vard Vung Tau shipyard (Vietnam) and "NAO Galaxy" and "NAO Horizon" delivered to Nordic American Offshore at the Vard Aukra shipyard (Norway);
- 3 OSCV (Offshore Subsea Construction Vessel): "Skandi Açu" delivered to Techdof Brasil at the Vard Søviknes shipyard (Norway); "Normand Maximus" delivered to Solstad Offshore at the Vard Brattvaag shipyard (Norway); "Deep Explorer" delivered to Technip at the Vard Langsten shipyard (Norway);
- 3 LPG carriers: "Barbosa Lima Sobrinho", "Darcy Ribeiro" and "Lucio Costa" delivered to Transpetro at the Vard Promar shipyard (Brazil);
- 2 fishing vessels: “Newfoundland Victor" delivered to Newfoundland Resources at the Vard Aukr shipyard (Norway) and the fishing vessel "Breivik Junior" was delivered to Breivik at the Vard Braila shipyard (Romania).

EQUIPMENT, SYSTEMS AND SERVICES

(euro/million)	31.12.2016	31.12.2015 (***)
Revenue and income (*)	495	498
EBITDA (*)	62	42
EBITDA margin (*) (**)	*12.5%*	*8.4%*
Order intake (*)	664	773
Order book (*)	1,742	1,446
Order backlog (*)	1,155	934
Capital expenditure	8	10
Engines produced in workshops (number)	45	44

(*) Before eliminations between operating segments
(**) Ratio between segment EBITDA and Revenue and income
(***)The 2015 comparative figures have been restated following redefinition of the operating segments as described in note 4 and 6 of this press release

Revenue and income

Revenue from the Equipment, Systems and Services segment amounted to euro 495 million at December, 31 2016, broadly in line with the prior year figure of euro 498 million. In 2016 there was an increase in volumes of systems and equipment, which benefited from the Naval Law, and of after-sales services for naval vessels; this increase made up for the smaller contribution from ship conversion activities which had benefited in the previous year from work on the Renaissance program for the client MSC.

EBITDA

Segment EBITDA was euro 62 million December, 31 2016 (EBITDA margin of 12.5%), up from euro 42 million in 2015 (EBITDA margin of 8.4%). This improvement was mostly due to a higher contribution both from repair and conversion services, mainly for cruise ships, and from systems and equipment design and production.

in 2016 Fincantieri delivered two Offshore Patrol Vessels (OPV) under the contract for the supply of four such vessels to the Bangladesh Coast Guard as part of the program to upgrade and convert "Minerva" class corvettes decommissioned by the Italian Navy.

OTHER ACTIVITIES

(euro/million)	31.12.2016	31.12.2015
Revenue and income	-	-
EBITDA	(31)	(31)
EBITDA margin	*n.a.*	*n.a.*
Capital expenditure	20	13

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 May 19, 2016, following the approval of the financial statements of Fincantieri for the year ended December 31, 2015, the ordinary Shareholders' Meeting appointed the new Board of Directors which will remain in office until the date of the Shareholders' Meeting called to approve the 2018 financial statements.

On May 26, 2016, the Fincantieri Board of Directors confirmed Giuseppe Bono as the Chief Executive Officer of the Company.

On June 17, 2016, during the 20th St. Petersburg International Economic Forum, Fincantieri and Rosneft signed a Heads of Agreement for the formation of a joint venture focused on design and engineering of a new type of vessel to be built at the Zvezda shipbuilding cluster.

On June 24, 2016, Fincantieri and the FIM, FIOM, UILM, UGL and FAILMS trade unions signed the new Fincantieri supplementary labor agreement at the national headquarters of Confindustria (the Italian employers' federation). The agreement, approved by the trade unions and by the workers at the end of July 2016, applies from July 1, 2016 and will stay in force until December 31, 2019. It will apply to all employees of Fincantieri S.p.A. as well as those of Isotta Fraschini Motori S.p.A., Orizzonte Sistemi Navali S.p.A. and Cetena S.p.A. The agreement, based on incentive tools, some of which in the form of welfare, and linked to individual performance and overall Company results, represents a key step towards greater efficiency.

On July 4, 2016, Fincantieri signed a major agreement with China State Shipbuilding Corporation (CSSC), China's largest shipbuilding conglomerate, for the constitution of a joint venture aimed at developing and supporting the growth of the Chinese cruise industry. The agreement specifically provides that the joint venture will develop and sell cruise ships exclusively intended and specially customized for the Chinese and Asian market. These vessels will be built at one of CSSC’s shipyards, the Shanghai Waigaogiao Shipbuilding Co (SWS) facility, on the basis of a technological platform licensed to the joint venture and to the SWS shipyard by Fincantieri, which will therefore perform the activities within its competence through the joint venture. The agreement envisages that Fincantieri will also provide specialized consultancy services and supply certain key components of the vessels to the joint venture and to SWS.

On August 5, 2016, the subsidiary VARD announced it had increased its stake in Vard Promar, an indirect subsidiary in Brazil, from 50.5% to 95.15%, by means of a capital increase entirely subscribed by Vard Group AS through the conversion of shareholder loans; VARD and PSMR, the minority shareholder in Vard Promar, have a cross call and put option over the remaining share capital. This transaction has not altered the Fincantieri Group's scope of consolidation since Vard Promar was already fully consolidated.

On September 1, 2016, Fincantieri announced it had signed a contract with the Australian government to participate in the competitive evaluation process, conducted by the Department of Defense, for the delivery of 9 future frigates - to be built in Adelaide (Australia) - for the Royal Australian Navy (RAN) under the SEA 5000 program. To manage this process properly, Fincantieri incorporated a specific company late in December under the name of Fincantieri Australia, with offices in Canberra.

On September 23, 2016, Fincantieri and CSSC signed a non-binding agreement with Carnival Corporation and CIC Capital Corporation for the construction of the first new cruise ships to be built in China for the Chinese market.

On September 26, 2016, the Board of Directors of FINCANTIERI S.p.A. appointed as General Manager of the Company Mr. Alberto Maestrini, who had been Deputy General Manager since February 2016 and Senior Executive Vice President of Fincantieri's Naval Vessels Business Unit since January 2004.

On October 13, 2016, VARD announced the acquisition of Storvik Aqua AS, a leading supplier of equipment to the aquaculture industry, for NOK 35 million.

On November 10, 2016 the Board of Directors approved the scheme of a medium-long term incentive plan for top management based on stock grant, called Performance Share Plan 2016-2018, resolving to submit the Plan for approval to the Shareholders’ Meeting convened to examine and approve the financial statements for the fiscal year 2016. The Board of Directors approved also the Terms & Conditions (“*Regolamento*”) of the Plan, whose effectiveness is subject to the Plan being approved by the Shareholder Meeting as mentioned above.

On November 13, 2016 the subsidiary Fincantieri Oil & Gas S.p.A. launched a voluntary general offer ("Offer") in Singapore for all the ordinary shares of VARD Holdings Limited not already held directly or indirectly (equating to 44.37% of share capital). The Offer, financed from available financial resources, which purpose was to delist VARD from the Singapore Stock Exchange, involved a price per share of SGD 0.24, for a maximum consideration, if fully accepted, of SGD 125,646,896 (approximately euro 82,000,000 at the exchange rate on November 13, 2016). On December 15, 2016 VARD published a circular to its shareholders, containing the opinion of VARD's independent financial advisor that the Offer was fair and reasonable and the recommendation of VARD's independent directors that shareholders accept the Offer. From an accounting viewpoint, this transaction will not change the Fincantieri Group's scope of consolidation because the VARD Group is already under its control and fully consolidated.

On 20 December 2016, Fincantieri announced that the contracts with Virgin Voyages, a member of the Virgin Group of companies and a new player in the cruise industry, to build three new cruise ships worth approximately euro 2 billion, had been finalized becoming effective.

Key events after December 31, 2016

On January 3, 2017 Fincantieri announces that it has received a letter from Samil PricewaterhouseCoopers, advisor appointed by STX Europe, with the notification that it has been selected as preferred bidder in the sale of the 66.66% stake in STX France SA.

On January 10, 2017 VARD signed an order with Torghatten Nord, a new client, for the construction of two LNG-powered car and passenger ferries designed for environmentally friendly operations in the Norwegian fjords.

On January 17, 2017 VARD announced it had signed a letter of intent with an international cruise company for the construction of an expedition cruise vessel at its shipyards in Romania and Norway.

On January 19, 2017 Fincantieri signed a memorandum of agreement with Carnival Corporation & plc for the construction of two new cruise ships, with an overall value in excess of euro 1 billion, for Holland America Line and Princess Cruises.

On January 26, 2017 "Viking Sky", the third of six cruise ships Viking Ocean Cruises has ordered from Fincantieri, was delivered at the Fincantieri shipyard in Ancona.

On February 14, 2017 VARD signed a contract with Aker BioMarine for the construction of one krill fishing vessel for fishing operations in Antarctica.

On February 16, 2017, Fincantieri secured an order from Norwegian Cruise Line Holdings Ltd. for the construction of 4 new-generation cruise ships for the Norwegian Cruise Line brand, with an option for 2 more cruise ships. The value of each ship is approximately euro 800 million, with one delivery per year from 2022 to 2025, stretching to 2027 if the option is confirmed.

On February 20, 2017 Fincantieri and Ferretti Group announced they had signed a wide-scope cooperation agreement with the goal of developing commercial and industrial synergies between the two Italian companies, world leaders in their respective markets. The agreement relates to the security and defense sector and to the recreational yachting industry, areas in which the two groups have relevant and complementary capabilities and expertise, the sharing of which could open up many possibilities.

On February 22, 2017 Fincantieri, China State Shipbuilding Corporation (CSSC) and Carnival Corporation & plc signed a binding Memorandum of Agreement (MoA) for the construction of two cruise ships, with an option for four more, which will be the first vessels of this kind ever built in China for the Chinese market. The parties signed the MoA on behalf of the joint venture between Fincantieri and CSSC Cruise Technology Development Co., Ltd (CCTD), of the joint venture between Carnival Corporation and CSSC, and of the shipyard Shanghai Waigaoqiao Shipbuilding Co., Ltd.

On February 27, 2017, Marco Minniti, Italy's Minister of the Interior, and Giampiero Massolo, Fincantieri Chairman, signed a National Legality Framework Agreement at the Ministry's headquarters in Rome. Also in attendance was Fincantieri CEO Giuseppe Bono. The agreement, aimed at preventing attempts at infiltration by organized crime, is based on the experience of several such agreements signed by the Group at a local level, and is a major milestone that will standardize anti-mafia checking procedures nationally for contractors and subcontractors at all Fincantieri Group locations.

On February 28, 2017 Vard Holdings Limited announced its financial results for the fourth quarter 2016 and for the year ended 31 December 2016.

On March 3, 2017 the Brazilian subsidiary Vard Promar S.A. received an assessment for about euro 3 million for a municipal tax on services, applied to the value of two vessels delivered. The subsidiary has not recognized any provisions based on the opinion of its legal advisors who consider the claim to be based on erroneous factual and legal suppositions.

On March 8, 2017 Vard Singapore Pte. Ltd. delivered the Offshore Subsea Construction Vessel "Far Superior" to Farstad Shipping ASA.

On March 24, 2017 the Company announced the close of the public offer finalized to the acquisition of VARD shares (Offer) with valid acceptances for a total of 215,946,242. Following the Offer and the acquisition of VARD shares on the Singapore Stock Exchange during the Offer period, as of March 24, 2017, the total number of VARD shares owned, controlled or agreed to be acquired by Fincantieri O&G, its related corporations and their respective nominees, amounts to an aggregate number of 878,523,910 VARD shares, representing approximately 74.45%. of VARD’s share capital. Therefore the consideration for the Offer Shares tendered in acceptance of the Offer is SGD 51,827,098.08 (approx. euro 34,281,715.89 at the March 24, 2017 exchange rate) while that of the Vard shares acquired through the Singapore Stock Exchange (excluding brokerage fee, clearing fee and applicable tax) is SGD 1,465,536.00 (approx. euro 969,398.07 at the March 24, 2017 exchange rate). It should be noted that Fincantieri group fully consolidates VARD even prior to the Offer and the outcome of the Offer does not impact the quantitative targets previously published by Fincantieri.

ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING

The Board of Directors convened the Ordinary and Extraordinary Shareholders' Meeting to be held on May 19, 2017 on single call, in order to resolve upon the following items:

- ordinary meeting: (i) approval of Financial statements as at December 31, 2016 and allocation of the profit; (ii) appointment of the Board of Statutory Auditors for the three-year period 2017-2019; (iii) approval of a stock grant plan for top management, called "Performance Share Plan 2016-2018" (the "Plan"); (iv) authorization to purchase and dispose of treasury shares; (v) non-binding vote on the first Section of the Remuneration Report in accordance with Article 123-ter, paragraph 6, of the Italian Consolidated Financial Act;
- extraordinary meeting: (i) issue of up to 50,000,000 ordinary shares without nominal value, having the same characteristics as those in circulation, for the purposes of the Performance Share Plan 2016-2018, to be attributed to the management of Fincantieri and/or its subsidiaries, according to Article 2349 of the Italian Civil Code.

The Notice of call and all the documentation related to the items on the agenda, including the Report on Corporate Governance and Ownership Structure and the Remuneration Report, will be made available to the public as laid down by regulations in force.

Ordinary meeting

Financial statements and allocation of the net result

Concerning the Financial statements as at December 31, 2016 the Board of Directors resolved to propose to the Shareholders' Meeting the allocation of the FINCANTIERI S.p.A.'s profit for euro 933,672.61 to the Legal reserve and for euro 17,739,779.66 to the Extraordinary reserve. The Board of Directors will not propose to the Shareholders' Meeting to distribute dividends for 2016.

Performance Share Plan 2016-2018

In line with what already announced on November 10, 2016, the Board of Directors resolved to submit the Performance Share Plan 2016-2018 for approval to the Ordinary Shareholders' Meeting, pursuant to art. 114-bis of the Italian Consolidated Financial Act. The Plan, structured on three cycles each lasting three years, provides for the free granting, to up to 50 beneficiaries, of a maximum of 50,000,000 Fincantieri ordinary shares without nominal value, subject to the achievement of specific performance targets related to the three-year periods 2016-2018 (first cycle), 2017-2019 (second cycle) and 2018-2020 (third cycle).

The beneficiaries can be identified by the Board of Directors within the following categories: the Chairman of the Board of Directors if given executive powers, the Chief Executive Officer, the General Manager, Executives with Strategic Responsibilities, Key Executives and other key resources identified by the Board of Directors as proposed by the Chief Executive Officer and having heard the opinion of the Remuneration Committee.

The main objectives of the Plan are the following:(i) improving the alignment of the interests of the beneficiaries to those of the shareholders by way of connecting management remuneration to specific performance objectives, whose attainment is strictly connected to the improvement of the Company's performance and the growth in its value over the long term, and (ii) supporting the retention of key resources.

For the first cycle (2016-2018) the performance targets are (i) EBITDA and (ii) Total Shareholder Return ("TSR") compared to the index FTSE *Italia All Share* (modified by excluding companies that operate exclusively or mainly in banking, insurance or asset management) and to a specifically identified international Peers group. The performance targets for the second and third cycle will be identified at the moment of the assignment of the related entitlements.

The Plan provides for all beneficiaries a three-year vesting period and, for the Board Directors and Executives with Strategic Responsibilities, a lock-up period on a number of shares at least equal to 20% of the total shares delivered. The Plan also provides for claw-back clauses.

The Plan foresees the attribution of shares to beneficiaries through the attribution of treasury shares purchased according to Articles 2357 and 2357-ter of the Italian Civil Code or through the free attribution of ordinary shares issued according to Article 2349 of the Italian Civil Code alternatively and at the discretion of the Board of Directors, considering the specific requirements for the implementation of the Plan itself.

Further information regarding the Plan will be included in the Information Document prepared in accordance to Article 84-bis of Consob Regulation No. 11971 of May 14, 1999 that will be made available to the public within the terms laid down by the regulations in force.

<u>Authorization to purchase and dispose of treasury shares</u>

The Board of Directors also resolved to submit the Ordinary Shareholders' Meeting the proposal for the authorization to purchase and dispose of treasury shares for the following purposes: (i) to service share-based incentive plans approved by the Company and/or by its subsidiaries; (ii) to fulfil the obligations deriving from debt instruments that are convertible into ordinary shares; (iii) to build a securities portfolio in order to sell, dispose, and/or utilize treasury shares in extraordinary transactions, in line with the strategic initiatives that the Company intends to pursue; (iv) to operate in the market with a medium and long term investment perspective, also in order to build long-term shareholdings or in the context of initiatives related to the current operations, or again to lower the average cost of equity of the Company or to seize the opportunities to maximize the stock value that can derive from market trends; and (v) to support the market liquidity.

The authorization to purchase treasury shares is requested for a period of 18 months from the date of the corresponding Shareholder's Meeting resolution and for a maximum amount of shares not exceeding one fifth of the share capital of the Company, corresponding to a maximum expected cash out for the Company of approx. euro 228 million considering the current Fincantieri share price. The authorization to dispose of treasury shares is requested without time limits.

The purchase and the disposal of such shares shall be carried out in accordance with the terms and conditions laid down by the applicable regulations, including Community legislation, and accepted market practice. In particular the share purchases shall be made at a price within a +10%/ -10% limit compared to the reference share price recorded on the Italian stock market (Mercato Telematico Azionario - MTA) organized and managed by Borsa Italiana S.p.A on the trading session preceding each single transaction.

It should be noted that the Company does not currently hold any treasury shares, not even through its subsidiaries.

The details of the proposal related to the authorization to purchase and dispose of treasury shares are contained in the Explanatory Report by the Board of Directors in accordance with Article 125-ter of the Italian Civil Code and of the Article 73 of Consob Regulation No. 11971 of May 14, 1999 that will be made available to the public within the terms laid down by the regulations in force.

Extraordinary meeting

Issue of new shares for the purposes of "Performance Share Plan 2016-2018"

The Board of Directors also resolved to submit to the Extraordinary Shareholders' Meeting the issue, according to Article 2349 of the Italian Civil Code, of up to 50,000,000 ordinary shares without nominal value in one or more tranches and by December, 31 2021. The purpose of the issue is free allocation of shares, without share capital increase, to the top management of Fincantieri and/or its subsidiaries to service the incentive plan called "Performance Share Plan 2016-2018".

The proposal submitted for approval to the Extraordinary Shareholders' Meeting is aimed at providing the Company with a flexible instrument, suitable to make full use of the remuneration mechanisms foreseen by the Plan implementing Company's Remuneration Policy.

The Shareholders' Meeting will also be called to resolve upon the amendment of the By-Laws.

Further information regarding the proposal related to the issue of up to 50,000,000 ordinary shares to be allocated to the Plan beneficiaries according to Article 2349 of the Italian Civil Code, is included in the Explanatory Report prepared by the Board of Directors according to Article 125-ter of the Italian Consolidated Financial Act and of the Article 72 of Consob Regulation No. 11971 of May 14, 1999, that will be made available to the public within the terms laid down by the regulations in force.

* * *

The Manager Responsible for Preparing Financial Reports, Carlo Gainelli, 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) under "Investor Relations - Financial Statements" and on the centralized storage of regulated information denominated eMarket STORAGE, available at the website 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 nine months of 2016 will be presented to the financial community during a conference call scheduled for Thursday March 30, 2017 at 9:00 CET

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.

* * *

Attachments: Financial statements, not subject to audit by the Independent Audit Firm

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Fincantieri *is one of the world's largest shipbuilding groups and number one by diversification and innovation. It is leader in cruise ship design and construction and a reference player in all high-tech shipbuilding industry's sectors, from naval to offshore vessels, from high-complexity special vessels and ferries to mega-yachts, ship repairs and conversions, systems and components production and after-sales services.*

Headquartered in Trieste (Italy), the Group has built more than 7,000 vessels in over 230 years of maritime history. With almost 19,200 employees, of whom more than 7,900 in Italy, 20 shipyards in 4 continents, today Fincantieri is the leading Western shipbuilder. It has among its clients the major cruise operators, the Italian and the U.S. Navy, in addition to several foreign navies, and it is partner of some of the main European defense companies within supranational programmes.

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

(euro/milioni)	31.12.2016	31.12.2015
Revenue and income	**4,429**	**4,183**
Materials, services and other costs	(3,291)	(3,337)
Personnel costs	(846)	(865)
Provisions	(25)	(7)
EBITDA	**267**	**(26)**
EBITDA margin	***6.0%***	***-0.6%***
Depreciation, amortization and impairment	(110)	(111)
EBIT	**157**	**(137)**
EBIT margin	***3.5%***	***-3.3%***
Finance income/(costs)	(66)	(135)
Income/(expense) from investments	(10)	(3)
Income taxes	(21)	23
Profit/(loss) before extraordinary and non-recurring income and expenses	**60**	**(252)**
of which attributable to Group	*66*	*(141)*
Extraordinary and non-recurring income and (expenses)	(59)	(50)
Tax effect of extraordinary and non-recurring income and expenses	13	13
Profit/(loss) for the year	**14**	**(289)**
Group share of profit/(loss) for the year	*25*	*(175)*

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(euro/million)	31.12.2016	31.12.2015
Intangible assets	595	518
Property, plant and equipment	1,064	974
Investments	58	62
Other non-current assets and liabilities	(69)	(44)
Employee benefits	(58)	(57)
Net fixed capital	**1,590**	**1,453**
Inventories and advances	590	405
Construction contracts and client advances	604	1,876
Construction loans	(678)	(1,103)
Trade receivables	1,123	560
Trade payables	(1,307)	(1,179)
Provisions for risks and charges	(126)	(112)
Other current assets and liabilities	59	(196)
Net working capital	**265**	**251**
Net assets classified as held for sale	**1**	
Net invested capital	**1,856**	**1,704**
Share capital	863	863
Reserves and retained earnings attributable to the Group	223	274
Non-controlling interests in equity	155	129
Equity	**1,241**	**1,266**
Net financial position	**615**	**438**
Sources of funding	**1,856**	**1,704**

RECLASSIFIED CONSOLIDATED STATEMENT OF CASH FLOWS

(euro/million)	31.12.2016	31.12.2015
Net cash flows from operating activities	73	(287)
Net cash flows from investing activities	(237)	(172)
Net cash flows from financing activities	115	167
Net cash flows for the period	**(49)**	**(292)**
Cash and cash equivalents at beginning of period	**260**	**552**
Effects of currency translation difference on opening cash and cash equivalents	9	
Cash and cash equivalents at end of period	**220**	**260**

(Euro/million)	31.12.2016	31.12.2015
Free cash flow	**(164)**	**(459)**

CONSOLIDATED NET FINANCIAL POSITION

(euro/million)	31.12.2016	31.12.2015
Cash and cash equivalents	**220**	**260**
Current financial receivables	**33**	**53**
Current bank debt	(306)	(187)
Current portion of bank loans and credit facilities	(128)	(63)
Other current financial liabilities	(19)	(13)
Current debt	**(453)**	**(263)**
Net current cash/(debt)	**(200)**	**50**
Non-current financial receivables	**115**	**113**
Non-current bank debt	(229)	(299)
Bonds	(298)	(298)
Other non-current financial liabilities	(3)	(4)
Non-current debt	**(530)**	**(601)**
Net financial position	**(615)**	**(438)**

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:

	31.12.2016		31.12.2015	
	Average rate	Closing rate	Average rate	Closing rate
US Dollar (USD)	1.1069	1.0541	1.1095	1.0887
UAE Dirham (AED)	4.0634	3.8696	4.0733	3.9966
Brazilian Real (BRL)	3.8561	3.4305	3.7004	4.3117
Norwegian Krone (NOK)	9.2906	9.0863	8.9496	9.603
Indian Rupee (INR)	74.3717	71.5935	71.1956	72.0215
Romanian Leu (RON)	4.4904	4.539	4.4454	4.524
Chinese Yuan (CNY)	7.3522	7.3202	6.9733	7.0608
Swedish Krona (SEK)	9.4689	9.5525	9.3535	9.1895

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:
  - company costs for the Wage Guarantee Fund;
  - 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.
- Profit/(loss) before extraordinary and non-recurring income and expenses: 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.
- Free cash flow: this is equal to the sum of (i) net cash flows from operating activities, (ii) net cash flows from investing activities and (iii) cash flows arising from the change in construction loans.

- ROI: the Group calculates ROI (Return on investment) as (i) the ratio between EBIT and the arithmetic mean of Net invested capital at the beginning and end of the reporting period, for the value reported at December 31, 2016, and (ii) the ratio between EBIT and Net invested capital at December 31, 2015.
- ROE: the Group calculates ROE (Return on equity) as (i) the ratio between Profit/(loss) for the period and the arithmetic mean of total Equity at the beginning and end of the reporting period, for the value reported at December 31, 2016, and (ii) the ratio between Profit/(loss) for the period and total Equity at December 31, 2015.
- 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.
- 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

	31.12.2016		31.12.2015	
(euro/million)	Amounts in IFRS statement	Amounts in reclassified statement	Valori schema obbligatorio	Valori schema riclassificato
A – Revenue		**4,429**		**4,183**
Operating revenue	4,347		4,125	
Other revenue and income	87		58	
Recl. to I – Extraordinary and non-recurring income and expenses	(5)			
B - Materials, services and other costs		**(3,291)**		**(3,337)**
Materials, services and other costs	(3,296)		(3,345)	
Recl. to I – Extraordinary and non-recurring income and expenses	5		8	
C - Personnel costs		**(846)**		**(865)**
Personnel costs	(858)		(878)	
Recl. to I – Extraordinary and non-recurring income and expenses	12		13	
D – Provisions		**(25)**		**(7)**
Provisions	(72)		(36)	
Recl. to I – Extraordinary and non-recurring income and expenses	47		29	
E – Depreciation, amortization and impairment		**(110)**		**(111)**
Depreciation, amortization and impairment	(110)		(111)	
F – Finance income and (costs)		**(66)**		**(135)**
Finance income and costs	(66)		(135)	
Recl. to I – Extraordinary and non-recurring income and expenses				
G - Income/(expense) from investments		**(10)**		**(3)**
Income/(expense) from investments	(10)		(3)	
H - Income taxes		**(21)**		**23**
Income taxes	(8)		36	
Recl. to L – Tax effect of extraordinary and non-recurring income and expenses	(13)		(13)	
I - Extraordinary and non-recurring income and expenses		**(59)**		**(50)**
Recl. from A - Revenue and income	5			
Recl. from B - Materials, services and other costs	(5)		(8)	
Recl. from C - Personnel costs	(12)		(13)	
Recl. from D - Provisions	(47)		(29)	
Recl. from F – Finance income and (costs)				
L- Tax effect of extraordinary and non-recurring income and expenses		**13**		**13**
Recl. from H – Income taxes	13		13	
Profit/(loss) for the year		**14**		**(289)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(euro/million)		31.12.2016 Amounts in IFRS statement	31.12.2016 Amounts in reclassified statement	31.12.2015 Amounts in IFRS statement	31.12.2015 Amounts in reclassified statement
A)	**Intangible assets**		**595**		**518**
	Intangible assets	595		518	
B)	**Property, plant and equipment**		**1,064**		**974**
	Property, plant and equipment	1,064		974	
C)	**Investments**		**58**		**62**
	Investments	58		62	
D)	**Other non-current assets and liabilities**		**(69)**		**(44)**
	Derivative assets	4		2	
	Other non-current assets	16		11	
	Other liabilities	(48)		(47)	
	Derivative liabilities	(41)		(10)	
E)	**Employee benefits**		**(58)**		**(57)**
	Employee benefits	(58)		(57)	
F)	**Inventories and advances**		**590**		**405**
	Inventories and advances	590		405	
G)	**Construction contracts and client advances**		**604**		**1,876**
	Construction contracts - assets	1,374		2,554	
	Construction contracts – liabilities and client advances	(770)		(678)	
H)	**Construction loans**		**(678)**		**(1,103)**
	Construction loans	(678)		(1,103)	
I)	**Trade receivables**		**1,123**		**560**
	Trade receivables and other current assets	1,383		888	
	Recl. to N) Other assets	(260)		(328)	
L)	**Trade payables**		**(1,307)**		**(1,179)**
	Trade payables and other current liabilities	(1,496)		(1,366)	
	Recl. to N) Other liabilities	189		187	
M)	**Provisions for risks and charges**		**(126)**		**(112)**
	Provisions for risks and charges	(126)		(112)	
N)	**Other current assets and liabilities**		**59**		**(196)**
	Deferred tax assets	154		151	
	Income tax assets	23		35	
	Derivative assets	8		37	
	Recl. from I) Other current assets	260		328	
	Deferred tax liabilities	(85)		(82)	
	Income tax liabilities	(11)		(3)	
	Derivative liabilities and option fair value	(101)		(475)	
	Recl. from L) Other current liabilities	(189)		(187)	
O)	**Net assets/(liabilities) held for sale**	1	**1**		
NET INVESTED CAPITAL			**1,856**		**1,704**
P)	**Equity**		**1,241**		**1,266**
Q)	**Net financial position**		**615**		**438**
SOURCES OF FUNDING			**1,856**		**1,704**

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