



SPAFID CONNECT

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Oggetto : FINCANTIERI The BoD approves Q1 2017 results (REGEM Informazioni previste dall'art. 65,ter, comma 1-bis del Regolamento Consob n.11971/1999)

Testo del comunicato

Vedi allegato.

THE BOD APPROVES Q1 2017 RESULTS: INCREASING REVENUES AND EBITDA, TOTAL BACKLOG AT EURO 26.6 BILLION

- **Results in line with the Business Plan 2016-2020 targets:** revenues up 5.3% compared to the same period of 2016, EBITDA margin at 6.0% marking a major improvement from 4.9% of Q1 2016. **Business Plan targets confirmed**
- **Total backlog¹ at euro 26.6 billion, covering approximately 6 years of work if compared to 2016 revenues:** backlog as at March 31, 2017 was euro 20.8 billion (euro 15.4 billion as at March 31, 2016) with 103 ships in the order book; the soft backlog at the same date approximately euro 5.8 billion (approximately euro 3.8 billion as at March 31, 2016)
- **Commercial success continues with orders and agreements signed in the first few months of the year for a total of 19 cruise ships** (including options), to be built by the Italian shipyards, VARD's shipyards and through the joint venture in China: memorandum of agreement for 2 ships for the Carnival group brands Princess Cruises and Holland America Line; order for 4 ships plus 2 options for the Norwegian Cruise Line brand; first binding agreements with CSSC and Carnival for the construction in China of 2 ships plus 4 options; letter of intent signed by VARD for another expedition cruise vessel; memorandum of agreement signed in April for 2 ships plus 2 options for Viking Ocean Cruises
- **Consistently sound operating performance** with three cruise ships delivered by three different shipyards in the first few months of the year ("Viking Sky", "Majestic Princess" and "Silver Muse"). Ongoing implementation of actions aimed at improving profitability also through further development of important production synergies with VARD
- **Significant developments in the STX France acquisition:** Heads of Terms signed with the French government in April represents a key step for the finalization of the final agreements among future shareholders and also includes guidelines of the business plan prepared by Fincantieri for STX France. Fincantieri is working with the Court of Seoul to finalize the acquisition as soon as possible

* * *

Rome, May 11, 2017 - The Board of Directors of **FINCANTIERI S.p.A.** ("**Fincantieri**" or the "**Company**"), chaired by Giampiero Massolo, has examined and approved the interim financial information at March 31, 2017².

During the Board meeting **Giuseppe Bono, Fincantieri's Chief Executive Officer**, said: *"The excellent commercial, operating and financial results in the first three months of 2017 further consolidate Fincantieri's leadership and allow us to confirm that 2017 results will be consistent with the Business Plan targets. The Group will continue its work to achieve the growth targets envisaged by the Business Plan. In this respect I would like to point out that over the two-year period 2015-2016 we have hired around 600 people in Italy, while the increase of production volumes has added around 3,000 jobs in our subcontractor network. Furthermore, we expect to hire another 400 people in Italy in 2017 only."*

¹ Sum of backlog and soft backlog

² Prepared in accordance with international financial reporting and accounting standards (IAS/IFRS) and unaudited

ECONOMIC DATA

31.12.2016	(euro/million)	31.03.2017	31.03.2016
4,429	Revenue and income	1,104	1,048
267	EBITDA	67	51
6.0%	EBITDA margin	6.0%	4.9%

Shipbuilding

31.12. 2016	(euro/million)	31.03.2017	31.03.2016 (***)
3,246	Revenue and income (*)	857	756
2,078	Cruise ships	596	502
1,156	Naval vessels	260	248
12	Other activities	1	6
185	EBITDA (*)	55	31
5.7%	EBITDA margin (*) (**)	6.4%	4.1%

(*) Before eliminations between operating segments

(**) Ratio between segment EBITDA and Revenue and income

(***) The comparative figures at 31.03.2016 have been restated following redefinition of the operating segments

The year-on-year increase of revenues of approximately 13% is mainly attributable to the cruise ships business (which accounted for approximately 51% of the Group's revenues before consolidation adjustments), whose volumes are constantly growing with 13 vessels under construction during the first quarter of 2017 (of which two delivered in the period) compared with 11 vessels under construction in first quarter 2016 (of which two delivered in the period).

Shipbuilding margins confirm the positive trend started in 2016, reporting further improvement due to the stable performance of cruise ships under construction with on time delivery of three cruise ships during the first few months of the year.

Offshore

31.12.2016	(euro/million)	31.03.2017	31.03.2016
960	Revenue and income (*)	210	236
51	EBITDA (*)	9	14
5.3%	EBITDA margin (*) (**)	4.4%	6.0%

(*) Before eliminations between operating segments

(**) Ratio between segment EBITDA and Revenue and income

The decline in revenues of approximately 11% compared with the first quarter of 2016 is due to the reduction in production volumes at VARD's European and Brazilian shipyards, partly offset by the positive impact of changes in the Norwegian krone/Euro exchange rate (euro 12 million).

The segment's profitability has not yet fully benefited from the gradual growth in volumes resulting from business diversification initiatives implemented over the previous years in response to the crisis in the Oil&Gas sector.

Equipment, Systems and Services

31.12.2016	(euro/million)	31.03.2017	31.03.2016 (***)
495	Revenue and income (*)	97	104
62	EBITDA (*)	11	13
12.5%	EBITDA margin (*) (**)	11.0%	12.6%

(*) Before eliminations between operating segments
 (***) Ratio between segment EBITDA and Revenue and income
 (***) The comparative figures at 31.03.2016 have been restated following redefinition of the operating segments

The decline in revenues of almost 7% is mainly due to a lower contribution from ship conversion activities which, in the first quarter of 2016, benefited from the positive effects of the "Renaissance" program for MSC Crociere, completed during 2016.

The margin decline is due to a change in the mix of products and services sold in the quarter compared to the corresponding prior year period.

FINANCIAL DATA

31.03.2016	(euro/million)	31.03.2017	31.12.2016
1,480	Net fixed capital	1,613	1,590
428	Inventories and advances	604	590
1,526	Construction contracts and client advances	1,108	604
(1,098)	Construction loans	(744)	(678)
597	Trade receivables	573	1,123
(1,108)	Trade payables	(1,376)	(1,307)
(107)	Provisions for risks and charges	(120)	(126)
(84)	Other current assets and liabilities	92	59
154	Net working capital	137	265
	Net assets classified as held for sale	1	1
1,271	Equity	1,211	1,241
363	Net financial position	540	615

Net fixed capital increased as a result of capital expenditure on Intangible assets for euro 14 million (of which euro 5 million for development projects), and on Property, plant and equipment for euro 25 million, largely offset by euro 29 million in amortization and depreciation for the period and euro 6 million in negative effects related to the translation of foreign currency balances of the foreign subsidiaries. Furthermore, the positive change of euro 17 million in Other non-current assets and liabilities mainly arising from fair value changes in currency derivatives also contributed positively.

The main changes affecting **Net working capital** were: (i) an increase in Inventories and Construction contracts and client advances primarily due to the growth in cruise ship production volumes; (ii) a reduction in Trade receivables, after collecting final payments for the cruise ships delivered in the quarter, and an increase in Trade payables; (iii) a change in Other current assets and liabilities mainly reflecting a reduction in the negative fair value of currency derivatives and an increase in Other current receivables.

It should be noted that, as a result of the general offer launched by the Fincantieri Group on November 13, 2016 and concluded on March 24, 2017, the stake in the VARD Group has risen from 55.63% to 74.45%. The average carrying value of the VARD shares went down from SGD 1.22 at December 31, 2016 to SGD 0.97 at March 31, 2017. This transaction has caused **Equity** attributable to the Group to increase by euro 22 million and non-controlling interests in equity to decrease by euro 57 million.

The change in **Net financial position** is mainly influenced by cash flows typical of the cruise ship business, which reported a significant growth in volumes in the period and the receipt of final payments for the two ships delivered in the quarter. Most of the Group's debt is dedicated to finance current assets associated with cruise ship construction and is therefore directly connected with the financing of net working capital. On the other hand, net fixed capital is financed by equity and other long-term sources of funding.

Construction loans were related to the subsidiary VARD for euro 594 million and to the Parent Company for euro 150 million.

OTHER INDICATORS

(euro/million)	Order intake		Backlog		Capital expenditure	
	31.03.2017	31.03.2016 (*)	31.03.2017	31.03.2016 (*)	31.03.2017	31.03.2016 (*)
Shipbuilding	3,301	620	18,859	13,960	19	21
Offshore	210	68	1,444	900	10	4
Equipment, Systems and Services	129	228	1,180	1,082	1	-
Consolidation adjustments/Other activities	(94)	(203)	(723)	(568)	9	3
Total	3,546	713	20,760	15,374	39	28

(*) The comparative figures at 31.03.2016 have been restated following redefinition of the operating segments

DELIVERIES

(number)	31.03.17 completed	2017	2018	2019	2020	2021	Beyond
Cruise ships	2	5	5	4	4	1	5
Naval >40 m.		10	5	4	3	6	10
Offshore	2	19	22	4			

BUSINESS OUTLOOK

The results for 2017 are forecasted to be consistent with the Business Plan targets.

In particular, the Shipbuilding segment will benefit from further increase in production volumes coupled with improved margins, primarily thanks to the start of construction works for cruise sister ships, ordered in the post-crisis period at higher prices, to full-swing production for the Italian Navy's fleet renewal program and to the full start-up of design activities for the Qatari Ministry of Defense contract. Actions to increase profitability through production synergies with VARD will also continue to be pursued.

During 2017 the Offshore segment's production volumes will benefit from the business diversification actions implemented by the subsidiary VARD. The Oil&Gas industry remains in deep crisis which could also have implications on backlog.

The Equipment, Systems and Services segment will be characterized by the deployment of the backlog associated with the Italian Navy's fleet renewal program. Progress is also being made on the initiatives to regain control over the value chain by insourcing high value-added activities and outsourcing lower value-added activities; in this context, specific oversight mechanisms have also been created to strengthen focus on the core products and further develop the after-sales business.

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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.

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For the significant events occurring during the period and after the reporting period, please refer to the press releases available on the Company's website (www.fincantieri.com).

The comparative figures for the first six months of 2016 and first nine months of 2016 restated following the redefinition of the operating segments are publicly available on the Company's website (www.fincantieri.com) under "Investor Relations – Investor Kit – Financial data".

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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 website of the authorized storage mechanism (www.emarketstorage.com).

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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.

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The financial results for the first three months of 2017 will be presented to the financial community during a conference call scheduled for Friday, May 12, 2017 at 9:00 CEST.

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.

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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 sectors, from naval to offshore vessels, from high-complexity special vessels and ferries to mega-yachts, ship repairs and conversions, systems and equipment 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 Navy and the US Navy, in addition to several foreign navies, and it is partner of some of the main European defense companies within supranational programs.

www.fincantieri.com

ALTERNATIVE PERFORMANCE MEASURES

Fincantieri's management reviews the performance of the Group and its business segments also using certain measures not envisaged by IFRS. In particular, EBITDA is used as the main earnings indicator, as it enables the Group's underlying profitability to be assessed without 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 to exclude 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.*
- *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).*

For a more detailed description of the alternative performance measures, please refer to the specific note within the Fincantieri Group's report on operations forming part of the Group Annual Report 2016.

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