Informazione Regolamentata n. 1616-76-2017	Data/Ora Ricezione 25 Luglio 2017 18:33:54	MTA

Societa'	:	FINCANTIERI
Identificativo Informazione Regolamentata	:	92192
Nome utilizzatore	:	FINCANTIERIN01 - Pasanisi
Tipologia	:	1.2
Data/Ora Ricezione	:	25 Luglio 2017 18:33:54
Data/Ora Inizio Diffusione presunta	:	25 Luglio 2017 18:33:55
Oggetto	:	FINCANTIERI Fincantieri board approves 1H 2017 results

Testo del comunicato

Vedi allegato.

FINCANTIERI:

FINCANTIERI BOARD APPROVES 1H 2016 RESULTS

Results for the first half of 2017[1]

- **Results in line with the Business Plan 2016-2020 targets**: revenues up 1.3% compared to the same period of 2016, EBITDA margin at 6.3% marking an improvement of more than 20% from 5.0% of the first half of 2016. **Business Plan targets confirmed**
- **Total backlog[2] at euro 25.5 billion, covering approximately 5.8 years of work if compared to 2016 revenues**: backlog as at June 30, 2017 was euro 20.4 billion (euro 19.3 billion as at June 30, 2016) with 102 ships in the order book; the soft backlog at the same date was approximately euro 5.1 billion (approximately euro 2.5 billion as at June 30, 2016)
- **Commercial success continues with orders and agreements signed in the first few months of the year for a total of 12 cruise ships** (including options)
- **Consistently sound operating performance** with the delivery of five vessels in the first six months, of which three cruise ships ("Viking Sky", "Majestic Princess" and "Silver Muse") and two naval vessels (the sixth units of FREMM program and the submarine "Romeo Romei"). **Ongoing implementation of actions aimed at improving profitability** also through further development of important production and commercial synergies with VARD
- **Signed a share purchase agreement for the acquisition of 66.66% of the share capital of STX France from its current shareholder STX Europe AS**: the agreement entails a purchase price of euro 79.5 million, to be paid through available financial resources. The closing will be subject to customary conditions for this kind of transactions as well as the French state's choice not to exercise the preemption right on share subject to sales by STX Europe AS. Fincantieri continues to negotiate with the French State for the finalization of the shareholders' agreement for STX France. The creation of value remains an essential condition for the conclusion of the operation
- **Order intake:** euro 4,369 million (euro 5,851 million at June 30, 2016)
- **Revenue and income:** euro 2,295 million (euro 2,266 million at June 30, 2016)
- **EBITDA**: euro 146 million (euro 113 million at June 30, 2016) with a consolidated **EBITDA margin** of 6.3% (5.0% at June 30, 2016), with an improvement of over 20%
- **Profit for the period before extraordinary and non-recurring income and expenses** of euro 28 million (euro 19 million at June 30, 2016)
- **Profit for the period** of euro 11 million was up euro 6 million from the first semester of 2016 (euro 5 million at June 30, 2016), notwithstanding the recognition of lower unrealized exchange gains for euro 18 million on translating a loan held by Vard Promar from US Dollars into Brazilian Reals, and also notwithstanding a greater impact from claims under asbestos-related lawsuits of approximately euro 7 million. The Group share of this result was a net profit of euro 13 million (euro 7 million at June 30, 2016)

[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*

- **Net financial position**[3]: net debt of euro 631 million (net debt of euro 615 million at December 31, 2016). Most of the Group's debt is related to the financing of current assets associated with cruise ships construction. This figure includes certain short term debts which, though related to the financing of construction, are not, due to their technical specifications, construction loans
- **Construction loans**, i.e. credit instruments used for the exclusive financing of orders to which they are referred, at euro 970 million at June 30, 2017 (euro 678 million at December 31, 2016), of which euro 584 million related to the subsidiary VARD (euro 578 million at December 31, 2016), while the remaining euro 386 million related to the Parent company (euro 100 million at December 31, 2016)
- **Net cash flows from operating activities**: positive at euro 122 million in the first six months of 2017 (positive at euro 131 million at June 30, 2016); this includes construction loans, which generated euro 319 million of positive flows dedicated to financing the growth in cruise construction (while at June 30, 2016 they had adsorbed cash for euro 227 million)

* * *

Rome, July 25, 2017 – The Board of Directors of **FINCANTIERI S.p.A.** ("**Fincantieri**" or the "**Company**"), chaired by Giampiero Massolo, has examined and approved the **Half year financial report at June 30, 2017**, prepared in accordance with international financial reporting and accounting standards (IAS/IFRS).

During the Board meeting **Giuseppe Bono, Fincantieri's Chief Executive Officer,** said: "*The operational and financial results of the first of half of 2017 confirms the company's extraordinary execution capabilities and reinforce our position with respect to achieving all targets set out in our Business Plan.*

Negotiations are still under way with the French government to define a satisfactory governance structure for STX France and we are confident that their closing will address the condition, non-renounceable for us, that the combination of the two companies be a value adding proposition.

Fincantieri's commitment to pursuing its growth targets is visible also in the increase in personnel at our Italian shipyards, with the hiring of over 300 people in the course of the semester, for a total of 1200 in the past three years. Furthermore, we are continuing the process of internalizing the highest value adding activities, both through the creation, also with private entrepreneurs, of Fincantieri-controlled companies and by developing new forms of collaboration with our major suppliers. In doing so, we are creating a true "upstream yard" system around our industrial sites: a dedicated supply network, capable of innovating and creating value both for our company and for the territories in which we are based.

In the second half of the year, we are expecting a growth in revenues with respect to the first semester, also thanks to the ramp-up in the construction of higher value added ships, whose orders were acquired after the crisis, as well as of the military programs acquired in recent years."

Bono concluded: "*I'm also particularly happy to point out that, from the IPO we have delivered a Total Return to our shareholders of 34.6% versus a Total Return of 9.1% of the main Italian stock index, FTSE MIB".*

[3] *Consistent with the presentation at December 31, 2016, this figure does not include construction loans.*

Financial Highlights

31.12.2016	Economic data		30.06.2017	30.06.2016
4,429	Revenue and income	euro/million	2,295	2,266
267	EBITDA	euro/million	146	113
6.0%	*EBITDA margin (*)*	*percentage*	*6.3%*	*5.0%*
157	EBIT	euro/million	88	61
3.5%	*EBIT margin (**)*	*percentage*	*3.8%*	*2.7%*
60	Profit/(loss) before extraordinary and non-recurring income and expenses	euro/million	28	19
(59)	Extraordinary and non-recurring income and (expenses)	euro/million	(22)	(18)
14	Profit/(loss) for the period	euro/million	11	5
25	Group share of profit/(loss) for the period	euro/million	13	7

31.12.2016	Financial data		30.06.2017	30.06.2016
1,856	Net invested capital	euro/million	1,877	1,663
1,241	Equity	euro/million	1,246	1,255
(615)	Net financial position	euro/million	(631)	(408)

31.12.2016	Other indicators		30.06.2017	30.06.2016
6,505	Order intake (***)	euro/million	4,369	5,851
24,003	Order book (***)	euro/million	26,086	25,038
24,031	Total backlog (***)(****)	euro/million	25,524	21,790
18,231	*- of which backlog*	euro/million	20,424	19,290
224	Capital expenditure	euro/million	76	94
(164)	Free cash flow	euro/million	41	37
96	Research and Development costs	euro/million	53	49
19,181	Employees at the end of the period	number	19,428	18,825
26	Vessels delivered (****)	number	8	15
39	Vessels ordered (*****)	number	11	32
99	Vessels in order book (*****)	number	102	103

31.12.2016	*Ratios*		30.06.2017	30.06.2016
8.8%	ROI	percentage	10.4%	(8.7)%
1.1%	ROE	percentage	1.6%	(18.8)%
0.8	Total debt/Total equity	number	0.8	0.6
2.3	Net financial position /EBITDA	number	2.1	n.s.
0.5	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 half of 2017

The 2016 results confirm the positive trend of commercial, production and economic growth of the Group, are in line with Business Plan 2016-2020 and further consolidate the leadership position in all segments.

Revenue and income amounted to euro 2,295 million in the first half of 2017, with year-on-year changes shown in the table below.

Revenue and income *(euro/million)*[2]	**30.06.2017**	**30.06.2016**(*)	**Delta**	**Delta %**
Shipbuilding	1,757	1,599	158	*9.9%*
Offshore	448	536	(88)	*-16.4%*
Equipment, Systems and Services	227	256	(29)	*-11.3%*
Consolidation adjustments	(137)	(125)	(12)	*n.a.*
Total	**2,295**	**2,266**	**29**	***1.3%***

n.a. = not applicable
(*)The 2016 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 51% of the Group's total revenues for the year (43% in the first six months of 2016).

Revenue generated by foreign clients accounted for 86% of the total in the period ended June 30, 2017, slightly up from the 85% reported in the corresponding period of 2016.

EBITDA was euro 146 million at June 30, 2017 (euro 113 million at June 30, 2016) with an EBITDA margin of 6.3%, up more than 20% compared to a margin of 5.0% in the first half of 2016. This result is thanks to higher profitability of sister ships, acquired post crisis at better prices and to the effect of our enhancement efforts in engineering and production, already begun in the previous year, aimed at strengthening competitiveness and increasing productivity so as to better develop the large backlog acquired.

EBIT was euro 88 million at June 30, 2017 (euro 61 million at June 30, 2016) with an EBIT margin of 3.8% compared to 2.7% at June 30, 2016.

Profit before extraordinary and non-recurring income and expenses was euro 28 million at June 30, 2017, a marked improvement from euro 19 million at June 30, 2016. Net finance costs amounted to euro 39 million (euro 32 million at June 30, 2016): the change is primarily attributable to the recognition of euro 15 million in unrealized exchange gains on translating a loan held by Vard Promar from US Dollars into Brazilian Reals, partially offset by the decrease of finance costs for construction loans (euro 7 million). The Group share of the result before extraordinary items was a net profit of euro 30 million, compared to a net profit of euro 19 million at June 30, 2016.

Extraordinary and non-recurring income and expenses were of negative euro 22 million (euro 18 million in net expenses at June 30, 2016) and include costs for legal litigation (euro 21 million), of which euro 19

[2] *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.*

million related to claims under asbestos-related lawsuits, and charges for business reorganization plans related to VARD (euro 1 million).

Profit for the period, reflecting the factors described above, was euro 11 million (net profit of euro 5 million at June 30, 2016). The Group share of this result was a net profit of euro 13 million, compared to a net profit of euro 7 million in the same period of the previous year.

Net invested capital amounted to euro 1,877 million at June 30, 2017, slightly up from euro 1,856 million at December 31, 2016. In detail, **Net fixed assets** amount to 1,671 million (euro 1,590 million at December 31, 2016) increased by euro 81 million. Intangible assets and Property, plant and equipment decreased by euro 27 million due to the combined effect of investments and depreciations in the period along with the negative effect of the translation of the foreign subsidiaries' items from local currency in euro. In addition, there was a increase of euro 111 million in the value of Other non-current assets and liabilities mainly related to the positive effect of the fair value measurement of currency derivatives. **Net working capital** amounted to euro 206 million (from euro 265 million at December 31, 2016). The main changes are: (i) an increase of euro 990 million in Construction contracts and client advances and in Trade payables (of euro 119 million), mainly due to the growth of cruise production volumes; (ii) a reduction of euro 674 million in Trade receivables, due to the invoicing of final payments for the cruise ships delivered in the period. Lastly, Other current assets and liabilities increased from euro 59 million at December 31, 2016 to euro 114 million at June 30, 2017, reflecting a reduction in the negative fair value of currency derivatives and an increase in Other current receivables, partially offset by the reduction of receivables from prepaid taxes.

The **Net financial position**, which excludes construction loans, was negative for euro 631 million (euro 615 million in net debt at December 31, 2016). 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 through equity and other long-term sources of funding. The change in Net financial position is mainly due to financial flows typical of the cruise ship business, characterized on one hand by significant growth of volumes and on the other hand by the cash-in of final payments for the cruise ships delivered in the period.

Construction loans, i.e. credit instruments used for the exclusive financing of orders to which they are referred, at euro 970 million at June 30, 2017 (euro 678 million at December 31, 2016), of which euro 584 million related to the subsidiary VARD (euro 578 million at December 31, 2016), while the remaining euro 386 million related to the Parent company (euro 100 million at December 31, 2016)

Among the **profitability indicators**, ROI was positive at 10.4% and ROE at 1.6%. These indicators increased with respect to December 31, 2016, thanks to the growth of financial results of the last six month of 2016 and of the first six months of 2017, as well as with respect to June 30, 2016, whose value at the time was strongly affected by negative results of the last six months of 2015.

Among the **indicators of the strength and efficiency of the capital structure** at June 30, 2017 Total debt/Equity ratio was 0.8, Net financial position/Equity ratio was 0.5, while Net financial position/EBITDA was 2.1. These indicators, compared with December 31, 2016, reported an increase in Net financial position/EBITDA due to the growth of the profit for the period; Total debt/Total equity and Net financial position/Equity were in line. Compared with the first six month of 2016, Net Debt increased due to absorption of financial resources needed to cope with the growth in Shipbuilding production volumes.

Group operational results and performance indicators for the first half of 2017

Order intake and backlog

At June 30, 2017 the Group recorded euro 4,369 million in new orders, compared to euro 5,851 million in the corresponding period of 2016, with a book-to-bill ratio (order intake/revenue) of 1.9 (2.6 at June 30, 2016).

Before consolidation adjustments, the Shipbuilding segment accounted for 89% of the period's total order intake (87% at June 30, 2016), the Offshore segment for 9% (12% at June 30, 2016) and the Equipment, Systems and Services segment for 7% (5% at June 30, 2016).

As for the **Shipbuilding segment**, with reference to the cruise ship business, during the first six months of 2017, Fincantieri finalized a contract with Norwegian Cruise Line for the construction of 4 cruise ships, with option for additional two. This contract allows to Fincantieri to include a new prestigious client in its portfolio, which confirms Fincantieri's ability to develop cutting-edge solutions with a flexible approach for every segment and demand of the modern cruise industry. In addition, Fincantieri signed two Memorandum of agreement, one for the construction of two cruise ships for Princess Cruises and Holland America Line brands of Carnival Group (the latter was converted in order in the second quarter of 2017) and the other one for the construction of two cruise ships, with option for additional two, for Viking Ocean Cruises.

In the **Offshore segment**, as a result of the strategy to diversify the business, the Group acquired orders for the construction of three fishery vessels, two Car and Passenger ferries and one research expedition vessel. The last vessel, specialized in oceanographic research, will be built in collaboration with WWF Norway.

Over the course of the first six months of 2017, the **Equipment, Systems and Services segment** saw the finalization of euro 323 million in orders (compared to euro 318 million in the same period of the previous year).

The Group's total backlog amounted to euro 25.5 billion at June 30, 2017, of which euro 20.4 billion in backlog (euro 19.3 billion at June 30, 2016) and euro 5.1 billion in soft backlog (euro 2.5 billion at June 30, 2016), with the order delivery profile extending until 2026. The backlog and total backlog guarantee about 4.6 and 5.8 years of work respectively in relation to the 2016 level of revenue.

Before consolidation adjustments, the Shipbuilding segment accounts for 91% of the Group's backlog (91% at June 30, 2016), the Offshore segment for 7% (7% at June 30, 2016) and the Equipment, Systems and Services segment for 6% (5% at June 30, 2016).

Capital expenditure

Capital expenditure amounted to euro 76 million in the first half of 2017, of which euro 26 million for intangible assets (including euro 15 million for development projects) and euro 50 million for property, plant and equipment. Capital expenditure represented 3.3% of revenues in the first half of 2017, compared to 4.1% of revenues in the corresponding period of 2016.

Capital expenditure on property, plant and equipment in the first half of 2017 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 introduction of new sandblasting and painting systems at the Monfalcone yard, the reorganization of operational areas and technological upgrading. Lastly, there was also continued investment in developing new technologies.

Headcount

Headcount increased from 19,181 at December 31, 2016 (of whom 7,939 in Italy) to 19,428 at June 30, 2017 (of whom 8,269 in Italy). This effect is mainly due to the increase of human resources in Italian shipyards, as confirmation of Fincantieri' s commitment to pursue the Business Plan targets.

Deliveries[3]

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

(number)	***30.06.17 completed***	***2017***	***2018***	***2019***	***2020***	***2021***	***Beyond 2021***
Cruise ships	3	5	5	4	4	2	5
Naval >40 m.	2	10	5	4	3	4	12
Offshore	3	19	23	5			

<u>Business outlook</u>

The results for 2017 are forecasted to be consistent with the Business Plan targets. In the second half of 2017, revenues will significantly increase.

Regarding the cruise segment, in the second half of 2017 two units will be delivered (one of which is a prototype), in addiction to the three units delivered in the first six month of the year. In the naval segment, the second half of the year will see the full-swing production for the Italian Navy's fleet renewal program and the ramp-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.

The Oil&Gas industry remains in deep crisis. As such, VARD proceed with the implementation of business diversification actions.

In the second half of the year, the Equipment, Systems and Services segment is expected to confirm the positive results achieved in the first six months, thanks to the deployment of the backlog associated with the Italian Navy's fleet renewal program. Progress is also being made on the 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.

[3] *Compared with the situation presented at December 31, 2016 VARD Group postponed the delivery in Vard Promar (Brazil) of the unit "LPG Carrier" for Transpetro, originally due for delivery in 2017.*

Operational review by segment[4]

SHIPBUILDING

31.12.2016	(euro/million)	30.06.2017	31.12.2016 (****)
3,246	Revenue and income (*)	1,757	1,599
185	EBITDA (*)	115	69
5.7%	*EBITDA margin* (*) (**)	*6.5%*	*4.3%*
5,191	Order intake (*)	3,872	5,073
20,825	Order book (*)	22,761	21,804
16,372	Order backlog (*)	18,512	17,565
165	Capital expenditure	42	74
13	Vessels delivered (number) (***)	5	7

(*) Before eliminations between operating segments
(**) Ratio between segment EBITDA and Revenue and income
(***) Vessels over 40 meters long
(****) The 2016 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 1,757 million at June 30, 2017, (euro 1,599 at June 30, 2016) and comprised euro 1,238 million from the cruise ships business (euro 1,030 million at June 30, 2016), euro 515 million from the naval business (euro 559 million at June 30, 2016) and euro 4 million to other activities (euro 10 million at June 30, 2016). Cruise ship production volumes continued to grow, with 3 units just delivered and 11 ships currently under construction versus 4 units just delivered and 9 ships under construction at June 30, 2016.

EBITDA

Segment EBITDA was euro 115 million at June 30, 2017 (euro 69 million at June 30, 2016), with an EBITDA margin of 6.5% (4.3% at June 30, 2016). Shipbuilding margins have improved significantly thanks to higher profitability of sister ships, acquired post crisis at better prices and to the effect of our enhancement efforts in engineering and production, already begun in the previous year, aimed at strengthening competitiveness and increasing productivity so as to better develop the large backlog acquired.

Deliveries

A total of 5 vessels were delivered in the year:

- "Viking Sky", the third of a series of six cruise ships for Viking Ocean Cruises, was delivered at the Ancona shipyard;
- "Majestic Princess", a prototype for Princess Cruise Line, a brand of the Carnival Group, was delivered at the Monfalcone shipyard;
- "Silver Muse", the ultra-luxury cruise ship for Silversea Cruises, was delivered at the Sestri Ponente shipyard;

[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.*

- FREMM “Rizzo”, the sixth unit of Italian Navy FREMM program, was delivered at the Muggiano shipyard in La Spezia;
- “Romeo Romei”, the last of the four U212A “Todaro” class twin units ordered to Fincantieri by the Italian Navy was delivered at the Muggiano shipyard in La Spezia.

OFFSHORE

31.12.2016	(euro/million)	30.06.2017	30.06.2016
960	Revenue and income (*)	448	536
51	EBITDA (*)	22	25
5.3%	*EBITDA margin (*) (**)*	*4.8%*	*4.7%*
1,138	Order intake (*)	379	729
2,366	Order book (*)	2,478	2,447
1,361	Order backlog (*)	1,403	1,266
31	Capital expenditure	19	11
13	Vessels delivered (number)	3	8

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

Revenue and income

Revenue from the Offshore segment amounted to euro 448 million at June 30, 2017, down 16.4% from euro 536 million at June 30, 2016. The decline in revenue, partially offset by the positive impact of changes in the NOK/EUR exchange rate (euro 11 million), was affected by the downturn in production activities in European shipyards of VARD, pending the contribution of the diversification strategy implemented in the previous year, in response to the Oil & Gas sector crisis, and by the reduction of production activities in Brazil following the closing of the Niterói yard.

EBITDA

Offshore segment reported EBITDA of euro 22 million at June 30, 2017, compared to euro 25 million in first half of 2016, and a margin of 4.8% versus 4.7% at June 30, 2016. The segment's profitability has not yet fully benefited from the gradual growth in volumes resulting from business diversification initiatives.

Deliveries

A total of 3 vessels were delivered during the period:

- 3 OSCV (Offshore Subsea Construction Vessel): "“Skandi Buzios” delivered to Techdof Brasil at the Vard Søviknes shipyard (Norway); “Far Superior” delivered to Farstad Shipping at the Vard Vung Tau shipyard (Vietnam); “Skandi Vinland” delivered to DOF at the Vard Langsten shipyard (Norway).

EQUIPMENT, SYSTEMS AND SERVICES

31.12.2016	(euro/million)	30.06.2017	30.06.2016(***)
495	Revenue and income (*)	227	256
62	EBITDA (*)	25	34
12.5%	*EBITDA margin (*) (**)*	*11.1%*	*13.3%*
664	Order intake (*)	323	318
1,742	Order book (*)	1,987	1,596
1,155	Order backlog (*)	1,288	1,024
8	Capital expenditure	3	2
45	Engines produced in workshops (number)	13	15

(*) Before eliminations between operating segments
(**) Ratio between segment EBITDA and Revenue and income
(***)The 2016 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 227 million at June 30, 2017, with a decrease of 11.3% versus the corresponding period of the prior year (euro 256 million). The decline in revenues 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.

EBITDA

Segment EBITDA was euro 25 million June 30, 2017 (EBITDA margin of 11.1%), down from euro 34 million in first half 2016 (EBITDA margin of 13.3%). 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.

OTHER ACTIVITIES

31.12.2016	(euro/million)	30.06.2017	30.06.2016
-	Revenue and income	-	-
(31)	EBITDA	(16)	(15)
n.a.	*EBITDA margin*	*n.a.*	*n.a.*
20	Capital expenditure	12	7

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 February 20, 2017 Fincantieri and Ferretti Group announced that they reached a 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 defence sector and to the recreational yachting industry. In both areas, the two companies have complementary capabilities and expertise that can lead to significant synergies.

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 additional 4, the first units of the 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 (SWS).

On 27 February 2017, Marco Minniti, Italy's Minister of the Interior, and Giampiero Massolo, Fincantieri Chairman, in the company of Chief Executive Officer Giuseppe Bono, 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 March 24, 2017 Fincantieri announced that the voluntary unconditional general offer ("Offer") for all the ordinary shares of Vard has closed with valid acceptances for a total of 215,946,242 Offer Shares. Following the Offer and the acquisition of Vard shares on the Singapore Stock Exchange during the Offer period the total number of Vard shares owned, controlled or agreed to be acquired by Fincantieri O&G, its related corporations and their respective nominees, amounted 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 current 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 current exchange rate). After the closing date of the Offer, Fincantieri O&G further increased its share in VARD up to 78.13% of share capital at June 30, 2017, thanks to purchases during the second quarter. The increase in VARD's share capital, from 55.63% to 78.13%, does change its consolidation perimeter, as Fincantieri group already consolidated VARD.

On May 19, 2017 Fincantieri signed a share purchase agreement for the acquisition of 66.66% of the share capital of STX France from its current shareholder STX Europe AS ("STX Europe"). The agreement entails a purchase price of euro 79.5 million, to be paid through available financial resources. The closing of the transaction will be subject to customary conditions for this kind of transactions. Fincantieri continues to negotiate with the French State for the finalization of the shareholders' agreement for STX France in accordance with the Heads of Terms signed on April 12.

With the approval of the financial statements of FINCANTIERI S.p.A. at December 31, 2016, on May 19, 2017 the ordinary Shareholders' Meeting appointed the Board of Statutory auditors that will remain in office until the Shareholders' meeting called for the approval of 2019 financial statements.

On May 29, Fincantieri and Eni signed a Memorandum of Understanding (MoU) for the cooperation in the field of Research & Development, including possible studies in the field of energy systems, with particular reference to the natural gas transport chain. The understanding, with a highly innovative content and of particular industrial importance, is intended to study projects for sustainable development and support the use of gas for transport.

Fincantieri signed a letter of intent (LOI) with China State Shipbuilding Corporation (CSSC), China's largest shipbuilding conglomerate, and with Shanghai City's district of Baoshan, mainly dedicated to cruise activities, as well as shipbuilding and maritime, within the development of these segments, set out by China.

Fincantieri, through its subsidiary company Delfi, signed an agreement for the acquisition of stake in Isselnord, an Italian company operating in all Defense-related sectors and in the main industrial branches in the civil sector, specialized in logistic support engineering, maintenance and information technologies. The initial transaction is for a majority stake in the company, with full takeover to be completed within a pre-determined time frame. This operation falls within the development of the Naval Services business.

Key events after June 30, 2017

On July 4, 2017 Fincantieri and GE Power achieved a significant milestone for the co-development of a new emission control solution to reduce pollution in the marine industry. The new solution, called Shipboard Pollutant Removal System, will help control emissions to be compliant with MARPOL's more stringent emissions limits directive that will be effective by 2020.

On July 20, 2017, Fincantieri and Mapei, leader in chemical products for the construction sector, with a business line of shipbuilding industry products, signed a strategic cooperation agreement in the field of research and innovation. This partnership will help Fincantieri optimize installation times, reduce the weight of certain materials, improve acoustic insulation by using specific products, develop and extend the use of adhesives products in some shipbuilding applications. Moreover, Mapei aims to carry out projects, leading to exploitable solutions in its operational field.

* * *

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 Wednesday July 26, 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.

* * *

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

* * *

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 more than 19,400 employees, of whom more than 8,200 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

FINCANTIERI S.p.A. – Media Relations

Antonio Autorino	Laura Calzolari	Cristiano Musella	Micaela Longo
Tel. +39 040 3192473	Tel. +39 040 3192527	Tel. +39 040 3192225	Tel. +39 040 3192247
Mob. +39 335 7859027	Mob. +39 334 6587922	Mob. +39 366 9254543	Mob. +39 366 6856280
antonio.autorino@fincantieri.it	laura.calzolari@fincantieri.it	cristiano.musella@fincantieri.it	micaela.longo@fincantieri.it

FINCANTIERI S.p.A. – Investor Relations

Cristiano Pasanisi	Matteo David Masi	Alberta Michelazzi
Tel. +39 040 3192375	Tel. +39 040 3192334	Tel. +39 040 3192497
cristiano.pasanisi@fincantieri.it	MatteoDavid.Masi@fincantieri.it	alberta.michelazzi@fincantieri.it

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

31.12.2016	(euro/million)	30.06.2017	30.06.2016
4,429	**Revenue and income**	**2,295**	**2,266**
(3,291)	Materials, services and other costs	(1,671)	(1,712)
(846)	Personnel costs	(462)	(431)
(25)	Provisions	(16)	(10)
267	**EBITDA**	**146**	**113**
6.0%	***EBITDA margin***	***6.3%***	***5.0%***
(110)	Depreciation, amortization and impairment	(58)	(52)
157	**EBIT**	**88**	**61**
3.5%	***EBIT margin***	***3.8%***	***2.7%***
(66)	Finance income/(costs)	(39)	(32)
(10)	Income/(expense) from investments	(1)	(4)
(21)	Income taxes	(20)	(6)
60	**Profit/(loss) before extraordinary and non-recurring income and expenses**	**28**	**19**
66	*of which attributable to Group*	*30*	*19*
(59)	Extraordinary and non-recurring income and (expenses)	(22)	(18)
13	Tax effect of extraordinary and non-recurring income and expenses	5	4
14	**Profit/(loss) for the period**	**11**	**5**
25	*of which attributable to Group*	*13*	*7*

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30.06.2016	(euro/million)	30.06.2017	31.12.2016
546	Intangible assets	583	595
1,014	Property, plant and equipment	1,049	1,064
57	Investments	55	58
(28)	Other non-current assets and liabilities	42	(69)
(61)	Employee benefits	(58)	(58)
1,528	**Net fixed capital**	**1,671**	**1,590**
530	Inventories and advances	575	590
1,442	Construction contracts and client advances	1,594	604
(937)	Construction loans	(970)	(678)
419	Trade receivables	449	1,123
(1,170)	Trade payables	(1,426)	(1,307)
(105)	Provisions for risks and charges	(130)	(126)
(44)	Other current assets and liabilities	114	59
135	**Net working capital**	**206**	**265**
-	**Net assets classified as held for sale**	**-**	**1**
1,663	**Net invested capital**	**1,877**	**1,856**
863	Share capital	863	863
286	Reserves and retained earnings attributable to the Group	302	223
106	Non-controlling interests in equity	81	155
1,255	**Equity**	**1,246**	**1,241**
408	**Net financial position**	**631**	**615**
1,663	**Sources of funding**	**1,877**	**1,856**

RECLASSIFIED CONSOLIDATED STATEMENT OF CASH FLOWS

31.12.2016	(euro/million)	30.06.2017	30.06.2016
73	Net cash flows from operating activities (*)	122	131
(237)	Net cash flows from investing activities	(81)	(94)
115	Net cash flows from financing activities	(110)	(117)
(49)	**Net cash flows for the period**	**(69)**	**(80)**
260	**Cash and cash equivalents at beginning of period**	**220**	**260**
9	Effects of currency translation difference on opening cash and cash equivalents	(7)	6
220	**Cash and cash equivalents at end of period**	**144**	**186**

31.12.2016	(Euro/million)	30.06.2017	30.06.2016
(164)	**Free cash flow**	**41**	**37**

CONSOLIDATED NET FINANCIAL POSITION

30.06.2016	(euro/million)	30.06.2017	31.12.2016
186	**Cash and cash equivalents**	**144**	**220**
85	**Current financial receivables**	**34**	**33**
(140)	Current bank debt	(329)	(306)
(131)	Current portion of bank loans and credit facilities	(63)	(128)
-	Other current financial liabilities	(26)	(19)
(271)	**Current debt**	**(418)**	**(453)**
-	**Net current cash/(debt)**	**(240)**	**(200)**
115	**Non-current financial receivables**	**128**	**115**
(223)	Non-current bank debt	(218)	(229)
(298)	Bonds	(299)	(298)
(2)	Other non-current financial liabilities	(2)	(3)
(523)	**Non-current debt**	**(519)**	**(530)**
(408)	**Net financial position**	**(631)**	**(615)**

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:

	30.06.2017		31.12.2016		30.06.2016	
	Medio	Puntuale	Medio	Puntuale	Medio	Puntuale
US Dollar (USD)	1.0830	1.1412	1.1069	1.0541	1.1159	1.1102
UAE Dirham (AED)	3.9758	4.1894	4.0634	3.8696	4.0966	4.0755
Brazilian Real (BRL)	3.4431	3.7600	3.8561	3.4305	4.1295	3.5898
Norwegian Krone (NOK)	9.1785	9.5713	9.2906	9.0863	9.4197	9.3008
Indian Rupee (INR)	71.1760	73.7445	74.3717	71.5935	75.0019	74.9603
Romanian Leu (RON)	4.5370	4.5523	4.4904	4.539	4.4956	4.5234
Chinese Yuan (CNY)	7.4448	7.7385	7.3522	7.3202	7.2965	7.3755
Swedish Krona (SEK)	9.5968	9.6398	9.4689	9.5525	9.3019	9.4242

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 (Return on investment) is calculated as the ratio between EBIT (calculated on a 12-month basis for 1 July - 30 June) and the arithmetic mean of Net invested capital at the beginning and end of the reporting period.
- ROE (Return on equity) is calculated as the ratio between Profit/(loss) for the period (calculated on a 12-month basis for 1 July - 30 June) and the arithmetic mean of Total Equity at the beginning and end of the reporting period.
- 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

	30.06.2017		30.06.2016	
(euro/million)	Amounts in IFRS statement	Amounts in reclassified statement	Valori schema obbligatorio	Valori schema riclassificato
A – Revenue		**2,295**		**2,266**
Operating revenue	2,252		2,232	
Other revenue and income	43		34	
B - Materials, services and other costs		**(1,671)**		**(1,712)**
Materials, services and other costs	(1,673)		(1,715)	
Recl. to I – Extraordinary and non-recurring income and expenses	2		3	
C - Personnel costs		**(462)**		**(431)**
Personnel costs	(463)		(436)	
Recl. to I – Extraordinary and non-recurring income and expenses	1		5	
D – Provisions		**(16)**		**(10)**
Provisions	(35)		(20)	
Recl. to I – Extraordinary and non-recurring income and expenses	19		10	
E – Depreciation, amortization and impairment		**(58)**		**(52)**
Depreciation, amortization and impairment	(58)		(52)	
F – Finance income and (costs)		**(39)**		**(32)**
Finance income and costs	(39)		(32)	
G - Income/(expense) from investments		**(1)**		**(4)**
Income/(expense) from investments	(1)		(4)	
H - Income taxes		**(20)**		**(6)**
Income taxes	(15)		(2)	
Recl. to L – Tax effect of extraordinary and non-recurring income and expenses	(5)		(4)	
I - Extraordinary and non-recurring income and expenses		**(22)**		**(18)**
Recl. from B - Materials, services and other costs	(2)		(3)	
Recl. from C - Personnel costs	(1)		(5)	
Recl. from D - Provisions	(19)		(10)	
L- Tax effect of extraordinary and non-recurring income and expenses		**5**		**4**
Recl. from H – Income taxes	5		4	
Profit/(loss) for the year		**11**		**5**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(euro/million)	30.06.2017 Amounts in IFRS statement	30.06.2017 Amounts in reclassified statement	30.06.2016 Amounts in IFRS statement	30.06.2016 Amounts in reclassified statement
A)	**Intangible assets**		**583**		**595**
	Intangible assets	583		595	
B)	**Property, plant and equipment**		**1,049**		**1,064**
	Property, plant and equipment	1,049		1,064	
C)	**Investments**		**55**		**58**
	Investments	55		58	
D)	**Other non-current assets and liabilities**		**42**		**(69)**
	Derivative assets	67		4	
	Other non-current assets	27		16	
	Other liabilities	(39)		(48)	
	Derivative liabilities	(13)		(41)	
E)	**Employee benefits**		**(58)**		**(58)**
	Employee benefits	(58)		(58)	
F)	**Inventories and advances**		**575**		**590**
	Inventories and advances	575		590	
G)	**Construction contracts and client advances**		**1,594**		**604**
	Construction contracts - assets	2,207		1,374	
	Construction contracts – liabilities and client advances	(613)		(770)	
H)	**Construction loans**		**(970)**		**(678)**
	Construction loans	(970)		(678)	
I)	**Trade receivables**		**449**		**1,123**
	Trade receivables and other current assets	795		1,383	
	Recl. to N) Other assets	(346)		(260)	
L)	**Trade payables**		**(1,426)**		**(1,307)**
	Trade payables and other current liabilities	(1,641)		(1,496)	
	Recl. to N) Other liabilities	215		189	
M)	**Provisions for risks and charges**		**(130)**		**(126)**
	Provisions for risks and charges	(130)		(126)	
N)	**Other current assets and liabilities**		**114**		**59**
	Deferred tax assets	99		154	
	Income tax assets	21		23	
	Derivative assets	9		8	
	Recl. from I) Other current assets	346		260	
	Deferred tax liabilities	(77)		(85)	
	Income tax liabilities	(12)		(11)	
	Derivative liabilities and option fair value	(57)		(101)	
	Recl. from L) Other current liabilities	(215)		(189)	
O)	**Net assets/(liabilities) held for sale**		**-**		**1**
NET INVESTED CAPITAL			**1,877**		**1,856**
P)	**Equity**		1,246		**1,241**
Q)	**Net financial position**		631		**615**
SOURCES OF FUNDING			**1,877**		**1,856**

Fine Comunicato n.1616-76	Numero di Pagine: 24