1H 2017 RESULTS

July 26, 2017

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Declaration of the Manager responsible for preparing financial reports

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

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1H 2017 Key Messages

- **1H 2017 results in line with Business Plan 2016-2020 targets:** revenues up 1.3% vs 1H 2016 and EBITDA margin at 6.3%, 20% higher than the 5.0% in 1H 2016; **Business Plan targets confirmed**
- **Total backlog*(1)* at € 25.5 bln covering ~5.8 years of work if compared to 2016 revenues:**
  - **Backlog at € 20.4 bln** (102 ships) up from € 19.3 bln in 1H 2016 thanks to the **conversion of soft backlog into firm orders**
  - **Soft backlog*(2)* at € 5.1 bln** (€ 2.5 bln in 1H 2016)
- **Extraordinary commercial success with the signing, in the first months of the year, of orders and agreements for a total of 12 cruise ships** (including options)
- **Sound operating performance with the delivery of five units:**
  - Three cruise ships from three different shipyards for three different brands: "Viking Sky", "Majestic Princess" and "Silver Muse”
  - Two naval vessels: FREMM “Rizzo” and submarine “Romeo Romei” for Italian Navy
- **VARD continues to successfully deploy the diversification strategy, also thanks to significant synergies with the cruise business**
- **Signed a share purchase agreement for the acquisition of 66.66% of the share capital of STX France:** an important step towards the consolidation of the European shipbuilding industry. The closing will be subject to customary conditions, as well as the French State’s choice not to exercise its preemption right. Fincantieri continues to negotiate with the French State for the finalization of the shareholders’ agreement. **The creation of value remains an essential condition for the conclusion of the transaction**

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

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1H 2017 main orders

Orders acquired in Q2

		Vessel	Client	Delivery
Shipbuilding		**4 cruise ships**	*Norwegian Cruise Line*	2022-2025
Shipbuilding		**1 cruise ship**	*Holland America Line (Carnival Corporation)*	2021
Offshore		**1 krill fishing vessel**	*Aker BioMarine*	2018
Offshore		**1 live fish transportation vessel**	*Fjordlaks Aqua*	2018
Offshore		**1 research expedition vessel**	*Rosellinis Four-10 (wholly-owned by the industrialist Kjell Inge Røkke)*	2020

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1H 2017 main deliveries

Deliveries in Q2

	Vessel		Client	Delivery
Shipbuilding		**Cruise ship “Viking Sky”**	*Viking Ocean Cruises*	Ancona
		**Cruise ship “Majestic Princess”**	*Princess Cruises (Carnival Corporation)*	Monfalcone
		**Cruise ship “Silver Muse”**	*Silversea Cruises*	Sestri Ponente
		**FREMM “Rizzo”**	*Italian Navy*	Muggiano
		**Submarine “Romeo Romei”**	*Italian Navy*	Muggiano
Offshore		**OSCV “Skandi Buzios”**	*Techdof*	Vard Søviknes
		**OSCV “Far Superior”**	*Farstad*	Vard Vung Tau
		**OSCV “Skandi Vinland”**	*DOF*	Vard Langsten

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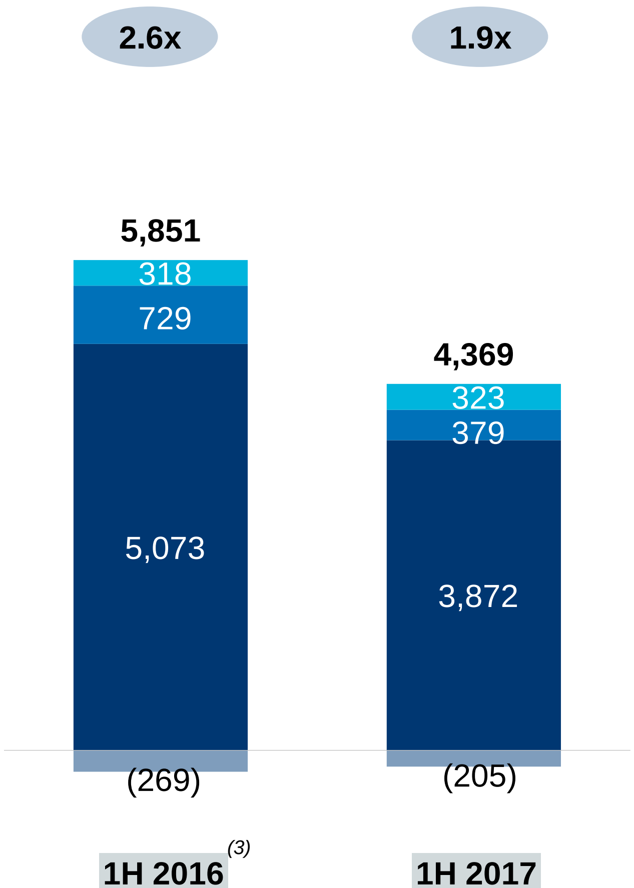
Order intake and backlog – by segment

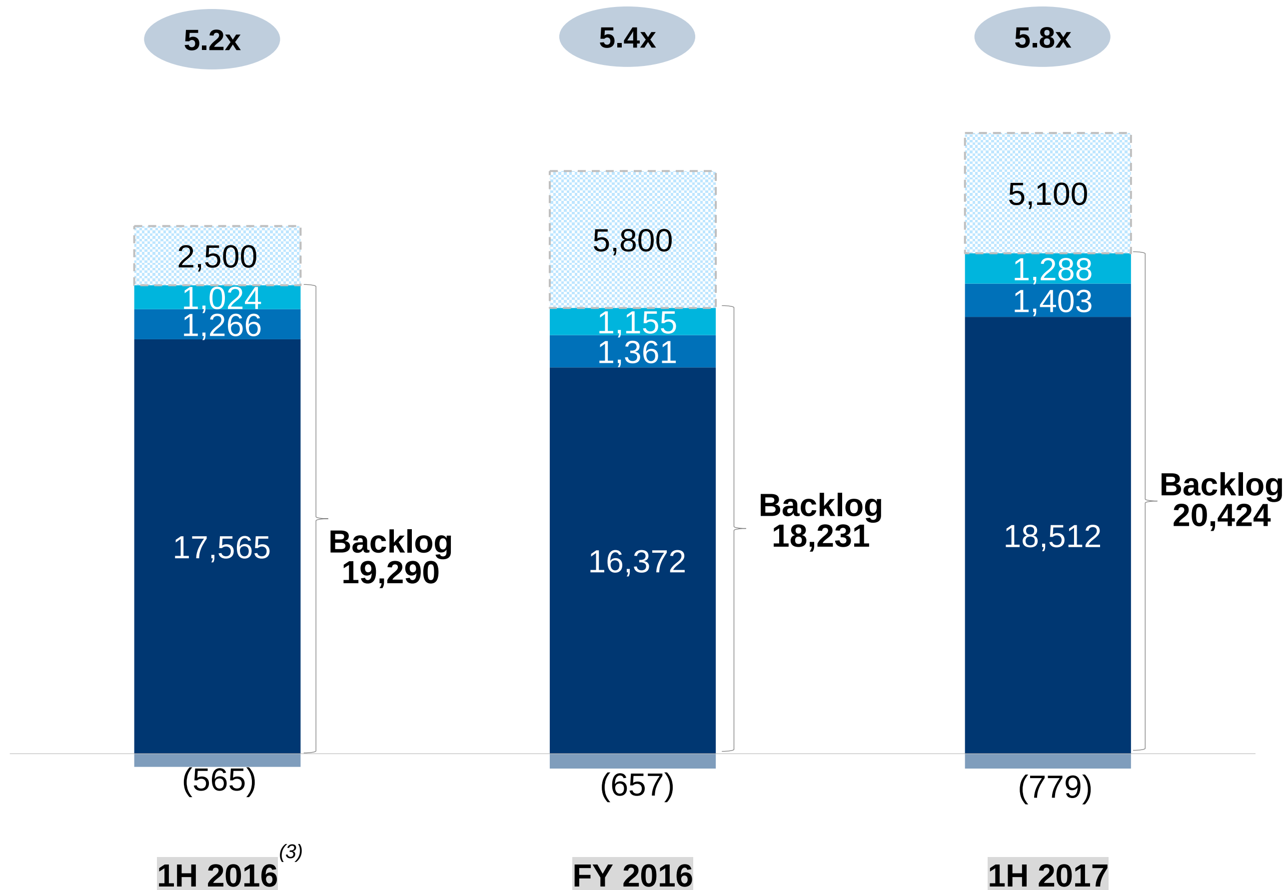
Order intake

€ mln



Total backlog(1)

€ mln



Shipbuilding | Offshore | Equipment, Systems & Services | Eliminations

Book-to-bill (Order intake / revenues) | Total backlog / revenues | Soft backlog(2)

(1) Sum of backlog and soft backlog
(2) Soft backlog represents the value of existing contract options and letters of intent as well as contracts in advanced negotiation, none of which yet reflected in the order backlog
(3) For comparison purposes, 1H 2016 figures are restated following the redefinition of operating segments. 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.

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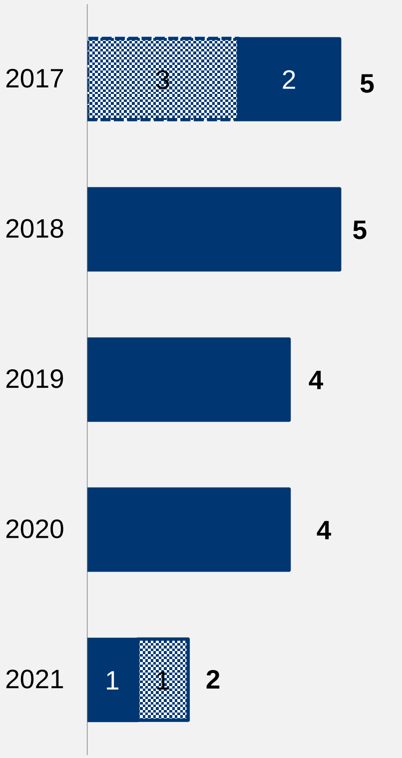
Backlog deployment – by segment and end market

Shipbuilding

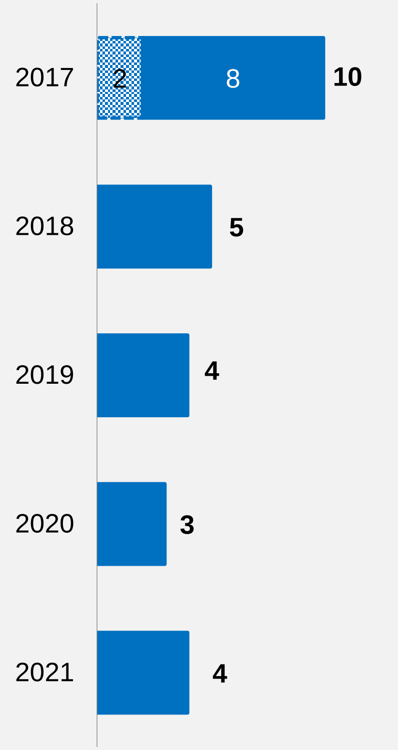
 # ship deliveries(1)

Cruise



- Additional 5 units scheduled after 2021
- **22 vessels in backlog**

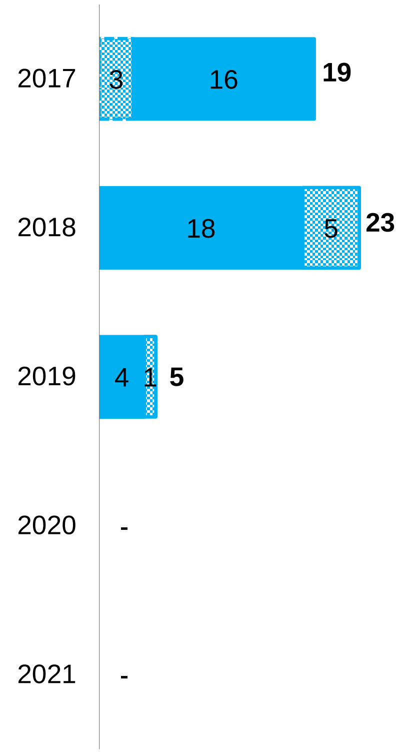
Naval(2)



- Additional 12 units scheduled after 2021
- **36 vessels in backlog**

Offshore

 # ship deliveries



- **44 vessels in backlog**

Comments

- 8 units delivered in 1H 2017, 11 units acquired in the period, 102 ships in backlog at June 30, 2017
- Cruise: 22 vessels
  - Deliveries up to 2025, stretching to 2027 in case of confirmation of the option for 2 ships for Norwegian Cruise Line
- Naval: 36 vessels
  - Deliveries up to 2026, with 12 units scheduled after 2021
- Offshore(3): 44 vessels
  - 6 expedition cruise vessels in backlog

Delivered in 1H 2017

New orders in 1H 2017

(1) *Articulated Tug Barge (ATB) is an articulated unit consisting of a barge and a tug, thus being counted as two vessels in one unit*
(2) *Ships with length > 40 m*
(3) *Offshore business generally has shorter production times and, as a consequence, shorter backlog and quicker order turnaround than Cruise and Naval*

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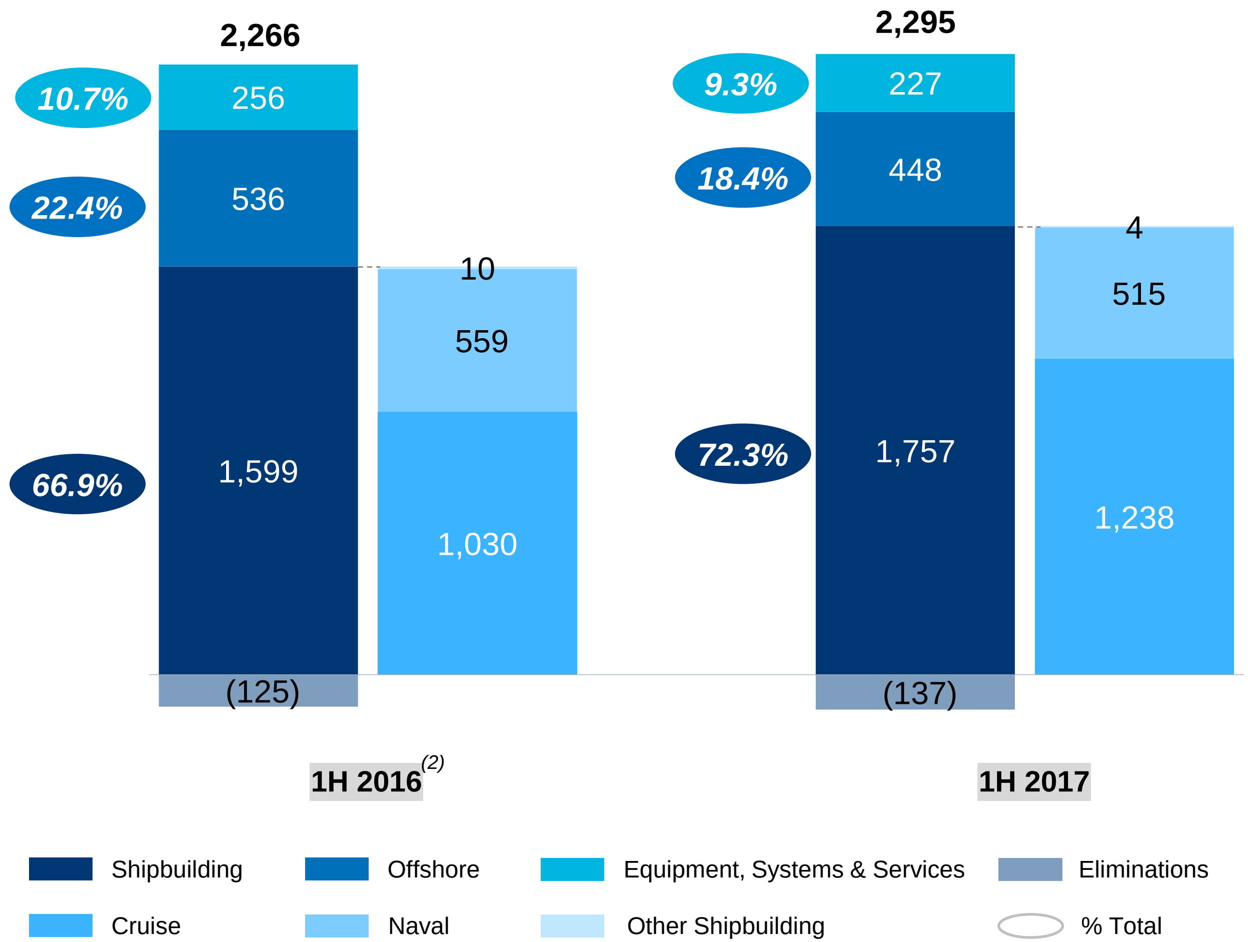
Revenues – by segment and end market

Breakdown by segment and end market(1)

€ mln



Comments

- Shipbuilding
  - Growth of revenues in cruise, reaching 51% of Group's total (3 units delivered and 11 units under construction vs. 4 units delivered and 9 units under construction in 1H 2016)
- Offshore
  - Reduction of production volumes due to the downturn in production activities in European shipyards of VARD, pending the contribution of the diversification strategy
  - Shut down of Niterói yard in Brazil
  - Positive effect of NOK/EUR exchange rate (€ 11 mln)
- Equipment, Systems and Services
  - The decline in revenues is mainly due to a lower contribution from ship conversion activities

(1) *Breakdown calculated on total revenues before eliminations*
(2) *For comparison purposes, 1H 2016 figures are restated following the redefinition of operating segments. 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.*

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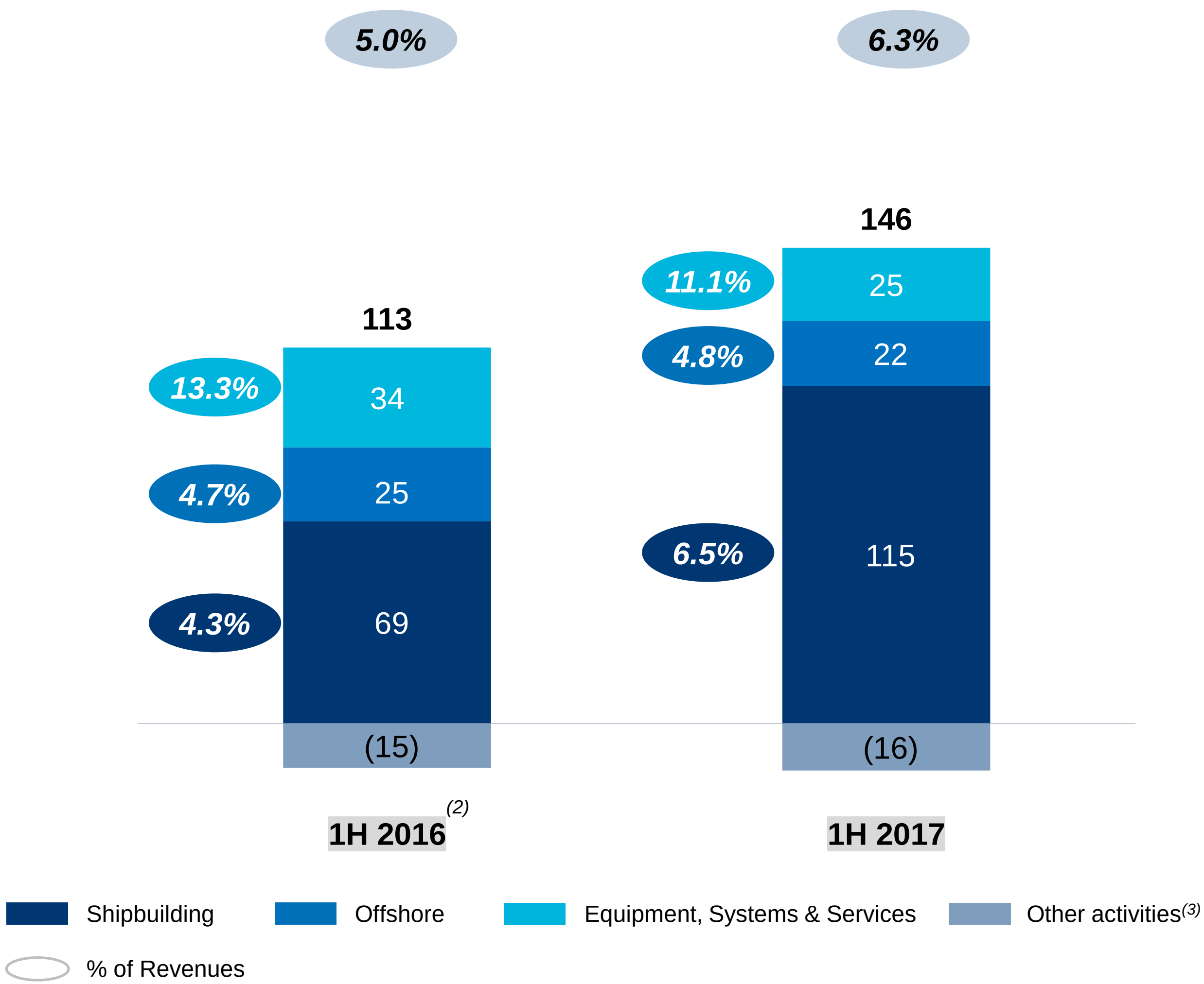
EBITDA[(1)] by segment

EBITDA and EBITDA margin

€ mln



Comments

- EBITDA margin 20% higher than 1H 2016
- Shipbuilding
  - Good performance in cruise thanks to the sister ships acquired after crisis at better margins and to actions finalized to increase efficiency and competitiveness
- Offshore
  - Still not reflecting the gradual growth in volumes resulting from business diversification initiatives implemented in response to the crisis in the Oil&Gas sector
- Equipment, Systems & Services
  - Decrease due to a change in the mix of products and services sold compared to the corresponding period of last year

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

(2) For comparison purposes, 1H 2016 figures are restated following the redefinition of operating segments. 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.

(3) Other costs

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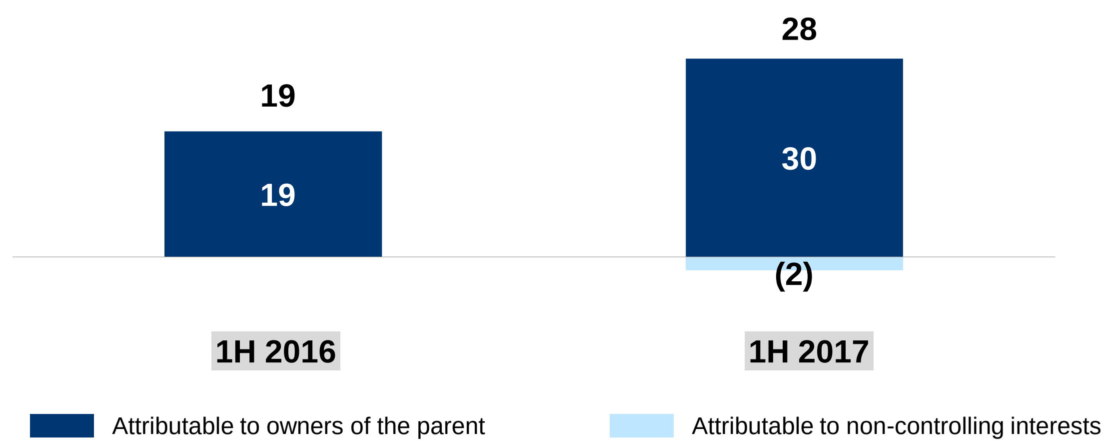
Net result

Net result before extraordinary and non recurring items[(1)]

€ mln



€ mln	1H 2016	1H 2017
A **Net result before extraordinary and non recurring items[(1)]**	**19**	**28**
Attributable to owners of the parent	*19*	*30*
B Extraordinary and non recurring items gross of tax effect	(18)	(22)
C Tax effect on extraordinary and non recurring items	4	5
A + B + C **Net result**	**5**	**11**

Comments

- The result before extraordinary and non recurring items reflects
  - Improvement of operating performance and margin
  - Increase finance expenses at € 39 mln (vs € 32 mln in 1H 2016), due to the reduction of unrealized foreign exchange gains for € 15 mln related to a Vard Promar loan in Brazil (vs. income of € 19 mln in 1H 2016)
- Extraordinary and non recurring items gross of tax effect at € 22 mln including: provision for litigation (€ 21 mln), of which € 19 mln for asbestos claims (vs. € 12 mln in 1H 2016), and costs for VARD restructuring measures (€ 1 mln)

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

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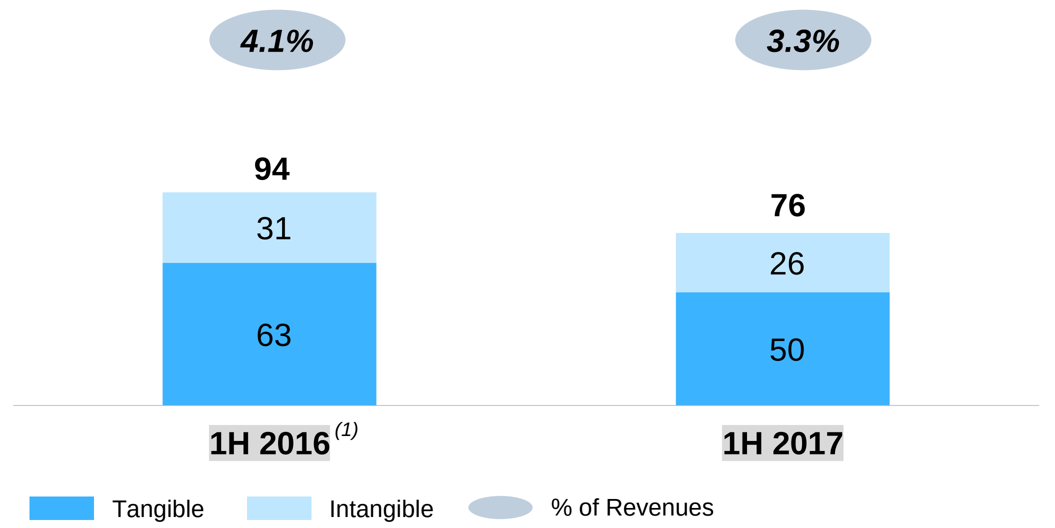
Capital expenditures

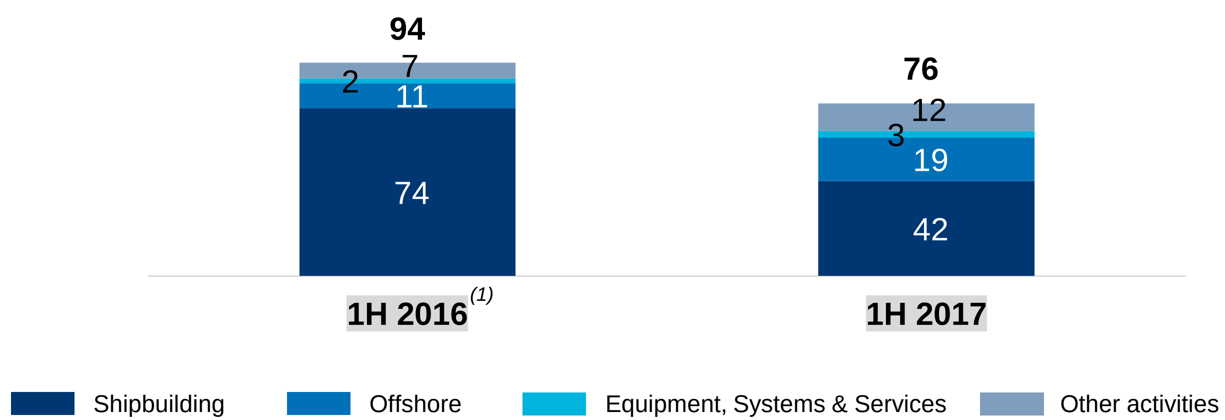
Capex

€ mln



Capex by segment

€ mln



Comments

- Tangible capex chiefly aimed at
  - Supporting the development of production volumes, the introduction of new sandblasting and painting systems at the Monfalcone yard, the reorganization of operational areas and technological upgrading
  - Improvement of safety and environmental conditions in all production sites
- Intangible capex mainly related to the development of new technologies mainly for cruise business and new IT systems, notably the new CAD/PLM tool

(1) For comparison purposes, 1H 2016 figures are restated following the redefinition of operating segments. 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.

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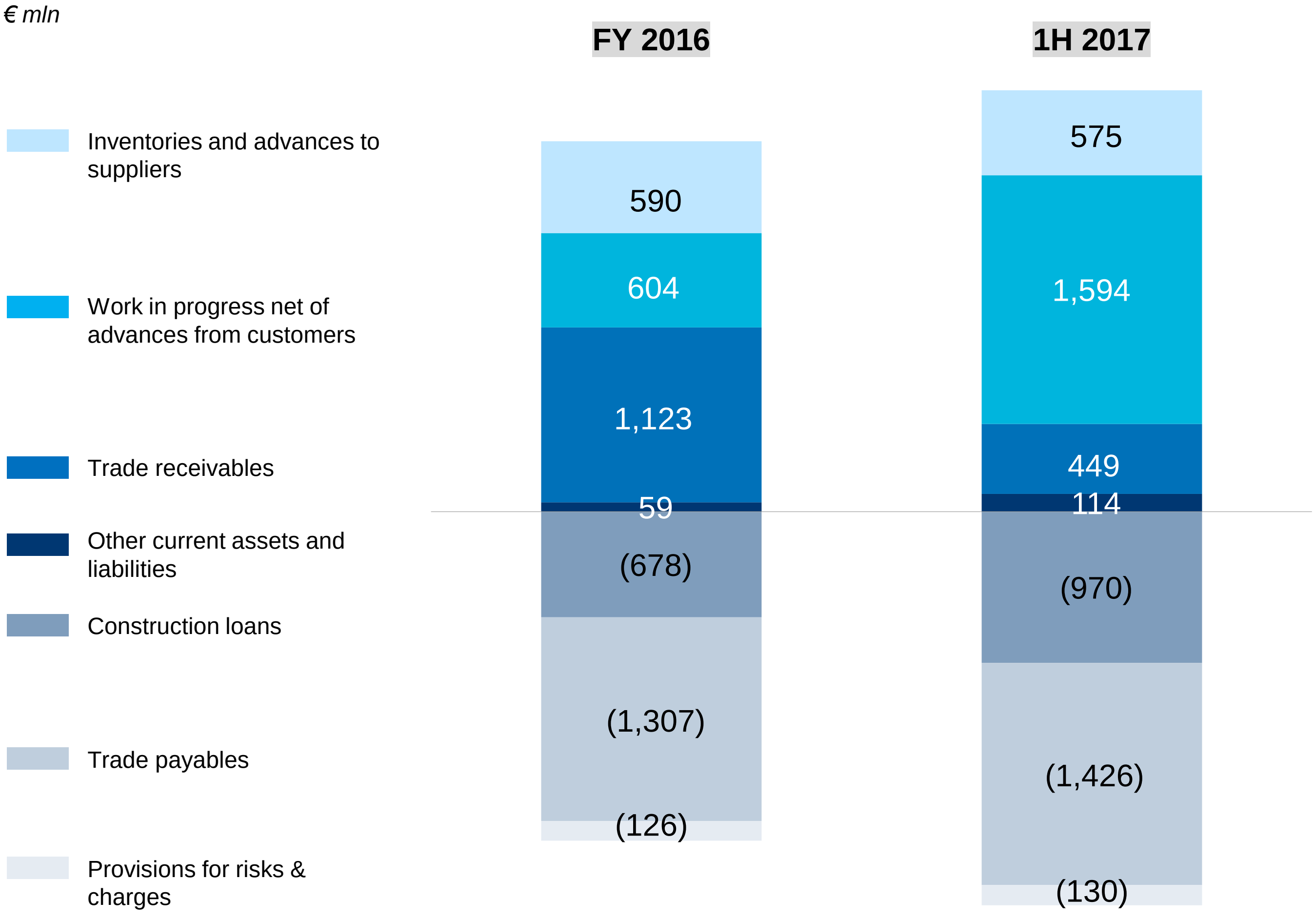
Net working capital(1)

Breakdown by main components



	FY 2016	1H 2017
Net working capital	**265**	**206**

Comments

- Net working capital decrease to € 206 mln, from € 265 mln in FY 2016
- Increase of Work in progress and Trade payables, principally related to the growth of cruise production volumes
- Decrease of Trade receivables mainly due to the cash-in of final payments for the cruise ships delivered in the period
- Positive variation of other current assets and liabilities for € 55 mln following the reduction in the negative fair value of forex hedging derivatives
- Construction loans at € 970 mln (up € 292 mln) of which € 584 related to VARD and € 386 mln related to Fincantieri; the increase chiefly reflects financial flows typical of the cruise business, which recorded significant growth of volumes over the period

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

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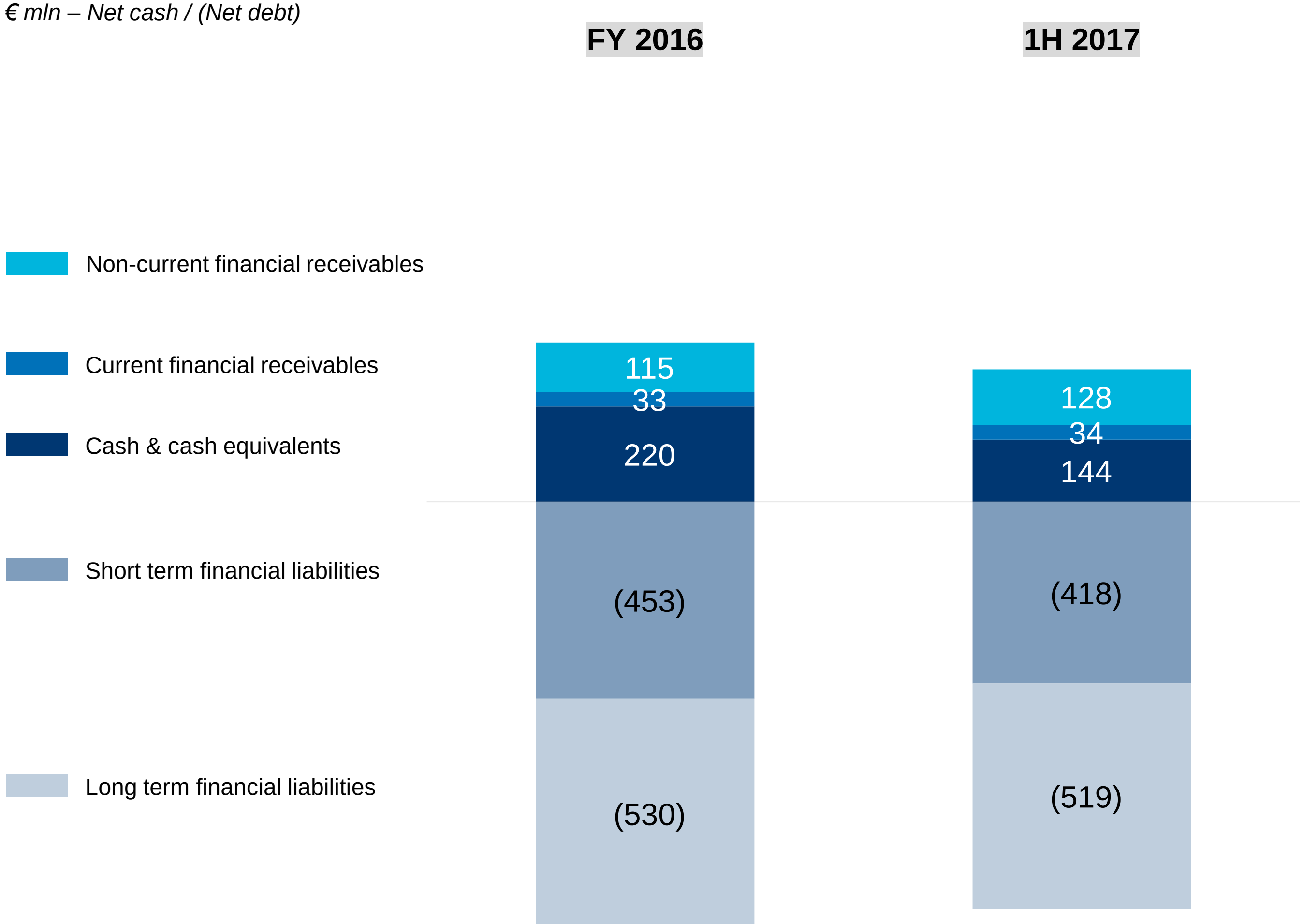
Net financial position[(1)]

Breakdown by main components

€ mln – Net cash / (Net debt)



	FY 2016	1H 2017
Net financial position	**(615)**	**(631)**

Comments

- Net debt at the end of 1H 2017 at € 631 mln (€ 615 mln in FY 2016)
  - Most of the Group's debt is related to the financing of current assets associated with cruise ship construction and therefore consistent with net working capital changes

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

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Outlook

2017 Guidance

- **2H revenues are expected to increase compared to 1H 2017, following the trend outlined in the Business Plan**

Shipbuilding

- **Further volume growth and margin improvement** thanks to
  - the **start of construction works for cruise sister ships** acquired after crisis at higher prices
  - **production of the Italian Navy's fleet renewal program reaching full speed** by year end and launch of design activities related to the Qatari order
- **Continuing effort to increase profitability thanks also to production synergies with VARD**

Offshore

- **Expected growth of volumes related to the diversification strategy implemented by Vard**
- Crisis persisting in the Oil&Gas sector, with possible impacts on backlog

Equipment, Systems & Services

- **Deployment of the significant backlog** related to the Italian Navy's fleet renewal program
- **Insourcing of high value added activities**, in order to **strengthen the focus on core products and further develop after sales activities**

Business Plan Guidance

- **Guidance 2018 confirmed**
  - Revenue increase 16-23% vs. 2016
  - EBITDA margin approx. 6-7%
  - Net debt at approx. € 0.4-0.6 bln*

- **Guidance 2020 confirmed**
  - Revenue increase 16-21% vs. 2018
  - EBITDA margin approx. 7-8%
  - Net debt at approx. € 0.1-0.3 bln*

** Net debt partly used to finance net working capital*

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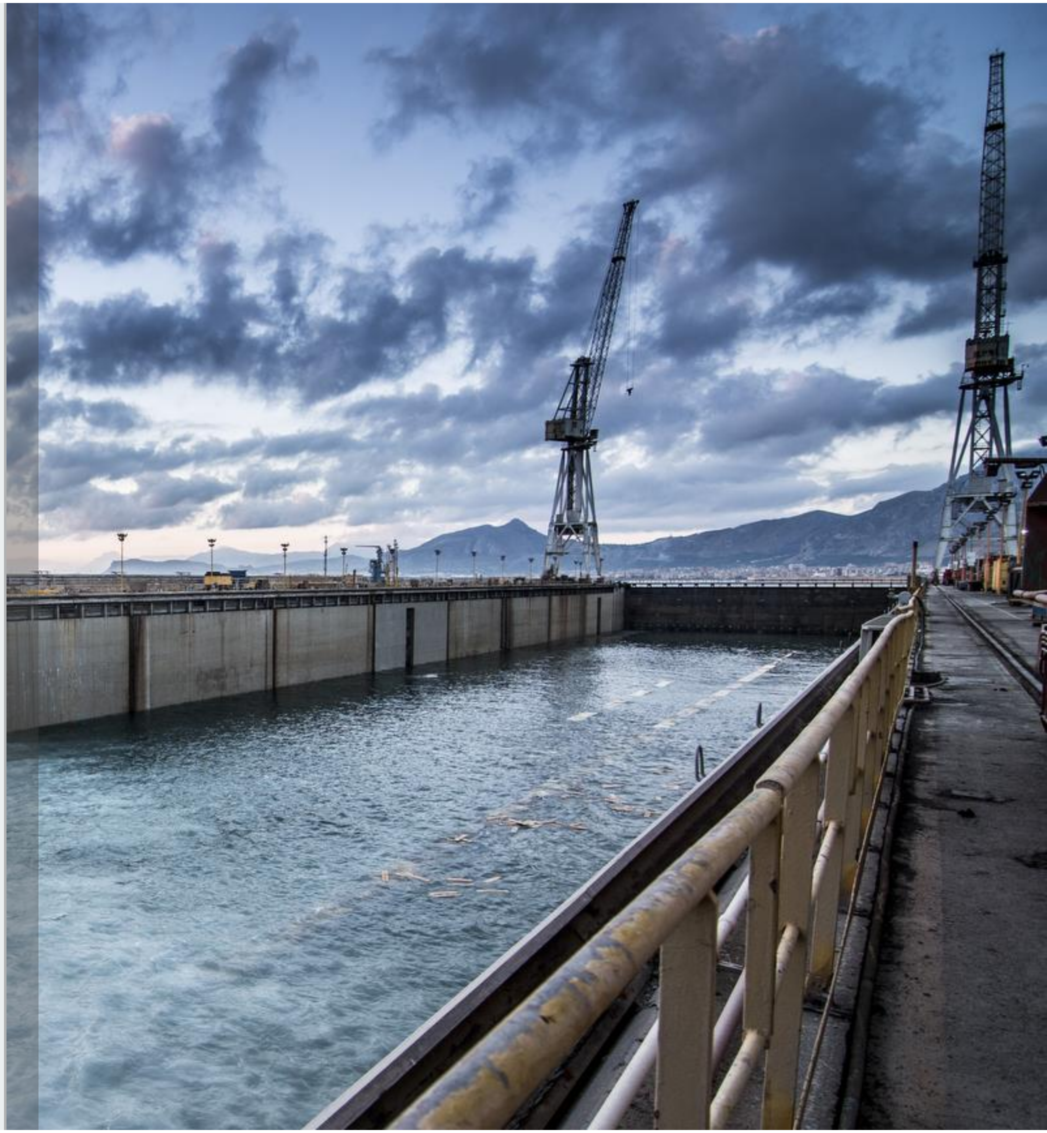
Q&A



Appendix

1H 2017 results by segment

Shipbuilding

Offshore

Equipment, Systems and Services

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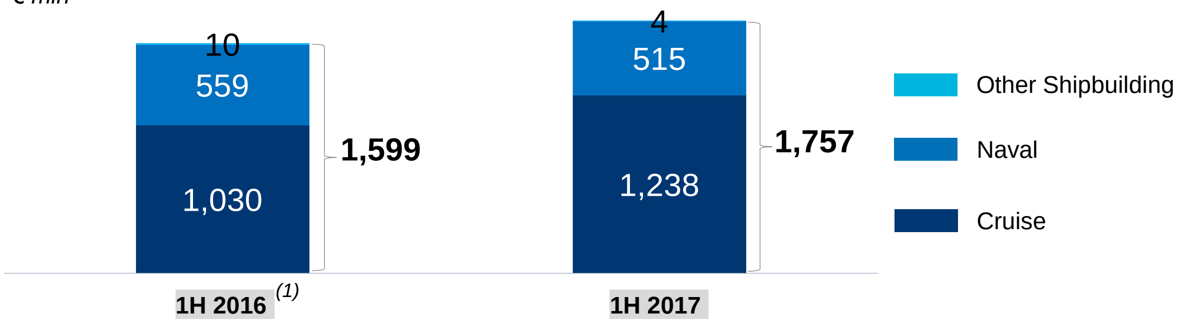
Shipbuilding

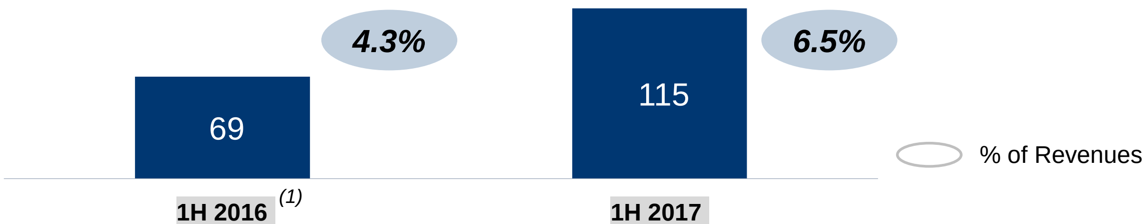
Revenues

€ mln



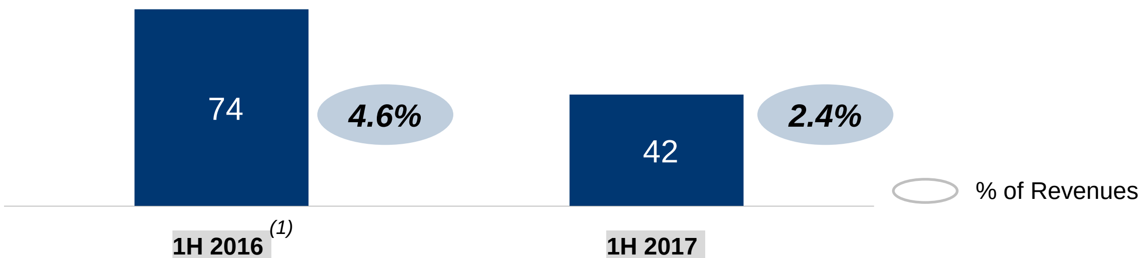
EBITDA

€ mln



Capex

€ mln



Comments

- Revenues: € 1,757 mln, up 9.9% vs 1H 2016
  - Growth of volumes in cruise reaching 51% of total Group revenues (3 units delivered and 11 units under construction vs. 4 units delivered and 9 units under construction in 1H 2016)
- EBITDA: € 115 mln, margin at 6.5%
  - Good performance in cruise thanks to the delivery of sister ships acquired after crisis at better margins and to actions finalized to increase efficiency and competitiveness
- Capex: € 42 mln
- Orders: € 3,872 mln vs € 5,073 mln in 1H 2016
  - 4 cruise ships for Norwegian Cruise Line
  - 1 cruise ship for Holland American Line
- Backlog: € 18,512 mln vs € 17,565 mln in 1H 2016
- Deliveries: 5 ships
  - “Viking Sky” for Viking Ocean Cruises
  - “Majestic Princess” for Princess Cruises
  - “Silver Muse” for Silversea Cruises
  - FREMM “Rizzo” and submarine “Romeo Romei” for Italian Navy

(1) For comparison purposes, 1H 2016 figures are restated following the redefinition of operating segments. 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.

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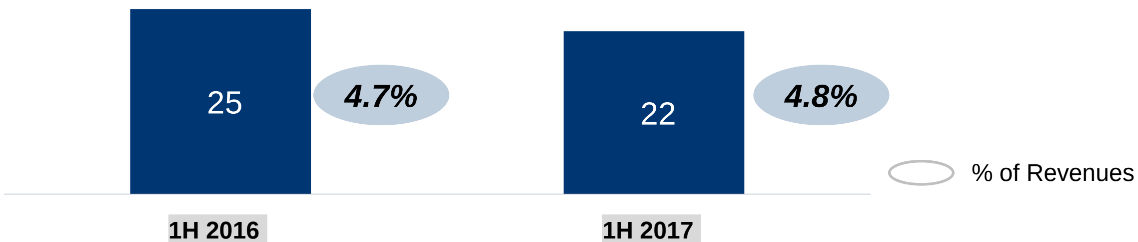
Offshore

Revenues

€ mln

EBITDA

€ mln



Capex

€ mln

Comments

- Revenues: € 448 mln, down 16.4% vs 1H 2016
  - Reduction of production volumes due to the downturn in production activities in European shipyards of VARD, pending the contribution of the diversification strategy
  - Shut down of Niterói yard in Brazil
  - Positive effect of NOK/EUR exchange rate (€ 11 mln)
- EBITDA: € 22 mln, with margin at 4.8%
  - Not yet fully benefited from the gradual growth in volumes resulting from business diversification initiatives implemented in response to the crisis in the Oil&Gas sector
- Capex: € 19 mln
- Orders: € 379 mln vs € 729 mln in 1H 2016
  - 3 fishing vessel (1 for Aker BioMarine, 1 for Fjordlaks Aqua; 1 for Rosellinis Four-10)
  - 2 Car- and Passenger Ferries for Torghattan Nord
  - 1 Pelagic Trawler for Research Fishing Company
- Backlog: € 1,403 mln vs € 1,266 mln in 1H 2016
- Deliveries:
  - 3 OSCV: “Skandi Buzios” for Techdof, “Far Superior” for Farstad, “Skandi Vinland” for Techdof

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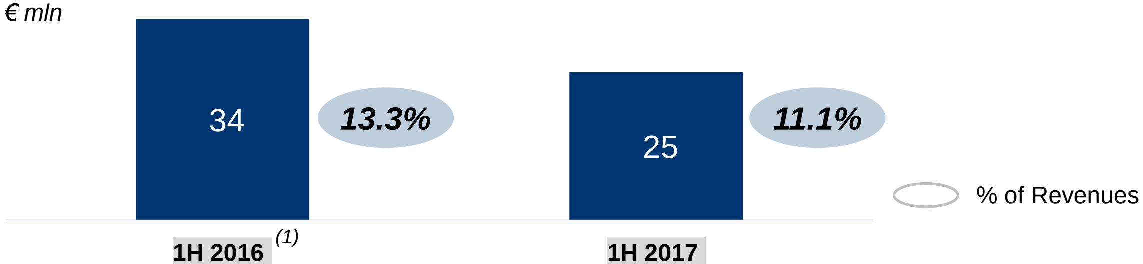
Equipment, Systems and Services

Revenues

€ mln

EBITDA

€ mln



Capex

€ mln

Comments

- Revenues: € 227 mln, down 11.3% vs 1H 2016
  - The decline in revenues is mainly due to a lower contribution from ship conversion activities
- EBITDA: € 25 mln with margin at 11.1%
  - Decrease due to a change in the mix of products and services sold in the quarter compared to the corresponding prior year period
- Orders: € 323 mln vs € 318 mln in 1H 2016
- Backlog: € 1,288 mln vs € 1,024 mln in 1H 2016

(1) *For comparison purposes, 1H 2016 figures are restated following the redefinition of operating segments. 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.*

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Profit & Loss and Cash flow statement

Profit & Loss statement (€ mln)	FY 2016	1H 2016	1H 2017
Revenues	**4,429**	**2,266**	**2,295**
Materials, services and other costs	(3,291)	(1,712)	(1,671)
Personnel costs	(846)	(431)	(462)
Provisions[(1)]	(25)	(10)	(16)
EBITDA	**267**	**113**	**146**
Depreciation, amortization and impairment	(110)	(52)	(58)
EBIT	**157**	**61**	**88**
Finance income / (expense)[(2)]	(66)	(32)	(39)
Income / (expense) from investments	(10)	(4)	(1)
Income taxes[(3)]	(21)	(6)	(20)
Net result before extraordinary and non recurring items	**60**	**19**	**28**
Attributable to owners of the parent	*66*	*19*	*30*
Extraordinary and non recurring items[(4)]	(59)	(18)	(22)
Tax effect on extraordinary and non recurring items	13	4	5
Net result for the period	**14**	**5**	**11**
Attributable to owners of the parent	*25*	*7*	*13*

Cash flow statement (€ mln)	FY 2016	1H 2016	1H 2017
Beginning cash balance	**260**	**260**	**220**
Cash flow from operating activities	73	131	122
Cash flow from investing activities	(237)	(94)	(81)
Free cash flow	**(164)**	**37**	**41**
Cash flow from financing activities	115	(117)	(110)
Net cash flow for the period	**(49)**	**(80)**	**(69)**
Exchange rate differences on beginning cash balance	9	6	(7)
Ending cash balance	**220**	**186**	**144**

(1) The line "Provisions and impairment" has been modified in "Provisions" and includes provisions and reversal for risks and writedowns. It excludes impairment of Intangible assets and Property, plant and equipment, which is included in "Depreciation, amortization and impairment" (previously "Depreciation and amortization"). This change had no effect on the comparative information.
(2) Includes interest expense on construction loans for € 20 mln in 1H 2016, € 34 mln in FY 2016 and € 7 mln in 1H 2017
(3) Excluding tax effect on extraordinary and non recurring items
(4) Extraordinary and non recurring items gross of tax effect

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Balance sheet

Balance sheet (€ mln)	FY 2016	1H 2016	1H 2017
Intangible assets	595	546	583
Property, plant and equipment	1,064	1,014	1,049
Investments	58	57	55
Other non-current assets and liabilities	(69)	(28)	42
Employee benefits	(58)	(61)	(58)
Net fixed assets	**1,590**	**1,528**	**1,671**
Inventories and advances	590	530	575
Construction contracts and advances from customers	604	1,442	1,594
Construction loans	(678)	(937)	(970)
Trade receivables	1,123	419	449
Trade payables	(1,307)	(1,170)	(1,426)
Provisions for risks and charges	(126)	(105)	(130)
Other current assets and liabilities	59	(44)	114
Net working capital	**265**	**135**	**206**
Assets held for sale including related liabilities	**1**	**-**	**-**
Net invested capital	**1,856**	**1,663**	**1,877**
Equity attributable to Group	*1,086*	*1,149*	*1,165*
Non-controlling interests in equity	*155*	*106*	*81*
Equity	**1,241**	**1,255**	**1,246**
Cash and cash equivalents	(220)	(186)	(144)
Current financial receivables	(33)	(85)	(34)
Non-current financial receivables	(115)	(115)	(128)
Short term financial liabilities	453	271	418
Long term financial liabilities	530	523	519
Net debt / (Net cash)	**615**	**408**	**631**
Sources of financing	**1,856**	**1,663**	**1,877**

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