| Informazione Regolamentata n. 1616-14-2018 | Data/Ora Ricezione 27 Marzo 2018 18:40:57 | MTA |
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| Societa' | : | FINCANTIERI |
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*Testo del comunicato*

Vedi allegato.

# 2017 CONSOLIDATED FINANCIAL STATEMENTS AND DRAFT FINANCIAL STATEMENTS OF THE PARENT COMPANY

## 2018-2022 BUSINESS PLAN

## CONVENING OF THE SHAREHOLDERS' MEETING

***THE BOARD OF DIRECTORS OF FINCANTIERI APPROVES THE 2017 RESULTS AND NEW BUSINESS PLAN. RECORD HIGH REVENUES EXCEEDING EURO 5 BILLION (+13% COMPARED WITH 2016), EBITDA AT EURO 341 MILLION (+28% COMPARED WITH 2016) AND NET RESULT AT EURO 53 MILLION (+279% COMPARED WITH 2016). WITH THE NEW BUSINESS PLAN, IN 2022 THE REVENUES WILL INCREASE BY UP TO APPROXIMATELY 50% (AT CURRENT PERIMETER) AND THE EBITDA BY UP TO APPROXIMATELY 100% VERSUS 2017***

**Consolidated 2017 results**[1]

- **2017 results in line with Business Plan 2016-2020**
- **Record high revenues, exceeding euro 5 billion,** (13% improvement vs FY 2016), **EBITDA at euro 341 million** (+28% vs FY 2016), **Adjusted**[2] **Net income at euro 91 million** (+52%) and **Net income at euro 53 million** (+279%)
- **Orders intake at euro 8.6 billion** (+31%), reconfirming the commercial effectiveness of the Group and the positive market scenario. The important order for new client Norwegian Cruise Line and the order for two new Seaside EVO cruise ships by MSC highlight the ability to attract new clients and retain existing ones.
- **Total backlog**[3] **at euro 26 billion, covering approximately 5 years of work if compared to 2017 revenues**: backlog as at December 31, 2017 was euro 22 billion (+21%) with 106 ships in the order book and the soft backlog was approximately euro 4.1 billion
- **Sound operational performance in Shipbuilding with 12 units delivered,** of which 5 cruise ships (including MSC "Seaside", the first prototype unit for MSC Cruises)
- **Net debt**[4] at euro 314 million (down from euro 615 million in FY 2016)
- **Signed a share purchase agreement for the acquisition of 50% of the share capital of STX France and lunched the activities for the integration with Naval Group,** starting a major step towards the creation of a leading global player in the cruise and military naval sectors
- Announced **delisting proposal for VARD**
- **Increased employment in Italy, with the creation of almost 400 new jobs in Italy, and around 1600 in the subcontractor network**
- **Proposed Dividend payment of € 0.01 per share**

**Main financial and strategic targets of 2018-2022 Business Plan (current perimeter)**

- **2022 revenues increase up to +50% versus 2017**

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[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] *Net result before extraordinary and non recurring items*
[3] *Sum of backlog and soft backlog*
[4] *Excluding Construction loans*

- **Significant increase of profitability with a 2022 EBITDA margin expected between 8% and 9% (corresponding to a growth in EBITDA of up to 100% versus 2017)**
- **2022 Adjusted net result expected between 3% and 4%**
- **Cash generation** from operations to finance investments, debt reduction and shareholder remuneration, through a sustainable dividend distribution
- **Continuous focus on organization system** necessary to achieve the growth objectives foreseen by the Plan in order to ensure a correct implementation of the strategic actions identified
- **Consolidation of leadership in Cruise segment and further expansion in Naval**, leveraging confirmed track record of well proven products, as well as concept design and development capabilities for all types of clients
- **Further diversification in the Offshore business**, increasing intra-Group synergies, expanding product offering and strengthening the operational and innovation capabilities needed to seize opportunities in the Offshore sector
- **Renewed focus on After Sales**, to provide clients with ever more complete solutions

**Other resolutions**

- **Approval of Consolidated Non-financial Statement pursuant to Legislative Decree No. 254/2016**
- **Ordinary and Extraordinary Shareholders' Meeting convened for May 11, 2018 on single call**

* * *

***Trieste, March 27, 2018*** – The Board of Directors of **FINCANTIERI S.p.A.** ("**Fincantieri**" or the "**Company**"), chaired by Giampiero Massolo, has approved the **Consolidated financial statements at December 31, 2017,** the **draft financial statements of the parent company at December 31, 2017,** prepared in accordance with international financial reporting and accounting standards (IAS/IFRS) and the **Consolidated Non-financial Statement at December 31, 2017** pursuant to Legislative Decree No. 254/2016.

During the Board meeting **Giuseppe Bono, Fincantieri's Chief Executive Officer,** said: "*The results we have presented confirm the state of good health of our Company, that can boast unchallenged leadership position in several areas, obtained thanks to our capabilities and our diversified presence in the global arena. We have demonstrated our capacity to deal with truly complex project and tenders. This level of excellence translates into a more than decade long work load ahead of us, in the unfailing ability to transform soft backlog into firm orders, all the while respecting project times and deadlines of ever more demanding clients.*

*This strategy has been a winning one, and is confirmed by the creation and distribution of value for our shareholders. We will now put this wealth of experience at the service of our country and of the European shipbuilding sector, the consolidation of which we have been working on for years, favouring an irreversible process of which we are proud to be protagonists."*

Bono concluded: "*In this watershed moment for Fincantieri, I would like to thank all our employee and contractors who, with their daily efforts and passion, contribute to the realization of a product that is among the most beautiful in the world".*

**CONSOLIDATED 2017 RESULTS**

**Financial Highlights**

| **Economic data** | | **31.12.2017** | **31.12.2016** |
|---|---|---|---|
| Revenue and income | euro/million | 5,020 | 4,429 |
| EBITDA | euro/million | 341 | 267 |
| *EBITDA margin (*)* | *percentage* | *6.8%* | *6.0%* |
| EBIT | euro/million | 221 | 157 |
| *EBIT margin (**)* | *percentage* | *4.4%* | *3.5%* |
| Adjusted profit/(loss) for the year[5] | euro/million | 91 | 60 |
| Extraordinary and non-recurring income and (expenses) | euro/million | (49) | (59) |
| Profit/(loss) for the year | euro/million | 53 | 14 |
| Group share of profit/(loss) for the year | euro/million | 57 | 25 |

| **Financial data** | | **31.12.2017** | **31.12.2016** |
|---|---|---|---|
| Net invested capital | euro/million | 1,623 | 1,856 |
| Equity | euro/million | 1,309 | 1,241 |
| Net financial position | euro/million | (314) | (615) |

| **Other indicators** | | **31.12.2017** | **31.12.2016** |
|---|---|---|---|
| Order intake (***) | euro/million | 8,554 | 6,505 |
| Order book (***) | euro/million | 28,482 | 24,003 |
| Total backlog (***)(****) | euro/million | 26,153 | 24,031 |
| *- of which backlog* | euro/million | *22,053* | *18,231* |
| Capital expenditure | euro/million | 163 | 224 |
| Net cash flow of the period | euro/million | 65 | (49) |
| Research and Development costs | euro/million | 113 | 96 |
| Employees at the end of the period | number | 19,545 | 19,181 |
| Vessels delivered (*****) | number | 25 | 26 |
| Vessels ordered (*****) | number | 32 | 39 |
| Vessels in order book (*****) | number | 106 | 99 |

| ***Ratios*** | | **31.12.2017** | **31.12.2016** |
|---|---|---|---|
| ROI | percentage | 12.7% | 8.8% |
| ROE | percentage | 4.1% | 1.1% |
| Total debt/Total equity | number | 0.6 | 0.8 |
| Net financial position /EBITDA | number | 0.9 | 2.3 |
| Net financial position/Total equity | number | 0.2 | 0.5 |

(*) 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
The percentages contained in this report have been calculated with reference to amounts expressed in thousands of euros

[5] Profit/(loss) before extraordinary and non-recurring income and expenses

**Financial and economic results for 2017**

The 2017 results reflect a full recovery in operational and economic performance, confirming the Group's ability to grow consistently with the guidelines indicated by management.

**Revenue and income** amounted to euro 5,020 million in 2017, with year-on-year changes shown in the table below.

| **Revenue and income** *(euro/million)* | **31.12.2017** | **31.12.2016** | **Delta** | **Delta %** |
|---|---|---|---|---|
| Shipbuilding | 3,883 | 3,246 | 637 | 19.6% |
| Offshore | 943 | 960 | (17) | -1.8% |
| Equipment, Systems and Services | 558 | 495 | 63 | 12.7% |
| Consolidation adjustments | (364) | (272) | (92) | n.a. |
| **Total** | **5,020** | **4,429** | 591 | 13.3% |

n.a. = not applicable

The variation in Revenue and income is mainly attributable to the Shipbuilding segment, which recorded an increase of revenues in both the cruise ship business (+27% compared to 2016), accounting for 49% of the Group's total revenues for the year, and the naval vessel business (+5% compared to 2016).
Revenue generated by foreign clients accounted for 85% of the total at December 31, 2017, in line with the 84% figure reported in 2016.

**EBITDA** was euro 341 million at December 31, 2017 (euro 267 million at December 31, 2016) with an EBITDA margin of 6.8%. This trend is essentially the result of the positive performance recorded in the Shipbuilding segment, where the margin reached 6.9%, compared to 5.7% in 2016, also thanks to the higher profitability of the orders under production and the positive results arising from the improvements made to the production and design processes

**EBIT** was euro 221 million at December 31, 2017 (euro 157 million at December 31, 2016) with an EBIT margin of 4.4% compared to 3.5% at December 31, 2016. The delta is attributable to the greater depreciation following the investments completed during 2017, in addition to the reasons previously illustrated.

**Adjusted profit** was euro 91 million at December 31, 2017 (euro 60 million at December 31, 2016). Net finance costs amounted to euro 88 million (euro 76 million at December 31, 2016). The change is primarily attributable to the recognition of euro 17 million in unrealized foreign exchange losses on translating a loan held by Vard Promar, only partially offset by the lower finance costs on construction loans (euro 10 million). The Group share of the result before extraordinary items was a net profit of euro 95 million, compared to a net profit of euro 66 million at December 31, 2016.

**Extraordinary and non-recurring income and expenses** were for negative euro 49 million (euro 59 million in net expenses at December 31, 2016) and include costs for legal disputes (euro 45 million, of which euro 39 million related to claims under asbestos-related lawsuits), and charges for business reorganization plans and non-recurring personnel costs mainly related to VARD (euro 4 million).

**Profit for the year** was euro 53 million (net profit of euro 14 million at December 31, 2016). The Group share of this result was a net profit of euro 57 million, compared to a net profit of euro 25 million in the previous year.

**Net invested capital** amounted to euro 1,623 million at December 31, 2017, slightly down from euro 1,856 million at December 31, 2016. In detail, **Net fixed assets** amounted to 1,743 million (euro 1,590 million at December 31, 2016) increasing by euro 153 million. Among the main effects: i) Intangible assets and Property, plant and equipment decreased by euro 32 million due to the combined effect of depreciations (euro 120 million) and the negative impact of the translation of the foreign currency items of foreign subsidiaries (euro 81 million) offset by the capital expenditure (euro 163 million) and ii) the change of euro 191 million in Other non-current assets and liabilities, mainly due to the positive effect of the fair value measurement of currency derivatives. **Net working capital** was a negative euro 120 million (from euro 265 million at December 31, 2016). The main changes are related to an increase of euro 245 million in Inventories and advances, particularly for advances paid to suppliers in new naval orders; an increase of euro 44 million in Construction contracts and client advances and in Trade payables (of euro 441 million), essentially due to the effect of the growth in production volumes in the cruise and naval businesses; a decrease of euro 214 million in Trade receivables, due to the invoicing of final payments for the cruise ships delivered in the period; a decrease in Other current assets and liabilities, mainly due to the decrease in Deferred tax assets and Other current receivables, partially offset by the reduction of receivables from prepaid taxes.

**Equity** increased by euro 68 million, mainly due to the positive net income for the year (euro 53 million), the increase in the cash flow hedging reserve (euro 120 million) and the recording of the reserve for the share-based incentive plan for top management (euro 3 million). These effects have been partially offset by the recording of the negative reserve for the share buy back under the medium/long-term share-based incentive plan for top management (euro 5 million), the decrease in the currency translation reserve (euro 58 million) and the negative change of euro 45 million in Consolidated equity (the result of the decrease in Non-controlling interests in equity of euro 72 million and the increase in Group equity of euro 27 million) arising from the purchase of additional shares held by VARD minority shareholders. It should be noted that the stake in VARD Group has risen from 55.63% at December 31, 2016 to 79.74% at December 31, 2017. The average carrying value of the VARD shares went down from SGD 1.22 at December 31, 2016 to SGD 0.92 at December 31, 2017.

The **Net financial position**, which excludes construction loans, was negative for euro 314 million (down from euro 615 million in net debt at December 31, 2016). The change in Net financial position is characterized by the cash-in of final payments for the cruise ships delivered in the year, which, together with the advances received for the new cruise and naval contracts that have become effective in the period, have more than compensated for the absorption of financial resources generated by the growth of production volumes.

**Construction loans** at euro 624 million at December 31, 2017 (euro 678 million at December 31, 2016), of which euro 574 million related to the subsidiary VARD (euro 578 million at December 31, 2016), while the remaining euro 50 million related to the Parent company (euro 100 million at December 31, 2016)

Among the **profitability indicators**, ROI was positive at 12.7% and ROE at 4.1%. These indicators increased with respect to December 31, 2016, thanks to the growth in financial results.

Among the **indicators of the strength and efficiency of the capital structure** at December 31, 2017 Total debt/Equity ratio was 0.6, Net financial position/Equity ratio was 0.2, while Net financial position/EBITDA was 0.9. These indicators, compared to December 31, 2016, reported an increase due to positive variation of Net debt and the reduction in short term debt.

**Group operational results and performance indicators for 2017**

**Order intake and backlog**

At December 31, 2017 the Group recorded euro 8,554 million in new orders, compared to euro 6,505 million in 2016, with a book-to-bill ratio (order intake/revenue) of 1.7 (1.5 at December 31, 2016).

Before consolidation adjustments, the Shipbuilding segment accounted for 88% of the period's total order intake (80% at December 31, 2016), the Offshore segment for 10% (17% at December 31, 2016) and the Equipment, Systems and Services segment for 7% (10% at December 31, 2016).

As for the **Shipbuilding segment**, with reference to the cruise ship business, during 2017 Fincantieri finalized contracts for 11 units: two cruise ships for Viking, two cruise ships for Carnival (for Holland America Line and Princess Cruises), one extra-luxury cruise ship for Silversea Cruises, two cruise ships for MSC (a further evolution of the Seaside Class prototype), which further strengthen the relationship with the client, and four cruise ships for Norwegian Cruise Line. This last agreement, which also envisages the option to build two other vessels, enables Fincantieri to add a new prestigious brand to its client base, confirming the Group's ability to develop advanced solutions to serve every segment and need of the modern cruise industry. With reference to the naval business, the Group acquired, through its subsidiary Fincantieri Marinette Marine, a contract to build an additional Littoral Combat Ship of "Freedom" class (LCS 27), after the exercise of the option by the US Navy.

In the **Offshore segment**, as a result of the diversification strategy, the Group acquired orders for the construction of two Expedition cruises for the Australian shipowner Coral Expedition and for Ponant respectively; the latter ships will be the first LNG units designed to take passengers to polar destinations. Furthermore, the Group acquired orders for ten fishery vessels, five aquaculture units, 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 2017, the **Equipment, Systems and Services segment** saw the finalization of euro 573 million in orders (compared to euro 664 million in the previous year).

The Group's total backlog amounted to euro 26.1 billion at December 31, 2017, of which euro 22 billion in backlog (euro 18.2 billion at December 31, 2016) and euro 4.1 billion in soft backlog (euro 5.8 billion at December 31, 2016), with the order delivery profile extending until 2026. The backlog and total backlog guarantee about 4.4 and 5.2 years of work respectively in relation to the 2017 level of revenue.

Before consolidation adjustments, the Shipbuilding segment accounts for 92% of the Group's backlog (90% at December 31, 2016), the Offshore segment for 6% (8% at December 31, 2016) and the Equipment, Systems and Services segment for 5% (6% at December 31, 2016).

**Capital expenditure**

**Capital expenditure** amounted to euro 163 million in 2017, of which euro 55 million for intangible assets (including euro 31 million for development projects) and euro 108 million for property, plant and equipment. Capital expenditure represented 3.2% of revenues in 2017, compared to 5.1% of revenues in 2016.

Capital expenditure on property, plant and equipment in 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 particular, the introduction of new sandblasting and painting systems at the Monfalcone yard as well as those for the development of new technologies. Expenditures were also made to update the yards to the new production scenarios, as well as for the technological upgrading of infrastructure and equipment.

**Headcount**

**Headcount** increased from 19,181 at December 31, 2016 (of which 7,939 in Italy) to 19,545 at December 31, 2017 (of which 8,314 in Italy). This effect is mainly due to the increase of human resources in Italian shipyards, confirming Fincantieri' s commitment to pursue the Business Plan targets.

**Deliveries**[6]

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

| *(number)* | ***2018*** | ***2019*** | ***2020*** | ***2021*** | ***2022*** | ***Beyond 2022*** |
|---|---|---|---|---|---|---|
| *Cruise ships* | 5 | 4 | 5 | 5 | 3 | 4 |
| *Naval >40 m.* | 7 | 4 | 4 | 5 | 5 | 7 |
| *Offshore* | 32 | 15 | | 1 | | |

## Business outlook

The new Business Plan 2018-2022, presented to the market together with its 2017 final results, confirms the overall strategic direction of the previous Business Plan and the goal of consolidating the Group's leadership in all the higher value-added shipbuilding sectors at global level, with financial and economic indications that have improved still further.

2022 revenues are expected to grow up to 50% versus 2017, accompanied by a significant increase in profitability with an EBITDA margin between 8% and 9% (corresponding with a growth in EBITDA of up to 100% versus 2017). In 2022 the Adjusted net income margin is expected to be between 3% and 4%.

The Shipbuilding segment shows the most significant growth in terms of volumes and margins. This is due to the entry into production of cruise ships acquired at higher prices and, for the Naval business, the full operation of the Italian Navy fleet renewal programs as well as the order for the Qatari Ministry of Defense. To support the production of large cruise ships, on the one hand, the deployment of production synergies between shipyards dedicated to cruise construction will continue (of these, the Tulcea yard in Romania is already fully integrated with production network) and, on the other, the capital expenditure program in Italian shipyards will continue in order to significantly improve efficiency.

The Offshore segment will further the business diversification started in previous years to deal with the slowdown in capital expenditures in the Oil & Gas sector. Moreover, an additional expansion is expected in the luxury expedition cruise market as well as in aquaculture and fisheries. Furthermore, VARD's production set-up will enable the Group to seize the opportunities that arise with the upturn in the Oil & Gas sector.

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[6] *Compared with the situation presented at December 31, 2016 the following deliveries were postponed:*
- *Two Littoral Combat Ships of Freedom class (LCS 11 and LCS 13) for US Navy, of which the deliveries were postponed from 2017 to 2018, due to the slip of the program*
- *One polar vessel for Norwegina Polar from 2017 to 2018*
- *Seven offshore units (of whohc one LPG, three OSCV and three PSV) form 2017 to 2018, according with clients*
- *One patrol vessel and one corvette for Qatari Navy, from 2021 to 2022, according with client*

For the Equipment, Systems and Services segment, development of the important backlog acquired with the contract for the renewal of the Italian Navy's fleet and for the after-sales activities associated with the contract with the Qatari Ministry of Defense is expected. The strategy for reconfiguring the Group's foothold in the value chain (by internalizing high value-added activities and externalizing lower value activities) implemented in previous years, and now consolidated, will enable the Group to gain greater penetration in non-captive after sales.

The Plan was prepared in line with the scope of consolidation and therefore does not take into account the effects associated with the share purchase agreement for 50% of STX France or the possible future alliance with Naval Group in the naval defense sector.

## Operational review by segment[7]

### SHIPBUILDING

| (euro/million) | 31.12.2017 | 31.12.2016 |
|---|---|---|
| Revenue and income (*) | 3,883 | 3,246 |
| EBITDA (*) | 269 | 185 |
| *EBITDA margin* (*) (**) | *6.9%* | *5.7%* |
| Order intake (*) | 7,526 | 5,191 |
| Order book (*) | 25,069 | 20,825 |
| Order backlog (*) | 20,238 | 16,372 |
| Capital expenditure | 90 | 165 |
| Vessels delivered (number) (***) | 12 | 13 |

(*) Before eliminations between operating segments
(**) Ratio between segment EBITDA and Revenue and income
(***) Vessels over 40 meters long

#### Revenue and income

Revenue from the Shipbuilding segment amounted to euro 3,883 million at December 31, 2017 (euro 3,246 at December 31, 2016), of which euro 2,649 million from the cruise ships business (euro 2,078 million at December 31, 2016), euro 1,212 million from the naval business (euro 1,156 million at December 31, 2016) and euro 22 million from other activities (euro 12 million at December 31, 2016).

The increase in revenues (+19.6% vs 2016) was realized mostly in the second part of the year and is mainly attributable to growth in cruise volumes, due to the bigger size and higher value of cruise ships under construction. In 2017, there were 16 units under construction (of which 5 delivered) versus 15 units under construction in 2016 (of which 5 delivered). The increase was also influenced by the progress in the Italian Navy's fleet renewal program and the full swing of design activities for the Qatari Ministry of Defense contract.

#### EBITDA

Segment EBITDA was of euro 269 million at December 31, 2017 (euro 185 million at December 31, 2016), with an EBITDA margin of 6.9% (5.7% at December 31, 2016), confirming the positive trend started in 2016 and improving significantly thanks to the construction of more profitable cruise ships, the effects of the engineering and production efficiency plan, and to the positive contribution of activities related to the Italian Navy's fleet renewal program.

#### Deliveries

A total of 12 vessels were delivered during the year:

- "Viking Sky" and "Viking Sun", the third and fourth of a series of eight cruise ships for Viking Ocean Cruises, were 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;

[7] *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.*

- “Silver Muse”, the ultra-luxury cruise ship for Silversea Cruises, was delivered at the Sestri Ponente shipyard;
- “Seaside”, the first of two next generation cruise ships, for MSC Cruises, was delivered at the Monfalcone shipyard
- FREMM “Rizzo”, the sixth unit of the 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.
- “Little Rock” (LCS 9), for the US Navy's LCS program, was delivered at the Marinette shipyard in Wisconsin (USA);
- Four ATB (an Articulated Tug Barge comprising 1 tug and 1 barge) for petroleum/chemical transportation were respectively delivered to Kirby Corporation and Plains Towing LLC at the Sturgeon Bay shipyard

## OFFSHORE

| (euro/million) | 31.12.2017 | 31.12.2016 |
|---|---|---|
| Revenue and income (*) | 943 | 960 |
| EBITDA (*) | 42 | 51 |
| *EBITDA margin* (*) (**) | *4.4%* | *5.3%* |
| Order intake (*) | 888 | 1,138 |
| Order book (*) | 2,646 | 2,366 |
| Order backlog (*) | 1,418 | 1,361 |
| Capital expenditure | 37 | 31 |
| Vessels delivered (number) | 13 | 13 |

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

### Revenue and income

Revenue from the Offshore segment amounted to euro 943 million at December 31, 2017, with a slight decrease of 1.8%, from euro 960 million at December 31, 2016. The decline in revenue, partially influenced by the negative impact of changes in the NOK/EUR exchange rate (euro 3 million), was mainly affected by the decline in demand in offshore business, especially in Norwegian and Brazilian shipyards. 2017 saw a gradual increase of volumes in the VARD shipyards in Vietnam and Romania thanks to the continuation of business diversification activities to counteract the slowdown in the Oil & Gas sector.

### EBITDA

Offshore segment reported EBITDA of euro 42 million at December 31, 2017, compared to euro 51 million in 2016, and a margin of 4.4% versus 5.3% at December 31, 2016. Business diversification activities have positively influenced the margin which is still affected by the crisis in the Oil & Gas sector with the consequent fall of volumes in Norway and Brazil.

### Deliveries

A total of 13 vessels were delivered during the period:

- “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).
- Eight MCV (“Module Carrier Vessel”) units of which, two for Kazmortransflot delivered at Vard Braila shipyard (Romania) and six for Topaz Energy and Marine delivered at Vard Vung Tau shipyard (Vietnam) and Vard Tulcea shipyard (Romania)
- One LPG carrierfor Transpetro delivered at Vard Promar shipyard (Brazil)
- One OSCV (“Offshore Subsea Construction Vessel”) for Kreuz Subsea delivered at Vard Søviknes shipyard (Norway)

## EQUIPMENT, SYSTEMS AND SERVICES

| (euro/million) | 31.12.2017 | 31.12.2016 |
|---|---|---|
| Revenue and income (*) | 558 | 495 |
| EBITDA (*) | 64 | 62 |
| *EBITDA margin* (*) (**) | *11.5%* | *12.5%* |
| Order intake (*) | 573 | 664 |
| Order book (*) | 1,973 | 1,742 |
| Order backlog (*) | 1,186 | 1,155 |
| Capital expenditure | 9 | 8 |
| Engines produced in workshops (number) | 31 | 45 |

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

### Revenue and income

Revenue from the Equipment, Systems and Services segment amounted to euro 558 million at December 31, 2017, with an increase of 12.7% versus the prior year (euro 495 million). This change is largely due to an increase in volumes of cabins and public areas realized within the Group mainly to support the cruise ship business. Volumes related to after sales services have also increased, driven by the development of the major order backlog acquired for the fleet renewal of the Italian Navy.

### EBITDA

Segment EBITDA was euro 64 million at December 31, 2017 (EBITDA margin of 11.5%), down from euro 62 million in 2016 (EBITDA margin of 12.5%). The margin decline is due to a change in the mix of products and services sold in the quarter compared to the prior year.

## OTHER ACTIVITIES

| (euro/million) | 31.12.2017 | 31.12.2016 |
|---|---|---|
| Revenue and income | - | - |
| EBITDA | (34) | (31) |
| *EBITDA margin* | *n.a.* | *n.a.* |
| Capital expenditure | 27 | 20 |

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 79.74% of share capital at December 31, 2017,thanks to purchases during the second quarter. The increase in VARD’s share capital, from 55.63% to 79.74%, does not 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.

On May 31, 2017 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.

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.

On September 27, 2017 an agreement has been reached between French and Italian governments to launch a joint process paving the way for the future creation of a progressive alliance in the naval defense sector and which will have Fincantieri and Naval Group as protagonists. With this agreement, the two governments also defined the structure of the shareholding of STX France, which envisages the participation of both Naval Group and Fincantieri.

On October 30, 2017, Fincantieri started the share buyback program in service of the Company's "Performance Share Plan 2016 – 2018", to be executed in compliance with art. 5 of Regulation (EU) n. 596/2014, as well as the Shareholders' Meeting resolution of 19 May 2017. The program was concluded on November 30, 2017 with 4,706,890 ordinary shares acquired, equal to 0.28% of the issued share capital for euro 5.2 million.

On November 13, 2017, Fincantieri informed that its subsidiary, Fincantieri Oil & Gas S.p.A. ("Fincantieri O&G"), and Vard Holdings Limited ("Vard") have jointly announced that (i) Fincantieri O&G has submitted to Vard a proposal to seek the privatization (the "Delisting Proposal") of Vard by way of a voluntary delisting (the "Delisting") from the Main Board of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), and (ii) the Board of Directors of Vard has considered the Delisting Proposal and resolved to make an application to the SGX-ST for approval of the Delisting and to convene an extraordinary general meeting (the "EGM") in due course to seek shareholder approval in respect of the resolution for the Delisting (the "Delisting Resolution"). The Delisting is conditional upon (i) the SGX-ST agreeing to Vard's application to delist, and (ii) the Delisting Resolution being approved at the EGM by a majority of at least 75 per cent., and not being voted against by 10 per cent. or more, of the total number of Vard shares held by shareholders present and voting. Subject to the above conditions, Fincantieri O&G will make an exit offer for all the issued ordinary shares in Vard, other than those already owned, controlled or agreed to be acquired by Fincantieri

O&G, its related corporations and their respective nominees (the “Exit Offer”). Under the Exit Offer, Fincantieri O&G will offer the shareholders of Vard SGD 0.25 in cash for each Vard share tendered in acceptance of the Exit Offer, for a maximum consideration of SGD 60,943,572.50 (approx. EUR 38,500,000 at the current exchange rate) in case of full acceptance. The Offer will be financed through available financial resources.

On December 1, 2017 French and Italian world-class shipbuilders Naval Group and Fincantieri, with the strong support of both French and Italian governments, announced that they will combine their expertise and present to the Government of Canada an “off-the-shelf”, sea-proven solution based on the FREMM frigate design for the supply of 15 surface combatant ships to the Royal Canadian Navy. Should the offer be accepted, the future frigates would be built in Canada at Irving Shipbuilding in a very short time, maximizing Canadian Industrial participation and job creation locally through a dedicated and comprehensive transfer of technology, as well as integrating Canadian suppliers into the two companies’ global supply chains.

**Key events after December 31, 2017**

On January 17, 2018 Fincantieri signed a cooperation protocol with the autonomous Region of Friuli Venezia Giulia and the trade unions Cgil, Cisl and Uil, aimed at carrying out a series of initiatives to encourage job placement processes, stimulate local employment, especially youth employment, thus contributing to the social and economic development of the regional territory.

On February 2, 2018 Fincantieri, through its subsidiary Fincantieri Europe S.p.A., signed a share purchase agreement for the acquisition of 50% of the share capital of STX France from the French State, represented by the Agence des Participations de l'Etat (APE).The signing takes place after the resolution of the share purchase agreement previously signed between Fincantieri and STX Europe on May 19, 2017 as a consequence of the exercise by the French State of its pre-emption right for the acquisition of the entirety of STX France share capital on July 28, 2017 and follows the signing of the share purchase agreement between the French State and STX Europe. The acquisition by Fincantieri is subject to the closing of the transaction between the French State and STX Europe and to customary conditions for this kind of transactions. The agreement provides for a purchase price of euro 59.7 million for Fincantieri, which shall be paid through available financial resources. Pursuant to this agreement, upon closing the parties will also execute the shareholders agreement and the stock lending agreement relating to 1% of the share capital of STX France which will be lent by APE to Fincantieri upon terms and conditions already agreed between the parties.

On February 19, 2018 the US Navy awarded to Fincantieri’s subsidiary Marinette Marine a $15M contract to evolve its FREMM-design into the next-generation frigate of the FFG(X) program.

On March 5, 2018, Fincantieri and the Grimaldi Group signed a letter of intent for the lengthening and refurbishment program for the cruise ferries “Cruise Roma” and “Cruise Barcelona”.

On March 6, 2018 Fincantieri and Viking have announced that they entered an agreement for 6 further ocean ships, which would lead to a total number of 16 units built in cooperation between the two companies, expanding the horizon of the partnership until 2027.

On the same date, VARD has signed a contract for the design and construction of two additional luxury expedition cruise vessels for French cruise company PONANT.

**2018-2022 BUSINESS PLAN**

Today, the Board of Directors also approved the 2018-2022 Business Plan, developed from the previous 2016-2020 version and, as such, not including STX France's consolidation.

Consistently with the targets set by the previous Plan, the Group aims at further strengthening its competitive leadership in high value added segments of the shipbuilding industry, through:

- Robust and diversified growth, also in terms of product/client portfolio in core segments
- Profitability growth to support the Group's organic growth and allow shareholders' returns

**Shipbuilding**

The positive trend in global cruise tourism keeps sustaining momentum for the cruise activities of the Group. In fact, with respect to the previous Plan, the positive outlook for this tourist segment is confirmed, with an expected number of cruise passengers in 2030 exceeding 49 million (vs 25.8 million in 2017), amounting to a CAGR of 5.1%.

Such expectations are confirmed by the strategies implemented by cruise operators, who started substantial newbuilding programs, particularly aimed at emerging markets, to anticipate demand growth and gain a more competitive positioning in the market. Consequently, as the Group's shipyards are now operating at full capacity, with planned production schedules until 2022, market prices will be positively impacted.

In such a context, revenue growth for the cruise segment will be driven by both new orders and the deployment of important backlog, with more than 90% of the Plan's revenues already covered by existing contracts and MoA's.

The expected increase in revenue is also a consequence of the order portfolio composition, besides quantity. The portfolio is in fact characterized by both a positive trend in lower berth pricing and a greater proportion of large cruise ships (above 140 GRT); the combined effect of these two factors will allow the development of innovative projects with greater value. Furthermore, the Group will build an increasing number of luxury-niche cruise ships (a fast growing sub-segment) which are usually more profitable, despite the smaller size.

To better deploy its backlog, Fincantieri plans to optimize the productive capacity of Italian shipyards and along the supply chain, besides leveraging on the substantial production synergies with Vard's Romanian shipyards, particularly through an increased use of the Tulcea yard to support the Italian production network, therefore reducing the overload that would be otherwise incurred.

Concerning the naval segment, Fincantieri will continue the implementation of the Italian Navy's fleet renewal program (with scheduled deliveries up to 2026), the LCS program for the US Navy (deliveries until 2025, if all options are exercised) and the full-swing of activities related to the contract with the Qatari Navy (deliveries until 2024).

Leveraging on its ability to export well-proven products and to develop new concepts, the Group will pursue an expansion strategy by bidding for foreign navies tenders (such as Australia's SEA 5000 and US Navy's FFG(X) in which it is already involved), in a context of higher expected demand for new naval vessels globally.

In terms of margins, the main drivers for the Shipbuilding business in the Plan's period will be:

- a high number of cruise ships based on models already realized (so called “sister ships”) compared to prototype ships, with a positive impact on margins due to lower developing and operating costs. Particularly, on a total of 24 vessels to be delivered during Business Plan horizon, 3 of them are prototypes
- the prosecution of the positive trend for the pricing of cruise ships, with the resulting increase in revenue per lower berth; such trend is even more positive than was forecasted in the previous Plan
- the increased proportion of Naval revenues on Shipbuilding revenues

**Offshore**

In the offshore segment, the persistent crisis of the Oil&Gas market, determined by its specific industry dynamics, kept E&P expenditures low, with companies continuing the implementation of cost reduction programs. All of the above comes in the context of unfavorable demand for PSV (Platform Supply Vessel) and AHTS (Articulated Handling Tug Supply) vessels, characterized by excessive supply due to the fall in oil prices and the postponement of drilling projects.

Despite the expected recovery in E&P investments in the medium/long term, the Group intends to continue with the strengthening and diversification actions already implemented in the previous Plan.

Particularly:

- exploitation of acquired skillset on higher value-added vessels in the Offshore industry, to establish into other segments of the Oil&Gas market, pursuing a tender driven approach
- market and product diversification, leveraging on competences and relationships acquired from Vard (e.g. expedition cruise, aquaculture, wind offshore) and also thanks to the refocusing of production sites (Norway, Romania, Brazil, Vietnam) coupled with the pursuit of selected opportunities in the military segment in countries where the Group operates directly

**Equipment, Systems and Services**

In the Equipment, Systems and Services sector the Group will keep growing in the traditional equipment and naval aftersales segments, through backlog deployment, growth of non-captive business and extended product offering. Leveraging on the internationalization of the Cabins and Integrated Systems businesses, the Group aims to increase the insourcing of activities in high value added segments that represent critical supplies for the ships, such as “Public Areas” (that will increase from 13% of supplies to approximately 27% in the business Plan horizon).

Furthermore, the development of aftersales services in all the insourced business areas, and those that will be insourced, will be extended to other segments as well, particularly the cruise one.

**Consolidated medium term financial targets**

The following are the forecasts for 2018:

- Revenues increasing by +3-6% compared to 2017
- EBITDA margin at approx. 7.5%

- Net financial position at approx. euro 0.4-0.6 billion of net debt
- Adjusted net profit margin: between 1.8% and 2.0%

The following are the objectives for 2020:

- Revenues increasing by 18-20% compared to 2018
- EBITDA margin at approx. 8%
- Net financial position at approx. euro 0.2-0.4 billion of net debt
- Adjusted net profit margin: between 2.0% and 3.0%

The following are the objectives for 2022:

- Revenues increasing by 17-21% compared to 2020
- EBITDA margin between 8% and 9%
- Net financial position at approx. euro 0.0-0.1 billion of net debt
- Adjusted net profit margin: between 3.0% and 4.0%

## CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO LEGISLATIVE DECREE NO. 254/2016

In today's meeting, the Board of Directors approved the non-financial statement at December 31, 2017, pursuant to Legislative Decree No. 254/2016, concerning the communication of non-financial information and the diversity of companies and large groups.

The approval of this document confirms the Company's commitment to the respect and promotion of the human rights, the labour rights, the environment, the transparency and fight against corruption, the health and safety of business activities, the rights of all stakeholders, the product liability and innovation.

Fincantieri's non-financial statement for the year 2017 will be made available to the public in the terms and modalities laid down in the current legislation.

## ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING

The Board of Directors convened the Ordinary and Extraordinary Shareholders' Meeting to be held on May 11, 2018 on single call, in order to resolve upon the following items:

- ordinary meeting: (i) approval of Financial statements as at December 31, 2017, the draft financial statements of the parent company at December 31, 2017 and the Consolidated Non-financial Statement at December 31, 2017 pursuant to Legislative Decree No. 254/2016; (ii) approval of the allocation of the profit and dividend distribution; (iii) approval of a stock grant plan for top management, called "Performance Share Plan 2019-2021" (the "Plan"); (iv) authorization to purchase and dispose of treasury shares following the expiry of the previous authorization granted by the Shareholder's Meeting; (v) non-binding vote on the first Section of the Remuneration Report in accordance with Article 123-ter, paragraph 6, of the Italian Consolidated Financial Act;
- extraordinary meeting: (i) issue of up to 25,000,000 ordinary shares without nominal value, having the same characteristics as those in circulation, for the purposes of the Performance Share Plan 2019-2021, to be attributed to the management of Fincantieri and/or its subsidiaries, according to Article 2349 of the Italian Civil Code.

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

**Ordinary meeting**

Approval of Financial statements as at December 31, 2017

Concerning the Financial statements as at December 31, 2017 the Board of Directors resolved to propose to the Shareholders' Meeting its approval, which recorded a net profit of euro 119,271,716.26 million.

Approval of the allocation of the profit and dividend distribution

Concerning net results recorded by the Financial statements as at December 31, 2017, which was euro 119,271,716.26 million, the Board of Directors resolved to propose to the Shareholders' Meeting:

(i) the allocation of the net profit, which was euro 119,271,716.26 million, as following:

- for 5% of net profit to the Legal reserve
- a dividend of euro 0.01 to be paid to all shares outstanding at the date the shares trade ex-dividend (May 21, 2018), excluding those in treasury stock at the same date. The total amount of dividend distribution, considering shares outstanding at March 27, 2018 (1,687,412,180), is estimated to be of euro 16,874,121.80
- and for remaining portion to the Extraordinary reserve.

(ii) The payment, gross of legal withholdings, of a dividend of euro 0.01 per share from May 23, 2018, with the coupon payment on May 21, 2018 (date of legitimation of dividend payment) and a record date of May 22, 2018.

Performance Share Plan 2019-2021

The Board of Directors resolved to submit the Performance Share Plan 2019-2021 for approval to the Ordinary Shareholders' Meeting, pursuant to art. 114-bis of the Italian Consolidated Financial Act, with a continuity-based approach with the previous Performance Share Plan 2016-2028 .

In doing so, the Company intends to demonstrate its intention to strongly incentivize and retain its management, with the aim of motivating its performance within Fincantieri and the achievement of strategic objectives.

The Plan, structured on three cycles each lasting three years, provides for the free granting, to up to 65 beneficiaries, of a maximum of 25,000,000 Fincantieri ordinary shares without nominal value, subject to the achievement of specific performance targets related to the three-year periods 2019-2021 (first cycle), 2020-2022 (second cycle) and 2021-2023 (third cycle).

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

Directors as proposed by the Chief Executive Officer and having heard the opinion of the Remuneration Committee.

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

For the first cycle (2019-2021) the performance targets are (i) EBITDA; (ii) Total Shareholder Return ("TSR") compared to the index FTSE *Italia All Share* (modified by excluding companies that operate exclusively or mainly in banking, insurance or asset management) and to a specifically identified international Peers group; and (iii) a sustainability target based on the sustainability index, which measures the achievement of the sustainability objectives which the Company has, combined and/or in addition to those of the financial economic performance, in order to align itself to European best practices and to the increasingly growing expectations of the financial community on sustainable development.

The performance targets for the second and third cycle will be identified at the moment of the assignment of the related entitlements.

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

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

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

Authorization to purchase and dispose of treasury shares

The Board of Directors also resolved to submit the Ordinary Shareholders' Meeting the proposal for the authorization to purchase and dispose of treasury shares, following the expiry of the previous authorization granted by the Shareholder's Meeting on May 19, 2017.

In accordance with this authorization and what already communicated to market, the Company, at October 25, 2017, initiated the share buyback program in service of the Company's "Performance Share Plan 2016 – 2018", which ended at December 4, 2017 with 4,706,890 ordinary shares acquired.

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

The authorization to purchase treasury shares is requested for a period of 18 months from the date of the corresponding Shareholder's Meeting resolution and for a maximum amount of shares not exceeding one fifth of the share capital of the Company, corresponding to a maximum expected cash out for the Company of approx. euro 485 million considering the current Fincantieri share price. The authorization to dispose of treasury shares is requested without time limits.

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

As today, the Company holds a total of 4,706,890 ordinary shares, equal to approximately 0.28% of the total number of shares issued. The Company's subsidiaries do not hold Fincantieri shares.

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

**Extraordinary meeting**

Issue of new shares for the purposes of "Performance Share Plan 2019-2021"

The Board of Directors also resolved to submit to the Extraordinary Shareholders' Meeting the issue, according to Article 2349 of the Italian Civil Code, of up to 25,000,000 ordinary shares without nominal value in one or more tranches and by December, 31 2024. The purpose of the issue is free allocation of shares, without share capital increase, to the top management of Fincantieri and/or its subsidiaries to service the incentive plan called "Performance Share Plan 2019-2021".

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

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

Further information regarding the proposal related to the issue of up to 25,000,000 ordinary shares to be allocated to the Plan beneficiaries according to Article 2349 of the Italian Civil Code, is included in the Explanatory Report prepared by the Board of Directors according to Article 125-ter of the Italian Consolidated Financial Act and of the Article 72 of Consob Regulation No. 11971 of May 14, 1999, that will be made available to the public within the terms laid down by the regulations in force.

* * *

*The Manager Responsible for Preparing Financial Reports, Carlo Gainelli, declares, pursuant to paragraph 2 of article 154-bis of Italian Legislative Decree no. 58 dated February 24, 1998, that the information contained in this press release corresponds to the underlying documentary and accounting books and records.*

* * *

*This press release is available to the public at the Company's registered office and on its website (www.fincantieri.com) under "Investor Relations - Financial Statements" and on the centralized storage of regulated information denominated eMarket STORAGE, available at the website www.emarketstorage.com.*

* * *

*DISCLAIMER*
*Forecast data and information must be regarded as forward-looking statements and therefore, not being based on simple historical facts, contain, by their nature, an element of risk and uncertainty because they also depend on the occurrence of future events and developments outside the Company's control. Actual results could therefore be materially different from those expressed in forward-looking statements. Forward-looking statements refer to the information available at the date of their publication; Fincantieri S.p.A. reserves the right to communicate any changes in its forward-looking data and information within the time and in the manner required by law.*

* * *

*The financial results for 2017 full year will be presented to the financial community during a conference call scheduled for Wednesday March 28, 2018 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 19,500 employees, of whom more than 8,300 in Italy, 20 shipyards in 4 continents, today Fincantieri is the leading Western shipbuilder. It has among its clients the major cruise operators, the Italian and the U.S. Navy, in addition to several foreign navies, and it is partner of some of the main European defense companies within supranational programmes.*
www.fincantieri.com

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**APPENDICES**

Presented below are the reclassified consolidated versions of the income statement, statement of financial position and statement of cash flows and the breakdown of consolidated net financial position, used by management to monitor business performance.

**RECLASSIFIED CONSOLIDATED INCOME STATEMENT**

| (euro/million) | 31.12.2017 | 31.12.2016 |
|---|---|---|
| **Revenue and income** | **5,020** | **4,429** |
| Materials, services and other costs | (3,742) | (3,291) |
| Personnel costs | (909) | (846) |
| Provisions | (28) | (25) |
| **EBITDA** | **341** | **267** |
| ***EBITDA margin*** | ***6.8%*** | ***6.0%*** |
| Depreciation, amortization and impairment | (120) | (110) |
| **EBIT** | **221** | **157** |
| ***EBIT margin*** | ***4.4%*** | ***3.5%*** |
| Finance income/(costs) | (83) | (66) |
| Income/(expense) from investments | (5) | (10) |
| Income taxes | (42) | (21) |
| **Profit/(loss) before extraordinary and non-recurring income and expenses** | **91** | **60** |
| *of which attributable to Group* | *95* | *66* |
| Extraordinary and non-recurring income and (expenses) | (49) | (59) |
| Tax effect of extraordinary and non-recurring income and expenses | 11 | 13 |
| **Profit/(loss) for the period** | **53** | **14** |
| *of which attributable to Group* | *57* | *25* |

## RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| (euro/million) | 31.12.2017 | 31.12.2016 |
|---|---|---|
| Intangible assets | 582 | 595 |
| Property, plant and equipment | 1,045 | 1,064 |
| Investments | 53 | 58 |
| Other non-current assets and liabilities | 122 | (69) |
| Employee benefits | (59) | (58) |
| **Net fixed capital** | **1,743** | **1,590** |
| Inventories and advances | 835 | 590 |
| Construction contracts and client advances | 648 | 604 |
| Construction loans | (624) | (678) |
| Trade receivables | 909 | 1,123 |
| Trade payables | (1,748) | (1,307) |
| Provisions for risks and charges | (141) | (126) |
| Other current assets and liabilities | 1 | 59 |
| **Net working capital** | **(120)** | **265** |
| **Net assets classified as held for sale** | **-** | **1** |
| **Net invested capital** | **1,623** | **1,856** |
| | | |
| Share capital | 863 | 863 |
| Reserves and retained earnings attributable to the Group | 374 | 223 |
| Non-controlling interests in equity | 72 | 155 |
| **Equity** | **1,309** | **1,241** |
| **Net financial position** | **314** | **615** |
| **Sources of funding** | **1,623** | **1,856** |

## RECLASSIFIED CONSOLIDATED STATEMENT OF CASH FLOWS

| (euro/million) | 31.12.2017 | 31.12.2016 |
|---|---|---|
| Net cash flows from operating activities (*) | 532 | 73 |
| Net cash flows from investing activities | (168) | (237) |
| Net cash flows from financing activities | (299) | 115 |
| **Net cash flows for the period** | **65** | **(49)** |
| | | |
| **Cash and cash equivalents at beginning of period** | **220** | **260** |
| Effects of currency translation difference on opening cash and cash equivalents | (11) | 9 |
| **Cash and cash equivalents at end of period** | **274** | **220** |

## CONSOLIDATED NET FINANCIAL POSITION

| (euro/million) | 31.12.2017 | 31.12.2016 |
|---|---|---|
| **Cash and cash equivalents** | **274** | **220** |
| **Current financial receivables** | **35** | **33** |
| Current bank debt | (122) | (306) |
| Bonds – current portion(*) | (300) | - |
| Current portion of bank loans and credit facilities | (52) | (128) |
| Other current financial liabilities | (8) | (19) |
| **Current debt** | **(482)** | **(453)** |
| **Net current cash/(debt)** | **(173)** | **(200)** |
| **Non-current financial receivables** | **123** | **115** |
| Non-current bank debt | (262) | (229) |
| Bonds | - | (298) |
| Other non-current financial liabilities | (2) | (3) |
| **Non-current debt** | **(264)** | **(530)** |
| **Net financial position** | **(314)** | **(615)** |

(*) Bond were reclassified from non-current portion to current portion, due to contractual maturities

## EXCHANGE RATES

The exchange rates used to translate the financial statements of Group companies with a "functional currency" other than the Euro are as follows:

| | 31.12.2017 | | 31.12.2016 | |
|---|---|---|---|---|
| | Average | Spot | Average | Spot |
| US Dollar (USD) | 1.1297 | 1.1993 | 1.1069 | 1.0541 |
| Australian Dollar (AUD) | 1.4732 | 1.5346 | 1.4883 | 1.4596 |
| UAE Dirham (AED) | 4.1475 | 4.4044 | 4.0634 | 3.8696 |
| Brazilian Real (BRL) | 3.6054 | 3.9729 | 3.8561 | 3.4305 |
| Norwegian Krone (NOK) | 9.3270 | 9.8403 | 9.2906 | 9.0863 |
| Indian Rupee (INR) | 73.5324 | 76.6055 | 74.3717 | 71.5935 |
| Romanian Leu (RON) | 4.5688 | 4.6585 | 4.4904 | 4.539 |
| Chinese Yuan (CNY) | 7.6290 | 7.8044 | 7.3522 | 7.3202 |
| Swedish Krona (SEK) | 9.6351 | 9.8438 | 9.4689 | 9.5525 |

**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 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 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**

| (euro/million) | 31.12.2017 Amounts in IFRS statement | 31.12.2017 Amounts in reclassified statement | 31.12.2016 Valori schema obbligatorio | 31.12.2016 Valori schema riclassificato |
|---|---|---|---|---|
| **A – Revenue** | | **5,020** | | **4,429** |
| Operating revenue | 4,914 | | 4,347 | |
| Other revenue and income | 106 | | 87 | |
| Recl. to I – Extraordinary and non-recurring income and expenses | | | (5) | |
| **B - Materials, services and other costs** | | **(3,742)** | | **(3,291)** |
| Materials, services and other costs | (3,747) | | (3,296) | |
| Recl. to I – Extraordinary and non-recurring income and expenses | 5 | | 5 | |
| **C - Personnel costs** | | **(909)** | | **(846)** |
| Personnel costs | (912) | | (858) | |
| Recl. to I – Extraordinary and non-recurring income and expenses | 3 | | 12 | |
| **D – Provisions** | | **(28)** | | **(25)** |
| Provisions | (69) | | (72) | |
| Recl. to I – Extraordinary and non-recurring income and expenses | 41 | | 47 | |
| **E – Depreciation, amortization and impairment** | | **(120)** | | **(110)** |
| Depreciation, amortization and impairment | (120) | | (110) | |
| **F – Finance income and (costs)** | | **(83)** | | **(66)** |
| Finance income and costs | (83) | | (66) | |
| **G - Income/(expense) from investments** | | **(5)** | | **(10)** |
| Income/(expense) from investments | (5) | | (10) | |
| **H - Income taxes** | | **(42)** | | **(21)** |
| Income taxes | (31) | | (8) | |
| Recl. to L – Tax effect of extraordinary and non-recurring income and expenses | (11) | | (13) | |
| **I - Extraordinary and non-recurring income and expenses** | | **(49)** | | **(59)** |
| Recl. from A - Revenue and income | | | 5 | |
| Recl. from B - Materials, services and other costs | (5) | | (5) | |
| Recl. from C - Personnel costs | (3) | | (12) | |
| Recl. from D - Provisions | (41) | | (47) | |
| **L- Tax effect of extraordinary and non-recurring income and expenses** | | **11** | | **13** |
| Recl. from H – Income taxes | 11 | | 13 | |
| **Profit/(loss) for the year** | | **53** | | **14** |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| (euro/million) | | 31.12.2017 Amounts in IFRS statement | 31.12.2017 Amounts in reclassified statement | 31.12.2016 Amounts in IFRS statement | 31.12.2016 Amounts in reclassified statement |
|---|---|---|---|---|---|
| **A)** | **Intangible assets** | | **582** | | **595** |
| | *Intangible assets* | 582 | | 595 | |
| **B)** | **Property, plant and equipment** | | **1,045** | | **1,064** |
| | *Property, plant and equipment* | 1,045 | | 1,064 | |
| **C)** | **Investments** | | **53** | | **58** |
| | *Investments* | 53 | | 58 | |
| **D)** | **Other non-current assets and liabilities** | | **122** | | **(69)** |
| | *Derivative assets* | 144 | | 4 | |
| | *Other non-current assets* | 26 | | 16 | |
| | *Other liabilities* | (31) | | (48) | |
| | *Derivative liabilities* | (17) | | (41) | |
| **E)** | **Employee benefits** | | **(59)** | | **(58)** |
| | *Employee benefits* | (59) | | (58) | |
| **F)** | **Inventories and advances** | | **835** | | **590** |
| | *Inventories and advances* | 835 | | 590 | |
| **G)** | **Construction contracts and client advances** | | **648** | | **604** |
| | *Construction contracts - assets* | 1,995 | | 1,374 | |
| | *Construction contracts – liabilities and client advances* | (1,347) | | (770) | |
| **H)** | **Construction loans** | | **(624)** | | **(678)** |
| | *Construction loans* | (624) | | (678) | |
| **I)** | **Trade receivables** | | **909** | | **1,123** |
| | *Trade receivables and other current assets* | 1,156 | | 1,383 | |
| | *Recl. to N) Other assets* | (247) | | (260) | |
| **L)** | **Trade payables** | | **(1,748)** | | **(1,307)** |
| | *Trade payables and other current liabilities* | (1,973) | | (1,496) | |
| | *Recl. to N) Other liabilities* | 225 | | 189 | |
| **M)** | **Provisions for risks and charges** | | **(141)** | | **(126)** |
| | *Provisions for risks and charges* | (141) | | (126) | |
| **N)** | **Other current assets and liabilities** | | **1** | | **59** |
| | *Deferred tax assets* | 72 | | 154 | |
| | *Income tax assets* | 19 | | 23 | |
| | *Derivative assets* | 16 | | 8 | |
| | *Recl. from I) Other current assets* | 247 | | 260 | |
| | *Deferred tax liabilities* | (62) | | (85) | |
| | *Income tax liabilities* | (12) | | (11) | |
| | *Derivative liabilities and option fair value* | (54) | | (101) | |
| | *Recl. from L) Other current liabilities* | (225) | | (189) | |
| **O)** | **Net assets/(liabilities) held for sale** | | | | **1** |
| **NET INVESTED CAPITAL** | | | **1,623** | | **1,856** |
| **P)** | **Equity** | | **1,309** | | **1,241** |
| **Q)** | **Net financial position** | | **314** | | **615** |
| **SOURCES OF FUNDING** | | | **1,623** | | **1,856** |

| | |
|---|---|
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