FY 2017 RESULTS

March 28, 2018

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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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FY 2017 Key Messages

- **Results in line with Business Plan 2016-2020 targets**
- **Record-high revenues, exceeding € 5 billion** (+13% vs FY 2016), **EBITDA at € 341 million** (+28% vs FY 2016), **Adjusted Net Profit**$^{(1)}$ **of € 91 million** (+52% vs FY 2016) and **Profit for the year at € 53 million** (279% vs FY 2016)
- **Order intake at € 8.6 billion** (+31% vs FY 2016), reconfirming the commercial effectiveness of the Group and the positive market environment. The important order for the new client Norwegian Cruise Line and the order for two new Seaside EVO cruise ships by MSC highlight the ability to attract new and retain existing clients
- **Total backlog**$^{(2)}$ in excess of **€ 26 billion,** covering ~ 5 years of work if compared to revenues:
  - **backlog at € 22 billion** (+21%) with a portfolio of 106 units
  - **soft backlog**$^{(3)}$ **at € 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 at € 314 million** (vs € 615 million in FY 2016)
- **Signed a share purchase agreement for the acquisition of 50 % of the share capital of STX France**
- **Announced the delisting proposal for VARD**
- Proposed **Dividend payment of € 0.01 per share**

(1) Net result before extraordinary and non recurring items
(2) Sum of backlog and soft backlog
(3) 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

FY 2017 main orders (1/2)

Orders acquired in Q4

		Vessel	Client	Delivery
Shipbuilding		**4 cruise ships**	*Norwegian Cruise Line*	2022-2025
		**1 cruise ship**	*Holland America Line (Carnival Corporation)*	2021
		**1 cruise ship (sixth "Royal Princess" class vessel)**	*Princess Cruises (Carnival Corporation)*	2022
		**1 cruise ship**	*Silversea Cruises*	2020
		**2 cruise ships**	*Viking Ocean Cruises*	2021-2022
		**2 cruise ships**	*MSC Cruises*	2021-2023
		**Littoral Combat Ship "Freedom" (LCS 27)**	*US Navy*	2020

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FY 2017 main orders (2/2)

Orders acquired in Q4

		Vessel	Client	Delivery
Offshore		**1 krill fishing vessel**	*Aker BioMarine*	2018
		**1 live fish transportation vessel**	*Fjordlaks Aqua*	2018
		**1 research expedition vessel**	*Rosellinis Four-10 (wholly-owned by the industrialist Kjell Inge Røkke)*	2020
		**1 expedition cruise vessel**	*Coral Expeditions*	2019
		**2 Offshore Fish Farming Operation Platforms**	*Cermaq*	2018
		**7 Stern Trawlers**	*Bergur-Huginn, Utgerdarfelag Akureyringa, Gjögur, Skinney-Thinganes*	2019
		**1 Luxury Polar Expedition Cruise Vessel**	*Ponant*	2021

FY 2017 main deliveries (1/2)

Deliveries in Q4

		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
		**Cruise ship “Viking Sun”**	*Viking Ocean Cruises*	Ancona
		**Littoral Combat Ship “Little Rock” (LCS 9)**	*US Navy*	Marinette
		**Cruise ship “MSC Seaside”**	*MSC*	Monfalcone

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FY 2017 main deliveries (2/2)

Deliveries in Q4

		Vessel	Client	Delivery
Offshore		**OSCV "Skandi Buzios"**	*Techdof*	Vard Søviknes
		**OSCV "Far Superior"**	*Farstad*	Vard Vung Tau
		**OSCV "Skandi Vinland"**	*DOF*	Vard Langsten
		**2 Module Carrier Vessels**	*Kazmortransflot*	Vard Braila
		**6 Module Carrier Vessels**	*Topaz Energy and Marine*	Vard Vung Tau Vard Tulcea
		**1 LPG Carrier "Gilberto Freyre"**	*Transpetro*	Vard Promar
		**OSCV "Kreuz Challenger"**	*Kreuz Subsea*	Vard Søviknes

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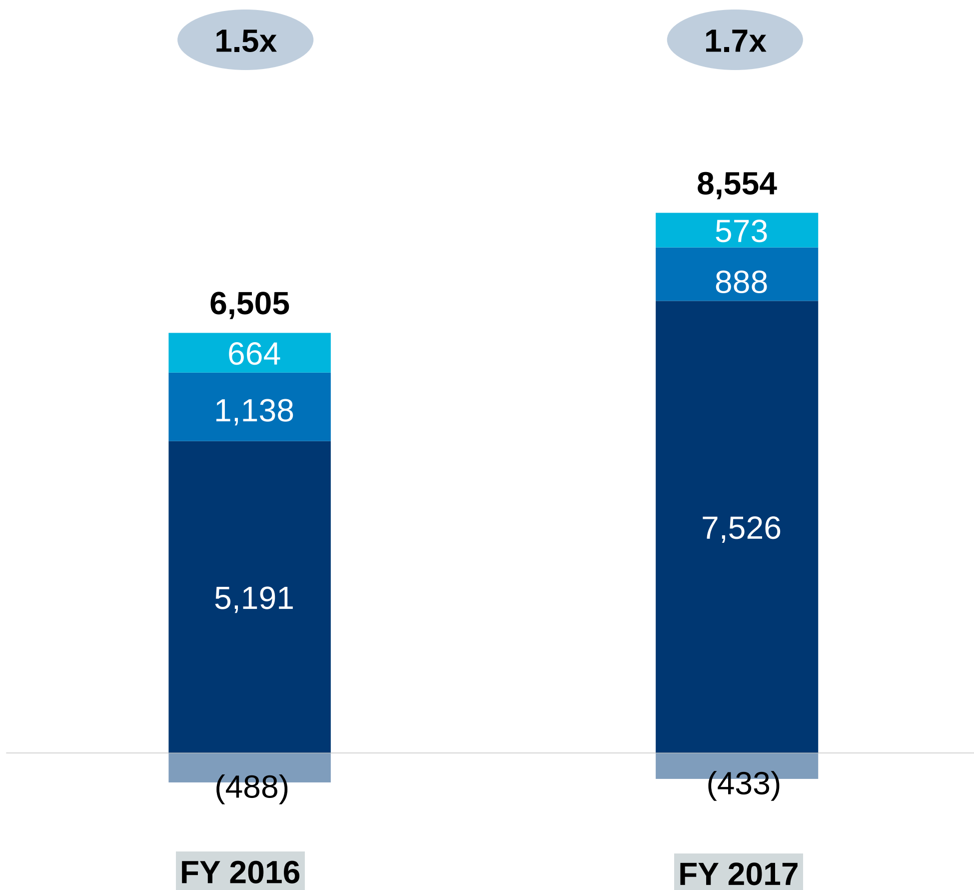
Order intake and backlog – by segment

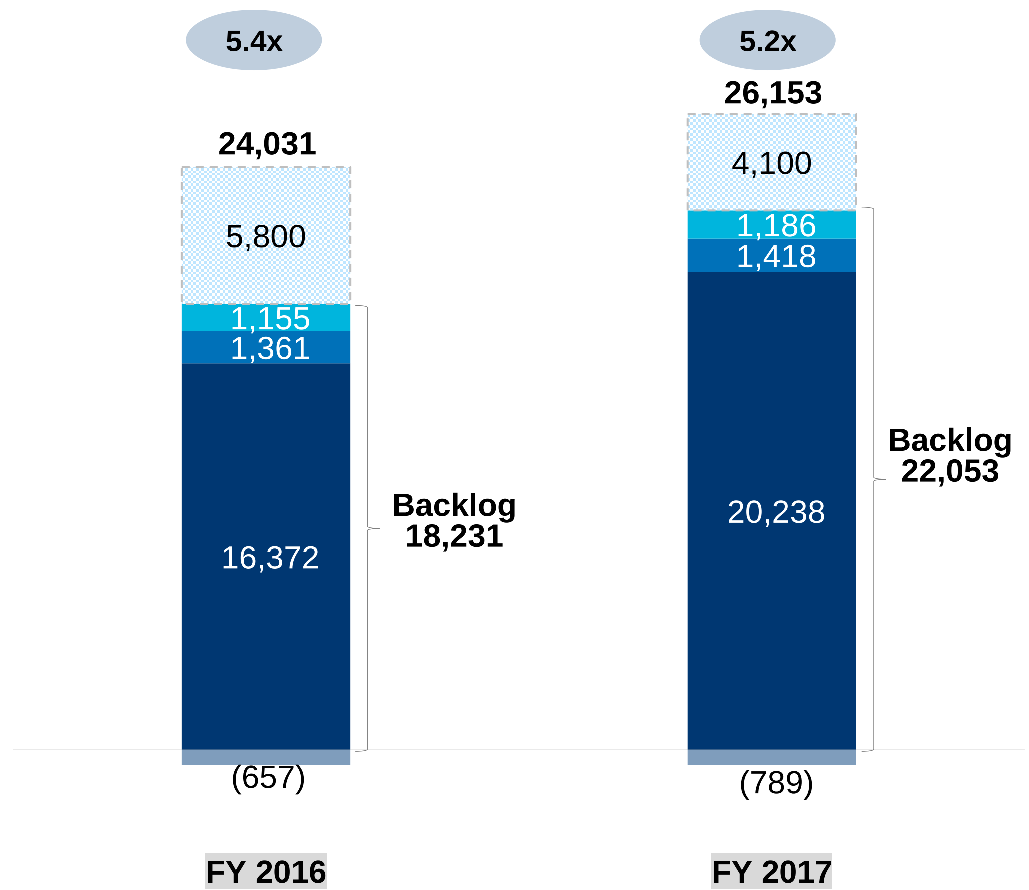
Order intake

€ 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*

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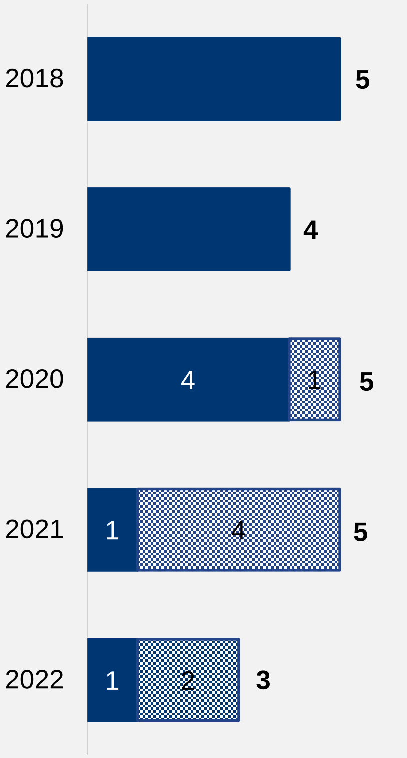
Backlog deployment – by segment and end market

Shipbuilding

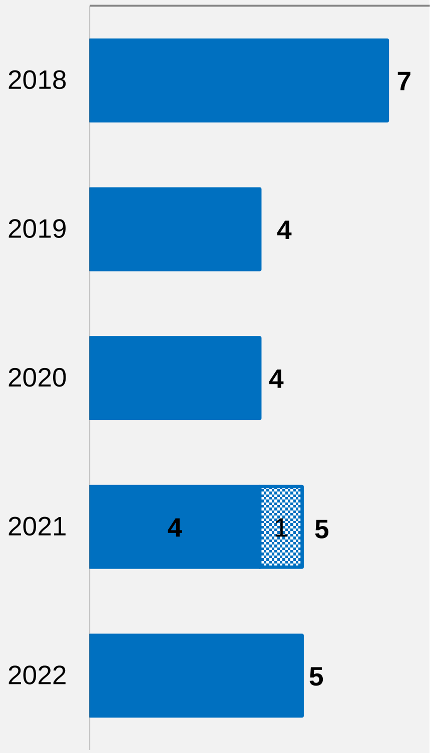
 # ship deliveries(1)

Cruise



- Additional 4 units scheduled after 2022
- **26 vessels in backlog**

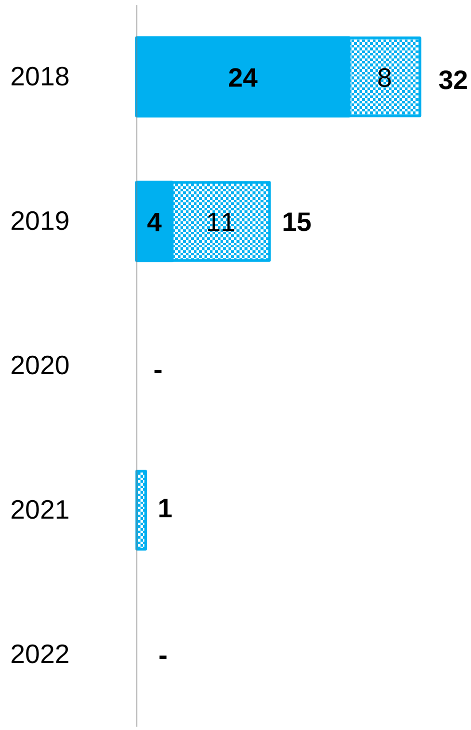
Naval(2)



- Additional 7 units scheduled after 2022
- **32 vessels in backlog**

Offshore

 # ship deliveries



- **48 vessels in backlog**

New orders in FY 2017

Comments

- 25 units delivered in FY 2017, 32 units acquired in the period, 106 ships in backlog at December 31, 2017
- Cruise: 26 vessels
  - Deliveries up to 2025, stretching to 2027 in case of confirmation of the option for 2 ships for Norwegian Cruise Line
- Naval: 32 vessels
  - Deliveries up to 2026, with 7 units scheduled after 2022
- Offshore(3): 48 vessels
  - 8 expedition cruise vessels in backlog

(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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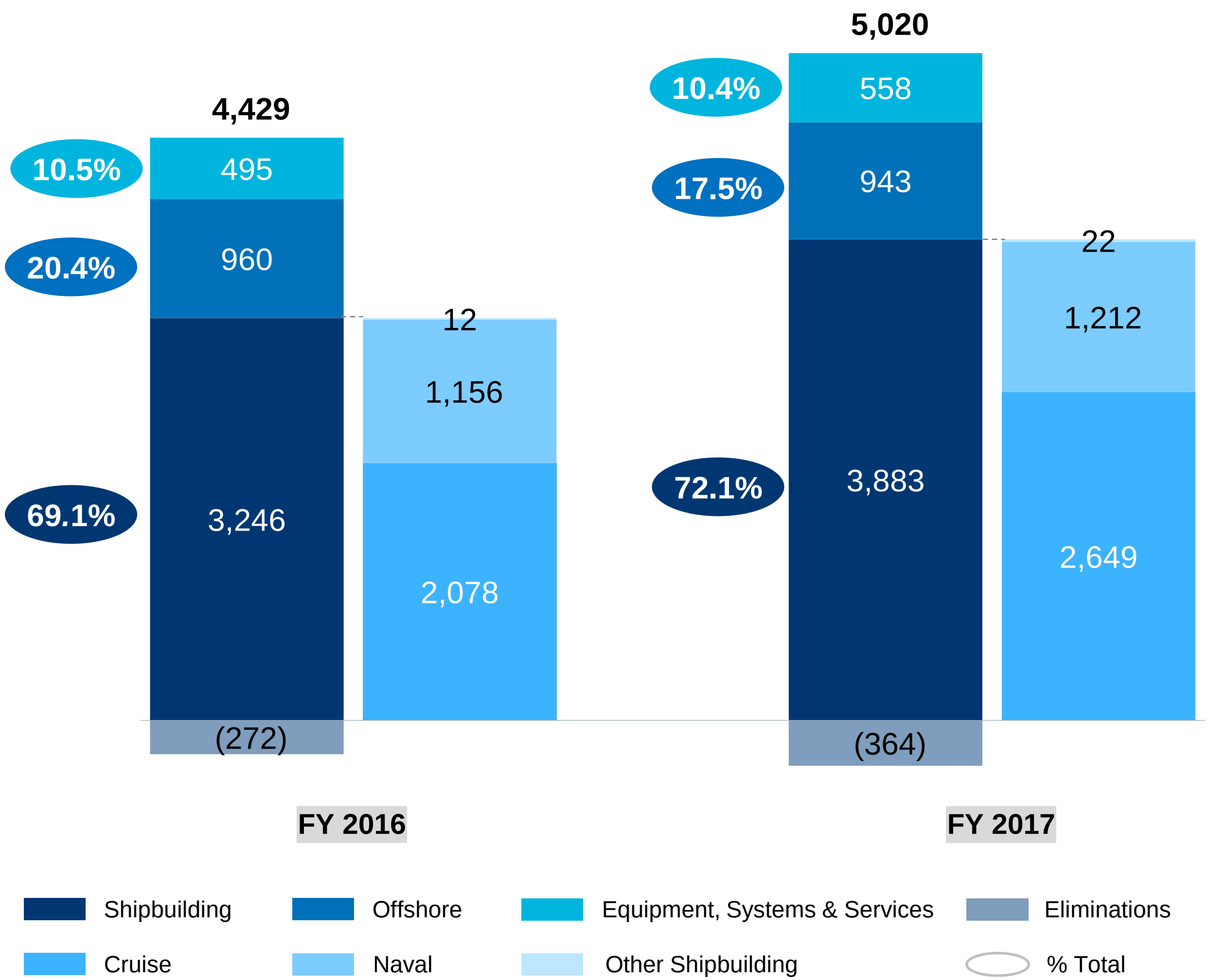
Revenues – by segment and end market

Breakdown by segment and end market(1)

€ mln



(1) *Breakdown calculated on total revenues before eliminations*

Comments

- Shipbuilding
  - Growth of revenues in cruise, reaching 49% of Group's total
  - Progress of Italian Navy's fleet renewal program and full swing of design activities for the Qatari Ministry of Defense contract
- Offshore
  - Slight reduction of production volumes due to the downturn of production in Norway and Brazil and negative effect of NOK/EUR exchange rate (€ 3 mln)
  - Partially offset by growth of volume in Vietnam and Romania shipyards
- Equipment, Systems and Services
  - The increase in revenues is mainly due to the higher volume of cabins and public areas installation and to the growth in volume of after sales activities, driven by workload for the Italian Navy

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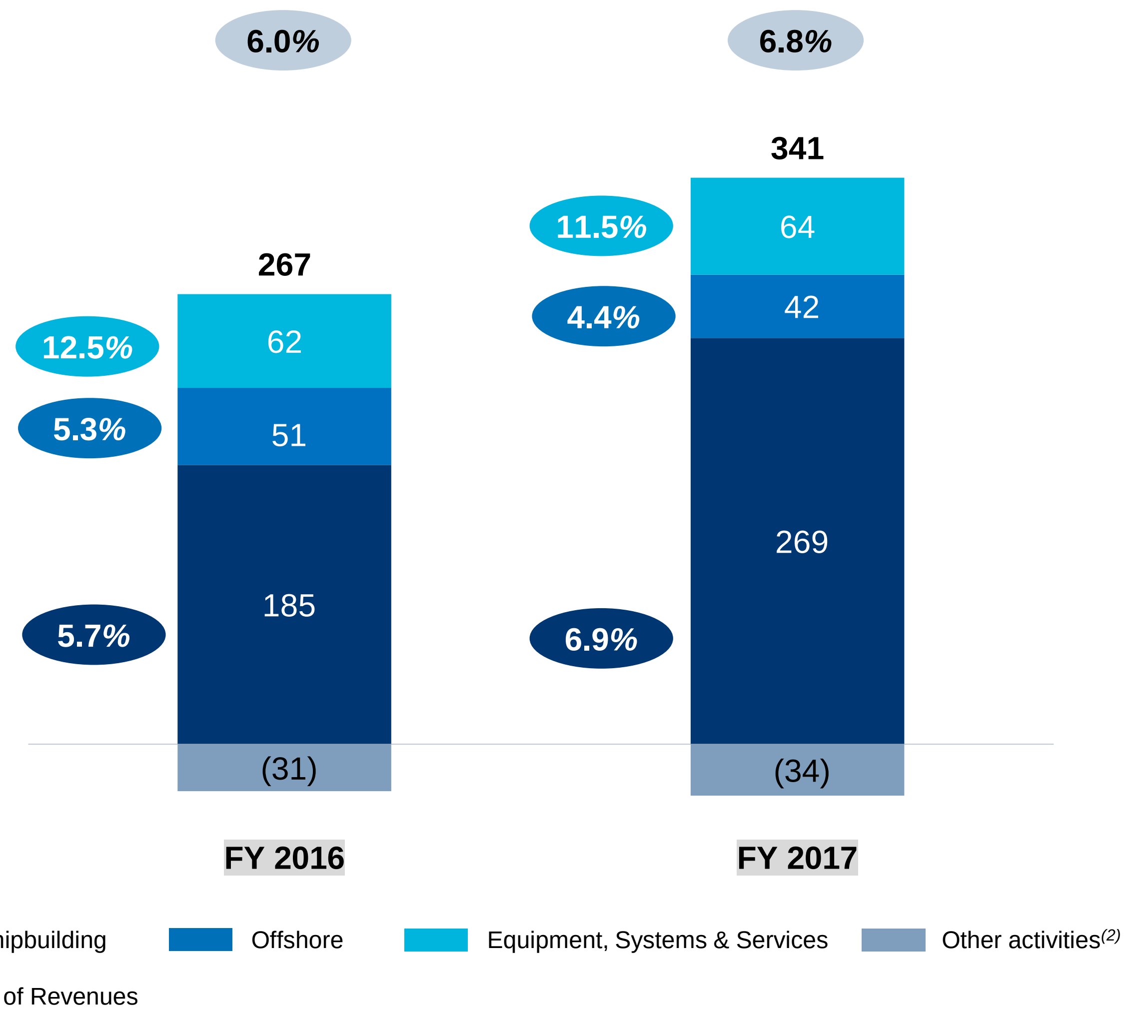
EBITDA(1) by segment

EBITDA and EBITDA margin

€ mln



Comments

- EBITDA margin at 6.8%, vs 6.0% in FY 2016
- Shipbuilding
  - Improved performance in cruise thanks to the enhancement of production and design processes, progress of more profitable projects and of the naval programs
- Offshore
  - Positive impact of diversification strategy albeit the Oil&Gas crisis and consequent decline in volumes in Norway and Brazil
- Equipment, Systems & Services
  - Decrease due to a change in the mix of products and services sold compared to 2016

(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) *Other costs*

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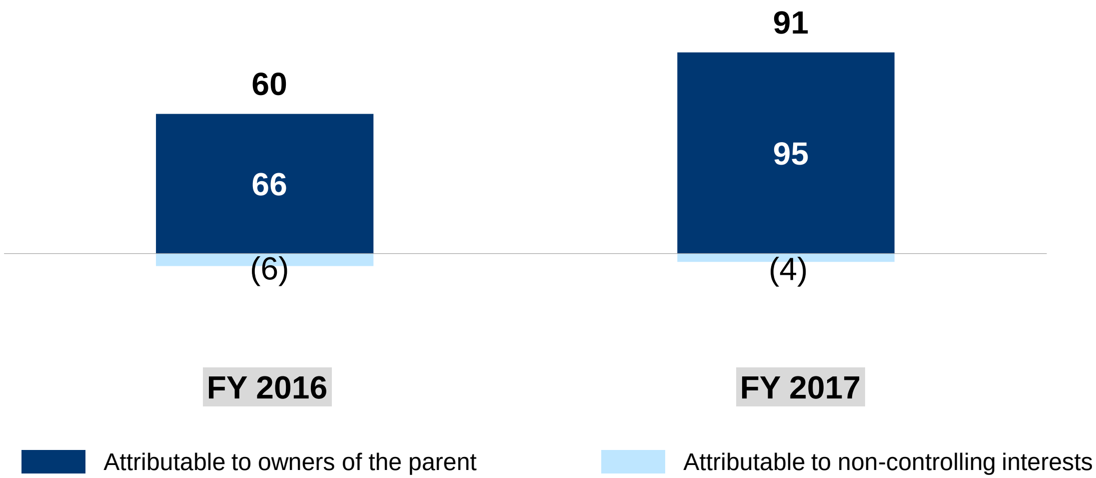
Net result

Adjusted Net result (1,2)

€ mln



€ mln	FY 2016	FY 2017
A **Adjusted Net result** (1)	**60**	**91**
Attributable to owners of the parent	*66*	*95*
B Extraordinary and non recurring items gross of tax effect	(59)	(49)
C Tax effect on extraordinary and non recurring items	13	11
A + B + C **Net result**	**14**	**53**

Comments

- The adjusted result reflects:
  - Improvement of operating performance and margin
  - Increased financial charges at € 88 mln (vs € 76 mln in FY 2016), due to the increase of unrealized foreign exchange losses for € 17 mln and albeit the reduction of finance expenses on construction loans for € 10 mln
- Extraordinary and non recurring items gross of tax effect at € 49 mln including: provision for litigation (€ 45 mln), of which € 39 mln for asbestos claims, and costs for VARD restructuring measures (€ 4 mln)

(1) Net result before extraordinary and non recurring items
(2) Excluding extraordinary and non recurring items net of tax effect

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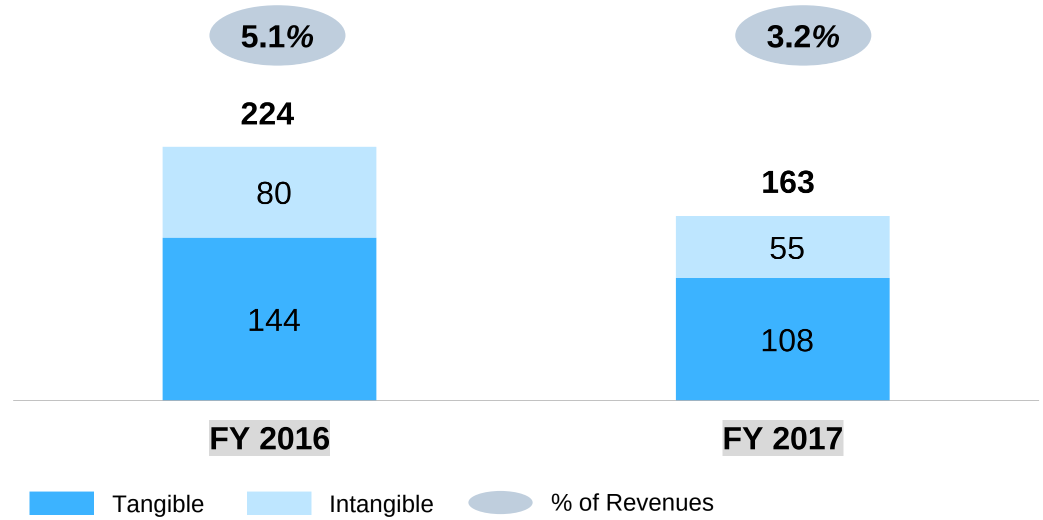
Capital expenditures

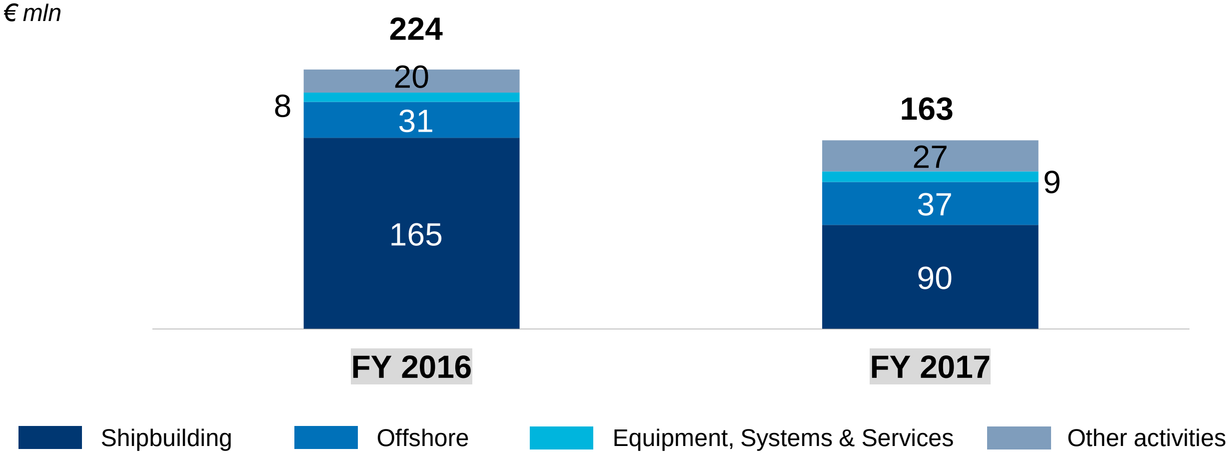
Capex

€ mln



Capex by segment

€ mln



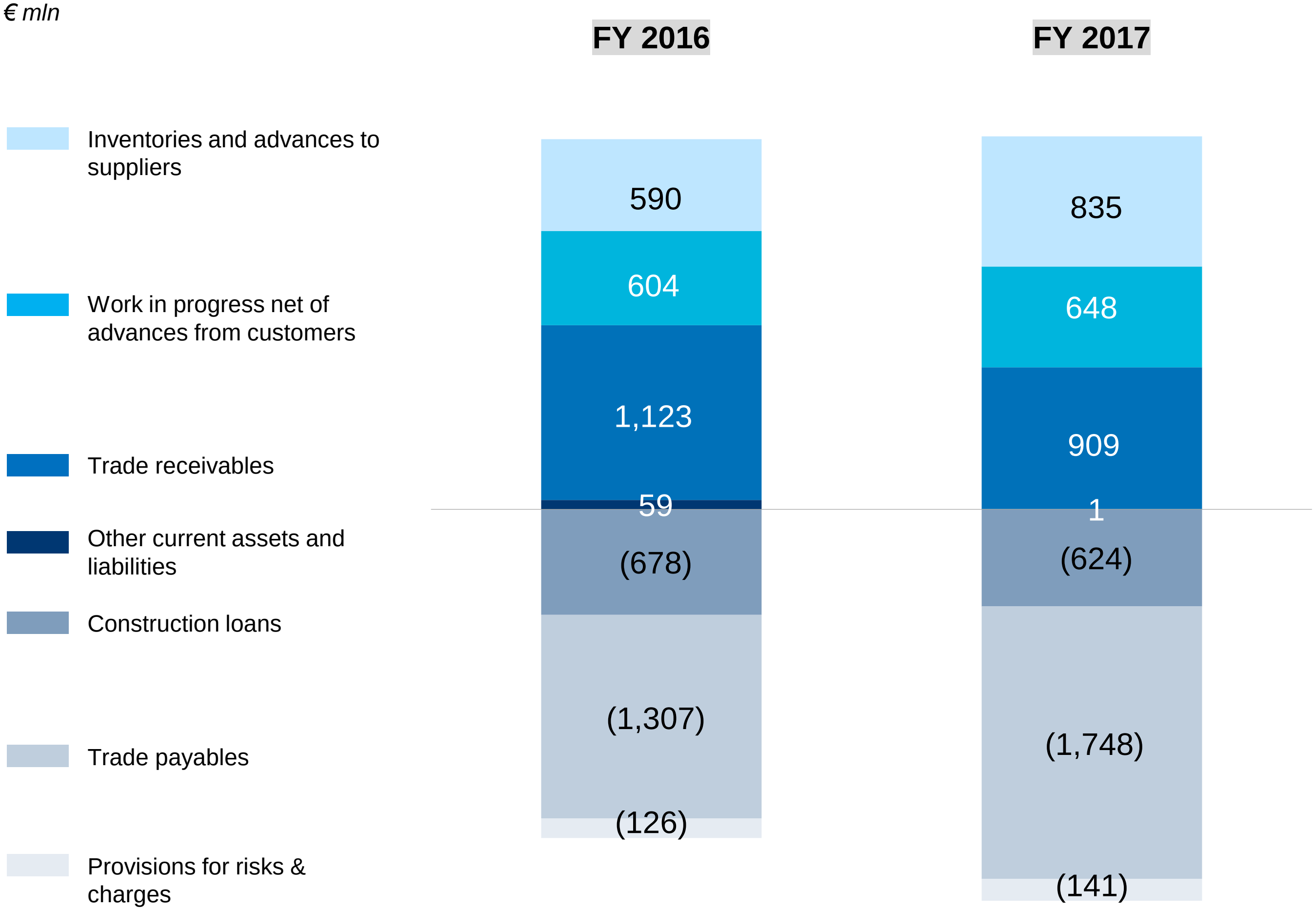
Comments

- Tangible capex mainly aimed at supporting the development of production volumes:
  - introduction of new sandblasting and painting systems at the Monfalcone yard
  - reorganization of operational areas
  - technological upgrading
  - improvement of safety and environmental conditions in all production sites
- Intangible capex are related to the development of new on-board technologies for cruise ships, of which euro 31 million for R&D costs and euro 24 million related to IT developments

Net working capital(1)

Breakdown by main components

€ mln



	FY 2016	FY 2017
Net working capital	**265**	**(120)**

Comments

- Net working capital decrease to € (120) mln from € 265 mln in FY 2016
  - Increase of € 245 mln in Inventories and advances to suppliers in the naval business
  - Increase of € 44 mln in Work in progress and € 441 mln in Trade payables mainly due to the growth of production volumes in the cruise and naval businesses
  - Decrease of € 214 mln in Trade receivables mainly due to the cash-in of final payments for the cruise ships delivered during the year
- Construction loans at € 624 mln (down € 54 mln vs FY 2016) of which € 574 mln related to VARD and € 50 mln related to Fincantieri

(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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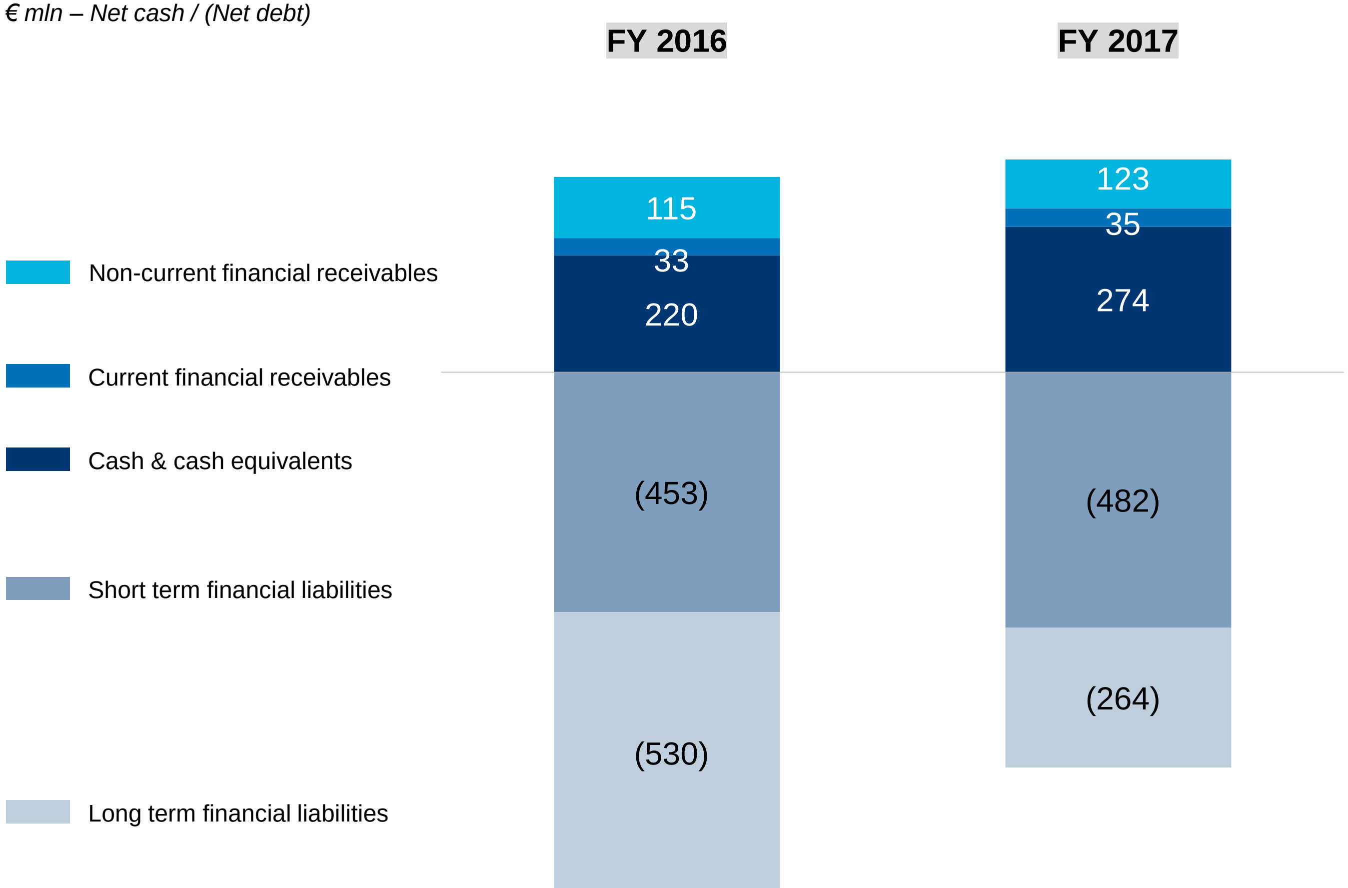
Net financial position[1]

Breakdown by main components

€ mln – Net cash / (Net debt)



Net financial position	**(615)**	**(314)**

Comments

- Net debt at the end of FY 2017 at € 314 mln (€ 615 mln in FY 2016)
  - Thanks also to the cash-in of the final installments for delivered cruise ships and the advance payments received on new cruise and naval contracts

(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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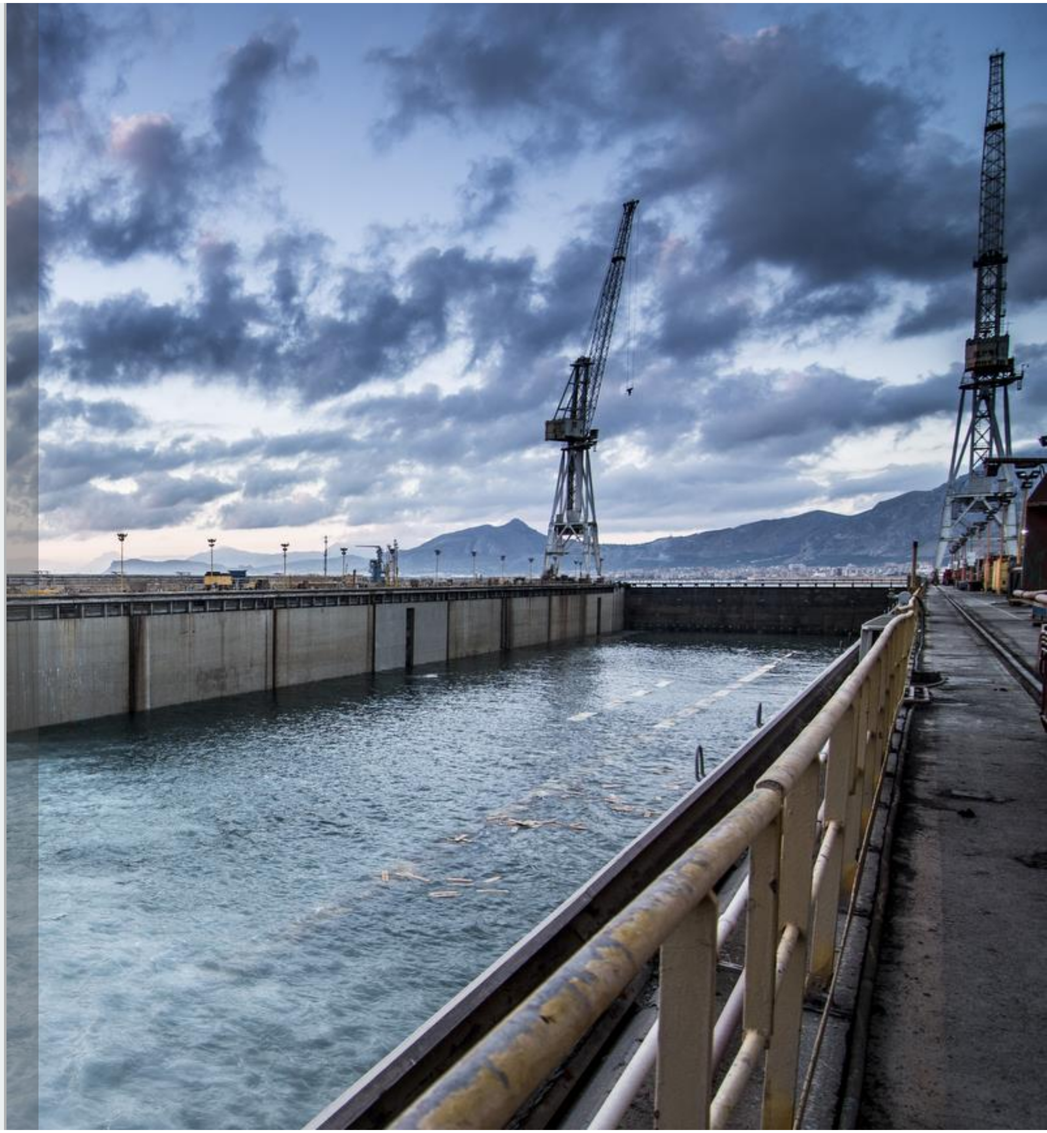
Q&A



Appendix

FY 2017 results by segment

Shipbuilding

Offshore

Equipment, Systems and Services

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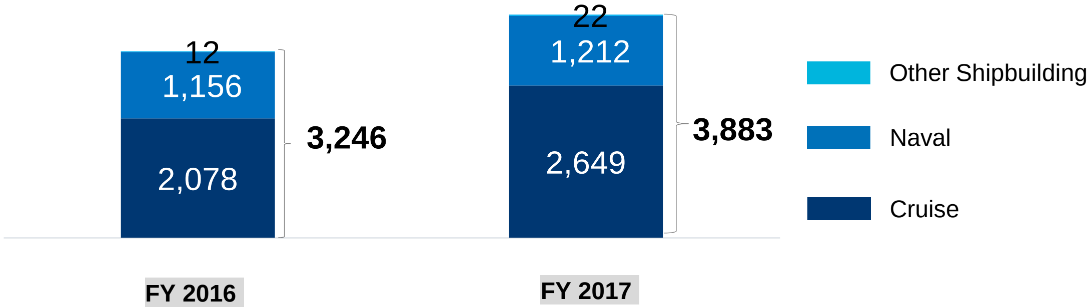
Shipbuilding

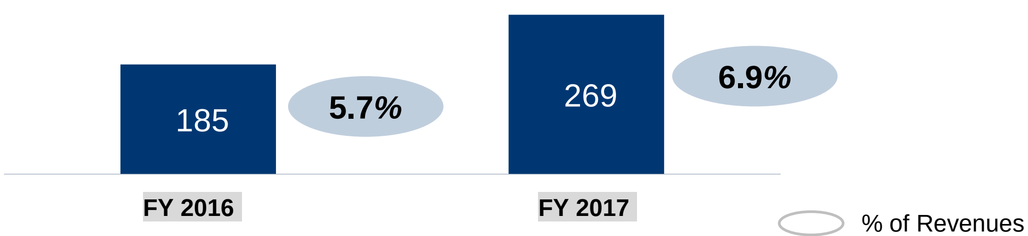
Revenues

€ mln



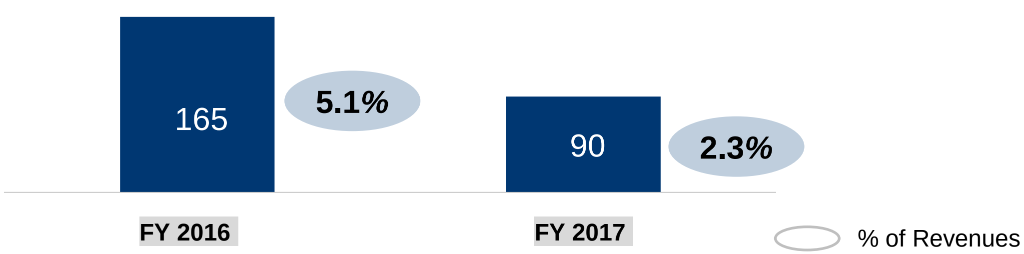
EBITDA

€ mln



Capex

€ mln



Comments

- Revenues: € 3,883 mln, up 19.6 % vs FY 2016
  - Growth of revenues in cruise, reaching 49% of Group's total
  - Progress of Italian Navy's fleet renewal program and full swing of design activities for the Qatari Ministry of Defense contract
- EBITDA
  - Improved performance in cruise thanks to the enhancement of production and design processes, progress of more profitable projects and of the naval programs
- Capex: € 90 mln
- Orders: Order intake at € 7,526 mln vs € 5,191 mln in FY 2016
  - Cruise ships: 4 for NCL, 2 for Carnival, 1 for Silversea Cruises, 2 for Viking, 2 for MSC
  - 1 Littoral Combat Ship for US Navy
- Backlog: € 20,238 mln vs € 16,372 mln in FY 2016
- Deliveries: 12 ships
  - "Viking Sky" and "Viking Sun" for Viking Ocean Cruises
  - "Majestic Princess" for Princess Cruises
  - "Silver Muse" for Silversea Cruises
  - "Seaside" for MSC Cruises
  - FREMM "Rizzo" and submarine "Romeo Romei" for Italian Navy
  - "Little Rock" (LCS 9) for US Navy
  - 4 ATB units for Kirby Corporation and Plains Towing LLC

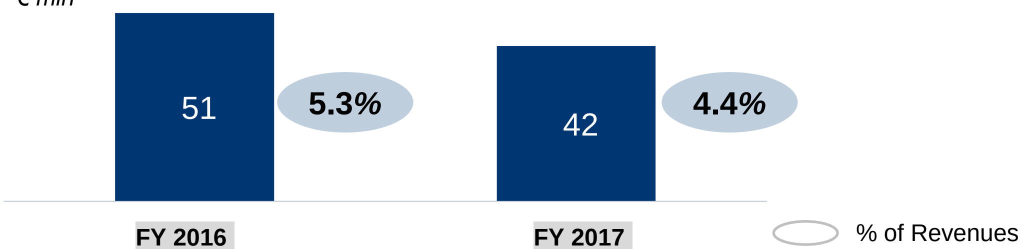
Offshore

Revenues

€ mln

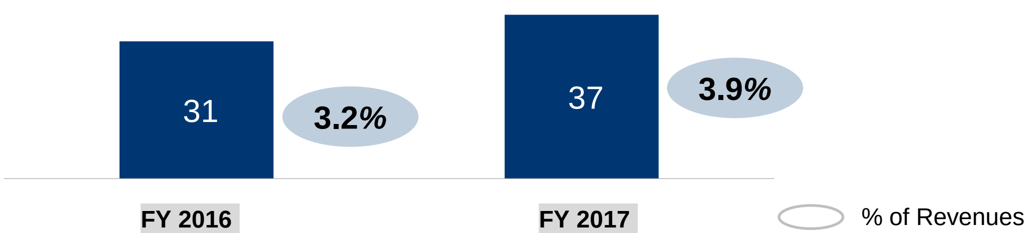
EBITDA

€ mln



Capex

€ mln



Comments

- Revenues: € 943 mln, down 1.8% vs FY 2016
  - Slight reduction of production volumes due to the downturn of production in Norway and Brazil and negative effect of NOK/EUR exchange rate (€ 3 mln)
  - Partially offset by growth of volume in Vietnam and Romania shipyards
- EBITDA: € 42 mln, with margin at 4.4%
  - Positive impact of diversification strategy albeit the Oil&Gas crisis and consequent decline in volumes in Norway and Brazil
- Capex: € 37 mln
- Orders: Order intake at € 888 mln vs € 1,138 mln in FY 2016
  - 10 fishing vessels for different clients
  - 2 Car-and-Passenger Ferries for Torghattan Nord
  - 2 Expedition cruise units (for Coral Expedition and Ponant)
  - 1 Research Expedition Vessel for Rosellinis Four-10
  - 5 other vessels
- Backlog: € 1,418 mln vs € 1,361 mln in FY 2016
- Deliveries: 13 vessels
  - 4 OSCV: "Skandi Buzios" and "Skandi Vinland" for Techdof, "Far Superior" for Farstad, "Kreuz Challenger" for Kreuz Subsea
  - 8 MCV (2 for Kazmortransflot and 6 for Topaz Energy and Marine)
  - 1 LPG carrier for Transpetro

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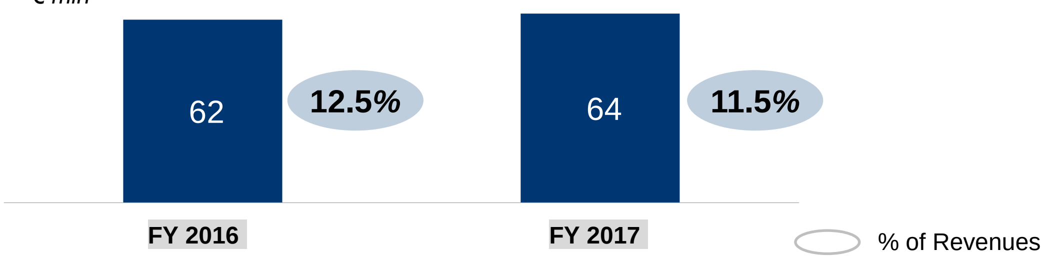
Equipment, Systems and Services

Revenues

€ mln

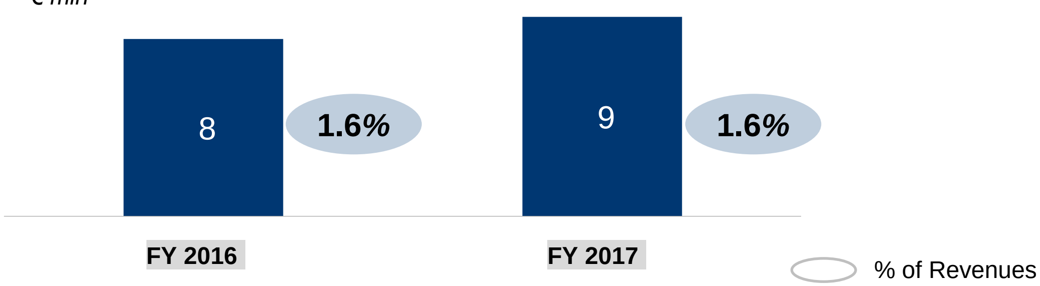
EBITDA

€ mln



Capex

€ mln



Comments

- Revenues: € 558 mln, up 12.7% vs FY 2016
  - The increase in revenues is mainly due to the higher volume of cabins and public areas installation and to the growth in volume of after sales activities, driven by workload for the Italian Navy
- EBITDA: € 64 mln (up 3.2% vs FY 2016) with margin at 11.5%
  - Decrease due to a change in the mix of products and services sold compared to 2016
- Orders: € 573 mln vs € 664 mln in FY 2016
- Backlog: € 1,186 mln vs € 1,155 mln in FY 2016

Profit & Loss and Cash flow statement

Profit & Loss statement (€ mln)	FY 2016	FY 2017
Revenues	**4,429**	**5,020**
Materials, services and other costs	(3,291)	(3,742)
Personnel costs	(846)	(909)
Provisions(1)	(25)	(28)
EBITDA	**267**	**341**
Depreciation, amortization and impairment	(110)	(120)
EBIT	**157**	**221**
Finance income / (expense)(2)	(66)	(83)
Income / (expense) from investments	(10)	(5)
Income taxes(3)	(21)	(42)
Adjusted Net result(4)	**60**	**91**
Attributable to owners of the parent	*66*	*95*
Extraordinary and non recurring items(5)	(59)	(49)
Tax effect on extraordinary and non recurring items	13	11
Net result for the period	**14**	**53**
Attributable to owners of the parent	*25*	*57*

Cash flow statement (€ mln)	FY 2016	FY 2017
Beginning cash balance	**260**	**220**
Cash flow from operating activities	73	532
Cash flow from investing activities	(237)	(168)
Cash flow from financing activities	115	(299)
Net cash flow for the period	**(49)**	**65**
Exchange rate differences on beginning cash balance	9	(11)
Ending cash balance	**220**	**274**

(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 €34 mln in FY 2016 and € 24 mln in FY 2017
(3) Excluding tax effect on extraordinary and non recurring items
(4) Net results before extraordinary and non recurring items
(5) Extraordinary and non recurring items gross of tax effect

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Balance sheet

Balance sheet (€ mln)	FY 2016	FY 2017
Intangible assets	595	582
Property, plant and equipment	1,064	1,045
Investments	58	53
Other non-current assets and liabilities	(69)	122
Employee benefits	(58)	(59)
Net fixed assets	**1,590**	**1,743**
Inventories and advances	590	835
Construction contracts and advances from customers	604	648
Construction loans	(678)	(624)
Trade receivables	1,123	909
Trade payables	(1,307)	(1,748)
Provisions for risks and charges	(126)	(141)
Other current assets and liabilities	59	1
Net working capital	**265**	**(120)**
Assets held for sale including related liabilities	**1**	**-**
Net invested capital	**1,856**	**1,623**
Equity attributable to Group	*1,086*	*1.237*
Non-controlling interests in equity	*155*	*72*
Equity	**1,241**	**1,309**
Cash and cash equivalents	(220)	(274)
Current financial receivables	(33)	(35)
Non-current financial receivables	(115)	(123)
Short term financial liabilities	453	482
Long term financial liabilities	530	264
Net debt / (Net cash)	**615**	**314**
Sources of financing	**1,856**	**1,623**

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