1H 2019 RESULTS

July 25, 2019

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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, Felice Bonavolontà, declares that the accounting information contained herein correspond to document results, books and accounting records.

1H 2019 Key Messages

Revenues up 12%, EBITDA up 17%, record order intake at € 6.6 bln

Financials

- **Revenues up 12% at € 2.8 bln**
- **EBITDA up 17% at € 215 mln** and **EBITDA margin at 7.6%** (vs 7.3% in 1H 2018)
- **Adjusted Net income € 34 mln** and **Net income at € 12 mln**, net of charges for asbestos-related claims (€ 18 mln) and taxes (€ 40 mln)
- **Net debt(1) at € 724 mln** (€ 494 mln at December 31, 2018)

Order intake

- **Record order intake (€ 6.6 bln) in a single semester:**
  - **Orders for 15 units including 11 cruise ships for 5 different brands** (Oceania, Regent Seven Seas Viking, MSC, Princess) and 1 LCS for the US Navy (LCS 31)
- **Total backlog(2) with 108 units at € 33.1 bln: backlog at € 29.5 bln** (+34% vs 1H 2018) and **soft backlog(3) at € 3.6 bln**

Business update

- **Delivery of 15 units** from 11 shipyards; launch of two units within the Italian Navy fleet renewal program
- Signed the ***Alliance Cooperation Agreement* with Naval Group** for the incorporation of a 50/50 joint venture
- **Ongoing interactions with the Antitrust Authorities on the acquisition of Chantiers de l'Atlantique**
- Start of production activities for the **bridge over the Polcevera river in Genoa**
- **Ongoing focus of the Group on sustainability**: signed important agreements on environmental and social topics; implementation of activities aimed at reaching the targets set out in the Sustainability Plan

(1) Excluding Construction loans
(2) Sum of backlog and soft backlog
(3) 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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1H 2019 main orders

Segment	Vessel	Client	# of ships	Expected Delivery
Shipbuilding	**Cruise Ships**	*Oceania Cruises*	2	2022-2025
		Regent Seven Seas Cruises	1	2023
		Viking Cruises	2	2024-2025
		MSC Cruises	4	2023-2026
		Princess Cruises	2	2023-2025
	Littoral Combat Ship	*US Navy*	1	2023
Offshore & Specialized Vessels	**Expedition Cruise Vessel "Coral Geographer"**	*Coral Expeditions*	1	2020

1H 2019 main deliveries

Segment	Vessel	Client	Shipyard
Shipbuilding	**Cruise ship "Viking Jupiter"**	*Viking Cruises*	Ancona
	Cruise ship "Costa Venezia"	*Costa Crociere*	Monfalcone
	Littoral Combat Ship "Billings" (LCS 15)	*US Navy*	Marinette
	FREMM "Antonio Marceglia"	*Italian Navy*	Muggiano
	Expedition cruise vessel "Le Bougainville"	*Ponant*	Vard Søviknes
	Expedition cruise vessel "Le Dumont d'Urville"	*Ponant*	Vard Søviknes
	Expedition cruise vessel "Hanseatic Nature"	*Hapag-Lloyd Cruises*	Vard Langsten
Offshore & Specialized Vessels	**OSCV (3 vessels)**	*2 for Topaz Energy and Marine* *1 for Dofcon Navegação*	Vard Brattvaag Vard Promar
	Expedition cruise vessel "Coral Adventurer"	*Coral Expeditions*	Vard Vung Tau

Acquired in Q2

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Overview of 1H 2019 main deliveries

Shipbuilding

Viking Jupiter

Costa Venezia

LCS 15 Billings

FREMM Marceglia

Ponant Le Dumont d'Urville

Ponant Le Bougainville

Hapag-Lloyd Hanseatic Nature

Offshore & Specialized Vessels

OSCV Topaz (x2)

OSCV Skandi Olinda (DOF)

Coral Adventurer

Delivered in Q2

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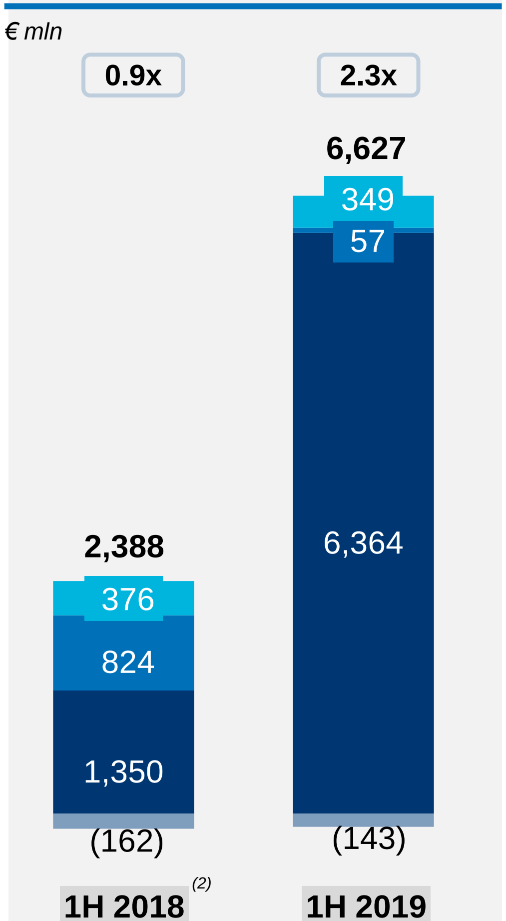
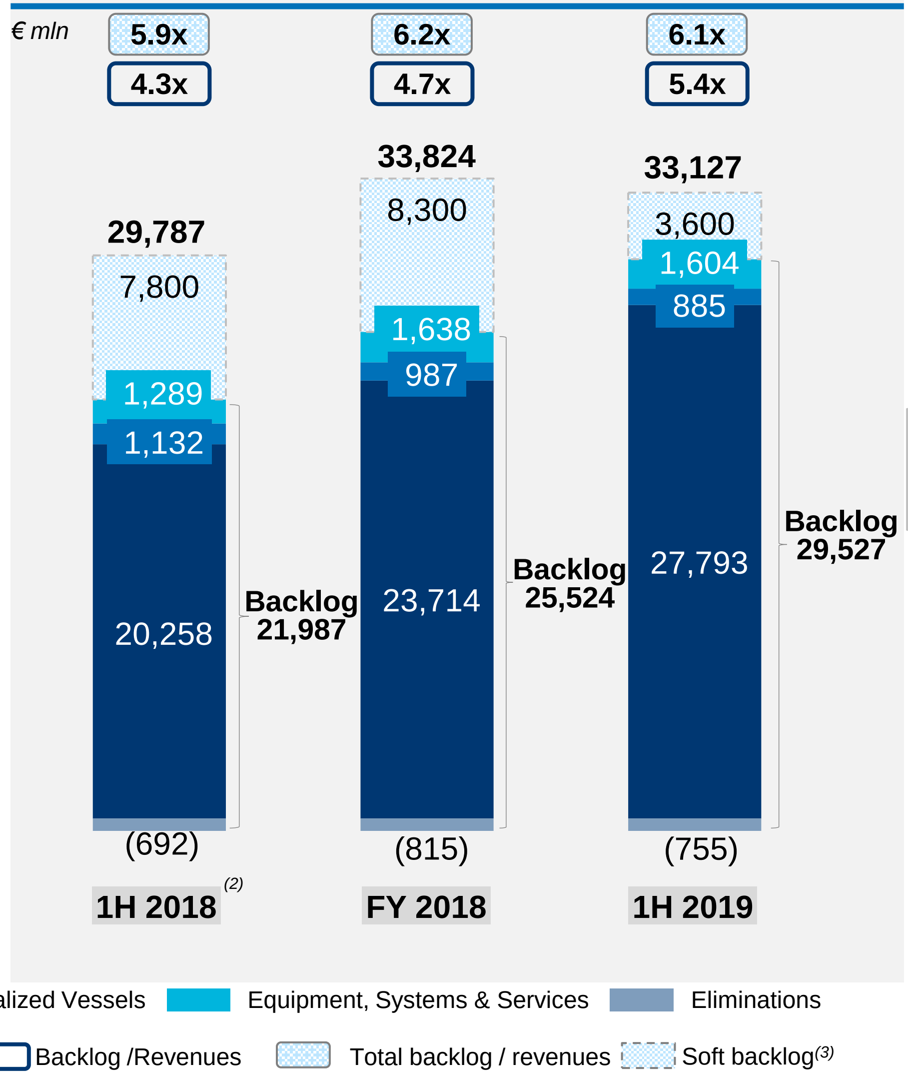
Order intake and backlog
Breakdown by segment





- **Record order intake at € 6.6 bln**
- **Contracts signed for 15 units**, including 11 cruise ships for 5 different brands and 1 naval unit
- **Total backlog with 108 units at € 33.1 bln**, approximately 6.1 times 2018 revenues
- **Backlog up 34%** vs. 1H 2018

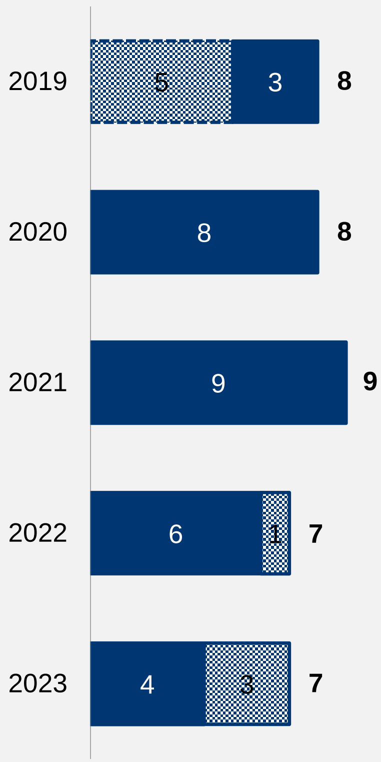
(1) Sum of backlog and soft backlog
(2) Restated following the reorganization of VARD
(3) Soft backlog represents the value of existing contract options and letters of intent as well as contracts in advanced negotiation, none of which yet reflected in the order backlog

Backlog deployment
Breakdown by segment and end market

Shipbuilding

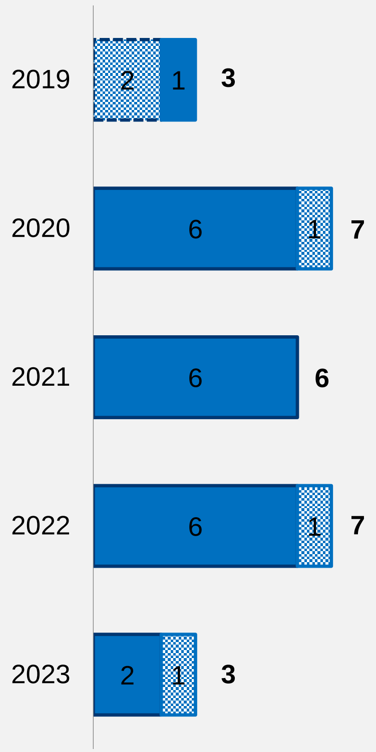
 # ship deliveries(1)

Cruise



- Additional 13 units scheduled after 2023
- **47 vessels in backlog**

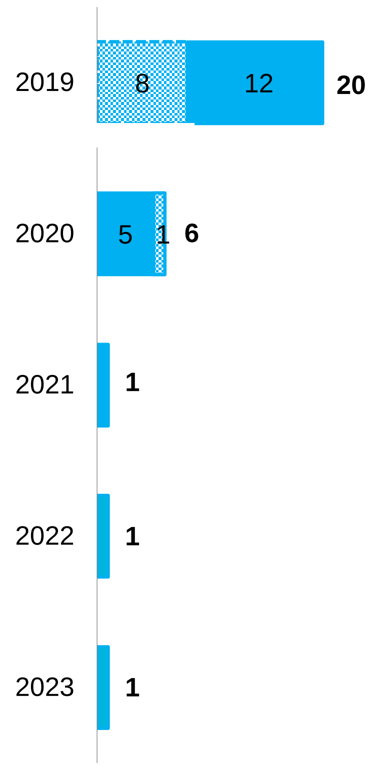
Naval(2)



- Additional 5 units scheduled after 2023
- **29 vessels in backlog**

Offshore & Specialized Vessels

 # ship deliveries(1)



- 1 additional unit scheduled after 2023
- **22 vessels in backlog**

Delivered in 1H 2019

New orders in 1H 2019

- **15 units delivered in 1H 2019 and 98 ships in backlog**
- Cruise: 47 vessels
  - Deliveries up to 2027
  - 13 units scheduled after 2023
- Naval: 29 vessels
  - Deliveries up to 2026
  - 5 units scheduled after 2023
- Offshore & Specialized Vessels(3): 22 vessels
  - Deliveries up to 2024

(1) *For reasons connected to the organizational responsibility of VARD yards split between Cruise and Offshore, one fishery vessel (for Havfisk) scheduled for delivery in 2020 is included in the cruise deliveries and two Expedition cruise vessels (for Coral Expeditions) scheduled for delivery in 2019 and in 2020 are included in Offshore & Specialized Vessels*

(2) *Articulated Tug Barge (ATB) is an articulated unit consisting of a barge and a tug, thus being counted as two vessels in one unit*

(3) *Offshore & Specialized Vessels business generally has shorter production times and, as a consequence, shorter backlog and quicker order turnaround than Cruise and Naval*

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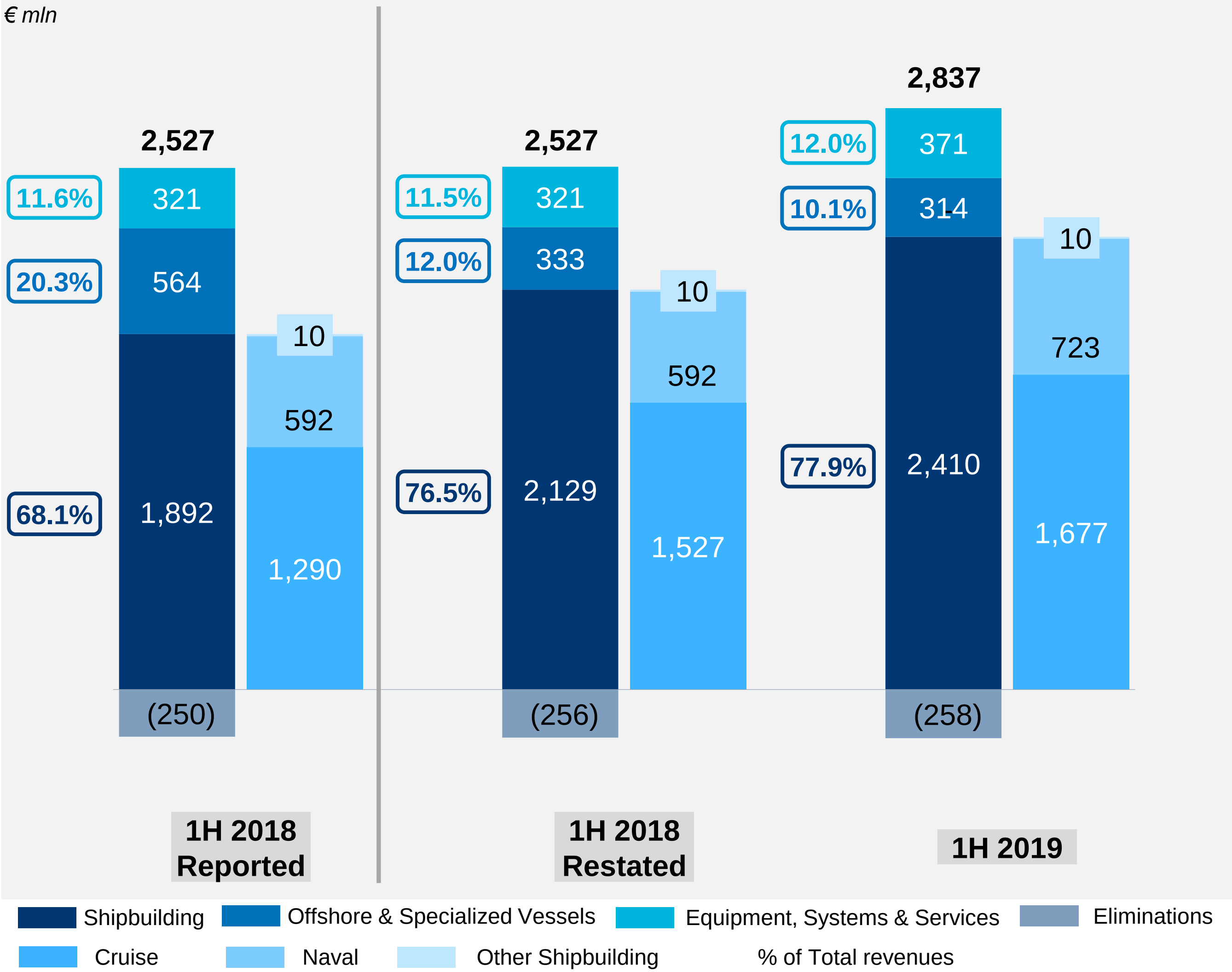
Revenues

Revenues breakdown by segment[1]

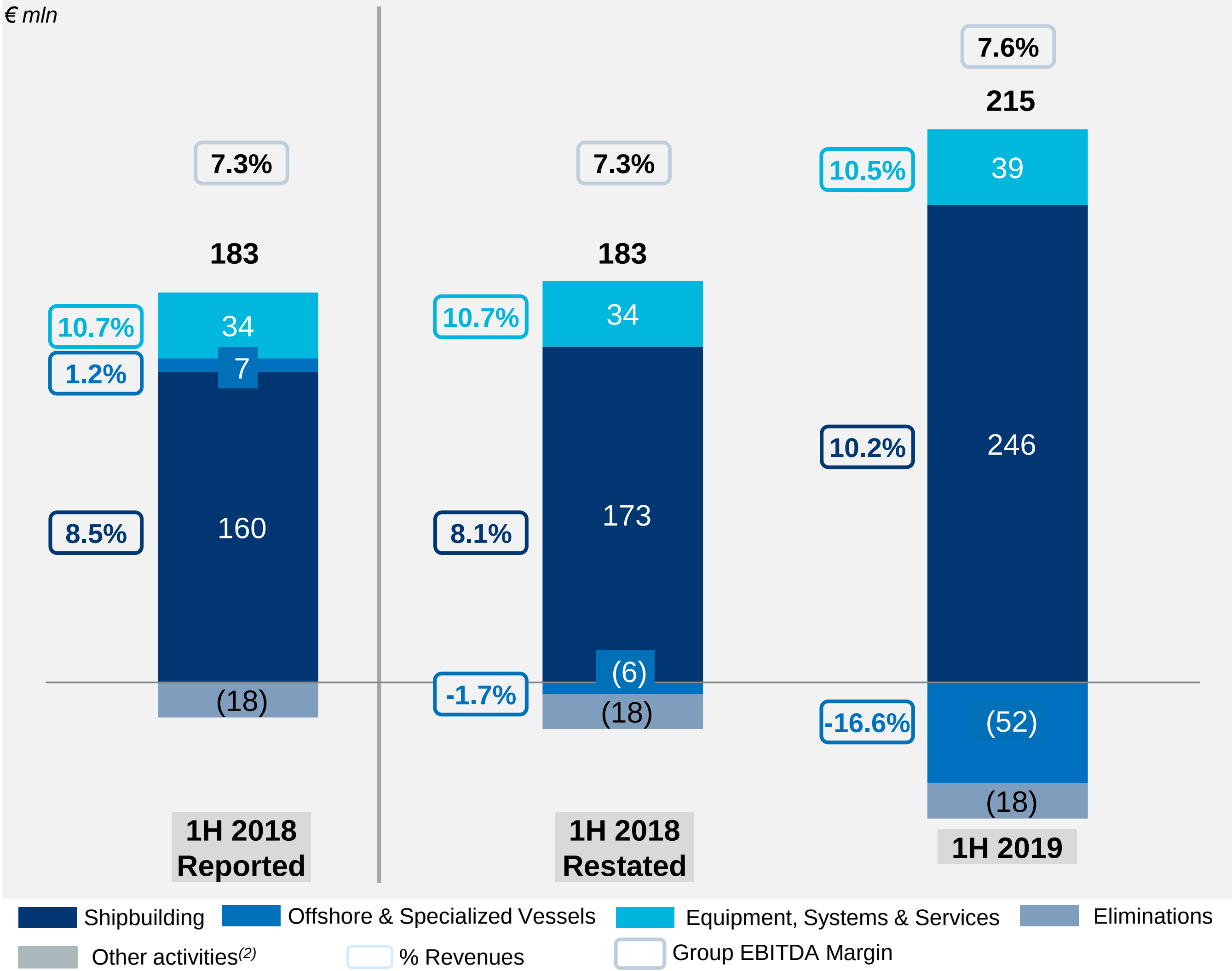


- **Revenues up 12% vs 1H 2018**
  - Shipbuilding revenues up 13.2% vs 1H 2018 (Cruise revenues up 9.8% and Naval revenues up 22.1%)
  - Offshore & Specialized Vessels revenues down 5.7% vs 1H 2018
  - Equipment, Systems & Services revenues up 15.3% vs 1H 2018

(1) Breakdown calculated on total revenues before eliminations

EBITDA

EBITDA(1) and EBITDA margin



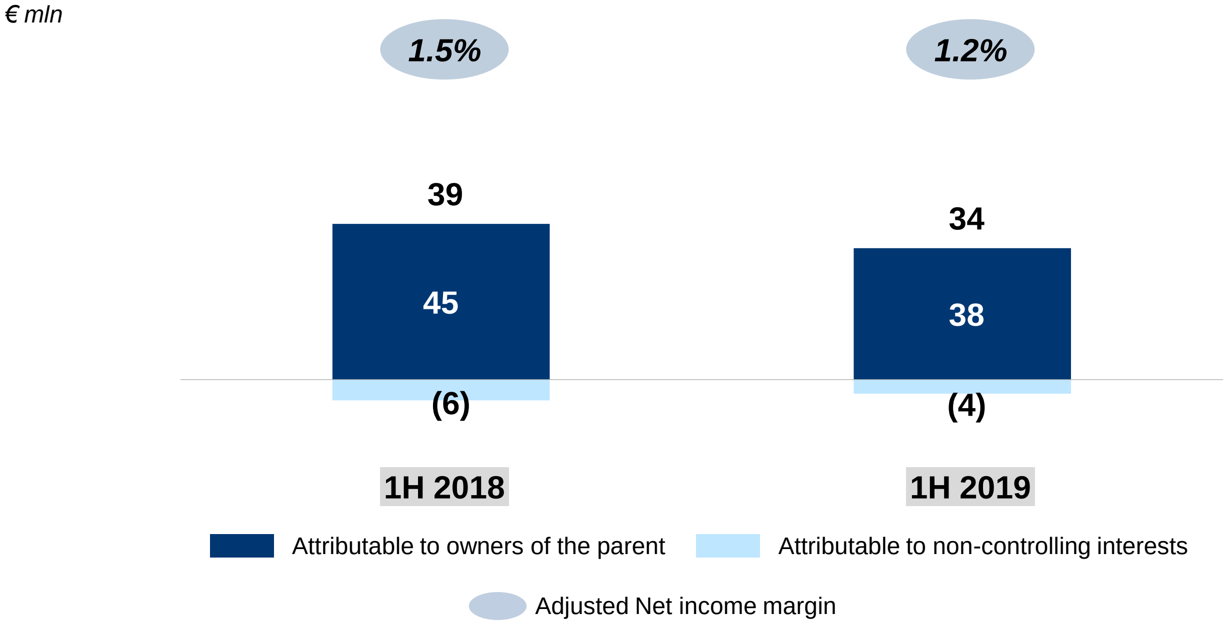
- **EBITDA at € 215 mln** (+17% vs 1H 2018), **EBITDA margin at 7.6%** (7.3% in 1H 2018)
  - Good operating performance of the Shipbuilding segment confirming the soundness of Business Plan drivers
  - Positive performance of the Shipbuilding and the Equipment, Systems and Services segments
  - Negative profitability of the Offshore and Specialized Vessels segment

(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) expenses for corporate restructuring, (viii) accruals to provision and cost of legal services for asbestos claims, (ix) other non recurring items*

(2) *Other costs*

Net result

Adjusted Net result[(1)]



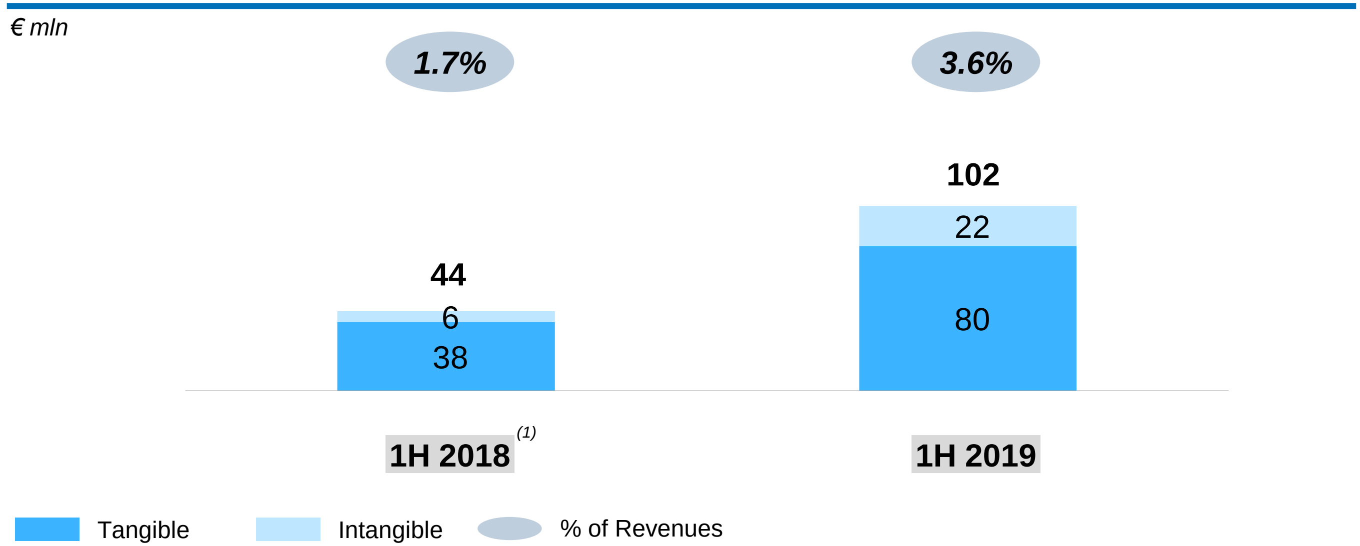
€ mln	1H 2018	1H 2019
A Adjusted Net result[(1)]	**39**	**34**
Attributable to owners of the parent	*45*	*38*
B Extraordinary and non recurring items gross of tax effect	(32)	(27)
C Tax effect on extraordinary and non recurring items	8	5
A + B + C Net result	**15**	**12**

(1) Net result before extraordinary and non recurring items

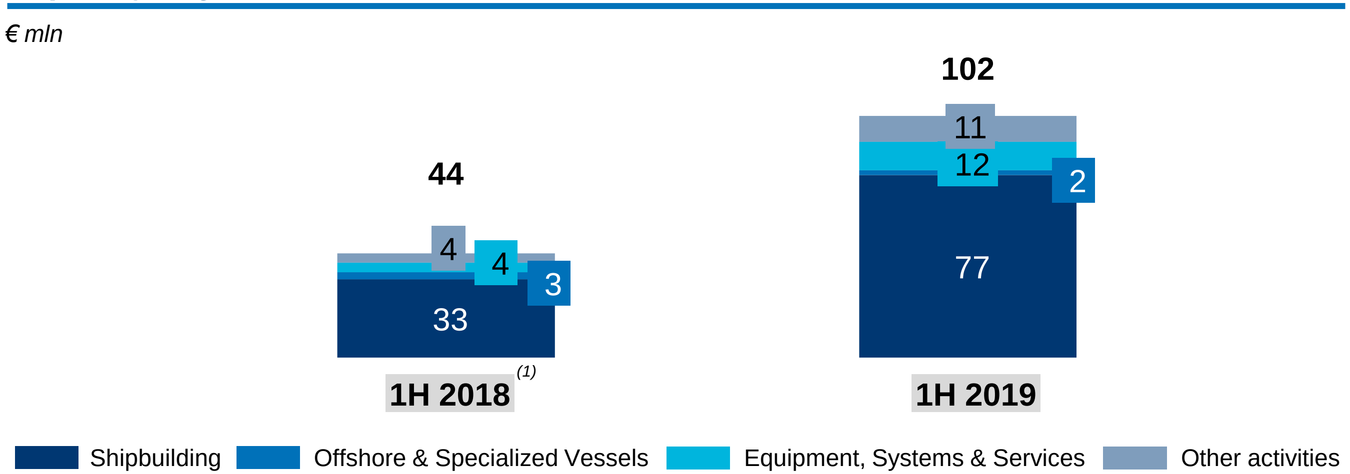
- Increased FX charges (partially non-cash)
- Extraordinary and non recurring items in line with 1H 2018
  - €18 mln for asbestos-related litigation claims
  - €7 mln of restructuring charges related to VARD

Capital expenditures

Capex



Capex by segment



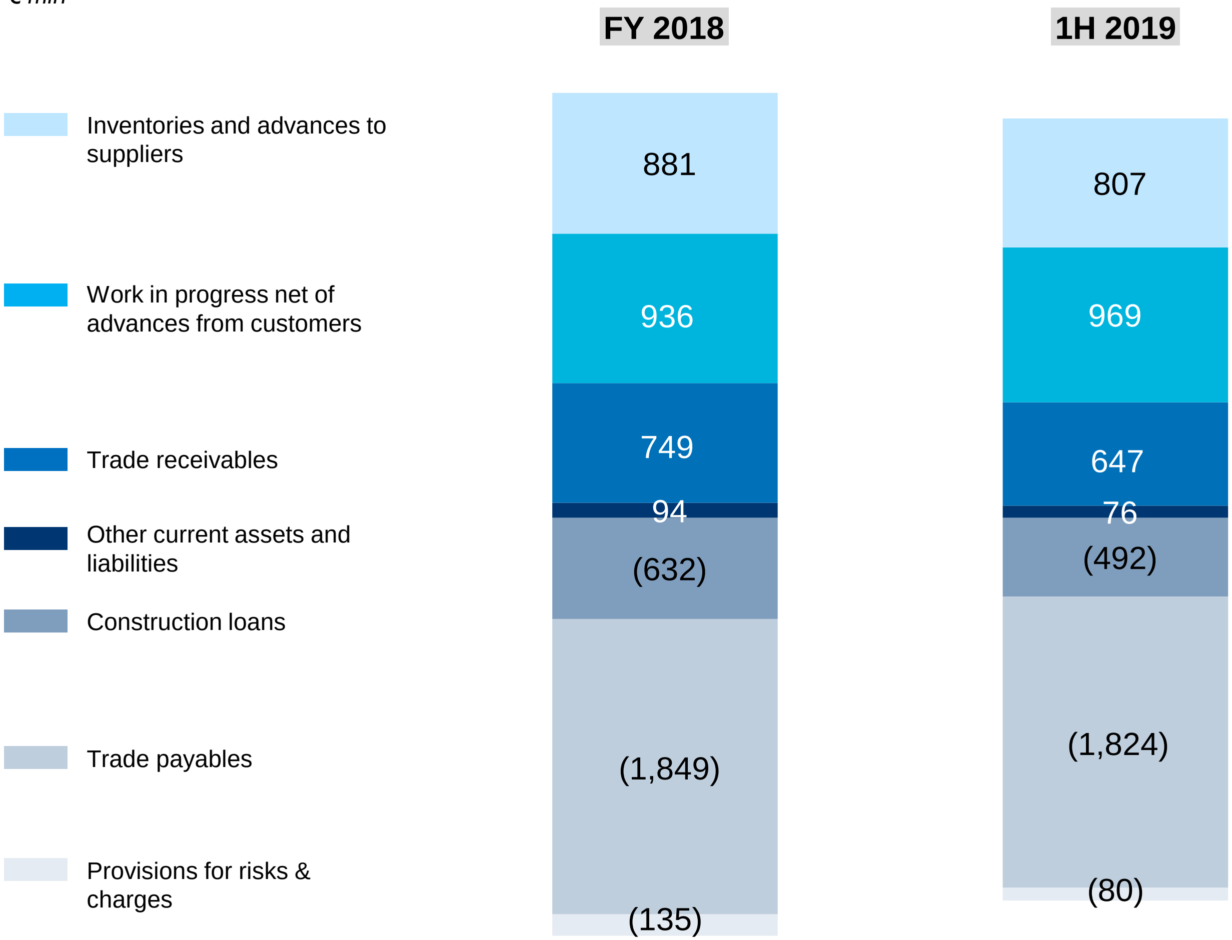
(1) Restated following the reorganization of VARD

- Capex mainly aimed at:
  - Upgrading of Italian yards to enable the construction of larger ships
  - Adjusting Vard Tulcea and Braila production capacity
  - Improving safety and environmental conditions in all production sites

Net working capital (1)

Breakdown by main components

€ mln



	FY 2018	1H 2019
Net working capital	**44**	**103**

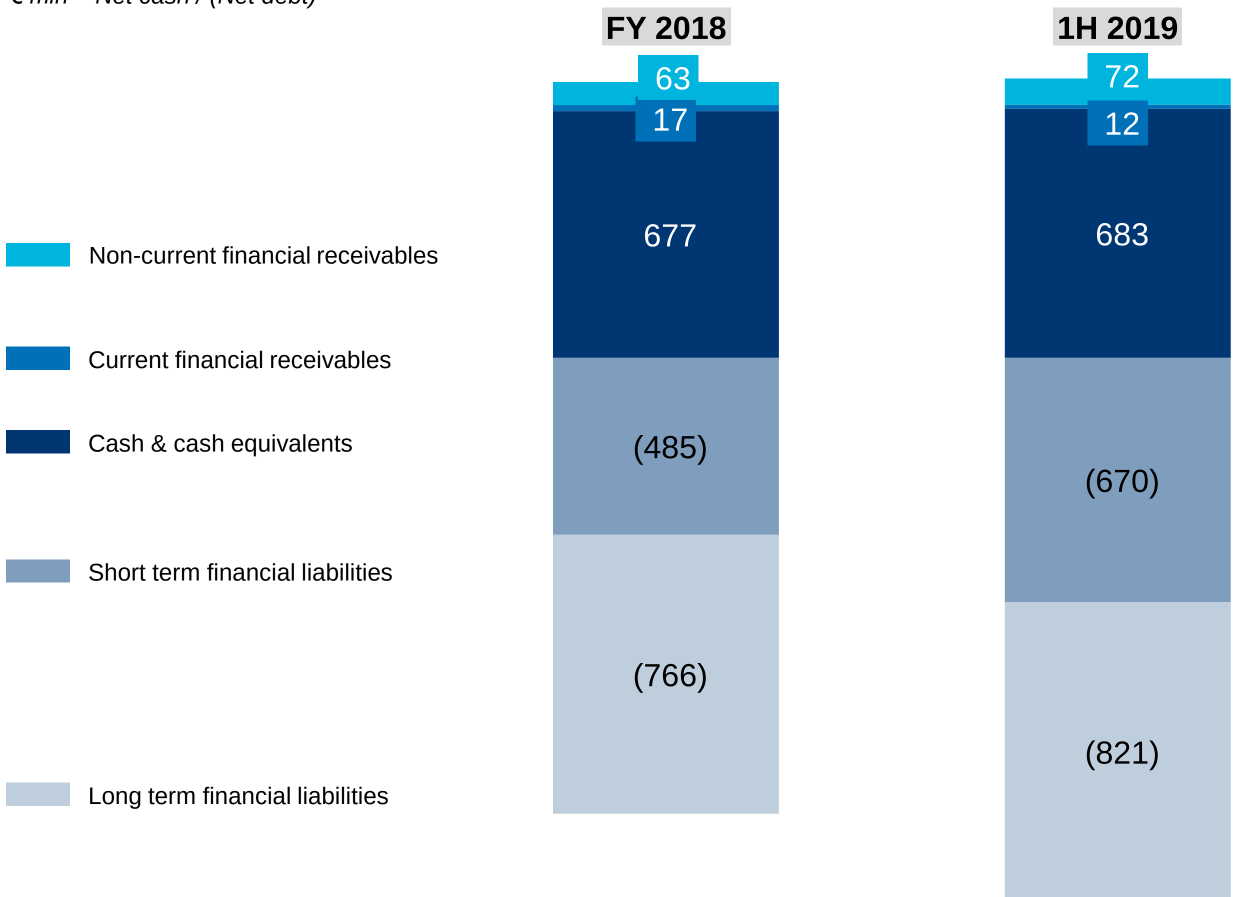
- Main drivers include:
  - Delivery of a vessel previously classified as inventory
  - Typical business dynamics related to increase in production volumes and cash-in of final payments at delivery

(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

Net financial position(1)

Breakdown by main components

€ mln – Net cash / (Net debt)



Net financial position	**(494)**	**(724)**

- Increase of net debt consistent with investments of the period and cruise business dynamics with higher production volumes expected in the coming months

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

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Outlook

2019 Guidance

- The good performance of the Shipbuilding segment allows us to reiterate the Group guidance for 2019, despite the challenging context in the Offshore and Specialized Vessels sector,
- **2019 results expected to be in line with 2018 and consistent with 2018-2022 Business Plan guidelines**
  - Growth trend for revenues with an EBITDA margin confirmed to be in line with 2018
  - Expected temporary increase in net debt due to working capital financing needs

Shipbuilding

- Delivery of 4 additional units, of which 3 cruise ships and 1 naval vessel
- Full swing of production activities related to the order for the Qatari Ministry of Defense with 3 units under construction, the first of which is scheduled for delivery in 2021

Offshore & Specialized Vessels

- Continuing execution of VARD's diversified backlog and organizational and production adjustments
- Restructuring plan aimed at margin recovery in the medium term currently under definition – includes leveraging of experience on innovative products and technologies in segments not directly linked to Oil&Gas sector

Equipment, Systems & Services

- Confirmation of the growth trend thanks to: backlog development relating to naval contracts, higher volumes for the production of cabins and public areas for cruise ships, as well as infrastructure activities

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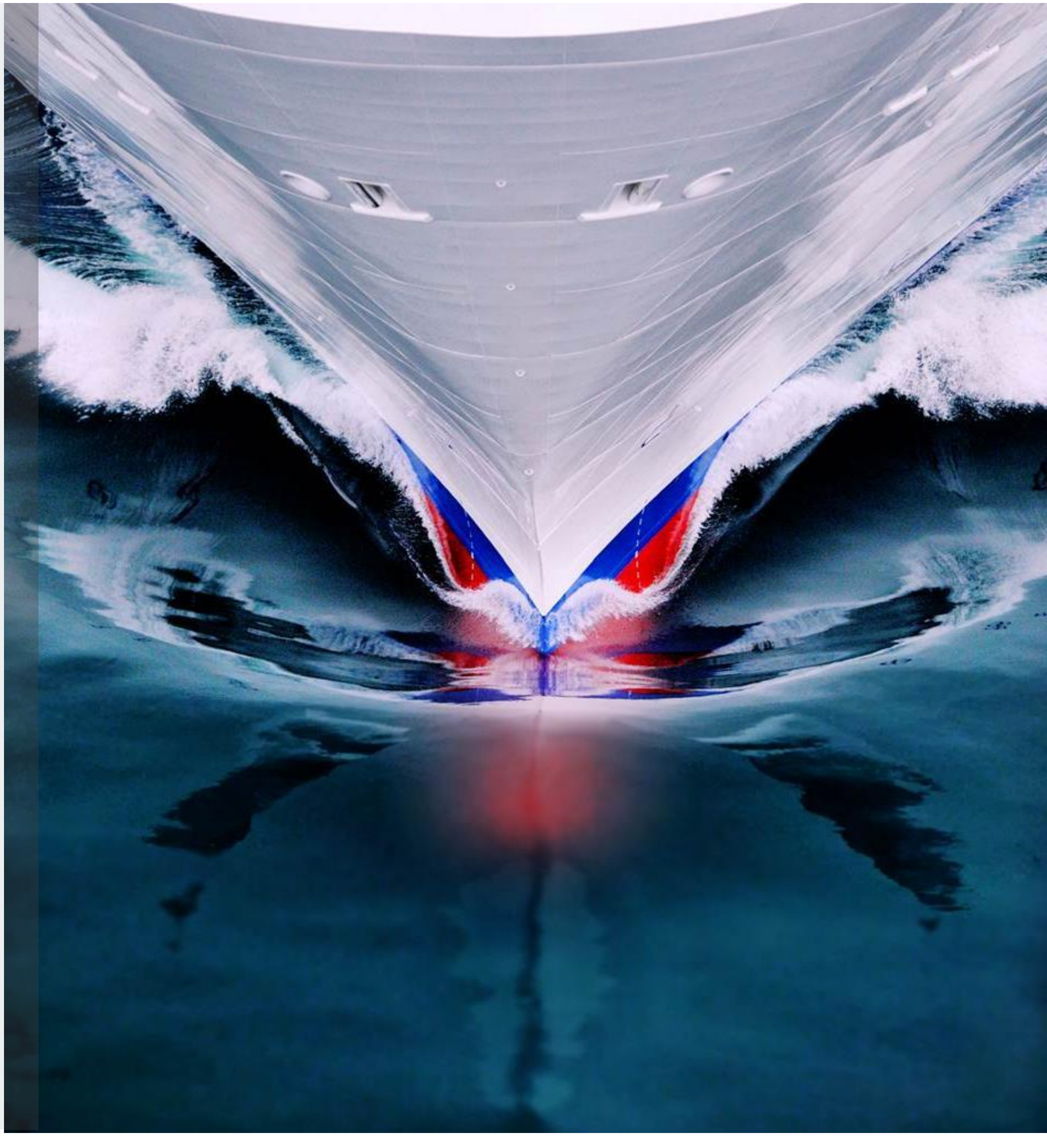

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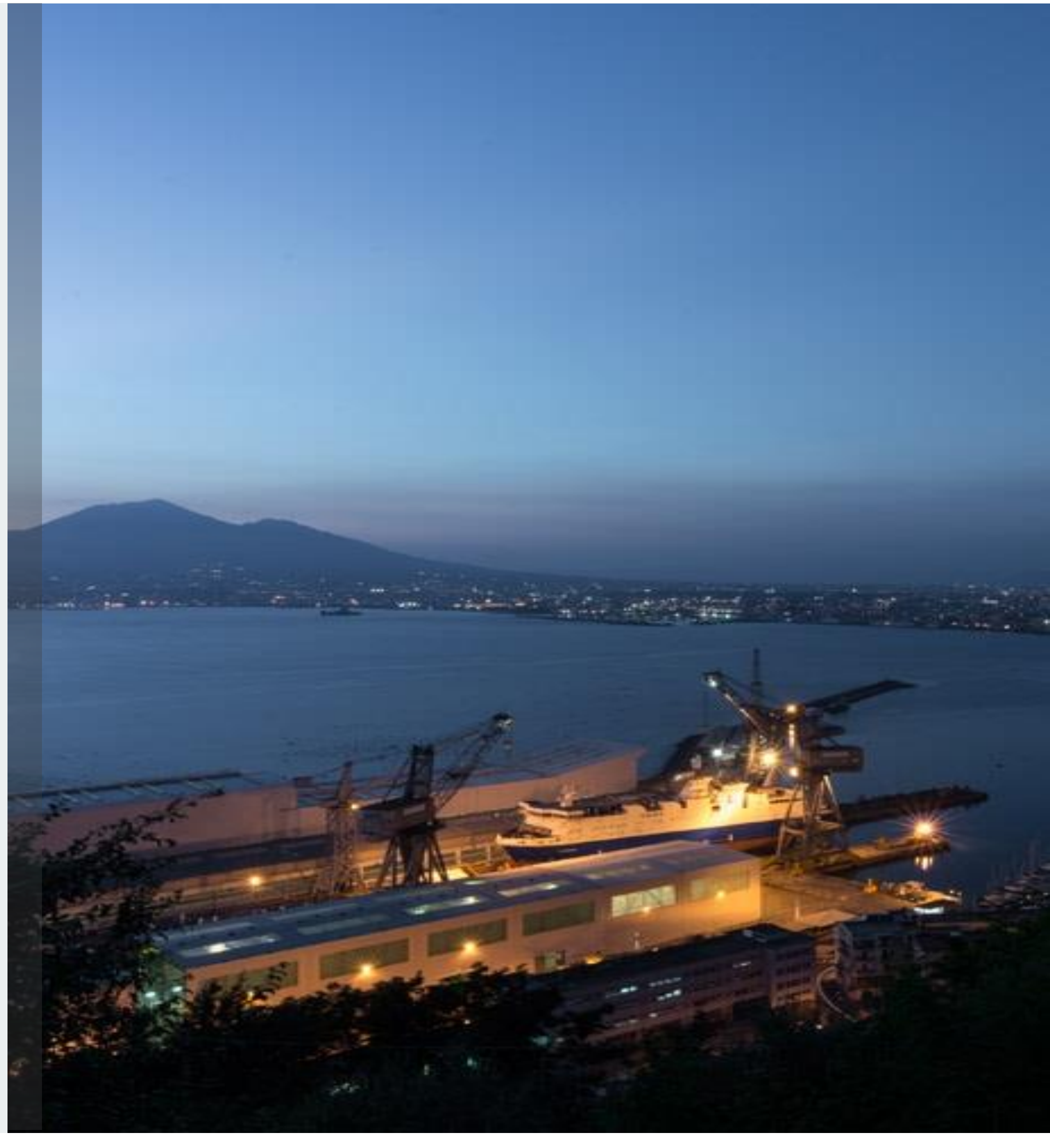
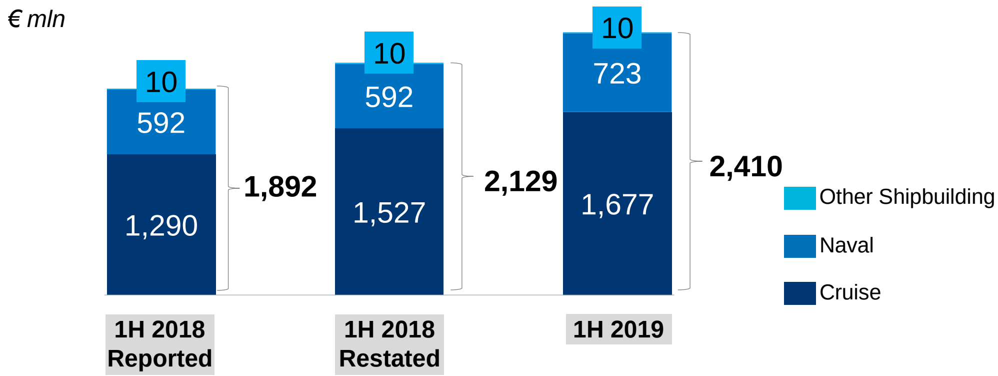
Q&A



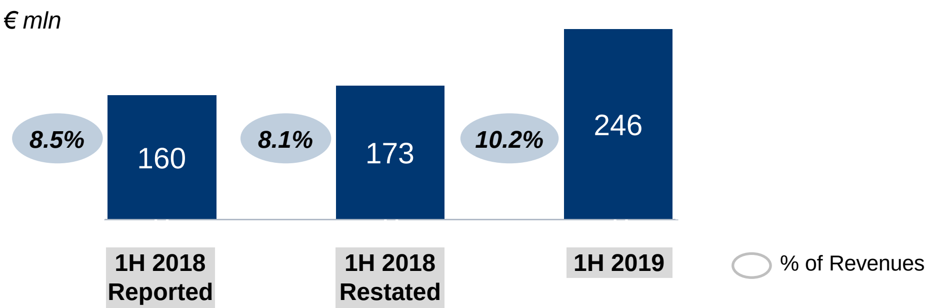
Appendix

Financial overview - Shipbuilding

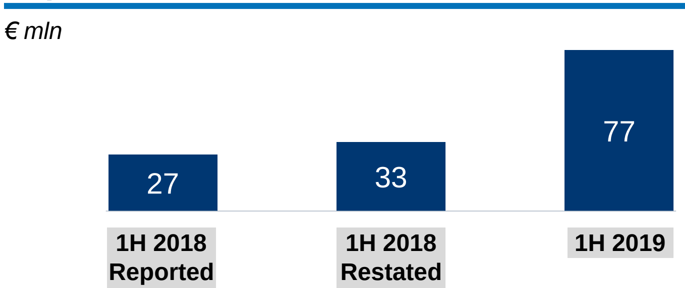
Revenues



EBITDA



Capex



- Revenues: € 2,410 mln (+ 13.2% vs 1H 2018)
  - Higher volumes in Cruise (+9.9% vs 1H 2018) driven by the construction of larger vessels
  - Substantial progress of production activities in naval (+ 22.0 % vs. 1H 2018)
- EBITDA: € 246 mln, with margin at 10.2%
  - Improvement resulting from portfolio de-risking and positive pricing momentum in cruise
  - Significant contribution of naval projects
- Capex: € 77 mln
  - Upgrading of Italian and Romanian shipyards
- Orders: € 6,364 mln (€ 1,350 mln in 1H 2018)
  - 11 Cruise ships(1)
  - 1 Littoral Combat Ship (LCS 31)
  - 1 Interlake Bulk Carrier for Interlake Steamship Co.
  - 1 Ferry for Washington Island Ferry Line
- Backlog: € 27,793 mln (€ 20,258 mln in 1H 2018)
- Deliveries:
  - 5 Cruise ships(2)
  - 2 Naval vessels(3)

(1) 2 for Oceania Cruises, 1 for Regent Seven Seas Cruises, 2 for Viking Cruises, 4 for MSC Cruises, 2 for Princess Cruises
(2) “Viking Jupiter” for Viking Cruises; “Costa Venezia” for Costa Cruises; "Le Bougainville" and "Le Dumont d'Urville" for Ponant; "Hanseatic Nature" for Hapag-Lloyd Cruises
(3) LCS 15 "USS Billings" for the US Navy; FREMM "Antonio Marceglia" for the Italian Navy

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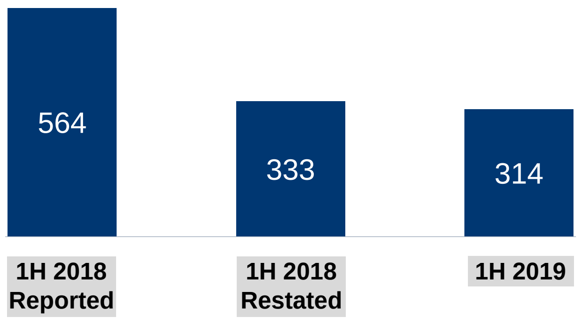
Financial overview - Offshore & Specialized Vessels

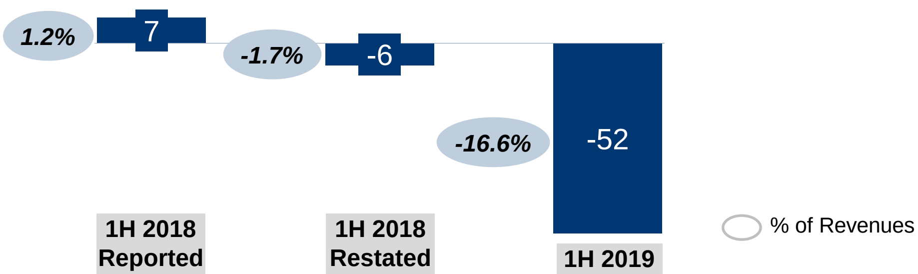
Revenues

€ mln



EBITDA

€ mln



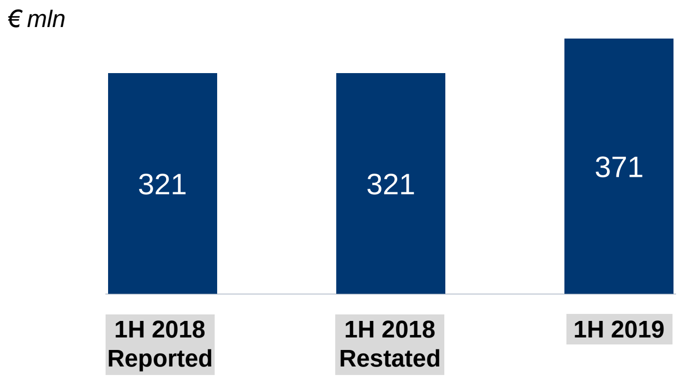
Capex

€ mln

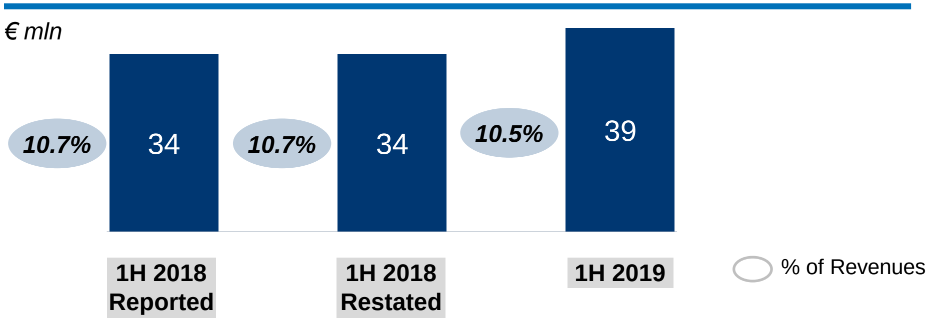
- Revenues: € 314 mln (vs € 333 in 1H 2018)
  - Volume contraction related to the reduction of capacity utilization
- EBITDA: € (52) mln, with margins at -16.6 %
  - Development of the complex, highly challenging specialized vessels' portfolio
  - Restructuring plan aimed at margin recovery in the medium term currently under definition
- Capex: € 2 mln
- Orders: € 57 mln (€ 824 mln in 1H 2018)
- Backlog: € 885 mln (€ 1,132 mln in 1H 2018)
- Deliveries: 8 ships
  - 3 OSCV units: 2 to Topaz Energy and Marine, 1 to Dofcon Navegação
  - 1 expedition cruise vessel to Coral Expeditions
  - 1 fishing vessel to Aker BioMarine
  - 2 ferries to Torghatten Nord
  - 1 aquaculture vessel to Solstrand

Financial overview - Equipment, Systems and Services

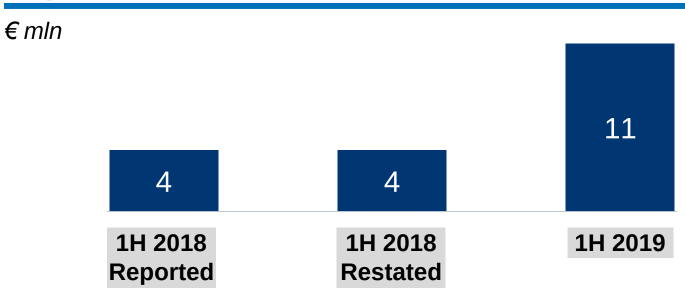
Revenues



EBITDA



Capex



- Revenues: € 371 mln, up 15.3% vs 1H 2018
  - Confirmation of the growth trend started in 2017
  - Positive impact of the backlog related to naval contracts and higher volumes in ship repair and conversion
  - Includes the contribution from the start of activities in the infrastructures sector
- EBITDA: € 39 mln with margin at 10.5%
  - Major contribution of conversion and refurbishment projects with strategic importance but limited margins
- Capex: € 11 mln
- Orders: € 349 mln vs € 376 mln in 1H 2018
- Backlog: € 1,604 mln vs € 1,289 mln in 1H 2018

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Profit & Loss and Cash flow statement

Profit & Loss statement (€ mln)	FY 2018	1H 2018	1H 2019
Revenues	**5,474**	**2,527**	**2,837**
Materials, services and other costs	(4,089)	(1,855)	(2,100)
Personnel costs	(946)	(482)	(508)
Provisions[(1)]	(25)	(7)	(14)
EBITDA	**414**	**183**	**215**
Depreciation, amortization and impairment	(137)	(65)	(78)
EBIT	**277**	**118**	**137**
Finance income / (expense)	(104)	(52)	(60)
Income / (expense) from investments	(1)	1	(3)
Income taxes[(2)]	(64)	(28)	(40)
Adjusted Net result[(3)]	**108**	**39**	**34**
Attributable to owners of the parent	*111*	*45*	*38*
Extraordinary and non recurring items[(4)]	(51)	(32)	(27)
Tax effect on extraordinary and non recurring items	12	8	5
Net result for the period	**69**	**15**	**12**
Attributable to owners of the parent	*72*	*21*	*16*
Cash flow statement (€ mln)	***FY 2018***	***1H 2018***	***1H 2019***
Beginning cash balance	**274**	**274**	**677**
Cash flow from operating activities	30	99	(14)
Cash flow from investing activities	(163)	(35)	(118)
Cash flow from financing activities	535	278	137
Net cash flow for the period	**402**	**342**	**5**
Exchange rate differences on beginning cash balance	1	2	2
Ending cash balance	**677**	**618**	**684**

(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) *Excluding tax effect on extraordinary and non recurring items*
(3) *Net results before extraordinary and non recurring items*
(4) *Extraordinary and non recurring items gross of tax effect*

Balance sheet

Balance sheet (€ mln)	FY 2018	1H 2018	1H 2019
Intangible assets	618	625	621
Right of use	-	-	85
Property, plant and equipment	1,074	1,031	1,152
Investments	60	51	74
Other non-current assets and liabilities	8	72	(14)
Employee benefits	(57)	(58)	(59)
Net fixed assets	**1,703**	**1,721**	**1,859**
Inventories and advances	881	852	807
Construction contracts and advances from customers	936	584	969
Construction loans	(632)	(488)	(492)
Trade receivables	749	601	647
Trade payables	(1,849)	(1,595)	(1,824)
Provisions for risks and charges	(135)	(155)	(80)
Other current assets and liabilities	94	3	76
Net working capital	**44**	**(198)**	**103**
Net invested capital	**1,747**	**1,523**	**1,962**
Equity attributable to Group	*1,227*	*1,201*	*1,216*
Non-controlling interests in equity	*26*	*58*	*22*
Equity	**1,253**	**1,259**	**1,238**
Cash and cash equivalents	(677)	(618)	(683)
Current financial receivables	(17)	(30)	(12)
Non-current financial receivables	(63)	(130)	(72)
Short term financial liabilities	485	733	670
Long term financial liabilities	766	309	821
Net debt / (Net cash)	**494**	**264**	**724**
Sources of financing	**1,747**	**1,523**	**1,962**

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