2019 FULL YEAR RESULTS

April 02, 2020

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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.

Key Messages
Preserving backlog in the COVID-19 emergency

COVID-19

- **Timely implemented countermeasures** aimed at safeguarding employees' health and well-being, with the **suspension of production activities** starting from March 16, 2020
- To the extent that the situation stabilizes within a reasonable timeframe, **the Group's current financial structure is capable of weathering the storm**
- **Current focus and commitment on preserving the backlog** in cruise
- **2020-2024 Business Plan to be finalized** as soon as a clearer analysis of the impacts is possible

FY 2019 Operating performance

- **Order intake at €8.7 bln for 28 new units,** including 13 cruise ships and 5 naval units in the US
- **Total backlog*(1)* at €32.7 bln for 109 units,** with **backlog at €28.6 bln** (+12%) and **soft backlog*(2)* at €4.1 bln**
- **Delivered 26 vessels from 12 yards**, among which 4 cruise ships 4 expedition cruise vessels and 3 naval vessels, and **launched 3 naval units** for the Italian Navy
- **Created 550 new jobs directly and 2,650 through the subcontractor network**

FY 2019 Financial performance

- **Excellent performance of Fincantieri SpA** (Revenues €4.3 bln, EBITDA €489 mln, EBITDA margin 11.3% and Net income € 151 mln, including € 40 mln extraordinary charges for asbestos)
- **Negative performance of Vard** with restructuring plan underway, resulting in the following Group results:
  - **Revenues at €5.8 bln** (+8%), **EBITDA at €320 mln**, **EBITDA margin 5.5%, Adjusted Net Result at €-71 mln** and **Net result at €-148 mln**, including €24 mln losses from discontinued operations, €67 mln extraordinary charges and €73 mln taxes
  - **Net debt at €736 mln** consistent with cruise production volumes and delivery schedule

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

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Key Messages

Continuing focus on strategic developments

JV Naval Group

- **Incorporated Naviris, 50/50 joint venture with Naval Group**, currently fully operating
- The milestone falls within the consolidation strategy of the **European naval industry** aiming at creating a **worldwide leader in product performance and technological innovation**.

Chantiers de l'Atlantique

- **Interactions with the European Antitrust Authorities** for the acquisition of 50% **of Chantiers de l'Atlantique** signed in 2018 have continued during 2019
- On March 16, 2020 the EU commission **suspended the investigation** for the time being

Technology & Innovation

- **Acquired a majority stake of Insis**, a leading solution provider in the defense and civil sector, in the context of developing IT & electronic excellence center
- The acquisition will allow to **create synergies within the Group**, expand the range of our **technological competences** and accelerate the **development of new technologies**

Vard restructuring

- Restructuring plan being implemented by the **new management**, with the **revision of industrial management systems and economic planning of Vard**
- **Closed two shipyards** and changed commercial strategy with the **exit from small fishery and aquaculture support vessels business** (discontinued operations)

Sustainability

- **Achieved 2019 targets** laid out by the **Sustainability Plan** ranging from environmental matters to supply chain, human rights, health and safety, as well as sustainable design
- **Joined United Nations Global Compact**, the most wide-ranging business sustainability initiative in the world

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FY 2019 main orders
13 cruise ships and 5 naval vessels in the US

Segment	Vessel	Client	# of units	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
		Ponant	2	2022
	Ferry	*Washington Island Ferry*	1	2020
	Interlake Bulk Carrier	*Interlake Steamship*	1	2022
	Littoral Combat Ship	*US Navy*	1	n.d.
	Logistic Support Ships forward sections	*French Navy*	4	2021-2027
	LNG Barge	*NorthStar Midstream*	1	2021
	Multi-Mission Surface Combatants	*US Navy (Saudi Arabia)*	4	n.d.
Offshore & Specialized Vessels	Expedition Cruise Vessel	*Coral Expeditions*	1	2020
	Expedition Cruise Vessel	*Seasons Shipping*	1	2021
	Fishery unit	*Luntos*	1	2021

Acquired in Q4

n.d.: not disclosed

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FY 2019 main deliveries(1)
26 ships from 12 shipyards

Segment	Vessel	Client	Shipyard
Shipbuilding	**Cruise ship "Viking Jupiter"**	*Viking Cruises*	Ancona
	Cruise Ship "Carnival Panorama"	*Carnival*	Marghera
	Cruise ship "Costa Venezia"	*Costa Crociere*	Monfalcone
	Cruise Ship "Sky Princess"	*Carnival*	Monfalcone
	Expedition cruise vessel "Hanseatic Inspiration"	*Hapag-Lloyd Cruises*	Vard Langsten
	Expedition cruise vessel "Hanseatic Nature"	*Hapag-Lloyd Cruises*	Vard Langsten
	Expedition cruise vessel "Le Bougainville"	*Ponant*	Vard Søviknes
	Expedition cruise vessel "Le Dumont d'Urville"	*Ponant*	Vard Søviknes
	FREMM "Antonio Marceglia"	*Italian Navy*	Muggiano
	Littoral Combat Ship (LCS 17)	*US Navy*	Marinette
	Littoral Combat Ship "Billings" (LCS 15)	*US Navy*	Marinette
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

Delivered in Q4

(1) *Only main deliveries are reported – during 2019 the Group also delivered additional 11 units in the Offshore & Specialized vessels segment*

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Overview of 2019 main deliveries

Shipbuilding


Viking Jupiter


Costa Venezia


LCS 15 – USS Billings


FREMM Marceglia


Ponant Le Dumont d'Urville


Ponant Le Bougainville


Hapag-Lloyd Hanseatic Nature


LCS 17 – USS Indianapolis


Hapag-Lloyd Hanseatic Inspiration


Carnival Sky Princess


Carnival Panorama

Offshore & Specialized Vessels


OSCV Topaz (x2)


OSCV Skandi Olinda (DOF)


Coral Adventurer

Delivered in Q4

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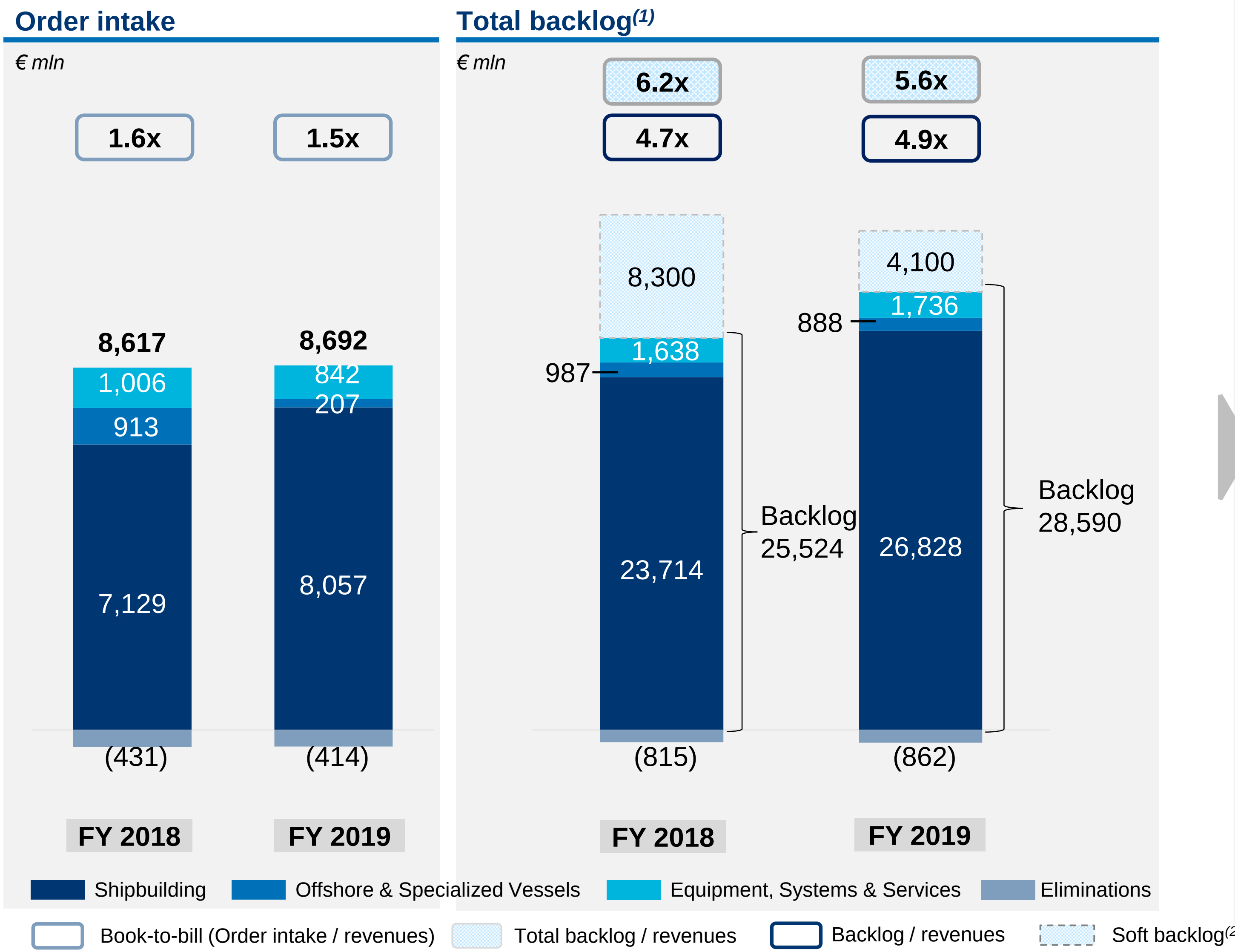
Order intake and backlog
Breakdown by segment



- **Total backlog at €32.7 bln, covering ~6 years of work if compared to 2019 revenues**
- Backlog up 12.0% vs 2018
- 2018 soft backlog substantially converted into backlog

(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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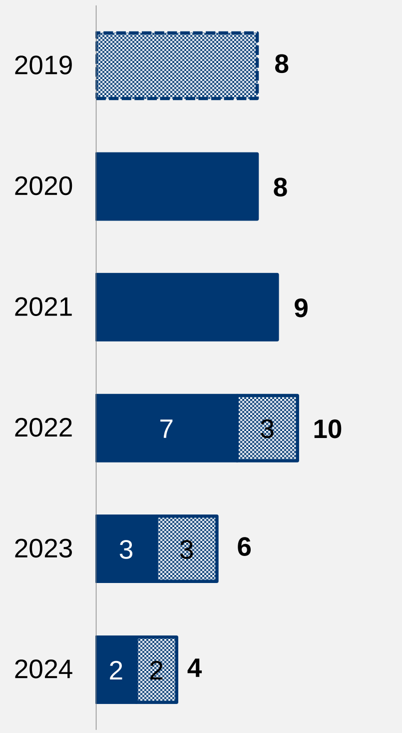
Backlog deployment
Breakdown by segment and end market

Shipbuilding

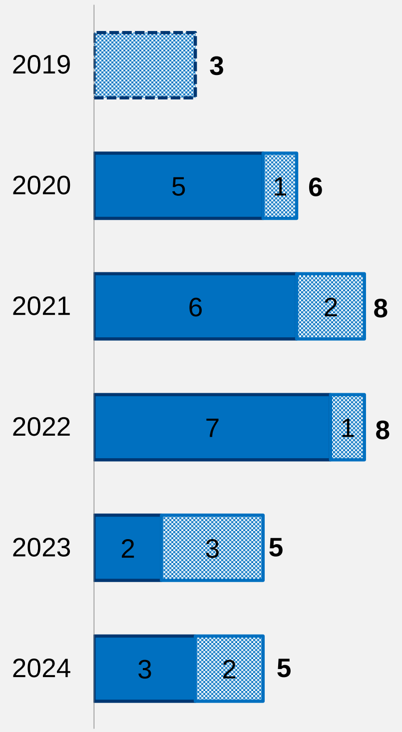
 # ship deliveries

Cruise



- Additional 9 units scheduled after 2024
- **46 vessels in backlog**

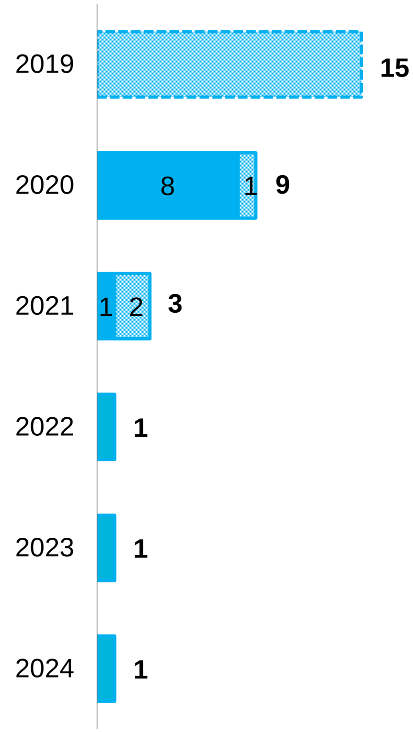
Naval(1)



- Additional 5 units scheduled after 2024
- **37 vessels in backlog**

Offshore & Specialized Vessels

 # ship deliveries



- **15 vessels in backlog**

Delivered in FY 2019

New orders in FY 2019

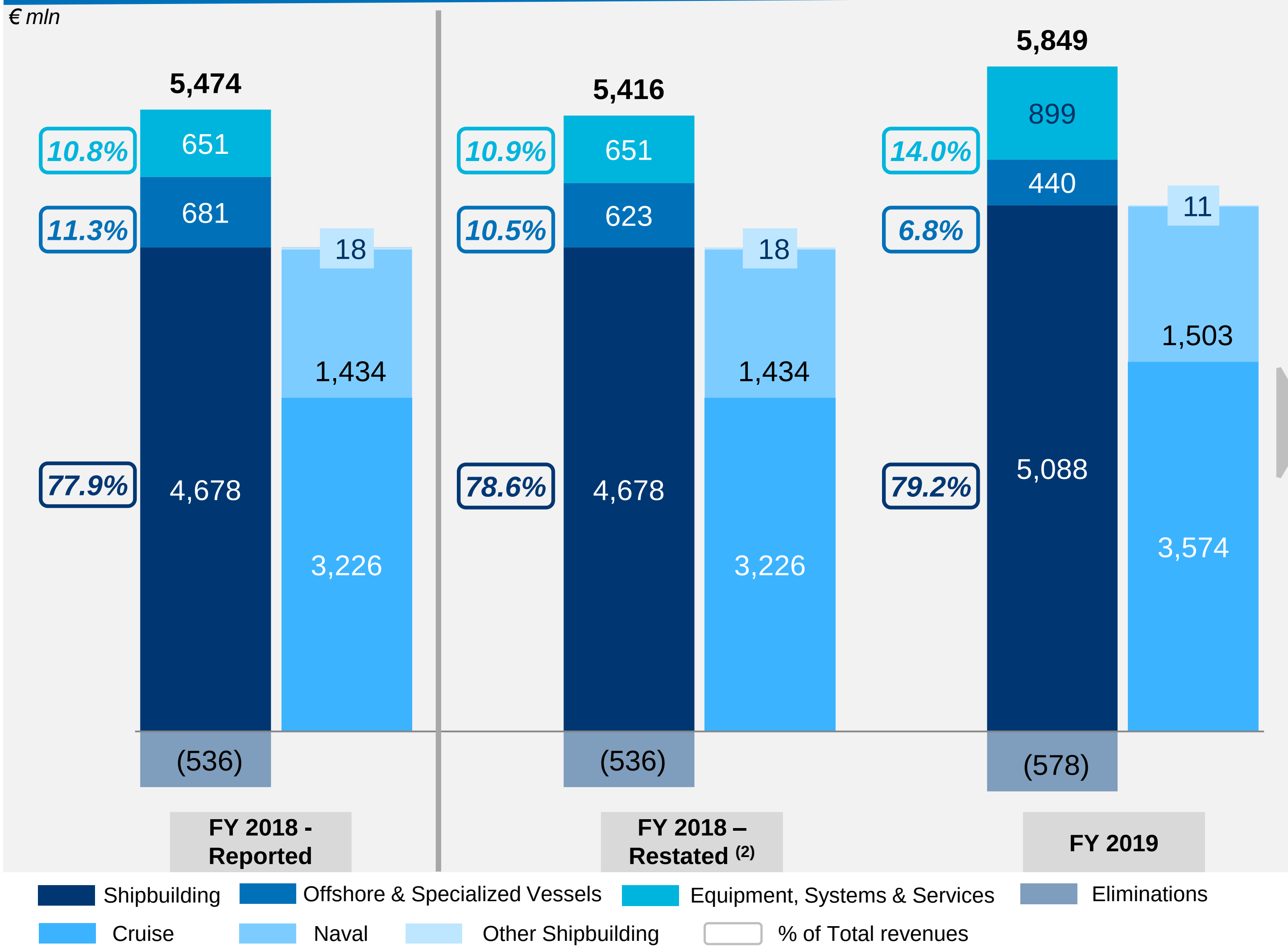
- **26 units delivered in FY 2019, 98 ships in backlog**
- Cruise: 46 vessels
  - Deliveries up to 2027
  - 9 units scheduled after 2024
- Naval: 37 vessels
  - Deliveries up to 2027
  - 5 units scheduled after 2024
- Offshore & Specialized Vessels(2): 15 vessels
  - Deliveries up to 2024

(1) *Ships with length > 40 m; 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) *Offshore business generally has shorter production times and, as a consequence, shorter backlog and quicker order turnaround than Cruise and Naval*

Revenues

Revenues breakdown by segment[1]

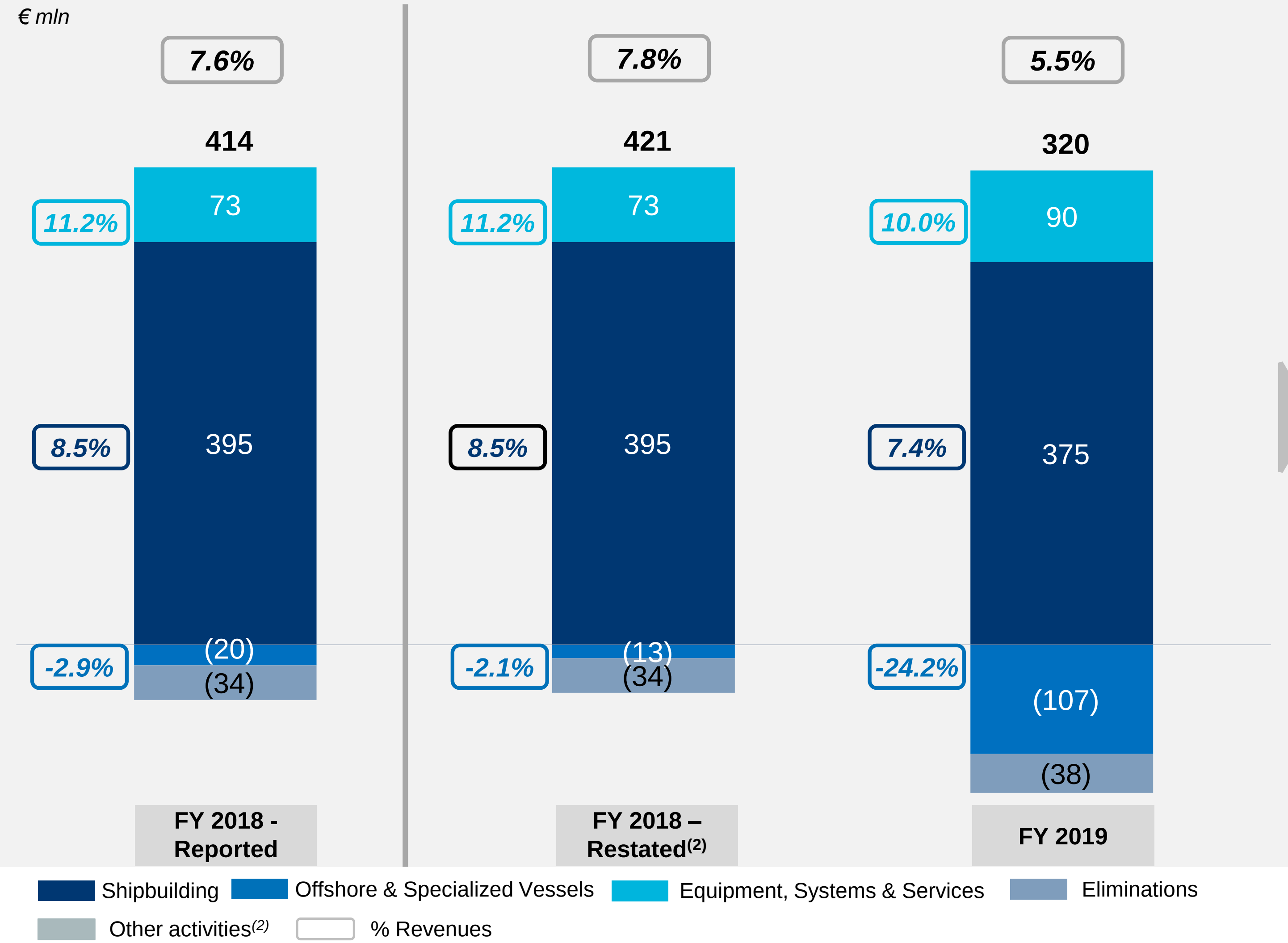


- **Record-high revenues at €5,849 mln (+8.0% vs FY 2018)**
  - **Shipbuilding revenues up 8.8%** on the back of increased volumes both in Italy and at Vard
  - **Offshore revenues down 29.4%**, with volume decrease related to the lack of orders in the core market
  - **Equipment, Systems & Services revenues up 38.1%** thanks to positive backlog deployment

(1) *Breakdown calculated on total revenues before eliminations*
(2) *Restated following the dismissal of small fishery and aquaculture support vessels business (Vard Aukra yard)*

EBITDA

EBITDA(1) and EBITDA margin



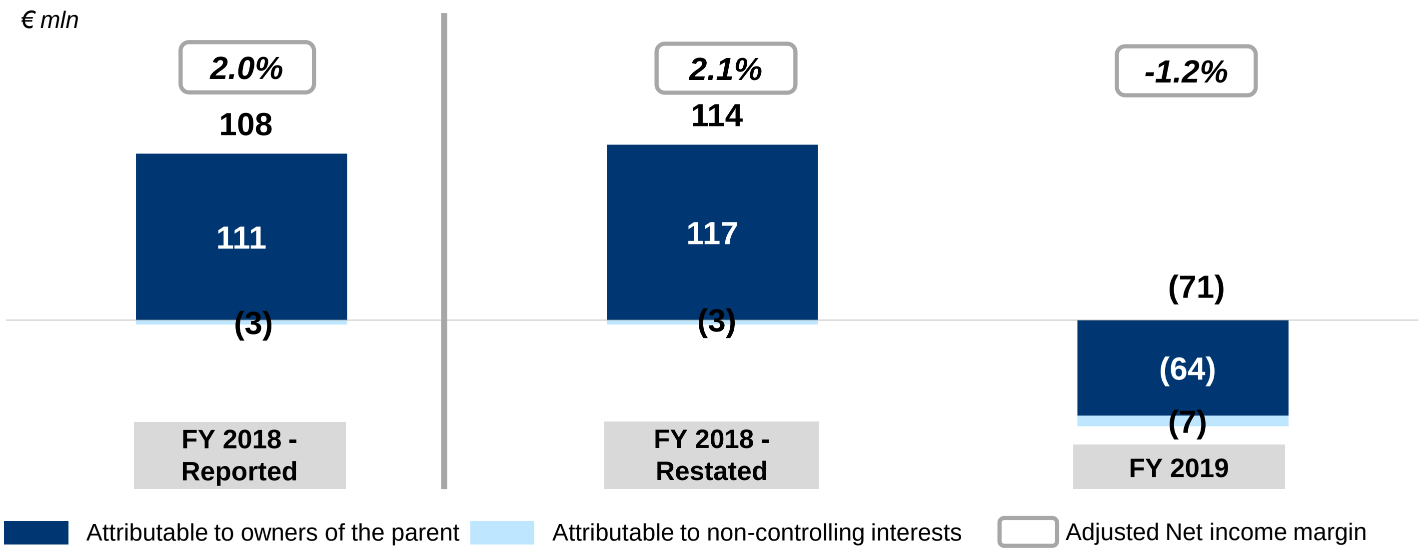
- **EBITDA at €320 mln with EBITDA margin at 5.5%**
  - **Excellent profitability of the Italian operations** negatively affected by Vard cruise performance
  - Positive contribution from Equipment, Systems & Services
  - **Negative margin in Offshore & Specialized Vessels** following the revision of costs at completion for several projects

(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) wages guarantee fund – Cassa Integrazione Guadagni , (viii) expenses for corporate restructuring, (ix) accruals to provision and cost of legal services for asbestos claims, (x) other non recurring items

(2) Restated following the disposal of small fishery and aquaculture support vessels business (Vard Aukra yard)

Net result

Adjusted Net result[1]



€ mln	FY 2018 Reported	FY 2018 Restated	FY 2019
A Adjusted Net result[1]	**108**	**114**	**(71)**
Attributable to owners of the parent	111	117	(64)
B Extraordinary and non recurring items gross of tax effect	(51)	(51)	(67)
C Tax effect on extraordinary and non recurring items	12	12	14
A + B + C = D Net result from continued operations	**-**	**75**	**(124)**
E Net result from discontinued operations	-	(6)	(24)
D + E Net result	**69**	**69**	**(148)**

(1) Net result before extraordinary and non recurring items

- Increased **FX charges** (partially non-cash)
- Increased **extraordinary and non recurring items**:
  - €53 mln for litigations (€40 mln for asbestos-related claims)
  - €9 mln restructuring charges
  - €5 mln other non recurring expenses
- **Negative net result from discontinued operations** arising from the disposal of small fishery and aquaculture support vessels business (Vard Aukra yard)

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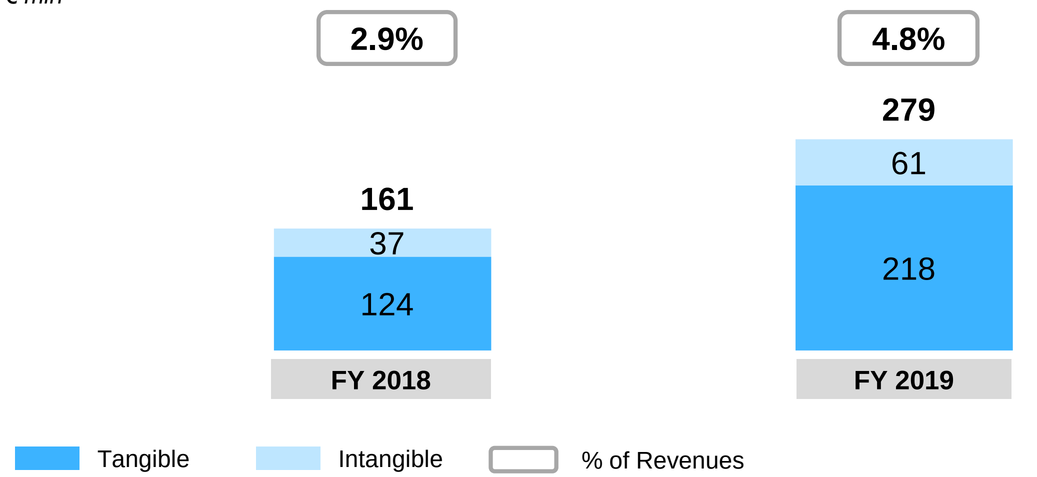
Capital expenditure

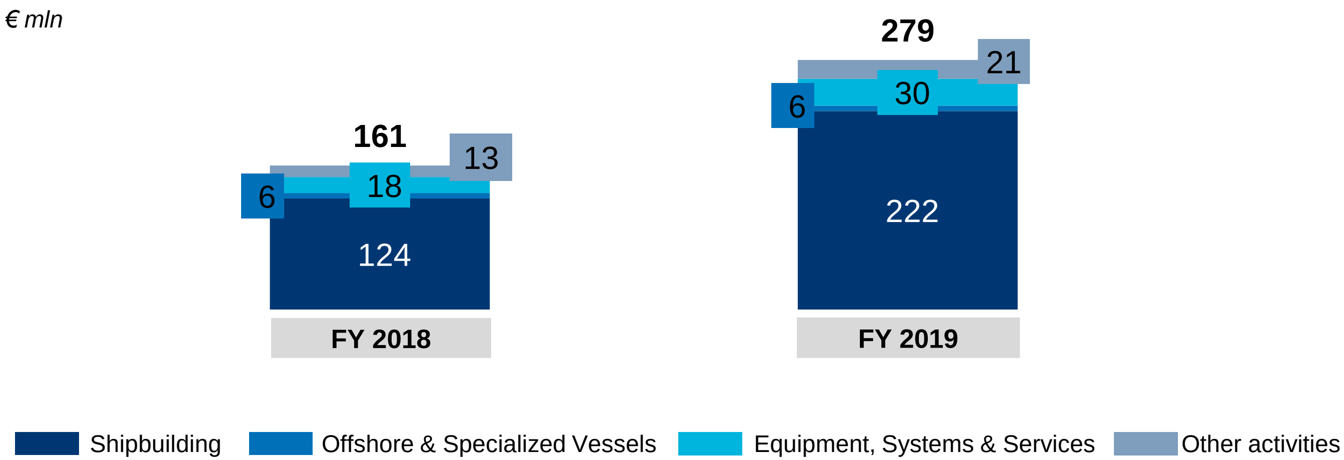
Capex

€ mln



Capex by segment

€ mln

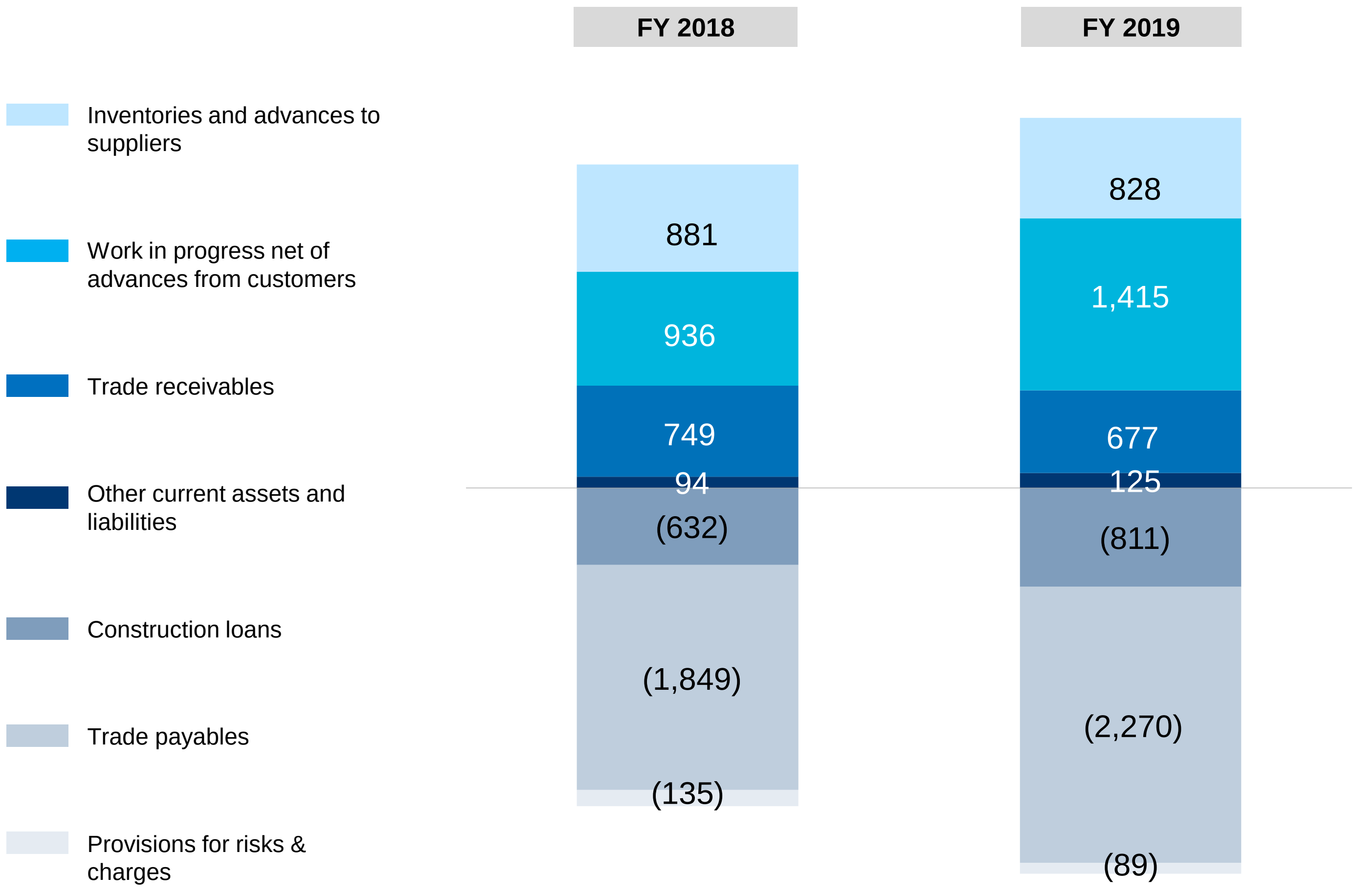


- **Tangible capex** mainly related to:
  - Upgrading Italian yards in order to adjust the production capacity to the construction of large vessels and substantially higher volumes
  - Improving safety and environmental conditions in all production sites
  - Conversion of Vard Tulcea and Vard Braila to cruise activities

Net working capital[(1)]

Breakdown by main components

€ mln



	FY 2018	FY 2019
Net working capital	**44**	**(125)**

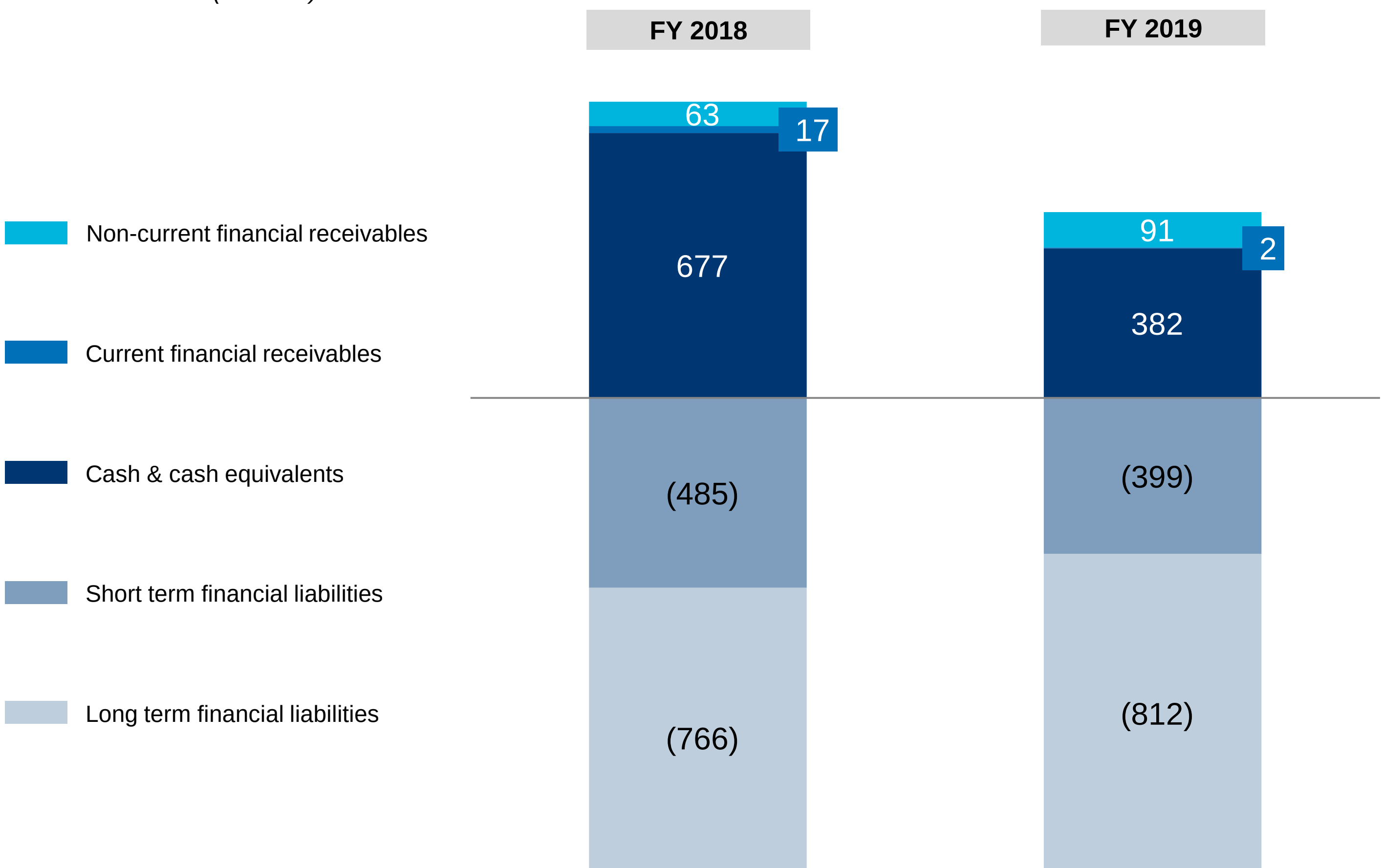
- Increase of Work in progress and trade payables due to the **growth of production volumes** with 2 cruise ships delivered in the first 3 months of 2020
- Increase of construction loans, with majority related to Italian operations

(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

Breakdown by main components

€ mln – Net cash / (Net debt)



- Increase of **net debt** mainly related to investments and cruise-specific financial dynamics

Net financial position	**(494)**	**(736)**

(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

Outlook

2020 Guidance

- **COVID-19:** since its outbreak, COVID-19 posed a major threat to national healthcare systems, social wellbeing and the global economy, thus urging Government Authorities to undertake strict countermeasures and lockdown protocols
- **Tackling the emergency:** Fincantieri reacted promptly to protect the health of its employees and those of the subcontractor network, by implementing preventive measures and suspending production activities at Italian shipyards from March 16, 2020
- **Assessing and monitoring risks:** the management is actively involved in the daily monitoring of the evolution of the emergency, in order to ensure proactive management of its potential effects. Impact on Group activities in 2020 likely related to:
  - Production programs
  - Supply chain
  - Personnel
  - Capital expenditures
  - Commercial negotiations
- **Focus on preserving cruise backlog:** with cruise tourism as one of the most affected sectors and cruise operators being forced to suspend operations early on, Fincantieri's priority and commitment are focused on the support to our customers and strategic partners in order to protect the acquired backlog
- **Additional efforts in other segments:** increased commitment to effectively secure new opportunities in naval and continuous focus on diversification in key areas such as technology & electronics and infrastructure
- **Solid financial structure:** to the extent that the situation stabilizes within a reasonable timeframe, the Group's financial structure is adequate to cope with the effects of the emergency
- **Business Plan 2020-2024**: as soon as the developments of the emergency allow a clearer analysis of the possible impacts, the Company will finalize the new business plan and promptly communicate to the market

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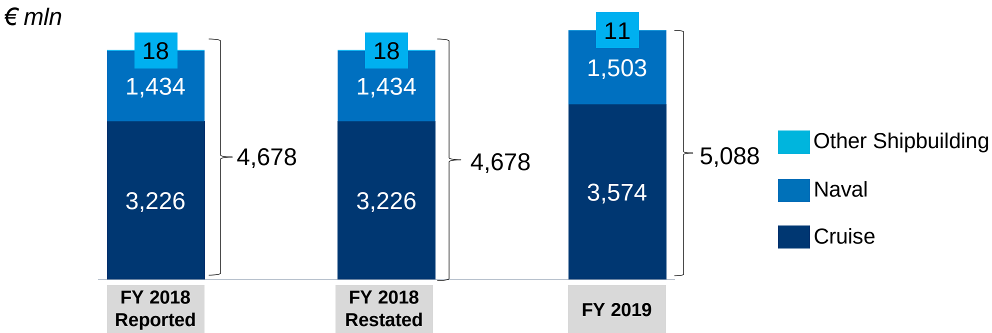
Q&A

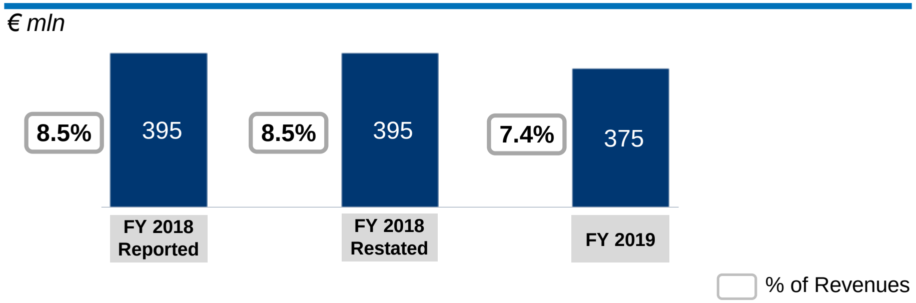
Appendix

Financial Overview - Shipbuilding

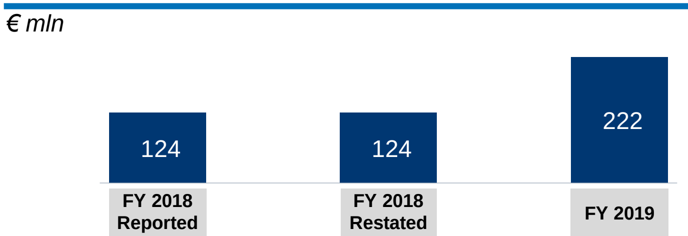
Revenues



EBITDA



Capex



- Revenues: €5,088 mln (+8.8% vs FY 2018)
  - Cruise up 10,8%, driven by the construction of bigger and more valuable vessels in Italy and higher volumes in Vard
  - Volumes in Naval guaranteed both by the projects for the Italian and Qatari Navies and by the US subsidiary
- EBITDA: €375 mln with margin at 7.4%
  - Good profitability of Italian operations, both in cruise and naval, offset by the negative performance of Vard Cruise
- Capex: €222 mln
- Orders: €8,057 mln (€7,129 mln in FY 2018)
  - 13 Cruise ships[1]
  - 4 forward sections for the FLOTLOG Program
  - 1 Littoral Combat Ship (LCS 31)
  - 4 Multi-Mission Surface Combatants (FMS Saudi Arabia)
  - 1 interlake bulk carrier for Interlake Steamship
  - 1 ferry for Washington Island Ferry Line
  - 1 LNG Barge
- Backlog: €26,828 mln (€23,714 mln in FY 2018)
- Deliveries:
  - 8 Cruise ships[2]
  - 2 Littoral Combat Ships (LCS 15 and 17)
  - 1 Multi-Mission European Frigate (FREMM «Marceglia»)

(1) 2 for Oceania Cruises; 1 for Regent Seven Seas Cruises; 4 for MSC Crociere; 2 for Viking; 2 for Princess Cruises; 2 for Ponant

(2) "Viking Jupiter" for Viking Cruises; "Costa Venezia" for Costa Crociere; "Sky Princess" for Princess Cruises and "Carnival Panorama" for Carnival Cruise Line; " Le Bougainville" and "Le Dumont d'Urville" for Ponant; "Hanseatic Nature" and "Hanseatic Inspiration" for Hapag-Lloyd

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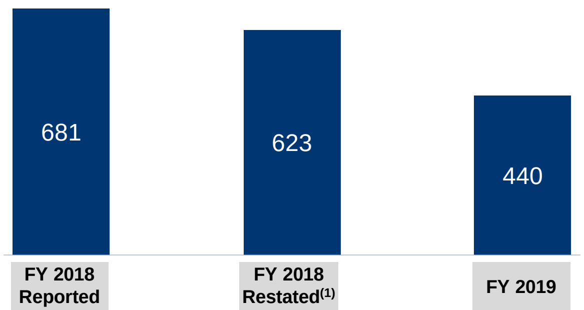
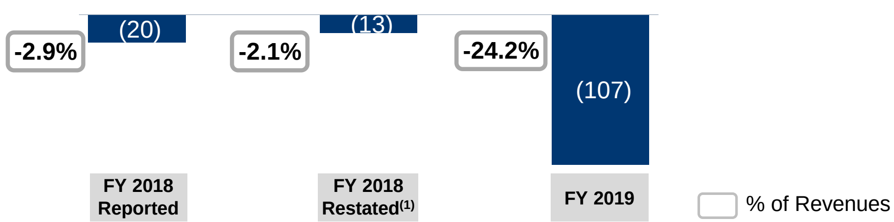
Financial Overview – Offshore and Specialized Vesels

Revenues

€ mln



EBITDA



Capex

€ mln

- Revenues: €440 mln (-29.4% vs FY 2018)
  - Decrease in volumes related to the lack of order intake in core business
- EBITDA: €(107) mln, with margin at -24.2%
  - Impacted by the review of estimated costs at completion of units under construction
  - Negative impact from low yards utilization rate and high complexity of special vessels in order portfolio
- Capex: €6 mln
- Orders: €207 mln (€913 mln in FY 2018[1])
  - 1 fishing unit for Luntos
  - 1 expedition cruise vessel for Coral Expeditions
  - 1 expedition cruise vessel for Seasons Shipping
- Backlog: €888 mln (€987 mln in FY 2018[1])
- Deliveries: 15 ships
  - 3 OSCV units[2]
  - 1 expedition cruise vessel to Coral Expedition
  - 8 fishing units[3]
  - 1 aquaculture unit to Solstrand
  - 2 ferries to Torghatten Nord

(1) Restated following the disposal of operations in Aukra
(2) 2 units to Topaz Energy and Marine and 1 unit to Dofcon Navegação
(3) 2 to Bergur-Huginn; 2 to Gjøgur; 2 to Skinney-Thinganes; 1 to Utgerdarfelag Akureyringa; 1 to Aker BioMarine Antarctis

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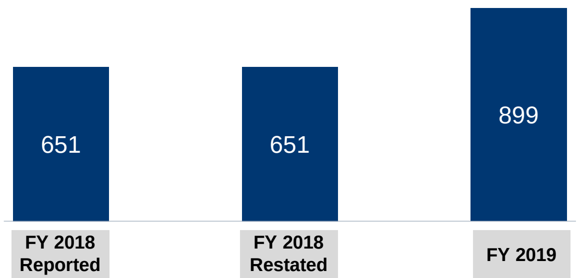
Financial Overview – Equipment, Systems & Services

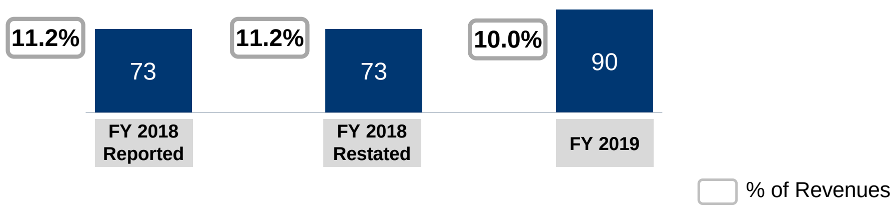
Revenues

€ mln



EBITDA

€ mln



Capex

€ mln

- Revenues: €899 mln (+38.1% vs FY 2018)
  - Increased volumes mainly attributable to navel services, repair and conversion activities, as well as to the contribution from Fincantieri Infrastructure
- EBITDA: €90 mln with margin at 10,0%
  - Major contribution of infrastructure and conversion & refurbishment projects
- Orders: €842 mln vs €1,006 mln in FY 2018
- Backlog: €1,736 mln, up 6% with respect to FY 2018

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Profit & Loss and Cash flow statement

Profit & Loss statement (€ mln)	**FY 2018 Reported**	**FY 2018 Restated**	**FY 2019**
Revenues	**5,474**	**5,416**	**5,849**
Materials, services and other costs	(4,089)	(4,029)	(4,497)
Personnel costs	(946)	(941)	(996)
Provisions(1)	(25)	(25)	(36)
EBITDA	**414**	**421**	**320**
Depreciation, amortization and impairment	(137)	(136)	(167)
EBIT	**277**	**285**	**153**
Finance income / (expense)	(104)	(104)	(134)
Income / (expense) from investments	(1)	(1)	(3)
Income taxes(2)	(64)	(66)	(87)
Adjusted Net result(3)	**108**	**114**	**(71)**
Attributable to owners of the parent	*111*	117	(64)
Extraordinary and non recurring items(4)	(51)	(51)	(67)
Tax effect on extraordinary and non recurring items	12	12	14
Net result from continued operations	-	**75**	**(124)**
Attributable to owners of the parent	-	78	(117)
Net result from discontinued operations	-	(6)	(24)
Net result for the period	**69**	**69**	**(148)**
Attributable to owners of the parent	*72*	72	(141)
Cash flow statement (€ mln)	**FY 2018 Reported**	**FY 2018 Restated**	**FY 2019**
Beginning cash balance	**274**	**274**	**677**
Cash flow from operating activities	30	37	209
Cash flow from discontinued activities	-	(7)	(22)
Cash flow from investing activities	(163)	(163)	(310)
Cash flow from financing activities	535	535	(173)
Net cash flow for the period	**402**	**402**	**(296)**
Exchange rate differences on beginning cash balance	1	1	1
Ending cash balance	**677**	**677**	**382**

(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

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Balance sheet

Balance sheet (€ mln)	**FY 2018**	**FY 2019**
Intangible assets	618	744 [1]
Property, plant and equipment	1,074	1,225
Investments	60	75
Other non-current assets and liabilities	8	(79)
Employee benefits	(57)	(60)
Net fixed assets	**1,703**	**1,905**
Inventories and advances	881	828
Construction contracts and advances from customers	936	1,415
Construction loans	(632)	(811)
Trade receivables	749	677
Trade payables	(1,849)	(2,270)
Provisions for risks and charges	(135)	(89)
Other current assets and liabilities	94	125
Net working capital	**44**	**(125)**
Assets held for sale including related liabilities	**-**	**6**
Net invested capital	**1,747**	**1,786**
Equity attributable to Group	*1,227*	1,019
Non-controlling interests in equity	*26*	31
Equity	**1,253**	**1,050**
Cash and cash equivalents	(677)	(382)
Current financial receivables	(17)	(2)
Non-current financial receivables	(63)	(91)
Short term financial liabilities	485	399
Long term financial liabilities	766	812
Net debt / (Net cash)	**494**	**736**
Sources of financing	**1,747**	**1,786**

(1) Includes Rights on the use of assets

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