



1Q 2021 RESULTS

May 14, 2021

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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.



Agenda

▶ SUMMARY & BUSINESS UPDATE

▶ ECONOMIC AND FINANCIAL RESULTS

▶ OUTLOOK

▶ APPENDIX



SUMMARY & BUSINESS UPDATE



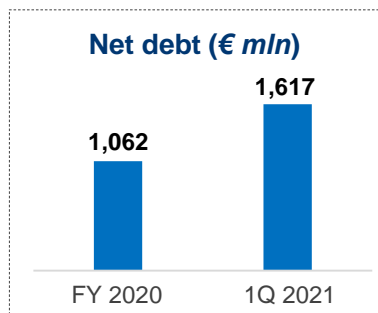
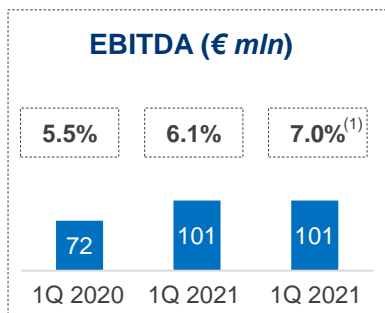
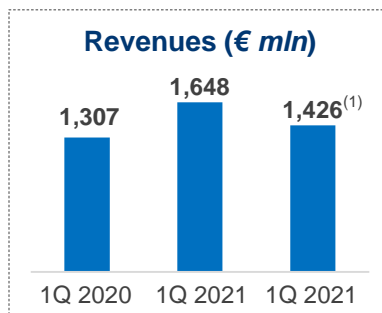
Executive summary

Year-end guidance confirmed, increased revenues and profitability in 1Q 2021

Year-end targets confirmed

- **Guidance for 2021 confirmed:** revenues excluding pass-through activities +25%-30%, EBITDA margin at 7%, and net financial position flat YoY. First quarter performance confirms the targets outlined for year-end
- **Total backlog at € 34.4 bn** including order intake at €0.3 bn: **backlog at €26.5 bn** (98 units) and **soft backlog at €7.9 bn**
- **Two units delivered during the quarter:** LSS «**Vulcano**» to the Italian Navy and expedition cruise vessel «**Coral Geographer**» to Coral Expeditions

Strong top-line and solid profitability



- **Revenues** excluding pass-through activities **up 9.1%** YoY confirming the growth trend outlined in the previous quarter
- **EBITDA margin** at 7.0% improving consistently with year-end target thanks to higher production volumes and sound execution
- **Net debt increase** owing to a delivery schedule concentrated in 3Q - expected to reverse from 3Q
- COVID-19 related extraordinary costs at €14 mln

(1) Excluding pass-through activities

Business update

Leveraging our core competencies, while expanding our strategic capabilities...

CRUISE

- **Delivery schedule carried on as expected**
- **Viking Venus, the first out of five cruise ships to be delivered from Italian shipyards this year**, was successfully handed over to Viking on April 15th in Ancona

DEFENCE

- Fincantieri to officially partake in the **Sea Defence Project**, aimed at providing technologies to be included in the **next generation of naval platforms** and pursued in further European development programmes
- A Memorandum of Understanding was signed between JV **Naviris and Navantia** for an **international industrial cooperation to develop the European Patrol Corvette**, and falling within the PESCO European Program⁽¹⁾

OFFSHORE & SPECIALIZED VESSELS

- VARD to design a **cable repair vessel for Orange Marine**, specifically developed for the maintenance of submarine cables with special attention to **sea-keeping capabilities, maneuverability and low fuel consumption**
- VARD to design and construct **3 Service Operation Vessels for North Star Renewables**: the units will be delivered in 2023 from VARD Vung Tau and will be deployed in the **Dogger Bank Wind Farm**

(1) Permanent Structured Cooperation



Business update

...and gearing up to become a key player within the missions set by the Recovery Plan

DIGITAL TRANSFORMATION AND INNOVATION

- **Cloud computing:** A cooperation agreement was signed with **Amazon Web Services** to accelerate digital innovation and technological development at **national level**, with special focus on cloud computing to provide technological and infrastructural **solutions to institutions, large companies, SMEs, and startups**

GREEN REVOLUTION AND ECOLOGICAL TRANSITION

- **Connected vehicles and smart roads:** an **agreement** was **signed with Almoviva** to support and enhance the digitalisation process in the transportation and logistics sector
- **Innovative projects for reducing emissions:** a Memorandum of Understanding was signed with **Arcelor Mittal and Paul Wurth** to consider drawing up a reconversion plan for the existing integrated cycle of the AMI steel-making plant in Taranto, using eco-friendly technologies
- **Hydrogen.** The first **Zero Emission Ultimate Ship** will be completed in 2021: it is an experimental fuel cell powered marine vessel testifying our commitment to developing **alternative sustainable propulsion systems**

INFRASTRUCTURES FOR A SUSTAINABLE MOBILITY

- Cold ironing: a letter of intent was signed with **Enel X** to collaborate on building and running **next-generation port infrastructure** with a **low environmental impact** and developing electricity-powered solutions for ground logistics services



Events

3 new orders in wind offshore and 2 deliveries in the quarter

New orders

Segment	Vessel	Client	Expected Delivery
<ul style="list-style-type: none"> Offshore & Specialized Vessels 	3 Service Operation Vessels	<i>North Star Renewables</i>	2023

Deliveries

Segment	Vessel	Client	Shipyard
<ul style="list-style-type: none"> Shipbuilding 	LSS "Vulcano"	<i>Italian Navy</i>	Muggiano
<ul style="list-style-type: none"> Offshore & Specialized Vessels 	Cruise "Coral Geographer" ⁽¹⁾	<i>Coral Expeditions</i>	Vung Tau

(1) For reasons connected to the organizational responsibility of VARD yards split between Cruise and Offshore, "Coral Geographer" for Coral Expeditions delivered in Q1 2021 is included in the Offshore & Specialized Vessels deliveries



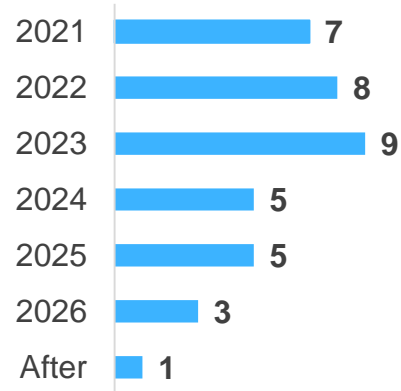
Backlog deployment

Fully preserved order backlog with visibility stretching up to 2029 in Naval

Shipbuilding

ship deliveries

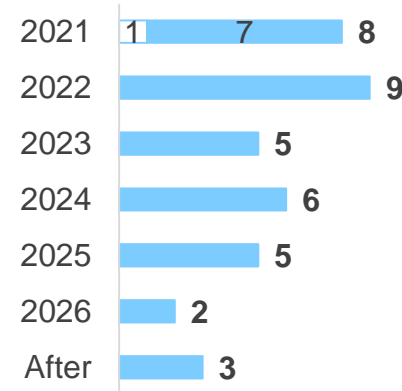
CRUISE



■ Cruise: 38 vessels in backlog

- Visibility up to 2027

NAVAL

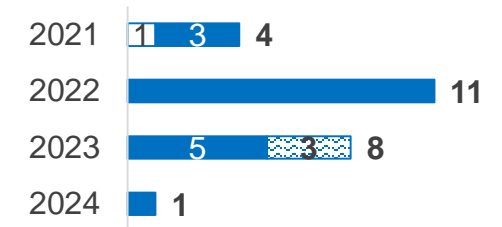


□ Delivered in 1Q 2021 ■ Naval: 37 vessels in backlog⁽¹⁾

- Visibility up to 2029

Offshore & Specialized Vessels

ship deliveries



□ Delivered in 1Q 2021⁽²⁾ ■ New orders in 1Q 2021

■ Offshore & Specialized Vessels: 23 vessels in backlog⁽³⁾

- Wind offshore gaining traction

2 units delivered, 3 new orders, and 98 ships 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) For reasons connected to the organizational responsibility of VARD yards split between Cruise and Offshore, one cruise vessel (for Coral Expeditions) delivered in Q1 2021 is included in the Offshore & Specialized Vessels deliveries

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

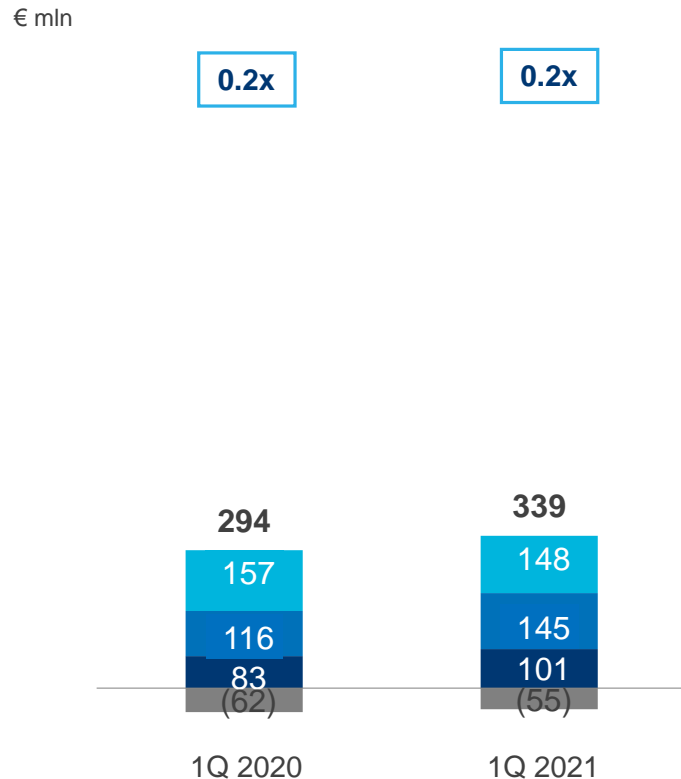
ECONOMIC AND FINANCIAL RESULTS



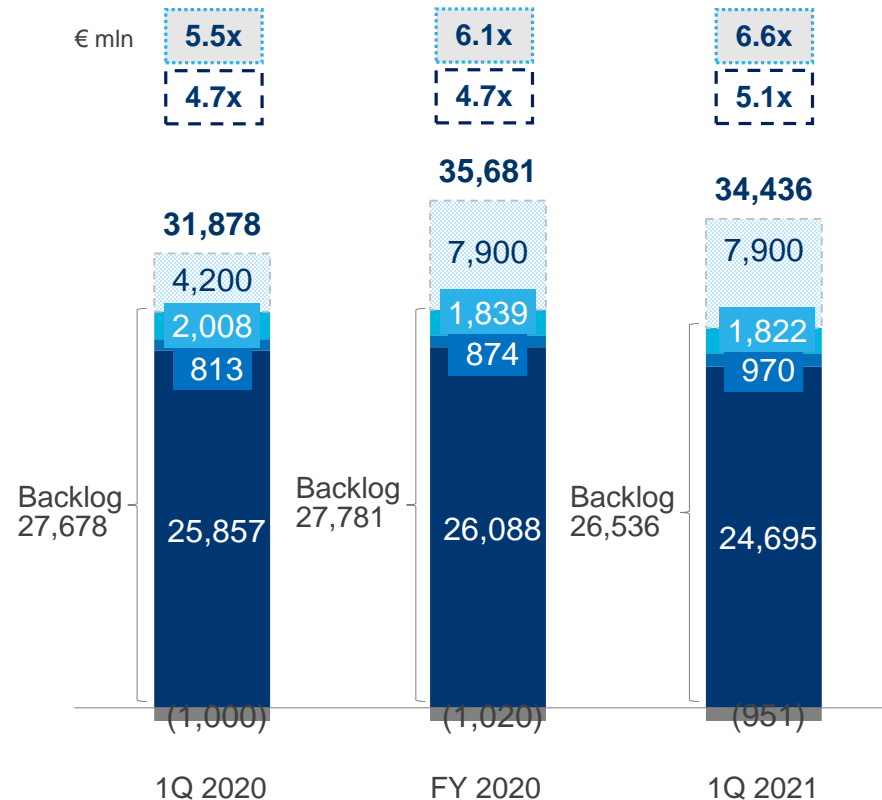
Order intake and backlog

Order intake is still limited but long-term visibility is confirmed

Order intake breakdown by segment



Total backlog breakdown by segment⁽¹⁾



- **Limited order intake in Shipbuilding** with a wait-and-see attitude on the restart of cruise operations
- **3 Service Operation Vessels** acquired in the Wind Offshore segment
- **Total backlog** at €34.4, approximately 6.6x 2020 revenues

■ Book-to-bill⁽²⁾
■ Total backlog / Revenues⁽³⁾
■ Backlog / Revenues⁽³⁾
■ Shipbuilding
 ■ Offshore & Specialized Vessels
 ■ Equipment, Systems & Services
 ■ Eliminations
 ■ Soft backlog⁽⁴⁾

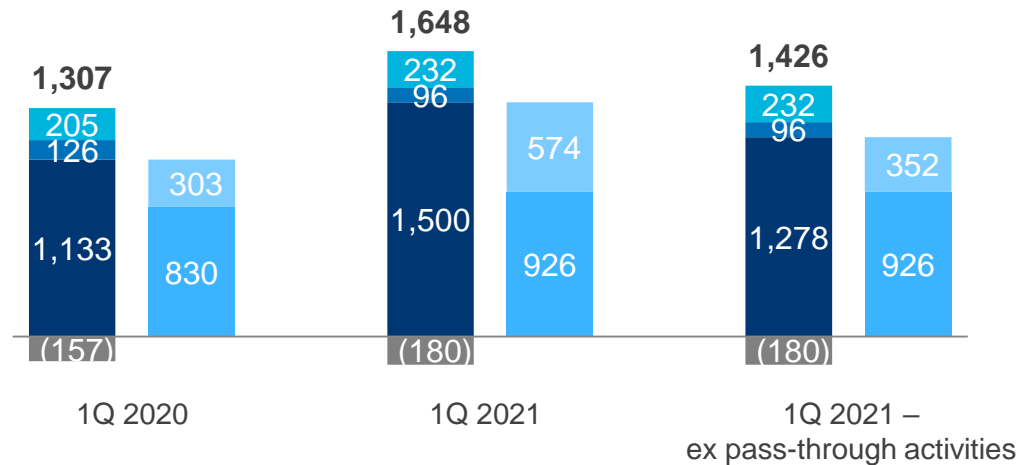
(1) Total backlog is the sum of backlog and soft backlog
 (2) Order intake/revenues excluding pass-through activities
 (3) Excluding pass-through activities
 (4) Soft backlog represents the value of existing contract options and letters of intent as well as contracts in advanced negotiation, none of which yet reflected in the order backlog

Revenues

Top-line growth on the right track: full swing of production programmes driving revenues up 9.1% YoY

Revenues breakdown by segment⁽¹⁾

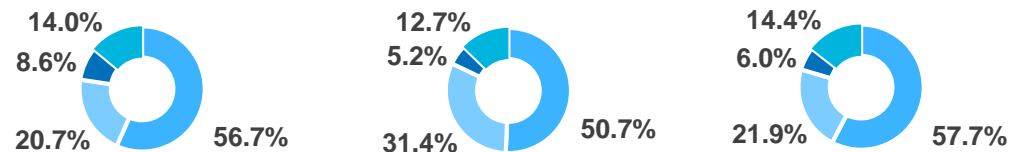
€ mln



Revenues excluding pass-through activities up 9.1% YoY thanks to resumption of operations and full swing of production programmes

- **Shipbuilding** up 12.8% YoY excluding pass-through activities
- **Offshore & Specialized Vessels** down 23.5% due to (i) disposal of Brevik shipyard (ii) effects of market repositioning on higher-value added segments still to unwind
- **Equipment, Systems & Services:** up 13.4%

% of Total revenues



■ Shipbuilding
 ■ Offshore & Specialized Vessels
 ■ Equipment, Systems & Services
 ■ Other activities and Eliminations
 ■ Cruise
 ■ Naval

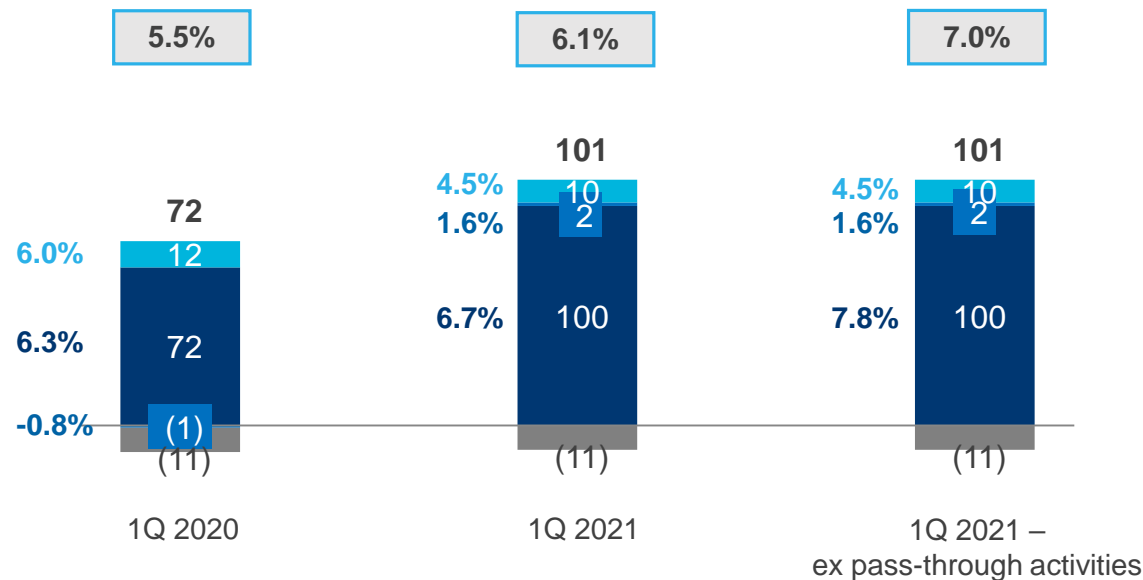
(1) Breakdown calculated before eliminations

EBITDA

Operating profitability at 7.0% is in line with 4Q 2020 performance and 2021 guidance

EBITDA breakdown by segment⁽¹⁾

€ mln



Significantly improved profitability on track with previous quarter positive performance and guidance for 2021

- **Shipbuilding** up 39% YoY with margin at 7.8% confirming good backlog profitability
- **Offshore & Specialized Vessels** up to € 2 mln from negative €1 mln as a result of the successful turnaround strategy implemented in 2019 and market repositioning
- **Equipment, Systems & Services** down 16.7% YoY due to lower profitability in Ship Repair and Conversion

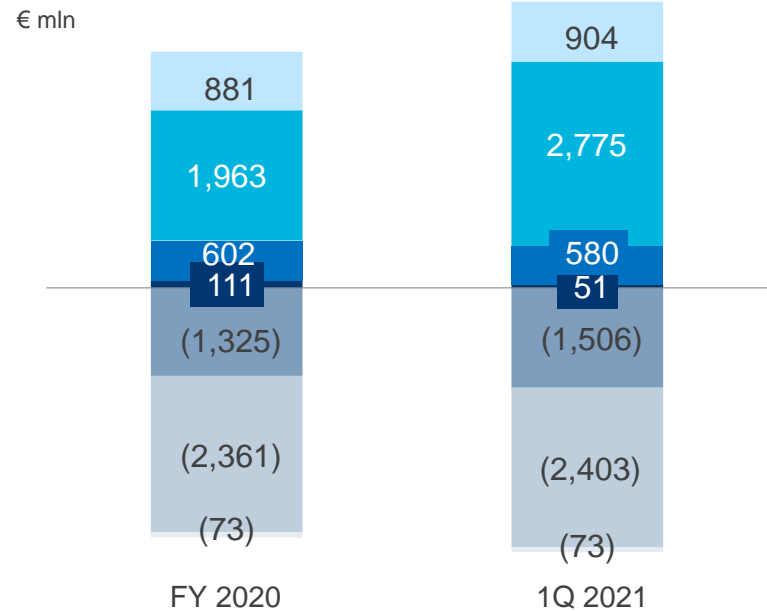
- EBITDA Margin as % of total revenues
- Shipbuilding ■ Offshore & Specialized Vessels ■ Equipment, Systems & Services ■ Other activities and Eliminations

(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

Net working capital and net financial position

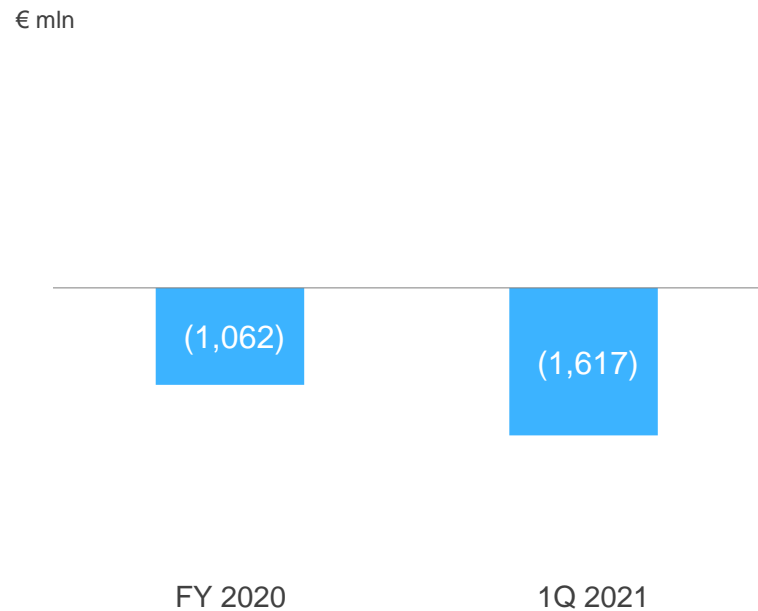
NWC and net debt increase are consistent with the delivery schedule: deleveraging expected by year-end

Net Working Capital breakdown by component



- Inventories and advances to suppliers
- Trade receivables
- Construction loans
- Provisions for risks & charges
- Work in progress net of advances from customers
- Other current assets and liabilities
- Trade payables

Net Financial Position



	FY 2020	1Q 2021
NFP⁽¹⁾	(1,062)	(1,617)

- NFP

- Net debt mirrors net working capital dynamics driven by a **concentrated delivery schedule**
- Deleveraging starting from 3Q

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

OUTLOOK



2021 Company outlook

- In the US, the **CDC** may reportedly be open to **lift or modify the Conditional Sailing Order** - in Europe cruise operations are about **to be resumed starting from late spring/early summer**
- **Strong 2022 booking volumes for cruises** are ahead of pre COVID-19 levels and are driven by pent-up demand
- **Operations to run at full swing** with a **production ramp-up** expected to bridge the gap experienced in 2020
- Long-term growth and profitability are ensured by a **fully preserved order portfolio in Cruise** and a **highly diversified backlog**
- Sound revenue growth expected to accelerate in the remaining part of the year
- **Increase in net financial position** (owing to a delivery schedule concentrated in 3Q) expected to rapidly reverse in the second half of 2021
- **Confirmed guidance on year-end:**
 - Revenues excluding pass-through activities will be up 25%-30% and EBITDA margin is expected at ~7.0%
 - Net financial position is expected to come in broadly in line with 2020



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Q&A



APPENDIX



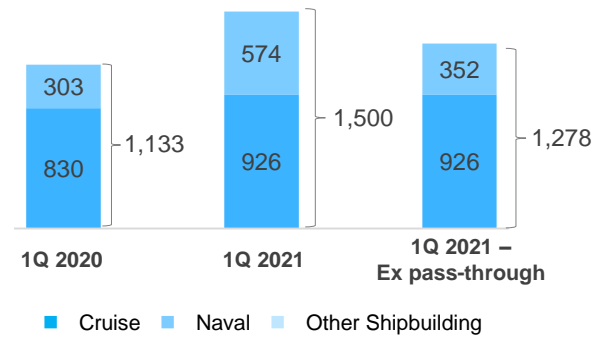
Financial overview – Shipbuilding

Orders, backlog and deliveries

- **Orders:** €101 mln (€83 mln in 1Q 2020)
- **Backlog:** €24,695 mln (€25,857 mln in 1Q 2020)
- **Deliveries:**
 - LSS “Vulcano” to the Italian Navy

Revenues

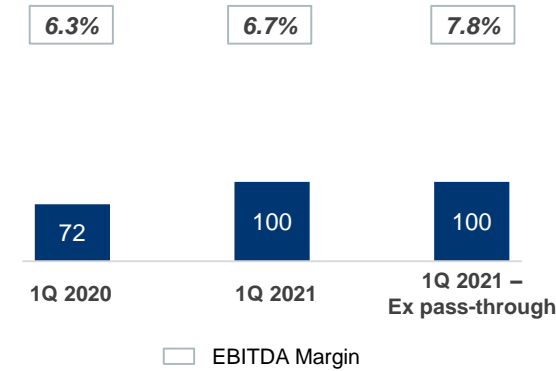
€ mln



- Revenues: ~€222 mln pass-through activities are included in Naval revenues
- Cruise revenues excluding pass-through activities have increased 11.6% YoY
- Naval revenues excluding pass-through activities have increased 16.2% YoY

EBITDA

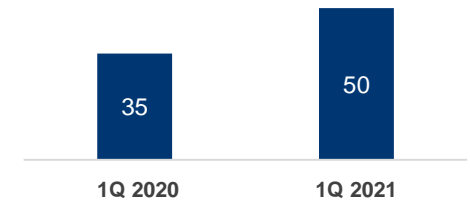
€ mln



- Shipbuilding EBITDA has increased 38.9% versus 1Q 2020

Capex

€ mln



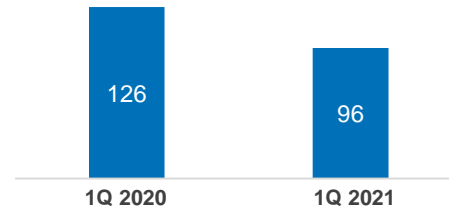
Financial overview – Offshore & Specialized Vessels

Orders, backlog and deliveries

- Orders: €145 mln (€116 mln in 1Q 2020) :
 - 3 Service Operation Vessels for North Star Renewables to be delivered in 2023
- Backlog: €970 mln (€813 mln in 1Q 2020)
- Deliveries:
 - Cruise ship “Coral Geographer” to Coral Expeditions⁽¹⁾

Revenues

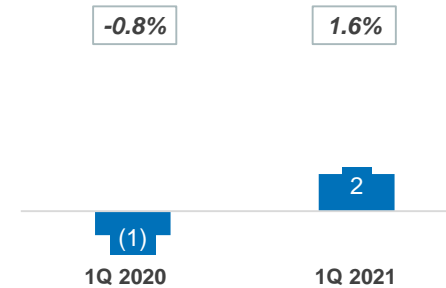
€ mln



- Revenues: €96 mln (€126 mln in Q1 2020), with a decrease of 23.5% YoY
- The decrease is attributable to: (i) the disposal of Brevik shipyard, and (ii) effects of market repositioning on higher-value added segments still to unwind

EBITDA

€ mln



- Improved profitability thanks to effective turnaround strategy implemented in 2019

Capex

€ mln



(1) For reasons connected to the organizational responsibility of VARD yards split between Cruise and Offshore, “Coral Geographer” for Coral Expeditions delivered in Q1 2021 is included in the Offshore & Specialized Vessels deliveries

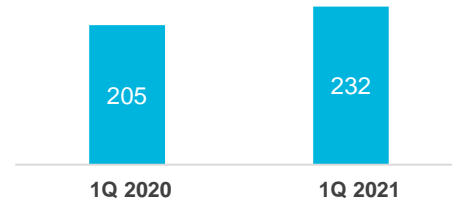
Financial overview – Equipment, Systems & Services

Orders, backlog and deliveries

- Orders: €148 mln vs €157 mln in 1Q 2020
- Backlog: €1,822 mln vs €2,008 mln in 1Q 2020

Revenues

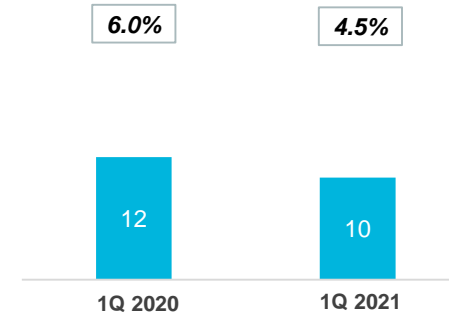
€ mln



- Revenues increased 13.4% YoY – the increase is mainly attributable to Complete accommodation

EBITDA

€ mln



- Lower EBITDA margin is mainly attributable to Ship repair and Conversion

Capex

€ mln

