



# 1H 2021 RESULTS

July 30, 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

▶ FINANCIAL RESULTS

▶ OUTLOOK

▶ APPENDIX

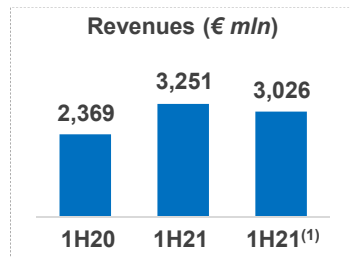


# SUMMARY & BUSINESS UPDATE

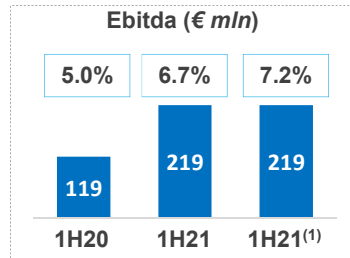


# Executive summary

Back to profitability: revenues up 28%, EBITDA +84%, adjusted net income €49 mln, guidance confirmed

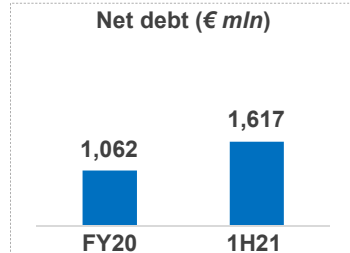


**REVENUES** EXCLUDING PASS-THROUGH ACTIVITIES +28% YOY



**EBITDA** AT €219 MLN AND **EBITDA MARGIN** AT 7.2% EXCLUDING PASS-THROUGH ACTIVITIES

**ADJUSTED NET INCOME** €49 MLN AND €42 MLN EXTRAORDINARY COSTS



**NET DEBT** CONSISTENT WITH EXPECTED DELIVERY SCHEDULE AND IN LINE WITH 1Q21 (3 CRUISE SHIPS DELIVERED IN JULY WITH A CUMULATIVE CASH-IN OF €1.5 BN)

**NET DEBT** €1.2 BN AS OF JULY 2021

- Confirmed **guidance** on **FY 2021** with revenues expected to reach more than +25% YoY and EBITDA margin at 7%, despite increasing commodity prices
- Total backlog with 111 units** at €37 bn, 7.1x 2020 revenues: backlog with 93 units at €27.6 bn and soft backlog at €9.4 bn
- Record-high production volumes** (with 8.4 mln production hours at Italian sites, up ~50% YoY) in order to execute the **hefty backlog** and stick to the **planned delivery schedule**
- Corporate vaccination program** successfully launched in June at Italian yards, addressing both our **employees** and **subcontractors**
- 7 ships** successfully **delivered** from 6 different shipyards and 6 cruise ships to be handed over in the second half of the year (out of which 3 delivered in July)
- Awards: Second FFG-62 frigate for the **US Navy**; prime contractor of the program for 6 frigates for the **Indonesian Navy**; new **MSC cruise terminal** at PortMiami

(1) Excluding the effect of pass-through activities



# Business update

## Continuous focus on strategic development

### CRUISE

- **5 cruise ships successfully delivered, out of which 3 in July:** Viking Venus to Viking Cruises (April), Hanseatic Spirit to Hapag-Lloyd (June), Valiant Lady to Virgin Voyages (July), MSC Seashore to MSC (July), and Rotterdam to Holland America Line (July)
- VARD to build **Somnio**, the world's first yacht liner: with 39 luxurious apartments, it will be sailing the world according to owners' wishes

### DEFENCE

- **Prime contractor** of the program for the **supply of 6 FREMM frigates** to the **Indonesian Ministry of Defense** awarded in June
- **Second Constellation-class frigate** ordered by the **US Navy** in May. FMM is currently working on the design of the first-in-class USS Constellation to be delivered in 2026

### OFFSHORE AND SPECIALIZED VESSELS

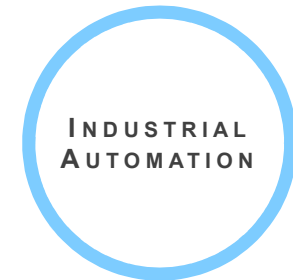
- VARD to provide **North Star Renewables** with **3 SOV** to be deployed in the Dogger Bank Wind Farm
- VARD to supply a **cable repair vessel** to **Orange Marine** (a subsidiary of the Orange Group), specifically developed for the maintenance of **submarine cables**

### EQUIPMENT, SYSTEMS AND SERVICES

- **Partner with MSC** for the construction of a new state-of-the-art **cruise terminal** at **PortMiami**
- **Fincantieri NexTech**: ongoing cooperation with **Autostrade Tech** and **IBM** to develop a predictive monitoring system for **infrastructure**

# Key strategic initiatives

Seizing future opportunities alongside our strategic partners



- Letter of Intent with **Enel X** to build and run next-generation **port infrastructure** with low environmental impact
- JV Power4Future with **Faist Electronics** dedicated to the production and after-sale services of **lithium-ion batteries**
- MoU with **MSC** and **SNAM** for a feasibility study to design and build the first **oceangoing hydrogen-powered cruise ship**
- **Fincantieri NexTech**: agreement with **Almaviva** to develop digitalised solutions in **transportation** and **logistics**
- Lol with **Comau** to develop prototypes of **robotized steel welding** solutions to be implemented in Fincantieri shipyards

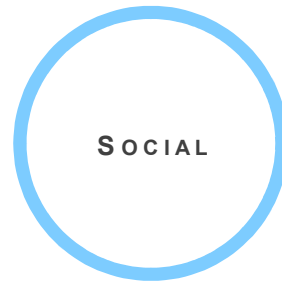
# Update on ESG

Our sustainability strategy responds to our mission of representing a global model of excellence



## TACKLING CLIMATE CHANGE

- **100% of electricity** needed to satisfy the demand of **Italian** and **Romanian yards** was purchased **from renewable sources** certified with Guarantees of Origin
- 65% of 2020 Fincantieri S.p.A. R&D budget was devoted to clean technologies



## PROTECTING OUR PEOPLE'S HEALTH & SAFETY

- 5 workday shifts implemented to ensure **social distancing**
- **Corporate vaccination program** launched in June at the Sestri Ponente shipyard. The campaign is addressed to Fincantieri's employees and subcontractors'



## PROMOTING AN EFFECTIVE TAX RISK CONTROL SYSTEM

- In February the BoD approved the **Group tax strategy** in compliance with the **GRI Standards** in order to enhance transparency of information and increase compliance with tax laws, while preserving the Group's reputation in the interest of shareholders and other stakeholders



## SPOTLIGHT ON SUSTAINABILITY ACHIEVEMENTS

- Score of **85/100 by Gaia rating**, ranking 2<sup>nd</sup> out of 512 companies
- **"Green Star 2021"** Seal from the German Institute of Quality (score 100)
- **Excellence in Safety** and **Improve in Safety** awarded to FMM by SCA (Shibuilders' Council of America)



## New orders

New orders received across all segments with a cumulative value of €1.7 bn

Segment	Vessel	Client	Expected Delivery
■ Shipbuilding	FFG-62 frigate <sup>(1)</sup>	US Navy	-
	Somnio <sup>(1)</sup>	Somnio Superyachts	2024
■ Offshore & Specialized Vessels	3 Service Operation Vessels	North Star Renewables	2023

## Main deliveries

7 ships successfully delivered from 6 different shipyards

Segment	Vessel	Client	Shipyard
■ Shipbuilding	LSS "Vulcano"	Italian Navy	Muggiano
	Viking Venus <sup>(2)</sup>	Viking Cruises	Ancona
	Hanseatic Spirit <sup>(2)</sup>	Hapag-Lloyd Cruises	Langsten
	LCS21 USS Minneapolis St. Paul <sup>(2)</sup>	US Navy	Wisconsin
	FREMM <sup>(2)</sup>		Riva Trigoso
■ Offshore & Specialized Vessels	Cruise ship "Coral Geographer" <sup>(3)</sup>	Coral Expeditions	Vung Tau
	Fishing Vessel <sup>(2)</sup>	Luntos	Vung Tau

(1) Ordered in Q2

(2) Delivered in Q2

(3) 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

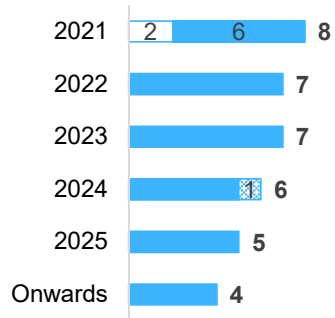
Well-balanced visibility both in Cruise and Naval, 3 new orders in Offshore and Specialized Vessels

## Shipbuilding

# ship deliveries

### CRUISE

35 VESSELS  
IN BACKLOG

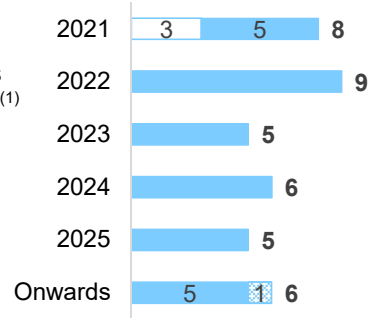


□ Delivered in 1H 2021   ■ New orders in 1H 2021

- 1 new unit ordered in 1H
- Visibility up to 2027

### NAVAL

36 VESSELS  
IN BACKLOG<sup>(1)</sup>



□ Delivered in 1H 2021   ■ New orders in 1H 2021

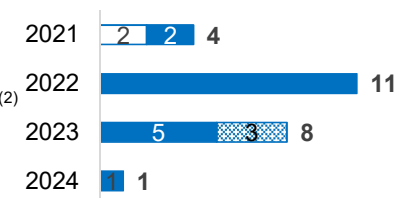
- 1 new unit ordered in 1H
- Visibility up to 2029

## Offshore & Specialized Vessels

# ship deliveries

### OSV

22 VESSELS  
IN BACKLOG<sup>(2)</sup>



□ Delivered in 1H 2021   ■ New orders in 1H 2021

- 3 new units ordered in 1H
- Visibility up to 2024

**7 units delivered, 5 new units, 93 ships in backlog and 111 ships including soft 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) The Offshore & Specialized Vessels business generally has shorter production times and, as a consequence, shorter backlog and quicker order turnaround than Cruise and Naval



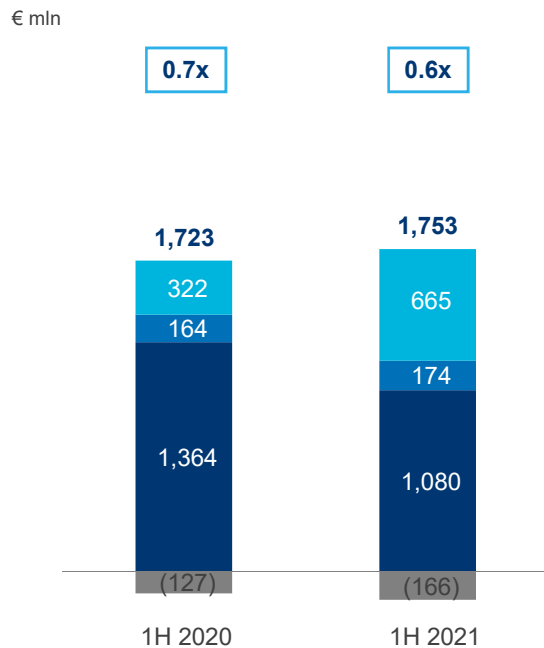
# FINANCIAL RESULTS



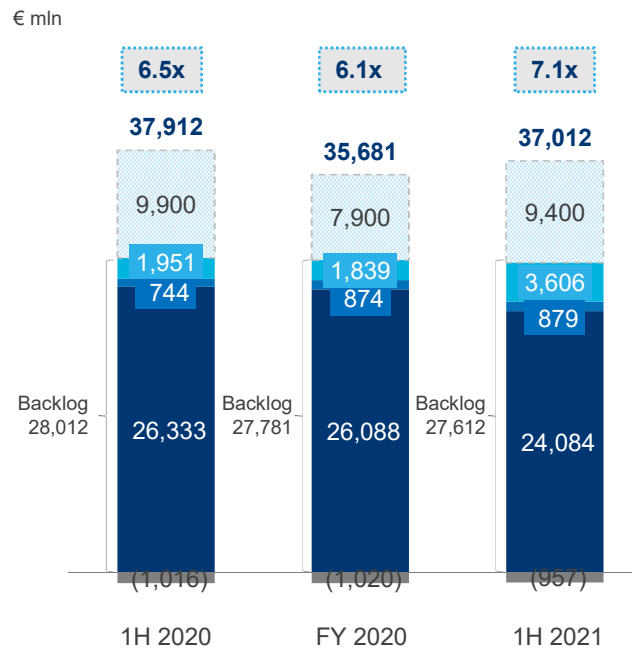
# Order intake and backlog

## Sizeable order intake in ESS and hefty soft backlog

Order intake breakdown by segment



Total backlog breakdown by segment<sup>(1)</sup>



- **Stable order intake** at €1.8 bn, thanks to the positive impact of ESS
- **Soft backlog** keeps momentum thanks to recent achievements in defence – i.e. Indonesian program
- **Total backlog** represents 7.1x 2020 revenues

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

(1) Total backlog is the sum of backlog and soft backlog

(2) Order intake/revenues

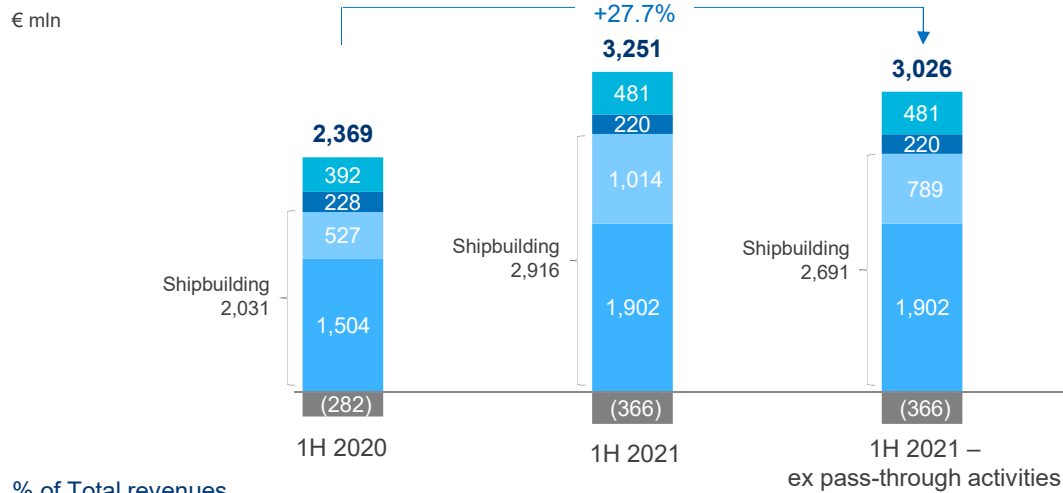
(3) Soft backlog represents the value of existing contract options and letters of intent as well as contracts in advanced negotiation, none of which yet reflected in the order backlog



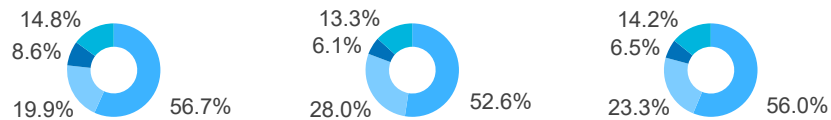
# Revenues

Record-high production volumes in shipbuilding drive robust revenue performance in line with guidance on 2021

## Revenues breakdown by segment<sup>(1)</sup>



% of Total revenues



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

(1) Breakdown calculated before eliminations

Revenues excluding pass-through activities are up 27.7% YoY thanks to record-high production volumes in the semester (8.4 mln production hours)

- Shipbuilding up 32.5% YoY thanks to the programmed production ramp-up
- Offshore & Specialized Vessels down only 3.5% YoY
- Equipment, Systems & Services 22.8% YoY mainly attributable to the complete accommodation business

88% of revenues from international clients

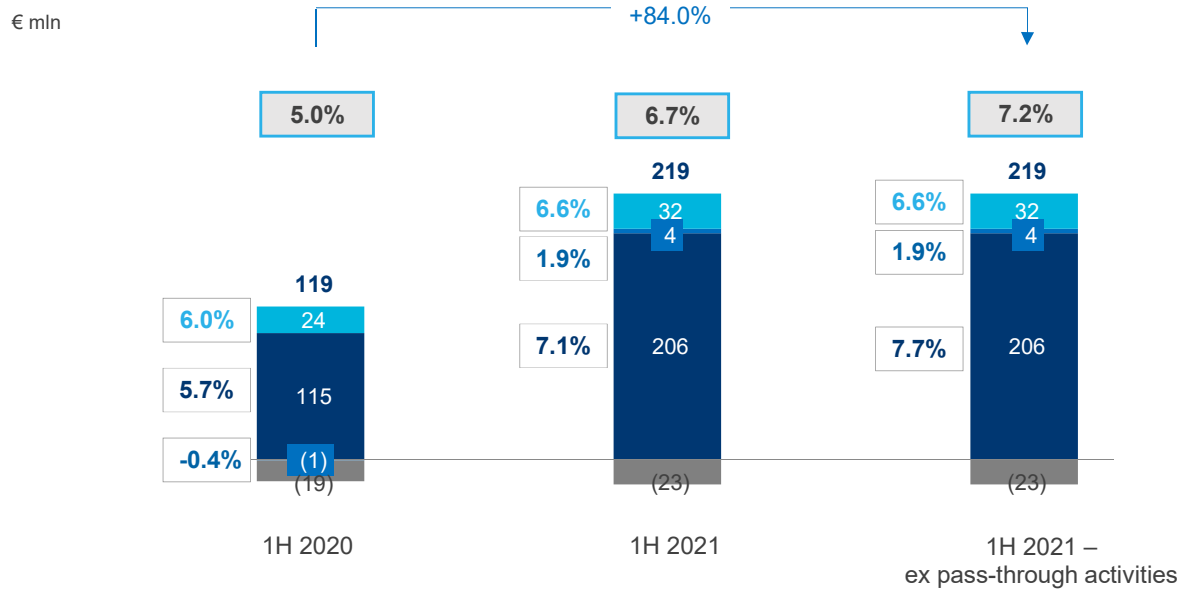
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# EBITDA

Better operating margin thanks to higher production volumes and marginality despite higher steel prices

## EBITDA breakdown by segment<sup>(1)</sup>



**EBITDA margin at 7.2% excluding pass-through activities** mainly thanks to the positive contribution from Shipbuilding despite the impact from increased steel prices

- Shipbuilding EBITDA is up €91 mln YoY with margin at 7.7%
- Offshore EBITDA is positive (up €5 mln YoY) thanks to the effective restructuring strategy implemented
- ESS EBITDA is up €8 mln YoY despite the effect of the Ship repair and conversion business

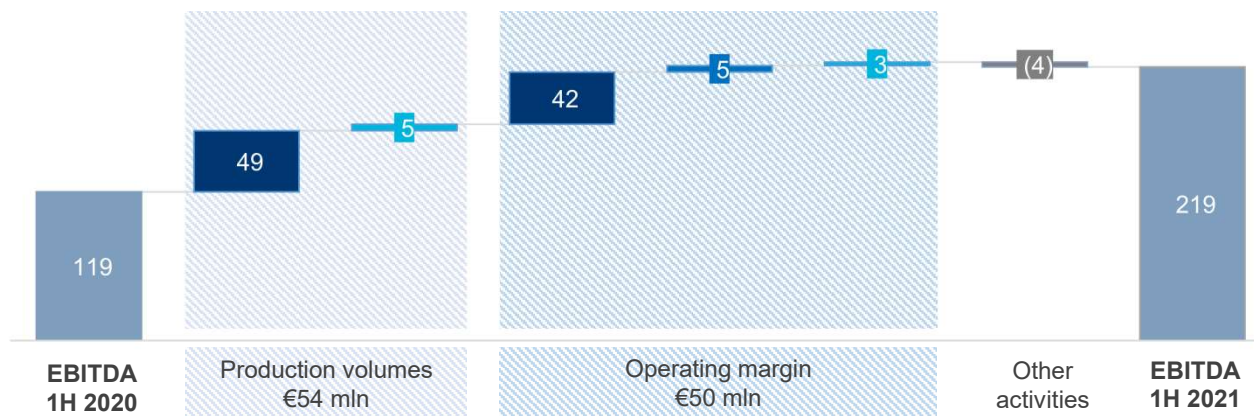
□ EBITDA Margin as % of total revenues  
 ■ Shipbuilding ■ Offshore & Specialized Vessels ■ Equipment, Systems & Services ■ Other activities and Eliminations

(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

# EBITDA growth

Better operating margin thanks to higher production volumes and improved marginality

EBITDA breakdown by segment<sup>(1)</sup>



- **Shipbuilding:** EBITDA improvement mainly driven by higher production volumes and improved operating margin
- **Offshore and Specialized Vessels:** increased operating profitability despite lower production volumes
- **ESS:** balanced effect brought about by higher production volumes and better marginality

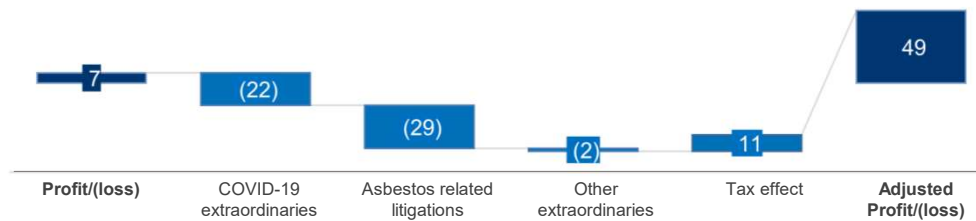
■ Shipbuilding ■ Offshore & Specialized Vessels ■ Equipment, Systems & Services ■ Other activities and Eliminations

# Net result

Back on track towards profitability despite €42 mln extraordinary items weighting on the bottom line

## 1H 2021 net result and adjusted net result<sup>(1)</sup>

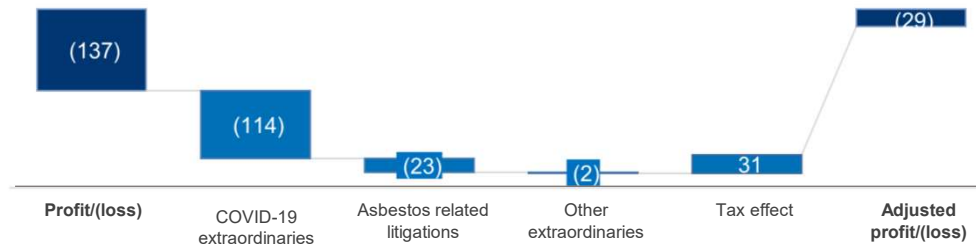
€ mln



- **Adjusted net profit at €49 mln** (€49 mln excluding minorities)
- **Net profit at €7 mln** (€6 mln excluding minorities)

## 1H 2020 net result and adjusted net result<sup>(1)</sup>

€ mln



■ Attributable to owners of the parent ■ Attributable to non-controlling interests □ Adjusted net income margin

(1) Net result before extraordinary and non-recurring items

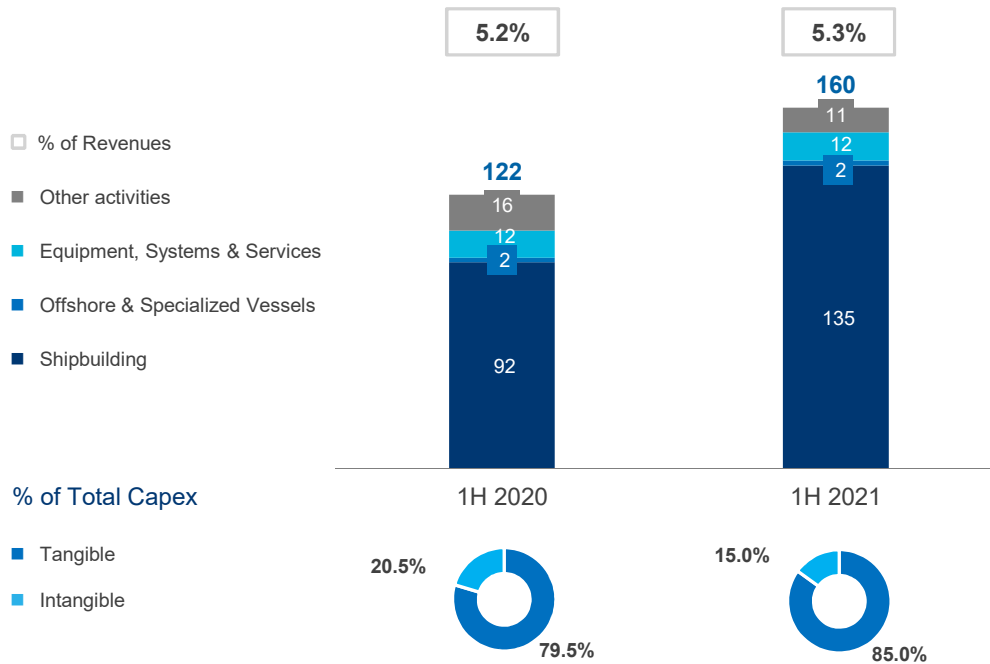


# Capex

## Investments aimed at strenghtening our execution capabilities at global level

### Capex by segment

€ mln



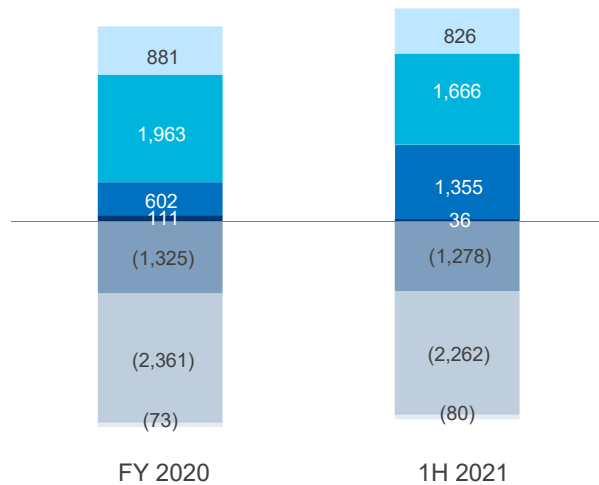
- Scale up of European and US shipyards in order to compress lead times and improve efficiency, including completion of the upgrade program at Marghera shipyard and revamping of US shipyards before the start of the construction phase of the FFG-62 program

# Net working capital and net financial position

With 6 cruise ships being delivered in 2H, cash-in is skewed towards the second half of the year

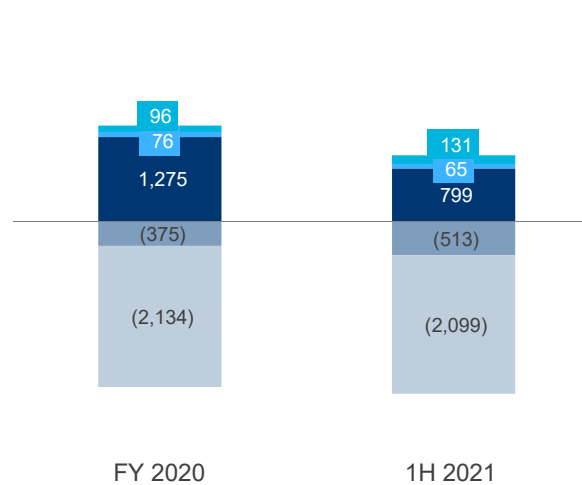
## Net Working Capital breakdown by component

€ mln



## Net Financial Position breakdown by component<sup>(1)</sup>

€ mln



- Net debt dynamics are consistent with production volumes and delivery schedule
- Net debt impacted by the postponement of cruise ships expected installments (€423 mln)
- **6 cruise ships to be delivered in 2H 2021** (3 already delivered in July)

<b>NWC</b>	<b>(202)</b>	<b>263</b>
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- 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

<b>NFP<sup>1</sup></b>	<b>(1,062)</b>	<b>(1,617)</b>
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- Non-current financial receivables
- Current financial receivables
- Cash & cash equivalents
- Short-term financial liabilities
- Long-term financial liabilities

(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



# Update on cruise

**141 ocean ships should enter service by the end of July with 50 brands already operating at global level**

## CRUISE RESTART

- From May 2021 **Europe has pioneered the cruise restart** on national routes and with enhanced safety protocols
- In the UK, the cruise ban was lifted on 17 May. Domestic cruises are allowed to sail at 50% capacity with fully vaccinated passengers/crew members
- In the US, a Conditional Sailing Order is still in place. **Major cruise lines** received an authorisation for **fully vaccinated sailings on specific routes**

## FINANCIAL MARKETS RESPONSE

- **Carnival:** Successful closing of private offering of secured notes<sup>(3)</sup> of \$~2.4 bn at 4% due 2028, replacing existing debt of \$~2.0 bn at 11.5% due 2023 (savings up to \$135 mln interest/year)
- **TUI Group** has extended the maturity of its revolving credit facilities totaling €4.7 bln by two years to summer 2024, allowing more time to implement planned refinancing steps in view of ongoing Corona restrictions, with the Group's objective remaining a rapid repayment of government loans

## FORECASTS

- The **big 3 cruise groups** should have roughly **45% of their capacity back in operation by the end of 2021<sup>(1)</sup>**
- Carnival: about 75% of total operating capacity back in service by year-end, with full fleet sailing by spring 2022<sup>(2)</sup>.
- Booking trends for 2022 are in line with 2019 levels, and for some operators even higher

(1) Maritime Strategies International analysis

(2) Carnival Corporation to Operate up to 75% of Fleet Capacity by End of 2021 ([www.carnivalcorp.com/news-releases/news-release-details/carnival-corporation-operate-75-fleet-capacity-end-2021](http://www.carnivalcorp.com/news-releases/news-release-details/carnival-corporation-operate-75-fleet-capacity-end-2021))

(3) First-Priority Senior Secured Notes



# Business outlook

## Confirmed FY 2021 guidance despite increasing steel prices

<p><b>REVENUES &amp; OPERATING MARGIN</b></p>	<ul style="list-style-type: none"> <li>FY 2021 <b>revenues</b> expected at above <b>+25% YoY</b> and <b>EBITDA margin 7.0%</b> despite increasing trend in commodity prices</li> <li><b>1H 2021 results</b> already include estimates for increased steel prices - <b>Management is closely monitoring</b> further evolution on commodity prices</li> </ul>	<p><b>NET DEBT</b></p>	<ul style="list-style-type: none"> <li><b>Net debt at €1.2 bn as of July 2021</b> (3 cruise ships delivered in July with cumulative cash-in ~€1.5 bn)</li> <li>FY 2021 net debt expected to be in line with FY 2020 levels</li> </ul>
<p><b>CRUISE</b></p>	<ul style="list-style-type: none"> <li><b>3 cruise ships</b> handed over in July, and 1 to be delivered in 4Q from Italian yards</li> <li><b>2 luxury-niche units</b> to be delivered in 2H (to Ponant and Viking) from VARD Cruise</li> </ul>	<p><b>NAVAL</b></p>	<ul style="list-style-type: none"> <li><b>3 units</b> to be delivered from Italian shipyards and 2 units from US shipyards</li> <li>The construction phase of the <b>FFG-62</b> first-in-class frigate to the US Navy is expected to start in 4Q</li> </ul>
<p><b>OFFSHORE</b></p>	<ul style="list-style-type: none"> <li><b>Ramp-up of production volumes</b> in 2H</li> <li>2 units to be delivered</li> </ul>	<p><b>ESS</b></p>	<ul style="list-style-type: none"> <li>Strong focus on <b>backlog execution</b> on all business areas</li> </ul>

# Investor Relations contacts

## INVESTOR RELATIONS TEAM

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# Q&A

# APPENDIX

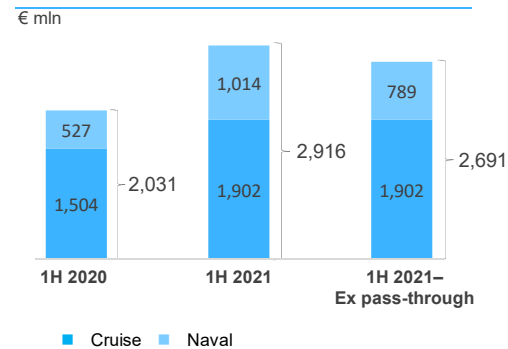


# Financial overview – Shipbuilding

## Orders, backlog and deliveries

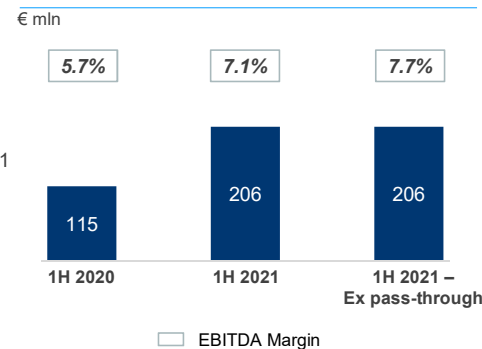
- **Orders:** €1,080 mln (€1,364 mln in 1H 2021)
  - Residential yacht Somnio
  - Second Constellation-class frigate to the US Navy
- **Backlog:** €24,084 mln (€26,333 mln in 1H 2020)
- **Deliveries<sup>(1)</sup>:**
  - 1 Logistic Support Ship (LSS)
  - 1 cruise ship
  - 1 Littoral Combat Ship (LCS)
  - 1 FREMM frigate
  - 1 luxury-niche unit

## Revenues



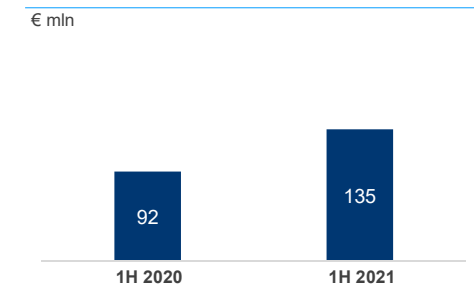
- **Revenues:** ~€225 mln pass-through activities are included in 1H 2021 Naval revenues.

## EBITDA



- **EBITDA:** €206 mln (versus €115 mln in 1H 2021)
- EBITDA margin 7.7% excluding pass-through activities and 7.1% including pass-through activities (versus 5.7% in 1H 2020)

## Capex



- **Capex:** €135 mln

(1) LSS "Vulcano" to the Italian Navy, "Viking Venus" to Viking, LCS 21 "USS Minneapolis St. Paul" to the US Navy, 1 FREMM frigate to the Egyptian Navy, "Hanseatic Spirit" to Hapag-Lloyd

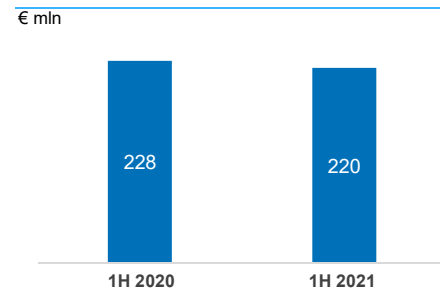


# Financial overview – Offshore & Specialized Vessels

## Orders, backlog and deliveries

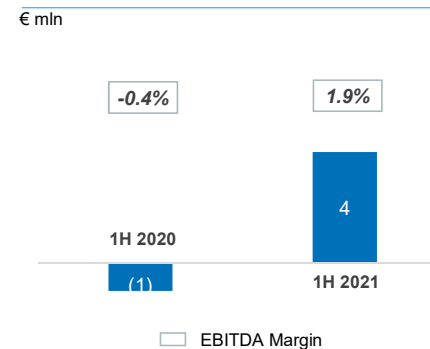
- Orders: €174 mln (€164 mln in 1H 2020)
- Backlog: €879 mln (€744 mln in 1H 2020)
- Deliveries<sup>(1)</sup>:
  - 1 expedition cruise vessel
  - 1 fishery unit

## Revenues



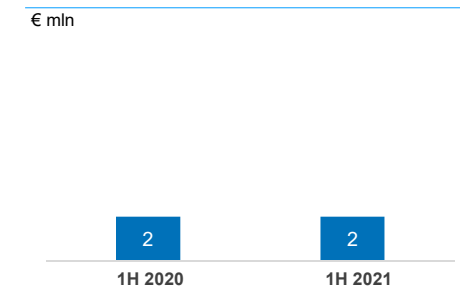
- Revenues: €220 mln, i.e. -3.5% YoY
- Offshore & Specialized Vessels revenues represent 6.5% of total revenues excluding pass-through activities

## EBITDA



- EBITDA: €4 mln with margin

## Capex



- Capex: €2 mln

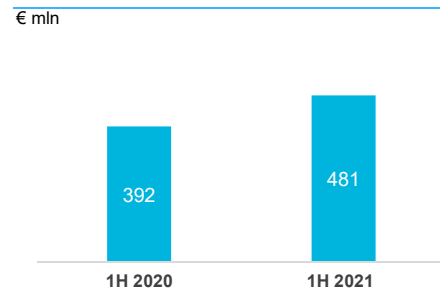
(1) Expedition cruise to Coral Expedition; fishery unit to Luntos

# Financial overview – Equipment, Systems & Services

## Orders, backlog and deliveries

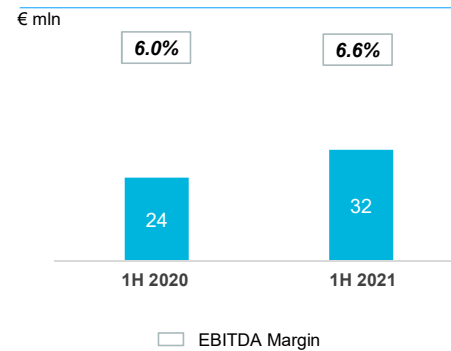
- **Orders:** €481 mln including new MSC cruise terminal at PortMiami (vs €392 mln in 1H 2020)
- **Backlog:** €3,606 mln vs €1,951 mln in 1H 2020

## Revenues



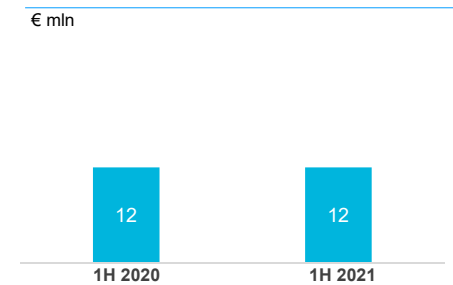
- **Revenues:** €481 mln vs €392 mln in 1H 2020
- ESS revenues represent 14.2% of total revenues

## EBITDA



- **EBITDA:** €32 mln (vs. EUR 24 mln in 1H 2020) with margin at 6.6%

## Capex



- **Capex:** €12 mln



# Financial overview – Profit & Loss and Cash flow statement

€ mln

	1H 2020	1H 2021	1H 2021 – ex pass through
<b>Revenues</b>	<b>2,369</b>	<b>3,251</b>	<b>3,026</b>
Materials, services and other costs	(1,810)	(2,472)	(2,247)
Personnel costs	(432)	(546)	(546)
Provisions	(8)	(14)	(14)
<b>EBITDA</b>	<b>119</b>	<b>219</b>	<b>219</b>
Depreciation, amortization and impairment	(65)	(96)	(96)
<b>EBIT</b>	<b>54</b>	<b>123</b>	<b>123</b>
Finance income / (expense)	(63)	(45)	-
Income / (expense) from investments	(3)	-	-
Income taxes <sup>(2)</sup>	(17)	(29)	-
<b>Adjusted Net result<sup>(3)</sup></b>	<b>(29)</b>	<b>49</b>	<b>-</b>
<i>Attributable to Group</i>	(27)	49	-
Extraordinary and non recurring items <sup>(4)</sup>	(139)	(53)	-
<i>of which COVID-19 related extraordinary costs</i>	(114)	(22)	-
<i>of which asbestos-related litigation</i>	(23)	(29)	-
<i>of which other non-recurring costs</i>	(2)	(2)	-
Tax effect on extraordinary and non recurring items	31	11	-
<b>Net result for the period</b>	<b>(137)</b>	<b>7</b>	<b>-</b>
<i>Attributable to Group</i>	(135)	6	-
	<b>1H 2020</b>	<b>1H 2021</b>	<b>1H 2021</b>
<b>Beginning cash balance</b>	<b>382</b>	<b>1,275</b>	<b>-</b>
Cash flow from operating activities	(177)	(392)	-
Cash flow from investing activities	(117)	(141)	-
Cash flow from financing activities	814	50	-
<b>Net cash flow for the period</b>	<b>520</b>	<b>(483)</b>	<b>-</b>
Exchange rate differences on beginning cash balance	(5)	7	-
<b>Ending cash balance</b>	<b>897</b>	<b>799</b>	<b>-</b>



# Financial overview – Balance sheet

€ mln

	FY 2020	1H 2021
Intangible assets	629	628
Right-of-use asset	85	106
Property, plant and equipment	1,301	1,390
Investments	105	119
Other non-current assets and liabilities	(25)	(25)
Employee benefits	(60)	(60)
<b>Net fixed assets</b>	<b>2,035</b>	<b>2,158</b>
Inventories and advances	881	826
Construction contracts and advances from customers	1,963	1,666
Construction loans	(1,325)	(1,278)
Trade receivables	602	1,355
Trade payables	(2,361)	(2,262)
Provisions for risks and charges	(73)	(80)
Other current assets and liabilities	111	36
<b>Net working capital</b>	<b>(202)</b>	<b>263</b>
<b>Assets held for sale including related liabilities</b>	<b>6</b>	<b>-</b>
<b>Net invested capital</b>	<b>1,839</b>	<b>2,421</b>
Share capital	863	863
Reserves and retained earnings attributable to Group	(101)	(76)
Non-controlling interests in equity	15	17
<b>Equity</b>	<b>777</b>	<b>804</b>
Cash and cash equivalents	1,275	799
Current financial receivables	76	65
Non-current financial receivables	96	131
Short-term financial liabilities	(375)	(513)
Long-term financial liabilities	(2,134)	(2,099)
<b>Net debt / (Net cash)</b>	<b>1,062</b>	<b>1,617</b>
<b>Sources of financing</b>	<b>1,839</b>	<b>2,421</b>

