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Oggetto : FINCANTIERI Board of Directors approves
the 2023-2027 Business Plan

Testo del comunicato

Vedi allegato.

FINCANTIERI BOARD OF DIRECTORS

Approval of the 2023-2027 Business Plan

Rome, December 15, 2022

Focus on **high added-value shipbuilding business**
with increasing expansion of **competences**
towards the Digital and Net Zero Ship

Further strengthening the **Italian and foreign shipyards**
through the **review** and **digitalization** of **production processes**
with productivity and efficiency set to increase

Attention to **cost governance** and **financial discipline**

Confirming the role as **sustainable player**
able to **create value** for all its stakeholders

Set of **actions** encompassing **strategic projects**
to be carried out over the plan horizon with focus on
human capital, enabling technologies and **supply chain**

Net of currently unforeseeable events, over the time horizon the following
results are expected:

Net profit starting from 2025

	2025	2027
Revenues	8.8 bn	9.8 bn
EBITDA margin	~ 7%	~ 8%
NFP/EBITDA	4.5-5.5x	2.5-3.5x

Rome, 15 December 2022 - The Board of Directors of Fincantieri S.p.A., chaired by Claudio Graziano, examined and approved the strategic guidelines of the 2023-2027 Business Plan presented by Chief Executive Officer Pierroberto Folgiero.

The Business Plan is rooted in a post pandemic context, also affected by geopolitical dynamics and a constantly evolving macroeconomic scenario. However, such situation might offer significant opportunities, thanks to Fincantieri distinctive competencies in the high value-added shipbuilding industry.

The Plan testifies the Group ambition to become a global leader in the development and lifecycle management of green and digital ships for the cruise, defence and energy sectors. Furthermore, thanks to its industrial excellence, it aims at strengthening the international competitive positioning of the Group and of the Italian shipbuilding industry, creating value for the entire supply chain.

With this regard, synergies among cruise, defence and offshore businesses will be strengthened benefitting from the green transition and technological innovations.

Within the cruise industry, Fincantieri is leader with over 40% of the market share and 120 cruise ships built since 1990, namely over a third of the global fleet. The Group counts 28 ships in portfolio (as of September 30, 2022), with deliveries up to 2028 and has globally leading shipowners among its clients.

The next industrial cycle of the sector will factor two drivers: (i) the resumption of tourism, after the pandemic, with a clear preference for cruises, at higher levels than 2019, and with new luxury niche operators entering the market, (ii) digitalization and green transition, with higher demand for ships equipped with the most innovative technological features and next generation engines.

With a long-standing presence in the defence industry, since 1990 the Group has delivered over 130 defence units, of which around 50 to Italy, another 50 to the USA and around 30 vessels to foreign navies. Moreover, Fincantieri is a strategic partner of the Italian Navy, among the most advanced worldwide. It also holds a leading position in the construction of highly technological surface vessels, consolidating the production of new generation submarines, and continuing to demonstrate its ability to meet both national and international clients' requests.

Spending for naval vessels is expected to grow in line with global defence budgets, led by Western European and Asia Pacific countries. Strong of its role as system integrator and the existing programs, the Group aims at strengthening its positioning towards globally recognized navies through the development of new projects in foreign accessible markets, such as Asia and the Middle East.

Fincantieri continues to be a prime mover in the construction of support vessels for the wind offshore sector, with ten Construction Service Operations Vessels (CSOV) - Service Operation Vessels (SOV) in portfolio, and two cable laying vessels. Furthermore, the development of cutting-edge offshore units, featuring green propulsion and remote-control solutions, is carrying on at full speed

to support future offshore operations. Among these, Fincantieri counts 14 marine robotic vessels, designed to use green ammonia as a propeller.

The decarbonization together with the higher investments in renewable energy will lead to increased demand for specialized vessels to be deployed in offshore wind farms. Thanks to its know-how and its leadership in the construction of SOV, the Group will seize further opportunities stemming from the rise of total installed capacity expected by 2030 and the additional need for vessels in the wind farms.

The Management Team will present further details on the Business Plan at the FY22 results.

Pierroberto Folgiero, Fincantieri Chief Executive Officer, commented:

“Distinctiveness and sustainability are the defining traits of our new Plan, allowing us to continuously grow by turning macroeconomic and sector related challenges into opportunities. The 2023-2027 Business Plan is grounded on five strategic pillars fostering Fincantieri global leadership, enabling the green transition on large vessels and in the construction and management of automated and digital ships. Such evolution spurs from (i) the focus on our three core businesses – cruise, defence and specialized offshore vessels – wherein we will act as pioneers in developing new technologies. The Plan entails a continuous effort on the modernization and digitalization of shipyards’ operations, up to outstanding levels, and the relentless pursuit of financial discipline and deleveraging.”

In order to further strengthen the competitive positioning and distinctiveness in the international shipbuilding industry, the Group identified a set of actions and strategic projects to be carried out in the Plan horizon, with specific focus on human capital, technological enhancement and supply chain.

UTMOST FOCUS ON CORE BUSINESS, NAVAL, CRUISE, OFFSHORE AND ON BACKLOG EXECUTION

- **Thorough review and digitalization** of shipyards to enhance **efficiencies** in engineering and production processes
- Improving competitive positioning in the specialized vessels business to seize opportunities in the **fast-moving offshore wind industry**
- **De-risking** and **partnering** of the infrastructure business
- **Strengthening the accommodation business** to support captive activities and the expansion in non captive markets
- **Supporting suppliers’ network** through programs to develop further competence

EXPANDING SERVICE OFFERING IN ORDER TO MAXIMIZE OPERATING EFFICIENCY THROUGHOUT THE LIFECYCLE OF THE SHIP

- **Further strengthening** the role as **digital design authority** and complex system integrator, including automation, data management and AI

CONSOLIDATING THE COMPETENCES AS PLATFORM INTEGRATOR

- Reinforcing **Orizzonte Sistemi Navali** know-how to improve combat system integration

VALUE CREATION THROUGH CONSTANT RISK MITIGATION, CLOSE ATTENTION TO THE MANAGEMENT OF COSTS AND OPTIMIZATION OF CASH FLOW DYNAMICS

- Interfunctional and interdivisional approach, spreading **procurement best practices**
- **Financial discipline**, assigning specific and cross functional responsibilities to monitor cost and standardize processes

INDUSTRIAL COMMITMENT TO A SUSTAINABLE STRATEGY

- Enabling the application of **new propulsion technologies** (new internal combustion engines and fuel cells) and **new fuels** (LNG, methanol, ammonia and hydrogen) leveraging on solid in-house skills and production capabilities
- Identifying a clear sustainability strategy aimed at (i) safeguarding **competences**, enhancing our **human capital** within an inclusive and international environment, (ii) setting a roadmap to address tighter regulations while providing clients with **top-notch solutions to reach Net Zero targets**, (iii) fostering competitiveness, through continuous improvement in efficiency and safety, maintaining **top-notch standards** in the whole **supply chain**

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Forecast data and information must be regarded as forward-looking statements and therefore, not being based on simple historical facts, contain, by their nature, an element of risk and uncertainty because they also depend on the occurrence of future events and developments outside the Company's control. Actual results could therefore be materially different from those expressed in forward-looking statements. Forward-looking statements refer to the information available at the date of their publication; Fincantieri S.p.A. reserves the right to communicate any changes in its forward looking data and information within the time and in the manner required by law.

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***Fincantieri** is one of the world's leading shipbuilding groups, the only one active in all areas of high-technology shipbuilding. It is a leader in the construction and conversion of cruise vessels, as well as in the naval and offshore vessels. It operates in the wind, oil & gas, fishing vessel and specialized vessel segments, as well as in the production of mechatronic and electronic marine systems, naval accommodation solutions and the provision of after-sales services such as logistical support and assistance to fleets in service.*

With over 230 years of history and more than 7,000 ships built, Fincantieri maintains its know-how, expertise and management centers in Italy, here employing 10,000 workers and creating around 90,000 jobs, which double worldwide thanks to a production network of 18 shipyards operating in four continents and with over 21,000 employees.

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INDICATORI ALTERNATIVI DI PERFORMANCE

Fincantieri's management review the performance of the Group and its business segments also using certain measures not envisaged by the IFRS. In particular, EBITDA, in the configuration monitored by the Group, is used as the main earnings indicator, as it enables the Group's underlying profitability to be assessed, by eliminating the impact of volatility associated with non-recurring items or extraordinary items outside the ordinary course of business; the EBITDA configuration adopted by the Group might not be consistent with the configurations adopted by other companies. The Net financial position reported by the Group has been modified and aligned to ESMA recommendations, past figures are restated. The main differences regarded the exclusion of construction loans the inclusion of non-current financial receivables. As a consequence, Net fixed capital ratios, Net working capital, Net invested capital have been restated.

As required by Consob Communication no. 0092543 of December 3, 2015 which implements the ESMA Guidelines on Alternative Performance Measures (document no. ESMA/2015/1415), the components of each of these measures are described below:

- *EBITDA: this is equal to earnings before taxes, before finance income and costs, before income and expenses from investments and before depreciation, amortization and impairment, adjusted to exclude the following items:*
 - *provisions for costs and legal expenses associated with lawsuits brought by employees for asbestos related damages;*
 - *charges connected to the effects of COVID-19 outbreak, referring mainly to the impact of reduced efficiency resulting from the implementation of the preventive measures adopted, and the costs for sanitary aids and expenses to ensure employee health and safety;*
 - *costs relating to reorganization plans and non-recurring other personnel costs;*
 - *other expenses or income outside the ordinary course of business due to particularly significant non-recurring events.*
- *The Net financial position monitored by management includes:*
 - *Net current cash/(debt): cash and cash equivalents, current financial receivables, current financial debt, current portion of long-term loans;*
 - *Net non-current cash/(debt): non-current financial debt, other non-current financial liabilities.*
- *Revenue and income excluding pass-through activities: Revenue and income excluding the portion relating to sale contracts with pass-through activities, whose value is exactly offset by the corresponding cost; pass-through activities are defined as contracts whose value is entirely invoiced by the Group to the final client, but whose construction activities are not managed directly by the Group.*

For a more detailed description of the alternative performance measures, please refer to the specific note within the Fincantieri Group's report on operations forming part of the Group Annual Report 2021 and to the First-Half Year Report 2022.

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FINCANTIERI

Press Office

Tel. +39 040 3192473

press.office@fincantieri.it

Investor Relations

Tel. +39 040 3192279

investor.relations@fincantieri.it

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