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presentation

Testo del comunicato

Vedi allegato.

PRESENTATION OF THE 2023-2027 BUSINESS PLAN

**Milan, May 10 2023
Capital Markets Day**

CONFIRMED STRATEGIC DIRECTION AND FINANCIAL TARGETS OF THE 2023-2027 BUSINESS PLAN APPROVED BY THE BOARD OF DIRECTORS ON DECEMBER 15, 2022

Management commitment through cost management and financial and operational discipline, consolidating the Group's leading position and **laying the foundations for the next industrial cycle driven by a digital and green ship**

Strategy supported by the Group's distinctive factors: (i) consolidated **excellence across cruise, defence and offshore**, (ii) ability to address **geopolitical dynamics** through **competences** gained through **local presence** with 18 shipyards in 4 continents (iii) **vertical integration thanks to automation, electronic and mechanical know-how and to propulsion and power generation systems expertise to lead the digital and green transition**

Confirmed the Group's 5 strategic pillars: (i) **focus on the core shipbuilding businesses**, cruise, defence and offshore, (ii) **risk mitigation**, attention to costs and cash flow optimization, (iii) industrial commitment to the **sustainability strategy**, (iv) develop offering as **life cycle management** supplier, and (v) evolution of **platform integrator** capabilities

De-risking and partnering of the Infrastructure business to valorise the segment, leveraging on the backlog while strengthening execution processes

Dedicated investments on **human capital, enabling technologies** and **supply chain partnerships**

2023-2027 financial targets unfolded

Net of currently unforeseeable events, the following results are expected for the forecast period:

	2023	2024	2025	2027
Revenues	7.6 bn	8.0 bn	8.8 bn	9.8 bn
EBITDA margin	~ 5%	~ 6%	~ 7%	~ 8%
NFP/EBITDA	7.0-7.5x	6.0-7.0x	4.5-5.5x	2.5-3.5x
Capex	~ 300 mln	~ 250 mln	~ 230 mln	~ 200 mln

Net Profit starting from 2025

Milan, May 10 2023 – Chief Executive Officer Pierroberto Folgiero presents in detail the 2023-2027 Business Plan, which testifies the Group's ambition to become a global leader in the development and lifecycle management of green and digital ships for the cruise, defence and energy sectors.

In confirming the consolidated financial targets for 2023-2027, divisional targets have been declined for the key areas in which the Group operates.

The Business Plan targets are supported by the following Group's distinctive factors:

- **Market leadership** in the cruise, defence and offshore sectors, along with a strong cross-fertilization of competencies within the Group along with economies of scale and scope
- **Ability to operate globally**, with 18 shipyards in 4 continents, leveraging on a global know-how embedded with local competences, in order to respond to geopolitical dynamics requiring regionalization
- **Vertical integration** thanks to competences in automation, electronic and mechanical components, and propulsion and power generation systems, indispensable to lead the digital and green transition
- **Integrated digital solutions offering** for fleets, ranging from engineering support, to digital asset management, to training and simulation, as well as cybersecurity, to support the core business, aiming for a 360° offer for the entire ship's lifecycle

MARKET CONTEXT

The 2023-2027 Business Plan is rooted in a challenging context, which nevertheless bears significant opportunities:

- **Cruise revamp following the Covid emergency** with cruise passengers expected to grow at a 6% CAGR up to 2030, leading to an expected resumption in order intake from 2023-2024
- **Defence market in an evolving global scenario** with a geopolitical context requiring larger fleets and the highest technological standards, for both Italian and US Navy programs, as well as for other foreign navy programs with corvettes and frigates
- **Offshore led by the wind farm market** with an expected rise of total installed capacity from 59.2 GW to around 270 GW in 2030, requiring new CSOV, SOV and cable layer vessels for the construction and maintenance of offshore wind farms
- **ESG and decarbonization play a crucial role for the sector**, with the International Maritime Organisation and main cruise operators starting to set ambitious Net Zero Emissions targets by 2050

BUSINESS PLAN STRATEGIC PILLARS

The Plan is based on 5 strategic pillars, which were already presented to the markets on December 15, 2022. The first three strategic pillars are aimed at reaching the 2027 targets of the Business Plan:

- **Utmost focus on the core business**, cruise, defence and offshore, and on the delivery of the orders in the backlog
- Value creation through **constant risk mitigation, close attention to the management of costs and optimization of cash flow dynamics**
- Industrial commitment to the **sustainability strategy**

The long term Group positioning and foundations for the **next industrial cycle** are based on the pillar of the industrial commitment to a sustainable strategy, as well as on the following two strategic pillars:

- Expanding service offering in order to maximize operating efficiency throughout the lifecycle of the ship
- Consolidating the competences as **platform integrator**

BUSINESS PLAN STRATEGIC ACTIONS

The above mentioned 5 strategic pillars are based on the following 10 strategic initiatives, which will be illustrated during the course of the Capital Markets Day presentation:

- **Operations Excellence in the core business**, improving engineering and production efficiency, thanks to the improvement of production processes and the digitalization of shipyards
- Improving **competitive positioning in the specialized vessels business** to seize opportunities in the fast-moving offshore wind industry
- **Strategic review** as well as **de-risking and partnering initiatives** for the infrastructure business, leveraging on the current backlog
- **Strengthening the accommodation business** to support captive activities and the expansion into non-captive markets
- Extension of **best practice in procurement** and the supply change thanks to the adoption of interfunctional and interdivisional practices
- **Financial discipline**, assigning specific responsibilities for the close control of expenses and assisted by the standardization of processes
- Ensuring the capability of new vessels to adopt **new propulsion technologies and new fuels** which leverage on our “green” competences and capabilities
- Identification of a **clear sustainability strategy** with a **detailed roadmap** aimed at proactively dealing with increasingly stringent regulation
- Further reinforcement of role as **digital design authority** and **integrator of complex solutions** which include system automation, data management and artificial intelligence for cruise clients
- Reinforcement of the competencies of **Orizzonte Sistemi Navali** aimed at maximising its capability of integrating combat systems for defence clients

FINANCIAL TARGETS BY DIVISION

For the **Shipbuilding segment** we expect:

- **Stable revenues for the cruise business area** supported by the solid backlog, which highlights a resumption in order intake already in 2022, benefitting from the recovery of tourism, with a clear preference towards cruise and market new operators in the luxury segment
- **Growing revenues in the defence sector** led by fleet renewal as well as new programs for the Italian Navy and the US Navy, and new projects in accessible foreign markets
- **Gradual rise in the EBITDA margin to 7.0% in 2025**, thanks to greater contribution of the defence sector, as well as initiatives regarding industrial excellence and cost management, in line with the average margin from 2018 to 2022

Shipbuilding	2023	2024	2025
Revenues Cruise	3.8 – 4.2 bn	3.6 – 4.0 bn	3.8 – 4.2 bn
Revenues Naval	2.0 – 2.2 bn	2.1 – 2.4 bn	2.5 – 2.7 bn
EBITDA margin	~ 5.5%	~ 6.0%	~ 7.0%

In the **Offshore segment** we expect:

- **Strong revenue growth** as a proof of the effective VARD repositioning strategy towards specialized vessels for the wind offshore market, exceeding € 1.2 bn revenues in 2025
- **Gradual rise in EBITDA margin up to 6.5% in 2025** which is close to the margin of the Shipbuilding business

Offshore	2023	2024	2025
Revenues	0.9 – 1.0 bn	1.1 – 1.2 bn	1.2 – 1.4 bn
EBITDA margin	~ 5.0%	~ 6.0%	~ 6.5%

In the **Equipment, Systems and Services segment** we expect:

- **for the Infrastructure business**, stable revenues at around € 0.6 bn with the EBITDA margin gradually rising to 3.5% in 2025, following the significant efforts taken in terms of de-risking and partnering, with the objective of reinforcing and valorising the business
- **for the Mechanical components and Electronics businesses**, revenues are expected to grow significantly, reaching around € 0.8 bn in 2025, mainly supporting the Shipbuilding business, and with an EBITDA margin progressively rising to 9.0%

Equipment, Systems and Services	2023	2024	2025
Revenues	1.1 – 1.2 bn	1.3 – 1.4 bn	1.4 – 1.5 bn
EBITDA margin	~ 5.0%	~ 6.0%	~ 7.0%

At the consolidated level, the financial targets for 2025 and 2027 are confirmed, with a return to a positive net profit from 2025, and with shorter term objectives for 2023 and 2024

The assumptions upon which the financial targets are based reflect:

- Positive market prospects for all businesses
- High visibility of revenues thanks to the total backlog in excess of € 34.0 bn
- Strategic focus on growth and profitability
- Actions taken to mitigate risks, including the Infrastructure business
- Solid hypotheses with respect to raw materials, energy costs and employee costs
- Constant perimeter and reduction of leverage on an organic basis

Group results	2023	2024	2025	2027
Revenues	7.6 bn	8.0 bn	8.8 bn	9.8 bn
EBITDA margin	~ 5%	~ 6%	~ 7%	~ 8%
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2023-2027 SUSTAINABILITY PLAN

The industrial commitment to the sustainability strategy is one of the 5 pillars of the Industrial Plan and is aimed at creating value for all stakeholders. In this moment of transformation, sustainability represents a cornerstone for the evolution of production processes and an essential objective in the development of the product portfolio in line with customer needs, helping to ensure a high level of resilience and sustainable development of the Group.

The new 2023-2027 Sustainability Plan identifies 3 pillars, namely innovation, inclusion and integrity at the core of the Group's sustainability strategy, in full respect with the 17 Sustainable Development Goals (SDGs) included in the United Nations 2030 Agenda.

Innovation is the first key aspect of Fincantieri's sustainability plan. The company is committed to developing innovative and sustainable technologies for the energy and digital transition. This includes the development of advanced, safe and sustainable solutions, in line with market needs and decarbonisation and circular economy strategies.

The second directive, **Inclusion**, is dedicated to the protection, inclusion and development of people and communities. In fact, the Sustainability Plan envisages the safeguarding, growth and enhancement of the Group's skills, guaranteeing the protection of human capital and the development of local communities with a view to shared value.

Finally, the third directive, **Integrity**, focuses on industrial excellence, the constant improvement of efficiency and safety by maintaining standards of excellence and promoting culture and professional ethics to strengthen the global leadership of the shipbuilding industry.

The 3 pillars, defined accordingly with the Business Plan, encompass the Group's 15 Material topics identified by the Materiality assessment, of which 7 are considered Strategic for the business and on which the Group is focusing most of the attention:

- Climate change
- Environmental impacts of products and services
- Innovation, research and development
- Development and safeguarding of human resources
- Diversity and equal opportunities
- Health and Safety at the workplace
- Sustainable supply chain

The Plan includes 41 Objectives to be achieved in the short, medium and long term. These objectives make it possible to make the Group's path towards sustainable development transparent and verifiable. Periodically, these objectives will be updated, and new targets will be defined at the same time, according to a process of continuous alignment with the strategic guidelines and the results achieved, in order to increasingly integrate sustainability along the entire value chain, taking into consideration the potential impacts on the economy, the environment and people.

Responsibility for achieving the objectives included in the Sustainability Plan lies with the various corporate functions involved, which dedicate resources, tools and know-how to the implementation of the actions underlying such the same objectives. The objectives of the Plan are reviewed annually, based on the results achieved and the new needs that emerge over time.

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This press release is available to the public at the Company's registered office and on its website www.fincantieri.com

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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 centres 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 almost 21,000 employees.

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