2 – LA STRUTTURA ORGANIZZATIVA DI UN’AZIENDA DI COSTRUZIONE NAVALE

2.5 – Esempio di Piano industriale:

“Il Business Plan 2018-2022 della Fincantieri”

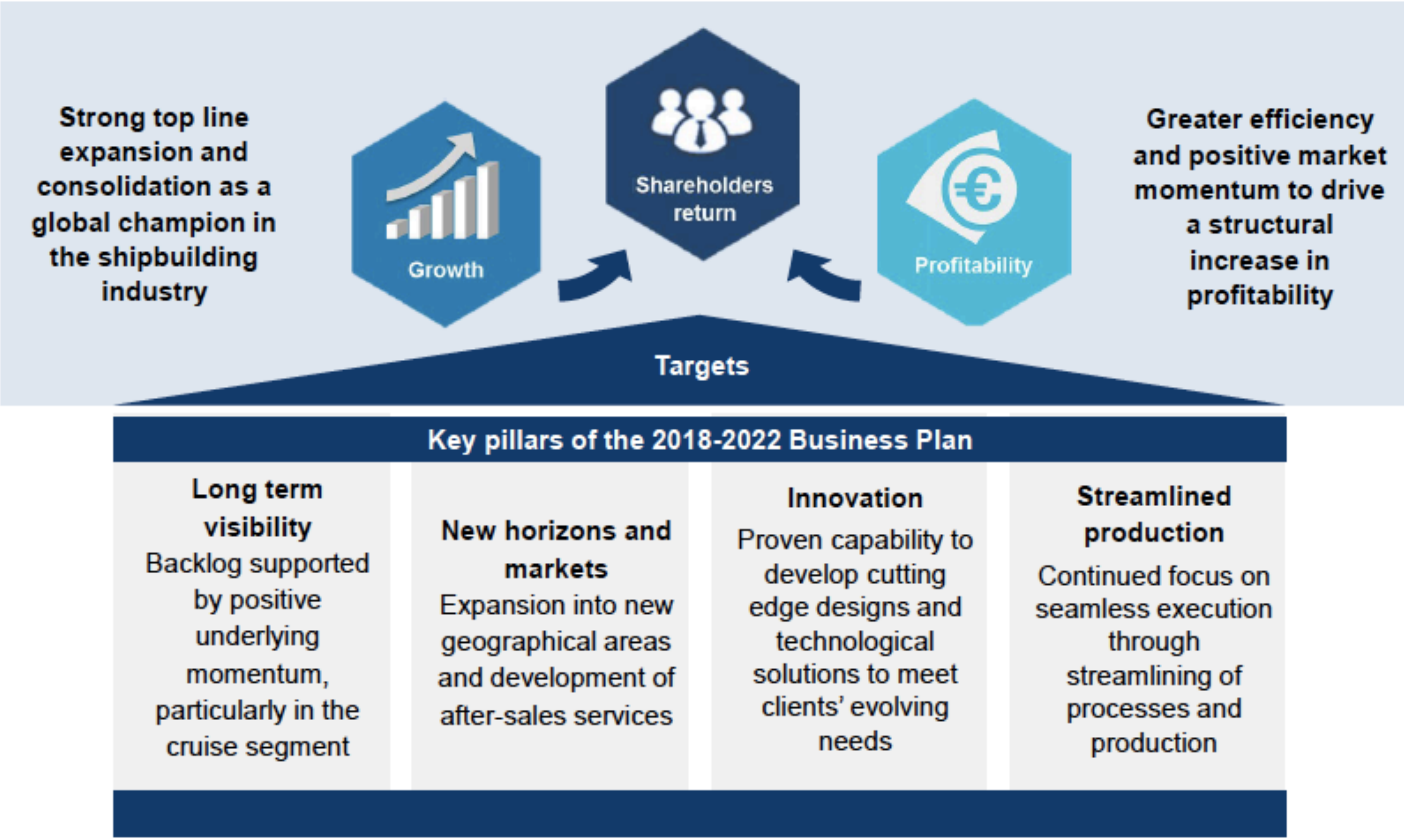
FINCANTIERI

Table of Contents

The story so far…

	What we said…	…what we did…	….what we will achieve
Cruise	• Backlog de-risking • Synergies with Vard: integration of Tulcea shipyards	• Delivered 5 prototypes on time in 2016 - 2017 • Tonnage delivered to Italian yards from Tulcea doubled from 2016 to 2017	• Only 3 prototype ships to be delivered in 2018-2022 • Continuing operational integration of Romanian shipyards with Italian yards and further coordination in procurement strategy
Naval	• Entry into new markets in Naval segment	• Acquired Qatari Navy contract • Bid for highly strategic and visible programs	• Leveraging established known how and reputation through development of well proven products and new concepts • Identified opportunities: Australia, US FFG(X)
Offshore	• Diversification of VARD	• Over 90% of orders acquired in 2017 not related to core Offshore	• Consolidating acquired know-how to exploit opportunities in Offshore • Expansion into luxury cruise and military segments
Equipment, Systems and Services	• Insourcing of high value added activities • Expansion of after sales services	• Consolidated Cabins and Integrated Systems businesses • Newly acquired Naval contracts include sizable after sales services	• Developing Equipment, Systems and Services business to fully transform Fincantieri into a "one stop shop" for its clients • From Cabins to complete Accommodation

FINCANTIERI
The sea ahead



FINCANTIERI
The sea ahead

Shipbuilding - Cruise: growing market

Dynamics of cruise ships market

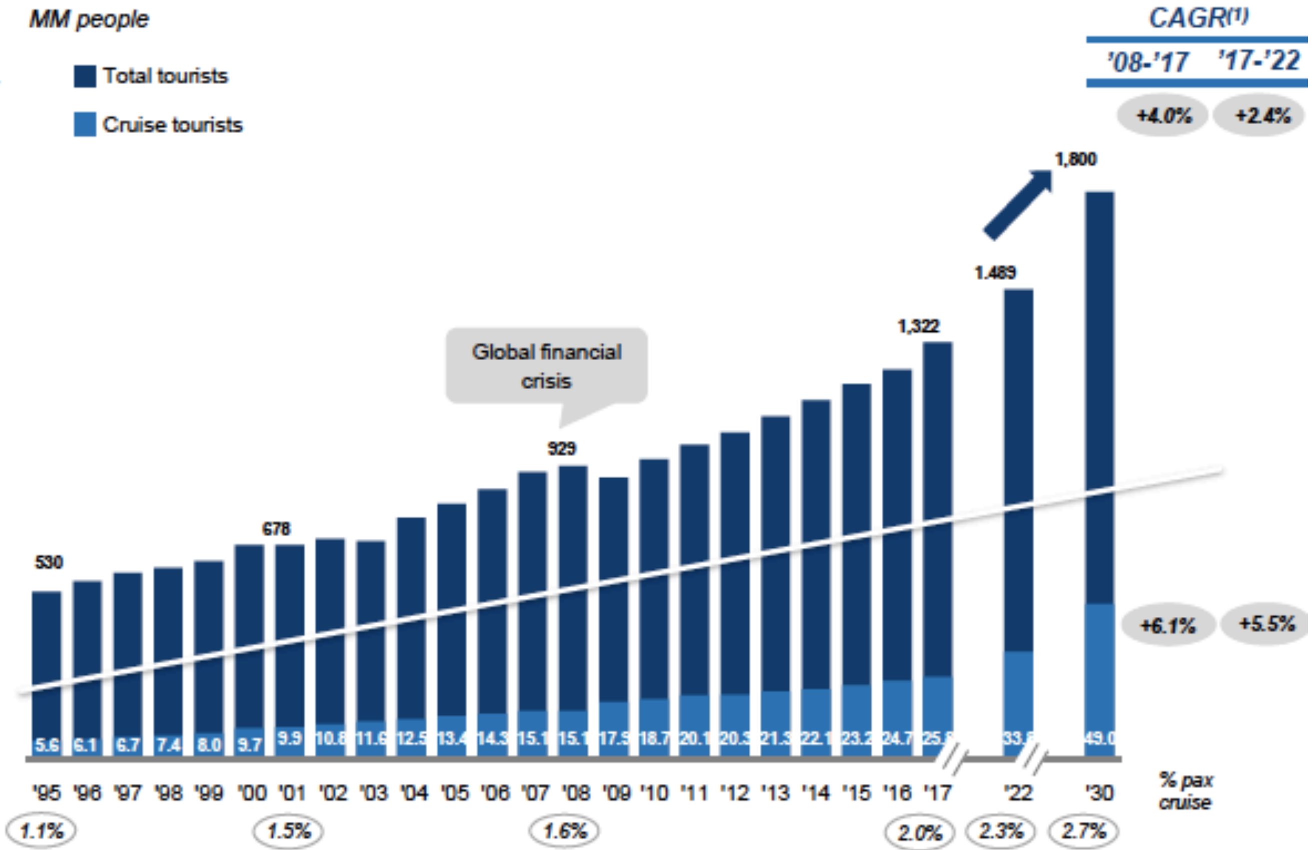
Historical trends (2013-2017)

- Starting from 2014, **significant recovery in demand,** with record orders in the last two years (49 units) and consequent **increase of workload and shipyards production visibility**
  - Demand recovery in “traditional markets”
  - Entering new markets with great potential (e.g. China and Australia)
  - New players / new brands (e.g. Virgin Cruises, Costa Asia)

Forecast (2018-2022)

- **Production capacity already filled through 2022** with ships currently in backlog or close to finalization
- **Steady growth in demand for lower berths, going beyond 2022, thanks to growing number of cruise passengers**

Dynamics of global tourism and cruise passengers



Source: Total Tourists: World Tourism Organization, UNWTO – Tourism Highlights, 2017 Total cruise Tourist: Fincantieri estimates

(1) Compounded annual growth rate

FINCANTIERI
The sea ahead

Shipbuilding - Cruise: strategy and action plan

Description

Revenue growth	• **Deployment of vast backlog** – over 90% of cruise revenues spanning the Plan's horizon covered by existing contracts and/or MOAs • **Acquisition of new clients and expansion into new geographical areas**
Positive market momentum	• **Confirmed positive trend in lower berth pricing** – Substantial uptick in the latter part of the plan period • **Demand for ships over 140,000 GRT spurs increase of project size and contract values** • **Expansion in niche market spaces** (luxury-exploration and ice class cruise ships)
Favorable backlog composition	• **Leverage on the commercial efforts of previous years and on a proven track record** of consistent execution and timely delivery • **New prototypes lay the base for future order acquisitions** (on average a prototype generates 4 sister ships)
Production/ engineering	• **De-risking prototype construction** by relying on consolidated know-how in both engineering and project management • **Further focus on production efficiencies** • Continuing implementation of: – Operational **integration of Tulcea shipyard** with the Italian yards in order to build complex sections of cruise ships – Coordinated **procurement strategy** to exploit low cost production platform advantages
Capex and Human Resources	• **Capital investments in Italy and Romania** to further optimize construction yards and project development capabilities • **Hiring of additional, highly specialized workforce** to better execute backlog deployment

FINCANTIERI
The sea ahead

Shipbuilding - Naval: market opportunities

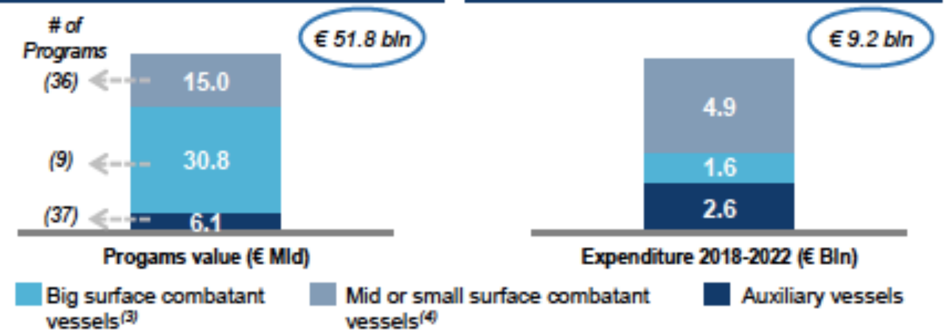
Description

Fincantieri's accessible markets[(1)]

- The value of high-likelihood programs[(2)], with expected allocation date in the 2018-2022 period, amounts to approx. €52 billion
- In the 2018-2022 period **these programs should generate a commitment to expenditures approaching € 9.2 billion**
- **9 countries make for 74% of the orders**: USA, Australia, Brazil, Saudi Arabia, Singapore, Poland, Thailand, Egypt, Philippines.
- The main programs expected to be assigned in 2018-2022 include:
  - Australia: SEA 5000 Future Frigates
  - USA: LCS and FFG (X) Future Frigates
  - Canada[(5)]: Frigates
  - Brazil: FSGHM CV03 (Tamandaré), OPV NPa 500-BR
  - Saudi Arabia: Multi-Mission Surface combatant frigates
  - Singapore: Corvette, LPD
  - Poland: Corvette, AOR Supply
  - Romania[(6)]: Corvette
  - Thailand: Frigates, OPV
  - Egypt: Frigates
  - Philippines: Frigates, OPV

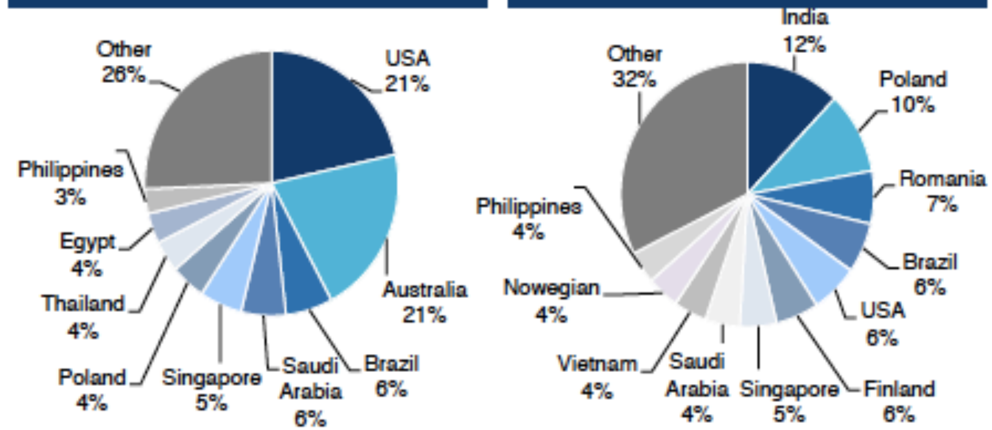
Programs value and expenditure

Value of programs 2018 -2022 | **Expenditure 2018-2022**



Programs value, expenditure and number of units

Value of programs %[(5)] | **Expenditure 2018-2022 %**



Source: IHS Jane's – January 2018, Fincantieri analysis
(1) Excluding submarines, minehunters and programs of self-sufficient / non accessible countries
(2) High likelihood programs are considered to be those with a probability of actual deployment greater than or equal to 75%, based on the evaluation of a series of elements such as the definition of the ship configuration, Country situation, availability of defense budgets, etc.
(3) Including aircraft carriers, destroyers and frigates
(4) Including patrol vessels and corvettes
(5) The program related to the construction of Frigates for the Canadian Navy is valued only in terms of the potential revenue for Fincantieri
(6) Not included in the analysis

FINCANTIERI
The sea ahead

9

Shipbuilding - Naval: commercial strategy

Description

Consolidation and development of existing programs	• **Italy:** continuing execution of **Italian Navy's fleet renewal program** – 9 vessels in backlog (7 Multipurpose Offshore Patrol units, 1 Logistic Support Ship, 1 Multipurpose amphibious unit), with first delivery in 2019 – options for 3 vessels (Multipurpose Offshore Patrol units) – Deliveries of remaining FREMM vessels (4 units) • **US**: completion of current backlog of **LCS program** – 9 vessels in backlog – 1 option – Awarded budget for design phase of FFG(X) • **Qatar**: execution of contract with the construction of 7 vessels – 4 corvettes, 1 amphibious vessel (LPD - Landing Platform Dock), 2 patrol vessels (OPV - Offshore Patrol Vessel), with first delivery in 2021
Other programs	• **Australia** • **US FFG(X)** • **Italian Navy (submarines – 3rd batch)**

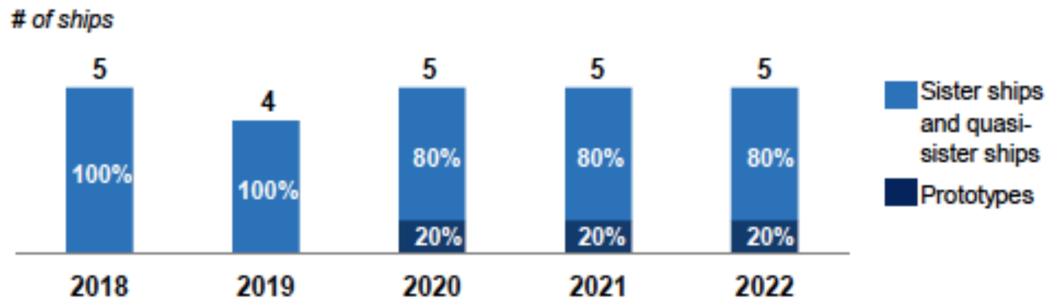
Leveraging established know-how and reputation to access new markets through the development of both well proven products and new concepts

FINCANTIERI
The sea ahead

Shipbuilding: quantifying main drivers of growth and increasing profitability

Cruise: mix prototypes/ sister ships and quasi-sister ships

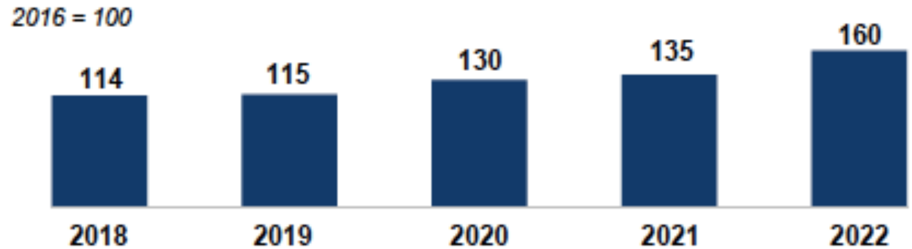
Cruise ships by delivery year: prototypes, sister ships and quasi-sister ships



- Deliveries heavily skewed towards sister ships with lower execution risks and better margins

Cruise: pricing trends

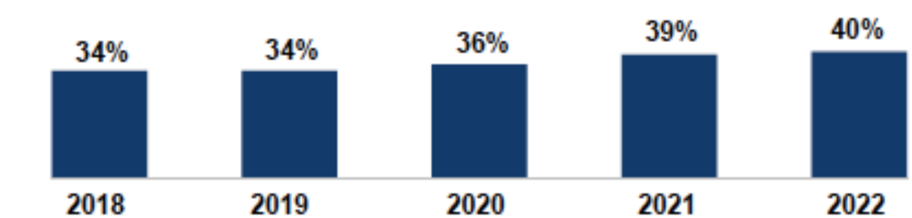
Cruise ships >90k GRT: revenues per lower berth by delivery year



- Positive trend due to progressive, structural increase in base line pricing for contracts acquired at greater margin

Naval revenues/ Shipbuilding revenues

Naval revenues/Shipbuilding revenues



- The relative contribution is influenced by the strong uptick in cruise volumes

FINCANTIERI
The sea ahead

Offshore: market overview

Description

Offshore Oil&Gas: forecast

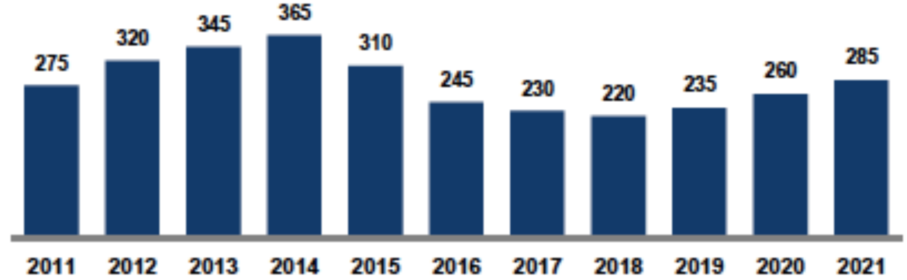
- Exploration & Production Expenditure is expected to reach a minimum in 2018, then slowly return to growth
- **Negative outlook for PSV and AHTS demand** due to oversupply following oil price fall and significant postponements of drilling projects
- **VARD uses a tender driven approach to establish itself** in other market segments of the offshore business

Focus on new business opportunities

- **Small FPSO:** Requires partnerships with producers of topside or FPSO operators
- **Gas (LNG):** increase in future demand, also thanks to new environmental rules. The market for smaller FLNG and LNG carriers will likely ramp up. VARD to leverage on existing patent (Brevik containment system) for small LNG vessels
- **Offshore wind**: expected installed capacity in 2022 at 46,4 GW (2018-2022 CAGR at 15%)
- **Norwegian coastal ferries:** sector characterized by old fleet
- **Aquaculture & fisheries**: sustained market growth with increasing complexity related to higher technological and industrial contents
- **Specialized vessels**: old fleet of cable layer and pipe layer. New market for mining vessels

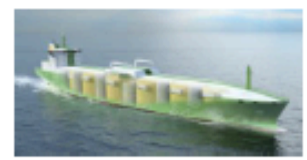
E&P Expenditure

USD BN



New business opportunity

Small FPSO



Gas

Offshore wind

Norwegian coastal ferries

Acquaculture & fisheries

Specialized vessels

Suorces: International Energy Agency - World Energy Outlook 2017: Global Energy Trends.
Rystad Energy - 2017 Annual Offshore Oil & Gas Market Report
Pareto Securities Equity Research, E&P Survey, Agosto 2017

FINCANTIERI
The sea ahead

Offshore: strategy and action plan

Description

Revenue growth	• **Tender driven approach in the Offshore market**, where first signs of recovery are becoming visible • **Furthering diversification efforts in expedition cruises, fishery/aquaculture and select opportunities in the military segment**, in countries where VARD already operates directly (Brazil, Norway)
Production footprint	• **Finalizing Tulcea's cruise ship building capabilities** – segments of large cruise vessels to be transported to Italian yards – autonomous production of smaller scale ships • **Production specialization in Norwegian yards** • Rightsizing and refitting of **Vard Promar in order to seize local market opportunities and potential military tenders**
Improvement of cost position and operating efficiency	• Continued focus on – **rightsizing of operations** with improvements to increase efficiency and quality – Strengthening of **procurement efficiency** – Increasing of the scope of work in Romania to **lower the average cost base**

Offshore: strategy and action plan

2016-2010

Description		Timing/status
Revenue growth	• **Diversification into new vessel segments:** – aquaculture – offshore wind – passenger (*exploration cruise*) and Offshore Patrol Vessel (OPV) in cooperation with Fincantieri (e.g. LOI Ponant) • **Expansion of offshore business in Middle East region**	• Started in 2015 – 100% of Vard 2015 orders came from new clients
Yards structure in Europe	• Focus of Norwegian yards on core market segments and highly specialised vessels • Focus of Aukra yard on aquaculture sector, leveraging its location in the maritime cluster on the west coast of Norway • Development of Romanian yards to deliver complete vessels of low complexity • Consolidation of expertise in the production of cruise vessel sections, providing base load for the Tulcea yard in the next years	• 2016
Rationalisation of production structure in Brazil	• Phasing out of shipbuilding activities at Niterói yard after completion of current order book (Q2 2016) • Strategic decision to maintain a foothold in Brazil through Vard Promar in order to seize local market opportunities • Process initiated with the client Transpetro and other stakeholders to recover extra costs incurred in LPG carrier project	• Q2 2016 • Ongoing
Improvement of cost position and operating efficiency	• Continued focus on rightsizing of operations with improvements to increase efficiency and quality • Strengthening of procurement efficiency • Increase of the scope of work in Romania to lower the average cost base	• Started in 2015

FINCANTIERI

Equipment, Systems and Services: strategy

Description

Continuous growth of traditional businesses	• **Development of large backlog already acquired** • **Strong focus on expanding non-captive markets** (in both System & Components, and After Sales) • Enhancing **After Sales services** – to include **full lifecycle management for military vessels,** – as well as **extending offering to the cruise clients in established high value areas** (e.g. Fincantieri Services USA) • Potential expansion into **new geographical areas**
Insourcing of other high value added businesses: from cabins to complete accommodation	• **Leveraging internalization** of Cabins business **to bolster product offering in other high value-adding segments**, such as: – **Public areas** ▪ over the plan period, Marine Interiors will provide a total of 160,000 sq. meters of public areas, on 18 ships, representing 27% of total public areas to be installed (in 2017 it provided 15,400 sq. meters, on 3 ships, representing 13% of installed public areas)

Developing Equipment, Systems and Services business to fully transform Fincantieri into a "one stop shop" for its clients

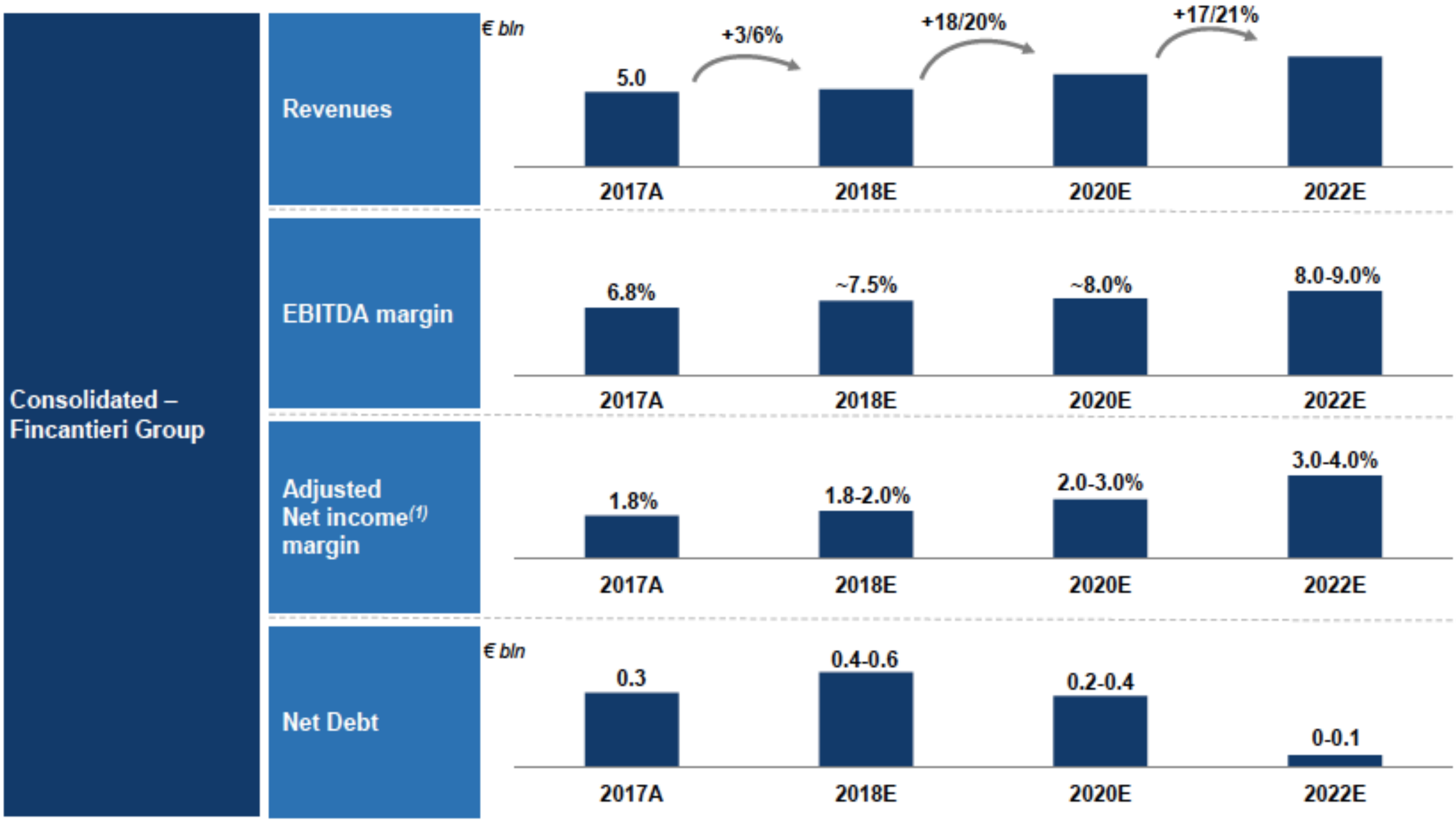
FINCANTIERI
The sea ahead

FINCANTIERI

Section 2

Short and medium term financial targets

Short and medium term financial targets



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

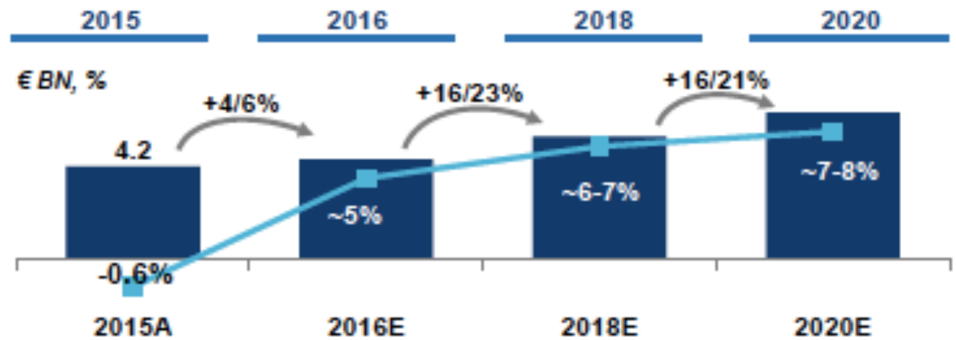
FINCANTIERI
The sea ahead

2016-20

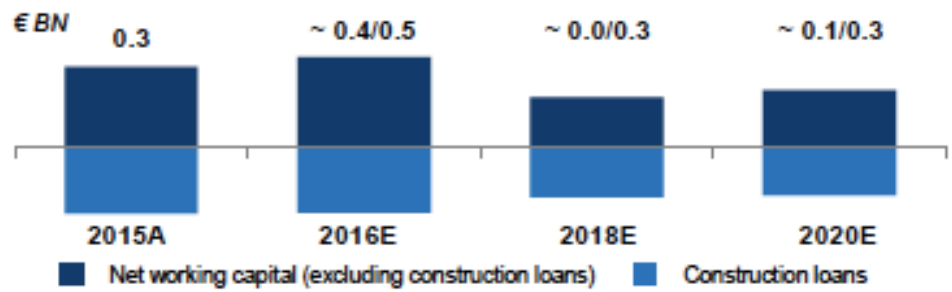
Short and medium term financial targets (1/2)

Consolidated – Fincantieri Group

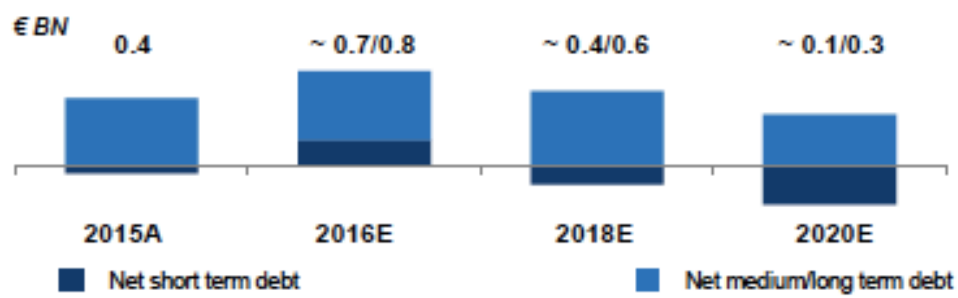
Revenues and EBITDA margin



Net working capital (including construction loans)



Net debt



FINCANTIERI

Short and medium term financial targets – key take away messages

2018 Guidance	• **Revenues expected to increase between 3% and 6% driven by the progress of cruise construction volumes**, also supported by the increasing workload of Romanian yards • **EBITDA margin around 7.5%** thanks to the increased contribution of profitable cruise projects and naval programs • Net debt increasing vs. 2017 due to the continued growth of cruise construction volumes
2020 Objectives	• **Revenues estimated to grow in a range of 18% to 20% vs. 2018** supported by the **continuing increase in volumes** in cruise, the **effects of the diversification actions** implemented by VARD, as well as **the stronger contribution of naval** both in Italy and abroad • **EBITDA margin around 8.0%** thanks to the consolidated recovery of cruise profitability and the increasing effects of the economies of scale • **Operating cash flow starting to kick-in driven by the stabilization of volumes in cruise and the contribution from naval projects with net debt expected to decrease** vs. previous years
2022 Objectives	• **Revenues estimated to grow in a range between 17% and 21%** vs. 2020 **thanks to the expansion of volumes across all the segments,** especially outside Italy • A sound profitability in the cruise sector, the continuing contribution from naval, the recovered performance of VARD and the effects of the economies of scale across the whole Group are expected to push **EBITDA margin up to 8.0%-9.0% in 2022, leading to a structural increase in performance** • **Net debt substantially reduced** (essentially zero excluding construction loans) thanks to a stronger operating cash flow and the gradual completion of the investment plan pursued over the plan period

- **Revenues growth: up to approx. 50%** by 2022
- **EBITDA growth: up to approx. 100%** by 2022
- **Increasing reliance on self-financing from operational cash flow to reduce net debt substantially and fund an investment plan tailored to support an expanding business**

FINCANTIERI
The sea ahead

2018 NINE MONTHS RESULTS

November 9, 2018

FINCANTIERI
The sea ahead

9M 2018 Key Messages

- **9M 2018 results in line with Business Plan 2018-2022 targets:** revenues up 8.5% vs 9M 2017 and EBITDA margin at 7.3% vs 6.5% in 9M 2017 (+11%)
- **Total backlog[1] at € 32.5 bln, almost 6.5 times 2017 revenues:**
  - **Backlog at € 26 bln** (104 ships) up from € 20.3 bln in 9M 2017
  - **Soft backlog[2] at € 6.5 bln** (€ 5.0 bln in 9M 2017)
- **Important commercial achievements in the quarter:** acquisition of a new important customer, Tui Cruises, with an order for two new-concept, LNG-powered cruise ships; conversion into order of an option for two cruise ships by Norwegian Cruise Line; confirmation of the order for a cruise ship by Cunard, an iconic brand belonging to Carnival Corporation & plc; signing of a MoA with Princess Cruises for two new-generation cruise ships
- Acquisition through the subsidiary Fincantieri Marinette Marine of a contract for LCS 29 for the US Navy and of an order from the US Government to advance work in support of the construction of four Multi-Mission Surface Combatant (MMSC) ships for the Kingdom of Saudi Arabia
- VARD acquired contracts for a third expedition cruise vessel from Hapag-Lloyd Cruises and for two new expedition cruise vessels from Viking
- **Key events after the quarter:**
  - Signed MoA with MSC Cruises for the construction of four ultra-luxury cruise ships
  - Signed a contract with Virgin Voyages for the construction of a fourth cruise ship
  - Established guiding principles to strengthen cooperation with Leonardo in the naval sector by revamping the Orizzonte Sistemi Navali Joint Venture
  - Announced the start of discussions aimed at defining the terms and conditions for the incorporation of a 50/50 Joint Venture with Naval Group
  - In November, completed VARD delisting, following which Fincantieri holds a 95.99% stake in Vard

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*

FINCANTIERI
The sea ahead

9M 2018 main orders (1/2)

Orders acquired in Q3

	Vessel		Client	Delivery
Shipbuilding		**2 Cruise ships**	*Viking Cruises*	2022-2023
		**1 Cruise ship**	*Silversea Cruises*	2021
		**2 Cruise ships**	*Norwegian Cruise Line*	2026-2027
		**2 LNG Cruise ships**	*TUI Cruises*	2024-2026
		**1 Cruise ship**	*Cunard Line*	2022
		**1 Littoral Combat Ship**	*US Navy*	2022

9M 2018 main orders (2/2)

Orders acquired in Q3

Offshore		**2 Expedition cruise vessels**	*Ponant*	2020
		**1 Cable laying vessel**	*Prysmian*	2020
		**3 Offshore Patrol Vessels**	*Norwegian Defence Materiel Agency*	2022-2024
		**1 Expedition cruise vessel**	*Hapag-Lloyd Cruises*	2021
	CONFIDENTIAL	**2 Expedition cruise vessels**	*Viking Cruises*	2021-2022

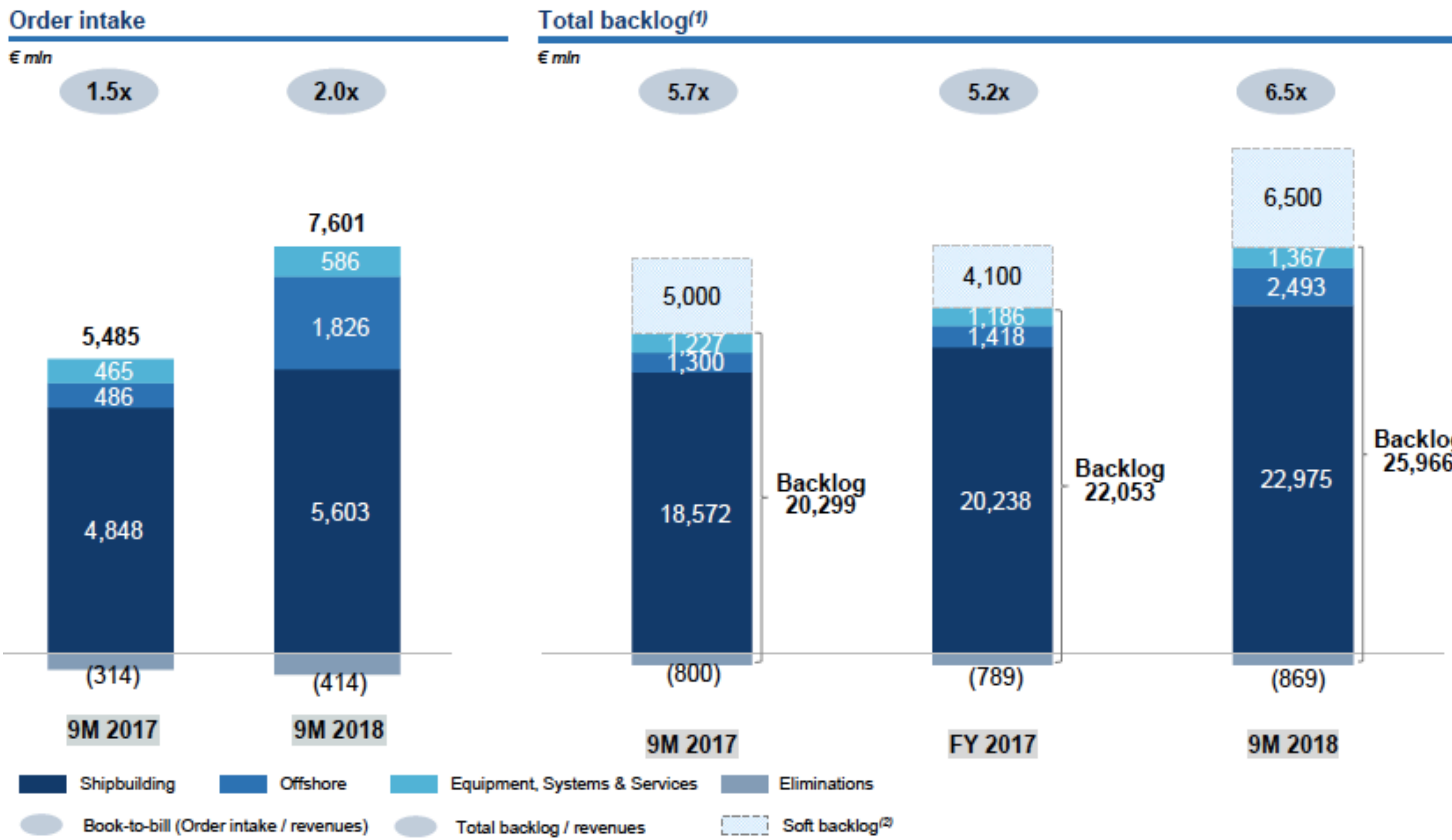
FINCANTIERI
The sea ahead

9M 2018 main deliveries

Deliveries in Q3

		Vessel	Client	Delivery
Shipbuilding		**Cruise ship "Carnival Horizon"**	*Carnival Cruise Line (Carnival Corporation)*	Monfalcone
		**Oceanographic vessel "Kronprins Haakon"**	*Institute of Marine Research*	Riva Trigoso - Muggiano
		**Cruise ship "Seabourn Ovation"**	*Seabourn Cruise Line*	Sestri Ponente
		**Cruise ship "MSC Seaview"**	*MSC Cruises*	Monfalcone
		**Cruise ship "Viking Orion"**	*Viking Ocean Cruises*	Ancona
		**FREMM "Martinengo"**	*Italian Navy*	Muggiano
		**Littoral Combat Ships "Sioux City" (LCS 11) and "Wichita" (LCS 13)**	*US Navy*	Marinette
Offshore		**12 Module Carrier Vessels**	*11 for Topaz Energy and Marine; 1 for Kazmortransflot*	Vard Braila Vard Vung Tau
		**Expedition cruise vessel "Le Laperouse"**	*Ponant*	Vard Ålesund
		**Expedition cruise vessel "Le Champlain"**	*Ponant*	Vard Søviknes

Order intake and backlog – by segment



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

FINCANTIERI The sea ahead

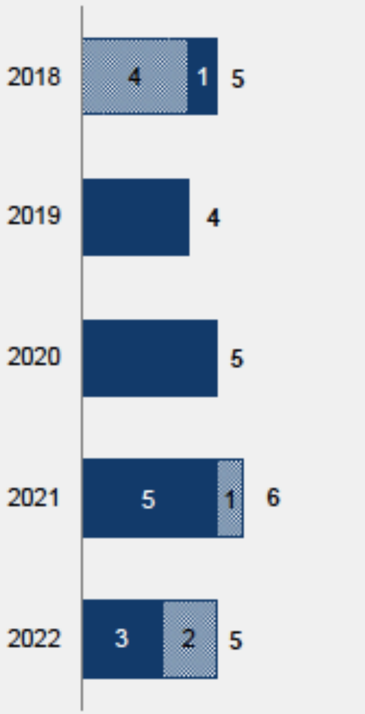
7

Backlog deployment – by segment and end market

Shipbuilding

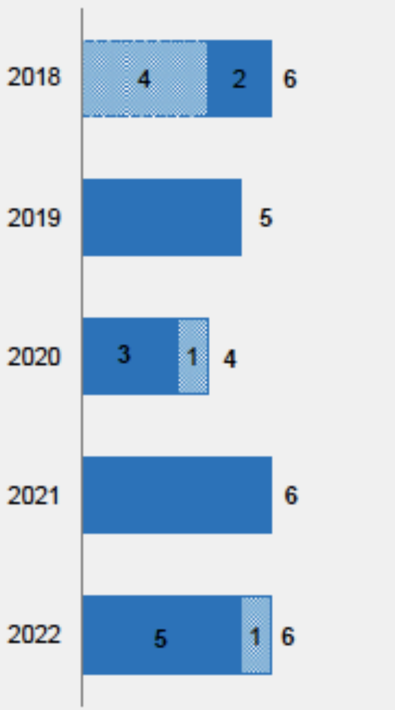
 # ship deliveries[1]

Cruise



- Additional 9 units scheduled after 2022
- **30 vessels in backlog**

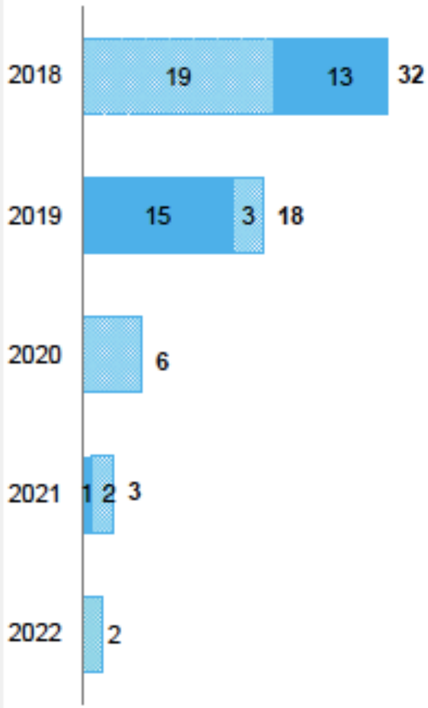
Naval[2]



- Additional 7 units scheduled after 2022
- **30 vessels in backlog**

Offshore

 # ship deliveries



- Additional 2 units scheduled after 2022
- **44 vessels in backlog**

Delivered in 9M 2018

New orders in 9M 2018

Comments

- 27 units delivered in 9M 2018, 104 ships in backlog at September 30, 2018
- Cruise: 30 vessels
  - Deliveries up to 2027, thanks to the confirmation of the option for 2 ships for Norwegian Cruise Line (and other contracts acquired in the period)
- Naval: 30 vessels
  - Deliveries up to 2026, with 7 units scheduled after 2022
- Offshore[3]: 44 vessels
  - 11 expedition cruise vessels in backlog

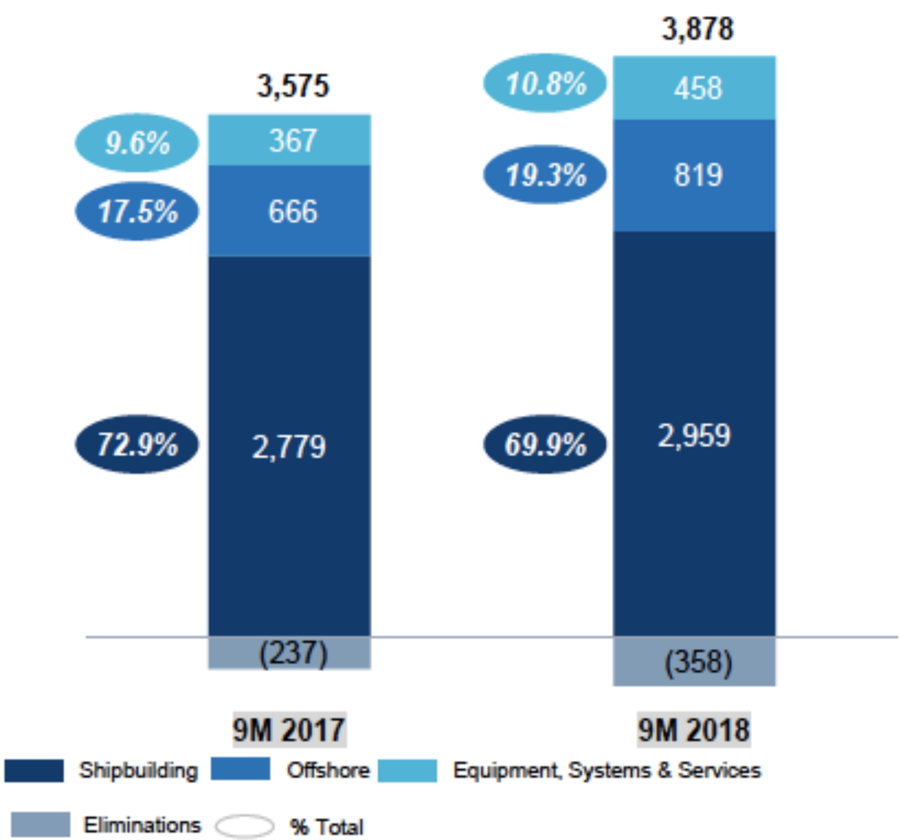
(1) Articulated Tug Barge (ATB) is an articulated unit consisting of a barge and a tug, thus being counted as two vessels in one unit
(2) Ships with length > 40 m
(3) Offshore business generally has shorter production times and, as a consequence, shorter backlog and quicker order turnaround than Cruise and Naval

FINCANTIERI
The sea ahead

Revenues and EBITDA(1) – by segment

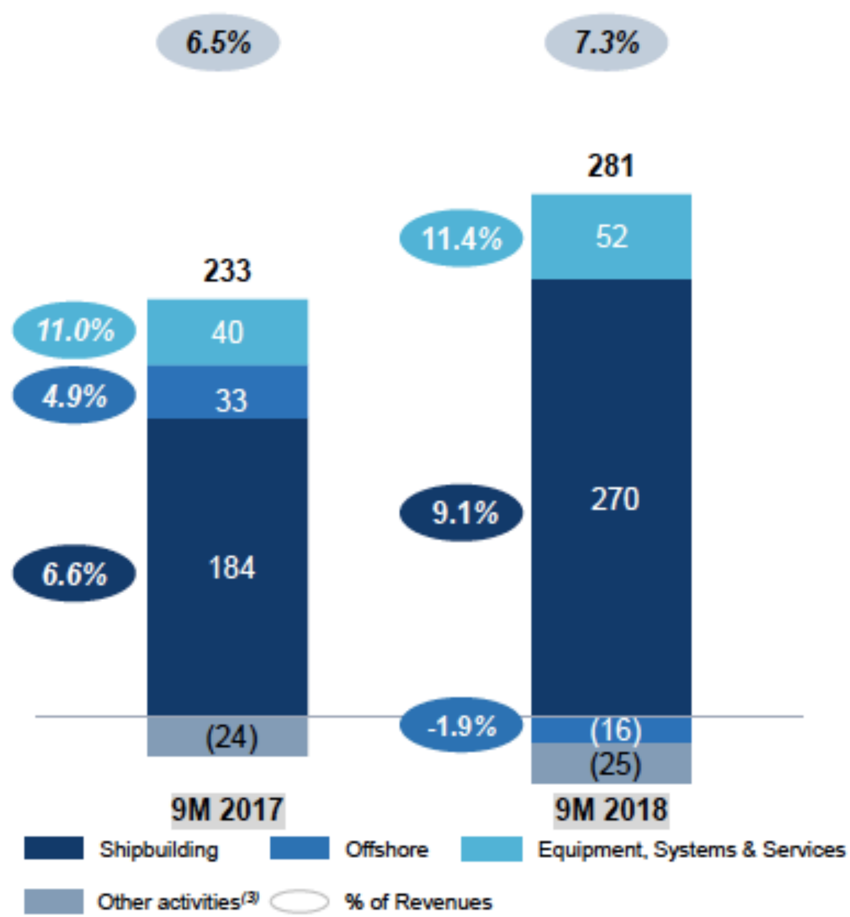
Revenues breakdown by segment(2)

€ mln



EBITDA and EBITDA margin

€ mln



(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) Breakdown calculated on total revenues before eliminations

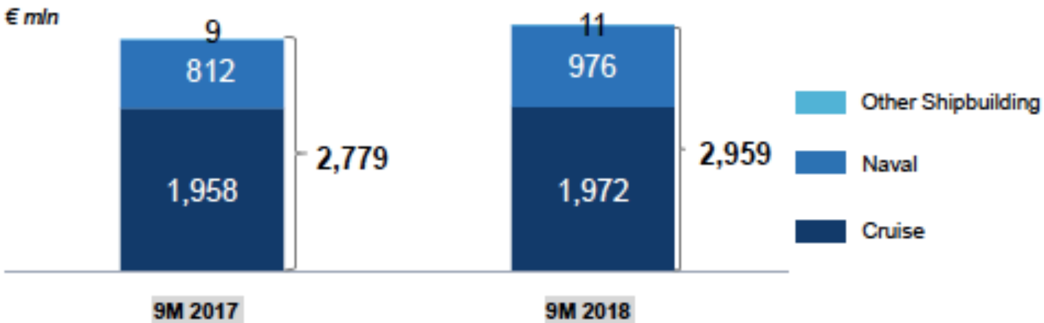
(3) Other costs

FINCANTIERI
The sea ahead

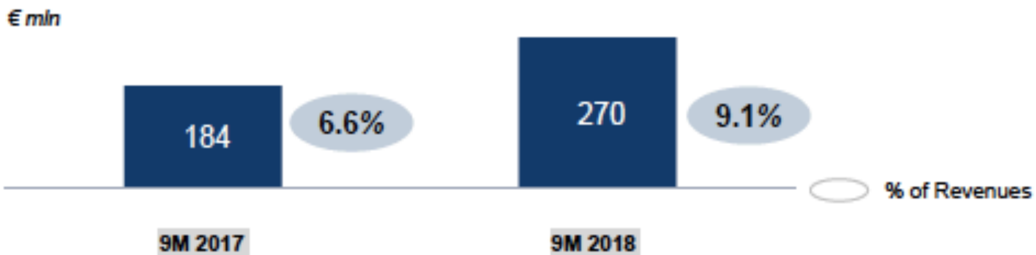
9

Shipbuilding

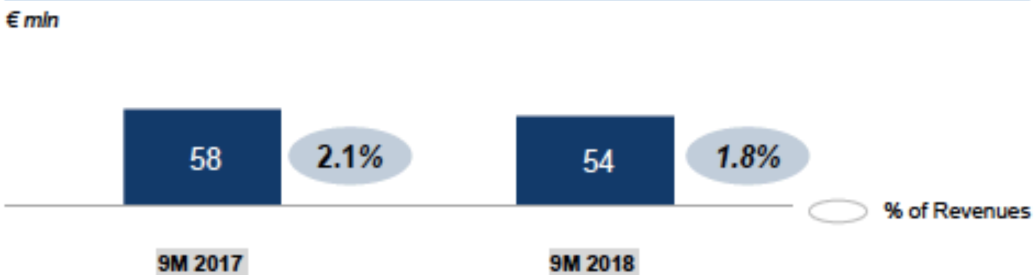
Revenues



EBITDA



Capex



Comments

- Revenues: € 2,959 mln, up 6.5% vs 9M 2017
  - Strong growth of volumes in naval (+20.2%)
  - Progress of Italian Navy's fleet renewal program and first phase of production activities for the Qatari Ministry of Defense contract
- EBITDA: € 270 mln, with margin at 9.1%
  - Further improvement due to the construction of sister cruise ships at higher margins and to the positive contribution of the naval business
- Capex: € 54 mln
- Orders: € 5,603 mln vs € 4,848 mln in 9M 2017
  - 2 cruise ships for Viking Cruises
  - 1 cruise shhip for Silversea Cruises
  - 2 cruise ships for Norwegian Cruise Line
  - 2 LNG cruise ships for TUI Cruises
  - 1 cruise ship for Cunard
  - 1 Littoral Combat Ship (LCS 29) for US Navy
- Backlog: € 22,975 mln vs € 18,572 mln in 9M 2017
- Deliveries: 8 ships
  - "Carnival Horizon" for Carnival Cruise Line
  - Oceanographic vessel "Kronprins Haakon" for Norwegian Institute of Marine Research
  - "Seabourn Ovation" for Seabourn Cruise Line
  - "MSC Seaview" for MSC Cruises
  - "Viking Orion" for Viking Ocean Cruises
  - FREMM "Martinengo" for the Italian Navy
  - LCS 11 and LCS 13 for the US Navy

FINCANTIERI
The sea ahead

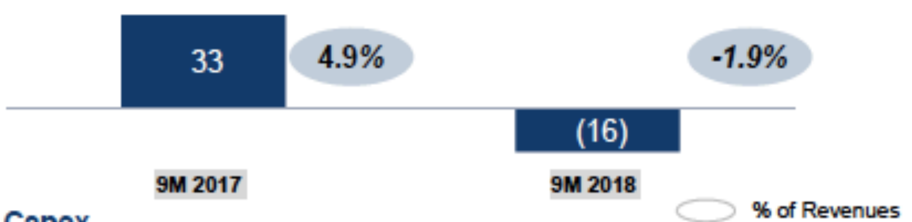
Offshore

Revenues

€ mln

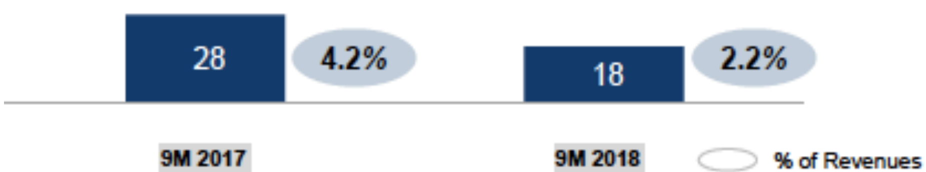
EBITDA

€ mln



Capex

€ mln



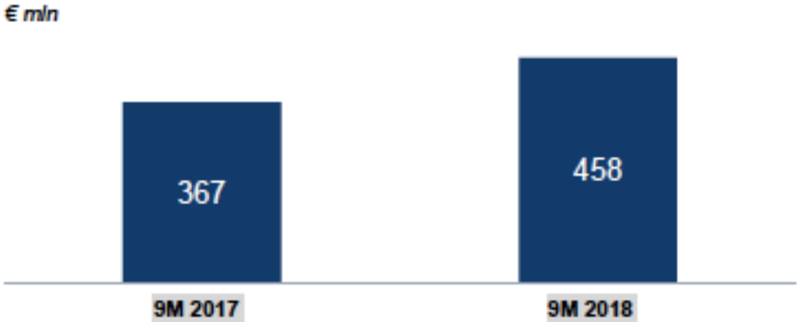
Comments

- Revenues: € 819 mln, up 22.9% vs 9M 2017
  - Despite negative effect of NOK/EUR exchange rate (€ 31 mln)
  - Ongoing implementation of diversification strategy, which generated an increase in production volumes especially in Romanian yards
- EBITDA: € (16) mln, with margin at -1.9%
  - Reflects the challenges of aligning Vard's production network to the deployment of a backlog of mostly cruise ships, a new product to Vard
  - Also reflects loss on sale of a vessel whose contract had been cancelled due to client's bankruptcy
- Capex: € 18 mln
- Orders: € 1,826 mln vs € 486 mln in 9M 2017
  - 5 expedition cruise vessels: 2 for Ponant, 1 for Hapag-Lloyd, 2 for Viking
  - 1 cable laying vessel for Prysmian
  - 3 OPVs for Norwegian Defence Materiel Agency
- Backlog: € 2,493 mln vs € 1,300 mln in 9M 2017
- Deliveries: 19 ships
  - 12 Module Carrier Vessels: 11 for Topaz Energy and Marine, 1 for Kazmortransflot
  - 1 PSV unit to Island Offshore Shipping AS
  - 1 OSCV unit to Dofcon Navegação
  - 2 fishing units to Nordland Havfiske AS and Cermaq
  - 1 freight-and-service vessel to FSV Group
  - 2 expedition cruise vessels to Ponant

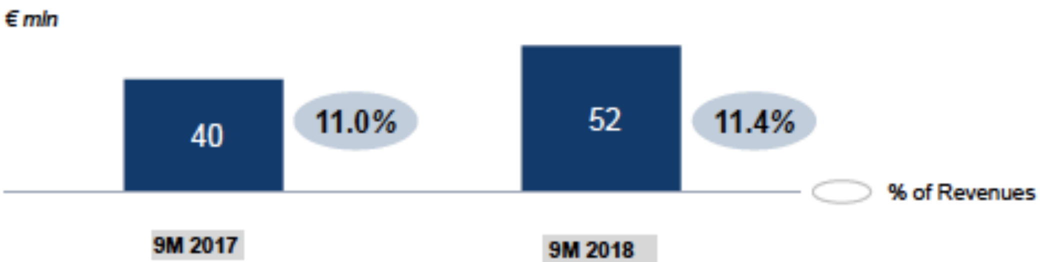
FINCANTIERI
The sea ahead

Equipment, Systems and Services

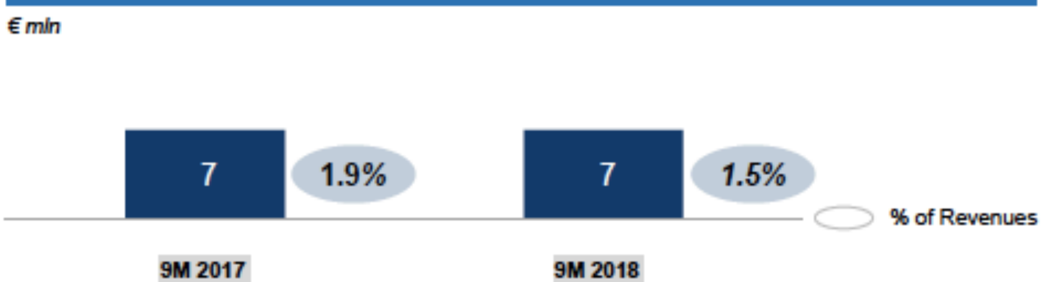
Revenues



EBITDA



Capex



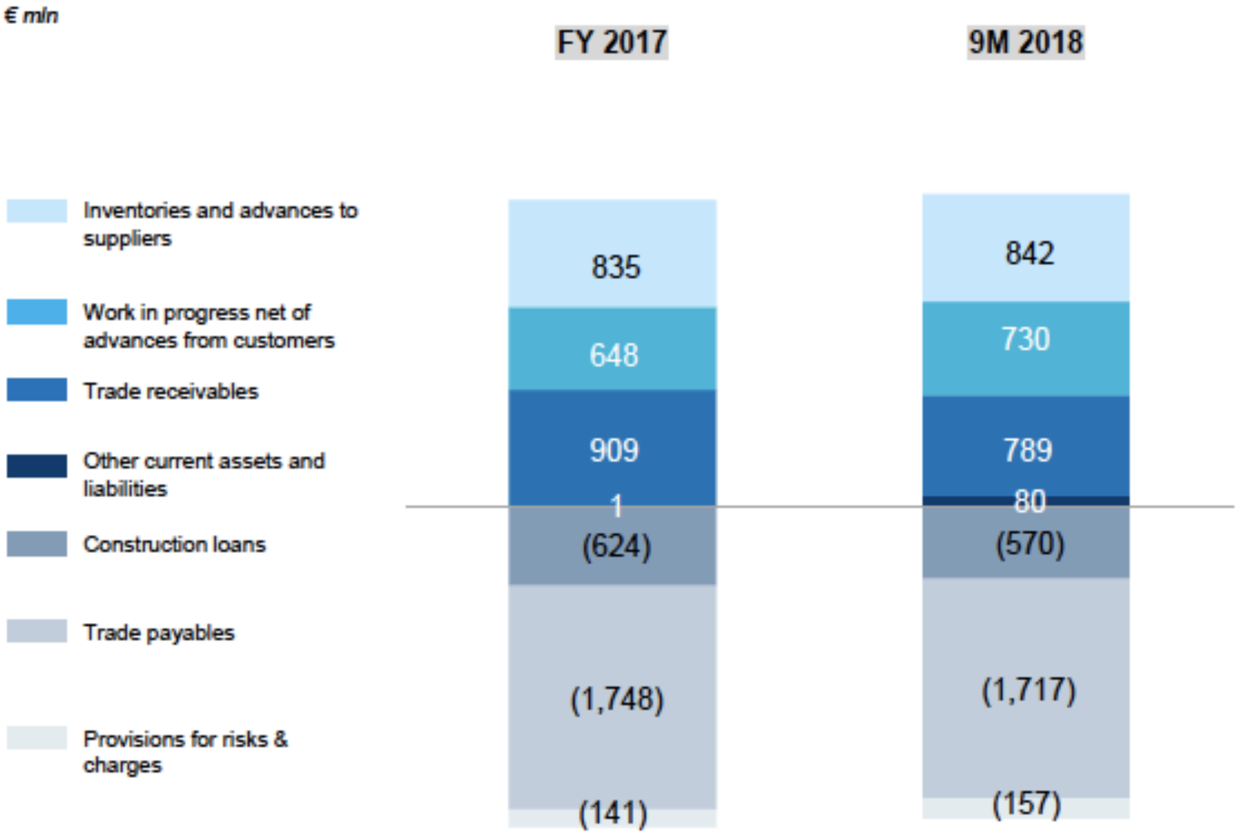
Comments

- Revenues: € 458 mln, up 24.8% vs 9M 2017
  - Thanks to the increased volumes of cabins and public areas and workload related to the Italian Navy fleet renewal program and the Qatari Ministry of Defense order
- EBITDA: € 52 mln with margin at 11.4%
  - Reflects the change in the mix of products, heavily influenced by the strong growth in cruise volumes
- Orders: € 586 mln vs € 465 mln in 9M 2017
- Backlog: € 1,367 mln vs € 1,227 mln in 9M 2017

FINCANTIERI
The sea ahead

Net working capital and net debt[(1)]

Breakdown by main components



	FY 2017	9M 2018
Net working capital	**(120)**	**(3)**
Net debt	**314**	**482**

Comments

- Net working capital and net debt dynamics related to the production volumes in cruise and the receipt of the final installments for the cruise ships delivered during the period
- Construction loans at € 570 mln of which € 510 mln related to VARD and € 60 mln related to Fincantieri
- Most of the Group's debt is related to the financing of current assets associated with cruise ships construction and therefore consistent with net working capital changes

(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*

Outlook

2018 Guidance	• **2018 results expected to be in line with 2018-2022 Business Plan targets** **Shipbuilding** • Expected delivery of 3 units, of which 1 cruise ship and 2 naval vessels • Italian Navy's fleet renewal program fully operational • First phase of production activities related to the Qatari order **Offshore** • Continuation of Vard's construction activities related to the backlog acquired as a result of the diversification strategy • Focus on organizational and production adjustments required for margin recovery in the medium term **Equipment, Systems & Services** • Confirmation of the growth trend, thanks to: – Backlog deployment related to the Italian Navy's fleet renewal program and to the Qatari order – Higher volumes for the production of cabins and public areas driven by growth in the cruise sector
Business Plan Guidance	• **Guidance 2018 confirmed** – Revenue increase 3-6% vs. 2017 – EBITDA margin approx. 7.5% – Net debt at approx. € 0.4-0.6 bln

FINCANTIERI
The sea ahead