

THE BOD APPROVES 9M 2018 RESULTS: INCREASING REVENUES AND EBITDA, TOTAL BACKLOG AT EURO 32.5 BILLION. IMPORTANT STEPS TAKEN ON STRATEGIC ALLIANCES

- **Results in line with the Business Plan 2018-2022 targets:** revenues at September 30, 2018 up 8.5% compared to the same period of 2017, EBITDA margin at 7.3%, up 11% compared to September 30, 2017 (6.5%)
- **Total backlog¹ once again at record levels at euro 32.5 billion, almost 6.5 times 2017 revenues:** backlog as at September 30, 2018 was euro 26 billion (euro 20.3 billion as at September 30, 2017) with 104 ships in the order book; the soft backlog at the same date was approximately euro 6.5 billion (approximately euro 5 billion as at September 30, 2017). The workload allows Fincantieri to reinforce its global leadership and ensures multi-year visibility in terms of backlog for the Italian shipyards
- **Important commercial achievements in the quarter:**
 - in the cruise business, **acquisition of a new important customer, Tui Cruises** (Joint Venture between Tui Ag and Royal Caribbean Cruises), with an order for two new-concept, LNG-powered cruise ships; the order expands Fincantieri's client portfolio to include a company of the Royal Caribbean Group. **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
 - in the naval business, **through the subsidiary Fincantieri Marinette Marine** (in a consortium with Lockheed Martin Corporation) acquisition of a contract for **a new Freedom-class unit of the US Navy Littoral Combat Ship program** (LCS 29, the fifteenth of the program) 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** by **Hapag-Lloyd Cruises** and for **two new expedition cruise vessels** by **Viking**
- **Key events after the quarter:**
 - **Fincantieri and MSC Cruises signed a memorandum of agreement (MoA) for the construction of four ultra-luxury cruise ships, further strengthening their ties;** the ships will feature the best and latest environmental technology and other cutting-edge maritime solutions at sea
 - **Fincantieri and Virgin Voyages signed a contract for the construction of a fourth cruise ship,** featuring highly innovative design solutions, specifically to address energy recovery and the reduction of the overall environmental impact
 - **Fincantieri and Leonardo have established the guiding principles to strengthen their cooperation in the naval sector by revamping their Orizzonte Sistemi Navali Joint Venture** (of which Fincantieri holds a 51% stake) with the aim of giving the latter the

¹ Sum of backlog and soft backlog

responsibility for the development of the Combat Systems. The agreement will allow both companies to compete in an increasingly challenging market, enhancing their complementary expertise - developed at national level - in order to expand market presence abroad

- **Fincantieri and Naval Group announced the start of discussions aimed at defining the terms and conditions for the incorporation of a 50/50 Joint Venture**, which represents the first step towards the creation of a broader Alliance in the naval business as envisaged by the intergovernmental agreement signed on September 27, 2017 in Lyon
- **In the month of November, Vard's delisting process was completed, following which Fincantieri holds a 95.99% stake in Vard**

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Rome, November 8, 2018 - The Board of Directors of **FINCANTIERI S.p.A.** ("**Fincantieri**" or the "**Company**"), chaired by Giampiero Massolo, has examined and approved the interim financial information at September 30, 2018².

During the Board meeting **Giuseppe Bono, Fincantieri's Chief Executive Officer**, said: *"Fincantieri is living an important moment of its life. Revenue growth in the coming years will be ensured by a workload that, in terms of certainty and long term visibility has no equal in the country's industrial landscape. Indeed, our total backlog stands at euro 32 billion, with scheduled deliveries stretching to 2027. Building upon this, we are laying the foundations to grow in the European shipbuilding and defense industries as protagonists. As recently announced, we are ready to set up our alliance with Naval Group through a Joint Venture that will make both of us more competitive globally. At the same time, the renewed partnership with Leonardo is a clear example of how Fincantieri is working to strengthen the national industry and to enhance the value of Italian excellences on export markets."*

² Prepared in accordance with international financial reporting and accounting standards (IAS/IFRS) and unaudited

ECONOMIC DATA

31.12.2017	(euro/million)	30.09.2018	30.09.2017
5,020	Revenue	3,878	3,575
341	EBITDA	281	233
6.8%	EBITDA margin	7.3%	6.5%

Revenue in the first 9 months of 2018 increased by 8.5% compared to the same period of the previous year, confirming the expected growth for 2018 for all of the Group's businesses.

EBITDA was euro 281 million at 30 September 2018 (+20.8% from 30 September 2017) with an EBITDA margin of 7.3% increasing from the 6.5% reported for the first nine months of 2017; this result was driven by the further positive performance of the Shipbuilding business in the quarter.

Shipbuilding

31.12.2017	(euro/million)	30.09.2018	30.09.2017
3,883	Revenue(*)	2,959	2,779
2,649	Cruise ships	1,972	1,958
1,212	Naval vessels	976	812
22	Other activities	11	9
269	EBITDA (*)	270	184
6.9%	EBITDA margin (*) (**)	9.1%	6.6%

(*) Before eliminations between operating segments
 (**) Ratio between segment EBITDA and Revenue

Shipbuilding revenue at 30 September 2018 amounted to euro 2,959 million, up 6.5% from euro 2,779 million for the first nine months of 2017, despite the negative effect of the Eur/USD exchange rate (approximately euro 20 million) on the translation of the financial statements of the US subsidiaries. Such revenue comprises euro 1,972 million from the cruise ships business (euro 1,958 million at 30 September 2017) and euro 976 million from the naval vessels business (up 20.2% from euro 812 million at 30 September 2017).

Segment EBITDA was euro 270 million at 30 September 2018 (euro 184 million at 30 September 2017), with an EBITDA margin of 9.1% (6.6% at 30 September 2017). The growth trend continues, recording a further increase in margins in the third quarter of 2018 owing to the progression in the construction of sister cruise ships with higher margins on the one hand, and the ongoing activities in the fleet renewal program of the Italian Navy and the start of production activities related to the Qatari Ministry of Defense contract, on the other.

Offshore

31.12.2017	(euro/million)	30.09.2018	30.09.2017
943	Revenue(*)	819	666
42	EBITDA (*)	(16)	33
4.4%	EBITDA margin (*) (**)	-1.9%	4.9%

(*) Before eliminations between operating segments
 (**) Ratio between segment EBITDA and Revenue

Revenue from the Offshore segment amounted to euro 819 million at 30 September 2018, up 22.9% from euro 666 million in the corresponding period of 2017, despite the negative impact of changes in the Euro/Norwegian Krone exchange rate (euro 31 million) due to the translation of VARD's financial statements. The growth in revenue during the first nine months of 2018 is a consequence of the increase in production volumes, particularly in the Group's Romanian shipyards, generated by the business diversification strategy implemented by VARD in recent years.

The segment's EBITDA at 30 September 2018 is negative for euro 16 million (positive for euro 33 million at 30 September 2017), with an EBITDA margin of -1.9% (4.9% at 30 September 2017). Such result was affected by the loss on the sale of an offshore vessel whose original contract had been cancelled following the bankruptcy of the client (transaction which anyway generated significant benefits by reducing contractual obligations to the banks financing Vard) and by the challenges posed by the alignment of Vard's production network to the deployment of a backlog almost entirely made of cruise vessels, a new product for Vard.

Equipment, Systems and Services

31.12.2017	(euro/million)	30.09.2018	30.09.2017
558	Revenue(*)	458	367
64	EBITDA (*)	52	40
11.5%	EBITDA margin (*) (**)	11.4%	11.0%

(*) Before eliminations between operating segments
 (**) Ratio between segment EBITDA and Revenue

Revenue from the Equipment, Systems and Services segment amounted to euro 458 million (+24.8% vs the first nine months of 2017). This increase confirms the growth trend started in the third quarter of 2017 thanks to the development of the significant order backlog for the services provided under the orders for the Italian Navy and for the Qatari Ministry of Defense and the increased volumes of cabins and public areas to support the cruise ship business.

Segment EBITDA is euro 52 million at 30 September 2018 (euro 40 million at 30 September 2017) with an EBITDA margin of 11.4%, slightly increasing from the 11.0% reported for the same period of the previous year.

FINANCIAL DATA

30.09.2017	(euro/million)	30.09.2018	31.12.2017
1,723	Net fixed capital	1,725	1,743
814	Inventories and advances	842	835
1,136	Construction contracts and client advances	730	648
(868)	Construction loans	(570)	(624)
598	Trade receivables	789	909
(1,526)	Trade payables	(1,717)	(1,748)
(134)	Provisions for risks and charges	(157)	(141)
51	Other current assets and liabilities	80	1
71	Net working capital	(3)	(120)
1,293	Equity	1,240	1,309
501	Net financial position	482	314

Net fixed capital, at euro 1,725 million (euro 1,743 million at 31 December 2017) decreased by euro 18 million. The main effects include the decrease in Other non-current assets and liabilities, as a result of the negative fair value of derivatives on exchange rates offset by the increase in the value of Intangible assets, affected by the first application of IFRS 15 (euro 48 million). **Net working capital** was negative for euro 3 million (negative for euro 120 million at 31 December 2017). The main changes relate to i) the increase in Construction contracts and client advances (euro 82 million), due to the volumes realized in the period, ii) the decrease in Trade receivables (euro 120 million), due to the receipt of the final payments for the vessels delivered, and iii) the increase in Other current assets and liabilities (euro 79 million), mostly due to the increase in Other current receivables and in Deferred tax assets.

Construction loans, specially dedicated credit instruments used for the exclusive financing of the order to which they are referred, amounted to euro 570 million at 30 September 2018; of these, euro 510 million were related to the subsidiary VARD and euro 60 million to the Parent Company.

It should be noted that the stake in VARD Group has risen from 79.74% at 31 December 2017 to 95.18% at 30 September 2018.

Net financial position was negative for euro 482 million (euro 314 million in net debt at 31 December 2017) consistently with the Group's production volumes and the schedule of cruise ship deliveries.

OTHER INDICATORS

(euro/million)	Order intake		Backlog		Capital expenditure	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017	30.09.2018	30.09.2017
Shipbuilding	5,603	4,848	22,975	18,572	54	58
Offshore	1,826	486	2,493	1,300	18	28
Equipment, Systems and Services	586	465	1,367	1,227	7	7
Consolidation adjustments/Other activities	(414)	(314)	(869)	(800)	7	18
Total	7,601	5,485	25,966	20,299	86	111

DELIVERIES

(number)	30.09.18 completed	2018	2019	2020	2021	2022	Beyond
Cruise ships	4	5	4	5	6	5	9
Naval >40 m.	4	6	5	4	6	6	7
Offshore	19	32	18	6	3	2	2

BUSINESS OUTLOOK

The Group forecasts results for the year 2018 which are in line with the economic and financial projections outlined in the Business Plan 2018-2022. The growth in revenues forecasted for the fourth quarter of the year enables the Group to confirm the target of a 3-6% increase in revenues on an annual basis with a margin of around 7.5%. The target margin of between 1.8% and 2% for adjusted net profit is also confirmed. By the end of 2018, the Net financial position will be a net debt of euro 400-600 million, in line with the constant growth of the size and value of the cruise ships under construction and with the delivery schedule.

In the Shipbuilding segment, Fincantieri expects to deliver 3 ships in the fourth quarter of 2018, of which 1 cruise ship and 2 vessels in the naval business. It also expects activities for the fleet renewal program for the Italian Navy to reach full swing and the first phase of production activities for the Qatari Ministry of Defense contract to take place.

In the Offshore segment, given the persisting crisis in the Oil&Gas sector, the Group has effectively implemented a diversification strategy for Vard which produced substantial growth of revenue and order intake. Notwithstanding this, such strategy requires organizational and production adjustments to ensure the necessary strengthening of skills and competitiveness required for margin recovery in the medium term.

In 2018, the Equipment, Systems and Services segment is expected to see its growth in revenues confirmed, thanks to the development of the backlog related to the Italian Navy fleet renewal program, the Qatari contract and the higher volumes for the production of cabins and public areas driven by the growth of the cruise ship sector.

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The Manager Responsible for Preparing Financial Reports, Felice Bonavolontà, declares, pursuant to paragraph 2 of article 154-bis of Italian Legislative Decree no. 58 dated February 24, 1998, that the information contained in this press release corresponds to the underlying documentary and accounting books and records.

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For the significant events occurring during the period and after the reporting period, please refer to the press releases available on the Company's website (www.fincantieri.com).

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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) under "Investor Relations - Financial Statements" and on the website of the authorized storage mechanism (www.emarketstorage.com).

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DISCLAIMER

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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The financial results for the first nine months of 2018 will be presented to the financial community during a conference call scheduled for Friday, November 9, 2018 at 9:00 CET.

To take part in the conference call, it is necessary to call one of the following numbers:

Italy +39 028020911

United Kingdom +44 1212818004

United States +1 7187058796

*Hong Kong +852 58080984 then press *0*

The slide presentation will be available 10 minutes before the start of the conference in the Investor Relations section of the website www.fincantieri.com.

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Fincantieri is one of the world's largest shipbuilding groups and number one for diversification and innovation. It is leader in cruise ship design and construction and a reference player in all high-tech shipbuilding industry sectors, from naval to offshore vessels, from high-complexity special vessels and ferries to mega yachts, as well as in ship repairs and conversions, production of systems and mechanical and electrical component equipment and after-sales services.

With over 230 years of history and more than 7,000 vessels built, Fincantieri has always kept its management offices, as well as all the engineering and production skills, in Italy. With over 8,400 employees and a supplier network that employs nearly 50,000 people, Fincantieri has enhanced a fragmented production capacity over several shipyards into a strength, acquiring the widest portfolio of clients and products in the cruise segment. To hold its own in relation to competition and assert itself at global level, Fincantieri has broadened its product portfolio becoming world leader in the sectors in which it operates.

With globalization, the Group has around 20 shipyards in 4 continents, over 19,000 employees and is the leading Western shipbuilder. It has among its clients the world's major cruise operators, the Italian and the US Navy, in addition to several foreign navies, and it is partner of some of the main European defense companies within supranational programs.

Fincantieri's business is widely diversified by end markets, geographical exposure and by client base, with revenue mainly generated from cruise ship, naval and offshore vessel construction. Compared with less diversified players, such diversification allows it to mitigate the effects of any fluctuations in demand on the end markets served.

www.fincantieri.com

ALTERNATIVE PERFORMANCE MEASURES

Fincantieri's management reviews the performance of the Group and its business segments also using certain measures not envisaged by IFRS. In particular, EBITDA is used as the main earnings indicator, as it enables the Group's underlying profitability to be assessed without the impact of volatility associated with non-recurring items or extraordinary items outside the ordinary course of business.

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, as reported in the financial statements, adjusted to exclude the following items:
 - company costs for the Wage Guarantee Fund;
 - costs relating to reorganization plans and non-recurring other personnel costs;
 - provisions for costs and legal expenses associated with lawsuits brought by employees for asbestos-related damages;
 - other expenses or income outside the ordinary course of business due to particularly significant non-recurring events.
- **EBITDA margin:** EBITDA expressed as a percentage of Revenue and income.
- **Net fixed capital:** this reports the fixed assets used in the business and includes the following items: Intangible assets, Property, plant and equipment, Investments and Other non-current assets (including the fair value of derivatives classified in non-current Financial assets and non-current Financial liabilities) net of Employee benefits.
- **Net working capital:** this is equal to capital employed in ordinary operations which includes Inventories and advances, Construction contracts and client advances, Construction loans, Trade receivables, Trade payables, Provisions for risks and charges, and Other current assets and liabilities (including Income tax assets, Income tax liabilities, Deferred tax assets and Deferred tax liabilities, as well as the fair value of derivatives classified in current Financial assets and current Financial liabilities).

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 2017.

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