THE BOD APPROVES 9M 2019 RESULTS: REVENUES UP 10% AND TOTAL BACKLOG ABOVE EURO 32 BILLION WITH SHIPS TO BE DELIVERED UP TO 2027

- **Revenues increased by 9.7% at euro 4,254 million** (euro 3,878 million at 30 September 2018)
- **EBITDA at euro 287 million** (euro 281 million at 30 September 2018) **with EBITDA margin at 6.7%** (7.3% at 30 September 2018): includes the positive performance of the Shipbuilding segment (+30.2% compared to 30 September 2018 despite the negative impact of Vard cruise projects) and was affected by the negative margin of the Offshore and Specialized Vessels segment
- **Positive operating performance at Group level, improving in all areas, but limited by the negative results of Vard**, which is undergoing a reorganization process aiming at improving its management trend
- **Net financial position[1] at euro 904 million** (euro 494 at 31 December 2018), in line with expectations and consistent with the increase of value and size of the cruise ships under construction. Based on the delivery schedule for the remainder of the year (3 units delivered in October) and for the next quarters we expect a decrease of the net debt
- **Order intake at euro 6.8 billion:** contracts signed for 17 units, including 11 cruise ships for 5 different brands (Oceania, Regent Seven Seas Cruises, Viking, MSC, Princess), and the order by the US Navy for an additional Littoral Combat Ship (LCS) unit
- **Total backlog[2] at euro 32.3 billion, comprising 106 ships, equivalent to approximately 5.9 times the 2018 revenues**: backlog at euro 28.4 billion (+9.3% compared to 30 September 2018) with 96 units to be delivered up to 2027 and soft backlog at euro 3.9 billion
- **Delivery of 18 ships from 11 different shipyards**, of which 2 cruise ships, 3 expedition cruise vessels and 3 naval units, and **launch of 2 vessels of the Italian Navy fleet renewal program**
- **Acquisition of a 60% controlling stake in INSIS group**, active in the system integration sector through the production of innovative technological solutions, aimed at further strengthening the initiatives already started by Fincantieri to develop an IT and electronic excellence center
- **Continuation of the French-Italian cooperation** for the creation of a more efficient and competitive European shipbuilding industry, with the signing of the Alliance Cooperation Agreement between Fincantieri and Naval Group
- **Ongoing investigation by the EU Antitrust Authority** on the acquisition of Chantiers de l'Atlantique with the start of an additional investigation phase
- **Further developments on the construction of the bridge over the Polcevera River in Genoa,** with the positioning of the first section of the new bridge
- **Ongoing commitment of the Group on sustainability** with the signing of important agreements in the social and environmental fields, with a specific focus on innovation, security and education

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[1] *Excluding construction loans*
[2] *Sum of backlog and soft backlog*

Rome, November 7, 2019 - 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, 2019[1].

During the Board meeting **Giuseppe Bono, Fincantieri's Chief Executive Officer,** said: "*In these months we proved to be a rare example in the Industrial landscape. A multi – year visibility, in fact, grants us a solid growth in revenues, which increased in these nine months by 10% if compared to 2018. Unfortunately, the Group results are impacted by the negative contribution of VARD, which suffers from the persisting effect of the deep crisis of its reference market of the Oil & Gas, and from the costs occurred following its entrance into the cruise shipbuilding market. The reorganization of Vard is a priority for the entire Group and we dedicated to this initiative some of our best Italian employees. The complexity of our products and of the related operations drive us towards an ongoing innovation aimed at improving continuously our performances. A proof of that is the delivery in the single month of October of three cruise ships from three different shipyards, for three different Clients. Our Group successes and the positive economic and social impact of our activities concur to the prestige of the Italian export and, in the end, they contribute to the success of the Made in Italy worldwide. We can also say that we are participating as key players in the European Shipbuilding market consolidation".*

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ECONOMIC DATA

31.12.2018	(euro/million)	30.09.2019	30.09.2018
5,474	**Revenue**	4,254	3,878
414	**EBITDA**	287	281
7.6%	***EBITDA margin***	*6.7%*	*7.3%*

Revenues in the first nine months of 2019 increased by 9.7% if compared to the same period of last year, thus confirming the growth expectation for 2019 in the Shipbuilding and in the Equipment Systems and Services segments.

Group EBITDA at September 30, 2019 was euro 287 million (+2.1% compared to September 30, 2018) with an EBITDA margin of 6.7%, including the positive performance of the Shipbuilding segment (+30.2% if compared to September 30, 2018 despite the negative impact of the Vard Cruise projects) and is impacted by the negative margin in the Offshore and Specialized Vessels segment.

With reference to the subsidiary VARD, following the delisting completed in December 2018, the process of full integration within the Fincantieri Group and alignment to the best practices continued. A change in management followed, together with the launch of a reorganization process. In particular, a review of the industrial management systems and of the economic planning of both Cruise and Offshore and Specialized Vessels projects was launched. Such initiatives, supported by the Italian personnel of the Group, led on the one hand to the recovery of the production delays, which would have impeded the on-time delivery of the units, and to the review, on the other hand, of the estimated costs at completion which were included within the results as of September, 30 2019, including the higher costs occurred to recover the delays on the ships

[1] *Prepared in accordance with international financial reporting and accounting standards (IAS/IFRS) and unaudited*

in delivery. Further analysis on the industrial management systems and on the economic planning of projects are still ongoing.

With regards to the initiatives already completed, the exit from the business of small fishery and aquaculture support vessels (which impacted negatively the EBITDA of the first nine months of 2019 by euro 19 million) and the dismissal of Aukra shipyard were approved. Also with reference to the review of the production footprint, the dismissal of Brevik, a second Norwegian shipyard was authorized. Moreover, the conversion of the Romanian Tulcea shipyard, which is now working at full capacity on Cruise shipbuilding is in its final stages of completion.

Shipbuilding

31.12. 2018	(euro/million)	30.09.2019	30.09.2018 *restated* (***)	30.09.2018 reported
4,678	Revenues(*)	3,686	3,318	2,959
3,226	*Cruise ships*	*2,587*	*2,331*	*1,972*
1,434	*Naval vessels*	*1,083*	*976*	*976*
18	*Other activities*	*16*	*11*	*11*
395	EBITDA (*)	336	258	270
8.5%	*EBITDA margin* (*) (**)	*9.1%*	*7.8%*	*9.1%*

(*)Before eliminations between operating segments
(**) Ratio between segment EBITDA and Revenue and income
(***)The 2018 comparative figures have been restated following redefinition of the operating segments. Out of coherence, the comparison referred to in the text is based on the restated data

Revenues in the Shipbuilding segment at September 30, 2019 were equal to euro 3,686 million, with an increase of 11.1% if compared to the first nine months of 2018. The revenue growth in the Cruise shipbuilding (+11.0%) is due to the increase of the dimension and value of the vessels currently under production, whereas the increase of the naval revenues (+11.0%), is mainly due to the advancing of the construction for both the Qatari Ministry of Defense program and the Italian Navy fleet renewal program.

The EBITDA of the segment at September 30, 2019, was euro 336 million (+30.2% if compared to September 30, 2018) with an EBITDA margin of 9.1%, reflecting the increasing profitability of the Group shipbuilding activities both in Cruise and Naval areas of business. However, the margin of the segment was affected by the unsatisfactory profitability of some of Vard's Cruise business unit projects. In particular, the support of the Italian personnel of the Group led on the one hand to the recovery of the production delays in order to deliver on-time the units under construction, on the other hand it required a review of the estimated costs at completion that impacted on the September 30, 2019 results, inclusive also of the higher costs occurred to recover the delays on the ships due for delivery. On the operating side, it is currently under completion the conversion of the Romanian Tulcea Shipyard to support the activities of the Italian Group facilities to develop the significant construction volume required by the record order backlog. Such conversion will bring to a substantial increase of the shipyard value, also because of the acquisition of the specific know-how.

Offshore and Specialized Vessels

31.12.2018	(euro/million)	30.09.2019	30.09.2018 *restated* (***)	30.09.2018 reported
681	Revenues(*)	392	475	819
(20)	EBITDA (*)	(75)	(4)	(16)
-2.9%	*EBITDA margin* (*) (**)	*-19.3%*	*-0.8%*	*-1.9%*

(*) Before eliminations between operating segments
(**) Ratio between segment EBITDA and Revenue and income
(***)The 2018 comparative figures have been restated following redefinition of the operating segments Out of coherence, the comparison referred to in the text is based on the restated data

Offshore and Specialized Vessels revenues at September 30, 2019 stood at euro 392 million, decreasing in comparison to the same period of 2018 because of the slowdown of production volumes due to the almost total lack of orders in the core market.

EBITDA of the segment at September, 30 was negative for euro 75 million, with an EBITDA margin of -19.3%. The results of the first nine months 2019 included the estimated costs at completion of the projects and represented, pending the finalization of the ongoing analysis, the best estimate of the negative impacts on the full year results. Also the reduced utilization of the shipyards had a negative impact on the results, together with the high level of operative complexity linked to the development of the specialized vessels order portfolio, that is particularly challenging due to the diversity of projects and units contemporarily under production.

With the aim of margin recovery of the segment in the medium term and in the context of Vard reorganization plan currently being developed, the first initiatives of production footprint optimization were identified and approved. Among these the decision of exiting from the business of small fishery and aquaculture support vessels (which negatively impacted the EBITDA of the segment for euro 19 million in the first nine months of the year) and therefore dismissing the Aukra shipyard. Also with reference to the review of the production footprint, it was approved the dismissal of Brevik, a second Norwegian shipyard, whereas the activity and the personnel of the Brazilian shipyard of Promar were reduced to the minimum in order to contain its management costs.

Equipment, Systems and Services

31.12.2018	(euro/million)	30.09.2019	30.09.2018
651	Revenues(*)	582	458
73	EBITDA (*)	55	52
11.2%	*EBITDA margin* (*) (**)	*9.5%*	*11.4%*

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

Revenues of the Equipment, Systems and Services segment at September 30 stood at euro 582 million recording an increase of 27.1% if compared to the first nine months of 2018, thanks to the development of the relevant backlog for services provided within the naval projects and to the volume increase of the ship repair and conversion activity. It is also to be mentioned the significant contribution of the operations of Fincantieri Infrastructure performed in 2019.

EBITDA of the segment at September 30, 2019 was equal to euro 55 million with an EBITDA margin of 9.5%, reflecting the higher contribution of infrastructure projects and of the ship conversions and refurbishment activities, both characterized by a reduced profitability profile if compared to other activities within the same segment. These projects, however, have a strategic relevance as they allow the development and maintenance of commercial relationships and contribute to the increase of utilization of some Italian shipyards of the Group.

FINANCIAL DATA

30.09.2018	(euro/million)	30.09.2019	31.12.2018
1,725	**Net fixed capital**	**1,831**	**1,703**
842	Inventories and advances	863	881
730	Construction contracts and client advances	1,399	936
(570)	Construction loans	(793)	(632)
789	Trade receivables	775	749
(1,717)	Trade payables	(2,067)	(1,849)
(157)	Provisions for risks and charges	(76)	(135)
80	Other current assets and liabilities	149	94
(3)	**Net working capital**	**250**	**44**
1,240	**Equity**	**1,177**	**1,253**
482	**Net financial position**	**904**	**494**

Net fixed capital was euro 1,831 million (euro 1,703 million at December 31, 2018), increased by euro 128 million. Among the main impacts, besides the investments of the period, there is the inclusion of the right of use of the leased assets following the first application of IFRS 16 net of amortization and the inclusion within the fixed assets of two vessels previously accounted for as Construction contracts following the decision of managing them directly.

Net working capital was positive at euro 250 million with a variation of euro 206 million if compared to December 31, 2018. The main variations include i) the decrease of the Inventories and advances (euro 18 million), mainly due to the delivery of a vessel previously included in the Inventories following the order cancellation, and then sold; ii) the increase in Construction contracts and client advances (euro 463 million) and of Trade payables (euro 218 million) following the increase of production volumes; iii) the decrease of the Provisions for risks and charges (euro 59 million), mainly for the use of the provisions for the "Serene" litigation, following the settlement agreement terminating all proceeds standing.

Construction loans, dedicated credit instruments used for the exclusive financing of the project they are referred to**,** amounted to euro 793 million at September 30, 2019, with an increase of euro 161 million. Of these, euro 500 million were related to the Parent Company and euro 293 million to the subsidiary VARD.

Net financial position, reported a net debt balance of euro 904 million (euro 494 million in net debt at December 31, 2018), consistently with the production volumes developed by the Group and with the delivery schedule of the cruise units (3 units delivered in October). It also includes the financial liabilities arising from the application of IFRS 16 (euro 89 million).

OTHER INDICATORS

(euro/million)	Order intake			Backlog			Capital expenditure		
	30.09.2019	30.09.2018 *restated* (*)	30.09.2018 reported	30.09.2019	30.09.2018 *restated* (*)	30.09.2018 reported	30.09.2019	30.09.2018 *restated* (*)	30.09.2018 reported
Shipbuilding	6,477	6,494	5,603	26,720	24,315	22,975	138	67	54
Offshore & Specialized Vessels	94	869	1,826	836	1,087	2,493	3	5	18
Equipment, Systems and Services	424	586	586	1,525	1,367	1,367	20	7	7
Consolidation adjustments/Other activities	(184)	(348)	(414)	(707)	(803)	(869)	13	7	7
Total	**6,811**	**7,601**	**7,601**	**28,374**	**25,966**	**25,966**	**174**	**86**	**86**

(*)The 2018 comparative figures have been restated following redefinition of the operating segments

DELIVERIES

(number)	***30.09.19 completed***	**2019**	**2020**	**2021**	**2022**	**2023**	**Beyond**
Cruise ships	5	8	8	9	7	7	13
Naval >40 m.	3	3	7	7	7	3	5
Offshore	10	18	7	2	1	1	1

BUSINESS OUTLOOK

The Group performance is confirmed to be positive from an operational standpoint thanks to the favorable trends of the cruise and naval shipbuilding across all geographies, although limited by the negative results of VARD in cruise and offshore projects.

With reference to the subsidiary Vard, the commitment of the Group to align the industrial management systems and the economic planning of the projects to the Group best practices continues, as reported in the "Economic data" section. Any potential additional adjustment on the estimated costs at completion for longer term projects that may arise from this process will be included in the full year 2019 results. The reorganization plan for the subsidiary Vard is expected to be presented together with the approval of the full year Group results.

Net financial position is expected to slightly improve, following the delivery of 3 cruise vessels in the last quarter of the year, even if financing needs will remain high due to the need to finance the working capital for the vessels under construction and in delivery.

In the Shipbuilding segment, in October the Group delivered 3 cruise vessels, whereas the naval business area is focused on the full swing of the program for the Qatari Ministry of Defense, with 3 vessels under construction and first delivery scheduled for 2021.

With reference to Vard Cruise business unit, the initiatives mentioned above are under development.

In the Offshore and Specialized Vessels segment, the shipbuilding activities pertaining to the current backlog will continue and the ongoing focus on execution aiming at margin recovery will remain, together with the commercial activities focused on the development of innovative products and cutting-edge technologies in areas not directly related to the Oil&Gas sector. The analysis phase of the business and the reorganization plan for the subsidiary Vard are still ongoing.

On the Equipment, Systems and Services, we expect the confirmation of the revenues growth trend, thanks to the backlog deployment for the naval programs, to the volumes for the production of cabins and public areas to support the cruise shipbuilding activities, and to the development of the infrastructures with a significant advancing of the construction of the bridge over the Polcevera River in Genoa.

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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 centralized storage of regulated information denominated eMarket STORAGE, available at the website 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 2019 will be presented to the financial community during a conference call scheduled for Friday, November 8, 2019 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 8,900 employees in Italy and a supplier network that employs nearly 50,000 people, Fincantieri has enhanced a fragmented production capacity over several shipyards into 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:*
  - *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 2018.

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