2019 CONSOLIDATED FINANCIAL STATEMENTS AND DRAFT FINANCIAL STATEMENTS OF THE PARENT COMPANY: RECORD-HIGH REVENUES AT EURO 5.8 BILLION, ORDER INTAKE AT EURO 8.7 BILLION AND TOTAL BACKLOG AT ALMOST EURO 33 BILLION

COVID-19 emergency

- **All necessary actions to counter the emergency and** ensure the health of all Fincantieri employees, **including the interruption of production activities** since March 16th**, have been promptly deployed**
- **The COVID-19 outbreak is affecting 2020 Group performance,** however, with the resolution of the situation in a reasonable time frame, the Group's financial structure will be able to face the impacts
- **Group priority and commitment is focused on the safeguard of clients and strategic partners to ensure the acquired backlog,** notably in the cruise sector, among the hardest hit by COVID-19 crisis
- **2020-2024 Business Plan** will be finalized as soon as the development of the emergency allows a clearer analysis of the potential impact

Consolidated 2019 results[1]

Operational results

- **Order intake remarkably higher than revenues for over 5 years**: **euro 8.7 billion** consisting in **28 units, 13 of which are cruise ships for 6 different brands** (Oceania, Regent Seven Seas, Viking, MSC Crociere, Princess Cruises, Ponant) and **5** of which are naval vessels in the **USA** (LCS and MMSC programs)
- **Total backlog[2] with 109 units and euro 32.7 billion, almost six times 2019 revenues**: *backlog* at euro 28.6 billion (+11.8%) with 98 units to be delivered up to 2027 and *soft backlog* at almost euro 4.1 billion
- **Delivery of 26 units** from **12 different shipyards**, 4 of which are cruise ships, 4 are *expedition cruise* vessels and 3 naval vessels, and launch of 3 vessels for the Italian Navy
- **Headcount increase: 550 direct jobs and 2.650 indirect jobs**

Financial results

- **Sound performance of Fincantieri SpA** (Revenues at euro 4.3 billion, EBITDA at 489 million, *EBITDA margin* at 11.3% and a Net income at euro 151 million, net of Vard share write down for euro 50 million and net of extraordinary items for asbestos at euro 40 million)
- **Negative performance of the subsidiary Vard,** for which a restructuring plan was implemented following the delisting at the end of 2018, has had an impact on Group results
  - **Record-high revenues at euro 5.8 billion** increased by 8.0% compared to 2018
  - **EBITDA at euro 320 million** (euro 421 million in 2018), with a *margin* of 5.5% (7.8% in 2018)
  - **Negative adjusted[3] Net income at 71 million** (euro 114 million in 2018) **and negative Net Income at euro 148 million** (euro 69 million in 2018) net of taxes (euro 73 million), extraordinary items (euro 67 million) and losses from discontinued operations at euro 24 million
  - **Net debt[4] at euro 736 million,** representing a capital structure consistent with the growth in production volumes in the cruise ships business and its deliveries schedule

[1] In addition to the standard financial indicators required by IFRS, Fincantieri uses certain alternative performance measures for the purpose of better assessing its operating performance and financial position. The meaning and content of these measures are described in the appendices, in accordance with Consob Communication no. 0092543 of December 3, 2015 which implements the ESMA guidelines (document no. ESMA/2015/1415)
[2] Sum of backlog and soft backlog
[3] Net result before extraordinary and non-recurring items
4 Excluding construction loans

Strategic initiatives

- **Incorporation of Naviris, a 50/50 owned JV between Fincantieri and Naval Group**, which paves the way to the consolidation of European naval defence industry to strengthen its position as worldwide leader in product performances and technology innovation
- **The investigation by EU Antitrust Authorities of the Fincantieri/Chantiers de l'Atlantique transaction has been suspended for the time being**
- **Creation of an IT & electronics hub,** a cornerstone to spur further innovation, and acquisition of a controlling stake in Insis SpA in the context of the Group Strategy of growth and strengthen of the activities in high technological content sectors
- **All the Sustainability Plan 2019 targets,** focused on supply chain management, social activities, human rights and diversity, **have been achieved**

<u>Other resolutions</u>

- **Approval of Consolidated Non-financial Statement at December 31, 2019** pursuant to Legislative Decree No. 254/2016
- **Ordinary Shareholders' Meeting convened for June 9, 2020 on single call**

* * *

Rome, April 1 2020 – The Board of Directors of **FINCANTIERI S.p.A.** ("**Fincantieri**" or the "**Company**"), chaired by Giampiero Massolo, has approved the **Consolidated financial statements at December 31, 2019,** the **draft financial statements of the parent company at December 31, 2019,** prepared in accordance with international financial reporting and accounting standards (IFRS) and the **Consolidated Non-financial Statement at December 31, 2019** pursuant to Legislative Decree No. 254/2016.

During the Board meeting **Giuseppe Bono**, **Chief Executive Officer of Fincantieri**, said: *"We have confirmed a long term strategic vision that goes beyond quarterly profit expectations and allows us to combine the interests of the Group and its main stakeholders with those of our Country. A further tangible sign of this vision is our entry into the large infrastructure sector, in which Italy once stood out, a heritage that has been slowly disappearing. For these reasons, we have put our great expertise at the service of Italy for a highly complex project that we are successfully carrying out in record time: the construction of the new bridge in Genoa. The unprecedented emergency we are now facing further magnifies the extent of our effort. For that, one more time, I want to express my appreciation and gratitude to our employees and our subcontractors for pursuing such a significant achievement. At the end of this situation, once again, Fincantieri will offer its know-how and resources to contribute, in the shortest possible time, to the creation of a new national economic development model. As a matter of fact, our Group, one of the reference points and cornerstones of the Italian industry, has a moral duty to embrace a pivotal role, alongside the Government, to support and drive our Country's recovery through protection of employment levels and production capacity. The work we are carrying out in collaboration with CDP and ENI also goes in the same direction, generating a positive impact on social, economic and environmental levels throughout the Italian territory. The shared commitment for the development of cutting-edge projects for the energy transition and environmental sustainability, combined with our dedication to research and innovation to create the ships of the future, will let us a further step in the path that the country must take towards decarbonisation and the circular economy"*.

Bono concluded: "*For this responsibility and for the contribution that each of us will be called upon to give, I would like to thank our workers and those of our vast network of suppliers":*

CONSOLIDATED 2019 RESULTS

Financial Highlights

Economic data		31.12.2019		31.12.2018	
		Group	Fincantieri S.p.A.	Group restated (2)	Fincantieri S.p.A.
Revenue and income	Euro/million	5,849	4,314	5,416	3,967
EBITDA	Euro/million	320	489	421	474
EBITDA margin (*)	%	*5.5%*	11.3%	7.8%	11.9%
EBIT	Euro/million	153	390	285	388
EBIT margin (**)	%	*2.6%*	9.0%	5.3%	9.8%
Adjusted profit/(loss) for the year (1)	Euro/million	(71)	185	114	252
Extraordinary and non-recurring income (expenses)	Euro/million	(67)	(45)	(51)	(45)
Profit/(loss) for continued operations	Euro/million	(124)		75	
Profit/(loss) for the year	Euro/million	(148)	151	69	218
Group share of profits/(loss) for the year	Euro/million	(141)		72	

Financial data		31.12.2019		31.12.2018	
		Group	Fincantieri S.p.A.	Group	Fincantieri S.p.A.
Net invested capital	Euro/million	1,786	1,391	1,747	1,235
Equity	Euro/million	1,050	1,630	1,253	1,525
Net financial position	Euro/million	(736)	239	(494)	290

Other indicators		31.12.2019		31.12.2018	
		Group	Fincantieri S.p.A.	Group	Fincantieri S.p.A.
Order intake (***)	Euro/million	8,692	6,359	8,617	6,288
Order book (***)	Euro/million	37,127	31,296	32,743	27,575
Total backlog (***)(****)	Euro/million	32,690	28,307	33,824	30,662
- of which backlog (***)	Euro/million	*28,590*	*24,707*	*25,524*	*22,462*
Capital expenditure	Euro/million	279	215	161	109
Net cash flow of the period	Euro/million	(296)	(315)	402	409
Research and Development costs	Euro/million	134	103	122	93
Employees at the end of the period	N°	19,823	8,287	19,274	7,874
Vessels delivered (*****)	N°	26	5	35	7
Vessels ordered (*****)	N°	28	15	27	9
Vessels in order book (*****)	N°	98	57	98	47

Ratios		31.12.2019		31.12.2018	
		Group	Fincantieri S.p.A.	Group restated (2)	Fincantieri S.p.A.
ROI	%	8.7%	29.7%	16.9%	33.2%
ROE	%	-12.9%	9.6%	5.4%	14.8%
Total debt/Total Equity	N°	1.2	0.6	1.0	0.7
Net financial position/EBITDA	N°	2.3	n.a.	1.2	n.a.
Net financial position/Total Equity	N°	0.7	n.a.	0.4	n.a.

(*) Ratio between EBITDA and Revenue and income
(**) Ratio between EBIT and Revenue and income
(***) Net of eliminations and consolidation adjustments
(****) Sum of backlog and soft backlog
(*****) Number of vessels over 40 meters in length
(1) Profit/(loss) before extraordinary and non-recurring income and expenses
(2) The 2018 figures have been restated to mirror discontinued operations of the business of small fishery and fishery farms support vessels and the dismissal of Aukra shipyard.
The percentages contained in this report have been calculated with reference to amounts expressed in thousands of euros

Consolidated financial and economic results for 2019

Fincantieri S.p.A. economic results for 2019 **are broadly in line with 2018 outstanding results**, with revenues up at euro 4.3 billion (+8.8%), EBITDA at euro 489 million, EBITDA margin of 11.3% and a profit for the period of euro 151 million. This result accounts for the write down of the investment in Vard for euro 50 million and extraordinary items for the settlement of asbestos-related litigations at euro 40 million. However, **Group economic results include the negative performance of the subsidiary Vard**. During 2019, following the delisting of Vard in December 2018, a review and a reorganization process of all Vard operational activities has been carried out with the aim to identify necessary actions to improve operations. The aforementioned process started with a radical change in Vard management – now predominantly Fincantieri's, and it includes the full organizational integration within the Group and the alignment of strategy and production operations with Fincantieri's best practices. The business reorganization plan resulted also in the reduction of the production footprint; this entailed the exit from the business of small fishery and fishery farms support vessels and the dismissal of two Norwegian shipyards located in Aukra and Brevik. Furthermore, we have completed the full review of the industrial management systems and of the financial planning of both Cruise and Offshore and Specialized Vessels, announced last year; this resulted in a reassessment of estimated costs at completion of the projects, whose increase considerably affected the profit of the year.

Revenues amounted to a record euro 5,849 million, an increase of euro 433 million compared to the previous year (+8.0%), with a remarkable growth in production volumes in Cruise ships business (+8.8%) and in Equipment, Systems and Services business (+38.1%), counterbalancing the reduction of volumes of the Offshore and Specialized Vessels business (-29.4%).

Revenue and income (euro/million)	**31.12.2019**	**31.12.2018 restated(*)**	**31.12.2018**	**Delta vs. 31.12.2018 restated(*)**	**Delta % vs. 31.12.2018 restated(*)**
Shipbuilding	5,088	4,678	4,678	410	*8.8%*
Offshore and Specialized Vessels	440	623	681	(183)	*-29.4%*
Equipment, Systems and Services	899	651	651	248	*38.1%*
Consolidation adjustments	(578)	(536)	(536)	(42)	*n.a.*
Total	**5,849**	**5,416**	**5,474**	**433**	***8.0%***

n.a. = not applicable
(*) The 2018 figures have been restated to mirror discontinued operations of the business of small fishery and fishery farms support vessels and the dismissal of Aukra shipyard.

The cruise ships business area recorded an increase in revenues of 10.8%, and accounted for 56% of the Group's revenues (54% at 31 December 2018), while the naval vessels business area recorded an increase in revenues of 4.8%, accounting for 23% of the Group's revenues (24% at 31 December 2018). 82% of revenues are generated with foreign clients in 2019, in line with 2018 results.

EBITDA came in at euro 320 million (euro 421 million in 2018) with an **EBITDA margin** of 5.5% (7.8% in 2018). The margin levels mirror the good profitability of the naval programs, the excellent results of the Italian cruise segment and of the Equipment, Systems and Services segment while suffering from subsidiary Vard' significant losses, both in cruise ship segment and in offshore and specialized vessels.

EBIT was euro 153 million in 2019 (euro 285 million in 2018), with an **EBIT margin** of 2.6% (5.3% in 2018). This change is due, in addition to the reasons illustrated above for the Group's EBITDA, to higher amortization following the application of IFRS 16 (euro 17 million).

Adjusted Loss was at euro 71 million at December 31, 2019 (euro 114 million adjusted profit at December 31, 2018), for the abovementioned reasons. The Group share is in turn a loss of euro 64 million (profit of euro 117 million in 2018). Finance costs and expenses from investments were euro 137 million (net expense of euro 105 million at December 31, 2018). The increase is mainly due to: financial charges for hedging derivatives for orders denominated in foreign currency (increased by euro 41 million in comparison to 2018 consistently with the revenue increase of hedged projects) and to the impairment of financial receivables (euro 7 million). These effects were partly offset by reduced financial expenses associated to the net debt (down by euro 18 million).

Extraordinary and non-recurring income and expenses were negative at euro 67 million (euro 51 million in 2018) and include costs for legal disputes (euro 53 million, of which euro 40 million related to asbestos-related litigation), charges for business reorganization plans related to the subsidiary Vard (euro 9 million) and other costs linked to non-recurring operations (euro 5 million). The same item at December 31, 2018 amounted to euro 51 million; it included costs for legal disputes (euro 39 million, of which 37 million related to asbestos-related litigation) charges for business reorganization plans related to the subsidiary Vard (euro 5 million), other costs linked to non-recurring operations (euro 11 million) and income from the sale equity holdings (euro 4 million).

Loss for the period was euro 148 million (profit at euro 69 million at December 31, 2018); it also includes the negative results of euro 24 million of discontinued operations related to losses in the business of small fishery and fishery farms support vessels, operated in Aukra shipyard. The result of continued operations was a loss at euro 124 million (profit at euro 75 million in 2018). The Group share was a loss of 141 million (profit of euro 72 million in 2018).

Net invested capital amounted to euro 1,786 million at December 31, 2019 (euro 1,747 million at December 31, 2018). In detail, **net fixed capital** was euro 1,905 million (euro 1,703 million at December 31, 2018), presenting an overall increase of euro 202 million. The main changes include (i) the inclusion of right of use of leased assets as effect of the first application of IFRS 16 (euro 90 million), net of amortization; (ii) the increase of the value of Intangible assets and of Property, plant and equipment by 187 million, mainly due to capital expenditure in the period (euro 279 million). Furthermore it includes the accounting within the fixed assets of two vessels previously booked as Construction contracts following the decision of chartering them directly (euro 34 million), partly offset by amortization (euro 150 million); (iii) the reduction in Other non-current assets and liabilities (euro 87 million), mainly the result of the fluctuation in the fair value of exchange rate derivatives negotiated to cover contracts in currencies other than the euro.

Net working capital reports a negative balance of euro 125 million (positive for euro 44 million at December 31, 2018). The main changes relate to (i) decrease of Inventory and advances (euro 53 million) primarily due to the delivery of a vessel previously included in the Inventories following the order cancellation, and then sold; (ii) increase in construction contracts and client advances (euro 479 million), attributable to production volumes of the period net of deliveries and of reclassification of ships previously included in fixed assets; furthermore, it includes (iii) the decrease in Trade receivables (euro 72 million) due to the receipt of the final payment instalment for the units delivered; (iv) the increase in Trade payables (euro 421 million) as a consequence of higher volumes of 2019 last quarter; (v) the reduction in provisions for risks and charges (euro 46 million) mainly due to the use of the provisions for the “Serene” litigation, following the settlement agreement terminating all the proceedings standing; (vi) construction loans increase (euro 179 million).

Construction loans, dedicated credit instruments used for the exclusive financing of specific projects, amounted to euro 811 million at December 31, 2019, with an increase of euro 179 million in comparison with December 31, 2018. Euro 550 million were related to the Parent Company and euro 261 million to the subsidiary Vard.

Equity amounting to euro 1,050 million, recorded a reduction of euro 203 million, primarily due to the Loss of the year of euro 148 million, the distribution of dividends (euro 17 million) and the reduction of the reserve linked to hedging instruments (euro 26 million).

Consolidated net financial position, which excludes construction loans, reports a net debt balance of euro 736 million (euro 494 million in net debt at December 31, 2018). The change is mainly due to the investments and the financial cycle typical of the cruise ships business. NPF at December 31, 2019 also includes the financial liabilities arising from the application of IFRS 16 (euro 92 million).

Among the **profitability indicators,** ROI (8.7%) and ROE (-12.9%) mirror 2019 operational results with a reduction of EBIT and of the net income in comparison to 2018.

With reference to the **indicators of the strength and efficiency of the capital structure**, the Total debt/Equity ratio is 1.2, mainly in line with the level at December 31, 2018. Net financial position/EBITDA ratio at 2.3 and Net financial position/Equity ratio at 0.7 follow the increase in the Group' Net Debt, including the low profitability of the period. It is to be noted that the debt at December 31, 2019 also includes the financial liabilities arising from the application of IFRS 16 (euro 92 million).

Group operational results and performance indicators for 2019

Order intake and backlog

New orders in 2019 amounted to euro 8,692 million (in line with 2018 order intake), with 28 new units and with a book-to-bill ratio (Order intake/Revenues) of 1.5 (1.6 in 2018).

On overall orders, before intersegment consolidation adjustments, the Shipbuilding segment accounted for 93% (82% in 2018), the Offshore and Specialized Vessels segment for 2% (11% in 2018) and the Equipment, Systems and Services segment for 10% (12% in 2018).

In the cruise ships business area of the **Shipbuilding segment**, Fincantieri recorded remarkable business success acquiring orders from historical clients for 13 new units for six different brands, with an overall value of euro 6 billion. The American group Norwegian Cruise Line Holdings Ltd. confirmed the order of two new generation cruise ships for the Oceania Cruises brand and it signed a contract for the construction of a new ultra-luxury cruise ship for the brand Regent Seven Seas Cruises (the third unit of the Explorer class), becoming Fincantieri's most relevant client in terms of backlog. MSC signed the contracts for the construction of four luxury cruise ships, with which MSC will enter in a new segment that bears significant growth potential, while Viking confirmed the order of two of the six units included in the agreement announced in March 2018, increasing Viking fleets to 12 units, all built by Fincantieri. This is the highest number of units from the same class for one single shipowner. The partnership between Fincantieri and Viking that began only in 2012, has reached the total amount of 20 units, considering the options and the units ordered to Vard. Furthermore, Princess Cruises, a Carnival Cruise brand, signed the final contracts for the construction of two next generation dual-fuel cruise ships, powered primarily with Liquefied Natural Gas (LNG). Finally, the French cruise company Ponant confirmed the order for two small new-generation luxury expedition cruise vessels that will be operated in the South-Pacific areas for Paul Gauguin Cruises. These two units represent the eight and the ninth units ordered to Vard from its entrance in the cruise expedition business.

In the **Naval business area**, an order was placed, through the subsidiary Marinette Marine Corporation for the construction of a new “Freedom” class vessel within the Littoral Combat Ship program (LCS 31), the sixteenth ship of the program for the US Navy. Marinette Marine Corporation was chosen for the construction of four Multi-Mission Surface Combatants (MMSC), with an overall value of USD 1.3 billion, as part of the country’s Foreign Military Sales program between United States and the Kingdom of Saudi Arabia. In 10 years, the Group’s American shipyards successfully delivered 10 vessels for the LCS program and they are currently engaged in the construction of further six units reference true partnership with the US Navy. In addition, Fincantieri has been awarded an order from Chantiers de l’Atlantique (CdA), in the context of the Flotlog program, for the construction of the forward sections of four LSS, based on the Italian “Vulcano” vessel design, built by Fincantieri for the Italian Navy.

In the **Offshore and Specialized Vessels segment**, the lower level of order intake is due to the total absence of new orders in the core legacy business. In this context, Vard commercial strategy includes business diversification in high potential business segment such as fishery (notably large and high complexity vessels) and aquaculture (specifically, innovative semi-submersible platforms to be used as fishery farms), in which Vard is starting to have a proven track record. The diversification strategy, considering the 2019 negative performance of the subsidiary, was readdressed to concentrate the resources on a lower number of specific projects in order to mitigate risks related to the execution of an extremely diversified and complex order book. In this context, the Russian ship-owner Luntos Co. Ltd awarded to Fincantieri’s Group, through the subsidiary Vard, an order for the construction of one fishery unit while the Australian cruise operator Coral Expeditions signed a contract for the design and construction of a second small luxury expedition cruise vessel, sister ship to “Coral Adventurer”. Additionally, Seasons Shipping signed a contract for the construction of one expedition cruise vessel.

Fincantieri’s Group, by combining its commercial strength with the strategy oriented to the development of new business, recorded a high number of orders in the **Equipment, Systems and Services business area**. In particular, in the first months of 2019 the Group started the construction of the bridge over the Polcevera River in Genoa, with the related orders for the supply and installation of the steel deck. Within the same contract, the Group launched a collaboration project among Group’s subsidiaries involved in the development of an integrated system to monitor, control and supervise the new bridge, once again confirming its ability to leverage its expertise to seize new markets’ opportunities.

The Group, trough the subsidiary Fincantieri SI, was awarded a prestigious order for a number of high-tech systems and components installations as part of the International Thermonuclear Experimental Reactor (ITER) Project. This is a multinational cooperation aimed at building an experimental hydrogen fusion reactor, first in its kind, and acknowledged as one of the most ambitious initiatives in the world in the field of sustainable energy.

Furthermore, among the order intake in the ESS business area, the Group secured an order from Meyer Turku for the supply of stabilization systems and turbo-generator systems for heat recovery. These will be installed on the new class of cruise ships under construction at the Finnish yard.

The Group’s **total backlog** at December 31, 2019, includes 109 units and it amounts to euro 32.7 billion, of which euro 28.6 billion of backlog (with 98 units to be delivered up to 2027) and 4.1 billion of soft backlog. With the record-high backlog (+12% compared to 2018), the Group has once again demonstrated its ability to convert its soft backlog into firm orders in a short time, ensuring a long-term visibility to the Group itself and to its network. The backlog and the total backlog guarantee respectively about 4.9 and 5.6 years of work if compared to the revenues recorded in 2019, with a clear predominance of the Shipbuilding segment.

Considering the Group total backlog, before intersegment consolidation adjustments, the backlog for the Shipbuilding segment accounts for 94% of the Group backlog (93% in 2018), the Offshore and Specialized Vessels segment accounts for 3% of the Group backlog (4% in 2018) whereas Equipment, Systems and Services accounts for 6% of the Group backlog (6% in 2018). Shipbuilding segment is driving the backlog growth, with an increase of euro 3,099 million (+13.1%) before intersegment consolidation adjustments.

Capital expenditure

Capital expenditure amounted to euro 279 million in 2019, of which euro 61 million for intangible assets (including euro 27 million for development projects) and euro 218 million for Property, plant and equipment. The Parent Company accounted for 77% of total capital expenditure. Capital expenditure represented 4.8% of the Group's revenue in 2019 (2.9% in 2018).

The considerable capital expenditures of 2019, in particular on Property, plant and equipment are mainly related to the upgrading of operational areas and infrastructure at some Italian shipyards to meet new production scenarios based on a growing demand of larger vessels and on an increasing production volume due to a growing backlog. Furthermore, it is to be noted the capital expenditure for the improvement of safety standards of plants, equipment and buildings and the prosecution of the activities for the increase of production capacity of the Vard Tulcea and Vard Braila shipyards. These capex are for the support both the construction of the hulls and the multi-year program to build sections and pre-fitted sections of cruise ships to support Fincantieri production network.

Headcount

The increase of headcount of 3% overall, from 19,274 at December 31, 2018 (8,662 in Italy only) to 19,823 at December 31, 2019 (9,334 in Italy only), paired with a significant increase in the involvement of the network of subcontractors, is primarily attributable to the adjustment of workforce to the current cruise business backlog.

Deliveries[5]

The following table shows the deliveries of 2019 and the ones scheduled each year for vessels currently in the order book, analyzed by the main business units.

(number)	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**Beyond 2024**
Cruise ships/expedition cruise vessels	*8*	*8*	*9*	*10*	*6*	*4*	*9*
Naval	*3*	*6*	*8*	*8*	*5*	*5*	*5*
Offshore and Specialized vessels	*15*	*9*	*3*	*1*	*1*	*1*	

[5] *Offshore and Specialized vessels: Compared to the situation presented at 31 December 2018, two vessels with the delivery initially planned for 2019, had been excluded from the order book and included within Property, plant and equipment following the order cancellation and the decision of managing them directly, while 5 other units have been postponed from 2019 to 2020.*
With regards to naval vessels, to optimize the production activities of the American subsidiary, engaged since 2019 also in the development of the Foreign Military Sales program between United States and the Kingdom of Saudi Arabia, the delivery of two LCS units have been postponed, in accordance with the counterparty.

Business outlook

After the end of 2019 year, in the first months of 2020, the global outburst of **the pandemic COVID-19 emergency** caused an extreme pressure on national health systems and the need for the Italian Government to issue measures to contain the further outbreak of the virus. The Government' measures deeply influenced social and working habits of individuals and as well affecting the global economy.

Fincantieri reacted immediately to the pandemic emergency, implementing various initiatives with the primary goal to protect the health of its employees and those of the related companies. In fact, the Group's priority is to activate all the necessary measures to protect the health and the well-being of its people, the most important asset of the group. Given the serious circumstances, Fincantieri has decided **to halt production activities** in all its Italian production sites as of March 16. The Group actively monitors the trend of the outbreak on a daily basis, in order to manage its potential effects in a timely manner.

Concerning the production activity, despite the prompt implementation of mitigating actions – including the purchasing of personal protection equipment and medical devices to safeguard the regular running operations, COVID-19 emergency is significantly affecting the course of the **Group 2020 business operations**. Specifically, the pandemic outbreak, given its global effect, may mainly influence the following Group's activities:

- Production schedule
- Supply chain in terms of resources availability, delivery terms, financial performance of the related companies
- Personnel, in terms of operating efficiency, workforce availability, logistic and insurance requirements
- Capital expenditures
- Trade negotiations

Globally, one of the most affected business by the emergency is tourism, especially the cruise market where ship owners and operators were among the first to be compelled to suspend all their operations. In this context, Group efforts and priorities are targeted to protect its own clients and strategic partners in order **to safeguard the integrity of the Group total backlog**, a key element not only to Fincantieri and its related network but also to the recovery of Italian economy. It should also be mentioned that the current health emergency constitutes a cause of *force majeure* included as a clause in the Group construction contracts. The clause allows the Group to reschedule production plans and ships delivery dates.

Fincantieri believes that its equity and economic structure will successfully cope with the repercussions of the emergency, should the crisis cease its effects within a reasonable time.

In consideration of the uncertainty regarding the impacts on public health, and on the Country's production and social and economic aspects, the Group will disclose to the market a new 2020-2024 Business Plan as soon as the emergency permits a clear evaluation of its possible impacts. Information on 2020 business performance will be disclosed on the publication of the interim financial reports.

Operational review by segment[6]

SHIPBUILDING

(Euro/million)	31.12.2019	31.12.2018
Revenue and income (*)	5,088	4,678
EBITDA (*)	375	395
EBITDA margin (*) (**)	*7.4%*	*8.5%*
Order intake (*)	8,057	7,129
Order book (*)	34,206	29,620
Order backlog (*)	26,828	23,714
Capital expenditure	222	124
Vessels delivered (number)	11	13

(*) Before elimination between operating segments
(**) Ratio between segment EBITDA and Revenues and Income

Revenue and income

Revenues from the Shipbuilding segment at December 31, 2019 amounted to euro 5,088 million up by 8.8% compared to December 31, 2018.

Cruise ship business area revenues accounted for euro 3,574 million (euro 3,226 million at December 31, 2018) up by 10.8%, despite the negative impact of changes in the Euro/Norwegian Krone exchange rate (euro 14 million) due to the conversion of Norwegian subsidiaries financial statements. The increase in revenues is attributable to the higher production volumes and to the increase in size and value of the cruise ships under construction in the Group's Italian shipyards, in addition to the considerable increase in production volumes of the cruise business units of the subsidiary Vard (+7% compared to 2018).

Naval business area records revenues of euro 1,503 million (euro 1,434 million at December 31, 2018), up by 4.8%, benefitting from the positive impact of changes in the Euro/USD exchange rate (euro 28 million) due to the conversion of American subsidiaries financial statements. The program for the Qatari ministry of Defence is in full swing, with a corvette and an offshore patrol vessel under construction, as are the activities for the Italian Navy fleet renewal program. With respect to the latter, during 2019, three units were launched, namely the Landing Helicopter Dock (LHD) "Trieste", the first Multipurpose Offshore Patrol Vessel (Pattugliatore Polivalente d'Altura) "Paolo Thaon di Revel", unit within the fleet renewal program of Italian Navy and "Spartaco Schergat", the ninth units of the FREMM program. It is worth mentioning the positive contribution of the subsidiary FMG, committed to LCS program and Foreign Military Sales program between United States and Kingdom of Saudi Arabia.

EBITDA

EBITDA of the segment, at December 31, 2019 amounts to euro 375 million (euro 395 million at December 31, 2018) with an EBITDA *margin* of 7.4% (8.5% at December 31, 2018).

This result mirrors the good profitability of naval programs and as well as of the outstanding results of Italian cruise operations, whereas it considerably suffers from the significant operational losses related to some of the projects of the subsidiary Vard cruise business unit.

[6] *It is notable that, following its operational reorganization, completed in Q4 2018, VARD cruise business unit, previously included in the Offshore segment, is now included in the Shipbuilding segment (cruise business area).*

The cruise ships construction in Italy is going through a structural marginal increase thanks to the positive market *momentum* along with the effectiveness of the strategic choices implemented concerning operating efficiency together with Cruise portfolio de-risking.

The Cruise business unit negative performance of subsidiary Vard is linked, on one hand to the higher costs occurred to recover production delays aiming to on-time delivery of the units and on the other hand to the review of projects estimated costs at completion. In particular, these higher costs are related to project with high level of complexity, such as new prototype vessels, following a fully review of the industrial management systems and of the economic planning of Vard projects.

On the operating side, it is currently under completion the conversion of the Romanian Tulcea Shipyard for the construction of complete expedition cruise vessels while the support to the activities of the Italian Group facilities to develop the significant construction volume required by the record order backlog is now fully being implemented. Such conversion brought the shipyard’s monthly output up to 3,500 tons, compared to the monthly 2,500 tons developed in 2018. Moreover, the conversion will lead to a substantial increase of the shipyard value, also because of the acquisition of specific know-how.

Deliveries

The vessels delivered were:

- “Costa Venezia”, the first Costa Cruises ship designed for the Chinese market, delivered at Monfalcone shipyard;
- “Viking Jupiter”, the sixth cruise ship built for Viking, delivered at Ancona shipyard;
- “Carnival Panorama”, the third Vista class ship, built for Carnival Cruise Line, delivered at Marghera shipyard;
- “Sky Princess”, the fourth Royal Princess class ship built for Princess Cruises, delivered at Monfalcone shipyard;
- “Le Bougainville” and “Le Dumont-d’Urville”, two units for Ponant, delivered at Søviknes shipyard (Norway);
- “Hanseatic Nature” and “Hanseatic Inspiration”, the first two units for Hapag-Lloyd, delivered at Langsten shipyard (Norway);
- LCS 15 “Billings” and LCS 17 “USS Indianapolis”, for US Navy, built within LCS program, delivered at FMM’s shipyard in Marinette (Wisconsin – USA);
- “Antonio Marceglia”, eight of a series of 10 vessels of the FREMM program delivered to the Italian Navy at Muggiano (La Spezia) shipyard.

OFFSHORE AND SPECIALIZED VESSELS

(Euro/million)	31.12.2019	31.12.2018 restated (1)	31.12.2018 published
Revenue and income (*)	440	623	681
EBITDA (*)	(107)	(13)	(20)
EBITDA margin (*) (**)	*-24.2%*	-2.1%	-2.9%
Order intake (*)	207	913	913
Order book (*)	1,449	1,860	1,860
Order backlog (*)	888	987	987
Capital expenditure	6	6	6
Vessels delivered (number)	15	22	22

(*) Before elimination between operating segments
(**) Ratio between segment EBITDA and Revenues and Income
(1) The 2018 figures have been restated to mirror discontinued operations of the business of small fishery and fishery farms support vessels and the dismissal of Aukra shipyard.

Revenue and income

Revenues from the Offshore and Specialized Vessels segment at December 31, 2019 amounted to euro 440 million, decreasing by 29.4% compared to December 31, 2018 (euro 623 million), bearing the negative impact of changes in the Euro/Norwegian Krone exchange rate (euro 12 million) due to the conversion of VARD financial statements. Revenues contraction is attributable to the slowdown of production volumes due to the almost total lack of orders in the core market and a consequent diminished exploitation of production capacity.

EBITDA

EBITDA of Offshore and Specialized Vessels segment, at December 31, 2019, presents a negative figure of euro 107 million (negative figure of euro 13 million at December 31, 2018), with an EBITDA margin of -24.2% (-2.1% at December 31, 2018).

The performance match the technical difficulties of an extremely diversified backlog with a high level of operative complexity. The management of this kind of order book, particularly challenging because of the number and the diversity of projects and units simultaneously under construction, as well as their highly innovative profile, made necessary to reassess the estimated costs at completion of the projects, whose increase resulted in a negative margin. Some of those projects are new prototypes that required a greater use of resources but contextually allowed to increase of specific know-how, useful in the future.

In addition to a the full review of the industrial management systems and of project planning, the subsidiary Vard carried on the production footprint optimization, exiting from the business of small fishery and fishery farms support vessels along with the dismissal of Aukra and Brevik shipyards. The activity and the personnel of the Brazilian shipyard of Promar were reduced to the minimum in order to contain its overhead costs.

Deliveries

The vessels delivered were:

- three OSCV (Offshore Subsea Construction Vessel), two of which delivered at Brattvåg shipyard (Norway) to the shipowner Topaz Energy and Marine Limited and one vessel delivered at Promar shipyard (Brazil) to Dofcon Navegação Ltda;
- one expedition cruise, delivered at Vung Tau shipyard (Vietnam) to Australian shipowner Coral Expedition;

- seven fishery units, delivered at Aukra shipyard (Norway) to Bergur-Huginn (two units), Gjøgur (two units), Skinney-Thinganes (two units) and Utgerdarfelag Akureyringa (one units) and one fishery unit delivered at Brattvåg shipyard (Norway) to shipowner Aker BioMarine Antarctis AS;
- one Aqua unit, delivered at Aukra shipyard (Norway) to shipowner FSV Group;
- two ferry units, delivered at Brevik shipyard (Norway) to shipowner Torghatten Nord AS.

EQUIPMENT, SYSTEMS AND SERVICES

(Euro/million)	31.12.2019	31.12.2018
Revenue and income (*)	899	651
EBITDA (*)	90	73
EBITDA margin (*) (**)	*10.0%*	*11.2%*
Order intake (*)	842	1,006
Order book (*)	2,951	2,519
Order backlog (*)	1,736	1,638
Capital expenditure	30	18

(*) Before elimination between operating segments
(**) Ratio between segment EBITDA and Revenues and Income

Revenue and income

Revenues from the Equipment, Systems and Services segment, which amounted to euro 899 million (+38.1% compared to December 31, 2018), confirm a growth trend linked to the development of a relevant backlog for services provided within naval projects and to the volume increase of the ship repair and conversion activity. It is also worthwhile to mention the significant contribution of the operations of Fincantieri Infrastructure carried out in 2019.

EBITDA

EBITDA of the segment at December 31, 2019 was equal to euro 90 million (euro 73 million at December 31, 2018) with and EBITDA *margin* of 10.0% substantially in line with 2018 results. It should be noted a 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. Among these projects is especially noteworthy the supply and installation of the steel deck of the Polcevera bridge in Genoa and the one developed for Grimaldi Lines that entails the installation of vanguard solutions aimed at a reduction of the environmental impact and at power efficiency, such as energy storage systems that allow the units to not use the diesel engines during stops at the port, in line with the Grimaldi group's target of zero emissions when at port.

OTHER ACTIVITIES

(Euro/million)	31.12.2019	31.12.2018
Revenue and income	2	-
EBITDA	(38)	(34)
EBITDA margin	*n.a.*	*n.a.*
Capital expenditure	21	13

n.a. non applicable

Other activities primarily refer to the costs incurred by corporate headquarters for directing, controlling and coordinating the business that are not allocated to other operating segments.

Other information

Other significant events in the period

On January 14, 2019 Cassa depositi e prestiti, Fincantieri and Snam have signed a preliminary collaboration agreement aimed at identifying, defining and implementing medium-term strategic projects for the innovation and development of port facilities in Italy. This agreement entails also the development of sustainable technologies applied to maritime transport, in line with the provisions of the National Integrated Energy and Climate Plan Proposal.

On February 4, 2019 the Port Authority of the Western Sicily Sea and Fincantieri have signed a memorandum of understanding for the re-launch of shipbuilding in the port of Palermo, at the base of which there is the shared objective of allow the Sicilian port to establish itself as one of the most important in the Mediterranean.

On February 21, 2019, during the Abu Dhabi 2019 International Defence Exhibition & Conference (IDEX), Fincantieri and Abu Dhabi Shipbuilding, the leading shipbuilder in the United Arab Emirates specialized in the construction, repair and refit of military and commercial vessels, announced that they have reached an agreement in principle to explore future forms of industrial and market cooperation in the UAE shipbuilding segment.

On March 6, 2019 Fincantieri has signed a collaboration agreement for charity purposes with the Banco Alimentare of Liguria, an association of social utility active in the recovery of surplus food, and I.F.M., a company that provides catering services at the canteen of the Muggiano (La Spezia) shipyard.

On March 7, 2019 Genova Industrie Navali – holding founded in 2008 from the merger of two historical shipyards in Genoa, T. Mariotti and San Giorgio del Porto – and Fincantieri have reached a cooperation agreement covering different areas, from new buildings, to ship repair, conversions and outfitting. Such agreement provides for the acquisition by Fincantieri of a minority stake in GIN Group’s holding company and an option for a minority stake in T. Mariotti.

On March 11, 2019 took place the inauguration ceremony of the Fincantieri Infrastructure production plant in Valeggio sul Mincio (Verona). The first steel for the construction of the new Genoa bridge was also cut on the occasion.

On April 23, 2019, as part of the enhancement of its activities in high technological content sectors, Fincantieri has acquired a majority stake of Insis S.p.A., a company headquartered in Follo (La Spezia) operating in the sectors of information technology and electronics.

On April 30, 2019 the President of INAIL - National Institute for Insurance against Accidents at Work - Massimo De Felice and the CEO of Fincantieri Giuseppe Bono signed a memorandum of understanding aimed at developing safety at work culture and at implementing activities and projects with the goal of consistently reducing accidents and occupational diseases.

On May 20, 2019 the CEO of Fincantieri Giuseppe Bono and the Rector of the University of Calabria Gino Mirocle Crisci signed an agreement aimed at establishing new cooperation relationships in the field of civil, industrial and information engineering.

On June 7, 2019 Fincantieri has signed a collaboration agreement for charity purposes with Banco Alimentare Marche, an association of social utility active in the recovery of surplus food, and Gemeaz Elior, a company that provides catering services at the canteen of the Ancona shipyard.

On June 14, 2019 Fincantieri and Naval Group signed the Alliance Cooperation Agreement, which sets out the operational terms for the incorporation of a 50/50 owned joint venture. The agreement has been signed by the CEOs of the two companies, Giuseppe Bono and Hervé Guillou, on board of the frigate “Federico Martinengo”, moored at the Naval Base of the Italian Navy in La Spezia. The vessel is part of the Italian-French FREMM program, which underlines the soundness of the twenty-year collaboration between the two countries, their industries and the national navies.

On June 18, 2019 Fincantieri and the National Research Council (CNR) presented the results of six multidisciplinary research projects, in a program aimed at innovation in shipbuilding supported by the Ministry of Infrastructure and Transport.

On June 26, 2019 pursuant to the agreement signed last year between Fincantieri, the Liguria Region and the trade unions Cgil, Cisl and Uil, aimed at carrying out a series of initiatives to encourage job placement processes, the offer of the courses of the technical institutes of higher education for next autumn is to be extended. In fact, a new educational pathway meeting the employment needs of the shipbuilding sector will start in Liguria at the Accademia della Marina Mercantile (the Merchant Navy Academy).

On June 27, 2019 the Board of Directors of FINCANTIERI S.p.A. (“Fincantieri” or the “Company”), exercising the powers given by the extraordinary Shareholders’ Meeting held on May 19, 2017, resolved on the issuance of No. 7,532,290 ordinary shares, without par value, with the same characteristics as the outstanding ordinary shares, to be used for the “Performance Share Plan 2016-2018” (the “Plan”), to be allotted free of charge, pursuant to Article 2349 of the Italian Civil Code, to the beneficiaries of the Plan without increasing the share capital in compliance with the conditions and terms laid down therein. Shares were issued on July 30, 2019.

On September 26, 2019 Fincantieri shipyard in Palermo has completed the process for the release by RINA of the OHSAS 18001 and UNI EN ISO 14001 certification of compliance, i.e. the highest international standards in terms of health and safety at work and environmental protection. With this result, the company covers all the group's Italian production sites.

On October 28, 2019 at the presence of the Prime Minister, Giuseppe Conte, the Chief Executive Officers of Cassa Depositi e Prestiti, Fabrizio Palermo, of Fincantieri, Giuseppe Bono, of Terna, Luigi Ferraris, and of Eni, Claudio Descalzi, signed in Ravenna an agreement to set up a company for the development and manufacturing of wave-energy power plants. This agreement follows the understanding signed in April 19, 2019.

On November 15, 2019 Fincantieri S.p.A. (“Fincantieri” or the “Company”) held its ordinary Shareholders’ Meeting in Trieste on a single call. the Shareholders’ Meeting of the Company resolved to approve the mutual early termination of the engagement as Independent Auditor granted to the auditing firm PricewaterhouseCoopers S.p.A. and to grant, upon proposal by the Board of Statutory Auditors, the engagement as Independent Auditor of Fincantieri for the financial years 2020-2028 to the auditing firm Deloitte & Touche S.p.A., also setting the relevant remuneration.

On November 27, 2019 within the broad framework of collaborations activated in the recent past, Fincantieri and the University of Genoa have signed a new agreement for the promotion and financing of some experimental didactic activities in the naval field.

On November 28, 2019, as part of the process of strengthening its corporate responsibility, Fincantieri has joined the United Nations Global Compact, the world's largest business sustainability initiative.

Key events after December 31, 2019

On January 14, 2020 the first board meeting of Naviris, the joint venture between Fincantieri and Naval Group, took place. This partnership cements the shared desire of the two companies to build a future of excellence for the shipbuilding industry and Navies. Giuseppe Bono has been appointed Chairman and Hervé Guillou Member of the Board. On February 27, 2020, during the Naples franco-italian summit, the signed intergovernmental agreement reaffirms the full support of the French and Italian States to Naviris, the joint venture between Naval Group and Fincantieri. This agreement makes the long term alliance launched by these two industrial Groups fully operational.

On January 24, 2020 Fincantieri, one of the world's top shipbuilding groups, and the Ministry of Defense of Qatar through Barzan Holding, a company wholly owned by the Qatari Ministry of Defense and responsible for empowering the military capabilities of the national armed force in the state, signed a Memorandum of Understanding (MoU) in Doha, aimed at strengthening their strategic partnership through the evaluation and studies of new technologies and capabilities, possibly leading to a future acquisition of new vessels already in 2020.

On February 24, 2020 Marakeb Technologies, a leading autonomous technology provider, and Fincantieri, one of the world's largest shipbuilding groups, signed a Memorandum of Understanding in order to explore global collaboration opportunities in the field of autonomous technology.

On March 6, 2020 Cassa Depositi e Prestiti (CDP), Eni and Fincantieri confirm their shared commitment on the energy transition path to decarbonisation and environmental sustainability: the companies signed a Memorandum of Understanding to develop joint circular economy projects to identify and implement technical solutions to confront the issue of marine litter, which affects the marine and coastal ecosystem due to floating plastic waste and micro plastics. This MoU has been signed with the aim of studying and developing technologies to collect the waste dispersed at sea and along the coast, in order to transform them into products for sustainable mobility and industrial uses.

On March 10, 2020 the new 100-meter maxi steel deck has been raised. The deck, whose profile will recall the hull of a ship, as designed by Renzo Piano has been transported over the Polcevera stream. In the second half of the same month, the last 100-meter maxi-span has been raised, so that the new Genoa bridge overpasses the railway.

On March 13, 2020 Fincantieri, following the Coronavirus emergency and in order to apply the measures that the Italian Government has gradually determined, decided to suspend production activities at the Italian sites of Fincantieri S.p.A. from March 16 to March 29.

On March 26, 2020 Fincantieri, despite having already implemented all the necessary measures to ensure the safety of its employees, decided to further extend the work stoppage in all its Military and Cruise Vessels production plants and offices from March 30th until the date indicated in the decree of the President of the Council of Ministers adopted on March 22nd. To this end, Fincantieri and representatives of the national Trade Unions FIM – FIOM – UILM signed an agreement that sets forth the opportunity to apply for Ordinary Redundancy Fund for "COVID-19 Emergency", at zero hours, for all employees of all Company sites. During the period of time covered by the Ordinary Redundancy Fund, all maintenance and safety activities and essential servicing of plants and facilities shall continue, as shall also all and management activities that are strictly necessary to fulfil the Company's current obligations, adopting smart work solutions where applicable, and to carry out all activities that are preliminary to resuming production.

CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO LEGISLATIVE DECREE NO. 254/2016

The Board of Directors approved the **Sustainability Report 2019**, pursuant to Legislative Decree No. 254/2016.

The Sustainability Report provides a transparent and detailed account of the results achieved in the social and environmental sphere, highlighting the Group's commitment to sustainable development.

During 2019, important targets of the Sustainability Plan were achieved, including the drafting of Supplier Code of Ethics, suggested as the basis for the creation of a responsible and sustainable supply chain, and the drafting of policies for the Communities and the Territories and the one on Human Rights which ratify the Group's commitment to the management of social activities, human rights and diversity. With specific regard to the observance of human rights, health, safety and environment, 35 audits were carried out on the suppliers of Fincantieri S.p.A. during the year. Additionally, in order to contribute to a circular and low carbon economy, an eco-design system has been identified to promote the development of environmentally sustainable ships.

During the year, a further step was taken joining to the United Nations Global Compact, the largest global initiative for business sustainability, which places Fincantieri among the first shipbuilders to commit to implement and promote the ten universal principles relating to human rights, work, environment and fight against corruption in its strategies, in its daily operations and in its corporate culture.

Fincantieri's Sustainability Report 2019 will be made available to the public in the terms and modalities laid down in the current legislation.

ORDINARY SHAREHOLDERS' MEETING

The Board of Directors decided to convene a **Shareholders' Meeting** on June 9, 2020 in a single call, to discuss and resolve upon the following: approval of the financial statements at December 31, 2019, and approval of allocation of profits; renewal of the Board of Statutory Auditors for the three-year period 2020-2022; authorization to purchase and to dispose of the Company's treasury shares upon revocation of the authorization resolved at the previous Shareholders' Meeting; and Report on the policy regarding remuneration and fees paid according to article 123-ter, paragraphs 3-bis and 6 of the Legislative Decree N. 58/1998. The Board of Directors also approved the "Illustrative Reports" on the single topics in the Shareholders' Meeting agenda.

The Notice of call of the Shareholders' Meeting and the documentation related to the items on the agenda, including the Report on Corporate Governance and Ownership Structure and the Report on the policy regarding remuneration and fees paid, will be made available to the public as laid down by regulations in force.

Approval of Financial statements

Concerning the Financial statements as at December 31, 2019 of Fincantieri S.p.A. the Board of Directors resolved to propose to the Shareholders' Meeting its approval, which recorded a net profit of euro 151,351,970.94.

Approval of the allocation of the profit

Concerning net results recorded by the Financial statements as at December 31, 2019, which was euro 151,351,970.94, the Board of Directors resolved to propose to the Shareholders' Meeting the allocation of the net profit as following:

- for 5% of net profit to the Legal reserve for euro 7,567,598.55
- for remaining portion to the Extraordinary reserve, for euro 143,784,372.39

The Board of Directors will not propose to the Shareholders' Meeting to distribute dividends for 2019.

Authorization to purchase and dispose of treasury shares

The Board of Directors also resolved to submit the Ordinary Shareholders' Meeting the proposal for the authorization to purchase and dispose of treasury shares, following the revocation of the previous authorization granted by the Shareholder's Meeting on April 5, 2019 that has not been used until today and that would expire on October 5, 2020.

The authorization to purchase and dispose of treasury shares is for the following purposes: (i) to service share-based incentive plans approved by the Company and/or by its subsidiaries; (ii) to fulfil the obligations deriving from debt instruments that are convertible into ordinary shares; (iii) to support the market liquidity; (iv) to build a securities portfolio in order to sell, dispose, and/or utilize treasury shares in extraordinary transactions, in line with the strategic initiatives that the Company intends to pursue; (v) to operate in the market with a medium and long term investment perspective, also in order to build long-term shareholdings or in the context of initiatives related to the current operations, or again to lower the average cost of equity of the Company or to seize the opportunities to maximize the stock value that can derive from market trends

The authorization to purchase treasury shares is requested for a period of 18 months from the date of the corresponding Shareholder's Meeting resolution and for a maximum amount of shares not exceeding one fifth of the share capital of the Company, or to the different amount defined by the applicable law. The authorization to dispose of treasury shares is requested without time limits.

The purchase and the disposal of such shares shall be carried out in accordance with the terms and conditions laid down by the applicable regulations, and accepted market practice. In particular the share purchases shall be made at a price within a +/-10% range limit compared to the reference share price recorded on the Italian stock market (Mercato Telematico Azionario - MTA) organized and managed by Borsa Italiana S.p.A on the trading session preceding each single transaction.

As today, the Company holds a total of 7,226,303 ordinary shares, equal to approximately 0.42% of the total number of shares issued. The Company's subsidiaries do not hold Fincantieri shares.

The details of the proposal related to the authorization to purchase and dispose of treasury shares are contained in the Explanatory Report by the Board of Directors in accordance with Article 125-ter of the Italian Consolidated Financial Act and of the Article 73 of Consob Regulation No. 11971 of May 14, 1999 that will be made available to the public within the terms laid down by the regulations in force.

* * *

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.

* * *

This press release is available to the public at the Company's registered office and on its website (www.fincantieri.com) under "Investor Relations – Price Sensitive Press Releases" and on the centralized storage of regulated information denominated eMarket STORAGE, available at the website www.emarketstorage.com.

* * *

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.

* * *

The financial results for 2018 full year will be presented to the financial community during a conference call scheduled for Thursday April 2, 2020 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.

* * *

Attachments: Financial statements, not subject to audit by the Independent Audit Firm

***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, cruise ship interiors solutions, electronic systems and software, infrastructures and maritime constructions as well as 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.

The Group has today 20 shipyards in 4 continents, nearly 20,000 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 defence 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 and Specialized 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

FINCANTIERI S.p.A. – Media Relations

Antonio Autorino
Tel. +39 040 3192473
Mob. +39 335 7859027
antonio.autorino@fincantieri.it

Laura Calzolari
Tel. +39 040 3192527
Mob. +39 334 6587922
laura.calzolari@fincantieri.it

Cristiano Musella
Tel. +39 040 3192225
Mob. +39 366 9254543
cristiano.musella@fincantieri.it

Micaela Longo
Tel. +39 040 3192247
Mob. +39 366 6856280
micaela.longo@fincantieri.it

Emanuele Macaluso
Tel. +39 040 3192667
Mob. +39 344 2737019
emanuele.macaluso@fincantieri.it

FINCANTIERI S.p.A. – Investor Relations

Tijana Obradovic
Tel. +39 040 3192409
tijana.obradovic@fincantieri.it

Caterina Venier Romano
Tel. +39 040 3192229
caterina.venierromano@fincantieri.it

Valentina Fantigrossi
Tel. +39 040 3192243
valentina.fantigrossi@fincantieri.it

APPENDICES

Presented below are the reclassified consolidated versions of the income statement, statement of financial position and statement of cash flows and the breakdown of consolidated net financial position, used by management to monitor business performance.

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(euro/million)	31.12.2019	31.12.2019 *discontinued operations*	31.12.2018 *restated* (1)	31.12.2018 *discontinued operations*
Revenue and income	**5,849**	**46**	**5,416**	**58**
Materials, services and other costs	(4,497)	(60)	(4,029)	(60)
Personnel costs	(996)	(7)	(941)	(5)
Provisions	(36)		(25)	
EBITDA	**320**	**(21)**	**421**	**(7)**
EBITDA margin	***5.5%***	***-45.9%***	***7.8%***	***-9.0%***
Depreciation, amortization and impairment	(167)	(2)	(136)	(1)
EBIT	**153**	(23)	**285**	**(8)**
EBIT margin	***2.6%***	***-49.3%***	***5.3%***	***-9.0%***
Finance income/(costs)	(134)		(104)	
Income/(expenses) from Investments	(3)		(1)	
Income taxes	(87)		(66)	2
Profit/(loss) before extraordinary and non-recurring income and expenses	**(71)**		**114**	
of which attributable to Group	(64)		*117*	
Extraordinary and non-recurring income and (expenses)	(67)	(1)	(51)	
Tax effect of extraordinary and non-recurring income and expenses	14		12	
Profit/(Loss) of continued operations	**(124)**		**75**	
of which attributable to Group	**(117)**		*78*	
Profit/(Loss) discontinued operations	(24)	(24)	(6)	(6)
Profit/(Loss) for the period	**(148)**		**69**	
of which attributable to Group	*(141)*		*72*	

(1) The 2018 figures have been restated to mirror discontinued operations of the business of small fishery and fishery farms support vessels and the dismissal of Aukra shipyard.

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(euro/million)	31.12.2019	31.12.2018
Intangible assets	654	618
Rights of use	90	-
Property, plant and equipment	1,225	1,074
Investments	75	60
Other non-current assets and liabilities	(79)	8
Employee benefits	(60)	(57)
Net fixed capital	**1,905**	**1,703**
Inventories and advances	828	881
Construction contracts and client advances	1,415	936
Construction loans	(811)	(632)
Trade receivables	677	749
Trade payables	(2,270)	(1,849)
Provisions for risks and charges	(89)	(135)
Other current assets and liabilities	125	94
Net working capital	**(125)**	**44**
Net assets/ (liabilities) to be sold and discontinued operations	**6**	**-**
Net invested capital	**1,786**	**1,747**
Share capital	863	863
Reserve and retained earnings attributable to the Group	156	364
Non-controlling interests in equity	31	26
Equity	**1,050**	**1,253**
Net financial position	**736**	**494**
Sources of funding	**1,786**	**1,747**

RECLASSIFIED CONSOLIDATED STATEMENT OF CASH FLOWS

(euro/million)	31.12.2019	31.12.2018 restated [1]	31.12.2018 published
Net cash flows from operating activities	209	37	30
Net cash flows from discontinued operations	(22)	(7)	
Net cash flows from investing activities	(310)	(163)	(163)
Net cash flows from financing activities	(173)	535	535
Net cash flows for the period	**(296)**	**402**	**402**
Cash and cash equivalents at beginning of period	**677**	**274**	**274**
Effects of currency translation difference on opening cash and cash equivalents	1	1	1
Cash and cash equivalents at end of period	**382**	**677**	**677**

(1) The 2018 figures have been restated to mirror discontinued operations of the business of small fishery and fishery farms support vessels and the dismissal of Aukra shipyard.

CONSOLIDATED NET FINANCIAL POSITION

(euro/million)	31.12.2019	31.12.2018
Cash and cash equivalents	**382**	**677**
Current financial receivables	**2**	**17**
Current bank debt	(163)	(197)
Bonds and commercial papers – current portion	(75)	(231)
Current portion of bank loans and credit facilities	(143)	(54)
Other current financial liabilities	(18)	(3)
Current debt	**(399)**	**(485)**
Net current cash/(debt)	**(15)**	**209**
Non-current financial receivables	**91**	**63**
Non-current bank debt	(730)	(760)
Bonds	-	-
Other non-current financial liabilities	(82)	(6)
Non-current debt	**(812)**	**(766)**
Net financial position	**(736)**	**(494)**

EXCHANGE RATES

The exchange rates used to translate the financial statements of Group companies with a "functional currency" other than the Euro are as follows:

	2019		2018	
	Average	Spot	Average	Spot
US Dollar (USD)	1.1195	1.1234	1.1810	1.1450
Australian Dollar (AUD)	1.6109	1.5995	1.5797	1.6220
UAE Dirham (AED)	4.1113	4.1257	4.3371	4.2050
Brazilian Real (BRL)	4.4134	4.5157	4.3085	4.4440
Norwegian Krone (NOK)	9.8511	9.8638	9.5975	9.9483
Indian Rupee (INR)	78.8361	80.1870	80.7332	79.7298
Romanian Leu (RON)	4.7453	4.7830	4.6540	4.6635
Chinese Yuan (CNY)	7.7355	7.8205	7.8081	7.8751
Swedish Krona (SEK)	10.5891	10.4468	10.2583	10.2548

ALTERNATIVE PERFORMANCE MEASURES

Fincantieri's management reviews the performance of the Group and its business segments also using certain non-GAAP measures not defined under IFRS. In particular, EBITDA 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.

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 by 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.
- EBIT: this is equal to EBITDA after deducting recurring depreciation, amortization and impairment (this excludes impairment of goodwill, intangible assets and property, plant and equipment recognized as a result of impairment tests).
- Profit/(loss) before extraordinary and non-recurring income and expenses: this is equal to profit/(loss) for the period before adjustments for non-recurring items or those outside the ordinary course of business, which are reported before the related tax effect.
- 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).
- Net invested capital: this is equal to the total of Net fixed capital and Net working capital.
- ROI (Return on investment) is calculated as the ratio between EBIT and the arithmetic mean of Net invested capital at the beginning and end of the reporting period.
- ROE (Return on equity) is calculated as the ratio between Profit/(loss) for the period and the arithmetic mean of Total Equity at the beginning and end of the reporting period.
- Total debt/Total equity: this is calculated as the ratio between Total debt and Total equity.

- Net financial position/EBITDA: this is calculated as the ratio between the Net financial position, as monitored by the Group, and EBITDA.
- Net financial position/Total equity: this is calculated as the ratio between the Net financial position, as monitored by the Group, and Total equity.
- Provisions: these refer to increases in the Provisions for risks and charges, and impairment of Trade receivables and Other non-current and current assets.

The following tables reconcile the amounts presented in the reclassified statements with those presented in the mandatory IFRS statements.

CONSOLIDATED INCOME STATEMENT

(euro/million)	31.12.2019 Amounts in IFRS statement	31.12.2019 Amounts in reclassified statement	31.12.2018[(1)] Amounts in IFRS statement	31.12.2018[(1)] Amounts in reclassified statement
A – Revenue		**5,849**		**5,416**
Operating revenues	5,775		5,311	
Other revenue and income	74		105	
B – Materials, services and other costs		**(4,497)**		**(4,029)**
Materials, services and other costs	(4,520)		(4,044)	
Recl. to I – Extraordinary and non-recurring income and expenses	23		15	
C – Personnel costs		**(996)**		**(941)**
Personnel costs	(1,000)		(946)	
Recl. to I – Extraordinary and non-recurring income and expenses	4		5	
D – Provisions		**(36)**		**(25)**
Provisions	(75)		(60)	
Recl. to I – Extraordinary and non-recurring income and expenses	39		35	
E – Depreciation, amortization and impairment		**(167)**		**(136)**
Depreciation, amortization and impairment	(168)		(136)	
Recl. to I – Extraordinary and non-recurring income and expenses	1			
F – Finance income and (costs)		**(134)**		**(104)**
Finance income and costs	(134)		(104)	
G – Income/(expenses) from investments		**(3)**		**(1)**
Income/(expenses) from investments	(3)		3	
Recl. to I - Extraordinary and non-recurring income and expenses			(4)	
H – Income taxes		**(87)**		**(66)**
Income taxes	(73)		(54)	
Recl. to L – Tax effect of extraordinary and non-recurring income and expenses	(14)		(12)	
I – Extraordinary and non-recurring income and expenses		**(67)**		**(51)**
Recl. from B - Materials, services and other costs	(23)		(15)	
Recl. from C - Personnel costs	(4)		(5)	
Recl. from D - Provisions	(39)		(35)	
Recl. from E - Depreciation, amortization and impairment	(1)			
Recl. from G – Income / (expenses) from investments			4	
L – Tax effect of extraordinary and non-recurring income and expenses		**14**		**12**
Recl. from H – Income taxes	14		12	
M – Profit/(Loss) of continued operations		**(124)**		**75**
N – Profit/(Loss) of discontinued operations		**(24)**		**(6)**
Profit/(Loss) of discontinued operations	(24)			
Profit/(Loss) for the year		**(148)**		**69**

(1) The 2018 figures have been restated to mirror discontinued operations of the business of small fishery and fishery farms support vessels and the dismissal of Aukra shipyard.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(euro/million)	31.12.2019 Amounts in IFRS statement	31.12.2019 Amounts in reclassified statement	31.12.2018 Amounts in IFRS statement	31.12.2018 Amounts in reclassified statement
A)	**Intangible assets**		**654**		**618**
	Intangible assets	654		618	
B)	**Rights of use**		**90**		
	Rights of use	90			
C)	**Property, plant and equipment**		**1,225**		**1,074**
	Property, plant and equipment	1,225		1,074	
D)	**Investments**		**75**		**60**
	Investments	75		60	
E)	**Other non-current assets and liabilities**		**(79)**		**8**
	Derivative assets	2		30	
	Other non-current assets	16		31	
	Other liabilities	(66)		(32)	
	Derivative liabilities	(31)		(21)	
F)	**Employee benefits**		**(60)**		**(57)**
	Employee benefits	(60)		(57)	
G)	**Inventories and advances**		**828**		**881**
	Inventories and advances	828		881	
H)	**Construction contracts and client advances**		**1,415**		**936**
	Construction contracts - assets	2,698		2,531	
	Construction contracts – liabilities and client advances	(1,283)		(1,595)	
I)	**Construction loans**		**(811)**		**(632)**
	Construction loans	(811)		(632)	
L)	**Trade receivables**		**677**		**749**
	Trade receivables and other current assets	1,079		1,062	
	Recl. to O – Other assets	(402)		(313)	
M)	**Trade payables**		**(2,270)**		**(1,849)**
	Trade payables and other current liabilities	(2,552)		(2,116)	
	Recl. To O –Other liabilities	282		267	
N)	**Provisions for risks and charges**		**(89)**		**(135)**
	Provisions for risks and charges	(89)		(135)	
O)	**Other current assets and liabilities**		**125**		**94**
	Deferred tax assets	99		123	
	Income tax assets	9		21	
	Derivative assets	2		23	
	Recl. from L – Other current assets	402		313	
	Deferred tax liabilities	(54)		(58)	
	Income tax liabilities	(7)		(4)	
	Derivative liabilities and option fair value	(44)		(57)	
	Recl. from M – Other current liabilities	(282)		(267)	
P)	**Net assets/ (liabilities) to be sold and discontinued operations**		6		
	NET INVESTED CAPITAL		**1,786**		**1,747**
Q)	**Equity**		**1,050**		**1,253**
R)	**Net financial position**		**736**		**494**
	SOURCES OF FUNDING		**1,786**		**1,747**