

FINCANTIERI

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SECTOR	Industrial	TOT. BACKLOG / REV. (FY17)	5.2x (5.4x in FY16)
INDUSTRY	Transportation and Logistics	ORDER BACKLOG / REV. (FY17)	4.4x (4.1x in FY16)
SUB-INDUSTRY	Shipbuilding	BOOK-TO-BILL (FY17)	1.7x (1.5x in FY16)
MAIN SHAREHOLDER	Fintecna S.p.A. (71.64%)	SHIPYARDS	20 of whom 8 in Italy, 5 in Norway, 3 in the US, 2 in Romania, 1 in Brazil, 1 in Vietnam
KEY PEOPLE	Giampiero Massolo (Chairman) Giuseppe Bono (CEO)	HEADCOUNT	19,545 employees (of whom 8,314 in Italy, 7,616 in Fincantieri, 9,172 in Vard)
FINANCIAL CALENDAR	11/08/2018: 3Q Results		

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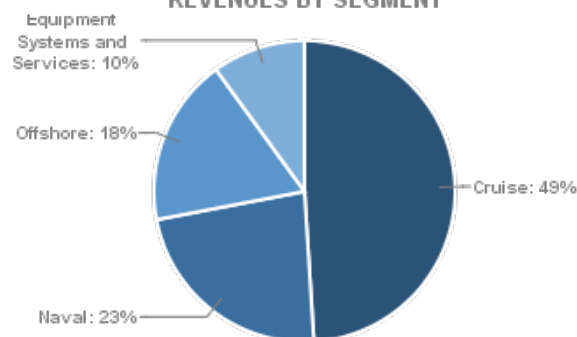
QUICK LOOK

Fincantieri S.p.A. (Bloomberg Ticker: FCTIM) is an Italian company operating in the shipbuilding industry for more than 230 years, world leader in the Cruise sector. The Fincantieri Group deals with the design and construction of cruise ships, ferries, naval vessels, and mega yachts (*Shipbuilding*), of support vessels, expedition cruise vessels, and specialized ships (*Offshore, mainly through its Norwegian subsidiary Vard*), as well as ship repairs and conversions, systems and equipment production, after-sales support (*Equipment, Systems and Services*). Since 2014, the company is listed on the Mercato Telematico Azionario (MTA) of Borsa Italiana (+80% since the IPO).

HIGHLIGHTS

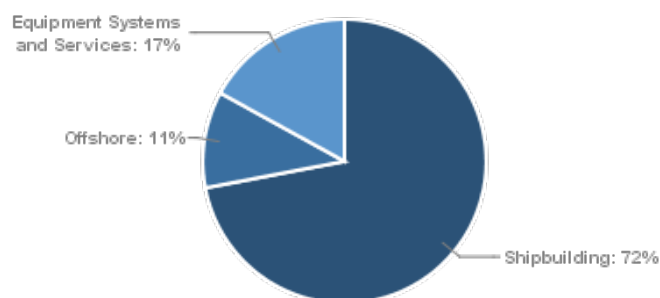
- SHAREHOLDERS AND MANAGEMENT** - As of 12/31/2017, Fintecna S.p.A. (owned at 100% by Cassa Depositi e Prestiti, that is in turn controlled at 80.1% by Italy's Ministry of Economy and Finance) holds 71.64% of the share capital of Fincantieri S.p.A. The remainder is held by the general market (28.08%) and in the form of treasury shares (0.28%). Since May 2016, Giampiero Massolo is Chairman of Fincantieri S.p.A.; Giuseppe Bono is CEO of the company since April 2002.
- BUSINESS DIVERSIFICATION** - In 2017, consolidated revenues (EUR 5,020 mln) were from countries other than Italy for 85%. 72.1% of revenues was from Shipbuilding (49.2% Cruise, 22.5% Naval, 0.4% Ferries/Yachts), 17.5% from the Offshore segment, and 10.4% from Equipment, Systems and Services (% calculated gross of consolidation effects). Overall EBITDA margin was 6.8% (Shipbuilding 6.9%, Offshore 4.4%, Equipment, Systems and Services 11.5%).
- INDUSTRIAL STRATEGY** - Fincantieri's medium term (2022) financial targets include **EBITDA Margin** between **8% and 9%** and **Adjusted Net Income Margin** between **3% and 4%** (1.8% in 2017). The **Net Financial Position** (EUR 314 mln in 2017) is expected to widen in 2018 (EUR 400-600 mln) and then to narrow in 2020 (EUR 200-400 mln) with a target of **EUR 0-100 mln** in 2022.
- STX FRANCE / NAVAL GROUP** - In February 2018, within the Cruise business, Fincantieri (through Fincantieri Europe) has signed with the French Government (APE, Agence des Participations de l'Etat) a share purchase agreement for 50% of the capital of STX France from STX Europe. APE will own 34.34% of the share capital (of which 1% will be loaned to Fincantieri) and France's Naval Group the 10% (or 15.66% in case the share purchase plan offered to STX France's employees or the purchase by a group of local companies cannot be implemented). The signature is part of a cooperation agreement between the Italian Government and the French Government that will lead to the integration of Fincantieri and Naval Group in the civil and naval defense sectors.
- VARD** - On July 24, 2018, the extraordinary general meeting of Vard has approved the delisting of the company from the Singapore Stock Exchange (SGX-ST) through an exit offer by Fincantieri Oil & Gas (back then holder of 87.1% of the share capital).

REVENUES BY SEGMENT



● Cruise ● Naval ● Offshore ● Equipment Systems and Services

EBITDA BY SEGMENT



● Shipbuilding ● Offshore ● Equipment Systems and Services

FIGURES

INCOME STATEMENT

(in EUR mln)	Dec 2017	Dec 2016	Dec 2015	Dec 2014	Dec 2013
Operating revenue (Turnover)	5.020,09	4.434,12	4.187,05	4.398,71	3.811,06
Costs of goods sold	2.507,01	3.170,56	3.224,59	3.123,41	2.763,13
Gross profit	2.513,07	1.263,56	962,45	1.275,29	1.047,93
Gross margin (%)	50,06%	28,50%	22,99%	28,99%	27,50%
Costs of employees	947,84	883,84	882,48	861,42	769,72
EBITDA	361,55	279,87	-39,67	296,65	272,26
EBITDA margin (%)	7,20%	6,31%	-0,95%	6,74%	7,14%
Depreciation & Amortization	119,86	109,45	111,66	99,21	88,96
Operating P/L [=EBIT]	241,69	170,42	-151,33	197,45	183,3
EBIT margin (%)	4,81%	3,84%	-3,61%	4,49%	4,81%
P/L before tax [=EBT]	84,42	22,31	-324,71	94,17	75,65
EBT margin (%)	1,68%	0,50%	-7,76%	2,14%	1,98%
P/L for period [=Net income]	57,14	25,49	-174,61	66,94	56,72

Note: FY 2015 results reflect the impact on Vard of the oil sector crisis.

BALANCE SHEET

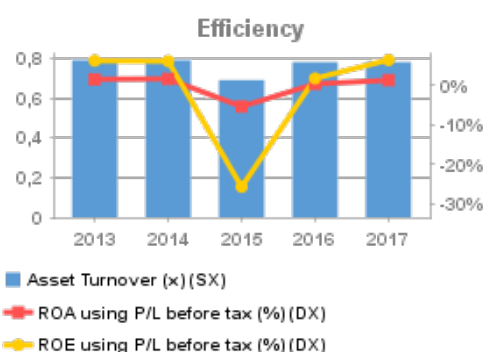
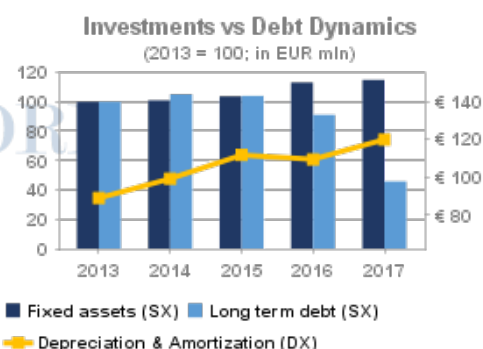
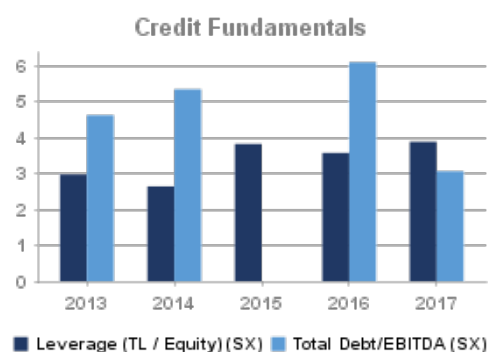
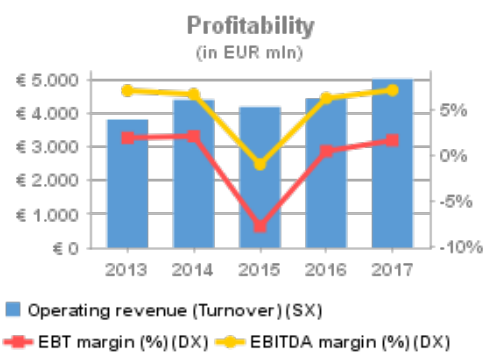
(in EUR mln)	Dec 2017	Dec 2016	Dec 2015	Dec 2014	Dec 2013
ASSETS					
Other current assets	2.593,63	1.937,85	3.274,43	2.757,7	2.475,03
Cash & cash equivalent	274,41	219,51	259,51	561,82	392,92
Stock	835,2	590,31	404,91	388,47	193,27
Debtors	908,96	1.122,97	560,02	610,14	343,68
CURRENT ASSETS	4.337,78	3.651,13	4.239,35	3.756,31	3.011,99
Intangible fixed assets	581,5	594,62	517,98	508,64	539,33
Tangible fixed assets	1.044,67	1.063,95	973,9	958,52	896,54
Other fixed assets	431,21	366,95	365,51	340,58	355,55
FIXED ASSETS	2.057,38	2.025,52	1.857,39	1.807,74	1.791,43
TOTAL ASSETS	6.395,17	5.676,65	6.096,75	5.564,04	4.803,41
LIABILITIES & EQUITY					
Loans	829,58	1.154,87	1.388,75	949,44	653,07
Creditors	1.748,49	1.204,62	1.179,4	1.046,83	910,54
Other current liabilities	1.931,9	1.184,31	1.341,37	1.084,43	1.130,12
CURRENT LIABILITIES	4.509,97	3.543,8	3.909,52	3.080,69	2.693,73
Long term debt	276,21	549,85	627,59	634,43	603,87
NON-CURRENT LIABILITIES	576,03	891,49	921,13	953,46	899,12
SHAREHOLDERS FUNDS	1.309,16	1.241,36	1.266,1	1.529,89	1.210,57
TOTAL SHAREH. FUNDS & LIAB.	6.395,17	5.676,65	6.096,75	5.564,04	4.803,41

FREE CASH FLOW TO FIRM

(in EUR mln)	Dec 2017	Dec 2016	Dec 2015	Dec 2014	Dec 2013
Cash from Operations	546,9	575	-568,3	-309,5	-246,2
Capex	-107,9	-143,8	-121,9	-122,2	-217,9
Interest Expense	84,07	86,95	87,06	75,68	68,4
Tax Rate	0,24	0,31	0,31	0,31	0,31
FCFF	502,9	490,85	-630,48	-379,78	-417,18

Source: Bureau Van Dijk, Financial Statements (audited by PwC), KPMG Corporate Tax Rate Survey

Note: FCFF = CFO - |Capex| + Interest Expense * (1 - Tax Rate)

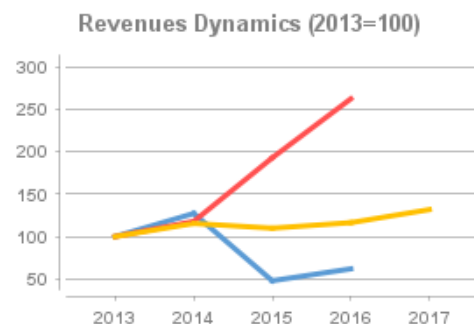


• **RESULTS** - As of 12/31/2017 Fincantieri Group's total backlog was EUR 26,153 mln (5.2x revenues) made for 84% of order backlog (4.4x revenues) - 106 vessels in order book, of which 58 Shipbuilding and 48 Offshore - and for 16% of soft backlog (contract options, letters of intent, contracts in advanced negotiation). In FY17, the Group has reported an order intake of EUR 8,554 mln (+31.5% YoY) with a Book-to-Bill ratio (order intake on revenues) of 1.7x (1.5x in FY16). In the same fiscal year, the Fincantieri Group has reported a ROI (EBIT based) of 12.7% (8.8% in FY16) and a ROE (profit based) of 4.1% (1.1% in FY16), showing a positive CFO (for the 2nd year in a row) and a stable interest expense.

• **MARKET OVERVIEW** - In the Cruise sector (where Fincantieri is No.1 worldwide with a market share of 45.7%), the main competitors of the Group (in addition to STX France, with a share of 13.3%) are Meyer Werft/Meyer Turku (30.6%), MV Werften (3.5%) and Lloyd Werft, all of whom have a product offering narrower than Fincantieri's and a lower number of ships in orderbook. Fincantieri is No.1 in Italy in the Naval segment and is a leading player worldwide in Offshore and Equipment, Systems and Services sectors. Carnival, MSC Cruises, US and Italian Navy and Coast Guard are some of the Group's main customers.

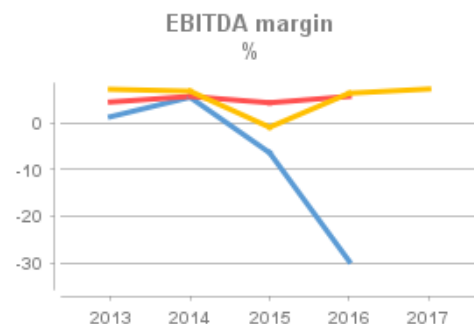
Revenues Dynamics (2013=100)

Company	Dec 2017	Dec 2016	Dec 2015	Dec 2014	Dec 2013
FINCANTIERI S.P.A	131,72	116,35	109,87	115,42	100,00
STX FRANCE SA	n.a.	262,09	192,67	117,82	100,00
LLOYD WERFT BREMERHAVEN GMBH	n.a.	62,02	48,01	127,19	100,00



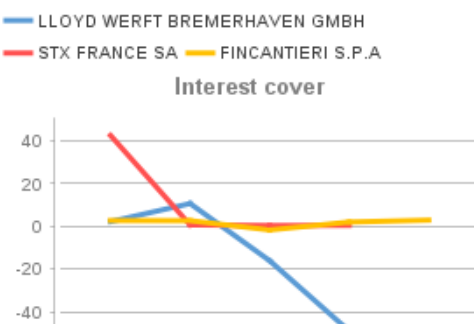
EBITDA margin %

Company	Dec 2017	Dec 2016	Dec 2015	Dec 2014	Dec 2013
FINCANTIERI S.P.A	7,20	6,31	-0,95	6,74	7,14
STX FRANCE SA	n.a.	5,62	4,27	5,62	4,43
LLOYD WERFT BREMERHAVEN GMBH	n.a.	-29,53	-6,40	5,44	1,29



Profit margin %

Company	Dec 2017	Dec 2016	Dec 2015	Dec 2014	Dec 2013
FINCANTIERI S.P.A	1,68	0,50	-7,76	2,14	1,98
STX FRANCE SA	n.a.	-0,52	-0,05	-0,05	0,52
LLOYD WERFT BREMERHAVEN GMBH	n.a.	-31,17	-7,70	4,72	0,98

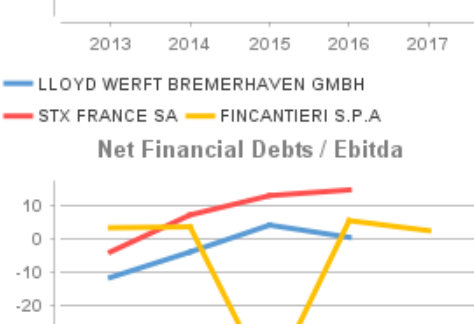


Interest cover

Company	Dec 2017	Dec 2016	Dec 2015	Dec 2014	Dec 2013
FINCANTIERI S.P.A	2,87	1,96	-1,74	2,61	2,68
STX FRANCE SA	n.a.	0,40	0,33	0,62	42,52
LLOYD WERFT BREMERHAVEN GMBH	n.a.	-49,03	-16,13	10,63	2,17

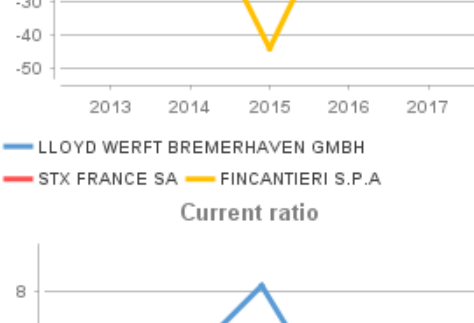
Net Financial Debts / Ebitda

Company	Dec 2017	Dec 2016	Dec 2015	Dec 2014	Dec 2013
FINCANTIERI S.P.A	2,30	5,31	-44,28	3,45	3,17
STX FRANCE SA	n.a.	14,55	12,84	7,02	-4,08
LLOYD WERFT BREMERHAVEN GMBH	n.a.	0,29	3,97	-4,12	-11,78



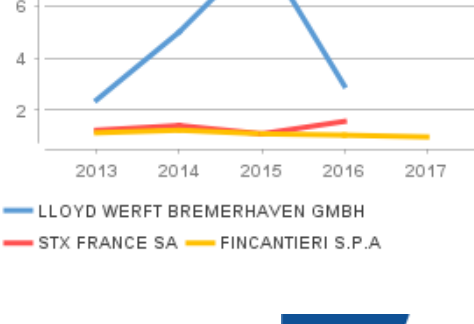
Current ratio

Company	Dec 2017	Dec 2016	Dec 2015	Dec 2014	Dec 2013
FINCANTIERI S.P.A	0,96	1,03	1,08	1,22	1,12
STX FRANCE SA	n.a.	1,56	1,08	1,40	1,22
LLOYD WERFT BREMERHAVEN GMBH	n.a.	2,94	8,19	5,01	2,39



Solvency ratio (Asset based) %

Company	Dec 2017	Dec 2016	Dec 2015	Dec 2014	Dec 2013
FINCANTIERI S.P.A	20,47	21,87	20,77	27,50	25,20
STX FRANCE SA	n.a.	12,76	14,65	17,24	25,07
LLOYD WERFT BREMERHAVEN GMBH	n.a.	-34,04	36,15	34,36	30,53



Net assets turnover

Company	Dec 2017	Dec 2016	Dec 2015	Dec 2014	Dec 2013
FINCANTIERI S.P.A	2,66	2,08	1,91	1,77	1,81
STX FRANCE SA	n.a.	1,62	3,27	1,11	1,53
LLOYD WERFT BREMERHAVEN GMBH	n.a.	2,97	2,19	3,75	5,00

ROA using P/L before tax %

Company	Dec 2017	Dec 2016	Dec 2015	Dec 2014	Dec 2013
FINCANTIERI S.P.A	1,32	0,39	-5,33	1,69	1,58
STX FRANCE SA	n.a.	-0,34	-0,03	-0,02	0,27
LLOYD WERFT BREMERHAVEN GMBH	n.a.	-63,62	-14,97	14,41	2,92

Source: Bureau Van Dijk, Financial Statements

INVESTMENT CASE

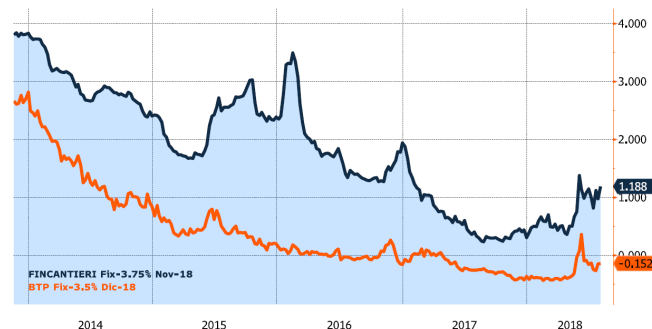
- BOND** - In 4Q13, Fincantieri issued a bond for EUR 300 mln with 3.75% coupon and maturity on November 19, 2018 (XS0995042859). Neither the notes nor the issuer are rated and the bond is not included in the ECB list of eligible assets. The Terms and Conditions of the Notes prescribe the early redemption of the notes at 100% of their face value upon the occurrence of a Change of Control of the issuer.
- NEW ISSUE (1)** - In May 2018, Fincantieri planned a senior unsecured fixed-rate bond issue for at least EUR 300 mln and maturity from 5 to 7 years. The issue, subsequently delayed, will be completed "if and when market conditions will be adequate", according to Fincantieri. In any case, the company has "put in place alternative refinancing strategies in the event that the issue is not carried out".
- NEW ISSUE (2)** - On September 20, 2018, Fincantieri has mandated BayernLB to arrange two schuldschein issues (EUR 100 mln, 3/5 years). Schuldschein is a German debt instrument, alternative to bonds and loans: substantially illiquid for lenders (it's not publicly traded), it's a more flexible source of funding for issuers (lower transparency requirements).

RISK FACTORS

- CONTRACT MANAGEMENT** - Fincantieri stipulates with its clients multi-year shipbuilding contracts whose consideration, defined at the pre-contractual stage, can be changed only if agreed with the client, thus exposing the company to unexpected shifts in the cost of raw materials. The contract price is only in part paid before delivery, thus requiring the company to finance the working capital absorbed by ships during construction.
- CURRENCY / COUNTRY RISK** - Fincantieri is exposed to exchange rate risk both on a transactional and a translational basis, mainly with reference to US Dollar, Brazilian Real, and Norwegian Krone. In doing business in emerging markets (i.e. Algeria, Brazil, Iraq, Turkey, Vietnam), the Group is exposed to the political and economic risks typical of these countries.

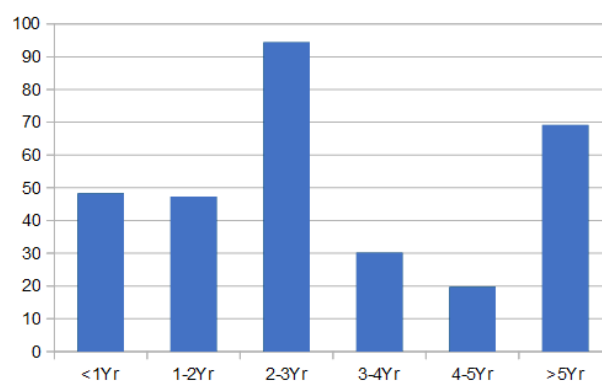
COMPANY UPDATE

- On August 28, 2018, within the visit In China of the Italian Economy and Finance Minister Giovanni Tria, "Fincantieri and China State Shipbuilding Corporation (CSSC), have signed a Memorandum of Understanding for the extension of the industrial cooperation already existing between the two groups to all segments of merchant shipbuilding".
- Fincantieri has been indicated by members of the Italian government (Di Maio, Toninelli, Rixi) and local authorities (Toti) as the ideal candidate for the reconstruction of the Morandi bridge (collapsed in Genoa on August 14, 2018), a hypothesis endorsed by the CEO of the company. Its subsidiary, Fincantieri Infrastructure, is already building 4 bridges in Belgium and a bridge over the river Ticino.
- On August 4, 2018, Fincantieri has purchased the 10% of the share capital of PSC, an Italian industrial group active in the field of large works in the Electromechanical, Fire Prevention, Naval, and Railway sectors. PSC has issued 3 mini-bonds listed on the ExtraMOT PRO market (6%-2021, 5%-2022, 5.4%-2023 with ISIN IT0005044026, IT0005237372, IT0005237398).



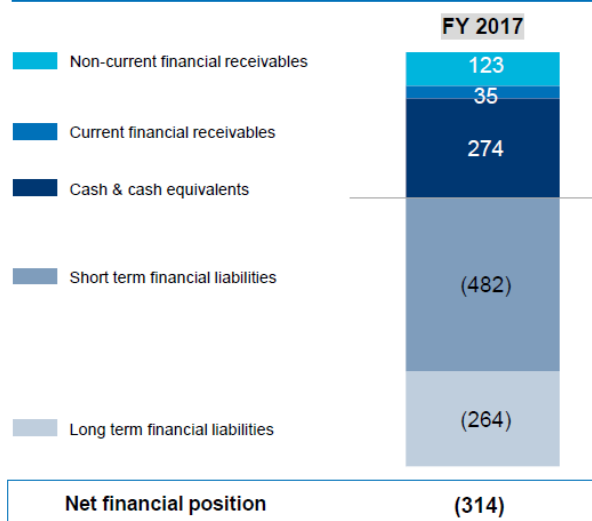
Source: Bloomberg

Bank loans and credit facilities (EUR/mlin)



Source: Fincantieri

Net financial position (EUR/mlin)



Source: Fincantieri

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