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The sea ahead

Seatrade Cruise Global

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Who we are

Fincantieri at a glance

#1 Western designer & shipbuilder[1]
with 230 years of history & >7,000 ships built

€ 4,183 mln revenues

~ € 21.8 bln total backlog[2,3]
- **€ 19.0 bln backlog**
- **€ 2.8 bln soft backlog**

Revenues by geography

20 shipyards
4 continents

~ 20,000 employees
~ 80,000 subcontractors

Employees by location

Note: all figures reported at December 31, 2015, except for backlog and soft backlog which are referred to 9M 2016 (at September 30, 2016)
(1) By revenues, excluding naval contractors in the captive military segment. Based on Fincantieri estimates of shipbuilders' revenues in 2015
(2) At September 30, 2016
(3) Sum of backlog and soft backlog; soft backlog represents the value of existing contract options and letters of intent as well as contracts in advanced negotiation, none of which yet reflected in the order backlog

Corporate/BU headquarters
Shipyard
Joint Venture
Operating subsidiary
Representative / Sales office

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Track record, clients and technological leadership

		Track record		Clients	Technological leadership
Shipbuilding	**Cruise**	**Ship deliveries** • 1990 – 2001: 23 • 2002 – 2016: 52	• **Twofold increase in activity**	Carnival Corporation & PLC (3); Prestige Cruise Holdings, Inc.; MSC Cruises; Viking Ocean Cruises; Virgin Cruises; Silversea; Pearl Mar	• *Carnival Vista:* **"ECO Notation" by Lloyd's Register** for exceeding environmental standards • *Royal Princess:* **1st cruise ship fully compliant with new regulations** • *Costa Luminosa & Costa Pacifica:* **Guinness World Record** for joint-christening of 2 ships
	Naval	**Ship deliveries** • 1990 – 2001: 51(1) • 2002 – 2016: 56(1)	• **Steady, low risk business**	Italian Navy and Coast Guard; United Arab Emirates Navy; US Navy; Qatar Emiri Naval Forces; Algerian Navy; Indian Navy	• *LCS Freedom:* **world's fastest steel frigate** • *Aircraft Carrier Cavour*: **world's most powerful non-nuclear propulsion system** • **More than 20 prototypes developed** over the last fifteen years
Offshore		**Ship deliveries** • 1990 – 2001: 72(2) • 2002 – 2016: 292(2)	• **Acquired VARD in 2013**	Topaz Energy and Marine; Technip; Solstad Offshore ASA; Island Offshore; DCF; Farstad	• *Normand Maximus*: **largest offshore vessel ever built in Norway** • *Skandi Africa*: **"Ship of the Year 2015"**(4) • *AMC Connector*: **world's largest cable layer**(5) • *Far Samson*: **most powerful offshore vessel**(6)
Equipment Systems & Services		• **Strong revenue growth to € 226 mln in 2015**	• **Start-up in 2005**	Italian Navy and Coast Guard; United Arab Emirates Navy; US Navy; Qatar Emiri Naval Forces	• Innovative and technologically advanced products in terms of **performances**, **lifecycle cost reduction** and **environmental safety** • Full product lifecycle management with unique capacity to support vessels' **maintenance, repair and overhaul all over the world**

(1) Includes other products delivered by Naval business unit. Includes US subsidiaries pre Fincantieri acquisition, excluding 174 RB-M delivered since 2002, of which 28 in 2014 and 3 in 2015
(2) Includes other products delivered by Offshore business unit. Includes VARD and predecessor companies
(3) Parent company of several brands: Carnival Cruise Lines, Costa Crociere, Cunard, Holland America Line, P&O Cruises, Princess Cruise Lines and Seabourn Cruise Lines
(4) Award instituted by the major Nordic shipping magazine Skipsrevyen
(5) In terms of loading capacity (2011)
(6) In terms of bollard pull at the date of construction (423 tons)

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Cruise ships: demand cycles

NEW ORDERS: 2001 - 2016[1]

(1) MOA & LOI included. Option excluded

Overcoming of the crisis (2010 - 2013)

Booming market (> 2014)

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Cruise vessels orderbook

- **The order-book of main European shipyards doubled compared December 2007** (8,9 Mil Gt vs 4,2 Mil Gt)
- Entrance of newcomers (ie. Genting – MV Werften) occurred without damaging European specialized yards

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Main shipbuilders

- ✓ Main European shipbuilders
- ✓ GENTING HONG KONG acquires its own cruise shipbuilding yards to build its cruise fleet
- ✓ Small-Medium yards move into expedition cruise segment

Cruise: market clustering trends

Description

- **Clustering of ship sizes towards:**
  - Large ships (c.130k-180k GRT): addressed to premium and contemporary segments and focus on broadening on board entertainment. Demand on a large scale for ships > 200K Gt requires a “new structure / organization” of the whole cruise sector
  - Medium-small size ships (< 70k GRT): luxury, niche and upper premium segments
- **Evolution of service to clients:**
  - Higher passenger expectations for on board entertainment
  - Enrichment of “wow” features ("ship as a destination")
  - New premium with fee services (e.g. food, SPA and wellness)
- **Higher technological complexity due to:**
  - New safety rules (Safe Return to Port)
  - New strict environmental rules-Polar Code

Market clustering trends

Source: Shippax, Fincantieri analysis

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CRUISE SHIPS

Order-book by size

Size	%	Total Nr.	Total Lower Berth	Total KGT
Expedition / Niche	17%	13	3.308	216,2
GT 40k-170k	60%	45	134.446	5.433,3
GT >=170k	23%	17	87.384	3.274,4
Total	**100%**	**75**	**225.138**	**8.923,9**

Expedition / Niche	Total Nr.	Total Lower Berth	Total KGT
Kleven	2	1.060	36,0
MV Werften	3	600	75,0
Uljanik Shipyard	1	228	16,0
VARD	7	1.420	88,7
Total	**13**	**3.308**	**216,2**

Cruise vessels orderbook

- **Global order-book in LB = 45% of Cruise fleet (225.000 LB vs 500.000)**

(1) MOA & LOI included. Option excluded

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Thank you