

FINCANTIERI

Sector: *Industrials*

Built to Last

Antonio Gianfrancesco +39-02-77115.634
antonio.gianfrancesco@intermonte.it

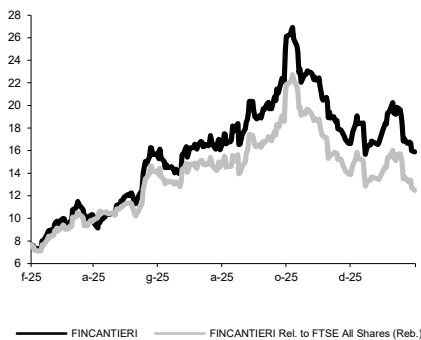
Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 24.00 to 22.50		
	2025E	2026E	2027E
Chg in Adj EPS	-24.3%	-30.2%	-4.6%

Next Event

Capital Markets Day: February, 12

FINCANTIERI - 12M Performance



Stock Data

Reuters code:	FCT.MI
Bloomberg code:	FCT IM

Performance	1M	3M	12M
Absolute	-10.0%	-28.6%	111.6%
Relative	-11.6%	-35.1%	85.6%
12M (H/L)		26.92/7.32	
3M Average Volume (th):		2,324.79	

Shareholder Data

No. of Ord shares (mn):	323
Total no. of shares (mn):	324
Mkt Cap Ord (Eu mn):	5,135
Total Mkt Cap (Eu mn):	5,135
Mkt Float - Ord (Eu mn):	1,494
Mkt Float (in %):	29.1%
Main Shareholder:	
CDP	70.9%

Balance Sheet Data

Book Value (Eu mn):	1,042
BVPS (Eu):	3.21
P/BV:	5.0
Net Financial Position (Eu mn):	-1,715
Enterprise Value (Eu mn):	6,871

OUTPERFORM

Price: Eu15.89 - Target: Eu22.50

We reiterate our positive stance on Fincantieri ahead of the 12 February CMD, which we see as a key catalyst for the Group's transition into a structurally stronger growth phase. Fincantieri has moved beyond turnaround and is entering a self-funded value-creation cycle, where earnings growth, cash generation and deleveraging reinforce each other. Cruise is now a predictable, capital-efficient cash engine, while incremental growth and margin expansion are expected to be increasingly driven by Naval and Underwater, the highest-quality segments in the portfolio. Naval momentum is supported by domestic programmes, export opportunities and rising US optionality. Underwater represents the main long-term upside, exposed to fast-growing defence, infrastructure protection, and dual-use markets. The near-term earnings reset from the cancellation of Constellation units is timing-driven, improving, at the same time, visibility on a sharp inflection from 2028 onward. With the deleveraging path well underway, we believe that shareholder remuneration from 2027 could be a positive surprise.

■ **From strategic targets to divisional execution.** We consider the 12 February CMD as a key inflection point, where Fincantieri's 2026-30 Strategic Plan moves from Group-level ambition to divisional execution, phasing and capital allocation. While headline targets (€12.5bn revenues, €1.25bn EBITDA, 1.0x NFP/EBITDA by 2030) are clearly defined, the near-term profile is shaped by Constellation cancellations and DDX slippage. The CMD should therefore clarify timing, visibility on further industrial efficiency, and segment-level upside drivers.

■ **High backlog visibility unlocks strategic optionality.** We believe Fincantieri's high backlog visibility anchors execution over the 2025-30 Strategic Plan, while unlocking strategic optionality across divisions. Shipbuilding is expected to act as a scaled and increasingly profitable platform, with revenues growing at a ~5% CAGR and EBITDA at a double-digit CAGR, lifting margins from ~6.6% to ~8.5% over the 2025-30 horizon. Cruise is now a stable cash engine with revenues estimated broadly flat around €4.5bn in 2026-28 before accelerating with jumbo units, while EBITDA should rise by ~€100mn and margins expand above 6% by 2030. Naval is expected to be the core growth accelerator, with revenues rising from €2.3bn to €3.3bn (~8% CAGR) and margins approaching 12%, supported by domestic programmes, exports and US optionality after near-term Constellation phasing. Offshore (VARD) should shift decisively from volume to value (~7.5% revenue CAGR, margins close to 10%), with icebreakers emerging as a niche but credible strategic upside amid rising geopolitical focus on the Arctic. Underwater stands out as a key re-rating lever (~12% revenue CAGR, ~23% margins in 2030), while ESI is projected to act as the embedded value lever through higher-margin electronics and mechanical systems.

■ **Change in estimates.** We cut FY25-27 revenues and EBITDA to reflect the cancellation of Constellation units 3-6 and the slippage of the Italian Navy DDX (signature now expected in 1H26, meaningful P&L impact from FY28). Effects are largely timing-driven, as we assume strong FY26 order intake and thus revenue re-acceleration from FY28. Higher CapEx lifts D&A in the early years. FY25 NFP/EBITDA seen at ~2.9x (guidance 2.7-3.0x), or ~2.3x on an adjusted basis (ex €495mn Virgin Cruises loan). Reintroduction of dividend expected from 2027.

■ **OUTPERFORM confirmed; TP at €22.5 from previous €24.0.** Our updated valuation, based on the simple average of a SOP and a DCF, yields a fair value of €22.5. We are adjusting our TP accordingly, and, given the >40% upside to the current share price, we confirm our OUTPERFORM rating on the stock ahead of the 12 February CMD.

Key Figures & Ratios	2024A	2025E	2026E	2027E	2028E
Sales (Eu mn)	8,128	9,059	9,277	9,920	11,084
EBITDA Adj (Eu mn)	509	658	705	836	944
Net Profit Adj (Eu mn)	57	113	144	246	279
EPS New Adj (Eu)	0.176	0.348	0.443	0.758	0.858
EPS Old Adj (Eu)	0.176	0.460	0.634	0.795	0.855
DPS (Eu)	0.000	0.000	0.250	0.300	0.350
EV/EBITDA Adj	6.4	9.7	9.7	7.9	7.0
EV/EBIT Adj	13.2	18.5	17.2	13.0	11.8
P/E Adj	90.1	45.7	35.9	21.0	18.5
Div. Yield	0.0%	0.0%	1.6%	1.9%	2.2%
Net Debt/EBITDA Adj	2.5	2.9	2.4	1.8	1.5

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium between 5.5% - 6.0% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the FTSEMIIB40 Index, most of those on the MIBEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

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BUY: stock expected to outperform the market by over 25% over a 12 month period;

OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;

NEUTRAL: stock performance expected at between +10% and - 10% compared to the market over a 12 month period;

UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;

SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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As at 3 February 2026 Intermonte's Research Department covered 133 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	32.33%
OUTPERFORM:	38.35%
NEUTRAL:	28.57%
UNDERPERFORM:	00.75%
SELL:	00.00%

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (73 in total) is as follows:

BUY:	53.42%
OUTPERFORM:	31.51%
NEUTRAL:	13.70%
UNDERPERFORM:	01.37%
SELL:	00.00%

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