Milan, 13 November 2025

Italian Equity Research – Change in View/3Q25 Results

FINCANTIERI

OUTPERFORM

Sector: Industrials

Price: Eu18.92 - **Target: Eu25.10**

Upgrade to OUTPERFORM Ahead of New Business Plan

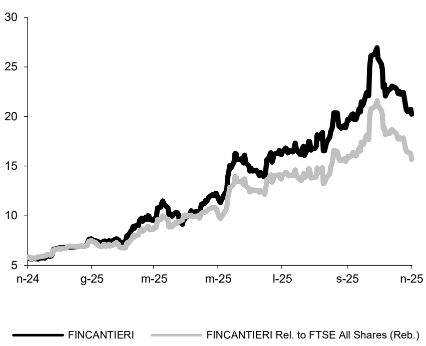
Antonio Gianfrancesco +39-02-77115.634
antonio.gianfrancesco@intermonte.it

Stock Rating			
Rating:	from NEUTRAL to OUTPERFORM		
Target Price (Eu):	Unchanged		
	2025E	**2026E**	**2027E**
Chg in Adj EPS	-1.2%	-0.4%	-0.4%

Next Event

9M25 Financial Results: 12th November

FINCANTIERI - 12M Performance



Stock Data			
Reuters code:			FCT.MI
Bloomberg code:			FCT IM
Performance	**1M**	**3M**	**12M**
Absolute	-21.7%	20.6%	249.0%
Relative	-27.0%	14.0%	220.1%
12M (H/L)			26.92/5.61
3M Average Volume (th):			1,714.89

Shareholder Data	
No. of Ord shares (mn):	323
Total no. of shares (mn):	324
Mkt Cap Ord (Eu mn):	6,541
Total Mkt Cap (Eu mn):	6,541
Mkt Float - Ord (Eu mn):	1,879
Mkt Float (in %):	28.7%
Main Shareholder:	
CDP	71.3%

Balance Sheet Data	
Book Value (Eu mn):	957
BVPS (Eu):	2.95
P/BV:	6.9
Net Financial Position (Eu mn):	-1,744
Enterprise Value (Eu mn):	7,896

Fincantieri's 3Q25 results confirmed that the Group has reached a key turning point and is now ready for the transition from a turnaround phase to a new stage of sustainable, mix-driven growth, underpinned by higher-margin Defence and Underwater activities. The release showed top line figures that beat estimates, mainly driven by Cruise, while Naval and Underwater were softer than expected. At first glance, this mix looks disappointing, but beneath the surface, with a 100bp YoY EBITDA margin expansion, the message is clear: the first profitability driver, Cruise, has been optimised, combining structural efficiency with long-term visibility on the backlog. This creates a solid and predictable industrial base from which to build. The second driver stems from the revenue mix improvement led by the higher-margin Naval and Underwater businesses, where Fincantieri is positioned across three concentric circles of opportunity: (i) Italy, where naval investments are expected to accelerate; (ii) Europe, supported by the €150bn SAFE programme; (iii) exports, mainly to Middle East and Southeast Asia, where multiple tenders are underway. With efficiency gains now structurally embedded and new growth catalysts emerging, Fincantieri can enter a new value creation cycle ahead of its 2026–2030 Strategic Plan. We upgrade our rating from Neutral to OUTPERFORM.

- **3Q/9M25 results: setting the stage for the New Strategic Plan.** Fincantieri's 3Q25 results confirmed the Group's operational strength and sustained margin expansion. Revenues rose 13% YoY to €2.15bn, slightly above expectations, with the better top line mainly driven by Cruise, while Naval and Underwater posted softer-than-expected contributions. EBITDA increased 32% YoY to €150mn, with a 7.0% margin (+100bp YoY), in line with expectations and reflecting further efficiency in Cruise and stronger contributions from Defence and Underwater. The order intake reached €1.28bn (+44% YoY), bringing 9M25 to €16.0bn, already above FY24, while the backlog of €40bn (~4.4x FY25E revenues) ensures long-term visibility. Net debt stood at €1.65bn, confirming the de-leveraging trajectory, consistent with guidance for FY25 NFP/EBITDA of 2.7x-3.0x. We believe 3Q25 results shows that Fincantieri has reached a sweet spot balancing efficiency and growth, with Cruise providing a stable base and Defence and Underwater ready to drive the next phase of value creation.
- **2025 guidance confirmed and easily achievable. Focus on New Plan targets.** FY25 guidance was confirmed, as expected, with the conservative targets well within reach. Our attention is now shifting towards the upcoming 2026–2030 Strategic Plan, to be approved by year-end and presented in 1Q26. We currently expect a 2025–2030 CAGR of ~4% in revenues and ~9% in EBITDA, with margins steadily rising to >9% by 2030.
- **Change in estimates.** Following 3Q25 release, we are largely confirming our FY25-27 estimates, introducing only marginal adjustments to reflect the updated revenue mix and divisional performance trends. Our estimates now point to FY25E/26E/27E EBITDA of €663mn/€763mn/€863mn (7.3%/8.0%/8.4% EBITDA margins). We continue to expect the announcement of a dividend policy with the upcoming 2026-2030 Strategic Plan, and in anticipation of that, we maintain our assumption for a YoY increase in the DPS, starting with an €0.25 payment on FY26 results.
- **OUTPERFORM from Neutral; target €25.1 confirmed**. Our updated valuation, based on the simple average of a SOP and a DCF, yields a fair value of €25.1. We are confirming our TP accordingly, and, given the >30% upside vs. the current share price, we are upgrading our rating on the stock from Neutral to OUTPERFORM.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	7,651	8,128	9,133	9,598	10,295
EBITDA Adj (Eu mn)	397	509	663	763	863
Net Profit Adj (Eu mn)	-7	57	149	217	287
EPS New Adj (Eu)	-0.004	0.176	0.460	0.668	0.885
EPS Old Adj (Eu)	-0.004	0.176	0.465	0.670	0.889
DPS (Eu)	0.000	0.000	0.000	0.250	0.300
EV/EBITDA Adj	23.5	6.4	11.9	10.9	9.7
EV/EBIT Adj	nm	13.2	21.5	18.2	15.7
P/E Adj	nm	nm	44.0	30.3	22.9
Div. Yield	0.0%	0.0%	0.0%	1.2%	1.5%
Net Debt/EBITDA Adj	5.7	2.5	2.6	2.3	2.0

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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 FTSEMIB40 Index, most of those on the MIDEX 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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BUY:	32.06%
OUTPERFORM:	38.17%
NEUTRAL:	29.01%
UNDERPERFORM:	00.76%
SELL:	00.00%

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (77 in total) is as follows:

BUY:	50.65%
OUTPERFORM:	29.87%
NEUTRAL:	18.18%
UNDERPERFORM:	01.30%
SELL:	00.00%

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