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Milan, 28 October 2025

Italian Equity Research – Company Update/3Q25 Preview

FINCANTIERI

NEUTRAL

Sector: Industrials

Price: Eu22.88 - **Target: Eu25.10**

Execution Confirmed. Upside in Naval & Underwater Momentum

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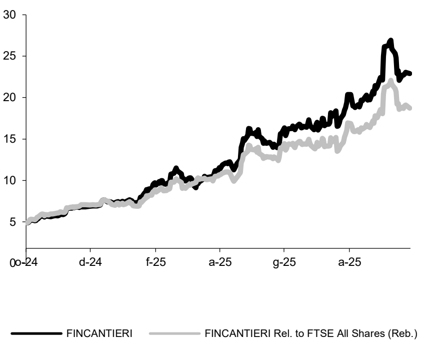
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 16.80 to 25.10
	2025E	**2026E**	**2027E**
Chg in Adj EPS	26.1%	3.8%	9.0%

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	7.3%	38.3%	363.9%
Relative	6.6%	33.0%	340.4%
12M (H/L)			26.92/4.88
3M Average Volume (th):			1,821.58

Shareholder Data	
No. of Ord shares (mn):	323
Total no. of shares (mn):	324
Mkt Cap Ord (Eu mn):	7,394
Total Mkt Cap (Eu mn):	7,394
Mkt Float - Ord (Eu mn):	2,124
Mkt Float (in %):	28.7%
Main Shareholder:	
CDP	71.3%

Balance Sheet Data	
Book Value (Eu mn):	959
BVPS (Eu):	2.95
P/BV:	7.7
Net Financial Position (Eu mn):	-1,742
Enterprise Value (Eu mn):	8,751

Fincantieri's expected strong execution and solid 9M trends should confirm the progress achieved under the current plan, with leverage improvement and profitability expansion fully on track. The revised 2025 guidance, already well within reach, and continued operational discipline support visibility ahead of the new Strategic Plan due between end-2025 and early-2026. In our view, much of the recent re-rating already reflects the company's turnaround, improved balance sheet, and the recovery of Cruise. The remaining upside, however, is increasingly tied to the Defence and Underwater businesses, where a robust €10-11bn tender pipeline, spanning Poland, Greece, the Philippines, and Italy, could act as the next major catalyst. These areas remain the core value drivers of Fincantieri's equity story, combining high margins, long-term visibility, and exposure to structurally expanding markets.

- **3Q/9M25 results out Nov.12th. Solid momentum ahead of the new Strategic Plan.** We expect results to confirm the Group's potent operational momentum and execution strength across all divisions, while reinforcing confidence in the industrial turnaround ahead of the presentation of a new Strategic Plan (end-2025/early-2026). Results should show double-digit revenue growth (+10% YoY) and further margin expansion, with EBITDA up 29% YoY to €147mn (7.0% margin), supported by efficiency gains in Cruise and strong profitability in Naval and Underwater. Order intake remains robust at ~€15.7bn in 9M25, already above the FY24 level, while the backlog (~€40bn, 4.4x FY25E revenues) continues to ensure exceptional visibility. We also expect the NFP at €1.64bn, confirming the deleveraging trajectory toward conservative FY25 guidance of 2.7x-3.0x NFP/EBITDA.
- **Change in estimates: FY25/26/27 adj. EPS +26%/+4%/+9%.** We have slightly revised our FY25-27 estimates to reflect expectations for another strong quarter of execution in 3Q and the inclusion of recent orders. While overall revenue expectations remain broadly unchanged, we now anticipate a more favourable business mix, with a greater contribution from the higher-margin Naval and Underwater business and slightly lower profitability in Offshore. Our updated model points to FY25E/26E/27E EBITDA of €665mn/€764mn/€866mn (margins of 7.3%/8.0%/8.4%) and confirms continued deleveraging (2.6x NFP/EBITDA in FY25). We also introduce a DPS from FY26 results (€0.55ps), in line with management comments and the inclusion of "net profit" in FY25 guidance, anticipating a formal dividend policy with the new Strategic Plan, expected between end-2025 and early-2026.
- **Defence & Underwater: hidden upside in the tender pipeline.** Recently listed TKMS has attracted strong investor interest, currently trading at 16-23x EV/EBITDA (2025-27), underscoring the market's appetite for naval and underwater exposure. In our SOTP, Fincantieri's Naval & Underwater divisions are already broadly aligned with TKMS' market valuation. However, we believe the real upside lies in Fincantieri's €10-11bn Defence and Underwater tender pipeline. Running a simulation and incorporating the potential value of winning all ongoing tenders in our SOTP, we obtain an equity value of €33ps (+44% vs. current price; +31% vs. our new TP).
- **NEUTRAL confirmed; target €25.1 (from €16.8)**. Our updated valuation, based on the simple average of a SOP and a DCF (replacing the historic EV/EBITDA multiple method), yields a fair value of €25.1. We are adjusting our TP accordingly, and, given the limited upside vs. the current share price, we confirm our NEUTRAL recommendation.

Key Figures & Ratios	**2023A**	**2024A**	**2025E**	**2026E**	**2027E**
Sales (Eu mn)	7,651	8,128	9,133	9,603	10,309
EBITDA Adj (Eu mn)	397	509	665	764	866
Net Profit Adj (Eu mn)	-7	57	151	217	288
EPS New Adj (Eu)	-0.004	0.176	0.465	0.670	0.889
EPS Old Adj (Eu)	-0.004	0.176	0.369	0.646	0.815
DPS (Eu)	0.000	0.000	0.000	0.250	0.300
EV/EBITDA Adj	23.5	6.4	13.2	11.8	10.2
EV/EBIT Adj	nm	13.2	23.7	19.7	16.6
P/E Adj	nm	nm	49.2	34.1	25.7
Div. Yield	0.0%	0.0%	0.0%	1.1%	1.3%
Net Debt/EBITDA Adj	5.7	2.5	2.6	2.1	1.6

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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:	37.40%
NEUTRAL:	29.78%
UNDERPERFORM:	00.76%
SELL:	00.00%

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BUY:	51.32%
OUTPERFORM:	30.26%
NEUTRAL:	17.10%
UNDERPERFORM:	01.32%
SELL:	00.00%

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