

# FINCANTIERI

Sector: Industrials

# OUTPERFORM

Price: Eu16.79 - Target: Eu24.00

## Clear Engines, Clear Direction

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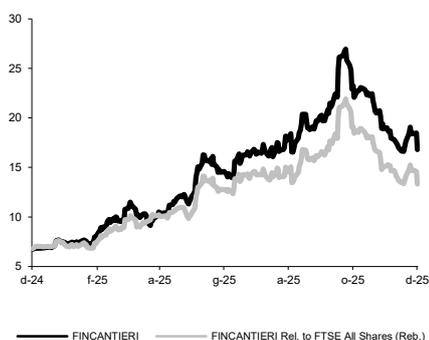
### Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 25.10 to 24.00		
	2025E	2026E	2027E
Chg in Adj EPS	0.0%	-5.0%	-10.2%

### Next Event

Strategic Plan Presentation: 1Q26

### FINCANTIERI - 12M Performance



### Stock Data

Reuters code:	FCT.MI
Bloomberg code:	FCT IM

Performance	1M	3M	12M
Absolute	-11.1%	-17.2%	146.6%
Relative	-11.3%	-20.7%	120.3%
12M (H/L)	26.92/6.75		
3M Average Volume (th):	1,616.18		

### Shareholder Data

No. of Ord shares (mn):	323
Total no. of shares (mn):	324
Mkt Cap Ord (Eu mn):	5,426
Total Mkt Cap (Eu mn):	5,426
Mkt Float - Ord (Eu mn):	1,559
Mkt Float (in %):	28.7%
Main Shareholder:	
CDP	71.3%

### Balance Sheet Data

Book Value (Eu mn):	957
BVPS (Eu):	2.95
P/BV:	5.7
Net Financial Position (Eu mn):	-1,944
Enterprise Value (Eu mn):	6,977

Fincantieri's 2026-2030 Strategic Plan marks a clear inflection point in the Group's equity story, shifting the focus from the recovery of execution capability to scalable, mix-driven value creation. With operational efficiency now structurally embedded, the Plan outlines a business model increasingly geared toward monetising scale, capital intensity, and margin mix rather than pursuing pure volume growth. Cruise has evolved into a stable, highly visible cash-generating backbone, while incremental growth is set to be driven primarily by Naval and Underwater, two structurally higher-margin segments exposed to long-term demand tailwinds. Greater visibility on order intake, the planned expansion of Naval capacity and the rising strategic relevance of the Underwater domain materially enhance the quality of growth and the durability of cash flows. We confirm our **OUTPERFORM**, as the reinforcing dynamics among earnings growth, cash generation and deleveraging support Fincantieri's transition from a turnaround narrative to a structurally stronger, self-funded value creation cycle.

- **Group financial targets point to a clear step-change, with stronger visibility at the 2030 end-point.** The 2026-2030 Strategic Plan sets ambitious but clearly framed Group-level targets, with revenues expected to reach €12.5bn, EBITDA €1.25bn (10% margin), and net profit €500mn by 2030, alongside accelerated deleveraging to 1.0x NFP/EBITDA. Compared with our expectations and consensus, the Plan is clearly more constructive at the end point, particularly on profitability and margins, reinforcing management's message of structurally higher returns driven by scale, mix improvement, and operating leverage. For 2028, targets appear more conservative, especially on net profit, which is slightly below expectations. We see this mainly as a phasing effect, reflecting higher D&A linked to the CapEx profile required to support capacity expansion and industrial investments, rather than weaker operating performance. Overall, the Plan prioritises execution credibility in the medium term while preserving strong earnings and cash generation acceleration into 2030.
- **Industrial roles clearly defined.** The Plan identifies much clearer roles for Fincantieri's industrial engines. Cruise is now a fully optimised cash machine, providing visibility and financial stability; Naval becomes the primary growth accelerator, leveraging capacity expansion and defence spending tailwinds; Offshore shifts from volume to value, focusing on higher-margin, technology-intensive niches; and Underwater stands out as the long-term strategic upside, spanning defence, infrastructure protection and dual-use technologies. We expect the divisional targets to be unveiled at the 1Q26 CMD to translate this strategic re-positioning into hard numbers.
- **Change in estimates.** In light of new Group Plan targets and pending divisional details, we leave FY25 unchanged, slightly upgrade FY26-27 revenues and EBITDA, and introduce FY28 estimates broadly in line with announced targets. We now expect FY25E/26E/27E/28E EBITDA of €663mn/€777mn/€873mn/€942mn (margins 7.3%/7.9%/8.3%/8.5%). We assume FY25 NFP/EBITDA at ~2.9x (upper end of guidance) after the Virgin Cruises loan extension, followed by deleveraging to ~1.7x by FY28. Net profit is slightly revised to reflect higher D&A from increased CapEx, while we confirm our expectation of a dividend restart from FY26.
- **OUTPERFORM confirmed; TP at €24.0 from previous €25.1.** Our updated valuation, based on the simple average of a SOP and a DCF, yields a fair value of €24.0. 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 full Strategic Plan presentation in 1Q26.

Key Figures & Ratios	2024A	2025E	2026E	2027E	2028E
Sales (Eu mn)	8,128	9,133	9,777	10,526	11,061
EBITDA Adj (Eu mn)	509	663	777	873	942
Net Profit Adj (Eu mn)	57	149	206	258	278
EPS New Adj (Eu)	0.176	0.460	0.634	0.795	0.855
EPS Old Adj (Eu)	0.176	0.460	0.668	0.885	
DPS (Eu)	0.000	0.000	0.250	0.300	0.350
EV/EBITDA Adj	6.4	10.5	9.5	8.2	7.5
EV/EBIT Adj	13.2	19.0	16.2	13.5	12.7
P/E Adj	95.2	36.5	26.5	21.1	19.6
Div. Yield	0.0%	0.0%	1.5%	1.8%	2.1%
Net Debt/EBITDA Adj	2.5	2.9	2.5	1.9	1.7

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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 FTSEIMIB40 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:	32.33%
OUTPERFORM:	38.35%
NEUTRAL:	28.57%
UNDERPERFORM:	00.75%
SELL:	00.00%

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BUY:	50.65%
OUTPERFORM:	31.17%
NEUTRAL:	16.88%
UNDERPERFORM:	01.30%
SELL:	00.00%

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