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PRESS CONFERENCE
HERVÉ GUILLOU, NAVAL GROUP CEO

NAVAL GROUP'S ASSETS FOR TOMORROW

Naval Group has confirmed its strategic positioning as industrial contractor, designer and integrator of whole warships and combat systems.





1 Competitiveness restored

2 Meeting targets for our programs and reinforcing competitiveness

3 Our international footprint strongly developed

4 Refocused diversification

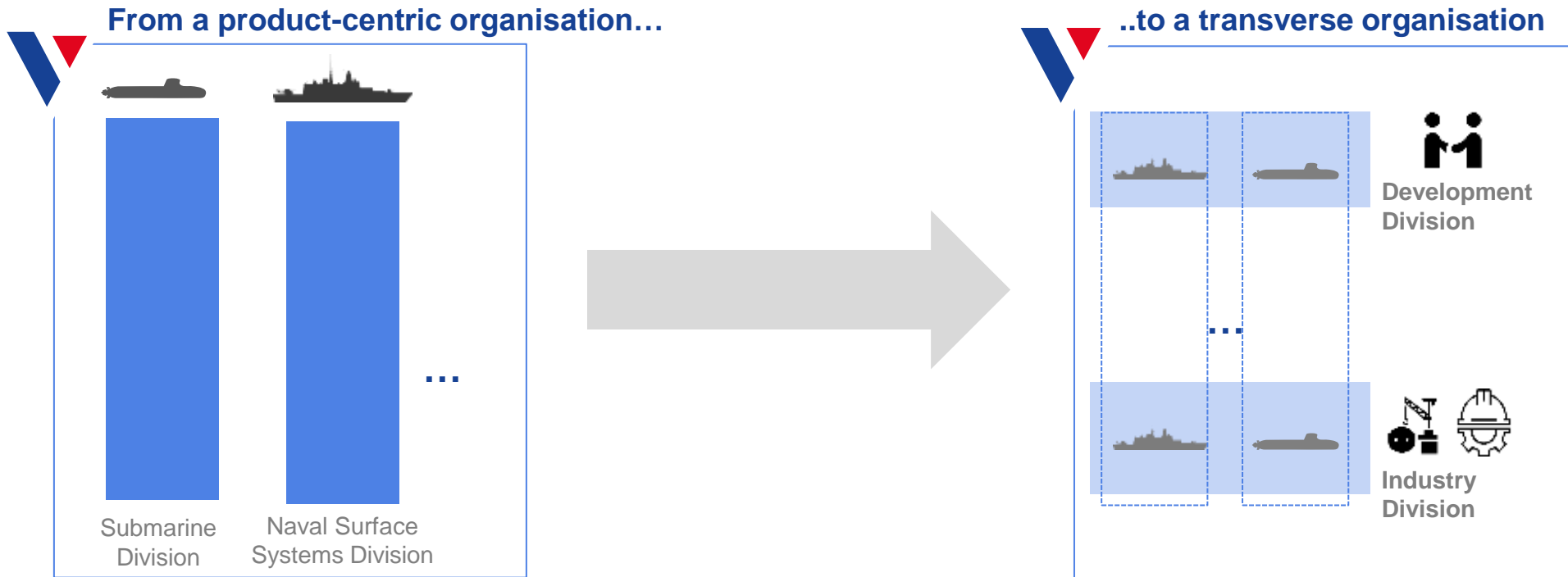
5 A cultural change, the mirror of Naval Group's transformation



THE ASSETS OF NAVAL GROUP FOR TOMORROW

1- COMPETITIVENESS RESTORED

THE CREATION OF OUR DEVELOPMENT AND INDUSTRY DIVISIONS WAS THE FIRST VECTOR FOR RESTORING OUR COMPETITIVENESS



...paired with significant efforts towards competitiveness

- ▶ Cost reduction plan of about **300 M€ /an**
- ▶ Rebalancing our workforce : - **1000 indirect FTE** + **1000 operational FTE**
- ▶ Renewal of the executive board, and over **50 % new employees** in the Top 300 between 2016 and 2019



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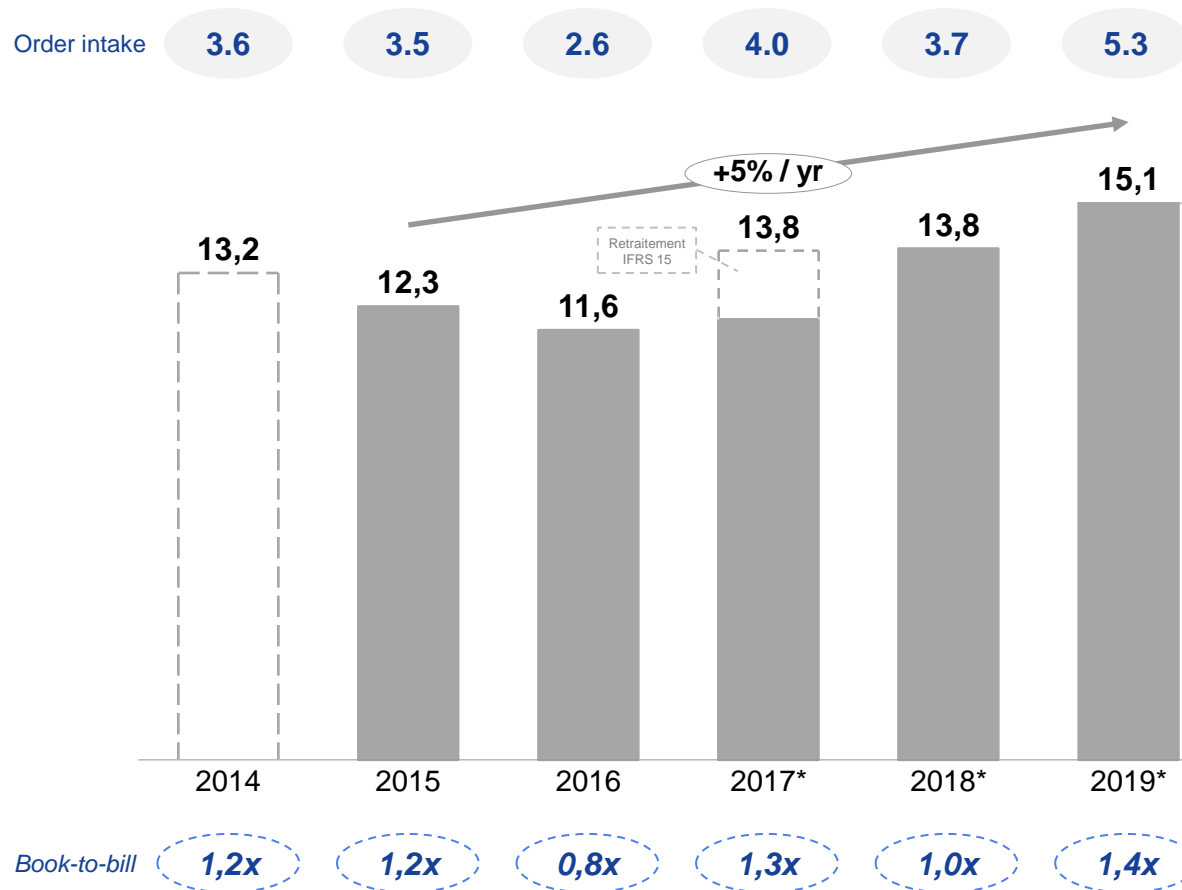
**FRANK LE REBELLER,
SENIOR EXECUTIVE VICE PRESIDENT
FINANCE, LEGAL, PURCHASING AND REAL ESTATE**

MAIN CONSOLIDATED DATA

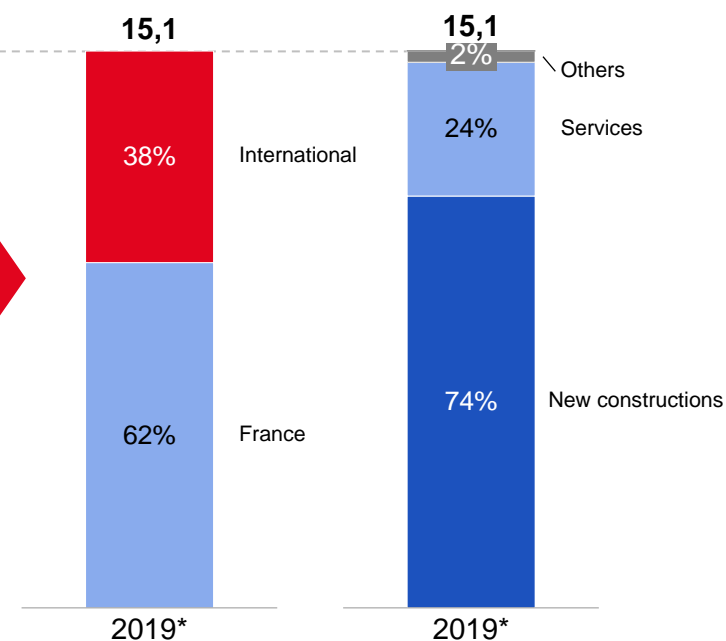
<i>(in million euros, IFRS standard)</i>	2019	2018	Variation
Order intake	5,306	3,686	+44 %
Order book	15,062	13,830	+9 %
Sales	3,712	3,608	+3 %
EBITA	282.0	265.9	+6 %
<i>Operating profit (EBITA / CA) in %</i>	7.6 %	7.4 %	+0.2 points
Consolidated net income (group share)	188.2	178.2	+6 %

OUR ORDER INTAKE REACHED RECORD LEVELS IN 2019 AND BRINGS OUR ORDER BOOK AT THE END OF 2019 TO €1.51BN

Our order book and order intake from 2014 to 2019
en milliards d'euros



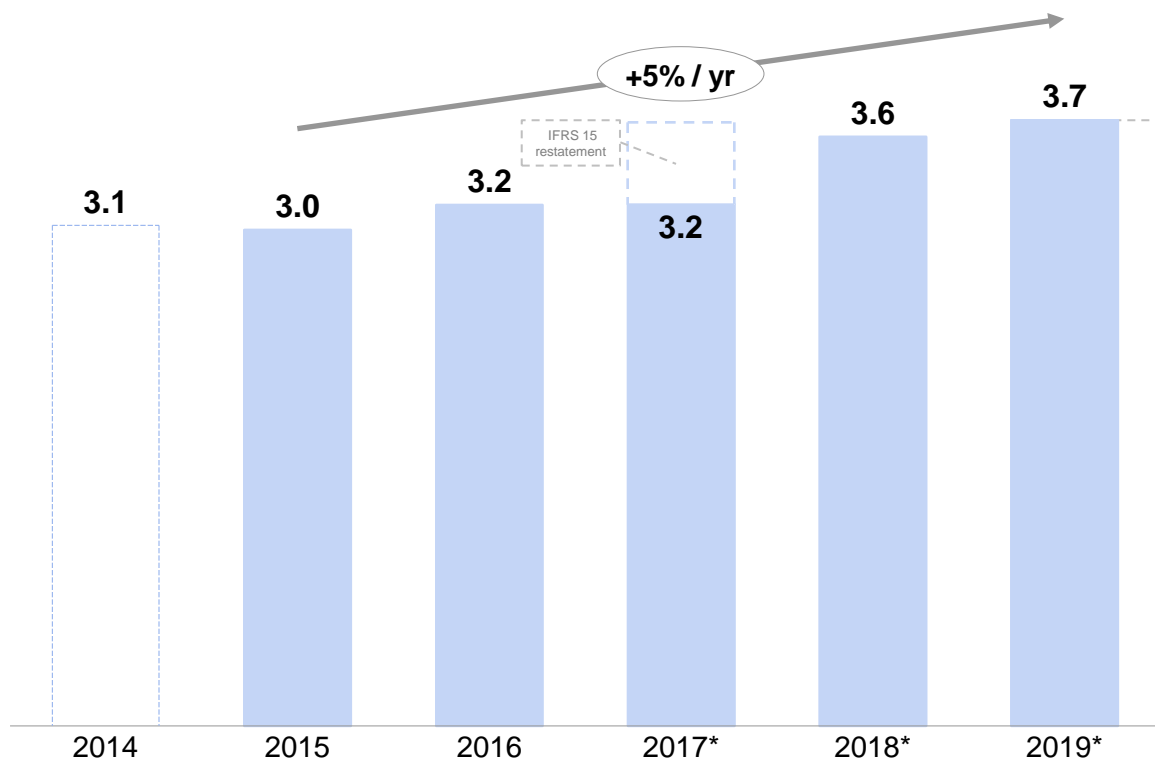
Distribution of order book in 2019



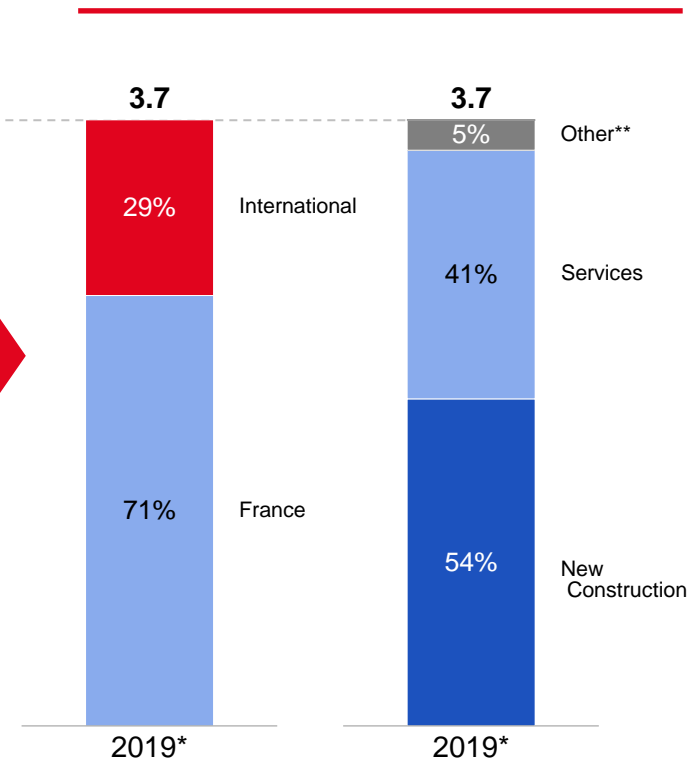
* Figures according to IFRS 15 standard

OUR SALES ARE GROWING MORE RAPIDLY THAN THOSE OF THE NAVAL DEFENCE MARKET

Sales growth from 2014 to 2019
in billion euros



Distribution of 2019 sales

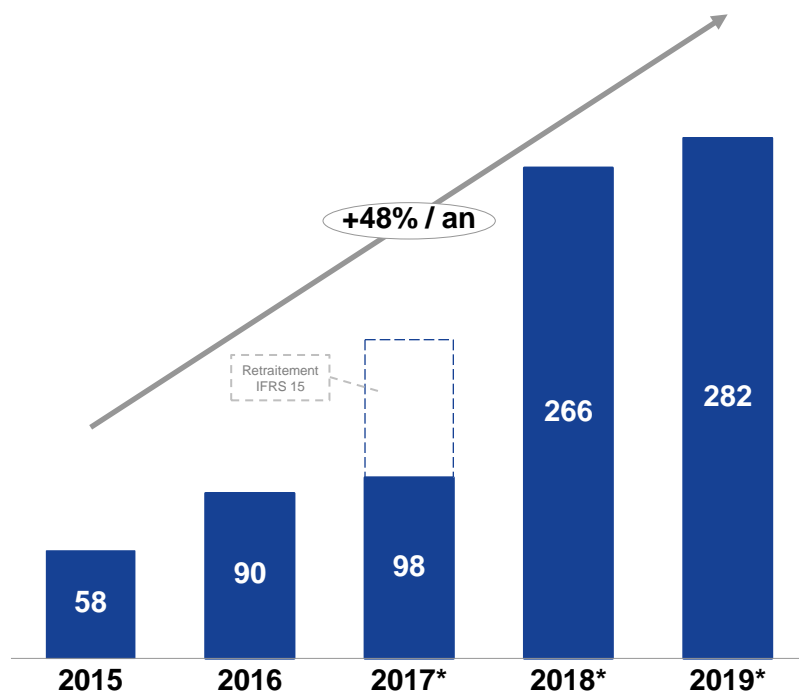
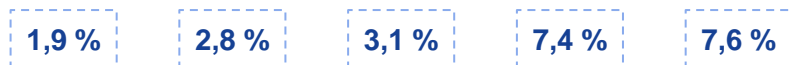


* Figures according to IFRS 15 standard / ** submarine weapons, equipment and other

IMPROVED PROFITABILITY TESTIFIES TO THE OPERATIONAL IMPROVEMENT OF OUR NAVAL PROGRAMS

Growth of EBITA from 2014 to 2019 in million euros and percentage of sales

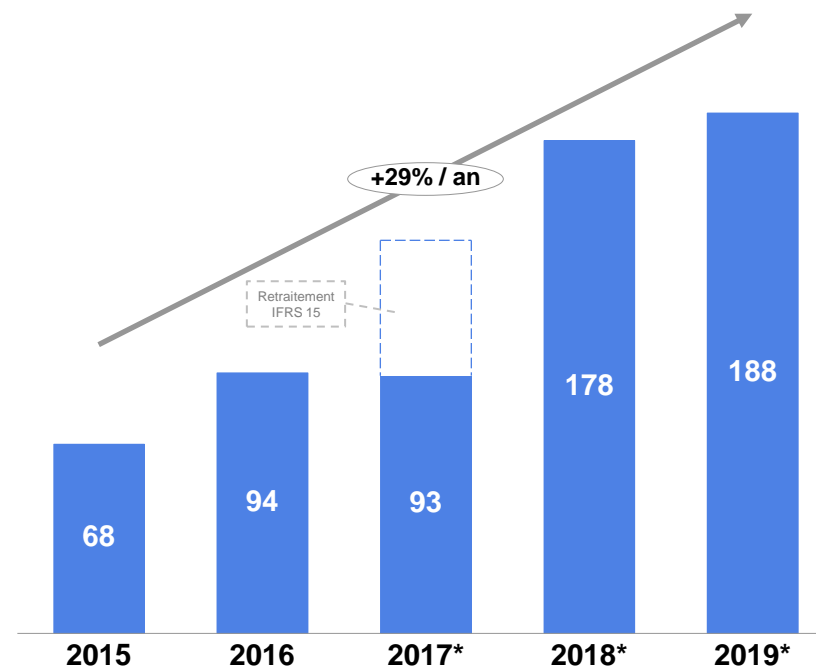
EBITA rate



Growth of consolidated net income, group share 2014 to 2019

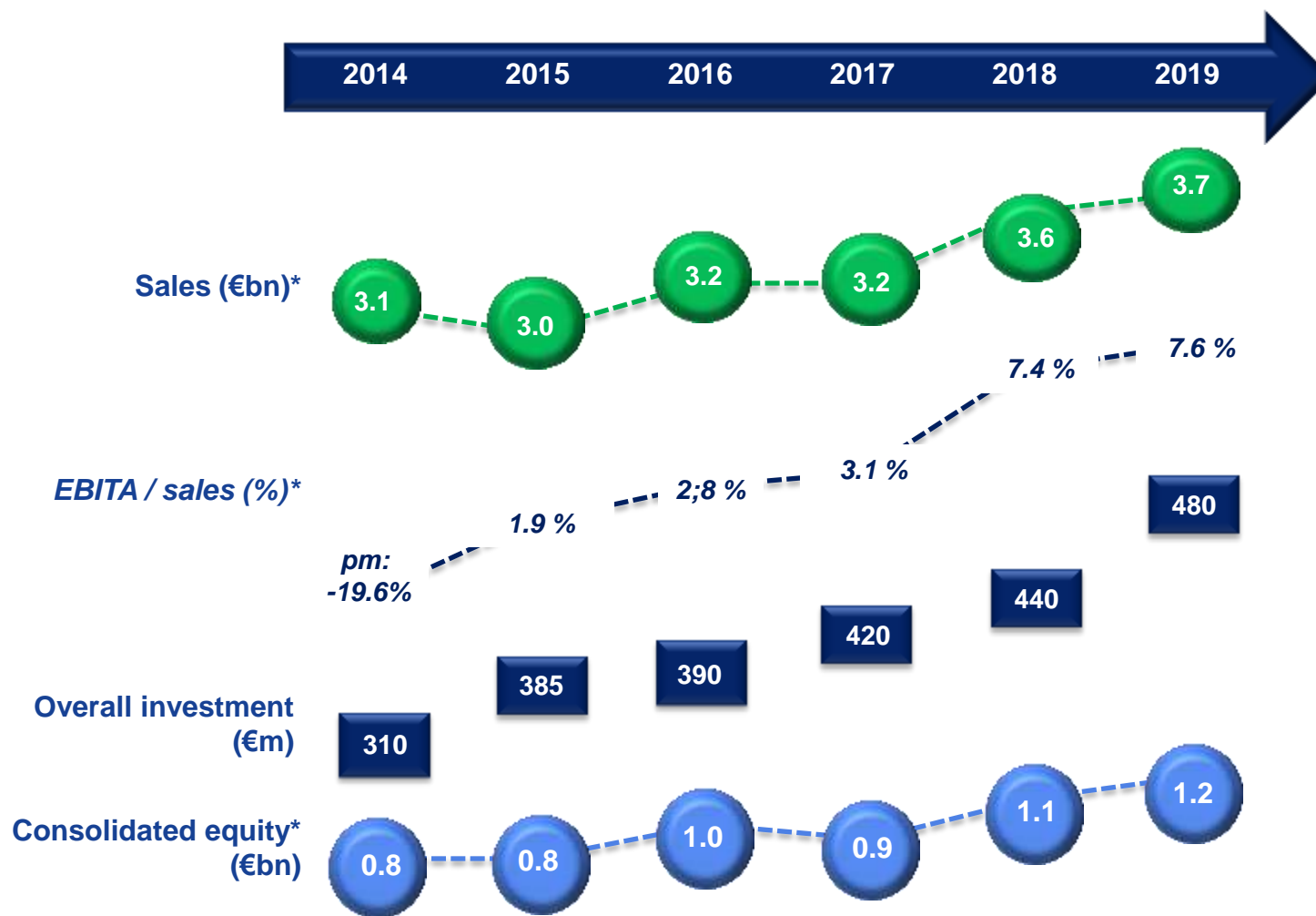
in million euros and percentage of sales

Consolidated net income, group share



* figures according to IFRS 15 standard

HIGH OPERATIONAL PROFITABILITY ENABLING THE COMPANY TO INCREASE EFFORTS FOR THE FUTURE AND ITS EQUITY CAPITAL



* IFRS 15 standard from 2017, IAS 11 and 18 for previous years

Profitable growth based on solid market fundamentals have enabled Naval Group to assert its position as leader of Europe's naval defence market

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THE ASSETS OF NAVAL GROUP FOR TOMORROW

2- MEETING TARGETS FOR OUR PROGRAMS
AND REINFORCING COMPETITIVITY

THE 10 MILESTONES

FEBRUARY 2015



FREMM contract for Egypt

OCTOBER 2015



Mistral type LHD contract for the Egyptian Navy

APRIL 2016



Selection for 12 Submarines in Australia

DECEMBER 2017



Delivery of the Kalvari - Mumbai

OCTOBER 2018



Mid-life refit of the Charles de Gaulle - Toulon

DECEMBER 2018



Launching of the Brazilian submarine Riachuelo - Itaguaí

JULY 2019



Launching of the Suffren - Cherbourg

OCTOBER 2019



1st plate cutting for the FDI - Lorient

NOVEMBER 2019



Delivery of first batch of F21 - Saint-Tropez

2015 - 2019



Delivery of 5 FREMM - Lorient

NAVAL GROUP ENSURES FRANCE' SOVEREIGNTY FOR NOW AND TOMORROW

Ensuring the maintenance of ships in services



> **85% availability for SSN**
> **1000 days/year**



Availability of 1st rank surface ships



Nuclear deterrence and **3rd generation SSBN**

...and preparing the renewal of the fleet



Barracuda Program



Defence and intervention frigates Program



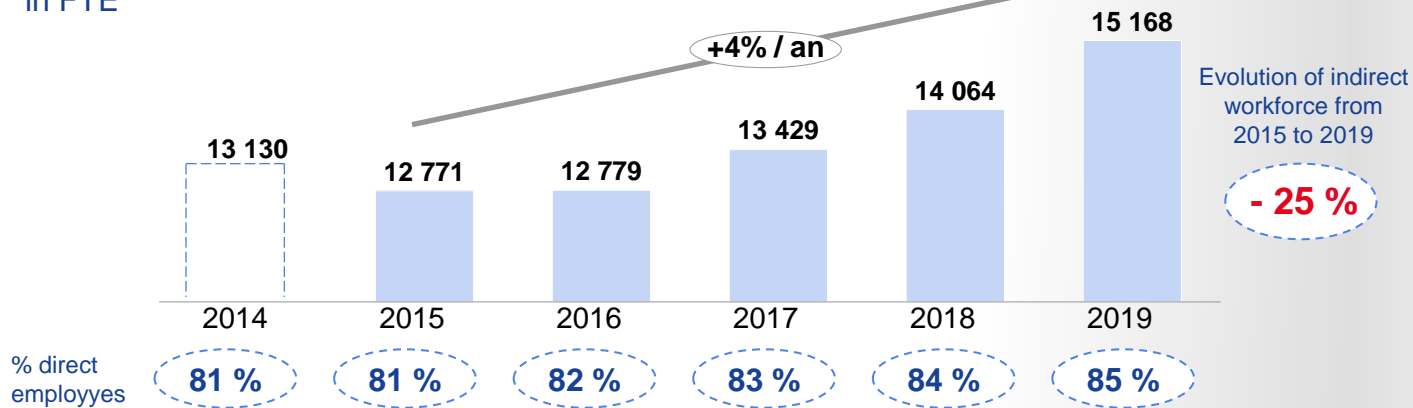
New generation aircraft carriers



Guaranteeing the superiority of the French navy

GROWING THE WORK FORCE TAKING INTO ACCOUNT THE DEVELOPMENT AND THE TRANSMISSION OF SKILLS

Increasing the number of Naval Group employees from 2014 to 2019 in FTE



Securing our key skills



8 training schools created



Arrangement designer **diploma training**



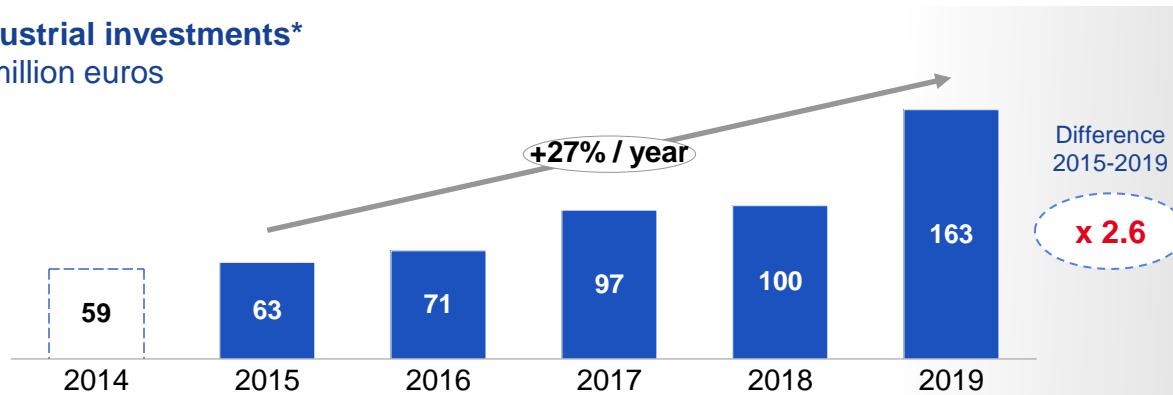
Management practices
(certification: CMMI, IPMA, ...)



Leadership
within the naval sector

MODERNISATION OF OUR INDUSTRIAL TOOL TO IMPROVE THE GROUP'S COMPETITIVENESS

Industrial investments*
in million euros



Industrial and tertiary infrastructures



Open innovation centres

Maintaining our technical and industrial lead



Digitization, digital modeling (3DEXperience®, digital certification, augmented reality, cyber domaine, ...)

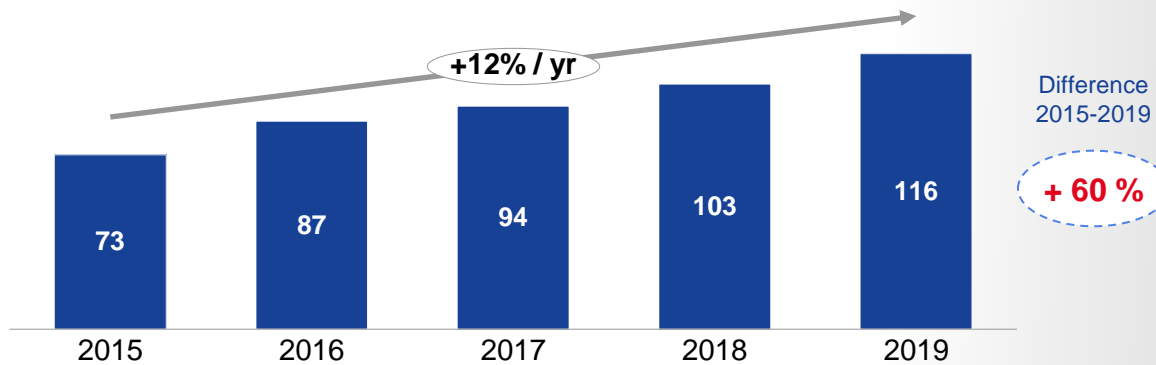
Industrial tools

* hors système d'information

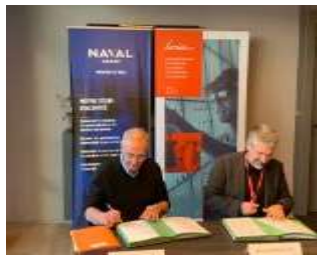
R&D INVESTMENTS TO BUILD A SOLID ECO-SYSTEM AND DEVELOP INNOVATIVE SOLUTIONS

Self-financed R&D activities

Naval defence sector (excluding research tax credits) - in million euros



Accelerating innovation for increased differentiation



R&D partnership
(Inria, etc.)



International research centres
(Australia, Singapore, etc.)



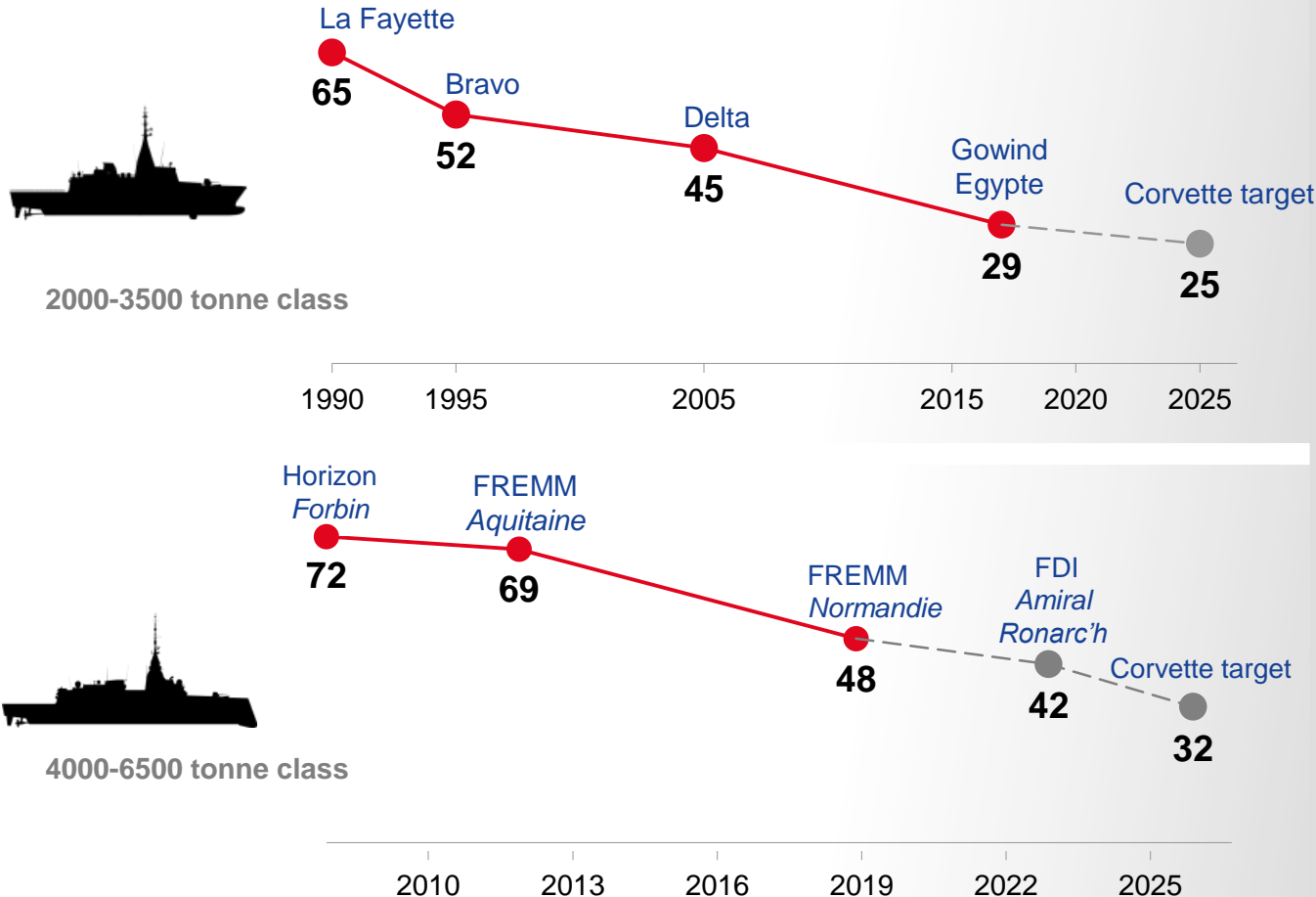
Processes



Products

ADOPTING NEW WORKING METHODS TO SIGNIFICANTLY REDUCE INDUSTRIAL CYCLES

Change in construction lead times
FSC lead time – Delivery in months



Meeting program deadlines

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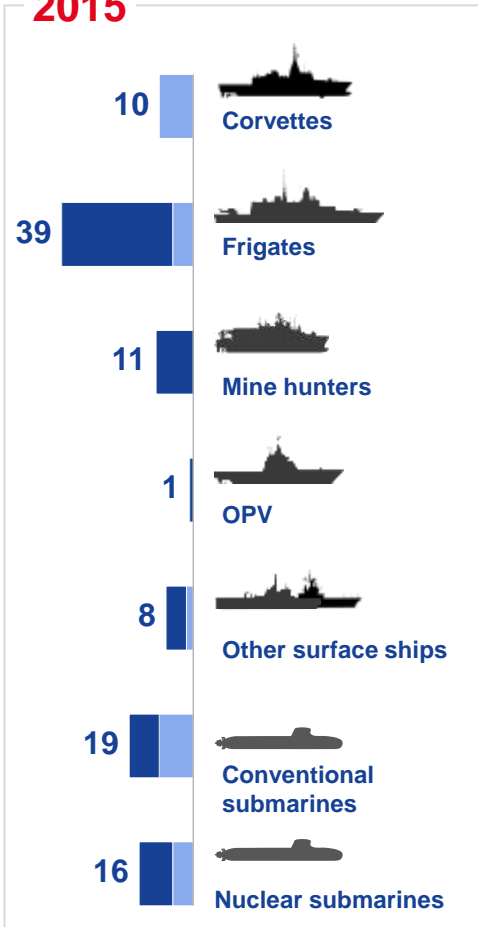
3- OUR INTERNATIONAL FOOTPRINT
STRONGLY DEVELOPED

NAVAL GROUP INTERNATIONAL DEVELOPMENT IN AN INCREASINGLY COMPETITIVE ENVIRONMENT

Main customer references and implementation of Naval Group (France and abroad)

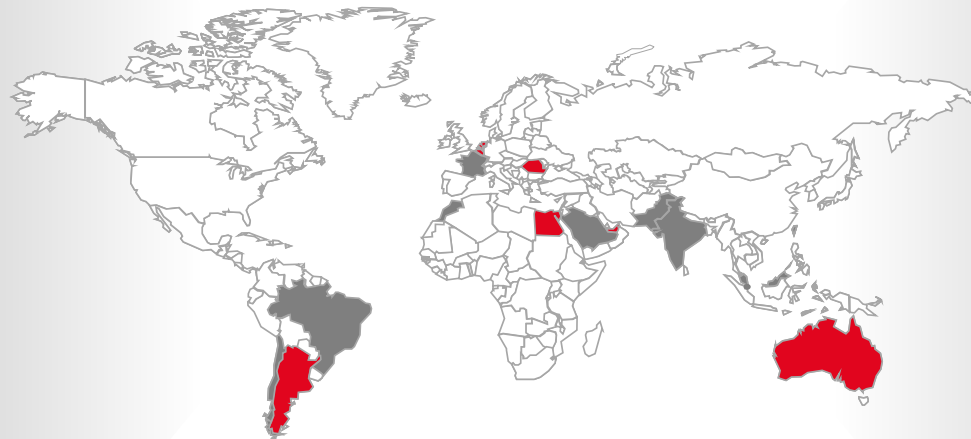
Number of units per market segment from 2015 to 2019

2015



10 new international establishments

- ▶ **6 subsidiaries:** Australia (x2), Egypt, Netherlands, Belgium, Canada
- ▶ **2 new international JVs:** Naviris and Zamil Naval
- ▶ **2 offices:** Colombia&Peru, Poland



7 major customer references



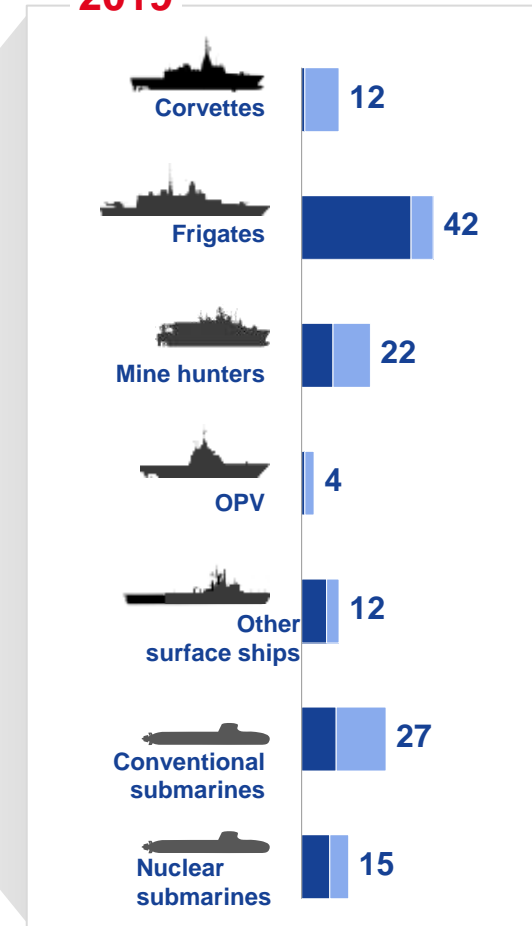
Customer reference and fleets under construction

■ In service ■ Under construction/order book

Client navies

■ In 2015 ■ In 2019

2019



CONSOLIDATING THE EUROPEAN INDUSTRY TO PRESERVE OUR COMPETITIVENESS AND MARKET SHARE ABROAD

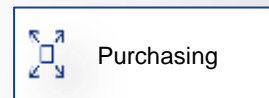
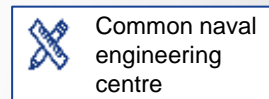
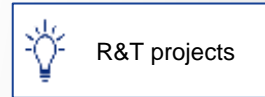
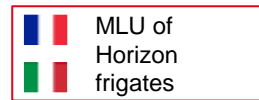
Distribution of production in units per region
from 2009 to 2018 (excluding small ships: OPV, OSV, etc.)



Pivotal role in European alliances and strategic partnerships



Leading the first alliance at the European scale (Genoa and Ollioules)





THE ASSETS OF NAVAL GROUP FOR TOMORROW

4- REFOCUSED DIVERSIFICATION

CONTROLLING THE DIVERSIFICATION OF ACTIVITY

Civil nuclear



Exit from the **RJH** project



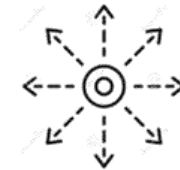
Refocusing our activities on **nuclear propulsion-related projects**



nuward



Small Modular Reactors



Controlling our diversification

Marine renewable energies



2018: immersed data centre demonstrator



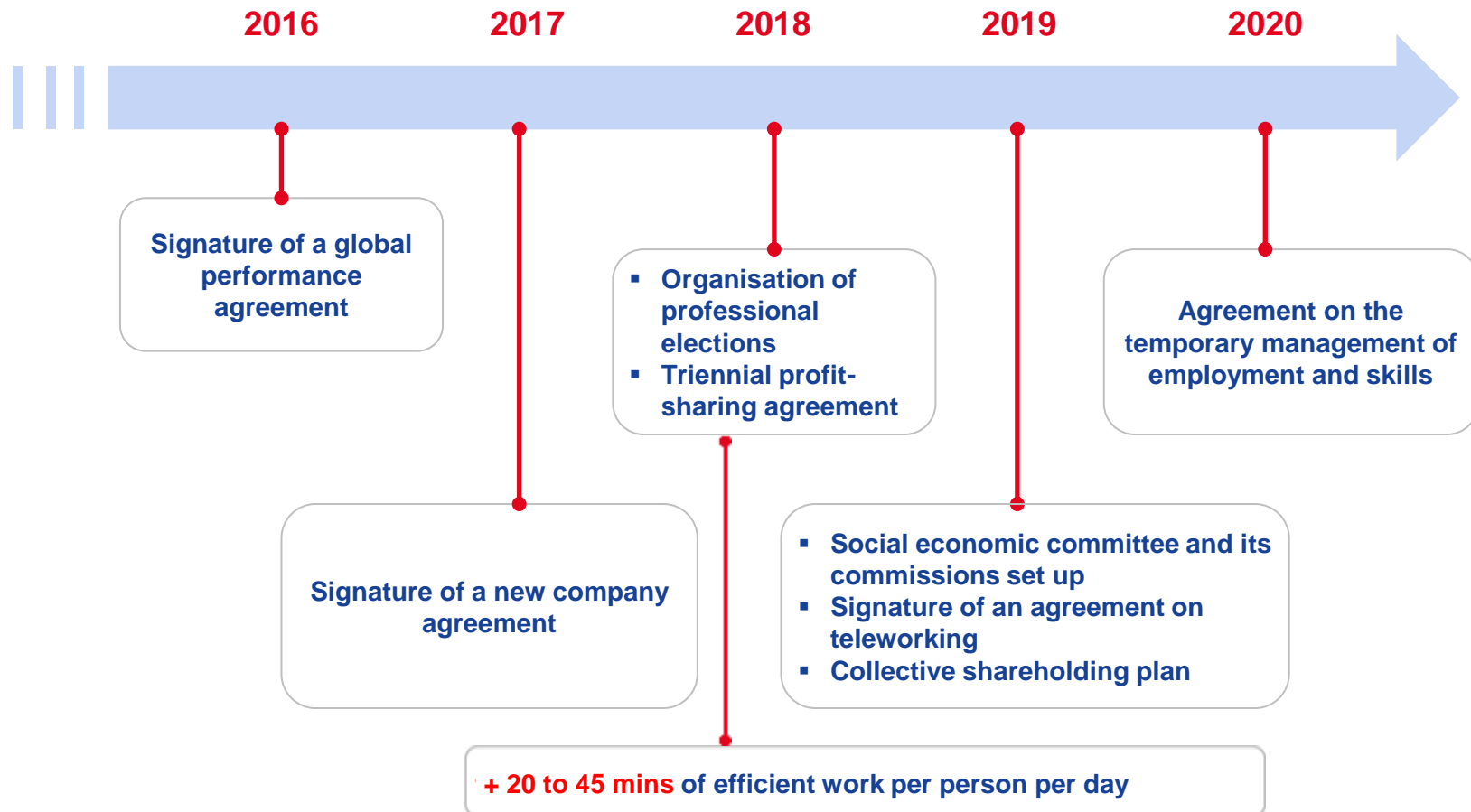
2018 : discontinued investment in **marine turbines**, refocusing on floating wind turbines and ocean thermal energy

2017: creation of the Naval Energies subsidiary with minority shareholders

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5- A CULTURAL CHANGE, THE MIRROR OF
NAVAL GROUP'S TRANSFORMATION

INTENSE SOCIAL DIALOGUE WITH UNIONS LED AGREEMENTS CONTRIBUTING TO THE COMPANY'S DEVELOPMENT



THE TRANSFORMATION OF THE GROUP'S IMAGE OVER THE LAST FIVE YEARS

Through the development of its brand and of the commitment of its employees...



+25% brand awareness, best progress of the sector

2017: creation of the Naval Group brand



71 Work-school campaigns



Engagement program for employees



2019: Naval Group “French people favourite company”



Develop our brand awareness and attractiveness

...and through societal commitments



Sustainable development
Contribution to **6 United Nations objectives** since 2015



Disability
Naval Group partner of the ‘Tous HanScène’ project



Professional equality
88% professional equality index
23% of women in workforce recruited in 2019

2020 AND BEYOND: MAKING NAVAL HISTORY

