



THE ITALIAN SEA GROUP

INVESTOR PRESENTATION

July 2021

✦ ADMIRAL

TECNOMAR

NCA REFIT

Management team



Giovanni Costantino

Founder &
Chief Executive Officer

25 years of experience as top
manager

13 in the yachting industry

10+ years as General Manager
of an Italian furniture group listed
on the NYSE

15+ years as an entrepreneur in
the custom furniture industry



Filippo Menchelli

Chairman &
Chief Financial Officer

18 years of experience as top
manager

9 in the yachting industry

20+ years experience in
accounting and finance across
various industries



Giuseppe Taranto

Vice President &
Chief Commercial Officer

25 years of experience as top
manager

13 in the yachting industry

10+ years as General Manager
of an Italian furniture group listed
on the NYSE



Marco Carniani

Administration Director

12 years of experience as top
manager

7 in the yachting industry



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The Italian Sea Group at a glance

Shipbuilding

- Design, production and sale of high-end luxury tailor-made superyachts & megayachts up to 100 metres in length
- Two own brands: Admiral and Tecnomar



Superyachts & Megayachts
50-100 mt - main focus



High-speed motor yachts, 37-50 mt



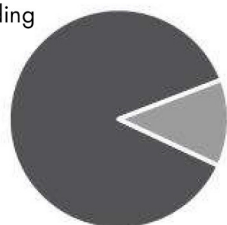
High-speed branded motorboats, 20 mt,
in collaboration with Automobili
Lamborghini since 2019



2020 Net sales
by BU

Eu116 mn¹
(32% 18-20 CAGR)

Shipbuilding
87%



Refitting
13%

Shipyard

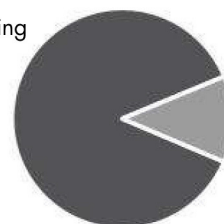
- The group's Marina di Carrara (Tuscany) shipyard is one of the most important marine hubs in the Mediterranean



2020 EBITDA
net of extr. items by BU

Eu14.5 mn²
(54% 18-20 CAGR)
EBITDA Margin '20: 12.5%

Shipbuilding
87%



Refitting
13%

Refitting

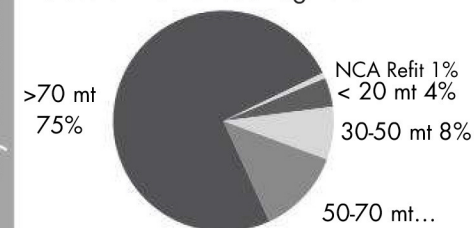
- Ordinary and extraordinary maintenance of vessels up to 200 metres, both motor and sailing yachts, own and other brands

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2020 Net backlog
by LOA & BU

Eu432 mn
(+66% 18-20 CAGR)
~75% of the net backlog >70mt³



Notes: 1) net sales exclude extraordinary income (Eu0.8mn) and capital gains (Eu0.08mn). 2) EBITDA net of extraordinary items includes loss on credit (Eu0.2mn) and excludes (i) extraordinary income (Eu0.8mn), (ii) capital gain (Eu0.08mn), (iii) extraordinary costs (Eu-0.4mn), (iv) risk provisions (Eu-0.5mn), (v) provisions for tax liabilities (Eu-0.1mn). 3) as of 31 December 2020

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EQUITY STORY HIGHLIGHTS

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Key pillars of The Italian Sea Group's equity story



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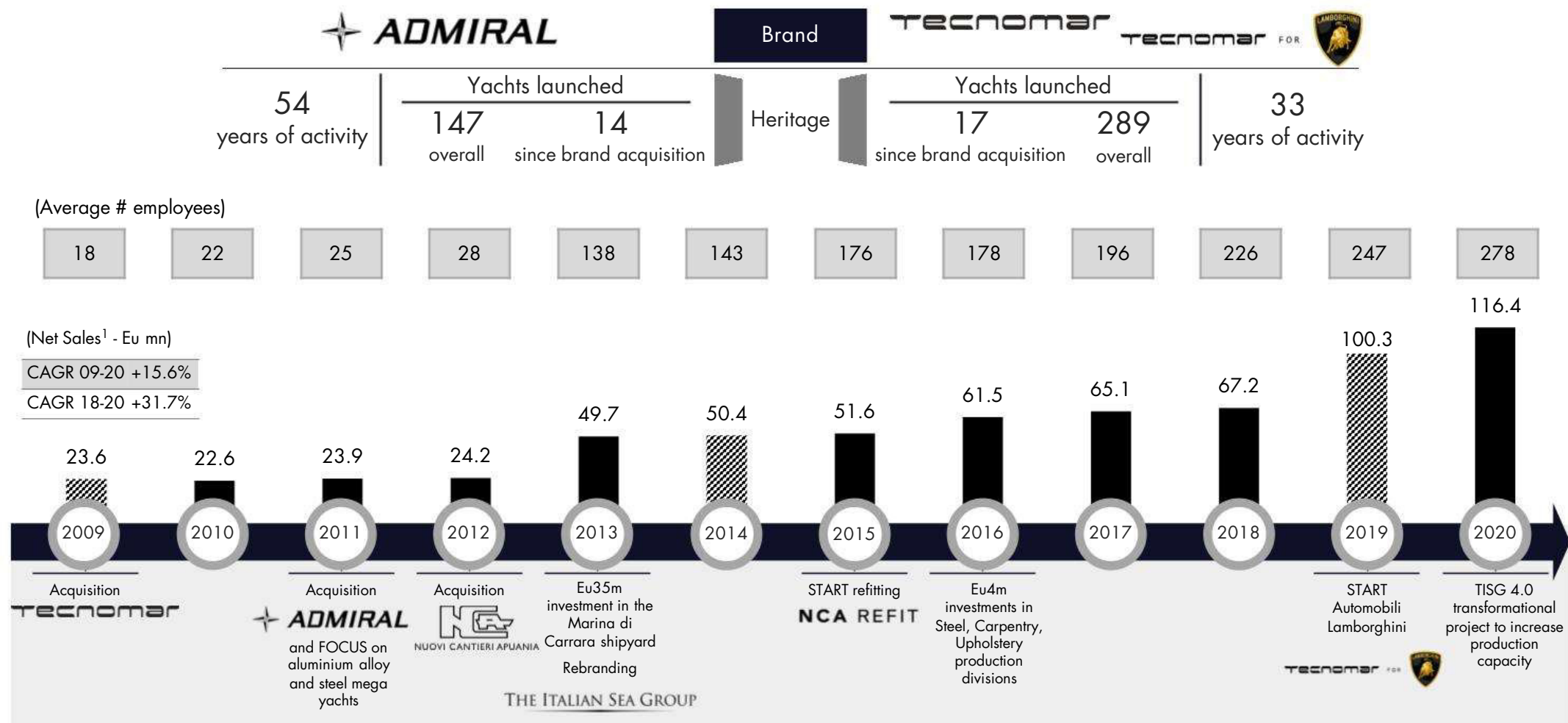
+ ADMIRAL

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A key player in customised ultra-luxury yachts...

One of the top players in the high-end luxury yacht industry created through transformational investments and revamping of heritage brands



Sources: company information

Note: net sales exclude extraordinary income and capital gains

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...with prestigious strategic partnerships and collaborations

Alliances with Automobili Lamborghini, leading international luxury brands and “starchitects”

Exclusive partnership with Automobili Lamborghini to develop its co-branded limited edition high-speed boats

Distinctive features	Exclusiveness High performance
Length range	20mt
Start of collaboration	H2 2019 Commercial Launch: June 2020
# yachts	Limited to 63 yachts

TECNOMAR FOR



2021+1H22 production capacity already sold



Exclusive partnership with international top luxury brand: “Giorgio Armani”, for the co-design of exterior and interior yacht lines

Distinctive features	Elegance Clean design
Length range	37-72mt
Start of collaboration	May 2020



GIORGIO ARMANI

Collaboration with industry “starchitects”



Strong brands are choosing The Italian Sea Group as a partner

Sources: company information, management statements

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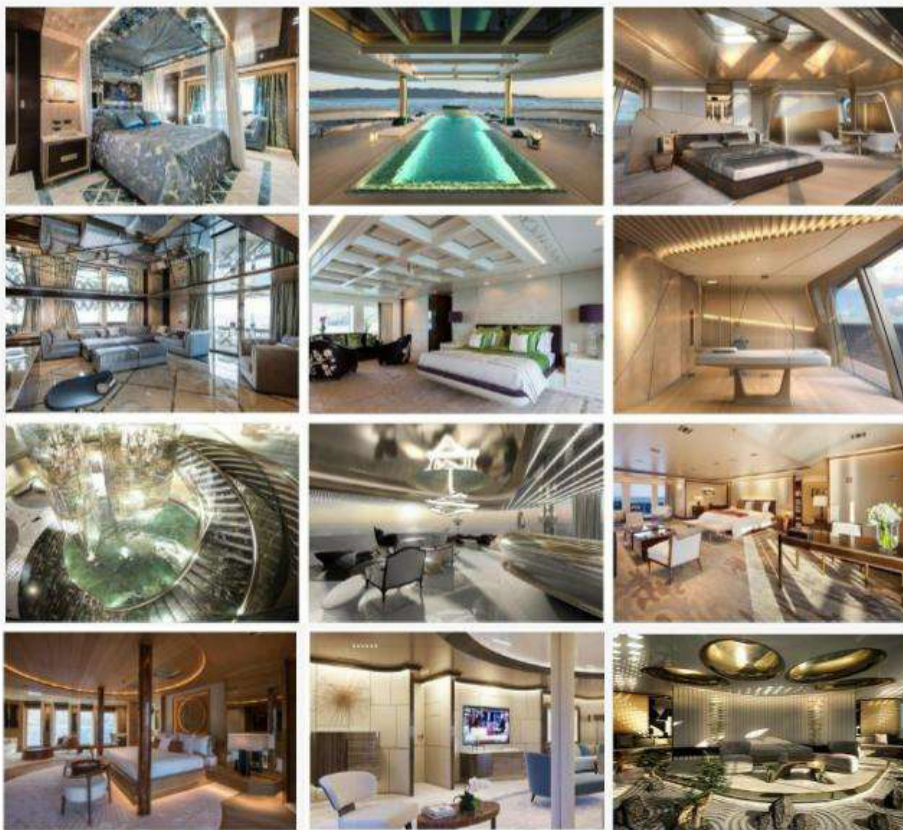
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Superior customisation and “Made in Italy” quality

~75% of customers rely on the company to assess and design the interior

Globally recognised quality and design

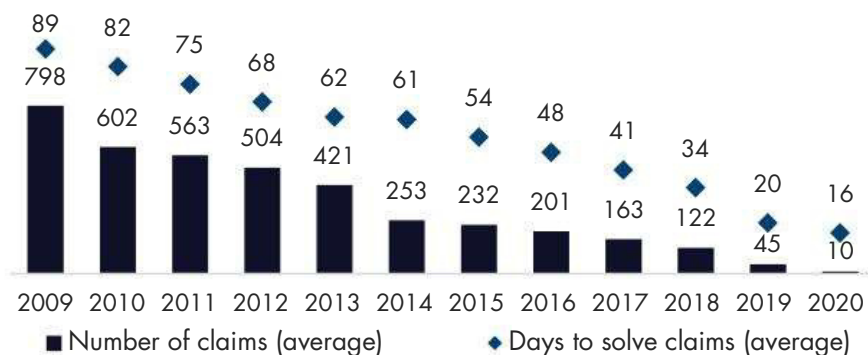
Exceptional craftsmanship and design and engineering skills for an ultra luxury yacht with Italian flair



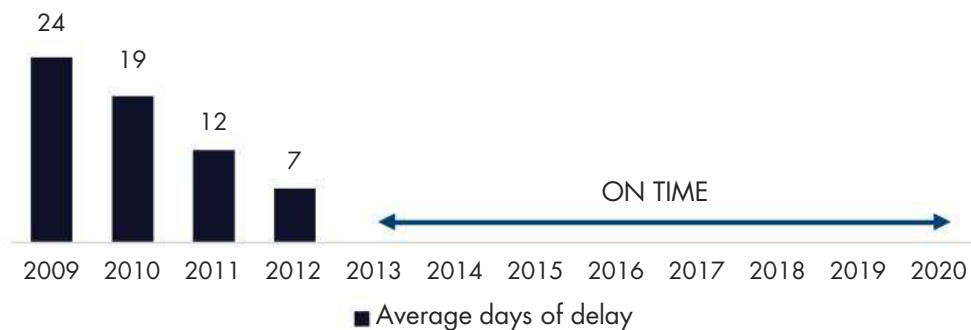
Ever-increasing quality combined with prompt delivery

Relentlessly improving yard performance, leading to near-to-zero claims, with ever-shortening response times and no delays to deliveries since 2013

Claims per yacht delivered and time to solve them



Actual delivery vs. contractually agreed delivery time



Sources: company information, management statements

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One of the most important marine hubs on the Mediterranean



Key Figures



~100.000 m² for production

o/w ~45.000
m² for Shipbuilding activities

o/w ~53.000
m² for Refitting activities



200 x 35 mt dry dock

metres of docks 2,000



100 mt x 3,300 ton floating dock

Sheds 11 + 1



2043 expiry date of state shipyard concession

TISG 4.0 Increase in production capacity by 40%,
by August 2021

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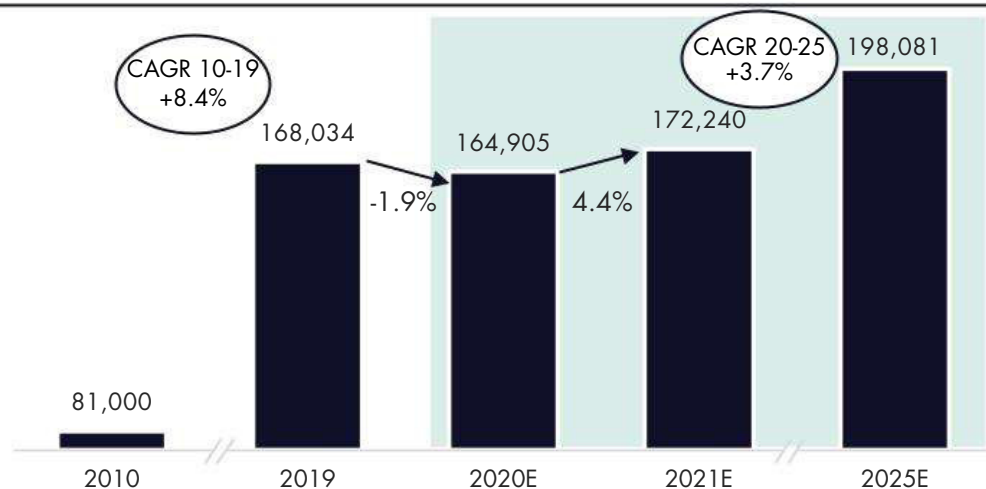
Largely untapped, UHNWI client base immune to economic shock

Considerable potential upside from even a marginal increase in penetration of highly resilient client base

Growing UHNWI client base

UHNWI doubled in the last decade and are expected to have dropped just 1.9% in 2020, due to the COVID-19 effect, rebounding by 4.4% in 2021

Number of UHNWI



Largely unpenetrated addressable market

Luxury yachts represent a tiny fraction of the global luxury market (<2% in 2018), but are growing at a faster rate than any other sub-segment since 2013

Motor-yacht fleet by number and penetration of UHNWI

Motor-yacht fleet 2021E (#) 4,995

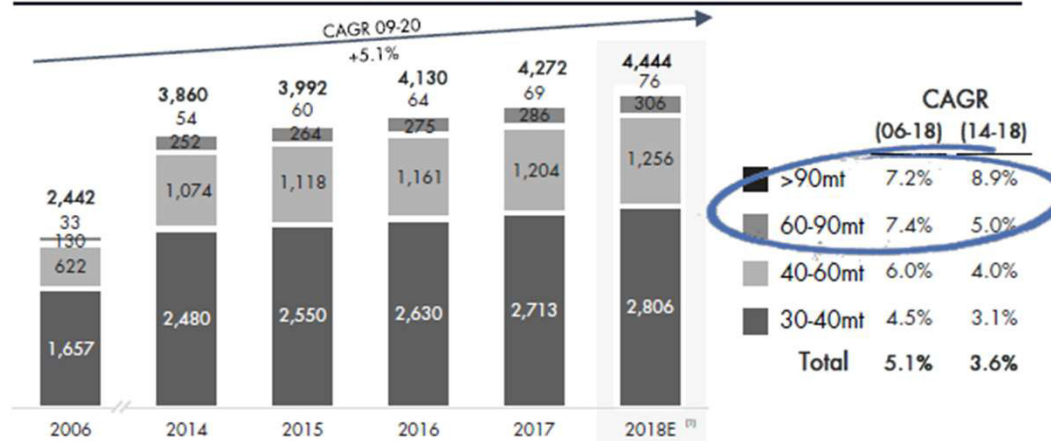
Penetration on the UHNWI population 2.9%



Just ~3% of UHNWI own a motor-yacht longer than 30mt

Consistent market growth in higher length model range

Global motor-yacht fleet by size range, number of superyachts, 2006-2018E



Sources: Deloitte Boating Market Monitor, May 2019; Global Wealth Report Databook, Credit Suisse, 2010-2019; IMF, "dinamiche e prospettive di mercato della filiera nautica da diporto, 2019; Global Order Book, 2020
Notes: 1) 2018E: based on sum of delivered yachts as at November 16th 2018, plus the remaining scheduled deliveries for the year

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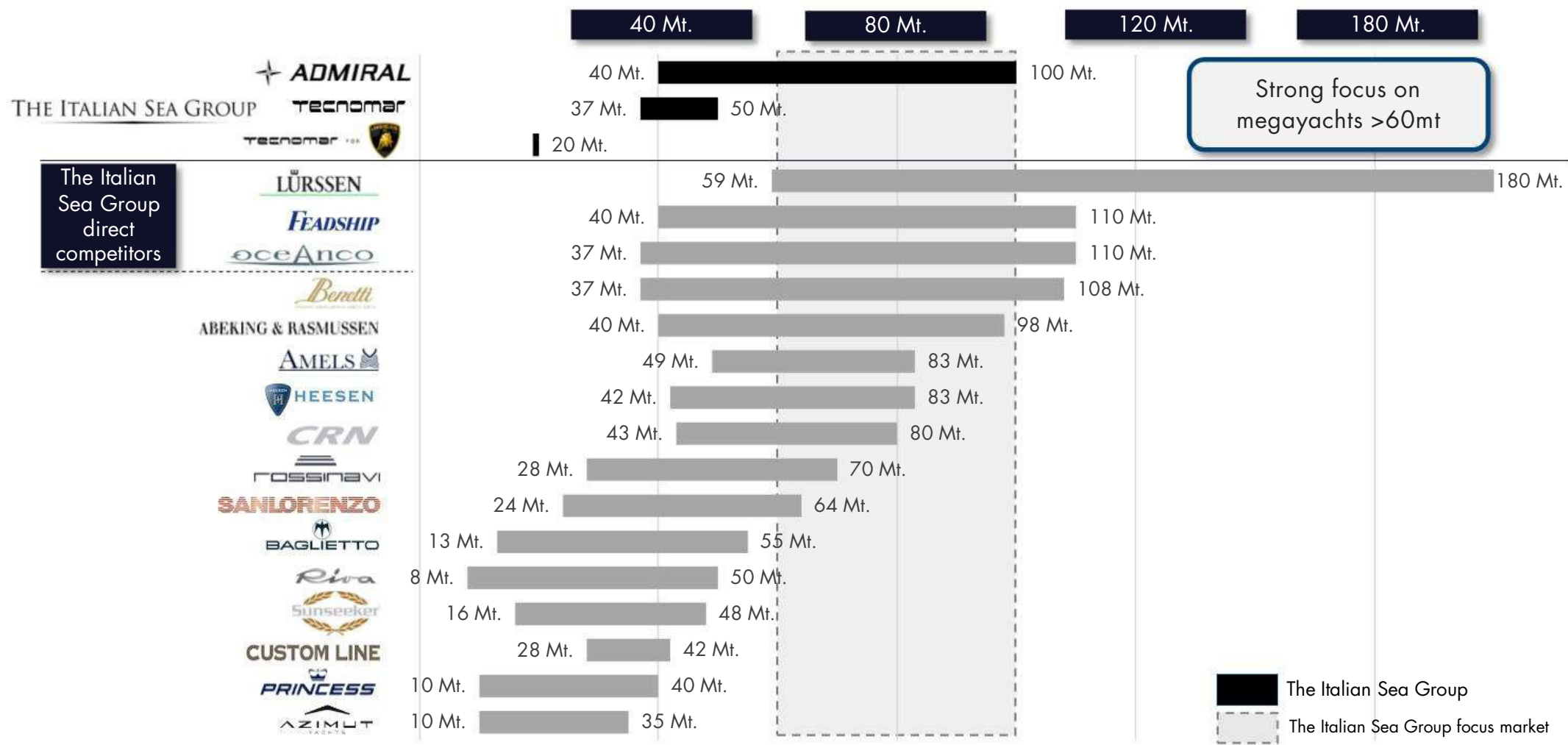
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Few competitors, mainly located in Northern Europe

Focus on the less crowded segment



Sources: Superyachts Annual Report 2017, 2018 and 2019, company websites, Aida BdV, Amadeus BdV

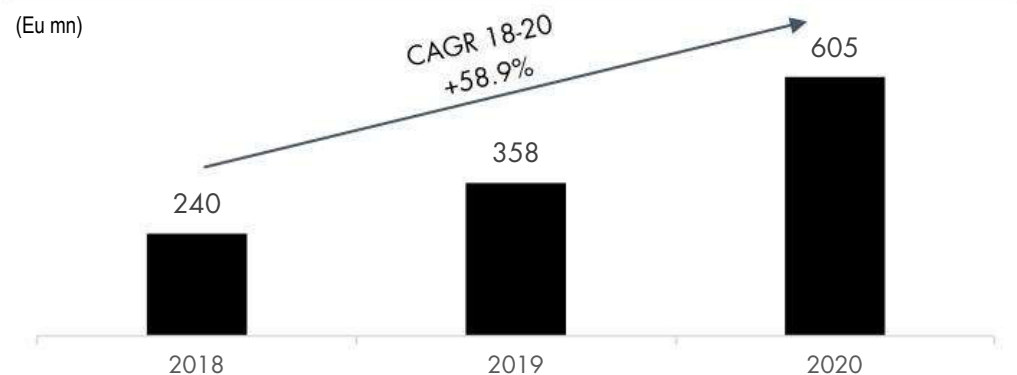
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Backlog-based business granting exceptional visibility...

Net backlog growing sharply, now at 3.7x 2020 revenues, with track record of order cancellations close to zero

Order Book¹

(Eu mn)



Coverage ratio ³	3.5x	3.6x	5.2x
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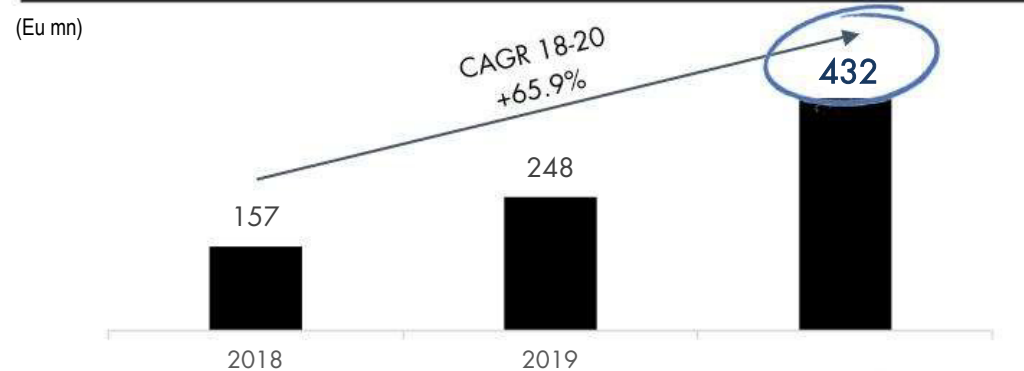
Just 2 clients defaulted since 2009

Defaulted orders were resold with no loss incurred

	Case 1	Case 2
Order date	2014	2018
Expected delivery date	2016	2020
Client default date	2015	Oct 2020
% Completion at default date	10%	50%
Down payments (Eu mn)	3.0	4.5
Resale agreement date	2019	Nov 2020
New expected delivery date	2020	May 2021
Resold Order value	>100%	>100%

Net backlog²

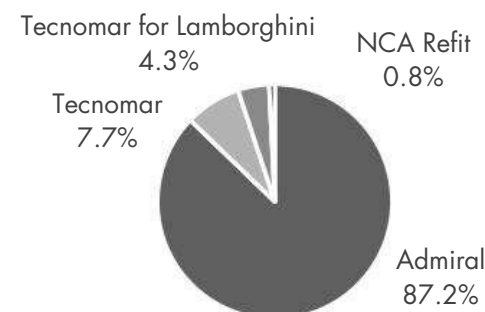
(Eu mn)



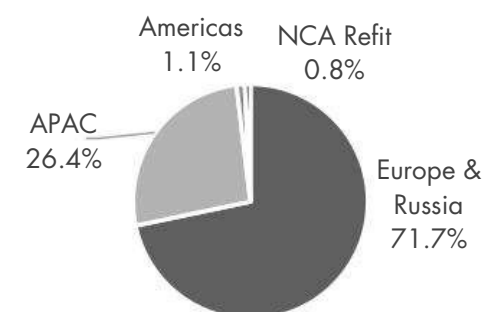
Coverage ratio ³	2.3x	2.5x	3.7x
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Net backlog 2020 breakdowns

By brand



By geography



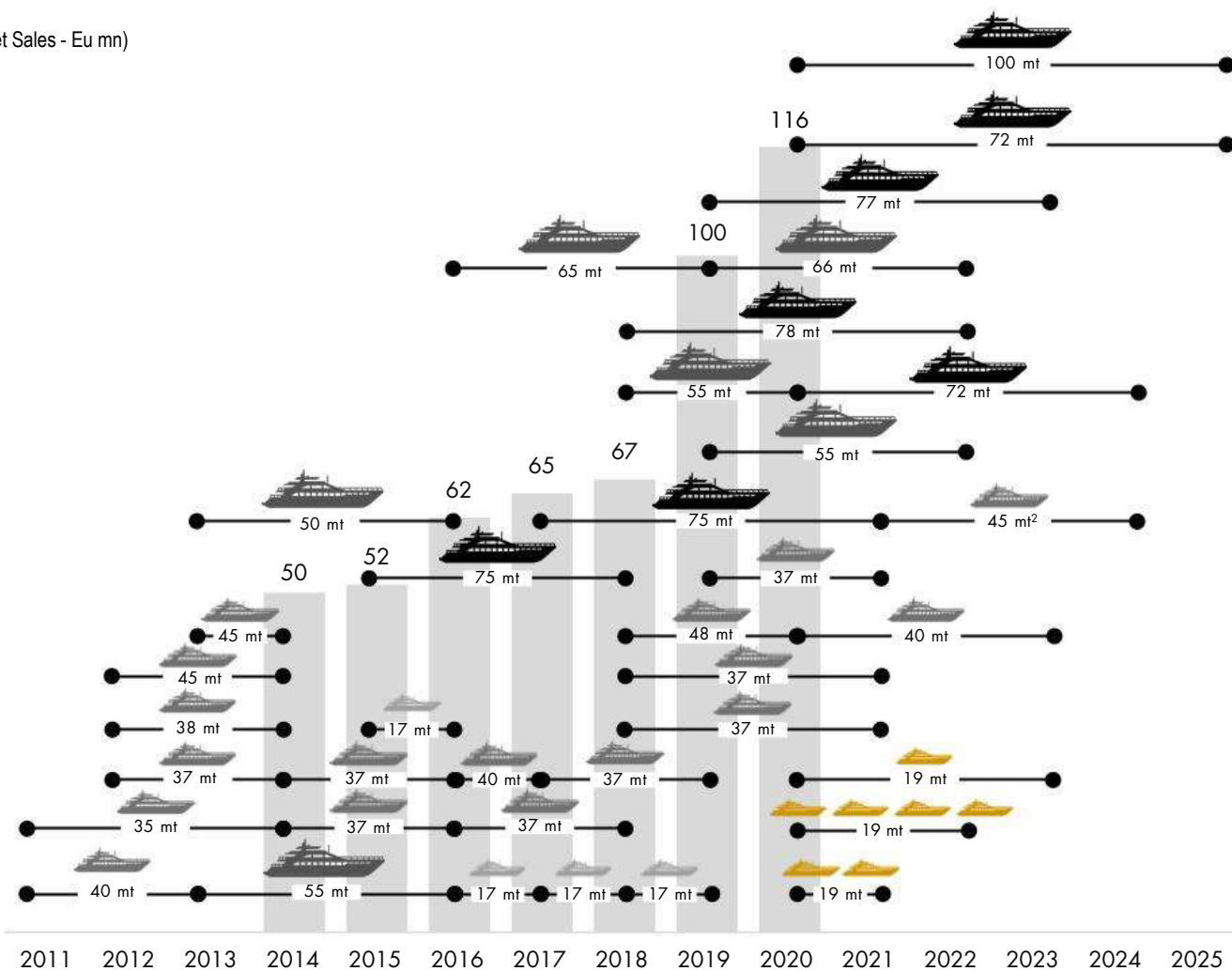
Notes: 1) order book is equal to the sum of all contract values related to shipbuilding orders in progress; 2) net backlog takes into account the contract values net of related revenues already recorded; 3) backlog / Net Sales

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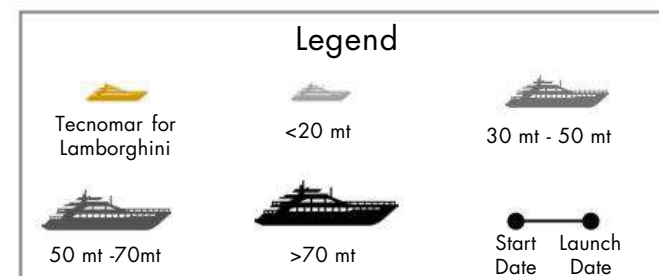
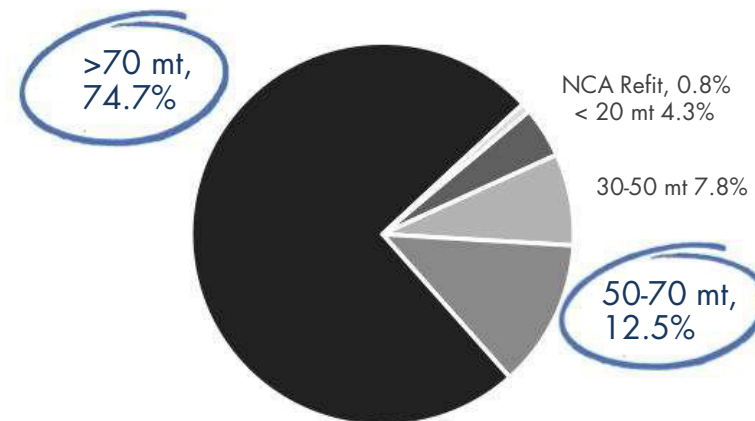
...with positive trend towards longer products...

~75% of the net backlog >70mt¹

(Net Sales - Eu mn)



Net backlog 2020 breakdown by LOA



Sources: company information

Note: 1) data as at 31 December 2020, 2) contract signed in 2021

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...combined with a low-risk sales model

No risk of unsold inventory and favourable advance payment conditions drive positive working capital dynamics

Order-based approach and acceptance of cash payments only, eliminating warehouse risk

No speculative production + No trade-ins accepted = No risk of unsold inventory
No risk of write-offs

Favourable advance payment conditions improving order cash cycle, with a positive dynamic moving towards higher production length

Order type	Advance payments (% of purchase price)																	
Over 50mt	Usually up to 11/12 milestones, each with mid payments scheduled																	
	1	2	3	4	5	6	7	8	9	10	11							
	Sale contract signature	Vessel keel laying	90% hull completion	Hull and superstructure assembled and completed at 90%	Engine on board	90% fairing	Partitioning of crew area	Partitioning of guest area (ship-owner)	50% interiors completion	Launch	Delivery							
Up to 50mt	<table><tr><td>Down paym. 15%</td><td colspan="2">Mid payment 35%</td><td colspan="2">Mid payment 35%</td><td colspan="2">Delivery 15%</td></tr></table>											Down paym. 15%	Mid payment 35%		Mid payment 35%		Delivery 15%	
Down paym. 15%	Mid payment 35%		Mid payment 35%		Delivery 15%													
High-speed branded motor-yacht	<table><tr><td>Down paym. 25%</td><td colspan="2">Mid payment 25%</td><td colspan="2">Mid payment 25%</td><td colspan="2">Delivery 25%</td></tr></table>											Down paym. 25%	Mid payment 25%		Mid payment 25%		Delivery 25%	
Down paym. 25%	Mid payment 25%		Mid payment 25%		Delivery 25%													

Advance payments not refundable to clients in default

- No performance guarantees granted
- Only up to 40% of the advance payments are covered by bank and insurance guarantees granted by The Italian Sea Group

Sources: company information

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Superior refitting capabilities, boosting customer base expansion...

Most refitting occurs on third-party yachts, easing future customer base expansion

+~25 mt increase in average length yacht refitted in 2020 vs. 2018

- ~90% of revenues on average from third-party boats in the last 3 years
 - Customer base expansion opportunity for shipbuilding business
- Ongoing know-how acquisition through refitting assessments of peers' vessels

100% refitting hit ratio on The Italian Sea Group fleet



Maltese Falcon
88mt – Perini Navi



Main
65mt – Codecasa



Ice
90mt – Lürssen



Smeralda
77mt – SilverYacht



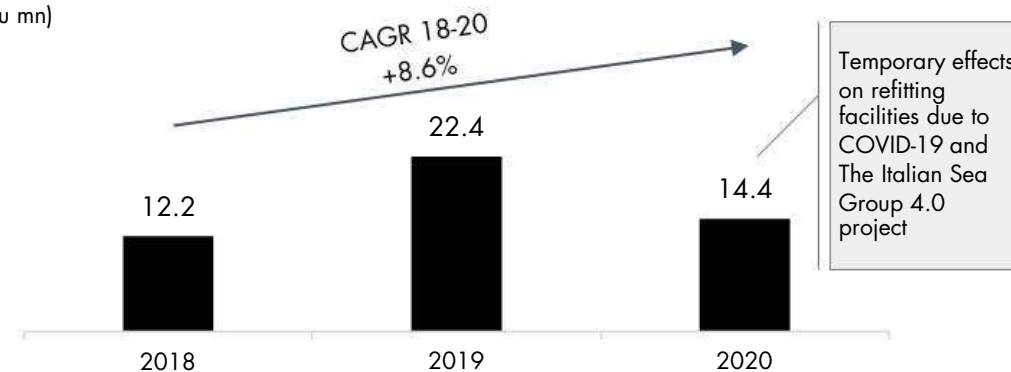
M5
78mt – VT Group



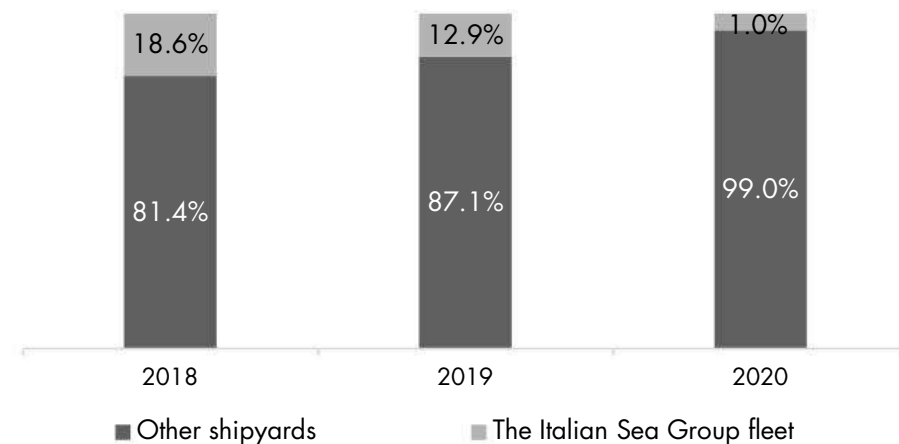
Quattro Elle
86mt – Lürssen

Refitting revenues

(Eu mn)



Units refitted, breakdown by ownership

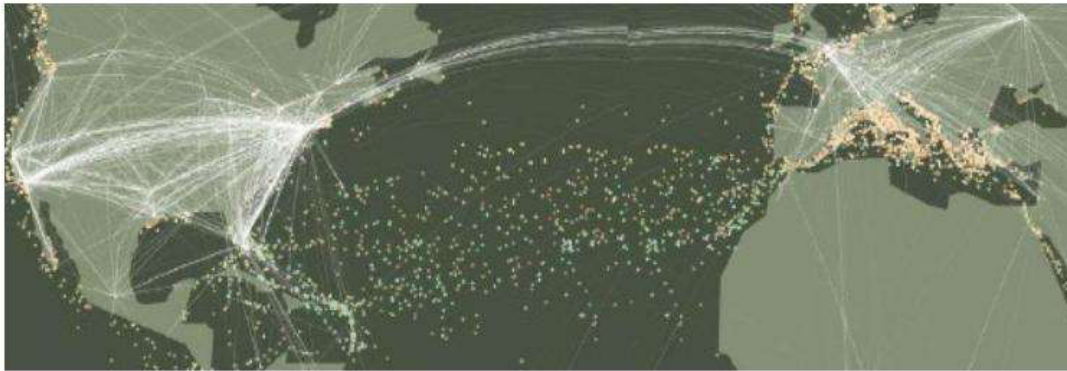


Sources: company information

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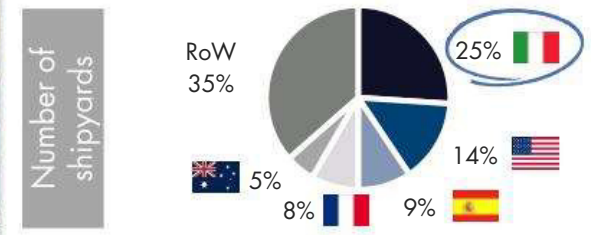
...leveraging on comprehensive and strategically located yard facilities



Strategic positioning in most acclaimed shipyard districts worldwide



Country breakdown of the refitting market



Outperforming other competitor shipyards

Top crew facilities on site to convince refit decision-makers: captain and shipowner's representative

	Shipyard	Country	Motor	Sail	Max length (mt)	Covered workspace (mt)	Dry docks	Offices	Gym	Training	Restaurants
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Main competitors	Lusben		✓	✓	120	60	✓	On site	<1mi away	<1mi away	<1mi away
	Amico & Co		✓	✓	170	102	✓	On site	<1mi away	<1mi away	<1mi away
	Monaco Marine		✓	✓	370	n.a.	✗	On site	n.a.	n.a.	n.a.
	MB92 Bcelona		✓	✓	200	60	✗	On site	n.a.	n.a.	n.a.
	Astilleros de Mallorca		✓	✓	110	n.a.	✓	On site	<1mi away	n.a.	n.a.
Other shipyards	JFA Yachts		✓	✓	60	50	✓	On site	<1mi away	<1mi away	<1mi away
	A&R Services		✓	✗	126	125	✗	On site	<1mi away	On site	On site
	Lürssen		✓	✓	215	170	✓	<1mi away	<1mi away	<1mi away	<1mi away
	Avangard		✓	✓	50	59	✗	On site	<1mi away	<1mi away	<1mi away

Sources: company information, management estimates, Global Refit Guide 2019-20, Yachting Pages Refit, interviews with brokers and industry experts

Note: 1) The Italian Sea Group also offer entertainment services: events, dancing class, outdoor trips

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FINANCIALS

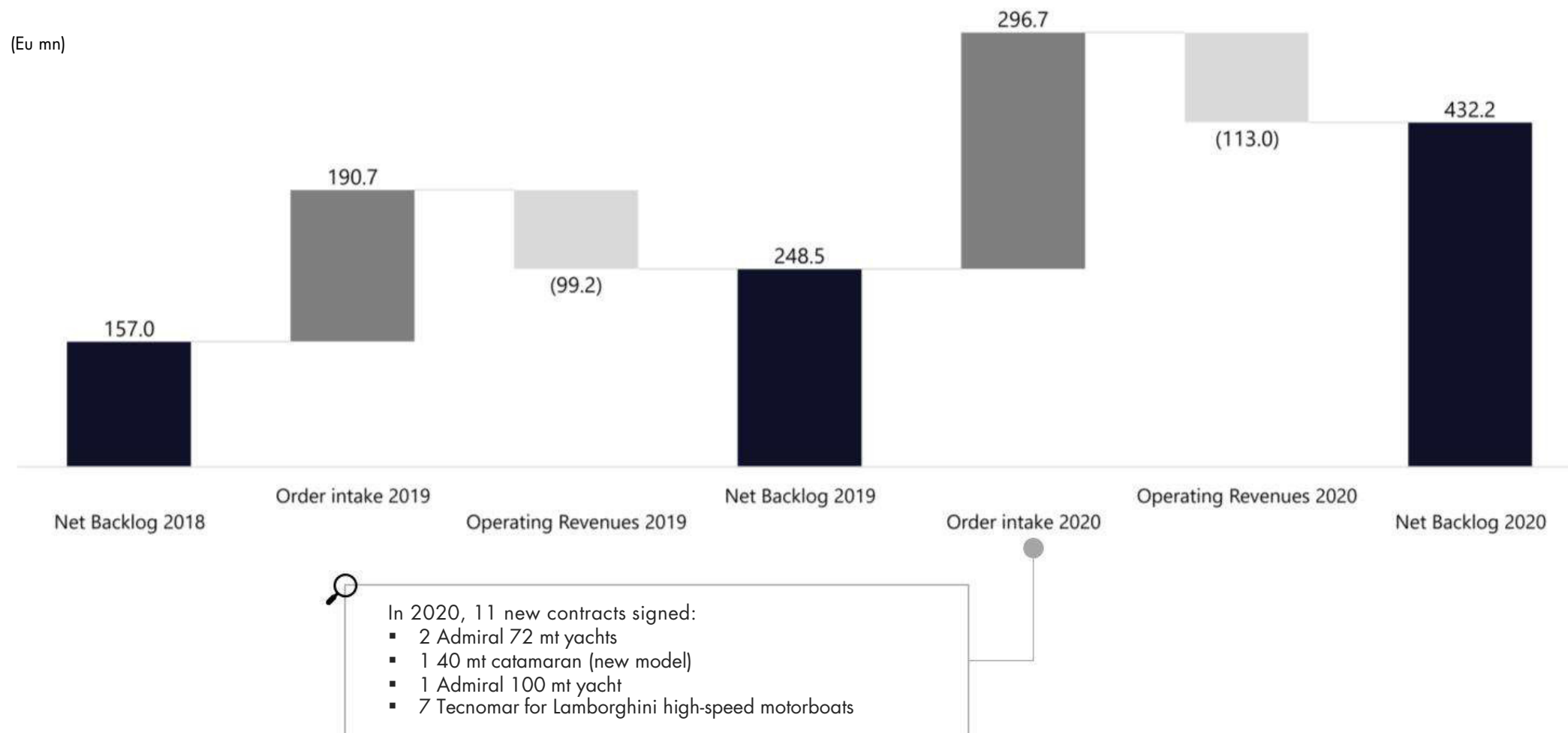
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Net backlog

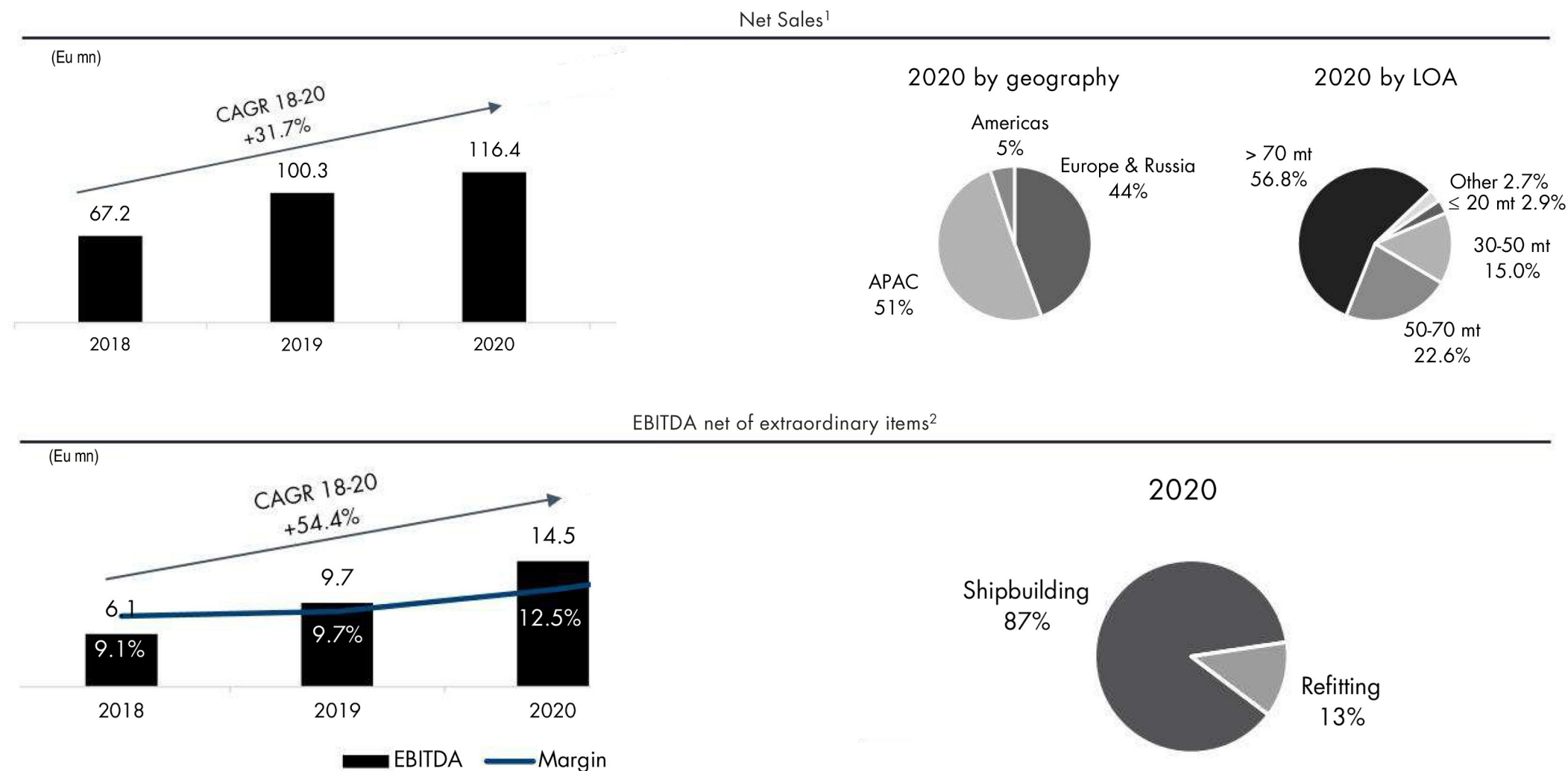


Note: 2020 order intake includes ~Eu10mn of orders received and closed in 2020

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A combination of exceptional and visible growth...

Ever-increasing backlog supports strong rise in revenues and margins ...



Notes:

1) Net sales exclude extraordinary income (2020: Eu0.8mn; 2019: Eu0.7mn)

and capital gain (2020: Eu0.0mn; 2019: Eu0.1mn)

2) EBITDA net of extraordinary items includes loss on credit (2020: Eu-0.2mn; 2019: Eu- 0.1 mn) and excludes (i) extraordinary income (2020: Eu0.8mn; 2019: Eu0.7mn), (ii) capital gain: 2020: Eu0.0mn; 2019: Eu0.1 mn), (iii) extraordinary

costs (2020: Eu-0.4mn; 2019: Eu- 2.3mn), (iv) risk provisions (2020: Eu-0.5mn; 2019: Eu- 0.6mn), (v) and provisions for tax liabilities (2020: Eu-0.1mn; 2019:

Eu- 0.0mn)

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...resulting in strong cash generation and a solid capital structure

Virtuous business model improving cash generation and favouring the balance sheet strengthening

Strong cash conversion

Strong cash generation, with Eu24.5mn cumulative free cash flow from 2018-2020 and positive working capital dynamics

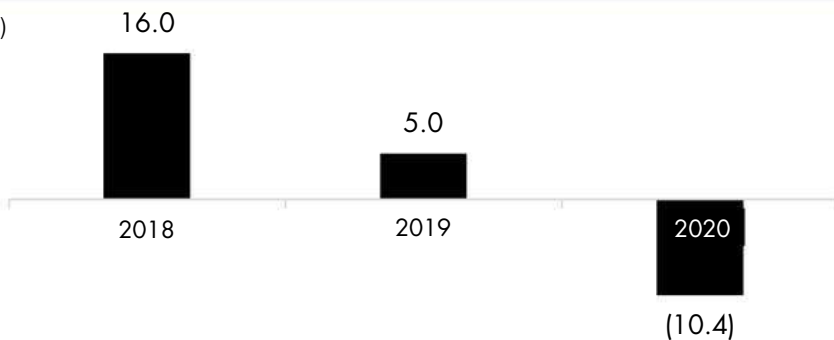
Free cash flow and cash conversion¹ evolution

(Eu mn)



Net working capital (NWC) evolution

(Eu mn)

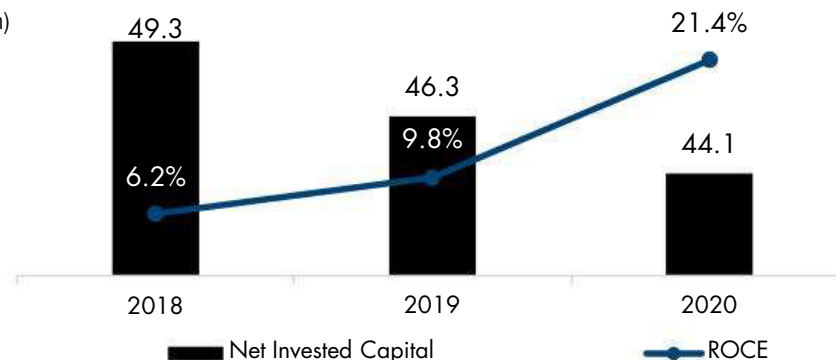


Solid capital structure

Strong ROCE improvement over time (21.4% ROCE in 2020 vs. 6.2% in 2018), with a healthy financial structure to support growth (0.3x leverage in 2019 vs. 2.6x in 2018)

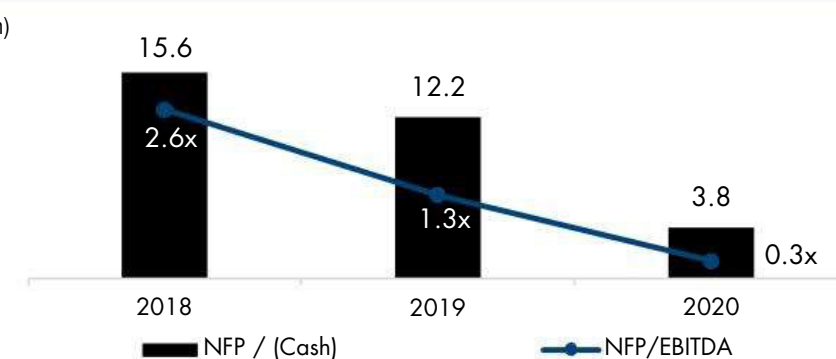
Net invested capital and ROCE² evolution

(Eu mn)



Net financial position and leverage evolution (NFP/EBITDA)

(Eu mn)



Notes:

1) Computed as unlevered free cash flow divided by EBITDA

2) Computed as EBIT/ net invested capital

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Profit & Loss | Q1 2021

Profit & Loss (reclassified)				
(Eu '000)	2020	1Q 2020	1Q 2021	YoY (%)
Operating revenues	112,951	18,054	33,698	86.7%
Other revenues	5,343	872	1,200	37.6%
Sale fees	(1,853)	(473)	(206)	(56.4%)
Net Sales	116,441	18,453	34,692	88.0%
YoY	16.1%			
Raw material costs	(26,423)	(3,333)	(7,621)	128.7%
Outsourced processes	(44,703)	(7,632)	(13,034)	70.8%
Consulting fees	(5,370)	(448)	(1,579)	252.5%
Other service costs	(7,037)	(1,262)	(2,229)	76.6%
Staff costs	(16,881)	(3,715)	(5,114)	37.7%
Other operating costs	(1,507)	(184)	(512)	178.3%
Total Costs	(101,921)	(16,574)	(30,089)	81.5%
EBITDA	14,520	1,879	4,603	145.0%
EBITDA margin	12.5%	10.2%	13.3%	
D&A	(5,090)	(1,012)	(1,137)	12.4%
EBIT	9,430	867	3,466	299.6%
EBIT Margin	8.1%	4.7%	10.0%	
Net financial income (charges)	(1,963)	(552)	(936)	69.6%
Total extraordinary Income (expenses)	343	75	48	(36.0%)
EBT	7,810	390	2,578	560.2%
Taxes	(1,575)	(221)	(670)	203.2%
Tax rate	20.2%	56.6%	26.0%	
Net income	6,235	169	1,908	1025.9%

Balance Sheet | Q1 2021

Balance Sheet

(Eu '000)	2020	1Q 2021	YoY (%)
Intangible assets	4,377	4,327	(1.1%)
Tangible assets	53,543	57,522	7.4%
Investments	43	43	-
Net Fixed Assets	57,963	61,892	6.8%
Other long-term assets and liabilities	(740)	1,293	(274.7%)
Inventory	2,759	2,739	(0.7%)
Contract work in progress and advance payments	13,704	31,063	126.7%
Trade receivables	14,616	4,932	(66.3%)
Trade payables	(34,240)	(30,191)	(11.8%)
Other current assets and liabilities	(6,544)	(6,931)	5.9%
Net Working Capital	(10,445)	2,905	(127.8%)
(Funds)	(3,456)	(3,653)	5.7%
Total Invested Capital	44,062	61,144	38.8%
Total shareholder's equity	40,220	35,902	(10.7%)
Net financial debt	3,842	25,242	557.0%
Total shareholder's equity and NFD	44,062	61,144	38.8%

Key comments

The increase in the NFD as at Q1-2021 vs. FY-2020 is due to:

- € 6.2m for the payment of dividends
- € 3.2m upon payment of the CELL transaction
- € 4.6m for investments referring to TISG 4.0
- For the residual part to the dynamics of working capital

Cash Flow | Q1 2021

Cash Flow				
(Eu '000)	2020	1Q 2020	1Q 2021	YoY (%)
Earnings before taxes	7,810	390	2,578	561.0%
Provisions	2,656	456	648	42.1%
Depreciation and amortisation	3,941	869	957	10.1%
Financial items	703	16	17	6.3%
Taxes	(637)	(221)	(670)	203.2%
Operating Cash Flow	14,473	1,510	3,530	133.8%
Trade receivables	(2,933)	825	9,504	1052.0%
Inventory	8,012	5,563	(17,339)	(411.7%)
Other operating assets	(1,260)	1,215	431	(64.5%)
Credits for escrow	-	-	-	-
Trade payables	11,161	(3,959)	(4,049)	2.3%
Other operating liabilities	(511)	(504)	1,190	(336.1%)
Employee severance indemnity	(798)	(173)	(219)	26.6%
Funds	(406)	(4)	360	(9100.0%)
Change in NWC and Funds	13,265	2,963	(10,122)	(441.6%)
Cash flow from operating activity	27,738	4,473	(6,592)	(247.4%)
Capex	(12,349)	(1,381)	(5,069)	267.1%
Free Cash Flow	15,389	3,092	(11,661)	(477.1%)
CEI receivable	(1,343)	0	(3,192)	-
Cash flow from financing activity	(1,858)	(1,700)	5,747	(438.1%)
Total cash flow for the period	12,188	1,392	(9,106)	(754.2%)



3

STRATEGY

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TECNOMAR

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A clear long-term vision to drive future growth

Clearly developed business strategy to enhance brand awareness, improve international positioning and increase production capacity

Enhance brand awareness

- ✦ **Increase yacht length (up to 100m)**
To enhance luxury features of Admiral yachts and improve the Group's overall price positioning
- ✦ Leverage on the **Automobili Lamborghini partnership** as a "door opener"
- ✦ Enter into **new partnerships with international luxury brands** to increase visibility and price positioning

Improve international positioning

- ✦ **US** - Increase Admiral and Tecnomar brand awareness through ad hoc marketing campaigns and participation at the most exclusive industry events
- ✦ **Asia** - Extend Tecnomar range - in high demand in the region - improving internal and external design
- ✦ **Europe** - Increase collaborations with acclaimed industry "starchitects" to strengthen uniqueness and exclusivity of TISG production
- ✦ **Middle East** - Leverage on the Automobili Lamborghini partnership to foster cross-selling of Admiral and Tecnomar and boost marketing efforts

Increase production capacity

- ✦ **External growth**, acquiring majority stakes in **selected European shipyards** (i.e. in Italy, Turkey and Greece) to move less strategic activities abroad
- ✦ *"The Italian Sea Group 4.0"*, a **transformational project to expand the Marina di Carrara production area**, specialising in the phases that add most value (already financed)

Sources: company information, management statements

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