



THE ITALIAN SEA GROUP

H1 2021 RESULTS

September 2021

✦ ADMIRAL

TECNOMAR

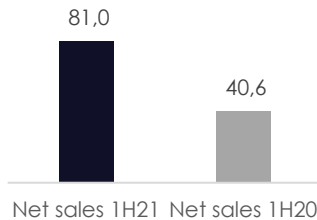
NCA REFIT

The Italian Sea Group at a glance

1H2021 Net sales

Eu81 mn
(+100% vs1H20)

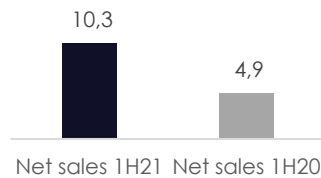
Net sales 1H 21 – 1H 20



1H2021 EBITDA

Eu10.3 mn
(+110% vs 1H20)
EBITDA Margin '21: **12.7%**

EBITDA 1H 21 – 1H 20

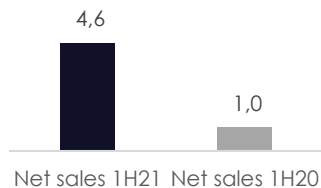


1H21 Highlights

- ✦ Boost in **brand awareness and new contracts** thanks to Tecnomar for Lamborghini success
- ✦ **TISG 4.0** on track with **+Eu9.5 mn** investments
- ✦ **Net Financial Position +Eu22 mn** (Cash) improving compared to -8mn as of 31st december 2020
- ✦ **Environmental Sustainability** set among the key targets

1H2021 Net result

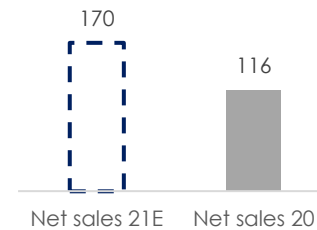
Eu4,6 mn
(+368% vs 1H20)



Net sales 21E

Eu170 mn
(~+47 % vs20)

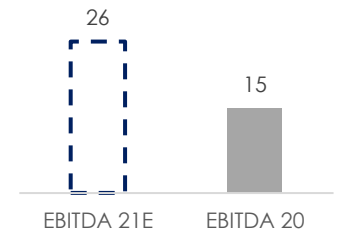
Net sales 21E –20



EBITDA 21E

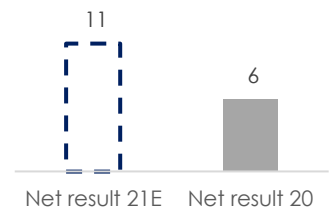
Eu26 mn
(~+79 % vs20)

EBITDA 21E –20



Net result 21E

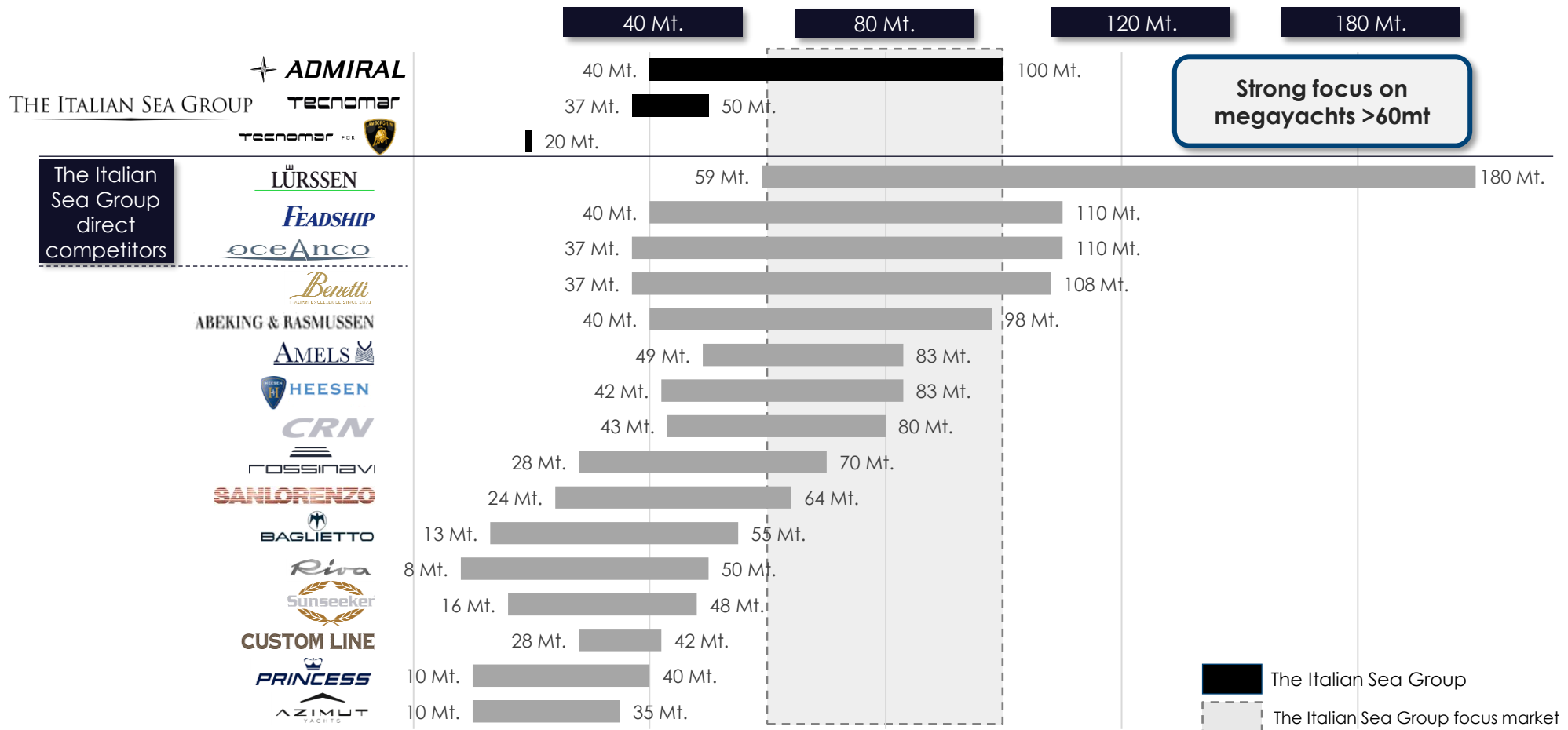
Eu11 mn
(~+76 % vs20)
Net result 21E –20



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Few competitors, mainly located in Northern Europe

Focus on the less crowded segment



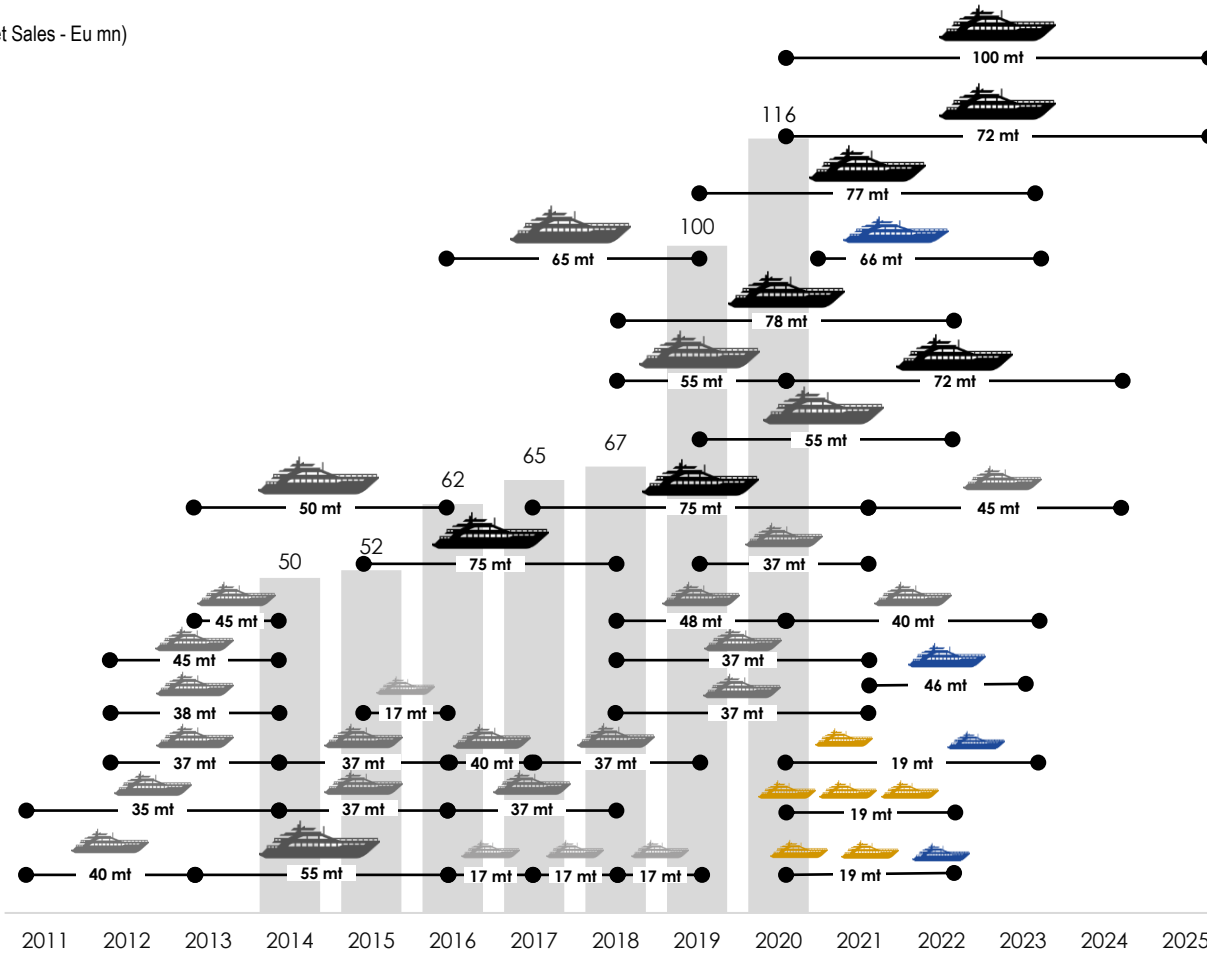
Sources: Superyachts Annual Report 2017, 2018 and 2019, company websites, Aida BdV, Amadeus BdV

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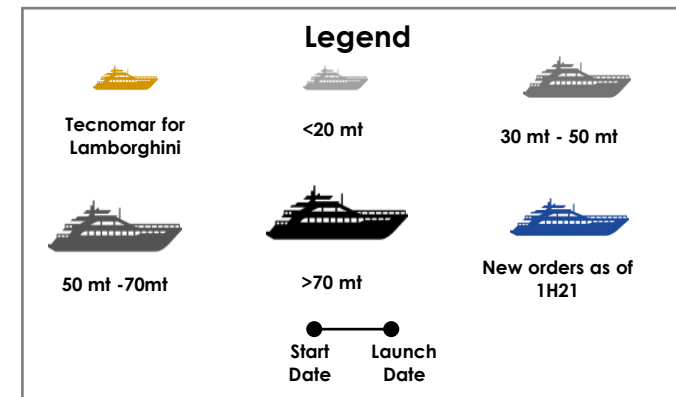
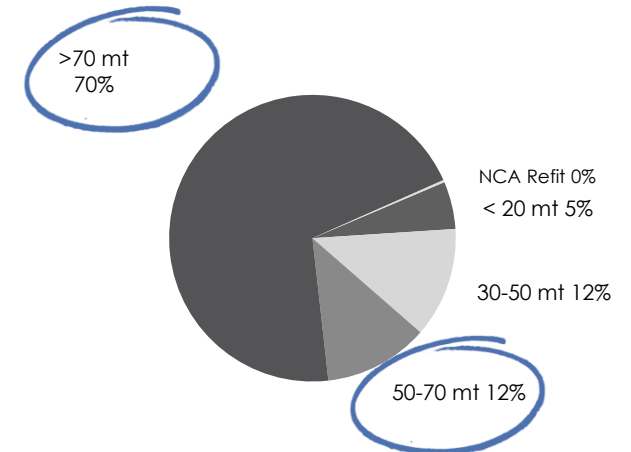
...with positive trend towards longer products...

~70% of the net backlog >70mt¹

(Net Sales - Eu mn)



Net backlog 2021 breakdown by LOA



Sources: company information

Note: 1) data as of June 30th, 2021

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ADMIRAL

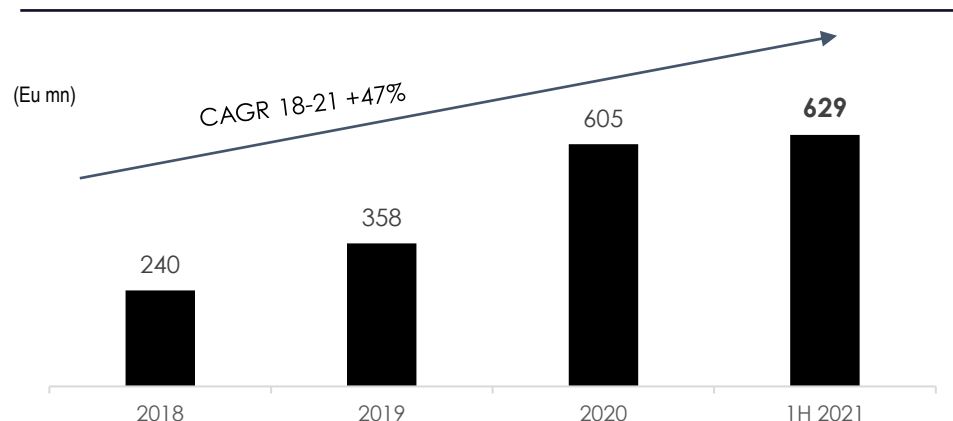
TECNOMAR

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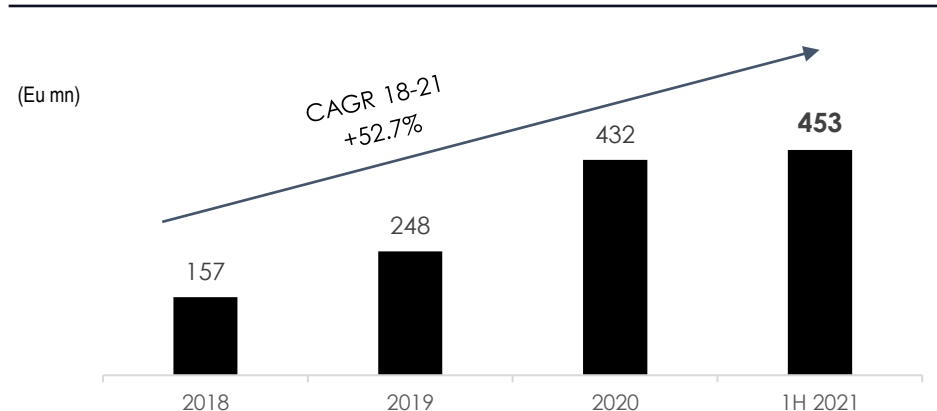
Backlog-based business granting exceptional visibility...

Net backlog growing sharply, with a track record of order cancellations close to zero

Order Book¹

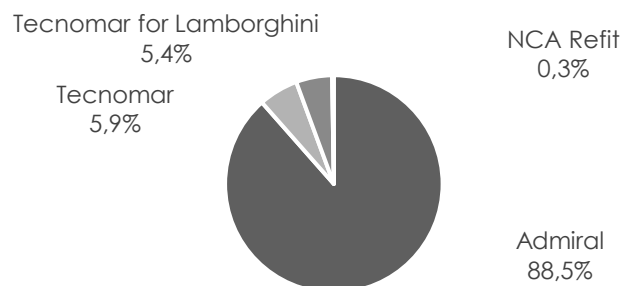


Net backlog²

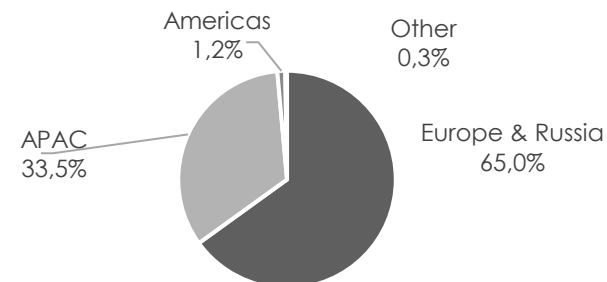


Net backlog 2021 breakdowns

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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FINANCIALS

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TECHNOMAR

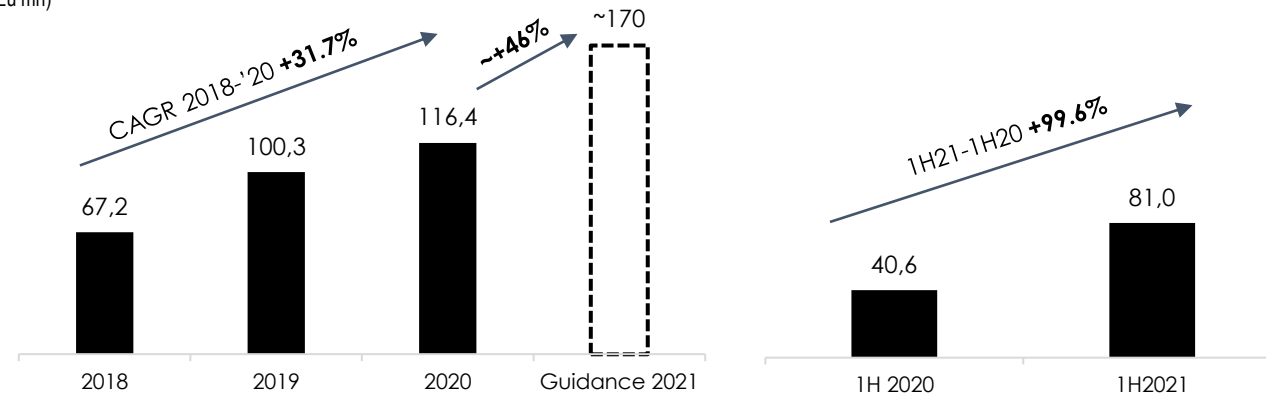
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A combination of exceptional and visible growth...

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

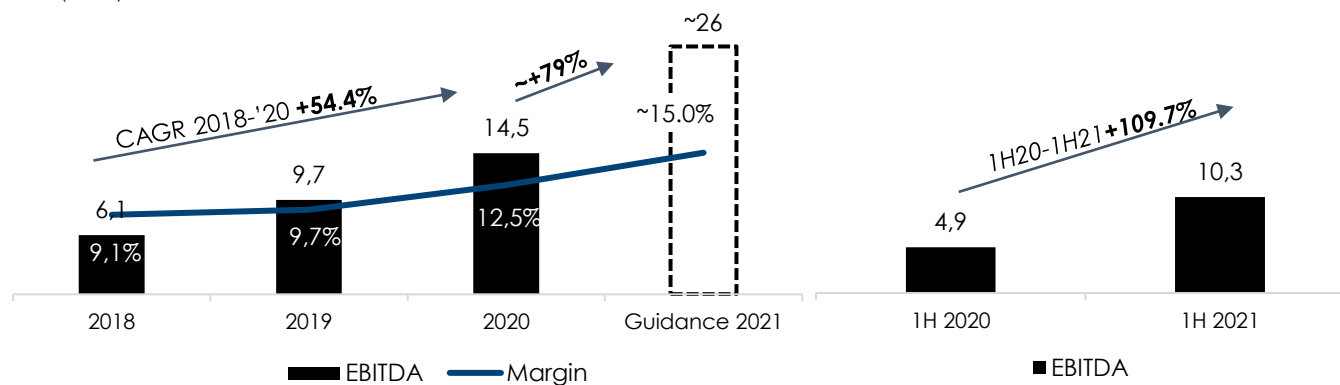
Net Sales

(Eu mn)

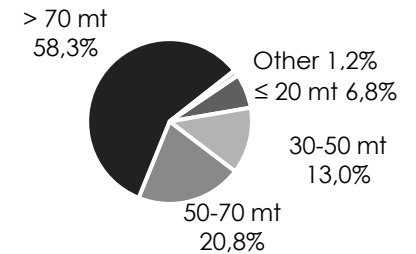


EBITDA

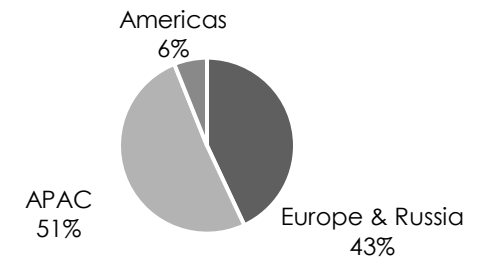
(Eu mn)



Revenues 1H 2021 by LOA



Revenues 1H 2021 by geography

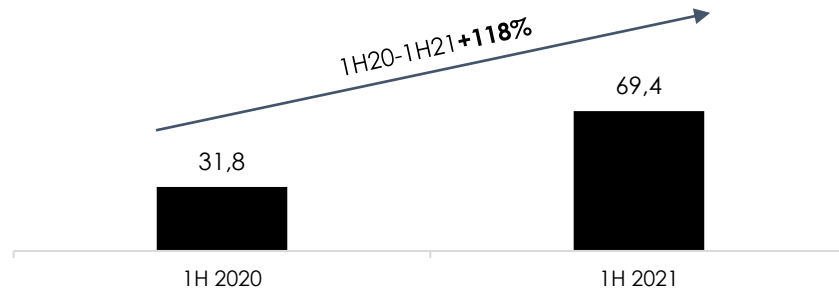


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Shipbuilding

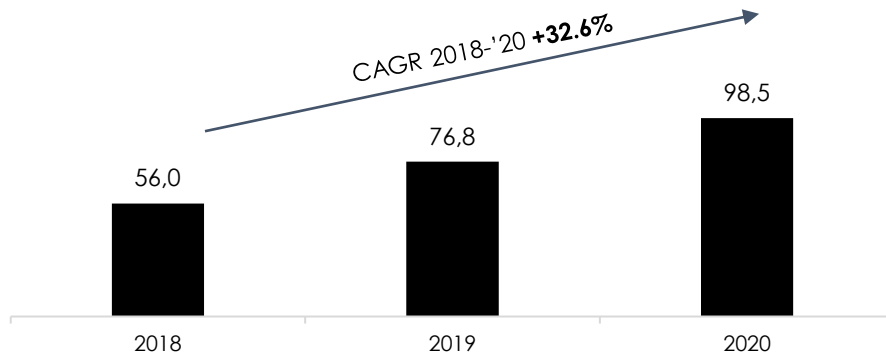
Revenues

(Eu mn)

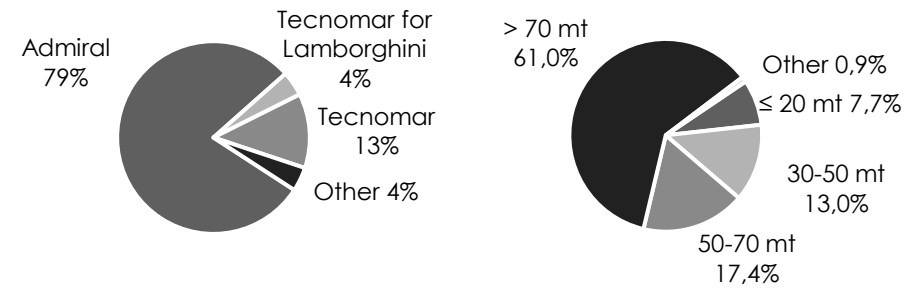


Revenues

(Eu mn)

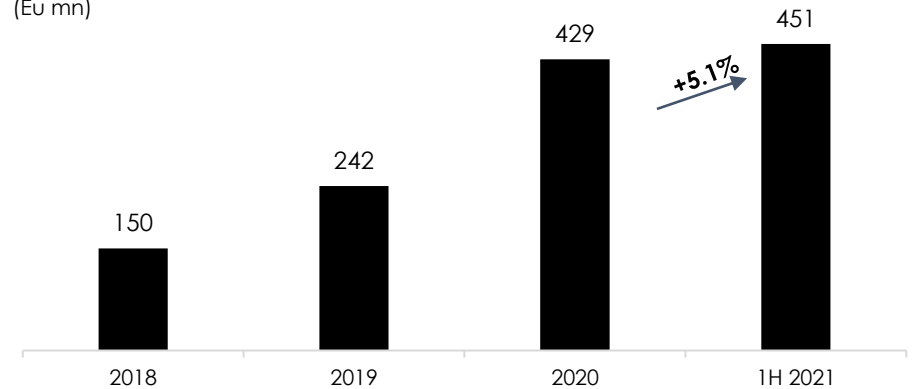


2021 revenue breakdown



Net Backlog

(Eu mn)



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Flagship brand of the Group

Recognized for design elegance, classic styling and prestige

Completely tailor-made yacht to fully meet shipowners' wishes

147 yachts delivered since 1966
o/w 14 since 2014



Geco
55 mt, 2020

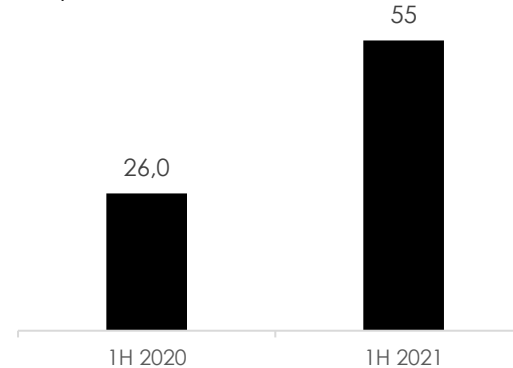


LifeSaga,
65 mt, 2019

Revenues

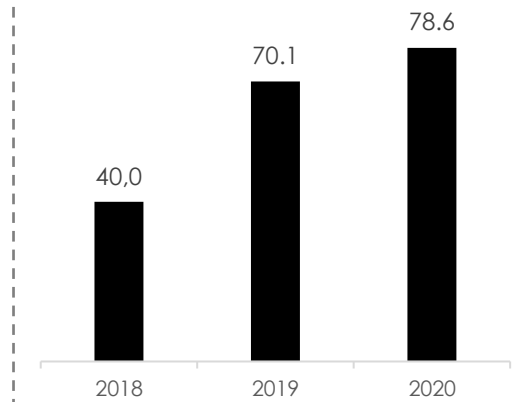
✦ ADMIRAL

(Eu mn)



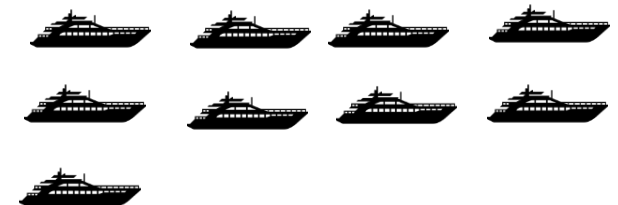
Revenues ✦ ADMIRAL

(Eu mn)



Admiral net backlog 1H 2021

Eu400.5mn
9 orders



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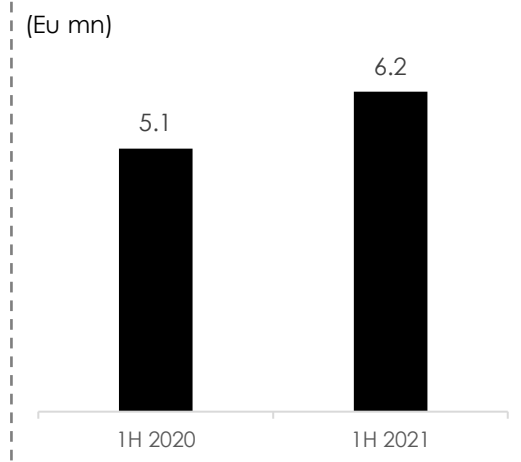
Dynamic styling and cutting-edge design with powerful and reliable technical features

Fast and sporty styling, steel and aluminum alloy structure with a **special focus on eco sustainability**

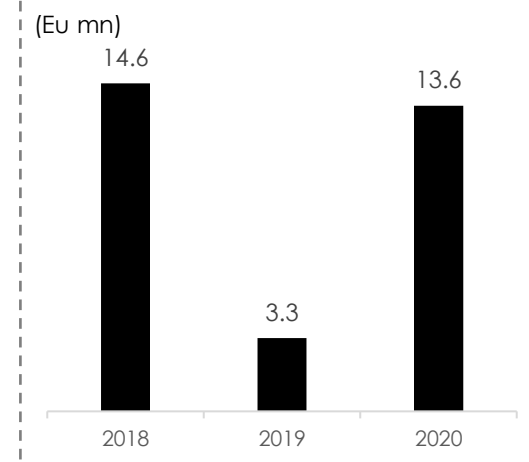
Tecnomar Evo has been particularly successful in the Asian market

289 yachts delivered since 1987
o/w 7 since 2014

Revenues TECNOMAR



Revenues TECNOMAR



Tecnomar net backlog 2021

Eu26.7mn
2 orders



EVO 130, 40 mt



La Vie EVO, 37 mt



Double Shot, 36 mt

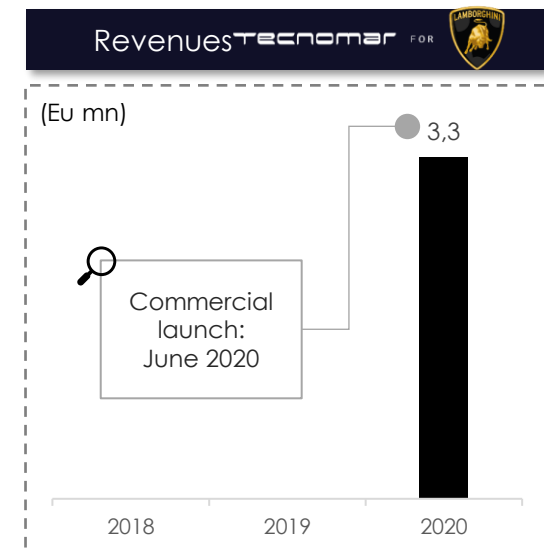
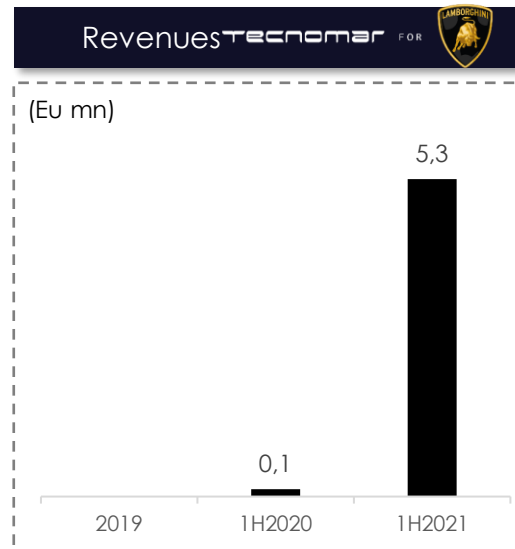
Tecnomar for Lamborghini

**Innovative high-speed branded yacht
(63 feet /~20 m)**

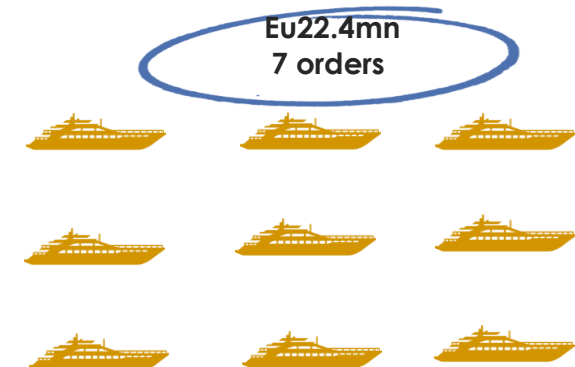
Limited edition: 63 yachts

Unique design inspired by Lamborghini Sián FKP 37

Top speed: 60 knots



Tecnomar for Lamborghini net backlog 2021

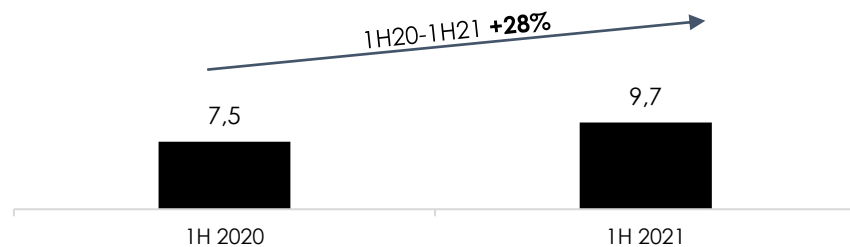


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Refitting

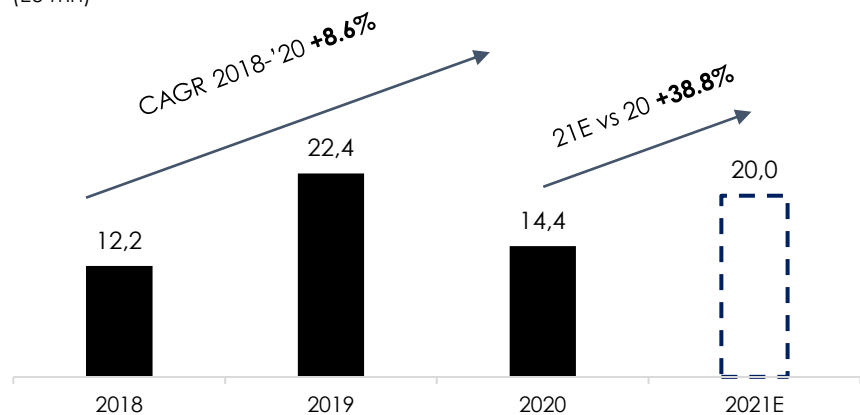
Revenues

(Eu mn)



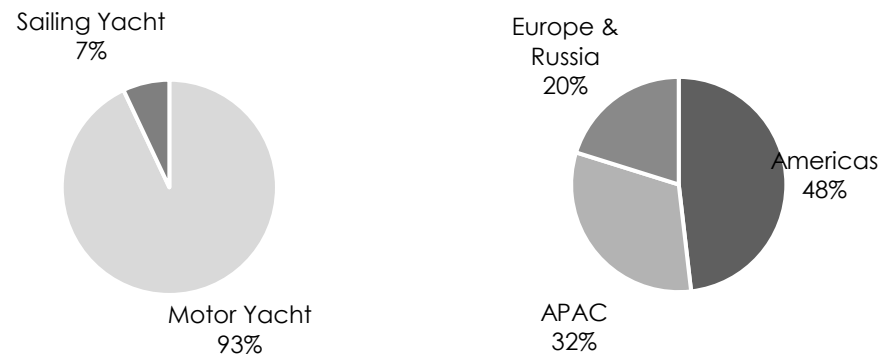
Revenues

(Eu mn)

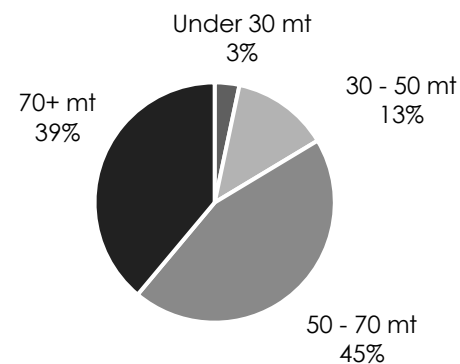


2021 revenue breakdown

Revenues 1H 2021 by Technology & Geography



Revenues 1H 2021 by LOA



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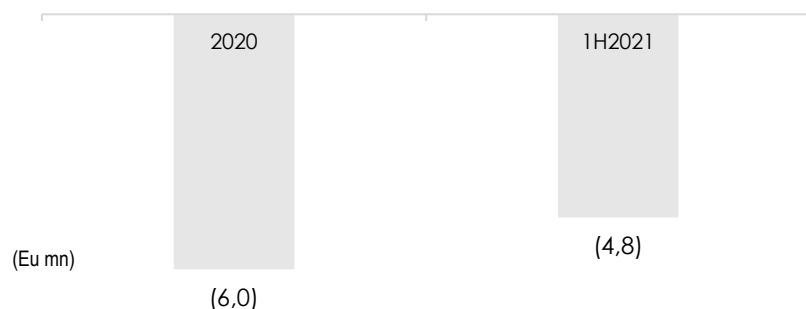
...resulting in strong cash generation and a solid capital structure

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

Net Working Capital

Is in line with the NWC as of December 31st 2020.
NWC composition is influenced by decrease in inventory and trade receivables as well as increase in trade payables and other current assets and liabilities. However, the effect is mitigated by a substantial increase in contract work in progress and advance payments.

Net working capital (NWC) evolution



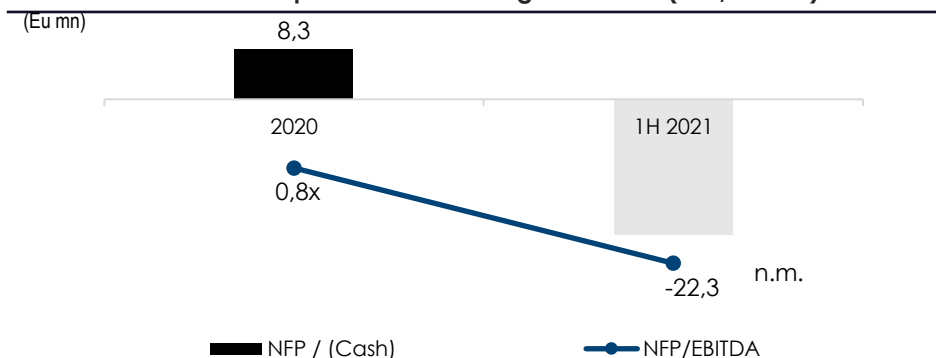
CAPEX

In the first six months of 2021 investments were made for the expansion of the Marina di Carrara shipyard, which involved the completion of a new shade and the start of construction of a new dry dock.

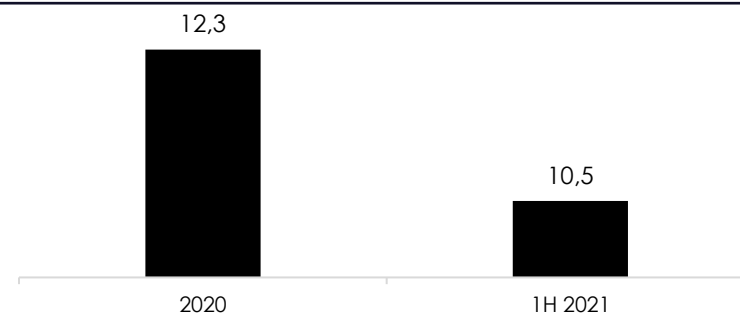
Net Financial Position

As of June 30th, 2021 has significantly increased from Dec. 31st 2020, due to operational management contribution (Eu 6.5 mn), balanced by significant investments for Eu 13.8 mn, dividend payments (Eu 6.2 mn) and thanks to the IPO proceeds (Eu 44.5 mn).

Net financial position and leverage evolution (NFP/EBITDA)



CAPEX



Notes:

1) Computed as unlevered free cash flow divided by EBITDA

2) Computed as EBIT/ net invested capital

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STRATEGY

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Concluding remarks

Business outlook

- ✦ **Increase of new contracts** - for Admiral (sailing catamaran) and for Tecnomar for Lamborghini 63
- ✦ **Upward** trend in **prices** through recognized brand allure and luxury positioning
- ✦ **In progress orders on time**, with some ahead of schedule

Operational Capacity

- ✦ Increase of production capacity and control over operations thanks to **TISG 4.0**, allowing a higher number of projects (*refitting* and *shipbuilding*)
- ✦ Growing number of **employees** and development of **specialized know-how**

ESG Initiatives

- ✦ **Environmental** proactive approach with a strong focus on raw materials (steel and aluminum instead of fiberglass) and innovation
- ✦ By the end of **2022**, 10% of energy from sustainable sources as photovoltaic plants
- ✦ **Social and governance** – training programs for employees and graduates in partnership with Universities of Genoa (Genoa and La Spezia), Trieste and Naples (*upcoming*), hosted in the “TISG Academy”

Sources: company information, management statements

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Main Takeaways





APPENDIX

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Profit & Loss

Profit & Loss (reclassified)

(Eu '000)	2020	1H 2021	1H 2020	Var	Var %
Operating revenues	112.951	79.044	39.340	39.704	101%
Other revenues	5.343	2.211	1.875	337	18%
Sale fees	(1.853)	(278)	(625)	347	(56%)
A Net Sales	116.441	80.977	40.590	40.388	100%
Raw material costs	(26.423)	(17.607)	(6.612)	(10.995)	166%
Outsourced processes	(44.703)	(34.652)	(14.423)	(20.229)	140%
Consulting fees	(5.370)	(2.446)	(2.508)	62	(2%)
Other service costs	(7.037)	(4.422)	(3.768)	(654)	17%
Staff costs	(16.881)	(10.503)	(7.798)	(2.705)	35%
Other operating costs	(1.507)	(1.098)	(591)	(506)	86%
Total Costs	(101.921)	(70.727)	(35.700)	(35.027)	98%
B EBITDA	14.520	10.250	4.889	5.361	110%
EBITDA margin	12,5%	12,7%	12,0%		
Provisions & Credit losses	(1.147)	(20)	(285)	265	(93%)
Intangible asset amortisation	(297)	(176)	(111)	(66)	59%
Tangible asset depreciation	(3.646)	(2.200)	(1.636)	(563)	34%
D&A and provisions	(5.090)	(2.396)	(2.032)	(364)	18%
EBIT	9.430	7.854	2.857	4.997	175%
EBIT Margin	8,0%	10,0%	7,0%		
Net financial income (charges)	(1.963)	(1.535)	(877)	(658)	75%
Extraordinary items	343	(295)	(11)	(284)	2.541%
EBT	7.810	6.024	1.969	4.055	206%
Taxes	(1.575)	(1.375)	(975)	(400)	41%
Tax rate	(20,0%)	(23,0%)	(50,0%)		
Net income	6.235	4.649	994	3.655	368%

Key comments

- A** A successful commercial strategy has led to increases of (i) incoming orders and (ii) average length of yachts, sustaining the sharp increase in net sales
 - The rise in 2021 net sales was driven by new contracts, in particular 4 contracts related to construction and sales of yachts with LOA comprise 40-100 mt. and 5 contracts related to motor-yachts with LOA about 20 mt branded Tecnomar for Lamborghini.
- B** Increase of products margin through High-End market positioning, also thanks to partnership with luxury brands.
 - Increase operational costs efficiency due to strategic investments aimed at improving the shipyard productive capacity.
 - Investments in human capital to develop a specialized internal know-how about the most valuable phases of the supply chain.

Balance Sheet

Balance Sheet

(Eu '000)	1H 2021	2020
Intangible assets	4.599	4.377
Tangible assets	62.733	53.543
Investments	43	43
Net Fixed Assets	67.374	57.963
Other long term assets and liabilities	1.816	664
Inventory	163	2.759
Contract work in progress and advance payments	40.959	13.704
Trade receivables	2.998	14.616
Trade payables	(42.136)	(34.240)
Other current assets and liabilities	(8.602)	(3.527)
Net Working Capital	(4.801)	(6.024)
Funds	(3.743)	(3.456)
Net Invested Capital	58.829	48.483
Total shareholder's equity	(81.146)	(40.220)
Net financial debt	22.316	(8.264)
Source of funds	(58.829)	(48.483)

Key comments

Net Working Capital is in line with the NWC as of December 31st 2020. NWC composition is influenced by decrease in Inventory and trade receivables as well as increase in trade payables and other current assets and liabilities. However, the effect is mitigated by a substantial increase in contract work in progress and advance payments.

The **Net Financial Position** as of June 30th, 2021 has significantly increased from Dec. 31st 2020, due to operational management contribution (Eu 6.5 mn), balanced by significant investments for Eu 13.8 mn, dividend payments (Eu 6.2 mn) and thanks to the IPO proceeds (Eu 44.5 mn)

Net Financial Position Breakdown

(Eu mn)	1H 2021	2020
Liquidity	(62,4)	(17,9)
Short-term banking debt	7,0	2,5
Long-term banking debt	17,8	7,8
Other short-term debt	2,7	3,9
Other long-term debt	12,6	12,1
Net Financial Position	(22,3)	8,3

Cash Flow

Cash Flow

(Eu '000)	1H 2021	1H 2020
Earnings before taxes	6.024	2.149
Provisions	905	913
Depreciation and amortisation	2.520	1.713
Financial items	33	32
Taxes	(1.375)	(975)
Operating Cash Flow	8.107	3.832
Trade receivables	11.438	(5.301)
Inventory	(24.659)	5.576
Other operating assets	(1.580)	226
Trade payables	6.402	(6.305)
Other operating liabilities	6.468	1.858
Employee severance indemnity	(441)	(333)
Funds	753	(5)
Change in NWC and Funds	(1.619)	(4.284)
Cash flow from operating activity	6.488	(452)
Capex	(13.866)	(3.928)
Free Cash Flow	(7.378)	(4.380)
Cash flow from financing activity	51.857	2.145
Total cash flow for the period	44.479	(2.235)



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