INTERMONTE ROADSHOW

30 MARCH 2023

THE ITALIAN SEA GROUP

PICCHIOTTI SINCE 1575 · ADMIRAL · PERINI NAVI · Tecnomar · NCA REFIT

The Italian Sea Group at a Glance

The Italian Sea Group S.p.A. is a global operator in luxury yachting, the first builder in Italy and fourth in the world for yachts over 50 metres[1]. TISG was listed in the Milan Stock Exchange in June 2021.

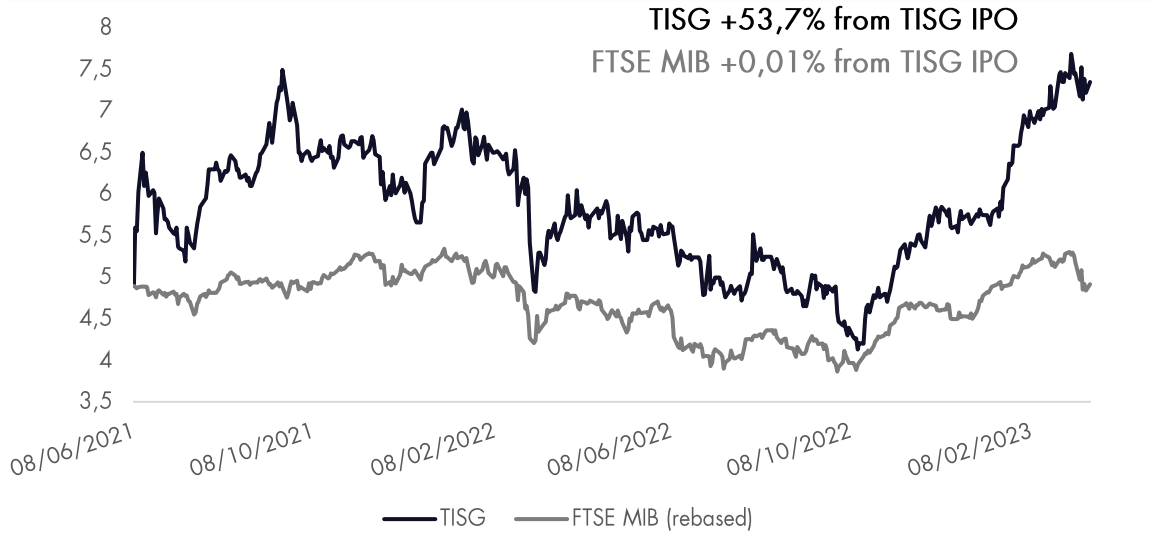
BRANDS

ADMIRAL	Motor-yachts **above 50mt.**
tecnomar	**Speedy motor-yachts** from 37mt to 50mt.
PERINI NAVI	Large **sailing yachts** from 47mt.
PICCHIOTTI SINCE 1575	Gentleman Yachts from 24mt to 55mt.
NCA REFIT	**Refit and maintenance** of motor and sailing yachts, with a **focus on yachts over 60mt.**

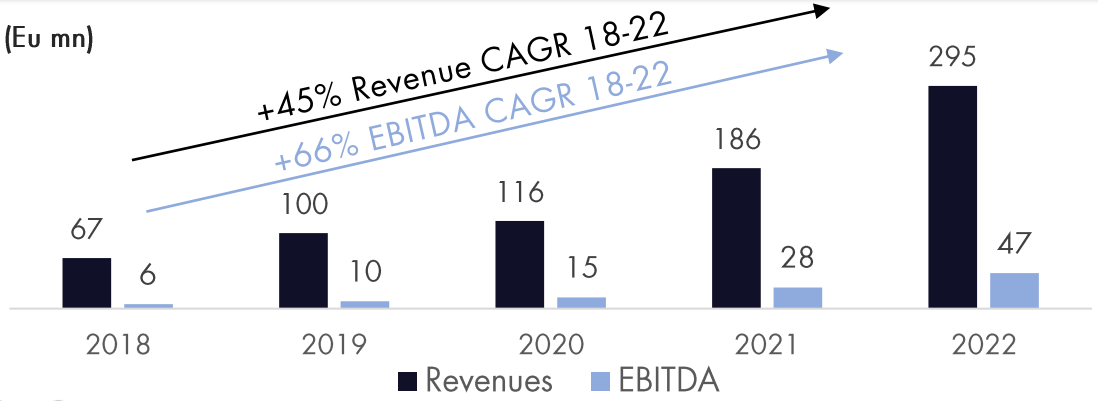
PARTNERSHIPS

tecnomar FOR LAMBORGHINI	Limited edition speedy motor-yachts inspired by the **Lamborghini Siàn FKP 37.**
GIORGIO ARMANI	Motor-yachts designed in collaboration with designer **Giorgio Armani.**

STOCK PERFORMANCE FROM IPO (8 JUNE 2021)



REVENUE AND EBITDA EVOLUTION



Note: 1) Ranking base on 2022 yacht sales (source: Boat International, Global Order Book 2022).

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FY 2022 Results

- **Revenues** amounting to **Eu 295mn**, **+59%** increase vs FY 2021
- **EBITDA** amounting to **Eu 47mn**, **+68%** increase vs FY 2021, with a Margin of 16%
- **Order Book (Shipbuilding and Refit)** surpassing the **1 billion mark**, for **Eu 1'038mn**
- **Net Income** amounting to **Eu 24.0mn**, **+47%** increase vs FY 2021
- **Net Financial Debt** for Eu 11.3mn, **0.2x LTM EBITDA**

CMD & Strategic Outlook 2023 – 2024

- Hosted first **CMD on 24 January 2023** providing the markets an in-depth view into our Business Strategy and Sustainability Roadmap
- Presented our **Strategic Outlook 2023-2024** with respect to Revenues, EBITDA, Dividend Policy and Financial Leverage

AGM – 27 April 2023

Agenda

Approval of FY 2022 **Consolidated Annual Report** and **Dividend**

Approval of **Remuneration** and **Corporate Governance Reports**

Approval of **LT Incentive Plan 2026-2028** and **Share Buy Back**

Appointment of new **Board of Directors** and **Board of Statutory Auditors**

Ordinary Dividend

Ordinary Dividend of Eu 0,272 per share (+47% vs 2021), Eu 14.4mn in total, proposed by the Board of Directors to the AGM

In line with Strategic Outlook at **60% of 2022 Consolidated Net Income**

LTIP – Stock Option Plan

Objectives are to **loyalise and incentivise** top and middle management and to foster **alignment with shareholders** over the medium to long term

Maximum **dilution of 3.65%** of share capital via stock option scheme

3 cycles each with 3-year vesting: 2023-2025, 2024-2026, 2025-2027

Strike price for **each cycle** set at **average share price** recorded in the 90 days prior to Notice of Call of the AGM

Challenging performance targets linked to organic Revenues, EBITDA margin, Net Working Capital and ESG results

Customary provisions including clawback, good/bad leaver, lock-up, etc.

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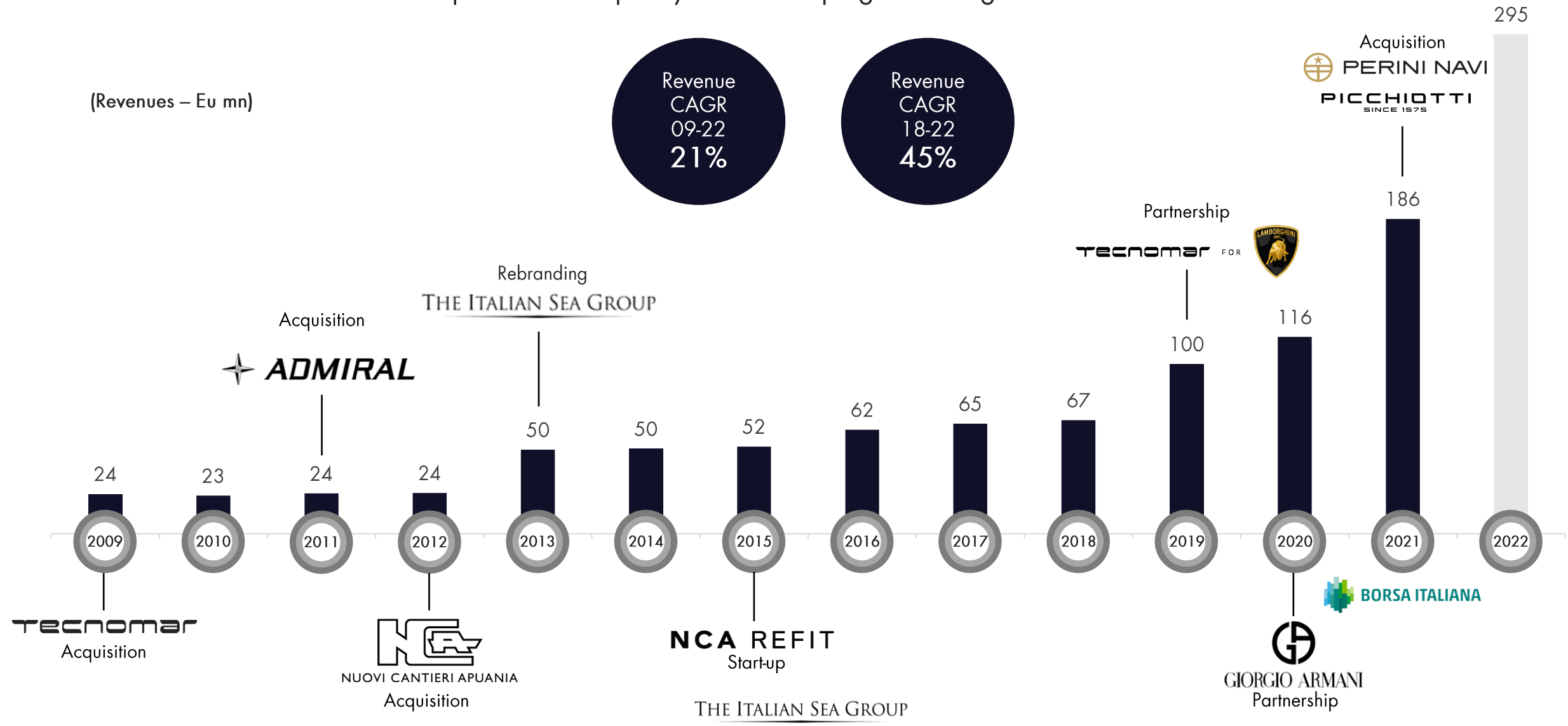
Success Story since 2009

TISG's history has been characterised by a strong focus on growth, leveraging on product quality, strategic investments on production capacity and revamping of heritage Italian brands.



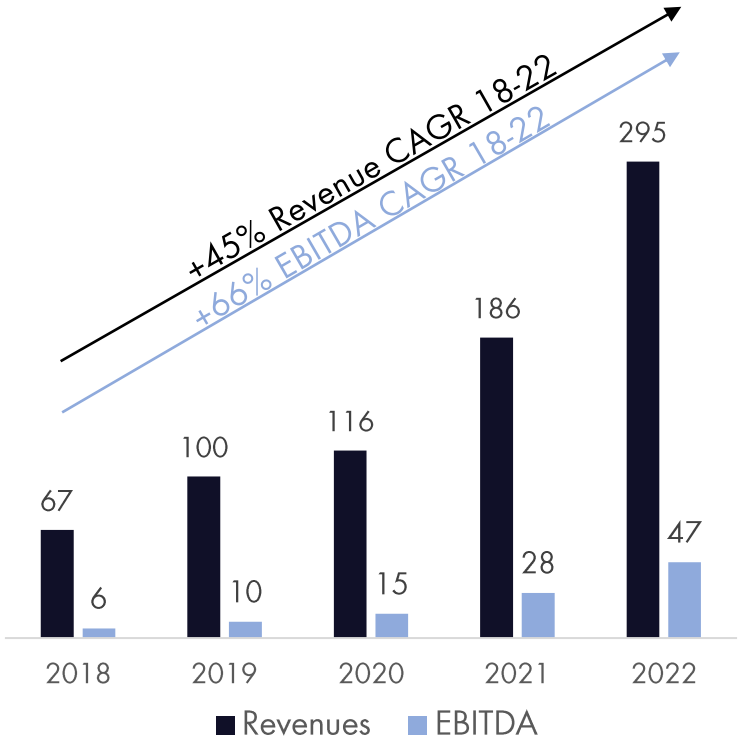
Strong Financial Performance

The Italian Sea Group boasts an impressive financial track record in terms of growth, profitability and cash flow generation.

The Company has a "Make-to-Order" commercial strategy and does not allow trade-ins, minimising risk of inventory and risks deriving from sale of used boats.

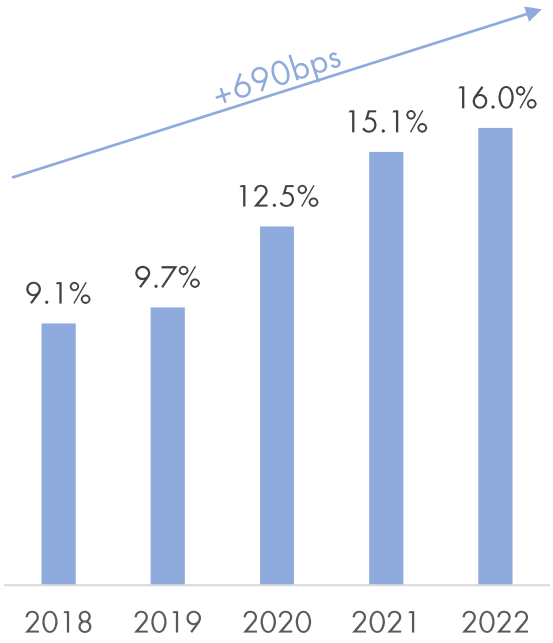
GROWTH

Revenues & EBITDA (Eu mn)



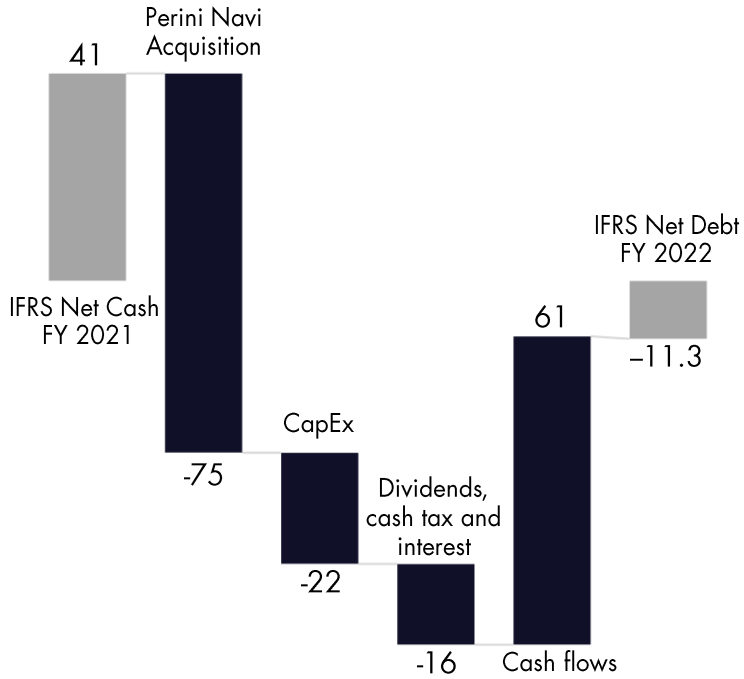
PROFITABILITY

EBITDA margin



CASH GENERATION

IFRS Net Debt Evolution (Eu mn)



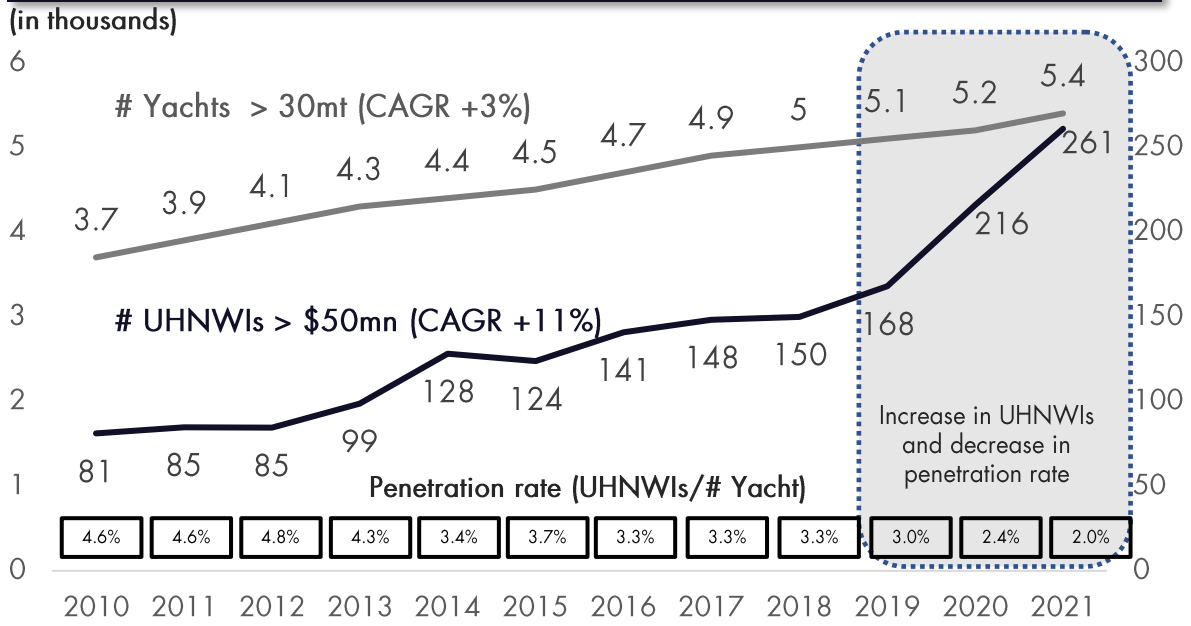
Growing and Unpenetrated Customer Base

Strong opportunity due to an unpenetrated customer base, deriving from an exponential increase in the global number of UHNWIs in the past three years.

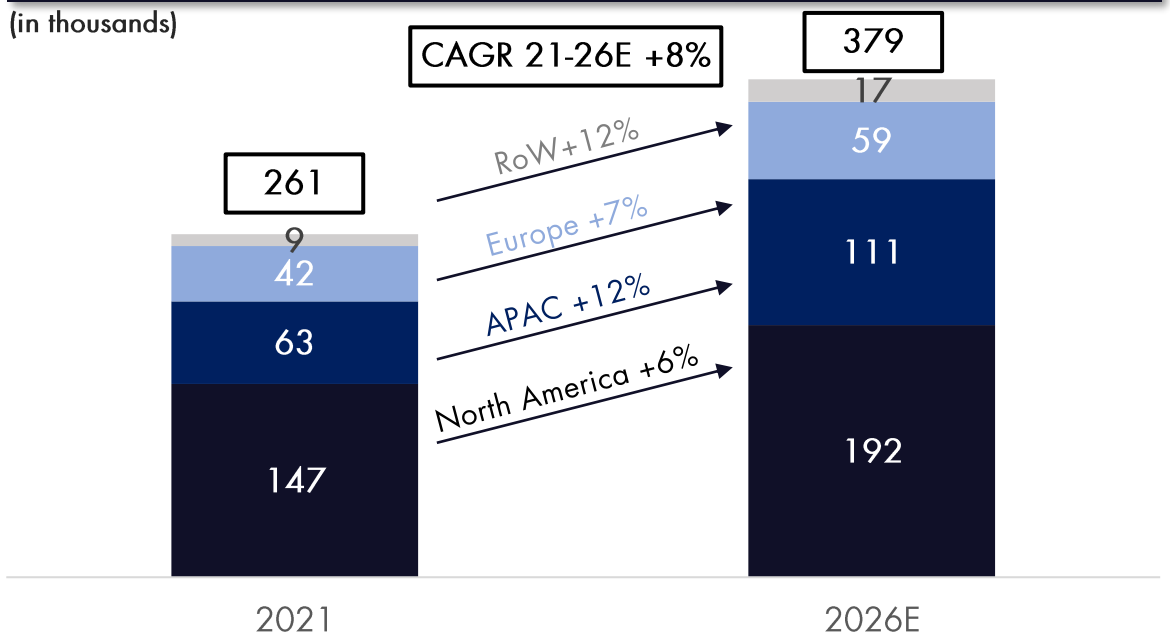
MAIN DRIVERS

- Superyachts above 30mt grew +3% from 2010 to 2021, whereas UHNWIs with **net worth above $50mn** grew at 11% CAGR, leading to a decline in the penetration rate (c. 2%).
- UHNWIs are expected to increase at a CAGR of **8%** from 2021 to 2026E (+118k).
- The growth is largely driven by North America (6% CAGR, +45k) and APAC (12% CAGR, +48k).

GLOBAL GROWTH OF UHNWIs VS # OF YACHTS > 30mt



UHNWI GROWTH BY GEOGRAPHY / 2021 – 2026E



Sources: Credit Suisse, Global Wealth Report 2022; SuperYacht Times, The State of Yachting 2022.

Growth Potential from Perini Navi Acquisition

Perini Navi is the iconic sailing yacht brand, known for its luxurious and innovative characteristics. The Perini Navi acquisition has allowed for an increase of production capacity and the integration of two iconic brands to TISG's product offering.

GROWTH POTENTIAL FROM BRANDS

Perini Navi and Picchiotti are internationally renowned brands which are expected to boost The Italian Sea Group's growth prospects in the medium term by entering into adjacent and attractive market segments.

PERINI NAVI

Iconic luxury sailing yacht brand, characterized by high performance, innovation and elegance. The acquisition has allowed TISG to consolidate its positioning in the sailing yacht market with a best-known brand.

Perini Navi currently represents c. **14% of TISG's Order Book 2022.**

PICCHIOTTI
SINCE 1575

Founded in Limite sull'Arno in 1575, Picchiotti is a heritage brand for the yachting industry.

Through the brand, TISG produces **semi-custom yachts** with a classical and timeless style, true **Gentleman's Yachts** reminiscent of the iconic American fleet in the 60s.

PRODUCTION CAPACITY & SYNERGIES

Perini's acquisition also contributed outstanding shipyards in **La Spezia** and **Viareggio** which provide much needed manufacturing and refit capacity and skills, in fact c. 50% of the **Eu 80mn** price reflects real estate assets.

The **La Spezia** shipyard is equipped with impressive infrastructures, and is ideal for refit activities, c. 50% of the Perini fleet has already undergone refit works with NCA Refit.

The shipyard will also host the production of the Tecnomar for Lamborghini 63.

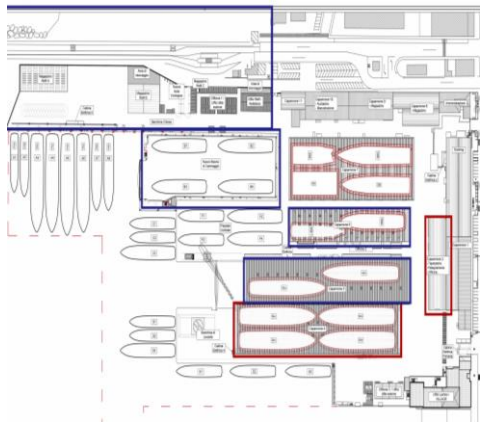
Perini Navi production is located in the **Viareggio shipyard.**

The recruitment of former Perini employees will foster the creation of an internal culture in the construction and refit of sailing yacht projects.

Production Capacity and State-of-the-Art facilities

The Italian Sea Group invested Eu 68mn in its shipyards since 2018, reaching a high-quality production capacity.

MARINA DI CARRARA

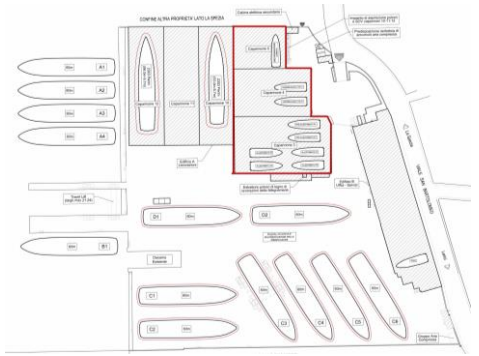


The Marina di Carrara shipyard is the home of the Admiral and Tecnomar brands, and covers a total surface of 120.000 sqm.

The shipyard can contemporarily manage up to 12 production projects: 6 between 75-80mt, 4 between 40-70mt, and 2 of approx. 90mt (or one yacht > 100mt).

Additionally, the shipyard can also manage 25 refit projects up to 140mt.

LA SPEZIA

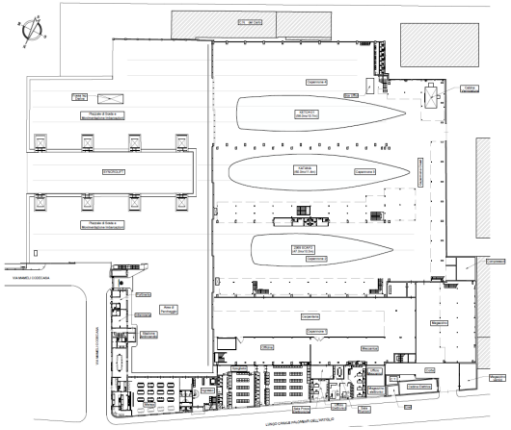


The La Spezia shipyard covers a total surface of 30.000 sqm.

The shipyard can contemporarily manage 3 production projects up to 60mt, and approx. 12 annual deliveries of the Tecnomar for Lamborghini 63.

Additionally, the shipyard can also manage 14 refit projects up to 60mt.

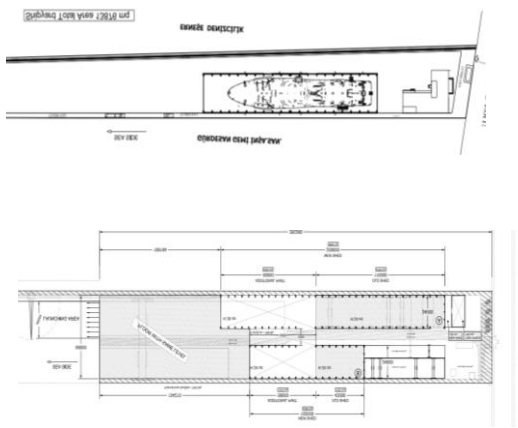
VIAREGGIO



The Viareggio shipyard is the home of Perini Navi, and covers a total surface of 18.000 sqm.

The shipyard can contemporarily manage up to 3 projects for sailing yachts up to 60mt in length.

TISG TURKEY



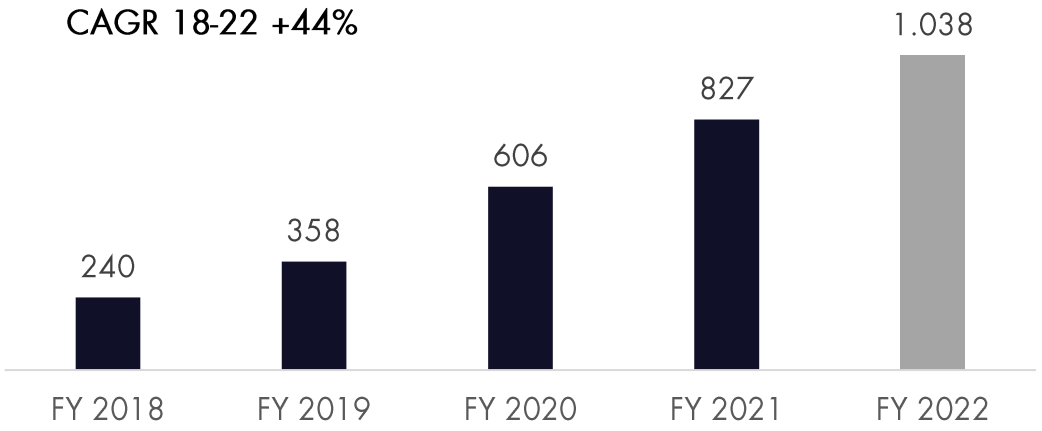
TISG operates with a network of partners in Turkey, focused on the production of the frame and structure of yachts, which are subsequently towed to Italy for outfitting.

The **Hercelik** and **Naveks** shipyards, cover a total surface of 21.000 and 13.000 sqm, respectively, and can contemporarily manage 6 production projects.
TISG operates on 5 shipyards in the Yalova and Antalya areas, which in their totality cover 70.000 sqm.

Quality & Visibility of Order Book

The Italian Sea Group boasts an Order Book in excess of **one billion Euros**, c. 3.5x **2022 Revenues**, with a **surge in orders** from **North America**, the **Middle East** and **Asia**.

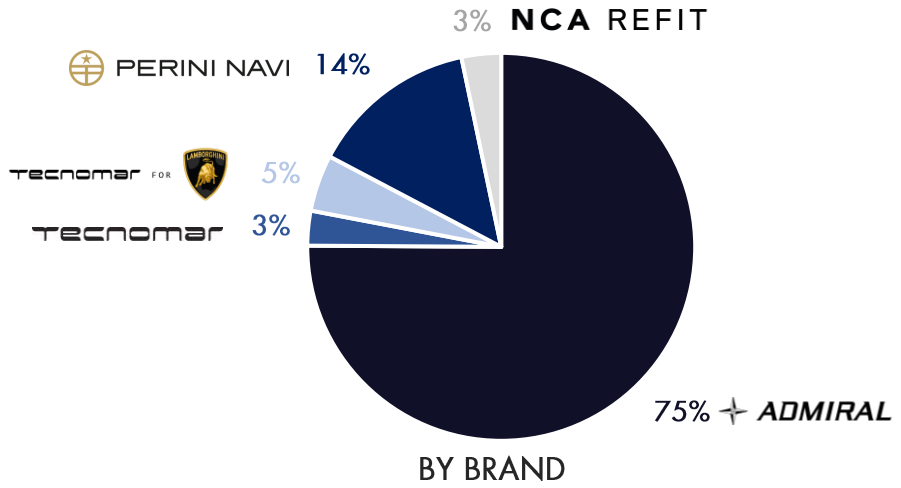
ORDER BOOK EVOLUTION



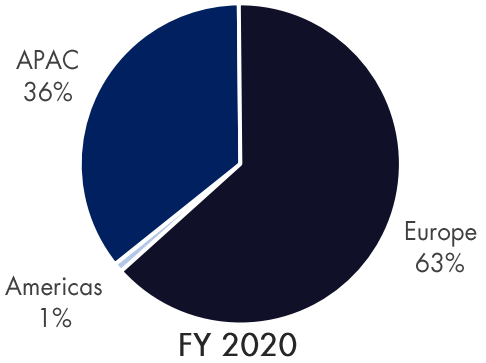
ORDER BOOK COMPOSITION

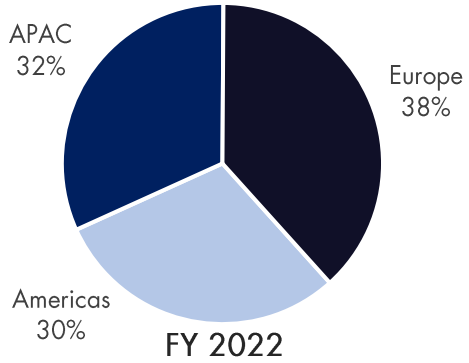
- Growth in demand from **Americas** and **APAC region** (from a total of 37% in FY 2020 to 62% in 2022).
- Growth in the **Order Book** with visibility up to **2027**.

ORDER BOOK BREAKDOWN



BY BRAND





BY GEOGRAPHY

Commercial Approach & Contract Structure

TISG's commercial approach and contract structure aim at limiting risks with respect to inventory, achieve favourable working capital, and lock in expected margins.

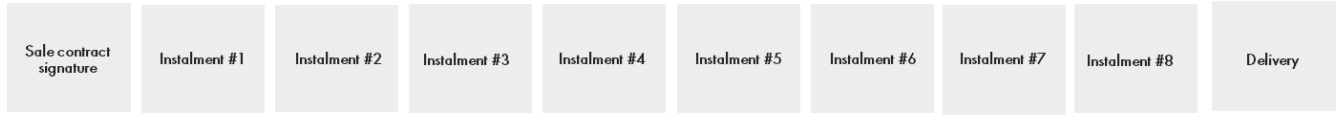
ORDER-BASED APPROACH & BEST-IN-CLASS CONTROL SYSTEMS

- No speculative production
- Trade-ins are not accepted
- No penalties for delays or quality remarks
- No litigations with clients

No risk of unsold inventory nor write-offs

FAVOURABLE ADVANCE-PAYMENTS CONTRACT STRUCTURE

ORDER TYPE	ADVANCE PAYMENTS (% OF PURCHASE PRICE)
From 30 to over 50 mt LOA	*Payment of 11/12 milestones, each worth c.10% of purchase price*
Tecnomar for Lamborghini 63	Downpayment 20% · Mid Payment 30% · Mid Payment 30% · Delivery 20%



Favourable working capital management

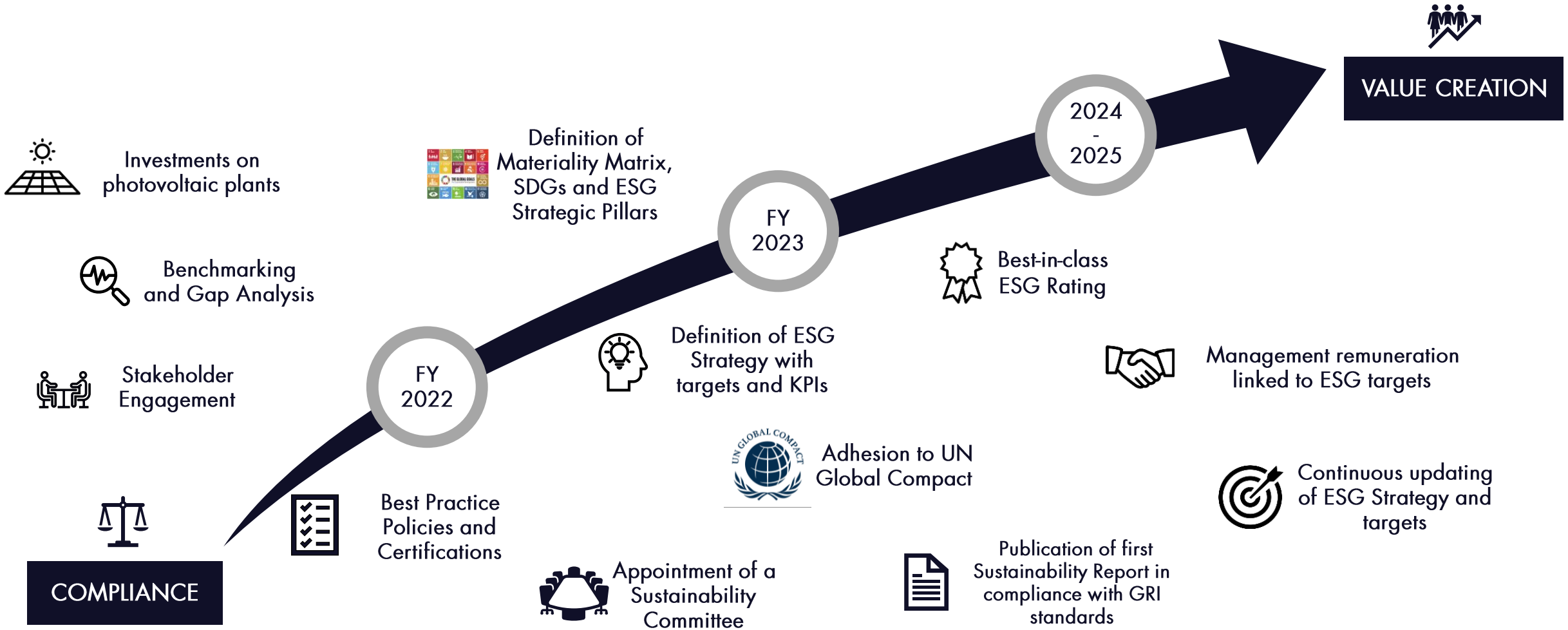
CAREFUL COST MANAGEMENT

- Approx. 75-80% of direct costs (raw materials, engine, external suppliers, etc.) are **contractualised at contract signature**.
- The remaining 20-25% are kept as Variations to Contract, and may lead to a revision of the pricing.

Lock-in of profitability from order to completion

ESG Roadmap

TISG has a clear roadmap to drive Sustainability with the objectives of creating long-term value for all Stakeholders and establishing itself as a benchmark for the shipbuilding sector.



Strategy and Strategic Outlook

STRATEGY

- Market Positioning: Mega & Giga Yachts
- Brand Awareness: Excellence in Quality & Design
- Shipbuilding & Refit: Synergies & Production Capacity
- Perini Navi: Relaunch & Synergies
- Sustainability: Long Term Value Creation for All Stakeholders
- Employees & Management: Training & Incentives

STRATEGIC OUTLOOK 2023 - 2024

Revenues	**Eu 350 – 365mn** in 2023 **Eu 400 – 420mn** in 2024
EBITDA Margin	**16 – 16.5%** in 2023 **17 – 17.5%** in 2024
Dividend Policy*	Distribution of **40-60%** of Net Profit as yearly dividend
Financial Leverage*	Neutral level of leverage subject to a cap of **1.5x** LTM EBITDA

**Subject to temporary impacts from M&A and Capex strategy*

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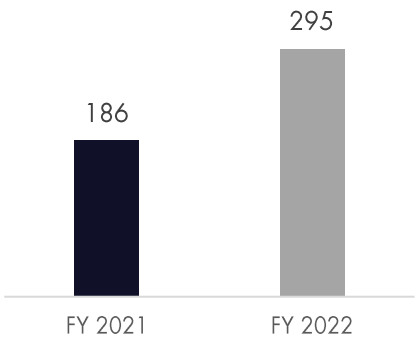
Snapshot of Key Results

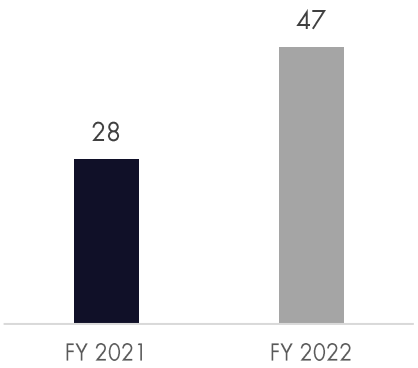
Revenues FY 2022

Eu 295mn
(+59% vs FY 2021)



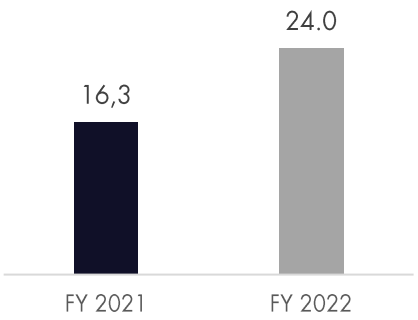
EBITDA FY 2022

Eu 47mn
(+68% vs FY 2021)



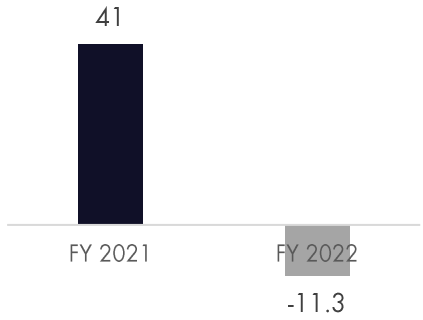
Net Result FY 2022

Eu 24.0mn
(+47% vs FY 2021)



Net Debt FY 2022

Eu -11.3mn



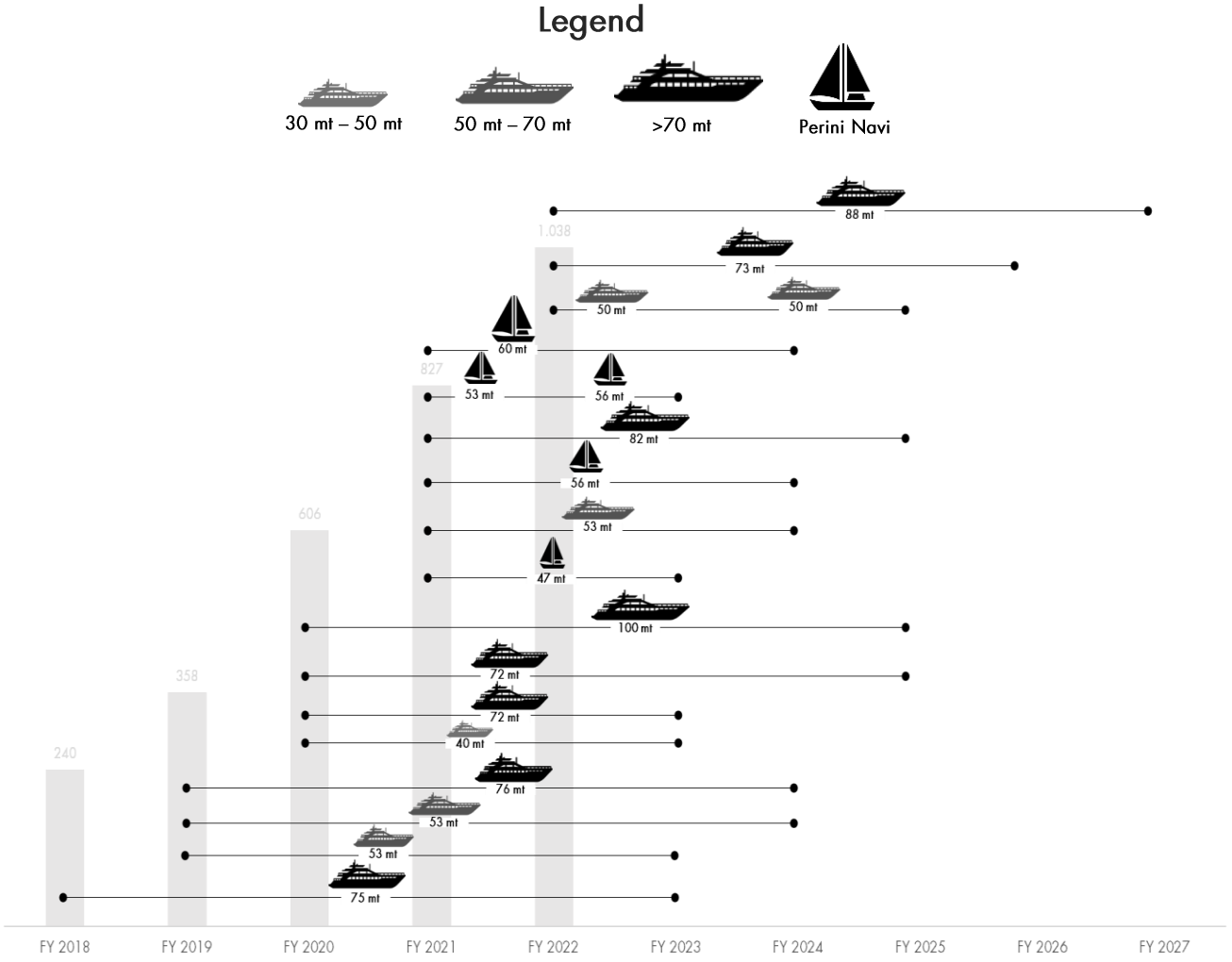
Comments

- **+59%** increase in **Revenues** is due to the regular progress of Shipbuilding projects, as well as an increase in order intake, and the increase in production capacity allowing for an expansion of Refit revenues.
- Significant increase in **marginality** over time is attributable to a better cost management and control of budgets, synergies between Shipbuilding and Refit production capacity, and improved brand awareness towards customers.
- **Net Result** has increased by **47%** since FY 2021, amounting to **Eu 24.0mn**
- **Net Debt** for **Eu -11.3mn** reflects the cash out for the Perini Navi acquisition (Eu 75mn in 2022), and the CapEx performed during the year (Eu 22mn in 2022).

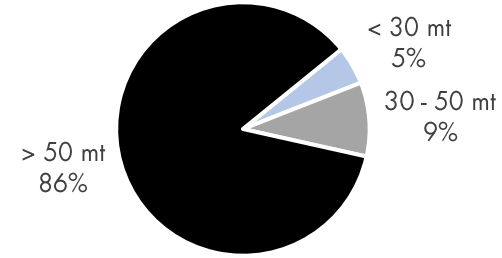
Order Book – Shipbuilding

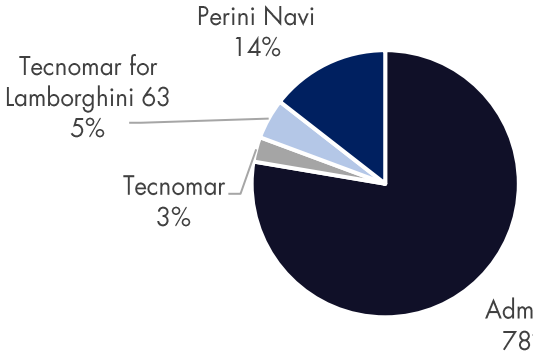
The Italian Sea Group boasts an Order Book in excess of **one billion Euros**, c. 3.5x **2022 Revenues**, with a **surge in orders** from **North America**, the **Middle East** and **Asia**.

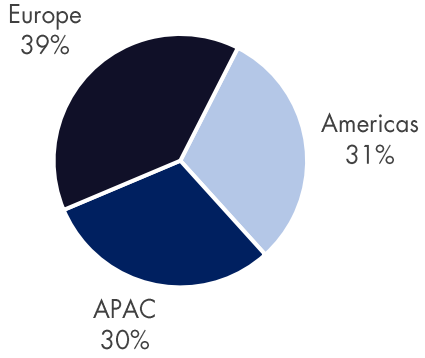
BY PROJECT AND SCHEDULED DELIVERY



BY LOA, BRAND AND GEOGRAPHY





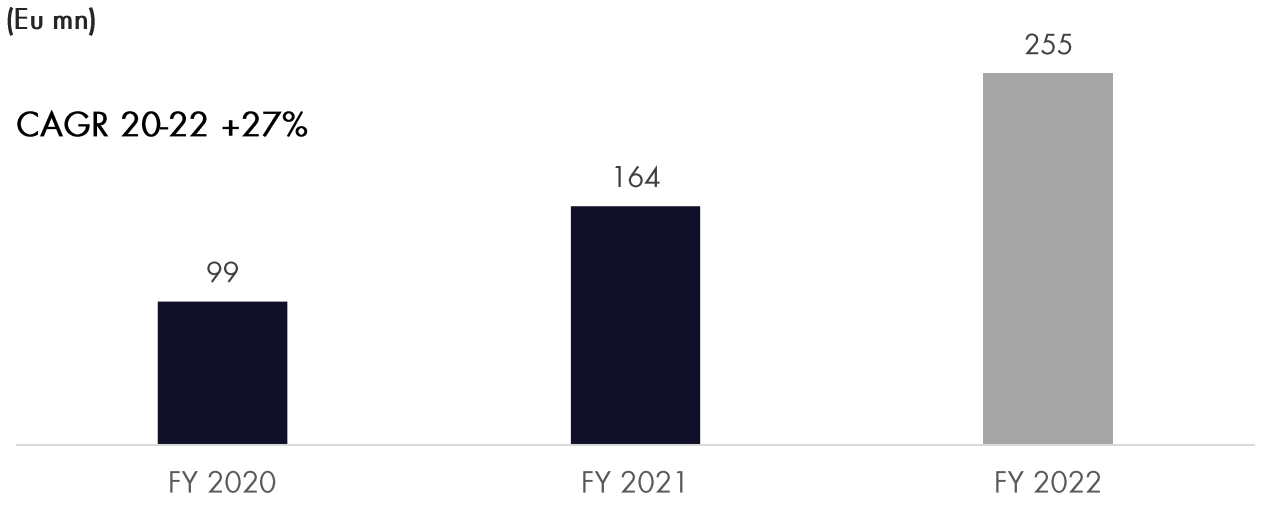


Shipbuilding Revenues

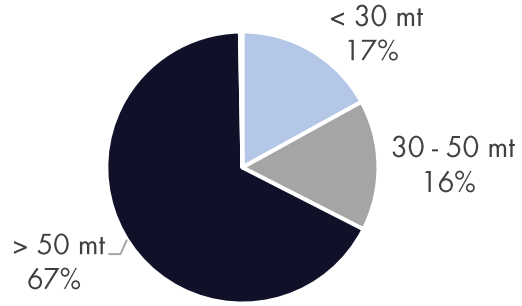
KEY HIGHLIGHTS

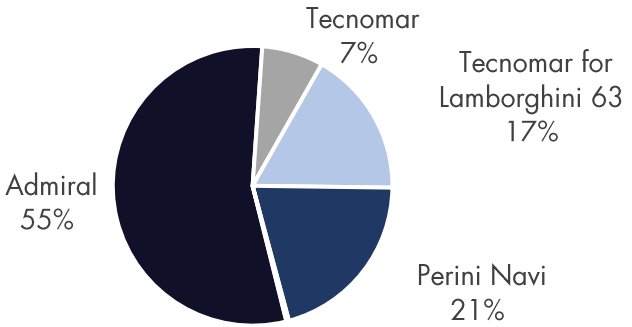
- Shipbuilding Revenues amount to a total of **Eu 255mn** at 31 December 2022, with a **55%** increase since the end of 2021. This increase in revenues is due to:
  - (i) The regular progress of projects under construction and consequent payment of instalments.
  - (ii) The increase in order intake, with particular strength in demand from the Americas and the APAC region.

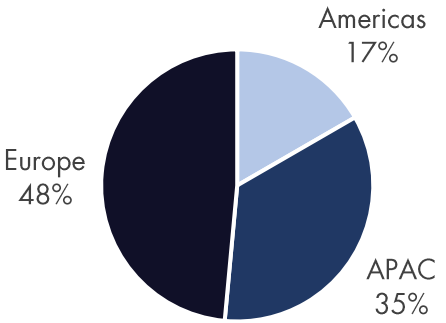
SHIPBUILDING REVENUES 2020-2022



BY LOA, BRAND AND GEOGRAPHY





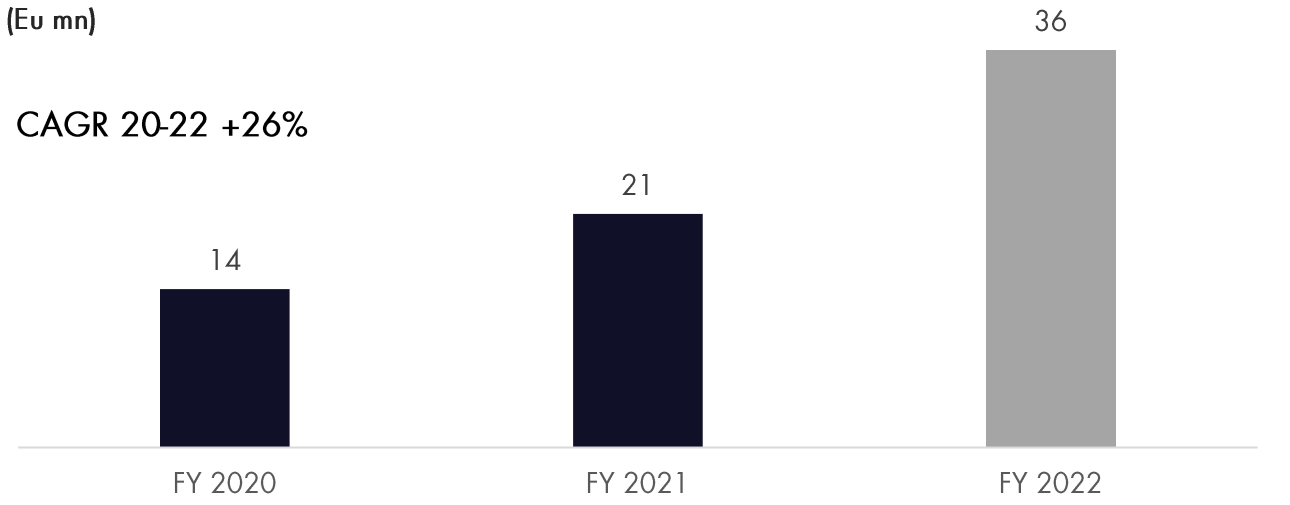


Refit Revenues

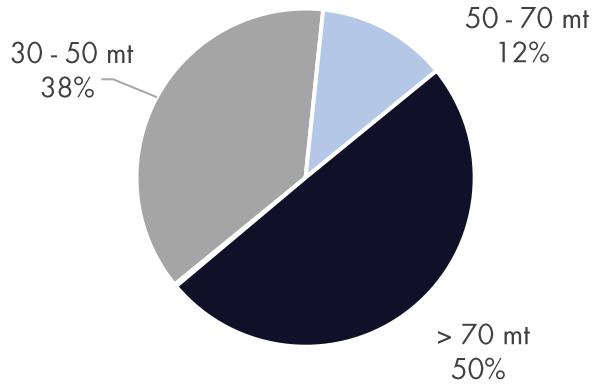
KEY HIGHLIGHTS

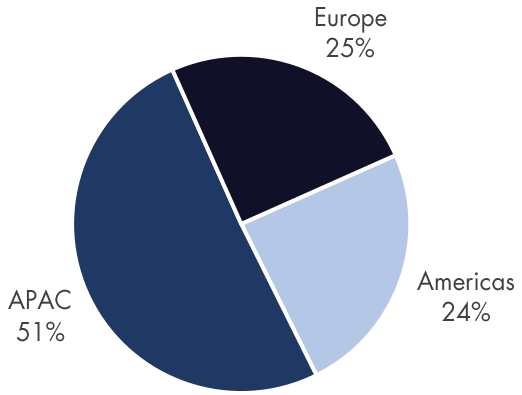
- Refit revenues amount to **Eu 36mn** at 31 December 2022, a **70%** increase since the end of 2021. This has been mainly due to:
  - (i) The expansion of Refit spaces in Marina di Carrara with the completion of the "TISG 4.0" and "TISG 4.1" investment plans
  - (ii) The integration of the facilities in La Spezia, with n. 16 additional refit spaces.

REFIT REVENUES 2020-2022



BY LOA AND GEOGRAPHY





EBITDA & Capex

EBITDA

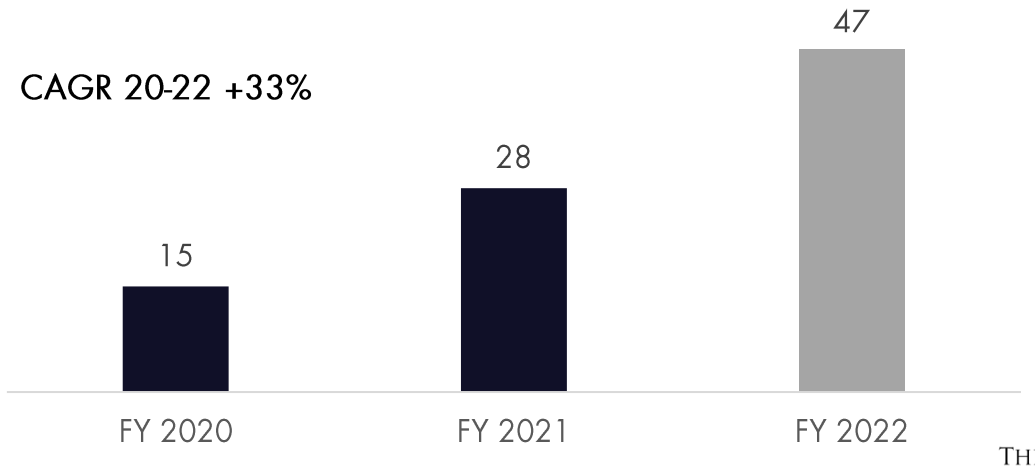
- Significant increase in **marginality** over time is attributable to:

  (i) Strong attention to operating cost management.
  (ii) Growing efficiency of production processes.
  (iii) Benefits coming from investments in production capacity, with advantageous synergies between Shipbuilding and Refit.
  (iv) Increase in product prices, due to strengthening brand awareness.
  (v) Economies of scale.

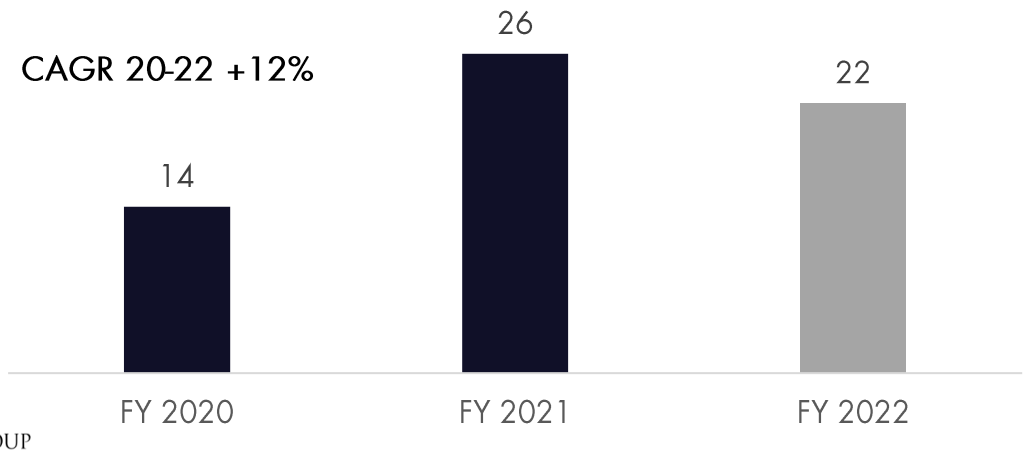
CapEx

- The decrease in Capex is due to the completion of investment plans "TISG 4.0" and "TISG 4.1" aimed at expanding production capacity in the Marina di Carrara shipyard, as well as "TISG 4.2", which is the integration of the La Spezia shipyard following the Acquisition of Perini Navi.

EBITDA 2020-2022



CapEx 2020-2022



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Summary Profit & Loss

Summary Profit & Loss	2020	2021	2022
in thousands of Euros			
Revenues	116.441	185.556	294.684
% Growth		*59,4%*	*58,8%*
Costs from Outsourced Work	- 44.703	- 71.278	- 117.942
Raw Materials	- 26.423	- 46.684	- 68.133
Personnel Costs	- 16.881	- 22.117	- 29.562
Other Costs	- 13.914	- 17.523	- 31.964
EBITDA	**14.520**	**27.954**	**47.083**
% y-o-y growth		*92,5%*	*68,4%*
% Revenues	*12,5%*	*15,1%*	*16,0%*
Amortisation, depreciation, write-downs and capital losses	- 5.090	- 6.233	- 9.985
EBIT	**9.430**	**21.721**	**37.098**
% Revenues	*8,1%*	*11,7%*	*12,6%*
Net Interest Expenses	- 1.963	- 3.087	- 3.817
Income from extraordinary charges	343	- 481	- 3.867
Taxation	- 1.575	- 1.831	- 5.368
Net Profit	**6.235**	**16.322**	**24.046**
% Revenues	*5,4%*	*8,8%*	*8,2%*

KEY HIGHLIGHTS

- Growth in Revenues by **+59%** vs FY2021 is mainly driven by the growth in **Operating Revenues**, amounting up to **Eu 291.5mn**.
- **EBITDA** and profitability grew consistently since 2020, due to the amount of investments in production capacity as well as an effective cost management system and internalization of key activities.
- **Operating Costs** have reduced their impact over time, in particular when it comes to Personnel Costs: this is due to a high structural efficiency of organizational systems, despite the increase in the number of employees, partly attributable to the Perini Navi Acquisition.

Net Working Capital

Net Working Capital	2020	2021	2022
in thousands of Euros			
Inventories and payments on account	2.759	1.250	3.573
Contract wip and advances from customers	13.704	24.992	32.667
Trade Receivables	14.616	10.236	21.469
Trade Payables	-34.240	-57.146	-78.770
Other current assets and liabilities	-3.526	-6.746	-31.061
Net Working Capital	**- 6.687**	**- 27.414**	**- 52.122**
Inventories and payments on account	*2,4%*	*0,7%*	*1,2%*
Contract wip and advances from customers	*11,8%*	*13,5%*	*11,1%*
Trade Receivables	*12,6%*	*5,5%*	*7,3%*
Trade Payables	*-29,4%*	*-30,8%*	*-26,7%*
Other current assets and liabilities	*-3,0%*	*-3,6%*	*-10,5%*
Net Working Capital % Revenues	*-5,7%*	*-14,8%*	*-17,7%*

KEY HIGHLIGHTS

- Improvement of Net Working Capital over the years, going from **-5.7%** on Revenues in FY2020 to **-17.7%** in FY2022.
- It is important to note that the voices **Inventories** and **Contract Work in Progress** do not include any used boats or trade in, due to the Company's strict commercial strategy, which highly reduces inventory risk.
- **Trade Receivables** are related to commercial operations for the advancements of projects under construction and refit works.
- **Trade payables** refer to debts towards suppliers, which have been subject to an increase due to a growth in operational activities related to projects in progress, refit activities and the two «TISG 4.0» and «TISG 4.1» investment plans.

Net Financial Debt

Net Financial Debt	2020	2021	2022
in thousands of Euros			
A. Cash	17.943	85.615	81.317
B. Cash Equivalents	0	0	0
C. Other Current Financial Assets	0	0	0
D. Liquidity (A)+(B)+(C)	**17.943**	**85.615**	**81.317**
E. Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	-259	-34	-34
F. Current portion of non-current financial debt	-2.237	-7.574	-14.163
F.1 Other current financial payables	-3.891	-2.009	-2.292
G. Current financial debt (E+F)	**-6.387**	**-9.616**	**-16.490**
H. Net Financial Debt (G-D)	**11.556**	**75.998**	**64.827**
I. Non-current bank debt (excluding the current portion of debt instruments)	-7.757	-23.863	-66.287
J. Debt instruments	0	0	0
K. Trade and other non-current payables	-8.967	-7.951	-9.912
K.1 Payables to other lenders	-3.095	-3.161	0
L. Non-current financial debt (I+J+K)	**-19.819**	**-34.975**	**-76.198**
M. Total financial debt (H+L)	**-8.263**	**41.023**	**-11.371**

KEY HIGHLIGHTS

- **Net Financial Debt** of **Eu -11.3mn** reflects:
  - (i) Eu 75mn paid in 2022 to finalise the acquisition of Perini Navi.
  - (ii) Eu 22.2mn paid for "TISG 4.0" and "TISG 4.1" investment plans, as well as "TISG 4.2" for the fine tuning of the La Spezia shipyard

- **Non-current bank debt** refers to key bank financings secured in early 2022: EUR 40m from BMPS for the Perini acquisition, and EUR 32m from UniCredit and Deutsche Bank to finance TISG 4.0 and TISG 4.1. Both debts are to be repaid within the end of 2028.

- **Net Financial Debt** includes the current value of fees due to the Port Authorities for the state concessions of the shipyards in Marina di Carrara, Viareggio and La Spezia, equal to Eu 6.8mn at 31 December 2022, amount which will be paid throughout the duration of the related concessions.

Strategy and Strategic Outlook

STRATEGY

- Market Positioning: Mega & Giga Yachts
- Brand Awareness: Excellence in Quality & Design
- Shipbuilding & Refit: Synergies & Production Capacity
- Perini Navi: Relaunch & Synergies
- Sustainability: Long Term Value Creation for All Stakeholders
- Employees & Management: Training & Incentives

STRATEGIC OUTLOOK 2023 - 2024

Revenues	**Eu 350 – 365mn** in 2023 **Eu 400 – 420mn** in 2024
EBITDA Margin	**16 – 16.5%** in 2023 **17 – 17.5%** in 2024
Dividend Policy*	Distribution of **40-60%** of Net Profit as yearly dividend
Financial Leverage*	Neutral level of leverage subject to a cap of **1.5x** LTM EBITDA

**Subject to temporary impacts from M&A and Capex strategy*

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