

THE ITALIAN SEA GROUP

FINANCIAL RESULTS 1H 2023

PICCHIOTTI
SINCE 1875

ADMIRAL

PERINI NAVI

TECNOMAR






NCA REFIT

CELI
1920

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 metres¹. TISG went public on the Milan Stock Exchange on 8th June 2021.

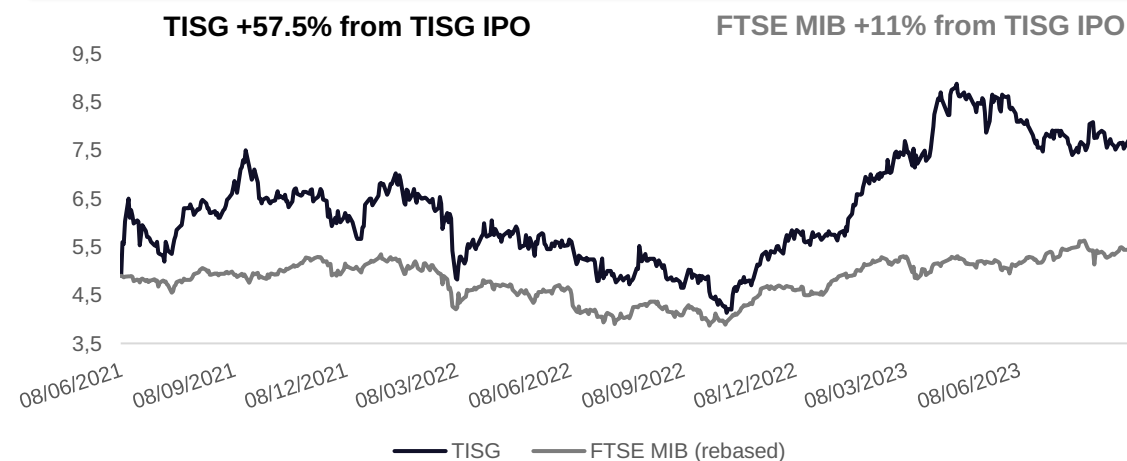
BRANDS

 ADMIRAL	Customised motor-yachts above 50mt.
 TECNOMAR	Speedy motor-yachts from 37mt to 50mt.
 PERINI NAVI	Large sailing yachts from 47mt.
 PICCHIOTTI SINCE 1979	Gentleman Yachts from 24mt to 55mt.
NCA REFIT	Refit and maintenance of motor and sailing yachts, with a focus on yachts over 60mt.
 C E L I 1920	Historical woodworking and furniture company, with expertise in yachting and real estate.

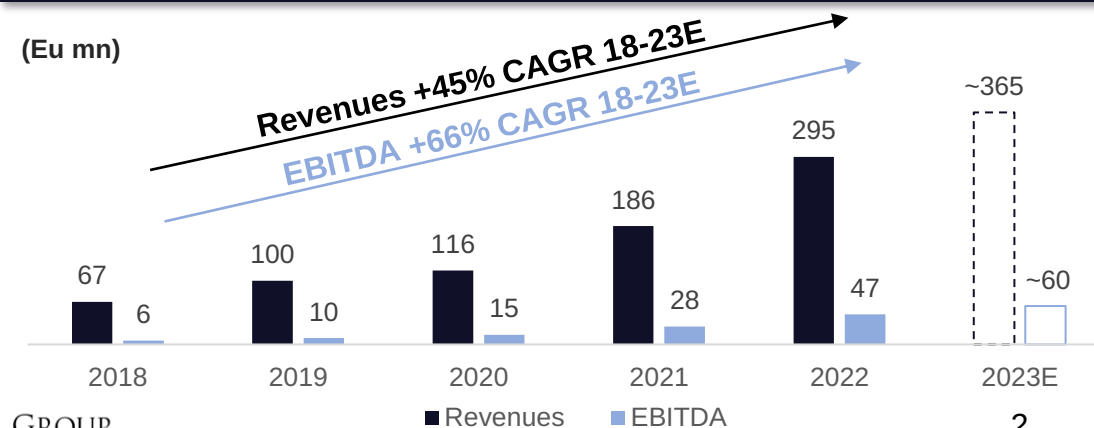
PARTNERSHIPS

 TECNOMAR FOR 	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 SINCE IPO (8 JUNE 2021)²



REVENUES AND EBITDA EVOLUTION



Notes: 1) Ranking based on 2022 yacht sales (source: Boat International, Global Order Book 2022);

2) Last updated on 05/09/2023.

1H 2023 HIGHLIGHTS



An event involving owners, brokers, authorities, celebrities, and press, where Mr. **Giovanni Costantino, Founder & CEO of The Italian Sea Group**, mapped out the course for the future of Italian yachting, explaining the crucial moments of TISG's success story, its excellences and the objectives for its brands.

A laser mapping show unveiled the mega yacht and left the stage to **Giorgio Armani's Spring/Summer 2023** collection, ending with a traditional greeting from the designer.



In March 2023, TISG presented the **new Perini Navi fleet**, having the objective to create a line of vessels with the characteristic and iconic Perini Navi elements revised in a modern fashion, aiming for large spaces, brightness, and comfort during sailing. There are three lines of vessels of 48, 56, and 77 metres.

The fleet, called «**Genesis**», attests Perini Navi's ultra-high-level positioning as global player for large sailing yachts.



M/Y Admiral Kenshō (75mt) has been named “**Motor-yacht of the Year**” and has won in the “**Displacement Motor-Yachts 1'500GT and Above**” category at the renown **2023 World Superyacht Awards by Boat International**.

The project's technical challenges have been faced with functional and, at the same time, elegant solutions, which have redefined the boundaries of space, distribution, and luxury, projecting the Owner's personal vision towards a new concept of the sailing experience.

M/Y Kenshō, 75mt



THE ITALIAN SEA GROUP

M/Y Silver Star, 55mt

✦ ADMIRAL | GIORGIO ARMANI



THE ITALIAN SEA GROUP

Perini Navi Ketch, 56mt



PERINI NAVI



THE ITALIAN SEA GROUP

M/Y Tecnomar EVO 120, 37mt

TECNOMAR



THE ITALIAN SEA GROUP

M/Y Tecnomar for Lamborghini 63, 19.8mt



THE ITALIAN SEA GROUP

M/Y Picchiotti Gentleman, 24mt

PICCHIOTTI
SINCE 1575



THE ITALIAN SEA GROUP

A large black ship is being lifted by a crane. The ship is positioned horizontally, with its bow to the right. The crane's arm, made of dark metal, extends from the left side of the frame, with several thick orange lifting cables attached to the ship's hull. The ship's hull is a solid black color, and it features a series of windows along its side. The background is a clear, bright blue sky. The overall scene suggests a major maritime engineering project.

NCA REFIT

THE ITALIAN SEA GROUP



C E L I
1920

THE ITALIAN SEA GROUP

MONACO YACHT SHOW 2023

mys | THE ITALIAN SEA GROUP

UNVEILING OF MASTERPIECES



September 27th to 30th, 2023
in a dedicated and exclusive area
of Quai Rainier 1^{er}

theitaliangroup.com

The Italian Sea Group officially announces that it will be take part in the 32nd edition of the
Monaco Yacht Show

The Company will present **6 yachts**, among which **3 new projects** of high **stylistic, technological,** and **commercial** value

A conference call on **September 26th**, at **3pm**, will reveal interesting news about all the Group's brands

AGENDA



Executive Summary



Business Review



Financial Review



Q&A and CMD Highlights

EXECUTIVE SUMMARY



1H 2023 RESULTS

- **Order Book** for **Eu 1.24bn**, **+35%** vs 1H 2022
- **Revenues** for **Eu 165.9mn**, **+24%** vs 1H 2022
- **EBITDA** for **Eu 27.3mn**, **+37%** vs 1H 2022, with a margin of **16.4%**
- **Net Result** for **Eu 13.6mn**, **+78%** vs 1H 2022
- **Net Debt** for **Eu 19.2mn** versus **Eu 11.3mn** at FY 2022

SIGNIFICANT EVENTS FOR THE PERIOD

- **M/Y Admiral Kenshō (75mt)** awarded “**Motor-yacht of the Year**”, confirming the high positioning of TISG’s products
- **Disposal of an office building in Viareggio**, with a net cash-in of **Eu 10.6mn**
- **ESG Rating** of **BBB**, in the high performance range, issued by **Cerved Rating Agency**
- Improvement of **Credit Rating** to **A2.2**, issued by **Cerved Rating Agency**

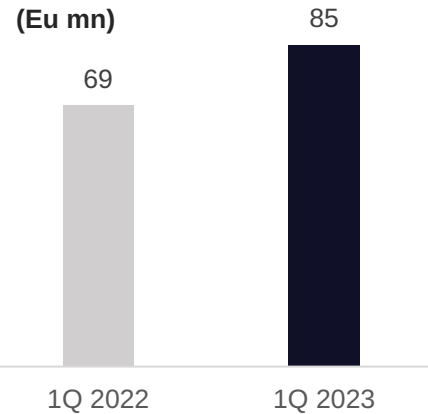
STRATEGIC OUTLOOK

- **2023 Guidance** confirmed in the high end of the value range: **Revenues** for **Eu ~365mn** and **EBITDA Margin** of **~16.5%**
- **2024 Strategic Outlook** confirmed: **Revenues** between **Eu 400 – 420mn** and **EBITDA Margin** between **17 – 17.5%**

2023 GUIDANCE CONFIRMED IN THE HIGH END OF THE VALUE RANGE

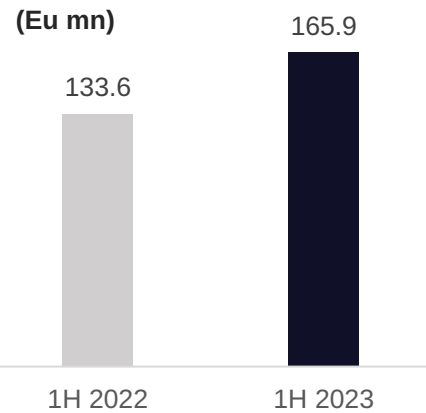
1Q 23 VS 1Q 22

Revenues: +23%
Backlog: +23%



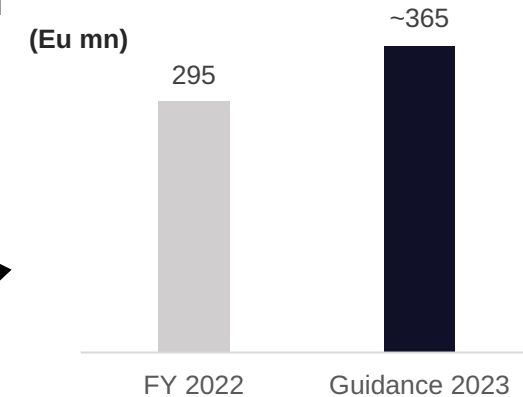
1H 23 VS 1H 22

Revenues: +24%
Backlog: +35%



STRATEGIC OUTLOOK 2023

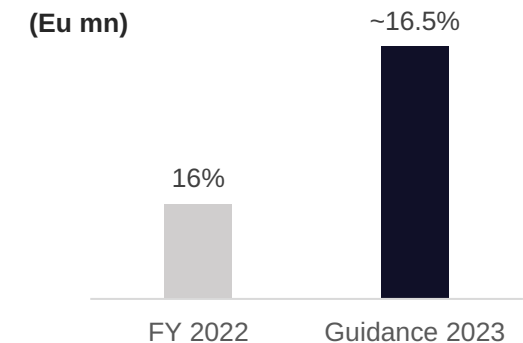
Revenues: Eu ~365mn
c. +24% YoY Growth



**Solid perspectives on
FY 2023 results**

**due to strong
commercial activities
and visibility of
backlog**

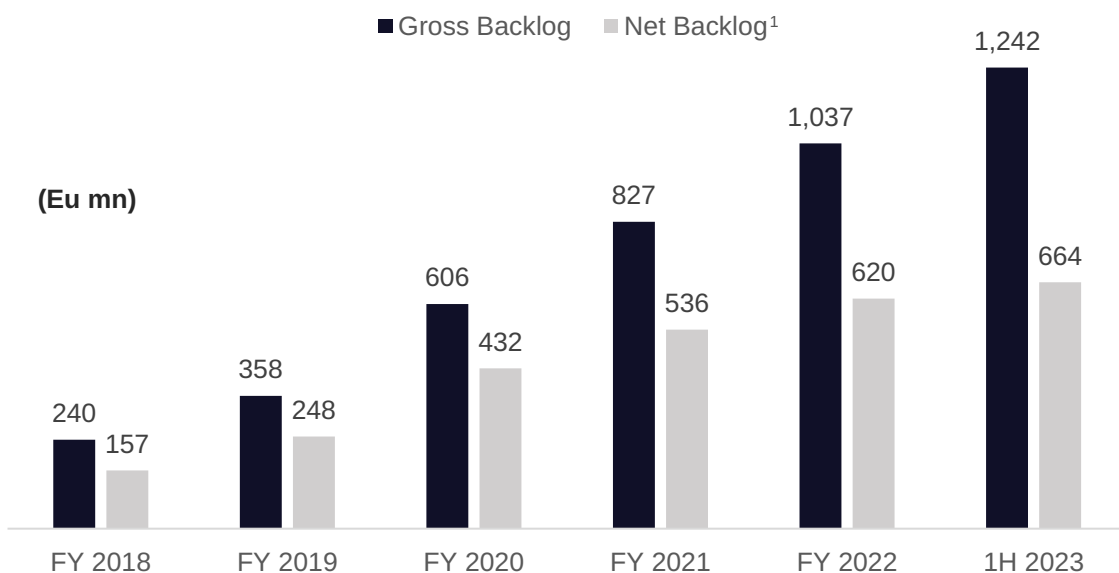
EBITDA Margin: ~16.5%



VISIBILITY AND QUALITY OF BACKLOG

- **Industry leading levels of backlog**, with visibility until 2027 and balanced breakdown between geographic areas;
- **Gross Backlog** at 30 June 2023 represents **3.8x LTM Revenues**;
- Resilient client base (**UHNWI**), **cash-buyers** who do not require any financing to purchase the products;
- Strict commercial policy **with no trade-ins or sale of used boats, eliminating inventory risk.**

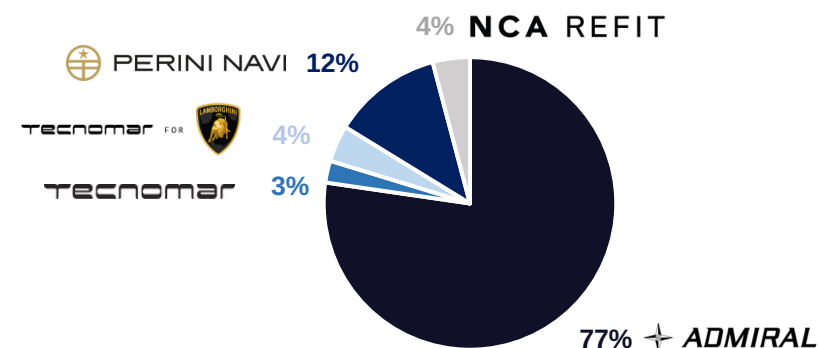
BACKLOG EVOLUTION (GROSS AND NET)



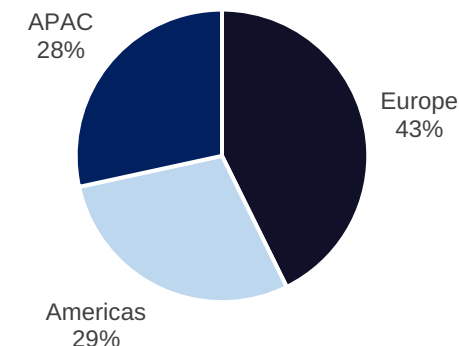
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	LTM Revenues
Order Book - X LTM Revenues	3.6	3.6	5.2	4.5	3.5	3.8
Net Backlog - X LTM Revenues	2.3	2.5	3.7	2.9	2.1	2.0

1) **Net Backlog** refers to the total value of contracts in progress related to yachts not yet delivered to the clients, net of the revenues already recorded in the income statement.

GROSS BACKLOG BREAKDOWN



BY BRAND

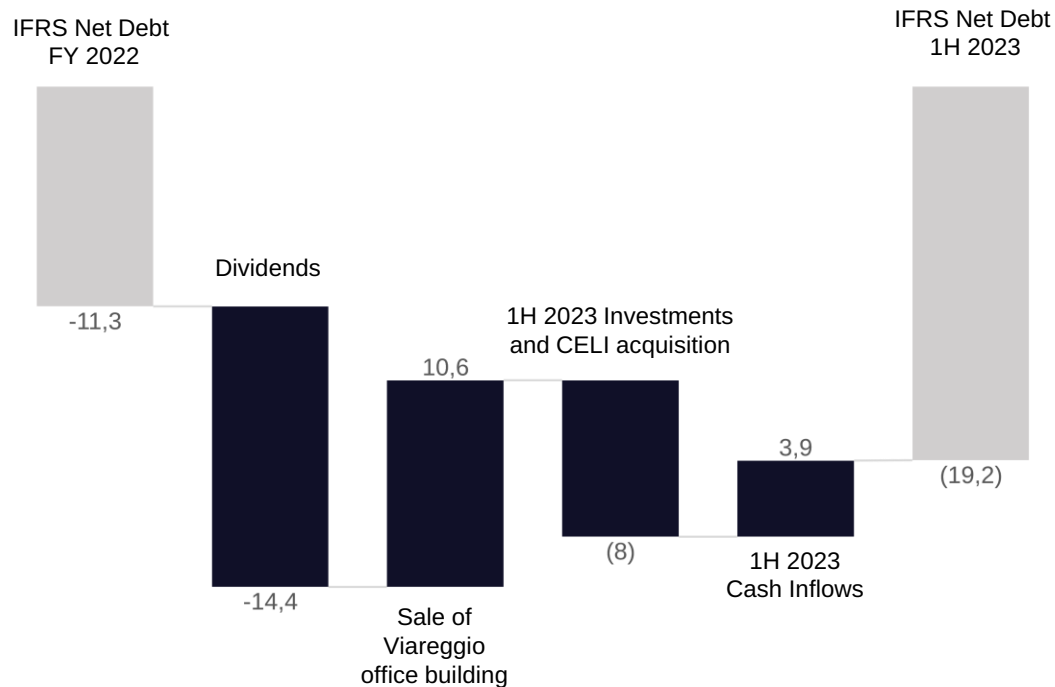


BY GEOGRAPHY

SOLID AND FLEXIBLE FINANCIAL STRUCTURE

NET DEBT 1H 2023

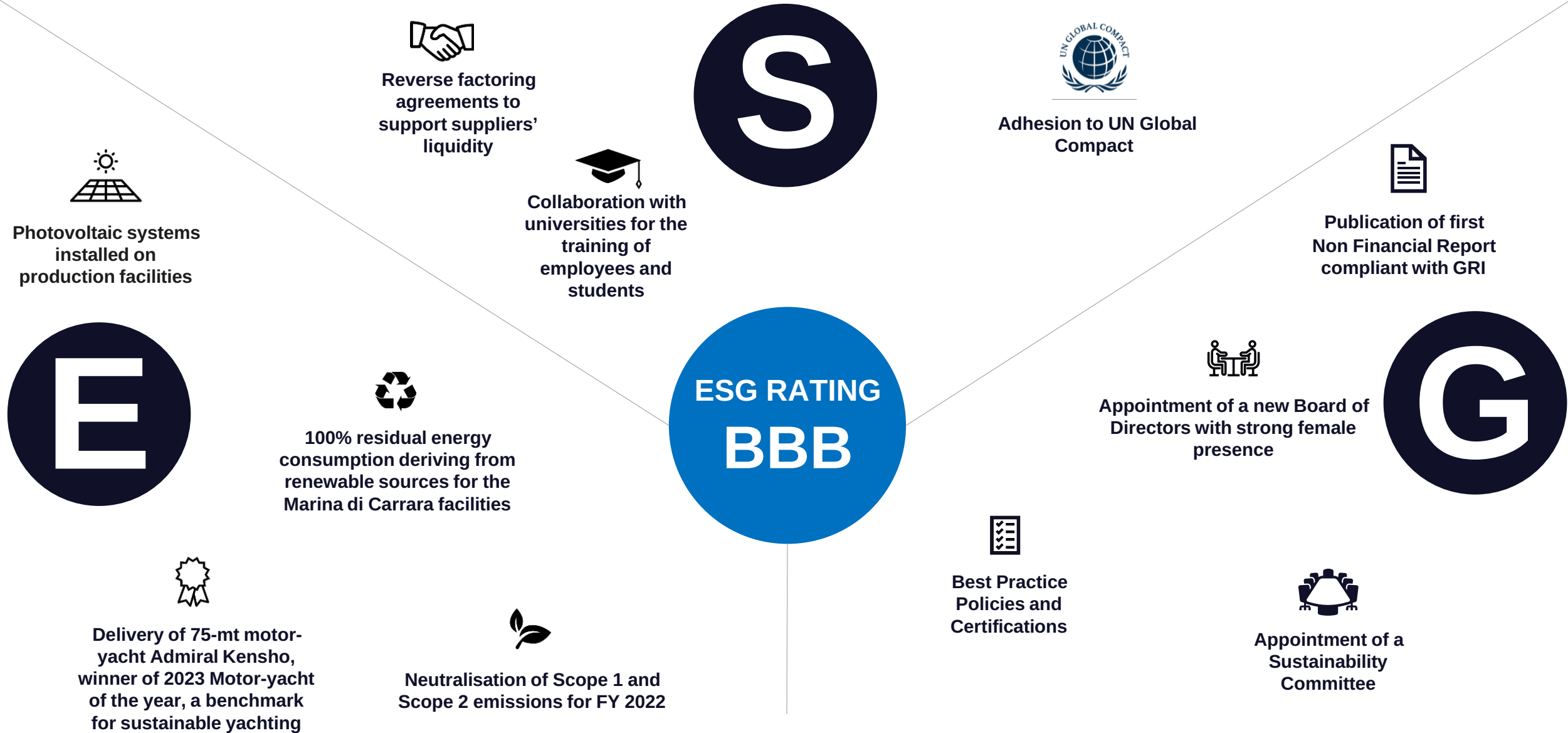
(Eu mn)



KEY HIGHLIGHTS

- **Net Debt** for **Eu 19.2mn** in 1H 2023 vs Eu 11.3mn at FY 2022.
- Cash outflows for:
 - (i) **Dividends** at **Eu 14.4mn**;
 - (ii) **Investments & Celi acquisition**, for **Eu 8mn**.
- Cash inflows for:
 - (i) **Eu 10.6mn** for disposal of the office building in Viareggio;
 - (ii) **Eu 3.9mn** of cash generation from operating activities during the period.

ESG ACHIEVEMENTS SO FAR



NEXT ESG GOALS



ISO 14001 Certification for Environmental Management Systems



Increase of % of **renewable energy** on **total energy consumption** (La Spezia)



Development and maintenance of a **sustainable supply chain**



Continue supporting suppliers' liquidity through **reverse factoring agreements**



Initiatives to foster **employee welfare**



AGENDA



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Business Review



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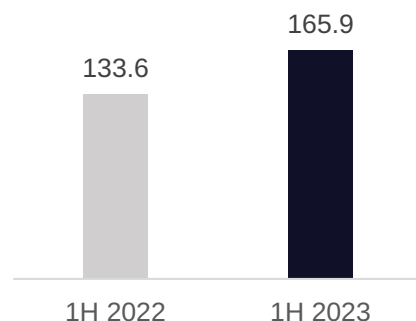


Q&A and CMD Highlights

SUMMARY OF KEY 1H 2023 RESULTS

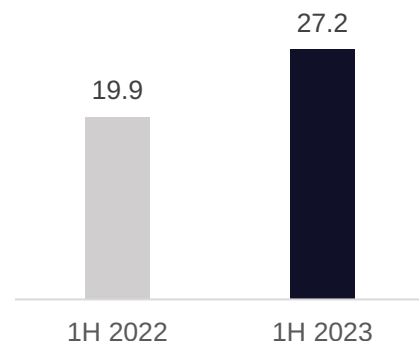
Revenues 1H 2023

Eu 165.9mn
(+24% vs 1H 2022)



EBITDA 1H 2023

Eu 27.2mn
Margin: 16.4%
(+37% vs 1H 2022)

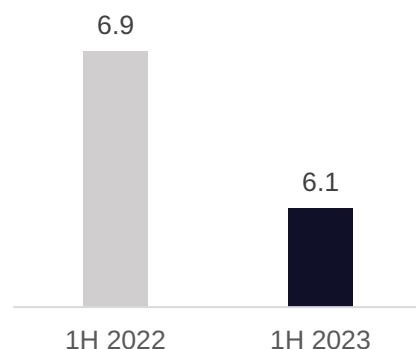


KEY HIGHLIGHTS

- Increase in **Revenues** by **+24%** is mainly attributable to the development of Shipbuilding revenues, due to the progress of existing projects and the signing of new sale contracts.
- Increase in **marginality** in time is attributable to a strict operating cost management, efficiency of production processes, and internalisation of key supply chain activities.
- **Investments** of the period are mainly related to the completion of investment plans «**TISG 4.0**» e «**TISG 4.1**», investments related to «**TISG 4.2**», the expansion of commercial offices in Marina di Carrara and the development on production capacity for subsidiary **Celi**.
- **Net Debt** for **Eu -19.2mn**, with respect to Eu 11.3mn on FY 2022.

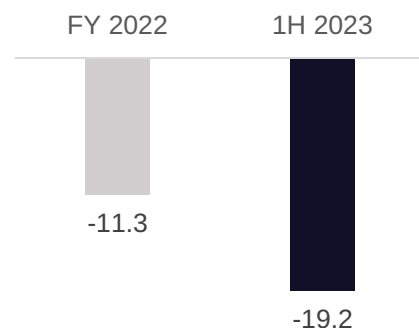
Investments 1H 2023

Eu 6.1mn



Net Debt 1H 2023

Eu -19.2mn



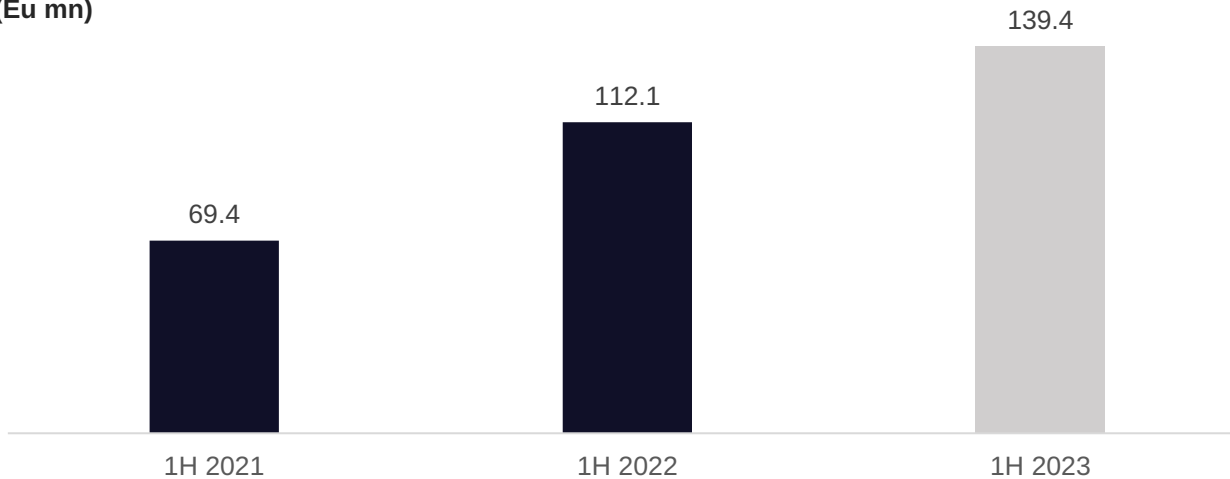
SHIPBUILDING REVENUES

KEY HIGHLIGHTS

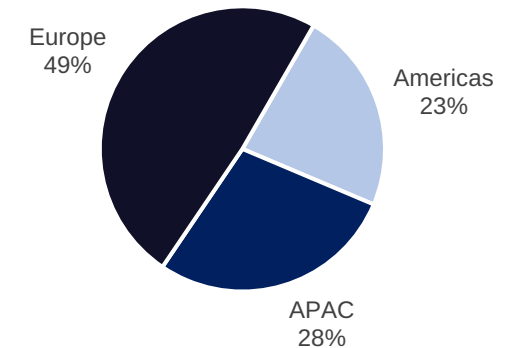
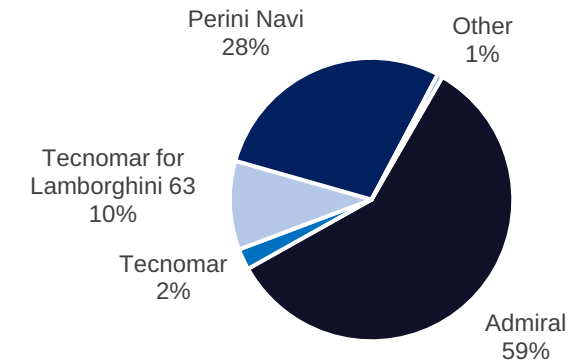
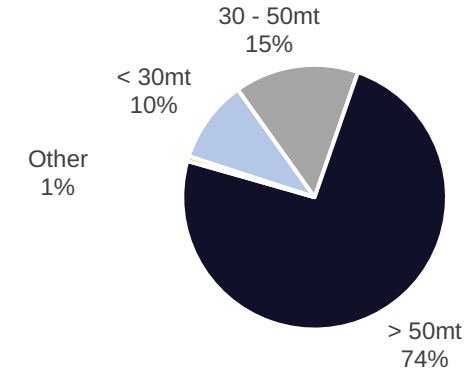
- **Shipbuilding Revenues** amount to **Eu 139.4mn** (+24% vs 1H 2022).
- This result is attributable to:
 - i) regular progress of existing projects;
 - ii) signing of new sale contracts for large yachts.

SHIPBUILDING REVENUES 1H 2021 - 1H 2023

(Eu mn)



BREAKDOWN BY LOA, BRAND, AND GEOGRAPHY

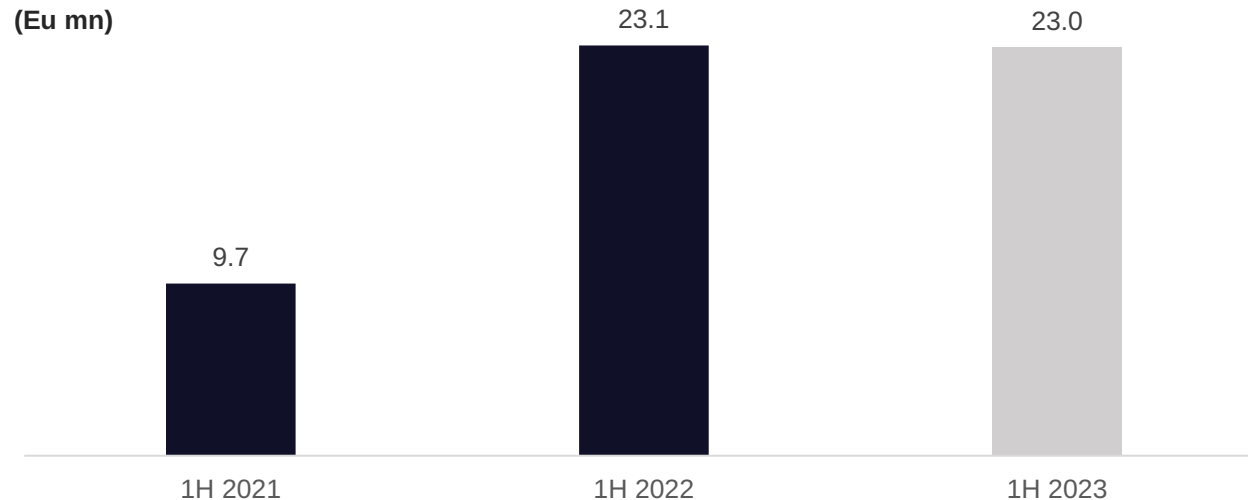


REFIT REVENUES

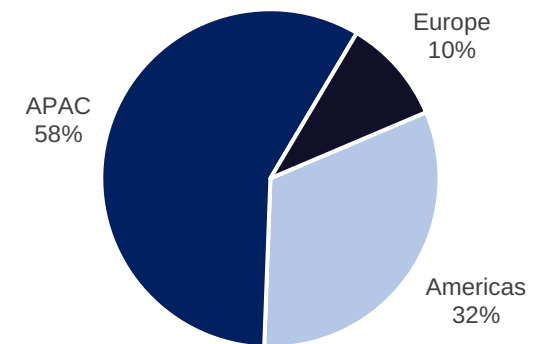
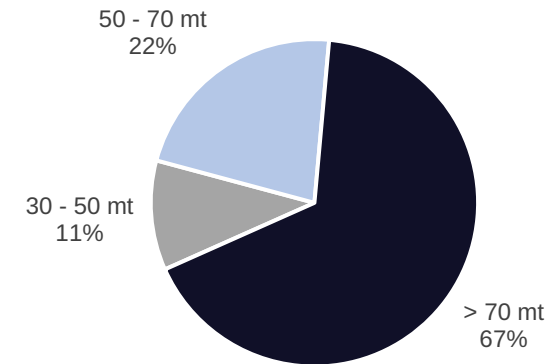
KEY HIGHLIGHTS

- **Refit Revenues** amount to **Eu 23.0mn** (in line with 1H 2022).
- It is relevant to note that Refit revenues are strictly linked to the strategic planning of maintenance contracts; for this reason, an acceleration in this division's revenues is expected in the second half of the year.

REFIT REVENUES 1H 2021 – 1H 2023



BREAK DOWN BY LOA AND GEOGRAPHY



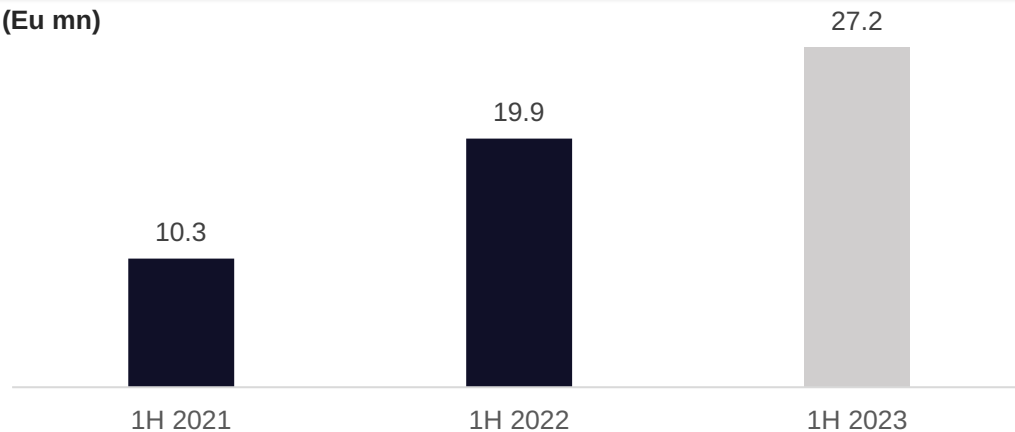
EBITDA & CAPEX

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.

EBITDA 1H 2021 – 1H 2023

(Eu mn)

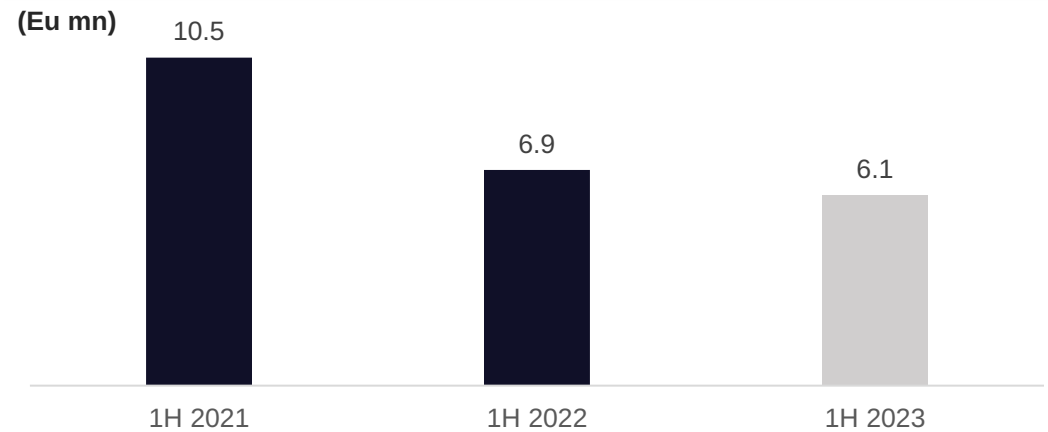


CapEx

- Throughout the first half of 2023, TISG made **Investments** for:
 - (i) The completion of “TISG 4.0” and “TISG 4.1” investment plans;
 - (ii) Improvements on the La Spezia Shipyard (“TISG 4.2”);
 - (iii) Expansion of commercial offices in Marina di Carrara;
 - (iv) Investments related to the increase in the production capacity of Celi S.r.l.

CapEx 1H 2021 – 1H 2023

(Eu mn)



AGENDA



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Q&A and CMD Highlights

SUMMARY OF PROFIT & LOSS

Summary Profit & Loss	30/06/2023	30/06/2022
<i>In thousands of Euros</i>		
Revenues	165,903	133,618
% YoY	24.2%	
Cost for outsourced work	-67,851	-53,780
Raw materials	-32,134	-35,597
Personnel costs	-18,691	-14,272
Other costs	-19,969	-10,061
EBITDA	27,258	19,908
%YoY	36.9%	
% on revenues	16.4%	14.9%
Depreciation, amortisation, and write-downs	-5,537	-4,660
EBIT	21,721	15,247
% on revenues	13.1%	11.4%
Net financial charges	-2,179	-1,224
Income from extraordinary charges	-404	-3,361
Taxes	-5,544	-3,044
Net Result	13,593	7,618
% on revenues	8.2%	5.7%

KEY HIGHLIGHTS

- Increase in **Revenues**, **+24%** vs 1H 2022, is due to the increase in **Operating Revenues**, amounting to **Eu 162.5 mn** at 30 June 2023;
- Increase in **EBITDA** (**+37%** vs 1H 2022) is mainly due to strict cost and budget management and the efficiency of production processes thanks to investments on facilities;
- Decrease in the impact of **Operating Costs**, especially with respect to **Raw Materials**, also thanks to the externalisation of the metal carpentry phases, leading to an increase in EBITDA margin from 14.9% to **16.4%**;
- Strong increase in **Net Result** (**+78%**).

NET WORKING CAPITAL

Net Working Capital	30/06/2023	31/12/2022
<i>In thousands of Euros</i>		
Inventories and payments on account	8,660	3,573
Contract work in progress and advances from customers	26,097	32,667
Trade receivables	35,040	21,469
Trade payables	-73,463	-78,770
Other current assets and liabilities	-29,238	-31,061
Net Working Capital	-32,904	-52,122
<i>Inventories and payments on account</i>	<i>2.6%</i>	<i>1.2%</i>
<i>Contract work in progress and advances from customers</i>	<i>8.0%</i>	<i>11.1%</i>
<i>Trade receivables</i>	<i>10.7%</i>	<i>7.3%</i>
<i>Trade payables</i>	<i>-22.5%</i>	<i>-26.7%</i>
<i>Other current assets and liabilities</i>	<i>-8.9%</i>	<i>-10.5%</i>
Net Working Capital (% on LTM Revenues)	-10.1%	-17.7%

KEY HIGHLIGHTS

- Increase in **Net Working Capital** is due to: (i) a decrease in **trade payables**; (ii) an increase in **trade receivables**; and (iii) change in the item **Other current assets and liabilities**, which includes the advance payments for *Tecnomar for Lamborghini 63 yachts*
- **Trade payables** refer to operating activities related to the projects in progress (Shipbuilding and Refit) as well as investments for the period;
- **Trade receivables** refer to activities related to shipbuilding and refit projects in progress. Specifically, the increase from **Eu 21mn** to **Eu 35mn** comes from invoices issued before 30 June 2023 whose payments have been received after the end of the semester;
- It is important to note that the item **Inventories and payments on account** does not include trade-ins or used yachts, due to the Group's strict commercial strategy, which strongly limits inventory risk.

NET DEBT

Net Debt	30/06/2023	31/12/2022
<i>In thousands of Euros</i>		
A. Cash	39,584	81,317
B. Cash equivalents	25,748	0
C. Other current financial assets	0	0
D. Liquidity (A)+(B)+(C)	65,332	81,317
E. Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	-2	-34
F. Current portion of non-current financial debt	-11,737	-14,163
F.1 Other current financial payables	-2,554	-2,292
G. Current financial indebtedness (E+F)	-13,643	-16,490
H. Net financial indebtedness (G-D)	51,689	64,827
I. Non-current bank debt (excluding the current portion of debt instruments)	-60,390	-66,287
J. Debt instruments	0	0
K. Trade and other non-current payables	-9,941	-9,912
L. Non-current financial indebtedness (I+J+K)	-70,982	-76,198
M. Total financial indebtedness (H+L)	-19,292	-11,371

KEY HIGHLIGHTS

- **Net Debt for Eu -19.2mn** reflects:
 - Cash out for **Eu 14.4 mn** for the payment of dividends;
 - Investments for the period, for **Eu 6.1 mn**.
- Net Debt calculation includes:
 - the current values of fees due to the Port Authority for the state concessions of Marina di Carrara and La Spezia, equal to **Eu 6mn**;
 - Disposal of an office building in the Viareggio building, for a net cash inflow of **Eu 10.6mn**;
 - The residual of the tax payables on behalf of subsidiary Celi, for **Eu 1.8mn**, which are to be paid in instalments ending in 2026.

STRATEGIC OUTLOOK

STRATEGY



Market Positioning: Mega & Giga Yachts



Brand Awareness: Excellence in Quality & Design



Shipbuilding & Refit: Synergies & Production Capacity



Perini Navi: Relaunch & Synergies

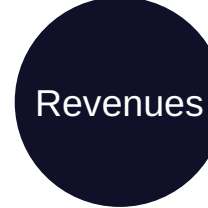


Sustainability: Long Term Value Creation for All Stakeholders



Employees & Management: Training & Incentives

STRATEGIC OUTLOOK 2023 - 2024



Revenues

Eu ~**365mn** in 2023
Eu **400 – 420mn** in 2024



EBITDA
Margin

~**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*

Q&A

THE ITALIAN SEA GROUP

PICCHIOTTI
SINCE 1875

✦ ADMIRAL

⊕ PERINI NAVI

TECNOMAR

NCA REFIT

CELI
1920

AGENDA



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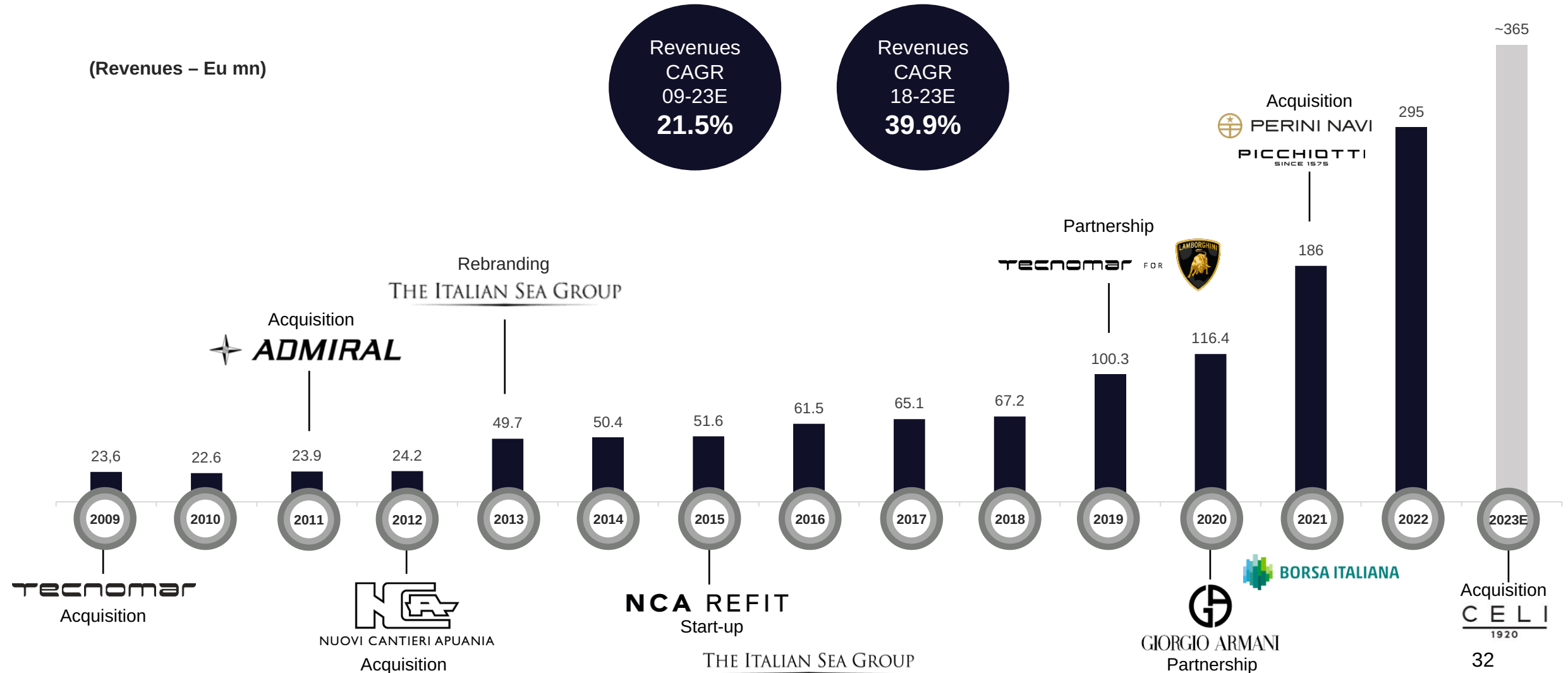
SUCCESS STORY SINCE 2009

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

(Revenues – Eu mn)

Revenues
CAGR
09-23E
21.5%

Revenues
CAGR
18-23E
39.9%



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)

Payment of 11/12 milestones, each worth c.10% of purchase price

From 30 to
over 50 mt LOA

Sale contract
signature

Instalment #1

Instalment #2

Instalment #3

Instalment #4

Instalment #5

Instalment #6

Instalment #7

Instalment #8

Delivery

**Favourable
working capital
management**

Tecnomar for
Lamborghini 63

Downpayment
20%

Mid Payment
30%

Mid Payment
30%

Delivery
20%

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**

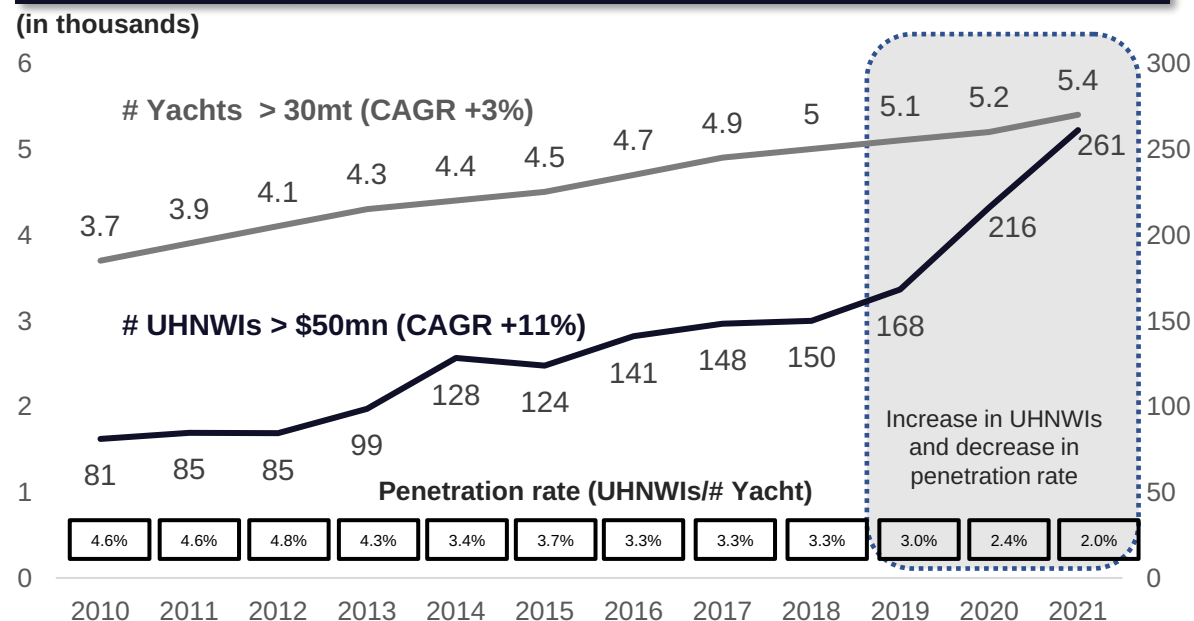
GROWING AND UNPENETRATED CUSTOMER BASE

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

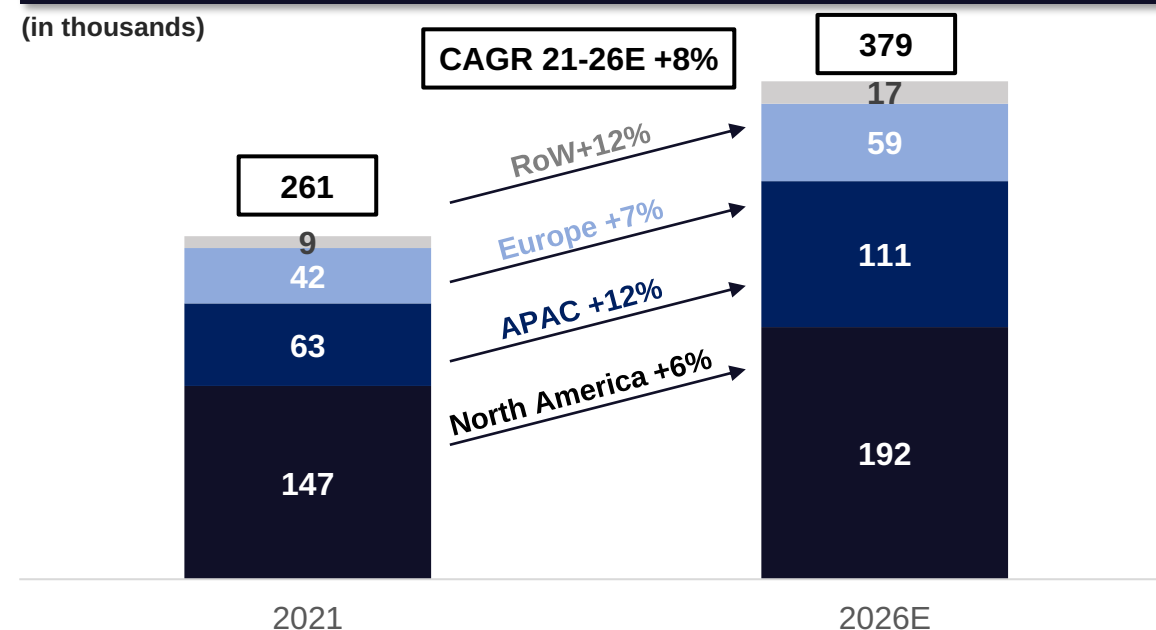
MAIN DRIVERS

- 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



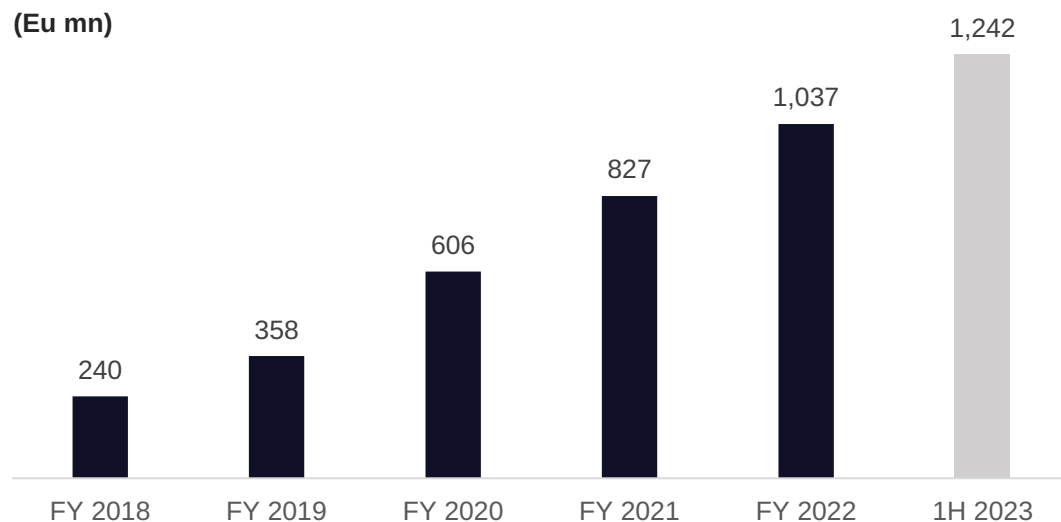
UHNWI GROWTH BY GEOGRAPHY / 2021 – 2026E



QUALITY & VISIBILITY OF THE ORDER BOOK

The Italian Sea Group boasts an Order Book in excess of **one billion Euros**, evenly distributed across different geographies.

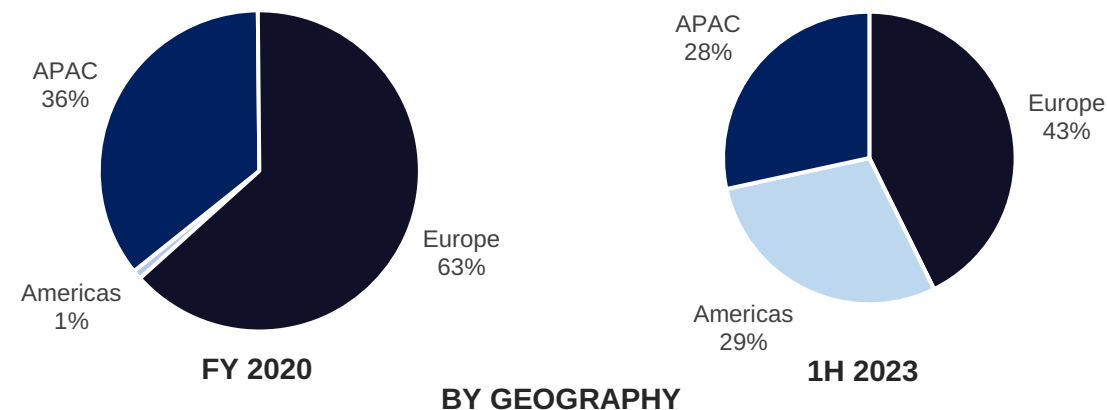
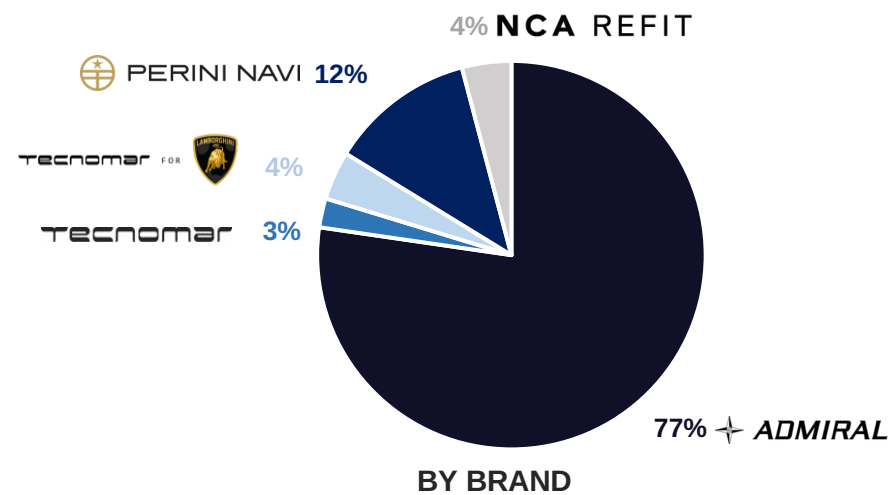
ORDER BOOK EVOLUTION



ORDER BOOK COMPOSITION

- Growth in demand from **Americas** and **APAC region** (from a total of 37% in FY 2020 to c. 60% in 1H 2023).
- Growth in the **Order Book** with visibility up to **2027**.

ORDER BOOK BREAKDOWN



INTERNALISATION OF KEY SUPPLY CHAIN ACTIVITIES

TISG internalises specific phases of the production cycle which require impeccable craftsmanship, in order to maintain control on the quality, the timing, and the costs of these activities in support of marginality and customer satisfaction.

METAL CARPENTRY



UPHOLSTERY



WOODWORKS



STEELWORKS



