



SPAFID CONNECT

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Vedi allegato.

SANLORENZO

SANLORENZO S.P.A.: THE BOARD OF DIRECTORS APPROVES THE PERIODIC FINANCIAL INFORMATION AS AT 31 MARCH 2020

FORECASTS CONFIRMED: SALES AND PROFITABILITY UP, SOLID BACKLOG

THE PROMPT REACTION TO COVID-19 THROUGH THE HEALTH PROTOCOL ENABLED THE GROUP TO PARTIALLY RESUME ACTIVITIES FROM 14 APRIL TO COMPLETE YACHTS TO BE DELIVERED AND TO PREPARE FOR THE FULL REOPENING OF ALL GROUP PLANTS ON 4 MAY

- Consolidated net revenues from the sale of new yachts (Net Revenues New Yachts) of €97.9 million: +11.0% compared to €88.3 million in the first quarter of 2019 (+17.9% with the same scope of consolidation)
- Consolidated EBITDA of €13.3 million: +45.5% compared to €9.2 million in the first quarter of 2019, corresponding to 13.6% of Net Revenues New Yachts
- Consolidated EBIT of €8.8 million: +58.5% compared to €5.6 million in the first quarter of 2019, corresponding to 9.0% of Net Revenues New Yachts
- Group net profit of €5.9 million: +88.2% compared to €3.2 million in the first quarter of 2019, corresponding to 6.2% of Net Revenues New Yachts
- Investments of €6.4 million compared to €12.9 million in the first quarter of 2019
- Group net financial position as at 31 March 2020 of €60.7 million compared to €9.1 million as at 31 December 2019
- Gross backlog as at 31 March 2020 of €500.8 million compared to €461.5 million as at 31 March 2019, and up 12.7% against 31 December 2019
- Outlook 2020: Net Revenues New Yachts and EBITDA in line with 2019

Ameilia (SP), 11 May 2020 – The Board of Directors of Sanlorenzo S.p.A. (“Sanlorenzo” or the “Company”), which met today under the chairmanship of Mr. Massimo Perotti, examined and approved the periodic financial information as at 31 March 2020.

Massimo Perotti, Executive Chairman of the Company, stated:

«The results for the first few months of 2020 once again confirm the validity of our business model, which has proven its resilience in the different phases of the economic cycle. All of the indicators are recording positive performance, as expected, particularly in terms of profitability, which benefits from the effects of the major investments already made to increase production capacity, which has led to a considerable improvement in the efficiency of all sites.»

An important factor in the future stability of these results was Sanlorenzo's rapid response, which in just two weeks from the closure of activities on 23 March, thanks to the health protocol signed on 7 April, to good relations with all social parties and the support of the authorities in the Regions we operate in, was able to fully resume production activities in all plants on 4 May, thanks particularly to the partial reopening from as early as 14 April of the Ameglia and La Spezia sites, and from 20 April for those in Viareggio and Massa.

We were therefore able to reopen the sites rapidly and in full safety, cutting the overall suspension of activities to just 28 days. From March, a plan to cut operating costs and deferrable investments was implemented, maintaining investments relating to new products, innovation and sustainability.

The measures set in place, combined with the significant visibility provided by the backlog of €500 million, 92% of which covered by end customers, enables us to forecast performance for this year in line with the results achieved in 2019».

ANALYSIS OF CONSOLIDATED NET REVENUES NEW YACHTS

Net Revenues New Yachts¹ for the first quarter of 2020 amounted to **€97.9 million**, +11.0% compared to €88.3 million in the first quarter of 2019. With the same scope of consolidation, therefore excluding the Net Revenues New Yachts generated by GP Yachts S.r.l., whose shareholding was sold by the Company in July 2019, the increase of Net Revenues New Yachts is 17.9%.

Net Revenues New Yachts by division

(€'000)	Three months ended 31 March				Change	
	2020	% of total	2019	% of total	2020 vs. 2019	2020 vs. 2019%
Yacht Division	64,152	65.5%	54,011	61.2%	10,141	+18.8%
Superyacht Division	27,047	27.6%	26,289	29.8%	758	+2.9%
Bluegame Division	6,746	6.9%	2,762	3.1%	3,984	+144.2%
Other ²	-	-	5,212	5.9%	(5,212)	-100.0%
Net Revenues New Yachts	97,945	100.0%	88,274	100.0%	9,671	+11.0%

The **Yacht Division** generated Net Revenues New Yachts of **€64.2 million** in the first quarter of 2020, corresponding to 65.5% of the total, up by 18.8% compared to the same period of 2019.

The **Superyacht Division** generated Net Revenues New Yachts of **€27.0 million**, corresponding to 27.6% of the total, up by 2.9% compared to the same period of 2019.

The **Bluegame Division** generated Net Revenues New Yachts of **€6.7 million**, up by 144.2% compared to the first quarter of 2019 and corresponding to 6.9% of the total.

¹ Net Revenues New Yachts are calculated as the algebraic sum of revenues from contracts with customers relating to new yachts net of relative fees. In accordance with IFRS standards, the selling price of new yachts and therefore also the calculation of the related revenues reflects the difference between the contractually attributed value of the used boats and their relative fair value.

² The item "Other" includes the Net Revenues New Yachts realised by GP Yachts S.r.l., whose equity investments were transferred by the company on 19 July 2019.

Net Revenues New Yachts by geographical area³

(€'000)	Three months ended 31 March				Change	
	2020	% of total	2019	% of total	2020 vs. 2019	2020 vs. 2019%
Europe	59,882	61.1%	60,411	68.4%	(529)	-0.9%
Americas	15,184	15.5%	7,047	8.0%	8,137	+115.5%
APAC	14,229	14.5%	16,394	18.6%	(2,165)	-13.2%
Middle East and Africa	8,650	8.8%	4,422	5.0%	4,228	+95.6%
Net Revenues New Yachts	97,945	100.0%	88,274	100.0%	9,671	+11.0%

In the first quarter of 2020, **Europe**, which represents the Group's historical market, recorded Net Revenues New Yachts of **€59.9 million** (of which €18.8 million generated in Italy), corresponding to 61.1% of the total, substantially stable compared to the first quarter of 2019.

The **Americas** generated Net Revenues New Yachts of **€15.2 million**, an increase of 115.5% compared to the first quarter of 2019 and corresponding to 15.5% of the total, in line with the strategy to increase penetration in this geographical market.

The **APAC** area generated Net Revenues New Yachts of **€14.2 million**, down by 13.2% compared to the first quarter of 2019 and corresponding to 14.5% of the total.

Significant growth was recorded in the **Middle East and Africa**, with Net Revenues New Yachts up by 95.6% reaching **€8.7 million**, corresponding to 8.8% of the total, mainly due to the growth of the Superyacht Division.

ANALYSIS OF CONSOLIDATED OPERATING RESULTS AND NET PROFIT

The **adjusted EBITDA⁴** for the first quarter of 2020 reached **€13.5 million**, up by 47.0% compared to €9.2 million in the first quarter of 2019, with a margin of 13.8% on Net Revenues New Yachts (10.4% in the first quarter of 2019).

The significant increase in profit margins is due to the progressive increase in the prices of new orders thanks to the improved commercial positioning of the Company and the savings generated by the start-up of new production capacity following the investments made in 2019 and the first few months of 2020.

EBITDA⁵ including the non-recurring items mostly relating to the portion of non-monetary costs for the period of the 2020 Stock Option Plan, amounted to **€13.3 million**, up 45.5% compared to €9.2 million in the first quarter of 2019.

Depreciation and amortisation expenses of €4.5 million, were up by 25.4% compared to the first quarter of 2019 in relation to the significant investments linked to the increase of production capacity and the development of new products.

EBIT amounted to **€8.8 million**: up 58.5% compared to €5.6 million in the first quarter of 2019, corresponding to 9.0% of Net Revenues New Yachts.

³ On the basis of the nationality of the final customer.

⁴ Adjusted EBITDA is calculated by adding amortisation/depreciation to operating profit/loss adjusted by non-recurring items, which in the first quarter of 2020 were mainly related to the portion of non-monetary costs for the period of the 2020 Stock Option Plan.

⁵ EBITDA is calculated by adding amortisation/depreciation expenses to operating profit/loss.

Net financial expense as at 31 March 2020 came to €0.6 million, corresponding to 0.6% of Net Revenues New Yachts. The decrease against the same period of 2019 is mainly due to the better financial conditions applied to the Company by the financial institutions.

Income taxes as at 31 March 2020 amounted to €2.5 million, up €1.2 million compared to €1.3 million in the first quarter of 2019.

Group net profit for the first quarter of 2020 amounted to **€5.9 million** corresponding to 6.1% of Net Revenues New Yachts, showing an increase of 84.0% compared to the €3.2 million recorded in the first quarter of 2019.

ANALYSIS OF CONSOLIDATED BALANCE SHEET AND INCOME STATEMENT

Net working capital as at 31 March 2020 was positive for **€66.7 million** compared to €11.5 million as at 31 December 2019, showing an increase of €55.1 million.

Net trade working capital as at 31 March 2020 was positive for **€56.6 million** compared to €(1.2) million as at 31 December 2019.

The **Net financial position** as at 31 March 2020 was **€60.7 million** compared to a net financial position of €9.1 million as at 31 December 2019 and €73.1 million as at 31 March 2019⁶. More specifically, the current financial debt as at 31 March 2020 was €74.3 million, up compared to €19.3 million as at 31 December 2019, mainly due to the increase of current bank debt, represented essentially by loans for contract advances. **Cash and cash equivalents** as at 31 March 2020 in fact amounted to **€63.3 million**.

The changes in net working capital and the net financial position in the first quarter were due to trends relating to the seasonal nature of orders typical of this industry. To deal with these effects, the Group has significant bank credit facilities, whose use is planned on the basis of the trend in financial requirements. As at 31 March 2020, the Group had bank credit facilities to cover its liquidity requirements of €108.9 million⁷, showing an increase of €27.0 million compared to 31 December 2019, of which €53.9 million available.

Investments in the first quarter of 2020 amounted to **€6.4 million** compared to €12.9 million in the first quarter of 2019, of which €3.3 million were linked to the product development and to the creation of models and moulds, and €2.0 million to the programme to increase production capacity.

In the first quarter of this year, the major investment plan to increase production capacity is now close to completion. More specifically, in January, the new production site in Ameglia was inaugurated, comprised by two buildings dedicated to yacht fitting-out activities, and a four-floor office block, covering a total surface area of 135,000 sqm.

⁶ Net financial position as at 31 March 2019 did not take into account the impact of the reverse merger with the parent company WindCo S.p.A., resolved by the shareholders' meetings of the two companies in question on 15 April 2019, and which became legally effective on 28 June 2019, for €49.1 million. Pro forma net financial position as at 31 March 2019 amounts to €122.2 million.

⁷ Not including lines of credit for reverse factoring.

BACKLOG⁸

The gross **backlog** as at 31 March 2020 amounted to **€500.8 million**, up €39.3 million compared to the same period of 2019 (8.5%). Compared to the figure as at 31 December 2019 of €444.3 million, the value of the backlog was up by €56.4 million (12.7%).

OUTLOOK 2020

Sanlorenzo continues to benefit from the unique characteristics of its business model, which makes the Group particularly resilient in the various phases of the economic cycle, thanks to the brand's strength and high-end positioning, yachts built in limited quantities and strictly made to measure, addressed to a solid and loyal sophisticated clientele and a flexible cost structure.

The actions taken to tackle the restrictive measures related to COVID-19, in the absence of further interruption, will enable the Company to make up the suspension period, limiting the impact on results, also thanks to the decision to work through the month of August. This, together with the significant backlog amounting to over €500 million, 92% of which is represented by direct customers, enables the management to forecast substantially stable Net Revenues New Yachts for 2020. The amount of the backlog as at 31 March 2020 related to the current year is €360.2 million, corresponding to approximately 80% of the Net Revenues New Yachts expected in 2020.

EBITDA is expected to be substantially in line with the previous year, due to the plan to further cut operating costs and deferrable investments undertaken from the onset of the current circumstances. This plan has not changed the amounts invested in new product development, innovation and sustainability and has postponed any other projects not retained a priority or necessary at this time.

⁸ Backlog is calculated as the sum of the value of all orders and sales contracts signed with customers or brand representatives relating to yachts for delivery or delivered in the current financial year or for delivery in subsequent financial years. For each year, the value of the orders and contracts included in the backlog refers to the relative share of the residual value from 1 January of the financial year in question until the delivery date. The backlog relating to yachts delivered during the financial year is conventionally cleared on 31 December.

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The manager responsible for preparing the corporate accounts, Attilio Bruzzese, pursuant to article 154-bis, paragraph 2, of Italian Legislative Decree n. 58 of 1998 ("Consolidated Finance Law - TUF") states that the information in this communication correspond to the records, ledgers and accounting entries.

This document includes forward-looking statements relating to future events and operational, economic and financial results of Sanlorenzo Group. These forecasts, by their nature, contain an element of risk and uncertainty, as they depend on the occurrence of future events and developments.

This document makes use of some alternative performance indicators. The represented indicators are not identified as accounting measurements in the context of IFRS standards and, therefore, must not be viewed as alternative measurements to those included in the financial statements. The management team retains that these indicators are a significant parameter for the assessment of the Group's economic and financial performance.

The Periodic Financial Information as at 31 march 2020 is not subject to audit.

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Sanlorenzo S.p.A.

Sanlorenzo is a worldwide leader in terms of number of yachts over 30 metres long. It is the only player in luxury boats to compete in different sectors with a single brand, producing yachts and superyachts tailored to every boat owner, characterised by a distinctive and timeless design.

Sanlorenzo's production is broken down into three divisions:

- Yacht Division - composite yachts of a length between 24 and 38 metres;
- Superyacht Division - superyachts in aluminium and steel of between 40 and 68 metres long;
- Bluegame Division - sport utility yachts of length between 13 and 22 metres;

Sanlorenzo's production is articulated over four production sites located in La Spezia, Ameglia (SP), Viareggio (LU) and Massa. The sites are strategically located near to each other, so allowing significant operational efficiencies.

The Group employs around 500 people and cooperates with a network of 1,500 qualified craft enterprises. It can rely on an international distribution network and a widespread service network for customers all over the world.

In 2019, net revenues from the sale of new yachts amounted to around €456 million, adjusted EBITDA of €66 million and a Group net profit of €27 million.

www.sanlorenzoyacht.com

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SANLORENZO GROUP

RECLASSIFIED INCOME STATEMENT AS AT 31 MARCH 2020

(€'000)	Three months ended 31 March				Change	
	2020	% Net Revenues New Yachts	2019	% Net Revenues New Yachts	2020 vs. 2019	2020 vs. 2019%
Net Revenues New Yachts	97,945	100.0%	88,274	100.0%	9,671	+11.0%
Net revenues from used boats, maintenance and other services	208	0.2%	4,913	5.6%	(4,705)	-95.8%
Other income	1,133	1.2%	174	0.2%	959	+551.1%
Operating costs	(85,807)	(87.6)%	(84,192)	(95.4)%	(1,615)	+1.9%
Adjusted EBITDA	13,479	13.8%	9,169	10.4%	4,310	+47.0%
Non recurring costs	(135)	(0.1)%	-	-	(135)	-
EBITDA	13,344	13.6%	9,169	10.4%	4,175	+45.5%
Depreciation and amortisation	(4,500)	(4.6)%	(3,589)	(4.1)%	(911)	+25.4%
EBIT	8,844	9.0%	5,580	6.3%	3,264	+58.5%
Net financial expense	(570)	(0.6)%	(762)	(0.9)%	192	-25.2%
Adjustments to financial assets	29	0.0%	-	-	29	-
Pre-tax profit	8,303	8.5%	4,818	5.5%	3,485	+72.3%
Tax expense	(2,526)	(2.6)%	(1,326)	(1.5)%	(1,200)	+90.5%
Net profit	5,777	5.9%	3,492	4.0%	2,285	+65.4%
Profit (loss) ⁹	154	0.2%	(269)	(0.3)%	423	+157.2%
Group net profit	5,931	6.1%	3,223	3.7%	2,708	+84.0%

⁹attributable to non-controlling interests

SANLORENZO GROUP

RECLASSIFIED BALANCE SHEET AS AT 31 MARCH 2020

(€'000)	31 March	31 December	Change	
	2020	2019	2020 vs. 2019	2020 vs. 2019%
USES				
Goodwill	8,667	8,667	-	-
Intangible assets with a finite useful life	35,683	35,404	279	+0.8%
Property, plant and equipment	104,214	102,598	1,616	+1.6%
Current provisions for risks and charges	408	379	29	+7.7%
Net deferred tax assets	3,102	3,008	94	+3.1%
Non-current employee benefits	(818)	(796)	(22)	+2.8%
Non-current provisions for risks and charges	(898)	(913)	15	-1.6%
Net fixed capital	150,358	148,347	2,011	+1.4%
Inventories	79,541	62,311	17,230	+27.7%
Trade receivables	23,465	20,269	3,196	+15.8%
Contract assets	98,790	87,889	10,901	+12.4%
Trade payables	(122,070)	(152,189)	30,119	-19.8%
Liabilities from contracts	(23,115)	(19,442)	(3,673)	+18.9%
Other current assets	44,182	46,007	(1,825)	-4.0%
Current provisions for risks and charges	(10,271)	(9,299)	(972)	+10.5%
Other current liabilities	(23,872)	(23,999)	127	-0.5%
Net working capital	66,650	11,547	55,103	+477.2%
Net invested capital	217,008	159,894	57,114	+35.7%
SOURCES				
Net Financial Debt	60,712	9,063	51,649	+569.9%
Equity	156,296	150,831	5,465	+3.6%
Total sources	217,008	159,894	57,114	+35.7%

SANLORENZO GROUP

NET FINANCIAL DEBT AS AT 31 MARCH 2020

(€'000)	31 March 2020	31 December 2019
A Cash and cash equivalents	(63,341)	(60,186)
B Other cash and cash equivalents	-	-
C Securities held for trading	-	-
D Cash	(63,341)	(60,186)
E Current financial receivables	(160)	(6,654)
F Current bank payables	55,046	370
G Current portion of debt	17,428	17,394
H Other current financial payables	1,777	1,530
I Current financial debt (F + G + H)	74,251	19,294
J Net current financial debt (I + E + D)	10,750	(47,546)
K Non-current bank payables	48,243	54,706
L Bonds issued	-	-
M Other non-current payables	1,719	1,903
N Non-current financial debt (K + L + M)	49,962	56,609
O Net financial debt (J + N) with ESMA Recommendation	60,712	9,063

SANLORENZO GROUP

RECLASSIFIED STATEMENT OF CASH FLOWS AS AT 31 MARCH 2020

(€'000)	31 March 2020	31 March 2019
EBITDA	13,344	9,169
Taxes paid	(79)	-
Change in inventories	(17,230)	(5,415)
Change in net contract assets and liabilities	(7,228)	(29,745)
Change in trade receivables and advances to suppliers	(4,476)	10,368
Change in trade payables	(30,119)	(16,803)
Change in provisions and in other assets and liabilities	1,432	(96)
Operating cash flow	(44,356)	(32,522)
Change in fixed assets (Capex)	(6,430)	(12,870)
Business acquisitions (Enterprise Value)	-	-
Free cash flow	(50,786)	(45,392)
Net financial interest	(541)	(762)
Other changes	(322)	(3,999)
Change in Net Financial Position	(51,649)	(50,153)
Net Financial Position at the beginning of the period	9,063	22,963
Net Financial Position at the end of the period ¹⁰	60,712	73,116

¹⁰ Net financial position as at 31 March 2019 did not take into account the impact of the reverse merger with the parent company WindCo S.p.A., resolved by the shareholders' meetings of the two companies in question on 15 April 2019, and which became legally effective on 28 June 2019, for €49.1 million.

Fine Comunicato n.2211-31

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