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Oggetto : THE ITALIAN SEA GROUP: THE BOARD  
OF DIRECTORS APPROVES SELECTED  
INFORMATION FOR THE FIRST NINE  
MONTHS 2021

*Testo del comunicato*

Vedi allegato.

# THE ITALIAN SEA GROUP

## PRESS RELEASE

### THE ITALIAN SEA GROUP: THE BOARD OF DIRECTORS APPROVES SELECTED INFORMATION FOR THE FIRST NINE MONTHS 2021

*Significant increase in Net Sales (74%) and doubling of EBITDA with respect to the same period in 2020*

*Confirmed Financial Year 2021 Guidance, positioning on the higher side of the previously indicated value range*

**Selected financial information for the first nine months of 2021 with respect to the same period in 2020:**

- **Net sales:** 127.8 million Euros with respect to 73.5 million Euros (+73.9%);
- **EBITDA:** 17.4 million Euros with respect to 8.7 million Euros (+99.7%), with a weight on Net Sales equal to 13.6% with respect to 11.8%;
- **Backlog:** Gross backlog equal to 654.3 million Euros and Net backlog equal to 443.3 million Euros;
- **Net Financial Position:** positive for 3.9 million Euros, improving compared to a net financial debt equal to 10.7 million Euros on September 30<sup>th</sup>, 2020 and a net financial debt equal to 8.3 million Euros on December 31<sup>st</sup>,2020;
- **Investments:** 20.1 million Euros in the first nine months of 2021, of which 9.1 million Euros in the third quarter of 2021, more than three times the 6.7 million Euros carried out in the first nine months of 2020 (+201.6%), due to the effect of the execution, in line with schedule, of the “TISG 4.0” investment plan which will lead to a significant increase of production capacity (+40%) by the end of 2022.

*Marina di Carrara, November 15th, 2021.* The Italian Sea Group S.p.A. (“**TISG**” or the “**Company**”), global operator in the luxury yachting industry, announces that the Board of Directors has approved, in today’s meeting, the additional periodic information indicating the Company’s performance related to the third quarter of 2021<sup>1</sup> (Production Value; EBITDA; Backlog; Net Financial Position and Investments).

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<sup>1</sup> Information not subject to revision, not even limited.

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*“The results related to the first nine months of 2021 confirm a strong and stable growth, strengthening our positioning in the luxury yachting industry and, in particular, in the segment of mega yachts up to 140 metres – comments **Giovanni Costantino, The Italian Sea Group Founder & CEO** – “with an important increase in **Net Sales** and a doubling of **EBITDA** compared to the same period in the previous year, which allow us to confirm what we have indicated to the market during the IPO process.*

*All of this strengthens our expectations regarding the previously communicated guidance for the end of Financial Year 2021, with Net Sales equal to 170 million Euros and an EBITDA equal to 26 million Euros, positioning ourselves in the highest part of the indicated value range.*

*The positive performance is supported by the important investments being realised inside our headquarters in Marina di Carrara, with the objective to expand the shipyard’s production capacity: for this purpose, the activities related to the “TISG 4.0” investment plan, two thirds of which are now completed, continue to be carried out.*

*We keep on working at a fast pace to drive growth, with the purpose to create value for our owners and investors, always mindful of environmental sustainability and continuous innovation.”*

### **PRODUCTION VALUE**

In the **first nine months of 2021** TISG has recorded **Net Sales equal to 127.8 million Euros**, growing by 73.9% compared to 73.5 million Euros recorded in the same period in 2020. This result has been driven by the strong expansion in demand on an international level, as well as by the progress of production in line with the schedule for orders already registered in backlog.

Operational revenues (125.2 million Euros for the first nine months of 2021 vs 70.1 million Euros in the same period of 2020) increased by 78.7%, with a weight on Net sales equal to 98% compared to 95% in the same period of 2020.

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Specifically, TISG posts:

- A substantial increase in Revenues (+80.4%) for the **Shipbuilding division** (110.8 million Euros in the first nine months of 2021 compared to 61.4 million Euros in the same period in 2020) with a weight on Net Sales equal to 87% (vs 84% in the same period of 2020). The increase is mainly due to the subscription and progress of construction contracts for yachts and super yachts with the brands **Admiral** and **Tecnomar**, with 11 units currently in progress, as well as the relevant growth in sales of **Tecnomar for Lamborghini 63** motor yachts, with 12 units currently in progress;
- A significant increase in Revenues (+64.9%) for the **Refit division** (12.6 million Euros in the first nine months of 2021 vs 7.6 million Euros in the same period of 2020) with a weight on Net Sales equal to 10%, in line with the same period of 2020. The Refit division operates through the **NCA Refit** brand, operating on yachts produced by TISG as well as yachts – both sailing and motor yachts – built by other shipyards.

### EBITDA

**EBITDA** is equal to **17.4 million Euros**, growing by **99.7%** with respect to 8.7 million Euros for the first nine months of 2020, with a **margin on Net Sales** equal to **13.6%** vs 11.8% in the same period of 2020.

The improvement in operating margin reflects the progress of several strategic interventions carried out by Management:

- Increase in product margins through an excellent market positioning, in particular through the subscription of commercial partnership agreements with other brands operating in the luxury industry;

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- Operational cost efficiency through strategic investments aimed at improving the shipyard's operational capacity;
- Investments in human capital, aimed at developing an internal know-how specialised on the main value-added phases of the supply chain.

### BACKLOG

The Company's **Net backlog** is equal to **443.3 million Euros** on September 30<sup>th</sup>, 2021, with a total value of contracts (Order Book) equal to **654.3 million Euros**.

Currently there are 23 yachts and mega yachts under construction, of which 9 **Admiral** mega yachts, 2 **Tecnomar** yachts and 12 **Tecnomar for Lamborghini 63** yachts.

### NET FINANCIAL POSITION

**Net Financial Position (NFP)** on September 30<sup>th</sup>, 2021 is positive for **3.9 million Euros** compared to a net financial debt equal to 10.7 million Euros on September 30<sup>th</sup>, 2020 and a net financial debt equal to 8.3 million Euros on December 31<sup>st</sup>, 2020. Net financial position reflects significant investments (20.1 million Euros) and the payment of dividends (6.2 million Euros); furthermore, NFP benefits from a 44.5 million Euros increase in capital due to the IPO.

The production in progress foresees the recognition, from owners, of an important number of *instalments*, and the relative cash-in, in the last quarter of the year.

Cash amounts to **44.2 million Euros** (17.9 million Euros on December 31<sup>st</sup>, 2020 and 5.6 million Euros on September 30<sup>th</sup>, 2020).

### INVESTMENTS

**Investments** in the first nine months of 2021 amount to **20.1 million Euros** versus 6.7 million Euros in the first nine months of 2020, recording a **201.6%** increase specifically related to the execution of the **“TISG 4.0”** investment plan.

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During the third quarter of 2021, the Company has completed the final operation for the construction of a new dry dock, 147 metres in length and 48 metres in width, equipped with an entrance door of about 30 metres, which develops an important surface of 6,500 sqm with a maximum capacity of 5 yachts between 60 and 70 metres and vessels up to a maximum length of 140 metres.

It is also equipped with a closing “boat door” with electronic controls which allows for its filling and emptying in a record time of 5 hours.

The first activity in the new dock will take place on **November 16<sup>th</sup>**, with the launch of a new and futuristic 75-metre yacht.

The construction of the new dock is at the core of the “TISG 4.0” investment plan, which will lead to a significant increase in production capacity to promptly answer to new orders.

### **Business Outlook**

The luxury yachting industry continues to show resilience despite the ongoing pandemic, with a stable and constant growth supported by an increase in **Ultra High Net Worth Individuals (UHNWIs)**, main target of the reference market, in particular regarding mega yachts over 60 metres.

The Company’s **Shipbuilding division** has accelerated its growth thanks to the high positioning in the luxury market, strengthened by the important collaboration with renown brands such as **Giorgio Armani** and **Automobili Lamborghini**.

Further negotiations for new contracts have been carried out, both for **Admiral** and **Tecnomar**. The **Tecnomar for Lamborghini 63** project, in particular, has registered a significant increase in orders in the second half of the year, with 12 units under construction as of September 30<sup>th</sup>, 2021.

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The growth in the mega yacht markets has also positively affected related activities, such as refit.

The Refit division represents an extremely strategic activity for the Company, both for its strong resilience and anti-cyclical nature and for the significant number of yachts undergoing Refitting activities built by competitors, including a **56 metre** Perini yacht currently present in the shipyard.

The investment plan “TISG 4.0”, started at the beginning of 2020 for a value of around **40 million Euros**, continues to be carried out. The Italian Sea Group furthers the expansion of its production capacity through a new investment plan for **14 million Euros**, “**TISG 4.1**”, which consists in the expansion of the shed on the original dock, as well as a series of facilities and service plants. This will expand by 4 units the contemporaneity of vessels in build, shifting the shipyard’s construction limitations from 100 to 140 metres.

Furthermore, the Company continues to invest in sustainability: it has recently laid the keel of an extremely innovative **100 metre Admiral** yacht, with highly technological contents and a diesel-electric propulsion system.

In addition, TISG has recently signed an agreement for the realisation of plants with photovoltaic panels to cover the shipyard’s four main sheds, with the purpose to cover all energy consumption from sustainable sources within the middle of the year 2022.

Great attention is invested in the training of employees, beginning the second session of courses in the TISG Academy, a project dedicated to the creation of excellent courses for the employees of the company and for graduate students, in collaboration with the Universities of Genoa, La Spezia and Trieste.

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Once again, TISG confirms its determination to respect commitments and schedules in the objective of a healthy and continuous growth due to an attentive and efficient management of its economic and financial structure.

### Other Deliberations of the Board of Directors

In today's meeting, the Board of Directors has appointed – after consulting the Control and Risk Committee – **Mr. Umberto Cappetti** as responsible for the *Internal Audit* function of the Company in place of **Mr. Francesco Perrotta**.

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### Declaration ex art. 154-bis, second coma, T.U.F.

Pursuant to the Consolidation Act, section 154 clause 2 bis, of the D. Lgs. n. 58/98, as subsequently adjusted, Mr. Marco Carniani, the Manager in charge of preparing the corporate Accounting Books, herewith represents that the financial information contained in this Press Release conforms with corporate accounting documents, records, and books.

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The press release is available in the “Investor” section of the website <https://theitalianseagroup.com/investor>.

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### Conference Call

Financial results related to the first nine months of 2021 will be presented today, **Monday November 15th** at **5:00 pm CEST** during a Conference Call held by the Company's Top Management.

The Conference Call can be accessed through the following url: <https://b1c-co-uk.zoom.us/j/81671936109?pwd=UUppZGdHZHVjZUlnN2lrMm55M3BjZz09>



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The presentation will be available at the beginning of the Conference on the website <https://theitalianseagroup.com/investor/> in the section “Investor/Financial Documents”.

*This document is an English translation from Italian. The Italian original shall prevail in case of difference in interpretation and/or factual errors.*

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### **The Italian Sea Group**

The Italian Sea Group is a global operator in the luxury yachting industry, listed on Euronext Milan (“EXM”) and active in the reconstruction and refit of motor yachts and sailing yachts up to 140 meters. The company, led by the Italian entrepreneur Giovanni Costantino, operates in the market with its brands Admiral, renowned for its exquisite and elegant yachts, and Tecnomar, recognized for the sportsmanship, avant-garde design, and high-performance of its yachts; the company also has a business unit which handles repairing and refit services with a focus on yachts and mega yachts with a length exceeding 60 meters.

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