



**BERENBERG EU OPPORTUNITIES  
CONFERENCE**  
13 MARCH 2023

THE ITALIAN SEA GROUP

PICCHIOTTI  
SINCE 1876

ADMIRAL

PERINI NAVI

TECNOMAR

NCA REFIT



# EXECUTIVE SUMMARY

# 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<sup>1</sup>. TISG was listed in the Milan Stock Exchange in June 2021.

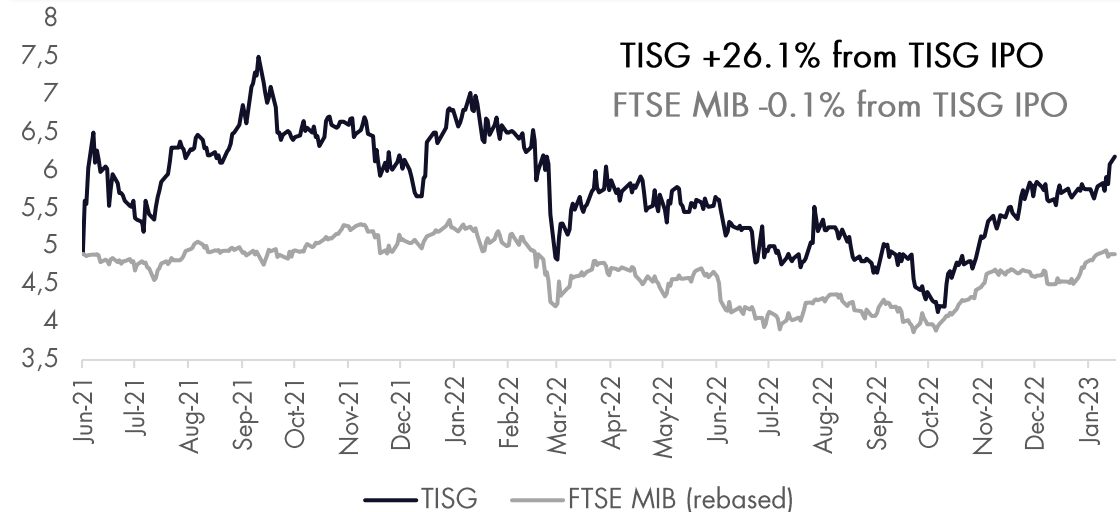
## BRANDS

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

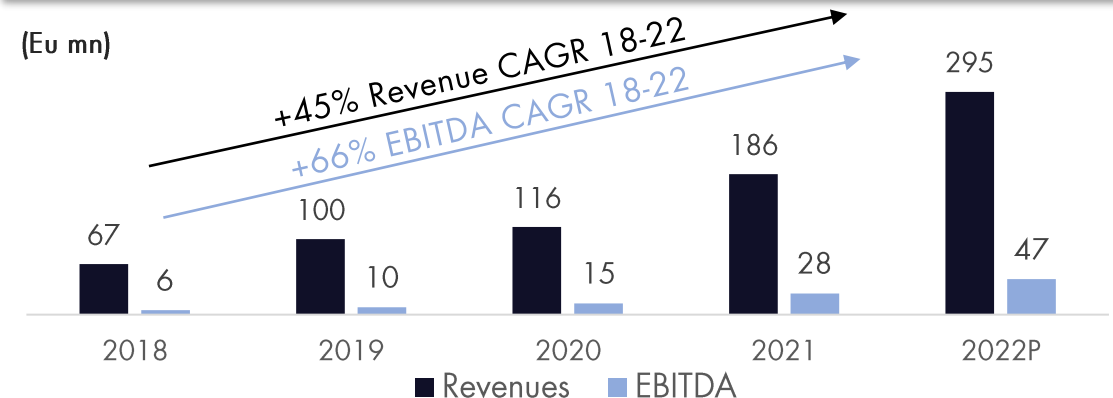
## PARTNERSHIPS

-  **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 SINCE IPO (8 JUNE 2021)



## REVENUE AND EBITDA EVOLUTION



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

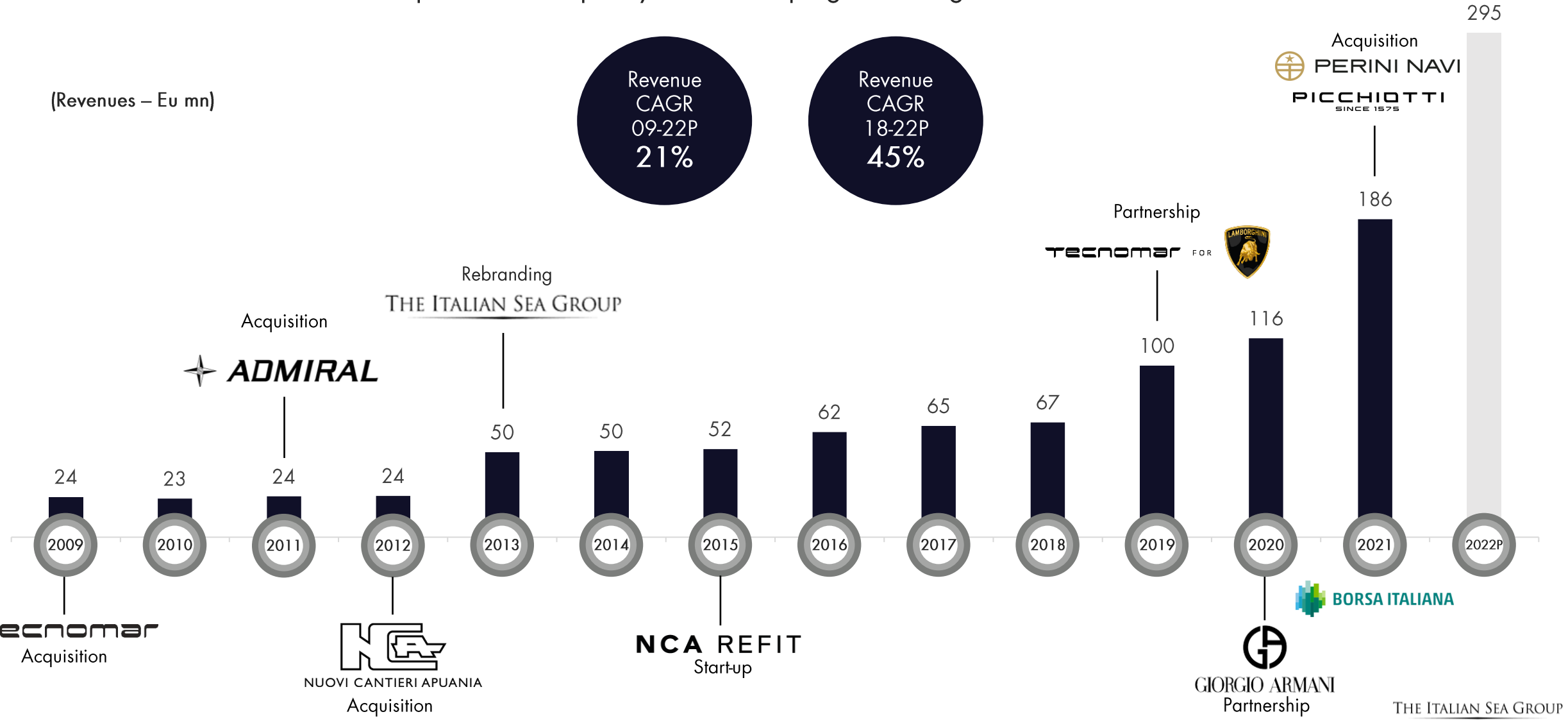
# Success Story since 2009

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.

(Revenues – Eu mn)

Revenue  
CAGR  
09-22P  
21%

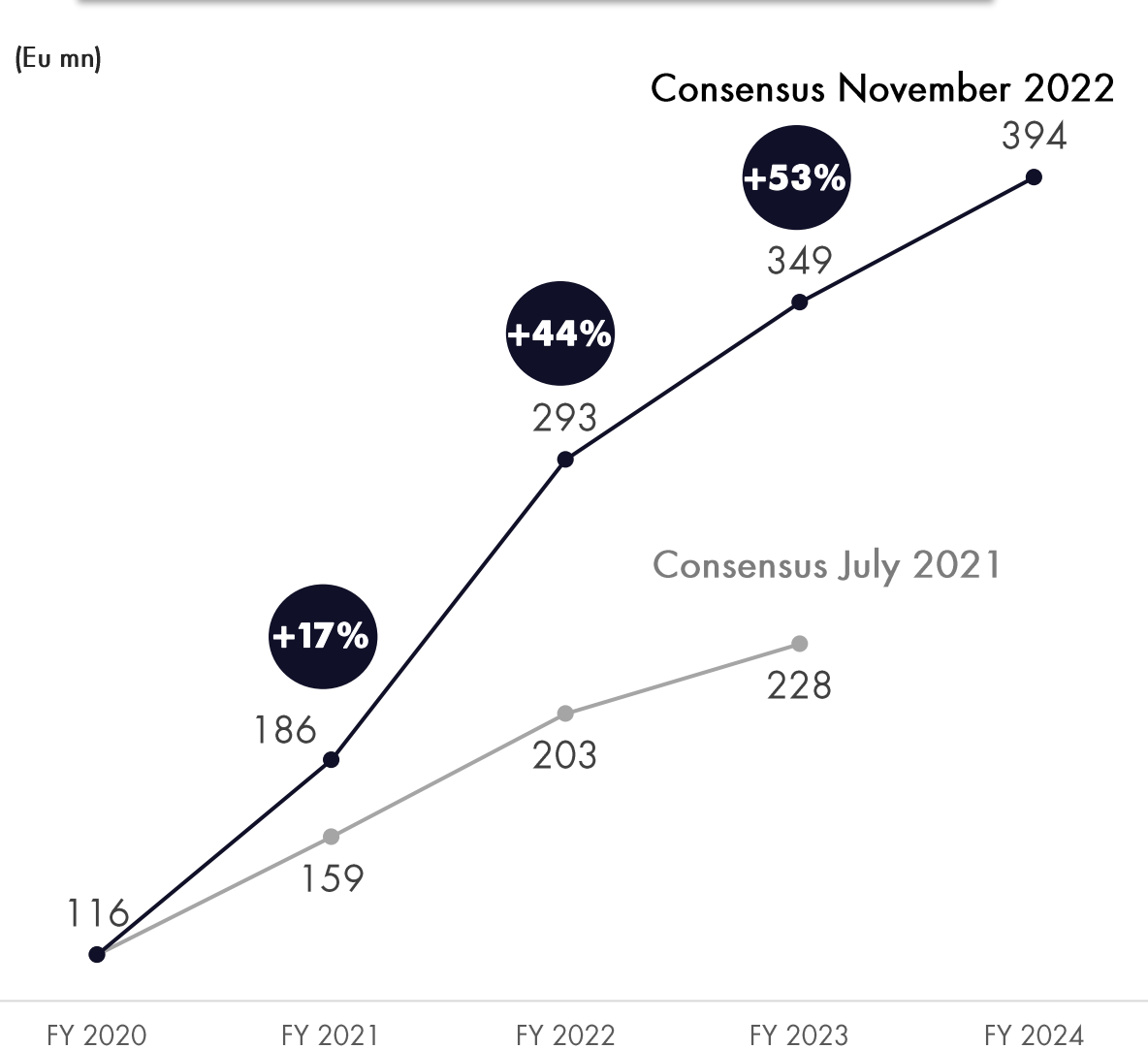
Revenue  
CAGR  
18-22P  
45%



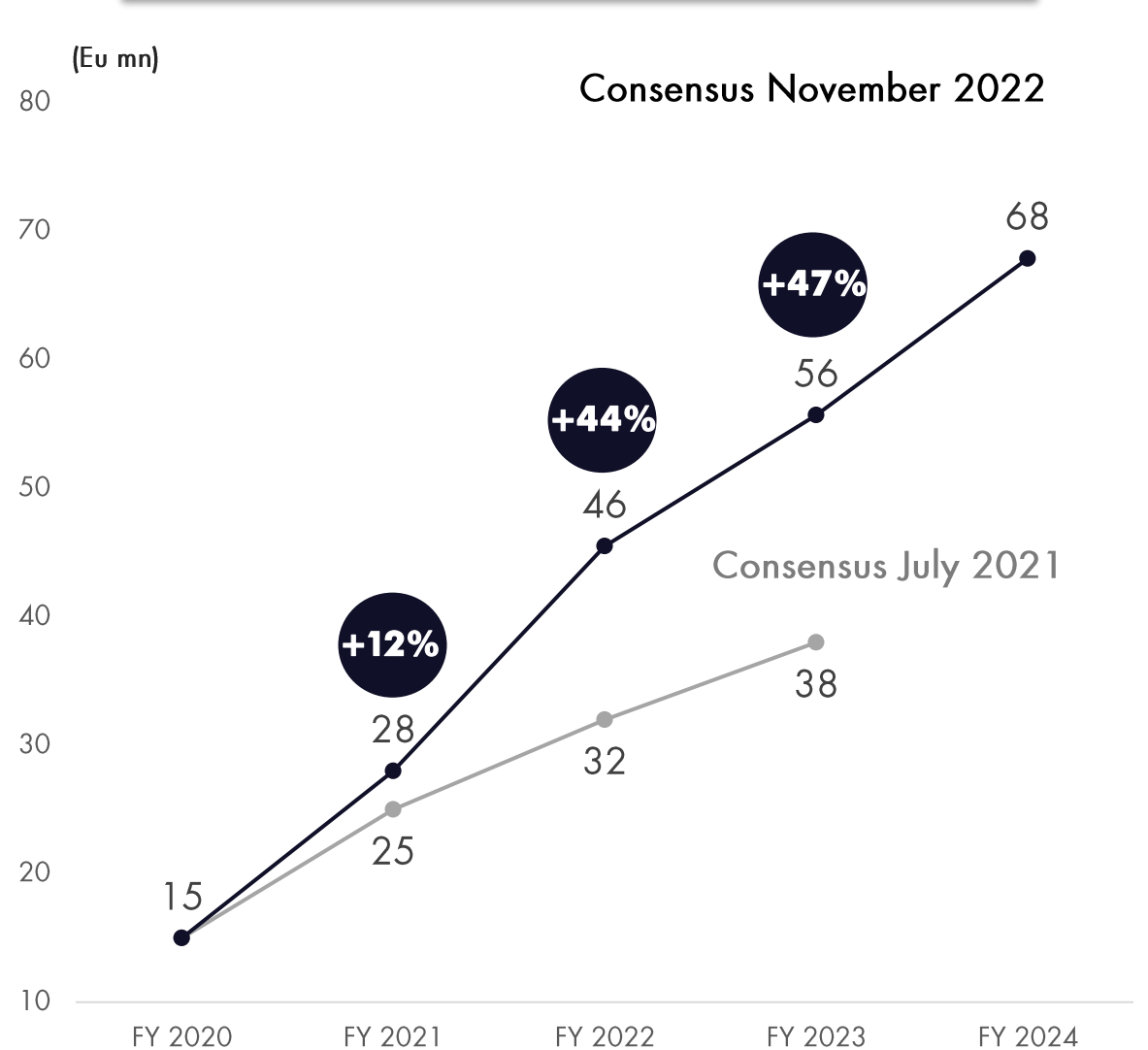
# Track Record & Overperformance since IPO – Consensus Evolution



## REVENUES



## EBITDA



# Investment Highlights

01

STRONG FINANCIAL  
PERFORMANCE

02

KEY PLAYER IN  
CUSTOMISED  
LUXURY  
SUPERYACHTS AND  
MEGAYACHTS

03

GROWING AND  
UNDERPENETRATED  
CUSTOMER BASE

04

GROWTH POTENTIAL  
FROM PERINI NAVI  
ACQUISITION

05

PRODUCTION  
CAPACITY AND  
STATE OF THE ART  
FACILITIES

06

FOCUS ON ESG  
WITH AMBITIOUS  
TARGETS

07

QUALITY & VISIBILITY  
OF ORDER BOOK

08

STRATEGY &  
STRATEGIC  
OUTLOOK

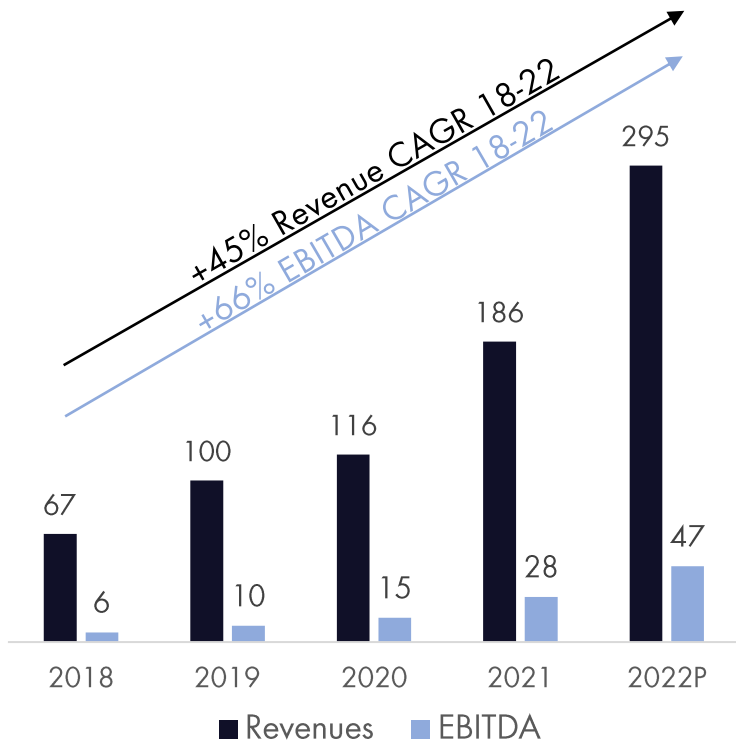
# Strong Financial Performance

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, eliminating risk of inventory and risks deriving from sale of used boats.

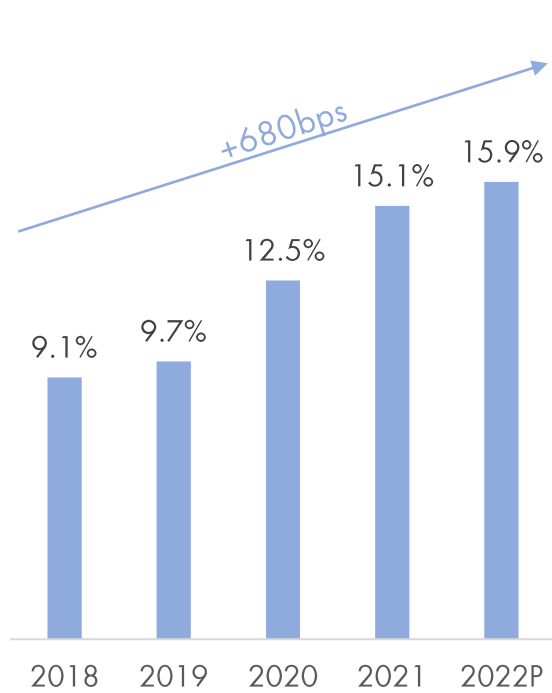
## GROWTH

Revenues & EBITDA (Eu mn)



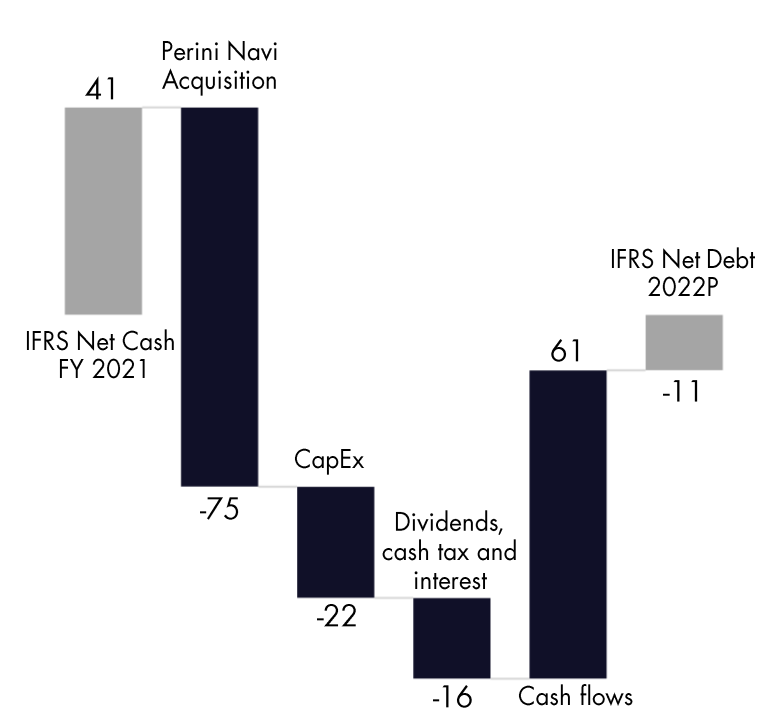
## PROFITABILITY

EBITDA margin



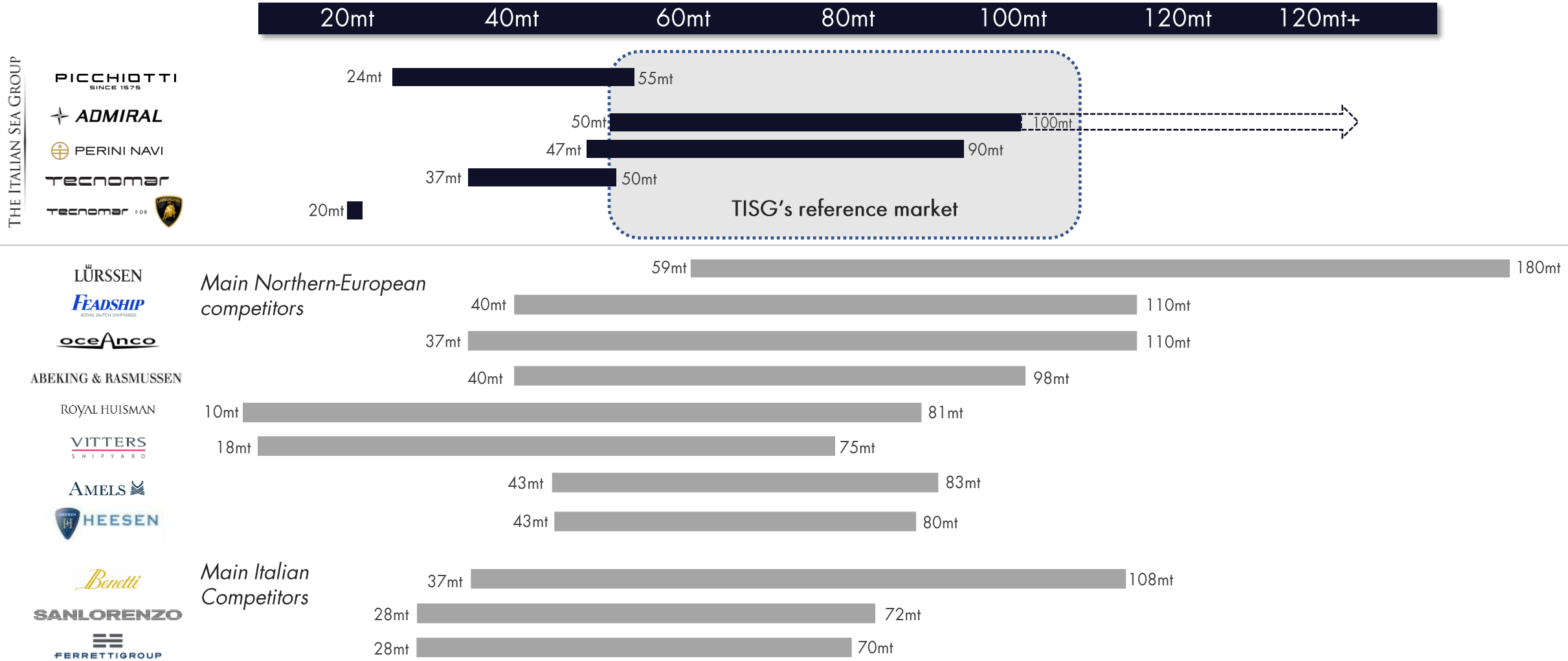
## CASH GENERATION

IFRS Net Debt Evolution (Eu mn)



# Key Player in Luxury Yachting

Complete and differentiated product offering, with focus on custom-made yachts over 50mt, positioned on the highest segment of the market also in virtue of its distinctive and renowned partnerships.





# Growing and Unpenetrated Customer Base

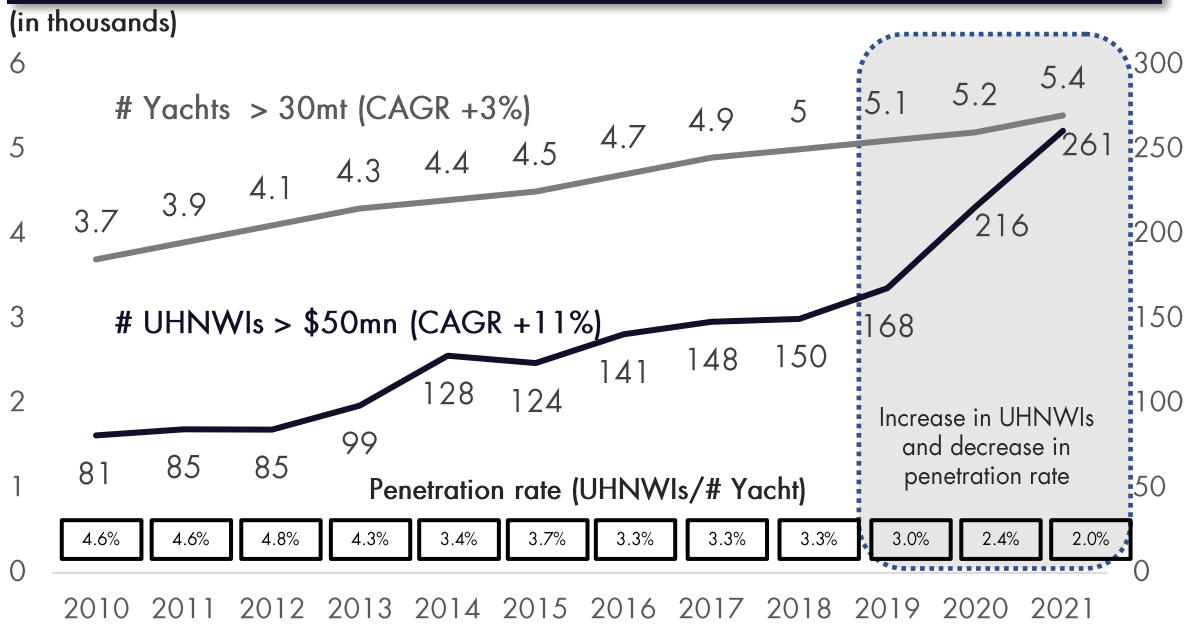


Strong opportunity due to an unpenetrated customer base, deriving from an exponential increase in the global number of UHNWIs in the past three years.

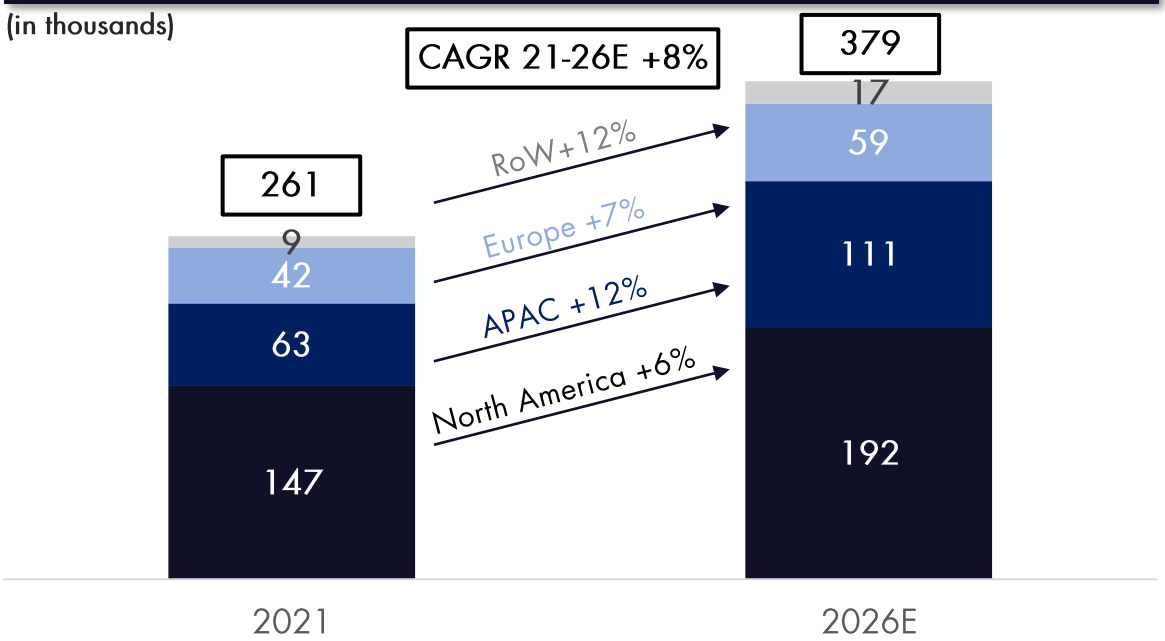
## MAIN DRIVERS

- 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.



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 2022P.

**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.

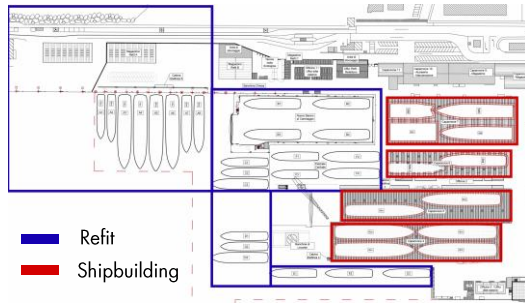


Perini Navi production is located in the **Viareggio** shipyard.

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

The Italian Sea Group invested Eu 68mn in its shipyards since 2018, reaching a high-quality production capacity with an estimated annual production and refit capacity in excess of Eu 500mn.

## MARINA DI CARRARA

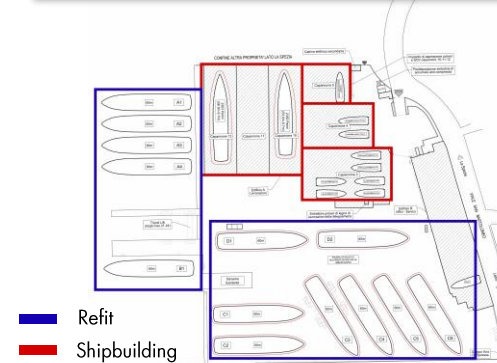


The Marina di Carrara shipyard is the home of the Admiral and Tecnomar brands, and covers a total surface of 120.000 sqm.

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

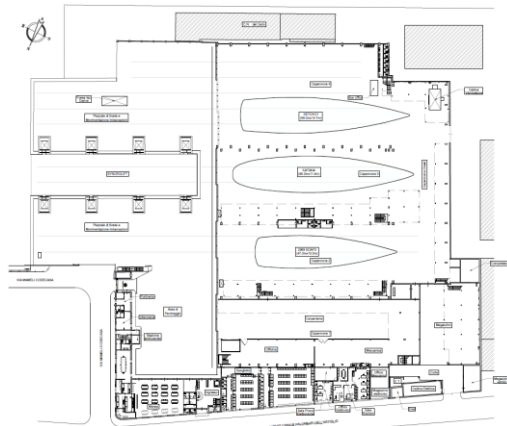


The La Spezia shipyard covers a total surface of 30.000 sqm.

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.

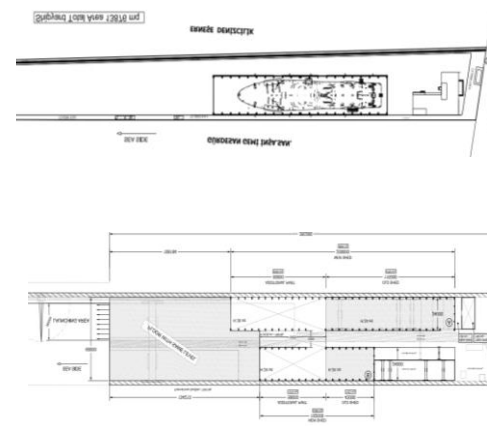
## VIAREGGIO



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.

The TISG’s approach to sustainability is comprehensive and based on best practice governance and with a strategy which contemplates an ambitious set of targets for the short to medium term.

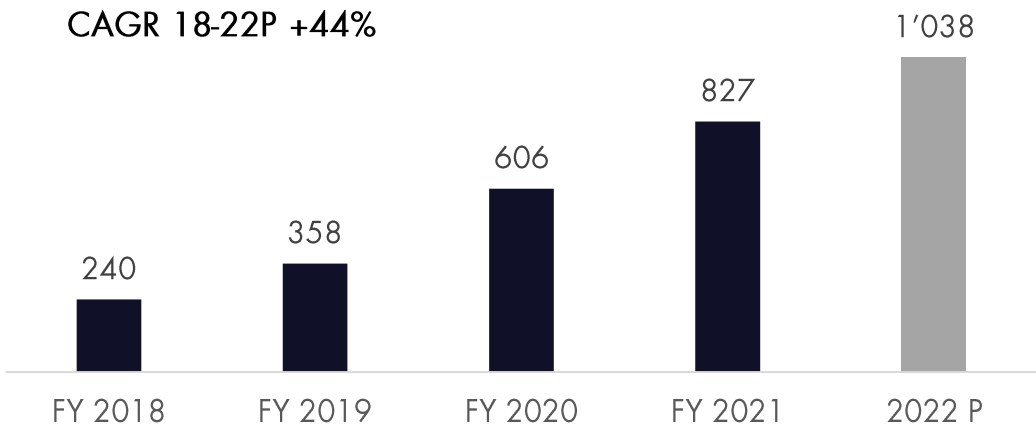


# Quality & Visibility of Order Book

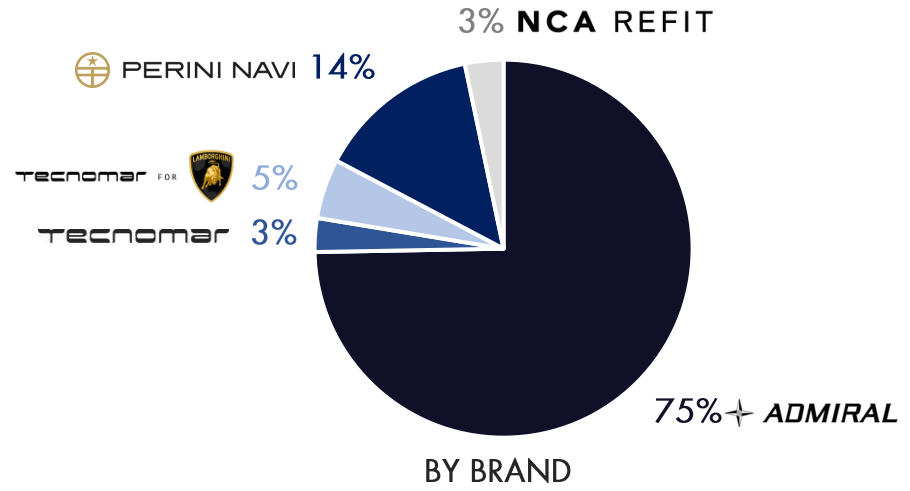


The Italian Sea Group boasts an Order Book in excess of one billion Euros, c. 3.5x 2022P Revenues, with a surge in orders from North America, the Middle East and Asia.

## ORDER BOOK EVOLUTION

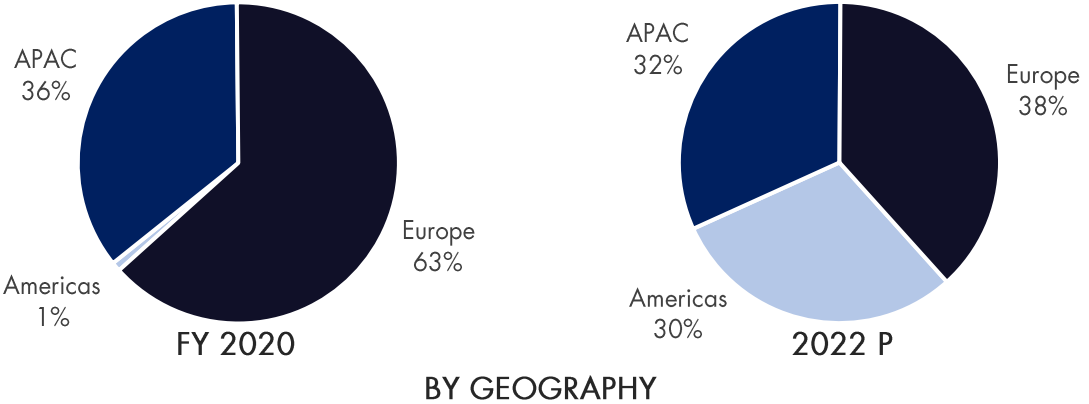


## ORDER BOOK BREAKDOWN



## ORDER BOOK COMPOSITION

- Growth in demand from **Americas** and **APAC** region (from a total of 37% in FY 2020 to 62% in 2022P).
- Only **n. 1 Shipbuilding project** attributable to a Russian client (not sanctioned) with delivery scheduled for 2023.
- Growth in the **Order Book** deliveries scheduled until **2026**.



## 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



Eu 350 – 365mn in 2023  
Eu 400 – 420mn in 2024



16 – 16.5% in 2023  
17 – 17.5% in 2024



Distribution of 40-60% of Net Profit as yearly dividend



Neutral level of leverage subject to a cap of 1.5x LTM EBITDA

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



# STRATEGY

# Strategic Pillars

A

MARKET  
POSITIONING:  
MEGA & GIGA  
YACHTS

B

BRAND  
AWARENESS:  
EXCELLENCE IN  
QUALITY & DESIGN

C

SHIPBUILDING &  
REFIT: SYNERGIES &  
PRODUCTION  
CAPACITY

D

PERINI NAVI:  
RELAUNCH &  
SYNERGIES

E

SUSTAINABILITY:  
LONG TERM VALUE  
CREATION FOR ALL  
STAKEHOLDERS

F

EMPLOYEES &  
MANAGEMENT:  
TRAINING &  
INCENTIVES



# Market Positioning: Mega & Giga Yachts



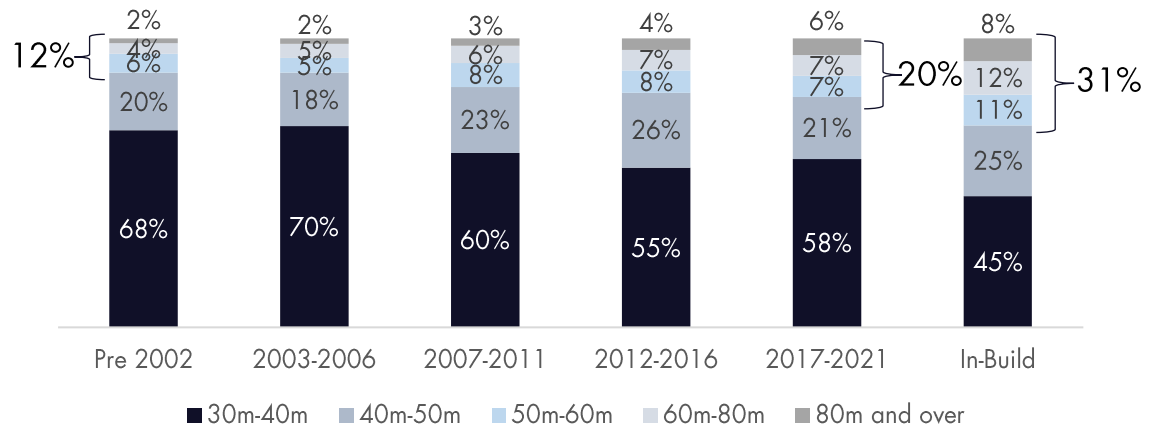
The Italian Sea Group is the first builder in Italy and the fourth globally of yachts over 50mt, strategically positioned in the high end of the market.

## GROWTH DRIVERS

Surge in UHNWIs with net worth >\$50mn (21-26E CAGR 8%), in particular in North America, the Middle East and Asia.



Increase in yachts >50mt, currently c. 31% of yachts In Build.

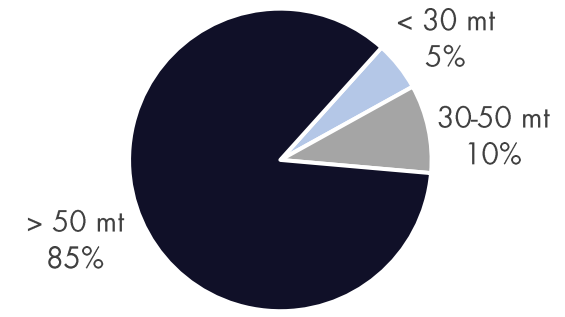


## TISG STRATEGY

Strategic Partnerships with leading and reputable international brokers.



The Shipbuilding Order Book offers strong visibility on yachts >50mt (85%).



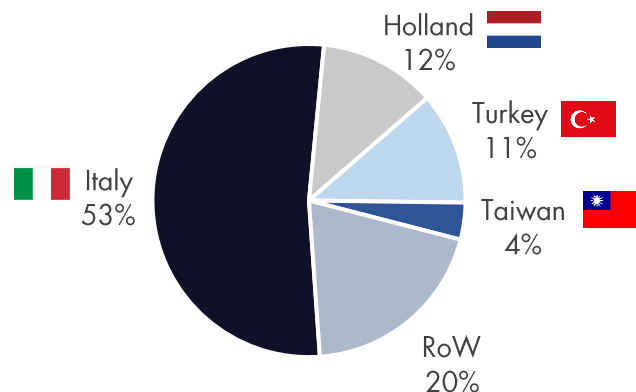
Sources: Credit Suisse, Global Wealth Report 2022; SuperYacht Times, The State of Yachting 2022.

# Brand Awareness: Excellence in Quality & Design

The Italian Sea Group focuses on the construction of custom-made yachts, characterised by excellent performance, beauty and style, and a flexible approach to meet customer requests.

## GROWTH DRIVERS

Italy is by far the world leader in the construction of yachts.



Italy is a global leader in luxury and design thanks to a wide array of well-recognised and appreciated characteristics.

QUALITY

CREATIVITY

PERFORMANCE

*La Dolce Vita*

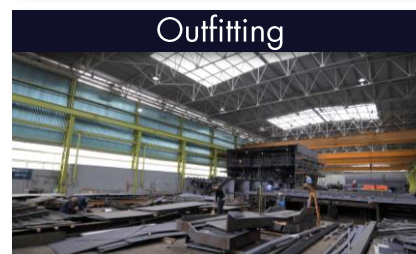
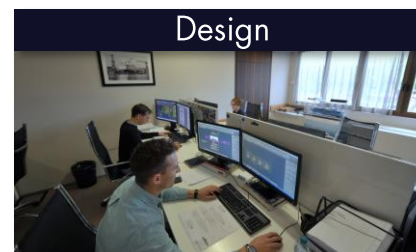
ART & CULTURE

PASSION

CRAFTSMANSHIP

## TISG STRATEGY

Internalisation of specific phases of the production cycle which require impeccable craftsmanship.



Partnerships with luxury brands which share the values of TISG.

TECNOMAR FOR

GIORGIO ARMANI



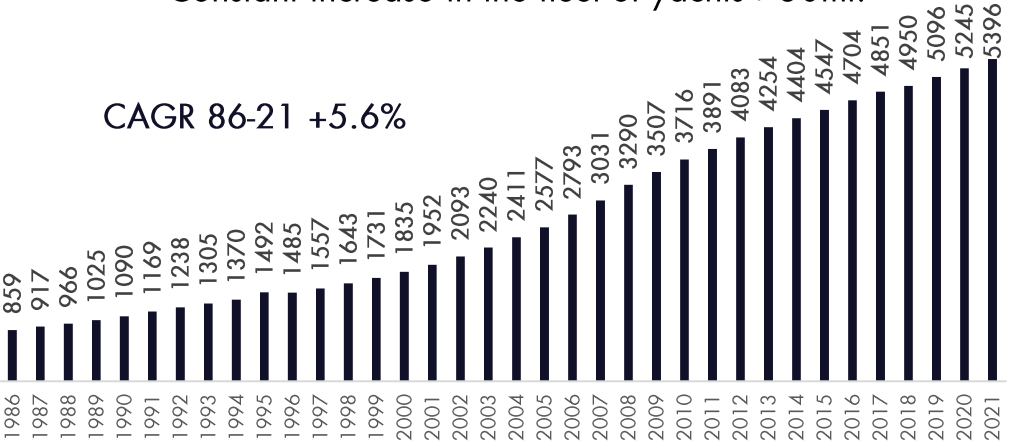
# Shipbuilding & Refit: Synergies & Production Capacity



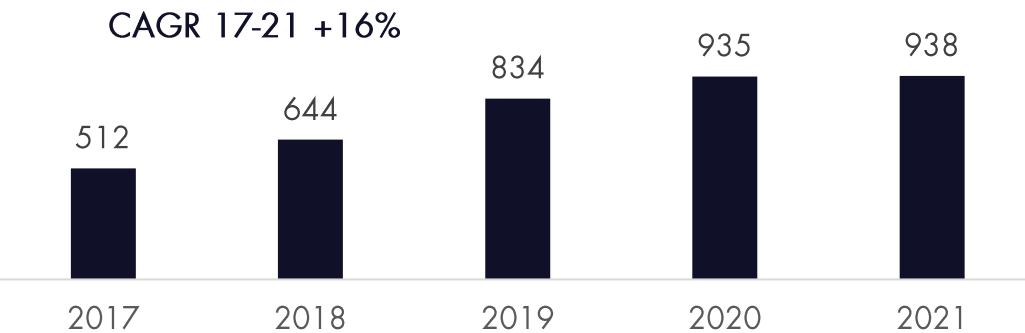
The Italian Sea Group leverages on operational and financial synergies which derive from the optimal fit between the Shipbuilding and Refit divisions, also allowing it to meet Owners' requirements.

## GROWTH DRIVERS

Constant increase in the fleet of yachts >30mt.

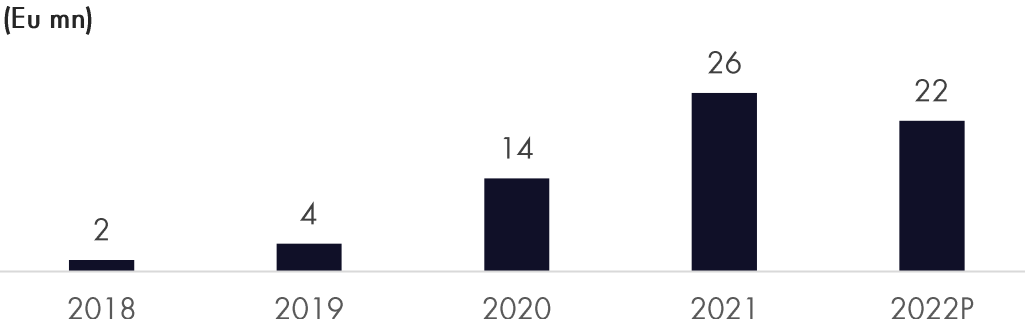


Continuing increase in refit visits for yachts >40mt.

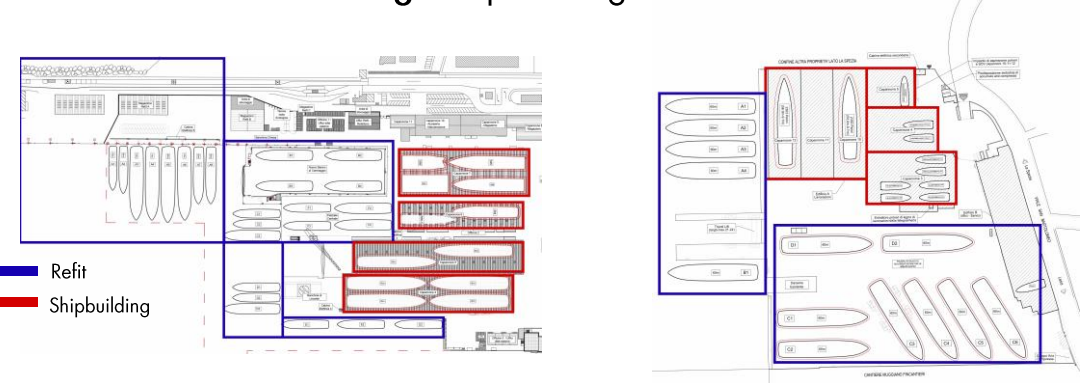


## TISG STRATEGY

Total Capex of Eu 68mn to reach yearly production capacity in excess of Eu 500mn.



The shipyards are specifically engineered to **contemporarily manage** shipbuilding and refit activities.



Sources: SuperYacht Times, The State of Yachting 2022.

# Perini Navi: Relaunch & Synergies

The Italian Sea Group is relaunching Perini Navi, combining the restyling of the fleet with the increase and optimisation of the production capacity of its two shipyards.

## GROWTH DRIVERS

Acquisition of two iconic brands in the nautical sector:  
**Perini Navi** and **Picchiotti**.



## TISG STRATEGY

Restyling of the **Perini Navi** fleet and launch of the semi-custom segment with the **Picchiotti Gentleman**.

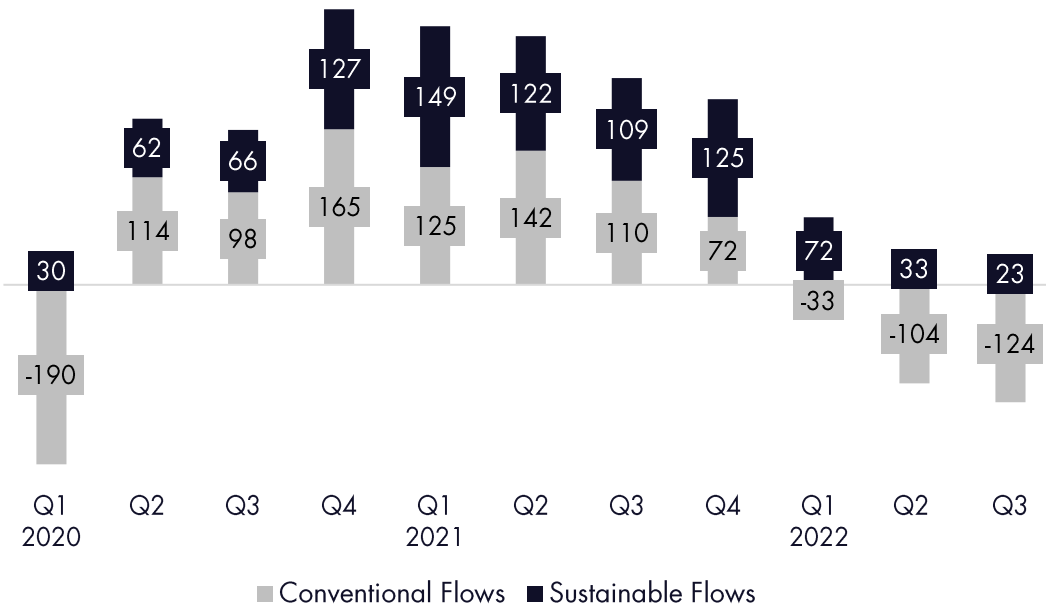


The Italian Sea Group aims to create value for all its stakeholders by adopting an ESG strategy which is fully reflected within its business strategy.

## GROWTH DRIVERS

Since 2020, net flows into sustainable funds reached c.\$1 trillion, by far exceeding the c. \$380 billion into conventional funds.

(\$ bn)



## TISG STRATEGY

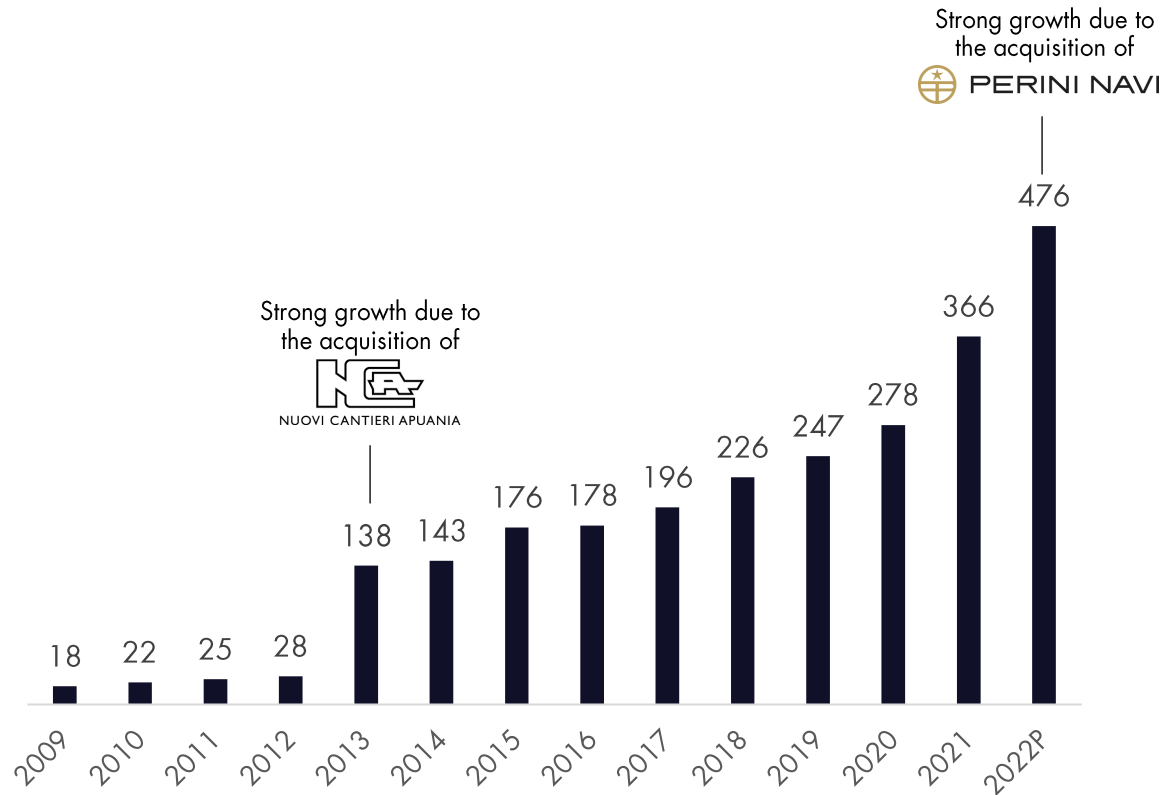
- ✦ Definition of a clear ESG (Environmental, Social, Governance) Strategy with **targets & KPIs**
- ✦ Alignment to **best practice** with respect to **Governance** (i.e. Board composition, policies and certifications)
- ✦ Management remuneration linked to the achievement of quali-quantitative ESG targets



The Italian Sea Group continues to invest in the training and well-being of its employees as well as in incentivising and loyalising its management team.

## GROWTH DRIVERS

Strong growth in average number of employees since 2009, both organic and through M&A activity.



## TISG STRATEGY

- ✦ **For all employees on a continuing basis:** welfare initiatives, training and update courses to consolidate and strengthen know-how (also via the TISG Academy).
- ✦ **For Management in the short term:** incorporation within MBO schemes of quali-quantitative sustainability targets which are aligned to TISG's ESG Strategy.
- ✦ **For Management in the long term:** Long Term Incentive Plan based on Stock Options for the Management team envisaging a share capital dilution up to 3.65%, already approved by the EGM, with performance criteria reflecting targets such as long-term growth and cash flow generation, and ESG targets.



# SHIPBUILDING

# Motor Yachts – Admiral

Founded in 1966, and acquired by The Italian Sea Group in 2011.

Flagship brand of the Group, with focus on yachts over 50mt.

Completely custom-made yachts to fully satisfy Owners' requests.

Recognised for design elegance, classic style, and prestige.

148 yachts launched since 1966, of which 15 launched since 2014.



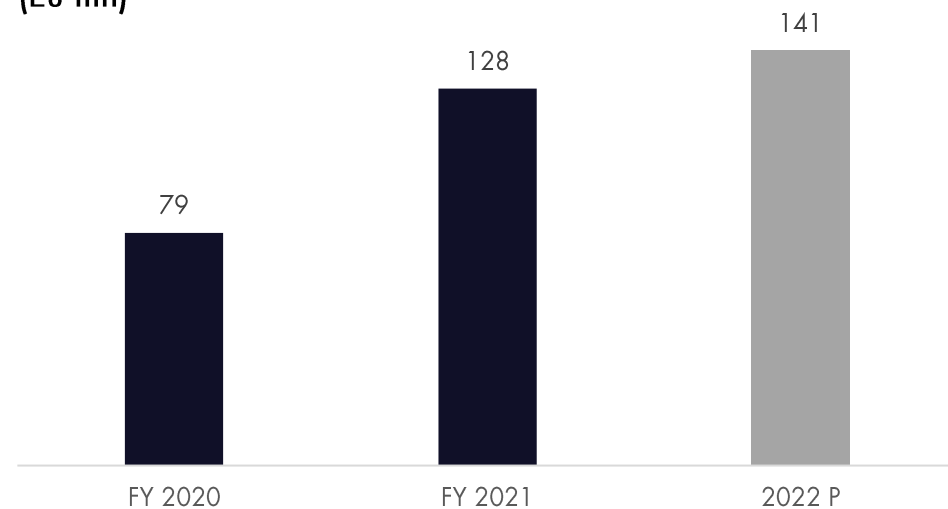
Admiral Kenshō (2022) – 75 metres



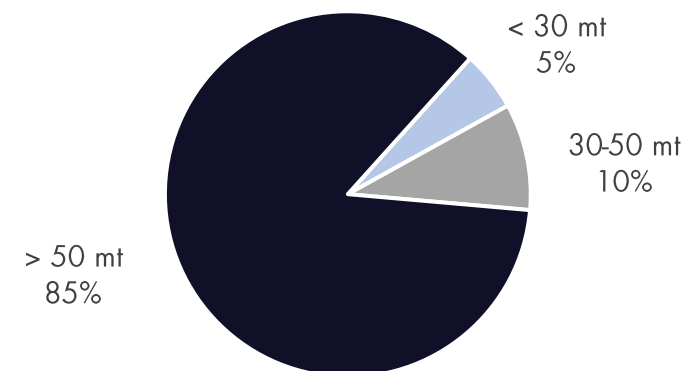
Admiral Geco (2020) – 55 metres

## ADMIRAL – REVENUE EVOLUTION

(Eu mn)



## Shipbuilding Order Book 2022 P – By LOA





# Motor Yachts – Tecnomar

- 

Founded in 1987 and acquired by The Italian Sea Group in 2009.
- 

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

Fast and sporty performance and light, sustainable materials (steel and aluminium).
- 

Strong push in the **Asian** and **Middle Eastern** markets.
- 

297 yachts launched since 1987, of which 8 launched since 2014.

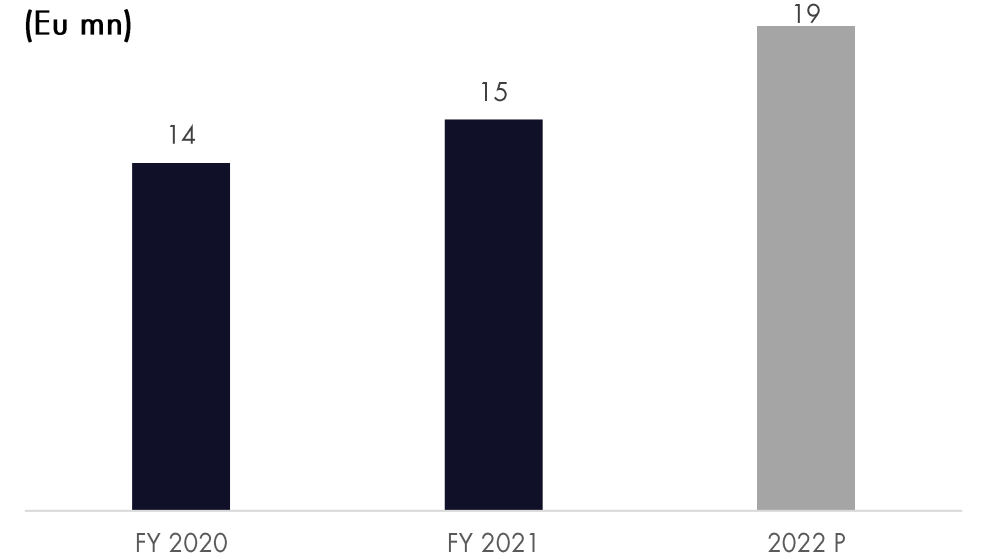


Tecnomar EVO 120 – 37 metres

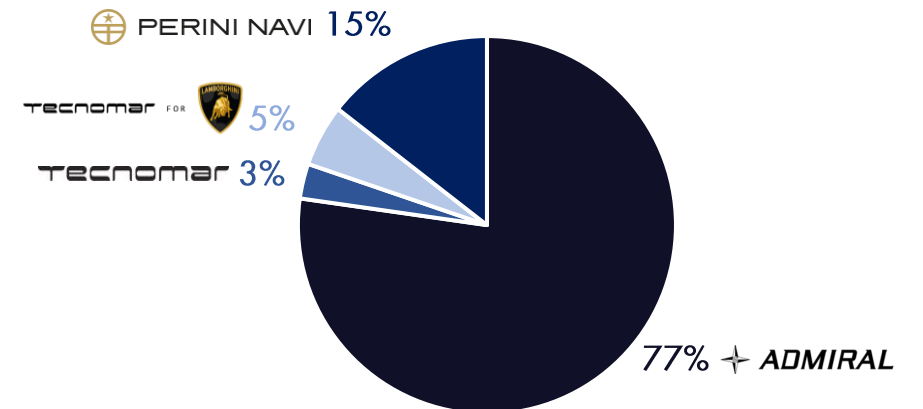


Tecnomar EVO 130 – 40 metres

## TECNOMAR – REVENUE EVOLUTION



## Shipbuilding Order Book 2022 P – By Brand



# Motor-Yachts – Tecnomar for Lamborghini 63



Partnership with Automobili Lamborghini, launched in 2020.



Innovative high-speed branded yachts of 63 feet (c. 20 metres).



Limited edition: 63 yachts, with orders booked until 2024.



Unique design inspired by the iconic Lamborghini Siàn FKP 37.

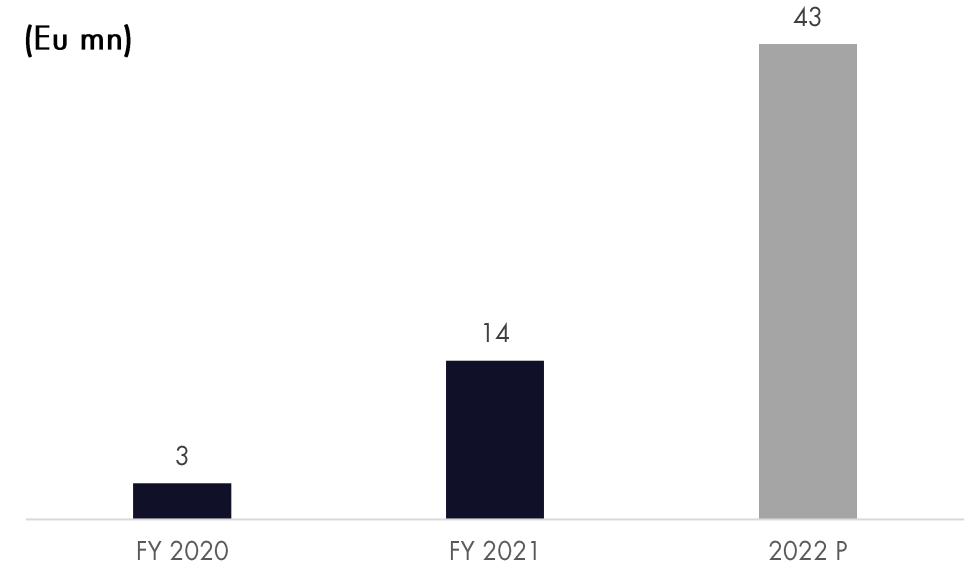


High performances, with a maximum speed of 63 knots.

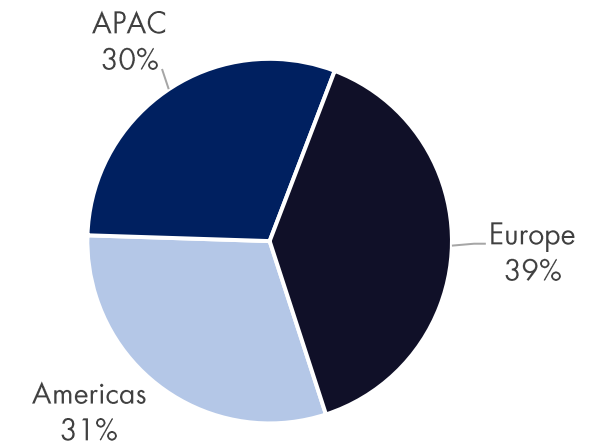


## TECNOMAR FOR LAMBORGHINI 63 – REVENUE EVOLUTION

(Eu mn)



## Shipbuilding Order Book 2022 P – By Geography



# Sailing Yachts – Perini Navi

- 

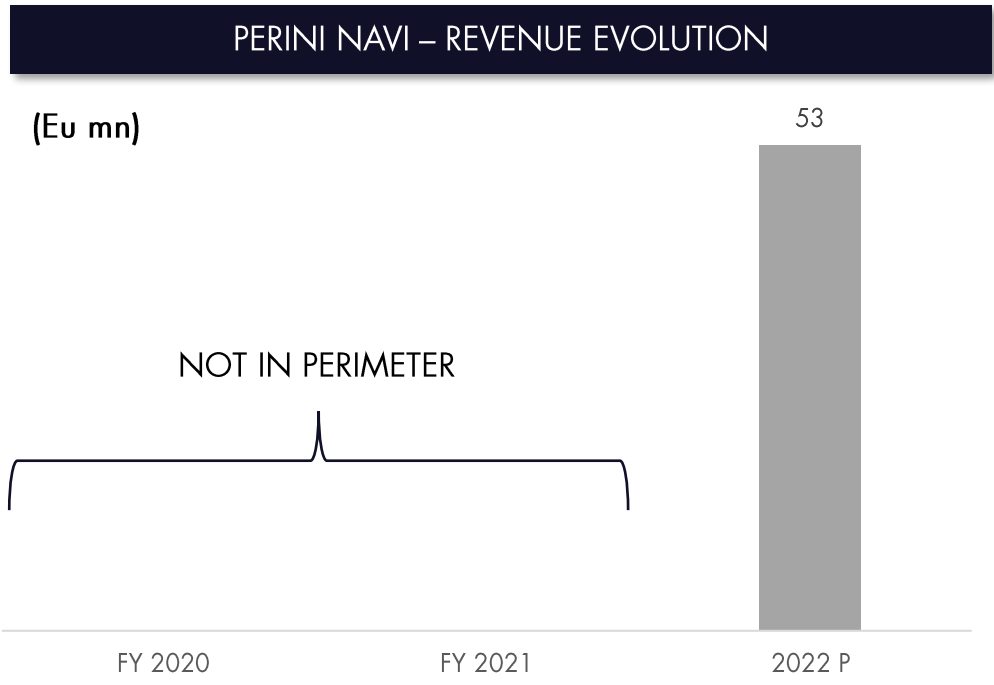
Founded in 1983, and acquired by The Italian Sea Group in 2021.
- 

Iconic and globally recognised **sailing yacht** brand.
- 

Elegant design and high performances, with cutting-edge materials and innovative technical features.
- 

Strong push in **North America, Europe and Oceania**.
- 

Launching of a **new fleet**, restyled and designed in collaboration with leading “archistars” such as designer **Malcolm McKeon**.



Maltese Falcon (2006) – 88 metres



Seven (2017) – 60 metres



Perini Navi by The Italian Sea Group – 47 metres



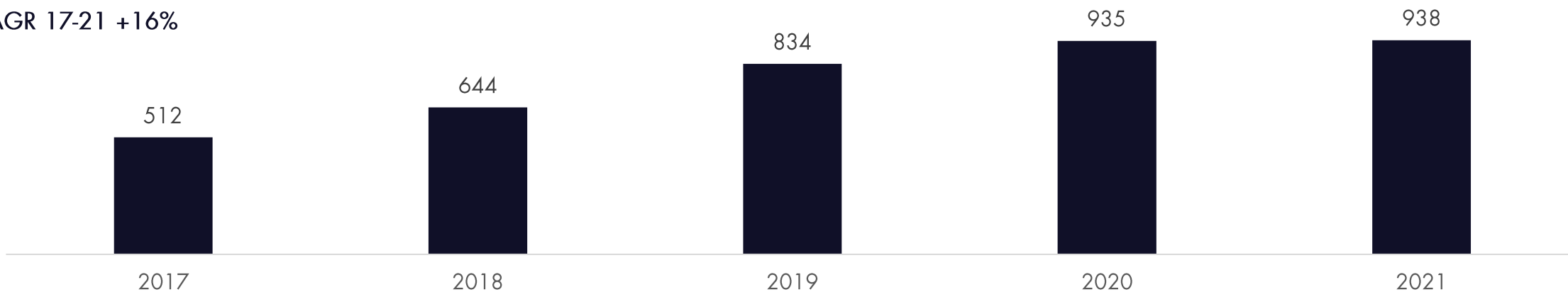
# REFIT

# The Refit Market Outlook

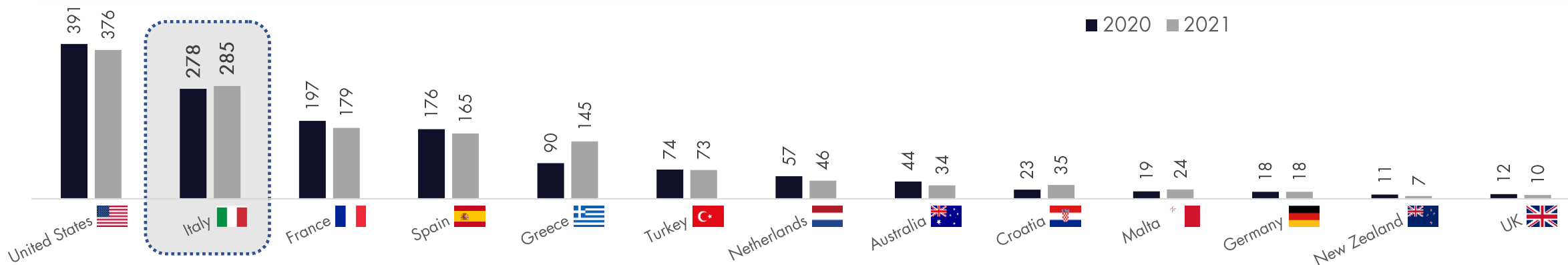
Anti-cyclical activity due to the aging of the existing motor and sailing yacht fleet, with strong barriers to entry. Italy is the leading country for Refit yard visits in Europe.

## INCREASE IN REFIT YARD VISITS FOR YACHTS >40MT

CAGR 17-21 +16%



## NUMBER OF REFIT YARD VISITS BY COUNTRY / 2020 vs 2021



Sources: SuperYacht Times, The State of Yachting 2022.

# NCA Refit at a Glance

Focus on refit and maintenance of yachts over 60mt.

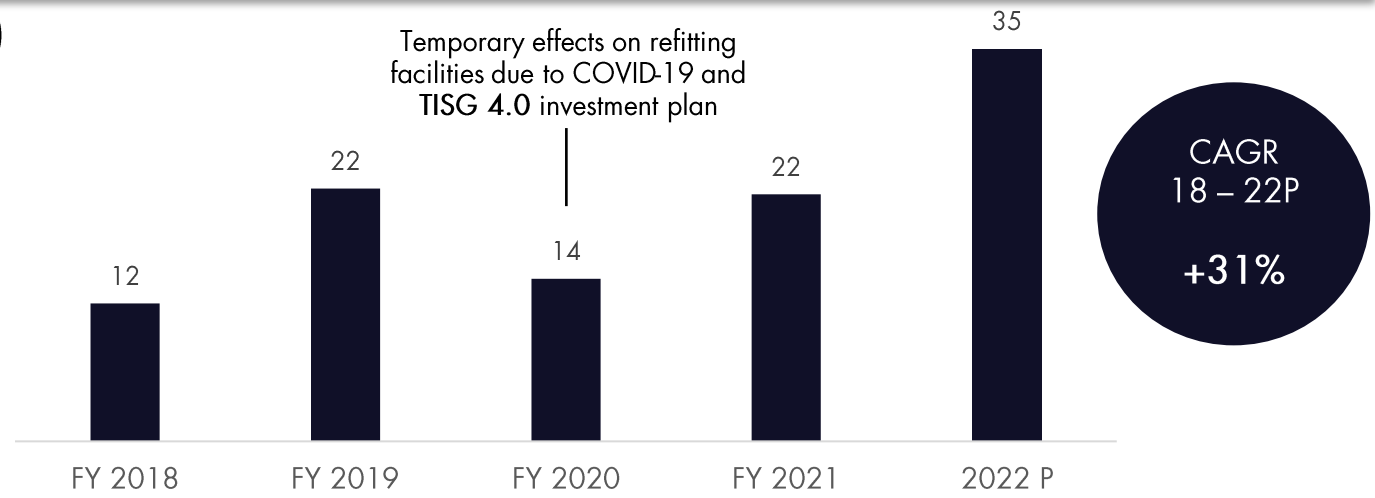
Opportunity to boost client base for shipbuilding.

Majority of refit works performed on vessels built by peers.

Positive effect on revenues due to increase in production capacity.

## NCA REFIT – REVENUE EVOLUTION

(Eu mn)



Maltese Falcon  
88mt – Perini Navi



Main  
65mt – Codecasa



90mt – Lürssen



Sea Pearl  
60mt – Oceanco

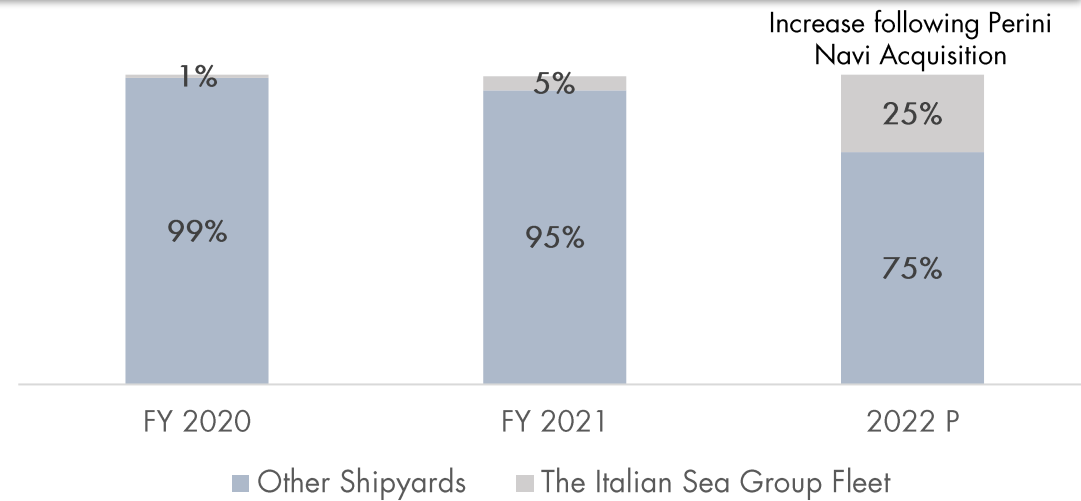


78mt – VT Group

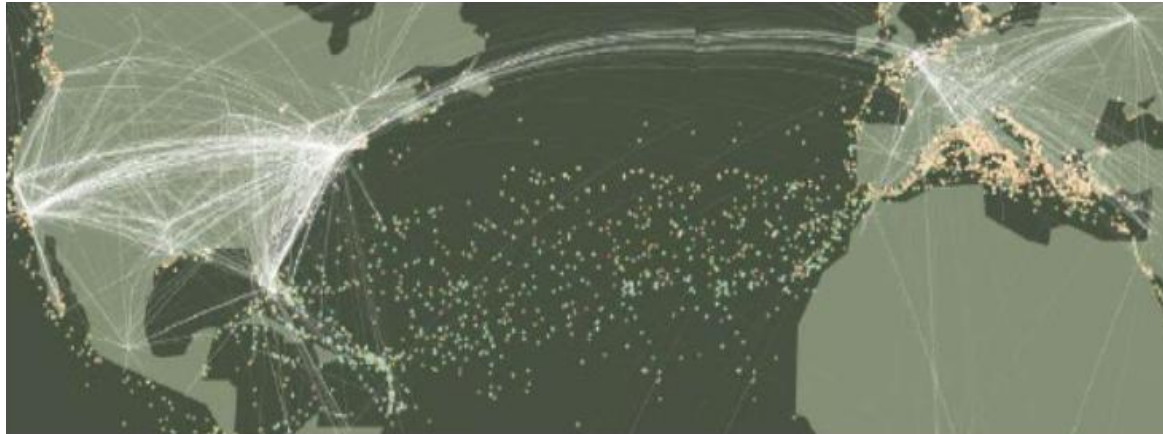


Quattro Elle  
86mt – Lürssen

## UNITS REFITTED – BREAKDOWN BY SHIPYARD



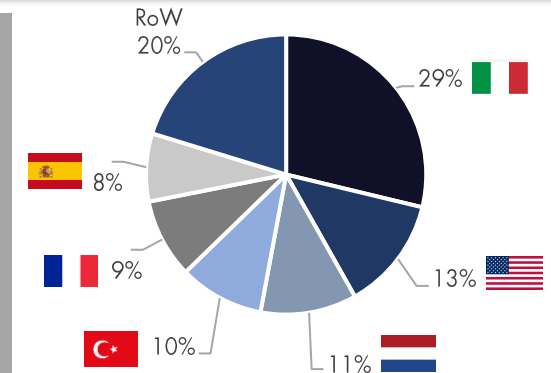
# Strategically Located State of the Art Facilities



STRATEGICALLY LOCATED IN ONE OF THE MOST RENOWN SHIPYARD DISTRICTS WORLDWIDE



Top Reift countries by number of facilities¹



## OUTPERFORMING COMPETITOR SHIPYARDS

TOP CREW FACILITIES ON SITE TO CONVINC DEcision-MAKERS, CAPTAIN AND SHIPOWNER'S REPRESENTATIVE

Shipyard	Country	Motor	Sail	Max length (mt)	Covered Workspace (k sqmt)	Dry docks	Offices	Gym	Training	Restaurants
<b>THE ITALIAN SEA GROUP</b>		✓	✓	200	120	✓	On site	On site	On site	On site
<b>Main Competitors</b>	Lusben		✓	120	60	✓	On site	<1 mi away	<1 mi away	<1 mi away
	Amico & Co.		✓	170	102	✓	On site	<1 mi away	<1 mi away	<1 mi away
	Monaco Marine		✓	370	n.a.	✗	On site	n.a.	n.a.	n.a.
	MB92 Barcelona		✓	200	60	✗	On site	n.a.	n.a.	n.a.
	Astilleros de Mallorca		✓	110	n.a.	✓	On site	<1 mi away	n.a.	n.a.
<b>Other Shipyards</b>	JFA Yachts		✓	60	50	✓	On site	<1 mi away	<1 mi away	<1 mi away
	A&R Services		✓	126	125	✗	On site	<1 mi away	On site	On site
	Lurssen		✓	215	170	✓	<1 mi away	<1 mi away	<1 mi away	<1 mi away
	Avangard		✓	50	59	✗	On site	<1 mi away	<1 mi away	<1 mi away

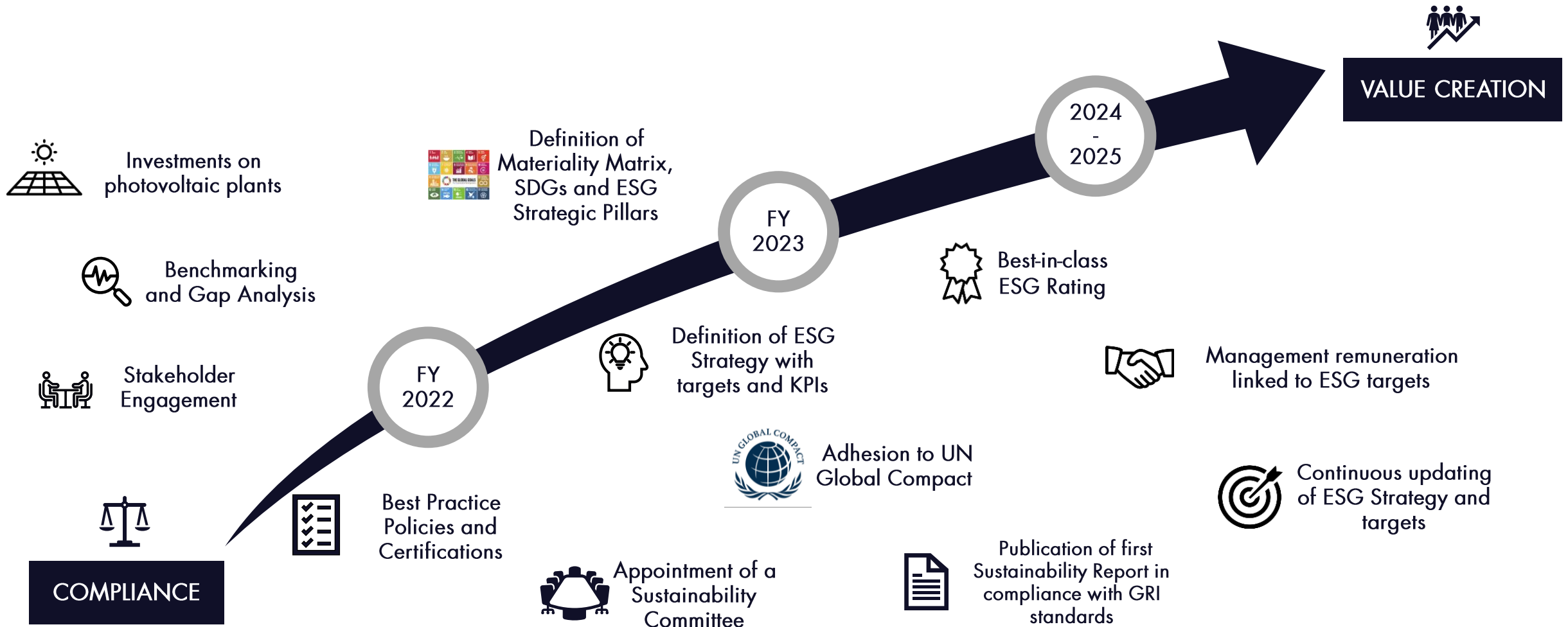


# ESG



# ESG Roadmap

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



# Materiality Matrix and SDGs

TISG has assessed its Materiality Matrix reflecting comprehensive engagement with key internal and external stakeholders.



## UN 2030 AGENDA SDGs

-  3 GOOD HEALTH AND WELL-BEING ➤ Good Health & Well-Being
-  4 QUALITY EDUCATION ➤ Quality Education
-  5 GENDER EQUALITY ➤ Gender Equality
-  7 AFFORDABLE AND CLEAN ENERGY ➤ Affordable and Clean Energy
-  8 DECENT WORK AND ECONOMIC GROWTH ➤ Decent Work and Economic Growth
-  9 INDUSTRY, INNOVATION AND INFRASTRUCTURE ➤ Industry, Innovation and Infrastructure
-  11 SUSTAINABLE CITIES AND COMMUNITIES ➤ Sustainable Cities and Communities
-  12 RESPONSIBLE CONSUMPTION AND PRODUCTION ➤ Responsible Consumption and Production
-  13 CLIMATE ACTION ➤ Climate Action
-  16 PEACE, JUSTICE AND STRONG INSTITUTIONS ➤ Peace, Justice and Strong Institutions

# Pillars for ESG Strategy

TISG's ESG strategic pillars are developed around its Materiality Matrix and inspired by best practices for corporate entities. These strategic channels are integrated across all corporate functions and serve as guiding stars for management in following macro trends and expectations for ESG matters globally.



## EMPLOYEE HEALTH & SAFETY AND ENGAGEMENT

- ✦ Protecting the health, safety, and mental and physical integrity of employees.
- ✦ Enhancing human resources with training and development.
- ✦ Ensuring an inclusive environment that respects human rights & gender diversity.



## PRODUCT QUALITY AND SUSTAINABLE SUPPLY CHAIN

- ✦ Implementing purchasing processes based on legality, transparency, and anti-corruption practices.
- ✦ Selecting, evaluating, and monitoring suppliers also based on ESG indicators deemed satisfactory.



## REDUCTION OF GHG EMISSIONS

- ✦ Reducing Scope 1 and Scope 2 GHG emissions.
- ✦ Planning to increase the use of energy from renewable sources.
- ✦ Remaining at the forefront of Alternative Propulsion.



## BEST-IN-CLASS GOVERNANCE

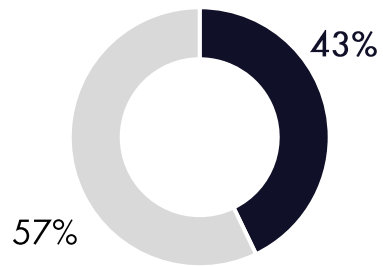
- ✦ Composition of Board of Directors, Committees, policies, and certifications.
- ✦ Stakeholder engagement and transparency on strategy and quantitative targets.
- ✦ Key management short- and long-term remuneration based on achieving specific business plan targets.

# Best-in-Class Governance

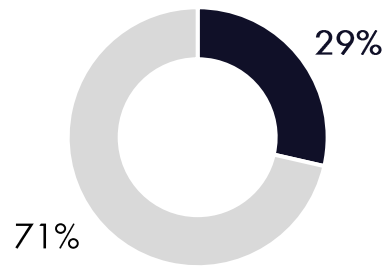
TISG features Corporate Governance in line with best practice in terms of Board of Directors composition and committees, as well as Policies and Certifications.

## BOARD COMPOSITION & COMMITTEES

✦ Board of Directors composed of 7 members



■ Independent  
■ Non Independent



■ Female presence  
■ Male presence

Control, Risks and Sustainability Committee  
(Includes Transactions with Related Parties)

Remuneration and Nominations Committee

Internal Board  
Committees

Independent  
members only

67% Female  
presence

## POLICIES



Environmental



Health and Quality

Human Rights

Diversity & Inclusion



Shareholder Engagement

## CERTIFICATIONS



✦ Quality  
Management System



✦ Occupational  
Health and Safety  
Management Systems

# ESG Achievements

To date, TISG has achieved numerous results in all areas, based on ambitious and challenging ESG strategic pillars for the medium to long term.



M/Y 75mt Admiral Kensho (2022)

M/Y Admiral Kensho is a benchmark for sustainability in yachting:

- “Serial Hybrid” propulsion, which allows for the optimization of energy consumption thus reducing emissions, vibrations and acoustic pollution.
- DPF (Diesel Particulate Filter) System for further emission reduction.
- Set up to install 2 batteries generating 500kWh each.
- ECO notation from Lloyd’s Register regarding: Emissions, Refrigeration, Fire-fighting, Oil Pollution, and Sewage treatment.

## E

- Photovoltaic facility covering the Marina di Carrara shipyard.
- 100% of electric energy acquired from **renewable sources**.
- Delivery of 75mt M/Y Kensho (2022), benchmark for “green” mega-yachts.

## S

- Welfare facilities on site for employees, customers, and the local community.
- Collaboration with Universities of Trieste, Napoli, Genova and La Spezia, offering courses to employees and graduating students.
- Factoring facilities to provide liquidity to suppliers for their working capital requirements.

## G

- Definition of ESG strategic pillars and Materiality Matrix.
- Control and Risk Committee to also have oversight over Sustainability matters.
- Approval of Policies on Human Rights, Diversity & Inclusion, Environment and Shareholder Engagement.

# ESG Action Plan

TISG has planned an ambitious and challenging ESG agenda for the medium term, to be published within its first GRI compliant Sustainability Report in April 2023.



S/Y 47mt Perini Navi Sloop

Perini Navi represents a great opportunity for The Italian Sea Group to gain a leadership position in the sailing yacht market, which is a more sustainability-oriented segment.

The new range of Perini Navi yachts will be equipped with the most advanced technical features to ensure more sustainable navigation.

E

- Increase of coverage of facilities with photovoltaic panels, including the La Spezia shipyard.
- Implementation of a Supplier Code of Conduct to promote sustainable sourcing.
- Remaining at the forefront of technological advancements to foster sustainable yachting.

S

- Commitment to maintain equal gender pay and to increase the percentage of women in management positions.
- Commitment to monitor Employee Satisfaction.
- Commitment to increase the number of training hours for all employee categories.

G

- Preparation of 2022 Sustainability Report based on GRI "Core" standards.
- Adherence to the UN Global Compact.
- Short and long-term variable remuneration linked to the achievement of ESG targets.



# FINANCIALS

# 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 litigation with clients

No risk of unsold inventory nor write-offs

## FAVOURABLE ADVANCE-PAYMENTS CONTRACT STRUCTURE

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

Over 50 mt LOA	Sale contract signature	Keel laying	90% hull completion	Hull and super-structure at 90%	Engine on board	90% fairing	Partitioning of crew area	Partitioning of guest area	50% interior completion	Launch	Delivery
Up to 50 mt LOA	Downpayment 15%		Mid Payment 35%			Mid Payment 35%			Delivery 15%		
Tecnomar for Lamborghini 63	Downpayment 25%		Mid Payment 25%		Mid Payment 25%		Delivery 25%				

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



# Order Book 2018 – 2022 Preliminary

The Italian Sea Group’s Order Book surpassed the Eu 1 billion mark at the end of 2022P, equating to a **Net Backlog** of Eu 620mn, with deliveries scheduled up until 2026.

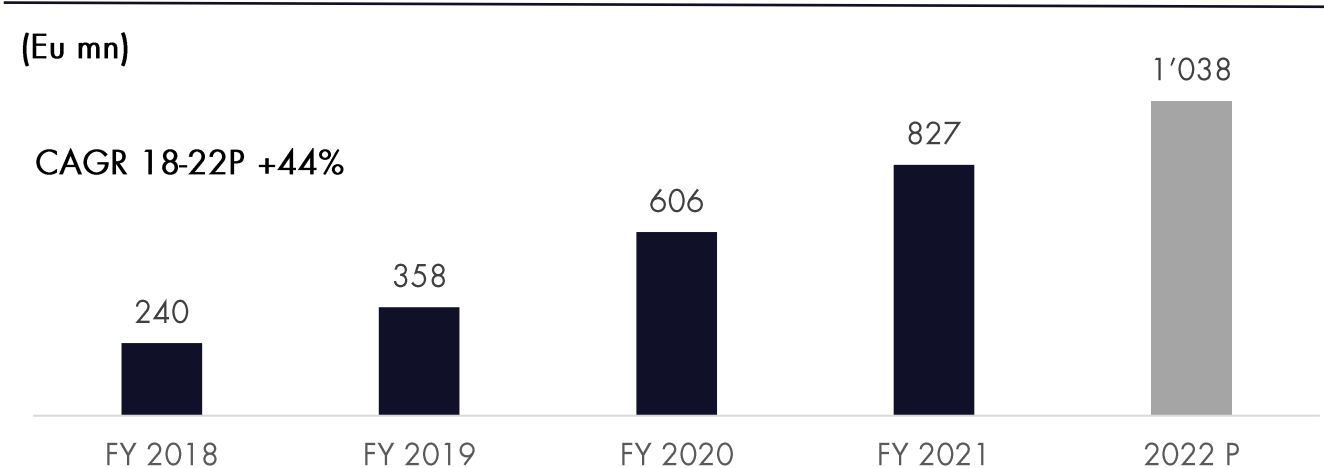
## HISTORICAL TRENDS

- The Order Book grew at a CAGR of **44%** from year-end 2018 to year-end 2022P despite major deliveries throughout 2022.
- Admiral accounts for c.77% of the Order Book, confirming TISG’s focus on larger dimensions.
- With respect to the Net Backlog, Eu 620mn represents approx. **2x 2022P Revenues**.

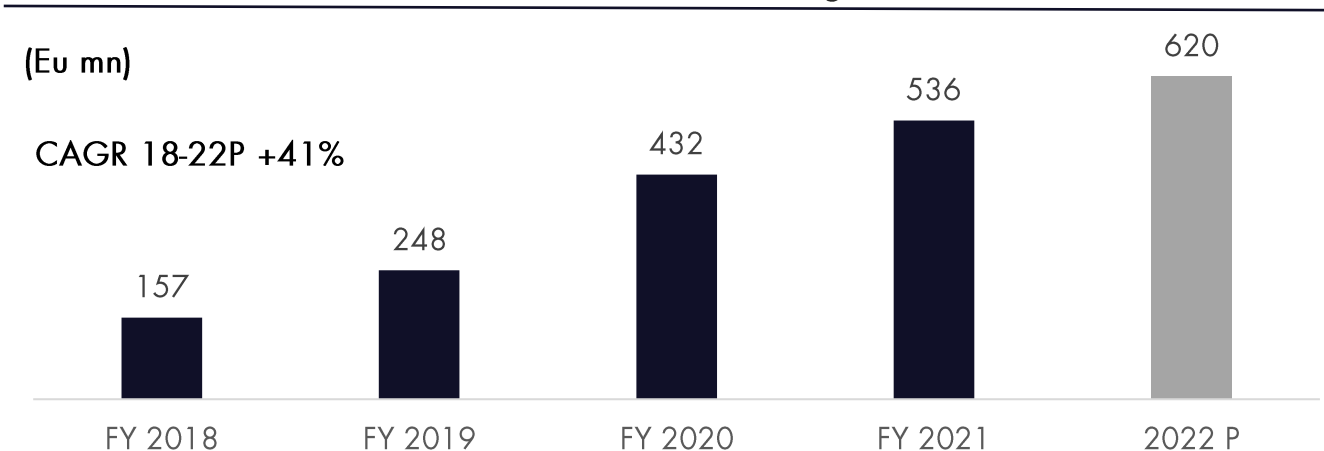
## TRENDS FOR 2023 AND 2024

- Partnerships with leading brokers in **North America, Middle East, Europe and APAC** are expected to further boost orders from these regions.
- **Perini Navi** currently accounts for c.14% of the Order Book and is expected to increase with the restyling of the fleet and launch of the semi-custom **Picchiotti Gentleman**.

### 2022P Order Book



### 2022P Net Backlog



# Revenues 2018 – 2022P

Revenues grew at a 45% CAGR from 2018 to 2022P with strong contribution from both the **Shipbuilding division (47% CAGR)** and the **Refit division (31% CAGR)**.

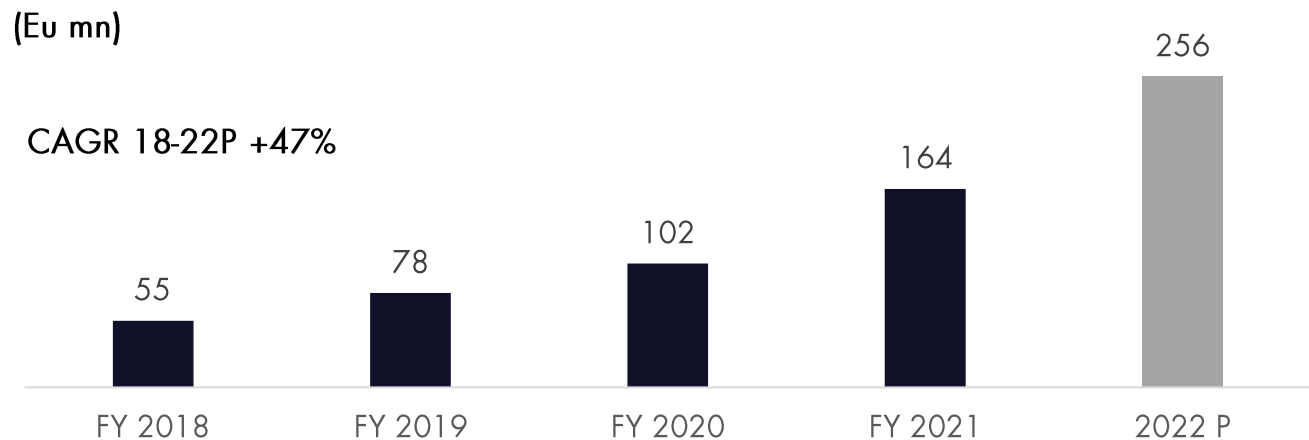
## HISTORICAL TRENDS

- Shipbuilding Revenues were driven by growth in deliveries coupled with increase in length of yachts and higher prices thanks to recognised quality.
- Refit Revenues grew at a 31% CAGR from 2018 to 2022P despite disruption from Covid-19 in 2020 and renovation works in 2021 and 2022.

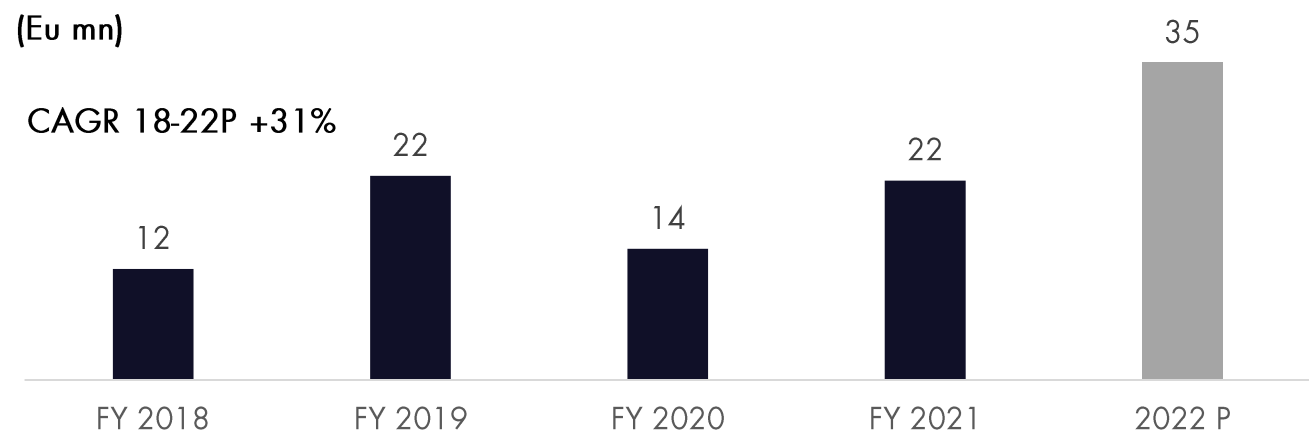
## TRENDS FOR 2023 AND 2024

- Within the Strategic Outlook for 2023 and 2024, the Shipbuilding and Refit divisions are expected to grow at a similar pace.
- Revenues expected to benefit from increased deliveries of the Picchiotti and Panorama semi-custom yachts, as well as from higher refit capacity.

### 2022P Revenues - Shipbuilding



### 2022P Revenues - Refit



# Operating Costs & EBITDA 2018 – 2022P

The EBITDA margin expanded from 9.1% in 2018 to 15.9% in 2022P and is expected to further expand as per Strategic Outlook to 2024.

## HISTORICAL TRENDS

The increase in margins is attributable to:

- Great attention to cost management;
- Efficiency improvements in production processes;
- Benefits from the significant capex investments;
- Economies of scale.

The Refit EBITDA Margin is of limited relevance due to the high level of shared costs with Shipbuilding.

## TRENDS FOR 2023 AND 2024

Further margin expansion from:

- Careful management of External Suppliers and Raw Materials (c. 75% of total costs) by locking them in at the time of the order;
- Continuing benefits from internalisation of key value-added phases of the production cycle.

(Eu mn)

EBITDA	2018A	2019A	2020A	2021A	2022P
Operating Costs	-61	-90	-102	-158	-248
% Revenues	91%	90%	87%	85%	84%
EBITDA	6.1	9.7	14.5	28.0	47
% y-o-y growth		59%	50%	92%	67%
% Revenues	9.1%	9.7%	12.5%	15.1%	15.9%

Operating Costs	2018A	2019A	2020A	2021A	2022P
Costs from Outsourced Work & Raw Materials	-39	-65	-71	-119	-189
Personnel Costs	-12	-14	-17	-22	-30
Other Costs	-10	-11	-14	-17	-29
<b>Total Costs</b>	<b>-61</b>	<b>-90</b>	<b>-102</b>	<b>-158</b>	<b>-248</b>
Costs from Outsourced Work & Raw Materials	64%	71%	70%	75%	76%
Personnel Costs	20%	16%	16%	14%	12%
Other Costs	16%	13%	14%	11%	12%
<b>% Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

# Cash Generation 2018 – 2022P

Operating Cash Flows expected to significantly increase in 2023 and 2024 thanks to growth in EBITDA and a projected decline in Capex.

## HISTORICAL TRENDS

- Operating Cash Flow from 2018 to 2022P characterised by:
  - Strong growth in underlying EBITDA;
  - Massive Capex programme totaling **Eu 68mn.**
- Net Debt** of **Eu 11mn** in 2022P due to **Eu 75mn** investment in Perini Navi and **Eu 16mn** attributable to a combination of dividends, interest and cash taxes.
- Capex for TISG 4.0 and TISG 4.1 investment plans for **Eu 22mn.**

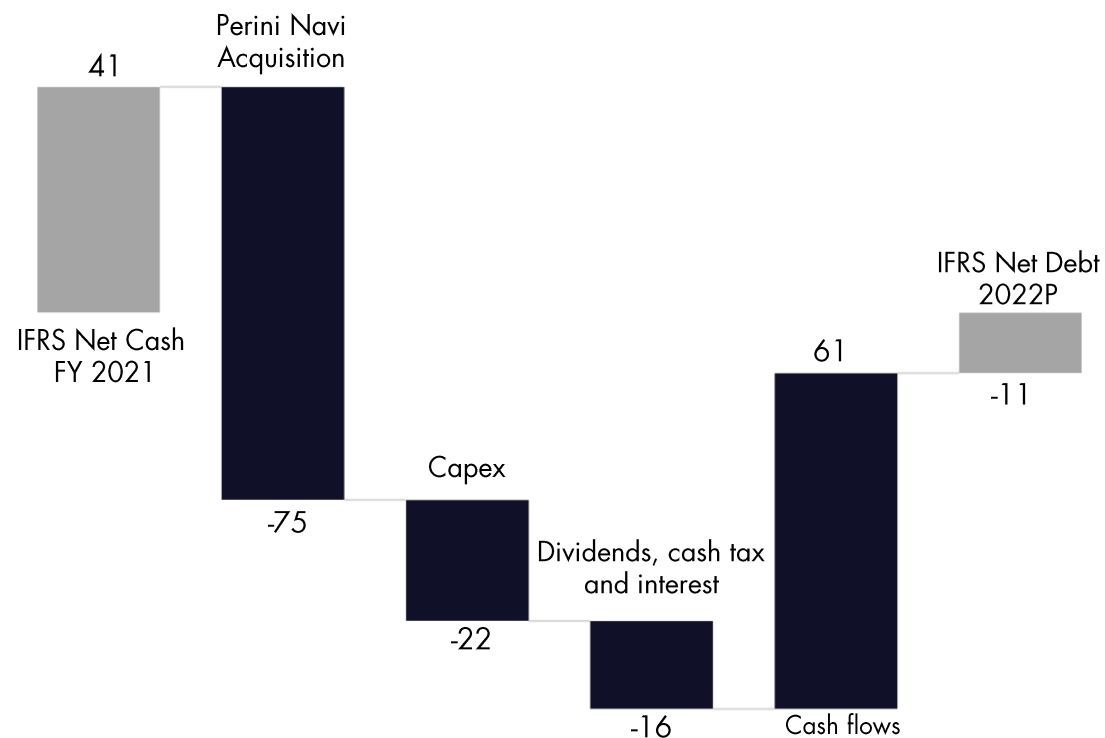
## TRENDS FOR 2023 AND 2024

Strong increase in Operating Cash Flow thanks to:

- Continuing growth of EBITDA as per Strategic Outlook to 2024;
- Significant decline in Capex (low single-digit).

## IFRS NET DEBT BRIDGE 2021 TO 2022P

(Eu mn)



# Capital Structure 2018A – 2022P

TISG currently has financial leverage of only 0.2x, in line with its target capital structure, and offers ample flexibility to deal with its dividend policy, capex requirements and M&A strategy in the medium to long term.

## HISTORICAL TRENDS

- Long term financial facilities for Eu 72mn were secured in early 2022 to finance TISG 4.0 and 4.1 and the acquisition of Perini Navi and have a final maturity date on 31/12/2028.
- Other indebtedness is related to short term financings from banks and lease obligations.

## TRENDS FOR 2023 AND 2024

- Neutral Net Debt target, with a cap of 1.5x EBITDA to offer flexibility for capex & M&A strategy.
- Dividend payout of c. 40% to 60% of Net Profit.
- M&A remains a **strategic priority**, albeit current focus is on organic growth and successfully integrating Perini Navi and internalisation of key supply chain activities.

## DESTINATION OF FREE CASH FLOW

Leverage  
Target

Dividend  
Policy

Capex  
& M&A

# Equity Capital Markets

TISG's objective is to increase its visibility and volumes, via delivery of the Strategic Outlook, increased Investor Relations efforts, additional research coverage, and commitment to ESG objectives.

## STATUS QUO

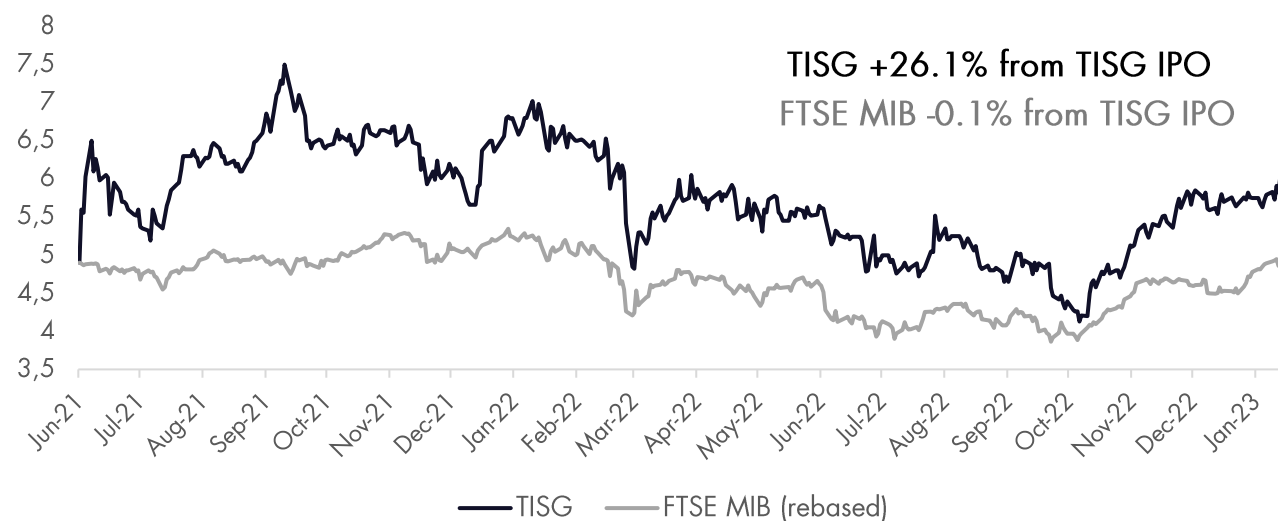
- 3 brokers currently cover TISG: Intermonte, Berenberg, MidCap.
- All have a "Buy" recommendation with an average Target Price of **Eu 9.5**, signaling an upside to the last closing price in excess of **50%**.
- Average daily trading volume (3M) of **27k shares**.

## OBJECTIVES

- Increasing the visibility of TISG equity story and on higher trading volumes by way of increased IR activity, additional research coverage, and commitment to ESG objectives.
- TISG meets all the prerequisites to join the Euronext STAR Milan Segment, save for the minimum free-float of **35%**.

Broker	Analyst	Recommendation	Target Price	Date
Intermonte	Francesco Brilli	BUY	Eu 8.5	11/11/2022
Berenberg	Remi Grenu	BUY	Eu 11.0	16/11/2022
MidCap	Filippo Migliorisi	BUY	Eu 9.0	14/11/2022

Stock Price Performance since IPO – 8 June 2021



# Strategic Outlook 2023 - 2024

## 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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## THE ITALIAN SEA GROUP