

11 MAY 2023

# Q1 2023 INTERIM MANAGEMENT STATEMENT



**SANLORENZO**



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## Q1 2023 CONSOLIDATED RESULTS

- Key financial highlights – another quarter of solid results
- Continued revenue growth after previous year’s boom
- Order intake normalising, yet backlog hitting new highs
- Clear visibility on future growth reinstated
- High quality of backlog, not just size
- Supportive pricing dynamics driving further margin expansion
- Mostly expansionary capex to support the next wave of growth
- Net cash position keeps increasing, providing optionality value
- 2023 and 3-years guidance confirmed

# Key financial highlights – another quarter of solid results

## Net Revenues New Yachts<sup>1</sup> / (€m)



## EBITDA/ (€m and % on Net Revenues New Yachts)



## EBIT / (€m and % on Net Revenues New Yachts)



## Group net profit / (€m and % on Net Revenues New Yachts)



## Investments<sup>2</sup> / (€m and % on Net Revenues New Yachts)



## Net financial position<sup>3</sup> / (€m)



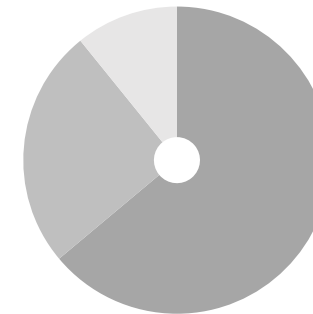
1. Calculated as the sum of revenues from contracts with customers relating to new yachts (recognised over time with the cost-to-cost method) net of commissions. In accordance with IFRS standards, revenue calculation includes the difference between the value contractually attributed to the pre-owned boats traded in and their relative fair value
2. Increases in property, plant and equipment and intangible assets with a finite useful life, net of the carrying amount of related disposals (sale of office building in Massa for a net book value of €2.1m in Q1 2022)
3. Calculated in accordance with ESMA document 32-382-1138, 4 March 2021. A positive figure indicates a net cash position. IFRS 16 liabilities accounting for €8.7m as of 31 March 2023 and €7.8m as of 31 December 2022

# Continued revenue growth after previous year's boom

Net Revenues New Yachts at €183.7m, +11.8% YoY and ca. +88% vs Q1 2020

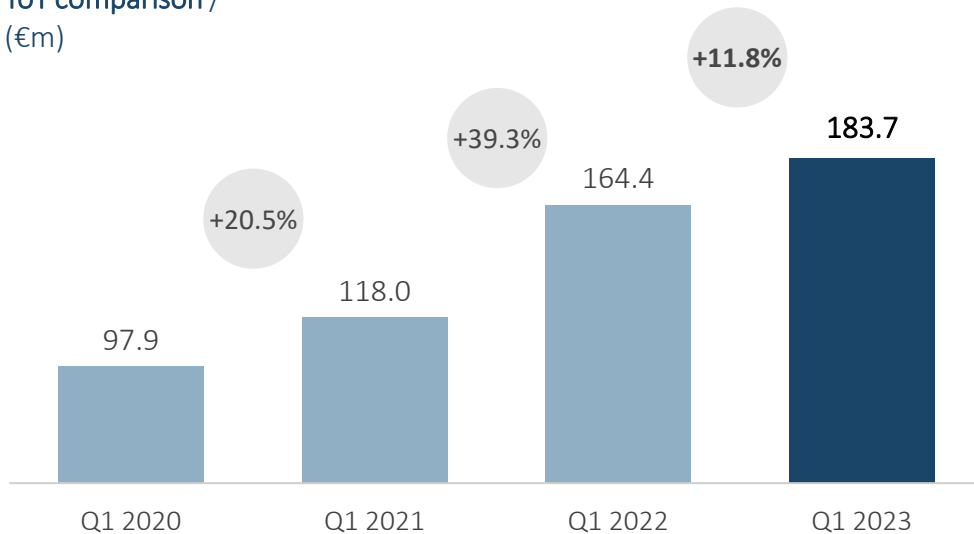
- Sound first quarter performance by Superyacht and Bluegame divisions, +41.4% and +38.9% YoY respectively
- Strong YoY revenues increase in Europe (+50.3%) and MEA (+96.4%) more than offsetting relatively weak quarterly revenues in the Americas (-43.7%) and APAC (-15.8%)
- Yacht Division substantially in line with Q1.22 and with the production trend forecasted for the year

Breakdown by division

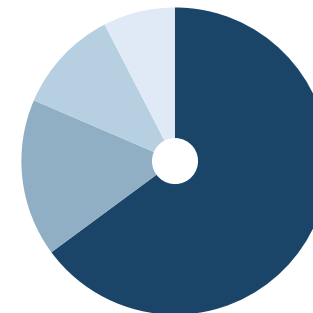


63.9%	Yacht Division €117.4m
25.3%	Superyacht Division €46.4m
10.8%	Bluegame Division €19.9m

YoY comparison / (€m)



Breakdown by geography



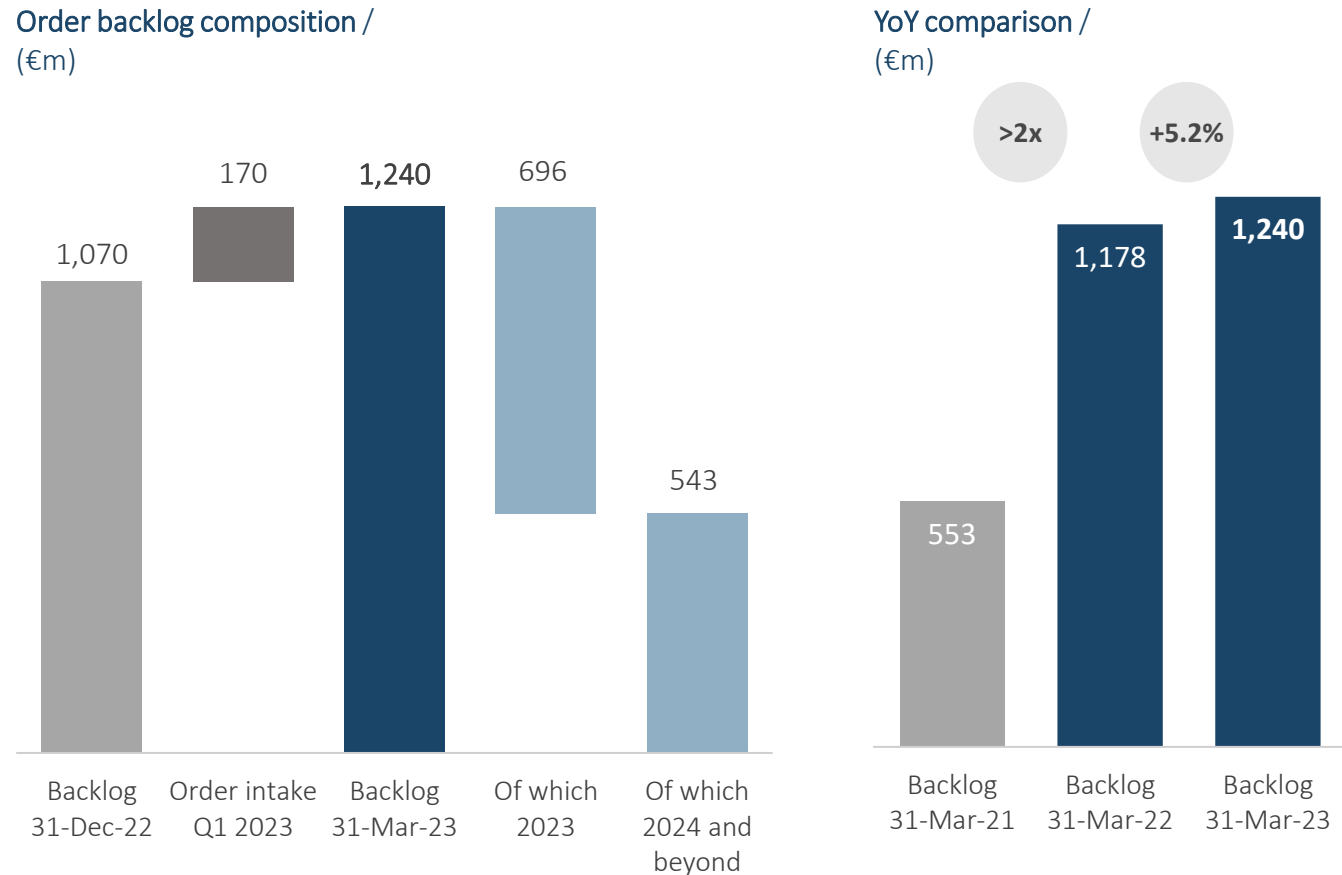
64.9%	Europe €119.2m
16.6%	Americas €30.5m
11.0%	APAC €20.1m
7.6%	MEA €13.9m

Net Revenues New Yachts are calculated as the sum of revenues from contracts with customers relating to new yachts (recognised over time with the cost-to-cost method) net of commissions. In accordance with IFRS standards, revenue calculation includes the difference between the value contractually attributed to the pre-owned boats traded in and their relative fair value.

# Order intake normalising, yet backlog hitting new highs

Backlog surpassing the €1.2b milestone as of end of March 2023, consolidating previous year's record

- Approx. €170m order intake in Q1 2023 (vs approx. €262m in Q1 2022), a **physiologic normalisation** mainly given by:
  - Return to typical seasonality, after an exceptional 2022
  - Record stock of backlog, ~92% covered by final clients, which increased significantly the waiting list/delivery times
  - Normalisation in the “Americas” with high interest rates biting and consumers being cautious at the moment given the macro context
- 2023 share of backlog confirms YE guidance
- Yacht Division deliveries up to 2025, and Superyacht Division's up to 2026
- Longer delivery times support pricing

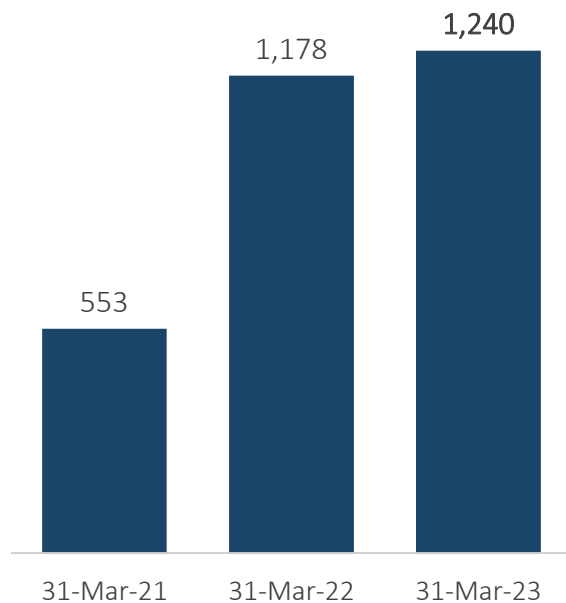


Backlog is calculated as the sum of the value of all orders and sales contracts signed with customers or brand representatives relating to yachts for delivery or delivered in the current year or for delivery in subsequent years. For each year, the value of the orders and contracts included in the backlog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

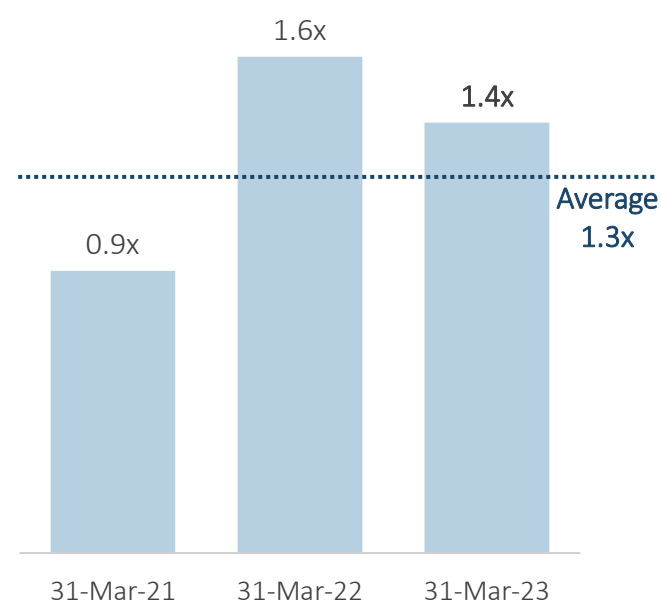
# Clear visibility on future growth reinstated

Share of backlog for y+2 and beyond slightly decreasing, yet still significant given interest rates level

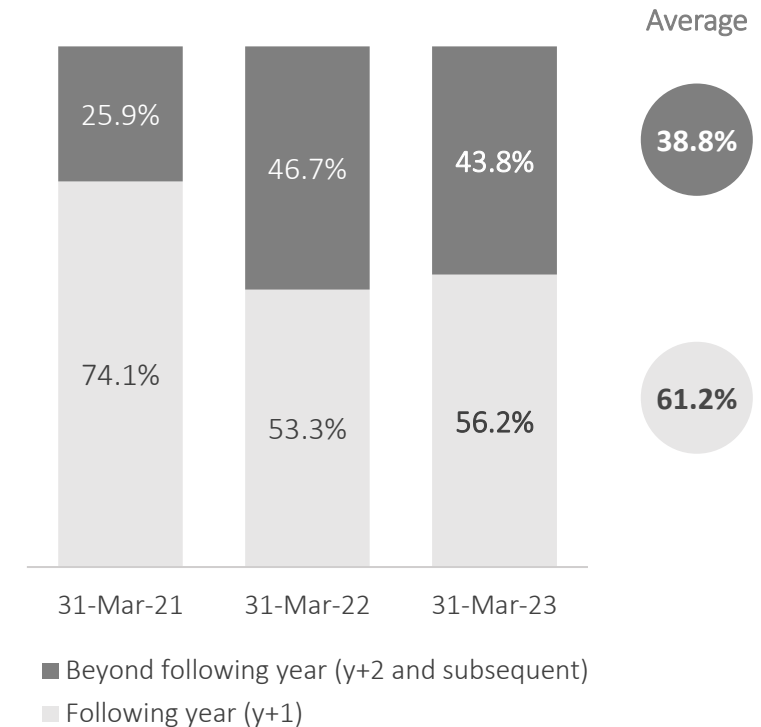
March 31<sup>st</sup> backlog historical evolution / (€m)



LTM Net backlog cover / (Net Backlog/LTM Net Revenues New Yachts)



31 March backlog composition / (% of total)



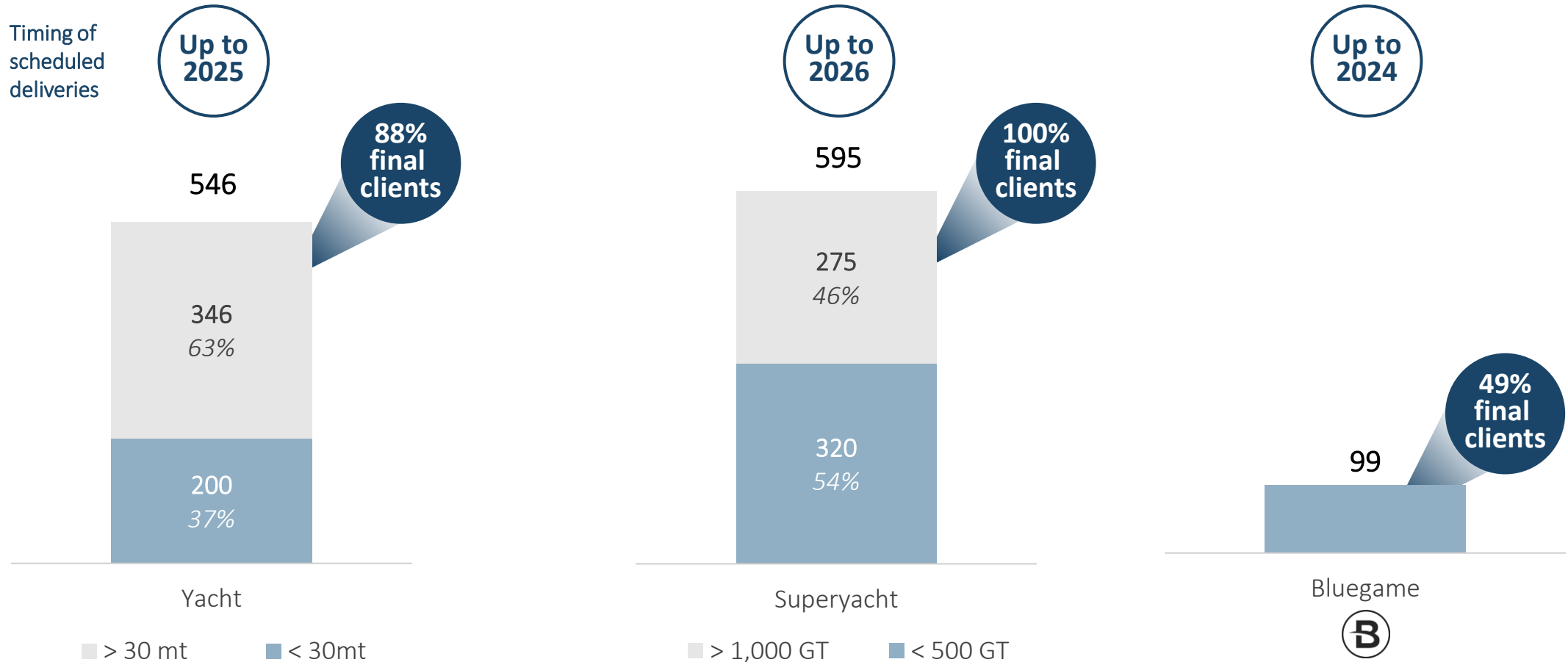
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# High quality of backlog, not just size

Well balanced backlog, 92% sold to final clients, with sold deliveries up to 2026

Backlog by division /  
(€m)

Timing of  
scheduled  
deliveries



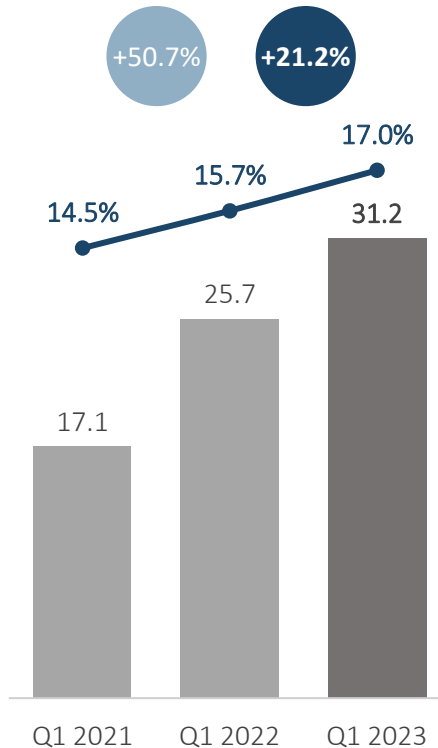


# Supportive pricing dynamics driving further margin expansion

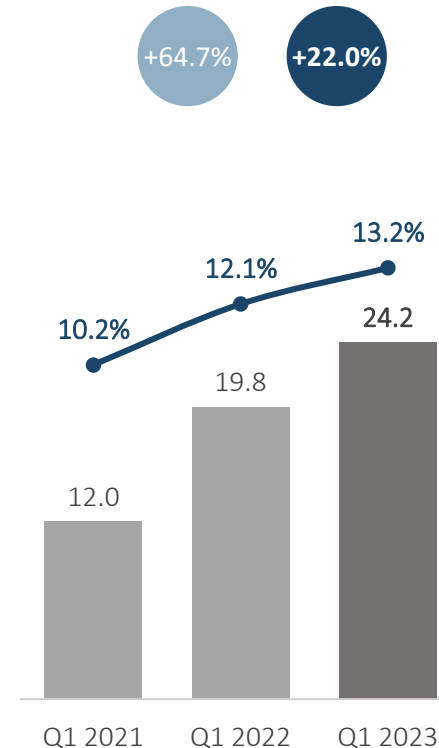
EBITDA margin at 17.0%, further 130bps expansion YoY supported by product scarcity value and brand equity

- Strong backlog and limited supply providing **headroom for tactful ASP increase strategy**
- Overall cost inflation cooling down
- EBIT margin +110bps YoY, thus **margin expansion at EBITDA level substantially translating into the bottom operating margin**, notwithstanding the significant growth Capex undertaken during previous year
- Net profit margin +90bps, even considering a higher effective tax rate in the first quarter, at 28.1% (approx. +50bps) and a negative contribution from equity-accounted associates (-€257k)

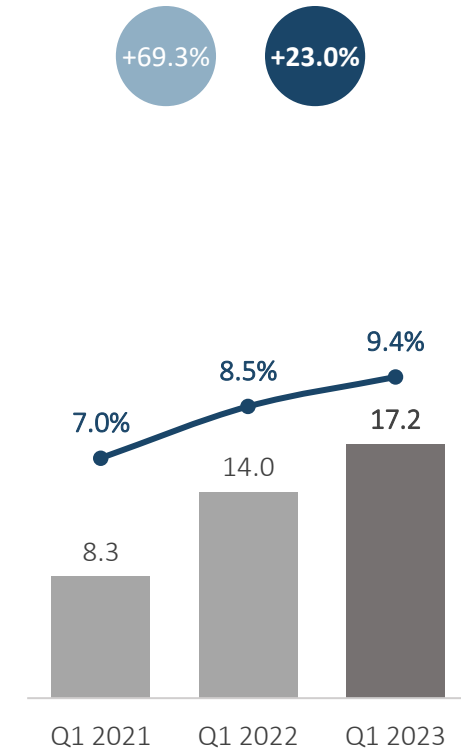
**EBITDA /**  
(€m and margin % on Net Revenues New Yachts)



**EBIT /**  
(€m and margin % on Net Revenues New Yachts)



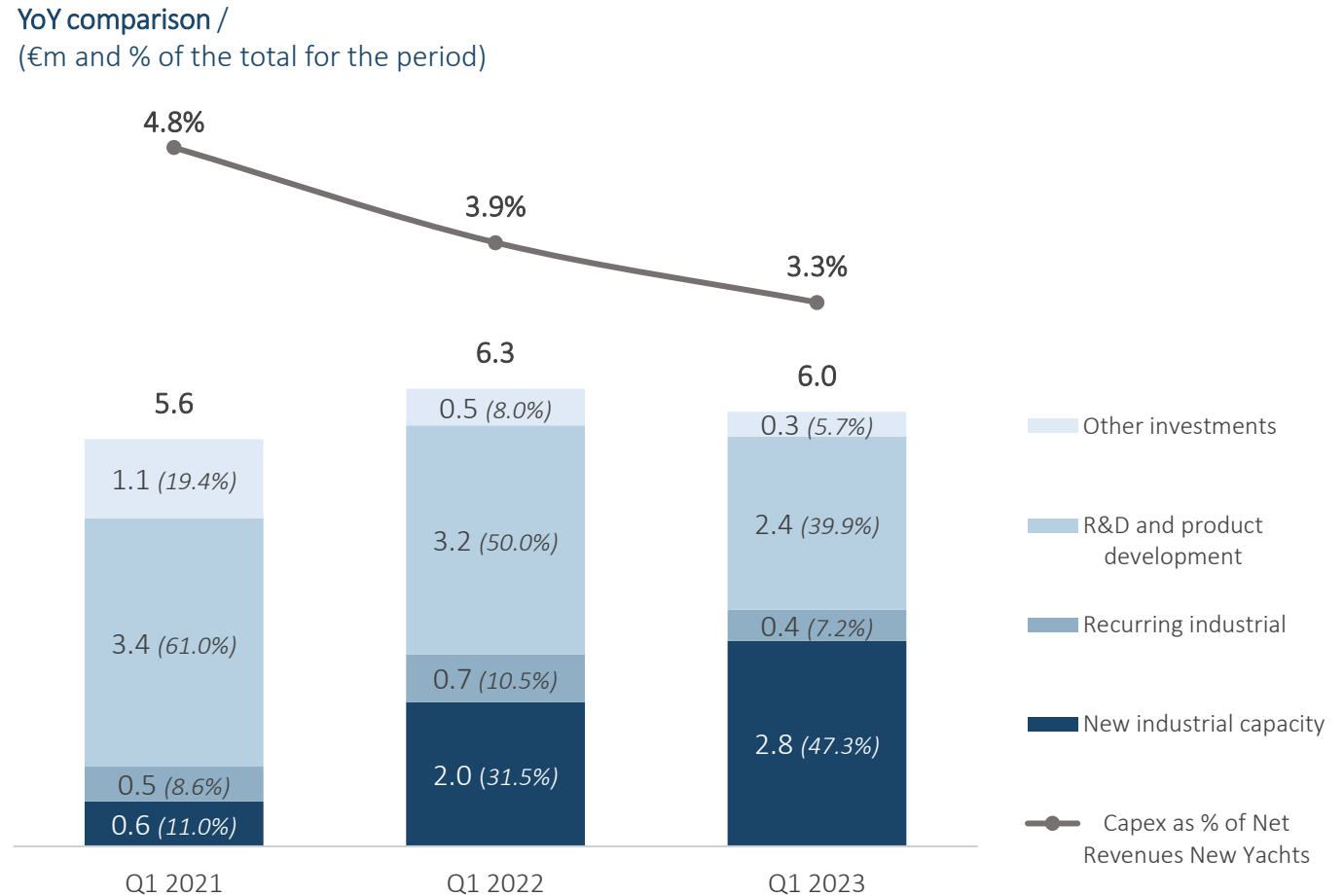
**Group net profit /**  
(€m and margin % on Net Revenues New Yachts)



# Mostly expansionary capex to support the next wave of growth

Net capex at €6.0m, 3.3% on Net Revenues New Yachts, of which only €0.4m recurring

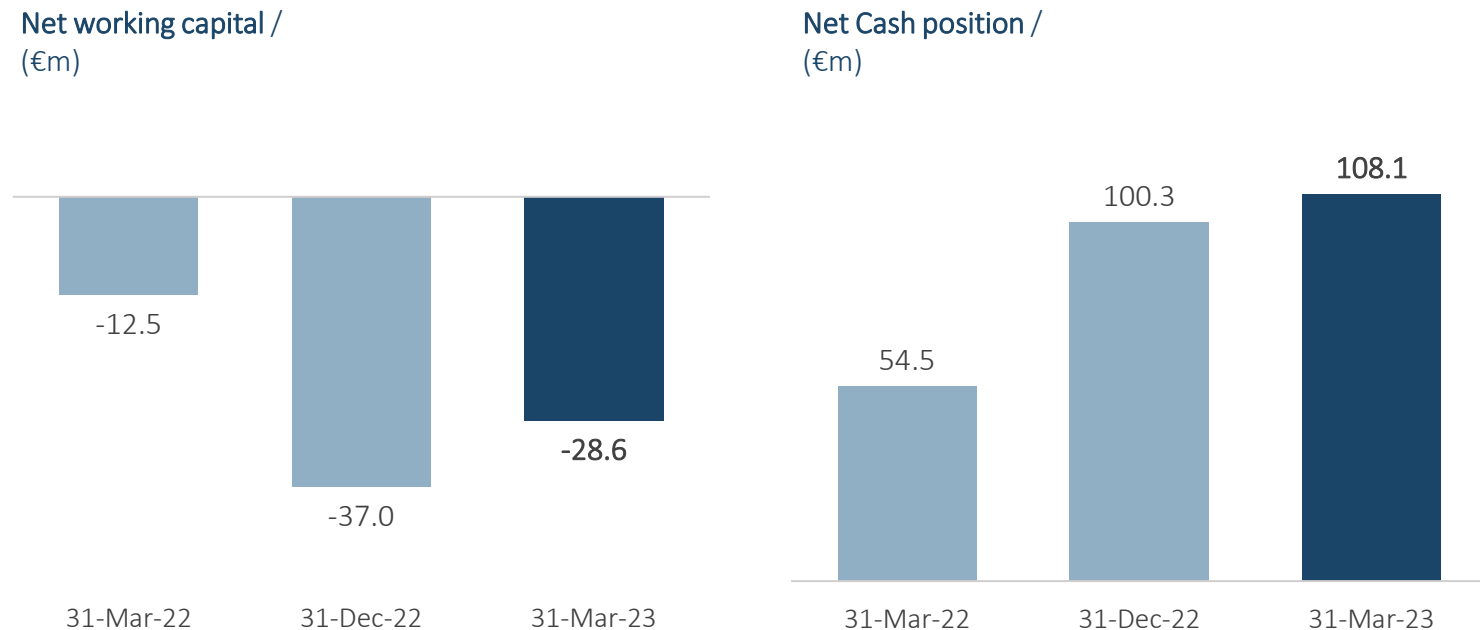
- Capex at €6.3m, of which
  - ~47% related to further **expansion** of industrial production **capacity**
  - ~40% related to **new product development** and **sustainability projects** for **green methanol** application in new models
- Broadly consistent amount of capex over time translates into a decreasing incidence on revenues, as **investments are spread over a larger base**
- Overall capex progressing in line with guidance



# Net cash position keeps increasing, providing optionality value

Significant improvement in financial position reaching €108.1m net cash, even considering business seasonality usually affecting first quarter and ~€8m net working capital normalization effect

- **Efficient Negative Net working capital** (-€28.6m), +€8.0m compared to 2022 YE and -€16.4m YoY, progressively **normalising** after the 2022 above-average increase in volumes and collection of advances, **yet confirming the NWC-light nature of the business model**
- **Limited finished products inventory** at €17.6m, out of €69.8m of total inventory mostly related to raw materials and semi-finished products
- €152.9m cash on hand and €60.2m current financial investments, resulting into **€213.2m liquidity available**, as well as €120.4m undrawn credit lines<sup>1</sup>



Net Financial Position calculated in accordance with ESMA document 32-382-1138, 4 March 2021

€213.2m total available liquidity, including €152.7m cash and cash equivalents and €132.1m undrawn credit lines (excluding credit lines for reverse factoring and confirming)

# 2023 and 3-years guidance confirmed

€m Margin as % of Net Revenues New Yachts	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Guidance	2025 <sup>5</sup> Outlook
Net Revenues New Yachts <sup>1</sup> YOY GROWTH %	455.9	457.7 +0.4%	585.9 +28.0%	740.7 +26.4%	810-830 +11%	HIGH SINGLE-DIGIT <i>Revenue CAGR '23-'25</i>
EBITDA <sup>2</sup> YOY GROWTH %	66.0	70.6 +7.0%	95.5 +35.3%	130.2 +36.3%	150-155 +17%	
EBITDA Margin <sup>2</sup> YOY GROWTH %	14.5%	15.4% +0.9%	16.3% +0.9%	17.6% +1.3%	18.5%-18.7% +1.0%	≥19.5%
Group Net Profit YOY GROWTH %	27.0	34.5 +27.7%	51.0 +47.8%	74.2 +45.5%	84-86 +15%	
Capex <sup>3</sup> YOY GROWTH %	51.4	30.8 -40.1%	49.2 +59.7%	50.0 +1.6%	48-50 -2%	95-105 Cumulated '24-'25
Net Cash Position <sup>4</sup> CASH GENERATION	(9.1)	3.8 +12.9	39.0 +35.2	100.3 +61.3	118-128 +18-28	185-205 100+ cash generation

Guidance based on organic Capex, excluding M&A opportunities

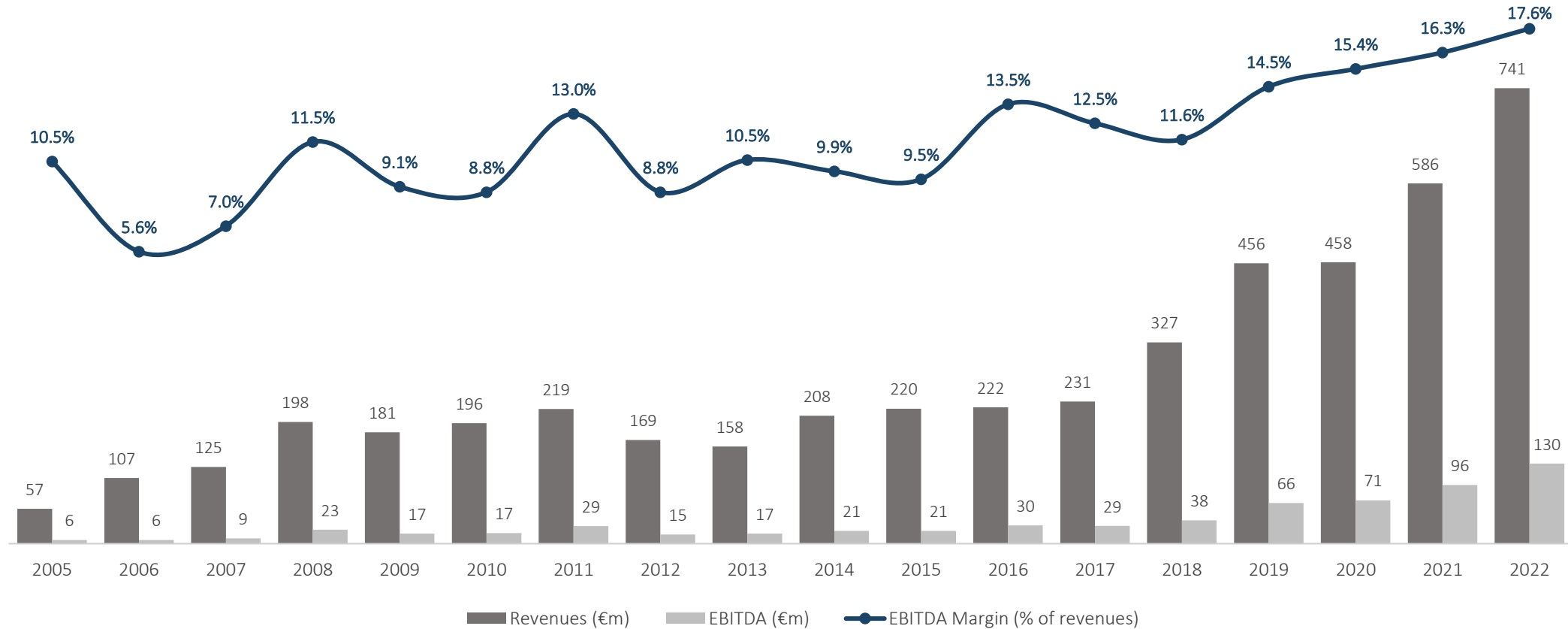
1. Calculated as the sum of revenues from the sale of new yachts (recognised over time with the cost-to-cost method) and pre-owned boats, net of commissions and trade-in costs of pre-owned boats.
2. The figures from 2019 to 2022 refer to Adjusted EBITDA; the figures from 2023 to 2025 refer to reported EBITDA, which differed from Adjusted EBITDA for less than 0.5%
3. Increases in property, plant and equipment and intangible assets, net of the carrying amount of related disposals, at constant perimeter. FY 2022 reported figure €59.0m, including the consolidation of Polo Nautico Viareggio S.r.l., I.C.Y. S.r.l. and Equinaxe S.r.l. .
4. Calculated in accordance with ESMA document 32-382-1138, 4 March 2021. A positive figure indicates a net cash position.
5. For the guidance range, annual growth is calculated on the average figure.



APPENDIX

# Proven resilience over the cycle

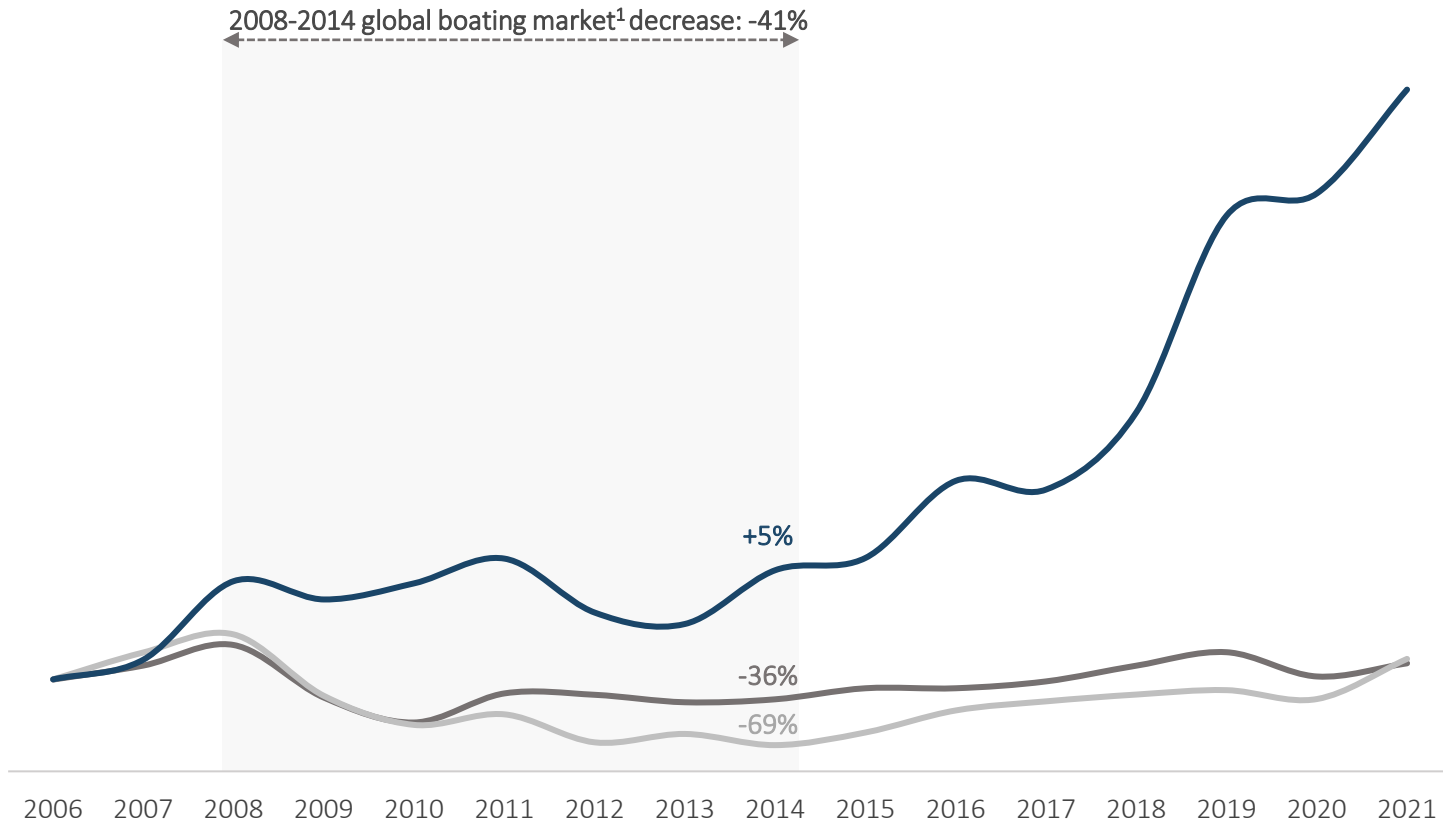
- Sustained revenue growth: +9.2% CAGR from 2008 to 2022, +16.4% CAGR since 2015
- Stable EBITDA margin throughout the cycle and never a single year of operating loss during the crisis of the nautical sector: **10.3% average EBITDA margin during 2008-2014 period**
- Stable revenues and increase in operating margins during the Covid-19 pandemic



STRONG AND RESILIENT GROWTH PATH

# Undisputed winner in luxury yachting

Value of Production (rebased to 100)



## SANLORENZO

2006–2021 growth: +514%, more than >6x<sup>2</sup>

Above market growth paired with distinctive resilience across industry cycles testimony of Sanlorenzo superior business model, even during the Covid-19 pandemic, also thanks to:

- Large proportion of direct sales to final customers, with limited “sell-in/sell-out” risk from dealers and more favourable working capital dynamics
- Flexible cost structure due to production activities carried out by third-party contractors

Ferretti Group 2006–2021 growth: +18%<sup>4,5</sup>

Azimut | Benetti 2006–2021 growth: +14%<sup>3</sup>

Source: Company information, management assessment, consolidated annual reports and Deloitte Boating Market Monitor 2019.

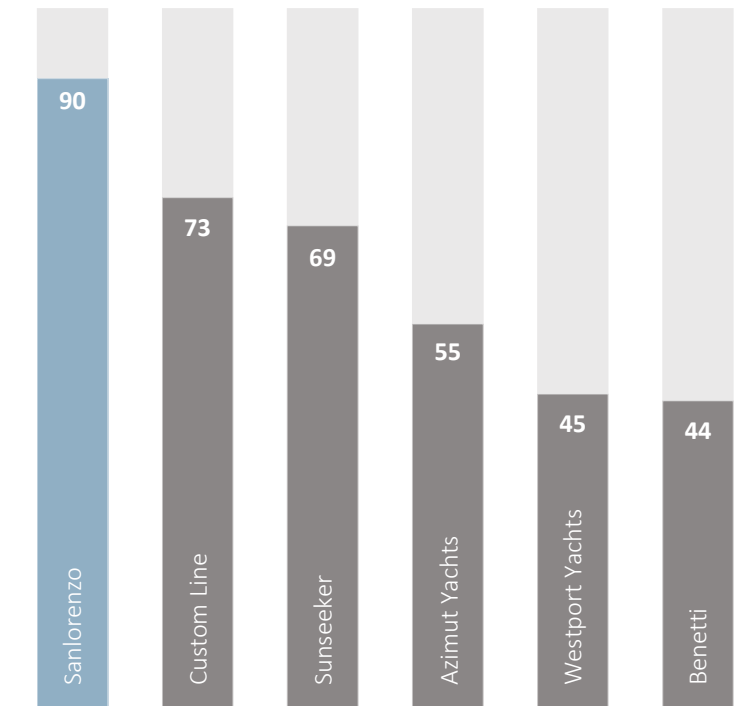
1. Source: Deloitte Boating Market Monitor.
2. Based on consolidated accounts as per Italian GAAP until 2015, then according to IFRS. Financial year ending 31 December.
3. Based on consolidated accounts as per Italian GAAP. Financial year ending 31 August.
4. Based on consolidated accounts as per IFRS. Financial year ending 31 August until 2012, then ending 31 December.
5. 2006-2008 figures including Pinmar and Apremare (~€65m revenues), then disposed in 2010.

# Top builder, in the sweet spot of the market

## First brand delivering 30-40mt yachts

Cumulative 2009-2019 deliveries, as per early October 2019

The SuperYacht Times, November 2019



## World's leading monobrand shipyard

2023 Global Order Book - Top shipyards by length<sup>1</sup>

BOAT International, December 2022

2023 RANK	COMPANY	TOTAL LENGTH (M)	NUMBER OF PROJECTS	AVERAGE LENGTH (M)	NUMBER OF PROJECTS 2022	2022 RANK
1	Azimut - Benetti	5,991	168	35.7	128	1
2	Sanlorenzo	4,577	128	35.8	117	2
3	Ocean Alexander	2,382	73	32.6	47	3
4	Feadship*	1,672	N/A	N/A	N/A	4
5	Princess Yachts	1,588	63	25.2	N/A	N/A
6	Sunseeker	1,443	53	27.2	N/A	N/A
7	Lürssen*	1,233	11	112.1	9	5
8	The Italian Sea Group	1,149	21	54.7	12	8
9	Damen Yachting	1,022	15	68.1	13	7
10	Overmarine	1,017	25	40.7	24	6
11	Horizon	825	29	28.4	24	9
12	Palumbo	768	18	42.7	12	15
13	Baglietto	749	16	46.8	14	10
14	Viking Yachts*	681	26	26.2	22	13
15	Heesen Yachts	634	11	57.6	11	11

1. The Global Order Book counts all projects over 24 metres length overall on order or in build signed with a minimum 10% deposit received, on 1 September each year. According to BOAT International research, Ferretti Group should appear in the third place. However, the company, as in previous years, declined to share precise order book data.

\* data partially shared by the shipyard.



# Reclassified consolidated income statement

	Three months ended 31 March				Change	
	2023	% Net Revenues New Yachts	2022	% Net Revenues New Yachts	2023 vs. 2022	2023 vs. 2022%
<b>Net Revenues New Yachts</b>	<b>183,726</b>	<b>100.0%</b>	<b>164,389</b>	<b>100.0%</b>	<b>19,337</b>	<b>11.8%</b>
Net revenues from pre-owned boats, maintenance and other services	2,489	1.4%	1,189	0.7%	1,300	109.3%
Other income	2,549	1.4%	1,536	0.9%	1,013	66.0%
Operating costs	(157,508)	(85.7%)	(141,220)	(85.9%)	(16,288)	11.5%
<b>Adjusted EBITDA</b>	<b>31,256</b>	<b>17.0%</b>	<b>25,894</b>	<b>15.8%</b>	<b>5,362</b>	<b>20.7%</b>
Non-recurring costs	(97)	0.0%	(189)	(0.1)%	92	(48.7%)
<b>EBITDA</b>	<b>31,159</b>	<b>17.0%</b>	<b>25,705</b>	<b>15.7%</b>	<b>5,454</b>	<b>21.2%</b>
Depreciation and amortisation	(6,984)	(3.8%)	(5,889)	(3.6%)	(1,095)	18.6%
<b>EBIT</b>	<b>24,175</b>	<b>13.2%</b>	<b>19,816</b>	<b>12.1%</b>	<b>4,359</b>	<b>22.0%</b>
Net financial expense	76	0.0%	(205)	(0.1)%	281	n.m.
Net result of equity investments	(294)	(0.2%)	28	-	(322)	n.m.
<b>Pre-tax profit</b>	<b>23,957</b>	<b>13.0%</b>	<b>19,639</b>	<b>12.0%</b>	<b>4,318</b>	<b>22.0%</b>
Income taxes	(6,741)	(3.6%)	(5,413)	(3.3%)	(1,328)	24.5%
<b>Net profit</b>	<b>17,216</b>	<b>9.4%</b>	<b>14,226</b>	<b>8.7%</b>	<b>2,990</b>	<b>21.0%</b>
Net (profit)/loss attributable to non-controlling interests	(8)	(0.0%)	(241)	(0.2%)	233	n.m.
<b>Group net profit</b>	<b>17,208</b>	<b>9.4%</b>	<b>13,985</b>	<b>8.5%</b>	<b>3,223</b>	<b>23.0%</b>

# Reclassified consolidated balance sheet

(€'000)	31 March	31 December	31 March	Change	
	2023	2022	2022	31 March 2023 vs. 31 December 2022	31 March 2023 vs. 31 March 2022
<b>USES</b>					
Goodwill	10,756	10,756	8,667	-	2,089
Intangible assets with a finite useful life	51,665	51,374	45,513	291	6,152
Property, plant and equipment	157,453	158,710	135,181	(1,257)	22,272
Equity investments and non-current assets	13,818	11,426	10,915	2,392	2,903
Net deferred tax assets	6,224	5,495	5,597	729	627
Non-current employee benefits	(1,385)	(1,109)	(1,313)	(276)	(72)
Non-current provision for risks and charges	(9,697)	(9,944)	(1,484)	247	(8,213)
<b>Net fixed capital</b>	<b>228,834</b>	<b>226,708</b>	<b>203,076</b>	<b>2,126</b>	<b>25,758</b>
Inventories	69,834	53,444	73,609	16,390	(3,775)
Trade receivables	20,406	21,784	4,988	(1,378)	15,418
Contract assets	180,108	168,635	121,876	11,473	58,232
Trade payables	(175,189)	(155,979)	(98,689)	(19,210)	(76,500)
Contract liabilities	(132,718)	(132,369)	(129,293)	(349)	(3,425)
Other current assets	65,428	60,388	51,008	5,040	14,420
Current provisions for risks and charges	(7,195)	(8,039)	(12,230)	844	5,035
Other current liabilities	(49,228)	(44,828)	(23,808)	(4,400)	(25,420)
<b>Net working capital</b>	<b>(28,554)</b>	<b>(36,964)</b>	<b>(12,539)</b>	<b>8,410</b>	<b>(16,015)</b>
<b>Net invested capital</b>	<b>200,280</b>	<b>189,744</b>	<b>190,537</b>	<b>10,536</b>	<b>9,743</b>
<b>SOURCES</b>					
Equity	308,393	290,081	245,057	18,312	63,336
(Net financial position)	(108,113)	(100,337)	(54,520)	(7,776)	(53,593)
<b>Total sources</b>	<b>200,280</b>	<b>189,744</b>	<b>190,537</b>	<b>10,536</b>	<b>9,743</b>

# Net financial position and reclassified cash flow statement

(€'000)	31 March	31 December	31 March
	2023	2022	2022
Cash	152,945	146,317	151,037
Cash equivalents	-	-	-
Other current financial assets	60,228	55,459	1,643
<b>Liquidity</b>	<b>213,173</b>	<b>201,776</b>	<b>152,680</b>
Current financial debt	(36,609)	(11,007)	(3,012)
Current portion of non-current financial debt	(22,223)	(41,173)	(29,076)
<b>Current financial indebtedness</b>	<b>(58,832)</b>	<b>(52,180)</b>	<b>(32,088)</b>
<b>Net current financial indebtedness</b>	<b>154,341</b>	<b>149,596</b>	<b>120,592</b>
Non-current financial debt	(46,228)	(49,259)	(66,072)
Debt instruments	-	-	-
Non-current trade and other payables	-	-	-
<b>Non-current financial indebtedness</b>	<b>(46,228)</b>	<b>(49,259)</b>	<b>(66,072)</b>
<b>Net financial position</b>	<b>108,113</b>	<b>100,337</b>	<b>54,520</b>

(€'000)	31 March		Change
	2023	2022	
EBITDA	31,159	25,705	5,454
Taxes paid	-	(7,653)	7,653
Changes in inventories	(16,390)	(5,340)	(11,050)
Change in net contract assets and liabilities	(11,124)	21,663	(32,787)
Change in trade receivables and advances to suppliers	(1,569)	12,204	(13,773)
Change in trade payables	19,210	(21,436)	40,646
Change in provisions and other assets and liabilities	(6,009)	5,522	(11,531)
<b>Operating cash flow</b>	<b>15,277</b>	<b>30,665</b>	<b>(15,388)</b>
Change in non-current assets (investments)	(6,021)	(6,342)	321
Business acquisitions and other changes	1,926	(3,682)	5,608
<b>Free cash flow</b>	<b>11,182</b>	<b>20,641</b>	<b>(9,459)</b>
Interest and financial charges	(352)	(216)	(136)
Other financial cash flows and changes in equity	(3,054)	(4,911)	1,857
<b>Change in net financial position</b>	<b>7,776</b>	<b>15,514</b>	<b>(7,738)</b>
Net financial position at the beginning of the period	100,337	39,006	61,331
Net financial position at the end of the period	108,113	54,520	53,593

# Alternative performance indicators: definitions

<b>Net Revenues New Yachts</b>	Net Revenues New Yachts are calculated as the sum of revenues from the sale of new yachts (recognised over time with the cost-to-cost method) and pre-owned boats, net of commissions and trade-in costs of pre-owned boats.
<b>EBITDA</b>	EBITDA is calculated by adding amortisation/depreciation expenses to operating profit/loss. EBITDA margin is calculated on Net Revenues New Yachts.
<b>Adjusted EBITDA</b>	Adjusted EBITDA is calculated by adding amortisation/depreciation expenses to operating profit/loss, excluding minor non recurring items. Adjusted EBITDA margin is calculated on Net Revenues New Yachts.
<b>Investments or capex</b>	Investments refer to increases in property, plant and equipment and intangible assets, net of the carrying amount of related disposals.
<b>Net working capital</b>	Net working capital is calculated as the sum of trade receivables, contract assets, inventories and other current assets, net of trade payables, contract liabilities, provisions for current risks and charges and other current liabilities.
<b>Net cash position</b>	Net financial position is calculated on the basis of guidelines issued by ESMA and reported in ESMA document 32-382-1138 of 4 March 2021 (Consob Warning Notice no. 5/21 for Consob Communication DEM/6064293, 28 July 2006), as the sum of liquidity (including cash equivalents and other current financial assets), net of current and non-current financial indebtedness, including the fair value of hedging derivatives. If positive, it indicates a net cash position.



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