

# THE ITALIAN SEA GROUP

## 9M 2023 FINANCIAL RESULTS

AS OF SEPTEMBER 30<sup>TH</sup>, 2023

PICCHIOTTI  
SINCE 1875

ADMIRAL

PERINI NAVI

TECNOMAR

NCA REFIT

CELI  
1920

# AGENDA

-  Executive Summary
-  Business Review
-  Q&A

# EXECUTIVE SUMMARY

## 9M 2023 RESULTS

- **Order Book of Eu 1.3bn, +33% vs 9M 2022**
- **Revenues of Eu 262.2mn, +25% vs 9M 2022**
- **EBITDA of Eu 43.2mn, +31% vs 9M 2022, with a margin of 16.5%**
- **Investments of Eu 8.8 mn**
- **Net Financial Debt of Eu 31mn vs Eu 11.3mn at FY 2022**

## RELEVANT EVENTS AND BUSINESS OUTLOOK

- **Obtainment of ISO 14001:2015 certification for Environmental Management Systems**
- **Participation at the 2023 Monaco Yacht Show** with the worldwide preview of three new yachts, new product lines, and strategic partnerships
- **Deliveries of three large yachts** scheduled within the end of the year

## STRATEGIC OUTLOOK

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



M/Y Tecnomar This Is It, 43mt

# 2023 MONACO YACHT SHOW HIGHLIGHTS

## mys | THE ITALIAN SEA GROUP

ADMIRAL



M/Y Admiral  
Kenshō (75mt)

ADMIRAL | GIORGIO ARMANI



M/Y Admiral | Armani  
Silver Star (55mt)

PERINI NAVI



S/Y Perini Navi  
Art Explorer (47mt)

TECNOMAR



M/Y Tecnomar  
This Is It (43mt)

TECNOMAR FOR LAMBORGHINI



M/Y Tecnomar for  
Lamborghini 63 (20mt)

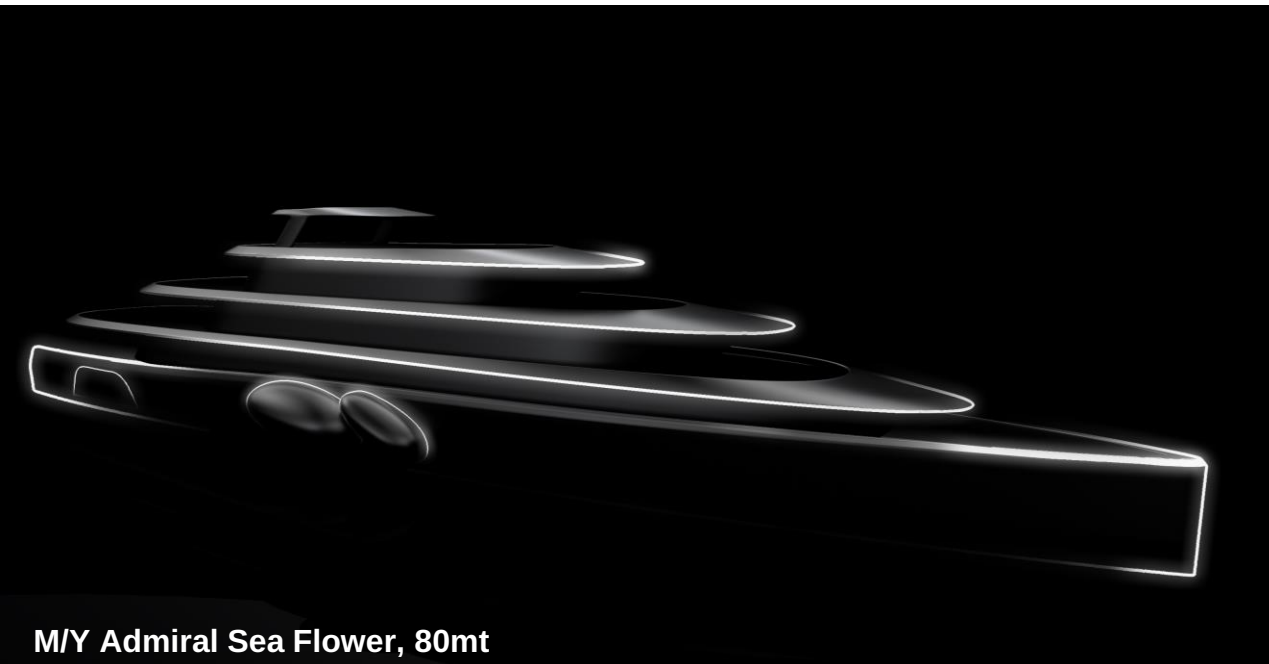
# NEW MODELS AND ICONIC PARTNERSHIPS



In occasion of the **Monaco Yacht Show** opening, TISG announced a **new partnership** with **Massimiliano and Doriana Fuksas** and **Luca Dini** for the design of **Admiral Sea Flower**, an **80-metre** motor-yacht with unique characteristics.

During the press conference, the Company presented three new product lines:

- **M/Y Admiral Project Adventure**, a 50mt Explorer super-yacht;
- **M/Y Tecnomar Project Cat 133**, a motor catamaran inspired by the lines of the acclaimed M/Y Tecnomar This Is It;
- **M/Y Tecnomar Project EVO 155**, 46mt speedy motor-yacht, the newest evolution of the successful Tecnomar EVO 120 model.



M/Y Admiral Sea Flower, 80mt

# AGENDA



Executive Summary



Business Review



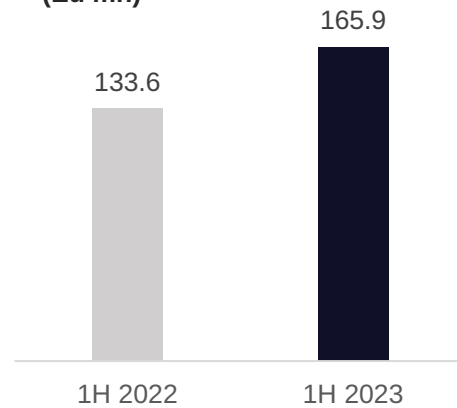
Q&A

# 2023 GUIDANCE CONFIRMED IN THE HIGH END OF THE VALUE RANGE

## 1H 2023 VS 1H 2022

Revenues: +24%  
Backlog: +35%

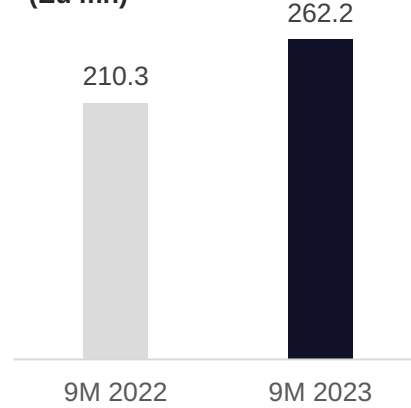
(Eu mn)



## 9M 2023 VS 9M 2022

Revenues: +25%  
Backlog: +33%

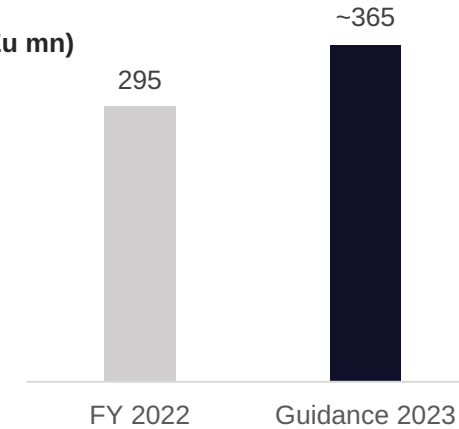
(Eu mn)



## STRATEGIC OUTLOOK 2023

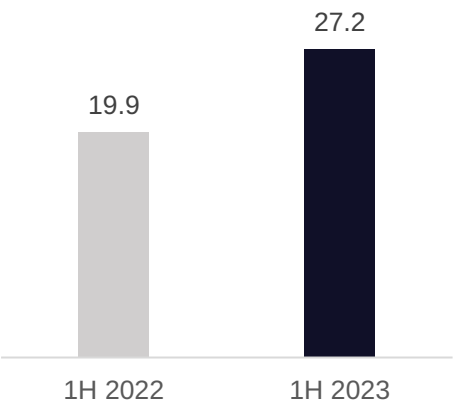
Revenues: Eu ~365mn  
c. +24% YoY Growth

(Eu mn)



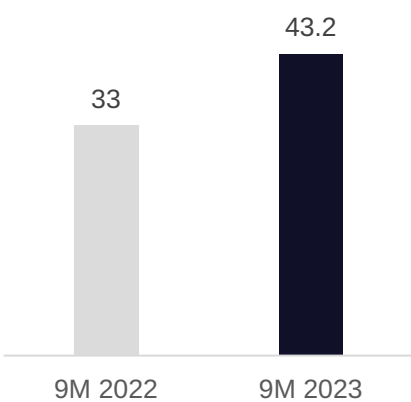
EBITDA: +37%  
EBITDA Margin: 16.4%

(Eu mn)

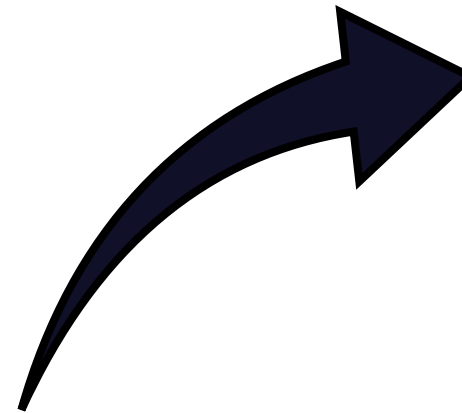


EBITDA: +31%  
EBITDA Margin: 16.5%

(Eu mn)

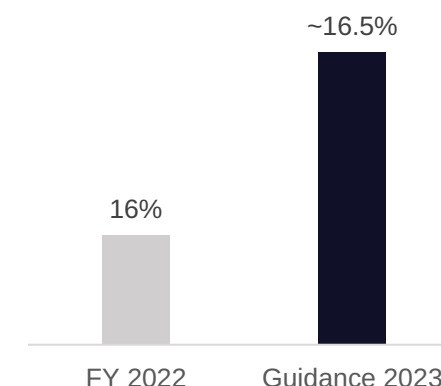


Solid perspectives on  
FY 2023 results



due to strong  
commercial activities  
and visibility of  
backlog

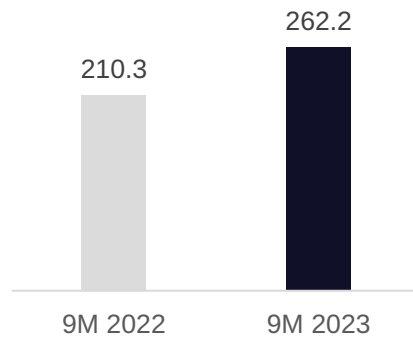
EBITDA Margin: ~16.5%



# SUMMARY OF KEY 9M 2023 RESULTS

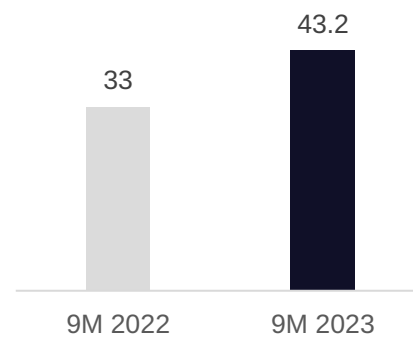
## Revenues 9M 2023

**Eu 262.2mn**  
(+25% vs 9M 2022)



## EBITDA 9M 2023

**Eu 43.2mn**  
**Margin: 16.5%**  
(+31% vs 9M 2022)

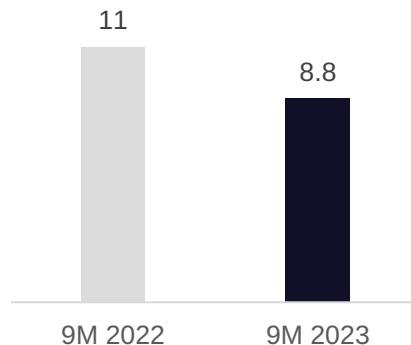


## KEY HIGHLIGHTS

- **25% increase in Revenues** due to the positive development of the Shipbuilding division, as well as an increase in **Refit** activities due to the seasonality of the business
- The **increase in marginality** over time is due to a careful management of operating costs, a better efficiency of production processes, and the internalisation of the most value-added phases of the supply chain;
- **Investments** for the first nine months of 2023 are related to the closing of the «**TISG 4.0**» and «**TISG 4.1**» investments related to «**TISG 4.2**», the expansion of commercial offices in Marina di Carrara and the development on production capacity for subsidiary **Celi**.
- **Net Financial Debt** for **Eu 31mn** vs Eu 11.3mn on FY 2022.

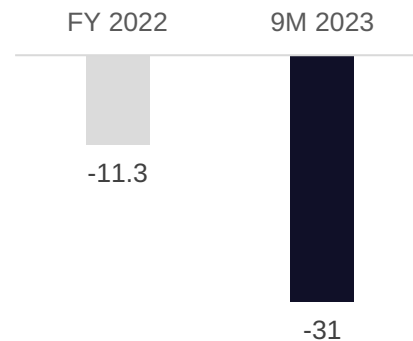
## Investments 9M 2023

**Eu 8.8mn**



## Net Debt 9M 2023

**Eu -31mn**

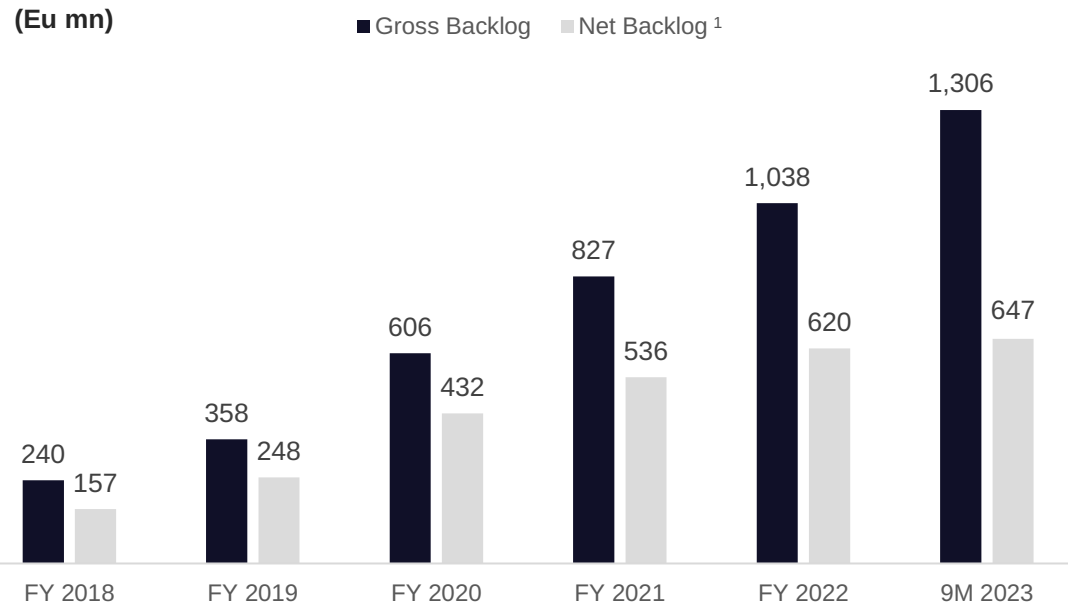




# QUALITY AND VISIBILITY OF BACKLOG

- **Industry leading levels of backlog**, with visibility until 2028 and balanced breakdown between geographic areas;
- **Gross Backlog** at 30 September 2023 represents **3.8x LTM Revenues**;
- Resilient client base (**UHNWI**), **cash-buyers** who do not require any financing to purchase the products;
- Strict commercial policy **with no trade-ins or sale of used boats, eliminating inventory risk.**

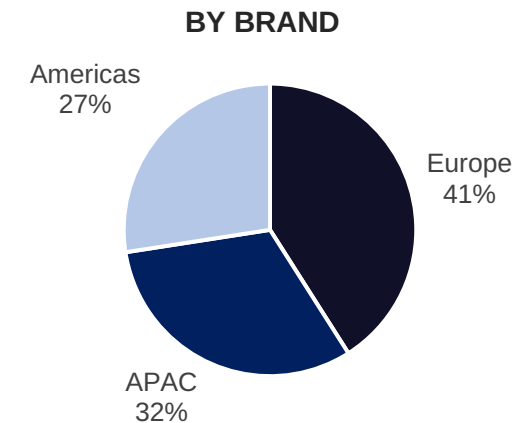
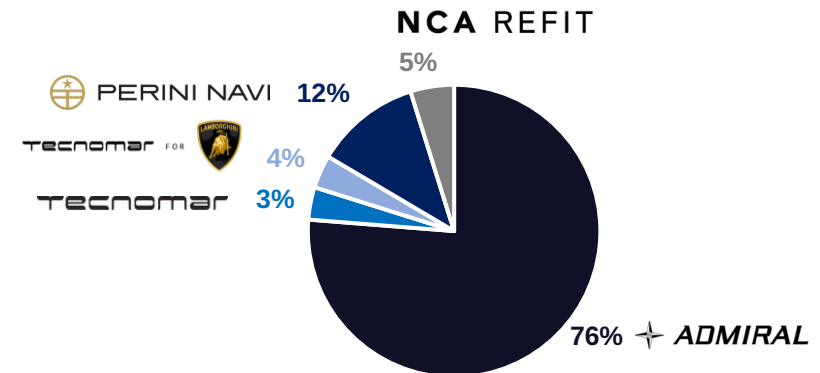
## BACKLOG EVOLUTION (GROSS AND NET)



	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	LTM Revenues
Gross Backlog x LTM Revenues	3.6	3.6	5.2	4.5	3.5	3.8
Net Backlog x LTM Revenues	2.3	2.5	3.7	2.9	2.1	1.9

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

## GROSS BACKLOG BREAKDOWN



## BY GEOGRAPHY

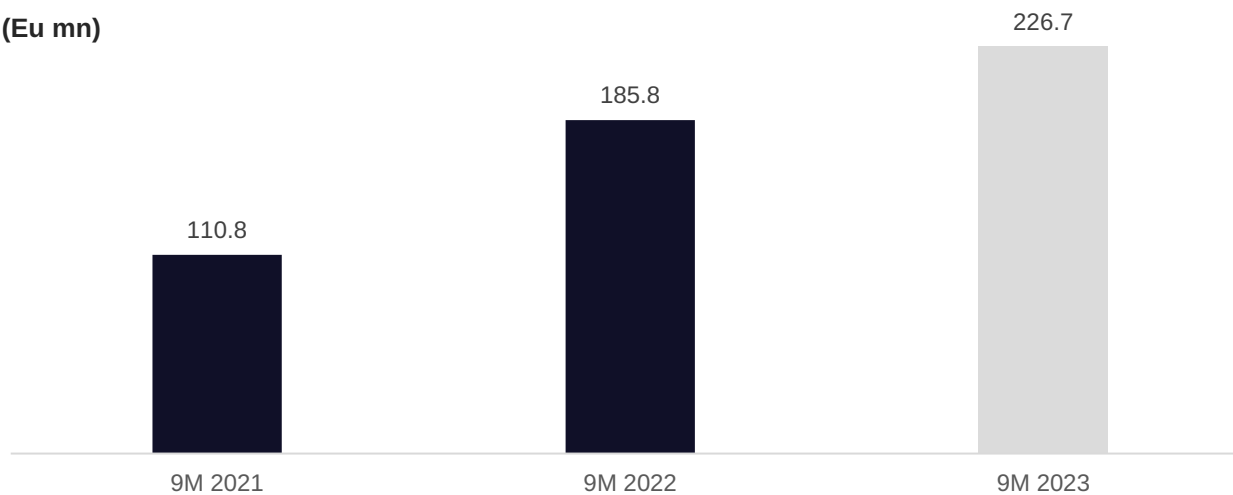
# SHIPBUILDING REVENUES

## KEY HIGHLIGHTS

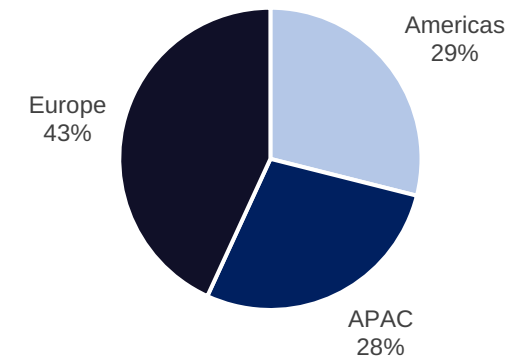
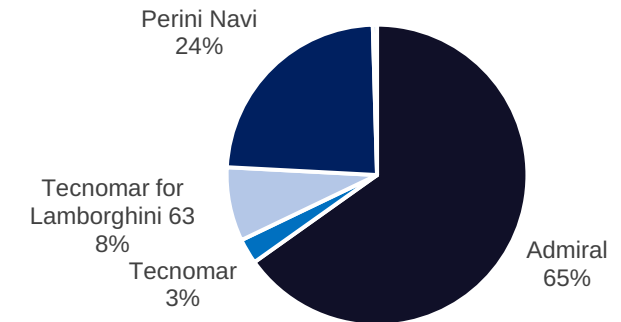
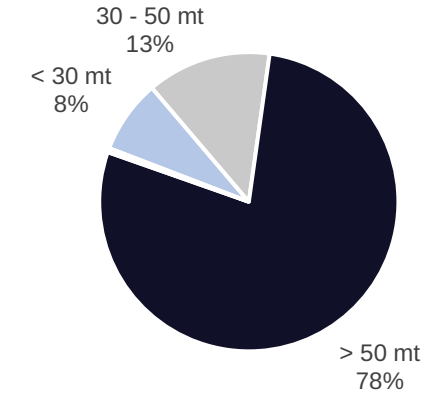
- **Shipbuilding Revenues** amount to **Eu 226.7mn** (+22% vs 9M 2022).
- This result is attributable to:
  - i) The regular progress of existing orders;
  - ii) The signing of new sale contracts.

## SHIPBUILDING REVENUES 9M 2021 – 9M 2023

(Eu mn)



## BREAKDOWN BY LOA, BRAND, AND GEOGRAPHY



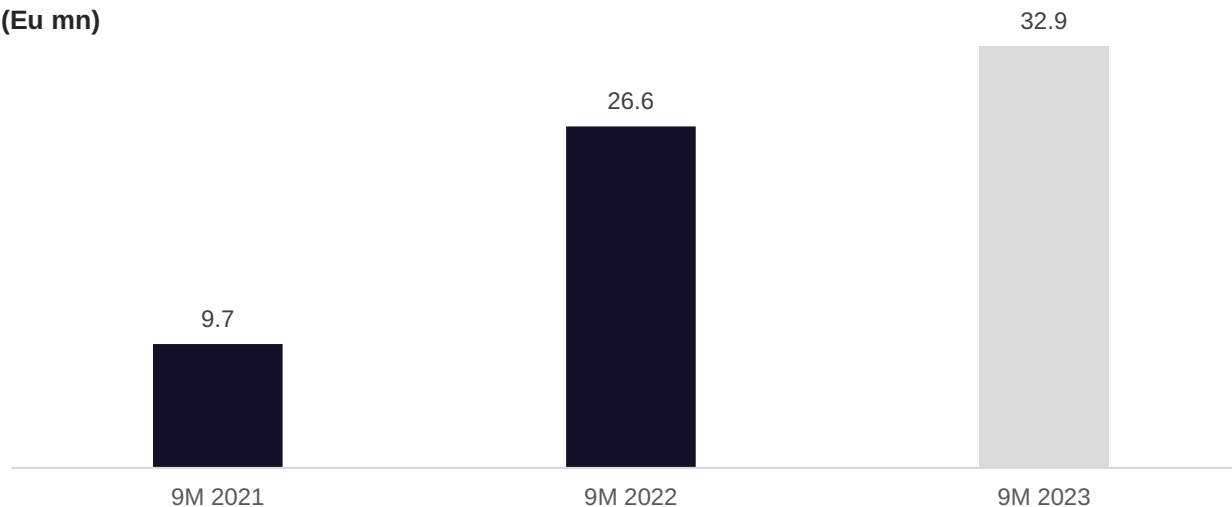
# REFIT REVENUES

## KEY HIGHLIGHTS

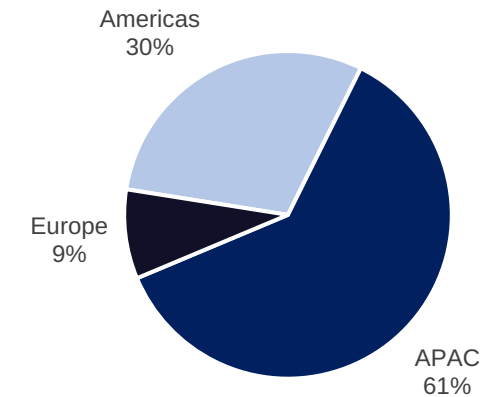
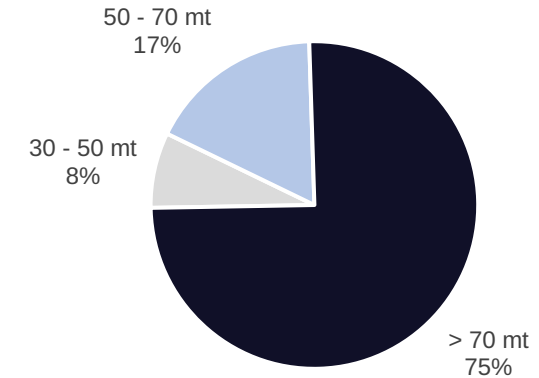
- **Refit Revenues** amount to **Eu 32.9mn** (+23.5% vs 9M 2022).
- This result is attributable to the use of the new spaces in Marina di Carrara and La Spezia, as well as the strategic scheduling of refit activities, which are more intense in the second part of the year.

## REFIT REVENUES 9M 2021 – 9M 2023

(Eu mn)



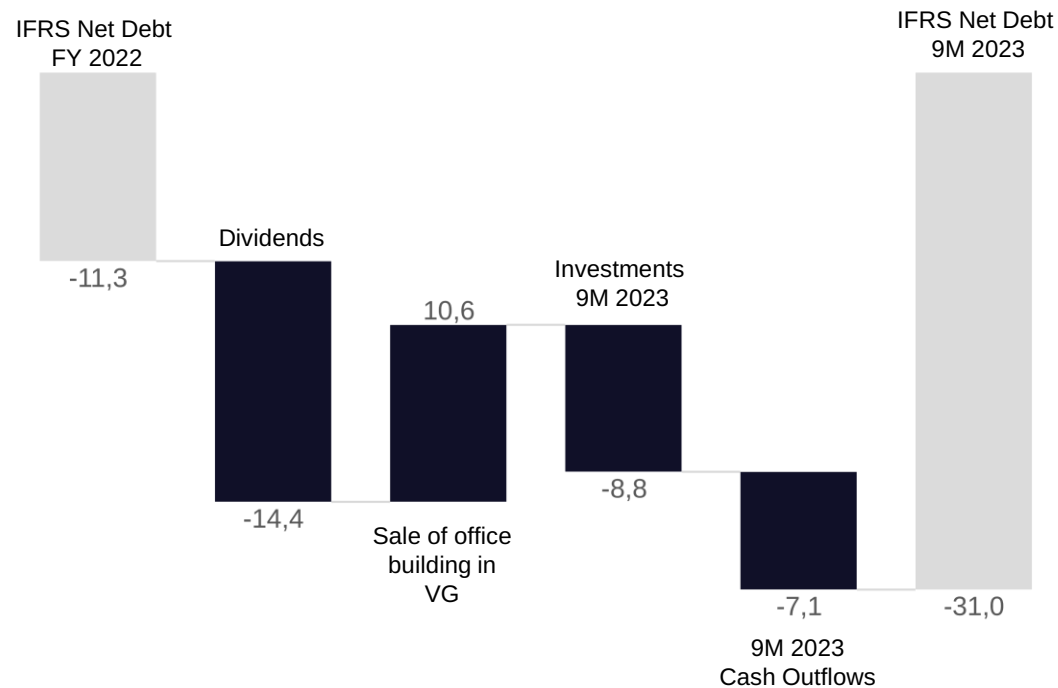
## BREAKDOWN BY LOA AND GEOGRAPHY



# SOLID AND FLEXIBLE FINANCIAL STRUCTURE

## NET DEBT 9M 2023

(Eu mn)



## KEY HIGHLIGHTS

- **Net Debt** is equal to **Eu 31mn** in 9M 2023, vs Eu 11.3mn at FY 2022.
- Cash outflows for:
  - (i) Dividends for **Eu 14.4mn**;
  - (ii) Investments for the period for **Eu 8.8mn**;
  - (iii) Net Working Capital dynamics, generating a cash outflow of **c. Eu 7mn**
- Cash inflows for:
  - (i) Disposal of the office building in Viareggio, for **Eu 10.6mn**.

# EBITDA & CAPEX

## EBITDA

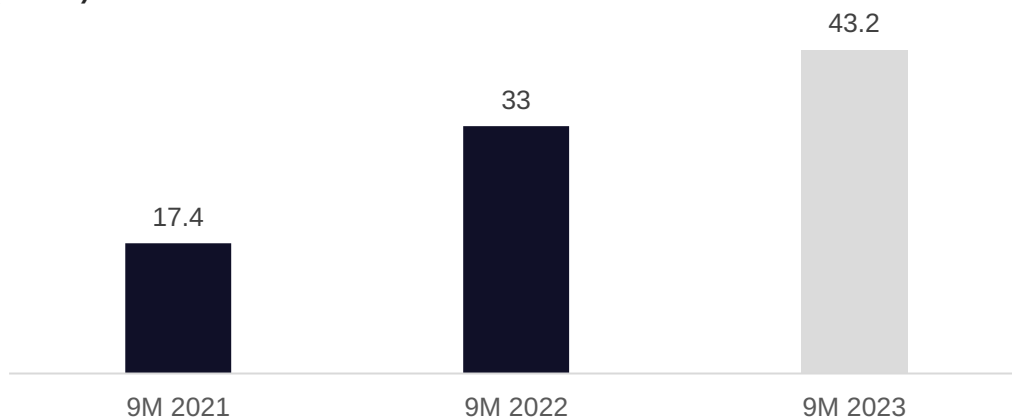
- Significant increase in **marginality** over time is attributable to:
  - (i) Strong attention to operating cost management.
  - (ii) Growing efficiency of production processes.
  - (iii) Benefits coming from investments in production capacity, with advantageous synergies between Shipbuilding and Refit.
  - (iv) Increase in product prices, due to strengthening brand awareness.
  - (v) Economies of scale.

## CapEx

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

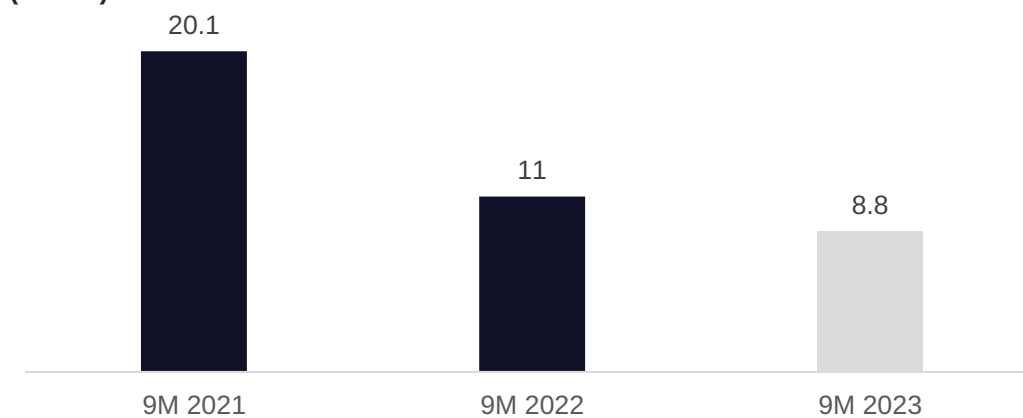
## EBITDA 9M 2021 – 9M 2023

(Eu mn)




## CapEx 9M 2021 – 9M 2023


(Eu mn)



# STRATEGIC OUTLOOK

## STRATEGY

- 

Market Positioning: Mega & Giga Yachts
- 

Brand Awareness: Excellence in Quality & Design
- 

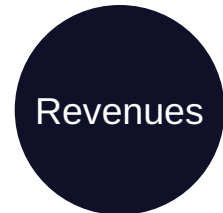
Shipbuilding & Refit: Synergies & Production Capacity
- 

Perini Navi: Relaunch & Synergies
- 


Sustainability: Long Term Value Creation for All Stakeholders
- 

Employees & Management: Training & Incentives


## STRATEGIC OUTLOOK 2023 - 2024

- 


Revenues

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

EBITDA Margin

~16.5% in 2023  
17 – 17.5% in 2024
- 

Dividend Policy\*

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

Financial Leverage\*

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

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

# AGENDA



Executive Summary



Business Review



Q&A

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## THE ITALIAN SEA GROUP

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SINCE 1875

ADMIRAL

PERINI NAVI

TECNOMAR

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CELI  
1920



# THE ITALIAN SEA GROUP AT A GLANCE

The Italian Sea Group S.p.A. is a global operator in luxury yachting, the first builder in Italy and fourth in the world for yachts over 50 metres<sup>1</sup>. TISG went public on the Milan Stock Exchange on 8<sup>th</sup> June 2021.

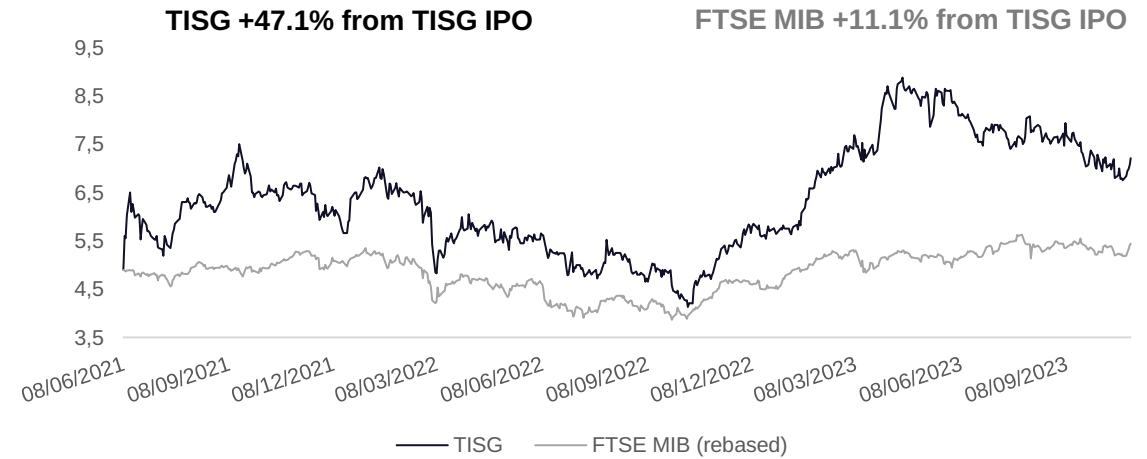
## BRANDS

	<b>ADMIRAL</b>	Customised motor-yachts above 50mt.
	<b>TECNOMAR</b>	Speedy motor-yachts from 37mt to 50mt.
	<b>PERINI NAVI</b>	Large sailing yachts from 47mt.
	<b>PICCHIOTTI</b> SINCE 1978	Gentleman Yachts from 24mt to 55mt.
	<b>NCA REFIT</b>	Refit and maintenance of motor and sailing yachts, with a focus on yachts over 60mt.
	<b>CELI</b> 1920	Historical woodworking and furniture company, with expertise in yachting and real estate.

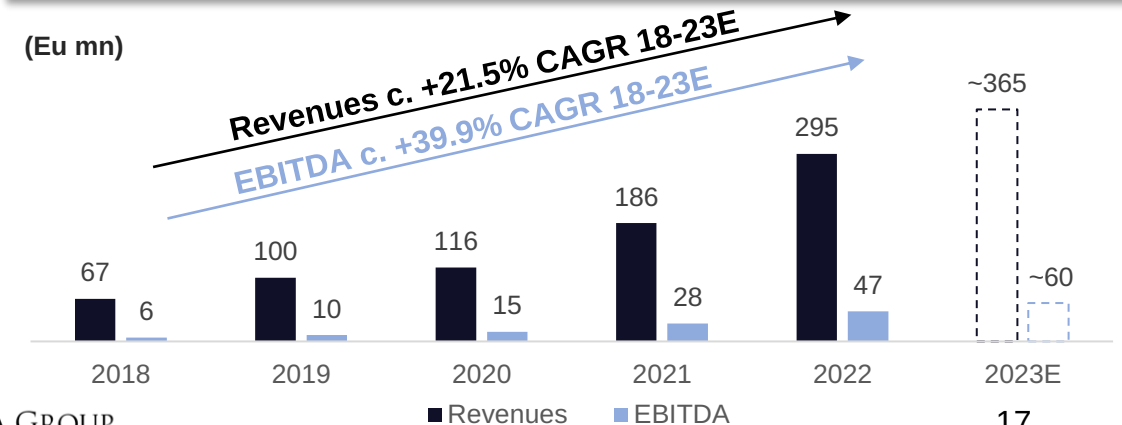
## PARTNERSHIPS

	Limited edition speedy motor-yachts inspired by the <b>Lamborghini Siàn FKP 37</b> .
	Motor-yachts designed in collaboration with designer <b>Giorgio Armani</b> .

## STOCK PERFORMANCE SINCE IPO (8 JUNE 2021)<sup>2</sup>



## REVENUES AND EBITDA EVOLUTION



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

2) Last updated on 03/11/2023.

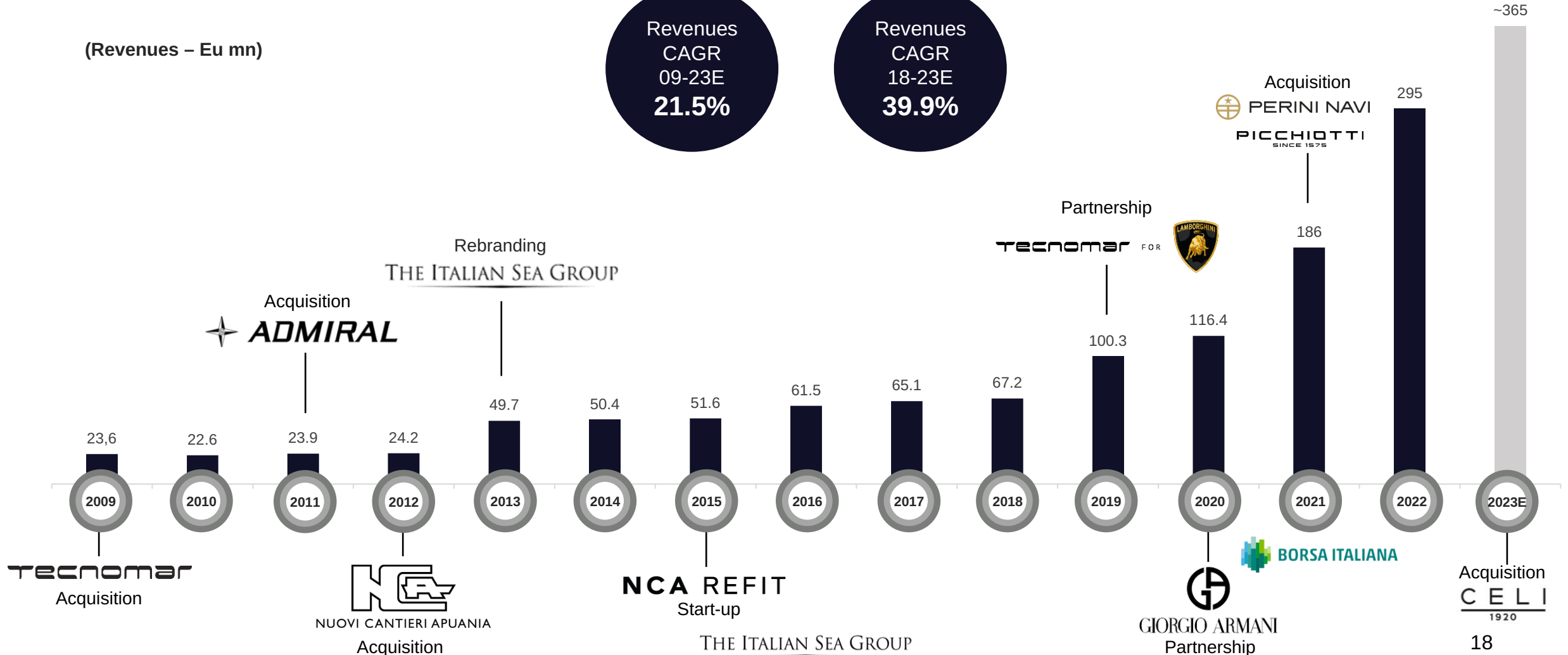
# SUCCESS STORY SINCE 2009

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

(Revenues – Eu mn)

Revenues  
CAGR  
09-23E  
**21.5%**

Revenues  
CAGR  
18-23E  
**39.9%**



# INTERNALISATION OF KEY SUPPLY CHAIN ACTIVITIES

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

## METAL CARPENTRY



## UPHOLSTERY



## WOODWORKS



## STEELWORKS



# COMMERCIAL APPROACH & CONTRACT STRUCTURE

TISG's commercial approach and contract structure aim at limiting risks with respect to inventory, achieve favourable working capital, and lock in expected margins.

## ORDER-BASED APPROACH & BEST-IN-CLASS CONTROL SYSTEMS

- No speculative production
- Trade-ins are not accepted
- No penalties for delays or quality remarks
- No litigations with clients

**No risk of  
unsold inventory  
nor write-offs**

## FAVOURABLE ADVANCE-PAYMENTS CONTRACT STRUCTURE

ORDER TYPE	ADVANCE PAYMENTS (% OF PURCHASE PRICE)									
	<i>Payment of 11/12 milestones, each worth c.10% of purchase price</i>									
From 30 to over 50 mt LOA	Sale contract signature	Instalment #1	Instalment #2	Instalment #3	Instalment #4	Instalment #5	Instalment #6	Instalment #7	Instalment #8	Delivery
Tecnomar for Lamborghini 63	Downpayment 20%	Mid Payment 30%			Mid Payment 30%			Delivery 20%		

**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**

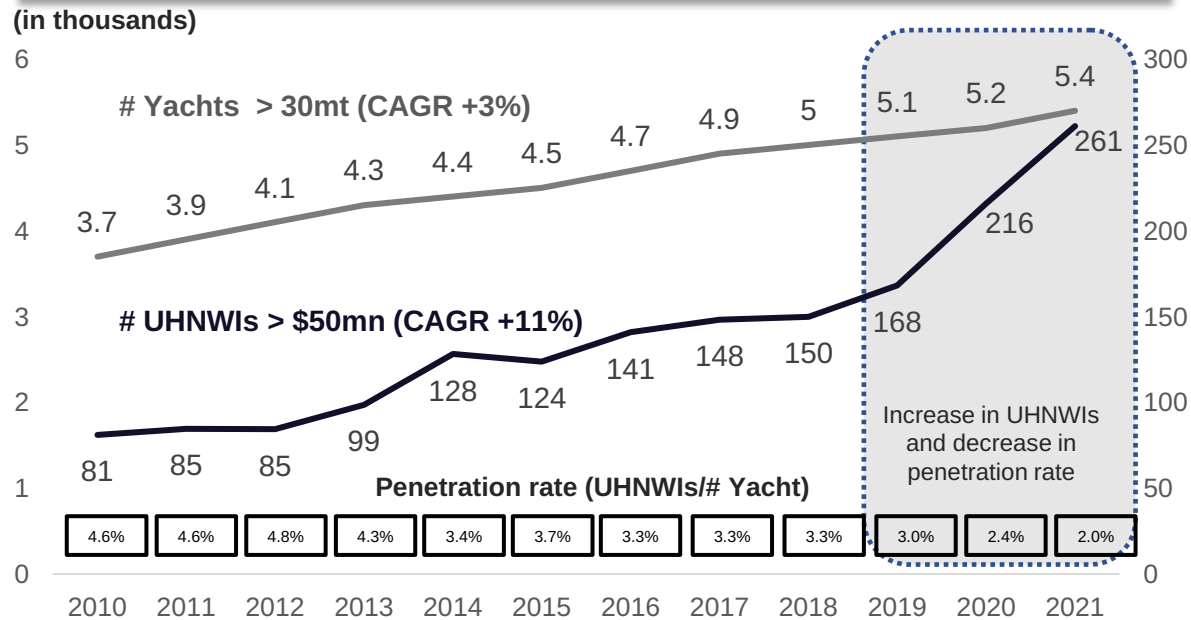
# GROWING AND UNPENETRATED CUSTOMER BASE

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

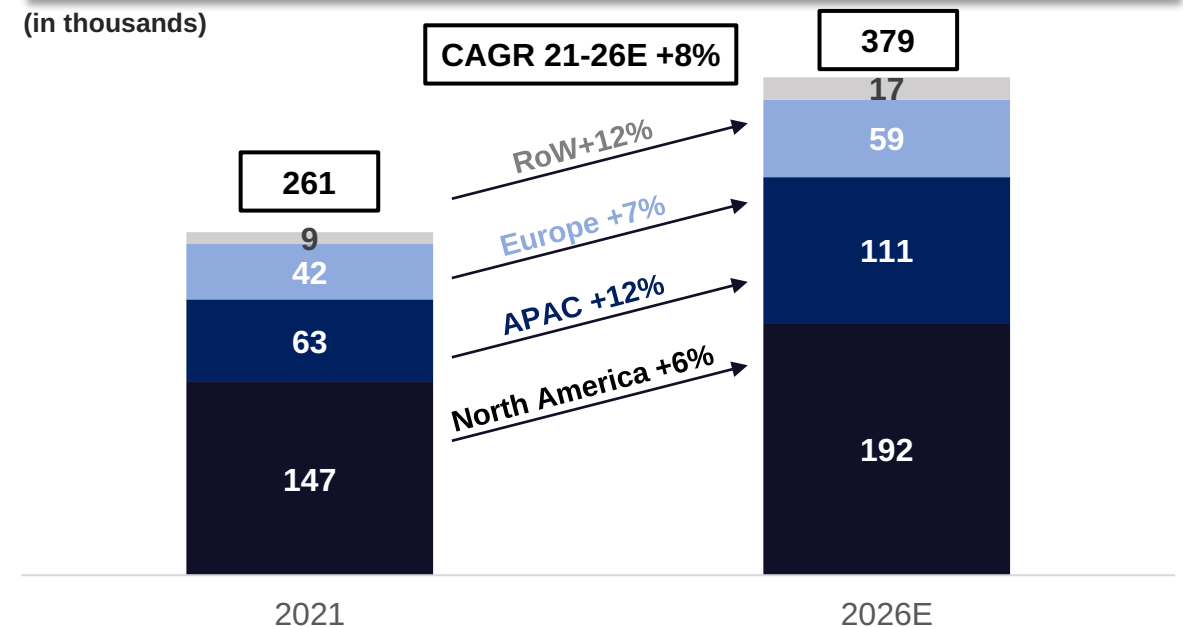
## MAIN DRIVERS

- Superyachts above 30mt grew +3% from 2010 to 2021, whereas UHNWIs with **net worth above \$50mn** grew at 11% CAGR, leading to a decline in the penetration rate (c. 2%).
- UHNWIs are expected to increase at a CAGR of **8%** from 2021 to 2026E (+118k).
- The growth is largely driven by North America (6% CAGR, +45k) and APAC (12% CAGR, +48k).

## GLOBAL GROWTH OF UHNWIs VS # OF YACHTS > 30mt



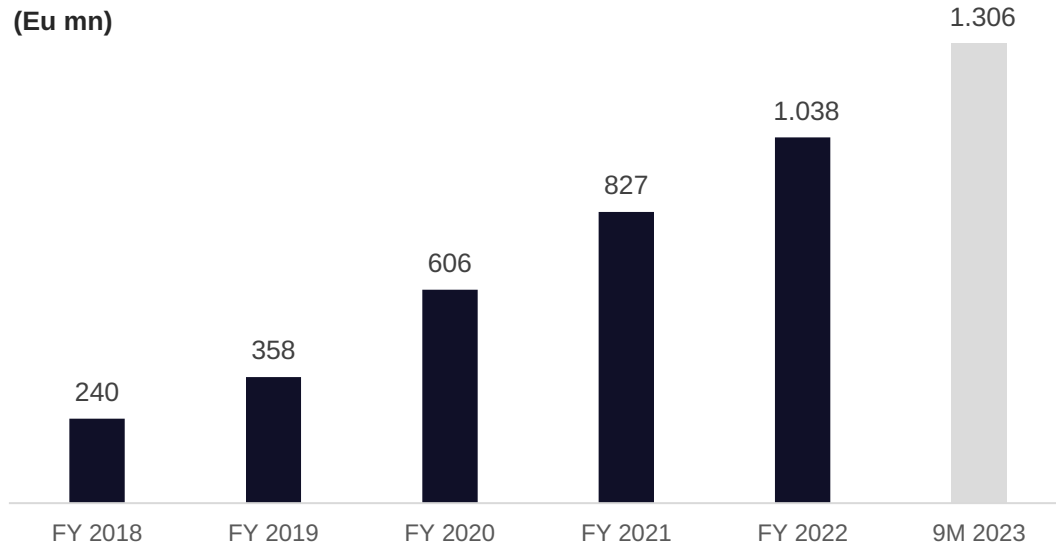
## UHNWI GROWTH BY GEOGRAPHY / 2021 – 2026E



# QUALITY & VISIBILITY OF THE ORDER BOOK

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

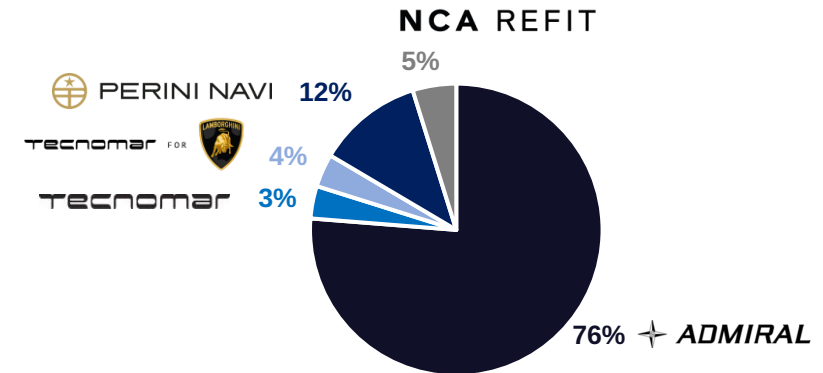
## ORDER BOOK EVOLUTION



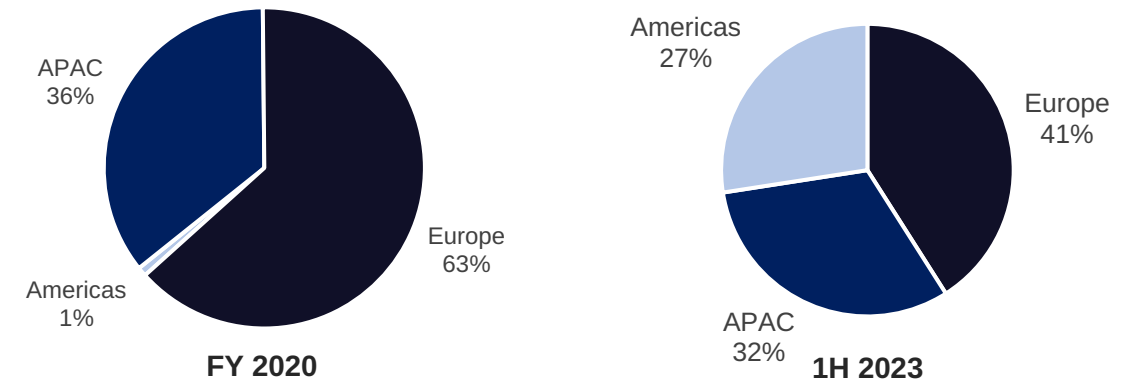
## ORDER BOOK COMPOSITION

- Growth in demand from **Americas** and **APAC region** (from a total of 37% in FY 2020 to over 60% in 9M 2023).
- Growth in the **Order Book** with deliveries scheduled up to **2028**.

## ORDER BOOK BREAKDOWN

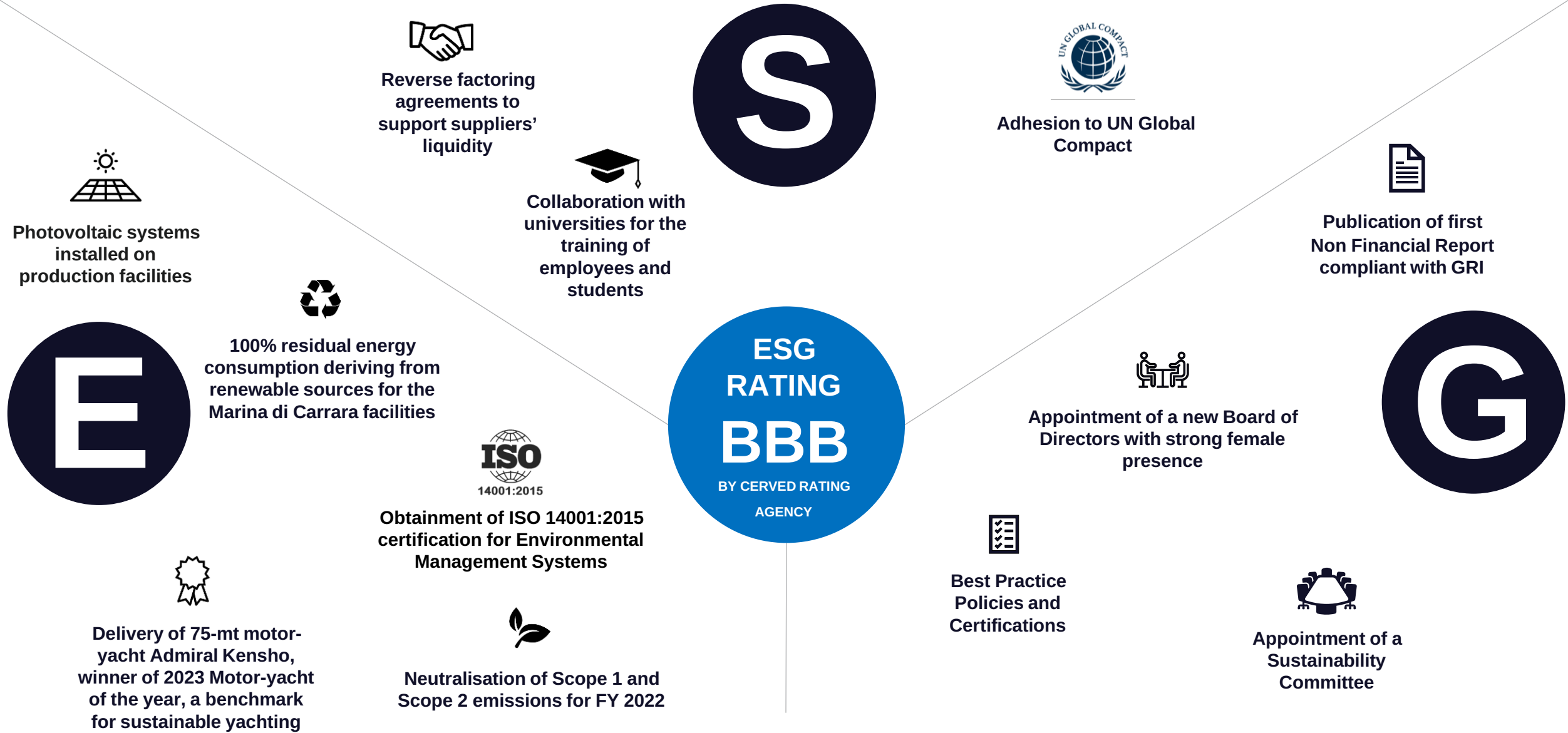


## BY BRAND



## BY GEOGRAPHY

# ESG ACHIEVEMENTS SO FAR



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