

PRESS RELEASE

SOMEK S.P.A., BOARD OF DIRECTORS APPROVES INTERIM CONSOLIDATED FINANCIAL REPORT AS AT AND FOR THE SIX MONTHS ENDED 30 JUNE 2020

SOMEK: ALL ORDERS CONFIRMED, BACKLOG RECORD AND STEADY NEW ORDER INTAKE, 1H2020 RESULTS IN LINE WITH FY2020 ESTIMATES**1H2020 RESULTS**

- Order intake at 220 million euro year-to-date
- All orders confirmed, backlog record of 720 million euro¹ as at 30.06.2020
- Revenues stood at 113.6 million euro, down slightly (-7.6% compared to 122.9 million euro as at 30.06.2019) as a consequence of delayed order execution due to lockdown
- Adj EBITDA margin improved to 10.1% compared to 9.6% in the first half of 2019
- Consolidated adj. EBITDA of 11.4 million euro was flat (-3.4%) vs 11.8 million euro in the first half of 2019
- Increased amortisation and depreciation (+52.3% on the first half of 2019) as a result of acquisitions moved EBIT to 3.3 million euro and net income to 3.4 million euro
- Strong operating cash flow confirmed
- Net debt was at 47.3 million euro, up by 8.3 million euro as at 31 December 2019 mainly due to M&A activity. Including the effect of IFRS 16, net debt amounted to 66.4 million euro compared to 56.2 million euro as at 31 December 2019
- Action taken to shore up the supply chain. Moderate increase in net working capital of 3.2 million euro, which includes a reduction in accounts payable of 8.2 million euro

2020 OUTLOOK²

- 2020 consolidated expected turnover at 228 million euro, EBITDA expected at 21 million euro, expected EBITDA margin at 9.1%
- 2021 estimates point to full sales volume recovery and a return to pre-Covid growth rates

San Vendemiano (TV), 28 September 2020 – The Board of Directors of Somec S.p.A., met today to examine and approve the Interim Consolidated Financial Report as at and for the six months ended 30 June 2020.

Oscar Marchetto, chairman of Somec S.p.A., commented: *“As I said at the time our annual report was published, we are aware that we enjoy a privileged position. Operating cash flows and rising order intake provide confirmation of the strength of our backlog. We felt the impact of lockdown only during the time that some of our production sites were forced to shut down but with no further effect on orders. Estimates for the full year 2020 point to a slight deterioration of 9% on 2019 results but margins are projected to be essentially steady and the visibility on our backlog allows us to expect to return to normal growth rates in as early as 2021.”*

¹Total backlog: backlog plus backlog under option, as described in the Prospectus.

² Although the Business Plan is based on a backlog of confirmed orders, it has been drawn up in very uncertain times. Forecasts do not equate to historical data; they are based on current expectations, estimates, assumptions and projections on the business and the future financial results of the Company's business sector, in addition to other legal, environmental, legislative and economic developments.

“Four acquisitions, translisting to the main market, strong order intake even during the lockdown: we are really proud of our people. During the lockdown, the digitalisation process enabled the smart working for engineering, business development and accounting departments. Engineering, our core business, has produced even more efforts to assist our clients in this delicate situation. The business development, in the same way has achieved outstanding results in closing four acquisitions and signing new orders. I’m proud of my team and how we managed the commitment to the financial community managing IFRS accounting principles adoption and MTA translisting” continued Oscar Marchetto. “The diversification strategy by geographic and by business areas operating in decorrelated environments with the same cash-generative business model and our decision of being a global player, but one with local operations thanks to short, efficient and independent production chains has allowed us resiliency and solidity even in a challenging situation, like the current one, allowing us to successfully manage the COVID impact and reassess a development plan quickly. Consistent with our values and with our attitude in building partnerships that last, we have carried on all the necessary effort to support our supply chain partners, mainly local small companies, to preserve local manufacturing environment and jobs.”

Order Backlog

During the first half of 2020, the Group received over 120 million euro of new orders. Considering the over 100 million euro of orders received after 30 June 2020, the year-to-date order intake stands at over 220 million euro.

Total Group backlog³ reached 720 million euro as at 30 June 2020 (exceeding the 552 million euro total of 30 June 2019 by 168 million euro).

Orders under option account for 24% of the total backlog³ of 720 million euro.

The following table shows a summarised breakdown of orders in our backlog.

Seascope			Landscape
Marine Glazing	Marine Cooking Equipment	Marine Public Areas	Building Façades
54.3%	20.0%	7.0%	18.7%

Key economic-financial highlights in 1H20

Revenues amounted to 113.6 million euro as at 30 June 2020, down by 7.6% on the 122.9 million euro as at 30 June 2019.

The business units recorded the following performances:

- Seascope -9.1% (71.4 million euro vs. 78.5 million euro in the first half of 2019)
- Landscape -5.0% (42.2 million euro vs. 44.4 million euro in the first half of 2019)

<i>Eur M/ % of total</i>	Marine Glazing	Marine Cooking Equip.	Marine Public Areas	Total Seascope
1H2020	38.6 54.1%	16.3 22.8%	16.5 23.1%	71.4 100.0%
1H2019	52.9 67.3%	23.8 30.3%	1.9 2.4%	78.5 100.0%
% change	-27.0%	-31.4%	767.8%	-9.1%

<i>Eur M/ % of total</i>	Building Façades	Professional Cooking Equipment	Public Area Interiors	Total Landscape
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³Total backlog: backlog plus backlog under option, as described in the Prospectus

1H2020	33.7	79.9%	7.9	18.7%	0.6	1.4%	42.2	100.0%
1H2019	38.5	86.8%	5.9	13.2%	-	-	44.4	100.0%
% change	-12.6%		33.9%		0%		-5.0%	

The following table shows a summary of the **revenue breakdown by geographic area in the first half of 2020**:

Italy	Europe (excl. Italy)	North America	Rest of the World
18.3%	25.4%	51.9%	4.4%

Consolidated **adjusted EBITDA** (excluding the cost of the transition to the MTA market) amounted to 11.4 million euro as at 30 June 2020, in line with the result reported as at 30 June 2019 of 11.8 million euro, with an adj. EBITDA margin of 10.1%, a slight increase (+500 bps) on 2019 EBITDA margin 9.6%. Consolidated **EBITDA** amounted to 10.7 million euro as at 30 June 2020.

EBITDA margin of Seascope business unit is down by 1.3% on the first semester 2019. The decrease is due to non-recurring costs of the transition to the MTA market (1%) and lockdown impact (0.3%). **EBITDA margin of Landscape business unit** increase by 1.8% thanks to better performance of both segments Building Façades and Professional Cooking Equipment.

Amortisation and depreciation amounted to 7.3 million euro, up by 2.5 million euro on the 4.8 million euro in the first half of 2019 due to acquisitions, accounting for 6.4% of revenues compared to 3.9% the previous semester. Mainly due to the acquisition of TSI (consolidated into the income statement as of the second half of 2019), Pizza Group (consolidated since January 2020) and investments made in the second half of 2019 to increase production capacity in the United States and Italy.

Consolidated **EBIT** stood at 3.3 million euro as at 30 June 2020, down 52.1% on the 7.0 million euro in 2019, with a margin of 2.9% compared to 5.7% the previous semester.

The **tax rate** was 21.8% as at 30 June 2020, compared to 19.8% as at 30 June 2019.

Group net income for the period was positive at 3.4 million euro (of which -0.5 million euro minority interest), down 28.4% on the 4.8 million euro in the first half of 2019.

The net profit margin moved from 3.9% in the first half of 2019 to the current 3.0%.

During the first half of 2020, **right-of-use assets** (recognised as assets in compliance with IFRS 16) amounted to 18.9 million euro, flat vs. 18.7 million euro as at 31 December 2019.

Net working capital stood at 28.8 million euro, an increase of 3.2 million euro on the 25.6 million euro as at 31 December 2019. **Trade payables** shrank to 39.3 million euro, down by 8.2 million euro on the figure of 47.5 million euro as at 31 December 2019 in an effort to bolster the supply chain. Inventory and payments on account amounting to 16.1 million euro were up by 4.8 million euro on the 11.3 million euro as at 31 December 2019, as a precautionary measure to prevent any supply disruption in the event of a resurgence of the pandemic.

Group **Net Debt, excluding the effects of IFRS 16**, amounted to 47.3 million euro as at 30 June 2020 compared to 39.0 million euro as at 31 December 2019, an increase of 8.3 million - mainly due to acquisitions, initiatives to support our supply chain partners and the dividends payment provision.

Group **Net Debt** amounted to 66.3 million euro as at 30 June 2020, up by 10.2 million euro on the 56.2 million euro as at 31 December 2019.

Cash flow from operating activities amounted to 8.3 million euro, rising by 7.7 million euro on the first half of 2019.

Cash flow absorbed by investing activities to the amount of 8.6 million euro essentially refers to the acquisitions of Pizza Group and Skillmax.

Cash flow for financing activities stood at 12.2 million euro, an increase of 5.3 million euro on the first half of 2019, due to new loans.

Significant events after 30 June 2020

Acquisition of GICO – Grandi Impianti Cucine

On 15th July 2020, Somec finalised the acquisition of 60% of GICO - Grandi Impianti Cucine S.p.A., a company that designs, produces and distributes high-end, customised equipment for professional kitchens. The GICO - Grandi Impianti Cucine brand is internationally renowned for its reliability, attention to detail, and unique style.

Shares begin trading on MTA

4th August 2020, Borsa italiana S.p.A. ("Borsa Italiana") set the start of trading of the Somec ordinary shares on the Mercato Telematico Azionario ("MTA") and concurrently excluded the shares from trading on AIM Italia Market.

GICO capital increase

2 September 2020, Somec increased its investment in GICO - Grandi Impianti Cucine - to 80% of the share capital by subscribing a reserved capital increase.

2019 dividend distribution

September 28, 2020, the Ordinary General Meeting of Shareholders of 14 May 2020 approved the distribution of a pre-tax dividend of € 0.50 (fifty cents) per share for each outstanding Somec S.p.A. share, according to the following timetable: 28 September 2020 ex-dividend date, 29 September 2020 record date, 30 September 2020 payment date.

Business Outlook

In July, the Group published its Prospectus for the transition to Borsa Italiana's main regulated market. The document includes the 2020 targets set out in the 2020-22 Business Plan approved by the Board of Directors on 8 June 2020. These targets incorporate the estimated impact of Covid-19 on the 2020 financial year.

Thanks to the group's performance in the first half of the year, the general sentiment, steady new order intake, clear visibility granted by the backlog, our geographical and business diversification and fully autonomous local supply chains, we believe the overall business outlook is particularly positive for the second half of 2020, unless a potential upsurge in the pandemic hampers the group's operations due to shutdowns, travel restrictions or supply disruptions.

The Company confirms its forecasts for 2020, which include consolidated revenues of approximately 228 million euro, down by 9% on 2019 (251 million euro) and consolidated 2020 EBITDA of around 20.7 million euro (net of listing costs), with an EBITDA margin of 9.1%, essentially in line with 2019 (roughly 9.7%). Estimates for the year 2021 point to a full sales volume recovery and a return to pre-Covid growth rates.

Document filing

The Interim Financial Report as at and for the six months ended 30 June 2020, the Independent Auditors' Report and 1H20 results presentation will be available to Shareholders and the general public via the authorised storage provider 1INFO (www.1info.it) and on the Company website www.somecgroup.com as of Tuesday, 29 September 2020.

The manager in charge of preparing the corporate accounting documents, Federico Puppini, declares, pursuant to article 154-bis, paragraph 2, of Legislative Decree no. 58/98, that the accounting information contained in this press release corresponds to the accounting figures, books and records.

This document contains forward-looking statements, in particular in the section headed "Management Outlook" relating to future events, the operating income and financial results of the Group. These statements are based on the Group's current expectations and forecasts regarding future events and, by their nature involve risks and uncertainties since they refer to events and depend on circumstances which may, or may not, happen or occur in the future and, as such, they must not be unduly relied upon. The actual results could differ significantly from those contained in these statements due to a variety of factors, including changes in the macroeconomics and in economic growth and other changes in business conditions, changes in legal and institutional framework (both in Italy and abroad), and many other factors, most of which are beyond the Group's control.

www.somecgroup.com

The Somec Group is one of the major global players, specializing in designing, engineering and manufacturing of major turnkey projects, marine- or land-based: glass envelopes and façades, special architectural projects, public areas interiors, professional cooking equipment. The Group's principal activities operate in contract projects by designing and manufacturing unique systems to fit extreme applications and most strict safety and quality standard of naval and building engineering. The projects accomplished by the Group stand out for the deep technological know-how required in high-end service contracts.

Through the projects accomplished by the Group and its management over the years, the company has built a strong reputation of quality, reliability and execution, becoming a global leader in projects implementation.

The headquarters of Somec Group are in Italy in the city of San Vendemiano, near Treviso, while its subsidiaries are in the United Kingdom, United States of America, Slovakia, China and Canada. Overall, the Group has a workforce of 800 employees approx. and revenues equal to 250 euro million in 2019.

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Summary tables

Reclassified consolidated income statement <i>In euro thousand</i>	1H 2020	%	1H 2019	%	Δ%
Revenue from contracts with customers	113,022	99.5%	122,414	99.6%	-7.7%
Other revenues and income	536	0.5%	509	0.4%	5.3%
Total revenues	113,558	100.0%	122,923	100.0%	-7.6%
Materials, services and other costs	(83,601)	-73.6%	(92,316)	-75.1%	-9.4%
Personell costs	(19,289)	-17.0%	(18,815)	-15.3%	2.5%
Operating costs	(102,890)	-90.6%	(111,131)	-90.4%	-7.4%
EBITDA	10,668	9.4%	11,792	9.6%	-9.5%
Depreciation and amortizations	(7,319)	-6.4%	(4,807)	-3.9%	52.3%
EBIT	3,349	2.9%	6,985	5.7%	-52.1%
Net financial income (costs)	371	0.3%	(456)	-0.4%	-181.4%
Net results from associate companies and joint venture	49	0.0%	28	0.0%	75.0%
EBT	3,769	3.3%	6,557	5.3%	-42.5%
Income taxes	(820)	-0.7%	(1,297)	-1.1%	-36.8%
<i>Tax rate</i>	<i>21.8%</i>		<i>19.8%</i>		
Consolidated Net Profit	2,949	2.6%	5,260	4.3%	-43.9%
Non-controlling interests	(465)	-0.4%	494	0.4%	-194.1%
Group Net Profit	3,414	3.0%	4,766	3.9%	-28.4%

Reclassified consolidated balance sheet	30.06.2020	31.12.2019
<i>In euro thousand</i>		
Intangible assets	60,362	57,981
<i>of which Goodwill</i>	33,636	28,484
Tangible assets	16,850	12,193
Right-of-use assets	18,975	18,693
Investment in an associate and joint venture	133	83
Non-current financial assets	271	-
Other non-current assets and liabilities	(7,324)	(7,415)
Employee benefits	(3,642)	(2,301)
Net fixed capital	85,625	79,236
Inventory and payments on account	16,126	11,305
Construction contracts and advances from clients	17,740	24,503
Trade receivables	63,540	57,921
Trade payables	(39,306)	(47,465)
Provisions for risk and charges	(462)	(344)
Other current assets and liabilities	(28,814)	(20,364)
Net working capital	28,824	25,556
Net Invested capital	114,449	104,791
Group equity	39,232	39,409
Non-controlling interest in equity	8,841	9,194
Net financial position	66,376	56,189
Sources of funding	114,449	104,791

Net financial position	30.06.2020	31.12.2019
<i>In euro thousand</i>		
Cash and cash equivalents	45	29
Bank deposits	41,298	29,399
Total liquidity	41,343	29,428
Current financial assets	408	1
Current bank debt	(9,473)	(7,297)
Current portion of bank loans and credit facilities	(15,740)	(12,763)
Other current financial liabilities	(4,595)	(3,686)
Current Debt	(29,808)	(23,746)
Current net financial position	11,943	5,683
Non-current bank debt	(42,324)	(31,612)
Other non-current financial liabilities	(16,905)	(13,033)
Non-current financial position	(59,229)	(44,645)
Net financial position before IFRS 16	(47,286)	(38,962)
IFRS 16 – Lease - impact	(19,090)	(17,227)
Current portion	(3,374)	(2,734)
Non-current portion	(15,716)	(14,493)
Net financial position	(66,376)	(56,189)

Cash Flow statement	30.06.2020	30.06.2019
<i>In euro thousand</i>		
Cash flows from operating activities	8,296	576
Cash flows from investing activities	(8,601)	(14,420)
Free Cash Flow	(305)	(13,844)
Cash flows from financing activities	12,194	6,874
<i>Effect of exchange rate changes on cash and cash equivalents</i>	27	(48)
Net cash flow for the semester	11,916	(7,018)
Cash and cash equivalents at the beginning of the year	29,428	24,934
Cash and cash equivalents at the end of the year	41,343	17,915

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