

FY 2022 RESULTS AND FY 2023 GUIDANCE

San Vendemiano (Treviso, Italy)
23 March 2023

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*All data contained in this document are **consolidated data**.*

*The adjustments incorporated in the **Adjusted Ebit** and in the **Adjusted consolidated net result**, amounting respectively to 2.7 and 2.1 million euros, regard the significant provisions for write-downs of trade receivables relating to two foreign customers registered in FY 2022.*

*The Group's **Net Financial Position ex-IFRS16** corresponds to the net debt including current and non-current active derivatives and excluding current and non-current leasing liabilities recorded in accordance with the provisions of IFRS 16*

TOPICS ON THE AGENDA



2022, the year of **evolution**: from the reorganization into **3 BUs** to the 36 €m invested in **acquisitions**, to launch **Mestieri** and strengthen the grip on the promising business of **civil façades** in the US and Europe



Oscar Marchetto

Chairman and CEO

Revenues at 329 €m (+27%) and **backlog at 934 €m**, both at historical records, with a **stable Ebitda at 23.2 €m**, weighed down by the increase in raw materials and energy prices. Profitability recovering in 2H (8.0%), as expected.

Effect of acquisitions on **adj. Ebit (5.6 €m)**, **Adj. Consolidated net result (1.6 €m)** and **Net financial position (54.2 €m ex-IFRS 16)**



Alessandro Zanchetta

Group CFO

Growth expected in 2023 thanks to the **successful strategy** and **effective managerial action**, even in a deteriorating context.

Expected **revenues over 360 €m**, Ebitda not less than **30 €m** (Ebitda margin over 8%) and **Net financial position ex-IFRS 16 below 40 €m**



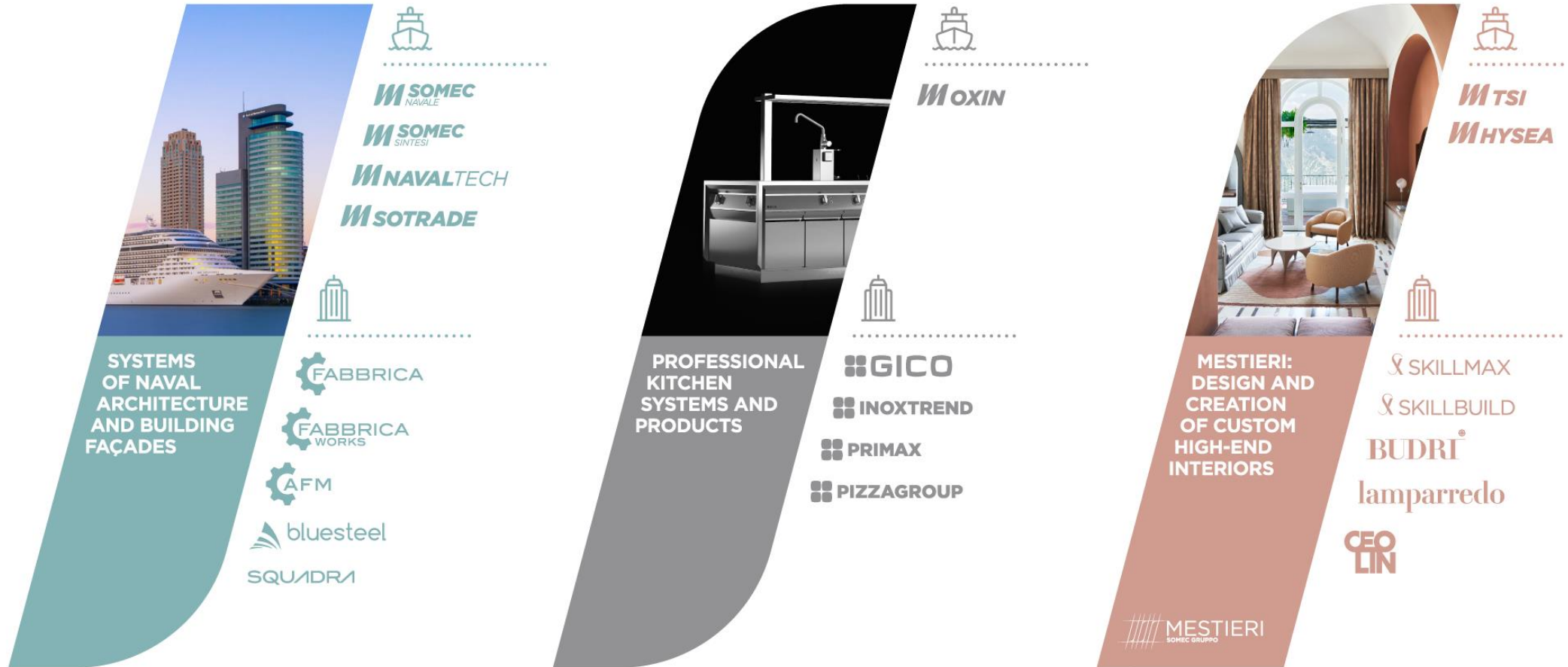
Oscar Marchetto

Chairman and CEO

THE RIORGANIZATION INTO THREE DIVISIONS



WITH THE LAUNCH OF «MESTIERI», THE GROUP ENTERED A NEW EVOLUTION PHASE



From a company specializing in glazing for cruise ships to a **diversified and synergistic industrial group**, world ambassador of **Italian construction excellence** in the naval and civil fields

2022: CHALLENGES AND (SEIZED) OPPORTUNITIES



THE RAPID DETERIORATION OF THE MACRO SCENARIO IMPACTS PROFITABILITY BUT OPENS NEW WAYS

MARKET CONTEXT

- **March – Outbreak of war in Ukraine,** Western sanctions on Russia
- **1H – Strong increases in the prices of steel, aluminium and glass,** which affect up to 35% of the cost of naval orders
- **FY - Sudden rise in interest rates** decided by central banks to fight inflation
- **1H - Bankruptcy of two foreign customers,** shipyards active in Germany and Croatia: an event that has never happened in the history of Somec
- **FY – Rising of energy cost**

EFFECTS ON SOMEC

- ➔ **None:** no direct or indirect business relationships with customers in Russia, Ukraine and Belarus
- ➔ **Downward revision of the whole-life margins of ongoing orders (1H22)**
- ➔ **None:** loan agreement with a pool of banks, up to 60 €m, subscribed in March 2022 at pre-crisis conditions
- ➔ ● **2.7 €m write-down of trade receivables** in the Income statement
● No risk deriving from large shipyards
- ➔ 0.9 €m negative impact on 2022 Ebitda ed Ebit

UNDERTAKEN ACTIONS





- Careful monitoring** of the geopolitical, macroeconomic and currency context
- **Renegotiation of naval soft backlog**
 - **Focus on the less affected American market**
 - **Acceleration on refitting**
- Use of credit lines for a 36 €m acquisition campaign (*)** in order to diversify and strengthen the business. Main focus on:
- **civil façades** (Fabbrica, Bluesteel)
 - **interiors** (Lamp Arredo, Budri. Ceolin since 2023)
- Focus on large, solid and often state-controlled naval customers confirmed**
- Evaluation of energy self-production projects**

(*) – including the price of the equity interests acquired, the valuation of earn-out and put-and-call clauses, as well as the net debt of the companies that joined the consolidation scope.

36 €M INVESTED ON 4 STRATEGIC ACQUISITIONS



THE ACQUISITION CAMPAIGN PROCEEDS QUICKLY TO STRENGTHEN CIVIL GLAZING AND INTERIORS

				
Profile	<ul style="list-style-type: none"> Specialist in hi-tech, design-driven civil façades US, Canada 2021 revenues of 93.7 \$m, already fully consolidated 	<ul style="list-style-type: none"> Treviso-based company, active abroad in engineered systems of façades and windows 80% abroad (UK, Switzerland,DK) 2020 revenues of 5.2 €m, Ebitda of 0.2 €m 	<ul style="list-style-type: none"> Modena-based company, amid the world's excellences in marble processing International customers 2021 revenues of 11.3 €m, Ebitda of 1.3 €m 	<ul style="list-style-type: none"> Treviso-based company, specialized in metal furniture and ornamental elements Italy, now developing foreign markets 2021 revenues of 6.3 €m, Ebit and Net result of 0.4 €m
Transaction	<ul style="list-style-type: none"> Purchase of 20% for 18.1 \$m, thus increasing the controlling stake to 70.9% 	<ul style="list-style-type: none"> Purchase of 60% for 3 €m, of which 1 €m through a capital increase. Call&put options on minorities 	<ul style="list-style-type: none"> Purchase of 65%. Enterprise value equal to 16.6 €m. Call&put options on minorities 	<ul style="list-style-type: none"> Purchase of 60% for 1.85 €. Call&put options on minorities
BU	<ul style="list-style-type: none"> Naval architecture & building façades 	<ul style="list-style-type: none"> Naval architecture & building faç. 	<ul style="list-style-type: none"> Mestieri – Personalized interiors 	<ul style="list-style-type: none"> Mestieri – Personalized interiors
Rationale	<ul style="list-style-type: none"> Strengthening the presence in North America in the wake of favorable legislation Retaining strategic managers (*) 	<ul style="list-style-type: none"> Increasing turnover and market share in civil glazing in Europe, by leveraging on Fabbrica's experience in the US 	<ul style="list-style-type: none"> Expanding the solution range for high-end custom construction projects 	<ul style="list-style-type: none"> Expanding the offer in the creation of high-end furnishings and interiors for hotels, museums, shops and residences

Precisely in the most turbulent periods, Somec accelerates the external growth strategy that is embedded in its DNA

(*) As part of the agreement, a further 5% of Fabbrica was sold by the minority shareholder, 2.0 Partners, to some of Fabbrica's current managers.

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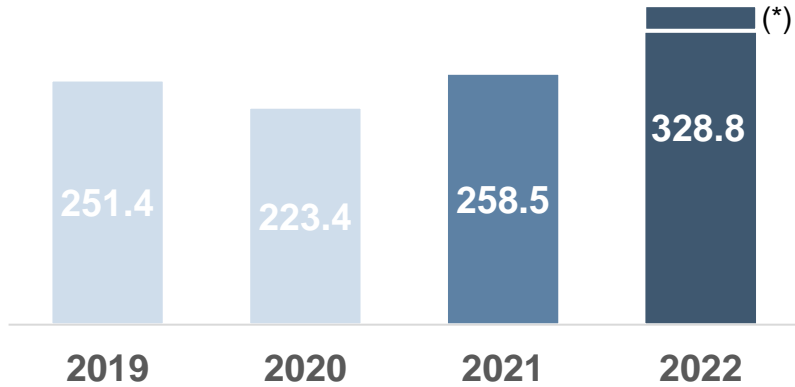
REVENUES



NEW RECORD SET THANKS TO THE CONTRIBUTION OF ALL BUS

TOTAL REVENUES

€m - IAS/IFRS



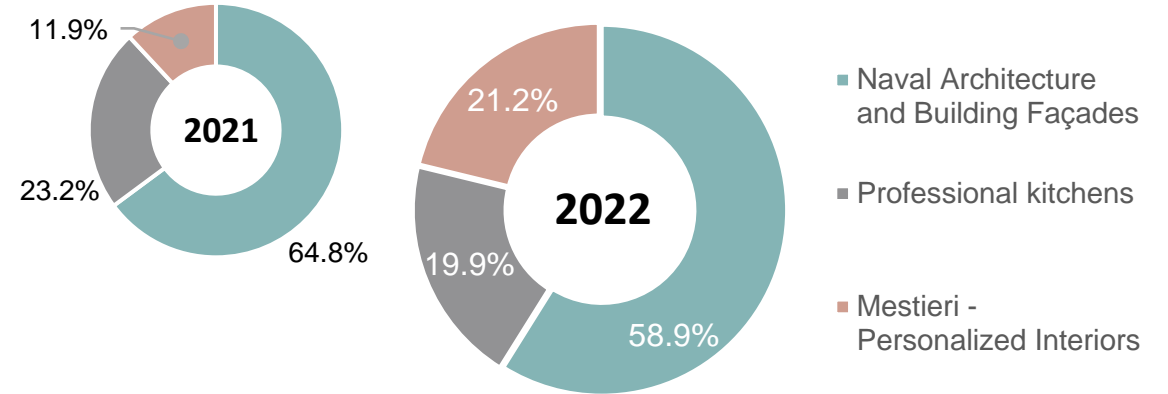
2022 Total growth:
+27.2%

Organic growth:
+16.9%

(*) Acquisitions:
+10.3%

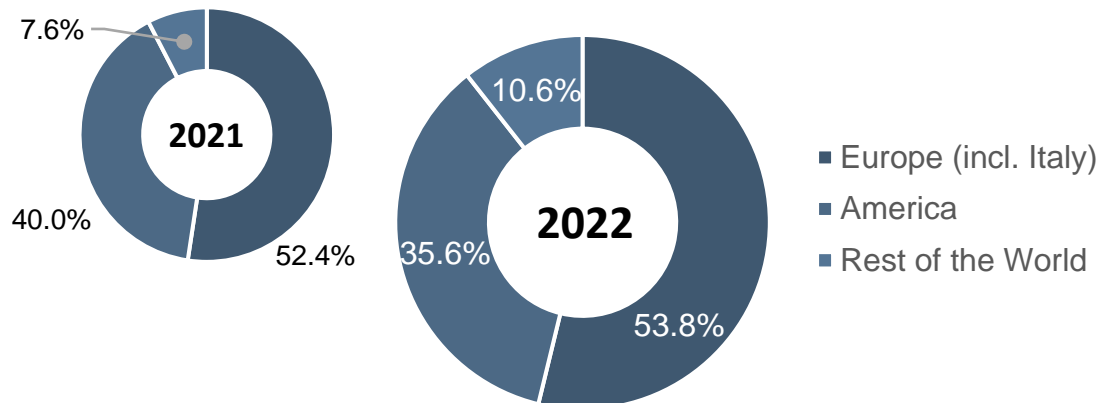
REVENUE BREAKDOWN BY BU

€m - IAS/IFRS



REVENUE BREAKDOWN BY GEOGRAPHY

€m - IAS/IFRS



- **Organic growth: +43.8 €m contribution:**
 - new naval and civil orders
 - strong recovery of refitting
 - successful launch of Mestieri project
- **Acquisitions: +26.5 €m contribution:**
 - 11.9 €m from Bluesteel (consolidated for 12 months), 13.2 €m from Budri (6 months), 1.4 €m from Lamp Arredo (2 months)
 - No effect on revenues from the acquisition of 20% stake in Fabbrica, whose turnover is already fully included in consolidated revenues
- **Favorable currency effect, equal to +3.1%**

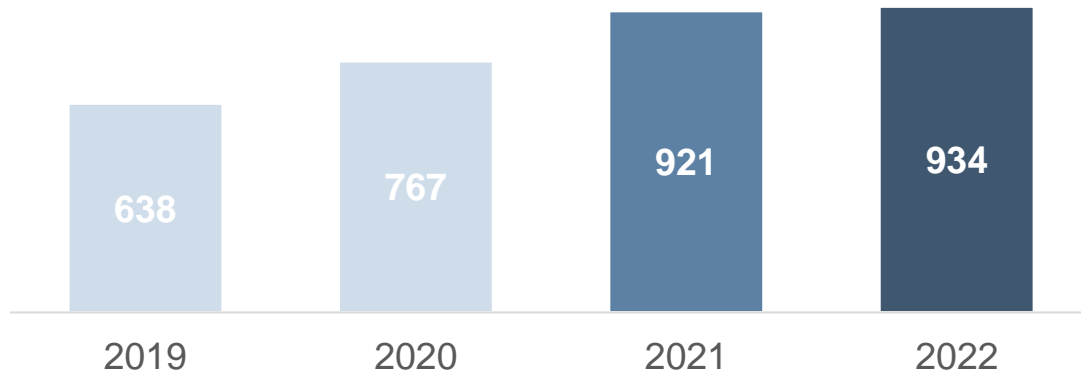
ORDER BACKLOG



NEW RECORD WHILE GOING TOWARDS AN EXPECTED SLOWDOWN IN THE GROWTH RATE

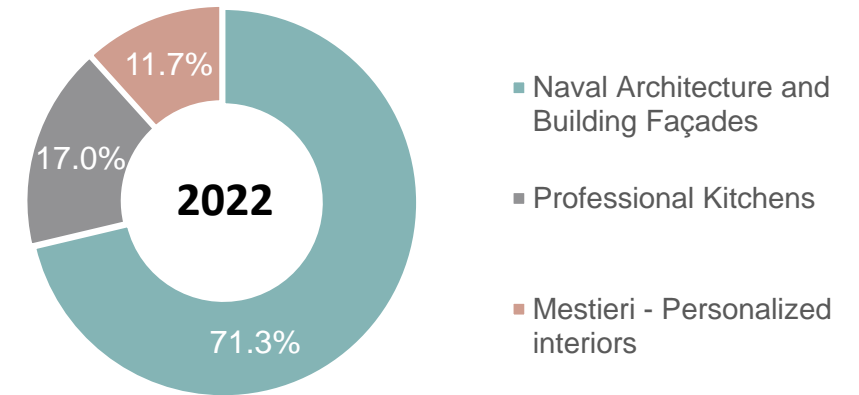
BACKLOG AS AT 31 DECEMBER

€m



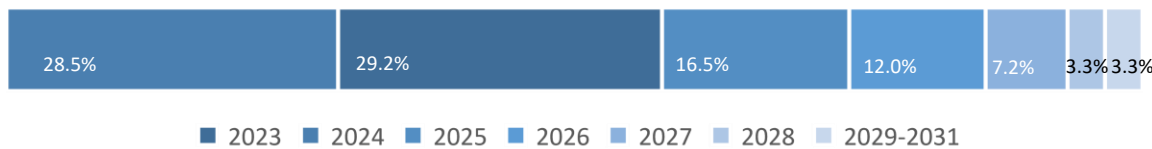
BACKLOG BREAKDOWN BY BU

€m



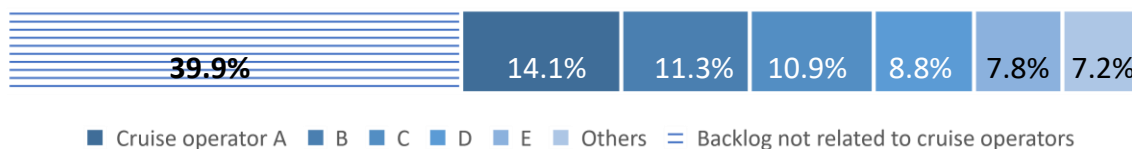
BACKLOG BREAKDOWN BY SCHEDULED YEAR

% of total



BACKLOG BREAKDOWN BY CRUISE OPERATOR

% of total



- **New orders for 250 €m** signed in 2022
- **Orders for 164 \$m** awarded to Fabbrica for **building façades in the United States**
- Order backlog destined to become an **increasingly less representative measure** of Somec's business performance in the future, in the light of:
 - expansion into non-backlog related businesses
 - focus on refitting, that operates through infra-annual orders

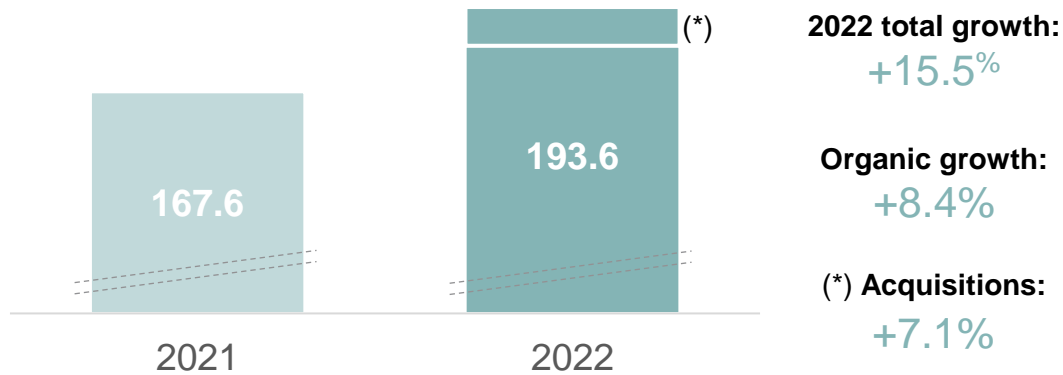
NAVAL ARCHITECTURE AND BUILDING FAÇADES



REVENUES UP BY 15.5% WHILE EBITDA DECREASED BY 36.4%

REVENUES OF THE BU

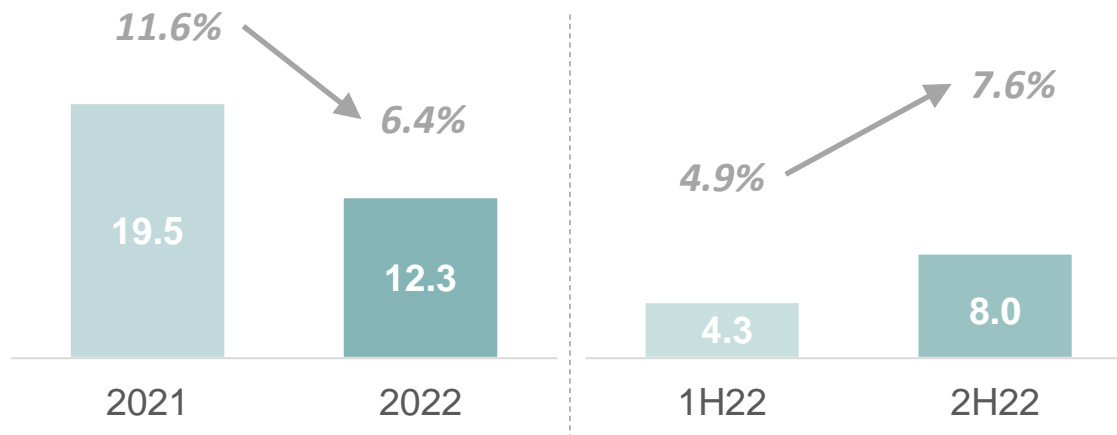
€m



- **Naval segment:**
 - Full post-Covid recovery of new building business
 - Strong increase in refitting, especially at the end of 2022
- **Civil segment:**
 - Strong organic growth in the US, driven by new orders awarded to Fabbrica
 - Entry into the European market thanks to the acquisition of Bluesteel (11.9 €m revenue contribution in 2022)

EBITDA AND EBITDA MARGIN OF THE BU

€m



- **Profitability underpinned by US civil business** (Fabbrica)
- **H1 negatively impacted from revision of the whole-life margin of ongoing orders** induced by the sharp increase in the cost of raw materials and energy
- FY 2021 positively impacted by a 4.3 €m contribution from US' Paycheck Protection Program, no longer received in 2022

PROFESSIONAL KITCHENS



REVENUES INCREASED BY 9% WHILE EBITDA WAS DOWN BY 17.5%

REVENUES OF THE BU

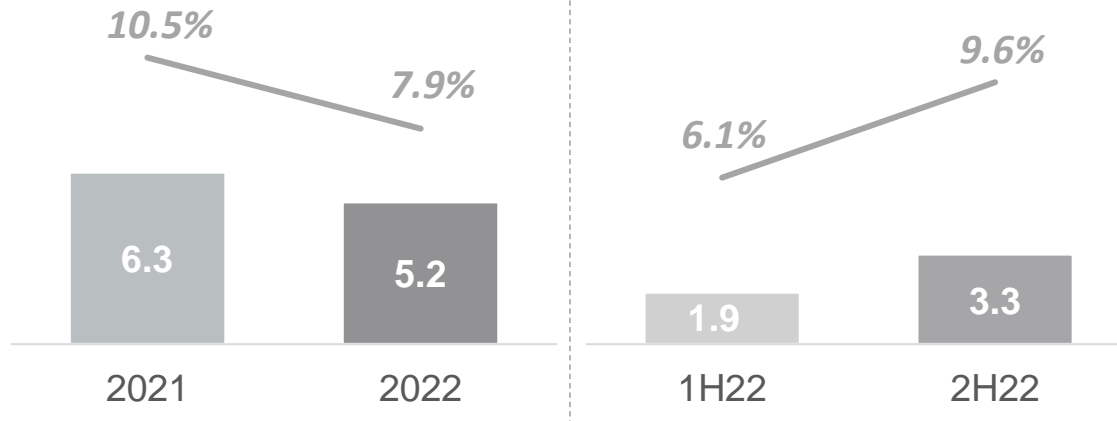
€m



- Entirely organic growth
- New naval orders obtained by Oxin
- 2H: revision of pricing in the civil sector, in response to the increase in raw material costs

EBITDA AND EBITDA MARGIN OF THE BU

€m



- Profitability hit by the increase in the cost of raw materials and semi-finished products, in particular steel as well as technical and electronic components...
- ... mitigated in 2H by repricing actions
- Significant costs in 1H related to Pizza Group promotional activities

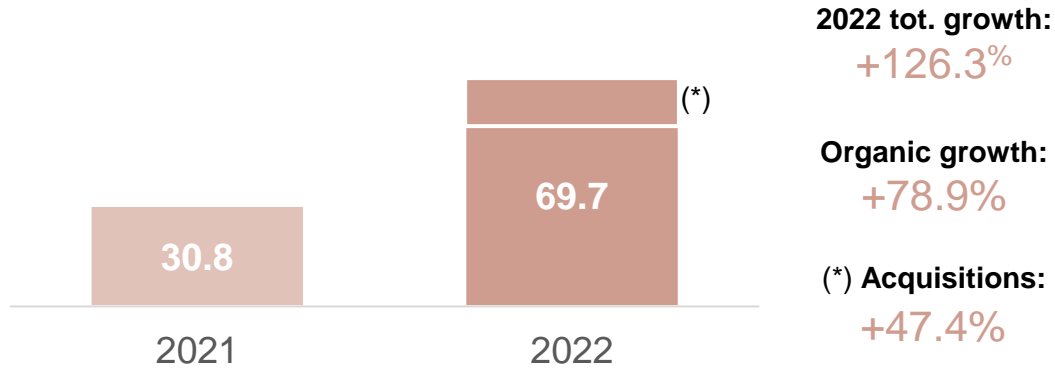
MESTIERI – PERSONALIZED INTERIORS



REVENUES MORE THAN DOUBLED (+126.3%), EBITDA INCREASED BY 8.3 €M

REVENUES OF THE BU

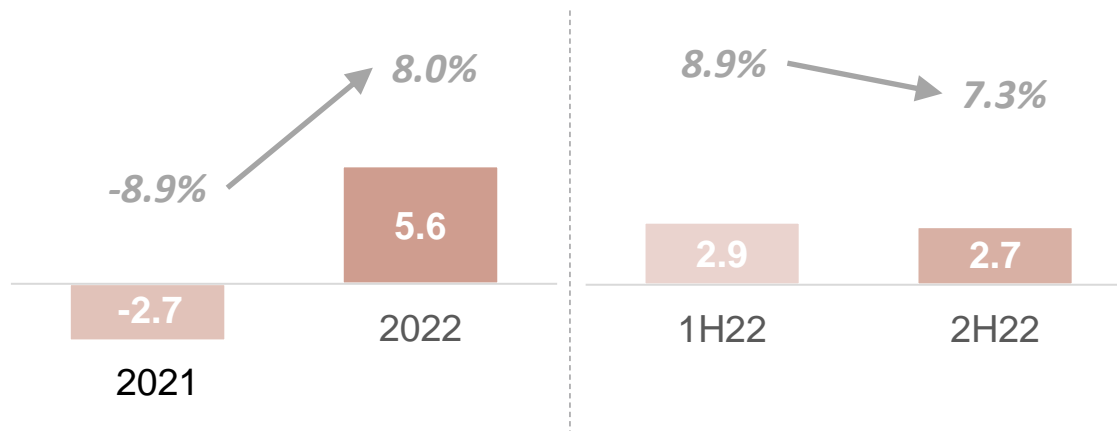
€m



- Strong business deployment 1 year after the launch of the project
- Significant order by Azamara Cruises, the most important ever in the history of TSI (naval interiors),
- Contribution of the newly acquired Budri (marble) and Lamp Arredo (metal processing) for a total of 14.6 €m

EBITDA AND EBITDA MARGIN OF THE BU

€m



- Improvement of the mix thanks to the post-Covid recovery of highly profitable ship refitting activities, from which TSI benefited
- 1H: support from Azamara Cruises order, completed in the semester
- 2H: positive contribution from Budri and Lamp Arredo

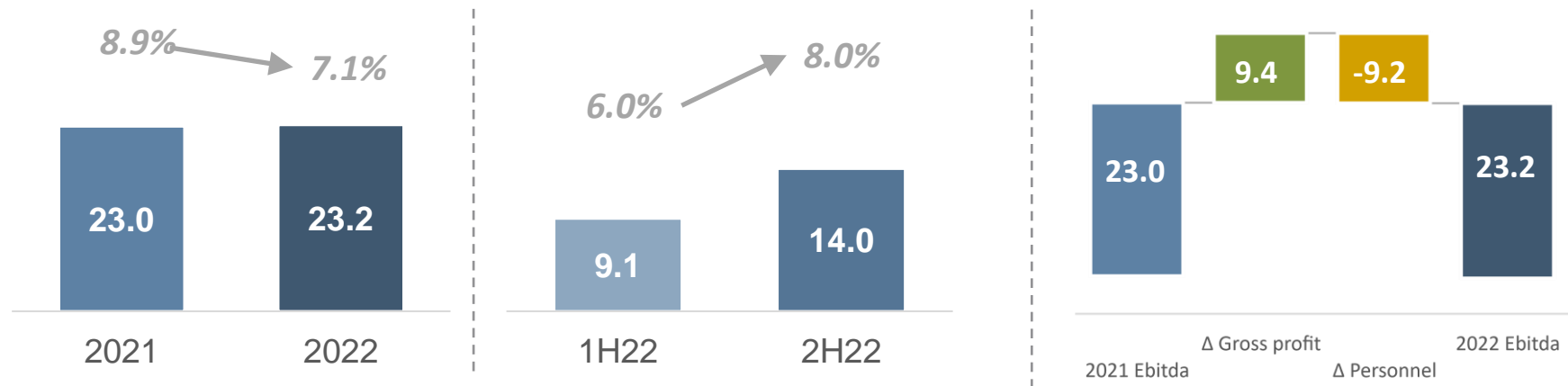
OPERATING PROFITABILITY



EBITDA WAS FLAT, MARGIN RECOVERED IN 2H. EFFECT OF ACQUISITIONS ON ADJ. EBIT

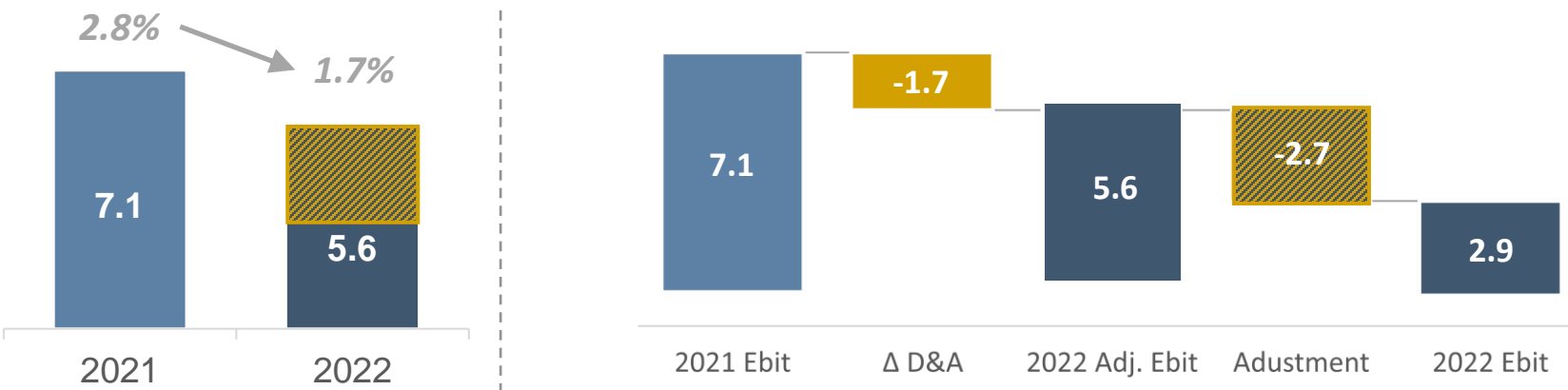
EBITDA AND EBITDA MARGIN OF THE GROUP


€m



ADJ. EBIT AND. ADJ. EBIT MARGIN OF THE GROUP

€m



 Extraordinary write-downs of trade receivables related to two foreign customers

- **1H impacted by the revision of the whole-life margins of ongoing contracts**, in turn induced by the increase in prices of raw materials and energy
- **No more Covid-related contribution** (Paycheck Protection Program) to Fabbrica (vs. 4.3 €m in 2021)
- **Robust improvement in the Ebitda margin in 2H**, as expected and anticipated to the market, thanks to:
 - lower incidence of backlog-related business, thanks to diversification
 - pricing review
 - focus on high-margin activities
 - Containment of structural costs
- **D&A on the rise**, driven by external growth

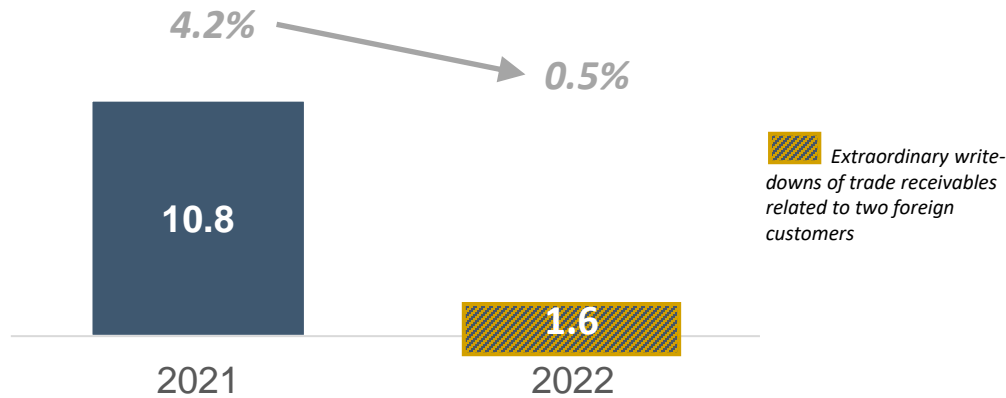
NET PROFITABILITY AND CASH GENERATION



POSITIVE NET RESULT BEFORE EXTRAORDINARY WRITE-DOWNS, ROBUST CASH FLOW

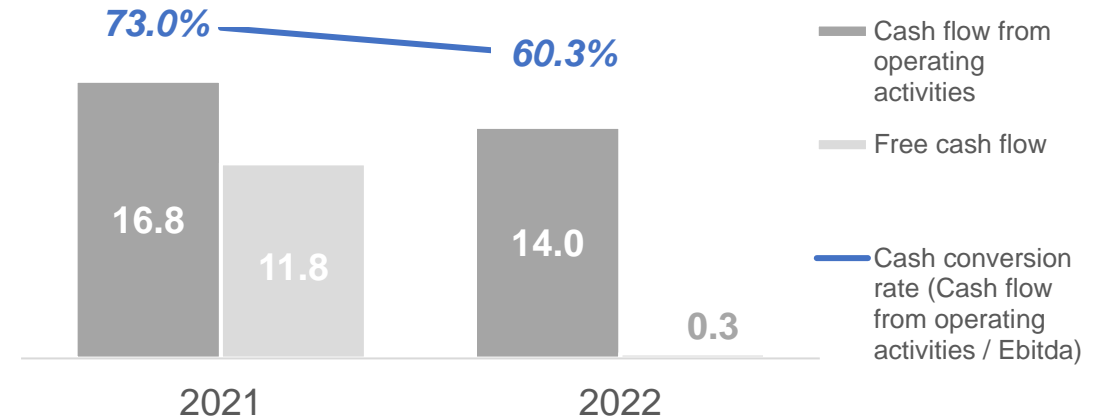
ADJ. CONS. NET RESULT AND ADJ. CONS. NET MARGIN

€m



CASH GENERATION

€m



- Greater impacts from financial and fiscal management :
 - **Financial charges of 2 €m** linked to the increase in gross debt generated by acquisitions
 - **Income taxes of 1.4 €m** (0.5 €m in 2021)
- **Ineffective comparison with 2021**, which had benefited from:
 - Paycheck Protection Program contribution to Fabbrica
 - re-measurement of the fair value of the put option held by TSI's minority shareholders

- **Robust cash generation from operating activities** (14.0 €m, albeit down by 16.7% compared to 2021)...
- **...completely absorbed by acquisitions disbursements**
- **Cash conversion at 60.3%**, in line with historical performance although down compared to 2021

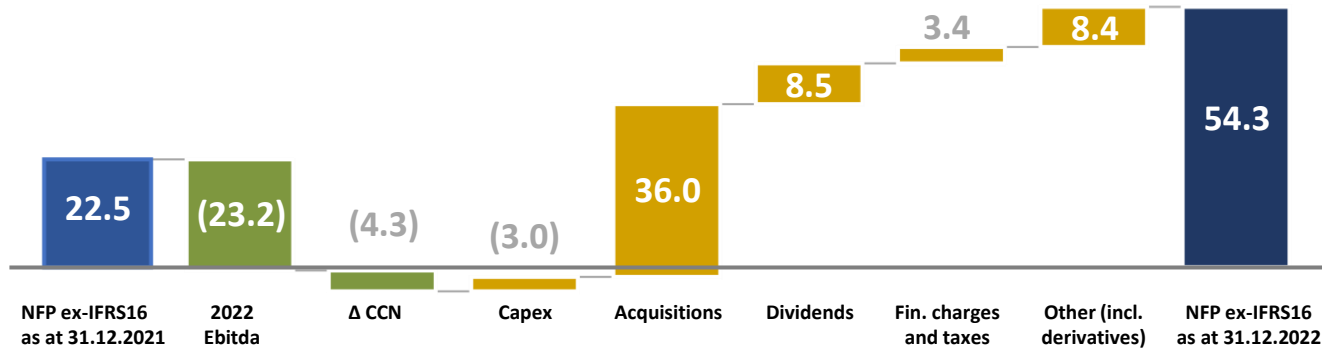
NET FINANCIAL POSITION



RELEVERAGE BROUGHT BY INTENSE M&A CAMPAIGN AND DIVIDEND PAYOUT

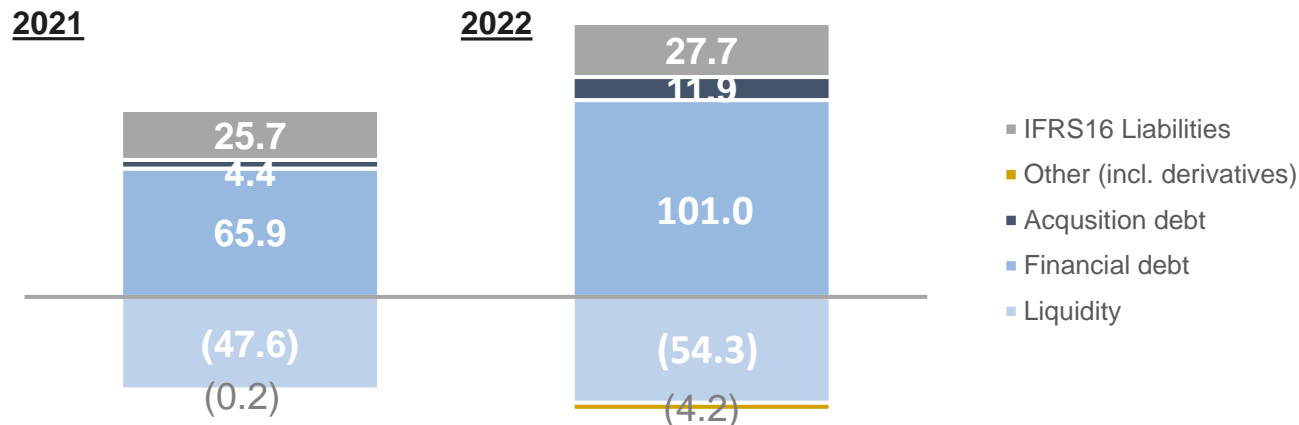
EVOLUTION OF NET FINANCIAL POSITION ex-IFRS16

€m



COMPOSITION OF NET FINANCIAL POSITION

€m



- **Impact of acquisitions equal to 36 €m**, including:
 - disbursement for the purchase of the stake
 - fair value of earn-out and put and call clauses (€11.9 in the Balance Sheet)
 - net debt of new subsidiaries
- **Capex for 3 €m**, confirming the low capital intensity of the business
- **Significant dividend payout in 2022**: 5.5 €m to Somec S.p.A. shareholders, 3 €m to Fabbrica minorities
- **Leverage ratio** (NFP ex-IFRS16 / Ebitda) **from 0.98x at 2021 year end to 2.34x at 2022 year end**

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THE STRATEGY IN 2023



REVENUE GROWTH AND MARGIN RECOVERY THANKS TO WELL-IDENTIFIED MANAGERIAL ACTIONS

THE CONTEXT

- **Permanent geopolitical instability** due to ongoing conflict in Ukraine
- **Uncertain macroeconomic environment**, including inflation, restrictive monetary policies, bank failures and recession risks
- **Slow but steady decline in commodity and energy prices**, which would accelerate in the event of a recession



Naval architecture and building façades

- **Recovery of productivity and profitability of order backlog**
- **Focus on naval refitting**, a high-margin business
- **Renegotiation of the soft backlog**, with positive medium-term effects

Professional kitchens

- **Prices uplift** aimed at normalizing profitability

Mestieri – Personalized interiors

- **Consolidation of acquired companies**, including Gino Ceolin
- **Arising of commercial synergies between subsidiaries**, at the base of the Mestieri project
- **Monitoring of new opportunities**, to be evaluated with the usual disciplined approach to leverage



SOMECS STRENGTHS

- **Positive trends and macro-trends** for the Group's business areas
- **Solidity of the existing order backlog**
- **Benefits deriving from business and geographical diversification strategy**, in terms of growth and risk mitigation
- **Low-capital-intensive business**, generating cash without requiring large capex investments

GUIDANCE FOR FY 2023



FOR THE FIRST TIME EVER, SOMEC RELEASES GUIDANCE FOR THE CURRENT FISCAL YEAR

FY 2022 RESULTS

● Revenues	328.8 €m	➔
● Ebitda	23.2 €m	➔
<i>Ebitda margin</i>	7.1%	
● Net financial position (pre-IFRS 16)	54.3 €m	➔
● Dividend	No	➔

FY 2023 GUIDANCE

360+ €m	Mestieri close to 100 €m only 2 years since the launch of the project
30+ €m	Implicit Ebitda margin above 8%
<40 €m	Including the impact of Ceolin acquisition (effective January 2023)
Yes	Back to dividend payout in 2024, to be paid upon FY 2023 profits

APPENDIX



- **Income Statement**
reclassified
- **Balance Sheet**
reclassified
- **Net Financial Position**
- **Cash Flow Statement**
reclassified

INCOME STATEMENT - RECLASSIFIED



<i>In Euro thousand</i>	2022	%	2021	%	Δ	Δ%
Revenue from contracts with customers	325,616	99.0%	250,550	96.9%	75,066	30.0%
Other revenues and income	3,228	1.0%	7,930	3.1%	(4,702)	-59.3%
Total revenues	328,844	100.0%	258,480	100.0%	70,364	27.2%
Materials, services and other costs	(249,774)	-76.0%	(188,841)	-73.1%	(60,933)	32.3%
Personell costs	(55,834)	-17.0%	(46,597)	-18.0%	(9,237)	19.8%
Operating costs	(305,608)	-92.9%	(235,438)	-91.1%	(70,170)	29.8%
EBITDA	23,236	7.1%	23,042	8.9%	194	0.8%
Depreciation and amortizations	(20,345)	-6.2%	(15,920)	-6.2%	(4,425)	27.8%
EBIT	2,891	0.9%	7,122	2.8%	(4,231)	-59.4%
Net financial income (costs)	(2,041)	-0.6%	4,081	1.6%	(6,122)	-150.0%
Net results from associate companies	87	0.0%	82	0.0%	5	6.1%
EBT	937	0.3%	11,285	4.4%	(10,348)	-91.7%
Income taxes	(1,394)	-0.4%	(507)	-0.2%	(887)	175.0%
Consolidated Net Result	(457)	-0.1%	10,778	4.2%	(11,235)	-104.2%
Non-controlling interests	1,295	0.4%	2,332	0.9%	(1,037)	-44.5%
Group Net Result	(1,752)	-0.5%	8,446	3.3%	(10,198)	-120.7%

BALANCE SHEET - RECLASSIFIED



<i>In Euro thousand</i>	31/12/2022	31/12/2021
Intangible assets	59,517	47,681
<i>of which Goodwill</i>	36,699	27,417
Tangible assets	20,893	14,135
Right-of-use assets	27,387	25,544
Investments in associates	351	213
Non-current financial assets	233	323
Other non-current assets and liabilities	(5,138)	(3,002)
Employee benefits	(5,130)	(4,256)
Net non-current assets	98,113	80,638
Trade receivables	84,152	75,860
Inventory and payments on account	26,213	13,756
Construction contracts and advance payments from customers	27,285	22,329
Liabilities for contract work in progress and customer advances	(43,215)	(35,224)
Trade payables	(79,324)	(53,427)
Provisions for risk and charges	(1,322)	(1,283)
Other current assets and liabilities	6,828	2,893
Net working capital	20,617	24,904
Net Invested capital	118,730	105,542
	-	-
Group equity	(31,993)	(47,268)
Non-controlling interest in equity	(4,817)	(10,066)
Net financial position	(81,920)	(48,208)
Sources of funding	(118,730)	(105,542)

NET FINANCIAL POSITION



<i>in Euro thousand</i>	31/12/2022	31/12/2021	Δ
A. Cash and cash equivalents	71	142	(71)
B. Bank deposits	54,273	47,503	6,770
C. Total liquidity (A+B)	54,344	47,645	6,699
D. Current financial assets	4,608	389	4,219
E. Current bank debt	(27,756)	(17,393)	(10,363)
F. Current portion of long-term debt	(14,881)	(13,612)	(1,269)
G. Other current financial liabilities	(740)	(2,062)	1,322
H. Current debt (E+F+G)	(43,377)	(33,067)	(10,310)
I. Current net financial position (C+D+H)	15,575	14,967	608
J. Non-current financial assets	2,383	-	2,383
K. Non-current bank debt	(61,094)	(34,936)	(26,158)
L. Bonds issued	-	-	-
M. Other non-current financial liabilities	(11,129)	(2,517)	(8,612)
N. Non-current financial position (J+K+L+M)	(69,840)	(37,453)	(32,387)
O. Net financial position (I+N) before IFRS 16	(54,265)	(22,486)	(31,779)
P. IFRS 16 – Lease - impact	(27,655)	(25,722)	(1,933)
Current portion	(4,757)	(3,917)	(840)
Non-current portion	(22,898)	(21,805)	(1,093)
Q. Net financial position (O+P IFRS16 impact)	(81,920)	(48,208)	(33,712)

CASH FLOW STATEMENT RECLASSIFIED



<i>In Euro thousand</i>	31/12/2022	31/12/2021
Cash flows from operating activities	13,967	16,819
Cash flows from investing activities	(13,681)	(5,032)
Free Cash Flow	286	11,787
Cash flows from financing activities	5,204	(7,627)
Net cash flow	5,490	4,160
Cash and cash equivalents at the beginning of the period	47,645	41,843
Effect of exchange rate changes on cash and cash equivalents	1,209	1,642
Cash and cash equivalents at the end of the period	54,344	47,645

NEXT EVENTS

April 2023 - tbc
Lunch Meeting
organized by Intermonte
Milano

19 April 2023
Mid & Small investor conference
organized by Virgilio IR and Mediobanca
Londra, The Tower Hotel

4 May 2023
Annual Shareholders' Meeting
San Vendemiano, Somec's HQ

26 September 2023
1H 2023 Results release
San Vendemiano

SOMECGRUPPO.COM

IR CONTACT



Andrea Moretti
Investor Relations Manager

Via Palù, 30 - 31020 San Vendemiano
Treviso, Italy

+39 0438 471 1998
investorrelations@somecgroup.com

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