

1H 2023 RESULTS

San Vendemiano (Treviso, Italy)
26 September 2023

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

*The adjustments incorporated in the **1H 2022 Adjusted Ebit** and in the **1H 2022 Adjusted consolidated net result**, amounting respectively to 1.9 and 1.4 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



A half-year featuring a **strong growth in revenues (+26%)**, **new orders totalling 111 €m** and improving profitability (**EBITDA +7.4%**), despite the toll taken once again by a **further across-the-board increase in production costs**

Financial management impacted by higher business volumes and longer, due to no fault of the Group, delivery times for certain shipbuilding orders: **Net Financial Position at 70.4 €m** ex-IFRS16

FY 2023 guidance revised, although H2 is expected to improve: revenues well above 360 €m, with EBITDA between 26 €m and 29 €m and Net Financial Position between 40€m and 50 €m ex-IFRS16



Alessandro Zanchetta
Co-CEO and Group CFO

The strategic choices Somec has made over the years and the development drivers we are focusing on proved yet again: **inorganic growth, diversification, high-end and sustainability**

Mestieri's development is most rewarding, from both a current and forward-looking perspective



Oscar Marchetto
Chairman and Co-CEO

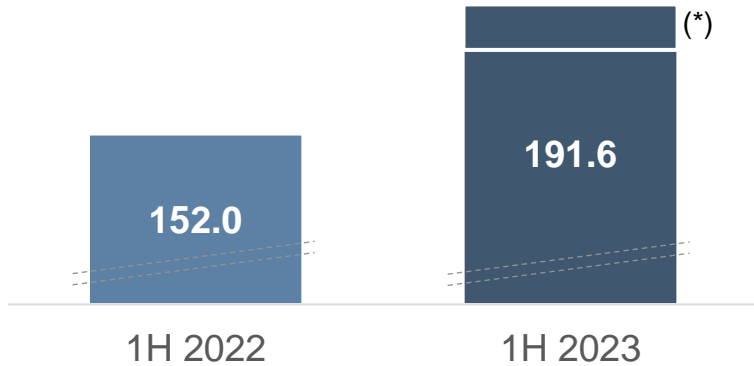
REVENUES



STRONG GROWTH CONTINUED, AFTER +27% REACHED IN FY 2022

TOTAL REVENUES

€m - IAS/IFRS



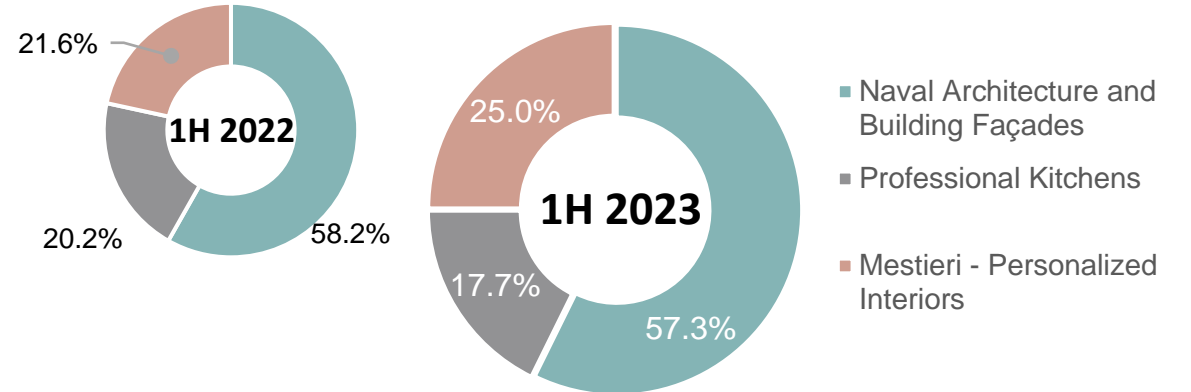
1H 2023 total growth: +26.0%

Organic growth: +16.9%

(*) Acquisitions: +9.1%

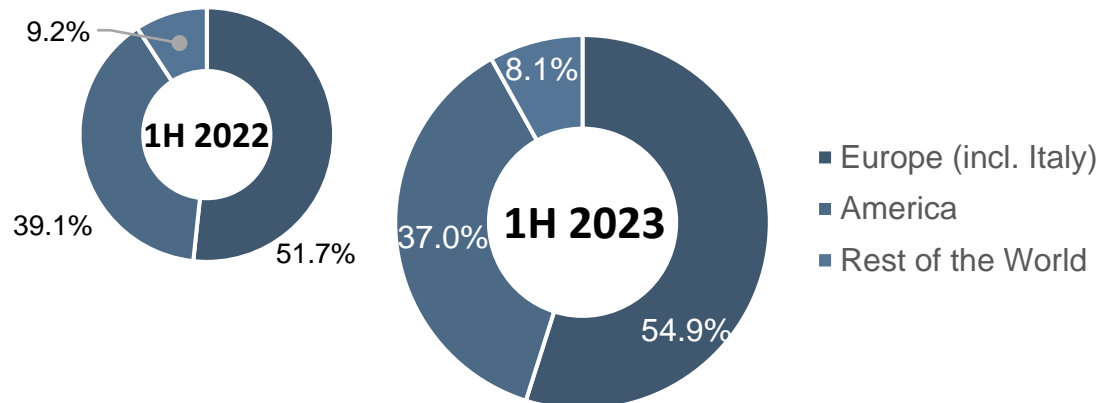
REVENUE BREAKDOWN BY BU

€m - IAS/IFRS



REVENUE BREAKDOWN BY GEOGRAPHY

€m - IAS/IFRS



- **Organic growth: contribution totalled 25.7 €m** resulting from:
 - progress of naval and civil contracts
 - fast-paced pick-up in refitting activities
- **Acquisitions: contribution totalled 13.9 €m** related to:
 - Budri and Lamp Arredo, included in the reporting scope in H2 2022
 - Gino Ceolin, consolidated as of 1 January 2023
- **Favourable exchange rate effect (+1.8%)**

ORDER COLLECTION



€111M WORTH OF NEW BUSINESS IN H1, SYNERGIES BETWEEN FABBRICA AND MESTIERI USA

NAVAL ARCHITECTURE AND
BUILDING FAÇADES



Commercial building in Boston

- Subject: design, engineering and production of over 22,000 square metres of curtain walls
- Awarded to: Fabbrica

32 \$m



34-storey office building in New York

- Subject: design, production and installation of over 12,000 square metres of curtain walls
- Awarded to: Fabbrica

23 \$m



13-storey residential building in London

- Subject: design, production and installation of cellular façades and other components
- Awarded to: Bluesteel

10.5 £m



Headquarters of a well-known multinational company in New York

- Subject: supply of fine furniture and fittings
- Awarded to: Fabbrica, in collaboration with Mestieri USA

14 \$m



Architectural project in the Miami Design District

- Subject: decorative elements of the new façade
- Awarded to: Fabbrica, in collaboration with Mestieri USA

MESTIERI -
BESPOKE INTERIORS



New super-luxury cruise ships

- Four contracts (including two under option) signed with Chantiers de L'Atlantique
- Awarded to: TSI

13.8 €m



Refitting of 3 cruise ships

- Subject: structural changes to one Silversea and two Crystal Cruises ships
- Awarded to: TSI

7.2 €m

PROFESSIONAL KITCHENS



New Four Seasons luxury cruise ships

- Subject: three contracts (including 2 under option) signed with Fincantieri relating to catering areas
- Awarded to: OXIN

13.7 €m

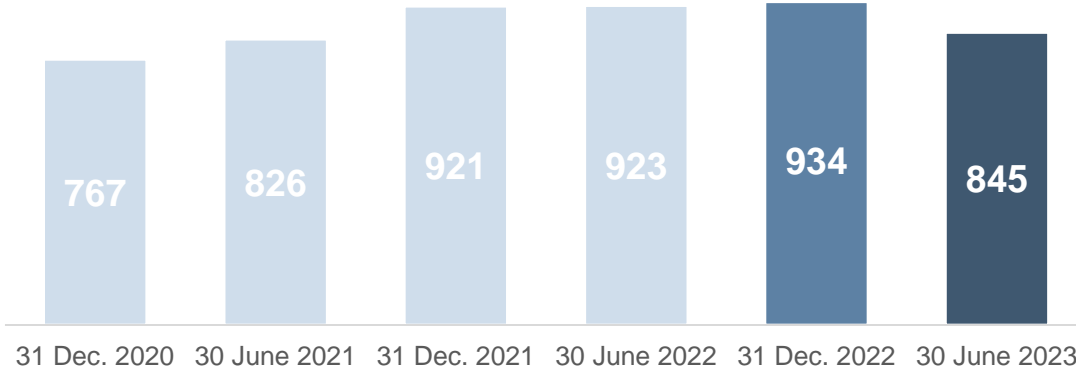
ORDER BACKLOG



DROP RELATED TO THE CYCLICAL DOWNTURN OF THE CRUISE SECTOR

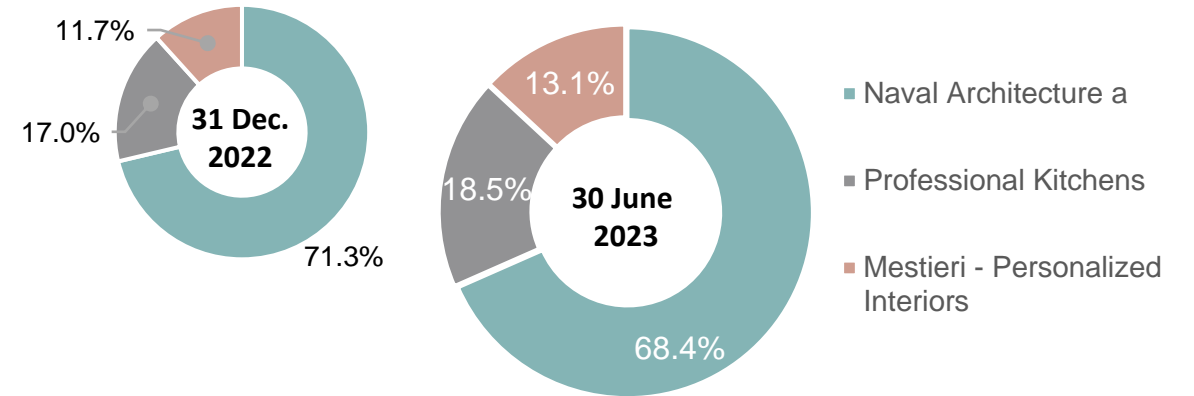
BACKLOG EVOLUTION

€m



BACKLOG BREAKDOWN BY BU

€m



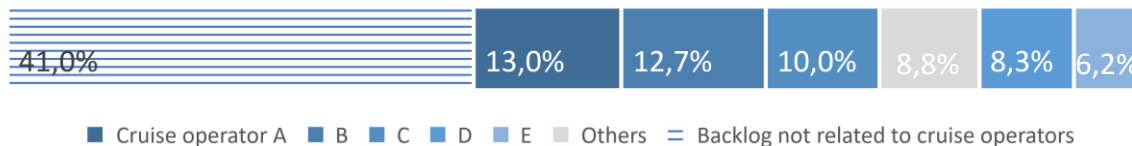
BACKLOG BREAKDOWN BY SCHEDULED YEAR

% of total



BACKLOG BREAKDOWN BY CRUISE OPERATOR

% of total



- 89 €m decrease entirely attributable to the **Naval Architecture and Building Façades division (-88 €m), impacted by the naval segment**
- **New naval orders expected between the end of 2023 and the beginning of 2024**, thanks to the strong recovery in passengers and profitability currently underway, which will allow shipowners to restart investment
- Order book set to become an increasingly less representative **gauge** of Somec's business performance in the future in light of:
 - expansion into businesses that do not operate on a contract basis
 - focus on the refitting activities, where operations are based on infra-annual orders

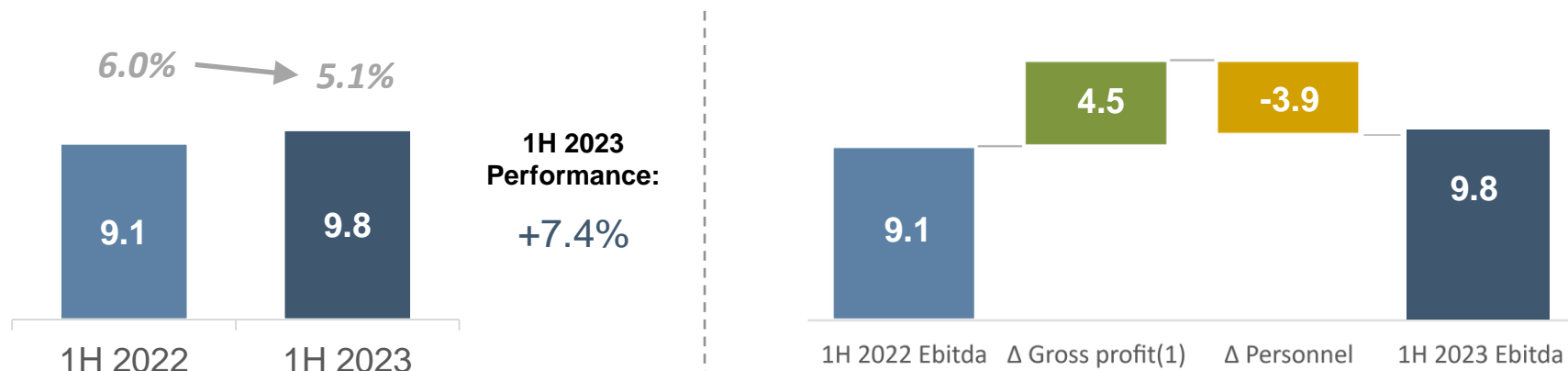
OPERATING PROFITABILITY



EBITDA IMPROVING YOY, ACCELERATION EXPECTED IN H2

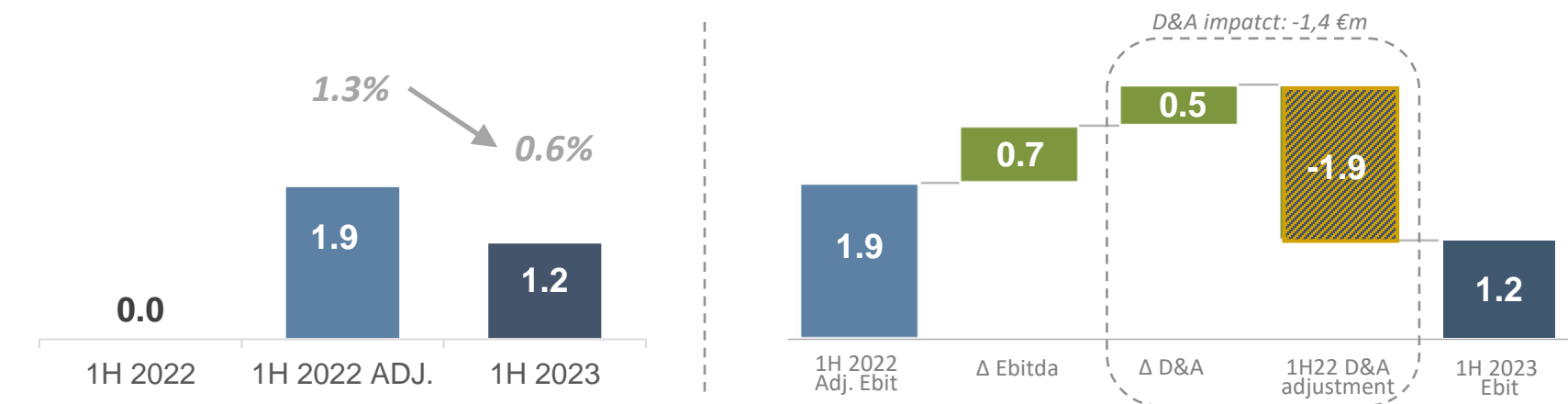
EBITDA AND EBITDA MARGIN OF THE GROUP

€m



EBIT AND EBIT MARGIN OF THE GROUP

€m



(1) Defined as the difference between revenues, materials, services and other costs
 Extraordinary write downs of trade receivables related to two foreign customers (1h 2022)

- **EBITDA +0.7 €m** vs. H1 2022, which was affected by the revision of the full-life margins of ongoing contracts
- **Revenue profitability down by 0.9 p.p.** due to:
 - further and across-the-board increase in production costs
 - progress of contracts awarded in the past, the profitability of which has in the meantime reduced
 - costs related to Mestieri's expansion
 - losses resulting from Bluesteel's historical orders
- D&A increased by 1.4 €m if adjusted for extraordinary impairment of receivables in H1 2022

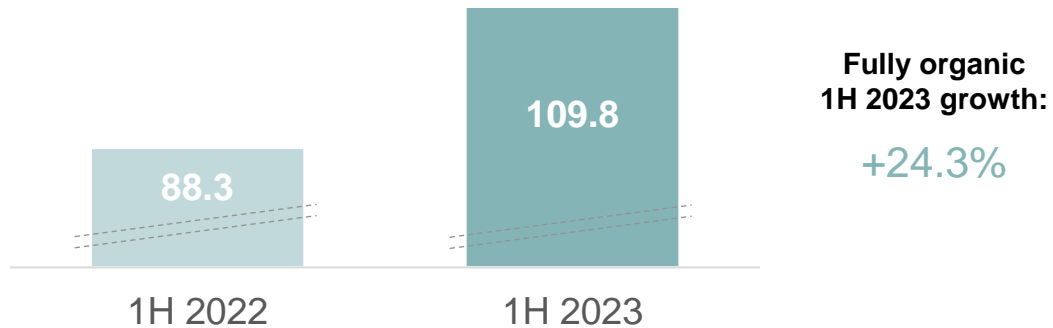
NAVAL ARCHITECTURE AND BUILDING FAÇADES



PROFITABILITY STILL COMPRESSED BY INFLATION EFFECTS ON NEW SHIPBUILDING

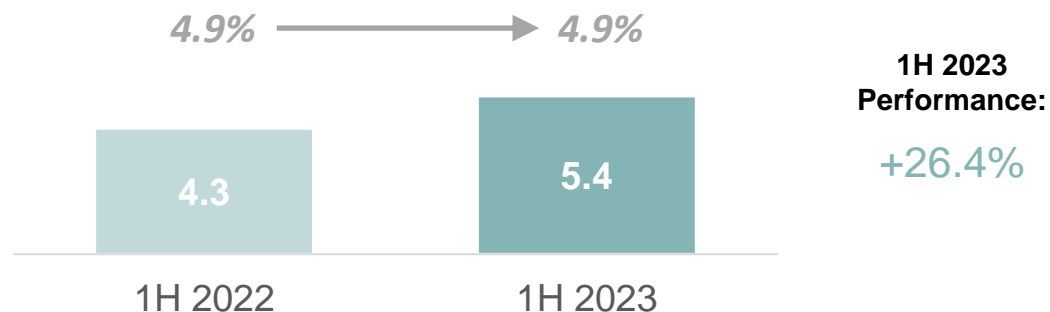
REVENUES OF THE BU

€m



EBITDA AND EBITDA MARGIN OF THE BU

€m



- **Naval segment:**

- progress in line with expectations of ongoing contracts, despite delays and deferrals at construction sites, due to no fault of Somec
- refitting activities up by 60%

- **Civil segment:**

- good business performance in the US
- no significant impact so far from the feared slowdown in US real estate, triggered by rising interest rates

- **Positive contribution from US civil business and refitting,** known to have high margins

- **Further reduction in the margins of more historical naval orders,** which in turn was due to inflationary pressures affecting the cost of production factors, from raw materials to labour

- Emergence of losses related to certain orders in Bluesteel's portfolio

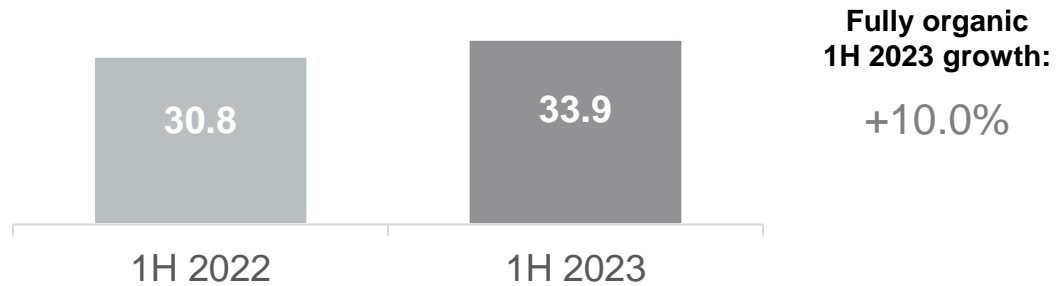
PROFESSIONAL KITCHENS

SLIGHT PROGRESS DRIVEN BY THE CRUISE BUSINESS



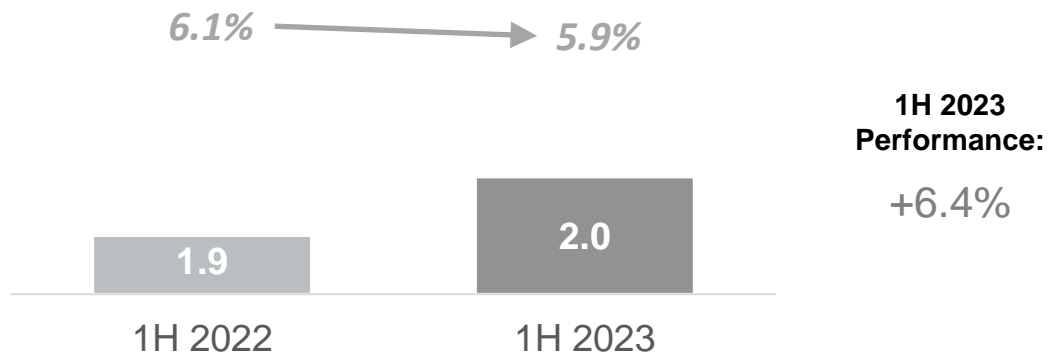
REVENUES OF THE BU

€m



EBITDA AND EBITDA MARGIN OF THE BU

€m



- Revenue and EBITDA growth linked to **progress of Oxin's shipbuilding contracts**
- **Weak sales volumes for other companies** belonging to the division
- **Significant investments in marketing** (i.e. participation in trade fairs) geared towards commercial revival as early as H2
- **Costs connected to the commercial strengthening in the US**

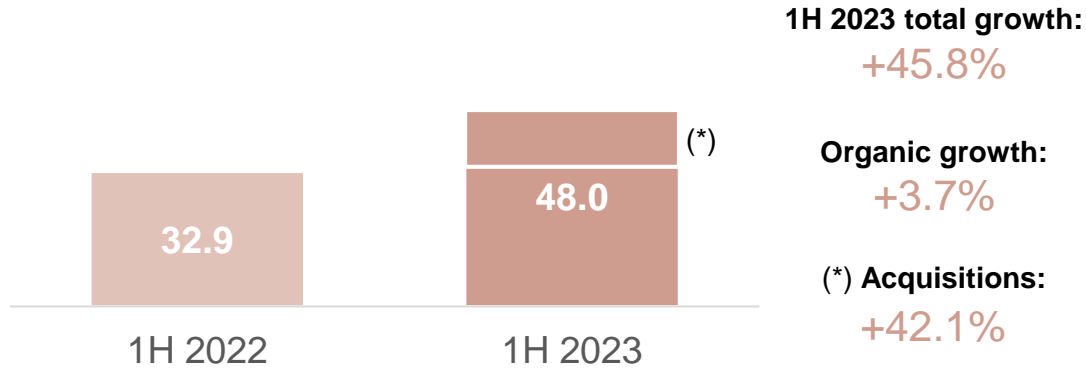
MESTIERI – PERSONALIZED INTERIORS

IN LINE WITH FY 2023 REVENUE TARGET CLOSE TO €100M



REVENUES OF THE BU

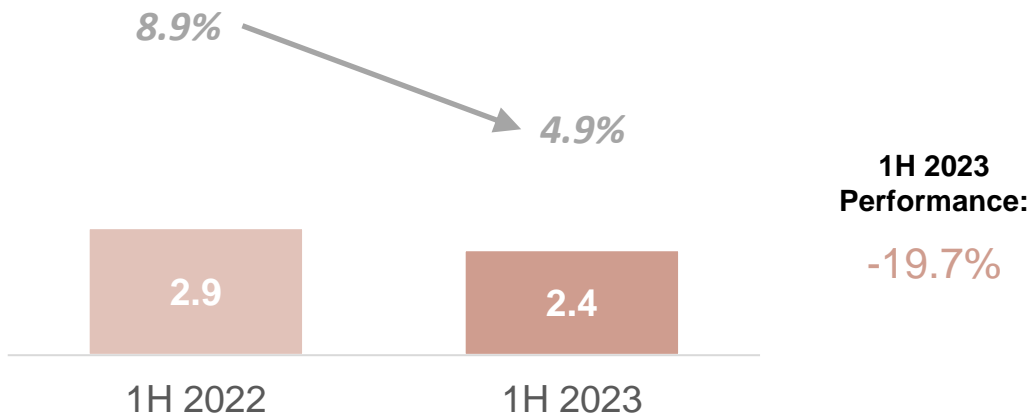
€m



- **Positive organic growth despite different timing of refitting contracts compared to 1H 2022**
- Revenues in H1 2022 driven by 14 €m related to the complete redesign of a cruise ship
- **Contribution from newly acquired Budri (marble), Lamp Arredo and Gino Ceolin (metalwork) totalled 13.9 €m**

EBITDA AND EBITDA MARGIN OF THE BU

€m



- Lower half-yearly profitability attributable to:
 - **expansion costs** of the Italian parent company Mestieri S.r.l. and its US subsidiary Mestieri USA, which will only generate significant revenues from H2 2022
 - very challenging comparison basis because of the cruise ship refitting contract
- **Acquisitions contributed to the extent of 0.2 €m**

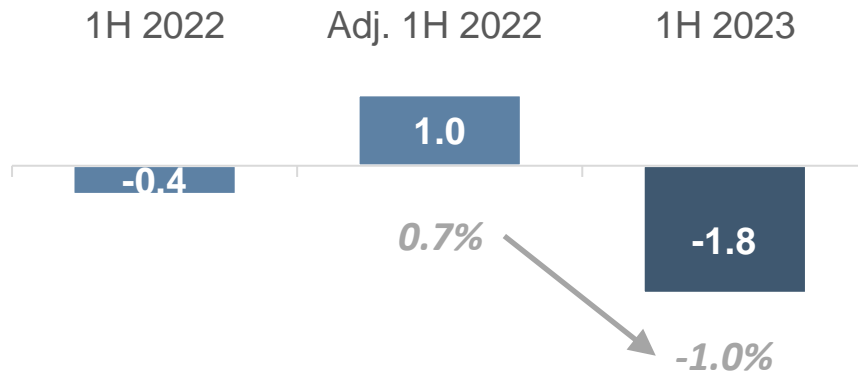
NET PROFITABILITY AND CASH GENERATION



MACROECONOMIC SCENARIO IMPACTING ON FINANCIAL MANAGEMENT AND WORKING CAPITAL

CONS. NET RESULT AND CONS. NET MARGIN

€m



CASH GENERATION (ABSORPTION)

€m



- **2.9 €m decrease** vs. consolidated net result in H1 2022, the latter excluding the extraordinary write-down of trade receivables related to two foreign customers
- Net result for the half-year impacted by **net financial charges** to the extent of **2.4 €m** (0 in H1 2022), related to:
 - increase in gross debt
 - higher cost of the short-term component of debt

- **Cash outflow from operations due to working capital dynamics**, impacted by:
 - increase in the volume of contract business, requiring initial investment in inventory
 - increase in contract work in progress (+17.3 €m) related to longer, due to no fault of the Group) delivery times for certain orders
 - decrease in advances received on progress from customers in the naval business (-4 €m)

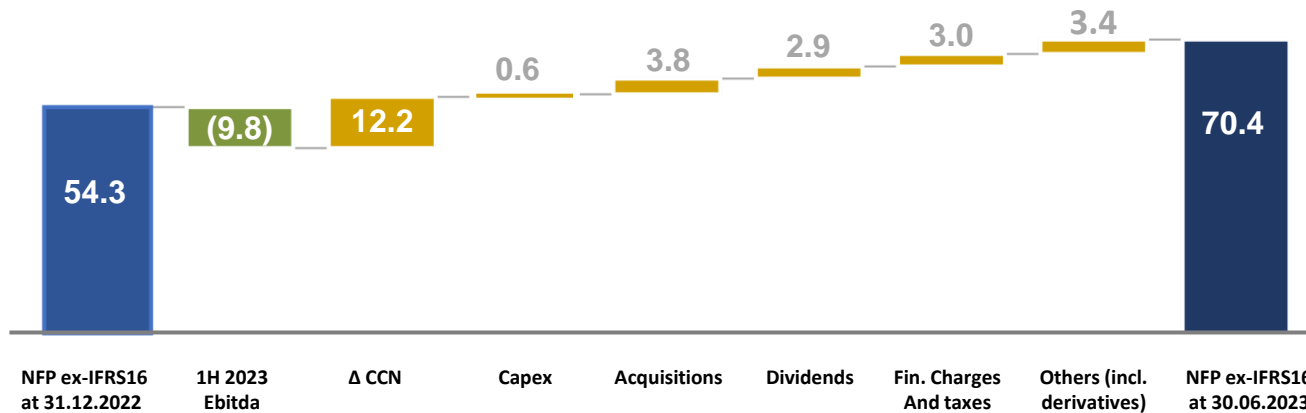
NET FINANCIAL POSITION

WORSENING DUE TO WORKING CAPITAL DYNAMICS



EVOLUTION OF NET FINANCIAL POSITION ex-IFRS16

€m

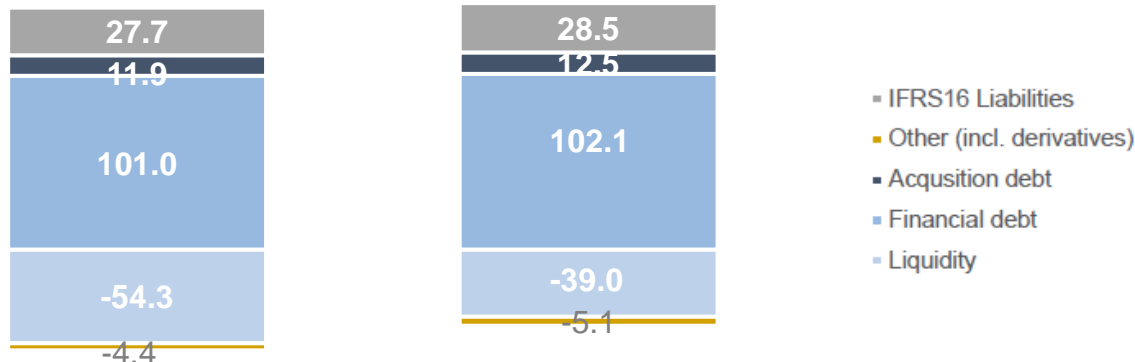


COMPOSITION OF NET FINANCIAL POSITION

€m

31 Dec. 2022

30 June 2023



(1) Net of financial receivables, mainly related to factoring

- Cash flow from operating activities down 8 €m (slide 11)
- **Impact of the acquisition of Gino Ceolin amounting to 3.8 €m**, including:
 - outlay for the purchase of the equity interest
 - pricing of earn-out and put-and-call clauses
 - net debt of the new subsidiary
- **CAPEX not exceeding 0.6 €m**, due to the lack of capitalisation of investments in digital transformation
- **2.9 €m** paid to Fabbrica's minorities by way of **dividend** (2 €m in H1 2022)

THE STRATEGY FOR H2



NEW AND MORE TARGET-ORIENTED MANAGEMENT ACTIONS TO RECOVER PROFITABILITY

BACKGROUND

- **Fast-paced interest rate hikes**, impacting the economy across the board
- **Inflation still high**, affecting all production factors: raw materials, services, labour costs
- **Tendency of contracting authorities and end customers to defer completion of naval contracts**, pending more favourable supply conditions



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
- **Reinforcement of Project Management** in order to effectively and promptly react to unexpected changes affecting orders

Professional kitchens

- **Greater commercial effort** in relation to the civil sector, especially in the US

Mestieri - Bespoke interiors

- **Mestieri S.r.l. and Mestieri USA** coming fully on stream

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 2023

GUIDANCE UPDATE, BUT FY RESULTS STILL HIGHER THAN 2022



	<u>FY 2022 RESULTS</u>		<u>GUIDANCE (March 2023)</u>	
● Revenues	328.8 €m	➔	360+ €m	➔
● Ebitda	23.2 €m	➔	30+ €m	➔
● Net financial position (ex-IFRS16)	54.3 €m	➔	<40 €m	➔
● Dividend	No	➔	Yes	➔

FY 2023 UPDATED GUIDANCE

well above 360 €m
Mestieri revenues close to 100 €m confirmed

between 26 and 29 €m

between 40 and 50 €m

Yes

TOPICS ON THE AGENDA



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Oscar Marchetto
Chairman and Co-CEO

GROWTH PILLARS

MEDIUM/LONG-TERM DEVELOPMENT POTENTIAL REMAINS UNCHANGED



MEGATREND

IMPACT ON MARKET

IMPACT ON SOMEC

- Leisure time
- Luxury
- Sustainability

- Reshoring

- New food consumption trends
- Sustainability

- Luxury / increase in the number of HNWI and UHNWI worldwide

- Expansion of cruise ship fleets
- Entrance of new cruise operators in the luxury segment
- Refurbishment and upgrading of existing ships
- Smaller, uncompetitive operators exiting the market
- Increasingly stringent environmental regulations
- Drive for innovation
- Preference for local manufacturers and installers that can ensure quality and service

- Increasing volumes
- Drive for innovation

- Expansion and renovation of high-end hotel chains and shops
- Luxury residences and superyachts constantly on the rise

- New naval orders
- Structural increase in refitting activities
- Better strategic position and stronger bargaining power
- Strong increase in civil façade contracts in the US
- Market share gain at the expense of large-scale manufacturers

- New naval orders
- Commercial expansion in the civil segment



MESTIERI



DEVELOPMENT JOURNEY OUTLINED CONTINUES AT A FAST PACE



- **Management empowerment**

Flavio Chiari appointed CEO of Mestieri S.r.l. and Head of the Division

He has gained more than 30 years' experience in companies in the engineering and construction sector, including Technip Italy, Techint, Permasteelisa, Site Impianti Industriali and EXA Group, a general contractor engaging in retail and luxury hotel projects

- **Brand building**

A comprehensive **brand identity and adv strategic plan** has been launched, conveying brand values to the target audience:

- July - December 2023: print and digital campaign “**Io sono Mestieri**” (“*I am Mestieri*”)
- July - August 2023: social campaign, 1.2 million users reached



- **Pursuit of business synergies and administrative integration**

First contracts obtained from **parent companies**, benefiting operating subsidiaries:

- May 2023: projects in NYC and Miami awarded to Mestieri USA, via Fabbrica
- August 2023: hotel in Venice and boutiques in Europe and the Middle East for Lamp Arredo and Gino Ceolin, via Mestieri Srl



- **Monitoring of new inorganic growth opportunities**

Rich **pipeline of possible targets**, historically engaging in the processing of **wood**, **bronze** and **art glass** for prestige projects
Opportunities to be assessed based on the usual disciplined approach to leverage

APPENDIX



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

INCOME STATEMENT - RECLASSIFIED



<i>In Euro thousand</i>	1H 2023	%	1H 2022	%	Δ	Δ %
Revenue from contracts with customers	190,146	99.2%	150,575	99.1%	39,571	26.3%
Other revenues and income	1,442	0.8%	1,427	0.9%	15	1.1%
Total revenues	191,588	100.0%	152,002	100.0%	39,586	26.0%
Materials, services and other costs	(150,257)	-78.4%	(115,211)	-75.8%	(35,046)	30.4%
Personnel costs	(31,543)	-16.5%	(27,681)	-18.2%	(3,862)	14.0%
Operating costs	(181,800)	-94.9%	(142,892)	-94.0%	(38,908)	27.2%
EBITDA	9,788	5.1%	9,110	6.0%	678	7.4%
Depreciation and amortisation	(8,607)	-4.5%	(9,091)	-6.0%	484	-5.3%
EBIT	1,181	0.6%	19	0.0%	1,162	6115.8%
Net financial income (expenses)	(2,367)	-1.2%	5	0.0%	(2,372)	47440.0%
Net results from associate companies	46	0.0%	44	0.0%	2	4.5%
EBT	(1,140)	-0.6%	68	0.0%	(1,208)	-1776.5%
Income taxes	(699)	-0.4%	(418)	-0.3%	(281)	67.2%
Consolidated Net Result	(1,839)	-1.0%	(350)	-0.2%	(1,489)	425.4%
Non-controlling interests	467	0.2%	(165)	-0.1%	632	-383.0%
Group Net Result	(2,306)	-1.2%	(185)	-0.1%	(2,121)	1146.5%

BALANCE SHEET - RECLASSIFIED



<i>In Euro thousand</i>	30.06.2023	31.12.2022
Intangible assets	58,761	59,517
<i>of which Goodwill</i>	37,951	36,699
Tangible assets	19,791	20,893
Right-of-use assets	28,297	27,387
Investments in associates	301	351
Non-current financial assets	231	233
Other non-current assets and liabilities	(3,647)	(5,138)
Employee benefits	(5,625)	(5,130)
Net fixed assets	98,109	98,113
Trade receivables	83,817	84,152
Inventory and payments on account	27,550	26,213
Contract work in progress	44,558	27,285
Liabilities for contract work in progress and customer advances	(39,181)	(43,215)
Trade payables	(84,196)	(79,324)
Provisions for risk and charges	(1,309)	(1,322)
Other current assets and liabilities	1,571	6,828
Net working capital	32,810	20,617
Net Invested capital	130,919	118,730
	-	-
Group equity	(29,676)	(31,993)
Non-controlling interest in equity	(2,283)	(4,817)
Net financial position	(98,960)	(81,920)
Sources of funding	(130,919)	(118,730)

NET FINANCIAL POSITION



<i>In Euro thousand</i>	30.06.2023	31.12.2022	Δ
A. Cash and cash equivalents	52	71	(19)
B. Bank deposits	38,990	54,273	(15,283)
C. Total liquidity (A+B)	39,042	54,344	(15,302)
D. Current financial assets	5,139	4,608	531
E. Current bank debt	(22,659)	(27,756)	5,097
F. Current portion of long-term debt	(19,118)	(14,881)	(4,237)
G. Other current financial liabilities	(2,833)	(740)	(2,093)
H. Current financial position (E+F+G)	(44,610)	(43,377)	(1,233)
I. Current net financial position (C+D+H)	(429)	15,575	(16,004)
J. Non-current financial assets	2,575	2,383	192
K. Non-current bank debt	(62,828)	(61,094)	(1,734)
L. Bonds issued	-	-	-
M. Other non-current financial liabilities	(9,749)	(11,129)	1,380
N. Non-current financial position (J+K+L+M)	(70,002)	(69,840)	(162)
O. Net financial position before IFRS 16 (I+N)	(70,431)	(54,265)	(16,166)
P. IFRS 16 – Lease impact	(28,529)	(27,655)	(874)
Current portion	(5,102)	(4,757)	(345)
Non-current portion	(23,427)	(22,898)	(529)
Q. Net financial position (O+P IFRS 16 impact)	(98,960)	(81,920)	(17,040)

CASH FLOW STATEMENT RECLASSIFIED



	1H 2023	1H 2022
Cash flows from operating activities	(7,953)	16,514
Cash flows from investing activities	(1,931)	(4,451)
Free Cash Flow	(9,884)	12,063
Cash flows from financing activities	(4,955)	2,507
Effect of exchange rate changes on cash and cash equivalents	(463)	1,818
Net cash flow	(15,302)	16,388
Cash and cash equivalents at the beginning of the period	54,344	47,645
Cash and cash equivalents at the end of the period	39,042	64,033

NEXT EVENTS

27 September 2023

Le Eccellenze del Made in Italy

organized by Intermonte

Milano, Hotel Westin Palace

11 October 2023

2023 Italian Excellences Conference

organized by Virgilio IR and Intesa Sanpaolo

Paris, Le Bristol

14 November 2023

Publication of 9M 2023 unaudited revenue figures

San Vendemiano, Italy

15 November 2023

Virtual Roadshow

organized by Stifel

[SOMECGRUPPO.COM](https://www.somecgruppo.com)

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