SANLORENZO

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# SANLORENZO, THE GLOBAL LEADER IN HIGH-END LUXURY YACHTING, PLANS INITIAL PUBLIC OFFERING ON BORSA ITALIANA

## Offering up to 35% of the share capital of the Company

## Launch of the Offering expected by 2019

***Ameglia (La Spezia), 23 settembre 2019***. Sanlorenzo S.p.A. ("**Sanlorenzo**" or the "**Company**" and, together with its subsidiaries, the "**Group**") announces that it has filed the application with Borsa Italiana S.p.A. ("**Borsa Italiana**") for the admission to listing of its ordinary shares (the "**Shares**") on the Mercato Telematico Azionario organized and managed by Borsa Italiana (the "**Listing**"). In connection with the Listing, the Company has prepared the Prospectus which has been filed with Consob for approval.

The free float required for the purposes of the Listing will be realized through a private placement (the "**Offering**") reserved for qualified investors in Italy and institutional investors abroad pursuant to Regulation S of the United States Securities Act of 1933, as subsequently amended (the "**Securities Act**"), and, in the United States of America, limited to Qualified Institutional Buyers ("**QIBs**") pursuant to Rule 144A of the Securities Act, with the exclusion of those countries, specifically Australia, Japan and Canada, where the Offering is not permitted without specific authorization of the relevant authorities, in accordance with applicable laws or by way of exception to such provisions.

The Offering will be subject to market conditions and to the receipt of the authorization to the admission to listing by Borsa Italiana and to the approval of the Prospectus by Consob. The Offering is currently expected to be launched in 2019.

The Offering will comprise: (i) newly issued shares resulting from a capital increase with the exclusion of pre-emptive rights (the "**Capital Increase**") and (ii) existing shares owned by Holding Happy Life S.r.l. (the "**Selling Shareholder**" or "**HHL**"), majority shareholder of the Company and controlled by Mr. Massimo Perotti, Executive Chairman of the Company, with the objective to meet the free float requirements of Borsa Italiana for the STAR segment.

As of the date of this announcement, it is expected that the Offering, including the Greenshoe option, will be up to 35% of Sanlorenzo's share capital.

The Company will be subject to lock-up commitments, for a period of 360 days starting from the date of the listing of the Shares. HHL, as selling shareholder, will be subject to lock-up commitments, for a period of 180 days starting from the date of the listing of the Shares. Each of the lock-up commitments will be subject to customary exceptions and waiver by the Joint Global Coordinators.

Final terms and structure of the Offering will be determined and announced immediately before the commencement of the Offering.

Proceeds deriving from the Capital Increase are intended to be used by the Company mainly to foster and accelerate its future growth and to seize market opportunities. After the Offering the Company expects to have a broadly debt free capital structure.

In connection with the Offering, Banca IMI (Intesa Sanpaolo Group), BofA Merrill Lynch and UniCredit Corporate & Investment Banking are acting as Joint Global Coordinators and Joint Bookrunners.

Banca IMI (Intesa Sanpaolo Group) is also acting as Sponsor of the admission to listing of the Shares.

Alantra is acting as Financial Advisor of the Company. Lazard is acting as Financial Advisor of the Selling Shareholder. Musumeci, Altara, Desana e Associati Studio Legale and Latham & Watkins are acting as Italian Legal Counsel and International Legal Counsel of the Company, respectively. White & Case is acting as Italian Legal Counsel and International Legal Counsel of the Joint Global Coordinators and Bookrunners.

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## SANLORENZO

### UNIQUE HISTORY OF EXCELLENCE AND SUCCESS

Sanlorenzo was established in 1958 in Limite Sull'Arno (Florence), a small town known worldwide as the cradle of Italian shipbuilding.

Since the acquisition of a majority stake of Sanlorenzo in 2005, Mr. Massimo Perotti, Executive Chairman of the Company, has shaped Sanlorenzo's business model starting from the experience of Giovanni Jannetti, former owner of Sanlorenzo. Mr. Jannetti established the Sanlorenzo myth positioning the brand in the high-end segment of luxury yachting, manufacturing only a limited number of "made to measure" yachts per year characterized by a unique highly-recognisable style, comfort and safety, targeting a sophisticated client base.

Mr. Perotti, through continuous product innovations and investments in assets, know-how, technology and design has underpinned the Company's growth preserving the heritage of the brand. The Group's consolidated net revenues new yachts have grown across economic cycles at a CAGR of 16%[1] between 2004 and 2018.

[1] *Based on 2004 Value of Production as per Italian GAAP and 2018 Net Revenues new Yachts as per IFRS*

### ICONIC BRAND IN LUXURY YACHTING

Sanlorenzo is, currently, the only company competing across a wide array of segments, including planing, displacement, semi displacement, fast displacement yachts and superyachts between 24 and 68 meters in composite, steel and aluminum, with a single brand worldwide.

The ability to continuously innovate the design of its yachts, while rigorously respecting Sanlorenzo's heritage and tradition, combined with a customised approach for its sophisticated and loyal customer base, have positioned Sanlorenzo as a symbol of excellence and exclusivity in the global luxury yachting market.

Attention to details, timeless design, utmost quality, the art directorship of Mr. Piero Lissoni, collaborations with world famous designers and architects (including Bernardo Zuccon, Patricia Urquiola, John Pawson, Studio Dordoni and Laura Sessa) as well as strong ties with art and culture are all testimony to Sanlorenzo's philosophy.

### MADE TO MEASURE YACHTS AND LOYAL CUSTOMER BASE

Sanlorenzo is widely recognized for its high degree of customization. An extensive "made to measure" approach on larger as well as smaller yachts has allowed Sanlorenzo to attract and retain a very sophisticated customer base of "yachting connoisseurs": a knowledgeable and understated club of ship-owners, belonging to the wealthiest families, appreciating timeless elegance. Sanlorenzo owners are fiercely loyal to the brand.

### PREMIUM PRICE POSITIONING

The combination of an iconic brand with the timeless design that lasts throughout years, cutting-edge technology and "made to measure" approach, make every Sanlorenzo yacht a unique masterpiece. This philosophy allows Sanlorenzo to retain a premium price positioning paired with higher second hand value resiliency.

### SOLID LEADERSHIP IN HIGH-END LUXURY YACHTING

Sanlorenzo is the worldwide leader in terms of number of yachts between 30 and 40 meters delivered between 2014 and 2018 *(source: The Superyacht New Build Report 2019)*.

### MARKET GROWTH UNDERPINNED BY STRONG FUNDAMENTALS

The luxury yachting market outperformed the luxury market as a whole: 12.2% 2013 – 2018 CAGR vs 7.8% of the global luxury market overall (source: Deloitte Boating Market Monitor, May 2019).

Significant market under-penetration (only 3% of UHNWIs owns a yacht according to Deloitte Boating Market Monitor, May 2019) and ever increasing number of UHNWIs are a solid premise for a sustainable and healthy growth of the luxury yachting market in the medium-long term.

### SUPERIOR BUSINESS MODEL

Sanlorenzo operates through a distinctive business model leveraging on a combination of the following key features:

i. Long term partnerships with more than 1,500 local artisans firms with exceptional craftsmanship skills
ii. Flexible cost structure directly employing ~450 people on a total workforce of ~2,000
iii. Unique distribution approach aiming to deliver a true luxury experience through brand ambassadors
iv. Passionate and experienced management team featuring more than 25 first and second line managers who have collectively accumulated over 600 years of experience in the industry, led by Mr. Massimo Perotti
v. New language communication identity, and strong bond to Art & Design

### SUSTAINED GROWTH DRIVEN BY A SOLID ORDER BACKLOG AND BEST-IN-CLASS PROFITABILITY

In 2018 Sanlorenzo recorded EUR 327 million of consolidated net revenues new yachts. 2018 Sanlorenzo consolidated EBITDA (net of extraordinary items for EUR 3.6 million) was equal to EUR 38 million (11.6% of net revenues new yachts).

In the six months ending on 30 June 2019, the Group's consolidated net revenues new yachts were equal to EUR 205 million (with a 39.4% increase over the same period of the previous year). Revenue growth is further validated by a

solid order backlog at 30 June 2019, equal to EUR 568 million (a 27.9% increase vs. EUR 444 million as of 30 June, 2018).
For the full year 2019, the Company expects net revenues new yachts to be in a EUR 430-456 million range, with an EBITDA of approximately EUR 62-66 million, implying a 14-15% EBITDA margin.

### MULTIPLE LEVERS FOR PROFITABLE GROWTH LARGELY LEVERAGING ON EXISTING INVESTMENTS

Sanlorenzo's future development path will be based on the following drivers: (i) consolidation of premium price positioning strategy, with particular upside in the superyacht division (> 500 GT); (ii) strengthening of distribution network in underpenetrated geographies; (iii) product portfolio expansion; (iv) further increase in production efficiency thanks to new facilities in Massa, Viareggio and Ameglia and (v) development of a turn-key services division.
Sanlorenzo in 1H 2020 will complete its expansionary investment cycle, with significant benefits in terms of efficiency and margin improvement expecting to materialize starting from 2020.

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## Sanlorenzo S.p.A.

Sanlorenzo is a world leading shipyard in the design, manufacturing and distribution of yachts, superyachts over 30m.
The shipyard manufactures "made to measure" yachts and superyachts characterized by a distinctive design and customised for each customer. This makes Sanlorenzo unique amongst global players in the luxury yachting industry.
Sanlorenzo has three business divisions:

- Yacht Division – composite 24-38 meters yachts marketed under the Sanlorenzo brand – contributing to 62.8% of 2018 full year Group's consolidated net revenues new yachts;
- Superyacht Division – 40-68 meters aluminum and steel superyachts marketed under the Sanlorenzo brand – contributing to 31.1% of 2018 full year Group's consolidated net revenues new yachts;
- Bluegame Division – 13-21 meters sports utility yachts in composite marketed under the Bluegame by Sanlorenzo brand – contributing to 1.8% of 2018 full year Group's consolidated net revenues new yachts.

Sanlorenzo's manufacturing activities are carried out through four shipyards located in La Spezia (SP), Ameglia (SP), Viareggio (LU) and Massa (MS). The sites are strategically located in proximity, thus enabling significant operational efficiencies.
Europe represents Sanlorenzo's main end-market accounting for 57.5% of 2018 full year Group's consolidated net revenues new yachts. Americas, APAC and MEA accounted for 19.6%, 17.6% and 5.4% of 2018 full year Group's consolidated net revenues new yachts, respectively.
The Group employs approximately 450 people. In addition, the Group cooperates with a network of 1,500 qualified artisan companies and leverages on an international distribution network and a widespread service network for customers worldwide.
The Group's consolidated net revenues new yachts have grown at a CAGR of 16%[2] between 2004 and 2018.

www.sanlorenzoyacht.com

| | Historical Group's Financials | | | Expected Figures |
|---|---|---|---|---|
| *(in Euro milions)* | **2016** | **2017** | **2018** | **2019** |
| Value of Production | 291 | 283 | 355 | 493-523 |
| Net revenues new Yachts | 222 | 231 | 327 | 430-456 |
| EBITDA net of extraordinary items* | 30 | 29 | 38 | 62-66 |
| EBITDA Margin net of extraordinary items* | 14% | 13% | 12% | 14%-15% |
| Group Net Income | 12 | 10 | 12 | 28-30 |
| CapEx | 9 | 18 | 46 | 51-55 |

** 2017-18 EBITDA and EBITDA margin figures are net of extraordinary items, equal to EUR 3.4 M and EUR 3.6 M, respectively*

[2] *Based on 2004 Value of Production as per Italian GAAP and 2018 Net Revenues new Yachts as per IFRS*

The contents of this announcement, which have been prepared by the Issuer and its consolidated subsidiaries (together, the "Group") and are the sole responsibility of Issuer, is for background purposes only and does not purport to be full or complete. No reliance may be placed by any person for any purpose on the information contained in this announcement or its accuracy, fairness or completeness.

This announcement is not for publication or distribution, directly or indirectly, in or into the United States. The distribution of this announcement may be restricted by law in certain jurisdictions and persons into whose possession any document or other information referred to herein comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This announcement does not contain or constitute an offer of, or the solicitation of an offer to buy, Ordinary Shares to any person in the United States, Australia, Canada or Japan or in any jurisdiction to whom or in which such offer or solicitation is unlawful. The Ordinary Shares referred to herein may not be offered or sold in the United States unless registered under the US Securities Act of 1933 (the "Securities Act") or offered in a transaction exempt from, or not subject to, the registration requirements of the Securities Act. The offer and sale of Ordinary Shares referred to herein has not been and will not be registered under the Securities Act or under the applicable securities laws of Australia, Canada or Japan. Subject to certain exceptions, the Ordinary Shares referred to herein may not be offered or sold in Australia, Canada or Japan or to, or for the account or benefit of, any national, resident or citizen of Australia, Canada or Japan. There will be no public offer of the Ordinary Shares in the United States, Australia, Canada or Japan or elsewhere.

In member states of the European Economic Area ("EEA") (each, a "Relevant Member State"), this announcement and any offer if made subsequently is directed only at persons who are "qualified investors" within the meaning of the Prospectus Regulation (Regulation (EU) 2017/1129) ("Qualified Investors"). In Italy this announcement is directed exclusively at Qualified Investors as such term is defined in Article 34-ter, paragraph 1, letter b), of CONSOB Regulation on Issuers No. 11971 of May 14, 1999, as subsequently amended and supplemented by Article 35, paragraph 1, letter d), of CONSOB Regulation on Intermediaries No. 20307 of February 15, 2018. In the United Kingdom this announcement is directed exclusively at Qualified Investors (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") or (ii) who fall within Article 49(2)(A) to (D) of the Order, and (iii) to whom it may otherwise lawfully be communicated, and any investment activity to which it relates will only be engaged in with such persons and it should not be relied on by anyone other than such persons.

This announcement may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements reflect the Company's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group's business, results of operations, financial position, liquidity, prospects, growth or strategies. Forward-looking statements speak only as of the date they are made.

This announcement contains alternative performance indicators that are not recognized by IFRS. Different companies and analysts may calculate these non-IFRS measures differently, so making comparisons among companies on this basis should be done very carefully. These non-IFRS measures have limitations as analytical tools, are not measures of performance or financial condition under IFRS and should not be considered in isolation or construed as substitutes for operating profit or net profit as an indicator of our operations in accordance with IFRS.

Each of Issuer, Merrill Lynch International, Banca IMI S.p.A. and UniCredit Bank AG Milan Branch (the "Managers") and their respective affiliates expressly disclaims any obligation or undertaking to update, review or revise any forward looking statement contained in this announcement whether as a result of new information, future developments or otherwise.

Any purchase of Ordinary Shares in the proposed Offering should be made solely on the basis of the information contained in the final Prospectus and the Offering Circular to be issued by the Company in connection with the Offering. The information in this announcement is subject to change.

The date of admission may be influenced by things such as market conditions. There is no guarantee that admission will occur and you should not base your financial decisions on Issuer's intentions in relation to admission at this stage. Acquiring investments to which this announcement relates may expose an investor to a significant risk of losing all of the amount invested. Persons considering making such investments should consult an authorised person specialising in advising on such investments. This announcement does not constitute a recommendation concerning the Offering. The value of shares can decrease as well as increase. Potential investors should consult a professional advisor as to the suitability of the Offering for the person concerned.

The Managers are acting exclusively for Issuer and no-one else in connection with the Offering. They will not regard any other person as their respective clients in relation to the Offering and will not be responsible to anyone other than Issuer for providing the protections afforded to their respective clients, nor for providing advice in relation to the Offering, the contents of this announcement or any transaction, arrangement or other matter referred to herein.

In connection with the Offering of the Ordinary Shares, the Managers and any of their affiliates, may take up a portion of the Ordinary Shares in the Offering as a principal position and in that capacity may retain, purchase, sell, offer to sell for their own accounts such Ordinary Shares and other securities of the Company or related investments in connection with the Offering or otherwise. Accordingly, references in the Prospectus and in the Offering Circular, once available, to the Ordinary Shares being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, placing or dealing by, the Managers and any of their affiliates acting in such capacity. In addition, the Managers and any of their affiliates may enter into financing arrangements (including swaps or contracts for differences) with investors in connection with which the Managers and any of their affiliates may from time to time acquire, hold or dispose of Ordinary Shares. The Managers do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

None of the Managers or any of their respective affiliates or any of their respective directors, officers, employees, advisers or agents accepts any responsibility or liability whatsoever for or makes any representation or warranty, express or implied, as to the truth, accuracy or completeness of the information in this announcement (or whether any information has been omitted from the announcement) or any other information relating to the Company, its subsidiaries or associated companies, whether written, oral or in a visual or electronic form, and howsoever transmitted or made available or for any loss howsoever arising from any use of this announcement or its contents or otherwise arising in connection therewith.

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("MiFID II"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "MiFID II Product Governance Requirements"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Ordinary Shares have been subject to a product approval process, which has determined that the Ordinary Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II to such target market (the "Target Market Assessment"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Ordinary Shares may decline and investors could lose all or part of their investment; the Ordinary Shares offer no guaranteed income and no capital protection; and an investment in the Ordinary Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the offering. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Managers will only procure investors who meet the criteria of professional clients and eligible counterparties. For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Ordinary Shares. Each distributor is responsible for undertaking its own target market assessment in respect of the Ordinary Shares and determining appropriate distribution channels.