

# Aicon S.p.A.

## PRESS RELEASE

### **AICON: The Board of Directors approves the six-monthly Financial Statement as of February 28, 2009 Approved the 2009-2012 New Industrial Plan**

*Messina April 28, 2009* – The Board of Directors of Aicon, the Group from Messina operating in the design, construction and sale of pleasure craft and luxury motor yachts, has today approved the six-monthly financial statement as of February 28, 2009 on the assumption of company continuity and the 2009-2012 Industrial Plan.

#### **Principal consolidated results of the first half 2008/2009**

The Group closed the first six-monthly period on February 28, 2009 with a loss of €12 million. The Board of Directors has approved the strategic lines of the Industrial Plan 2009-2012, which although within the context of the present global sector crisis, foresee the achievement of an economic and financial balance starting from the 2011/2012 accounting period.

The first half 2008/2009 results show a decisive improvement due to the activity and the strategy adopted by the Group to face the difficulties of the economic downturn, as well as to the enactment of substantial corrective measures to the factors which had had a negative impact on the 2007/2008 accounting period.

Positive signs deriving from the management of the company during the first half 2008/2009 are evidenced by the accounting data which show a significant reduction of all the cost items, although the economic-financial situation of the Group is still tense.

The decrease in the cost of raw materials, which went from €27,119 thousand of the first half of the previous accounting period to €3,727 thousand of the half under review, was due to efficiency in the management of purchases, both in terms of acquisition and in terms of inventory, which were coherent with the slowdown in production.

As regard services, there was a decrease from €18,069 thousand of the first half of the preceding accounting period to €5,857 thousand of the present six-monthly period. The significant reduction was due on the one hand to the rationalization of the organization of production and by a drastic reduction in outsourcing as well as by the use of all company employees, transferring indirect personnel to the production area. On the other hand it is the result of the policy of containment of the general expenses.

The reduction in personnel expenses, although totaling €107 thousand, was carried out thanks to the social welfare network. Nevertheless, seeing as the measures have only been in place since February 2009, the beneficial effect on costs will be seen in the second part of the accounting period.

The policy adopted during the first six-month period was made more evident during the second quarter of the accounting period 2008/2009, in which all the cost items indicated above were reduced with respect to the first quarter of the period.

Nevertheless, the period was strongly conditioned in terms of revenue (totaling €12,782 thousand) by the difficult market situation which had already given clear signs of the crisis during the course of the preceding period 2007/2008. This situation only worsened during the present nautical year; as a consequence, the distribution network, represented by the dealers, was particularly hard hit and revealed itself unable to purchase a stock of boats.

Concerning the matter illustrated above, during the first half, which was low season, the dealers already possessing a final client delivered the boats, whilst the other dealers, although having already deposited a down payment, preferred to put off the delivery or in some cases cancel the order.

During the period this phenomenon slowed down the delivery of the boats ordered mainly in the first quarter which was low season. The first half of 2008/2009 closed with the delivery of 7 boats, of which 1 a megayacht. To be noted is that the diversification of the sales strategy, with the start of direct sales, allowed for a recovery of the margins.

Although in a difficult market moment, the Aicon Group did register some comforting signs, witness to the effectiveness of the strategies enacted at the end of the 2007/08 period.

Thanks to the intervention policy concerning sales, the Group improved its geographic distribution of revenue. As of February 28, 2009 the geographic distribution of revenue was 39% in Italy, 37% EMEA and 24% Americas. Whereas as of February 2008, 88% of revenue was concentrated in Italy, only 10% in the rest of the EMEA area and 2% in the Americas.

This result is witness to the improvement of the policy of internationalization enacted which has also brought to geographic expansion into new areas, with the signing of new contracts in various countries.



The results of the period were nullified by a number of extraordinary items which totaled €4 million, which will not be repeated in the future, of which €3 million were due to the transfer of surplus deferred taxation, required by the temporary transfer of the return to profitability foreseen by the review of the Industrial Plan.

From a conservative viewpoint and in light of the present market conditions, within the sphere of the 2009/2012 Industrial Plan the Directors have forecast 21 boats delivered for 2009 whose contracts are already in the Backlog.

### **Principle consolidated income for the first semester 2008/2009**

The **consolidated sales** of the Group were €12,782 thousand with respect to the €27,170 thousand of the first semester of 2007/2008.

The **EBITDA** was negative for €3,603 thousand, equal to -28.19% of revenue, whilst the **Operating income** was negative for €7,872 thousand.

The **Net Income** was negative for €12,048 thousand.

The **Consolidated Shareholders' Equity** as at February 28, 2008 totaled €23,297 thousand.

The **Net Financial Position** of the Group was negative for €66,705 thousand, of which approximately 38 million of bank debt, an improvement from the approximately 42 million of August 31<sup>st</sup>, 2008.

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### **Approved the new 2009–2012 Industrial Plan, whose primary objective is the return to profitability**

The Board of Directors, has approved a new 2009-2012 Industrial Plan, and a related Financial Plan which allows for the financial balance of the Group .

The review of the Plan consists of the 2009 forecast and the 2010-2012 plan, and taking into account the persistence of the market crisis no growth objectives are set out, but rather profitability objectives which by the end of the plan should return in line with those of the growth years of the Group.

The assumptions which form the base of the Industrial Plan approved in November 2008 remain the same but on a quantitative level they take into consideration the persistence of the market crisis, the consequent negative impact on the number of boats foreseen in delivery during the period covered by the plan, on the estimated income and on the number of workforce units employed.

The guidelines at the base of the Plan approved last November 2008 remain confirmed in the 2009-2012 Industrial Plan whose implementation in the half of reference has already begun.

On a sales policy level, the reorganization measures of the sales structure which were begun during the last accounting period remain valid:

- Improvement of the distribution network in order to extend the borders of the business in an international outlook: *during the half distribution agreements were stipulated in Greece, Poland, Germany, Spain, Benelux countries. After the closing of the six-month period a distribution agreement was defined in Panama.*
- Differentiation of the distribution methods, with the possibility of direct sale to the boat owner in the areas not covered by dealers and through intermediaries: *already in the half under examination the income shows the presence of the direct sale of two vessels to the final client with a margin of recovery.*
- Valorization and promotion of previously owned boats of the Aicon brand in support of the sale of those vessels traded in, thus eliminating a barrier to the purchase of new boats and at the same time safeguarding the pricing of the used boats: *during the period the Aicon Next project was initiated which, after the close of the half saw the sale of a number of units by operators who had used boats in stock.*
- Improvement of client service within an outlook of maintaining a solid consumer base: *during the half the After Sales Area was reorganized, in order to concentrate any after sales interventions outside the shipyards in the surrounding areas, with a significant recovery of effectiveness. The assignment of a Yacht Personal Tutor to each boat owner who will monitor the entire life of the vessel was also organized.*



The following table shows some of the economic-financial indicators relative to the four-year period object of the Industrial Plan:

|                            | HISTORICAL DATA<br>2006/07 | HISTORICAL DATA<br>2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
|----------------------------|----------------------------|----------------------------|---------|---------|---------|---------|
| <b>PRODUCTION VALUE</b>    | 100%                       | 100%                       | 100%    | 100%    | 100%    | 100%    |
| <b>CONTRIBUTION MARGIN</b> | 38%                        | 22%                        | 47%     | 46%     | 42%     | 46%     |
| <b>INDUSTRIAL MARGIN</b>   | 34%                        | 13%                        | 32%     | 35%     | 33 %    | 38%     |
| <b>EBITA</b>               | 24%                        | -10%                       | 2%      | 18%     | 18 %    | 25%     |

With regards to the 2009 forecast in terms of income, it is based on the delivery plan foreseen by the backlog.

As regards the 2010, 2011, 2012 budgets, starting from the 2009 forecast, the number of boats to be sold grows by only a few units, with a decisive movement towards the megayacht segment which brings to an increase in income more than proportional with respect to that of the boats sold. It is appropriate to note that in terms of the number of boats foreseen by the Plan, the 2010-2012 Plan is extremely prudent.

The 2009-2012 Industrial Plan foresees an expansion of the range through the launch of a total of 6 new models with respect to the 8 foreseen in the Plan approved last November 2008. The development of the range and the positioning in terms of importance of the single segments (motor yachts vs. megayacht) remains confirmed.

The Directors believe to have assumed an attitude oriented towards the utmost prudence against an attentive internal analysis as well as an analysis of the possibilities offered by the scenario of the present market.

In support of the Industrial Plan a Financial Plan has been foreseen, drawn up with the assistance of the Financial Advisor "Vitale and Associates S.p.A.", which pursues the objective of the turnaround of indebtedness and the rebalancing of the financial situation through:

- Refinancing of mid-long term debt
- Consolidation of the part of short-term debt
- Injection of new capital by the banks and by the majority shareholder, in order to reduce the existing financial tension
- Maintenance of the company net worth

The advisor is assisting the Group in the negotiations with the Banking institutes and has drawn up a report regarding the state of the negotiations with the same, in which it is to be noted that they have expressed an availability to negotiate the redefinition of the indebtedness presented to them by the Company.

The financial structure in support of the Industrial Plan, will be subsequently perfected and will include the definition of all the terms and the conditions relative to the indebtedness recovery plan. Finally, the Company resolves to nominate an expert for the asseveration of the abovementioned plan pursuant to article 67, R.D. March 16, 1942 n. 267 and subsequent modifications and integrations.

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#### **Resignation of the director Mario Lugli**

Aicon announces that, today the independent director att. Mario Lugli has submitted his resignation as one of the directors of Aicon S.p.A. due to other corporate appointments. Yesterday in fact, Attorney Lugli was nominated President of Italease Network S.p.A. and Vice President of the Banca Mercantile S.p.A. The decision to submit his resignation from the Company was motivated by the desire to avoid any situation which could in any way undermine his



position of independent director, deriving from the nature of the appointments just accepted, in particular that of Banca Mercantile S.p.A.

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### **Review of the organizational and management model ex. D.lgs.231/2001 and reestablishment of the Regulatory Body**

The Board of Directors has seen to the review of the Organizational and Management Model ex d.lgs. 231/2001 in order to include the risks foreseen in the articles 24 bis (computer crimes); 25 septies (intentional homicide, and unpremeditated, grievous and very grievous bodily harm), and 25 octies (receiving stolen goods, money laundering and use of monies, goods, or other profits deriving from illegal activity).

In addition, the Regulatory Body has been reestablished as foreseen in the Model in the person of the Director of Internal Audit and of two external members, of which one is an expert on the subject of safety and the environment, and the second a criminal attorney holding the position of Chairman of the body.

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### **Publication of the six-month report on the web site [www.aicongroup.com](http://www.aicongroup.com)**

As of today the new site [www.aicongroup.com](http://www.aicongroup.com) is operative on-line, exclusively dedicated to the Group and to its institutional aspects. The six-month report as of February 28, 2009, the present report, and all the information inherent to the corporate aspects of the company are as of today available on the present internet site.

The site, [www.aiconyachts.com](http://www.aiconyachts.com) and the site [www.morganyachts.com](http://www.morganyachts.com), are instead dedicated to the two Aicon Group brands.

*The executive in charge of the drafting of the company accounting documents, Antonino Ullo, declares pursuant to subsection 2 of article 154-bis of the Testo Unico of the Finanza, that the accounting information contained in the present report corresponds to the documented results of the books and of the accounting records.*

#### **Aicon Group**

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## Aicon Group Consolidated Results– Balance Sheet Assets

| (THOUSANDS OF EURO)            | NOTE | 28-Feb-09      | 31-Aug-08      | 29-Feb-08      |
|--------------------------------|------|----------------|----------------|----------------|
| Property, plant and equipment  | 1    | 29.751         | 30.080         | 31.677         |
| Intangible assets              | 2    | 10.657         | 11.573         | 11.639         |
| Financial assets               | 3    | 28             | 28             | 8              |
| Stake in associated companies  | 4    | 312            | 312            | 312            |
| Financial assets at fair value | 5    | 0              | 67             | 15             |
| Deferred tax assets            | 6    | 4.989          | 8.021          | 2.930          |
| Other non-current assets       | 7    | 836            | 314            | 448            |
| <b>Non-current assets</b>      |      | <b>46.573</b>  | <b>50.394</b>  | <b>47.029</b>  |
| Inventory                      | 8    | 43.233         | 45.418         | 59.135         |
| Contract work in progress      | 8    | 3.178          | 4.208          | 10.751         |
| Trade receivables              | 9    | 25.714         | 29.860         | 49.414         |
| Financial assets at fair value | 5    | 0              | 0              | 3              |
| Other current assets           | 10   | 18.053         | 20.546         | 9.072          |
| Tax receivables                | 11   | 163            | 676            | 10.899         |
| Cash and cash equivalents      | 12   | 2.522          | 4.590          | 2.592          |
| <b>Current assets</b>          |      | <b>92.862</b>  | <b>105.298</b> | <b>141.866</b> |
| <b>TOTAL ASSETS</b>            |      | <b>139.435</b> | <b>155.693</b> | <b>188.895</b> |



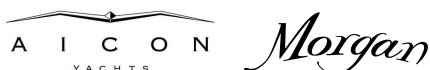
## Aicon Group Consolidated Results– Shareholders' Equity and Liabilities

| (THOUSANDS OF EURO)                     | NOTE | 28-Feb-09      | 31-Aug-08      | 29-Feb-08      |
|---|------|----------------|----------------|----------------|
| Share capital                           | 13   | 2.180          | 2.180          | 2.180          |
| Reserves                                | 13   | 34.003         | 33.791         | 35.533         |
| Retained earnings                       | 13   | (12.885)       | (969)          | 14.428         |
| <b>Total Group Shareholders' Equity</b> |      | <b>23.297</b>  | <b>35.002</b>  | <b>52.141</b>  |
| Third party shareholders' equity        | 13   | 0              | 0              | 60             |
| <b>Shareholders' equity</b>             |      | <b>23.297</b>  | <b>35.002</b>  | <b>52.201</b>  |
| Financial liabilities                   | 14   | 23.951         | 19.763         | 16.788         |
| Employee benefits                       | 15   | 677            | 731            | 752            |
| Deferred tax liabilities                | 6    | 1.680          | 2.592          | 2.415          |
| Provisions for risks and charges        | 16   | 3.796          | 3.312          | 2.169          |
| Other non-current liabilities           | 17   | 4.496          | 5.402          | 6.649          |
| <b>Non-current liabilities</b>          |      | <b>34.599</b>  | <b>31.800</b>  | <b>28.773</b>  |
| Trade payables                          | 18   | 26.272         | 33.908         | 54.563         |
| Financial liabilities                   | 14   | 45.275         | 46.753         | 41.646         |
| Other current liabilities               | 19   | 6.842          | 4.949          | 5.594          |
| Tax payables                            | 20   | 3.148          | 3.282          | 6.119          |
| <b>Current liabilities</b>              |      | <b>81.538</b>  | <b>88.891</b>  | <b>107.921</b> |
| <b>TOTAL LIABILITIES</b>                |      | <b>139.435</b> | <b>155.693</b> | <b>188.895</b> |



## Aicon Group Consolidated Results – Income Statement

| (THOUSANDS OF EURO)   | 28-Feb-09       | 29-Feb-08      |
|---|-----------------|----------------|
| Net sales   | 12.782          | 27.170         |
| Other income and revenues   | 1.877           | 1.637          |
| Changes in inventories of work in progress, semi-finished and finished products | (2.180)         | 20.975         |
| Costs of raw materials, consumables and goods                                   | (3.727)         | (27.119)       |
| Costs of services   | (5.857)         | (18.069)       |
| Rental and leasing costs  | (334)           | (856)          |
| Personnel costs   | (7.223)         | (7.330)        |
| Other operating costs   | (499)           | (1.785)        |
| Capitalization of internal costs  | 1.443           | 5.254          |
| Depreciation and impairments  | (4.154)         | (4.284)        |
| <b>Operating income</b>   | <b>(7.872)</b>  | <b>(4.408)</b> |
| Financial income  | 673             | 79             |
| Financial expenses  | (2.358)         | (2.677)        |
| <b>Net income before income tax expense</b>                                     | <b>(9.557)</b>  | <b>(7.005)</b> |
| Current, deferred and advance expenses  | (2.491)         | 1.268          |
| <b>Income of the period</b>   | <b>(12.048)</b> | <b>(5.737)</b> |
| Income from associated third parties  |                 | 40             |
| <b>Group net income for the year</b>  | <b>(12.048)</b> | <b>(5.777)</b> |
| Net income for the period   | (12.048)        | (5.777)        |
| Number of ordinary shares (units)   | 109.000.000     | 109.000.000    |
| Income per share-base and diluted (in Euro)                                     | (0,111)         | (0,053)        |



## Aicon Group Cash Flow Statement

| (THOUSANDS OF EURO)   | 28-Feb-09      | 31-Aug-08       | 28-Feb-08       |
|---|----------------|-----------------|-----------------|
| Net income loss   | (12.048)       | (23.138)        | (5.737)         |
| Depreciation and amortization                                   | 3.540          | 8.596           | 4.284           |
| Financial income  | (673)          | (224)           | (79)            |
| Financial expenses  | 2.276          | 4.982           | 2.413           |
| Write-down of inventories and impairments of assets             | 115            | 5.391           | 0               |
| Accruals to stock option plan and employee benefit liability    | 57             | 228             | 5               |
| Changes in provisions for risks and charges and tax provisions  | 2.470          | (8.013)         | (2.131)         |
| Decrease/Increase in trade receivables                          | 4.032          | 26.966          | 9.812           |
| Decrease /Increase in other receivables                         | 2.895          | (6.395)         | (4.268)         |
| Decrease/Increase in inventories and work in progress           | 3.215          | (2.362)         | (22.622)        |
| Increase in trade payables and advances to suppliers            | (7.635)        | (11.945)        | 8.710           |
| Increase/Decrease in other payables                             | 987            | (2.208)         | 410             |
| Utilization of stock option plan and employee benefit liability | (111)          | (213)           | 29              |
| <b>Net cash provided by (used for) operating activities</b>     | <b>(880)</b>   | <b>(8.336)</b>  | <b>(9.176)</b>  |
| Disinvestments/Investments in other companies                   | 0              | (20)            | 0               |
| Investment in property, plant and equipment                     | (1.325)        | (6.455)         | (4.751)         |
| Investment in intangible assets                                 | (971)          | (10.507)        | (6.571)         |
| <b>Net cash used in investing activities</b>                    | <b>(2.296)</b> | <b>(16.983)</b> | <b>(11.322)</b> |
| Proceeds from borrowings  | 1.107          | 23.360          | 17.704          |
| Repayment of borrowings   |                |                 | 0               |
| Changes in shareholders' equity                                 | 0              | 0               | (1.163)         |
| <b>Net cash provided by financing activities</b>                | <b>1.107</b>   | <b>23.360</b>   | <b>16.541</b>   |
| Net increase in cash and cash equivalents                       | (2.068)        | (1.958)         | (3.957)         |
| Cash and cash equivalents at the beginning of the period        | 4.590          | 6.549           | 6.549           |
| <b>Cash and cash equivalents at the end of the period</b>       | <b>2.522</b>   | <b>4.590</b>    | <b>2.592</b>    |

