INTESA SANPAOLO

Equity

MID CORPORATE

Next Geosolutions Europe

Turbines at Full Capacity for Offshore Expansion

We initiate coverage of Next Geosolutions Europe (NextGeo or NG) with a BUY rating and a EUR 10.1 target price. NextGeo is among the leading European marine geo-data specialists, providing marine geoscience surveying and offshore construction support services for primary project developers in the energy field (offshore wind farms and submarine power cable/interconnectors). Its expertise in seabed survey activities, an asset-light structure, a strong track record in developed projects and an important recurring client base means that NG is well placed, in our view, to capture the strong expected growth ahead in the renewable energy sector.

Flexibility and expertise drive high margins

NextGeo owns highly specialised vessels and rents a fleet of equipped vessels on a pay-per-use base from its parent company Marnavi. This implies a leaner cost structure vs. its competitors and a more efficient project management. Its project execution flexibility, expertise in seabed survey activities and innovative, specialised equipment instruments have translated into a well consolidated client base and a strong negotiation power on project requirements (including pricing).

Riding the wave of Renewable Energy

The offshore wind renewable energy sector is expected to grow substantially in the coming years backed by regulatory and political support: in 2023-30, global offshore cumulative installed capacity is seen more than quadrupling in Europe. Strong investments in seabed surveys will be required prior to capacity installation and maintenance services will be needed over the lifetime of Offshore Wind Farms (OWF). The OWF cable installation market is expected to grow at a 32% CAGR in 2023/2028 (source: Frost&Sullivan).

An asset light business model to support growth ambitions

Sales more than doubled yoy in FY23 as NG's effective commercial efforts spurred an increase in the number (and scale) of the projects awarded. We see the size of projects expanding in the coming years and we expect NG to maintain its high level of profitability (FY23A 23.8% EBIT margin). Our 24.2% and 24.6% FY23/FY26E top-line and EBIT CAGRs are backed by the strong expected sector demand and the flexible business model. To satisfy the growing demand, NextGeo plans to further reinforce its vessel fleet (to be largely self-financed), while keeping its business model flexible, thanks to Marnavi's vessel availability.

Valuation

We value NextGeo on a DCF model (WACC 10%, g=2%) and peers' comparison. We assign a 50% weighting to the DCF model and a 50% weighting to the relative valuation. We initiate coverage on NextGeo with a EUR 10.1 target price and a BUY rating.

Next Geosolutions Europe – Key data

Y/E Dec (EUR M)	2022A	2023A	2024E	2025E	2026E
Revenues	67.22	148.6	203.8	235.5	285.0
EBITDA	10.64	40.49	53.09	62.50	76.46
EBIT	8.38	35.34	48.29	56.15	68.36
Net income	7.36	29.18	41.22	48.07	58.72
Adj. EPS (EUR)	0	0.61	0.86	1.00	1.22
Net debt/-cash	19.40	9.93	-73.25	-81.49	-115.2
Adj P/E (x)	NA	NA	8.0	6.8	5.6
EV/EBITDA (x)	NA	NA	4.8	4.0	2.8
EV/EBIT (x)	NA	NA	5.3	4.4	3.1
Div ord yield (%)	NA	NA	0	0	0
FCF Yield (%)	NA	NA	8.1	2.7	10.5

Source: Company data and Intesa Sanpaolo Research estimates. Priced at 27/06/2024

1 July 2024: 7:22 CET
Date and time of production

BUY

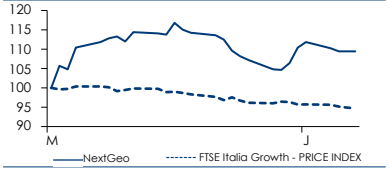
Target Price: EUR 10.1

Italy/Engineering & Machinery
Initiation of Coverage

EGM

Next Geosolutions Europe - Key Data	
Price date (market close)	**27/06/2024**
Target price (€)	10.1
Target upside (%)	47.71
Market price (€)	6.84
Market cap (EUR M)	328.32
52Wk range (€)	NA/NA

Price Perf. (RIC: NXT.MI **, BB:** NXT IM**)**



Source: FactSet and Intesa Sanpaolo Research estimates

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See page 50 for full disclosure and analyst certification
Intesa Sanpaolo is Specialist to Next Geosolutions Europe

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NextGeo at a Glance

NextGeo is among the leading European players in terms of revenues[1] in geo-data gathering and analysis and offshore construction support services, providing high quality, flexible solutions. The group is characterised by an asset light approach. Managing a fleet of owned and rented vessels, it can leverage on in-house technical resources, including an extensive inventory of extremely specialised and innovative equipment instruments.

Key data charts

NextGeo - Activity through a Marine Project Lifecycle

4) In 2022-2023 projects; Source: Company data

NextGeo – OWF expected growth

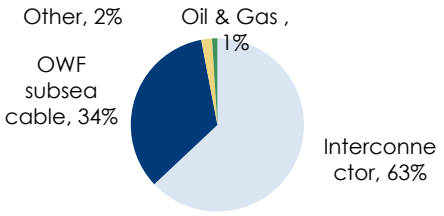
Source: Company elaboration on 4C Offshore data

NextGeo - Owned fleet and equipment

Vessels	MPSV NG WORKER NG DRILLER NG COASTAL
Geotechnical survey	**1x** Seabed CPT Neptune 5000
Geophysical survey	**4x** SUB Bottom Profiler Innomar
Geophysical & UXO survey	**8x** Multi Beam Echo Sounder
Geophysical & UXO survey	**4x** Side Scan Sonar
Remotely Operated Vehicle (ROV)	**2x** ROV Schilling HD WorkClass **1x** HSS-ROV Superior **1x** ROTV MacArtney Focus 2-Extended **3x** ROTV Katria Scanfish

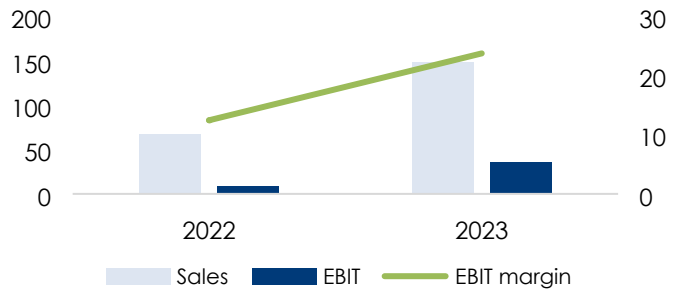
Source: Company data

NextGeo – Revenues by end market FY23: 86% on renewable



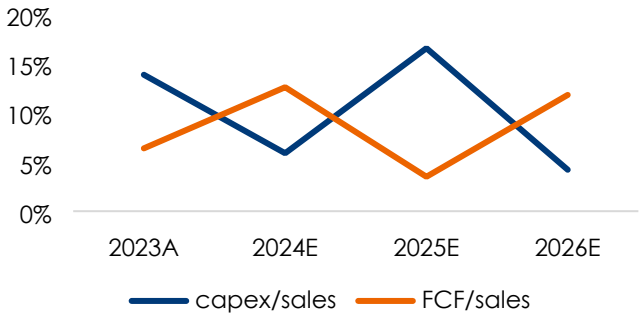
Source: Company data

NextGeo – Sales EBIT margin



Source: Company data

NextGeo – FCF/capex %



Source: Intesa Sanpaolo estimates

[1] See the section Competitive Positioning of the report and NextGeo - Main competitors chart

Investment Case

NextGeo is among the leading European marine geo-data specialists[2], providing marine geoscience surveying and offshore construction support services to primary project developers (Offshore Wind Farm OWF and submarine power cables/interconnectors) in the energy field.

A play on the renewable sector…

The offshore wind renewable energy sector is expected to grow substantially in the coming years (source: Frost&Sullivan, Bloomberg BNEF) backed by regulatory and political support: in the 2023-30 period, global offshore cumulative installed capacity is seen more than quadrupling in Europe. Strong investments in seabed surveys will be required before capacity installation, and maintenance services will be needed over the lifetime of Offshore Wind Farms (OWF), both fixed and floating. The OWF cable installation market is expected to grow at a 32% CAGR in 2023/28 and NextGeo has a potential addressable market of around EUR 7Bn. The potential addressable market in the drilling segment for floating OWF is EUR 1.5Bn. The overall opex market for Assets in Service (maintenance) for offshore wind farms is estimated at EUR 83Bn in 2024-41; NextGeo addressable market is EUR 21.9Bn and has an 86% revenues exposure to renewable energy.

…including subsea interconnector cables

NextGeo is a consolidated player in Europe in the subsea interconnector cable sector, whose growth is aimed at increasing energy security, stability, and flexibility in the European Power System. The addressable market for NG in this sector is EUR 3.3Bn, including opex services, it could reach EUR 5Bn (company data). We assume double-digit growth in the coming years for the subsea cable interconnector sector based on BBG consensus for major players.

Some distinguishing characteristics…

NG owns 3 vessels (o/w 2 highly specialised offshore vessels) and rents a fleet of standardised vessels, supplied at market conditions by the parent company Marnavi. Through a framework agreement for a 10+10 years rental contract envisaging a right of first refusal, Marnavi's vessels are immediately available and fully equipped. Rents are on a pay per use base. Already mobilised and equipped vessels and pay per use rents lead to a more flexible cost structure and efficient project management. Differently from other players it can leverage on the availability of multiple vessels employed simultaneously on a single project. It owns very specialised and innovative instruments.

…and strong relations with customers

NG has established long-standing relationships with large-sized customers both interconnectors and TSO/developers. Some big orders in the past, mainly in the interconnector business, were awarded in a bid-to-bid assignment, giving the company room to better negotiate on project requirements (including pricing) and providing good visibility on the order backlog. Moreover, NG's strategy to also offer Assets in Service activities (maintenance services over the lifetime of the plant) should further strengthen its relationships with clients.

An asset light business model to support growth ambitions

Sales more than doubled yoy in FY23 thanks to the effective commercial efforts, which led to a higher number (and increased scale) of the projects awarded. We expect the size of projects to grow in the coming years and we think NextGeo should be able to keep profitability at high levels (a 23.8% EBIT margin in FY23), thanks to its asset light model and high project management flexibility. NextGeo generated EUR 30M operating cash flow in FY23 and invested EUR 20.5M (or 13.8% of total revenues) to increase production capacity to respond to business growth (source: company data). To satisfy the growing demand, NextGeo plans to reinforce its vessel fleet (almost fully self-financed), while keeping an asset light business model and leveraging on Marnavi's vessel availability.

[2] See the section Competitive Positioning of the report and NextGeo - Main Competitors chart

Key Risks

Customer concentration and keeping pace technologically

NextGeo has an important recurring customer base to which it provides geoscience surveying and offshore construction support projects of increasing scale. We see reputational risk if NextGeo is unable to fully satisfy its customers' requests failing to win important, large scale projects going forward. Moreover, it needs to stay fully up to date on the latest technologies, promptly adapting its service to technological changes as well attract and retain highly-specialised personnel.

Competition

NextGeo operates in a highly competitive market. Competitors could have technological advantages and/or enter into exclusive relationships with NextGeo's existing or potential customers. Consolidation among competitors could intensify (there are currently still many small privately owned players) and/or new entrants could enter the sector (Asian players for example).

Transactions with related parties: Marnavi

NextGeo has ongoing transactions with related parties: it leases vessels from Marnavi and Marnavi has a 20% ownership in a highly-specialised vessel (NG Worker) used by NextGeo in its geophysical and geotechnical surveys. Related party transactions could pose some risks to minority shareholders, especially in the absence of governance regulating a potential change of control by Marnavi.

Challenges in Offshore Wind Farms (OWF) expansion

A mix of challenges could curb the sector's and project developers' growth: slow and complex permitting; lack of access to raw materials, high inflation and commodity prices; unsupportive design of national tenders; increased pressure from international competitors; risks on availability of skilled workforce. Moreover, additional manufacturing capacity will be required, as well as adequate port infrastructures and offshore fleet to install OWF. Some project developers have frozen or even cancelled their projects due to supply chain issues and costs inflation. Wind turbine OEMs, floating platform manufacturers, project developers, and governments are needed to cooperate to reduce costs and launch more projects.

Other sources of energy could compete with renewable energy

There is currently strong support from the EU and individual governments in renewable energy investments. However, there is the risk that, should political and market trends change, investment efforts could be diluted or allocated to different energy sources, such as nuclear energy, solid fossil fuels, etc. Other forms of energy could also compete with wind power.

Project suspension/order backlog risk

The backlog value forms the basis of the expected revenues. However, some projects could be subject to changes in the timing of implementation or even to cancellation. This could reflect delays in customers obtaining the necessary permits from the local authorities or contractual clauses that allow, among other, the early termination of the project.

Execution risk in Assets in Service

One of NextGeo's strategic pillars is to enter the IMR (Inspection Maintenance Repair)/Asset in Services business. While we believe that this is a positive move from different standpoints (i.e. backlog secured for longer, strengthened relationships with clients), we believe that the execution risk is higher than the traditional survey operations.

Valuation

We value NextGeo on the basis of a DCF model and peers' comparison. We set a 50% weighting to our DCF model and a 50% weighting to the relative valuation.

NetxGeo – Valuation summary OK

EUR/sh	Valuation	Weighting %
DCF	9.5	50
Relative valuation	10.7	50
Fair Value	**10.1**	
Current price	6.84	
Potential upside %	47.7	

Source: Intesa Sanpaolo Research estimates

NetxGeo – Implicit multiples at our EUR 10.1 fair value OK

x	2024E	2025E	2026E
P/E	11.8	10.1	8.3
EV/EBITDA	9.3	7.9	6.5
EV/EBIT	10.3	8.8	7.3
EV/Sales	2.4	2.1	1.7

Source: Intesa Sanpaolo Research estimates

DCF model

Our key DCF assumptions are reported below together with our WACC calculation:

- For the WACC calculation, we use a risk-free rate of 3.75%, a risk premium of 6.5%; Beta of 0.96x; the company is almost debt free (100% Ke in our assumptions);
- We incorporate our 2024-26E explicit forecasts; we assume 2027-29E sales at an 8% CAGR, followed by a gradual decrease to a 2% LT growth; the EBITDA margin is well above 23% in the DCF horizon; capex of c. 5% of sales except for 2027E when we expect a peak in investments (a new vessel). We use a normalised tax rate at 27.5% from FY27E onwards.

NextGeo - WACC calculation (%)

Risk-free fate	3.8
Beta (x)*	1.0
Market risk premium	6.5
Cost of Equity	10.0
Ke	100.0
WACC	10.0

* ISP elaborations on company peers; Source: Intesa Sanpaolo Research estimates

NextGeo - DCF summary

	EUR M	(% weighting)
Sum of PV 2024-32 FCF	181.2	39
Terminal value	284.4	61
Total Enterprise value	**465.8**	
- Minorities	-0.1	
- Pension Provision	-1.4	
- Net debt (+ cash) YE23A	-9.9	
Total Equity value	**454.4**	
Fully diluted number of shares (M) ex treasury	48	
Fair value per share (EUR)	**9.5**	

Source: Intesa Sanpaolo Research estimates

NextGeo - DCF calculation

EUR M	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E	Norm.year
Sales	203.8	235.5	285.0	307.8	332.5	359.1	377.0	388.3	396.1	404.0
EBITDA	53.1	62.5	76.5	77.0	83.1	89.8	86.7	89.3	87.1	88.9
Depreciation & other provisions	4.8	6.4	8.1	8.0	10.0	10.8	11.3	11.6	11.9	10.1
EBIT	48.3	56.1	68.4	69.0	73.1	79.0	75.4	77.7	75.3	78.8
Taxes	-6.1	-7.1	-8.6	-19.0	-20.1	-21.7	-20.7	-21.4	-20.7	-21.7
Normative tax rate %	12.8	12.8	12.8	27.5	27.5	27.5	27.5	27.5	27.5	27.5
NOPLAT	42.2	49.1	59.7	50.0	53.0	57.3	54.7	56.3	54.6	57.1
Gross Operating Cash Flow	47.0	55.4	67.8	58.0	63.0	68.0	66.0	68.0	66.4	67.2
Capex	-12.0	-39.0	-12.0	-35.0	-16.6	-18.0	-18.9	-19.4	-11.9	-10.1
Change in Net Working Capital	-9.1	-7.8	-21.9	-9.9	-10.1	-8.3	-6.4	-6.0	-5.3	-2.0
Cash Flow to be discounted	**25.9**	**8.7**	**33.9**	**13.1**	**36.3**	**41.8**	**40.7**	**42.5**	**49.3**	**55.1**

Source: Intesa Sanpaolo Research estimates

Below we shown the sensitivity of our fair value to WACC and terminal growth rate:

NextGeo - DCF valuation: WACC and g

WACC %	Perpetual growth rate (g, %)				
	1.0	1.5	2.0	2.5	3.0
9.0	485.2	507.3	532.6	561.8	595.8
9.5	450.7	469.5	490.8	515.1	543.2
10.0	420.3	436.3	**454.4**	474.9	498.3
10.5	393.3	407.1	422.5	439.9	459.6
11.0	369.2	381.1	394.4	409.3	426.0

Source: Intesa Sanpaolo Research estimates

Multiples' analysis

We select three peers, characterised by a similar business model to NG but a slightly different end market positioning. While NG is currently almost fully exposed (99% of revenues) to the renewable/subsea cable and interconnector cables sectors, its peers are also exposed to the oil & gas sector. Some peers own many more operative assets (vessels fleet) than NG that has an asset light business model.

NextGeo - Peers multiples comparison

		Mkt Cap		EV/Sales			EV/EBITDA			EV/EBIT			P/E		
x	Country	(EUR)	Price (EUR)	2024	2025	2026	2024	2025	2026	2024	2025	2026	2024	2025	2026
Fugro	Netherlands	2,563.0	22.6	1.1	1.0	1.0	6.0	5.3	4.8	9.2	8.2	7.3	11.3	9.9	8.8
DOF Group	Norway	1,475.2	8.4	1.9	1.8	1.8	5.3	4.7	4.3	7.9	6.5	5.9	8.5	6.0	5.1
Reach Subsea	Norway	192.5	0.7	1.5	1.4	1.3	3.5	3.0	2.7	9.4	7.6	6.0	10.2	6.8	5.2
Peers average				**1.5**	**1.4**	**1.3**	**4.9**	**4.3**	**3.9**	**8.9**	**7.4**	**6.4**	**10.0**	**7.6**	**6.4**
Peers median				1.5	1.4	1.3	5.3	4.7	4.3	9.2	7.6	6.0	10.2	6.8	5.2
NextGeo	Italy	**328.32**	**6.84**	1.3	1.0	0.7	4.8	4.0	2.8	5.3	4.4	3.1	8.0	6.8	5.6
Prem./-disc. vs. peers avg. %				**-17.9**	**-26.1**	**-44.1**	**-2.3**	**-9.0**	**-29.2**	**-40.3**	**-40.9**	**-51.2**	**-20.4**	**-9.9**	**-12.0**
Prem./-dis. vs. peers median %				-16.6	-24.2	-41.7	-9.6	-15.2	-35.1	-42.6	-42.0	-48.2	-21.9	0.1	8.3

Priced at market close of 27/06/2024; Source: FactSet

NextGeo - Peers growth and profitability comparison

	2023A/26E CAGR (%)		EBIT margin (%)			YTD stock performance (%)
Company	Revenues	EBIT	2024	2025	2026	
Fugro	9.0	13.8	12.4	12.8	13.2	30.2
DOF Group	7.6	8.2	24.4	27.9	30.2	65.2
Reach Subsea	14.1	25.5	16.0	18.3	21.3	76.6
NextGeo*	**24.2**	**24.6**	**23.7**	**23.8**	**24.0**	**9.4**

Data as at 27/06/2024; E: estimates; Source: FactSet and *Intesa Sanpaolo Research. Note: stock performance since 22/05/2024

We note that in our estimates NextGeo shows stronger expected growth rates vs. its peers. Its EBIT margin is only below that of DOF, which has a strong exposure to the oil and gas sector. We use EV/EBIT as the reference multiple given peers' high amount of D&A.

NextGeo - Multiples valuation

EUR M	2024E	2025E	2026E	Average
EV/EBIT - Peers average (x)	8.9	7.4	6.4	
EBIT	48.3	56.1	68.4	
Implied EV	427.4	417.6	437.2	
Debt/(-Cash)	-73.3	-81.5	-115.2	
Pension liabilities	-1.6	-1.8	-2.0	
Equity value	**499.1**	**497.3**	**550.3**	**515.6**
Value per share (EUR)	**10.4**	**10.4**	**11.5**	**10.7**

Source: Intesa Sanpaolo Research estimates

Shareholders Structure

NextGeo – Shareholders structure

Shareholder	N. ordinary shares	N. multiple vote shares	% of Ordinary Shares	% of the share capital	% of voting rights
Marnavi S.p.A.	23,750,000	1,500,000	51.08%	52.60%	63.01%
Attilio Ievoli	4,750,000		10.22%	9.90%	7.72%
VR Consulting S.r.l.	2,556,000		5.50%	5.33%	4.16%
PM Consulting S.r.l.	2,556,000		5.50%	5.33%	4.16%
FG Consulting S.r.l.	2,556,000		5.50%	5.33%	4.16%
SMARTVSL Geosolutions S.r.l.	1,760,000		3.78%	3.67%	2.86%
Dynamic Europe S.r.l.	1,132,000		2.43%	2.36%	1.84%
Market	**7,440,000**		**16.00%**	**15.50%**	**12.10%**
Total shares	**48,000,000**	**1,500,000**	**100.00%**	**100.00%**	**100.00%**

Source: Company data

NextGeo was listed on the Euronext Growth Milan market on 22 May 2024, at EUR 6.25/sh. Free float is 16%. IPO proceeds amounted to EUR 57.5M and included the full exercise of the Greenshoe.

Marnavi, Attilio Ievoli, Dynamic Europe (which refers to Attilio Ievoli), VR Consulting (which refers to Giovanni Ranieri, company's CEO), FG Consulting (which refers to Fabio Galeotti, company's Execution Director), PM Consulting (which refers to Giuseppe Maffia, company's CFO), which represented 100% of the shareholders capital pre-listing, and SMARTVSL Geosolutions have a 12-month lock-up on NextGeo's shares, starting from the first day of trading.

We note that out of 5 Board members 2 are Independent. The BoD is due to remain in charge until the Shareholders meeting that will approve the financial statements for 2026.

NextGeo – Board of Directors

Director	Role
Attilio Ievoli	Chairman
Giovanni Ranieri	Director, CEO
Giuseppe Maffia	Director, CFO
Andrea Costantini*	Independent Director
Giorgio Filippi	Independent Director

Source: Company data and Intesa Sanpaolo Research * Smart Capital SpA Chairman

NextGeo at a Glance

A leading marine geo-data specialist in Europe

NextGeo is among the leading European marine geo-data specialists. It provides marine geoscience surveying and offshore construction support services mainly in the Mediterranean and Northern Sea, with headquarters in Italy and subsidiaries in the UK and the Netherlands.

The group (NextGeo and its subsidiaries) is characterised by an asset light approach, managing a fleet of owned and rented vessels (currently 3 and 5, respectively). It can leverage on in-house technical resources, including an extensive inventory of positioning, geophysical, geotechnical, oceanographic, environmental and UXO (unexploded ordnance) survey equipment tools. These instruments are used to gather and analyse data and information related to seabed characteristics, that are provided to clients, which are: i) subsea cable producers/installers (EPCI); ii) OWF (Offshore Wind Farm) developers; or iii) TSO (Transmission System Operators). This helps customers reduce risks during the design, construction and operation of assets.

NextGeo is currently focused on the design and engineering phase (93% of 2022-23 projects), while marginally supporting customers in the concept phase and during installation and construction.

NextGeo – Offshore Development Projects' Lifecycle

4) In 2022-23 projects, Source: Company data

History

2014: laid the foundation of NG…

NextGeo was founded in 2014 and is headquartered in Naples. The company was established as a joint venture between Marnavi (an Italian shipowner) and a close-knit group of experienced executives in the geo-analytics field.

…then expanded its direct presence in Northern Europe (UK, The Netherlands)…

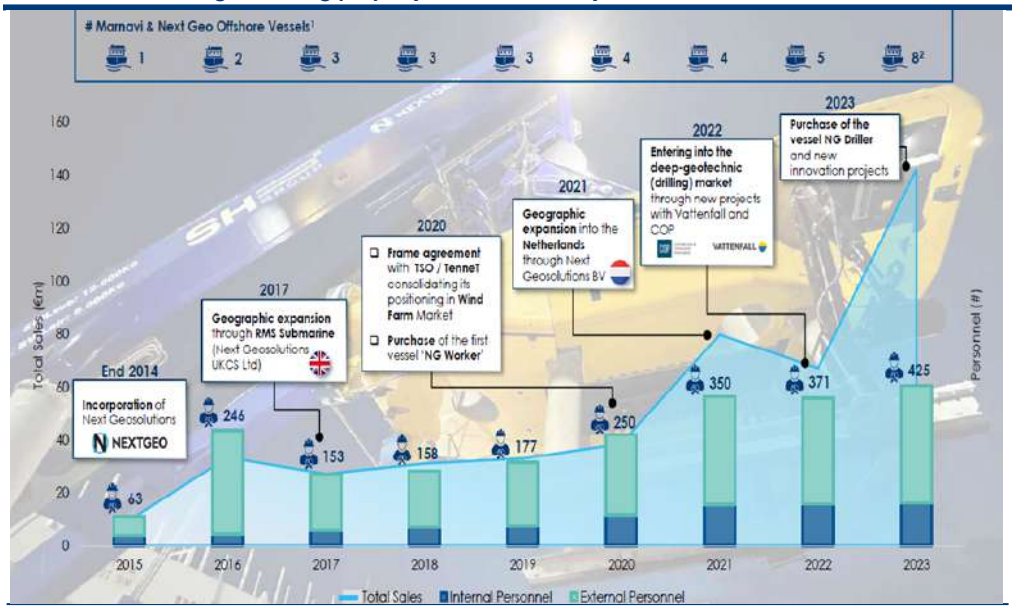
In 2017, to enhance the group's geographical footprint, growth and skills, a second operational base was established in the UK (Norwich) thanks to the acquisition of RMS Submarine Consulting Ltd (now Next Geosolutions UKCS Ltd), that also allowed it to internalise the recruitment process of specialised technical personnel engaged in survey activities, which translated into a more optimised HR management.

…to exploit opportunities in the marine and offshore construction and wind farm development plans

In 2021, NextGeo established a new base in the Netherlands (through an acquisition), with operational location in Ijmuiden, to support a large offshore wind farm development plan in the Eastern sector of the North Sea, developed by TenneT. In the same year, the first investments in proprietary fleet were made (the supply vessel NG Worker).

2022 marked the entry into the deep geotechnic market (i.e. drilling) through projects with Vattenfall and COP, and in 2023 the company invested further in fixed assets purchasing the NG Driller vessel.

NextGeo – Becoming a leading player (EUR 148.6M sales) in 10Y



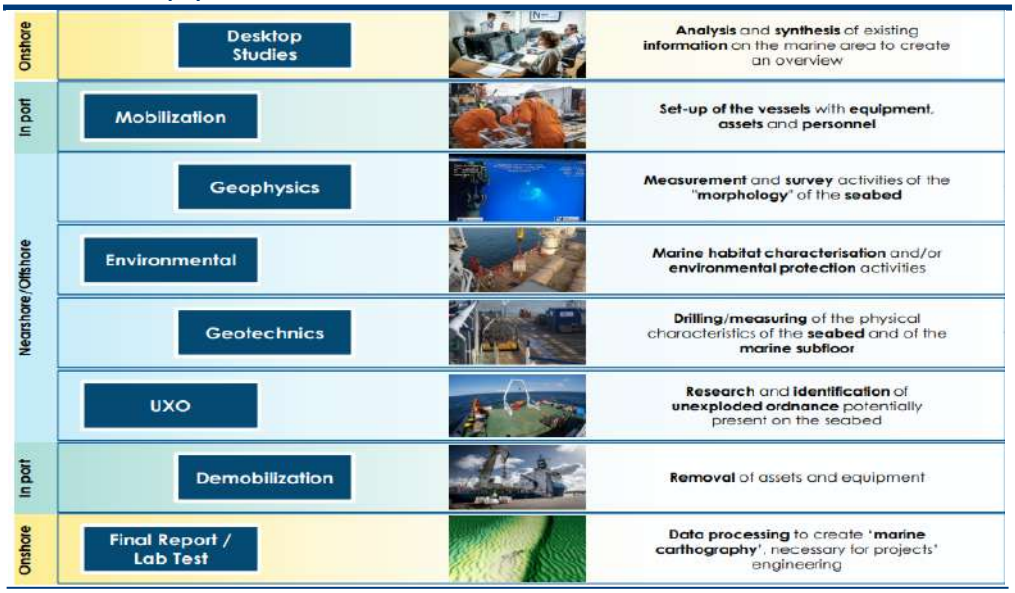
1) Not including vessels rented from external parties; 2) One of them is a nearshore vessel. Source: Company data

The Business Model

NextGeo is today a well-consolidated player in geo-data gathering and analysis providing high quality, flexible solutions. Site characterization studies are at the core of the company's activity and relates to the evaluation of the geological and engineering conditions at a development site. The seabed is mapped, and investigations are carried out to collect data on the composition, characteristics and properties of the soil. After the data has been analysed in laboratories (both on the vessels or onshore), the model is refined as subsequent stages of data collection and analysis are completed; a report is then delivered to the client.

NextGeo can provide services for many years before a windfarm enters operation and aims to extend its operations over the operating lifecycle of the windfarm (opex for its customers for 20/30 years of plant running phase).

NextGeo – Geophysical and Geotechnical activities offered



Source: Company data

Geophysical and geotechnical investigations

Data are gathered using non-invasive (geophysical) or more invasive (geotechnical) methods:

- **Geophysical surveys** envisage the mapping of the surface and subsurface marine soil characteristics using non-invasive techniques (e.g. sound or remote sensing techniques). This provides insight into the composition of the subsurface over a large area, but at a lower resolution and with less insight into the specific soil properties compared to a geotechnical investigation;
- **Geotechnical investigations** result in the determination of subterranean soil characteristics using invasive techniques, such as drilling and sampling. Geotechnical data gathering is particularly useful to determine the high-resolution composition, characteristics, and properties of the soil at the sample location.

Usually, geo-data gathering and analysis represents a small proportion of the overall budget for a given project, (according to the management for NextGeo it is around 5-7%), depending on several factors (such as project location, type, size), but the data collected incorporates a high technical value, is key to the successful implementation of the entire project and mitigates risks associated to these significant investments.

Why are geo-data gathering and analysis needed

Indeed, seabed conditions need to be well known and characterised to ensure the identification of the right locations for the installation of wind turbine foundations, cable routing and the location of associated facilities (e.g. substations). For a given offshore wind project, the reports originated by preliminary geophysical surveys can be used to select the appropriate types of geotechnical investigations which should be undertaken. The accurate characterisation of soil conditions is also necessary to ensure cables are buried to the appropriate depth, and to reduce health and safety risks during installation by guaranteeing that jack-up vessels are deployed in areas where the seabed is sufficiently consolidated to support the load.

Geotechnical analysis accounts for a small proportion of total offshore windfarm development costs but is typically the highest cost portion of the pre-development survey activity undertaken. As such geotechnical costs account for a material proportion of pre-development costs. Conversely, the successful execution of project elements accounting for almost half of windfarm capex are heavily reliant on geo-data. Accurate characterisation of the site using geo-data is therefore an important element in de-risking an offshore wind development project.

NextGeo follows the activities from the collection of data on the marine surface and subsurface, to the analysis of these data and production of detailed reports to help clients reduce the risk over its projects, with a strong focus in the design and engineering phase, as well as providing support to clients in the concept phase and during installation and construction.

- **Concept Phase.** From the initial project idea, NextGeo provides a wide range of integrated desktop studies and survey services to assist in the planning and efficient execution of the following stages. This represents a marginal activity for the company, but is key to ensure customers have all the data and support they need to accomplish their projects safely and effectively;
- **Design & Engineering.** Today, the company is mainly focused on activities within this phase of offshore projects, which represented around 93% of FY22-FY23 projects. In this context, NextGeo offers onshore, nearshore and offshore preliminary survey activities to provide high quality data and technical assistance thanks to combined cutting-edge technology and many years' experience in preliminary survey activities;
- **Installation & Construction.** NextGeo also has experience in offshore construction and installation support by operating its advanced fleet of DP2 vessels and state-of-the-art ROVs and equipment. The company's personnel can assist in all construction and installation phases of its customers' projects, helping them to optimise costs and reduce risks. A marginal part of the company's turnover is generated in this phase, where NextGeo provides activities to optimise costs and reduce risk during this critical phase, such as Surface & Subsea Positioning; Pre-Lay, As-Laid, As-Built Surveys; Route-Site Preparation & Clearance; PLGR & Mattressing; UXO Identification & Clearance; Touch-Down Monitoring;
- **Assets in Service.** This regards activities such as inspection, repair and maintenance by providing real-time monitoring, inspection, intervention, and light remedial works to operating infrastructures currently not provided by NextGeo. These activities can be operated by ROV, ROTV, AUV, ASV or divers operated from MPSV, according to specific project requirements. The company's strategy is to extensively expand its presence in this field in the next few years, in order to capture customers' need to support the asset's longevity while securing a long-term recurring revenue stream (the need for these activities generally covers the entire useful life of a project up to 30 years or more);
- **Decommissioning.** This is a field in which NextGeo does not currently operate. This refers to the provision of activities relating to the decommissioning stage of offshore assets and infrastructures, ensuring full compliance with QHSE policies and environmental responsibilities.

Marine Projects Lifecycle

Source: Company data

The offering phase: tender or bid to bid

Contracts acquisition: tender or bid to bid

The group acquires most of its business through tenders, resulting in contract types, such as framework agreements and multiple year subscription agreements, with terms varying from weeks to years. However, thanks to the long-standing relationships with its customers, the company is now increasingly obtaining new orders via bid to bid, i.e. a joint proposal with customers. This mechanism is mainly put in place for the Interconnector market and regarded around 50% of 2023 business (approx. 40% of backlog of FY23).

Pricing is defined based on the scope of activity of the individual contract (geophysical surveys, geotechnical investigations, UXO, environmental activities). The company defines its offers based on two contract typologies (or a combination of the two):

- **Daily-based offers**, with daily billing. In this case, weather risk or shutdowns due to adverse weather conditions are fully passed onto customers;
- **Lump-sum offers**, i.e. offers which normally include: i) a maximum number of days necessary for the completion of the project, beyond which the additional cost is carried by the customer; or ii) a buffer to cover weather risks (which is estimated based on historical weather statistics collected from specialised sources, but actual weather conditions can differ from expectations), to cover the risk of delays or the increase in days of employment for the completion of the work.

Contracts usually embed a series of clauses:

- A full passthrough clause in the case of unforeseeable events (eg. adverse weather), which is considered as force majeur;
- Usually, medium-long term orders envisage the indexation to inflation as well as specific pass-through clauses against price increases (e.g. fuel price fluctuations);
- As an industry practice, a client representative is on board the ship operating on the project and signs a daily progress report. This serves as a validation that the operational activities have been carried out correctly, thus mitigating the risk of a delay of activities (e.g. risk of repetition of some tasks);
- Advances are rarely received, usually they do not exceed 5-10% of contract value, and are received following the signing of the contract to set up the project.

We also highlight that the company also envisages in its contracts an amount which can be classified as 'extrawork', historically estimated to be between 10% and 20% of the overall project (i.e. activities not envisaged at the signing, arising after some preliminary geo regarding additional activities and optional scopes such as relating UXO). The company occasionally hires sub-contractors to perform geotechnical or geophysical surveys, mainly in the nearshore surfaces located in Northern Europe.

Three Key Components: Vessels, Equipment and People

A fleet of owned and leased vessels allowing flexible, asset-light model

NextGeo owns and operates a pool of assets, ranging from a fleet of owned and leased offshore vessels to a comprehensive inventory of geophysical, geotechnical, oceanographic, environmental and UXO survey equipment, as well as EDM (Electronic Distance Measurement) and positioning instruments, run by qualified, experienced people. NextGeo has access to an extensive fleet of both owned and rented offshore vessels. This allows the company to gain flexibility in projects delivery while maintaining a asset-light model. In particular:

Full control of customised and highly specialised assets

- The **NG Worker** is a DP2 classified multifunctional vessel for geophysical, geotechnical, environmental, UXO, and construction support operations. It was purchased in 2020 and is equipped with a ROV hangar to facilitate sea launch and maintenance, it can accommodate 2 ROVs for simultaneous operations, especially in support of offshore infrastructure installation. Additionally, it features a 50-ton offshore crane with active heave compensation for various marine activities;
- The **NG Driller** was acquired in December 2023 and converted as a 'geotechnical drilling & survey vessel'. It is a highly specialised DP2 vessel dedicated exclusively to the geotechnical field. The onboard drilling rig can reach a combined drilling depth (water and borehole) of 1000 meters, with a maximum water depth capacity of 700 meters. Additionally, the vessel is equipped with an offshore laboratory, allowing geotechnical engineers to directly analyse samples collected from the seabed and process data in real-time, onboard.

NextGeo – Highly Specialised Proprietary Vessels

EUR M		Year Built	Year Acquired	Trial Speed	Owner	Deck Space	DWT	Length	Details	Market Value	Book Value	Acquisition Cost
MPSV NG WORKER	Geophysical & geotechincal survey vessel	2009	2020	12 knots	80% NG 20% Marnavi	630sqm	-	89m	2 ROV simultaneously, 1 Jeave-compensated 50ton offshore crane	31.5	6	7.4
NG DRILLER	Geotechnical survey drilling vessel	2009	2023	12 knots	100% NG	-	4000t	73m	Up to 1000m drilling depth, offshore laboratory	31	22	22*
NG COASTAL	Dredger	-	-	-	-	-	-	-	-	-	-	-

*including conversion costs; Source: Company data

NextGeo - NG Worker

Source: Company data

NextGeo - NG Driller

Source: Company data

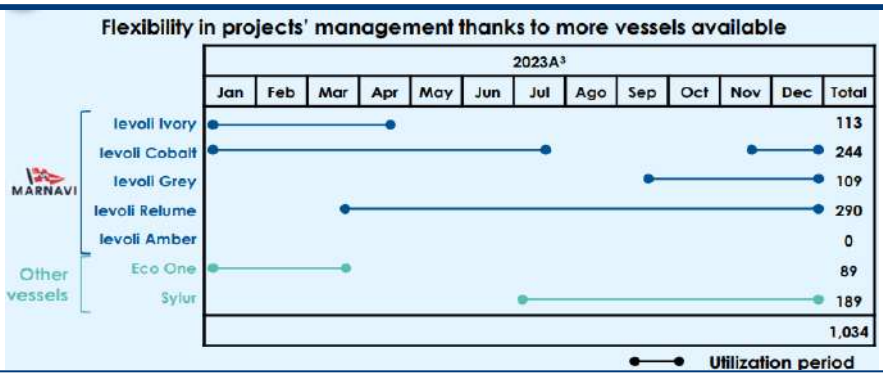
Flexibility thanks a pay-per-use agreement with Marnavi

- **Vessels rented from the parent company Marnavi (usually for standardised assets).** In this respect, NextGeo can benefit from a service agreement with Marnavi (whose formalisation is ongoing) and a 10+10 years rental contract envisaging a right of first refusal. Thanks to this contract, Marnavi guarantees to NextGeo a pre-emption right on the use of the vessels, at equal economic market conditions applied to any other operator and based on a standard international rental agreement Bimco Supply time.

However, this contract differentiates from market standards because of: i) its short-term chartering ('pay-per-use'), allowing NextGeo to use the vessels strictly for the necessary time of employment on the single project (generally, competitors sign multi-year chartering leases which foresee extension options); ii) vessels are already mobilized and equipped with geophysical equipment, which reduces the mobilisation costs.

The chart below shows the Marnavi supply vessels at disposal for NextGeo's rental to collect, process and anayse geo-data, and their usage period (in days) referring to FY23. We calculate that, assuming 365 operating days per vessel, the average usage of the fleet was around 40%.

NextGeo – Utilisation of Marnavi vessels



3) 2023 actual data from management accounts; Source: Company data

NextGeo – MPSV Ievoli Ivory

Source: Company data

NextGeo – OSV Ievoli Cobalt

Source: Company data

NextGeo – MPSV Ievoli Relume

Source: Company data

NextGeo – OSV Ievoli Amber

Source: Company data

NextGeo – OSV Ievoli Grey

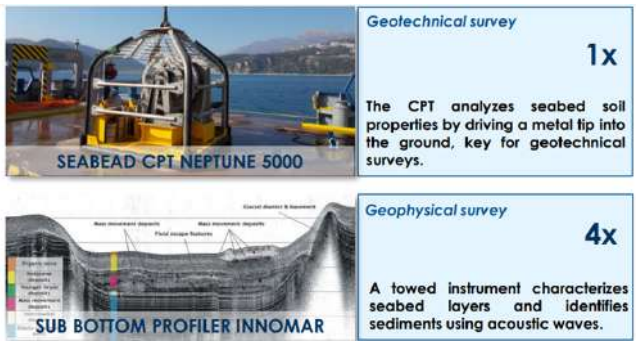
Source: Company data

Additional Marnavi ships could be chartered in the coming years to support growth (e.g. Ievoli Coral, Ievoli Blue, Ievoli Black and Ievoli Amaranth). Today, NextGeo can charter-in 4 AHTS (anchor handler tug and supply vessels), already available in Marnavi's fleet, in addition to further purchases or other smaller vessels for near-shore activities (e.g. Ievoli White and Ievoli Red).

State-of-the-art technical equipment

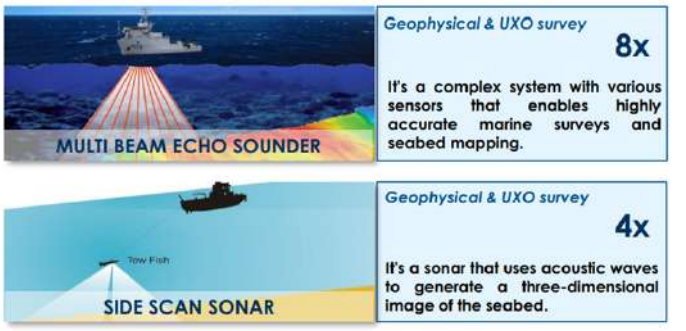
NextGeo also owns and operates a large pool of in-house technical resources, including a comprehensive inventory of positioning, geophysical, geotechnical, oceanographic, environmental and UXO survey equipment.

NextGeo - Technical equipment..



Source: Company data

..including geophysical & UXO tools..



Source: Company data

Assets owned by NextGeo include 6 remotely operated vehicles:

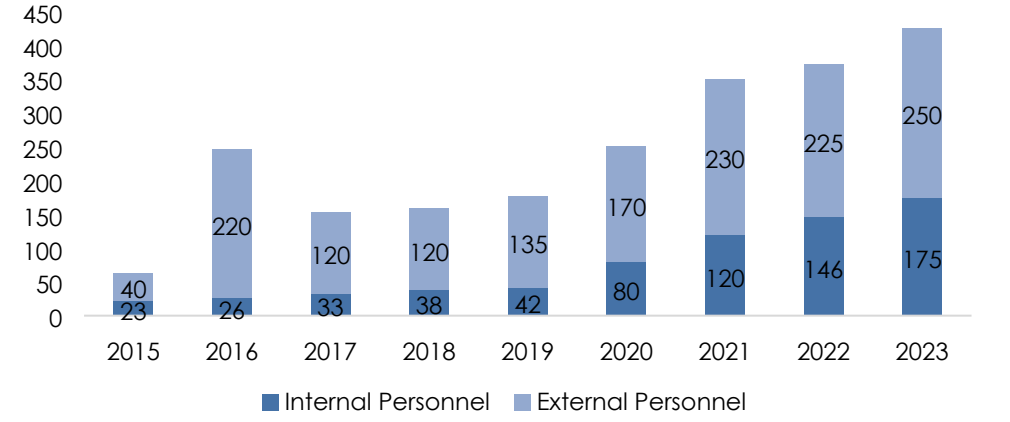
- **2 Schilling HD Work Class ROV** equipped with various instruments and sensors for multiple activities, including geophysics, construction support, and offshore installation;
- **1 HSS-ROV Superior**, a hydraulic ROV for deep-sea surveys up to 3000m, with a 220HP motor, speeds up to 6kn, and advanced sensors;
- **1 ROTV MacArtney Focus 2-Extended**, a geophysics ROV alternative, supporting essential seabed sensors (SSS, SBP, MBES); ROTVs lack propulsion and are towed by ships;
- **3 ROTV Katria Scanfish**, used for UXO activities, is a "towed gradiometer" with 4 or 8 units, collecting magnetic data.

Team of international people

The company employs a multi-national team of highly experienced professionals: geologists, geophysicists, geotechnicians, data processors, CAD Operators. Historically, NextGeo heavily relies on external personnel (70% on average since establishment, around 60% of total workforce in 2022-23); thus, it has well-established relationships with agencies specialized in the search for highly-qualified personnel (e.g. Elevate Offshore, UTM consultants, CM Sourcing, Precise consulting, Hydro Energy Group or Bourbon Offshore DNT for ROV people).

We highlight that in 2017, the company gained more efficiency in HR management thanks to the acquisition of RMS Submarine Consulting Ltd (now Next Geosolutions UKCS Ltd), which allowed it to internalise the recruitment process of specialised technical personnel engaged in survey activities.

NextGeo – Leveraging on a mix of growing internal and external personnel



Source: Company data

R&D

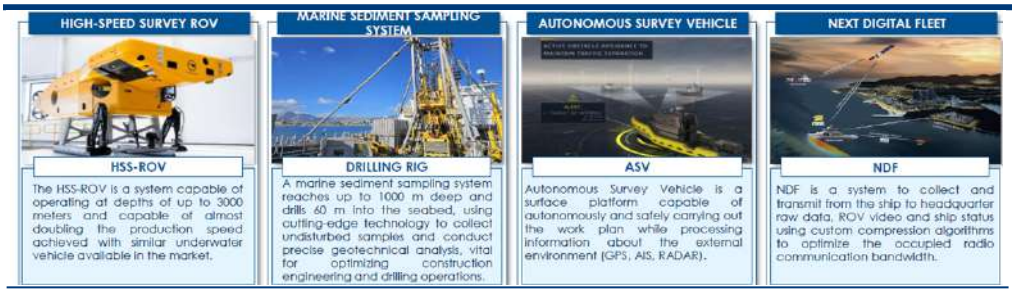
R&D function: a key focus for distinction

The group has consistently considered R&D activities as one of the key levers for its competitive positioning in the market. R&D costs represented approx. 8% of revenues (approx. EUR 12M) in 2023, due to some exceptional investments for the completion of a sophisticated Fast Remotely Operated Vehicles (Fast ROV) geophysical survey system, which can carry out survey activities almost double the speed of systems already in use at NextGeo (source: company data). We expect that it will allow a reduction in the time to complete the surveys and consequently the costs incurred, improving at the same time the quality of the service to the clients.

In 2023, 30% of R&D was covered by grants (source: company data). The company currently owns 2 patents, one on acoustic surveillance system with optical sensors within a research project co-financed by the naval armaments directorate NAVARM (Italian Ministry of Defence) and one on Thermal Resistivity Test (TRT), still in the process of approval. Going forward, management expects R&D investments to be in the region of 2%-2.5% of revenue, very much in line with industry standards (note Fugro reported 2.1% and 2.5% R&D investments on revenue in 2021 and 2022, respectively). The main R&D projects in which NextGeo is involved are:

- Massachusetts Institute of Technology (MIT): member of the Regional Entrepreneurship Acceleration Program, which supports businesses on their path to economic growth and promotes social progress through innovation-driven entrepreneurship;
- ARES (Autonomous Robotics for the Extended Ship - CNER): Equipping an existing multi-purpose support vessel with a Launch And Recovery System (LARS) capable of supporting not only underwater and surface autonomous robotic vehicles (AUVs and ASVs), but also wire-guided robots (ROVs);
- NSS2023 (Next Smart System in the Marine Environment): Implementation of a system for the remote control of production activities at sea with an improvement in the quality of the work of personnel who can, therefore, operate in a land-based location and with a significant reduction in the environmental impact;
- NGR2025 (Next Green Revolution): Prototype realisation of an integrated measurement system to enable NextGeo to establish its position on the international market for the construction of marine renewable energy production facilities.

NextGeo - R&D Initiatives



Source: Company data

The company also collaborates with the following research institutions and organisations:

- Stazione Zoologica Anton Dohrn (Naples);
- CNR (National Research Council);
- Italian Universities (Genoa, Rome, Bologna, Naples).

Strategy

Mid-term strategy is based on:

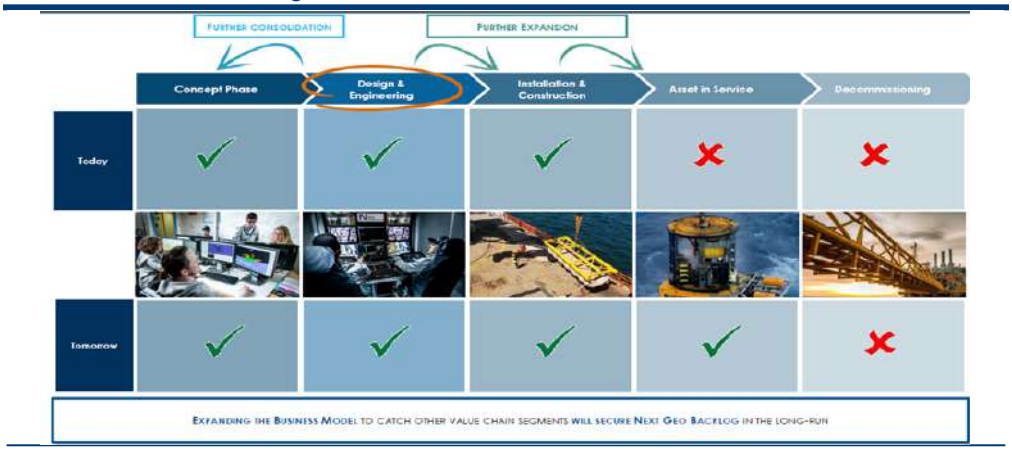
Value chain integration: Management aims to further integrate its business model by positioning its offer in the Assets in Service segment of the value chain, thus widening the spectrum of its offered services.

NG will seek to ensure the minimal downtime on customers' projects over their entire duration by providing real-time monitoring, inspection, and light intervention works as well as repair support services. Including this activity, the weighting of the design and engineering phase (NG's traditional business) should move from the current 93% (based on 2022-23 projects) of sales to around just over 50% in a mid-term timeframe (according to the company).

NextGeo plans to enter the IMR/Assets in Services in 2025 and to accelerate it in the following years. The company estimates that the cumulated opex market for Assets in Service for offshore wind farms is in the range of EUR 83Bn in the 2024-2041 timeframe, based on the existing and planned OWF, according to 4C Offshore and that its addressable market is in the range of EUR21.9Bn. Costs for OWF O&M include for example, technician costs, spare parts (frequency of replacement, prices), jack-ups (vessel rates, component weight and lifting height) and facility costs. In addition, the interconnector HVDC submarine cable market also requires IMR operations and opex, whose addressable value for NextGeo is in the range of EUR 1.7Bn.

The company also plans to reinforce the business in the installation and construction phases of the value chain. The global offshore wind market is growing and activities such as cable and foundations inspections as well as the monitoring of the asset integrity of offshore wind farms once fully operative will become increasingly important to prevent issues or downtime.

NextGeo - Value chain integration



Source: Company data

In our view:

- Customers' opex in the Assets in Service activities would help bolster and secure NG's backlog in the long run (i.e. for the entire useful life of the project, which could be 25-30 years for a wind farm);
- NG can exploit and consolidate the relationship with its customers, supporting them in the design, construction, and operation of their assets over the full lifecycle (excluding decommissioning activities), contributing to the de-risking of the overall project;
- NG would then be better positioned to compete with integrated players.

Other strategic pillars include:

Fleet expansion through a direct investment: The company is interested in 2 vessels: a drilling vessel (like NG Driller) and a vessel for geophysical surveys, with the required characteristics in terms of propulsion systems. NG aims to maintain a good balance between own and leased vessels, in order to maintain an asset light business.

Expansion through M&A: Management is considering new markets, thus leveraging on its international vocation. The US is the main geography on its radar. M&A could be a means to reach the target of fleet expansion for NG.

NextGeo - Feet expansion through direct investments

Source: Company data

NextGeo - Geographic expansion - Organic and inorganic growth

Source: Company data

Market Analysis

NextGeo operates in two main sectors: 1) Submarine power cables or interconnector cables; and 2) Renewable Energy - Offshore wind power.

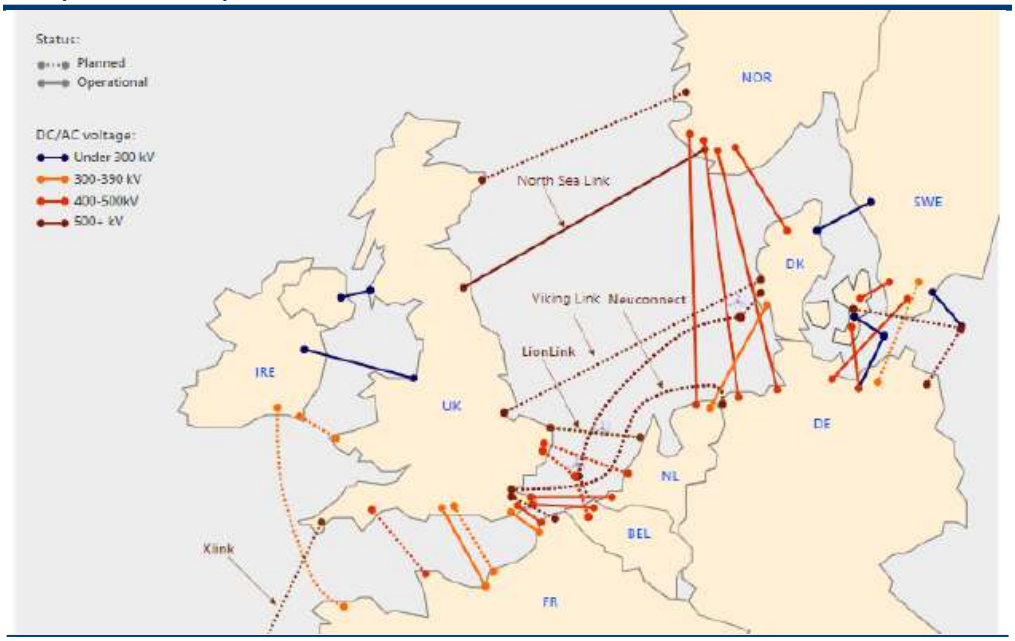
Interconnectors: a glance at the European market

Interconnectors link the power grids of different countries. They are growing in importance as they play a role in strengthening energy security and reducing electricity price volatility. Interconnectors can be built on land (underground or via overhead cabling) or at sea. The EU has high ambitions for the level of interconnections needed across Europe: growing interconnections between countries along with grid development are considered the basis for a pan-European energy market, which can help the further diversification in energy supply sources.

North Sea Region: a case study

As shown in the chart below, in the North Sea region, subsea interconnector investments have risen in recent years, to increase energy security, stability, and flexibility. The UK has the highest number of planned interconnections in the area: the LionLink, which is set to connect Great Britain with the Netherlands was the last announced project (April 2023). Denmark has the highest number of subsea interconnections (6 already built and 3 planned, with Great Britain, Belgium, and Germany).

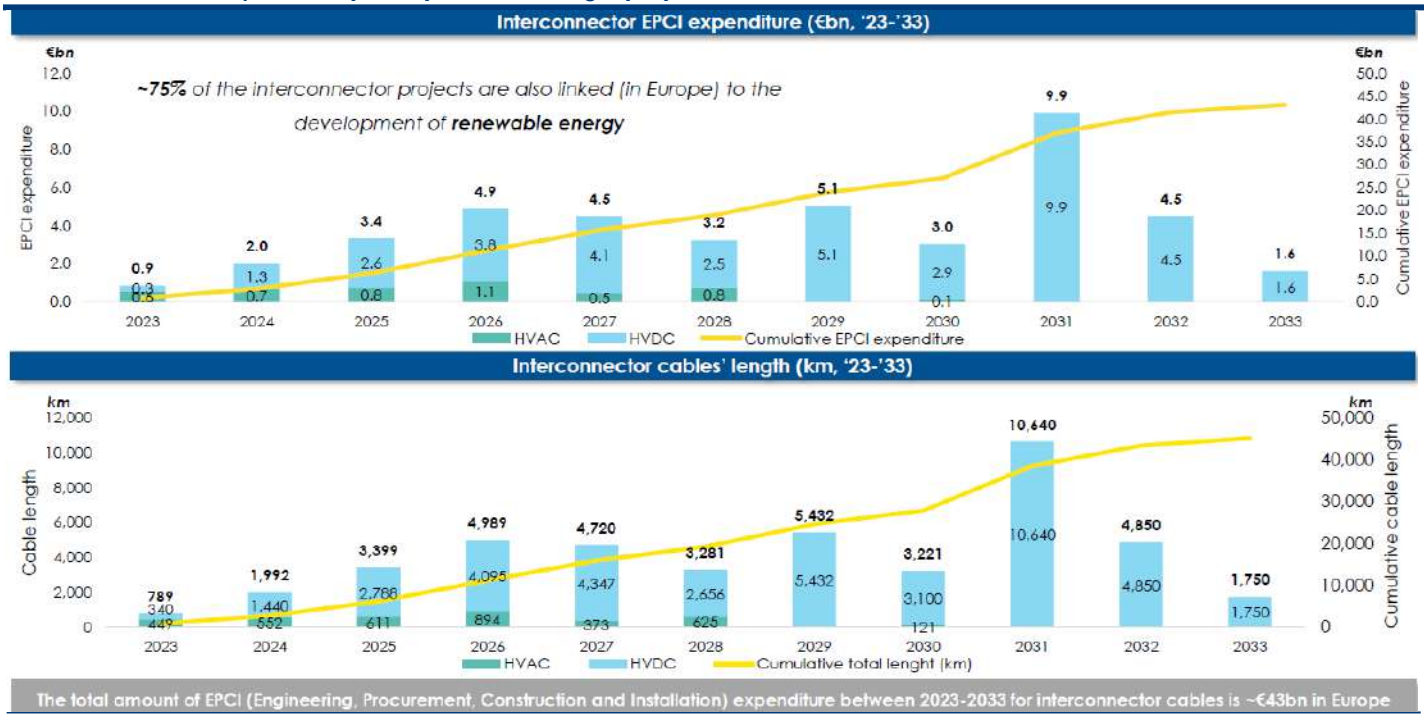
Heavy subsea activity in the North Sea



Source: RaboResearch, The Growing Strategic Importance of Interconnectors: a Look at the North Sea Region, June 8, 2023

According to the company, based on 4C Offshore data, the interconnector EPCI (Engineering, Procurement, Construction and Installation) cumulated expenditure in the 2023-33 period in Europe is expected to reach EUR 43Bn, for a total interconnector's cable length of 45,000km. 75% of the interconnector projects are also linked to renewable energy development.

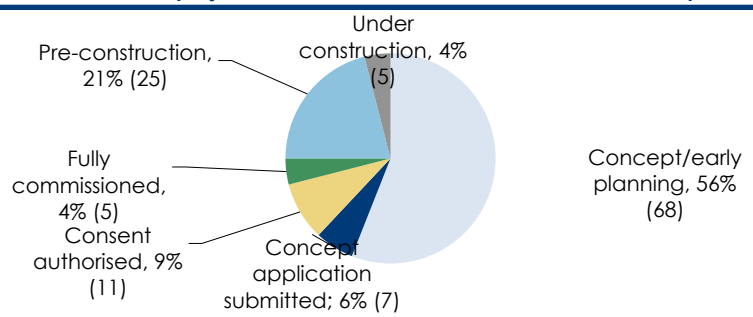
Interconnector EPCI expenditure (EUR Bn) and cable length (km) 2023-2033



Source: 4C Offshore "Offshore Transmission & Cables Intelligence: Cable Forecast: Interconnectors" as of 30.01.2024

According to NG's management, based on historical data, the addressable market for NextGeo, covering the current activities of design and engineering (around 93% of 2022-2023 projects) is estimated at 7/7.5% of the EUR 43Bn EPCI capex between 2023 and 2033, or
EUR 3.3Bn; including opex services this could reach EUR 5Bn. Note that out of 121 planned projects in Europe in the 2023-33 period, 38% is already under construction, or in pre-construction, or fully commissioned, or has been authorised, while the remaining 56% (68 projects) is in a concept/early planning phase.

Interconnector: number of projects between 2023 – 2033 and state of development

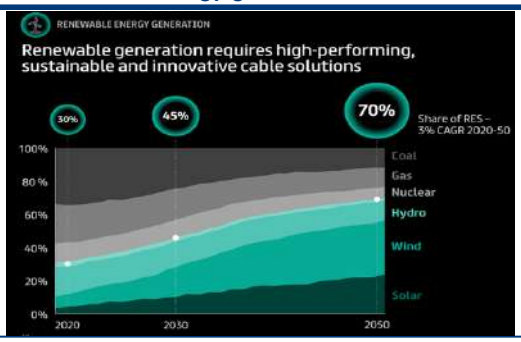


Source: 4C Offshore "Offshore Transmission & Cables Intelligence: Cable Forecast: Interconnectors" as of 30.01.2024"

We point out that at its CMD (5 October 2023) Prysmian (one of NextGeo's most important customers) stated that it had increased its investments for the next 5 years and that investments will be largely allocated to its Renewable Transmissions business segment (Submarines Power and Land HVDC cables). Prysmian outlined that renewable energies (solar, wind and hydro power) are expected to increase their contribution to the energy mix to 70% in 2050, vs. the current 30%, with an implied 2020-50 3% CAGR.

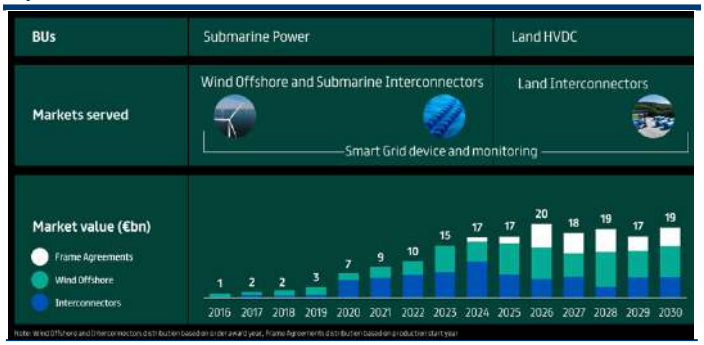
The Submarines Power and Land HVDC cables market had around a EUR 10Bn value in 2022 and it is expected to reach EUR 20Bn in 2030, with an implied 8% CAGR; the share of offshore wind is set to increase in the projects mix, according to Prysmian.

Prysmian - Renewable energy generation trend



Source: Prysmian, 5 October 2023 CMD presentation

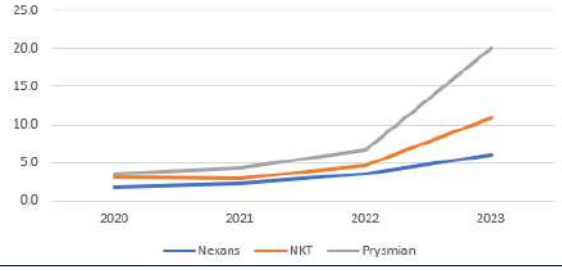
Prysmian - Submarine and Land HVDC cable trend



Source: Prysmian, 5 October 2023 CMD presentation

The chart below shows the growth in the HV power cable order backlog (including onshore and offshore) of 3 industry global leaders and NextGeo customers:

HV order backlog (EUR M) Prysmian, NKT, Nexans as of December 2023



*Frame agreement & backlog/including offshore and onshore; Source: Companies' data and Intesa Sanpaolo Research

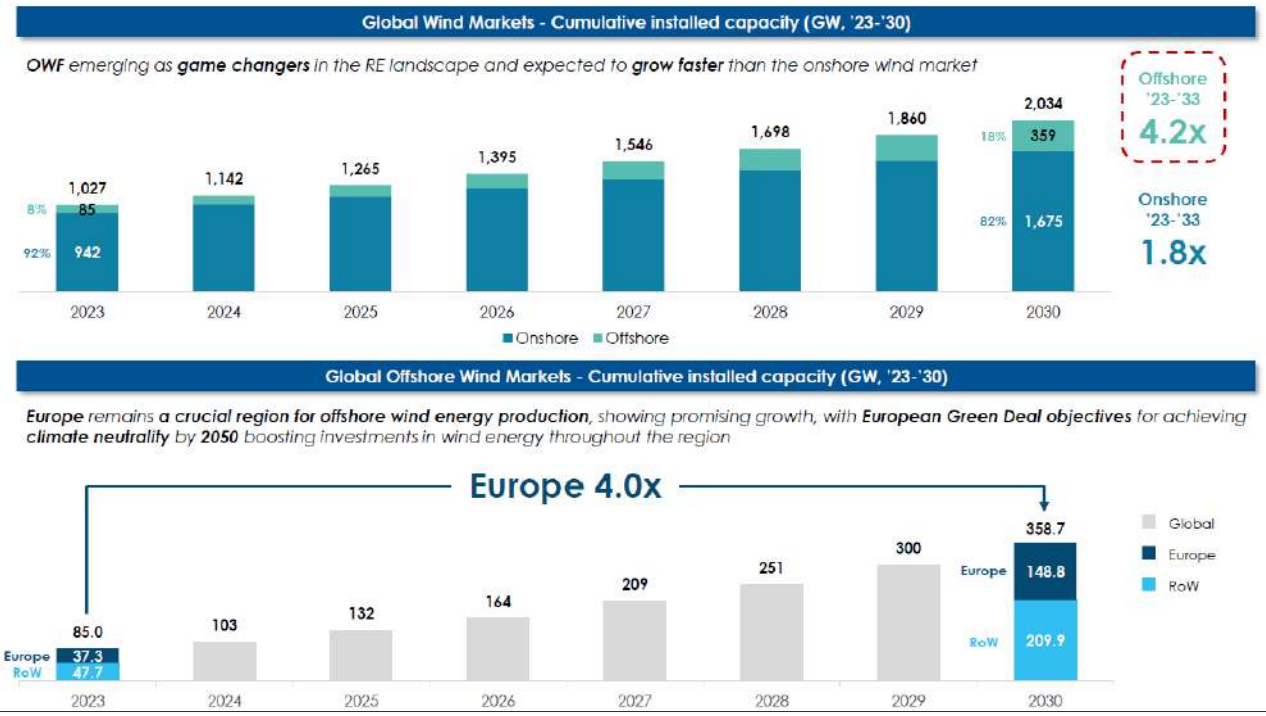
The wind market

OWF are gaining traction in the Renewable Energy field: they are exploiting the offshore wind speed in deep waters and avoiding the visual and noise pollution of onshore wind farms. Furthermore, technological innovations in turbines and platforms allow wind farms to be located in very deep waters, far from the shore to exploit the potential of large areas for power generation. Increasing distance to shore and water depths could lead to more complex developments in more challenging soil conditions and this could create further potential opportunities for geo-data specialists, like NextGeo, in our view.

According to the company on Frost&Sullivan data, global offshore wind cumulative installed capacity is growing sharply (see following chart). While cumulative onshore installed capacity is seen almost doubling in the 2023-30 period, the global offshore cumulative installed capacity is seen more than quadrupling. Europe is a crucial region for offshore wind energy production, where cumulative offshore wind capacity is expected to reach 148.8 GW in 2030, from 37.3 GW in 2023.

The same source shows the significant growth of floating offshore wind power generation, whose market is projected to reach 12.2GW cumulative installed capacity in 2030, from 0.4 GW in 2023, with an implied 64.9% CAGR (source: Frost&Sullivan, Government Support, Disruptive Technologies, and Optimized Supply Chains will Drive Cost Reduction and Floating Offshore Wind Deployments - August 2023). This market currently contributes for around 0.1% of the cumulative offshore wind capacity globally but it is expected to contribute by 3.4% in 2030. Floating wind farms consist of wind turbines moored to the ocean floor using floating structures; they tend to be bigger and heavier than traditional offshore wind turbines, with higher power capacity.

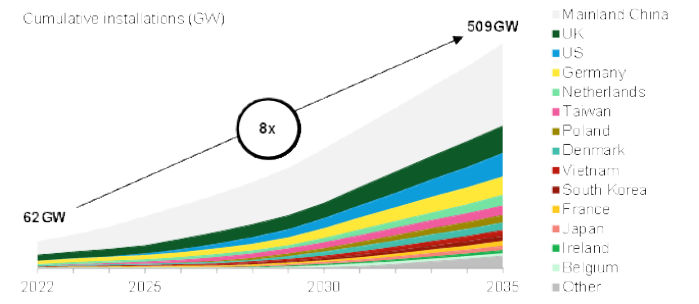
Global Wind Market and Global Offshore Wind Market: cumulative installed capacity (GW 2023 – 2030)



Source: Company data on Frost&Sullivan, Increased Climate Concerns, Technological Advancements, Governmental Policies, Cost Reductions, and Energy Needs Drive Global Demand (November 2023)

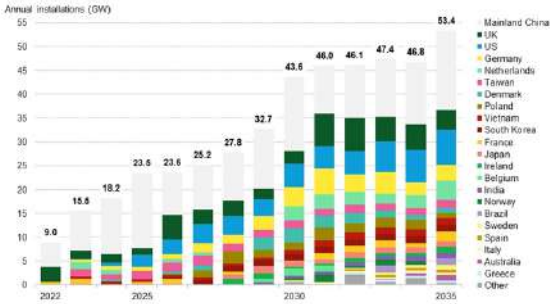
According to another authoritative source, BloombergNEF, global offshore wind installed capacity should grow 8x by 2035, to 509 GW from 62 GW at the end of 2022. BloombergNEF expects annual global offshore wind installations to grow steadily in the current decade and then to reach 43.6 GW in 2030 given the acceleration to reach end-of-decade targets by single countries. The UK, Germany, and the Netherlands as well as the US, Taiwan, France, South Korea, Poland, and Japan, are expected to make significant additions. However, some projects have experienced some delays recently due to rising costs and supply chain bottlenecks. For example, Ørsted, the Danish multinational leader in the renewable energy sector, has abandoned two projects in the United States, Ocean Wind 1 and 2, due to high costs. At the end of August, the Swedish Vattenfall abandoned a project in Great Britain due to the 40% increase in costs compared to initial expectations.

Global Cumulative Offshore Wind installations (GW 2022 - 2035)



Source: BloombergNEF – 1H23 Offshore Wind Market Outlook, June 28, 2023

Global Offshore Wind installations by market (GW 2022 - 2035)

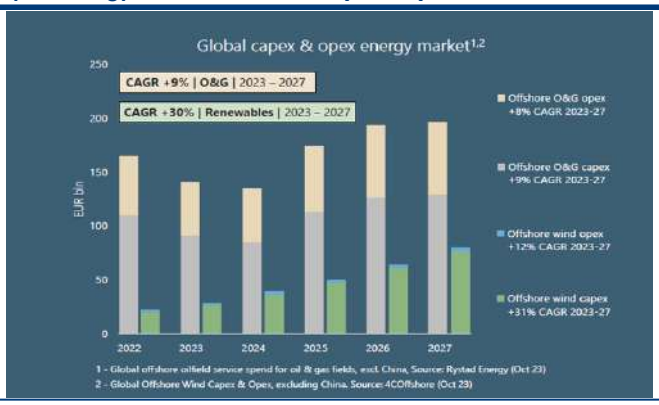


Source: BloombergNEF – 1H23 Offshore Wind Market Outlook, June 28, 2023

Companies are investing in the wind market

Fugro (NextGeo's main competitor) at its CMD of 14 November 2023, stated that the global offshore wind capex & opex spend, is growing at a faster rate than the global offshore oilfield service opex and capex spend for oil & gas fields, testifying to the importance of wind in global energy market.

Global capex & opex energy market 2022 – 2027 (EUR Bn)



Source: Fugro, Capital Markets Day 2023

Below note the commitment of some major European oil companies to investing in wind and solar energy and overall, in the green transition. TotalEnergies is the most exposed to renewable energies (wind, solar, hydro) in terms of installed capacity and planned investments, followed by Repsol. Eni has the lowest capex committed to the green transition (18% of total capex over its business plan compared with 35% of Repsol and 33% of TotalEnergies).

Renewables capacity, projects under development and % capex committed to green transition

MW	Total capacity	o/w Wind	o/w Solar	o/w Hydro	Projects under development Wind	Projects under development Solar	% capex committed to green transition
Eni	2520	1033	1487		635	928	18
Repsol	2261	744	824	693	1056	2009	35
TotalEnergies	11600	3800	7600	200			33

Source: Companies' data

The EU commitment to promote the Energy Transition

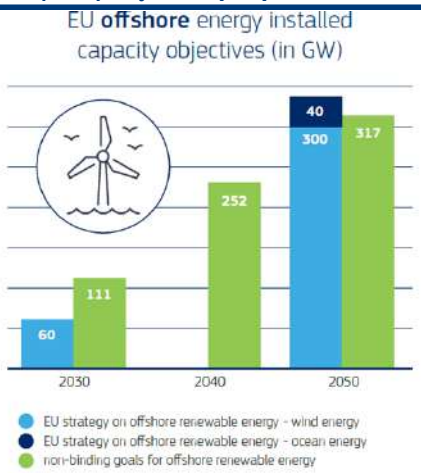
All in all, technological innovation, increased investments, and supply chain efficiencies have contributed to expand the global wind market over the past years, which can now count on large-scale projects, and political and regulatory support.

The European Union has allocated EUR 300Bn of investments to promote energy transition and is undertaking several initiatives and measures. We recall that the European Green Deal (2019) set the objective of climate neutrality in the Union by 2050 and an intermediate climate target of a net reduction in greenhouse gas emissions of at least 55% compared to 1990 levels by 2030.

The REPowerEU plan (2022) aims to make the Union independent of Russian fossil fuels well before 2030, through an increase in the average diffusion of solar and wind energy and the rise of the renewable energy target from 42.5% to 45% of energy consumption. In 2022, the total installed wind power capacity in the EU reached 204 GW, most of which was onshore (92%). The European Commission estimates that the new EU target of at least 42.5% renewable energy in energy consumption by 2030 will require installed wind capacity to grow to over 500 GW by 2030.

In January 2023, the EU agreed on non-binding goals for offshore renewable energy (ORE) generation by 2050, with intermediate goals for 2030 and 2040, in each of the EU's five sea basins. The EU target is to install approximately 111 GW of ORE generation capacity by 2030 and to reach around 317 GW by mid-century. For the North Sea basin, the Ostend Summit in April 2023 resulted in a further strengthening of the ambition level to at least 300 GW by 2050 in the North Seas.

EU offshore energy installed capacity objective (GW)



Source: EU WindPackage_Factsheet

The EU also agreed to facilitate access to a well-functioning grid both offshore to transport the electricity to the shore, and onshore to ensure the necessary grid reinforcements so that demand centres, also in non-coastal regions, can fully benefit from the deployment of offshore renewables.

To accelerate the deployment of renewable energy in the short term, the European Commission put forward an emergency regulation that simplifies and shortens permitting procedures for renewables, including repowering as well as grids. The Commission has also taken steps to simplify and streamline the permitting procedures for transporting wind turbine components, which currently require several authorisations to use highways even within the same Member State.

Moreover, the European Commission has recently presented a European Wind Power Package based on 6 pillars to ensure that the energy transition moves forward with no issues. The Action Plan sets out immediate actions to be taken together by the Commission, the Member States, and the industry on permitting, auctions design, access to finance, an international level playing field, skills and industry engagement.

In fact, according to the EU, a mix of challenges is preventing the sector from performing as it could: insufficient and uncertain demand for wind turbines; slow and complex permitting; lack of access to raw materials, high inflation and commodity prices; unsupportive design of national tenders; increased pressure from international competitors; risks on availability of skilled workforce.

A recent step towards renewable energy in Italy

We point out that the European Commission has recently approved the FER 2 Decree scheme, presented by the Italian Government to support 4.6GW of additional renewable energy capacity over the period 2024/2028, o/w 3,800 MW from offshore wind. This could represent an important opportunity for NextGeo.

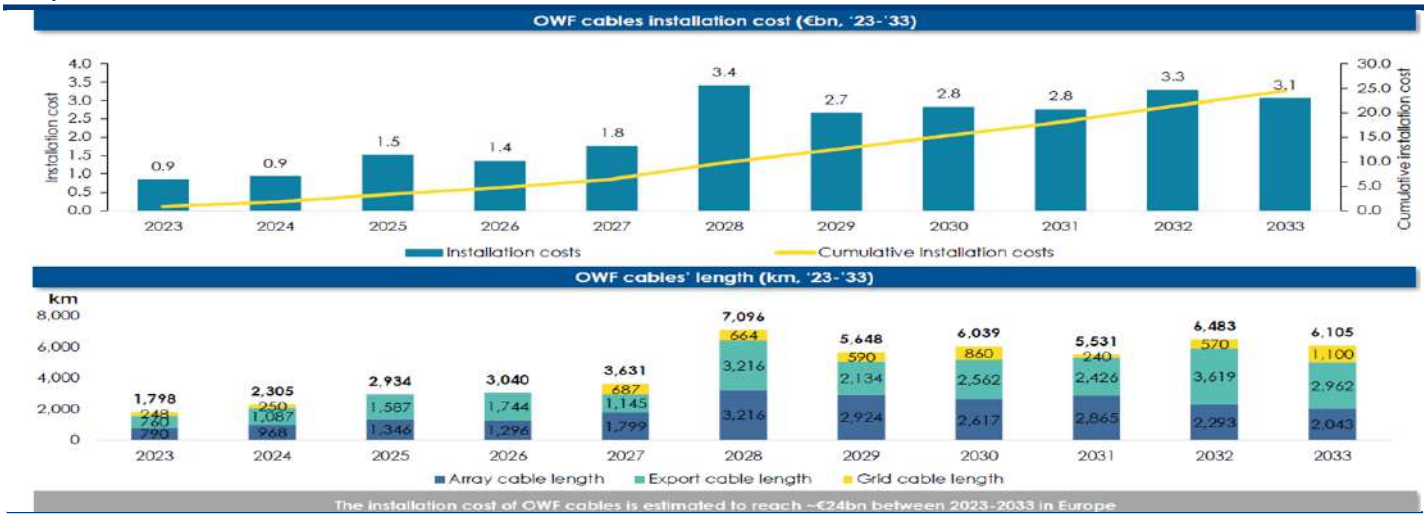
The European Wind Power Action plan

Source: EU WindPackage_Factsheet

In the offshore wind sector, NextGeo's surveys are required not only for an accurate inspection of the site where the wind farm is set to be installed but also in the wind farm design phase. Seabed conditions are investigated to choose the right place where a monopile turbine foundation or mooring system turbines (floating offshore wind farm) should be placed, by taking soil samples through borehole drilling, and to ensure the best cable routing. Wind turbine cables deliver energy generated by turbines. Usually, within an offshore wind farm, array cabling connects rows of wind turbines to an offshore transformer station. The offshore sea cable (or export cable) connects the offshore transformer station to the onshore grid. For safe operations, offshore cables are buried up to three meters deep into the seabed.

NG's management, based on 4C Offshore data, expects EUR 24Bn in OWF cable installation cumulated costs in Europe in the 2023-2033 period, with a 2023/2028 32% CAGR on the back of increasing OWF cables' length. According to management, NextGeo's addressable market is in the range of 25/30%, or around EUR 7Bn. The chart below shows a peak in cable investments in 2028.

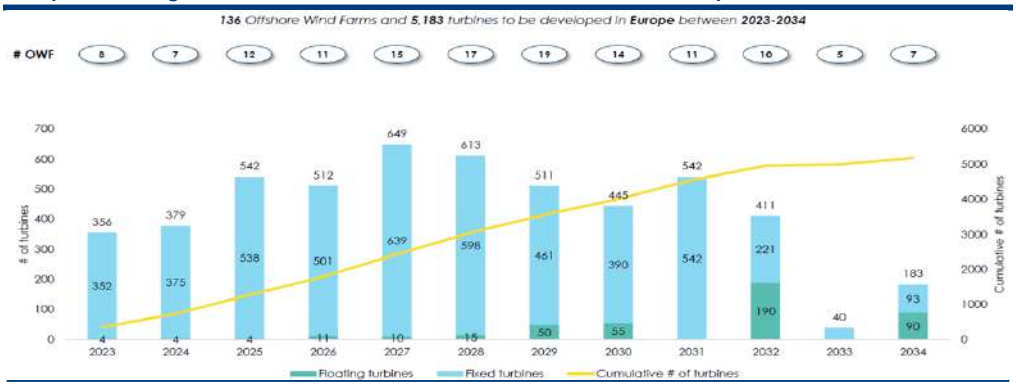
European Offshore Wind Farm Subsea Cables Market



Source: Company data on 4C "Offshore Wind Farms Database" as of 30/01/2024

In the following, we see that the number of Offshore Wind Farms projected to be developed in Europe between 2023 and 2034, with a high to medium confidence to be built, reaches 136, with the related number of cumulative turbines reaching 5,183 in 2034. We note that the years of maximum expansion in terms of the OWF installations are between 2025 and 2031, while the bulk of floating turbines are to be installed in 2032/2034. Based on data provided by NextGeo's management (4C Offshore), the number of OWF expected to be developed in Europe by 2040 increases to 260, for a total installed capacity of 250GW.

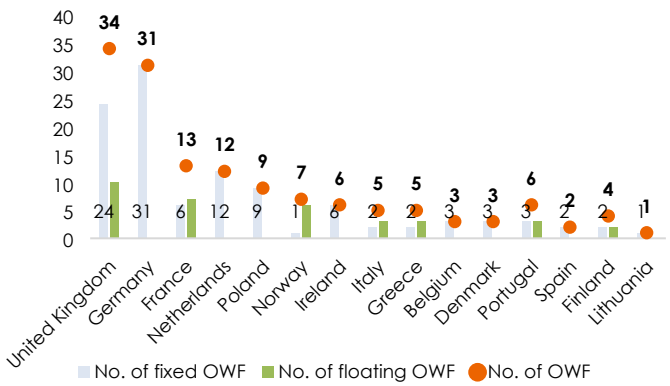
European Drilling Market – Number of OWF and turbines to be developed between 2023-2034



Source: Company data on 4C "Offshore Wind Farms Database" as of 30/01/2024

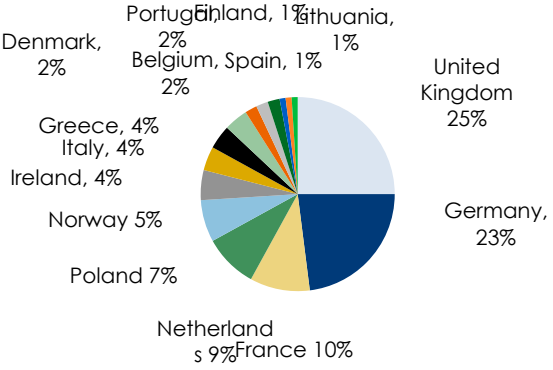
Out of 136 projected OWF to be developed in Europe in 2023-34, with a medium to high probability that individual projects will be concluded, 102 projects relate to fixed Offshore Windfarms and 34 to floating OWF. Countries with the highest number of projects in the floating OWF are the UK (10), France (7), Norway (6), the other European countries have in their pipeline 3 or less than 3 floating OWF until 2034. The UK ranks in the first position for the total number of OWF projects to be developed in 2023-2034, with a 25% share, followed by Germany (23%), France (10%), the Netherlands (9%); Italy, Ireland and Greece have a 4% share each.

OWF fixed and floating Europe - 2023-2034



Source: Company data on 4C "Offshore Wind Farms Database" as of 30/01/2024

OWF fixed and floating Europe, share by country 2023-2034



Source: Company data on 4C "Offshore Wind Farms Database" as of 30/01/2024

In the tables below, we note that a lower number of turbines is required for floating offshore wind farm projects: the size and the power generated by single turbines are higher than the traditional turbines. Global cumulative installed capacity for floating offshore wind farms is expected to reach 12.2 GW in 2023-2030; with a 64.9% CAGR; European Union, East

Asia and North America are expected to be the most active geographies, according to Frost & Sullivan.

According to management, the addressable market in the drilling segment for NextGeo is in the range of EUR 1.5Bn.

No. of fixed OWF and N. of turbines – 2023-2034

No.	No. of fixed OWF	No. of turbines
UK	24	2,175
Germany	31	514
France	6	419
Poland	9	412
Belgium	3	278
Netherlands	12	265
Ireland	6	241
Finland	2	166
Denmark	3	118
Lithuania	1	87
Italy	2	75
Norway	1	0
Greece	2	0
Total	**102**	**4,750**

Source: Company data on 4C "Offshore Wind Farms Database" as of 30/01/2024

No. of floating OWF and N. of turbines – 2023-2034

No.	No. of floating OWF	No. of turbines
Italy	3	307
United Kingdom	10	88
France	7	30
Spain	2	5
Norway	6	3
Greece	3	0
Portugal	3	0
Total	**34**	**433**

Source: Company data on 4C "Offshore Wind Farms Database" as of 30/01/2024

NextGeo - Addressable market

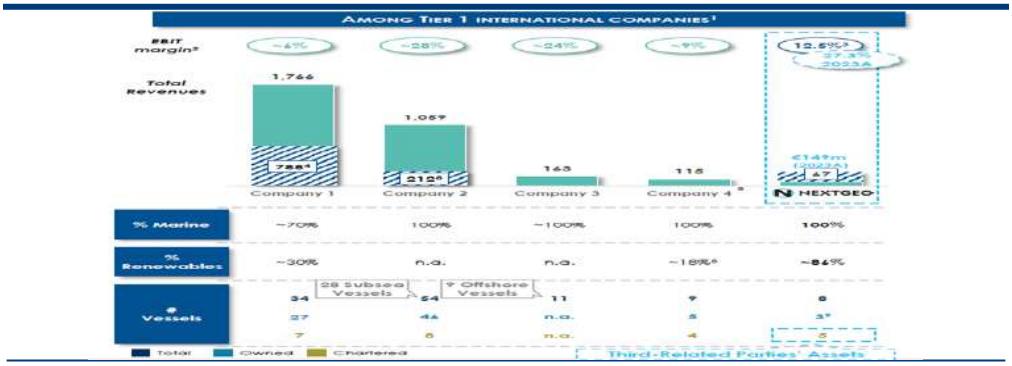
	EUR Bn
Interconnector EPCI cumulated capex Europe 2023/33	43
NextGeo addressable market	**3.3**
NextGeo addressable market including opex	**5.0**
OWF cable installation cumulated costs Europe 2023/33	24
NextGeo addressable market	**7.0**
Number of turbines expected to be developed in Europe 2023/34 (no.)	5,183
NextGeo addressable market in drilling activities	**1.5**
Cumulated opex market for asset in service European windfarms 2024/41	83.0
NextGeo addressable market	**21.9**

Source: Company data and Intesa Sanpaolo Research

Competitive Positioning

NextGeo is positioned among the Tier 1 International companies in energy/infrastructure projects in EMEA and has participated in some of the most important projects in the region.

NextGeo - Main competitors



1) Data as of December 31, 2022; 2) EBIT (Earnings Before Interest and Taxes)/Revenues; 3) EBIT margin as of December 31, 2022; 4) EMEA & Africa revenues; 5) Part of a larger conglomerate; 6) Refers to "Renewables/Other"; 7) Refers to entire Tennet's 2GW program; 8) Netherlands, Norway, UK and other revenues (average 2022 exchange rate); 9) One of them is a nearshore vessel Source: Company data management accounts; public financial statements; Factset

From the chart above we can see that NextGeo has the highest exposure to the renewable sector (86%), among its main competitors, and has the smallest fleet of owned vessels. NetxGeo charters vessels from its parent company Marnavi through a pay-per-use agreement. While market price practices are respected, NextGeo has very high flexibility in the use of its chartered vessels vs. competitors that rent them for long periods. Moreover, this allows NetxGeo to maintain an asset light balance sheet compared with ship owners.

An overview of listed players in EMEA Energy-Infrastructure Projects

3 listed competitors: Fugro

- **Fugro, Netherlands:** the biggest worldwide player in geo data collection and analysis, and NextGeo's main competitor, recorded EUR 1.7Bn revenues in FY22 (EUR 2.2Bn in FY23): it has historically been more exposed to the oil & gas sector and then, after the sharp drop in oil and gas prices in 2014, reinforced its positioning in renewable energy, where it generated 30% of sales in FY22 (35% in FY23). 45% of its revenues came from Europe and Africa in FY22, but it has a global presence. Furgo has a 70% exposure to the marine environment (64% in terms of EBIT), where in operating its geophysics data collection and geotechnical analysis, as well as its other activities, it uses a fleet of owned vessels (27 vessels out of 34 ships used are owned vessels) and a fleet of rented vessels (7 out of 34 used). FY22 EBIT margin was around 6%. This player's activity also involves the provision of other services of the value chain, in the marine field, such as asset integrity activities, which are used both during the construction phase of a project and its operational life (maintenance) and even decommissioning activities. Fugro expects to reach EUR 1Bn revenues from the renewable sector by 2027 (from EUR 773M in 2023).

Fugro - Financial KPIs 2021/23A

EUR M/%	2021	2022	2023
Sales	1,462	1,766	2,187
like-for-like growth	6	15	28
EBITDA	175.6	230.4	397.3
EBITDA margin	12	13	18
EBIT	63	108	252
EBIT margin	4	6	12
Net financial positions	292.7	207.4	110.5
Net debt/EBITDA	1.7	0.9	0.3

Source: Fugro Financial Statements

- **DOF Group, Norway:** The second-largest player is a global offshore and subsea service provider, including subsea surveys, and vessel owner. It thus operates 100% in the marine field. It operates a fleet of 54 vessels (45 of them are owned vessels), of which 28 are subsea vessels, in the most important oil and gas regions. It is also active in the offshore wind sector. The most important project is the Hywind Tampen for Equinor in the North Sea, the world's largest floating offshore wind field ever built so far, according to DOF. The group provides surveys, positioning operations, and data reporting using a fleet of remotely operated vehicles ("ROV"/"AUV") of 72 units. Revenues in FY22 were EUR 1.059Bn, o/w around 20% from the Netherlands, Norway, the UK, (and other). It registered a 28% EBIT margin. (Source: DOF Financial Statements).
- **Reach Subsea, Norway:** The third-largest listed player is a holding company, which engages in the provision of subsea services as a sub-contractor and directly to end clients. It operates in the Oil and Gas, Offshore Wind, Offshore Cables, and Emerging Sectors fields. It is 100% engaged in the marine environment and 18% of revenues come from the Renewable sector. The group operates in all parts of the offshore oil and gas, energy production, and emerging industries service value chain. It engages in everything from early field developments to decommissioning. Through ROVs it is engaged in a variety of seabed tasks, such as inspection, maintenance, repair, installation, lifting or moving of smaller items, and also surveys. Out of 9 vessel fleet, 5 are owned. It closed FY22 with EUR 115M and a 9% EBIT margin. (Source: Reach Subsea Financial Statements).

Another big player, Gardline, is not listed and is part of a conglomerate (Boskalis): it is 100% engaged in the marine field, for oil and gas operators and offshore wind farms; it uses 11 vessels. Only 18% of its business is focused on renewables. According to management, other privately owned competitors in Europe are N-Sea, a Netherlands based company providing broadly the same services as NextGeo, which uses almost entirely rented vessels. Geo-xyz which uses its own vessels and ACSM which owns 1 vessel. In the specific drilling segment, there are: Geoquip, Fugro, Gardline and Horizon.

Players operating in the marine geoscience surveying and offshore construction support service, as well as in the broad asset integrity service sectors are characterised by strong technical expertise and advanced technologies. The competitive scenario differs, depending on the specific phase of the project lifecycle (geoscience surveys/site characterization or asset integrity) or even on the player's specific business model (i.e. vessel ownership). In Europe, for example, Deepocean and I-tech offer many asset integrity services but have a smaller presence in the site characterization space, while Boskalis (Gardline and Horizon Geosciences) is engaged in site characterization activities but has a smaller presence across the other business lines. Big players in the Americas operate in the asset integrity segment, and comprise Oceaneering International, DOF Group, I-tech, Deepocean and C-Innovation. In the Asia-Pacific region, EGS offers both site characterisation and asset integrity services. In the Middle East, Boskalis (Horizon Geosciences) is a key player.

NextGeo - Competitive environment

Non-listed competitors	Geography	Revenues
Gardline		Boskalis Group
N-Sea	Netherland based	EUR 41M (in 2021)
ACSM	Spain based	EUR 29.5M (in 2022)
Geo-xyz	Belgium based	USD 38M (in 2022)
Non listed competitors in the drilling sector	Geoquip, Gardline and Horizon	
Other players	**Main geography**	**Main activity**
Deepocean	Europe	Asset integrity
Gardline and Horizon	Europe	Site characterization
Oceaneering International	US	Asset integrity
I-Tech	US	Asset integrity
Deepocean	US	Asset integrity
C-Innovation	US	Asset integrity
EGS	Apac	Site characterization and Asset integrity
Boskalis	Middle East	

Source: Factset and Intesa Sanpaolo Research

Top Clients and Main Projects

NextGeo's main clients can be clustered into four main groups:

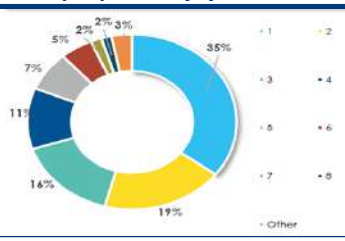
- Primary project developers in the energy field: TSO (Transmission System Operators) such as Tennet, Terna, National Grid;
- Offshore Wind Farm Developers: Vattenfall, COP (Copenhagen Offshore Partners), Renantis, RWE;
- Cable producers/installers (EPCI – Engineering, Procurement, Construction and Installation players): Prysmian, Nexans, NKT;
- Oil and gas companies.

NextGeo - Customer base

Source: Company data

In the past NextGeo also operated with leading players in oil and gas services, such as Saipem and Eni, but the proportion of revenues from this segment is decreasing strongly (it reachd around 1% of revenues in FY23) and the oil and gas business is becoming an opportunistic business choice. NextGeo has relationships of 10/15 years, on average, with its top clients.

NextGeo - Revenues by top client (%) 2023



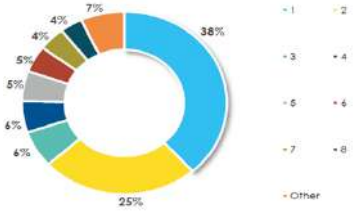
Source: Company data

NextGeo - Revenues by top client (EUR M) 2023

Client 1	50.3
Client 2	27.0
Client 3	22.4
Client 4	16.1
Client 5	10.4
Client 6	7.2
Client 7	2.4
Client 8	2.3
Other	4.5

Source: Company data

NextGeo - Revenues by top client (%) 2022



Source: Company data

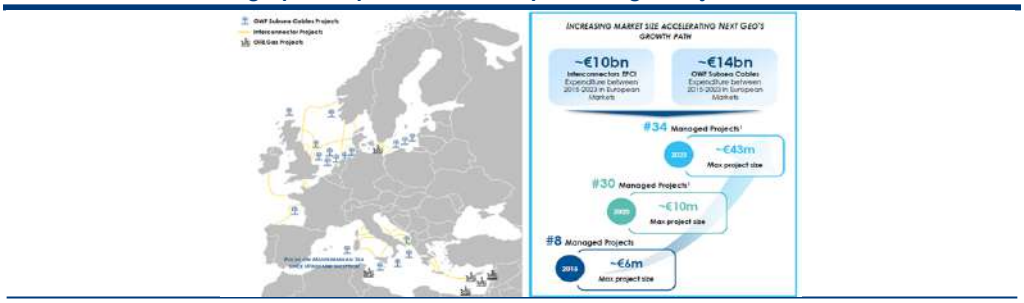
NextGeo - Revenues by top client (EUR M) 2022

Client 1	24.7
Client 2	16.0
Client 3	4.2
Client 4	3.5
Client 5	3.5
Client 6	3.0
Client 7	2.7
Client 8	2.3
Other	4.4

Source: Company data

Note a certain shift in customer concentration in FY23 vs. FY22: this reflects the project size and not the single client. However, along with total revenues, even the project size by single client has increased substantially yoy. Below, the main past and ongoing projects.

NextGeo - Wildfire Geographic Expansion Driven by Ever Larger Projects



Source: Company data 1) excluding not launched projects

NextGeo's geographical focus is the Mediterranean Sea, the North Sea, the Baltic Sea, and the Eastern Atlantic Ocean. In 2015, the maximum project size was EUR 6M; in 2020, it was EUR 10M. The strong acceleration of the last few years of Interconnectors and OWF markets led to an increase in maximum project size to EUR 43M. Between 2015 and 2023 in Europe, the expenditure allocated by EPCI (Engineering, Procurement, Construction and Installation) players for interconnector cables was EUR 10Bn and EUR 14Bn allocated to OWF subsea cables.

Examples of the major projects in which the company has been involved in the interconnection sector in 2022 are the Elba-Piombino connection on behalf of Prysmian and with Terna as the end customer, and the Tyrrhenian Link East connection between Campania and Sicily, again on behalf of Prysmian and with Terna as the end customer.

In the OWF sector, the main activities were: the multi-year contracts with Tennet (Dutch national electricity grid operator) for the construction of the national programme of offshore wind farms (Hollandse Kust West Alpha and Beta, Ijmuiden Ver Alpha, Beta and Gamma and Nederwiek Project); the contract for geophysical and geotechnical surveys for the Italian offshore windfarms Hannibal and Scipio on behalf of the client COP (Copenhagen Offshore Partners) and its partners (7SeasMed, Ichnusa, Eni, CDP); the contract for geophysical and environmental surveys for 3 offshore windfarms in Puglia and Calabria on behalf of the client Falck Renewable (now Renantis) and their Spanish partners BlueFloat; the contract for UXO and environmental surveys in the Polish part of Baltic Sea on behalf of the German developer RWE (second global developer after Orsted), in partnership with the University of Gdansk in Poland and other smaller local companies. In the oil sector, NextGeo completed the TAP project activities (Trans-Adriatic Pipeline) and TMPC (Trans-Mediterranean Pipeline Company) project pipeline.

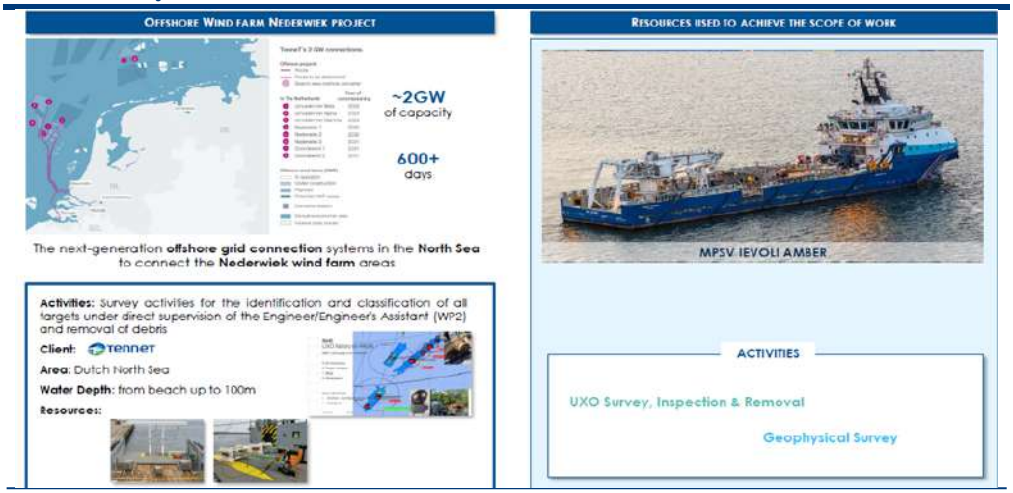
Below we take a quick look at two of NextGeo's biggest projects, the Thyrrenian Link Project and the Hollandse Kust West Alpha and Beta, Ijmuiden Ver Alpha, Beta and Gamma and Nederwiek Project. The Thyrrenian Link will connect Campania to Sicily and Sicily to Sardinia through a double underwater cable. It is 970 kilometers long and with a capacity of 1GW. The link will improve electricity exchange capacity, facilitate the development of renewable energy sources, and the reliability of the grid. NetxGeo simultaneously used 3 Multi Purpose Supply Vessels (of which the owned NG Worker) and one of its ROV and its HS-ROV (high speed ROV).

NextGeo - Thyrrenian Link Project

Source: Company data

The Hollandse Kust West Alpha and Beta, Ijmuiden Ver Alpha, Beta and Gamma and Nederwiek Projects are an offshore grid connection system in the North Sea to connect the Nederwiek different Dutch wind farm areas. It has 2GW total capacity and consists of several high-voltage direct current (HVDC) offshore grid connection systems. NG has carried out geophysical, geotechnical and uxo survey activities also for the identification and classification of all targets, under the direct supervision of the Engineer/Engineer's Assistant (WP 2) and removal of debris (wp3-4).

NextGeo - The Hollandse Kust West Alpha and Beta, Ijmuiden Ver Alpha, Beta and Gamma and Nederwiek Projects



Source: Company data

Ongoing projects

In 2023, NextGeo was awarded a contract in the GreatSea Interconnector project (formerly EuroAsia), one of the most important EMEA interconnections, for the construction of the HDVC electrical interconnector that connects Greece and Cyprus through one of the longest and deepest submarine cables in the world. "The proposed 1,208-kilometer high voltage direct current (HVDC) link between Greece and Israel, passing through Cyprus, would be the world's longest. The first section being laid is from Crete to Cyprus, spanning 898 kilometers, plus an additional 25 kilometers on land." (source: company data). Nexans was awarded the project, whose total value is EUR 1.4Bn.

Moreover, in 2023, NextGeo launched an important project in the wind farm sector in the United Kingdom with Vattenfall as customer. We also outline that since December 2023 the own vessel NG Driller is employed in the Italian floating offshore wind farm project, called Hannibal Scipio, with the player COP/7 Seas (Joint Venture between Eni Plenitude and CDP). Among customers' big projects, we highlight the EUR 5Bn contract signed by Prysmian with Amprion, for a 70 GW of offshore wind energy supply by 2045, which will allow for the transmission of energy generated in the North Sea to consumers in the western and southern regions.

We also recall that Prysmian, after having been selected as the preferred bidder in May 2023, announced the finalisation of the Eastern Green Link 2 (EGL2) for a total value of EUR 1.9Bn. Prysmian will deliver a major HVDC cable system for the network development project that shall connect Scotland and England.

Competitive Forces

Suppliers power

Companies operating in the geo-data sector use advanced technologies, and high-quality and purpose-specific assets and require personnel with strong technical expertise, as well as a track record of operating in a safe environment.
NG has a very strong tie-up with its main vessels' supplier, Marnavi, which makes the procurement and subsequent rental of fully equipped vessels easy and quick and improves the planning of project implementation. Moreover, NG owns a fleet of 3 vessels.
Specialised staff is another key resource for the business: the company has strong internal hiring capabilities and established relationships with specialised personnel recruitment companies.

New entrants

This is a technology/engineer-driven business. There are strong entry barriers in this sector in our view: the need for heavy investments, both in assets and people, strong technical expertise as well as credibility and reliability in the market and among customers. We believe this is not a mature market and that leaves room for other players' to enter (i.e. players from other continents; or customers could internalize some activities).

Rivalry

The site characterization and asset integrity market is composed of big international and integrated players, often operating not exclusively in the renewable energy sector but also in the oil and gas area. There are smaller players specialised in site characterization or in asset integrity. While the market looks concentrated from a geographical standpoint, we cannot rule out competition from Asian players or even from customers that could internalise NG's activities. While offering a less sophisticated and less complete service, also geoscientific data, products and service providers, operating basically in the seismic field for the oil and gas sector, could be seen as potential new competitors (at least for a small portion of projects).

Substitute products

Some customers could internalise the site characterisation and 'Asset in Service' activities. However, these tasks require strong technical capabilities and asset investments.

Customer power

The customer base is diversified. In our view. Long-lasting relationships with customers are not easy to build up in a short timeframe and NG has succeeded in gaining the trust and loyalty of its customers; this could facilitate project assignments with a pre-bid mechanism. We believe that NG's strategy to also offer Assets in Service activities could be a means to strengthen the relationships with clients.

Source: Intesa Sanpaolo Research elaboration, Porter model

ESG Corner

Active and ongoing commitment to ESG themes

NextGeo has an active and ongoing commitment to ESG themes, as shown in its voluntarily audited Sustainability Report 2021 (the company is not subject to the disclosure obligations established by Legislative Decree 254/2016). The document, enriched by the GRI standards, summarises the main initiatives, objectives and results of NextGeo in the area of sustainability, aimed to:

- Define the company's governance system;
- Indicate vision, mission, strategic goals and operational practices;
- Identify the different categories of stakeholders included in the economic value creation and distributed extended to the social one;
- Ensure neutrality of the disclosure to all categories of stakeholders;
- Identify the significance and relevance of economic and non-economic events.

More in general, NextGeo has set itself the goal of relating its practices according to the 17 Sustainable Development Goals (SDGs) defined by the UN, following the principle that corporate performance should include production of social value to all stakeholders (from employees – i.e. attention on staff welfare improving the work-life balance – to clients – i.e. helping the development of renewable energy sources – or more in general all communities – promoting respect for the environment).

NextGeo - Sustainable development goals 2030 (SDGs)

Source: Group's Sustainability report

Quality, Health & Safety and Environment certifications

NextGeo offers a wide range of support services in the marine geo-science and offshore construction market (among others: Marine Geophysical & Geotechnical Surveys, Environmental Surveys, Unexploded Ordnance (UXO) Identification & Clearance), which require high quality and safety standards to protect the health of employees and environmental protection. Since 2015, it has collected the following ISO certifications from Det Norske Veritas (DNV):

- ISO 9001:2015 (quality management system);
- ISO 14001:2015 (environmental management system);
- UNI ISO 45001:2018 (occupational health and safety management system);

The company has adopted the following internal policies on the topics: 1) Sustainability (2018); 2) Environmental (2019); 3) Health & Safety (2019); and 4) Weather working (2018).

Since 2019, NextGEO has adopted a Code of Ethics for human resources management. Inspired by principles of legality, fairness and professional ethics of the business conduct, it helps NextGEO to ensure decent working conditions for its staff, in safe and healthy working environments. As the owner and manager of chartered vessels, NextGeo monitors all polluting emissions into the atmosphere or water and annually updates the environmental analysis (according to International Maritime Organization (IMO) regulations).

Financials

FY22/23A P&L

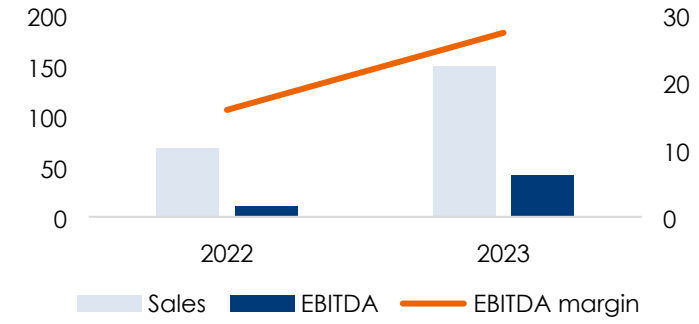
NextGeo - P&L FY22A/23A

EUR M	FY22A	FY23A	yoy %
Operating revenues	**52.6**	**79.9**	**51.9**
Changes on contract/work in progress	12.7	64.0	
Other revenues	1.9	4.6	
Total Revenues	**67.2**	**148.6**	**121.0**
Raw materials*	-5.9	-10.2	
Cost for services	-30.0	-46.3	
Leases and rentals	-11.8	-39.8	
Personnel expenses	-8.6	-11.6	
Other operating expenses	-0.3	-0.2	
Operating costs	**-56.6**	**-108.1**	**91.0**
EBITDA	**10.6**	**40.5**	**280.6**
EBITDA margin on total revenues (%)	**15.8**	**27.3**	
D&A	-2.3	-4.1	79.4
Write-down on receivables	0.0	-1.1	
EBIT	**8.4**	**35.3**	**321.9**
EBIT margin on total revenues (%)	**12.5**	**23.8**	
Interest (expense)/income	-0.6	-1.7	
Foreign exchange gain/(loss)	-0.3	-0.1	
Revaluations/Write down of financial assets	0.0	0.0	
Total financials	-0.9	-1.9	
Pre-tax profit	**7.4**	**33.5**	**350.3**
Taxes	-0.0	-4.3	
Tax rate (%)	0.7	12.8	
Net profit	**7.4**	**29.2**	**295.2**
Net profit margin on total revenues (%)	**10.9**	**19.6**	

A: actual; * including change in inventories Source: Company data

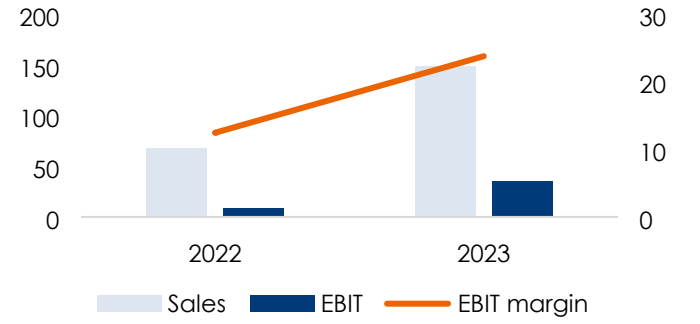
Sales more than doubled yoy in FY23, as a result of effective commercial efforts, which led to an increased number of projects awarded, of a higher size.

NextGeo - Sales in EUR M and EBITDA margin % FY22/23A



Source: Company data

NextGeo - Sales in EUR M and EBIT margin % FY22/23A

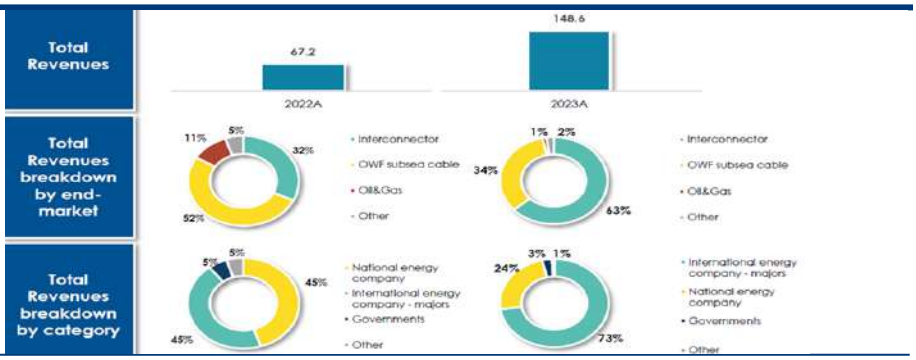


Source: Company data

Both investments in vessels (for example NG Driller) and related technical equipment, which contributed to improving project operations (for example the time required to carry out certain activities), and the increase in project size helped the strong margin improvement. Moreover, NextGeo, thanks to the agreement with Marnavi, benefitted from relatively low vessel mobilization costs, despite the higher vessel utilization in FY23. As for technical equipment, we point out that the company has invested in state-of-the-art technologies that allow cost savings. Among them, is Fast ROV, a hydraulic ROV for deep-sea surveys up to 3,000m, with a 220HP motor, speeds up to 6kn, and advanced sensors and Katria T frame system that allows data acquisition with 3 simultaneous magnetometers.

Revenues

NextGeo - Revenues breakdown FY22/23A



Source: Company data

Favourable market trends (both for Interconnector and OWF markets) as well as NextGeo's stronger positioning in the drilling markets drove sales up in FY23.

NextGeo is a leading international contractor in the **Interconnector segment**, thanks to its consolidated relationships with sector leaders, such as Prysmian and Nexans, and with the main European national grid operators, such as Terna and Tennet. In 2023, NextGeo contributed to the installation of many of the most important submarine electrical interconnection infrastructures in Europe, such as:

- The Tyrrhenian Link (Campania-Sicily-Sardinia);
- The Eastern Link (Scotland-England);
- The Celtic Interconnector (France-Ireland), along with numerous other projects.

In 2023, in the **OWF subsea cable segment,** the company worked on several projects (mainly in the North Sea, Baltic Sea, and Eastern Atlantic Ocean and, more recently, also in the Mediterranean). The most important were:

- The "Hollandse Kust West Alpha and Beta, Ijmuiden Ver Alpha, Beta and Gamma" with the state company Tennet,
- The contribution to the development of a Wind Farm in the North Sea on behalf of Vattenfall (in German, Swedish and British waters);
- In the Mediterranean Sea, it carried out different activities for the market players 7 Seas Med and COP (Copenhagen Offshore Partner).

NextGeo - Revenues by sector FY22/23A

EUR M	FY22A	FY23A
Interconnectors	**16.8**	**50.4**
% on operating revenues	32	63
Renewable /OWF Subsea cable	**27.4**	**27.2**
% on operating revenues	52	34
Oil & Gas	**5.8**	**0.8**
% on operating revenues	11	1
Others	2.6	1.6
% on operating revenues	5	2
Operating revenues	**52.6**	**79.9**
WIP	12.7	64.0
Other	1.9	4.6
Total Revenues	**67.2**	**148.6**

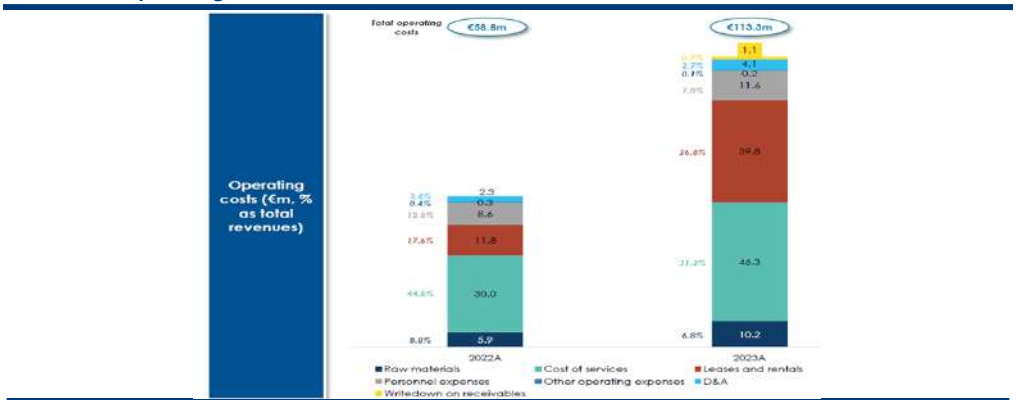
A: actual; Source: Company data

Other revenues

Other revenues amounted to EUR 4.6M in FY23, EUR 3M were grants related to R&D activities.

Cost structure

NextGeo - Operating costs breakdown FY22/23A



Source: Company data

Costs for services represent the bulk of operating costs (44.6% in FY22 and 31.2% in FY23 of total revenues). They include costs for services carried out by subcontractors and external specialised personnel costs. We note a significant increase in variable costs (non-employee personnel, subcontractors, ship management costs, etc), connected to the increase in production volumes, while the other costs for services are substantially in line with last year.

NextGeo - Costs for services FY22/23A

EUR M	FY22A	FY23A	yoy %
External specialized personnel	8.0	16.5	105.0
Subcontractors	9.7	11.2	14.6
Consultancy	4.0	5.1	27.6
Vessel fleet management	2.7	5.3	94.2
Service costs related to personnel	1.4	2.6	83.7
Compensation for directors, statutory auditors and external auditors	0.4	1.2	181.4
Miscellaneous	3.6	4.5	23.9
Total costs for services	**30.0**	**46.3**	**54.5**
% of total revenues	44.6	31.2	
% of total operating costs*	50.9	40.9	

A: actual; *including D&A and receivable write-downs; Source: Company data

Leases and rental costs refer to vessels from third parties and equipment (17.6% in FY22 and 26.8% in FY23 of total revenues) and were sharply up yoy, due to the increase in the company's operations.

NextGeo - Leases and rental costs FY22/23A

EUR M	FY22A	FY23A	yoy %
Vessels leases and rentals	7.2	27.9	287.4
Equipment leases and rentals	4.2	11.1	165.8
Other	0.4	0.7	65.6
Total leases and rental costs	**11.8**	**39.8**	**236.1**
% of total revenues	17.6	26.8	
% of total operating costs*	20.1	35.2	

A: actual; *including D&A and receivable write-downs; Source: Company data

The increase in personnel costs also responded to the need to internalise certain skills and reduce the dependence on the external market. The headcount increased to 137 in FY23 from 115 in FY22 (source: balance sheet, company data).

NextGeo - Internal personnel costs FY22/23A

EUR M	FY22A	FY23A	yoy %
Internal personnel costs	**8.6**	**11.6**	**35.1**
% of total revenues	12.8	7.8	
% of total operating costs*	14.6	10.3	

A: actual; *including D&A and receivable write-downs; Source: Company data

Costs for raw materials were up 72.6% and included mostly costs for the vessels fuel.

NextGeo - Raw material costs FY22/23A

EUR M	FY22A	FY23A	yoy %
Raw material costs#	**5.9**	**10.2**	**72.6**
% of total revenues	8.8	6.8	
% of total operating costs*	10.0	9.0	

A: actual; *including D&A and receivable write-downs # including change in inventories; Source: Company data

Pay-per-use strategy in renting Marnavi vessels guarantees high-cost flexibility and helps keep the D&A costs relatively low (slightly higher in FY23 for the new vessel purchased). The write-down of EUR 1.1M referred to receivables towards a subsidiary, now in liquidation.

NextGeo - D&A FY22/23A

EUR M	FY22	FY23
D&A on intangibles	0.7	1.1
D&A on tangibles	1.5	3.0
Write down on receivables	0.0	1.1
Total D&A	**2.3**	**5.1**
% of total revenues	3.4	2.7#
% of total operating costs*	3.8	4.5

A: actual; *including D&A and receivable write-downs; # excluding write-downs; Source: Company data

Financial charges were EUR 1.9M in FY23 vs. EUR 0.9M in FY22, due to interest rates increase on net debt. The bank debt is almost 100% at variable rates. The tax rate in FY23 was 12.8% since NextGeo benefitted from the 'Tonnage Tax' fiscal regime. The Tonnage Tax is an optional flat-rate tax regime for companies operating in the maritime sector.

Balance Sheet

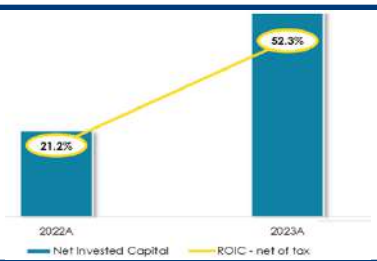
NextGeo - Balance Sheet FY22/23A

EUR M	FY22A	FY23A
Fixed assets	26.1	42.6
Net Working Capital (NWC)	14.9	19.7
Trade Working Capital (TWC)	11.2	17.7
Net Invested Capital	**39.2**	**58.9**
Net financial debt*	**19.4**	**9.9**
Shareholders' equity	20.0	49.2

A.actual; * Financial Assets not included; Source: Company data and Intesa Sanpaolo

The asset light business model led to a strong increase in ROIC, from 21.2% in FY22 to 52.3% in FY23, thanks to the EBIT rise and to a solid deleveraging in FY23, given the high cash generation.

NextGeo - ROIC/Net Invested Capital FY22/23A



A: actual; Source: Company data

Fixed Assets and Investments

NextGeo - Fixed assets FY22/23A

EUR M	FY22A	FY23A
Intangible fixed assets	2.4	3.1
Tangible fixed assets	**23.4**	**39.3**
Financial assets	0.2	0.2
Fixed assets	**26.1**	**42.6**

A: actual; Source: Company data

Fixed assets are mostly tangible. Intangible assets refer to the goodwill related to the acquisition of Next Geosolutions UKCS. In 2023, NextGeo purchased the NG Driller vessel for USD 4M (which started to operate in December 2023) followed by the drilling system purchasing costs and ship re-conversion costs of EUR 21.8M. Other tangible assets include investments in equipment, such as Katria and Fast Rov. In 2022, capex for equipment was EUR 5.6M and in 2023 it was EUR 5.1M.

NextGeo - Capex FY22/23A

EUR M	FY22A	FY23A
Tangible	13.5	18.9
Intangible	0.4	1.7
Financials	0	0
Total Capex	**13.9**	**20.5**
% of total revenues	**20.7**	**13.8**

A: actual; Source: Company data

Net working capital

The trade working capital was 11.9% of total revenues in FY23, reflecting an improvement in the company's operational performance. Inventories include the amount of work in progress. Both inventories and receivables grew in FY23 reflecting the increased business. DSO (Days of Sales Outstanding) improved from 106 days in FY22 to 96 days in FY23, thanks to a better operational performance: clients usually pay a portion of the contract value at the order, while the remaining part is paid within 60, 90 and 120 days. Advances grew, given the high amount of work in progress. Payables saw a decrease in DPO (Days of Payable Outstanding) from 112 in FY22 to 97 in FY23. Other current assets mainly refer to tax credits and other receivables. Other current payments refer to short-term debt to the parent company Marnavi, tax debts and other.

NextGeo - Net working capital FY22/23A

EUR M	FY22A	FY23A
Inventories	60.4	123.9
Trade receivables	19.9	39.6
Trade payables	-17.7	-29.2
Advances	-51.4	-116.6
Trade Working Capital	**11.2**	**17.7**
% of revenues	16.6	11.9
Net Working Capital	**14.9**	**19.7**
DSO	106.0	96.0
DPO	112.0	97.0

A: actual; Source: Company data

Net financial position

NextGeo - Net financial position FY22/23A

EUR M	FY22A	FY23A
Long-term financial debt	16.9	16.8
Short-term financial debt	12.8	10.9
Cash & cash equivalents	-10.2	-17.8
Net financial position (-cash)*	**19.4**	**9.9**
NFP/EBITDA (x)	**1.8**	**0.2**

A:actual; Source: Company data, * Financial Assets not included

NextGeo almost halved its net debt at YE23, which reached EUR 9.9M, or 0.2x EBITDA. This was thanks to operating cash flow and strong discipline in net working capital management. NextGeo generated EUR 30M cash flow from operating activities and invested EUR 20.5M (or 13.8% of total revenues) to increase production capacity and respond to business increases.

NextGeo - Cash flow statement FY22/23A

EUR M	FY22A	FY23A
Profit before taxes, interest, dividends and capital gains/losses on disposals	8.1	35.2
Cash flow before changes in working capital	10.7	39.6
Cash flow after changes in working capital	14.2	31.9
Cash flow from operating activities	**13.2**	**30.0**
Cash flow of investment activities	**-13.9**	**-20.5**
Cash flow from financing activities	**3.7**	**-2.0**
Change in cash and cash equivalents	**3.0**	**7.5**
Cash and cash equivalents at the beginning of the year	7.3	10.2
Cash and cash equivalents at the end of the year	10.2	17.8
Change in cash and cash equivalents	2.9	7.5

A: actual; Source: Company data and Intesa Sanpaolo Research

2024-2026 forecasts

NextGeo - Sales and EBITDA margin % FY22/26E

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

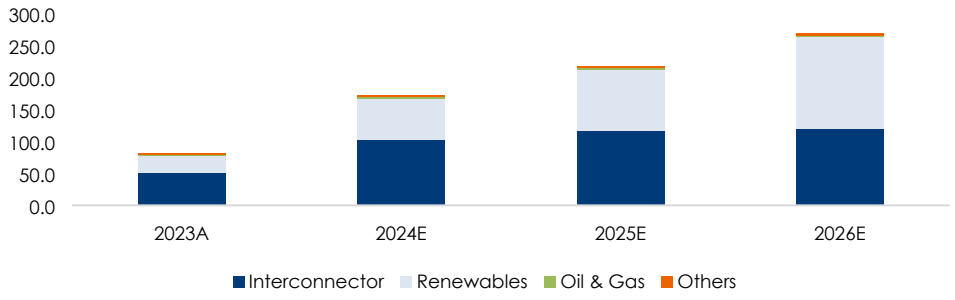
NextGeo - Sales and EBIT margin % FY22/26E

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

NextGeo's order backlog as of 31 December 2023 amounted to EUR 275M. According to management, around 75% of this backlog should translate into sales in FY24, for revenues of approximately EUR 204M. Usually, the order backlog translates into revenues in 12/18 months. Management also stated that at the end of February, the order backlog grew to EUR 325M.

Assuming an annualisation of the 2-month backlog increase (EUR 50M in January and February) and including the remaining portion of the 31/12/23 backlog, the overall order backlog covering FY25 and part of FY26 should be in the range of EUR 370M at the end of FY24, according to our estimates. Based on these assumptions the backlog should grow 35% yoy at the end of FY24. Our explicit FY24/26E top-line estimates are based on market growth expectations for the company's business lines, using our backlog expansion assumptions as a cross-check.

NextGeo - Operating revenues by business line FY24/26E



A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

As for the Interconnectors segment sales, we assume a FY23/26E 13.7% CAGR based on consensus organic growth expectations for market leaders (including the former Project division of Prysmian). As for Renewables (subsea cables), we incorporate a FY23/26E 33.3% CAGR, in line with management's expectations, based on 4C data. The Oil and Gas division represents a small portion of total revenues (in the range of 1%) and remains an opportunistic business development in our assumptions. We forecast an increasing

contribution from the Renewable business, expected to reach around 50% of total revenues in FY26E, increasing further in the following years (from 34% in FY23).

On the back of 37.2% FY24E revenue growth, we assume a 26% EBITDA margin (from 27.3% in FY23) and a 23.7% EBIT margin (from 23.8% in FY23) in FY24E. Despite the high amount of ongoing projects, a likely more intensive use of leased vessels and an increase in external operating costs we forecast stable profitability.

NextGeo - Operating costs FY22/26E

EUR M	FY22A	FY23A	FY24E	FY25E	FY26E	FY22A-26E CAGR %
Total Revenues	**67.2**	**148.6**	**203.8**	**235.5**	**285.0**	**43.5**
yoy %		121.0	37.2	15.5	21.0	
External operating costs	-48.6	-95.7	-136.3	-154.8	-186.6	40.0
Personnel costs	-8.6	-11.6	-14.3	-17.9	-21.7	25.9
Other costs *	0.7	-0.7	-0.2	-0.3	-0.3	
Operating costs	**-56.6**	**-108.1**	**-150.8**	**-173.0**	**-208.6**	**38.6**
yoy %		91.0	39.5	14.8	20.6	
Operating costs on tot. revenues (%)	**84.2**	**72.7**	**74.0**	**73.5**	**73.2**	

* Includes raw material changes in inventories A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

For the following years, we expect the margins to slightly improve thanks to operating leverage triggered by the increasing average project size as well as to a decreasing use of leased vessels thanks to the company's capex plan. We have assumed a small percentage of revenues coming from the floating OWF but the sector growth rate is higher than fixed OWF. Moreover, deep-drilling generates higher margins than other activities, given the strong demand and relatively low specifically equipped vessels, according to the company. We have included a 12.8% tax rate (tonnage tax) for our explicit estimate horizon.

The soft backlog provides visibility until 2028. Some big orders in the past, basically in the interconnector business, were awarded in a bid to-bid assignment, giving room to better negotiate on project pricing and margins. The company envisages a 5Y EUR 80/100M capex plan: around EUR 65M allocated to vessel expansion and EUR 15M to investments in equipment.

In our estimates, we have included EUR 25M fleet expansion capex in FY25E along with EUR 14M maintenance capex. We have considered EUR 35M capex for further fleet expansion in FY27E in our long-term DCF. As for FY24E, we have included EUR 12M capex in maintenance and equipment. We included in our estimates EUR 57.5M IPO proceeds in FY24E. We expect EUR 24.9M free cash flow generation in the same year, followed by EUR7.7M in FY25E when we assume EUR 39M in capex which includes investments in new vessels. Free cash flow in FY26E should reach EUR32.9M. The net financial position at YE26E exceeds EUR 115M net cash.

NetxGeo – Cash flow FY23/26E

EUR M	FY23A	FY24E	FY25E	FY26E
-Net fin. debt beg. of year (+cash)	-19.4	-9.9	73.3	81.5
Net profit	29.2	41.2	48.1	58.7
Depreciation & amortization	5.1	4.8	6.4	8.1
Other provisions	0.0	0.0	0.0	0.0
Changes in NWC	-4.9	-9.1	-7.8	-21.9
Operating cash flow	**29.5**	**36.9**	**46.7**	**44.9**
Capital expenditure	-20.5	-12.0	-39.0	-12.0
Asset disposal	0.0	0.0	0.0	0.0
Free cash flow	**8.9**	**24.9**	**7.7**	**32.9**
Other equity changes	0.0	57.4	0.0	0.0
Dividends (Y-1)	0.0	0.0	0.0	0.0
Other movements	0.5	0.8	0.6	0.8
Cash flow	**9.5**	**83.2**	**8.2**	**33.7**
-Net fin. Debt end of year (+cash)	-9.9	73.3	81.5	115.2

A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research estimates

Valuation and Key Risks

Valuation basis

We value NextGeo on the basis of a DCF model (WACC 10%, g=2%) and peers' comparison. We assign a 50% weighting to the DCF model and a 50% to the relative valuation.

Key Risks

Company specific risks:

- High importance of related parties (Marnavi)
- Competition from big players
- Strong reliance on OWF and EPCI players and on single customers

Sector generic risks:

- New technologies replacing wind turbines
- The implementation costs for OWF could be higher than expected
- OWFs struggle to grow in certain geographies

Company Snapshot

Company Description

NextGeo is among the leading European marine geo-data specialists. It provides marine geoscience surveying and offshore construction support services mainly in the Mediterranean and Northern Sea, with headquarters in Italy and subsidiaries in the UK and the Netherlands.The group (NextGeo and its subsidiaries) is characterised by an asset light approach, managing a fleet of owned and rented vessels (currently 3 and 5, respectively). It can leverage on in-house technical resources, including an extensive inventory of positioning, geophysical, geotechnical, oceanographic, environmental and UXO (unexploded ordnance) survey equipment tools. These instruments are used to gather and analyse data and information related to seabed characteristics, that are provided to clients, which are: i) subsea cable producers/installers (EPCI); ii) OWF (Offshore Wind Farm) developers; or iii) TSO (Transmission System Operators). This helps customers reduce risks during the design, construction and operation of assets.

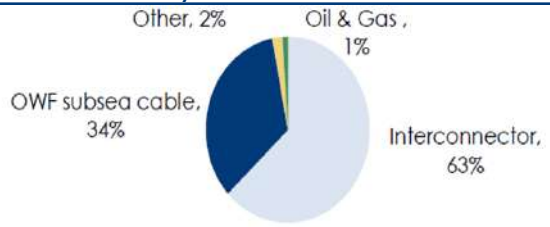
Key data

Mkt price (€)	6.84	Free float (%)	17.2
No. of shares	48.00	Major shr	Marnavi SpA
52Wk range (€)	NA/NA	(%)	51.1
Reuters	NXT.MI	Bloomberg	NXT IM
Performance (%)	**Absolute**		**Rel. FTSE Italia Growth**
-1M	-2.1	-1M	3.7
-3M	NA	-3M	NA
-12M	NA	-12M	NA

Estimates vs. consensus

EUR M (Y/E Dec)	2023A	2024E	2024C	2025E	2025C	2026E	2026C
Sales	148.6	203.8	NA	235.5	NA	285.0	NA
EBITDA	40.49	53.09	NA	62.50	NA	76.46	NA
EBIT	35.34	48.29	NA	56.15	NA	68.36	NA
Pre-tax income	33.49	47.29	NA	55.15	NA	67.36	NA
Net income	29.18	41.22	NA	48.07	NA	58.72	NA
Adj. EPS (€)	0.61	0.86	NA	1.00	NA	1.22	NA

NextGeo – Revenues by end market FY23: 86% on renewable



NextGeo – Owned fleet and equipment

Vessels	MPSV NG WORKER NG DRILLER NG COASTAL
Geotechnical survey	**1x** Seabed CPT Neptune 5000
Geophysical survey	**4x** SUB Bottom Profiler Innomar
Geophysical & UXO survey	**8x** Multi Beam Echo Sounder
Geophysical & UXO survey	**4x** Side Scan Sonar
Remotely Operated Vehicle (ROV)	**2x** ROV Schilling HD WorkClass **1x** HSS-ROV Superior **1x** ROTV MacArtney Focus 2-Extended **3x** ROTV Katria Scanfish

Source: Company data, Intesa Sanpaolo Research estimates and FactSet consensus data (priced at market close of 27/06/2024)

Next Geosolutions Europe – Key Data

Rating	Target price (€/sh)	Mkt price (€/sh)	Sector
BUY	Ord 10.1	Ord 6.84	Engineering & Machinery

Values per share (EUR)	2021A	2022A	2023A	2024E	2025E	2026E
No. ordinary shares (M)	48.00	48.00	48.00	48.00	48.00	48.00
Total no. of shares (M)	48.00	48.00	48.00	48.00	48.00	48.00
Market cap (EUR M)	NA	NA	NA	328.32	328.32	328.32
Adj. EPS	0	0	0.61	0.86	1.00	1.22
BVPS	2.0	0.42	1.0	3.1	4.1	5.3
Dividend ord	0	0	0	0	0	0
Income statement (EUR M)	**2021A**	**2022A**	**2023A**	**2024E**	**2025E**	**2026E**
Revenues	0.00	67.22	148.6	203.8	235.5	285.0
EBITDA	0.00	10.64	40.49	53.09	62.50	76.46
EBIT	0.00	8.38	35.34	48.29	56.15	68.36
Pre-tax income	0.00	7.44	33.49	47.29	55.15	67.36
Net income	0.00	7.36	29.18	41.22	48.07	58.72
Adj. net income	0.00	0.00	29.18	41.22	48.07	58.72
Cash flow (EUR M)	**2021A**	**2022A**	**2023A**	**2024E**	**2025E**	**2026E**
Net income before minorities	0	7.4	29.2	41.2	48.1	58.7
Depreciation and provisions	0	2.3	5.1	4.8	6.4	8.1
Others/Uses of funds	0	2.1	1.0	1.6	1.2	1.5
Change in working capital	0	-14.9	-4.9	-9.1	-7.8	-21.9
Operating cash flow	0	-3.1	30.5	38.6	47.8	46.4
Capital expenditure	0	-13.9	-20.5	-12.0	-39.0	-12.0
Financial investments	0	0	0	0	0	0
Acquisitions and disposals	0	0	0	0	0	0
Free cash flow	0	-17.0	10.0	26.6	8.8	34.4
Dividends	0	0	0	0	0	0
Equity changes & Non-op items	0	0.3	-0.5	56.6	-0.6	-0.8
Net change in cash	0	-16.7	9.6	83.2	8.2	33.7
Balance sheet (EUR M)	**2021A**	**2022A**	**2023A**	**2024E**	**2025E**	**2026E**
Net capital employed	0	39.2	58.9	74.8	114.6	139.7
of which associates	0	0	0	0	0	0
Net debt/-cash	0	19.4	9.9	-73.3	-81.5	-115.2
Minorities	0	0.1	0.1	0.1	0.1	0.1
Net equity	0	20.0	49.2	147.9	196.0	254.7
Minorities value	0	0.1	0.1	0.1	0.1	0.1
Enterprise value	NA	NA	NA	255.1	246.9	213.2
Stock market ratios (x)	**2021A**	**2022A**	**2023A**	**2024E**	**2025E**	**2026E**
Adj. P/E	NA	NA	NA	8.0	6.8	5.6
P/CFPS	NA	NA	NA	7.1	6.0	4.9
P/BVPS	NA	NA	NA	2.2	1.7	1.3
Payout (%)	0	0	0	0	0	0
Dividend yield (% ord)	NA	NA	NA	0	0	0
FCF yield (%)	NA	NA	NA	8.1	2.7	10.5
EV/sales	NA	NA	NA	1.3	1.0	0.75
EV/EBITDA	NA	NA	NA	4.8	4.0	2.8
EV/EBIT	NA	NA	NA	5.3	4.4	3.1
EV/CE	NA	NA	NA	3.4	2.2	1.5
D/EBITDA	NM	1.8	0.25	Neg.	Neg.	Neg.
D/EBIT	NM	2.3	0.28	Neg.	Neg.	Neg.
Profitability & financial ratios (%)	**2021A**	**2022A**	**2023A**	**2024E**	**2025E**	**2026E**
EBITDA margin	NM	15.8	27.3	26.0	26.5	26.8
EBIT margin	NM	12.5	23.8	23.7	23.8	24.0
Tax rate	NM	0.7	12.8	12.8	12.8	12.8
Net income margin	NM	10.9	19.6	20.2	20.4	20.6
ROCE	NM	21.4	60.0	64.6	49.0	48.9
ROE	NM	73.5	84.3	41.8	28.0	26.1
Interest cover	NM	8.9	19.0	48.3	56.1	68.4
Debt/equity ratio	NM	96.6	20.1	Neg.	Neg.	Neg.
Growth (%)		**2022A**	**2023A**	**2024E**	**2025E**	**2026E**
Sales		NA	NM	37.2	15.5	21.0
EBITDA		NA	NM	31.1	17.7	22.3
EBIT		NA	NM	36.6	16.3	21.8
Pre-tax income		NA	NM	41.2	16.6	22.2
Net income		NA	NM	41.3	16.6	22.2
Adj. net income		NA	NA	41.3	16.6	22.2

NM: not meaningful; NA: not available; Neg.: negative; A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Appendix 1: History, Experienced Management & Organisation

NextGeo - Milestones

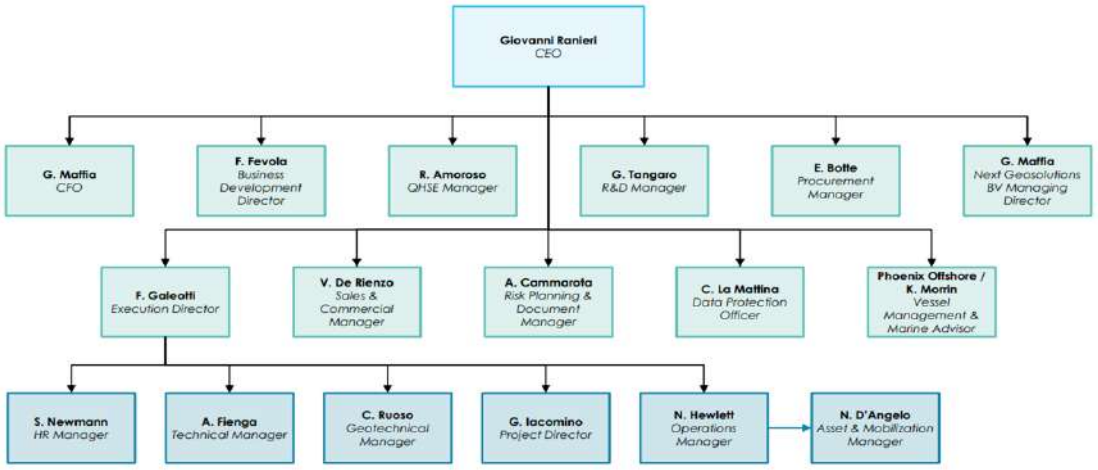
Year	Event
End-2014	Incorporation of Next Geosolutions
2017	Geographic expansion through RMS Submarine (Next Geosolutions UKCS Ltd.)
2020	Frame agreement with TSO/Tennet consolidating its positioning in Wind Farm market; purchase of the first vessel 'NG Worker'
2021	Geographic expansion in the Netherlands through Next Geosolutions BV
2022	Entering in the deepgeotechnic (drilling) market through new projects with Vattenfall and COP
2023	Purchase of the vessel NG Driller and new innovation projects

Source: Company data

NextGeo – Key managers

Source: Company data

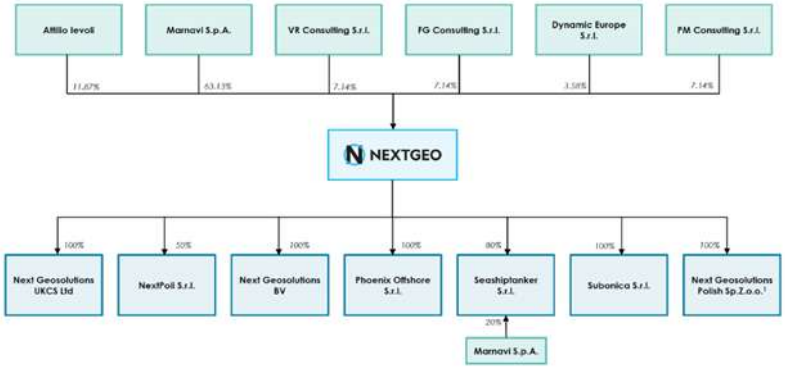
NextGeo – Organisational structure



Source: Company data

Appendix 2: Group Structure

Group Structure



Source: Company data

Appendix 3: A Sample of International Peers[3]

Fugro NV

Business description

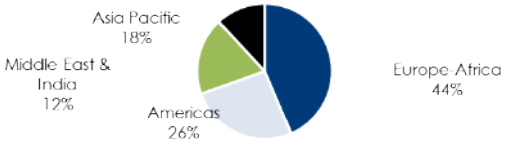
Founded in 1962 and headquartered in Leidschendam, the Netherlands, Fugro engages in the provision of geo-intelligence and asset integrity solutions. The firm's geographical segments include: Europe-Africa (E-A), Americas (AM), Asia Pacific (APAC), and Middle East and India (MEI). Its business line includes Marine Site Characterization (MSC), Marine Asset Integrity (MAI), Land Site Characterization (LSC), and Land Asset Integrity (LAI).

Key forecasts

EUR M	2022	2023	2024F	2025F	2026F
Sales	1,766	2,189	2,401	2,616	2,832
EBIT	105	254	297	334	375
EBITDA	228	399	459	513	571
Pre-tax Income	90	210	282	325	372
Net Income	79	255	228	260	292

Revenue breakdown, 2023

Geographic breakdown, 2023



DOF Group ASA

Business description

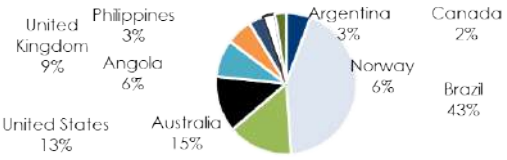
Founded in 1981 and headquartered Storebo, Norway, DOF Group provides essential offshore and subsea services. It owns and operates a fleet of PSV, AHTS and Subsea/CSV vessels operating in all major oil and gas regions, in addition to several engineering companies offering services to the subsea market.

Key forecasts

EUR M	2022	2023	2024F	2025F	2026F
Sales	--	1,156	1,321	1,402	1,448
EBIT	--	342	322	391	437
EBITDA	--	422	481	549	595
Pre-tax Income	--	354	213	314	371
Net Income	--	373	160	247	293

Revenue breakdown, 2023

Geographic breakdown, 2023



Reach Subsea ASA

Business description

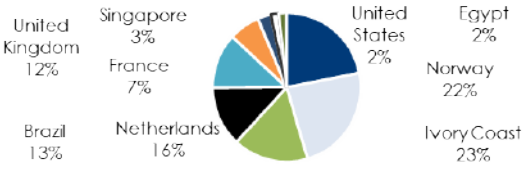
Founded on 19 Aug 1909 and headquartered in Haugesund, Norway, Reach Subsea is a holding company, which engages in the provision of subsea services as a sub-contractor and directly to end clients. It operates under the Oil and Gas, and Renewable and Other segments. Oil and Gas includes survey; inspection, maintenance, and repair; and light construction projects for oil and gas companies. Renewable and Other focuses on projects within offshore wind, tidal energy, subsea mining, and seabed exploration.

Key forecasts

EUR M	2022	2023	2024F	2025F	2026F
Sales	103	172	215	232	250
EBIT	10	28	34	41	52
EBITDA	40	82	93	106	117
Pre-tax Income	9	25	24	37	48
Net Income	6	20	19	29	38

Revenue breakdown, 2023

Geographic breakdown, 2023



[3] All tables, charts and descriptions from FactSet and priced at market close of 25/06/2024 in EUR (F: FactSet forecasts, --: not available)

Appendix 4: Glossary

NextGeo – Main terms

Term	Meaning
AHC	Active heave compensation
ASV	Autonomous Survey Vehicle is a surface platform capable of autonomously and safely carrying out the work plan while processing information about the external environment (GPS, AIS, RADAR).
AUV	Autonomous underwater vehicle. Unmanned submersible launched from a 'mother-vessel' but not connected to it via a cable. Propulsion and control are autonomous and use pre-defined mission protocols.
CPT	Cone penetration testing. Pushing a steel cone-tipped probe into the soil, measuring resistance, in order to identify soil composition.
DP	Dynamic positioning. The International Maritime Organization (IMO) has established three DP classes: DP-1, DP-2, and DP-3, according to the level of reliability and redundancy in the main components, such as power, thrusters, and control systems.
Geophysical survey	Mapping of the surface and subsurface marine soil characteristics using non-invasive techniques such as sound or remote sensing techniques. This provides insight into the composition of the subsurface over a large area, but at lower resolution and with less insight into the specific soil properties compared to a geotechnical investigation
Geotechnical investigation	Determination of subterranean soil characteristics using invasive techniques such as drilling and sampling. Geotechnical data gathering is particularly useful to determine the high-resolution composition, characteristics and properties of the soil at the sample location.
HiPAP	High Precision Acoustic Positioning System. It is a method of underwater acoustic positioning.
HSS-ROV	Remotely operated vehicle able to operate at up to 3000m depth and almost doubling the production speed achieved with similar underwater vehicle available in the market
MBES	Multibeam echosounder, a type of sonar used to map the seabed which emits acoustic waves in a fan shape beneath its transceiver
MPSV	Multi purposes support vessel
NDF	"Next Digital Fleet. It is a system to collect and transmit from the ship to headquarter raw data, ROV video and ship status using custom compression algorithms to optimize the occupied radio communication bandwidth."
OWD	Offshore Wind Farm developers
PLGR	Pre-Lay Grapnel Runs
POB	Persons on board
ROTV	Remotely Operated Towed Vehicle
ROV	Remotely operated vehicle. Unmanned submersible launched from a vessel and equipped with measuring and manipulation equipment. A cable to the mother vessel provides power, video and data communication
SBP	Sub Bottom Profiler
SSS	Side-scan sonar
TSO	Transmission System Operator
USBL	Ultra-short baseline acoustic positioning system. It is a method of underwater acoustic positioning.
USV	Uncrewed surface vessel. Uncrewed data acquisition platform, initially used for hydrographic services applications; next generation USVs will also be capable of deploying remotely operated vehicles for inspection activities. USVs are cost-effective to build and safer and more efficient to operate, consuming significantly less fuel than regular, crewed vessels.
UXO	Unexploded ordnance; unexploded bombs and other explosive remnants of war.

Source: Intesa Sanpaolo Research elaboration on company data

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Equity Rating Key (long-term horizon: 12M)

Long-term rating	Definition

Equity Rating Key (long-term horizon: 12M)

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Next Geosolutions Europe:

Target price and market price trend (-1Y)

Initiation of coverage

Historical recommendations and target price trend (-1Y)

Initiation of coverage

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