

## Next Geosolutions Europe

Marine Engineering

### Sailing towards energy transition

*NextGeo stands out as a key player in Europe's renewable energy transition, providing marine geoscience and offshore engineering services, vital for offshore wind projects. With a proven track record and a ROCE<sub>23</sub> of 40.8%, it's well-positioned for further growth. With a 26% net sales CAGR<sub>23-26E</sub>, driven by offshore wind projects, NextGeo's strategic focus and superior asset utilisation set it apart in the sector. The company aims to expand its services, fleet, and geographical presence, leveraging IPO proceeds to accelerate growth. With its competitive advantages and strong market demand for renewable energy solutions, NextGeo is poised to capitalize on opportunities in the evolving renewable energy landscape. Our valuation, based on EV/EBIT<sub>24-26E</sub> and DCF, indicates a TP of Eu10.4 per share. Alantra initiates coverage on NextGeo with a BUY rating.*

- The offshore subsea engineers.** NextGeo, is one of the European leading providers of marine geoscience and offshore engineering services, primarily for renewable projects. With Eu148.6mn revenues in 2023, the group surveys the subsea, encompassing geophysical and geotechnical aspects, to map marine soil characteristics to enable, accelerate and de-risking submarine cables & offshore wind projects (89% of FY23 sales). With access to a potential fleet of 18 Dynamic Positioning vessels (owned and third-party assets) and a workforce exceeding 400 skilled individuals, NextGeo offers services within the design and engineering process, enabling complex offshore renewable projects feasibility.
- The green energy transition player.** NextGeo plays a crucial role in accelerating EU energy independence and its transition towards more secure, efficient, and green energy production. We see NextGeo's role in this process as key to meeting government targets. The EU's ambitious targets (e.g., >2x GW installation capacity of wind farms by 2030) trigger an escalation in permitting and execution of renewable projects.
- Unique positioning in renewable, superior assets utilisation and ROCE.** We think that the group has solid competitive advantages and is capable of gaining further market share in the coming years due to: 1) established track record with top clients (many in bid to bid); 2) expertise in complex projects; and 3) asset-light BM thanks to superior flexibility in the use of mission-critical vessels, also from the third-related party Marnavi. We believe that the strong competitive positioning of NextGeo is well summarized by its ROCE of 40.8% in FY23.
- Services, fleet and geographical expansion.** NextGeo aims to increase the scale of projects, pivoting on three main pillars: 1) increase services in the value chain; 2) proprietary fleet expansion while maintain an optimal mix with rented ships; and 3) expand its presence in new strategic regions through M&A. The increase of services in the portfolio, including asset in service contracts, enhances the group's competitiveness and increase its chances of winning tenders (end-to-end solutions) as well as uplift the backlog visibility. We expect the Eu57.5mn IPO proceeds to accelerate the three strategic pillars of services, fleet, and geographical expansion.
- 26% net sales CAGR 23-26E driven by offshore wind projects.** With a backlog of Eu305mn at 1H24, we expect the group to show a strong growth in sales in the coming years, driven by offshore wind farm projects (+26% sales CAGR 23-26). NextGeo foresees maintaining operational efficiency, with EBITDA reaching Eu78.6mn in 2026, showing a 25% CAGR. EBIT is projected to hit Eu66.5mn in 2026, with a margin of 22.4%, with Net Profit at Eu54.6mn in 2026 (CAGR of 23.2%). The asset-light business model is expected to persist, generating a cumulative FCF of Eu46mn during FY24E-26E, with ROCE averaging 30% and reaching 31% in 2026E.
- Alantra initiates NextGeo with BUY, TP Eu10.4/s.** We have selected a range of companies from marine engineering, geo-intelligence, and asset integrity sectors, showing diverse capital deployment patterns related to owned/rented fixed assets. Size, margins, and returns vary significantly. NextGeo surpasses peers with higher margins and top-line growth, attributed to its strategic focus on renewable energy. Our valuation, based on average EV/EBIT<sub>24-26E</sub> and 5-year DCF, incorporating a 8.9% WACC and a 1.5% g, set a TP of Eu.10.4/s. Alantra initiates NextGeo with a BUY rating, 37% upside.

**BUY**

New Coverage

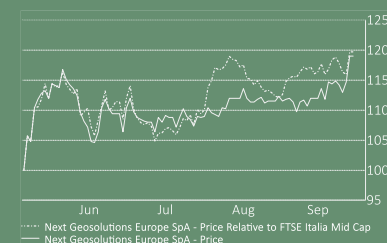
**TP 10.4**

New Coverage

Target price upside 37%

Ticker (BBG, Reut)	NXT IM	NXT MI
Share price Ord. (Eu)		7.6
N. of Ord. shares (mn)		46.5
Total N. of shares (mn)		46.5
Market cap (Eu mn)		353
Total Market Cap (EU mn)		353
Free Float Ord. (%)		16%
Free Float Ord. (Eu mn)		55
Daily AVG liquidity Ord. (Eu k)		146

	1M	3M	12M
Absolute Perf.	6.7%	8.8%	na
Rel. to FTSEMidCap	5.7%	7.6%	na
52 weeks range		6.3	7.4



	FY23A	FY24E	FY25E
Sales	149	205	241
EBITDA	40.5	53.2	63.3
Net profit	29.2	37.8	43.1
EPS adj.		0.813	0.927
DPS - Ord.		0.000	0.000
EV/EBITDA		5.8x	4.8x
P/E adj.		9.4x	8.2x
Dividend yield		0.0%	0.0%
FCF yield		0.3%	0.8%
Net debt/(Net cash)	9.7	(48.8)	(51.7)
Net debt/EBITDA	0.2x	nm	nm

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## Summary Financials (ITA GAAP)

P&L account (Eu mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Total Revenues	67.2	148.6	204.6	241.3	297.0
Gross margin	na	na	na	na	na
EBITDA reported	10.6	40.5	53.2	63.3	78.6
D&A	(2.3)	(5.1)	(6.8)	(10.6)	(12.2)
EBIT reported	8.4	35.3	46.4	52.8	66.5
Net financial charges	(0.9)	(1.9)	(1.4)	(1.4)	(1.4)
Associates	0.0	0.0	0.0	0.0	0.0
Extraordinary items	0.0	0.0	0.0	0.0	0.0
Pre-tax profit	7.4	33.5	45.0	51.4	65.1
Taxes	(0.0)	(4.3)	(7.2)	(8.2)	(10.4)
Minorities	(0.0)	(0.0)	(0.0)	(0.0)	0.0
Discontinued activities	0.0	0.0	0.0	0.0	0.0
Net profit reported	7.4	29.2	37.8	43.1	54.6
<b>EBITDA adjusted</b>	<b>10.6</b>	<b>40.5</b>	<b>53.2</b>	<b>63.3</b>	<b>78.6</b>
<b>EBIT adjusted</b>	<b>8.4</b>	<b>35.3</b>	<b>46.4</b>	<b>52.8</b>	<b>66.5</b>
<b>Net profit adjusted</b>	<b>7.4</b>	<b>29.2</b>	<b>37.8</b>	<b>43.1</b>	<b>54.6</b>

Margins (%)	FY22A	FY23A	FY24E	FY25E	FY26E
Gross margin	nm	nm	nm	nm	nm
EBITDA margin (adj)	15.8%	27.3%	26.0%	26.2%	26.5%
EBIT margin (adj)	12.5%	23.8%	22.7%	21.9%	22.4%
Pre-tax margin	11.1%	22.5%	22.0%	21.3%	21.9%
Net profit margin (adj)	10.9%	19.6%	18.5%	17.9%	18.4%

Growth rates (%)	FY22A	FY23A	FY24E	FY25E	FY26E
Sales	-	121.0%	37.7%	17.9%	23.1%
EBITDA	-	280.6%	31.3%	19.1%	24.2%
EBITDA adjusted	-	280.6%	31.3%	19.1%	24.2%
EBIT	-	321.9%	31.3%	13.7%	26.0%
EBIT adjusted	-	321.9%	31.3%	13.7%	26.0%
Pre-tax	-	350.3%	34.4%	14.1%	26.7%
Net profit	-	296.6%	29.5%	14.1%	26.7%
Net profit adjusted	-	296.6%	29.5%	14.1%	26.7%

Per share data	FY22A	FY23A	FY24E	FY25E	FY26E
Shares			46.50	46.50	46.50
N. of shares AVG			46.50	46.50	46.50
N. of shares diluted AVG			46.50	46.50	46.50
<b>EPS</b>			<b>0.81</b>	<b>0.93</b>	<b>1.17</b>
<b>EPS adjusted</b>			<b>0.81</b>	<b>0.93</b>	<b>1.17</b>
<b>DPS - Ord.</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
DPS - Sav.			0.00	0.00	0.00
BVPS			3.11	4.04	5.21

Enterprise value (Eu mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Share price Ord. (Eu)	-	-	7.6	7.6	7.6
Market cap	-	-	353.4	353.4	353.4
Net debt/(Net cash)	19.2	9.7	(48.8)	(51.7)	(94.2)
Adjustments	1.9	2.8	3.3	3.7	4.2
Enterprise value	-	-	308.0	305.4	263.4

Sources: Company data, Alantra estimates. All adjusted figures are based on Alantra estimates

Cash flow (Eu mn)	FY22A	FY23A	FY24E	FY25E	FY26E
EBITDA adjusted	10.6	40.5	53.2	63.3	78.6
Net financial charges	(0.9)	(1.9)	(1.4)	(1.4)	(1.4)
Cash taxes	(0.3)	(0.0)	(7.2)	(8.2)	(10.4)
Ch. in Working Capital	3.3	(7.7)	(14.3)	(4.6)	(4.4)
Other operating items	0.4	(0.8)	0.5	0.3	0.5
<b>Operating cash flow</b>	<b>13.2</b>	<b>30.0</b>	<b>30.8</b>	<b>49.4</b>	<b>62.9</b>
Capex	(13.9)	(20.6)	(29.8)	(46.5)	(20.4)
<b>FCF</b>	<b>(0.7)</b>	<b>9.5</b>	<b>1.0</b>	<b>2.9</b>	<b>42.5</b>
Disposals/Acquisitions	0.0	0.0	0.0	0.0	0.0
Changes in Equity	0.0	0.0	57.5	0.0	0.0
Others	(1.0)	(0.1)	0.0	0.0	0.0
Dividends	0.0	0.0	0.0	0.0	0.0
<b>Ch. in NFP</b>	<b>(1.7)</b>	<b>9.5</b>	<b>58.5</b>	<b>2.9</b>	<b>42.5</b>

Ratios (%)	FY22A	FY23A	FY24E	FY25E	FY26E
<b>Capex/Sales</b>	<b>20.6%</b>	<b>13.8%</b>	<b>14.6%</b>	<b>19.3%</b>	<b>6.9%</b>
Capex/D&A	6.1x	4.0x	4.4x	4.4x	1.7x
FCF/EBITDA	-6.5%	23.4%	1.8%	4.6%	54.1%
FCF/Net profit	-9.5%	nm	2.6%	6.7%	77.8%
<b>Dividend pay-out</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>

Balance sheet (Eu mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Working capital	15.2	19.4	33.7	38.3	42.7
Fixed assets	26.1	42.6	65.6	101.5	109.8
Provisions & others	(2.1)	(3.0)	(3.5)	(3.9)	(4.4)
<b>Net capital employed</b>	<b>39.2</b>	<b>58.9</b>	<b>95.7</b>	<b>136.0</b>	<b>148.1</b>
<b>Net debt/(Net cash)</b>	<b>19.2</b>	<b>9.7</b>	<b>(48.8)</b>	<b>(51.7)</b>	<b>(94.2)</b>
Equity	20.0	49.2	144.5	187.6	242.3
Minority interests	0.0	0.1	0.1	0.1	0.2

Ratios (%)	FY22A	FY23A	FY24E	FY25E	FY26E
<b>Working capital/Sales</b>	<b>22.7%</b>	<b>13.0%</b>	<b>16.5%</b>	<b>15.9%</b>	<b>14.4%</b>
<b>Net debt/Equity</b>	<b>95.7%</b>	<b>19.7%</b>	<b>nm</b>	<b>nm</b>	<b>nm</b>
<b>Net debt/EBITDA</b>	<b>1.8x</b>	<b>0.2x</b>	<b>nm</b>	<b>nm</b>	<b>nm</b>

Valuation	FY22A	FY23A	FY24E	FY25E	FY26E
<b>EV/CE</b>			<b>3.1x</b>	<b>2.2x</b>	<b>1.7x</b>
P/BV			2.4x	1.9x	1.5x
EV/Sales			1.5x	1.3x	0.9x
EV/EBITDA			5.8x	4.8x	3.4x
<b>EV/EBITDA adjusted</b>			<b>5.8x</b>	<b>4.8x</b>	<b>3.4x</b>
EV/EBIT			6.6x	5.8x	4.0x
<b>EV/EBIT adjusted</b>			<b>6.6x</b>	<b>5.8x</b>	<b>4.0x</b>
P/E			9.4x	8.2x	6.5x
<b>P/E adjusted</b>			<b>9.4x</b>	<b>8.2x</b>	<b>6.5x</b>
ROCE pre-tax	40.5%	68.4%	57.6%	44.1%	45.5%
<b>ROE</b>	<b>36.7%</b>	<b>59.3%</b>	<b>26.1%</b>	<b>23.0%</b>	<b>22.5%</b>
EV/FCF			313.9x	105.5x	6.2x
<b>FCF yield</b>			<b>0.3%</b>	<b>0.8%</b>	<b>12.0%</b>
<b>Dividend yield</b>			<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>

### Strengths

Leading European player in offshore renewable projects  
Asset-light profile due to an optimal mix of owned and third-party vessels  
Strong track-record in major large offshore projects in Europe

### Opportunities

European green transition and floating wind farms development  
New clients / Higher share of wallet from existing clients  
M&A to accelerate business expansion

### Weaknesses

Dependency from third-related party  
Projects / Clients concentration  
Lack of M&A track record

### Threats

Competition from large, diversified players  
Inability to retain skilled employees  
Internalisation of engineering activity from commissioners

### Key shareholders

Marnavi - 52.60%  
Attilio levoli - 9.90%  
Management - 14.94%  
Market - 15.50%

### Management

Giovanni Ranieri - CEO  
Attilio levoli - Chairman  
Giuseppe Maffia - CFO IR

### Next events

-

## Executive Summary

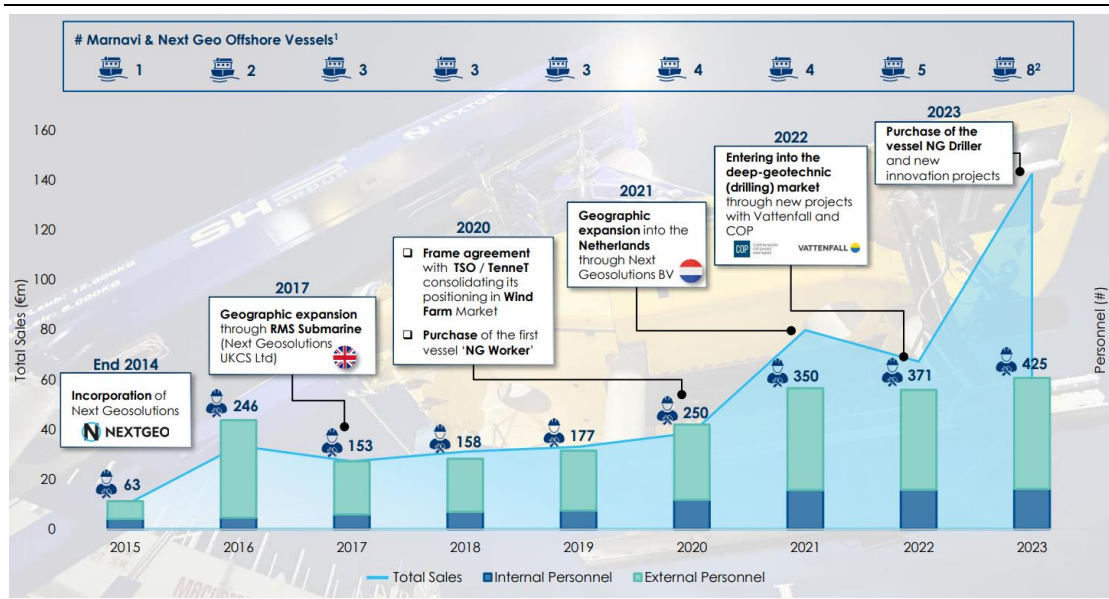
NextGeo stands out as a key player in Europe's renewable energy transition, providing marine geoscience and offshore engineering services, vital for offshore wind projects. With a proven track record and a ROCE<sub>23</sub> of 40.8%, it's well-positioned for further growth. With a 26% net sales CAGR<sub>23-26E</sub>, driven by offshore wind projects, NextGeo's strategic focus and superior asset utilisation set it apart in the sector. The company aims to expand its services, fleet, and geographical presence, leveraging IPO proceeds to accelerate growth. With its competitive advantages and strong market demand for renewable energy solutions, NextGeo is poised to capitalize on opportunities in the evolving renewable energy landscape. Our valuation, based on EV/EBIT<sub>24-26E</sub> and DCF, indicates a TP of Eu10.4/s. Alantra initiates coverage on NextGeo with a BUY rating.

### A leading marine geoscience services player

NextGeo, a renowned provider of marine geoscience and offshore engineering services, specializes in projects within the renewable energy sector. With Eu148.6mn revenues in 2023, they conduct subsea surveys in Europe, encompassing geophysical and geotechnical aspects, to map marine soil characteristics and acquire detailed soil data through drilling. Founded in 2014, NextGeo has gained an established track-record by serving clients active primarily in the submarine cables & wind farm industries (89% of FY23 sales) and oil & gas, operating across offshore and nearshore environments. As part of the Marnavi Group, they efficiently deploy vessels and manage resources across projects. With access to a fleet of 8 Dynamic Positioning vessels (owned and third-party assets - 7 Offshore vessels and 1 nearshore vessel) and a workforce exceeding 400 skilled individuals, NextGeo offers comprehensive services within the design and engineering process, enabling complex offshore renewable projects feasibility. They've played pivotal roles in large EMEA energy projects, supported by enduring partnerships with industry leaders. Notable clients include transmission operators, offshore wind developers, cable producers/installers, and oil & gas companies, contributing to innovation and sustainability in the energy sector. Despite market concentration, NextGeo maintains diversified revenue streams and enduring collaborations with major clients such as Prysmian, Saipem, Terna, Vattenfall, NKT, Nexans and Tennet. Marnavi SpA is the major shareholder (53% stake).

### Swift expansion consolidating positive market momentum.

*Established in 2014, now the group employs more than 400 professionals and generates more sales of almost Eu150mn in 2023*



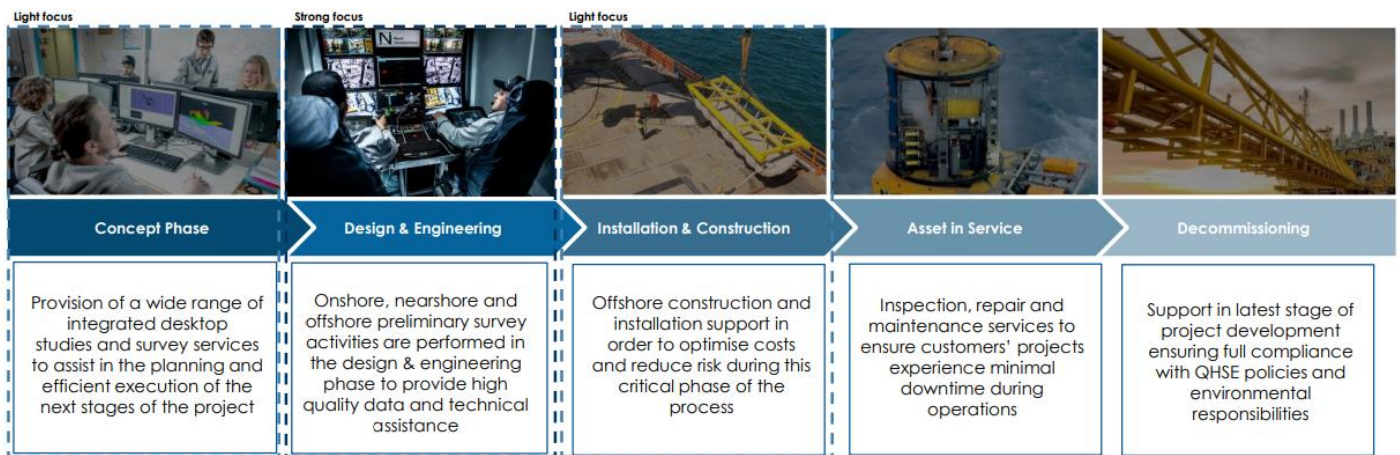
Source: Company data. 1) Excluding vessels leased from external parties; 2) One of which is a nearshore vessel

## Business model: marine geodata asset light specialist

NextGeo stands as a premier specialist in marine geodata services across Europe, pivotal for successful project execution and risk mitigation in offshore construction and renewable energy sectors. Group's expertise ensures meticulous data collection and analysis, playing a critical role in project viability. Through site characterisation studies, NextGeo maps seabeds and collects soil data, providing invaluable insights into geological and engineering conditions. Their strategic assets, including vessels and specialised equipment, ensure operational efficiency and effectiveness. With a multinational workforce of over 420 skilled individuals, NextGeo maintains adaptability to fluctuating demands, fostering excellence in service delivery. Research and development efforts are a cornerstone of NextGeo's commitment to innovation, supported by partnerships with prestigious institutions like MIT and the National Research Council. These collaborations drive advancements in the industry, paving the way for sustainable solutions and cutting-edge technologies. By prioritising excellence, reliability, and strategic partnerships, NextGeo solidifies its position as one of the leading players in marine geodata services.

### Where Next Geo proves indispensable: mitigating risks associated with intricate marine projects

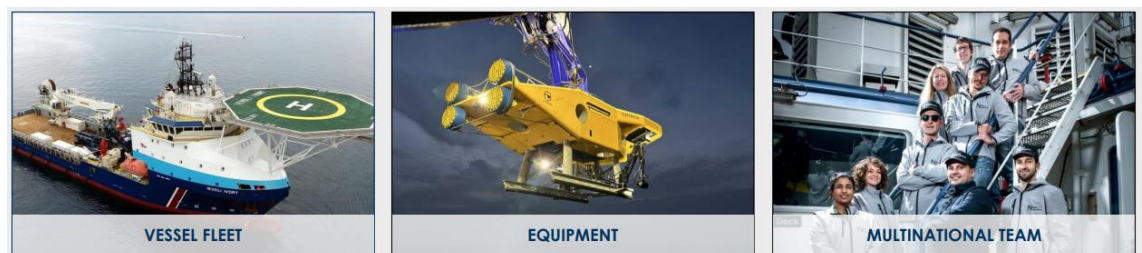
*Alongside the entire marine project lifecycle, NextGeo strongly focuses on the Design & Engineering and lightly on the Concept and Installation & Construction phases*



Source: Company data

### Robust Asset Portfolio Signifying Group Strength

*Harnessing its key assets of vessels, equipment, and personnel, NextGeo provides a broad spectrum of services*



Source: Company data

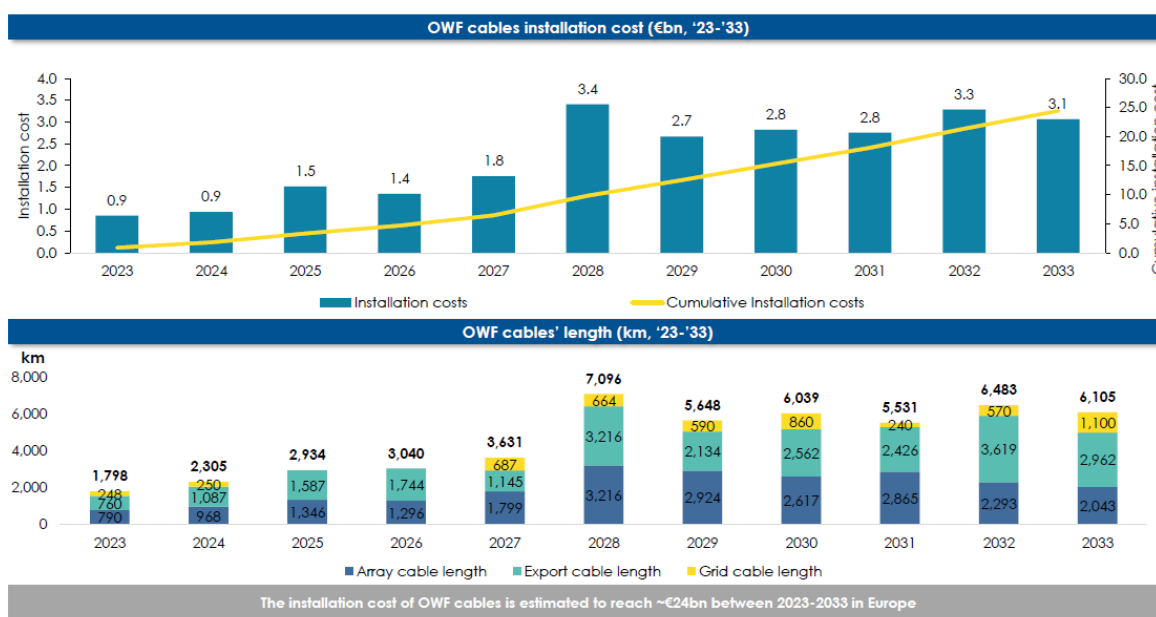
### Driving the EU green energy revolution market

NextGeo plays a crucial role in accelerating EU energy independence and its transition towards more secure, efficient, and green energy production. We see NextGeo's role in this process as key to meeting government targets in both electricity interconnection and renewable energy production levels, which currently addresses a reference market size of over Eu10bn (o/w Eu7bn in offshore wind, according to NextGeo's management). On the interconnector front, the group can benefit from several supportive trends, including the EU target to

reach at least 15% in cross-border transportation grid by 2030. These trends include: 1) higher energy security; 2) renewable energy integration; and 3) grid stability and flexibility. According to 4C Offshore, EPCI expenditure in Europe is expected to cumulate to Eu43bn, following c. Eu10bn expenditures in 2015-23. Within the offshore wind market, the EU's ambitious targets (e.g., a 45% renewable energy target and increasing installed capacity from 204GW in 2022 to 500GW by 2030 according to European Wind Power Action Plan; RePowerEU Plan) trigger an escalation in permitting and execution of wind farm projects. The global offshore wind farm installation is expected to grow by 4x in GW capacity, with Europe expected to also quadruple its contribution during 2023-30, reaching 150GW from the current 37GW. This growth is underpinned by technological advancements in infrastructure, with floating offshore farms taking the stage due to their location flexibility, lower environmental impact, and higher production capabilities. This segment is expected to bolster by a 64.9% CAGR 2023-30 in terms of global installations, reaching c. 12GW by 2030. (source: Frost&Sullivan, Government Support, Disruptive Technologies, and Optimized Supply Chains will Drive Cost Reduction and Floating Offshore Wind Deployments (August 2023).

## European offshore wind farm cables installation cost (Eubn, 23-33E) and offshore wind farm cables length (km, 23-33E)

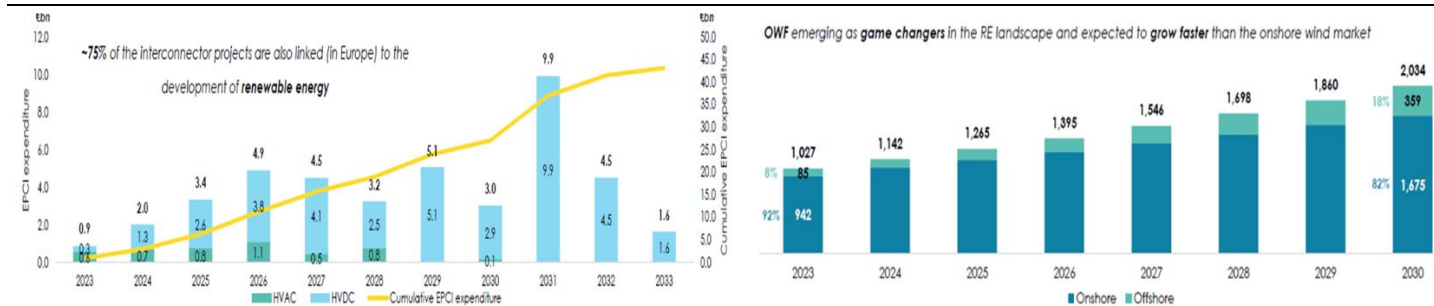
According to 4C offshore, the OWF cable installation expenditure in 2023-33 should be around Eu43bn in Europe



Source: 4C Offshore "Offshore Wind Farms Database" as of 30.01.2024

## Interconnector EPCI expenditure (lhs, Eubn, 2022-33) and global wind installation capacity (rhs, GW, 2023-30)

According to 4C offshore, the EPCI (Engineering, procurement, and installation) expenditure in 2023-30 for interconnectors should add Eu43bn in Europe



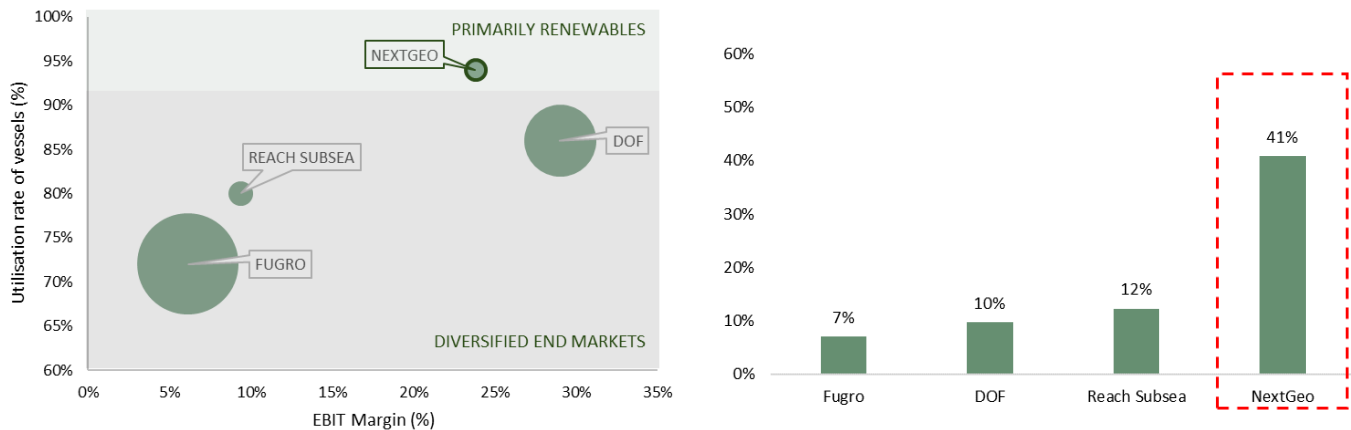
Source: (i) 4C Offshore, for the graph relating to Interconnector expenditures and (ii) Frost&Sullivan, Increased Climate Concerns, Technological Advancements, Governmental Policies, Cost Reductions, and Energy Needs Drive Global Demand (November 2023)

## Unique positioning in Renewables and superior ROCE

The offshore marine engineering services sector is populated by large and diversified players with a global footprint (e.g., listed peer Fugro) and specialists with a more regional reach (e.g. GeoXYZ). While the presence of players is more fragmented within the Oil & Gas industry due to the historical business predominance, the pure renewables/offshore wind sector counts fewer players. We believe that NextGeo is one of the leading players (5th by revenues in EMEA) and leads the rank in terms of exposure to the renewables end-market as a percentage of revenues. The group offers a broader engineering services proposition compared to smaller players, which are often underequipped. We believe that the group has solid competitive advantages and is capable of gaining further market share in the coming years due to: 1) Established track record with top clients (supported also by bid-to-bid); 2) Expertise in complex and legacy projects; 3) Group’s asset-light profile thanks to superior flexibility/availability in the use of vessels also from the third-related party Marnavi group; and 4) Proprietary mission-critical and specialised equipment/vessel. Barriers to entry are extremely high due to a sizable initial capital requirement, specialized know-how, and a track record in complex projects. We believe that the strong competitive positioning of NextGeo is well summarized by its ROCE of 40.8% in FY23, well above the 10% average of listed peers. NextGeo is exposed to a healthy end-market (c. 86% to renewables). More, while most of the competitors rely on a substantial proprietary/long-term lease of vessels, the presence of third-related party Marnavi group is a clear competitive edge, which is expected to remain in the mid-term due to the spare capacity of additional vessels. This should be another lever of scale.

### Utilisation rate and operating profitability (lhs, %, bbl size=revenues) and NextGeo superior ROCE (rhs, %)

*NextGeo scores the highest utilization rate of vessels and attractive operating profitability. The strong competitive positioning is well-summarized by its sound ROCE.*



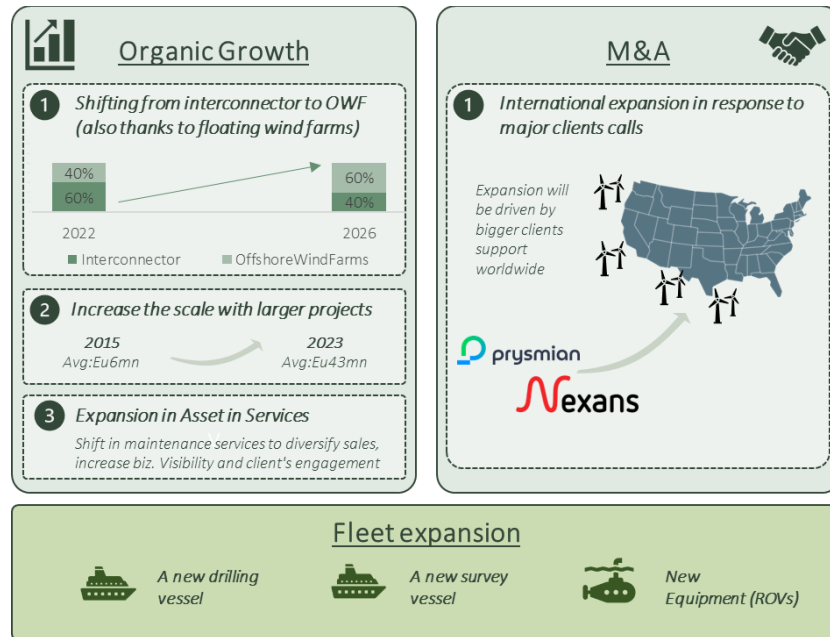
Source: Alantra elaboration on Company data, Peers annual report, Factset; Note: ROCE is defined as:  $\text{Adj. EBIT} \times (1 - \text{Norm. Tax Rate}) / (\text{Fixed Assets} + \text{NWC})$ . Note2: Peers’ latest available data, FY23 data for NextGeo.

## Services, fleet, and geographical expansion

We believe that NextGeo aims to continue growing by scaling up its projects, pivoting on three main pillars: 1) Value chain integration by adding services within installation & construction and asset in services phases; 2) Increase the fleet of owned vessels to maintain an optimal balance between proprietary and rented ships; and 3) Expand its presence in new strategic regions through M&A. The increase of services in the portfolio, including the asset in service ones, can enhance the group's competitiveness and increase its capabilities in offering end-to-end solutions as well as uplift the backlog visibility and provide revenue diversification. In response to further growth foreseen stemming from the green transition wave, we expect NextGeo to expand its proprietary fleet of vessels, maintaining the optimal balance of proprietary and Marnavi’s rented ships, as well as adding further strategic equipment like ROVs. Additionally, the increasing share of wallets from major clients is prompting the group to expand its geographical reach, aiming also to support major clients in strategic areas, also through M&A. We expect the Eu57.5mn IPO proceeds to accelerate the three strategic pillars of services, fleet, and geographical expansion.

## Organic and Inorganic growth supported by fleet expansion

The group targets to increase the scale of projects in renewables, enter in the asset in services contract and expand its fleet. M&A of international targets could be an option in response to clients' growing demand



Source: Alantra elaborations on Company data

## Recent Results: FY23 and 1H24

In 2023, NextGeo witnessed a significant doubling in top line, driven by effective strategies and securing larger contracts. Operating in the North Sea, Baltic Sea, Eastern Atlantic Ocean, and Mediterranean, collaborations included Tennet and Vattenfall for Wind Farm development. NextGeo also contributed to installing submarine electrical interconnection infrastructures in Europe. Value of Production reached Eu148.6mn, compared to Eu67.2mn in 2022, with EBITDA nearly quadrupling to Eu40.5mn. Profits benefited from the Tonnage Tax regime too, with consolidated tax rate standing at 12.7%. Meticulous asset management ensures stability, supporting future investment initiatives, and incorporating rented and owned assets provides flexibility, cost efficiency and superior rate of return on capital employed.

### NextGeo's 2023: doubled production value, secured larger contracts. Enhanced efficiency and scalability sustained profitability

NextGeo achieves financial efficiency by incorporating external personnel and assets and taking advantage of Tonnage Tax: net margin nearing 20%.

Eu mn	FY22A	FY23A	% YoY	Eu mn	FY22A	FY23A	% YoY
<b>Value of Production</b>	<b>67.2</b>	<b>148.6</b>	<b>121.0%</b>	<b>EBITDA</b>	<b>10.6</b>	<b>40.5</b>	<b>280.6%</b>
<b>Raw materials</b>	<b>(5.9)</b>	<b>(10.2)</b>		<i>on Value of Production %</i>	15.8%	27.3%	
Bunker and lubricants	(6.1)	(8.3)		<b>D&amp;A</b>	<b>(2.3)</b>	<b>(5.1)</b>	
Consumables	(0.6)	(1.2)		<b>EBIT</b>	<b>8.4</b>	<b>35.3</b>	<b>321.9%</b>
Other	(0.1)	(0.2)		<i>on Value of Production %</i>	12.5%	23.8%	
<b>Services</b>	<b>(30.0)</b>	<b>(46.3)</b>		<b>Net financial income (costs)</b>	<b>(0.9)</b>	<b>(1.9)</b>	
<b>Specialised personnel</b>	<b>(8.0)</b>	<b>(16.5)</b>		<b>Pre-tax profits</b>	<b>7.4</b>	<b>33.5</b>	<b>350.3%</b>
Subcontractors	(9.7)	(11.2)		<i>on Value of Production %</i>	11.1%	22.5%	
Advisory	(4.0)	(5.3)		<b>Taxes</b>	<b>(0.0)</b>	<b>(4.3)</b>	
Vessel management	(2.7)	(5.3)		<i>tax rate %</i>	0.7%	12.8%	
Personnel services	(1.4)	(2.6)		<b>Minorities</b>	<b>(0.0)</b>	<b>(0.0)</b>	
Other	(4.0)	(5.6)		<b>Net Profit</b>	<b>7.4</b>	<b>29.2</b>	<b>296.6%</b>
<b>Personnel</b>	<b>(8.6)</b>	<b>(11.6)</b>		<i>on Value of Production %</i>	10.9%	19.6%	
<b>Other costs</b>	<b>(0.3)</b>	<b>(0.2)</b>					
<b>Third parties</b>	<b>(11.8)</b>	<b>(39.8)</b>					
<b>Freight rates</b>	<b>(7.2)</b>	<b>(27.9)</b>					
<b>Equipment rental</b>	<b>(4.2)</b>	<b>(11.1)</b>					
Other	(0.4)	(0.7)					
<b>Eu mn</b>	<b>FY22A</b>	<b>FY23A</b>	<b>% YoY</b>				
<b>EBITDA</b>	<b>10.6</b>	<b>40.5</b>	<b>280.6%</b>				
<i>on Value of Production %</i>	15.8%	27.3%					

Source: Company's financial statements as of December 31, 2022 and December 31, 2023



## Strong balance sheet structure

The balance sheet provides solidity and appropriate capacity for future investment plans

(Eu mn)	FY22A	FY23A
Inventory	60.4	123.9
Receivables	18.9	38.7
Payables	(65.2)	(139.5)
Other	1.1	(3.7)
<b>Net Working Capital</b>	<b>15.2</b>	<b>19.4</b>
<b>Total fixed assets</b>	<b>26.1</b>	<b>42.6</b>
<b>Funds</b>	<b>(2.1)</b>	<b>(3.0)</b>
<b>Net Invested Capital</b>	<b>39.2</b>	<b>58.9</b>
Short Term debts	12.8	10.9
Long Term debts	16.9	16.8
Cash	(10.5)	(18.0)
<b>Net financial position</b>	<b>19.2</b>	<b>9.7</b>
<b>Shareholders Equity</b>	<b>20.0</b>	<b>49.2</b>
<b>Source of Funds</b>	<b>39.2</b>	<b>58.9</b>

Source: Company's financial statements as of December 31, 2022 and December 31, 2023

1H24 showed growing revenues and profitability, driven primarily by the expansion of its offshore wind farm and interconnector projects. Revenues increased by 46% YoY to Eu104.1mn, primarily due to new project wins in offshore energy, particularly in the North Sea and Mediterranean regions. NextGeo's growing involvement in renewable energy projects, such as offshore wind farms in the Netherlands, Germany, and France, played a key role in boosting the top line. Additionally, strategic interconnector projects like the Tyrrhenian Link and GreatSea Interconnector provided further revenue growth. EBITDA grew by 48% YoY to Eu28.4mn, with an increase in margins to 27.3% from 26.8% the previous year. This margin expansion can be attributed to better cost management, particularly in production costs, which declined slightly as a percentage of total revenue. The company also benefited from economies of scale, as larger project volumes allowed for more efficient use of resources and enhanced operational leverage. EBIT saw a 52% increase, reaching Eu25.5mn, with a margin of 24.5%. The improvement here reflects not only effective cost control but also the high-value nature of NextGeo's services in complex geotechnical and geophysical surveys, which command premium pricing. NFP turned positive, reaching Eu42.4mn, a significant improvement from a negative Eu9.7mn at the end of 2023. This shift was driven by strong cash generation from operations and the Eu57.5mn IPO proceeds.

Looking ahead, NextGeo's robust backlog of Eu305mn, coupled with a commercial pipeline of Eu443mn, positions the company for sustained growth in the coming quarters. Despite macroeconomic uncertainties, the company's strategic focus on high-growth sectors like renewable energy and interconnectors is expected to continue driving both top-line growth and margin improvement.

## Strong top line and profitability growth driven by key projects

NextGeo's 1H24 results show impressive revenue and margin growth, fueled by offshore wind and interconnector projects

Eu mn	1H23A	1H24A	YoY%	2H23A	2H24E	YoY%	FY23A	FY24E	YoY%
<b>Value of Production</b>	<b>71.4</b>	<b>104.1</b>	<b>46%</b>	<b>77.1</b>	<b>100.5</b>	<b>30%</b>	<b>148.6</b>	<b>204.6</b>	<b>38%</b>
<b>EBITDA</b>	<b>19.1</b>	<b>28.4</b>	<b>48%</b>	<b>21.4</b>	<b>24.8</b>	<b>16%</b>	<b>40.5</b>	<b>53.2</b>	<b>31%</b>
<i>Ebitda Margin %</i>	26.8%	27.3%		27.7%	24.6%		27.3%	26.0%	
<b>EBIT</b>	<b>16.8</b>	<b>25.5</b>	<b>52%</b>	<b>18.6</b>	<b>20.9</b>	<b>12%</b>	<b>35.3</b>	<b>46.4</b>	<b>31%</b>
<i>Ebit Margin %</i>	23.4%	24.5%		24.1%	20.8%		23.8%	22.7%	
<b>Net Profit</b>	<b>14.1</b>	<b>21.1</b>	<b>49%</b>	<b>15.1</b>	<b>16.7</b>	<b>11%</b>	<b>29.2</b>	<b>37.8</b>	<b>29%</b>
<i>Net Profit Margin %</i>	19.7%	20.2%		19.6%	16.6%		19.6%	18.5%	
<b>NFP end of the period</b>	<b>(9.7)</b>	<b>42.4</b>		<b>(9.7)</b>	<b>48.8</b>		<b>(9.7)</b>	<b>48.8</b>	

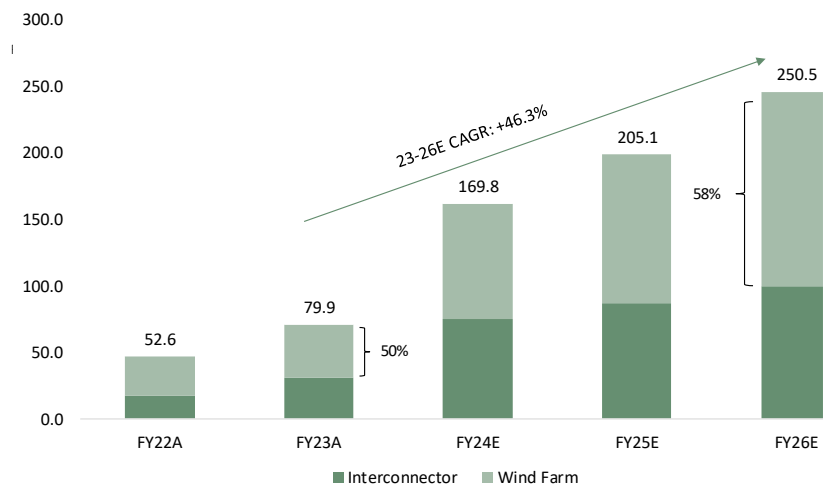
Source: company data, Alantra

## Strong growth in renewable sales and sound margins

Sales are projected to grow at a 46.3% CAGR23-26, reaching Eu250.5mn. We expect this increase, entirely organic, to be driven by Offshore Wind Farm business, expected to contribute over 62% to the sales increase. NextGeo anticipates maintaining operational efficiency, translating into EBITDA of Eu80.2mn in 2026, up from Eu40.5mn in 2023, showing a 26% CAGR. Despite increased D&A mainly reflecting capex in new vessel and equipment, EBIT is projected to reach Eu69.5mn in 2026, with a margin of 23.4%. Financial charges are expected to remain stable due to an upkeep of an appropriate debt stock. The utilisation of the Tonnage Tax regime yields a tax rate of around 16.0%. Net Profit is projected to increase to Eu59.3mn in 2026 from Eu29.2mn in 2023, with a CAGR of 26.7%.

### Strong top line growth expected in 2023-26, drive by Offshore Wind Farm

*The more pronounced increase in the Offshore Wind Farm business, will allow the division to reach 58% of total sales by 2026*



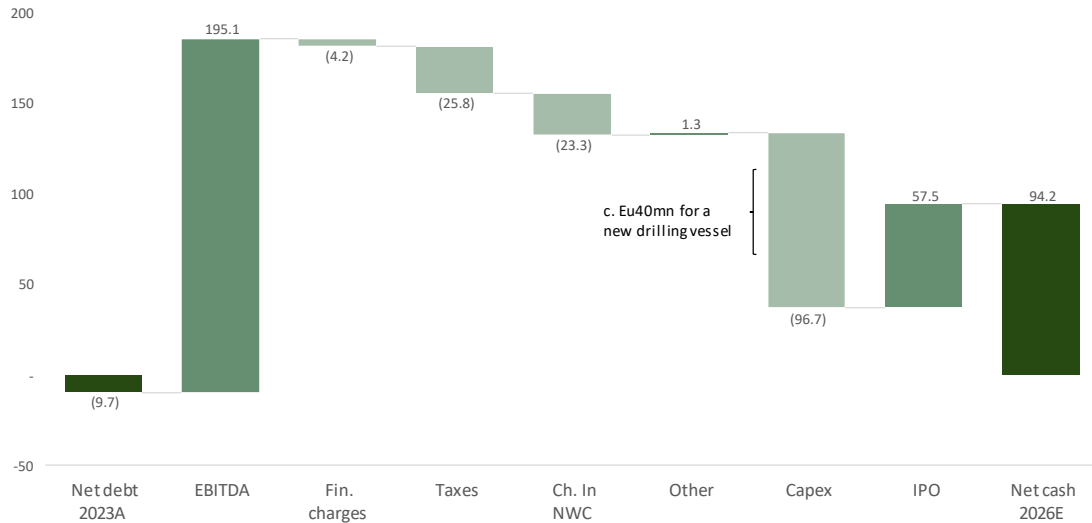
Source: Alantra estimates

### Asset-light BS with strong FCF generation

NextGeo enjoys a fixed-asset-light business (fixed assets on total revenues of 29% in FY23), mainly due to the flexible and short-term rent of vessels from the third-related party Marnavi. We are confident that the group's asset-light profile should continue to be upheld in the foreseeable future, even with the acquisition of new ships, leveraging on the availability of additional vessels from the Marnavi fleet. The optimal mix of proprietary/rented vessels should confirm a low-level maintenance capex (estimated at c. 2% of sales FY24-26E). Our FY24-26E capex projections consider additional capex allocated for equipment expansion, with an extraordinary capex of Eu46.5mn in 2025 for a new ship, leading to an average capex/sales of 14% (Eu96mn cumulated capex) in FY24-26E. We expect NWC to increase to c. 15-16% on VdP in the coming years due to increase in business volume and stabilize to 15% of VdP by 2026E. With a fixed-asset-light business model, and good control over WC dynamics, we estimate that NextGeo should generate a cumulated FCF of Eu46mn during FY24E-26E, with FCF to EBITDA conversion of c. 20%. As a result, net cash is expected to increase up to Eu94.2mn in 2026E. We expect NextGeo to maintain its very attractive level of ROCE delivered in 2023 of 41%. We think that this figure is a representative picture of NextGeo's competitive positioning, which can still benefit from its asset-light profile in the coming years thanks to the Marnavi presence. We expect ROCE to register an average of 30% in the forecasted period, reaching 31% in 2026E, before any additional M&A transaction.

## 2023A-26E Net cash bridge

*We believe that NextGeo should be able to generate Eu46mn FCF in FY24E-26E, reaching Eu57.3mn cash despite Eu40mn capex for a new drilling vessel and equipment*



Source: Alantra estimates, Company data

### Valuation: TP of Eu10.4/s

Our valuation approach incorporates absolute and relative methods. We have selected a range of companies from marine engineering, geo-intelligence, and asset integrity sectors, showing diverse capital deployment patterns related to owned/rented fixed assets. Size, margins, and returns vary significantly. Norwegian Subsea7 S.A. leads in size but trails with a 9.7% average EBIT margin, while DOF Group excels with profitability at 26.9%. NextGeo surpasses peers with higher margins and top-line growth, attributed to its strategic focus on renewable energy. We concentrate on EBIT for comparison across companies with different asset mixes. Our valuation indicates NextGeo's worth at Eu8.8/s. We believe that utilising the DCF method is suitable for capturing the group's quality and growth potential, considering factors like its appealing ROIC and increasing profitability. Our 5-year DCF valuation, which incorporates 8.9% WACC and a 1.5% terminal growth rate, suggests a valuation of Eu11.9/s. Alantra initiates coverage on NextGeo with a BUY recommendation and a TP of 10.4/s (average EV/EBIT<sub>24-26e</sub> and DCF).

### Main risks and threats

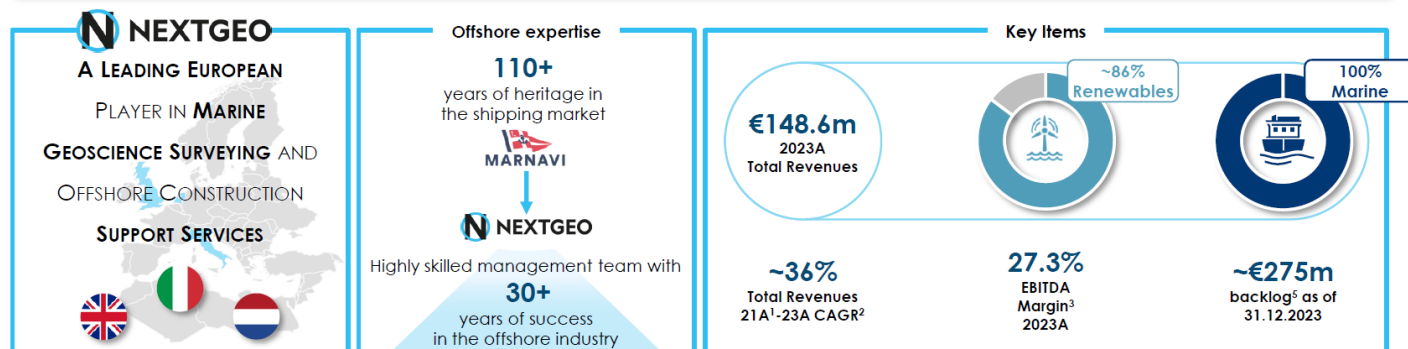
NextGeo faces diverse risks across its operations. Market shifts, such as technological advancements and pricing fluctuations, pose challenges despite its focus on renewable energy and telecommunications. Climate change presents physical and transition risks, potentially impacting assets and necessitating costly adaptations. Talent retention is crucial, with competitive labour markets and dependencies on key personnel like Mr. Attilio Ievoli, Mr. Giovanni Ranieri, and Mr. Giuseppe Maffia. Expansion through M&A is a strategic goal, but NextGeo lacks experience in this area, relying mostly on organic growth. Geopolitical and economic uncertainties in international operations add further complexity, requiring vigilant monitoring and legal compliance. Relations with parent company Marnavi may lead to conflicting priorities, affecting fleet allocation and capital expenditures. Moreover, high customer concentration raises concerns, although shifts in client composition reflect industry dynamics. NextGeo must navigate these multifaceted risks while maintaining its position in the market and ensuring sustainable growth.

## A leading marine geoscience services player

NextGeo, a renowned provider of marine geoscience and offshore engineering services, specializes in projects within the renewable energy sector. With Eu148.6mn revenues in 2023, they conduct subsea surveys in Europe, encompassing geophysical and geotechnical aspects, to map marine soil characteristics and acquire detailed soil data through drilling. Founded in 2014, NextGeo has gained an established track-record by serving clients active primarily in the submarine cables & wind farm industries (89% of FY23 sales) and oil & gas, operating across offshore and nearshore environments. As part of the Marnavi Group, they efficiently deploy vessels and manage resources across projects. With access to a fleet of 8 Dynamic Positioning vessels (owned and third-party assets - 7 Offshore vessels and 1 nearshore vessel) and a workforce exceeding 400 skilled individuals, NextGeo offers comprehensive services within the design and engineering process, enabling complex offshore renewable projects feasibility. They've played pivotal roles in large EMEA energy projects, supported by enduring partnerships with industry leaders. Notable clients include transmission operators, offshore wind developers, cable producers/installers, and oil & gas companies, contributing to innovation and sustainability in the energy sector. Despite market concentration, NextGeo maintains diversified revenue streams and enduring collaborations with major clients such as Prysmian, Saipem, Terna, Vattenfall, NKT, Nexans and Tennet. Marnavi SpA is the primary owner (52.6% stake).

### Overview of NextGeo

*NextGeo is a leading provider of marine geoscience and offshore construction engineering services, specializes in projects within the renewable offshore energy sector*



Source: Company data

### A leading player in marine geoscience surveying and offshore construction support services

NextGeo is an international provider of marine geoscience services and assistance for offshore construction. Its primary focus lies within the energy sector, with a particular emphasis on renewable energies and sustainability in all its aspects. As key activities the group conducts:

- **Geophysical survey:** Mapping the characteristics of marine soil involves the application of various techniques, such as sound or remote sensing methods. This process offers valuable insights into the composition of the subsurface across extensive areas, aiding in comprehensive understanding and analysis.
- **Geotechnical investigations:** Determining subsurface soil characteristics entails employing invasive techniques like drilling and sampling. Geotechnical data collection is especially valuable for acquiring high-resolution information regarding the composition, characteristics, and properties of the soil at specific sample locations.

Established in 2014, the group engages in marine surveys, covering geophysical and geotechnical aspects, as well as providing further support for offshore constructions. These services are offered globally, serving companies involved in submarine cable (Interconnector), offshore renewable energy (offshore wind farms), and Oil & Gas industries. NextGeo operates both offshore (in deep open waters, distant from the coast) and nearshore (in shallow waters, mainly near the coast) environments. Marine geoscience services involve exploring and analysing geological features in marine environmental, and archaeological domains, as well as

potential detection, removal, and relocation of unexploded ordnance (UXO), alongside offshore construction support services.

This includes activities like mapping the seabed, assessing sediment composition, studying marine ecosystems, and investigating geological hazards such as underwater landslides or seismic activity. These services are essential for, offshore wind energy development, marine infrastructure projects, and environmental monitoring and oil and gas activities.

**The primary focus of NextGeo's business activities lies in Design and Engineering, offering marine geoscience services and support**

*Design and Engineering activities, which comprise the capex portion of the project lifecycle, represent 93% of 2022/23 projects*



Source: Company data

Offshore construction support services encompass a range of tasks aimed at assisting with the planning, execution, and maintenance of infrastructure projects in offshore locations. This includes providing engineering expertise, logistical support, equipment rental, and skilled personnel for activities such as platform installation, pipeline laying, underwater welding, and offshore structure maintenance. These services are crucial for ensuring the successful completion of offshore construction projects, which may involve installations such as oil and gas platforms, wind turbines, underwater pipelines, marine terminals, and other offshore structures.

NextGeo stands out as one of the leading companies in its field, renowned for delivering top-tier, efficient, and sustainable solutions that encompass the entire life cycle of assets and projects. From initial conception to design, development, and engineering, all the way to installation and inspection, NextGeo offers comprehensive services.

As a member of the Marnavi Group, NextGeo harnesses the combined expertise, skills, and resources of teams and individuals with more than 30 years of experience in the marine and offshore industries. This extensive knowledge, coupled with robust consulting, engineering, and operational capabilities, empowers NextGeo to provide customised turnkey solutions that align with clients' requirements and comply with essential quality standards. Currently, NextGeo has in place with Marnavi a service agreement spanning 10 years with an option for an additional 10 years, providing NextGeo with extended flexibility. This agreement ensures NextGeo's priority in vessel deployment, offering parity in economic terms with any other operator in the market. This strategic partnership enables NextGeo to efficiently manage vessel allocation, optimising resources across projects. Additionally, Marnavi's short-term renting options allow NextGeo to utilize vessels precisely when needed for each project, minimising unnecessary costs and maximising operational efficiency.

**Established in 2014, NextGeo is now amongst the leading players in EMEA renewable projects**

NextGeo was established at the end of 2014 through a partnership between successful Italian entrepreneurs and a skilled team of executives. Its current ownership structure includes the Marnavi Group, a leading Italian shipping company with global operations in the offshore oil and gas sector, along with the management team overseeing NextGeo. Headquartered in Naples, the group expanded internationally, beginning with its entry into the UK market in 2017 through the acquisition of RSM Submarine Consulting (now Next Geosolutions UKCS Ltd.). Originally focused on personnel recruitment, the company diversified its activities starting survey

operations, particularly in the North Sea region. In 2020, the group acquired its first vessel, NG Worker and secured a major contract in the Netherlands with Dutch state company TeneT.

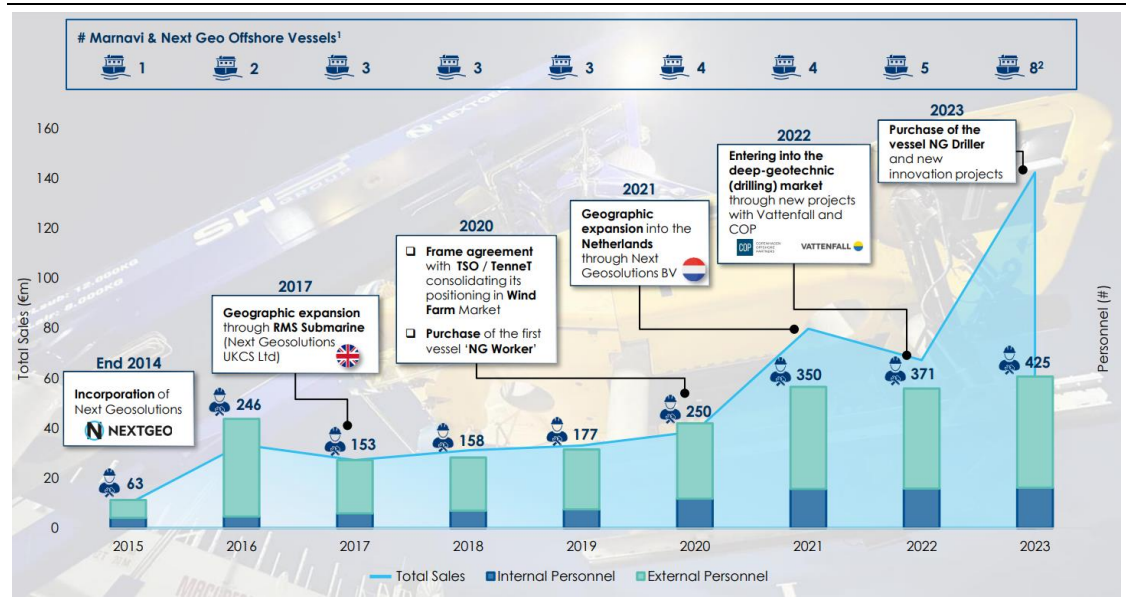
Over the past few years, the group has expanded its reach by I) recruiting specialised personnel to bolster critical business functions in both operational and commercial aspects; II) making investments to broaden its operational capabilities within its core business, and III) strengthening its position alongside the value chain

through the acquisition of a vessel for nearshore operations, thus internalising previously outsourced activities in the Mediterranean region.

Despite being relatively new, NextGeo has played a significant role in numerous major energy infrastructure projects across the EMEA region, thanks to the expertise, experience, and reputation of its staff, coupled with the high quality and efficiency of its naval and technical assets. Furthermore, the group aims to support the extensive offshore wind development in the Baltic Sea by establishing a new base in Gdansk, Poland, and forging partnerships with local stakeholders.

### Swift expansion consolidating positive market momentum.

*Established in 2014, now the group employs more than 400 professionals and generates more sales of almost Eu150mn in 2023*



Source: Company data. 1) Excluding vessels leased from external parties; 2) One of which is a nearshore vessel

### The top choice for a committed and longstanding customer base

The group conducts marine surveys globally, encompassing geophysical and geotechnical aspects, and offers support for offshore constructions, serving submarine cable, offshore renewable energy, and Oil & Gas industries. Operating in both offshore and nearshore environments, its customer base comprises a diverse range of entities essential to various sectors of the energy industry.

- **Transmission System Operators:** These entities play a crucial role in managing the transmission of electricity across networks, ensuring efficient and reliable delivery to end-users. They oversee the operation, maintenance, and development of transmission infrastructure.
- **Offshore Wind Farm Developers:** With the increasing focus on renewable energy sources, offshore wind farm developers are instrumental in the planning, construction, and operation of offshore wind energy projects. They work to harness wind energy offshore and contribute to the transition towards sustainable energy generation.

- **Subsea Cable Producers/Installers:** Subsea cables are vital components of energy infrastructure, enabling the transmission of electricity and data across vast distances, particularly in offshore environments. Producers and installers of subsea cables are responsible for manufacturing, laying, and maintaining these critical connections.
- **Oil & Gas Companies:** Although there is a growing emphasis on renewable energy, oil and gas companies remain significant players in the energy sector. They are involved in exploration, production, refining, and distribution of fossil fuels, providing essential energy resources for various industries and applications.

Together, these sectors of the customer base play vital roles in advancing innovation, sustainability, and reliability within the energy sector. Individually, they contribute distinctively to the varied and dynamic landscape of energy production and distribution, shaping its future trajectory.

The lists of top clients and the breakdown of total revenues by client category frequently fluctuate annually, as the degree of customer concentration is associated with project size management rather than reliance on individual clients. This underscores the dynamic nature of NextGeo’s client base and revenue streams, reflecting the commitment to diversification and adaptability in serving various project sizes and client needs.

### The preferred partner for a dedicated and well-established customer network

*The customer base: Transmission Systems, Offshore Wind Farms, Subsea Cable, and Oil & Gas companies*

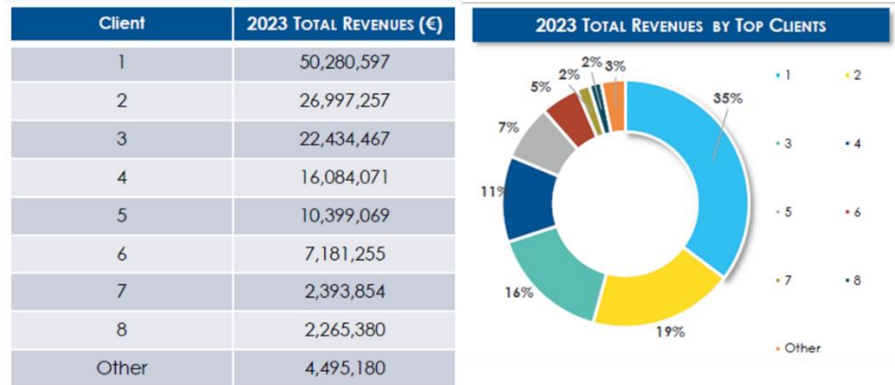


Source: Company data

The following charts shed light on the dynamic nature of the customer base in a concentrated market. While it may seem that the customer base is rather concentrated, this mirrors the market's own concentration. Despite this, the composition of customers undergoes significant changes each year, reflecting the industry's ever-evolving dynamics.

## 2023 top line by customers

Market dynamics: shifting customer base in reaction to concentrated markets



Source: Alantra elaboration on Company data

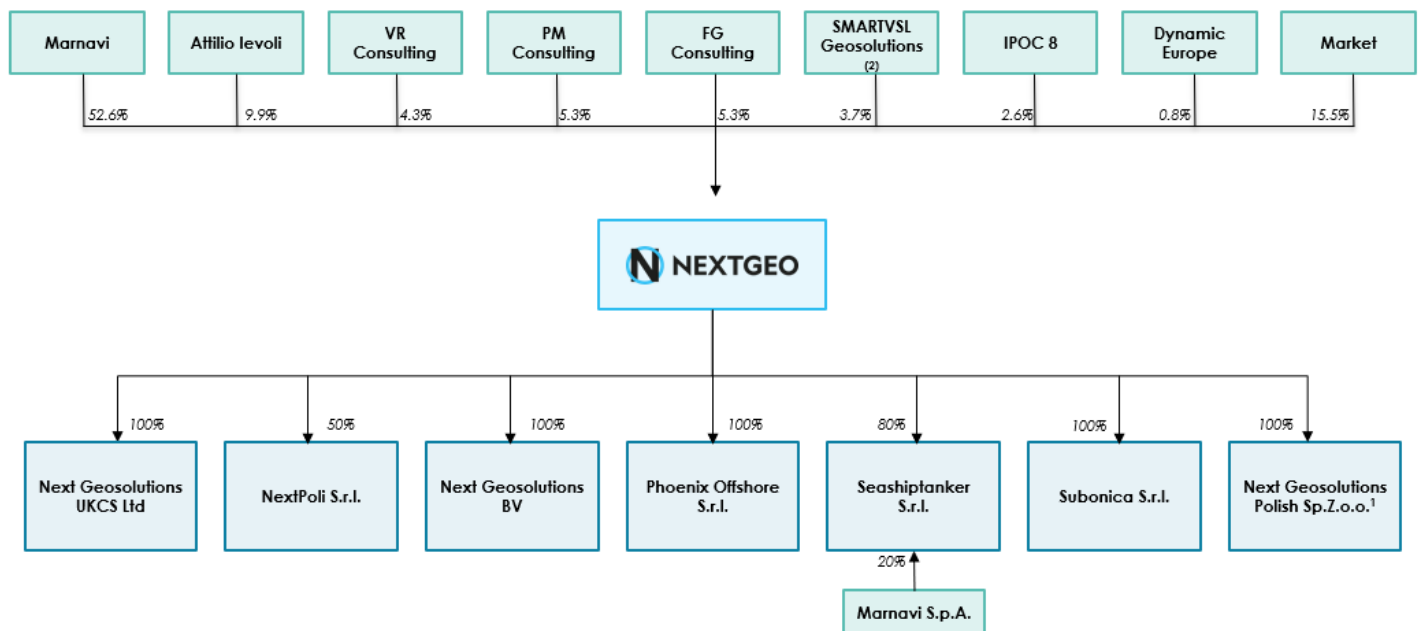
Over several significant years, NextGeo has maintained enduring business partnerships with recurring clients, including Prysmian since 2015, Saipem since 2016, Terna since 2017, Vattenfall since 2017, NKT since 2019, Nexans since 2019, Tennet since 2020, and Nationalgrid since 2021. Apart from the immediate commercial associations with NextGeo, it's worth highlighting the longstanding relationships between leading figures in the global cable industry, notably Prysmian, and the company's management team, which have remained steadfast for more than three decades. These enduring connections underscore NextGeo's commitment to nurturing enduring partnerships and upholding excellence in service delivery.

## Group, management and shareholder structures and corporate governance

NextGeo's major shareholder is Marnavi, holding a 52.6% stake, senior managers detain 14.9% and Attilio Ievoli 9.9%. The free float is 15.5%.

### Current group and ownership structure

Marnavi holds 52.6% of the share capital and 63.0% of voting rights



Source: Company data. 1) upon listing, 2) IPO anchor investor

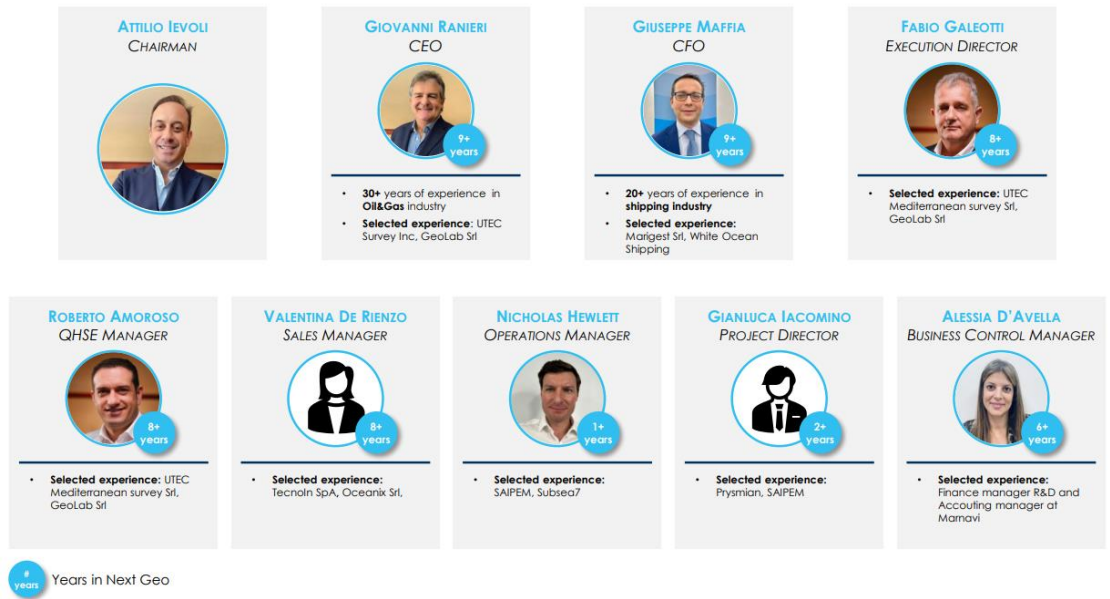


Next Geosolutions, during its listing on the Euronext Growth Milan in May 2024, issued a total of 48mn shares. Among these, 1.5mn are shares with multiple voting rights, held by the majority shareholder Marnavi. These shares grant the holder enhanced voting power, giving Marnavi a stronger influence in corporate decisions compared to ordinary shares. Thus Marnavi holds 63.0% of voting rights (52.6% of the share capital).

Skilled human resources are critical assets for NextGeo in the maritime industry. Investing in recruitment, training, and retention is vital. Creating a positive work environment, ensuring safety standards, and promoting continuous learning are essential for effective management.

## Management structure

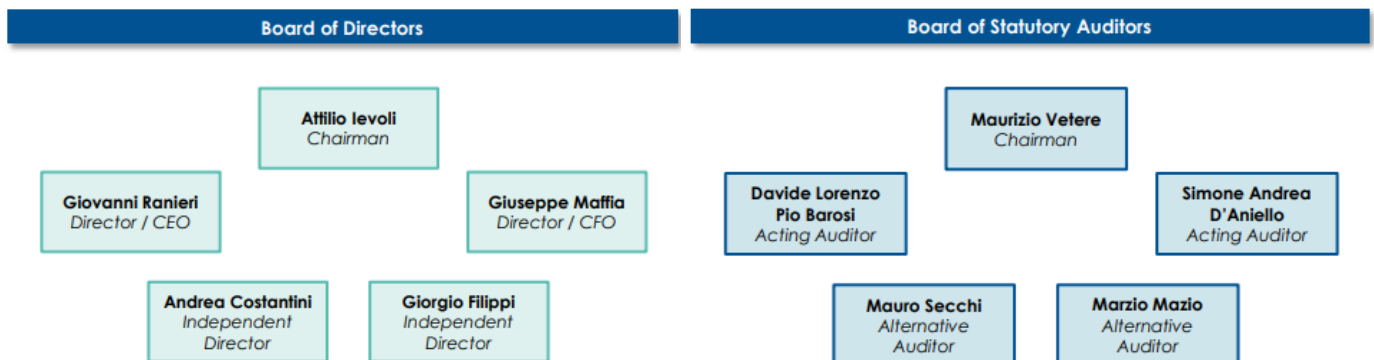
*Competent, driven, and valued management: leading success at NextGeo*



Source: Company data

## Corporate governance

*BoD with five members, two of whom are independent*



Source: Company data

## Business model: marine geodata asset light specialist

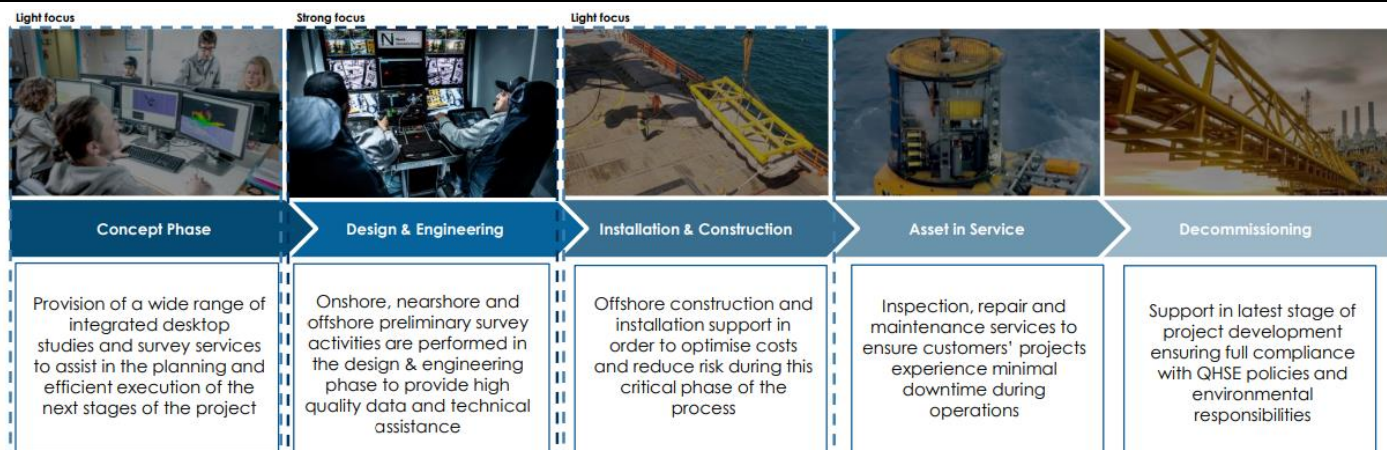
NextGeo stands as a premier specialist in marine geodata services across Europe, pivotal for successful project execution and risk mitigation in offshore construction and renewable energy sectors. Group's expertise ensures meticulous data collection and analysis, playing a critical role in project viability. Through site characterisation studies, NextGeo maps seabeds and collects soil data, providing invaluable insights into geological and engineering conditions. Their strategic assets, including vessels and specialised equipment, ensure operational efficiency and effectiveness. With a multinational workforce of over 420 skilled individuals, NextGeo maintains adaptability to fluctuating demands, fostering excellence in service delivery. Research and development efforts are a cornerstone of NextGeo's commitment to innovation, supported by partnerships with prestigious institutions like MIT and the National Research Council. These collaborations drive advancements in the industry, paving the way for sustainable solutions and cutting-edge technologies. By prioritising excellence, reliability, and strategic partnerships, NextGeo solidifies its position as one of the leading players in marine geodata services.

### De-risking of complex marine projects

NextGeo stands out as one of Europe's premier specialists in marine geodata. While the expenses associated with gathering and analysing geodata typically constitute a relatively small fraction of a project's total budget, the information obtained is pivotal to the successful execution of the entire project and serves to mitigate investment risks. The expertise offered by NextGeo ensures meticulous data collection and comprehensive analysis, contributing significantly to the project's overall success. By accurately assessing geological features and potential risks, NextGeo's services play a vital role in optimising project outcomes and safeguarding customers' interests. Furthermore, Next Geo's commitment to excellence and reliability instills confidence among stakeholders, fostering trust and enhancing the project's credibility. In an industry where precision and accuracy are paramount, Next Geo's role as one of the leading providers of marine geodata services is indispensable for ensuring project viability and long-term sustainability. NextGeo provides marine geoscience services and assistance for offshore construction. Its primary focus lies within the energy sector, with a particular emphasis on renewable energies and sustainability in all its aspects. The marine project lifecycle includes everything from the concept phase to the decommissioning of the asset. Alongside the entire value chain, NextGeo strongly focuses on the design and engineering phase of project. In this part, a comprehensive array of preliminary survey activities is conducted across onshore, nearshore, and offshore locations. These surveys aim to deliver meticulously gathered data and expert technical support of exceptional quality.

### Where Next Geo proves indispensable: mitigating risks associated with intricate marine projects

*Alongside the entire marine project lifecycle, NextGeo strongly focuses on the Design & Engineering and lightly on the Concept and Installation & Construction phases*



Source: Company data

Site characterisation studies represent a core area of expertise for Next Geo, offering insights into the geological and engineering conditions at development sites. These studies involve mapping the seabed and conducting investigations to collect data on the soil's composition, characteristics, and properties. The model is continuously refined through successive stages of data collection and analysis before being presented to the client. The initial three phases constitute the capital expenditure (capex) segment of the project life cycle for customers, whereas the final two phases represent the operational expenditure (opex) component of the project life cycle.

- **Concept, light focus** - Offering an extensive repertoire of meticulously conducted desktop studies and survey services, critical for thorough planning and the seamless execution of subsequent project phases with utmost efficiency and precision.
- **Design & Engineering, strong focus** - During the design and engineering phase, comprehensive preliminary survey operations are conducted across onshore, nearshore, and offshore locations to furnish high-quality data and offer technical support of the highest standard.
- **Installation & Construction, light focus** – Offering a wide array of comprehensive support services for offshore construction and installation, strategically tailored to optimise costs and minimise risks during this pivotal phase of project advancement.
- **Asset in Service, no focus** - Providing a comprehensive suite of inspection, repair, and maintenance services aimed at ensuring customers' projects experience minimal downtime throughout their operations.
- **Decommissioning - no focus** - Offering comprehensive support in the latest stages of project development, ensuring strict adherence to QHSE policies and environmental responsibilities.

## NextGeo specialises in marine geophysical and geotechnical services









Next Geo plays a pivotal role in various activities, encompassing the collection of data on marine surface and subsurface, thorough analysis of this data, and the generation of detailed reports. These reports are instrumental in aiding clients in risk reduction throughout subsequent stages of the process lifecycle. Data collection methods range from non-invasive (geophysical) to more invasive (geotechnical) techniques, ensuring comprehensive coverage and accuracy.

- **Geophysical survey:** Mapping the characteristics of marine soil involves the application of various techniques, such as sound or remote sensing methods. This process offers valuable insights into the composition of the subsurface across extensive areas, aiding in comprehensive understanding and analysis.
- **Geotechnical investigations:** Determining subsurface soil characteristics entails employing invasive techniques like drilling and sampling. Geotechnical data collection is especially valuable for acquiring high-resolution information regarding the composition, characteristics, and properties of the soil at specific sample locations.

The substantial difference lies in the method of data collection and its implications. Non-invasive methods, such as geophysical techniques, enable gathering information without directly interfering with the soil or seabed, while more invasive methods, like geotechnical approaches, involve drilling or sampling the soil to obtain more detailed data but may entail greater interaction with the environment.

## Business activities and core services

*NextGeo provides a broad spectrum of services, harnessing its key assets: vessels, equipment, and personnel*

Onshore	Desktop Studies		Analysis and synthesis of existing information on the marine area to create an overview
In port	Mobilization		Set-up of the vessels with equipment, assets and personnel
Nearshore/Offshore	Geophysics		Measurement and survey activities of the "morphology" of the seabed
	Environmental		Marine habitat characterisation and/or environmental protection activities
	Geotechnics		Drilling/measuring of the physical characteristics of the seabed and of the marine subfloor
	UXO		Research and identification of unexploded ordnance potentially present on the seabed
In port	Demobilization		Removal of assets and equipment
Onshore	Final Report / Lab Test		Data processing to create 'marine bathymetry', necessary for projects' engineering

Source: Company data

Onshore activities refer to tasks, operations, or projects that take place on land or in coastal areas, away from the open sea.

In-port activities encompass a broad range of operations and tasks conducted within the confines of a port facility, including cargo handling, vessel maintenance, logistics management, and administrative functions.

Nearshore activities refer to operations or tasks conducted in coastal areas, typically within a few miles from the shoreline, while offshore activities take place further out at sea, beyond the coastal waters.

- **Desktop studies:** Performing a thorough analysis and synthesis of available data pertaining to the marine area to produce a comprehensive overview of its characteristics and conditions.
- **Mobilisation:** Organising and fixing the vessels, with all the equipment, assets, and personnel needed to ensure seamless operations and efficient execution of tasks
- **Geophysics:** Undertaking precise measurement and survey operations to evaluate the morphology and features of the seabed with accuracy and detail.
- **Environmental:** Characterisation of marine habitats involves studying their unique features and ecosystems, while environmental protection activities encompass various measures aimed at safeguarding marine ecosystems and biodiversity.
- **Geotechnic:** Conducting drilling and measurement activities to assess the physical characteristics of the seabed and the marine subfloor. This involves gathering detailed data to understand the geological makeup and properties of the ocean floor.
- **Unexploded Ordnance:** Conducting research and identification efforts to locate unexploded ordnance that may be present on the seabed. This involves thorough investigation and detection procedures aimed at identifying and assessing the potential risks posed by any remaining explosive devices.
- **Demobilisation:** Removing of assets and equipment fixed during the mobilization. This process involves safely removing and transporting various resources and machinery.

- **Final report, laboratory test:** Processing data to generate marine cartography essential for engineering projects. This involves analysing and synthesising data to produce detailed maps and charts tailored to support the planning and execution of marine-based endeavours.

## Contracts are typically structured either on a daily basis or as lump-sum agreements

In the industry, the relationship between clients and NextGeo is typically governed by two types of offers: daily-based and lump-sum offers. These offers differ primarily in how pricing and risk allocation are structured. In summary, daily-based offers involve billing based on the actual number of days the service is provided, with the risk of weather events borne by the customer. Lump-sum offers, on the other hand, involve quoting a fixed price for the entire project, with conditions in place to manage and allocate risks between the company and the customer.

- **Daily-based offers:** Billing is calculated on a daily basis, meaning customers are charged for each day the service is provided. The risk of weather events or stoppages due to adverse weather conditions is entirely passed on to the customer. This means that if weather conditions cause delays or interruptions in service, the customer bears the financial consequences of these delays.
- **Lump-sum offers:** Customers are quoted a fixed lump sum price for the entire project or service, regardless of the duration it takes to complete. To limit or eliminate the risk of performance on the company's part, certain conditions may be included in the contract. These conditions could include specifying a maximum number of days needed to complete the task, beyond which additional costs would be passed on to the customer. Alternatively, amounts may be included in the lump sum to cover potential risks such as weather-related delays, based on historical meteorological statistics. This ensures that the company is compensated for any additional costs incurred due to unforeseen circumstances.

When dealing with a public entity as the client, bids typically materialise in the form of tenders. This formal process involves the organisation or governmental body requesting bids from eligible suppliers or contractors for the provision of goods, services, or construction projects. Public tenders are regularly advertised to ensure transparency and encourage competition throughout the procurement process. Conversely, when the client is a private company, the arrangement may take the form of a bid-to-bid. A bid-to-bid quotation establishes an integrate commercial proposal between parties before the submission of bids or proposals in response to a tender or procurement opportunity. This solution may entail negotiations, discussions, or preliminary agreements regarding terms, conditions, and expectations prior to the formal bidding process.

In 2023, 52% of the revenue was generated through bid-to-bid offer. According to NextGeo's management, within the signed backlog of Eu275mn at end-23, there is a 40% share attributed to bid to bid offer. Additionally, there is a significant portion of bid to bid offers in the pipeline, which pertain to projects won by final clients. This mechanism is primarily established for the Interconnector market. The significant incidence of bid to bid offer within the total underscores NextGeo's exceptional reliability and steadfast reputation, providing clear evidence of its consistent excellence in the industry. This robust presence further reinforces NextGeo's unwavering commitment to delivering top-tier services and solidifies its standing as one of the leading players in the field.

## NextGeo's key strategic assets: Vessels, equipment and people

NextGeo manages a substantial array of assets, including both owned and third-party resources. These encompass a varied collection of assets, such as a fleet of vessels and an extensive inventory of survey equipment specialising in geophysical, geotechnical, oceanographic, environmental, and UXO (Unexploded Ordnance) surveys. Additionally, Next Geo maintains EDM (Electronic Distance Measurement) devices, remotely operated vehicles (ROVs), and positioning instruments within its inventory.

NextGeo's highly skilled and experienced crews operate and utilise all of these assets. This comprehensive suite of resources empowers NextGeo to provide exceptional services across diverse domains, from precise surveys to complex operations in challenging environments. Strategic management of these assets entails various considerations, including maintenance schedules, technological upgrades, talent acquisition and retention strategies, safety protocols, and regulatory compliance. By prioritising investment and attention to these key strategic assets, NextGeo can bolster its competitiveness, operational efficiency, and overall success in the industry.

## Robust Asset Portfolio Signifying Group Strength

*Harnessing its key assets of vessels, equipment, and personnel, NextGeo provides a broad spectrum of services*



Source: Company data

### 1) Vessels: A flexible setup achieved through a blend of owned assets and rentals

NextGeo has access to a large and varied fleet of offshore vessels, comprising both owned and rented assets. This extensive range of options provides the company with the flexibility necessary to adapt project delivery to suit specific requirements. Moreover, it enables NextGeo to maintain a sharp focus on its service-oriented business activities, ensuring efficient and effective operations.

The service agreement with Marnavi spans 10 years with an option for an additional 10 years, providing NextGeo with extended flexibility. This agreement ensures NextGeo's priority in vessel deployment, offering parity in economic terms with any other operator in the market. This strategic partnership enables NextGeo to efficiently manage vessel allocation, optimising resources across projects. Additionally, Marnavi's short-term leasing options allow NextGeo to utilize vessels precisely when needed for each project, minimising unnecessary costs and maximising operational efficiency.

Through its proprietary vessels, the group maintains full control over a customised and highly specialised vessel, which serves as a cornerstone of its operational capabilities. This vessel, tailored to the specific needs and requirements of the group, represents a significant investment in ensuring operational efficiency and effectiveness. With complete control over this asset, the group can strategically deploy it to undertake a wide range of tasks and projects, enhancing its competitive edge in the market. Moreover, the customisation and specialisation of the vessel enable the group to address unique challenges and opportunities within its industry, further solidifying its position as one of the leading player in the field.

**NG WORKER** (IMO: 9533244), built in 2009 in the Fjellstrand AS shipyard, Norway, operates as an Offshore Multipurpose Supply vessel flying the flag of Italy. With a gross tonnage of 3,923, it boasts a length overall (LOA) of 89 meters and a width of 16 meters. The NG Worker, designated with DP2 classification and registered at the Port of Naples, stands as a multifaceted vessel crucial for NextGeo's operations. Serving diverse roles in geophysical, geotechnical, environmental, UXO, and construction support operations, it holds a central position within the company's asset portfolio. Featuring an ROV hangar for seamless sea launches and maintenance, it accommodates up to two ROVs simultaneously, aiding in offshore infrastructure installations. Moreover, its 50-ton offshore crane, complete with active heave compensation, facilitates a wide array of marine activities, highlighting its indispensable role in enhancing operational efficiency and effectiveness. Its utilisation rate is pretty high, with more than 320 days of utilisation in 2023. The vessel was purchased in 2020 by Swire Pacific Offshore for Eu7.4mn.

The ship is owned via the subsidiary Seashiptanker, 80% owned by NextGeo and 20% by Marnavi. Built in 2009, purchased by NextGeo in 2020: book value is Eu6mn, market value in excess of Eu31mn, with 66 crew onboard.

**NG DRILLER** (IMO: 9420186), built in 2009, operates as an Offshore Tug/Supply Ship flying the flag of Italy. With a gross tonnage of 2,589, it boasts a length overall (LOA) of 73 meters and a width of 17 meters. Reconfigured as a Geotechnical Drilling and Survey Vessel, this ship has undergone extensive refurbishment to specialise in precise geotechnical operations. As a highly specialized DP2 vessel, its sole focus is on the geotechnical field. With its onboard drilling rig, it can achieve a remarkable combined drilling depth of up to 1,000mt, encompassing both water and borehole depths, with a remarkable maximum water depth capacity of 700mt. Furthermore, the vessel is outfitted with an advanced offshore laboratory, providing geotechnical engineers with the capability to conduct direct analysis of seabed samples and process data in real-time, all while onboard. Its utilisation rate is rather high, close than 100% of utilisation in 2023. The vessel was purchased in December 2023 and converted in for a total consideration of Eu22mn. Built in 2009, book value is Eu22mn, market value of Eu31mn, with 45 crew onboard.

### NG Worker and NG Driller: the first two owned geophysical/geotechnical surveys and drilling vessels

*Two highly specialised vessels, with a cumulated book value of almost Eu30mn and a market value in excess of Eu60mn*

 <p><b>MPSV NG WORKER</b></p>	<p><b>Geophysical and geotechnical survey vessel</b></p> <ul style="list-style-type: none"> <li>☐ Year built: 2009</li> <li>☐ Trial Speed: 12,00 knots</li> <li>☐ Owned: 80% NG – 20% Marnavi</li> <li>☐ Deck space: 630sqm</li> <li>☐ Length: 89m</li> </ul> <p>Fully equipped with onboard WROVs and predominantly manned by in-house marine, survey and ROV crews</p>	 <p><b>NG DRILLER</b></p>	<p><b>Geotechnical survey drilling vessel</b></p> <ul style="list-style-type: none"> <li>☐ Year built: 2009</li> <li>☐ Trial Speed: 12,00 knots</li> <li>☐ Owned: 100% Next Geo</li> <li>☐ DWT: 4000t</li> <li>☐ Length: 73m</li> </ul> <p>The vessel is equipped with a 70-ton drilling rig on the moonpool, installed permanently</p>
<p><b>~€6M</b> Book Value</p>	<p><b>€31.5M</b> Market Value</p>	<p><b>€22M</b> Book Value</p>	<p><b>€31M</b> Market Value</p>
<p><b>66</b> Personnel on-board</p>		<p><b>45</b> Personnel on-board</p>	

Sources: Company data,

Apart from the two vessels directly owned by NextGeo as mentioned earlier, the company can depend on the assistance of Marnavi and its fleet. This collaboration enables NextGeo to implement a rental strategy for standardised assets. This strategy adopts a pay-per-use model, providing a remarkably flexible cost structure and granting access to readily available and fully equipped assets. Each vessel within Marnavi's fleet has been meticulously prepared and equipped with state-of-the-art geophysical technology. This meticulous preparation ensures that the vessels are operationally ready, while also contributing to substantial reductions in mobilisation costs.

The **MPSV levoli Ivory** (IMO 9703368), a flagship vessel of the esteemed Marnavi fleet, stands as an advanced and highly specified multipurpose DP2 subsea operations vessel. Measuring 91 meters in length, it boasts an expansive deck area spanning 830 square meters, a 6.6 by 5.8-meter moonpool, an AHC 100-ton crane, a helideck, and accommodation for up to 90 persons. Furthermore, the vessel is capable of accommodating two heavy-duty ROVs and a comprehensive array of surveying and positioning equipment, including a hull-mounted HiPAP USBL underwater acoustic positioning system. With an impressive track record in offshore surveying and subsea operations, it has demonstrated prowess in conducting deep recovery and salvage operations.

The **MPSV levoli Cobalt** (IMO 9736872) is an 84-metre-long offshore survey and construction support vessel renowned for its capabilities. Equipped with a 25-tonne compensated settlement crane, a 17-tonne A-frame, and a hull-mounted USBL HiPAP 500 underwater acoustic positioning system, it boasts advanced features essential for demanding operations. With accommodation for up to 53 personnel, the Cobalt offers a comfortable and efficient working environment.

Permanently outfitted with a comprehensive suite of advanced survey equipment and a dedicated hangar for professional-class ROVs, the Cobalt is well-prepared to handle complex tasks with precision and efficiency. Its outstanding track record of successful survey projects attests to its reliability and performance in the field.

## MPSVs Ievoli Ivory and Ievoli Cobalt

*Multipurpose supply vessels*



### Multi purpose supply vessel

- ❑ Year built: 2015
- ❑ Trial Speed: 14,00 knots
- ❑ Dead weight: 4300t
- ❑ Deck space: 830sqm
- ❑ Helideck & Moon pool
- ❑ Port of registry: Naples n.558



### Multi purpose supply vessel

- ❑ Year built: 2016
- ❑ Trial Speed: 14,00 knots
- ❑ Dead weight: 4000t
- ❑ Deck space: 722sqm
- ❑ ROV hangar. A-frame, POB 53pax
- ❑ Port of registry: TBA

Source: Company data

The **MPSV Ievoli Amber** (IMO 9764984) stands as a versatile 84-meter-long offshore survey and construction support vessel, offering a broad range of capabilities. With a spacious deck area spanning 600 square meters, it features essential equipment including a 50-ton compensated settlement crane, a 17-ton A-frame, and a hull-mounted USBL HiPAP 502 underwater acoustic positioning system. Additionally, it provides accommodation for up to 53 personnel on board, ensuring operational efficiency and comfort. Since its launch in 2017, Next Geo has consistently utilized the MPSV Ievoli Amber for various projects. Permanently equipped with a comprehensive array of survey equipment and typically outfitted with at least one work-class ROV, it remains ready for diverse operational requirements.

The **Ievoli Relume** (IMO 9280720) boasts extensive industry experience and versatility, offering a comprehensive suite of services including geophysics, geotechnics, environmental activities, UXO detection, and construction support. Currently outfitted with the cutting-edge HSS-ROV Superior, it remains at the forefront of technological advancements in the field. As a "DP2" class vessel, distinguished by its Dynamic Positioning 2 capability, the Ievoli Relume stands out in the offshore survey ship sector. With a 25-ton crane facilitating a wide range of activities and a sophisticated system of 'active wave compensation' it ensures stability and precision even in challenging conditions. Additionally, featuring a second 13-ton crane primarily utilised for loading various objects in port, it enhances operational efficiency and flexibility.

## MPSV Ievoli Amber and OSV Ievoli Relume

*Multipurpose and offshore vessels*



### Multi purpose supply vessel

- ❑ Year built: 2017
- ❑ Deck space: 600sqm
- ❑ Length: 82m
- ❑ Dead weight: 4000t
- ❑ Trial Speed: 14knots
- ❑ Hull-mounted USBL, A frame, POB



### Offshore support vessel

- ❑ Year built: 2004
- ❑ Trial Speed: 5.9knots
- ❑ Length: 82m
- ❑ Dead weight: 1072t
- ❑ POB 66 pax

Source: Company data

The **Ievoli Grey** (IMO 9608788) is specifically tailored for offshore support functions such as towing, anchoring, mooring assistance, and material transportation. While it is currently configured for geotechnical activities, it does not include geophysical assets. Registered in Naples under the Italian flag, it boasts dimensions of 72 meters in length and a deck area spanning 520 square meters. Equipped with a Cone Penetration Testing (CPT) system for geotechnical tasks and classified as a DP2 vessel, it exemplifies advanced capabilities in its sector.



## MPSV levoli Grey

Multy purpose supply vessel



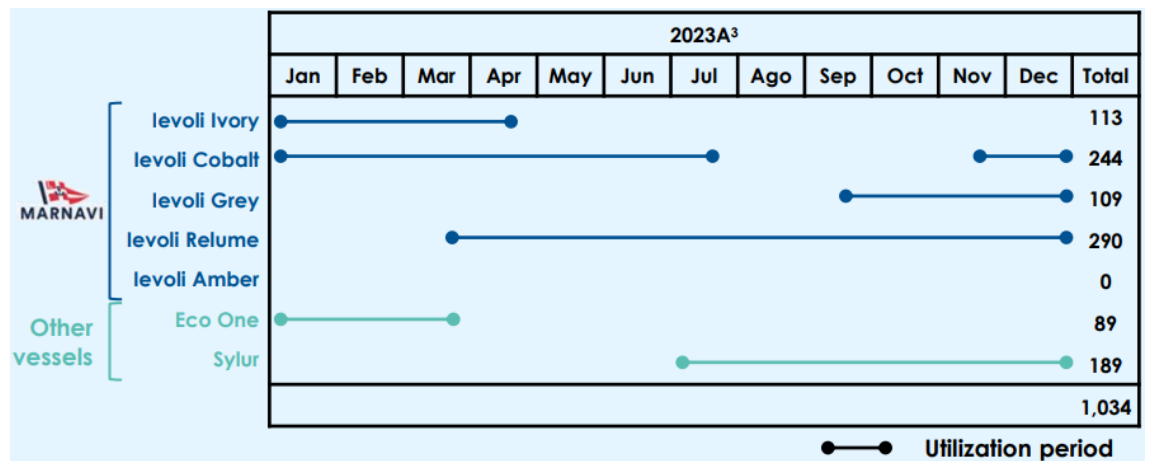
Multi purpose supply vessel	
❑	Year built: 2013
❑	Length: 72m
❑	Dead weight: 2503t
❑	Deck space: 520sqm
❑	Hull-mounted USBL

Source: Company data

In 2023, NextGeo efficiently oversaw a fleet of seven rented vessels, totalling over 1,000 days of cumulative utilisation. This achievement underscores NextGeo's adeptness in harnessing a considerable degree of flexibility in project management through external asset utilisation. Out of these seven vessels, five are part of the Marnavi Group: levoli Ivory, levoli Cobalt, levoli Grey, levoli Relume and levoli Amber. The other two are Eco One (IMO 9651357, shipowner Argo Srl Naple) and Sylur (IMO 9267039, shipowner Miliana Shipmanagement Ltd, Cyprus).

### More flexible conditions

Flexibility in projects' management thanks to more vessels available



Source: Company data

## 2) Equipment stands as a critical success factor, offering significant specialisation.

NextGeo maintains a diverse range of technical resources crucial for maritime operations. This includes a wide array of tools, machinery, and technology essential for various tasks such as navigation, communication, dredging, offshore construction, and safety protocols. Ensuring that equipment remains up-to-date and well-maintained is imperative for enhancing safety, efficiency, and competitiveness within the industry. In-house, NextGeo boasts an extensive inventory primarily focused on ROV (Remotely Operated Vehicle) and ROTV (Remotely Operated Towed Vehicle) equipment. This inventory spans across positioning, geophysical, geotechnical, oceanographic, environmental, and UXO (Unexploded Ordnance) survey equipment, underscoring the company's commitment to providing comprehensive solutions for maritime projects.


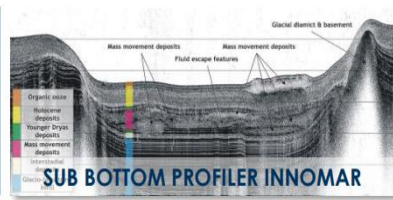
**Seabed CPT Neptune 5000** (1 unit) - The Cone Penetration Testing (CPT) method plays a pivotal role in the analysis of seabed soil properties, serving as a cornerstone for geotechnical surveys.

This sophisticated technique involves the insertion of a metal-tipped probe into the seabed, allowing for comprehensive data collection and analysis essential for informed decision-making in maritime engineering and construction projects.

**Sub bottom profiler Innomar** (4 units) - A towed instrument, through the emission and analysis of acoustic waves, meticulously characterizes seabed layers and discerns diverse sediment compositions, providing invaluable insights for marine research and engineering endeavors.

## Seabed CPT Neptune 5000 and Sub bottom profile Innomar

*Geotechnical and geophysical survey equipment*

 <p><b>SEABEAD CPT NEPTUNE 5000</b></p>	<p><b>Geotechnical survey</b></p> <p><b>1x</b></p> <p>The CPT analyzes seabed soil properties by driving a metal tip into the ground, key for geotechnical surveys.</p>	 <p><b>SUB BOTTOM PROFILER INNOMAR</b></p>	<p><b>Geophysical survey</b></p> <p><b>4x</b></p> <p>A towed instrument characterizes seabed layers and identifies sediments using acoustic waves.</p>
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Source: Company data

**Multi beam echo sounder** (8 units) - This sophisticated system integrates a multitude of advanced sensors, enabling highly accurate marine surveys and comprehensive mapping of the seabed with exceptional precision.

**Side scan sonar** (4 units) - This advanced sonar technology employs acoustic waves to generate a highly detailed three-dimensional representation of the seabed, offering unparalleled insights into underwater topography and features.

## Multi beam echo sounder and side scan sonar

*Geophysical and UXO survey equipment*

 <p><b>MULTI BEAM ECHO SOUNDER</b></p>	<p><b>Geophysical &amp; UXO survey</b></p> <p><b>8x</b></p> <p>It's a complex system with various sensors that enables highly accurate marine surveys and seabed mapping.</p>	 <p><b>SIDE SCAN SONAR</b></p>	<p><b>Geophysical &amp; UXO survey</b></p> <p><b>4x</b></p> <p>It's a sonar that uses acoustic waves to generate a three-dimensional image of the seabed.</p>
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Source: Company data

Remotely operated underwater vehicles are controlled from a ship's control room through an umbilical cable connection, allowing operators to pilot them from a distance.

ROV stands for **Remotely Operated Vehicle**, which is an unmanned underwater vehicle controlled by a remote operator. ROVs are commonly used for a variety of tasks such as underwater inspections, exploration, and intervention in deep-sea environments where human divers cannot reach. Fitted with an extensive range of instruments and sensors suited for various activities such as geophysics, construction support, and offshore installation, this hydraulic ROV is specifically designed for deep-sea surveys reaching depths of up to 3000 meters. With a robust 220HP motor and the ability to reach speeds of up to 6 knots, it is equipped with advanced sensors to ensure accurate and efficient data collection, enabling precise operation in challenging underwater environments.

ROTV stands for **Remotely Operated Towed Vehicle**, which is similar to an ROV but is towed behind a vessel instead of being directly controlled by a tether. ROTVs are often used for surveying large areas of the seabed or for collecting data while being towed through the water. They are equipped with sensors and cameras to capture underwater images and data. Offering an alternative to the geophysics ROV, this ROTV serves as a crucial support platform for vital seabed sensors, including SSS (Side Scan Sonar), SBP (Sub-Bottom Profiler), and MBES (Multibeam Echosounder). Unlike ROVs, ROTVs lack propulsion and are towed behind ships.

Specifically tailored for UXO (Unexploded Ordnance) activities, the ROTV features a sophisticated ‘towed gradiometer’ equipped with either 4 or 8 units, enabling the collection of magnetic data with utmost precision and efficiency.

The primary function of ROVs is to undertake a diverse range of underwater tasks in environments deemed too deep or hazardous for human divers. These tasks encompass:

- **Underwater inspections:** ROVs can inspect underwater structures such as pipelines, oil rigs, and shipwrecks for damage or defects.
- **Exploration:** ROVs are used to explore and map underwater terrain, including deep-sea vents, trenches, and underwater caves.
- **Scientific research:** ROVs are equipped with sensors and cameras to collect data on marine life, ocean currents, and geological features.
- **Construction and maintenance:** ROVs can assist in the construction and maintenance of underwater infrastructure, such as installing pipelines or repairing underwater cables.

Conversely, the primary role of ROTVs is to gather data while being towed behind a vessel. They frequently serve the following purposes:

- **Seabed mapping:** ROTVs are equipped with sensors such as side-scan sonar and magnetometers to map the seabed and identify underwater features.
- **Surveying:** ROTVs can collect data on water depth, sediment composition, and underwater structures for various purposes, including navigation and resource exploration.
- **Environmental monitoring:** ROTVs can collect data on water quality, marine habitats, and pollution levels to assess the health of marine ecosystems and monitor human impact on the environment.

Overall, both ROVs and ROTVs play crucial roles in underwater exploration, research, and industrial operations, each with its specific capabilities and applications. NextGeo oversees a comprehensive fleet consisting of seven ROVs exclusively utilised for geophysical and UXO survey purposes. These ROVs are engineered to operate at impressive depths ranging from 3,000 to 5,000 meters, with the capability to maintain survey speeds of up to 6 knots, ensuring efficient and thorough data collection in challenging maritime environments.

### ROV and ROTV details

*Remotely operated underwater vehicles are piloted from a ship’s control room connected via an umbilical cable to the equipment*

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

Source: Company data

## ROV and ROTV in their field of application

A work-class ROVs Schilling HD used in the West Link of the Tyrrhenian Link project by Terna and a fast survey class hydraulic ROV system down to 3,000mt depth



Source: Company data

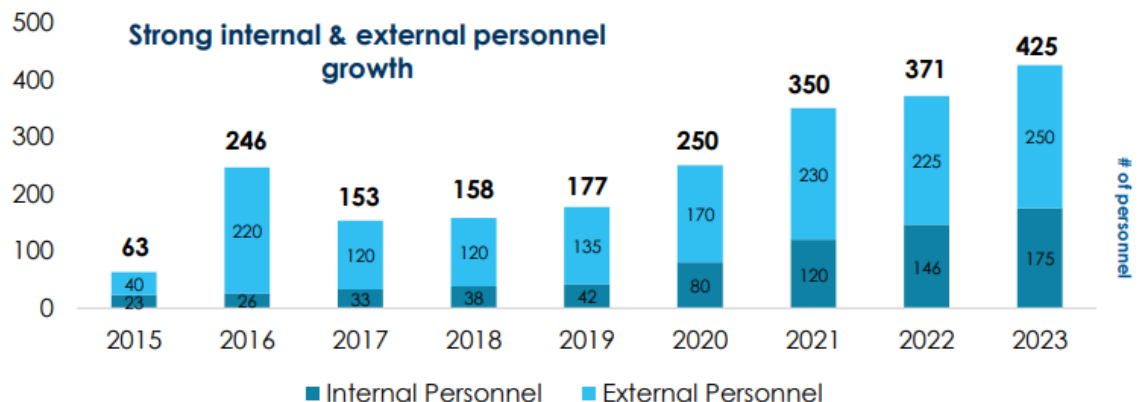
### 3) People: A multinational workforce of over 420 highly motivated and skilled individuals

Human resources are often the most critical asset for any organisation. In the maritime industry, skilled personnel including captains, crew members, engineers, scientists, and administrative staff are essential for smooth operations. Investing in recruitment, training, and retaining talented individuals is crucial for NextGeo. Additionally, fostering a positive work environment, ensuring safety standards, and promoting continuous learning and development are key aspects of managing this strategic asset effectively.

To ensure a resilient and adaptable workforce capable of meeting fluctuating demand, NextGeo employs a strategic blend of internal and external personnel. This approach enables the organisation to promptly address peak periods by leveraging both its core workforce and supplementary resources. Internal personnel, comprising skilled permanent employees, serve as the foundation of the team, possessing the necessary expertise and institutional knowledge. Complementing this core team are external contractors and freelancers, engaged on an as-needed basis to bolster manpower during heightened demand. By harnessing the strengths of both internal and external contributors, the group can swiftly adjust its staffing levels to accommodate varying workload requirements, thereby maintaining operational continuity and effectively meeting customer needs. In the last years the median blend of internal/external personnel stood at 70-30.

#### A rather flexible personnel profile, comprising a total of 425 individuals in 2023

*A notably adaptable personnel profile, characterised by a median of 35% internal staff members, since NextGeo establishment*



Source: Company data

In 2017, the acquisition of RMS Submarine Consulting Ltd (now Next Geosolutions UKCS Ltd.) marked a significant milestone in geographical expansion. However, more importantly, this strategic move streamlined the internalisation of the recruitment process for specialised technical personnel engaged in survey activities.

NextGeo has established strong ties with specialised agencies renowned for their expertise in sourcing top-tier talent across various fields. These partnerships streamline our recruitment processes, ensuring access to highly qualified professionals who meet our specific needs and can address peak demands. For geophysical and geotechnical personnel, NextGeo relies on the consultancy of recruitment agencies such as Elevate Offshore, CM Sourcing, UTM Consultants, Precise Consulting, and Hydro Energy Group. In terms of ROV pilots, the group utilises Bourbon Offshore DNT.

## The crucial role of R&D in delivering state-of-the-art services and equipment

Continuous R&D initiatives are at the core of NextGeo's commitment to fostering innovation and sustainability. By dedicating resources to ongoing R&D efforts, the group continuously explores new avenues and develops cutting-edge solutions that not only address current challenges but also pave the way for a smoother transition towards cleaner and more sustainable energy sources.

Through the group's relentless pursuit of innovation, NextGeo aims to drive positive change, reduce environmental impact, and contribute to a more resilient and sustainable future for generations to come. This commitment is underscored by consistent investment in R&D, amounting to 8% of sales in 2023, with approximately 30% typically covered by grants (source: Company data).

This investment has also enabled NextGeo to secure two patents, further solidifying its position as one of the leading players in innovation within the industry. 1) The S.A.S.S.O. project (Sistema Acustico di Sorveglianza con Sensori Ottici - Acoustic Surveillance System with Optical Sensors) is a research initiative jointly funded by the Italian Naval Armament Directorate (NAVARM) and a consortium of four companies, including Next Geosolutions Europe. 2) Additionally, a patent application is pending for a Thermal Resistivity Test (TRT) tailored for applications within the geotechnical industry.

- **High Speed Survey ROV:** The HSS-ROV is a system capable of operating at depths of up to 3,000 meters, nearly doubling the production speed achieved by comparable underwater vehicles currently available in the market.
- **Marine Sediment Sampling System, Drilling Rig:** A marine sediment sampling system capable of reaching depths of up to 1,000m and drilling up to 60m into the seabed employs cutting-edge technology to gather undisturbed samples and perform precise geotechnical analysis. This process is essential for optimising construction engineering and drilling operations.
- **Autonomous Survey Vehicle:** The ASV is a surface platform designed to autonomously and safely execute the assigned work plan while simultaneously processing information about the external environment, including GPS, AIS, and RADAR data. Main details: mission planning, obstacle avoidance, and remote control.
- **Next Digital Fleet:** The NDF system facilitates the collection and transmission of raw data, ROV video feeds, and ship status updates from the vessel to headquarters. It utilises custom compression algorithms to optimise radio communication bandwidth usage. Main feature: transferring up to 5 gigabytes per hour with a channel bandwidth of just 5 megabits per second.

## Continuing partnerships offer insights into forthcoming innovations

Continuing partnerships provide a platform for ongoing collaboration, ensuring that NextGeo stays informed about emerging innovations and industry trends. By nurturing these relationships, the group cultivates an environment conducive to shared learning and exploration, driving continuous improvement and adaptation within the industry. A few examples of

**Massachusetts Institute of Technology** – The MIT Regional Entrepreneurship Acceleration Program Team Campania is dedicated to bolstering the economic prospects of the Campania region in Italy by harnessing its academic assets, technological clusters, and robust manufacturing capabilities. Special attention is given to the development of sea-land logistics and the maritime industry, aiming to stimulate growth and prosperity within the local economy.

**Consiglio Nazionale delle Ricerche** (National Research Council) - Through esteemed collaborations with prominent Italian university centres and the National Research Council, Next Geo has spearheaded the 'Autonomous Robotics for Extended Ship' project. With a primary emphasis on studying and developing the necessary technologies, Next Geo is committed to the creation of an extended ship outfitted with a fleet of underwater and surface drones.

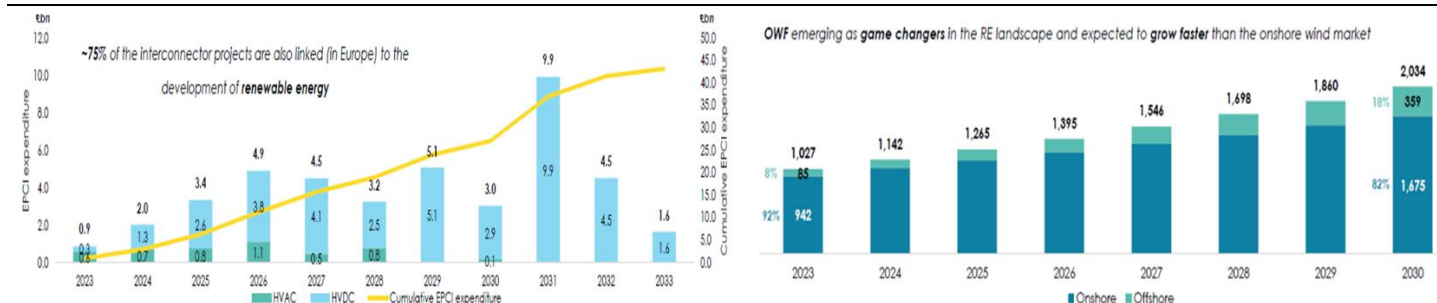
**Stazione Zoologica Anton Dohrn** - Next Geosolutions collaborates with the esteemed 'Stazione Zoologica Anton Dohrn' in Naples, renowned as one of the world's foremost research institutions in marine biology and ecology. Together, they conduct environmental surveys in deep-sea habitats and spearhead environmental research for scientific exploration. A key objective is the conducting of environmental surveys in deep marine habitats.

## Driving the EU green energy revolution market

NextGeo plays a crucial role in accelerating EU energy independence and its transition towards more secure, efficient, and green energy production. We see NextGeo's role in this process as key to meeting government targets in both electricity interconnection and renewable energy production levels, which currently addresses a reference market size of over Eu11bn (o/w Eu8.5bn in offshore wind, according to NextGeo's management). On the interconnector front, the group can benefit from several supportive trends, including the EU target to reach at least 15% in cross-border transportation grid by 2030. These trends include: 1) higher energy security; 2) renewable energy integration; and 3) grid stability and flexibility. According to 4C Offshore, EPCI expenditure in Europe is expected to cumulate to Eu43bn, following c. Eu10bn expenditures in 2015-23. Within the offshore wind market, the EU's ambitious targets (e.g., a 45% renewable energy target and increasing installed capacity from 204GW in 2022 to 500GW by 2030 according to European Wind Power Action Plan; RePowerEU Plan) trigger an escalation in permitting and execution of wind farm projects. The global offshore wind farm installation is expected to grow by 4x in GW capacity, with Europe expected to also quadruple its contribution during 2023-30, reaching 150GW from the current 37GW. This growth is underpinned by technological advancements in infrastructure, with floating offshore farms taking the stage due to their location flexibility, lower environmental impact, and higher production capabilities. This segment is expected to bolster by a 64.9% CAGR 2023-30 in terms of global installations, reaching c. 12GW by 2030. (source: Frost&Sullivan, Government Support, Disruptive Technologies, and Optimized Supply Chains will Drive Cost Reduction and Floating Offshore Wind Deployments (August 2023).

### Interconnector EPCI expenditure (lhs, Eubn, 2022-33) and global wind installation capacity (rhs, GW, 2023-30)

According to 4C offshore, the EPCI (Engineering, procurement, and installation) expenditure in 2023-30 for interconnectors should add Eu43bn in Europe



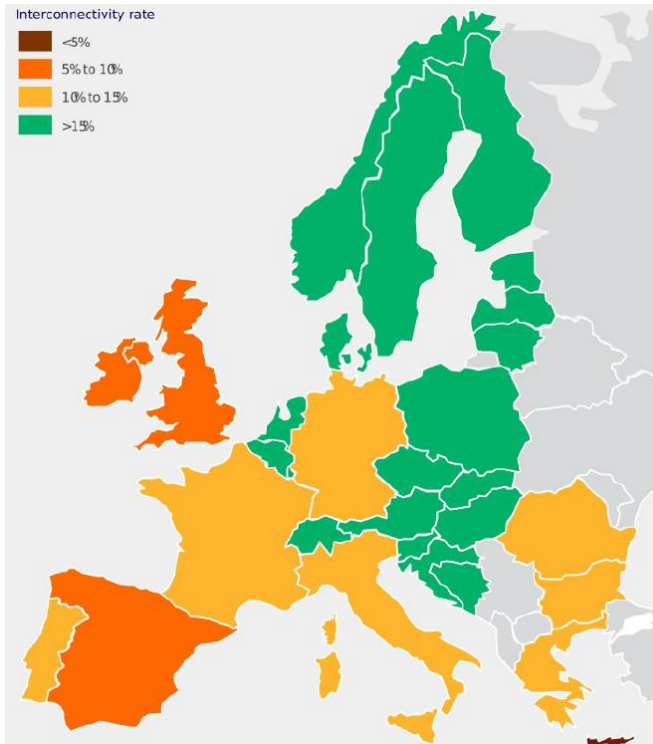
Source: (i) 4C Offshore, for the graph relating to Interconnector expenditures and (ii) Frost&Sullivan, Increased Climate Concerns, Technological Advancements, Governmental Policies, Cost Reductions, and Energy Needs Drive Global Demand (November 2023)

### Interconnectors are vital for the energy transition puzzle

Electricity grid interconnectors are an essential part of the energy transition puzzle. They have the potential to enhance energy security, stabilize pricing, and play a critical role in increasing the adoption of renewable electricity. This is particularly evident in the interconnection of offshore wind parks in the North part of Europe but is generally expanding across the globe. With a view towards achieving more energy production and consumption independence, the EU has set a target to reach at least a 15% interconnectedness level by 2030, meaning that each EU country must be able to exchange 15% of energy across borders. The current level varies among regions but lags behind, triggering a faster deployment of interconnectors.

## Interconnectivity rate in Europe (%)

The EU has set a target to reach at least 15% interconnectedness level by 2030



Source: The growing strategic importance of interconnectors: A look at the North Sea region, Rabobank Research, 2023

## Several trends support the growing interconnectors grid forward

The EU CEF programme has funded Eu4.7bn in 2014-20 for interconnect energy networks and has allocated other Eu5.8bn during 2021-27 (source: energy-ec.europa.eu). Europe is accelerating in interconnection links for several reasons:

**Energy Security:** Interconnection links help improve energy security by diversifying energy sources and increasing flexibility in the electricity grid. By connecting national grids, countries can access a broader range of energy resources and mitigate the impact of supply disruptions.

**Renewable Energy Integration:** The transition to renewable energy sources, such as wind and solar power, requires a more interconnected grid to manage intermittent energy generation and ensure reliable supply. Interconnections enable surplus renewable energy to be transmitted to regions with higher demand, reducing curtailment and maximizing utilization.

**Market Integration:** Interconnected grids facilitate the integration of energy markets, enabling cross-border trading of electricity. This promotes competition, enhances market efficiency, and can lead to lower energy prices for consumers.

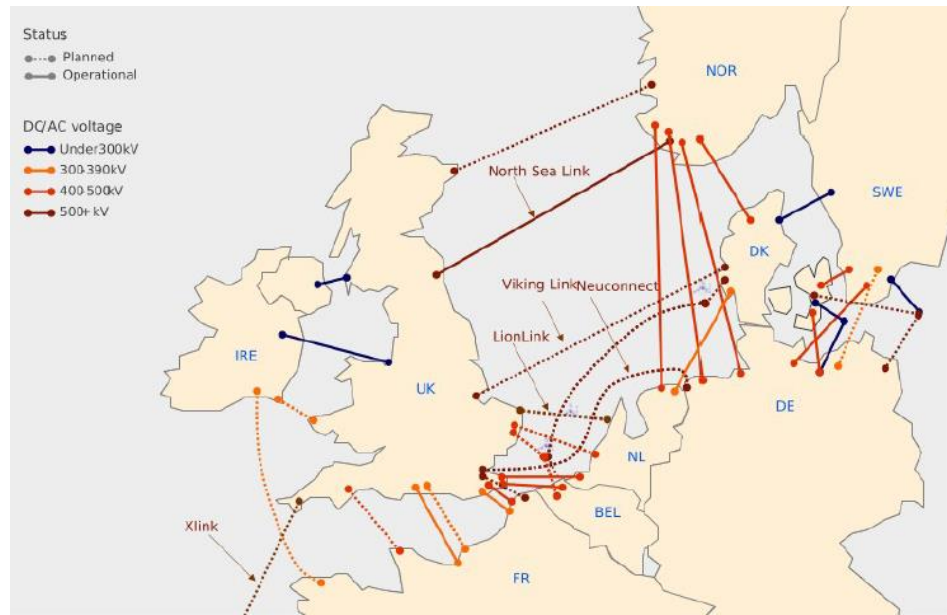
**Climate Goals:** Interconnection links play a crucial role in achieving Europe's climate goals by facilitating the transition to low-carbon energy systems. They support the expansion of renewable energy capacity, facilitate the phasing out of coal and other high-emission fuels, and contribute to overall emissions reduction targets.

**Grid Stability and Resilience:** Interconnected grids improve grid stability and resilience by allowing surplus energy to be shared across regions, balancing supply and demand, and providing backup in case of emergencies or outages. They enhance the reliability of electricity supply and reduce the risk of blackouts. This can lead to lower energy prices for consumers.



## Existing and planned subsea interconnectors in the North Sea region (2023)

Investment in North Sea subsea interconnectors boosts energy security, stability, and flexibility



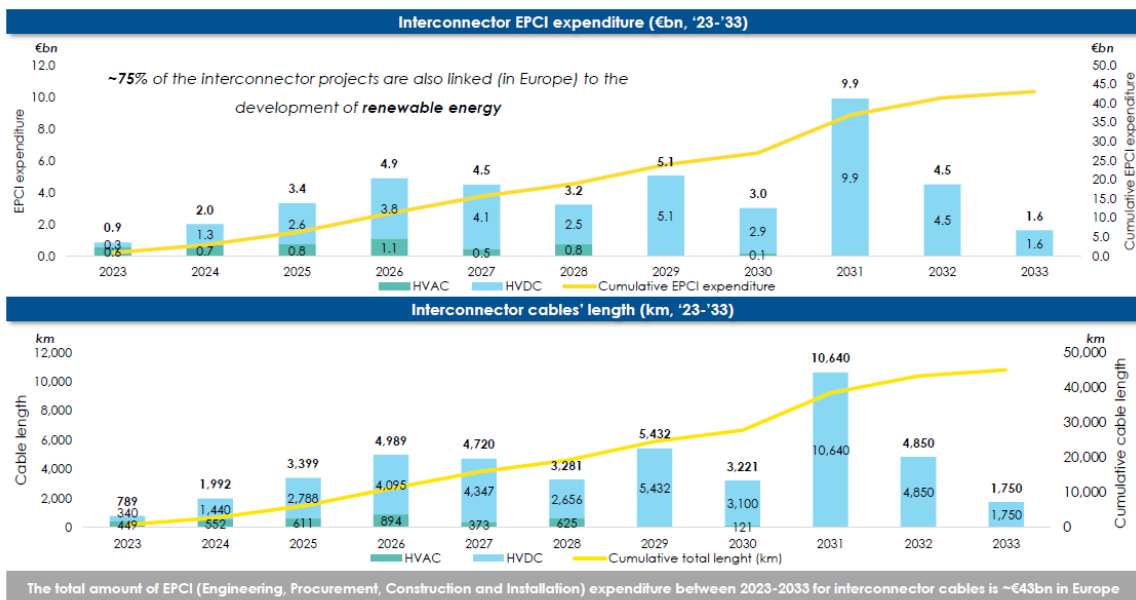
Source: The growing strategic importance of interconnectors: A look at the North Sea region, Rabobank Research, 2023

### 18% CAGR 23-33E in interconnectors expenditures

The EPCI (Engineering, procurement, and installation) expenditure in 2023-33 for interconnectors should add Eu43bn in Europe, on top of c. Eu10bn investments made during 2015-2023, implying a CAGR of 18% during 2023-33 period, with an estimated addressable market for NextGeo of around Eu3.3bn (7.5% of EPCI expenditure 2023-33); including the OPEX market the NextGeo addressable market could rise to around Eu5bn (NextGeo elaborations on 4C Offshore data). About 75% of interconnector projects in Europe are linked to renewable energy development (source: 4C offshore “Offshore Transmission & Cables Intelligence: Cable Forecast: Interconnectors” as of 30.01.2024).

### Interconnector EPCI expenditure (Eubn, 2022-33) and cables length (km, 2023-33)

According to 4C offshore, the EPCI (Engineering, procurement, and installation) expenditure in 2023-33 for interconnectors should add Eu43bn in Europe



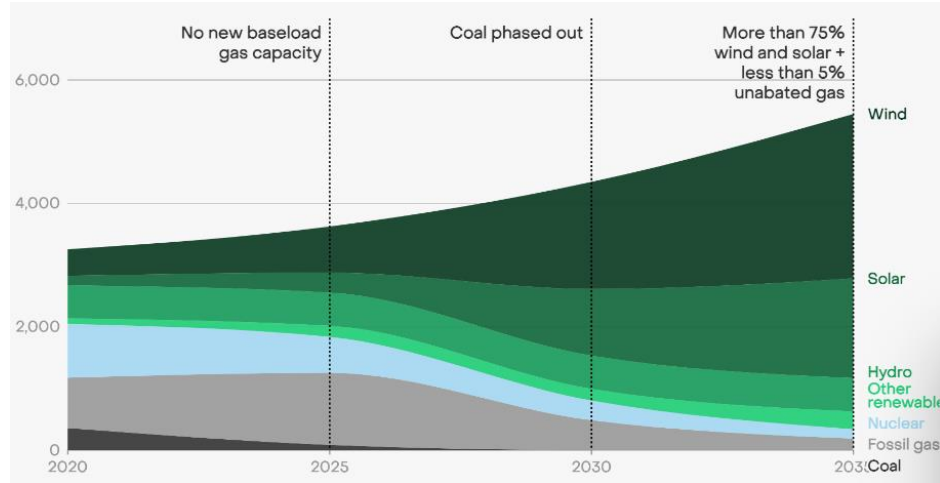
Source: 4C Offshore “Offshore Transmission & Cables Intelligence: Cable Forecast: Interconnectors” as of 30.01.2024

## Wind farms fast deployment is the imperative to meet EU green targets

Europe has set challenging targets aiming to accelerate the green transition. According to Ember, wind farm looks to be the accelerator tool to go towards a net zero scenario and limiting global warming.

### Wind energy is a key to meet net zero emission targets (TWh, 2020-35)

*Investment in North Sea subsea interconnectors boosts energy security, stability, and flexibility*



Source: New Generation, Ember, 2022

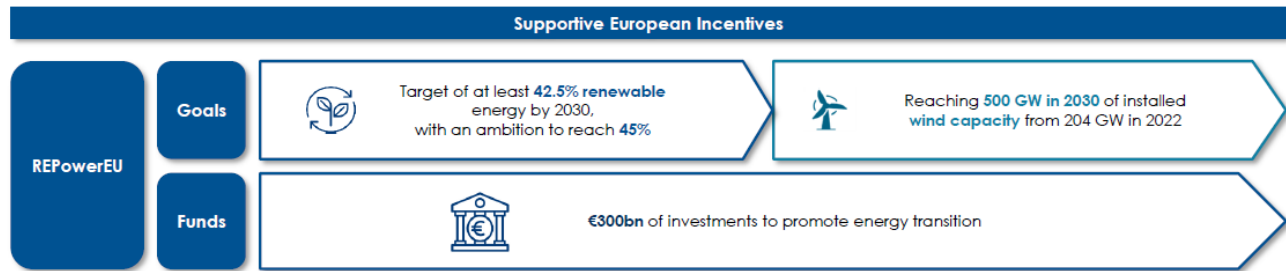
The European target to reach at least 45% renewable energy by 2030 (reaching 500GW from 204GW in 2022) should propel wind projects execution and deployment, with a total energy transition planned to top Eu300bn (source: energy-ec.europa.eu). The EU has also implemented an emergency regulation as well as the wind power action plan:

**Emergency regulation.** To hasten the implementation of renewable energy in the immediate future, the Commission has proposed an emergency regulation on permitting. This regulation simplifies and shortens the permitting procedures for renewables, including repowering and grid projects. On top of that the Commission has made an effort in simplifying the permitting procedures for wind turbines transportation.

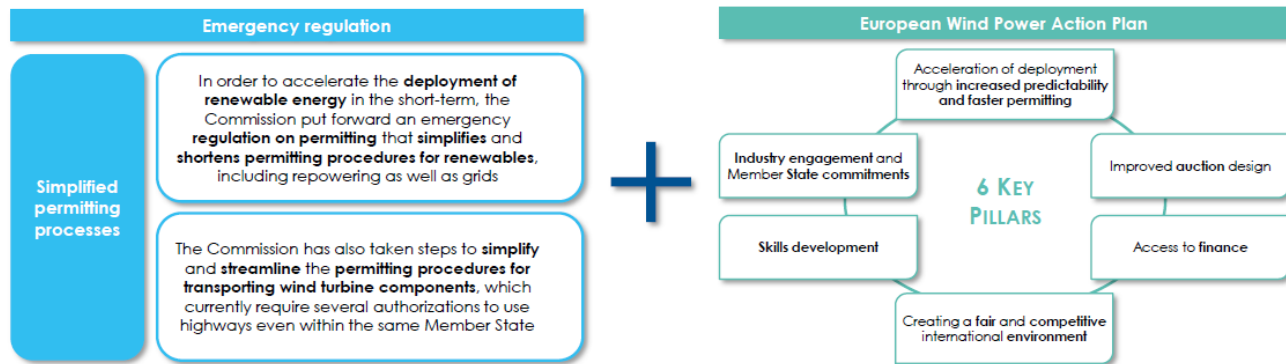
**EU wind power action plan.** The plan foresees 6 key pillars: 1) Deployment acceleration through faster permitting; 2) Enhanced auction design; 3) Industry involvement and Member state pledges; 4) Creating a fair and competitive environment; 5) Ease access to funding and 6) Skills development.

## Supportive European incentives and actions

The EU has implemented several actions to support the green energy transition as well as Eu300bn investments



Wind energy is pivotal to meeting the EU's decarbonization objectives and delivering clean, affordable and secure electricity



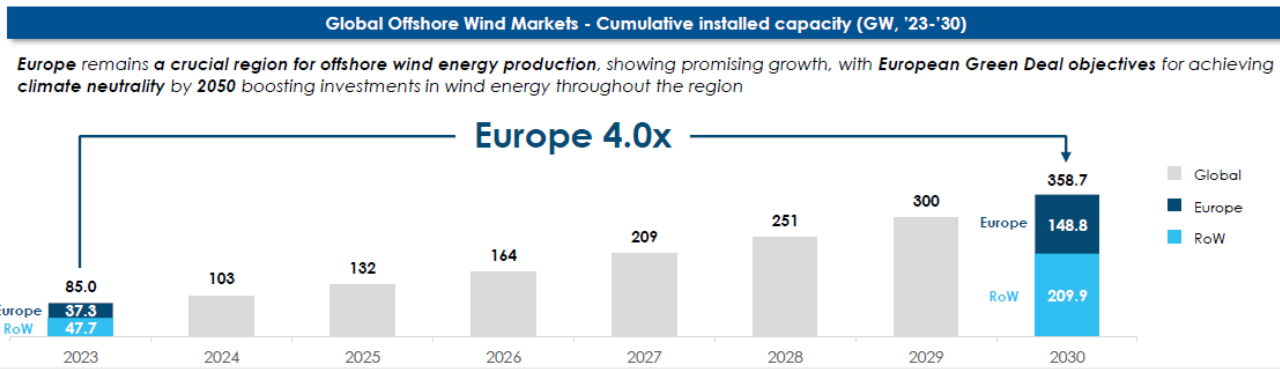
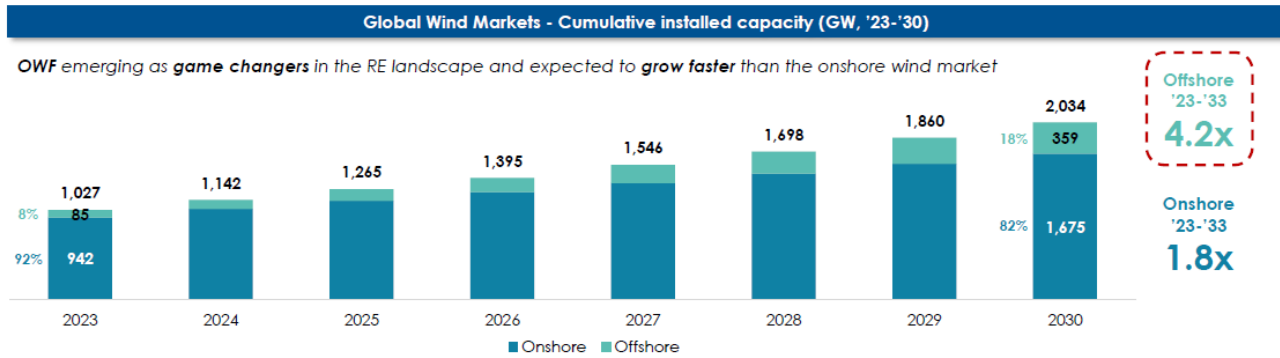
Source: European Wind Power Action Plan; RePowerEU Plan

## Offshore looks to gain ground vs Onshore: 4X in installed capacity in 2023-30

The global wind installations are anticipated to double its GW capacity globally, from c. 1,000GW to over 2,000GW by 2030. Offshore projects should be the main driver, expected to grow by >4x in the period to 359GW from 85GW in 2023. Europe should be a key region, expected to follow the trend, jumping from 37GW in 2023 to c. 150GW by 2030 (4x; source: Frost&Sullivan, Increased Climate Concerns, Technological Advancements, Governmental Policies, Cost Reductions, and Energy Needs Drive Global Demand (November 2023)).

## Global wind installation capacity (GW, 2023-30E)

Global installation capacity should increase by 4x during 2023-33

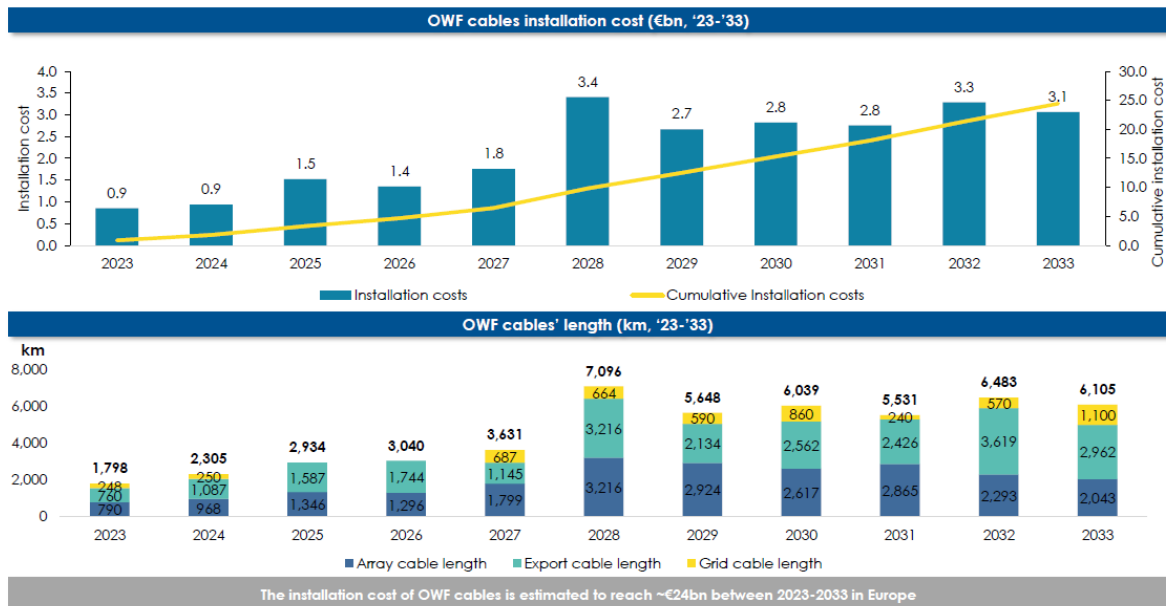


Source: Frost&Sullivan, Increased Climate Concerns, Technological Advancements, Governmental Policies, Cost Reductions, and Energy Needs Drive Global Demand (November 2023)

In terms of OWF cables installation costs, it is expected by 4C offshore a cumulated capital expenditure of ca. Eu24bn in 2023-33E (o/w ca. Eu7bn of NextGeo's addressable market) on top of c. Eu14bn expenditure made during 2015-23A.

## European offshore wind farm cables installation cost (Eubn, 23-33E) and offshore wind farm cables length (km, 23-33E)

According to 4C offshore, the OWF cable installation expenditure in 2023-33 should be around Eu43bn in Europe

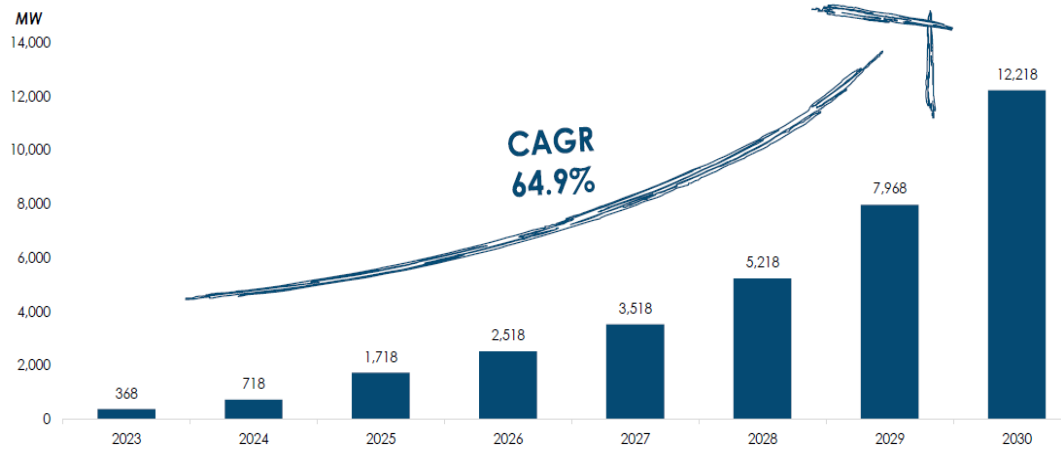


Source: 4C Offshore "Offshore Wind Farms Database" as of 30.01.2024

**Technology advancement triggers floating offshore implementation.** The offshore wind industry's growth is driven by significant advancements in technology, especially in the domain of floating offshore wind farms. These innovative installations offer a paradigm shift in the way we harness wind energy, providing multiple benefits that are propelling their adoption worldwide. Unlike their fixed-bottom counterparts, floating offshore wind farms boast unparalleled location flexibility, enabling deployment in deeper waters far from the coastline. This versatility opens up previously untapped expanses of ocean for wind energy development, presenting a vast new frontier for clean energy generation. While this gives access to higher wind speeds areas, floating platforms can accommodate larger and more powerful wind turbines than fixed-bottom structures, increasing energy production. Given these compelling advantages, the adoption of floating offshore wind farms is poised for exponential growth in the coming years. Projections suggest a notable CAGR 2023-30E of 64.9%, with global installations expected to surge to circa 12GW by 2030E from current 368MW.

### Floating offshore wind farm cumulative installed capacity (MW, 2020-30E)

*Installed capacity of Floating offshore platforms should climb by 65% CAGR 2023-30E*



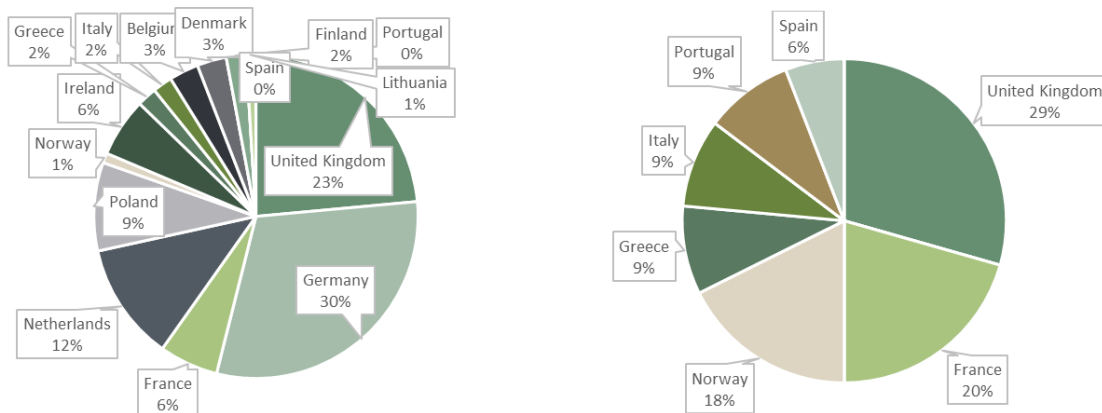
Source: Frost&Sullivan, Government Support, Disruptive Technologies, and Optimized Supply Chains will Drive Cost Reduction and Floating Offshore Wind Deployments (August 2023)

### UK and Germany are set to lead the OWF developments (2023-34E).

In terms of geographies, UK leads the rank of total projected fixed and floating offshore platforms with a share of 23% and 29%, respectively.

### % Share by country of OWF projects to be developed in 2023-34E in fixed (LHS) and floating (RHS)

*UK leads the rank with 25% share in OWF projected platforms in 2023-34E.*



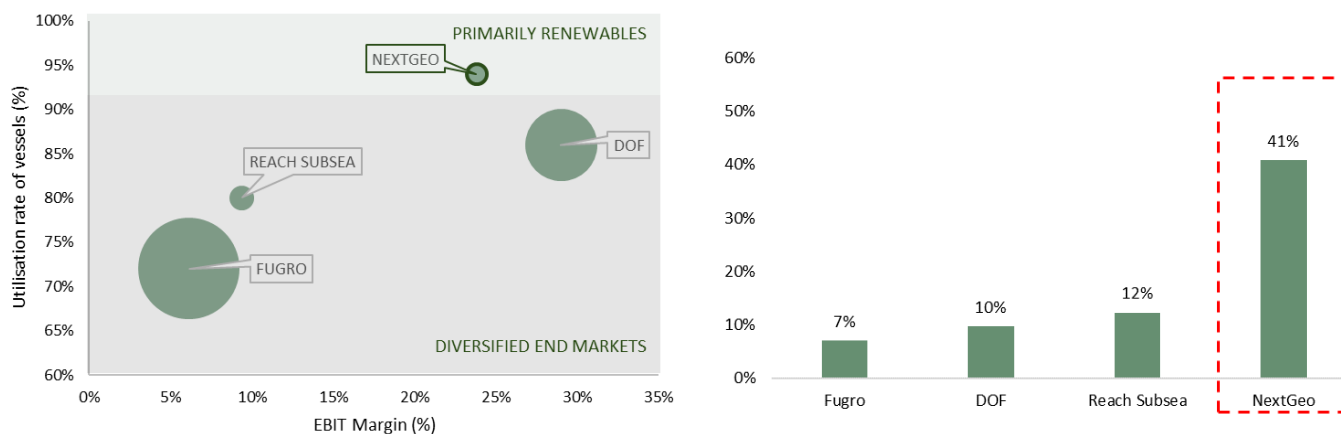
Source: Company data ON 4C Offshore, Offshore wind farms database as of January 30, 2024

## Unique positioning in Renewables and superior ROCE

The offshore marine engineering services sector is populated by large and diversified players with a global footprint (e.g., listed peer Fugro) and specialists with a more regional reach (e.g. GeoXYZ). While the presence of players is more fragmented within the Oil & Gas industry due to the historical business predominance, the pure renewables/offshore wind sector counts fewer players. We believe that NextGeo is one of the leading players (5th by revenues in EMEA) and leads the rank in terms of exposure to the renewables end-market as a percentage of revenues. The group offers a broader engineering services proposition compared to smaller players, which are often underequipped. We believe that the group has solid competitive advantages and is capable of gaining further market share in the coming years due to: 1) Established track record with top clients (supported also by bid-to-bid); 2) Expertise in complex and legacy projects; 3) Group’s asset-light profile thanks to superior flexibility/availability in the use of vessels also from the third-related party Marnavi group; and 4) Proprietary mission-critical and specialised equipment/vessel. Barriers to entry are extremely high due to a sizable initial capital requirement, specialized know-how, and a track record in complex projects. We believe that the strong competitive positioning of NextGeo is well summarized by its ROCE of 40.8% in FY23, well above the 10% average of listed peers. NextGeo is exposed to a healthy end-market (c. 86% to renewables). More, while most of the competitors rely on a substantial proprietary/long-term lease of vessels, the presence of third-related party Marnavi group is a clear competitive edge, which is expected to remain in the mid-term due to the spare capacity of additional vessels. This should be another lever of scale.

### Utilisation rate and operating profitability (lhs, %, bbl size=revenues) and NextGeo superior ROCE (rhs, %)

*NextGeo scores the highest utilization rate of vessels and attractive operating profitability. The strong competitive positioning is well-summarized by its sound ROCE.*



Source: Alantra elaboration on Company data, Peers annual report, Factset; Note: ROCE is defined as:  $\text{Adj. EBIT} \times (1 - \text{Norm. Tax Rate}) / (\text{Fixed Assets} + \text{NWC})$ . Note2: Peers’ latest available data, FY23 data for NextGeo.

### A unique positioning in the competitive arena

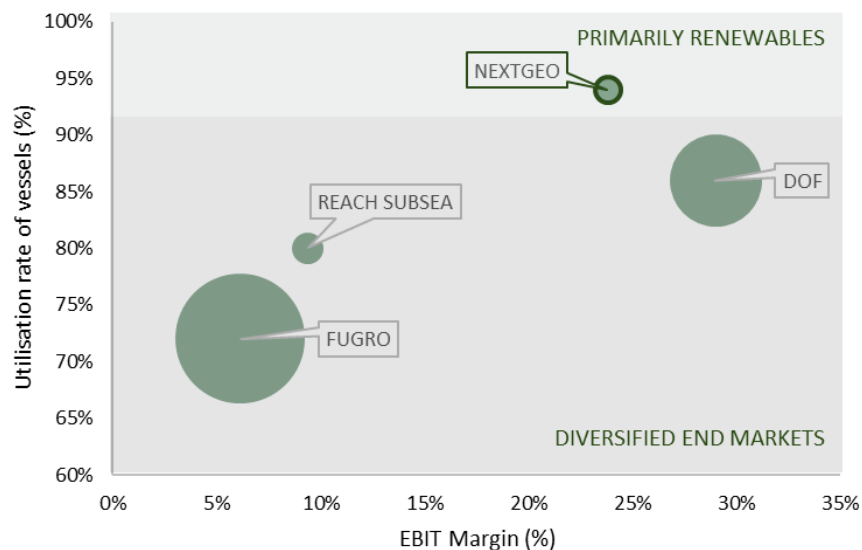
The marine offshore engineering services sector is characterized by prominent multinational companies with extensive global operations, alongside specialized firms that cater to specific regional markets. While the presence of companies in the Oil & Gas industry is more populated due to its historical dominance, the renewable energy/offshore wind sector has fewer players. We have identified clusters of potential competitors:

- 1) **Tier 1 diversified large companies.** Within the cluster we identified large diversified and international players like **Fugro** and **DOF**. Both companies have a global reach with an extended fleet of vessels (34 and 54, respectively in 2022). While the latter is 100% focused on the marine business (FY22 revenues of Eu1.1bn, o/w Eu212mn in EMEA regions, not all related to renewables), Fugro exposure is limited to 70% of the activity (Eu1.8bn FY22 sales, o/w Eu788mn in EMEA and Africa and partially related to Oil & Gas) with the remaining part related to onshore infrastructure projects (roads, bridges, etc.). On top of that, the group boasts a more diversified offer of services by covering the entire project lifetime from the concept to decommissioning (30% of FY22 sales related to assets in service). In terms of profitability, Fugro delivers an EBIT margin of 6% in FY22, well below of marine industry standards of mid to high twenties (28% of DOF). In our view, **the Fugro's exposure of onshore infrastructure projects and the considerable weight on asset integrity services**, together with a **suboptimal utilisation rate of vessels** (72% vs 86% of DOF) **compress the group's profitability**.
- 2) **Tier 1 offshore marine specialists (NextGeo).** We identified listed peer's **Reach Subsea** (Eu115mn FY22 sales) and private company **Gardline** (Eu163mn FY22 sales, acquired by Boskaris). These players have a more limited geographical coverage compared to the first group with **the latter active primarily in Europe like NextGeo**. While both peers are marine specialists (c. 100% of business), **exposure to renewable project is limited** (c. 20% of FY22 sales for both). Gardline shares similarity in terms of EBIT margin with NextGeo (24% in FY22), while Reach Subsea is more capital-intensive (8% FY22 ROA vs 18% of NextGeo)
- 3) **Smaller players.** The marine engineering industry is also formed by a highly fragmented number of smaller players (e.g. GeoXYZ, ACSM, etc.) with a more limited geographical coverage. On top of that, the services offered are limited, also due to underequipped fleet.

We believe that **NextGeo falls within the second group** in terms of size and service offerings. However, we highlight that NextGeo boasts a **more efficient vessels utilisation rate** (94% vs 80% of Reach Subsea), **higher expertise within the renewables** segment (86% of FY23 sales), which places the group among the leaders in European offshore wind projects. As such, we believe that **NextGeo is well-positioned to capture opportunities from the green transition wave**.

#### Utilisation rate of vessels and operating profitability (%; bbl size=revenues)

*NextGeo scores the highest utilization rate of vessels and above average operating profitability*



Source: Alantra elaborations on Company data, Factset, Companies' annual reports; Note1: Peers' latest available data, FY23 data for NextGeo.

## Differentiating with an asset-light profile and complex projects expertise

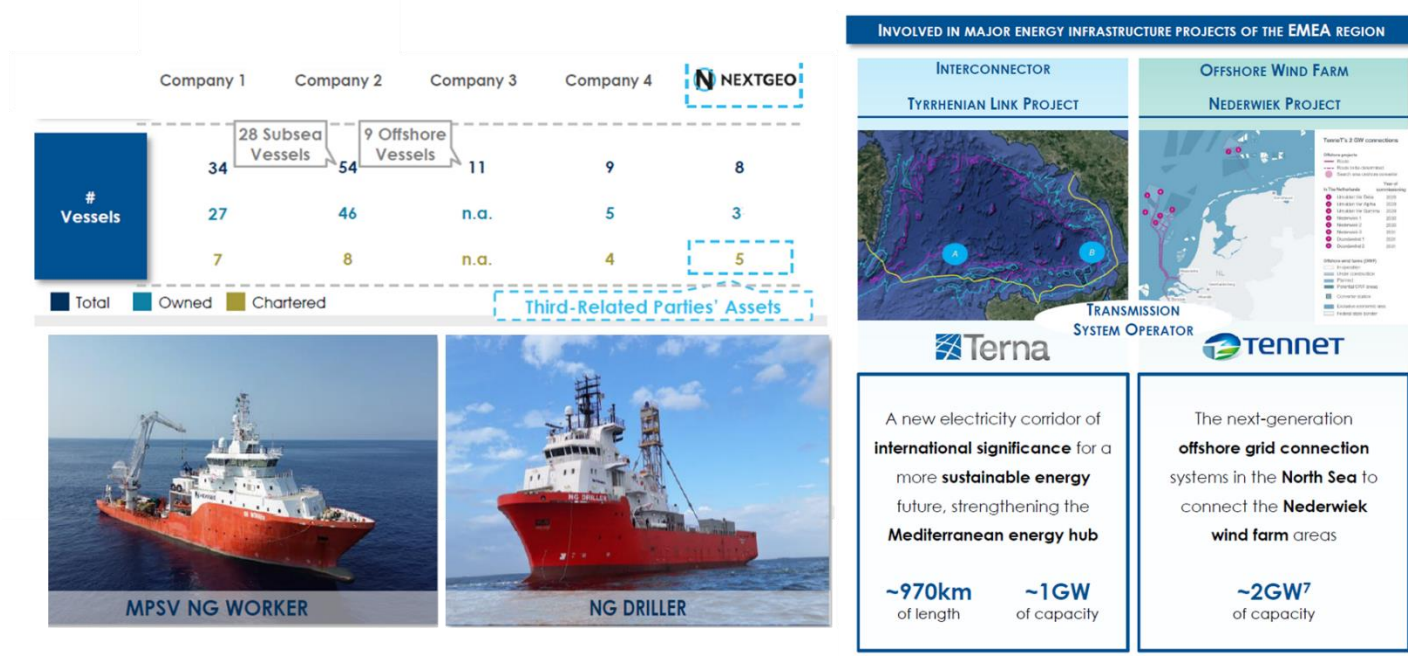
We are confident that the group possesses strong competitive strengths and is poised to expand its market share in the foreseeable future for the following reasons:

- 1) **Asset-light thanks to an optimal owned/third-related party vessels mix:** One of the main NextGeo's competitive edges is represented by its optimal mix of owned ships (2, o/w 1 offshore and 1 nearshore as YE23) and short-term rent of third-related party Marnavi's vessels (5 in FY23). The strategy behind this is to maintain ownership of strategic and unique vessels (such as the NG driller) while complementing the fleet with ad-hoc requested ships, pivoting on short-term and flexible rent of an extensive number of ships (we estimate a max of c. 15 vessels) from the third-related party's Marnavi group. This allowed NextGeo to quickly scale the business, gaining traction with larger and complex projects and entering in the tier 1 league of operators.
- 2) **Established track record with leading clients (also due to bid to bid offers):** The group can count on several years of experience and track-record with major tier 1 TSO (Terna, Tennet, etc.), international energy companies, subsea cable producers (Prysmian, Nexans, etc.) and national energy companies. This has increased trust from major clients and facilitated NextGeo's early engagement in potential tenders through bid to bid offers with private companies. As such, NextGeo can provide insights into project, allowing clients to tailor their bids, accordingly, shifting the NextGeo's role to a mission-critical partner thanks to its de-risking role of a project. According to NextGeo's management, **about 52% and 40% of FY23 revenues and backlog, respectively, is linked to bid to bid.**
- 3) **Expertise in major European projects:** The group can boast a solid track-record of major projects in Europe in both wind farm and interconnectors. For instance, the Tyrrhenian link with Terna (1GW capacity/c. 970km cable length) Hollandse Kust West Alpha and Beta, Ijmuiden Ver Alpha, Beta and Gamma and the Nederwiek project with Tennet (c. 2GW capacity) are among the group's legacy projects, highlighting its presence in major complex marine projects in Europe. In fact, sectors like offshore marine survey and engineering, where tenders are often unsensitive on price, the technical offer becomes critically important.
- 4) **Ownership of mission-critical equipment/vessels:** The strong R&D effort of the group has resulted into an advanced fleet of vessels and robots. For example, the group has co-developed a fast-ROV and equipped its vessels with new tools and technology that can significantly reduce offshore survey times, lowering client costs and expediting project execution. More, NextGeo owns the NG driller ship, a mission critical vessel for geotechnical works (limited availability in the world), positioning the group to be a relevant player in the niche drilling market as well as innovative wind floating farm projects (higher drilling activity).



## NextGeo: optimal owned/third-related party vessels mix and two main European projects

The fleet flexibility together with participation into several legacy projects in Europe are strong competitive strengths



INVOLVED IN MAJOR ENERGY INFRASTRUCTURE PROJECTS OF THE EMEA REGION

INTERCONNECTOR  
TYRRHENIAN LINK PROJECT

TRANSMISSION SYSTEM OPERATOR

**Terna**

A new electricity corridor of **international significance** for a more **sustainable energy** future, strengthening the **Mediterranean energy hub**

~970km of length      ~1GW of capacity

OFFSHORE WIND FARM  
NEDERWIEK PROJECT

TRANSMISSION SYSTEM OPERATOR

**Tennet**

The next-generation **offshore grid connection** systems in the **North Sea** to connect the **Nederwiek wind farm** areas

~2GW<sup>7</sup> of capacity

Source: Company data

### Extremely high barriers to entry protect from potential newcomers

We believe that potential newcomers would struggle to replicate the business model of the group, due to the presence on strong entry barriers:

**Specialized Expertise and Technology:** Offshore marine survey and engineering require specialized knowledge, expertise, and technology. Companies operating in this sector must possess advanced capabilities in marine geology, geophysics, hydrography, remote sensing, and engineering disciplines. Developing and maintaining these capabilities require significant investments in R&D, training, and technology acquisition.

**Initial Capital Intensity:** The offshore marine survey and engineering business requires substantial initial capital, primarily due to investments in vessels, equipment, and technology infrastructure. Establishing and maintaining a fleet of specialized vessels, remotely operated vehicles (ROVs), surveying equipment, and data processing systems entails significant upfront costs, which can serve as a barrier to entry for new entrants.

**Regulatory and Permitting Requirements:** Offshore operations are subject to stringent regulatory and permitting requirements imposed by national and international maritime authorities, environmental agencies, and industry standards organizations. Compliance with these regulations involves navigating complex legal frameworks, obtaining permits, licenses, and certifications, and ensuring adherence to environmental and safety standards, which can pose challenges for new entrants.

**Risk and Liability Considerations:** Offshore marine survey and engineering involve inherent risks, including safety hazards, environmental risks, and operational challenges associated with working in offshore environments. Companies operating in this sector must have robust risk management strategies, insurance coverage, and liability protections to mitigate potential liabilities and safeguard against unforeseen events.

**Established Relationships and Networks:** Established players in the offshore marine survey and engineering business often have longstanding relationships and networks with key industry stakeholders, including energy companies, government agencies, regulatory bodies, and industry partners. Building trust, credibility, and reputation in the industry takes time and effort, making it challenging for new entrants to compete with incumbents.

**Economies of Scale and Scope:** Larger, established companies in the offshore marine survey and engineering sector benefit from economies of scale and scope, enabling them to spread fixed costs over a larger volume of projects, optimizing resource utilization, and offer competitive pricing. New entrants may struggle to achieve similar economies of scale and may face challenges in competing on cost and pricing.

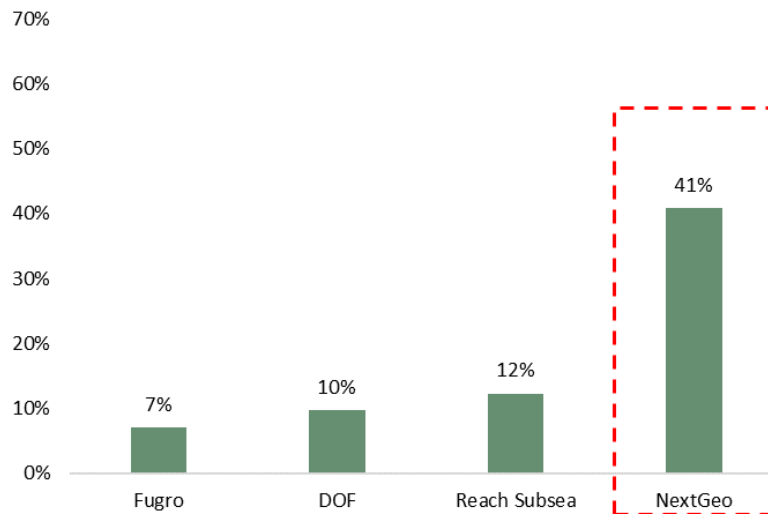
## Best-in-class ROCE of 41%

We believe that the strong competitive positioning of NextGeo is well summarized by its ROCE. NextGeo delivered a ROCE (including goodwill) of 40.8% in FY23, well above the average of listed comparable groups of 10%.

Reasons can be addressed by a higher exposure to offshore projects compared to some of its peers, a more efficient assets utilisation, optimal mix of own/short-term rent with third-related party Marnavi vessels, which helps to maintain a lean and asset-light profile. Despite the latter could be perceived as a temporary competitive advantage, we believe that the group can still benefit from flexible rent terms of the Marnavi group in the foreseeable future due to ample capacity of fleets (5 rented ships in FY23 out of a total availability of c. 15 vessels).

### NextGeo's superior ROCE vs its 3 main listed peers

*We believe that the competitive positioning of NextGeo is well summarized by its sound double-digit ROCE of 41% (incl. goodwill)*



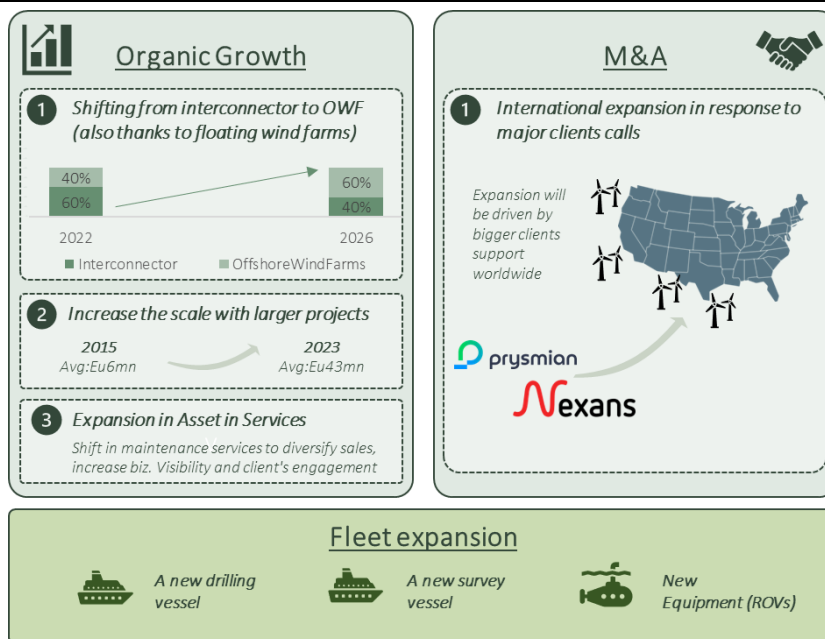
Source: Alantra estimates, Company data; Note: ROCE is defined as:  $\text{Adj. EBIT} \times (1 - \text{Norm. Tax Rate}) / (\text{Fixed Assets} + \text{NWC})$ .

## Services, fleet, and geographical expansion

We believe that NextGeo aims to continue growing by scaling up its projects, pivoting on three main pillars: 1) Value chain integration by adding services within installation & construction and asset in services phases; 2) Increase the fleet of owned vessels to maintain an optimal balance between proprietary and rented ships; and 3) Expand its presence in new strategic regions through M&A. The increase of services in the portfolio, including the asset in service ones, can enhance the group's competitiveness and increase its capabilities in offering end-to-end solutions as well as uplift the backlog visibility and provide revenue diversification. In response to further growth foreseen stemming from the green transition wave, we expect NextGeo to expand its proprietary fleet of vessels, maintaining the optimal balance of proprietary and Marnavi's rented ships, as well as adding further strategic equipment like ROVs. Additionally, the increasing share of wallets from major clients is prompting the group to expand its geographical reach, aiming also to support major clients in strategic areas, also through M&A. We expect the Eu57.5mn IPO proceeds to accelerate the three strategic pillars of services, fleet, and geographical expansion.

### Organic and Inorganic growth supported by fleet expansion

*The group targets to increase the scale of projects in renewables, enter in the asset in services contract and expand its fleet. M&A of international targets could be an option in response to clients' growing demand*



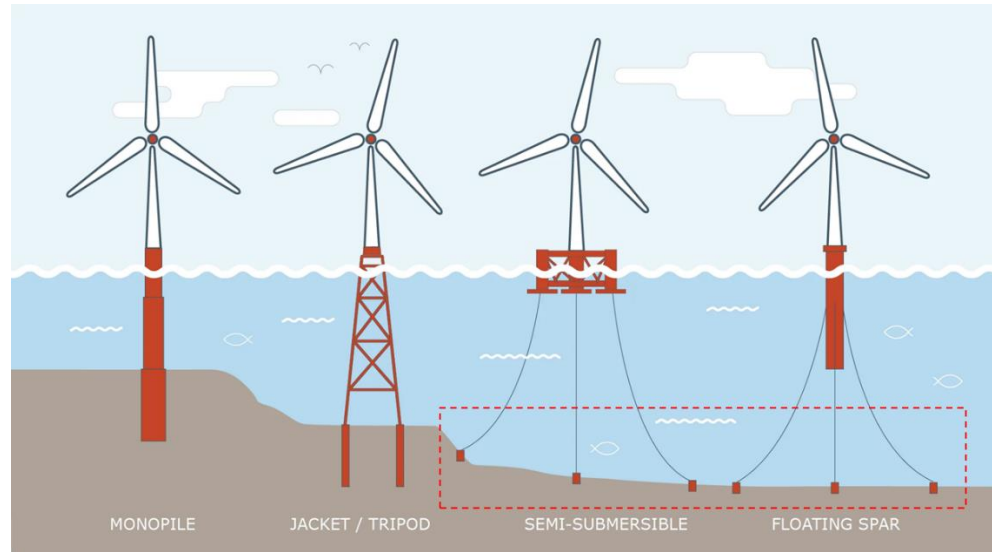
Source: Alantra elaborations on Company data

### Continue scaling in renewable projects

Further organic growth is expected to continue due to the increasing number of large renewable tender awards and the growing presence of bid to bid offers, which increase engagement and loyalty from major clients. The group plans to shift its current primary exposure from interconnectors to offshore wind projects. Part of this shift is supported by the increasing demand for floating wind farms. Unlike traditional offshore wind farms, where turbines are fixed to the seabed, floating wind farms use platforms that float on the surface of the water, anchored to the seabed by mooring lines. This comes with higher costs of projects and potential higher margins for NextGeo as the process requires higher drilling activity compared to traditional offshore wind farms due to the extended holes required to anchor the floating infrastructure. In our view, NextGeo, as specialists in complex offshore marine projects, is well-positioned to reap the benefits of increasing investments in this type of project (the group is already working on the first project in the Mediterranean Sea). We believe that **an expansion of such activity requires new vessels, especially a driller, also due to current 100% utilisation rate of the NG driller.**

**Mounting interests of floating wind farms triggers drilling activity**

*The group should continue to scale its projects, shifting more on offshore wind thanks to higher demand in floating wind farms*



Source: COWI website

**Enhancing competitiveness through comprehensive service offerings**

By expanding the range of services offered, we believe that NextGeo has the potential to boost the group's competitiveness and improve its prospects of securing tenders for end-to-end solutions. Additionally, it can enhance visibility into backlog and diversify revenue streams. The group plans to increase its activity within the Installation & construction services (c. >7% of project-based revenue in 22-2023) and enter in the Asset in Service activity by 2025. More in detail:

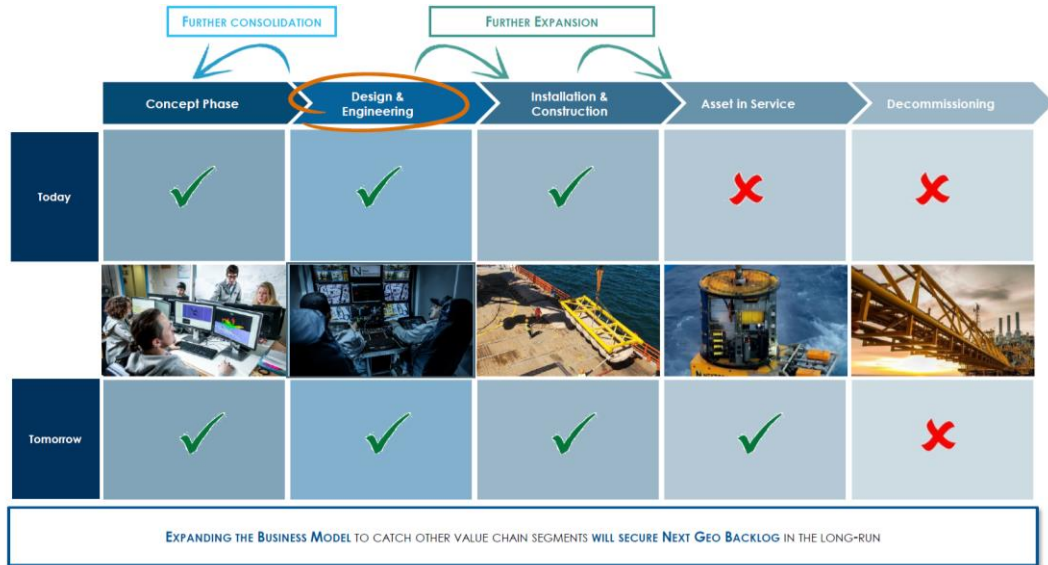
**Installation & Construction:** Key activities include all services in support to installation activity like surface & subsea positioning, Pre-Lay, route-site preparation & clearance, mattresses, etc.

**Asset in Service:** All activities related to inspection, repair and maintenance services of the infrastructure to ensure life extension of customers' projects. The activity includes regular inspections and preventive/corrective maintenance as well as remote monitoring. These contracts usually lasts 30 years (following project life-cycle) and provide high backlog visibility, recurring revenues and sales diversification.

By adding value-added services, NextGeo would strongly **benefit from multiple fronts**: 1) A more comprehensive solution; 2) increased risk mitigation of the clients; 3) higher chances to award a contract; 4) long-term relationships with client; 5) revenue diversification from project-base sales. The group is targeting to move from c. 93% of project-based revenue in 22-2023 in Design & Engineering to a more diversified revenues source across the value chain. To do so, **NextGeo would require additional vessels (ships equipped with sensors), equipment and specialized workforce.**

## Value chain integration to extend the portfolio of services

The group aims to diversify its revenue base from current c. 93% stemming from Design & Engineering



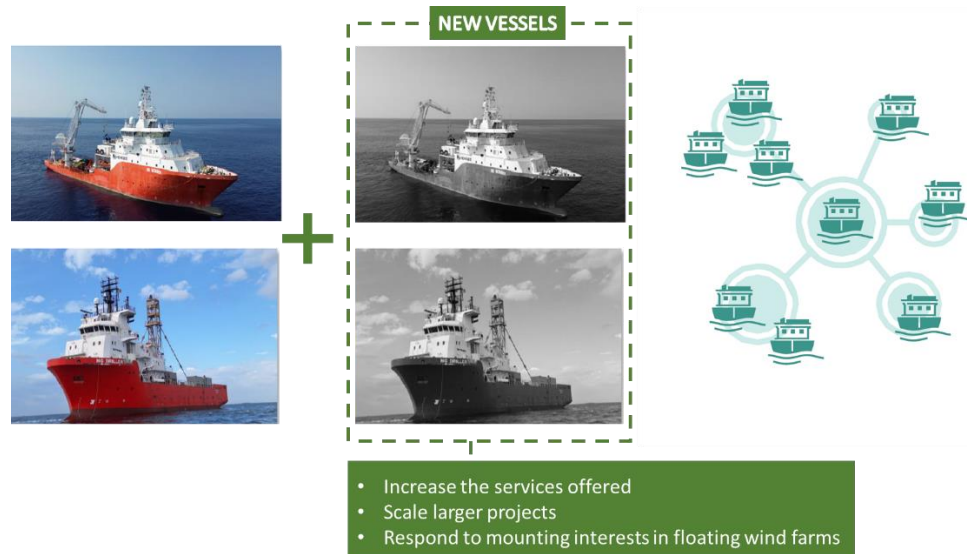
Source: Company data

## Optimizing fleet expansion while maintaining an asset-light profile

In anticipation of continued growth driven by the green transition trend, NextGeo plans to increase its fleet of owned vessels while maintaining an optimal balance between owned vessels and those leased from Marnavi. The group foresees to double the proprietary fleet by 2027-28 with new ships. The expansion entails a new geophysical vessel and a second drilling vessel (on top of the NG driller). The latter is a mission-critical ship, especially given the increasing interest in floating offshore wind farms (higher drilling activity) and the shortage of such type of vessels. According to the group, the costs of these two vessels would be around Eu40-50mn for the driller and ca. Eu25mn for the survey ship. Additionally, NextGeo intends to invest about EU10-15mn in additional equipment such as ROVs to support its expansion efforts.

## Increase in volumes and projects triggers fleet's expansion

The group plans to add 2 vessels as well as other equipment in the next 5 years.



Source: Alantra elaboration on Company data

## Strategic M&A for a global reach

The group aims to expand its operations by targeting a similar company abroad (e.g. USA). The rationale behind this strategy is rooted in the growing demand from NextGeo's major clients which are increasing their share of wallets. To effectively meet the needs of these clients and provide support in key strategic areas, the group should promptly expand its geographical reach. Therefore, pursuing M&A opportunities allow the group to enhance its presence internationally and strengthen their ability to deliver comprehensive services to clients across different regions. As such, NextGeo should capitalize on synergies, broaden the customer base, and ultimately drive sustainable growth of the renewable business.

### Major clients call for a broader geographical reach

*NextGeo aims to expand its geographical footprint through M&A*

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Source: Company data

***IPO proceeds to accelerate the expansion.*** We expect the Eu57.5mn IPO proceeds to accelerate the group's transformational growth, adding new resource for the acquisition of 2 new vessels (c. Eu75-85mn) and new equipment (c. Eu15mn) in the next 5 years. According to the management team, NextGeo is also looking to grow inorganically, with a size of a potential target of ca. Eu25-30mn valuation.

## Recent Results: FY23 and 1H24

In 2023, NextGeo witnessed a significant doubling in top line, driven by effective strategies and securing larger contracts. Operating in the North Sea, Baltic Sea, Eastern Atlantic Ocean, and Mediterranean, collaborations included Tennet and Vattenfall for Wind Farm development. NextGeo also contributed to installing submarine electrical interconnection infrastructures in Europe. Value of Production reached Eu148.6mn, compared to Eu67.2mn in 2022, with EBITDA nearly quadrupling to Eu40.5mn. Profits benefited from the Tonnage Tax regime too, with consolidated tax rate standing at 12.7%. Meticulous asset management ensures stability, supporting future investment initiatives, and incorporating rented and owned assets provides flexibility, cost efficiency and superior rate of return on capital employed. 1H24 results show strong growth, with revenues up 46% YoY to Eu104.1mn, driven by offshore wind and interconnector projects in the North Sea and Mediterranean. EBITDA increased 48% YoY to Eu28.4mn, with margins rising to 27.3%. The Net Financial Position turned positive at Eu42.4mn due to strong cash generation and Eu57.5mn IPO proceeds. With a backlog of Eu305mn and a pipeline of Eu443mn, NextGeo is well-positioned for continued growth, focusing on renewable energy and interconnectors.

### NextGeo's remarkable 2023: doubling production through strategic contracts expansion

In 2023, the group recorded a significant increase in Value of Production, more than doubled YoY. This achievement was the result of effective business and commercial strategies, which led to securing larger contracts too. NextGeo operated in numerous projects, primarily in the North Sea, Baltic Sea, Eastern Atlantic Ocean and the Mediterranean.

Projects included collaborations with the Dutch state company Tennet, and contributing to Wind Farm development in the North Sea for Vattenfall in German, Swedish, and English waters. In the Mediterranean, participation occurred in various projects with market players 7 Seas Med and COP (Copenhagen Offshore Partner).

In the Interconnector market, NextGeo's contributed to the installation of many significant submarine electrical interconnection infrastructures in Europe, including the Tyrrhenian Link (Campania-Sicily-Sardinia), the Eastern Link (Scotland-England), and the Celtic Interconnector (France-Ireland), among others.

### Strong top line growth and a more than proportional progression of EBITDA

*Value of Production soared by 121%, and EBITDA margin jumped to 27.3%*

Eu mn	FY22A	FY23A	% YoY
<b>Value of Production</b>	<b>67.2</b>	<b>148.6</b>	<b>121.0%</b>
<b>Raw materials</b>	<b>(5.9)</b>	<b>(10.2)</b>	
Bunker and lubricants	(6.1)	(8.3)	
Consumables	(0.6)	(1.2)	
Other	(0.1)	(0.2)	
<b>Services</b>	<b>(30.0)</b>	<b>(46.3)</b>	
<b>Specialised personnel</b>	<b>(8.0)</b>	<b>(16.5)</b>	
Subcontractors	(9.7)	(11.2)	
Advisory	(4.0)	(5.3)	
Vessel management	(2.7)	(5.3)	
Personnel services	(1.4)	(2.6)	
Other	(4.0)	(5.6)	
<b>Personnel</b>	<b>(8.6)</b>	<b>(11.6)</b>	
<b>Other costs</b>	<b>(0.3)</b>	<b>(0.2)</b>	
<b>Third parties</b>	<b>(11.8)</b>	<b>(39.8)</b>	
Freight rates	(7.2)	(27.9)	
Equipment rental	(4.2)	(11.1)	
Other	(0.4)	(0.7)	
<b>Eu mn</b>	<b>FY22A</b>	<b>FY23A</b>	<b>% YoY</b>
<b>EBITDA</b>	<b>10.6</b>	<b>40.5</b>	<b>280.6%</b>
<i>on Value of Production %</i>	<i>15.8%</i>	<i>27.3%</i>	

Source: Company's financial statements as of December 31, 2022 and December 31, 2023

Value of Production totalled Eu148.6mn and compares with Eu67.2mn in 2022. The increase is substantially linked to the rise in the number and in the value of individual contracts, driven by the management of more significant number of orders managed: 34 projects with a maximum size of Eu43m vs. 33 projects with max size of Eu11.2mn in 2022.

## Enhanced efficiency and scalability sustained profitability

Capex in vessels and equipment, and expansion in personnel have led to improved operational efficiency and service quality. Managing larger orders has also resulted in significant economies of scale. This led to a less than proportional progression of operating costs compared to top line increase: as a result, EBITDA totalled Eu40.5mn, almost quadrupled YoY, 27% margin from 16% in 2022. After a significant increase in D&A, more than doubling YoY, reflecting capex in vessels and equipment during 2023, EBIT reached Eu35.3mn.

### FY23 cost details

*NextGeo introduces variability into its personnel costs and fleet utilisation by incorporating external personnel and assets*

Eu mn	FY22A	FY23A	% YoY
<b>Value of Production</b>	<b>67.2</b>	<b>148.6</b>	<b>121.0%</b>
<b>Raw materials</b>	<b>(5.9)</b>	<b>(10.2)</b>	
	Bunker and lubricants	(6.1)	(8.3)
	Consumables	(0.6)	(1.2)
	Other	(0.1)	(0.2)
<b>Services</b>	<b>(30.0)</b>	<b>(46.3)</b>	
	<b>Specialised personnel</b>	(8.0)	(16.5)
	Subcontractors	(9.7)	(11.2)
	Advisory	(4.0)	(5.3)
	Vessel management	(2.7)	(5.3)
	Personnel services	(1.4)	(2.6)
	Other	(4.0)	(5.6)
<b>Personnel</b>	<b>(8.6)</b>	<b>(11.6)</b>	
<b>Other costs</b>	<b>(0.3)</b>	<b>(0.2)</b>	
<b>Third parties</b>	<b>(11.8)</b>	<b>(39.8)</b>	
	<b>Freight rates</b>	(7.2)	(27.9)
	<b>Equipment rental</b>	(4.2)	(11.1)
	Other	(0.4)	(0.7)
<b>Eu mn</b>	<b>FY22A</b>	<b>FY23A</b>	<b>% YoY</b>
<b>EBITDA</b>	<b>10.6</b>	<b>40.5</b>	<b>280.6%</b>
	<i>on Value of Production %</i>	15.8%	27.3%

Source: Company's financial statements as of December 31, 2022 and December 31, 2023

Profits stemming from the marine business are subject to the Tonnage Tax, a tax regime used in the shipping industry. Instead of paying corporate tax based on profits, companies subject to tonnage tax pay tax based on the net tonnage of their vessels. This tax regime is often used to promote and support maritime businesses, as it can provide stability and predictability in tax obligations while also encouraging investment in the local shipping sector. That is why tax burden in NextGeo stands at some 12.7% in 2023.

### FY23, below EBIT

*NextGeo is characterised by a low tax burden thanks to the tonnage tax: net margin stands at almost 20%*

Eu mn	FY22A	FY23A	% YoY
<b>EBITDA</b>	<b>10.6</b>	<b>40.5</b>	<b>280.6%</b>
	<i>on Value of Production %</i>	15.8%	27.3%
<b>D&amp;A</b>	<b>(2.3)</b>	<b>(5.1)</b>	
<b>EBIT</b>	<b>8.4</b>	<b>35.3</b>	<b>321.9%</b>
	<i>on Value of Production %</i>	12.5%	23.8%
<b>Net financial income (costs)</b>	<b>(0.9)</b>	<b>(1.9)</b>	
<b>Pre-tax profits</b>	<b>7.4</b>	<b>33.5</b>	<b>350.3%</b>
	<i>on Value of Production %</i>	11.1%	22.5%
<b>Taxes</b>	<b>(0.0)</b>	<b>(4.3)</b>	
	<i>tax rate %</i>	0.7%	12.8%
<b>Minorities</b>	<b>(0.0)</b>	<b>(0.0)</b>	
<b>Net Profit</b>	<b>7.4</b>	<b>29.2</b>	<b>296.6%</b>
	<i>on Value of Production %</i>	10.9%	19.6%

Source: Company's financial statements as of December 31, 2022 and December 31, 2023



Through meticulous asset management and strategic financial planning, the NextGeo balance sheet emphasises the company's stability. It establishes a solid foundation and ample resources to support future investment initiatives with confidence, ensuring sustained growth and development.

Incorporating both rented and owned assets into the business model provides a wide array of benefits that contribute to the overall success and resilience of the company. These include enhanced flexibility to adapt to changing market conditions, cost efficiency in both the short and long term, risk mitigation through diversification, strategic allocation of resources based on specific needs, scalability to support growth initiatives, and adaptability to evolving business requirements. This balanced approach ensures that NextGeo can optimise its asset utilisation, maintain financial stability, and seize opportunities in dynamic environments.

## Strong balance sheet structure

*The balance sheet provides solidity and appropriate capacity for future investment plans*

(Eu mn)	FY22A	FY23A
Inventory	60.4	123.9
Receivables	18.9	38.7
Payables	(65.2)	(139.5)
Other	1.1	(3.7)
<b>Net Working Capital</b>	<b>15.2</b>	<b>19.4</b>
<b>Total fixed assets</b>	<b>26.1</b>	<b>42.6</b>
<b>Funds</b>	<b>(2.1)</b>	<b>(3.0)</b>
<b>Net Invested Capital</b>	<b>39.2</b>	<b>58.9</b>
Short Term debts	12.8	10.9
Long Term debts	16.9	16.8
Cash	(10.5)	(18.0)
<b>Net financial position</b>	<b>19.2</b>	<b>9.7</b>
<b>Shareholders Equity</b>	<b>20.0</b>	<b>49.2</b>
<b>Source of Funds</b>	<b>39.2</b>	<b>58.9</b>

Source: Company's financial statements as of December 31, 2022 and December 31, 2023

## Superior returns and low leverage

*NextGeo consistently achieves superior ROCE and maintains a strong balance sheet*

Ratios	FY22A	FY23A
Capex/Sales	20.6%	13.8%
Capex/D&A	6.13	3.99
Working capital/Sales	22.7%	13.0%
Net debt/Equity	0.96	0.20
Net debt/EBITDA	1.80	0.24
ROCE pre-tax	40.5%	68.4%
ROE	36.7%	59.3%

Source: Company's financial statements as of December 31, 2022 and December 31, 2023

## NextGeo's solid first half of 2024

1H24 showed growing revenues and profitability, driven primarily by the expansion of its offshore wind farm and interconnector projects. Revenues increased by 46% YoY to Eu104.1mn, primarily due to new project wins in offshore energy, particularly in the North Sea and Mediterranean regions. NextGeo's growing involvement in renewable energy projects, such as offshore wind farms in the Netherlands, Germany, and France, played a key role in boosting the top line. Additionally, strategic interconnector projects like the Tyrrhenian Link and GreatSea Interconnector provided further revenue growth.

EBITDA grew by 48% YoY to Eu28.4mn, with an increase in margins to 27.3% from 26.8% the previous year. This margin expansion can be attributed to better cost management, particularly in production costs, which declined slightly as a percentage of total revenue. The company also benefited from economies of scale, as larger project volumes allowed for more efficient use of resources and enhanced operational leverage. EBIT saw a 52% increase, reaching Eu25.5mn, with a margin of 24.5%. The improvement here reflects not only effective cost control but also the high-value nature of NextGeo's services in complex geotechnical and geophysical surveys, which command premium pricing.

The Net Financial Position turned positive, reaching Eu42.4mn, a significant improvement from a negative Eu9.7mn at the end of 2023. This shift was driven by strong cash generation from operations and the financial boost from its Eu57.5mn IPO proceeds, which supported further investments in fleet expansion and technology upgrades.

Looking ahead, NextGeo's robust backlog of Eu305mn, coupled with a commercial pipeline of Eu443mn, positions the company for sustained growth in the coming quarters. Despite macroeconomic uncertainties, the company's strategic focus on high-growth sectors like renewable energy and interconnectors is expected to continue driving both top-line growth and margin improvement.

### Strong top line and profitability growth driven by key projects

*NextGeo's 1H24 results show impressive revenue and margin growth, fueled by offshore wind and interconnector projects*

Eu mn	1H23A	1H24A	YoY%	2H23A	2H24E	YoY%	FY23A	FY24E	YoY%
<b>Value of Production</b>	71.4	104.1	46%	77.1	100.5	30%	148.6	204.6	38%
<b>EBITDA</b>	19.1	28.4	48%	21.4	24.8	16%	40.5	53.2	31%
<i>Ebitda Margin %</i>	26.8%	27.3%		27.7%	24.6%		27.3%	26.0%	
<b>EBIT</b>	16.8	25.5	52%	18.6	20.9	12%	35.3	46.4	31%
<i>Ebit Margin %</i>	23.4%	24.5%		24.1%	20.8%		23.8%	22.7%	
<b>Net Profit</b>	14.1	21.1	49%	15.1	16.7	11%	29.2	37.8	29%
<i>Net Profit Margin %</i>	19.7%	20.2%		19.6%	16.6%		19.6%	18.5%	
<b>NFP end of the period</b>	(9.7)	42.4		(9.7)	48.8		(9.7)	48.8	

Source: company data, Alantra

## Strong growth in renewable sales and sound margins

Sales are projected to grow at a 46% CAGR<sub>23-26</sub>, reaching Eu250.5mn. We expect this increase, entirely organic, to be driven by Offshore Wind Farm business, expected to contribute over 62% to the sales increase. NextGeo anticipates maintaining operational efficiency, translating into EBITDA of Eu78.6mn in 2026, up from Eu40.5mn in 2023, showing a 25% CAGR. Despite increased D&A mainly reflecting capex in new vessel and equipment, EBIT is projected to reach Eu66.5mn in 2026, with a margin of 22.4%. Financial charges are expected to remain stable due to an upkeep of an appropriate debt stock. The utilisation of the Tonnage Tax regime yields a tax rate of around 16%. Net Profit is projected to increase to Eu54.6mn in 2026 from Eu29.2mn in 2023, with a CAGR of 23%.

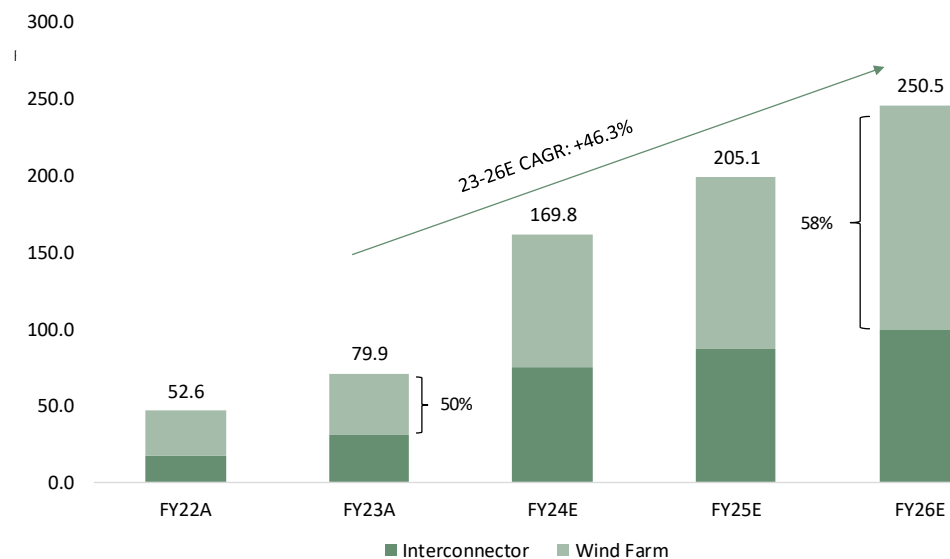
### Net sales CAGR<sub>23-26</sub> of 46%, driven by Offshore Wind Farm

We expect net sales to show a 46.3% CAGR from 2023 to 2026, reaching Eu250.5mn in 2026. This increase is entirely organic and based on the current backlog structure and on the project pipeline. In 2023, 52% of the revenue was generated through bid to bid. Within the signed backlog of Eu305mn at Jun-24, there is a 40% share attributed to bid to bid offers. Additionally, there is a significant portion of bid to bid offers in the pipeline, which pertain to projects won by final clients. This mechanism is primarily established for the Interconnector market. The significant incidence of bid to bid within the total underscores NextGeo's exceptional reliability and steadfast reputation, providing clear evidence of its consistent excellence in the industry and the capacity to overperform the market.

This massive revenue progression, much more pronounced compared to the market growth, is anticipated to be primarily driven by the Offshore Wind Farm business, responsible for more than 62% of the increase in sales in the period (54% CAGR) and to a lesser extent by Interconnectors (48% CAGR), contributing for 40% of the sales growth. Value of Production is anticipated to show a CAGR of 26% in the same period, moving from Eu148.6mn in 2023 to Eu297mn in 2026E.

### Strong top line growth expected in 2023-26, driven by Offshore Wind Farm

*The more pronounced increase in the Offshore Wind Farm business, will allow the division to reach 58% of net sales by 2026*



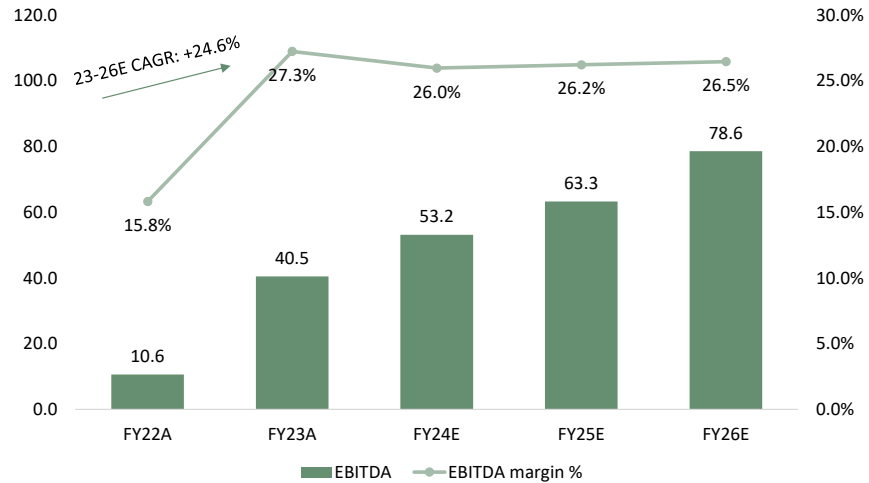
Source: Alantra estimates

## Despite the strong growth, EBITDA should increase proportionately to top line

Capex in vessel and equipment, and expansion in personnel should led to improved operational efficiency and service quality. As showed in 2023, managing larger orders should also result in certain economies of scale. That is why, despite the significant expansion projected in backlog, NextGeo is anticipated to efficiently translate it into revenues. This should lead to a broadly proportional progression of operating costs compared to top line increase. As a result, EBITDA should total Eu78.6mn in 2026, from Eu40.5mn in 2023, showing a 25.6% CAGR.

### EBITDA to show a 25% CARG in 2023-26, in line with top line growth

*Due to consistent cost progression relative to revenue growth, EBITDA margin is expected to exceed 26.0%*

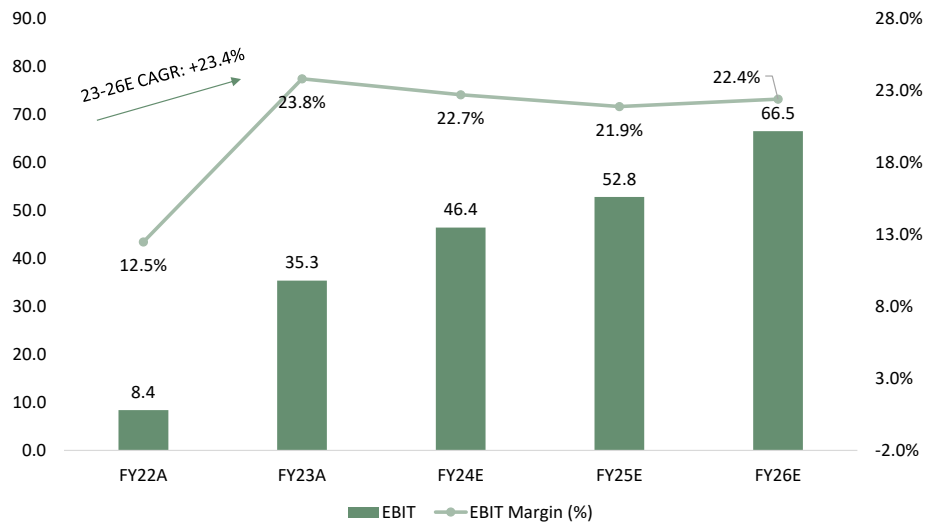


Source: Alantra estimates

We expect D&A to double during FY23-26E, mainly reflecting capex for a new vessel and equipment during 2025. EBIT is anticipated to reach Eu66.5mn in 2026 up from Eu35.3mn in 2023 with a margin of 22.4%.

### EBIT margin consistently at 22-23%

*Despite the Eu97mmn capex plan in the period, EBIT is anticipated almost stable at some 22.0% in 2026*



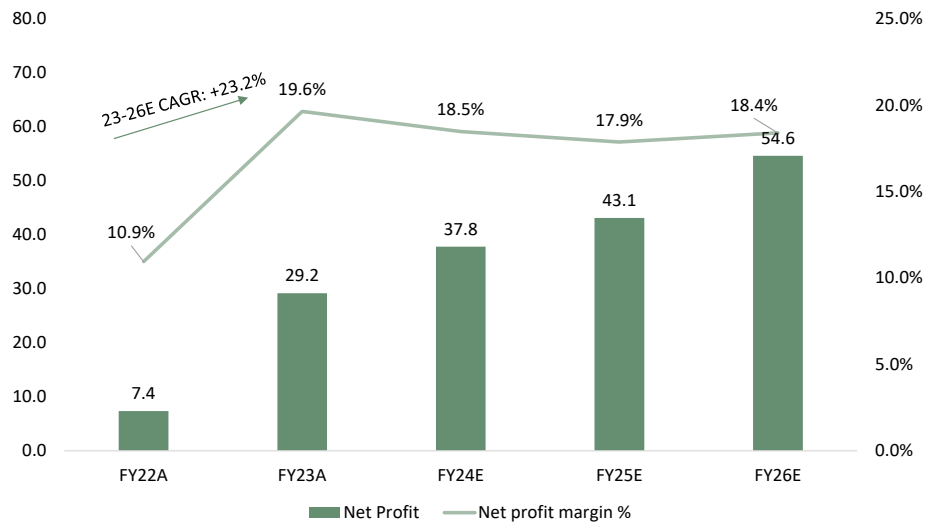
Source: Alantra estimates

**Below EBIT, tax burden is minimal: Net Profit CAGR is 23.2% in 2023-26**

Financial charges are anticipated to remain basically unchanged, since we believe NextGeo maintains an appropriate debt stock to manage sudden unforeseen needs and requirements. Income generated from maritime operations falls under the purview of the Tonnage Tax, a fiscal framework common in the shipping sector. Unlike conventional corporate taxation reliant on earnings, entities under tonnage tax are assessed based on the net tonnage of their vessels. This system, frequently employed to bolster maritime enterprises, fosters fiscal stability and predictability while incentivising investments in local shipping. Consequently, NextGeo's tax rate for 2024-26 rests at approximately 16%. As a result, net profit is projected to increase to Eu54.6mn in 2026 from Eu29.2mn in 2023, CAGR of 23.2%.

**Net Profit margin consistently close to 20% in 2026**

*As a result of almost constant financial charges and a light tax rate, Net Profit is projected to show a 23.2% CAGR<sub>23-26</sub>*



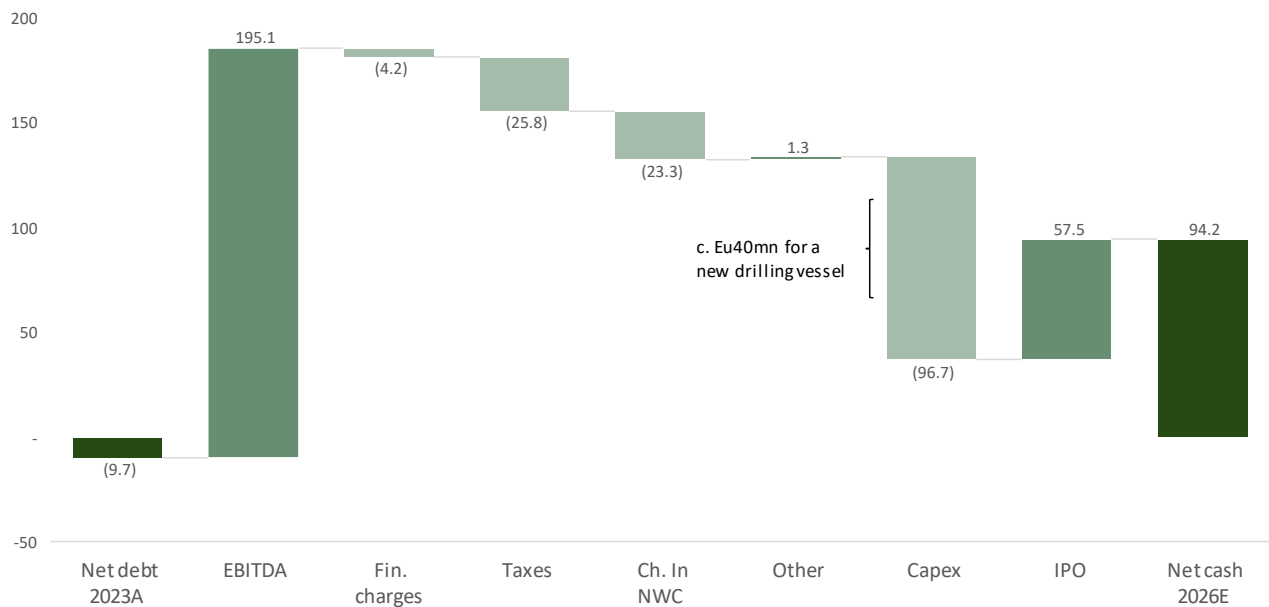
Source: Alantra estimates

## Asset-light BS with strong FCF generation

NextGeo enjoys a fixed-asset-light business (fixed assets on total revenues of 29% in FY23), mainly due to the flexible and short-term rent of vessels from the third-related party Marnavi. We are confident that the group's asset-light profile should continue to be upheld in the foreseeable future, even with the acquisition of new ships, leveraging on the availability of additional vessels from the Marnavi fleet. The optimal mix of proprietary/rented vessels should confirm a low-level maintenance capex (estimated at c. 2% of sales FY24-26E). Our FY24-26E capex projections consider additional capex allocated for equipment expansion, with an extraordinary capex of Eu46.5mn in 2025 for a new ship, leading to an average capex/sales of 14% (Eu96.7mn cumulated capex) in FY24-26E. We expect NWC to increase to c. 15-16% on VdP in the coming years due to increase in business volume and stabilize to 15% of VdP by 2026E. With a fixed-asset-light business model, and good control over WC dynamics, we estimate that NextGeo should generate a cumulated FCF of Eu46.4mn during FY24E-26E, with FCF to EBITDA conversion of c. 20%. As a result, net cash is expected to increase up to Eu94.2mn in 2026E. We expect NextGeo to maintain its very attractive level of ROCE delivered in 2023 of 41%. We think that this figure is a representative picture of NextGeo's competitive positioning, which can still benefit from its asset-light profile in the coming years thanks to the Marnavi presence. We expect ROCE to register an average of 30% in the forecasted period, reaching 31% in 2026E, before any additional M&A transaction.

### 2023A-26E Net cash bridge

*We believe that NextGeo should be able to generate Eu46mn FCF in FY24E-26E, reaching Eu94.2mn cash despite Eu40mn capex for a new drilling vessel and equipment*



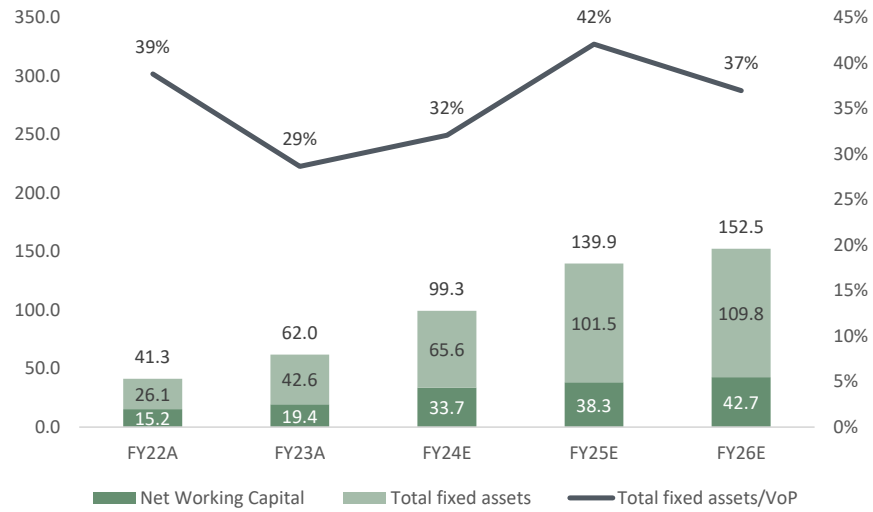
Source: Alantra estimates, Company data

### A fixed assets light profile...

NextGeo benefits from an asset-light business model (fixed assets representing 29% of total revenues in FY23), primarily attributed to the adaptable and short-term vessel rentals from third-related party Marnavi. We firmly believe that the company's asset-light strategy will persist into the foreseeable future, even with the acquisition of new ships, capitalizing on the surplus vessels provided by the Marnavi fleet.

## Fixed assets breakdown (Eumn) and fixed assets / VdP (%)

*NextGeo's business model has the advantage of being fixed-asset light, a unique characteristic in the sector*



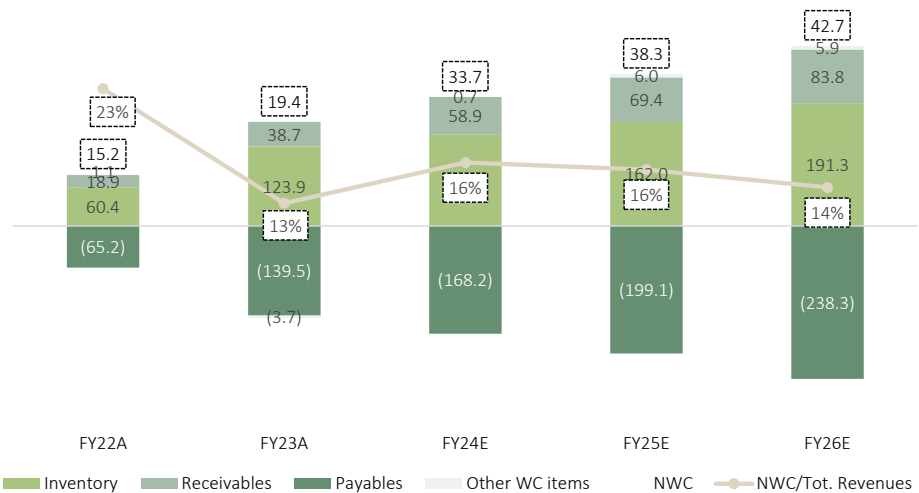
Source: Alantra estimates, Company data

## ...with a good control of NWC dynamics

We expect that NWC will rise to approximately 16-17% of VdP in the upcoming years due to an increase in business volume, before stabilising at 15% of VdP by 2026E. We expect the group to shift towards larger projects in scale, leading to an increase in advanced payables, while increasing presence on large international tier 1 clients with attractive payment conditions.

## Evolution of Net Working Capital (Eumn)

*NextGeo should continue to experience a good control of WC dynamics and expected to be at around 16% of VdP in FY24-26E*



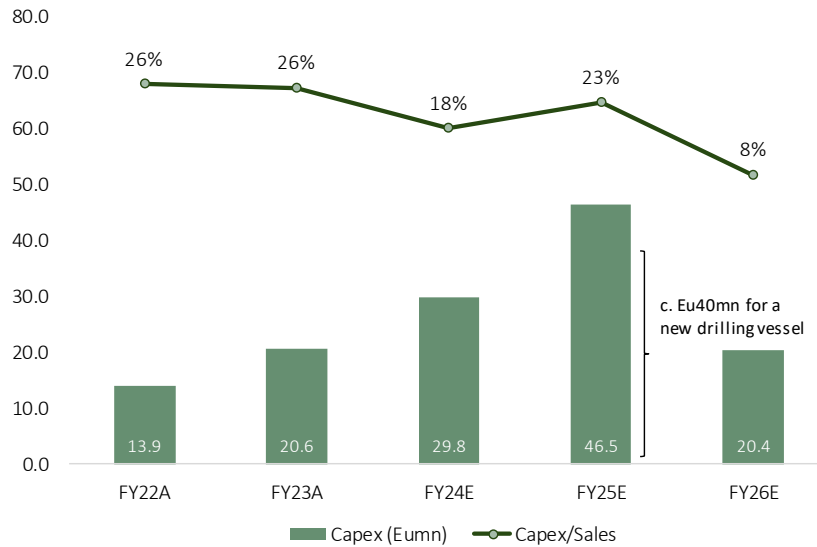
Source: Alantra estimates, Company data

## Low maintenance capex needs; fleet expansion in 25E

The ideal combination of owned and leased vessels should ensure minimal maintenance capital expenditures, estimated at approximately 2% of sales for FY24-26E. In addition, our capex projections for FY24-26E include additional investments for equipment expansion, along with an extraordinary capex of some Eu40mn in 2025 related to a mission critical vessel (new drilling vessel). All in all, we expect the average capex-to-sales ratio to average at 13.6% (cumulative capex of Eu96.7mn) for FY24-26E.

### Capex evolution and capex/sales (%)

Maintenance capex is relatively low. We expect about Eu40mn investments for the new drilling vessel in 2025



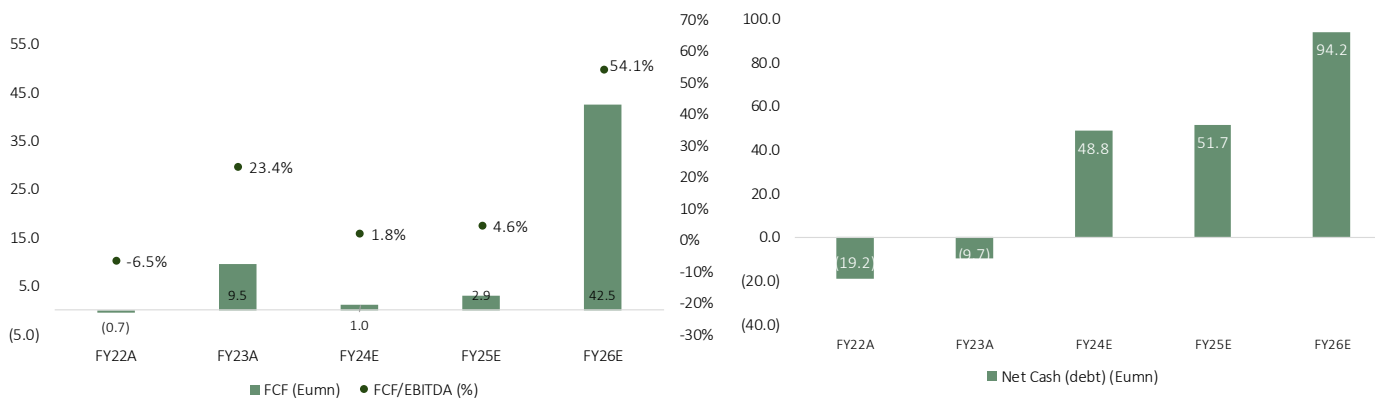
Source: Alantra estimates, Company data

## Robust Free Cash Flow generation and EBITDA Conversion

Utilising a fixed-asset-light business model and demonstrating effective control over working capital dynamics, we estimate that NextGeo will accumulate approximately Eu46.4mn in free cash flow during FY24E-26E, with a free cash flow to EBITDA conversion rate of approximately 20%, reaching a peak in 2026 of 54%. Consequently, we expect net cash to increase to Eu94.2mn by 2026E.

### FCF and net cash evolution (Eum)

The combination of asset-light and strong profitability is reflected by a sound FCF conversion of ca. 20% on average in the forecasted period s



Source: Alantra estimates, Company data

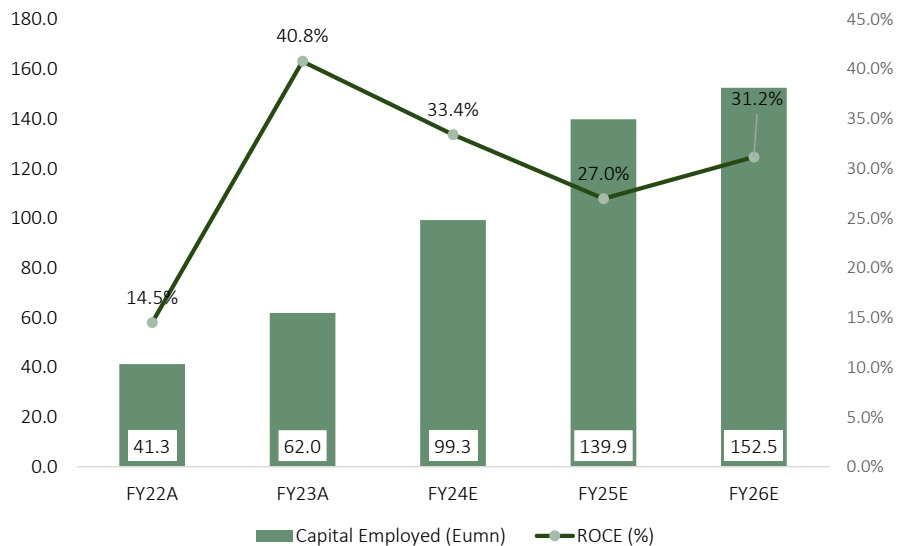


## ROCE of 30% in 2024-2026

We expect NextGeo to uphold its highly appealing ROCE level achieved in 2023, standing at 41%. We consider this figure to accurately reflect NextGeo’s competitive stance, which remains poised for further enhancement owing to its asset-light strategy, bolstered by the presence of the third-related party Marnavi. Over the forecasted period, we project an average ROCE of 30%, prior to any additional M&A transactions.

### Capital Employed (Eumn) and ROCE (%)

*We expect NextGeo to maintain its very attractive ROCE in the foreseeable future, pointing to c. 30% in FY24-26E*



Source: Alantra estimates, Company data

## IPO capital increase

Next Geosolutions, completed its IPO on the Euronext Growth Milan in May 2024. As part of this process, the company launched a right issue that consisted of 9.2mn shares. This included 8mn newly issued shares, derived from a capital increase, and an additional 1.2mn shares as part of an overallotment option, priced at Eu6.25/s.

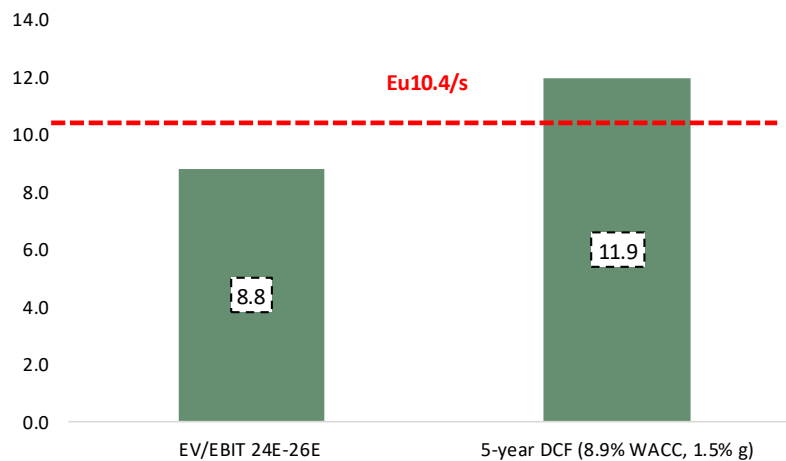
The capital raised through this right issue, totaling Eu57.5mn, aimed to support the company's strategic growth objectives, including expanding its fleet, enhancing its technological capabilities, and funding future innovation projects. Out of 48mn total shares, 46.5mn were ordinary shares, while 1.5mn were multiple voting shares held by Marnavi, the majority shareholder. This structure ensures that Marnavi retains enhanced decision-making power, providing stability and direction as the company navigates its post-IPO expansion.

The funds raised from the right issue primarily fuels Next Geosolutions’ growth ambitions, which include geographical expansion and increased operational capacity. Additionally, the IPO and right issue are expected to boost the company’s ability to innovate, especially in renewable energy services, an increasingly vital sector.

## Alantra values NextGeo at Eu10.4/s

Our valuation approach incorporates a blend of absolute and relative methods. We have selected a range of companies from marine engineering, geo-intelligence, and asset integrity sectors, showing diverse capital deployment patterns related to owned/rented fixed assets. Size, margins, and returns vary significantly. Norwegian Subsea7 S.A. leads in size but trails with a 9.7% average EBIT margin, while DOF Group excels with profitability at 26.9%. NextGeo surpasses peers with higher margins and top-line growth, attributed to its strategic focus on renewable energy. We concentrate on EBIT for comparison across companies with different asset mixes and on the DCF method, suitable for capturing the group's quality and growth potential, considering factors like its appealing ROIC and increasing profitability. The average between our 5-year DCF valuation, which incorporates 8.9% WACC and a 1.5% terminal growth rate, and EV/EBIT<sub>24-26E</sub>, suggests a valuation of Eu482mn, Eu10.4/s.

### Equity valuation (Eu/s) of NextGeo



Source: Alantra

### Valuation approach based peer multiples

NextGeo, a top-tier provider in marine geoscience and offshore construction support services, is dedicated to projects within the renewable energy sector, contributing for more than 80% of its business. This segment is characterised by a pronounced steady growth, much higher and anticyclical compared to other reference markets typical of this business (i.e. oil & gas and onshore infrastructure).

We have selected a panel of peers involved in the marine engineering, geo-intelligence and asset integrity segment. The sample exhibits a diverse capital employment profile, depending on the blend of owned/rented fixed assets (vessels/equipment). Size varies a lot within the sample, as well as margins and returns. Higher service weight, lower capital intensity, and high asset utilisation rates typically correlate with higher returns and net margins. The largest player is the Norwegian Subsea7 S.A. with a Eu4bn market cap and it is also the least lucrative player with a 9.7% average EBIT margin in 2024-26E. DOF Group is the most profitable with an average 2024-26E EBIT margin of 26.9%. The smallest peer is Reach Subsea with an Eu174mn market cap.

## Peers – Company description

Company	Country	Mkt Cap (Eu mn)	Company Description	Key Notes
<b>PEERS European Marine Engineering</b>				
DOF Group ASA	NORWAY	1,353	DOF Group ASA 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. The company was founded in 1981 and is headquartered Storebo, Norway.	
Fugro NV	NETHERLANDS	2,302	Fugro NV 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). The company was founded in 1962 and is headquartered in Leidschendam, the Netherlands.	30% revenues from renewables
Oceaneering International, Inc.	UNITED STATES	2,249	Oceaneering International, Inc. engages in the provision of engineered services and products, and robotic solutions to the offshore energy, defense, aerospace, manufacturing, and entertainment industries. It operates through the following business segments: Subsea Robotics, Manufactured Products, Offshore Projects Group (OPG), Integrity Management & Digital Solutions (IMDS), and Aerospace and Defense Technologies (ADTech). The Subsea Robotics segment includes remotely operated vehicles, survey services, and ROV tooling businesses. The Manufactured Products segment provides distribution systems, such as production control umbilicals and connection systems made up of specialty subsea hardware, and provides turnkey solutions that include project management, engineering design, fabrication/assembly, and installation of autonomous mobile robotic technology to industrial, manufacturing, healthcare, warehousing, and commercial theme park markets. The OPG segment focuses on subsea project capabilities and solutions. The IMDS segment covers asset integrity management, corrosion management, inspection, and nondestructive testing services. The ADTech segment provides government services and products, including engineering related manufacturing in defense and space exploration activities. The company was founded in 1969 and is headquartered in Houston, TX.	<10% revenues from renewables. Active not only in marine
Reach Subsea ASA	NORWAY	174	Reach Subsea ASA 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. The Oil and Gas segment includes survey; inspection, maintenance, and repair; and light construction projects for oil and gas companies. The Renewable and Other segment focuses on projects within offshore wind, tidal energy, subsea mining, and seabed exploration. The company was founded on August 19, 1909 and is headquartered in Haugesund, Norway.	22% revenues from renewables
Subsea 7 S.A.	NORWAY	4,395	Subsea 7 ASA engages in the provision of engineering and construction services to the offshore drilling industry. It provides cost-effective technical solutions to enable the delivery of complex projects in all water depths and challenging environments. The company was founded on March 10, 1993 and is headquartered in London, the United Kingdom.	<10% revenues from renewables. New energy division in 2022
TGS ASA	NORWAY	1,652	TGS ASA engages in the provision of geoscientific data products and services to oil and gas exploration companies. It operates through the following geographical segments: North & South America (NSA), Europe and Russia (EUR), Africa, Middle-East and Asia or Pacific (AMEAP), and Other or Corporate Costs. The NSA segment includes onshore seismic projects in North America. The Other or Corporate Costs segment offers Geological Products & Services (GPS) Well Logs, GPS Interpretations, Global Services, Imaging, Data and Analytics, G&A and Corporate. The company was founded in 1981 and is headquartered in Oslo, Norway.	<10% revenues from renewables. New energy division in 2022

Source: Facts&figures

NextGeo exhibits margins significantly higher than those of peers in the period FY24-FY26E, in addition to higher-than-median top line growth in the period as well as EBIT progression. These achievements are not only the result of group's positioning towards the growing renewable energy sector (offshore wind farm and interconnections related), but also a combination of an appropriate blend of owned/rented vessels & equipment and their optimal utilisation rate.

We focus on EBIT in this case to allow for comparison between companies with varying accounting standards and different mixes of owned or rented fixed assets, benefiting the more virtuous company in terms of capital intensity.

Based on our preliminary simulation, implementing IFRS accounting principles for NextGeo might not necessarily impact the operating margin. This is because the short-term leasing contracts for vessels and equipment utilised, particularly as they are not recognised as additional debt.

## NextGeo versus selected peers

*NextGeo's robust margins and growth: renewable energy focus and efficient asset use drive competitive edge*

Company	Country	Mkt Cap (Eu mn)	FY24E - FY26E average margins					CAGR FY23A - FY26E		
			EBITDA Margin	EBIT Margin	Net Income Margin	Capex / Sales	Dividend Payout	Sales	EBITDA	EBIT
Next Geosolution	ITALY	353	26.2%	22.3%	18.2%	13.6%	0.0%	26.0%	24.7%	23.4%
	Average		27.3%	19.8%	12.0%	5.2%	16.2%	9.6%	21.9%	32.1%
	Median		27.3%	19.8%	12.0%	5.2%	16.2%	9.6%	21.9%	32.1%
DOF Group ASA	NORWAY	1,353	38.0%	26.9%	15.7%	7.4%	21.2%	7.7%	10.6%	13.2%
Fugro NV	NETHERLANDS	2,302	20.7%	13.9%	10.6%	9.5%	34.4%	9.1%	15.6%	18.0%
Oceaneering International, Inc.	UNITED STATES	2,249	14.5%	10.5%	6.4%	4.3%	0.0%	6.8%	16.7%	26.3%
Reach Subsea ASA	NORWAY	174	46.3%	18.0%	12.0%	10.0%	42.3%	13.8%	14.9%	22.8%
Subsea 7 S.A.	NORWAY	4,395	18.5%	9.7%	6.0%	4.7%	45.1%	7.1%	27.8%	88.0%
TGS ASA	NORWAY	1,652	58.1%	24.6%	15.0%	7.9%	42.9%	7.2%	9.8%	18.3%
European Marine Engineering	Average		30.4%	16.6%	10.6%	6.7%	28.1%	9.0%	18.4%	33.9%
	Median		20.7%	13.9%	10.6%	7.4%	34.4%	7.7%	15.6%	22.8%

Sources: FactSet, Alantra

In light of the aforementioned points and the fact that NextGeo's difference between EBITDA and EBIT margins ranks among the smallest within the sample, indicating lower capital intensity, we prioritise the examination of EV/EBIT for the years 2024-25. This strategic decision is driven also by the current size and composition of the backlog, which offers substantial visibility into the anticipated 2024 figures.

## Trading multiples

*NextGeo's capital efficiency and size & quality of the backlog: focus on EV/EBIT for 2024-26*

Company	Country	Mkt Cap (Eu mn)	EV/Sales			EV/EBITDA			EV/EBIT		
			FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Next Geosolution	ITALY	353	1.5 x	1.3 x	0.9 x	5.8 x	4.8 x	3.4 x	6.6 x	5.8 x	4.0 x
	<i>Premium (discount) to Peers' Median</i>		22%	28%	4%	15%	26%	8%	-23%	-5%	-18%
	Average		1.3 x	1.0 x	0.9 x	4.8 x	3.7 x	3.0 x	9.1 x	6.3 x	4.9 x
	Median		1.2 x	1.0 x	0.9 x	5.1 x	3.8 x	3.1 x	8.6 x	6.1 x	4.8 x
DOF Group ASA	NORWAY	1,353	1.8 x	1.5 x	1.3 x	5.0 x	3.9 x	3.2 x	7.3 x	5.7 x	4.6 x
Fugro NV	NETHERLANDS	2,302	1.0 x	0.9 x	0.8 x	5.1 x	4.3 x	3.6 x	7.7 x	6.4 x	5.4 x
Oceaneering International, Inc.	UNITED STATES	2,249	1.0 x	0.9 x	0.7 x	7.2 x	6.1 x	4.6 x	10.5 x	8.4 x	6.4 x
Reach Subsea ASA	NORWAY	174	1.5 x	1.1 x	0.9 x	3.2 x	2.4 x	1.9 x	9.6 x	5.8 x	4.6 x
Subsea 7 S.A.	NORWAY	4,395	0.8 x	0.7 x	0.6 x	5.3 x	3.8 x	3.0 x	12.8 x	6.9 x	5.0 x
TGS ASA	NORWAY	1,652	1.6 x	1.1 x	0.9 x	2.9 x	2.0 x	1.5 x	6.8 x	4.7 x	3.5 x
European Marine Engineering	Average	2,021	1.3 x	1.0 x	0.9 x	4.8 x	3.7 x	3.0 x	9.1 x	6.3 x	4.9 x
	Median	1,951	1.2 x	1.0 x	0.9 x	5.1 x	3.8 x	3.1 x	8.6 x	6.1 x	4.8 x

Sources: FactSet, Alantra

Our valuation based on market multiples for FY24-26E, suggests a valuation of Eu409mn, Eu8.8/s. Our decision to use the three-year average value is based on the expectation that in 2025, the group will heavily invest in a new vessel, thus increasing the burden on the balance sheet without reaping the benefits of this significant capital expenditure on the profit and loss statement. That is why a valuation based on a single year would be misleading.

## Valuation (Eu mn), using market multiples

Eu mn	Marine Engineering		
	FY24E	FY25E	FY26E
EBIT reported	46.4	52.8	66.5
EV/EBIT Peer Group	8.6x	6.1x	4.8x
<i>Discount</i>	0%	0%	0%
EV based on multiples	400.9	323.0	319.7
Net Financial Position	48.8	51.7	94.2
Adjustments	(3.3)	(3.7)	(4.2)
<b>Equity Value on EV/EBIT</b>	<b>446.3</b>	<b>371.0</b>	<b>409.7</b>
<b>Eu Per Share</b>	<b>9.60</b>	<b>7.98</b>	<b>8.81</b>

Source: Alantra

## Valuation with DCF method

We believe that the DCF is an appropriate methodology to capture the quality and growth profile of the group (e.g. attractive ROIC and growing profitability). In our DCF valuation we assume 5 years of estimates, with 8.9% WACC and 1.5% terminal growth rate. Our DCF suggests a valuation of Eu555mn, Eu11.9/s.

## DCF Valuation

(Eu mn)	FY24E	FY25E	FY26E	FY27E	FY28E	TV
Value of Production	204.6	241.3	297.0	387.1	479.3	486.5
<i>YoY growth</i>	-	18%	23%	30%	24%	
EBITDA	53.2	63.3	78.6	107.4	135.2	87.6
<i>EBITDA Margin</i>	26%	26%	26%	28%	28%	18%
taxes on EBIT	(7.4)	(8.4)	(10.6)	(14.9)	(19.3)	(18.3)
Non recurring Cash-out	0.0	0.0	0.0	0.0	0.0	0.0
NWC Change	(14.3)	(4.6)	(4.4)	(4.6)	(14.9)	(0.3)
Capex	(29.8)	(46.5)	(20.4)	(31.5)	(14.0)	(26.5)
<i>Capex/Revenues</i>	-15%	-19%	-7%	-8%	-3%	-5%
<b>Free cash flow</b>	<b>1.6</b>	<b>3.7</b>	<b>43.2</b>	<b>56.4</b>	<b>87.0</b>	<b>571.0</b>
<b>Disc. Free Cash Flow</b>	<b>1.5</b>	<b>3.2</b>	<b>33.9</b>	<b>40.6</b>	<b>57.5</b>	<b>377.6</b>

Total Disc. FCF	136.7
Terminal value	377.6
<b>Total EV (Eu mn)</b>	<b>514.3</b>
NFP FY23A	(9.7)
Adjustments FY23A*	50.7
<b>TOTAL Equity Value</b>	<b>555.3</b>
# of shares (mn)	46.5
<b>Fair Value per share (Eu)</b>	<b>11.9</b>

Implied multiples	FY24E	FY25E	FY26E	FY27E	FY28E
EV/ Sales	2.5 x	2.1 x	1.6 x	1.1 x	1.1 x
EV/ Adj. EBITDA	9.6 x	8.0 x	5.9 x	3.8 x	3.8 x
EV/Adj. EBIT	11.0 x	9.6 x	7.0 x	4.4 x	4.4 x
P/Adj. E	14.7 x	12.9 x	10.2 x	7.2 x	7.2 x

Source: Alantra

## Sensitivity to equity valuation of NextGeo based on DCF

		Wacc				
		9.9%	9.4%	8.9%	8.4%	7.9%
Terminal Growth	2.0%	11.0	11.7	12.6	13.5	14.6
	1.8%	10.8	11.5	12.2	13.1	14.2
	1.5%	10.6	11.2	11.9	12.8	13.7
	1.3%	10.4	11.0	11.7	12.5	13.4
	1.0%	10.2	10.8	11.4	12.2	13.0

Source: Alantra

## Main risks and threats

We believe that the main risks and threats related to NextGeo's business can be summarised in the following factors:

**Market risk** involves the possibility of market condition changes, such as competition, technology, and pricing. Initially operating in Oil&Gas, NextGeo now focuses on renewable energy as core sectors. Specialised expertise and technology investments act as barriers to entry. However, there is a risk of new competitors entering or existing ones diversifying into NextGeo's segment.

**Climate change risks** may affect the Group in two ways: 'physical risk' from extreme weather events impacting operations and assets, and 'transition risk' from transitioning to a lower-impact business model potentially rendering current assets obsolete and requiring unanticipated investment for renewal/adaptation.

**Inability to retain skilled employees** affects NextGeo's service delivery and internal leadership. Competitive labour markets, exacerbated by events like pandemic-related disruptions and ongoing conflicts, influence career choices. Employee engagement and well-being are vital for future success. Group addresses this through careful recruitment and retention policies, leveraging expertise for cost flexibility.

**Dependency on few key people.** We believe that the group is highly dependent from few key persons. Mr Attilio levoli, Ch, Mr. Giovanni Ranieri, CEO and Mr. Giuseppe Maffia, CFO play a very crucial role in our view.

**Lack of M&A track record:** NextGeo aims to expand through acquisitions, targeting players in adjacent markets or geographies. Historically, the group's growth has been organic, and it lacks experience in M&A and integration.

**Geopolitical and economic risks.** International operations expose NextGeo to geopolitical and macroeconomic risks, impacting revenue and costs. Compliance with local regulations is vital. New regulations may require stricter standards, leading to adjustment costs or operational limitations, affecting performance and growth. Management monitors conditions closely, leveraging legal expertise to mitigate risks.

**Relationship with the parent company Marnavi.** The major shareholder may prioritise its shipping interest over those of NextGeo in terms of fleet allocation in time and geographies, rental opportunities and capital expenditure involvements.

**Rather high customer concentration:** The lists of top clients and the breakdown of total revenues by client category frequently fluctuate annually, as the degree of customer concentration is associated with project size management rather than reliance on individual clients. While it may seem that the customer base is rather concentrated, this mirrors the market's own concentration. Despite this, the composition of customers undergoes significant changes each year, reflecting the industry's ever-evolving dynamics.

## Appendix

### NEXTGEO – P&L

Eu mn	FY22A	FY23A	FY24E	FY25E	FY26E
<b>Sales</b>	<b>52.6</b>	<b>79.9</b>	<b>169.8</b>	<b>205.1</b>	<b>250.5</b>
YoY Growth	-	51.9%	112.4%	20.8%	22.1%
Organic	-	51.9%	112.4%		0.0%
<b>Change in WIP</b>	<b>12.7</b>	<b>64.0</b>	<b>25.5</b>	<b>24.6</b>	<b>32.6</b>
YoY Growth	-	402.7%	-60.2%	-3.3%	32.3%
% of net sales	24.2%	80.1%	15.0%	12.0%	13.0%
<b>Increases in fixed assets for internal works</b>	<b>1.1</b>	<b>3.0</b>	<b>6.4</b>	<b>7.7</b>	<b>9.4</b>
YoY Growth	-	175.7%	112.4%	20.8%	22.1%
% of net sales	2.1%	3.7%	3.7%	3.7%	3.7%
<b>Other revenues</b>	<b>0.8</b>	<b>1.6</b>	<b>3.0</b>	<b>3.9</b>	<b>4.6</b>
YoY Growth	-	106.7%	84.3%	30.0%	17.8%
on sales %	1.5%	2.0%	1.8%	1.9%	1.8%
<b>Value of Production</b>	<b>67.2</b>	<b>148.6</b>	<b>204.6</b>	<b>241.3</b>	<b>297.0</b>
YoY Growth		121.0%	37.7%	17.9%	23.1%
on sales %	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Raw materials</b>	<b>(5.9)</b>	<b>(10.2)</b>	<b>(14.5)</b>	<b>(17.1)</b>	<b>(21.4)</b>
YoY Growth		72.6%	42.7%	17.9%	24.8%
on sales %	-8.8%	-6.8%	-7.1%	-7.1%	-7.2%
<b>Services</b>	<b>(30.0)</b>	<b>(46.3)</b>	<b>(65.5)</b>	<b>(76.8)</b>	<b>(92.5)</b>
YoY Growth		54.5%	41.4%	17.2%	20.5%
on sales %	-44.6%	-31.2%	-32.0%	-31.8%	-31.2%
<b>Personnel</b>	<b>(8.6)</b>	<b>(11.6)</b>	<b>(14.7)</b>	<b>(16.5)</b>	<b>(20.7)</b>
YoY Growth		35.1%	26.6%	12.2%	25.1%
on sales %	-12.8%	-7.8%	-7.2%	-6.9%	-7.0%
<b>Other costs</b>	<b>(0.3)</b>	<b>(0.2)</b>	<b>(0.2)</b>	<b>(0.3)</b>	<b>(0.3)</b>
YoY Growth		-36.1%	37.7%	17.9%	23.1%
on sales %	-0.4%	-0.1%	-0.1%	-0.1%	-0.1%
<b>Third parties</b>	<b>(11.8)</b>	<b>(39.8)</b>	<b>(56.5)</b>	<b>(67.3)</b>	<b>(83.4)</b>
YoY Growth		236.1%	41.8%	19.2%	23.9%
on sales %	-17.6%	-26.8%	-27.6%	-27.9%	-28.1%
<b>Total Costs</b>	<b>(56.6)</b>	<b>(108.1)</b>	<b>(151.5)</b>	<b>(178.0)</b>	<b>(218.3)</b>
YoY Growth		91.0%	40.1%	17.5%	22.7%
on Total Revenues %	-84.2%	-72.7%	-74.0%	-73.8%	-73.5%
<b>EBITDA</b>	<b>10.6</b>	<b>40.5</b>	<b>53.2</b>	<b>63.3</b>	<b>78.6</b>
YoY Growth		280.6%	31.3%	19.1%	24.2%
on Total Revenues %	15.8%	27.3%	26.0%	26.2%	26.5%
<b>D&amp;A</b>	<b>(2.3)</b>	<b>(5.1)</b>	<b>(6.8)</b>	<b>(10.6)</b>	<b>(12.2)</b>
YoY Growth		127.7%	31.3%	56.1%	15.2%
on total assets %	-16.8%	-11.5%	-9.0%	-9.2%	-9.8%
<b>EBIT</b>	<b>8.4</b>	<b>35.3</b>	<b>46.4</b>	<b>52.8</b>	<b>66.5</b>
YoY Growth		321.9%	31.3%	13.7%	26.0%
on Total Revenues %	12.5%	23.8%	22.7%	21.9%	22.4%
<b>Net financial income (costs)</b>	<b>(0.9)</b>	<b>(1.9)</b>	<b>(1.4)</b>	<b>(1.4)</b>	<b>(1.4)</b>
YoY Growth		97.5%	-25.5%	0.0%	0.0%
on Total Revenues %	-1.4%	-1.2%	-0.7%	-0.6%	-0.5%
on Total Debt %	-3.2%	-6.7%	-5.0%	-5.0%	-5.0%
<b>Pre-tax profits</b>	<b>7.4</b>	<b>33.5</b>	<b>45.0</b>	<b>51.4</b>	<b>65.1</b>
YoY Growth		350.3%	34.4%	14.1%	26.7%
on Total Revenues %	11.1%	22.5%	22.0%	21.3%	21.9%
<b>Taxes</b>	<b>(0.0)</b>	<b>(4.3)</b>	<b>(7.2)</b>	<b>(8.2)</b>	<b>(10.4)</b>
tax rate %	0.7%	12.8%	16.0%	16.0%	16.0%
<b>Net Profit</b>	<b>7.4</b>	<b>29.2</b>	<b>37.8</b>	<b>43.1</b>	<b>54.6</b>
YoY Growth		296.6%	29.5%	14.1%	26.7%
on Total Revenues %	10.9%	19.6%	18.5%	17.9%	18.4%
<b>Net Profit Adj.</b>	<b>7.4</b>	<b>29.2</b>	<b>37.8</b>	<b>43.1</b>	<b>54.6</b>
YoY Growth		296.6%	29.5%	14.1%	26.7%
on Total Revenues %	10.9%	19.6%	18.5%	17.9%	18.4%

Sources: Company data, Alantra estimates



## NEXTGEO – Balance Sheet

(Eu mn)	FY22A	FY23A	FY24E	FY25E	FY26E
<b>Inventory</b>	<b>60.4</b>	<b>123.9</b>	<b>142.3</b>	<b>162.0</b>	<b>191.3</b>
<i>% sales</i>	89.8%	83.4%	69.5%	67.1%	64.4%
<i>Days of Inventory</i>	328	304	254	245	235
<b>Receivables</b>	<b>18.9</b>	<b>38.7</b>	<b>58.9</b>	<b>69.4</b>	<b>83.8</b>
<i>% sales</i>	28.1%	26.0%	28.8%	28.8%	28.2%
<i>DSO</i>	102	95	105	105	103
<b>Payables</b>	<b>(65.2)</b>	<b>(139.5)</b>	<b>(168.2)</b>	<b>(199.1)</b>	<b>(238.3)</b>
<i>% costs</i>	114.6%	129.0%	106.0%	106.9%	104.2%
<i>Days of payables</i>	496	528	449	450	440
<b>Other current assets</b>	<b>8.5</b>	<b>10.5</b>	<b>20.2</b>	<b>29.0</b>	<b>34.2</b>
<i>% sales</i>	12.7%	7.0%	9.9%	12.0%	11.5%
<b>Other current liabilities</b>	<b>(7.4)</b>	<b>(14.1)</b>	<b>(19.4)</b>	<b>(22.9)</b>	<b>(28.2)</b>
<i>% sales</i>	-11.0%	-9.5%	-9.5%	-9.5%	-9.5%
<b>Net Working Capital</b>	<b>15.2</b>	<b>19.4</b>	<b>33.7</b>	<b>38.3</b>	<b>42.7</b>
<i>% sales</i>	22.7%	13.0%	16.5%	15.9%	14.4%
Proprierty, plant and equipment	23.4	39.3	58.4	93.9	101.8
Intangible assets	2.4	3.1	7.0	7.4	7.8
<i>o/w goodwill</i>			0.0	0.0	0.0
Financial assets	0.2	0.2	0.2	0.2	0.2
Others/Right of use	0.0	0.0	0.0	0.0	0.0
<b>Total fixed assets</b>	<b>26.1</b>	<b>42.6</b>	<b>65.6</b>	<b>101.5</b>	<b>109.8</b>
Employee pension benefits	(1.3)	(1.4)	(1.9)	(2.2)	(2.8)
Other non current assets/liabilities (funds)	(0.8)	(1.6)	(1.6)	(1.6)	(1.6)
<b>Net Invested Capital</b>	<b>39.2</b>	<b>58.9</b>	<b>95.7</b>	<b>136.0</b>	<b>148.1</b>
Short Term debts	12.8	10.9	10.9	10.9	10.9
Long Term debts	16.9	16.8	16.8	16.8	16.8
Cash	(10.5)	(18.0)	(76.5)	(79.3)	(121.8)
<b>Net financial position</b>	<b>19.2</b>	<b>9.7</b>	<b>(48.8)</b>	<b>(51.7)</b>	<b>(94.2)</b>
Share capital	0.5	0.5	58.0	58.0	58.0
Reserves	12.9	20.3	49.5	87.2	130.4
Net result	7.4	29.2	37.8	43.1	54.6
<b>Shareholders Equity</b>	<b>20.0</b>	<b>49.2</b>	<b>144.5</b>	<b>187.6</b>	<b>242.3</b>
<b>Source of Funds</b>	<b>39.2</b>	<b>58.9</b>	<b>95.7</b>	<b>136.0</b>	<b>148.1</b>

Sources: Company data, Alantra estimates

## NEXTGEO – Cash-Flow Statement

(Eu mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Net Profit	7.4	29.2	37.8	43.1	54.6
Interests	0.7	1.7	1.4	1.4	1.4
Taxes	0.0	4.3	7.2	8.2	10.4
Losses (gains) of disposal of fixed assets	0.0	0.0	0.0	0.0	0.0
Provisions	0.0	0.0	0.0	0.0	0.0
D&A	2.3	4.1	6.8	10.6	12.2
Change in net working capital	3.3	(7.7)	(14.3)	(4.6)	(4.4)
Interests paid	(0.6)	(1.7)	(1.4)	(1.4)	(1.4)
Taxes paid	(0.3)	(0.0)	(7.2)	(8.2)	(10.4)
Use of funds	(0.4)	(0.5)	0.5	0.3	0.5
Other operating items	0.8	0.8	0.0	0.0	0.0
<b>Cash flow from operating activities</b>	<b>13.2</b>	<b>30.0</b>	<b>30.8</b>	<b>49.4</b>	<b>62.9</b>
Intangibles	(0.4)	(1.7)	(5.0)	(1.5)	(1.5)
Tangibles	(13.5)	(18.9)	(24.8)	(45.0)	(18.9)
Financials	(0.0)	(0.1)	0.0	0.0	0.0
Acquisitions	0.0	0.0	0.0	0.0	0.0
Disposals	0.0	0.0	0.0	0.0	0.0
<b>Cash flow from investment activities</b>	<b>(13.9)</b>	<b>(20.6)</b>	<b>(29.8)</b>	<b>(46.5)</b>	<b>(20.4)</b>
New short term debt	(4.9)	(2.6)			
New M/L term debt	10.6	5.8			
Remboursement	(2.0)	(5.1)			
Change in shareholders equity			57.5		
Dividends					
Other items	0.0	0.0	0.0	0.0	
<b>Change in NFP</b>	<b>(0.7)</b>	<b>9.5</b>	<b>58.5</b>	<b>2.9</b>	<b>42.5</b>
NFP at year beginning	(17.5)	(19.2)	(9.7)	48.8	51.7
<b>NFP at YE (debt)/cash</b>	<b>(19.2)</b>	<b>(9.7)</b>	<b>48.8</b>	<b>51.7</b>	<b>94.2</b>
Net Debt/EBITDA	1.8x	0.2x	nm	nm	nm

Sources: Company data, Alantra estimates

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