



*A global player in the  
Railway Industry*

March 2020

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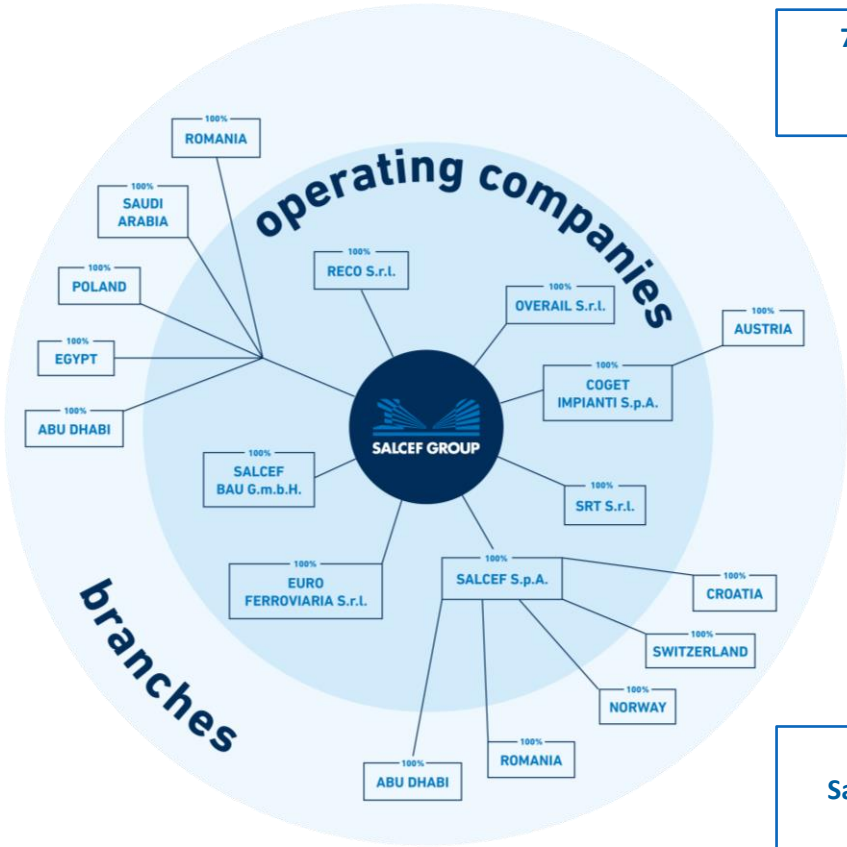


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# Salcef Group Highlights: Corporate Organization Chart

7 Operating Companies  
11 Foreign Branches  
6 Business Units



<b>B U S I N E S S  U N I T S</b>	TRACK & LIGHT CIVIL WORKS	
	ENERGY, SIGNALLING & TELECOMMUNICATION	
	HEAVY CIVIL WORKS	
	RAILWAY MATERIALS	
	RAILWAY MACHINES	
	ENGINEERING	

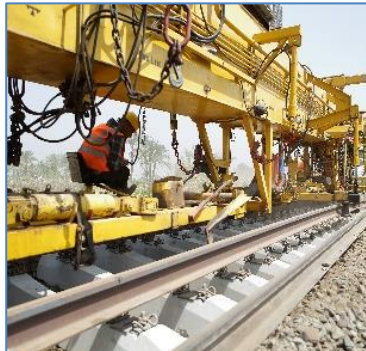
On 12<sup>th</sup> March 2020,  
Salcef USA, Inc., has been  
established



# Salcef Group Highlights: *Business Unit Track & Light Civil Works*

## Activities

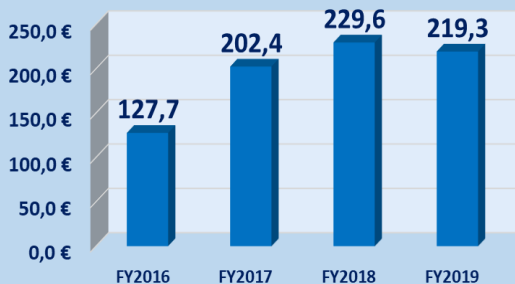
- Track Ordinary Maintenance
- Track Extra-ordinary Maintenance (Renewal activities – every 20/30 years)
- Track Construction (Ballasted and Ballastless)
- Light Civil Works (Railway Infrastructure and minor civil works)
- About 90% of Revenues in Maintenance



## Strengths

- High Barriers to entry
- Huge equipment investments (Salcef fleet valuable more than € 350 MI)
- Manpower specialization
- Clients' PQ and certifications
- Very demanding working conditions

BU Track Works - Revenues (€ MI.)



Revenues FY-2019 (€ MI)



# Salcef Group Highlights: *Business Unit Energy, Signalling & Telecommunication*

## Activities

- Railway Catenary, Signalling, Substations, Telecommunication Construction, Ordinary & Extra-ordinary Maintenance (Renewal activities)
- Construction and Maintenance of infrastructure for the high and medium voltage electricity transmission (aerial and underground)



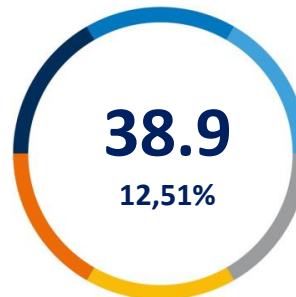
## Strengths

- High Barriers to entry
- Clients' PQ and certifications
- Very demanding working conditions
- Huge Italian and European investment plan (Terna 2019-2023 plan with € 6,2 Bn investments + 20%)

BU Energy - Revenues (€ MI.)



Revenues FY-2019 (€ MI)



# Salcef Group Highlights: Business Unit Railway Materials

## Activities

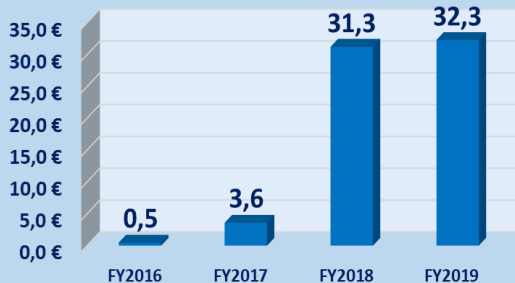
- Manufacturing of railway prestressed concrete sleepers
- Manufacturing of slab-track systems for unballasted tracks (Metro, Tramway, Railway)
- Manufacturing of concrete segments for tunnels (Metro lines)



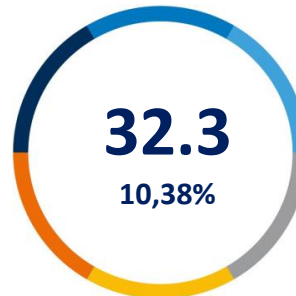
## Strengths

- Clients' PQ and certifications
- Vertical integration with BU Track
- Big development possibilities for unballasted solutions
- Development of new solutions and patents

BU Materials - Revenues (€ MI.)



Revenues FY-2019 (€ MI)



# Salcef Group Highlights: Business Unit Railway Machines

## Activities

- Design of new railway equipment and construction technologies
- Maintenance and revamping of railway equipment
- Construction of new railway wagons and equipment
- Renting of equipment and tools



## Strengths

- Clients' PQ and certifications
- Vertical integration with BU Track and Energy
- Market with high margin and few competitors
- Development of new solutions and patents

BU Machines - Revenues (€ MI.)



Revenues FY-2019 (€ MI)

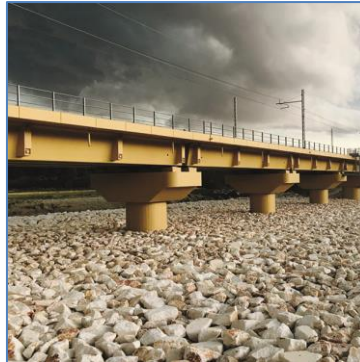




# Salcef Group Highlights: *Business Unit Heavy Civil Works*

## Activities

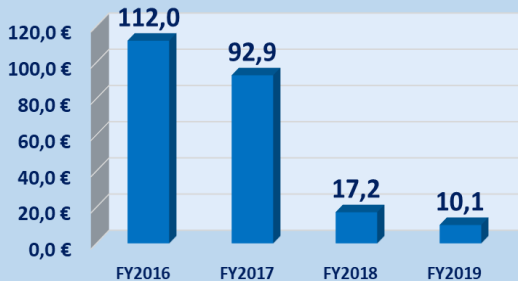
- Multidisciplinary railway construction projects (civil and technological works)
- Doubling of existing railway line
- Construction of railway stations and building
- Bridges, Viaduct, Tunnels
- Environmental Mitigation Works



## Strengths

- Vertical integration with other Salcef Group BUs
- Salcef Group competitiveness, having all the qualifications for general and specialized works
- Low Market Share

BU Civil Works - Revenues (€ MI.)



Revenues FY-2019 (€ MI)



# Salcef Group Highlights: Business Unit Engineering

## Activities

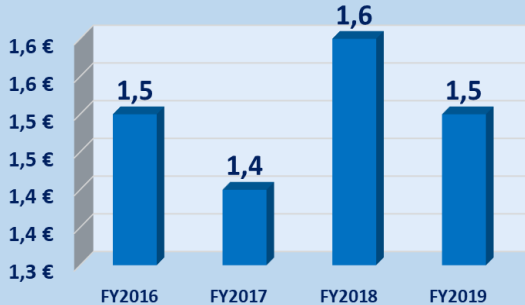
- Design and Engineering of Multidisciplinary railway construction projects (civil and technological works)
- Topographic surveying
- Project management
- Feasibility studies
- Projects Testing and Commissioning



## Strengths

- Intercompany technical services for other Salcef Group BUs
- Salcef Group major competitiveness in D&B projects
- High specialization in railway projects

BU Engineering - Revenues (€ MI.)



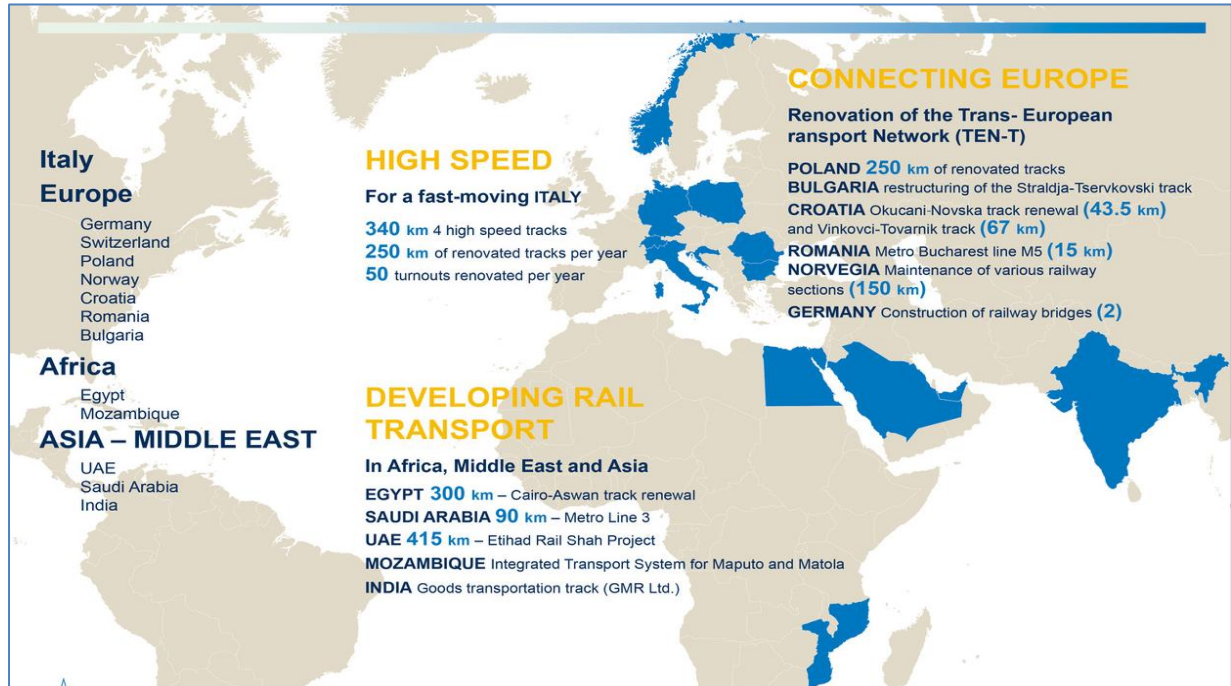
Revenues FY-2019 (€ MI)



\* 100% Intercompany



# Salcef Group Highlights: *Strong International Vocation*



Salcef Group has established the subsidiary «SALCEF USA, Inc.» on 12th March 2020, to develop business in USA.



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## Salcef and M&A: 8 Acquisitions in 20 years



**H&M Bau**



1998

2003

2007

2012

2015

2017

2018

2019



Salcef Group has enhanced its core-business BU Track, through acquisition of 3 companies, as well as acquiring companies operating in new BUs: *Energy; Materials; Engineering*, in Italy and Germany

## Salcef and M&A: Last Acquisition on July 30, 2019

### Coget Impianti S.p.A.

The transaction was based on an EV of about €15.0 Million, (NFP € 4.0 MI), plus an Earn-out capped at € 4.5 Million to be calculated on 2019 and 2020 Financial Statements:

- Payment at closing € 7.7 Million and € 3.3 Million deferred in 4 installments between 2020 and 2021.
- Payment of earn-out in 2 installments, on September 2020 and September 2021 (capped at € 4.56 Million).

#### Coget Impianti - Key Financials (€ MI)

	2019	2018
Revenues	18.8	21.5
EBITDA	5.1	5.5
EBITDA %	26.9%	25.6%
Backlog	55.0	63.0



Since 1983, Coget is specialized in construction and maintenance of high and medium electric distribution lines and railway catenary. Main clients in Italy are RFI and Terna.

Salcef strengthens its position for railway catenary, becoming one of the largest players in Italy, entering in a new business, the energy distribution, in Italy and Austria.





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## Salcef Group FY 2019 Financial Results – Key Figures: *P&L*

(Amounts in Euro Million)	FY 2019	FY 2018	Delta FY <sub>2019</sub> /FY <sub>2018</sub>	FY 2019 Pro- Forma Coget*
Revenues	311,2	319,0	-2,45%	321,8
EBITDA	72,0	64,6	11,46%	74,1
EBITDA Margin %	23,1%	20,2%	14,36%	23,0%
EBIT	56,5	48,9	15,50%	58,1
EBIT Margin %	18,1%	15,3%	18,30%	18,1%
Net Profit	38,4	29,4	30,61%	39,6
Net Profit Margin %	12,3%	9,2%	33,70%	12,3%

\* FY 2019 Pro-Form considering Coget Impianti for 12 months, instead 5 months

### STRENGTHS

- Stability of the Salcef Group Revenues
- Growth in Gross and Net Margin (Ebitda / Ebit / Net Profit)



## Salcef Group FY 2019 Financial Results – Key Figures: *BS*

(Amounts in Euro Million)

ASSETS	FY 2019	FY 2018	Delta FY <sub>2019</sub> /FY <sub>2018</sub>	FY 2017
Tangible, Intangible & Financial Assets	94,6	64,6	46,44%	49,8
Credit, Inventories and Accruals	229,2	216,8	5,72%	230,8
Cash and cash equivalent	106,0	41,3	156,66%	19,6
<b>TOTAL ASSETS</b>	<b>429,9</b>	<b>322,7</b>	<b>33,22%</b>	<b>300,1</b>
EQUITY AND LIABILITIES	FY 2019	FY 2018	Delta FY <sub>2019</sub> /FY <sub>2018</sub>	FY 2017
Total Equity	251,3	137,5	82,73%	111,4
Long-term financial liabilities	18,8	23,4	-19,66%	26,4
Short-term financial liabilities	31,3	20,1	55,72%	16,2
Other liabilities	129,4	141,6	-8,62%	146,2
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>429,9</b>	<b>322,7</b>	<b>33,22%</b>	<b>300,1</b>
Net Financial Position	-55,9	2,2	-2608,96%	23,0

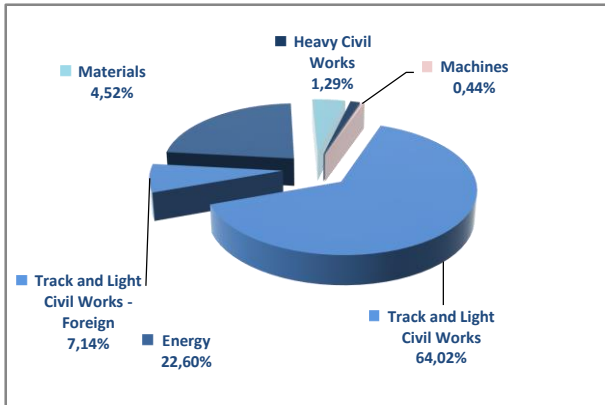
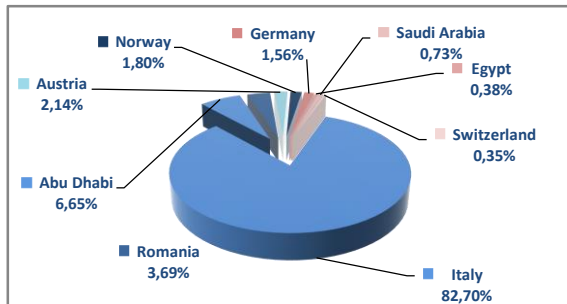
**STRENGTHS:** Strong growth of Capex and other investments, with a solid Financial Position and Equity

# Salcef Group FY 2019 Financial Results – Key Figures: *Backlog*

## SALCEF GROUP - BACKLOG 01.01.2020

Country	Amount	%
Italy	496.633.432	82,61%
Abu Dhabi	39.921.393	6,64%
Romania	22.178.595	3,69%
Austria	12.825.691	2,13%
Norway	10.839.456	1,80%
Germany	9.356.372	1,56%
Egypt	2.271.250	0,38%
Saudi Arabia	4.412.474	0,73%
Switzerland	2.103.300	0,35%
India	650.000	0,11%
<b>TOTAL</b>	<b>601.191.963</b>	<b>100,00%</b>

Business Unit	Amount	%
Track and Light Civil Works	384.862.531	64,02%
Track and Light Civil Works - Foreign	42.914.264	7,14%
Energy	135.846.612	22,60%
Materials	27.179.208	4,52%
Heavy Civil Works	7.768.929	1,29%
Machines	2.620.418	0,44%
<b>TOTAL</b>	<b>601.191.963</b>	<b>100,00%</b>



**STRENGTHS: Salcef Group Backlog covers about two years of revenues**  
**RFI represents about the 72% of the current Salcef Group Backlog**



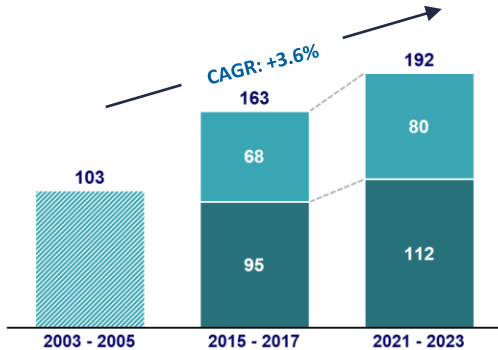
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# Railway Industry Market: Global and European Market

## Global Railway Market

Data in billion EUR – Annual Average

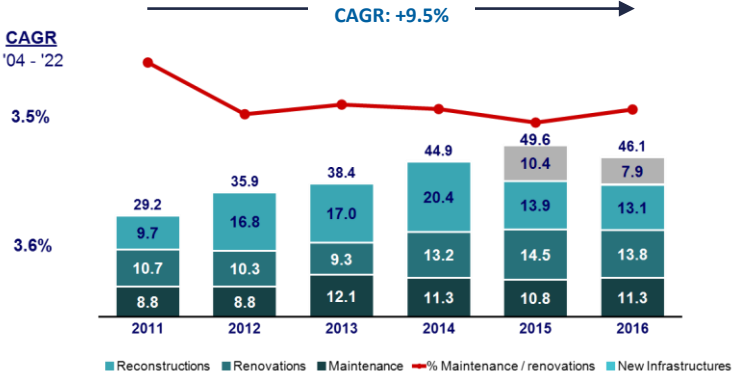


Rolling Stock Services and Infrastructures

## European Railway Market

Data in billion EUR

CAGR '04 - '22



Reconstructions Renovations Maintenance % Maintenance / renovations New Infrastructures

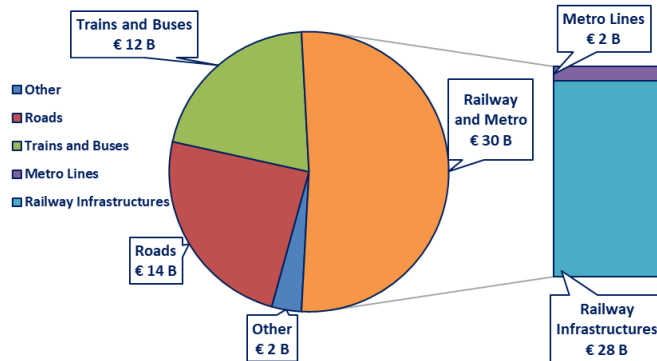
More than €45 billion invested annually in Europe, of which more than 50% for maintenance and renovation.

Norway has approved investment for NOK 120 billion (about € 12 Billion) for the period 2018-2023. This will cover new projects, renewal and investments in existing railway infrastructure

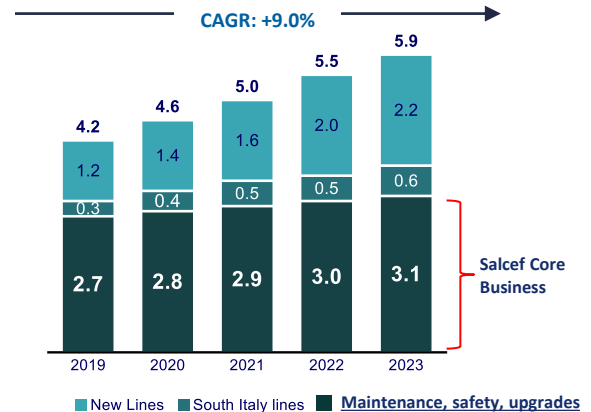
Germany agrees € 86 Billion investment, plan to improve Deutsche Bahn rail network, with an increase of 54%. The 10-year plan is "the biggest railway modernization program" in Germany's history.

# Railway Industry Market: Italian Market – Ferrovie dello Stato

## FS S.p.A. Investment Plan



## RFI Investment Plan



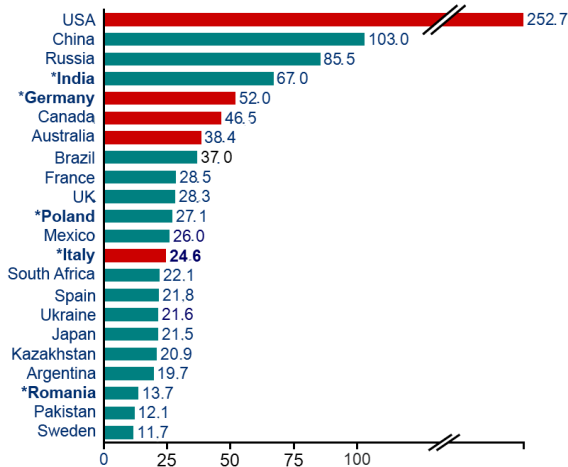
**Ferrovie dello Stato has approved a record Investment Plan 2019-2023 for € 58 Billion**

**Ferrovie dello Stato Investment Plan 2019-2023 foresees about € 13 Billion per year, with an increasing of about 75% respect to 2018 (€ 7,5 Billion)**

**RFI Investment Plan 2019-2023 (a portion of FS Plan), foresees investments for more than € 25 Billion, of which, 14.5 for Maintenance, safety and upgrades**

# Railway Industry Market: New Market – Commercial Policy

## Worldwide railway network (Km)



## Development Areas



**USA and Canada:** Salcef Group has many commercial activities in USA and has established “Salcef USA, Inc.” to develop businesses in North America



**Western Europe:** Salcef Group main markets. Salcef desires to extend its activities in European countries, with huge development and renewal plans



**Middle East:** Salcef Group is present in Saudi Arabia and Emirates. Markets with an impressive investment plan for construction of new railway and metro

Salcef Group is developing commercial and tender activities in new countries

Salcef has recently improved its backlog in foreign markets, with new contracts for about € 73 Million in 5 different Countries (82% Railway and 18% Energy)

New projects in Austria (Coget), Germany (Salcef Bau), Abu Dhabi (Salcef), Switzerland (SRT), Norway (Salcef)



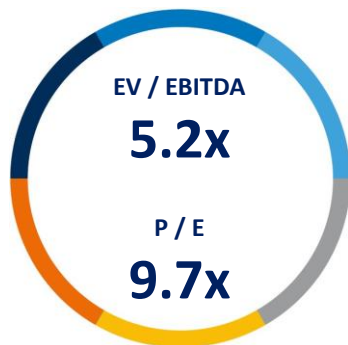
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## Listing Process and Securities: Merger with ISI3

SALCEF has been listed on the AIM Stock Market since 8th November 2019, following a merger with ISI3 (Special Purpose Acquisition Company)

### Entry Evaluation (Merger with ISI3)



### Salcef Group Evaluation before Business Combination

- ◇ EV : Enterprise Value: €326.4 Million
- ◇ Equity Value: €286.5 Million = EV - NFP
- ◇ EV / EBITDA: 5.2x (EBITDA 2018\*: €62.6 m x 5.22 = €326.4 m)
- ◇ NFP : Net Financial Position\* €39.9 Million
- ◇ EBITDA 2018\* adjusted ; EBITDA 2018 reported €64.6 Million
- ◇ Net Financial Position\* adjusted ; NFP reported € 2.2 Million

€ 100.0 M (ISI3 Capital) + € 286.5 M (Salcef  $E_{\text{quity}} V_{\text{alue}}$ ) = € 386.5 M (Post Merger)

**Free Floating 26.5 %**

*Including converted Special Shares on 8<sup>th</sup> Nov 2019*

**Finhold controls 73.5 %**

*Including converted Performance Shares on 28<sup>th</sup> Jan 2020*



## Listing Process and Securities: Listed Securities

### Salcef Group – Listed Securities

Share	SCF	ISIN IT0005388266	40.761.009
Warrant 2024	WSCF	ISIN IT0005388183	8.913.216
Warrant 2023	WSCF23	ISIN IT0005388191	7.367.775

**Warrant 2024 (WSCF):** Warrants give right to buy shares at price of € 0.10 each  
Conversion Ratio is based on a strike price at € 9.30 and Cap of € 13.00 (See Conversion Formula contained in “Kid Warrant”)

**Maximum converted Ordinary Shares:** No. 2.556.310 (Max Conversion Ratio 0.2868x)

**Warrants expiry on 8<sup>th</sup> November 2024** (or before, in case of “Accelerated Condition”, if the Official Price of the Share reaches € 13.00 for at least 15 days out of 30 consecutive days)

**Warrant 2023 (WSCF23):** Warrants give right to buy shares at price of € 10.50 each

Conversion Ratio is fix at 1.0x, strike price at € 10.50 (See Kid Warrant)

**Maximum converted Ordinary Shares:** No. 7.367.775 (Conversion Ratio 1x), with capital increase of € 77.4 Million.

**Warrants expiry on 30<sup>th</sup> April 2023** (or before, in case of “Accelerated Condition”, if the Official Price of the Share reaches € 13.00 for at least 15 days out of 30 consecutive days)

## Listing Process and Securities: Not Listed Securities

### Salcef Group – Not Listed Securities

Special Shares	ISIN IT0005388274	360.000
Performance Shares	ISIN IT0005388282	1.500.000

**Special Shares:** Owned by ISI3 Promoters (Initially No. 480.000)

**Conversion Ratio:** in Ordinary Shares 7x

- 1. First Conversion:** 120.000 Special Shares already converted at Business Combination (on 8<sup>th</sup> November 2019) in 840.000 Ordinary Shares (Lock-Up 12 Months)
- 2. Second Conversion:** 100.000 Special Shares to be converted in 700.000 Ordinary Shares (Lock-Up 12 Months), at Price Threshold of € 12.00, within 36 Months from BC.
- 3. Third Conversion:** 100.000 Special Shares to be converted in 700.000 Ordinary Shares (No Lock-Up), at Price Threshold of € 13.50, within 60 Months from BC
- 4. Fourth Conversion:** 160.000 Special Shares to be converted in 1.120.000 Ordinary Shares (No Lock-Up), at Price Threshold of € 11.50, within 15 January 2025, in proportion with the conversion of No. 5 Million Warrant2023 in Ordinary Shares

## Listing Process and Securities: Not Listed Securities

### Salcef Group – Not Listed Securities

Special Share	ISIN IT0005388274	360.000
Performance Share	ISIN IT0005388282	1.500.000

**Performance Shares:** Owned by Finhold, No. 1.500.000 (portion of the initial Equity Value – Initially No. 2.000.000)

**Conversion Ratio:** in Ordinary Shares 5x

- 1. First Conversion:** 500.000 Performance Shares already converted in 2.000.000 Ordinary Shares, at Price Threshold of € 11.00 (on 28<sup>th</sup> January 2020).
- 2. Second Conversion:** 416.667 Performance Shares to be converted in 2.083.335 Ordinary Shares, at Price Threshold of € 13.00, within 60 Months from BC.
- 3. Third Conversion:** 416.667 Performance Shares to be converted in 2.083.335 Ordinary Shares, at Price Threshold of € 13.50, within 60 Months from BC.
- 4. Fourth Conversion:** 666.666 Special Shares to be converted in 3.333.330 Ordinary Shares, at Price Threshold of € 11.50, within 15 January 2025, in proportion with the conversion of No. 5 Million Warrant2023 in Ordinary Shares



**SALCEF GROUP**

