



SALCEF GROUP

A global player
in the railway industry

September 07th 2020

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01

Salcef Group Overview

Salcef Group Overview

HOLDING

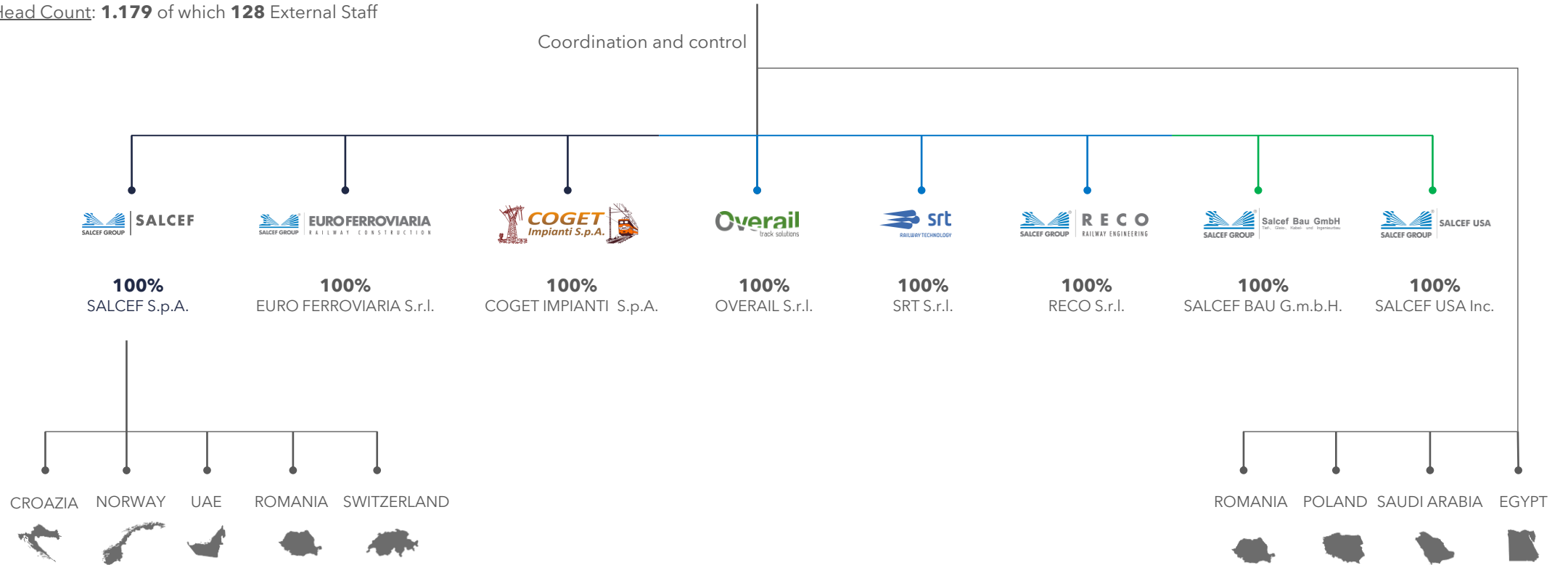
- Listed AIM Market from 08.11.2019
- **72, 2%** controlled by Finhold S.r.l. - 27,8% Floating and Promoters [at 01/09/2020]
- B of D : **7** members, of which **1** independent
- Audit: **KPMG**
- Head Count: **1.179** of which **128** External Staff



- ✓ **8** Operative Companies
- ✓ **9** Operative foreign Branches
- ✓ **6** Operative Business Units

COMPANIES

BRANCHES





Railway Industry

Strategic
Business
Unit

Operative
Business
Units

Revenues
1H 2020
(% Group)

Operative
Geographic
Area

Track & Light
Civil Works

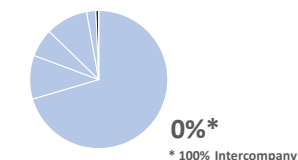
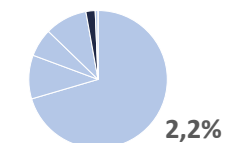
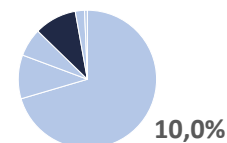
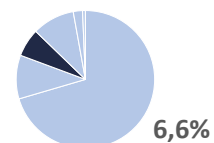
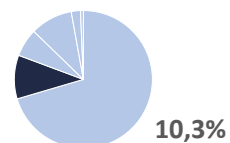
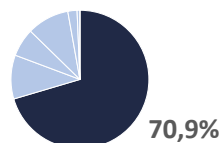
Energy, Signalling &
Telecommunication

Heavy Civil
Works

Railway
Materials

Railway
Machines

Engineering



- Italy
- Western Europe
- Eastern Europe
- Middle East
- North Africa

- Italy
- Western Europe

- Italy
- Western Europe

- Italy

- Italy
- Western Europe
- Eastern Europe
- Middle East

- Italy
- Middle East

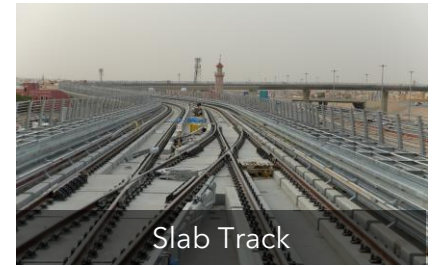
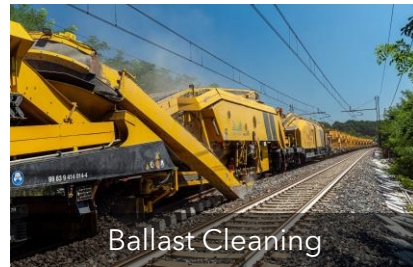
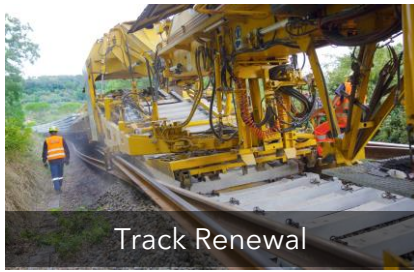
02

Operative
Business Units

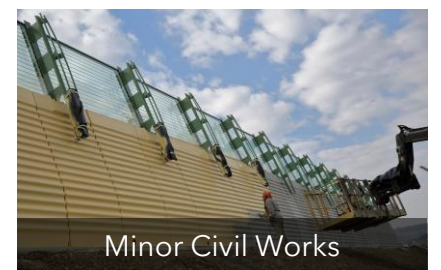
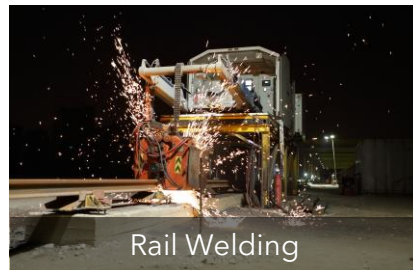


Track Maintenance

Extraordinary Maintenance



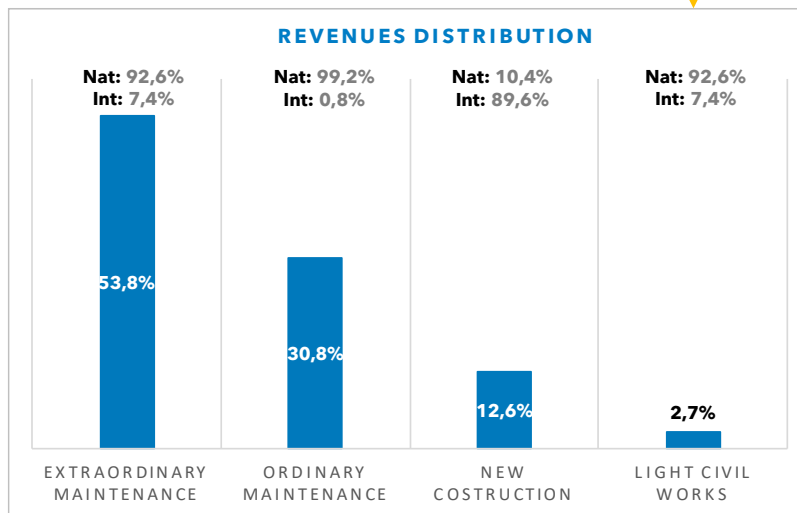
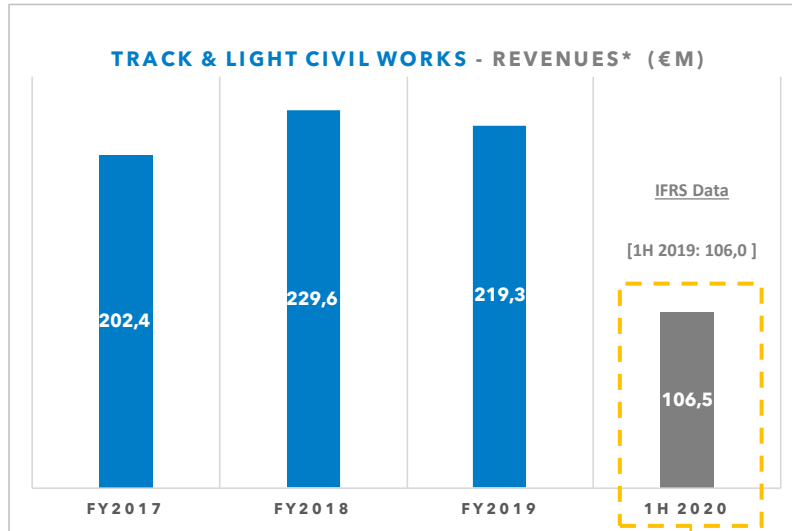
Ordinary Maintenance



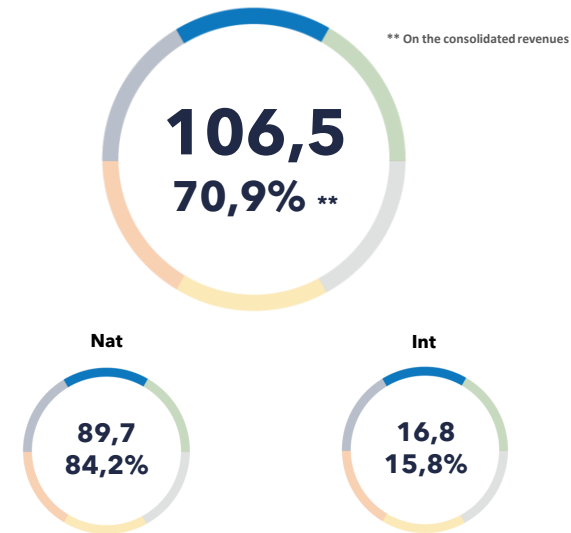
Track Construction

Light Civil Works

Business Unit Track & Light Civil Works

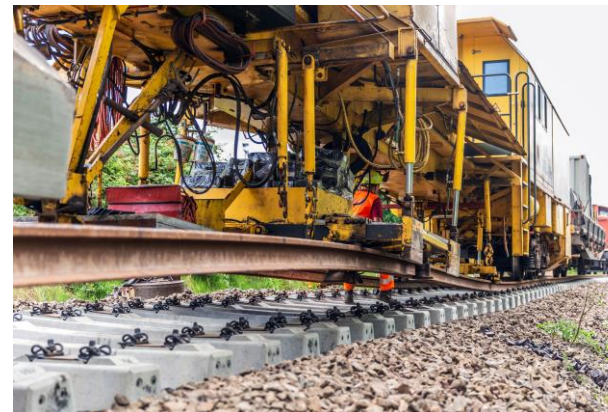


Revenues 1H 2020 (€M)



Strenghts

- High barriers to entry
- Huge equipment investments (Salcef fleet substitution value over than **€400M**)
- Manpower specialization
- Clients' PQ and certifications
- Highly demanding working conditions
- More than 600 employees involved

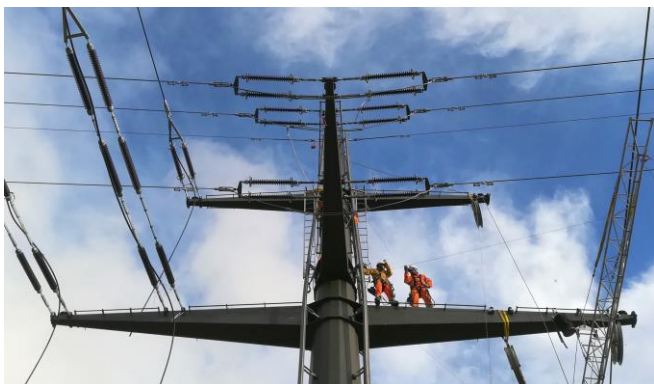


* 1H 2020 / 1H 2019 IFRS data; FY 17_18_19 Ita GAAP data



Activities

- Railway catenary, signalling, substations, telecommunication construction, ordinary & extraordinary maintenance (**renewal activities**)
- Construction and maintenance of infrastructure for high and medium voltage electricity transmission (aerial and underground)



Strengths

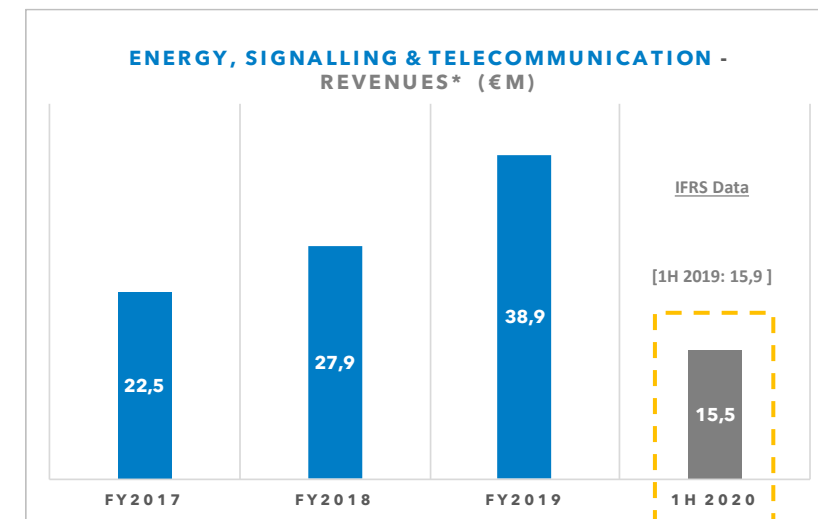
- High barriers to entry
- Clients' PQ and certifications
- Highly demanding working conditions
- Huge Italian and European investment plan (**Terna 2019-2023** plan with € 6,2 Bn investments **+ 20%**)



Revenues 1H 2020 (€M)



** On the consolidated revenues



Extraordinary Maintenance 48,8% - Ordinary Maintenance 27,2% - New Construction 24,0%



Activities

- Manufacturing of prestressed concrete railway sleepers
- Manufacturing of slab-track systems for unballasted tracks (metro, tramway and railway)
- Manufacturing of concrete segments for tunnels (metro lines)



Strengths

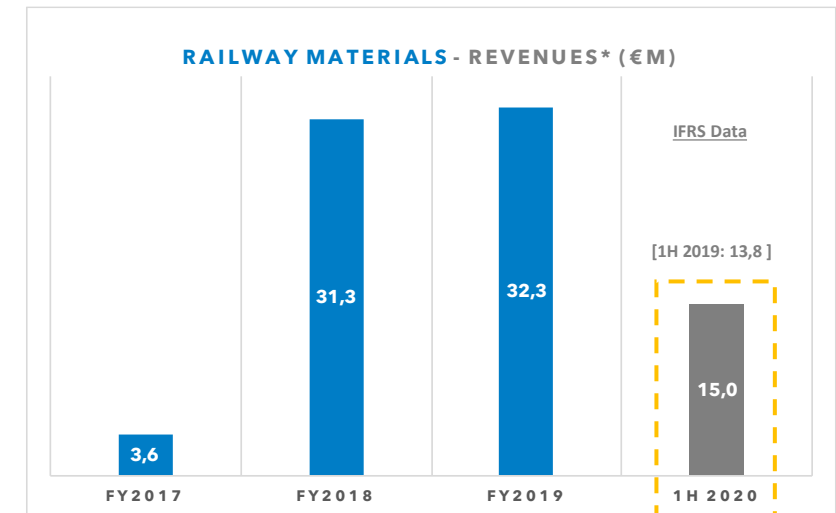
- Clients' PQ and certifications
- Vertical Integration with trackworks BU
- Extensive development possibilities for unballasted solutions
- Development of new solution and patents



Revenues 1H 2020 (€M)



** On the consolidated revenues



Business Unit Railway Machines



Activities

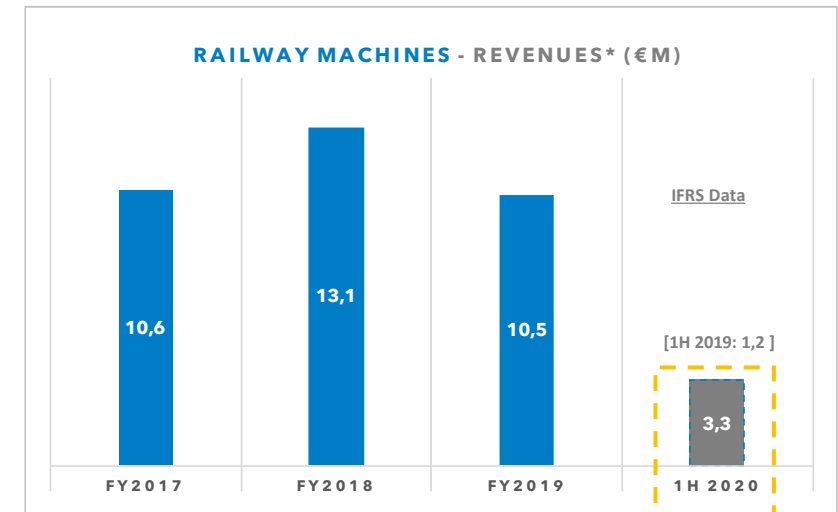
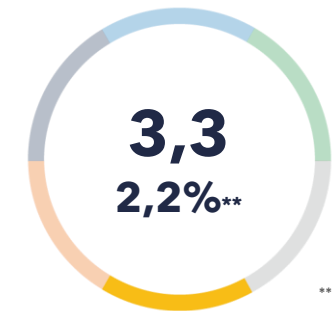
- Design of new railway equipment and construction technologies
- Maintenance and revamping of railway equipment
- Construction of new railway wagons and equipment
- Renting of equipment and tool

Strengths

- Clients' PQ and certifications
- Vertical integration with trackworks and energy BUs
- Market with high margin and few competitors
- Development of new solutions and patents



Revenues 1H 2020 (€M)



ITA GAAP 1H2020 PRODUCTION: €4,6M [€3,3M + €1,3M]

* 1H 2020 / 1H 2019 IFRS data; FY 17_18_19 Ita GAAP data

Business Unit Heavy Civil Works



Activities

- Multidisciplinary railway construction projects (civil and technological works)
- Doubling of existing railway line
- Construction of railway stations and buildings
- Bridges, viaducts and tunnels
- Environmental mitigation works

Strengths

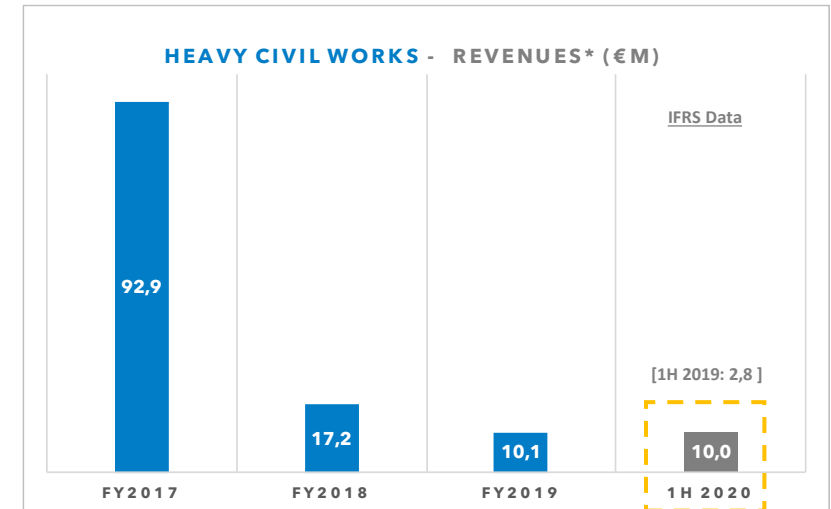
- Vertical integration with other Salcef Group BUs
- Salcef Group competitiveness, and all the qualifications for general and specialized works



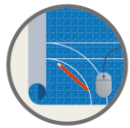
Revenues 1H 2020 (€M)



** On the consolidated revenues



* 1H 2020 / 1H 2019 IFRS data; FY 17_18_19 Ita GAAP data



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 tool



Strengths

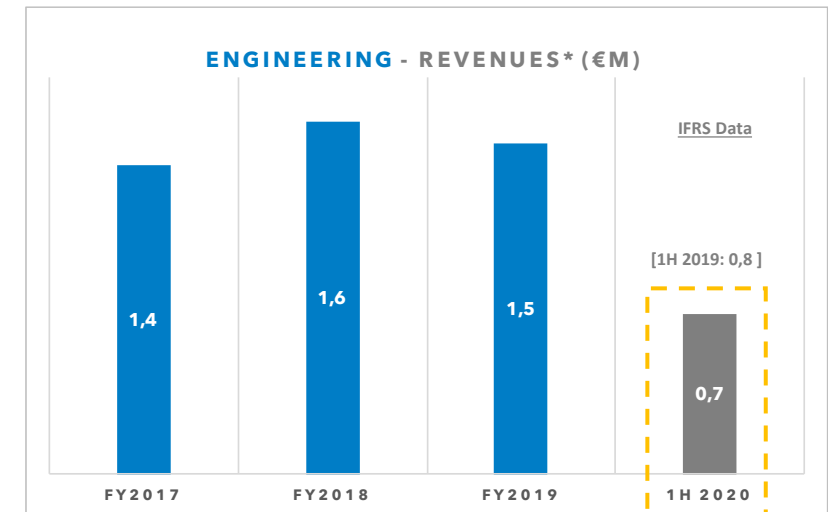
- Clients' PQ and certifications
- Vertical integration with trackworks and energy BUs
- Market with high margin and few competitors
- Development of new solutions and patents



Revenues 1H 2020 (€M)



** On the consolidated revenues – 100% Intercompany



Salcef Group 1H 2020 Production Analysis

€x 1.000

Operative B.U. Revenues	1H 2020	%	1H 2019	%	Δ (€)
Track and Light Civil Works	106.523,9	70,9%	106.012,4	75,9%	511,5
Energy, Signalling & Telecommunication	15.512,6	10,3%	15.941,0	11,4%	(428,4)
Heavy Civil Works	9.971,5	6,6%	2.795,4	2,0%	7.176,1
Railway Machines	3.268,0	2,2%	1.159,1	0,8%	2.108,9
Railway Materials	14.966,4	10,0%	13.843,2	9,9%	1.123,2
Total	150.242,4	100%	139.751,1	100%	10.491,3

- Despite Covid19 emergency no relevant impact on the production value on main operative business units:
 - Track and Light Civil Works **+0,5%**
 - Energy, Signalling and Telecommunication: **-2,7%**
 - Railway Materials: **+8,1%**
- Heavy Civil Works: **>100% (€7,2M)**, due to the contribution of Salcef Bau GmbH on the B.U. Value.
- Railway Machines: **>100% (€1,1M)**, mainly due to increased SRT effort to the develop external customers

€x 1.000

Commercial Area Revenues	1H 2020	%	1H 2019	%	Δ (€)
Italy	121.937,6	81,2%	118.323,3	84,7%	3.614,4
Eastern Europe	2.288,6	1,5%	12.738,2	9,1%	(10.449,7)
Western Europe	21.863,7	14,6%	3.088,6	2,2%	18.775,1
Middle East	3.214,7	2,1%	3.124,6	2,2%	90,1
North Africa	937,8	0,6%	2.476,5	1,8%	(1.538,7)
Total	150.242,4	100%	139.751,1	100%	10.491,3

- Increased «National» production due to the contribution of Railway Materials and Railway Machines Operative Business Units.
- Eastern Europe: **-(€10,4M)** decrease in production value due to the end of Poland Project
- Western Europe: **>100% (€18,8M)**, due to the contribution of
 - Salcef Bau GmbH
 - Austrian JV of Coget Impianti S.p.A.
 - Increase of Norwegian production
- North Africa: decrease in production value due to the final stage of Egyptian Project

03

1H 2020 Financial Results

Salcef Group 1H 2020 Financial Results

€M	1H_2020 YTD IFRS	1H_2019 YTD IFRS	Δ (€) IFRS	Δ (%) IFRS
Revenues	150,2	139,7	10,5	7,5%
EBITDA	36,5	29,9	6,6	22,1%
EBITDA Margin (%)	24,3%	21,4%	2,9%	13,5%
EBIT	25,9	22,6	3,3	14,6%
EBIT Margin (%)	17,2%	16,2%	1,1%	1,1%
Net Profit	16,4 ^{* Adj}	14,6	1,8	12,3%
Net Profit Margin (%)	10,9% ^{* Adj}	10,5%	0,5%	0,5%
€M	1H_2020 YTD IFRS	FY_19 YTD IFRS	Δ (€) IFRS	Δ (%) IFRS
NFP	36,0 ^{* Adj}	47,00 ^{* Adj}	-11,00	-23,4%
Net Equity	249,2 ^{* Adj}	250,0 ^{* Adj}	-0,80	-0,3%

*Adj: did not consider negative impact caused by Warrant Fair Value

IFRS 1H 2020 vs IFRS 1H 2019

Revenues: compared to LY19 increase is equal to **€10,5M** (+7,5%).

EBITDA: compared to LY19 increase is equal to **€6,6M** (+22,1%) due to:

- Increasing of revenues, decreasing of material and service costs related to the internalization of works and major use of manpower on sites

EBIT: compared to LY19 increase is equal to **€3,3M** (+14,6%) due to an increasing of amortization of intangible assets and depreciation of tangible assets

Adj NFP:

- Compared to FY19 decrease is equal to **€11,0M** (-23,4%), mainly due to:
 - €1,9M** for buyback transaction
 - €16,9M** for dividend distribution [20/05/2020]

Pro Forma before Coget

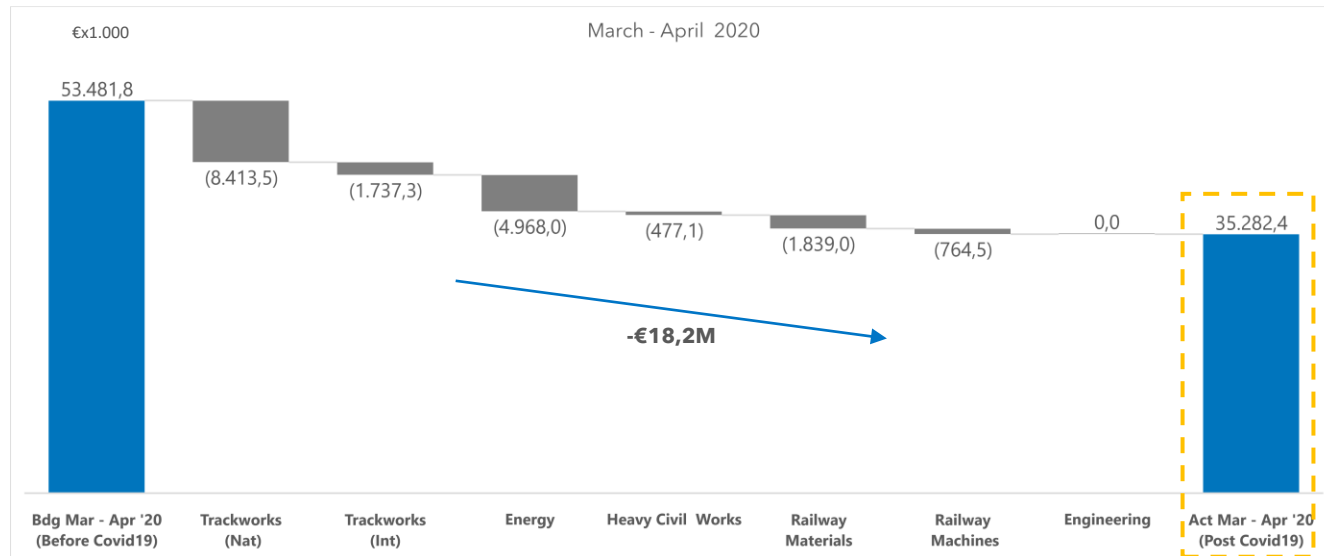
€M	1H 2020 Salcef Group [Conso]	1H 2020 Coget Impianti	IFRS Adj	1H 2020 Salcef Group [Before Coget]
Revenues	150,2	7,0	0,0	143,2
EBITDA	36,5	0,7	(0,1)	35,9
EBIT	25,9	0,2	(0,1)	25,8

Coget EBITDA: €0,7M due to:

- Impact of Covid19 emergency [production - **19,8%**]
- Temporary relevant incidence of costs on specific Austrian Project

Salcef Group Mar - Apr 2020 Covid Impact

- **1H 2020:** total Covid19 impact on Salcef Group production is - **10,7%** on the scheduled production
- At 1H 2020 there was no financial impact due to Covid19 Emergency

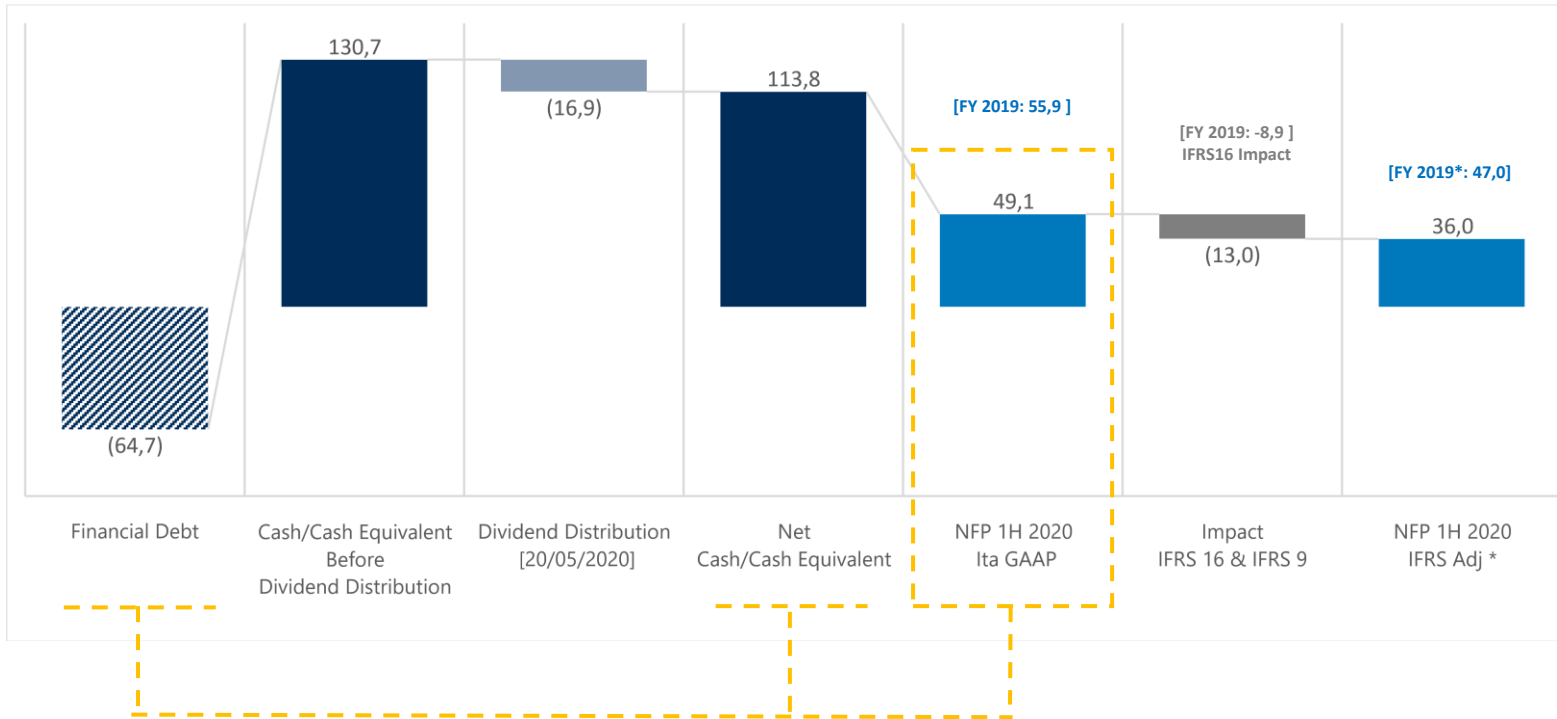


- During March 2020 there were first signs of a production slowdown
 - March 2020 Actual vs Budget: **-€10,3M**
 - **Italian Production:** Covid Impact on trackworks and energy operative business units due to the initial problems linked to the displacement of manpower in Italy
 - **Foreign Production:** no relevant impacts on the production
- April 2020 Act vs Bdg **-€7,8M**, lower than previous month.
- **Trackwork BU :** more than 100% of site conversions. Taking advantage of reduced railway line use due to COVID19, 14 new sites not in the budget were opened (e.g: extraordinary maintenance on the Rome-Naples high speed line), despite 7 blocked sites
- **Energy Signalling & Telecommunication BU:** Most of the relevant sites are located in Northern Italy. In particular COGET Impianti S.p.A., specialized in the Energy B.U., is located in the initial Red Zone
- No particular effects on the other operative business units
- **In May and June 2020 the production has fully resumed, confirmed by an increase in full production 1H 2020 (€150,2M) compared 1H 2019 (€139,8M)**

Salcef Group Q1 2020 Financial Results

Net Financial Position

€M

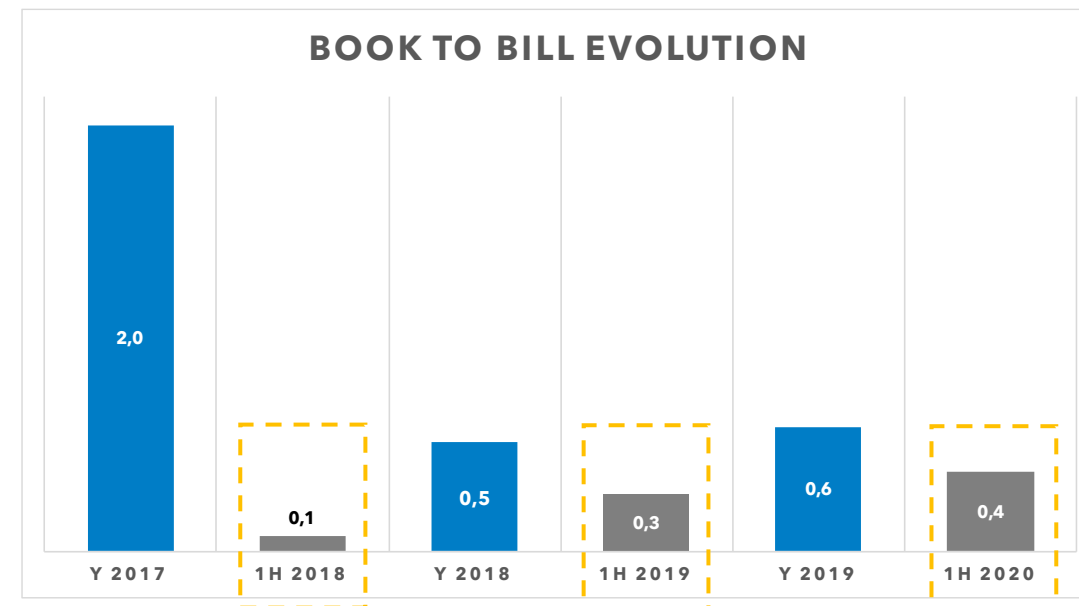
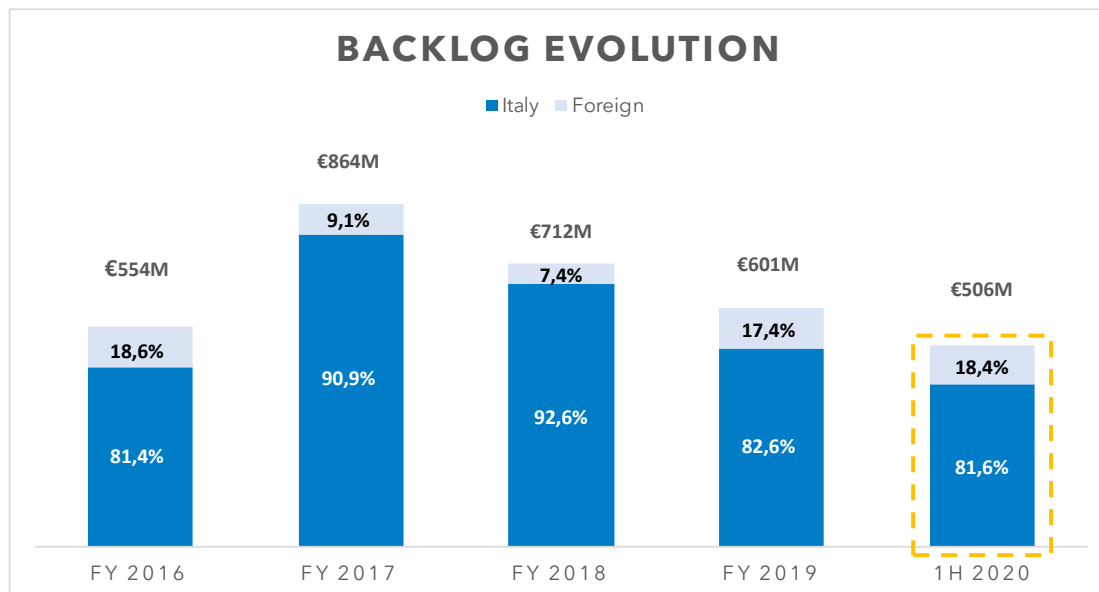


Specific of financial debt:

- **Duration:** approx. 24 months
- **Average of replacement:** rolling
- **Average cost of funds:** about 90 bps
- **Structure:** Corporate - No Financial Covenant
- **Coverage:** the whole Italian banking system

- Cash/Cash Equivalent: **€113,8M**
- NFP 1H 2020: Total effect due to
 - Impact Lease Accounting Ex IFRS 16
 - Impact FVTPL Financial Assets Ex IFRS 9

*NFP IFRS (1H 2020 - FY 2019) did not consider negative impact caused by Warrant Fair Value



€x1.000

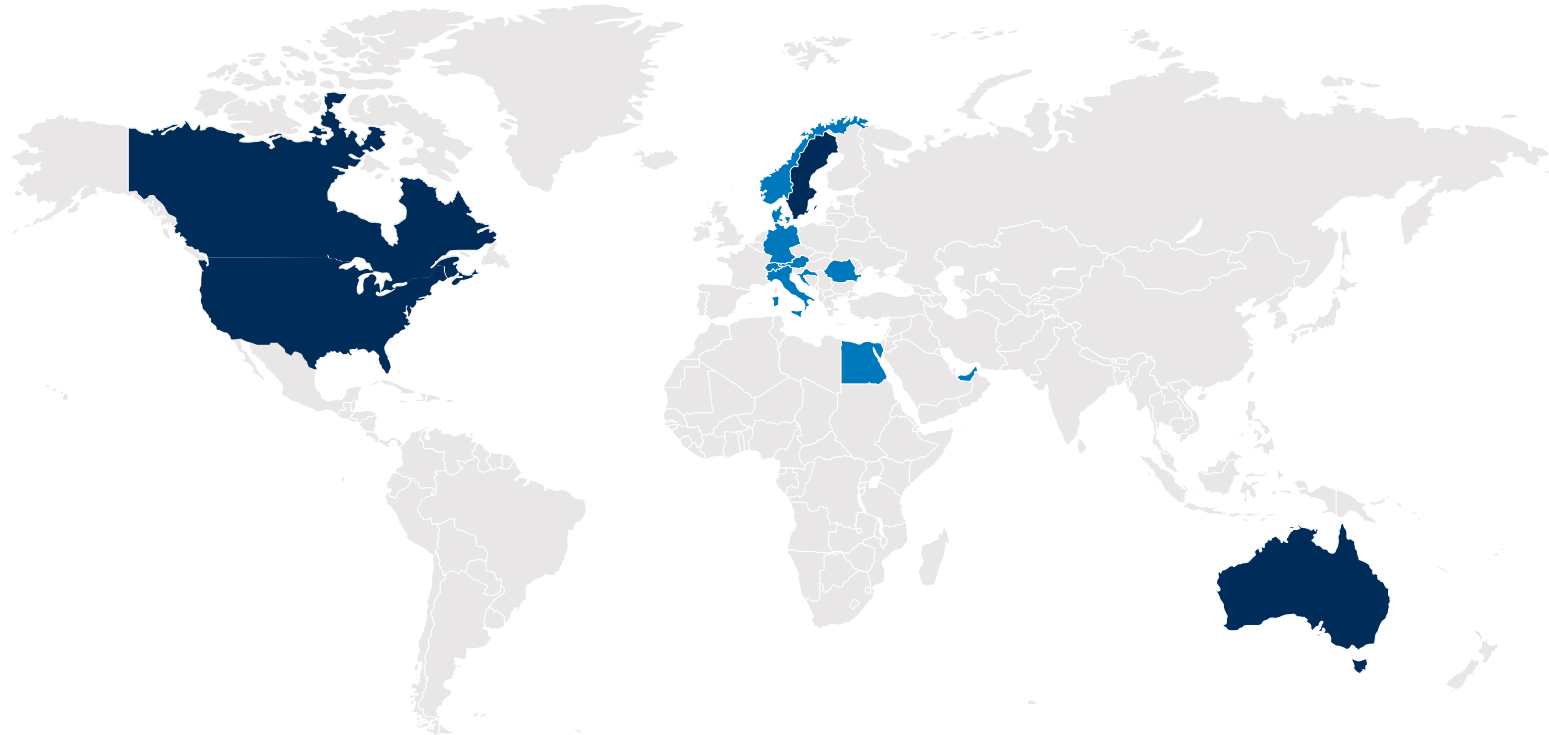
Business Unit	Amount	%
Track and Light Civil Works	262.939,6	52,00
Track and Light Civil Works - Foreign	72.603,7	14,36
Energy	138.866,1	27,47
Railway Materials	11.688,9	2,31
Heavy Civil Works	15.867,5	3,14
Railway Machines	3.645,5	0,72
Total	505.611,2	100,00

- **Backlog Value:** €506M of which €409M (82%) from Italian market and €97M (18%) from the foreign market confirming the increase trend.
- **Revenues Coverage:** Salcef Group order backlog stands at €506M as at the end of 1H 2020, offering 18 month visibility (**1,58 x Revenues**)
- **Book to Bill Ratio:** the ratio (**0,36**) reflects the end of the 3-year company acquisition cycle, typical of the Italian railway industry.

04

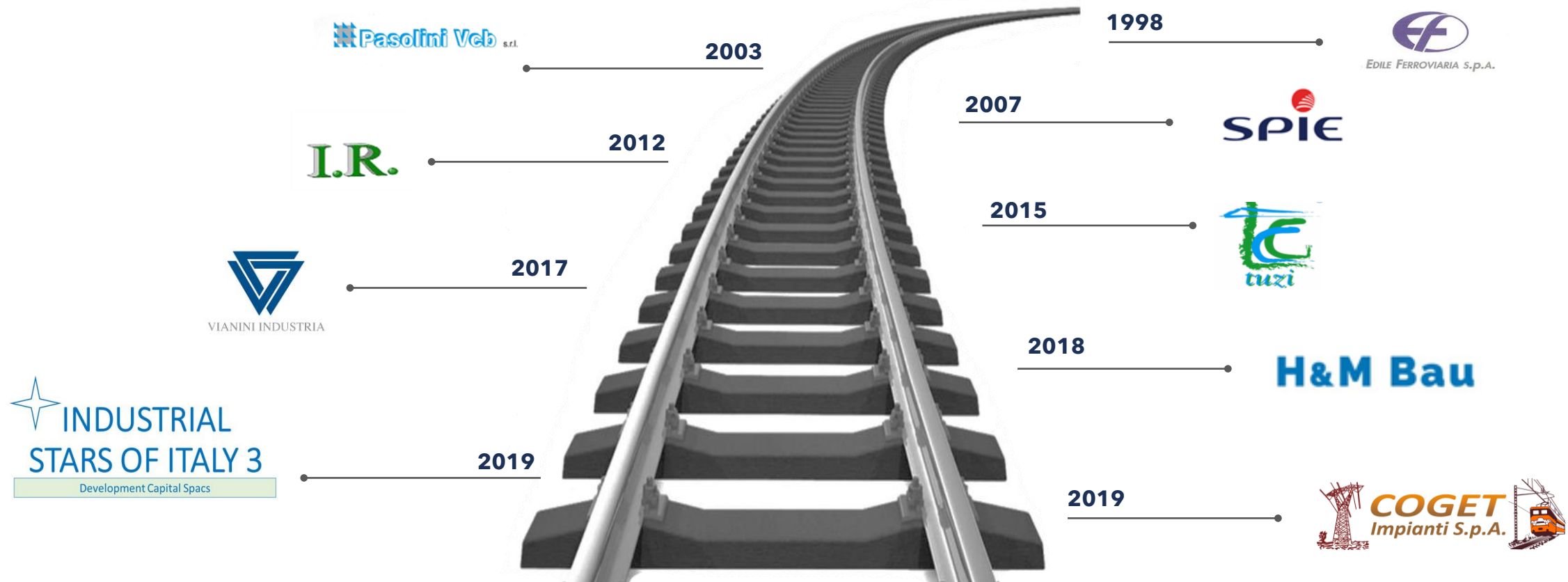
Commercial
Development

Salcef Group Highlights **Strong International Focus**



■ MARKET COMMERCIAL INTEREST ■ ACTIVE MARKET

- **March 12th 2020:** Salcef USA Inc. was established. This new Salcef Group company to develop production and infrastructure for the US and Canadian markets, the largest in the world, with around **200.000 km**.
- **Sweden and Denmark** are target markets for the Salcef Group in order to strengthen its position in the Scandinavian peninsula area
- **Australia:** The railway market in Australia is growing in freight, passenger and urban transport system, with huge public and private investment.



TARGET
2020/21

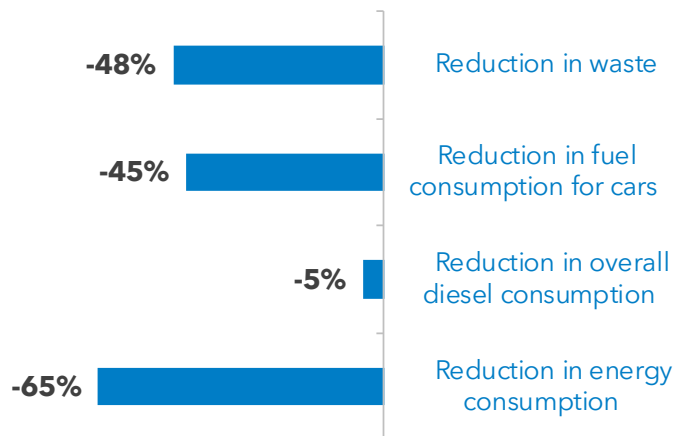
Salcef has always followed an industrial development model that embraces sustainable development: in every activity we adopt practices based on corporate social accountability, to create value for clients, for society and for the community, while respecting the environment.

2021 - 2022 Goal: Corporate Social Responsibility Report

Environment



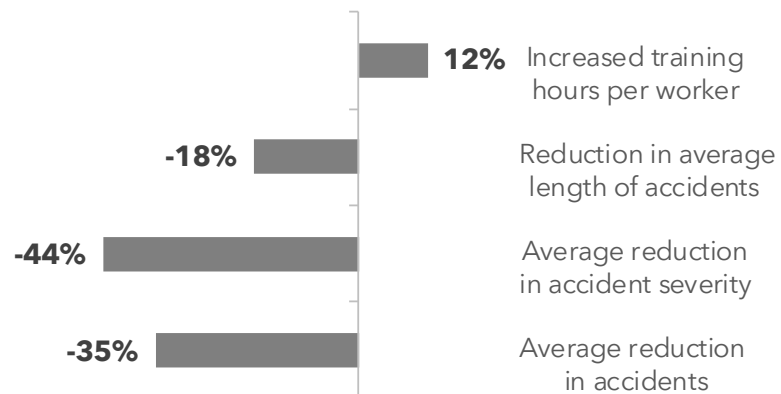
From 2017 to 2019



Safety



From 2018 to 2019



Governance



Governance factors:

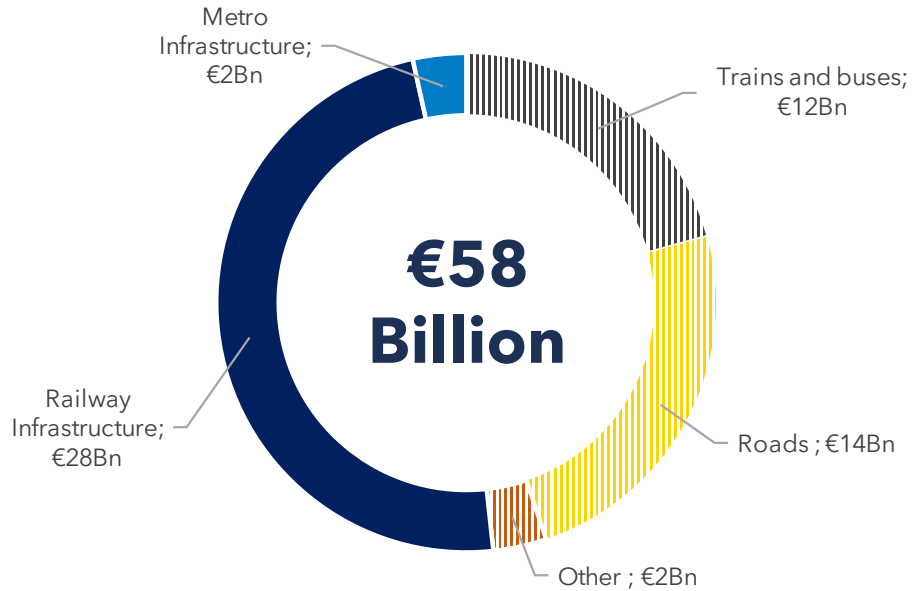
- Fairer management pay, increased controls
- Compliance Respect for laws and ethics
- Implementation of corporate liability and anti-corruption regulations with the Board of Directors independence criteria
- Attention to the regulation of the market in which the Salcef Group works

05

Railway
Industrial Market

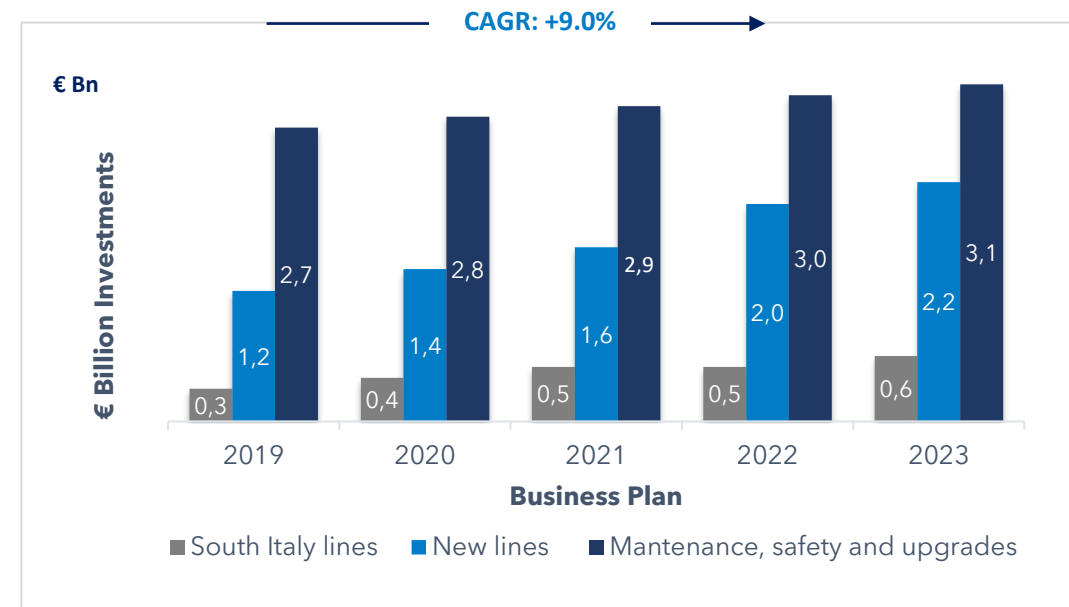
Railway Industry Market Italian Market - Ferrovie dello Stato

FS S.p.A.
Investment Plan 2019 -2023 for € 58 Billion



FS S.p.A. Investment Plan 2019-2023 for € 58 Billion foresees investments for **€ 13Bn per year**, about **75%** respect to 2018 (**€ 7,5 Bn**)

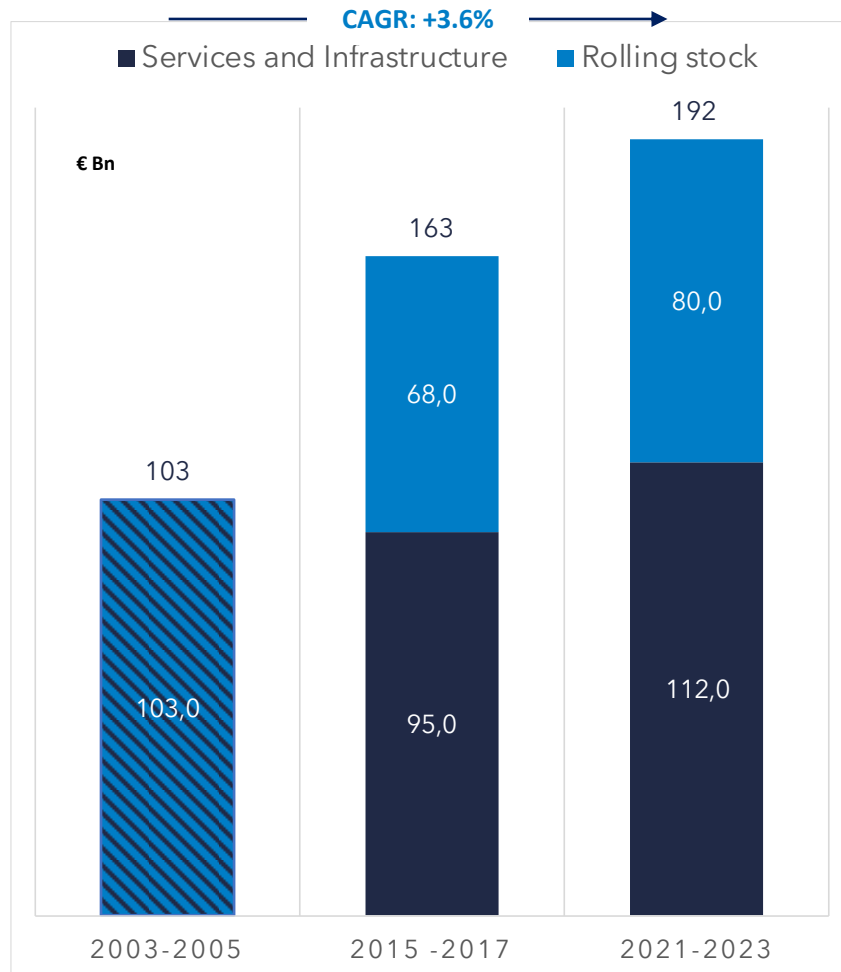
RFI S.p.A. (100% controlled by FS)
Investment Plan 2019 -2023 for € 25 Billion



RFI Investment Plan 2019-2023 (part of the FS Plan), foresees investments of over **€ 25Bn**, of which **€14.5Bn** in maintenance, safety and upgrades.

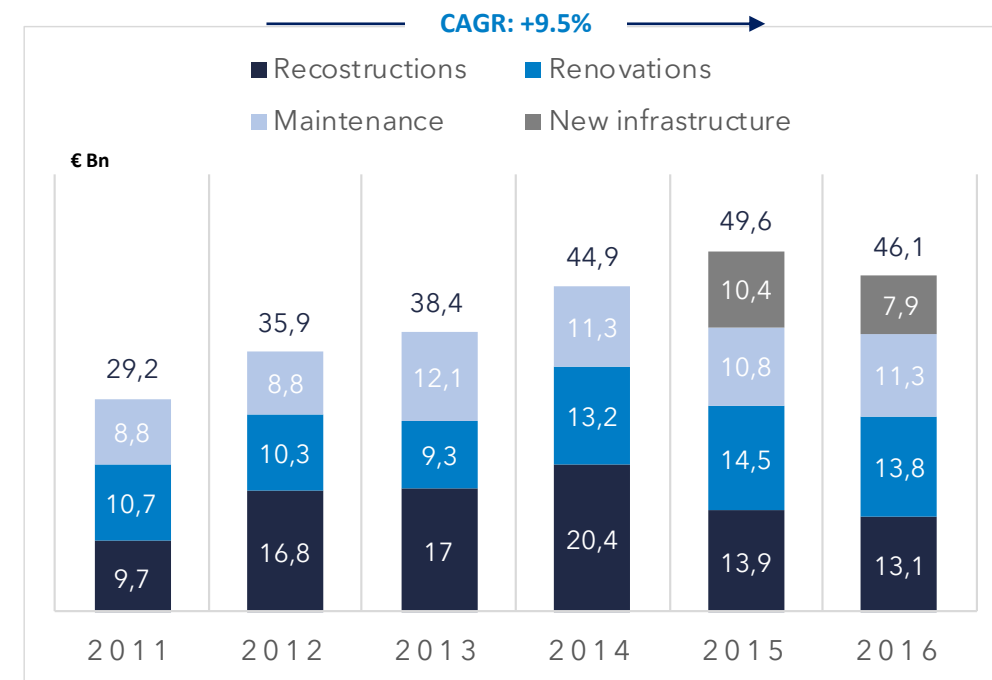
Railway Industry Market Global and European Market

World Railway Market



Source: World Rail Market Study 2018-2023

European Railway Market



Source: 6th report monitoring developments in the railway market under Article 15, Paragraph 4 of Directive 2012/34/EU of the European Parliament and Council

Europe: more than **€ 45Bn** invested annually, more than **50% for maintenance and renovation.**

Germany: the value of the Deutsche Bahn **10-year Business Plan** is **€ 86 Bn** with an increase of **54%**. Compared to the last BP is "the biggest railway modernization program"

Norway: **NOK 120 Bn** the value of the Bane Nor Business Plan **2018-2023** is approx. € 12 Billion. The BP covers new projects, renewal and investments.

06

Listing Process
and Securities

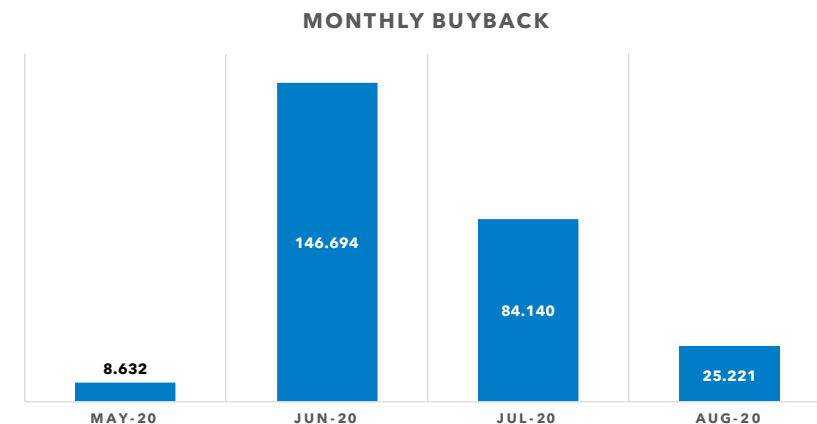
Listing Highlights

- Total shares at 01.09.2020: **43.392.222** o.w.
 - 41.632.222 ordinary shares
 - 1.500.000 performance shares
 - 260.000 special shares
- Warrants at 01.09.2020: **15.669.852** o.w.
 - **W1** 8.342.527
 - **W2** 7.327.325
- Floating and promoters at 01.09.2020: **27,8%**
- Controlling Shareholder: **Finhold S.r.l.**
 - 72,2 % CS
 - 72,6% voting rights

Buyback

- Buyback planning: started on 28.05.2020
- Duration: max 18 months
- Max purchasable shares: **10%** of total
- No. treasury shares at 31.08.2020: **264.687**
- % Treasury shares on total at 31.08.2020: **0,6137%**

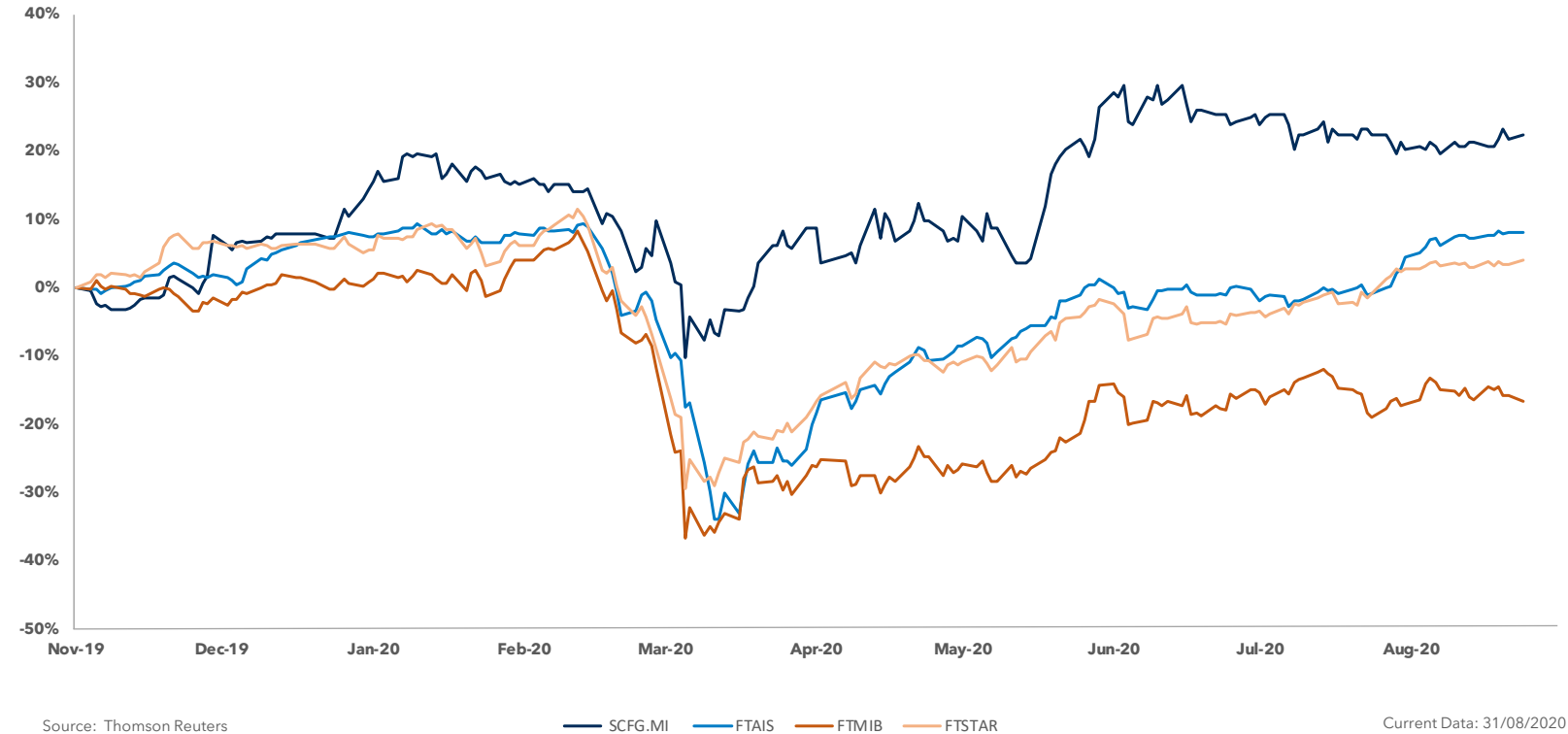
No. treasury shares



Listing Process and Securities **Stock Data**

- Market: AIM Italia of Borsa Italiana S.p.A.
- Ticker on Borsa Italiana: SCF
- Listing Price at 08.11.2019: €9,60
- Last Price at 31.08.2020: **€11,70**
- Market Cap: **€508M**
- Max 12 months: €12,75 (June)
- Min 12 months: €8,66 (March)
- EV/EBITDA*: 6,46
- P/E*: 15,48

* Data on an annual basis are calculated simply by doubling the 1H 2020 figures



Coverages: Banca Akros, Intermonte, Mediobanca → Average Target Price (ATP) at 31.08.2020: **€13,23**

Salcef Group - Listed Securities

Share	SCF	ISIN IT0005388266	41.632.222
Warrant 2024	WSCF	ISIN IT0005388183	8.342.527
Warrant 2023	WSCF23	ISIN IT0005388191	7.327.325

Warrant 2024 (WSCF): Warrants give right to buy shares at price of € 0,10 each

Conversion Ratio: is variable and based on monthly share price with strike price at € 9,30 and Cap at € 13,00

Maximum converted Ordinary Shares: No. 2.392.637 (at Max Conversion Ratio 0,2868x), with capital increase of € 239.264,67

Warrants expiry on 8th 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

Maximum converted Ordinary Shares: No. 7.327.325 (Conversion Ratio 1x), with capital increase of € 76,9M

Warrants expiry on 30th 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).

Salcef Group - Not Listed Securities

Special Shares	ISIN IT0005388274	260.000
Performance Shares	ISIN IT0005388282	1.500.000

Special Shares: Owned by ISI3 Promoters - **Conversion Ratio:** in Ordinary Shares 7x

- 1. 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
- 2. 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.

Performance Shares: Owned by Finhold, No. 1.500.000 (portion of the initial Equity Value) - **Conversion Ratio:** in Ordinary Shares 5x

- 1. 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.
- 2. 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.
- 3. 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.



Contacts

Diego Paniccia

Investor Relator

Tel: +39 06 416281

E-mail: investor.relations@salcef.com