



SALCEF GROUP



1H 2021 Results Presentation

6 August 2021

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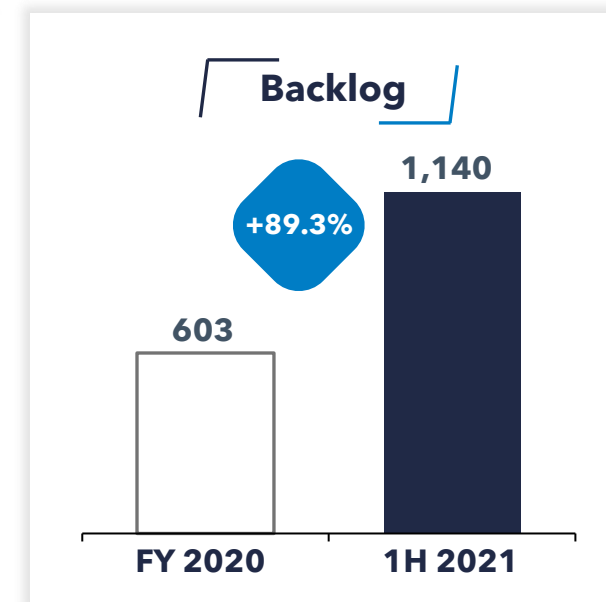
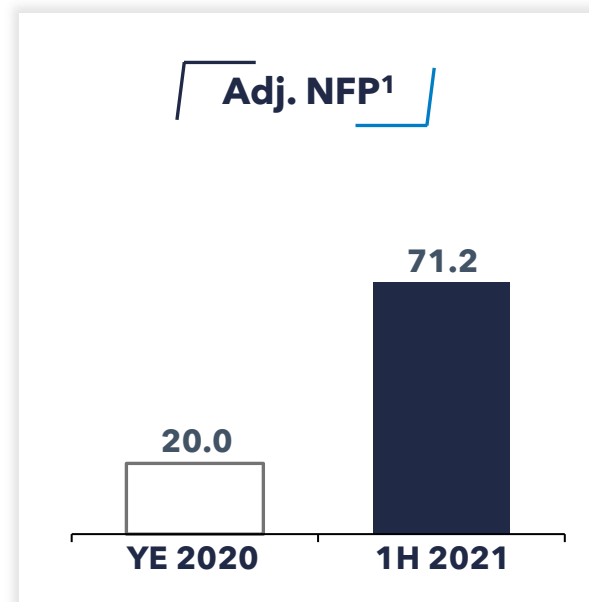
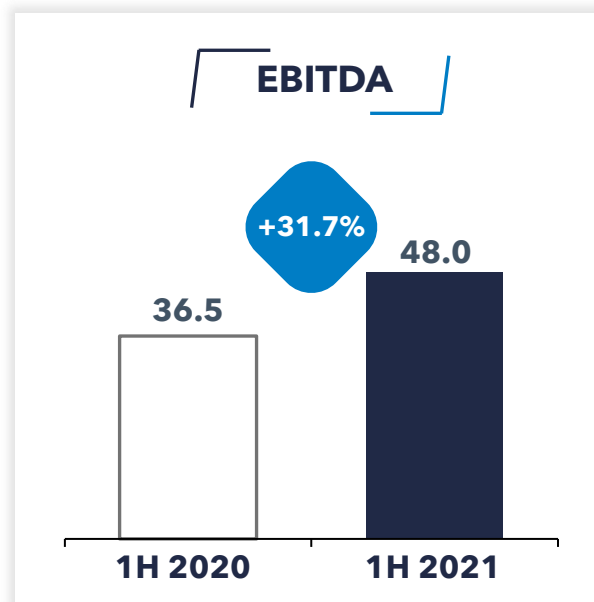
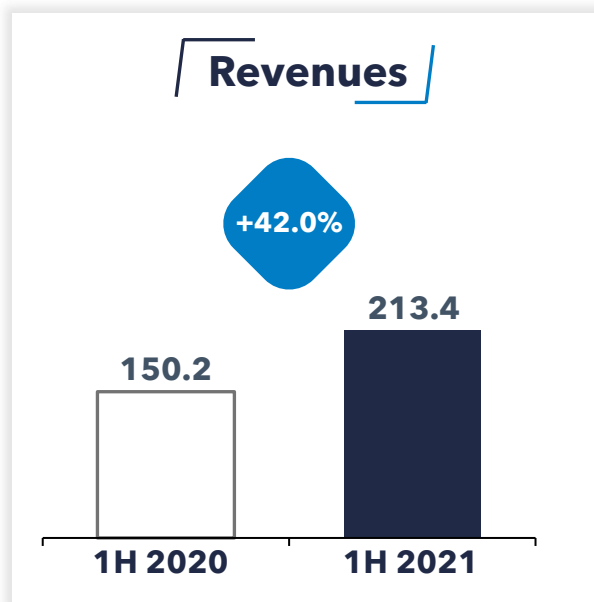
Key messages

- **Business volumes** materially up YoY mainly thanks to robust organic growth and consolidation of recently acquired companies
- **Backlog at record-high level above € 1.1 Bn**, assuring more than 3 years of equivalent production
- **Italian Recovery and Resilience Plan** recently received green light by the EU
- Material capital increases received after conversion of **Warrants**
- First **sustainable finance** transaction completed



1H 2021 Highlights

€ Mln

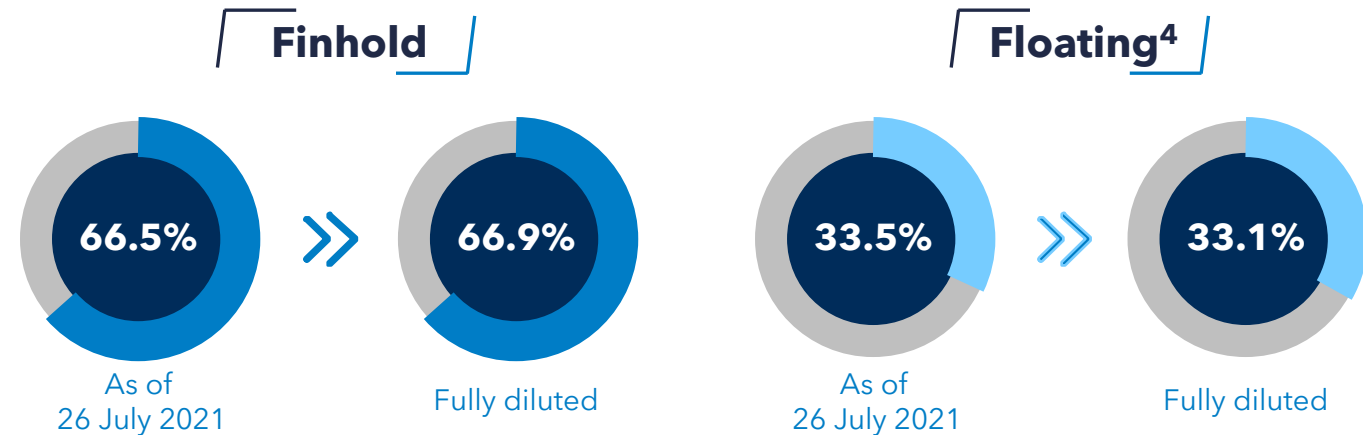


1. Does not consider negative impact caused by Warrant Fair Value (€ 3.6 mln at 30 June 2021; € 19.3 mln at 31 December 2020)

Streamlined and strengthened capital structure

- Conversion of both categories of Warrant completed
- In less than 2 years since the listing on the AIM:
 - **98.8%** of the warrants converted
 - **More than € 76 Mln** of new resources received by shareholders
 - **18.6 mln** of new ordinary shares¹, now the only listed security on the market
- Remaining Performance and Special Shares to be converted in **January 2022** since all the conditions have been already met

As of 26 July 2021	#
Ordinary Shares	56,117,729
Performance Shares ²	641,044
Special Shares ³	153,851
TOTAL	56,912,624
TOTAL FULLY DILUTED	60,399,906



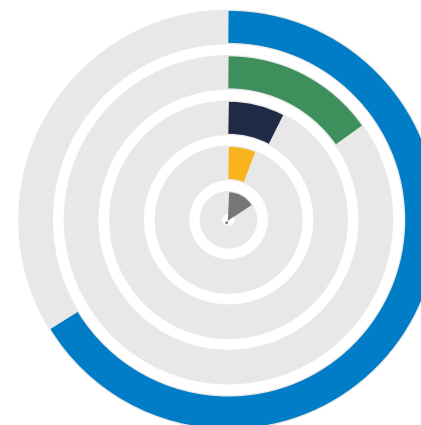
1. Including 8.2 million from the conversion of Special Shares (7 ordinary shares each) and Performance Shares (5 ordinary shares each)
 2. Entirely in the hands of the majority shareholder Finhold s.r.l.
 3. Entirely in the hands of the Promoters of Industrial Stars of Italy 3
 4. Including Promoters and Treasury Shares

Revenues

€ Mln

- Consolidated **Revenues** at **€ 213.4 mln**, up 42.0% YoY mainly due to:
 - **Favourable comparison with 1H2020**, impacted by reduction of production due to Covid-19 crisis (€ 18.1 mln)
 - **Change in perimeter** with the consolidation of Delta (€ 21.3 mln) and, to a lesser extent, Bahnbau Nord (€ 1.6 mln)
- Without considering those effects, **remarkable organic growth at 14.8%**

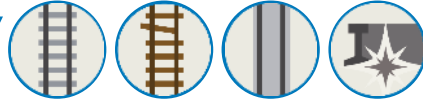
	1H 2021	1H 2020	Δ (%)
Track and Light Civil Works	144.6	106.5	35.7%
Energy, Signalling & TLC	28.2	15.5	81.8%
Heavy Civil Works	12.1	10.0	21.6%
Railway Machines	9.2	3.3	181.5%
Railway Materials	19.3	15.0	28.8%
Total	213.4	150.2	42.0%



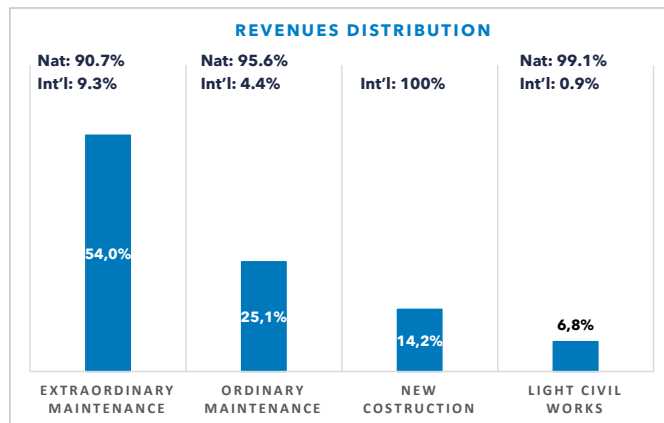
- 67.8% Track & Light Civil Works** (70.9% in 1H 2020)
- 13.2% Energy, Signalling & TLC** (10.3% in 1H 2020)
- 5.7% Heavy Civil Works** (6.6% in 1H 2020)
- 4.3% Railway Machines** (2.2% in 1H 2020)
- 9.0% Railway Materials** (10.0% in 1H 2020)

Focus on Business Units (1/2)

Track & Light Civil Works



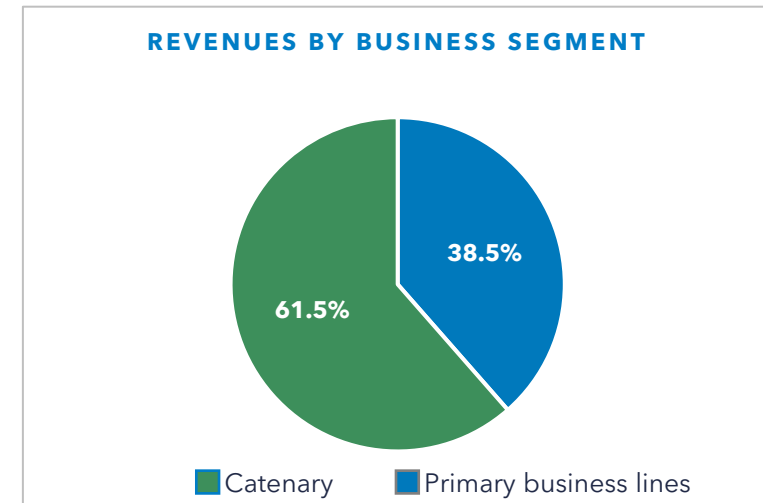
- 1H 2021 Revenues at **€ 144.6 mln, up 35.7% YoY** mainly due to:
 - Consolidation of Delta
 - Ramp-up of the activities in Abu Dhabi for track construction on the Ruwais - Ghuweifat railway
 - Final activities within the expiring 3-year 2018-2020 framework agreements
 - Execution of recently signed contracts for light civil works in Italy
- New contract for track construction in Freight Facilities along the railway connecting Abu Dhabi to the border with Saudi Arabia
- Going forward, activities will be focused on executing new framework agreements and international contracts



Energy, Signalling & Telecommunication



- 1H 2021 Revenues at **€ 28.2 mln, up 81.8% YoY** mainly due to:
 - Recovery of production activities, especially at COGET, which was the mostly impacted company during the Covid-19 crisis
 - Ramp-up of the activities within contracts for catenary maintenance in Southern Italy
- Going forward, activities will be focused on executing current agreements in both business segments



Focus on Business Units (2/2)

Heavy Civil Works



- 1H 2021 Revenues at **€ 12.1 mln, up 21.6% YoY** mainly due to:
 - Final activities on some contracts in Italy
 - Execution of existing contract in Germany
- Going forward, production volumes mainly driven by activities in Germany

Railway Machines



- 1H 2021 Revenues at **€ 9.2 mln, up 181.5% YoY** mainly due to:
 - Consolidation of Delta
 - Sales to third-party customers, both Delta in the US and SRT in Italy
- Design phase of two new machines for the Group completed. Production expected to start at the beginning of 2022
- Going forward, activities will continue to be focused on expanding the third-party market and supporting Group companies

Railway Materials



- 1H 2021 Revenues at **€ 19.3 mln, up 28.8% YoY** mainly due to a higher number of sleepers produced
- Average impact of raw materials, mainly steel, on the total cost of production up YoY but still under control and fully manageable
- Production line for slab-track ready to kick-off, with final products now in the testing process before qualification
- Investments for the upgrade of old production lines ongoing
- Going forward, activities at Overall focused on reaching operational excellence and enlarging the range of products

Revenues by Country

€ Mln

- **Revenues** coming **from outside Italy at 24%** of the total, highest level of the last five years, mainly driven by:
 - **North America**, now at 10% with the consolidation of Delta
 - **Material step-up** in the contribution from **Middle East**, thanks to the contract in Abu Dhabi
 - **North Africa** back to growth after the reduction in 1Q thanks to a new contract in Egypt
 - **Europe lower YoY**, with the contribution from Germany more than offset by the end of Norwegian projects

	1H 2021	1H 2020	Δ (%)
Italy	162.4	121.9	33.2%
Europe [Excluding Italy]	14.9	24.2	(38.2%)
North America	21.3	0.0	N/A
Middle East	13.2	3.2	310.1%
North Africa	1.5	0.9	63.8%
Total	213.4	150.2	42.0%



- 76.1% Italy** (81.2% in 1H 2020)
- 7.0% Europe (excl. Italy)** (16.1% in 1H 2020)
- 10.0% North America** (0% in 1H 2020)
- 6.2% Middle East** (2.1% in 1H 2020)
- 0.7% North Africa** (0.6% in 1H 2020)

Economic and Financial KPI

€ Mln

	1H 2021	1H 2020	Δ (%)
Revenues	213.4	150.2	42.0%
EBITDA	48.0	36.5	31.7%
<i>EBITDA Margin</i>	22.5%	24.3%	-
D&A ¹	(13.6)	(10.6)	28.4%
EBIT	34.5	25.9	33.0%
<i>EBIT Margin</i>	16.2%	17.3%	-
<i>Adjusted Net Financial Income (Expenses)*</i>	1.8	(2.3)	178.2%
Adjusted EBT	36.2	23.6	53.34%
<i>Adjusted Income Taxes**</i>	(9.8)	(7.2)	35.41%
Adjusted Net Profit	26.4	16.4	61.3%
* Change in warrant fair value	(9.6)	(17.7)	(45.7%)
** DTA reversal related to revaluations	(1.6)	-	-
Net Profit	15.3	(1.3)	-
Adjusted Net Financial Position	71.2	20.0 ²	256.9%

- **EBITDA Margin** down 1.8 p.p. vs. 1H 2020 due to the different mix of revenues compared to the first quarter of 2020, mainly generated by the different consolidation perimeter of the subsidiaries
- **Higher D&A** on the back of higher Capex
- **Tax rate** adjusted at **27.1%**, up compared to FY 2020 (26.0%), which benefitted from lower Regional Corporate Tax (IRAP) as part of the extraordinary measures to support companies during Covid-19 crisis. Going forward, on the back of Industry 4.0 tax benefit and without additional benefits, tax rate adjusted expected to be between 27% and 28%
- Since all the warrants have been converted/expired, P&L adjustments expected to remain broadly in line with 1H figure. NFP at 30 September 2021 won't be impacted by adjustments (€ 3.6 mln in 1H 2021) any longer.
- Adjusted NFP at **€ 71.2 mln**, materially up vs. FY2020 due to solid cash generation and contribution from warrant conversion

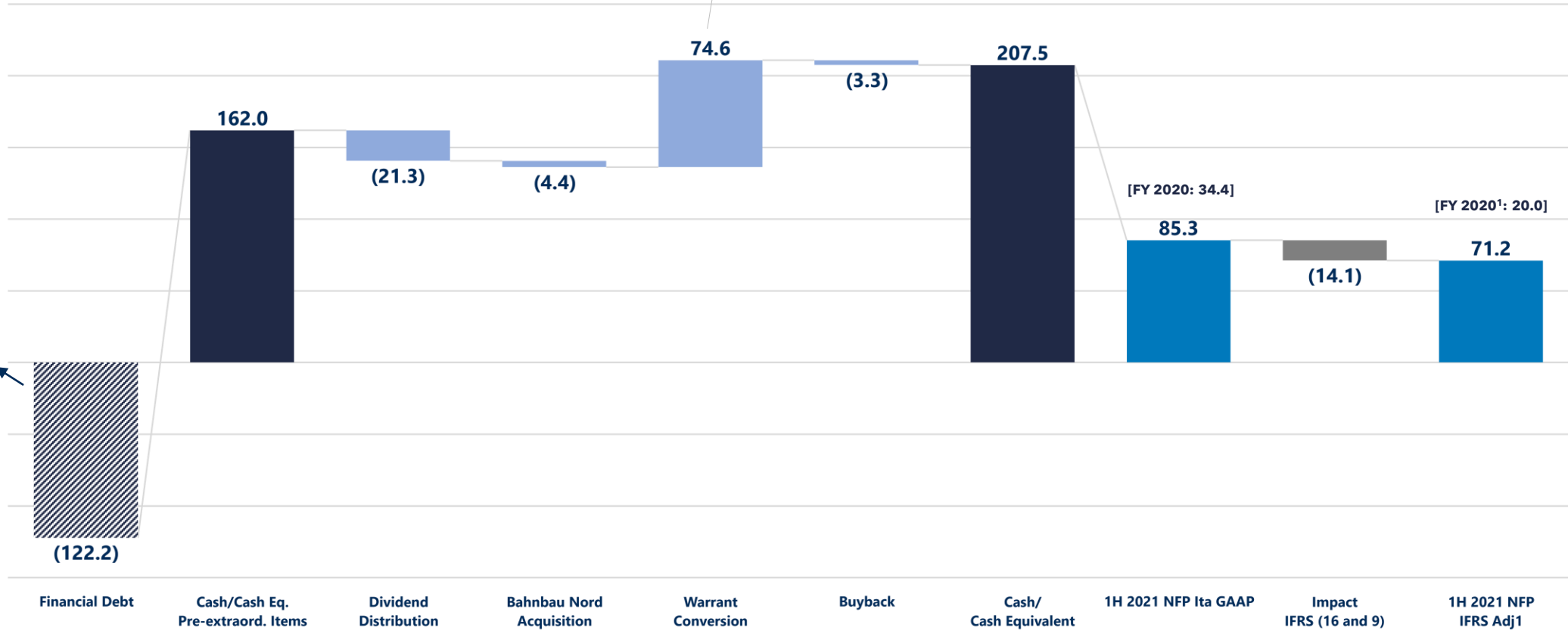
1. Including impairment losses
2. Figure at 31 December 2020

NFP evolution

€ Mln

Includes the **new € 30 mln S-Loan** with Green Guarantee by SACE and interest rate that may benefit from the evolution of ESG KPI

Of which € 19.5 mln cashed in at the beginning of July and therefore accounted for as cash equivalent



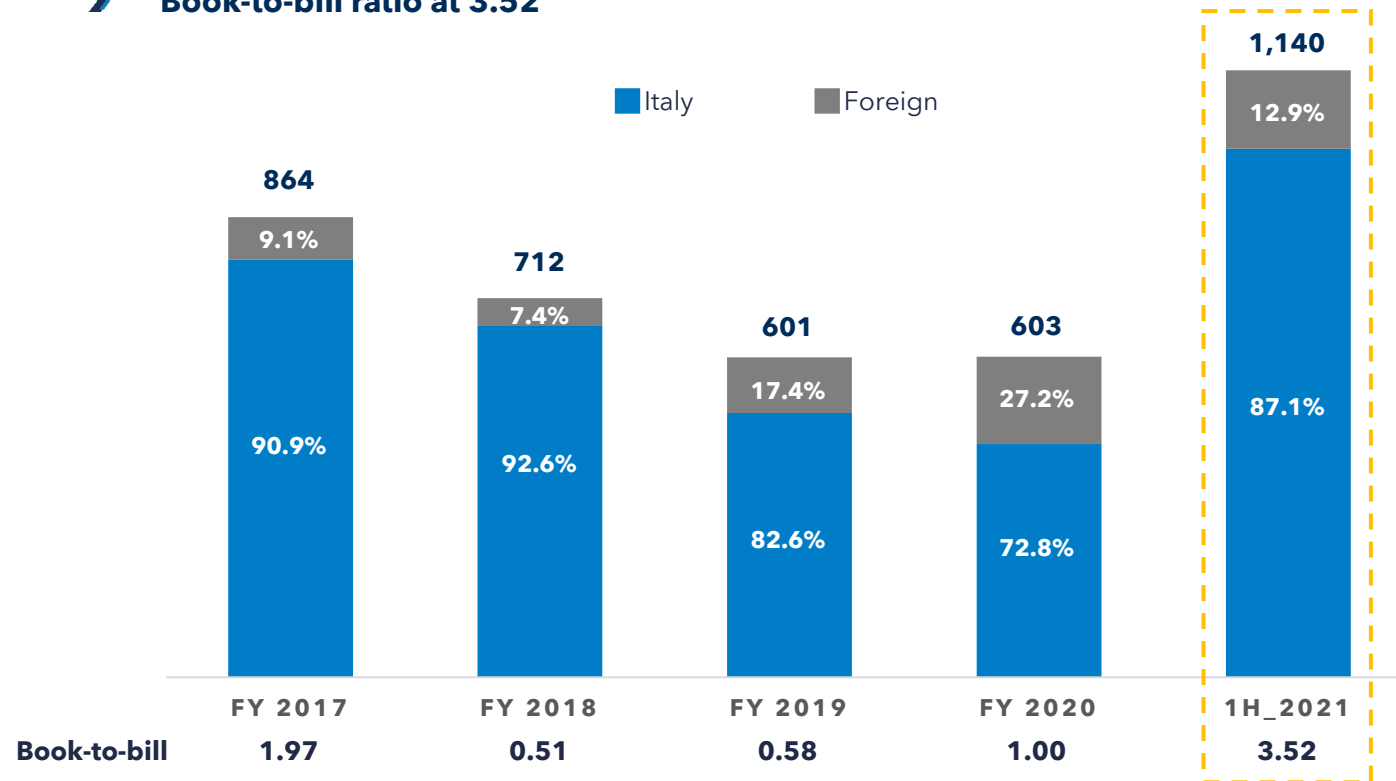
- Features of financial debt:
- **Duration:** approx. 36 months
 - **Average of replacement:** rolling
 - **Structure:** Corporate
 - **Coverage:** the whole Italian banking system



1. Does not consider negative impact caused by Warrant Fair Value (€ 3.6 mln at 30 June 2021; € 19.3 mln at 31 December 2020)

Backlog

€ Mln

- **Backlog¹ at the all-time high € 1.1 Bn**, of which **€ 993 mln (87.1%)** from **Italian market** and **€ 147 mln (12.9%)** from **foreign markets**
- The **different time frame** of Italian contracts, typically longer than foreign ones, impacts the current composition of the backlog
- **Track & Light and Civil Works** and **Energy Signalling & Telecommunication** confirmed as the core Business Units, with **92.4%** of the total backlog
- **Book-to-bill ratio at 3.52**



Business Unit	Amount	%
Track and Light Civil Works	876.1	76.8%
<i>of which Foreign</i>	130.5	11.4%
Energy	178.5	15.6%
<i>of which Foreign</i>	4.1	0.4%
Heavy Civil Works	13.9	1.2%
<i>of which Foreign</i>	11.2	1.0%
Railway Machines	2.8	0.2%
<i>of which Foreign</i>	1.6	0.1%
Railway Materials	69.4	6.1%
Total	1,140.7	100.0%
 Italy	993.3	87.1%
 Foreign	147.4	12.9%

1. Do not include agreements between Group companies, to be considered intercompany

Closing remarks

- **Well positioned** for a positive second half of the year
- **Positive medium-term outlook** supported by the new backlog and upside coming from Italian PNRR
- Continuous scouting of the market for **potential new acquisitions**





A vertical blue line is positioned to the left of the word 'Appendix'.

Appendix

Recent history

Growth phase through **3 strategic streams:**

1. Capacity building
2. Sector consolidation in Italy
3. Business development in Eastern Europe and Middle East

Establishment of **Cosfer**, operating in Italy in railway maintenance sector

1949

Salciccia family acquires the business and launches an important development plan

1975

1975-2017

2021

Second acquisition in the Deutsche market (Bahnau Nord)

2020

- Debut on the **MTA - Mercato Telematico Azionario**
- **Acquisition of Delta Railroad Construction in the US**

2019

- **Listing on the AIM Italia** market
- **Acquisition of Coget Impianti** to enter in the **electricity transmission** business

2018

First international acquisition (Deutsche company H&M Bau now Salcef Bau)

Market scouting for new M&A opportunities, targeted for 2021-2022

Group Structure

HOLDING

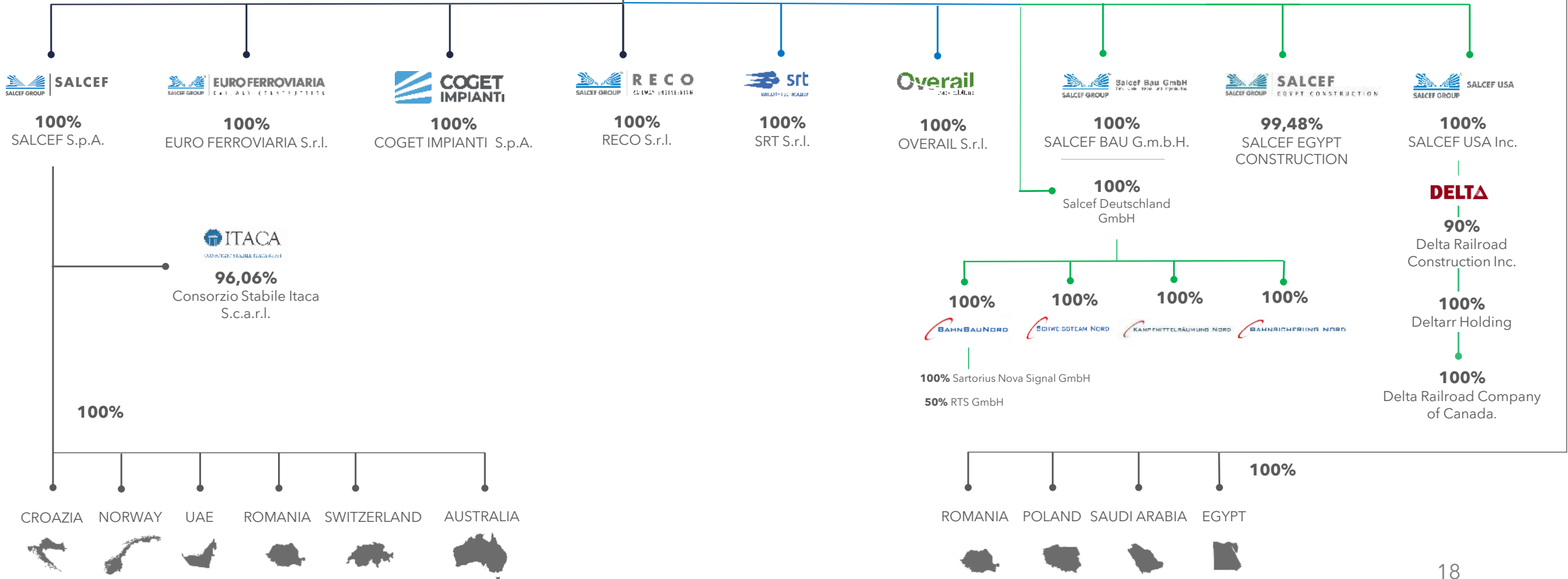
- Listed **MTA** Market
- 66.5%** controlled by Finhold S.r.l. - **33.5%** Floating & Promoters & Treasury shares
- BofD** : **9** members, of which **3 independent**
- Headcount**: > **1,450**



Coordination and control

- Project
- Industry
- Foreign Company
- Branches

COMPANIES



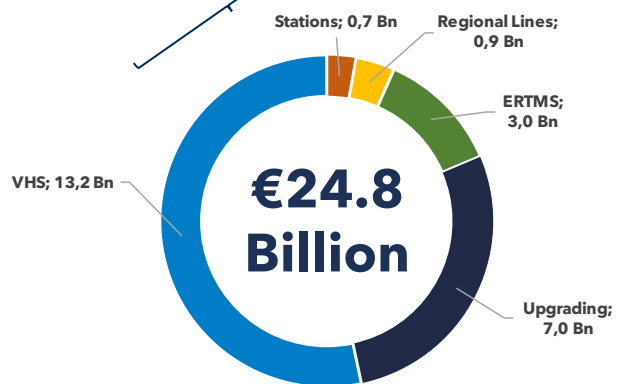
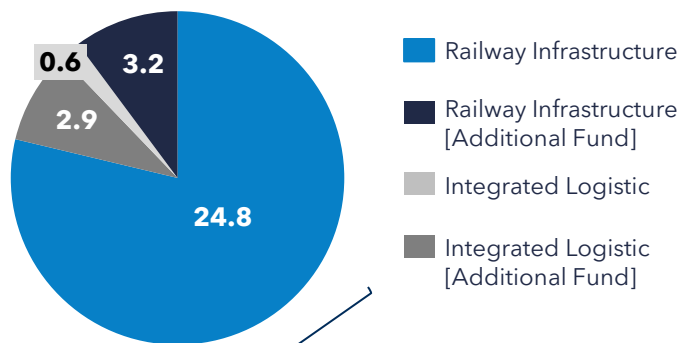
BRANCHES

Focus on Italian Recovery and Resilience Plan

€ Bn

Italian Recovery and Resilience Plan Mission 3 - Infrastructure for a sustainable mobility

TOTAL: € 31.5 Bn

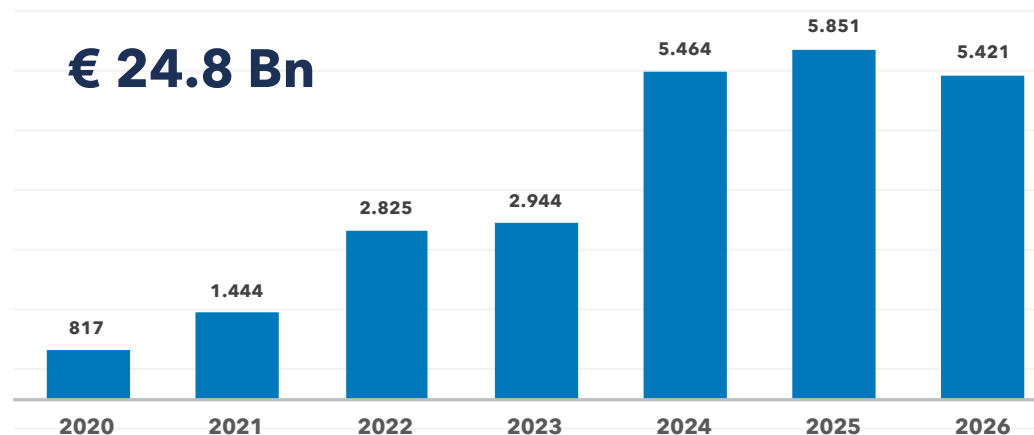


Source: National Recovery and Resilience Plan

In the Italian Recovery and Resilience Plan the amount allocated to the railway sector is around **€ 28 Bn** of which € 24.8 Bn already allocated to various sectors and activities

→ Starting production of new contracts

€M	TOTAL	2020	2021	2022	2023	2024	2025	2026
Napoli - Bari	1.400	30	80	173	200	271	322	324
Palermo - Catania	1.440	22	25	140	219	283	399	352
Salerno - Reggio Calabria	1.800	0	20	146	399	365	304	566
Brescia - Verona - Padova	3.670	152	341	710	116	900	1.096	355
Liguria - Alpi	3.970	398	532	724	736	886	559	135
Verona - Brennero	930	0	8	20	56	244	280	322
Orte - Falconara	510	0	1	27	61	92	125	204
Roma - Pescara	620	0	2	16	57	125	186	234
Taranto - Metap. - Pot. - Battip.	450	2	6	9	57	84	116	176
Upgrading Regional lines	936	0	22	30	58	254	287	285
Upgrading South Stations	700	0	21	64	103	195	192	125
Underground Hubs	2.970	172	189	280	320	616	715	678
ERTMS	2.970	0	50	299	345	643	705	928
South railway electrification	2.400	41	147	187	217	506	565	737



Source: Il Sole 24 Ore - May 11th 2021



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