EMARKET SDIR CERTIFIED

SALCEF GROUP

FY 2022 Results Presentation

17 March 2023

Speakers

Valeriano Salciccia
Chief Executive Officer

Fabio De Masi
Chief Financial Officer

Alessio Crosa
IR & Sustainability Manager

Key messages

DELIVERING ON PROMISES

- Three years after the IPO, almost all the proceeds have been invested in the development of the Group, which is now **bigger**, **stronger** and more **integrated**

GROWTH

- **Revenue growth above expectations,** with a remarkable 4Q bringing the organic growth at **21.5%**
- **EBITDA** reaching **€ 114 mln** with profitability kept at above 20% as promised
- **Backlog at € 1.7 Bn** supported by new acquisitions, with an organic book-to-bill at **1.35x**

ESG

- Group performance improved on all the 3 dimensions confirming Group commitment
- Better ESG ratings from MSCI and Ecovadis
- Sustainability Committee established within the BoD to further support ESG strategy and targets

AMBITION

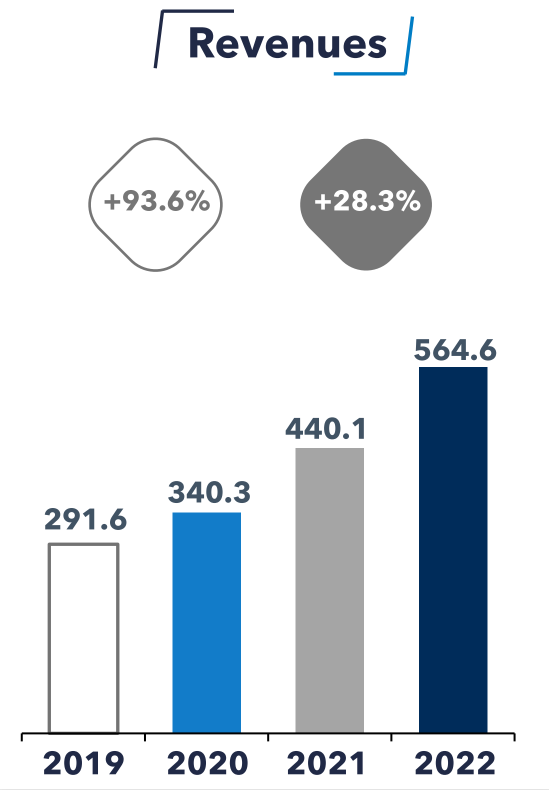
- New BU **Rail Grinding & Diagnostics** launched to catch market opportunities leveraging on our integrated business model
- Capex Plan to further boost investments to support organic growth
- 2023 expected to be another year of consistent ramp up of volumes, with EBITDA margin to remain broadly in line with 2022

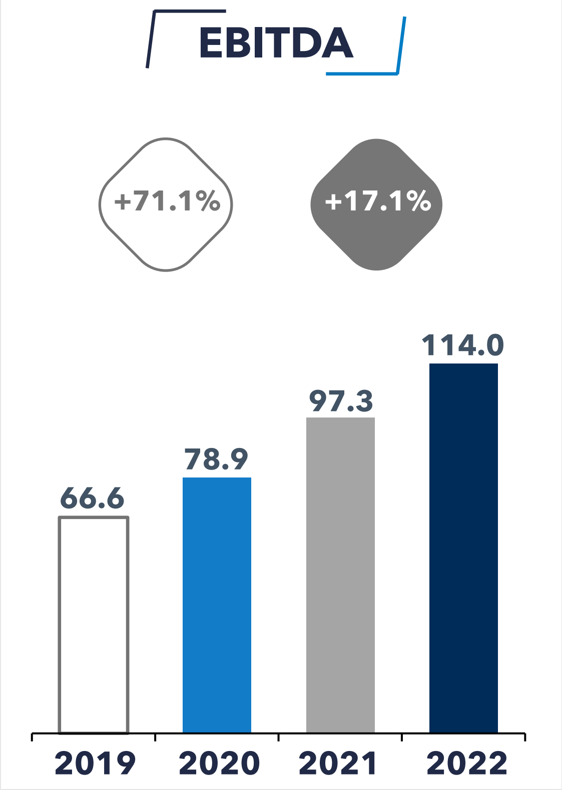
A different shape with the same goal…

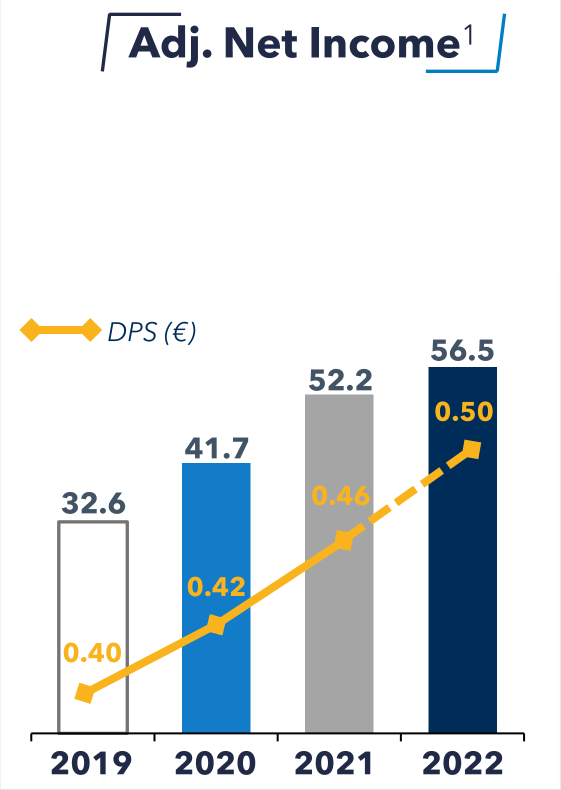
€ Mln

2022 vs. 2019

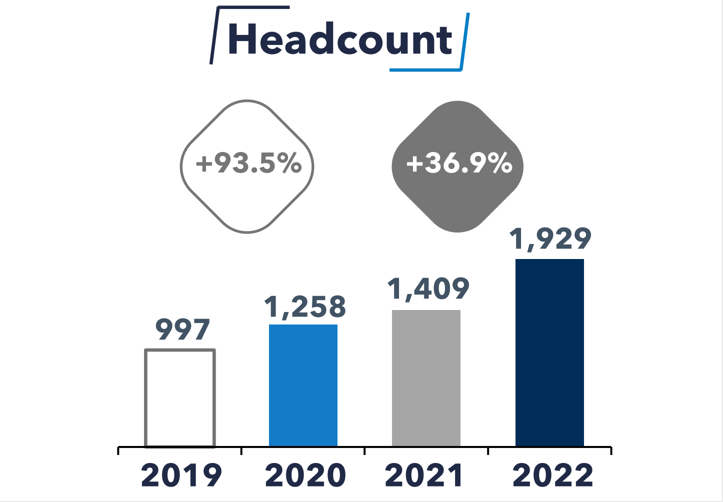
2022 vs. 2021







- **4 Acquisitions post-IPO**, 2 in Italy, 1 in the US and 1 in Germany for total EV **> € 130 mln**
- **> € 120 mln** invested in organic CAPEX
- **> € 66 mln** distributed to shareholders
- Cash positive for **€ 26 mln** at the end of 2022



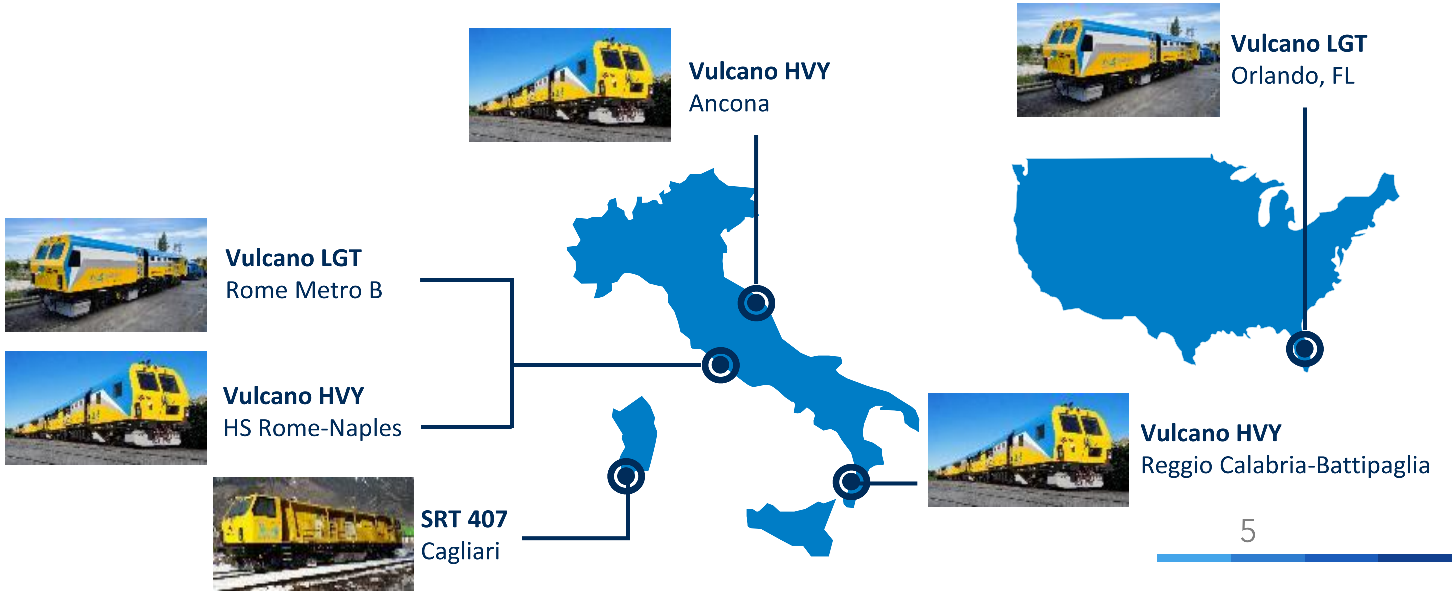
…continue growing with financial and operative discipline to deliver return to our shareholders

1. 2020 and 2021 adjusted to exclude the impact on financial expenses of the fair value gains and losses on the "warrant in compendio e integrativi" and the tax impact of the reversal of deferred tax assets on revaluations. 2022 adjusted to exclude the tax impact of the reversal of deferred tax assets on revaluations and to exclude the impact on financial expenses of the fair value change on financial investments

Rail Grinding & Diagnostics

- The ever-heavier level of railway traffic and the increase in weights and speeds, are subjecting rails and turnouts to significant mechanical stresses which may cause even serious damage over time
- To guarantee the operating safety of track and optimize its lifetime, routine rail and turnout grinding is a vital part of track maintenance
- Thanks to the experience and the close collaboration with the Railway Machines business unit we can provide:
  - **All-inclusive solutions**
  - **High production capacity** thanks to high performance engines and grinding motors
  - **Extremely accurate measuring system** to optimize solutions and maximize results
  - **Environmental Sustainability** with Stage V engines and dust extraction system

- Current Group's fleet for grinding activities is made of **5 Vulcano series rail grinders** and a smaller grinder, all built internally by **SRT**
- Vulcano rail grinders, in their Heavy and Light versions, are designed with modular principles to assure high productivity. Thanks to their flexibility they can be adapted for operation on all the lines, from High Speed to metro, tramlines and narrow-gauge railways



Revenues

€ Mln

- Consolidated **Revenues** at **€ 564.6 Mln**, up 28.3% YoY mainly due to:
  - **Organic growth at 21.5%**, mainly supported by **Heavy Civil Works (144.2%)** benefitting form the increasing volumes on the Verona-Padua HS line contract, and **Energy, Signalling & Telecom (23.6%)**
  - **Contribution** of **Bahnbau Nord** (€ 22.7 Mln[1]) in **Track & Light Civil Works** and of the recently acquired business unit of the PSC Group (€ 15.9 mln) in **Energy, Signalling & Telecom**

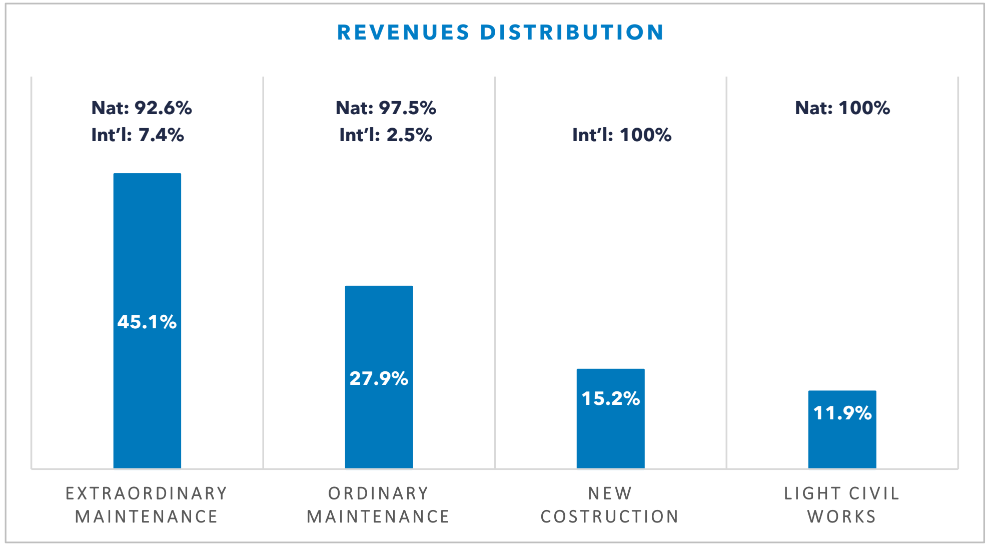
	2022	2021	Δ (%)
Track and Light Civil Works	**355.0**	314.3	13.0%
Energy, Signalling & Telecom	**87.3**	57.8	51.1%
Heavy Civil Works	**52.7**	21.6	144.2%
Rail Grinding & Diagnostics	**15.2**	0[2]	n.a.
Railway Materials	**41.7**	36.1	15.5%
Railway Machines	**12.6**	10.4	21.1%
Total	**564.6**	**440.1**	**28.3%**

1. Net of € 8.5 mln already recorded in 2021
2. In 2021 Rail Grinding & Diagnostics activities were included in Track & Light Civil Works

Focus on Business Units (1/4)

Track & Light Civil Works

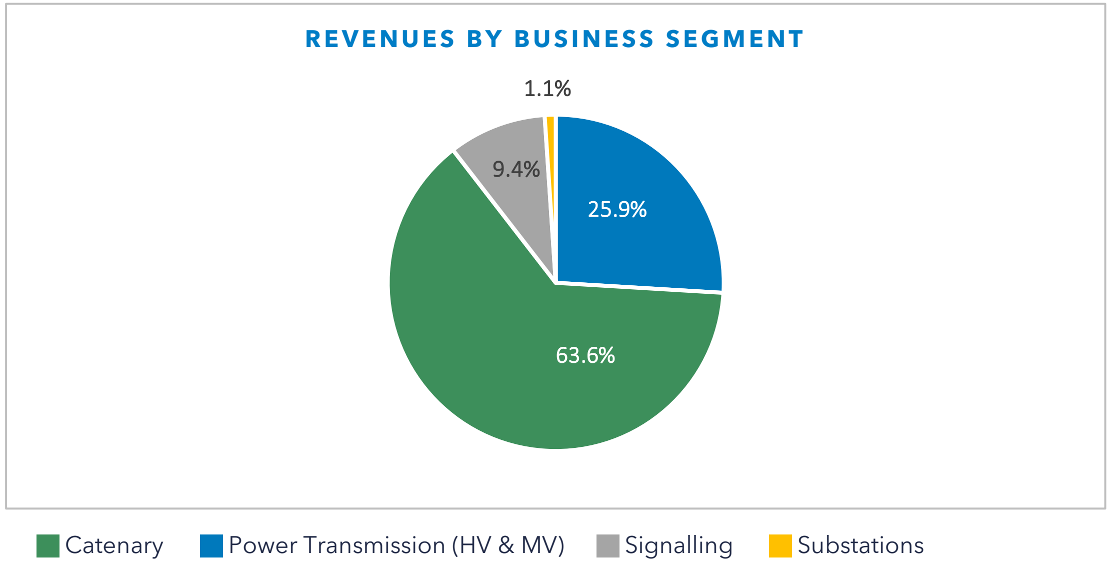
- 2022 Revenues at **€ 355.0 Mln, up 13.0% YoY** mainly due to:
  - Activities within the new 3-year framework agreements with RFI
  - Light civil works and other maintenance and renewal contracts in Italy
  - Consolidation of Bahnbau Group
- 2023 activities will benefit from ramping up of US contracts on the back of the significant order backlog in the country, consolidation of Francesco Ventura Costruzioni Ferroviarie, and first activities on contracts in Romania expected towards year-end



Focus on Business Units (2/4)

Energy, Signalling & Telecommunication

- 2022 Revenues at **€ 87.3 Mln, up 51.1% YoY** mainly due to:
    - Activities within the new 3-year framework agreements with RFI
    - Consolidation of the railway business unit acquired by PSC Group
    - Growing contribution from Germany and from the new contracts acquired in 2021
- Signalling activities increasing their weight in the business, now at approx. 9% of the total
- 2023 will benefit from the full contribution of the new business unit



Focus on Business Units (3/4)

Heavy Civil Works

- 2022 Revenues at **€ 52.7 Mln, up 144.2% YoY** mainly due to the contribution from the Verona-Padua HS line contract
- 2023 activities will be almost entirely focused on execution of the Verona-Padua contract and on activities in Germany

Rail Grinding & Diagnostics

- 2022 Revenues at **€ 15.2 Mln**
- First international contracts in Germany and the US
- New Vulcano Heavy delivered in March 2023 and already on the field
- 2023 will be focused on increasing activities in Italy and executing foreign contracts, also with business development purposes

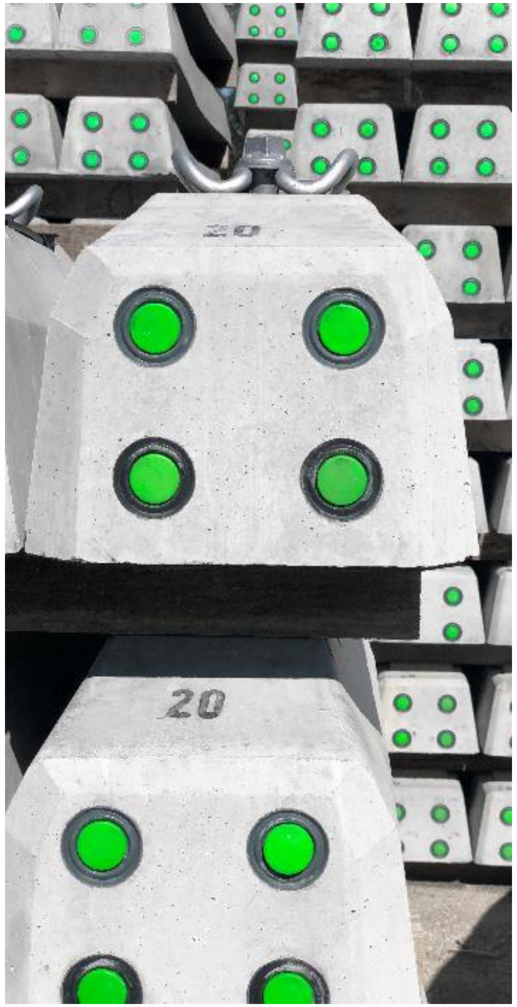
Focus on Business Units (4/4)

Railway Materials

- 2022 Revenues at **€ 41.7 Mln, up 15.5% YoY** with > 490,000 sleepers
- First production of >250 new FAST systems slabs, successfully installed by Track & Light Civil Works BU
- 2023 sleepers production expected broadly in line with 2022 while FAST production expected to ramp up. New multi-product production line to be completed in 2H

Railway Machines

- 2022 Revenues at **€ 12.6 Mln, up 21.1% YoY** mainly due to the recovery of the activities in the US
- On top of the growing support to the Group, 2023 production will be focused on executing a contract for a foreign customer and additional activities in the US. Activities for the retrofit of the new building production plant bought in 2022 to continue during the year



Revenues by Geography

€ Mln

- **Domestic** revenues materially growing **38.2%** (33.3% organic)
- Recovery in **North America**
- **Slow-down in Middle East** with lower production in Abu Dhabi
- **North Africa** higher YoY mainly due to a strong 4Q in Egypt

	2022	2021	Δ (%)
Italy	**447.7**	324.0	38.2%
Europe [Excluding Italy]	**48.2**	39.4	22.5%
North America	**48.7**	43.4	12.3%
Middle East	**14.4**	28.9	(50.1%)
North Africa	**5.6**	4.5	22.8%
Total	**564.6**	**440.1**	**28.3%**

79.3%	**Italy** *(73.6% in 2021)*
8.5%	**Europe (excl. Italy)** *(8.9% in 2021)*
8.6%	**North America** *(9.8% in 2021)*
2.6%	**Middle East** *(6.6% in 2021)*
1.0%	**North Africa** *(1.0% in 2021)*

Economic and Financial KPI

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€ Mln

	2022	2021	Δ (%)
Revenues	**564.6**	440.1	28.3%
EBITDA	**114.0**	97.3	17.1%
EBITDA Margin	*20.2%*	*22.1%*	-
D&A	(36.0)	(29.1)	23.4%
EBIT	**78.0**	68.2	14.4%
EBIT Margin	*13.8%*	*15.5%*	-
Adjusted Net Financial Income (Expenses)*	(1.7)	1.9	n.a.
***Adjusted* EBT**	**76.3**	70.1	8.8%
Adjusted Income Taxes**	(19.8)	(17.8)	10.8%
***Adjusted* Net Profit**	**56.5**	52.2	8.2%
* Fair value change of warrant and financial investments	(8.9)	(9.7)	(8.6%)
** DTA reversal related to revaluations and non-recurring tax expenses	(2.0)	(3.1)	(38.0%)
Net Profit	**45.6**	39.3	16.0%
***Adjusted* Net Financial Position**[1]	**26.0**	114.5	n.a.

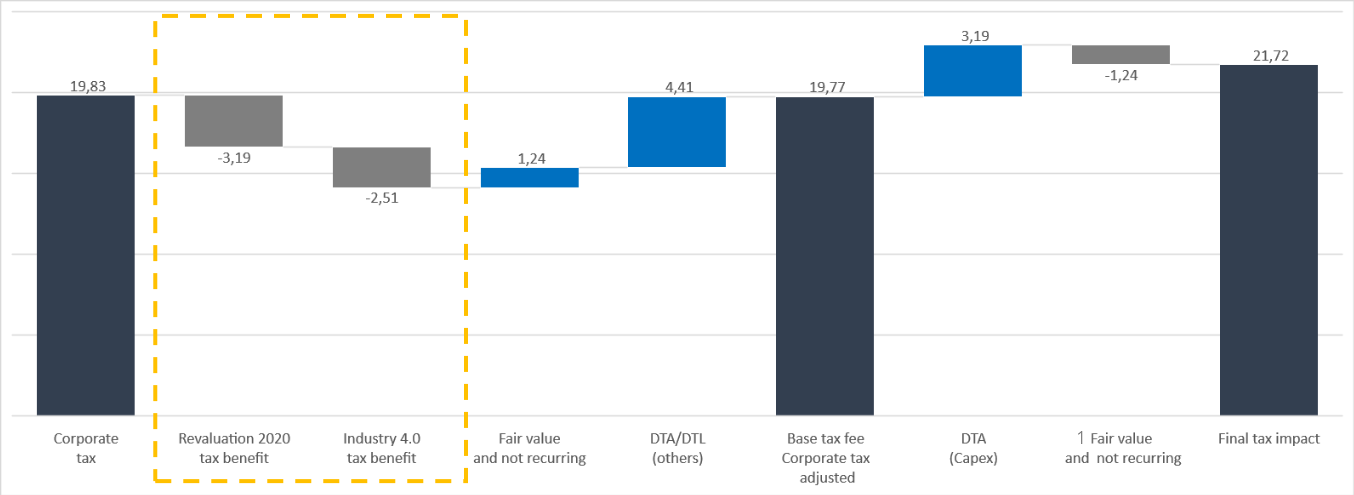
- **EBITDA Margin** kept flat vs 9M 2022 confirming resilience in the current context of higher production costs although down 2.1 p.p. vs. 2021
- **Higher D&A** on the back of higher Capex made both in 2021 and 2022 in line with the Group's Capex plan
- **P&L adjustments** related to:
  - Change in fair value of financial investments and, only for 2021, of the warrant
  - DTA reversal
- **Tax rate** at **25.9%** (see dedicated slide)
- **Adjusted NFP** at **€ 26.0 Mln** (Net Cash) include the approx. € 25 mln paid to the PSC Group for the acquisition of the railway business unit, dividend paid for € 28.5 mln and the overall € 70 mln for the acquisition of Francesco Ventura Costruzioni Ferroviarie

1. 2022 figure does not consider the fair value change on financial investments and the down payment on the Verona-Padua HS line contracts

Focus on Tax

Tax structure

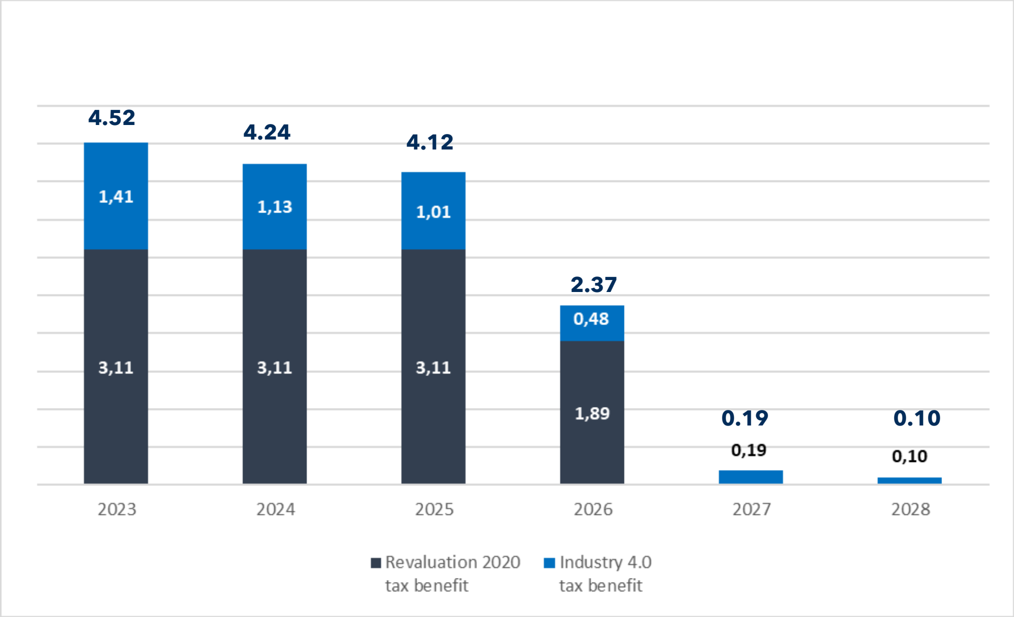
€ Mln



Capex Fiscal Impact 2022

Capex monetary tax benefit 2023-2028[2]

€ Mln



- FY 2022 final tax impact of **€ 21.72 Mln**
- **Effective tax rate** without DTA on Capex effect (Base tax fee / Adjusted EBT) and tax effect related to fair value on financial investments and warrants, not recurring tax items is equal to **25.9%** (25.5% in FY 2021)
- Capex Fiscal Impact 2022 at € 5.7 Mln (€ 5,62 Mln in 2021), in line with expectations. 2022-2028 figures do not include Capex from 2023 onwards

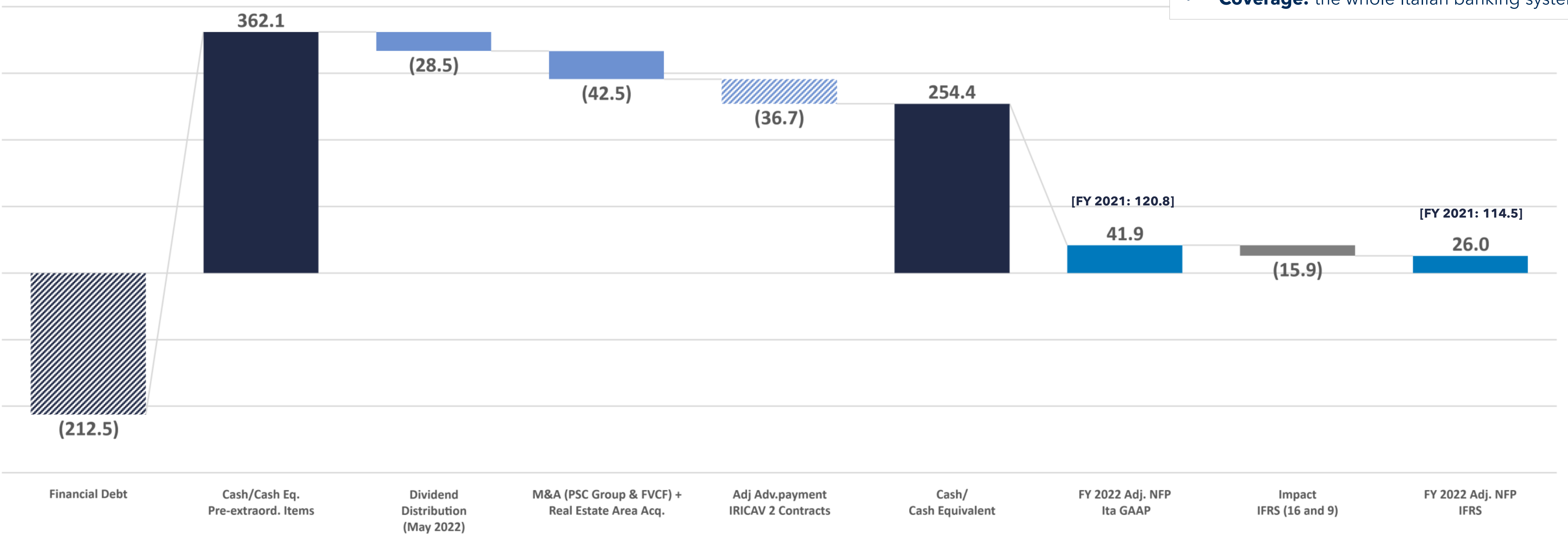
1. € 3.2 Mln reversal deferred tax asset (FY 2020 revaluation of strategic CAPEX)
2. Calculated on Capex until 31.12.22. The figure include the corporate tax benefit effect only. The effective benefit in higher considering the possibility to use tax credits arising from Capex to settle tax payments.

Adjusted NFP at 31 December 2022

€ Mln

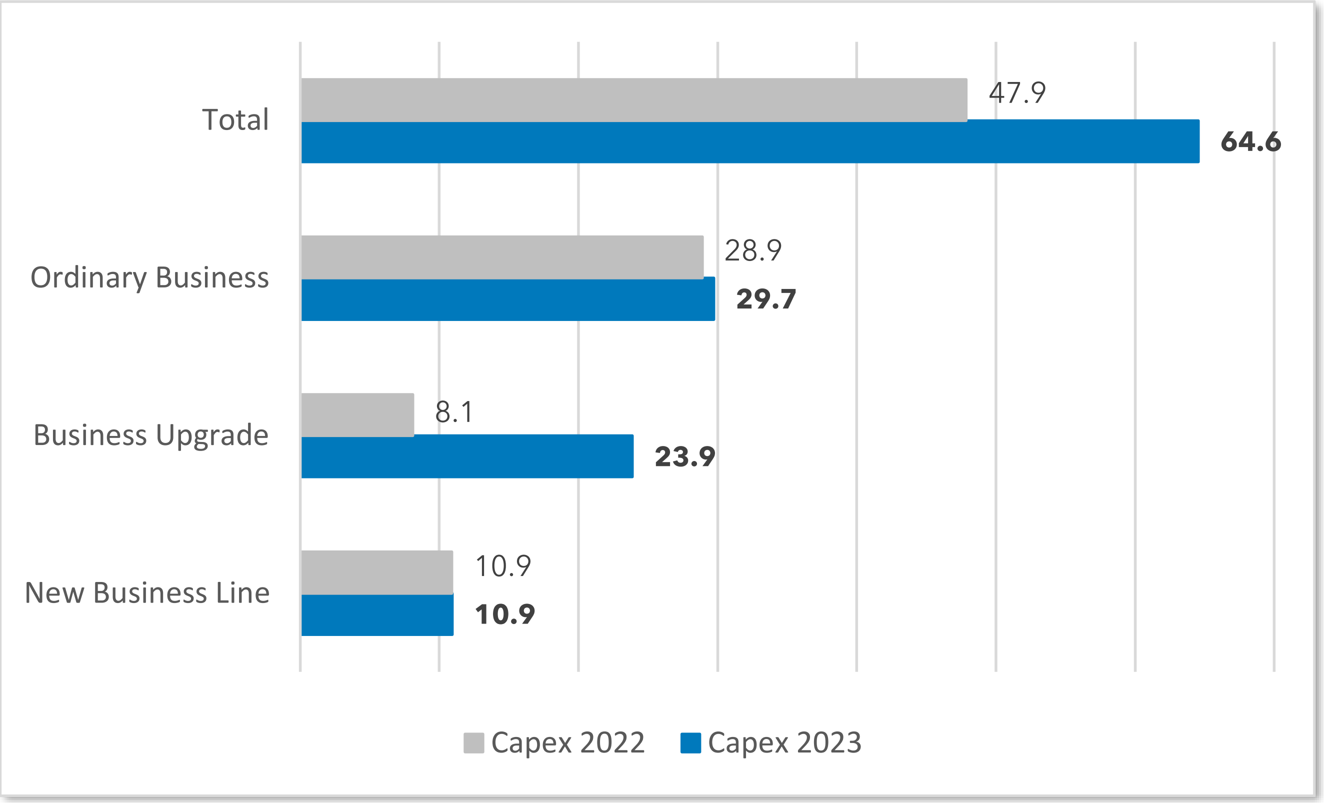
Features of financial debt:

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



Focus on Capex

€ Mln



- FY 2022 Capex at **€ 47.9 Mln**, in line with expectations although with a different mix between Ordinary and Business Upgrade due to the slight postponement of one investment on the latter
- **2023 Capex** expected materially higher reaching the peak at **€ 64.6 mln** (+35%)
  - Ordinary business flat confirming historical trend
  - Business Upgrade mainly focused on new machines for Track & Light Civil Works and Rail Grinding & Diagnostics (€ 18 mln)
  - Approx. € 10 mln for the development of new production plants for Railway Machines and Railway Materials

Ordinary Business: *investments to maintain of existing production capacity, the quality standards required by customers and the achievement of budget objectives*

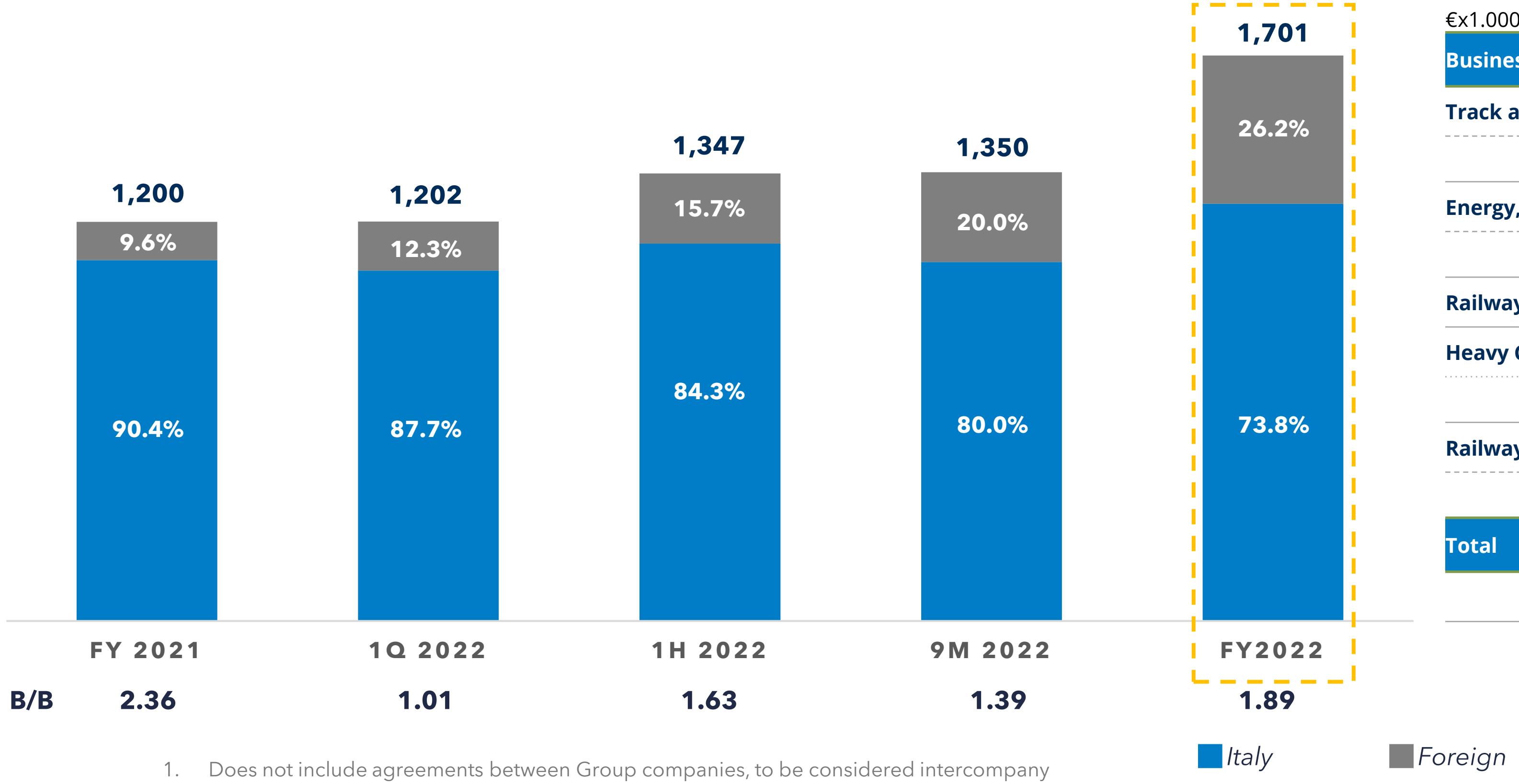
Business upgrade: *investments to upgrade existing production lines, with new plants, machinery or equipment, allowing for an increase in production capacity*

New business line: *investments related to the design and production of new products in order to open new strategic business lines*

Backlog

€ Mln

- **Backlog[1] further up at record € 1.7 Bn**, of which **€ 1,255 mln (73.8%)** from **Italian market** and **€ 445 mln (26.2%)** from **foreign markets**
- Compared to 9M2022, **further increase of the international component** due to the contracts signed in Romania
- **Track & Light and Civil Works** and **Energy Signalling & Telecommunication** confirmed as the core Business Units, with **87.9%** of the total backlog
- **Book-to-bill ratio at 1.89x,** with **approx. € 300 mln** coming from acquisitions
- Organic book-to-bill at **1.35x** with **>€ 750 mln** new contracts acquired in 2022



€x1.000

Business Unit	Amount	%
Track and Light Civil Works	**1,209,919**	**71.1%**
of which Foreign	*431,560*	*25.4%*
Energy, Signalling & Telecom	**286,142**	**16.8%**
of which Foreign	*542*	*0.0%*
Railway Materials	**53,677**	**3.2%**
Heavy Civil Works	**136,961**	**8.1%**
of which Foreign	*9,408*	*0.6%*
Railway Machines	**14,500**	**0.9%**
of which Foreign	*4,441*	*0.3%*
Total	**1,701,200**	**100.0%**
Italy	**1,255,249**	**73.8%**
Foreign	**445,951**	**26.2%**

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

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Business priorities for 2023

2023 Outlook

- **Business volumes** expected to growth by around 20% YoY (~ 10% organic), mainly driven by:
  - Consolidation within Track & Light Civil Works BU of the recently acquired Francesco Ventura Costruzioni Ferroviarie as well as 4-month contribution of business unit acquired from PSC
  - Further growth of the core business in Italy, with execution of the track works and energy Framework Agreements with RFI and of traditional and urban maintenance and renewal contracts for other customers
  - Construction activities on the Verona-Padua High Speed line going at regime
  - Ramp up of the activities on the ERTMS contract in Italy
  - Boost of US activities on the back of the execution of new contracts signed in 2022
  - First activities in Romania under the upgrade and modernization contracts signed in 2022
- In the current scenario with inflationary pression remaining fairly high and with the need to focus on the integration of Francesco Ventura Costruzioni Ferroviarie, **EBITDA margin** is expected to remain broadly in line with 2022, still supported by the effect on governmental measures
- **Capex** expected at € 65 mln further up compared to 2022 to sustain organic growth

Q&A

Appendix

Group Structure

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SALCEF GROUP

HOLDING

SALCEF GROUP

OPERATING COMPANIES

- **100%** SALCEF S.p.A.
  - **96.06%** Consorzio Stabile Itaca S.c.a.r.l.
- **100%** EURO FERROVIARIA S.r.l.
  - **55%** Consorzio Stabile Contese
- **100%** FRANCESCO VENTURA COSTRUZIONI FERROVIARIE S.r.l.
- **100%** COGET IMPIANTI S.r.l.
- **100%** RECO S.r.l.
- **100%** SRT S.r.l.
- **100%** OVERAIL S.r.l.
- **100%** SALCEF DEUTSCHLAND GmbH
  - **100%** Salcef Bau GmbH
  - **100%** BahnBauNord
    - **100%** Sartorius Nova Signal GmbH
    - **50%** RTS GmbH
  - **100%** Schweissteam Nord
  - **100%** Bahnsicherung Nord
- **100%** SALCEF USA Inc.
  - **100%** Salcef Railroad Services Inc.
  - **90%** Delta Railroad Construction Inc.
    - **100%** Deltarr Holding
      - **100%** Delta Railroad Company of Canada.
- **99.48%** SALCEF EGYPT CONSTRUCTION

COMMERCIAL BRANCHES

SALCEF S.p.A. – **100%**: CROATIA, NORWAY, UAE, ROMANIA, SWITZERLAND, AUSTRALIA, EGYPT

SALCEF GROUP – **100%**: ROMANIA, SAUDI ARABIA, EGYPT

Active in the railway sector for more than 70 years

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1949

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

1975

Salciccia family acquires the business and launches an important development plan

1975-2017

Growth phase through **3 strategic streams:**

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

2018

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

2019

- **Listing on the Euronext Growth Milan** market
- **Acquisition** of **Coget Impianti** to enter in the **electricity transmission** business

2020

- Debut on the **Euronext Milan** market
- **Acquisition** of **Delta Railroad Construction in the US**

2021

- **Second acquisition in the Germany** (Bahnbau Nord)
- Admission to the **STAR Segment**

2022

- **Acquisition of PSC Group's business unit operating in the railway sector** (signaling, electrification, Telco, electrical substations and safety systems)
- Acquisition of **Francesco Ventura Costruzioni Ferroviarie** (track maintenance and construction)

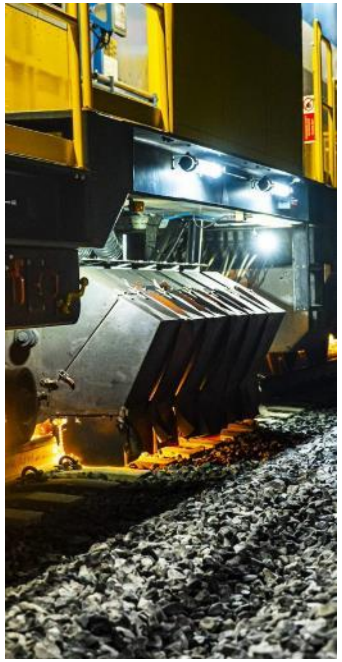
ESG Performance 2022

Electricity from renewable sources vs. 2021 — **+42%**

Energy Intensity vs. 2021 — **-27%**

Total Emission Intensity — **-18%**

Revenues aligned with the EU Taxonomy — **85%**



+37% — Headcount vs. 2021 at 1,929 units

39% — New hires younger than 30 (23% in 2021)

-37% — Consolidated Injury Rate vs. 2021

95% — Procurement from local suppliers

New Group policies on DEI and Human Rights

ISO 30415 certification on Diverity and Inclusion

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Contacts

Alessio Crosa
Investor Relations & Sustainability Manager

Tel: +39 06 416281
E-mail: investor.relations@salcef.com

Bloomberg: SCF:IM
Reuters: SCFG.MI
Borsa Italiana: SCF