SALCEF GROUP

1Q 2023 Results Presentation

16 May 2023

Speakers

Valeriano Salciccia

Chief Executive Officer

Fabio De Masi

Chief Financial Officer

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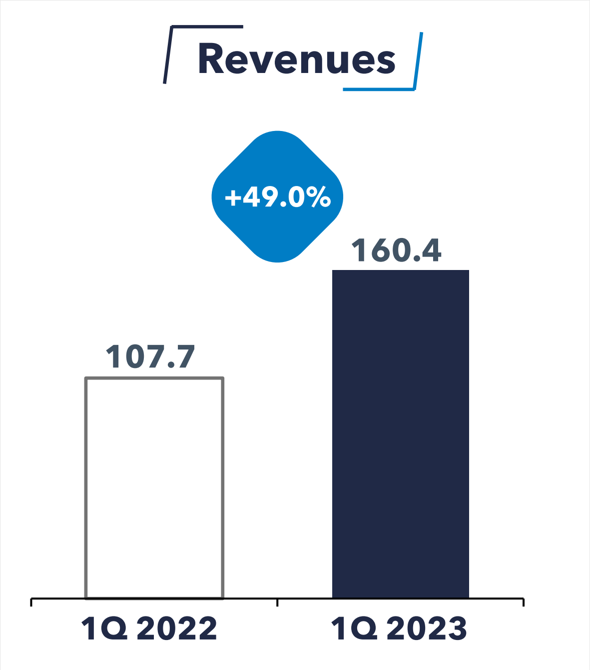
IR & Sustainability Manager

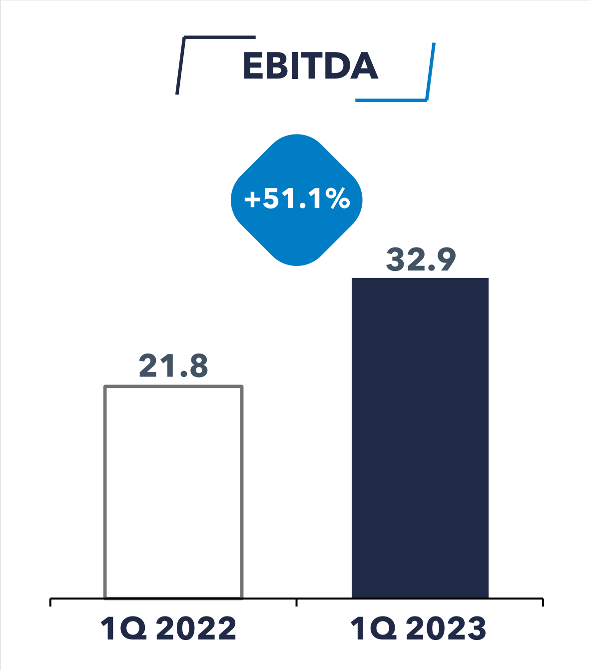
Key messages

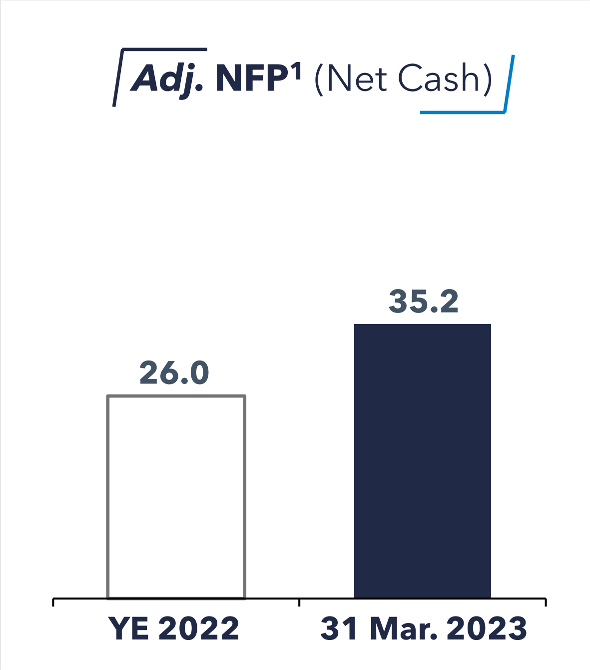
- Encouraging start to the year with 1Q carrying on the positive momentum of 2H 2022
- Remarkable **revenue growth at 49%** (of which 30% organic), benefitting also from a favourable YoY comparison
- **EBITDA** at **€ 32.9 mln** confirming profitability at above 20% as promised
- **Backlog at € 1.75 Bn** further growing with book-to-bill at **1.31x**
- **Tendering activities** particularly intense during 1Q especially in Italy
- **Integration of Francesco Ventura Costruzioni Ferroviarie** proceeding as per plan
- Guidance for 2023 confirmed and strongly supported by production and profitability trends as well as solidity of the backlog

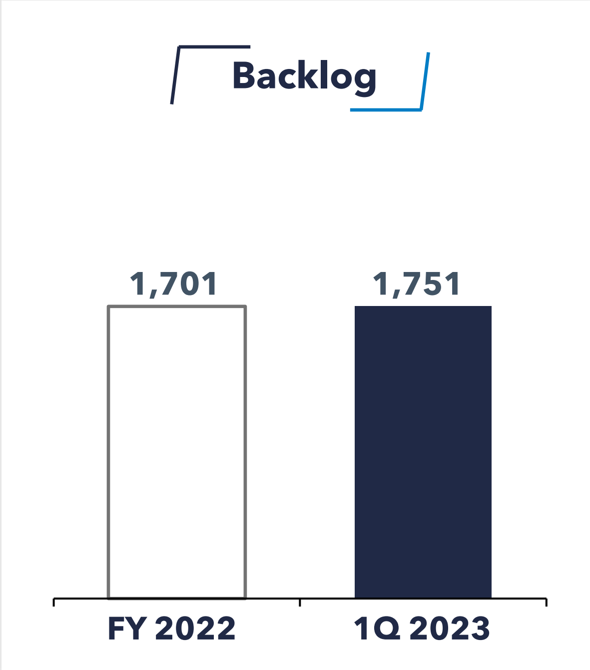
1Q 2023 Highlights

€ Mln









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

Revenues

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€ Mln

- Consolidated **Revenues** at **€ 160.4 Mln**, up 49.0% YoY mainly due to:
  - **Organic growth at 29.6%**, with positive performance across all the core business and Heavy Civil Works
  - **Contribution** of **Francesco Ventura Costruzioni Ferroviarie** (€ 12.5 Mln) in **Track & Light Civil Works** and of business unit of the PSC Group (€ 8.4 mln) in **Energy, Signalling & Telecom**

	1Q 2023	1Q 2022	Δ (%)
Track and Light Civil Works	**91.6**	72.2	26.9%
Energy, Signalling & Telecom	**25.2**	16.6	51.4%
Heavy Civil Works	**22.1**	3.1	618.2%
Rail Grinding & Diagnostics	**7.3**	1.9	285.1%
Railway Materials	**10.4**	9.8	6.9%
Railway Machines	**3.7**	4.0	(7.7%)
Total	**160.4**	**107.7**	**49.0%**

Revenues by Geography

€ Mln

- **Domestic** revenues materially growing **51.4%** (28.8% organic)
- Strong performance in **North America leading** to a 34.3% organic growth outside Italy

	1Q 2023	1Q 2022	Δ (%)
Italy	**139.6**	92.2	51.4%
Europe [Excluding Italy]	**6.9**	7.4	(7.9%)
North America	**11.8**	5.2	127.0%
Middle East	**2.1**	0.7	190.3%
North Africa	**0**	2.1	n.m.
Total	**160.4**	**107.7**	**49.0%**

87.0% **Italy** *(85.6% in 1Q 2022)*

4.3% **Europe (excl. Italy)** *(6.9% in 1Q 2022)*

7.4% **North America** *(4.8% in 1Q 2022)*

1.3% **Middle East** *(0.7% in 1Q 2022)*

0% North Africa *(1.9% in 1Q 2022)*

Economic and Financial KPI

€ Mln

	1Q 2023	1Q 2022	Δ (%)
Revenues	**160.4**	107.7	49.0%
EBITDA	**32.9**	21.8	51.1%
EBITDA Margin	*20.5%*	*20.2%*	-
D&A	(10.5)	(8.4)	24.7%
EBIT	**22.4**	13.3	67.8%
EBIT Margin	*14.0%*	*12.4%*	-
Adjusted Net Financial Income (Expenses)*	(2.9)	0.1	n.m.
***Adjusted* EBT**	**19.5**	13.4	45.8%
Adjusted Income Taxes**	(5.7)	(4.2)	35.6%
***Adjusted* Net Profit**	**13.8**	9.2	50.5%
* Fair value change of financial investments	1.7	(3.0)	n.m.
** DTA reversal related to fair value change of financial investments and revaluations	(1.2)	(1.0)	(38.0%)
Net Profit	**14.3**	5.2	174.0%
***Adjusted* Net Financial Position**[1]	**35.2**	26.0[2]	35.2%

- **EBITDA Margin** in line with expectations confirming resilience.
  - FVCF gave no contribution at EBITDA level as expected. First contribution to come later in the year (4Q)
  - Positive impact form governmental measures in a substantially stable cost environment
- **Higher D&A** on the back of higher Capex made both in 2022 and 1Q 2023 in line with the Group's Capex plan
- **P&L adjustments** related to:
  - Change in fair value of financial investments
  - DTA reversal
- **Tax rate** at **29.2%** aligned with Italy's nominal tax rate and expected to benefit, starting from 2Q, from "Industry 4.0" and other tax incentives
- **Adjusted NFP** at **€ 35.2 Mln** (Net Cash) factoring in the cash generation for the period, which more than offset the buyback plan and the CAPEX spending

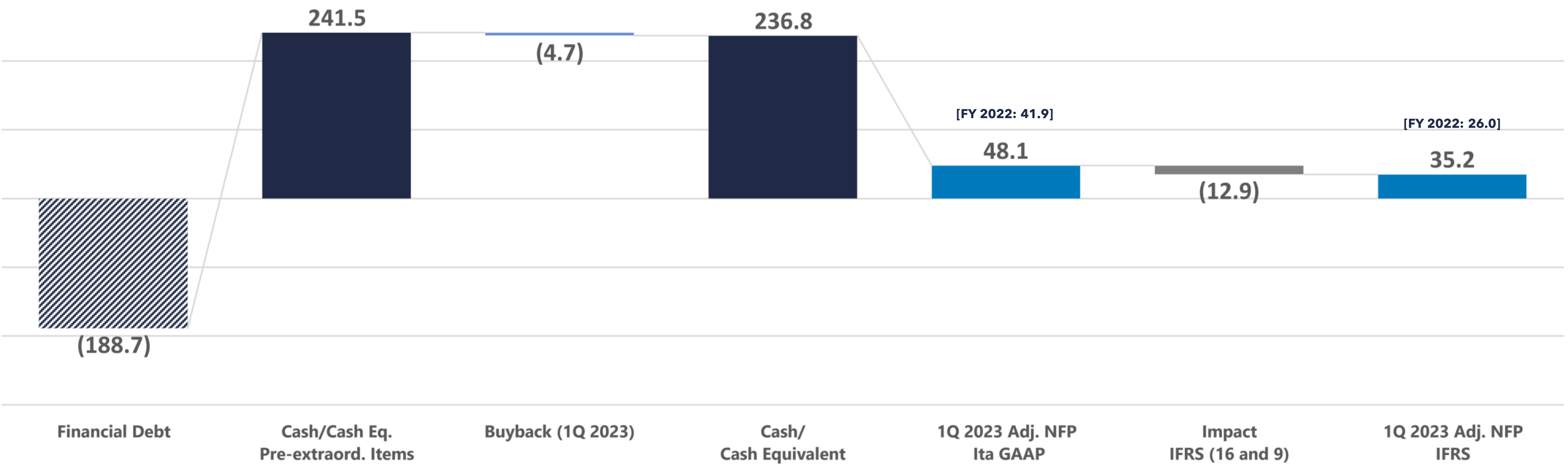
1. Does not consider the fair value change on financial investments and the down payment on the Verona-Padua HS line contracts
2. Figure at 31 December 2022

Adjusted NFP at 31 March 2023

€ Mln

Features of financial debt:

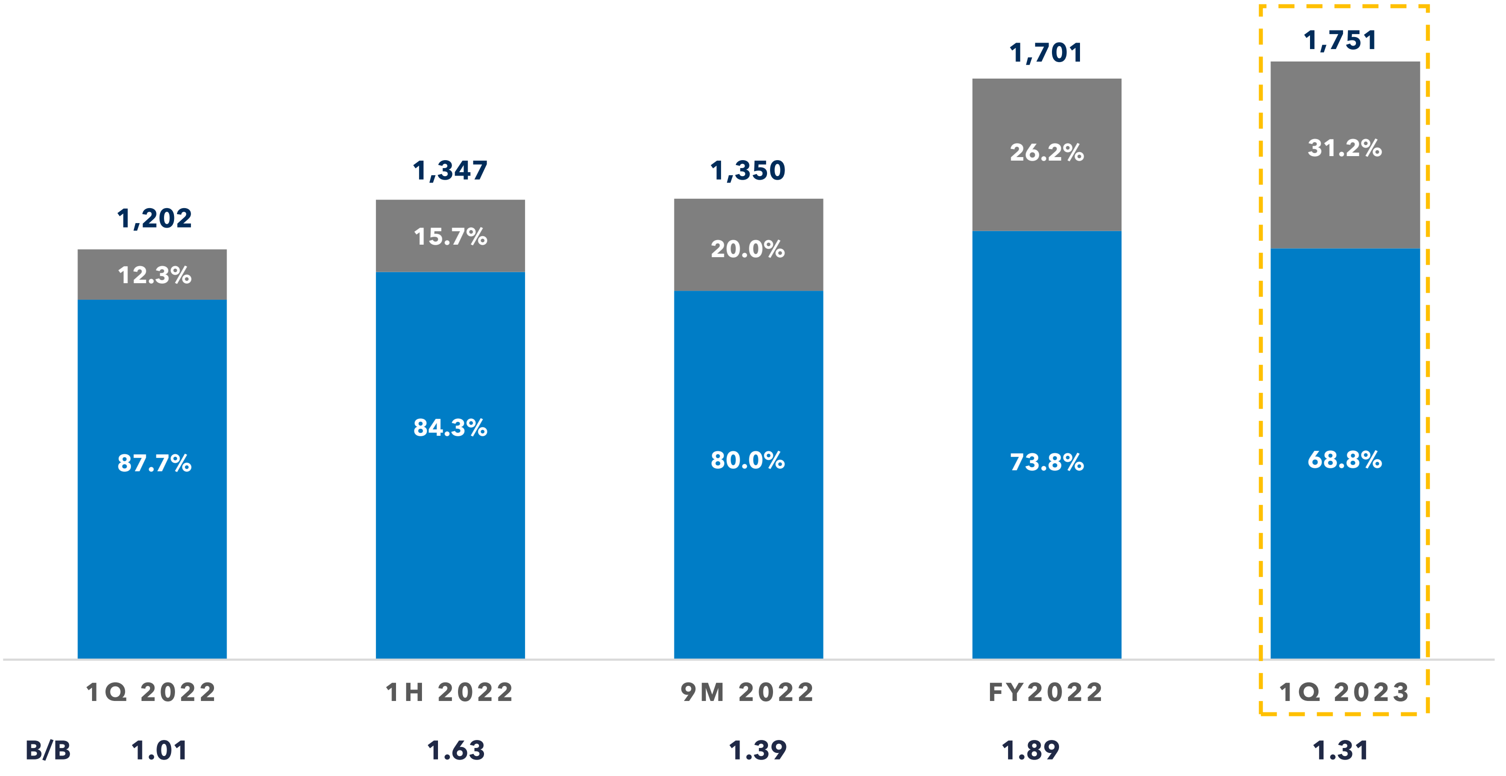
- **Duration:** approx. 36 months
- **Average of replacement:** rolling
- **Structure:** Corporate



Backlog

€ Mln

- **Backlog[1] further up at € 1.75 Bn**, of which **€ 1,204 mln (68.8%)** from **Italian market** and **€ 445 mln (31.2%)** from **foreign markets**
- Compared to FY2022, **further increase of the international component**
- **Track & Light and Civil Works** and **Energy Signalling & Telecommunication** confirmed as the core Business Units, with **89.6%** of the total backlog
- **Book-to-bill ratio at 1.31x**



€x1,000

Business Unit	Amount	%
Track & Light Civil Works	**1,275,382**	**72.8%**
of which Foreign	*533,340*	*30.5%*
Energy, Signalling & Telecom	**293,935**	**16.8%**
of which Foreign	*1,515*	*0.1%*
Rail Grinding & Diagnostic	**1,280**	**0.1%**
of which Foreign	*0*	
Railway Materials	**45,045**	**2.6%**
Heavy Civil Works	**122,876**	**7.0%**
of which Foreign	*7,623*	*0.4%*
Railway Machines	**12,325**	**0.7%**
of which Foreign	*3,844*	*0.2%*
Total	**1,750,843**	**100.0%**
Italy	**1,204,520**	**68.8%**
Foreign	**546,322**	**31.2%**

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

2023 Outlook

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- **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 1Q 2023, still supported by the effect on governmental measures
- **Capex** expected at € 65 mln further up compared to 2022 to sustain organic growth. At the 1Q stage, Capex in line with plan at **approx. € 17 mln**

Q&A

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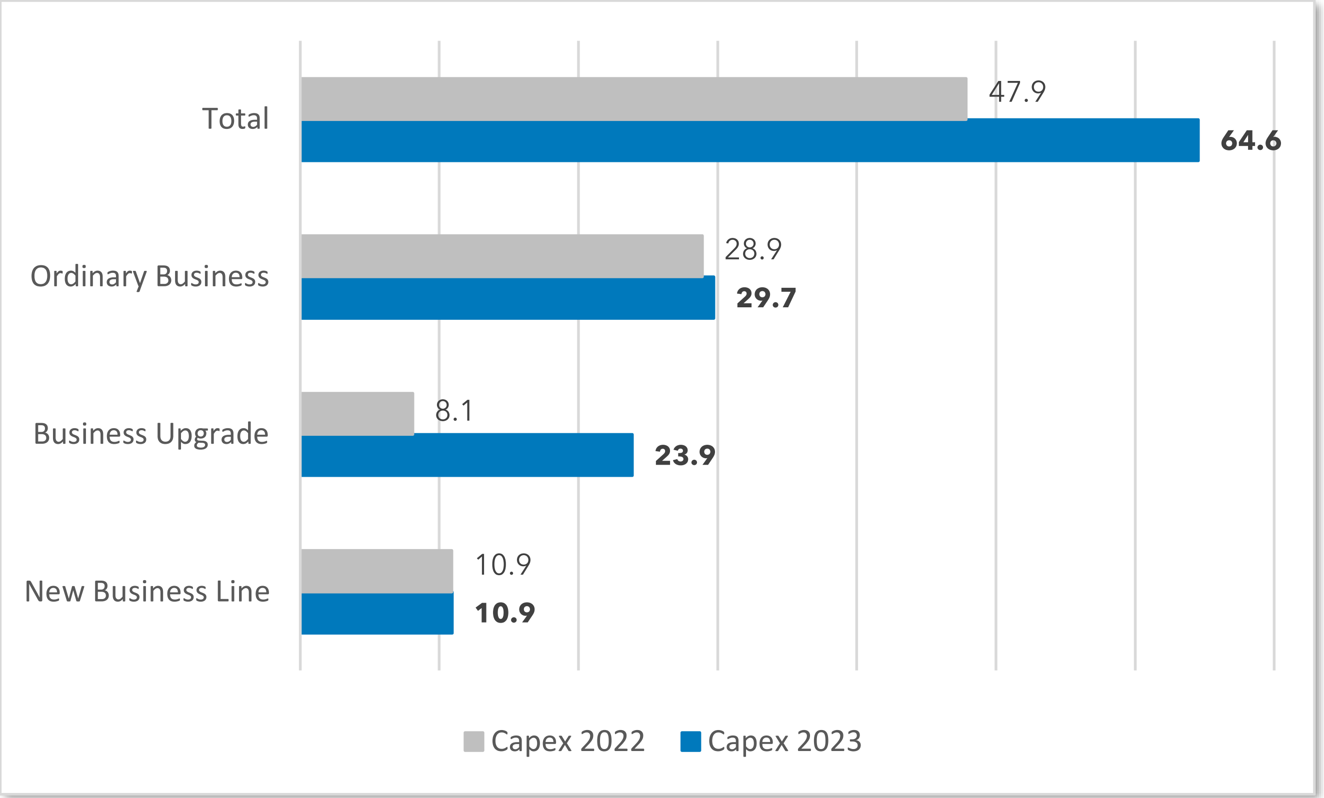
Appendix

Focus on Capex

€ Mln



- **2023 Capex** expected materially higher YoY 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*

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