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Oggetto : Salcef Group: First half confirms material growth and supports increased guidance for 2023 revenues

Testo del comunicato

Vedi allegato.



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Press Release

Salcef Group: First half confirms material growth and supports increased guidance for 2023 revenues, now expected 30% higher than 2022

Revenues at € 362 million up 57%, EBITDA at € 74 million (+60%) and Backlog at € 1.87 billion

1H 2023 key results (vs. 1H 2022):

- **Revenues at € 361.6 million (+56.9%)**
- **EBITDA at € 73.8 million (+59.6%)**
- **EBIT at € 48.5 million (+65.8%)**
- **Net Income at € 31.1 million (+129.9%)**
- **Adjusted Net Financial Position positive for € 3.8 million (figure at 31 December 2022 positive for € 26.0 million)**

Rome, 3 August 2023 - The Board of Directors of Salcef Group S.p.A., convened today under the chairmanship of Gilberto Salciccia, approved the interim financial report as at 30 June 2023.

Valeriano Salciccia, Chief Executive Officer of Salcef Group, commented:

"In the first six months of the year, the Group achieved excellent operational performance, with the second quarter reporting revenues in excess of 200 million, first time ever. The recently completed acquisition of Colmar Technik will allow us to strengthen the Railway Machines business unit by expanding our product range and providing additional flexibility for the benefit of the Group and our customers. From a commercial standpoint, the first half has seen the successful awarding of major contracts in our core business areas of track works, electrification, and technologies in Italy and North Africa. Thanks to the Group's organic growth, the positive contribution from the acquired companies, and the solid order backlog, revenue estimates for 2023 have been revised upward, with the expected growth now at 30% compared to the previous 20%".

The Salcef Group has been operating for over 70 years in the development and innovation of sustainable mobility infrastructures. It is a global player in the maintenance, renewal, construction and electrification of railway and urban transport infrastructure, as well as in the construction and sale of railway machines and the production of reinforced concrete structures. Maintenance and renewal of railway and urban infrastructure form the core business and account for 71% of volumes. Established in 1949, Salcef has been controlled by the Salciccia family since 1975 and it is currently led by brothers Gilberto and Valeriano Salciccia, in the roles of Chairman and Chief Executive Officer respectively. The Group has 7 Operative Business Units and is present on 4 continents. It employs more than 1,900 highly specialized resources and in 2022 recorded revenues for 565 million euro. The Salcef Group is based in Italy and since October 2021 is listed on the STAR segment of the Euronext Milan market of the Italian Stock Exchange (Borsa Italiana: SCF; Reuters: SCFG.MI; Bloomberg: SCF:IM).

1H 2023 KEY PERFORMANCE INDICATORS

€ million	1H 2023	1H 2022 ¹	Δ Abs.	Δ %
Revenues	361.6	230.5	131.1	56.9%
EBITDA	73.8	46.3	27.5	59.6%
EBITDA margin	20.4%	20.1%	0.3 p.p.	-
EBIT	48.5	29.2	19.2	65.8%
EBIT margin	13.4%	12.7%	0.7 p.p.	-
Adjusted Net Income²	31.0	22.2	8.8	39.4%
Net Income	31.1	13.5	17.6	129.9%
Adjusted Net Financial Position³	3.8	26.0	(22.2)	(85.6%)

- (1) The figures, where applicable, has been restated to retroactively reflect the effects resulting from the completion of the purchase price allocation related to the acquisition of the railway business unit of PSC Group, in accordance with the accounting principles in force
- (2) Net Income adjusted to exclude the impact on financial expenses of the fair value change on financial investments, its related tax impact as well as the tax impact of the reversal of deferred tax assets on revaluations
- (3) Does not consider the downpayments received for the HS/HC Verona-Padua contracts, the fair value change on financial investments and the first installment for the acquisition of Colmar Technik Comparative figures and related changes as at 31 December 2022

In the first six months of the year, consolidated **Revenues** amounted to **€ 361.6 million**, up 56.9% over the same period of 2022. On top of the favourable YoY comparison, the growth is due to a robust 37% organic growth as well as to the contribution from Francesco Ventura Costruzioni Ferroviarie (€ 30.8 million) acquired in December 2022, and from the railway business unit of PSC Group (€17.2 million). *Heavy Civil Works* is confirmed as the Business Unit with the stronger growth on the back of the activities on the Verona-Padua high-speed line while Rail Grinding & Diagnostics more than doubled its revenues compared to the first half of 2022. *Track & Light Civil Works* and *Energy, Signalling & Telecommunication* reported revenues up 38.4% (19% organic) and 54.9% (10.9% organic) respectively.

Consolidated **EBITDA** reached **€ 73.8 million**, with a 59.6% increase over 1H 2022. The **EBITDA margin** stood at 20.4%, in line with expectations and the first quarter.

Consolidated **EBIT** reached **€ 48.5 million**, +65.8% higher YoY despite higher D&A for € 8.3 million due to the entry into operation of new plants and machines resulting from capex made both during 2022 and in the first half of 2023. Moreover, it should be noted that both the actual and comparative figures include the depreciation of the intangible assets accounted for following the purchase price allocation related to the acquisition of the railway business unit of PSC Group.

The Group **Adjusted Net Income** amounted to **€ 31.0 million**, up 39.4% compared to the € 22.2 million of the first half of 2022, mainly due to the higher EBIT and despite higher adjusted financial expenses and adjusted taxes. The **Net Income** at **€ 31.1 million** was € 17.6 million (129,9%) higher than the first half of 2022.

The **Adjusted Net Financial Position** as at 30 June 2023 was positive for **€ 3.8 million** (positive for € 26.0 million at year-end 2022), mainly as a result of the dividend payment for € 30.8 million and the cash outflows related to the Buyback plan for € 8.6 million.

The **Backlog** revises upward the previous record of € 1.75 billion set at the end of March 2023, reaching € 1.87 billion. Among the main contracts awarded in the first six months of the year: construction of 300km of double-track on the North Section of the Green High Speed Line in Egypt; track renewal and extraordinary maintenance on the Perugia Ponte San Giovanni - Terni and Città di Castello - Sansepolcro lines (former Ferrovia Centrale Umbra railway line); track grinding on Lot 1 Centro-Nord in Italy. From a geographical perspective, the domestic component stands at 68%, stable compared to the figure at 31 March 2023. *Track & Light Civil Works* and *Energy Signalling & Telecommunication* Business Units continue to be the most represented, accounting for 70.7% and 19.4% of the backlog, respectively.

Major events after the close of the reporting period

Following the signing, on 26 June 2023, of a preliminary agreement for the acquisition of 100% of the share capital of Colmar Technik S.p.A. and after the fulfillment of the conditions precedent as well as the positive outcome of the due diligence process, on 1 August the acquisition was completed.

Outlook

In light of the results achieved during the first six months and of the solidity of the Group's backlog, revenue growth at year-end is expected at 30% vs. 2022.

Group profitability is expected to remain in line with the one recorded in the first half, considering the inflationary scenario in Europe.

Start of the second tranche of the Programme for the purchase and disposal of Treasury Shares

In partial execution of the resolution of the Shareholders' Meeting on 27 April 2023 (the "**Resolution**"), the Board of Directors resolved to initiate the second tranche of the Programme for the purchase and disposal of treasury shares, which follows the first tranche, launched on 15 May 2023 and positively completed on 31 July 2023.

Purpose

The launch of the second tranche of the Programme has the goal to:

- (i) have treasury shares to be devoted to the "2021-2024 Stock Grant Plan", to the "2022-2025 Stock Grant Plan", to the "2023-2026 Stock Grant Plan", to the "2022-2023 Performance Shares Plan" as well as to potential future incentives plans aimed at incentivising and building the loyalty of employees, collaborators, directors of the Company, subsidiaries and/or other categories of persons chosen at the discretion of the Board of Directors;
- (ii) execute transactions such as the sale and/or exchange of treasury shares to acquire direct or indirect participations, and/or real estate, and/or to conclude agreements with strategic partners, and/or to implement industrial projects or extraordinary financial transactions, which fall within the expansion objectives of the Company and the Group.
- (iii) make subsequent purchase or disposal of shares, within the limits set by the accepted market practice;
- (iv) execute, directly or through intermediaries, any transactions aimed at stabilizing and/or supporting the liquidity of the Company's stock in compliance with allowed market practices.
- (v) create a so-called "securities warehouse", useful for any future extraordinary financial transactions;
- (vi) make a medium-long term investment or in any case seize the opportunity to make a good investment, also in consideration of the risk and expected return of alternative investments and also through the purchase and resale of shares whenever appropriate;

(vii) use excess cash.

Maximum number of shares to be purchased and maximum disbursement

Pursuant to the limits set forth by the Resolution, purchases of treasury shares without nominal value shall be made, even in several tranches or on a revolving basis, to such an extent that at any time, taking into account the ordinary shares of the Company from time to time held in the portfolio by the Company and its subsidiaries, such shares do not exceed a total of 10% of the Company's share capital.

The maximum disbursement for the implementation of the second tranche of the Programme, in case of 400,000 Company shares purchased, has been determined to be € 12 million.

Pursuant to Article 2357, paragraph 1, of the Italian Civil Code, purchases of treasury shares must in any case be made within the limits of the distributable profits and available reserves resulting from the latest approved financial statements at the time of each transaction.

As of today, the Company holds n. 1,091,734 treasury shares, equal to 1.750% of the share capital; there are no treasury shares held through subsidiaries, trustees or third parties.

Methods through which purchases can be made

The Company has resolved to grant the Chairman of the Board of Directors and the Chief Executive Officer, separately and with the right to sub-delegate for individual acts or categories of acts, the power to select the qualified and independent intermediary to execute the Programme through operating procedures able to assure equal treatment of shareholders as per the laws and regulations in force and applicable, and with the aforementioned to negotiate, sign, modify and revoke the relative mandate.

The purchase transactions will be carried out in compliance with the principle of equal treatment of shareholders provided for in Article 132 of the Consolidated Law on Finance, according to the procedures set forth in Article 144-bis, paragraph 1, letter b) of the Consob Issuers' Regulations (including through subsidiaries). Purchases will be made in the terms established by market practices permitted by Consob pursuant art. 13 of Regulation (EU) No 596/2014.

In addition, share purchase transactions may also be carried out in the manner set out in Article 3 of Commission Delegated Regulation (EU) No 2016/1052 in order to benefit, if the conditions are met, from the exemption set out in Article 5(1) of Regulation (EU) No 596/2014 on market abuse with regard to insider dealing and market manipulation. In order to benefit from this exemption, no more than 25% of the average daily volume of shares traded on the trading venue where the purchase is made during the 20 trading days preceding the date of purchase shall be purchased on each trading day.

Minimum and maximum price of the shares purchased

The purchases within the second tranche of the Programme will be made in compliance with laws and regulations, including prescriptions of Regulation (EU) No. 596/2014, of Commission Delegated Regulation (EU) No 2016/1052, and of current applicable market practices. In any case, the purchases will have to be made at: (i) a price per share that will not differ, nor decrease, or increase, by more than 15% compared to the reference price recorded by the stock in the previous trading session each individual transaction; (ii) at a consideration that is not higher than the higher price between the price of the last independent transaction and the price of the highest current independent purchase offer present at the trading location where the purchase is made.

Duration

Purchases of treasury shares must be made, also in several tranches or on a revolving basis, within 27 October 2024, i.e. within 18 months from the date of the Resolution, unless early terminated upon reaching the predetermined share threshold, or revoked.

The Company is not obliged to execute the second tranche of the Programme and, if initiated, the latter may be suspended, terminated or modified at any time, for any reason and without notice, in accordance with applicable laws and regulations.

Further information

Disposals may be made without any time constraints within the limits allowed by the laws, regulations and accepted practices in force at the time, where applicable, as well as in line with the purposes indicated above and with the strategic lines that the Company intends to pursue.

Any subsequent amendments to the aforesaid Programme shall be promptly notified by the Company to the public, in the manner and terms provided for by applicable law.

Any transactions carried out and details thereof shall be disclosed to the market in the manner and terms set forth in applicable law.



The manager responsible for the drafting of corporate accounting documents Fabio De Masi declares, pursuant to paragraph 2 of Article 154 bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the document results, books and accounting records.



This press release is available on the Salcef Group website <https://www.salcef.com> in the *Investor Relations/Price Sensitive Press Releases* section.



Management will present the 1H 2023 results to the financial community on **Friday, 4 August at 11:00 CET** via webcast and conference call. To join the Audio Webcast/Conference Call, please register at the following [link](#).

The Presentation will be made available before the beginning of the conference on the Investor Relations section of www.salcef.com.

A replay of the webcast will be then available on the Investor Relations section of www.salcef.com.

Consolidated Balance Sheet

ASSETS	30.06.2023	31.12.2022 Restated*
Non-current Assets		
Intangible assets with finite useful lives	20,053,094	21,583,417
Goodwill	96,825,980	98,484,694
Property, plant and equipment	204,627,248	194,829,294
Right-of-use assets	15,261,810	17,073,977
- of which, with related parties	0	993,661
Equity-accounted investments	135,643	135,643
Other non-current assets	25,393,102	25,112,368
- of which, with related parties	1,526,853	1,526,853
Deferred tax assets	23,540,517	25,452,686
Total non-current Assets	385,837,394	382,672,079
Current Assets		
Inventories	33,100,933	29,764,667
Contract assets	185,811,691	156,033,743
Trade receivables	120,834,472	140,505,148
- of which, with related parties	14,068,496	11,609,934
Current tax assets	2,058,524	4,167,579
Current financial assets	145,055,158	148,643,040
Cash and cash equivalents	117,183,055	135,245,724
Other current assets	42,252,671	35,333,090
Assets held for sale	0	2,529,499
Total current Assets	646,296,504	652,222,490
TOTAL ASSETS	1,032,133,898	1,034,894,569

LIABILITIES	30.06.2023	31.12.2022 Restated*
Equity attributable to the owners of the Parent		
Share capital	141,544,532	141,544,532
Other reserves	256,464,164	252,475,698
Profit for the year	31,030,589	45,190,464
Total equity attributable to the owners of the Parent	429,039,285	439,210,694
Share capital and reserves attributable to non-controlling interests	2,650,300	2,348,332
Profit for the year attributable to non-controlling interests	83,824	302,068
TOTAL EQUITY	431,773,409	441,861,094
Non-current liabilities		
Non-current financial liabilities	142,812,361	119,211,190
Lease liabilities	9,174,202	10,428,864
- of which, with related parties	0	727,379
Employee benefits	3,698,421	6,678,524
Provisions for risks and charges	3,867,603	2,357,957
Deferred tax liabilities	7,525,673	8,809,255
Other non-current liabilities	2,295,412	4,266,809
Total non-current liabilities	169,373,672	151,752,599
Current liabilities		
Bank loans and borrowings	0	4,064,734
Current financial liabilities	89,249,718	89,263,299
Current portion of lease liabilities	5,284,677	5,387,527
- of which, with related parties	0	342,844
Current employee benefits	869,013	1,127,387
Contract liabilities	45,618,175	77,763,713
Trade payables	228,191,963	218,281,916
- of which, with related parties	1,129,010	460,002
Tax liabilities	15,511,465	8,085,187
Other liabilities	46,261,806	36,035,410
Liabilities directly related to assets held for sale	0	1,271,703
Total current liabilities	430,986,817	441,280,876
TOTAL LIABILITIES	600,360,489	593,033,475
TOTAL EQUITY AND LIABILITIES	1,032,133,898	1,034,894,569

(*) Figures restated to retroactively reflect the effects resulting from the completion of the purchase price allocation related to the acquisition of the railway business unit of PSC Group

Consolidated Income Statement

	1H 2023	1H 2022 Restated*
Revenues from contracts with customers	356,431,991	226,695,188
- of which, with related parties	8,513,181	842,545
Other income	5,192,976	3,774,711
Total revenues	361,624,967	230,469,899
Raw materials, supplies and goods	(90,598,286)	(51,614,940)
- of which, with related parties	(49,843)	0
Services	(134,298,496)	(86,485,629)
- of which, with related parties	(368,186)	(141,471)
Personnel expenses	(69,937,810)	(51,760,730)
Depreciation and Amortisation	(24,377,353)	(16,952,962)
Impairment losses	(966,150)	(83,137)
Other operating costs	(7,415,333)	(5,375,065)
Internal work capitalised	14,430,736	11,023,194
Total costs	(313,162,692)	(201,249,269)
Operating profit	48,462,275	29,220,630
Financial expenses	(2,407,879)	(6,589,388)
- of which, with related parties	(20,259)	(29,110)
Pre-tax profit	46,054,396	22,631,242
Income taxes	(14,939,983)	(9,094,899)
Profit for the year	31,114,413	13,536,343
<i>Profit for the year attributable to:</i>		
Non-controlling interests	83,824	(28,388)
Owners of the Parent	31,030,589	13,564,731
<i>Earning per share:</i>		
Base EPS	0.50	0.22
Diluted EPS	0.50	0.22

(*) Figures restated to retroactively reflect the effects resulting from the completion of the purchase price allocation related to the acquisition of the railway business unit of PSC Group

Consolidated Cash Flow Statement

	1H 2023	1H 2022 Restated*
Profit for the year	31,114,413	13,536,345
Amortisation and depreciation	24,377,353	16,952,962
Impairment losses	966,150	83,137
Net financial expenses	2,407,879	6,589,388
(Gains)/losses from the disposal of property, plant and equipment	(112,266)	(1,513,857)
Other adjustments for non-monetary items	3,032,977	258,706
Accruals	3,021,485	(768,633)
Income taxes	14,939,982	9,094,898
(A) Cash flows from operating activities before change in working capital	79,747,973	44,232,944
(Increase) / decrease in inventories	(3,336,266)	(2,840,057)
(Increase) / decrease in contract assets/liabilities	(61,923,485)	(37,460,042)
(Increase) / decrease in trade receivables	18,234,580	25,682,973
Increase / (decrease) in trade payables	9,910,047	18,080,909
(Increase) / decrease in other current and non-current assets	(9,887,543)	(2,541,712)
Increase / (decrease) in other current and non-current liabilities	3,741,564	3,792,924
(B) Change in working capital	(43,261,102)	4,714,995
Cash flows generated (used) by operating activities (A+B)	36,486,871	48,947,939
Interests paid	(5,660,465)	(974,453)
Income taxes paid	(1,012,303)	(1,913,106)
(C) Cash flows generated (used) by operating activities	29,814,103	46,060,380
<i>Investing activities</i>		
Interests collected	272,634	61,426
Investments in intangible assets	(1,207,512)	(2,027,221)
Acquisition of property, plant and equipment	(29,660,897)	(37,854,976)
Investments in securities and other financial assets	(1,818,000)	(25,129,554)
Proceeds from the sale of property, plant and equipment	2,827,356	7,109,746
Proceeds from the sale of current securities	10,029,498	0
Acquisition/Disposal of subsidiaries net of cash equivalents	1,225,014	(24,613,554)
Exchange differences	(587,948)	(977,124)
(D) Cash flows generated (used) by investing activities	(18,919,855)	(83,431,257)
<i>Financing activities</i>		
New bank loans	88,267,072	54,173,852
Repayment of loans	(70,373,440)	(28,060,296)
Repayment of lease liabilities	(3,429,915)	(3,675,809)
Change in other financial liabilities	0	6,396,278
Repurchase of treasury shares	(8,555,069)	0
Dividends distributed	(30,800,832)	(28,474,765)
(E) Cash flows generated (used) by financing activities	(24,892,183)	359,260
(F) Net change in cash and cash equivalents (C+D+E)	(13,997,935)	(37,011,617)
(**) Opening cash and cash equivalents	131,180,990	166,175,877
Net change in cash and cash equivalents	(13,997,935)	(37,011,617)
(**) Closing cash and cash equivalents	117,183,055	129,164,260

(*) Figures restated to retroactively reflect the effects resulting from the completion of the purchase price allocation related to the acquisition of the railway business unit of PSC Group

(**) Cash and cash equivalents are net of current loans and borrowings

Fine Comunicato n.20176-82

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