SALCEF GROUP

1H 2023 Results Presentation

4 August 2023

Speakers

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Chief Executive Officer

Fabio De Masi
Chief Financial Officer

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IR & Sustainability Manager

Key messages

- Very positive 1H confirming growth trends and impact of public investments in the railway infrastructure, also at local/regional level

- **Revenue growth at 57%** (of which 37% organic), with 2Q as the first quarter ever at above € 200 million, benefitting from higher production, a better-than-expected contribution from FVCF and a favourable YoY comparison

- **EBITDA** at **€ 73.8 mln** confirming profitability at above 20%

- **Backlog at € 1.87 Bn** further growing vs. 1Q with major awards in Italy and abroad

- **Acquisition of Colmar Technik** completed on time and expected to support the growth of Railway Machines

- 2023 Revenues now expected to be **30% higher than 2022** on the back of stronger organic and non-organic growth

A strategic acquisition to strengthen Railway Machines

srt RAILWAY TECHNOLOGY

HOPPER

CONCRETE MIXER

DHS

DROP-SIDES

VULCANO GRINDERS

Wider product range to catch increasing market opportunities

Manufacturing synergies

Captive market to help development and improvement of Colmar products

Commercial collaboration to tackle countries not yet covered by the Group

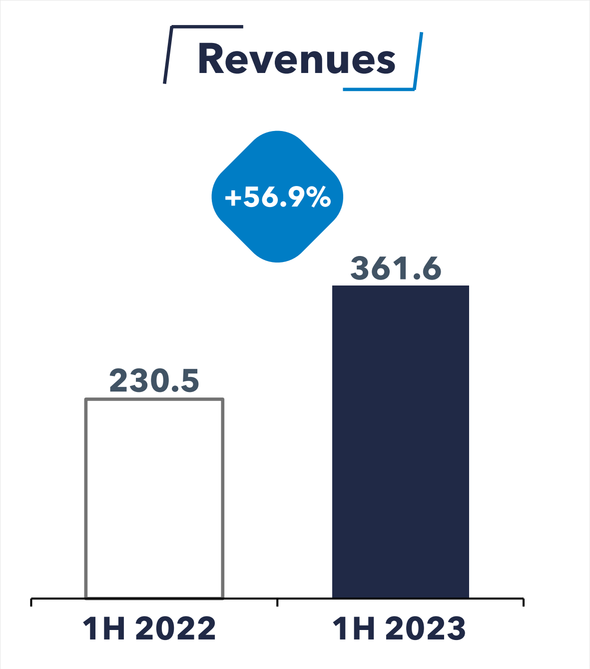
COLMAR

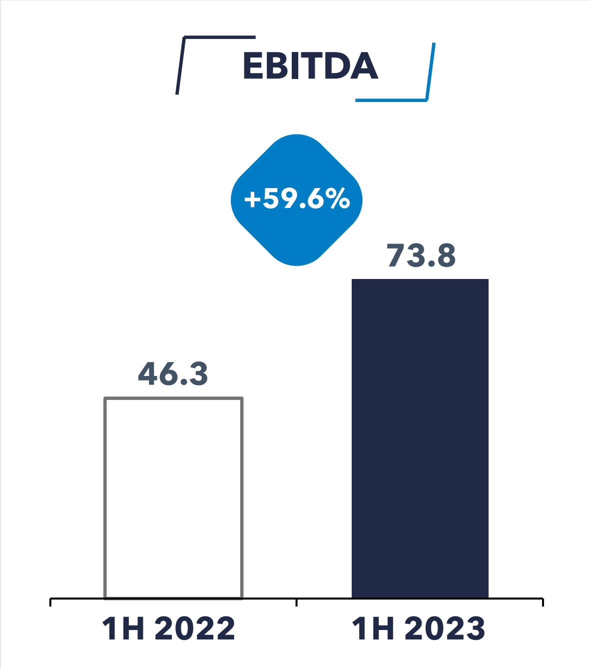
SHUNTERS

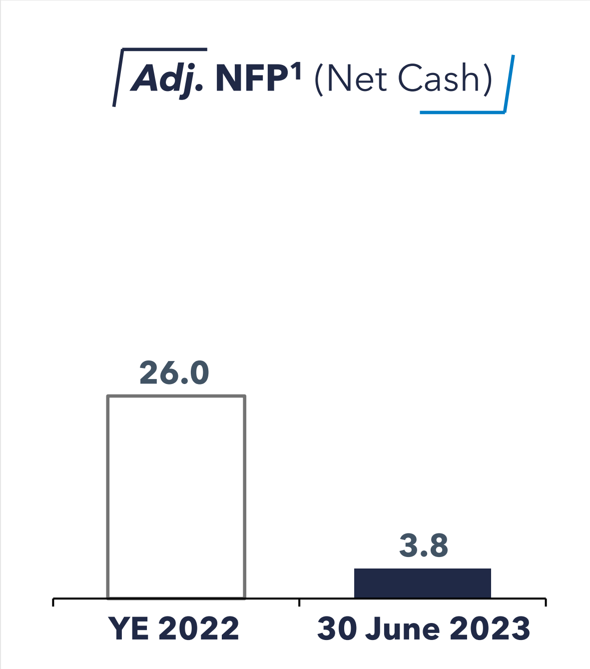
RAIL ROAD LOADERS

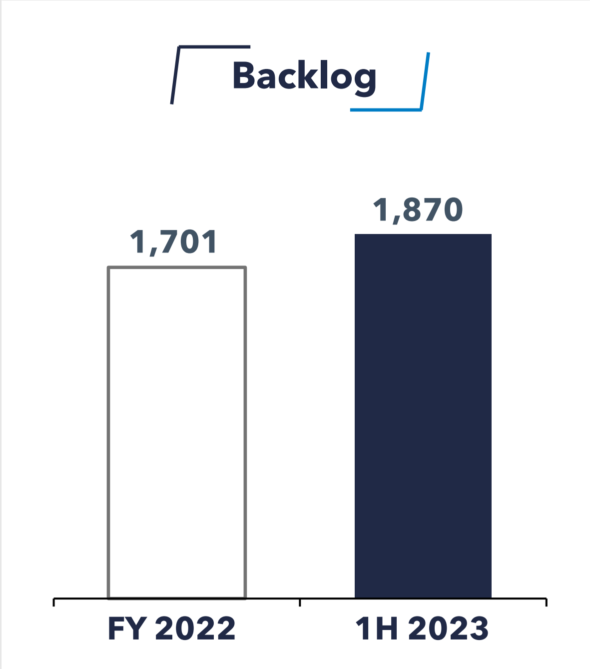
1H 2023 Highlights

€ Mln









1. 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

Revenues

€ Mln

- Consolidated **Revenues** at **€ 361.6 Mln**, up 56.9% YoY mainly due to:
  - **Outstanding organic growth at 37.2%**, with activities materially growing across all the business units and in particular Heavy Civil Works
  - **Contribution** of **Francesco Ventura Costruzioni Ferroviarie** (€ 30.8 Mln) in **Track & Light Civil Works** and of the railway business unit acquired from PSC Group (€ 17.2 mln) in **Energy, Signalling & Telecom**

	1H 2023	1H 2022	Δ (%)
Track and Light Civil Works	**219.0**	158.2	38.4%
Energy, Signalling & Telecom	**51.6**	33.3	54.9%
Heavy Civil Works	**47.9**	9.8	388.3%
Rail Grinding & Diagnostics	**11.3**	4.6	144.9%
Railway Materials	**23.8**	17.8	33.4%
Railway Machines	**8.0**	6.7	19.9%
Total	**361.6**	**230.5**	**56.9%**

Focus on Business Units (1/4)

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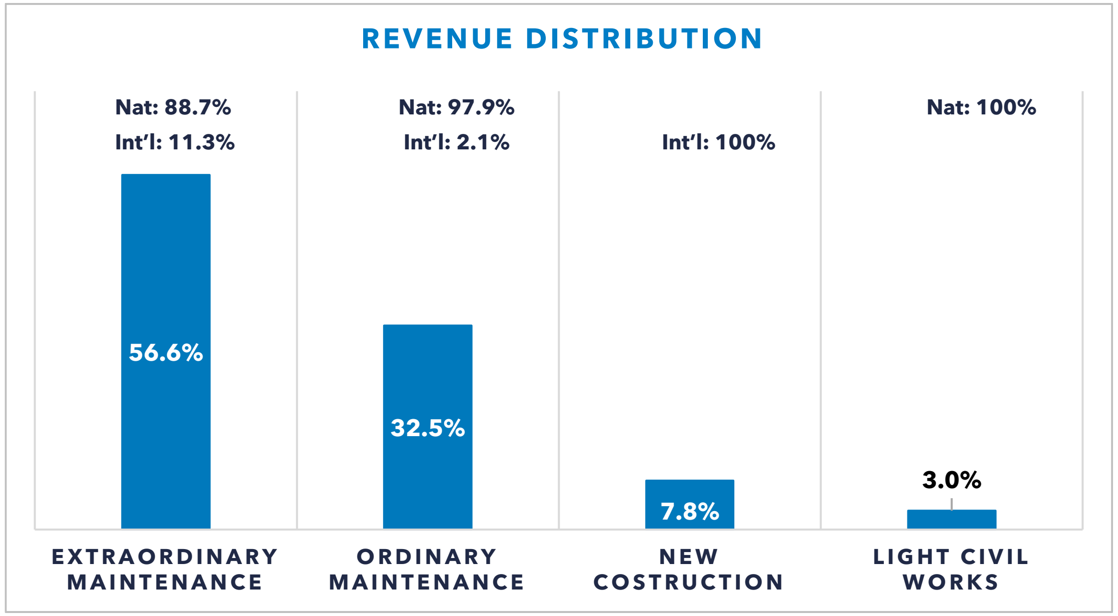
Track & Light Civil Works

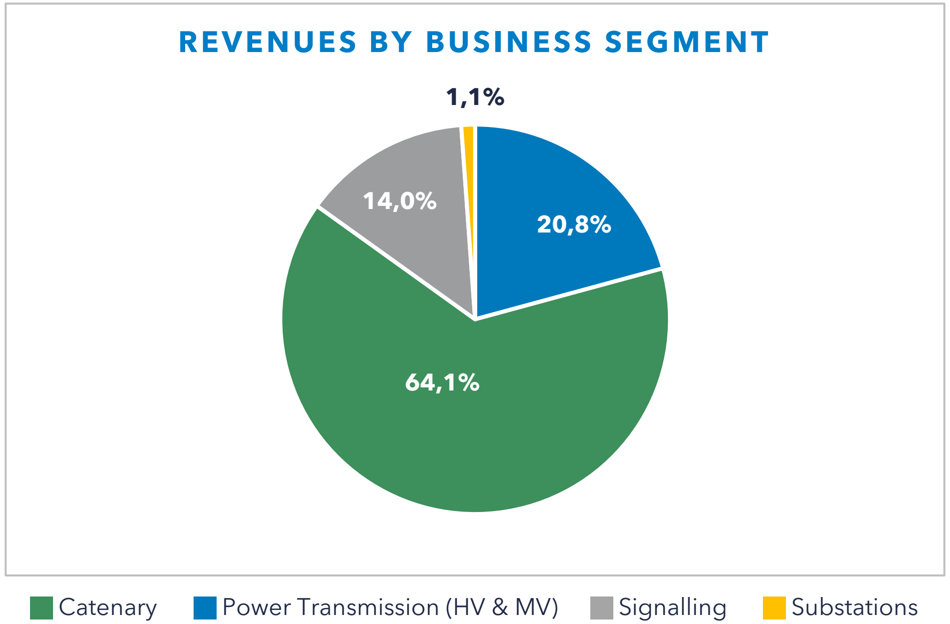
- 1H 2023 Revenues at **€ 219.0 Mln, up 38.4% YoY** mainly due to:
  - Stronger execution of the Framework Agreements in Italy
  - Consolidation of FVCF
  - Material growth in the US (+65.8%) at € 25.0 Mln
- New Orders in 1H at € 344.2 Mln (including FVCF contribution), of which more than 50% outside Italy



Focus on Business Units (2/4)

Energy, Signalling & Telecommunication

- 1H 2023 Revenues at **€ 51.6 Mln, up 54.9% YoY** mainly due to:
  - Activities within the new 3-year framework agreements with RFI
  - Growing contribution from the business acquired by PSC Group
- New Orders in 1H at € 91.7 Mln. Involvement in the ERTMS implementation strengthened and now covering also Sicily through Consorzio Itaca
- Signalling activities increasing their weight in the business, now at 14% of the total



Focus on Business Units (3/4)

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Heavy Civil Works

- 1H 2023 Revenues at **€ 47.9 Mln, up 388.3% YoY** with the activities on the Verona-Padua HS line contract reaching the peak

Rail Grinding & Diagnostics

- 1H 2023 Revenues at **€ 11.3 Mln, up 144.9% YoY**
- New contract in Italy for the Grinding of Lotto 1 "Centro-Nord", involving approximately 900 km of track
- New Vulcano Light 20M to be delivered in 3Q

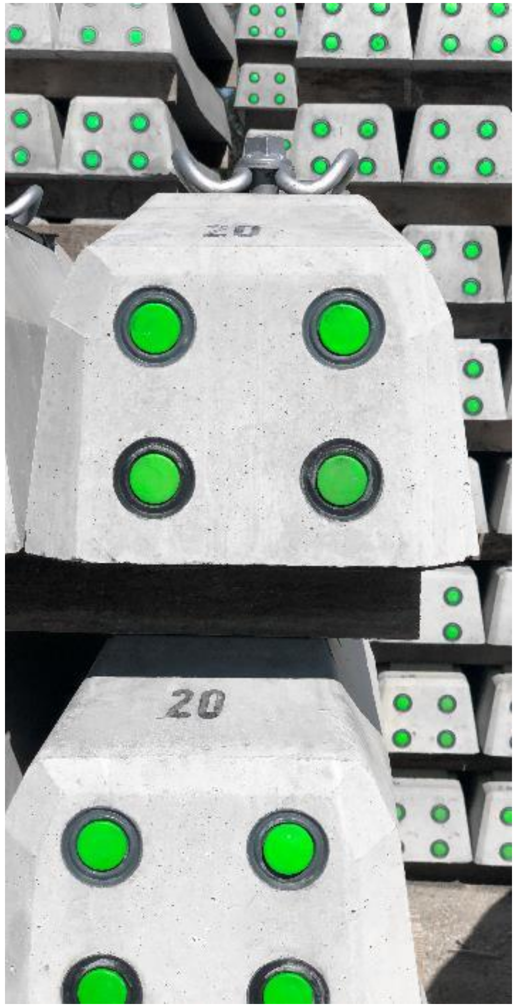
Focus on Business Units (4/4)

Railway Materials

- 1H 2023 Revenues at **€ 23.8 Mln, up 33.4% YoY**
- New Orders in 1H at € 17.8 Mln, of which 95% in 2Q
- New multi-product production line completed

Railway Machines

- 2022 Revenues at **€ 8.0 Mln, up 19.9% YoY** mainly due to stronger production in the US (+152%)
- New plant in Schieppe di Orciano completed and with all the production lines up and running
- New contract signed in July for the supply of a Vulcano Light grinder to the Polish Railways PKP
- Integration of Colmar kicked-off at industrial and commercial level



Revenues by Geography

€ Mln

- **Domestic** revenues materially growing **65.7%** (41.3% organic) and increasing their weight
- **North America** at +75.2% organic, consolidating as the second market for the Group
- During 4Q, Europe (ex-Italy) and North Africa to start benefitting form the very first activities of the contracts in Romania and Egypt

	1H 2023	1H 2022	Δ (%)
Italy	**308.1**	185.9	65.7%
Europe [Excluding Italy]	**19.1**	20.0	(4.2%)
North America	**29.8**	17.0	75.2%
Middle East	**4.6**	3.5	31.9%
North Africa	**0**	4.1	n.m.
Total	**361.6**	**230.5**	**56.9%**

85.2% **Italy** *(80.7% in 1H 2022)*

5.3% **Europe (excl. Italy)** *(8.7% in 1H 2022)*

8.2% **North America** *(7.4% in 1H 2022)*

1.3% **Middle East** *(1.5% in 1H 2022)*

0% **North Africa** *(1.8% in 1H 2022)*

Economic and Financial KPI

€ Mln

	1H 2023	1H 2022[1]	Δ (%)
Revenues	**361.6**	230.5	56.9%
EBITDA	**73.8**	46.3	59.6%
EBITDA Margin	*20.4%*	*20.1%*	-
D&A	(25.3)	(17.0)	24.7%
EBIT	**48.5**	29.2	65.8%
EBIT Margin	*13.4%*	*12.7%*	-
Adjusted Net Financial Income (Expenses)*	(4.7)	1.6	n.m.
***Adjusted* EBT**	**43.8**	30.8	42.2%
Adjusted Income Taxes**	(12.8)	(8.6)	49.5%
***Adjusted* Net Profit**	**31.0**	22.2	39.4%
* Fair value change of financial investments	2.3	(8.2)	n.m.
** DTA reversal related to fair value change of financial investments and revaluations	(2.1)	(0.5)	(38.0%)
Net Profit	**31.1**	13.5	129.9%
***Adjusted* Net Financial Position[2]**	**3.8**	26.0[3]	(85.6%)

- **EBITDA Margin** in line with expectations confirming resilience.
  - FVCF gave no contribution at EBITDA level as expected. Expectations for first contribution in 4Q confirmed
  - 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 1H 2023 in line with the Group's Capex plan. 1H 2023 and 1H 2022 D&A include the depreciation of the intangible assets following the purchase price allocation related to the acquisition of the railway business unit of PSC Group
- **P&L adjustments** related to:
  - Change in fair value of financial investments
  - DTA reversal
- **Tax rate** at **29.1%** aligned with Italy's nominal tax rate and expected to benefit in 2H from "Industry 4.0" and other tax incentives
- **Adjusted NFP** at **€ 3.8 Mln** (Net Cash) factoring in the dividend payment for € 30.8 Mln, the cash outflow for the share buyback for € 8.6 Mln

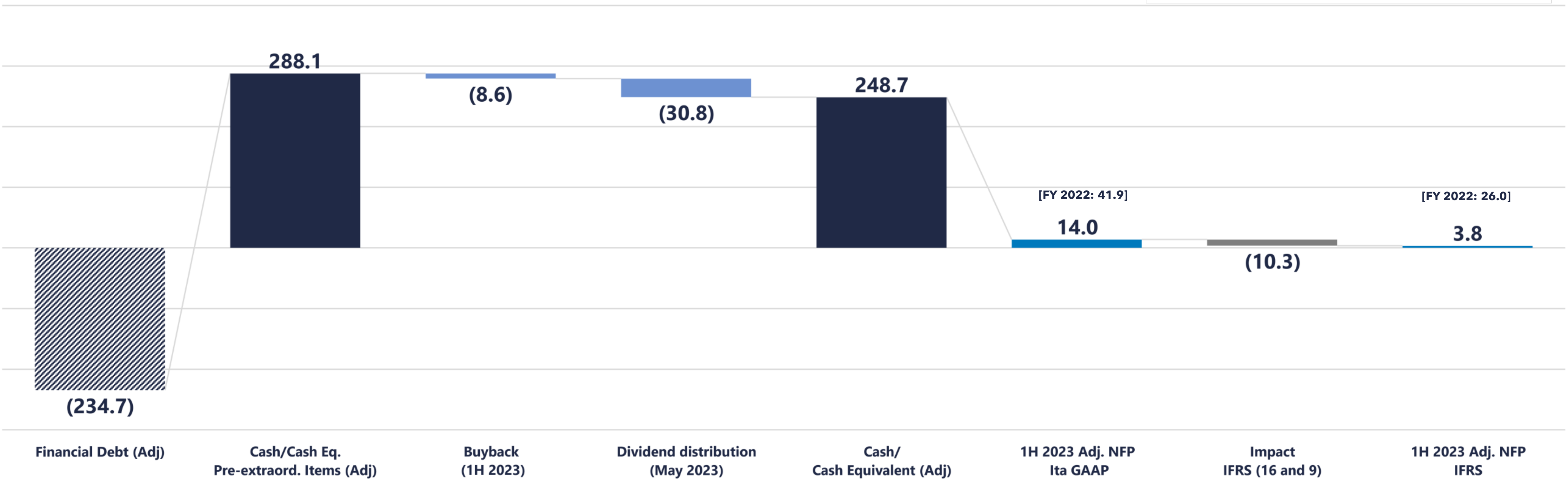
1. Figures, where applicable, has been restated to retroactively reflect the effects resulting from the completion of the purchase price allocation related to the acquisition of the railway business unit of PSC Group, in accordance with the accounting principles in force
2. Does not consider the fair value change on financial investments, the down payment on the Verona-Padua HS line contracts and the first installment for the acquisition of Colmar Technik
3. Figure at 31 December 2022

Adjusted NFP at 30 June 2023

€ Mln

Features of financial debt:

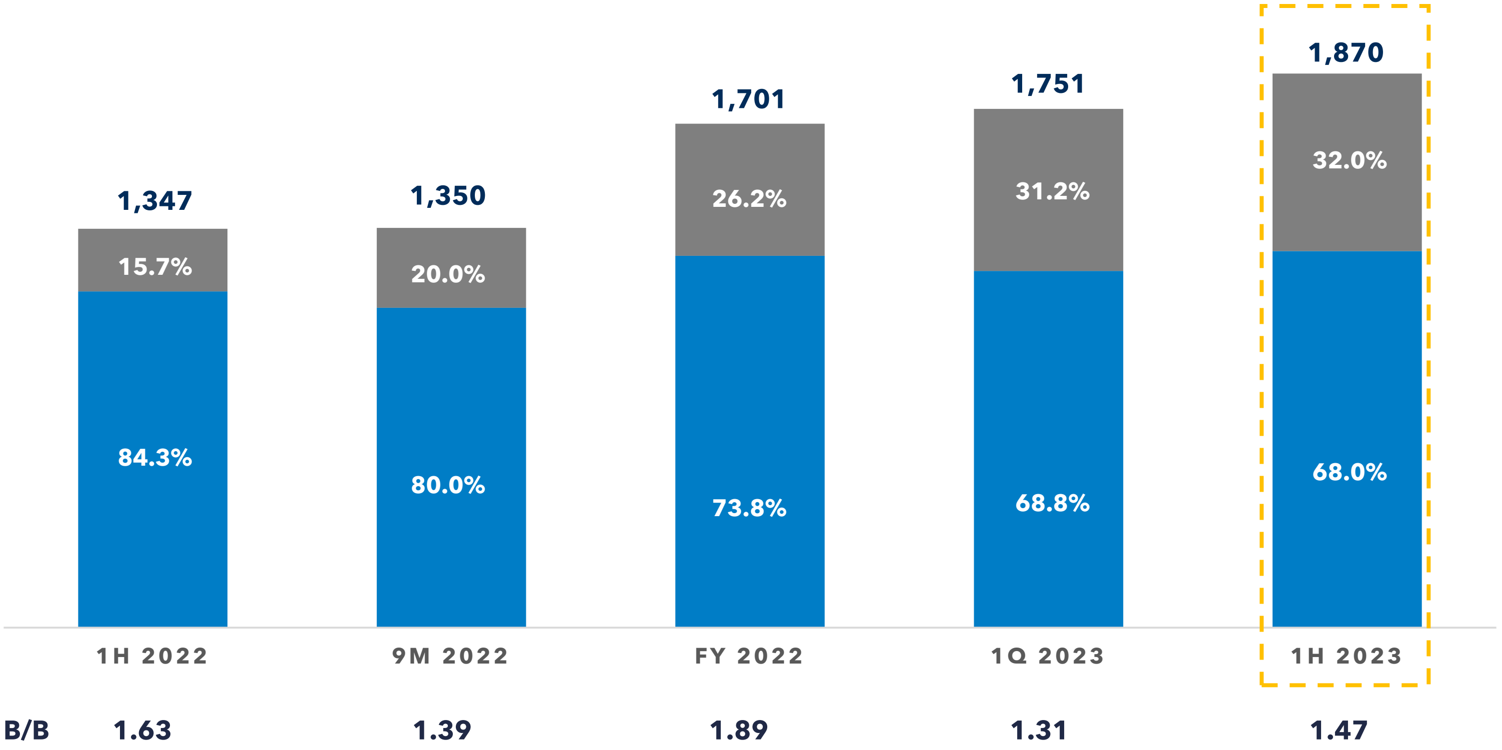
- **Duration:** approx. 36 months
- **Average of replacement:** rolling
- **Structure:** Corporate



Backlog

€ Mln

- **Backlog[1] further up at € 1.87 Bn**, of which **€ 1,271 mln (68.0%)** from **Italian market** and **€ 599 mln (32.0%)** from **foreign markets**
- Compared to FY2022 and 1Q 2023, **further increase of the international component**
- **Track & Light and Civil Works** and **Energy Signalling & Telecommunication** confirmed as the core Business Units, with **90.1%** of the total backlog
- **Book-to-bill ratio at 1.47x**



€x1,000

Business Unit	Amount	%
Track & Light Civil Works	**1,321,292**	**70.7%**
of which Foreign	*581,636*	*31.1%*
Energy, Signalling & Telecom	**362,754**	**19.4%**
of which Foreign	*3,324*	*0.2%*
Rail Grinding & Diagnostic	**9,391**	**0.5%**
of which Foreign	*0*	
Railway Materials	**55,241**	**3.0%**
Heavy Civil Works	**111,578**	**6.0%**
of which Foreign	*12,218*	*0.7%*
Railway Machines	**9,801**	**0.5%**
of which Foreign	*1,860*	*0.1%*
Total	**1,870,056**	**100.0%**
Italy	**1,271,019**	**68.0%**
Foreign	**599,038**	**32.0%**

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

2023 Outlook

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- **Business volumes** expected to growth by 30% YoY (~ 15% organic), mainly driven by:
    - Better than expected contribution from Francesco Ventura Costruzioni Ferroviarie as well as 4-month contribution of business unit acquired from PSC
    - 5-month consolidation of the newly acquired Colmar Technik for approximately € 5 Mln
    - 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
    - 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 and Egypt
- In the current scenario with inflationary pression remaining fairly high and with the need to focus on the integration of Francesco Ventura Costruzioni Ferroviarie and Colmar, **EBITDA margin** is expected to remain broadly in line with 1H 2023, still supported by the effect on governmental measures
- **Capex** expected at approx. € 65 mln further up compared to 2022 to sustain organic growth. At the 1H stage, Capex at **approx. € 32 mln**

Q&A

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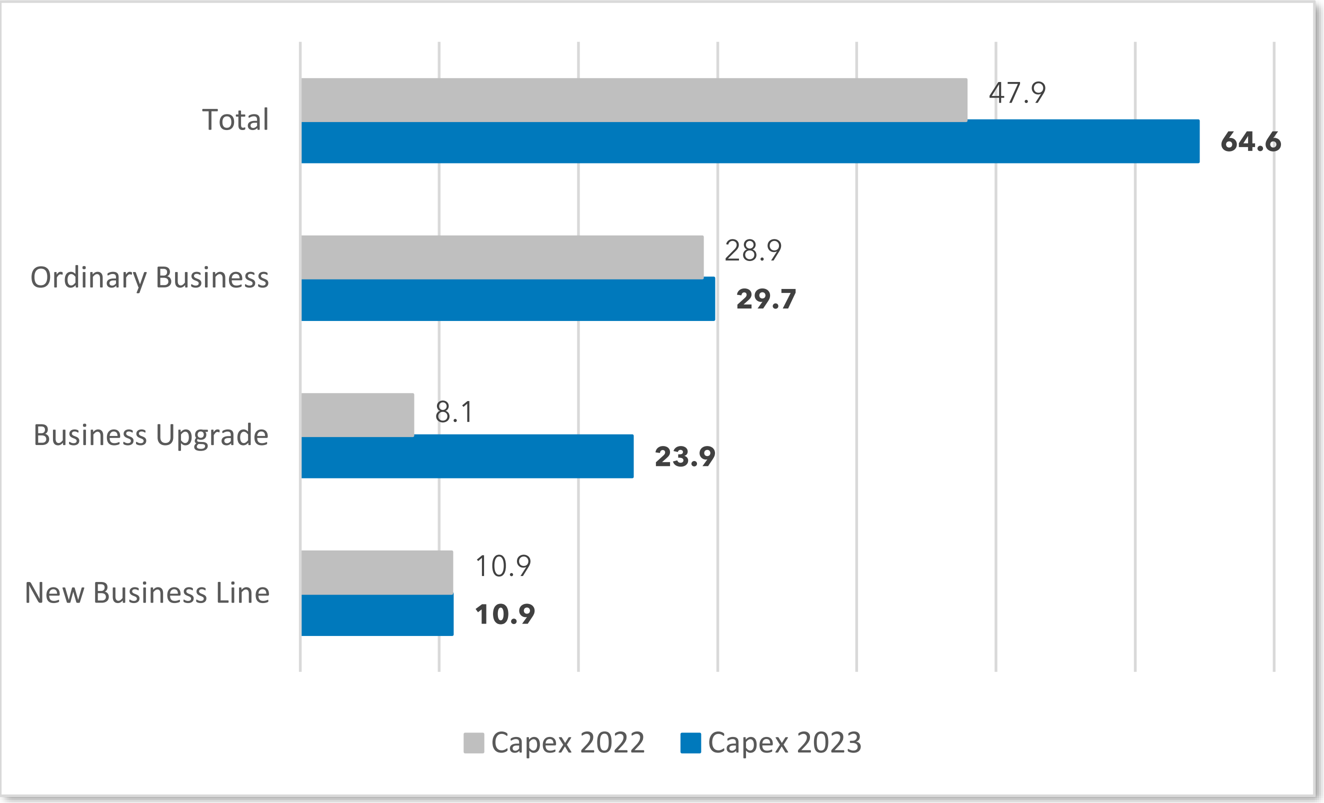
Appendix

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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