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Testo del comunicato

Vedi allegato.

SALCEF GROUP

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Press Release

Salcef Group: Nine-month results confirm robust growth and support further raising of the guidance for 2023 revenues. Backlog reaches 2 billion euros

Revenues at € 568 million up 47%, EBITDA at € 116 million (+49%) and Backlog at above € 2 billion

9M 2023 key results (vs. 9M 2022):

- **Revenues at € 567.9 million (+47.2%)**
- **EBITDA at € 115.5 million (+49.1%)**
- **EBIT at € 77.3 million (+51.7%)**
- **Net Income at € 51.3 million (+83.3%)**
- **Adjusted Net Financial Position positive for € 7.1 million (figure at 31 December 2022 positive for € 26.0 million)**

Rome, 14 November 2023 – The Board of Directors of Salcef Group S.p.A., convened today under the chairmanship of Gilberto Salciccia, approved the consolidated results for the first nine months of 2023.

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

"We are particularly pleased with the results of the first nine months, which exceeded the entire 2022. The Group continues to grow and strengthen, with a workforce of over 2,000 people and a backlog at above 2 billion euros for the first time, consolidating the visibility on the business. Moreover, the integration of the companies acquired in 2022 and 2023 continues positively, bringing in new resources and competencies. Therefore, we believe that there are all the conditions for 2023 to end with volumes growing even more than the 30% we communicated in August".

9M 2023 KEY PERFORMANCE INDICATORS

€ million	9M 2023	9M 2022[1]	Δ Abs.	Δ %
Revenues	567.9	385.8	182.1	47.2%
EBITDA	115.5	77.5	38.0	49.1%
EBITDA margin	*20.4%*	*20.1%*	*0.3 p.p.*	-
EBIT	77.3	51.0	26.3	51.7%
EBIT margin	*13.6%*	*13.2%*	*0.4 p.p.*	-
***Adjusted* Net Income[2]**	51.7	38.9	12.8	32.9%
Net Income	51.3	28.0	23.3	83.3%
***Adjusted* Net Financial Position[3]**	7.1	26.0	(18.9)	(72.8%)

(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) Comparative figures and related changes as at 31 December 2022. Does not consider:
   a. fair value change on financial investments (€ 4.4 million);
   b. final installment paid in August 2023 for the acquisition of FVCF (€ 3 million);
   c. payment for the acquisition of Colmar Technik (€ 23.8 million);
   d. liquidity used in 2023 for the buy-back programme (€ 15.5 million);
   e. amounts subject to precautionary seizure in proceedings against some subsidiaries. (€ 3.5 million).

In the first nine months of the year, consolidated **Revenues** amounted to **€ 567.9 million,** up 47.2% over the same period of 2022. The growth is due to a robust 32% organic growth as well as to the contribution of the subsidiaries recently entered into the Group's perimeter: the railway business unit of PSC Group and Francesco Ventura Costruzioni Ferroviarie acquired in May and December 2022 respectively, as well as, to a lesser extent, Colmar Technik S.p.A. acquired in August 2023.

Consolidated **EBITDA** reached **€ 115.5 million**, with a 49.1% increase over 9M 2022. The **EBITDA *margin*** stood at 20.4%, in line with expectations and the first half.

Consolidated **EBIT** reached **€ 77.3 million**, +51.7% YoY despite higher D&A for € 10.1 million due to the entry into operation of new plants and machines resulting from capex made both during 2022 and in the first nine months 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 **€ 51.7 million**, up 32.9% compared to the € 38.9 million of the first nine months of 2022, mainly due to higher EBIT and lower financial expenses, partially offset by higher adjusted income taxes. The **Net Income** at **€ 51.3 million** was € 23.3 million (83.3%) higher than the first nine months of 2022.

The ***Adjusted* Net Financial Position** as at 30 September 2023 was positive for **€ 7.1 million** (positive for € 26.0 million at year-end 2022), mainly as a result of the dividend payment for € 30.8 million. The **Net Financial Position** was negative for € 43.1 million.

The **Backlog** revises upward the previous record set at the end of June 2023, reaching for the first time € 2.02 billion. Among the main contracts awarded in the third quarter: extension of the existing underground passage in *Piazza Pia* in Rome; first supply of turnout bearers; track works activities in southern Italy. From a geographical perspective, the domestic component stands at 70.8%, slightly higher compared to the figure at 30 June 2023. *Track & Light Civil Works* and *Energy Signalling & Telecommunication* Business Units continue to be the most represented, accounting for 66.9% and 19.9% of the backlog, respectively. *Railway Machines* benefitted from the consolidation of Colmar (€ 27.8 million) and reached 2.4% of the backlog compared to the previous 0.5%.

Major events of the third quarter 2023

Acquisition of Colmar Technik S.p.A.

On 1 August 2023 Salcef Group S.p.A. announced the closing of the acquisition of 100% of the share capital of Colmar Technik S.p.A., a company active in the design and manufacturing of machines for railway maintenance and construction, with two plants in Arquà Polesine (RO) and Costa di Rovigo (RO). The closing followed the preliminary agreement signed by the parties on 26 June 2023 and took place after the fulfillment of the conditions precedent included in the mentioned agreement as well as after the positive outcome of the due diligence process.

The parties agreed on a consideration of €16.5 million, entirely paid although partially deposited in an escrow account, without any price adjustment, clauses or further conditions precedent.

Through this acquisition, Salcef Group intends to expand its range of products in the railway machines sector, both for internal uses and for the market, also thanks to the synergies and the complementary nature of Colmar's range of products with those offered by the group's subsidiary SRT, which also operates in the railway machines business but with a primary focus on wagons and rail grinders. Moreover, the acquisition is also expected to lead to sales synergies generated by Colmar's international network.

Colmar has approximately 110 employees and an order backlog of over € 27 million.

Legal proceedings under Italian Legislative Decree 231/2001

During August and September 2023, Salcef S.p.A., Euro Ferroviaria S.r.l. and Francesco Ventura Costruzioni Ferroviarie S.r.l. were notified that they were under investigation and informed of the completion of the preliminary investigations in relation to criminal proceedings being handled by Milan Public Prosecutor's Office, in which the aforesaid Group companies are under investigation, together with other companies, for suspected offences under Legislative Decree 231/2001 (the "Proceedings"). The offences for which the Group companies have been informed that they are under investigation concern: (i) their possible involvement in the offence of conspiracy to favour the business of supplier companies owned by people with alleged links to organised crime and; (ii) only for possible offences committed after 24 December 2019, claimed fiscal offences relating to the entry in the companies' books of invoices issued by the said suppliers for the hire of assets and secondment of staff, and the inclusion of the said invoices in income tax and VAT returns. In September 2023, after receipt of the notice that they were under investigation, the Group companies involved were served Preventive Seizure for the amounts of the claimed illegal gains from the tax offences referred to above, calculated by the Investigating Judge on the request of the Public Prosecutor. As of the date of this document, the total seized amount on these grounds from the three Group companies involved in the Proceedings amounts to € 3.48 million, which breaks down into € 2.9 million for Francesco Ventura Costruzioni Ferroviarie S.r.l., € 0. 56 million for Salcef S.p.A. and € 2.6 thousands for Euro Ferroviaria S.r.l..

As things now stand, in light of the submittal of supplementary IRES and IRAP tax and VAT returns and the voluntary additional payments of all the amounts initially saved on their tax bills through deduction of the costs generated by the transactions with the suppliers concerned made by Salcef S.p.A. ed Euro Ferroviaria S.r.l., as well as on the basis of the legal opinions obtained by the Group (issued after examination of the paperwork for the Proceedings, the claimed offences and the conduct of the people and organisations under investigation), the experts' opinions regarding the Organisation, Management and Control Model under Legislative Decree no. 231/2001 adopted by the companies and the completed and ongoing experts' opinions on the genuine nature of the services received, although nothing can be ruled out, it is considered that: (i) the Group companies involved are highly unlikely to be found guilty in the Proceeding; (ii) they are very unlikely to suffer any other financial losses over and above the sums already seized and; (iii) it is not believed that the Proceedings currently adversely affect the companies' general compliance with the requirements of the new Italian Public Contract Code on disqualification from participation in public tenders.

Outlook

In light of the results achieved during the first nine months and of the solidity of the Group's backlog, revenue growth at year-end is expected between 30% and 35% vs. 2022.

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

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 9M 2023 results to the financial community on **Wednesday, 15 November 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	30.09.2023	31.12.2022 Restated*
Non-current Assets		
Intangible assets with finite useful lives	19,539,504	21,583,417
Goodwill	123,072,822	98,484,694
Property, plant and equipment	212,404,204	194,829,294
Right-of-use assets	14,616,210	17,073,977
- of which, with related parties	*0*	*993,661*
Equity-accounted investments	135,643	135,643
Other non-current assets	29,800,447	25,112,368
- of which, with related parties	1,321,453	1,526,853
Deferred tax assets	23,625,446	25,452,686
Total non-current Assets	**423,194,276**	**382,672,079**
Current Assets		
Inventories	47,157,936	29,764,667
Contract assets	219,457,123	156,033,743
Trade receivables	133,682,572	140,505,148
- of which, with related parties	*21,724,819*	*11,609,934*
Current tax assets	3,534,659	4,167,579
Current financial assets	125,320,464	148,643,040
Cash and cash equivalents	64,540,191	135,245,724
Other current assets	48,863,486	35,333,090
Assets held for sale	0	2,529,499
Total current Assets	**642,556,431**	**652,222,490**
TOTAL ASSETS	**1,065,750,707**	**1,034,894,569**

LIABILITIES	30.09.2023	31.12.2022 Restated*
Equity attributable to the owners of the Parent		
Share capital	141,544,532	141,544,532
Other reserves	249,357,662	252,475,698
Profit for the period	51,051,359	45,190,464
Total equity attributable to the owners of the Parent	**441,953,553**	**439,210,694**
Share capital and reserves attributable to non-controlling interests	2,650,300	2,348,332
Profit for the period attributable to non-controlling interests	276,305	302,068
TOTAL EQUITY	**444,880,158**	**441,861,094**
Non-current liabilities		
Non-current financial liabilities	132,013,871	119,211,190
Lease liabilities	8,466,664	10,428,864
- of which, with related parties	*0*	*727,379*
Employee benefits	4,147,147	6,678,524
Provisions for risks and charges	6,187,340	2,357,957
Deferred tax liabilities	7,273,869	8,809,255
Other non-current liabilities	4,681,757	4,266,809
Total non-current liabilities	**162,770,648**	**151,752,599**
Current liabilities		
Bank loans and borrowings	0	4,064,734
Current financial liabilities	87,039,134	89,263,299
Current portion of lease liabilities	5,449,399	5,387,527
- of which, with related parties	*0*	*342,844*
Current employee benefits	1,259,926	1,127,387
Contract liabilities	39,831,314	77,763,713
Trade payables	243,091,042	218,281,916
- of which, with related parties	*753,392*	*460,002*
Tax liabilities	21,860,175	8,085,187
Other liabilities	59,568,911	36,035,410
Liabilities directly related to assets held for sale	0	1,271,703
Total current liabilities	**458,099,901**	**441,280,876**
TOTAL LIABILITIES	**620,870,549**	**593,033,475**
TOTAL EQUITY AND LIABILITIES	**1,065,750,707**	**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

	9M 2023	9M 2022 Restated*
Revenues from contracts with customers	560,832,041	377,926,413
- of which, with related parties	*23,152,338*	*1,627,260*
Other income	7,019,872	7,868,685
Total revenues	**567,851,913**	**385,795,098**
Raw materials, supplies and goods	(146,424,855)	(91,296,234)
- of which, with related parties	(70,524)	0
Services	(212,628,244)	(144,567,186)
- of which, with related parties	*(823,434)*	*(8,573)*
Personnel expenses	(105,811,614)	(80,121,223)
Depreciation and Amortisation	(36,510,230)	(26,439,178)
Impairement losses	(1,716,005)	(69,870)
Other operating costs	(12,154,615)	(8,760,773)
Internal work capitalised	24,707,418	16,437,125
Total costs	**(490,538,145)**	**(334,817,339)**
Operating profit	**77,313,768**	**50,977,759**
Financial expenses	(4,208,553)	(7,293,603)
- of which, with related parties	*(42,109)*	*(45,192)*
Pre-tax profit (loss)	**73,105,215**	**43,684,156**
Income taxes	(21,777,551)	(15,680,602)
Profit (loss) for the period	**51,327,664**	**28,003,555**
Profit for the period attributable to:		
Non-controlling interests	276,305	(75,900)
Owners of the Parent	51,051,359	28,079,455

(*) 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

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