SALCEF GROUP

Leading the Railway

FY 2023 Results Presentation

15 March 2024

SALCEF GROUP

Speakers

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Chief Executive Officer

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Chief Corporate & Financial Officer

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Chief Communication & Sustainability Officer

Key messages

SETTING THE BAR HIGHER

- The best year ever brings the Group to a different dimension, with full availability of all the operational, commercial and financial levers to unlock further growth

PERFORMANCE & VISIBILITY

- **Outstanding top line performance,** with Revenues up 41% YoY of which **27% organic**
- **EBITDA** reaching **€ 161 mln,** with profitability solidly at above 20%
- **Backlog reaching all-time-high at € 2.2 Bn** with € 1.1 Bn of new contract signed in the year (book-to-bill at 1.65x) and covering 2.8 years of equivalent production

ESG COMMITMENT AND DELIVERY

- Group performance and disclosure improved as per ESG strategy
- Commitment to market-oriented disclosure confirmed by first participation to the CDP questionnaire on climate change, with a satisfactory "B" score
- Well positioned to comply with the Corporate Sustainability Reporting Directive, applicable from 2024 reporting

LOOKING AHEAD WITH CONFIDENCE

- Capex for 2024 growing at € 70 mln to continue supporting product and process development and confirming Group's innovative DNA
- 2024 set to deliver additional revenue growth (approx. 20%)

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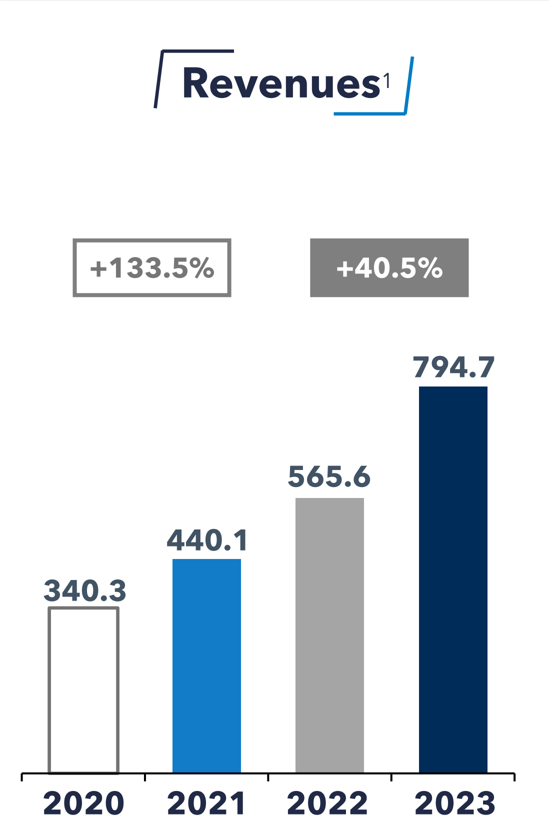
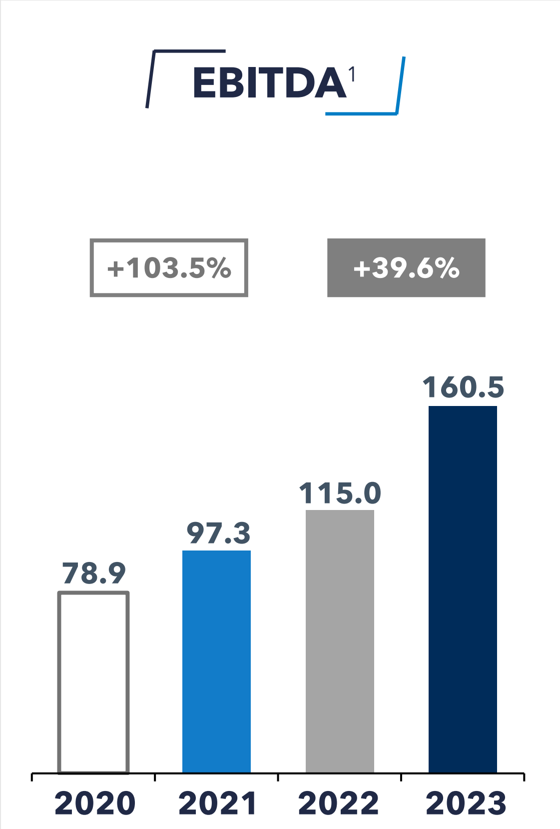
Bigger than ever, targeting further growth

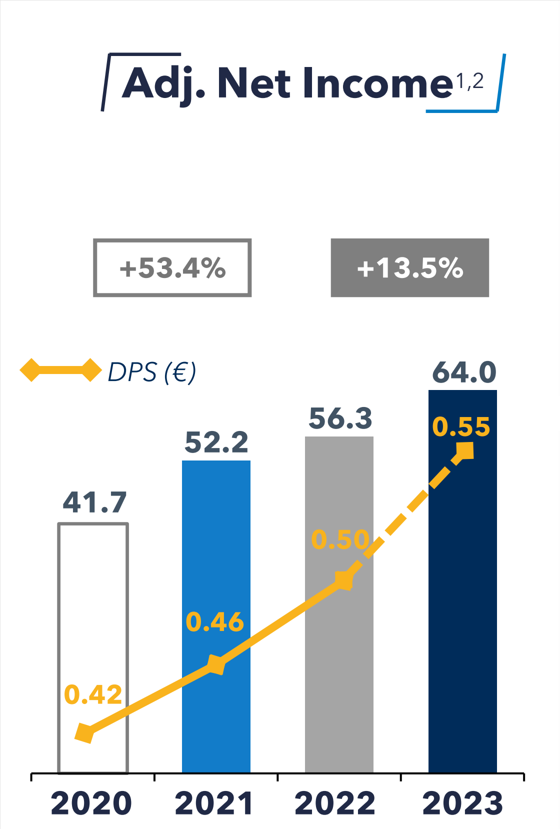
2023 vs. 2020

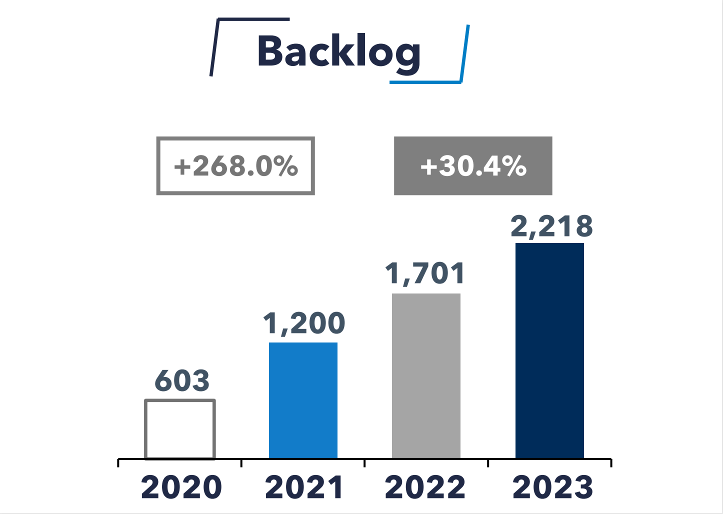
2023 vs. 2022

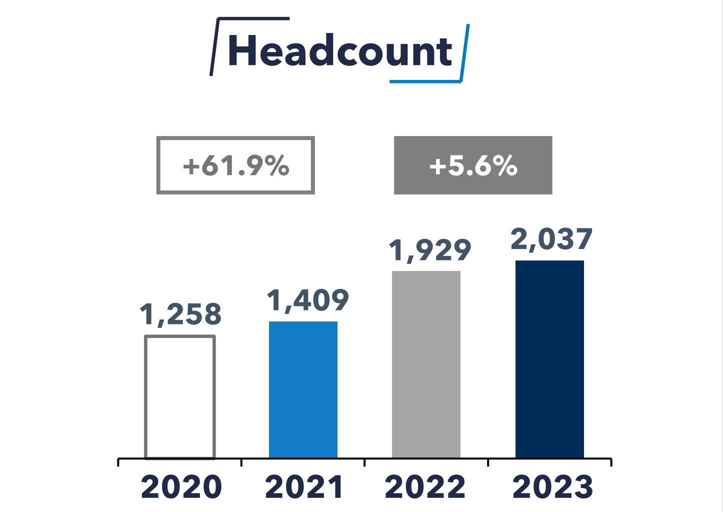
€ Mln











1. 2022 and 2023 figures, where applicable, has been restated to retroactively reflect the effects resulting from the completion of the purchase price allocation related to the acquisitions of the railway business unit of PSC Group and of Francesco Ventura Costruzioni Ferroviarie s.r.l., in accordance with the accounting principles in force
2. 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 and 2023 adjusted to exclude the tax impact of the reversal of deferred tax assets on revaluations, the impact on financial expenses of the fair value change on financial investments and non-recurring tax expenses

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Revenues by Business Unit

€ Mln

- Consolidated **Revenues** at **€ 794.7 Mln**, up 40.5% YoY mainly due to:
  - **Organic growth at 27.0%**, mainly supported by **Heavy Civil Works (142.1%)** benefitting from the increasing volumes on the Verona-Padua HS line contract, **Track & Light Civil Works (13.8%)** and **Energy, Signalling & Telecom (18.4%)**
  - **Railway Machines up 72.5%** benefitting from the consolidation of Colmar (€ 8.1 mln)
  - **Railway Materials** continuing in its consistent organic growth trend **(+15.4%)** thanks to new products

	2023	2022	Δ (%)
Track and Light Civil Works	**461.1**	355.0	29.9%
Energy, Signalling & Telecom	**115.8**	88.3	31.2%
Heavy Civil Works	**127.6**	52.7	142.1%
Rail Grinding & Diagnostics	**20.3**	15.2	33.7%
Railway Materials	**48.2**	41.7	15.4%
Railway Machines	**21.8**	12.6	72.5%
Total	**794.7**	**565.6**	**40.5%**

58.0% **Track & Light Civil Works** *(62.8% in 2022)*

14.6% **Energy, Sign. & Telecom** *(15.6% in 2022)*

16.1% **Heavy Civil Works** *(9.3% in 2022)*

2.6% **Rail Grinding & Diagnostics** *(2.7% in 2022)*

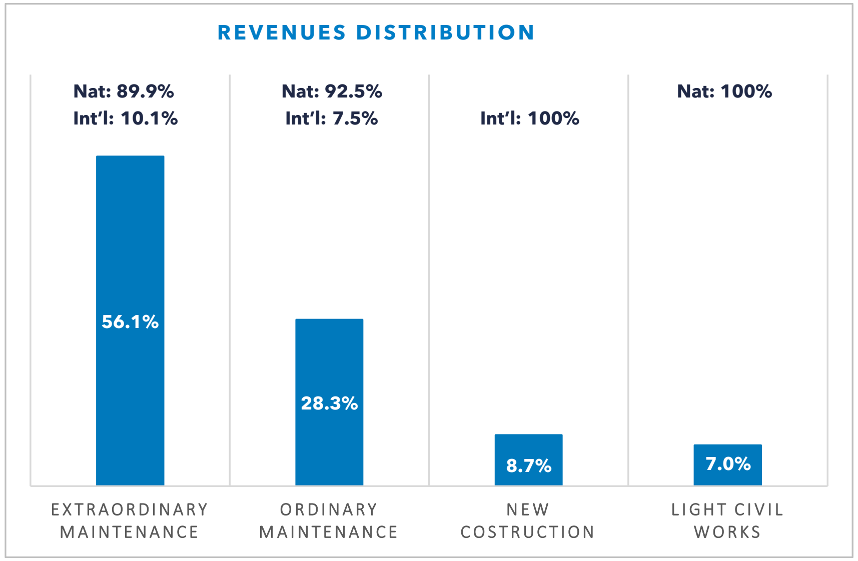
6.1% **Railway Materials** *(7.4% in 2022)*

2.7% **Railway Machines** *(2.2% in 2022)*

Focus on Business Units (1/4)

Track & Light Civil Works

- 2023 Revenues at **€ 461.1 Mln, up 29.9% YoY** mainly due to:
  - Consolidation of the better-than-expected contribution from Francesco Ventura Costruzioni Ferroviarie (€ 64.7 mln)
  - Higher activities within the 3-year framework agreements with RFI
  - Higher productions for urban mobility customers in US and Italy
- 2024 will benefit from first activities on contracts in Romania and Egypt, the ramp-up of some domestic renewal contracts signed in 2023 and further growth of Francesco Ventura Costruzioni Ferroviarie led by new contracts from regional railways in Southern Italy



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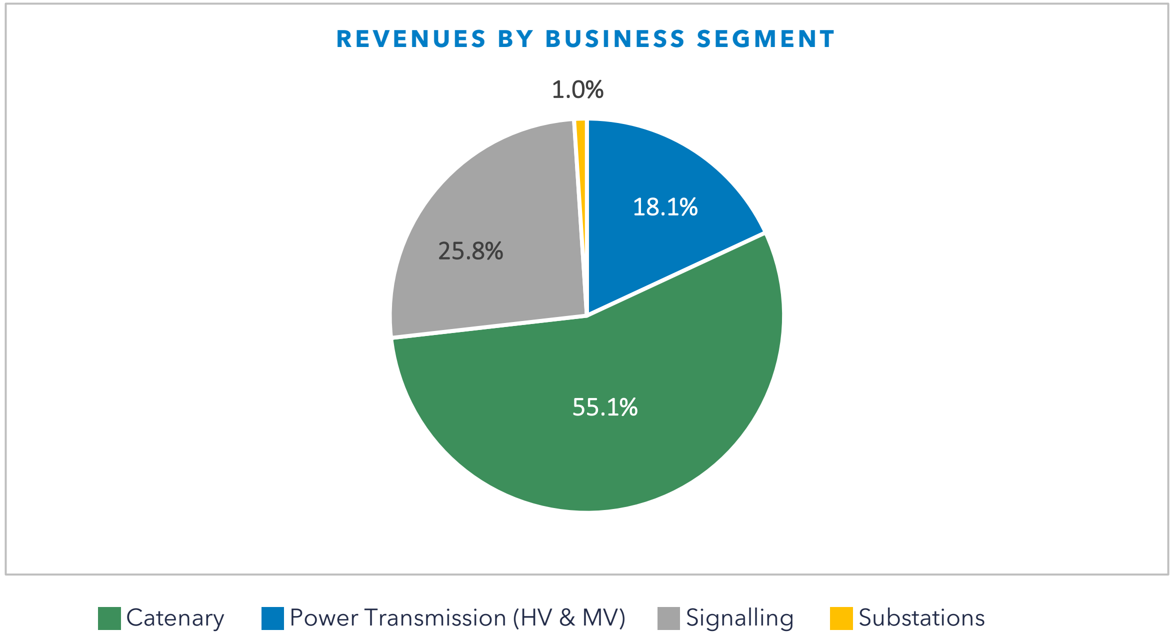
Focus on Business Units (2/4)

Energy, Signalling & Telecommunication

- 2023 Revenues at **€ 115.8 Mln, up 31.2% YoY** mainly due to:
  - Higher catenary activities within the 3-year framework agreements with RFI
  - Material growth of signalling activities (+257%) in execution of the ERTMS contracts
- 2024 will benefit from a material step-up on the ongoing activities on ERTMS and electrical substations, which together are expected to represent approx. 45% of the BU vs. current 27%



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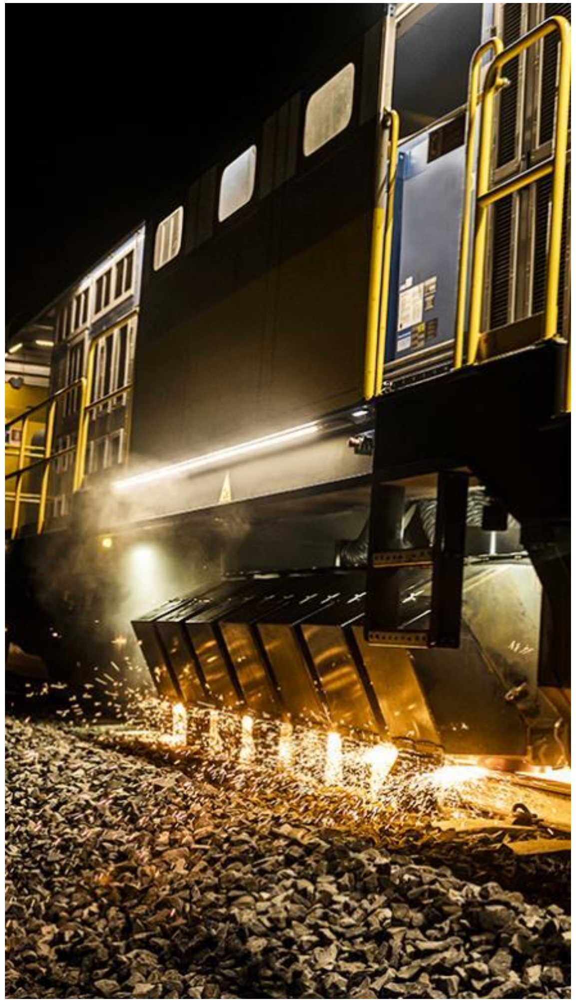
Focus on Business Units (3/4)

Heavy Civil Works

- 2023 Revenues at **€ 127.6 Mln, up 142.1% YoY** mainly due to the peak of the contribution from the Verona-Padua HS line contract and the first activities for the Piazza Pia contract
- 2024 will continue to be focused on the execution of the Verona-Padua and Piazza Pia contracts, together with growing activities in Germany on the back of a positive 2023 order inflow

Rail Grinding & Diagnostics

- 2023 Revenues at **€ 20.3 Mln up 33.7% YoY**
- 2 new Vulcano rail grinders delivered in 2023 and already on the field
- 2024 will be focused on the consolidation of the activities and international business development



Focus on Business Units (4/4)

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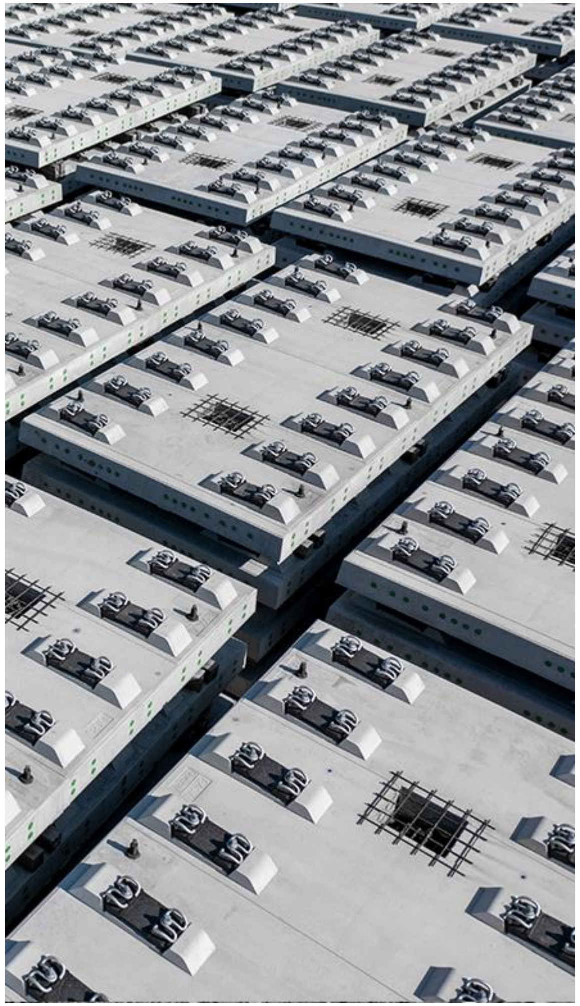
Railway Materials

- 2023 Revenues at **€ 48.2 Mln, up 15.4% YoY** mainly due to:
  - > 400,000 sleepers produced
  - Slab production going at regime with > 1,000 units produced
- New Turnout Bearers production line activated and running
- Growth expected to continue in 2024 supported by new products, mainly slabs, and execution of new contracts for specific supplies not included in the RFI framework agreements

Railway Machines

- 2023 Revenues at **€ 21.8 Mln, up 12.6% YoY** mainly due to the consolidation of Colmar
- 2024 will be focused on the commercial and industrial integration of Colmar, on the development of the new Schieppe plant and on the continuous support to the Group production capacity



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Revenues by Geography

€ Mln

- **Domestic** revenues materially growing **52.0%** (33.3% organic) and increasing its weight on the total (86% vs. 79% in 2022)
- **North America** confirmed as the second market for the Group at **+39.3% fully organic**

	2023	2023	Δ (%)
Italy	**682.0**	448.7	52.0%
Europe [Excluding Italy]	**39.2**	48.2	(18.8%)
North America	**67.8**	48.7	39.3%
Middle East	**4.6**	14.4	(68.0%)
North Africa	**1.0**	5.6	(80.7%)
Total	**794.7**	**565.6**	**40.5%**

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Economic and Financial KPI

€ Mln

	2023	2022[1]	Δ (%)
Revenues	**794.7**	565.6	40.5%
EBITDA	**160.5**	115.0	39.6%
EBITDA Margin	*20.2%*	*20.3%*	-
D&A	(59.8)	(37.2)	61.0%
EBIT	**100.7**	77.8	29.4%
EBIT Margin	*12.7%*	*13.8%*	-
Adjusted Net Financial Income (Expenses)*	(13.3)	(1.7)	n.m.
***Adjusted* EBT**	**87.3**	76.1	14.8%
Adjusted Income Taxes**	(23.4)	(19.7)	18.6%
***Adjusted* Net Profit**	**64.0**	56.3	13.5%
* Fair value change of financial investments	6.4	(8.9)	n.m.
** DTA on fair value changes, DTA reversal related to revaluations and non-recurring tax expenses	(8.2)	(2.0)	n.m.
Net Profit	**62.1**	45.5	36.5%
Net Financial Position	**(7.2)**	55.5	n.m.

- **EBITDA Margin** solidly kept at 20.2% in line with expectations, with the first limited contribution from FVCF (€ 2 mln)
- **Higher D&A** on the back of higher Capex made both in 2023 and previous years in line with the Group's Capex plan. FY 2023 and FY 2022 D&A include € 6.9 mln for the depreciation of the intangible assets following the purchase price allocation related to the acquisitions of the railway business unit of PSC Group and of FVCF. Without this effect, EBIT would have been € 107.7 mln (13.6% EBIT Margin)
- **P&L adjustments** related to:
  - Change in fair value of financial investments
  - DTA reversal
- **Tax rate** at **26.9%**, in line with expectations and with the level going forward
- **NFP** at **€ 7.2 Mln** (Net Debt) include approx. € 100 mln for M&A (of which approx. € 81 mln of shareholders' loans to support Working Capital needs of Colmar and FVCF), dividend paid for € 30.8 mln and € 20.9 mln for the buyback. Cash & Cash equivalents at year-end stood at approx. € 229 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 acquisitions of the railway business unit of PSC Group and Francesco Ventura Costruzioni Ferroviarie s.r.l., in accordance with the accounting principles in force

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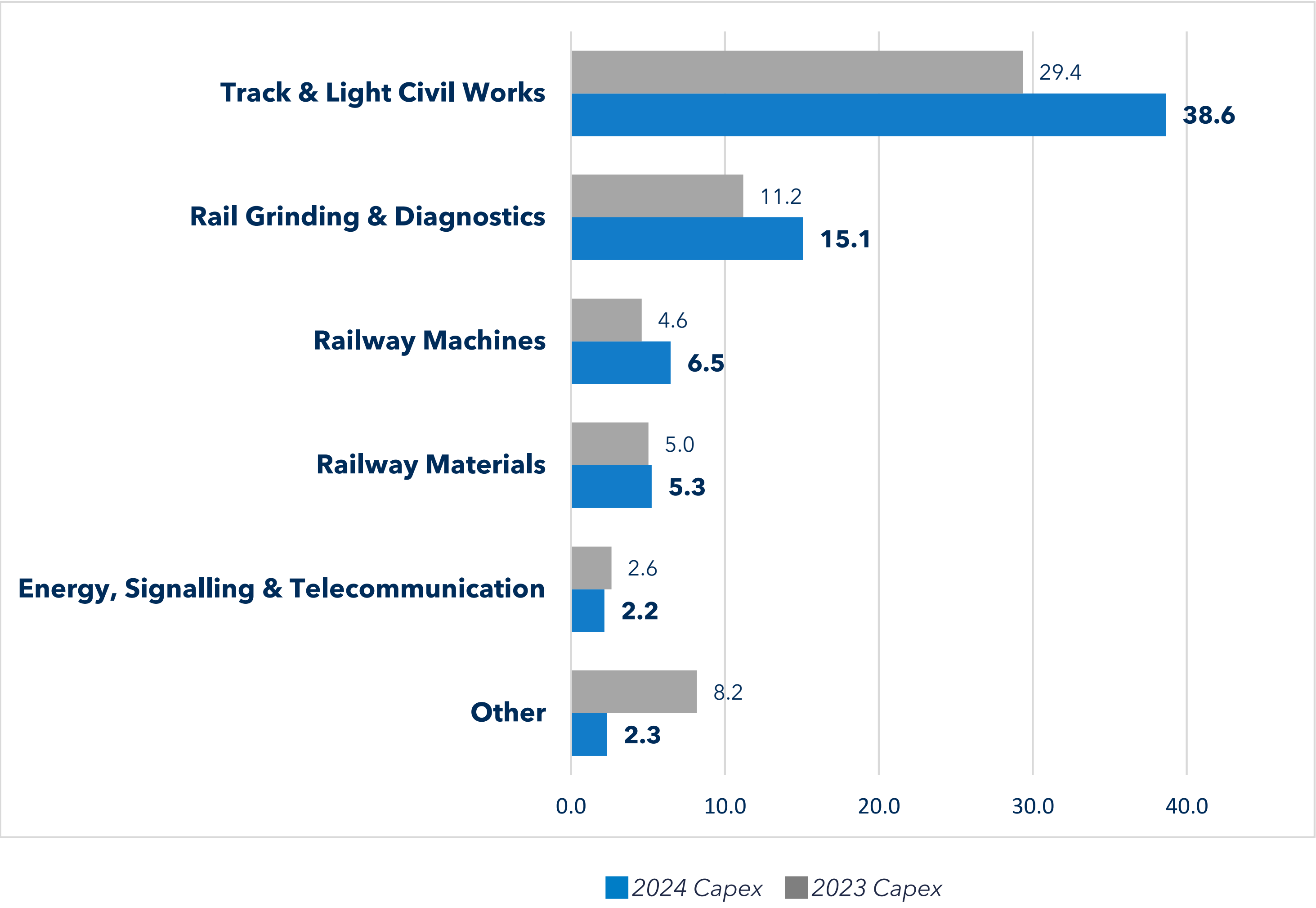
Focus on Capex

€ Mln

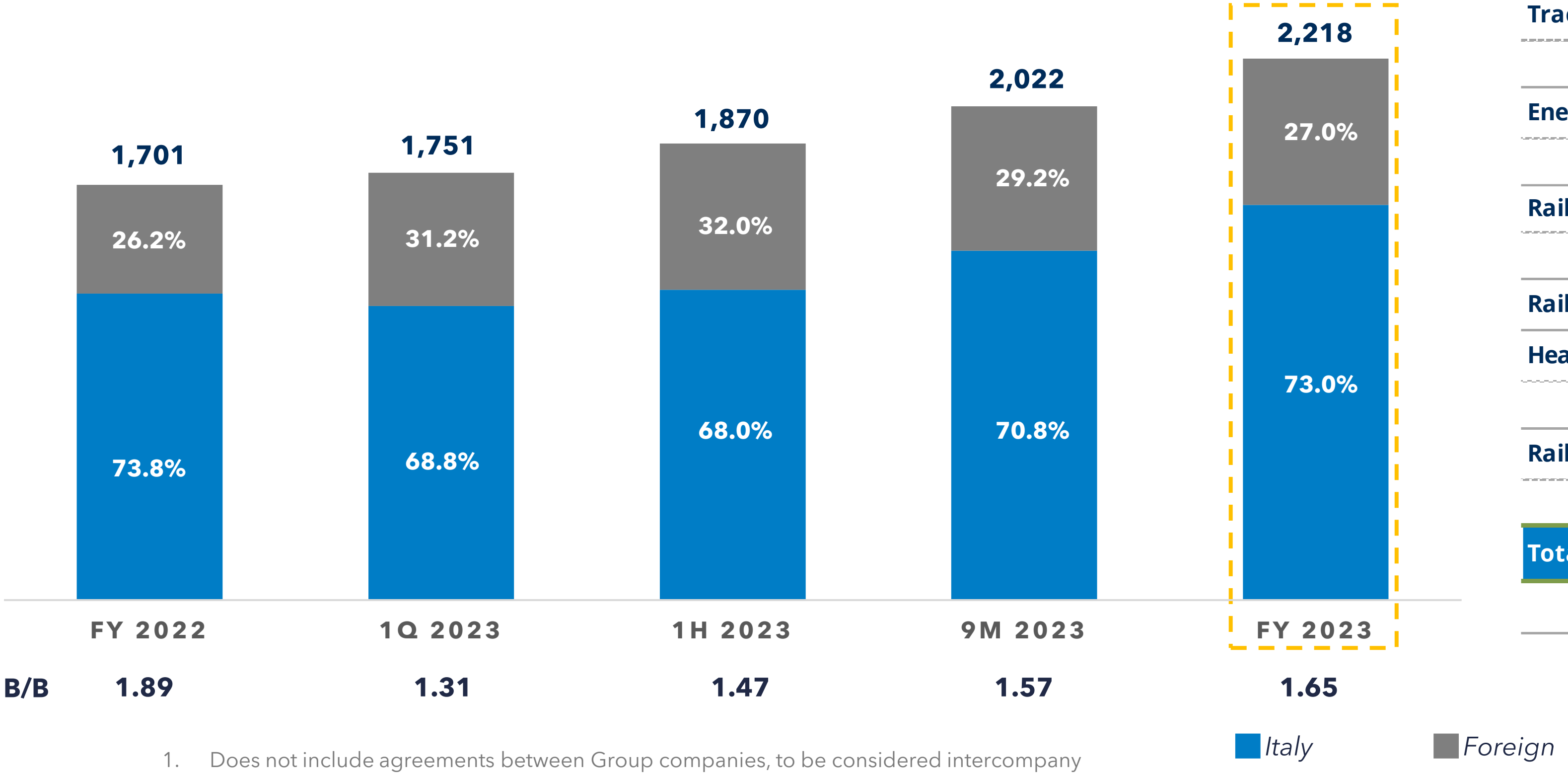


- 2023 Capex at **€ 61.0 Mln**, slightly below expectations due to some minor postponements
- **2024 Capex** expected to further grow at **€ 70.0 mln** (+15%)
  - Track & Light Civil Works confirmed as the main beneficiary, strengthening the Group focus on core business
  - Rail Grinding & Diagnostics further increasing Capex with new grinding trains (€ 15 mln)
  - Industrial development of the Railway Materials and Railway Machines Italian plants

Backlog

€ Mln

- **Backlog[1] hitting all-time high at € 2.22 Bn**, of which **€ 1,619 mln (73.0%)** from **Italian market** and **€ 599 mln (27.0%)** from **foreign markets**
- Best year ever in terms of order intake, with € 1.1 Bn of new contracts signed and the only extraordinary effect being the consolidation of Colmar order portfolio (€ 33.5 mln)
- **Track & Light and Civil Works** and **Energy Signalling & Telecommunication** confirmed as the core Business Units, with **86.6%** of the total backlog
- **Book-to-bill ratio at 1.65x**
- The Backlog covers **2.8 years** of equivalent production



€x1,000

Business Unit		Amount	%
Track & Light Civil Works		**1,381,876**	**62.3%**
	of which Foreign	*565,533*	*25.5%*
Energy, Signalling & Telecom		**539,046**	**24.3%**
	of which Foreign	*1,748*	*0.1%*
Rail Grinding & Diagnostic		**7,901**	**0.4%**
	of which Foreign	*0*	
Railway Materials		**61,319**	**2.8%**
Heavy Civil Works		**173,955**	**7.8%**
	of which Foreign	*26,924*	*1.2%*
Railway Machines		**53,957**	**2.4%**
	of which Foreign	*4,832*	*0.2%*
Total		**2,218,054**	**100.0%**
	Italy	**1,619,018**	**73.0%**
	Foreign	**599,037**	**27.0%**

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

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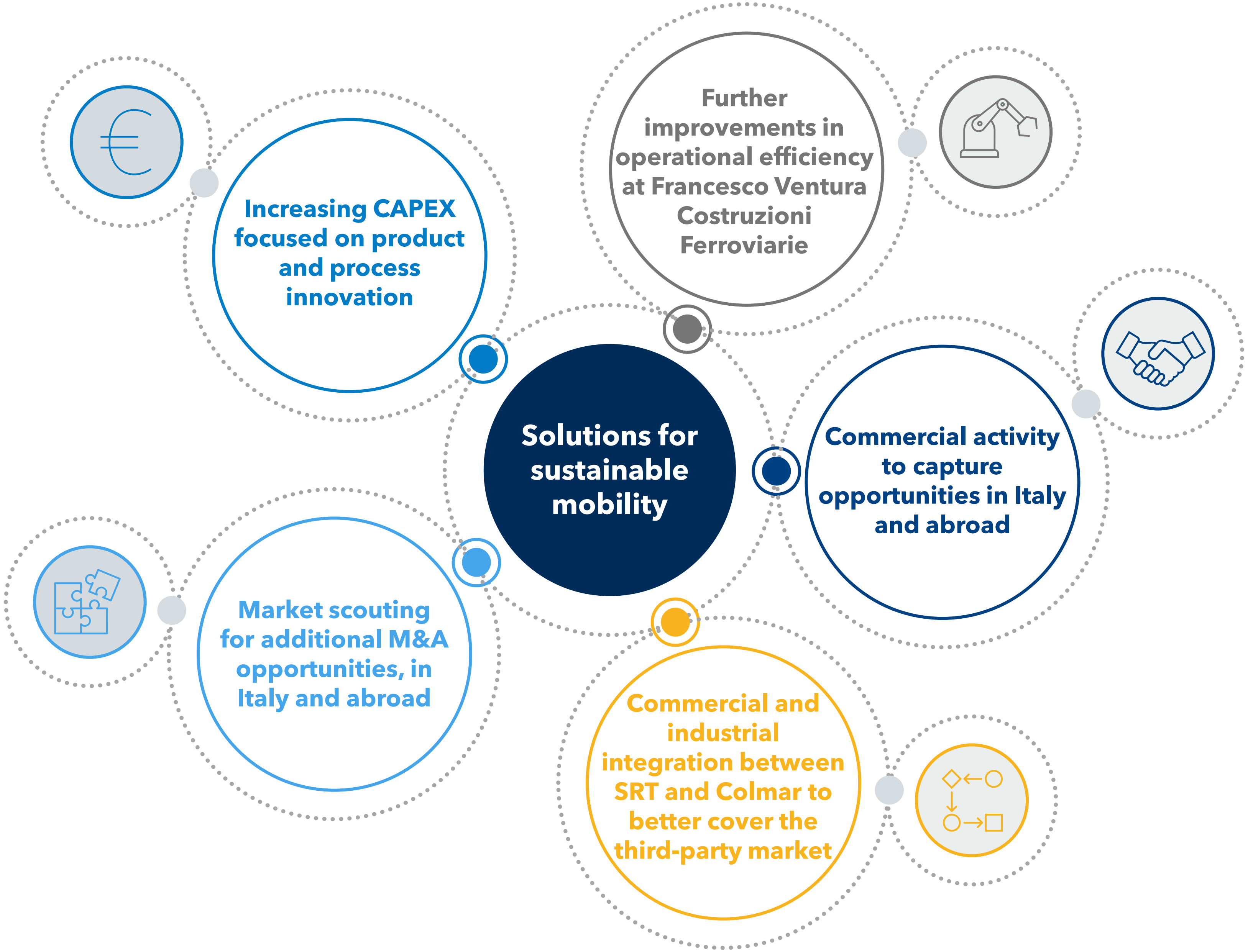
Business priorities & Outlook for 2024



- **Business volumes** expected to growth by around **20% YoY** (~ 15% organic)
- **EBITDA margin** is expected at around 19%, mainly impacted by the further widening of the consolidation perimeter with activities generating lower-than-average margins
- **Capex** expected at € 70 mln further up compared to 2022 to sustain organic growth and innovation

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Q&A

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