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SALCEF GROUP
Leading the **Railway**



Company Presentation

STAR Conference



21 March 2024

Speakers



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Chief Corporate &
Financial Officer



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Chief Communication &
Sustainability Officer

Agenda

01 | Salcef Group Overview

02 | Business Units

03 | Sector and Market highlights

04 | FY 2023 Results

05 | Sustainability at Salcef

06 | Contacts

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Salcef Group Overview

Salcef Group in a nutshell

Global leader in the railway infrastructure

- Business Units >> 7
- Operating Companies¹ >> 15
- Foreign Branches¹ >> 8 countries
- Plants >> 6
- Employees¹ >> >2,000

Experience and track record to guarantee execution and quality

- >1,100 Railway machines in fleet
- >8,900 km railways renewed
- 2,600 km railways built
- 348 km of High-Speed lines built
- >1,200 km catenary renewed
- > € 180 Mln CAPEX in 2020-2023

Well positioned for sustainable growth

- >> **Investments** in railway industry increase globally
- >> **Unique business model** to maximize synergies and provide opportunities for diversification
- >> **Best-in-class technologies** and capabilities, continuously updated and innovated
- >> **Financial flexibility** to implement organic CAPEX Plan and catch external growth opportunities, with proven track record in M&A

1. Figures at 31 December 2023

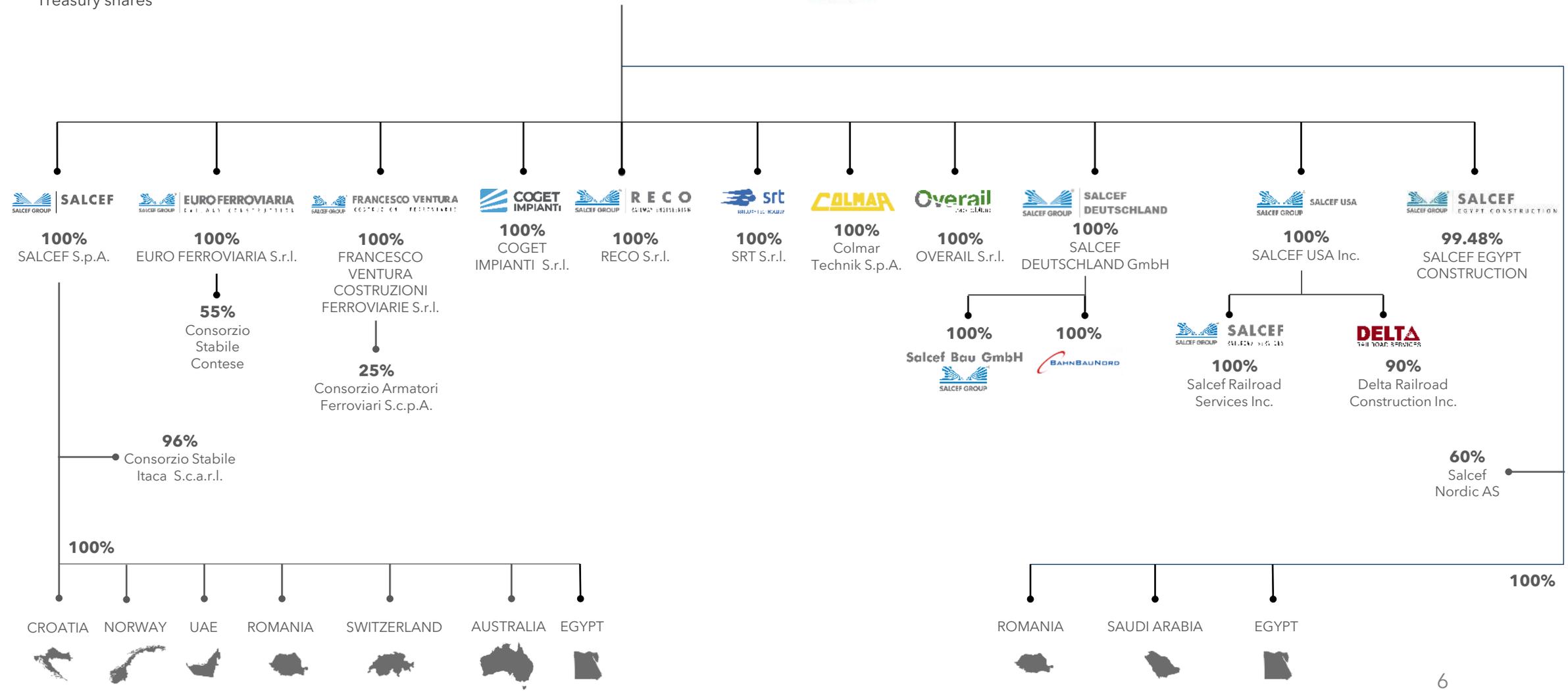
Group Structure

HOLDING

- Listed **Euronext Milan** Market, **STAR** segment
- **64.77%** controlled by Finhold S.r.l. - **35.23%** Floating & Treasury shares

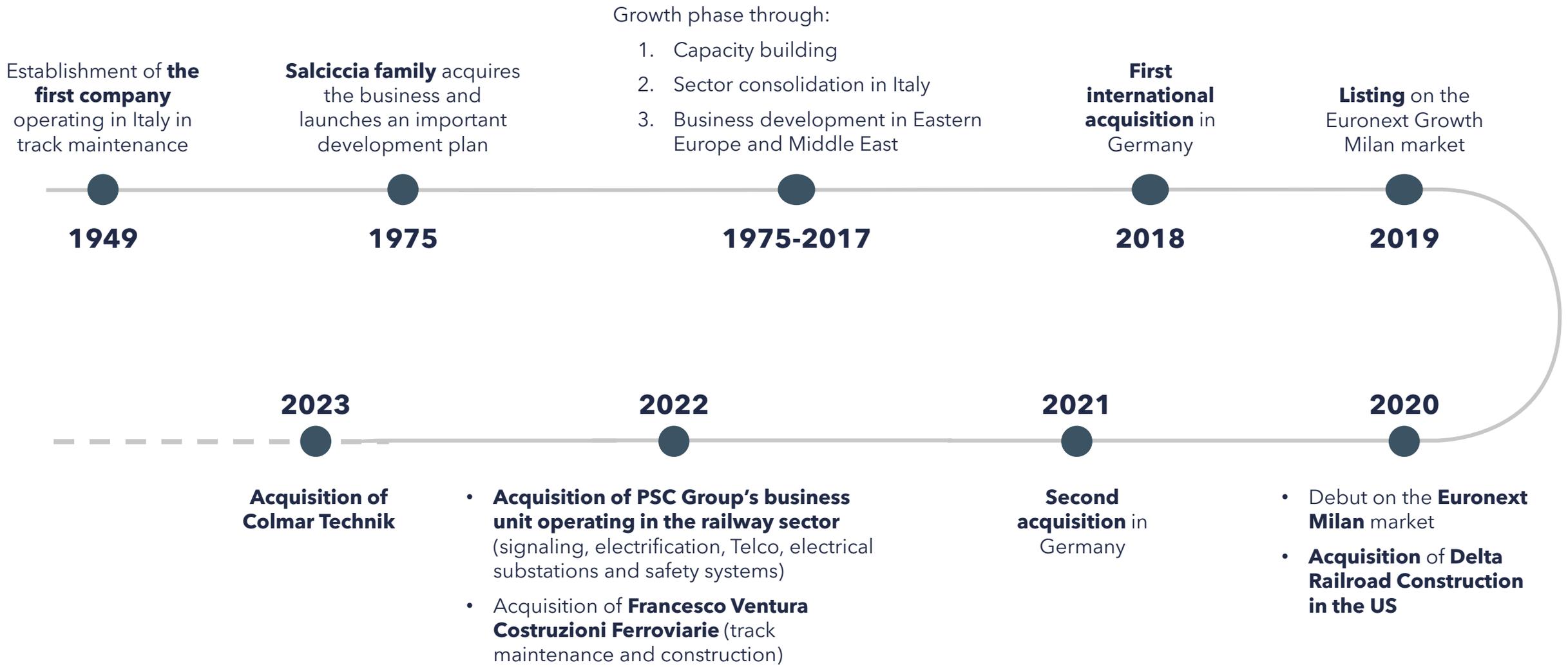


OPERATING COMPANIES



COMMERCIAL BRANCHES

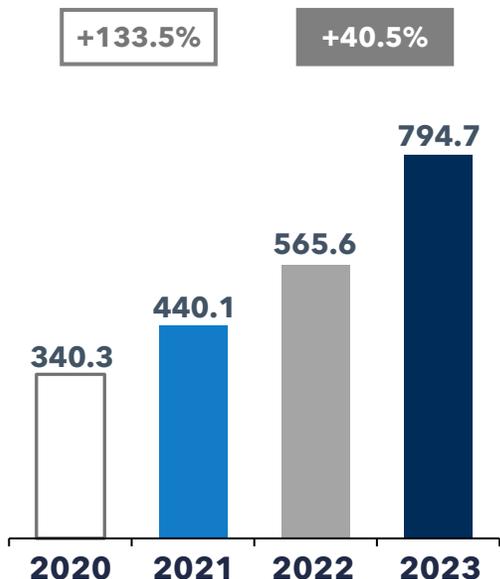
Active in the railway sector for more than 70 years



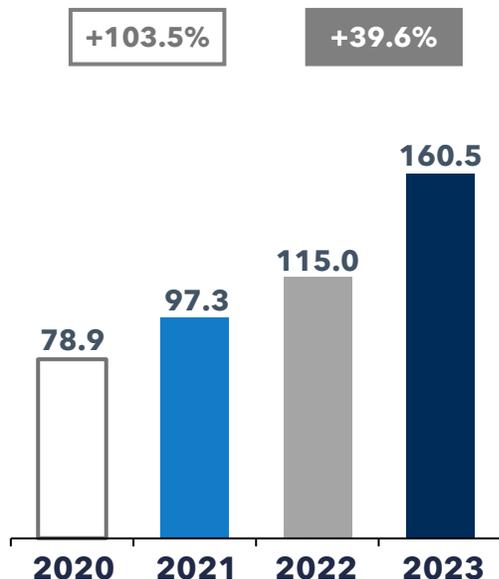
Bigger than ever, targeting further growth

€ Mln

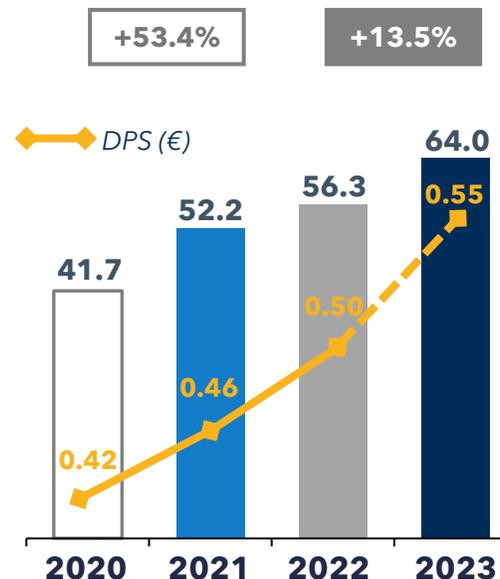
Revenues¹



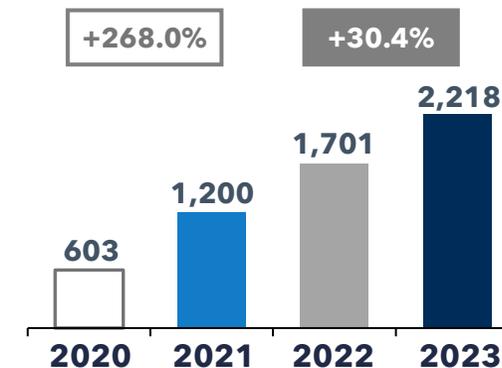
EBITDA¹



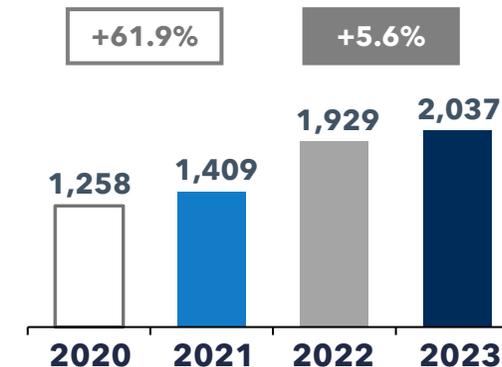
Adj. Net Income^{1,2}



Backlog



Headcount



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

Rail transportation value chain



INFRASTRUCTURE

OPERATIONS



- Pre-feasibility and feasibility studies
- Environmental impact studies
- Project management
- Testing

- Civil Works
- Trackworks
- Electrification
- Signalling
- Other technologies

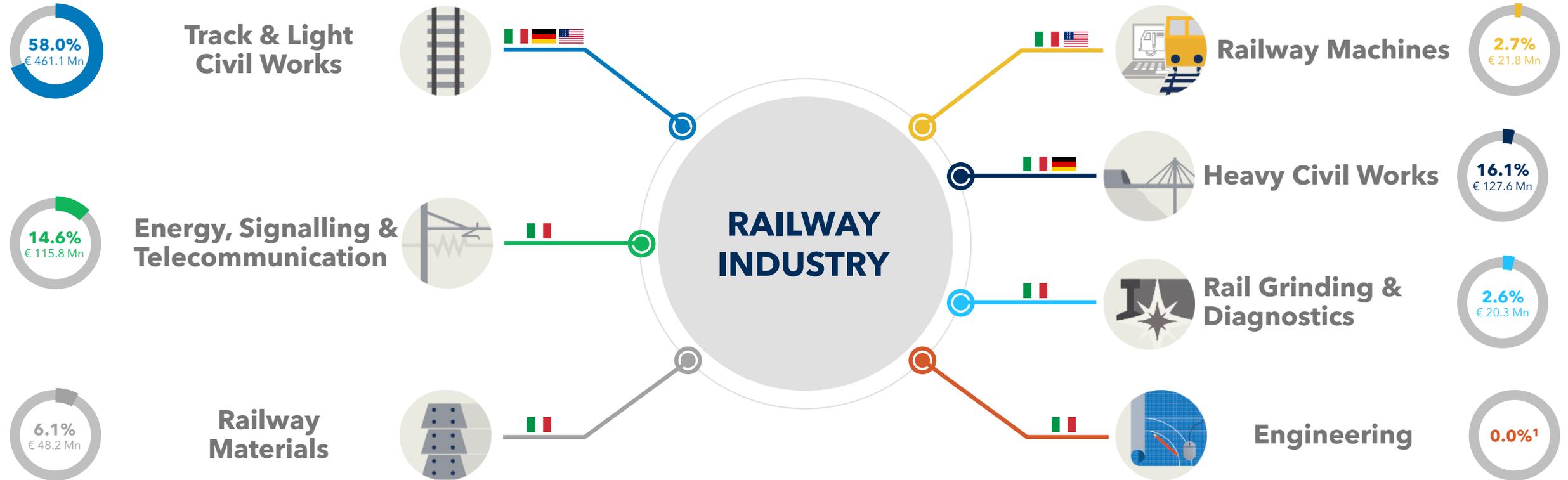
- Inspection
- Maintenance
- Renewal



MACHINES + MATERIALS



1 Strategic BU and 7 vertically integrated Operative BUs



1. 100% intercompany

A unique business model to provide 360° solutions to the industry

7
OPERATIVE
BUSINESS
UNITS



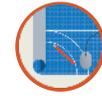
Track & Light Civil Works



Heavy Civil Works



Railway Machines



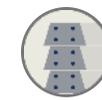
Engineering



Energy, Signalling & Telecommunication

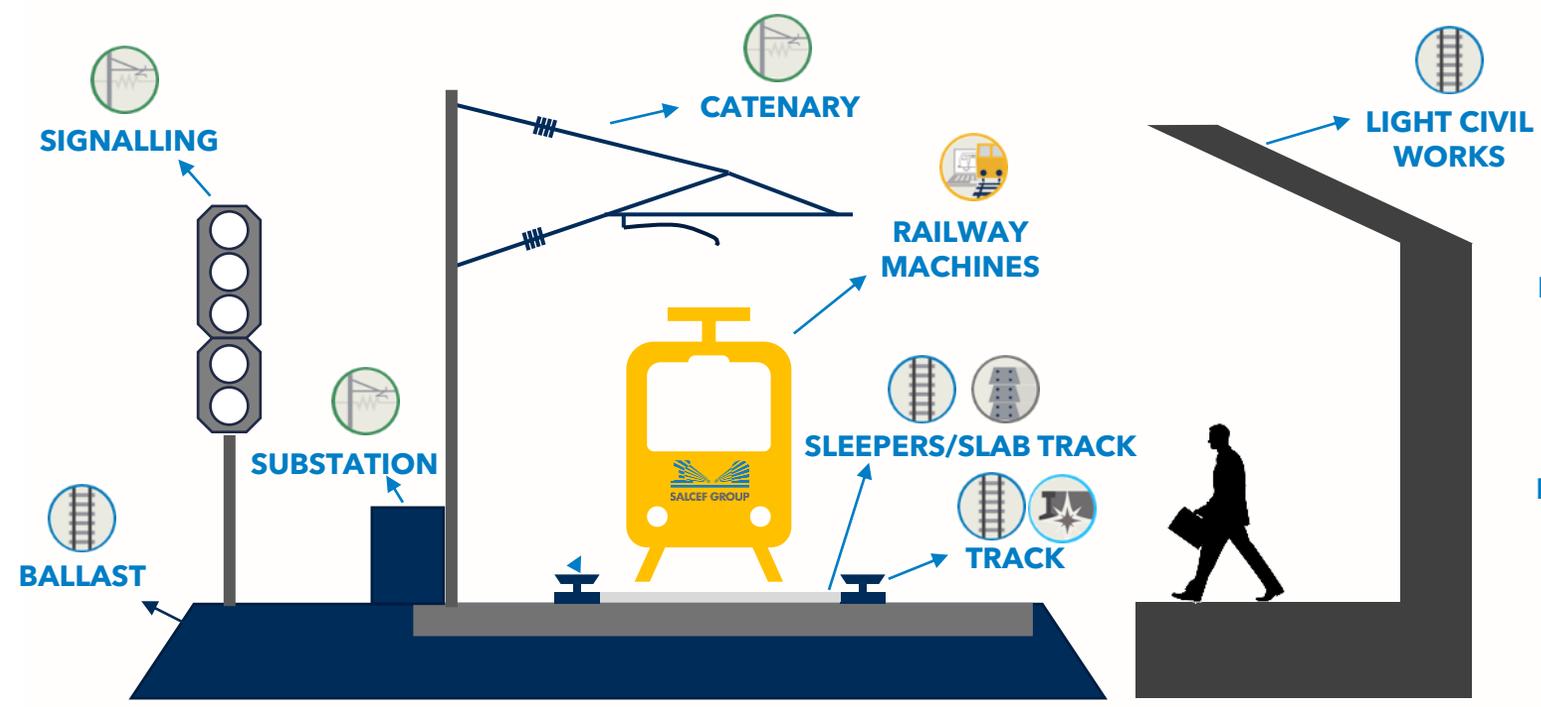


Rail Grinding & Diagnostics

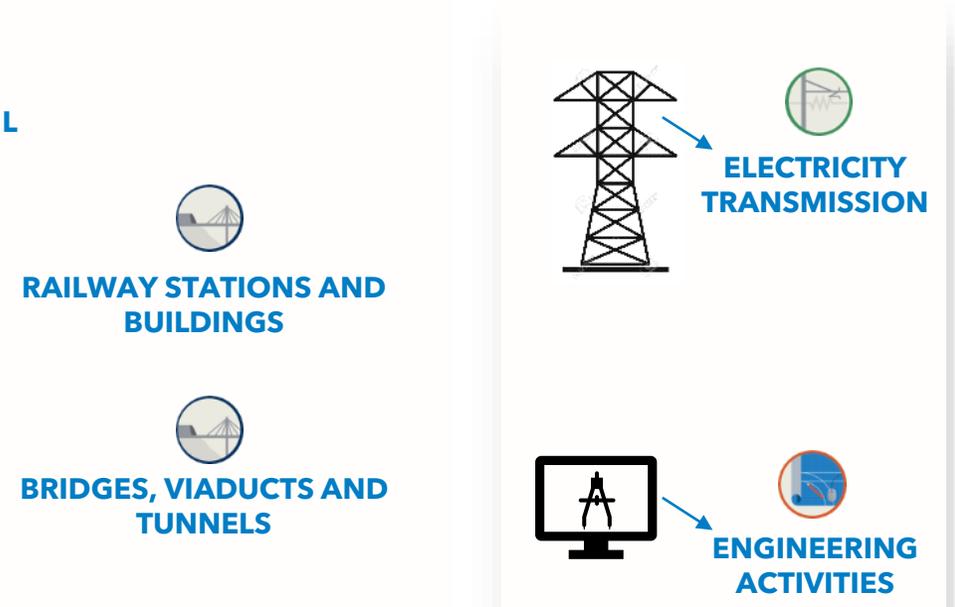


Railway Materials

Railway Infrastructures



Other activities



Overview of our strategic markets

	 ITALY	 GERMANY	 UNITED STATES
RAILWAY NETWORK	~ 24,500 km	~ 50,000 km	~ 221,000 km <i>Almost entirely owned and managed by Class I railroads¹</i>
COMPETITIVE SCENARIO	<i>Few competitors with domestic operations mainly focused on specific areas</i>	<i>Very fragmented, with few big players and a number of small/micro local companies</i>	<i>Very fragmented, with big players and smaller companies with state-wide focus</i>
MAIN CUSTOMERS	 (100% state-owned)	 (100% state-owned)	 (100% state-owned) Class I railroads Local Transit Authorities
TYPE OF CONTRACTS	<i>Mainly long-term contracts with framework agreement approach</i>	<i>Significant number of single-activity contracts of relatively small size</i>	<i>Mainly significant number of single-activity contracts of relatively small size. Type may depend on the customer</i>
TENDER PROCESS	<i>Public Tenders only</i>	<i>Public Tenders only</i>	<i>Public Tenders and private negotiations</i>
CURRENT INVESTMENT PLANS	<ul style="list-style-type: none"> • FS Investment Plan 2022-2031 (€ 110 Bn to the railway infrastructure). New PCO forecasting +80% in maintenance spending (€ 5,1 Bn extraordinary in 2022-2024 and € 1 Bn ordinary per year) • NRPP 2020-2026 (€ 28 Bn) <i>See dedicated slides</i>	<i>DB Investment Plan 2020-2030 (€ 86 Bn)</i>	<i>\$ 1.2 Tn US Bipartisan Infrastructure Deal (\$ 66 Bn for passenger rail and \$ 39 Bn for public transit)</i>

1. 7 freight operators with revenues higher than \$ 500 mln

Strategy highlights



Strengthening of the competitive positioning

- Non-organic growth in the key strategic countries for the Group (Italy, Deutschland, US)



Diversification of the business

- Widen Group presence mainly in the railway industry and also in adjacent sectors characterized by same technological background but different customer bases and markets



Investments in new high technology products and on efficiency of current fleet

- **Ordinary Business:** maintenance of existing production capacity
- **Business upgrade:** new plants, machinery or equipment to increase production capacity
- **New business line:** design and production of new products to open new strategic business lines



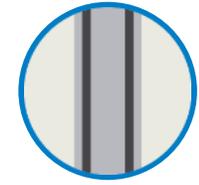
ESG priorities

- **Environmental:** Invest in more efficient operations to reduce emissions, also using more energy from renewable sources
- **Social:** Assure best-in-class working conditions within and outside the organization, providing employees and collaborators with growth opportunities and implementing organizational and control systems to make operations safer
- **Governance:** Adopt industry-leading management systems and promote a sustainability culture among all the stakeholders

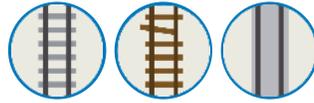
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Business Units

Track & Light Civil Works

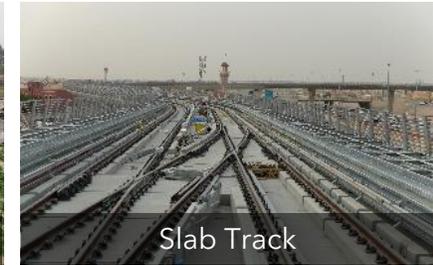


Track & Light Civil Works



Track Maintenance

Extraordinary Maintenance



Ordinary Maintenance

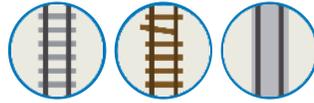


Track Construction

Light Civil Works



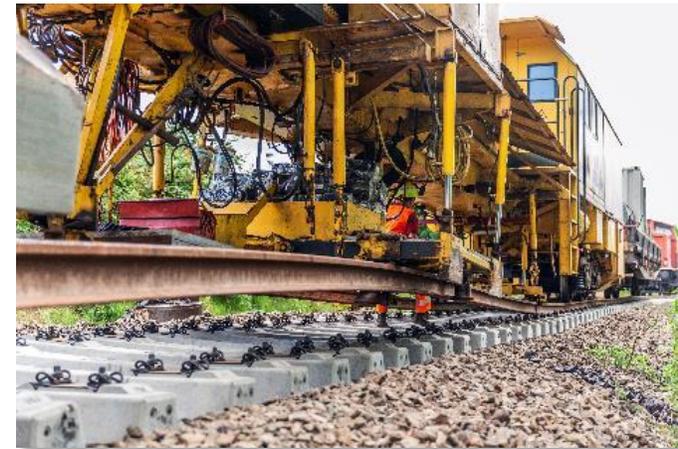
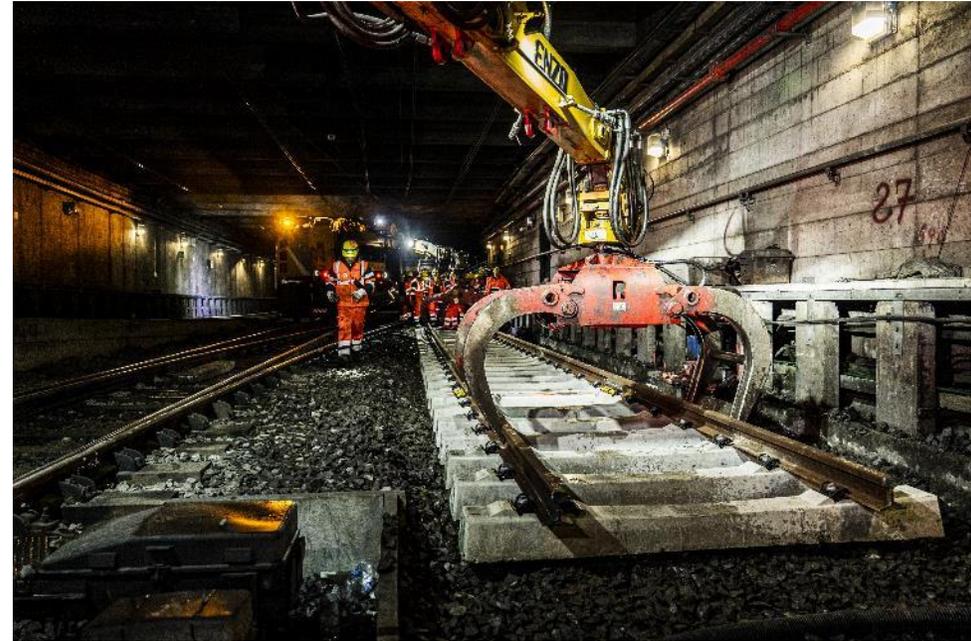
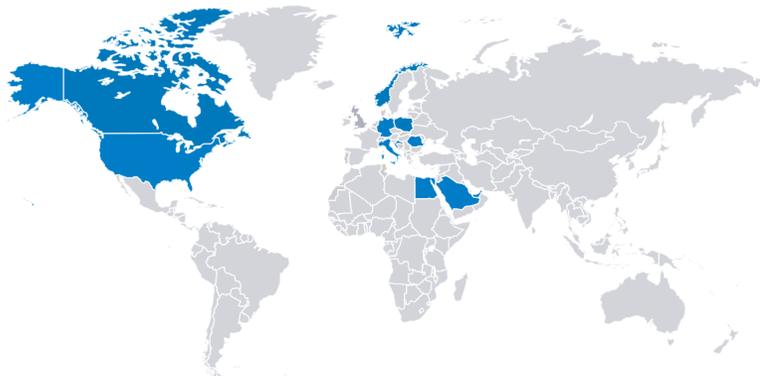
Track & Light Civil Works



Strengths

- High barriers to entry
- Huge equipment investments
(Salcef fleet substitution value over than **€ 500 mln**)
- Manpower specialization
- Clients' PQ and certifications
- Highly demanding working conditions

Served Markets

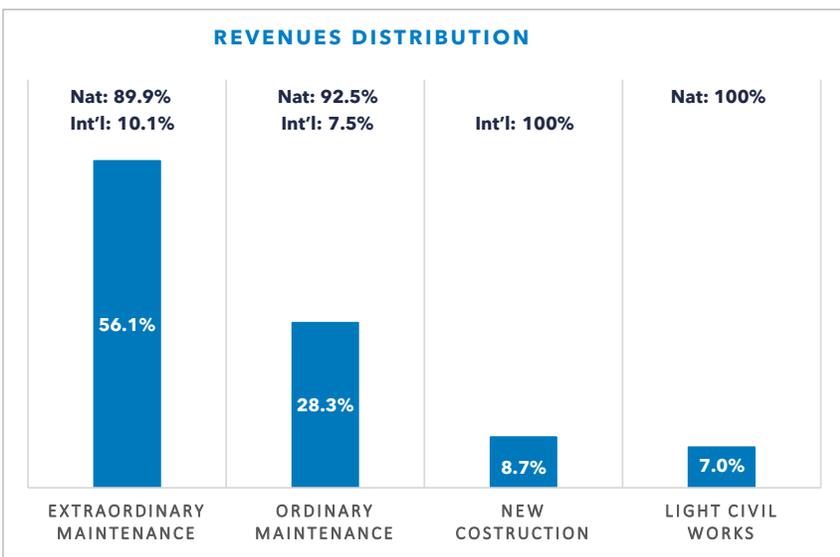


Track & Light Civil Works



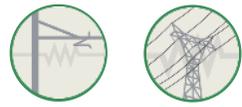
FY 2023 operational update and outlook

- 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



Energy, Signalling & Telecommunication





Energy, Signalling & Telecommunication

Activities

- Construction, ordinary & extraordinary maintenance (renewal activities) of:
 - **Railway catenary**
 - **Signalling systems**
 - **electrical substations**
 - **Telecommunication**
 - **Safety systems in tunnels**
- Construction and maintenance of **infrastructure for high and medium voltage electricity transmission** (aerial and underground)



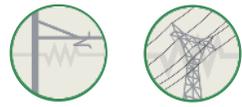
Strengths

- High barriers to entry
- Clients' PQ and certifications
- Highly demanding working conditions
- Huge Italian and European investment plan (Terna 2023 Plan with € 21.0 Bn investments, + 17% vs. previous Plan)

Served Markets



Energy, Signalling & Telecommunication

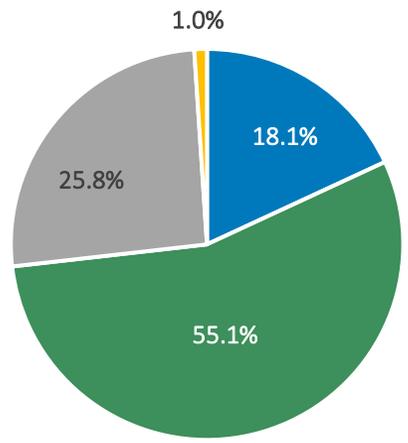


FY 2023 operational update and outlook

- 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%



REVENUES BY BUSINESS SEGMENT



■ Catenary
 ■ Power Transmission (HV & MV)
 ■ Signalling
 ■ Substations

Heavy Civil Works



Heavy Civil Works



Activities

- Multidisciplinary railway construction projects (civil and technological works)
- Doubling of existing railway line
- Construction of railway stations and buildings
- Bridges, viaducts and tunnels
- Environmental mitigation works



Strengths

- Vertical integration with other Salcef Group BUs
- Salcef Group competitiveness, and all the qualifications for general and specialized works

Served Markets

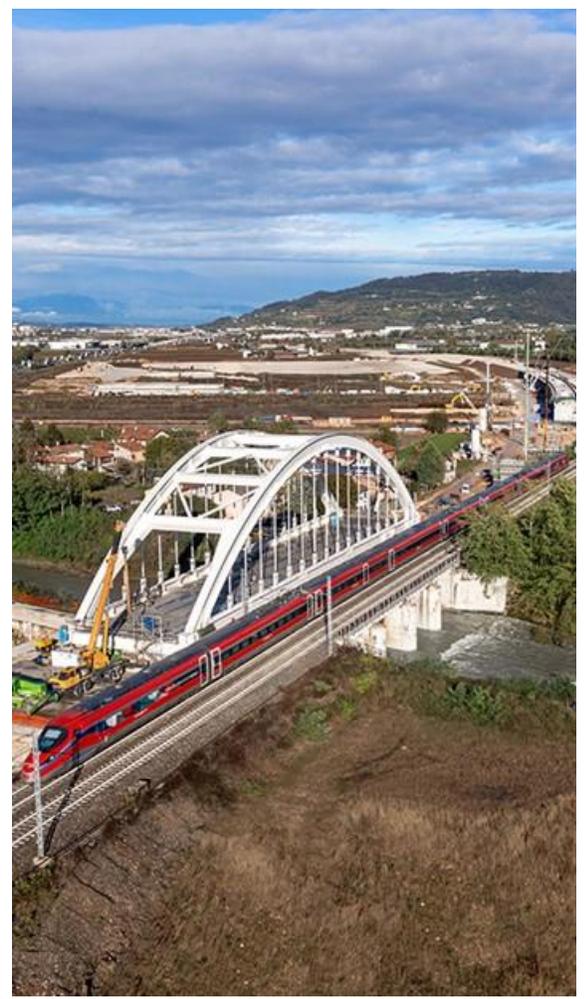
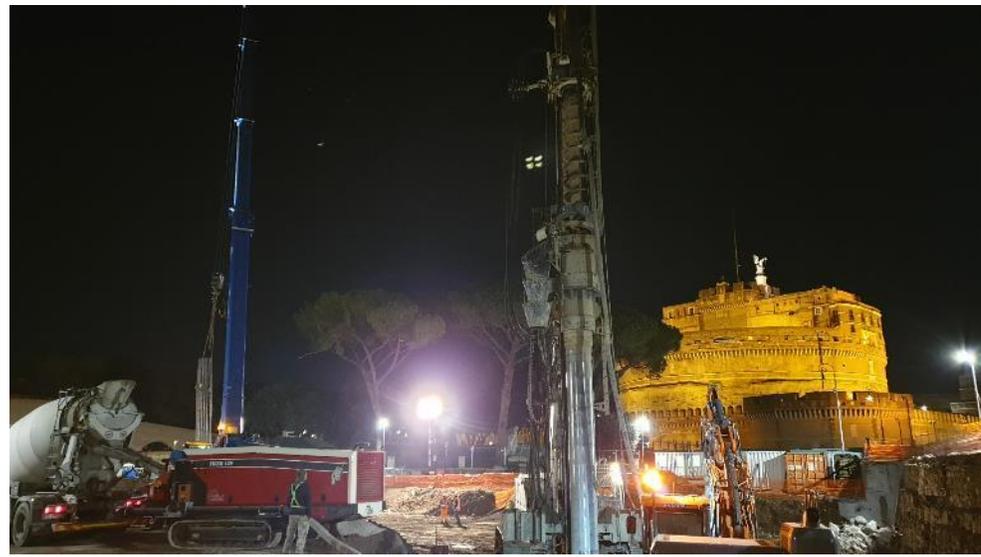


Heavy Civil Works



FY 2023 operational update and outlook

- 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



Rail Grinding & Diagnostics



Activities

- Rail and turnout grinding
- Rail Diagnostics

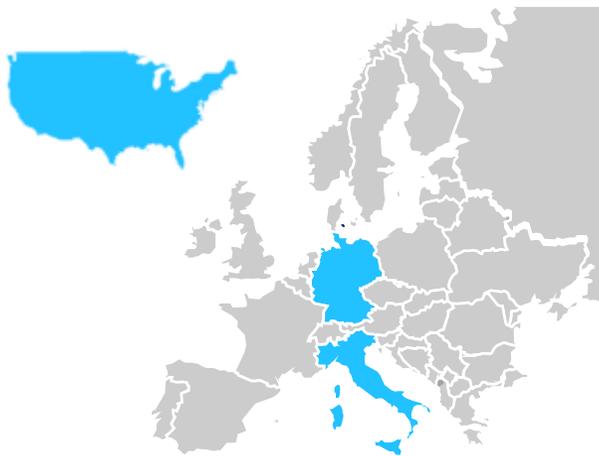
Fleet

- Current Group's fleet for grinding activities is made of **8 Vulcano series rail grinders** and a smaller grinder, all built internally by **SRT**
- Vulcano rail grinders, in their *Light*, *Heavy* and *Extreme* versions, are designed with modular principles to assure high productivity. Thanks to their flexibility they can be adapted for operation on all the lines, from High Speed to metro, tramlines and narrow-gauge railways, with the possibility to be tailored to the specific need of each geography

Strengths

- Vertical Integration with Track & Light Civil Works
- All-inclusive solutions
- High production capacity thanks to high performance engines and grinding motors
- Extremely accurate measuring system to optimize solutions and maximize results
- Environmental Sustainability with Stage V engines and dust extraction system

Served Markets

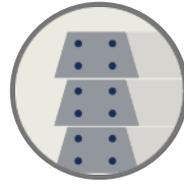


FY 2023 operational update and outlook

- 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



Railway Materials



Railway Materials



Activities

- Manufacturing of prestressed concrete railway sleepers and turnout bearers
- Manufacturing of slab-track systems for unballasted tracks (metro, tramway and railway)
- Manufacturing of concrete segments for tunnels (metro lines)



Strengths

- Clients' PQ and certifications
- Vertical Integration with Track & Light Civil Works BU
- Extensive development possibilities for unballasted solutions
- Development of new solution and patents

Served Markets



FY 2023 operational update and outlook

- 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



Railway Machines



Activities

- Design of new railway equipment and construction technologies
- Maintenance and revamping of railway equipment
- Construction of new railway wagons and equipment
- Renting of equipment and tool

Strengths

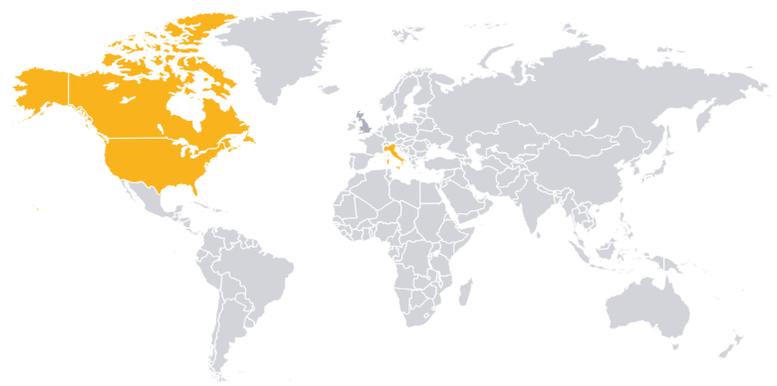
- Clients' PQ and certifications
- Vertical integration with Track & Light Civil Works, Energy, Signalling & Telecommunication and Rail Grinding & Diagnostics BUs
- Market with high margin and few competitors
- Development of new solutions and patents

FY 2023 operational update and outlook

- 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



Served Markets



A strategic acquisition to strengthen Railway Machines



HOPPER



CONCRETE MIXER



DHS



DROP-SIDES



VULCANO GRINDERS



SHUNTERS



RAIL ROAD LOADERS



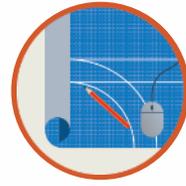
Wider product range to catch increasing market opportunities

Manufacturing synergies

Captive market to help development and improvement of Colmar products

Commercial collaboration to tackle countries not yet covered by the Group

Engineering



Engineering



Activities

- Pre-feasibility and feasibility studies
- Preventive technical tests and market research into materials
- Topographic surveys
- Environmental impact studies
- Project management and engineering consulting services



Strengths

- Clients' PQ and certifications
- Vertical integration with Track & Light Civil Works and Energy, Signalling & Telecommunication BUs
- Development of new solutions and patents

FY 2023 operational update

- 100 projects designed
- > 800 km of infrastructure designed

Served Markets



Three horizontal blue bars of varying lengths, stacked vertically on the left side of the slide, pointing towards the right.

Sector & Market Highlights

Railway infrastructure sector supported by global macro trends



High barriers to entry, mainly due to availability of operating fleet and highly-specialized workforce as well as specific qualifications required by customers



Great visibility thanks to few multi-year contracts



Counter-cyclical business, especially in its maintenance component



Long-term investments in construction, upgrade and renewal of rail infrastructures structurally growing globally



Italian expertise in the sector among the best in the world



Technologies and capabilities in common with adjacent sectors

Sustainable mobility at the core of Governments' policies worldwide, with railways increasingly chosen for urban/short-medium haul passenger transportation and for logistics



EU Green Deal seeks a 90% reduction in GHG emissions in transportation by 2050



Italian Recovery and Resilience Plan with **28 € Bn** to the railway sector by 2026 and **2022-2031 FS Industrial Plan** with **€ 110 Bn** to the railway infrastructure



US "Bipartisan Infrastructure Deal" includes **66 \$ Bn** to improve and expand the nation's passenger and freight rail network and **39 \$ Bn** for the upgrade of public transit over a decade



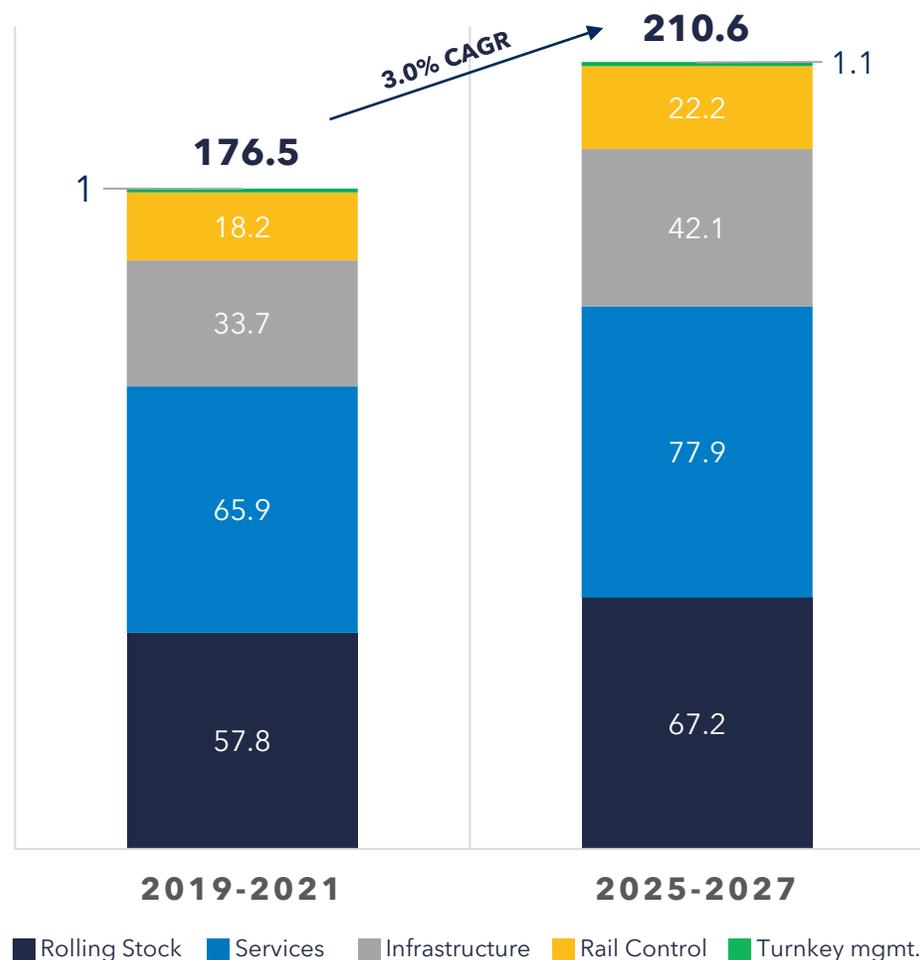
Germany investing 86 € Bn in the upgrade of its rail network 2021-2030

World Rail Supply Market expectations until 2027 - by geography

- World rail supply market expected to grow at a **3.0% CAGR**, reaching an average yearly spending of approx. **€ 211 Bn** in the **2025-2027 period** (+19,3% vs 2019-2021)
- **Africa / Middle East** and **Eastern Europe** are expected to have the **strongest growth**, while **Asia Pacific** and **Eastern Europe** are confirmed as the **biggest contributor to the global market (32% and 30% respectively)**



World Rail Supply Market expectations until 2027 - by sector



Services

- Infrastructure Services market (which accounts for 23% of the total services market and includes labour and parts for maintaining railway superstructure) is expected to grow by **1.9%** reaching **€ 17.6 Bn** per year in 2025-2027
- Biggest growth in NAFTA countries at **2.9%**, the only area where infrastructure services are expected to grow more than rolling stock services. Eastern Europe, Africa / Middle East / Western Europe follow with 2.0%, 1.7% and 1.6% CAGR respectively

Infrastructure

- Infrastructure market (which includes all components of ballastless / ballast track and electrification while excludes all the civil works) is expected to grow by **3.8%** reaching **€ 42.1 Bn** per year in 2025-2027
- **Superstructure** growth mainly driven by Very High Speed (7.2%), followed by Urban (3.4%) and Mainline/Freight (3.0%), which remains by far the biggest component (57% of the total)
- **Electrification** (~56% of the track kilometres are not electrified, ~50% in Europe and ~28% in Italy) is the segment with the highest growth rates: 7.5% for Mainline/Freight, 4.6% for VHS and 3.4% for Urban
- Eastern Europe will grow by **8.7%** (with Romania at 3.0%), Africa/Middle East by 4.1% (with remarkable 28.3% in Saudi Arabia) and Western Europe by 4.7%. 1.2% growth in Asia Pacific mainly Driven by Australia while 3.9% growth in NAFTA countries mainly driven by US (3.9%)

Rail Control

- Rail control market (which includes rail control and signalling solutions, communication equipment, operational control systems and route control systems) is expected to grow by **3.4%** reaching **€ 22.2 Bn** per year in 2025-2027
- Africa/Middle East and Eastern Europe are expected to have the highest growth (**8.2%** and **6.8%** respectively). Western Europe is predicted to grow by 4.2%, amounting to 31% of the total market



FY 2023 Results

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%)

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)

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%



85.8% Italy (79.3% in 2022)

4.9% Europe (excl. Italy) (8.5% in 2022)

8.5% North America (8.6% in 2022)

0.6% Middle East (2.5% in 2022)

0.1% North Africa (1.0% in 2022)

Economic and Financial KPI

€ Mln

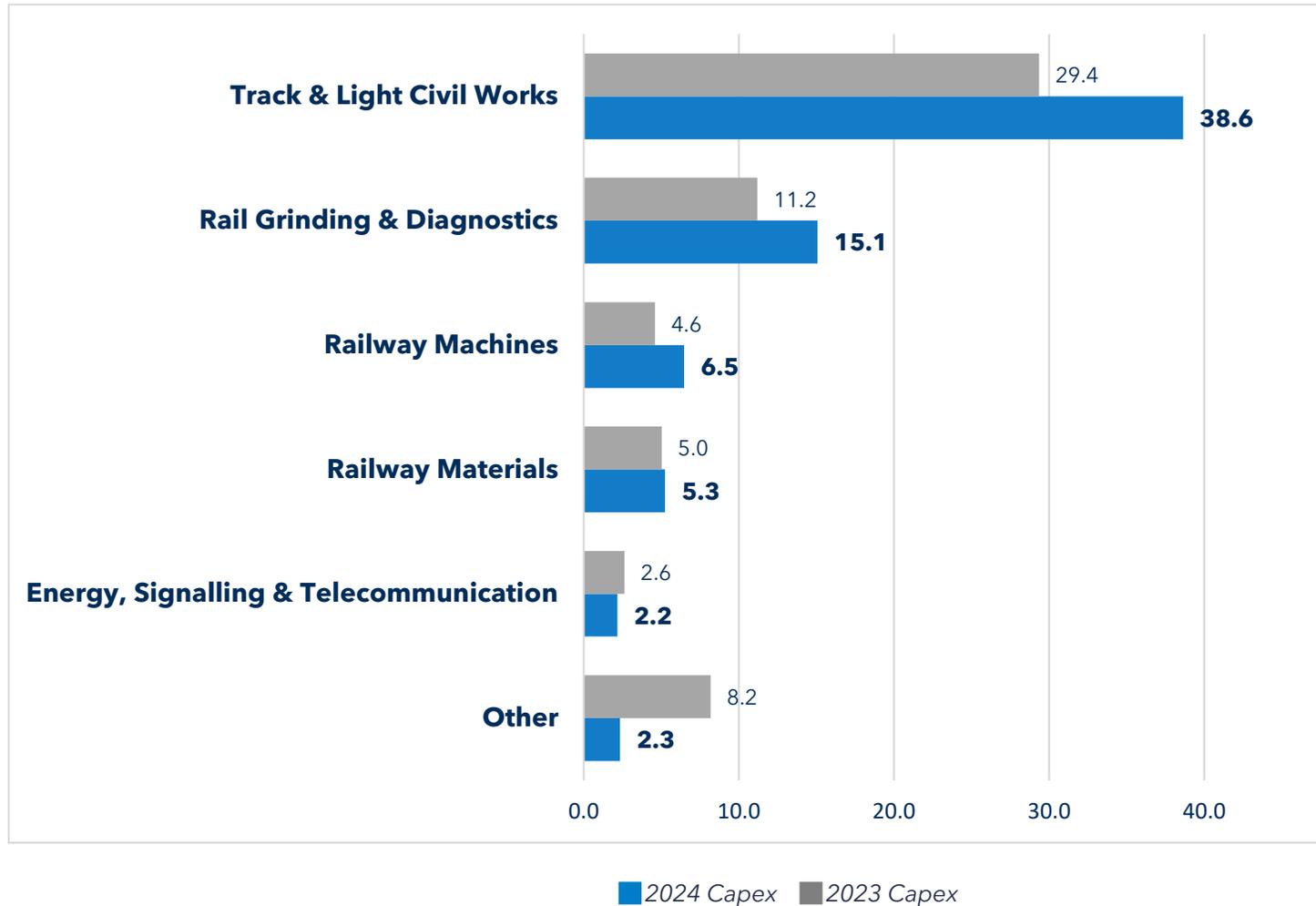
	2023	2022 ¹	Δ (%)
Revenues	794.7	565.6	40.5%
EBITDA	160.5	115.0	39.6%
<i>EBITDA Margin</i>	20.2%	20.3%	-
D&A	(59.8)	(37.2)	61.0%
EBIT	100.7	77.8	29.4%
<i>EBIT Margin</i>	12.7%	13.8%	-
<i>Adjusted Net Financial Income (Expenses)*</i>	(13.3)	(1.7)	n.m.
Adjusted EBT	87.3	76.1	14.8%
<i>Adjusted Income Taxes**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

Focus on Capex

€ Mln

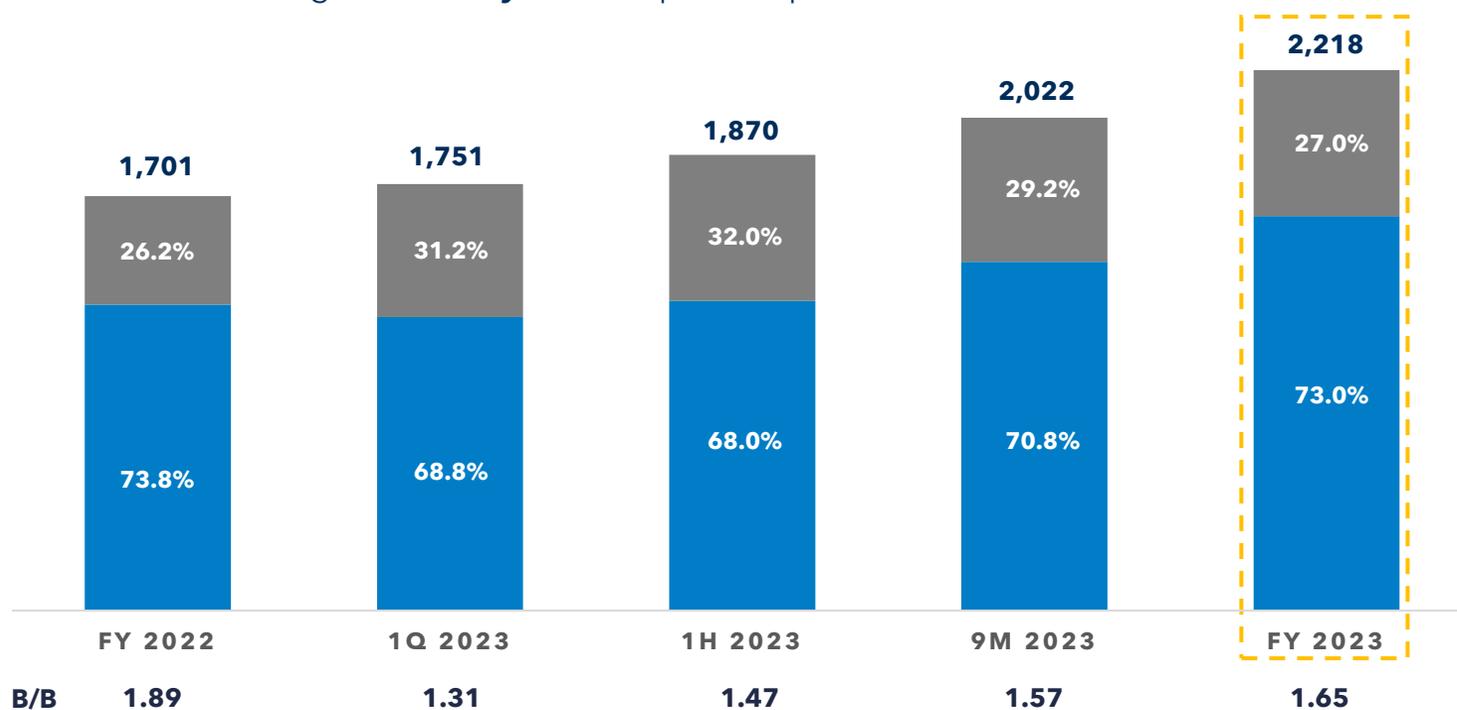


- 2023 Capex at **€ 61.0 Mln**, slightly below expectations due to some minor postponements
- **2024 Capex** expected to further grow at **€ 70.0 mln** (+15%)
 - Track & Light Civil Works confirmed as the main beneficiary, strengthening the Group focus on core business
 - Rail Grinding & Diagnostics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

Backlog

€ Mln

- **Backlog¹ 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%
<i>of which Foreign</i>	565,533	25.5%
Energy, Signalling & Telecom	539,046	24.3%
<i>of which Foreign</i>	1,748	0.1%
Rail Grinding & Diagnostic	7,901	0.4%
<i>of which Foreign</i>	0	
Railway Materials	61,319	2.8%
Heavy Civil Works	173,955	7.8%
<i>of which Foreign</i>	26,924	1.2%
Railway Machines	53,957	2.4%
<i>of which Foreign</i>	4,832	0.2%
Total	2,218,054	100.0%
 Italy	1,619,018	73.0%
 Foreign	599,037	27.0%

 Italy

 Foreign

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

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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Sustainability at Salcef

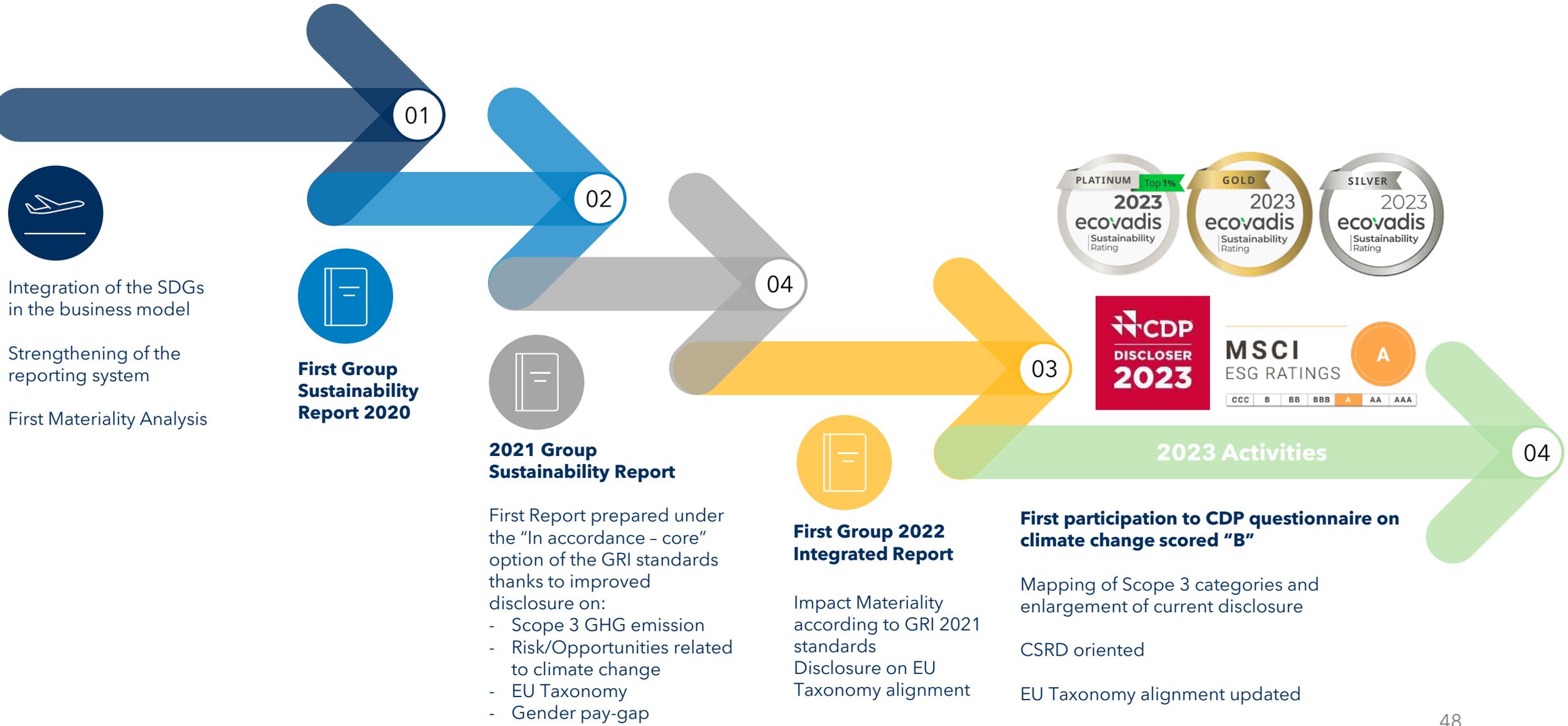
Bringing our heritage to a new dimension

For **70 years** we have been committed to creating a business model focused on continuously innovating **sustainable mobility infrastructure**

After the listing, we started a **new journey, in which we firmly believe** and to which the entire organization, starting from the top management, is **strongly committed**



Our sustainability journey proceeding





SDG mapping

- **9 out of the 17 SDGs have been considered primary**, based on their **coherence with the business model** and on the **Group's ability to materially contribute to their achievement**
- **SDG 9, SDG 11** and **SDG 13** are the most impacted being **more linked with Group's core business and strategic goals**



ESG Company goals	Covered SDGs
Develop technologies for integrated and sustainable mobility	3 GOOD HEALTH AND WELL-BEING, 7 AFFORDABLE AND CLEAN ENERGY, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 11 SUSTAINABLE CITIES AND COMMUNITIES, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION
Invest in new services and products	3 GOOD HEALTH AND WELL-BEING, 7 AFFORDABLE AND CLEAN ENERGY, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 11 SUSTAINABLE CITIES AND COMMUNITIES, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION
Assure quality of projects, products and machines	7 AFFORDABLE AND CLEAN ENERGY, 13 CLIMATE ACTION
Pursue sustainability within all the business activities, investing in impacts reduction and new technologies	7 AFFORDABLE AND CLEAN ENERGY, 13 CLIMATE ACTION
Digitalize all the processes	7 AFFORDABLE AND CLEAN ENERGY, 13 CLIMATE ACTION
Safeguard employees' health and psychophysical integrity	8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES
Assess and mitigate risks related to business activities, also preventing occupational diseases and work-related injuries	8 DECENT WORK AND ECONOMIC GROWTH
Promote a culture focused on quality, environment protection, safety as well as training, effective communication and stakeholder involvement	8 DECENT WORK AND ECONOMIC GROWTH, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Assure full compliance with applicable legal requirements and regulations/standards related to quality and HSE	8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES
Strengthen company governance, with particular focus on sustainability governance	16 PEACE, JUSTICE AND STRONG INSTITUTIONS

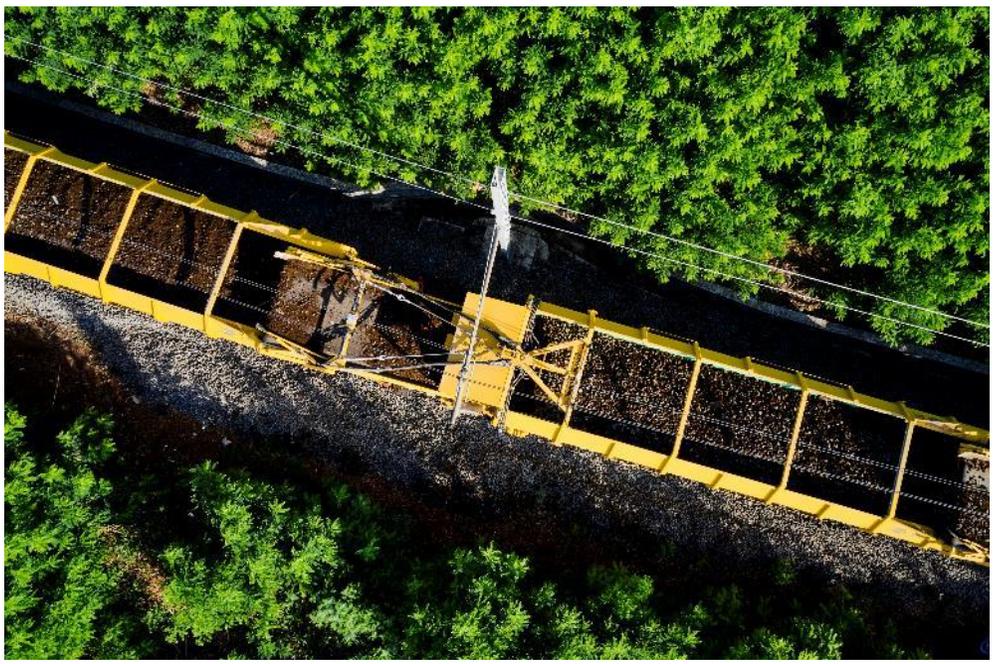
ESG Performance 2023

Electricity from renewable sources vs. 2022 **+11%**

Energy Intensity vs. 2022 **-8%**

Scope1+2 Emission Intensity **-18%**

Revenues aligned with the EU Taxonomy **89%**



+6% Headcount vs. 2022 at 2,037 units

+91% Training hours on H&S

+110% Female gender in non worksite/manufacturing activities

89% Procurement from local suppliers

New Sustainability Committee

UNI PDR 125:2022 Certification on Gender equality

ESG Performance 2023 vs. 2018



Scope 1+2 Emission Int.
-30%

Energy Intensity
-24%

Electricity from renewable sources
From 0% to 23%



EU Taxonomy aligned rev.²
From 85% to 89%

New hires under 30
205¹

Female gender
6x



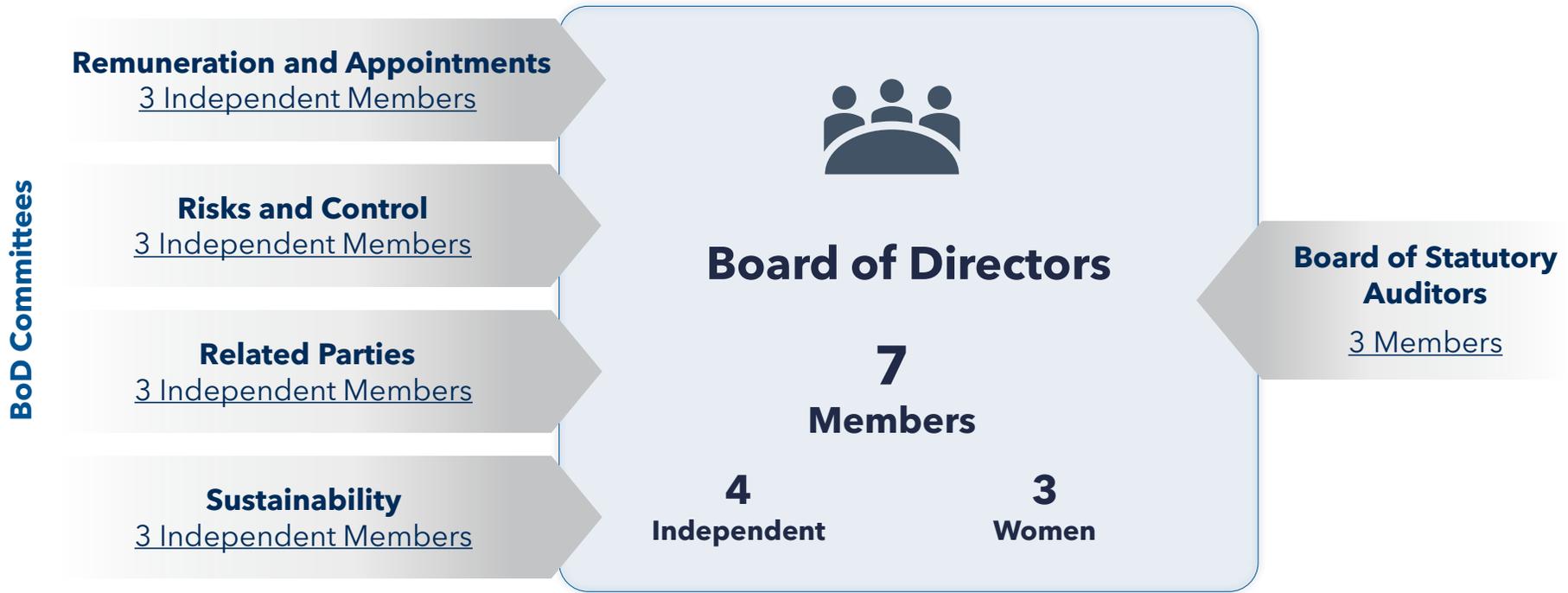
1. Net of Resignations/dismissals
2. 2023 vs. 2022

Focus on EU Taxonomy

Business Unit	Sector	Cod	Description		Revenues	Capex	Opex
Track & light civil works	6 Transport	6.14	Infrastructure for rail transport	<i>Aligned</i>	55.69%	54.40%	67.79%
				<i>Eligible but not aligned</i>	0.07%	0.07%	0.09%
				<i>Not eligible</i>	0.00%	0.00%	0.00%
Energy, signalling & Telecom	6 Transport	6.14	Infrastructure for rail transport	<i>Aligned</i>	13.05%	3.37%	7.76%
				<i>Eligible but not aligned</i>	0.02%	0.00%	0.01%
				<i>Not eligible</i>	2.89%	1.74%	2.76%
Heavy Civil Works	6 Transport	6.14	Infrastructure for rail transport	<i>Aligned</i>	17.56%	0.00%	17.59%
				<i>Eligible but not aligned</i>	0.02%	0.00%	0.02%
				<i>Not eligible</i>	0.00%	0.00%	0.00%
Rail Grinding & Diagnostics	6 Transport	6.14	Infrastructure for rail transport	<i>Aligned</i>	2.57%	21.66%	0.00%
				<i>Eligible but not aligned</i>	0.00%	0.03%	0.00%
				<i>Not eligible</i>	0.00%	0.00%	0.00%
Railway Materials	6 Transport	6.14	Infrastructure for rail transport	<i>Aligned</i>	0.00%	0.00%	0.00%
				<i>Eligible but not aligned</i>	0.00%	0.00%	0.00%
				<i>Not eligible</i>	6.64%	9.76%	0.29%
Railway Machines	3 Manufacturing	3.3	Manufacture of low carbon technologies for transport	<i>Aligned</i>	0.18%	0.00%	0.00%
				<i>Eligible but not aligned</i>	1.29%	8.88%	3.70%
				<i>Not eligible</i>	0.00%	0.00%	0.00%
Engineering	6 Transport	6.14	Infrastructure for rail transport	<i>Aligned</i>	0.00%	0.08%	0.00%
				<i>Eligible but not aligned</i>	0.00%	0.00%	0.00%
				<i>Not eligible</i>	0.00%	0.00%	0.00%
Salcef Group				Aligned	89.06%	79.51%	93.13%
				Eligible but not aligned	1.41%	8.99%	3.82%
				Not eligible	9.53%	11.50%	3.06%

Governance Board of Directors

➤ The current BoD has been **appointed by the AGM on 29 April 2022** for the period **2022-2024**



Governance Remuneration policy

- The Remuneration Policy 2023, approved by the AGM on 27 April 2023, confirmed **ESG targets** (HR and HSE) both for short-term and long-term incentive schemes and introduced the Long-term incentive schemes also for **Executives with Strategic Responsibilities (ESR)**

Component	Aims and characteristics	Implementation conditions	Amount
Short-term variable remuneration (MBO)	The annual variable component aims to recognize and reward the achievement of results linked to annual economic-financial and non-financial objectives, constituting an important motivational lever	Recipients: CEO, Executive Chairman Objectives: EBITDA (55%), Net profit (25%), Injury index (10%), DE&I (10%) Performance gate: Consolidated EBITDA Type: 100% monetary	Payout scale: 0% till 70% of the target and then linear up to max 140% in case of overperformance
		Recipients: ESR + other executives Objectives: EBITDA + objectives linked to the specific organizational areas of competence (20% ESG) Performance gate: Consolidated EBITDA Type: Mixed with 75% monetary paid up-front and 25% in shares (Stock Grant Plan): two tranches of equal amount, with different vesting periods and with claw-back clauses	
Long-term variable remuneration (LTI)	The long-term variable component ensures alignment between the interests of management and the interests of shareholders over the medium to long term. Economic objectives are complemented by non-financial objectives intended to ensure the Group's viable success	Recipients: CEO, Executive Chairman Objectives: cumulative EBITDA 2024-26 (55%), Cumulative revenues 2024-26 (25%), Injury index over three-year period (10%), Scope 1+2 emissions intensity (10%) Performance gate: Consolidated EBITDA Type: 100% monetary to be paid at the approval of FY 2023 Financial Statement	Payout scale: 0% till 70% of the target and then linear up to max 140% in case of overperformance
		Recipients: ESR Objectives: cumulative EBITDA 2022-23 (55%), cumulative revenues 2022-23 (30%), Injury index over two-year period (10%), Employees training over two-year period (5%) Performance gate: Consolidated EBITDA Type: 100% shares (Performance share plan): two tranches 60/40, with different vesting periods and with claw-back clauses	

In red the amendments proposed to the AGM scheduled for 22 April 2024. In particular: 1) new DE&I and Environmental targets for Chairmana nd CEO's STI and LTI

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Contacts



Contacts

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