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Press Release

Salcef Group: solid growth in the first quarter 2024 in line with expectations

Revenues at € 213 million up 33%, EBITDA at € 41 million (+24%) and Backlog further growing at € 2.3 billion

1Q 2024 key results (vs. 1Q 2023):

- **Revenues at € 213.2 million (+32.9%)**
- **EBITDA at € 40.9 million (+24.3%)**
- **EBIT at € 26.9 million (+20.2%)**
- **Net Income at € 16.2 million (+13.3%)**
- **Net Financial Position negative for € 2.2 million (figure at 31 December 2023 negative for € 7.2 million)**

Rome, 15 May 2024 - The Board of Directors of Salcef Group S.p.A., convened today under the chairmanship of Gilberto Salciccia, approved the interim report as at 31 March 2024.

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

"During the first three months of the year the Group confirmed the growth trend in volumes, supported by growing activities both in Italy and abroad. The outstanding commercial performance in the first quarter allowed the backlog to grow by a further 118 million and exceed 2.3 billion euros, further strengthening the visibility and solidity of the Group's future prospects. Finally, the integration process of the last two companies that joined the Group continues in line with expectations."

Salcef Group is an Italian excellence designing, developing, and producing solutions for sustainable mobility. Serving the market for over 70 years, the Group is now a global leading player providing the railway industry with a comprehensive ecosystem of products and services. Its 7 operative Business Units and 15 operating companies are a unique combination of specialization and integration, the result of continuous investments in innovation and external growth. The Group has over 2,000 employees, boasts a fleet of more than 1,100 railway machines, and, in 2023, achieved a consolidated turnover of 795 million euros. Headquartered in Rome, the Group has an industrial presence also in Germany and the United States, managing business activities across 5 continents with 6 production sites - 5 in Italy and 1 in the United States. Publicly listed since 2019, in October 2021, Salcef Group joined the Euronext STAR Milan Segment. Since 1975, it has been under the control of the Salciccia family and is currently led by the brothers Gilberto and Valeriano, serving respectively as Chairman and CEO.

1Q 2024 KEY PERFORMANCE INDICATORS

€ million	1Q 2024	1Q 2023	Δ Abs.	Δ %
Revenues	213.2	160.4	52.8	32.9%
EBITDA	40.9	32.9	8.0	24.3%
EBITDA margin	19.2%	20.5%	(1.3) p.p.	-
EBIT	26.9	22.4	4.5	20.2%
EBIT margin	12.6%	14.0%	(1.4) p.p.	-
Adjusted Net Income¹	15.8	13.8	2.0	14.6%
Net Income	16.2	14.3	1.9	13.3%
Net Financial Position	(2.2)	(7.2)	5.0	(70.0%)

(1) 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

In the first three months of the year, consolidated **Revenues** amounted to **€ 213.2 million**, up 32.9% over the same period of 2023, mainly due to a robust 30.2% organic growth, net of the contribution from Colmar Technik (€ 4.4 million) not included in the comparison period. *Heavy Civil Works* recorded revenues 63.1% higher than the first quarter of 2023 thanks to the activities on Verona-Padua high-speed line and Piazza Pia contract in Rome, while *Track & Light Civil Works* and *Energy, Signalling & Telecommunication* reported revenues up organically 29.9% and 26.7% respectively.

Consolidated **EBITDA** reached **€ 40.9 million**, with a 24.3% increase over 1Q 2023. The **EBITDA margin** stood at 19.2%, lower compared to the first quarter of 2023 (20.5%) in line with the budget expectations and due to the wider consolidation perimeter after latest acquisitions.

Consolidated **EBIT** reached **€ 26.9 million**, +20.2% higher YoY despite higher D&A for € 3.5 million, of which € 1.6 million related to the capital gains recognised further to the purchase price allocation implemented with effect from June 2023.

The Group **Adjusted Net Income** amounted to **€ 15.8 million**, up 14.6% compared to the € 13.8 million of the first quarter of 2023, mainly due to the higher EBIT and despite higher adjusted financial expenses and adjusted taxes. The **Net Income** at **€ 16.2 million** was € 1.9 million (13.3%) higher than the first quarter of 2023.

The **Net Financial Position** as at 31 March 2024 was negative for **€ 2.2 million**, € 5 million better than the negative € 7.2 million at year-end 2023), mainly as a result of the cash generation of the period, which has more than offset the cash out for the buyback plan and for the capex.

The **Backlog** continues its growth and exceeds € 2.3 billion, up € 118 million compared to the level recorded at the end of 2023. From a geographical perspective, the split between domestic and international contracts is stable at 74% and 26 % respectively. *Track & Light Civil Works* and *Energy Signalling & Telecommunication* Business Units continue to be the most represented, accounting for 66.2% and 23.1% of the backlog, respectively.

Major events after the close of the reporting period

Approval of 2023 Integrated Annual Report and dividend distribution

During their ordinary meeting of 22 April 2024, the shareholders approved the financial statements as at and for the year ended 31 December 2023, which showed a profit for the year of €39,068,251, and acknowledged the consolidated financial statements as at and for the year ended 31 December 2023, which showed a profit for the year attributable to the Group of €61,903,162, as well as the consolidated non-financial statement prepared in accordance with Legislative decree no. 254/2006. The Shareholders' Meeting also:

- resolved to distribute a dividend of €0.55 per eligible ordinary share at the record date (i.e. 14 May 2024), with coupon detachment on 13 May 2024 and payment date on 15 May 2024. The Shareholders' Meeting then approved the allocation of the remaining profit for the year, allocating €1,953 thousand to the legal reserve and €3,615 thousand to the reserve for retained earnings;
- examined the Report on remuneration policy and compensation paid, prepared in accordance with current legal and regulatory provisions, approved the Company's remuneration policy for the financial year 2024 included in the first section of such report, pursuant to art. 123-ter.3-bis/3-ter of Legislative decree no. 58/98 (the 'TUF', i.e. 'Consolidated Law on Finance') and resolved in favour of the second section of the report, pursuant to art. 123-ter.6 of the TUF;
- approved the 2024 Stock Grant Plan, which provides for the free allocation of up to a maximum of 40,000 ordinary shares without nominal value if pre-established performance objectives are achieved. The beneficiaries are certain employees, including executives with strategic responsibilities ('key management personnel') of the Company and of the companies of the Salcef Group and other beneficiaries holding management positions in the Group who can have a significant impact on the Company's sustainable success. The Plan is functional to the short-term incentive plan (Management by Objectives, MBO) and has one grant cycle for the allocation of shares for free if the performance objectives are achieved;
- approved the 2024-2026 Performance Shares Plan, which provides for the free allocation of up to a maximum of 40,000 ordinary shares without nominal value if pre-established performance objectives are achieved. The beneficiaries are certain executives with strategic responsibilities of the Company and of the companies of the Salcef Group. The Plan consists of one grant cycle for the free-of-charge allocation of shares if the performance objectives are achieved.

Agreement signed between the Shareholders of Finhold S.r.l., the major shareholder of Salcef Group S.p.A., and Funds advised by Morgan Stanley Infrastructure Partners

On 24 April 2024 the shareholders of Finhold S.r.l. (hereinafter also the 'Founding Shareholders') and Funds advised by Morgan Stanley Infrastructure Partners (hereinafter also 'MSIP') published, through Salcef Group S.p.A., a press release in which they announced the signing of a binding investment and purchase agreement to: (i) demerge all the Salcef Group S.p.A. shares currently held by Finhold into a newly established company resulting from the demerger of Finhold executed by the Founding Shareholders ('NewCo'); and (ii) transfer approximately 42% of their shareholding in NewCo to Funds advised by MSIP, a leading global infrastructure investment platform, through a combination of primary and secondary transactions (the 'Transaction').

The closing of the Transaction is subject to customary conditions precedent, including antitrust and regulatory clearances in the relevant jurisdictions. The parties expect the Transaction to close by July 2024.

Upon closing of the Transaction, the Founding Shareholders will continue to hold a majority stake in NewCo and thus, indirectly, in Salcef Group S.p.A.. At the same time, the Founding Shareholders and Funds advised by MSIP will sign shareholders' agreements relating to the direct and indirect governance of Salcef Group

S.p.A. and as such will be required to launch a mandatory tender offer (the 'MTO') to acquire all the remaining outstanding shares of Salcef Group S.p.A. (currently representing approximately 35.23% of the relevant share capital and 33.7% of the share capital net of treasury shares).

The purchase price of the MTO will be €26.55 per share (inclusive of dividend) (the 'MTO Price'), which incorporates a premium of 20% with respect to the official price of Salcef Group S.p.A. shares as of 23 April 2024 (the last trading day before publication of the aforesaid press release), and a premium of 17% and 15% over Salcef's volume weighted average trading price over the past three (3) months and twelve (12) months, respectively. Furthermore, taking into account that, as of the date of approval of this document, the dividend of € 0.55 per share, as approved by the General Meeting of Salcef Group S.p.A. held on 22 April 2024, has already been distributed, the MTO Price will be reduced by the amount of such dividend distribution.

The aim of the MTO is to achieve the delisting of Salcef Group S.p.A. shares from the Euronext STAR Milan market managed by Borsa Italiana S.p.A.. If this delisting does not take place through the MTO, the Founding Shareholders and MSIP intend to achieve it by other means, including the merger of Salcef Group S.p.A. into the special purpose vehicle which will be launching the MTO on their behalf.

The shareholders' agreements relating to the governance and the stabilisation of the ownership of Salcef Group S.p.A. will be signed with the aim of generating long-term industrial value.

The Transaction values the equity of Salcef Group S.p.A. at about € 1.62 billion (inclusive of dividend, net of treasury shares).

Outlook

In light of the results of the first quarter 2024 and of the solidity of the backlog, the expectations on the volumes for 2024 are confirmed as per the Group guidance. Without any additional and unforeseeable deteriorations of the geopolitical scenario and of the inflationary tensions, the Group profitability for 2024 is expected to remain broadly in line with the one recorded in the first quarter.



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 1Q 2024 results to the financial community on **Thursday, 16 May at 10:30 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	31.03.2024	31.12.2023
Non-current Assets		
Intangible assets with finite useful lives	33,428,409	35,447,767
Goodwill	99,247,705	98,692,353
Property, plant and equipment	232,566,624	228,729,417
Right-of-use assets	14,579,775	13,332,762
Equity-accounted investments	132,643	132,643
Other non-current assets	33,330,436	33,285,777
- of which, with related parties	1,321,453	1,321,453
Deferred tax assets	23,012,280	23,542,489
Total non-current Assets	436,297,872	433,163,208
Current Assets		
Inventories	63,907,824	58,569,987
Contract assets	207,568,613	185,786,026
Trade receivables	133,884,735	177,201,127
- of which, with related parties	16,506,064	12,611,091
Current tax assets	1,155,304	1,286,657
Current financial assets	87,759,423	88,494,879
Cash and cash equivalents	157,123,740	140,929,019
Other current assets	51,910,876	46,382,739
Total current Assets	703,310,515	698,650,434
TOTAL ASSETS	1,139,608,387	1,131,813,642

LIABILITIES	31.03.2024	31.12.2023
Equity attributable to the owners of the Parent		
Share capital	141,544,532	141,544,532
Other reserves	303,468,226	241,307,225
Profit for the period	16,182,795	61,903,162
Total equity attributable to the owners of the Parent	461,195,553	444,754,919
Share capital and reserves attributable to non-controlling interests	2,864,966	2,650,300
Profit for the period attributable to non-controlling interests	21,670	214,666
TOTAL EQUITY	464,082,189	447,619,885
Non-current liabilities		
Non-current financial liabilities	142,435,554	135,236,953
Lease liabilities	7,349,722	7,061,792
Employee benefits	4,155,586	4,569,178
- of which, with related parties	277,594	642,128
Provisions for risks and charges	4,499,855	4,444,266
Deferred tax liabilities	13,174,927	13,439,741
Other non-current liabilities	4,079,013	4,286,112
Total non-current liabilities	175,694,657	169,038,042
Current liabilities		
Current financial liabilities	91,481,068	89,160,192
Current portion of lease liabilities	5,780,908	5,173,500
Current employee benefits	2,648,413	2,517,389
- of which, with related parties	1,167,164	1,208,653
Contract liabilities	89,891,775	104,136,021
Trade payables	244,967,542	254,695,363
- of which, with related parties	515,113	977,613
Tax liabilities	25,320,695	16,794,490
Other liabilities	39,741,140	42,678,760
- of which, with related parties	425,863	657,475
Total current liabilities	499,831,541	515,155,715
TOTAL LIABILITIES	675,526,198	684,193,757
TOTAL EQUITY AND LIABILITIES	1,139,608,387	1,131,813,642

Consolidated Income Statement

	03.2024	03.2023
Revenues from contracts with customers	211,141,201	156,859,897
- of which, with related parties	10,042,306	707,043
Other income	2,044,368	3,508,674
Total revenues	213,185,569	160,368,571
Raw materials, supplies and goods	(61,688,797)	(37,921,677)
Services	(76,228,380)	(60,914,204)
- of which, with related parties	(593,825)	(448,140)
Personnel expenses	(39,143,310)	(31,339,521)
- of which, with related parties	(354,603)	(531,663)
Depreciation and Amortisation	(13,987,935)	(10,511,837)
Other operating costs	(3,798,155)	(3,650,613)
- of which, with related parties	(60,000)	(60,829)
Internal work capitalised	8,565,169	6,347,813
Total costs	(186,281,408)	(137,990,039)
Operating profit	26,904,161	22,378,532
Financial expenses	(1,974,429)	(1,181,145)
- of which, with related parties	0	(12,475)
Pre-tax profit (loss)	24,929,732	21,197,387
Income taxes	(8,725,266)	(6,894,310)
Profit (loss) for the period	16,204,466	14,303,077
<i>Profit for the period attributable to:</i>		
Non-controlling interests	21,670	36,663
Owners of the Parent	16,182,796	14,266,414