

Salcef Group: in the first half of 2022 the growth continues and the backlog exceeds € 1.3 billion for the first time ever

Revenues at € 230 million up 8%, EBITDA at € 46 million and Backlog further up at above € 1.3 billion with book-to-bill at 1.6x

1H 2022 key results (vs. 1H 2021):

- **Revenues at € 230.5 million (+8.0%)**
- **EBITDA at € 46.3 million (-3.7%)**
- **EBIT at € 29.5 million (-14.4%)**
- **Adjusted Net Income at € 22.4 million (-15.2%)**
- **Adjusted Net Financial Position positive for € 69.1 million (figure at 31 December 2021 positive for € 114.5 million)**

Rome, 4 August 2022 - The Board of Directors of Salcef Group S.p.A., convened today under the chairmanship of Gilberto Salciccia, approved the interim financial report as at 30 June 2022.

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

"The results of the first six months of the year confirm the resilience of the Group, which in a still definitely complicated global scenario, continues its growth and maintains its profitability at above 20%. We are also particularly pleased with the commercial performance, which allowed the order book to exceed 1.3 billion euros for the first time in our history. The size of the backlog and the quality of its contracts allow us to confidently look into the next steps of the Group's growth path, which will continue to be focused on investments, external growth and operational excellence".

Salcef Group has been operating for more than 70 years in the development and innovation of sustainable mobility infrastructures. It is a global player in the in the maintenance, renovation, construction and electrification of railway and urban transport infrastructure, as well as in the construction and sale of railway machines and the production of reinforced concrete structures. Maintenance and renewal of railway and urban infrastructure are the core business and account for 71% of volumes. Established in 1949, since 1975 Salcef is controlled by the Salciccia family and it is currently led by the brothers Gilberto and Valeriano Salciccia, in the roles of Chairman and Chief Executive Officer respectively. The Group is organized in 6 Operative Business Units and is present in 4 continents. It employs more than 1,400 highly specialized resources and in 2021 recorded revenues for 440 million euro. Salcef Group is based in Italy and since October 2021 is listed on the STAR segment of the Euronext Milan market of the Italian Stock Exchange (Borsa Italiana: SCF; Reuters: SCFG.MI; Bloomberg: SCF:IM).

1H 2022 KEY PERFORMANCE INDICATORS

€ million	1H 2022	1H 2021	Δ Abs.	Δ %
Revenues	230.5	213.4	17.1	8.0%
EBITDA	46.3	48.0	(1.8)	(3.7%)
EBITDA margin	20.1%	22.5%	(2.4 p.p.)	-
EBIT	29.5	34.5	(4.9)	(14.4%)
EBIT margin	12.8%	16.2%	(3.4 p.p.)	-
Adjusted Net Income¹	22.4	26.4	(4.0)	(15.2%)
Net Income	13.8	15.3	(3.1)	(9.9%)
Adjusted Net Financial Position²	69.1	114.5	(45.5)	(39.7%)

- (1) Net Income adjusted to exclude the impact on financial expenses of the fair value change on financial investments and on the warrant and the tax impact of the reversal of deferred tax assets on revaluations and non-recurring tax expenses
- (2) Figure as at 30 June 2022 does not consider the fair value change on financial investments. Comparative figure and related changes as at 31 December 2021

In the first six months of the year, consolidated **Revenues** amounted to **€ 230.5 million**, up 8.0% over the same period of 2021 mainly thanks to a 3% organic growth, coupled with the contribution from the railway business unit acquired from the PSC Group and effective from May 1, 2022 (€ 2.5 million) and the contribution from Bahnbau Nord group (€ 8.5 million net of € 1.6 million already accounted for in 1H 2021). *Track and Light Civil Works* and *Energy, Signalling & Telecommunication* Business Units continued in their growth, which without considering the benefits from the change in perimeter, was 7% and 9% respectively.

Consolidated **EBITDA** reached **€ 46.3 million**, with a 3.7% reduction over 1H 2021. The **EBITDA margin** stood at 20.1%, confirming the profitability already shown in the first quarter of the year. The YoY reduction is mainly due to the current high inflation scenario and to the different revenue mix.

Consolidated **EBIT** reached **€ 29.5 million** (-14.4%) and was mainly impacted by higher D&A for € 3.2 million, coherently with the Group's capex plan.

The Group **Adjusted Net Income** amounted to **€ 22.4 million**, down 15.2% compared to the € 26.4 million of the first half of 2021, mainly due to the lower EBIT. The **Net Income** at **€ 13.8 million** was € 3.1 million (-9,9%) lower than the first half of 2021.

The **Adjusted Net Financial Position** as at 30 June 2022 was positive for **€ 69.1 million** (positive for € 114.5 million at year-end 2021). The reduction is mainly due to the payment of approximately € 25 million in favor of the PSC Group for the acquisition of the railway business unit and to the dividend payment for € 28.5 million.

The **Backlog** stood for the first time ever at above € 1.3 billion, further growing compared to the € 1.2 billion at the end of the first quarter. On top of the consolidation of the backlog belonging to the railway business unit acquired from the PSC Group and to the contracts secured during the first quarter of the year, the remarkable growth was mainly driven by the contract for the third lot "Centro" of the tender for the design and implementation of the ERTMS (European Rail Transport Management System) in Italy as well as by the contract for the construction of a light rail in Maryland. Looking at the geographical distribution, the domestic component is confirmed as the largest one (84.3%), even though slightly below the 1Q 2022 value

due to the new contract in the US. *Track & Light Civil Works* and *Energy Signalling & Telecommunication* are confirmed as the most represented Business Units, with 62.3% and 23.0% of the backlog respectively.

Outlook

For 2022, production volumes are expected to continue their growth also in light of the sizeable governmental investments in the main countries in which the Group operates.

Without any additional and unforeseeable deteriorations of the geopolitical scenario and of the inflationary tensions, the Group profitability for 2022 is expected to remain broadly in line with the one recorded in the first half of the year.

It should be also noted that:

- the Group does not currently have any business or operational activities in Russia or in any other country subject to sanctions by the European Union or the United States;
- there are no slowdowns of production activities due to lack of materials or transportation and other services



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 1H 2022 results to the financial community on **Friday, 5 August at 10:00 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	30.06.2022	31.12.2021
Non-current Assets		
Intangible assets with finite useful lives	9,690,398	7,584,146
Goodwill	68,115,193	41,795,326
Property, plant and equipment	145,021,434	123,798,390
Right-of-use assets	16,313,549	14,197,300
- of which, with related parties	1,159,271	1,324,881
Equity-accounted investments	32,643	40,543
Other non-current assets	20,421,110	20,806,786
Deferred tax assets	19,340,315	19,984,980
Total non-current Assets	278,934,642	228,207,471
Current Assets		
Inventories	23,504,649	20,664,592
Contract assets	159,625,828	107,701,357
Trade receivables	63,529,845	89,108,678
- of which, with related parties	507,577	282,145
Current tax assets	6,305,430	4,121,517
Current financial assets	120,421,280	101,588,336
- of which, with related parties	353,465	353,465
Cash and cash equivalents	129,164,260	166,175,877
Other current assets	26,861,963	26,806,619
Total current Assets	529,413,255	516,166,976
TOTAL ASSETS	808,347,897	744,374,447

LIABILITIES	30.06.2022	31.12.2021
Equity attributable to the owners of the Parent		
Share capital	141,544,532	141,544,532
Other reserves	251,598,203	238,422,972
Profit for the year	13,779,287	39,070,532
Total equity attributable to the owners of the Parent	406,922,022	419,038,036
Share capital and reserves attributable to non-controlling interests	2,334,832	2,062,943
Profit for the year attributable to non-controlling interests	(28,388)	271,889
TOTAL EQUITY	409,228,466	421,372,868
Non-current liabilities		
Non-current financial liabilities	103,187,535	79,849,385
Lease liabilities	7,739,138	5,694,159
- of which, with related parties	900,482	1,070,223
Employee benefits	1,393,738	1,154,868
Provisions for risks and charges	1,831,540	3,818,911
Deferred tax liabilities	3,520,157	3,259,382
Other non-current liabilities	4,080,523	4,194,843
Total non-current liabilities	121,752,631	97,971,548
Current liabilities		
Current financial liabilities	70,953,621	62,544,658
- of which, with related parties	481,371	0
Current portion of lease liabilities	4,915,878	5,128,669
- of which, with related parties	336,187	329,658
Current employee benefits	559,061	971,286
Contract liabilities	24,224,563	12,916,604
Trade payables	139,284,116	117,503,520
- of which, with related parties	761,263	1,182,922
Tax liabilities	11,443,094	5,019,927
Other liabilities	25,986,467	20,945,367
Total current liabilities	277,366,800	225,030,031
TOTAL LIABILITIES	399,119,431	323,001,579
TOTAL EQUITY AND LIABILITIES	808,347,897	744,374,447

Consolidated Income Statement

	1H 2022	1H 2021
Revenues from contracts with customers	226,695,188	211,244,638
- of which, with related parties	842,545	791,805
Other income	3,774,711	2,159,071
Total revenues	230,469,899	213,403,709
Raw materials, supplies and goods	(51,614,940)	(45,605,248)
Services	(86,485,629)	(77,126,785)
- di cui verso parti correlate	141,471	0
Personnel expenses	(51,760,730)	(44,597,207)
Depreciation and Amortisation	(16,655,383)	(12,983,480)
Impairment losses	(83,137)	(589,313)
Other operating costs	(5,375,065)	(4,329,719)
Internal work capitalised	11,023,194	6,294,418
Total costs	(200,951,690)	(178,937,334)
Operating profit	29,518,209	34,466,375
Financial income (expenses)	(6,589,388)	(7,815,626)
- of which, with related parties	(29,110)	(39,881)
Pre-tax profit	22,928,821	26,650,749
Income taxes	(9,177,922)	(11,385,141)
Profit for the year	13,750,899	15,265,608
<i>Profit for the year attributable to:</i>		
Non-controlling interests	(28,388)	185,007
Owners of the Parent	13,779,287	15,080,601
<i>Earning per share:</i>		
Base EPS	0.22	0.33
Diluted EPS	n.a.	0.28

Consolidated Cash Flow Statement

	1H 2022	1H 2021
Profit for the year	13,750,899	15,265,608
Amortisation and depreciation	16,655,383	12,983,480
Impairment losses	83,137	589,313
Net financial expenses	6,589,388	7,815,626
(Gains)/losses from the disposal of property, plant and equipment	(1,513,857)	(1,289,147)
Other adjustments for non-monetary items	258,706	0
Accruals	(768,633)	2,503,082
Income taxes	9,177,921	11,385,141
(A) Cash flows from operating activities before change in working capital	44,232,944	49,253,103
(Increase) / decrease in inventories	(2,840,057)	(8,955,052)
(Increase) / decrease in contract assets/liabilities	(37,460,042)	(38,996,937)
(Increase) / decrease in trade receivables	25,682,973	16,153,590
Increase / (decrease) in trade payables	18,080,909	14,163,540
(Increase) / decrease in other current and non-current assets	(2,541,712)	3,847,444
Increase / (decrease) in other current and non-current liabilities	3,792,924	(5,238,032)
(B) Change in working capital	4,714,995	(19,025,447)
Cash flows generated (used) by operating activities (A+B)	48,947,939	30,227,656
Interests paid	(974,453)	(656,424)
Income taxes paid	(1,913,106)	(3,746,513)
(C) Cash flows generated (used) by operating activities	46,060,380	25,824,719
<i>Investing activities</i>		
Interests collected	61,426	119,302
Investments in intangible assets	(2,027,221)	(1,040,228)
Acquisition of property, plant and equipment	(37,854,976)	(17,310,700)
Acquisition of equity investments and non-current securities	0	(193,334)
Investments in securities and other financial assets	(25,129,554)	(17,632,600)
Proceeds from the sale of property, plant and equipment	7,109,746	2,491,656
Proceeds from the sale of current securities	0	14,227,032
Acquisition/Disposal of subsidiaries net of cash equivalents	(24,613,554)	(5,392,002)
Exchange differences	(977,124)	854,054
(D) Cash flows generated (used) by investing activities	(83,431,257)	(23,876,820)
<i>Financing activities</i>		
New bank loans	54,173,852	44,113,993
Repayment of loans	(28,060,296)	(20,955,315)
Repayment of lease liabilities	(3,675,809)	(3,170,339)
Change in other financial liabilities	6,396,278	552,582
Proceeds from the issue of company shares	0	55,093,209
Repurchase of treasury shares	0	(3,333,402)
Dividends distributed	(28,474,765)	(21,314,116)
(E) Cash flows generated (used) by financing activities	359,260	50,986,612
(F) Net change in cash and cash equivalents (C+D+E)	(37,011,617)	52,934,511
(*) Opening cash and cash equivalents	166,175,877	63,198,962
Net change in cash and cash equivalents	(37,011,617)	52,934,511
(*) Closing cash and cash equivalents	129,164,260	116,133,473

(*) Cash and cash equivalents are net of current loans and borrowings