

13<sup>th</sup> September 2023



## Franchetti Spa

### 1H 2023 Results

**FRANCHETTI**  
BRIDGE DIAGNOSTICS AND PREDICTIVE MAINTENANCE

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1. Company Overview
2. Business Model
3. Reference Market
4. Strategies
5. Key Financials 1H 2023

Annex

# 1. Company Overview

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# Company at a glance

Franchetti Spa is an international group specialized in the planning, diagnosis and interventions aimed at safety and predictive scheduling of maintenance activities on infrastructural networks

**70**

**Employees**

- Expert evaluators of the safety conditions of existing infrastructures and software specialists for engineering

**6**

**Countries** of presence  
(on 3 continents)

- Franchetti has been operating for 20+ ys. in **Italy** (registered office in Arzignano, Vicenza), **Brazil** and **Canada**
- It has a corporate presence in the **US**, **India** and **Singapore**

**40k+**

**Equivalent bridges** subject to intervention to date

- Franchetti's main field of endeavor is in the area of structural capex, namely inspection, analysis and predictive maintenance scheduling of the high-value elements - **primarily bridges** - of complex transportation networks

**38k+**

Bridges and viaducts in the world included in **Argan**

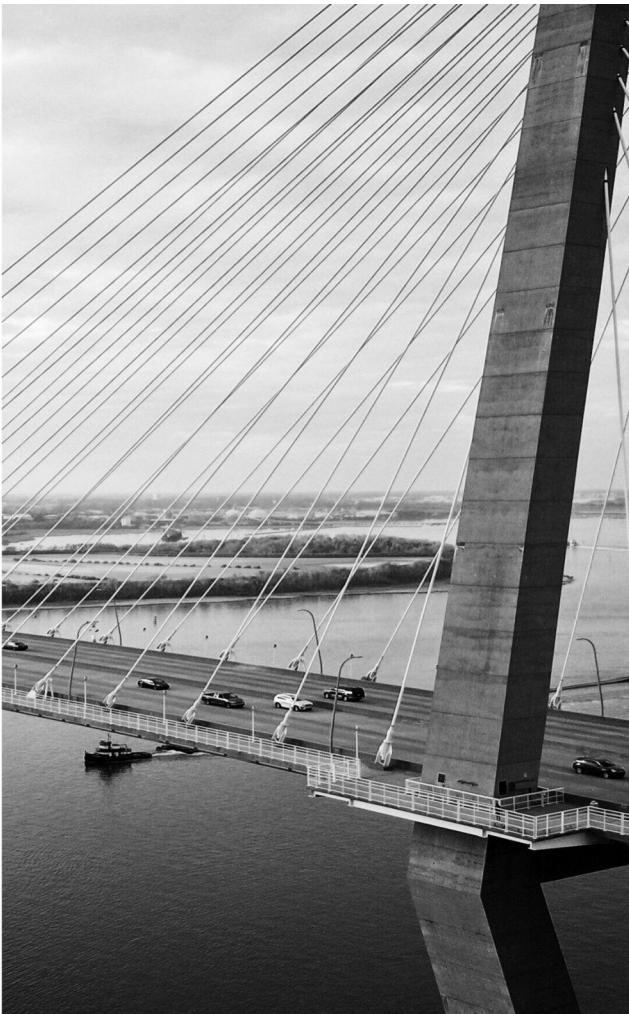
- **Argan**© is the artificial intelligence software, in-house designed, to carry out the predictive maintenance of infrastructures

**€ 20 bn**

Estimated value of the global maintenance engineering services sector

- The Group's clients are national and international public and private leadplayers in road and rail infrastructure management

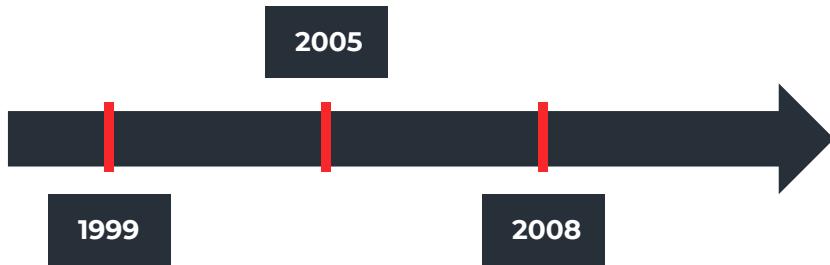
# Pioneers in the predictive maintenance



- Diagnosis, Monitoring, Planning and Caring large infrastructure to protect the safety and mobility of people and goods
- Ensuring economic and environmental sustainability
- Professional experience and reliable expertise, know-how and advanced research
- Involved in the engineering of over 40,000 equivalent motorway railway bridges and viaducts worldwide
- Certifications
- Long standing relations with key customers

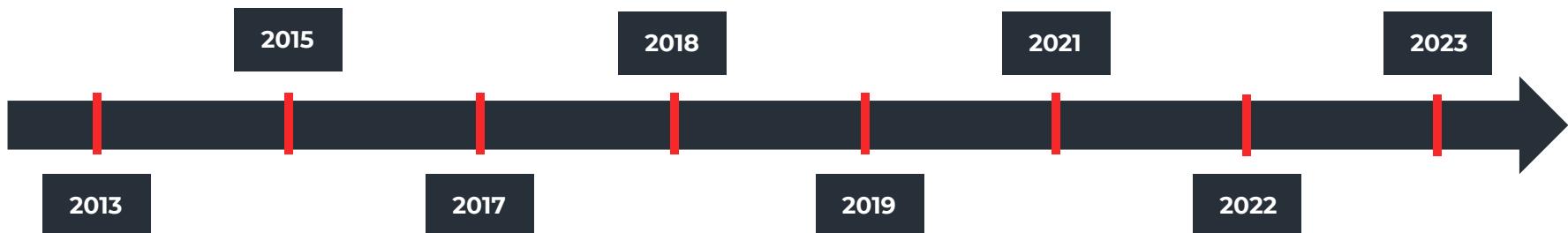
# Charting a history of success

- Specialization in the field of existing network infrastructures



- Specialization in the field of existing monumental heritage
- Development of engineering activities

- Tender for the Rio-Niterói bridge
- Development of proprietary software ARGAN
- Development of proprietary software PATHWORK
- Acquisition of Gallo Technics Srl



- Foundation of Franchetti and Brazilian subsidiary

- Certification as "Innovative Start-up"

- Certification as "Innovative SME"

- IPO: resources to pursue growth strategies

## 2. Business Model

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# Business Model: a deep specialized expertise

Thanks to a deep know-how and expertise in the engineering field the Group is able to access the structural damage in a wide range of existing structures and define the best intervention strategies during their lifetime

## The Group's customers



- National and international public and private leaders in the management of road and railway infrastructures
- Long-term concessionaires (typically 20+ years) of entire portions of the infrastructural network
- Typically organized in several independent territorial compartments (however, the Group usually concludes contracts with the customer's "central administration")

## The Group's contracts



- Mainly multi-year contracts (estimated for approx. 2 subsequent years in addition to the current one)
- Acquired both through private negotiations and through public and/or private tenders (taking part in an average of 200 tenders each year, winning an average of 15% of them)

## The Group's commercial structure



- Tender office (selects the public tenders to participate in and draws up the necessary documentation)
- Area managers (carry out commercial activities for direct assignments and manage the relationship with customers in the area)
- Branches (they ensure the presence of the markets of interest in the territories)

### 3. Reference Market

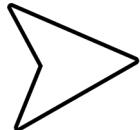
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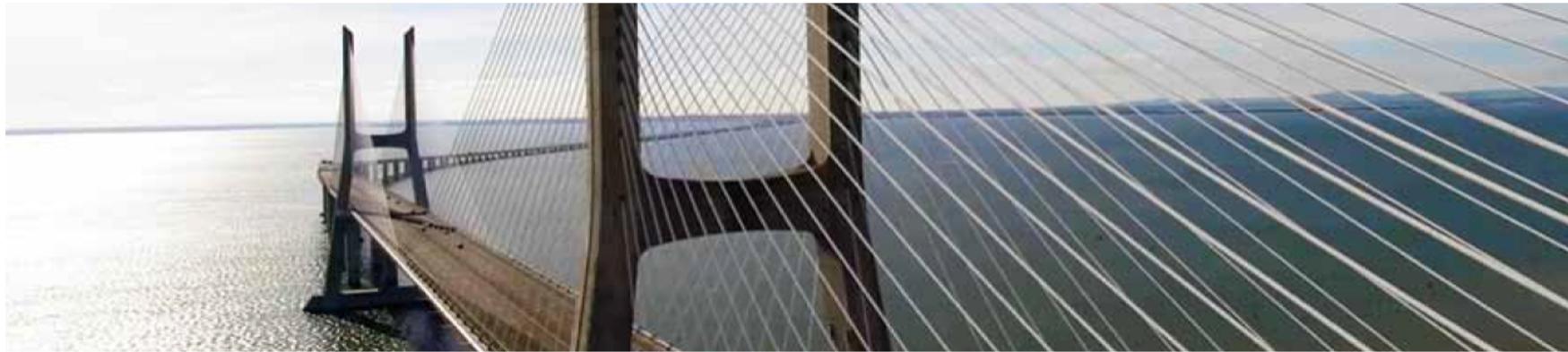
*Franchetti's reference market is related to infrastructure maintenance services, a strategic sector for economic and environmental sustainability*

## Market components and trends

- 1. Technological Advancements**
- 2. Condition Monitoring**
- 3. Predictive Maintenance**
- 4. Data Analytics and AI**
- 5. Remote Monitoring**
- 6. Government Initiatives**



- Infrastructure maintenance services: related engineering services is estimated at more than € 20.00 billion\*, since most of the infrastructure in the world was built after the Second World War and received an insufficient level of maintenance.
- The infrastructure market includes railways, ports, highways, airports, water, sanitation and waste, with business opportunities in design and construction.
- Strategic and fast-growing sector with high potential for the predictive maintenance of infrastructure due insufficient level of maintenance through continuous monitoring and real time monitoring



\*Source: Integrale SIM Equity Research, 2022

# Competitors arena

Company	Activities				
	Infrastructure design	Facility and hospital design	Structural instrumental monitoring	SW and AI development for asset management	Maintenance planning support
<b>FRANCHETTI</b> BRIDGE DIAGNOSTICS AND PREDICTIVE MAINTENANCE	✓	✓	✓	✓	✓

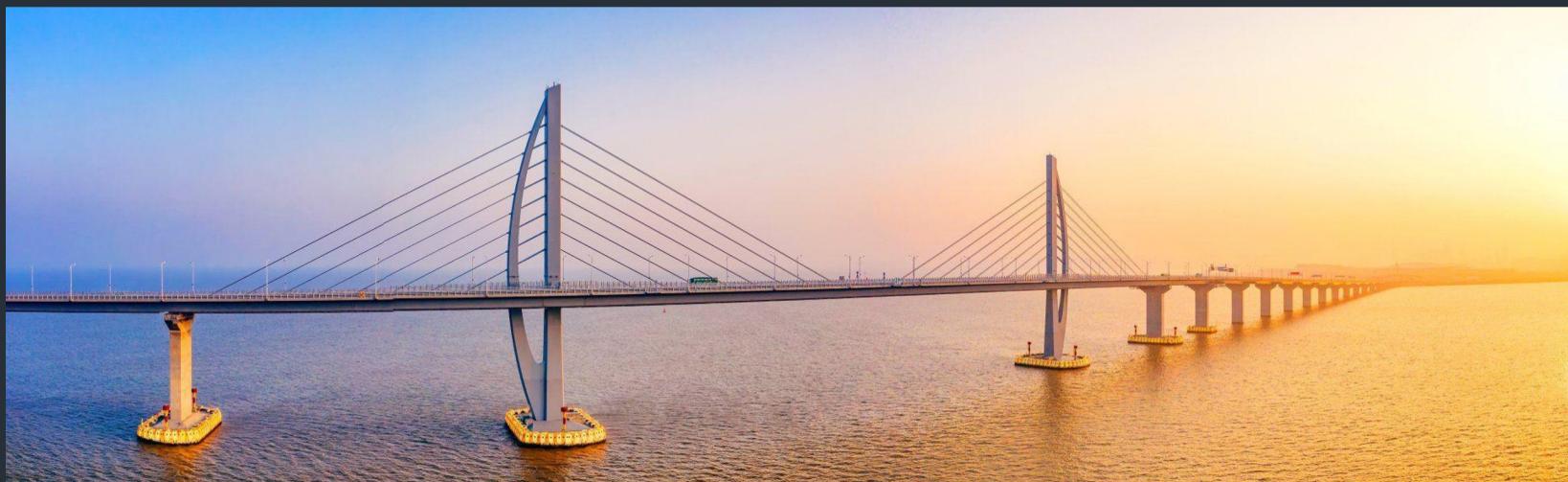
**Franchetti** is present in **all areas of activity**, being the **most integrated player** particularly in the areas of infrastructure design, facility and hospital design, structural instrumental monitoring, development of Software and Artificial Intelligence for asset management, contracting station support for maintenance planning.

Additional success factors and an element of **competitive advantage** for Franchetti is. **innovation and use of technology and software.**

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## 4. Strategies



*The Group intends to pursue the development and growth strategy internally and externally*



- 1. Strengthening** of the **presence in the markets** where the Group already operates
- 2. Acquisitions of companies** that carry out activities consistent with the Group's core business
- 3. Expansion** of the **offer of ICT services** on predictive maintenance
- 4. Expansion** into **new sectors contiguous** to that of infrastructures
- 5. Expansion** into relevant **international markets**
- 6. Benefitting** from the Brasilian Growth Acceleration Program (**PAC**), Italian National Recovery and Resilience Plan (**PNRR**), the **Jobs Plan** in the USA, the **Canada Plan** and the National Infrastructure Pipeline (**NIP**) in India

## 5. Key Financials 1H 2023



# Highlights 1H 2023

In H1 2023 Franchetti recorded strong growth in all economic and financial indicators and a steady increase in Group backlog with revenue visibility up to 2025.

## Revenues (in € '000)

**2.282**

+55.2% vs 1.471  
1H 2022

## Value of production (in € '000)

**2.885**

+65.7% vs 1.741  
1H 2022

## Ebitda (in € '000)

**0.475**

+156.3% vs 0.185  
1H 2022

## Net income (in € '000)

**0.171**

+15.2% vs 0.149  
1H 2022

## NFP in (€ '000)

**0.316 (debt)**

vs -0.156 (cash)  
H1 2022

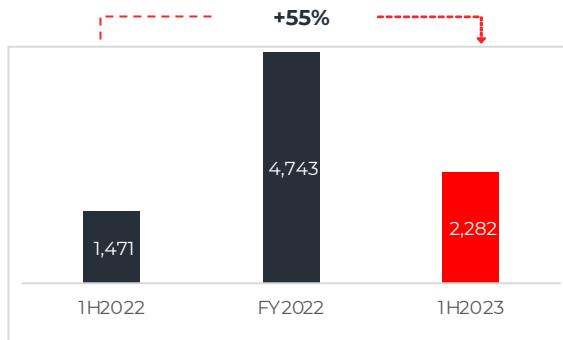
## Backlog as 2025 (€M)

**24.2**

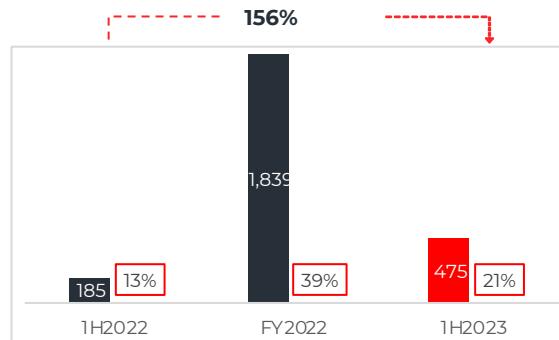
as 30 June 2023

## Revenues, Ebitda and Net Result

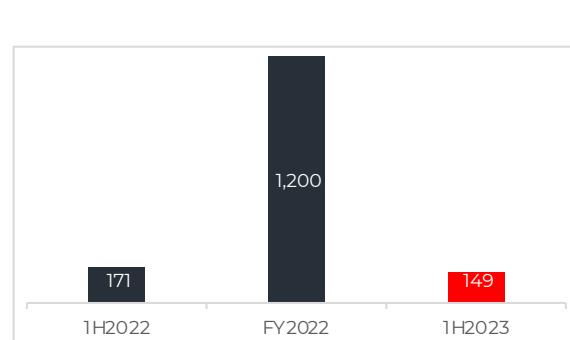
Revenues 1H 2023 (in € '000)



Ebitda 1H 2023 (in € '000 e in % on revenues)



Net result 1H 2023 (in € '000)

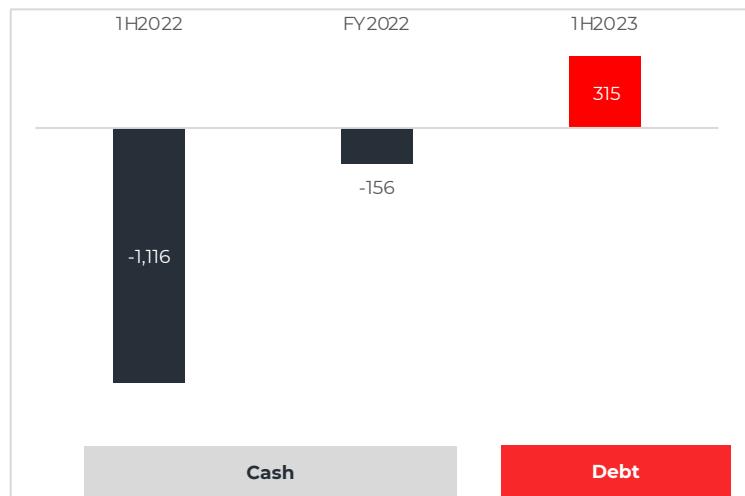


- In the first half of 2023, the Italian, as well as European and global markets in general, related to the maintenance of large-scale road infrastructure worked on increasingly higher levels of business than in previous years allowing Franchetti to reach a strong growth for 55.2% vs 1H 2022.
- Franchetti's specific expertise allowed it to benefit from positive effects of the Italian PNRR which has generated considerable leverage in the area of large infrastructure maintenance.
- Production costs amount to Euro 1,269,114, while EBITDA, equal to Euro 475,043, records an increase of 156.3% (compared to Euro 185,368 in the first half of 2022).
- The net result is equal to Euro 171,268, compared to Euro 148,690 in the first half of 2022 (+15.2%).

# Key Financials 1H 2023 - Balance Sheet

## NFP

### Net Financial Position 1H 2023 (in € '000)

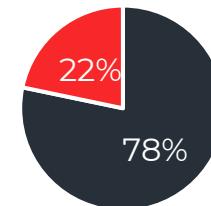


- Net Financial Debt is equal to Euro 315,492 (debt) compared to Euro -155,690 (cash) at 31 December 2022. This increase is due in particular to the growth in net current financial debt, which records a change of Euro 677,799 (from Euro -559,309 on 31 December 2022 to Euro 118,490).



<b>Admission Price</b>	€ 3,00
<b>Stock Ticker</b>	FCH
<b>Stock ISIN</b>	IT0005508574
<b>Warrant Ticker</b>	WFCH25
<b>Warrant ISIN</b>	IT0005508558
<b>Market</b>	Euronext Growth Milan

## % on Ordinary Shares



■ Franchetti Holding S.r.l. ■ Market

## Board of Directors

<b>Paolo Franchetti</b>	<i>Chairman and CEO</i>
<b>Michele Frizzarin</b>	<i>Director</i>
<b>Rony Hamaui</b>	<i>Director</i>
<b>Stefano Granati</b>	<i>Independent director</i>
<b>Remy Cohen</b>	<i>Independent director</i>

The BoD will remain in office until the approval of the financial statements of Franchetti S.p.A. as of December 31, 2024

## Board of Statutory Auditors

<b>Federico Caprin</b>	<i>Chairman</i>
<b>Luigi Solinas</b>	<i>Auditor</i>
<b>Sonia Poletto</b>	<i>Auditor</i>
<b>Alberto Signorini</b>	<i>Alternate Auditor</i>
<b>Alessandro Prandin</b>	<i>Alternate Auditor</i>

The Board of Statutory Auditors will remain in office until the approval of the financial statements of Franchetti S.p.A. as of December 31, 2024

# Consolidated P&L

## P&L\*

	30/06/2023	30/06/2022
<b>Revenues from sales and services</b>	<b>2,282,242</b>	<b>1,470,534</b>
+ Change in inventories of work in progress, semi-finished and finished goods	539,543	266,992
+ Other revenues and income	62,738	3,753
<b>Value of Production</b>	<b>2,884,523</b>	<b>1,741,279</b>
- Raw materials and Changes in Inventories costs	-44,484	-238,401
- Services costs	-1,622,809	-938,838
- Costs for use of third party assets	-128,741	-91,875
- Personnel costs	-548,191	-260,972
-Other operating costs	-65,256	-25,825
<b>Total production costs</b>	<b>-2,409,481</b>	<b>-1,555,911</b>
<b>EBITDA</b>	<b>475,043</b>	<b>185,368</b>
<i>EBITDA Margin</i>	<i>16%</i>	<i>11%</i>
- Intangibles D&A	-89,263	-4,135
- Tangibles D&A	-52,421	-12,472
<b>EBIT</b>	<b>333,358</b>	<b>168,761</b>
- Financial charges	-51,457	-32,576
+ Forex gains and losses	-56,387	31,941
<b>Earnings before taxes</b>	<b>225,515</b>	<b>168,126</b>
- Income taxes	-54,247	-19,436
<b>Net Income</b>	<b>171,268</b>	<b>148,690</b>

\* Limited audited data

# Consolidated Balance Sheet

## BALANCE SHEET\*

	<b>30/06/2023*</b>	<b>31/12/2022</b>
+ Inventory	699,608	154,488
+ Trade receivables	3,885,515	3,673,083
- Trade payables	-906,171	-846,272
<b>Trade net working capital</b>	<b>3,678,952</b>	<b>2,981,299</b>
+ Other assets	1,289,356	1,240,557
- Other Liabilities	-1,407,191	-1,399,913
<b>Net Working Capital</b>	<b>3,561,117</b>	<b>2,821,943</b>
+ Intangible fixed assets	1,563,465	1,580,631
+ Tangible fixed assets	81,094	89,486
<b>Gross Invested Capital</b>	<b>5,205,676</b>	<b>4,492,060</b>
- Severance pay	-55,288	-41,218
<b>Net invested capital</b>	<b>5,150,388</b>	<b>4,450,842</b>
+ Short-term payables to banks	2,486,117	1,675,020
+ Medium- to long-term payables to banks	179,896	403,619
+ Payables to other lenders	17,106	293,564
<b>Total financial debts</b>	<b>2,683,119</b>	<b>2,078,639</b>
- Cash and Cash equivalents	-2,367,627	-2,234,329
<b>Net Financial Position</b>	<b>315,492</b>	<b>-155,690</b>
+ Share capital	350,634	347,039
+ Reserves	4,312,994	3,059,156
+ Net result	171,268	1,200,337
<b>Shareholders' equity</b>	<b>4,834,896</b>	<b>4,606,532</b>
<b>Total funds and Shareholders' equity</b>	<b>5,150,388</b>	<b>4,450,842</b>

\* Limited audited data

# Consolidated Cash flow statement

## CASH FLOW STATEMENT, INDIRECT METHOD\*

	<b>30/06/2023*</b>	<b>31/12/2022</b>
A) Cash	2,367,627	2,234,329
B) Cash equivalents		-
C) Other current financial assets		
D) Cash and cash equivalents (A+B+C)	2,367,627	2,234,329
E) Current financial debt	2,486,117	1,675,020
F) Current part of non-current financial debt	-	-
Other current liabilities	-	-
G) Current financial debt (E+F)	2,486,117	1,675,020
H) Net current financial debt (G-D)	118,490	-559,309
I) Non-current financial debt	197,002	403,619
J) Debt instruments	-	-
K) Trade and other non-current payables	-	-
L) Non-current financial debt (I+J+K)	197,002	403,619
<b>(M) TOTAL FINANCIAL DEBT (H+L)</b>	<b>315,492</b>	<b>-155,690</b>
<b>OVERDUE TAX ADJUSTED</b>	<b>634,289</b>	<b>206,818</b>
<b>TOTAL ADJUSTED NET FINANCIAL DEBT</b>	<b>949,781</b>	<b>51,128</b>

\* Limited audited data

# Management Team

## **Paolo Franchetti - CEO & Partner**

- Civil engineer specialized in the dynamics of existing and monumental structures
- He is a member of the Study Commission for the Port of Venice and of the Maritime Traffic Evaluation Commission of the Giudecca Canal and carries out a regular activity as an Associate Professor at the University of Padua

## **Gianluca Del Fabbro – General Manager**

- Management engineer, manager with 25 years of experience in globally active industrial realities, Del Fabbro will be in charge of continuing and accelerating the process of continuous growth and managerialization of the company both in the national and international market, also through the start-up and/or the acquisition of new companies
- Previously he held various managerial positions in Italy and abroad both in multinationals and in SMEs

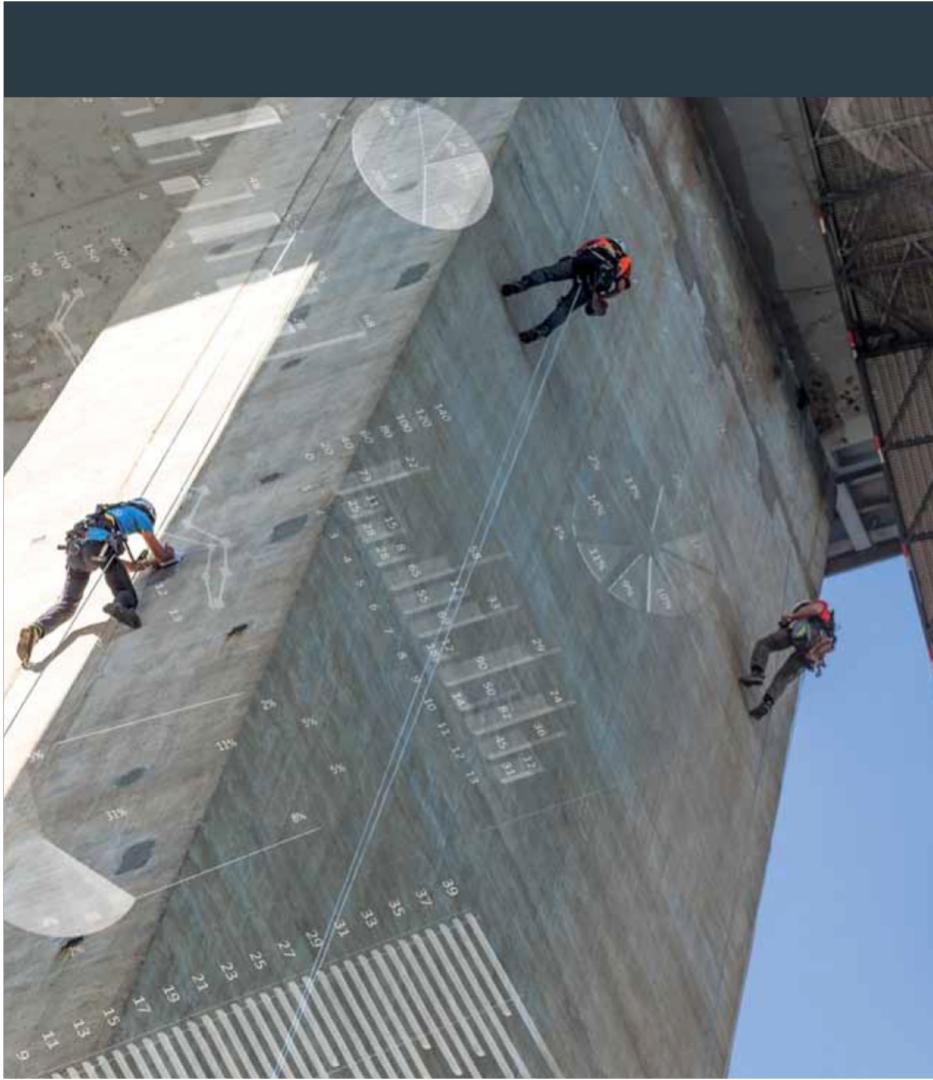
## **Omar Emiliano Salustri – CFO Franchetti Italia**

- Doctor in Economics and Commerce, enrolled in the Register of Statutory Auditors at the MEF
- He deals with the administrative, accounting and financial management and personnel management of small and medium-sized companies, up to multinationals
- He carries out auditing and control activities as a member of Boards of Statutory Auditors

## **Michele Frizzarin - Partner & R&D Director**

- Structural engineer specialized in the field of analysis and verification of existing structures, he deals with inspection and structural analysis of concrete, steel and masonry infrastructures and historic and monumental buildings
- He has deepened his training in the study of the dynamic and seismic behavior of structures

# Certification



Franchetti spa  
Certified by:

Member of CISQ Federation



[www.franchetti.tech](http://www.franchetti.tech)

## Investor Relations Manager

Paolo Franchetti  
[ir@franchetti.it](mailto:ir@franchetti.it)

## IR Advisor

T.W.I.N. Srl  
[franchetti@twin.services](mailto:franchetti@twin.services)

