

13th September 2023



Franchetti Spa

1H 2023 Results

FRANCHETTI
BRIDGE DIAGNOSTICS AND PREDICTIVE MAINTENANCE

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1. Company Overview
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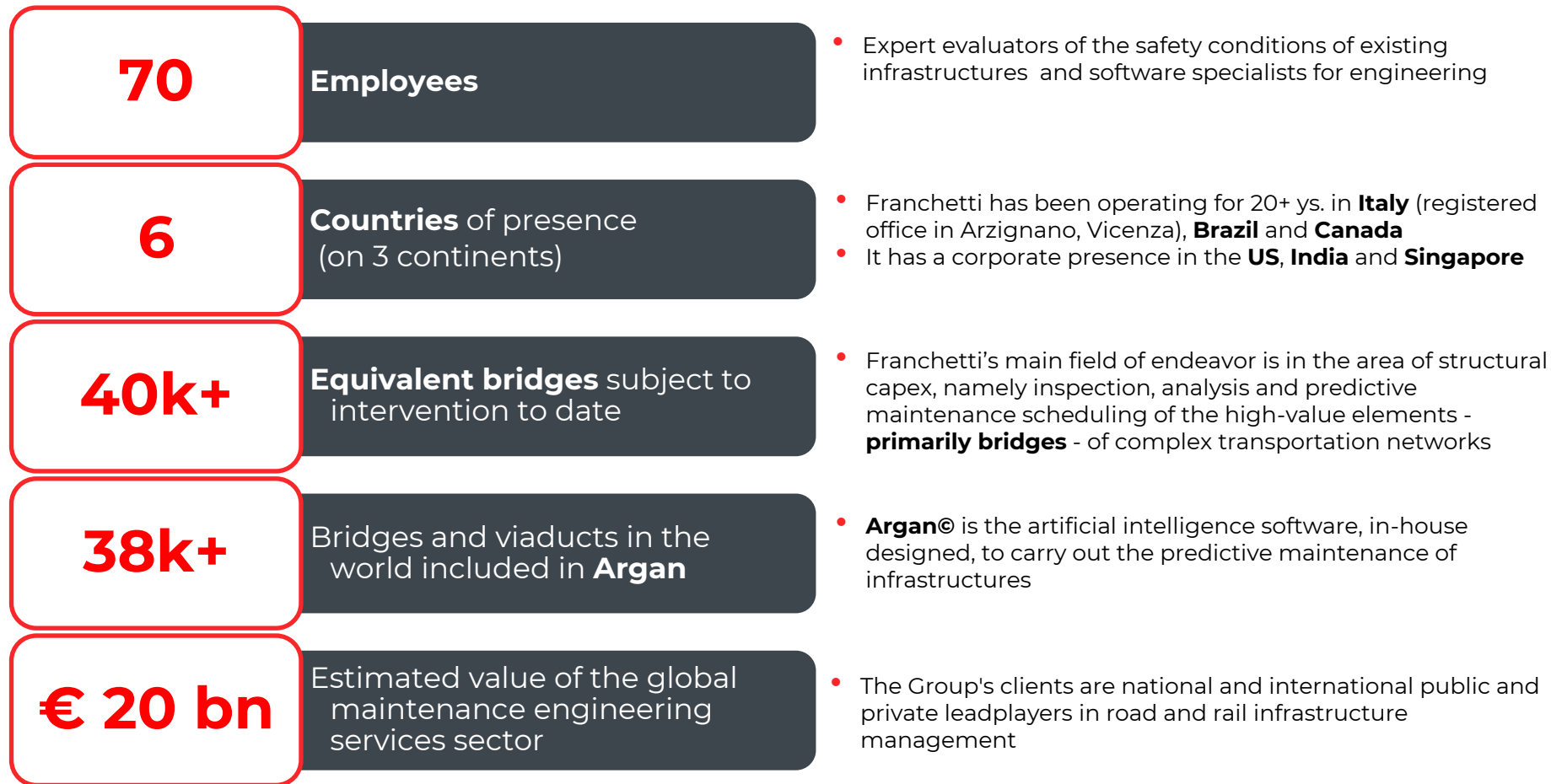
1. Company Overview

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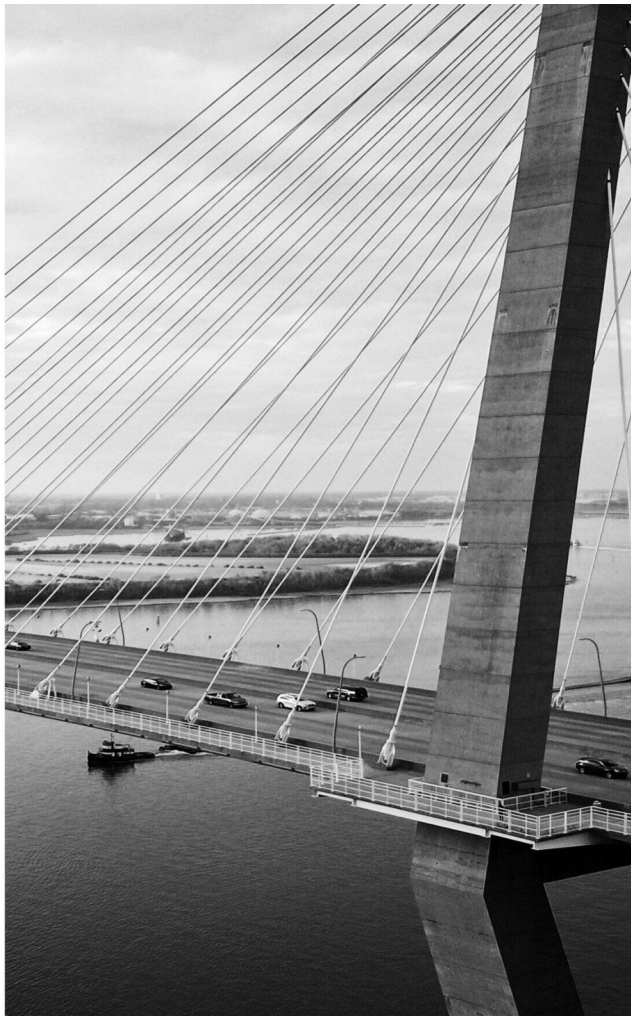


Company at a glance

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



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

2005

1999

2008

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

- Tender for the Rio-Niterói bridge

2015

- Development of proprietary software ARGAN

2018

- Development of proprietary software PATHWORK

2021

- Acquisition of Gallo Technics Srl

2023

2013

- Foundation of Franchetti and brazilian subsidiary

2017

- Certification as “Innovative Start-up”

2019

- Certification as “Innovative SME”

2022

- 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

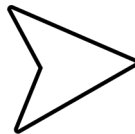
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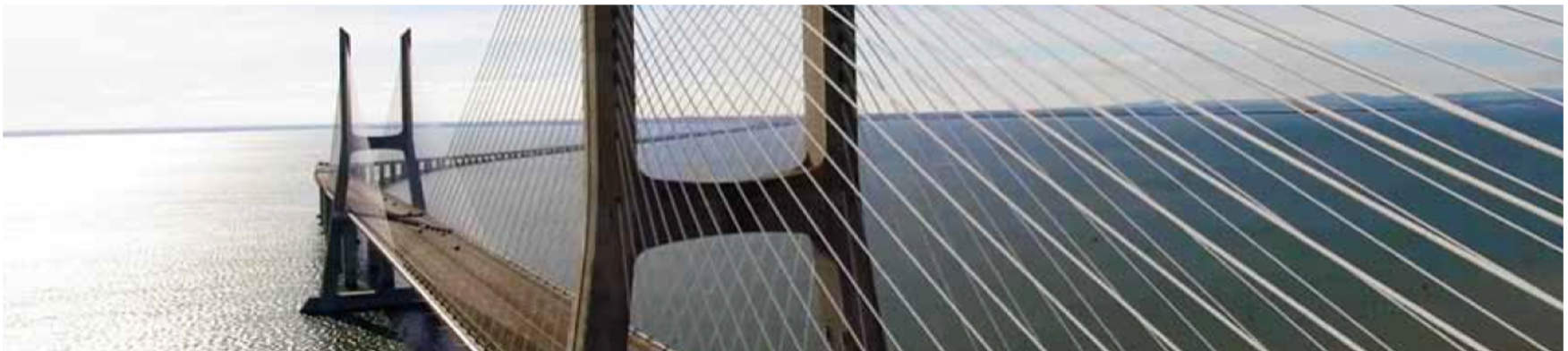
Franchetti's reference market is related to infrastructure maintenance services, a strategic sector for economic and environmental sustainability

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: Integrae 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
	✓	✓	✓	✓	✓

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

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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 Brazilian 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

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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

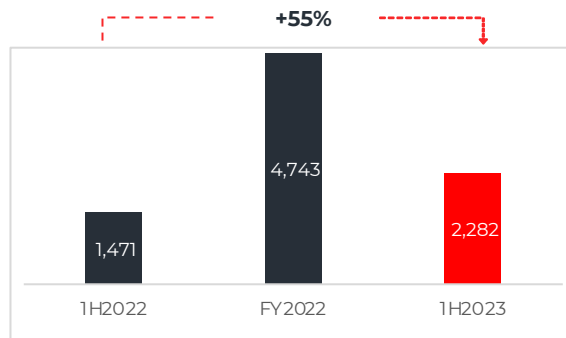
Backlog as 2025 (€M)

24.2

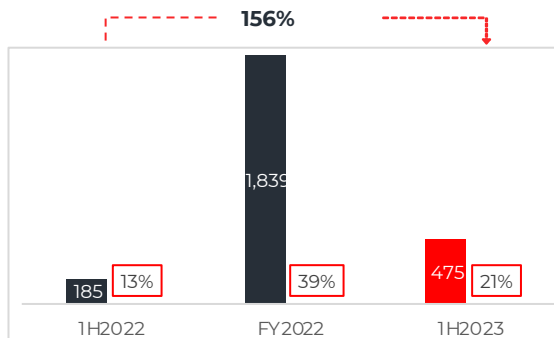
as 30 June 2023

Revenues, Ebitda and Net Result

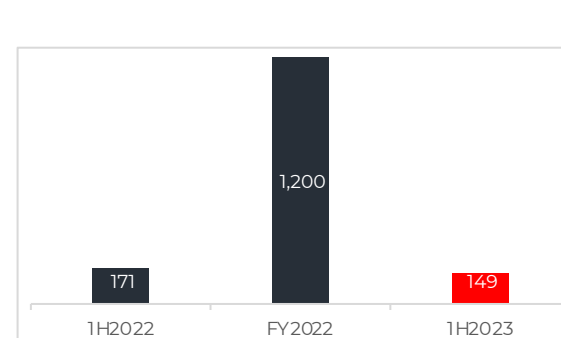
Revenues 1H 2023 (in € '000)



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



Net result 1H 2023 (in € '000)

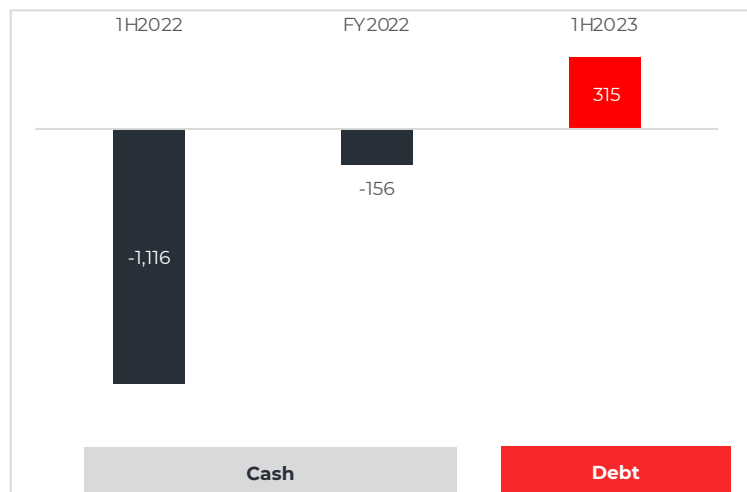


- In the first half of 2023, the Italian, as well as European and global markets in general, related to the maintenance of large-scale road infrastructure worked on increasingly higher levels of business than in previous years allowing Franchetti to reach a strong growth for 55.2% vs 1H 2022.
- Franchetti's 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)



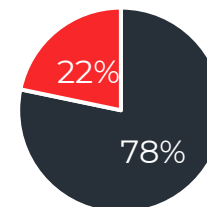
- Net Financial Debt is equal to Euro 315,492 (debt) compared to Euro -155,690 (cash) at 31 December 2022. This increase is due in particular to the growth in net current financial debt, which records a change of Euro 677,799 (from Euro -559,309 on 31 December 2022 to Euro 118,490).



Shareholding and share capital

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

% on Ordinary Shares



■ Franchetti Holding S.r.l. ■ Market

Board of Directors

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

Federico Caprin	<i>Chairman</i>
Luigi Solinas	<i>Auditor</i>
Sonia Poletto	<i>Auditor</i>
Alberto Signorini	<i>Alternate Auditor</i>
Alessandro Prandin	<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
Revenues from sales and services	2,282,242	1,470,534
+ Change in inventories of work in progress, semi-finished and finished goods	539,543	266,992
+ Other revenues and income	62,738	3,753
Value of Production	2,884,523	1,741,279
- 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
Total production costs	-2,409,481	-1,555,911
EBITDA	475,043	185,368
EBITDA Margin	16%	11%
- Intangibles D&A	-89,263	-4,135
- Tangibles D&A	-52,421	-12,472
EBIT	333,358	168,761
- Financial charges	-51,457	-32,576
+ Forex gains and losses	-56,387	31,941
Earnings before taxes	225,515	168,126
- Income taxes	-54,247	-19,436
Net Income	171,268	148,690

* Limited audited data

Consolidated Balance Sheet

BALANCE SHEET*

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

* Limited audited data

Consolidated Cash flow statement

CASH FLOW STATEMENT, INDIRECT METHOD*

	30/06/2023*	31/12/2022
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
(M) TOTAL FINANCIAL DEBT (H+L)	315,492	-155,690
OVERDUE TAX ADJUSTED	634,289	206,818
TOTAL ADJUSTED NET FINANCIAL DEBT	949,781	51,128

* Limited audited data

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 or the acquisition of new companies
- Previously he held various managerial positions in Italy and abroad both in multinationals and in SMEs

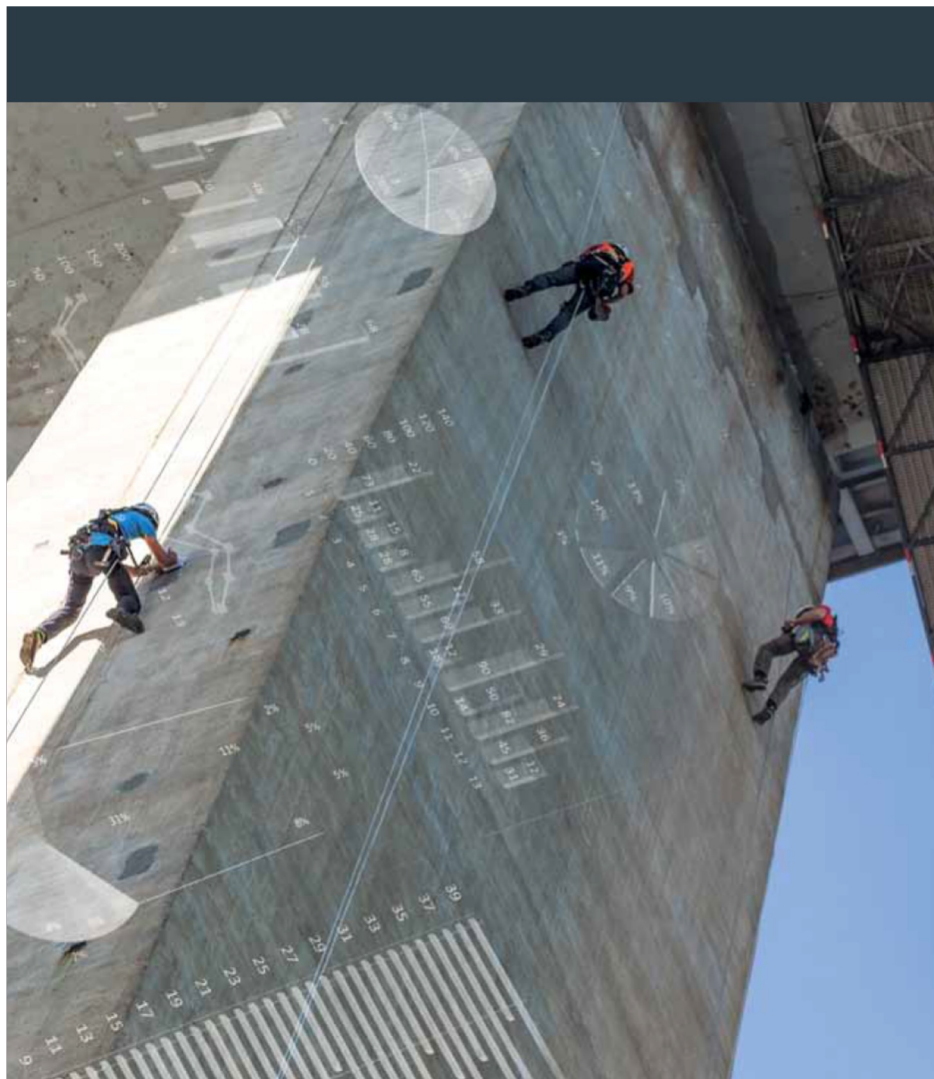
Omar Emiliano Salustri – CFO **Franchetti Italia**

- 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 CIBQ Federation



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