

Bertolotti

Sector: Industrial Goods



Keep monitoring: good execution & prospects

Bertolotti provides turnkey solutions and systems of material handling mainly for steel, railway and aircraft industries. With €62mn FY24 VoP and ca. €90mn backlog (June 2025), the Group, 98% controlled by the Barneschi family, completed a “just listing” on EGM-Pro in March 2024.

Solutions for complex handling & logistics in steel & railway

Bertolotti Group designs, produces and sells customized turnkey equipment and systems for handling heavy materials and rolling stocks and recently entered the rail vehicles segment. Its order driven activity is split into three BUs - Industries (manufacturing processes, mostly Steel), Rail (warehouses, rolling stock maintenance, vehicles), Ai-Works (Automation & Robotics), with solid M/T outlooks, as both heavy and rail industries seek increasingly safe and sustainable industrial processes and intra-logistics and EU railway and defence sector has sizeable investments ahead.

Strong track record, with FY24 & 1H25 ahead of expectations

Track record in strategy execution has been strong: 1) FY24 results above expectations - VoP up 62% y/y (12% above V-T expectations), EBITDA at €6.4mn (+55% y/y and +5% vs exp.), Dec 2024 at €4.7mn (vs €7.8mn est.); 2) order execution extremely smooth, also for the largest and most critical plants; 3) Dec '24 backlog at €87.4mn (including ATM order), or 1.4x FY24 VoP; 4) order intake solid. Last check point has been 1H results, just released and overall flattish y/y, but broadly in line with expectations, as quarterly results may be very volatile (given large size of orders).

Ready to accelerate capex to exploit surging demand in Rail

Strong backlog and a surging number of negotiations – thanks also to the recent entrance in US and India with direct presence - are very supportive, despite weak momentum in EU industrial automation and steel demand and uncertain context for US and global trading. Hence, management decided to accelerate on the capex plan and now target €24mn investment over 2025-26E. We upgraded FY25-26E forecasts by ca. 20% for VoP and EBITDA and now expect VoP and EBITDA to grow at 11/20% respectively (CAGR 2024-27E), with ca. 80% of FY25E sales already “acquired” and Net Debt to peak at €18.7mn in FY26E (1.8x EBITDA).

Fair Equity Value at €11per share

Our fair equity value - still resulting from DCF model and relative market multiples - goes to €11 p.s., due to improved financials and slightly higher market multiples. At fair value, the stock would trade at 6.3x-5.2x EV/EBITDA, 8.4x-7.3x EV/EBIT, and 9.6x-8.3x P/E over 2025E-26E, at small discount (ca. 12%) compared to peer's average.

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Fair Value (€)	11.0
Market Price (€)	4.5^(*)
Market Cap. (€m)	13.8^(*)

KEY FINANCIALS (€m)	2024	2025E	2026E
VALUE OF PRODUCTION	61.9	64.9	81.4
GROSS PROFIT	31.6	35.7	44.4
EBITDA	6.4	7.6	10.2
EBIT	5.3	5.7	7.2
NET PROFIT	3.2	3.5	4.1
CAPITAL EMPLOYED	18.9	31.2	39.7
EQUITY	14.1	17.3	21.1
NET FIN. POS.	-4.7	-13.9	-18.7

Source: Bertolotti Group (historical figures),
Value Track (2025E-26E estimates)

KEY RATIOS	2024	2025E	2026E
GROSS MARGIN (%)	61.9	64.9	81.4
EBITDA MARGIN (%)	31.6	35.7	44.4
EBIT MARGIN (%)	6.4	7.6	10.2
NET PROFIT MARGIN (%)	5.3	5.7	7.2
ROIC b.t. (%)	3.2	3.5	4.1
ROE b.t. (%)	18.9	31.2	39.7
NET DEBT / EBITDA (x)	14.1	17.3	21.1
NET DEBT / EQUITY (x)	-4.7	-13.9	-18.7

Source: Bertolotti Group (historical figures),
Value Track (2025E-26E estimates)

STOCK DATA	
MARKET PRICE (€) (*)	4.5
SHS. OUT (m)	3.1
MARKET CAP. (€m)	13.8
ENTERPRISE VALUE (€m)	27.6
FREE FLOAT (%)	2.0%
AVG. -20D VOL. ('000)	n.m.
RIC / BBG	TRAIN.MI / TRAIN IM
52 WK RANGE	n.m.

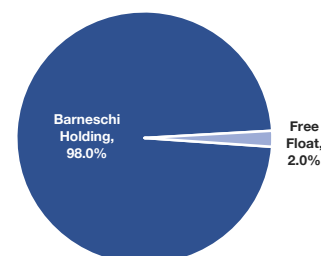
Source: Stock Market Data. (*) Stock suspended until the EGM
Issuers Regulation's minimum float requirement of 10% is met



Business Description

Bertolotti is one of the main Italian players in material handling and logistics for steel, aircraft and railway industries and is 98% controlled by the Barneschi family (via Barneschi Holding). In the latest years, Bertolotti has developed a worldwide commercial presence based on a strong network of top tier industrial clients / partners and its technical skills and know how are generating increasing commercial opportunities, as the €90mn backlog (as of June 2025) demonstrates.

Shareholders Structure



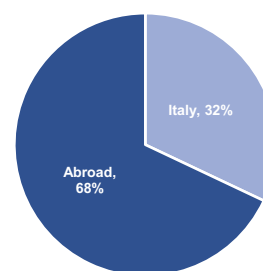
Source: Bertolotti Group

Key Financials

€mn	2023	2024	2025E	2026E
Value of Production	38.3	61.9	64.9	81.4
Chg. % YoY	41.6%	nm	4.8%	25.4%
EBITDA	4.1	6.4	7.6	10.2
EBITDA Margin (%)	10.8%	10.4%	11.7%	12.5%
EBIT	3.4	5.3	5.7	7.2
EBIT Margin (%)	8.8%	8.6%	8.7%	8.8%
Net Profit	1.4	3.2	3.5	4.1
Chg. % YoY	18.9%	nm	11.0%	15.9%
Adjusted Net Profit	1.2	3.1	3.5	4.0
Chg. % YoY	17.4%	nm	13.5%	16.1%
Net Fin. Position	-3.0	-4.7	-13.9	-18.7
Net Fin. Pos. / EBITDA (x)	0.7	0.7	1.8	1.8
Capex	-1.2	-2.6	-15.5	-8.7
OpFCF b.t.	4.9	0.9	-6.7	-1.4
OpFCF b.t. as % of EBITDA	117.3%	14.0%	-87.8%	-13.4%

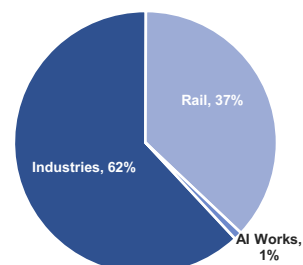
Source: Bertolotti Group (historical figures), Value Track (estimates)

1H25 Revenues by geography



Source: Bertolotti Group

1H25 Revenues by business line



Source: Bertolotti Group

Investment case

Strengths / Opportunities

- ◆ Excellent growth profile, ca. 3x its comparables 2022-2024;
- ◆ Strong Revenues visibility, with FY25 80% VoP covered by backlog;
- ◆ Railway infrastructures due to face sizeable investments in coming years.

Weaknesses / Risks

- ◆ Business with high client concentration where order acquisition / execution is extremely critical;
- ◆ The nature of the contracts business induces inherent volatility of NWC;
- ◆ Order intake may suffer due to the private investment slowdown and prevailing "Wait and See" sentiment among capital goods purchasers and US clients (due to increased US tariffs and related uncertainties).

Stock multiples @ €11.0 Fair Value

	2025E	2026E
EV / SALES (x)	0.7	0.6
EV / EBITDA (x)	6.3	5.2
EV / EBIT (x)	8.4	7.3
EV / CAP.EMP. (x)	1.5	1.3
OpFCF Yield (%)	-14.0	-2.6
P / E Adj. (x)	9.6	8.3
P / BV (x)	1.9	1.6
Div. Yield. (%)	1.0	1.2

Source: Value Track

Executive Summary

Bertolotti at a glance

With FY24 **Consolidated Value of Production at €61.9mn** (€38.3mn in FY23), Bertolotti (“Bertolotti”, “Company” or “Group”) is one of the main Italian players in material handling and logistics for steel, railway and aircraft industries and is controlled by the Barneschi family.

In the latest years, Bertolotti has developed a worldwide commercial presence based on a strong network of top tier industrial clients / partners and its technical skills and know how are generating increasing commercial opportunities, as the ca. €90mn backlog as of June 2025 demonstrates.

After facing financial distress in 2017 and entering a regulated arrangement with its creditors, in May 2023, the Court of Florence declared the complete execution of the agreement, in March 2024 the outstanding bond was reimbursed and Bertolotti was listed on **Euronext Growth Market**, segment **Pro**. The listing had minor financial implications - as net proceeds were negligible - but it was instrumental to acquire **domestic and international visibility** and to make human resources, hiring and retention strategies more effective. The stock was simultaneously suspended from trading pending the fulfilment of the minimum 10% free float requirement within a 24-month period (i.e. by March 2026). The potential recapitalization and new share offerings would be used to **fund the growth** strategy by strengthening the balance sheet, accelerating the investment steps, and /or using its “paper” for M&A deals.

Two business units, the R&D hub and the new “Vehicles” product line

The Group's activities are carried out through three lines of business: 1) **Heavy Industries**, focused on Steel Industry (e.g. ground and overhead handling equipment, bulk material handling); 2) **Railways (Depot and recently Vehicles)**, specialized in the railway sector, deals with the production of systems for efficient handling and maintenance of railway rolling stocks (e.g. lifting and handling systems, mobile and fixed platforms for roof access, sand refilling systems) as well as with the production of vehicles for rail maintenance (from 2025); and 3) **Automation & Robotics (Ai-Works)**, established in 2023 and poised to become the core of the Group's R&D, with focus on software development for industrial robotics and predictive maintenance – it is likely to generate limited revenues to third parties, as it is focused on providing support to the other operating lines.

Despite the split of business by line may change materially by quarter/year, depending on execution of single large orders, as for **FY2024**:

- ◆ **Heavy Industries** has generated **€38.3mn of Revenues (62% of total vs 63% of FY23)**;
- ◆ **Railway Industry** has generated **€23mn of Revenues (37% of total vs 35% of FY23)**, all related to the Depot segment;
- ◆ **Ai Works** has generated **€0.8mn (1% of total)**.

Two main End-Markets, with aircraft/defense as a 3rd (more volatile) leg

Bertolotti provides material handling equipment and systems and vehicles, mostly to two markets, both experiencing single-digit growth.

1. Bertolotti Railway (Depot and Vehicles) reference market is represented by the **railways industry** as for construction and maintenance of rolling stocks and railway infrastructures. The market of “overall supply” to the Railway Industry has been growing at ca. 4.5% p.a. (to 2021-2023 annual value of ca. €202bn) and is expected to grow at 3.0% CAGR 2023-2029 in real terms, driven by growing environmental awareness, strong public funding and digital

revolution. As for the Rail Aftermarket perspective (€90bn market value in 2024), the expected growth is also sound, i.e. 6.1% into 2029.

2. The reference end market for Bertolotti Heavy Industries is more generally the **material handling** equipment market, globally valued at \$239bn in 2024 and expected to grow at a CAGR of 5.9% 2022-2032, with demand for AGV (Automated Guided Vehicles), one of the Company's core products, seen to grow much faster (9.8% CAGR into 2030). In terms of end-markets the **steel** industry (core clients for Bertolotti) is facing a challenging phase with steel manufacturers accounting for just 5% of Dec 2024 order backlog and steel demand seen to start recovering from FY2026. In FY2024 Bertolotti entered also the **aluminum** segment, thanks to a large US order, which paved the way in this less cyclical end-market.
3. Bertolotti has been historically a supplier of Italian leading **aerospace and defence** Group Leonardo, in both civil and military applications. While business opportunities with such a core client are relatively volatile and hardly predictable in the long run, it is reasonable to expect in the next years a recovery of core investments by Leonardo, as indicated by the Group recent statements and as suggested by the increasing commitments for higher defence budgets by EU countries. This may bring another phase of sizeable orders for Bertolotti Industries.

Business model: order-driven revenues today, recurring revenues in the future

Despite a few differences on clients and core products, the business model is very much the same for all business lines and products: the revenues model is **order driven** and is organized along the path from "lead to order", where contract features are key elements to secure profitable business, manageable orders and an appropriate risk profile from a technical and financial point of view. This is particularly true considering the high **concentration of turnover and backlog**.

Bertolotti has adopted over the recent years a relatively **externalized production model**, which i) allowed the Company to meet rising demand, and ii) has contributed to reduce the operating risk of the business providing more flexibility, but more recently (from the end of 2023) iii) it has **internalized** a few key **R&D** projects and looking ahead iv) it will internalize a few production phases and in particular it is starting the production process of **rail vehicles in the new Pontassieve Hub**.

Finally, it is worth noticing that the entrance in the vehicle segment will also entail sizeable **recurring revenues**, related to long term (ca. 10 years) **maintenance service** contracts.

Strong financial performance and order acquisition in the last years

In **FY22/23** Bertolotti Group delivered strong performance with **33% and 37% y/y top line growth** respectively, improved Adj. EBITDA (€3.3mn, 8.6% margin in FY23) and strict debt control despite investments for the new Railway hub and NWC requirements due to accelerated revenues.

As for **FY24**, we highlight further sharp growth, with

- ◆ **VoP of ca. €61.9mn** (€38.3mn in FY23) and EBITDA Adj. of €6.1mn (vs €3.3mn);
- ◆ **Backlog** at around **€87.4mn**, vs €67.3 as of Dec 2023 and **order intake** estimated at **€81mn** over FY24E, boosted by the large order by ATM acquired in Dec 2024;
- ◆ **Net Debt at €4.7mn**, from Dec 2023 level of €3.0mn, after €2.6mn capex and €484k dividends.

As of **1H25**, the Company released overall flattish results, which however we see consistent with our FY estimates, as interim data may be extremely volatile, given pace of execution and price adjustments for large orders may affected the quarterly performances:

- ◆ **VoP of ca. €25.6mn** (€29.1mn in 1H24) and EBITDA of €2.8mn (vs €2.9mn);
- ◆ **Backlog** at around **€90mn**, vs €68 as of June 2024 and **order intake** estimated at **€27mn** over 1H, not including the large orders in the Vehicle segments of Dec 2024 (from ATM) and July 2025 (from AEV, still considered as “soft backlog”);
- ◆ **Net Debt at €9.7mn**, from Dec 2024 €4.7mn, due to the acceleration in the capex plan (€5.4mn capex in the 1H), linked to the Pontassieve Hub.

We see significant further growth ahead

Bertolotti Group aims for international and scope expansion, via

- 1) increase of in-house production capacity (mainly in Railway);
- 2) product offering enhancement, mostly linked to the development and production of new work/yellow machines (Vehicles);
- 3) software/R&D (AGVs, intelligent warehouses) to be embedded in new equipment as well as in existing Bertolotti installed base;
- 4) internationalization/brand recognition (US, France and India as main focus);
- 5) potentially, also minor M&A to bring in-house specific know-how and references.

As a result of the solid execution of its strategy, proven in the first 18 months after listing, we expect Bertolotti Group to keep reporting solid growth into 2027.

As for the top line and margins, backed by the existing backlog and by ca. **€80mn/year estimated orders' intake** over the forecast period, we forecast **Value of Production CAGR24-27E of 11%**, **EBITDA CAGR of 20%**, with margin up to ca. 13% in 2027E and **bottom line with a 13% CAGR24-27E**.

As for Bertolotti financial profile, it is influenced by the ambitious Pontassieve Project, with nearly all investments during the forecast period (**€27.7mn cumulative CapEx over 2025-27E**, i.e. around 13% of VoP) dedicated to this initiative and so far funded via two bond issues for a €10mn total value. **Net Debt is projected to peak at €18.7mn in FY2026E (Net debt/EBITDA around 1.8x)** while the project's full benefits are likely to fully materialize beyond our forecast horizon.

If we focus on the business **excluding** the so called “**development capex**” (the material efforts to build the Pontassieve Hub and expanding the Group production and warehousing space), the cumulative **OpFCF after tax is positive for €9.5mn** over the “expansion” period (FY2024-26E).

...as well as significant value

We have assessed the fair equity value of the Group increased to €33.7mn, or €11 per share, as the stronger commercial momentum — including an expanding option backlog, increasing negotiations, and new market openings in the US and India - supports a **more constructive view**, despite ongoing softness in EU automation, steel demand, and global trade flows.

Considering this, with management accelerating its capex strategy, and supported by the recent peer group re-rating, we update our **valuation model**, still derived with two valuation methodologies:

- ◆ **Relative market multiples** aimed at assessing Bertolotti Group valuation based on its 2025E-26E multiples compared to peers (€10.8 per share);
- ◆ **DCF model** on rolling and target capital structures (€11.3 per share), assessing potential on the medium/long-term horizon, with WACC embedding a 3% “small cap” risk premium.

Our valuation implies multiples for 2025E-26E that are about 12% lower than peer's average, specifically 6.3x-5.2x EV/EBITDA, 8.4x-7.3x EV/EBIT, and 9.7x-8.4x P/E.

While this value is only theoretical now (being the stock suspended), we hope management undertakes the moves required by stock market regulation to create the minimum free float and unsuspend the stock from trading, as soon as possible.

Key risks

High client/order concentration

Despite the average annual invoice per client is relatively small at Bertolotti, this number is the blend of a small number of very large orders and a very high number of very small ones. As a result, Bertolotti faces a **strong client concentration** in all its business lines, and this in turn implies a certain risk: in recent years the top client accounted for up to 30% of Group annual revenues and top 3 clients for up to 50%. The concentration of the business is gradually diminishing in the Heavy Industry segment, but average orders in the Vehicle segment are extremely large and this suggests that probably Bertolotti is likely to maintain a certain concentration in its backlog: following the award of a tender with ATM (Azienda Trasporti Milanese), for a total value of ca. €31.7mn, this single order accounted for 36% of Group Dec 2024 total backlog, - while Novelis Corp. represented ca. 30% of Dec 2023 Group backlog.

Yet, it should be noted that:

- most of the large orders in railways include also the supply of maintenance services and these revenues span over very long periods (in the case of ATM order over 2025-2037), reducing the concentration in terms of annual revenues;
- Bertolotti's large clients are mostly top tier names with high financial standing and are often state-owned or state-backed corporates (in the railway business);
- top clients rotate quite often with top 5 names normally changing every two/three years.

Acquisition and execution of orders is critical (especially entering new segment)

As the business of Bertolotti is order-driven and witnesses a very high concentration of clients/orders, it is of pivotal importance that order acquisition, contractualization and execution are based on **"bullet-proof" procedures**, in order to i) secure profitable business, manageable orders and an appropriate risk profile from a technical and financial point of view, as well as ii) minimize risk of penalties and of resolutions/rejections, as all this may undermine profitability and lead to financial distress.

Our forecasts are based on a spotless execution of all orders in the backlog and on working capital management under control and optimized, but they also imply a **strong acceleration of order intake** (compared to historical average). These elements are even more important now, as the challenging order execution of the rising backlog combines with the **technical challenge** of entering the new segment of "vehicles", whose business model spans from engineering to assembly, mounting and testing new products in a new facility (see below).

Pontassieve Hub: timing and final cost of start-up and reorganization are key

The growth strategy of Bertolotti strongly relies upon the **strengthening of its product portfolio** of equipment and systems, empowered by increasingly sophisticated and critical software/applications (now developed by the Automation & Robotics business line), and made possible by the planned reorganization of the Group offices, production facilities and warehouses, mostly leveraging on the **Railway Hub of Pontassieve**, a major real estate project currently under construction.

Management expect some clear benefits from both **reorganization and scale effect**, supported by the above-mentioned growth strategies. Hence, should these strategies prove to be too ambitious in terms of targets and/or timing, this may affect the Company's growth and profitability outlook.

The slow-down of investments in the steel industry and US tariffs

While the reference markets of Bertolotti are forecasted to keep growing at mid-single digit over the medium term – this is the case for Material Handling and for Railway Supply markets – we acknowledge that over the short term, the material handling related to a few specific heavy industries may face some headwinds.

This may be the case for the **steel industry**, historically a core end market for the Heavy Industries line, as volatile raw material and energy costs, uncertain final demand and US tariffs are **dampening steel demand** and overcapacity impends on industry **capex**. The major EU players, including Bertolotti key customers, have reported **weak 1H25 results** and, according to the World Steel Association, the world **crude steel production in 1H 2025 was down 2.2% (- 5.8% in June alone)** compared to the same period in 2024. While the steel demand is expected to start recovering from FY2026, albeit visibility remains poor also due to final tariffs' implications, it is worth to point out that a) management remains confident that the recent expansion with direct presence in **India** (the most attractive market in the world, according to most sources) should help; b) on a longer-term horizon, we would expect the EU industrial policy to keep addressing the investment needs for safety and decarbonisation in the steel industry; c) the relative contribution of steel manufacturers to Bertolotti turnover has decreased and we estimate these orders represented ca. 5% of Dec 2024 backlog, while aluminium producers accounted for ca. twice as much.

As for the railways business, it is unclear what the impact of US tariffs may be, as BRT has not been active in this segment in North America so far – neither this business is factored in our model - and hence the most negative impact may be the lack of new opportunities rather than direct damage. However, this will become clear over the next quarters.

Update on strategy & market outlook

In the light of a) strong execution delivered so far by management relative to the main items outlined at the time of listing, b) rising global investments on rail infrastructures and sustainable transportation and c) potentially increasing investments in the EU and domestic defence sector, Bertolotti management intend to accelerate the investment plan, mostly as for the increase of in-house production capacity (mainly in Railway) and product offering enhancement. This may also trigger the recapitalization via a new share offer, a step required by March 2026 to create the minimum 10% free float requirement to unsuspend the stock from trading. These proceeds would be used to accelerate the growth strategy described above, given market potential is significant, and to enter new segments. In the long-term additional growth potential lies in 1) activity of rail line maintenance and 2) development and production of train for light mobility (e.g. People Mover), albeit we do not see the latter as an option at sight, given the massive growth potential of the vehicles segment just entered. Finally, management does not rule out potential minor M&A to bring in-house the specific know-how and references required to enter new business segments, albeit so far this has already been achieved mostly via selective hiring of highly specialized teams.

Bertolotti management has provided clear evidence over the past 18 months of strong execution capabilities, in executing seamlessly the sizeable backlog as well as exploit the medium-term growth opportunities identified at the time of listing. This combines with improving prospects of global demand in the railway segment and with the likely acceleration in EU spending in aerospace and defence.

So far great execution of outlined strategy

The “to do” list of Bertolotti management was particularly long and challenging at the beginning of 2024, when the company entered its listing process. Now we can state that the execution process has been very effective and here below we analyse the different elements of that list with the results achieved so far.

Seamless order execution

Bertolotti faced a strong acceleration in order acquisition and a material increase in the size of single orders over the past couple of years. This implies that today the business of Bertolotti witnesses a much higher turnover with a high concentration of clients/orders. Hence, it is of pivotal importance for Bertolotti to deliver its orders in a spotless and prompt manner to minimize risk of penalties and of resolutions/rejections, as all this may undermine profitability and lead to financial distress. In addition, a strong track record is an extremely powerful marketing tool and contribute in turn to order acquisition. In FY2024 the Company was able to reach a VoP of €61.9mn vs €38.3mn of FY23, including the very large orders from US Novelis Corp. and the high technology works for the Technicentre Industriel Picardie. No delays or specific problems have arisen and, on the contrary, Bertolotti is offering for a few new potential orders in North America, following the excellent execution of its early large orders in the aluminum industry.

FY24 results ahead of expectations and solid order acquisition

As discussed in more details in the following sections, Bertolotti released a strong set of FY2024 results, which came above our expectations at all levels. This was particularly appreciated given a) it was the first release after its listing, and b) FY24 result season did not offer many examples of positive earnings surprises. The table below summarised the earnings outcomes:

Bertolotti Group: FY23 – FY24A vs. VT est

(€, mn)	2023	2024	Δ y/y	2024 Old Est.	Act. Vs. Est.
Value of Production	38.3	61.9	61.6%	55.3	12.0%
EBITDA	4.1	6.4	54.9%	6.1	5%
EBITDA Margin (%)	10.8%	10.4%	-45bps	11.1%	-69 bps
Net Profit	1.4	3.2	118.3%	2.5	24.3%
Net Fin. Pos. [Net Debt (-) Cash (+)]	-3.0	-4.7	-1.7mn	-7.8	3.1

Source: Bertolotti Group, Value Track estimates

We estimate Bertolotti was able to collect new orders for ca €81mn over FY24 (including both Industry and Railway business units) and in the first half of 2025, ca. €28mn were added, according to management indications. In addition, a €23mn contract—awarded to Bertolotti by Ente Autonomo Volturno (EAV) in July 2025 but currently under appeal—remains pending with management reasonably confident of prevailing, and a decision expected by January 2026. This pending order is not currently included in our FY25E estimates, which reflect only the “hard” backlog.

Entrance in new product segments and new revenues models

Among the last orders collected, two relates to the new product segment of Vehicles for a total value of ca. €55mn (including the order by ATM and the “soft order” by EAV) and both include the production and delivery of yellow machines and the provision of a long-term maintenance service. The orders come from two large Italian public transport service providers and span over the 2025-2037 horizon.

These achievements are crucial, as they set the entrance of Bertolotti into the new segment, which is highly attractive in terms of size, as well as in terms of revenues model, as these contracts typically include both the delivery of capital goods (the yellow machinery) and a sizeable long-term recurring revenues flow (for maintenance services), which in turn strongly improves the business visibility.

Internationalization process in progress

At the time of the March 2024 share offer for the listing, management indicated their intention to enter in a more “structural” way the US and the Indian markets and to strengthen its presence in France. By the end of FY24 all these markets had local managers initially focusing on execution of orders (US), development of a local supply chain (India), provision of a commercial and after-sales services (France), but willing to gradually create more structured local presence.

Most of the potential business in these markets currently relates to the Railway business, but the potential of the Indian market is huge also for the steel industry, according to main market projections.

...with only two steps missing
New Industrial hub in Pontassieve slightly slower than planned

Bertolotti started its investments in the new hub in August 2022, when it invested ca.€3.2mn to purchase a ca.70,000 sqm disused railway area in Pontassieve (Florence), to locate Bertolotti Rail’s expanded activities. Compared to the initial planning, this investment project - while remaining

absolutely strategic for the company, as underlined above - has experienced a delay mainly due to external factors, in more details:

- **Hydrological verification:** In relation to the available data and existing maps, the hydrogeological plan, following field checks, revealed the existence of an additional buried drain. This has significantly improved the project's requirements for compliance with the 30-year and 100-year flood risk plans and a second revision of the documentation was required;
- **Request for a greater number of trenches:** Due to the above, core drilling for environmental analysis on the land has become necessary;
- **Further studies for LEED certification (Leadership in Energy and Environmental Design)** to adapt design and construction.

In the light of these events and requirements the operations in the new hub have gradually started only from September 2025.

Full listing still pending (with only six months left)

The Group, which was 100% controlled by the Barneschi family, completed a "just listing" on EGM (segment *Professional*) in March 2024, by placing a very marginal share of its capital (free float is limited to 2% of equity). As the minimum requirement for free float on EGM is 10% of capital, the stock is suspended: management have time until March 2026, i.e. 24 months from listing, to undertake a new share offer and create a more appropriate free float.

The fresh money related to the offer could be used to exploit the sizeable growth potential in the industries covered and should be equal to at least 9% of equity.

Market medium term prospects remain solid, driven by railway, with potential further boost by defence (...and despite US tariffs?)

EU Steel industry struggling longer than expected. Inflection point (perhaps) close

The main reference market for the Company is represented by the Material Handling Equipment Market, valued at \$239bn in 2024 (by Fortune Business Insight), supported by a generalized shift towards **fully automated/intelligent facilities**, because of several factors, as a) **Safety**, b) **Efficiency**, c) **Ageing plants**. Within this market, two submarkets which are significant for Bertolotti, as they represent its best-selling equipment, are the Cranes and the Automated Guided Vehicle (AGV) market, while in terms of final sector, Bertolotti Heavy Industry's main clients are leading companies involved in steel processing / manufacturing.

As for the **steel** industry, it has been facing a weakening market outlook (demand has been worsening considerably since the second half of 2022, and also in 2025, contrary to earlier expectations of a more favourable industrial outlook and an improved steel demand, EU apparent steel consumption is now set to decline again (-0.9%, according to EUROFER), largely due to the anticipated impact — albeit difficult to quantify — of U.S. tariffs and the resulting uncertainty and trade-related disruptions. In 2026, apparent steel consumption is projected to finally recover (+3.4%, EUROFER), albeit at a pace lower than initially forecasted and conditional on a positive evolution in the industrial outlook and an easing of global tensions, both still unpredictable.

The relative contribution of steel manufacturers to Bertinotti turnover has decreased and these orders represented ca. 5% of Dec 2024 backlog, while aluminium producers accounted for twice as much, mostly due to the large order of cranes by the US market leader Novelis, still in execution. Yet, should the impact of US tariffs cause the weak demand to persist and price pressure to continue, this might cause a reduction in the sector investments, affecting Company's EU order collection over 2025-2026.

Visibility in medium term global steel industry is poor

Visibility remains so low also at global level, mostly due to the US tariffs, that the World Steel Association (whose members represent 85% of global steel production) decided to postpone its April issue of the Short Range Outlook for steel demand to a future “more appropriate time”. The latest estimate available on the global industry demand and production (OECD Steel Outlook, May 2025) indicates that

- a) some improvement in global steel demand is expected in 2025 (also thanks to a slower rate of decline in Chinese steel demand and to lower interest rates supporting investment and durable goods’ consumption in EU and US);
- b) medium-term outlook to 2030 foresees for demand a slow growth globally (0.7% CAGR₂₅₋₃₀), but with a 1.8% CAGR₂₅₋₃₀ excl. China, supported by Asia (India with a 6.3% CAGR₂₅₋₃₀);
- c) global steel production is expected to grow slightly, with a 0.7% y/y increase in 2025, and to increase at an average annual rate of 0.9% over the medium term until 2030;
- d) global steelmaking capacity has grown steadily since 2019, in contrast to the decline in world demand for steel during most of this period and the divergence between capacity and demand growth has led to significant market imbalances, which are putting downward pressure on steel prices and the industry’s profitability;
- e) yet, information on announced investment projects indicates that 63.5mmt (mn metric tons) of gross capacity additions are currently underway worldwide and are therefore expected to come on stream during the next three-year period (2025-27) and a further 101.7mmt of capacity additions are currently in the planning stage for possible commissioning during the same period;
- d) combining the expected demand trajectory until 2027 with steelmaking capacity projections, it highlights that the global excess capacity gap could widen significantly, and this would put significant downward pressure on the industry’s capacity utilisation rate, raising unit production costs.

The trends outlined are likely to depress steel industry profitability even further, potentially putting at risk part of its investment plans, already in the next three years period.

US duties hurt, but sector is somehow surfing the storm

With US revenues accounting for 37% of FY24 Group top line (vs 10% in FY23), policy outcomes under the Trump administration—particularly on tariffs—may have meaningful implications.

On 27 July, President Donald J. Trump and the European Union (EU) announced a trade deal, which sees tariffs of 15% on most of EU export to US. While the duty is paid by importers, i.e. by the economy that imposes it - and main macroeconomic models indicate that over 90% of the cost of the duty will be borne by importers and consumers within the United States – it is expected a 25-30% fall in volumes of EU export, with a negative impact on EU exporters that combines with the impact of falling US dollar/Euro exchange rate. In other words, it is likely that the new global tariff system by the US and the long-lasting uncertainties do affect the final investment decisions of certain clients - manufacturers and service providers – and the final demand of capital goods (i.e. order acquisition) in the short and in the medium term.

Yet, the actual implications on the day-by-day business and order acquisition process of the Group appear less dramatic so far:

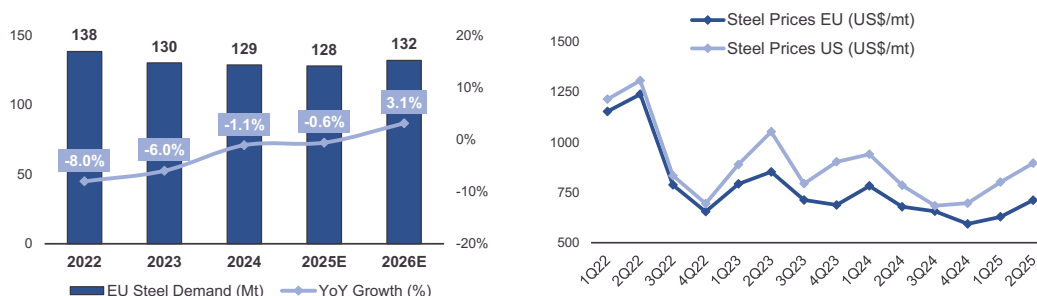
- BRT products are “classified” as “advanced mechanics” and are subject to a 15% tariff as of 7 August 2025 (vs 10% since 5 April 2025 and vs a more negligible tariff during the Biden presidency).

- Since the “Liberation Day” announced by Trump administration on April 2, 2025, the US clients have been very flexible and very well disposed to accept tariff payments on their pockets and/or price adjustments required by the increased tariffs;
- Most contracts now include adjustment mechanisms to “neutralize” the potential effect of the new/different duties.

At this point it will be crucial to monitor the actual tariff duration (we refer to the US Supreme court hearing due on 5 November, relative to the legality of Donald Trump’s tariffs), sector trends, volumes and cash flows of large EU players, and their investment plans in particular, as the main risk lies in potential cuts or delays of capex plans. Hence, while longer-term trends are supportive and EU industrial policy keep addressing investment needs for safety and decarbonisation in the steel industry, risks of short-term cyclicity / volatility remain.

It should be noted however, that the downside risk related to the investment outlook of non-US steel manufacturers will be mitigated by Bertolotti increased contribution of the Railways business and by its local presence in India.

EU steel demand (left, Mt) and EU/US steel prices evolution US / EU (right, US\$)



Source: Eurofer, Focus Economics, Value Track Analysis

The defence segment potentially back to full steam?

No need to explain that the increasing defence budget of EU countries represents a potential opportunity of additional business also for Bertolotti Group. Defence, aerospace and marine clients/products have always witnessed erratic demand, depending on large investment projects hard to predict in the medium term. However, it is likely that a few of these projects may kick-off in the next couple of years and this would bring material orders to the Heavy Industry unit. BRT is an official supplier of large partners of the Italian Defence Ministry (as Leonardo or Fincantieri) and might be involved in new programmes (e.g. GCAP), as it had been for the F35 building and assembly lines.

The Global Combat Air Programme (GCAP or Programma Aereo da Combattimento Globale) - formalised with a treaty signed in December 2023 in Japan - is a multinational initiative led by the United Kingdom, Japan, and Italy to jointly develop a sixth-generation stealth fighter and replace the Eurofighter Typhoon in service with the Royal Air Force (RAF) and Italian Air Force, and the Mitsubishi F-2 in service with the Japan Air Self-Defense Force. Discussions for orders related to the investments required to build the construction and assembly lines of the new fighters may start already in the next quarters.

Rail segment...

Demand of the railway segment has been facing a clear acceleration over the past quarters, as the Company backlog – supported by orders of growing average size – witnesses. Both rolling stock manufacturers and service providers, as well as transport companies are increasingly investing, also supported by the increased focus of EU on the Railway Industry, considered as an important part of the solution for decarbonising the transport system - rail carries 7% of EU passenger traffic but accounts for 0.4% of transport greenhouse gas emissions and it is also fundamental for the transport of goods across Europe.

The European rail networks is one of the densest rail networks in the world, but its quality varies between countries, and the system remains a patchwork with eight member states achieving on the majority of their lines a maximum speed of only 80 km/h (TEN-T goal is 160 km/h), and just over half of the European network is electrified. To address this, the EU has revised the Trans-European Transport Network (TEN-T) regulation, setting minimum standards for speed and interoperability along the main European corridors and EU funds are expected to support member states in TEN-T implementation, along the following deadlines to complete key railway lines:

- Core network by 2030, and the EU Commission estimates that completing the core network by 2030 will cost an estimated €515bn;
- Extended core network by 2040, and here the investment figure would rise to €850bn;
- Comprehensive network by 2050.

The next EU budget should earmark investments accordingly and increase co-funding rates to at least 60% under the *Connecting Europe Facility* budget - until 2020 EU co-financing accounted for only 8% of spending on rail infrastructure. While CEF budget is always oversubscribed, industry funding might be potentially supported by “dual use considerations”, i.e. an increase in rail investments is expected due to the EU’s new emphasis on military mobility, and these funds should be directed toward dual-use infrastructure that also benefits civilian rail services (*Transport&Environment*).

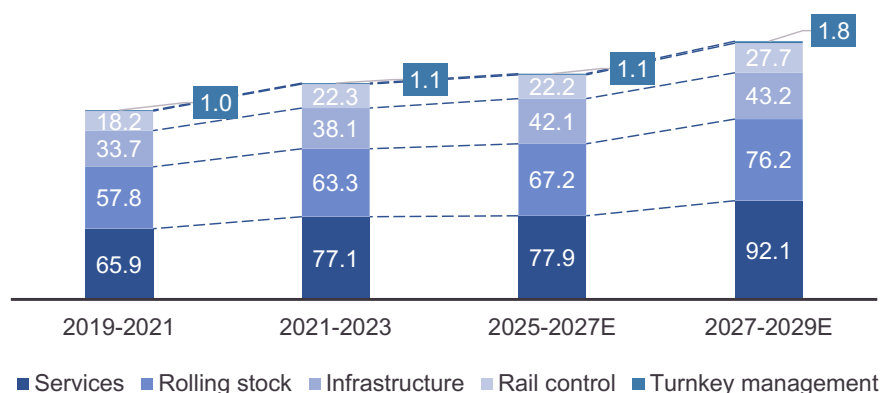
The Railway Industry line today focuses on the area of business where the Railway Industry and Material Handling overlaps. Yet, we believe it is interesting to focus on the (wider) Rail Supply Market, as i) it may follow slightly different trends and investment cycles vs metals, ii) a material part of demand for handling equipment for railway comes from maintenance/aftermarket activities and iii) in this industry Bertolotti may find room for further product diversification, by entering new sub-segments, as maintenance services/infrastructures.

Global rail supply market added up to an average of ca. **€202bn** per year in the period 2021-2023, and UNIFE (the Association of Europe's rail supply companies) projects a **3.0% real CAGR 2023-2029**, reaching a market volume of ca. €241n by year 2029, driven by the following growth drivers:

1. Growing environmental awareness, favouring trains as the eco-friendly transport option;
2. Strong public funding and support for the railway sector;
3. Urbanization and digitalization, as an enabling factor to boost railways' competitiveness and make rail a preferred means of transport over alternatives.

The services and rolling stock segments - the reference businesses for Bertolotti Rail today - represent the main chunk (38% and 31% of the total respectively), while infrastructure, rail control and turnkey management represent 19%, 11% and less than 1% respectively.

Global Rail Supply Market (average €bn per year)



Source: World Rail Market Study, UNIFE

...with Aftermarket reporting steady growth, decoupled from investment cycles

The largest chunk of the Railway Supply Industry is represented by Services, as described above, and among these most are represented by **Aftermarket / Maintenance** activities, which includes all services for remedial maintenance and for prevention on trains and infrastructures. The size of this market is estimated at **\$90bn** (2024, according to The Business Research Company) and is expected to grow at **6.1% CAGR into 2029**, propelled by the increasing use of railway transportation.

The qualitative drivers of the expected growth are

- ◆ Increasingly stringent **safety** requirements, which combined with aging railing fleets, imply rising maintenance efforts;
- ◆ Data driven **predictive technology** and solutions, as these enhance safety and cost savings, while improving efficiency (i.e. effective utilization rate of fleet);
- ◆ Increasing penetration of **high-speed** services, which in turn require maintenance costs as high as energy (or 30% of total, along their life cycle).

Lastly, it is worth to add that the Aftermarket activities are likely to keep growing well beyond the described time horizon and are likely to step-up, further fuelled by the massive investment cycles described above.

Strategy now requires acceleration in capex,

All the above events and considerations have pushed management to a sharp acceleration of the capex plans, in order to recover the delays of FY2024 (caused by unpredictable external factors) and speed up on the rollout of the new industrial hub in Pontassieve to create a centralized location, fostering efficiency and synergies with Ai-Works, expanding capacity in railway products (e.g. vehicles) and expanding its portfolio, as well as to a revision of priorities (e.g. completion of industrial facilities prior to relocation of offices).

The table below summarises the state of the art in terms of strategy execution and next steps.

Key Business Strategies & Key targets by business line

Strategy Type	Heavy Industries	Railway Industry
<i>Production Capacity Expansion & Reorganization</i>	Automation of production, rationalization	New production capacity (Pontassieve Industrial Hub)
	Entry in contiguous markets (naval, construction)	- New work/yellow machinery - Entry in contiguous markets (maintenance, light mobility)
<i>R&D / Software - "Automation & Robotics"</i>	Proprietary software for AGV and intelligent warehouse	
	Development of solution control system for predictive maintenance	
	Product offer strengthening	
<i>Internationalization & Brand recognition</i>	Internationalization via network of partners	Internationalization via network of partner
	US, France	US, France, India
<i>Selected M&A</i>		Acquisition of specific knowledge

Source: Bertolotti, Value Track

This implies that the next three years (FY2025E-27E) will require sizeable investments - ca €27.7mn in Group Capex, after cumulated investments for €7.8mn over 2022-2024 - most of which represented by the Pontassieve (Florence) Rail Industry Hub.

This sizeable budget is defined in all details for ca. 70% (ca. €20mn pf capex planned in FY25-26E), while the remaining 30% (ca. €8mn expected for FY26-27E) will also depends on the potential specific needs of new orders, i.e. on the speed of entrance in new product segments.

Bertolotti Group: Capex Breakdown FY22-FY27E

(€, mn)	2022	2023	2024	2025E	2026E	2027E
Capex	4.0	1.2	2.6	15.5	8.7	3.5
o/w Development Capex	3.6	1.0	2.0	14.0	7.0	1.5
o/w Maintenance Capex	0.4	0.2	0.6	1.5	1.7	2.0

Source: Bertolotti Group, Value Track estimates

Updated plans for the Industrial Hub in Pontassieve

The railway hub will house three buildings:

1. The first, for the manufacturing/warehouse of machinery dedicated to the maintenance of railway lines (including the “**Yellow Machines**”). This building should be ready by Q4 2025 and will be instrumental to deliver the sizeable backlog and in particular the orders relative to the vehicle segment (assembly, mounting and commissioning);
2. The second, where new **Railway** offices and warehouse and the new **Ai-Works** offices will be relocated will be operational from FY2026;
3. The third, intended for **longer term projects**, might be used for Railway Vehicles should demand keep growing, or be used for new segments as maintenance and manufacturing of light rail mobility systems (Automated People Movers).

Pontassieve Eco Rail System: Investment Key Features

	Step 1	Step 2	Step 3
Building	Maintenance /Yellow Machines	Railway + Ai-Works	Maintenance + light mobility (TBC)
Sector	Line maintenance	Train Maintenance	TBC
Timing	2025-2026	2026	2027
Sqm	4,000	3,000 + 2,000 (offices)	6,000

Source: Bertolotti Group

Full listing may be another positive effect

Following the capex acceleration and the improving market outlook (in railway in particular) management may decide to undertake the required moves for the full listing of the company and the unsuspension of the stock. The deadline would be March 2026, i.e. 24 months from listing, and proceeds of the new share offer could be used to exploit the sizeable growth potential in the industries covered.

As the current free float is around 2% of BRT share capital and the minimum requirement is 10%, the share offer could be around 9% of the “pre-money” capital, for a total offer value in a range between €1.2mn and €3.0mn, based on March-24 valuation and our current fair value respectively, and very likely to be represented by fresh money to the company.

Recent financial performance

After delivering a 35% top line CAGR over FY21-23 Bertolotti Group delivered strong performance and above expectation results also in FY24. VoP came at €61.9mn, up 62% y/y and 12% above expectations, EBITDA at €6.4mn (up 55% y/y and 5% above our expectations), while Dec 2024 Net Debt was at €4.7mn vs €7.8mn expected (also due to some delays in Pontassieve site works in progress). These figures suggest that order execution has been extremely smooth, also for the largest and most critical orders, and strong backlog suggests a very positive commercial momentum - backlog at ~€87mn as of Dec '24 including ATM order, or 1.4x FY24 VoP - and solid order intake.

FY24: VoP up +61.6% y/y, 10.4% EBITDA margin

The key highlights from Bertolotti Group FY24 financial results are as follows:

- Robust growth** at 61.6% y/y to €61.9mn as of FY24 VoP, with *Industries* at ca.62% of VoP;
- EBITDA** rose by +54.9% y/y to €6.4mn, with an EBITDA margin of 10.4% (-45bps y/y), reflecting higher COGS linked to the initial execution phase of recently acquired orders;
- Working capital** remained in line with the favorable trend observed in FY23, standing at ~12% of VoP (vs.~30% avg. over 2020-2022), supported by a positive receivables/payables dynamic;
- Net Debt** at €4.7mn, after €2.6mn net investments, mostly related to Pontassieve's Hub, but including ca. €950k of capitalised costs for the listing process.

Bertolotti Group: Key Financials FY21-FY24

(€, mn)	2021	2022	2023	2024	24/23 YoY
Value of Production	20.9	27.9	38.3	61.9	61.6%
EBITDA	1.9	3.2	4.1	6.4	54.9%
EBITDA Margin (%)	9.3%	11.6%	10.8%	10.4%	-45bps
Net Profit	0.3	1.2	1.4	3.2	118.3%
Net Margin (%)	1.3%	4.4%	3.8%	5.1%	132bps
Net Financial Position	-5.3	-6.4	-3.0	-4.7	-1.7mn

Source: Bertolotti Group, Value Track Analysis

Top line growing above 40% CAGR over FY21-24

Bertolotti has been able to grow at 43.6% CAGR₂₁₋₂₄, reaching €61.9mn Value of Production in FY24. Noteworthy, Value of Production historically includes:

- ◆ **Average 1-3% Non-Operating Revenues**, related to insurance recoveries and grants such as *Formazione 4.0* and other cash contributions;
- ◆ **A very volatile Δ inventories / WIP**, which in FY24 is not material but in FY23 was mainly related to a significant portion of the Novelis Order completed but still waiting for delivery.

Bertolotti Group: Value of Production Breakdown FY21-FY24

(€, mn)	2021	2022	2023	2024	24/23 YoY
Revenues from Sales	17.5	27.1	29.5	62.0	110.4%
Other Revenues	0.6	1.0	0.8	0.3	-61.6%
Δ Inventory (Finished Products) & WIP	2.9	-0.2	8.0	-0.4	-105.1%
Δ Fixed Assets	0.0	0.0	0.0	0.0	nm
Value of Production	20.9	27.9	38.3	61.9	61.6%

Source: Bertolotti Group, Value Track Analysis

EBITDA growing +55% y/y in FY24

In terms of profitability, we note the following:

- ◆ **EBITDA reached €6.4mn** (vs. €4.1mn in FY23, +55% y/y), with an **EBITDA margin of 10.4%**, partially weighed down by the initial execution phase of recently acquired orders, which involve front-loaded costs and only partial revenue recognition;
- ◆ **EBIT stood at €5.3mn** (vs. €3.4mn in FY23, +57% y/y), with an **EBIT margin of 8.6%** (-24bps y/y), as the incidence of D&A charges remained broadly stable on Top Line;
- ◆ **Net Profit more than doubled to €3.2mn**, despite a €0.7mn increase in taxes but supported by much lower net financial charges. The latter reflects the absence of the €0.4mn FX loss recorded in FY23 and the full early redemption of the legacy bond, partially funded through the capital increase.

Bertolotti Group: P&L FY21-FY24

(€, mn)	2021	2022	2023	2024	24/23 YoY
Value of Production	20.9	27.9	38.3	61.9	61.6%
Raw Materials, Δ Inventory (Raw Materials)	-8.5	-12.0	-18.1	-30.4	68.0%
Gross Profit	12.4	15.9	20.3	31.6	55.8%
Gross Margin (%)	59.3%	56.9%	52.9%	51.0%	-189bps
Costs of Services	-5.4	-6.1	-8.5	-14.8	74.7%
Costs of Rent	-0.4	-0.7	-0.7	-1.4	93.7%
G&A	-0.2	-0.5	-0.6	-0.5	-14.7%
Labour Costs	-4.5	-5.4	-6.3	-8.5	33.8%
Reported EBITDA	1.9	3.2	4.1	6.4	54.9%
Reported EBITDA Margin (%)	9.3%	11.6%	10.8%	10.4%	-45bps
D&A (excl. Goodwill)	-1.4	-1.5	-0.7	-0.9	26.7%
Provisions	0.0	0.0	0.0	-0.2	nm
EBIT	0.5	1.7	3.4	5.3	57.2%
Interest Expenses	-0.1	-0.1	-0.8	-0.8	-3.2%
Other Non-Operating Income/Exp.	0.0	0.0	-0.4	0.1	nm
Pre-Tax Profit	0.5	1.6	2.2	4.6	nm
Taxes	-0.2	-0.4	-0.7	-1.5	96.8%
Minorities	0.0	0.0	0.0	0.0	nm
Net Profit	0.3	1.2	1.4	3.2	118.3%
Net Profit Margin (%)	1.3%	4.4%	3.8%	5.1%	132bps

Source: Bertolotti Group, Value Track Analysis

Cash Flow & Balance Sheet

At the end of FY24, key balance sheet and cash flow items show the following dynamics:

- ◆ **Net fixed assets** stood at €12.6mn, following cumulative investments of €7.8mn over FY23-FY24, mainly related to the Pontassieve Hub;
- ◆ **Net Working Capital** reached €7.6mn (12.2% of VoP vs. 11.2% in FY23), confirming the improved trend seen in FY23, compared to prior years, especially due to the low level of inventories;
- ◆ **Net Debt** amounted to €4.7mn (vs. €3.0mn as of FY23), reflecting good cash generation at operating level (€2.9mn OpFCF before Taxes and Development Capex, i.e. 45% conversion), mostly absorbed by development capex and listing costs (€2mn) and, below the operating line, cash absorption was driven by €0.8mn Net Financial Charges and €0.4mn Dividends paid, only virtually offset by the €0.3mn Capital Injection related to the listing (gross proceeds).

Bertolotti Group: Cash Flow Structure FY21-FY24

(€, mn)	2021	2022	2023	2024	24/23 YoY
EBITDA	1.9	3.2	4.1	6.4	54.9%
Δ NWC	-1.8	0.9	1.9	-3.3	nm
Maintenance Capex	-1.5	-0.4	-0.2	-0.6	nm
Δ Provisions	0.7	-0.4	0.1	0.3	nm
OpCF b.t. (before dev. Capex)	-0.7	3.4	5.8	2.9	-66.8%
As a % of EBITDA	-35.2%	104.4%	141.0%	45.6%	- nm
Cash Taxes	-0.2	-0.4	-0.7	-1.5	96.8%
OpFCF a.t. (before dev. Capex)	-0.9	3.0	5.1	1.5	-71.3%
Development Capex	-0.9	-3.6	-1.0	-2.0	100%
Capital Injections	2.5	0.0	0.0	0.3	nm
Others (incl. Financial Inv.)	2.0	-0.3	0.0	-0.1	nm
Net Financial Charges	-0.1	-0.1	-0.8	-0.8	-3.2%
Δ Net Financial Position	2.7	-1.0	3.3	-1.7	-5.0mn

Source: Bertolotti Group, Value Track Analysis

Bertolotti Group: Balance Sheet Structure FY21-FY24

(€, mn)	2021	2022	2023	2024	24/23 YoY
Net Fixed Assets	7.8	10.5	11.0	12.6	14.4%
Net Working Capital	7.0	6.2	4.3	7.6	76.2%
Provisions	1.3	0.9	1.0	1.3	29.2%
Total Capital Employed	13.6	15.8	14.3	18.9	31.9%
Group Net Equity	8.2	9.4	11.3	14.2	25.5%
Net Financial Position	-5.3	-6.4	-3.0	-4.7	-1.7mn

Source: Bertolotti Group, Value Track Analysis

Revised forecasts 2025-27E

We expect Bertolotti Group to continue delivering solid growth through FY27E, supported by an estimated average order intake of ~€80mn/year over 2025-27E. This translates into a VoP CAGR_{24-27E} of 11%, with EBITDA margin reaching ~13% in FY27E and bottom-line growth at a CAGR_{24-27E} of 13%. The updated model implies an earning revision of ca. 12-29% for VoP and 9-33% for EBITDA over FY25E and FY26E respectively, and a NFD level higher by €5.2mn in FY26E due to higher capex and stronger growth. It now extends forecasts into FY27E.

The financial profile remains shaped by the Pontassieve project, to which most of the forecast-period capex (~€28mn over 2025-27E) is allocated, partially funded through long-term financing and the newly issued bonds. As a result, Net Debt is expected to peak at ~€18.7mn in FY2026E. Given the long-term nature of the initiative, its full benefits are likely to materialise beyond our current forecast horizon.

Bertolotti: 2025-27E consolidated figures at a glance

We forecast Bertolotti to reach a **Value of Production of ~€84.3mn** by FY27E, with a CAGR_{24-27E} of 11%, increasingly driven by the Railway Industry business line, which is expected becoming the Group's core growth engine thanks to stronger order visibility and recurring demand.

EBITDA is expected to grow from €6.4mn in FY24 to **€11.1mn in FY27**, with margins steadily improving, supported by increased operating efficiency, team ramp-up, and progressive absorption of fixed costs.

On a cumulative basis, Bertolotti is expected to generate **€15.9mn in OpFCF_{a.t.}** over 2025-27E, excluding development capex related to the Pontassieve Hub.

Net Debt is seen rising to €18.7mn by FY26E, up from €4.7mn in FY24, with the increase driven primarily by capex (above €24mn over these two years), while working capital remains structurally more efficient (between 10-13% of VoP, i.e. broadly in line with FY23-24).

We expect average annual **order intake of ~€80mn over the forecast horizon**, with a Book-to-Bill normalising around 1x after FY27E.

Bertolotti: Key Forecasts FY24A-FY27E

(€, mn)	2024	2025E	2026E	2027E	CAGR 24A-27E
Value of Production	61.9	64.9	81.4	84.3	10.8%
EBITDA	6.4	7.6	10.2	11.1	20.1%
<i>EBITDA Margin (%)</i>	10.4%	11.7%	12.5%	13.2%	284bps
Net Profit	3.2	3.5	4.1	4.5	12.8%
<i>Net Margin (%)</i>	5.1%	5.4%	5.0%	5.4%	27bps
Net Financial Position	-4.7	-13.9	-18.7	-15.9	-11.1mn

Source: Bertolotti Group, Value Track Analysis

Top line up +11% CAGR, supported by strong order intake

We forecast Bertolotti Group to reach a VoP of ~€84.3mn in FY27E, implying a CAGR_{24-27E} of 11%, supported by an average annual order intake of ~€80mn. We expect a certain volatility in terms of Book-to-Bill ratio (also due to the larger order size):

- we expect for FY25E the Group to witness a relatively lower order flow (Book to Bill of 0.7) due to the likely delay in the formalization of a large order in the Vehicle segment;
- we assume this order to enter the backlog in early FY26, thus pushing the Book to Bill ratio to 1.3 for next fiscal year,
- and then we see this ratio stabilising around 1.1x in FY27E (following the exceptionally strong FY26E) and normalizing around 1x afterwards.

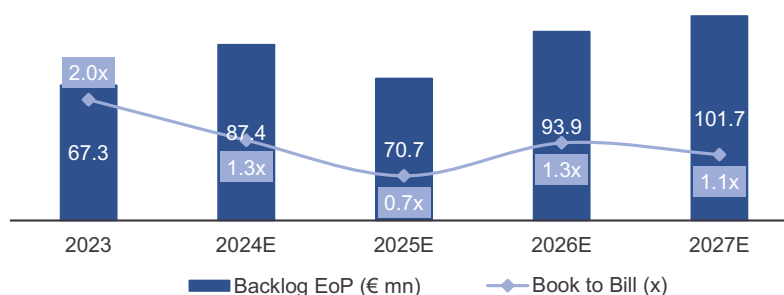
We assume an average annual order intake broadly in line with FY24, which was an exceptional year, but expect this to be achievable thanks to a) the solid commercial momentum in Railway and b) the initial contribution from the Indian markets, offsetting weaker dynamics in steel-related automation.

Bertolotti Group: Backlog and Order Intake (as of year-end)

(€, mn)	2024	2025E	2026E	2027E
Backlog (BoP)	67.3	87.4	70.7	93.9
(+) Orders Intake	81.0	47.5	104.5	92.0
(-) Orders Execution (Revenues & WIP)	-60.9	-64.3	-81.3	-84.2
o/w orders signed (as of 1.1)	-60.9	-48.4	-8.9	-16.3
o/w orders to be signed	0.0	-15.9	-72.3	-67.9
Backlog (EoP)	87.4	70.7	93.9	101.7

Source: Bertolotti Group, Value Track Analysis

Bertolotti Group: FY23 - FY27E Backlog Evolution



Source: Bertolotti Group, Value Track Analysis

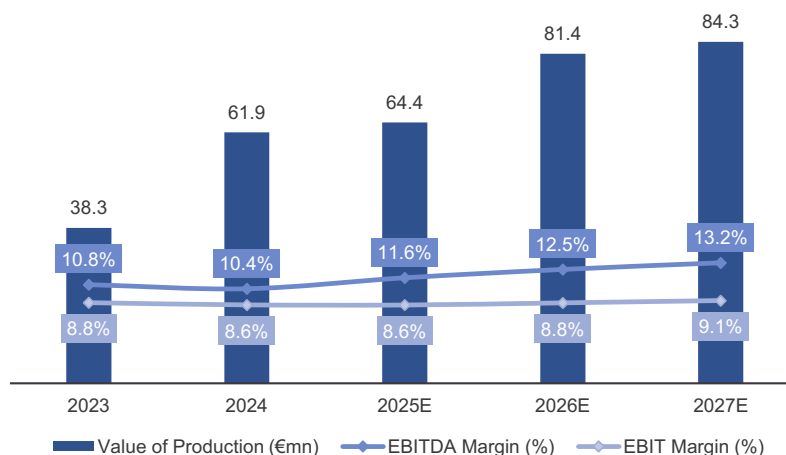
Profitability expected to benefit from Operating leverage

As for profitability, we expect the following.

- ◆ **EBITDA** to reach ~€7.6mn in FY25, up from a FY24 level impacted by elevated upfront costs on large orders. Profitability should progressively improve, with EBITDA margin moving from ~10.4% in FY24 to ~13.2% in FY27E, driven by stable contract margins and increasing operating efficiency.
- ◆ **EBIT** margin is expected to remain around ~9%, reflecting the ramp-up in D&A in line with the Group's investment plan.

- ◆ **Net profit** is projected at ~€4.5mn by FY27E, with financial charges peaking between FY26-27E due to bond-related payments and higher rates on floating debt.

Bertolotti Group FY23-FY27E: Evolution of VoP, EBITDA Margin, EBIT Margin



Source: Bertolotti Group, Value Track Analysis

Given the strong growth and the strengthened industrial and manufacturing asset base, we expect gross margin to improve but maintain a more cautious view on EBITDA margin expansion, given the high concentration of projects, the elevated level of outsourcing during the ramp-up phase, and potential short-term inefficiencies linked to the Pontassieve plant start-up. While the new facility will enhance capacity and gross margins over time, full benefits are likely to extend beyond our forecast horizon.

Bertolotti Group: P&L FY24-FY27E

(€, mn)	2024	2025E	2026E	2027E
Value of Production	61.9	64.9	81.4	84.3
Raw Materials, Δ Inventory	-30.4	-29.2	-37.0	-38.4
Gross Profit	31.6	35.7	44.4	46.0
Gross Margin (%)	51.0%	55.0%	54.5%	54.5%
Costs of Services	-14.8	-14.9	-18.9	-19.0
Costs of Rent	-1.4	-1.6	-2.4	-2.5
G&A	-0.5	-0.6	-1.2	-1.3
Labour Costs	-8.5	-10.9	-11.7	-12.1
Reported EBITDA	6.4	7.6	10.2	11.1
Reported EBITDA Margin (%)	10.4%	11.7%	12.5%	13.2%
D&A (excl. Goodwill)	-0.9	-1.9	-3.0	-3.5
EBIT	5.3	5.7	7.2	7.6
Interest Expenses	-0.8	-0.8	-1.5	-1.4
Other Non-Op. Income/Expenses	0.1	0.0	0.0	0.0
Pre-Tax Profit	4.6	4.9	5.6	6.3
Taxes	-1.5	-1.4	-1.6	-1.8
Net Profit	3.2	3.5	4.1	4.5
Net Profit Margin (%)	5.1%	5.4%	5.0%	5.4%

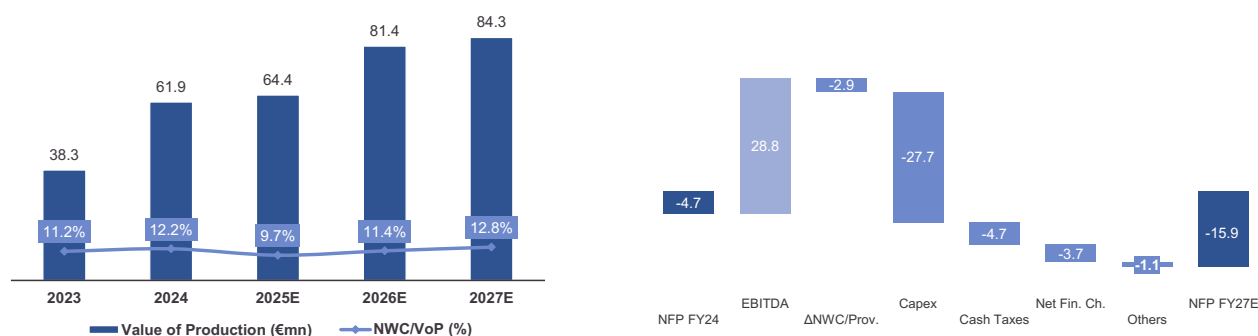
Source: Bertolotti Group, Value Track Analysis

Strong investments in the new hub driving to €18.7mn Net Debt in FY26E

Net Debt is seen at €13.9mn in FY25E, to peak in FY26E and is expected to slightly improve in FY27E, despite:

- ◆ Cumulated 2025-27E €3.3mn NWC absorption, reflecting business growth while assuming structurally more efficient working capital intensity compared to historical levels;
- ◆ Cumulated 2024-27E €27.7mn CapEx (avg 13% of VoP/year) mainly related to Pontassieve's Hub. Here we split total Capex into two components, i.e. an estimate of normalised / "maintenance" capex level and a "development" capex, linked to the capacity expansion projects in Pontassieve;
- ◆ Other cash-out items mainly related to taxes and financial charges (ca. €4.7mn and €3.7mn on a cumulative basis respectively) and ca. €1.1mn of total dividends (pay-out at 10% over FY25-26 and 20% from FY27).

Bertolotti Group: NWC evolution FY24-FY27E (left) and Net Cash Position bridge FY24-FY27E (right), €mn



Source: Bertolotti Group, Value Track Analysis

Bertolotti Group: Cash Flow Statement FY24-FY27E

(€, mn)	2024	2025E	2026E	2027E
EBITDA	6.4	7.6	10.2	11.1
Δ NWC	-3.3	1.2	-2.9	-1.6
Maintenance Capex	-0.6	-1.7	-2.0	-1.0
Δ Provisions	0.3	0.0	0.1	0.2
OpFCF b.t. (before dev. Capex)	2.9	7.1	5.3	8.8
As a % of EBITDA	45.6%	94.0%	52.5%	79.3%
Cash Taxes	-1.5	-1.4	-1.6	-1.8
OpFCF a.t. (before dev. Capex)	1.5	5.8	3.8	7.1
Development Capex	-2.0	-13.8	-6.7	-2.5
Capital injections	0.3	0.0	0.0	0.0
Others (incl. Financial Inv.)	-0.1	0.0	0.0	0.0
Net Financial Charges	-0.8	-0.8	-1.5	-1.4
Dividends Paid	-0.5	-0.3	-0.4	-0.4
Δ Net Financial Position	-1.7	-9.1	-4.8	2.8

Source: Bertolotti Group, Value Track Analysis

Bertolotti Group: Balance Sheet Structure FY24-FY27E

(€, mn)	2024	2025E	2026E	2027E
Net Fixed Assets	12.6	26.2	31.9	31.9
Net Working Capital	7.6	6.3	9.3	10.8
Provisions	1.3	1.3	1.4	1.7
Total Capital Employed	18.9	31.2	39.7	41.1
Group Net Equity	14.1	17.3	21.1	25.2
Net Financial Position	-4.7	-13.9	-18.7	-15.9

Source: Bertolotti Group, Value Track Analysis

1H25 confirm volatility of quarter results and strong demand in railway sector

On 26 September, BRT BoD has approved the interim results, summarised in the table below.

The y/y comparison should be read in light of order phasing, with a heavier revenue contribution expected in the second half, where several projects are scheduled for delivery and billing.

Bertolotti: Key Data 1H25

(€, mn)	1H24	2H24	1H25	y/y
Value of Production	29.1	32.9	25.6	-12.1%
EBITDA	2.9	3.5	2.8	-4.4%
EBITDA Margin (%)	10.1%	10.6%	11.0%	+88bps
EBIT	2.4	2.9	2.3	-5.6%
EBIT Margin (%)	8.4%	8.8%	9.0%	+62bps
Net Profit	1.5	1.7	1.4	-5.7%
Net Margin (%)	5.2%	5.0%	5.5%	+37bps
Net Financial Position	-2.8	-4.7	-9.7	
Backlog	68.0	87.4	90.0	

Source: Bertolotti Group, Value Track Analysis

Below we summarize the key messages and financials from the 1H25 report:

- ◆ **Value of Production was €25.6mn** (-12.1% y/y), with a business mix of 47% Industries, 46% Railway, and 7% Vehicles. Geographically, Italy accounted for 49% and international markets for 51%;
- ◆ **Profitability remained resilient:** EBITDA was €2.8mn (-4.4% y/y) with an 11.0% margin (+88bps y/y); EBIT was €2.3mn (-5.6% y/y); and Net Profit was €1.4mn (-5.7% y/y);
- ◆ **Net Debt at €9.7mn** vs. €4.7mn as of December '24 (and €2.8mn as of June '24) with the difference attributable to €5.4mn Capex mainly related to Pontassieve industrial hub;
- ◆ **Backlog at €90mn** vs €87.4mn at Dec '24; this includes the €31.7mn ATM award and excludes the July EAV award (€23mn), which sits in soft backlog pending appeal and on which management is confident of prevailing.
- ◆ **Corporate actions:** on April 30, shareholders approved a €0.098 dividend per share, with an ex-date of October 6, 2025.

Valuation

We update our fair Equity Value for Bertolotti Group to €11 per share (€33.7mn equity value), due to the strong commercial momentum, better financials and peer group rerating. Our fair value is calculated as an average of DCF model and relative market multiples, and the outcome of these methodologies is also fully supported by the current market ratings of EGM stocks, both industrials and all- ex-financials. In fact, our valuation implies multiples for 2025E-26E that are about 12% lower than peer's average, specifically 6.3x-5.2x EV/EBITDA, 8.4x-7.3x EV/EBIT, and 9.7x-8.4x P/E. and a certain discount also applies when multiples implied by our revised fair value are compared to current trading multiples of EGM.

While our fair equity value implies substantial upside potential, we remind that the stock is still suspended, pending an increase in the free float, thus the current price (€4.54 p.s.) is not significant.

Stronger commercial momentum — including an expanding option backlog, increasing negotiations, and new market openings in the US and India - supports a **more constructive view**, despite ongoing softness in EU automation, steel demand, and global trade flows.

In light of this, with management accelerating its capex strategy, and due to a certiang re-rating on the company's peer group, we update our **fair equity value to €11.0** per share (€33.7mn equity value) - from €8.0 - derived with two valuation methodologies:

- ◆ **Relative market multiples** aimed at assessing Bertolotti Group valuation based on its 2025E-26E multiples compared to peers (€10.8 per share);
- ◆ **DCF model** on rolling and target capital structures (€11.3 per share), assessing potential on the medium/long-term horizon, with WACC embedding a 3% “small cap” risk premium.

Our valuation implies multiples for 2025E-26E that are about 12% lower than peer's average, specifically 6.3x-5.2x EV/EBITDA, 8.4x-7.3x EV/EBIT, and 9.7x-8.4x P/E.

We remind, that the gap between the market price (€4.5 p.s.) and our fair value is also due to the fact the stock is still suspended pending an increase in the free float, thus making the current price not significant.

Bertolotti Group: Implicit stock trading multiples between €5.0-€17 Equity Value per share

100% Equity Value	EV / EBITDA (x)		EV / EBIT (x)		P / E Adj.(x)	
	2025E	2026E	2025E	2026E	2025E	2026E
€5.0	3.8	3.3	5.1	4.7	4.4	3.8
€8.0	5.1	4.2	6.8	6.0	7.1	6.1
€11.0	6.3	5.2	8.4	7.3	9.7	8.4
€14.0	7.5	6.1	10.0	8.6	12.4	10.7
€17.0	8.7	7.0	11.6	9.9	15.0	12.9

Source: Value Track Analysis

Peers Analysis

As for the peer cluster, we note that infrastructure-linked and European industrial names with solid backlog and visibility are holding up well, while more cyclical capital goods players - particularly those exposed to the U.S. market - are being repriced amid rising macro uncertainty and more cautious investment sentiment. However, the peer group has been overall re-rated since our last report.

That said, we have **rolled our valuation to 2025E and 2026E**, applying EV/EBITDA and Adj. P/E as the most appropriate multiples, given the varying profitability and capital intensity across peers. EV/EBIT remains excluded due to the distorting impact of D&A from new Hub investment.

Valuation multiples across both Heavy Industries and Railway clusters are broadly aligned, with Railway peers generally trading at a slight premium.

Based on peer averages, we assign fair multiples of 5.1x- 4.7x EV/EBITDA and 11.8x – 9.2x. P/E to Bertolotti (for FY25E-26E respectively), by applying a 20% small-cap discount, in line with the past, resulting in a fair equity value of €10.8 per share.

Bertolotti Group: Peers' Trading Multiples

Peers	EV/EBITDA (x)			EV/EBIT (x)			P/E Adj. (x)		
	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Handling & Steel Players									
Columbus McKinnon	6.3	6.3	na	10.9	10.3	na	<0	13.2	7.8
Konecranes	9.4	8.4	7.5	11.6	10.2	8.9	15.6	14.3	13.0
Jungheinrich	3.6	3.2	2.6	9.1	6.5	5.4	23.1	10.3	8.9
Terex	8.2	7.3	6.5	10.2	8.5	7.5	10.7	9.3	8.0
Danieli (*)	6.4	5.8	5.2	10.3	9.1	8.0	14.0	12.2	11.4
Handling and Steel - Average	6.8	6.2	5.4	10.4	8.9	7.5	15.8	11.8	9.8
Handling and Steel - Median	6.4	6.3	5.8	10.3	9.1	7.7	14.8	12.2	8.9
Railway Players									
Reway Group SpA	8.1	7.0	6.3	10.4	8.9	8.0	13.1	11.5	11.1
OMER S.p.a.	5.4	4.8	4.1	6.8	6.1	5.3	11.9	11.8	11.6
Stadler Rail AG	7.9	5.9	4.8	13.9	9.1	7.0	19.0	11.1	8.8
Tesmec S.p.A.	4.9	4.4	4.1	9.3	8.0	7.1	17.3	9.2	7.4
Railway - Average	7.4	6.2	5.2	11.4	9.0	7.4	19.5	12.2	10.0
Railway - Median	7.9	5.9	4.8	10.4	8.9	7.1	17.3	11.5	11.1
Total Average	7.1	6.2	5.3	10.9	9.0	7.4	17.9	12.0	9.9
Total Median	7.1	6.1	5.2	10.4	9.0	7.5	15.6	11.6	10.0
Selected (20% Disc. On Median)	5.1	4.7					11.8	9.2	

Source: Value Track Analysis, (*) Cash position (70% customer advances) was adjusted by netting advances from reported cash to derive a cleaner EV

DCF Valuation

We run a DCF model on the Company as a whole and calculate a **fair Equity Value** of **€11.3 p/s**.

Our DCF assumptions are:

- ◆ reference date Dec 2025, with 2026E-30E as explicit forecasts time horizon;
- ◆ 1% Perpetuity Growth Rate (“g”);
- ◆ TV calculated with perpetual growth model, which implies exit multiples below the current FY2%E market multiples, i.e. 5.3x EV/EBITDA;
- ◆ 2.0% risk-free rate in line with medium/long-term ECB inflation target;
- ◆ 0.88 unlevered beta, i.e. the average of estimates for steel and transportation sectors (*Source: Damodaran*);
- ◆ 5.43% implied Italian equity risk premium (*Source: Damodaran, July '25 Update*);
- ◆ 3.0% Bertolotti Group specific small-size / execution risk premium;
- ◆ 7.5% pre-tax and 5.7% after-tax cost of debt.

On a rolling capital structure, Bertolotti Group WACC stays around 9.6-9.7% over the horizon considered (47-8% Net Debt/Total Capital Employed), while at target 20% leverage structure, Bertolotti Group WACC is fixed at 9.7% for the whole period. Given the very similar cost of capital under the two assumptions, the outcomes are very similar too.

Bertolotti Group: DCF Model outcomes

€mn	@Rolling Capital Structure	@Target Capital Structure
PV of Future Cash-Flows 2026E-2030E	12.2	12.2
PV of Terminal Value 2030E	36.0	36.3
Fair Enterprise Value	48.2	48.5
Net Financial Position 2025E	-13.9	-13.9
Adjustments	0.0	0.0
Fair Equity Value	34.3	34.6
Fair Equity Value per share (range)	11.2	11.3
Fair Equity Value per share (midpoint)	11.3	

Source: Value Track Analysis

Bertolotti Group: Sensitivity of DCF Model @ Target Capital Structure

Fair Equity Value (€mn)		Perpetuity Growth (%)				
		0.50%	0.75%	1.00%	1.25%	1.50%
WACC (%)	8.7%	12.7	13.2	13.6	14.1	14.7
	9.2%	11.6	12.0	12.4	12.8	13.3
	9.7%	10.6	11.0	11.3	11.7	12.1
	10.2%	9.7	10.0	10.3	10.7	11.0
	10.7%	8.9	9.2	9.5	9.8	10.1

Source: Value Track Analysis

Cross Checks

To support our valuation assessment, in our Initiation of Coverage report we conducted two cross-check exercises: with market multiples of Euronext Growth Market (Milan) and with a selection of M&A deals in the reference markets of the Company. Here below we report the first exercise, i.e. the comparison with the current market multiples of the EGM, which again fully support our “fair rating”, while in terms of M&A, the deals announced over the last year have been just a few, and the most relevant one (Columbus McKinnon combination with Kito Crosby in a \$2.7bn deal, announced in February 2025) confirms multiples at large premium to market, i.e. 10x EV/EBITDA (8x post synergies).

Cross Check - EGM Multiples

According to the latest data from the Euronext Growth Market (prices as of 22 Sept):

- ◆ EGM stocks (all-sectors ex-financials) imply average multiples of **6.7x-5.3x EV/EBITDA** and **18.0x-12.8x P/E** for 2025E-2026E;
- ◆ Industrial EGM stocks imply average multiples of **6.9x-5.4x EV/EBITDA** and **14.6 x-10.7x P/E** for 2025E-2026E.

On the back of the above market ratings, Bertolotti Group's implied multiples at fair value are overall consistent with current EGM market multiples for both all-shares and industrial segments, implying discounts ranging between 3% and 40% on different metrics.

EGM Stock Multiples (at current market prices)

	EV/EBITDA (x)		P/E (x)	
	FY25E	FY26E	FY25E	FY26E
EGM (non-financials stocks)	6.7	5.3	18.0	12.8
EGM (Industrial stocks)	6.9	5.4	14.6	10.7
Bertolotti Group @ fair value	6.3	5.2	9.7	8.4

Source: Value Track Analysis

Appendix #1 - Business Profile

The Group's activities are carried out through three lines of business: 1) Heavy Industries, focused on Steel Industry (e.g. ground handling equipment, overhead handling equipment, bulk material handling and manufacturing cells); 2) Railway Industry, specialized in the railway sector, deals with the production of systems for efficient handling and maintenance of railway rolling stocks (e.g. lifting and handling systems, mobile and fixed platforms for roof access, sand refilling systems) as well as of line maintenance; 3) Bertolotti Ai-Works, established in July 2023 and poised to become the core of the Group's R&D, with a focus on software development for industrial robotics and predictive maintenance.

The Group business model i) is order-driven, with the client's down payment financing the costs of setting up the production facility, and further payments are regulated by the order completion level, ii) has an average duration of orders above one year, and iii) presents a strong concentration in terms of clients/orders in the single year, given the relatively small size of the Company, but clients normally face a certain "rotation" over a two/three-year horizon.

Two revenues generating business lines and a new R&D hub

Heavy Industries (*Industries*) and Railway Industry (*Railway*) presently are the main revenue-generating units of the Group. These operate in adjacent end markets, but their business models diverge in terms of types of customers and approach to handling orders and products.

Heavy Industries' line core value proposition is centred around providing customized turnkey logistic solutions to industrial clients operating in the steel industry, leveraging its R&D driven, fully-integrated, and flexible business model. The business in the aeronautics industry is more erratic (depending on Government spending and being driven by sizeable cyclical investments) and hence it may remain negligible for relatively long periods (as it is the case in current years).

Railway Industry focuses on delivering standardized - but configurable - solutions in the railway sector, as plants and systems for warehouse setup and rolling stock maintenance, to clients often represented by P.A. players. The company acts as turnkey supplier or General Contractor, but it may also operate with B2B2B contracting, where large general contractors secure orders through public tenders and then subcontract lifting or handling facilities design and execution to Bertolotti Rail.

Business profile key features: Business Lines

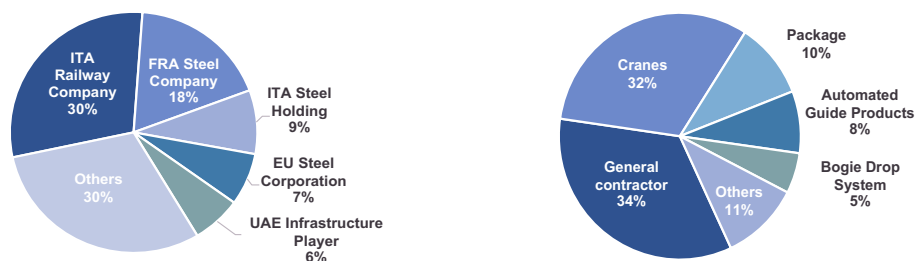
Company	Industries	Main Channel	Products	Fully Integrated	Avg execution
Heavy Industries	Steel, Aero	B2B (private)	Customized	✓	ca.2 years
Railway Industry	Railways	B2B (public)	Standardized	✗	< 1 year
Automation & Robotics	Steel, Railways	Internal support	n.m.	n.m.	n.m.

Source: Bertolotti Group

A business driven by few large orders

The average annual invoice per client is relatively small at Bertolotti (€200-350k over 2021-2022-1H2023), but this number can be misleading as it is the blend of a small number of very large orders and a very high number of very small ones. As a result, Bertolotti faces a **strong client concentration** in both its business lines, and this clearly implies a certain risk: every year the top client accounts for ca. 30% of revenues and top 3 clients for ca. 50%. On a more positive stance, however, we notice that these clients:

- i) are mostly top tier names, and
- ii) rotate quite often, with top 5 clients normally changing every two/three years.

Bertolotti Group: Sales Breakdown by Main Clients (left) and Product Category (right) - FY22


Source: Bertolotti Group, Value Track Analysis

The concentration of key clients historically used to be stronger in the Heavy Industry line - despite this feature may vary from year to year – also because FY23-24 backlog and sales included a very large order acquired by Bertolotti Group in the US in 1H2023 with Novelis Group. The acquisition of such a sizeable order (US\$36mn) suggests the following considerations:

1. it provides evidence of strong market traction by Bertolotti also at international level;
2. it signed the entry in the US market and in the recycled aluminium segment (client is a leading US-based producer of flat-rolled);
3. in terms of technology the project has involved the supply of automatic (ASRS) and semi-automatic cranes at a greenfield site;
4. it has also provided a certain evidence of strong execution capabilities and brought additional commercial opportunities in the US market.

Looking ahead, it is worth to underline that the recent orders in the Rail segment (especially as for the Vehicles line) are relatively large and this will probably cause a certain client concentration in order backlog to persist. However, these large orders are often related to the sale of vehicles combined with a long term maintenance contract, with the latter improving visibility and reducing volatility of the top line.

One-Stop-Shop Value Proposition

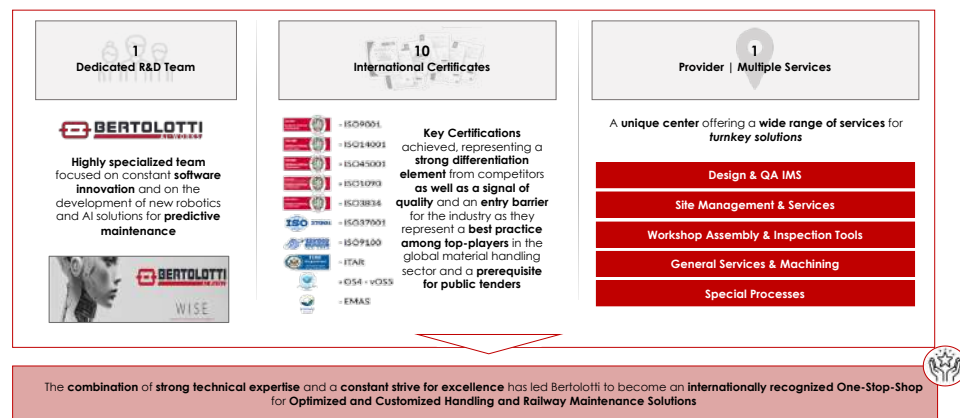
Whether for transport, warehousing or processing applications, *Industries* serves as a single point of contact for clients seeking turnkey solutions that enhance production efficiency, safety and minimize maintenance downtime, by providing complete logistics solutions, which include:

- ◆ Definition of warehouse logistics, taking into account the customer's layout constraints;
- ◆ Analysis of optimal operational sequences and rationalisation of material flow;
- ◆ Provision of all necessary equipment (including automation and specialised machinery).

As for the Railway Industry Bertolotti can offer both B2B2B contracting, as partner of a large General Contractor, but it increasingly proposes direct **B2B contracting**, thanks to the wide offer and a product portfolio covering most of potential client's needs for rolling stock maintenance, as well as thanks to its flexible production and procurement model.

We underline that the company boasts 10 international **specific certifications** (ISO, ITAR, OS, EMAS), regarding product quality, worker health and safety and environmental impact.

Bertolotti Group: Full Integrated Offer



Source: Bertolotti Group

#1 Heavy Industries: customized solutions for steel and aeronautics sectors

Bertolotti Industries focuses on delivering bespoke solutions tailored to the specific needs of each customer. The company achieves this by adapting its production process to the unique requirements of each project, resulting in fully customized solutions that are designed and manufactured to meet the highest standards of quality and performance.

This degree of customization is made possible by a business model with the following features:

- ◆ **R&D Driven:** with its main asset being the people involved in the product development, i.e. the Group *cross* R&D team of +14 engineers and specialists who work to improve existing products and develop new ones, not considering the new Automation and Robotics line;
- ◆ **Fully Integrated:** Bertolotti serves as a single point of contact for clients seeking turnkey logistic solutions, taking care of the entire production process, from design to installation, to after-sales services;
- ◆ **Flexible:** the production process is highly adaptable and can be tailored to meet specific customer requirements.

Wide range of fully customized solutions

Bertolotti product range is structured along its two main end-sectors:

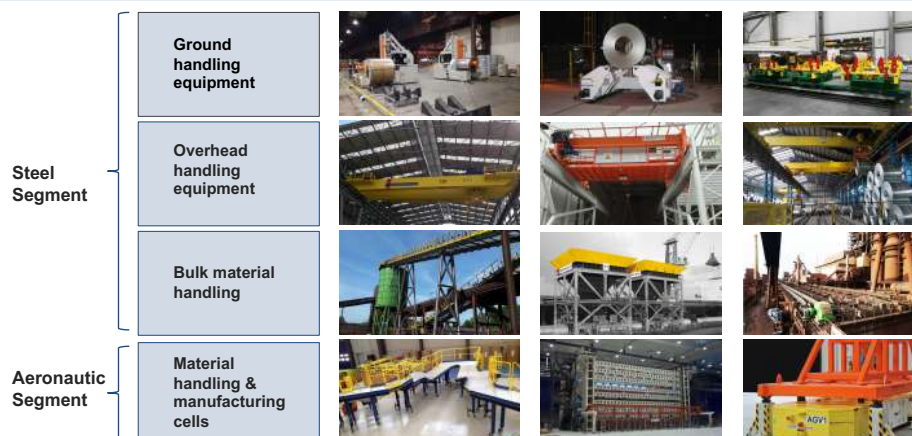
- ◆ **Steel industry** - design and manufacturing of various systems and equipment to improve efficiency, productivity, safety and automation within the steel production process;
- ◆ **Aeronautics** - design and manufacturing of facilities for the production cycle of civil and military aircrafts.

We point out that the latter segment only marginally impacted past Revenues and its weight is substantially nil on current backlog, as demand in aeronautics is extremely erratic and Bertolotti interest is necessarily very "selective" here, given the high working capital/ financial requirements and lengthy processes of this industry.

That said, the product range offered in the **Steel segment** can be summarized in three categories:

1. **Cranes Automation Warehouse (CRA):** dedicated Pick up, transfer & stock products and parts for overhead handling (automatic overhead cranes, coil cranes, loading and unloading systems, and automatic coil warehouses);
2. **Automated Grounded Products (AGP):** tailor made solutions for moving / packing heavy parts in the steel and other sectors (AGV, rail transfer systems, coil packing lines, rolling mills);
3. **Bulk Material Handling:** conveyor belts, silos, stacking and reclaiming tailor-made solutions to dose and move bulk materials (iron ore, coal, coke etc.).

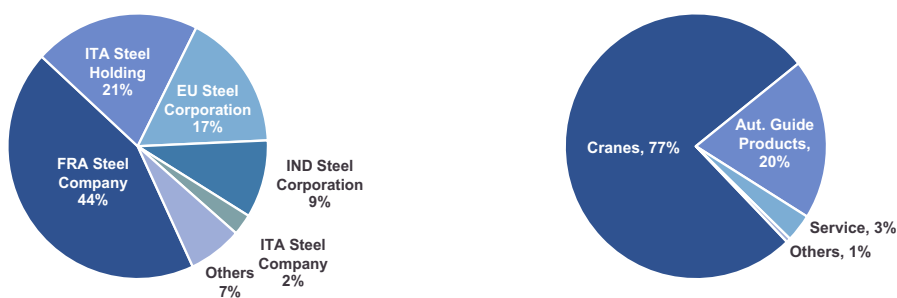
Bertolotti Heavy Industries Product Range



Source: Bertolotti Group

As far as breakdown by product categories is concerned, the impact on sales can vary greatly each year, depending on the order delivered during that year and, as anticipated, also the client list is pretty concentrated and relatively volatile over a three-year horizon, albeit clients tend to be very loyal over the long run. In FY2022 the first client contributed to 44% of revenues of this business line and 90% of revenues came from its top four clients.

Heavy Industries: Sales Breakdown by Main Clients (left) and Product Category (right) - FY22



Source: Bertolotti Group, Value Track Analysis

#2 Railway Industry: solutions for warehouse set-up and rolling stock and line maintenance

Bertolotti Rail specializes in the railway sector and deals with the provisioning of systems for efficient handling, warehouse set-up and maintenance of railway rolling stock.

A mix of B2B and B2B2B business model

As of today, *Railway* is a partner of a few transport companies (railway and metropolitan), both domestic and foreign and mostly public, and also a partner of leading engineering companies for the design of railway depots, providing its own experience and assistance during the preparation of tender specifications or feasibility studies.

Its business model revolves around both **direct B2B contracting** with public or private transportation operators, and **B2B2B contracting**, where general contractors secure contracts through public tenders and then subcontract logistic facilities design and execution to Bertolotti Rail.

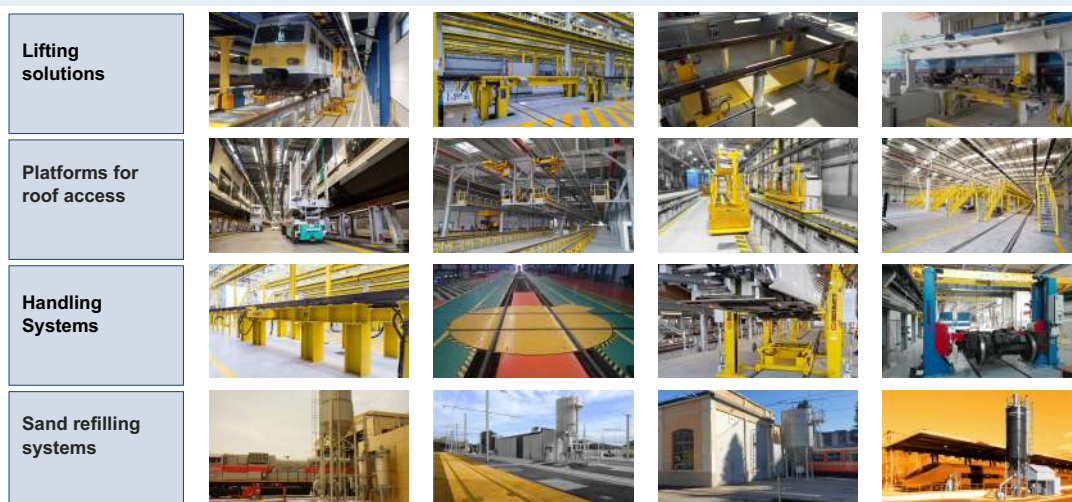
In most cases Bertolotti Rail designs the solution / system that best fits with client's need and it outsources the manufacturing steps to Bertolotti SpA or to its external partners.

Railways Depots: Standardized solutions, customizable on demand

Bertolotti Rail's traditional products (*Depots*) are mainly standardized and generally undergo minimal modifications due to the global standardization of railway rolling stock measurements. Its offering can be clustered in four distinct groups of products, which cover most (according to management ca. 70%) of clients' potential requirements relative to equipment and systems for warehouse set-up and for rolling stock maintenance:

1. Lifting solutions;
2. Platforms for roof access;
3. Handling systems;
4. Sand Refilling systems.

Bertolotti Railway Industry Product Range



Source: Bertolotti Spa

More in details, the main products of the four product families are:

- 1) Lifting solutions:** 1) bogie lowering systems (or bogie drop) for component replacement; 2) bogie frame rotating devices for efficient inspections; 3) axle drop systems for easy axle replacement; 4) standard and customizable lifting jack lifts for versatile maintenance operations;
- 2) Platforms for roof access:** 1) Fixed working platforms are permanent structures attached to the train, providing stable and customized access to the roof for maintenance work; 2) Mobile working platforms are movable platforms that can be positioned alongside the train, offering flexible and versatile roof access in various locations;
- 3) Handling systems:** 1) elevated rotating track sections for easy access to the train's underside; 2) bogie transfer tables for convenient removal of bogies; 3) auxiliary bogies with adjustable suspension systems; 3) versatile vehicles capable of various movements and heavy load handling; 4) traversers with high load capacities for efficient depot operations, and comprehensive depot renovation solutions integrating various equipment and infrastructure components;
- 4) Sanding systems:** fixed or mobile units used to refill sand into sandboxes of rolling stock. Sanding systems are installed in trains to improve traction and braking performance by providing controlled sand release onto the tracks, enhancing adhesion in adverse weather conditions.

The client concentration in *Railway* is normally slightly lower than for *Industrials*, but it is equally volatile and has been particularly high in FY2022 (as from chart below), however in 1H23 the weight of the first client in the Railway Industry line has halved to 25%.

Railway Industry: Sales Breakdown by Main Clients (left) and Product Category (right) - FY22



Source: Bertolotti Group, Value Track Analysis

Railways Vehicles: large, customized orders for line maintenance

Bertolotti Rail's has recently entered the line of *Vehicles*, i.e. rolling stocks used for the railway line maintenance, also called "Yellow machines". The orders relative to Vehicles are typically large, as they include a) a certain number of machines to be delivered over a period of 12-24 months, and b) a long term maintenance contract (of ca. 10-15 years), starting when the machines are delivered and start operations. So far Bertolotti has acquired a large order by ATM (€23mn) – signed in December 2024 – and another one (by another Italian service provider) has been recently awarded but it is not fully formalised and hence it is not the backlog yet.

#3 Automation & Robotics: R&D-dedicated business unit

Founded in July 2023 through the lease of a business unit from Autognity S.r.l (spin-off from the University of Pisa), **Bertolotti Ai-Works** specializes in the development and design of software and advanced robotic systems for industrial process automation. Despite being in its initial stage (<1% of FY23 VoP, 8 employees), the unit is strategically positioned to become the company's R&D core, with the goal of :

- i) bring in-house the more strategic contents and know-how securing direct control and higher flexibility, in particular for AGVs (automated Guided Vehicles) and intelligent warehouses,
- ii) expanding Bertolotti's current offering by adding robotic systems and cloud-based software with industrial applications.

The team carries R&D projects either related to specific projects as part of clients' orders or aimed at improving Bertolotti technological solutions, but for the foreseeable future we expect this unit to focus on **internal support to the other business lines** and not to generate its own revenues. Yet, this new Business Unit has already enabled Bertolotti to secure several tenders, showcasing the innovation of the proposed projects.

#1 WISE platform for predictive maintenance

The Group has begun integrating its offerings with new solutions including the platform called WISE, a proprietary software which combines data analytics and predictive models for plant supervision. Through the collection and analysis of a variety of industrial process data, the software aims to monitor performance, reduce downtime and anticipates component or system issues, allowing interventions only when necessary.

More specifically, the platform:

- ◆ Collects data of processes from diverse sources (e.g. temperature, vibration, pressure, or wear);
- ◆ Incorporates data analysis tools to detect trends, anomalies or relevant information;
- ◆ Gives real-time guidance and support to decision makers with simple and concise information;
- ◆ Monitors the complex processes using the advantages of digital technologies and cloud.

The beta version of the software has been successfully implemented in a facility of an Italian local transport company, with upcoming plans for its introduction to a regional rail transport company. Furthermore, this software presents an upgrade option for most of Bertolotti's existing operational base suitable for such applications, as equipment has been provided of required devices and sensors since a few years and hence offers potential for additional revenue streams as "retrofit" solutions.

Appendix #2 – Peers’ Description

Bertolotti Heavy Industries: Peers’ Business Profile

Columbus McKinnon – US-based Corporation which designs, manufactures and distributes a broad range of material-handling products for various applications. Key products include hoists, crane components, precision conveyor systems, rigging tools, light rail workstations and digital power and motion control systems.

Konecranes – Finnish global engineering company that specializes in the manufacturing and servicing of cranes and lifting equipment for industries such as manufacturing, process industries, ports, and terminals. The company provides a wide range of lifting solutions, including overhead cranes, gantry cranes, container handling equipment, and specialized industrial lifting machinery.

Jungheinrich – Germany-based holding company engaged in material handling equipment, warehousing and material flow engineering sectors, as well as in warehousing technology. The Intralogistics segment encompasses the development, production, sale and short-term hire of new material handling equipment and warehousing technology products including logistics systems as well as the sale and short-term hire of used equipment and after-sales services, consisting of maintenance, repair and spare parts.

Terex – US-based manufacturer of materials processing machinery (MP) and aerial work platforms (AWP). The Company designs, builds and supports products used in construction, maintenance, manufacturing, energy, recycling, minerals and materials management applications.

Danieli & C Officine Meccaniche – Italian-based company which designs, manufactures, sales and makes installation of machines and plants for the metallurgical industry. Its portfolio includes mines, pellet production plants, blast furnaces, steelworks, continuous casting machinery, rolling mills, production lines for tubes and flat products, secondary processing plants, forging presses, automation systems, and more. It is also active in the production and sale of special steel.

Bertolotti Railway Industries: Peers' Business Profile

Reway Group – Italian-based company active in viaduct, tunnel and bridges rehabilitation, installation of safety and sound-absorbing barriers, seismic upgrading, and various other activities related to extraordinary road maintenance. With its most recent acquisition (Gema) it entered in the railway field.

Omer – Italian - based company specializing in the production of interiors and fairings for the rolling stock markets (high-speed trains, regional trains and subway trains) in Europe and the United States. The company focuses on the design and manufacture of products that fall into three main categories: interiors (linings, skylights, vestibules, and partitions), toilet modules, and fairings and doors.

Stadler – Switzerland-based company engaged in design and manufacturing of rail vehicles. The Company's product portfolio includes suburban and regional transport trains, light rail vehicles, trams, high-speed and intercity trains, city transport vehicles, locomotives, passenger trains and tailor-made vehicles.

Tesmec – It is an Italian Group active in the design, production and marketing of systems and integrated solutions for the construction, maintenance and diagnostics of infrastructures (overhead, underground and railway networks). It has production sites in Italy, US and France, and three research and development units in Italy. In the railway sector, Tesmec designs, manufactures and markets machines and integrated systems for the installation and maintenance of the railway catenary, and devices for the diagnostics of the railway catenary and track, as well as customized machines for special operations on the line.

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