



BOARD OF DIRECTORS 12.3.2015

Partner in a changing world

Tesmec focus on **strategic markets** for the growth and modernization of every country.

Solutions partner for your world

Tesmec designs, manufactures and sells products, technologies and integrated solutions for the construction, maintenance and efficiency of infrastructures related to the transport and distribution of energy, data and material, such as: overhead and underground networks, traditional and high speed railway lines, energy cables and pipelines. In addition to traditional businesses, Tesmec is increasing its market presence offering solutions for Power Grid's efficiency & management.



ENERGY



RAILWAY



UNDERGROUND





EXECUTION OF BIG ORDER IN BRAZIL FOR OVERHEAD POWER LINES

STRATEGIC COLLABORATION WITH MAIN POWER COMPANIES AND UTILITIES FOR AUTOMATION PROJECTS IN ITALY AND LATIN AMERICA

DEFINITION OF TECHNICAL SPECIFICATIONS FOR ENERGY AUTOMATION SOLUTIONS FOR MEDIUM VOLTAGE GRIDS IN THE NORTH AMERICAN MARKET

PROJECT TO PROMOTE TESMEC ADVANCED SYSTEMS FOR MEDIUM VOLTAGE LINES IN RUSSIA

TAILOR MADE SOLUTIONS FOR SPECIAL OVERHEAD POWER LINES PROJECTS (eg FJORDS CROSSING IN NORTH EUROPA...) AND ON GOING INVESTMENT IN DIGITALIZATION PROCESS





Energy MAIN PROJECTS

5 Extreme temperature RUSSIA

Huge crossing of Lena river
Two bundled conductors 220 kV
Extreme working conditions:
-50°C (-58°F)



1 Reconductoring USA

NHPL Texas jobsite
Live line reconductoring operations
(with a by-pass phase)
CTC ACCC conductor



6 Line construction SAUDI ARABIA

Yanbu-Madinah 380 kV line
Longest project portion: 230 km
4-500mm² AAAC conductors per phase



2 Top efficiency BRAZIL

500 kV line, 6 T&D lines
5000 km long
70 sets of stringing equipment
Value of the contract: ca. 36 mln €



7 Tower Erection INDIA

Technical advice and training
activity for tower erection works



3 In altitude PERU

500 kV line at 1000 mt a.s.l.,
900 km long
2 modular machines for stringing
4 bundled conductors per phase



8 Big crossing CHINA

Ningbo-Zhoushan line big
conductors sea crossing
length: 8,39 km | voltage: 500 kV
span: 1897m | clearance: 90 m



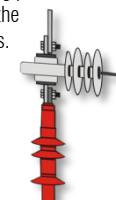
4 Fjord crossing NORWAY

Special machines for fjord
crossing and modular machines
Voltage: 420 kV



2 Smart Sensors ITALY

Innovative TA/TV installed in
medium voltage switchboard
fitting for existing plants and
connectable to the
incoming cables.



1 Fault passage indicators BRAZIL

Fault detectors for MV lines
Application on the national grid with
monitoring purpose, both
in substations and on poles



3 SMT RUSSIA

Smart Metering Tool (SMT) for
the measurement of energy and
all related electric data on
Medium Voltage network



Focus on Brazil project

Tesmec proposal includes not only the supply of equipment but also technical consultancy on the use of equipment and the management of the jobsite.

Thanks to this advice, there is an increase of up to 40% in the efficiency of the jobsite operations.



- **Project:** 5.416 km of 500kV lines, one of the largest construction projects of power lines in Brazil
- **Supply:** 70 sets of stringing equipment
- **Location:** Eastern part of Brazil, and specifically in the states of Ceara, Paraiba, Rio Grande do Northe, Minas Gerais, Pernambuco, Maranhao, Para and Tocantins.
- Total **value** of the contract: ca. 36 mln €
- **Contractor:** Abencor Suministros SA (wholly owned subsidiary of Abengoa)



RAILWAY

DEVELOPMENT OF EFFICIENT MAINTENANCE METHOD OF RAILWAY LINES, ESPECIALLY FOR THE NATIONAL NETWORK

COMPLETION OF THE ORDER TO THE US NATIONAL RAILROAD PASSENGER CORPORATION (AMTRAK)

TOP PERFORMING SNOW REMOVAL MACHINES FOR PROJECTS IN NORTH EUROPA

POSITIVE TREND OF CHINA RAILWAY MARKET

DESIGN OF HYBRID POWER UNIT FEATURING HIGH EFFICIENCY AND REDUCED EMISSIONS IN COLLABORATION WITH MAJOR UNIVERSITIES

RAILWAY EQUIPMENT

Italy, North Europa, USA, Russia, China





Railway MAIN PROJECTS

1 Eagle P3 Project USA

Constant Tension Stringing Unit
for a very fast rail wire installation
Tesmec Equipment:
OCPC501, CTSU204



2 Huge, top performing unit USA

Special-purpose equipment for
stringing and recovering wires.
Tesmec Equipment:
CTSC301, OWSC600



3 TGV FRANCE

TGV high speed railway
Max speed line: 515.3 km/h
Tesmec Equipment:
FR412



4 High level maintenance ITALY

Multipurpose machines (APV),
vehicles for standard and High speed
lines over the whole national grid
Tesmec Equipment: OCPC400



5 Snow removal NORWAY

TSNC700 is a maintenance unit
operative at low temperatures
(-40°C; -40°F), and can be
equipped with snowblowers.



6 Extreme temperature RUSSIA

Constant Tension Stringing Unit
Tesmec Equipment:
CTSU300, CFT601



7 High speed CHINA

1,318km BEIJING-SHANGHAI
High Speed Dedicated Line. Max
Speed line :380km/h (228mph)
Made with 5 sets CFB546



8 HSDL project CHINA

505 km Zhengzhou-Xi'an
Passenger Dedicated Line. Max
Speed line:350km/h (228mph)
Made with 5 sets CFB536





SALES RECOVERY IN THE MIDDLE EAST AREA

POSITIVE PERFORMANCE IN NORTH AMERICA

BIG INFRASTRUCTURE PROJECT (eg RIYADH METRO, CHILE PIPELINE..)

ON GOING INVESTMENT IN DIGITALIZATION PROCESS -
SMART TRENCHER PHILOSOPHY

NEW OPPORTUNITIES IN TELECOMMUNICATION AND FIBER
OPTIC MARKET





Trenchers MAIN PROJECTS

6 Bulk excavation FRANCE

Granulated quarry of limestone
(60 -100MPa) unfractured
Models: 2 x 1150 RH,
1 x 1475 RH



1 Permafrost cutting CANADA

675 miles natural gas pipeline
depth: 7' (215 cm)
width: 32" (80 cm)
Models: 1075 BW



2 Hard rock trenching USA

Granite, quartz and massive
micaschist trenching
Attachment: 6'x36"
Models: M5



3 Agricultural drainage USA

Fully automatic guidance system
depth: 6'6" (198 cm)
width: 30" (76 cm)
Models: 775 DT CS



4 Gas Pipeline MEXICO

382 km 36" gas pipeline
Soft soil to hard rock
2 mt depth avg.
Models: 2 x 1475 CS, 2 X 1575 BW



5 Desert Pipeline CHILE

Double parallel water pipeline
Rock conditions: caliche (<40 MPa).
Depth: 10' (305 cm) width: 60"
(150 cm) Models: 3 x 1675 CS



7 Permafrost pipeline RUSSIA

Extreme temperature (-20°/-40°)
and very abrasive soil
depth: 8' (240cm) width: 3'3" (100cm)
Models: 1075 BW



8 Al-Ula water pipeline SAUDI ARABIA

Sandstone – limestone (50 MPa)
depth: 10' (305 cm)
width: 72" (183 cm)
Models: 1675 CS



9 Riyadh Metro station SAUDI ARABIA

Limestone (50-90 MPa)
Bulk excavation dimensions:
328'x52'x59' (100x16x18 m)
Models: 1475 RH



10 Fiber Optic network INDIA

Fiber optic for 4G network installation
depth: 1'11" (60 cm)
width: 2" (5 cm)
Models: 10 x 300 RS



11 Multi-product pipeline SOUTH AFRICA

Integrated services supply
depth: 6,2'-7,8' (190-240 cm)
width: 36" (92 cm) length: 233 miles
(375 km) Models: 4 x 1475 CS



TESMEC expertise has been chosen for the main infrastructural projects worldwide

Focus on Riyadh Metro Station

- **Project:** rock excavation activities for Metro Station construction
- **Supply:** TESMEC 1475 Rock Hawg
- **Location:** Riyadh - Kingdom of Saudi Arabia
- **Contractor:** BACS consortium (Bechtel, Almajani General Contractors, Consolidated Contractors Company and Siemens).



Strategic Innovation

The **development** of better or more effective technologies, processes and products is a priority for everyone in Tesmec.

The development process for Tesmec product innovation - from the first idea in the job site - requires investments and engages the effort of several departments.

This is a **global process** that involves all Tesmec experts by establishing **partnerships** with leading suppliers and collaborations with the academic world, to take customer's hands and drive him across new challenges.

PRODUCTS SUPPLIER

Equipment, machines, tools and technical services

INFRASTRUCTURE CONSTRUCTION

Sector sensitive to economic cycles and dependent on investment plans

COLLABORATION WITH ACADEMIC WORLD AND RESEARCH INSTITUTIONS

VALUE ADDED SOLUTIONS PROVIDER

Intelligence, specialists' competences, expertise, technologies

INFRASTRUCTURE MANAGEMENT & MAINTENANCE

Sectors not dependent on economic cycles, but recurrent



Bergamo



Milano



Milano



Pisa



Beijing

2014 Economic Results

GROUP	2014	2013	Delta %
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Revenues	114.9	113.5	1.2%
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EBITDA	18.3	19.5	-6%
% on Revenues	16%	17%	

EBIT	10.5	12.5	-16%
% on Revenues	9%	11%	

Profit Before Taxes	8.3	7.8	6%
% on Revenues	7%	7%	

NET INCOME	4.9	4.4	11%
% on Revenues	4%	4%	

GROUP	Q42014	Q42013	Delta%
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Revenues	33.9	28.5	19%
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EBITDA	5.8	3.6	61%
% on Revenues	17%	13%	

STRINGING	2014	2013	Delta %	Q42014	Q42013	Delta%
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Revenues	50.1	52.1	-4%	16.4	10.9	50%
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EBITDA	9.5	12	-21%	3.4	2.5	36%
% on Revenues	19%	23%		21%	23%	

RAILWAY	2014	2013	Delta %	Q42014	Q42013	Delta%
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Revenues	12	5.8	107%	1.1	0.6	97%
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EBITDA	2.7	0.3	800%	-0.9	0.6	-246%
% on Revenues	23%	5%		-81%	110%	

TRENCHER	2014	2013	Delta %	Q42014	Q42013	Delta%
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Revenues	52.8	55.7	-5%	16.4	17.0	-3.6%
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EBITDA	6.1	7.2	-15%	3.2	0.4	681%
% on Revenues	12%	13%		20%	2%	

Foreign subsidiaries



JV CONDUX-TESMEC (50%)
Revenue 11 million € (-20% vs PY)



TESMEC USA (100%)
Revenue 28.9 million € (+30.9% vs PY)
Performing better than previous year



TESMEC RUS (100%)
Revenue 1 million € (-74% vs PY)
In the second part of 2014 the company suffered
the difficult economic situation of the Russia market



JV TESMEC PENINSULA (49%)
Revenue 11 million € (+ 144% vs PY)

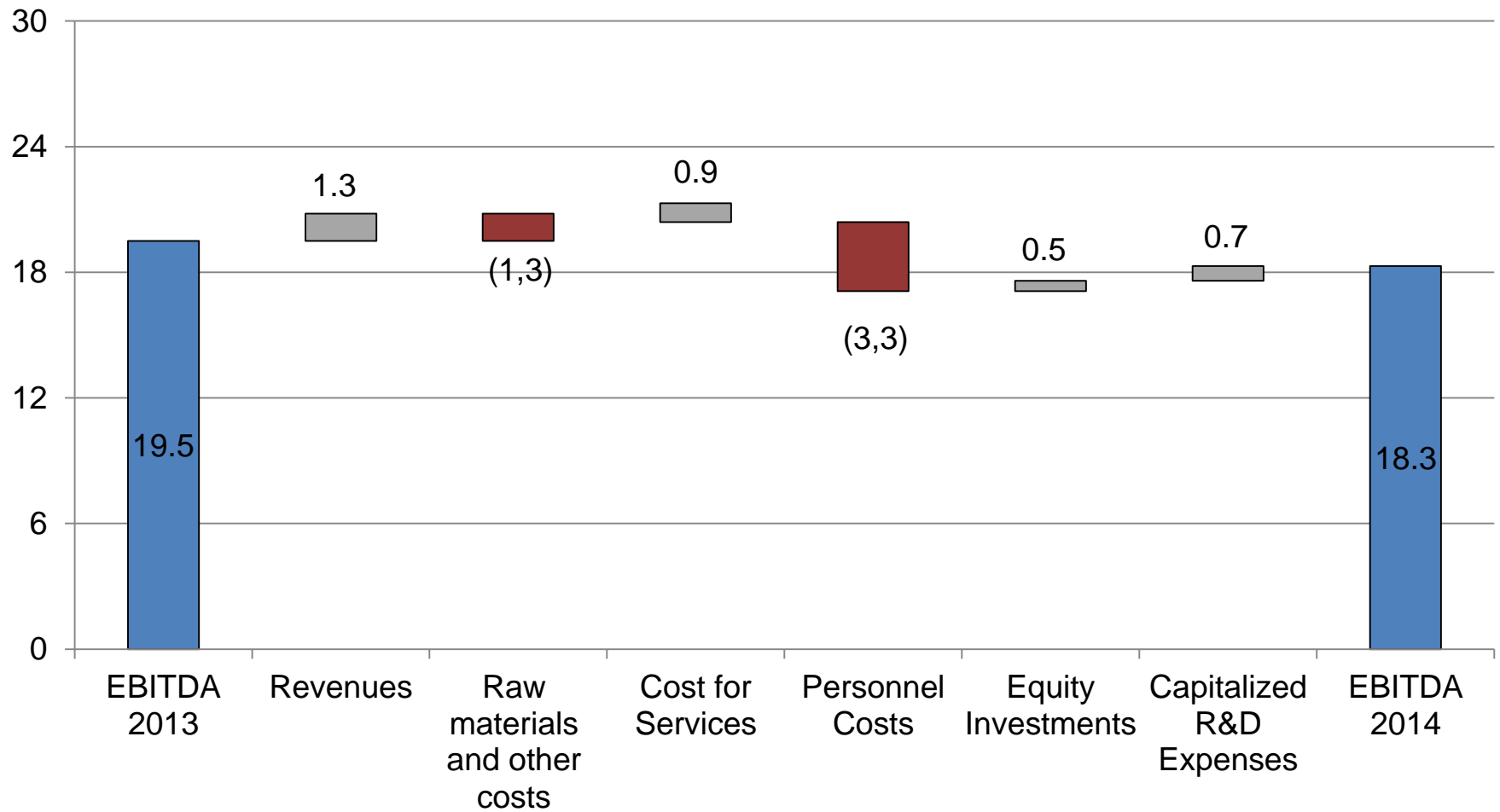


TESMEC SA (100%)
Revenue 2 million € (+ 400% vs PY)
New business opportunities in a growing
market

PERFORMANCE OF FOREIGN SUBSIDIARIES CONSOLIDATED

* **CONSOLIDATED** by
EQUITY METHOD

EBITDA 2014

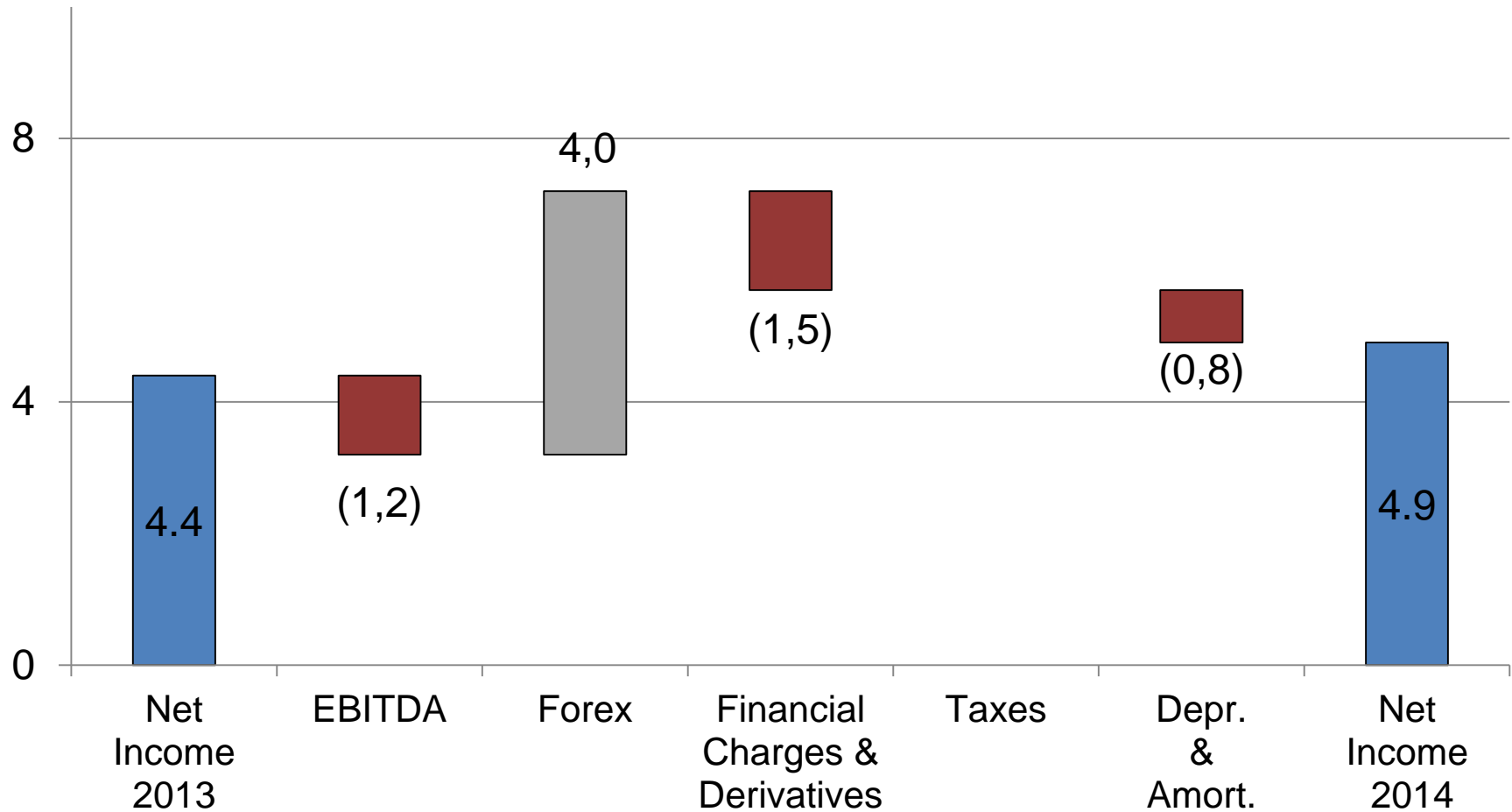


2013

Lower than proportional revenues generation with respect to cost increase

2014

NET PROFIT 2014



2013

Increase in Net Income primarily due to positive currency rates

2014

Financial Information (Euro mln)	2014
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Net Working Capital	57.9
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Non Current assets	65.3
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Other Long Term assets/liabilities	(1,7)
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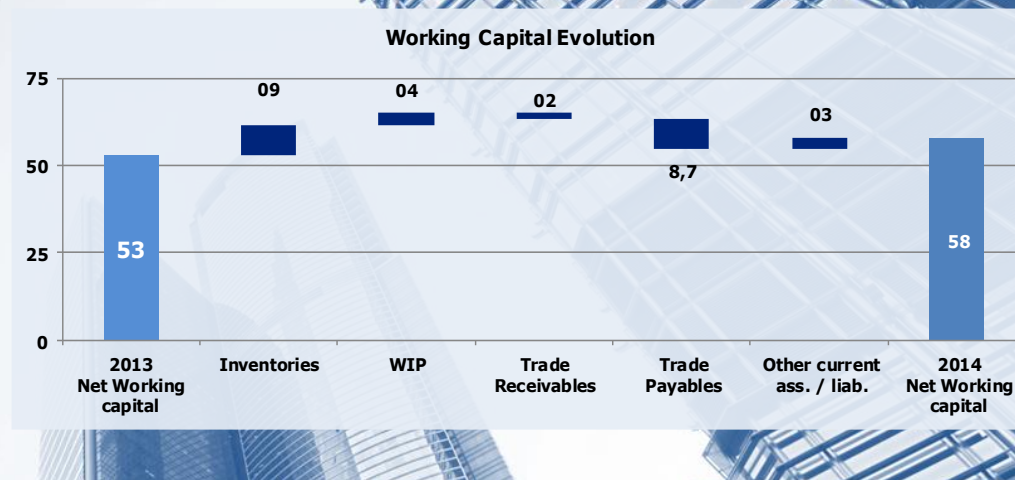
Net Invested Capital	121.5
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Net Financial Indebtness	73.4
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Equity	48.1
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Total Sources of Financing	121.5
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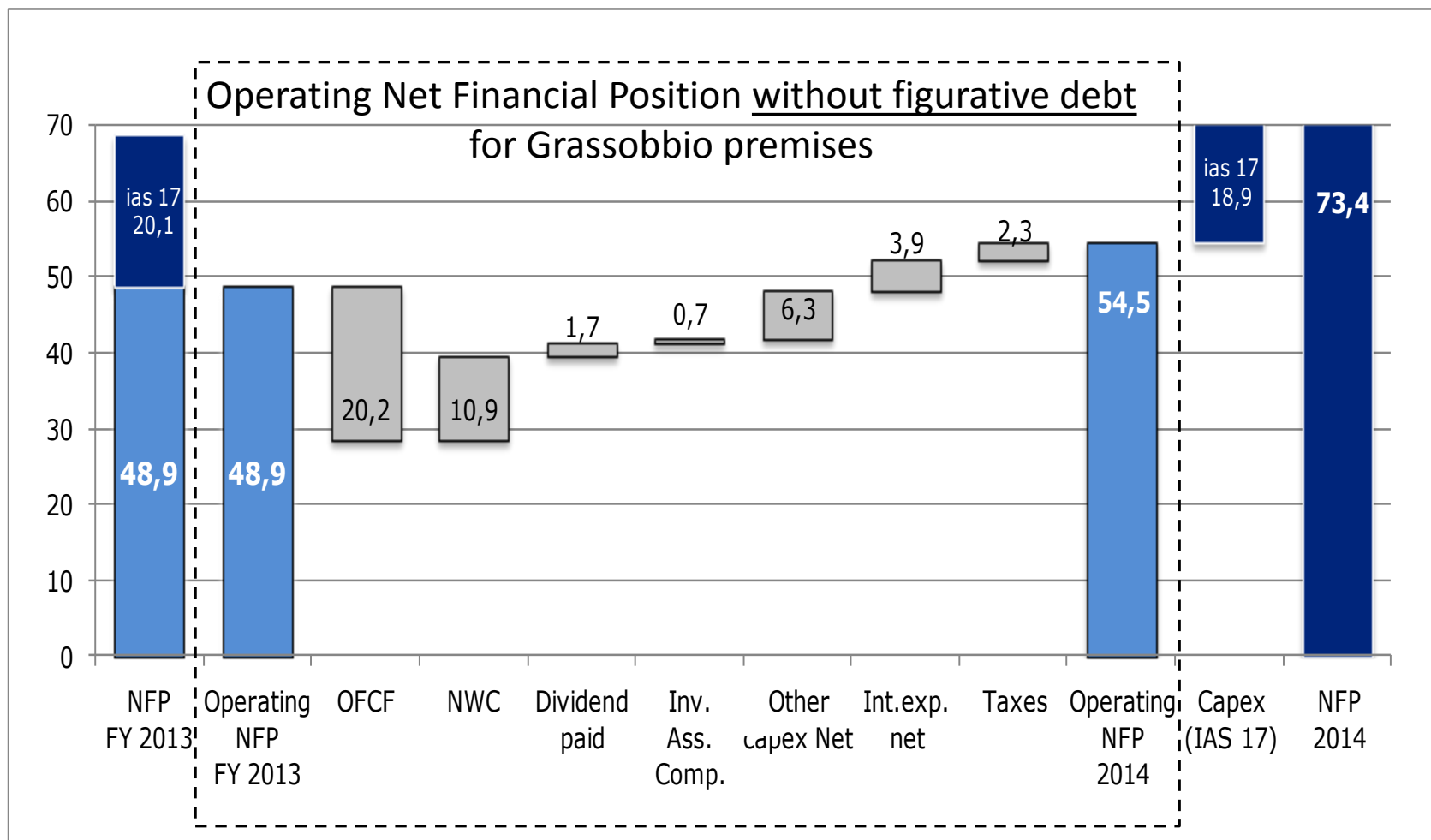
Working Capital Evolution



2014	
<u>Net Working Capital</u>	50%
Revenues	
2013	
<u>Net Working Capital</u>	46%
Revenues	

Euro Mln	2014	2013	Days 2014	Days 2013
Trade Receivables	41.3	43.2	129	137
Inventories	60.6	48.1	190	152
Trade Payables	(34.2)	(25.5)	107	81
Other Current Assets/(Liabilities)	(9.8)	(13.0)	32	41
Net Working Capital	57.9	52.8		

Net Financial Position Evolution



2013

NFP has been influenced by the increase of working capital

2014

MARGIN EFFECT

	2015	2014	2013
AVERAGE EUR/USD EX. RATE		1,329	1,328

FX NET ASSETS

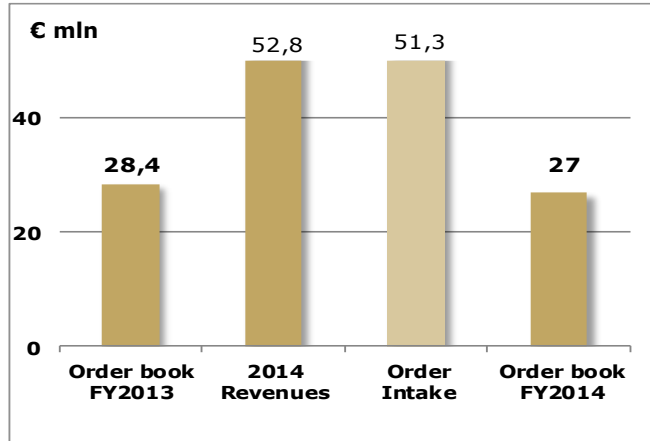
	2015	2014	2013
year end rate Eur/Usd		1,214	1,379
FX Gain/(Loss) mm/euro		2,8	-1,2

CONSOLIDATION PROCESS

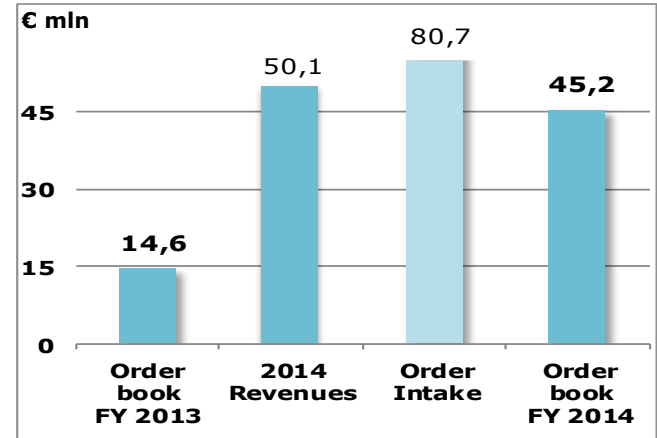
	2015	2014	2013
year end rate Eur/Usd		1,214	1,379
Net Equity change (mm/euro)		3,6	-1,1

Order Book 2014

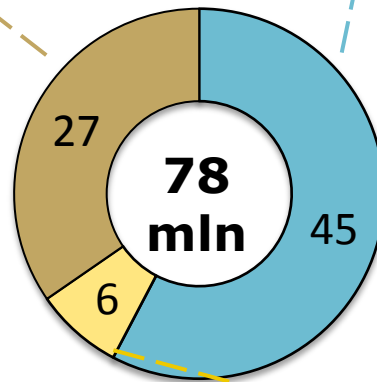
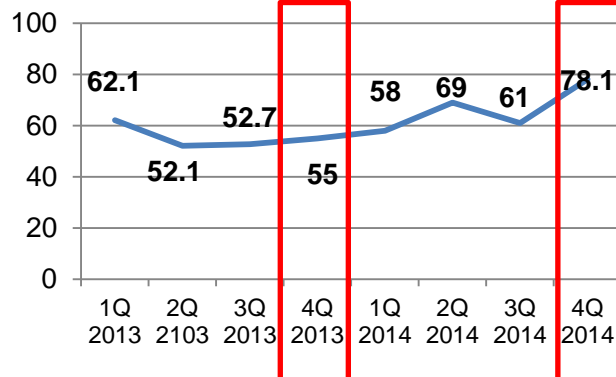
TRENCHERS



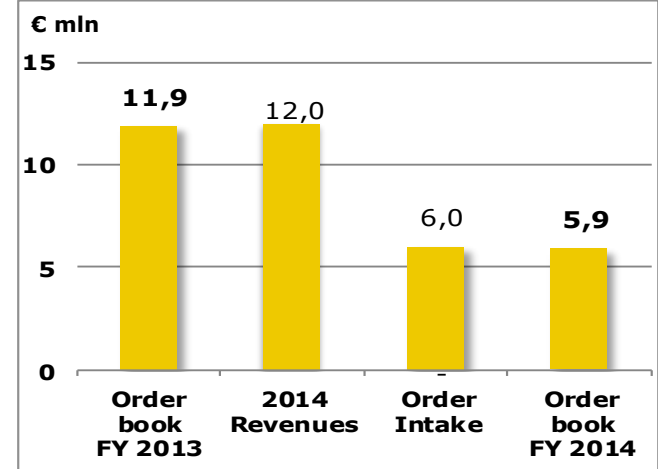
STRINGING



Backlog Trend



RAILWAY





STRENGTHS & OPPORTUNITIES

- EFFECT OF EUR / USD EXCHANGE RATE THAT POSITIVELY CONTRIBUTES, IN PARTICULAR TO THE MARGINALITY OF TRENCHER SECTOR
- BACKLOG
- STRONG POSITION IN THE ENERGY MARKET AND POSITIVE IMPACT OF THE NEW BUSINESSES - ENERGY AUTOMATION AND RAIL
- POSITIVE TREND OF THE NORTH AMERICAN MARKET
- MARKET AND CONSUMPTION RECOVERY DRIVEN BY LOW INTEREST RATES AND LOW ENERGY PRICE

THREATS

- DIFFICULT MACROECONOMIC SCENARIO IN SOME COUNTRIES
- COMPLEX OIL & GAS MARKET TREND

Summary 2014 Profit & Loss statement

Profit & Loss Account (€ mln)	2014	2013	Delta vs 2013	Delta %
Net Revenues	114.9	113.5	1.4	1.2%
Raw materials costs (-)	(55.5)	(54.8)	(0.7)	1%
Cost for services (-)	(19.0)	(19.9)	0.9	-5%
Personnel Costs (-)	(26.1)	(22.7)	(3.4)	15%
Other operating revenues/costs (+/-)	(2.5)	(2.0)	(0.5)	25%
Portion of gain/(losses) from equity investments evaluated using the equity method	0.9	0.4	0.5	125%
Capitalized R&D expenses	5.6	4.9	0.7	14%
Total operating costs	(96.6)	(94.1)	(2.5)	3%
<i>% on Net Revenues</i>	<i>(84%)</i>	<i>(83%)</i>		
EBITDA	18.3	19.4	-1.1	-6%
<i>% on Net Revenues</i>	<i>16%</i>	<i>17%</i>		
Depreciation, amortization (-)	(7.8)	(6.9)	(0.9)	13%
EBIT	10.5	12.5	-2.0	-16%
<i>% on Net Revenues</i>	<i>9%</i>	<i>11%</i>		
Net Financial Income/Expenses (+/-)	(2.2)	(4.6)	2.4	-52%
Taxes (-)	(3.4)	(3.5)	0.1	-3%
Minorities	-	-	-	-
Net Income (Loss)	4.9	4.4	0.5	11%
<i>% on Net Revenues</i>	<i>4%</i>	<i>4%</i>		

Summary 2014 Balance Sheet

Balance Sheet (€ mln)	2014	2013
Inventory	60,6	48,1
Accounts receivable	41,3	43,2
Accounts payable (-)	(34,2)	(25,5)
Op. working capital	67,7	65,8
Other current assets (liabilities)	(9,8)	(13,1)
Net working capital	57,9	52,7
Tangible assets	48,1	43,2
Intangible assets	12,4	10,2
Financial assets	4,8	4,1
Fixed assets	65,3	57,5
Net long term liabilities	(1,7)	0,4
Net invested capital	121,5	110,6
Cash & near cash items (-)	(18,7)	(13,8)
Short term financial assets (-)	(6,8)	(9,5)
Short term borrowing	36,6	38,1
Medium-long term borrowing	62,3	54,1
Net financial position	73,4	68,8
Equity	48,1	41,8
Funds	121,5	110,6

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