



STAR Conference – London 5/10/2015

Partner in a changing world



2015 company overview

People change history

Tesmec was established in **1951** in Bergamo - Italy as a pioneering stringing equipment manufacturer.

Since then Tesmec Group has evolved as one of the most innovative world leaders in the stringing business. At a later stage, Tesmec has positioned itself as a solution leader for the infrastructure market with the development of today's leading design of trenchers.

Products range became wider and wider, following the "3xi" approach: Internationalization, Innovation, Integration. These keywords drive Tesmec towards a growing future.

**FOCUS on
INVENTION**



1960

Edison patent for the new tension stringing system

Second
product
line



1984

Trenchers in USA

From
FAMILY company
to **PUBLIC**
company



2010

Entry in the Italian
Stock Exchange
(STAR segment)

**FOCUS on
INTERNATIONALIZATION**



Establishment of new
subsidiaries, JV and
Rep. Offices: Tesmec
Peninsula, Tesmec SA,
Tesmec RUS, Condux
Tesmec, Tesmec
Service, Tesmec New
Technology (Beijing) Ltd

**FOCUS on
INNOVATION**



Start up
- Railway,
- Grids management
- Specialist digging
services

**FOCUS on
INTEGRATION**



2008-2015

Cooperation agreements
and partnerships with key
market player

Imagination for progress

Modern societies, as well as the emerging ones, face **future challenges** to invest in energy and telecommunications sectors.

New technologies can fill the infrastructural gaps existing between countries; these will improve the efficiency and the needs for **future generations**. The need to rationalize energy costs and to improve the transmission speed of information, makes the global investments in energy and telecommunication sectors necessary for the global growth. This is the reason why, Tesmec mission contemplates higher investments in technologies for efficiency and management of grids.



vision

Tesmec Advanced technologies are developed in accordance with the ISEQ philosophy "Innovation, Safety, Efficiency, Quality" always respecting the environment.

Our challenge:

to drive growth and modernization of every Country

mission

We look at technological challenges presented by the markets more as opportunities than as threats

We have a responsibility:

to provide the BEST product at the BEST possible price





A widespread network of people

Tesmec Group is **Leader** in the market of the infrastructures related to the transport and distribution of energy, data and material.

Tesmec people are **pioneers** since the origins, and their proud R&D spread the name towards huge and new challenges.

Our goal is to create a **high performance environment**, which supports the implementation of our business strategy.

All this will be possible with the collaboration of our people - employees, customers, and partners - all over the world.

+60 years of
experience

+600 people

R&D
investment
avg. **8%** of total
revenues

Customers
from **+135** Countries
worldwide
choose
Tesmec

90% Export

Global partner with local presence

Tesmec Group **headquarters** are located in Grassobbio, in the vicinity of the Northern Italian town of Bergamo.

Tesmec has also other five production plants: three in Italy, in Endine Gaiano (Bergamo), Sirone (Lecco), Monopoli (Bari), one in the USA, in Alvarado (Texas) and one in France, in Durtal.

Tesmec pursues a "**Glocal**" growth strategy: we are global, but at the same time we have a local presence in the most strategic areas of the world, in order to meet the market's needs in the best way.



6

Production Plants
(4 in Italy,
1 in USA,
1 in France)

2

Joint Ventures
(ConduxTescmec,
Tescmec Peninsula)

9

Subsidiaries
in the
World

2

Associated
companies
(Bertel,
Locavert)



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

We 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



Committed to quality



ENERGY

POWER LINES
CONSTRUCTION &
MAINTENANCE



UNDERGROUND
CABLES
LAYING



GRID MANAGEMENT &
AUTOMATION
DEVICES

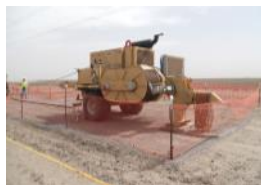




MAIN PROJECTS

1 Reconductoring USA

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



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 €



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



4 Fjord crossing NORWAY

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



1 Fault passage indicators BRAZIL

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



5 Extreme temperature RUSSIA

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



6 Line construction SAUDI ARABIA

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



7 Tower Erection INDIA

Technical advice and training
activity for tower erection works



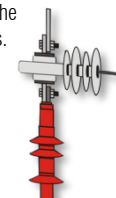
8 Big crossing CHINA

Ningbo-Zhoushan 500kV line sea
crossing | length: 2.09km |
span: 1897m | clearance: 90 m
conductor D=39mm | force 120kN



2 Smart Sensors ITALY

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



3 SMT RUSSIA

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



Entrepreneurs of efficiency



RAILWAY

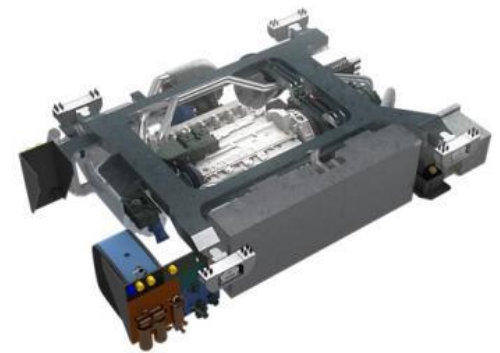
CATENARY INSTALLATION



MAINTENANCE



POWERING & REPOWERING





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



Maximized attitude



UNDERGROUND

PIPELINES, TELECOM,
DRAINAGE



BULK EXCAVATION,
SURFACE MINING



SPECIALIST DIGGING
SERVICE





MAIN PROJECTS

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



6 Bulk excavation FRANCE

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



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

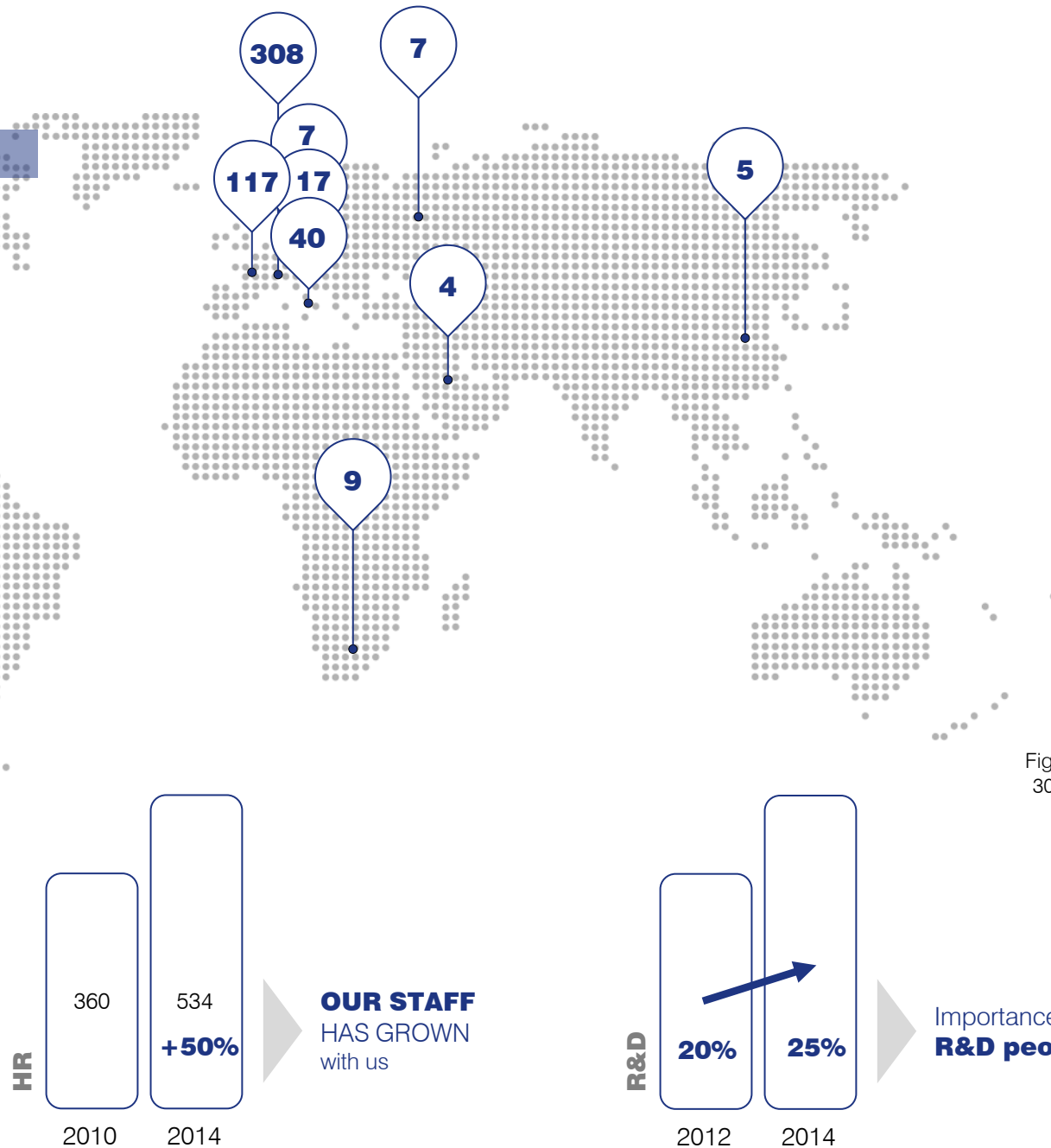


Human Values

Tesmec identifies in honesty, membership and respect the values that distinguish our history.

We are resolute to continue building our future on **human respect**, acting with coherence and honesty towards colleagues, clients and suppliers.

Our will is to be an attraction pole for people who are brilliant, smart, resolute, creative in order to enrich and empower our **social core**, creating a group of highly motivated people.



Figures as at 30/06/2015

OUR STAFF
HAS GROWN
with us

Importance of
R&D people



1H2015 business highlights

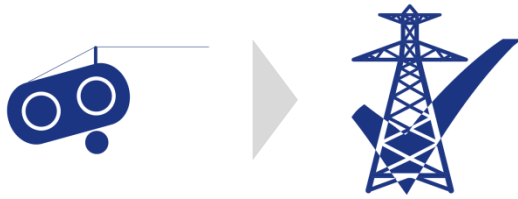


ENERGY

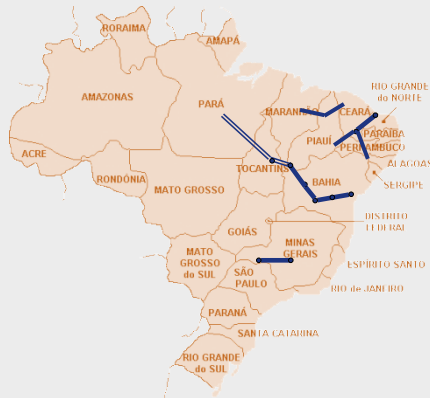
- POSITIVE IMPACT OF EUROPE AND SOUTH AMERICA
- AUTOMATION SEGMENT: GOOD TREND OF 1Q CONFIRMED ALSO IN 2Q
- END OF DEVELOPMENT PHASE FOR THE INNOVATIVE DEVICE FOR SMART GRIDS (PILOT PHASE TO START)
- PROJECTS ACTIVITIES POSTPONED IN KEY MARKETS (NORTH AMERICA, INDIA, RUSSIA)



Execution of Brazil order



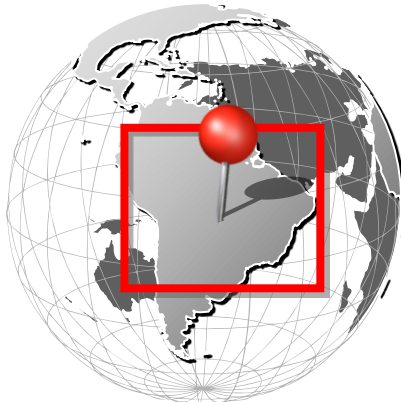
Execution of big order of stringing equipment for overhead power lines construction in Brazil in timing with the tough project schedule.

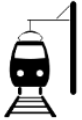


First orders and revenues in the new **Energy Automation** business.

Tesmec RGDAT in South America

- **Application:** monitoring and protection of medium voltage power lines
- **Supply:** RGDAT Directional Fault Detector and Off Voltage Indicator device
- **Location:** ENEL Power Grids in South America





RAILWAY

- INNOVATIVE RAILCAR EQUIPPED WITH SAFETY AND TECHNICAL DEVICES APPROVED BY THE ITALIAN RAILWAY AUTHORITY
- NEW CONTRACT AWARDED WITH EUROPEAN RAILWAY CORPORATION
- RAILCARS FOR THE US MARKET SUCCESSFULLY COMPLETED FACTORY TESTING PHASE AND GOING TO START DYNAMIC TESTS
- COMMERCIAL PIPELINE WITH IMPORTANT SALES OPPORTUNITIES





TRENCHERS

IN THE BACKGROUND OF OIL&GAS AND COMMODITIES LOW PRICES, FOCUS ON DIFFERENT MARKET SEGMENTS:

- **TELECOM:** NEW PROJECTS FOR ENERGY CABLES AND FIBER OPTIC INSTALLATION ESPECIALLY IN EUROPE AND WEST AFRICA, THANKS TO THE ACQUISITION OF THE FRENCH COMPANY MARAIS

- **WATER PIPELINES AND AGRICULTURE:** ONGOING ACTIVITIES TO ENTRY THE MARKETS

- **CIVIL INFRASTRUCTURES:** BULK EXCAVATION WORKS IN KSA AND MIDDLE EAST AREA



Ongoing projects for Energy Cables and Fiber Optic installation.

New opportunities in TLC market

- **UK:** 2x47 km parallel cable routes, PE pipes installation for onshore underground cables connecting offshore wind farm
- **Congo:** 250 km of fiber optic cable laying between Pointe Noire and Mbinda
- **Ivory Coast:** 200 km of fiber optic cable laying



CONGO PROJECT



UK PROJECT



TESMEC expertise has been chosen for the main infrastructural projects worldwide.

Chile water pipeline

- **Project:** two 42" water pipeline
- **Supply:** TESMEC 1675 Chainsaw
- **Location:** between Caleta Coloso port and a copper mine in the Atacama Desert of northern Chile, 114 miles (185 km) away and 10,170 feet (3,100 m) above sea level.



TESMEC expertise has been chosen for the main infrastructural projects worldwide.

New Orbital Highway in Qatar

- **Project:** 47km of motorways
- **Supply:** TESMEC 1475 Rock Hawg
- **Location:** the new highway will connect the North Relief Road with Salwa Road, it will bypass Doha and relieve current traffic congestion while preparing to accommodate projected road traffic increases.





1H2015 Economic and financial data

1H2015 Economic Results

year-on-year statutory figures

GROUP (€ mln)	1H2015	1H2014	Delta %
Revenues	85,1	54,7	55,6%
EBITDA	14,2	8,9	59,6%
% on Revenues	17%	16%	
EBIT	9,6	5,3	81,1%
% on Revenues	11%	10%	
Profit Before Taxes	8,9	3,1	187,1%
% on Revenues	10%	6%	
NET INCOME	6,5	1,7	282,4%
% on Revenues	8%	3%	

GROUP (€ mln)	1H2015	2014	Delta %
NFP (IAS17)	90,8	73,4	23,7%
NFP (without IAS17)	72,5	54,5	33,0%



ENERGY	1H2015	1H2014	Delta %
Revenues	45,9	22,3	105,8%
EBITDA	8,2	3,9	110,3%
% on Revenues	18%	17%	



TRENCHERS	1H2015	1H2014	Delta %
Revenues	38,6	25,9	49,0%
EBITDA	6,2	3,4	82,4%
% on Revenues	16%	13%	



RAILWAY	1H2015	1H2014	Delta %
Revenues	0,6	6,5	-90,4%
EBITDA	-0,2	1,6	-112,5%
% on Revenues	-32%	25%	

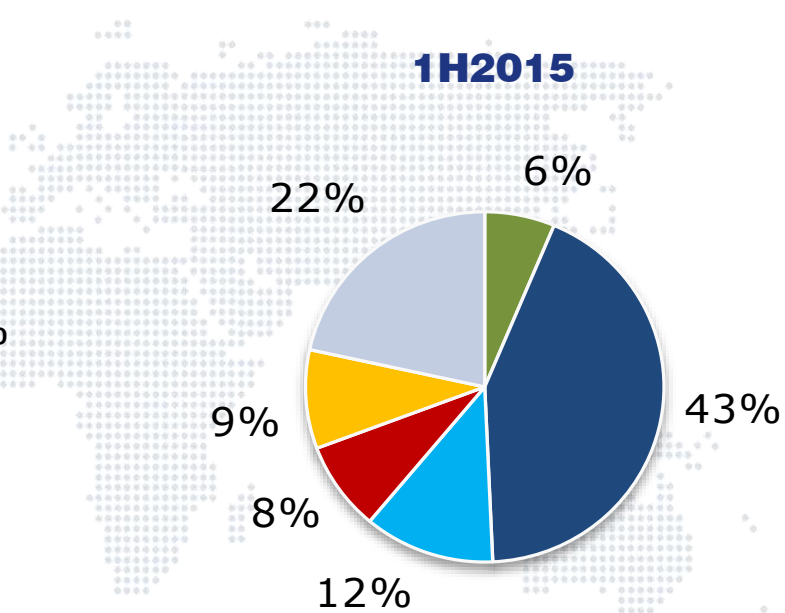
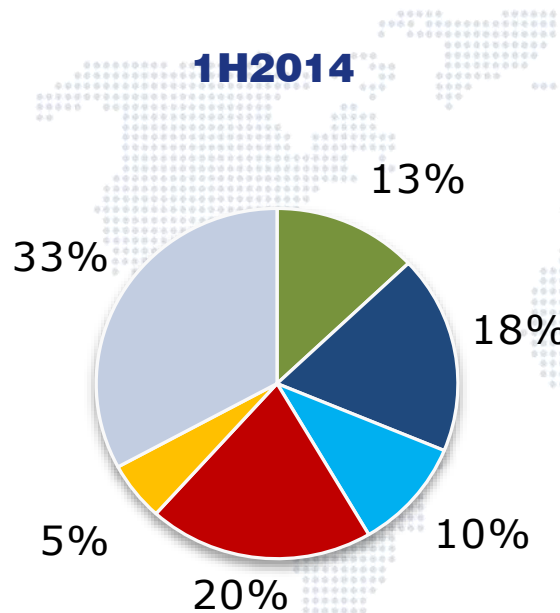
1H2015 Economic Results

organic growth

GROUP (€ mln)	statutory 1H2015	Marais recurring	Marais non- recurring	organic 1H2015	1H2014	organic * Δ%
Revenues	85,1	5,6	/	79,5	54,7	45,3%
EBITDA	14,2	0,3	2,1	11,8	8,9	33,1%
% on Revenues	17%	5%		15%	16%	
EBIT	9,6	-0,3	2,1	7,8	5,3	46,4%
% on Revenues	11%	-5%		10%	10%	
NET INCOME	6,5	-0,04	2,3	4,24	1,7	149,1%
% on Revenues	8%	-1%		5%	3%	
GROUP (€ mln)	statutory 1H2015	Marais recurring	Marais non- recurring	organic 1H2015	2014	organic * Δ%
NFP	90,8	8,6	5,0	77,2	73,4	5,2%

* organic = at constant scope

**INTERNATIONAL SCALE
AND EXPOSURE TO
GROWING ECONOMIES**



Group Structure

Operating Companies

TESMEC S.P.A.

Fully Consolidated

TESMEC USA
(67%)*

TESMEC RUS
(100%)

TESMEC SA
(100%)

TESMEC SERVICE
(100%)

TESMEC BALKANI
(100%)

SGE S.r.l.
(100%)

TESMEC NEW TECHNOLOGY
(Beijing) (100%)

EAST TRENCHERS
(91,2%)

MARAIS TECHNOLOGIES SA
(100%)

Effect on EBITDA and Pre-Tax Profit

Equity Method

TESMEC PENINSULA
(49%)

CONDUX TESMEC
(50%)

Equity Method

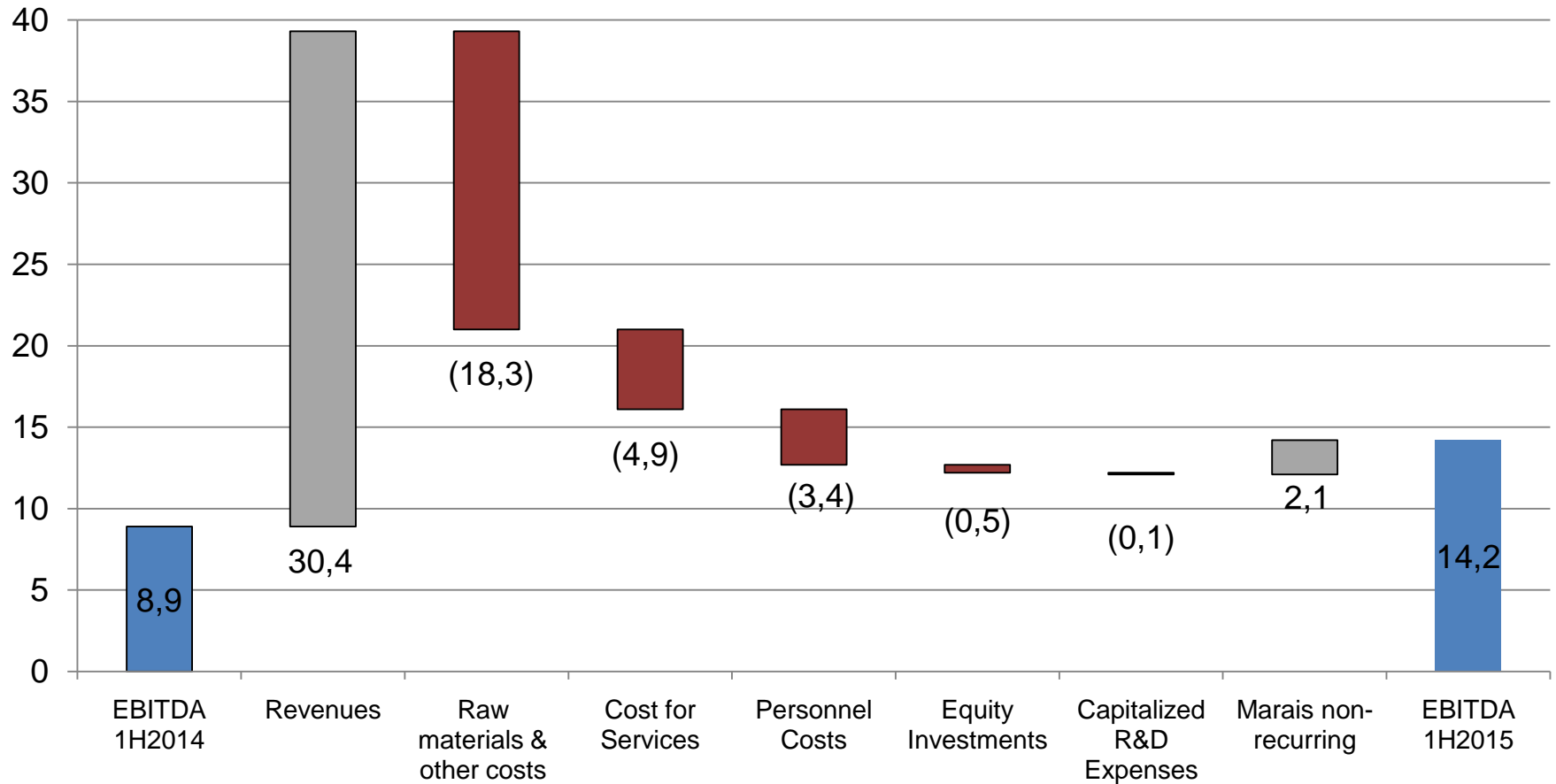
BERTEL
(40%)

LOCAVERT
(38,63%)

Effect on Pre-Tax Profit

* The remaining 33% is held by Simest S.p.A. Since Tesmec has an obligation to buy it back from Simest S.p.A., from an accounting point of view the participation is consolidated on a 100% basis.

EBITDA 1H2015

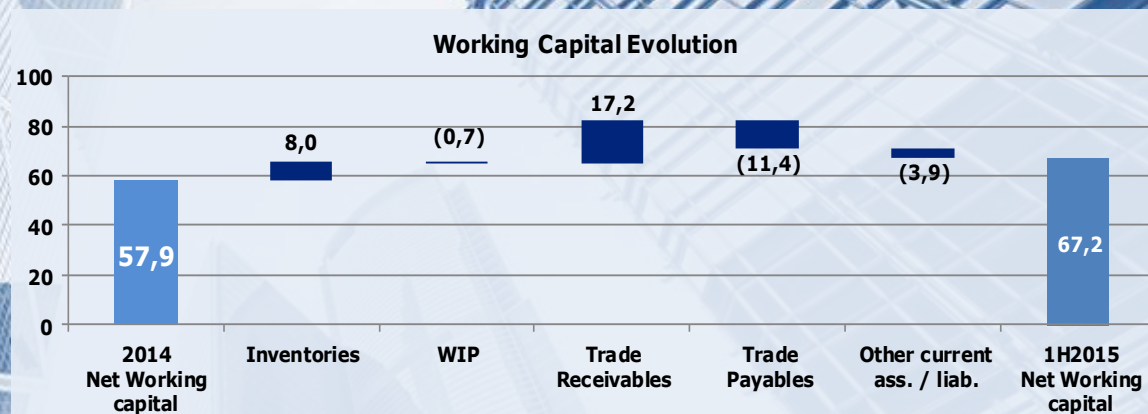


1H2014

EBITDA boosted by Stringing Equipment volumes and Marais acquisition

1H2015

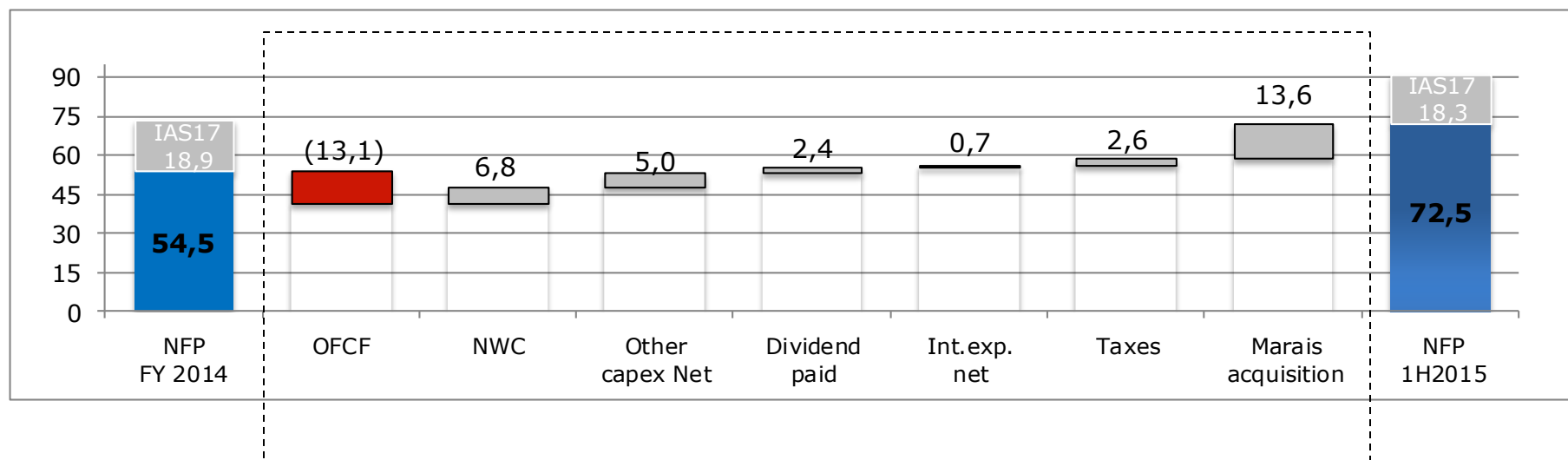
Working Capital Evolution



Euro Mln	statutory 1H2015	Marais recurring	Marais non- recurring	organic 1H2015	2014	Days 1H2015	Days 1H2014
Trade Receivables	58,5	7,3	/	51,2	41,3	83	128
Inventories	63,4	3,2	/	60,2	55,4	126	193
Work in progress contracts	4,5	/	/	4,5	5,2		
Trade Payables	▼ (45,6)	▼ (2,0)	▼ (0,5)	(43,1)	(34,2)	64	98
Other Current Assets/(Liabilities)	▼ (13,6)	▼ (6,1)	/	(7,5)	(9,8)	25	38
Net Working Capital	67,2	2,4	(0,5)	65,3	57,9		

Net Financial Position Evolution

Operating Net Financial Position without figurative debt for Grassobbio premises



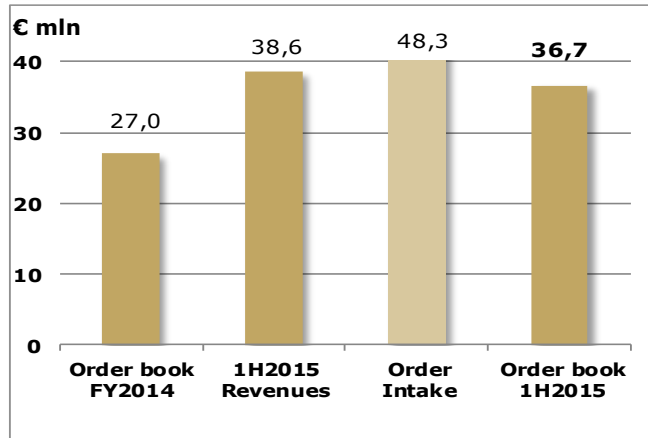
2014

NFP increase has been mainly influenced by the acquisition of Marais Group and net working capital

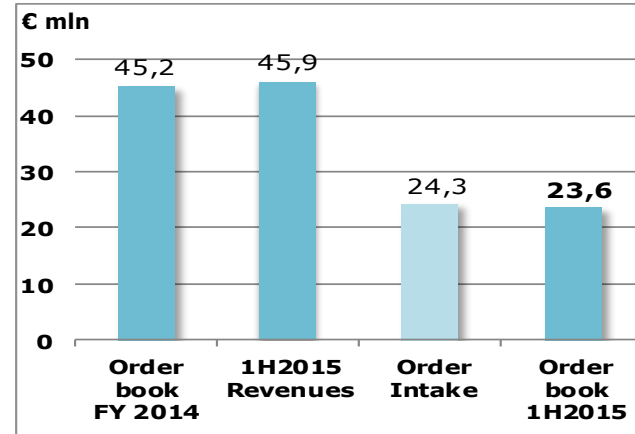
1H2015

Order Book 1H2015

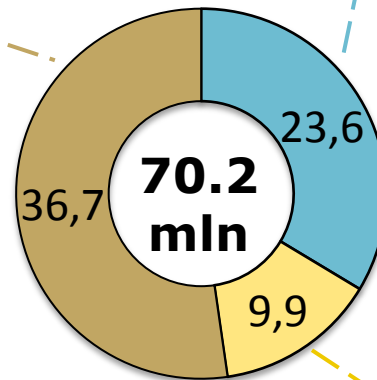
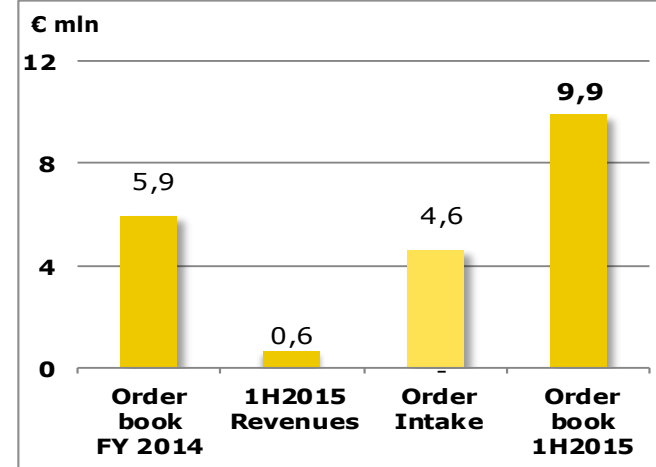
TRENCHERS



ENERGY



RAILWAY





REVENUES: good performance also in the second half of 2015 enhanced by:

ENERGY: confirmation of the growth in the Automation segment. Stringing keep on growing but at a slower pace compared to the first half of the year

TRENCHERS: growth especially in:

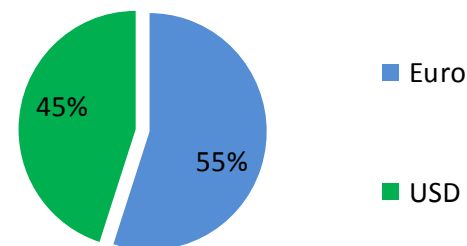
- telecom: Marais boost, opportunities in Europe, West Africa and Australia
- civil works: medium term full service contracts in Middle East area
- water pipeline and agriculture: South and North America

RAILWAY: awards expected in second half of the year

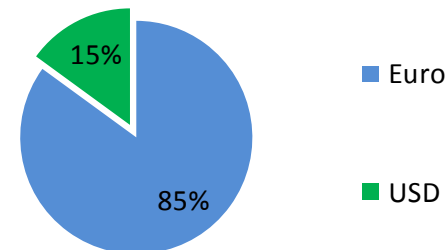
MARGINS: improve profitability of Railway and Trencher business also thanks to the integration of Marais business and volumes increase

NFP and WORKING CAPITAL: ongoing actions to reduce the financial debt and the working capital, especially in Trencher division

Revenues



Operating Costs



Summary 1H2015 Profit & Loss statement

Profit & Loss Account (€ mln)	1H2015	1H2014	Delta vs 2014	Delta %
Net Revenues	85,1	54,7	30,4	55,6%
Raw materials costs (-)	(44,0)	(25,7)	(18,3)	71%
Cost for services (-)	(13,8)	(8,9)	(4,9)	55%
Personnel Costs (-)	(16,1)	(12,8)	(3,3)	26%
Other operating revenues/costs (+/-)	0,6	(1,4)	2,0	-143%
Portion of gain/(losses) from equity investments evaluated using the equity method	(0,1)	0,4	(0,5)	-118%
Capitalized R&D expenses	2,4	2,6	(0,2)	-8%
Total operating costs	(71,0)	(45,8)	(25,2)	55,0%
<i>% on Net Revenues</i>	<i>(83%)</i>	<i>(84%)</i>		
EBITDA	14,2	8,9	5,3	59,6%
<i>% on Net Revenues</i>	<i>17%</i>	<i>16%</i>		
Depreciation, amortization (-)	(4,6)	(3,6)	(1,0)	28%
EBIT	9,6	5,3	4,3	81,1%
<i>% on Net Revenues</i>	<i>11%</i>	<i>10%</i>		
Net Financial Income/Expenses (+/-)	(0,7)	(2,2)	1,5	-68%
Taxes (-)	(2,4)	(1,3)	(1,1)	85%
Minorities	-	-	-	-
Net Income (Loss)	6,5	1,8	4,7	282,4%
<i>% on Net Revenues</i>	<i>8%</i>	<i>3%</i>		

Summary 1H2015 Balance Sheet

Balance Sheet (€ mln)	1H2015	2014
Inventory	63,4	55,4
Work in progress contracts	4,6	5,2
Accounts receivable	58,5	41,3
Accounts payable (-)	(45,6)	(34,2)
Op. working capital	80,9	67,7
Other current assets (liabilities)	(13,7)	(9,8)
Net working capital	67,2	57,9
Tangible assets	62,3	48,1
Intangible assets	13,3	12,4
Financial assets	5,0	4,8
Fixed assets	80,6	65,3
Net long term liabilities	(2,1)	(1,7)
Net invested capital	145,7	121,5
Cash & near cash items (-)	(15,9)	(18,7)
Short term financial assets (-)	(7,5)	(6,8)
Short term borrowing	48,3	36,6
Medium-long term borrowing	65,9	62,3
Net financial position	90,8	73,4
Equity	54,9	48,1
Funds	145,7	121,5

Disclaimer

The Manager responsible for preparing the company's financial reports, Andrea Bramani, declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this presentation corresponds to the document results, books and accounting records.

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In addition to the standard financial reporting formats and indicators required under IFRS, this document contains a number of reclassified tables and alternative performance indicators. The purpose is to help users better evaluate the Group's economic and financial performance. However, these tables and indicators should not be treated as a substitute for the standard ones required by IFRS.