



# Integrated Solutions Provider

STAR Conference 2017, Milan

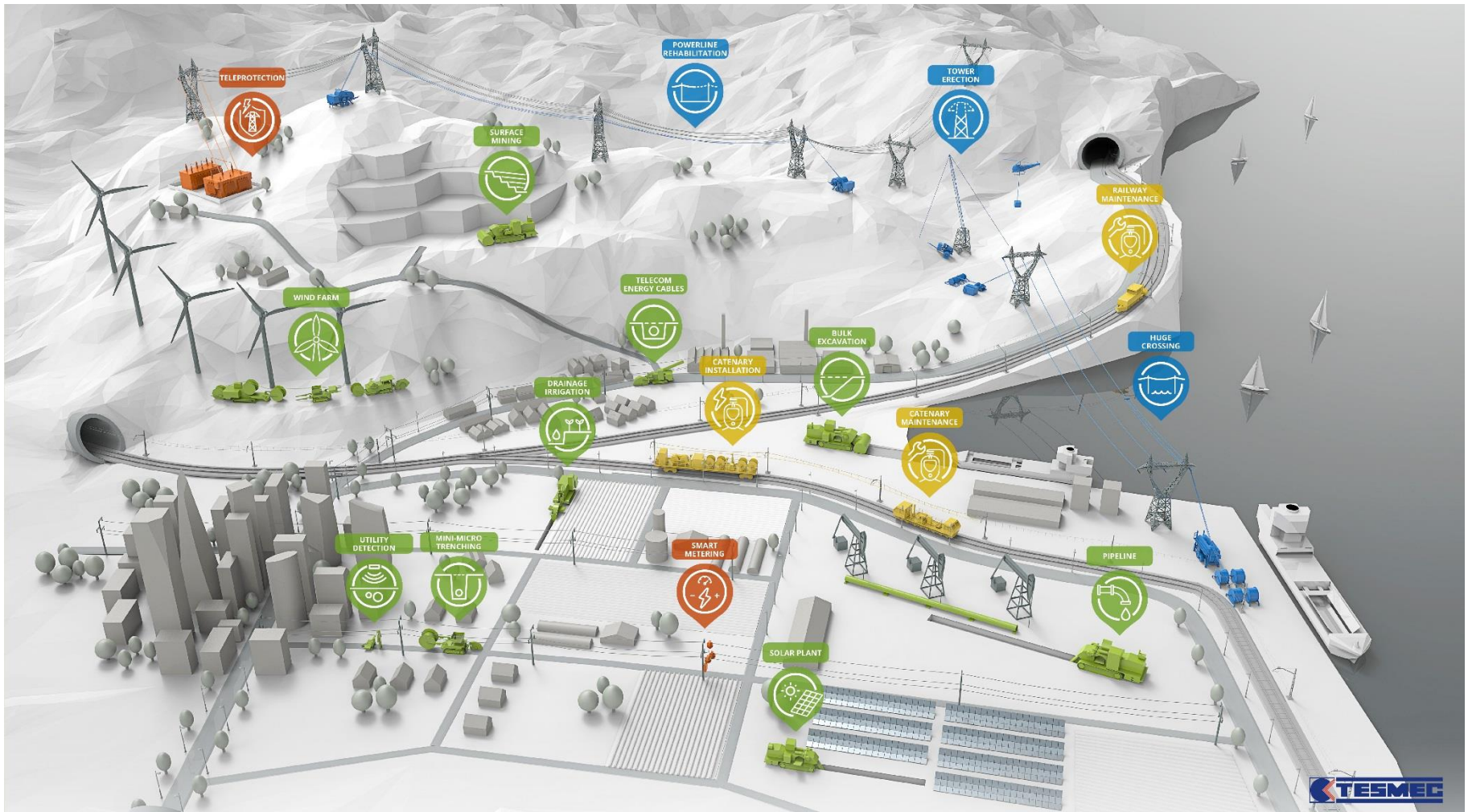
Tue. 21, Wed. 22 March 2017



[www.tesmec.com](http://www.tesmec.com)

> **Corporate Strategy**

> 2016 Results & 2017 Outlook



 Stringing

 Automation

 Railway

 Trencher

## STRINGING



- > Overhead power lines construction & maintenance
- > Reconductoring and line improvement
- > Underground cable laying

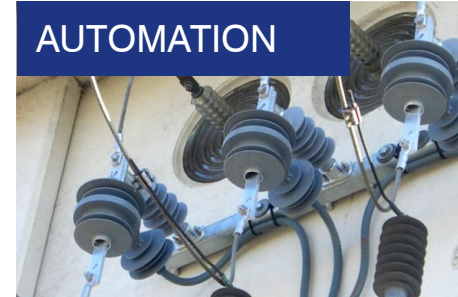
## RAILWAY



- > Railway lines electrification
- > Catenary maintenance and diagnostic
- > Special Applications

## FULLY INTEGRATED SOLUTIONS PROVIDER

## AUTOMATION



- > Telecommunication & Teleprotection
- > Electronic integrated sensors, fault detection and measurement
- > Protections & Electronics for Distribution

## TRENCHER



- > Telecom networks, FTTH & long distance, power cable installation
- > Oil & Gas, Water pipelines
- > Bulk excavation of rock and Quarries

# TESMEC

## “ From Steel to Technology ”

### OUR MISSION

- > Our mission is to be value added integrated solutions provider in the market of infrastructure for the transport of energy, data and material
- > We provide efficiency, digitalization, safety and sustainability for the modernization of the infrastructures of every country in the world
- > We focus on winning integration of advanced technology & high know how to meet the new demands of the markets



## EXPERTISE INTEGRATION



### THE ORIGINS

**PIONEER** in stringing solutions

### SATISFY MARKET TREND: UNDERGROUND CIVIL INFRASTRUCTURES

**TRENCHER PRODUCT LINE DEVELOPMENT**  
Establishment of Tesmec USA Inc. in Texas, USA

**INCREASE GROUP'S REPUTATION ON THE MARKET** as guarantee of transparency

**ENTRY IN THE ITALIAN STOCK EXCHANGE** (STAR Segment)

### SATISFY THE GROWTH IN THE SECTOR OF POWER GRIDS

Key Investments & company acquisitions to complete the portfolio of solutions

### FACE THE NEW CHALLENGES RELATED TO RENEWABLE ENERGY



1951

1984

2010

2015

2017-2019

**RESEARCH COMMITMENT**

**EDISON PATENT** for the new hydraulic tension stringing system

**SUSTAIN THE INTERNATIONALISATION GROWTH PHASE**

Expansion of products range through key partnership

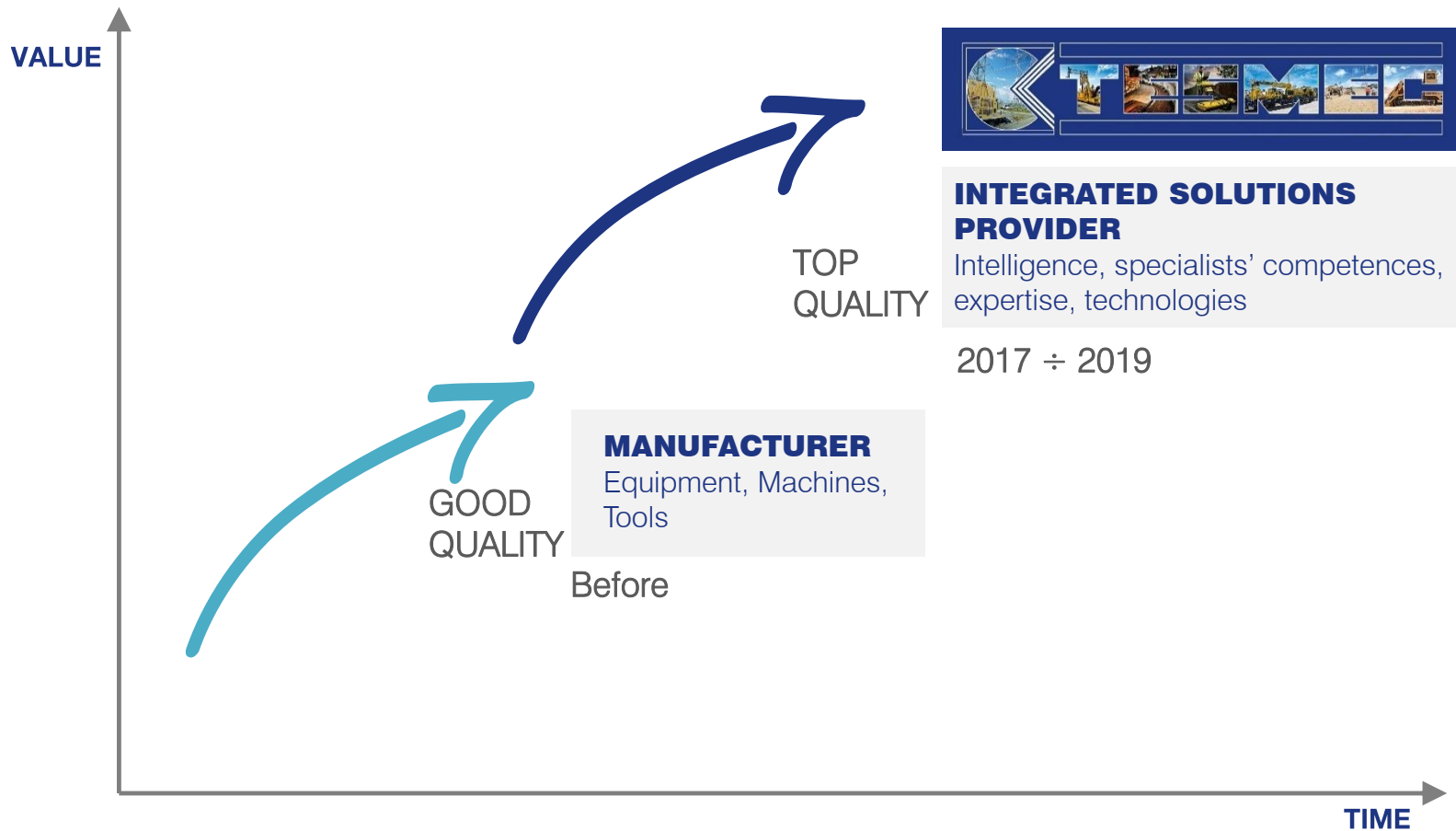
**COMBINATION OF HIGH KNOW HOW IN RAILWAY ROLLING STOCKS FIELD & EXPERTISE IN CATENARY**

Both catenary construction and maintenance and special application

**ENTER NEW STRATEGIC MARKETS AS AFRICA, AUSTRALIA, NEW ZEALAND, FRANCE**

**BUSINESS MODEL INTEGRATION: USE THE EXPERTISE OF MARAIS FOR SERVICE SOLUTIONS**

Acquisition of the 100% of the French Company Marais Technologies



WE ARE THE ONLY PROVIDER IN THE WORLD  
able to satisfy the infrastructure market's needs  
through our fully integrated solutions suite

WE HAVE  
THE CAPABILITY  
TO DO THIS!

> Corporate Strategy

> **2016 Results & 2017 Outlook**



<b>GROUP</b> (€ mln)	<b>2016</b>	<b>2015</b>
<b>Revenues</b>	<b>128,5</b>	<b>164,4</b>
<b>EBITDA adj</b> <sup>(1)</sup>	<b>11,6</b>	<b>22,0</b>
% on Revenues	9%	13%
<b>EBITDA</b>	<b>8,5</b>	<b>24,0</b>
% on Revenues	7%	15%
<b>EBIT</b>	<b>-4,3</b>	<b>12,8</b>
% on Revenues	-3%	8%
<b>Profit Before Taxes</b>	<b>-6,8</b>	<b>9,1</b>
% on Revenues	-5%	6%
<b>NET INCOME</b>	<b>-3,8</b>	<b>7,1</b>
% on Revenues	-3%	4%

(1) ADJUSTMENT INCLUDES 2,2 mln on respect of the real estate deal and 0,9 mln of extraordinary consultancy cost.

<b>GROUP</b> (€ mln)	<b>2016</b>	<b>2015</b> <sup>(2)</sup>
<b>NFP</b>	<b>96,7</b>	<b>89,9</b>

(2) Including 17,8 M€ OF GRASSOBBIO REAL ESTATE BORROWING.



<b>ENERGY</b>	<b>2016</b>	<b>2015</b>	<b>Delta %</b>
<b>Revenues</b>	<b>42,2</b>	<b>72,1</b>	<b>-41,5%</b>
<b>EBITDA adj</b>	<b>6,0</b>	<b>11,4</b>	<b>-47,4%</b>
% on Revenues	14,2%	15,8%	



<b>TRENCHERS</b>	<b>2016</b>	<b>2015</b>	<b>Delta %</b>
<b>Revenues</b>	<b>80,6</b>	<b>88,5</b>	<b>-8,9%</b>
<b>EBITDA adj</b>	<b>4,5</b>	<b>10,9</b>	<b>-58,7%</b>
% on Revenues	5,6%	12,3%	



<b>RAILWAY</b>	<b>2016</b>	<b>2015</b>	<b>Delta %</b>
<b>Revenues</b>	<b>5,7</b>	<b>3,8</b>	<b>50,0%</b>
<b>EBITDA adj</b>	<b>1,1</b>	<b>-0,3</b>	<b>467%</b>
% on Revenues	19,3%	-7,9%	

## MARKET ISSUES 2016

### TRS ITA & SA

- > ME: Downsize of the infrastructure projects due to drop of oil price

### T. USA

- > Crisis of Shale Oil Industry
- > Missing payment and consequent credit notes of previous years invoices with recovery of machines

### TRS

- > Shift towards service model

## PROJECTS DELAYED

### Railways

- > RFI Tender for 88 units: project activities delayed in 2017

### Stringing

- > Mainly PLN Indonesia Tender postponed in 2017

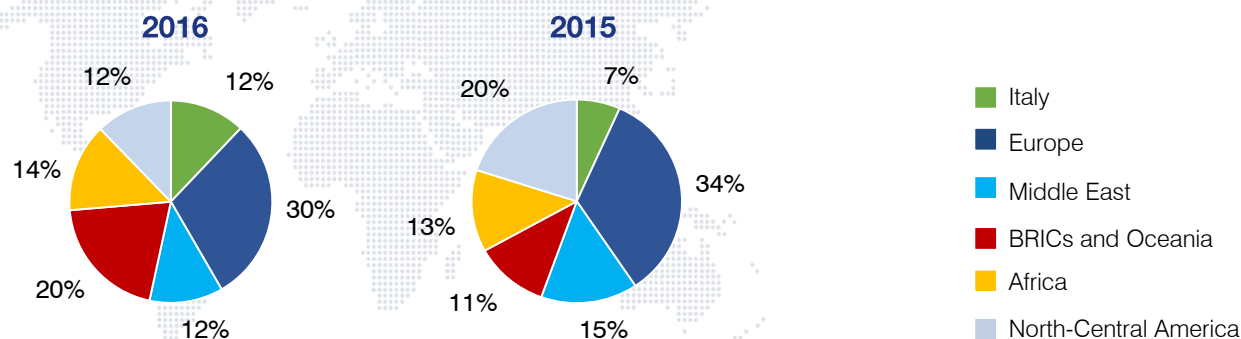
### Automation

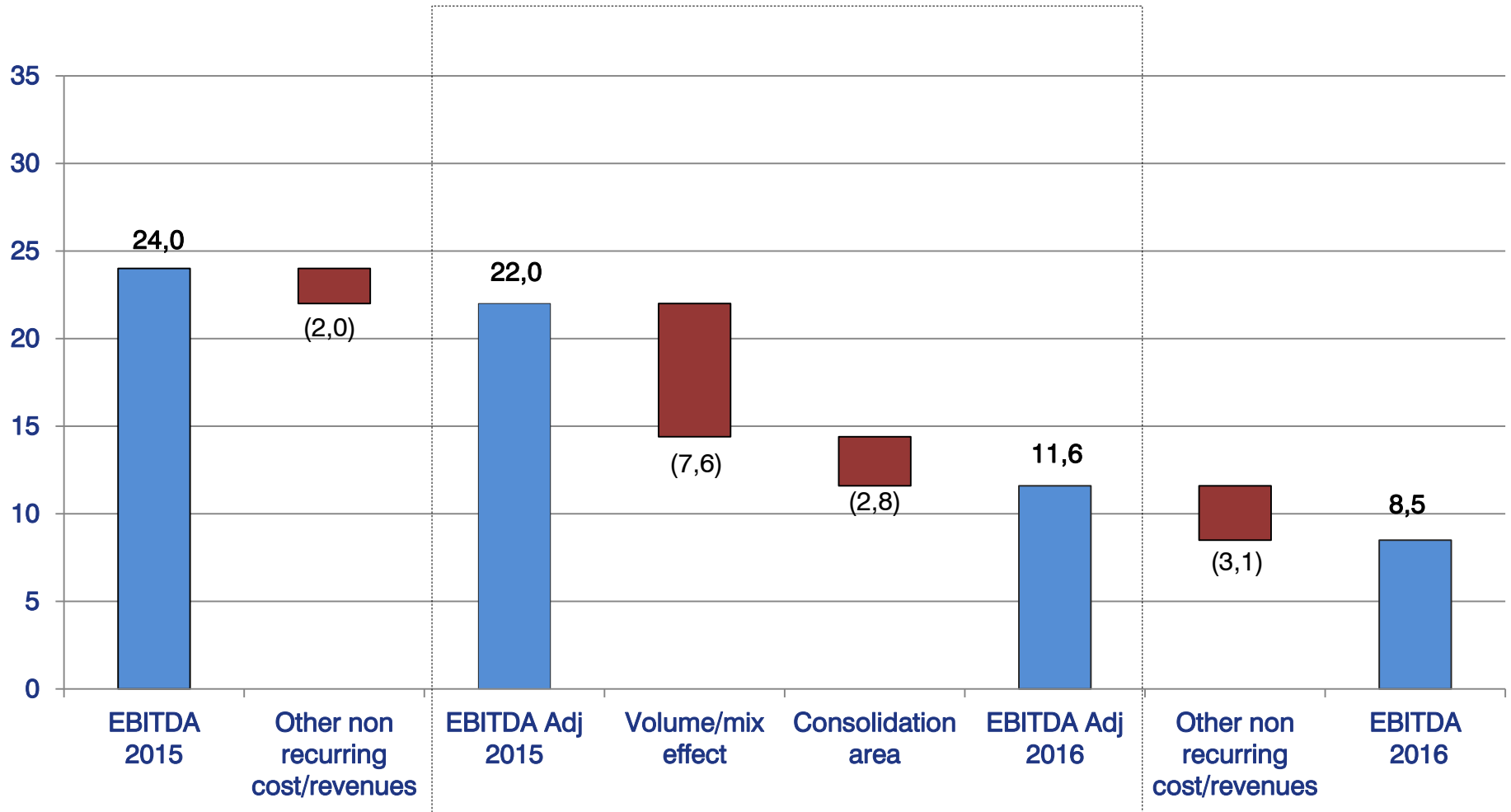
- > Tender FSK to supply SMT system postponed in 2017

### MARAIS

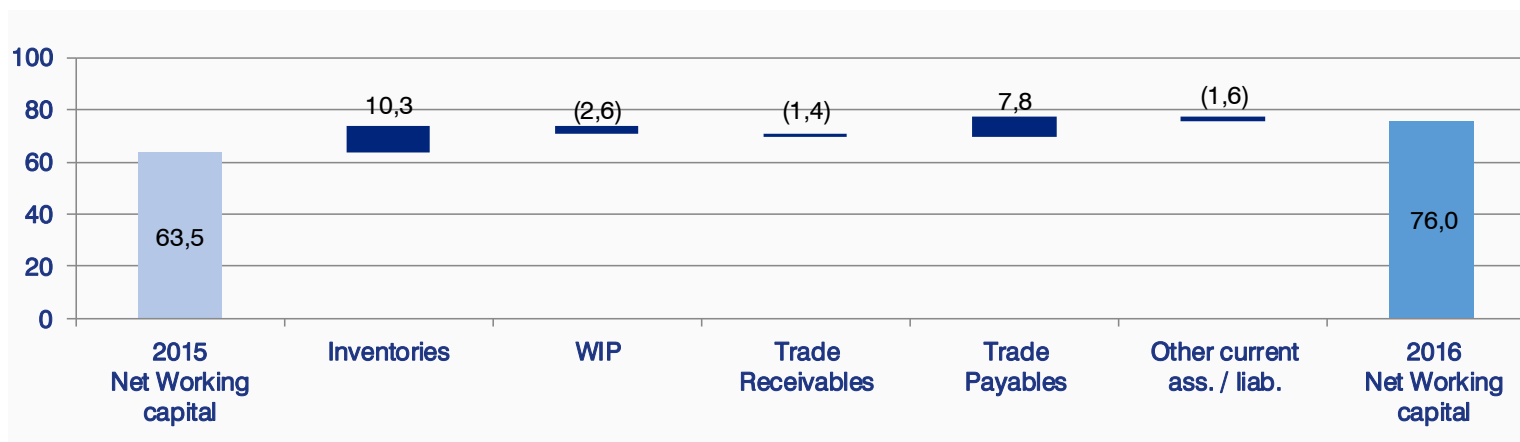
- > AUS, NZ & West Africa projects startup postponed in 2017

## INTERNATIONAL SCALE AND EXPOSURE TO GROWING ECONOMIES





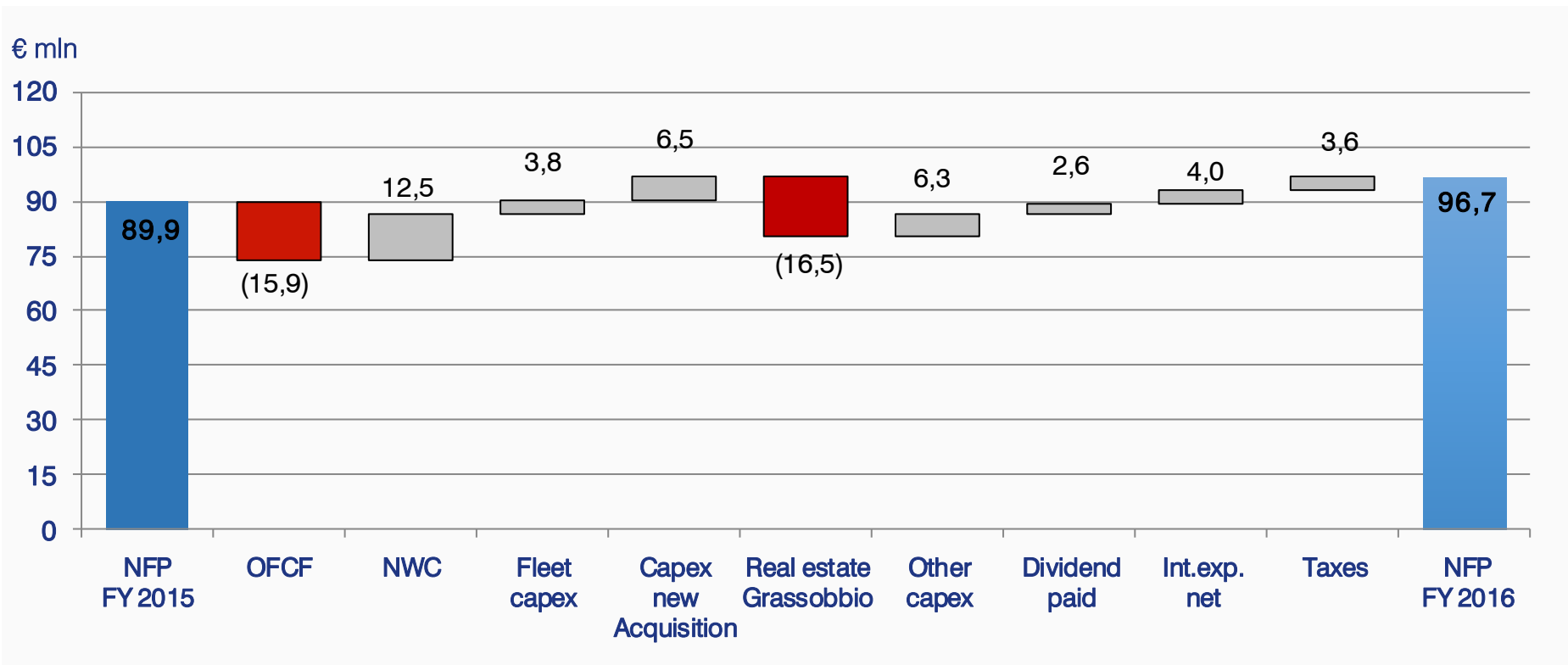
Financial Information (Euro mln)	2016	2015
Net Working Capital	76,0	63,5
Non Current assets	70,1	83,9
Other Long Term assets/liabilities	0,5	(1,7)
<b>Net Invested Capital</b>	<b>146,6</b>	<b>145,7</b>
Net Financial Indebtness	96,7	89,9
Equity	49,9	55,8
<b>Total Sources of Financing</b>	<b>146,6</b>	<b>145,7</b>



2016	
Net Working Capital	59%
Revenues	
2015	
Net Working Capital	39%
Revenues	

Euro Mln	2016	2015	Days 2016	Days 2015
Trade Receivables	49,4	50,9	138	111
Inventories	69,2	58,9	198	137
Work in progress contracts	1,3	3,8		
Trade Payables	(31,2)	(39,0)	-87	-86
Other Current Assets/(Liabilities)	(12,7)	(11,1)	-24	-24
<b>Net Working Capital</b>	<b>76,0</b>	<b>63,5</b>		

## OPERATING NET FINANCIAL POSITION

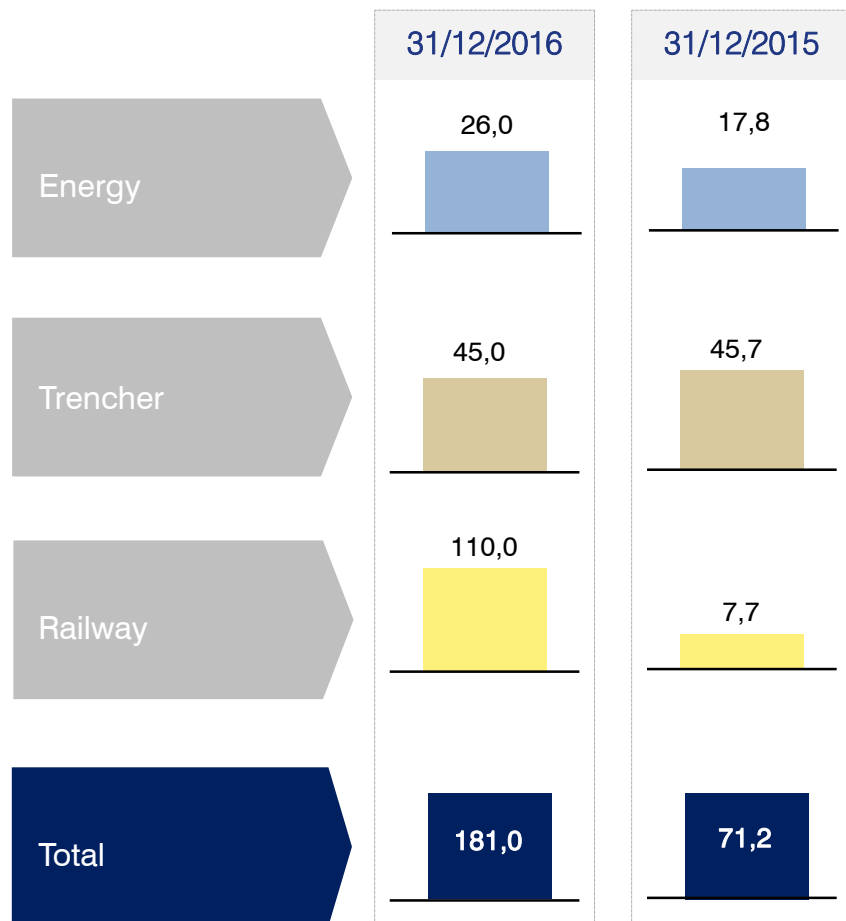


2015

- > Increase related to working capital (higher stock)
- > Fixed asset decrease in respect to real estate year end deal

2016

## BACKLOG



## MAIN ACTIONS

- Focus on **reset USA** and **Middle East Area**
- Focalize the effort on the **control of cost structure** in any site
- Integration of **operations: TRS & RAIL**
- **Simplification** of **Automation's** companies and **value chain**
- **Revamping** BU stringing





**NEW CONCEPT IN  
STRINGING MACHINES 4.0:**  
Simple, Safe and Reliable



**SUPPLY OF 25 COMPLETE SETS  
(MACHINES AND EQUIPMENT)**

Success of European technology in Indonesia



**POWER LINES MANAGEMENT & ENERGY EFFICIENCY**

## TECHNOLOGICAL COOPERATION BETWEEN TESMEC & THE RUSSIAN GROUP ROSSETI

Smart Metering Tool (SMT):  
extremely innovative and tailor made systems



**AWARD OF THE TENDER OF RFI:**  
**SUPPLY OF 88 MULTIPURPOSE RAILWAY VEHICLES**  
for the maintenance of the Italian railway network



- > WINNING TECHNOLOGICAL SYSTEMS
- > REMOTE CONTROL BL3 SYSTEM ON BOARD
- > TRANSFER CAPABILITY AS PASSENGER TRAIN ON NATIONAL RAILWAY NETWORKS



**WIND FARM PROJECTS**  
AUSTRALIA & NEW ZEALAND



**FIBER TO THE HOME  
PROJECTS**

**ADVANCED WORKING METHODOLOGY:**  
integrated systems & technological solutions  
for a complete jobsite management

## TELECOM & ENERGY

- 1 Upturn **USA** market
- 2 Impact of **renewable energy** projects
- 3 First **FTTH** projects

## ECONOMICS & FINANCIALS



- 1 Sales: **1Q.2017 +15÷20%** compared to SPPY
- 2 2017 **Sales: 160–170 M€**
- 3 **EBITDA 15%**
- 4 **NFP reduction**
- 5 Expected **BACKLOG 1Q.2017 higher** than **2016 year end**

Profit & Loss Account (€ mln)	2016	2015	Delta vs 2015	Delta %
<b>Net Revenues</b>	<b>128,5</b>	<b>164,4</b>	<b>(35,9)</b>	<b>-21,8%</b>
Raw materials costs (-)	(49,0)	(82,8)	33,8	-41%
Cost for services (-)	(28,2)	(27,3)	(0,9)	3%
Personnel Costs (-)	(40,0)	(34,5)	(5,5)	16%
Other operating revenues/costs (+/-)	(7,7)	(0,7)	(7,0)	1000%
Portion of gain/(losses) from equity investments evaluated using the equity method	(0,1)	(0,1)	-	0%
Capitalized R&D expenses	5,0	5,1	(0)	-2%
<b>Total operating costs</b>	<b>(120,0)</b>	<b>(140,4)</b>	<b>20,4</b>	<b>-14,5%</b>
<i>% on Net Revenues</i>	<i>(93%)</i>	<i>(85%)</i>		
<b>EBITDA</b>	<b>8,5</b>	<b>24,0</b>	<b>(15,5)</b>	<b>-64,6%</b>
<i>% on Net Revenues</i>	<i>7%</i>	<i>15%</i>		
Depreciation, amortization (-)	(12,8)	(11,2)	(1,6)	14%
<b>EBIT</b>	<b>(4,3)</b>	<b>12,8</b>	<b>(17,1)</b>	<b>-133,5%</b>
<i>% on Net Revenues</i>	<i>-3%</i>	<i>8%</i>		
Net Financial Income/Expenses (+/-)	(2,7)	(3,8)	1,1	-29%
Taxes (-)	3,0	(1,9)	4,9	258%
Minorities	0,1	(0,2)	-	0%
<b>Group Net Income (Loss)</b>	<b>(3,9)</b>	<b>6,9</b>	<b>(10,8)</b>	<b>-156,2%</b>
<i>% on Net Revenues</i>	<i>-3%</i>	<i>4%</i>		

Balance Sheet (€ mln)	2016	2015
Inventory	70,5	62,7
Accounts receivable	49,4	50,9
Accounts payable (-)	(31,2)	(39,0)
<b>Op. working capital</b>	<b>88,7</b>	<b>74,6</b>
Other current assets (liabilities)	(12,7)	(11,1)
<b>Net working capital</b>	<b>76,0</b>	<b>63,5</b>
Tangible assets	47,3	65,3
Intangible assets	18,9	13,8
Financial assets	3,9	4,8
<b>Fixed assets</b>	<b>70,1</b>	<b>83,9</b>
Net long term liabilities	0,5	(1,7)
<b>Net invested capital</b>	<b>146,6</b>	<b>145,7</b>
Cash & near cash items (-)	(18,5)	(21,2)
Short term financial assets (-)	(9,1)	(11,8)
Short term borrowing	70,1	45,2
Medium-long term borrowing	54,2	77,7
<b>Net financial position</b>	<b>96,7</b>	<b>89,9</b>
Equity	49,9	55,8
<b>Funds</b>	<b>146,6</b>	<b>145,7</b>

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