

Integrated Solutions Provider

1Q 2017 results



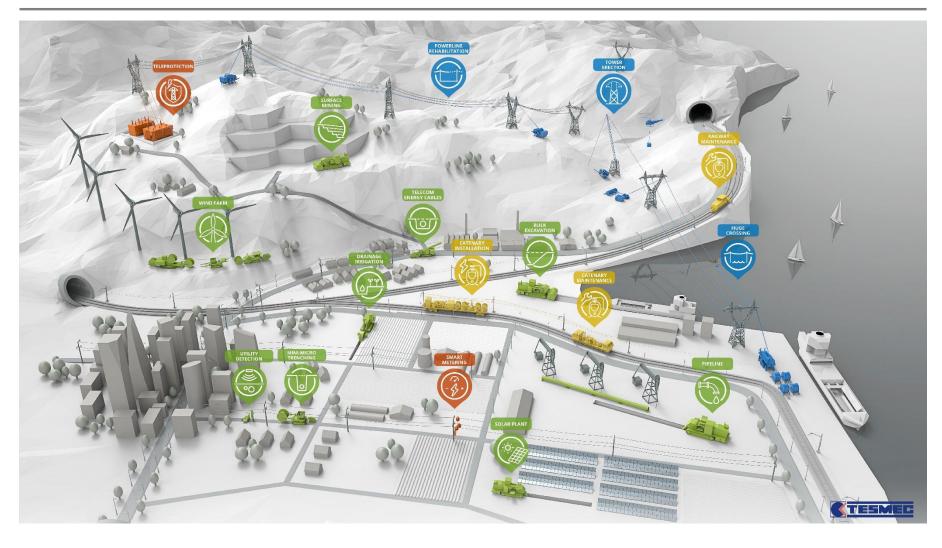
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- > Corporate Strategy
- > 1Q 2017 Results

TESMEC SMART CITY

















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



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





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



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

28th April 2017 4



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

Strategy execution & Main milestones



EXPERTISE INTEGRATION

FROM STRINGING TO TRENCHER

From machines for underground cable laying to digging solutions for pipelines installation and telecom and fiber optic networks

FROM STRINGING TO RAILWAY

Application of the tension stringing technology to the construction of railway catenary

FROM STRINGING TO AUTOMATION

Markets saturation for power lines electrification. From power lines construction to power lines maintenance & grids management



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

RESEARCH COMMITMENT

EDISON PATENT

for the new hydraulic tension stringing system

1984

SUSTAIN THE INTERNATIONALISAZION GROWTH PHASE

Expansion of products range through key partnership

2010

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

Both catenary construction and maintenance and special application

2015

2017-2019

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

28th April 2017





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
- > 1Q 2017 Results



GROUP (€ mln)	1Q 2017	1Q 2016	Delta %
Revenues	49,8	40,5	23,1%
EBITDA	5,6 (*)	5,4	4,8%
% on Revenues	11%	13%	
EBIT	2,5	2,5	2,3%
% on Revenues	5%	6%	
PROFIT (LOSS) BEFORE TAX	1,1	-0,1	1200%
% on Revenues	2%	0%	
NET INCOME	0,8	-0,1	900%
% on Revenues	2%	0%	

GROUP (€ mln)	1Q 2017	2016
NFP	96,9	96,7

^(*) Not considering the effects of last year's real estate transaction EBITDA would have been Euro 6.1 million



ENERGY	1Q2017	1Q2016	Delta %
Revenues	21,9	10,4	110,2%
EBITDA	3,9	2,0	95,0%
% on Revenues	18%	19%	



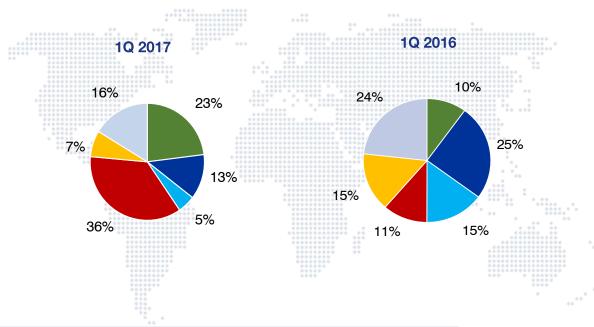
TRENCHERS	1Q2017	1Q2016	Delta %
Revenues	24,4	29,2	-16,5%
EBITDA	0,8	3,7	-78,4%
% on Revenues	3%	13%	



RAILWAY	102017	102016	Delta %
IVAILTEAT	192017	192010	Deita /0
Revenues	3,5	0,8	326,6%
EBITDA	0,9	-0,3	400,0%
% on Revenues	26%	-41%	



INTERNATIONAL SCALE AND EXPOSURE TO GROWING ECONOMIES





Italy: growing weight thanks to Railways and Automation Segment



BRICs and Others: increase due to Indonesian Stringing Contract

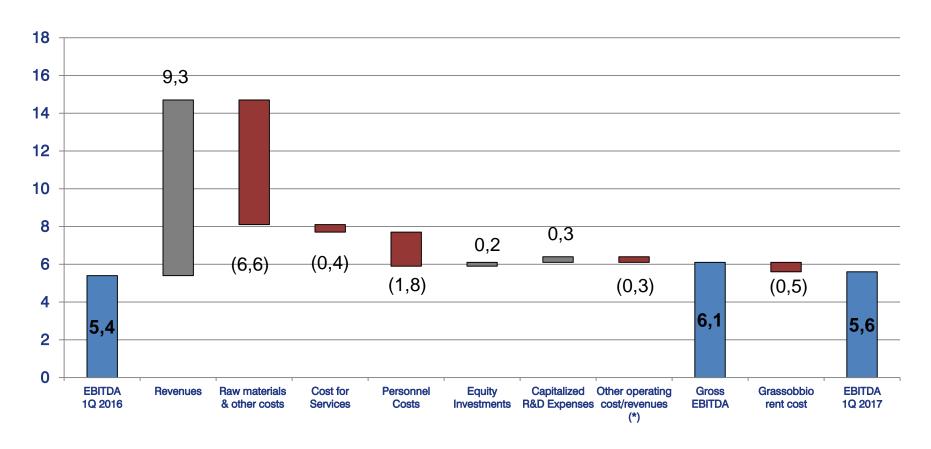


ME and US: still weak due to Trencher sales business



28th April 2017





(*) Not considering the effects of last year's real estate transaction EBITDA would have been Euro 6.1 million

1Q 2016

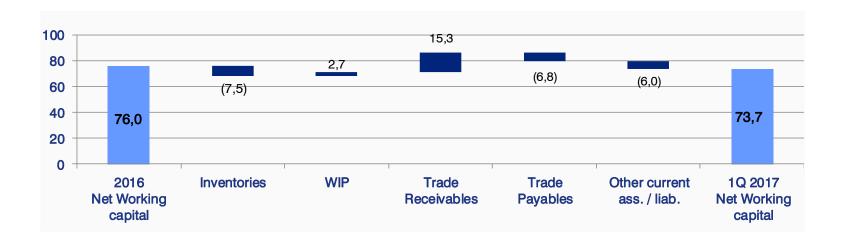
EBITDA increased less than proportionally with respect to revenues due to different product mix

1Q 2017



Financial Information (Euro mln)	1Q 2017	2016
Net Working Capital	73,7	76,0
Non Current assets	72,2	70,1
Other Long Term assets/liabilities	1,2	0,5
Net Invested Capital	147,1	146,6
Net Financial Indebtness	96,9	96,7
Equity	50,2	49,9
Total Sources of Financing	147,1	146,6

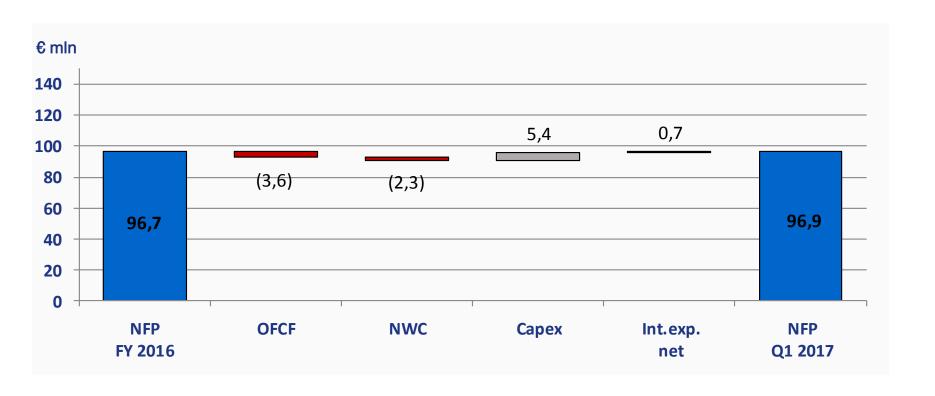




Euro Mln	1Q 2017	2016	Days 1Q 2017	Days 2016
Trade Receivables	64,7	49,4	117	138
Inventories	61,7	69,2	119	198
Work in progress contracts	4,0	1,3		
Trade Payables	(38,0)	(31,2)	-69	-87
Other Current Assets/(Liabilities)	(18,7)	(12,7)	-43	-48
Net Working Capital	73,7	76,0		



OPERATING NET FINANCIAL POSITION



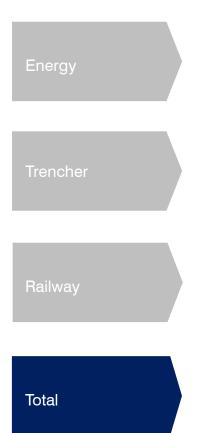
2016

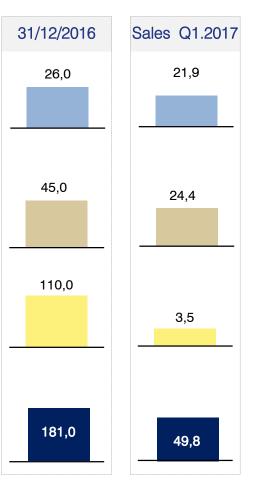
- > Net Financial Position substantially unchanged
- Capex absorbed by Internally generated cash and WC reduction

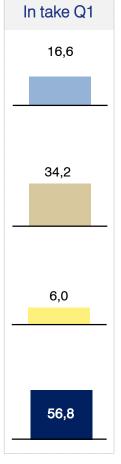
Q1 2017

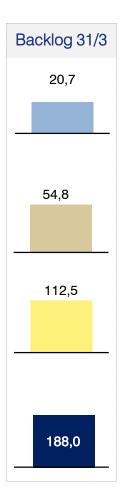


BACKLOG











TREND

BUSINESS

- 1 Upturn USA economy
- 2 Impact of new service model (Energy/Telecom)
- 3 Rail and energy automation projects impacts

OUTLOOK

ECONOMICS & FINANCIALS



- 1 Sales: 2Q.2017 increase compared to SPPY in line with 1Q.2017
- 2 2017 Sales: 160–170 M€ (after 1Q.2017 closer to top range)
- **3** EBITDA:15%
- 4 NFP reduction starting from 2Q.2017
- **5** Backlog 2Q.2017 in line with 1Q.2017

Summary 1Q 2017 Profit & Loss statement - Appendix A



Profit & Loss Account (€ mln)	1Q 2017	1Q 2016	Delta vs 2016	Delta %
Net Revenues	49,8	40,5	9,3	23,0%
Raw materials costs (-)	(24,4)	(17,8)	(6,6)	37%
Cost for services (-)	(8,1)	(7,7)	(0,4)	5%
Personnel Costs (-)	(11,2)	(9,4)	(1,8)	19%
Other operating revenues/costs (+/-)	(2,3)	(1,4)	(0,9)	64%
Portion of gain/(losses) from equity investments evaluated using the equity method	0,3	0,1	0	200%
Capitalized R&D expenses	1,5	1,1	0	36%
Total operating costs	(44,2)	(35,1)	(9,1)	25,9%
% on Net Revenues	(89%)	(87%)		
EBITDA	5,6	5,4	0,2	31,1%
% on Net Revenues	11%	13%		
Depreciation, amortization (-)	(3,1)	(2,9)	(0,2)	7%
EBIT	2,5	2,5	(0,0)	21,9%
% on Net Revenues	5%	6%		
Net Financial Income/Expenses (+/-)	(1,5)	(2,4)	0,9	-38%
Taxes (-)	(0,2)	(0,03)	(0,2)	567%
Minorities	0,0	(0,06)	-	-
Group Net Income (Loss)	0,8	(0,05)	0,8	-1700,0%
% on Net Revenues	2%	0%		

Summary 1Q 2017 Balance Sheet - Appendix B



Balance Sheet (€ mln)	1Q 2017	2016
Inventory	65,7	70,5
Accounts receivable	64,7	49,4
Accounts payable (-)	(38,0)	(31,2)
Op. working capital	92,4	88,7
Other current assets (liabilities)	(18,7)	(12,7)
Net working capital	73,7	76,0
Tangible assets	49,4	47,3
Intangible assets	18,8	18,9
Financial assets	4,0	3,9
Fixed assets	72,2	70,1
Net long term liabilities	1,2	0,5
Net invested capital	147,1	146,6
Cash & near cash items (-)	(21,2)	(18,5)
Short term financial assets (-)	(8,3)	(9,1)
Short term borrowing	73,6	70,1
Medium-long term borrow ing	52,8	54,2
Net financial position	96,9	96,7
Equity	50,2	49,9
Funds	147,1	146,6



Disclaimer

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