



# Integrated Solutions Provider

European Midcap Event

Paris, 28- 29 June 2017

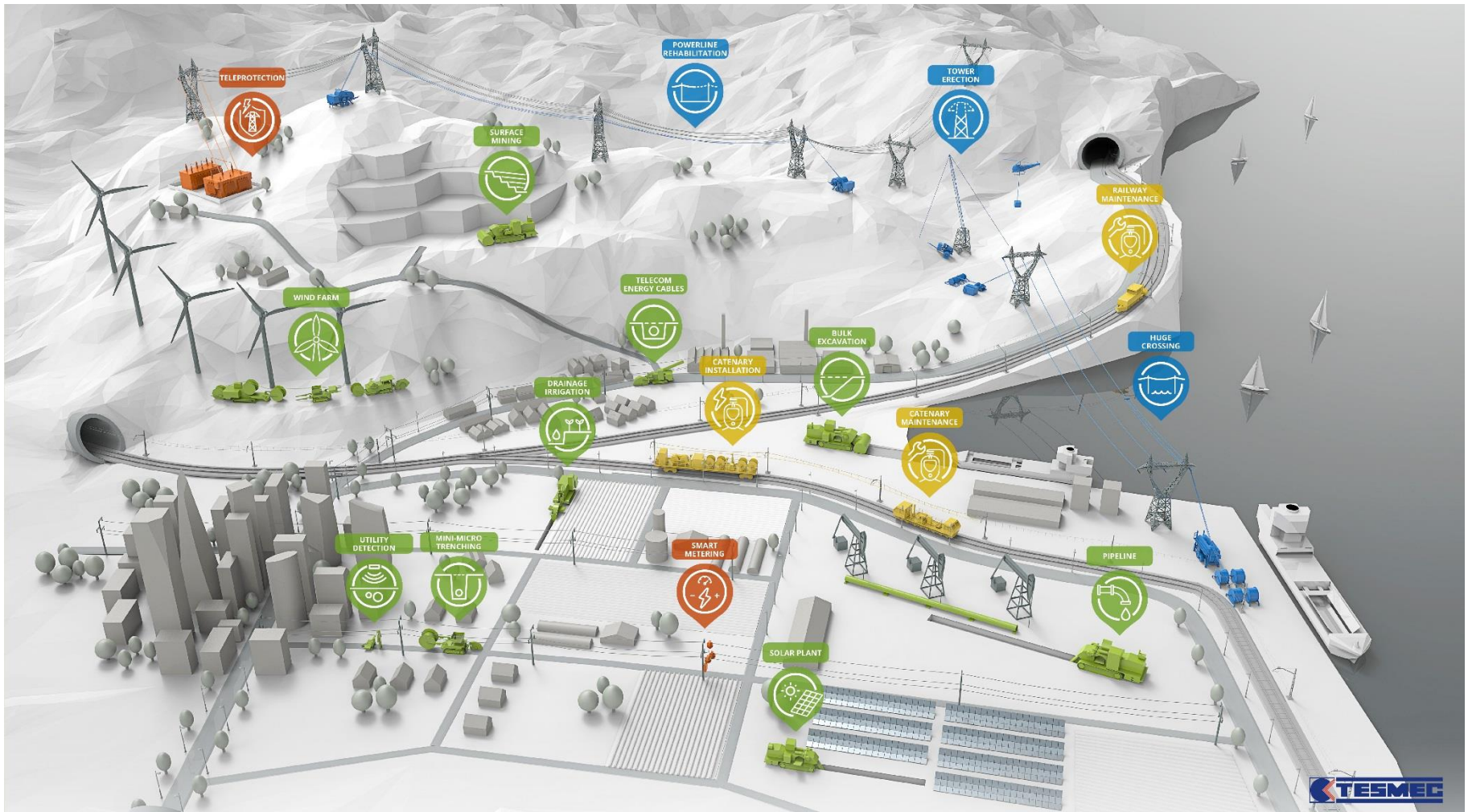


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## > **Corporate Strategy**

> Business Units

> 1Q 2017 Results



Stringing

Automation

Railway

Trencher

## STRINGING



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

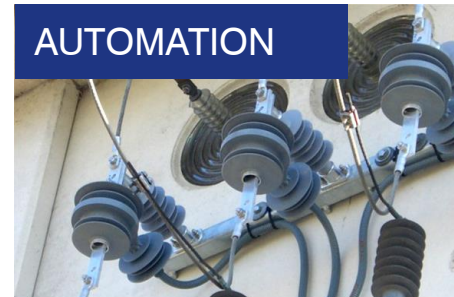
## RAILWAY



- > 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

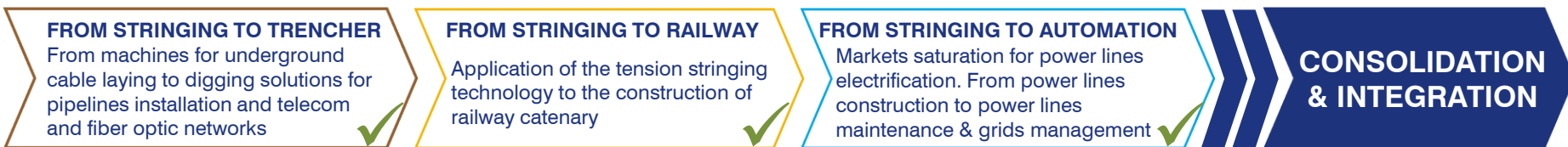
# TESMEC

## “ 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



**RESEARCH COMMITMENT**

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

**SUSTAIN THE INTERNATIONALIZATION 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





Tesmec Group **headquarters** are located in Grassobbio, close to Milan.

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.

## KEY FIGURES



**9** Production plants

7 in Italy, 1 in USA, 1 in France



**+650** people



**+60** years of experience

**90%** Export



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

**+135** Countries choose Tesmec



**TESMEC S.p.A.**  
**Headquarters**  
Grassobbio (BG) - Italy



**TESMEC S.p.A**  
Sirone - Italy



**TESMEC S.p.A.**  
Endine - Italy



**TESMEC SERVICE**  
Monopoly - Italy



**SGE**  
Padova - Italy



**BERTEL**  
Fidenza - Italy



**CPT**  
Patrica - Italy

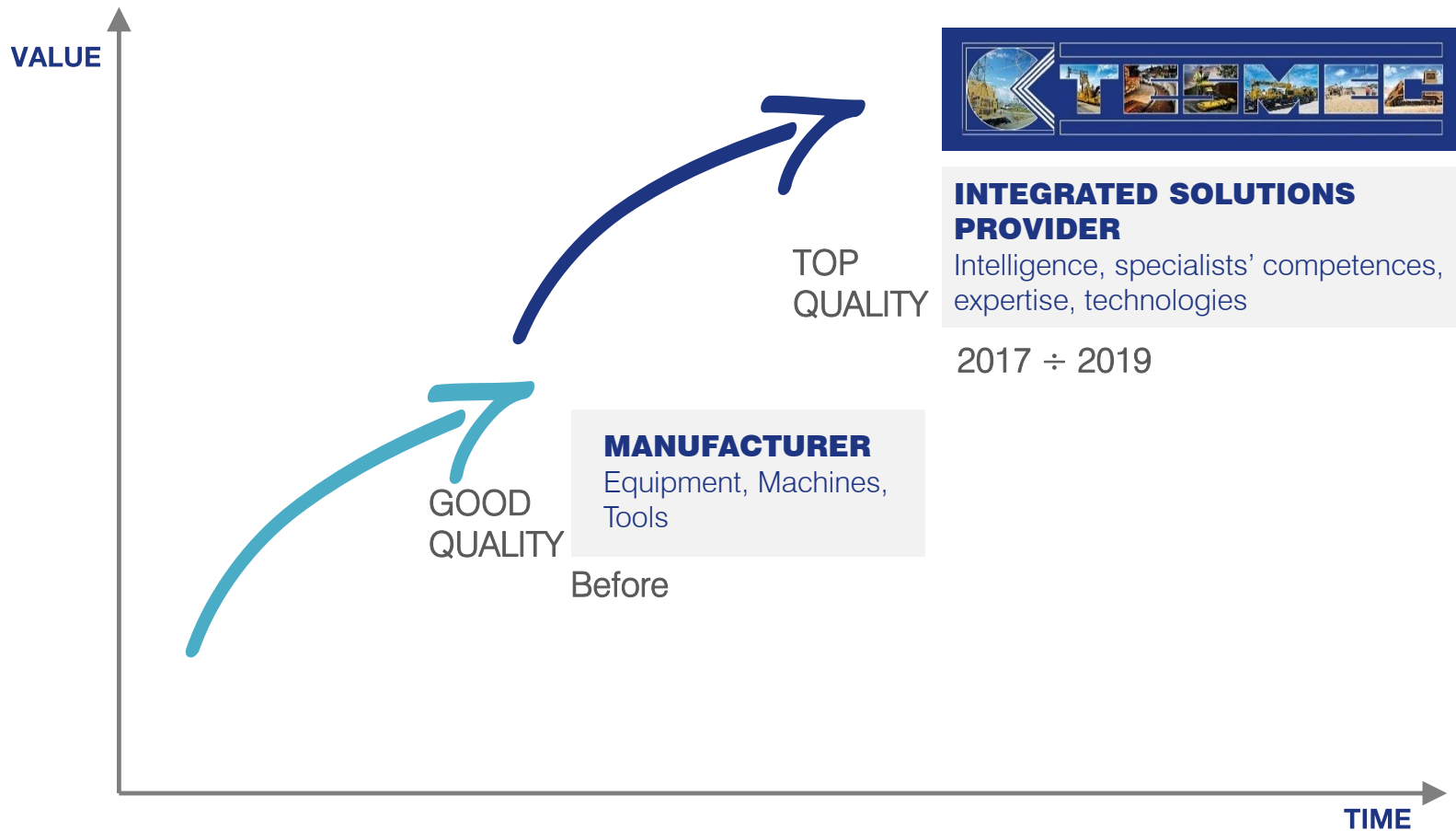


**GROUPE  
MARAIS**  
Durtal -  
France



**TESMEC USA**  
Texas - USA





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

> **Business Units**

> 1Q 2017 Results



“ Advanced working methodology:  
integrated systems &  
technological solutions  
for a complete jobsite  
management ”

## > MODULAR SOLUTIONS



**Sales/Rental**



**After-sales**



**Engineering**

## > AUTOMATIC DIGGING AND SELF DIAGNOSTIC

- > Ease use of the trencher
- > Increase productivity
- > Less dependent on operator skills

## > GEOLOGICAL STUDIES & CONSULTING SERVICE

- > Site survey to assess environmental risk & local conditions

## > SATELLITE AUTOMATIC GUIDANCE

- > Automatic Alignment control
- > Depth & grade control

## > TRAINING ON JOBSITE & SUPERVISION

- > Superior support (technical + after sales)

## > REMOTE MONITORING AND REPORTING

- > On-demand retrieval of operating
- > Maintenance and troubleshooting information



## 1 Hard rock trenching - USA

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



## 3 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 Riyadh metro station SAUDI ARABIA

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



## 4 Al-Ula water pipeline SAUDI ARABIA

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



## 8 Multi-product pipeline SOUTH AFRICA

Depth: 6,2'-7,8' (190-240 cm)  
width: 36" (92 cm) length: (375 km)  
Models: 4 x 1475 CS



## 5 Bulk Excavation FRANCE

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



## 9 Fiber Optics Laying UK

Models: Sidecut-W R300L  
(former SC2P R300L)  
Georadar Explorer 2.0



## 2 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



## 6 Permafrost pipeline RUSSIA

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



## 10 Wind Farms Projects AUSTRALIA - NEW ZEALAND

Automatic cables laying system  
Trenching, laying and backfilling in just one pass





“ From devices manufacturer to integrated solutions provider for the grids of tomorrow ”

## > **ADVANCED TECHNOLOGIES**

- > High performance solutions for energy efficiency

## > **STRATEGIC PARTNERSHIP**

- > Co-development of innovative products as technological partner with high-tech leaders

## > **TAILOR-MADE SOLUTIONS**

- > Performance improvement through customized solutions

## > **TECHNICAL EXPERT SUPPORT**

- > Technological support from experienced engineers





1

## Distribution system operator SOUTH AMERICA

MV fault passage indicators (FPI) for monitoring of line status, voltage presence and fault detection on power lines



2

## Electricity transmission system operator ITALY

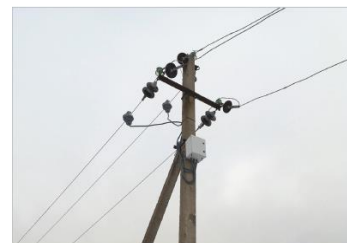
Digital/analog Power Line Carrier A reliable system for data, voice and tele protection transmission over high voltage power lines



3

## Interregional and regional grid operator - RUSSIA

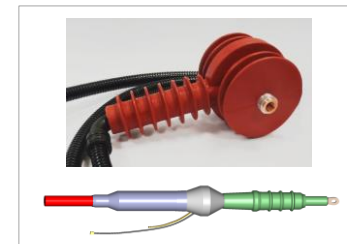
Smart Metering Tool (SMT) for real-time accurate measurement of energy parameters in 10kV power lines and identification of technical and non-technical losses



4

## Open collaboration with international Partners

Sensors provide reliable current, voltage and phase angle values for monitoring, fault detection and automation systems





“A new concept  
of integrated systems 4.0  
for energy transport and  
distribution:  
Simple, Safe  
and Reliable”

- > **DURABILITY 25 YEARS**
  - > Maximum economic efficiency during life cycle of the equipment

- > **PERFORMANCE RELIABILITY**
  - > Most trusted equipment for any project, optimum performance

- > **TECHNICAL EXPERT SERVICE**
  - > Technological support from our experienced engineers

- > **TRAINING ON JOBSITE**
  - > Full training package with professional engineer and onsite instruction

- > **NEW DIGITAL HUMAN MACHINE INTERFACE**
  - > Unique user-friendly controls provide advanced automation



## 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



## 5 Extreme temperature RUSSIA

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



## 6 Line construction SAUDI ARABIA

Yanbu-Madinah 380 kV line  
Longest project portion: 230 km  
4-500mm<sup>2</sup> 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





“ Catenary specialist  
for the installation,  
maintenance and diagnostic  
for railway lines ”

## > **TOP TECHNOLOGIES**

- > High technological & innovative solutions which guarantee a successful efficient working methodology

## > **CONSULTING SERVICE**

- > Advanced working methodologies to reduce time & operative costs
- > Technological support from experienced engineers

## > **SAFETY FIRST**

- > Solutions in compliance with the European Directive EN14033
- > High safety levels for both railway line and operators

## > **TAILOR MADE**

- > Flexible/Modular designing and manufacturing approach
- > Modularity platform with customized equipment installation

## > **HIGH MOBILITY AS PASSENGER TRAIN ON RAILWAY INFRASTRUCTURES**

- > Fast & Safe High mobility on active line
- > Movement in composition as a passenger train





## 1 Eagle P3 Project USA

1 Constant tension stringing unit  
1 Catenary maintenance unit  
for a very fast rail wire installation



## 2 Huge, top performing unit USA

1 Work car + 1 Reel car  
1 Catenary maintenance unit  
Special-purpose equipment for  
stringing and recovering wires



## 3 TGV, high speed railway FRANCE

8 Constant tensions stringing  
units  
Max speed line: 515.3 km/h



## 4 High maintenance level ITALY

88 Multipurpose railway vehicles  
16 Revamping maintenance units  
1 Constant tensions stringing unit  
118 Full maintenance service



## 5 Snow removal NORWAY

3 Snow removal units  
Maintenance unit operative at low  
temperatures (-40°C; -40°F)



## 6 Extreme temperature RUSSIA

10 constant tensions  
stringing units



## 7 High speed - CHINA

>30 Constant tensions  
stringing units  
1,318 km BEIJING-SHANGHAI  
Max Speed line 380km/h & 505 km  
Zhengzhou-Xi'an Speed line:350km/h



## 8 Customized solutions - POLAND

4 Constant tensions stringing units  
Tensioning system for railway wiring  
operations composed by working units  
mounted on ISO 20 size flat modules





> Corporate Strategy

> Business Units

> **1Q 2017 Results**

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



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



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

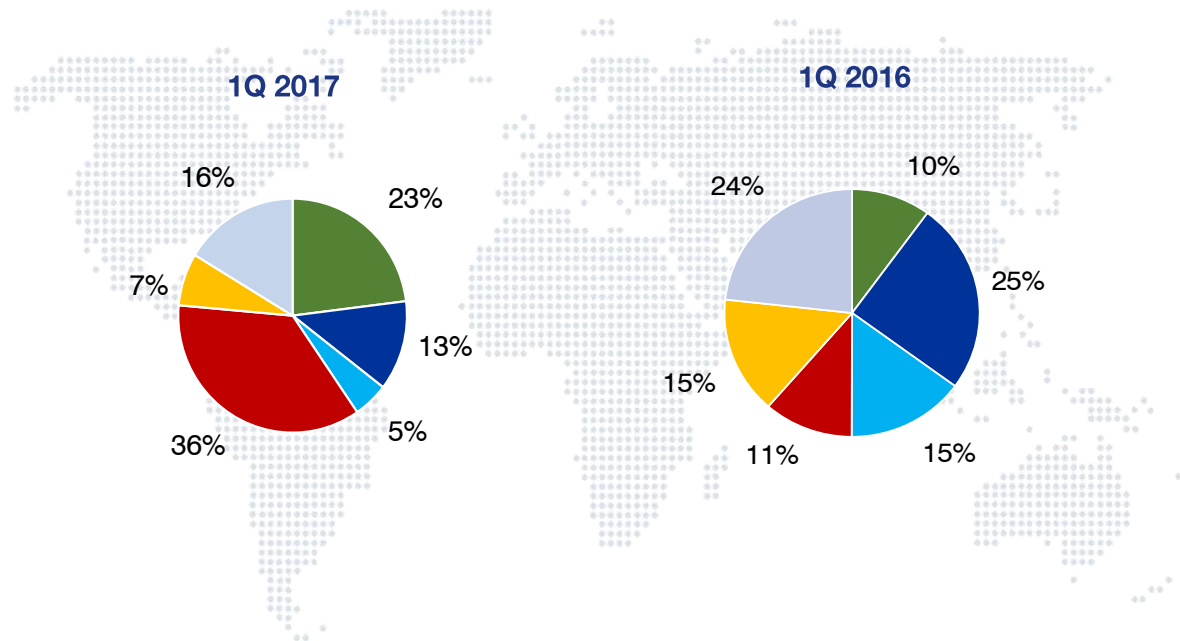


<b>RAILWAY</b>	<b>1Q2017</b>	<b>1Q2016</b>	<b>Delta %</b>
<b>Revenues</b>	<b>3,5</b>	<b>0,8</b>	<b>326,6%</b>
<b>EBITDA</b>	<b>0,9</b>	<b>-0,3</b>	<b>400,0%</b>
% on Revenues	26%	-41%	

<b>GROUP</b> (€ mln)	<b>1Q 2017</b>	<b>2016</b>
<b>NFP</b>	<b>96,9</b>	<b>96,7</b>

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

## INTERNATIONAL SCALE AND EXPOSURE TO GROWING ECONOMIES



**Italy:** growing weight thanks to Railways and Automation Segment

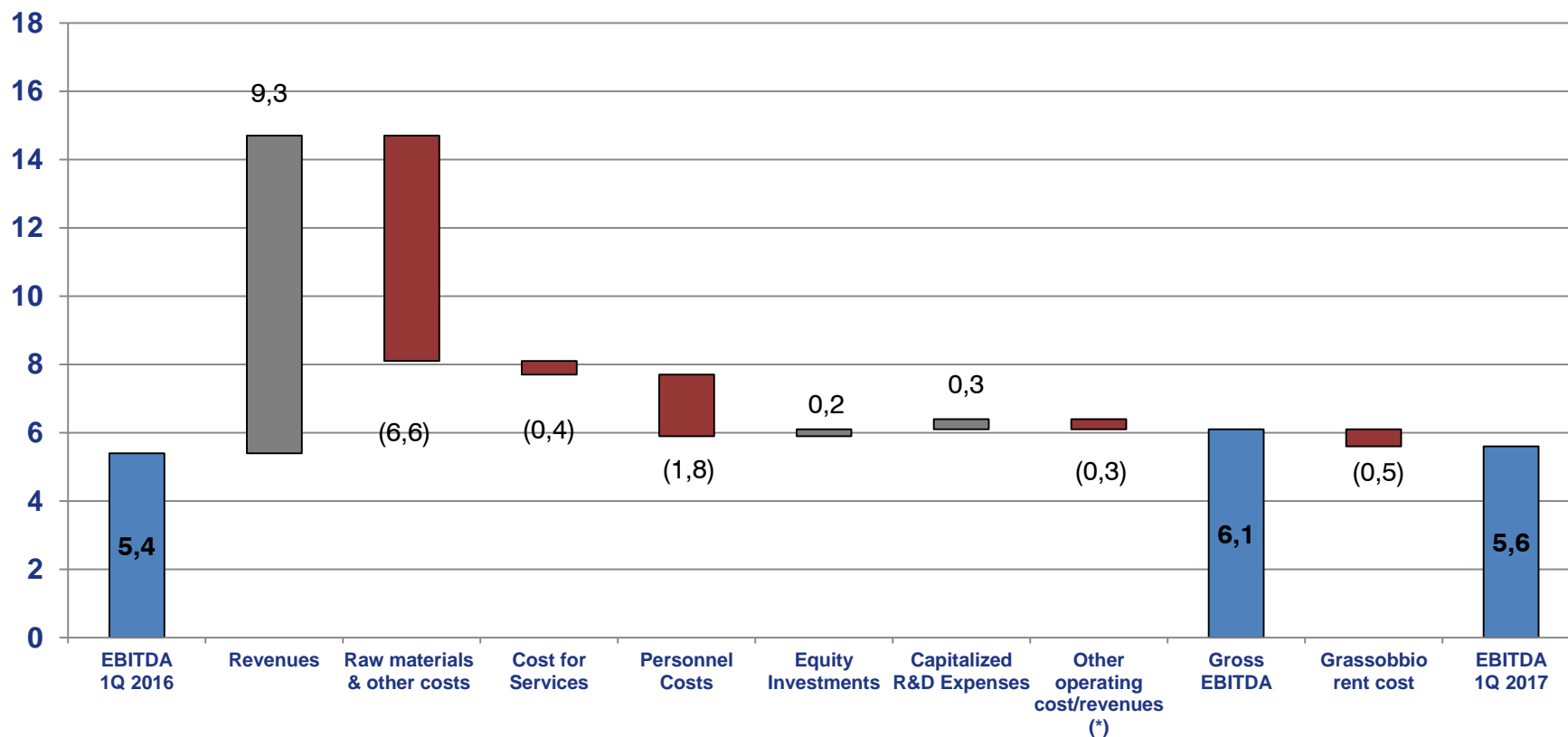


**BRICs and Others:** increase due to Indonesian Stringing Contract



**ME and US:** still weak due to Trencher sales business





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

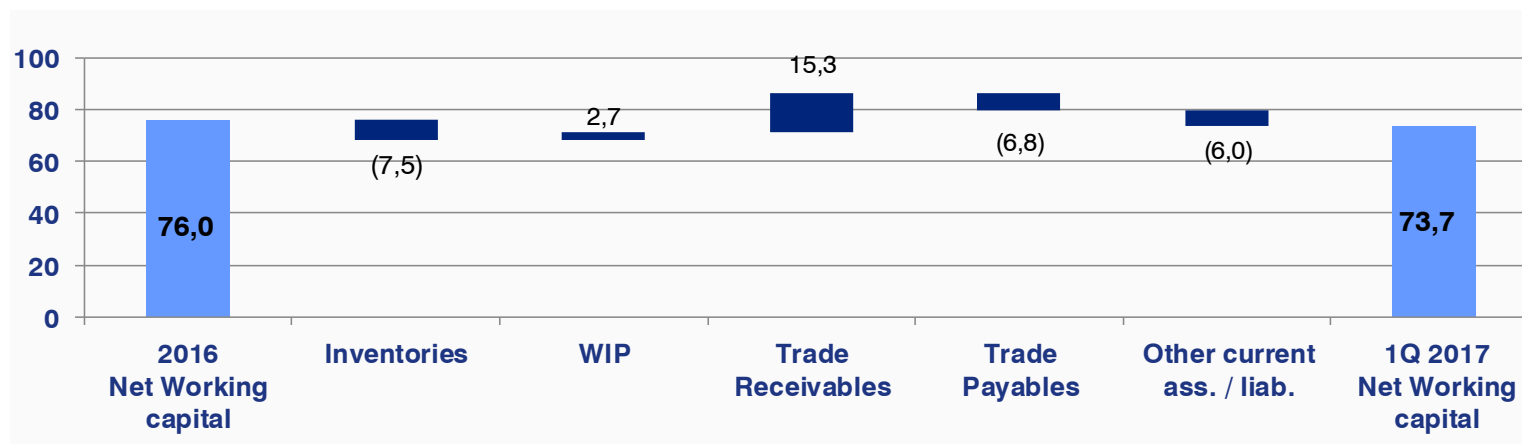
1Q 2016

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

1Q 2017

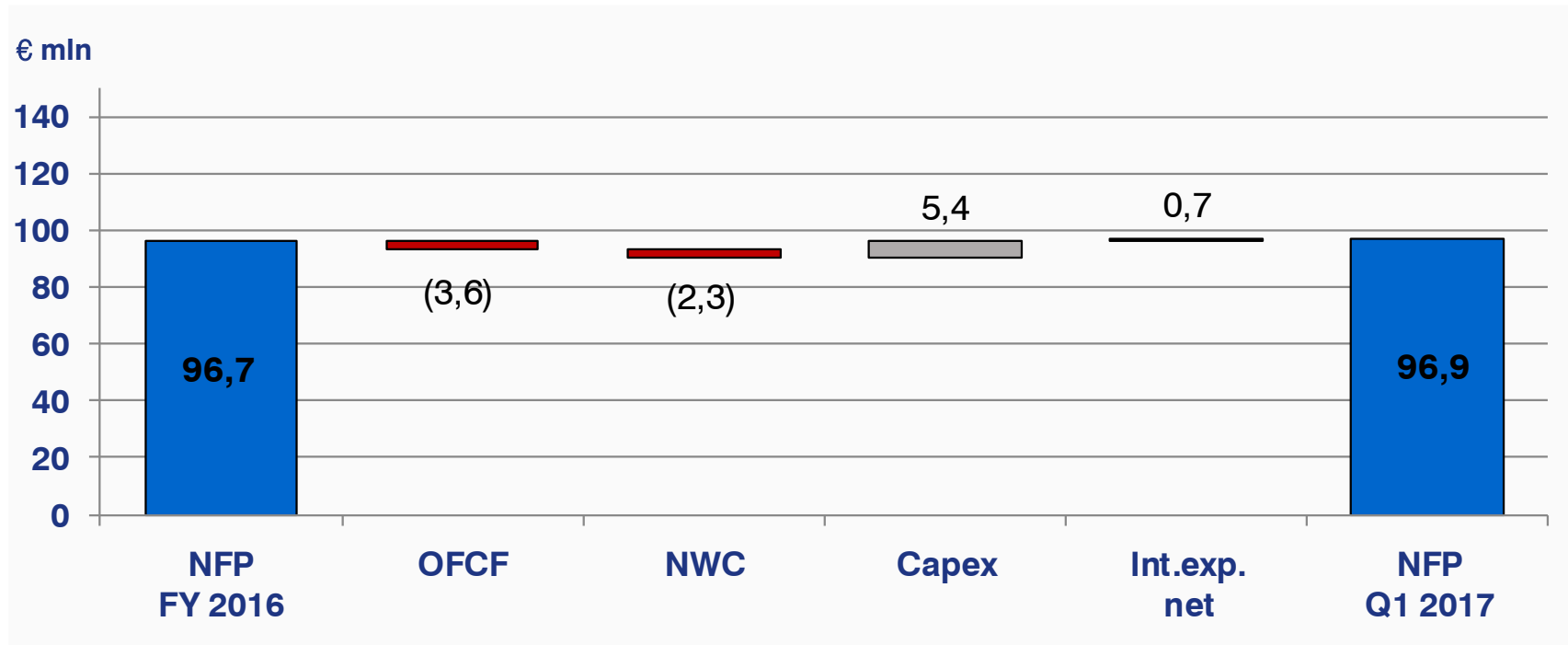
<b>Financial Information</b> (Euro mln)	<b>1Q 2017</b>	<b>2016</b>
Net Working Capital	73,7	76,0
Non Current assets	72,2	70,1
Other Long Term assets/liabilities	1,2	0,5
<b>Net Invested Capital</b>	<b>147,1</b>	<b>146,6</b>
Net Financial Indebtness	96,9	96,7
Equity	50,2	49,9
<b>Total Sources of Financing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





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
<b>Net Working Capital</b>	<b>73,7</b>	<b>76,0</b>		

## OPERATING NET FINANCIAL POSITION



2016

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

Q1 2017

## BACKLOG



## STRINGING

- **Launch of new stringing machines 4.0 on target market** (EU, Germany, North America)
- **Strengthen our sales force:**  
Sales Network Meeting with agents (Stringing + Automation)
- **Implementation** of marketing actions **in Indonesia**



## AUTOMATION

- **Enhance market presence** of advanced automation solutions for HV and MV power lines and **strengthen our value proposition**
- **Entering in extra EU markets:**  
for the 1<sup>st</sup> time participation at the Middle East Electricity in Dubai
- **Launch of technological developments** for the integrated solutions (Sensors+protection relè)





## RAILWAY

- » **Implementation of our railway working methodology on target markets, focus on EU:**  
for **the 1<sup>st</sup> time attendance to IAF in Germany**, the largest fair in the world in the field of track technology.
- » Increase **international sales** channel: **ongoing negotiations** with key players
- » **Tender results notice** in the following months





## INTEGRATED SOLUTIONS

### FTTx & CABLES

- » **France: rental** activity regional deployment
- » **Ivory Coast: rental projects** for the automatic cable laying **with key accounts**
- » **UK: Feasibility studies** for power networks projects
- » **USA: rental market opportunities**  
→ attendance to the FTTH Connect
- » **Eastern Africa: development phase** to open a **new distribution hub**
- » **Philippines: sales** success
- » **Push the principle for FTTx: the Georadar**



### ENERGY CABLES (WIND, SOLAR)

- » Business **integration** with **automation** and **stringing**
- » **New Zealand & Australia:** strong market  
→ **export business model**
- » **Australia: first solar farm** project
- » **Mexico: photovoltaic** power station cables installation in progress



## TRENCHER

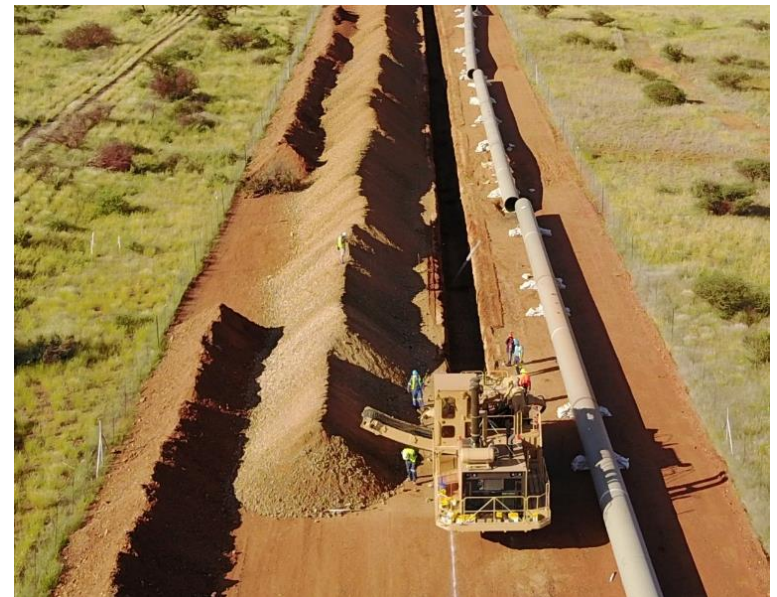
### BULK EXCAVATION & SURFACE MINING

- **Consolidation** of huge opportunities



### PIPELINE

- **Good results** in the **rental industry**
- Few large **oil&gas pipeline projects** in **Kuwait**



## 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 **Backlog 2Q.2017** in line with 1Q.2017

Profit & Loss Account (€ mln)	1Q 2017	1Q 2016	Delta vs 2016	Delta %
<b>Net Revenues</b>	<b>49,8</b>	<b>40,5</b>	<b>9,3</b>	<b>23,0%</b>
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%
<b>Total operating costs</b>	<b>(44,2)</b>	<b>(35,1)</b>	<b>(9,1)</b>	<b>25,9%</b>
<i>% on Net Revenues</i>	<i>(89%)</i>	<i>(87%)</i>		
<b>EBITDA</b>	<b>5,6</b>	<b>5,4</b>	<b>0,2</b>	<b>31,1%</b>
<i>% on Net Revenues</i>	<i>11%</i>	<i>13%</i>		
Depreciation, amortization (-)	(3,1)	(2,9)	(0,2)	7%
<b>EBIT</b>	<b>2,5</b>	<b>2,5</b>	<b>(0,0)</b>	<b>21,9%</b>
<i>% on Net Revenues</i>	<i>5%</i>	<i>6%</i>		
Net Financial Income/Expenses (+/-)	(1,5)	(2,4)	0,9	-38%
Taxes (-)	(0,2)	(0,03)	(0,2)	567%
Minorities	0,0	(0,06)	-	-
<b>Group Net Income (Loss)</b>	<b>0,8</b>	<b>(0,05)</b>	<b>0,8</b>	<b>-1700,0%</b>
<i>% on Net Revenues</i>	<i>2%</i>	<i>0%</i>		

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

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