



# Integrated Solutions Provider

STAR Conference 2017, London

Mon. 9, Tue. 10 October 2017

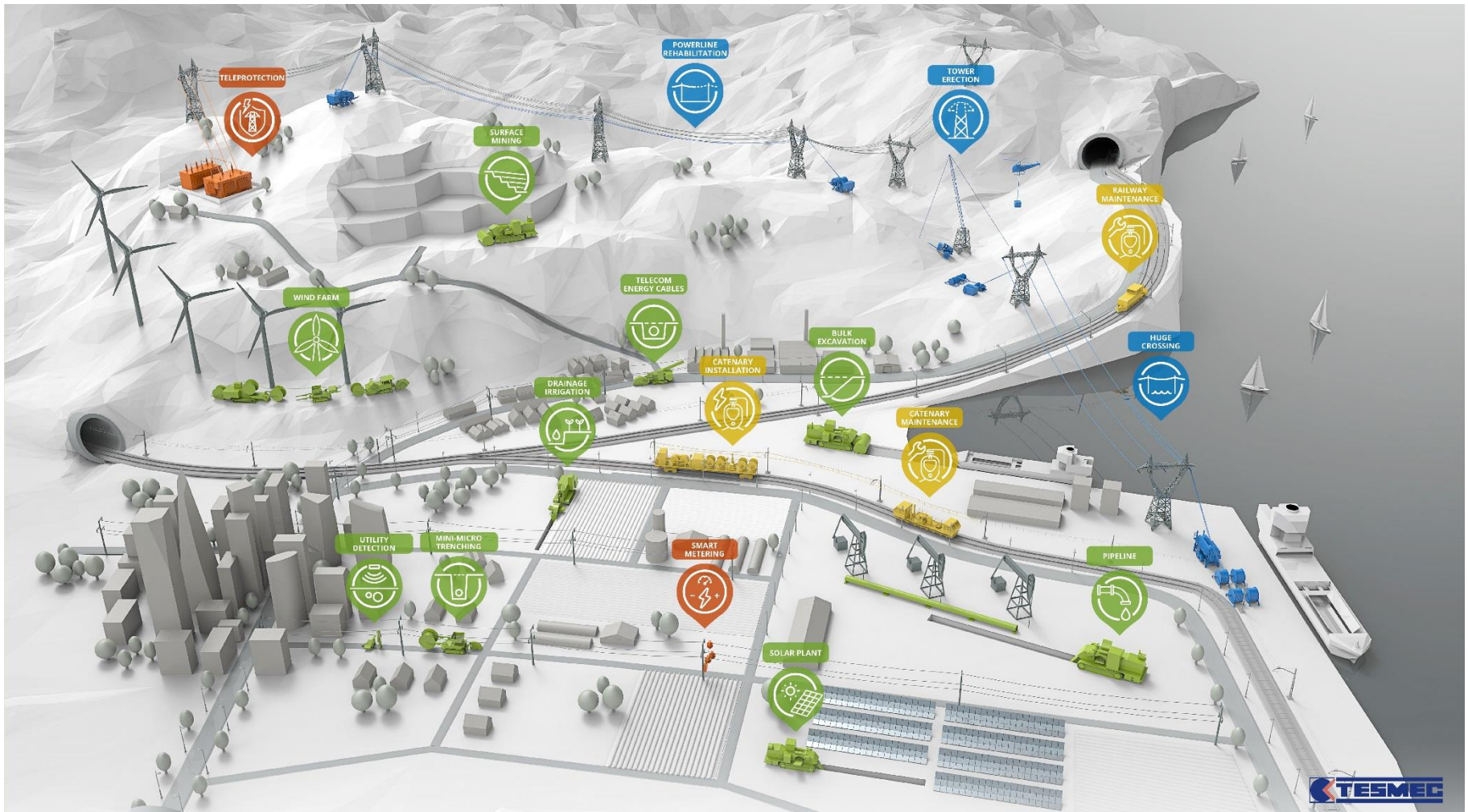


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**> Corporate Strategy**

> 1H 2017 Results

> Outlook 2H 2017



 Stringing

 Energy Automation

 Railway

 Trencher

## STRINGING



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

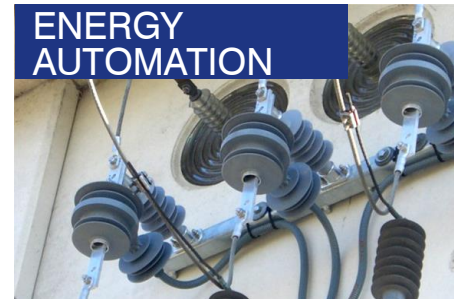
## RAILWAY



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

## FULLY INTEGRATED SOLUTIONS PROVIDER

## ENERGY 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

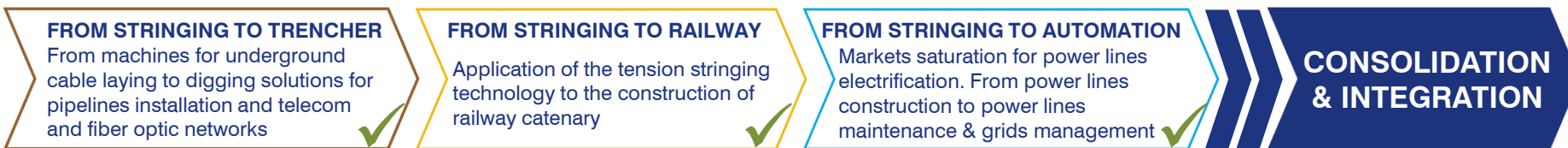
# TESMEC

## “ 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 INTERNATIONALISATION GROWTH PHASE**

Expansion of products range through key partnership

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

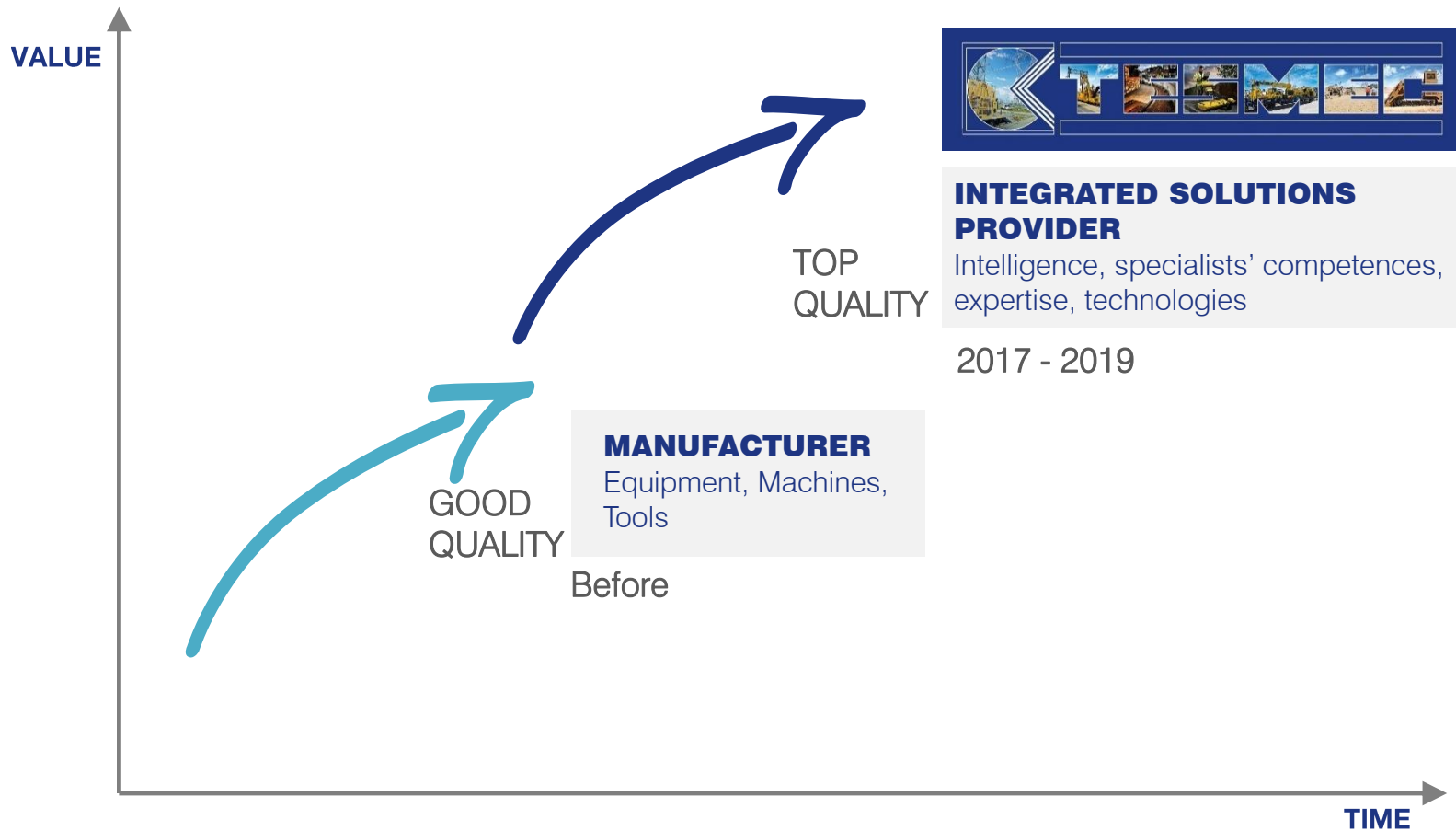
Both catenary construction and maintenance and special application

**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

> **1H 2017 Results**

> Outlook 2H 2017



<b>GROUP</b> (€ mln)	<b>1H 2017</b>	<b>1H 2016</b>	<b>Delta %</b>
<b>Revenues</b>	<b>91,1</b>	<b>74,0</b>	<b>23,2%</b>
<b>EBITDA</b>	<b>8,7 (*)</b>	<b>7,4</b>	<b>18,3%</b>
% on Revenues	10%	10%	
<b>EBIT</b>	<b>2,0</b>	<b>1,4</b>	<b>39,0%</b>
% on Revenues	2%	2%	
<b>DIE</b>	<b>(3,1)</b>	<b>(0,5)</b>	<b>-592,7%</b>
Differences in Exchange			
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>(2,5)</b>	<b>(1,3)</b>	<b>-99,1%</b>
% on Revenues	-3%	-2%	
<b>NET INCOME</b>	<b>(1,8)</b>	<b>(1,3)</b>	<b>-37,3%</b>
% on Revenues	-2%	-2%	



<b>ENERGY</b>	<b>1H2017</b>	<b>1H2016</b>	<b>Delta %</b>
<b>Revenues</b>	<b>32,0</b>	<b>22,2</b>	<b>44,2%</b>
<b>EBITDA</b>	<b>5,6</b>	<b>2,5</b>	<b>119,7%</b>
% on Revenues	17%	11%	



<b>TRENCHERS</b>	<b>1H2017</b>	<b>1H2016</b>	<b>Delta %</b>
<b>Revenues</b>	<b>51,3</b>	<b>49,4</b>	<b>3,7%</b>
<b>EBITDA</b>	<b>2,0</b>	<b>4,7</b>	<b>-56,8%</b>
% on Revenues	4%	10%	

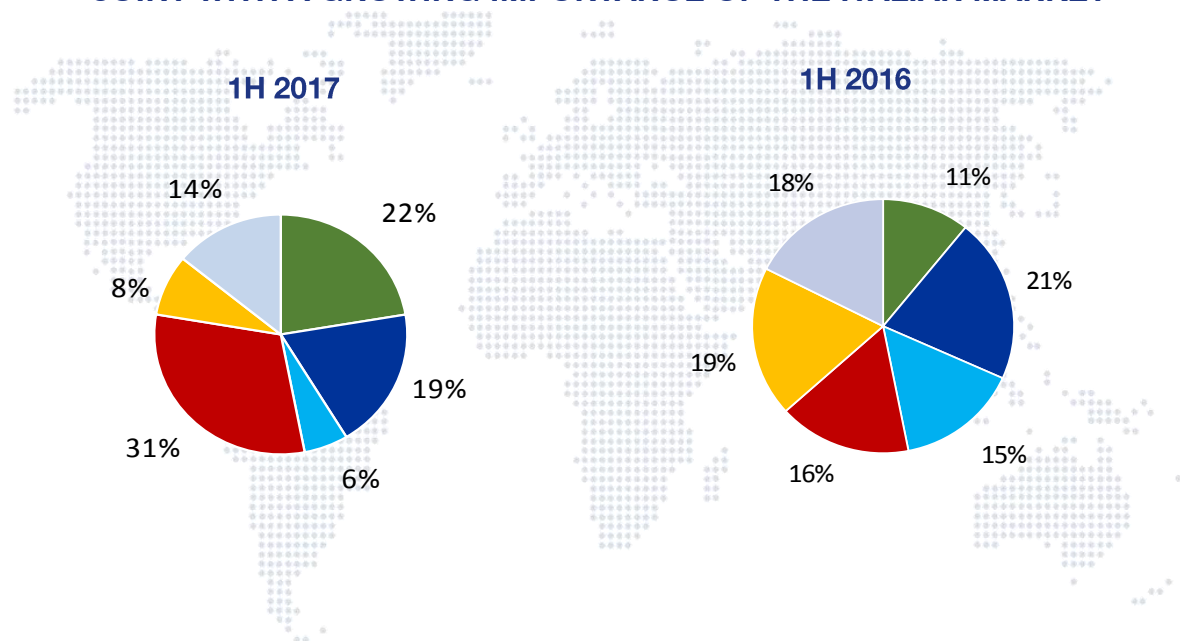


<b>RAILWAY</b>	<b>1H2017</b>	<b>1H2016</b>	<b>Delta %</b>
<b>Revenues</b>	<b>7,8</b>	<b>2,4</b>	<b>233,1%</b>
<b>EBITDA</b>	<b>1,1</b>	<b>0,2</b>	<b>812,9%</b>
% on Revenues	14%	5%	

<b>GROUP</b> (€ mln)	<b>1H 2017</b>	<b>2016</b>
<b>NFP</b>	<b>91,5</b>	<b>96,7</b>

(\*) Not considering the effects of last year's real estate transaction EBITDA would have been Euro 9.7 million

## INTERNATIONAL SCALE AND EXPOSURE TO GROWING ECONOMIES JOINT WITH A GROWING IMPORTANCE OF THE ITALIAN MARKET



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



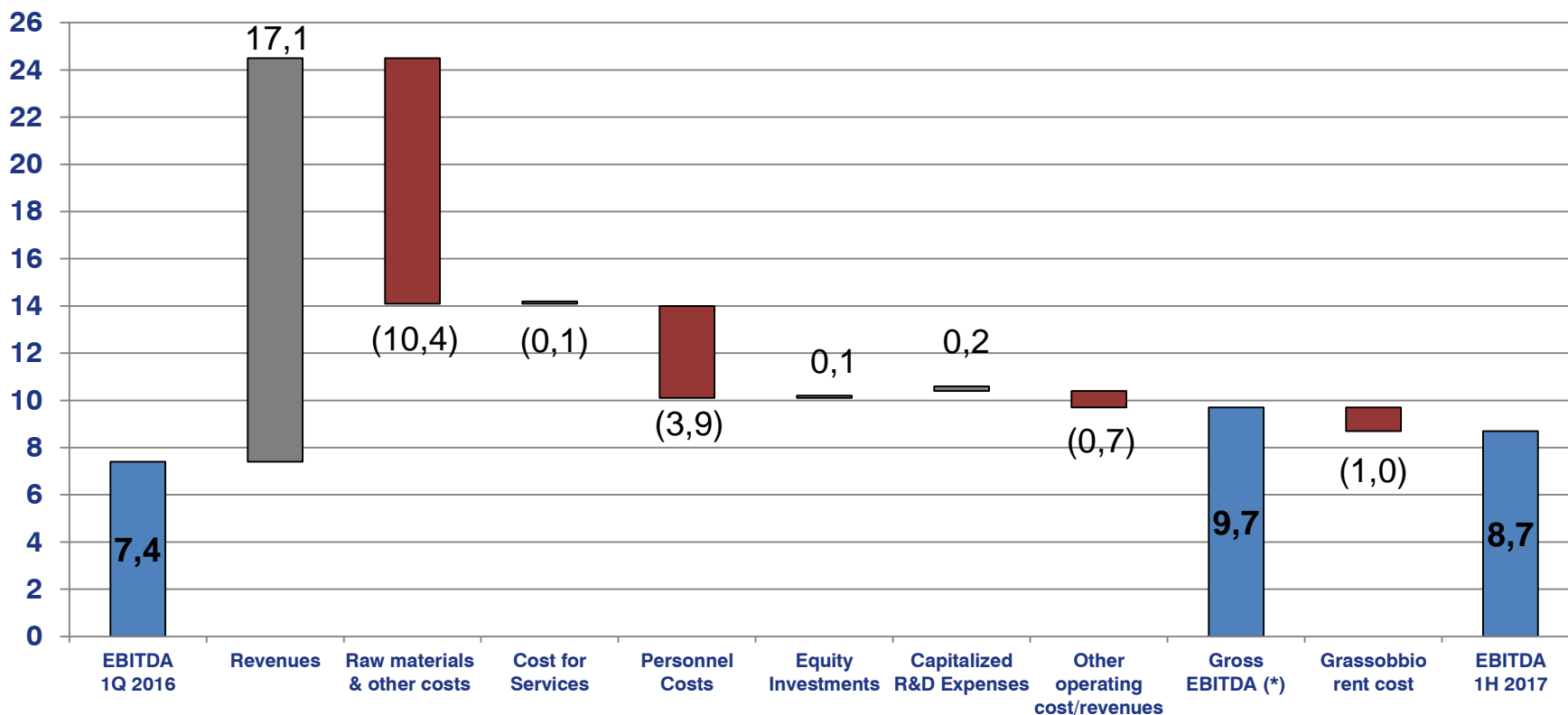
**BRICs and Others:** increase due to Indonesian Stringing Contract and Oceania service business



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



# EBITDA 1H 2017: increase despite higher rent costs



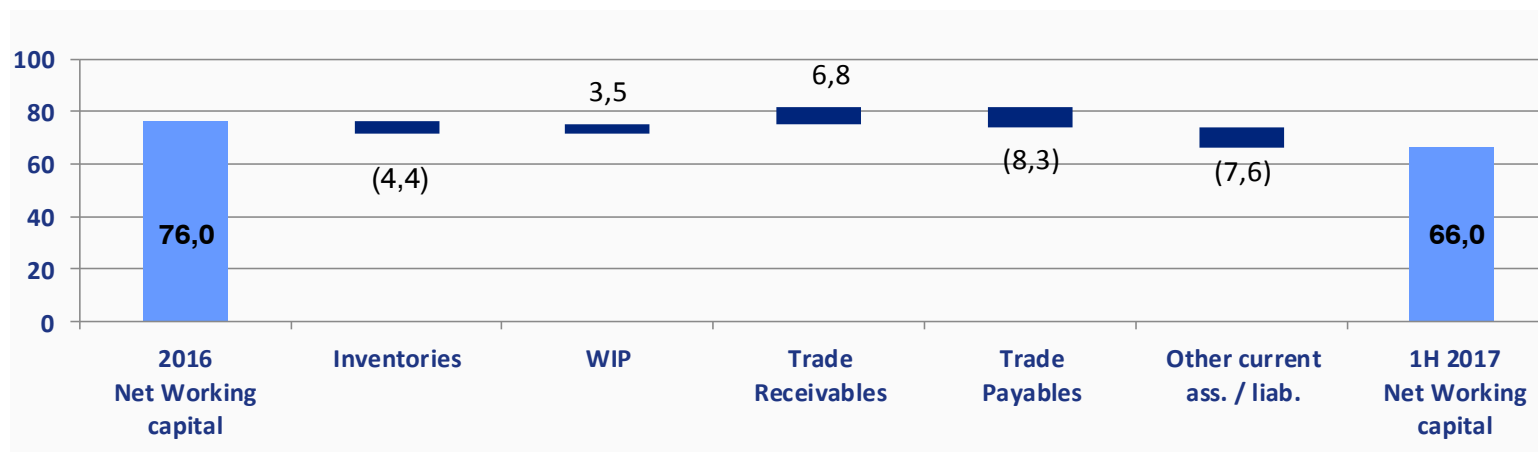
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1H 2016

**EBITDA increased by 18,3% with respect to SPPY thanks to Stringing and Railway performance**

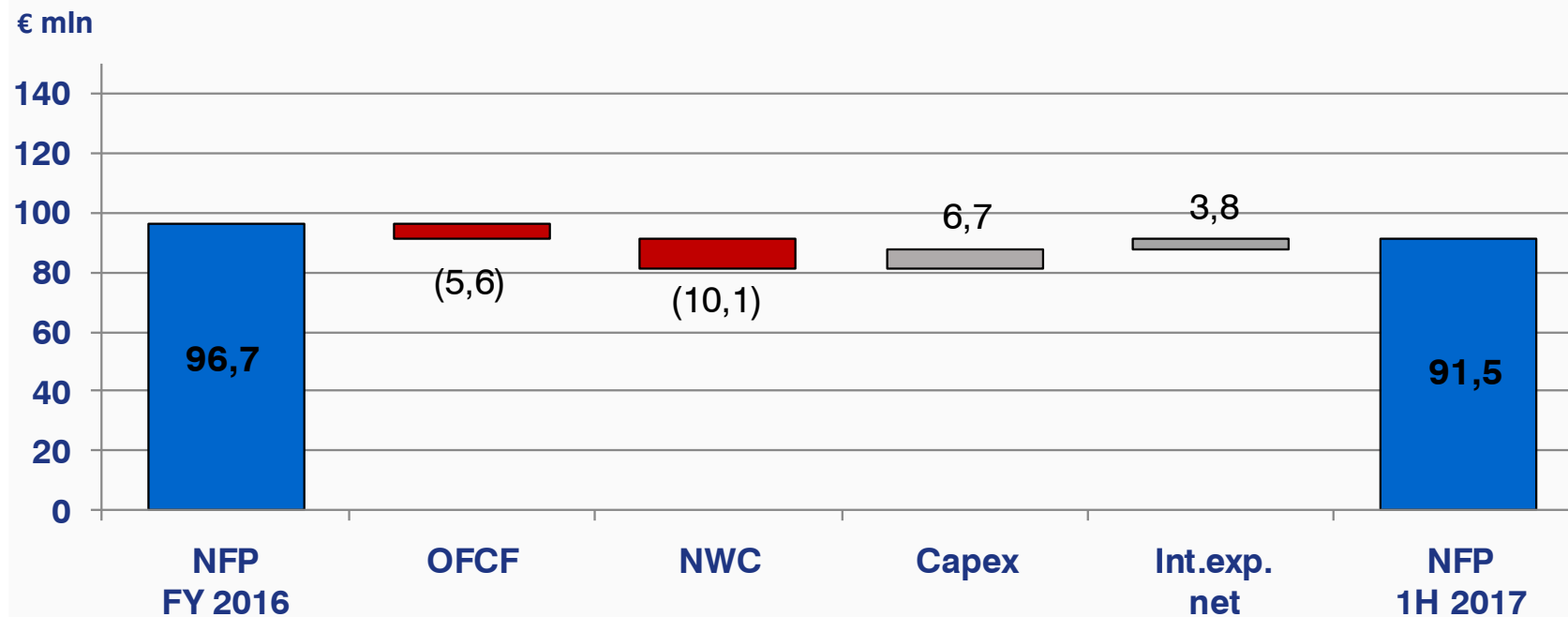
1H 2017

<b>Financial Information</b> (Euro mln)	<b>1H 2017</b>	<b>2016</b>
Net Working Capital	66,0	76,0
Non Current assets	70,1	70,1
Other Long Term assets/liabilities	1,5	0,5
<b>Net Invested Capital</b>	<b>137,6</b>	<b>146,6</b>
Net Financial Indebtness	91,5	96,7
Equity	46,1	49,9
<b>Total Sources of Financing</b>	<b>137,6</b>	<b>146,6</b>



Euro Mln	1H 2017	2016	Days 1H 2017	Days 2016
Trade Receivables	56,2	49,4	111	138
Inventories	64,8	69,2	137	198
Work in progress contracts	4,8	1,3		
Trade Payables	(39,5)	(31,2)	-78	-87
Other Current Assets/(Liabilities)	(20,3)	(12,7)	-48	-48
<b>Net Working Capital</b>	<b>66,0</b>	<b>76,0</b>		

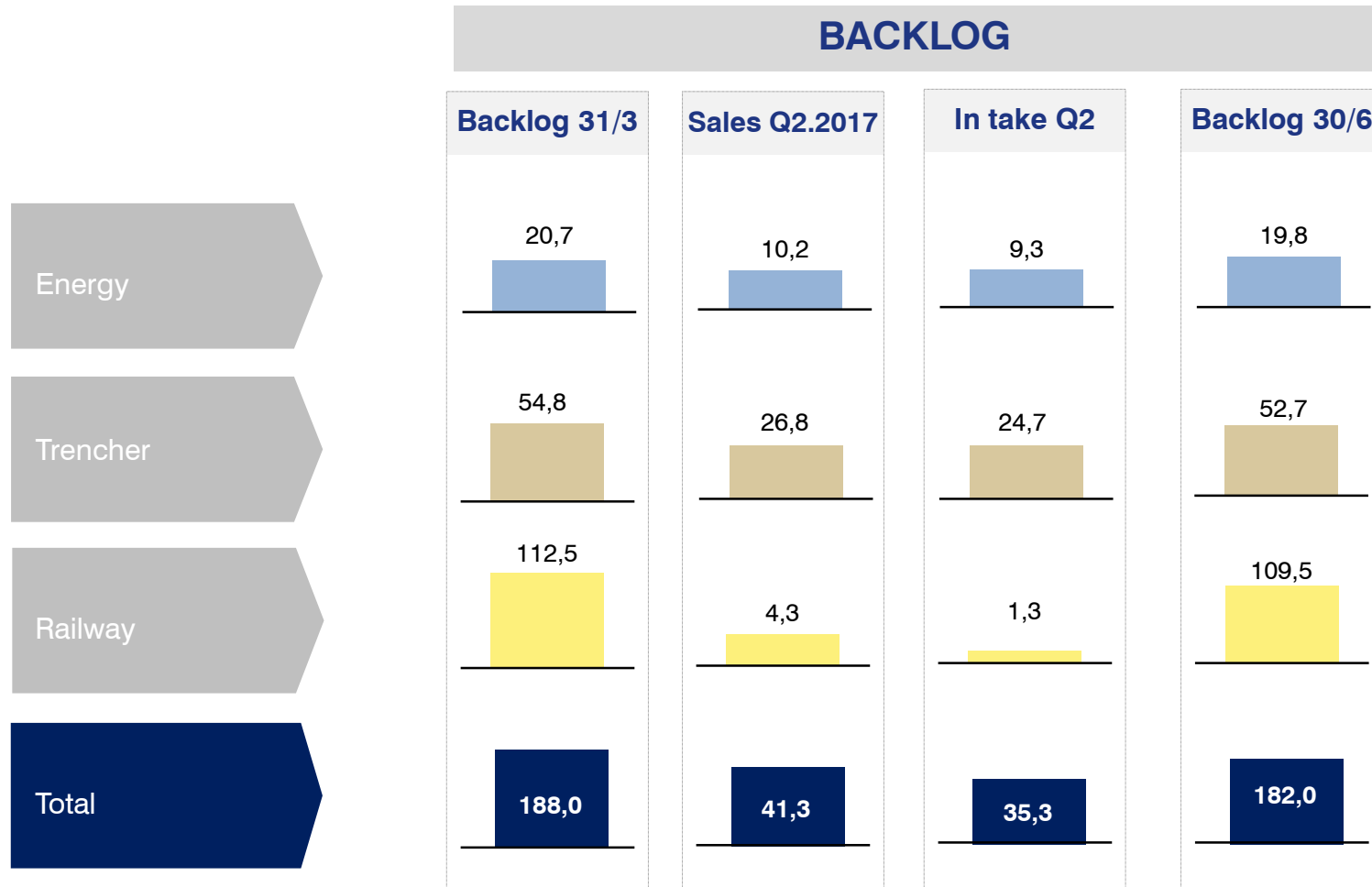
## OPERATING NET FINANCIAL POSITION



2016

- > Net Financial Position reduction mainly thanks to lower working capital
- > Capex more than absorbed by Internally generated cash and WC reduction

1H  
2017





## ENERGY

**1 STRINGING:** Significant orders in South America

**2 ENERGY AUTOMATION:** New sensors for teleprotection + New A3 protection relays (tender)



## RAILWAY

- 1 **New technology developments** on railway solutions:
  - > Automation and Diagnostic systems
  - > Artic kit





## TRENCHER

- 1 **GREEN:** Relevant projects & partnership agreements with international key players
- 2 **Good achievements in infrastructure projects** (Kuwait, Russia, USA)
- 3 **FTTH:** Global solutions





### Stringing overhead Power Line - France



Stringing machines 4.0 for the first time on jobsite

A new concept in stringing machines:

**SIMPLE, SAFE, RELIABLE**





## Catenary Specialist - Italy





### Wind and Solar Farm - Australia





### Pipeline Excavation - Kuwait





### Pipeline Excavation in tough conditions - France



- > Corporate Strategy
- > 1H 2017 Results
- > **Outlook 2H 2017**

### MILESTONES

#### BUSINESS

- 1 ENERGY: Closing of important projects** already announced (Russia, Italy, South America)
- 2 RAILWAY: Strong effect** of the **rail start-up** (acquired orders in Italy and US)
- 3 TRENCHER: definitive launch of traditional products** for infrastructure projects
  - > **Rock Hawk: Impact on long term non cyclical projects**  
(civil projects, infrastructures and mines with new materials)
  - > **FTTH Smart: Projects start-up** in different Countries thanks to **new technologies** for **mini-micro** trenches

### OUTLOOK

#### ECONOMICS & FINANCIALS



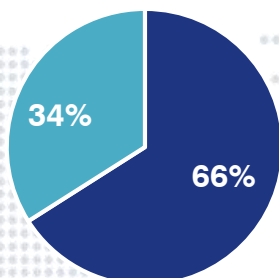
- 1** Sales: **3Q.2017 increase** with respect of SPPY in line with H1
- 2** EBITDA 14,0%
- 3** Impact of **USD exchange rate -1% EBITDA**
- 4** PFN improvement
- 5** Expected **BACKLOG 2017.Q3 in line with 2017.H1**

Profit & Loss Account (€ mln)	1H 2017	1H 2016	Delta vs 2016	Delta %
<b>Net Revenues</b>	<b>91,1</b>	<b>74,0</b>	<b>17,1</b>	<b>23,2%</b>
Raw materials costs (-)	(41,5)	(31,1)	(10,4)	33,5%
Cost for services (-)	(15,6)	(15,4)	(0,2)	0,9%
Personnel Costs (-)	(23,7)	(19,8)	(3,9)	19,7%
Other operating revenues/costs (+/-)	(4,5)	(2,9)	(1,6)	56,4%
Portion of gain/(losses) from equity investments evaluated using the equity method	0,1	-	0,1	100%
Capitalized R&D expenses	2,8	2,6	0,2	8,7%
<b>Total operating costs</b>	<b>(82,4)</b>	<b>(66,6)</b>	<b>(15,8)</b>	<b>23,7%</b>
<i>% on Net Revenues</i>	<i>(90%)</i>	<i>(90%)</i>		
<b>EBITDA</b>	<b>8,7</b>	<b>7,4</b>	<b>1,3</b>	<b>18,3%</b>
<i>% on Net Revenues</i>	<i>10%</i>	<i>10%</i>		
Depreciation, amortization (-)	(6,7)	(6,0)	(0,7)	13,3%
<b>EBIT</b>	<b>2,0</b>	<b>1,4</b>	<b>0,6</b>	<b>39,0%</b>
<i>% on Net Revenues</i>	<i>2%</i>	<i>2%</i>		
Net Financial Income/Expenses (+/-)	(4,6)	(2,7)	(1,9)	67,3%
Taxes (-)	0,8	-	0,8	100%
Minorities	-	-	-	-
<b>Group Net Income (Loss)</b>	<b>(1,8)</b>	<b>(1,3)</b>	<b>(0,5)</b>	<b>-37,3%</b>
<i>% on Net Revenues</i>	<i>-2%</i>	<i>-2%</i>		



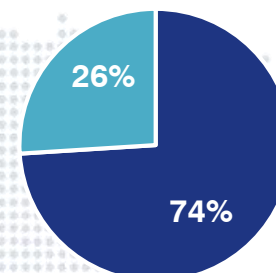
Balance Sheet (€ mln)	1H 2017	2016
Inventory	69,6	70,5
Accounts receivable	56,2	49,4
Accounts payable (-)	(39,5)	(31,2)
<b>Op. working capital</b>	<b>86,3</b>	<b>88,7</b>
Other current assets (liabilities)	(20,3)	(12,7)
<b>Net working capital</b>	<b>66,0</b>	<b>76,0</b>
Tangible assets	47,7	47,3
Intangible assets	18,5	18,9
Financial assets	3,9	3,9
<b>Fixed assets</b>	<b>70,1</b>	<b>70,1</b>
Net long term liabilities	1,5	0,5
<b>Net invested capital</b>	<b>137,6</b>	<b>146,6</b>
Cash & near cash items (-)	(22,6)	(18,5)
Short term financial assets (-)	(10,5)	(9,1)
Short term borrowing	73,4	70,1
Medium-long term borrowing	51,2	54,2
<b>Net financial position</b>	<b>91,5</b>	<b>96,7</b>
Equity	46,1	49,9
<b>Funds</b>	<b>137,6</b>	<b>146,6</b>

## Revenues



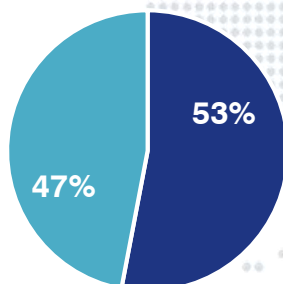
■ Euro ■ Other Currency

## Operating Costs



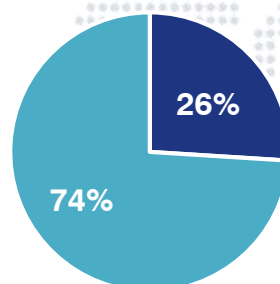
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## Trade Receivable



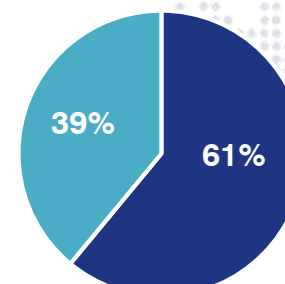
■ Euro ■ Other Currency

## Financial Receivable



■ Euro ■ Other Currency

## Trade Payable



■ Euro ■ Other Currency

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