

- Stringing
- Energy Automation
- Railway
- Trencher

Integrated Solutions Provider

STAR Conference 2018, Milan



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> **Corporate Strategy**

> 2017 Results

> 2018 Outlook

STRINGING

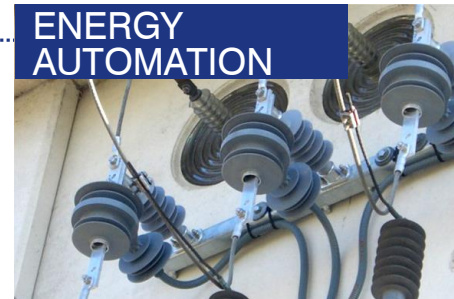


- > Overhead power lines construction & maintenance
- > Reconductoring and line improvement
- > Underground cable laying

ENERGY

FULLY INTEGRATED SOLUTIONS PROVIDER

ENERGY AUTOMATION



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

RAILWAY



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

TRENCHER



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

TESMEC

“ From Steel to sustainable Technology ”

OUR MISSION

- > Value added **integrated solutions** provider in the market of infrastructure for the transport of energy, data and material
- > **Efficiency, digitalization, safety** and **sustainability** are our drivers for the modernization of the infrastructures projects in the world
- > **R&D investments**: match the people and high know-how to meet the new demands of the markets

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

CONSOLIDATION & INTEGRATION

- > NEW BUSINESS MODEL: GLOBAL 4.0
- > NEW GREEN
- > R&D KEY PROJECTS

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: RENEWABLE ENERGY



1951

RESEARCH COMMITMENT

EDISON PATENT for the new hydraulic tension stringing system

1984

SUSTAIN THE INTERNATIONALISATION 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

NEW STRATEGIC MARKETS: 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

2017

NEW ORGANISATION
4 Business Units

2018-2020

VALUE

2017 » FUTURE

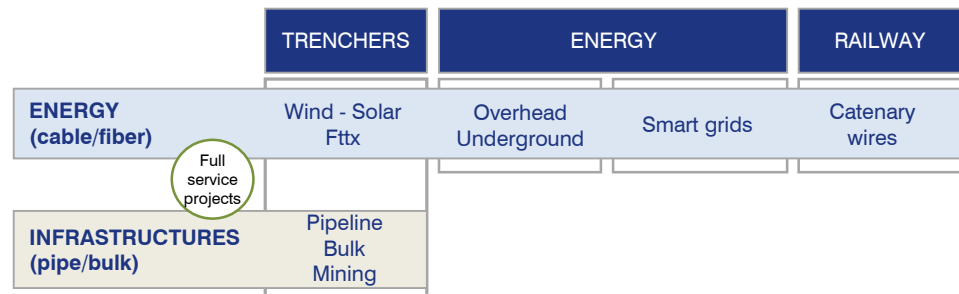
THE ONLY INTEGRATED SOLUTIONS PROVIDER

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

MANUFACTURER

Equipment, Machines, Tools

Past



TIME



MARKET

- > The most developed markets are **strongly investing** in **high-tech content sectors**.
- > **Expansive fiscal policies** are an important driver for the investments.
- > **Italy & Europe**: market leader which **recognize the added value of Tesmec "4.0"** solutions.

R&D activities & DIGITALIZATION

Relevant investments in **technologies** and solutions with an **innovative digital content**.



INDUSTRY 4.0



Further investments in **industrial technological & digital transformation**, in accordance with the Industry 4.0 model.

Make the most of
TAX-SAVING OPPORTUNITIES

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GROUP (Euro mln)	2017	2016	Delta %
REVENUES	175,6	128,5	36,6%
EBITDA Adj (*)	22,9	11,6	97,4%
% on Revenues	13,1%	9,0%	
EBITDA	20,7	8,5	143,5%
% on Revenues	11,8%	6,6%	
EBIT	6,1	(4,3)	241,7%
% on Revenues	3,5%	-3,4%	
NET FINANCIAL COST	(2,9)	(4,4)	31,4%
% on Revenues	-1,7%	-3,3%	
Differences in Exchange	(4,7)	1,7	-370,3%
% on Revenues	-2,7%	1,3%	
US DEFERRED TAX	(0,8)	0,0	-100,0%
% on Revenues	-0,5%	0,0%	
NET INCOME/(LOSS)	(1,4)	(3,8)	63,7%
% on Revenues	-0,8%	-3,1%	

GROUP (Euro mln)	2017	2016
NFP	85,2	96,7

(*) Not including Euro 0,4 million non recurring consultancy costs and Euro 1,8 million reclassified Grassobbio rent cost.



ENERGY	2017	2016	Delta %
Revenues	52,1	42,2	23,4%
EBITDA Adj (*)	8,5	6,0	39,9%
% on Revenues	16,2%	14,2%	
EBITDA	8,0	4,6	73,4%
% on Revenues	15,4%	10,9%	



TRENCHERS	2017	2016	Delta %
Revenues	106,0	80,6	31,6%
EBITDA Adj (*)	11,3	4,5	153,4%
% on Revenues	10,7%	5,6%	
EBITDA	10,3	2,9	260,4%
% on Revenues	9,7%	3,5%	



RAILWAY	2017	2016	Delta %
Revenues	17,5	5,7	204,4%
EBITDA Adj (*)	3,1	1,1	184,8%
% on Revenues	18,0%	19,2%	
EBITDA	2,4	1,0	133,0%
% on Revenues	13,9%	18,2%	

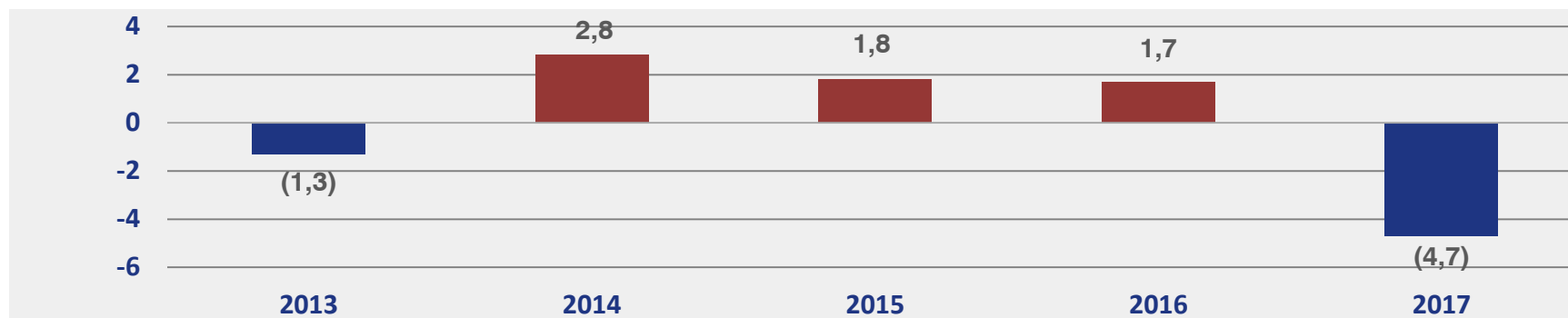
2017 Q4 Improvements on 9M - YTD performance

Euro/mlin	9M - YTD			Q4			FY - YTD		
	2017	2016	Var.	2017	2016	Var.	2017	2016	Var.
REVENUES	132,1	108,5	21,8%	43,5	20,0	117,5%	175,6	128,5	36,6%
EBITDA Adj	15,3	10,7	42,7%	7,6	0,9	744,4%	22,9	11,6	97,4%
EBITDA Adj %	11,5%	9,9%		17,5%	4,5%		13,1%	9,0%	
EBIT	3,1	1,6	97,5%	3,0	(5,9)		6,1	(4,3)	

2017 Differences in Exchange

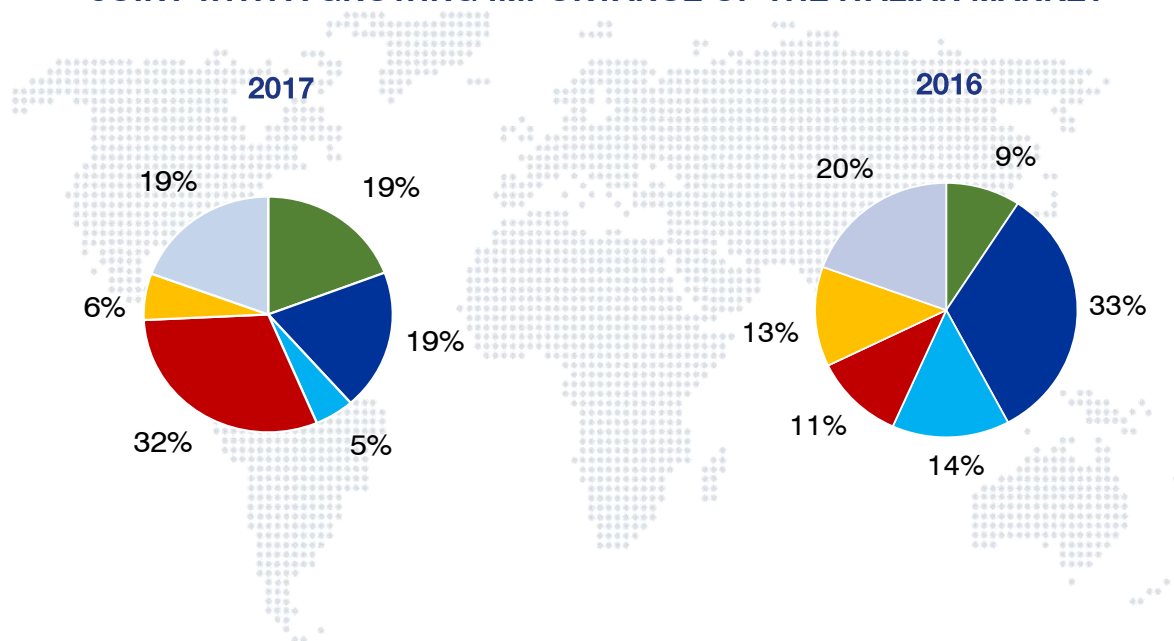
Euro mln

DIFFERENCES IN EXCHANGE



GROUP (Euro mln)	2017	2016	2015
Differences in Exchange	(4,7)	1,7	1,8
<i>of which:</i>			
Realised	(1,6)	0,2	0,8
Unrealised	(3,1)	1,5	1,0
End-of-period exchange rate USD/Eur as at 31 December	1,199	1,054	1,089
Differences in Exchange for currency:			
USD	(3,0)	0,7	2,5
ZAR	(0,2)	0,6	(0,9)
IDR	(0,6)	0,0	0,4
OTHER	(0,9)	0,4	(0,2)
Total	(4,7)	1,7	1,8

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



Italy: better balance between **Export & Domestic market.**

Growing weight thanks to Railways and Automation Segment

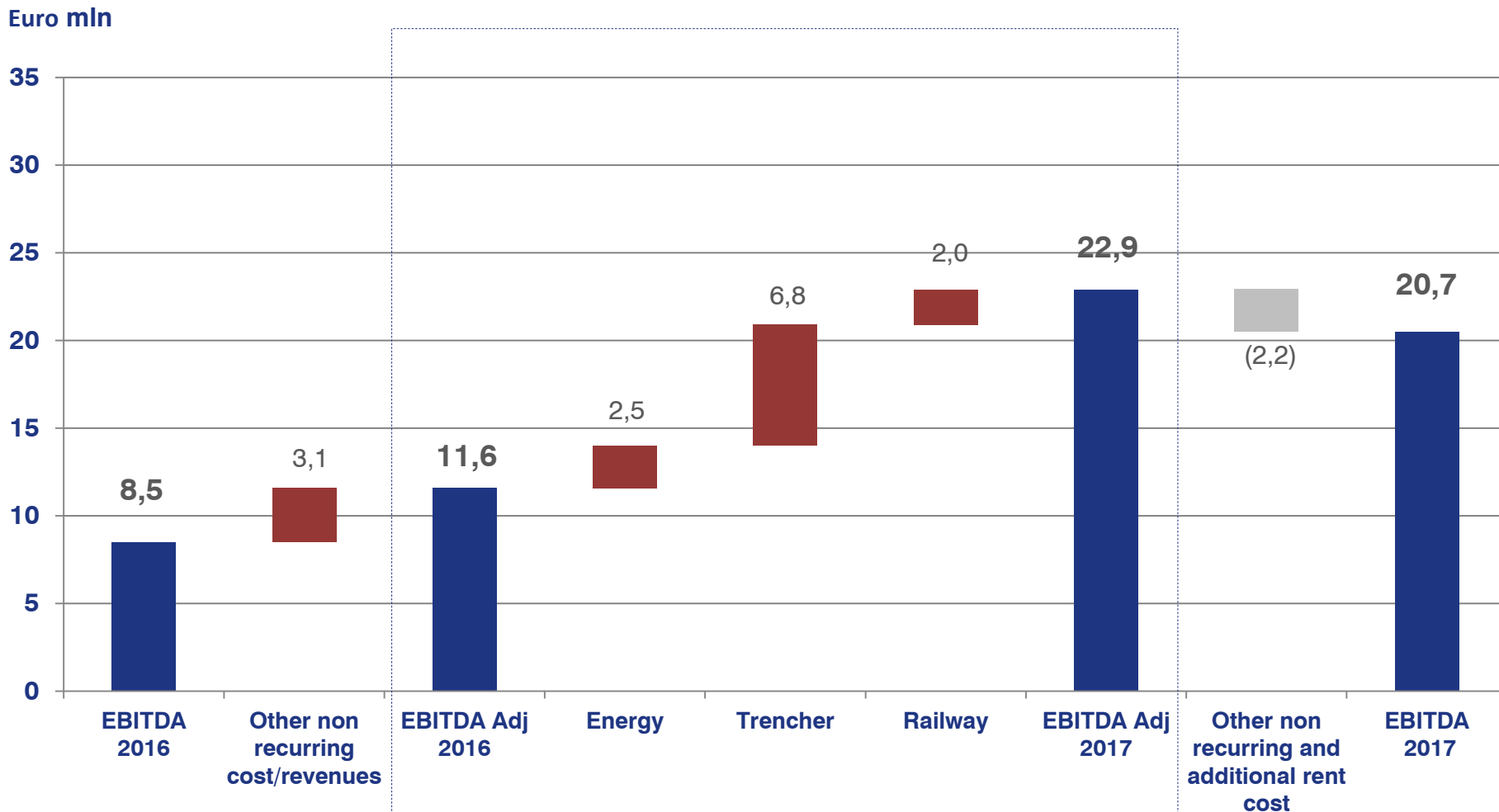


BRICs and Others: increase due to Indonesian and Brazilian Stringing Contract and Oceania service business



ME, Africa and US: still weak due to oil price
US: recovery in 4Q





2016

Profitability growth in all the sectors
in proportion to the revenues

2017

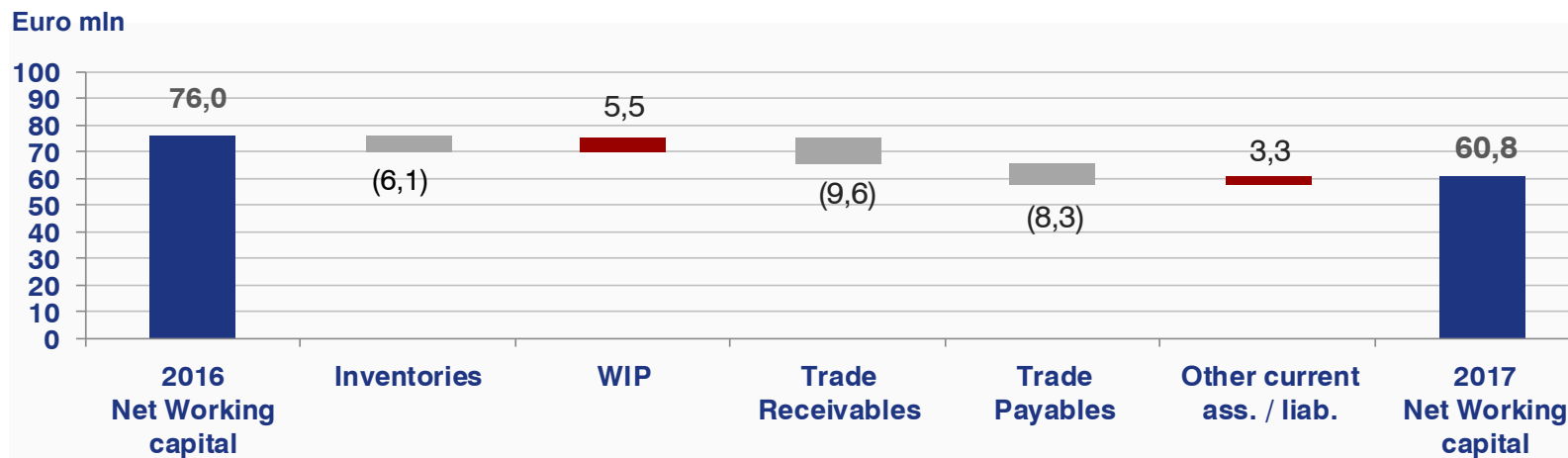
Financial Information (Euro mln)	2017	2016
Net Working Capital	60,8	76,0
Non Current assets	68,4	70,1
Other Long Term assets/liabilities	0,9	0,5
Net Invested Capital	130,1	146,6
Net Financial Indebtness	85,2	96,7
Equity	44,9	49,9
Total Sources of Financing	130,1	146,6

2016

**Working capital reduction & lower capex
drive improvement in net invested capital**

2017

Working Capital evolution



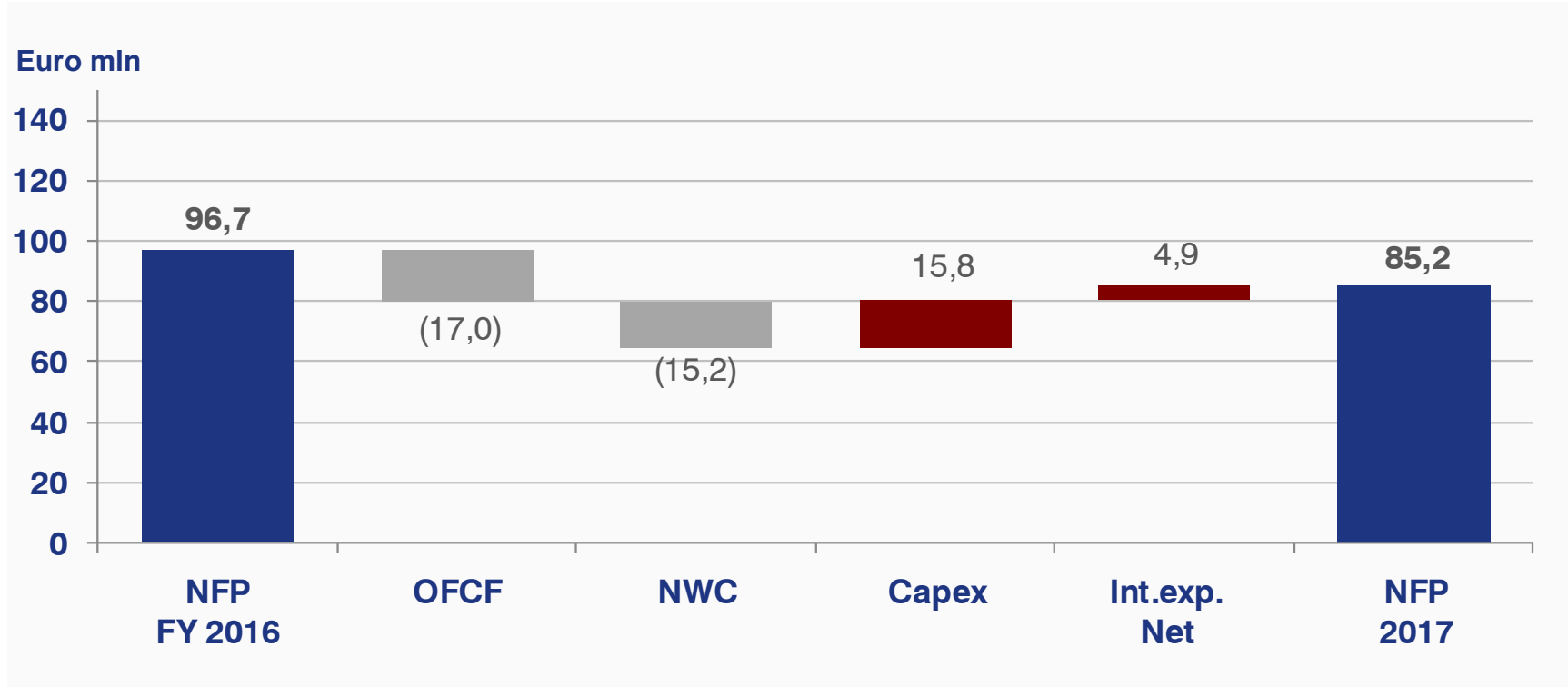
Euro Mln	2017	2016	Days 2017	Days 2016
Trade Receivables	39,9	49,4	82	138
Inventories	63,1	69,2	143	198
Work in progress contracts	6,8	1,3		
Trade Payables	(39,5)	(31,2)	-81	-87
Other Current Assets/(Liabilities)	(9,5)	(12,7)	-41	-48
Net Working Capital	60,8	76,0		
% Net Working Capital on Revenues	34,6%	59,2%		

2016
€ 76,0 mln

Working capital strong reduction despite sales increase

2017
€ 60,8 mln

OPERATING NET FINANCIAL POSITION

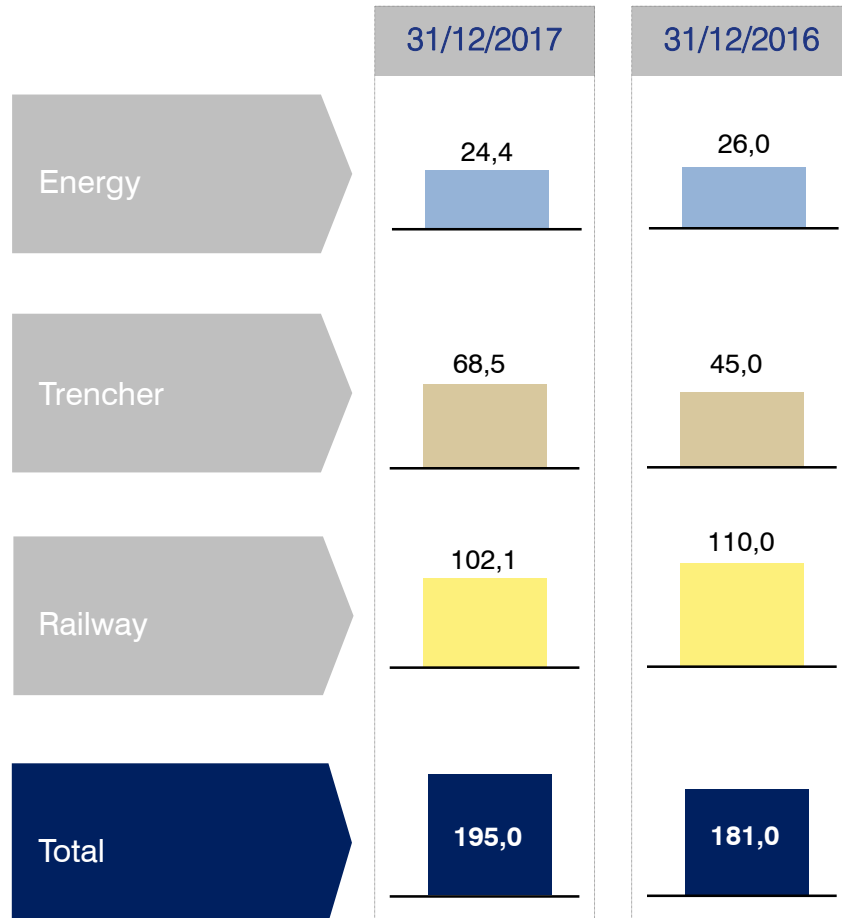


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BACKLOG



MAIN ACTIONS

C2B: CONSUMER TO BUSINESS

» GROWTH: Products → Smart & Green Solutions

RAILWAY: Vehicles → solutions

- > Artic kit packages
- > Diagnostics packages

ENERGY AUTOMATION:

Components → Grids Architectures

RENEWABLE & FTTH:

Full service provider

» INNOVATION: 4.0

- > Growth in Puglia: “Puglia Project”
 - 3 years
 - 18 M€: **Fixed assets** and **R&D**
- > **Incentives** both in Italy & in Foreign markets (e.g. USA & France)
- > New technologies growth

» INTERNATIONALIZATION

- > Key Partnerships
- > Export Italian systems

MACRO ECONOMIC TREND



- > **Economy is growing**
- > **Price adjustment** with positive topline impact



- > **Higher inflation rate** (material & salary costs), especially in US
- > **Longer supply-chain lead time**

BUSINESS



ENERGY: **New digital 4.0 products** (automation, machines 4.0)

RAIL: **Strong increase:** new products and new manufacturing plant

TRENCHERS (cable and fiber): **Service and Projects** (Australia, US, Europe)

FINANCIALS



1 Sales: **1Q.2018 no one-off impacts;** revenues in line 2017

2 2018 **Sales:** target in the range of 200 M€

3 **EBITDA:** improvement due to better fixed costs absorption & innovations incentives

4 **NFP:** year end reduction target

5 Expected **BACKLOG** in line with 2017 year end (short term)

Profit & Loss Account (Euro mln)	2017	2016	Delta vs 2016	Delta %
Net Revenues	175,6	128,5	47,1	36,6%
Raw materials costs (-)	(78,3)	(49,0)	(29,3)	59,8%
Cost for services (-)	(30,9)	(29,1)	(1,8)	6,0%
Personnel Costs (-)	(46,3)	(40,0)	(6,3)	15,6%
Other operating revenues/costs (+/-)	(5,3)	(6,8)	1,5	22,6%
Portion of gain/(losses) from equity investments evaluated using the equity method	0,2	(0,1)	0,3	444,2%
Capitalized R&D expenses	5,7	5,0	0,7	12,9%
Total operating costs	(154,9)	(120,0)	(34,9)	29,1%
<i>% on Net Revenues</i>	<i>(88%)</i>	<i>(93%)</i>		
EBITDA	20,7	8,5	12,2	143,5%
<i>% on Net Revenues</i>	<i>12%</i>	<i>7%</i>		
Depreciation, amortization (-)	(14,6)	(12,8)	(1,8)	14,1%
EBIT	6,1	(4,3)	10,4	241,7%
<i>% on Net Revenues</i>	<i>3%</i>	<i>-3%</i>		
Net Financial Income/Expenses (+/-)	(7,6)	(2,7)	(4,9)	197,7%
Taxes (-)	0,1	3,0	(2,9)	-96,7%
Minorities	-	0,2	(0,2)	-80,2%
Group Net Income (Loss)	(1,4)	(3,8)	2,4	63,7%

Balance Sheet (Euro mln)	2017	2016
Inventory	69,9	70,5
Accounts receivable	39,9	49,4
Accounts payable (-)	(39,5)	(31,2)
Op. working capital	70,3	88,7
Other current assets (liabilities)	(9,5)	(12,7)
Net working capital	60,8	76,0
Tangible assets	46,1	47,3
Intangible assets	18,3	18,9
Financial assets	4,0	3,9
Fixed assets	68,4	70,1
Net long term liabilities	0,9	0,5
Net invested capital	130,1	146,6
Cash & near cash items (-)	(21,5)	(18,5)
Short term financial assets (-)	(12,5)	(9,1)
Short term borrow ing	79,2	70,1
Medium-long term borrow ing	40,0	54,2
Net financial position	85,2	96,7
Equity	44,9	49,9
Funds	130,1	146,6

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