08.11.2013

Tesmec S.p.A.: The Board of Directors approves the Interim Consolidated Report on Operations as at 30 September 2013 that recorded an increase in Revenues (+5%)and a substantial solidity of all the major economic and financial indicators, with an slight increase in Net Financial Indebtedness.

Consolidated results for the first nine months of 2013 (*vs.* the first nine months of 2012):

- **Revenues: Euro 85.1 million (Euro 80,8 million as at 30 September 2012);**
- **EBITDA[1]: Euro 15.9 million (Euro 16.3 million as at 30 September 2012);**
- **EBIT: Euro 11.2 million (Euro 11.6 million as at 30 September 2012);**
- **Profit before taxes: Euro 8.2 million (Euro 8.2 million as at 30 September 2012);**
- **Net profit: Euro 5.1 million (Euro 5.2 million as at 30 September 2012).**

- **Net Financial Indebtedness:** amounted to Euro 62.9 million, Euro 60,8 million at 30 September 2012 (56.5 million as at 31 December 2012). If the effects of IAS 17 for the rental agreement of the Grassobbio premises are not considered, Net Financial Indebtedness as at 30 September 2013 would have been **Euro 42.8 million** (Euro 35.8 million as at 31 December 2012).

- **Total Outstanding Orders: Euro 52,7 million** (Euro 60,3 million as at 30 September 2012)

Grassobbio (Bergamo), 8 November 2013 – The Board of Directors of **Tesmec S.p.A.** (MTA, STAR: TES), among the main world players able to offer **integrated solutions for infrastructures** for the transmission of electrical power, data and material transport, convened today and chaired by Ambrogio Caccia Dominioni, examined and approved the **Interim Consolidated Report on Operations as at 30 September 2013**.

In the first nine months of 2013, the Tesmec Group recorded a 5% increase in Revenues, thanks to the growth achieved in foreign markets, with a special reference to North America, Africa and the Middle East, and despite the incidental decline recorded in the third quarter of 2013 compared to the same period of 2012. The change in the profitability indicators is mainly attributable to the different mix of revenues and the decision to expense development costs related to new initiatives in the field of Railway and Smart Grid that will have a response in the coming years. The variation of the indicators of profitability, however, is mainly due to the different mix of revenues Finally, as at 30 September 2013, the tax burden reported an increase compared to the figure for the first nine months of 2012, which, however, benefited from extraordinary components.

[1] The EBITDA is represented by the operating income before amortisation/depreciation. The EBITDA thus defined represents a measurement used by Company management to monitor and assess the company's operating performance. EBITDA is not recognised as a measure of performance by the IFRS and therefore is not to be considered an alternative measurement for assessing the performance of the Group's operating income. As the composition of EBITDA is not governed by the reference accounting standards, the criterion for determination applied by the Group may not be in line with the criterion adopted by others and therefore not comparable.

With regard to the two business segments, the revenues of the **Trencher segment** as at 30 September 2013 increased by 35% - passing from a percentage weight of total Group turnover of 36% as at 30 September 2012 to 46% as at 30 September 2013 – thanks to the positive sales results recorded mainly in the Middle East, the USA and some countries of the African continent.

In the first nine months of 2013, the **Stringing equipment segment** recorded a drop in revenues compared to the same period last year - passing from a percentage weight of total Group turnover of 64% as at 30 September 2012 to 54% as at 30 September 2013 – related mainly due to currency devaluation processes in place that have affected some important markets, with repercussions on the timing for the implementation of the infrastructure projects in progress.

The trend in revenues in the two sectors confirms the validity of the strategy that the Tesmec Group has undertaken over the last few years with the aim of increasing the level of internationalisation and diversifying its offer. In particular, the important position acquired on the American market in both sectors of activity may favour the Group's business development in the medium term.

Based on the results achieved in the first nine months of the year as well as on the order backlog and existing negotiations, the top management considers it reasonable for the Group to confirm at the end of the 2013 financial year the growth in revenues and profitability achieved in 2012 and reduce the indebtedness thanks to a decrease in net working capital. The EUR/USD exchange-rate fluctuations could impact on the closing figures.

Main consolidated results as at 30 September 2013

As at **30 September 2013**, the Tesmec Group achieved consolidated **Revenues** of **Euro 85.1 million**, increasing by 5% compared to Euro 80.8 million recorded in the first nine months of the 2012 financial year, mainly thanks to the increase in the Trencher segment.

Consolidated revenues by segment and geographic area as at 30 September 2013

The consolidated revenues of the Tesmec Group per segment as at 30 September 2013 :

Results as at 30 September	Revenues from sales and services		
(Euro in thousands)	**2013**	**2012**	**Variazione**
Stringing equipment	46.375	52.057	- 10,9%
Effect on Consolidated Revenues	*54,5 %*	64,5 %	
Trencher	38.676	28.696	+ 34,8 %
Effect on Consolidated Revenues	*45,5%*	35,5%	
Consolidated	85.051	80.753	+5,3 %

Geographically, in the first nine months of 2013, the Tesmec Group continued its growth in foreign markets, with a special reference to North America, Africa and the Middle East.

EBITDA as at 30 September 2013

	Results as at 30 September	
(Euro in thousands)	**2013**	**2012**
Revenues from sales and services	85.051	80.753
Operating costs net of depreciation and amortisation	(69.156)	(64.486)
EBITDA	**15.895**	**16.267**
Effect on revenues	18,7%	20,1%

As at 30 September 2013, consolidated **EBITDA totalled Euro 15.9 million**, basically in line compared to Euro 16.3 million recorded as at 30 September 2012. The change in EBITDA is attributable to the differente mix of revenue and the decision to expense development costs related to new initiatives in the field of Railway and Smart Grid that will have a response in the coming years.

EBIT as at 30 September 2013

EBIT as at 30 September 2013 of the Tesmec Group totalled **Euro 11.2 million**, **after amortisation and depreciations of Euro 4.7 million**, basically in line compared to Euro 11.6 million recorded as at 30 September 2012, after amortisation and depreciations of Euro 4.7 million.

Net financial expenses and income as at 30 September 2013

Net financial expenses and income decreased from Euro 3.3 million as at 30 September 2012 to Euro 2.9 million as at 30 September 2013. This change is mainly attributable to the combination of the negative effect of exchange rate differences, which increased from Euro 0.1 to Euro 0.7 million, and to the positive effect deriving from the reduction in financial expenses of Euro 0.2 million and to the fair value adjustment of the financial instruments Euro 0.7 million.

Profit before taxes as at 30 September 2013

Profit before taxes as at 30 September 2013 was equal to **Euro 8.2 million**, in line with Euro 8.2 million as at 30 September 2012.

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Net profit as at 30 September 2013

Net consolidated Profit as at 30 September 2013 was equal to **Euro 5.1 million**, in line with Euro 5.2 million as at 30 September 2012.

Net working capital as at 30 September 2013

The **net working capital** of the Tesmec Group as at 30 September 2013 amounted to **Euro 54.3 million**, increasing by Euro 5.5 million compared to 31 December 2012. This result was mainly affected by the change in inventories due to the forecast of revenues of the last quarter of the year that led to the need for supplies and also to the work-in-progress measurement of the machinery related to orders of the rail sector.

Net financial indebtedness as at 30 September 2013

The **Net financial indebtedness** as at 30 September 2013 of the Tesmec Group totalled **Euro 62.8 million** and, without considering the effects of IAS 17 for the lease contract of the premises of Grassobbio, would equal **Euro 42.8 million**. As at 30 September 2012, the net financial indebtedness totalled Euro 60.8 million, compared to Euro 56.5 million as at 31 December 2012 and, without considering the effects of IAS 17 for the lease contract of the premises of Grassobbio, it would have been equal to Euro 35.8 million. The change compared to 31 December 2012 was related to the signing of new medium/long-term loans, as well as to the **distribution of dividends** occurred on 23 May 2013, in accordance with the resolution of 30 April 2013, **totalling Euro 3.7 million**.

Order backlog as at 30 September 2013

As at 30 September 2013, the **Total Order Backlog** of the Tesmec Group amounted to **Euro 52,7 million**, of which Euro 27 million referring to the stringing equipment segment and Euro 25,7 million to the Trencher segment, totally Euro 60,3 million as at 30 September 2012. Expected to increase the collection in the last quarter of the year.

Significant events relevant to the first nine months of 2013

please note that Tesmec Service S.r.l. leads two branches rented of company in liquidation AMC2 that are fully operational. Subsequently, in July , the Court of Bari has upheld the application for an arrangement by AMC2 Projects and Prototypes Srl with the subscription by Tesmec Service Srl as assumptor. The procedure is continuing in the time and manner prescribed and is expected to close during 2014.

On 30 January 2013, pursuant to Article 3 of Consob Resolution no. 18079 of 20 January 2012, the Board of Directors of Tesmec S.p.A. decided to comply with the opt-out system set forth in Articles 70, paragraph 8, and 71, paragraph 1-bis, of Consob Regulation no. 11971/99 (with further supplements and amendments), by making use of the right to depart from the obligation to publish information documents required by Enclosure 3B of the Consob Regulation above on the occasion of significant mergers, demergers, capital increase by non-cash contributions, acquisitions and sales.

On 31 March 2013, was signed by all the shareholders a capital increase for a total amount of USD 1 million, of Tesmec Peninsula LLC, owned by Tesmec Sp.A. with a share of 49%. Therefore as a result of the new share capital of Tesmec Peninsula today turns out to be equal to 2 million USD. As part of this transaction, all shareholders signed the shares of their respective competence and in particular Tesmec SpA subscribed to the increase in the amount of 490 thousand USD, equal to its share of 49%.

The Shareholders' Meeting of 30 April 2013 renewed the Corporate Bodies confirming Dr. Ambrogio Caccia Dominioni Chairman of the Group.

The Board of Directors, which was held after the Shareholders' Meeting chaired by Ambrogio Caccia Dominioni, confirmed him as Managing Director; Alfredo Brignoli and Gianluca Bolelli as Vice Chairmans. The Board of Directors also appointed for the Control and Risk Committee pursuant to the self-regulatory code of conduct, the Remuneration Committee and the Appointment Committee. The Control and Risk Committee comprises the Directors Sergio Arnoldi (Chairman), Gioacchino Attanzio and Gianluca Bolelli. The Remuneration Committee comprises the Directors Sergio Arnoldi (President), Gioacchino Attanzio and Caterina Caccia Dominioni. The Appointment Committee comprises the Directors Sergio Arnoldi and Gioacchino Attanzio.

The Shareholders' Meeting authorised the Board of Directors of the Company, for a period of 18 months, to purchase, on the regulated market, ordinary shares of the Company until 10% of the share capital of the Company and within the limits of the distributable profits and of the available reserves resulting from the last financial statements approved by the company making the purchase.
The authorisation also includes the right to dispose of (in whole or in part and also in several times) the shares in the portfolio subsequently, even before having exhausted the maximum amount of shares purchasable and to possibly repurchase the shares to the extent that the treasury shares held by the Company and, if necessary, by the companies controlled by it, do not exceed the limit established by the authorisation. The quantity and the price at which transactions will be made will comply with the operating procedures laid down by the regulations. Today's authorisation replaces the last authorisation resolved by the Shareholders' Meeting of 10 January 2012 and maturing in June 2013.

On April 30, 2013 the Board of Directors of Tesmec S.p.A. approved also the launch of a treasury share purchase program whose purposes, duration and value were laid down by the aforesaid resolution of the shareholders' meeting authorising the purchase, while the maximum quantity initially has been set at 5% of share capital. The Board of Directors finally decided that the maximum number of shares that can be purchased every day is defined in compliance with Article 5 of the EC 2273/2003 Regulation. At 30 September 2013 Tesmec S.p.A. has n. 1,946,321 treasury share equal 1,82% of Equity.

On May 24, 2013, dividends were distributed for a total amount of 3.7 million euro, 0.035 per share increase over the dividend distributed in 2012 amounted to 0,030 Euro per share.

On September 24, 2013 Simest S.p.A. decided to invest again in Tesmec USA by subscribing to Euro 5 million an increase of capital to finance the growth of the U.S. subsidiary. As a result of the presence in the capital of Simest SpA Tesmec USA will increase from 25% to 33%.

Events subsequent to the first nine months of 2013

With regard to the authorisation to purchase treasury shares approved by the Shareholders' meeting renewed on 30 April 2013 (already disclosed under Article 144 bis of Consob regulation no. 11971/99), we hereby inform you that no shares were purchased in the period between 1 October 2013 and the date of approval of this Report included.

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At 3.00 PM(CET) – 2.00 PM BST today, Friday 8th November 2013 Ambrogio Caccia Dominioni, Chairman and Managing Director of Tesmec S.p.A., and the Top Management of the Company will present the consolidated results as of September, 30, 2013 to the financial community during a conference call. The telephone numbers to be connected are the following:

Italy partecipants:	**+39 02 802 09 11**
UK partecipants:	**+44 121 281 8004**
Germany partecipants:	**+49 69 255 11 4450**
France partecipants:	**+33 170918704**
Switzerland partecipants:	**+41 225954728**

The presentation to analysts and investors is available in the Investors section of the website.

http://investor.tesmec.com/Investors/Presentations.aspx

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The manager responsible for preparing corporate accounting documents, Andrea Bramani, declares, pursuant to article 154-bis, paragraph 2, of Legislative Decree No. 58/1998 ("Consolidated Financial Act") that the information contained in this press release corresponds to the documentation, books and accounting records.

It is to be noted that in this press release, in addition to the conventional financial indicators required by IFRS, there are also some alternative performance indicators (e.g. EBITDA) to allow for a better understanding of the economic and financial management. These indicators are consistent with common market practice.

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The Interim Financial Report at 30 September 2013 will be made available to anyone who requests them at the administrative office and the Italian Stock Exchange and will also be available in the "Investors" section of the Company website www.tesmec.com as according to law.

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This press release is also available on www.tesmec.com in the "Investors" section:

http://investor.tesmec.com/Investors/Notices.aspx.

The Tesmec Group:

The Group is mainly active in designing, manufacturing and selling **special products** and **integrated solutions for the construction, maintenance and efficiency of infrastructures** related to the transportation/delivery of energy, data and material.

The Group, established in 1951 and led by Charmain & CEO Ambrogio Caccia Dominioni, relies on more than 400 employees and has five production plants: four in Italy, in Grassobbio (Bergamo), Endine Gaiano (Bergamo), Sirone (Lecco), Monopoli (Bari), and one in the USA, in Alvarado (Texas).

From the IPO, July 1, 2010, the Parent Company has pursued a strategy of diversification of Business announced to offer a complete range of integrated solutions.

The Group offers:

Stringing

- machines and integrated systems for aerial and underground stringing, power lines and fiber optic cables;
- machines and integrated systems for the installation, maintenance and troubleshooting of overhead railroad wiring/catenaries as well as customized machines for special operations on the line;
- integrated solutions for efficiency, management and monitoring of the electricity networks of low, medium and high voltage (solutions for smart grids).

Trencher

- high powered tracked trenchers for linear excavation of underground networks and pipelines, and delivery of data, raw materials, and liquid and gaseous materials; high powered tracked trenchers for mining and leveling works (RockHawg);
- consulting services and specialized excavation at the request of the customer;
- multi-purpose construction equipment (Gallmac).

Both business divisions are developed in accordance with the ISEQ (Innovation, Safety, Efficiency and Quality) philosophy, with environmental sustainability and energy conservation in mind.

The know-how achieved in the development of specific technologies and solutions, and the presence of engineering teams and highly skilled technicians, allow Tesmec to directly manage the entire production chain: from the design, production and sale of machinery, to all pre-sales and post-sales. The combination of a cutting-edge product and a deep knowledge on the use of innovative technologies to meet the new demands of the market, allow the Group to offer a winning combination focused on ensuring high performance on the jobsite .

Today, the Group does not only sell technologically advanced machines, but fully integrated systems for electrification and excavation that ensure extremely high performance on the job . These results come from the constant pursuit of innovation, safety, efficiency and quality also achieved though the installation of new software aboard our machines that allow safe, reliable and high performance.

The Group also has a commercial presence globally in most foreign countries and can count on a direct presence in several continents, consisting of foreign companies and sales offices in USA, South Africa, Russia, Qatar, Bulgaria and China

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Attached below (not audited):

Tesmec Group reclassified consolidated income statements

	30 September	
	2013	**2012**
Revenues	**85.051**	**80.753**
Total operating costs	(73.877)	(69.183)
Operating Income	**11.174**	**11.570**
Financial (income) / expenses	(2.962)	(3.327)
Share of profit / (loss) of associates and joint ventures	37	(54)
Income before taxation	**8.249**	**8.189**
Net income for the period	**5.074**	**5.211**
EBITDA	**15.895**	**16.267**
EBITDA (% on Revenue)	**18,7%**	**20,1%**

Tesmec Group reclassified consolidated statements of financial position

(€ in thousands)	30 September 2013	31 December 2012
Non-current assets	56.666	55.055
Current assets	112.489	112.855
Total assets	**169.155**	**167.910**
Non-current liabilities	49.396	53.599
Current liabilities	76.603	71.366
Total liabilities	**125.999**	**124.965**
Equity	43.156	42.945
Total equity and liabilities	**169.155**	**167.910**

Tesmec Group reclassified consolidated cash flow statements

(€ in thousands)	30 September	
	2013	**2012**
Net cash provided/(used) by operating activities (A)	3.585	9.974
Net cash provided/(used) by investing activities (B)	(11.093)	(12.667)
Net cash provided/(used) by financing activities (C)	(1.297)	(3.741)
Increase / (decrease) in cash and cash equivalents (D=A+B+C)	**(8.805)**	**(6.434)**
Cash and cash equivalents at the beginning of the period (F)	**17.144**	**13.817**
Net effect of conversion of foreign currency on cash and cash equivalents (E)	(64)	(13)
Total cash and cash equivalents at end of the period (G=D+E+F)	**8.275**	**7.370**

Tesmec Group other consolidated financial information

(€ in thousands)	As 30 September 2013	As 31 December 2012
Net working capital[2]	54.284	48.817
Non current assets	51.639	49.644
Other Non current assets and liabilities	130	1.029
Net invested capital[3]	**106.053**	**99.490**
Net financial indebtedness[4]		
Equity	62.897	56.545
Total equity and net financial indebtedness	43.156	42.945
Net working capital[5]	**106.053**	**99.490**

[2] We have calculated net working capital as trade receivables, inventories and other current assets (excluding cash and cash equivalents) less trade payables and other current payables. Net working capital is not a recognized measure of financial performance or liquidity under IFRS. No undue reliance should be placed on the net working capital data contained in this Press Release.

[3] We have calculated net invested capital as net working capital plus non-current assets less non-current liabilities excluding non-current financial liabilities. Net invested capital is not a recognized measure of financial performance or liquidity under IFRS. No undue reliance should be placed on the net working capital data contained in this Press Release.

[4] We have calculated net financial indebtedness as short-term borrowings, current portion of long-term debt and long-term debt less cash and cash equivalents. Net financial indebtedness is not a recognized measure of financial performance or liquidity under IFRS. No undue reliance should be placed on the net working capital data contained in this Press Release.

[5] We have calculated net working capital as trade receivables, inventories and other current assets (excluding cash and cash equivalents) less trade payables and other current payables. Net working capital is not a recognized measure of financial performance or liquidity under IFRS. No undue reliance should be placed on the net working capital data contained in this Press Release.