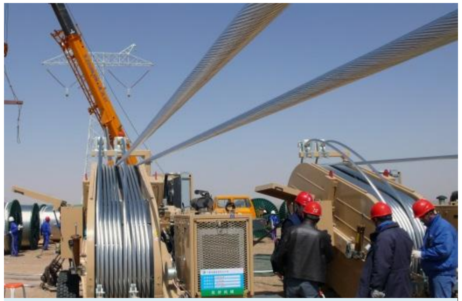
Tesmec Group

Corporate Presentation

March 17, 2014

Markets & Technology solutions

ENERGY



Power lines Construction & Maintenance

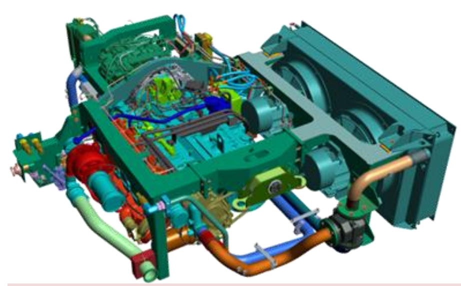
Underground Cables Laying

Grid Efficiency & Management

RAILWAY

Railway line Construction & Maintenance

Special application



New eco-friendly technology

UNDERGROUND INFRASTRUCTURES

Large-scale infrastructure

Shale Gas & Oil

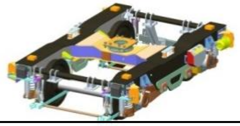
Drainage & Dewatering

Group Strategy "3_xi" Approach

Innovation

On-going investments in Research and Development and technological innovation to consolidate its leading position in the supply of technologically advanced solutions

Technological innovation of the machines -> digitalization



Integration

Strategic partnerships to create synergies with industry-leading companies and offer solutions for special projects with high added value.

Technology agreement with Rosseti, to propose a new type of electric lines (compact lines) and to the new methodology of work safety (live work). Development in progress.

Internationa-lization

Geographic expansion, to increase the company's direct presence in strategic countries with the greatest growth opportunities, by opening local branches or through partnerships with local companies.

New business solutions for global leadership

PRODUCTS
supplier

SOLUTIONS
supplier

CYCLICAL
SECTORS

sensitive to economic cycles and dependent on investment projects

NON-CYCLICAL
SECTORS

independent on business cycles, recurrent

CONSTRUCTION of infrastructure

MANAGEMENT and **MAINTENANCE** of infrastructure

GLOBAL PLAYER

MARKET LEADER

INNOVATION to maintain MARKET SHARE

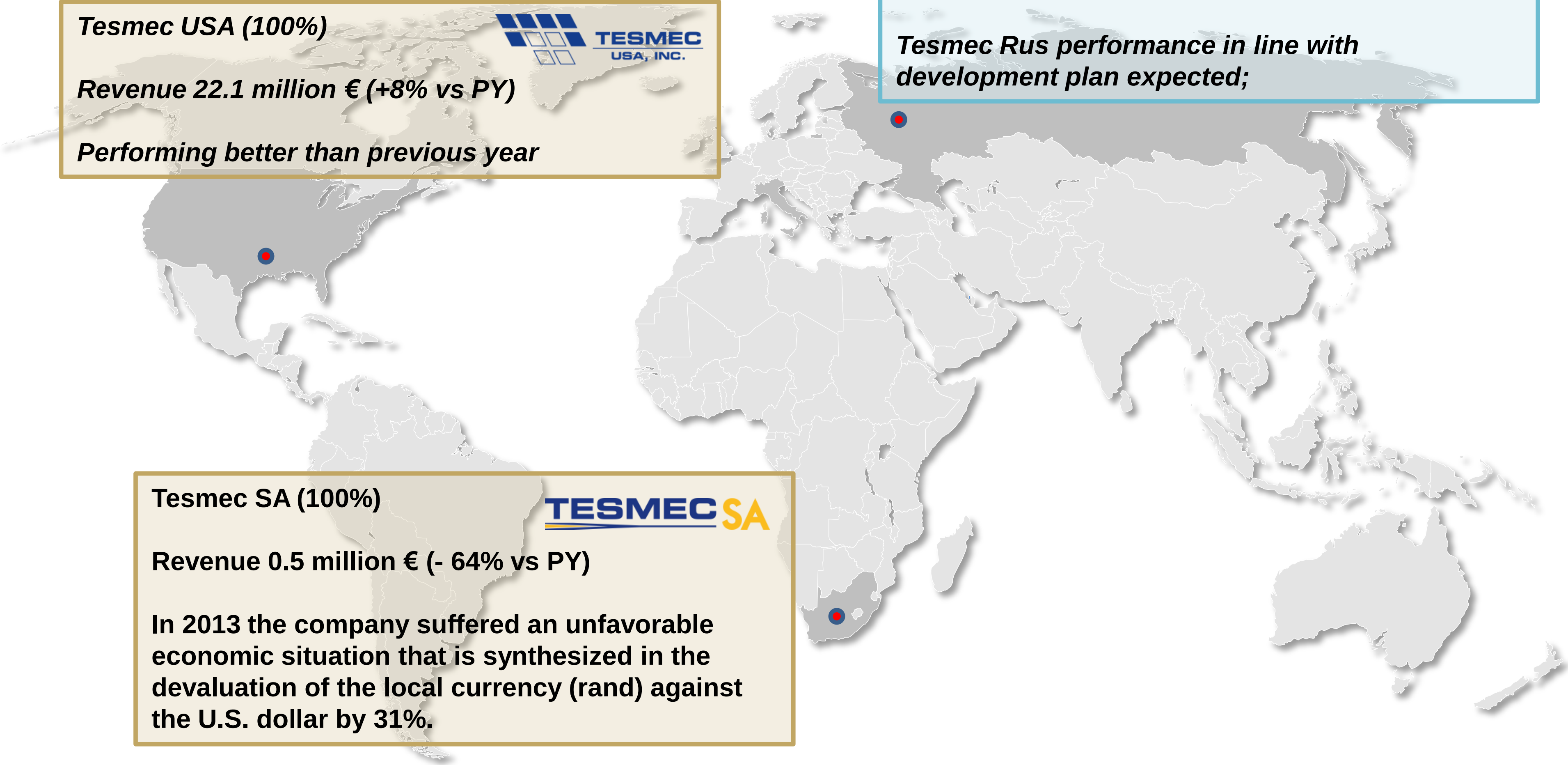
2013 P&L Results

GROUP	2013	2012	Delta %
Revenues	**113,5**	**119,8**	**-5%**
EBITDA	**19,5**	**24,5**	**-20%**
% on Revenues	17%	20%	
EBIT	**12,5**	**17,8**	**-30%**
% on Revenues	11%	15%	
Profit Before Taxes	**7,8**	**12,4**	**-37%**
% on Revenues	7%	10%	
NET INCOME	**4,4**	**8,3**	**-47%**
% on Revenues	4%	7%	

TRENCHER	2013	2012	Delta %
Revenues	**55,6**	**50,9**	**9%**
EBITDA	**7,2**	**10**	**-28%**
% on Revenues	13%	20%	

STRINGING	2013	2012	Delta %
Revenues	**57,9**	**68,9**	**-16%**
EBITDA	**12,3**	**14,5**	**-15%**
% on Revenues	21%	21%	

Performance of foreign subsidiaries consolidated



Tesmec USA (100%)

Revenue 22.1 million € (+8% vs PY)

Performing better than previous year

Tesmec RUS (100%)

Revenue 3.9 million € (+200% vs PY)

Tesmec Rus performance in line with development plan expected;

Tesmec SA (100%)

Revenue 0.5 million € (- 64% vs PY)

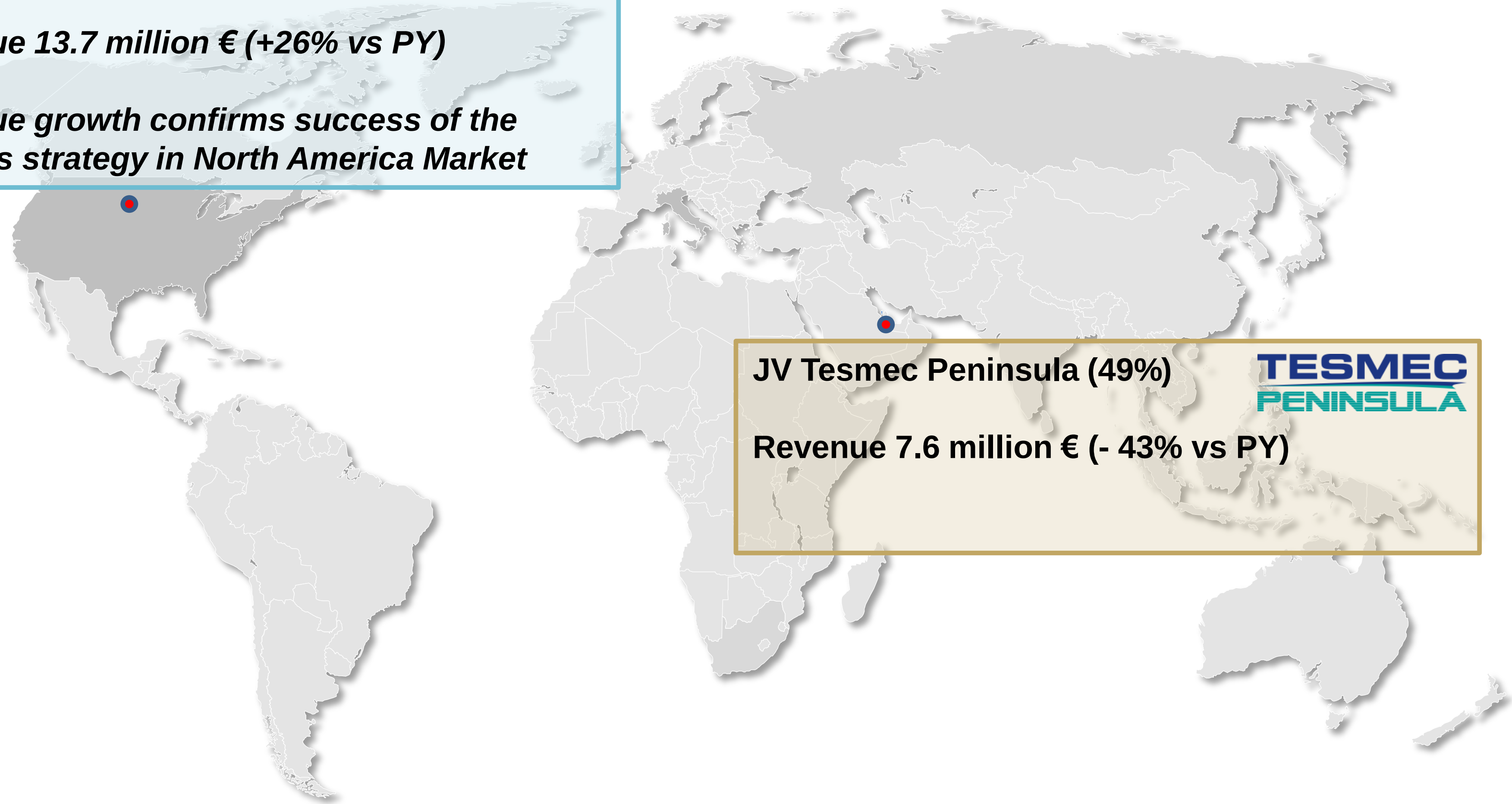
In 2013 the company suffered an unfavorable economic situation that is synthesized in the devaluation of the local currency (rand) against the U.S. dollar by 31%.

Performance of foreign subsidiaries consolidated by Equity Method

JV Condux-Tesmec (50%)

Revenue 13.7 million € (+26% vs PY)

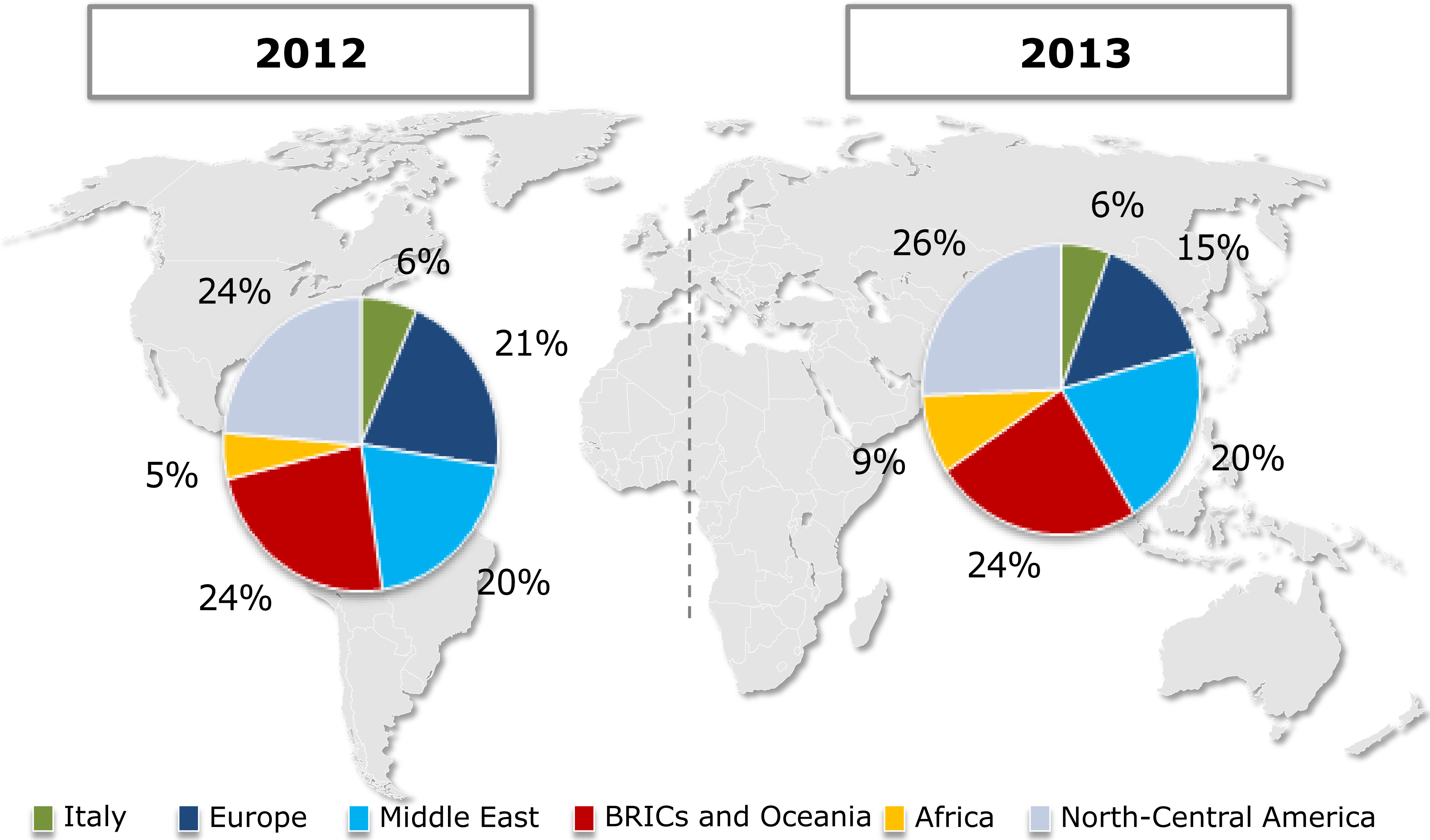
Revenue growth confirms success of the Group's strategy in North America Market



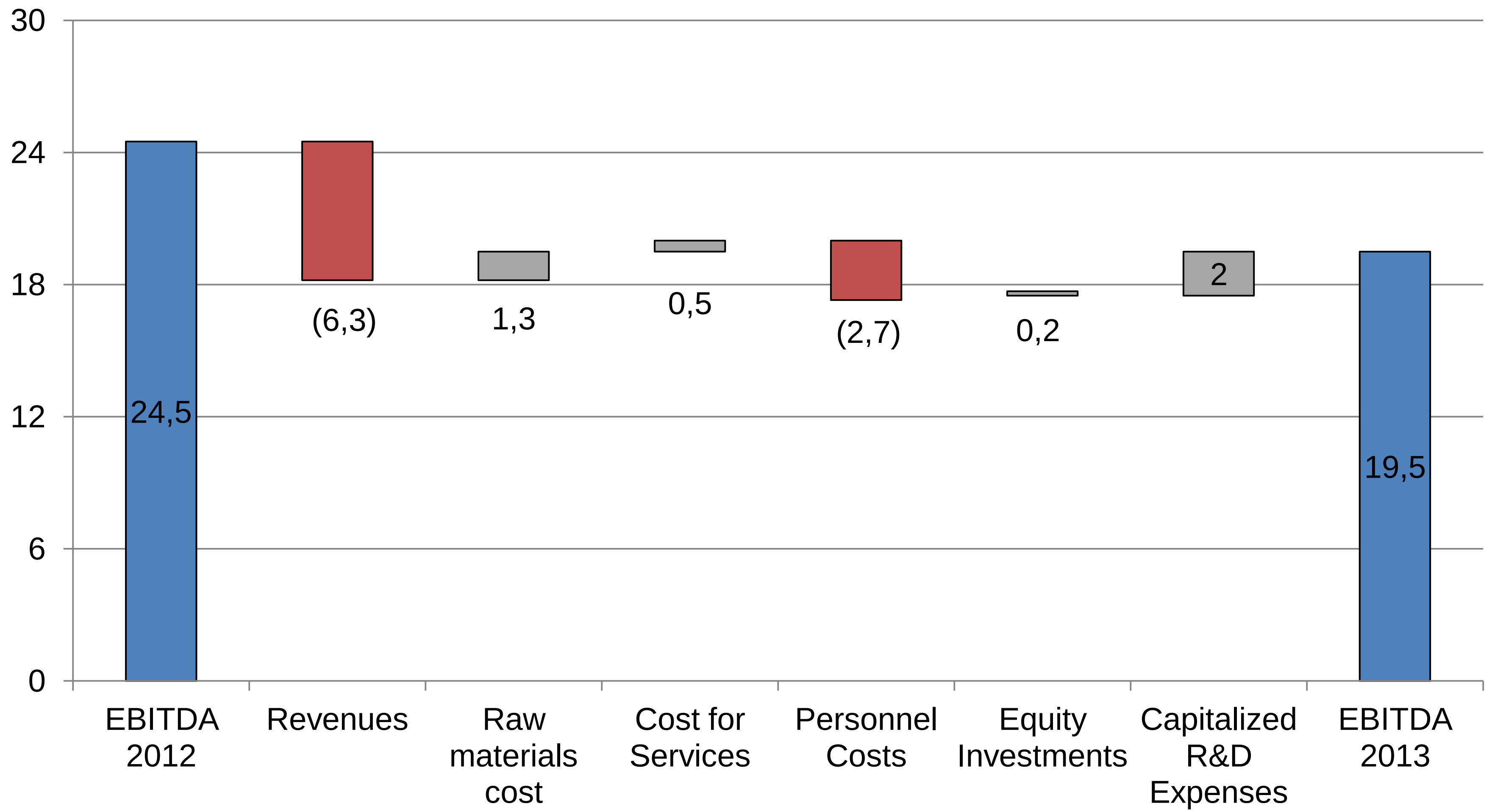
JV Tesmec Peninsula (49%)

Revenue 7.6 million € (- 43% vs PY)

Revenues: international scale and exposure to growing economies



EBITDA 2013

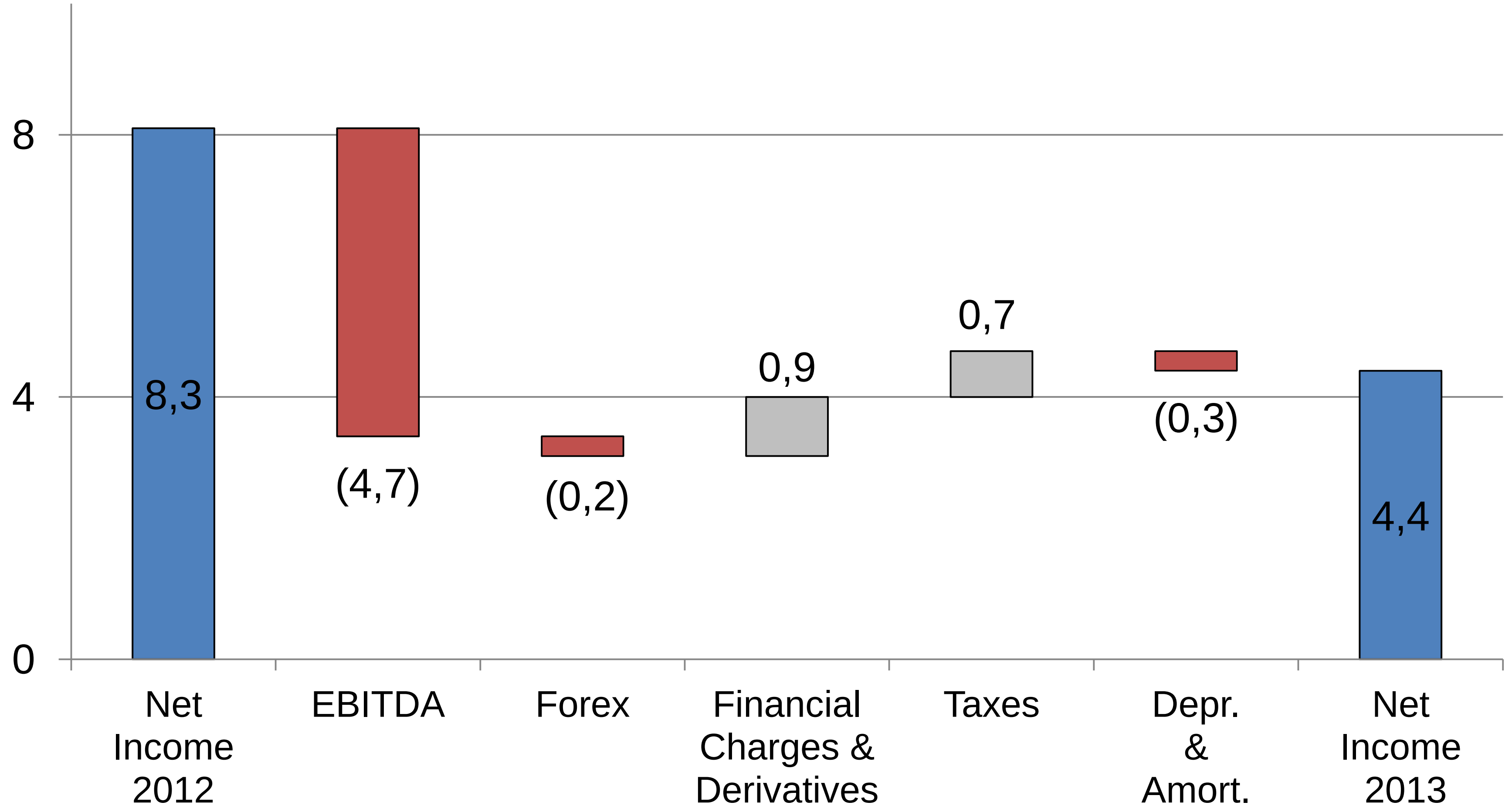


2012

EBITDA decrease is mainly due to the revenues decrease, change in product mix and increased personnel costs

2013

NET PROFIT 2013



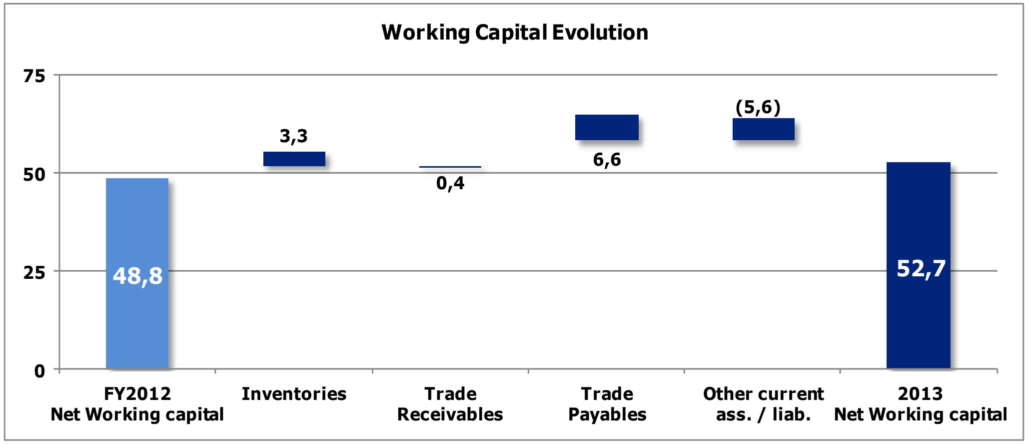
2012 | EBITDA is mainly accounting for the change in Net Profit | 2013

2013 Financial Results

Financial Information (Euro Mln)	2013	2012
Net Working Capital	52,7	48,8
Non Current assets	57,5	49,7
Other Long Term assets/liabilities	0,4	1
Net Invested Capital	**110,6**	**99,5**
Net Financial Indebtness	68,8	56,5
Equity	41,8	43
Total Sources of Financing	**110,6**	**99,5**

Working Capital Evolution

Euro Mln	2013	2012	Days* 2013	Days* 2012
Trade Receivables	43,2	43,6	137	131
Inventories	48,1	44,8	152	135
Trade Payables	(25,5)	(32,1)	81	96
Other Current Assets/(Liabilities)	(13,1)	(7,5)	41	23
Net Working Capital	**52,7**	**48,8**		



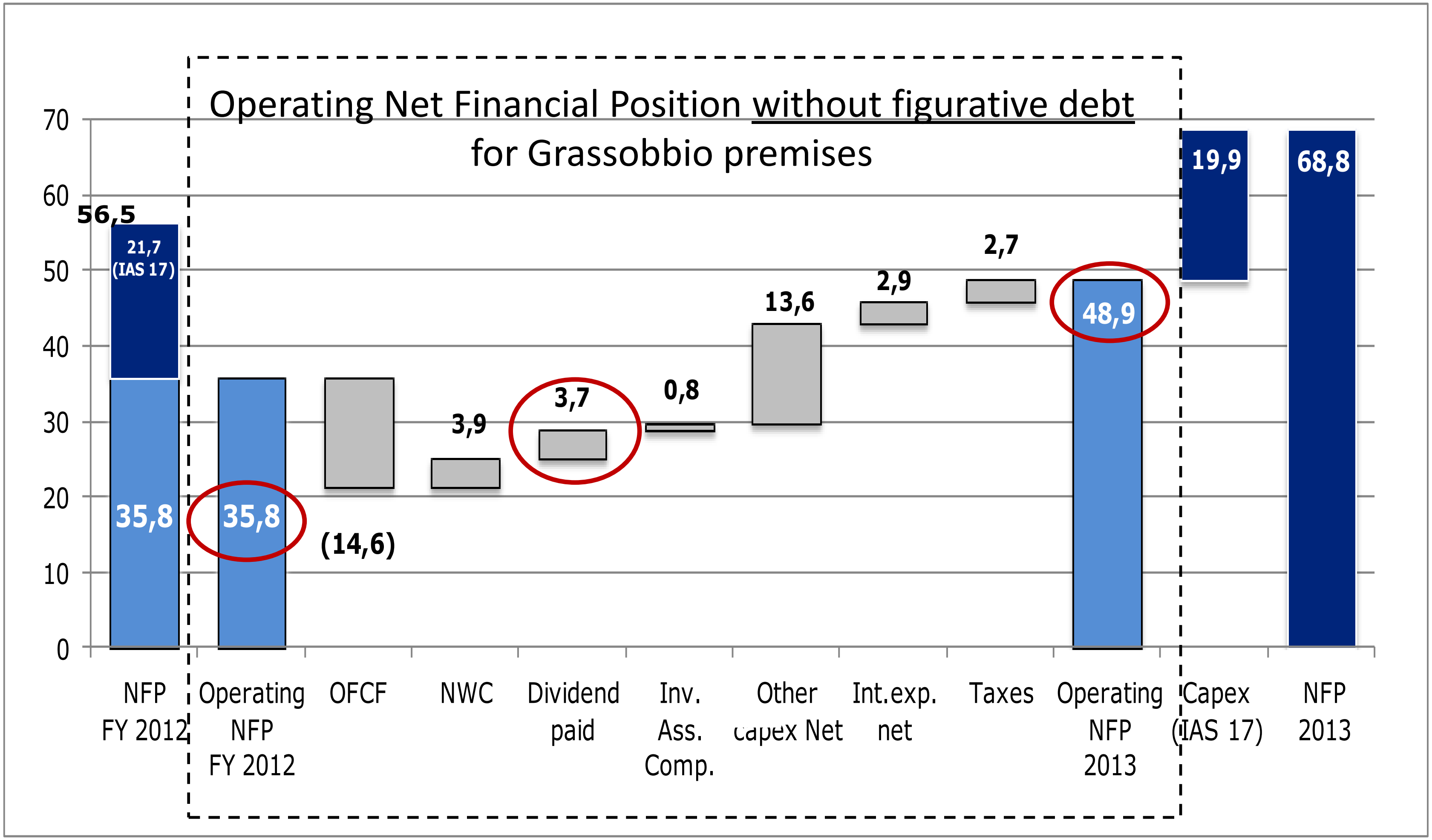
2013

Net Working Capital / Revenues 46%

2012

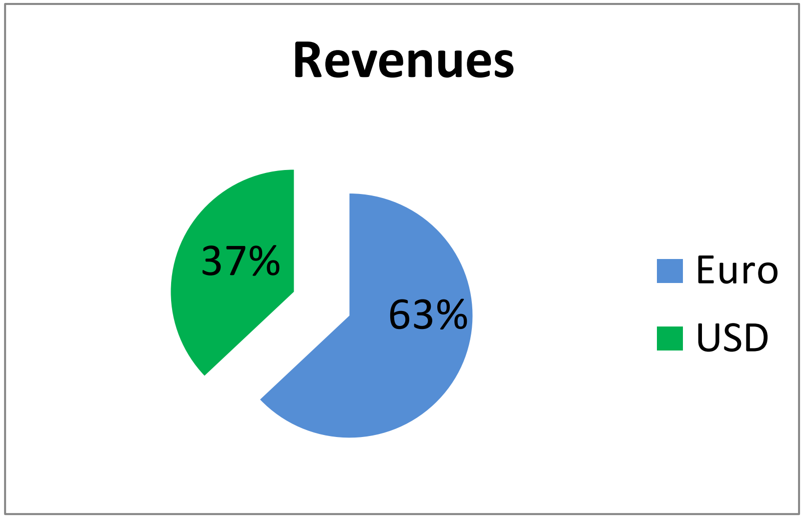
Net Working Capital / Revenues 41%

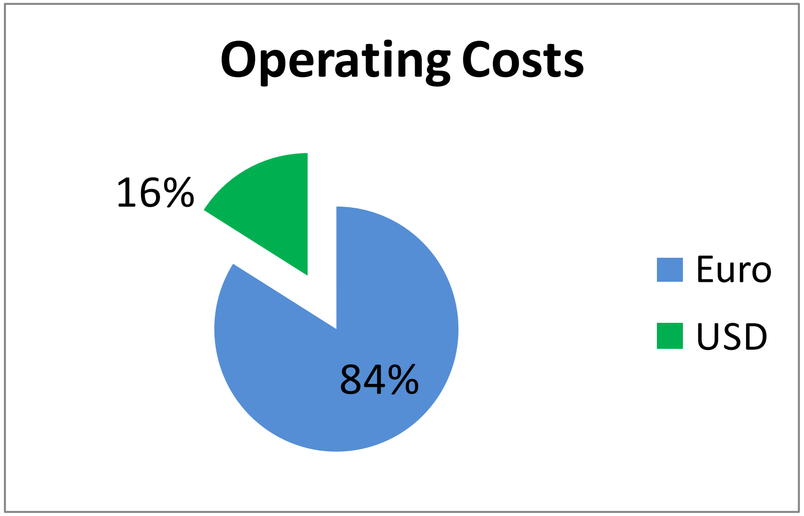
Net Financial Position Evolution

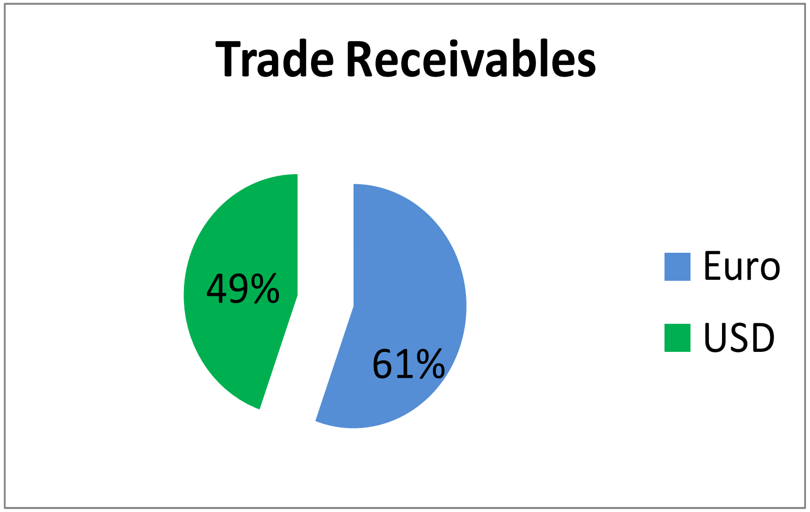


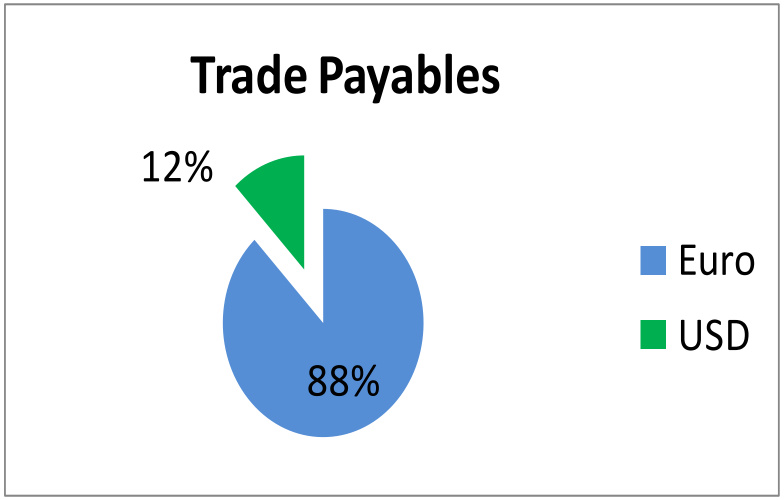
2012 › NFP has been affected by dividend payment and purchasing of Sirone Building › 2013

Exchange exposure 2013





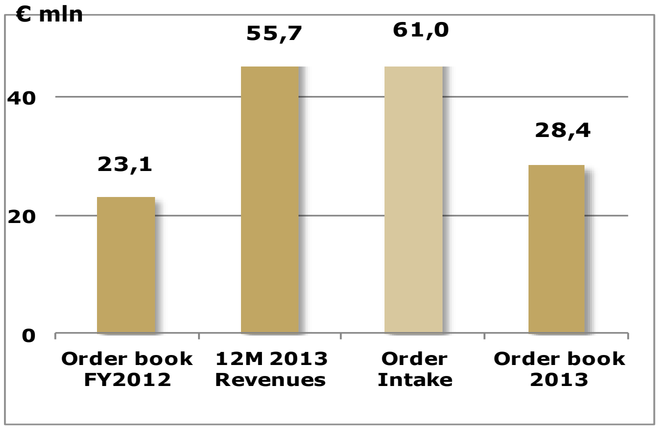




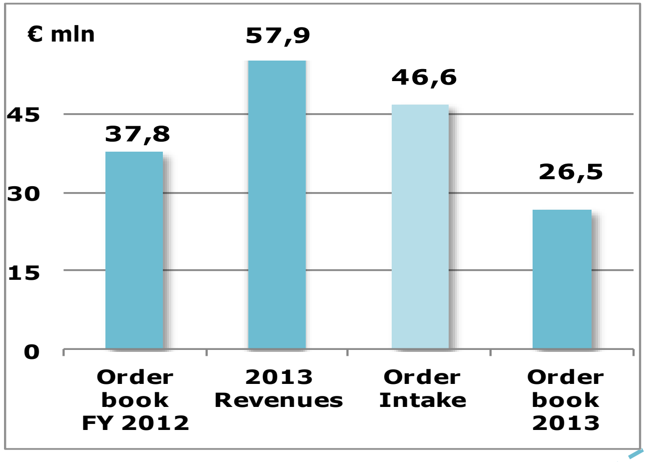
Order Book

ORDER BOOK 2013

TRENCHERS



STRINGING



Outlook 2014

We expect 2014 will be a positive year based of the following main assumptions:

- normalisation of the negative factors which influenced the performance of last quarter 2013 mainly in the second half year;

- the increased level of diversification of products and markets that will allow the Group to grow compensating for declines in some markets.

- Finalisation of important negotiations in the three business sector Energy, Railway and Underground Infrastructures.

Focus on R&D

Staff dedicated to research and development over the past two years has increased up to 100 units

TRENCHERS

Digitalization of the machines:

Smart Trencher philosophy

Re.M
Remote Monitoring Systems
TrenchTronic

Big Projects:

Doha Metro, Doha Port

RAILWAY

Construction and maintenance rail vehicles:

Denver Transit for Eagle P3 rail project in Denver (USA)

Railcar

APV for Italy

ENERGY

New innovative products for Grids efficiency and management:

Certification in progress

Agreement with Rosseti for development of compact lines and live line operations methodology

BPL Electric Technolgies

Key Projects

ENERGY

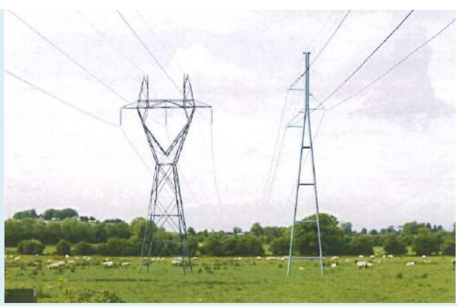
EUROPE

Special projects, huge crossing

USA

Important stringing projects

RUSSIA



Agreement with Rosseti

RAILWAY

CHINA

Machines for catenary installation

USA

Strategic Project with Amtrak

EUROPE

Snow removal machines

UNDERGROUND INFRASTRUCTURES

MIDDLE EAST

Infrastructure projects in Qatar

USA

Pipeline projects

ASIA

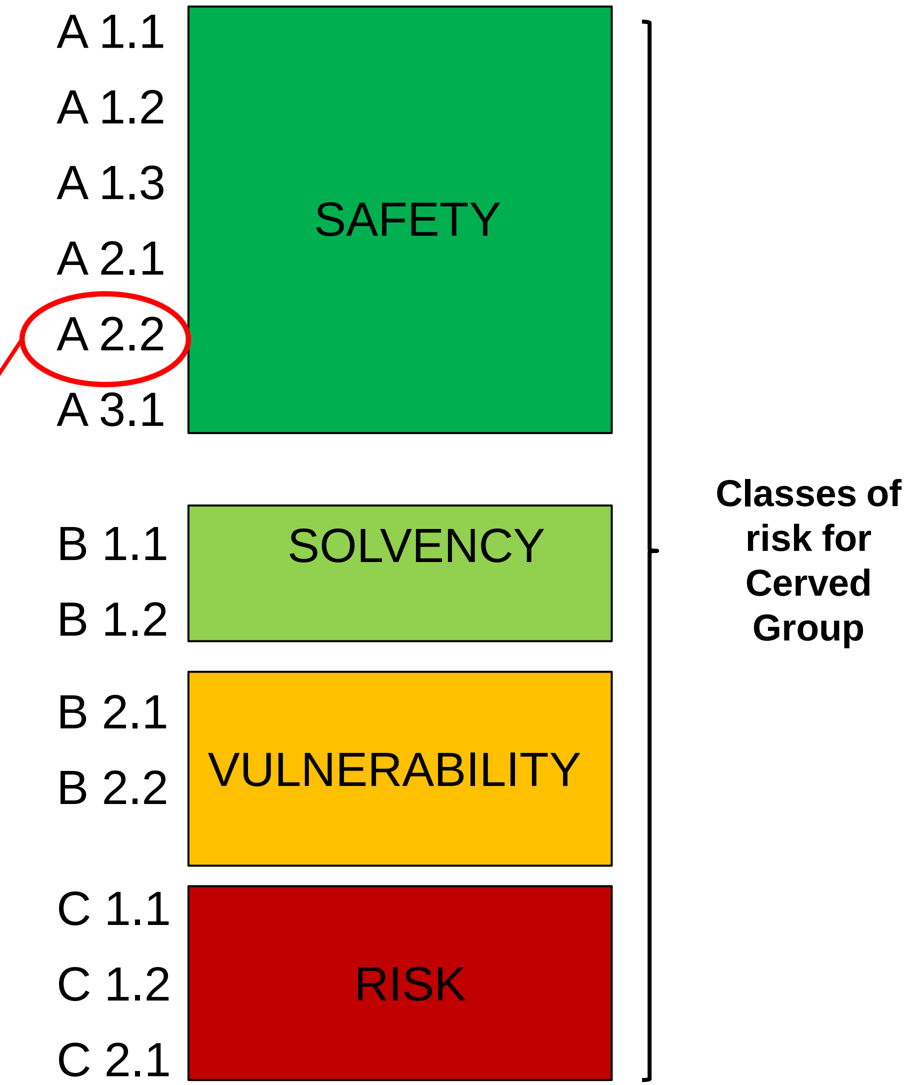
Fiber optic installation

Rating assigned to Tesmec from Cerved Group

Tesmec has been assigned
a solicited rating
by Cerved Group on
February 24, 2014,
of

A 2.2

equivalent to
a high credit rating with a
PDI index of 0.34%



Appendix A - Summary 2013
Profit & Loss statement

Profit & Loss Account (€ mln)	2013	2012	Delta vs 2012	Delta %
Net Revenues	**113,5**	**119,8**	**(6,3)**	**-5%**
Raw materials costs (-)	(54,8)	(56,1)	1,3	-2%
Cost for services (-)	(19,9)	(20,3)	0,4	-2%
Personnel Costs (-)	(22,7)	(20,0)	(2,7)	14%
Other operating revenues/costs (+/-)	(2,0)	(2,0)	0,0	0%
Portion of gain/(losses) from equity investments evaluated using the equity method	0,4	0,2	0,2	100%
Capitalized R&D expenses	5,0	2,9	2,1	72%
Total operating costs	**(94,0)**	**(95,3)**	**1,3**	**-1%**
% on Net Revenues	*(83%)*	*(80%)*		
EBITDA	**19,5**	**24,5**	**-5,0**	**-20%**
% on Net Revenues	*17%*	*20%*		
Depreciation, amortization (-)	(7,0)	(6,7)	(0,3)	4%
EBIT	**12,5**	**17,8**	**-5,3**	**33%**
% on Net Revenues	*11%*	*15%*		
Net Financial Income/Expenses (+/-)	(4,7)	(5,4)	0,7	-13%
Taxes (-)	(3,4)	(4,1)	0,7	-17%
Minorities	-	-	-	-
Net Income (Loss)	**4,4**	**8,3**	**(3,9)**	**-47%**
% on Net Revenues	*4%*	*7%*		

Appendix B - Summary Balance Sheet

Accounts receivable	43,2	43,6
Accounts payable (-)	(25,5)	(32,1)
Op. working capital	**65,8**	**56,3**
Other current assets (liabilities)	(13,1)	(7,5)
Net working capital	**52,7**	**48,8**
Tangible assets	43,2	39,8
Intangible assets	10,2	7,6
Financial assets	4,1	2,3
Fixed assets	**57,5**	**49,7**
Net long term liabilities	0,4	1,0
Net invested capital	**110,6**	**99,5**
Cash & near cash items (-)	(13,8)	(17,1)
Short term financial assets (-)	(9,5)	(5,2)
Short term borrowing	38,1	29,6
Medium-long term borrowing	54,0	49,2
Net financial position	**68,8**	**56,5**
Equity	41,8	43,0
Funds	**110,6**	**99,5**

Disclaimer

• The Manager responsible for preparing the company's financial reports, Andrea Bramani, declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this presentation corresponds to the document results, books and accounting records.

• Certain information included in this document is forward looking and is subject to important risks and uncertainties that could cause actual results to differ materially.

• Any estimates or forward-looking statements contained in this document are referred to the current date and, therefore, any of the assumptions underlying this document or any of the circumstances or data mentioned in this document may change. Tesmec S.p.A. expressly disclaims and does not assume any liability in connection with any inaccuracies in any of these estimates or forward-looking statements or in connection with any use by any third party of such estimates or forward-looking statements.
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• In addition to the standard financial reporting formats and indicators required under IFRS, this document contains a number of reclassified tables and alternative performance indicators. The purpose is to help users better evaluate the Group's economic and financial performance. However, these tables and indicators should not be treated as a substitute for the standard ones required by IFRS.

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