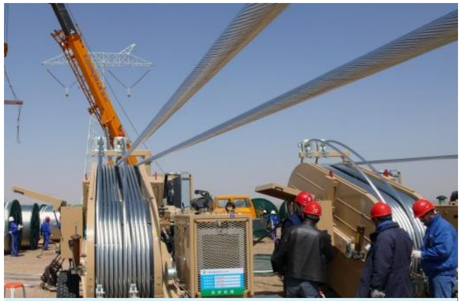
Tesmec Group

Corporate Presentation

Analyst Presentation May 9, 2014

Markets & Technology solutions

ENERGY



Power lines Construction & Maintenance

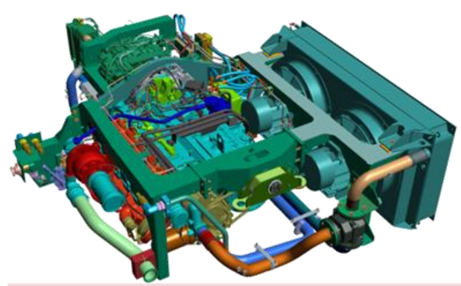
Underground Cables Laying

Grid Efficiency & Management

RAILWAY

Railway line Construction & Maintenance

Special application



New eco-friendly technology

UNDERGROUND INFRASTRUCTURES

Large-scale infrastructure

Shale Gas & Oil

Drainage & Dewatering

1Q2014 - Description Trend

- turnaround in the U.S. market where the adverse weather conditions have affected the first two months of the year, after which it is expected a strong recovery that began in March;

- Stringing after the first 2014 few months is in recovery with a change in product mix in which there will be an increase in the contribution of the new technologies to revenue;

- in the Railway there is a strong division of the backlog in the different countries and there are many initiatives underway.

1Q2014 P&L Results

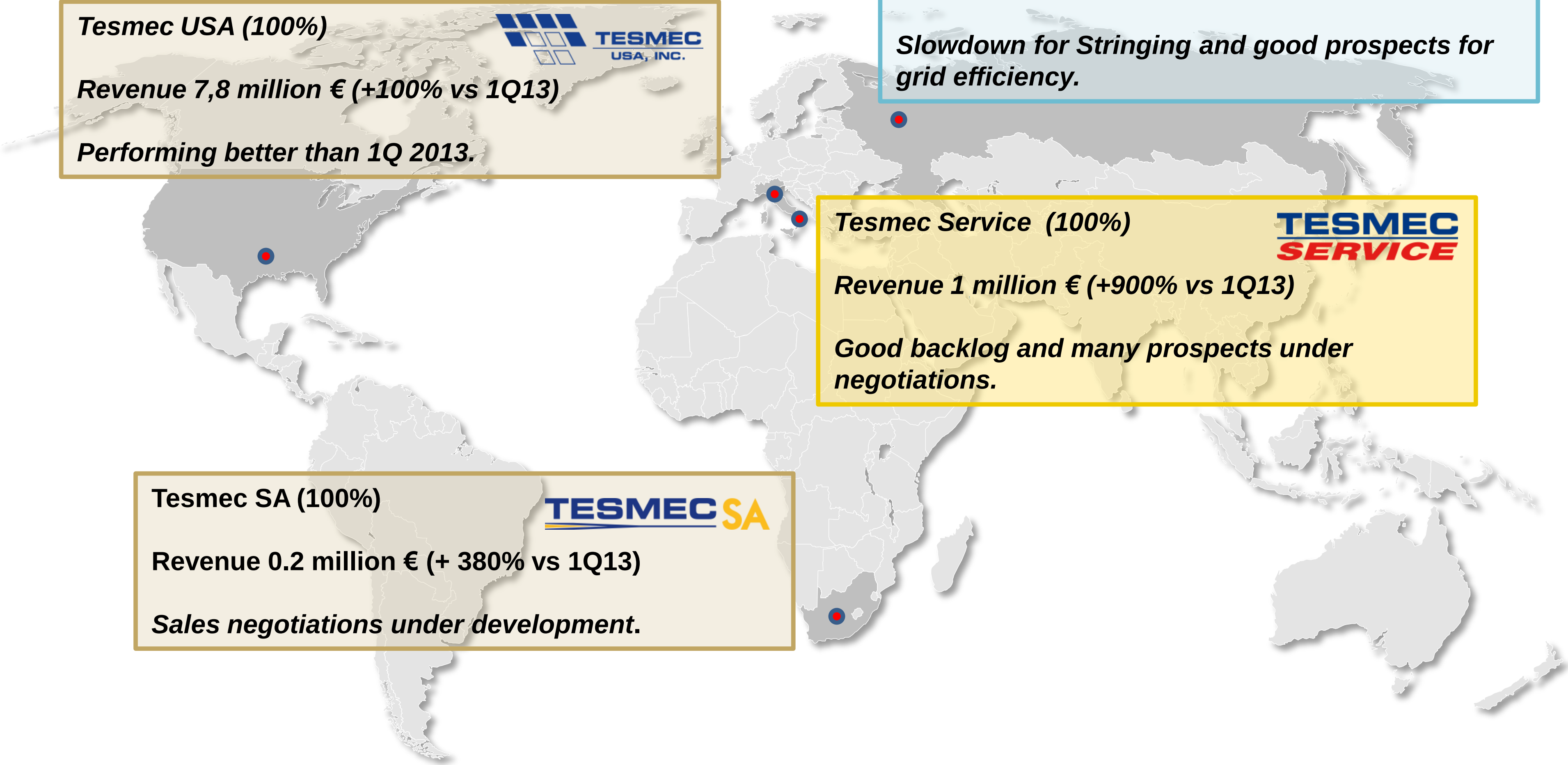
GROUP	1Q2014	1Q2013	Delta %
Revenues	**27,2**	**25,9**	**5%**
EBITDA	**3,2**	**5,1**	**-37%**
% on Revenues	12%	20%	
EBIT	**1,6**	**3,6**	**-56%**
% on Revenues	6%	14%	
Profit Before Taxes	**0,6**	**3,8**	**-84%**
% on Revenues	2%	15%	
NET INCOME	**0,2**	**2,4**	**-92%**
% on Revenues	1%	9%	

TRENCHER	1Q2014	1Q2013	Delta %
Revenues	**11,7**	**9,3**	**26%**
EBITDA	**0,8**	**1,2**	**-33%**
% on Revenues	7%	13%	

RAILWAY	1Q2014	1Q2013	Delta %
Revenues	**1,7**	**0,9**	**100%**
EBITDA	**0,3**	**(0,2)**	**250%**
% on Revenues	18%	-22%	

STRINGING	1Q2014	1Q2013	Delta %
Revenues	**13,8**	**15,7**	**-12%**
EBITDA	**2,2**	**4**	**-45%**
% on Revenues	16%	25%	

Subsidiaries



Tesmec RUS (100%)

Revenue 0.4 million € (+33% vs 1Q13)

Slowdown for Stringing and good prospects for grid efficiency.

Tesmec USA (100%)

Revenue 7,8 million € (+100% vs 1Q13)

Performing better than 1Q 2013.

Tesmec Service (100%)

Revenue 1 million € (+900% vs 1Q13)

Good backlog and many prospects under negotiations.

Tesmec SA (100%)

Revenue 0.2 million € (+ 380% vs 1Q13)

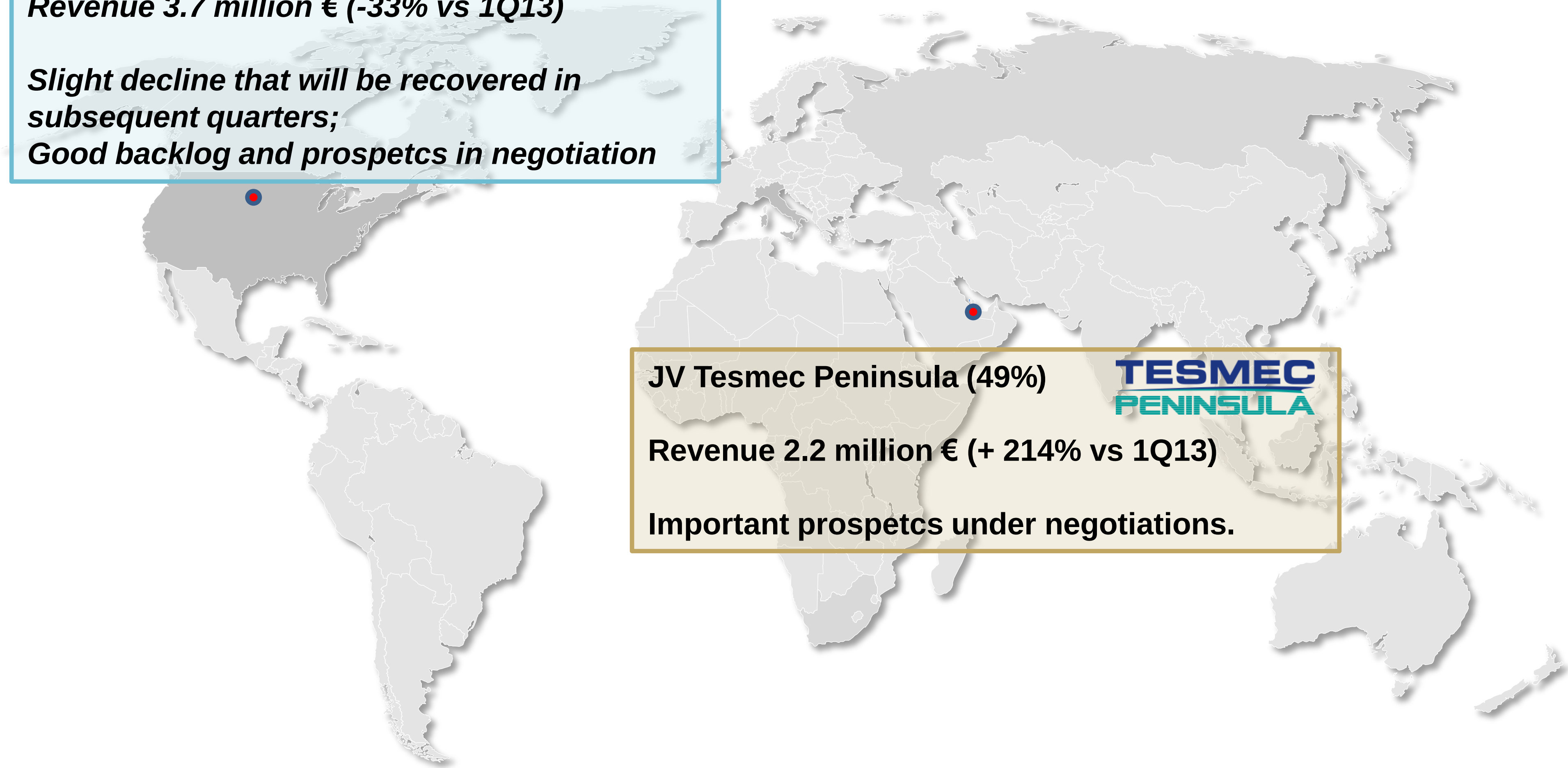
Sales negotiations under development**.**

Performance of foreign subsidiaries consolidated by Equity Method

JV Condux-Tesmec (50%)

Revenue 3.7 million € (-33% vs 1Q13)

Slight decline that will be recovered in subsequent quarters;
Good backlog and prospetcs in negotiation

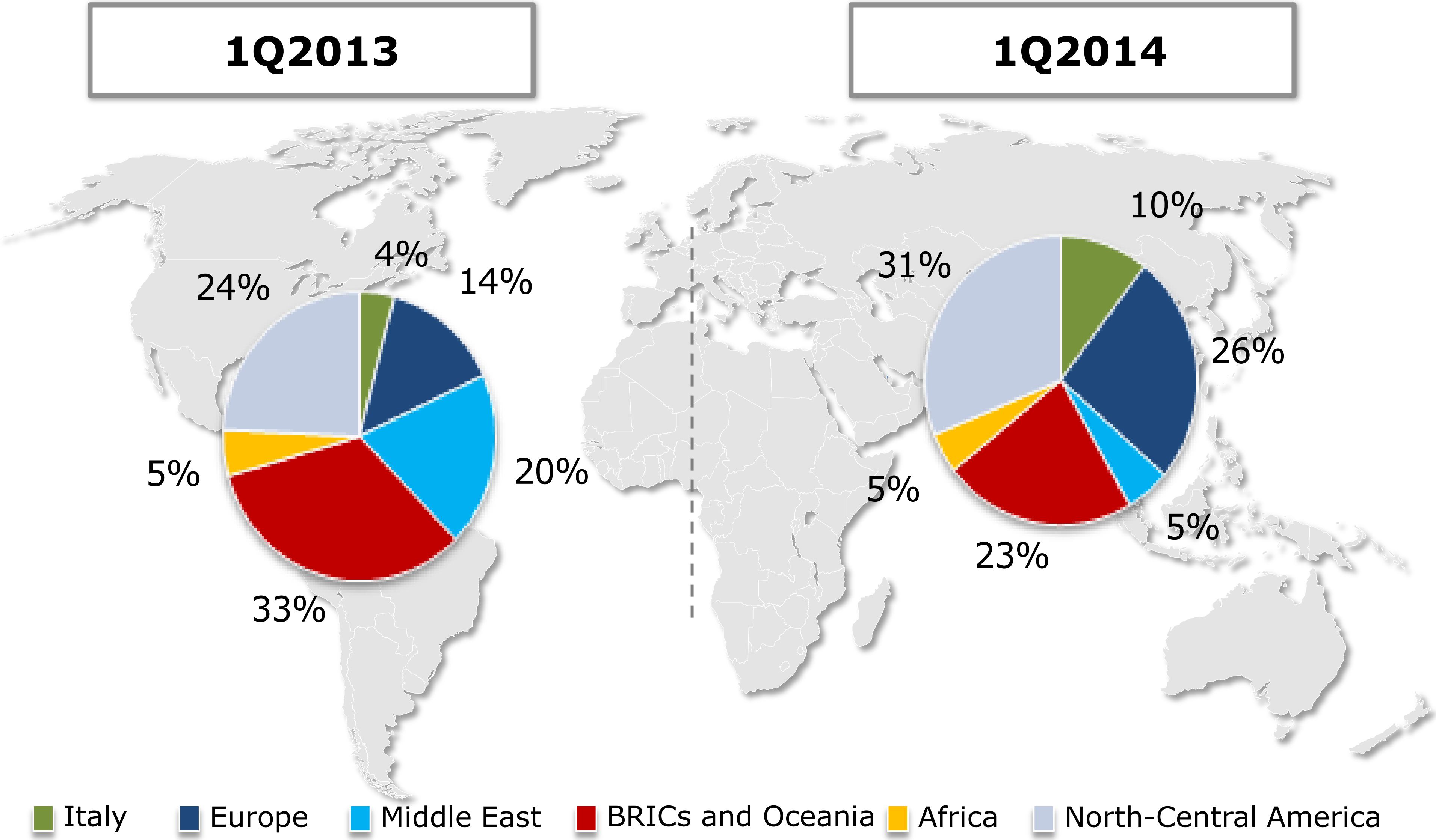


JV Tesmec Peninsula (49%)

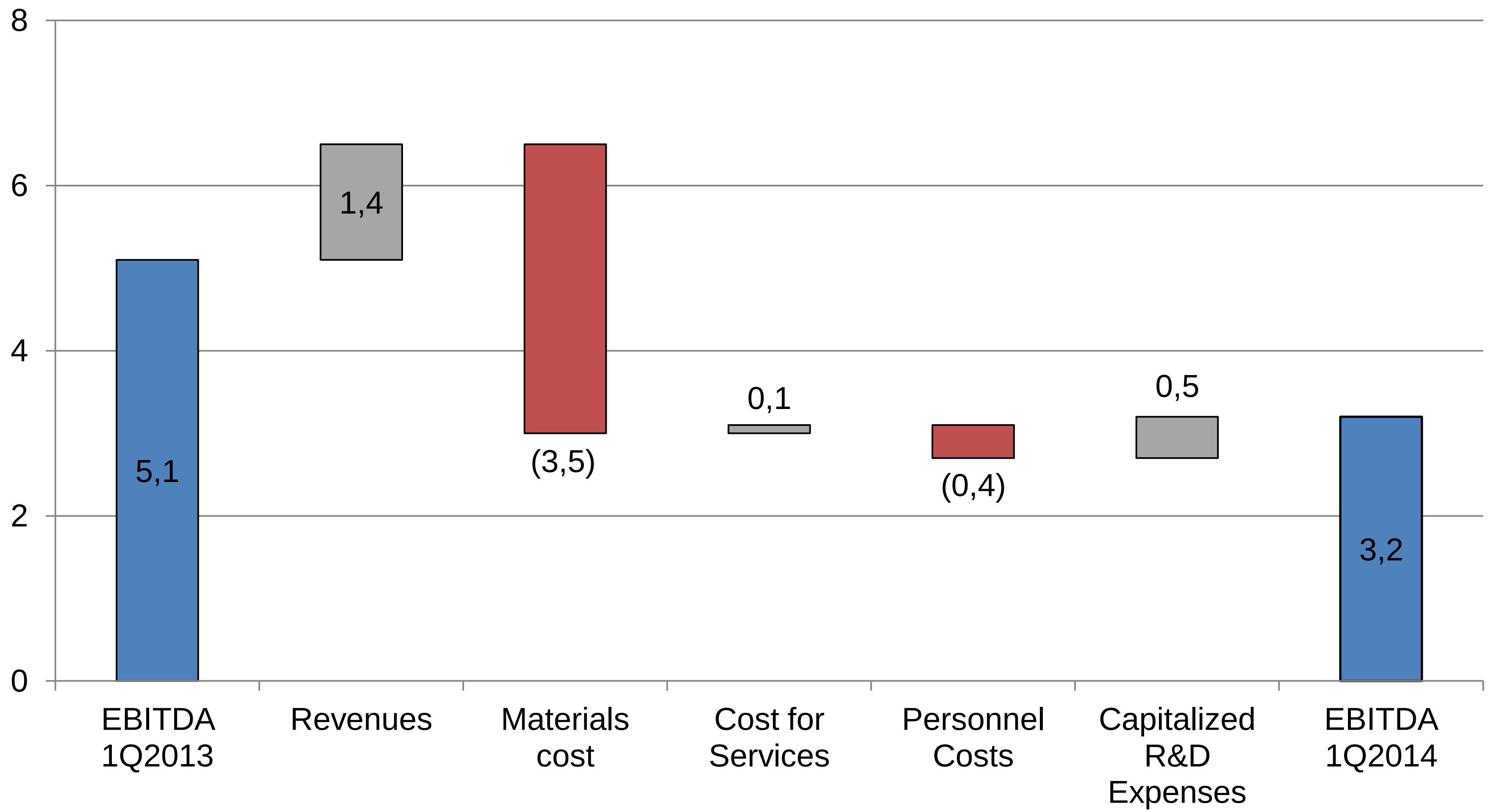
Revenue 2.2 million € (+ 214% vs 1Q13)

Important prospetcs under negotiations.

Revenues:
international scale and exposure to growing economies



EBITDA 1Q2014



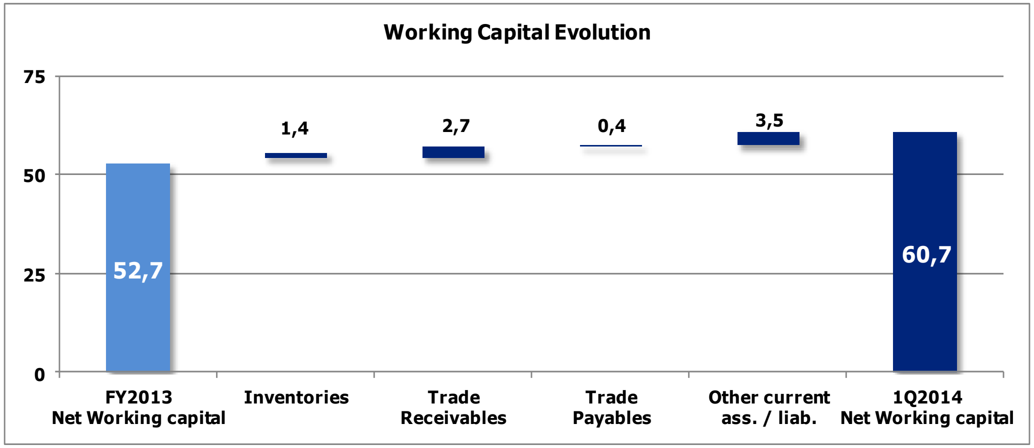
1Q 2013 | EBITDA decrease is mainly due to change in product and market mix | 1Q 2014

1Q2014 Financial Results

Financial Information (Euro Mln)	1Q2014	2013
Net Working Capital	60,7	52,7
Non Current assets	58,8	57,5
Other Long Term assets/liabilities	0,2	0,4
Net Invested Capital	**119,7**	**110,6**
Net Financial Indebtness	78	68,8
Equity	41,7	41,8
Total Sources of Financing	**119,7**	**110,6**

Working Capital Evolution

Euro Mln	1Q2014	2013	Days* 1Q 2014	Days 2013
Trade Receivables	45,9	43,2	144	137
Inventories	49,5	48,1	155	152
Trade Payables	(25,2)	(25,5)	79	81
Other Current Assets/(Liabilities)	(9,5)	(13,1)	30	41
Net Working Capital	**60,7**	**52,7**		



1Q2014*

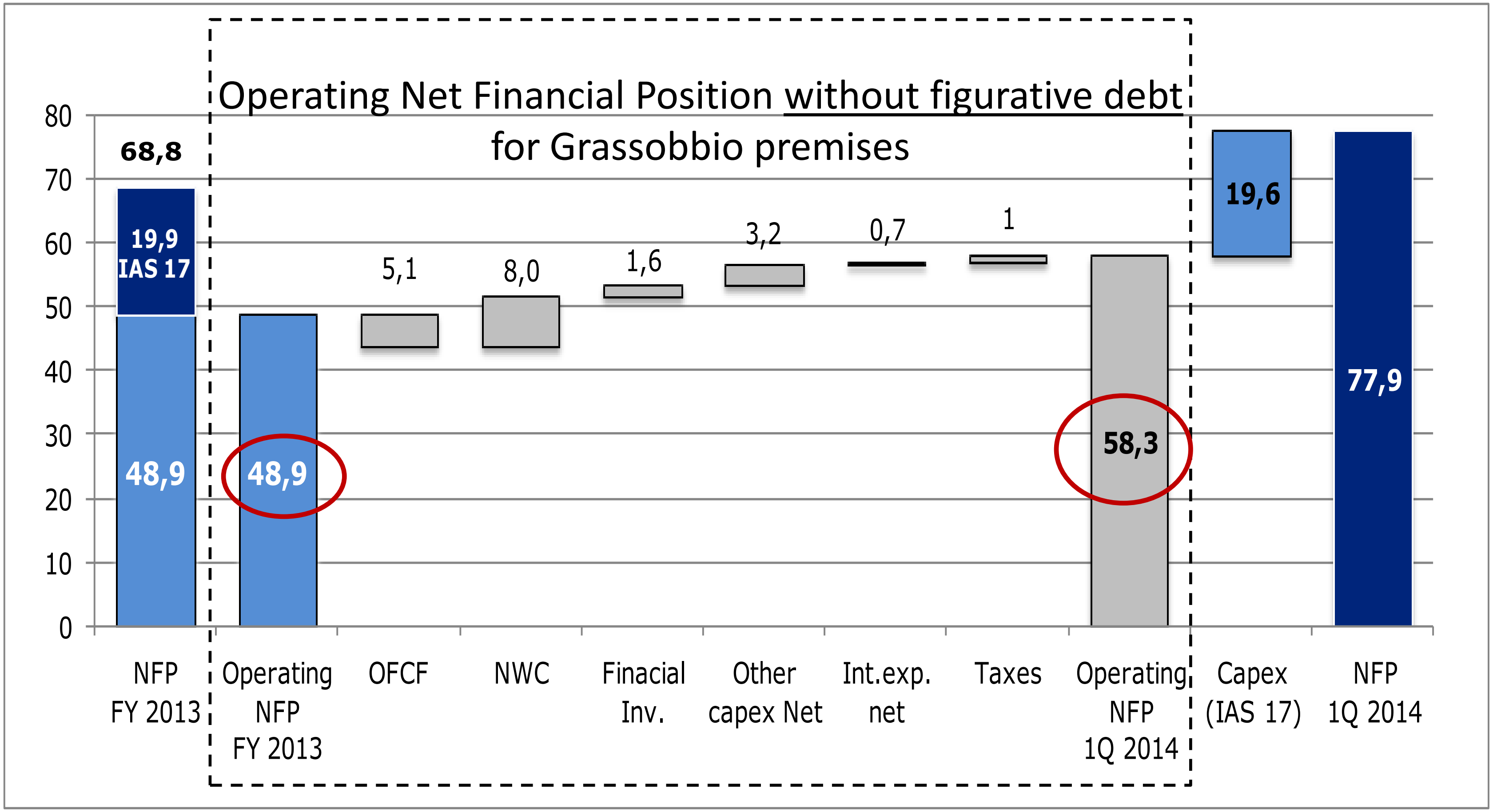
$\frac{\text{Net Working Capital}}{\text{Revenues}}$ 53%

2013

$\frac{\text{Net Working Capital}}{\text{Revenues}}$ 46%

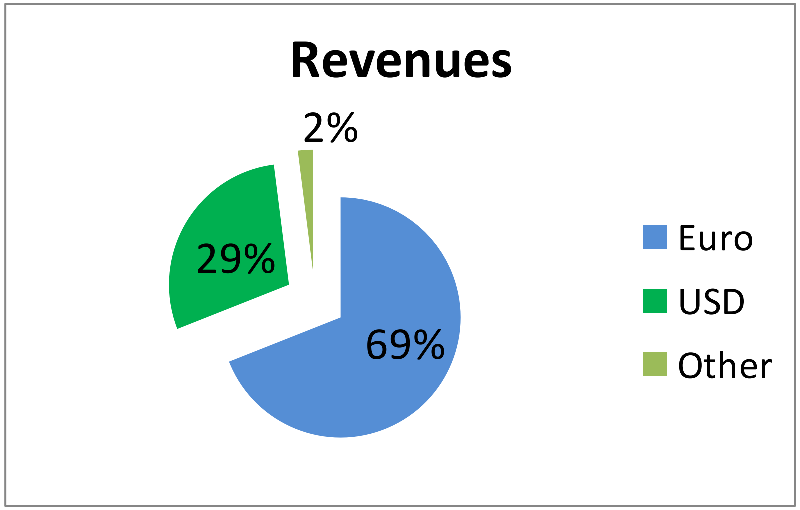
*calculated on the total revenue for the last 12 months (from April 2013 to March 2014)

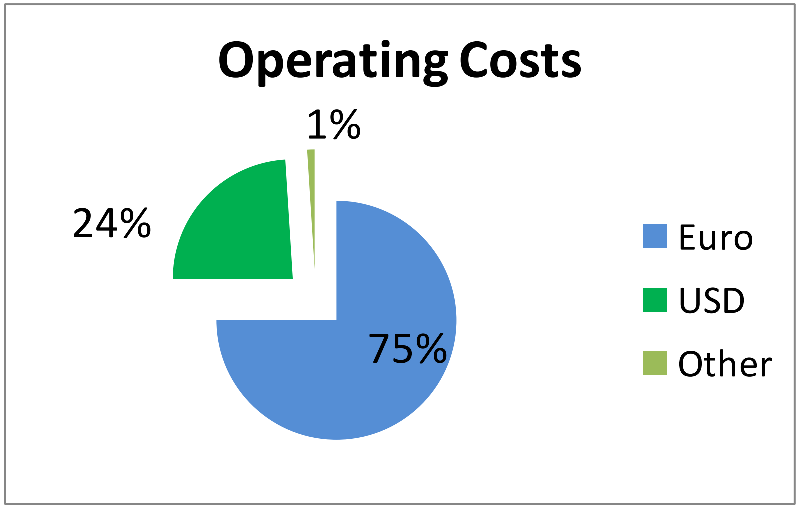
Net Financial Position Evolution

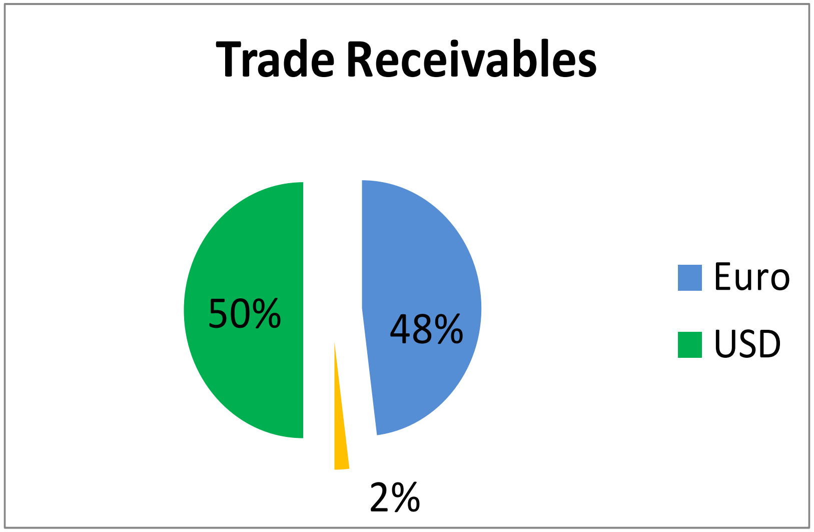


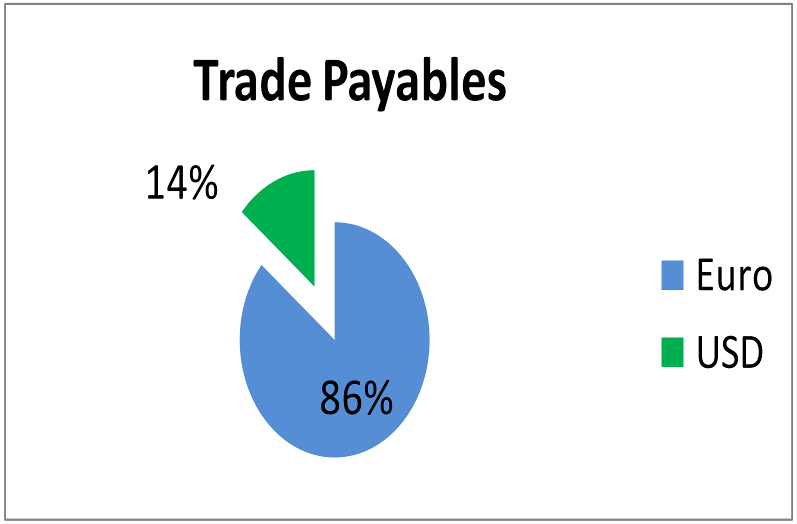
2013 | NFP has been affected by increase in NWC (Seasonality effect) and purchase of Sirone Factory (5 mln) | 1Q2014

Exchange Rate Risk exposure 1Q2014



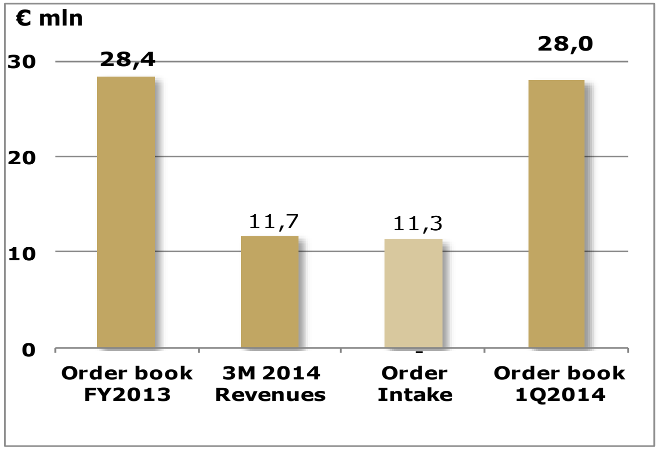




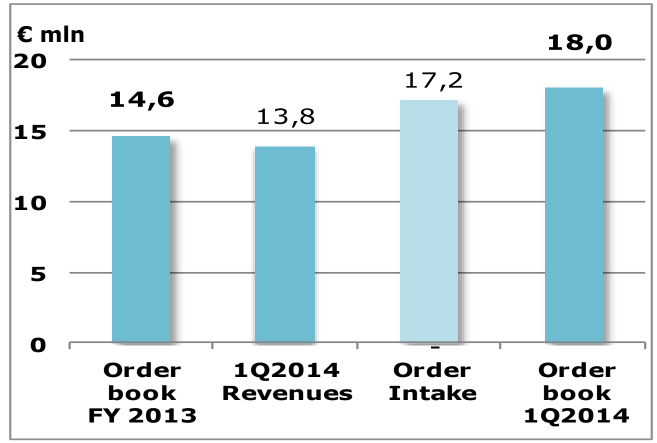


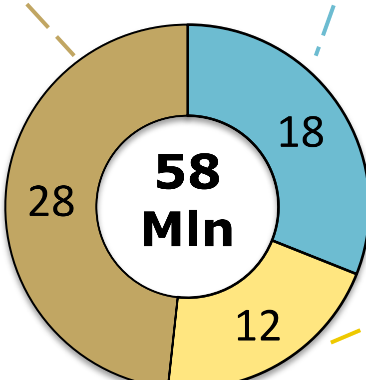
Order Book 1Q 2014

TRENCHERS

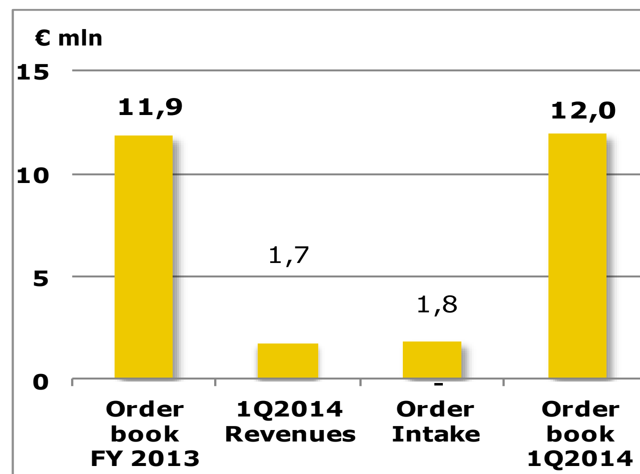


STRINGING





RAILWAY



Outlook 2014

Considering that the recovery of the US market, which had a positive influence on first quarter performance, appears to be gaining momentum in the second half of the year and that the majority of the factors that impacted first quarter performance are of a non recurring nature and also linked to activities to promote the development of new initiatives.

The expectations for the second part of the year are in line with the consensus for both financial and economic indicators and are confirmed by the trend of the order portfolio, as well as by new business and initiatives that will generate the expected results by the end of 2014.

Appendix A - Summary 1Q2014
Profit & Loss statement

Profit & Loss Account (€ mln)	1Q2014	1Q2013	Delta vs 2013	Delta %
Net Revenues	**27,2**	**25,9**	**1,3**	**5%**
Raw materials costs (-)	(13,9)	(10,4)	(3,5)	33%
Cost for services (-)	(4,8)	(4,9)	0,1	-2%
Personnel Costs (-)	(6,3)	(5,9)	(0,4)	7%
Other operating revenues/costs (+/-)	(0,6)	(0,6)	0,0	-7%
Portion of gain/(losses) from equity investments evaluated using the equity method	0,3	0,3	0,0	0%
Capitalized R&D expenses	1,2	0,7	0,5	71%
Total operating costs	**(24,1)**	**(20,8)**	**(3,3)**	**16%**
% on Net Revenues	*(88%)*	*(80%)*		
EBITDA	**3,2**	**5,1**	**(1,9)**	**-38%**
% on Net Revenues	*12%*	*20%*		
Depreciation, amortization (-)	(1,7)	(1,5)	(0,2)	11%
EBIT	**1,5**	**3,6**	**(2,1)**	**-58%**
% on Net Revenues	*6%*	*14%*		
Net Financial Income/Expenses (+/-)	(1,0)	0,2	(1,2)	-600%
Taxes (-)	(0,3)	(1,4)	1,1	-79%
Minorities	-	-	-	-
Net Income (Loss)	**0,2**	**2,4**	**(2,2)**	**-91%**
% on Net Revenues	*1%*	*9%*		

Appendix B - Summary Balance Sheet

Balance Sheet (€ mln)	1Q2014	2013
Inventory	49,5	48,1
Accounts receivable	45,9	43,2
Accounts payable (-)	(25,2)	(25,5)
Op. working capital	**70,2**	**65,8**
Other current assets (liabilities)	(9,5)	(13,1)
Net working capital	**60,7**	**52,7**
Tangible assets	44,2	43,2
Intangible assets	10,7	10,2
Financial assets	3,9	4,1
Fixed assets	**58,8**	**57,5**
Net long term liabilities	0,2	0,4
Net invested capital	**119,7**	**110,6**
Cash & near cash items (-)	(9,7)	(13,8)
Short term financial assets (-)	(11,3)	(9,5)
Short term borrowing	45,9	38,1
Medium-long term borrowing	53,2	54,0
Net financial position	**78,0**	**68,8**
Equity	41,7	41,8
Funds	**119,7**	**110,6**

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• 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.

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