



05.08.2010

## Tesmec S.p.A.: the Board of Directors approves the First Half 2010 Consolidated Results

### Key Consolidated Results for the First Half 2010:

- Revenues: 53.4 million euro (+32% compared with 40.5 million euro in the first half 2009)
  - EBITDA<sup>1</sup>: 10.4 million euro (+43% compared with 7.2 million euro in the first half 2009)
  - EBIT: 7.9 million euro (+36% compared with 5.8 million euro in the first half 2009)
  - Net income: 4.7 million euro (+61% compared with 2.9 million euro in the first half 2009)
- Net financial indebtedness: 45.2 million euro<sup>2</sup> (improved from 46.2 million euro at December 31, 2009)

Grassobbio (Bergamo), 5 august 2010 – The Board of Directors of Tesmec S.p.A. (MTA, STAR: TES), among the world's leading producers of stringing solutions for aerial high-voltage electrical-line transmission networks and of high-powered trenchers for linear excavation, met today and chaired by Ambrogio Caccia Dominioni, approved the First Half 2010 IFRS Results.

The first half of 2010 was characterized by a strong grow in the **stringing** market for both aerial high-voltage and railway power lines linked to important projects started in extra EU countries and the further development of the high speed railways network in Europe and, even more, in the Far East. In the **trenching** business, growth came from important "gas projects" in Eastern Europe and the realization of civil infrastructures in North Africa.

"We are extremely pleased by our results in the First Half of the year, showing growth in both our business lines while confirming the recovery already started in the first quarter of 2010. Our results are even more important as they are part of a medium-long term project that our Group started with the recent IPO" – commented Ambrogio Caccia Dominioni, Chairman and Managing Director of Tesmec S.p.A..

### Notes to key results at June 30, 2010

In the first half 2010, Tesmec Group's revenues amounted to **53.4** million euro, **up 31.6%** compared with 40.5 million euro in the same period in 2009. Revenues growth was mainly linked to increased volumes of products sold both in the Trencher and Stringing business lines.

<sup>1</sup> EBITDA is the operating result before depreciation and amortization. EBITDA thus defined represents a tool utilized by management in order to monitor and evaluate the Company's operating performance. EBITDA is not identified as an accounting measurement in IFRS and therefore should not be considered as an alternative measure for the evaluation of the Group's operating profit performance. Given that the composition of EBITDA is not regulated by IFRS accounting standards, the valuation criteria applied by the Group in calculating EBITDA may not necessarily be the same as those adopted by others and therefore not necessarily comparable therewith.

<sup>2</sup> Not including proceeds deriving from the share capital increase following the IPO of the Company.



### Consolidated revenues by business line at June 30, 2010

In the **Stringing** business line, Tesmec Group generated revenues of **30.5** million euro in the first half 2010, **up 48.5%** compared with 20.5 million euro in the same period in 2009.

In the **Trencher** business line, revenues in the first half 2010 amounted to **22.9** million euro, **up 14.2%** compared with 20 million euro in the same period in 2009.

First half 2010	Revenues		
(thousands Euro)	2010	2009	Change
<b>Stringing</b>	30,499	20,541	48.5%
<i>As % of Revenues</i>	57.16%	50.65%	
<b>Trencher</b>	22,861	20,011	14.2%
<i>As % of Revenues</i>	42.84%	49.35%	
<b>Consolidated Revenues</b>	53,360	40,552	31.6%

### Consolidated revenues by geographical area at June 30, 2010

During the first half of the year, Tesmec Group continued its strategy based on geographical expansion in emerging markets (Brazil, Russia, India, China and South Africa) and development of new markets less covered by the Group (North Africa, Eastern Europe and the Arabian peninsula), while keeping its market positioning in the traditional markets (North America and Europe). In particular, in the Stringing business the Group generated its most important growth mainly in India while the Trencher business mainly grew in Africa.

### EBITDA at June 30, 2010

(Thousands Euro)	First half	
	2010	2009
Revenues	53,360	40,552
Operating costs net of depreciation and amortization	(42,998)	(33,315)
<b>EBITDA</b>	<b>10,362</b>	<b>7,236</b>
<i>As % of Revenues</i>	19.4%	17.8%

Tesmec Group's **EBITDA** (gross operating margin) in the first half 2010 was **10.4** million euro, up **43.2%** compared with 7.2 million euro in the same period in 2009. **EBITDA margin**, as percentage of total revenues, stood at **19.4%**, up both with respect to the same period in 2009 and full year 2009.



EBITDA growth in the first half 2010, compared to the same period in 2009, was mainly driven, in the stringing business line, by strong revenues growth in markets and products with higher profitability, and, in the trencher business line, by the concomitance of several factors detailed below.

Revenues growth in the trencher business line was mainly generated through direct sales in Eastern Europe and North Africa, characterized by higher margins than those generated by dealers. In addition, revenues in Middle East, although reducing in absolute terms, showed higher margins thanks to the positive effect of a more favorable Euro/Dollar exchange rate had on margins. Lastly, margins were also positively affected by revenues generated in the renting activity in South Africa, activity posting higher margins than traditional sales.

#### *Net profit at June 30, 2010*

**Consolidated net profit** of the Group was 4.7 million euro at June 30, 2010, up **61%** compared with 2.9 million euro in the same period in 2009 thanks to the positive effect of the operating and financial activities, despite a higher fiscal charge compared to the same period in 2009.

#### *Net working capital at June 30, 2010*

**Net working capital** of the Group stood at 46.9 million euro at June 30, 2010, an increase of 3.8 million euro compared with December 31, 2009 but with an incidence on annualized revenues decreasing to 44% from 50% in December 31, 2009. It is worth mentioning that, on the total value of inventories, the relative weight of work-in-progress and finished products and goods for sales decreased from 35% on December 31, 2009 to 33% on June 30, 2010.

#### *Net financial indebtedness at June 30, 2010*

**Net financial indebtedness** on June 30, 2010 was negative for 45.2 million euro, decreasing from 46.2 million euro on December 31, 2009. This improvement is mainly linked to the combined effect of cash flow generation in the period (8.7 million euro) net of the increase in working capital (up 3.7 million euro net of currency exchange differences), dividends paid (2.5 million euro) and capital expenditures (1.4 million euro)



### Significant events occurring after June 30, 2010

On July 1, 2010 Tesmec S.p.A. was listed on the STAR Segment of the Mercato Telematico Azionario, organized and managed by Borsa Italiana S.p.A., following the conclusion of its ordinary shares Global offering that registered total demand – coming from both Italian retail investors and primary Italian and International institutional investors – of around 1.15 times the amount of shares offered.

### Business outlook

On the basis of the First Half 2010 Results, the order backlog as of June 30, 2010 and commercial opportunities near to closing, assuming same macroeconomic scenario, Tesmec Group believes to be able to confirm a trend in the second half 2010 similar to the one registered in the first half of the year.

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***Today Thursday, August 5, 2010, at 15:00 (CET), Ambrogio Caccia Dominioni, Chairman and Managing Director of Tesmec S.p.A., together with the top management of the company, will hold a conference call to present to the financial community First Half 2010 Results. To connect please dial the following numbers:***

**European Investors: +39 02 8058811**

**UK Investors: +44 203 1474796**

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*Start of trading on the Milan Stock Exchange: July 1, 2010*

*Global Coordinator, Bookrunner, Sponsor and Specialist: Mediobanca – Banca di Credito Finanziario S.p.A.*

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*The manager in charge of preparing the corporate accounting records, Andrea Bramani, declares pursuant to paragraph 2, article 154-bis of the Italian Consolidated Law on Finance that the accounting information contained in this press release corresponds to the accounting records, books and entries.*

*In this press release, in addition to IFRS recognized accounting measures, are presented some performance indicators (such as EBITDA) not recognized by IFRS but used in order to allow for a better understanding of our results. Those indicators are calculated according to market practice.*

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The Half-year Financial Report at June 30, 2010 will be made available to the public, by the legally required deadlines, at the Company's headquarters and at Borsa Italiana S.p.A.. Shareholders may view and make copies of the above documentation, which will be also made available, by the legally required deadlines, on the Company's website [www.tesmec.com](http://www.tesmec.com) under the section "Investors".

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This press release is available at [www.tesmec.com](http://www.tesmec.com) under the section "Investors".

**Tesmec Group:**

Tesmec Group is mainly active in the design, production and marketing of integrated solutions for the construction and maintenance of infrastructures such as aerial and underground networks and pipelines. Tesmec Group operates in two business lines in the design, production and marketing of: 1) **integrated systems and machinery for stringing** electrical networks and optical fibre cables, and for stringing railway power lines; and 2) high-powered crawler **trenchers** used in excavation for the installation of underground networks and pipelines or earth-moving operations and, to a lesser extent, multi-purpose machinery for construction sites (Gallmac).

The Group, founded in 1951 and led by the Chairman and Managing Director Ambrogio Caccia Dominioni, can rely on a workforce of more than 300 employees, has four manufacturing units; three in Italy, in Grassobbio (Bergamo), Endine Gaiano (Bergamo), Sirone (Lecco) and one in the United States, located in Alvarado (Texas). The Group markets, sells and distributes its products through a direct presence - locally incorporated companies, joint ventures and branches - in 5 countries and indirectly through dealers and agents, in 57 countries. The technological leadership of its products, the experience acquired in its markets (approximately 50 years in the stringing sector and more than 25 years in the trencher sector) and the research & development activities developed by a specialized team of technician and engineers, in Italy and in the United States, guarantee to Tesmec a strong know-how in the development of specific technologies in the design and production of customized solutions according to fulfil customer's needs.

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## Tesmec Group reclassified consolidated income statements

	Six months ended 30 June	
	2010	2009
	<i>(€ in thousands)</i>	
<b>Revenues</b>	<b>53,360</b>	<b>40,552</b>
Total operating costs	(45,425)	(34,716)
<b>Operating Income</b>	<b>7,935</b>	<b>5,836</b>
Financial (income) / expenses	(740)	(1,537)
Share of profit / (loss) of associates and joint ventures	26	10
<b>Income before taxation</b>	<b>7,221</b>	<b>4,310</b>
<b>Net income for the period</b>	<b>4,690</b>	<b>2,922</b>
Attributable to:		
Equity holders of the parent	4,703	2,923
Non-controlling interests	(13)	(1)
<b>EBITDA</b>	<b>10,362</b>	<b>7,236</b>
<b>EBITDA (% of total revenues)</b>	<b>19%</b>	<b>18%</b>

## Tesmec Group reclassified consolidated statements of financial position

	As of 30 June 2010	As of 31 December 2009
	<i>(€ in thousands)</i>	
Non-current assets	28,786	28,597
Current assets	101,716	79,656
<b>Total assets</b>	<b>130,502</b>	<b>108,253</b>
Non-current liabilities	28,293	17,016
Current liabilities	76,213	70,378
Total liabilities	104,506	87,394
Equity	25,996	20,859
<b>Total equity and liabilities</b>	<b>130,502</b>	<b>108,253</b>



## Tesmec Group reclassified consolidated cash flow statements

	Six months ended	
	30 June	
	2010	2009
	<i>(€ in thousands)</i>	
Net cash provided/(used) by operating activities (A)	6,677	1,370
Net cash provided/(used) by investing activities (B)	1,764	(7,805)
Net cash provided/(used) by financing activities (C)	1,552	6,125
<b>Increase / (decrease) in cash and cash equivalents (D=A+B+C)</b>	<b>9,993</b>	<b>(310)</b>
<b>Cash and cash equivalents at the beginning of the period (F)</b>	<b>1,443</b>	<b>3,239</b>
Net effect of conversion of foreign currency on cash and cash equivalents (E)	1	(7)
<b>Total cash and cash equivalents at end of the period (G=D+E+F)</b>	<b>11,437</b>	<b>2,922</b>



## Tesmec Group other consolidated financial information

	As of 30 June 2010	As of 31 December 2009
	<i>(€ in thousands)</i>	
Net working capital <sup>3</sup>	46,909	43,111
Non current assets	25,388	25,230
Non current liabilities	(1,138)	(1,284)
<b>Net invested capital<sup>4</sup></b>	<b>71,159</b>	<b>67,057</b>
Net financial indebtedness <sup>5</sup>	45,163	46,198
Equity	25,996	20,859
<b>Total equity and net financial indebtedness</b>	<b>71,159</b>	<b>67,057</b>

<sup>3</sup> 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.

<sup>4</sup> 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.

<sup>5</sup> 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.