TESMEC S.P.A.: THE BOARD OF DIRECTORS APPROVES THE INTERIM CONSOLIDATED FINANCIAL REPORT AS AT 30 JUNE 2019 THAT CONFIRMS THE GROWTH IN REVENUES, THE STABILITY OF THE MARGIN AND A POSITIVE NET RESULT.

Main consolidated results of the first half 2019 (compared to the first half 2018):

- **Revenues: Euro 97.5 million** (compared to Euro 91.1 million as at 30 June 2018);
- **EBITDA[1]: Euro 12.1 million** (compared to Euro 9.3 million as at 30 June 2018), EBITDA **ante IFRS 16[2]** was **Euro 10.3 million**;
- **EBIT: Euro 3.3 million** (compared to Euro 2.4 million as at 30 June 2018);
- **Profit before tax: Euro 1.1 million** (compared to Euro 0.8 million as at 30 June 2018);
- **Net profit: Euro 0.5 million** (compared to Euro 0.5 million as at 30 June 2018);
- **Net financial indebtedness ante IFRS 16: Euro 94.1 million** (compared to Euro 77.7 million as at 31 December 2018 and compared to Euro 92.1 million as at 30 June 2018); the Net financial indebtedness **post IFRS 16** was **Euro 112.5 million**;
- **Total order backlog: Euro 196.9 million** (compared to Euro 201.0 million as at 30 June 2018).

Grassobbio (Bergamo - Italy), 2nd August 2019 – The Board of Directors of **Tesmec S.p.A.** (MTA, STAR: TES), at the head of a group leader in the market of infrastructures related to the transport and distribution of energy, data and materials, convened today and chaired by **Ambrogio Caccia Dominioni**, examined and approved the **Interim consolidated financial report as at 30 June 2019**, that confirms the further growth in turnover, a stable margin and a limited increase in the Net financial indebtedness linked to the increase in the Net Working Capital due to the railway orders and to the stock needed to support the growth expected in the second half of the year.

The **Chairman and CEO Ambrogio Caccia Dominioni** commented as follows: *"I am satisfied with the results of the first half, characterized by the increase in turnover, in line with our expectations, and by the stability of the margins that is still affected by the organizational actions underway in Australia and France. Our Group is experiencing good growth in 2019, with different trends in the several geographical areas and business segments in which we operate. The new products are emerging on the market, opening up interesting development opportunities, the acquisition of new orders is positive, and we expect an improvement in margins in the second half of the year".*

[1] The EBITDA is represented by the operating income gross of amortization/depreciation. The EBITDA thus defined represents a measurement used by Company management to monitor and assess the company's operating performance. EBITDA is not recognized 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 is therefore not comparable.

[2] Effective January 1 2019, the new international financial reporting standard IFRS 16 "Leases" came into force, it introduces a singles lessee accounting model, eliminating the classification of leases as either operating leases or finance leases, and requires a lessee to recognize right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. The application of IFRS 16 has the following impacts: an increase in fixed assets due to right-of-use of assets, an increase in financial liabilities on lease debt, an increase in EBITDA of, and to a lesser extent in EBIT, due to the removal of lease rates currently recorded under the operating costs, and a simultaneous increase in depreciation and a marginal change in net profit due to the accounting of financial expenses.

MAIN CONSOLIDATED RESULTS AS AT 30 JUNE 2019

As at **30 June 2019**, Tesmec Group recorded consolidated **Revenues of Euro 97.5 million**, with an increase of 7.0% compared to Euro 91.1 million as at 30 June 2018 and of 5.3% at constant currencies. The three business sectors contributed in different way to this result, with a significant and expected growth for the Railway segment.

Results as at 30 June	**Revenues from sales and services**		
(Euro in thousands)	**2019**	**2018**	**Variazione**
Trencher	**59,179**	**59,982**	***-1.3%***
Effect on Consolidated Revenues	*60.7%*	*65.8%*	
Railway	**16,337**	**10,333**	***+58.1%***
Effect on Consolidated Revenues	*16.8%*	*11.3%*	
Energy	**21,939**	**20,784**	***+5.6%***
Effect on Consolidated Revenues	*22.5%*	*22.8%*	
Consolidated	**97,455**	**91,099**	***+7.0%***

In detail, the **Revenues** in the **Trencher segment** as at 30 June 2019 were **Euro 59.2 million**, with a decrease of 1.3% compared to Euro 60.0 million as at 30 June 2018. The slight decrease, mainly related to the different business model on Australian projects, will be offset by the expected performance in the second part of the year. The revenues of the segment are in line in the several geographical areas, to underline the performance of the US market, which continues its growth, and the start of the activity in the mining sector. The **Railway segment** recorded Revenues of **Euro 16.4 million** as at 30 June 2019, with an increase of 58.1% compared to Euro 10.3 million as at 30 June 2018. The improvement is due to the execution of the existing contract with RFI and the one on the French market with TSO. The revenues of **Energy segment** were **Euro 21.9 million** as at 30 June 2019, with an increase of 5.6% compared to Euro 20.8 million as at 30 June 2018. In particular, in the first half the Energy-Automation segment achieved revenues of Euro 5.0 million, with an increase of 24.5% compared to the Euro 4.1 million as at 30 June 2018, in line with the yearly outlook for this segment.
In geographic terms, Tesmec Group achieved a positive performance on USA and European market, which recorded an increase of 33.9% and 26.9% respectively.

The EBITDA amounted to **Euro 12.1 million**, including the positive impact of the Australian insurance reimbursement of around Euro 1.3 million and the reorganization costs, compared to Euro 9.3 million as at 30 June 2018. The Group expects a further improvement of the marginality in the second part of the year, thanks to the recovery of the Group Marais. The **EBITDA ante IFRS 16** was **Euro 10.3 million**.

Consequently, the **EBIT** of Tesmec Group as at 30 June 2019 was **Euro 3.3 million,** compared to Euro 2.4 million as at 30 June 2018.

The **Net Financial Income and Expenses** of the Tesmec Group were **Euro 2.2 million** as at 30 June 2019 compared to Euro 1.6 million recorded at 30 June 2018; this change is mainly due to the IFRS 16 and to the different mix of the debt, higher in the medium/long compared to the short term.

The **Profit before tax** was Euro 1.1 million as at 30 June 2019 compared to Euro 0.8 million as at 30 June 2018.

The **consolidated Net results** as at 30 June 2019 of Tesmec Group amounted to **Euro 0.5 million,** in line compared to the Net results as at 30 June 2018 of Euro 0.5 million.

The **Net Financial Indebtedness ante IFRS 16** was Euro **94.1 million**, compared to Euro 77.7 million at 31 December 2018 and compared to Euro 92.1 million at 30 June 2018. This change is mainly due to the increase of the Net Working Capital, linked to the railway sector and to the stock needed to support the growth expected in the second half of the year. The **Net Financial Indebtedness post IFRS 16** was Euro 112.5 million.

The **Total Order Backlog** of the Tesmec Group amounted to **Euro 196.9 million** - **Euro 72.8 million** of which referring to the **Trencher** segment, **Euro 95.7 million** to the **Railway** segment and **Euro 28.4 million** to the **Energy** segment – compared to Euro 201.0 million as at 30 June 2018. In details, short-term orders have grown, while for the long-term ones the Group expects growth for the end of the year.

BUSINESS OUTLOOK

The development of integrated and green solutions related to new stringing methods, the implementation of certified solutions in the field of smart grids and cybersecurity, the creation of proper value chains in the 5G, FTTH and mining segments and the new diagnostic and maintenance systems are driving the Group towards the confirmation of the forecasted targets for the year. The expected performance in the remaining part of the year, double digits in terms of turnover, will generate the needed profitability to confirm the further increase in margins and set the improvement in Net Financial Debt. The United States, Europe and Africa will be the areas the most impacted by this diversified growth in the several sectors of reference, particularly in the 5G, Mining & Energy. For the latter sector we highlight the consolidation of the new stringing products and the opportunities in the field of Energy Automation related to participation in highly innovative projects. The integration process of the Tesmec / Marais sales network and the efficiency actions undertaken since last year will support the improvement of the profitability indicators. Therefore, the Group believes that the proper actions have been undertaken to achieve important economic and financial targets over the next twelve months.

MAIN EVENTS OVER THE PERIOD UNDER REVIEW

On **16 April 2019,** the Shareholders' Meeting approved the financial statements 2018 of Tesmec S.p.A approved to assign the Net Operating Income to the Extraordinary Reserve. In the Meeting as well as the Consolidated Financial Statements and the Consolidated Non-financial Statement are approved. The Shareholders' Meeting also appointed the new Board of Directors of Tesmec S.p.A., previously defining the number of members and the duration of the assignment and established the related compensation. The following are elected to the Board of Directors, which will remain in office until the Shareholders' Meeting for the approval of the Financial Statements for the year end December 31, 2021: Ambrogio Caccia Dominioni, Gianluca Bolelli, Lucia Caccia Dominioni, Caterina Caccia Dominioni, Paola Durante, Simone Andrea Crolla, Emanuela Teresa Basso Petrino and Guido Luigi Traversa. The Board is composed of 4 independent Directors of the total 8 members. The Shareholders' Meeting also proceeded to appoint the new Board of Statutory Auditors, defining the related remuneration. The Board of Statutory Auditors of Tesmec S.p.A., which will remain in office until the Shareholders' Meeting for the approval of the Financial Statements at December 31, 2021, is therefore composed of the following members: Simone Cavalli, Stefano Chirico and Alessandra De Beni, acting as Statutory Auditors; Attilio Marcozzi and Stefania Rusconi, as Alternate Auditors. Simone Cavalli was also appointed Chairman of the Board of Statutory Auditors. The Shareholders' Meeting also approved in favor of the First Section of the Remuneration Report pursuant to art. 123-ter TUF and also authorized the Board of Directors, for a period of 18 months, to purchase Tesmec ordinary shares up to 10% of the Company's share capital on the regulated market and within the limits of the distributable profits and available reserves resulting from last balance sheet regularly approved by the Company or by the subsidiary company that should proceed with the purchase. Lastly, the Tesmec Shareholders' Meeting approved the appointment to Deloitte & Touche SpA of the statury audit engagement for financial year 2019-2027 and the related fees.

On **16 April 2019,** the new Board of Directors reappointed Ambrogio Caccia Dominioni, already Chairman and Chief Execution Officer of Tesmec S.p.A.. Furthermore, the Board of Directors assigned proxies and powers, and confirmed Gianluca Bolelli as Vice Chairman. The Board of Directors also renewed the Internal Committees, pursuant to the Corporate Governance Code, determining the compensation factors. The following are members of the Control and Risk, Sustainability and Related Party Transactions Committee: Emanuela Teresa Basso Petrino (Chairman), Guido Luigi Traversa and Simone Andrea Crolla. Instead they are part of the Remuneration and Appointments Committee: Simone Andrea Crolla (President), Emanuela Teresa Basso, Petrino and Caterina Caccia Dominioni.

On **23 April 2019,** Cerved Rating Agency, the Italian rating agency specialized in the credit rating assessment of non-financial businesses, confirmed the solicited rating "B1.1" of the Company. This confirms the full solvency of Tesmec Group. This evaluation confirms the full solvency of Tesmec Group and it is the result of an analytic process which combines rigorous quantitative models of credit risk forecast and accurate qualitative studies of analysts, considering also the competitive positioning of the Company in the sector.

On **1 May 2019**, the merger by incorporation of Tesmec Service S.r.l. in the company Tesmec Rail S.r.l . was implemented.

MAIN EVENTS OCCURRING AFTER THE PERIOD UNDER REVIEW

On **9 July 2019** the company Marais Guinée SARLU, a 100% subsidiary of Group Marais SA, was established. The company is headquartered in Conakry (Guinea) and is active in the construction of networks for the transport and distribution of energy, data and materials, the sale and rental of trenchers and surface mining works.

Treasury shares

At the time of this press release, the Company holds 4,711,879 treasury shares, equal to 4.40% of the Share Capital.

Other informations

IFRS 16

Effective **January 1 2019**, the new international financial reporting standard IFRS 16 "Leases" came info force, it introduces a singles lessee accounting model, eliminating the classification of leases as either operating leases or finance leases, and requires a lessee to recognise right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments
The accounting of the new principle for the lessee is the following:

- in the balance sheet: right of use assets and financial lease liabilities representing the obligation to make lease payments as provided for in the contract;
- In the income statement: among the operating costs, depreciation of right-of-use assets and interest expense accrued on lease liabilties; the income statement also includes payments for short-term and low-value leasing contracts and variable payments linked to the use of assets, not included in the determination of the right-of-use/lease liability, as allowed by the principle:

For the first application of ner principle, Tesmec applied the modified retrospective approach:

- recognizing the effect connected with the retrospective redetermination of shareholders' equity at January 1st , 2019, without restating previous years;
- made use of the practical expedient that allow to forego the application IFRS 16 to all asset leases whose residual duration as at Jaunary 1st , 2019 is less than 12 months;
- recognized a right-of-use asset for an amount corresponding to its lease liabiliy, rectified to take into account of accrued income from advances, and without considering the initial direct costs incurred in the years prior to January 1st , 2019;
- the renewal or ealy termination options, if any, were analyzed to determine the the total duration of the contract.

As at 30 June 2019 , the application of IFRS 16 had significant impacts on the balance sheet, income statement and Group cash flow:

i. an increase in fixed assets due to right-of-use of assets, amounted to Euro 18.2 million;
ii. an impact on net debt, due to an increase in financial liabilities on lease debt, amounted to Euro 18.4 million;

iii. an increae in EBITDA of Euro 1.8 million, and to a lesser extent in EBIT, due to the removal of lease rates currenctly recorded under the operating costs, and a simultaneous increase in depreciation of Euro 1.6 million;
iv. a marginal change in net profit amounted to Euro 0.2 million, that include the accounting of financial expenses and the income taxes.

It should be reported that calculation of the covenants of the loan agreements and the bond loans in place are based on the Net Financial Debt calculated before application of IFRS 16.

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Conference Call

At 2:30 PM (CET) – 1:30 PM BST, Friday 2nd August 2019 Ambrogio Caccia Dominioni, Chairman and CEO of Tesmec S.p.A., and the Top Management of the Company will present the consolidated results for the first half of 2019 to the financial community during a conference call.

To participate, you are kindly requested to call this number:

from Italy: +39 02 805 88 11
from UK: +44 121 281 8003
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from USA: +1 718 7058794

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The manager responsible for the preparation of the corporate accounting documents, Gianluca Casiraghi, declares, pursuant to article 154-bis, paragraph 2, of Legislative Decree No. 58/1998 ("Consolidated Law on Finance") that the information contained in this press release corresponds to the document results, books and accounting records.
Note that in this press release, in addition to financial indicators required by IFRS, there are also some alternative performance indicators (e.g. EBITDA) in order to allow a better understanding of the economic and financial management. These indicators are calculated according to the usual market practice.

The Interim Consolidated Report on Operations as at 31 March 2019 will be available to the public at the administrative office, in Grassobbio (Bergamo) Italy, Via Zanica n. 17/O, through the system eMarket-Storage, at www.emarketstorage.com, through publication on the company website www.tesmec.com, according to law.

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The press release to analysts and investors is available in the Investors section of the website:
http://investor.tesmec.com/Investors/Notices.aspx?lang=it-IT

Tesmec Group

Tesmec Group is leader in designing, manufacturing and selling of systems, technologies and integrated solutions for the construction, maintenance and efficiency of infrastructures related to the transport and distribution of energy, data and material. In details, the Group is active in the following sectors: 1) transmission and distribution power lines (stringing equipment for the installation of conductors and the underground cable laying, electronic devices and sensors for the management, monitoring and energy automation); 2) underground civil infrastructures (high powered tracked trenchers for linear excavation of oil, gas and water pipelines, telecommunication networks and drainage operations; surface miners for bulk excavation, quarries and site preparation; specialized digging services); 3) railway lines (railway equipment for the installation and maintenance of the catenary and for special applications, e.g. snow removal from track; new generation power unit). The Group, established in 1951 and led by Chairman & CEO Ambrogio Caccia Dominioni, relies on more than 850 employees and has the production plants in Italy - in Grassobbio (Bergamo), Endine Gaiano (Bergamo), Sirone (Lecco), Monopoli (Bari), in the USA, in Alvarado (Texas) and in France, in Durtal, as well as three research and development units respectively in Fidenza (Parma), Padua and Patrica (FS). The Group also has a global commercial presence through foreign subsidiaries and sales offices in USA, South Africa, Russia, Qatar, China and France. 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. All product lines are developed in accordance with the ISEQ (Innovation, Safety, Efficiency and Quality) philosophy, with environmental sustainability and energy conservation in mind.

Below are the reclassified statements of balance sheet, income statement, statement of cash flows and the prospectus of sources and uses of the Tesmec Group as at 30 June 2019.

Tesmec Group reclassified consolidated income statements

(€ in thousands)	As at 30 June	
	2019	**2018**
Revenues	**97,455**	**91,099**
Total operating costs	(94,191)	(88,737)
Operating Income	**3,264**	**2.362**
Financial (income) / expenses	(2,583)	(1,612)
Foreign exchange gains/losses	337	18
Share of profit / (loss) of associates and joint ventures	42	18
Income before tax	**1,060**	**786**
Net income for the period	**529**	**535**
EBITDA	**12,085**	**9,325**
EBITDA (% on revenues)	**12.4%**	**10.2%**

Tesmec Group reclassified consolidated statements of financial position

(€ in thousands)	**30 June 2019**	**31 December 2018**
Non-current assets	99,832	81,883
Current assets	193,909	193,526
Total assets	**293,741**	**275,409**
Non-current liabilities	76,420	60,122
Current liabilities	173,460	171,949
Total liabilities	**249,880**	**232,071**
Equity	43,861	43,338
Total equity and liabilities	**293,741**	**275,409**

Tesmec Group other consolidated financial information

(€ in thousands)	As at 30 June	
	2019	**2018**
Net cash provided/(used) by operating activities (A)	(8,493)	2,912
Net cash provided/(used) by investing activities (B)	(7,699)	(3,232)
Net cash provided/(used) by financing activities (C)	(5,422)	(4,486)
Increase / (decrease) in cash and cash equivalents (D=A+B+C)	**(21,614)**	**(4,806)**
Cash and cash equivalents at the beginning of the period (F)	**42,793**	**21,487**
Net effect of conversion of foreign currency on cash and cash equivalents (E)	245	29
Total cash and cash equivalents at end of the period (G=D+E+F)	**21,424**	**16,710**

Tesmec Group other consolidated financial information

(€ in thousands)	As at 30 June 2019	As at 31 December 2018
Net working capital [3]	66,260	48,897
Non-current assets	85,448	67,314
Other Non-current assets and liabilities	4,648	4,804
Net invested capital [4]	**156,356**	**121,015**
Net financial indebtedness [5]	112,495	77,677
Equity	43,861	43,338
Total equity and net financial indebtedness	**156,356**	**121,015**

[3] The net working capital is calculated as current assets net of current liabilities excluding financial assets and financial liabilities. Net working capital is not recognized as a measure of performance by the IFRS. The valuation criteria applied by the Company may not necessarily be the same as those adopted by other groups and therefore the balance obtained by the Company may not necessarily be comparable therewith.

[4] The net invested capital is calculated as net working capital plus fixed assets and other non-current assets less non-current liabilities. The net invested capital is not recognized as a measure of performance under IFRS. The valuation criteria applied by the Company may not necessarily be the same as those adopted by other groups and therefore the balance obtained by the Company may not necessarily be comparable therewith.

[5] The net financial indebtedness is calculated as the sum of cash and cash equivalents, current financial assets including available–for–sale securities, non-current financial liabilities, fair value of hedging instruments and other non-current financial assets.