



# Tesmec Group

First Quarter 2013

Analyst Presentation, 10 May 2013



Corporate



# Agenda

- 2013 – Business update P. Mosconi, GM
- 2013 – First Quarter Financials A.Bramani, CFO
- Outlook 2013 A.Caccia Dominioni, CEO
- Appendix

# Business overview

**MISSION: to operate in strategic markets for the growth and the modernization of every country in the world**

**From IPO**

**.. To ..**

**Overhead & Underground Power Lines**

Transmission & Distribution Networks

**Civil Infrastructure**

Pipelines  
Telecom  
Bulk  
Excavation

**Urban Construction**

Road Jobs  
Construction  
Utilities



**Overhead & Underground Power Lines**

Transmission & Distribution Networks

**NEW**

**Grids efficiency**

Transmission & Distribution Networks

**NEW**

**Railway Lines**

Railway  
Electrification &  
Maintenance

**NEW**

**Civil Infrastructure**

Pipelines  
Telecom  
Bulk  
Excavation

**Trenching Services**

Special  
Contracting

**Urban Construction**

Road Jobs  
Construction  
Utilities



**STRINGING EQUIPMENT**



**TRENCHERS**



**MULTIPURPOSE MACHINES**



**STRINGING EQUIPMENT**

**INTEGRATED SYSTEMS**



**RAILWAY EQUIPMENT**



**TRENCHERS**

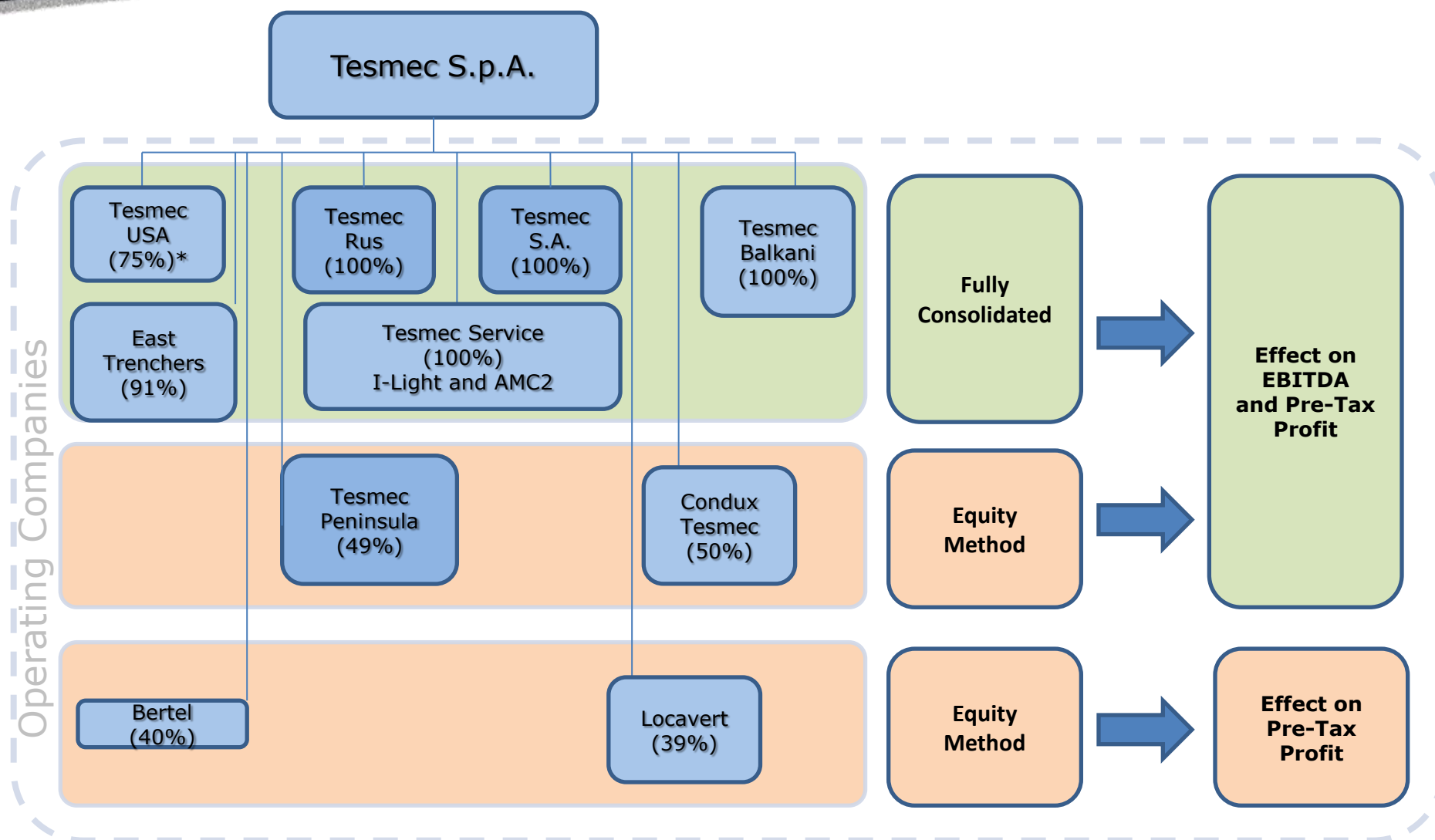
**TRENCHERS**



**MULTIPURPOSE MACHINES**

**CROSS SELLING: new opportunities**

# Group Structure at March 31, 2013



\* The remaining 25% is held by Simest S.p.A. Since Tesmec has an obligation to buy it back from Simest S.p.A., from an accounting point of view the participation of the Parent Company in Tesmec S.p.A. is consolidated on a 100% basis.

# Business Update

## RAILWAY

### New vehicles for maintenance & diagnostic operations



*New technologies for RFI in Italy*

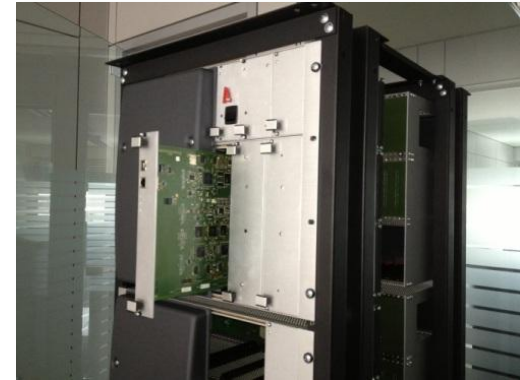


*First constant tension stringing unit for maintenance operation in China*

### STRINGING EQUIPMENT Big machines for top projects (big river crossing..)

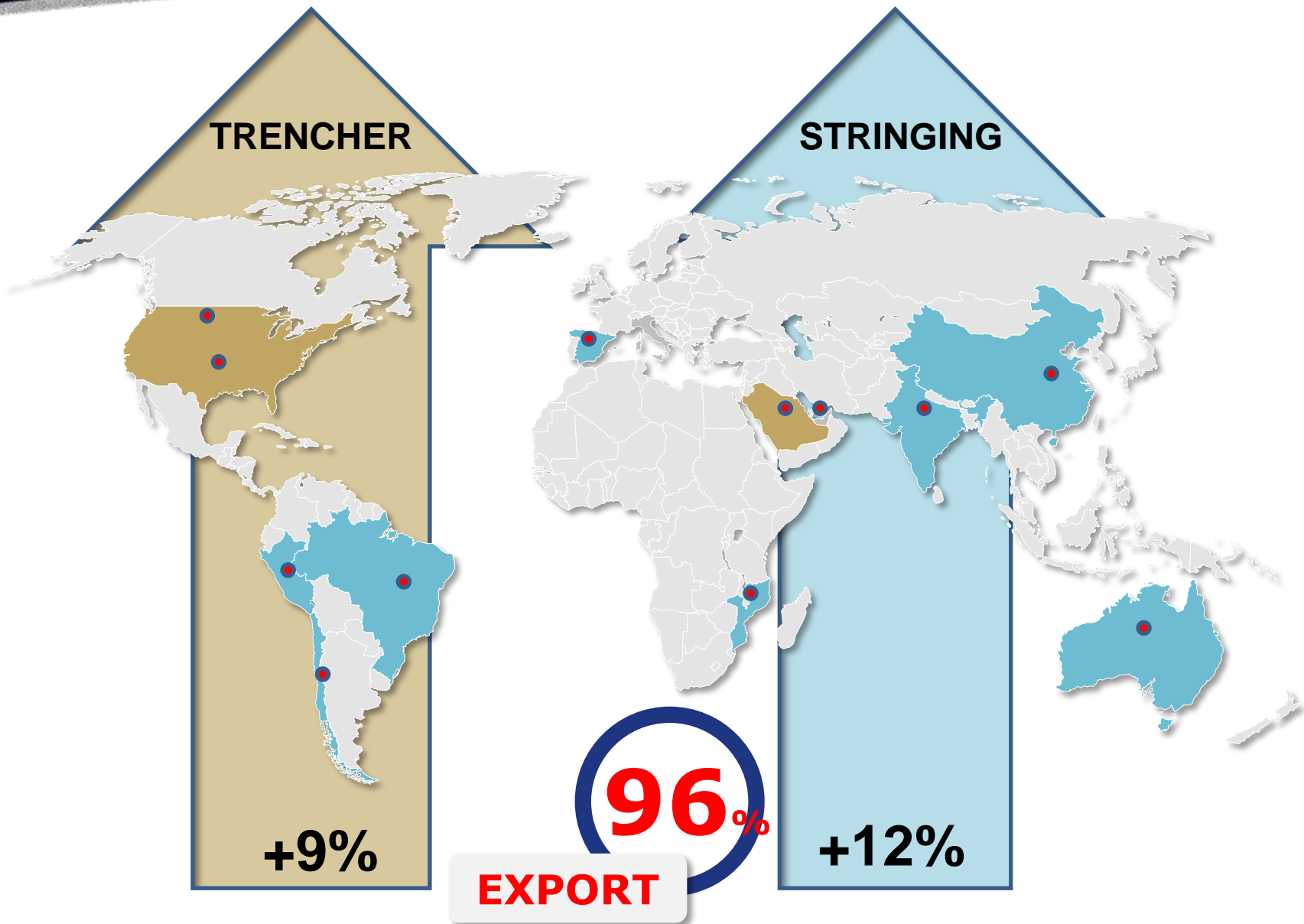


### GRIDS EFFICIENCY Advanced systems for predictive maintenance on power lines



*Agreement with FSK in Russia: Tesmec continues to work with FSK with good first results*

# Good performance in International Markets



# 1Q 2013 Economics Results

## INCOME STATEMENT (Euro Mln)

**1Q 2013**

**1Q 2012**

**Delta % 1Q  
2013 vs 2012**

**Revenues**

**25,9**

**23,3**

**+11%**

**EBITDA**

**5,1**

**4,9**

**+4%**

**% On Revenues**

**20%**

**21%**

**EBIT**

**3,6**

**3,4**

**+6%**

**% On Revenues**

**14%**

**15%**

**Profit Before taxes**

**3,8**

**1,4**

**+165%**

**% On Revenues**

**15%**

**6%**

**NET INCOME**

**2,4**

**0,9**

**+167%**

**% On Revenues**

**9%**

**4%**

**STRINGING  
2013**

**STRINGING  
2012**

**TRENCHER  
2013**

**TRENCHER  
2012**

**Revenues**

**16,6**

**14,8**

**9,3**

**8,5**

**% Increase vs LY**

**+12%**

**-**

**+9%**

**EBITDA**

**3,8**

**2,9**

**1,3**

**2**

**% on Revenues**

**23%**

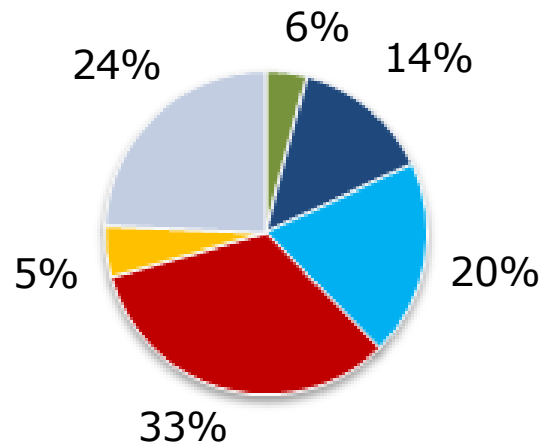
**20%**

**13%**

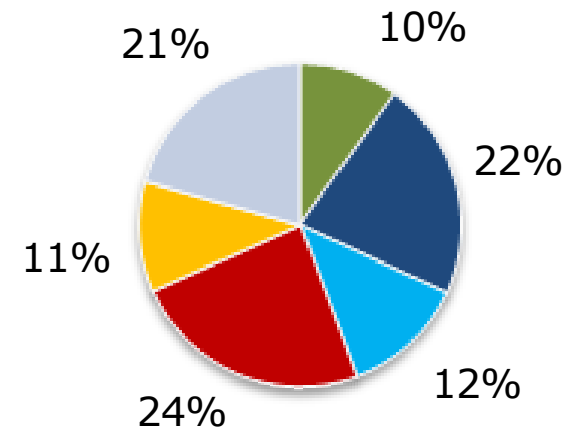
**24%**

# Revenues: international scale and exposure to growing economies

**1Q 2013**

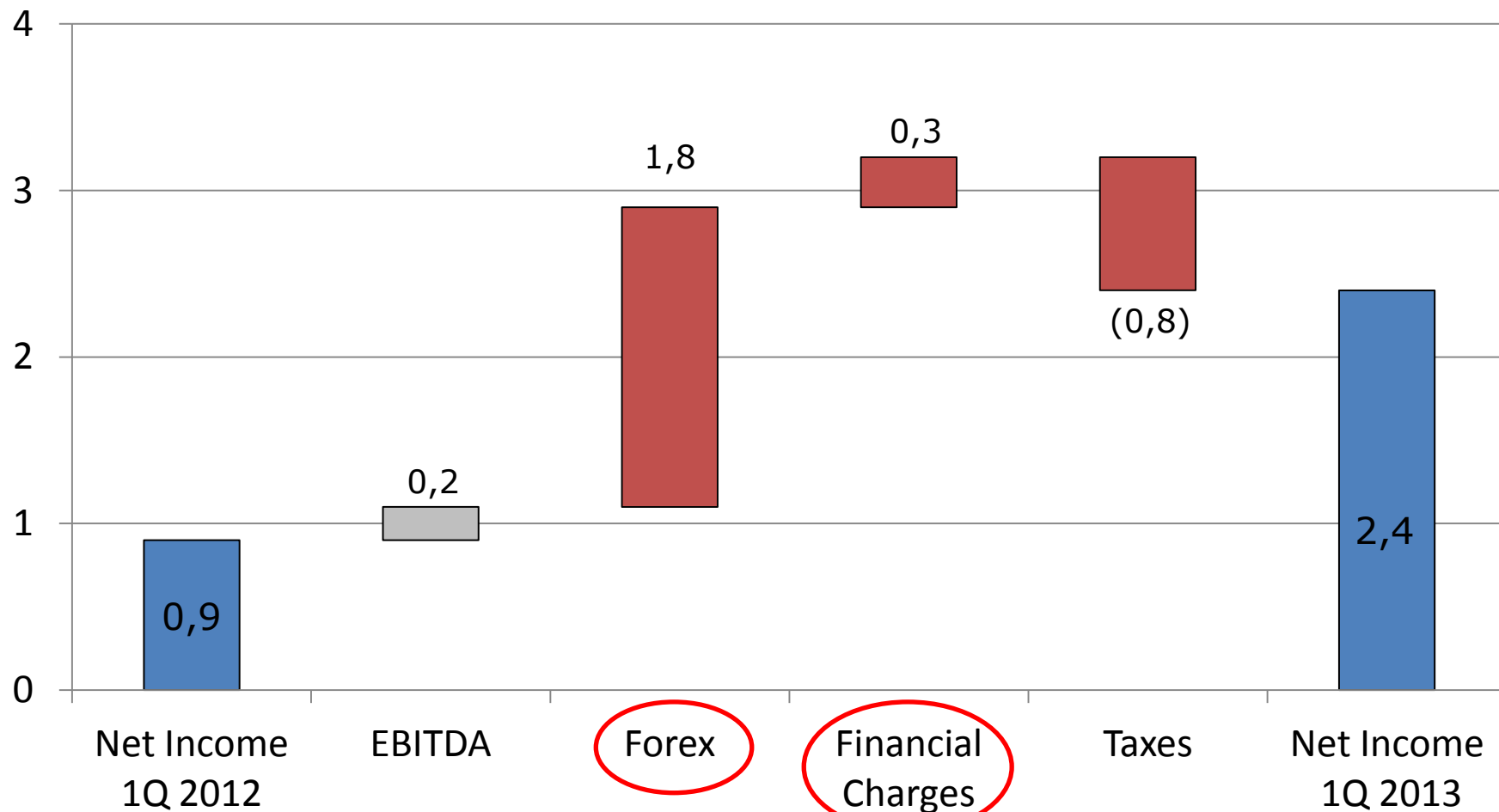


**1Q 2012**



■ Italy ■ Europe ■ Middle East ■ BRICs and Oceania ■ Africa ■ North-Central America

# NET PROFIT 1Q2013



Positive exchange rate impact in the period  
and decrease of the cost of funding

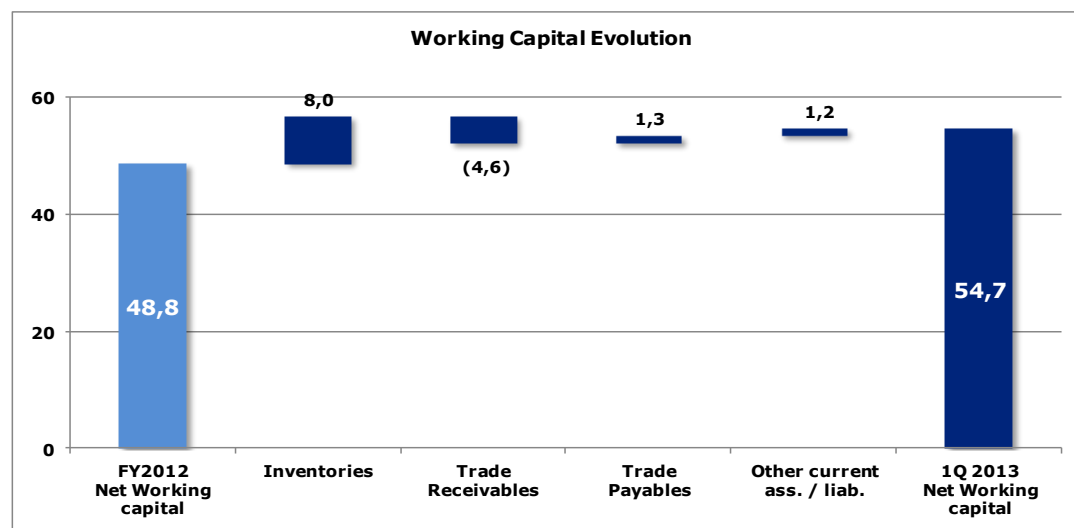
# 1Q 2013 Financial Results

Financial Information (Euro Mln)	1Q 2013	1Q 2012	FY 2012
<b>NWC</b>	<b>54,7</b>	<b>50,7</b>	<b>48,8</b>
Non current assets	50,8	48,2	49,6
Other LT assets/(Liabilities)	2,0	2,2	1,0
<b>NET INVESTED CAPITAL</b>	<b>107,5</b>	<b>101,1</b>	<b>99,4</b>
<b>NFP</b>	<b>61,7</b>	<b>61,9</b>	<b>56,5</b>
<b>EQUITY</b>	<b>45,8</b>	<b>39,2</b>	<b>42,9</b>
<b>TOTAL SOURCES OF FINANCING</b>	<b>107,5</b>	<b>101,1</b>	<b>99,4</b>

# Working Capital Evolution

Values in € Mln

	1Q 2013	FY 2012	Days* 1Q 2013	Days 2012
Trade Receivables	38,9	43,6	116	131
Inventories	52,8	44,8	157	135
Trade Payables	(30,7)	(32,1)	92	96
Other current assets/(Liabilities)	(6,3)	(7,5)	18	23
<b>NET WORKING CAPITAL</b>	<b>54,7</b>	<b>48,8</b>		



**1Q 2013\***

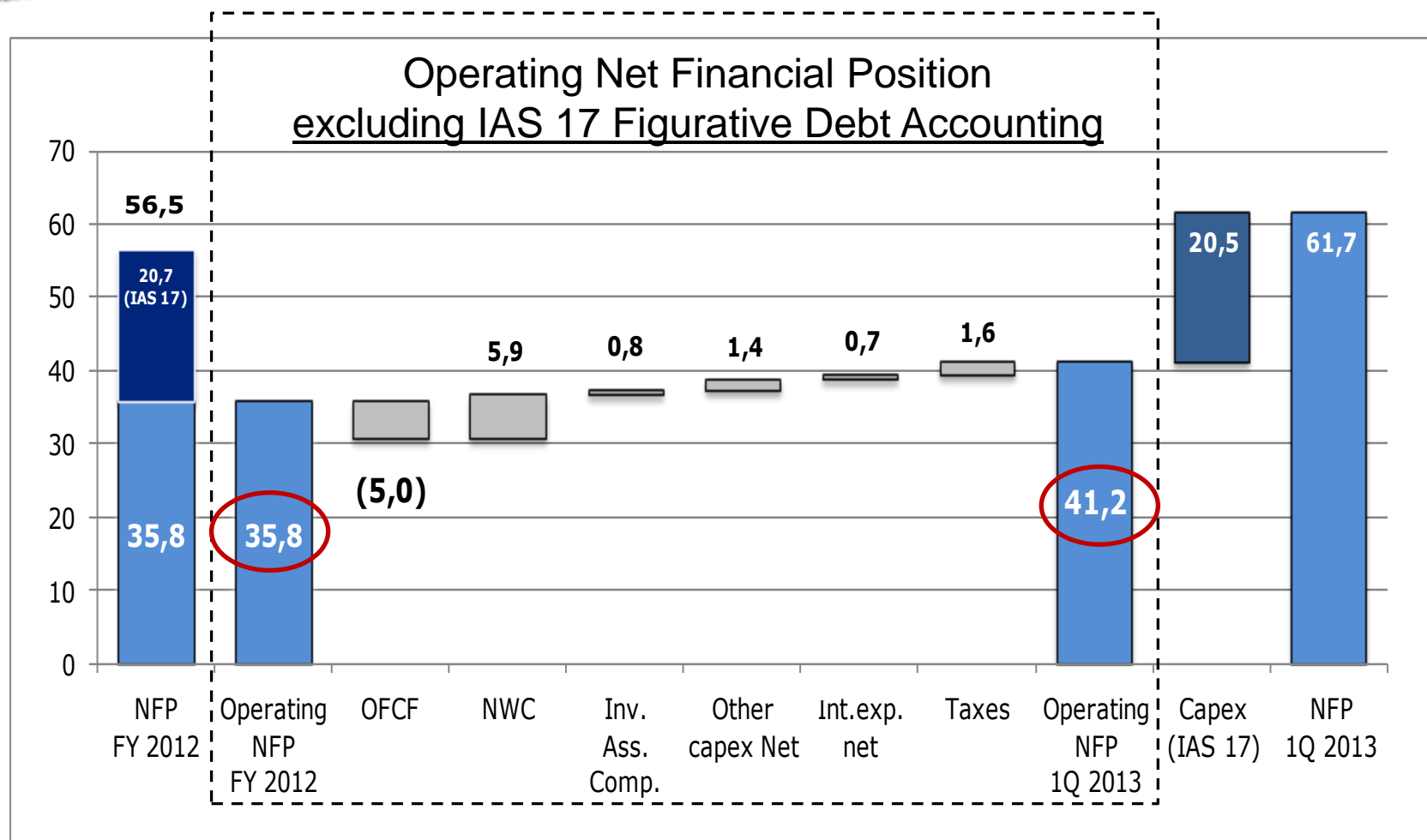
$$\frac{\text{NET WORKING CAPITAL}}{\text{REVENUES}} = 45\%$$

**2012**

$$\frac{\text{NET WORKING CAPITAL}}{\text{REVENUES}} = 41\%$$

\*calculated on the total revenue for the last 12 months (from April 2012 to March 2013)

# Net Financial Position Evolution



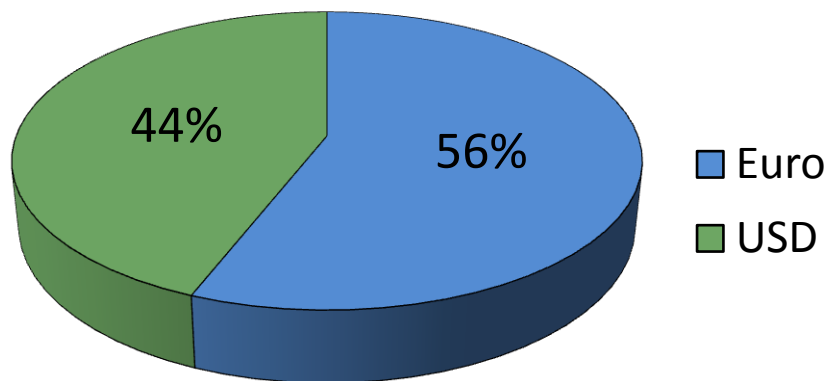
2012

NFP affected by increase in NWC

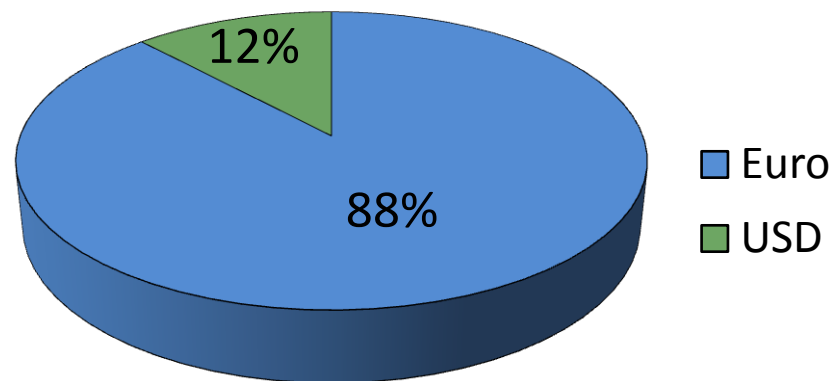
1Q  
2013

# Exchange exposure 1Q 2013

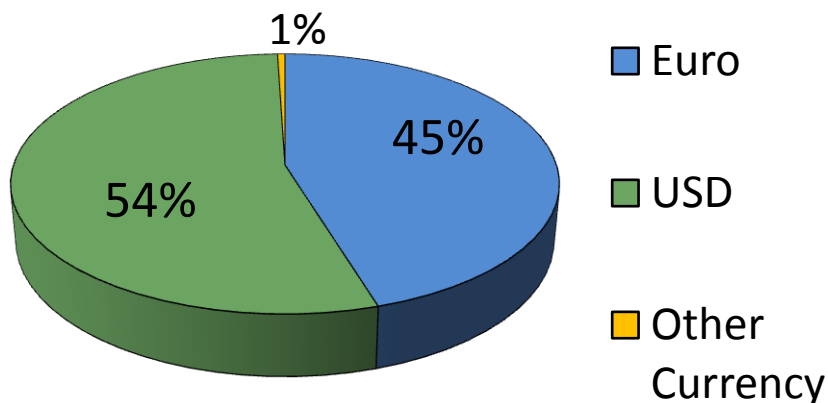
## Revenues



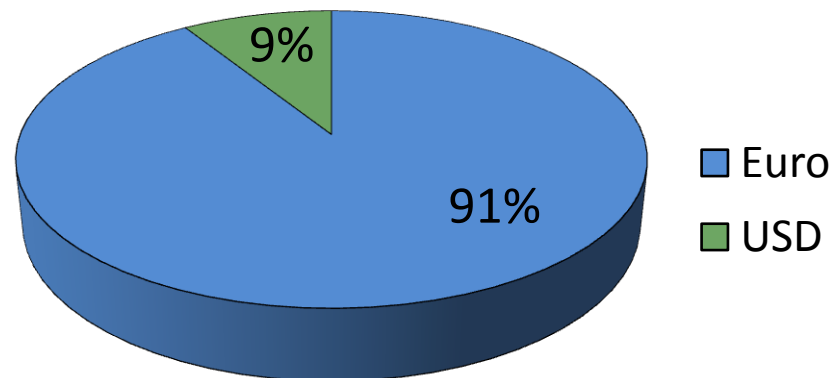
## Operating Costs



## Trade Receivables



## Trade Payables

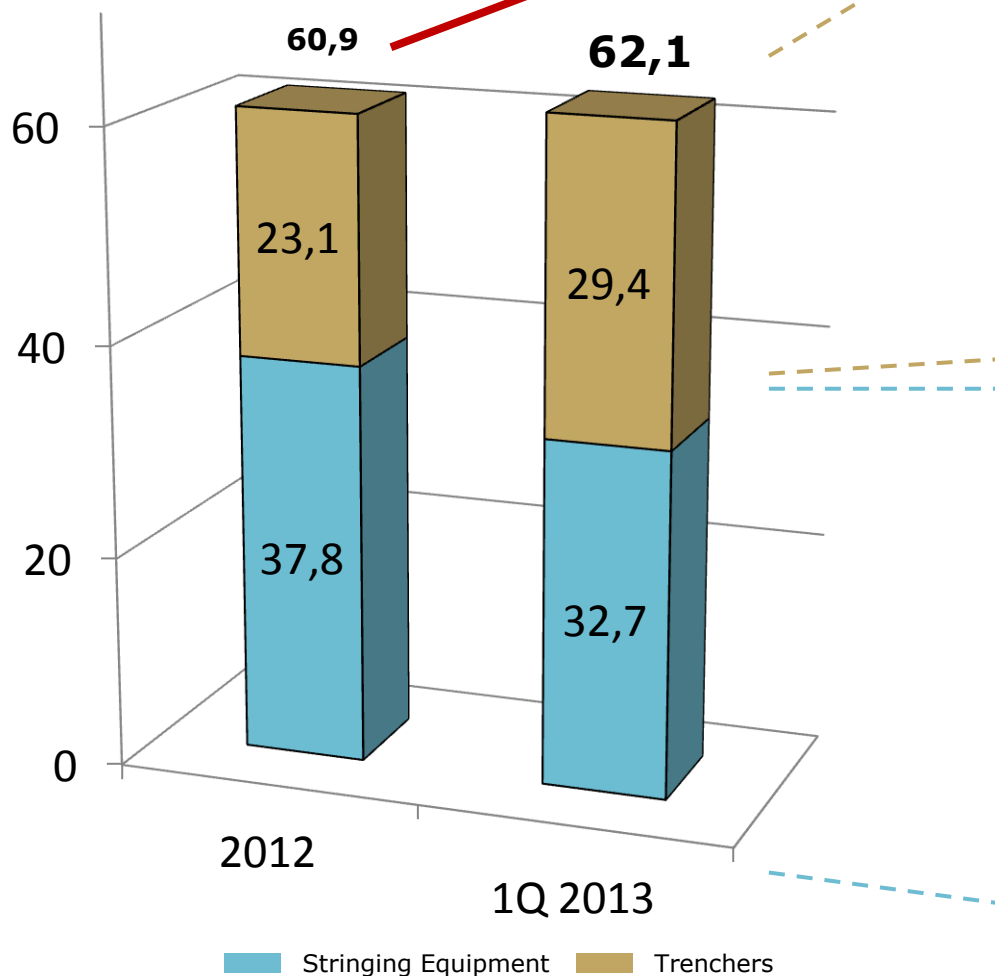


# Order Book

## ORDER BOOK YEAR END 2012 – 1Q 2013

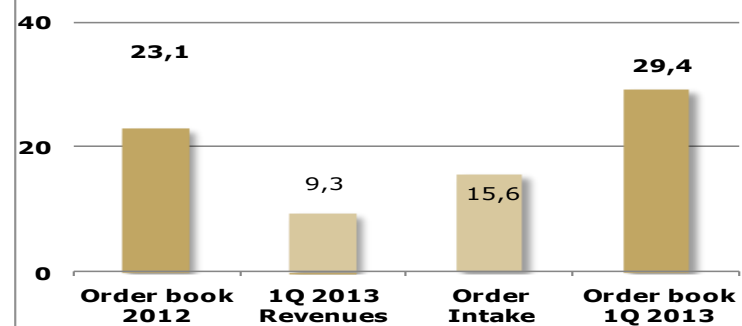
€ mln

+2%



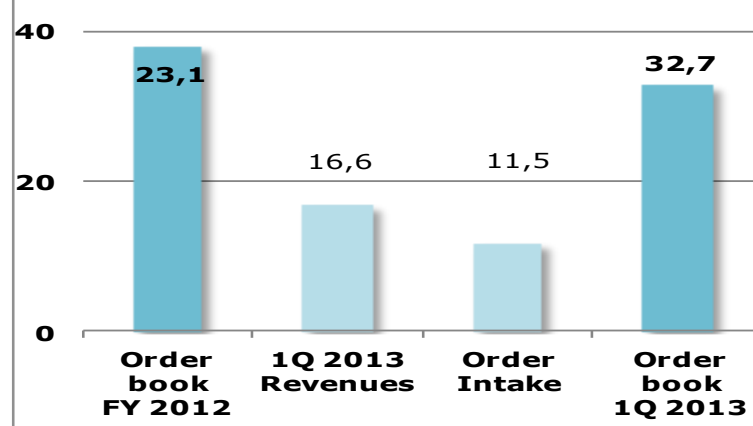
### TRENCHERS

€ mln



### STRINGING EQUIPMENT

€ mln



After the positive results achieved in first quarter 2013 Tesmec confirms the guidelines for the year in terms of:

- revenues;
- profitability;
- net financial position.

*It is worth to be noted that revenues of the Group are linked to the investment cycle of the infrastructural business and are historically stronger in the second part of the year*

***Single digit increase*** in *Stringing and Trencher*:

-> North American Market will be one of the main market.

## **Double digit increase in new business**

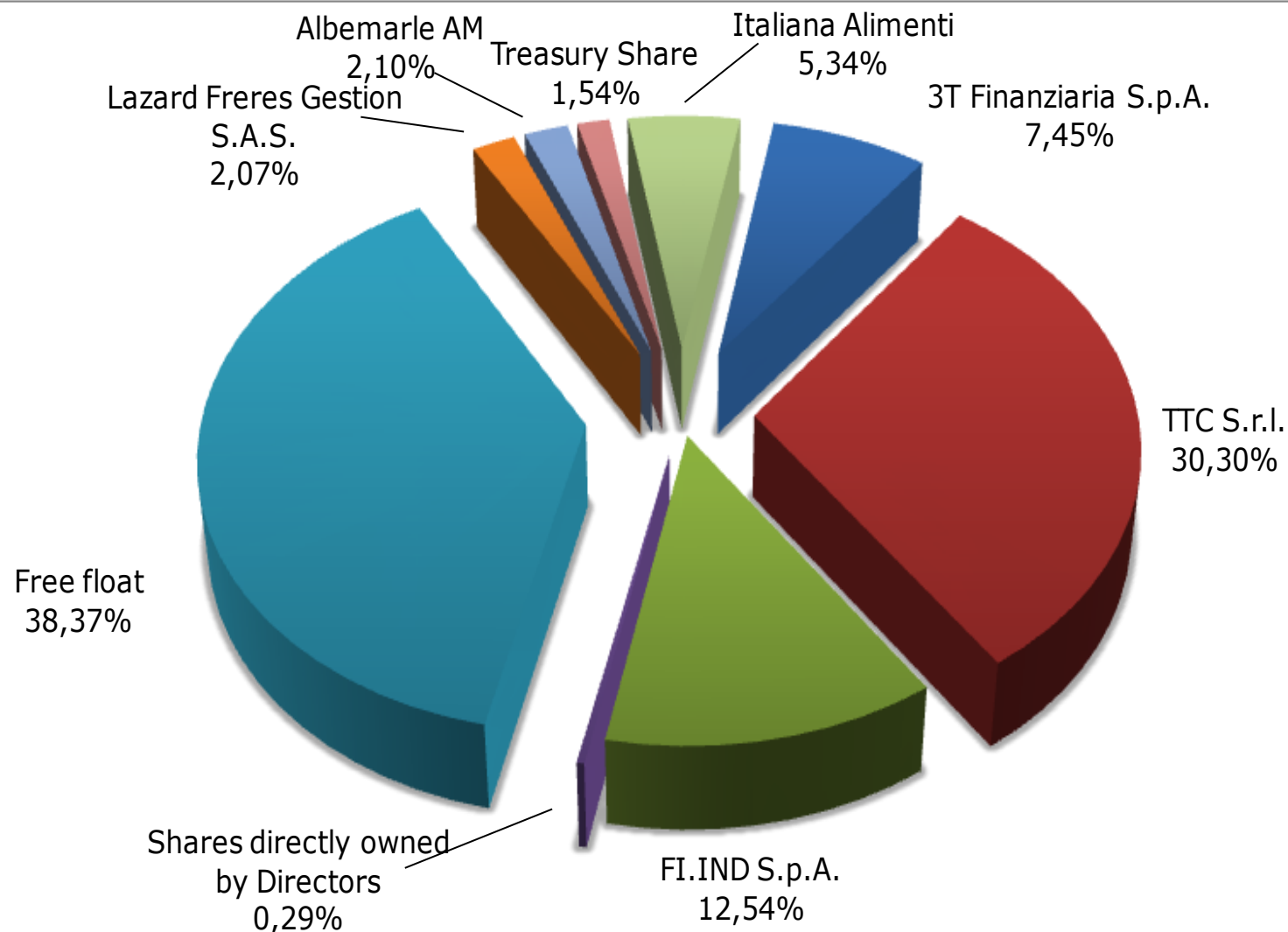
### **Railway:**

- > the investment in new sectors Railway and Grid Management will bring a significant contribution to Group revenues;
- > the first important contracts with National and International Railway Authorities and private customers will be delivered in the year;
- > Tesmec products will be the technical and technological reference for the Railway construction and maintenance equipment sector;

### **Grid Management:**

- > two high technology pilot projects will be completed and go live one on High Voltage Transmission Line and one on Medium Voltage Grid;
- > the two projects are the first milestone for system deployment and create the conditions for exponential specific growth.

# Shareholding Structure



# Appendix A - Summary 1Q 2013 Profit & Loss statement

Profit & Loss Account (€ mln)	1Q 2013	1Q 2012	Delta vs 2012	Delta %
<b>Net Revenues</b>	<b>25,9</b>	<b>23,3</b>	<b>2,6</b>	<b>11%</b>
Raw materials costs (-)	(10,4)	(8,9)	(1,5)	17%
Cost for services (-)	(4,9)	(4,9)	0,0	0%
Personnel Costs (-)	(5,9)	(4,9)	(1,0)	20%
Other operating revenues/costs (+/-)	(0,5)	(0,6)	0,1	-17%
Portion of gain/(losses) from equity investments evaluated using the equity method	0,2	0,1	0,1	100%
Capitalized R&D expenses	0,7	0,8	(0,1)	-13%
<b>Total operating costs</b>	<b>(20,8)</b>	<b>(18,4)</b>	<b>(2,4)</b>	<b>13%</b>
<i>% on Net Revenues</i>	<i>(80%)</i>	<i>(79%)</i>		
<b>EBITDA</b>	<b>5,1</b>	<b>4,9</b>	<b>0,2</b>	<b>4%</b>
<i>% on Net Revenues</i>	<i>20%</i>	<i>21%</i>		
Depreciation, amortization (-)	(1,5)	(1,5)	0,0	0%
<b>EBIT</b>	<b>3,6</b>	<b>3,4</b>	<b>0,2</b>	<b>6%</b>
<i>% on Net Revenues</i>	<i>14%</i>	<i>15%</i>		
Net Financial Income/Expenses (+/-)	0,2	(2,0)	2,2	-110%
Taxes (-)	(1,4)	(0,5)	(0,9)	180%
Minorities	-	-	-	-
<b>Net Income (Loss)</b>	<b>2,4</b>	<b>0,9</b>	<b>1,5</b>	<b>167%</b>
<i>% on Net Revenues</i>	<i>9%</i>	<i>6%</i>		

# Appendix B - Summary Balance Sheet

Balance Sheet (€ mln)	1Q 2013	2012
Inventory	52,8	44,8
Accounts receivable	38,9	43,6
Accounts payable (-)	(30,7)	(32,1)
<b>Op. working capital</b>	<b>61,0</b>	<b>56,3</b>
Other current assets (liabilities)	(6,3)	(7,5)
<b>Net working capital</b>	<b>54,7</b>	<b>48,8</b>
Tangible assets	39,9	39,8
Intangible assets	7,7	7,6
Financial assets	3,2	2,2
<b>Fixed assets</b>	<b>50,8</b>	<b>49,6</b>
Net long term liabilities	2,0	1,0
<b>Net invested capital</b>	<b>107,5</b>	<b>99,4</b>
Cash & near cash items (-)	(7,7)	(17,1)
Short term financial assets (-)	(8,4)	(5,2)
Short term borrowing	31,9	29,6
Medium-long term borrowing	46,0	49,3
<b>Net financial position</b>	<b>61,7</b>	<b>56,5</b>
Equity	45,8	42,9
<b>Funds</b>	<b>107,5</b>	<b>99,4</b>

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.

Grassobbio, May 10, 2013

The Manager responsible for preparing  
the company's financial reports  
Andrea Bramani



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