Tesmec Group

2011 Results

Analyst Presentation, 14 March 2012

Corporate

Agenda

▪ 2011 and first Months 2012 – Key facts	A.Caccia Dominioni, CEO
▪ Group structure overview	A.Caccia Dominioni, CEO
▪ 2011 - Stringing results & business highlights	P.Mosconi, GM
▪ 2011 – Trencher results & business highlitghts	A.Caccia Dominioni, CEO
▪ 2011 - Financial results	A.Bramani, CFO
▪ 2012 – Outlook 2012	A.Caccia Dominioni, CEO
▪ Appendix	

2011 and first months 2012 Key Facts

TESMEC

Mar 2011

- Setting up JV, Tesmec Peninsula, with local partner in Qatar(TME);
- New pool loan agreement , BNL principle lender, for to refinance the debt and for to raise capital for new investments;

April 2011

- Signed Technological Agreement with Russian company FSK EES for:
  - construction of new lines and refurbishment of existing network in line with best international standards;
  - new technologies advanced products ICT management system for power lines;

July 2011

- Acquisition of the line of business I-Light for to improve the Group know-how in grid management

Aug 2011

- Established new company wholly owned by Tesmec SpA in South Africa

Nov 2011

- Established new company wholly owned by Tesmec SpA in Russia

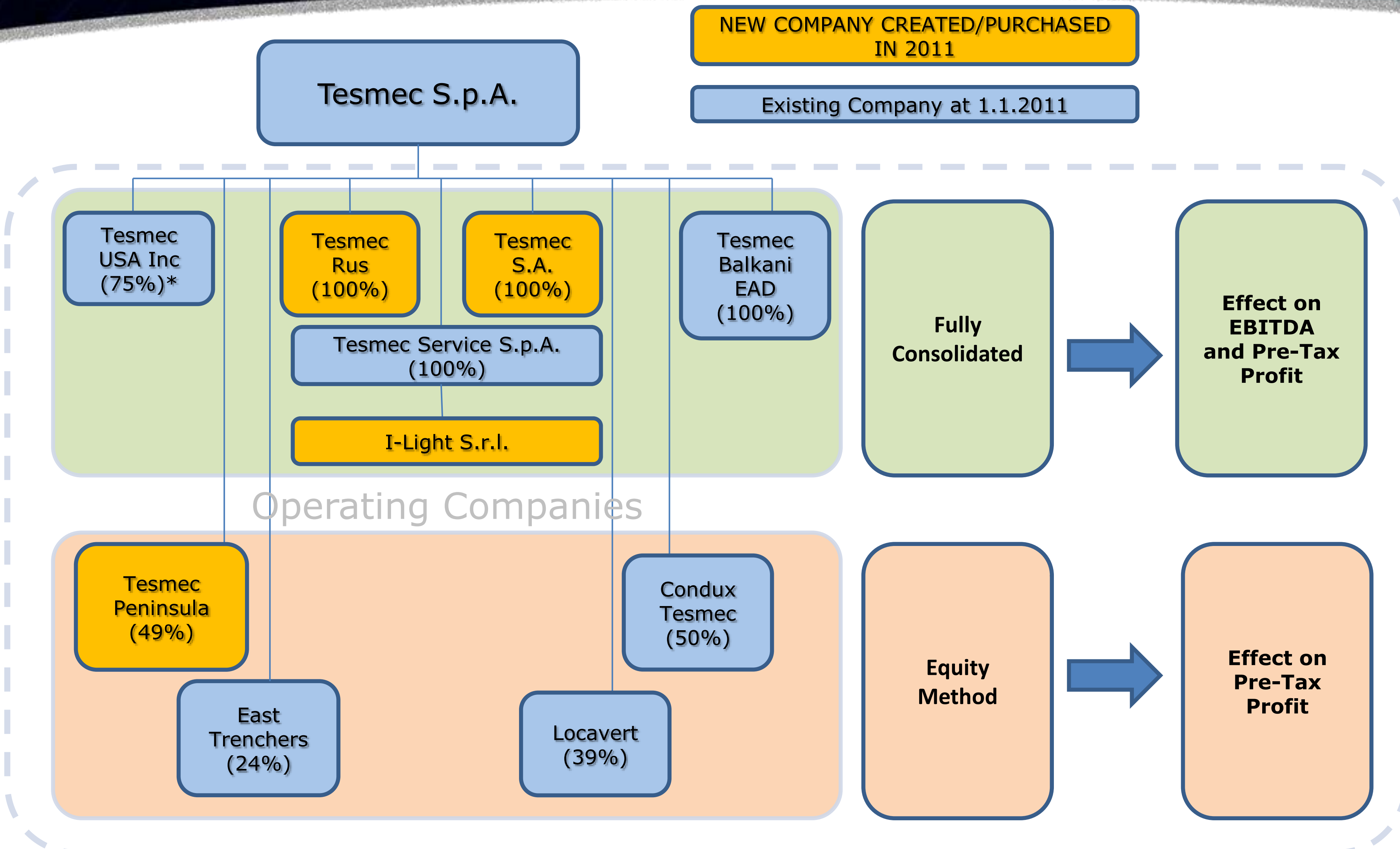
Jan 2012

- Ordinary Shareholders' Meeting of Tesmec S.p.A. approved the purchase plan of treasury shares and the increase in the BoD members as well as appointed a new independent director
- Investment agreement signed with Bertel for innovation in grid management networks of high voltage

March 2012

- Tesmec Group, through Tesmec Service S.p.A., signs a contract for the rental of AMC2 business unit. AMC2 is a leading companies in mechanical design, electrical engineering, electronics and railway rolling stock production for the maintenance of the railway electric catenary

Group Structure at December 31,2011



* 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.

Main business highlights: Stringing

- **Sales 2011 (65,3 Euro mln):** 0,3% increase vs. SPPY after 46% growth achieved in 2010;

- **Margins:**
  - strong increase mainly thanks to country and product mix;

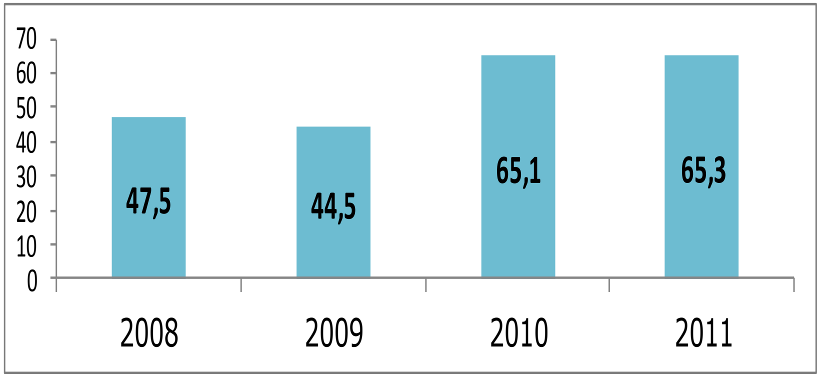
- **Power grid management:**

  Tesmec improved its leadership in the Power Grid field entering in the power grid management sector. Thanks to the acquisitions of two specialized technical start-up, I-Light (100%), for low and medium voltage, and Bertel (40%), for high voltage, Tesmec can offer Integrated Solution for efficiency existing electrical network.

Stringing Division Results

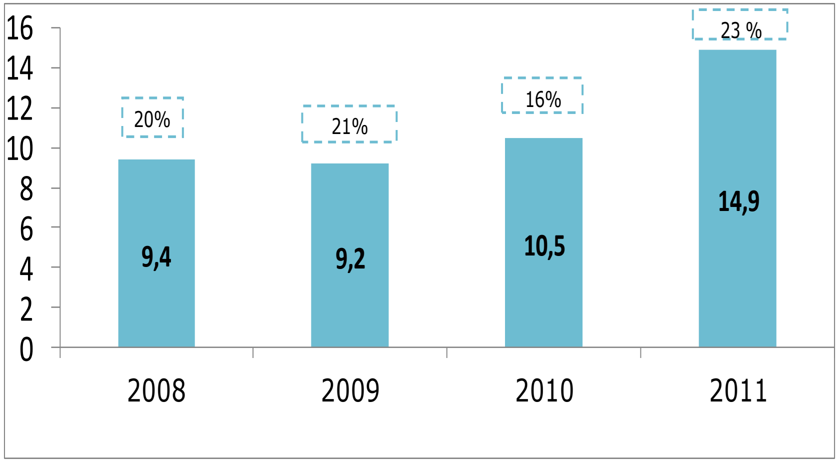
Revenues (€ mln)

2008 - 2011



EBITDA (€ mln and % of Net Revenues)

2008 - 2011



Main business highlights: Trenching

- **Sales 2011 (46,5 Euro mln): + 16%** vs SPPY mainly driven by steady growth of North America market;

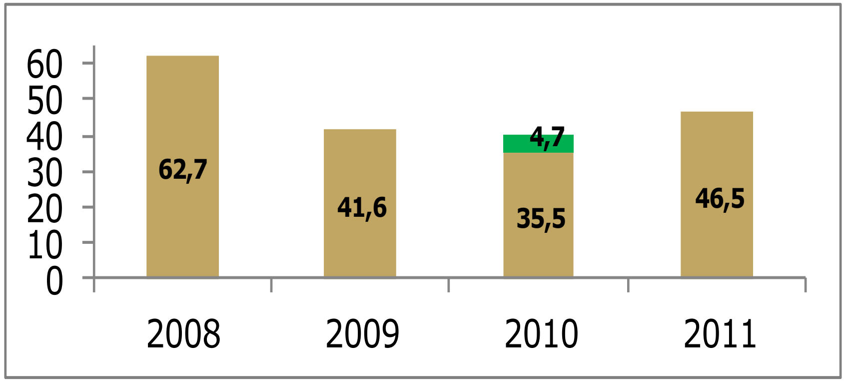
- **Increase in sales volume (+16%) achieved by:**
  - new sales approach ➔ direct contract with main customers;
  - development of U.S. Shale Gas projects (Pennsylvania and North Dakota)

- **Margins:** decrease due to forex differences and to contracting activities outside Tesmec Group perimeter;

Trencher Division Results and business highlights

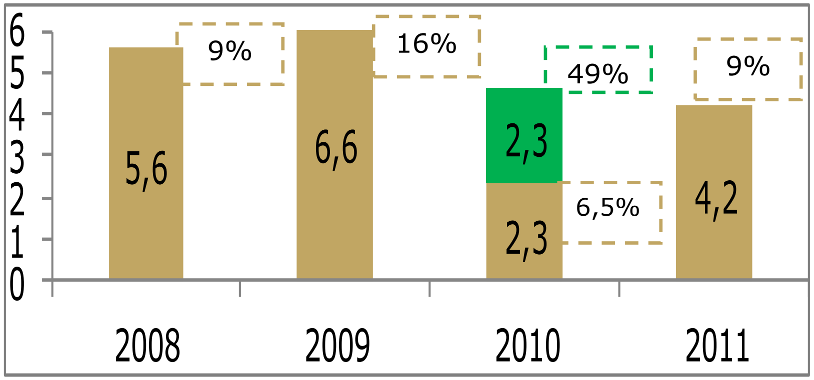
Revenues (€ mln)

2008 - 2011



EBITDA (€ mln and % of Net Revenues)

2008 - 2011



Sales of machines

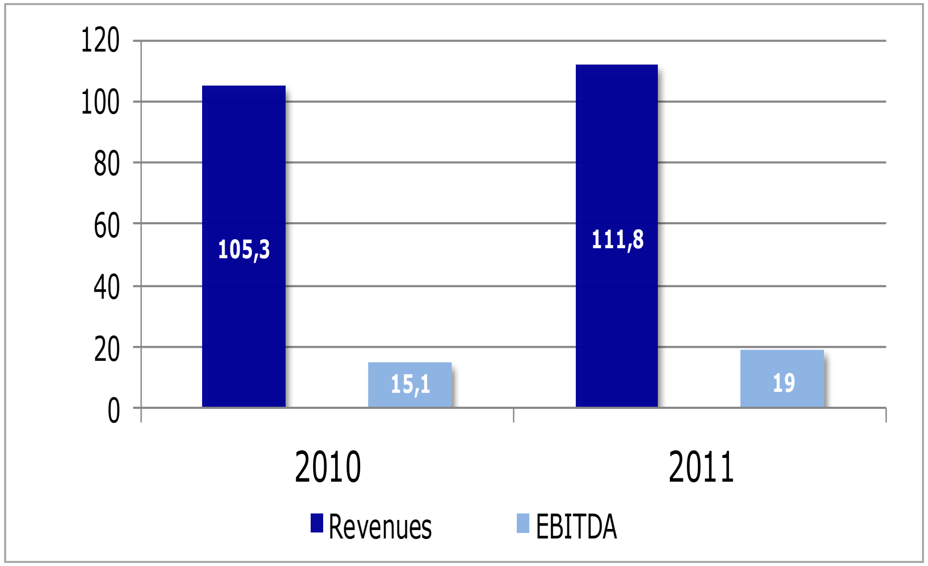
Service Activities

2011 Results

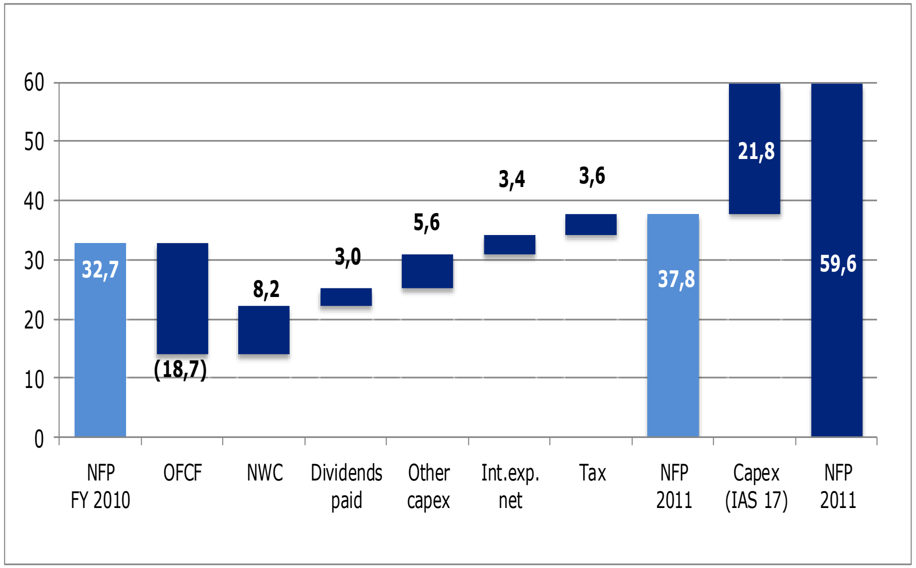
Income Statement (€ mln)	2010	2011	2011 vs 2010 delta %
Revenues	**105,3**	**111,8**	**6%**
EBITDA	**15,1**	**19,0**	**26%**
% Revenues	*14%*	*17%*	
EBIT	**9,6**	**13,3**	**39%**
% Revenues	*9%*	*12%*	
Net income/(loss)	**5,2**	**6,6**	**27%**
% Revenues	*5%*	*6%*	

Financial Information (€m)	Tesmec (Cons.)	
	2010	2011
Net working capital	**40,2**	**48,4**
Non current assets	**26,1**	**48,2**
Other LT assets/(liab)	1,1	1,9
Net invested capital	**67,4**	**98,5**
Net financial indebtedness	**32,7**	**59,6**
Equity	34,7	38,9
Total equity and net financial indebtedness	**67,4**	**98,5**

€ mln



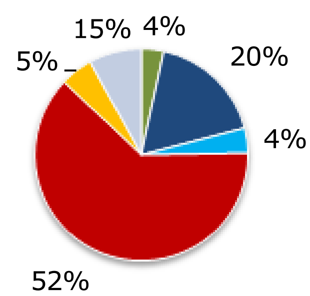
€ mln

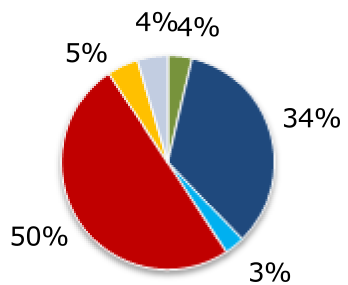


Revenues: international scale and exposure to growing economies

2010	2011

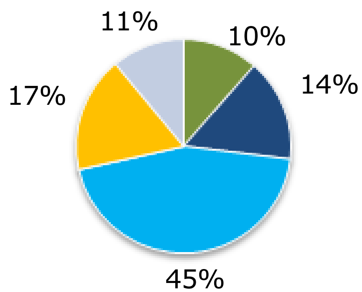
Stringing equipment 58% on Total Revenue 2011

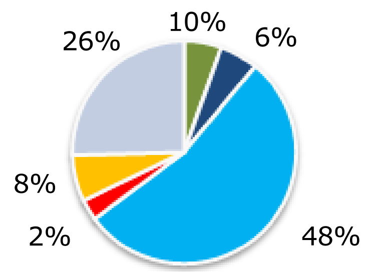




Italy · Europe · Middle East · BRICs and Oceania · Africa · North-Central America

Trenchers 42% on Total Revenue 2011





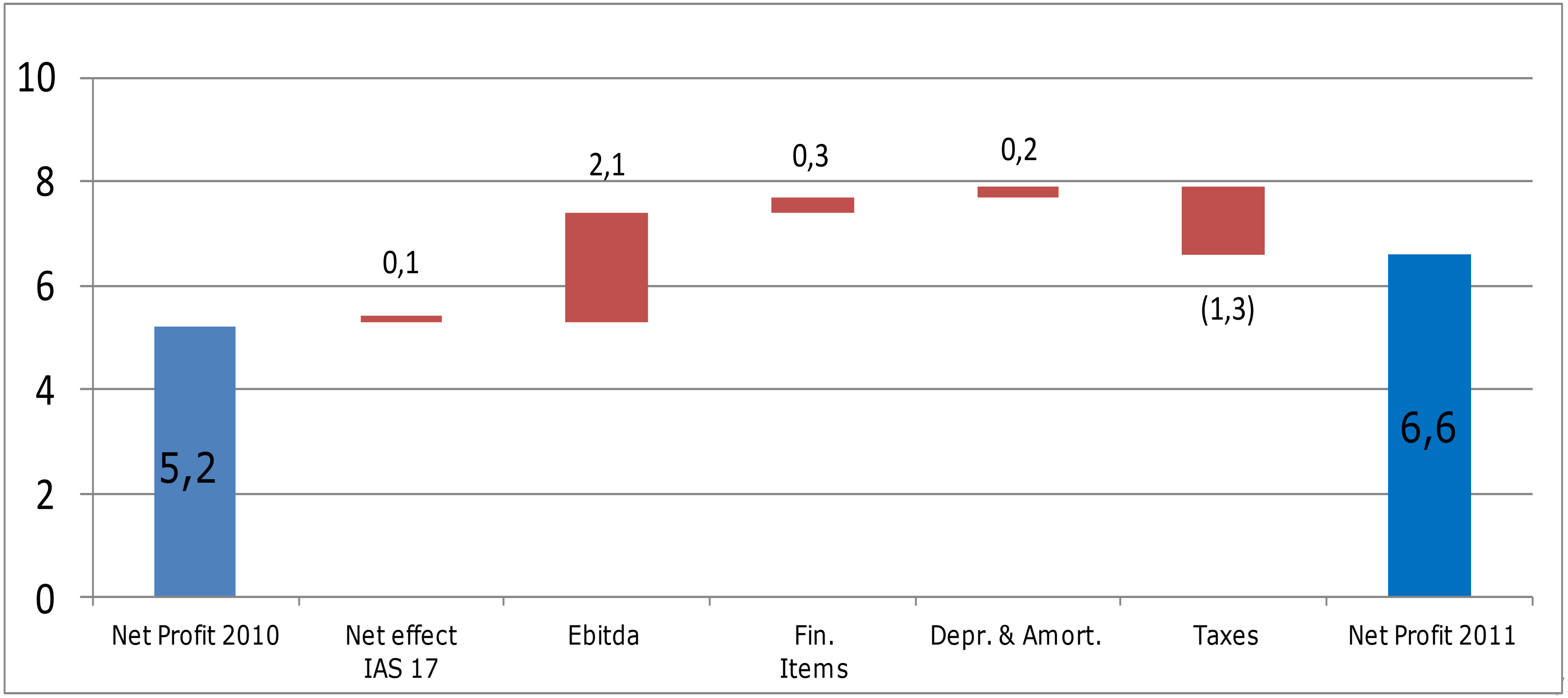
Italy · Europe · Middle East · BRICs and Oceania · Africa · North-Central America

NET PROFIT path

Net Profit increase mainly due to:

- increase in EBITDA margin which moved from 14% to 17% (including IAS 17 effect);
- in 2011 were not incurred costs of IPO.

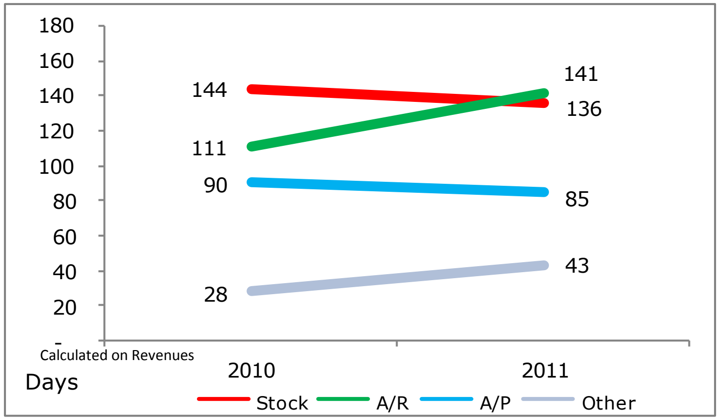
NET PROFIT 2011

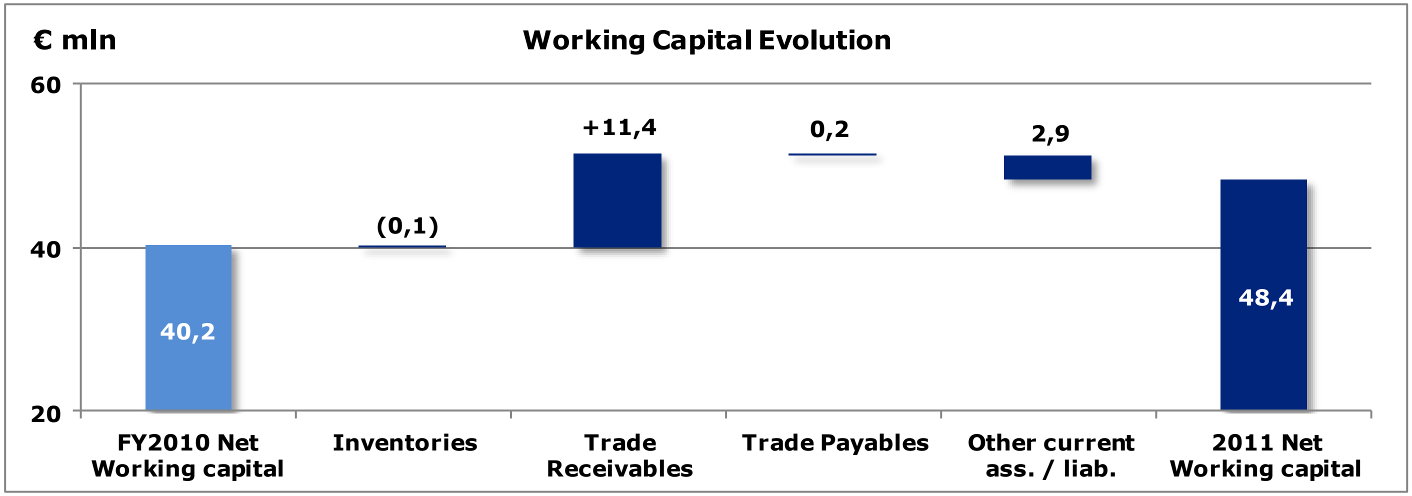


Working Capital Evolution

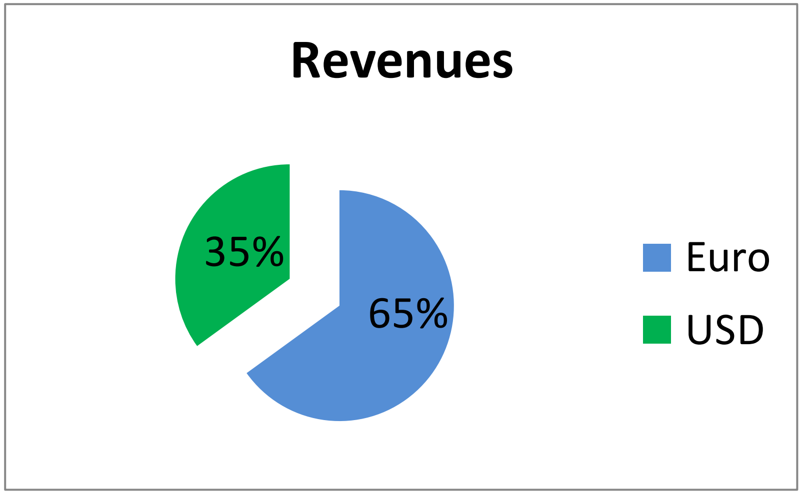
Tesmec Group

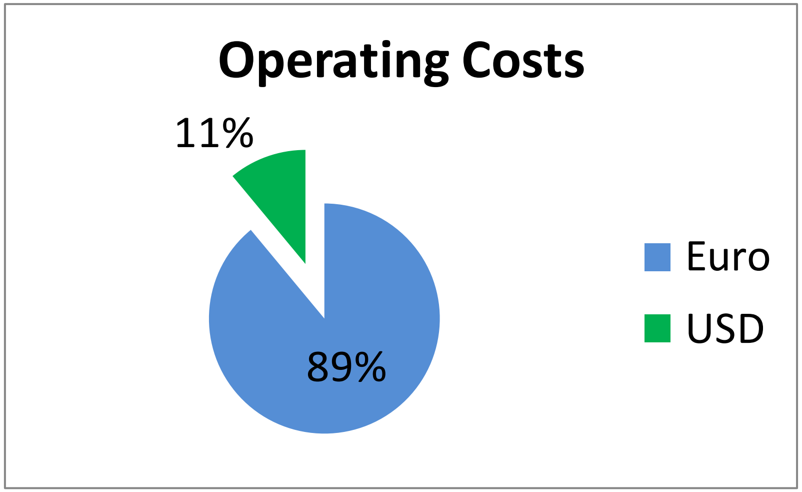
Description	2010	1Q 2011	1H 2011	9M 2011	2011
Trade Receivables	**32,5**	36,5	34,0	**31,5**	**43,9**
Inventory	**42,2**	43,7	43,0	**43,2**	**42,1**
Trade payables	**(26,3)**	(25,2)	(26,8)	**(22,7)**	**(26,5)**
Other current asset/liabilities	**(8,2)**	(6,6)	(7,2)	**(4,5)**	**(11,1)**
Net Working Capital	**40,2**	48,4	43,0	**47,5**	**48,4**

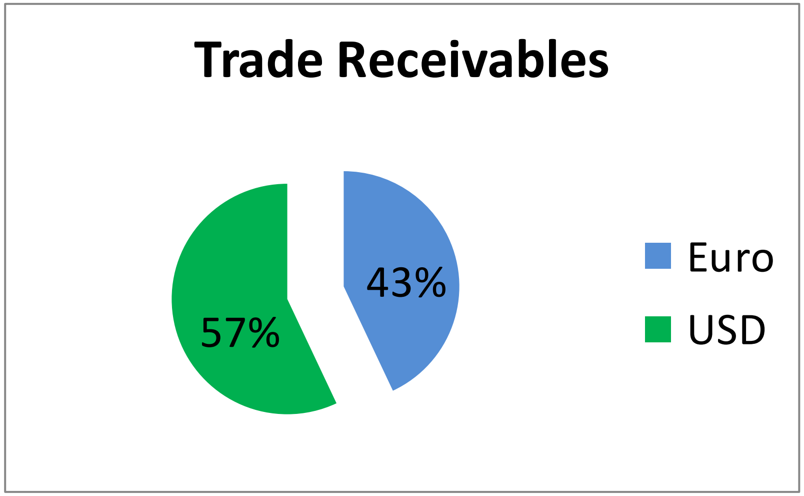


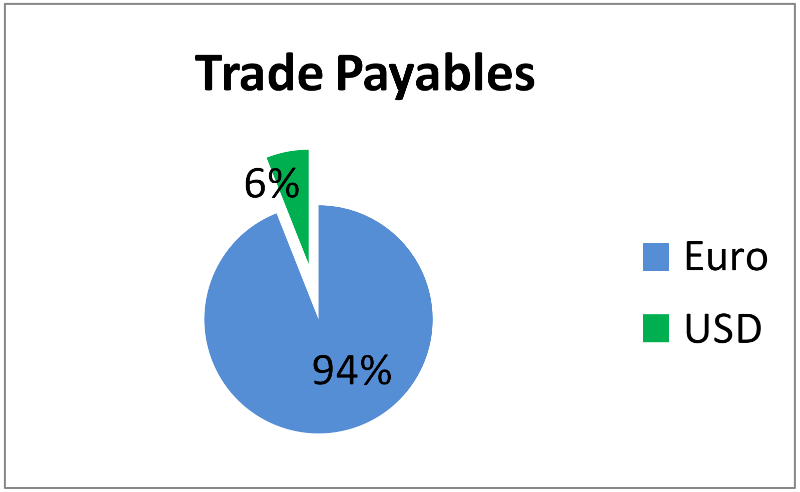


Exchange exposure 2011





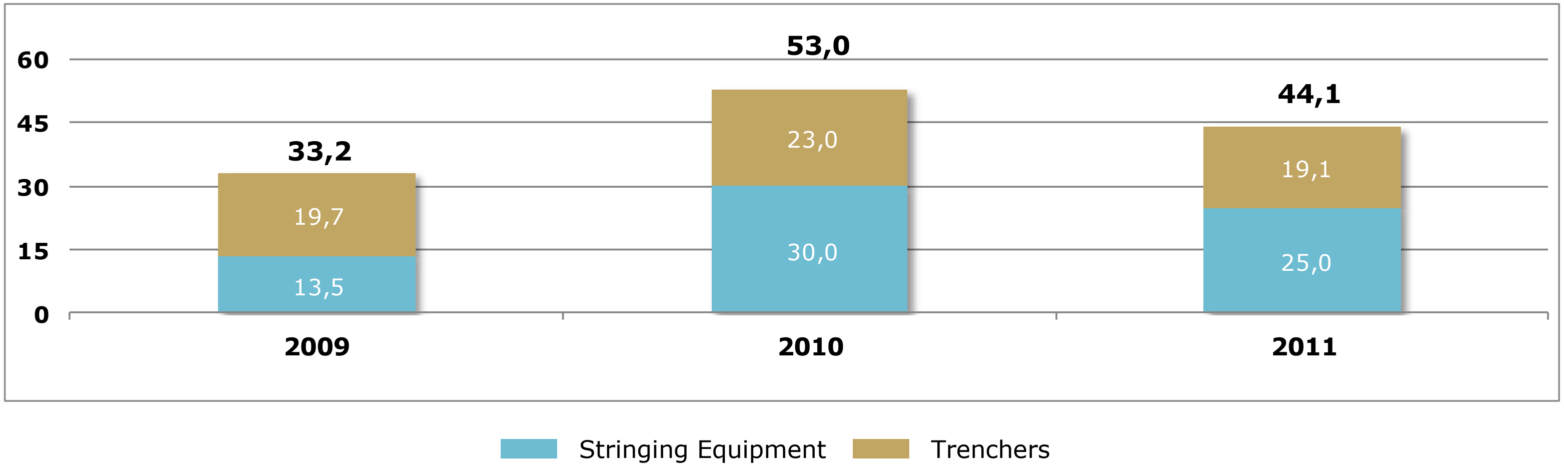




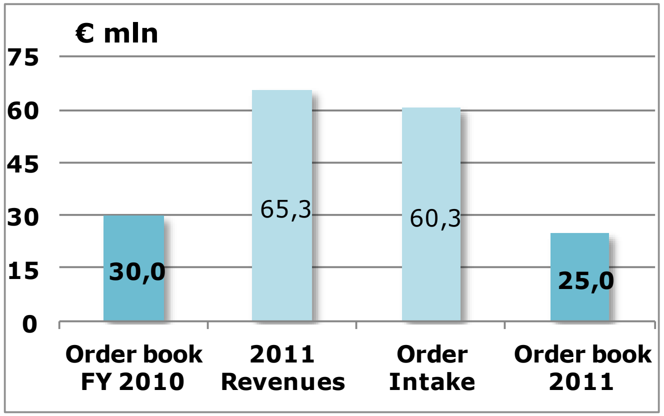
Order Book

ORDER BOOK YEAR END 2009 –2010 –2011

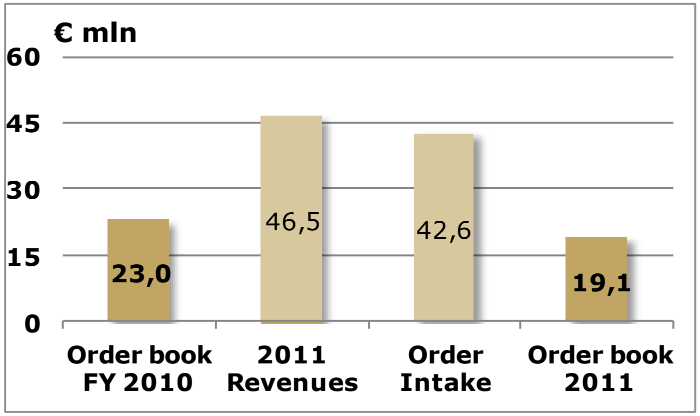
€ mln



STRINGING EQUIPMENT



TRENCHERS



Outlook 2012

Despite the current financial macroeconomic environment Tesmec Group maintain a positive view on 2012:

- margins and volumes growing due to the new activities started on 2011 and thanks to the operating leverage effect;

- the 2012 NFP will achieve a normal value with a normal level of trade receivables;

- dividend pay-out ratio in line with previous period.

Appendix A - Summary Profit & Loss statement with the effects of new rent contract accounted under IAS 17

Profit & Loss Account (€ mln)	A 2011 adj	B IAS 17	A+B 2011	2010	Delta vs 2010	Delta %
Net Revenues	**111,8**		**111,8**	**105,3**	**6,5**	**6,2%**
Raw materials costs (-)	(55,7)		(55,7)	(48,7)	(7,0)	14%
Cost for services (-)	(20,9)		(20,9)	(20,6)	(0,3)	1%
Personnel Costs (-)	(17,9)		(17,9)	(17,1)	(0,8)	5%
Other operating revenues/costs (+/-)	(3,4)	1,8	(1,6)	(3,7)	2,1	-57%
Capitalized R&D expenses	3,3		3,3	3,4	-0,1	-3%
Non recurring costs	-		-	(3,5)	3,5	-100%
Total operating costs	**(94,6)**	**1,8**	**(92,8)**	**(90,2)**	**(2,6)**	**3%**
% on Net Revenues	*(85%)*		*(83%)*	*(86%)*		
EBITDA	**17,2**	**1,8**	**19,0**	**15,1**	**3,9**	**26%**
% on Net Revenues	*15%*		*17%*	*14%*		
Depreciation, amortization (-)	(5,2)	(0,5)	(5,7)	(5,5)	(0,2)	4%
EBIT	**12,0**	**1,3**	**13,3**	**9,6**	**3,7**	**39%**
% on Net Revenues	*11%*		*12%*	*9%*		
Net Financial Income/Expenses (+/-)	(1,4)	(1,1)	(2,5)	(1,6)	(0,9)	56%
Taxes (-)	(4,1)	(0,1)	(4,2)	(2,8)	(1,4)	50%
Minorities	-		-	0,02	(0,02)	-100%
Net Income (Loss)	**6,5**	**0,1**	**6,6**	**5,2**	**1,4**	**27%**
% on Net Revenues	*6%*		*6%*	*5%*		

Appendix B - Summary Balance Sheet with the effects of new rent contract accounted under IAS 17

Balance Sheet (€ mln)	A	B	A+B	
	2011 adj	IAS 17	2011	2010
Inventory	42,1		42,1	42,2
Accounts receivable	43,9		43,9	32,5
Accounts payable (-)	(26,5)		(26,5)	(26,3)
Op. working capital	**59,5**	**0,0**	**59,5**	**48,4**
Other current assets (liabilities)	(11,1)	-	(11,1)	(8,2)
Net working capital	**48,4**	**0,0**	**48,4**	**40,2**
Tangible assets	17,0	21,8	38,8	18,0
Intangible assets	8,0		8,0	6,8
Financial assets	1,4		1,4	1,3
Fixed assets	**26,4**	**21,8**	**48,2**	**26,1**
Long term liabilities	1,9		1,9	1,1
Net invested capital	**76,7**	**21,8**	**98,5**	**67,4**
Cash & near cash items (-)	(16,7)	2,9	(13,8)	(7,8)
Short term financial assets (-)	(1,5)	(0,9)	(2,4)	(0,4)
Short term borrowing	24,7	0,7	25,4	20,9
Medium-long term borrowing	31,4	19,0	50,4	20,0
Net financial position	**37,9**	**21,7**	**59,6**	**32,7**
Equity	38,8	0,1	38,9	34,7
Funds	**76,7**	**21,8**	**98,5**	**67,4**

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, March 14 , 2012

The Manager responsible for preparing
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