



Tesmec Group

9M 2013

Analyst Presentation, 8 November 2013



Corporate



Agenda

- 2013 – Business update A.Caccia Dominioni, CEO
- 2013 – 9MFinancials 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

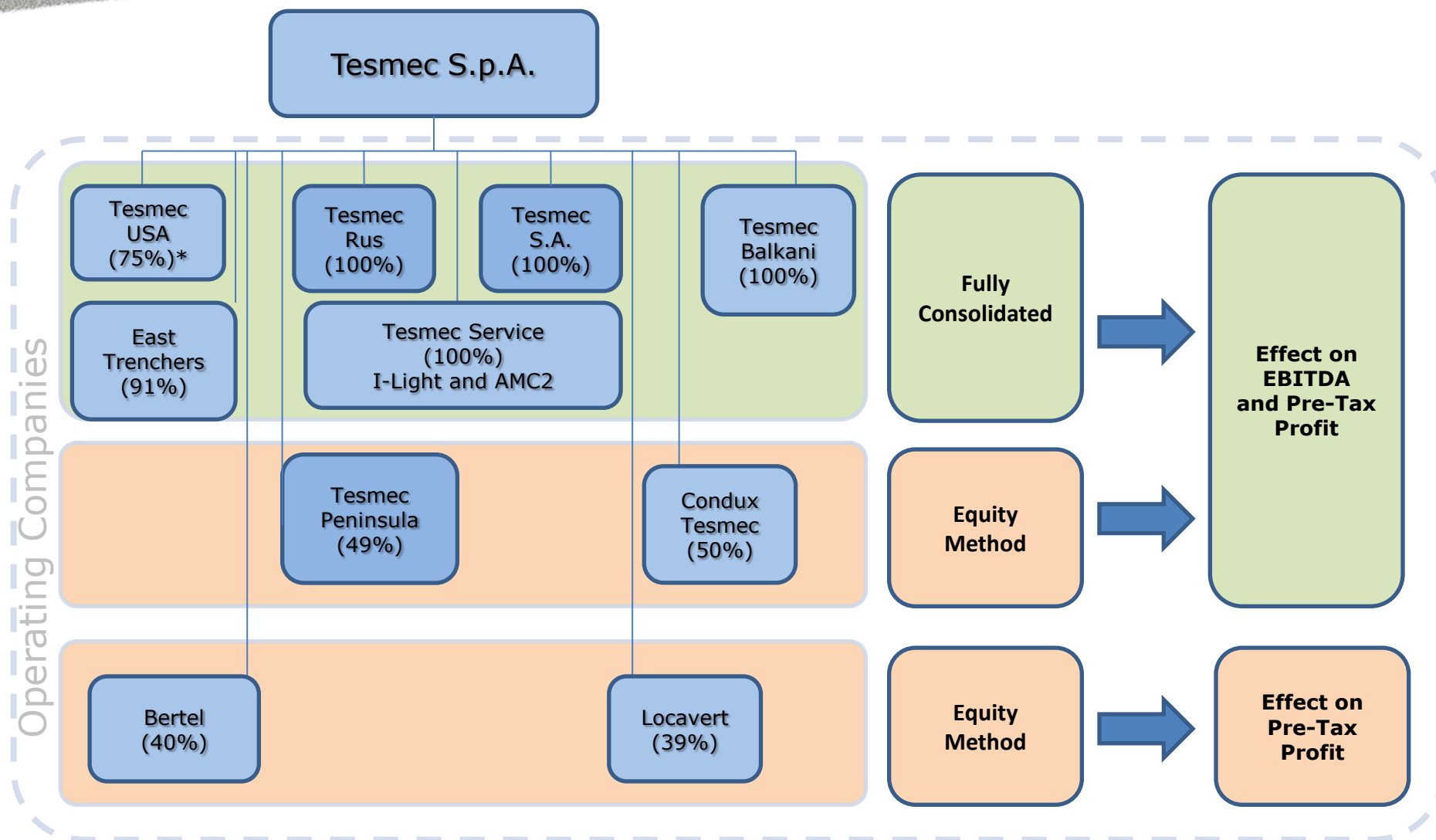
From IPO

.. To ..



CROSS SELLING: new opportunities

Group Structure at September 30, 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.

Product Update

- Stringing



-> strengthened technological leadership through development of know how and equipment for special projects (long distance crossing: rivers, fjords etc).

- Grid Efficiency



-> integrated solutions for predictive maintenance, losses control and smart management on transmission and distribution grids mainly in Eastern Europe;

- Railways



-> development of new power units for railways industry to increase performance and to reduce the fuel consumption and CO₂ emission.

Product Update

-Trencher



-> Shale Oil & Gas: new generation of Big Bucket machines.



-> Fiber Optic Installation: ground detection and integrated solutions for excavation in urban area.



-> Agriculture: a complete line of new fully automated machines

Common drivers of all developments: HIGH PRODUCTIVITY and LOW ENVIRONMENTAL IMPACT

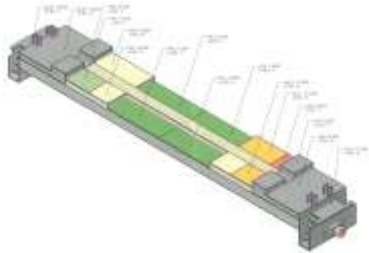
- Trencher Service



-> structured service organization team located in Middle East Area to manage trencher fleet owned by third parties involved in complex contracting projects

Market Update

USA



- > the US Market has become in all sectors one of the most important markets for the Group also thanks to the national policy supporting investments:
 - to renew and interconnect (East-West) the Electric Grid;
 - to improve the transport (Shale Oil & Gas and Railway).
- > main growth drivers are:
 - development in Shale Oil & Gas -> Trencher
 - opportunities both with government entities with large contractors for the Repowering project in an environmental respect -> Railway

Market Update

Russia

-> the slowdown in construction of new power lines was partially offset thanks to the strategy of diversifying product with greater input from the business of :

- Railways

- Grid Efficiency

} Contracts already running and good prospects for the future.

-> Tesmec participated in the international exhibition for innovation and technological progress of electrical networks "Upgrid 2013" (end of October in Moscow). The interest in technological solutions offered by Tesmec was high by both contractors and by institutional bodies. On this occasion Tesmec has signed an agreement with the company "GlobalElektroService" leader in the field of design and construction of Strong and Smart networks in CIS.

Market Update

Middle East



- > confirms the sale of trencher for large infrastructure projects;
- > development of fleet management trencher sold to customers and used in infrastructure projects such as the port of Doha, the Doha Metro and other infrastructure.

India



- > the market has confirmed its importance for the Group in the stringing sector;
- > in 2013 the Group is increasing its presence with Trencher specifically in the field of fiber optics and we expect that this experience can be replicated in other countries.

9M 2013 Economics Results

INCOME STATEMENT (Euro Mln)

9M 2013

9M 2012

Delta % 9M 2013 vs 2012

Revenues

85,1

80,8

+5%

EBITDA

15,9

16,3

-2%

% On Revenues

19%

20%

EBIT

11,2

11,6

-3%

% On Revenues

13%

14%

Profit Before taxes

8,2

8,2

-

% On Revenues

10%

10%

NET INCOME

5,1

5,2

-3%

% On Revenues

6%

7%

STRINGING 9M2013

STRINGING 9M2012

TRENCHER 9M2013

TRENCHER 9M2012

Revenues

46,4

52,1

38,7

28,7

% Increase vs LY

-11%

+35%

EBITDA

9,1

10,7

6,8

5,6

% on Revenues

20%

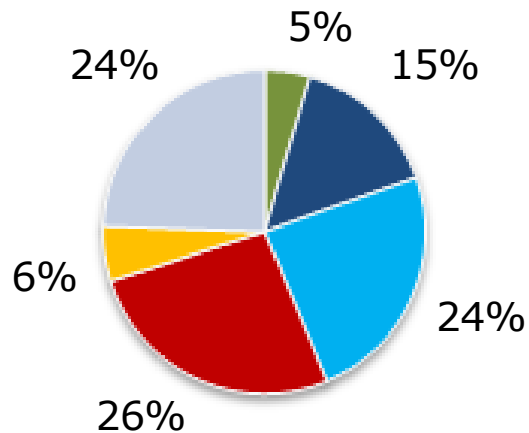
20%

18%

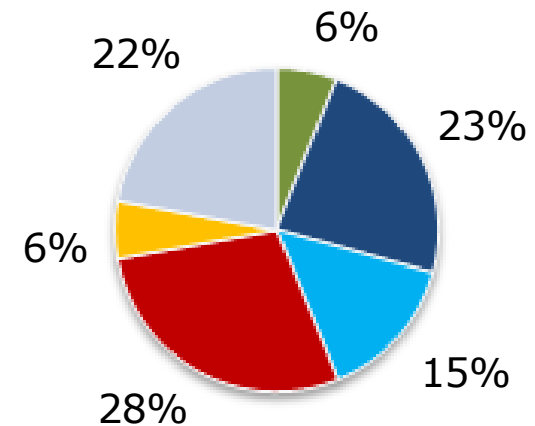
20%

Revenues: international scale and exposure to growing economies

9M 2013

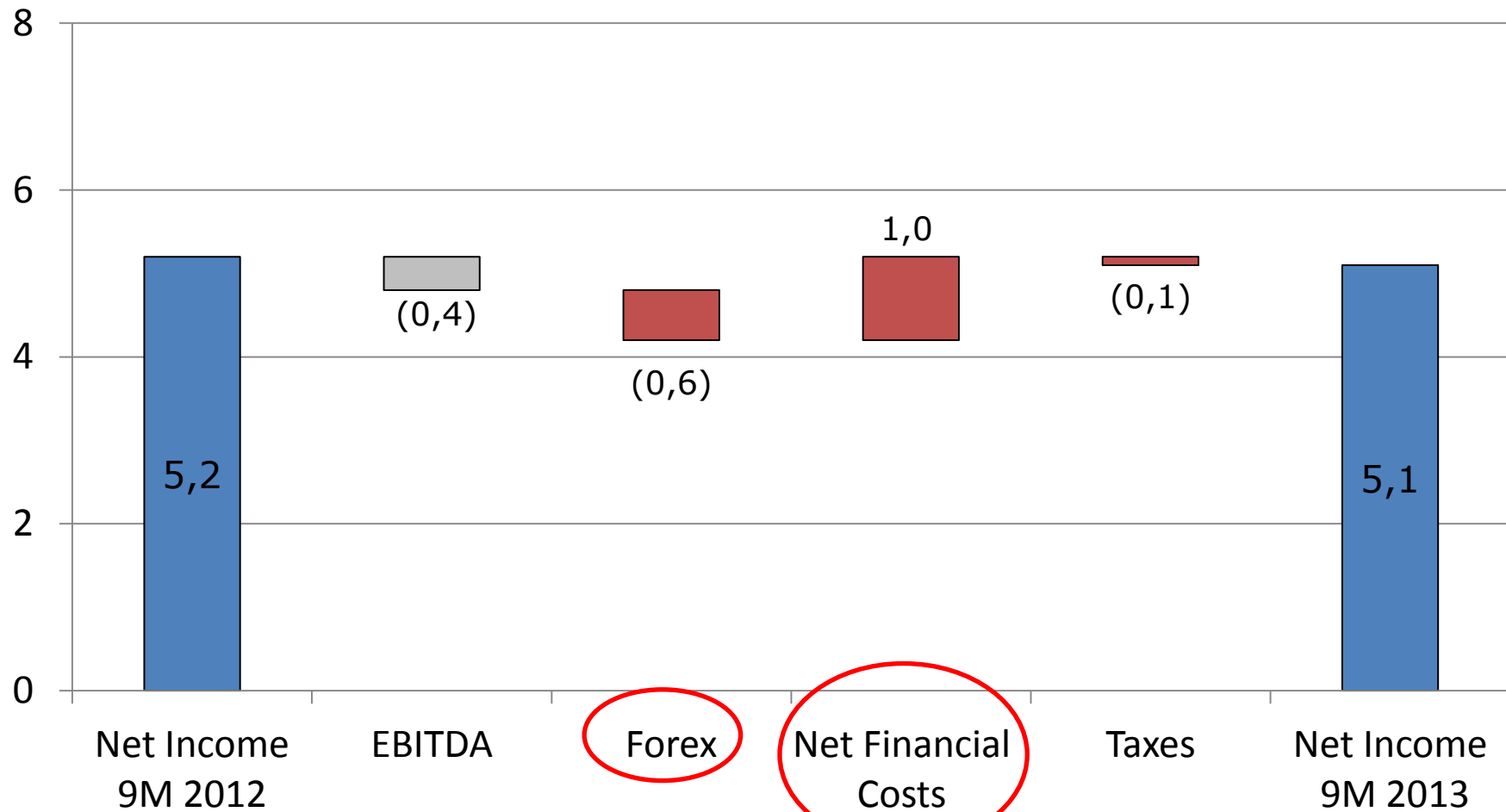


9M 2012



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

NET PROFIT 9M2013



The period was impacted by negative forex and lower impact of Net Financial Cost

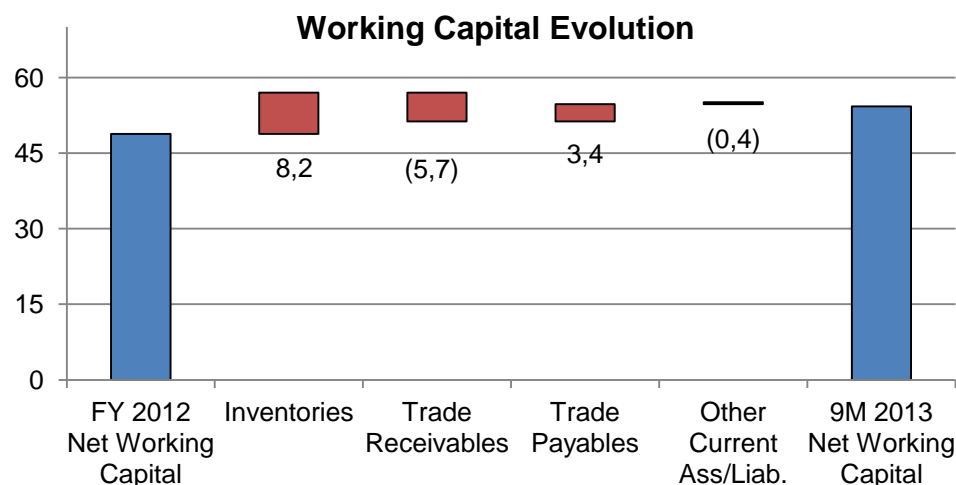
9M 2013 Financial Results

Financial Information (Euro Mln)	9M 2013	9M 2012	FY 2012
NWC	54,3	49,1	48,8
Non current assets	51,7	51,1	49,6
Other LT assets/(Liabilities)	0,1	1,1	1,0
NET INVESTED CAPITAL	106,1	101,3	99,4
NFP	62,9	60,8	56,5
EQUITY	43,2	40,5	42,9
TOTAL SOURCES OF FINANCING	106,1	101,3	99,4

Working Capital Evolution

Values in € Mln

	9M 2013	FY 2012	Days* 9M 2013	Days 2012
Trade Receivables	37,9	43,6	101	131
Inventories	53,0	44,8	157	135
Trade Payables	(28,7)	(32,1)	93	96
Other current assets/(Liabilities)	(7,9)	(7,5)	21	23
NET WORKING CAPITAL	54,3	48,8		

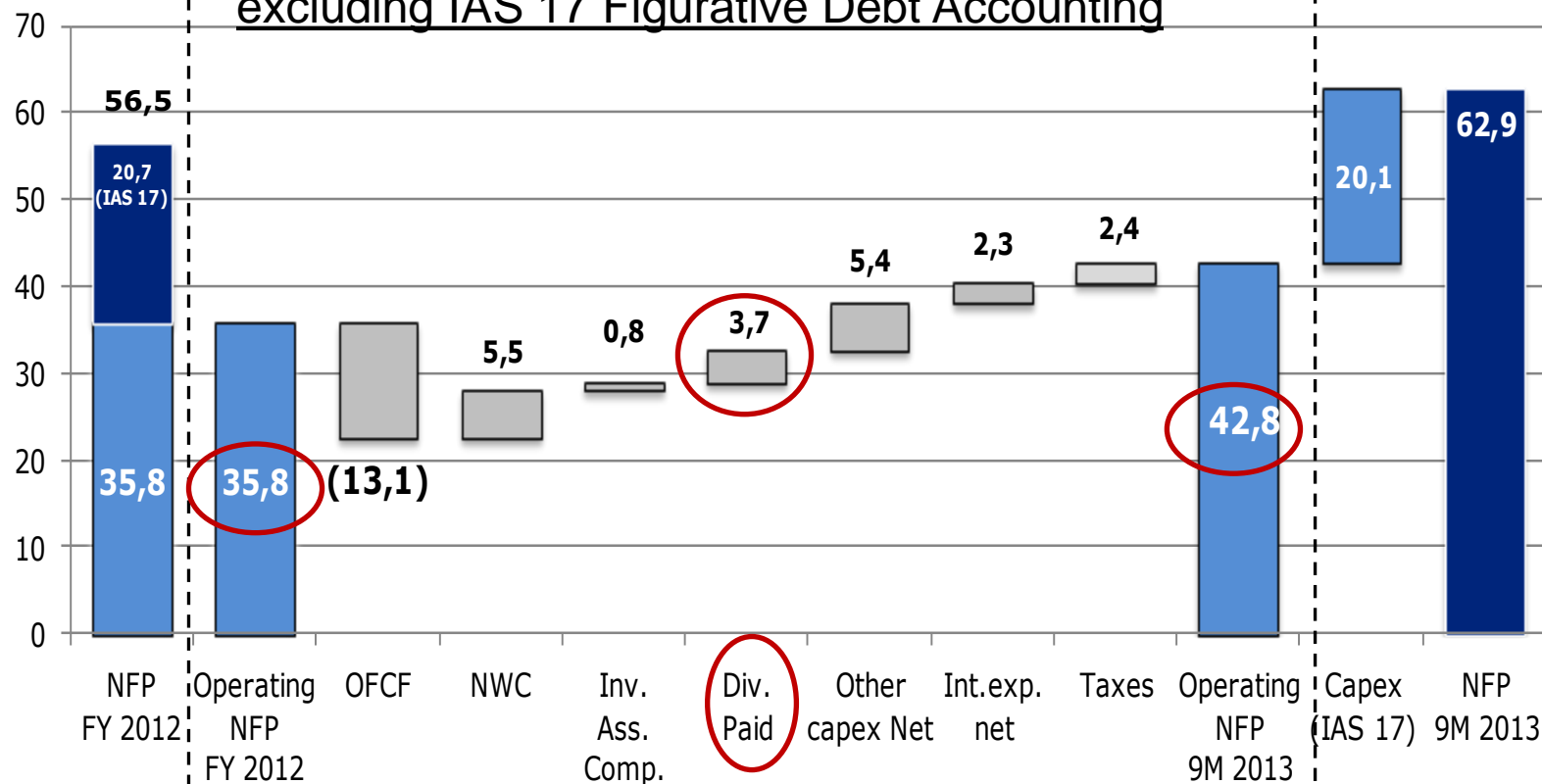


9M 2013*	
NET WORKING CAPITAL	= 44%
REVENUES	
2012	
NET WORKING CAPITAL	= 41%
REVENUES	

*calculated on the total revenue for the last 12 months (from October 2012 to September 2013)

Net Financial Position Evolution

Operating Net Financial Position
excluding IAS 17 Figurative Debt Accounting



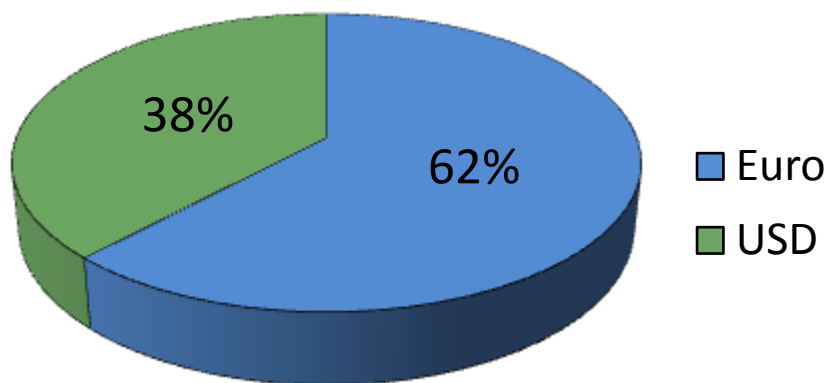
2012

NFP affected by payment of dividend
and stock increase and capex

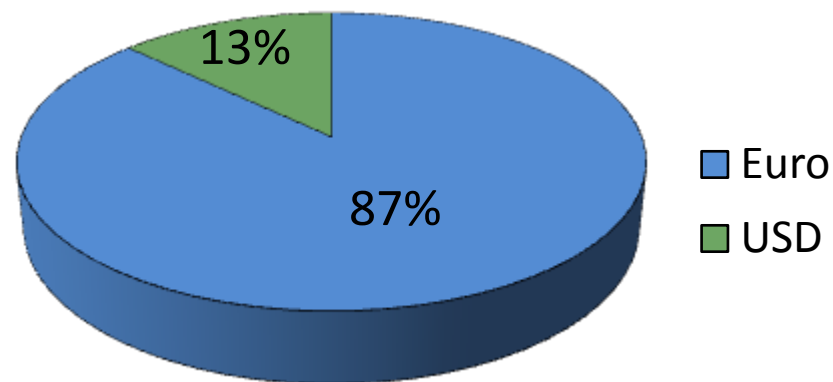
9M
2013

Exchange exposure 9M 2013

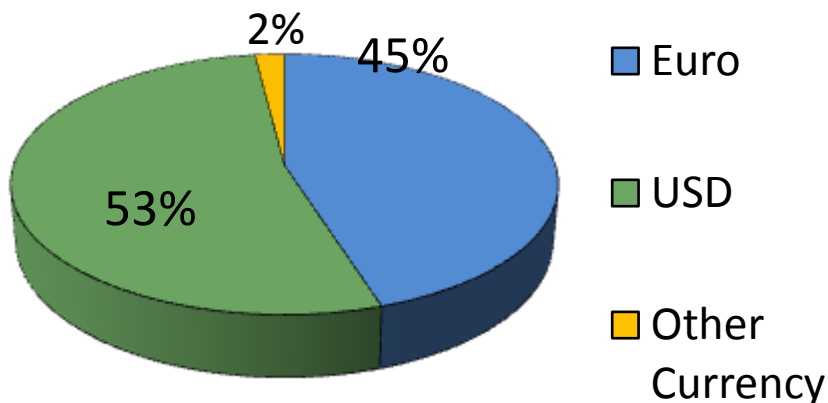
Revenues



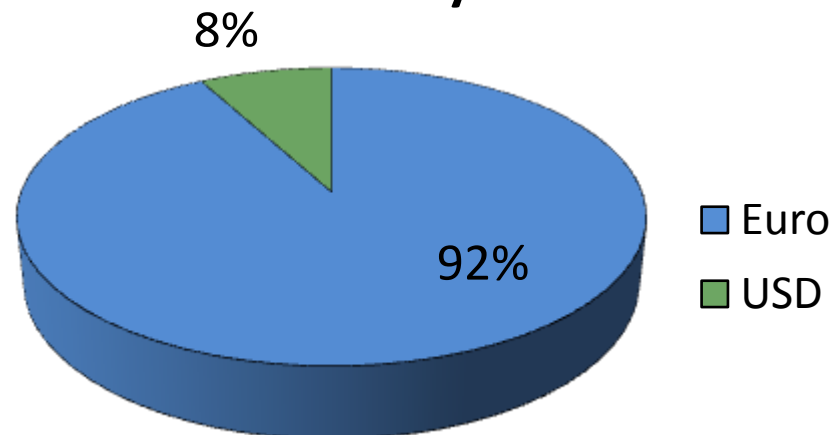
Operating Costs



Trade Receivables

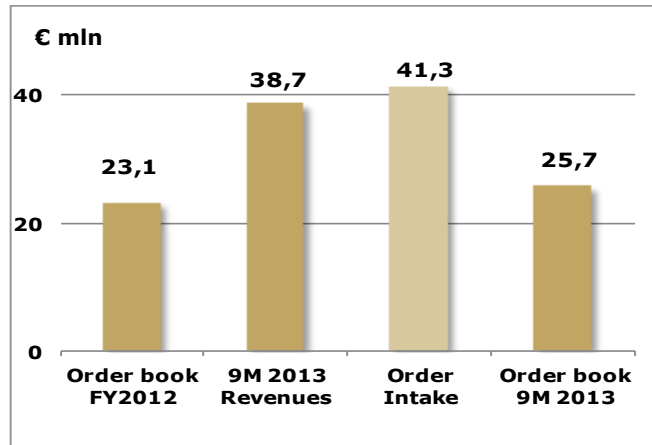


Trade Payables

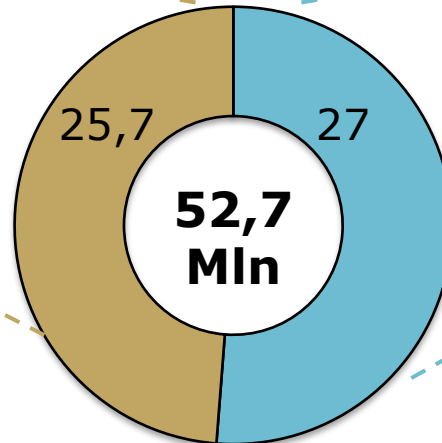
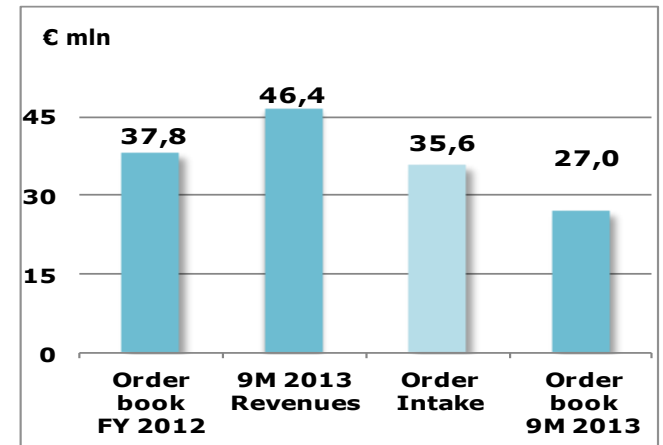


ORDER BOOK 9M 2013

TRENCHERS



STRINGING



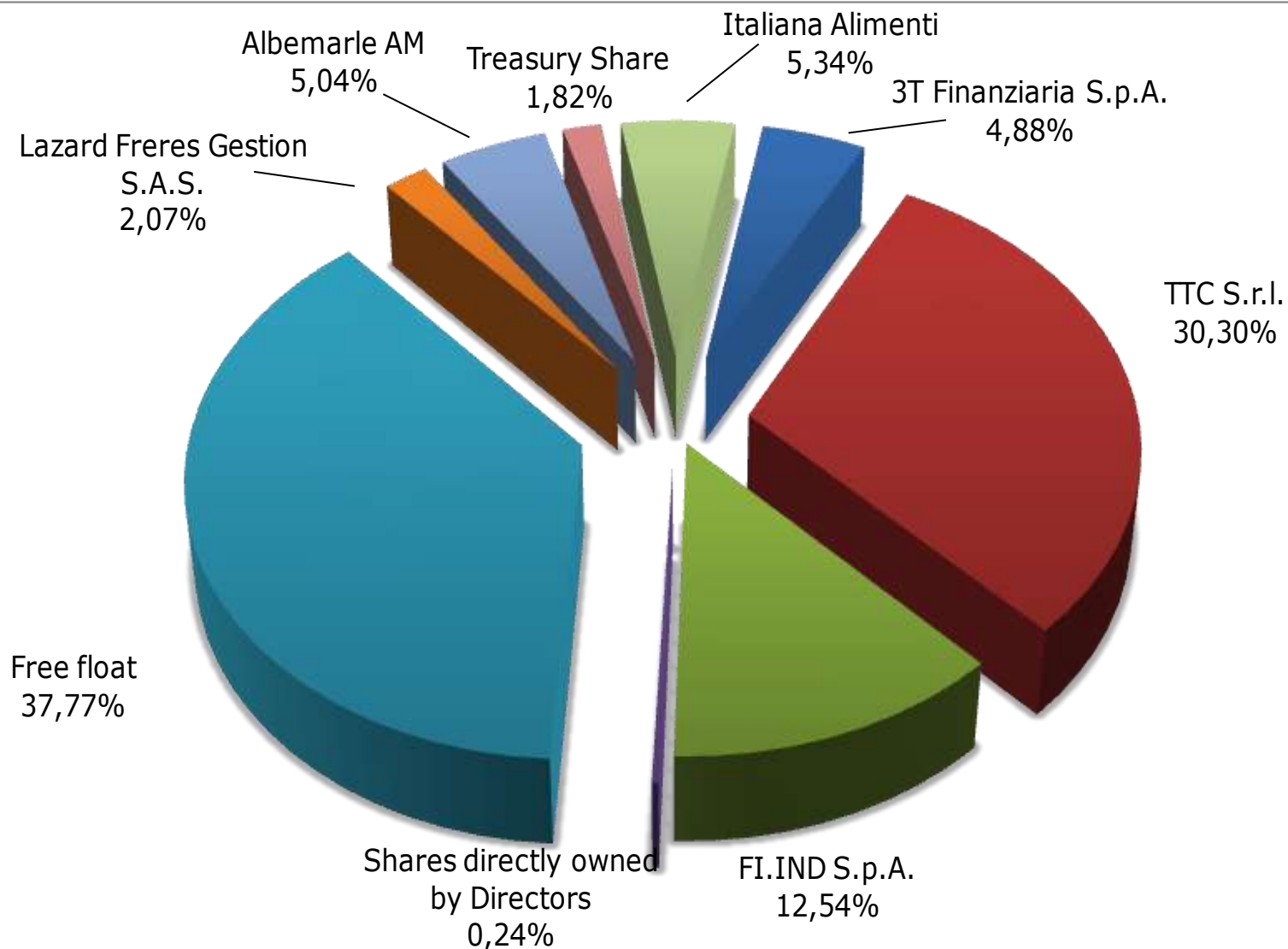
Outlook 2013

In a context of market volatility the strategy of diversification in terms of technological solutions offered and markets, as well as the flexibility of the Group, have enabled it to respond to the difficult global macroeconomic environment.

Based on the results achieved in the first nine months of the year and of the existing backlog and negotiations for 2013 are expected to overcome the revenues and profitability are expected to exceed targets achieved in 2012:

- different trends in the various market in which the Group operates and in the product mix;
- net of extraordinary operations, the Group can reduce debt thanks to a reduction in net working capital;
- the fluctuations in the Eur / Usd could have an impact on closing figures.

Shareholding Structure



Appendix A - Summary 9M 2013 Profit & Loss statement

Profit & Loss Account (€ mln)	9M 2013	9M 2012	Delta vs 2012	Delta %
Net Revenues	85,1	80,7	4,4	5%
Raw materials costs (-)	(38,2)	(35,6)	(2,6)	7%
Cost for services (-)	(15,0)	(14,8)	(0,2)	1%
Personnel Costs (-)	(17,3)	(14,6)	(2,7)	18%
Other operating revenues/costs (+/-)	(1,6)	(1,5)	(0,1)	7%
Portion of gain/(losses) from equity investments evaluated using the equity method	0,4	(0,1)	0,5	-487%
Capitalized R&D expenses	2,5	2,2	0,3	14%
Total operating costs	(69,2)	(64,4)	(4,8)	7%
<i>% on Net Revenues</i>	<i>(81%)</i>	<i>(80%)</i>		
EBITDA	15,9	16,3	-0,4	-2%
<i>% on Net Revenues</i>	<i>19%</i>	<i>20%</i>		
Depreciation, amortization (-)	(4,7)	(4,7)	0,0	0%
EBIT	11,2	11,6	-0,4	-4%
<i>% on Net Revenues</i>	<i>13%</i>	<i>14%</i>		
Net Financial Income/Expenses (+/-)	(2,9)	(3,4)	0,5	-13%
Taxes (-)	(3,2)	(3,0)	(0,2)	7%
Minorities	0	-	-	-
Net Income (Loss)	5,1	5,2	(0,1)	37%
<i>% on Net Revenues</i>	<i>6%</i>	<i>6%</i>		

Appendix B - Summary Balance Sheet

Balance Sheet (€ mln)	9M 2013	2012
Inventory	53,0	44,8
Accounts receivable	37,9	43,6
Accounts payable (-)	(28,7)	(32,1)
Op. working capital	62,2	56,3
Other current assets (liabilities)	(7,9)	(7,5)
Net working capital	54,3	48,8
Tangible assets	39,6	39,8
Intangible assets	8,1	7,6
Financial assets	3,9	2,2
Fixed assets	51,6	49,6
Net long term liabilities	0,1	1,0
Net invested capital	106,1	99,4
Cash & near cash items (-)	(8,3)	(17,1)
Short term financial assets (-)	(10,0)	(5,2)
Short term borrowing	36,7	29,6
Medium-long term borrowing	44,5	49,3
Net financial position	62,9	56,5
Equity	43,2	42,9
Funds	106,1	99,4

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, November 8, 2013

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



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