



- Stringing
- Automation
- Railway
- Trencher

Integrated Solutions Provider

Le Eccellenze del Made in Italy – Torino – 17th May 2019



www.tesmec.com

- > **Company profile**
- > Business overview
- > 2019 Results & Outlook

VISION

- > To be a technological **partner** in a changing world

VALUE PROPOSITION

- > To supply added-value **integrated solutions** for our customers



MISSION

- > To operate in the market of **infrastructure** for the transport of energy, data and material (oil and derivatives, gas, water).

STRATEGY

- > Innovation
- Internationalization
- Integration

STRINGING



- > Overhead power lines construction & maintenance
- > Advanced methodologies for powerlines improvement
- > Zero emissions underground cable laying

RAILWAY

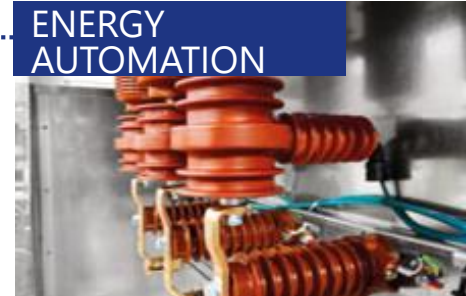


- > Catenary lines construction & maintenance
- > Diagnostics systems
- > Big Data integrated solutions for safe infrastructure

ENERGY

PLATFORMS FOR DIAGNOSTIC & DATA MANAGEMENT

ENERGY AUTOMATION



- > Telecommunications solutions for HV Grids
- > Grid Management: protection and metering solutions
- > Advanced sensors for fault passage indication, protection and monitoring

TRENCHER



- > Telecom networks, FTTH & long distance, power cable installation
- > Oil & Gas, Water pipelines
- > Bulk excavation, Quarries & Surfaces mining



GLOCAL STRATEGY

- > Headquarters located in Grassobbio, close to Milan.
- > "Glocal" growth strategy: we are global, but at the same time we have a local presence in the most strategic areas of the world, in order to meet the market's needs in the best way



8 Production plants

6 in Italy, 1 in USA, 1 in France



+850 people



+65 years
of experience



75% Export



+135 Countries worldwide choose Tesmec

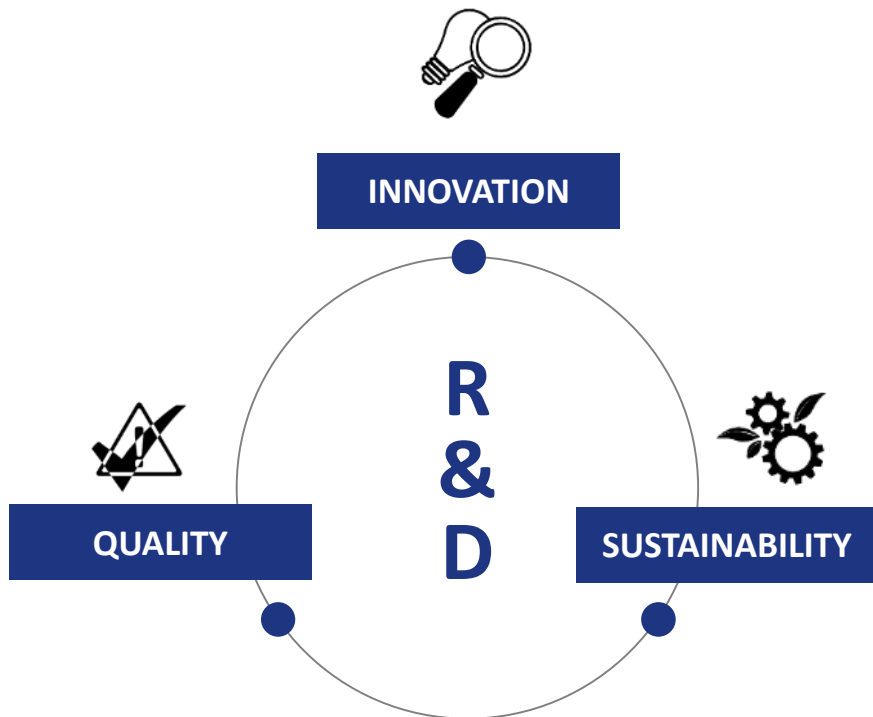
“3xl” strategy

key drivers for growth

INNOVATION

INTERNATIONALIZATION

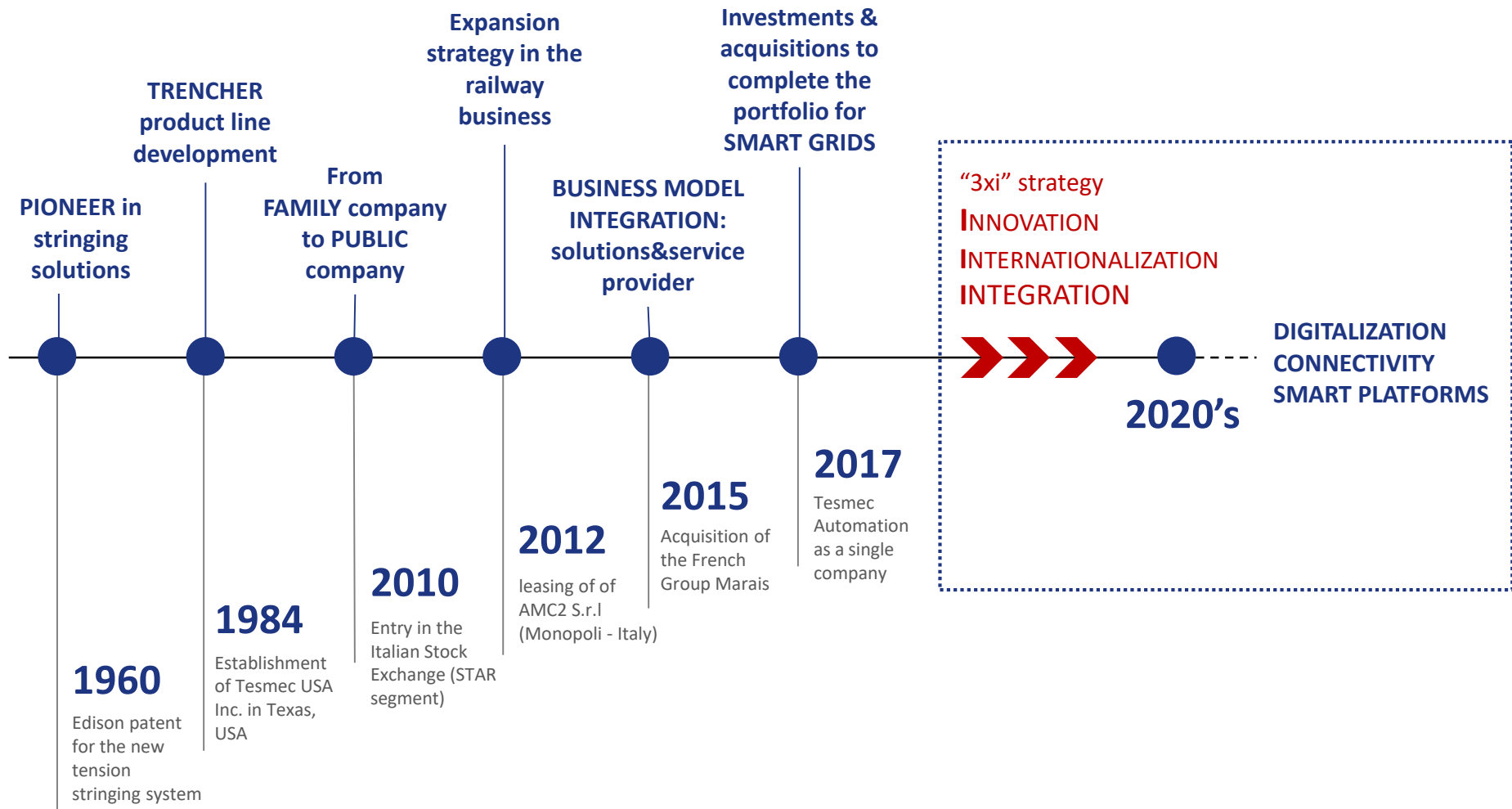
INTEGRATION



around **Euro 16 million**
investments in innovative projects

CERTIFICATIONS

- ✓ ISO 9001:2015
- ✓ ISO 14001:2015
- ✓ ISO 45001:2018



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TECHNOLOGY FOR FAST EFFICIENT STRINGING OPERATIONS

A new concept of integrated systems 4.0 for energy transport and distribution: **Simple, Safe and Reliable**

A COMPLETE PACKAGE OF SOLUTIONS

Machines equipment and accessorizes specifically developed to face every jobsite conditions

CUSTOMIZED SOLUTIONS & R&D

Continuous improvement of methodologies and technologies in order to offer the best solution

EFFECTIVE & RELIABLE AFTER SALES SERVICE

Speed and focus technical assistance with a **global network**

“

Digital Machines & Jobsite Management Services, Innovative methodologies for transmission lines construction & refurbishment.

”



Reconductoring - USA

NHPL Texas jobsite
Live line reconductoring operations (with a by-pass phase); CTC ACCC conductor



Top efficiency - BRAZIL

500 kV line, 6 T&D lines,
5000 km long
70 sets of stringing equipment



In altitude - PERU

500 kV line at 1000 mt a.s.l., 900 km long
2 modular machines for stringing 4 bundled conductors per phase



Fjord crossing - NORWAY

Special machines for fjord crossing and modular machines
Voltage: 420 kV



Line construction - SAUDI ARABIA

Yanbu-Madinah 380 kV line
Longest project portion: 230 km
4-500mm² AAAC conductors per phase



Extreme temperature - RUSSIA

Huge crossing of Lena river
Two bundled conductors 220 kV
Extreme conditions: -50°C (-58°F)



Tower erection - INDIA

Technical advice and training activity for tower erection works



UG Cable Laying - UK

Romford
3 x 33 kV cable pulling



Stringing Machines 4.0 - FRANCE

New single line double circuit aacsr PHLOX conductor



Helicopter stringing - CHINA

Extreme project in Zhejiang Province
Tower height: 380 m
Four bundled conductors 500 kV





PROTECTION & METERING SOLUTIONS FOR SMART GRID

From selectivity to reliability providing **uninterrupted operation** and increasing **grid efficiency**

TELECOMMUNICATION SOLUTIONS

Performance improvement, reliable operation and enhanced management of the grid

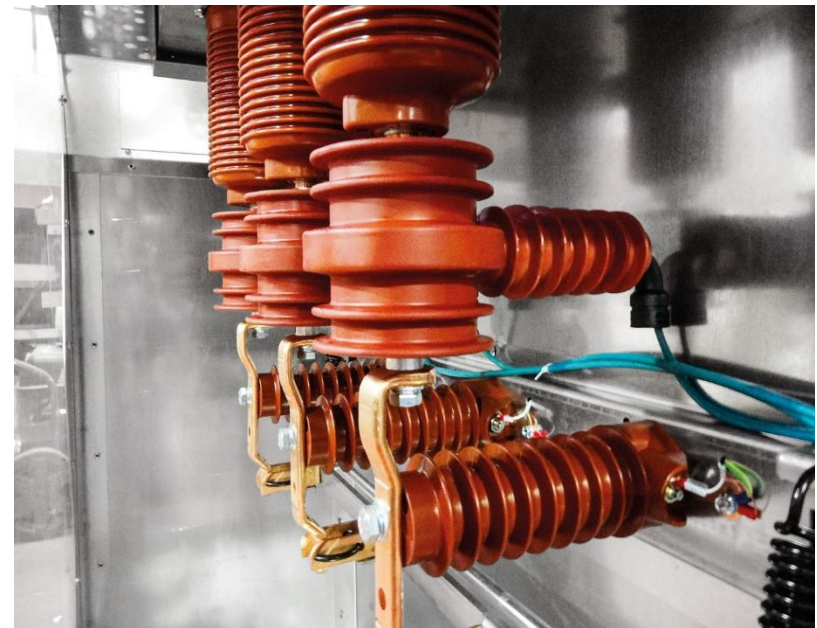
EXCELLENCE IN SENSOR TECHNOLOGY

From fault passage indication and protection to smart metering with **high accuracy solutions**

TECHNICAL EXPERT SUPPORT

Technological support by well **experienced engineers**

“
**Grid Reliability,
Efficiency and Security:**
**providing tailored and integrated
solutions to face fast-changing
grid challenges.**
”





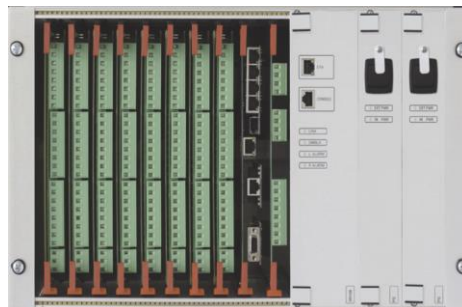
Protection and Control solution for MV substations - ITALY

Automation and distributed generation management



Teleprotection solution for HV Grids - ITALY

Advanced power grid protection to ensure a secure and uninterrupted supply of electricity



Fault Passage indication (FPI) for MV Grids - SOUTH AMERICA

Monitoring of line status. Fast, accurate and efficient fault detection



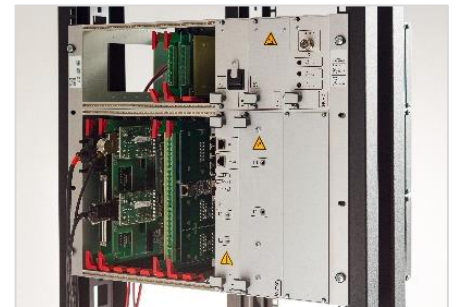
Smart Metering solution for MV Grids - RUSSIA

Real-time accurate measurement of energy parameters in 6-10kV power lines and identification of technical and non-technical losses



Telecommunication solution for HV Grids - ALGERIA

Secure communication solution for reliable operation and enhanced management of the grid





GLOBAL CATENARY SPECIALIST

Global catenary specialist for the installation and maintenance of railway lines

CONNECTED VEHICLES

High **technological** solutions for efficient working methodology

HIGH MOBILITY

High Mobility as passenger train on active lines

DIAGNOSTIC & SMART PLATFORMS

Diagnostic for infrastructure & **Certification** of works **for safety**

“

Fleet management and diagnostic of infrastructures for safety,
through integrated platform
for data management

”



Safety of Railway Infrastructure - ITALY

2 Diagnostic Vehicles



Catenary maintenance - ITALY

88 Multipurpose railway vehicles
16 Revamping maintenance units
1 Constant tensions stringing unit
Full maintenance service



Snow removal - NORWAY

3 Snow removal vehicle

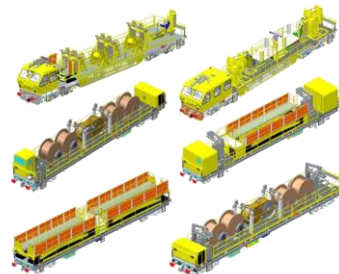
Maintenance unit operative at low temperatures



RER Catenary renewal - FRANCE

9 vehicles (n.6 different models)

Engineered to allow a correct execution of the works of catenary replacement



Stringing of 3 independent wires & recovery of 2 - RUSSIA

10 stringing units

Extreme temperature
Compliance with Russian Standards



Stringing and recovering wires - USA

1 Work car + 1 Reel car with 6 reels
1 Catenary maintenance vehicle

Huge, top performing units
Designed according to US Standards



Electrification of new lines High speed - CHINA

> 30 stringing units
1,318 km BEIJING-SHANGHAI



Installation of the contact line and catenary maintenance "Eagle P3 Project" - USA

1 Stringing unit & 1 Catenary maintenance vehicle
A very fast rail wire installation



Customized solutions - POLAND

4 Stringing units

Tensioning system for railway wiring operations composed by working units mounted on ISO 20 size flat modules





VALUE CHAIN

Complete offer package **combining internal and partner's solutions**

DIGITALIZATION

Complete range of machines equipped with the latest digital technologies to allow:

- ✓ **higher reliability**
- ✓ **easier management**
- ✓ **maintenance costs reduction**

CLEAN & FAST SOLUTIONS

Business model as service provider and proposal of the **innovative “clean & fast” methodology**

“ **Advanced working methodology:
integrated systems &
technological solutions
for a complete jobsite
management** ”



Main worldwide experience

Fiber Optics Laying - GERMANY

Georadar Explorer 2.0 & Sidecut



Gas Pipeline - USA

1150XHD Chainsaw



Fiber Optics Laying - SOUTH AFRICA

Sidecut



South Mutlaa project - KUWAIT

1475 & 1675 Chainsaw EVO



Tunneling project - AUSTRALIA

1475 Rock Hawg EVO



Riyadh metro station - SAUDI ARABIA

1475 Rock Hawg



UltraFastBroadband project - NEW ZEALAND

Cleanfast



Surface mining Gold - RUSSIA

1475 Rock Hawg



Limestone quarry - UZBEKISTAN

1475 Rock Hawg



Wind Farms Projects - AUSTRALIA

Automatic cable laying system



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KEY MESSAGES

■ INTEGRATED solutions

Complete offer package combining internal and partner's solutions

■ DIGITAL & CONNECTED systems

Fully connected machines – digital platforms for the highest SAFETY

■ CLEAN & FAST working methodologies

Integrated systems & technological solutions for an EFFICIENT and SUSTAINABLE jobsite



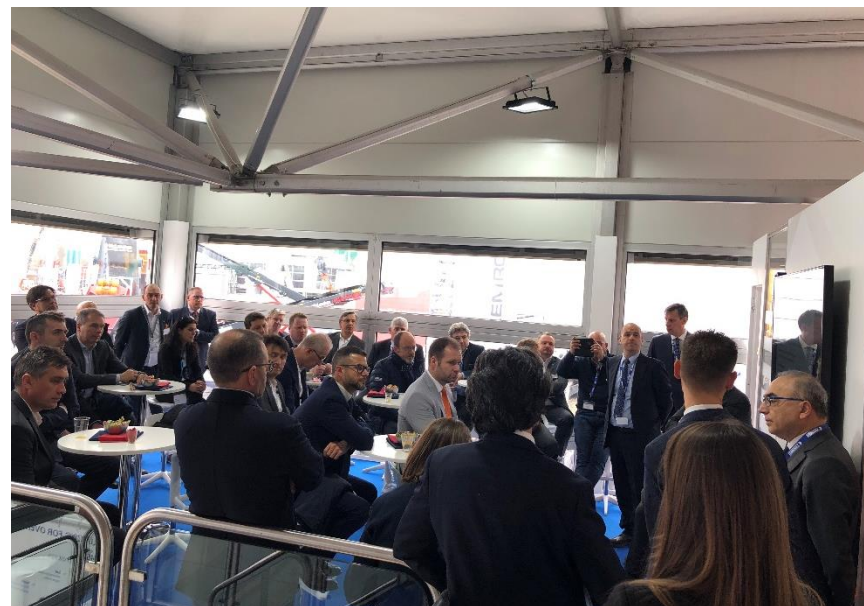
Equipment on booth

TRS

- 1150RH «EVO» with 3D GPS and remote control for tool maintenance
- SC4P with kit as-built 3DGPS (w/RADIO)
- 60 cm new tool for Cleanfast

SE

- PE1250: electrical Underground puller
- PT1450: 4.0 Overhead puller-tensioner machine



LAUNCH OF THE BRAND NEW FULL ELECTRIC MACHINE

- Design and development of a revolutionary machine for underground cable laying in urban area:
 - ✓ **Zero emission**
 - ✓ **No oil**
 - ✓ **Silent**
 - ✓ Equipped with the most advanced **digital & connected systems**



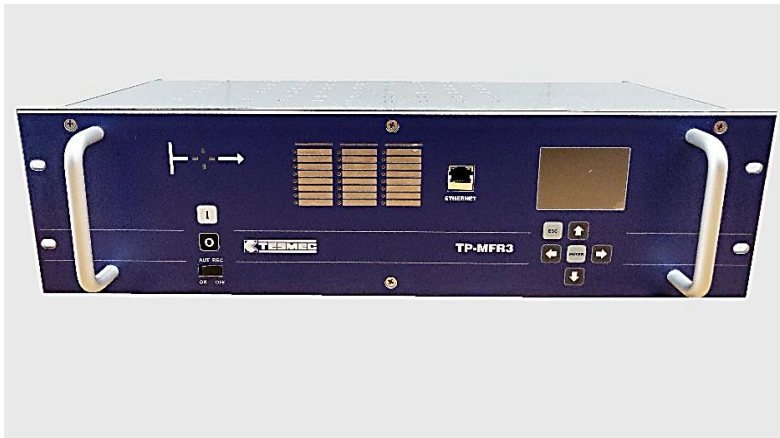
POWERLINES MAINTENANCE: ADVANCED WORKING METHODOLOGIES

- **Focus on new methodology for reconductoring** in order to create a more efficient jobsite with relevant time and costs savings
- Innovative methodologies for **maintenance and diagnostic** of powerline with reduction of outage of the HV networks during operations



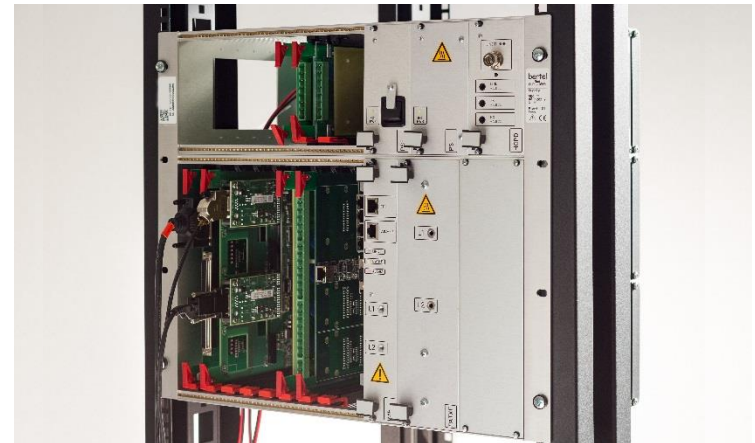
PUSH ON HIGH QUALITY PRODUCTS TO PROVIDE AND ENHANCE GRID RELIABILITY AND STABILITY

- **ENEL MARKET:**
 - Homologation of new protection solutions
 - Supply of MV smart devices to Italy and South America
- **ITALIAN MARKET:**
 - Start up of new market both for primary and secondary substation Automation



ACCELERATING INTERNATIONAL GROWTH

- **RUSSIA:**
 - Market Consolidation through product awareness
- **OTHER HV MARKETS:**
 - Awarded new TLC tenders in North Africa
 - New opportunities for markets with supplies in 2H



RELEVANT OPPORTUNITIES IN GROWING BUSINESS SECTORS – 5G

- Business model as **service provider** and proposal of the innovative “**clean & fast**” methodology
- **Complete 5G & FTTx value chain proposal** from utilities detection to surface finishing and home connection:
 - ✓ **Clean and Fast** solutions
 - ✓ Product development according to Country-based project requirements
 - ✓ **Digital and connected systems**



FOCUS ON DIGITAL AND SUSTAINABLE WORKING PROCESSES

- RH as a competitive surface mining **smart** solution:
 - ✓ High **productivity** and high **precision**
 - ✓ Digital and electronic controls for the highest **safety**
 - ✓ EVO series for hard rock digging and best worksite **efficiency**



METHODOLOGY FOR SAFE & FAST CATENARY MAINTENANCE OPERATIONS

- Approved solution (convoy of 4 vehicles with remote control) for **replacement of the contact wires** – RFI Italy
- **Technological solutions for refurbishment** of the line C of RER network - RC² consortium France



SOLUTIONS TO ASSURE RAILWAY INFRASTRUCTURES RELIABILITY

- Specialized vehicles equipped with **diagnostic devices and digital platform** to measure and to manage big amount of data in real time
- Diagnostic systems to grant **safety** of the railway infrastructures



GROUP (€mln)	2019.Q1	2018.Q1	Delta %
REVENUES	49,8	46,7	6,6% (1)
EBITDA ante IFRS 16 (2)	4,9	6,1	-19,3%
% on Revenues	9,8%	13,0%	
EBITDA post IFRS 16 (3)	5,7	6,1	-5,5%
% on Revenues	11,5%	13,0%	
EBIT	1,5	2,8	-44,1%
% on Revenues	3,1%	5,9%	
Differences in Exchange (4)	0,7	(0,7)	n/a
% on Revenues	1,4%	-1,5%	
PROFIT (LOSS) BEFORE TAX	1,0	1,3	-21,1%
% on Revenues	2,1%	2,8%	
NET INCOME/(LOSS)	1,0	1,1	-11,5%
% on Revenues	2,0%	2,4%	

GROUP (€mln)	2019.Q1	2018.Q1	Delta %
NFP ante IFRS 16	92,6	98,7	6,2%
NFP post IFRS 16 (3)	112,5	98,7	

(1) + 4,5% at constant currencies

(2) The EBITDA has not yet impacted by the full effectiveness of the positive management actions rolled out from September of the last year

(3) Starting from the 1st January 2019, the new IFRS 16 has been introduced. It impacts:

- EBITDA +0,8 M€
- Depreciation -0,7 M€
- Net Results -0,1 M€
- Intangible assets + 19,8 M€
- NFP + 19,9 M€

(4) The positive exchange differences are positive due to the favorable effects FX



ENERGY	2019.Q1	2018.Q1	Delta %
Revenues	10,3	9,2	11,8%
EBITDA ante IFRS16	1,0	1,2	-17,4%
% on Revenues	9,8%	13,3%	
EBITDA post IFRS 16	1,2	1,2	1,5%
% on Revenues	12,1%	13,3%	

- > Energy Automation Growth
- > European Market Driven



TRENCHERS	2019.Q1	2018.Q1	Delta %
Revenues	31,0	33,4	-7,2%
EBITDA ante IFRS 16	2,6	4,2	-38,0%
% on Revenues	8,4%	12,6%	
EBITDA post IFRS 16	3,1	4,2	-26,4%
% on Revenues	10,0%	12,6%	

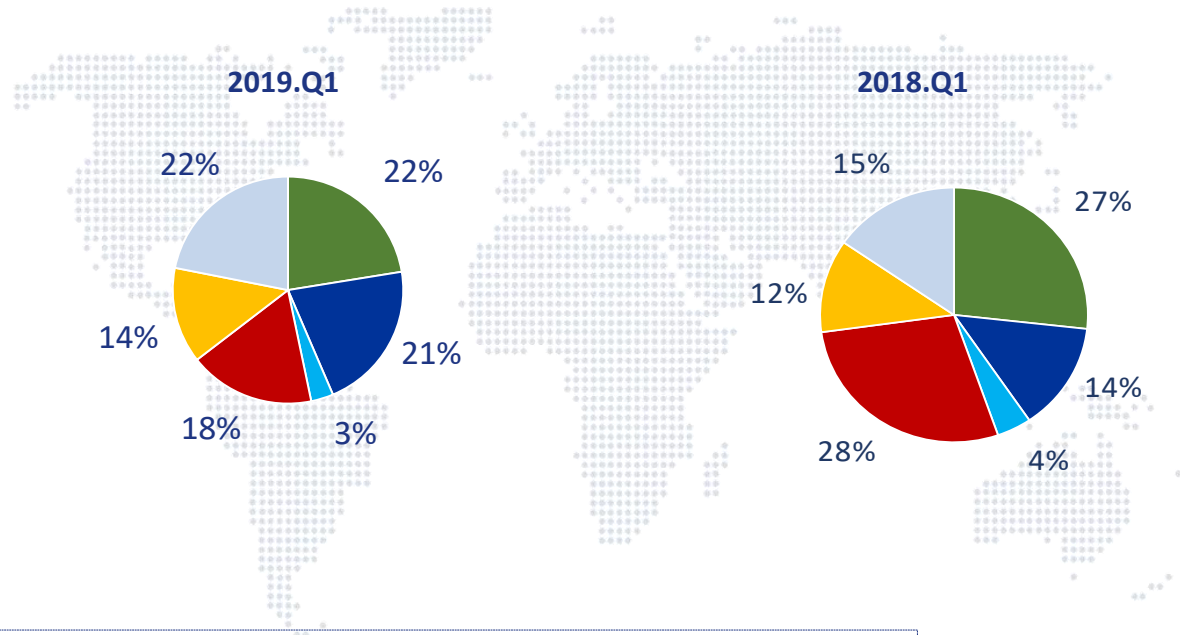
- > Seasonality of renting/project activities
- > Marais Profitability Turnaround still on going
- > USA Market Booming



RAILWAY	2019.Q1	2018.Q1	Delta %
Revenues	8,5	4,1	106,6%
EBITDA ante IFRS 16	1,3	0,7	96,3%
% on Revenues	15,1%	15,9%	
EBITDA post IFRS 16	1,4	0,7	114,4%
% on Revenues	16,5%	15,9%	

- > RFI tender execution
- > TSO contract execution
- > Diagnostic vehicles

INTERNATIONAL SCALE AND EXPOSURE TO GROWING ECONOMIES JOINT WITH A GROWING IMPORTANCE OF THE ITALIAN MARKET



ITALY: impact of railway business & automation

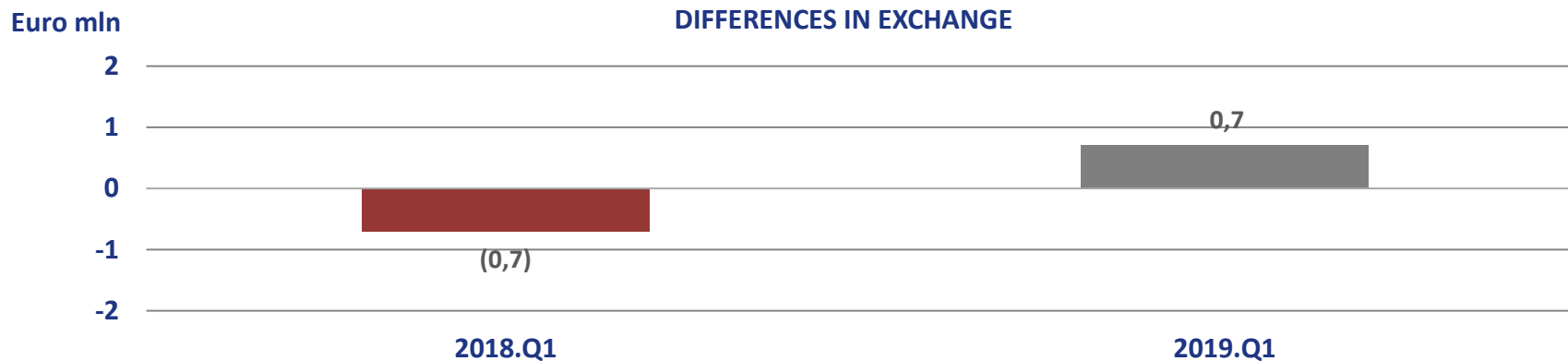


USA: TRS impact

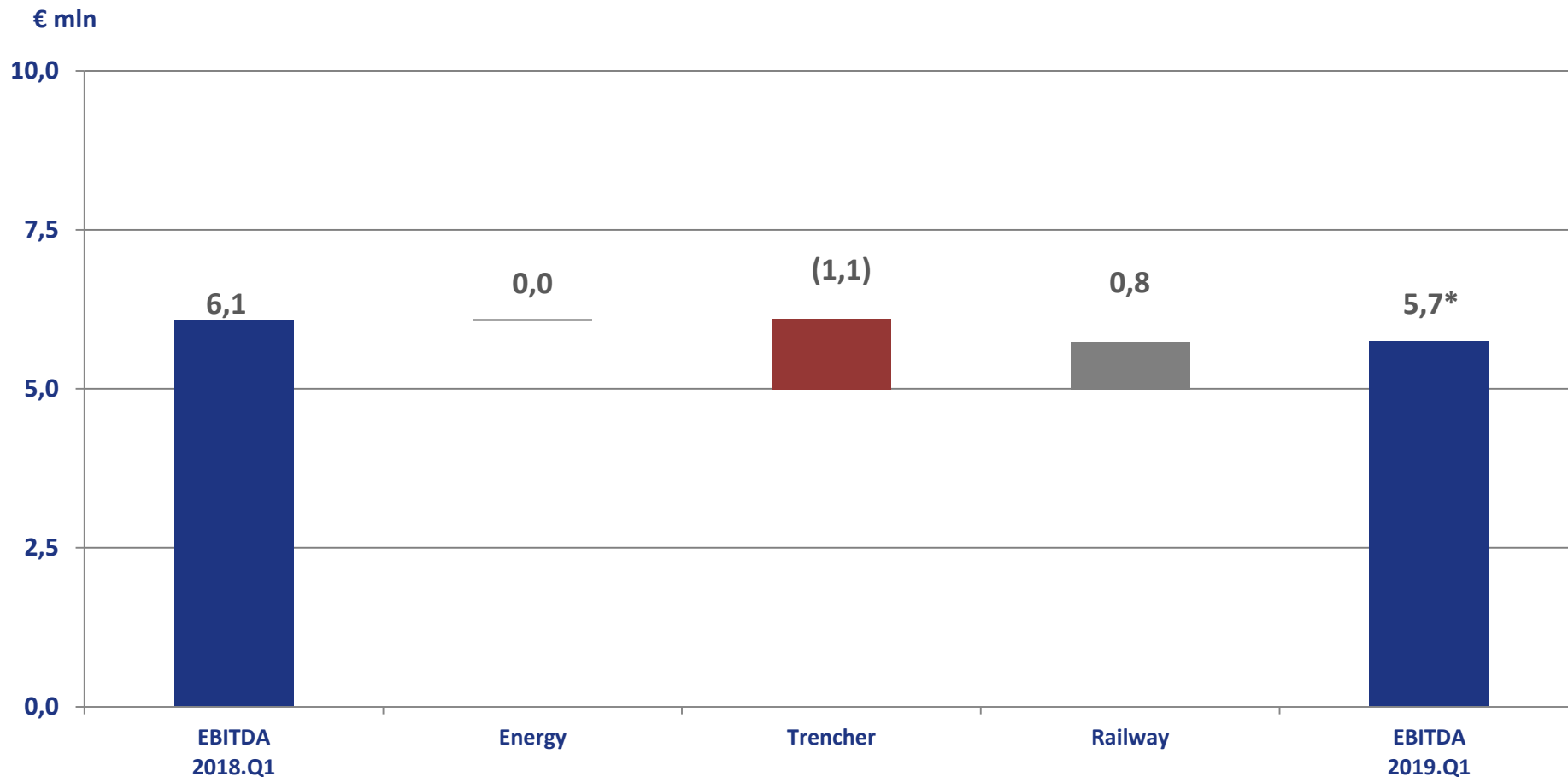


EUROPE: TRS impact





GROUP (Euro mln)	2019.Q1	2018.Q1
Differences in Exchange	0,7	(0,7)
<i>of which:</i>		
Realised	0,1	(0,1)
Unrealised	0,6	(0,6)
Differences in Exchange for currency:		
USD	0,2	(0,5)
AUD	0,1	(0,1)
OTHER	0,4	(0,1)
Total	0,7	(0,7)



* The impact of IFRS 16 is around 0,8 M€

2018.Q1

The EBITDA is impacted by the results of the TRS segment, which has not yet positively impacted by the actions in place from last quarter

2019.Q1

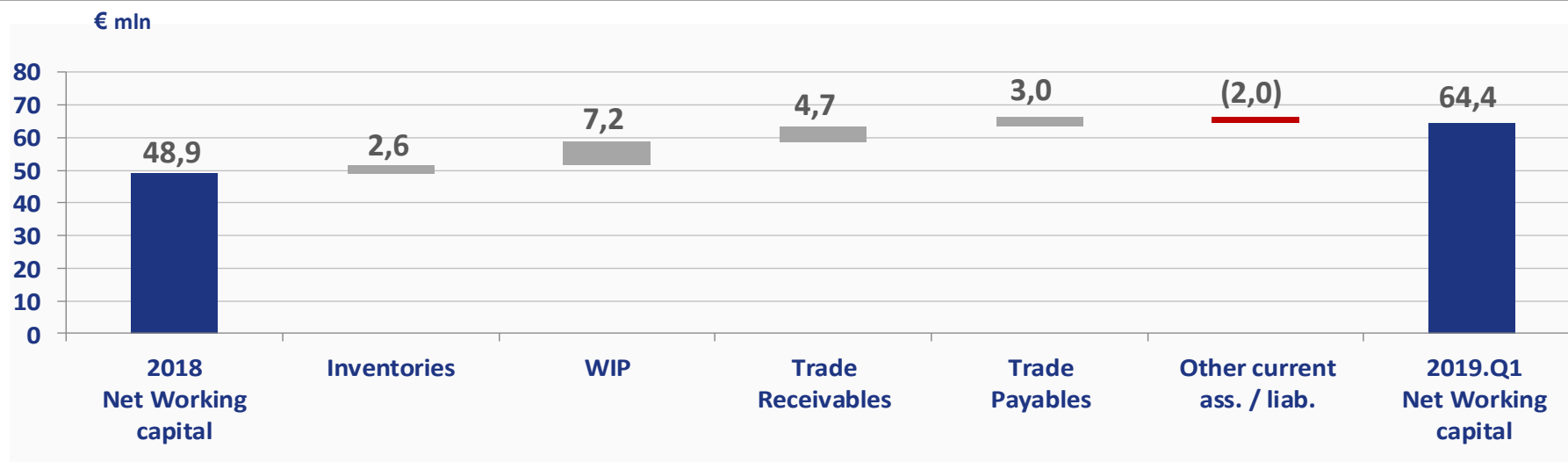
Financial Information (€ mln)	2019.Q1	2018
Net Working Capital	64,4	48,9
Non Current assets	67,8	67,3
Right of use - IFRS 16	19,8	0,0
Other Long Term assets/liabilities	5,2	4,8
Net Invested Capital	157,2	121,0
Net Financial Indebtness	92,6	77,7
Lease liability - IFRS 16	19,9	0,0
Equity	44,7	43,3
Total Sources of Financing	157,2	121,0

2018

Increase of working capital due to Railways Business and the increase of Receivables for the seasonality.

2019.Q1

Working Capital evolution



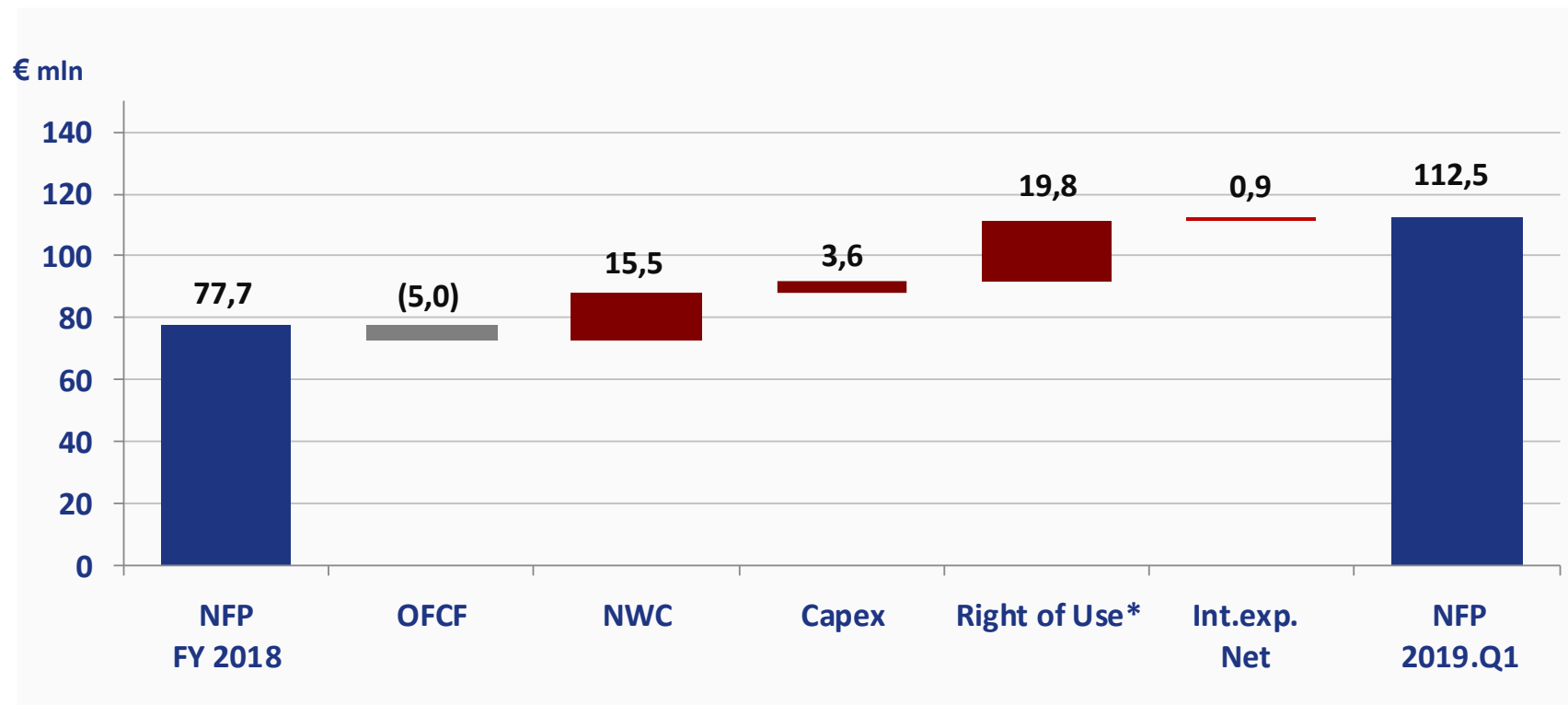
€ Mln	2019.Q1	2018	Days 2019.Q1	Days 2018
Trade Receivables	57,3	52,6	96	97
Inventories	65,2	62,6	110	136
Work in progress contracts	18,2	11,0		
Trade Payables	(51,3)	(54,4)	-86	-101
Other Current Assets/(Liabilities)	(24,9)	(22,9)	-42	-42
Net Working Capital	64,4	48,9		

2018
€ 48,9 mln

Impact due to the increase of working in progress contracts for the railways business and trade receivables/stock related to TRS Business

2019.Q1
€ 64,4 mln

OPERATING NET FINANCIAL POSITION



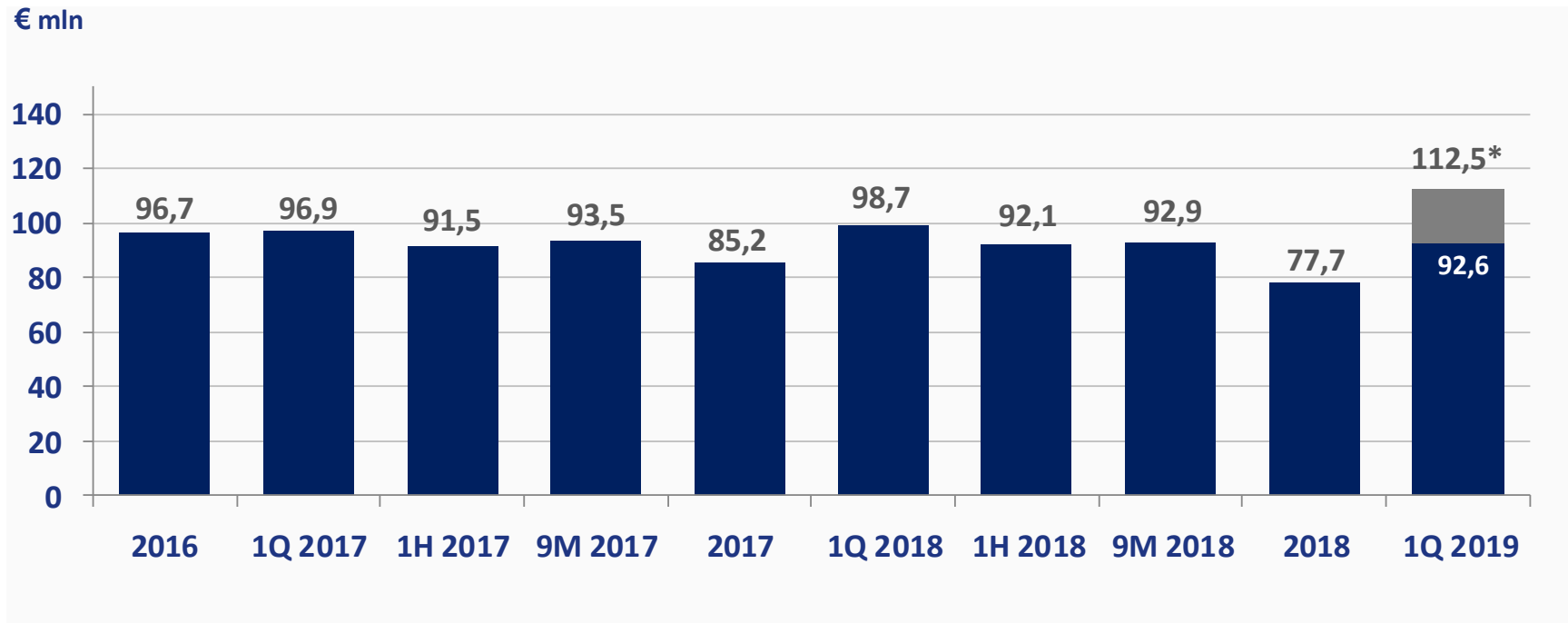
* Impacted of IFRS 16

2018

Cash-Flow impacted by the NWC related to Railways and Trencher and the introduction of IFRS 16

2019.Q1

OPERATING NET FINANCIAL POSITION



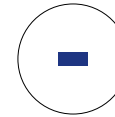
* From 1st January 2019, the new IFRS 16 has been introduced, the impact is term of NFP is around 19,9 M€, otherwise the NFP would have been around 92,6 M€

- > Corporate Strategy
- > 2019.Q1 Results
- > **2019 Outlook**

MACRO MARKET TRENDS



New world technology
Telecom – 5G
Energy transition
Mines – new methodology



Economy is slowing
China – USA → commercial
Middle East, Iran → embargo

BUSINESS DRIVERS



- | | |
|------------------|--|
| ENERGY | <ul style="list-style-type: none"> > New products launching > Important development on digital grids with cyber-security needs > Integrated solutions between automation and stringing |
| TRENCHERS | <ul style="list-style-type: none"> > New solutions for 5G installation → Clean & Fast methodology > Mining: development of special tailor made solutions (gold, bauxite, coal...) > Partnership for renewables solutions (e.g. Nexans) |
| RAILWAY | <ul style="list-style-type: none"> > Diagnostic market developments → new hi-tech solutions > Stringing – New complete lines (e.g. Paris Regional Rail) |

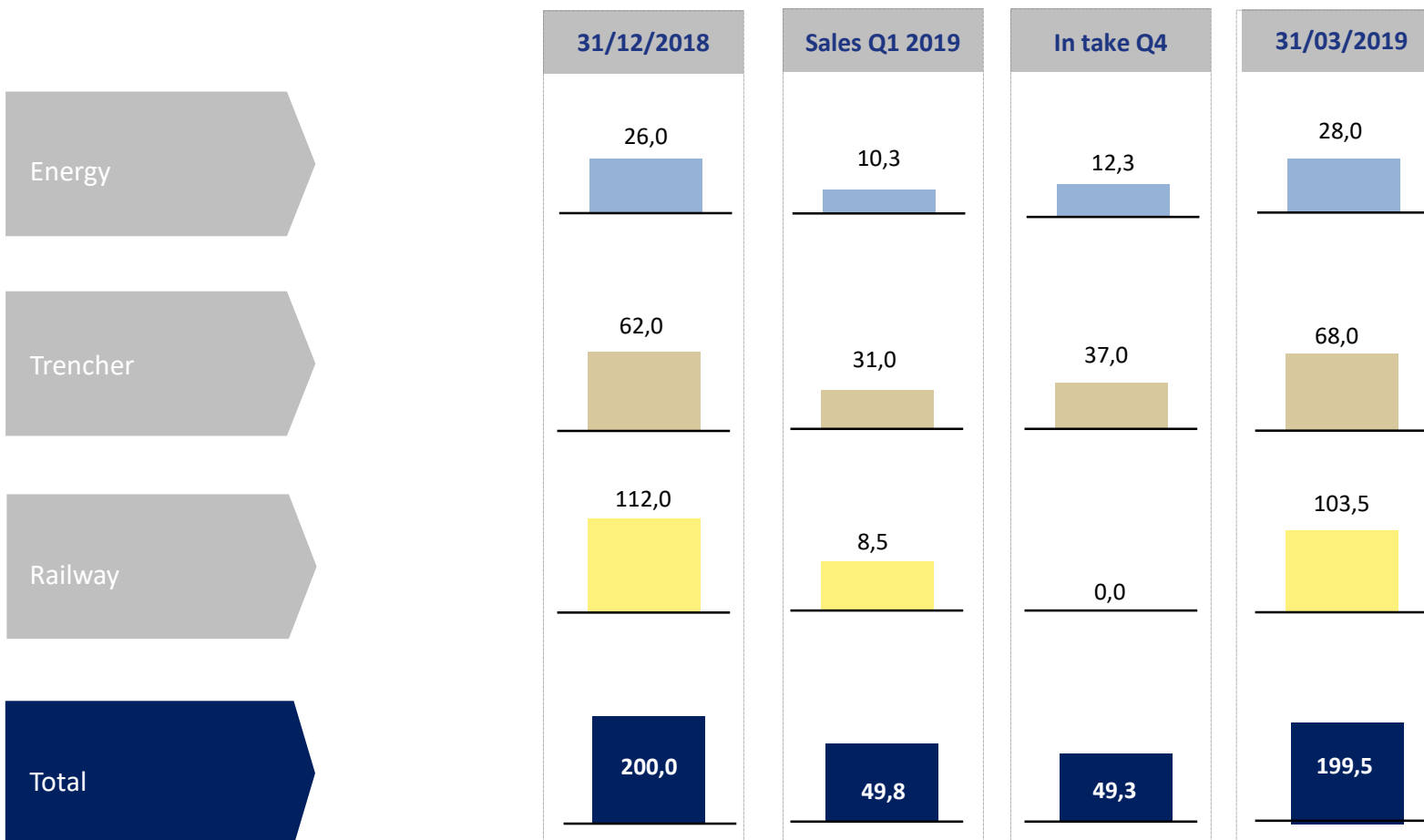
ECONOMICS & FINANCIALS



- 1 Sales:** double digit growth
- 2 EBITDA %:** improvement as result of cost efficiency and a better mix of products (new solutions)
- 3 NFP:** improvement NFP/EBITDA ratio
- 4 Expected BACKLOG:** increase in line with revenues
- 5 Back to dividends distribution policy**

Euro/mlin

BACKLOG



Profit & Loss Account (Euro mln)	2019.Q1	2018.Q1	Delta vs 2018	Delta %
Net Revenues	49,8	46,7	3,1	6,6%
Raw materials costs (-)	(23,5)	(19,8)	(3,6)	18,2%
Cost for services (-)	(8,1)	(6,9)	(1,2)	16,6%
Personnel Costs (-)	(13,0)	(11,5)	(1,5)	12,9%
Other operating revenues/costs (+/-)	(1,2)	(3,9)	2,7	-69,2%
Portion of gain/(losses) from equity investments evaluated using the equity method	(0,0)	0,1	(0,1)	-109,1%
Capitalized R&D expenses	1,6	1,4	0,2	12,3%
Total operating costs	(44,1)	(40,7)	(3,4)	8,4%
<i>% on Net Revenues</i>	<i>(88%)</i>	<i>(87%)</i>		
EBITDA	5,7	6,1	(0,3)	-5,5%
<i>% on Net Revenues</i>	<i>12%</i>	<i>13%</i>		
Depreciation, amortization (-)	(4,2)	(3,3)	(0,9)	26,9%
EBIT	1,5	2,8	(1,2)	-44,1%
<i>% on Net Revenues</i>	<i>3%</i>	<i>6%</i>		
Net Financial Income/Expenses (+/-)	(0,5)	(1,5)	0,9	-64,5%
Taxes (-)	(0,0)	(0,2)	0,1	-82,0%
Minorities	-	-	-	
Group Net Income (Loss)	1,0	1,1	(0,1)	-11,5%
<i>% on Net Revenues</i>	<i>2%</i>	<i>2%</i>		

Balance Sheet (€ mln)	2019.Q1	2018
Inventory	83,4	73,6
Accounts receivable	57,3	52,6
Accounts payable (-)	(51,3)	(54,4)
Op. working capital	89,3	71,8
Other current assets (liabilities)	(24,9)	(22,9)
Net working capital	64,4	48,9
Tangible assets	45,9	45,3
Intangible assets (1)	37,7	18,0
Financial assets	4,0	4,0
Fixed assets	87,6	67,3
Net long term liabilities	5,2	4,8
Net invested capital	157,2	121,0
Cash & near cash items (-)	(32,6)	(42,8)
Short term financial assets (-)	(9,3)	(10,4)
Short term borrowing	81,4	80,1
Medium-long term borrowing (1)	73,0	50,8
Net financial position	112,5	77,7
Equity	44,7	43,3
Funds	157,2	121,0

(1) Starting from the 1st January 2019, the new IFRS 16 has been introduced, the impact for the 2019.Q1 is included in the Intangible Assets, as Right of Use, for 19,8 M€, and in the NFP, as Lease Liability, for 19,9 M€.

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