Tesmec Group

FIRST QUARTER 2011 RESULTS

Analyst Presentation, 11 May 2011

Agenda

▪ FIRST QUARTER 2011 - Main business highlights	A.Caccia, CEO
▪ FIRST QUARTER 2011 - Financial results	P.Mosconi, GM A.Bramani, CFO
▪ Outlook 2011	A.Caccia, CEO
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Summary of main business highlights

- March: agreement to create a JV Company in Qatar
- April: stringing cooperation agreement in Russia
- March: Shale Gas Developments (USA)
- March: 21 mm euro syndicated loan
- January: renewal of rent agreement for Grassobbio premises

FSK Agreement

Stringing cooperation agreement in Russia

- OAO FSK EES is the single source for managing, maintaining and developing the National grid in Russia;
- the Company operates 121.000 km of high voltage transmission lines and 800 substations with a total capacity of 305.5 Gwatts;
- capex budget: 200 bn ru/year;
- reference for other countries;
- strenghtening of market leadership position in a market with important investment spending plan;

Tesmec Peninsula

agreement to create a JV Company in Qatar

- Ownership (49% held by Tesmec spa and 51% held by local partner in Qatar TME)
- TME being Tesmec distributor of trenchers in Qatar with average yearly sales in excess of 20 mm Usd in the last few years for Qatar market;
- The JV company will develop sales, after sales and service activities in all the Middle East countries with exception of Qatar;
- Main target for the start up phase is Saudi Arabia where very good opportunies are seen both for trading and service activities in relation to the increasing number of infrastructural projects;
- Share capital subscribed in April;
- Staffing of the company in place;

Shale Gas Developments

- E&P activities ramping up in different locations not only in US and Gas prices under recovery;
- start up phase of our branch in Pennsylvania (Marcellus Shale) with one sales manager so far and another sales person under recruitment process;
- main sales activities so far on a RTO basis;
- expectations of sales growth between end of 2° quarter and third quarter;
- other shales: dealer to manage the North Dakota field and direct involvement in the Texas oil and gas field;

New financial facility

<u>21 mm euro syndicated loan</u>

- Arranger Bank: BNL (Group BNP Paribas);
- Lenders: BNL, B.P.Milano, B.P.Vicenza, GE Capital, Intesa San Paolo and Unicredit;
- Oversubscription by 20%;
- 8 mm to be utilised for refinancing purposes (mainly Tesmec USA);
- 13 mm euro to be utilised as a capex line in order to support the development and growth process of the Group;

Grassobbio premises: renewal of rent agreement (1)

renewal of rent agreement for Grassobbio premises

Old Contract
-owner: Italease Gestione Beni
-Expiry date: 2016
-Rent cost: 2,2 mm euro

New Contract
-owner: Dream Immobiliare Srl (related party)
-Expiry date: 2025
-Rent cost: 1,9 mm euro

Main highlights:
-Reduction of yearly cost by 12% ca;
-Extended duration 7+7 years;
-Option to purchase the property/lease back agreement with partial recovery of rent payments already made and option to increase the currently rented surface;

The new rent agreement, qualified under the International Accounting Standard no. 17, will be accounted, as finance lease.

Grassobbio premises: renewal of rent agreement (2)

The IAS 17 effect at March 31,2011

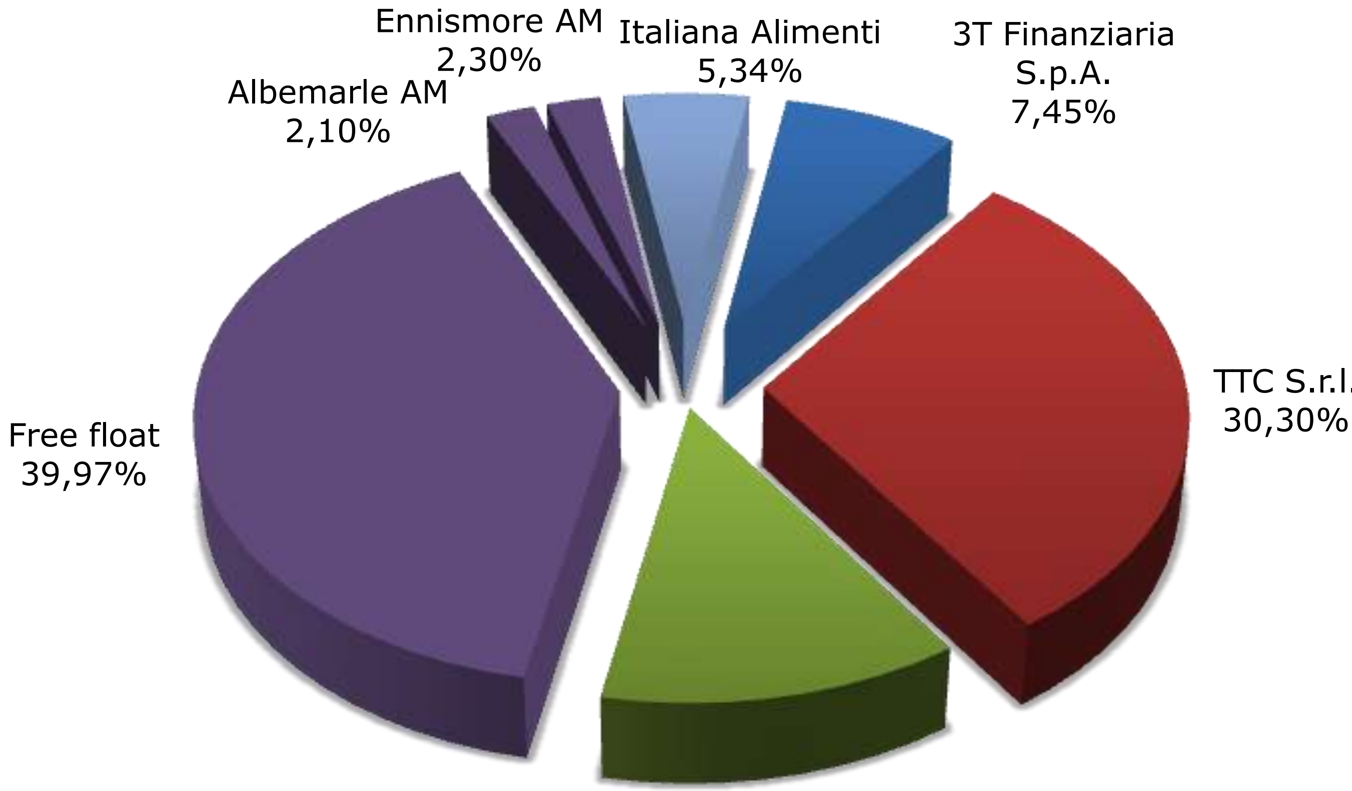
Balance Sheet effect

Tangible assets	22,2
Other Current Asset/ (Liabilities)	0,8
Cash	(2,7)
Total	**20,3**
Short Term Borrowing	0,8
Medium - Long Term Borrowing	19,5
Equity	0,0
Total	**20,3**

Profit & Loss Effect

Other Operating Revenues/Costs	0,33
Depreciation, amortization	(0,1)
Net Financial Income /Expenses	(0,2)
Taxes	(0,01)
Net Profit	**0,02**

Shareholding Structure



Post IPO lock-up agreements:

- TTC & FI.IND.: 1 year (expiring 1st July 2012)

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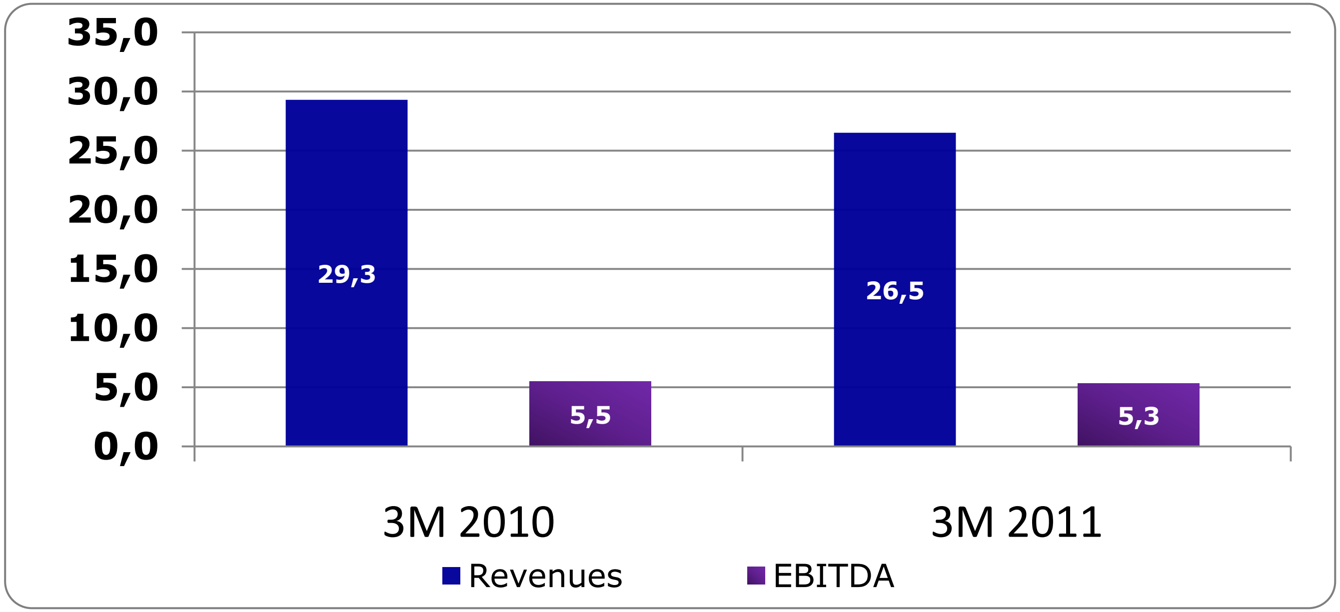
First Quarter 2011 Results

Income Statement (€ m)	Tesmec (Cons.)		
	3M 2010	3M 2011	delta %
Revenues	**29,3**	**26,5**	**-9,6%**
EBITDA	**5,5**	**5,3**	**-3,6%**
% Revenues	*18,8%*	*20,0%*	
EBIT	**4,3**	**3,9**	**-9,3%**
% Revenues	*14,7%*	*14,7%*	
Net income/(loss)	**2,5**	**1,9**	**-24,0%**
% Revenues	*8,5%*	*7,2%*	

Financial Information (€m)	Tesmec (Cons.)		
	2010	3M 2011	delta%
Net working capital	**40,2**	**48,4**	**20%**
Non current assets	**26,1**	**47,0**	**80%**
Other LT assets/(liab)	1,1	1,6	45%
Net invested capital	**67,4**	**97,0**	**44%**
Net financial indebtedness	**32,7**	**61,4**	**88%**
Equity	34,7	35,6	3%
Total equity and net financial indebtedness	**67,4**	**97,0**	**44%**

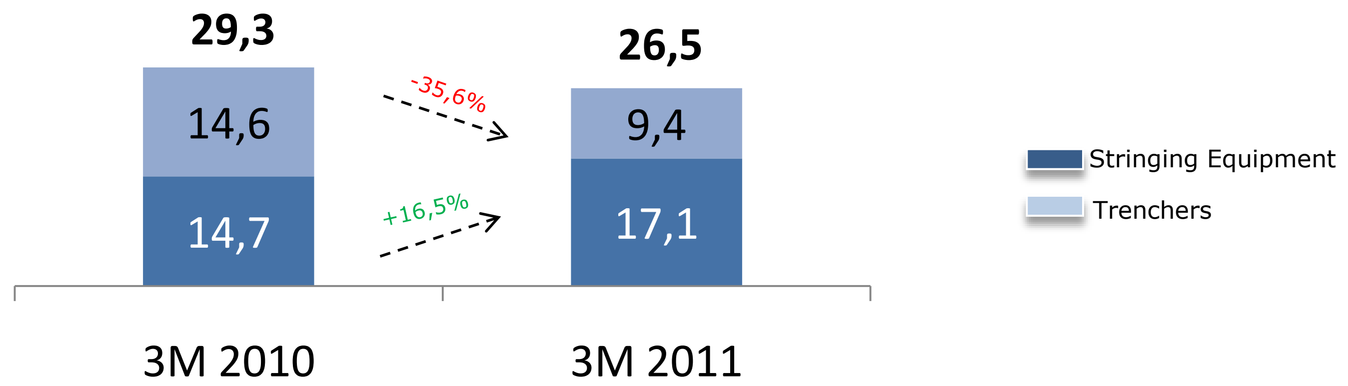
€ mln

2011 RESULTS

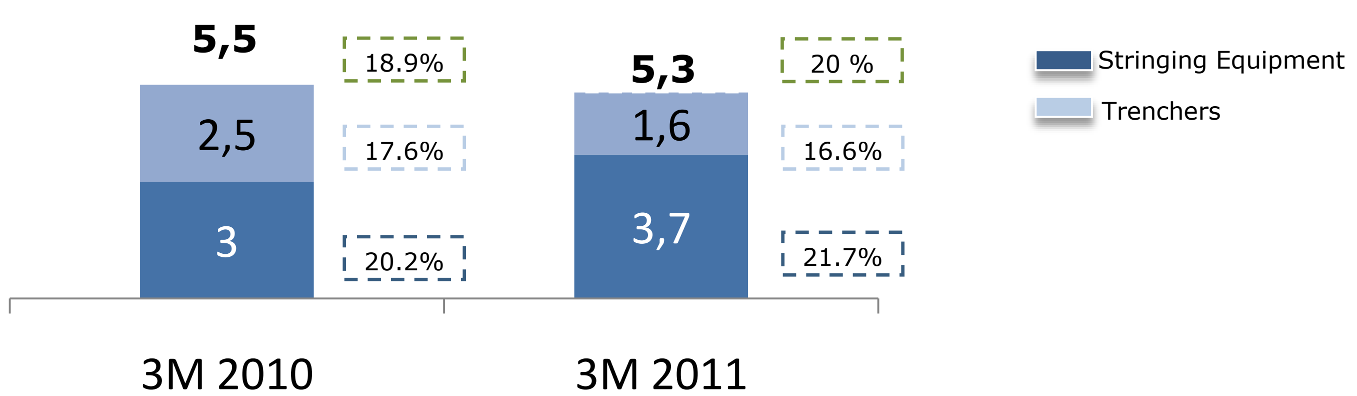


Revenues and EBITDA for Stringing and Trencher Division

- Revenues (€ mln)



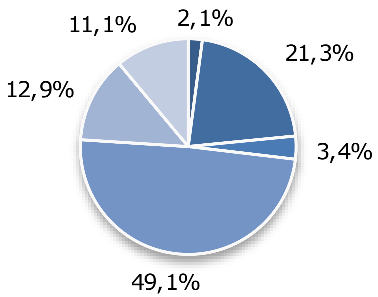
- EBITDA (€ mln and % of Net Revenues)

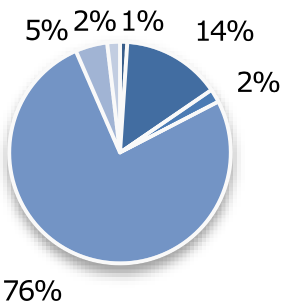


International scale and exposure to growing economies

2010	2011

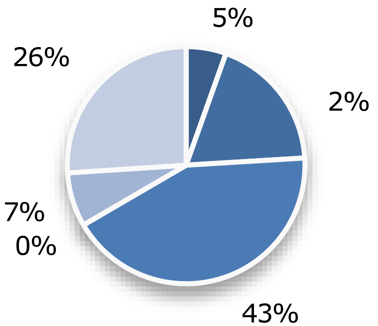
Stringing equipment

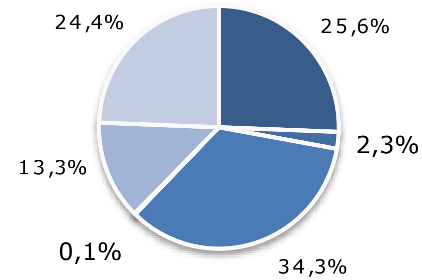




Italy Europe Middle East BRICs and Oceania Africa North-Central America

Trenchers





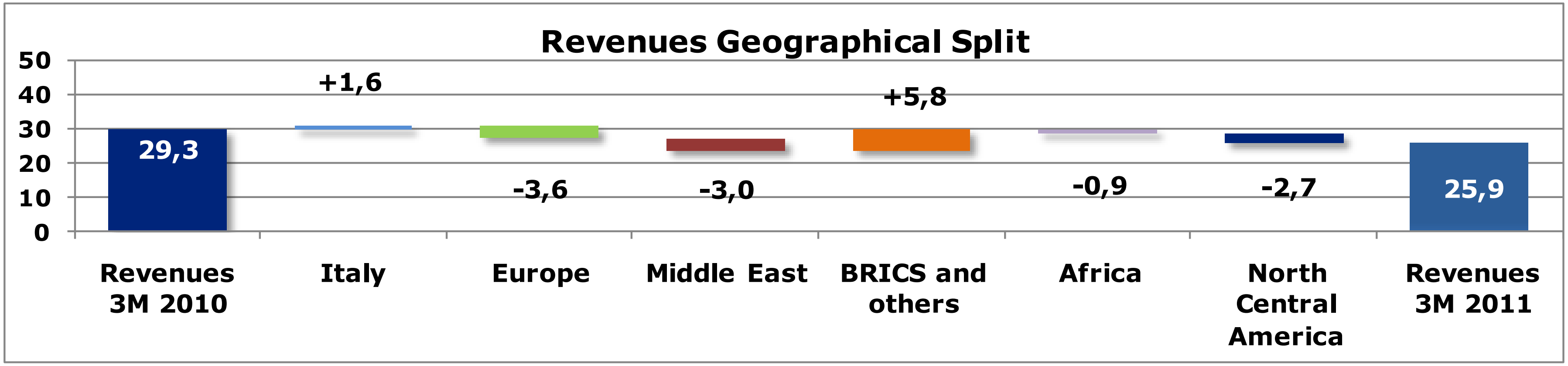
Italy Europe Middle East BRICs and Oceania Africa North-Central America

Revenues Geographical Split

Tesmec Group

- Revenue increase in Stringing was mainly driven by increasing sales in Brazil and Russia Markets

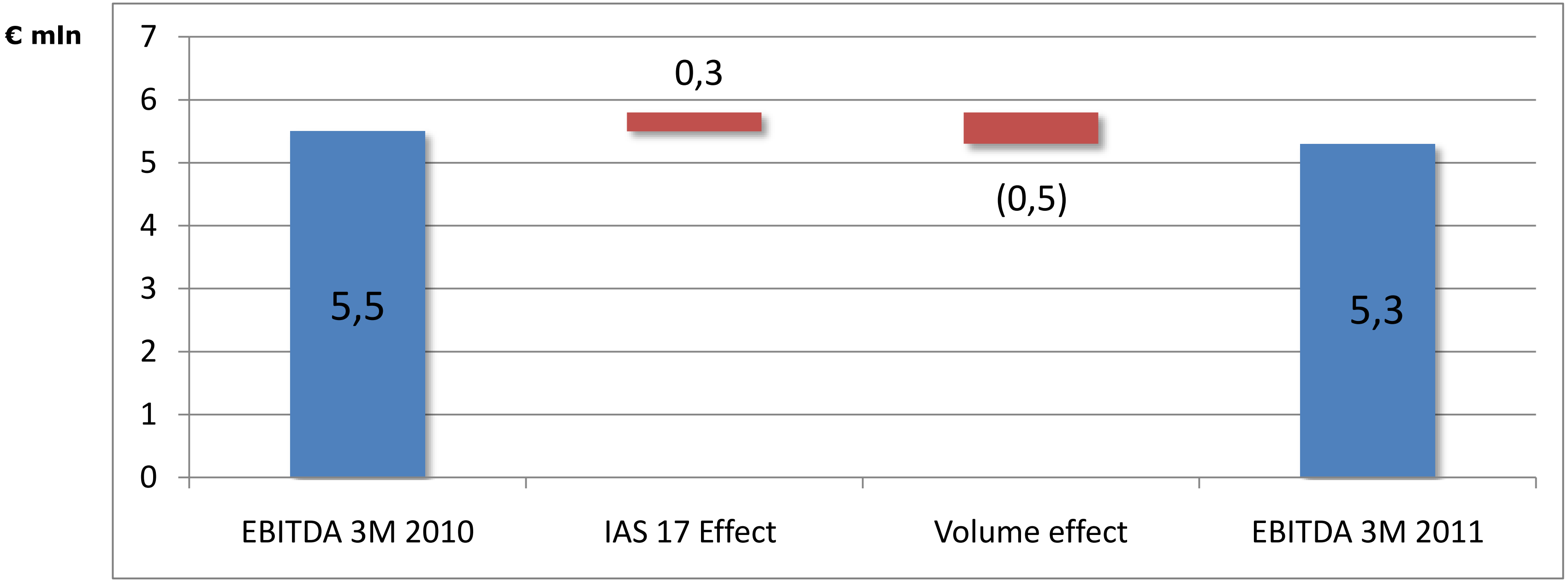
€ mln



EBITDA path

Tesmec Group

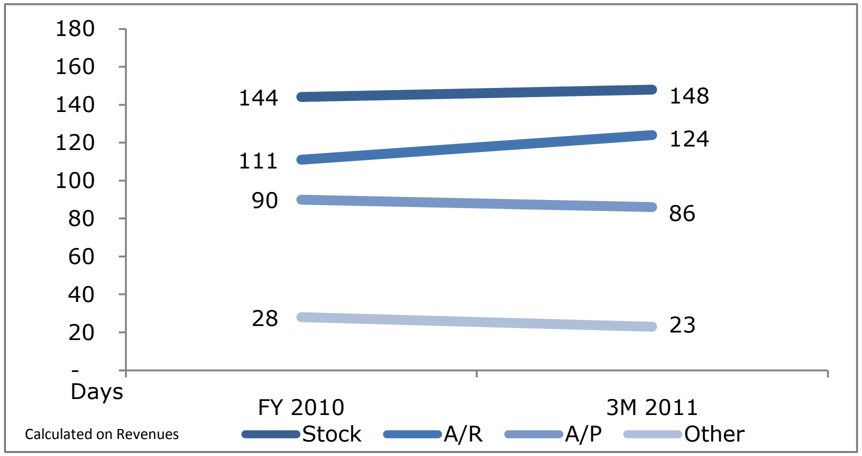
- EBITDA on Revenues increases from 18,9% (3M 2010) to 20% (3M 2011)
- Accounting tretment of the new rent contract affected positively EBITDA by 0,3 mm euro
- Ebitda decrease explained by volume effect



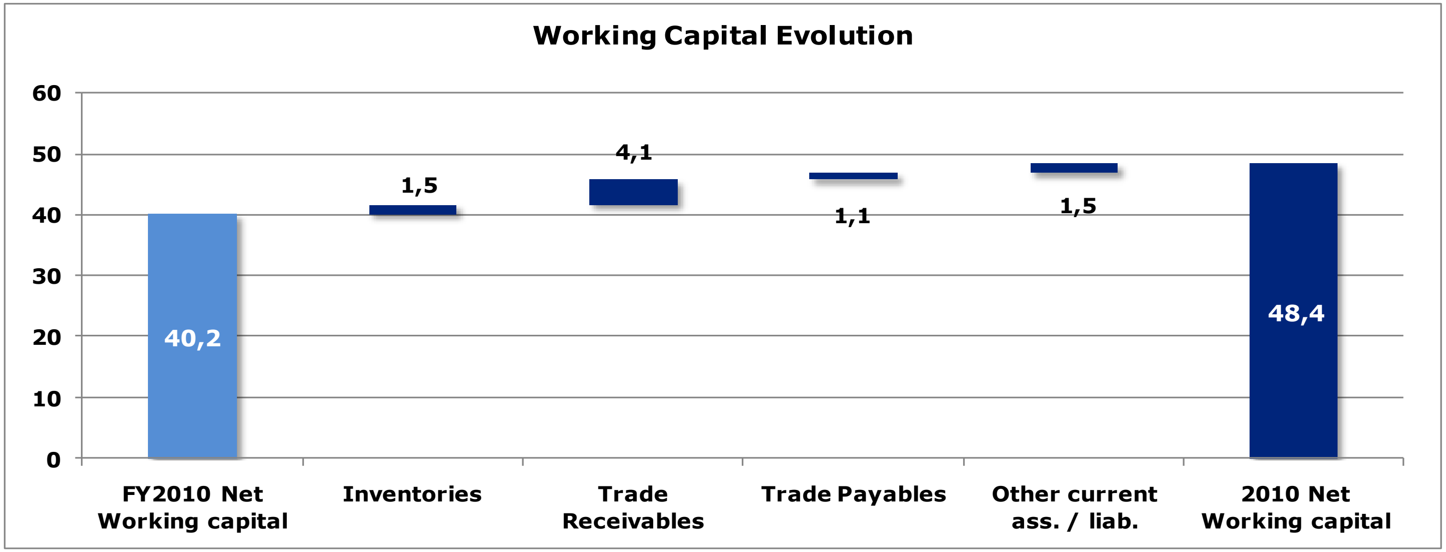
Working Capital Evolution

Tesmec Group

- Receivables were impacted by contingent slow down of receipts from ME area;
- Payables decrease was mainly linked to payments higher than new suppliers' credit



€ mln

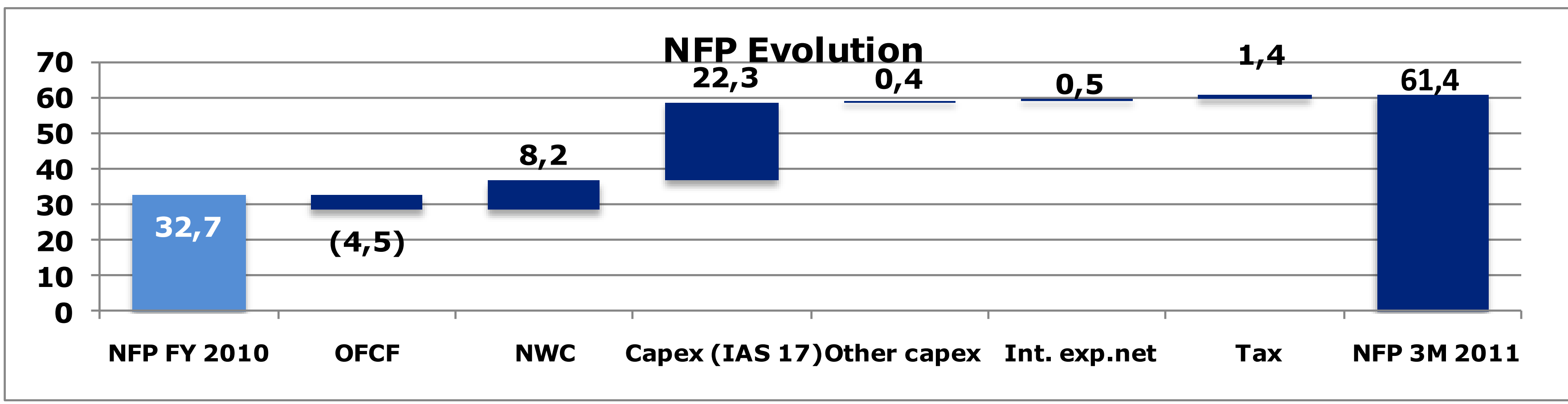


NFP Evolution

Tesmec Group

- Main variance related to accounting of new rent contract (IAS 17);
- The value of this financial debt is not included in the calculation of the covenants of the main loan agreements;
- Working capital increase caused by contingent situation in ME area;

€ mln



Exchange exposure First Quarter 2011

Profit & Loss	Actual 3m2011 % on total
USD Net Revenues	20%
Euro Net Revenues	80%
Profit & Loss	**Actual 3m2011 % on total**
USD Operating Costs	11%
Euro Operating Costs	89%
Balance Sheet	**Actual 3m2011 % on total**
Net Trade Receivables in Usd	35%
Net Trade Receivables in Euro	65%
Balance Sheet	**Actual 3m2011 % on total**
Net Trade Payables in Usd	8%
Net Trade Payables in Euro	92%

The exchange rate will be set at new exchange rate accorded by booth parties.

Raw Materials Impact

Saving actions

- Contracts revision with key suppliers with the target of maintaining costs to 2010 level
- Completed start up phase for new supplier in Romania for trencher division
- During the 2011 will be close the start up for new supplier in low cost areas for Stringing equipment division

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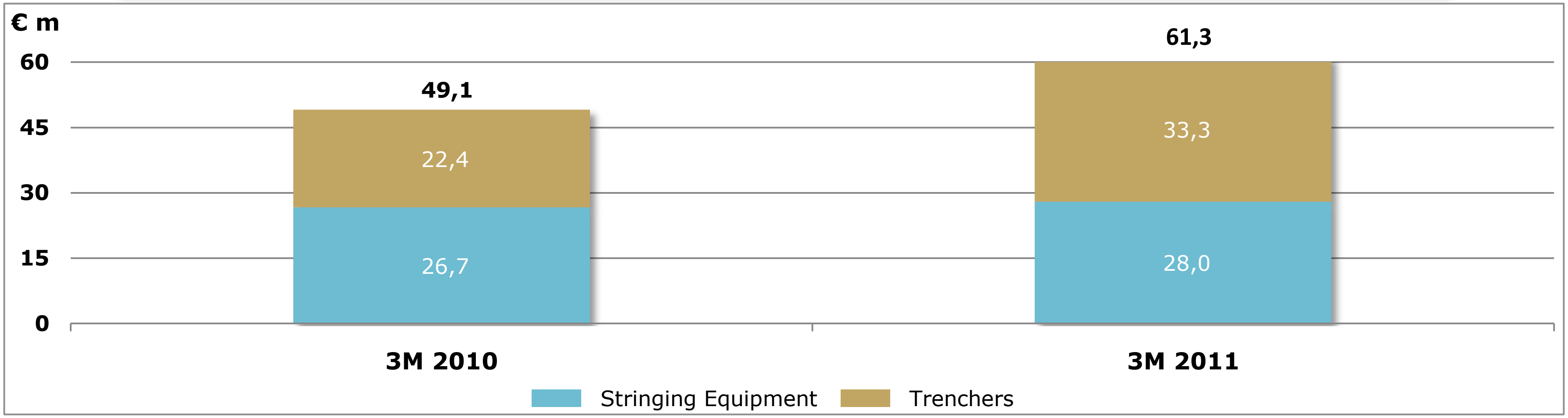
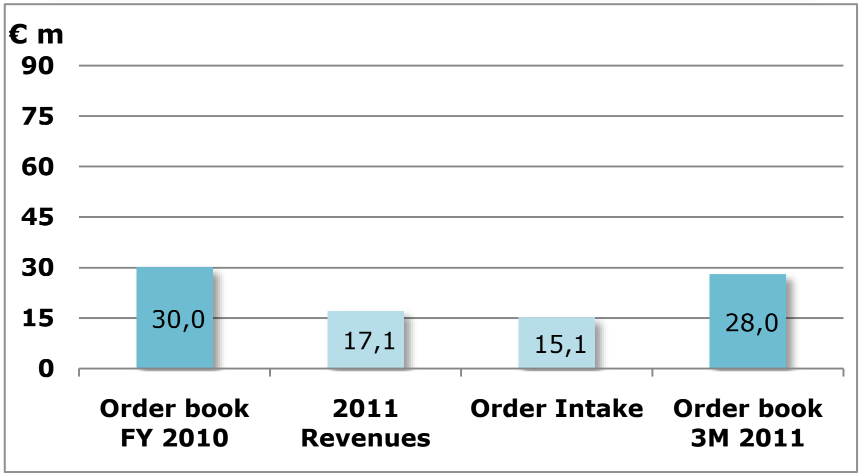
Order Book

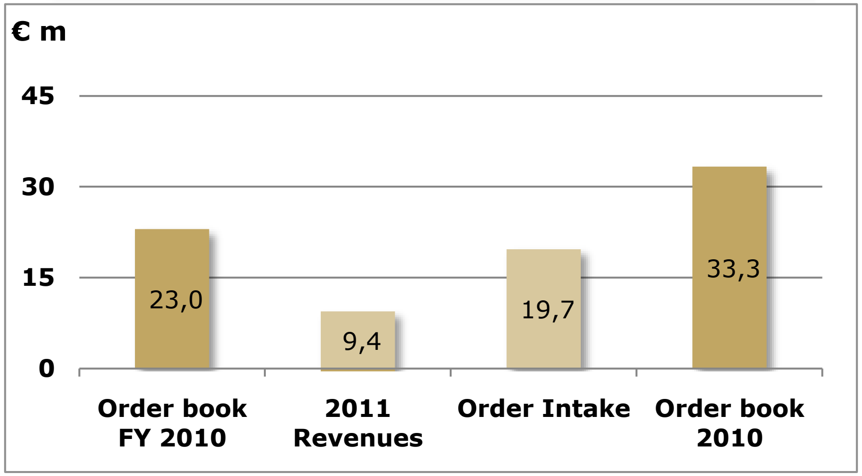
ORDER BOOK 3M 2010 – 3M 2011



STRINGING EQUIPMENT



TRENCHERS



Guidelines 2011

Tesmec Group expects 20% revenues growth in 2011 and subsequent years.

Tesmec Group plans to:

- consolidate the growth achieved in the Stringing market. It is expected that this segment will growth at a single digit;
- significantly increase revenues in Trencher segment, from both sale of machines and service business. It is expected that this segment will growth at a double digit;
- targets for 2011 are: generate free cash flow, reduce NWC and maintain an homogeneous level of EBITDA with an improving trend;
- Positive outlook also supported by strong recovery signals from USA and ME infrastructure market;
- confirm 2010 dividend pay-out ratio

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

Profit & Loss Account (€ m)	A 3M 2011 adj	B IAS 17	A+B 3M 2011	3M 2010	Delta vs 2010	Delta %
Net Revenues	**26,5**		**26,5**	**29,3**	**(2,8)**	**-9,6%**
Raw materials costs (-)	(11,7)		(11,7)	(15,0)	3,3	-22%
Cost for services (-)	(5,2)		(5,2)	(4,8)	(0,4)	8%
Personnel Costs (-)	(4,7)		(4,7)	(4,2)	(0,5)	12%
Other operating revenues/costs (+/-	(0,7)	0,3	(0,4)	(0,8)	0,4	-53%
Capitalized R&D expenses	0,8		0,8	1,0	-0,2	-20%
Total operating costs	**(21,5)**		**(21,2)**	**(23,8)**	**2,6**	**-11%**
% on Net Revenues	*(81,1%)*		*(81,1%)*	*(81,2%)*	*0,00*	*0%*
EBITDA	**5,0**	**0,3**	**5,3**	**5,5**	**-0,2**	**-3%**
% on Net Revenues	*18,9%*		*18,9%*	*18,8%*	*0,1%*	*1%*
Depreciation, amortization (-)	(1,5)	(0,1)	(1,6)	(1,3)	(0,3)	22%
EBIT	**3,5**	**0,2**	**3,7**	**4,2**	**-0,5**	**-11%**
% on Net Revenues	*13,2%*		*13,2%*	*14,3%*	*-1,1%*	*-8%*
Net Financial Income/Expenses (+/-)	(0,6)	(0,2)	(0,8)	(0,3)	(0,5)	173%
Taxes (-)	(1,2)	(0,01)	(1,2)	(1,4)	0,2	-13%
Minorities	0,00		0,00	(0,07)	0,07	-100%
Net Income (Loss)	**1,7**	**0,02**	**1,7**	**2,4**	**-0,7**	**-30%**
% on Net Revenues	*6,3%*		*6,3%*	*8,3%*		

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

Balance Sheet (€ m)	A	B	A+B	
	2011 adj	**IAS 17**	**2011**	**2010**
Inventory	43,7		43,8	42,2
Accounts receivable	36,6		36,5	32,5
Accounts payable (-)	(25,2)	(0,0)	(25,2)	(26,3)
op. working capital	**55,1**	**(0,0)**	**55,1**	**48,4**
Other current assets (liabilities)	(6,6)		(6,6)	(8,2)
Net working capital	**48,5**	**(0,0)**	**48,5**	**40,2**
Tangible assets	16,7	22,2	38,9	18,0
Intangible assets	6,9		6,9	6,8
Financial assets	1,2		1,2	1,3
Fixed assets	**24,7**	**22,2**	**47,0**	**26,1**
Long term liabilities	1,7		1,7	1,1
Net invested capital	**74,9**	**22,2**	**97,1**	**67,4**
Cash & near cash items (-)	(10,7)	2,7	(8,0)	(7,8)
Short term financial assets (-)	(0,4)	(0,9)	(1,2)	(0,4)
Short term borrowing	24,3	0,8	25,1	20,9
Medium-long term borrowing	26,0	19,6	45,5	20,0
Net financial position	**39,3**	**22,2**	**61,4**	**32,7**
Equity	35,6	0,0	35,6	34,7
Funds	**74,9**	**22,2**	**97,1**	**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, May 11, 2011

The Manager responsible for preparing
the company's financial reports
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