

**Tesmec S.p.A.:** the preliminary consolidated results of 2018<sup>1</sup> highlighted a growth in turnover driven by the Trencher and Rail sectors and a strong improvement in the net financial position.

- ***Preliminary 2018 revenues at approximately Euro 194 million, with an increase of more than 10% compared to the previous fiscal year, generating a preliminary adjusted EBITDA of around Euro 20.9 million (Euro 18.9 million non-adjusted) and supporting the improvement of the preliminary net financial position of Euro 77.7 million.***
- ***In 2019 the Group expects a further increase of revenues thanks to developments in the energy / telecommunications, mining and railway sectors; based on these developments it is reasonable to assume an increase in EBITDA and a further improvement of the ratio with NFP by the end of 2019.***

Grassobbio (Bergamo - Italy), 26<sup>th</sup> February 2019 – **Tesmec S.p.A.** (MTA, STAR: TES), at the head of a group leader in the market of infrastructures related to the transport and distribution of energy, data and material, announced the main **preliminary consolidated results of 2018** characterized by a relevant growth of revenues, an improvement in the Net Financial Position and an EBITDA affected by extra costs and non-recurring costs mainly related to the insurance reimbursement not yet recorded in the financial statements in compliance with the accounting standard IAS 37.

The **Chairman and CEO Ambrogio Caccia Dominioni** commented as follows: *“2018 was an important year for Tesmec Group considering the initiatives and investments undertaken to develop the new model for the growth focused on digital technologies. The results were affected by one-offs coming from some critical issues in the execution of the Australian jobsites on which we took actions through the redefinition of the organizational model and the responsibility matrix. In details, in large projects, we will no longer operate directly, but we will have a business model based on the proper redistribution of responsibilities with specialized partner, as with Nexans in the Stockyard Hill project. In 2019 we expect a growth in the hi-tech sectors, the ones with higher added value. Diagnostic, digitalization and Internet of Things will be the key growth drivers. Then the Group will be focused on new strategic segments such as the 5G. With the aim to support the structure in the growth process, actions on corporate processes are planned to further modernize the Group.”*

In detail at **31 December 2018**, the Tesmec Group recorded the following preliminary consolidated results (unaudited).

**Preliminary revenues** amounted to around **Euro 194 million**, compared to Euro 175.6 million at the 31st December 2017. The growth was mainly driven by the performance of the Trencher sector and the Railway sector.

---

<sup>1</sup> Preliminary unaudited consolidated results prepared in accordance with IAS / IFRS.

**Preliminary adjusted EBITDA** amounted to **Euro 20.9 million**, it didn't include the non-recognition of the insurance reimbursement and non-recurring costs, but it included the extra-costs arising from the Australian jobsite in the third quarter.

**Preliminary EBITDA** was **Euro 18.9 million** compared to Euro 20.7 million recorded in fiscal year 2017. This result was affected by the extra costs arisen in the third quarter related to Australian jobsites and that affected the margin approximately Euro 4.0 million, already reported in the Interim consolidated financial report as at 30 September 2018, by the reorganization costs of around Euro 0.5 million and by the costs of an Australian jobsite claim approximately Euro 1.5 million. In compliance with the accounting principles and in particular with the provisions of paragraph 33 of IAS 37, according to which the potential assets are recognized in the financial statements only if virtually certain; as at 31 December 2018 only the amount of the reimbursement already confirmed by the insurer, for the first Euro 300 thousand, will be included. The remained additional portion of the reimbursement, which the company believes to be reasonably certain, according to the insurance rights, will be included in the financial statements only when they are recognized.

The **Preliminary Net Financial Indebtedness** of the Tesmec Group was **Euro 77.7 million** with an improvement compared to Euro 85.2 million at 31 December 2017 and compared to Euro 92.9 million at 30 September 2018, mainly due to the normalization of the working capital and financial management.

Base on the preliminary results recorded at 31 December 2018, the adjusted NFP / EBITDA ratio would be 3.7, in line with the covenant constraints (except for Cariparma for which the waiver is being released for Euro 0.4 million); with reference to the non-adjusted NFP / EBITDA ratio, it would be around 4.1. This would determine only the step-up for one percentage point of the interest rate of the "Minibond 2018-2024", issued for an amount of 10.0 million euro.

The **Total Order Backlog** of the Tesmec Group amounted to around **Euro 200.0 million**, with an increase compared to Euro 195.0 million as at 31 December 2017, driven by the Railway segment and the upturn of the Energy segment, and confirming the success of the development strategy implemented by the Group.

## BUSINESS OUTLOOK

Based on the total order backlog and thanks to developments in the energy / telecommunications, mining and railway sectors, the Group expects an increase of revenues in 2019, a strong recovery in margins and an improvement in Net financial position. The main drivers of development will be linked, in the Energy sector, to the implementation of integrated solutions focused on special projects managed with new stringing methods and the launch of certified products for the design of the Smart Grid. In the Trencher sector, the growth will be driven by the development of the value chain for the 5G, FTTx and mining sectors. Finally, the Railway sector will be positively influenced by the start-up of projects related to new systems for diagnostics and maintenance on the web platform.

The draft statutory and consolidated financial statements as at 31 December 2018 will be considered during the Board of Directors' meeting of the Company scheduled for March 5, 2019.

\*\*\*\*\*



*The manager responsible for the preparation of the corporate accounting documents, Gianluca Casiraghi, declares, pursuant to article 154-bis, paragraph 2, of Legislative Decree No. 58/1998 ("Consolidated Law on Finance") that the information contained in this press release corresponds to the document results, books and accounting records. Note that in this press release, in addition to financial indicators required by IFRS, there are also some alternative performance indicators (e.g. EBITDA) in order to allow a better understanding of the economic and financial management. These indicators are calculated according to the usual market practice.*

\*\*\*\*

**For further information:**

**Tesmec S.p.A.**

Marco Paredi

Investor Relations Manager

Tel: +39 035 4232840 – Fax: +39 035 3844606

E-mail: [ir@tesmec.com](mailto:ir@tesmec.com)

**Image Building - Media Relations**

Alfredo Mele, Alessandro Zambetti

Tel: +39 02 89011300

E-mail: [tesmec@imagebuilding.it](mailto:tesmec@imagebuilding.it)

The presentation to analysts and investors is available in the Investors section of the website:

<http://investor.tesmec.com/Investors/Presentations.aspx>

**Tesmec Group**

Tesmec Group is leader in designing, manufacturing and selling of systems, technologies and integrated solutions for the construction, maintenance and efficiency of infrastructures related to the transport and distribution of energy, data and material. In details, the Group is active in the following sectors: 1) transmission and distribution power lines (stringing equipment for the installation of conductors and the underground cable laying, electronic devices and sensors for the management, monitoring and energy automation); 2) underground civil infrastructures (high powered tracked trenchers for linear excavation of oil, gas and water pipelines, telecommunication networks and drainage operations; surface miners for bulk excavation, quarries and site preparation; specialized digging services); 3) railway lines (railway equipment for the installation and maintenance of the catenary and for special applications, e.g. snow removal from track; new generation power unit). The Group, established in 1951 and led by Chairman & CEO Ambrogio Caccia Dominioni, relies on more than 800 employees and has the production plants in Italy - in Grassobbio (Bergamo), Endine Gaiano (Bergamo), Sirone (Lecco), Monopoli (Bari), in the USA, in Alvarado (Texas) and in France, in Durtal, as well as three research and development units respectively in Fidenza (Parma), Padua and Patrica (FS). The Group also has a global commercial presence through foreign subsidiaries and sales offices in USA, South Africa, Russia, Qatar, China and France. The know-how achieved in the development of specific technologies and solutions, and the presence of engineering teams and highly skilled technicians, allow Tesmec to directly manage the entire production chain: from the design, production and sale of machinery, to all pre-sales and post-sales. All product lines are developed in accordance with the ISEQ (Innovation, Safety, Efficiency and Quality) philosophy, with environmental sustainability and energy conservation in mind.