



STAR CONFERENCE 15-16.03.2016

Partner in a changing world



Company overview

People change history

Tesmec was established in **1951** in Bergamo - Italy as a pioneering stringing equipment manufacturer.

Since then Tesmec Group has evolved as one of the most innovative world leaders in the stringing business. At a later stage, Tesmec has positioned itself as a solution leader for the infrastructure market with the development of today's leading design of trenchers.

Products range became wider and wider, following the "3xi" approach: Internationalization, Innovation, Integration. These keywords drive Tesmec towards a growing future.

**FOCUS on
INVENTION**



1960

Edison patent for the new tension stringing system

Second
product
line



1984

Trenchers in USA

From
FAMILY company
to **PUBLIC**
company



2010

Entry in the Italian
Stock Exchange
(STAR segment)

**FOCUS on
INTERNATIONALIZATION**



Establishment of new
subsidiaries, JV and
Rep. Offices: Tesmec
Peninsula, Tesmec SA,
Tesmec RUS, Condux
Tesmec, Tesmec
Service, Tesmec New
Technology (Beijing) Ltd

**FOCUS on
INNOVATION**



Start up
- Railway,
- Grids management
- Specialist digging
services

**FOCUS on
INTEGRATION**



2008-2016

Cooperation agreements
and partnerships with key
market player

Imagination for progress

Modern societies, as well as the emerging ones, face **future challenges** to invest in energy and telecommunications sectors.

New technologies can fill the infrastructural gaps existing between countries; these will improve the efficiency and the needs for **future generations**. The need to rationalize energy costs and to improve the transmission speed of information, makes the global investments in energy and telecommunication sectors necessary for the global growth. This is the reason why, Tesmec mission contemplates higher investments in technologies for efficiency and management of grids.



vision

Tesmec Advanced technologies are developed in accordance with the ISEQ philosophy "Innovation, Safety, Efficiency, Quality" always respecting the environment.

Our challenge:

to drive growth and modernization of every Country

mission

We look at technological challenges presented by the markets more as opportunities than as threats

We have a responsibility:

to provide the BEST product at the BEST possible price





A widespread network of people

Tesmec Group is **Leader** in the market of the infrastructures related to the transport and distribution of energy, data and material.

Tesmec people are **pioneers** since the origins, and their proud R&D spread the name towards huge and new challenges.

Our goal is to create a **high performance environment**, which supports the implementation of our business strategy.

All this will be possible with the collaboration of our people - employees, customers, and partners - all over the world.

+60 years of
experience

+600 people

R&D
investment
avg. **8%** of total
revenues

Customers
from **+135** Countries
worldwide
choose
Tesmec

90% Export

Global partner with local presence

Tesmec Group **headquarters** are located in Grassobbio, in the vicinity of the Northern Italian town of Bergamo.

Tesmec has also other five production plants: three in Italy, in Endine Gaiano (Bergamo), Sirone (Lecco), Monopoli (Bari), one in the USA, in Alvarado (Texas) and one in France, in Durtal.

Tesmec pursues a "**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.



6

Production
Plants
(4 in Italy,
1 in USA,
1 in France)

2

Joint
Ventures
(ConduxTesmec,
Tesmec Peninsula)

10

Subsidiaries
in the
World

1

Associated
Companies
(Locavert)



Group Structure

Operating Companies

TESMEC S.P.A.

Fully Consolidated

TESMEC USA
(67%)*

TESMEC RUS
(100%)

TESMEC SA
(100%)

TESMEC SERVICE
(100%)

TESMEC BALKANI
(100%)

SGE S.r.l.
(100%)

TESMEC NEW TECHNOLOGY
(Beijing) (100%)

EAST TRENCHERS
(100%)

MARAIS TECHNOLOGIES SA
(52,83%)**

BERTEL
(100%)

Effect on EBITDA and Pre-Tax Profit

Equity Method

TESMEC PENINSULA
(49%)

CONDUX TESMEC
(50%)

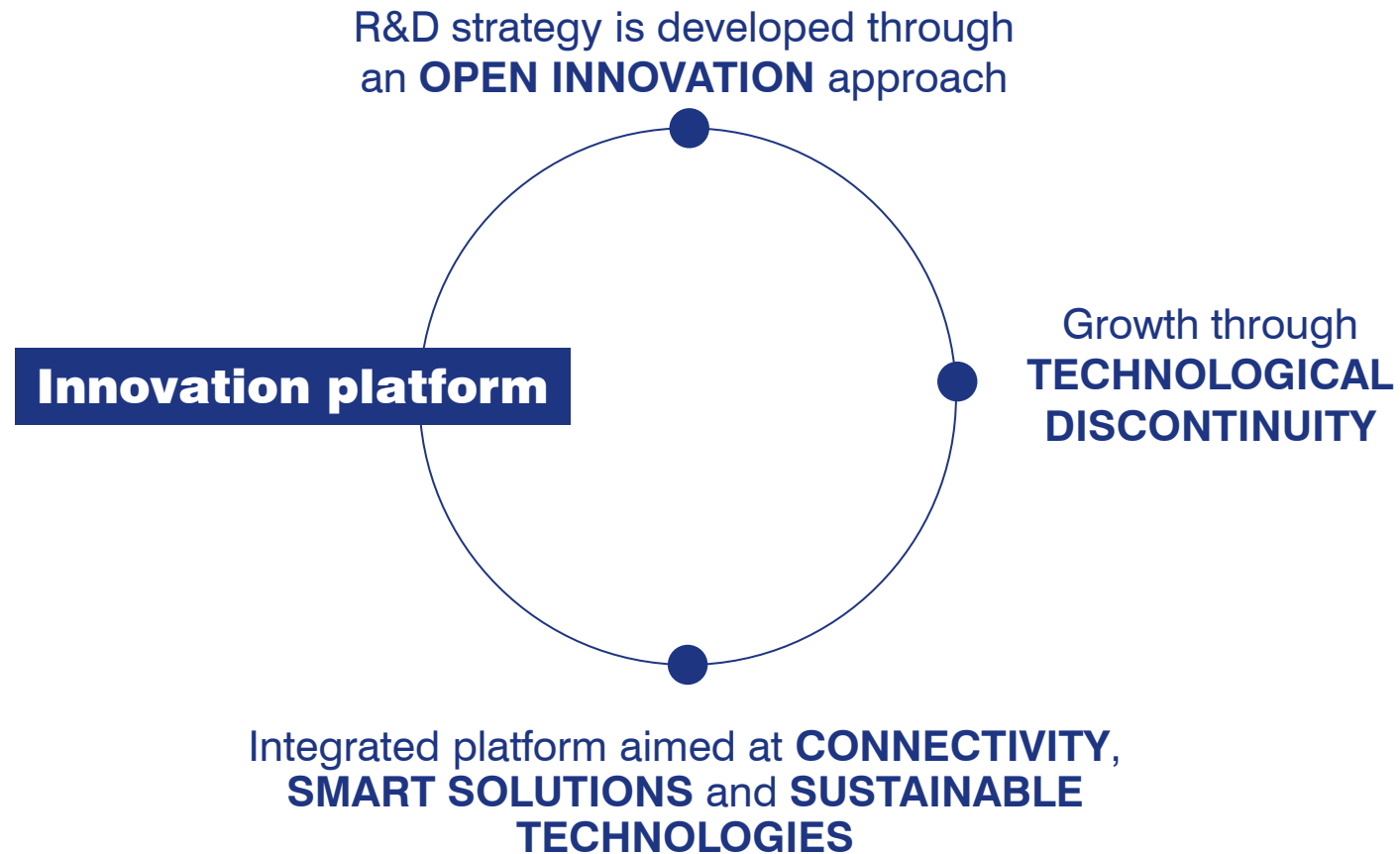
Equity Method

LOCAVERT
(38,63%)

Effect on Pre-Tax Profit

* The remaining 33% 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 is consolidated on a 100% basis.

** The remaining 47,17% is held by Simest S.p.A (33,96%) and by C2D SAS (13,21%). Since Tesmec has an obligation to buy it back from Simest S.p.A., from an accounting point of view the participation is consolidated on a 86,79% basis.

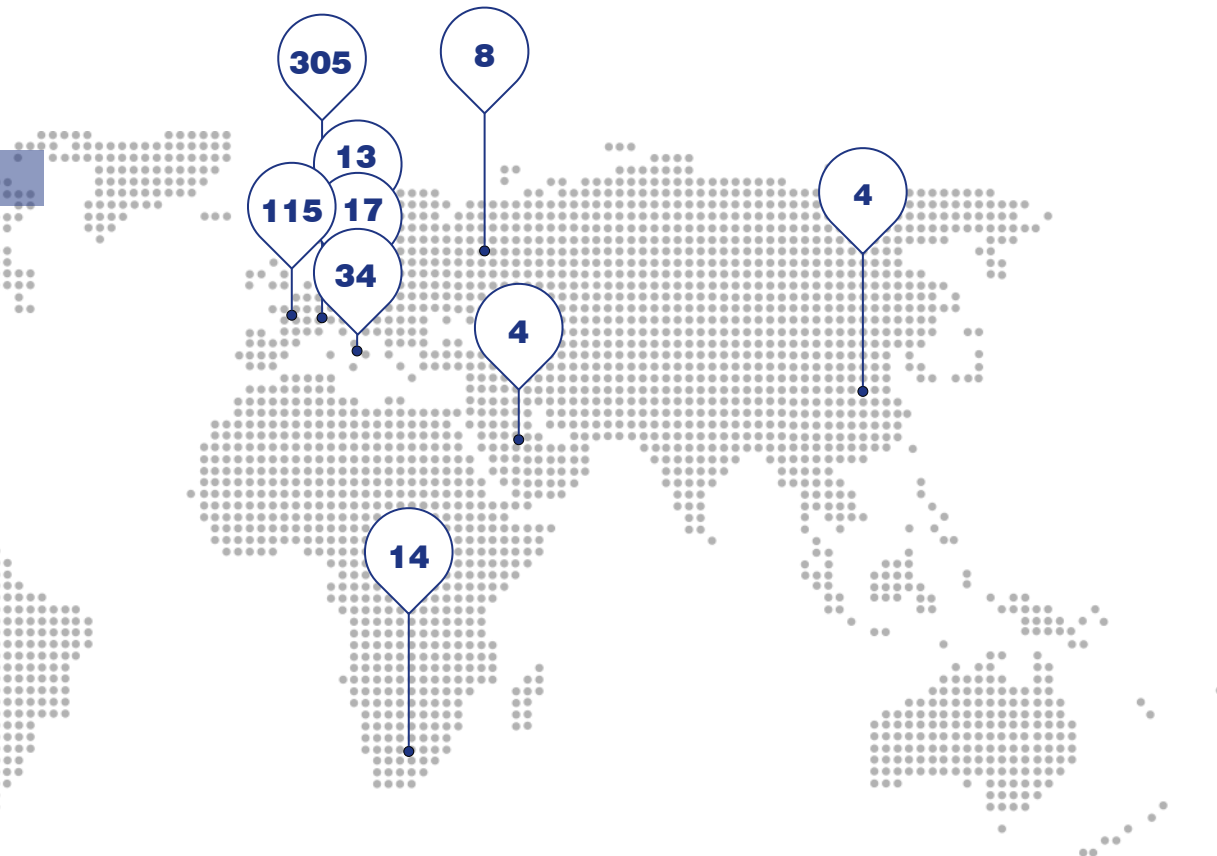


Human Values

Tesmec identifies in honesty, membership and respect the values that distinguish our history.

We are resolute to continue building our future on **human respect**, acting with coherence and honesty towards colleagues, clients and suppliers.

Our will is to be an attraction pole for people who are brilliant, smart, resolute, creative in order to enrich and empower our **social core**, creating a group of highly motivated people.



Figures as at 31/12/2015





Business overview

We focus on **strategic markets** for the growth and modernization of every country.

Solutions partner for your world

Tesmec designs, manufactures and sells products, technologies and integrated solutions for the construction, maintenance and efficiency of infrastructures related to the transport and distribution of energy, data and material, such as: overhead and underground networks, traditional and high speed railway lines, energy cables and pipelines. In addition to traditional businesses, Tesmec is increasing its market presence offering solutions for Power Grid's efficiency & management.



ENERGY



RAILWAY



UNDERGROUND



Committed to quality



ENERGY

POWER LINES
CONSTRUCTION &
MAINTENANCE



UNDERGROUND
CABLES
LAYING



GRID MANAGEMENT &
AUTOMATION
DEVICES



FROM

Equipment for
new power lines construction

TO

Integrated systems for
maintenance of existing power lines
and **management and monitoring of grids**

Safety
Reliability
Efficiency
Resiliency

RECONDUCTORING operations: solutions to maintain the transmission efficiency over time or to increase the capacity of existing lines, that are acceptable to the public, reliable and economical.

ENERGY EFFICIENCY and SMART GRIDS: integrated systems, electronic devices for communication and telecontrol, sensors and systems for metering and protection. Energy automation business.

Reconductoring

Line refurbishment: solutions for renewing the old conductor avoiding high cost of new power lines installations and difficulties of acquiring tower sites and right-of-ways

Line improvement: replacing standard conductors with new generation of HTLS conductors to increase the capacity of an existing line without modifying voltage and structures of insulators and towers



Digital Power Line Carrier

Innovative terminal for data transmission over High Voltage power lines in compliance with international IEC 60495

Advantages

- ✓ High degree of flexibility
- ✓ Reliability
- ✓ Simplicity and configurability

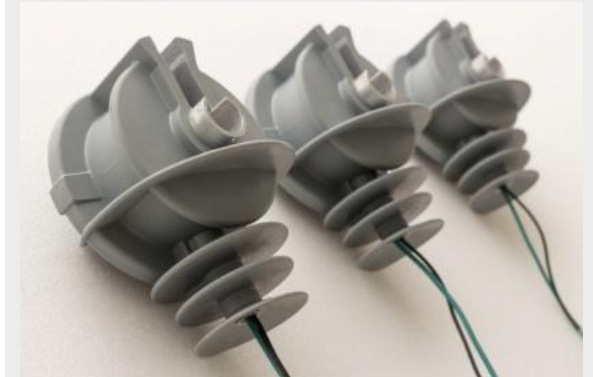


Smart Metering Tool

Innovative system specifically designed for the measurement of energy and all related electric data such as voltage, current, phase angle on Medium Voltage network

Advantages

- ✓ Accuracy with distribution monitoring analytics that are actionable and customizable
- ✓ Simplify the installation and the architecture of the device
- ✓ Cut ownership & maintenance costs





MAIN PROJECTS

1 Reconductoring USA

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



2 Top efficiency BRAZIL

500 kV line, 6 T&D lines
5000 km long
70 sets of stringing equipment
Value of the contract: ca. 36 mln €



3 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



4 Fjord crossing NORWAY

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



1 Fault passage indicators BRAZIL

Fault detectors for MV lines
Application on the national grid with
monitoring purpose, both
in substations and on poles



5 Extreme temperature RUSSIA

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



6 Line construction SAUDI ARABIA

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



7 Tower Erection INDIA

Technical advice and training
activity for tower erection works



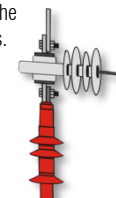
8 Big crossing CHINA

Ningbo-Zhoushan 500kV line sea
crossing | length: 2.09km |
span: 1897m | clearance: 90 m
conductor D=39mm | force 120kN



2 Smart Sensors ITALY

Innovative TA/TV installed in
medium voltage switchboard
fitting for existing plants and
connectable to the
incoming cables.



3 SMT RUSSIA

Smart Metering Tool (SMT) for
the measurement of energy and
all related electric data on
Medium Voltage network



Entrepreneurs of efficiency



RAILWAY

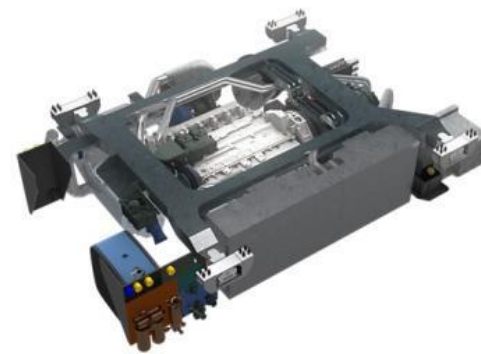
CATENARY INSTALLATION



MAINTENANCE



POWERING & REPOWERING



FROM

Traditional rail vehicles

TO

Advanced railcars
able to perform without line interruption

Safety
Green
Efficiency



AUTOMATIC TRAIN CONTROL SYSTEM : designed to provide enhanced levels of rail safety through continuous train control and protection



ADVANCED COMMUNICATION INTERFACE : special system that allows to manage the hydraulic traction system of several machines together for multiple drive



COMPLIANCE WITH THE HIGHEST EUROPEAN STANDARDS:
safety first and low environmental impact

Top technological units

Multipurpose unit for catenary installation and maintenance especially designed for high speed railway lines with particular focus on operating efficiency, safety matters and low emission.

EN14033 certified





MAIN PROJECTS

1 Eagle P3 Project USA

Constant Tension Stringing Unit
for a very fast rail wire installation
Tesmec Equipment:
OCPC501, CTSU204



2 Huge, top performing unit USA

Special-purpose equipment for
stringing and recovering wires.
Tesmec Equipment:
CTSC301, OWSC600



3 TGV FRANCE

TGV high speed railway
Max speed line: 515.3 km/h
Tesmec Equipment:
FR412



4 High level maintenance ITALY

Multipurpose machines (APV),
vehicles for standard and High speed
lines over the whole national grid
Tesmec Equipment: OCPC400



5 Snow removal NORWAY

TSNC700 is a maintenance unit
operative at low temperatures
(-40°C; -40°F), and can be
equipped with snowblowers.



6 Extreme temperature RUSSIA

Constant Tension Stringing Unit
Tesmec Equipment:
CTSU300, CFT601



7 High speed CHINA

1,318km BEIJING-SHANGHAI
High Speed Dedicated Line. Max
Speed line :380km/h (228mph)
Made with 5 sets CFB546



8 HSDL project CHINA

505 km Zhengzhou-Xi'an
Passenger Dedicated Line. Max
Speed line:350km/h (228mph)
Made with 5 sets CFB536



Maximized attitude



UNDERGROUND

PIPELINES, TELECOM,
DRAINAGE



BULK EXCAVATION,
SURFACE MINING



SPECIALIST DIGGING
SERVICE



FROM

Supplier of equipment

TO

**Complete package of solutions
(advanced equipment + complementary services)
to offer value added solutions to the customers**

**Experience
Equipment
Services**



SPECIALISTS AND DEEP EXPERTISE to efficiently manage the jobsite increasing performances and reducing risks



HIGH TECHNOLOGICAL EQUIPMENT equipped with remote monitoring system and electronic control system to perform the job in an efficient and safe way, with low environmental impact



SERVICES, AFTER SALES AND COMPLEMENTARY ACTIVITIES to grant time to market and effective support to the operations

Solutions for different applications



TELECOM
(fiber optic cable laying., FTTH and long distance..)



ENERGY
(underground energy cable, wind farm...)



HEAVY CIVILS
(construction, bulk excavation..)



PIPELINES
(water, oil, gas..)





MAIN PROJECTS

1 Permafrost cutting CANADA

675 miles natural gas pipeline
depth: 7' (215 cm)
width: 32" (80 cm)
Models: 1075 BW



2 Hard rock trenching USA

Granite, quartz and massive
micaschist trenching
Attachment: 6'x36"
Models: M5



3 Agricultural drainage USA

Fully automatic guidance system
depth: 6'6" (198 cm)
width: 30" (76 cm)
Models: 775 DT CS



4 Gas Pipeline MEXICO

382 km 36" gas pipeline
Soft soil to hard rock
2 mt depth avg.
Models: 2 x 1475 CS, 2 X 1575 BW



5 Desert Pipeline CHILE

Double parallel water pipeline
Rock conditions: caliche (<40 MPa).
Depth: 10' (305 cm) width: 60"
(150 cm) Models: 3 x 1675 CS



6 Bulk excavation FRANCE

Granulated quarry of limestone
(60 -100MPa) unfractured
Models: 2 x 1150 RH,
1 x 1475 RH



7 Permafrost pipeline RUSSIA

Extreme temperature (-20°/-40°)
and very abrasive soil
depth: 8' (240cm) width: 3'3" (100cm)
Models: 1075 BW



8 Al-Ula water pipeline SAUDI ARABIA

Sandstone – limestone (50 MPa)
depth: 10' (305 cm)
width: 72" (183 cm)
Models: 1675 CS



9 Riyadh Metro station SAUDI ARABIA

Limestone (50-90 MPa)
Bulk excavation dimensions:
328'x52'x59' (100x16x18 m)
Models: 1475 RH



10 Fiber Optic network INDIA

Fiber optic for 4G network installation
depth: 1'11" (60 cm)
width: 2" (5 cm)
Models: 10 x 300 RS



11 Multi-product pipeline SOUTH AFRICA

Integrated services supply
depth: 6,2'-7,8' (190-240 cm)
width: 36" (92 cm) length: 233 miles
(375 km) Models: 4 x 1475 CS





2015 Economic and financial data

2015 Economic Results

GROUP	2015	2014	Delta %
Revenues	164,4	114,9	43,1%
EBITDA	24,0	18,3	31,1%
% on Revenues	15%	16%	
EBIT	12,8	10,5	21,9%
% on Revenues	8%	9%	
Profit Before Taxes	9,1	8,3	9,6%
% on Revenues	6%	7%	
NET INCOME	7,2	4,9	46,9%
% on Revenues	4%	4%	

GROUP	2015	2014	Delta %
PFN (IAS17)	89,9	73,4	22,5%
PFN (without IAS17)	72,1	54,5	32,3%



ENERGY	2015	2014	Delta %
Revenues	72,1	50,1	43,9%
EBITDA	11,4	9,5	20%
% on Revenues	15,8%	19,0%	

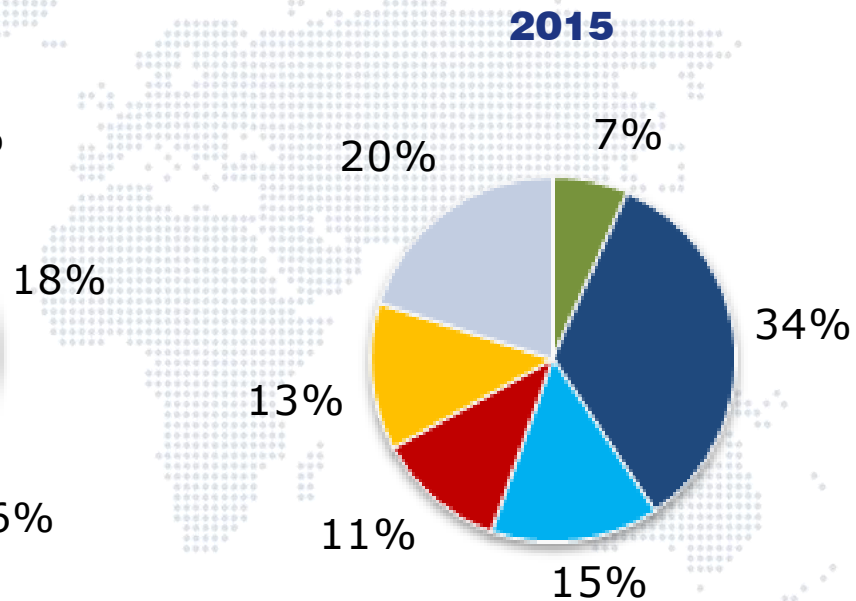
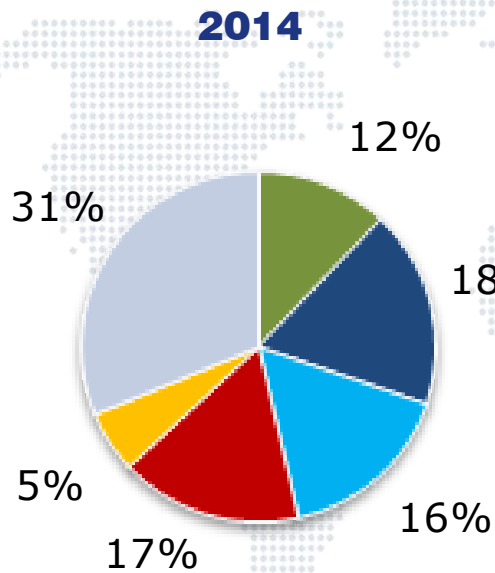


TRENCHERS	2015	2014	Delta %
Revenues	88,5	52,8	67,6%
EBITDA	13,0	6,1	113%
% on Revenues	14,7%	11,6%	

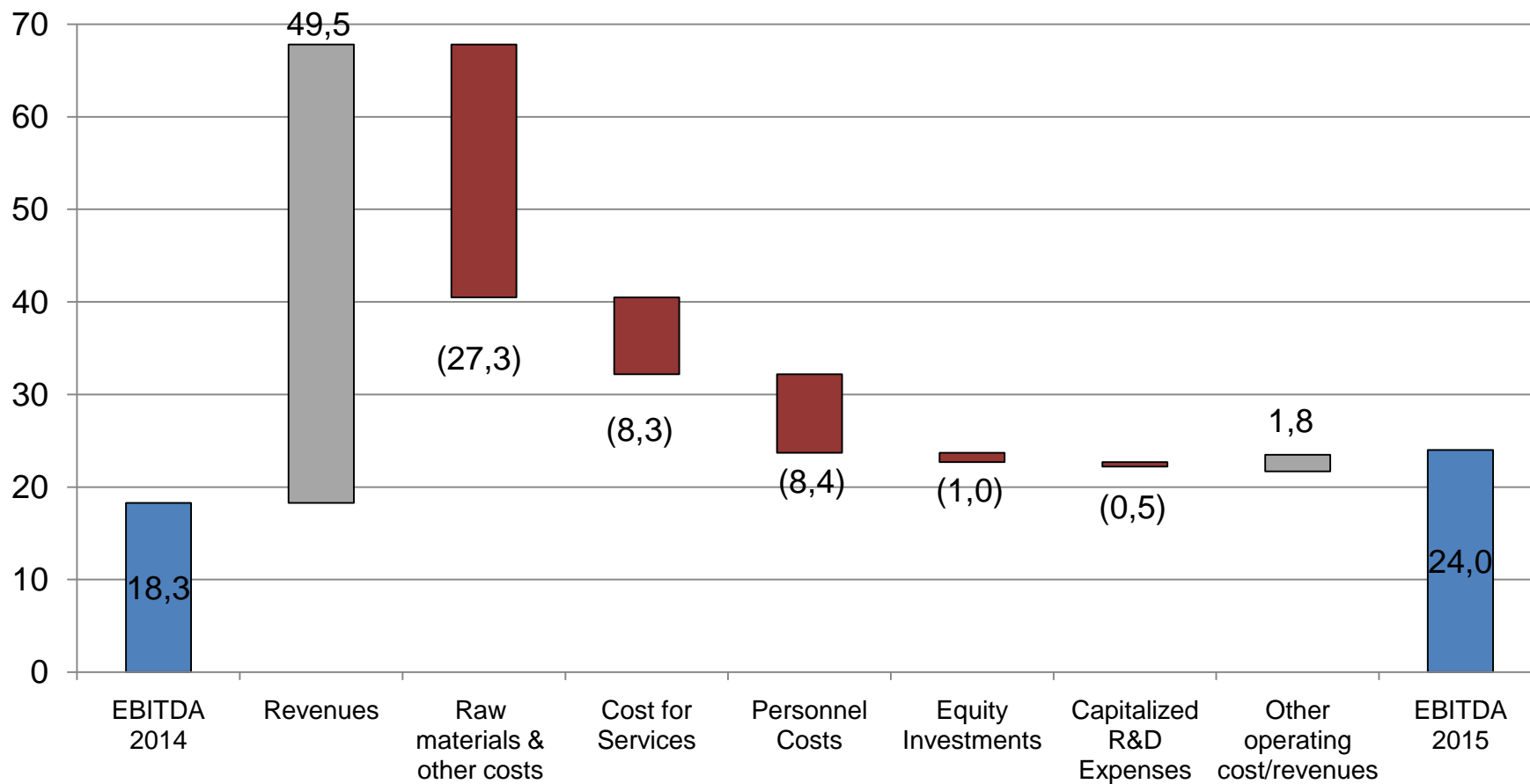


RAILWAY	2015	2014	Delta %
Revenues	3,8	11,9	-68,1%
EBITDA	-0,3	2,7	-111%
% on Revenues	-7,9%	22,7%	

**INTERNATIONAL SCALE
AND EXPOSURE TO
GROWING ECONOMIES**



EBITDA 2015



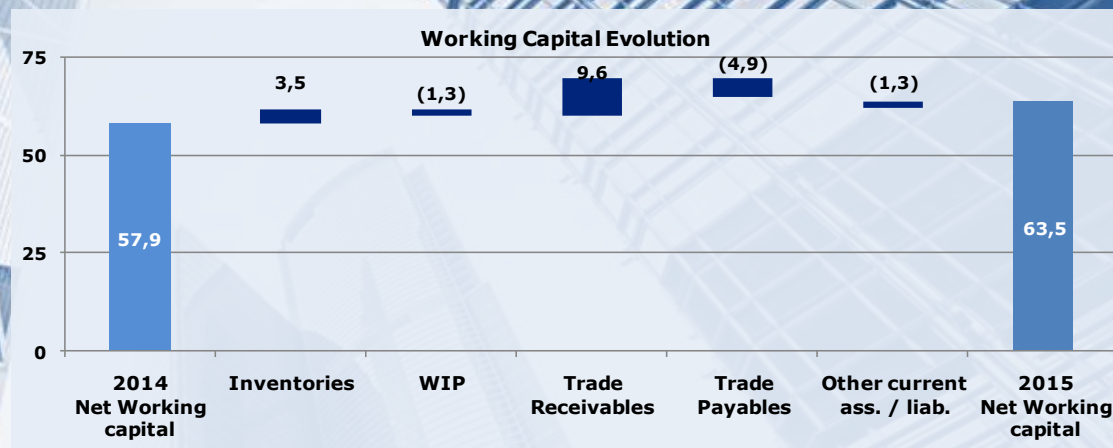
2014

EBITDA improvement mainly thanks to volumes increase

2015

Financial Information (Euro mln)	2015	2014
Net Working Capital	63,5	57,9
Non Current assets	83,9	65,3
Other Long Term assets/liabilities	(1,7)	(1,7)
Net Invested Capital	145,7	121,5
Net Financial Indebtness	89,9	73,4
Equity	55,8	48,1
Total Sources of Financing	145,7	121,5

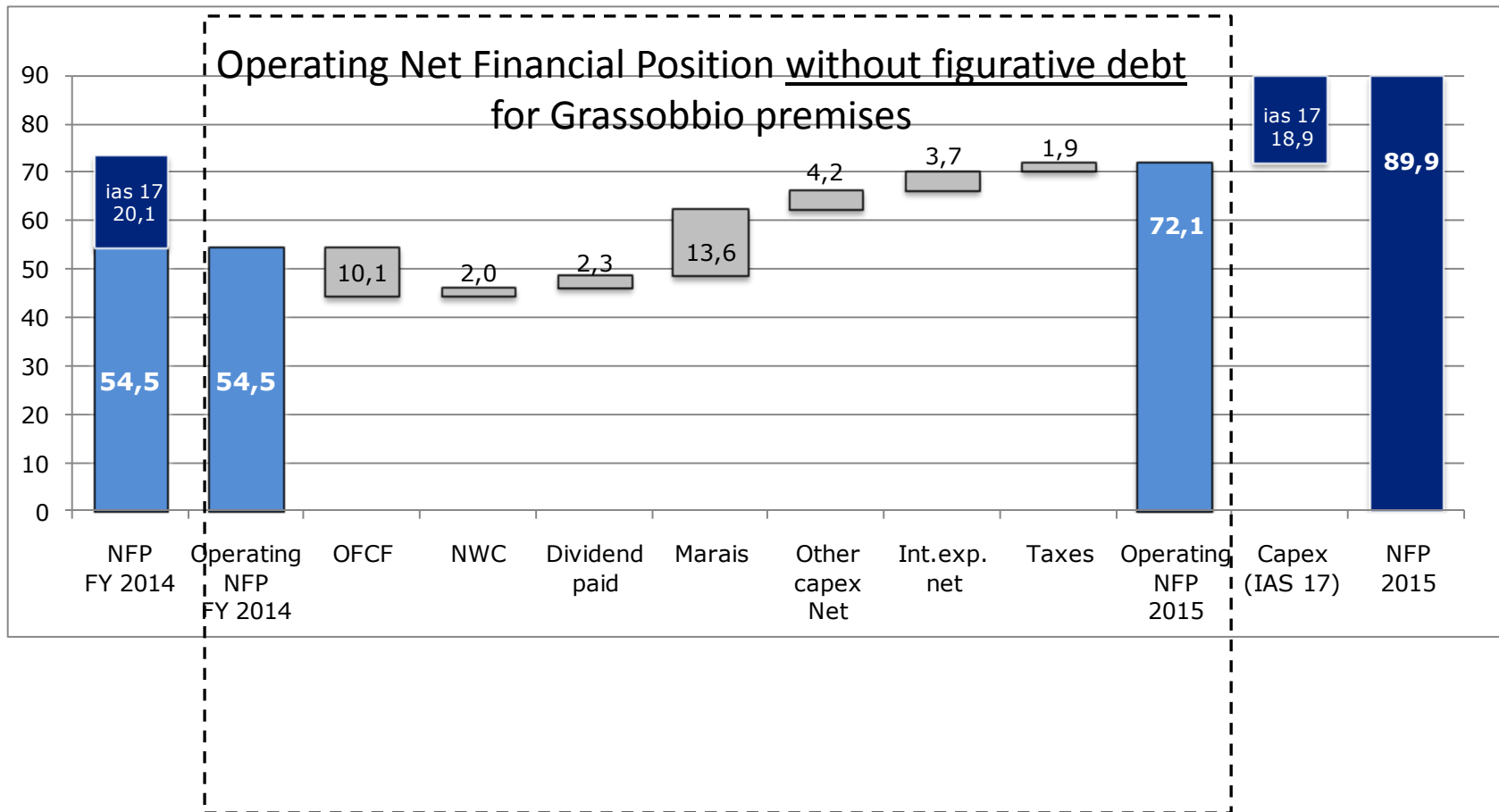
Working Capital Evolution



2015	
<u>Net Working Capital</u>	39%
Revenues	
2014	
<u>Net Working Capital</u>	50%
Revenues	

Euro Mln	2015	2014	Days 2015	Days 2014
Trade Receivables	50,9	41,3	111	129
Inventories	58,9	55,4	137	190
Work in progress contracts	3,8	5,2		
Trade Payables	(39,0)	(34,2)	-86	107
Other Current Assets/(Liabilities)	(11,1)	(9,8)	-24	-32
Net Working Capital	63,5	57,9		

Net Financial Position Evolution



2014

NFP has been mainly influenced by the acquisition of Marais

2015

MARGIN EFFECT

	2015	2014	2013
AVERAGE EUR/USD EX. RATE	1,11	1,329	1,328

FX NET ASSETS

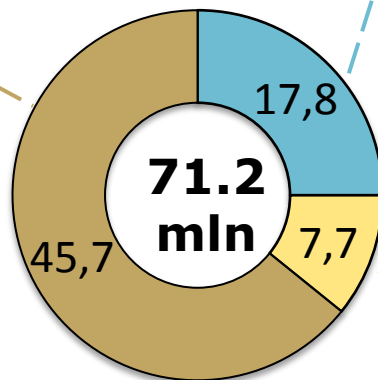
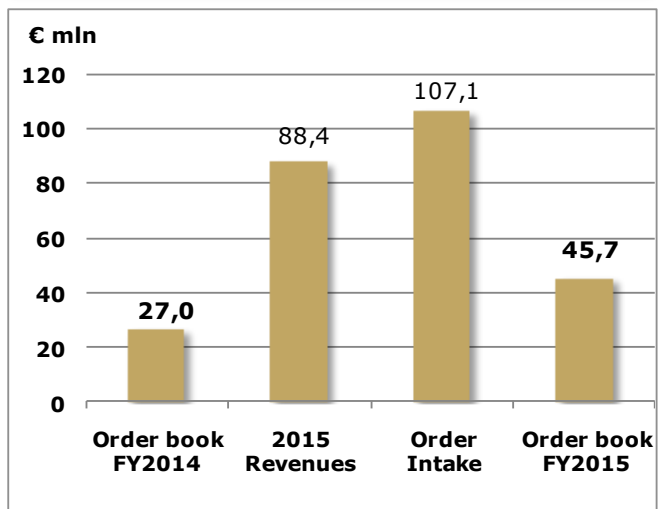
	2015	2014	2013
year end rate Eur/Usd	1,089	1,214	1,379
FX Gain/(Loss) mm/euro	1,7	2,8	-1,2

CONSOLIDATION PROCESS

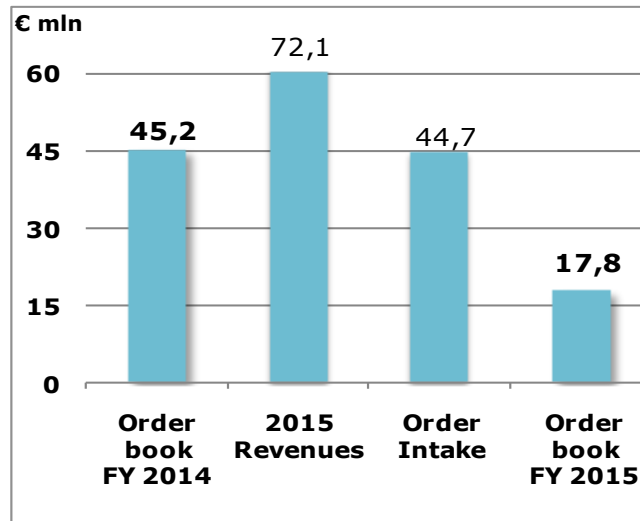
	2015	2014	2013
year end rate Eur/Usd	1,089	1,214	1,379
Net Equity change (mm/euro)	3,6	3,6	-1,1

Order Book 2015

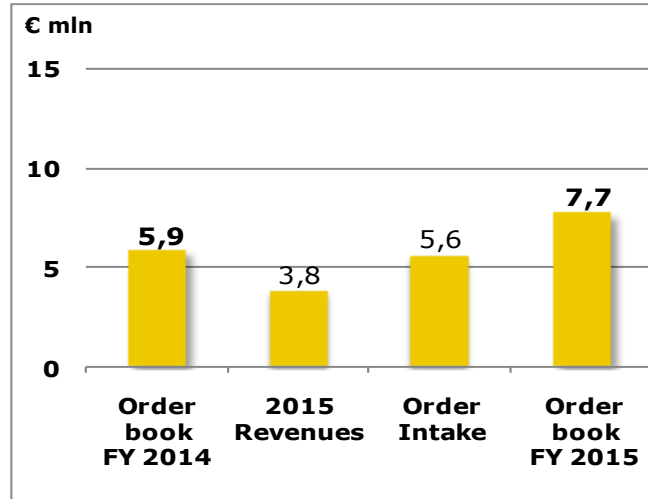
TRENCHERS



ENERGY



RAILWAY





OPPORTUNITIES

- INCREASING DEMAND OF MODERNIZATION OF POWER GRIDS WORLDWIDE
- PROJECTS OF GRIDS INTERCONNECTION AND INTEGRATION OF RENEWABLE ENERGIES IN THE NETWORKS
- GROWING OPPORTUNITIES IN THE TELECOM AND FIBER OPTIC MARKET BOTH FTTH AND LONG DISTANCE
- GROWING PRESSURE ON ENVIRONMENTAL AND SAFETY ISSUES IN THE MAIN BUSINESSES OF THE GROUP
- UNDERGROUND CABLING IS BECOMING INCREASINGLY ATTRACTIVE, MAINLY FOR ENVIRONMENTAL AND AESTHETIC REASONS
- NEW GREEN AND SMART PROJECTS WORLDWIDE

THREATS

- COMPLEX ECONOMIC SITUATION FOR SOME OF THE MAIN WORLD ECONOMIES
- OIL, GAS AND COMMODITY MARKET TREND

Summary 2015 Profit & Loss statement

Profit & Loss Account (€ mln)	2015	2014	Delta vs 2014	Delta %
Net Revenues	164,4	114,9	49,5	43,1%
Raw materials costs (-)	(82,8)	(55,5)	(27,3)	49%
Cost for services (-)	(27,3)	(19,0)	(8,3)	44%
Personnel Costs (-)	(34,5)	(26,1)	(8,4)	32%
Other operating revenues/costs (+/-)	(0,7)	(2,5)	1,8	-72%
Portion of gain/(losses) from equity investments evaluated using the equity method	(0,1)	0,9	(1,0)	-111%
Capitalized R&D expenses	5,1	5,6	(0,5)	-9%
Total operating costs	(140,4)	(96,6)	(43,8)	45,3%
<i>% on Net Revenues</i>	<i>(85%)</i>	<i>(84%)</i>		
EBITDA	24,0	18,3	5,7	31,1%
<i>% on Net Revenues</i>	<i>15%</i>	<i>16%</i>		
Depreciation, amortization (-)	(11,2)	(7,8)	(3,4)	44%
EBIT	12,8	10,5	2,3	21,9%
<i>% on Net Revenues</i>	<i>8%</i>	<i>9%</i>		
Net Financial Income/Expenses (+/-)	(3,8)	(2,2)	(1,6)	73%
Taxes (-)	(1,9)	(3,4)	1,5	-44%
Minorities	(0,2)	-	-	-
Group Net Income (Loss)	6,9	4,9	2,0	41,6%
<i>% on Net Revenues</i>	<i>4%</i>	<i>4%</i>		

Summary 2015 Balance Sheet

Balance Sheet (€ mln)	2015	2014
Inventory	62,7	60,6
Accounts receivable	50,9	41,3
Accounts payable (-)	(39,0)	(34,2)
Op. working capital	74,6	67,7
Other current assets (liabilities)	(11,1)	(9,8)
Net working capital	63,5	57,9
Tangible assets	65,3	48,1
Intangible assets	13,8	12,4
Financial assets	4,8	4,8
Fixed assets	83,9	65,3
Net long term liabilities	(1,7)	(1,7)
Net invested capital	145,7	121,5
Cash & near cash items (-)	(21,2)	(18,7)
Short term financial assets (-)	(11,8)	(6,8)
Short term borrowing	45,2	36,6
Medium-long term borrowing	77,7	62,3
Net financial position	89,9	73,4
Equity	55,8	48,1
Funds	145,7	121,5

Disclaimer

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Certain information included in this document is forward looking and is subject to important risks and uncertainties that could cause actual results to differ materially.

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