



Tesmec Group

STAR CONFERENCE MILAN – 27 and 28 March 2012



Corporate



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- Energy market trend
- Strategies in Stringing Equipment and Trencher
- Key Numbers 2007-2011

Technological Solution for
INFRASTRUCTURES CONSTRUCTION



MISSION

Become a global player in the market of energy and data transport by providing integrated solutions (machines or equipment + engineering) for the realization of different projects in all the countries

Technologies for a Sustainable Development



ISEQ Concept

The advanced technologies developed by Tesmec are always focused on getting the best in terms of Innovation, Safety, Efficiency and Quality. The common denominator is respect for the Environment.

INNOVATION has made it possible for Tesmec to become what it is today. The development of better or more effective technologies, processes and products is a priority for everyone in Tesmec.

Tesmec has always been extremely sensitive to **SAFETY**. The SAFETY of Tesmec machines is the result of 60 years' experience in designing and manufacturing. At Tesmec, no job is so urgent that it cannot be done safely.

We have a commitment to our customers: **EFFICIENCY**. That means fast execution and cost savings. To achieve even greater EFFICIENCY, Tesmec R&D Division works with the aim to optimize all the processes.

QUALITY is a mandatory requirement for Tesmec. QUALITY is a must: everything we make must be as good as it can be. Superior QUALITY standard leads to leadership positions.

Global presence



 1 Headquarter (Grassobbio) and 3 production sites in Italy (Grassobbio, Endine, Sirone)



 Trencher production facility in Alvarado



 JV for the supply of stringing equipment to the US market



 Qatar JV for Arabic Peninsula



 Representative office in China



 Group subsidiary for Balkan area



 Group subsidiary for Services activities



 Group subsidiary for the supply of trenchers



 Group subsidiary in Russia



 Group subsidiary for trenching services



 Strategic investment for power grid management

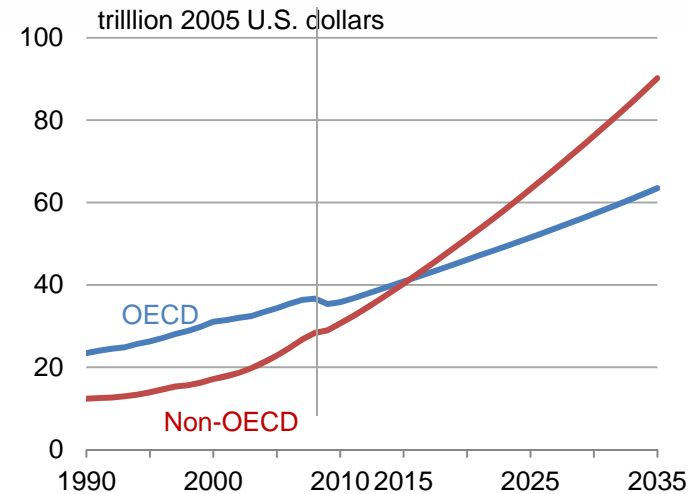
Macroeconomic framework

GDP projections**

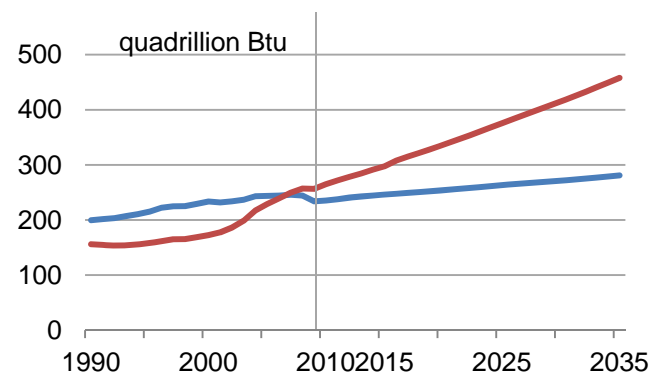
2012-2013

World output	3.3	3.9
Advanced Economies	1.2	1.9
United States	1.8	2.2
Germany	0.3	1.5
France	0.2	1.0
Italy	-2.2	-0.6
Emerging and Developing Economies	5.4	5.9
Russia	3.3	3.5
China	8.2	8.8
Brazil	3.0	4.0
Middle East and North Africa	3.2	3.6

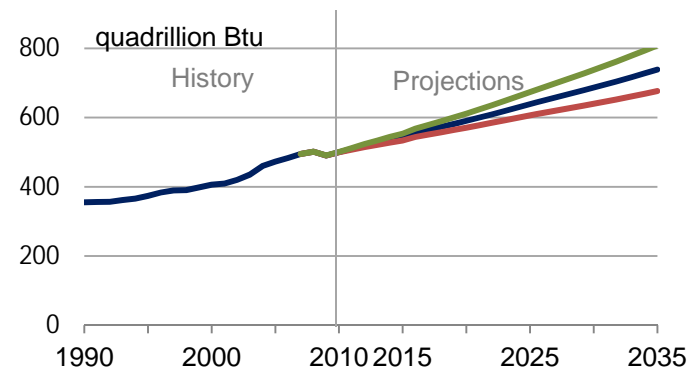
OECD and Non-OECD total gross domestic product 1990-2035* (Release date July 27.2010)



World marketed energy consumption: OECD and Non-OECD 1990-2035* (Release date July 27.2010)



World marketed energy consumption in three Economic Growth cases 1990-2035* (Release date July 27.2010)



*Source: OECD (www.oecd.org) and EIA (www.eia.gov) websites

**Source: FMI (www.ifm.org) World Economic Outlook updated January 2012

MARKET

Energy & Data Transportation

GROWTH DRIVERS

Worldwide large investments in infrastructures

Electricity and data

- Increase in electricity consumption worldwide
- Growth of green sources

Strong & Smart Grid

Railway

- Growth in investments in railway lines, in particular in high speed lines
- Demand of maintenance on existing railways network

Electrification

Oil, Gas and Water

- Increase in oil and water consumption worldwide
- Increasingly importance of Shale Gas in the United States and in other specific countries

Pipelines

Stringing Equipment

Business Opportunities

Strong & Smart Grid

Construction of new Power Lines

Upgrading of the existing Power Lines

Grids efficiency improvement

Grids monitoring and management



Tesmec Technologies

Integrated Solutions

Integrated system and services for power lines and fiber optic

Integrated solution for efficient management and for energy saving on high, medium & low voltage grids



Business Opportunities

Electrification

Construction of new Railway Lines

Maintenance operation



Tesmec Technologies

Integrated Solutions

Solutions for construction, maintenance and diagnostic of railway catenary power lines



Business Opportunities

Pipelines

Huge long distance pipeline networks

Specialized gathering gas pipeline and transferring pipelines

Drainage and Dewatering



Tesmec Technologies

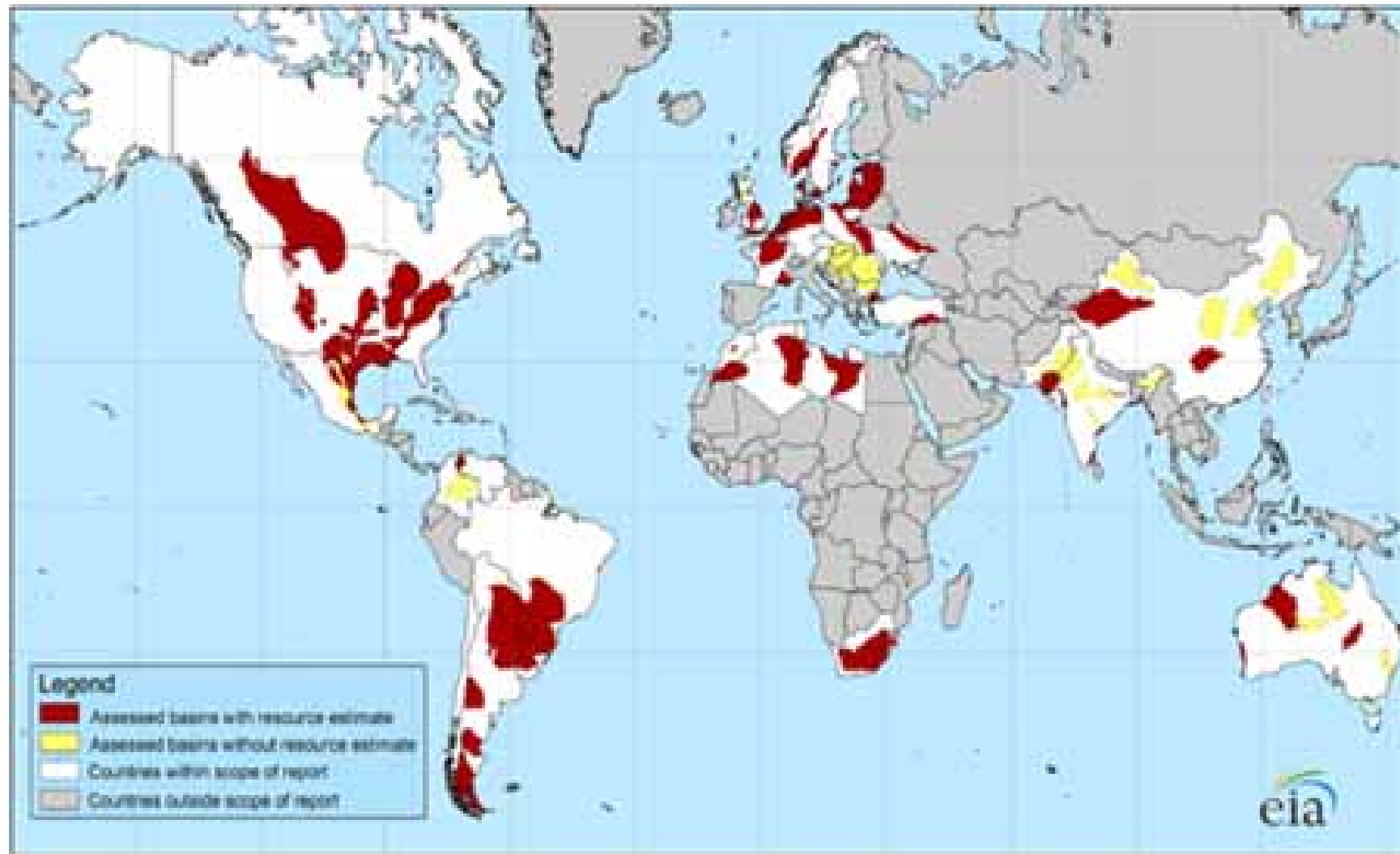
Integrated Solutions

High powered tracked trenchers for underground cable networks pipelines and bulk excavation

Integrated services for efficiently manage projects



Shale Gas is a global phenomenon



*Source: [U.S. Energy Information Administration](http://205.254.135.24/todayinenergy/detail.cfm?id=811) based on Advanced Resources International, Inc. data (<http://205.254.135.24/todayinenergy/detail.cfm?id=811>)

Australia future major projects

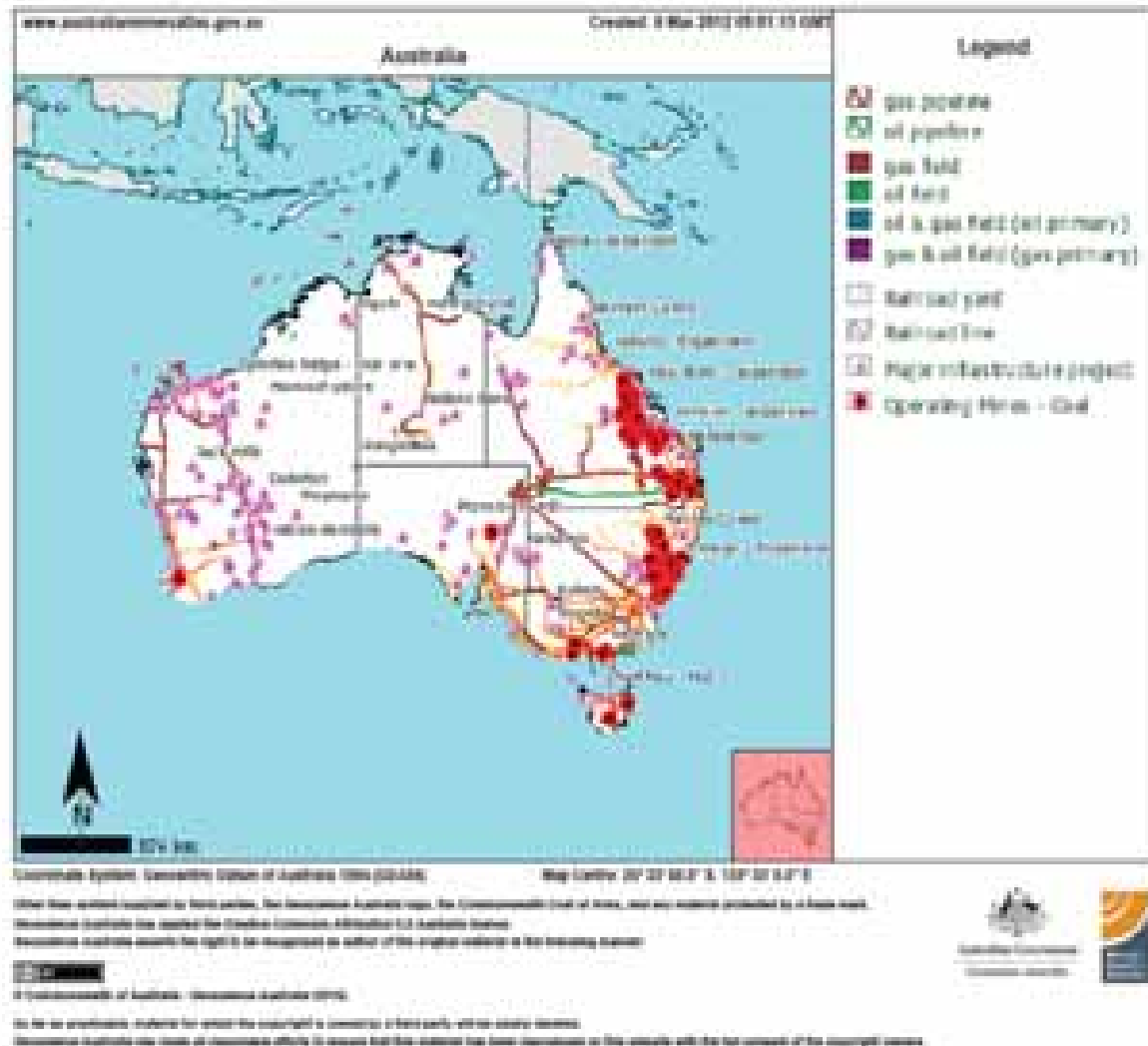
Brisbane Cross River Rail
 (AU\$5B – heavy rail, likely to involve PPP)

Melbourne Metro
 (AU\$7B - rail, likely to involve PPP)

Pacific Highway upgrade
 (AU\$6B - duplication of NSW major road)

Sydney North West Rail Link
 (AU\$8B - heavy rail, likely to involve PPP)

Iron ore, Coal and LNG developments - private
 (AU\$100B - mines, offshore/onshore plants, rail, ports)



Tesmec Group strengths and opportunities

- Global Business with exposure to emerging markets with a “glocal” presence (Central & West Europe, Africa, Americas and Oceania, Est Europe, Middle East and Central Asia)
- Strong exposure to growth trend of transport and energy infrastructure
- Business niche (small markets, few competitors) and high margin
- High technological know-how improved every year with investment in R&D
- Good dividend pay-out ratio in industrial sector
- High investors quality

- **Internationalization**

Keep developing the business in key areas North America, Oceania, Russia and ex-USSR, South Africa, Persian Gulf, the Balkans area and in 2013 and the constitution of a new trading company in China.

- **Efficiency in energy transport network**

To find business opportunities in the efficiency field on the existing network of Low, Medium or High Voltage. The two technology start-ups, I-Light (100%) and Bertel (40%) marks the beginning of this strategy.

- **Railway electrification**

Investment in new high-speed lines and in the maintenance of overhead related to the progressive development of the lines of high speed throughout the world permit to open the new segment of the "diagnostic" for preventing failures.

- **Special Contracting**

Offering of technical services related to heavy duty truck trencher for to increase the efficiency of the yard. The combination of a cutting-edge product and a deep knowledge on the use of innovative technologies is a winning combination for high performance in digging.

Despite the current financial macroeconomic environment Tesmec Group maintains a positive view on 2012:

- Volumes growing also thanks to the new market/product ranges started in 2011 and margins benefitting from operational leverage;
- the 2012 NFP will achieve a normal value with a normal level of trade receivables;
- dividend pay-out ratio in line with previous period.

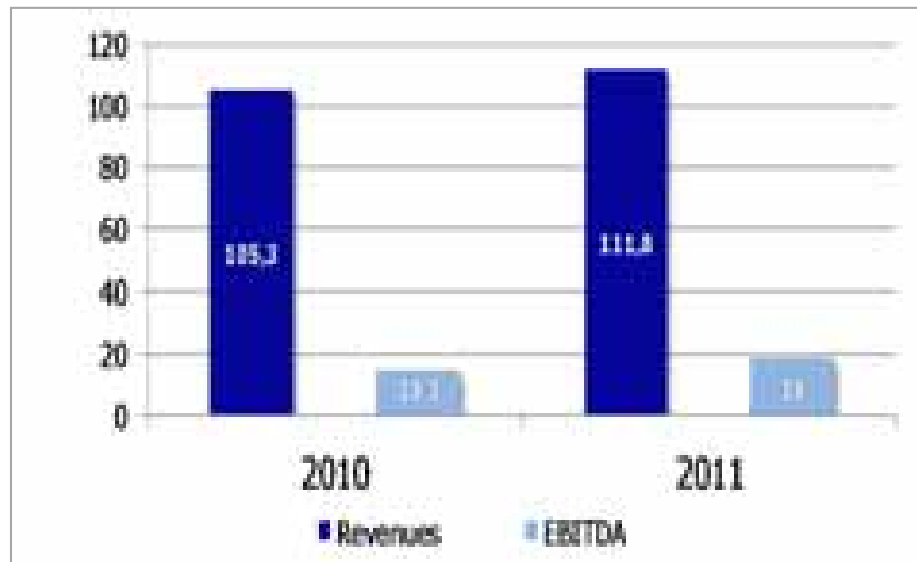
2011 Results



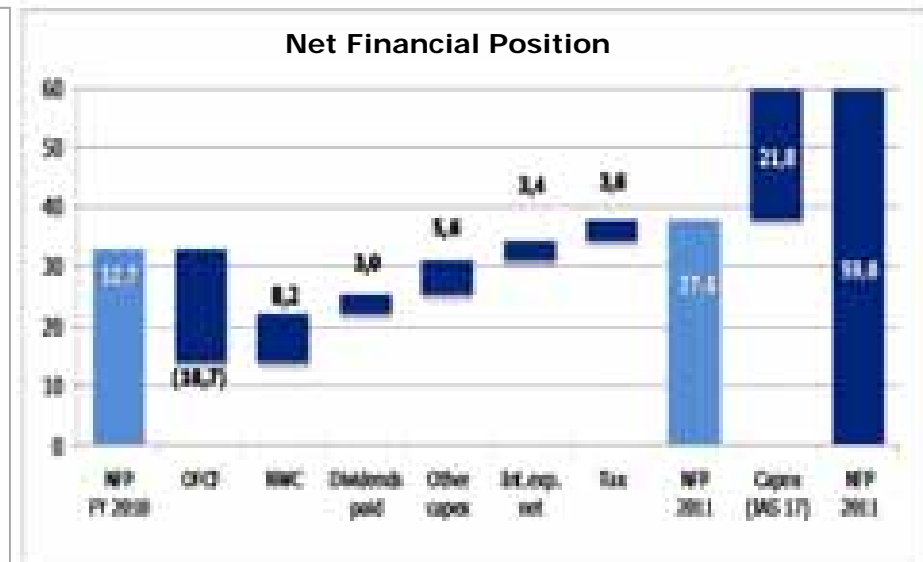
Income Statement (€ mln)			
	2010	2011	2011 vs 2010 delta %
Revenues	105,3	111,8	6%
EBITDA	15,1	19,0	26%
<i>% Revenues</i>	<i>14%</i>	<i>17%</i>	
EBIT	9,6	13,3	39%
<i>% Revenues</i>	<i>9%</i>	<i>12%</i>	
Net income/(loss)	5,2	6,6	27%
<i>% Revenues</i>	<i>5%</i>	<i>6%</i>	

Financial Information (€m)	Tesmec (Cons.)	
	2010	2011
Net working capital	40,2	48,4
Non current assets	26,1	48,2
Other LT assets/(liab)	1,1	1,9
Net invested capital	67,4	98,5
Net financial indebtedness	32,7	59,6
Equity	34,7	38,9
Total equity and net financial indebtedness	67,4	98,5

€ mln



€ mln



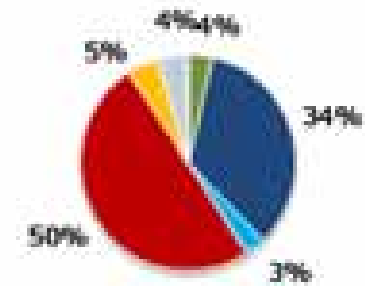
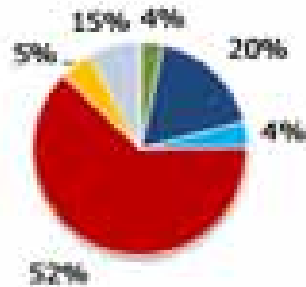
Revenues: international scale and exposure to growing economies



2010

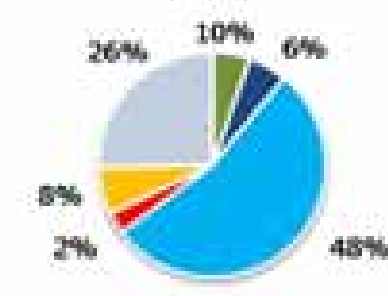
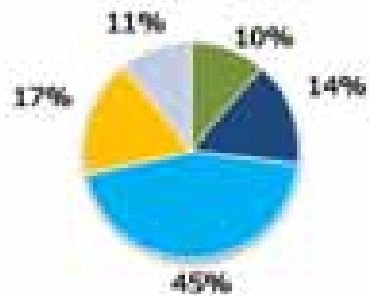
2011

Stringing equipment 58% on Total Revenue 2011



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

Trenchers 42% on Total Revenue 2011



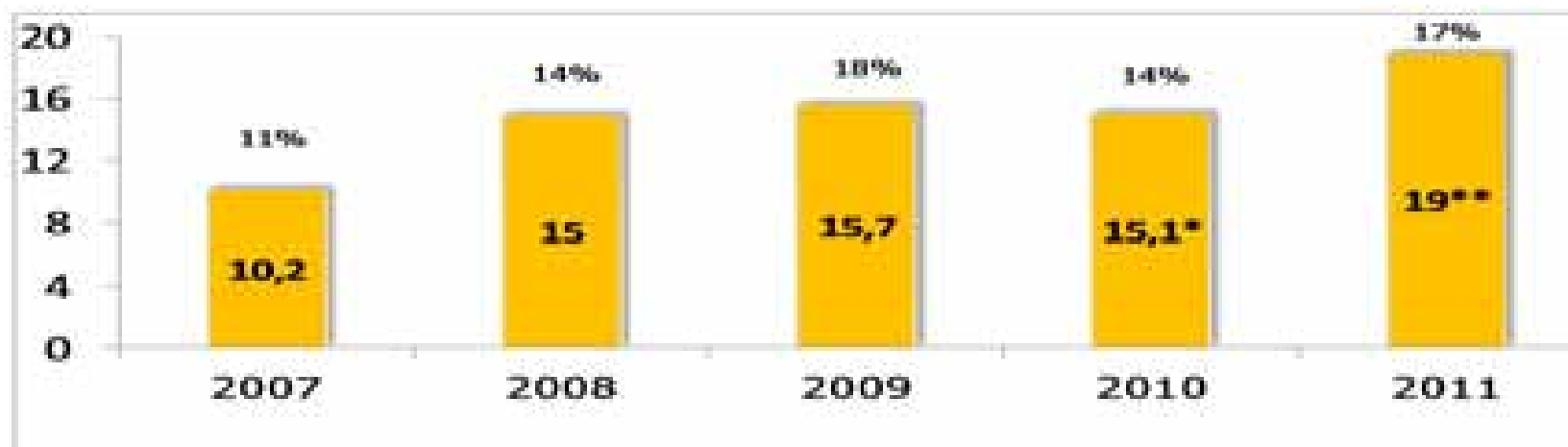
■ Italy ■ Europe ■ Middle East ■ BRICs and Oceania ■ Africa ■ North-Central America

Tesmec Group key numbers 2007 - 2011

Revenues 2007 – 2011 (€ mln)



EBITDA 2007 – 2011 (€ mln and % of Net Revenues)

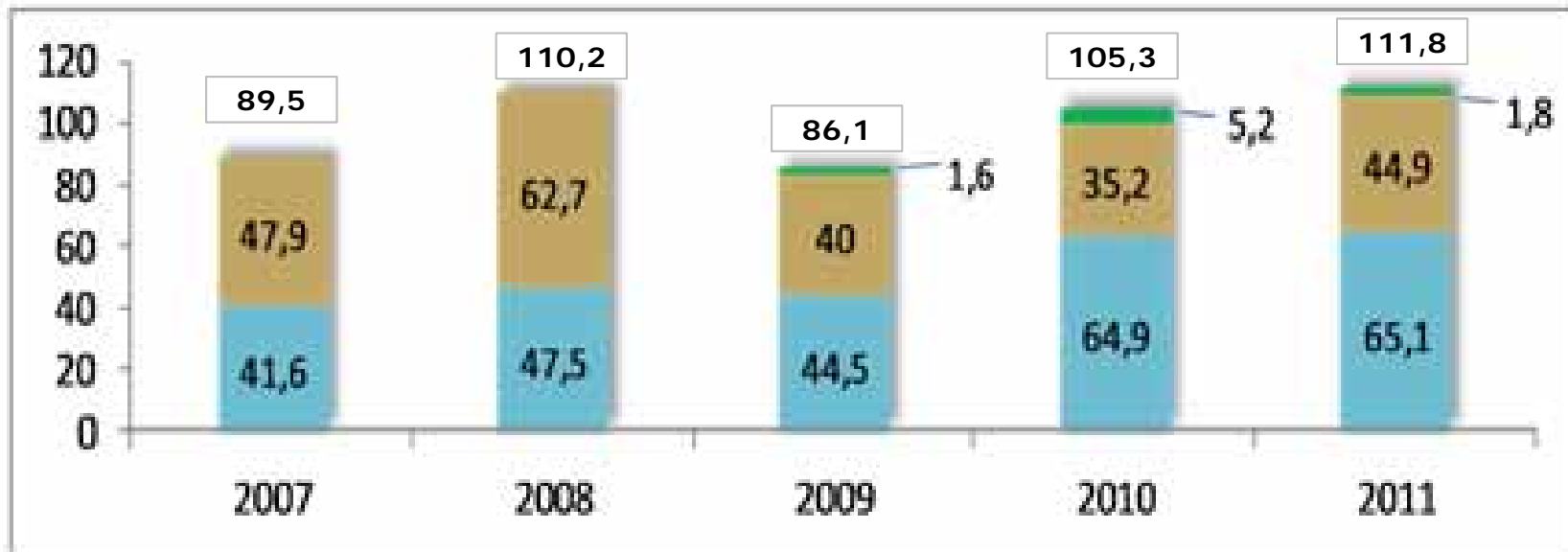


(*) IPO Costs, non recurring sustained in 2010, affected negatively by 3,5 Euro Mln

(**) IAS 17 effect for Grassobbio premises affected positively by 1,8 Euro Mln

Tesmec Group key numbers 2007 - 2011

Revenues by division 2007 – 2011 (€ mln)



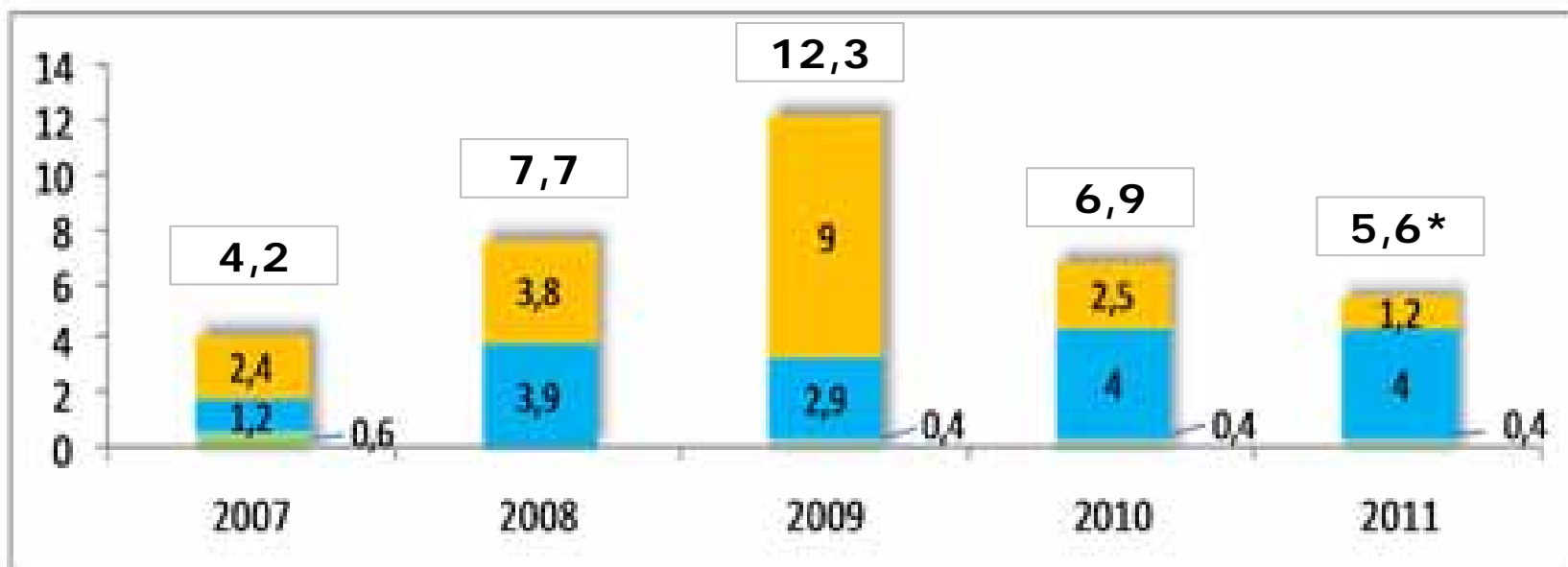
Sales of Machines Trencher division

Service

Sales of Machines Stringing division

Tesmec Group key numbers 2007 - 2011

Capex 2007 – 2011 (€ mln) without IAS 17 Effect for Grassobbio Premises



Tangible Asset
 R&D
 Intangible

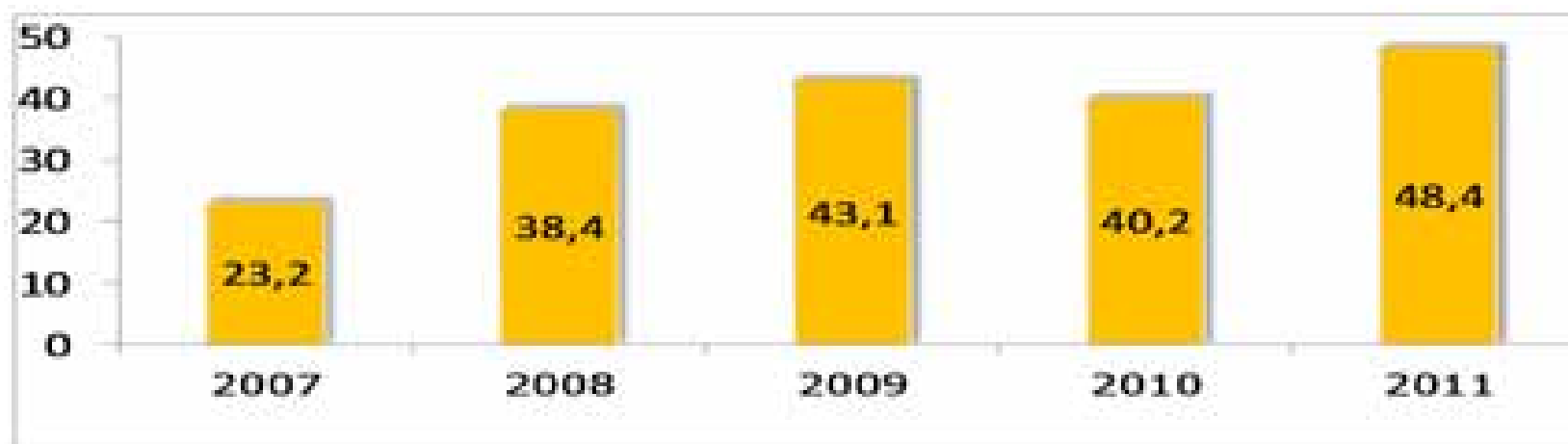
(*) IAS 17 for Grassobbio premises has an increase effect on total capex equal to 22,3 Euro Mln

Tesmec Group key numbers 2007 - 2011

NFP 2007 – 2011 (€ mln) without IAS 17 Effect for Grassobbio Premises



NWC 2007 - 2011 (€ mln)



(*) IAS 17 for Grassobbio premises has an increase effect on NFP equal to 21,8 Euro Mln

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, March 23, 2012



The Manager responsible for preparing
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