



TESMEC S.p.A.: THE BOARD OF DIRECTORS APPROVED THE 2020-2023 BUSINESS PLAN GUIDELINES AND THE AMOUNT OF THE SHARE CAPITAL INCREASE WITH RIGHTS ISSUE

THE BUSINESS PLAN ENVISAGES CONSOLIDATING THE GROUP POSITION AS A SOLUTION PROVIDER IN THE 3 BUSINESSES (TRENCHER, ENERGY AND RAIL), THANKS TO THE INVESTMENTS MADE OVER THE PAST FEW YEARS, LEVERAGING ON THE CURRENT TRENDS IN ENERGY TRANSITION, DIGITALISATION AND SUSTAINABILITY

IN 2023 THE BUSINESS PLAN, FULLY SELF-FINANCED, ENVISAGES APPROX. 40% GROWTH IN REVENUES COMPARED TO 2019 PRO-FORMA¹ WITH A SHARP INCREASE IN PROFITABILITY, THANKS TO THE CONTRIBUTION OF ALL BUSINESSES. FURTHERMORE, A SIGNIFICANT CASH FLOW GENERATION AND A DECREASE IN THE NET FINANCIAL POSITION ARE EXPECTED

• **2020 (pro-forma) Forecast:**

- o Revenues approx. Euro 170 million
- o EBITDA Euro 22-24 million
- o NFP/EBITDA approx. 5,4x

• **2023 Target:**

- o Revenues Euro 275-290 million
- o EBITDA Euro 53-58 million
- o NFP/EBITDA approx. 1,5x

• **Share capital increase with rights issue of Euro 35 million, to be executed by the end of 2020**

Grassobbio (Bergamo - Italy), 3 September 2020 – The Board of Directors of **Tesmec S.p.A.** (MTA, STAR: TES) ("**Tesmec**" or the "**Company**"), at the head of a group leader in the market of technologies for infrastructures (overhead, underground and railway networks) related to the transport of energy, data and materials (oil and derivatives, gas and water), ("**Tesmec Group**" or "**Group**") and of technologies in surface mining, convened today chaired by **Ambrogio Caccia Dominioni** and approved the guidelines of the 2020-2023 Business Plan (the "**2020-2023 guidelines**") and the share capital increase with rights issue.

Tesmec Group intends to consolidate its position as a solution provider in the construction, maintenance and efficiency of infrastructures related to the transport and distribution of energy, data and material, taking advantage through its businesses of the opportunities arising from the current trends of energy transition, digitalization and sustainability. The Plan envisages:

- continuing its strategy of business model evolution, developing and enhancing the management of a portfolio of businesses (segment Trencher, Railway and Energy, the latter divided into Stringing and Energy-Automation) operating in various geographical areas, with a focus on the areas where revenues are more foreseeable;
- promoting the evolution of the offer in its businesses, from product and service supplier to solution provider and system integrator, able to provide innovative and flexible solutions to its reference markets and, in particular, to the customers' needs in terms of sustainability and efficiency of processes, digitalization, automation and cybersecurity;
- completing and enhancing the investments made in the past few years, aimed at the consolidation of the most recent businesses (Rail and Energy-Automation), at the innovation and completion of the offer and product ranges of the different businesses, at the digitalization and automation of the products, at cybersecurity, at the

¹ The pro-forma results were prepared for illustrative purposes only, and were obtained by making appropriate pro-forma adjustments to the historical data to retroactively highlight the effects of the 4Service Group's transaction, as if this transaction had occurred on 1st January 2020, instead of on 23 April 2020. The pro-forma results therefore include the result of the 4Service Group on the half-year basis, instead of just the results achieved within the perimeter of the Tesmec Group from the date of first consolidation (April 23, 2020).

electrification of traction systems, and at the acquisition of assets (in particular, to maintain the trencher fleet for the rental business);

- promote an organizational context capable of improving the performance in terms of effectiveness (effective strategy execution), efficiency (profitability, cost savings, cash flow generation by all businesses) and, consequence, foreseeable results.

With regard to the strategic pillars of each business, the Group envisages:

- in the Energy business, growing in international markets and innovating its product range, both in terms of digitalization and sustainability ("green") and, with particular focus in the Energy-Automation segment, enhancing the role of system integrator, able to provide innovative solutions to complex projects, thanks to the favorable market trend;
- in the Trencher business, enhancing the role as a solution provider, through its presence in different markets (*Telecom&Fiber, Energy&Renewables, Surface mining, Construction&Utilities, Oil&Gas/Pipeline*) and through its technologies (e.g. Clean&Fast) capable of supporting customers' needs in the sectors of renewable energies, fiber installation and 5G;
- in the Railway business, pursuing the international growth strategy, leveraging on the know-how and certification achieved in the Italian market, to continue to invest in R&D for vehicles for the railway line diagnostic and for hybrid and full electric ("green") vehicles.

The Plan is fully self-financed, also considering the approx. Euro 50 million of financial long-term loans recently made available to the Group by the so-called "*Liquidity Decree*".

MAIN EXPECTED RESULTS IN THE 2020-2023 GUIDELINES²

2020-2023 guidelines envisage the achievement of the following targets by 2023:

o Revenues Euro 275 -290 million

- i. increase of the impact on revenues of the long-term order businesses (*Rental, Energy-Automation and Rail*)

o EBITDA Euro 53 - 58 million

- i. all businesses are expected to contribute to the increase in EBITDA, thanks to an increase in profitability and to a different mix of products and geographical areas

o NFP/EBITDA 1,5x not considering the proceeds arising from the share capital increase

and the following 2020 *forecasts*:

o pro-forma Revenues Euro 170 million (compared to pro-forma Euro 199,6 million as at 31 December 2019)

o pro-forma EBITDA Euro 22 - 24 million (compared to pro-forma Euro 30 million as at 31 December 2019)

o NFP approx. Euro 130 million (compared to pro-forma Euro 130,9 million as at 31 December 2019), 80% of which composed of medium/long term indebtedness, thanks to the loans recently made available to the Group by the so-called "*Liquidity Decree*".

SHARE CAPITAL INCREASE WITH RIGHTS ISSUE

² Considering the uncertainty linked to the spread of the COVID-19 virus and the impacts on the global economy, the targets set by the Management may be susceptible to changes. These targets are set in the assumption that the pandemic situation remains stable and / or better in Europe and that it does not get worse in other areas of the world, such as the United States and Latin America.



The Board of Directors resolved that the amount of the share capital increase with rights issue will be equal to a maximum of Euro 35 million (the "**Share Capital Increase with rights issue**") based on the proxy to increase the share capital given by the Extraordinary Shareholders' Meeting of Tesmec on 21 May 2020. A Board of Directors' meeting is expected in the coming weeks; on the agenda there will be the exercise of the aforementioned proxy for the established amount, so that the share capital increase will be presumably executed within the year. The subscription price of the new shares will be established, according to current market practices, close to the beginning of the offer period

As already anticipated, the Business Plan is fully self-financed, therefore the proceeds arising from the share capital increase will be used to strengthen the capital structure and to seize the additional growth opportunities in the reference markets of the Group's businesses. The proceeds arising from the share capital increase will be used to finance the following initiatives, that will provide, based on the expectations, an additional increase in revenues and profitability:

- in the Energy business
 - i. with regard to the Stringing segment, an increase in the market share in North America;
 - ii. with regard to the Energy-Automation segment, a growth in international markets where main customers operate;
- in the Trencher segment, a further development the rental business;
- in the Railway segment, a further strengthen in the diagnostic systems and R&D in the technological platforms for the maintenance of railway lines.

The majority shareholder of the Company, TTC S.r.l., owner directly and indirectly of a total share of 46.067%, is committed for himself and for the companies belonging to his group, to subscribe the share of his own due to the proposed Share Capital Increase.

The Company is assisted by Intermonte S.p.A. as placement agent for the Share Capital Increase with rights issue, by Partners S.p.A. for the Business Plan set up and by Chiomenti as legal advisor.

Conference Call

At 11:00 AM (CET) – 10:00 AM (BST) of tomorrow, Friday 4 September 2020, Ambrogio Caccia Dominioni, Chairman and CEO of Tesmec S.p.A., and the Top Management of the Company will present the guidelines of the 2020-2023 Business Plan to the financial community during a conference call.

To participate, you are kindly requested to call this number:

From Italy:	+39 02 805 88 11
From UK:	+ 44 121 281 8003
From Germany:	+49 69 255 11 4451
From France:	+33 170918703
From Switzerland:	+41 225954727
From USA:	+1 718 7058794

Disclaimer

This press release contains some forward looking statements that reflect the current opinion of the Tesmec Group management on future events and financial and operational results of the Company and of its subsidiaries, as well as other aspects of the Group's activities and strategies. These forward looking statements are based on current expectations and assessments of the Tesmec Group regarding future events, as well as on the Group's intentions and beliefs. Considering that these forward looking statements are subject to risk and uncertainty, the actual future results may considerably differ from what is indicated in the above forward looking statements as these differences may arise from several factors, many of which lie beyond the Tesmec Group's ability to accurately check and estimate them. Amongst these - including but not limited to - there are potential changes in the regulatory framework, future developments in the market, price fluctuations and other risks. Therefore, the reader is asked to not fully rely on the content of the forecasts provided as the final results could significantly differ from those contained in these forecasts for the reasons indicated above. They have been included only with reference up to the date of the above-mentioned press release. The prospective data are, in fact, forecasts or strategic targets established within the corporate planning. The Tesmec Group does not assume any obligation to publicly disclose updates or amendments of the forecasts included regarding events or future circumstances that occur after the date of the above-mentioned press release. The information contained in this press release is not meant to provide a thorough analysis and has not been independently verified by any third party. This press release does not constitute a recommendation for investment on the Company's financial instruments. Furthermore, this press release does not constitute an offer of sale or an invitation to purchase financial instruments issued by the Company or by its subsidiaries.

The manager responsible for the preparation of the corporate accounting documents, Marco Paredi, 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

Image Building - Media Relations

Alfredo Mele, Carlo Musa

Tel: +39 02 89011300

E-mail: tesmec@imagebuilding.it

This press release is also available on www.tesmec.com in the "Investors" section:

<http://investor.tesmec.com/Investors/Notices.aspx?lang=it-IT>

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 850 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 & West Africa, Australia, New Zealand, 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.