



Integrated Solutions Provider

2021.H1 Results Presentation



- 0. Tesmec Group at a glance
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- 3. Outlook
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0.

Tesmec Group at a glance

PURPOSE

Consolidate the position as a **solution provider** in the reference markets driven by the trends of **energy transition, digitalization, and sustainability**.

Vision

To be a technological **partner** in a changing world

Mission

To operate in the market of **infrastructure** for the transport of energy, data and material (oil and derivatives, gas, water).

Value proposition

To supply added-value **integrated solutions** for our customers

Strategy

- Innovation
- Integration
- Internationalization



**ENERGY AND DATA
TRANSPORT**

Tesmec Group at a glance



ENERGY - STRINGING



- Solutions for power lines construction & maintenance
- Advanced methodologies for automating jobsite
- Zero emissions machines

ENERGY - AUTOMATION



- Telecommunications solutions for HV Grids
- Grid Management: protection and metering solutions
- Advanced sensors for fault passage indication, protection and monitoring

70
YEARS
of experience

+900
PEOPLE

10
MANUFACTURING
PLANTS



+135
COUNTRIES
choose Tesmec

75%
EXPORT

RAILWAY



- Catenary lines construction & maintenance
- Diagnostic vehicles and systems
- Integrated platform for safe infrastructure

TRENCHER



- Telecom networks, FTTH & long distance, power cable installation
- Oil & Gas, Water pipelines
- Bulk excavation, Quarries & Surfaces mining

Energy Stringing



T&D POWER LINES

- SOLUTIONS FOR POWER LINES CONSTRUCTION & MAINTENANCE
- ADVANCED METHODOLOGIES FOR AUTOMATING JOBSITE
- ZERO EMISSIONS MACHINES

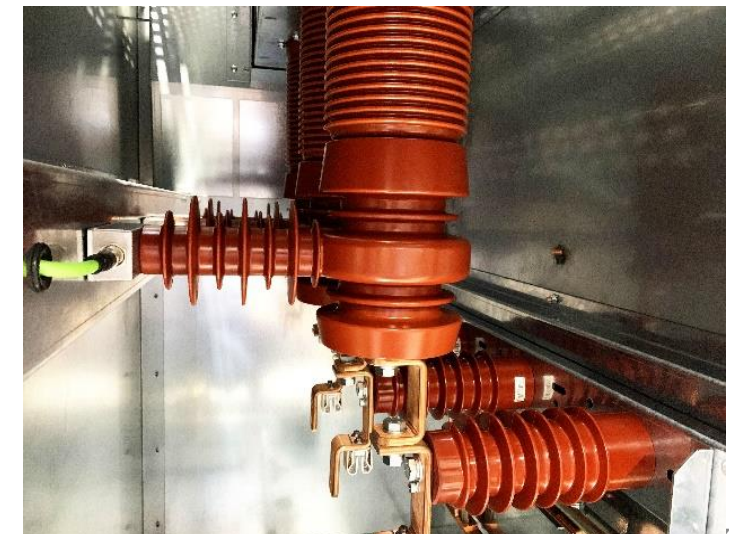
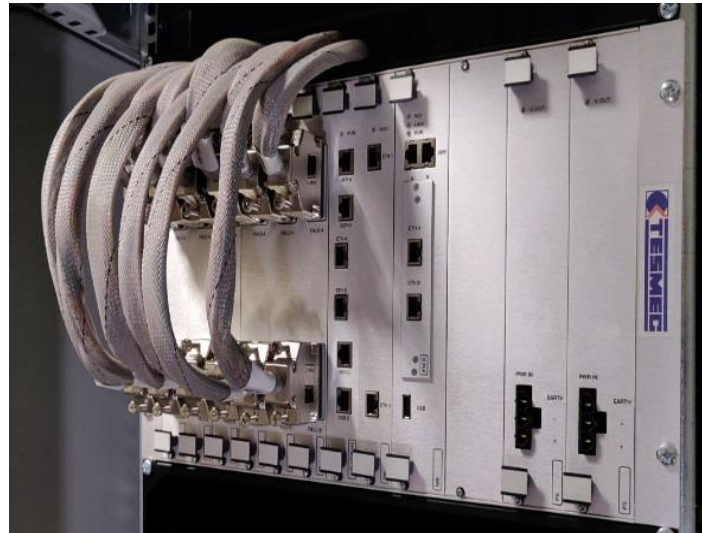


Energy Automation - Fields of application



SMART GRIDS

- PROTECTION & MONITORING
- REMOTE CONTROL
- SERVICE TELECOMMUNICATIONS
- SMART METERING



Trenchers - Fields of application



UNDERGROUND INFRASTRUCTURES

- TELECOM NETWORKS, FTTH & LONG DISTANCE
- POWER CABLE INSTALLATION & RENEWABLES ENERGIES
- BULK EXCAVATION, QUARRIES & SURFACES MINING
- OIL & GAS, WATER PIPELINES



Railway - Fields of application

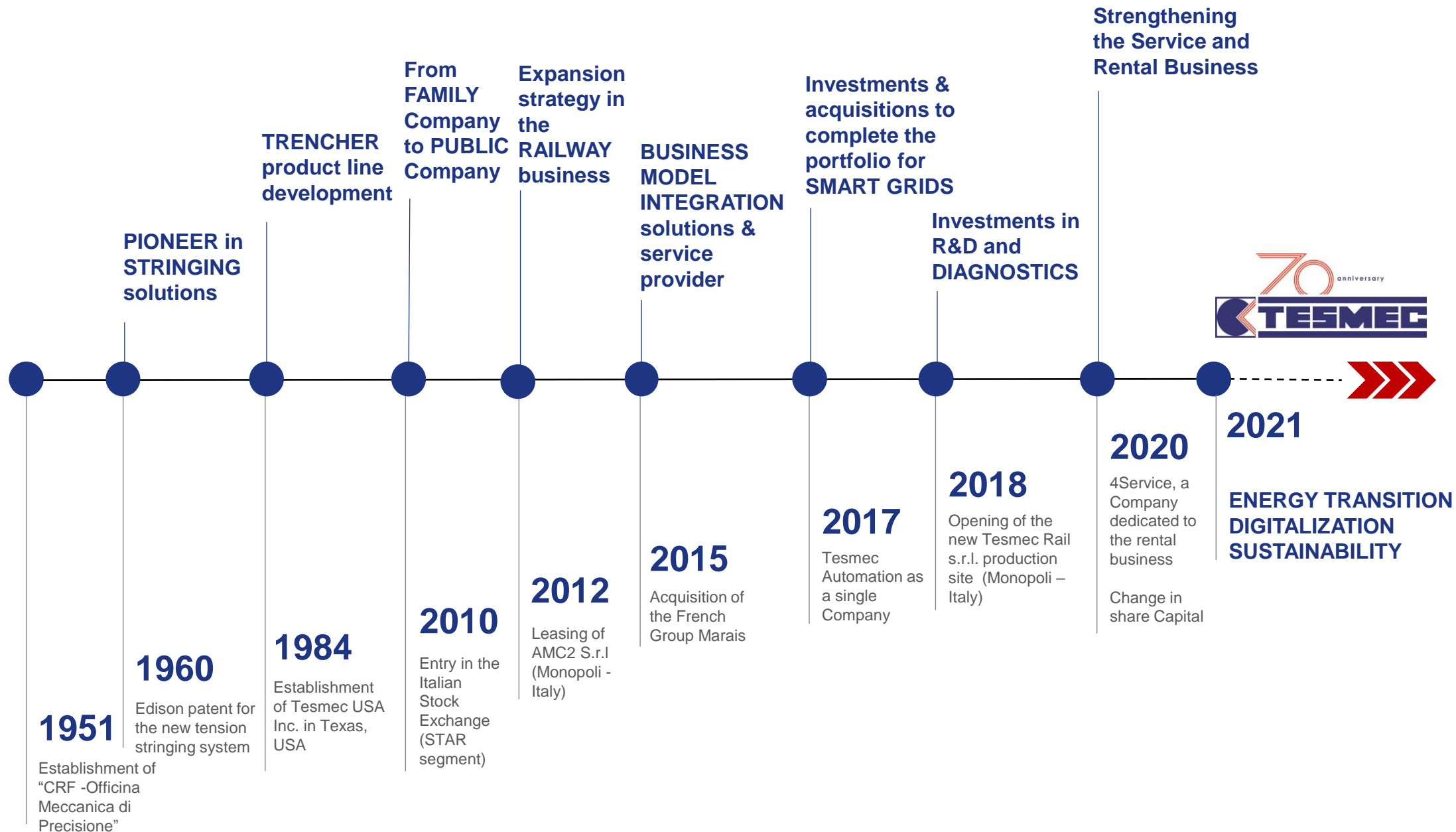


RAILWAY LINES

- CATENARY INSTALLATION
- MAINTENANCE OF RAILWAY LINES
- DIAGNOSTIC OF RAILWAY INFRASTRUCTURES
- SMART PLATFORMS FOR BIG DATA MANAGEMENT



History of Innovation



1.

Strategic overview

2010 - 2019

Equipment manufacturer

**Investment and
diversification phase**



2020-2023

THE NEXT DEVELOPMENTS

New Business Model

- **INTEGRATED SYSTEMS**
- **DIGITAL SOLUTIONS**
- **WIDE RANGE OF SERVICES**

**to meet customers' needs
to increase recurring revenue streams**

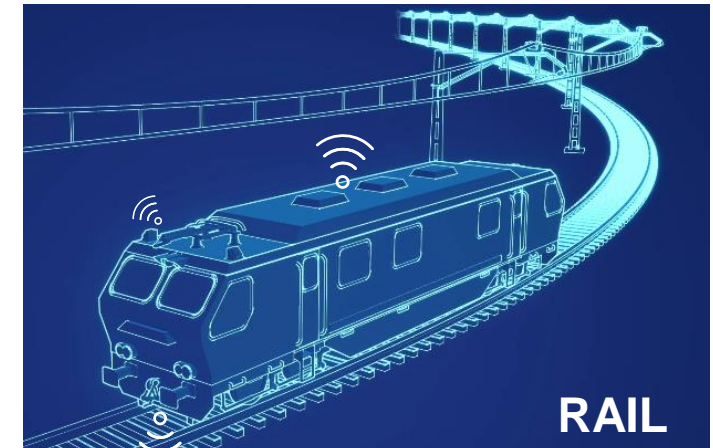
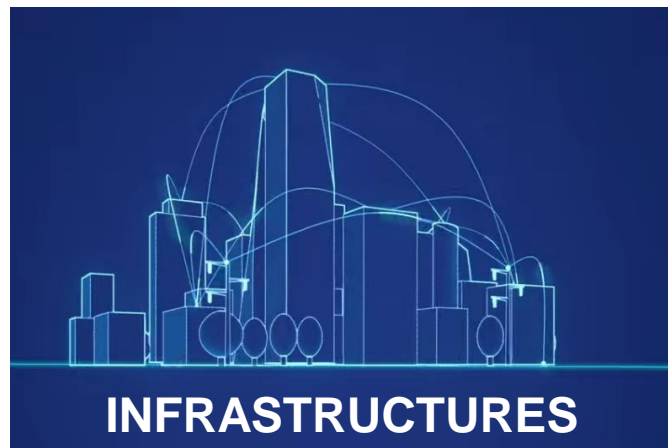
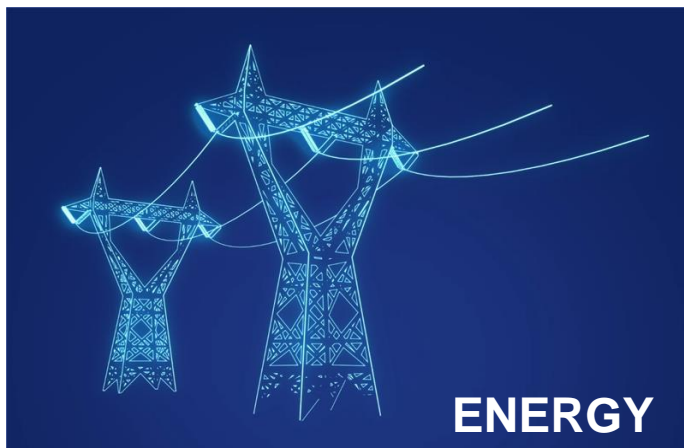




Strategic drivers

- **DIGITALIZATION:** Digital transformation leading to new solution portfolio and business models
- **SUSTAINABILITY:** Focus on green approach, electric/hybrid power units, renewables interconnection projects, zero-emission plans
- **ENERGY TRANSITION:** Global transformation of the energy sector (distributed generation, smart grids, renewables and more)

RIDING THE WAVE OF SUSTAINABLE & DIGITAL TECHNOLOGIES POSITIVE IMPACT OF STIMULUS PACKAGES ON TESMEC BUSINESS



Sustainability as key strategic driver

In progress the preparation of a Sustainability plan with the identification of commitments and goals



2.

2021.H1 Results

Market scenario

- **Growing** economy
- Push to new **investments** thanks to stimulus packages in developed Countries (Europe, USA), especially in market segments where Tesmec operates
- Increase of prices due to **inflation**
- Critical issues linked to travel blocks and **restrictions** in some Countries

2021.H1 Key Facts

TRENCHER

- More than + 150% growth in New Zealand vs 2020, increase of margins. Huge perspective in projects and recurring services
- Increase of the “green” turnover (renewable energies and telecom)

ENERGY

Energy Automation

- + 100% growth in turnover with great margins vs 2020
- Increase of business with hi-tech content (SAS..)

Stringing

- The most of business is generated by the new advanced 4.0 products

RAIL

- Delay in new orders intake but relevant opportunities linked to new technologies
- R&D focused on sustainable products

SUSTAINABILITY FOCUS

- **plastic less projects** to spread sustainability culture among employees
- **reduce** the **environmental impact** of activities
- strengthen the **relationship** with the **territory**



Plastic-free water for all employees, and distribution of stainless steel water bottles



Adhesion to RiVending project to support the circular economy of plastics



Promotion of sport & healthy events for team building in line with WHP (Workplace Health Promotion) program



183 trees planted in Kenya thanks to the Italian initiative "Tescmec Health Challenge", Healthy Virtuoso and Eden Reforestation Program

GROUP (€ mln)	2021.H1	2020.H1	Delta vs.20
REVENUES (1)	96,9	70,8	36,9%
EBITDA (2) (3)	13,7	8,2	68,1%
% on Revenues	14,2%	11,5%	
EBIT (4)	2,9	(1,6)	
% on Revenues	3,0%	-2,2%	
Differences in Exchange (5)	1,1	(1,0)	
% on Revenues	1,2%	-1,5%	
PROFIT (LOSS) BEFORE TAX	1,8	(5,3)	
% on Revenues	1,8%	-7,5%	
NET INCOME/(LOSS)	1,0	(3,9)	
% on Revenues	1,0%	-5,5%	

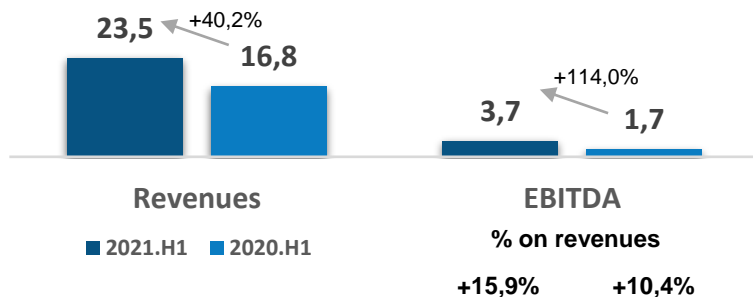
GROUP (€ mln)	2021.H1	2020.H1	Delta vs.20
NFP ante IFRS 16	96,8	119,2	18,8%
NFP post IFRS 16	118,5	143,0	17,1%

- (1) **Revenues: back to the sales** & growth thanks to the relaunch of activities in the strategic sectors in which the Group operates compared to 2020.H1 impacted by the spread of the Covid-19 pandemic. Revenues in line with 2019.H1 although impacted by the supply chain and logistic criticalities.
- (2) **EBITDA: positive impact** by the **TRS and Energy** performance, in particularly the Energy Automation Segment
- (3) **EBITDA: improve** thanks to **rental/project/services, recurring activities with high margin** and costs saving activities
- (4) **Impacted** by 4service's fleet depreciation
- (5) **The exchange differences are positive (USD & related currencies)**, compared to the 2020.H1 and the closing of 2020 and less then 2021.Q1.
- (6) **NFP increase** due to the **change in NWC**, necessary to support the growth expected in the second half of the year and to face tensions in the supplying and shipment activities and **delay** in some **cash-in** in the railways business.

2021.H1 Closing – Business Breakdown (€ mln)



Energy



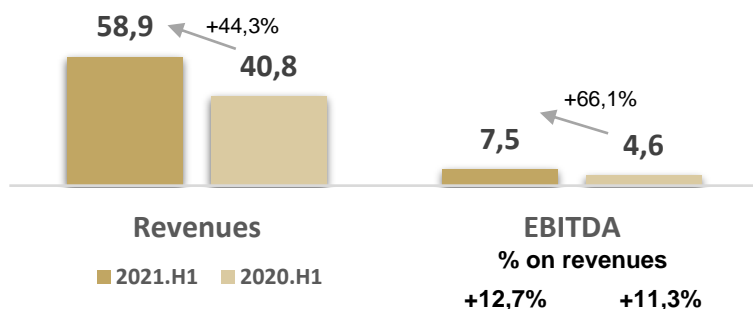
> **Rebound** compared to 2020.H1 (Covid impacted) and lead by the **Energy industry trend**

> **EBITDA:** impacted by **Energy Automation performance** and the improvement of the **Stringing segment** after years of product **range transition**

> The **confirmed order backlog** was **Euro 81,1 million** of which **Euro 61,2 million** from the **Energy Automation**



Trencher

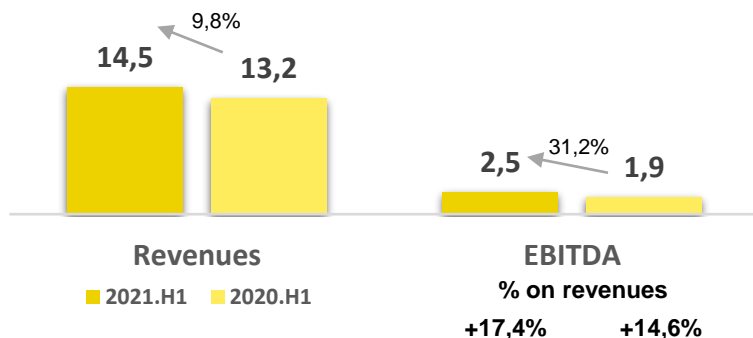


> **Back to the sales** but slowdown of the USA market and **delay** in the deliveries to due the supply chain worldwide critical situation (**freight cost, lead time & price variation** of the raw materials). Growth recorded in the energy sector and in the renewable energies sector, with an increase in the share of sustainable turnover.

> **Better % EBITDA** thanks to the **integration** of the **rental and services activities**



Rail

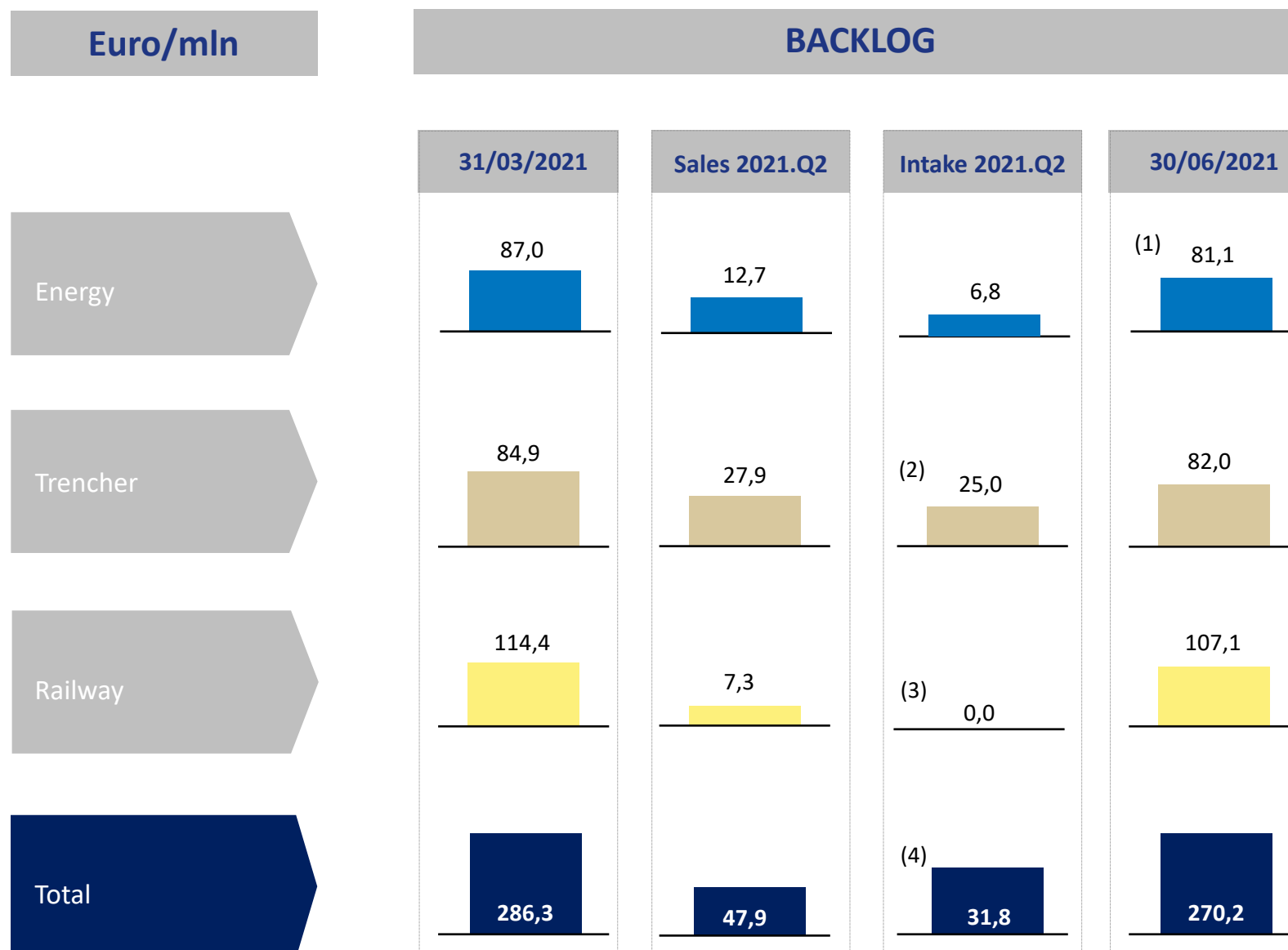


> The **confirmed order backlog** was **Euro 82,0 million**

> Less impacted by the lock down in the 2020.H1. The revenues are related to the medium-long term contracts

> **EBITDA: increased** respect the 2020.H1, achieved the same % level of the 2019.H1

> The **confirmed order backlog** was **Euro 107,1 million**, delays in the award of new contracts



Strong presence of the Group in strategic sectors with high potential related to the energy, digital and green transition

(1) Of which **Euro 61,2 million** by **Energy Automation** and new opportunities in hi-tech content business

(2) **Restart of the activities** in the **TRS Business** and the investments

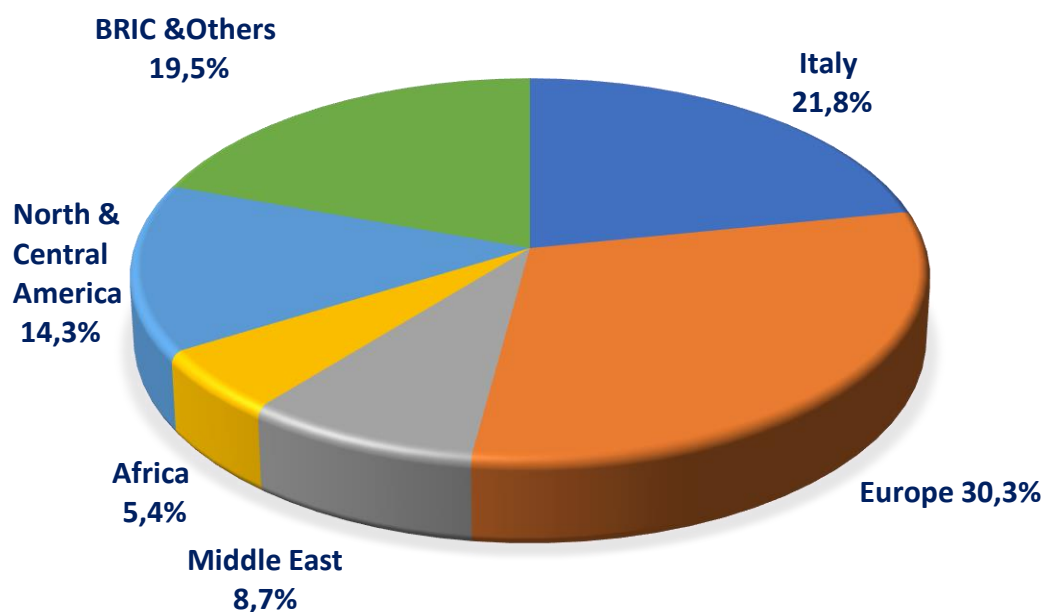
(3) Delay in the **tender acquisition** but the opportunities still higher than previous year

(4) Low backlog acquisition but increasing opportunities

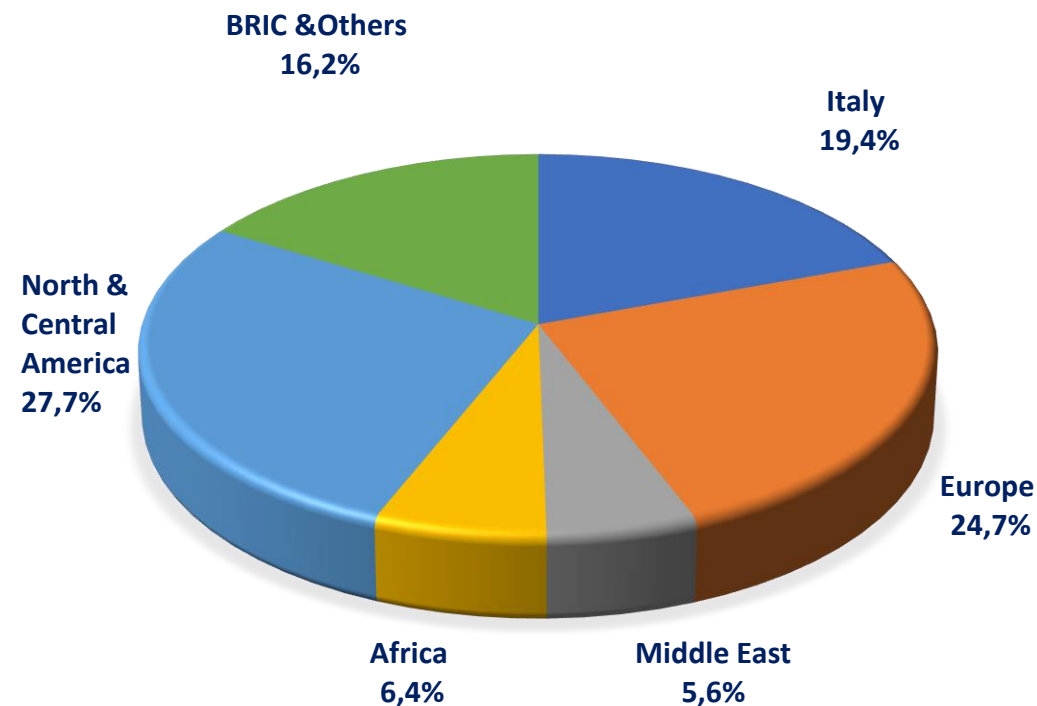
2021.H1 Revenues: sales spread over different geographical area



REVENUE BY GEOGRAPHY 2021



REVENUE BY GEOGRAPHY 2020

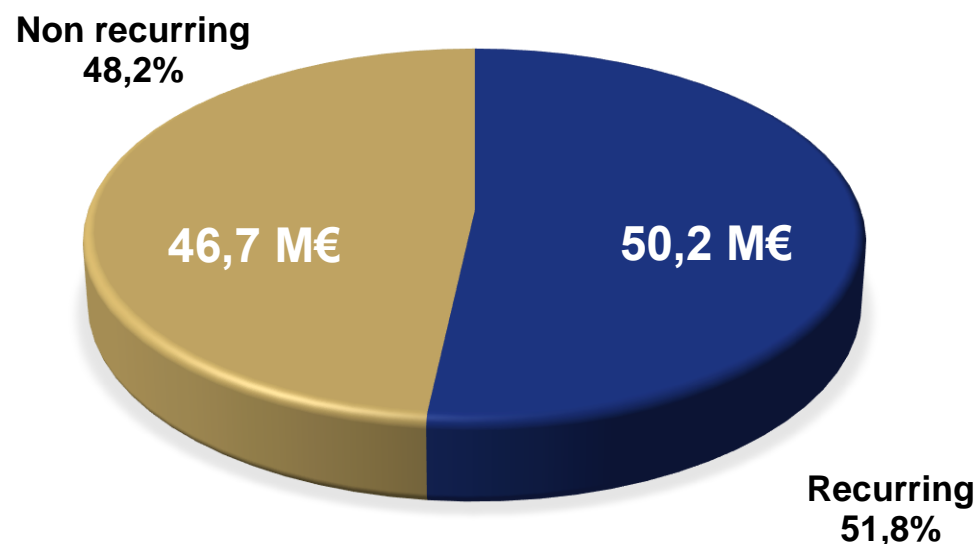


- **ITALY:** railway & energy automation impact
- **USA&EU:** trencher and railway impact
- **BRICS:** trencher and stringing impact

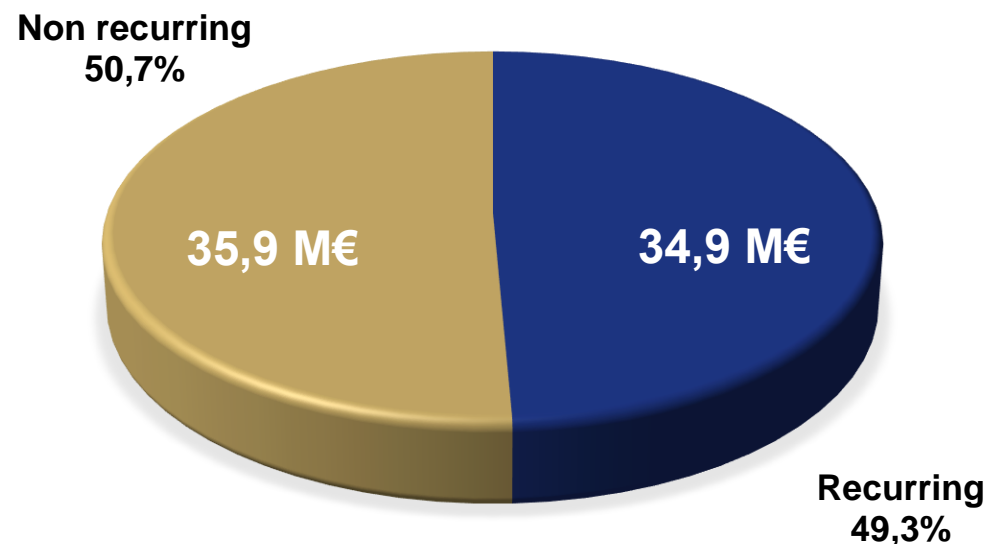
2021.H1 Revenues: recurring vs non recurring



REVENUES RECURRING VS NON
RECURRING 2021.H1

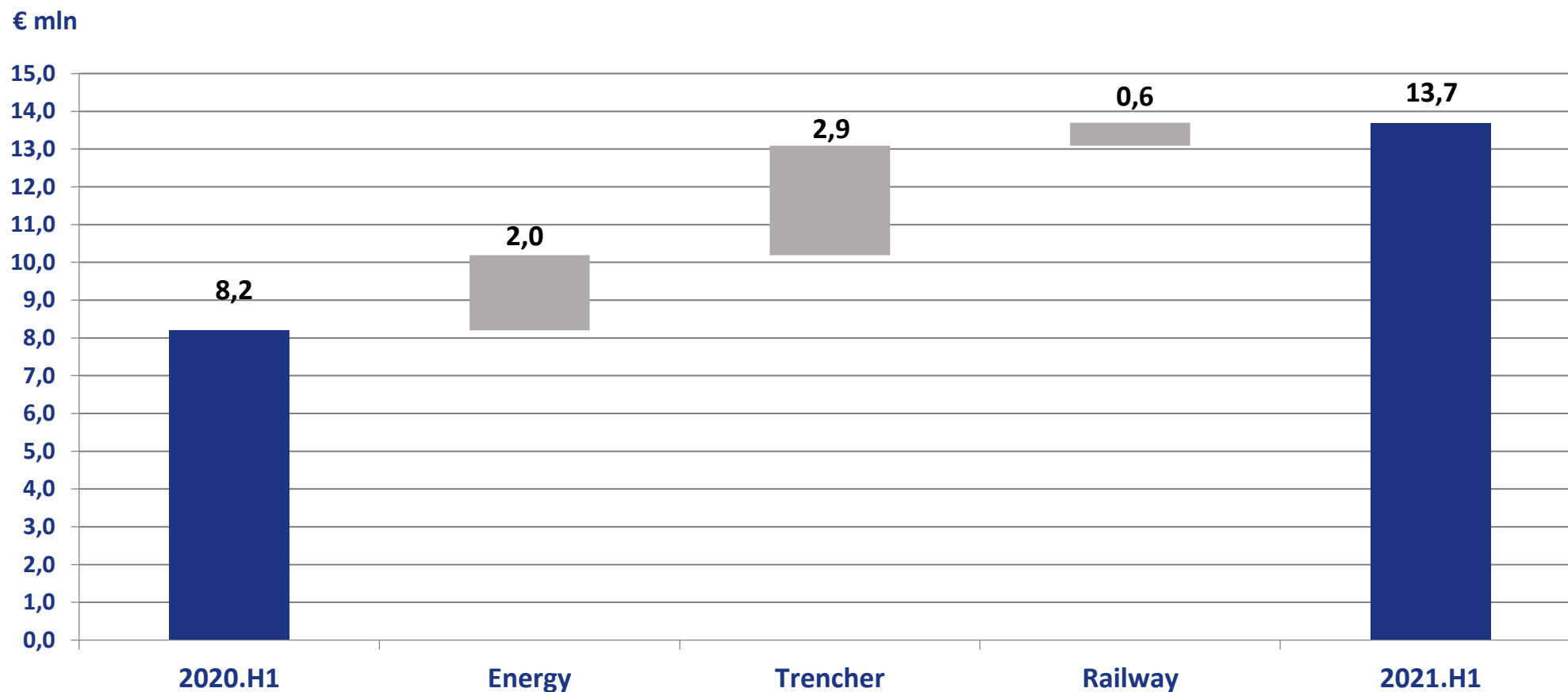


REVENUES RECURRING VS NON
RECURRING 2020.H1



- Recurring: Rental, Projects, Spare Parts, Services (maintenance, revamping & refurbishing, consulting & training), long term backlog (Automation & Rail)
- Non recurring: Sales of goods
- Confirmed recurring & back to sales after the impact of the covid-19 in the 2020.H1

2021.H1 EBITDA



2020.H1

Impacted by the increase of
TRS and Energy sales in the H1

2021.H1

2021.H1 Financial Results



Financial Information (€ mln)	2021.H1	2020
Net Working Capital	76,2	64,3
Non Current assets	78,9	76,7
Right of use - IFRS 16/IAS 17	21,2	22,8
Other Long Term assets/liabilities	13,6	10,0
Net Invested Capital	189,9	173,8
Net Financial Indebtness	96,9	82,3
Lease liability - IFRS 16/IAS 17	21,6	22,1
Equity	71,4	69,4
Total Sources of Financing	189,9	173,8

2020

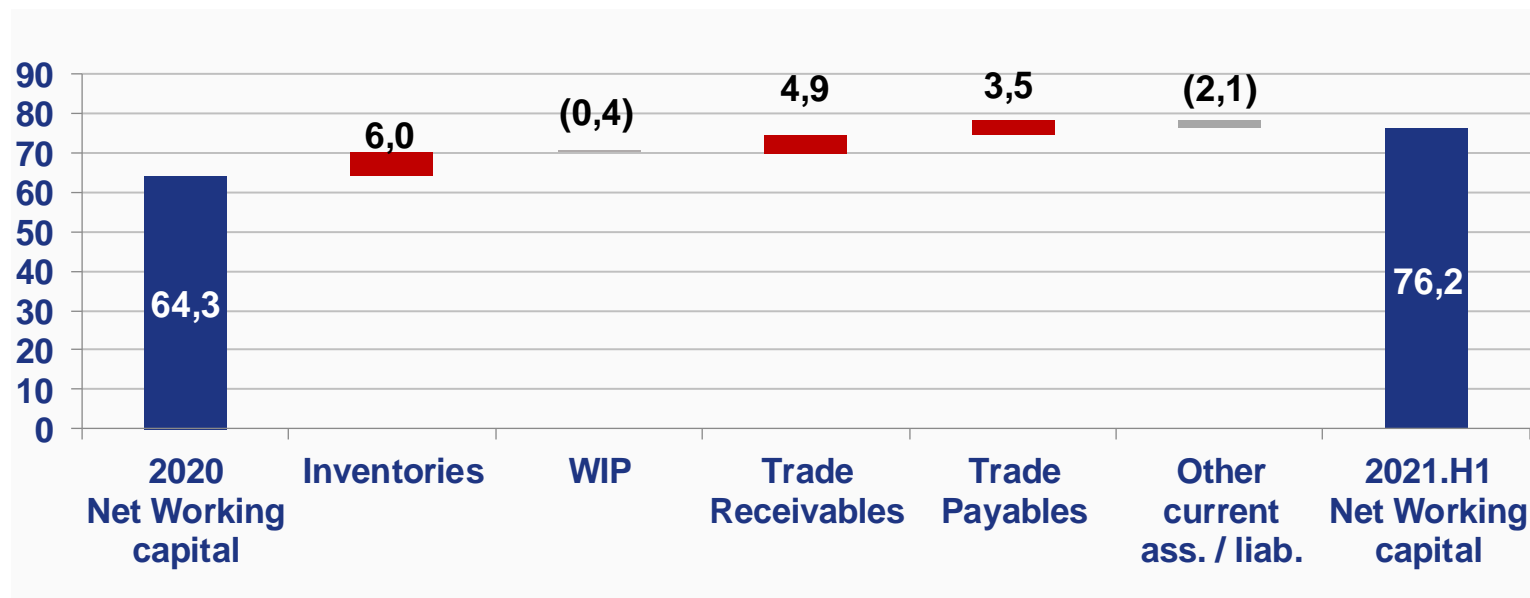
Increase of the NWC due to stock and receivables

2021.H1

2021.H1 Working Capital evolution



€ mln



€ Mln	2021.H1	2020.FY	2021.H1	2020.FY
Trade Receivables	65,3	60,4	121	126
Inventories	80,4	74,4	149	155
Work in progress contracts	10,8	11,2	20	23
Trade Payables	(57,9)	(61,4)	-108	-128
Other Current Assets/(Liabilities)	(22,4)	(20,3)	-42	-42
Net Working Capital	76,2	64,3		

2020
€ 64,3 mln

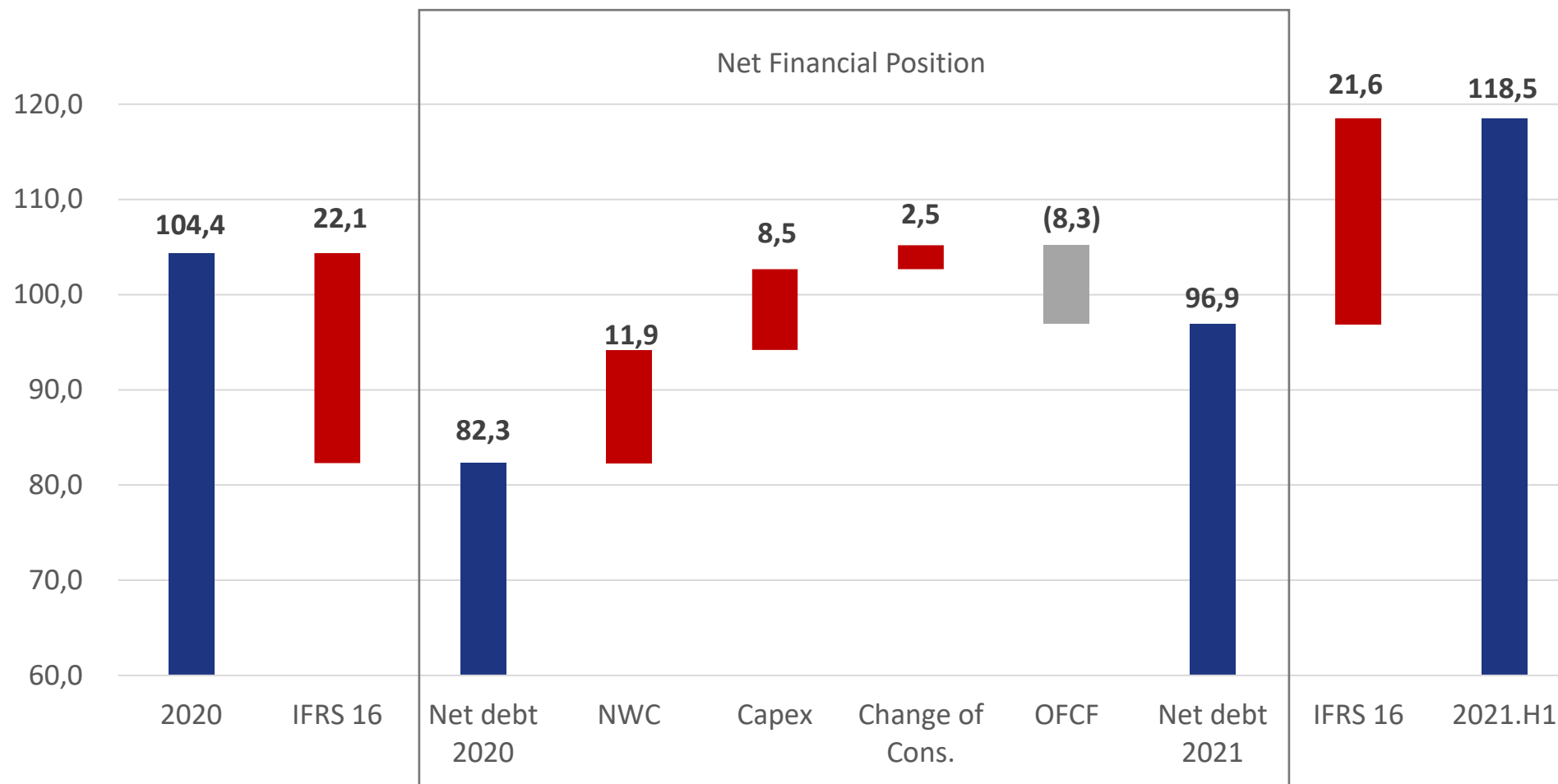
Increase of NWC to support the growth of the 2nd half, counterbalance the impact in the supplying and logistic tensions and perform the Railways projects

2021.H1
€ 76,2 mln

2021.H1 Net Financial Position Evolution



€ mln



2020

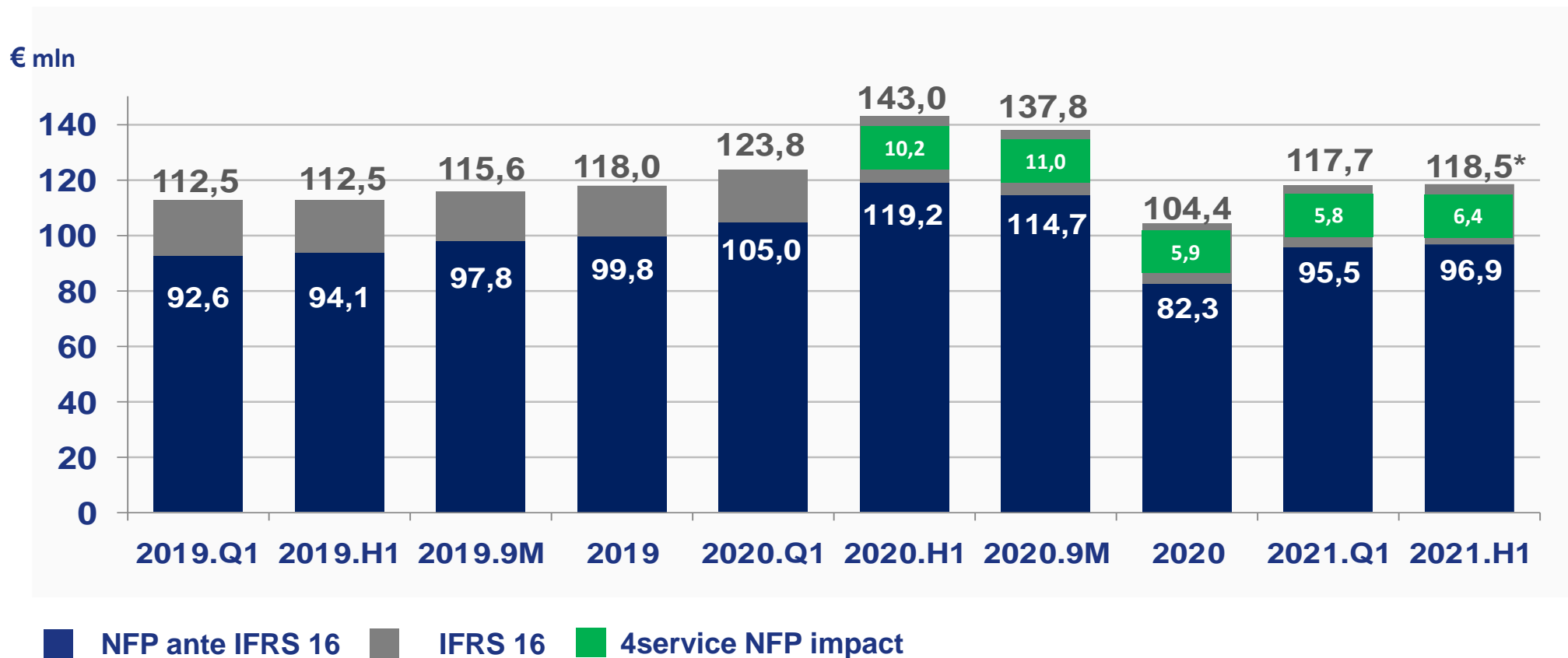
Impacted by the increase of NWC, mitigated by operating cash generation.
The capex is in line with the expectation. The 2,5 M€ of change of consolidation are related to the acquisition of 49% of Saudi Tesmec

2021.H1

2021.H1 Net Financial Position Evolution



NET FINANCIAL POSITION



* From 1st January 2019, the new IFRS 16 has been introduced, the impact in term of NFP is around 21,6 M€, otherwise the NFP would have been around 96,9. Since April 2020 the NFP included the financial debt from the acquisition of 4service around 6,4 M€ at 30 June 2021.

3.

Outlook

MACRO ECONOMIC SCENARIO

- Positive impact of **recovery plans** on reference markets of the Group:
 - **ITALY**: strong push to business thanks to incentives, especially in Southern Italy
 - **EUROPE**: important stimulus packages to boost the recovery
 - **USA**: focus on Clean Energy and big high speed railway projects
- Momentum of economic recovery, stimulus to the **vitality of market**, booming of specific geographic areas
- **Inflation** speed up
 - Increase of raw materials & commodities costs and freight & logistic costs
 - Shortage of materials & longer delivery time
- Stronger **foreign currencies** (USD..) and stable **interest rates**

KEY POINTS

- **Strategic positioning** in key and growing sectors: telecommunication, smart grids, renewable energy, mining, railway
- Expected positive outlook driven by **"Green Deal"** on key markets such as US, Western Europe & Australia

SMART GRID market
CAGR **11.8%** (2020-2025)



WORLD RAILWAY market
CAGR **2.3%** (2020-2025)

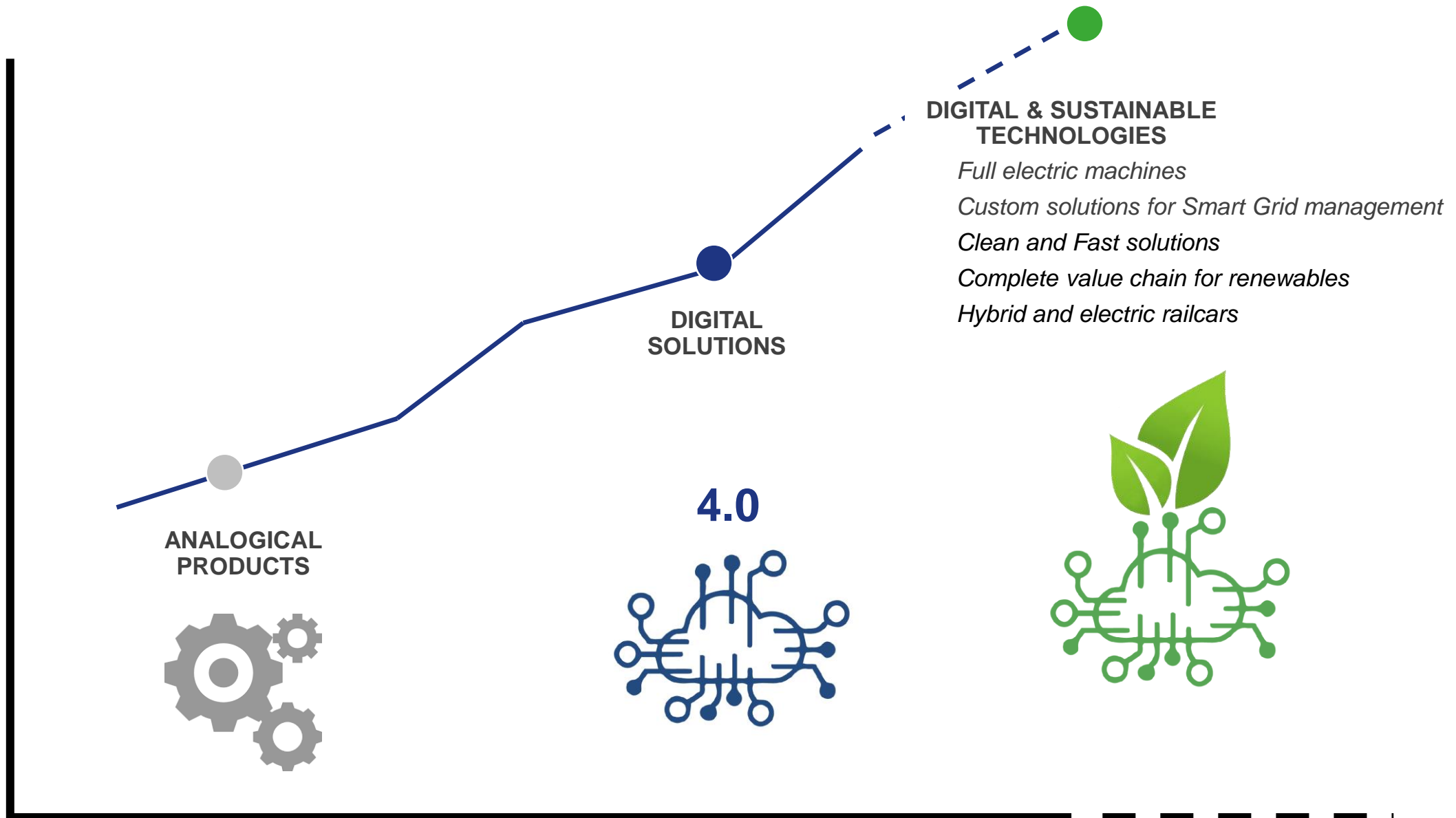


TELECOM market
CAGR **5%** (2020-2025)



RENEWABLE ENERGY market
CAGR **6.1%** (2018-2025)





**MAIN
ACTIONS
to support
the growth**

Strong growth perspective based on high **visibility of backlog** for Energy and Rail activities

Focus on **recurring revenues** through different rental options, specialistic advisory and after sales services

Profitability improvement coming from product mix and economies of scale

Portfolio **rationalization** & industrial planning for **stock reduction**

1-3Q: possible increase of **working capital** to face the supply chain issue of the post-COVID situation. 4Q: normalization expected

Higher efficiency thanks to the go-live of the new ERP system

2020-2023 Business Plan guidelines - Confirmed



	2019 _{pf}	2020 _{pf}	2021	2023
TURNOVER	199.6 M€	172.8 M€	<p>~ 220 M€</p> <ul style="list-style-type: none"> >> Significant performance of the Energy Automation segment; Stringing segment back to historical performances >> Focus on recurring revenues (rental & services) >> Growth in each business line 	<p>275 ~ 290 M€</p> <p>cagr₁₉₋₂₃: 8.5%~10.0%</p>
EBITDA	30,0 M€	22,9 M€	<p>>16%</p> <ul style="list-style-type: none"> >> Better mix of products & systems, premium price policy, impact of new high margin activities such as rental and hi-tech solutions >> Rationalization and standardization of the products portfolio >> Broadly stable fixed costs 	<p>53 ~ 58 M€</p> <p>cagr₁₉₋₂₃: 17.0%~18.0%</p>
NFP	130,0 M€	104,4 M€	<p>improvement</p> <ul style="list-style-type: none"> >> Net working capital improvement and efficiency actions on inventory >> Optimization of credit management policies >> 2020-2023: Cumulated Capex in 4 years 60M€, progressive reduction to 5% of the CAPEX/Revenues 	<p>improvement</p>

4.

ANNEX

Summary 2021.H1 Profit & Loss statement - Appendix A



Profit & Loss Account (Euro mln)	2021.H1	2020.H1	Delta vs 2020	Delta %
Net Revenues	96,9	70,8	26,1	36,9%
Raw materials costs (-)	(39,4)	(28,0)	(11,4)	40,7%
Cost for services (-)	(16,7)	(13,4)	(3,3)	24,7%
Personnel Costs (-)	(27,3)	(23,3)	(4,0)	17,3%
Other operating revenues/costs (+/-)	(2,6)	(0,9)	(1,7)	174,0%
Non recurring revenues/costs (+/-)	-	-	0,0	na
Portion of gain/(losses) from equity investments evaluated using the equity method	(0,3)	0,1	(0,4)	-400,0%
Capitalized R&D expenses	3,1	2,9	0,2	8,7%
Total operating costs	(83,2)	(62,6)	(20,5)	32,8%
<i>% on Net Revenues</i>	<i>(85,8%)</i>	<i>(88,5%)</i>		
EBITDA	13,7	8,2	5,6	68,1%
<i>% on Net Revenues</i>	<i>14,2%</i>	<i>11,5%</i>		
Depreciation, amortization (-)	(10,8)	(9,7)	(1,1)	11,1%
EBIT	2,9	(1,6)	4,5	-288,2%
<i>% on Net Revenues</i>	<i>3,0%</i>	<i>-2,2%</i>		
Net Financial Income/Expenses (+/-)	(1,1)	(3,7)	2,6	-69,9%
Taxes (-)	(0,8)	1,4	(2,2)	-157,8%
Minorities	(0,0)	(0,0)	(0,0)	
Group Net Income (Loss)	1,0	(3,9)	4,9	n/a
<i>% on Net Revenues</i>	<i>1,0%</i>	<i>-5,5%</i>		

Summary 2021.H1.FY Balance Sheet - Appendix B



Balance Sheet (€ mln)	2021.H1	2020
Inventory	80,4	74,4
Work in progress contracts	10,8	11,2
Accounts receivable	65,3	60,4
Accounts payable (-)	(57,9)	(61,4)
Op. working capital	98,6	84,6
Other current assets (liabilities)	(22,4)	(20,3)
Net working capital	76,2	64,3
Tangible assets	48,9	49,8
Right of use - IFRS 16/IAS 17	21,2	22,8
Intangible assets	26,0	22,5
Financial assets	4,0	4,4
Fixed assets	100,1	99,5
Net long term liabilities	13,6	10,0
Net invested capital	189,9	173,8
Cash & near cash items (-)	(39,7)	(70,4)
Short term financial assets (-)	(14,4)	(13,8)
Lease liability - IFRS 16/IAS 17	21,6	22,1
Short term borrowing	65,2	85,8
Medium-long term borrowing	85,8	80,7
Net financial position	118,5	104,4
Equity	71,4	69,4
Funds	189,9	173,8

Notes

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).

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

Disclaimer

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.

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.



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