



Integrated Solutions Provider

2023.H1 Results Presentation

TESMEC

- 0. Tesmec Group at a glance
- 1. Key Market trends & Corporate strategy
- 2. 2023.H1 Business highlights & Results
- 3. Outlook
- 4. ANNEX

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**

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

4th August 2023

70
YEARS
of experience

+1,000
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



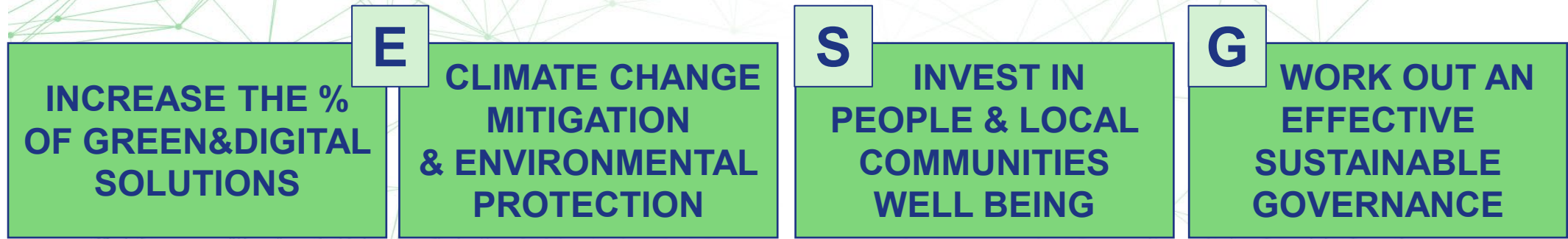
- Telecom networks, FTTH & long distance, power cable installation
- Oil & Gas, Water pipelines
- Bulk excavation, Quarries & Surfaces mining

1. Key Market trends & Corporate strategy

Sustainable Development Goals



STRATEGIC GUIDELINES



ACTIONS TO BE PERFORMED

Give priority to sustainable innovation and meet the Technical screening criteria of the EU Taxonomy

Calculate the environmental impact of the organization and implement actions to reduce it

Follow up on the several ongoing initiatives both for employees and for stakeholders

Strengthen the organization's governance around sustainability challenges and opportunities

Set and integrate ESG criteria in the business plan

Commitment to this target

Increase engagement in sustainability practices

Making every department accountable to sustainability

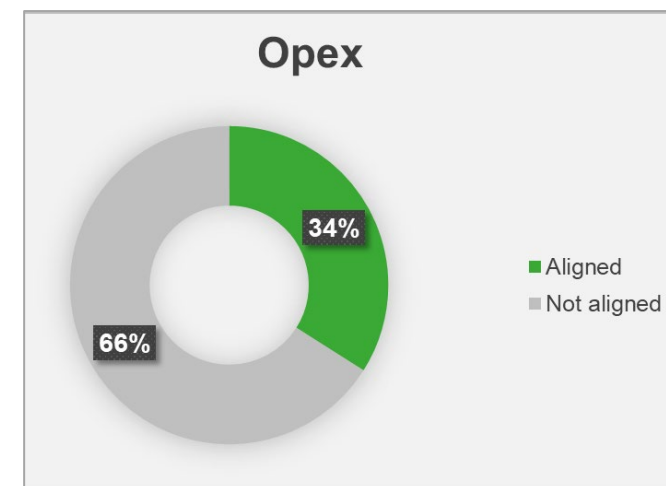
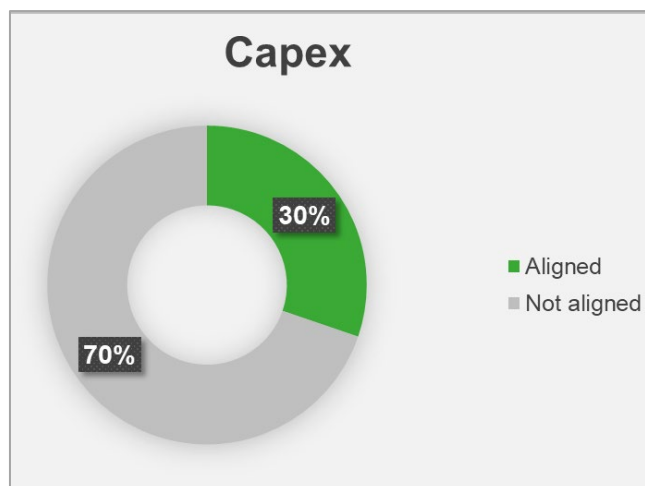
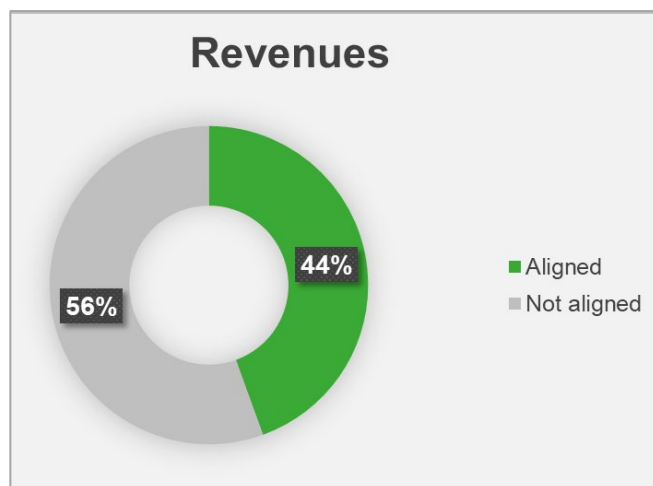
PRIORITY TOPICS	TASKS (in progress or delivered)
Ethic and sustainable governance	<ul style="list-style-type: none">▪ The corporate risk management activity represents a key element of the decision-making process, including also ESG aspects▪ Strengthen of the sustainability team in order to properly face the increasing opportunities
Green & digital solutions	<ul style="list-style-type: none">▪ Sizing the businesses that are associated with environmentally sustainable economic activities in compliance with the European Taxonomy Regulation. Disclosure of the proportion of turnover, capital expenditures (capex) and operational expenditures (opex) that are aligned for the Taxonomy.▪ Priority to sustainable innovation, green and safe technologies
Climate Change and environmental protection	<ul style="list-style-type: none">▪ Sharing with the supply chain the commitment in the field of ESG▪ Actions to correctly manage the use of resources, promoting the reduction of direct and indirect environmental impacts
Development of local communities and areas, enhancement and protection of people	<ul style="list-style-type: none">▪ Several initiatives in the field of the WHP Project (Workplace Health Promotion)▪ Charity initiatives for local communities and non-profit organizations▪ Continuous training program for the development of skills and competences and professional growth of employees

TESMEC economic activities are eligible according the **ANNEX I – Climate change mitigation**:

- 3.Manufacturing
 - 3.1 - Manufacture of renewable energy technologies
 - 3.3 - Manufacture of low carbon technologies for transport
 - 3.6 - Manufacture of other low carbon technologies

In 2022 the reported aligned KPI must respect the **NEW screening criteria**:

- Make a substantial contribution to one or more of the taxonomy environmental objectives
- Fulfil the technical screening criteria for each economic activity
- Respect DNSH principle - do no significant harm to the remaining taxonomy objectives
- Meet minimum social safeguards



▶ Strong commitment to increase the share of aligned KPI with the strategic development in the coming years

2022 is the first year of application of the alignment requirement of the European Taxonomy Regulation. For this reason, the findings are based on currently available information, which may be subject to future revisions also based on the evolution of the legislation.

The share of "taxonomy-aligned" Revenues, Capex and Opex in line with the provisions of Regulation (EU) 2020/852 is out of scope of the limited assurance engagement on the Consolidated Non-Financial Statements of the engaged auditor.

KEY FACTS

- **Drawing the way forward: launch of the new Corporate visual identity and design of a new factory concept**
- **Valorization of corporate culture and local communities through “BergamoBrescia 2023” initiatives and corporate volunteering**



TESMEC
draw the way forward

Launch of new corporate identity: a renewed logo to best reflect the group's mission, based on technological innovation and sustainability

**Siamo
Capitale**
Italiana
della Cultura
2023



Valorization of corporate culture and territory values by taking part to a list of events and initiatives related to «Bergamo Brescia 2023»

 **BERGAMO
BRESCIA**



Towards a new factory concept: reshaping spatial and functional organization of processes and workplaces



Launch of new corporate volunteering initiatives and projects among the Italian companies of the Group

KEY FACTS

- **Closure of important deals in Saudi Arabia**
- **Launch of the brand new 1875 EVO and 400 MCT**
- **Presence at international events (Mining indaba, Conexpo, Samoter)**
- **Strengthening service activities through digitalization of solutions**



Tesmec is strengthening its local presence in Middle East (Saudi and Peninsula). Important deals in Saudi Arabia have been closed.



Launch of the new 1875 EVO, the largest trencher designed for pipelines projects, and the new 400 MCT to serve multiple applications, from the fiber optic to the energy cables industry.



Tesmec attended to:

- Investing in African Mining Indaba, Cape Town, February 5-8, 2023;
- Conexpo, Las Vegas, March 14-18, 2023;
- Samoter, Verona, May 3 – 7, 2023;



Strengthening of service activities through the continuous development of new digital solutions for the remote control and assistance of trenchers worldwide.

KEY FACTS

- **Positive feedbacks from markets on new projects and full electric product range**
- **Investments on smart technologies oriented to improve new jobsite methodologies and after-sales services**
- **New design for blocks for production process simplification and harmonization between models**



First successful demo presentation about the brand-new helicopter tensioner (CVR251) introduced to the key players of the French market.



Positive trend for the green portfolio in North Europe, with increasing sales results on PE models (equipped with full electric engines).



Stakeholders involved in key projects, such as a complete after-sales suite that includes many services (monitoring, predictive maintenance, etc).



Leading host of an event to set a common strategy with the Italian TSO and its main contractors for a safer innovative jobsite.

KEY FACTS

- **Relevant opportunities driven by new tender publications and public investments**
- **Positive effects on quarter results thanks to new products market penetration**
- **Continuous development of substation automation projects with growing chances in technological niches**



Important tenders' awarding and additional opportunities thanks new tenders linked to the PNRR investments.



Successful penetration of renewables power generation market with new dedicated product (CCI) and related business model.



New technological partnerships set at international level. Business development activities abroad on strategic markets gain first positive results.



Effective participation in Cired 2023 (Rome), the international conference symposium and exhibition focused on electrical distribution.

KEY FACTS

- **Growing Internationalization of the Business:**
- **“Green & digital” innovation to guarantee a safe, efficient and sustainable railway infrastructure:**
 - > **Sustainable vehicles (bimodal & full electric)** with zero environmental impacts
 - > **Artificial Intelligence** applied to integrated diagnostic solutions for big data management



Italy, RFI presented the FALCO NEXT-GENERATION DIAGNOSTIC VEHICLE

The digital innovation is represented by the AI applied to diagnostic vision systems to identify and validate defects on railway infrastructure for more safety of the network.



ELECTRIC TRANSITION, Collaboration with ŠKODA GROUP - Vehicles with Škoda electrically-powered traction solutions: innovative & green offer to respond to the request generated by the investments according to the National Recovery & Resilience Plan.

Industrial and organizational strengthening of the premise in Monopoli

Tesmec Rail R&D center for the design of low and zero emissions solutions and the development of advanced diagnostic systems and integrated solutions for the management of Big Data.

Award of Tender for services for a total value of € 22,9 mln

Maintenance and engineering services, as well as use and maintenance training for Tesmec multipurpose maintenance vehicles.

SUSTAINABILITY PERFORMANCE

Tesmec Rail achieved the GOLD MEDAL from the worldwide platform EcoVadis. This "GOLD" rating reflects the commitment and the passion of Tesmec in driving a sustainable business strategy that takes care of people & environment wellness.



2. 2023.H1 Business highlights & Results

GROUP (€ mln)	2023.H1	2022.H1	Delta vs.22
REVENUES (1)	125,3	113,3	+10,6%
EBITDA (2)	15,2	18,7	-18,9%
% on Revenues (2)	12,1%	16,5%	
EBIT	3,7	8,0	
% on Revenues	3,0%	7,1%	
Net financial charges (3)	(5,1)	(1,9)	
Differences in Exchange (3)	(2,0)	5,3	
PROFIT (LOSS) BEFORE TAX	(3,4)	11,4	
% on Revenues	-2,7%	10,1%	
NET INCOME/(LOSS)	(2,6)	7,9	
% on Revenues	-2,1%	7,0%	
GROUP (€ mln)	Jun.31, 2023	Dec.31, 2022	Delta vs.22
NFP ante IFRS 16 (4)	127,5	104,3	+22,3%
NFP post IFRS 16 (4)	150,3	128,4	+17,1%

- (1) **Revenues: 10,6% increase** mainly thanks to **Energy** segments and **Rail** segment
- (2) **EBITDA:** affected by different mix yielding lower margins, non recurring costs and the strengthening of the organizational structure needed to support the Group growth
- (3) Negative contribution from **ForEx** (mostly unrealized) against positive effect in 2022, with **increased** financial charges due to higher rates / NWC
- (4) **NFP increasing** by 22 €M vs. Dec.31, mostly due to higher **NWC** (ref. 16 €M higher inventories vis-à-vis expectations of growing sales along the year)

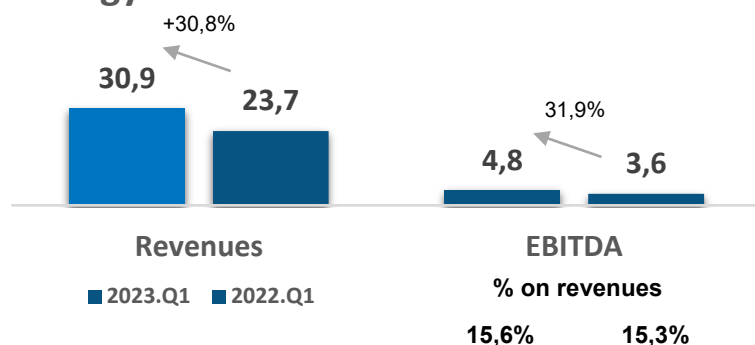
Memo: Confirmation of 2023 full-year outlook.

2023.H1 Closing – Business Breakdown (€ mln)

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Energy



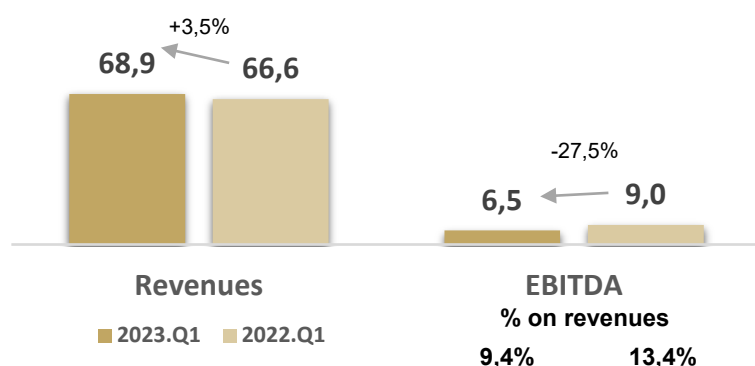
> Revenues **growing** by 30% compared to 2022.H1, thanks both to Stringing and Automation segment, within perspectives of solid **Energy industry mid-term growth**

> **EBITDA: 32% increase** thanks to improved mix and efficiencies especially on the supply chain

> **Backlog at Euro 120 million**, of which **Euro 98 million** for **Energy Automation**



Trencher



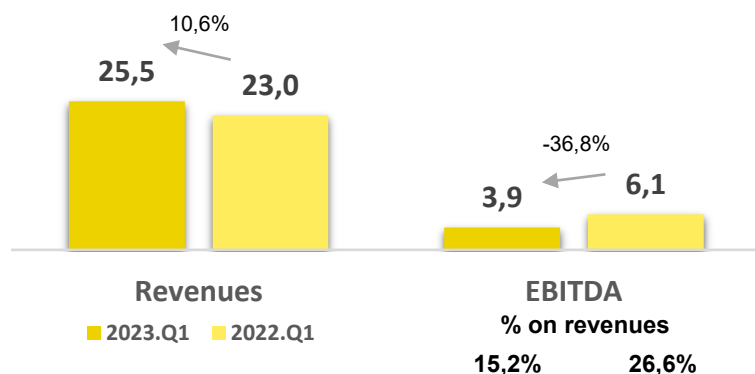
> Revenues **growing** by 3,5% compared to 2022.H1, thanks to higher sales mainly in the Middle-East markets

> **EBITDA: 27,5% decrease** despite higher sales due to non-recurring charges, and investment in strengthening the organizational structure of commercial and business development teams.

> **Backlog at Euro 82.8 million**



Rail



> Revenues **growing** by 10% compared to 2022.H1, due to progressive start-up of new contracts

> **EBITDA: lower contribution** vs. past half due to different mix while progressively shifting to newly acquired job-orders and non-recurring charges.

> **Backlog reached Euro 226 million**



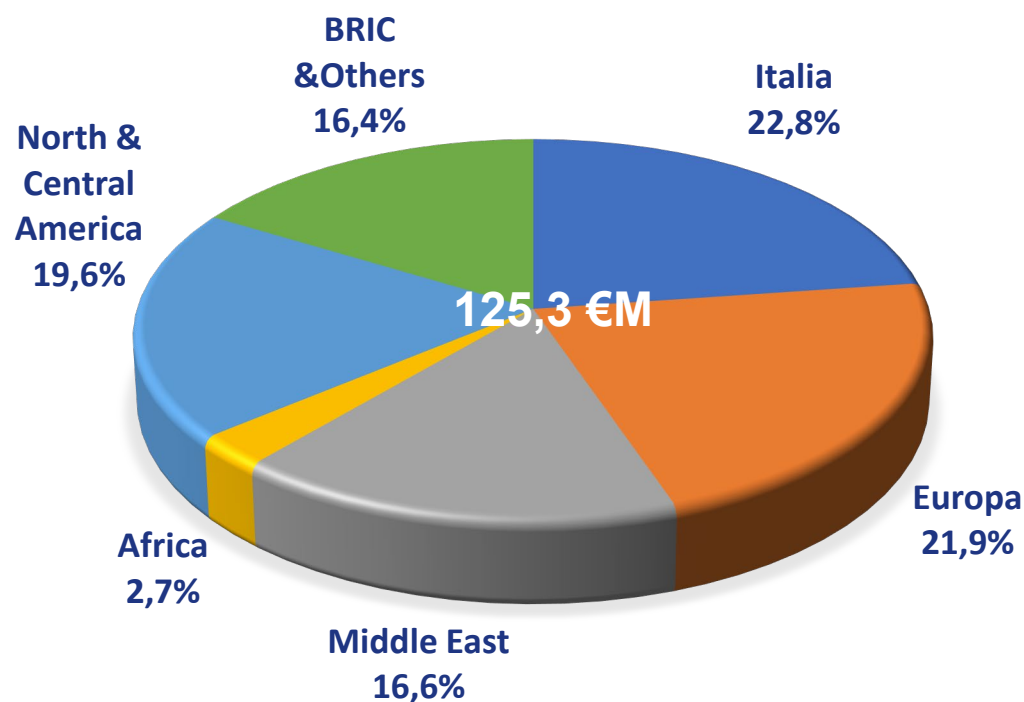
(1) Of which Euro 98,0 million for Energy Automation and new opportunities in hi-tech content business

(2) Long term backlog in Automation and Rail segments

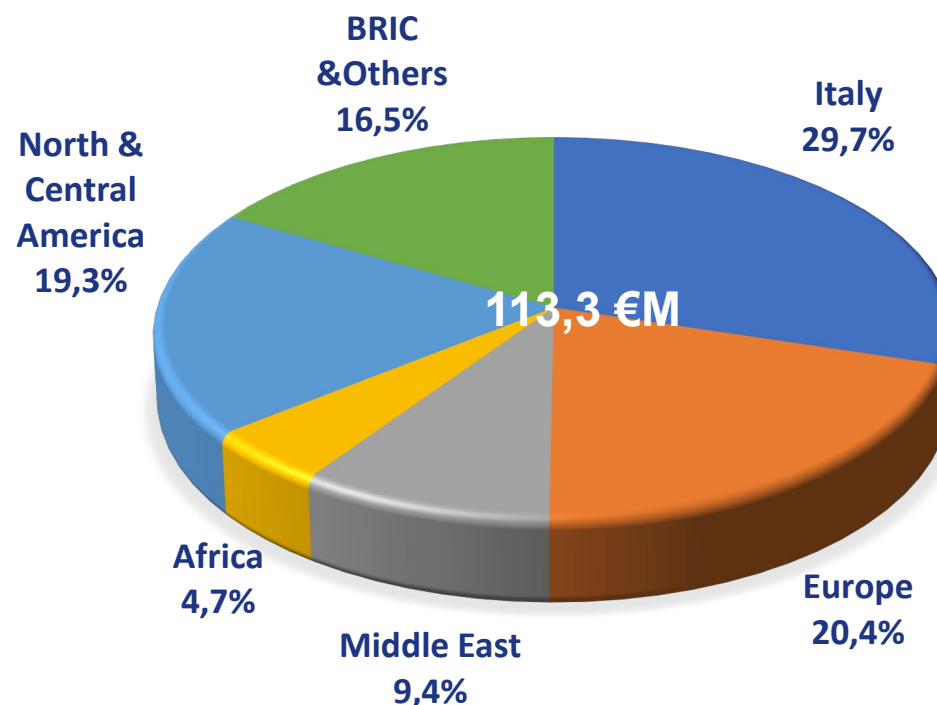
2023.H1 Revenues: sales spread over different geographical area

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REVENUE BY GEOGRAPHY 2023.H1



REVENUE BY GEOGRAPHY 2022.H1



➤ **ITALY:** railway, trencher & energy automation impact

➤ **USA&EU:** trencher impact

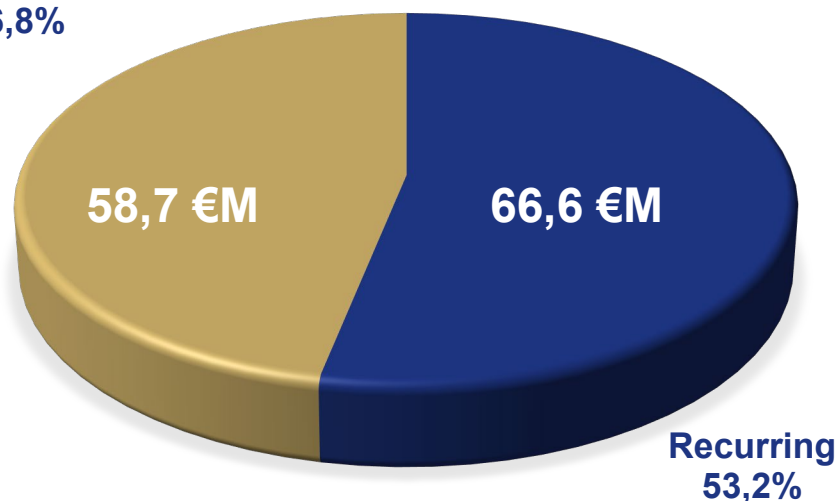
➤ **BRICS:** trencher and stringing impact

2023.H1 Revenues: Increased “recurring” vs “non-recurring”

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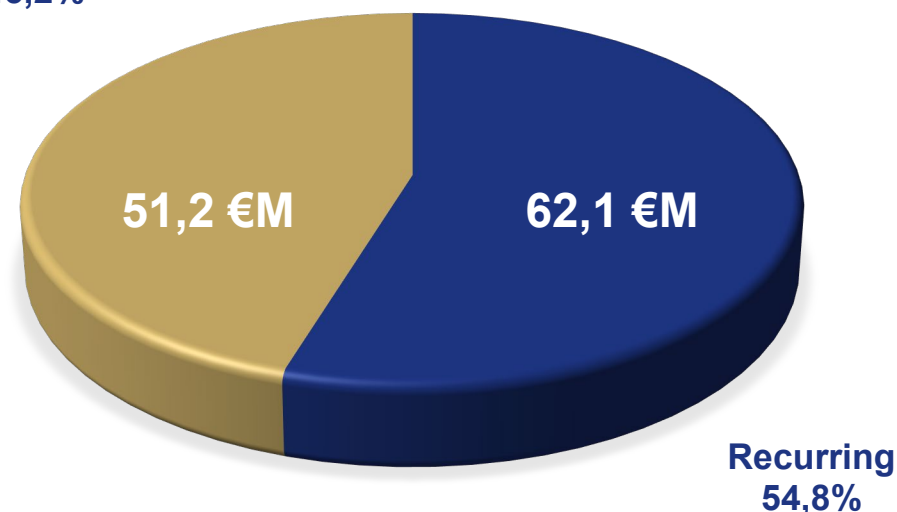
**RECURRING VS NON-RECURRING
REVENUES 2023.H1**

Non recurring
46,8%



**RECURRING VS NON-RECURRING
REVENUES 2022.H1**

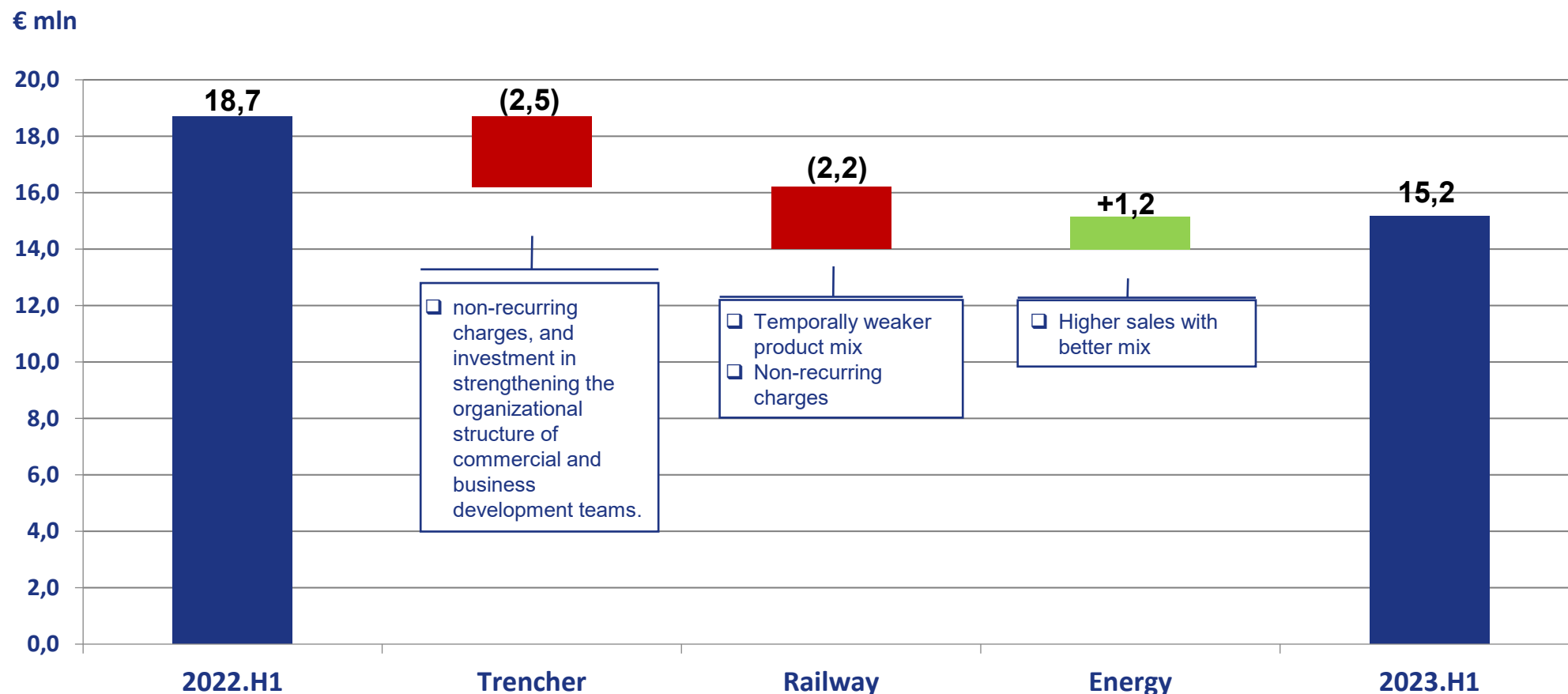
Non recurring
45,2%



- Recurring: Rental, Projects, Spare Parts, Services (maintenance, revamping & refurbishing, consulting & training), long term backlog (Automation & Rail)
- Non recurring: Sales of goods

2023.H1 EBITDA evolution by BU

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H1.2022

At a Group level, EBITDA affected by different mix yielding lower margins, non-recurring costs and investment for business development strengthening

H1.2023

2023.H1 Financial Results

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Financial Information (€ mln)	Jun. 30, 2023	Dec. 31, 2022
Net Working Capital	98,9	80,6
<i>of which: inventory</i>	116,8	101,4
Net Fixed Assets	90,2	89,7
Right of use - IFRS 16/IAS 17	20,7	21,9
Other Long Term assets/liabilities	20,5	19,5
Net Invested Capital	230,3	211,7
Net Financial Indebtness	127,6	104,2
Lease liability - IFRS 16/IAS 17	22,8	24,1
Equity	79,9	83,4
Total Sources of Financing	230,3	211,7

Dec. '22

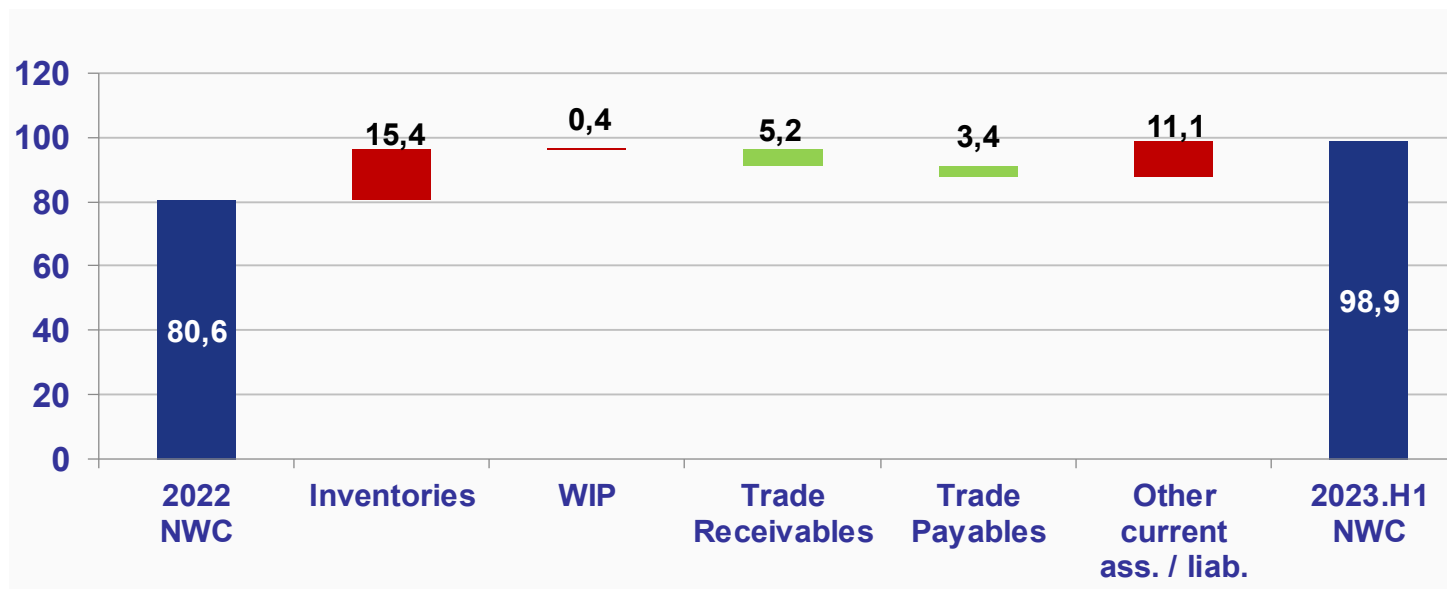
Net Invested Capital and Net Financial Position increasing largely due to the increase in working capital for high-growth sectors and, partially, to the level of investments in the period not fully covered by the quarterly cash-flow

Jun. '23

2023.H1 Working Capital evolution

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€ mln



€ Mln	2023.H1	2022.FY	2023.H1	2022.FY
Trade Receivables	51,0	56,2	64	83
Inventories	116,8	101,4	146	149
Work in progress contracts	25,4	25,0	32	37
Trade Payables	(77,6)	(74,2)	-97	-109
Other Current Assets/(Liabilities)	(16,7)	(27,8)	-21	-41
Net Working Capital	98,9	80,6		

Dec. '22
€ 80,6 mln

NWC increasing due to higher Inventories
(vis-à-vis expectations of growing sales along the year).

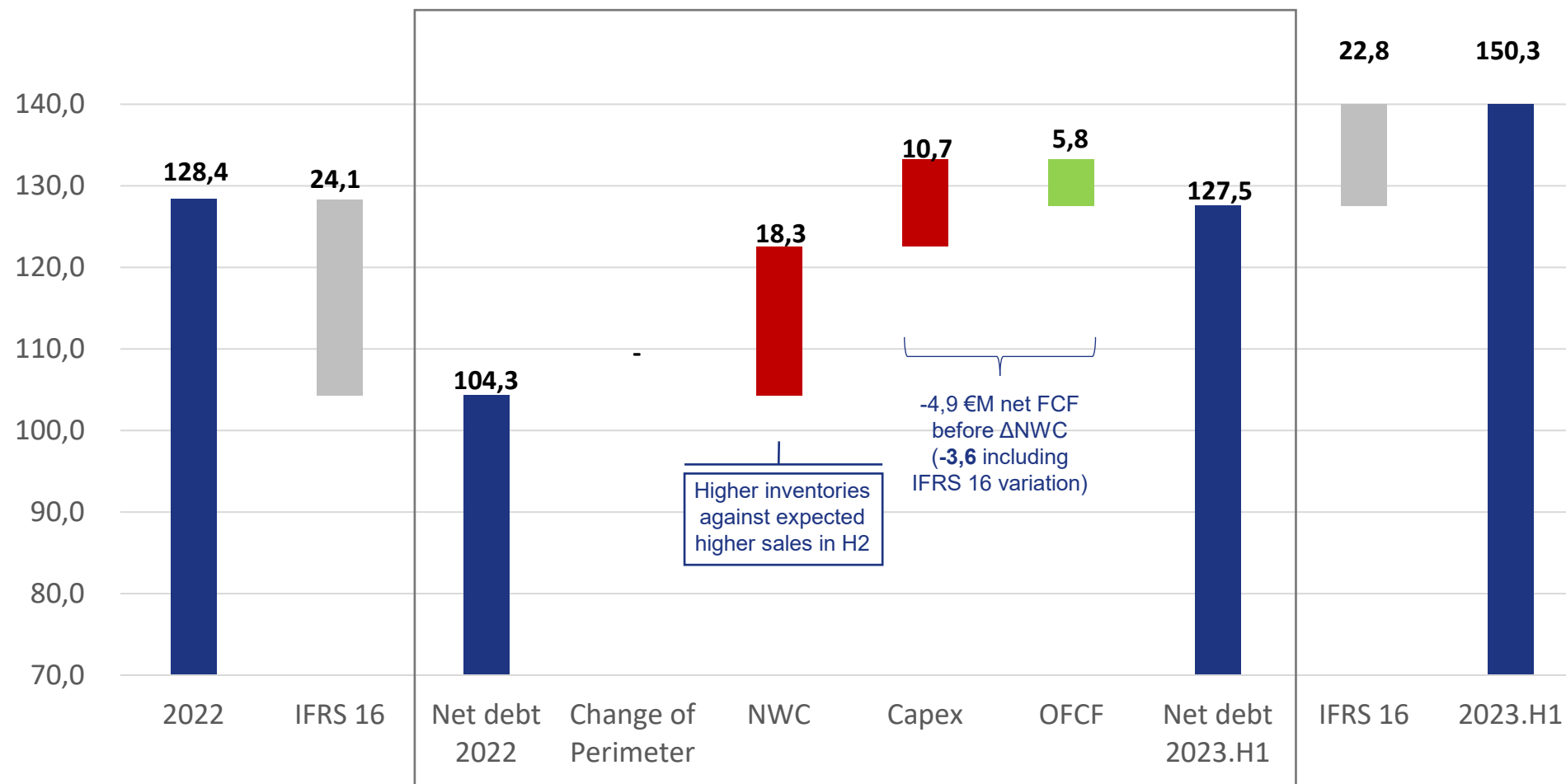
Jun. '23
€ 98,9 mln

Note: The variations related to the items WIP, Trade Receivables and Other current ass. / liab. have to be considered jointly, due to a mere reclassification of a Rail job-order billed in Jan. '23 but still included in WIP at the end of '22

2023.H1 Net Financial Position Evolution and Free Cash Flow

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€ mln



Dec. '22

Seasonally increase of Net Financial Position largely due to investment in NWC to back expected sales in H2

Jun. '23

3.

Outlook

Outlook 2023

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	2019pf	2020pf	2021	2022		2023
TURNOVER	199,6 M€	172,8 M€	194,3 M€	245,2 M€	<ul style="list-style-type: none"> >> Significant performance of the Energy segment and Middle East and USA markets; >> Focus on recurring revenues (rental & services) >> Continuous price lists variation and review of the medium-long term contracts 	280 ~ 290 M€ <i>Confirmed</i>
EBITDA	30,0 M€	22,9 M€	28,1 M€	35,2 M€	<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 >> Facing the price variation with alternative supplying solutions, new applications and reversing the cost to the price 	45 ~ 50 M€ 16.0%~17.0% <i>Confirmed</i>
NFP	130,0 M€	104,4 M€	121,0 M€	128,4 M€	<ul style="list-style-type: none"> >> Net working capital improvement and efficiency actions on inventory >> Optimization of credit management policies >> 2021-2023 Capex → ~100 M€ 	Improvement <i>Confirmed</i>

OUTLOOK 2023

- **Strengthening the presence in Middle East – Saudi and Peninsula**
- **Business development opportunities in the US market – TUSA**
- **Consolidate value propositions of integrated trencher solutions**
- **Digitalization and Electrification focus**



Tesmec aims to strengthen local presence in Middle East (Saudi and Peninsula) to provide solutions facing investments in the infrastructure sector of the area



Tesmec is focusing in developing business opportunities in the US market, especially in fiber optic, expecting a significant business volume increase



Focus on consolidating the value propositions of integrated trencher solutions while developing service activities and offering support and training to locals.



Focus on the development of sustainable trenching solutions, such as the E-Sidecut and the Greenpose, and on the development of digitalization solutions, such as the new Georadar 3.0

OUTLOOK 2023

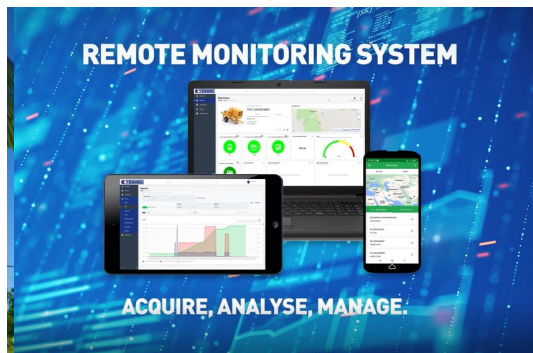
- **Big backlog recovery with important orders acquisition thanks to new opportunities in renewable sector**
- **Refurbishment of high voltage lines in key markets**
- **Digital transformation**
- **Consolidate the worldwide presence & normalization of the supply chain**



Mindset fit to the actual customers needs, designing the value chain starting from clearly identified touch points.



Significant orders acquisition with supply chain reinforcement and balanced mix between new products and equipments.



Shift to a digital approach using technologies to pursue a clear and agile relationship market oriented.



Cross collaboration between branches, with local sales network integration and a stronger service department.

OUTLOOK 2023

- Consolidation of existing innovative markets and leverage on technological skills development to open new market opportunities
- Completion of solution portfolio in terms of products and systems
- Supply chain management



Market consolidation with Italian utilities, thanks to new technological and future-proof products.



Significant opportunities for smart grid solutions with business development in foreign countries.



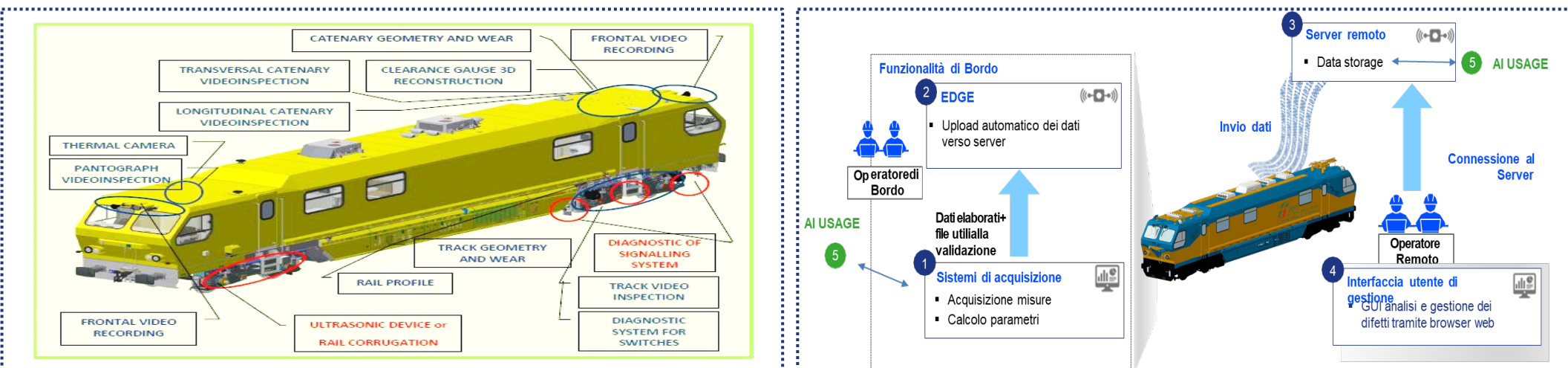
Portfolio completion with new development for foreign countries, new product functionalities and transformer protection applications.



Medium-long term forecast planning and supply chain management: increase flexibility with a review purchasing model focused on efficiency.

OUTLOOK 2023

- Growth thanks to worldwide collaboration
- Transition to electrify products
- Modular solution
- Web platform for data management with AI algorithms



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4.

ANNEX

Summary 2023.H1 Profit & Loss statement - Appendix A

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Profit & Loss Account (Euro mln)	2023.H1	2022.H1	Delta vs 2022	Delta %
Net Revenues	125,3	113,3	12,0	10,6%
Raw materials costs (-)	(52,1)	(43,6)	(8,5)	19,5%
Cost for services (-)	(28,3)	(22,1)	(6,2)	28,1%
Personnel Costs (-)	(32,2)	(29,8)	(2,4)	8,1%
Other operating revenues/costs (+/-)	(4,2)	(3,6)	(0,6)	16,7%
Non recurring revenues/costs (+/-)	-	-	0,0	na
Portion of gain/(losses) from equity investments evaluated using the equity method	0,7	(0,1)	0,8	-800,0%
Capitalized R&D expenses	6,0	4,6	1,4	30,4%
Total operating costs	(110,1)	(94,6)	(15,5)	16,4%
<i>% on Net Revenues</i>	<i>(87,9%)</i>	<i>(83,5%)</i>		
EBITDA	15,2	18,7	(3,4)	-18,5%
<i>% on Net Revenues</i>	<i>12,1%</i>	<i>16,5%</i>		
Depreciation, amortization (-)	(11,5)	(10,7)	(0,8)	7,5%
EBIT	3,7	8,0	(4,2)	-52,5%
<i>% on Net Revenues</i>	<i>3,0%</i>	<i>7,1%</i>		
Net Financial Income/Expenses (+/-)	(7,1)	3,4	(10,5)	-308,8%
Taxes (-)	0,8	(3,5)	4,3	-122,9%
Group Net Income (Loss)	(2,6)	7,9	(10,5)	n/a
Minorities	0,4	0,0	0,4	
Group Net Income (Loss)	(3,0)	7,9	(10,9)	n/a
<i>% on Net Revenues</i>	<i>-2,4%</i>	<i>7,0%</i>		

Summary 2023.H1 Balance Sheet - Appendix B

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Balance Sheet (€ mln)	2023.H1	2022
Inventory	116,8	101,4
Work in progress contracts	25,4	25,0
Accounts receivable	51,0	56,2
Accounts payable (-)	(77,6)	(74,2)
Op. working capital	115,6	108,4
Other current assets (liabilities)	(16,7)	(27,8)
Net working capital	98,9	80,6
Tangible assets	48,6	51,8
Right of use - IFRS 16/IAS 17	20,7	21,9
Intangible assets	35,3	32,3
Financial assets	6,2	5,6
Fixed assets	110,8	111,6
Net long term assets (liabilities)	20,6	19,5
Net invested capital	230,3	211,7
Cash & near cash items (-)	(25,6)	(51,0)
Short term financial assets (-)	(31,4)	(17,2)
Lease liability - IFRS 16/IAS 17	22,8	24,1
Short term borrowing	91,8	80,1
Medium-long term borrowing	92,8	92,3
Net financial position	150,4	128,3
Equity	79,9	83,4
Funds	230,3	211,7

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