



Integrated Solutions Provider

LE ECCELLENZE DEL MADE IN ITALY
CONFERENCE

September 26-27th , 2023

TESMEC

- 0. Tesmec Group at a glance
- 1. 2023.H1 Business highlights & Results
- 2. Outlook

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

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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

+1000
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



Tesmec SPA
Grassobbio



Tesmec Automation
Fidenza



Tesmec USA
Alvarado (USA)



Tesmec Rail
Monopoli



Tesmec SPA
Endine



Tesmec Automation
Padova



Marais
Durtal (FR)



Tesmec Rail
Bitetto



Tesmec SPA
Sirone
(precision machining work)



Tesmec Automation
Patrica

- Stringing
- Energy Automation
- Railway
- Trencher

History of Innovation

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PIONEER in STRINGING solutions

TRENCHER product line development

From FAMILY Company to PUBLIC Company

Expansion strategy in the RAILWAY business

Investments & acquisitions to complete the portfolio for SMART GRIDS

Investments in R&D and DIAGNOSTICS

Strengthening the Service and Rental Business



1951-1960

Establishment of "CRF - Officina Meccanica di Precisione" Edison patent for the new tension stringing system

1984

Establishment of Tesmec USA Inc. in Texas, USA

2010

Entry in the Italian Stock Exchange (STAR segment)

2012

Leasing of AMC2 S.r.l (Monopoli - Italy)

2015

Acquisition of the French Group Marais

2017

Tesmec Automation as a single Company

2018

Opening of the new Tesmec Rail s.r.l. production site (Monopoli - Italy)

2020

4Service, a Company dedicated to the rental business

Share capital increase

2021

**ENERGY TRANSITION
DIGITALIZATION
SUSTAINABILITY**



Strong commitment on Innovation, Quality & Sustainability

TESMEC

QUALITY



Maximize delivered and perceived quality, to guarantee the greatest customer satisfaction

HEALTH AND SAFETY



Safeguard of the health and safety for every member of staff and for the environmental heritage

ENVIRONMENT



Every activity in our plants is devoted to waste reduction, recycling, energy savings, consumption optimization and reduction of the environmental impact of our products

DIGITALIZATION



Digitalization for the predictive maintenance, data management for the highest safety standards and diagnostic of infrastructure.

CERTIFICATIONS

Tesmec S.p.A.

ISO 9001:2015
ISO 14001:2015
ISO 45001:2018

Tesmec Automation s.r.l.

ISO 9001:2015
ISO 14001:2015
ISO 45001:2018
ISO 37001:2016
ISO 14067:2018
ISO/IEC 27001:2017

Tesmec USA Inc.

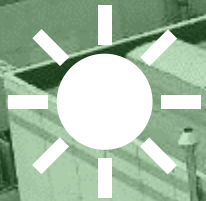
ISO 9001:2015
AAR M-1003

Tesmec Rail s.r.l.

ISO 9001:2015
ISO 14001:2015
ISO 45001:2018
EN 15085-2
37001 Policy

Marais Laying New Zealand

ISO 9001:2015
ISO 14001:2015
ISO 45001:2018



Grassobbio, Patrica
and Monopoli plants
are fed
by **solar panels**



All Italian plants
are **certified**
according to
ISO 9001-14001-45001



The whole production
process takes care of waste
and complies with
recycling regulations



**BIODEGRADABLE
OILS**



**CARE FOR EQUIPMENT
LIFE CYCLE**



**GREEN
POWER ENERGY**

**ENGINE EVOLUTION
TIER4f READY**



**REDUCED
CO₂ EMISSIONS**



**REDUCED
NOISE LEVEL**

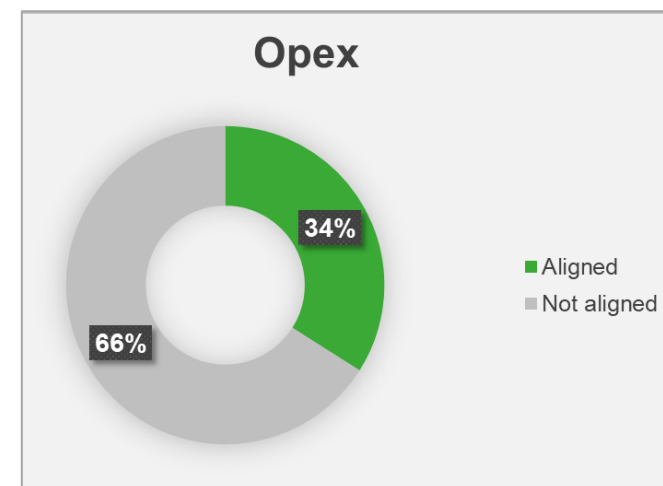
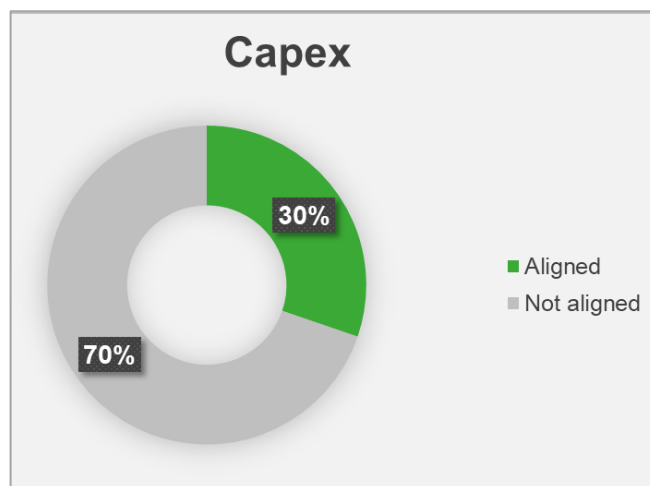
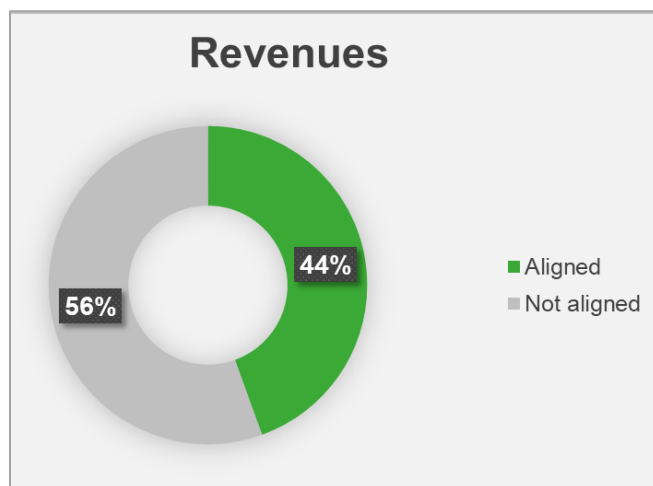
Taxonomy-aligned KPI – Fiscal Year 2022

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.

Trenchers and Surface Miners - Fields of application

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UNDERGROUND INFRASTRUCTURES

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



RAIL INFRASTRUCTURES

- CATENARY INSTALLATION & MAINTENANCE
- DIAGNOSTIC VEHICLES AND SYSTEMS
- INTEGRATED PLATFORM FOR SAFE INFRASTRUCTURE



Stringing Solutions - Fields of application

TESMEC

ENERGY GRIDS

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



INTEGRATED SOLUTION PROVIDER FOR SMART GRIDS:

- PROTECTION & MONITORING SOLUTIONS
- REMOTE CONTROL SOLUTIONS
- SERVICE TELECOMMUNICATIONS SOLUTIONS FOR HV GRIDS
- SMART METERING SOLUTIONS



1. 2023.H1 Business highlights & Results

Trencher

- **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.

Energy Stringing

- **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.

Energy Automation

- 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.

Rail

- 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
Tescmec 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 Tescmec multipurpose maintenance vehicles.

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



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)

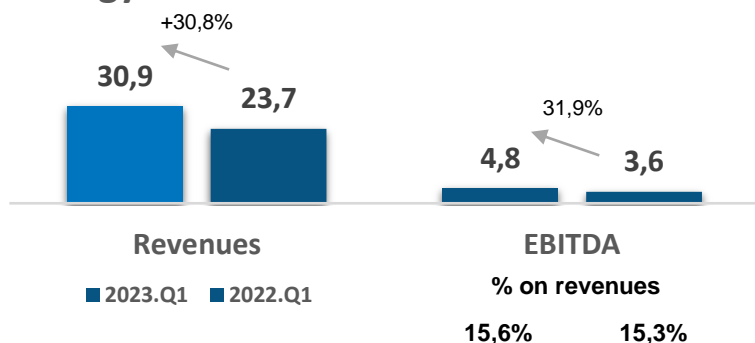
Memo: Confirmation of 2023 full-year outlook.

2023.H1 Closing – Business Breakdown (€ mln)

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Energy



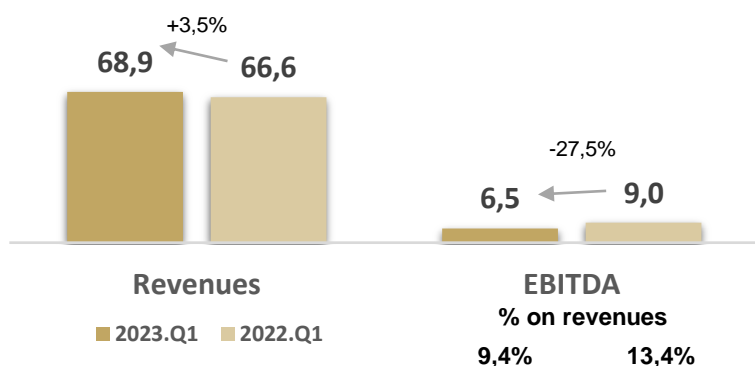
> Revenues **growing** by 30% compared to 2022.H1, thanks both to Stringing and Automation segment, within perspectives of solid **Energy industry mid-term growth**

> **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



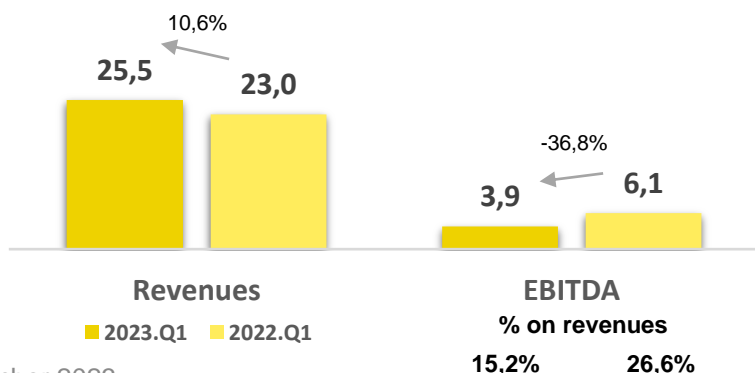
> Revenues **growing** by 3,5% compared to 2022.H1, thanks to higher sales mainly in the Middle-East markets

> **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**



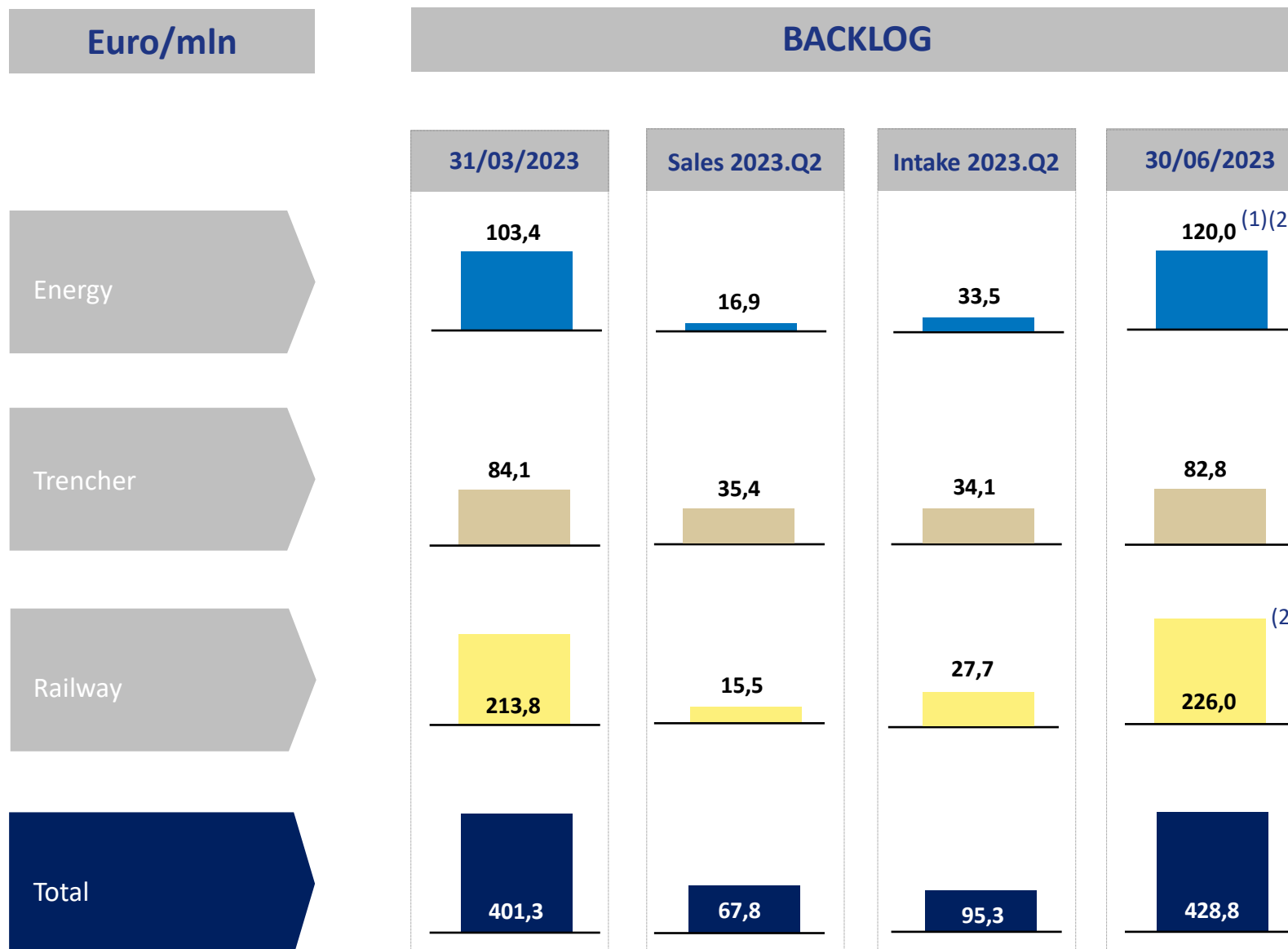
Rail



> 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**



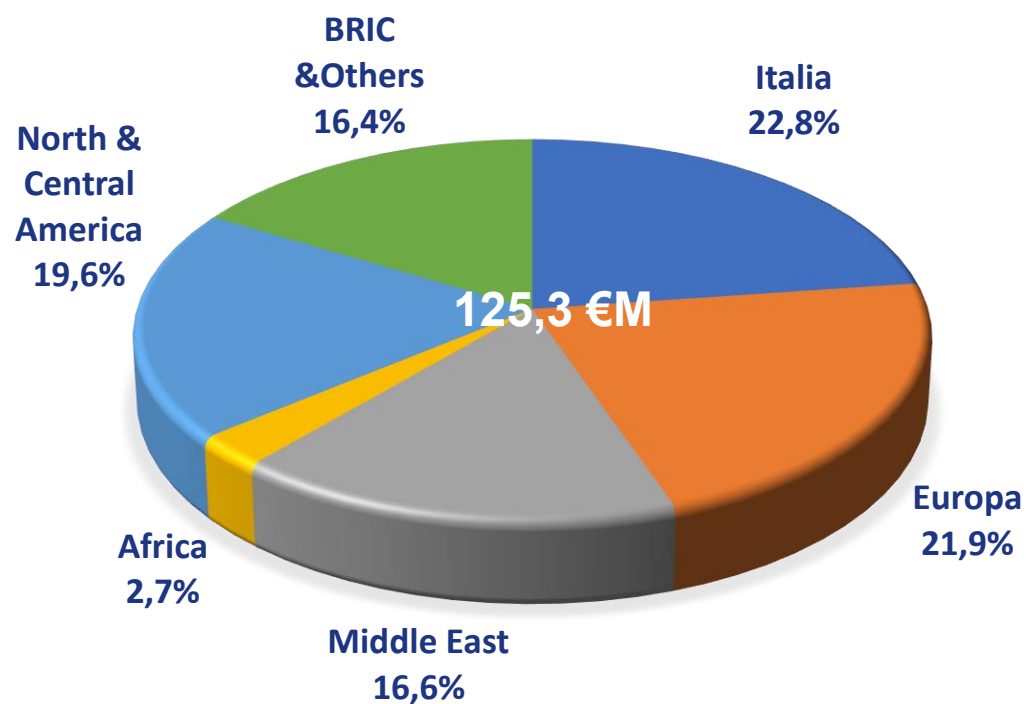
(1) Of which Euro 98,0 million for Energy Automation and new opportunities in hi-tech content business

(2) Long term backlog in Automation and Rail segments

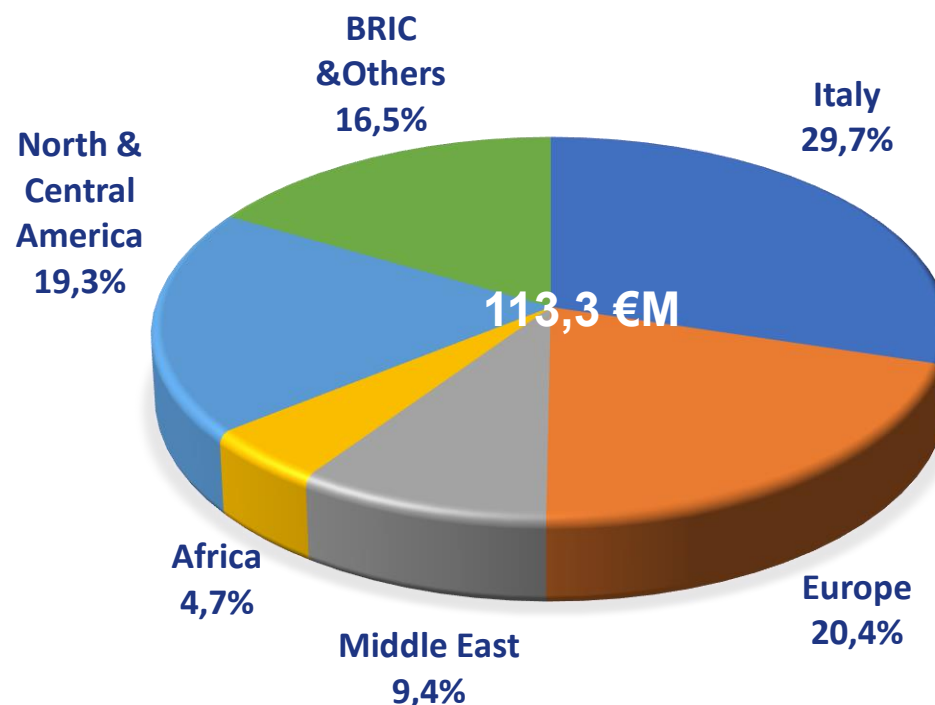
2023.H1 Revenues: sales spread over different geographical area

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REVENUE BY GEOGRAPHY 2023.H1



REVENUE BY GEOGRAPHY 2022.H1



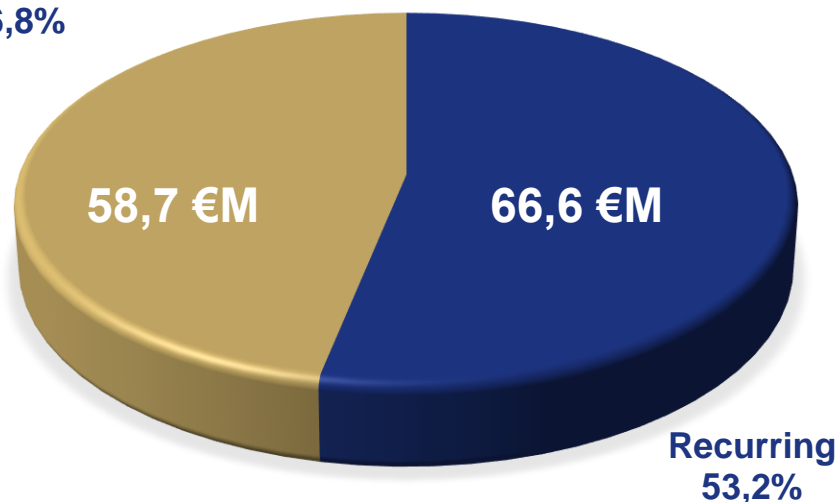
- **ITALY:** railway, trencher & energy automation impact
- **USA&EU:** trencher impact
- **BRICS:** trencher and stringing impact

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

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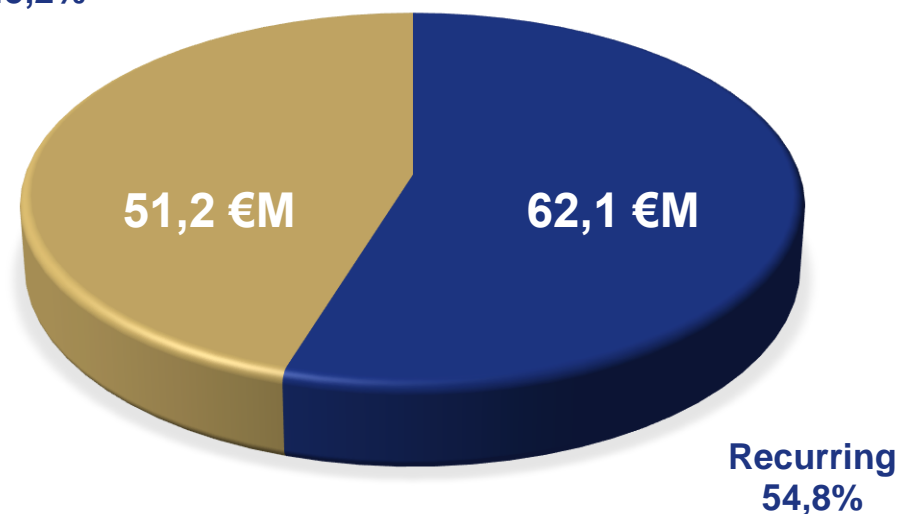
**RECURRING VS NON-RECURRING
REVENUES 2023.H1**

Non recurring
46,8%



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

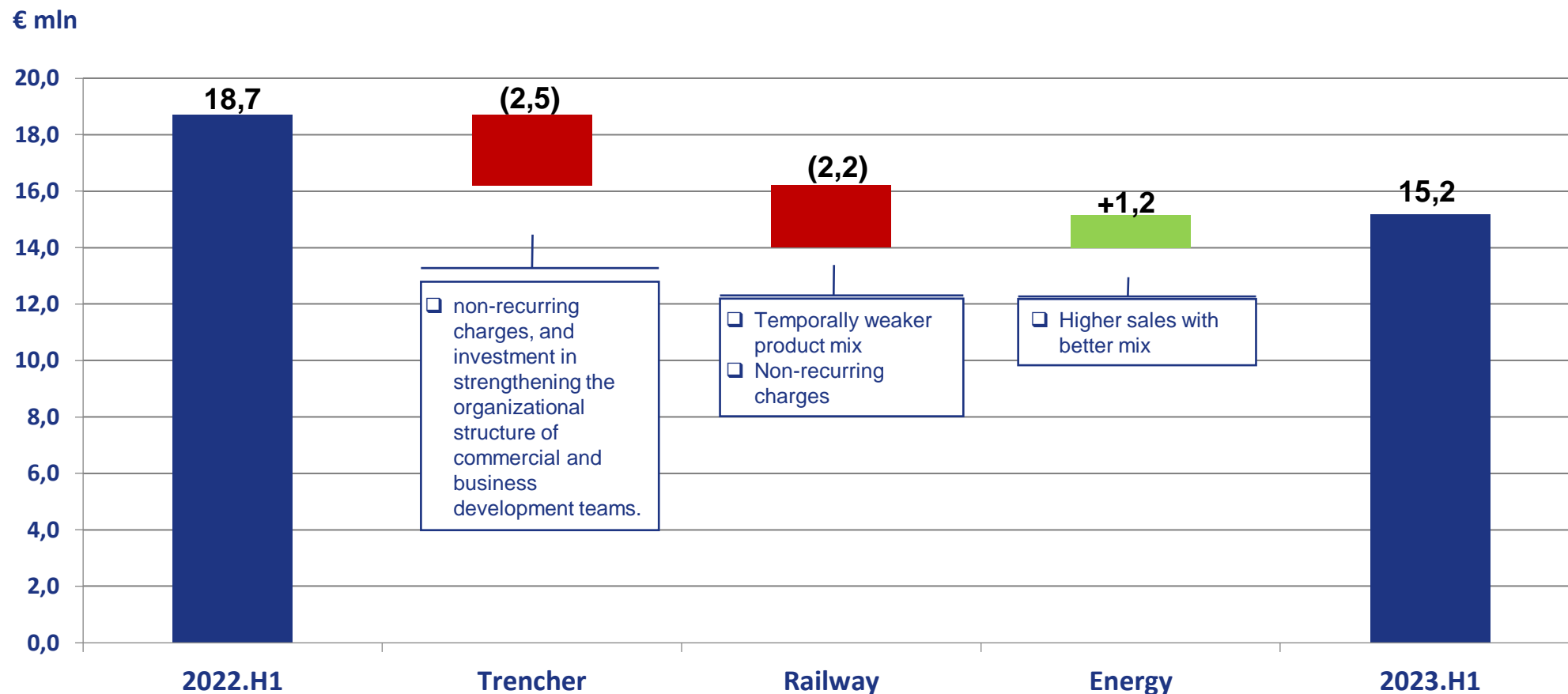
Non recurring
45,2%



- 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

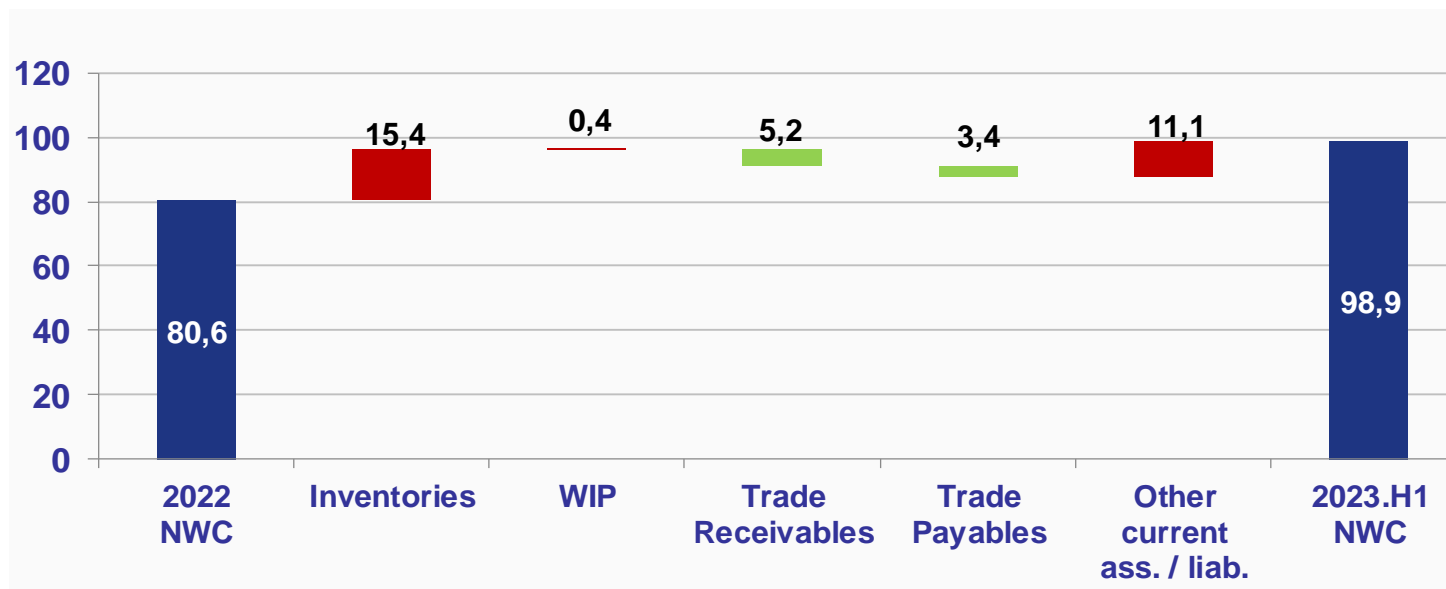
Net Invested Capital and Net Financial Position increasing largely due to the increase in working capital for high-growth sectors and, partially, to the level of investments in the period not fully covered by the quarterly cash-flow

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

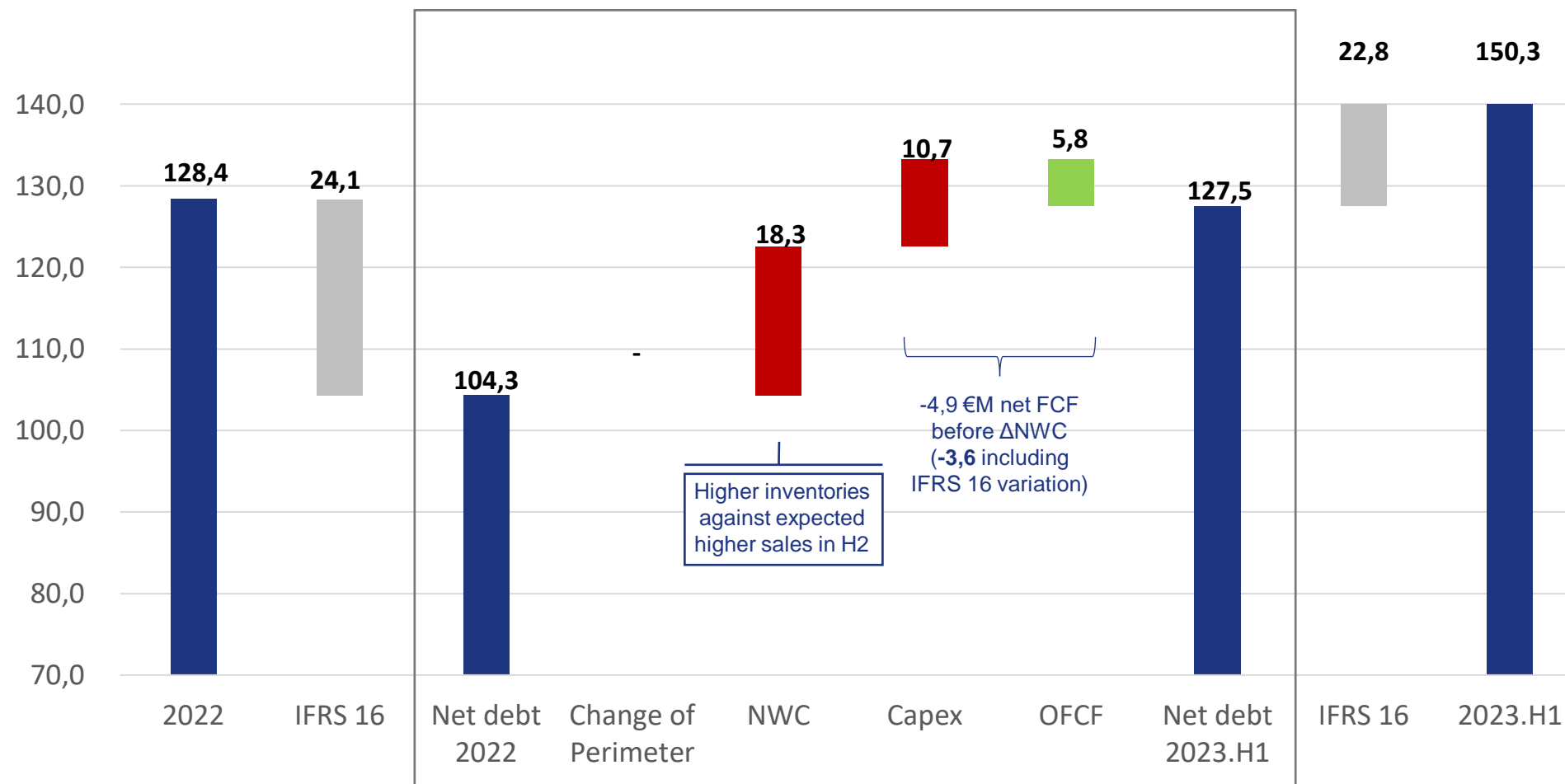
NWC increasing due to higher Inventories
(vis-à-vis expectations of growing sales along the year).

Jun. '23
€ 98,9 mln

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

2.

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.



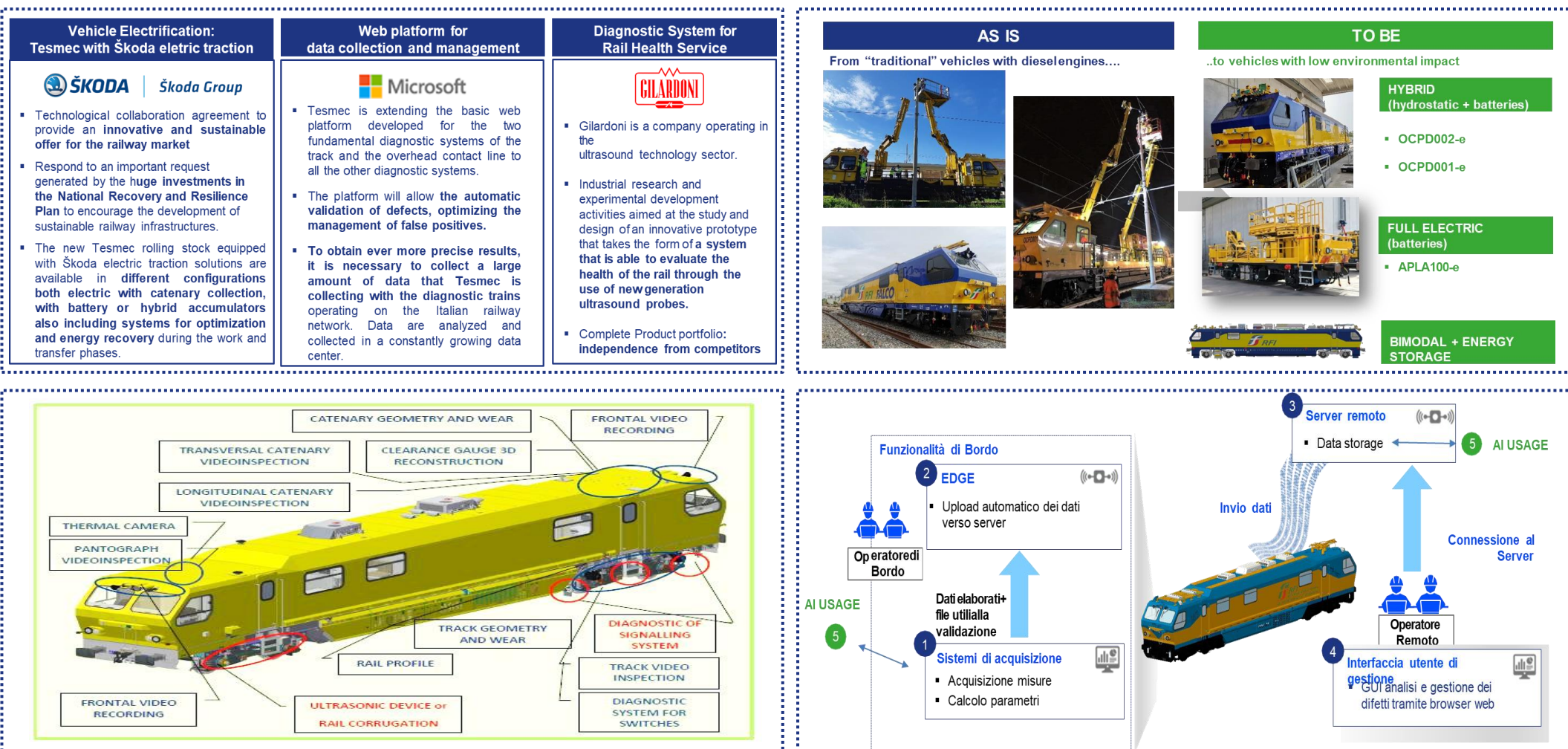
Portfolio completion with new development for foreign countries, new product functionalities and transformer protection applications.



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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