

Euronext STAR Conference 2024

19-21 March | Palazzo Mezzanotte, Milan

TESMEC

draw the way forward

1.

Tesmec Group

VISION

A technological partner in the markets driven by the trends of energy transition, digitalization, and sustainability

MISSION

Operating in the market of infrastructure for the transport of energy, data and material (oil and derivatives, gas, water)

STRATEGY

Innovative, added-value integrated solutions at worldwide level with local presence

ENERGY is the common thread **of our history**

INTEGRATED SOLUTIONS PROVIDER FOR ENERGY AND DATA TRANSPORT

TESMEC

ENERGY STRINGING



+70

YEARS
of experience

+1000

PEOPLE

9

MANUFACTURING PLANTS

ENERGY AUTOMATION



TRENCHER



RAILWAY



+135

COUNTRIES

75%

EXPORT



Tesmec SPA
Grassobbio



Tesmec SPA
Sirone



Tesmec Automation
Fidenza



Tesmec Automation
Padova



Tesmec Automation
Patrica



Tesmec USA
Alvarado (USA)



Marais
Durtal (FR)



Tesmec Rail
Monopoli



Tesmec Rail
Bitetto

ENERGY - STRINGING



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

RAILWAY



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

ENERGY AUTOMATION



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

TRENCHER



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

HISTORY OF INNOVATION, INVESTMENT & DIVERSIFICATION

TESMEC



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



TESMEC
draw the way forward



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

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**



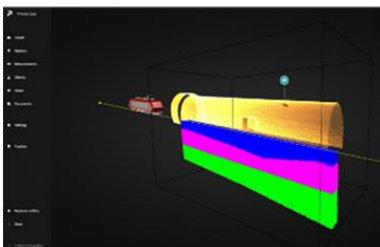
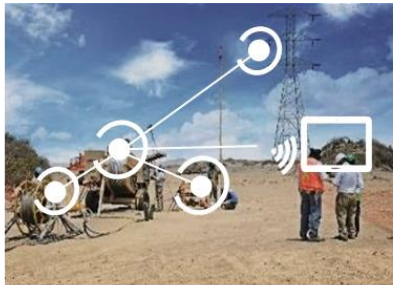
Strategic pillars:
DIGITALISATION
SUSTAINABILITY
**ENERGY
TRANSITION**

Business Model
**INTEGRATED
SYSTEMS**
DIGITAL SOLUTIONS
FULL SERVICES

TECHNOLOGIES for **ENERGY** management



Key drivers: digitalization and AI



Combine operational **data** in the
cloud and apply **advanced
analytics**

SUSTAINABILITY PATH

TESMEC

MARKET DRIVERS	MILESTONES	FOCUS ON	GUIDELINES	ESG COMMITMENTS	SDGs
DIGITALIZATION & SAFETY	R&D & Innovation	Technologies & products	Increase Green & Digital revenues	<ul style="list-style-type: none"> EU Taxonomy alignment 	       
	Climate change mitigation	Corporate processes	Reduce emissions & environmental impact	<ul style="list-style-type: none"> Environmental impact of products & services Environmental impact of corporate processes 	
SUSTAINABLE INNOVATION	Human resources & local communities	Employees & Stakeholders	Invest in people & local communities well being	<ul style="list-style-type: none"> Health & Safety Welfare Training 	
ENERGY TRANSITION	Governance	Corporate Governance	Work out an effective sustainable governance	<ul style="list-style-type: none"> Business ethics Human rights Sustainable supply chain ESG risks 	

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



ENVIRONMENT

Achievement of Environmental Authorization “AUA” for TESMEC SPA

Achievement of AUA - Autorizzazione Unica Ambientale - for all plants of TESMEC SPA

SUSTAINABLE INNOVATION

Green & Digital technologies

Focus on R&D projects aimed at design and development of innovative solutions with low carbon footprint and granting the highest safety standards thanks to advanced diagnostic and digital technologies

GOVERNANCE

Non-Financial Statement

The Board of Directors of Tesmec approved the 2023 Consolidated Non-Financial Statement pursuant to D. Lgs. 254/2016



SOCIAL

WHP - Workplace Health Promotion

Participation in the WHP (Work and Health Programme) recommended by the WHO (World Health Organization) as part of a strategy to enhance human resources and their well-being



SOCIAL

Career paths and talent development

With the aim to fostered employer branding and attract qualified candidates, Tesmec increased partnerships with universities participating in several panel discussions, career days and talks



SUSTAINABILITY AWARD



An important recognition of Tesmec ability to drive sustainable and inclusive growth

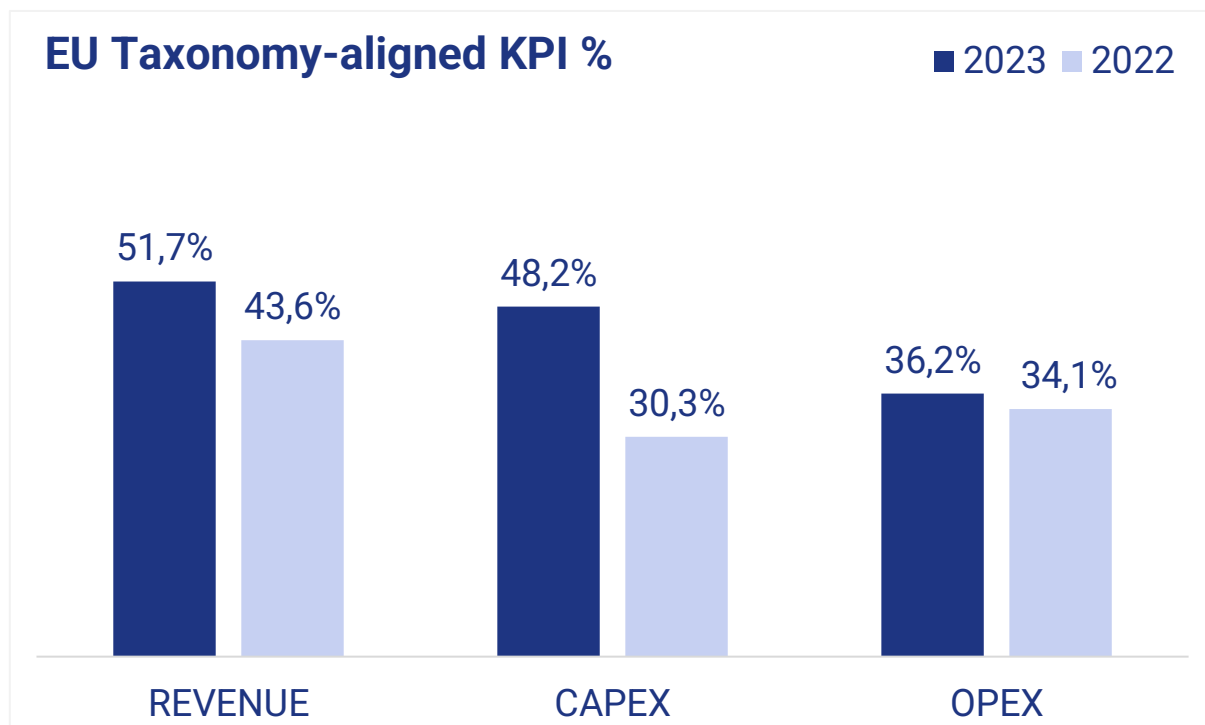
The third edition pays tribute to Companies that have included, setting processes, systems and resources with the purpose to reduce the environmental and social impact.

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





The screening criteria used to evaluate whether an economic activity can be considered environmentally sustainable under the EU taxonomy are:

- 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



2.

Tesmec Business Units

-  Energy Stringing
-  Energy Automation
-  Railway
-  Trencher



**Digital & Green Solutions:
new methodologies for
construction and maintenance
of energy transport and
distribution infrastructures**

TECHNOLOGY FOR EFFICIENT STRINGING OPERATIONS

A new concept of integrated systems 4.0 for energy transport and distribution: **Simple, Safe and Reliable**

A COMPLETE PACKAGE OF SOLUTIONS

Machines, equipment and accessories specifically developed to face every jobsite conditions

CUSTOMIZED SOLUTIONS

Continuous improvement of methodologies and technologies to offer the best solution

NEW METHODOLOGIES

Continuous Linear Puller (CLP) is the first step of an R&D program for automated jobsites



ENERGY – STRINGING: Fields of application

TESMEC

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



ENERGY – STRINGING: Main worldwide experiences

TESMEC

Reconductoring

USA

Continuous Linear Puller
Type of line: transmission, 138kv
Capacity: 138kv
N conductors per phase: 1
Conductor type: 397acsr wrecking out, 1530 pulling in

Underground Cable Laying

UK

Romford
3 x 33 kV cable pulling

Stringing Machines 4.0

BELGIUM

4.0 Machines

ACPR Lo-Sag Nexans conductor 37 mm diameter.

Fjord crossing

NORWAY

Special machines for fjord crossing and modular machines
Voltage: 420 kV

Top efficiency

BRAZIL

500 kV line, 6 T&D lines,
5000 km long
70 sets of stringing equipment

Underground Cable Laying

USA

Full Electric Machines First Experience in Jobsite

In altitude

PERU

500 kV line at 1000 mt a.s.l., 900 km long
2 modular machines for stringing 4 bundled conductors per phase

Line construction

KSA

Yanbu-Madinah 380 kV line
Longest project portion: 230 km
4-500mm² AAAC conductors per phase

Helicopter stringing

CHINA

Extreme project in Zhejiang Province
Tower height: 380 m
Four bundled conductors 500 kV





RECONDUCTORING OPERATIONS
Digital Stringing Machine

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HELICOPTER STRINGING CHINA

Extreme project in Zhejiang Province
Tower height: 380 m
Four bundled conductors 500 kV
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**UNDERGROUND CABLE LAYING
USA
FULL ELECTRIC MACHINE**
The first experience in jobsite

Euronext STAR Conference
19 March 2024



Grid Reliability, Efficiency and Security: a full portfolio of power grid technologies, tailored and integrated solutions to face fast-changing grid challenges

PROTECTION & METERING SOLUTIONS FOR SMART GRID

From selectivity to reliability, ensuring **continuous operation** and increasing **grid efficiency** in compliance with **cyber-security standard requirements**

TELECOMMUNICATION SOLUTIONS FOR HV GRIDS

Performance improvement, reliable operation and enhanced management of the grid

EXCELLENCE IN SENSOR TECHNOLOGY

From fault passage indication and protection to smart metering applications with **high accuracy solutions**

FULL RANGE OF SERVICES

Tailored solutions for professional training, commissioning services and after-sales support by highly **specialized professionals**

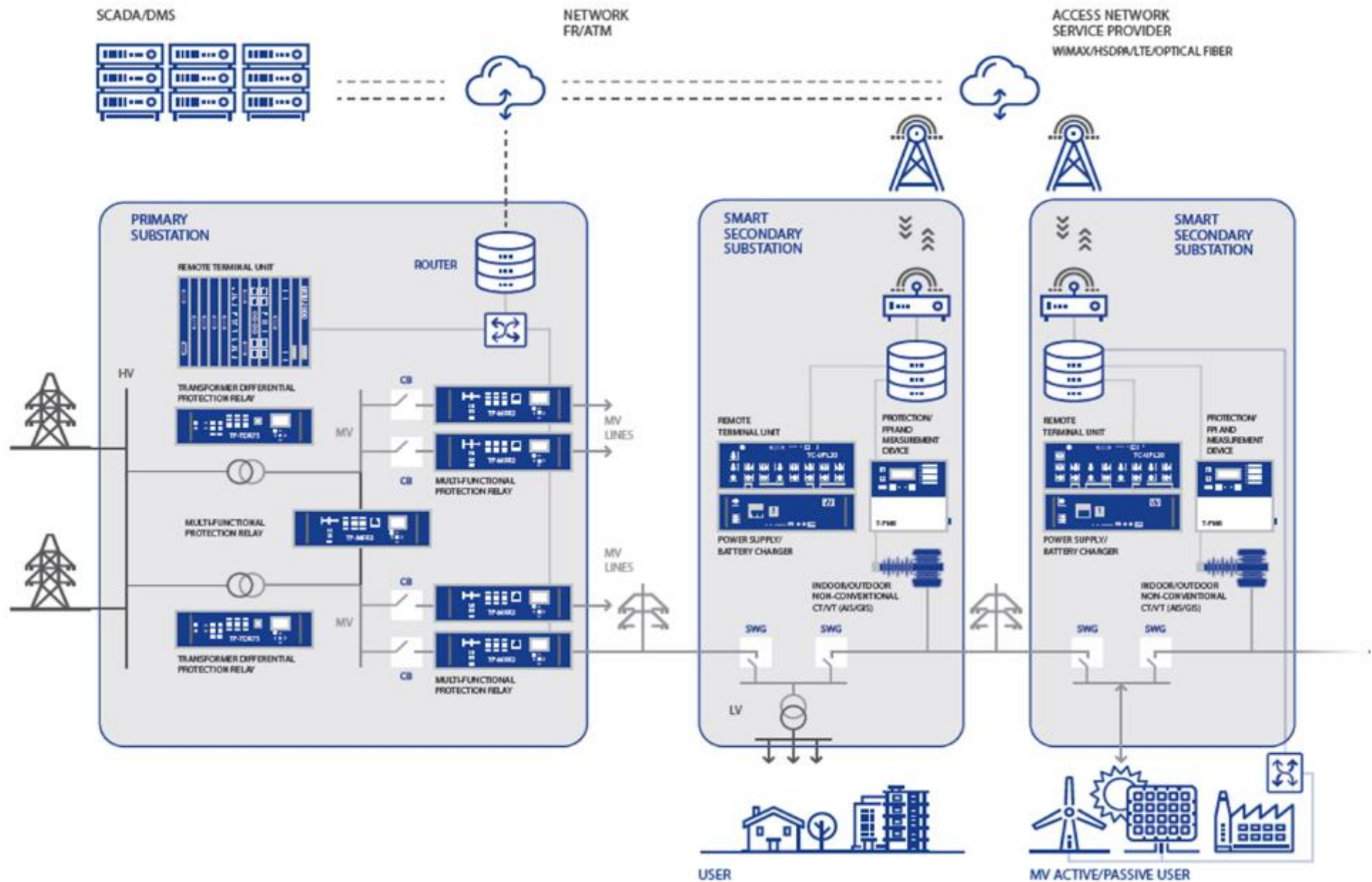


- PROTECTION & MONITORING SOLUTIONS
- REMOTE CONTROL SOLUTIONS
- SERVICE TELECOMMUNICATIONS SOLUTIONS FOR HV GRIDS
- SMART METERING SOLUTIONS



ENERGY – AUTOMATION for Smart Grid Applications

TESMEC



Telecommunication solution

ALGERIA

Remote management of HV substations and protection systems against unexpected grid faults

Fault Passage Indicator (FPI)

BRAZIL, COLOMBIA, CHILE

Fault location and Voltage supervision devices

Protection and Control solution

SPAIN, ITALY, ROMANIA

Multi-functional protection solutions with embedded measurement functions and suitable for network automation, electrical service analysis and quality monitoring

Non-Conventional sensors

ITALY

Full range of current and voltage sensors for outdoor applications and air/ gas-insulated switchgears

Smart Metering solution

RUSSIA

Metering and billing system for overhead power lines up to 10kv MV lines

Substation Automation System

ITALY

Protection and control systems for HV substations (SAS) based on IEC 61850

Internet of Things (IoT)

ITALY

IoT sensors for real-time monitoring of electrical systems

Remote control

ITALY, BRAZIL, COLOMBIA, CHILE

RTU modular solution designed for remote control of secondary MV/LV substations

PROTECTION AND MONITORING SOLUTIONS
for primary and secondary substations

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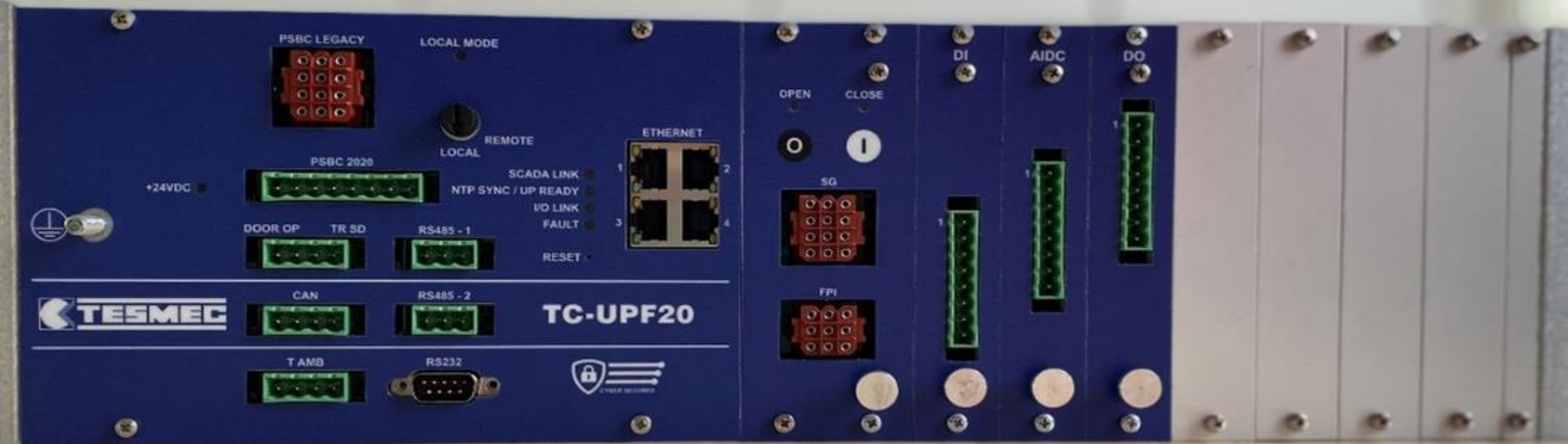
Telecommunication
solution

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Non-Conventional sensors

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Remote control



Global catenary specialist for the installation and maintenance of railway lines: solutions with integrated systems and rail vehicles for a safe, efficient and sustainable railway infrastructure.

RELIABILITY

Certified, automated and cloud connected vehicles

DIGITALIZATION

Centralized Platform for big data management

GREEN APPROACH

Design of hybrid and bimodal solutions

HIGH MOBILITY

Authorization to travel as passenger train on active lines





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



RAILWAY: Main worldwide experience

TESMEC

Stringing & recovering wires

USA

1 Work car + 1 Reel car with 6 reels
1 Catenary maintenance vehicle
Huge, top performing units
Designed according to US Standards

Installation of the contact line & catenary maintenance

“Eagle P3 Project”

USA

1 Stringing unit & 1 Catenary maintenance vehicle
A very fast rail wire installation

Snow removal

NORWAY

3 Snow removal vehicles
Maintenance unit operative at low temperatures

RER Catenary renewal

FRANCE

9 vehicles (6 different models)
Engineered to allow a correct execution of the works of catenary replacement

Customized solutions

CZECH REP.

4 Multipurpose vehicles + 1 Stringing vehicle
Tensioning system for railway wiring operations composed by working units mounted on 4 flats, to be installed on one existing railway wagon provided by customer. Integrated recovering device.

Safety of Railway Infrastructure

ITALY

2 Diagnostic Vehicles

Stringing of 3 independent wires & recovery of 2

RUSSIA

10 stringing units
Extreme temperature
Compliance with Russian Standards

Catenary maintenance

ITALY

88 Multipurpose railway vehicles
16 Revamping maintenance units
1 Constant tension stringing unit
Full maintenance service

Self-propelled diagnostic vehicle

LITHUANIA

A new self-propelled diagnostic rolling-stock, with a range of speed up to 140km/h designed and manufactured in accordance with the latest European safety rules EN 14033

Electrification of new lines

High speed

CHINA

> 30 stringing units
1,318 km BEIJING-SHANGHAI





SAFETY OF RAILWAY INFRASTRUCTURE
ITALY
2 Diagnostic Vehicles

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INSTALLATION OF THE CONTACT LINE & CATENARY MAINTENANCE

"EAGLE P3 PROJECT"

USA

1 Stringing unit & 1 Catenary maintenance vehicle

A very fast rail wire installation



**ELECTRIFICATION OF NEW LINES HIGH SPEED
CHINA**

> 30 stringing units
1,318 km BEIJING-SHANGHAI



**CUSTOMIZED SOLUTIONS
POLAND**

4 Stringing units

Tensioning system for railway wiring operations composed by working units mounted on ISO 20 size flat modules



**Advanced working methodology:
integrated systems &
technological solutions for a
complete jobsite
management**

VALUE CHAIN

Complete offer **combining internal and partner's solutions**

DIGITALIZATION

Wide range of machines equipped with the latest digital technologies to allow higher **reliability, easier management, lower maintenance costs**

CLEAN & FAST SOLUTIONS

Providing services and solutions based on the **innovative “clean & fast” methodology**, especially in the 5G market

BESPOKE CONSULTANCY, RENTAL AND SERVICE

Rental solutions, experienced operators, consultancy services to best meet specific jobsite and customer requirements



TRENCHERS AND SURFACE MINERS: Fields of application

TESMEC



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



Trenchers and Surface Miners - Main worldwide experience

TESMEC

Gas Pipeline

USA

1150XHD Chainsaw

Water Pipeline

CHILE

1675 Chainsaw

Bauxite Mining

WEST AFRICA (GUINEA, IVORY COAST)

1150 & 1475 Rock Hawg
30xTrucks + Semi-trailers

Golden Valley Wind Farm

SOUTH AFRICA

1150 Rocksaw & ST2

South Al Mutlaa project

KUWAIT

1475 & 1675 Chainsaw EVO

Tunneling project

AUSTRALIA

1475 Rock Hawg EVO

Riyadh metro station

KSA

1475 Rock Hawg

Fiber Optic Project s

NEW ZEALAND

Cleanfast, ST2

Fiber Optics Laying

UK

Georadar Explorer 2.0 & Sidecut

Surface mining Gold

RUSSIA

1475 Rock Hawg

Limestone quarry

UZBEKISTAN

1475 Rock Hawg

Canal Sugar Project

EGYPT

1150EVO & 1475EVO Chainsaw

Wind Farms Projects

AUSTRALIA

Automatic cable laying system



EFFICIENT DIGGING SOLUTIONS

Low-footprint systems

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Fiber Optics Laying

UK

Georadar Explorer 2.0 & Sidecut

Euronext STAR Conference
19 March 2024



Edmond STAR Conference
19 March 2024



BAUXITE MINING
WEST AFRICA (GUINEA, IVORY COAST)
1150 & 1475 Rock Hawg



**TUNNELING PROJECT
AUSTRALIA**
1475 Rock Hawg EVO



NEW TECHNOLOGIES FOR DETECTION & MAPPING

TESMEC

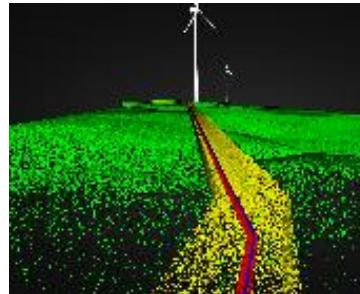
GEORADAR



GEODRONE



PRIMIS LIVE



MOBILE LAB



Advanced set of tools, technologies and assets to provide the most outstanding output

DIGITALIZATION OF EXISTING INFRASTRUCTURES

LIVE AND SYNCHRONIZED WORKING ENVIRONMENT

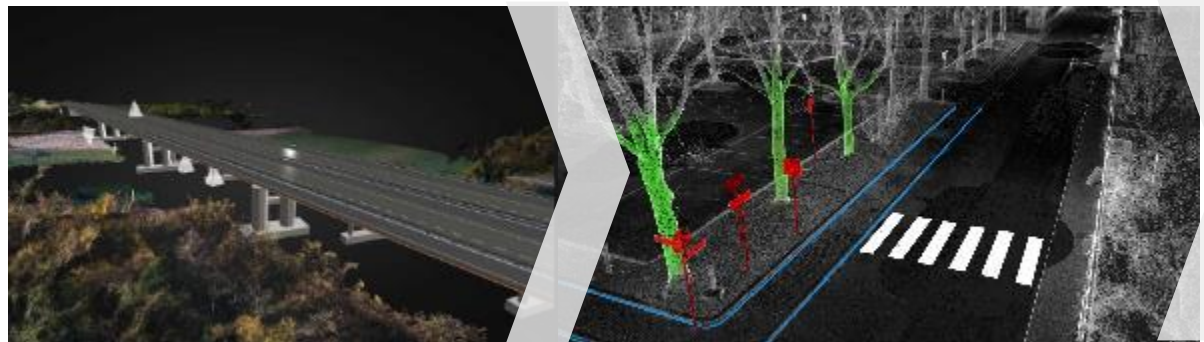
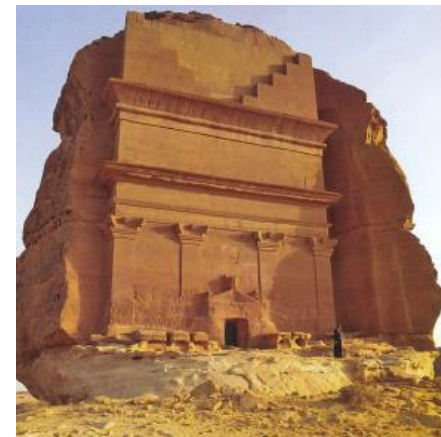
VIRTUAL RECONSTRUCTION OF UNDER AND ABOVE

TOWARDS OPERATIONS EXCELLENCE

Delivering industrial competitiveness, measuring services and asset's assessment

INTEGRATED VALUE CHAIN

Multi Layering 3D Engineering
Risk Mitigation Plans
Predictive Maintenance Support



3.

2023 Results

2023 AT A GLANCE

TESMEC

SALES

€M 252

(prior-year €M 245,2)

EBITDA

€M 34, 13,5%

(prior-year €M 35,2; 14,4%)

EBIT

€M 11,1

(prior-year €M 13,1)

NET RESULT

€M (2,7)

(prior-year €M 7,9)

NFP YE

€M 153,5

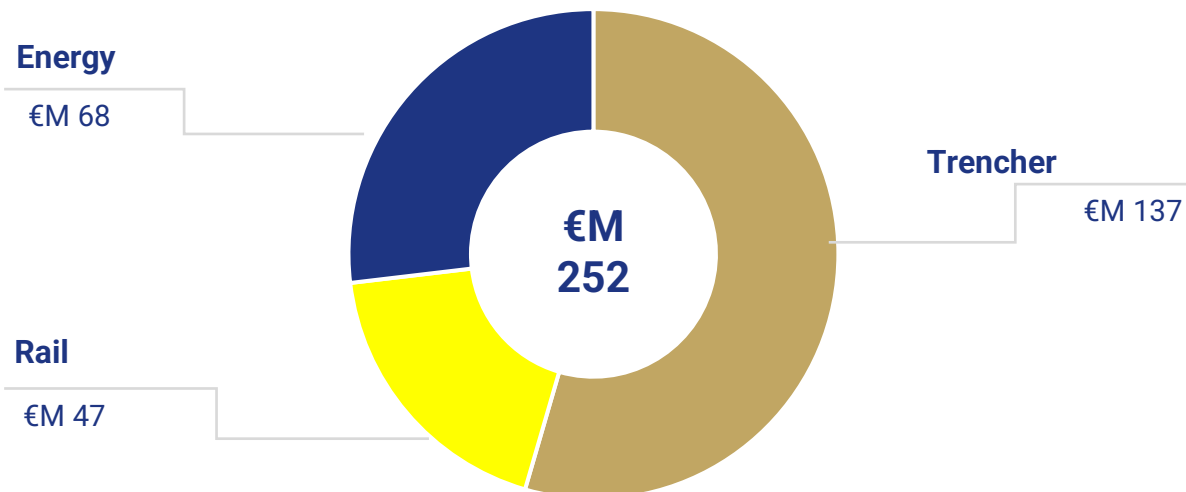
(prior-year €M 128,4)

BACKLOG YE

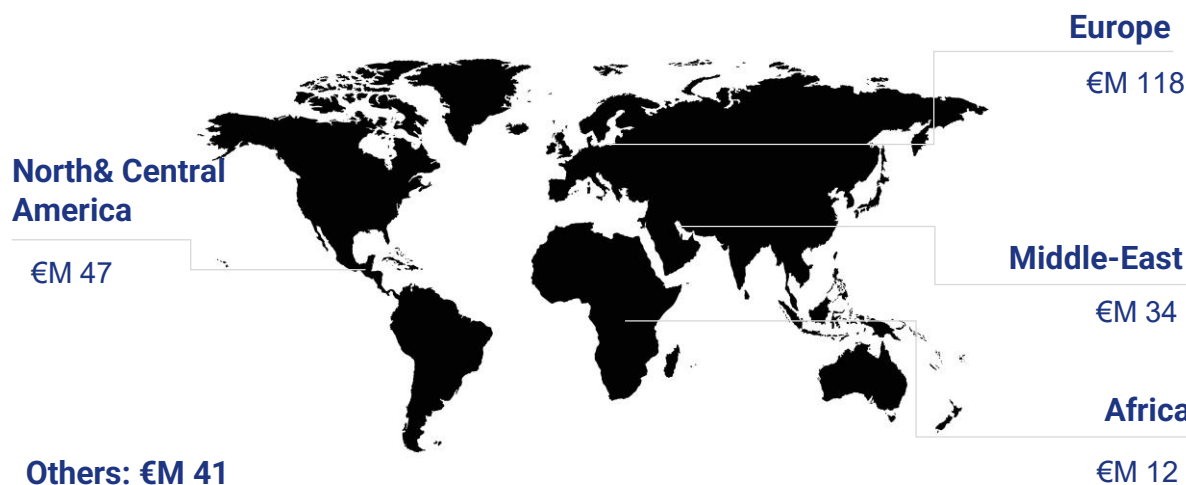
€M 402,2

(prior-year €M 406,2)


SALES BY BU



SALES BY REGION



MILESTONES



Strengthening **Middle East** local presence for Trenchers with Tesmec Saudi and Tesmec Peninsula, formerly as associated companies and now part of the group

Partnership with Škoda Group for Rail, a step forward in Tesmec's **electrification and digitalization** product development strategy

Further growth in **Energy Automation** business


New technologies business development (GeoRadar)

Manufacturing footprint re-design, with "Grande Grassobbio" project on track

Corporate identity and increasing **brand awareness** efforts at international level

ERP extended at Group level

BUSINESS PROGRESS




Energy market consolidation with Italian TSO and significant steps forward in the **SAS** segment

Rail product development in **sustainable vehicles and leverage of Artificial Intelligence** applied to integrated **diagnostic solutions** for safety of rail infrastructures

Trencher: continued products' **development** and improvement with new launches and growth in **Middle East**

WHAT COULD HAVE WORKED BETTER



At Group level **inventory levels** and **increased cost of debt**

Trencher: year-end slowdown in sales due to **missed finalization in December in US and ME**, under resolution in 2024

Rail: **delay of payments due to extended terms for certifications** and new tenders' acquisition shifted to 2024

Energy Automation: **one key client postponing products' acquisition to 2024**, with products already made available in our stocks

2023 GROUP RESULTS

TESMEC

(€ mln)

Income Statement	2023	2022	Δ vs.2022
REVENUES (1)	252	245	+2,7%
EBITDA (2)	34,0	35,2	-3,4%
% on Revenues (2)	13,5%	14,4%	
EBIT	11,1	13,1	-15,7%
% on Revenues	4,4%	5,3%	
Net financial charges (3)	(13,3)	(5,7)	-14,1€M
Differences in Exchange (3)	(2,3)	4,2	
PROFIT (LOSS) BEFORE TAX	(4,6)	11,6	
% on Revenues	-1,8%	4,7%	
NET INCOME/(LOSS)	(2,7)	7,9	
% on Revenues	-1,1%	3,2%	
NFP ante IFRS 16 (4)	114,3	104,3	9,9
Memo: inventory	139,9	126,4	13,5
NFP post IFRS 16 (4)	153,5	128,4	25,1

RESULTS' COMMENTARY

(1) Revenues: +2,7% mainly driven by **Energy** and to a lower extent by **Trencher**

Trenchers: important growth in ME and recovery in US (though both below expectations) compensating negative performance in Oceania and France. Slowdown vs estimates in December '23 sales, recovery expected throughout 2024.

(2) EBITDA: -3,4% due to lower margins from Rail, not fully compensated by higher EBITDA from Trencher and Energy.

Trenchers: EBITDA grew by ~16% for better mix, in spite of one-off charges (ca. 3€M) and increased costs for business development/organizational strengthening (ca. 1€M)

(3) -14,1€M negative variation from financial charges, out of which -7,6 from increased interests' rates/debts and -6,5€M from ForEx (largely unrealized)

(4) NFP excluding IFRS16 increasing by 9,9€M vs. Dec.2022, entirely due to inventory. NFP after IFRS16 growing by 25,1€M due to 15,2€M leasing operations

(4) 30-35€M extra-stocks to meet backlog/short terms sales expectations, with objective of huge reduction by YE 2024

2023 GROUP RESULTS

TESMEC

(€ mln)

Financial Information	Dec. 31, 2023	Dec. 31, 2022
Net Working Capital	86,8	80,6
<i>of which: inventory</i>	139,9	126,4
Net Fixed Assets	119,6	111,7
Other Long Term assets/liabilities	25,3	19,5
Net Invested Capital	231,7	211,7
Net Financial Indebtness	114,3	104,2
Lease liability - IFRS 16/IAS 17	39,2	24,1
Equity	78,2	83,4
Total Sources of Financing	231,7	211,7

RESULTS' COMMENTARY

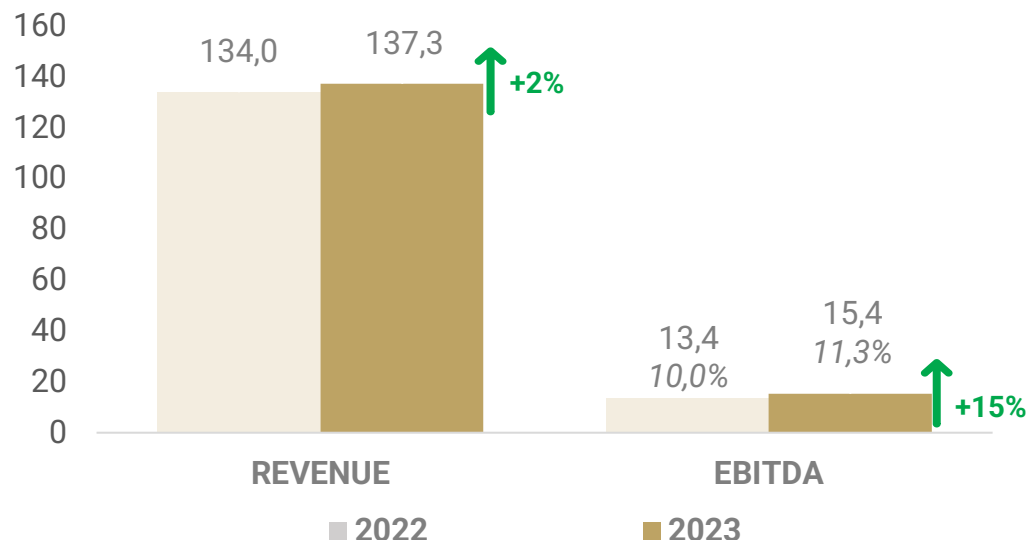
- Inventory increase leading to higher Net Financial Indebtedness (excl. IFRS16) with Free Cash Flow negative for -10,1€M (against higher inventory growing by 13,5€M)
- Lease liabilities (IFRS16) growing for new leasing operations on a portion of proprietary fleet of used vehicles, with appraisals far above book value (the effect of which was neutralized IFRS-wise), thus proving book values underestimating fair market values
- Top Management strongly committed to cash generation and debt reduction in 2024 following inventory consumption and productivity recovery



TRENCHERS: 2023 FACTS & FIGURES

TESMEC

(€ mln)



- **REVENUES AT 137,3€M, +2,4%** mainly driven by growth in ME and recovery in the US, more than offsetting slowdowns in Oceania and France
- **EBITDA AT 15,4€M, +15%** thanks to better mix, more than offsetting one-off charges (ca. 3€M), costs for business development/organizational strengthening (ca. 1€M) and negative ForEx variations (ca. 1€M)
- **BACKLOG AT 71,2€M**

KEY FACTS

- Business development and strengthening of the activities in **Middle East**
- **Product development**
 - Launch of new 400MCT, an extremely versatile and flexible trencher featuring unprecedented modularity
 - Technological advancement by new approaches to market requests with new technologies
- **First steps of development of a modular platform: electric and diesel**
- Enhancement of **services** through constant advances in **new digital technologies for remote supervision** and support of trenchers at worldwide level



TRENCHERS: 2023 FACTS & FIGURES

TESMEC



400MCT



Electric range



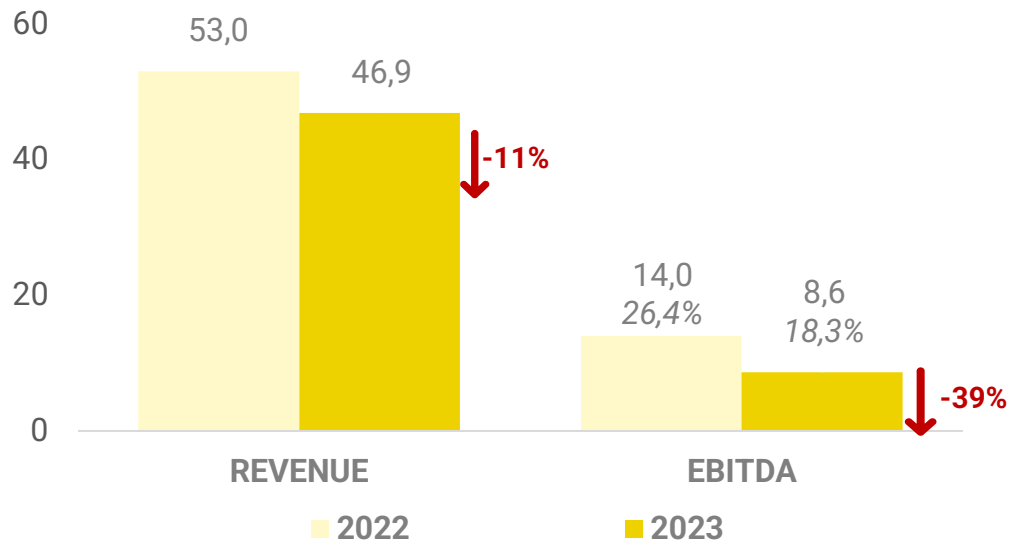
New Technologies



RAIL: 2023 FACTS & FIGURES

TESMEC

(€ mln)



- **REVENUES AT 46,9€M, -11,5%** due to acquisition of new job-orders delayed to 2024
- **EBITDA AT 8,6€M, -39%**, due to older job-orders under completion yielding lower margins, with **rebound awaited in 2024**
- Delay of payments due to extended terms for **certifications** and new tenders' acquisition shifted to 2024
- **BACKLOG AT 210,1€M**

KEY FACTS

- **RFI - Italian Railways - Tender Awarded**
 - Supply of 44 vehicles with full maintenance service for a total of 109€M
 - Fleet maintenance, engineering services and training for Tescmec multipurpose vehicles for a total value of € 22,9 mln
- **Electric Transition:** collaboration with ŠKODA GROUP for innovative green vehicles with Škoda electrically-powered traction solutions
- **Diagnostic vehicle certified AISM**, compliant to the latest EU Standard, authorized to travel on active line "in train configuration" with active signaling system
- **1st installation on Tescmec catenary working vehicles:** completed with success the on-board installation of the ETCS Level 2, The European Train Control System, in Czech Republic for the interoperability in EU
- **Cloud Diagnostic Platform** in collaboration with Avenade-Microsoft for data management with Artificial Intelligence



RAIL: 2023 FACTS & FIGURES

TESMEC



Diagnostic vehicle obtained the AISM EU Certification



ELECTRIC TRANSITION: Collaboration with ŠKODA GROUP



ETCS, European Train Control System for interoperability in EU



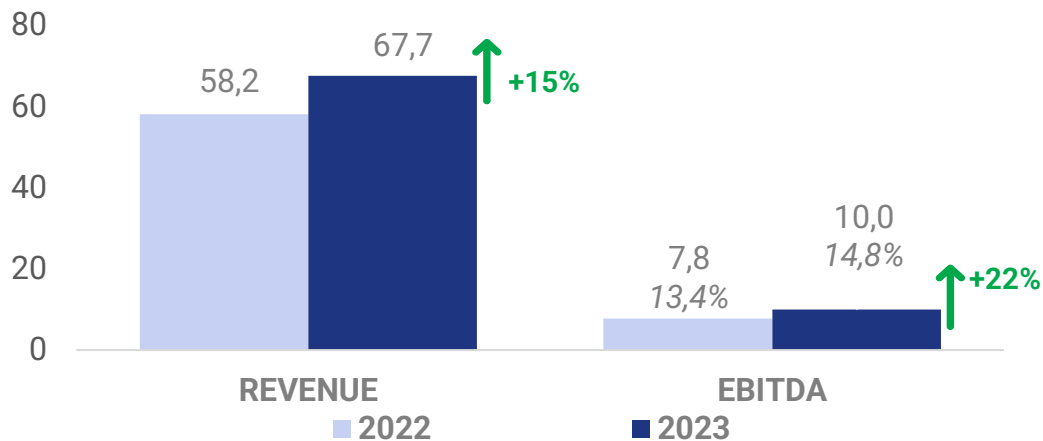
Italy - Award of the Tender of RFI



ENERGY: 2023 FACTS & FIGURES

TESMEC

(€ mln)



- **REVENUES AT 67,7€M, +15%** thanks to both Stringing and Automation segments, within solid perspectives of industry mid-term growth potential
- **EBITDA AT 10€M, +22%** thanks to improved mix and Automation contribution
- **Key client postponing products' acquisition to 2024**, with products already made available in our stocks
- **BACKLOG AT 121€M**, of wich Automation 103€M

KEY FACTS

Stringing

- **New product development** efforts to enhance the **Tools segment**, address emerging market demands and improving quality
- Launch of **Teo CTRL Room**, the first service within Tesmec new digital ecosystem
- **New cutting-edge production** facility elevating our manufacturing capabilities and efficiency

Automation

- Validation of **SAS project** and acquisition of executive orders
- **New business opportunities** thanks to both customization of existing products and brand-new developments capturing markets' needs
- **Engagement** with key stakeholders
- Homologation, market launch and start of supply of a **new integrated protection** for primary substations



STRINGING



Novel solution for stringing tank tracks



Launch of TEO



First relevant assignments for ASAT and SAS systems



New integrated protection of the primary substation

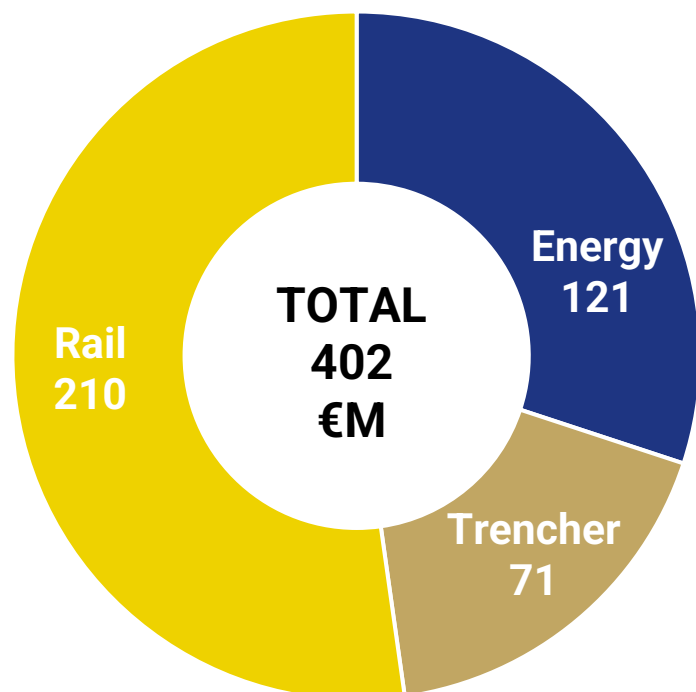
AUTOMATION

2023YE BACKLOG

TESMEC

(€ mln)

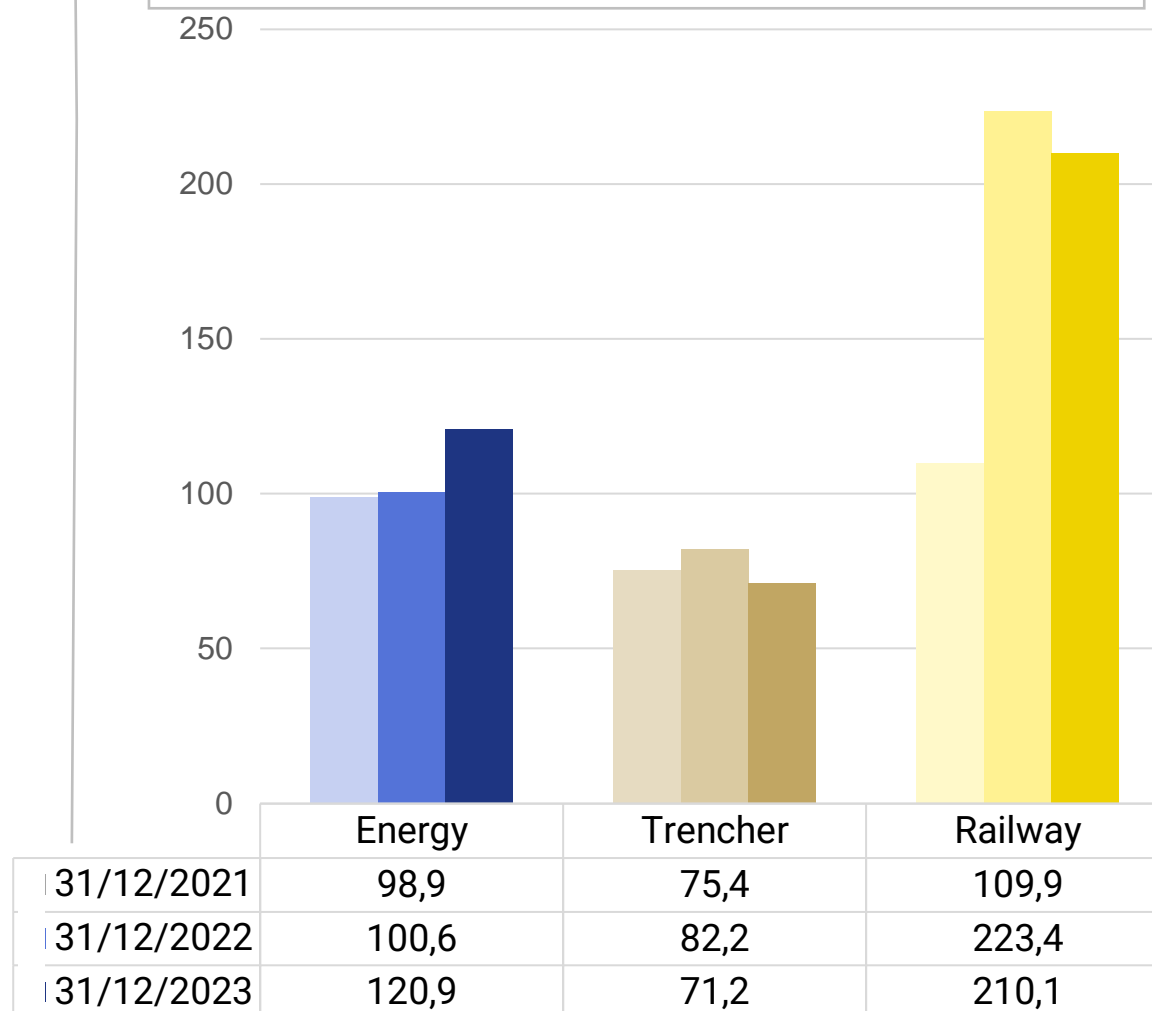
Backlog at 31/12/2023



- Long- term backlog in Automation and Rail
- Energy backlog including Automation's (103€M) and Stringing's (18€M)
- Including new opportunities in hi-tech content business

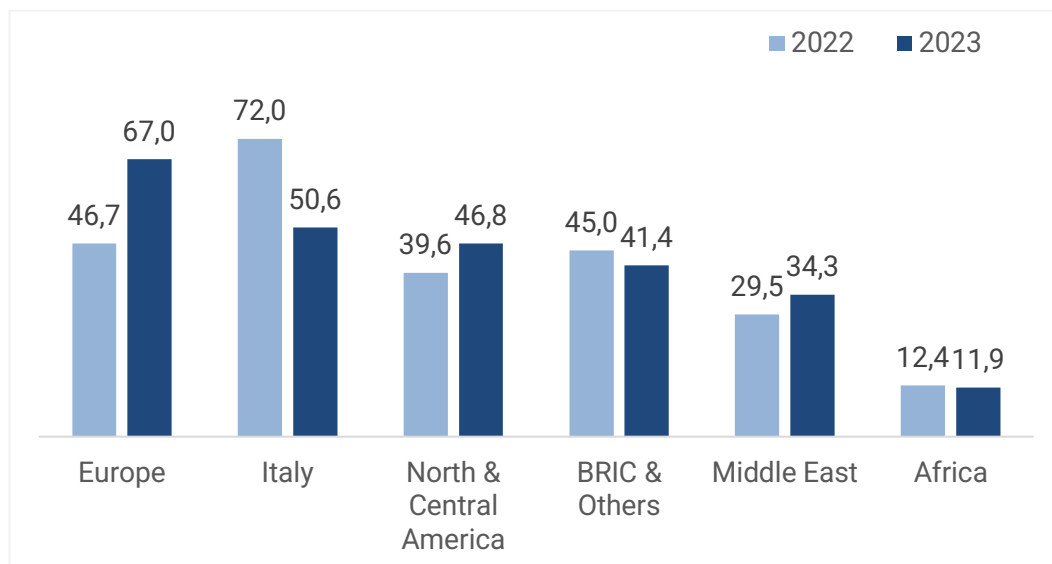
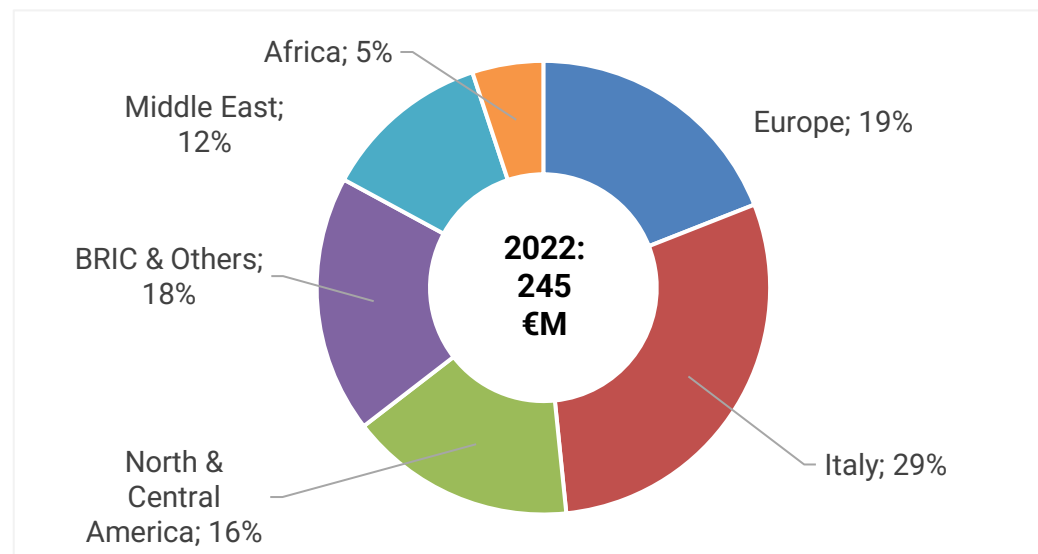
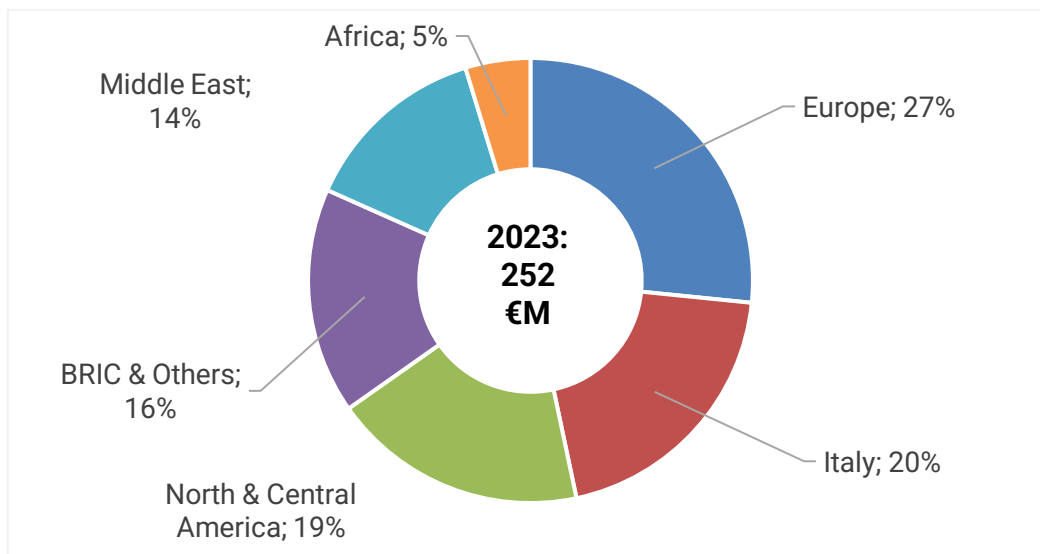
Backlog evolution

31/12/2021: 284,2
31/12/2022: 406,2
31/12/2023: 402,2



2023 REVENUES BY GEOGRAPHY

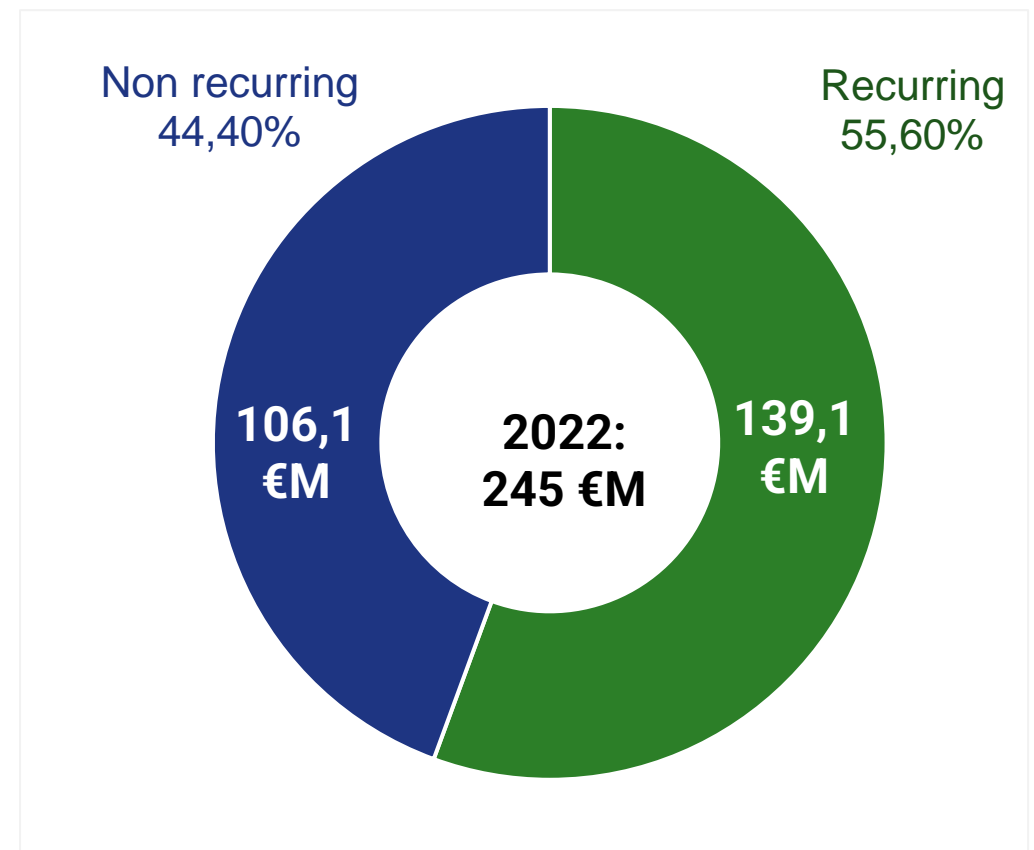
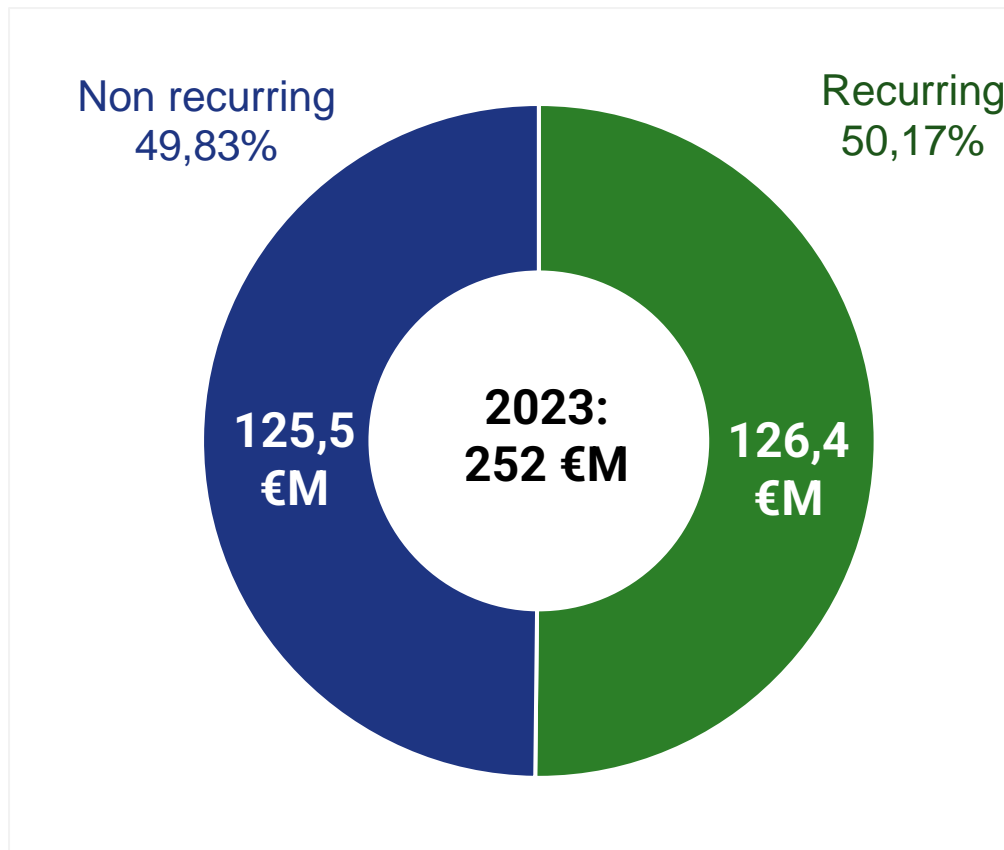
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- **ITALY:** Railway negative impact, partially offset by Automation positive impact
- **USA&ME:** Trencher positive impact
- **EU:** Rail and Energy positive impact
- **BRICS&OTHER:** Trencher negative impact

2023 “RECURRING” VS “NON-RECURRING” REVENUES

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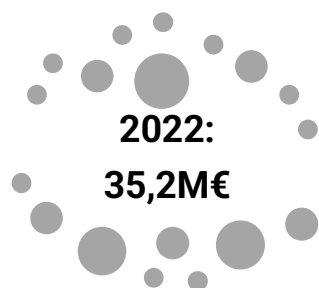
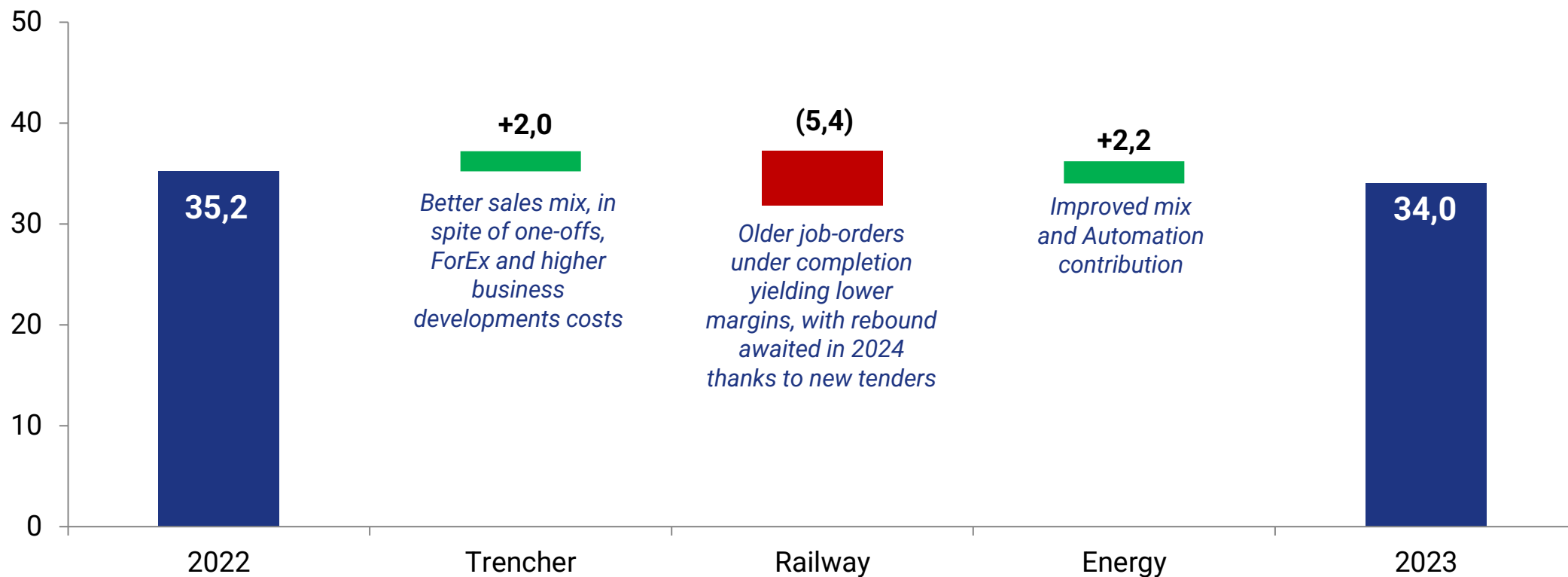


- **Recurring:** Rental, Projects, Spare Parts, Services (maintenance, revamping & refurbishing, consulting & training), long term backlog (Automation & Rail)
- **Non recurring:** Sales of goods

2023 EBITDA EVOLUTION BY BU

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(€ mln)



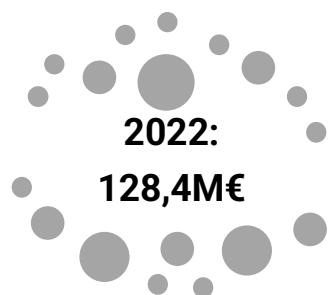
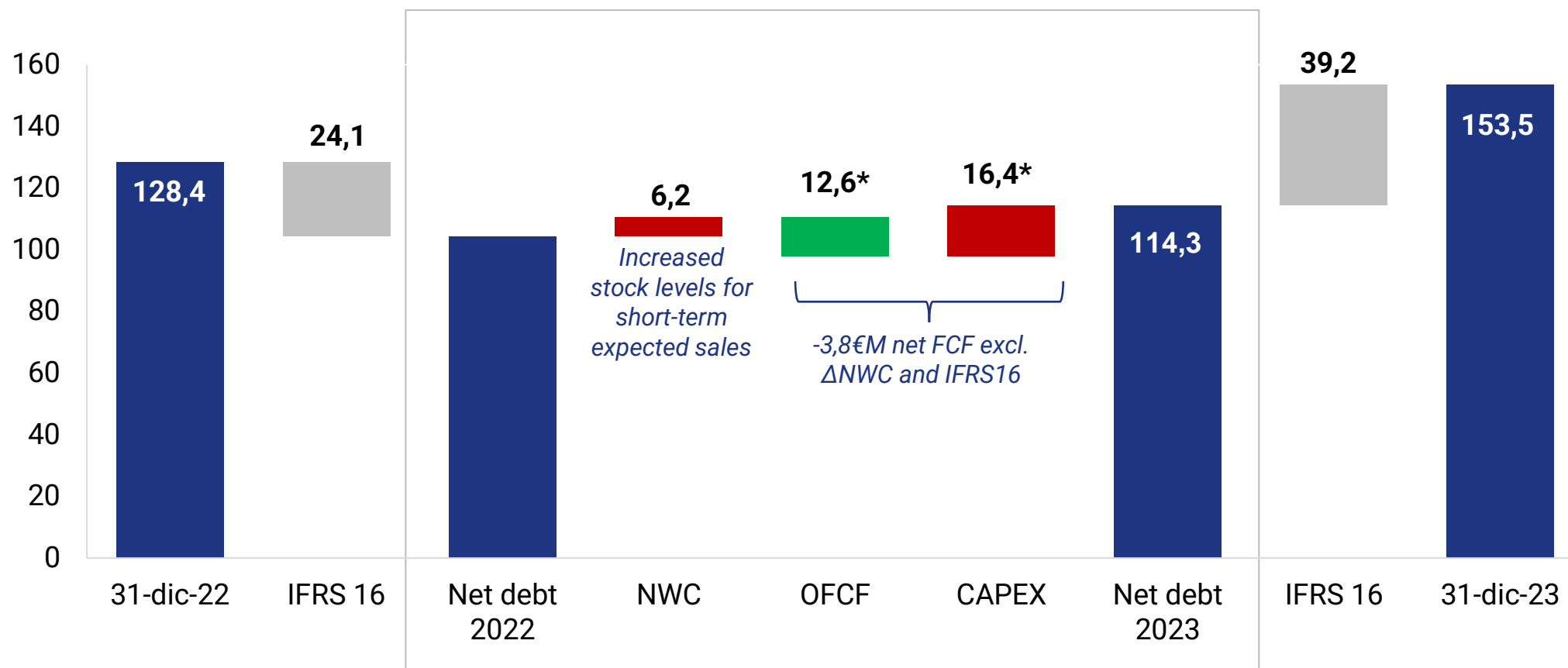
-3,4% due to lower margins from Rail, mostly compensated by Trencher and Energy



2023 NET FINANCIAL POSITION EVOLUTION AND FREE CASH FLOW

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(€ mln)



*excluding IFRS16 asset-side

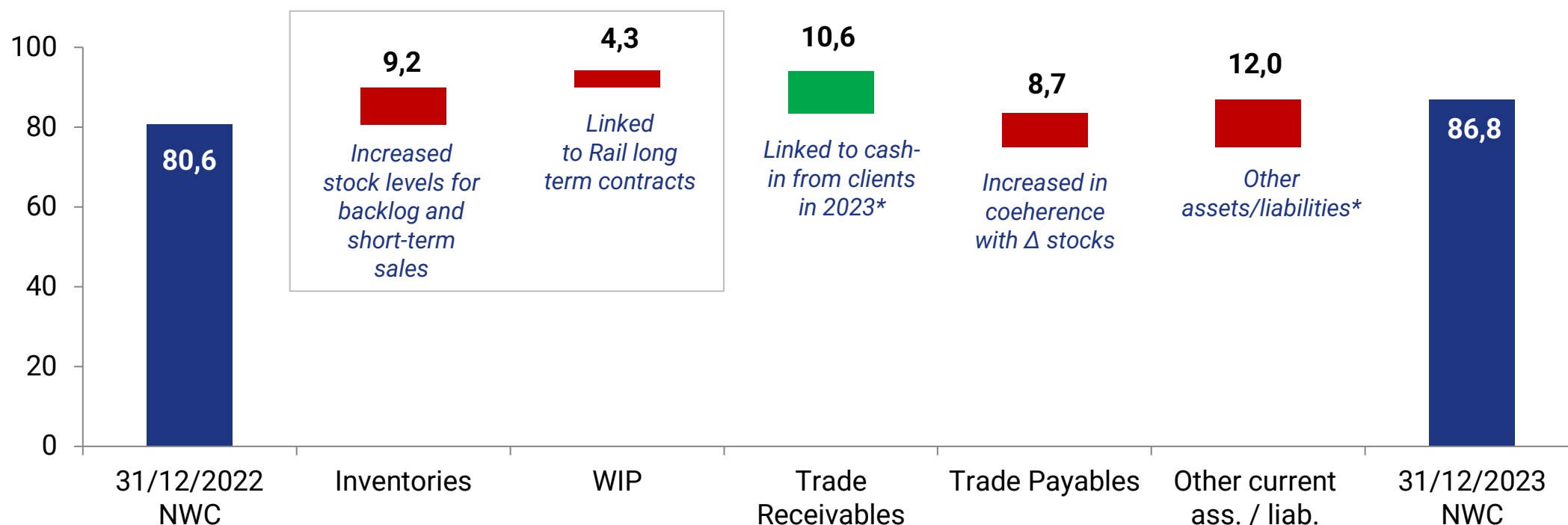
-3,8€M negative free cash flow excluding ΔNWC and IFRS16

ca. 15€M IFRS16 variation (fleets' leasing)



2023 NET WORKING CAPITAL EVOLUTION

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€ mln	Dec. 31, 2023	Dec. 31, 2022
Inventories	110,6	101,4
Work in progress contracts	29,2	25,0
Trade Receivables	45,6	56,2
Trade Payables	(82,8)	(74,2)
Other Current Assets/(Liabilities)	(15,8)	(27,8)
Net Working Capital	86,8	80,6

NWC increasing due to higher Inventories + WIP to faceguard backlog and meet short term sales expectations

*Largely due to mere reclassification of anticipated payments for Rail BU job-orders consumed in the year against invoices/WIP based on relevant contract milestones (ca. 9€M)

4.

Outlook

2020-2023 EQUITY STORY and 2024 OUTLOOK

TESMEC

MIn€	2020PF	2021	2022	2023	<div>2024</div> <div>«Value over volumes»</div>
TURNOVER	172,8	194,3	245,2	252	<div> <ul style="list-style-type: none"> Strategic continuity and selective approach Intensive go-to-market to support fully integrated digitalized sustainable business models </div> <div>➤</div> <div> Growth vs 2023 higher than 10% </div>
EBITDA	<div>13,3%</div> <div>22,9</div>	<div>14,5%</div> <div>28,1</div>	<div>14,5%</div> <div>35,2</div>	<div>13,5%</div> <div>34,0</div>	<div> <ul style="list-style-type: none"> Sales mix and product range rationalization prioritizing higher margin products/services and recurring revenues Manufacturing efficiencies, productivity recovery, fixed costs' containment </div> <div>➤</div> <div> EBITDA margin improving vs. 2023 </div>
NFP	104,4	121,0	128,4	153,5	<div> <ul style="list-style-type: none"> Strong reduction of net working capital driven by stock consumption/efficiency </div> <div>➤</div> <div> Improvement vs 2023 by 2024-end </div>

- Strategically introduce the business to the used machinery market



Tesmec is dedicated to improving the worldwide used machinery business, channeling efforts toward these sales to create profitable margins.

- Development of a new modular platform for optic fiber machines



The platform will be showcased in two distinct configurations: electrical and endothermic engine options.

- Consolidate the business in Europe through FTTH participation



Tesmec is actively enhancing its footprint in the European market, specifically in the fiber optic and energy sectors, by actively participating in events such as FTTH

- Strengthening Tesmec USA



Tesmec is committed to bolstering its presence in the USA by restructuring the team and placing a strategic emphasis on sales and rental services to enhance profit margins.

- Implementing a new sales strategy that begins by targeting premium countries, while leveraging strong relationships with utilities to enhance our market position



With the current structure, enhancing Transmission OH and UG projects, improving equipment efficiency, and implementing digital services.

- Robust innovation, including IoT machine interconnection and efficient data value management



Prioritize robotized equipment, machinery-tool interconnection, and comprehensive data analysis via our Remote Digital Suite.

- New methodology to effectively manage products development while improving efficiency



Design to Value implementation, with a focus on equipment, alongside a new business model centered around service and data management



Focus on cost reduction and effective industrialization, introducing new digital machines, and furthering our green range expansion.

- Integrated market approach combining preservation of consolidated channels with development of new strategic partnerships abroad



Current business optimization in the domestic market and penetration of new segments thanks to strategic new partnerships



Successful growth strategy in the substation automation market with consequent increase of market share.

- Development of products and systems, in combination with new challenges in virtualization



Existent portfolio management, combined with product range completion and customizations, while approaching the virtualization trend.

- Expansion of production plants



Strategic investments to increase production plants efficiency, in order to accelerate business growth.

• Growing Internationalization



- **Meetings with Key European Railway Authorities** (1H2024)
- **Go to market:** sales network acceleration with live demos
- **Attendance in key rail infrastructures projects with international leaders:**
 - working methodology for line renewal keeping passengers' traffic open
 - railway line construction for strategic infrastructure projects
- **ITALY:** significant investments for sustainable development of rail infrastructure and mobility"



Exhibitor at InnoTrans, the leading international trade fair of the rail segment

- Venue: Berlin
- Date: September 23-27



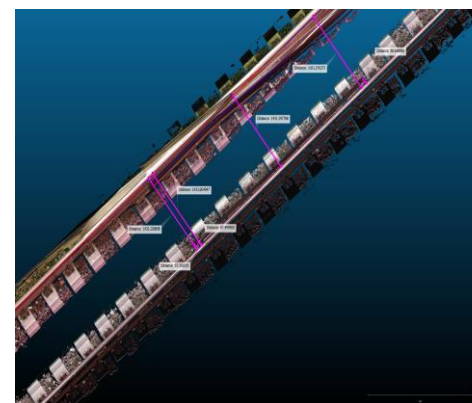
Continuous boost communication with specific focus on enhancing the global brand image → focus on green solutions and diagnostic solutions

• Efficient industrial organization



- Reorganization of the manufacturing process
- Maintenance activities for the working fleet supplied to RFI in a certified specialized structure to increase the maintenance business

• Focus on Diagnostic



- **Go to market: demos of the Intelligent data management diagnostic web platform**, based on Microsoft Azure Cloud, installed on our diagnostic vehicle laboratory.

5.

Annex

APPENDIX A: 2023 SUMMARY PROFIT & LOSS STATEMENT

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Profit & Loss Account (Euro mln)	2023	2022	Delta vs 2022	Delta %
Net Revenues	251,9	245,2	6,7	2,7%
Raw materials costs (-)	(108,8)	(97,4)	(11,3)	11,6%
Cost for services (-)	(52,2)	(53,8)	1,6	-2,9%
Personnel Costs (-)	(63,3)	(60,7)	(2,6)	4,3%
Other operating revenues/costs (+/-)	(8,0)	(8,1)	0,1	-1,0%
Non recurring revenues/costs (+/-)	-	-	0,0	n.a.
Portion of gain/(losses) from equity investments evaluated using the equity method	0,9	(0,8)	1,8	-214,6%
Capitalized R&D expenses	13,5	10,8	2,7	24,8%
Total operating costs	(217,9)	(210,0)	(7,9)	3,7%
<i>% on Net Revenues</i>	<i>(86,5%)</i>	<i>(85,6%)</i>		
EBITDA	34,0	35,2	(1,1)	-3,4%
<i>% on Net Revenues</i>	<i>13,5%</i>	<i>14,4%</i>		
Depreciation, amortization (-)	(23,0)	(22,1)	(0,9)	3,9%
EBIT	11,1	13,1	(2,0)	-14,9%
<i>% on Net Revenues</i>	<i>4,4%</i>	<i>5,3%</i>		
Net Financial Income/Expenses (+/-)	(15,7)	(1,6)	(14,1)	n/a
Taxes (-)	1,9	(3,7)	5,6	n/a
Group Net Income (Loss)	(2,7)	7,9	(10,6)	n/a
Minorities	(0,0)	0,0	(0,1)	
Group Net Income (Loss)	(2,7)	7,8	(10,5)	n/a
<i>% on Net Revenues</i>	<i>-1,1%</i>	<i>3,2%</i>		

APPENDIX B: SUMMARY 2023 BALANCE SHEET

TESMEC

Balance Sheet (€ mln)	2023	2022
Inventory	110,6	101,4
Work in progress contracts	29,2	25,0
Accounts receivable	45,6	56,2
Accounts payable (-)	(82,8)	(74,2)
Op. working capital	102,7	108,4
Other current assets (liabilities)	(15,8)	(27,8)
Net working capital	86,8	80,6
Tangible assets	45,1	51,8
Right of use - IFRS 16/IAS 17	28,9	21,9
Intangible assets	39,3	32,3
Financial assets	6,3	5,6
Fixed assets	119,6	111,6
Net long term assets (liabilities)	25,3	19,5
Net invested capital	231,7	211,7
Cash & near cash items (-)	(53,7)	(51,0)
Short term financial assets (-)	(26,8)	(17,2)
Lease liability - IFRS 16/IAS 17	39,2	24,1
Short term borrowing	102,7	80,1
Medium-long term borrowing	92,0	92,3
Net financial position	153,5	128,3
Equity	78,2	83,4
Funds	231,7	211,7

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