

TESMEC

Sector: Industrials

OUTPERFORM

Price: Eu0.15 - Target: Eu0.19

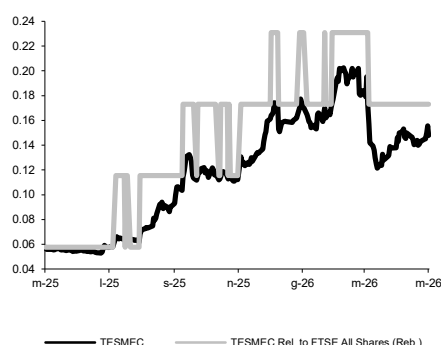
Solid Start to the Year and FY guidance reaffirmed

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Stock Rating

Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2026E	2027E	2028E
Chg in Adj EPS	0.0%	0.0%	0.0%

TESMEC - 12M Performance



Stock Data

Reuters code:	TES.MI
Bloomberg code:	TES IM

Performance	1M	3M	12M
Absolute	1.2%	-16.4%	156.5%
Relative	-3.5%	-22.9%	131.0%
12M (H/L)	0.20/0.05		
3M Average Volume (th):	6,393.52		

Shareholder Data

No. of Ord shares (mn):	606
Total no. of shares (mn):	606
Mkt Cap Ord (Eu mn):	90
Total Mkt Cap (Eu mn):	90
Mkt Float - Ord (Eu mn):	42
Mkt Float (in %):	46.6%
Main Shareholder:	
TTC	47.8%

Balance Sheet Data

Book Value (Eu mn):	85
BVPS (Eu):	0.14
P/BV:	1.1
Net Financial Position (Eu mn):	-127
Enterprise Value (Eu mn):	216

■ **1Q26 sales above estimates, EBITDA in line, better NFP.** 1Q26 results confirmed the positive trend at the Energy business and showed an improving performance at Trenchers compared to the weak trends of the last part of 2025, with flattish volumes at the Rail business (backlog conversion expected to accelerate in 2H26). In detail: 1Q26 sales increased by 7% YoY to Eu66mn vs. our Eu61mn (8% better than expected as we were assuming weaker volumes at Trenchers in line with the 4Q25 trend). EBITDA came in at Eu10.1mn vs. EU9.6mn expected, with the margin at 15.3% vs. 15.5% in 1Q25, reflecting lower YoY margins at Trenchers and Rail compensated by a higher EBITDA margin at Energy. EBIT was up 8.8% YoY to Eu4.7mn (Eu4.2mn expected), with net profit at Eu1.1mn (Eu0.9mn expected) reverting the negative bottom line of Eu-1.2mn of 1Q25. The positive surprise was the NFP, with net debt down Eu4mn vs. December 2025 (from Eu130mn to Eu126mn) compared to the typical net debt increase in 1Q. Lower net debt was driven by Eu5mn cash flow from operations and a Eu2mn decrease in working capital (mainly due to lower work-in-progress contracts), with CapEx (including the fleet) at Eu4.8mn, now in line with D&A. The backlog stood at Eu474mn (Eu240mn at Energy and Eu161mn at Rail) vs. Eu416mn as at December 2025.

■ **Energy growth is structural, Rail not reflecting recent awards, Trenchers improving vs. 4Q25.** By division, Trenchers reported sales down 7.2% YoY (from Eu32mn to Eu30mn driven by weaker volumes in Australia, a temporary slowdown in West Africa, and a solid performance in the US). Trencher margins were down over 5pp vs. 1Q25 (from 17.2% to 11.8%) but show a marked improvement vs. the 2H25 single-digit margin. For 1Q26, Rail reported flattish sales (Eu10.0mn vs. Eu9.6mn in 1Q25) and EBITDA (Eu0.7mn vs. Eu0.9mn) as results have yet to reflect the contribution of newly awarded contracts (Eu71mn in Slovenia), with backlog conversion expected to accelerate in 2H26. Moreover, during the call, management stressed the progress on certifications, which will broaden access to the European market. The Energy division reported sales up 32% YoY to Eu26mn and EBITDA up 86% to Eu6mn (22.4% margin in 1Q26 vs. 15.8% in 1Q25). The strong profitability was driven by both Stringing (mix, operational leverage, growing contribution from the US JV) and Automation (multi-year contracts entering the execution phase). Management also said they are not seeing a material impact on Tesmec's business in the Middle East (approx. 10% of sales) so far.

■ **Outlook.** The company confirmed the FY guidance for improving the main P&L indicators vs. FY25 and guided for FY26 net debt lower than the Eu126mn reported as at end-1Q26 (thus improving on the previous indication of FY26 net debt improving vs. the FY25 figure of Eu130mn). We believe our FY26 estimates of sales of Eu280mn (+9% YoY), EBITDA of Eu47mn (+16%), and net debt of Eu127mn err on the safe side.

■ **Outperform, TP Eu0.19.** Tesmec is exposed to growing end-markets in Energy and Rail, supporting the growth outlook and improving the cash profile over the coming years. Our DCF-based equity value for Tesmec is Eu114mn or Eu 0.19 per share. At target, we value Tesmec at 5.2x FY26E EV/EBITDA and 9.9x FY26E P/E.

Key Figures & Ratios	2024A	2025A	2026E	2027E	2028E
Sales (Eu mn)	240	258	280	301	325
EBITDA Adj (Eu mn)	41	41	47	56	62
Net Profit Adj (Eu mn)	0	-2	8	14	19
EPS New Adj (Eu)	0.000	-0.004	0.012	0.023	0.032
EPS Old Adj (Eu)	0.000	-0.004	0.012	0.023	0.032
DPS (Eu)	0.000	0.000	0.000	0.000	0.000
EV/EBITDA Adj	4.9	4.5	4.6	3.7	3.1
EV/EBIT Adj	9.9	9.3	8.7	6.2	4.8
P/E Adj	nm	nm	11.9	6.3	4.6
Div. Yield	0.0%	0.0%	0.0%	0.0%	0.0%
Net Debt/EBITDA Adj	3.6	3.2	2.7	2.1	1.6

TESMEC – Key Figures						
Profit & Loss (Eu mn)	2023A	2024A	2025A	2026E	2027E	2028E
Sales	252	240	258	280	301	325
EBITDA	34	41	41	47	56	62
EBIT	11	20	20	25	33	40
Financial Income (charges)	-16	-17	-20	-15	-14	-14
Associates & Others	0	0	0	0	0	0
Pre-tax Profit	-5	4	-0	10	19	26
Taxes	2	-4	-2	-3	-5	-6
Tax rate	41.3%	95.5%	-1019.1%	25.0%	25.0%	25.0%
Minorities & Discontinued Operations	-0	-5	5	0	0	0
Net Profit	-3	-5	2	8	14	19
EBITDA Adj	34	41	41	47	56	62
EBIT Adj	11	20	20	25	33	40
Net Profit Adj	-3	-0	-2	8	14	19
Per Share Data (Eu)	2023A	2024A	2025A	2026E	2027E	2028E
Total Shares Outstanding (mn) - Average	606	606	606	606	606	606
Total Shares Outstanding (mn) - Year End	607	607	607	607	607	607
EPS f.d	-0.005	-0.009	0.004	0.012	0.023	0.032
EPS Adj f.d	-0.005	0.000	-0.004	0.012	0.023	0.032
BVPS f.d	0.126	0.125	0.128	0.141	0.164	0.196
Dividend per Share ORD	0.000	0.000	0.000	0.000	0.000	0.000
Dividend per Share SAV	0.000					
Dividend Payout Ratio (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash Flow (Eu mn)	2023A	2024A	2025A	2026E	2027E	2028E
Gross Cash Flow	4	15	49	31	41	46
Change in NWC	2	0	-2	-3	-5	-6
Capital Expenditure	-16	-25	-25	-24	-25	-25
Other Cash Items	0	0	0	0	0	0
Free Cash Flow (FCF)	-10	-9	21	4	11	14
Acquisitions, Divestments & Other Items	-15	16	1	0	0	0
Dividends	0	0	0	0	0	0
Equity Financing/Buy-back	0	0	-6	0	0	0
Change in Net Financial Position	-25	7	17	4	11	14
Balance Sheet (Eu mn)	2023A	2024A	2025A	2026E	2027E	2028E
Total Fixed Assets	120	107	117	119	121	123
Net Working Capital	87	100	72	74	74	78
Long term Liabilities	25	18	16	17	17	17
Net Capital Employed	232	225	204	209	212	218
Net Cash (Debt)	-154	-147	-130	-127	-115	-102
Group Equity	78	78	74	83	97	116
Minorities	2	2	-3	-3	-3	-3
Net Equity	76	76	78	85	99	119
Enterprise Value (Eu mn)	2023A	2024A	2025A	2026E	2027E	2028E
Average Mkt Cap	83	54	51	90	90	90
Adjustments (Associate & Minorities)	0	0	0	0	0	0
Net Cash (Debt)	-154	-147	-130	-127	-115	-102
Enterprise Value	236	201	181	216	205	191
Ratios (%)	2023A	2024A	2025A	2026E	2027E	2028E
EBITDA Adj Margin	13.5%	17.1%	15.7%	16.8%	18.4%	19.1%
EBIT Adj Margin	4.4%	8.5%	7.6%	8.9%	10.9%	12.2%
Gearing - Debt/Equity	196.3%	189.4%	176.8%	153.1%	119.2%	87.4%
Interest Cover on EBIT	0.7	1.2	1.0	1.7	2.3	2.9
Net Debt/EBITDA Adj	4.5	3.6	3.2	2.7	2.1	1.6
ROACE*	5.0%	8.9%	9.1%	12.0%	15.7%	18.5%
ROE*	-3.8%	-0.2%	-3.1%	9.2%	15.3%	17.8%
EV/CE	1.1	0.9	0.8	1.0	1.0	0.9
EV/Sales	0.9	0.8	0.7	0.8	0.7	0.6
EV/EBITDA Adj	6.9	4.9	4.5	4.6	3.7	3.1
EV/EBIT Adj	21.4	9.9	9.3	8.7	6.2	4.8
Free Cash Flow Yield	-11.2%	-10.3%	23.9%	4.2%	12.5%	15.4%
Growth Rates (%)	2023A	2024A	2025A	2026E	2027E	2028E
Sales	2.7%	-4.9%	7.6%	8.6%	7.8%	7.8%
EBITDA Adj	-3.3%	20.7%	-1.3%	15.7%	18.6%	11.7%
EBIT Adj	-15.7%	84.1%	-4.2%	27.1%	33.1%	20.3%
Net Profit Adj	nm	nm	nm	nm	88.0%	37.8%
EPS Adj	nm	nm	nm	nm	88.0%	37.8%
DPS						

*Excluding extraordinary items

Source: Intermonte SIM estimates

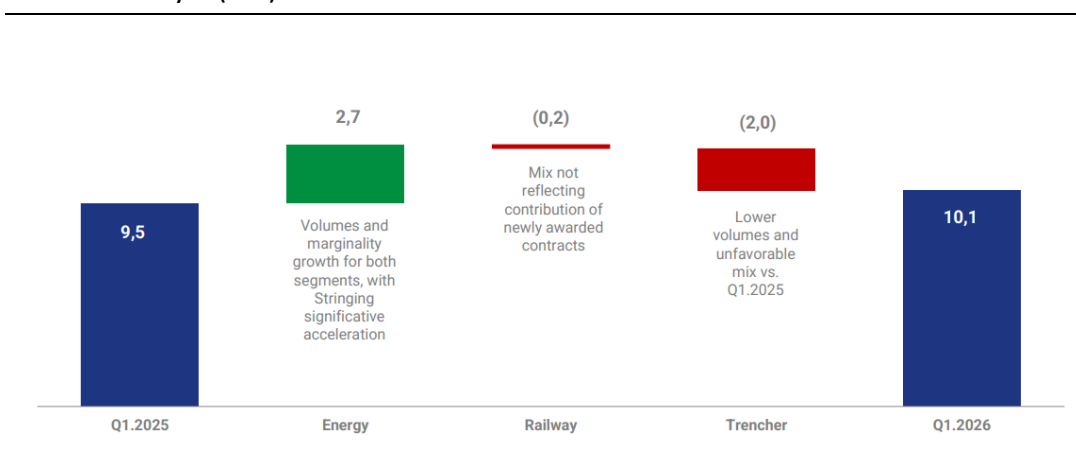
Quarterly Trend

Tesmec - Quarterly Trends

(Eu mn)	1Q25	2Q25	3Q25	4Q25	FY 25	1Q26A	1Q26E	YoY	Act./Est.	FY 26E	YoY
Revenues	61,4	67,2	63,6	65,4	257,6	65,9	61,1	7,4%	7,9%	279,7	8,6%
EBITDA	9,5	11,7	10,2	9,1	40,5	10,1	9,6	6,3%	5,8%	46,9	15,7%
Margin	15,5%	17,3%	16,0%	14,0%	15,7%	15,3%	15,6%			16,8%	
EBIT	4,3	6,4	5,0	3,7	19,5	4,7	4,2	8,8%	12,7%	24,8	27,1%
Margin	7,0%	9,6%	7,8%	5,7%	7,6%	7,1%	6,8%			8,9%	
Net Profit	-1,4	0,9	-0,2	2,8	2,1	1,1	0,9	n.m.	29,4%	7,5	n.m.
Net Debt	152,6	146,4	136,0	130,4	130,4	126,0	134,0	-17,4%	6,0%	126,6	-2,9%

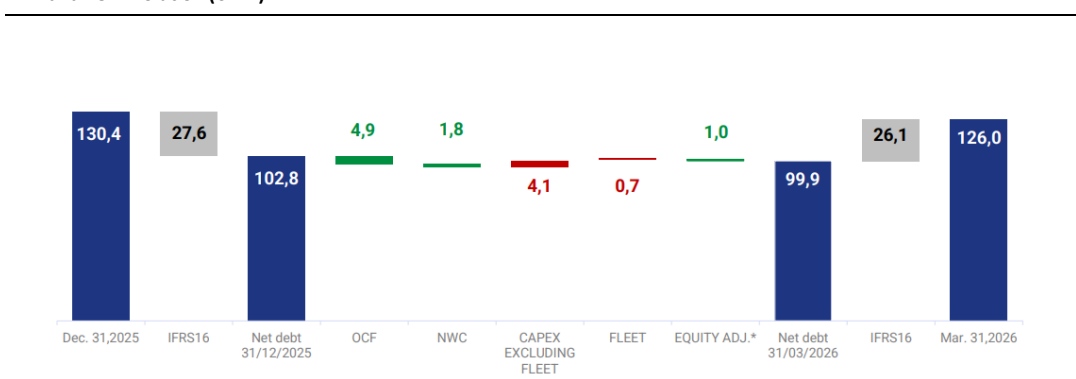
Source: company data, Intermonte estimates

EBITDA Evolution by BU (€ mn)



Source: Company data

NFP and FCF EVOLUTION (€ mn)



Source: Company data

Valuation

We value Tesmec through DCF at Eu114mn or Eu0.19 per share. At target, we value Tesmec at 5.2x FY26E EV/EBITDA and 9.9x FY26E P/E.

DCF Model

(Eu mn)	2025	2026E	2027E	2028E	2029E	2030E	2031E	TV
Revenues	257.6	279.7	301.4	324.8	341.0	358.1	376.0	383.5
YoY Growth	7.6%	8.6%	7.8%	7.8%	5.0%	5.0%	5.0%	2.0%
EBITDA	40.5	46.9	55.6	62.1	68.2	71.6	75.2	57.5
margin %	15.7%	16.8%	18.4%	19.1%	20.0%	20.0%	20.0%	15.0%
D&A	(21.0)	(22.1)	(22.6)	(23.4)	(24.6)	(25.8)	(27.1)	(26.8)
EBIT	19.5	24.8	33.0	39.7	43.6	45.8	48.1	30.7
Taxes on EBIT	(7.5)	(6.5)	(8.5)	(10.2)	(13.1)	(13.7)	(14.4)	(9.2)
tax rate	-38.5%	-26.2%	-25.9%	-25.7%	-30.0%	-30.0%	-30.0%	-30.0%
NOPAT	12.0	18.3	24.5	29.5	30.5	32.1	33.7	21.5
Change in WC	27.8	(8.4)	(8.2)	(8.9)	(6.2)	(6.5)	(6.8)	(3.0)
WC/Sales		38.0%	38.0%	38.0%	38.0%	38.0%	38.0%	40.0%
Capex	(25.0)	(24.3)	(24.9)	(25.3)	(20.5)	(21.5)	(22.6)	(26.8)
Capex/Sales	-9.7%	-8.7%	-8.3%	-7.8%	-6.0%	-6.0%	-6.0%	-7.0%
Unlevered FCF	35.8	7.7	13.9	17.7	28.5	29.9	31.4	18.5
TV								269.1
Discount factor		0.96	0.88	0.81	0.74	0.68	0.62	0.57
Discounted Free cash flow		7.4	12.2	14.3	21.1	20.3	19.5	153.7

Eu mn

Discounted free cash flows 2026-2031E	95
Terminal Value on total EV	62%
Terminal value multiple on EBITDA	4.7x
Total EV	248
Net financial position (YE25) incl. IFRS16	(130)
Other Liabilities	(4)
Fair Value of Equity (Eu mn)	114
N. of shares (mn)	606.5
N. of shares ex. treasury shares(mn)	601.7
Fair value per share (Eu)	0.19

Source: Intermonte estimates

Multiples @ Current Price

	2022	2023	2024	2025	2026E	2027E
EV/SALES	0.9	0,9	0,8	0,8	0,8	0,7
EV/EBITDA	6.0	6,8	4,7	5,0	4,7	3,8
EV/EBIT	16.1	20,8	9,4	10,3	8,9	6,3
P/E	10.0	n.m.	n.m.	n.m.	12,0	6,4

Multiples @TP Eu0.17

Mkt Cap target Eu mn					115	115
EV/SALES					0,9	0,8
EV/EBITDA					5,2	4,2
EV/EBIT					9,9	7,1
P/E					15,4	8,2

Source: Intermonte SIM estimates

Financials

Profit & Loss

(Eu mn)	2022	2023	2024	2025	2026E	2027E
Energy	58	68	77	97	108	116
Trencher	134	137	125	108	114	122
Railway	53	47	50	53	57	63
Revenues	245.2	251.9	252.9	257.6	279.7	301.4
YoY change %	26%	3%	0%	8%	9%	8%
YoY change Eu mn	51	7	1	18	22	22
Operating costs	-210	-218	-212	-217	-233	-246
YoY change %	26%	4%	-3%	9%	7%	6%
Energy	7.8	10.0	11.3	19.4	22.4	25.6
Trencher	13.4	15.4	20.2	11.0	13.3	16.8
Railway	14.0	8.6	9.5	10.2	11.2	13.2
EBITDA	35.2	34.0	41.1	40.5	46.9	55.6
margin %	14.4%	13.5%	16.2%	15.7%	16.8%	18.4%
YoY change %	25.1%	-3.3%	20.7%	-1.3%	15.7%	18.6%
D&A	-22.1	-23.0	-20.7	-21.0	-22.1	-22.6
EBIT	13.1	11.1	20.4	19.5	24.8	33.0
margin %	7.5%	4.4%	8.1%	7.6%	8.9%	10.9%
YoY change %	130.7%	-15.7%	84.1%	-4.2%	27.1%	33.1%
Financial expenses	-1.507	-15.655	-16.6	-19.734	-14.8	-14.2
Pretax profit	11.6	-4.6	3.8	-0.2	10.0	18.8
YoY change %	329.8%	-139.6%	-182.1%	-105.7%	-4751.2%	88.0%
Taxes	-3.7	1.9	-3.6	-2.2	-2.5	-4.7
Tax rate %	31.8%	41.3%	95.5%	-1019.1%	25.0%	25.0%
Net Profit before minorities	7.9	-2.7	0.2	-2.4	7.5	14.1
YoY change %	554.8%	-134.1%	-106.3%	-1515.3%	-411.7%	88.0%
Minorities	0.0	-0.3	-5.4	4.5	0.0	0.0
Net Profit	7.9	-3.0	-5.2	2.1	7.5	14.1
YoY change %	554.8%	-137.5%	76.2%	-140.7%	252.6%	88.0%
Per share data	2022	2023	2024	2025	2026E	2027E
Number of shares m	606.5	606.5	606.5	606.5	606.5	606.5
Shares net of treasury shares	601.7	601.7	601.7	601.7	601.7	601.7
EPS Adj.	0.013	-0.005	0.000	-0.004	0.012	0.023
growth %	554.8%	-137.5%	-95.6%	1725.4%	-416.1%	88.0%
FCF per share	-0.003	-0.017	-0.005	0.035	0.006	0.018
BVPS	0.135	0.126	0.125	0.128	0.141	0.164

Source: Intermonte SIM

Balance Sheet

(Eu mn)	2022	2023	2024	2025	2026E	2027E
Intangible assets	32.3	39.3	42.2	42.2	42.2	42.2
Tangible assets	73.7	74.0	57.6	67.5	69.7	72.0
Financial assets	5.6	6.3	7.1	7.1	7.1	7.1
Net fixed assets	111.6	119.6	106.9	116.8	119.0	121.3
Inventories	101.4	110.6	96.1	87.7	95.1	102.5
Receivables	56.2	45.6	55.4	61.1	66.3	71.4
Payables	-74.2	-82.8	-79.9	-103.8	-114.7	-126.6
Other assets/liabilities	-2.8	13.4	28.2	26.8	26.8	26.8
Net working capital	80.6	86.8	99.8	72.0	73.5	74.1
Other long term assets/liabilities	19.5	25.3	17.8	15.5	16.7	16.7
Net Invested Capital	211.8	231.7	224.6	204.2	209.3	212.2
Net Debt /(Cash)	128.4	153.5	147.0	130.4	126.6	115.4
Minorities	1.7	2.0	2.0	-2.5	-2.5	-2.5
Shareholders funds	81.7	76.2	75.6	77.7	85.2	99.3
Total Shareholders Funds	83.4	78.2	77.6	73.7	82.7	96.8
Total Sources	211.8	231.7	224.6	204.2	209.3	212.2

Source: Intermonte SIM

Cash Flow

(Eu mn)	2022	2023	2024	2025	2026E	2027E
EBITDA	35.2	34.0	41.1	40.5	46.9	55.6
Capex	-25.0	-16.4	-18.5	-25.0	-24.3	-24.9
Taxes	-2.7	1.9	0.3	-2.2	-2.5	-4.7
Change in working capital	-4.1	-6.2	-13.0	27.8	-1.5	-0.6
Other operating items	-3.7	-7.7	3.7	0.0	0.0	0.0
Financial charges	-1.5	-15.7	-16.6	-19.7	-14.8	-14.2
Free Cash Flow	-1.8	-10.0	-3.0	21.4	3.8	11.2
Acquisitions/Disposals	-5.5	0.0	0.0	0.0	0.0	0.0
Change in Equity	0.0	0.0	0.0	-6.0	0.0	0.0
Dividends	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.0	-15.1	9.5	1.2	0.0	0.0
Decrease/(Increase) in Net Debt	-7.3	-25.1	6.5	16.6	3.8	11.2
Net Debt end of period	128.4	153.5	147.0	130.4	126.6	115.4
Capex/Sales	10.2%	6.5%	7.3%	9.7%	8.7%	8.3%
Working Capital/Sales	32.9%	34.5%	39.5%	27.9%	26.3%	24.6%
Net Debt/EBITDA	3.6 x	4.5 x	3.6 x	3.2 x	2.7 x	2.1 x

Source: Intermonte SIM

DETAILS ON STOCKS RECOMMENDATION			
Stock NAME	TESMEC		
Current Recomm:	OUTPERFORM	Previous Recomm:	OUTPERFORM
Current Target (Eu):	0.19	Previous Target (Eu):	0.19
Current Price (Eu):	0.15	Previous Price (Eu):	0.17
Date of report:	11/05/2026	Date of last report:	12/03/2026

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

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Frequency of research: quarterly.

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A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

Explanation of our ratings system:

BUY: stock expected to outperform the market by over 25% over a 12 month period;

OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;

NEUTRAL: stock performance expected at between +10% and -10% compared to the market over a 12 month period;

UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;

SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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As at 11 May 2026 Intermonte's Research Department covered 136 companies. Intermonte's distribution of stock ratings is as follows:

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OUTPERFORM:	39.71%
NEUTRAL:	27.94%
UNDERPERFORM:	00.00%
SELL:	00.00%

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OUTPERFORM:	30.00%
NEUTRAL:	15.00%
UNDERPERFORM:	01.25%
SELL:	00.00%

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