

Informazione Regolamentata n. 1155-17-2024	Data/Ora Inizio Diffusione 10 Maggio 2024 13:12:42	Euronext Star Milan
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Societa' : TESMEC

Identificativo Informazione  
Regolamentata : 190415

Utenza - Referente : TESMECN06 - Turani

Tipologia : REGEM

Data/Ora Ricezione : 10 Maggio 2024 13:12:42

Data/Ora Inizio Diffusione : 10 Maggio 2024 13:12:42

Oggetto : Tesmec S.p.A. - The Board of Directors  
approved First Quarter 2024 results

*Testo del comunicato*

Vedi allegato

# TESMEC

**TESMEC S.P.A.: BOARD OF DIRECTORS APPROVES INTERIM REPORT AS OF MARCH 31, 2024, SHOWING GROWING REVENUES, RECOVERING MARGINS AND INCREASED NET FINANCIAL INDEBTENESS. POSITIVE OUTLOOK CONFIRMED FOR 2024.**

## **Main Consolidated Results for the first quarter 2024 (vs. first quarter of 2023):**

- **Revenues: Euro 59.3 million, increasing by 3.2%** from 57.5 million as of March 31, 2023;
- **EBITDA<sup>1</sup>: Euro 9.0 million, increasing by 20.5%** from 7.5 million as of March 31, 2023;
- **EBIT: Euro 3.1 million, increasing by 62.1%** from 1.9 million as of March 31, 2023;
- **Net result: negative for Euro 1.1 million**, mainly due to the impact of financial expenses, by the way improving from the negative net result of 2.5 million recorded as of March 31, 2023;
- **Net financial indebtedness<sup>2</sup>: Euro 167.1 million** including the IFRS16 component (compared to Euro 153.5 million as of December 31, 2023), corresponding to Euro 120.9 million excluding the IFRS16 component (compared to Euro 114.3 million as of December 31, 2023);
- **Total order backlog: Euro 390.6 million**, compared to Euro 401.3 million as of March 31, 2023;
- **Outlook 2024:** expected growing revenues by more than 10%, with an improving EBITDA margin and Net Financial Position compared to 2023;
- **Sustainability:** the pursued sustainable development is based on projects that are an integral part of the Group's business. Tesmec confirms its strong focus on environmental issues, occupational health and safety protection, and investments in digital and sustainable innovation.

*Grassobbio (Bergamo), 10 May 2024* – The **Board of Directors of Tesmec S.p.A.** (EURONEXT STAR MILAN: TES) (“**Tesmec**” or “**Company**”), at the head of a group leader in the market of technologies for infrastructures (overhead, underground and railway networks) related to the transport of energy, data and materials (oil and derivatives, gas and water), and of technologies in surface mining, convened today and chaired by Ambrogio Caccia Dominioni, reviewed and approved the **Interim consolidated financial report as at 31 March 2024**, which shows revenue growth driven mainly by the Energy sector and an increase in margins due to a better sales mix, with the higher value-added sectors maintaining margins. The Net Income for the period, impacted by financial charges, was negative for Euro 1.1 million, an improvement over the Euro 2.5 million loss in the first quarter of 2023, while the Net Financial Indebtedness increased due to higher working capital, against still high inventories and expected to decrease during 2024, and to an increase of IFRS16 items.

<sup>1</sup> The EBITDA is represented by the operating income gross of amortization/depreciation. The EBITDA thus defined represents a measurement used by Company management to monitor and assess the company's operating performance. EBITDA is not recognized as a measure of performance by the IFRS and therefore is not to be considered an alternative measurement for assessing the performance of the Group's operating income. As the composition of EBITDA is not governed by the reference accounting standards, the criterion for determination applied by the Group may not be in line with the criterion adopted by others and is therefore not comparable.

<sup>2</sup> Net financial debt is calculated as the sum of cash and cash equivalents, current financial assets including available-for-sale securities, current and non-current financial liabilities, including financial liabilities from leasing and IFRS 16, the fair value of financial instruments and excluding other non-current liabilities.

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The **Chairman and CEO of Tesmec S.p.A. Ambrogio Caccia Dominioni** commented as follows " *In the first quarter we started a series of actions aimed at the redefinition of industrial structure, efficiency and strengthening governance.*

*In terms of production set-up, the first quarter saw the concentration of the Stringing sector in Grassobbio production hub, with related investments and efforts to guarantee production during the relocation; at the same time, efficiency actions were initiated at all Group's production sites, as a reorganization to improve productivity and profitability, both in Italy and abroad. The benefits of these actions are expected in the coming quarters.*

*In the first quarter, initiatives were also launched to contain fixed operating expenses, and corporate governance actions at the Group's subsidiaries in USA and Australia, which, in addition to the target of strengthening leadership, will also lead to a reduction in staff costs.*

*The order backlog amounts at Euro 391 million as of March 31, 2024, confirming historically high levels. The biggest opportunities are concentrated in the Energy and Rail sectors, with strategic initiatives in place to seize opportunities in markets with high vitality and growth perspectives."*

## MAIN CONSOLIDATED RESULTS AS OF 31 MARCH 2024

As of **March 31, 2024**, Tesmec Group's Consolidated **Revenues** amounted to **Euro 59.3 million**, up 3.2 % from Euro 57.5 million as of March 31, 2023, mainly due to the Energy segment, which recorded increasing volumes in both segments, Stringing and Energy-Automation. Specifically, as of March 31, 2024, revenues from sales of goods amounted at Euro 40.8 million, compared to Euro 49.6 million as of March 31, 2023, and revenues from services and work in progress of Euro 18.5 million, compared to Euro 8.9 million as of March 31, 2023.

(Euro thousands)	Revenues from sales and services Results as of 31 March				
	2024.Q1	Effect on Consolidated Revenues	2023.Q1	Effect on Consolidated Revenues	Variation 2024.Q1 vs 2023.Q1
<b>Energy</b>	17.606	29,7%	13.935	24,2%	3.671
<b>Trencher</b>	34.244	57,7%	33.503	58,3%	741
<b>Railway</b>	7.483	12,6%	10.049	17,5%	(2.566)
<b>Consolidated Revenues</b>	<b>59.333</b>		<b>57.487</b>		<b>1.846</b>

More specifically, **Revenues** in the **Energy segment** as of 31 March 2024 amounted to **Euro 17.6 million**, increasing from Euro 13.9 million realized as of March 31, 2023, thanks to robust demand in the Stringing segment and significant volume growth in the Energy-Automation segment. Specifically, the Stringing segment recorded revenues of Euro 10.6 million, up from Euro 9.4 million as of March 31, 2023, while the Energy-Automation segment achieved revenues of Euro 7.0 million, also up significantly from Euro 4.5 million as of March 31, 2023. Commercial activities in the segment confirm the growth trend, with an order backlog as of March 31, 2024, of approximately Euro 117 million, up from Euro 103.4 million as of March 31, 2023, of which Euro 97 million related to the Energy-Automation segment (which we remind is multi-year) and Euro 20 million to the Energy-Stringing segment (which traditionally submits orders with short-term deliveries).

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The **Trencher segment** recorded **Revenues** as of 31 March 2024 of **Euro 34.2 million**, slightly up from Euro 33.5 million as of March 31, 2023. This increase is mainly attributable to a positive performance in the Middle East and Africa areas, which compensated the contraction in the US and French markets. As of March 31, 2024, the Trencher segment's order backlog amounted to approximately Euro 71 million, compared to Euro 84.1 million as of March 31, 2023.

The **Railway segment** recorded **Revenues** as of 31 March 2024 of **Euro 7.5 million**, compared to the Euro 10.0 million as of 31 March 2023. This result is mainly attributable to the progressive completion of older orders, while new, higher value-added orders, delayed due to changes requested by the main Italian customer, will be put in place during the year. As of March 31, 2024, the order backlog of the Railway segment (which we remind is multi-year), amounted to approximately Euro 203 million, compared to Euro 213.8 million as of March 31, 2023.

**Geographically**, Tesmec Group remains strongly oriented to international markets, with 81% of consolidated revenues generated outside Italy and a growth in sales contribution in the Middle East and Africa areas, through the Trencher segment, while the Railway and Energy-Automation remain the reference segments in the Italian market.

The **EBITDA** as of March 31, 2024 amounted to **Euro 9.0 million**, up 20.5% from Euro 7.5 million as of March 31, 2023, due to the favorable sales mix, with higher value-added segments confirming margins, and thanks to better, more efficient project management that helped avoid incurring negative one-offs. Therefore, the consolidated EBITDA margin also increased, reaching 15.2%, increasing from 13.0% in the first quarter of 2023. The Energy and Trencher segments generated a higher contribution compared to the first quarter of 2023, while the Rail segment, with an EBITDA margin of 19% as of March 31, 2024, has not yet expressed its full potential, pending the execution of higher value-added contracts.

The **Operating Income (EBIT)** as of March 31, 2024 amounted to Euro 3.1 million, up 62.1% from 1.9 million as of March 31, 2023.

The **Net financial expenses** as of March 31, 2024, amounted to **Euro -4.1 million**, compared to Euro -4.4 million as of March 31, 2023. Interest expenses as of March 31, 2024 amounted to Euro -4.3 million, compared to Euro -2.9 million as of March 31, 2023, due to higher rates together and a higher level of the Group's Net Financial Indebtedness. Moreover, the Group recorded foreign exchange gains of approximately Euro 0.2 million, mainly unrealized, compared to foreign exchange losses of Euro -1.6 million in the first quarter of 2023.

The above-mentioned effects resulted in a **negative Net Result** as of March 31, 2024, of **Euro 1.1 million**, by the way improving over the loss of Euro 2.5 million as of March 31, 2023.

The **Net Financial Indebtedness** as of March 31, 2024 including the effect of IFRS16 amounted to **Euro 167.1 million**, compared to Euro 153.5 million as of December 31, 2023. Excluding, however, the IFRS16 component, Net Financial Indebtedness amounted to Euro 120.9 million, an increase of Euro 6.6 million compared to Euro 114.3 million as of December 31, 2023: of this variation Euro 5.1 million is due to a higher level of working capital (which grew mainly due to the increase in trade

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receivables against sales for the period) while Euro 1.5 million is attributable to cash flow before changes in working capital and essentially corresponds to the loss for the period.

With reference, on the other hand, to the increase of Euro 7.0 million, compared to December 31, 2023, in the Net Financial Position component related to the variation of rights of use (IFRS16), this is mainly attributable to the rent adjustment of the Grassobbio site, consistent with the strategy of concentrating production activities, and to Trenchers fleets' operating leases.

**The Total Order Backlog as of March 31, 2024, stood at Euro 391 - of which Euro 203 million refer to the Railway segment, Euro 71 million refer to the Trencher segment, and Euro 117 million refer to the Energy segment** (of which Euro 97 million refer to the Energy-Automation segment and Euro 20 million related to the Stringing segment) - compared to Euro 401 million as of March 31, 2023.

Summary of financial data are below reported:

<i>(Euro Milion)</i>	<b>Balance 2024.Q1</b>	<b>Balance 2023.Q1</b>	<b>Variation 2024.Q1 vs 2023.Q1</b>
<b>Revenues</b>	<b>59,3</b>	<b>57,5</b>	<b>1,8</b>
<b>EBITDA</b>	<b>9,0</b>	<b>7,5</b>	<b>1,5</b>
<b>EBITDA Margin</b>	<b>15,2%</b>	<b>13,0%</b>	
<b>EBIT</b>	<b>3,1</b>	<b>1,9</b>	<b>1,2</b>
<b>Net Result</b>	<b>(1,1)</b>	<b>(2,5)</b>	<b>1,3</b>
<b>Net financial Indebtedness</b>			
<b>as of December 31, 2023: 153.5</b>			

## BUSINESS OUTLOOK

In the first quarter of 2024, Tesmec continued its strategy of geographic and sector diversification, in strategic markets with high vibrancy and growth prospects, through offering solutions for digitization and telecommunication network deployment, as well as mining development. In the Trencher sector, government measures are driving investment in infrastructure, including power grids and Fiber to the Home projects. In the Rail sector, investments in reducing congestion on road vehicles, increasing sustainable mobility, line diagnostics and maintenance with the aim of ensuring rail transport safety will increasingly be an important driver of prospective growth. In the Energy sector, the increasing shift to the use of renewable energy sources is confirmed, resulting in the adaptation of electricity grids to the new requirements.

For 2024, Tesmec Group confirms its expectations of growing revenues by more than 10% compared to 2023, with an improving EBITDA margin and a reduction of Net Financial Indebtness compared to December 31, 2023. These expectations are based on a plan of specific industrial and strategic initiatives, already launched and whose benefits will be seen during the year and which reflect Management's goal of increasing profitability, reducing financial debt and strengthening corporate governance.

## OTHER RESOLUTIONS

Following the resolution of the Extraordinary Shareholders' Meeting held last April 18, the Company's Board of Directors also deliberated today to adopt the regulations for the management of the special list referred to in Article 143-quater of the Regulations adopted by CONSOB Resolution No. 11971 of

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May 14, 1999, as amended and supplemented, concerning shareholders who intend to benefit from the increased voting right, at the same time providing for the establishment of this special list pursuant to Article 9 of the Company's Articles of Association.

The Regulations for increased voting right, which govern, among other things, the procedures for registering, maintaining and updating the special list, is available on the eMarketStorage website ([www.emarketstorage.it](http://www.emarketstorage.it)) and on the Company's website (<https://investor.tesmec.com/en>) in the "Governance - Corporate Documents" section together with the form for requesting the inclusion in the special list.

## SUSTAINABILITY

The Group is advancing in the process of integrating ESG principles into its development plan, in line with the United Nations Sustainable Development Goals (SDGs). Indeed, the growth pursued is based on sustainable projects that are an integral part of the Group's business, which confirms its attention to environmental issues by focusing on "green & digital" technologies. In addition to proposing innovations that promote the ecological and digital transition, the Group is committed to actions to protect health and safety at work and the continuous enhancement of its human resources, whose professional development and satisfaction are primary objectives.

## SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

On **April 18, 2024**, the Shareholders' Meeting of Tesmec S.p.A. met in ordinary and extraordinary session in a single call and approved the Financial Statements as of December 31, 2023 and the allocation of Net Income. The Shareholders' Meeting then presented the Consolidated Financial Statements as of December 31, 2023 of Tesmec Group and related reports, including the Consolidated Non-financial Statement 2023, and authorized a new program for the purchase and disposal of treasury shares. In addition, at the extraordinary session, amendments to Article 5 and Article 9 of the Articles of Association were approved for the purpose of introducing a voting surcharge and amendments to the Chapter "Shareholders' Meeting" of the Articles of Association.

## TREASURY SHARES

As of this press release date, the Company holds 4,711,879 treasury shares, equal to 0.78% of the share capital. The amount is unchanged from December 31, 2023.

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## CONFERENCE CALL

**At 2:30 PM (CET) today, Friday, May 10, 2024, Ambrogio Caccia Dominioni, Chairman and Chief Executive Officer of Tesmec S.p.A., and the Company's Top Management will present the results for the first quarter of 2024 to the financial community during a conference call.**

**Dial-in details to join the conference:**

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\*\*\*\*

*The manager responsible for the preparation of the corporate accounting documents, Ruggero Gambini, declares, pursuant to article 154-bis, paragraph 2, of Legislative Decree No. 58/1998 ("Consolidated Law on Finance") that the information contained in this press release corresponds to the document results, books and accounting records.*

*Note that in this press release, in addition to financial indicators required by IFRS, there are also some alternative performance indicators (e.g. EBITDA) in order to allow a better understanding of the economic and financial management. These indicators are calculated according to the usual market practice.*

*The financial statements and the consolidated financial statements as at 31 March 2024 will be available to the public at the administrative office, in Grassobbio (Bergamo) Italy, Via Zanica n. 17/O, through the system eMarket-Storage at [www.emarketstorage.com](http://www.emarketstorage.com), through publication on the company website [www.tesmec.com](http://www.tesmec.com), according to law.*

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## For further information:

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This press release is available in the section:

<http://investor.tesmec.com/it/Investors/PressRelease>

### **Tesmec Group**

Tesmec Group is active in the design, production and marketing of systems and integrated solutions for the construction, maintenance, and diagnostics of infrastructures (overhead, underground and railway networks) for the transport of energy, data and materials (oil and derivatives, gas and water), as well as technologies for quarries and surface mining. The Group operates in the following sectors: - Energy. Tesmec Group designs, manufactures, and markets machines and integrated systems for the construction and maintenance of overhead and underground power lines, fibre optic networks (Stringing segment), as well as advanced equipment and systems for the automation, efficiency, management and monitoring of high, medium and low voltage electrical networks and substations (Energy Automation Segment); - Trencher. Tesmec Group carries out the design, production, sale and rental of trencher machines functional to four types of activities (excavation and mines, excavations for the installation of pipelines, for the construction of telecommunication and optical fibre infrastructures, excavations for the construction of underground power networks), as well as the provision of specialized excavation services. The trencher machines are rented by the Group both with the operator (hot rental or wet rental) and without the operator (cold rental or dry rental); - Railway. The Group designs, manufactures and markets machines and integrated systems for the installation and maintenance of the railway catenary, devices for the diagnostics of the railway catenary and track, as well as customized machines for special operations on the line.

Born in Italy in 1951 and led by the Chairman and CEO Ambrogio Caccia Dominioni, the Group counts on more than 1000 employees and has its production sites in Grassobbio (Bergamo), Sirone (Lecco), Monopoli (Bari) and Bitetto (Bari) in Italy,

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Alvarado (Texas) in the USA and Durtal in France. It relies on three research and development units in Fidenza (Parma), Padua and Patrica (Frosinone). Listed on the EURONEXT STAR MILAN of the Euronext Milan market of the Italian Stock Exchange, the Group boasts a global commercial presence through foreign subsidiaries and sales offices in the USA, in South Africa, West Africa, Australia, New Zealand, Russia, Qatar and China.

In its development strategy, the Group intends to consolidate its position as a solution provider in the three abovementioned business areas, by exploiting the trends of energy transition, digitalization, and sustainability.

**The reclassified statements of balance sheet, income statement, cash flow statement, and the prospectus of sources and uses of Tesmec Group as of March 31, 2024 are below reported.**



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## Tesmec Group reclassified consolidated income statements

<b>Income Statement (Euro thousands)</b>	<b>31 March 2024</b>	<b>31 March 2023</b>
<b>Revenues from sales and services</b>	<b>59.333</b>	<b>57.487</b>
Total operating costs	(56.261)	(55.592)
<b>Operating Income</b>	<b>3.072</b>	<b>1.895</b>
Financial (income) / expenses	(4.303)	(2.870)
Foreign exchange gains/losses	163	(1.570)
Share of profit / (loss) of associates and joint ventures	-	-
<b>Income before tax</b>	<b>(1.068)</b>	<b>(2.545)</b>
<b>Net Profit (Loss)</b>	<b>(1.141)</b>	<b>(2.464)</b>
<b>EBITDA</b>	<b>9,0</b>	<b>7,5</b>
<b>EBITDA (% on revenues)</b>	<b>15,2%</b>	<b>13,0%</b>

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## Tesmec Group reclassified consolidated statements of financial position

<b>Balance sheet (Euro thousands)</b>	<b>31 March 2024</b>	<b>31 December 2023</b>
Total Non- current assets	165.847	156.846
Total Current assets	279.341	283.261
<b>Total assets</b>	<b>445.188</b>	<b>440.107</b>
Total Non-current liabilities	129.915	133.796
Total Current liabilities	236.656	228.067
<b>Total liabilities</b>	<b>366.571</b>	<b>361.863</b>
Total Equity	78.617	78.244
<b>Total shareholders' equity and liabilities</b>	<b>445.188</b>	<b>440.107</b>

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## Tesmec Group other consolidated financial information

<b>Summary of the cash flow statement (Euro thousands)</b>	<b>31 March 2024</b>	<b>31 March 2023</b>
Net cash flow generated by (used in) operating activities (A)	(1.688)	(5.914)
Net cash flow generated by (used in) investing activities (B)	(14.695)	(8.593)
Net cash flow generated by financing activities (C)	(10.672)	(6.687)
<b>Total cash flow for the period (D=A+B+C)</b>	<b>(27.055)</b>	<b>(21.194)</b>
<b>Cash and cash equivalents at the beginning of the period (F)</b>	<b>53.680</b>	<b>50.987</b>
Effetto dei cambi sulle disponibilità liquide nette (E)	56	-
<b>Cash and cash equivalents at the end of the period (G=D+E+F)</b>	<b>26.681</b>	<b>29.793</b>

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## Tesmec Group other consolidated financial information

<b>Funding Sources and Uses</b> <i>(Euro thousands)</i>	<b>31 March 2024</b>	<b>31 December 2023</b>
Net working capital <sup>3</sup>	91.946	86.835
Fixed assets	127.314	119.622
Other long-term assets and liabilities	26.454	25.284
<b>Net invested capital <sup>4</sup></b>	<b>245.714</b>	<b>231.741</b>
Net financial indebtedness <sup>5</sup>	167.097	153.497
Shareholders' equity	78.617	78.244
<b>Total sources of funding</b>	<b>245.714</b>	<b>231.741</b>

<sup>3</sup> The net working capital is calculated as current assets net of current liabilities excluding financial assets and financial liabilities. Net working capital is not recognized as a measure of performance by the IFRS. The valuation criteria applied by the Company may not necessarily be the same as those adopted by other groups and therefore the balance obtained by the Company may not necessarily be comparable therewith.

<sup>4</sup> The net invested capital is calculated as net working capital plus fixed assets and other non-current assets less non-current liabilities. The net invested capital is not recognized as a measure of performance under IFRS. The valuation criteria applied by the Company may not necessarily be the same as those adopted by other groups and therefore the balance obtained by the Company may not necessarily be comparable therewith.

<sup>5</sup> The net financial indebtedness is calculated as the sum of cash and cash equivalents, current financial assets including available-for-sale securities, non-current financial liabilities, fair value of hedging instruments and other non-current financial assets.

Fine Comunicato n.1155-17-2024

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