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Oggetto	:	Board of Directors approved First Quarter 2015 results

Testo del comunicato

Vedi allegato.

08.05.2015

Tesmec S.p.A.: The Board of Directors approves the Interim Report on Operations as at 31 March 2015, which recorded an increase in all consolidated economic indicators.

Main consolidated results for the first quarter of 2015 (*vs.* the first quarter of 2014):

- **Revenues: Euro 34.4 million (with an increase of 26.4% compared to Euro 27.2 million);**
- **EBITDA[1]: Euro 4.4 million (with an increase of 37.5% compared to Euro 3.2 million);**
- **EBIT: Euro 2.4 million (with an increase of 50.0% compared to Euro 1.6 million);**
- **Net Profit: Euro 2.8 million (with strong increase compared to Euro 0.2 million).**

- **Net Financial Indebtedness: amounted to Euro 80.9 million, compared to Euro 73.4 million as at 31 December 2014. If the effects of IAS 17 for the rental agreement of the Grassobbio premises are not considered, Net Financial Indebtedness as at 31 March 2015 would have been Euro 62.3 million and Euro 54.5 million as at 31 December 2014.**

- **Total Order Backlog: Euro 71.1 million (with an increase of 22.6% compared to Euro 58 million as at 31 March 2014).**

Grassobbio (Bergamo - Italy), 8 May 2015 – The Board of Directors of **Tesmec S.p.A.** (MTA, STAR: TES), one of the leading global players able to offer **integrated solutions for infrastructures** relating to the transport of electricity, data and materials, convened at today's meeting chaired by Ambrogio Caccia Dominioni, examined and approved the **Interim Consolidated Report on Operations as at 31 March 2015,** that recorded an increase in turnover (26.4%), in margins (EBITDA +37.5%; EBIT +50%) and a strong increase in net profit.

In detail, with reference to businesses of the Group, the revenues of the **Stringing segment** recorded an **increase** of **41.3%** in the first three months and are mainly affected by the impact of the contract related to the supply to Abengoa Group of equipment for the construction of over 5,000 kilometres of 500kV power lines in Brazil. Furthermore, there are the first significant orders and revenues from the new Energy Automation business and this confirms the validity of the strategic choices of the Group in the recent years focused on the grids efficiency and management. In the first quarter of 2015 **the Trencher segment** recorded an **increase** of **22.6%** in revenues, mainly due to the positive contribution of sales on the US market. The change in revenues in the **Railway sector** is mainly due to the nature of this business which is characterized by durable orders and long time needed to finalize the negotiations. The conclusion of negotiations with key customers is expected on the second half of the year.

[1] The EBITDA is represented by the operating income before amortisation/depreciation. The EBITDA thus defined represents a measurement used by Company management to monitor and assess the company's operating performance. EBITDA is not recognised 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 therefore not comparable.

The strategic choice to strengthen the market presence in segments such as water pipelines and infrastructures should further support the growth of trencher division, in particular in USA and Middle East, despite the complex Oil&Gas sector. It is also expected a normalization of results in the railway sector thanks to the finalization of projects currently in the definition phase. Furthermore, the growth of the Energy Automation business will positively support the performance of the Group also in the second half of the year. Overall, therefore, we would expect, at a constant scope, a growth in sales volumes and margins improvement in 2015.

Furthermore, growing opportunities will be found in the field of telecommunications thanks to the acquisition of Marais Technologies SAS, French company at the head of an international group leader in rental services and construction of machines for infrastructures in telecommunications, electricity and gas, whose data will be consolidated from the half-year of 2015.

Main consolidated results relating to the first quarter of 2015

As at **31 March 2015** the Tesmec Group recorded consolidated **Revenues** of **Euro 34.4 million**, **up 26.4%** compared to Euro 27.2 million recorded in the same period of 2014.

Consolidated revenues by segment and geographic area as at 31.03.2015

With regard to the **Stringing equipment segment**, as at 31 March 2015, the Tesmec Group recorded **Revenues** of **Euro 19.5 million**, **up 41.3%** compared to Euro 13.8 million recorded in the first three months of 2014. The Revenues of the **Trencher segment**, instead, in the first quarter of 2015 amounted to **Euro 14.3 million, up 22.6%** compared to Euro 11.7 million recorded as at 31 March 2014. The revenues of the **Rail segment** in the first quarter of 2015 amounted to **Euro 0.6 million** compared to Euro 1.7 million as at 31 March 2014.

Results as at 31 March	Revenues from sales and services		
(Euro in thousands)	**2015**	**2014**	**Variazione**
Stringing equipment	19,505	13,806	+41.3%
Effect on Consolidated Revenues	*57%*	*51%*	
Trencher	14,342	11,697	+22.6%
Effect on Consolidated Revenues	*42%*	*43%*	
Railway	*595*	*1,741*	-65.8%
Effect on Consolidated Revenues	*2%*	*6%*	
Consolidated	**34,442**	**27,244**	**+26.4%**

In geographic terms, in the first quarter of 2015, the Tesmec Group continued to grow in foreign markets, and more specifically recorded increases in the revenues of **European and Middle East markets**.

EBITDA as at 31.03.2015

	Results as at 31 March	
(Euro in thousands)	**2015**	**2014**
Revenues from sales and services	34,442	27,244
Operating costs net of depreciation and amortisation	(30,035)	(24,026)
EBITDA	**4,407**	**3,218**
Effect on revenues	13%	12%

As at 31 March 2015, consolidated **EBITDA** was **Euro 4.4 million, with an increase of 37.5%** compared to Euro 3.2 million recorded as at 31 March 2014.

EBIT as at 31.03.2015

EBIT as at 31 March 2015 of the Tesmec Group was **Euro 2.4 million, with an increase of 50.0%** compared to Euro 1.6 million recorded as at 31 March 2014.

Net financial income and expenses as at 31.03.2015

The **net financial income and expenses** of the Tesmec Group recorded a positive figure of Euro 1.8 million as at 31 March 2015 compared to a negative figure of Euro 0.9 million as at 31 March 2014. This change is substantially due to the change in the profit/loss on exchange rates, which in the first quarter 2015 recorded net profits of Euro 2.786 thousand and net losses of Euro 85 thousand in the first quarter of 2014.

Net Profit as at 31.03.2015

Consolidated **Net Profit** of the Tesmec Group as at 31 March 2015 was **Euro 2.8 million, with an increase of 1300%** compared to Euro 0.2 million recorded as at 31 March 2014.

Net working capital as at 31.03.2015

The **net working capital** of the Tesmec Group as at 31 March 2015 was Euro 70.9 million, compared to Euro 57.9 million as at 31 December 2014. This item was influenced mostly by the increase of trade receivables, which rose from Euro 41.3 million to Euro 49.8 million, and by inventories which rose from Euro 55.4 million to Euro 64.9 million connected to sales increase expected in the coming quarters.

Net Financial Position as at 31.03.2015

The **Net Financial Indebtedness** of the Tesmec Group as at 31 March 2015 was Euro 80.9 million compared to Euro 73.4 million as at 31 December 2014 and in line with the figure of the same period of 2014 (77.9 million euro). If the effects of IAS 17 for the rental agreement of the Grassobbio premises are not considered, it would have been Euro 62.3 million compared to Euro 54.5 million as at 31 December 2014. The difference compared to 31 December 2014 is mainly due to the seasonal nature of the business and the changes in working capital.

Order Backlog as at 31.03.2015

As at 31 March 2015, **Total Order Backlog** of the Tesmec group amounted to Euro 71.1 million, Euro 40.5 million of which refers to the Stringing equipment segment, Euro 24.8 million to the Trencher segment and Euro 5.8 million to the Rail segment, with **an increase of 22.6%** compared to Euro 58 million as at 31 March 2014 and a decrease of 9% compared to Euro 78.1 million as at 31 December 2014 that, however, benefited from the positive impact of the big stringing order in Brazil.

Other Resolutions

On today's date, the Board of Directors of Tesmec S.p.A. also approved the launch of a programme to purchase treasury shares, the purpose and duration of which were established in the resolution of the shareholders' meeting relating to the authorisation dated 30 April 2015 and the maximum quantity has been set as 10% of Share Capital, considering that the maximum value does not exceed the reserves of the last approved financial statements. The Board of Directors also resolved that the maximum number of shares that may be purchased each day shall be established in accordance with art. 5 of EC Regulation 2273/2003.
With regard to the programme, in the event of purchases, the Company will periodically disclose the transactions made, specifying: the number of shares purchased, the average unit price, the total number of shares purchased since the beginning of the programme and the total counter value as at the date of the disclosure.
At the date of this press release the Company owns 2,596,321 shares, equal to 2.42% of the share capital.

Significant events relating to the first quarter of 2015

On **March 19, 2015** Cerved Rating Agency, the Italian rating agency specializing in the credit rating assessment of non-financial businesses, confirmed the solicited rating "A2.2" on the bond loan "Tesmec S.p.A. 6% 2014-2021", traded on the ExtraMOT PRO market organized and managed by Borsa Italian S.p.A..
In particular, the rating "A2.2" issued by Cerved Rating Agency corresponds to the fifth class of risk on a scale of 13 classes (from A1.1 to C2.1) and it is the result of an evaluation process which combines rigorous quantitative models of credit risk forecast and accurate qualitative studies of analysts, considering also the competitive position of the Company in the sector.

Events occurring after the period under review

On **April 8, 2015** Tesmec S.p.A. concluded the acquisition of the entire share capital of Marais Technologies SAS. The contract was signed on March 27, 2015. The acquisition is of strategic importance for Tesmec in that it will allow the Group to use the technological skills developed by Marais as part of the service activities in telecommunications and laying of optical fibres and of underground electrical cables and to use them in markets where the Tesmec Group has already acquired an important market positioning.

Moreover, the acquisition will allow Tesmec to enter in the French market and, more in general, in all the markets where Marais is a leader (Africa, Australia, New Zealand, etc.) with the aim to further expand its activities in telecommunications, where significant investments are planned over the next few years. Finally, the transaction will allow the Tesmec Group to use the expertise of Marais in the rental of machines and in complementary services. More specifically, the Transaction involved the purchase of 100% of the share capital at an enterprise value of around Euro 14 million that takes into account the net debt on the date of performance of the Contract. Tesmec will recapitalise Marais for Euro 5 million to be paid on the Closing in order to relaunch the activity of the Group. Tesmec will use its own funds and a dedicated credit facility granted by the Cariparma Crédit Agricole Group.
On 31 December 2014, the pre-audit consolidated financial statements of the Marais Group records Revenues of around Euro 27 million - which derive for more than 70% from service activities - an EBITDA of over Euro 3 million and net debt to third parties that amount to around Euro 14 million.

The Shareholders' Meeting of Tesmec S.p.A. was held on April 30, 2015 in single call and approved all the points on the agenda. In detail, the Shareholders' Meeting approved the Financial Statements 2014 of Tesmec S.p.A., as presented by the Board of Directors on March 12, 2015, which closed with a net profit of 6.3 million Euros and has approved the distribution of a dividend of Euro 0.023 per share (with an increase of 44% compared to 0.016 in 2013), excluding 2.596.321 treasury shares held by the Company, ex-dividend date of May 25, 2015 and payment by May 27, 2015. The Shareholders' Meeting then approved the allocation of the remaining part of the profit for the year as follows: 1) Euro 137,137 to legal reserve, pursuant to Article 2430 of the Italian Civil Code; 2) assign to the Extraordinary Reserve the amount of profit remaining after the allocation to the Legal reserve and to dividend. During the meeting it was also presented the Tesmec Group's consolidated financial statements for the year 2014. The Shareholders' Meeting also resolved in favour on the First Section of the Remuneration Report in accordance with art. 123-ter of Legislative Decree no. 58/98, and also authorised the Board of Directors of the Company, for a period of 18 months, to purchase, on the regulated market, ordinary shares of the Company until 10% of the share capital of the Company and within the limits of the distributable profits and of the available reserves resulting from the last financial statements approved by the company or by controlled company that making the purchase. The authorisation also includes the right to dispose of (in whole or in part and also in several times) the shares in the portfolio subsequently, even before having exhausted the maximum amount of shares purchasable and to possibly repurchase the shares to the extent that the treasury shares held by the Company and, if necessary, by the companies controlled by it, do not exceed the limit established by the authorisation. The quantity and the price at which transactions will be made will comply with the operating procedures laid down by the regulations. Today's authorisation replaces the last authorisation resolved by the Shareholders' Meeting of 30 April 2014 and maturing in October 2015. The Shareholders' Meeting resolved to reduce from 10 to 8 the number of members of the Board of Directors.

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At 8.30 PM (CET) – 7.30 PM (BST), Monday 11th May 2015 Ambrogio Caccia Dominioni, Chairman and Managing Director of Tesmec S.p.A., and the Top Management of the Company will present the consolidated results as of March, 31, 2015 to the financial community during a conference call. The telephone numbers to be connected are the following:

Italy participants:	**+39 02 805 88 11**
UK participants:	**+44 121 281 8003**
Germany participants:	**+49 69 255 11 4451**
France participants:	**+33 170918703**
Switzerland participants:	**+41 225954727**

The presentation to analysts and investors is available in the Investors section of the website:

http://investor.tesmec.com/Investors/Presentations.aspx

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The manager responsible for the preparation of the corporate accounting documents, Andrea Bramani, declares, pursuant to article 154-bis, paragraph 2, of Legislative Decree No. 58/1998 ("Consolidated Financial Act") 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.

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Pursuant to Articles 65-bis, paragraph 2 and 82 of Consob resolution no. 11971/1999 and subsequent amendments, the Interim Financial Report at 31 March 2015 will be made available to anyone who requests them at the administrative office and the Italian Stock Exchange and will also be available in the "Investors" section of the Company website www.tesmec.com as according to law.

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This press release is also available on www.tesmec.com in the "Investors" section:

http://investor.tesmec.com/Investors/Notices.aspx

The Tesmec Group

The Group is mainly active in designing, manufacturing and selling **special products** and **integrated solutions for the construction, maintenance and efficiency of infrastructures** related to the transportation/delivery of energy, data and material.

The Group, established in 1951 and led by Charmain & CEO Ambrogio Caccia Dominioni, relies on more than 500 employees and has six production plants: four in Italy, in Grassobbio (Bergamo), Endine Gaiano (Bergamo), Sirone (Lecco), Monopoli (Bari), one in the USA, in Alvarado (Texas) and one in France, in Durtal.

From the IPO, July 1, 2010, the Parent Company has pursued a strategy of diversification of Business announced to offer a complete range of integrated solutions.

The Group offers:

Stringing

- machines and integrated systems for aerial and underground stringing, power lines and fiber optic cables;
- integrated solutions for efficiency, management and monitoring of the electricity networks of low, medium and high voltage (solutions for smart grids).

Railway

- machines and integrated systems for the installation, maintenance and troubleshooting of overhead railroad wiring/catenaries as well as customized machines for special operations on the line.

Trencher

- high powered tracked trenchers for linear excavation of underground networks and pipelines, and delivery of data, raw materials, and liquid and gaseous materials; high powered tracked trenchers for mining and leveling works (RockHawg);
- consulting services and specialized excavation at the request of the customer;
- multi-purpose construction equipment (Gallmac).

Both business divisions are developed in accordance with the ISEQ (Innovation, Safety, Efficiency and Quality) philosophy, with environmental sustainability and energy conservation in mind.

The know-how achieved in the development of specific technologies and solutions, and the presence of engineering teams and highly skilled technicians, allow Tesmec to directly manage the entire production chain: from the design, production and sale of machinery, to all pre-sales and post-sales. The combination of a cutting-edge product and a deep knowledge on the use of innovative technologies to meet the new demands of the market, allow the Group to offer a winning combination focused on ensuring high performance on the jobsite.

Today, the Group does not only sell technologically advanced machines, but fully integrated systems for electrification and excavation that ensure extremely high performance on the job . These results come from the constant pursuit of innovation, safety, efficiency and quality also achieved though the installation of new software aboard our machines that allow safe, reliable and high performance.

The Group also has a commercial presence globally in most foreign countries and can count on a direct presence in several continents, consisting of foreign companies and sales offices in USA, South Africa, Russia, Qatar, Bulgaria and China.

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Attached below[2]:

[2] Not subject to verification by the auditors.

Tesmec Group reclassified consolidated income statements

(€ in thousands)	31 March 2015	31 March 2014
Revenues	**34,442**	**27,244**
Total operating costs	(32,026)	(25,687)
Operating Income	**2,416**	**1,557**
Financial (income) / expenses	1,779	(936)
Share of profit / (loss) of associates and joint ventures	(101)	(70)
Income before taxation	**4,094**	**551**
Net income for the period	**2,756**	**159**
EBITDA	**4,407**	**3,218**
EBITDA (% on Revenue)	**13%**	**12%**

Tesmec Group reclassified consolidated statements of financial position

(€ in thousands)	**31 March 2015**	**31 December 2014**
Non-current assets	71,789	69,493
Current assets	160,042	130,379
Total assets	**231,831**	**199,872**
Non-current liabilities	69,947	68,268
Current liabilities	107,112	83,431
Total liabilities	**177,059**	**151,699**
Equity	54,772	48,173
Total equity and liabilities	**231,831**	**199,872**

Tesmec Group reclassified consolidated cash flow statements

(€ in thousands)	31 March	
	2015	**2014**
Net cash provided/(used) by operating activities (A)	(3,082)	(5,995)
Net cash provided/(used) by investing activities (B)	(3,186)	(4,777)
Net cash provided/(used) by financing activities (C)	15,178	6,768
Increase / (decrease) in cash and cash equivalents (D=A+B+C)	**(8,910)**	**(4,004)**
Cash and cash equivalents at the beginning of the period (F)	**18,665**	**13,778**
Net effect of conversion of foreign currency on cash and cash equivalents (E)	247	(9)
Total cash and cash equivalents at end of the period (G=D+E+F)	**27,822**	**9,765**

Tesmec Group other consolidated financial information

(€ in thousands)	As 31 March 2015	As 31 December 2014
Net working capital[3]	70,910	57,991
Non current assets	67,487	65,283
Other Non current assets and liabilities	(2,683)	(1,737)
Net invested capital[4]	**135,714**	**121,537**
Net financial indebtedness[5]		
Equity	80,942	73,364
Total equity and net financial indebtedness	54,772	48,173
Net working capital[6]	**135,714**	**121,537**

[3] We have calculated net working capital as trade receivables, inventories and other current assets (excluding cash and cash equivalents) less trade payables and other current payables. Net working capital is not a recognized measure of financial performance or liquidity under IFRS. No undue reliance should be placed on the net working capital data contained in this Press Release.

[4] We have calculated net invested capital as net working capital plus non-current assets less non-current liabilities excluding non-current financial liabilities. Net invested capital is not a recognized measure of financial performance or liquidity under IFRS. No undue reliance should be placed on the net working capital data contained in this Press Release.

[5] We have calculated net financial indebtedness as short-term borrowings, current portion of long-term debt and long-term debt less cash and cash equivalents. Net financial indebtedness is not a recognized measure of financial performance or liquidity under IFRS. No undue reliance should be placed on the net working capital data contained in this Press Release.

[6] We have calculated net working capital as trade receivables, inventories and other current assets (excluding cash and cash equivalents) less trade payables and other current payables. Net working capital is not a recognized measure of financial performance or liquidity under IFRS. No undue reliance should be placed on the net working capital data contained in this Press Release.

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