

# Bit Market Services

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Diffusione presunta

Oggetto : The Board of Directors approved the  
Interim Consolidated Report as at 30 June  
2015

*Testo del comunicato*

Vedi allegato.

11.08.2015

**Tesmec S.p.A.: The Board of Directors approved the Interim consolidated financial report as at 30 June 2015 that recorded a double-digit growth in all economic results.**

**Consolidated Results of the first half of 2015 (vs the first half of 2014) including for the first time the effects of the acquisition of the Marais Group completed on April 8, 2015:**

- **Revenues: Euro 85.1 million** (with an increase of 55.6% compared to Euro 54.7 million and of 45.3% at constant scope);
- **EBITDA<sup>1</sup>: Euro 14.2 million** (with an increase of 59.6% compared to Euro 8.9 million, also including Euro 2.1 million of non-recurring profit from the acquisition of Marais Group);
- **EBIT: Euro 9.6 million** (with an increase of 81.1% compared to Euro 5.3 million);
- **Net profit: Euro 6.5 million** (with an increase of 282.4% compared to Euro 1.7 million);
  
- **Net financial indebtedness: Euro 90.8 million, including Euro 13.6 million from the acquisition of Marais Group, compared to Euro 73.4 million as at 31 December 2014. Without considering the effects of IAS 17 for the lease contract of the premises of Grassobbio, it would be Euro 72.5 million, compared to Euro 54.5 million as at 31 December 2014.**
  
- **Total Order Backlog: Euro 70.2 million (compared to Euro 69 million as at 30 June 2014).**

*Grassobbio (Bergamo - Italy), 11 August 2015* – The Board of Directors of **Tesmec S.p.A.** (MTA, STAR: TES), among the main world players able to offer **integrated solutions for infrastructures** for the transmission of electrical power, data and material transport, convened today and chaired by Ambrogio Caccia Dominioni, examined and approved the **Interim consolidated financial report as at 30 June 2015**, that recorded a strong increase in all the main economic indicators of the Group: Revenues +55.6%; EBITDA +59.6%; EBIT +81.1%; Net profit +282.4%.

**Note:** *In the half-year Financial Report at 30 June 2015 of Tesmec Group starts the consolidation 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, acquired on April 8, 2015.*

More specifically, in the first six months of 2015, the Group recorded consolidated Revenues of Euro 85.1 million, making an increase of 55.6% compared to Euro 54.7 million in the same period of the previous year. The three business segments contributed differently to this result: the Group, in fact, recorded an increase in revenues in the Stringing segment and in the Trencher segment, respectively 106% and 49%, while the change in the Railway segment is mainly attributable to the nature of a business characterized by long-term contracts and prolonged times for executing the negotiations.

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<sup>1</sup> The EBITDA is represented by the operating income gross of 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 is therefore not comparable.

In the second half of the year, the revenues are supposed to increase both for organic growth and for the acquisition of the Marais Group. We expect an improvement in margins also thanks to the acquisition of the Marais Group. The level of financial indebtedness is expected to decrease due to efficiency measures in working capital.

Ongoing integration with the French branch Marais allows the Group to use technological expertise in the telecom, fiber optic and underground energy cables sector. It is therefore expected a growth of the Trencher division in this market segment, also considering the investment plans in many countries.

### Main consolidated results relating to the first half of 2015

As at **30 June 2015**, Tesmec Group achieved consolidated **Revenues of Euro 85.1 million with an increase of 55.6%** compared to Euro 54.7 million recorded in the same period of the 2014 financial year, mainly thanks to the increase in the Stringing segment (+106.0%) and in the Trencher segment (+49.0%). Without considering the impact of the acquisition of Marais Group, the increase in Revenues would be of 45.3% and the increase in the Trencher segment would be 27.3%.

#### *Consolidated revenues by segment and geographic area as at 30 June 2015*

More specifically, the **Revenues of the Stringing segment** related to the first half of 2015 amounted to **Euro 45.9 million, up 106%** compared to Euro 22.3 million as at 30 June 2014, mainly thanks to the order related to the supply of equipment to the Abengoa Group for the construction of more than 5,000 km of 500kV lines in Brazil. The Group has also confirmed the start of the new business of Automation with growing revenues and orders. The **Revenues of the Trencher segment** related to the first half of 2015 were **Euro 38.6 million, with an increase of 49%** compared to Euro 25.9 million as at 30 June 2014, thanks to the positive impact of sales in North America and Middle East area and to the consolidation of the revenues of Marais Group that, from 8 April to 30 June 2015, generated total revenues of Euro 5.6 million. Due to the extension of the final testing activities related to the ongoing contracts, there is a shift of **Revenues of the Railway segment** that in the first half of 2015 recorded **Euro 625 thousand**, compared to Euro 6.5 million of the first six months of 2014.

Results as at 30 June (Euro in thousands)	Revenues from sales and services		
	2015	2014	Variation
<b>Stringing equipment</b>	45,877	22,267	105.8%
<i>Effect on Consolidated Revenues</i>	53.9%	40.7%	
<b>Trencher</b>	38,629	25,921	49.0%
<i>Effect on Consolidated Revenues</i>	45.4%	47.4%	
<b>Railway</b>	625	6,541	(90.4%)
<i>Effect on Consolidated Revenues</i>	0.7%	12.0%	
<b>Consolidated</b>	<b>85,131</b>	<b>54,729</b>	<b>55.6%</b>

**Geographically**, in the first half of 2015, the Tesmec Group continued its growth in foreign markets, especially in Europe, North and Central America and in Africa.

*EBITDA as at 30.06.2015*

(Euro in thousands)	Results as at 30 June	
	2015	2014
Revenues from sales and services	85,131	54,729
Operating costs net of depreciation and amortisation	(70,885)	(45,828)
<b>EBITDA</b>	<b>14,246</b>	<b>8,901</b>
<i>Effect on revenues</i>	16.7%	16.3%
Net profits from acquisition	2,139	-
<b>EBITDA adj</b>	<b>12,107</b>	-

As at 30 June 2015, the consolidated **EBITDA** amounted to **Euro 14.2 million, with an increase of 59.6%** compared to Euro 8.9 million as at 30 June 2014. Net non-recurring profits includes Euro 2,6 million of profit from Badwill and 494 thousand of costs for services related to the acquisition of Marais.

*EBIT as at 30.06.2015*

**EBIT** as at 30 June 2015 of the Tesmec Group amounted to **Euro 9.6 million, with an increase of 81.1%** compared to Euro 5.3 million recorded as at 30 June 2014.

*Net financial income and expenses as at 30.06.2015*

The **net financial expenses** of the Tesmec Group in the first half of 2015 amounted to Euro 769 thousand, compared to Euro 2.2 million as at 30 June 2014. The improvement is mainly attributable to the effects of different USD / Euro exchange rate trend in the two periods of reference and to lower interest payable generated by the signing of new medium / long term funding in the face of several investment initiatives undertaken by the Group.

*Net Profit as at 30.06.2015*

The consolidated **Net Profit** as at 30 June 2015 of the Tesmec Group amounted to **Euro 6.5 million, with an increase of 282.4%** compared to Euro 1.7 million recorded as at 30 June 2014. It also benefits from the reduction of the tax rate from 35% to 27% mainly for the Badwill above mentioned.

#### *Net working capital as at 30.06.2015*

The **net working capital** of the Tesmec Group as at 30 June 2015 was **Euro 67.2 million** compared to Euro 57.9 million as at 31 December 2014. The change compared to that period is mainly attributable to the increase in trade receivables, reflecting the trend of revenues in the period, as well as the increase of inventories to cover the expected sales in the coming months.

#### *Net Financial Position as at 30.06.2015*

The **Net Financial Indebtedness** of the Tesmec Group as at 30 June 2015 was **Euro 90.8 million** compared to Euro 73.4 million as at 31 December 2014. Without considering the effects of IAS 17 for the rental agreement of the Grassobbio premises, it would have been Euro 72.5 million as at 30 June 2015 while it would have been Euro 54.5 million as at 31 December 2014. The change compared to 31 December 2014 was mainly due to the acquisition of Marais Group, which involved a new debt of Euro 13.6 million, to the seasonal nature of business and the changes in working capital, as well as to the distribution of dividends.

#### *Order Backlog as at 30.06.2015*

As at 30 June 2015, the **Total Order Backlog** of the Tesmec Group amounted to **Euro 70.2 million** - Euro **23.6 million** of which referring to the Stringing equipment segment, **Euro 36.7 million** to the Trencher segment and **Euro 9.9 million** to the Rail segment – compared to Euro 69 million as at 30 June 2014. The total order backlog includes Euro 8 million of the Marais Group.

#### **Significant events relating to the first half 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” (ISIN: IT0005012247), traded on the ExtraMOT PRO market organized and managed by Borsa Italian S.p.A..

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.

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.

On **June 10, 2015** the Board of Directors reported the death of the executive director Alfredo Brignoli. Historical figure of Tesmec Group, Alfredo Brignoli was also Vice Chairman of Tesmec S.p.A.. Born in 1920 in Ponteranica (Bergamo) Brignoli did his entrepreneurial path in the mechanical and, in 1951, was co-founder of Tesmec Group.

#### **Events occurring after the period under review**

At the date of this report, the company has n. 2,922,450 treasury shares, equal to the 2.73% of Share capital.

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**At 2.00 PM (CET) – 1.00 PM (BST), on 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:**

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

**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](http://www.tesmec.com) as according to law.*

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**For further information:**

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This press release is also available on [www.tesmec.com](http://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 through 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, China and France.

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**Attached below:**



**Tesmec Group reclassified consolidated income statements**

<i>(€ in thousands)</i>	30 June	
	2015	2014
<b>Revenues</b>	<b>85,131</b>	<b>54,729</b>
Total operating costs	(75,506)	(49,418)
<b>Operating Income</b>	<b>9,625</b>	<b>5,311</b>
Financial (income) / expenses	(588)	(2,120)
Share of profit / (loss) of associates and joint ventures	(181)	(117)
<b>Income before taxation</b>	<b>8,856</b>	<b>3,074</b>
<b>Net income for the period</b>	<b>6,494</b>	<b>1,733</b>
<b>EBITDA</b>	<b>14,246</b>	<b>8,901</b>
<b>EBITDA (% on Revenue)</b>	<b>16.7%</b>	<b>16.3%</b>
Net profits from acquisition	2,139	/
<b>EBITDA adj</b>	<b>12,107</b>	<b>/</b>

## Tesmec Group reclassified consolidated statements of financial position

<i>(€ in thousands)</i>	30 June 2015	31 December 2014
Non-current assets	88,405	69,493
Current assets	154,949	130,379
<b>Total assets</b>	<b>243,354</b>	<b>199,872</b>
Non-current liabilities	75,819	68,268
Current liabilities	112,673	83,431
<b>Total liabilities</b>	<b>188,492</b>	<b>151,699</b>
Equity	54,862	48,173
<b>Total equity and liabilities</b>	<b>243,354</b>	<b>199,872</b>

**Tesmec Group reclassified consolidated cash flow statements**

<i>(€ in thousands)</i>	30 June	
	2015	2014
Net cash provided/(used) by operating activities (A)	2,447	2,023
Net cash provided/(used) by investing activities (B)	(2,513)	(7,417)
Net cash provided/(used) by financing activities (C)	(2,843)	11,770
<b>Increase / (decrease) in cash and cash equivalents (D=A+B+C)</b>	<b>(2,909)</b>	<b>6,376</b>
<b>Cash and cash equivalents at the beginning of the period (F)</b>	<b>18,665</b>	<b>13,778</b>
Net effect of conversion of foreign currency on cash and cash equivalents (E)	213	23
<b>Total cash and cash equivalents at end of the period (G=D+E+F)</b>	<b>15,969</b>	<b>20,177</b>

**Tesmec Group other consolidated financial information**

<b>(€ in thousands)</b>	<b><u>30 June 2015</u></b>	<b><u>31 December 2014</u></b>
Net working capital <sup>2</sup>	67,192	57,991
Non current assets	80,620	65,283
Other Non current assets and liabilities	(2,111)	(1,737)
<b>Net invested capital<sup>3</sup></b>	<b><u>145,701</u></b>	<b><u>121,537</u></b>
Net financial indebtedness <sup>4</sup>	90,839	73,364
Equity	54,862	48,173
<b>Total equity and net financial indebtedness</b>	<b><u>145,701</u></b>	<b><u>121,537</u></b>

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> 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.

Fine Comunicato n.1155-46

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