

Bit Market Services

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Nome utilizzatore : TESMECN01 - Patrizia Pellegrinelli

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Diffusione presunta

Oggetto : The BoD approves the Interim consolidated
financial report as at 30 September 2015

Testo del comunicato

Vedi allegato.

09.11.2015

Tesmec S.p.A.: The Board of Directors approves the Interim consolidated financial report as at 30 September 2015 confirming a double-digit growth in all the main consolidated results and working capital in line with 2014.

Consolidated Results as at 30 September 2015 (vs the first nine months 2015) including the effects of the acquisition of the Marais Group completed on April 8, 2015:

- **Revenues: Euro 120.2 million (with an increase of 48.4% compared to Euro 81.0 million as at 30 September 2014);**
- **EBITDA¹: Euro 16.7 million (with an increase of 32.5% compared to Euro 12.6 million as at 30 September 2014);**
- **EBIT: Euro 9.3 million (with an increase of 38.8% compared to Euro 6.7 million as at 30 September 2014);**
- **Net profit: Euro 4.7 million (with an increase of 51.6% compared to Euro 3.1 million as at 30 September 2014);**

- **Net financial indebtedness: Euro 86.7 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 68.6 million as at 30 September 2015, compared to Euro 54.5 million as at 31 December 2014.**

- **Total Order Backlog: Euro 68.3 million (with an increase of 12% compared to Euro 61 million as at 30 September 2014).**

Note: 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, is consolidated in the Interim consolidated financial report as at 30 September 2015 of Tesmec Group. The reported data reflect the change in the scope of consolidation.

Grassobbio (Bergamo - Italy), 9 November 2015 – The Board of Directors of **Tesmec S.p.A.** (MTA, STAR: TES), parent company leader in the market of infrastructures related to the transport and distribution of energy, data and material, convened today and chaired by Ambrogio Caccia Dominioni, examined and approved the **Interim consolidated financial report as at 30 September 2015**, confirming a double-digit growth in all the main consolidated results, with revenues rising by 48.4%, a strong improvement in margins (EBITDA + 32.5%, EBIT + 38.8%) and an increase of net profit of 51.6%.

¹ 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.

Based on the backlog and several ongoing negotiations, we expect a great growth in the fourth quarter, both organic and from the integration of Marais Group, that will lead an improvement compared to the previous year.

The expected increase in business volumes will support margins increase with a better absorption of fixed costs and cash generation. Moreover, excluding the effect of the expected increase in revenues, the net financial indebtedness is expected lower, thanks to efficiency actions on working capital.

Main consolidated results relating to the first nine months of 2015

As at **30 September 2015**, Tesmec Group achieved consolidated **Revenues of Euro 120.2 million with an increase of 48.4%** compared to Euro 81.0 million recorded in the same period of the 2014 financial year, mainly thanks to the increase in the Stringing segment (+72.7%) and in the Trencher segment (+61.8%). Without considering the impact of the acquisition of Marais Group, the increase in Revenues would be of 34.9% and the increase in the Trencher segment would be 31.6%.

Consolidated revenues by segment and geographic area as at 30 September 2015

Results as at 30 September (Euro in thousands)	Revenues from sales and services		
	2015	2014	Variation
Stringing equipment	58,190	33,724	72.7%
<i>Effect on Consolidated Revenues</i>	48.4%	41.6%	
Trencher	58,876	36,426	61.8%
<i>Effect on Consolidated Revenues</i>	49.0%	45.0%	
Railway	3,112	10,846	(71.3)%
<i>Effect on Consolidated Revenues</i>	2.6%	13.4%	
Consolidated	120,178	80,996	48.4%

More specifically, the **Revenues of the Stringing segment** related to the first nine months of 2015 amounted to **Euro 58.2 million, up 72.7%** compared to Euro 33.7 million as at 30 September 2014, mainly thanks to the supply related to the order of equipment to the Abengoa Group for the construction of more than 5,000 km of 500kV lines in Brazil. The Automation business, with growing revenues and orders, confirmed the expected growth thanks to relevant installations in South America and thanks to the widening of the solutions range. The **Revenues of the Trencher segment** related to the first nine months of 2015 were **Euro 58.9 million, with an increase of 61.8%** compared to Euro 36.4 million as at 30 September 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 September 2015, generated total revenues of Euro 11 million. The **Revenues of the Railway segment** recorded **Euro 3.1 million**, as at 30 September 2014, compared to Euro 10.8 million as at 30 September 2014. The variation in revenues in the Railway segment is mainly attributable to the nature of a business characterized by long-term contracts and prolonged times, difficult to predict, for executing the negotiations. Thanks to the commercial effort to enter the railway market, important negotiations are currently underway that will lead to growth of the segment in the coming quarters.

Geographically, in the first nine months of 2015, the Tesmec Group continued its growth in foreign markets, especially in Europe, MiddleEast and in Africa.

EBITDA as at 30.09.2015

(Euro in thousands)	Results as at 30 September	
	2015	2014
Revenues from sales and services	120.178	80.996
Operating costs net of depreciation and amortisation	(103.444)	(68.436)
EBITDA	16.734	12.560
<i>Effect on revenues</i>	13,9%	15,5%

As at 30 September 2015, the consolidated **EBITDA** amounted to **Euro 16.7 million, with an increase of 32.5%** compared to Euro 12.6 million as at 30 September 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. Without considering the effects of this acquisition, the total increase of EBITDA would be 15.4%.

EBIT as at 30.09.2015

EBIT as at 30 September 2015 of the Tesmec Group amounted to **Euro 9.3 million, with an increase of 38.8%** compared to Euro 6.7 million recorded as at 30 September 2014.

Net financial income and expenses as at 30.09.2015

The **net financial expenses** of the Tesmec Group in the first nine months of 2015 amounted to Euro 2.3 million, compared to Euro 1.8 million as at 30 September 2014. The variation is mainly attributable to the interest generated by the signing of new medium / long term funding in the face of several investment initiatives undertaken by the Group and to the effects of different USD / Euro exchange rate trend in the two periods of reference.

Net Profit as at 30.09.2015

The consolidated **Net Profit** as at 30 September 2015 of the Tesmec Group amounted to **Euro 4.7 million, with an increase of 51.6%** compared to Euro 3.1 million recorded as at 30 September 2014. It also benefits from the reduction of the tax rate from 35% to 32% mainly for the Badwill above mentioned.

Net working capital as at 30.09.2015

The **net working capital** of the Tesmec Group as at 30 September 2015 was **Euro 57.95 million** in line with Euro 57.99 million as at 31 December 2014. Without considering the effect of the acquisition of Marais

Group, the net working capital would be 3.2% lower. Considering the positive trend of revenues, there is an improvement of the efficiency indicators.

Net Financial Position as at 30.09.2015

The **Net Financial Indebtedness** of the Tesmec Group as at 30 September 2015 was **Euro 86.7 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 rental agreement of the Grassobbio premises, it would have been Euro 68.6 million as at 30 September 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. Considering the positive trend of revenues, the net financial indebtedness is stable and there is an improvement of the efficiency indicators.

Order Backlog as at 30.09.2015

As at 30 September 2015, the **Total Order Backlog** of the Tesmec Group amounted to **Euro 68.3 million - Euro 19.7 million** of which referring to the Stringing equipment segment, **Euro 40.3 million** to the Trencher segment and **Euro 8.3 million** to the Rail segment – **with an increase of 12%** compared to Euro 61 million as at 30 September 2014.

Significant events relating to the first nine months 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.

On **June 10, 2015** documents required by law related to the merger by incorporation of 100% controlled company Tesmec Service S.r.l. in the parent company Tesmec S.p.A.. is available to the public.

On **September 8, 2015**, the Board of Directors approved the merger by incorporation of "Tesmec Service S.r.l." in the fully parent company "Tesmec S.p.A." The merger is part of a wider process of corporate simplification and rationalization with the aim of greater functionality of the corporate structure in the economic, management and financial aspect in order to better catch the future growth opportunities. The merger will start having legal effects, pursuant to Article 2504-bis, second paragraph of the Civil Code, when the last of the registrations of the deed of merger in the Trade Register has been undertaken or starting from a following, different date that will be set in the deed of merger. The accounting effects, according to Article 2501-ter, first paragraph of the Civil Code, will be retroactively charged from the first day of the financial year when the merger becomes effective, pursuant to the above mentioned Article 2504-bis, second paragraph of the Civil Code. Further terms and conditions that complete the merger are indicated in the merger plan prepared pursuant to Article 2501-ter and 2505 of the Civil Code and available on the Company website www.tesmec.com.

Events occurring after the period under review

On **October 13, 2015** there was the sale of 20% of Marais Technologies SA to the French company 2CD SA as required by the original purchase agreement.

At the date of this report, the company has n. 3,400,497 treasury shares, equal to the 3.18% of Share capital.

At 8:30 AM (CET) – 7:30 AM (BST), on Tuesday 10th November 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 30 September 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>

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.

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>

Tesmec Group

Tesmec Group is leader in designing, manufacturing and selling of systems, technologies and integrated solutions for the construction, maintenance and efficiency of infrastructures related to the transport and distribution of energy, data and material. In details, the Group is active in the following sectors: 1) **transmission and distribution power lines** (stringing equipment for the installation of conductors and the underground cable laying, electronic devices and sensors for the management, monitoring and energy automation); 2) **underground civil infrastructures** (high powered tracked trenchers for linear excavation of oil, gas and water pipelines, telecommunication networks and drainage operations; surface miners for bulk excavation, quarries and site preparation; specialized digging services); 3) **railway lines** (railway equipment for the installation and maintenance of the catenary and for special applications, e.g. snow removal from track; new generation power unit).

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. The Group also has a global commercial presence through foreign subsidiaries and sales offices in USA, South Africa, Russia, Qatar, Bulgaria, China and France.

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. All product lines are developed in accordance with the ISEQ (Innovation, Safety, Efficiency and Quality) philosophy, with environmental sustainability and energy conservation in mind.

Attached below:

Tesmec Group reclassified consolidated income statements

<i>(€ in thousands)</i>	30 September	
	2015	2014
Revenues	120,178	80,996
Total operating costs	110,920	(74,272)
Operating Income	9,258	6,724
Financial (income) / expenses	(2,320)	(1,754)
Share of profit / (loss) of associates and joint ventures	(254)	(172)
Income before taxation	6,938	4,970
Net income for the period	4,684	3,129
EBITDA	16,734	12,560
EBITDA (% on Revenue)	14%	16%
Net profits from acquisition	2,139	/
EBITDA adj	14,595	12,560

Tesmec Group reclassified consolidated statements of financial position

<i>(€ in thousands)</i>	30 September 2015	31 December 2014
Non-current assets	91,398	69,493
Current assets	148,766	130,379
Total assets	240,164	199,872
Non-current liabilities	77,496	68,268
Current liabilities	109,885	83,431
Total liabilities	187,381	151,699
Equity	52,783	48,173
Total equity and liabilities	240,164	199,872

Tesmec Group reclassified consolidated cash flow statements

<i>(€ in thousands)</i>	30 September	
	2015	2014
Net cash provided/(used) by operating activities (A)	12,452	(1,179)
Net cash provided/(used) by investing activities (B)	(10,905)	(10,493)
Net cash provided/(used) by financing activities (C)	(3,174)	7,940
Increase / (decrease) in cash and cash equivalents (D=A+B+C)	(1,627)	(3,732)
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)	37	206
Total cash and cash equivalents at end of the period (G=D+E+F)	17,075	10,252

Tesmec Group other consolidated financial information

(€ in thousands)	<u>30 September 2015</u>	<u>31 December 2014</u>
Net working capital ²	57,946	57,991
Non current assets	83,443	65,283
Other Non current assets and liabilities	(1,887)	(1,737)
Net invested capital³	<u>139,502</u>	<u>121,537</u>
Net financial indebtedness ⁴	86,719	73,364
Equity	52,783	48,173
Total equity and net financial indebtedness	<u>139,502</u>	<u>121,537</u>

² 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.

³ 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.

⁴ 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.1155-66

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