

# Bit Market Services

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Oggetto : The BoD approved draft Financial  
Statement at 31.12.2015 and Consolidated  
Financial Statement 31.12.2015

*Testo del comunicato*

Vedi allegato.



**TESMEC S.P.A.: THE BOARD OF DIRECTORS APPROVES THE DRAFT FINANCIAL STATEMENTS AND THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015<sup>1</sup>, CONFIRMING A DOUBLE-DIGIT GROWTH OF REVENUES, MARGINS AND PROFITABILITY.**

**A DIVIDEND OF EURO 0.025 PER SHARE HAS BEEN PROPOSED WITH AN INCREASE OF 8.7% COMPARED TO 2014.**

**Main consolidated results as at 31 December 2015 (compared to 2014):**

- **Revenues: Euro 164.4 million (+43.1%** compared to Euro 114.9 million as at 31 December 2014);
- **EBITDA<sup>2</sup>: Euro 24.0 million (+31.1%** compared to Euro 18.3 million as at 31 December 2014);
- **EBIT: Euro 12.8 million (+21.9%** compared to Euro 10.5 million as at 31 December 2014);
- **Net profit: Euro 7.2 million (+46.9%** compared to 4.9 million as at 31 December 2014).
- **Net financial indebtedness:** Euro 89.9 million 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 72.1 million as at 31 December 2015 and Euro 54.5 million as at 31 December 2014.
- **Total Order Backlog as at 31 December 2015:** Euro 71.2 million compared to Euro 78.1 million as at 31 December 2014.

**Other resolutions:**

- **The Ordinary Shareholders' Meeting was convened on 29 April 2016 at the operating office of Grassobbio**
- **The dividend will be paid on 25 May 2016 (ex dividend date on 23 May 2016 and record date on 24 May 2016).**

*Note: Marais Technologies SA, 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 for the first time in the Financial Statements as at 31 December 2015 of Tesmec Group. The reported data reflect the change in the scope of consolidation.*

Grassobbio (Bergamo - Italy), 14 March 2016 – The Board of Directors of **Tesmec S.p.A.** (MTA, STAR: TES), at the head of a group 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 **Draft Financial Statements and the Consolidated Financial Statements as at 31 December 2015**, confirming a double-digit growth in all the main results, with revenues rising by 43.1%, a strong improvement in margins (EBITDA + 31.1%, EBIT + 23.0%) and an increase of net profit of 46.9%.

<sup>1</sup> The consolidated financial statements and the draft financial statements are the subject matter of an audit still to be completed to date.

<sup>2</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.



The **Chairman and CEO Ambrogio Caccia Dominioni** commented as follows "The good results examined today confirm the strategic choices and investments made by the Group in the recent years. We focused on technological innovation, internationalization and integration. The strong growth perspective of the business of the Energy Automation and the synergies from the integration with Marais will be main growth drivers of the Group. We are also implementing efficiency actions on the net working capital that allow us to be confident about improvements in the financial position in the coming quarters . "

## MAIN CONSOLIDATED RESULTS OF THE 2015 FINANCIAL PERIOD

As at **31 December 2015**, Tesmec Group recorded consolidated **Revenues of Euro 164.4 million with an increase of 43.1%** compared to Euro 114.9 million recorded in 2014. The three business segments contributed in different way, with relevant growth in the Stringing segment (+43.9%) and Trencher segment (+67.6%).

Results as at 31 December	Revenues from sales and services		
(In migliaia di Euro)	2015	2014	Change
<b>Stringing equipment</b>	<b>72,146</b>	<b>50,130</b>	<b>43.9%</b>
<i>Effect on Consolidated Revenue</i>	43.9%	43.6%	
<b>Trencher</b>	<b>88,490</b>	<b>52,794</b>	<b>67.6%</b>
<i>Effect on Consolidated Revenue</i>	53.8%	45.9%	
<b>Railway</b>	<b>3,766</b>	<b>11,971</b>	<b>(68.5)%</b>
<i>Effect on Consolidated Revenues</i>	2.3%	10.4%	
<b>Consolidated</b>	<b>164,402</b>	<b>114,895</b>	<b>43.0%</b>

In detail, the **Stringing segment** performed positively in 2015 with Revenues of Euro 72.2 million with an increase of 43.9% compared to Euro 50.1 million as at 31 December 2014. Furthermore, the Group recorded the first revenues and order in the new Energy Automation business thanks to its advanced solution for efficiency of power grids. The **Revenues of the Trencher segment** as at 31 December 2015 were **Euro 88.5 million, with an increase of 67.6%** compared to Euro 52.8 million as at 31 December 2014, thanks to the sales in new markets and the positive impact of Marais Group. The **Revenues of the Railway segment** recorded **Euro 3.8 million**, as at 31 December 2015, compared to Euro 11.9 as at 31 December 2014. The variation in revenues in the Railway segment is mainly attributable to the nature of a business characterized by long-term contracts and postponement of some important negotiations.

**Geographically**, Tesmec Group continued its growth in foreign markets in 2015, especially in Europe, Middle East and in Africa.



As at 31 December 2015, the consolidated **EBITDA** amounted to **Euro 24.0 million, with an increase of 31.1%** compared to Euro 18.3 million as at 31 December 2014. Margins has been affected by the reduction of sales volumes in the Railway segment that caused a lower absorption of fixed costs and by a different Country/Product mix in the Stringing segment.

**EBIT** as at 31 December 2015 of the Tesmec Group amounted to **Euro 12.8 million, with an increase of 21.9%** compared to Euro 10.5 million recorded as at 31 December 2014.

The **net financial expenses** of the Tesmec Group in 2015 amounted to Euro 3.7 million, compared to Euro 2.1 million as at 31 December 2014. The variation is mainly attributable to the different trend of USD/Euro exchange rate in the two reference periods that lead to a decrease in foreign exchange gains in 2015. The costs related to the increased indebtedness following the acquisition of Marais Group were overcome by improved efficiency in working capital and by interest rates reduction.

The consolidated **Net Profit** as at 31 December 2015 of the Tesmec Group amounted to **Euro 7.2 million, with an increase of 46.9%** compared to Euro 4.9 million as at 31 December 2014.

The **net working capital** of the Tesmec Group as at 31 December 2015 was **Euro 63.5 million** compared to Euro 57.9 million as at 31 December 2014. The net working capital in 2015 grew less than proportionally than revenues confirming the higher efficient management. As at 31 December 2015 the net working capital on revenues indicator recorded an improvement, 39.4% versus 50.5% in 2014.

The **Net Financial Indebtedness** of the Tesmec Group as at 31 December 2015 was **Euro 89.9 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 72.1 million as at 31 December 2015 while it would have been Euro 54.5 million as at 31 December 2014. The change compared to 31 December 2014 is mainly due to the acquisition of Marais Group, which involved a new debt of Euro 13.6 million.

As at 31 December 2015, the **Total Order Backlog** of the Tesmec Group amounted to **Euro 71.2 million - Euro 17.8 million** of which referring to the Stringing equipment segment, **Euro 45.7 million** to the Trencher segment and **Euro 7.7 million** to the Rail segment compared to Euro 78.1 million as at 31 December 2014.

#### **SEPARATE FINANCIAL STATEMENTS OF THE PARENT COMPANY TESMEC S.P.A.**

As at 31 December 2015 the Revenues of the Parent Company Tesmec S.p.A. were Euro 115.1 million, with an increase of 30.5% compared to Euro 88.2 million as at 31 December 2014.

EBITDA of Tesmec S.p.A. in 2015 is approximately Euro 18.0 million, with an increase of 20%, compared to Euro 15.0 million as at 31 December 2014.

The net profit of the Parent Company as at 31 December 2015 amounted to Euro 7.4 million, with an increase of 17.5%, compared to Euro 6.3 million as at 31 December 2014.

The net financial indebtedness of the Parent Company as at 31 December 2015 is Euro 49.8 million compared to Euro 46.5 million as at 31 December 2014, and, without considering the effects of IAS 17 for the lease contract of the premises of Grassobbio, it would be Euro 32.0 million compared to Euro 27.6 million as at 31 December 2014.



## **BUSINESS OUTLOOK**

Considering several ongoing negotiations, it is reasonable to assume that a further growth could be registered in 2016, which will improve all the economical and financial indicators compared to 2015.

An increasing demand for modernization of power grids is registered in **Stringing segment** and, more generally, in the field of the energy transport. Tesmec Group continues to believe in the technological innovation as key driver of its own development, and it confirms the positive trend in the Energy Automation Business, thanks to the strengthening of the recent developments in the growing segment of the technologies for the power line efficiency. In the **Trencher segment**, Tesmec Group is improving a business model which offers technologically advanced products together with complementary services, proposing integrated solutions with high added value. It should be particularly noted that there are many opportunities in the telecom market and in the fiber optic one, thanks also to synergies with Marais Group. With reference to projects for civil infrastructures and underground energy cable laying, Africa offers important business opportunities. In 2016, we are expecting a performance recovery in the **Railway segment**, due to the conclusion of startup phases in railway lines electrification field. The design of highly efficient railcars, always respecting environmental and safety standards, and the important ongoing negotiations are preparing the groundwork for the development both on a national and international level.

In conclusion, even with a complex economic situation for some of the main world economies, a further growth in sales volumes and an improvement of profitability indicators is expected, with a better absorption of fixed costs and a resulting cash generation. Moreover, except for the effect coming from the expected revenues increase, the financial indebtedness should decrease, thanks to efficiency actions on the working capital.

### **Significant events after 31 December 2014**

On **9 February 2016** the subsidiary Marais Groupe SA acquired the entire stake in the French company EAM SARL, based in Carcassonne, at Euro 450 thousand.

On **3 March 2016** Tesmec S.p.A. signed with Aurora S.r.l. the final contract for the acquisition of the remaining 60% of the share capital of Bertel S.p.A., company active in the high technological market of efficiency systems for Transmission Power lines. Tesmec, that already owned 40% of the share capital of Bertel S.p.A., finalized this transaction in order to consolidate its strategy in the Energy Automation business.

### **Treasury Shares**

At the time of this press release, the Company holds 4.450.497 treasury shares, equal to the 4.16% of Share capital.



## **Other resolutions**

Today, the Board of Directors of Tesmec approved the Report on Corporate Governance and Ownership Structures and made the periodic review of the independence requirements of the members of the BoD, deeming that there were no changes in the situation already announced to the market.

The Board of Directors of Tesmec S.p.A. approved the remuneration policy of the directors and executives with strategic responsibilities and the annual Report on Remuneration that will be submitted to the Shareholders.

The Board of Directors of Tesmec S.p.A. decided to convene the Ordinary Shareholders' Meeting on 29 April 2016, at 10:30 am at the operating offices of Grassobbio, in a single call to discuss and deliberate on the following:

- Approval of the financial statements as at 31 December 2015; allocation of result for the period;
- Approval of the first section of report on remuneration;
- Proposal of authorization to purchase and dispose of treasury shares, subject to the withdrawal of the resolution passed by the Shareholder's Meeting of 30 April 2015;
- Appointment of the Board of Directors;
- Appointment of the Board of Statutory Auditors.

The Board of Directors of Tesmec S.p.A. will propose to the Ordinary Shareholders' Meeting the payment of a dividend, to the shares outstanding on the payment date, of Euro 0.025 per share. The dividend will be paid on 25 May 2016 (ex dividend date on 23 May 2016 and record date on 24 May 2016).



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**At 2:30 PM(CET) – 1:30 PM BST, Monday 14th March 2016 Ambrogio Caccia Dominioni, Chairman and CEO of Tesmec S.p.A., and the Top Management of the Company will present the consolidated results for the year 2015 to the financial community during a conference call.**

**To participate, you are kindly requested to call this number:**

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

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*The the draft financial statements and the consolidated financial statements as at 31 December 2015 will be available to the public at the administrative office, in Grassobbio (Bergamo) Italy, Via Zanica n. 17/O, through the system NIS-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 also available on [www.tesmec.com](http://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.

**Below are the reclassified statements of Tesmec Group and Tesmec SpA**





## Tesmec Group reclassified consolidated income statements

<i>(€ in thousands)</i>	31 December	
	2015	2014
<b>Revenues</b>	<b>164,402</b>	<b>114,895</b>
Total operating costs	(151,587)	(104,448)
<b>Operating income</b>	<b>12,815</b>	<b>10,447</b>
Financial (income) / expenses	(3,157)	(2,092)
Share of profit / (loss) of associates and joint ventures	(553)	(34)
<b>Income before taxation</b>	<b>9,105</b>	<b>8,321</b>
<b>Net income</b>	<b>7,161</b>	<b>4,905</b>
<b>EBITDA</b>	<b>24,045</b>	<b>18,323</b>
<b>EBITDA (% on revenues)</b>	<b>14.6%</b>	<b>15.9%</b>



## Tesmec Group reclassified consolidated statements of financial position

<i>(€ in thousands)</i>	31 December 2015	31 December 2014
Non-current assets	93,353	69,493
Current assets	151,535	130,379
<b>Total assets</b>	<b>244,888</b>	<b>199,872</b>
Non-current liabilities	88,864	68,268
Current liabilities	100,147	83,431
<b>Total liabilities</b>	<b>189,011</b>	<b>151,699</b>
Equity	55,877	48,173
<b>Total Equity and liabilities</b>	<b>244,888</b>	<b>199,872</b>



## Tesmec Group reclassified consolidated cash flow statements

<i>(€ in thousands)</i>	<b>31 December</b>	
	<b>2015</b>	<b>2014</b>
Net cash provided/(used) by operating activities (A)	14,968	12,853
Net cash provided/(used) by investing activities (B)	(33,132)	(10,741)
Net cash provided/(used) by financing activities (C)	20,603	2,490
<b>Total cash flow (D=A+B+C)</b>	<b>(2,439)</b>	<b>(4,602)</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)	100	285
<b>Total cash and cash equivalents at the end of the period (G=D+E+F)</b>	<b>21,204</b>	<b>18,665</b>



## Tesmec Group other consolidated financial information

### Sources and uses

(€ in thousands)	<u>31 December 2015</u>	<u>31 December 2014</u>
Net working capital <sup>3</sup>	63,505	57,991
Non current assets	83,945	65,283
Other Non current assets liabilities	(1,697)	(1,737)
<b>Net invested capital<sup>4</sup></b>	<b><u>145,753</u></b>	<b><u>121,537</u></b>
Net financial indebtedness <sup>5</sup>	89,876	73,364
Equity	55,877	48,173
<b>Total equity and net financial indebtedness</b>	<b><u>145,753</u></b>	<b><u>121,537</u></b>

<sup>3</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>4</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>5</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.



## Tesmec S.p.A. reclassified income statements

<i>(€ in thousands)</i>	<u>31 December</u>	
	<u>2015</u>	<u>2014</u>
<b>Revenues</b>	<b>115,071</b>	<b>88,225</b>
Totale operating costs	(101,919)	(78,306)
<b>Operating Income</b>	<b>13,152</b>	<b>9,919</b>
Proventi / (Oneri) finanziari netti	(1,927)	(298)
<b>Income before taxation</b>	<b>11,225</b>	<b>9,621</b>
<b>Net Income for the period</b>	<b>7,412</b>	<b>6,278</b>
<b>EBITDA</b>	<b>18,033</b>	<b>14,966</b>
<b>EBITDA (% on revenues)</b>	<b>15.7%</b>	<b>17.0%</b>



## Tesmec S.p.A. reclassified statements of financial position

	31 December 2015	31 December 2014
<i>(€ in thousands)</i>		
Current assets	76,311	67,579
Non current assets	121,421	105,737
<b>Total assets</b>	<b>197,732</b>	<b>173,316</b>
Non-current liabilities	73,062	62,218
Current liabilities	77,631	67,919
<b>Total liabilities</b>	<b>150,693</b>	<b>130,137</b>
Equity	47,039	43,179
<b>Total equity and liabilities</b>	<b>197,732</b>	<b>173,316</b>



## Tesmec S.p.A. reclassified consolidated cash flow statements

<i>(€ in thousands)</i>	<u>31 December</u>	
	<u>2015</u>	<u>2014</u>
Net cash provided / used by operating activities (A)	13,084	18,751
Net cash provided / used by investing activities (B)	(26,969)	(14,150)
Net cash provided / used by financing activities ( C)	15,020	97
<b>Increase / decrease in cash and cash equivalents (D=A+B+C)</b>	<b>1,135</b>	<b>4,698</b>
<b>Cash and cash equivalents at the beginning of the period (F)</b>	<b>14,316</b>	<b>9,618</b>
Net effect of conversion of foreign currency on cash and cash equivalents (E)	-	-
Total cash and cash equivalent at the end of the period (G=D+E+F)	<b>15,451</b>	<b>14,316</b>



## Tesmec S.p.A. other financial information

### Sources and uses

(€ in thousands)	<u>31 December 2015</u>	<u>31 December 2014</u>
Net working capital <sup>6</sup>	24,743	25,881
Non current assets	73,775	65,675
Other Non current assets and liabilities	(1,610)	(1,838)
<b>Net invested capital<sup>7</sup></b>	<b><u>96,908</u></b>	<b><u>89,718</u></b>
Net financial indebtedness <sup>8</sup>	49,868	46,539
Equity	47,040	43,179
<b>Total equity and financial indebtedness</b>	<b><u>96,908</u></b>	<b><u>89,718</u></b>

<sup>6</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>7</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>8</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.



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