

9M 2016 results presentation

7th November 2016



Solutions partner for your world

Tesmec Group is leader in the market of the infrastructures related to the transport and distribution of energy, data and material.



We focus on strategic markets for the growth and modernization of every country.



ENERGY



RAILWAY



UNDERGROUND



Solutions provider

Design of advanced solutions based on specific requirements of Key Account to be exported worldwide with the aim to cover R&D investments and increase the business

“ From **IRON** to **TECHNOLOGIES** ”



PRODUCTS SUPPLIER

Equipment, machines, tools and technical services

VALUE ADDED SOLUTIONS PROVIDER

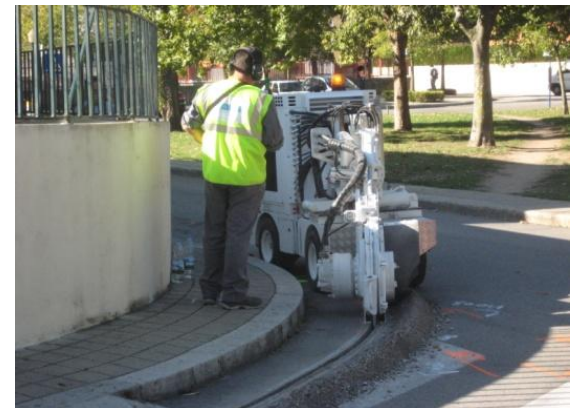
Intelligence, specialists' competences, expertise, technologies

INFRASTRUCTURE CONSTRUCTION

Sector sensitive to economic cycles and dependent on investment plans

INFRASTRUCTURE MANAGEMENT & MAINTENANCE

Sectors not dependent on economic cycles, but recurrent



Strategic Positioning

WHY

Customers' needs

INTEGRATED
VALUE
PROPOSITION

WHAT

Solutions
Provider

FROM " A TO Z " VALUE CHAIN based on customers needs

HOW

Innovation

Δ PERFORMANCE that can transform the way our clients operate their projects

WHERE

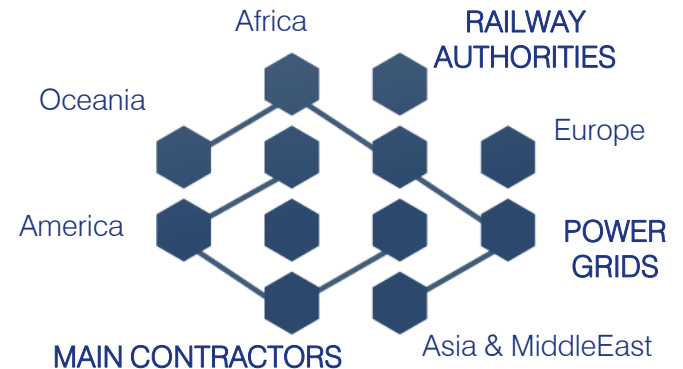
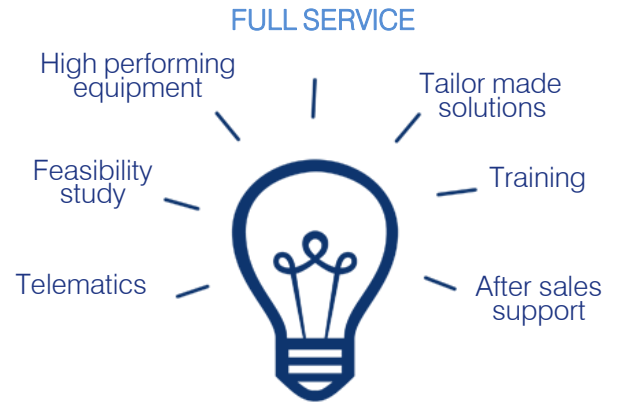
Internationalization

KEY PROJECTS worldwide confirmation

WHO

Integration

COLLABORATION with major players in the reference markets



Market scenario evolution


Evolving strategy

Main achievement so far

RENTING VS BUYING EQUIPMENT BECOME A GROWING TREND

▼

NEW BUSINESS MODEL: FROM SALES TO VALUE ADDED SERVICES

▼

Important wind farm projects performed by Marais in Australia offering specialized trenchers services



INVESTMENTS IN NEW INFRASTRUCTURES SENSITIVE TO ECONOMIC CYCLES

▼

FOCUS ON NOT-CYCLICAL BUSINESS (MANAGEMENT & MAINTENANCE) TO GRANT RECURRENT REVENUES

▼

First relevant award for full maintenance services in railway business in Italy



SAFETY, SUSTAINABILITY & CONNECTIVITY AS KEY DEVELOPMENT DRIVERS

▼

NEW VALUE PROPOSITION: MOVING FROM A GOODS SUPPLIER TO A SMART SOLUTION PROVIDER

▼

Integrated solutions in the Automation business chosen by major Italian power authority

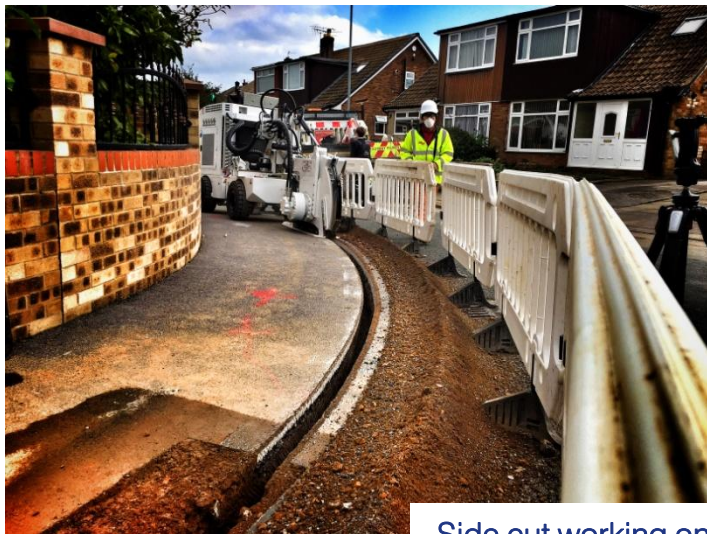
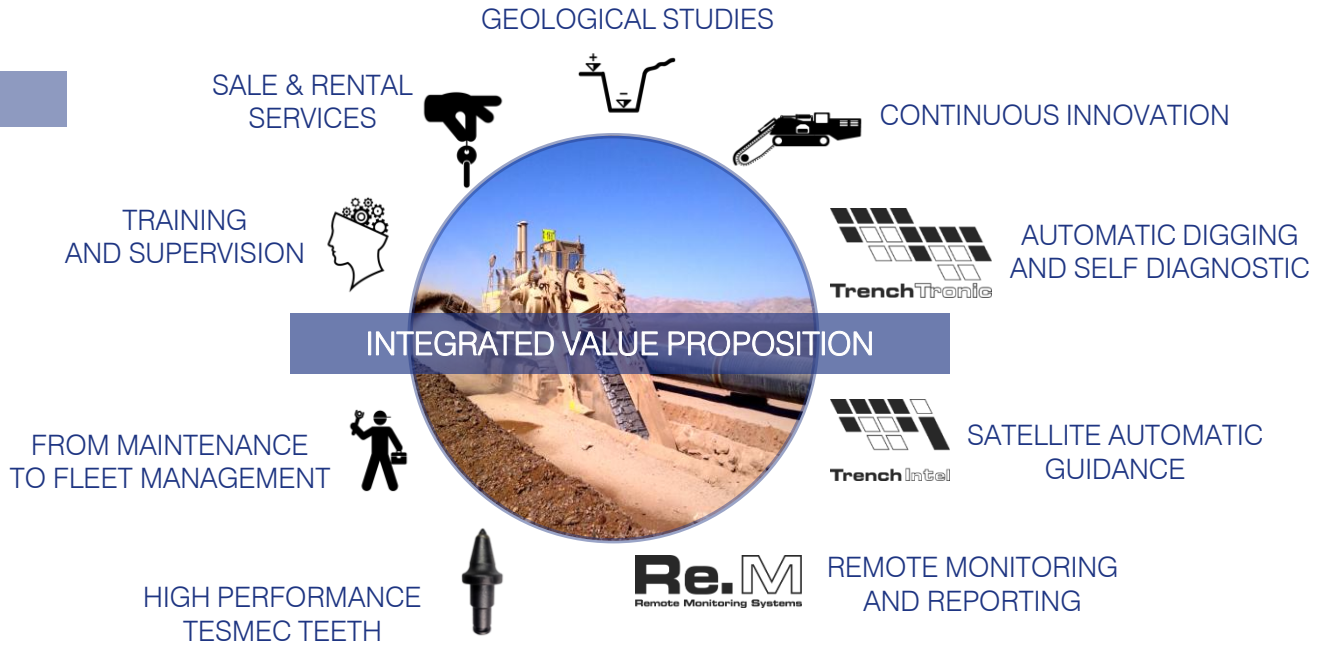


Trencher business highlights

WHY

Customers' needs

- Overall cost reduction
- Higher productivity
- Time reduction for project completion
- Smooth operations in the site



Side cut working on the FTTH UK project

Railway business highlights

WHY

Customers' needs

- High working performances
- Capability to prevent accident while travelling on railway network
- Possibility to travel in composition with other rail vehicles
- Possibility to travel on both traditional & high speed lines

Winning competitive advantages



TESMEC GROUP PLACED 1st FOR THE PROVISIONAL AWARD OF THE TENDER OF RFI FOR THE SUPPLY OF 88 MULTIPURPOSE RAIL VEHICLES

Tesmec Service provisional awarded the 3 lots in the tender for a total value of Euro 91.8 million



Innovative railcar for CATENARY operations

AUTOMATIC TRAIN CONTROL SYSTEM

allows protection of the train while travelling, ensuring:

- highest mobility and safety
- increased performances
- reduced fleet asset

REMOTE-CONTROL OF TRACTION UNIT

able to manage traction, braking and alarms of railcars as a convoy, ensuring:

- cost savings
- working fleet reduction
- fast transfer

REMOTE MONITORING SYSTEM

developed to supervise the fleets of vehicles, ensuring:

- reliability (failure cost reduction)
- maintainability (cost associated to failure reduction)
- maintenance optimization and monitor the main parameters



WHY

Customers' needs

- Service activities
- Flexibility and customized solutions
- New systems for modernization and efficiency of power grids worldwide

SMART & GREEN Technologies for ENERGY TRANSPORT

Brand Awareness - Know How - International Presence

CONSTRUCTION & MAINTENANCE



NEW ▶



Power Lines

MANAGEMENT & MONITORING



◀ EXHISTING



Solutions for High, Medium & Low Voltage

9M 2016 Economic Results

GROUP (€ mln)	9M2016	9M2015	Delta %
Revenues	108,5	120,2	-9,7%
EBITDA	10,7	16,7	-35,9%
% on Revenues	10%	14%	
EBIT	1,6	9,3	-82,8%
% on Revenues	1%	8%	
Profit Before Taxes	(2,0)	6,9	-129,0%
% on Revenues	-2%	6%	
NET INCOME	(1,4)	4,7	-129,8%
% on Revenues	-1%	4%	
GROUP (€ mln)	9M2016	2015	Delta %
NFP (IAS17)	115,3	89,9	28,3%
NFP (without IAS17)	98,4	72,1	36,5%



ENERGY	9M2016	9M2015	Delta %
Revenues	30,5	58,2	-47,6%
EBITDA	2,9	9,4	-69,1%
% on Revenues	10%	16%	

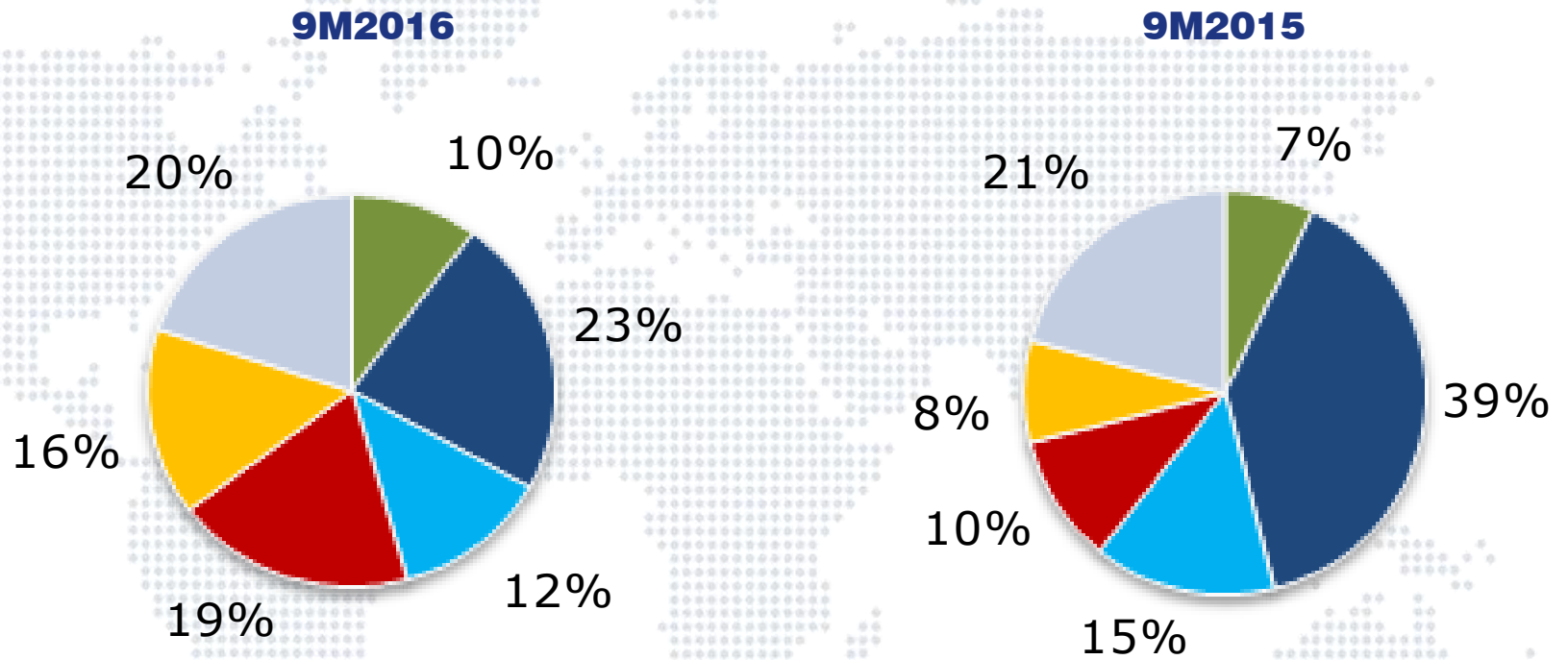


TRENCHERS	9M2016	9M2015	Delta %
Revenues	74,3	58,9	26,1%
EBITDA	7,5	7,5	0,0%
% on Revenues	10%	13%	



RAILWAY	9M2016	9M2015	Delta %
Revenues	3,7	3,1	19,4%
EBITDA	0,3	(0,1)	400,0%
% on Revenues	8%	-3%	

- ENERGY: STRINGING DECREASE AS AGAINST 2015 WHERE ABENGOA REVENUES WERE ACCOUNTED
- ENERGY: AUTOMATION CONSOLIDATION OF BERTEL AND CPT IN 2016 IMPACTS ON MARGINS
- TRENCHERS: STRONG GROWTH OF SERVICE REVENUES; 2015 IMPACTED BY 2,1 EXTRAORDINARY PROFIT FROM MARAIS ACQUISITION
- RAILWAY: GROWTH CONSOLIDATION AND POSITIVE OPERATIONAL MARGIN



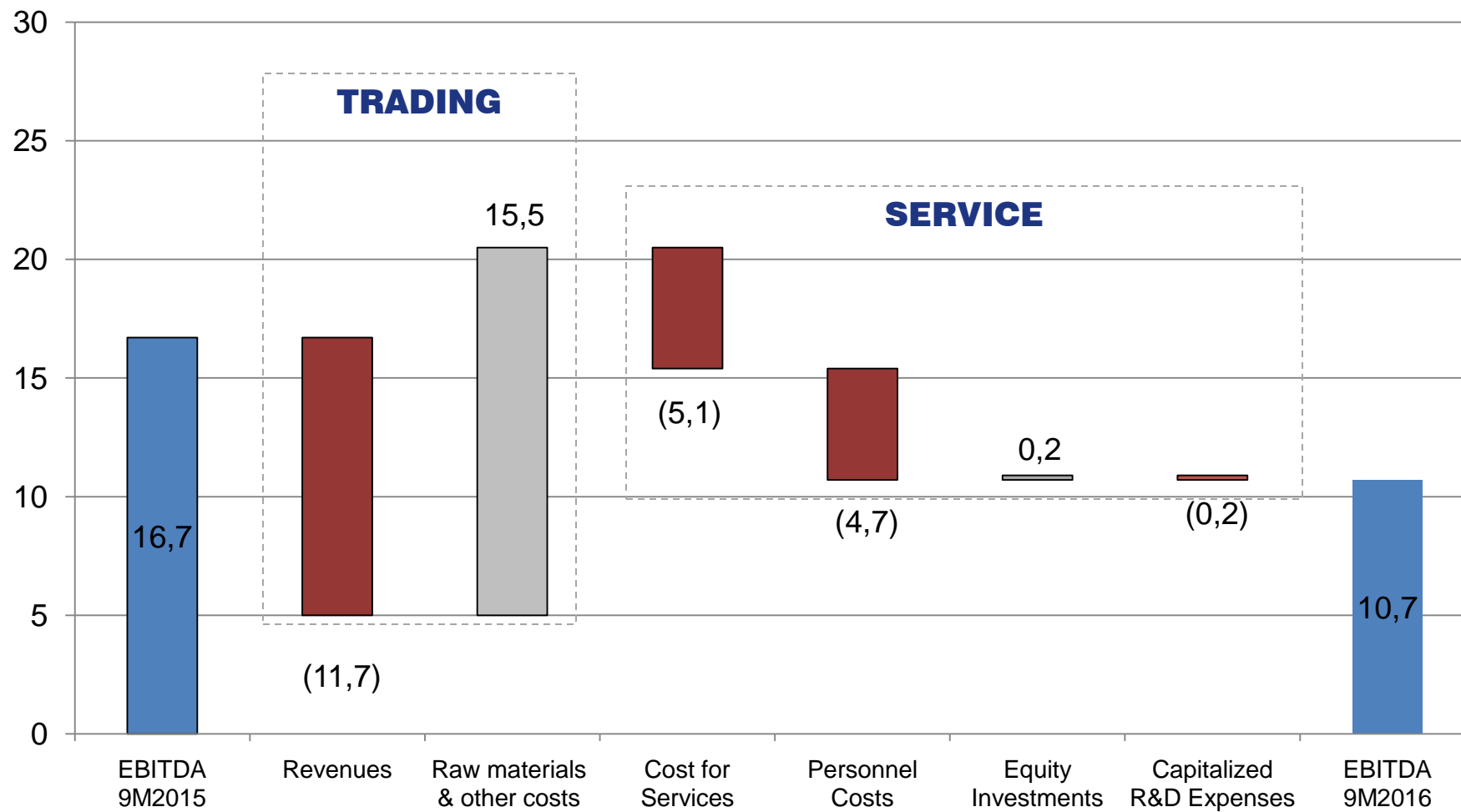
INTERNATIONAL SCALE AND EXPOSURE TO GROWING ECONOMIES

- Italy
- Europe
- Middle East
- BRICs and Oceania
- Africa
- North-Central America

Tesmec Group kept on growing in foreign markets, with particular impact of the African markets, BRIC and Oceania.

EBITDA 9M2016

€ mln



9M2015

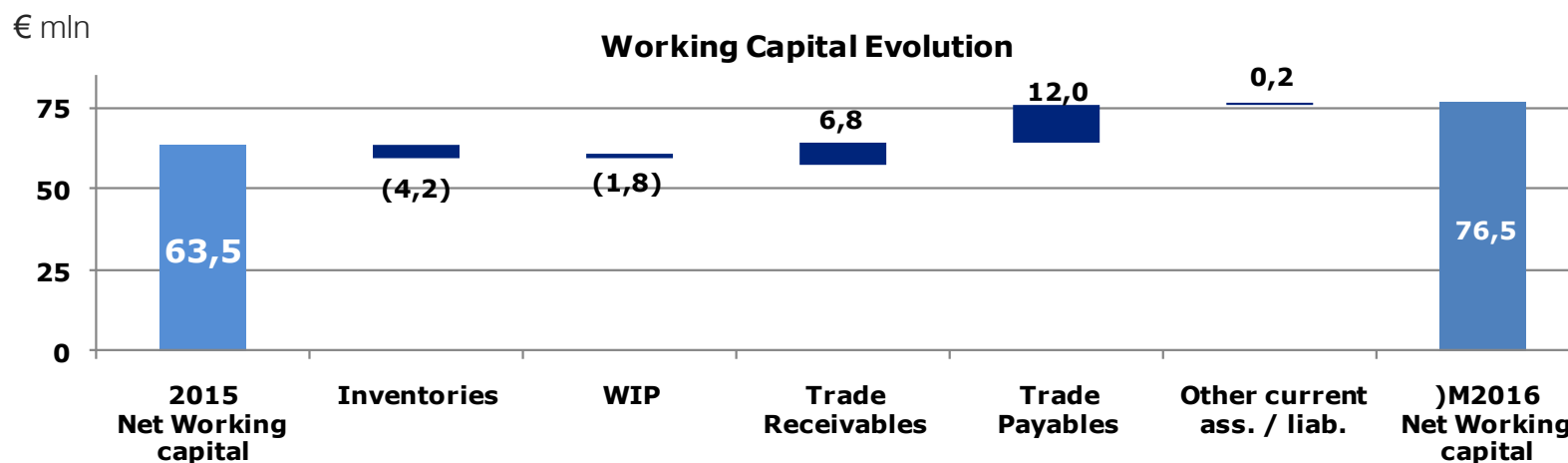
Cost variances reflect heavier service activity
2015 EBITDA benefitted from Marais acquisition extraordinary profit

9M2016

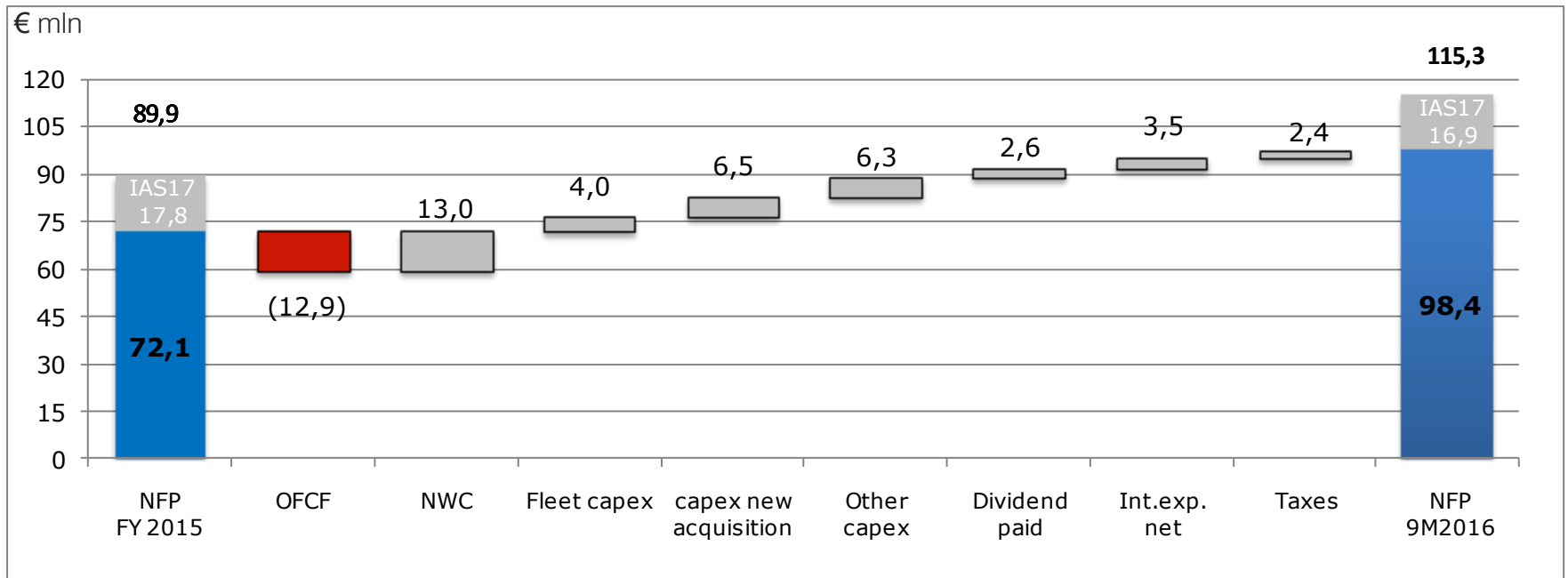
Financial Information (Euro mln)	9M2016	2015
Net Working Capital	76,5	63,5
Non Current assets	90,6	83,9
Other Long Term assets/liabilities	(1,1)	(1,7)
Net Invested Capital	166	145,7
Net Financial Indebtness	115,3	89,9
Equity	50,7	55,8
Total Sources of Financing	166	145,7

Working Capital Evolution

Euro Mln	9M2016	9M2015	2015	Days 9M2016	Days 2015
Trade Receivables	57,6	51,8	50,9	143	111
Inventories	54,7	60,8	58,9	141	137
Work in progress contracts	2,1	4,5	3,8		
Trade Payables	(27,0)	(41,9)	(39,0)	-67	-86
Other Current Assets/(Liabilities)	(10,9)	(17,3)	(11,1)	-27	-24
Net Working Capital	76,5	57,9	63,5		



Operating Net Financial Position without figurative debt
for Grassobbio premises



2015

The variation compared to 31 December 2015 is mainly due to capex related to changes in the scope of consolidation with the acquisition of 100% of Bertel and of 100% of CPT.
In net WC change impact of sales mostly completed at quarter end

9M2016

Increase in business **VOLUMES** (backlog and revenues), **MARGINS** and **CASH FLOW**



• **Growing opportunities** in TLC and energy cables market, especially in Africa & Australia/New Zealand. Relevant projects with main international contractors that ask for specialist **services** and **rental** activities.



• **Finalization of orders** and important ongoing negotiations for innovative railcars that will replace the existing vehicles, both in Italy and worldwide



• **Consolidation** of the integration strategy and significant business opportunities in key countries like Italy, Russia and South America.

• **Ongoing negotiations** in the commercial pipeline of stringing segment

Relevant worldwide projects

FTTH - UK & NZ



Automation - Russia



Railway - USA



Railway - Italy



Stringing - Asia



Pipeline & Bulk Excavation - MiddleEast



Automation - South America & Italy



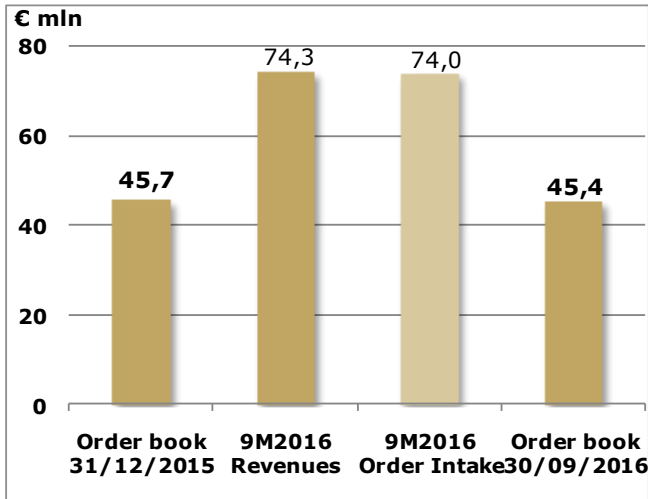
Telecom - Africa



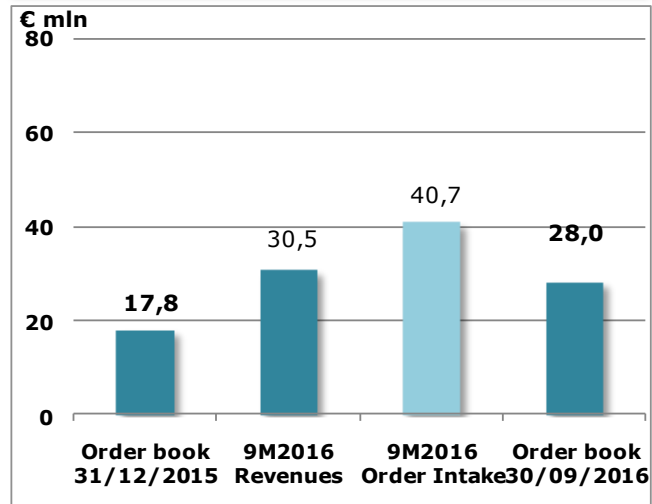
Wind farm - Australia



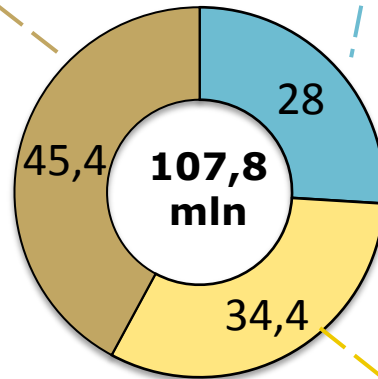
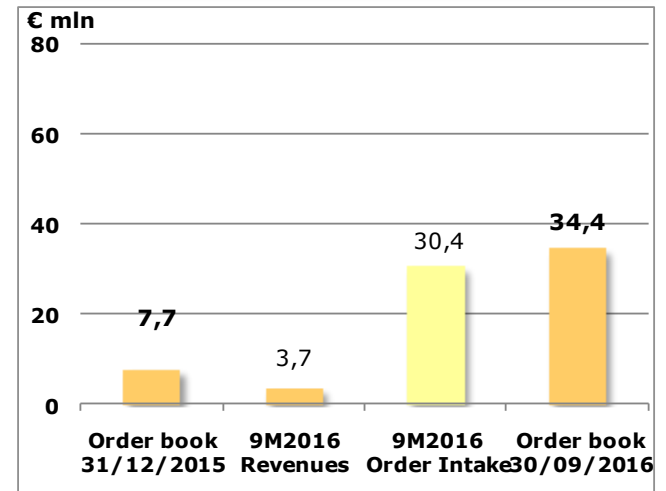
TRENCHERS



ENERGY



RAILWAY



Summary 9M 2016 Profit & Loss statement

Profit & Loss Account (€ mln)	9M2016	9M2015	Delta	Delta %
Net Revenues	108,5	120,2	(11,7)	-9,7%
Raw materials costs (-)	(46,3)	(61,8)	15,5	-25%
Cost for services (-)	(22,6)	(20,9)	(1,7)	8%
Personnel Costs (-)	(29,2)	(24,5)	(4,7)	19%
Other operating revenues/costs (+/-)	(3,3)	0,1	(3,4)	-3400%
Portion of gain/(losses) from equity investments evaluated using the equity method	0,1	(0,1)	0,2	-243%
Capitalized R&D expenses	3,5	3,7	(0,2)	-5%
Total operating costs	(97,8)	(103,5)	5,7	-5,5%
<i>% on Net Revenues</i>	<i>(90%)</i>	<i>(86%)</i>		
EBITDA	10,7	16,7	(6,0)	-36,0%
<i>% on Net Revenues</i>	<i>10%</i>	<i>14%</i>		
Depreciation, amortization (-)	(9,1)	(7,4)	(1,7)	23%
EBIT	1,6	9,3	(7,7)	-82,9%
<i>% on Net Revenues</i>	<i>1%</i>	<i>8%</i>		
Net Financial Income/Expenses (+/-)	(3,6)	(2,3)	(1,3)	57%
Taxes (-)	0,6	(2,3)	2,9	-126%
Minorities	-	-	-	-
Net Income (Loss)	(1,4)	4,7	(6,1)	-129,6%
<i>% on Net Revenues</i>	<i>-1%</i>	<i>4%</i>		

Summary 9M 2016 Balance Sheet

Balance Sheet (€ mln)	9M2016	2015
Inventory	54,7	58,9
Work in progress contracts	2,1	3,8
Accounts receivable	57,6	50,9
Accounts payable (-)	(27,0)	(39,0)
Op. working capital	87,4	74,6
Other current assets (liabilities)	(10,9)	(11,1)
Net working capital	76,5	63,5
Tangible assets	67,8	65,3
Intangible assets	19,1	13,8
Financial assets	3,7	4,8
Fixed assets	90,6	83,9
Net long term liabilities	(1,1)	(1,7)
Net invested capital	166,0	145,7
Cash & near cash items (-)	(14,7)	(21,2)
Short term financial assets (-)	(7,7)	(11,8)
Short term borrowing	58,6	45,2
Medium-long term borrowing	79,1	77,7
Net financial position	115,3	89,9
Equity	50,7	55,8
Funds	166,0	145,7

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