

# Bit Market Services

Informazione Regolamentata n. 1155-59-2016	Data/Ora Ricezione 21 Dicembre 2016 17:07:14	MTA - Star
--	--	------------

Societa' : TESMEC

Identificativo : 83196

Informazione  
Regolamentata

Nome utilizzatore : TESMECN01 - Turani

Tipologia : AVVI 16

Data/Ora Ricezione : 21 Dicembre 2016 17:07:14

Data/Ora Inizio : 21 Dicembre 2016 17:22:15

Diffusione presunta

Oggetto : The BoD approve related-party transactions involving the properties in Grassobbio, Padua and Patrica

*Testo del comunicato*

Vedi allegato.



## TESMEC'S BOARD OF DIRECTORS: APPROVED RELATED-PARTY TRANSACTIONS INVOLVING THE PROPERTIES IN GRASSOBBIO, PADUA AND PATRICA

- The assessments made by the Board of Directors with regard to the economic and financial reasons took into consideration the Group's strategy, aimed at focusing on operating activities and excluding the activities of the real estate companies, management and property development.
- As a result of these transactions, the Tesmec Group's Net Financial Position at 31 December 2016 will result in improvement for about 17.7 million, primarily concerning the adjustment of the financial debt.
- The Board of Directors has considered exercising of the option with regard to the Grassobbio Property Complex to no longer be strategic, thereby allowing said option to expire.
- The Board of Directors consequently renegotiated the rent and term of the lease contract with respect to the portion of the Grassobbio Property Complex, agreeing on a reduction in the annual rent of approximately Euro 160,000 and a new contract term with expiry envisaged for 30 January 2027.
- Consequently, the Tesmec Group's continued presence in the production site was also guaranteed.

*Grassobbio (BG), 21 December 2016* – The Board of Directors of Tesmec S.p.A. (MTA, STAR: TES), head of a leading group in the market of infrastructures used for the transmission and distribution of electrical power, data and material, today approved certain transactions with the related party Dream Immobiliare S.r.l. (“**Dream**”) involving the properties situated in Grassobbio (Bergamo) (“**Grassobbio Property Complex**”), in Padua (“**Padua Building**”) and Patrica (Frosinone) (“**Frosinone Building**”), in which factories of Tesmec and of its subsidiaries SGE S.r.l. (“**SGE**”) and CPT Engineering S.r.l. (“**CPT**”) are located.

The assessments made by the Board of Directors with regard to the economic and financial reasons, as well as feasibility of said transactions, took into consideration, first and foremost, the Group's strategy, aimed at focusing on operating activities and excluding the activities of the real estate companies, management and property development. Those assessments, with regard to Padua Building and to Frosinone Building, have been supported by the report drawn up by CBRE Valuation S.p.A., expert appointed by the Board of Directors and the Committee for Transactions with Related Parties to support their valuations.

With regard to the Grassobbio Property Complex, where Tesmec's production plant also has its headquarters, the Company's Board of Directors has considered exercising of the option with respect to Dream to no longer be strategic for Tesmec, thereby allowing said option to expire. This option expires on 31 December 2016 and regards a takeover of the lease contract in place between Dream and Unicredit Leasing S.p.A. for said property complex for Euro 3,500,000.



The Board of Directors consequently renegotiated the rent and term of the lease contract with Dream, with respect to the portion of the Grassobbio Property Complex in which Tesmec carries out its activities, agreeing on a reduction in the annual rent of approximately Euro 160,000 (from about Euro 1,960,000 to Euro 1,800,000) and a new contract term with expiry envisaged for 30 January 2027. Consequently the availability of the property in the production site was also guaranteed.

As a result of these transactions, the Tesmec Group's Net Financial Position at 31 December 2016 will result in improvement for about 16.5 million, primarily concerning the adjustment of the financial debt resulting from the renegotiation of the main clauses of the lease contract.

With regard to the Padua Building, where SGE currently conducts its production activities in the automation segment, following agreement with Dream Immobiliare, (i) the latter agreed to replace SGE in the preliminary purchase agreement for said property, for a consideration amount of Euro 1,270,000 and (ii) Dream agreed to lease said property to SGE for an annual amount of Euro 75,000, determined based on the annual market rent indicated in the report drawn up by CBRE Valuation S.p.A.

With regard to the Frosinone Building, where CPT currently conducts its production activities in the automation segment, CPT and Dream reached an agreement involving its purchase by Dream for Euro 1,019,220.

Pursuant to the agreement reached by the parties, the Frosinone Building will therefore be let by Dream to CPT at an annual rent of Euro 63,265, determined based on the annual market rent indicated in the report drawn up by CBRE Valuation S.p.A.

The transactions described above will involve, for Tesmec Group as at December 31, 2016 an improvement in the net financial position for Euro 17,716,812 and a reduction of net income for Euro 1,526,194.

Below a summary table showing the economic, patrimonial and financial effect of the transaction as at December 31, 2016:

<i>(In Euro)</i>	<b>Grassobbio Property Complex</b>	<b>Padua Building</b>	<b>Frosinone Building</b>	<b>Total</b>
<i>Balance sheet effects</i>				
<b>USES</b>				
Net working capital <sup>(2)</sup>	737,889	(32,576)	-	705,313
Fixed assets	(18,929,099)	-	(1,019,220)	(19,948,319)
Other long-term assets and liabilities	-	-	-	-
<b>Net invested capital <sup>(3)</sup></b>	<b>(18,191,210)</b>	<b>(32,576)</b>	<b>(1,019,220)</b>	<b>(19,243,006)</b>
<b>SOURCES</b>				
Net financial indebtedness <sup>(4)</sup>	16,579,133	118,459	1,019,220	17,716,812
Shareholder's equity	1,612,077	(85,883)	-	1,526,194
<b>Total sources of funding</b>	<b>18,191,210</b>	<b>32,576</b>	<b>1,019,220</b>	<b>19,243,006</b>



### Financial effects

Cash and cash equivalents	-	(531,541)	331,220	(200,321)
Current financial assets	1,836,000	650,000	688,000	3,174,000
Current financial liabilities	1,329,960	-	-	1,329,960
<b>Current financial indebtedness</b>	<b>3,165,960</b>	<b>118,459</b>	<b>1,019,220</b>	<b>4,303,639</b>
Non-current financial liabilities	13,413,173	-	-	13,413,173
<b>Non-current financial indebtedness</b>	<b>13,413,173</b>	<b>-</b>	<b>-</b>	<b>13,413,173</b>
<b>Net financial indebtedness (4)</b>	<b>16,579,133</b>	<b>118,459</b>	<b>1,019,220</b>	<b>17,716,812</b>

### Economic effects

Loss	(2,349,966)	-	-	(2,349,966)
Income	-	118,459	-	118,459
Tax	737,889	(32,576)	-	705,313
<b>Effect on net result</b>	<b>(1,612,077)</b>	<b>85,883</b>	<b>-</b>	<b>(1,526,194)</b>

\* \* \*

The real estate transactions constitute a transaction between related parties since:

- Dream and Tesmec are both companies subject to control by TTC S.r.l. ("TTC"), which holds a 99% stake in the share capital of Dream and 44.24%<sup>1</sup> of the share capital of Tesmec; and
- SGE and CPT are both subject to control by Tesmec, which holds a 100% stake in the share capital of SGE and a 100% stake in the share capital of CPT.

The share capital of Dream is 99% held by TTC, company in which the Chairman and Chief Executive Officer of Tesmec, Ambrogio Caccia Dominioni, holds 18.62% of the share capital, Tesmec Director Lucia Caccia Dominioni holds 18.62% and Tesmec Director Caterina Caccia Dominioni holds 18.62%. Moreover, the Chairman and Chief Executive Officer of Tesmec, Ambrogio Caccia Dominioni, holds the office of Director of TTC, and the Vice Chairman of Tesmec, Gianluca Bolelli, holds the office of Director.

<sup>1</sup> Of which approximately 30.30% held directly by TTC and approximately 13.94% held via Fi. Ind. S.p.A., subsidiary of TTC with a 57.09% stake in the share capital.

<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.



*The information document on the subject Real Estate Transaction, drawn up pursuant to Article 5 of the Procedure with regard to transactions with related parties of Tesmec and Article 5 of the Regulation approved by CONSOB with Regulation no. 17221 of 12 March 2010, as subsequently integrated and amended, shall be at the disposal of the public, together with the document attached to the same (opinion by the Committee for Transactions with Related Parties and valuation by CBRE Valuation S.p.A.) at the administrative office of Tesmec in Grassobbio (BG), Via Zanica, 17/O, on Tesmec's web site ([www.tesmec.com](http://www.tesmec.com)), in the "1Info" authorised storage mechanism at [www.1info.it](http://www.1info.it), and at Borsa Italiana S.p.A. (Milan, Piazza degli Affari, 6).*

\*\*\*\*

**For further information:**

**Tesmec S.p.A.**

**Lucia Caccia Dominioni**

Investor Relator

Tel: +39 035 4232840 – Fax: +39 035 3844606

E-mail: [ir@tesmec.it](mailto:ir@tesmec.it)

**Image Building - Media Relations**

Simona Raffaelli, Alfredo Mele, Anna Lisa

Margheriti

Tel: +39 02 89011300

E-mail: [tesmec@imagebuilding.it](mailto:tesmec@imagebuilding.it)

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 Chairman & CEO Ambrogio Caccia Dominioni, relies on more than 600 employees and has the production plants in Italy - in Grassobbio (Bergamo), Endine Gaiano (Bergamo), Sirone (Lecco), Monopoli (Bari), in the USA, in Alvarado (Texas) and in France, in Durtal. In addition, following the recent acquisition of Bertel, SGE and CPT, Tesmec Group has three new production plants in Italy, respectively in Fidenza, Padua and Patrica (FS). 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.

Fine Comunicato n.1155-59

Numero di Pagine: 6