



SPAFID CONNECT

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Oggetto : Tesmec - Preliminary Results 2016

Testo del comunicato

Vedi allegato.



Tesmec S.p.A.: the preliminary consolidated results of 2016¹ suffer both for the negative trend of the Trencher segment in the US and in the Middle East and for the stronger orientation towards customer service activities performed by the Group.

- ***Preliminary 2016 revenues at Euro 128.5 million compared to Euro 164.4 million in 2015 and a related negative profit of around Euro 3.8 million. Despite the reduction of the revenues in the Group traditional sectors there is a growth in the order book mainly in the recent acquired businesses.***
- ***For the first quarter 2017 the Group expects a growth in sales volumes between 15% and 20% compared to the first quarter of 2016.***
- ***In view of the above and of new orders acquired year to date, the Group expects revenues at the end of 2017 between Euro 160 and 170 million based on which it is reasonable to assume an EBITDA of around 15%, in line with Group historical data, and a significant improvement in the NFP in 2017.***

Grassobbio (Bergamo - Italy), 3 March 2017 – 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 under the chairmanship of **Ambrogio Caccia Dominioni**, examined the main **preliminary consolidated results of 2016**.

The year 2016 has been characterized by a reduction in revenues in the Trencher segment mainly in two markets relevant for the Group such as the American one - further conditioned by waiting till the end of year to the developments related to the presidential election - and the Middle East, both strongly influenced by decline in oil prices. Furthermore, a complex economic situation at a global level was accompanied by a gradual change of approach in the demand from customers, more and more oriented to the service activity rather than to the purchase of capital goods.

The revenues of the last quarter of 2016 were also affected by the postponement in the billing of several orders already finalized of which, however, it is benefitting the beginning of the new year.

During 2016 however Tesmec Group launched several strategic actions with the aim of making a revision in the traditional business model in order to face in the best way the new scenario. 2016 was a year in which have been initiated the activities necessary for the integration and consolidation of the new businesses with the existing ones, and have been undertaken actions for costs rationalization, the effects of which will be fully visible in 2017. Thanks to the actions taken important projects have been achieved in all sectors of activity.

2017 started positively, marking a sharp turnaround, with a record backlog and a pipeline that will support revenues in the years to come.

In detail at **31 December 2016**, the Tesmec Group recorded the following preliminary consolidated results (unaudited).

¹ Preliminary unaudited consolidated results prepared in accordance with IAS / IFRS.



Preliminary revenues equal to **Euro 128.5 million** compared to Euro 164.4 million as at 2015. Given the decline in revenues in 2016 for the traditional sectors of the Group, there was an increase of the backlog especially for the recently acquired businesses. The 2017 revenues will benefit from a higher backlog and an increased diversification of the Group's offer. It occurs in fact a significant increase in volumes in the sectors of power grids technologies, Energy Automation and Railway linked to the completion of products certification phases and to the award of major contracts closed in 2016. Additionally, concerning the Trencher, also thanks to the Marais Group skills and know how, they have been acquired significant orders in the optical fiber and wind energy sectors for projects that will be carried out in 2017.

Preliminary EBITDA equal to **Euro 8.5 million** compared to Euro 24.0 million as at 2015. Within this result, in line with 2015, non recurring revenues and expenses have been extrapolated for a net cost amount of 3.1 mln euro (2.2 mln in respect of the real estate transaction announced on December 21, 2016 and 0.9 mln in respect of an important reorganisation consultancy agreement)

Preliminary EBITDA adjusted is therefore equal to **Euro 11.6 million** compared to Euro 21.9 million as at 2015.

This result was principally affected from the lower absorption of structure fixed costs due to the reduction and the postponement in sales volumes and by the effort connected to the integration and to the development of new activities. The consolidation of the recently acquired assets will require close attention to the control of operating and management costs in order to enhance efficiency gains.

Preliminary profit negative **Euro 3.8 million** compared to 2015 when it was positive for Euro 7.1 million.

Preliminary Net financial indebtedness equal to **Euro 96.7 million** compared to Euro 89.9 million as at 31 December 2015. Reduction and postponement in revenues especially in the last quarter of 2016 have generated higher than expected working capital due to the increase of inventory values. As a result, the net debt I, despite the benefit from the effects of the real estate transaction at the end of 2016 (Euro 17.7 million), stands at a higher than expected level even if it is in the process to be reabsorbed.

Backlog equal to **Euro 181.0 million** compared to Euro 71.2 million of 2015. It should be recalled the important order in the railway sector, announced on September 16, 2016, which unlike the other sectors will generate revenues over a multi-year period.

The confirmation of the validity of the strategic development choices made by the Group, which is well noted in the backlog level achieved at the end of 2016, supports an expectation of sales volume growth for the first quarter of 2017 between 15% and 20% compared to the first quarter of 2016.

In view of the above and of new orders acquired year to date, the Group expects revenues at the end of 2017 between Euro 160 and 170 million based on which it is reasonable to assume an EBITDA of around 15%, in line with historical group data, and a significant improvement in the NFP in 2017.



The draft statutory and consolidated financial statements as at 31 December 2016 will be considered during the Board of Directors' meeting of the Company scheduled for March 10, 2017.

At 6:00 PM (CET) – 5:00 PM (BST), Wednesday March 3rd, 2017, Ambrogio Caccia Dominioni, Chairman and CEO of Tesmec S.p.A., and the Top Management of the Company will present the preliminary results for the year 2016 to the financial community during a conference call.

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

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from UK: +44 121 281 8003

from Germany: +49 69 255 11 4451

from France: +33 170918703

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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.

For further information:

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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 the 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 materials. More specifically, 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 650 employees and has production plants in: Grassobbio (Bergamo), Endine Gaiano (Bergamo), Sirone (Lecco), Monopoli (Bari) in Italy, in Alvarado (Texas) in the USA, and in Durtal, in France. In addition, following the recent acquisitions of the companies Bertel, SGE and CPT, Tesmec Group now owns three new production plants in Italy, respectively in Fidenza (Parma), Padua and Patrica (Frosinone). The Group also has a global commercial presence through foreign subsidiaries and sales offices in USA, South Africa, Russia, Qatar, 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.

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