



# Integrated Solutions Provider

## 2016 Results Presentation



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> **Corporate Strategy**

> 2016 Results & 2017 Outlook



 Stringing

 Automation

 Railway

 Trencher

## STRINGING



- > Overhead power lines construction & maintenance
- > Reconductoring and line improvement
- > Underground cable laying

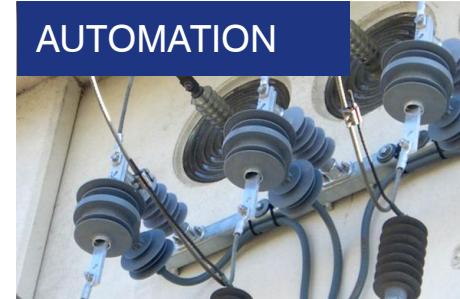
## RAILWAY



- > Railway lines electrification
- > Catenary maintenance and diagnostic
- > Special Applications

FULLY  
INTEGRATED  
SOLUTIONS  
PROVIDER

## AUTOMATION



- > Telecommunication & Teleprotection
- > Electronic integrated sensors, fault detection and measurement
- > Protections & Electronics for Distribution

## TRENCHER



- > Telecom networks, FTTH & long distance, power cable installation
- > Oil & Gas, Water pipelines
- > Bulk excavation of rock and Quarries

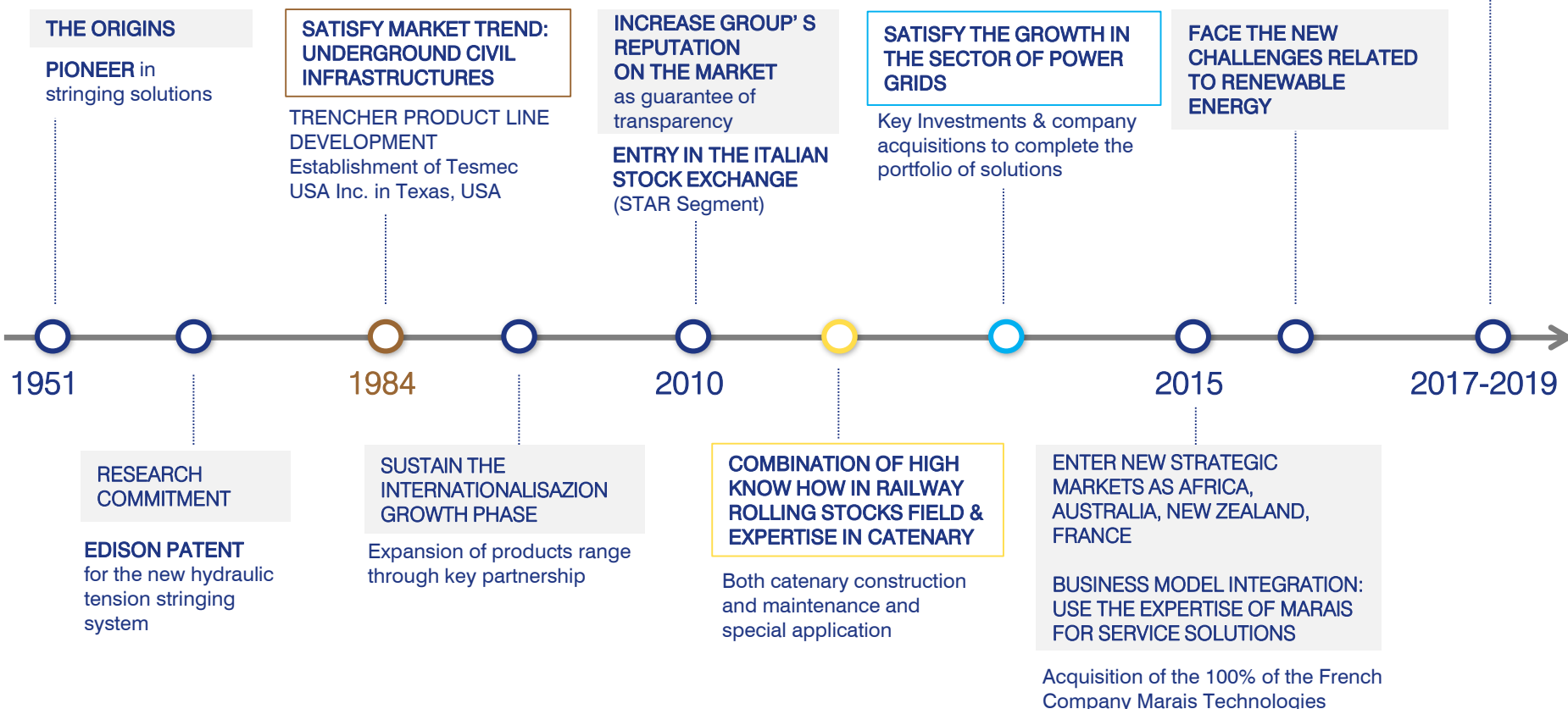
# TESMEC

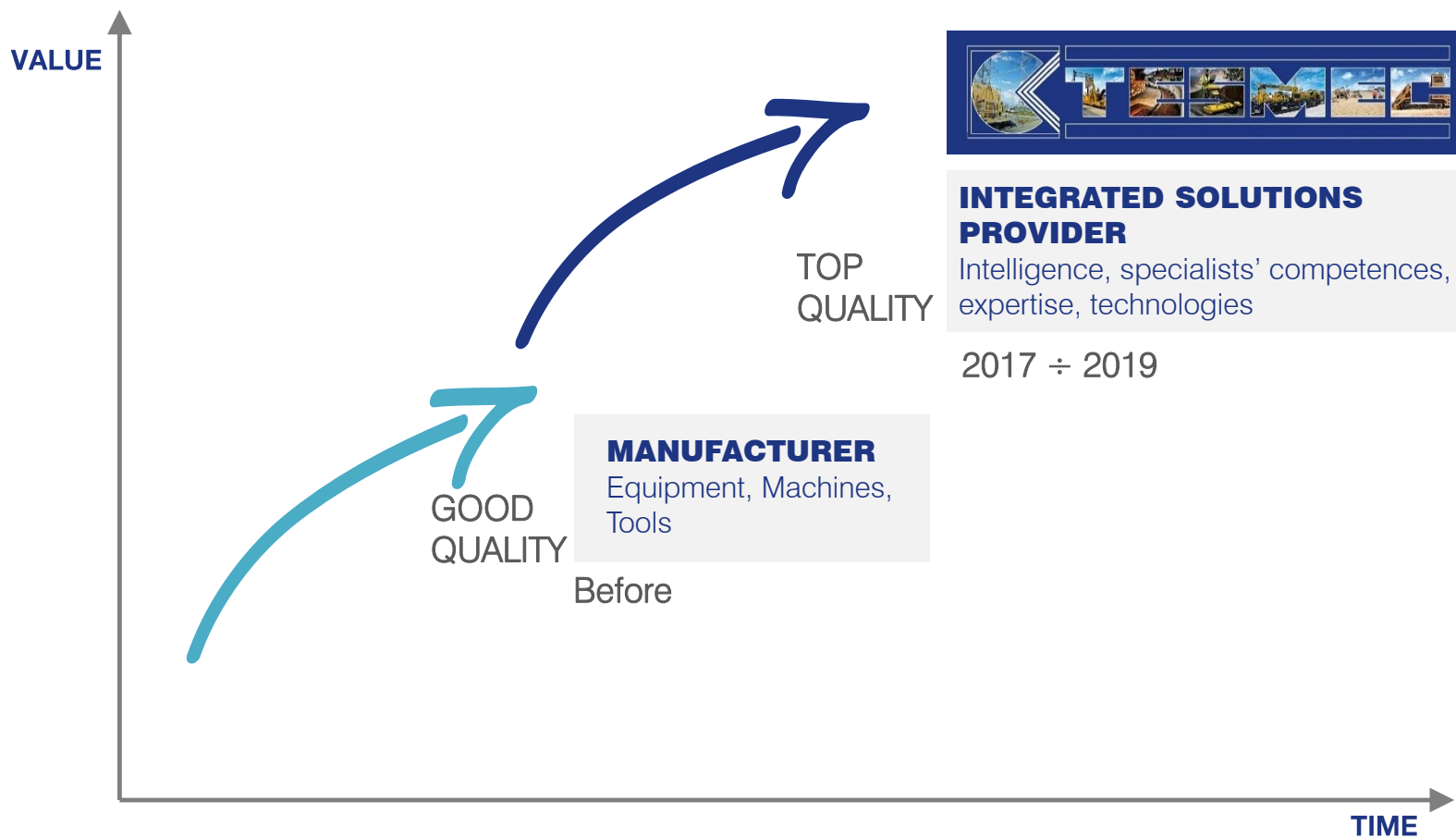
## “ From Steel to Technology ”

### OUR MISSION

- > Our mission is to be value added integrated solutions provider in the market of infrastructure for the transport of energy, data and material
- > We provide efficiency, digitalization, safety and sustainability for the modernization of the infrastructures of every country in the world
- > We focus on winning integration of advanced technology & high know how to meet the new demands of the markets

## EXPERTISE INTEGRATION





WE ARE THE ONLY PROVIDER IN THE WORLD able to satisfy the infrastructure market's needs through our fully integrated solutions suite

WE HAVE THE CAPABILITY TO DO THIS!

> Corporate Strategy

> **2016 Results & 2017 Outlook**



<b>GROUP</b> (€ mln)	<b>2016</b>	<b>2015</b>
<b>Revenues</b>	<b>128,5</b>	<b>164,4</b>
<b>EBITDA adj</b> <sup>(1)</sup>	<b>11,6</b>	<b>22,0</b>
% on Revenues	9%	13%
<b>EBITDA</b>	<b>8,5</b>	<b>24,0</b>
% on Revenues	7%	15%
<b>EBIT</b>	<b>-4,3</b>	<b>12,8</b>
% on Revenues	-3%	8%
<b>Profit Before Taxes</b>	<b>-6,8</b>	<b>9,1</b>
% on Revenues	-5%	6%
<b>NET INCOME</b>	<b>-3,8</b>	<b>7,1</b>
% on Revenues	-3%	4%

(1) ADJUSTMENT INCLUDES 2,2 mln on respect of the real estate deal and 0,9 mln of extraordinary consultancy cost.

<b>GROUP</b> (€ mln)	<b>2016</b>	<b>2015</b> <sup>(2)</sup>
<b>NFP</b>	<b>96,7</b>	<b>89,9</b>

(2) Including 17,8 M€ OF GRASSOBBIO REAL ESTATE BORROWING.



<b>ENERGY</b>	<b>2016</b>	<b>2015</b>	<b>Delta %</b>
<b>Revenues</b>	<b>42,2</b>	<b>72,1</b>	<b>-41,5%</b>
<b>EBITDA adj</b>	<b>6,0</b>	<b>11,4</b>	<b>-47,4%</b>
% on Revenues	14,2%	15,8%	



<b>TRENCHERS</b>	<b>2016</b>	<b>2015</b>	<b>Delta %</b>
<b>Revenues</b>	<b>80,6</b>	<b>88,5</b>	<b>-8,9%</b>
<b>EBITDA adj</b>	<b>4,5</b>	<b>10,9</b>	<b>-58,7%</b>
% on Revenues	5,6%	12,3%	



<b>RAILWAY</b>	<b>2016</b>	<b>2015</b>	<b>Delta %</b>
<b>Revenues</b>	<b>5,7</b>	<b>3,8</b>	<b>50,0%</b>
<b>EBITDA adj</b>	<b>1,1</b>	<b>-0,3</b>	<b>-467%</b>
% on Revenues	19,3%	-7,9%	

## MARKET ISSUES 2016

### TRS ITA & SA

- > ME: Downsize of the infrastructure projects due to drop of oil price

### T. USA

- > Crisis of Shale Oil Industry
- > Missing payment and consequent credit notes of previous years invoices with recovery of machines

### TRS

- > Shift towards service model

## PROJECTS DELAYED

### Railways

- > RFI Tender for 88 units: project activities delayed in 2017

### Stringing

- > Mainly PLN Indonesia Tender postponed in 2017

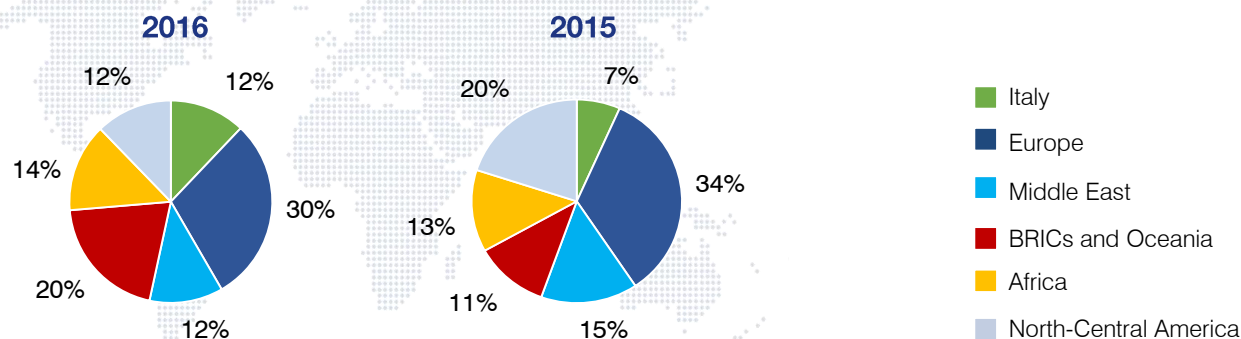
### Automation

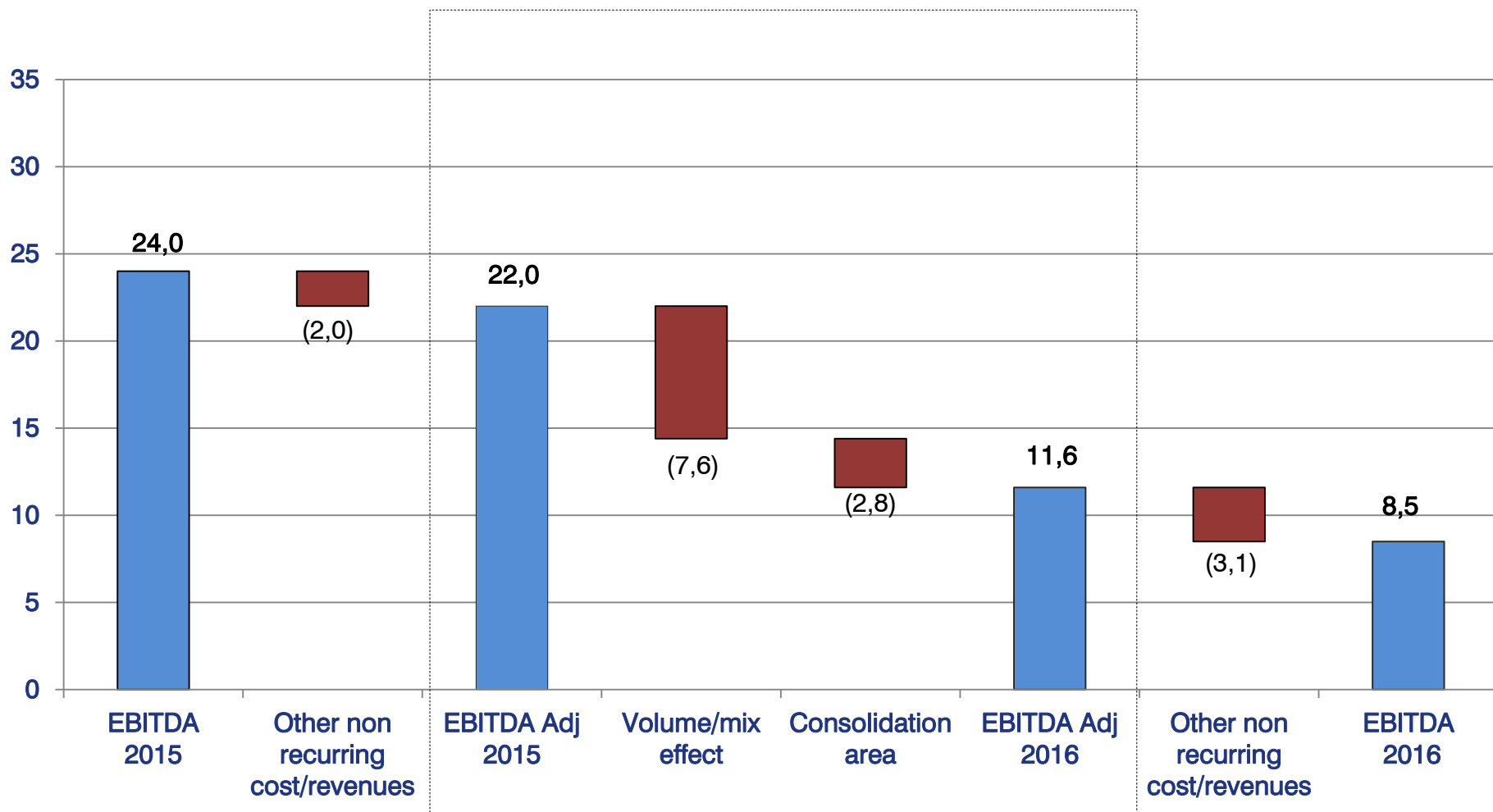
- > Tender FSK to supply SMT system postponed in 2017

### MARAIS

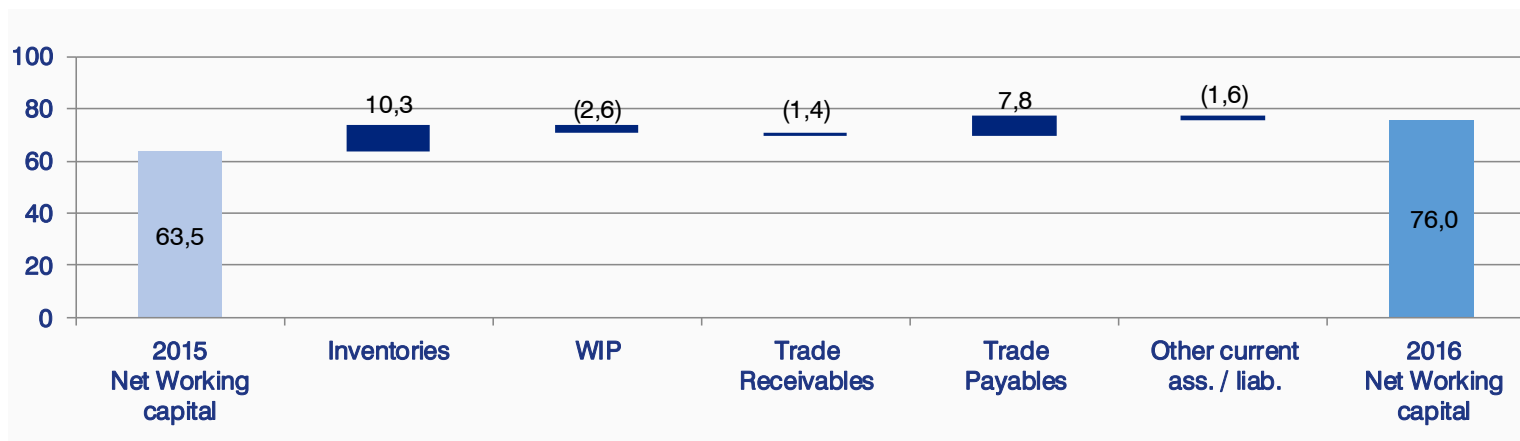
- > AUS, NZ & West Africa projects startup postponed in 2017

## INTERNATIONAL SCALE AND EXPOSURE TO GROWING ECONOMIES





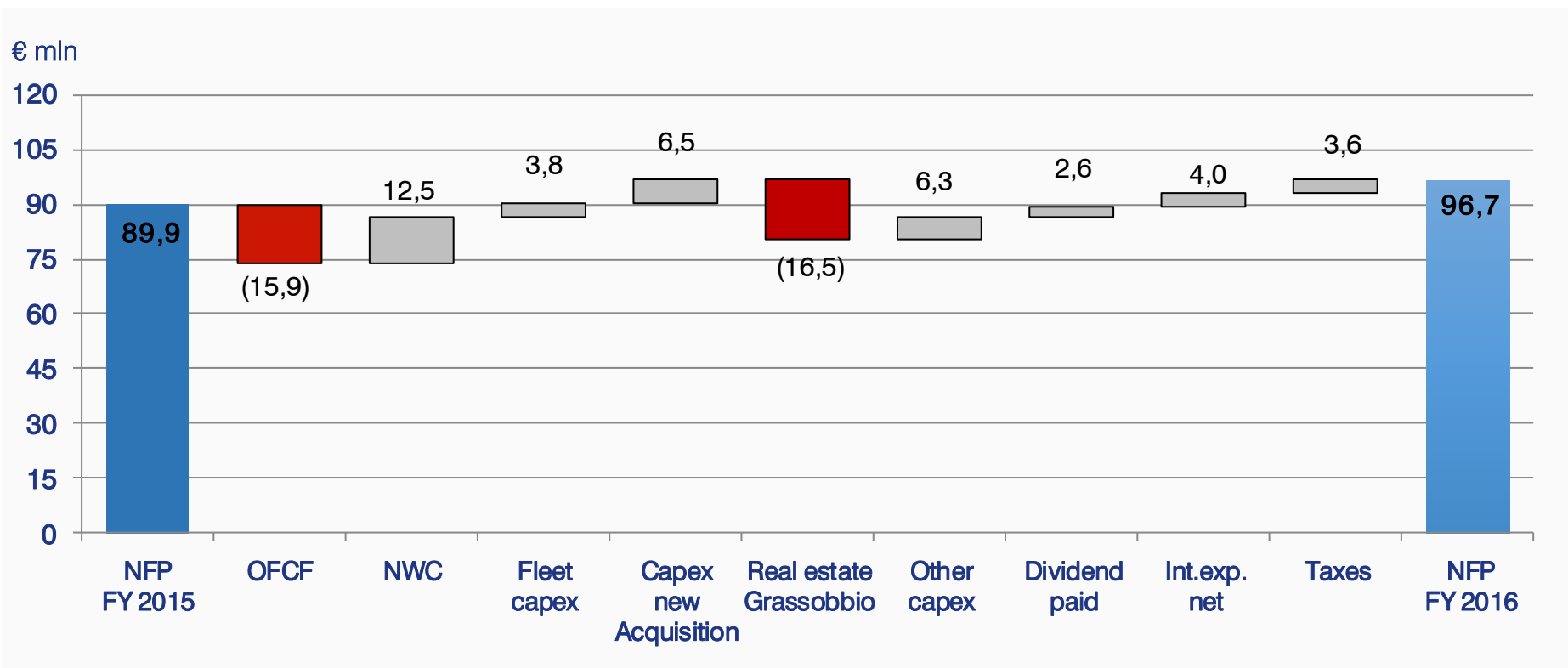
Financial Information (Euro mln)	2016	2015
Net Working Capital	76,0	63,5
Non Current assets	70,1	83,9
Other Long Term assets/liabilities	0,5	(1,7)
<b>Net Invested Capital</b>	<b>146,6</b>	<b>145,7</b>
Net Financial Indebtness	96,7	89,9
Equity	49,9	55,8
<b>Total Sources of Financing</b>	<b>146,6</b>	<b>145,7</b>



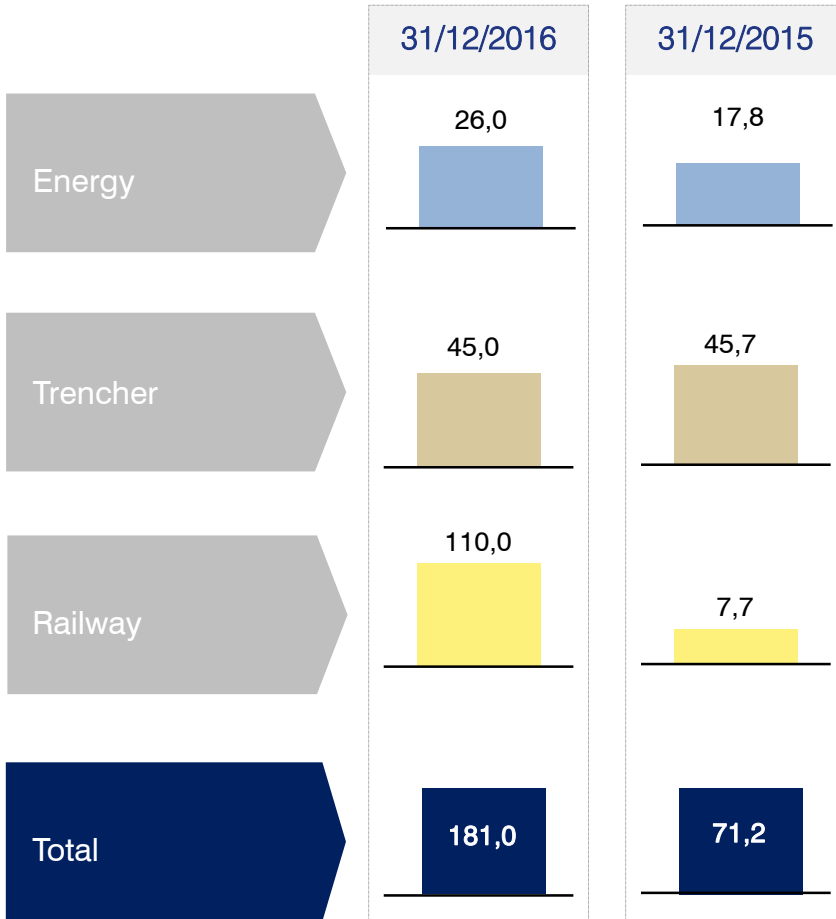
<b>2016</b>	
Net Working Capital	59%
Revenues	
<b>2015</b>	
Net Working Capital	39%
Revenues	

Euro Mln	2016	2015	Days 2016	Days 2015
Trade Receivables	49,4	50,9	138	111
Inventories	69,2	58,9	198	137
Work in progress contracts	1,3	3,8		
Trade Payables	(31,2)	(39,0)	-87	-86
Other Current Assets/(Liabilities)	(12,7)	(11,1)	-24	-24
<b>Net Working Capital</b>	<b>76,0</b>	<b>63,5</b>		

## OPERATING NET FINANCIAL POSITION



BACKLOG



MAIN ACTIONS

- Focus on **reset USA** and **Middle East Area**
- Focalize the effort on the **control of cost structure** in any site
- Integration of **operations: TRS & RAIL**
- **Simplification** of **Automation's** companies and **value chain**
- **Revamping BU stringing**



## NEW CONCEPT IN STRINGING MACHINES 4.0:

Simple, Safe and Reliable



## SUPPLY OF 25 COMPLETE SETS (MACHINES AND EQUIPMENT)

Success of European technology in Indonesia



## AWARD OF THE TENDER OF RFI: SUPPLY OF 88 MULTIPURPOSE RAILWAY VEHICLES for the maintenance of the Italian railway network



- > WINNING TECHNOLOGICAL SYSTEMS
- > REMOTE CONTROL BL3 SYSTEM ON BOARD
- > TRANSFER CAPABILITY AS PASSENGER TRAIN ON NATIONAL RAILWAY NETWORKS



## POWER LINES MANAGEMENT & ENERGY EFFICIENCY

## TECHNOLOGICAL COOPERATION BETWEEN TESMEC & THE RUSSIAN GROUP ROSSETI

Smart Metering Tool (SMT):  
extremely innovative and tailor made systems



## WIND FARM PROJECTS AUSTRALIA & NEW ZEALAND



## FIBER TO THE HOME PROJECTS

**ADVANCED WORKING METHODOLOGY:**  
integrated systems & technological solutions  
for a complete jobsite management



## TELECOM & ENERGY

- 1 Upturn **USA** market
- 2 Impact of **renewable energy** projects
- 3 First **FTTH** projects

## ECONOMICS & FINANCIALS



- 1 Sales: **1Q.2017 +15÷20%** compared to SPPY
- 2 2017 Sales: **160–170 M€**
- 3 EBITDA **15%**
- 4 **NFP** reduction
- 5 Expected **BACKLOG 1Q.2017** higher than **2016 year end**

Profit & Loss Account (€ mln)	2016	2015	Delta vs 2015	Delta %
<b>Net Revenues</b>	<b>128,5</b>	<b>164,4</b>	<b>(35,9)</b>	<b>-21,8%</b>
Raw materials costs (-)	(49,0)	(82,8)	33,8	-41%
Cost for services (-)	(28,2)	(27,3)	(0,9)	3%
Personnel Costs (-)	(40,0)	(34,5)	(5,5)	16%
Other operating revenues/costs (+/-)	(7,7)	(0,7)	(7,0)	1000%
Portion of gain/(losses) from equity investments evaluated using the equity method	(0,1)	(0,1)	-	0%
Capitalized R&D expenses	5,0	5,1	(0)	-2%
<b>Total operating costs</b>	<b>(120,0)</b>	<b>(140,4)</b>	<b>20,4</b>	<b>-14,5%</b>
<i>% on Net Revenues</i>	<i>(93%)</i>	<i>(85%)</i>		
<b>EBITDA</b>	<b>8,5</b>	<b>24,0</b>	<b>(15,5)</b>	<b>31,1%</b>
<i>% on Net Revenues</i>	<i>7%</i>	<i>15%</i>		
Depreciation, amortization (-)	(12,8)	(11,2)	(1,6)	14%
<b>EBIT</b>	<b>(4,3)</b>	<b>12,8</b>	<b>(17,1)</b>	<b>21,9%</b>
<i>% on Net Revenues</i>	<i>-3%</i>	<i>8%</i>		
Net Financial Income/Expenses (+/-)	(2,7)	(3,8)	1,1	-29%
Taxes (-)	3,0	(1,9)	4,9	-258%
Minorities	0,1	(0,2)	-	-
<b>Group Net Income (Loss)</b>	<b>(3,9)</b>	<b>6,9</b>	<b>(10,8)</b>	<b>-156,2%</b>
<i>% on Net Revenues</i>	<i>-3%</i>	<i>4%</i>		

Balance Sheet (€ mln)	2016	2015
Inventory	70,5	62,7
Accounts receivable	49,4	50,9
Accounts payable (-)	(31,2)	(39,0)
<b>Op. working capital</b>	<b>88,7</b>	<b>74,6</b>
Other current assets (liabilities)	(12,7)	(11,1)
<b>Net working capital</b>	<b>76,0</b>	<b>63,5</b>
Tangible assets	47,3	65,3
Intangible assets	18,9	13,8
Financial assets	3,9	4,8
<b>Fixed assets</b>	<b>70,1</b>	<b>83,9</b>
Net long term liabilities	0,5	(1,7)
<b>Net invested capital</b>	<b>146,6</b>	<b>145,7</b>
Cash & near cash items (-)	(18,5)	(21,2)
Short term financial assets (-)	(9,1)	(11,8)
Short term borrowing	70,1	45,2
Medium-long term borrowing	54,2	77,7
<b>Net financial position</b>	<b>96,7</b>	<b>89,9</b>
Equity	49,9	55,8
<b>Funds</b>	<b>146,6</b>	<b>145,7</b>



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