

# Integrated Solutions Provider

2016 Results Presentation



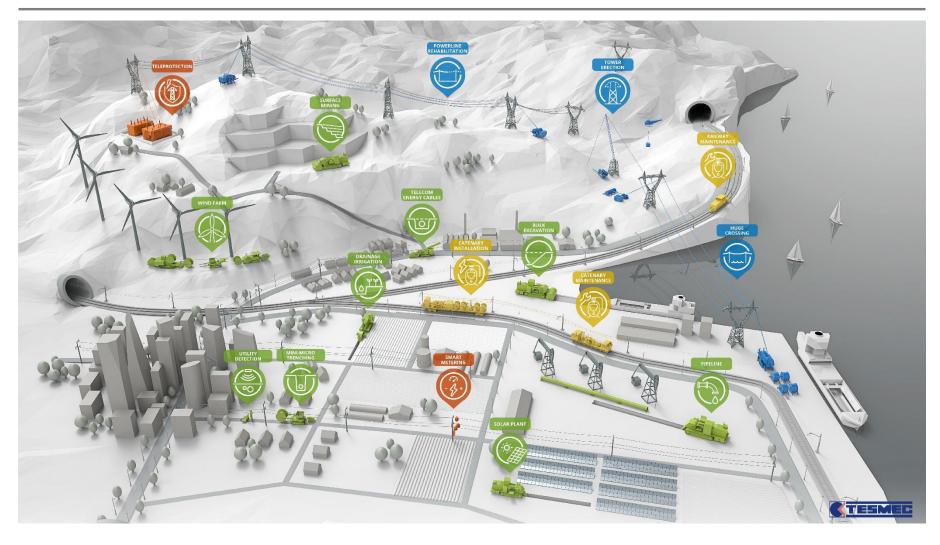
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- > Corporate Strategy
- > 2016 Results & 2017 Outlook

# **TESMEC SMART CITY**

















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



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





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



- > 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

# Strategy execution & Main milestones



2017-2019

#### **EXPERTISE INTEGRATION**

#### FROM STRINGING TO TRENCHER

From machines for underground cable laying to digging solutions for pipelines installation and telecom and fiber optic networks

#### FROM STRINGING TO RAILWAY

Application of the tension stringing technology to the construction of railway catenary

#### FROM STRINGING TO AUTOMATION

Markets saturation for power lines electrification. From power lines construction to power lines maintenance & grids management



#### **THE ORIGINS**

**PIONEER** in stringing solutions

#### SATISFY MARKET TREND: UNDERGROUND CIVIL INFRASTRUCTURES

TRENCHER PRODUCT LINE DEVELOPMENT Establishment of Tesmec USA Inc. in Texas, USA

# INCREASE GROUP'S REPUTATION ON THE MARKET

as guarantee of transparency

# ENTRY IN THE ITALIAN STOCK EXCHANGE

(STAR Segment)

2010

#### SATISFY THE GROWTH IN THE SECTOR OF POWER GRIDS

Key Investments & company acquisitions to complete the portfolio of solutions

FACE THE NEW CHALLENGES RELATED TO RENEWABLE ENERGY

1951

# RESEARCH COMMITMENT

#### **EDISON PATENT**

for the new hydraulic tension stringing system

### 1984

SUSTAIN THE INTERNATIONALISAZION GROWTH PHASE

Expansion of products range through key partnership

### COMBINATION OF HIGH KNOW HOW IN RAILWAY

ROLLING STOCKS FIELD & EXPERTISE IN CATENARY

Both catenary construction and maintenance and special application 2015

ENTER NEW STRATEGIC MARKETS AS AFRICA, AUSTRALIA, NEW ZEALAND, FRANCE

BUSINESS MODEL INTEGRATION: USE THE EXPERTISE OF MARAIS FOR SERVICE SOLUTIONS

Acquisition of the 100% of the French Company Marais Technologies





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



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

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

GROUP (€ mln)	2016	2015 (2)
NFP	96,7	89,9

<sup>(2)</sup> Including 17,8 M€ OF GRASSOBBIO REAL ESTATE BORROWING.



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



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



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



#### TRS ITA & SA

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

### MARKET ISSUES 2016

#### 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

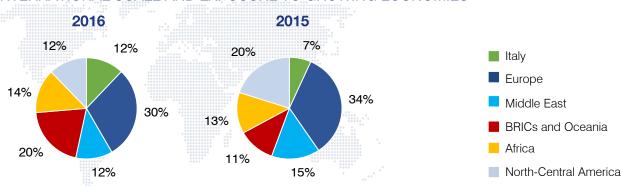
#### Automation

Tender FSK to supply SMT system postponed in 2017

#### **MARAIS**

AUS, NZ & West Africa projects startup postponed in 2017

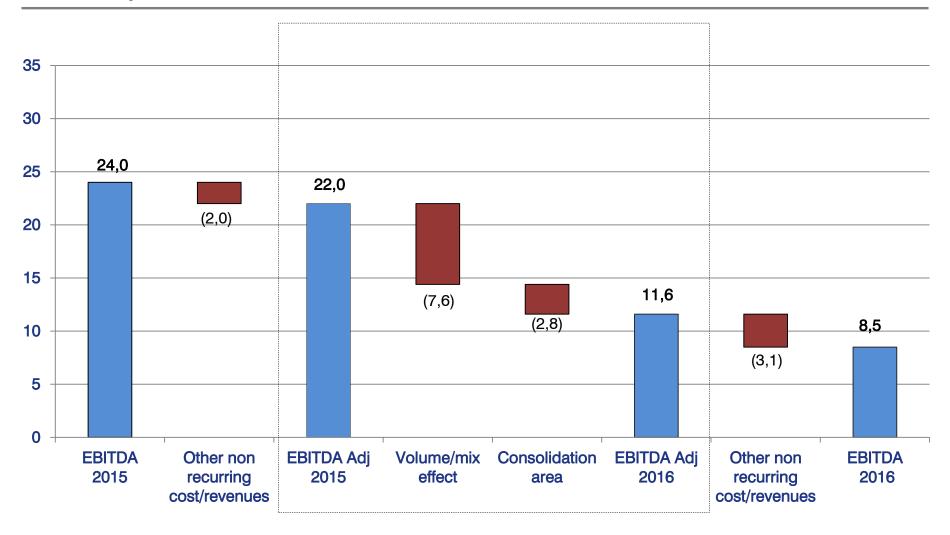
#### INTERNATIONAL SCALE AND EXPOSURE TO GROWING ECONOMIES



10 Marzo 2017 10

# EBITDA Adj 2016





2015

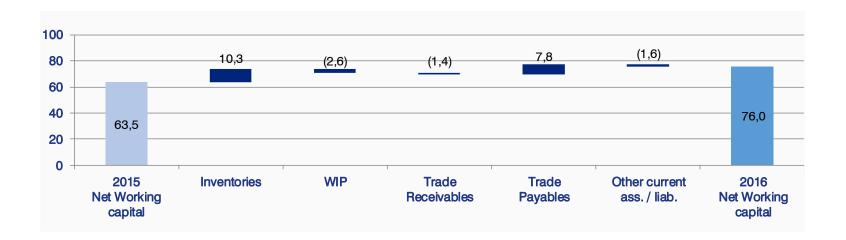
PROFITABILITY AFFECTED BY LOWER TOP LINE

2016



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)
Net Invested Capital	146,6	145,7
Net Invested Capital  Net Financial Indebtness	<b>146,6</b> 96,7	<b>145,7</b> 89,9
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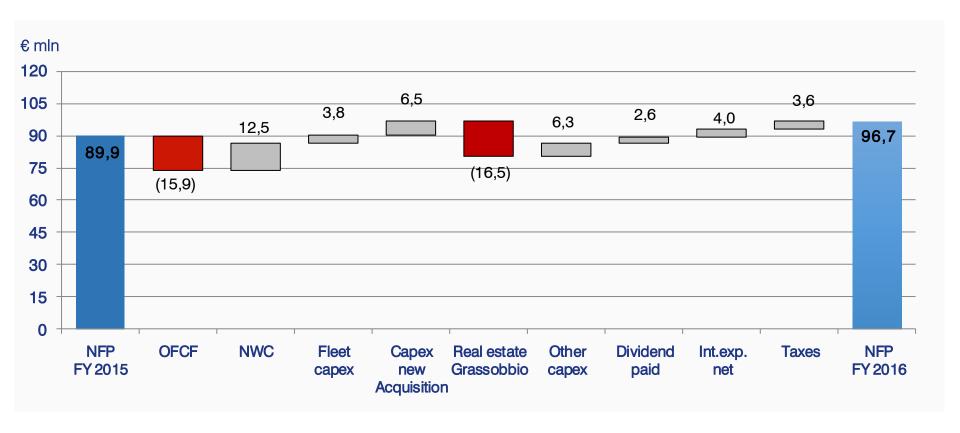
2016	
Net Working Capital	59%
Revenues	J9 /6
2015	
Net Working Capital	39%
Revenues	00/6

Euro MIn	2016	2015
Trade Receivables	49,4	50,9
Inventories	69,2	58,9
Work in progress contracts	1,3	3,8
Trade Payables	(31,2)	(39,0)
Other Current Assets/(Liabilities)	(12,7)	(11,1)
Net Working Capital	76.0	63.5

Days 2016	Days 2015
138	111
198	137
-87	-86
-24	-24



#### **OPERATING NET FINANCIAL POSITION**



2015

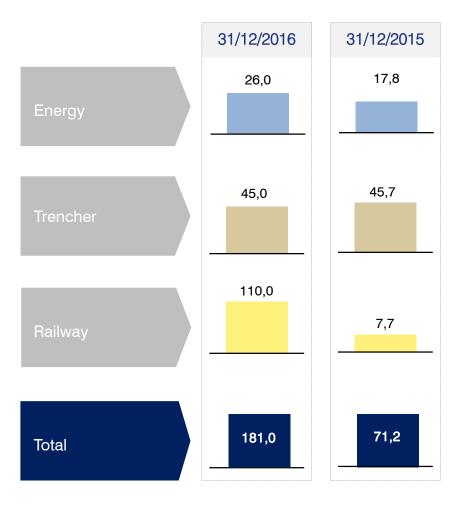
- > Increase related to working capital (higher stock)
- > Fixed asset decrease in respect to real estate year end deal

2016



15

# **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

## Main 2017 goals





**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



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



POWER LINES MANAGEMENT & ENERGY EFFICIENCY



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 %
Net Revenues	128,5	164,4	(35,9)	-21,8%
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%
Total operating costs	(120,0)	(140,4)	20,4	-14,5%
% on Net Revenues	(93%)	(85%)		
EBITDA	8,5	24,0	(15,5)	31,1%
% on Net Revenues	7%	15%		
Depreciation, amortization (-)	(12,8)	(11,2)	(1,6)	14%
EBIT	(4,3)	12,8	(17,1)	21,9%
% on Net Revenues	-3%	8%		
Net Financial Income/Expenses (+/-)	(2,7)	(3,8)	1,1	-29%
Taxes (-)	3,0	(1,9)	4,9	-258%
Minorities	0,1	(0,2)	-	-
Group Net Income (Loss)	(3,9)	6,9	(10,8)	-156,2%
% on Net Revenues	-3%	4%		



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



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