



SPAFID CONNECT

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Diffusione presunta

Oggetto : Tesmec - The Board of Directors approved
First Quarter 2017 results

Testo del comunicato

Vedi allegato.



TESMEC S.P.A.: THE BOARD OF DIRECTORS APPROVES THE INTERIM REPORT ON OPERATIONS AS AT 31 MARCH 2017, WHICH RECORDED AN INCREASE OF THE MAIN GROUP RESULTS WITH REVENUES EXCEEDING PRELIMINARY GROWTH PROSPECTS 2016.

Main consolidated results for the first quarter of 2017 (vs. the first quarter of 2016):

- **Revenues: Euro 49.8 million (+23.1%** compared to Euro 40.5 million as at 31 March 2016);
- **EBITDA¹: Euro 5.6 million (+4.8%** compared to Euro 5.4 million as at 31 March 2016). Not considering the effects of last year's real estate transaction EBITDA would have been Euro 6.1 million;
- **EBIT: Euro 2.52 million (+2.3%** compared to Euro 2.46 million as at 31 March 2016);
- **Net Income: Euro 0.8 million** (in strong growth compared to a negative result of Euro 0.1 million as at 31 March 2016);
- **Net Financial Indebtedness: amounted to Euro 96.9 million** (substantially in line with Euro 96.7 million as at 31 December 2016);
- **Total Order Backlog as at 31 March 2017: Euro 188.0 million** (more than doubled compared to Euro 68.5 million as at 31 March 2015).

Grassobbio (Bergamo - Italy), 28 April 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 materials, convened at today's meeting chaired by Ambrogio Caccia Dominioni, examined and approved the **Interim Consolidated Report on Operations as at 31 March 2017**, that recorded revenues higher than the already positive expectations anticipated on 3 March 2017, during the preliminary examination, related to the year 2016, and, in general, an increase in all major consolidated results compared to the first quarter of 2016.

The **Chairman and CEO Ambrogio Caccia Dominioni** commented as follows: "*We are very pleased with the results achieved in the first quarter of 2017, as the sharp improvement in revenues, margins and net profit confirms our forecasts for a clear trend reversal compared to a 2016 influenced by several critical factors. As already mentioned, the significant growth in volumes in the first months of the year will also be accompanied by a recovery in terms of margin and cash flow in the short term. In addition to that, the backlog is more than doubled when compared to the same period of 2016, by touching on levels that have never been achieved in the past, confirms the success of the diversification strategy implemented by the Group in recent years.*"

MAIN CONSOLIDATED RESULTS AS AT 31 MARCH 2016

As at **31 March 2017** Tesmec Group recorded consolidated **Revenues of Euro 49.8 million, with an increase**

¹ The EBITDA is represented by the operating income before amortisation/depreciation. The EBITDA thus defined represents a measurement used by Company management to monitor and assess the company's operating performance. EBITDA is not recognised as a measure of performance by the IFRS and therefore is not to be considered an alternative measurement for assessing the performance of the Group's operating income. As the composition of EBITDA is not governed by the reference accounting standards, the criterion for determination applied by the Group may not be in line with the criterion adopted by others and therefore not comparable.



of **23.1%** compared to Euro 40.5 million recorded in first quarter of 2016. The three business segments contributed in different way to these results, with particularly relevant growth of Stringing segment.

Results as at 31 March (Euro in thousands)	Revenues from sales and services		
	2017	2016	Variation
Stringing equipment	21,877	10,408	110.2%
<i>Effect on Consolidated Revenues</i>	43.9%	25.7%	
Trencher	24,417	29,231	(16.5%)
<i>Effect on Consolidated Revenues</i>	49.0%	72.3%	
Railway	3,494	819	326.6%
<i>Effect on Consolidated Revenues</i>	7.0%	2.0%	
Consolidated	49,788	40,458	23.1%

In detail, the **Stringing segment** recorded **revenues of Euro 21.9 million** with an increase of 110% compared to Euro 10.4 million recorded at 31 March 2016. This trend also benefits from the completion of production activities connected to the Indonesian order, which has been successfully completed in the contractual terms. Concerning the **Railway segment, the revenues** as at 31 March 2017 were **Euro 3.5 million, with an increase of 326.6%** compared to Euro 0.8 million recorded at 31 March 2016. The improvement is attributable both to the start of production activities for the supply of 88 multipurpose railway vehicles for the maintenance of the Italian railway network (RFI), and to the advancement of the activities related to the order being processed. The revenues of the **Trencher segment** as at 31 March 2017 were **Euro 24.4 million, with a decrease of 16.5%** compared to Euro 29.2 million recorded in first quarter of 2016. The variation in Trencher revenues are predominantly attributable to the late finalization of contracts in the Middle East and South Africa, only partially offset by the positive performance of service revenues. **In geographic terms**, in the first quarter of 2017, the Tesmec Group continued to grow both in foreign markets, with particular reference to "BRIC and others" and in Italy. In the "BRIC and Others" segment specifically refers to the contribution resulting from the completion of the contract with the Indonesian Electricity Company (PLN), whose bid was announced on 7 November 2016

As at 31 March 2016, the consolidated **EBITDA** amounted to **Euro 5.6 million, with an increase of 4.8%** compared to Euro 5.4 million recorded at 31 March 2016. Please note that, as a result of the real estate transaction carried out on 21 December 2016, in the EBITDA of the period are counted Euro 0.5 million related to the rent cost at the Grassobbio building. In the same period of the previous year, amortization and interest expense amounted to Euro 0.4 million. Net of the effects of different accounting treatment, the EBITDA for the period would thus amount to Euro 6.1 million, compared to Euro 5.4 million as at 31 March 2016.

The **EBIT** of Tesmec Group as at 31 March 2017 was **Euro 2.52 million**, up 2.3% compared to Euro 2.46 million recorded at 31 March 2016.



Expenses net of the financial income of Tesmec Group in the first quarter of 2017 amounted to **Euro 1.5 million**, compared with 31 March 2016, when they amounted to Euro 2.5 million and benefited from lower negative exchange differences of Euro 1.0 million.

Consolidated **Net Profit** of the Tesmec Group as at 31 March 2017 amounted to **Euro 0.8 million**, compared with a negative net result of Euro 0.1 million at 31 March 2016.

The **net working capital** of the Tesmec Group as at 31 March 2017 was **Euro 73.7 million**, compared to Euro 76.0 million as at 31 December 2016. This trend is mainly attributable to the reduction of "inventories" of Euro 7.5 million partially offset by the increase of "trade receivables" for Euro 15.3 million and by the increase in the balance of suppliers and other assets/liabilities current for Euro 12.8 million.

As at 31 March 2017, **Total Order Backlog** of the Tesmec Group amounted to **Euro 188.0 million - Euro 20.7 million** of which refers to the Stringing equipment segment, **Euro 54.8 million** to the Trencher segment and **Euro 112.5 million** to the Railway segment – value more than doubled compared to Euro 68.5 million as at 31 March 2016.

BUSINESS OUTLOOK

Thanks to the positive performance of first quarter revenues and to the order backlog that, as at 31 March 2017, was further enhanced by the already high figures achieved at the end of last year, it is believed that the year-to-year revenue forecasts can be confirmed between Euro 160 and 170 million, on the basis of which, in the light of the expectation of improving the results of the Marais Group and the American subsidiary, it is reasonable to raise EBITDA at the end of the year at around 15% and a significant improvement in the Net Financial Indebtedness in 2017.

Other Board of Directors' resolutions

The Board of Directors approved the launch of the program to purchase treasury shares, the purpose and duration of which were established in the resolution of the today Shareholders' Meeting. The maximum quantity has been set as 10% of share capital. The Board of Directors also resolved that the maximum number of shares that may be purchased each day will not exceed 25% of the average daily volume of Tesmec shares traded on the market.

With reference to the program, in the event of purchases, the Company will periodically disclose the transactions made, specifying: the number of shares purchased, the average unit price, the total number of shares purchased since the beginning of the program and the total counter value as at the date of the disclosure.

Treasury Shares

At the time of this press release, the Company holds 4,711,879 treasury shares, equal to the 4.40% of Share capital.



At 3:00 PM (CET) – 2:00 AM BST, Friday 28th April 2017 Ambrogio Caccia Dominioni, Chairman and CEO of Tesmec S.p.A., and the Top Management of the Company will present the consolidated results of the first quarter 2017 to the financial community during a conference call.

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

from Italy: +39 02 805 88 11
from UK: +44 121 281 8003
from Germany: +49 69 255 11 4451
from France: +33 170918703
from Switzerland: +41 225954727

**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 Law on Finance") 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.

The Interim Consolidated Report on Operations as at 31 March 2017 will be available to the public at the administrative office, in Grassobbio (Bergamo) Italy, Via Zanica n. 17/O, through the system eMarket-Storage, at www.emarketstorage.com, through publication on the company website www.tesmec.com, according to law.

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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.

Below are the reclassified statements of balance sheet, income statement, statement of cash flows and the prospectus of sources and uses of the Tesmec Group as at 31 March 2017².

² Not subject to verification by the auditors



Tesmec Group reclassified consolidated income statements

<i>(€ in thousands)</i>	31 March	
	2017	2016
Revenues	48,788	40,458
Total operating costs	(47,263)	(37,989)
Operating Income	2,525	2,469
Proventi / (Oneri) finanziari netti	(1,107)	(1,079)
Foreign exchange gains/losses	(365)	(1,379)
Share of profit / (loss) of associates and joint ventures	(5)	(93)
Income before tax	1,058	(82)
Net income for the period	828	(51)
EBITDA	5,627	5,367
EBITDA (% on Revenues)	11.3%	13.3%



Tesmec Group reclassified consolidated statements of financial position

<i>(€ in thousands)</i>	31 March 2017	31 December 2016
Non-current assets	85,051	82,276
Current assets	164,822	152,026
Total assets	249,873	234,302
Non-current liabilities	64,633	65,828
Current liabilities	135,328	118,554
Total liabilities	199,664	184,382
Equity	50,209	49,920
Total equity and liabilities	249,873	234,302



Tesmec Group reclassified consolidated cash flow statements

<i>(€ in thousands)</i>	31 March	
	2017	2016
Net cash provided/(used) by operating activities (A)	5,318	(16,590)
Net cash provided/(used) by investing activities (B)	(4,786)	(2,797)
Net cash provided/(used) by financing activities (C)	2,191	11,272
Increase / (decrease) in cash and cash equivalents (D=A+B+C)	2,723	(2,521)
Cash and cash equivalents at the beginning of the period (F)	18,501	21,204
Net effect of conversion of foreign currency on cash and cash equivalents (E)	(4)	(118)
Total cash and cash equivalents at end of the period (G=D+E+F)	21,220	18,565



Tesmec Group other consolidated financial information

(€ in thousands)	<u>31 March 2017</u>	<u>31 December 2016</u>
Net working capital ³	73,665	76,038
Non-current assets	72,268	70,056
Other Non-current assets and liabilities	1,256	517
Net invested capital⁴	<u>147,189</u>	<u>146,611</u>
Net financial indebtedness ⁵	96,980	96,691
Equity	50,209	49,920
Total equity and net financial indebtedness	<u>147,189</u>	<u>146,611</u>

³ 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.

⁴ 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.

⁵ 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.

Fine Comunicato n.1155-21

Numero di Pagine: 11