



# Integrated Solutions Provider

1Q 2017 results



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> **Corporate Strategy**

> 1Q 2017 Results



 Stringing

 Automation

 Railway

 Trencher

## STRINGING



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

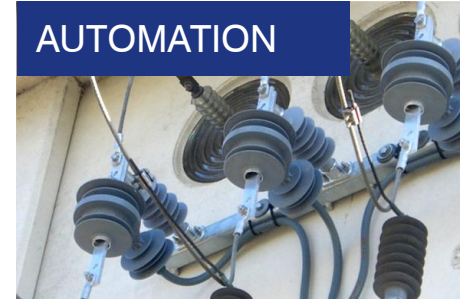
## RAILWAY



- > 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

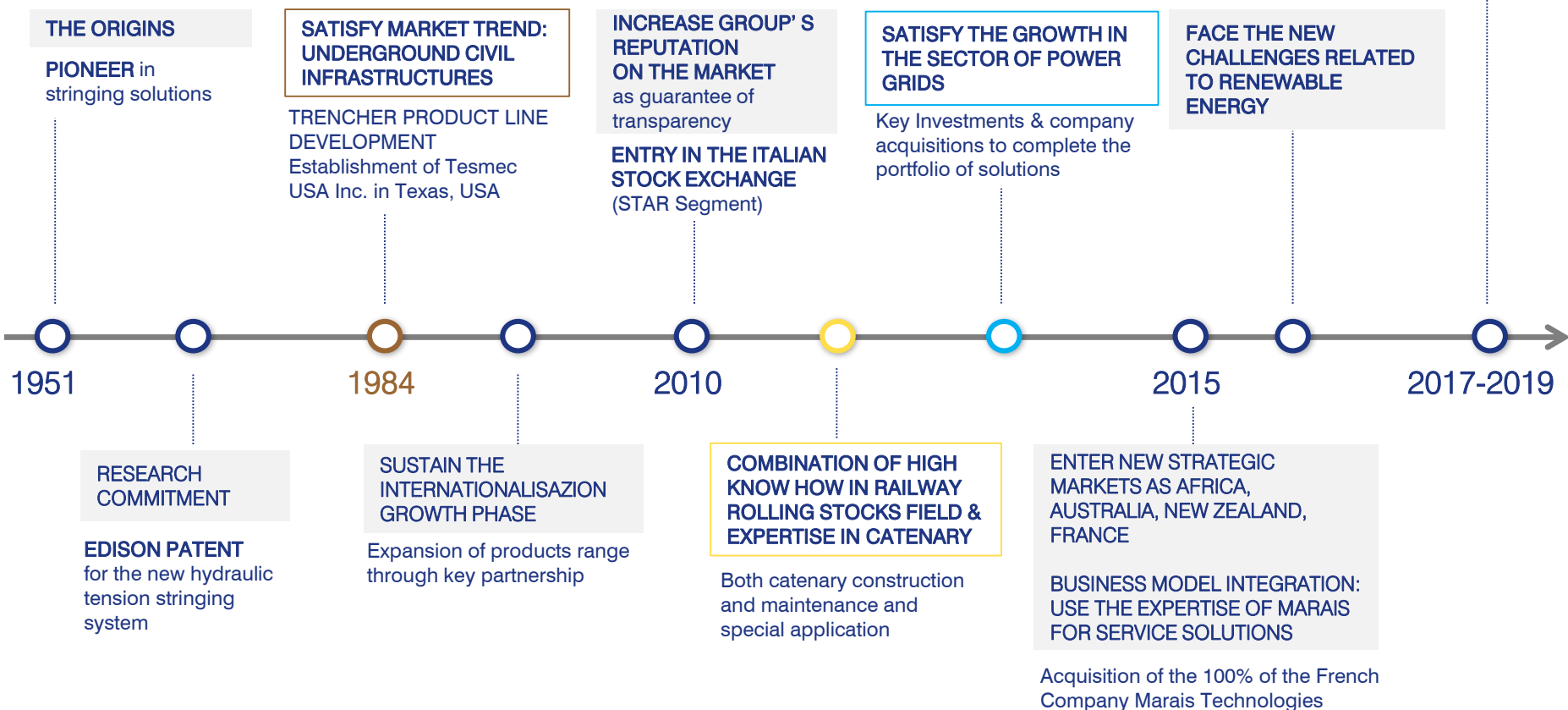
# TESMEC

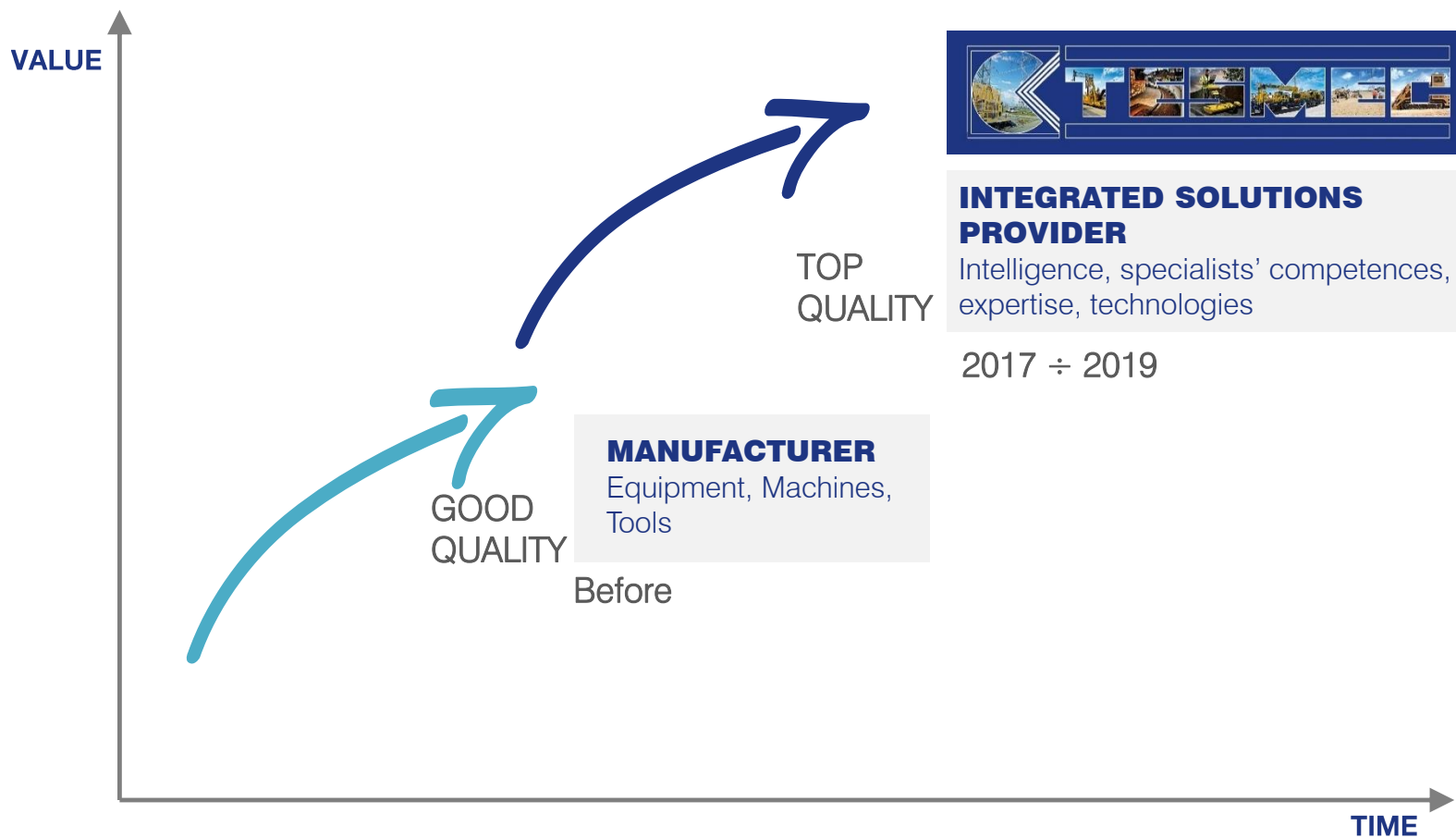
## “ From Steel to Technology ”

### 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

> **1Q 2017 Results**



<b>GROUP</b> (€ mln)	<b>1Q 2017</b>	<b>1Q 2016</b>	<b>Delta %</b>
<b>Revenues</b>	<b>49,8</b>	<b>40,5</b>	<b>23,1%</b>
<b>EBITDA</b>	<b>5,6 (*)</b>	<b>5,4</b>	<b>4,8%</b>
% on Revenues	11%	13%	
<b>EBIT</b>	<b>2,5</b>	<b>2,5</b>	<b>2,3%</b>
% on Revenues	5%	6%	
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>1,1</b>	<b>-0,1</b>	<b>1200%</b>
% on Revenues	2%	0%	
<b>NET INCOME</b>	<b>0,8</b>	<b>-0,1</b>	<b>900%</b>
% on Revenues	2%	0%	

<b>GROUP</b> (€ mln)	<b>1Q 2017</b>	<b>2016</b>
<b>NFP</b>	<b>96,9</b>	<b>96,7</b>

(\*) Not considering the effects of last year's real estate transaction EBITDA would have been Euro 6.1 million



<b>ENERGY</b>	<b>1Q2017</b>	<b>1Q2016</b>	<b>Delta %</b>
<b>Revenues</b>	<b>21,9</b>	<b>10,4</b>	<b>110,2%</b>
<b>EBITDA</b>	<b>3,9</b>	<b>2,0</b>	<b>95,0%</b>
% on Revenues	18%	19%	

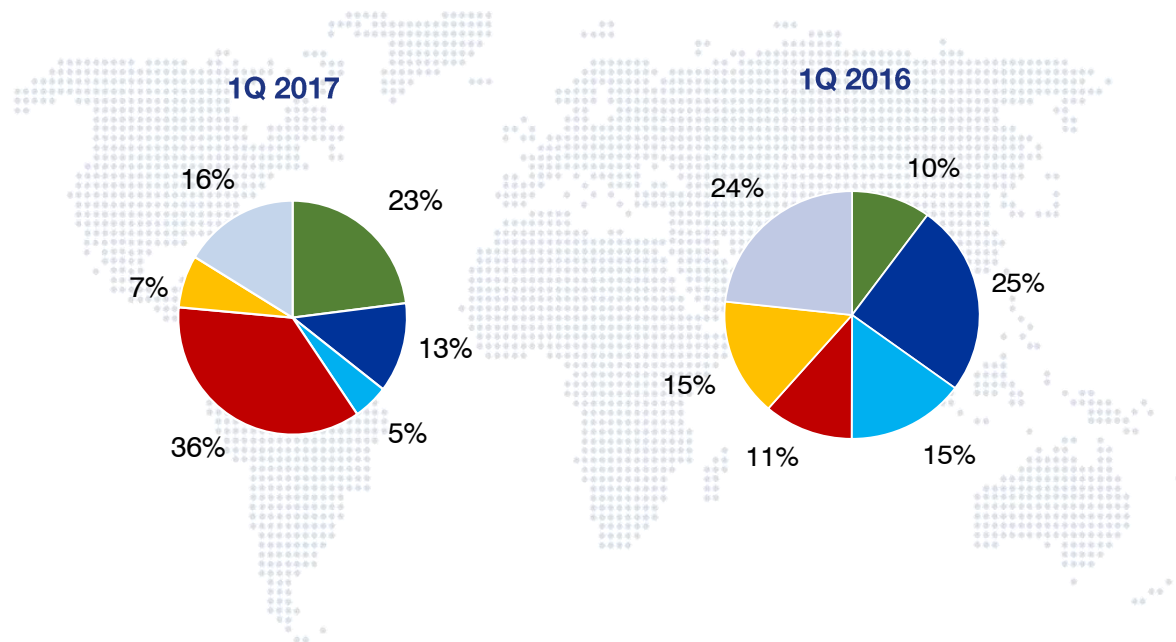


<b>TRENCHERS</b>	<b>1Q2017</b>	<b>1Q2016</b>	<b>Delta %</b>
<b>Revenues</b>	<b>24,4</b>	<b>29,2</b>	<b>-16,5%</b>
<b>EBITDA</b>	<b>0,8</b>	<b>3,7</b>	<b>-78,4%</b>
% on Revenues	3%	13%	



<b>RAILWAY</b>	<b>1Q2017</b>	<b>1Q2016</b>	<b>Delta %</b>
<b>Revenues</b>	<b>3,5</b>	<b>0,8</b>	<b>326,6%</b>
<b>EBITDA</b>	<b>0,9</b>	<b>-0,3</b>	<b>400,0%</b>
% on Revenues	26%	-41%	

## INTERNATIONAL SCALE AND EXPOSURE TO GROWING ECONOMIES

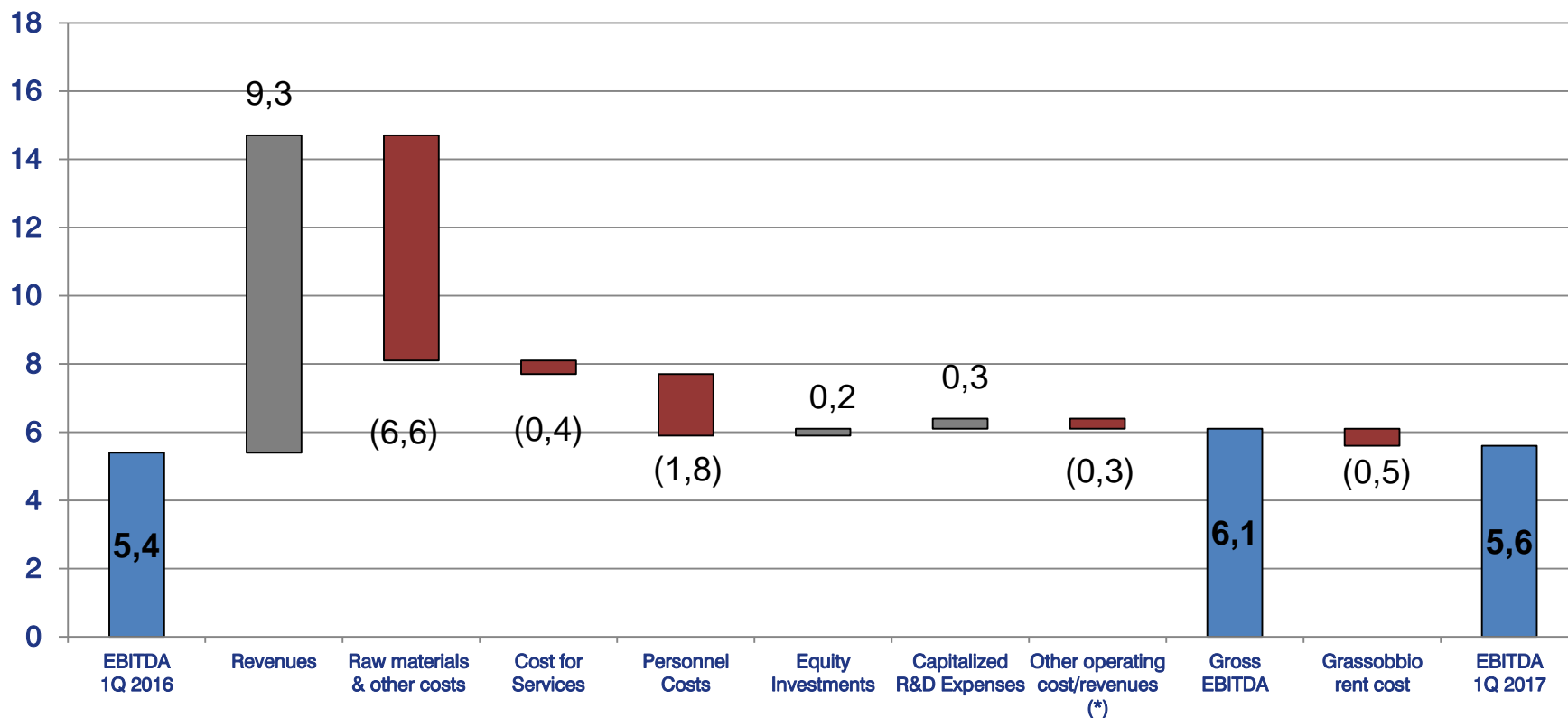


➤➤ **Italy:** growing weight thanks to Railways and Automation Segment

➤➤ **BRICs and Others:** increase due to Indonesian Stringing Contract

➤➤ **ME and US:** still weak due to Trencher sales business

- Italy
- Europe
- Middle East
- BRICs and Oceania
- Africa
- North-Central America



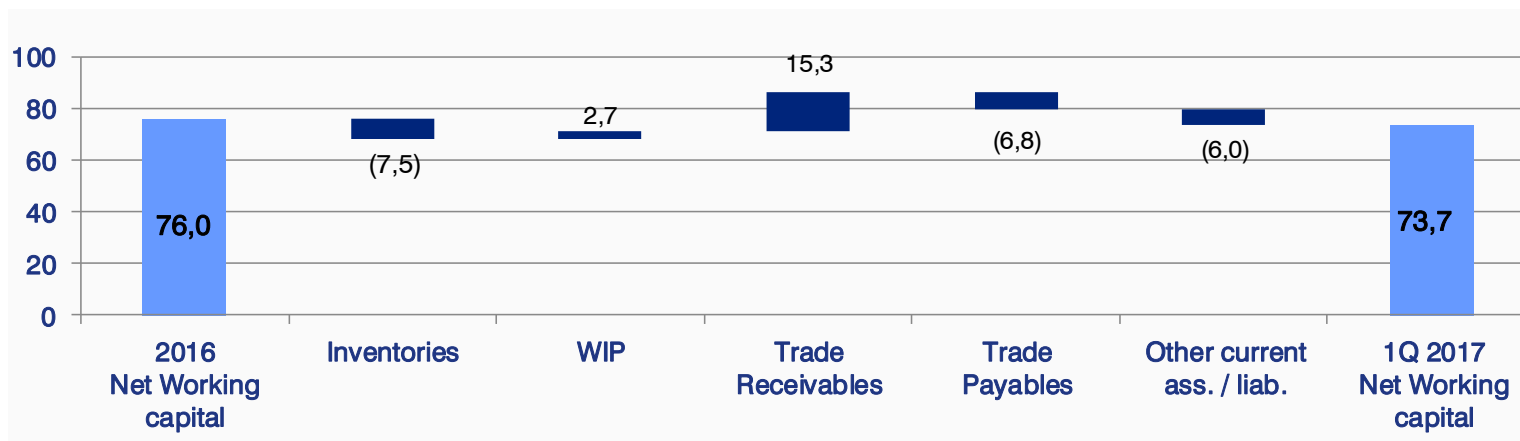
(\*) Not considering the effects of last year's real estate transaction EBITDA would have been Euro 6.1 million

1Q 2016

EBITDA increased less than proportionally with respect to revenues due to different product mix

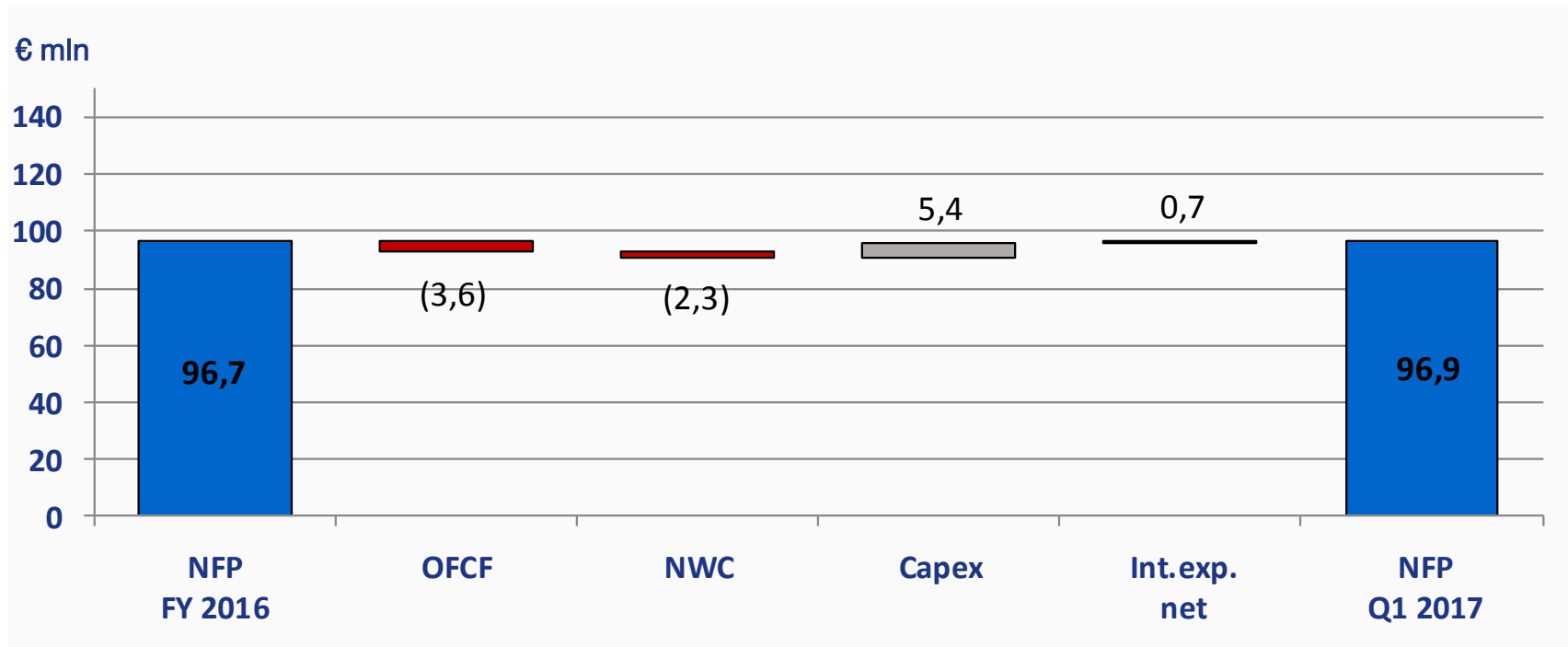
1Q 2017

Financial Information (Euro mln)	1Q 2017	2016
Net Working Capital	73,7	76,0
Non Current assets	72,2	70,1
Other Long Term assets/liabilities	1,2	0,5
<b>Net Invested Capital</b>	<b>147,1</b>	<b>146,6</b>
Net Financial Indebtness	96,9	96,7
Equity	50,2	49,9
<b>Total Sources of Financing</b>	<b>147,1</b>	<b>146,6</b>



Euro Mln	1Q 2017	2016	Days 1Q 2017	Days 2016
Trade Receivables	64,7	49,4	117	138
Inventories	61,7	69,2	119	198
Work in progress contracts	4,0	1,3		
Trade Payables	(38,0)	(31,2)	-69	-87
Other Current Assets/(Liabilities)	(18,7)	(12,7)	-43	-48
<b>Net Working Capital</b>	<b>73,7</b>	<b>76,0</b>		

## OPERATING NET FINANCIAL POSITION

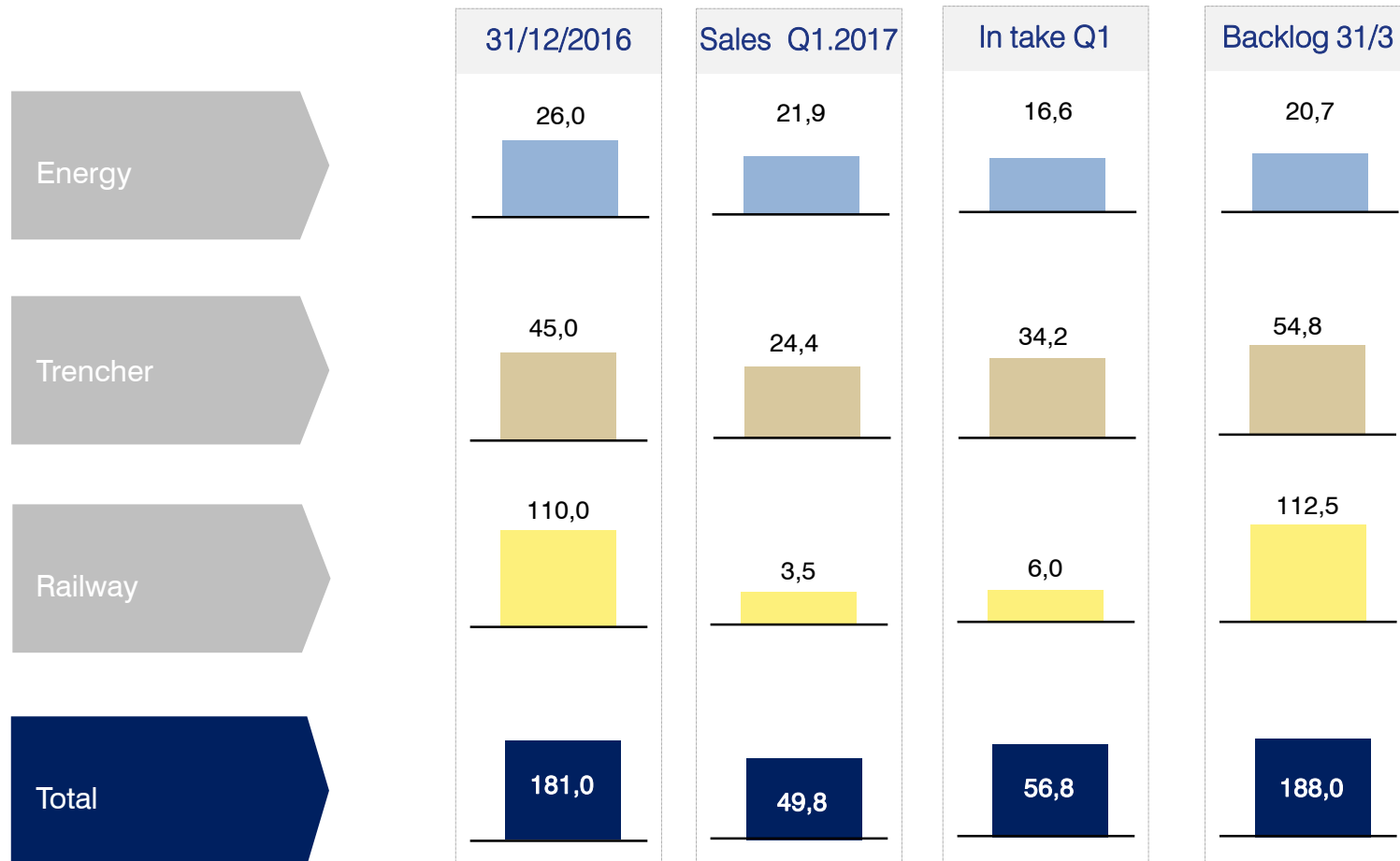


2016

- > Net Financial Position substantially unchanged
- > Capex absorbed by Internally generated cash and WC reduction

Q1 2017

## BACKLOG



## TREND

### BUSINESS

- 1 Upturn USA economy
- 2 Impact of **new service model** (Energy/Telecom)
- 3 Rail and energy automation **projects impacts**

## OUTLOOK

### ECONOMICS & FINANCIALS



- 1 **Sales: 2Q.2017** increase compared to SPPY in line with 1Q.2017
- 2 **2017 Sales: 160–170 M€** (after 1Q.2017 closer to top range)
- 3 **EBITDA:15%**
- 4 **NFP reduction** starting from 2Q.2017
- 5 **Backlog 2Q.2017** in line with 1Q.2017



Profit & Loss Account (€ mln)	1Q 2017	1Q 2016	Delta vs 2016	Delta %
<b>Net Revenues</b>	<b>49,8</b>	<b>40,5</b>	<b>9,3</b>	<b>23,0%</b>
Raw materials costs (-)	(24,4)	(17,8)	(6,6)	37%
Cost for services (-)	(8,1)	(7,7)	(0,4)	5%
Personnel Costs (-)	(11,2)	(9,4)	(1,8)	19%
Other operating revenues/costs (+/-)	(2,3)	(1,4)	(0,9)	64%
Portion of gain/(losses) from equity investments evaluated using the equity method	0,3	0,1	0	200%
Capitalized R&D expenses	1,5	1,1	0	36%
<b>Total operating costs</b>	<b>(44,2)</b>	<b>(35,1)</b>	<b>(9,1)</b>	<b>25,9%</b>
<i>% on Net Revenues</i>	<i>(89%)</i>	<i>(87%)</i>		
<b>EBITDA</b>	<b>5,6</b>	<b>5,4</b>	<b>0,2</b>	<b>31,1%</b>
<i>% on Net Revenues</i>	<i>11%</i>	<i>13%</i>		
Depreciation, amortization (-)	(3,1)	(2,9)	(0,2)	7%
<b>EBIT</b>	<b>2,5</b>	<b>2,5</b>	<b>(0,0)</b>	<b>21,9%</b>
<i>% on Net Revenues</i>	<i>5%</i>	<i>6%</i>		
Net Financial Income/Expenses (+/-)	(1,5)	(2,4)	0,9	-38%
Taxes (-)	(0,2)	(0,03)	(0,2)	567%
Minorities	0,0	(0,06)	-	-
<b>Group Net Income (Loss)</b>	<b>0,8</b>	<b>(0,05)</b>	<b>0,8</b>	<b>-1700,0%</b>
<i>% on Net Revenues</i>	<i>2%</i>	<i>0%</i>		

Balance Sheet (€ mln)	1Q 2017	2016
Inventory	65,7	70,5
Accounts receivable	64,7	49,4
Accounts payable (-)	(38,0)	(31,2)
<b>Op. working capital</b>	<b>92,4</b>	<b>88,7</b>
Other current assets (liabilities)	(18,7)	(12,7)
<b>Net working capital</b>	<b>73,7</b>	<b>76,0</b>
Tangible assets	49,4	47,3
Intangible assets	18,8	18,9
Financial assets	4,0	3,9
<b>Fixed assets</b>	<b>72,2</b>	<b>70,1</b>
Net long term liabilities	1,2	0,5
<b>Net invested capital</b>	<b>147,1</b>	<b>146,6</b>
Cash & near cash items (-)	(21,2)	(18,5)
Short term financial assets (-)	(8,3)	(9,1)
Short term borrow ing	73,6	70,1
Medium-long term borrow ing	52,8	54,2
<b>Net financial position</b>	<b>96,9</b>	<b>96,7</b>
Equity	50,2	49,9
<b>Funds</b>	<b>147,1</b>	<b>146,6</b>

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