



# SPAFID CONNECT

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Diffusione presunta

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

*Testo del comunicato*

Vedi allegato.



## THE BOARD OF DIRECTORS OF TESMEC S.P.A. APPROVED THE HALF-YEAR FINANCIAL REPORT AS AT 30 JUNE 2017:

- **INCREASE OF MARGINS AND REVENUES;**
- **NET RESULT INFLUENCED PRINCIPALLY OF NEGATIVE CHANGE DIFFERENCES;**
- **BETTER NET FINANCIAL INDEBTEDNESS;**
- **ALMOST TRIPLED BACKLOG.**

### Main consolidated Results of the first half of 2017 (vs the first half of 2016):

- **Revenues: Euro 91.1 million (+23.2% compared to Euro 74.0 million as at 30 June 2016);**
- **EBITDA<sup>1</sup>: Euro 8.7 million (+18.3% compared to Euro 7.4 million as at 30 June 2016);**
- **EBIT: Euro 2.0 million (+39.0% compared to Euro 1.4 million as at 30 June 2016);**
- **Net result: negative for Euro 1.8 million (-37.3% compared to a negative net result for Euro 1.3 million as at 30 June 2016), influenced principally of change differences negative for Euro 3.1 million because of the depreciation of the dollar against the euro;**
- **Net financial indebtedness: Euro 91.5 million (compared to Euro 96.7 million as at 31 December 2016 and compared to Euro 104.8 million as at 30 June 2016);**
- **Total Order Backlog: Euro 182 million (almost tripled compared to Euro 61.5 million as at 30 June 2016).**

Grassobbio (Bergamo - Italy), 4 August 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 today and chaired by **Ambrogio Caccia Dominioni**, examined and approved the **Half-year financial report as at 30 June 2017** which shows growth in terms of revenues and margins, confirming the positive expectations of a year-to-year improvement in Revenues and Net Financial Indebtedness despite the net result of the half-year heavily influenced by the devaluation of the US dollar against the Euro. Excellent backlog of the period.

The **Chairman and CEO Ambrogio Caccia Dominioni** commented as follows: *"We are satisfied with a semester that sees confirmed the forecasts in terms of turnover, net financial debt and working capital. The rich backlog is a good precondition for the rest of the year, featuring important initiatives not only for new products but also for top-level international partnerships, confirming the new business model through which the Group is focusing more on its activities of service than on the sale of investment goods"*.

### MAIN CONSOLIDATED RESULTS AS AT 30 JUNE 2017

*Note: As from today's press release in relation to the increased weigh of non-strictly related stringing products, the sector will be named Energy.*

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<sup>1</sup> The EBITDA is represented by the operating income gross of 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 is therefore not comparable.



As at **30 June 2017**, Tesmec Group achieved consolidated **Revenues of Euro 91.1 million, with an increase of 23.2%** compared to Euro 74.0 million recorded in the first half of the 2016 financial year. To these results contributed differently the three business sectors, with significant growth, in particular of Energy and Railway business.

Results as at 30 June (Euro in thousands)	Revenues from sales and services		
	2017	2016	Variation
<b>Energy</b>	<b>31,986</b>	<b>22,176</b>	<b>44.2%</b>
<i>Effect on Consolidated Revenues</i>	<i>35.1%</i>	<i>30.0%</i>	
<b>Trencher</b>	<b>51,277</b>	<b>49,453</b>	<b>3.7%</b>
<i>Effect on Consolidated Revenues</i>	<i>56.3%</i>	<i>66.8%</i>	
<b>Railway</b>	<b>7,851</b>	<b>2,357</b>	<b>233.1%</b>
<i>Effect on Consolidated Revenues</i>	<i>8.6%</i>	<i>3.2%</i>	
<b>Consolidated</b>	<b>91,114</b>	<b>73,986</b>	<b>23.2%</b>

In detail, the revenues of the **Energy segment** in the first half of 2017 were **Euro 32.0 million**, with an increase of 44.2% compared to Euro 22.2 million as at 30 June 2016. This trend benefited from a general recovery in investment in the Energy sector as well as from the completion of the Indonesian order production activities. The revenues of the **Railway segment** as at 30 June 2017 were **Euro 7.8 million, with an increase of 233.1%** compared to Euro 2.4 million recorded in the first half 2016. The improvement is attributable to the strategy pursued by the Group focused on technological innovation in the range of products offered through which numerous projects on the Italian market were awarded. The revenues of the **Trencher segment** as at 30 June 2017 were **Euro 51.3 million, with an increase of 3.7%** compared to Euro 49.4 million as at 30 June 2016. This growth, mainly attributable to service activities, does not yet consider the finalization of projects already acquired and the sales contracts being traded in the Middle East and South Africa. Therefore, in this area, the prevailing customer orientation towards the demand for service activity is confirmed more than the purchase of investment goods. **At the geographical level**, in the first half of 2017, the Tesmec Group continued to increase its turnover both in foreign markets, in particular in the "BRIC and others" area thanks to the contribution resulting from the completion of the contract with the Indonesian Electricity Company (PLN), both on the Italian market where in the Railway and Energy sectors the Group strengthened its presence with a leading customer base.

As at 30 June 2017, the consolidated **EBITDA** amounted to **Euro 8.7 million, with an increase of 18.3%** compared to Euro 7.4 million recorded at 30 June 2016. Compared with the same figure of the previous year, it is recalled that, following the real estate transaction carried out on 21 December, EBITDA for the period amounted to Euro 1.0 million for rental costs, as at 30 June 2016 were recorded as amortization and interests expenses.

The **EBIT** of Tesmec Group as at 30 June 2017 was **Euro 2.0 million, with an increase of 39.0%** compared to Euro 1.4 million recorded at 30 June 2016.



In first half of 2017, the **net financial income and expenses** of the Tesmec Group were **Euro 4.5 million** compared to Euro 2.7 million recorded at 30 June 2016 as they recorded an improvement in financial management of Euro 0.9 million attributable to the lower cost of debt and higher negative exchange differences of Euro 2.7 million due to the depreciation of the US dollar against the Euro, which manifested mainly at the end-period exchange rate.

Consolidated **Net Result** of the Tesmec Group as at 30 June 2017 was negative of **Euro 1.8 million** compared to a negative net result of Euro 1.3 million recorded at 30 June 2016, mainly due to the aforementioned effect attributable to negative exchange rate differences of Euro 2.7 million for the devaluation of the US dollar against the Euro.

The **net working capital** of the Tesmec Group as at 30 June 2017 was **Euro 66.0 million**, compared to Euro 76.0 million as at 31 December 2016. This was mainly due the decrease in the "Inventories" item for Euro 4.5 million, the increase in "trade payables" and "other current assets / liabilities" for a net amount of Euro 15.9 million partially offset by the increase in the item "Trade receivables" and by the increase in "work in progress on order" for a total of Euro 10.3 million.

The **Net Financial Indebtedness** of the Tesmec Group as at 30 June 2017 was **Euro 91.5 million**, in improvement compared both to Euro 96.7 million as at 31 December 2016, and to Euro 104.8 as at 30 June 2016.

As at 30 June 2017, the **Total Order Backlog** of the Tesmec Group amounted to **Euro 182.0 million - Euro 19.8 million** of which refers to the **Energy** segment, **Euro 52.7 million** to the **Trencher** segment and **Euro 109.5 million** to the **Railway** segment - amount almost tripled compared to Euro 61.5 million as at 30 June 2016.

## **BUSINESS OUTLOOK**

In view of the recovery of the US market, the numerous projects for renewable energy and telecommunications and thanks to the positive performance of the first half year revenues, it is expected that the year-end forecast revenues between Euro 160 and 170 million will be exceeded and to reach an EBITDA of 14% coupled with a further reduction in the Net Financial Indebtedness.

As a matter of effect the current Euro/USD exchange is negatively impacting on the expected profitability rates.

## **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.

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**At 2:00 PM (CET) on August 4, 2017, Ambrogio Caccia Dominioni, Chairman and CEO of Tesmec S.p.A., and the Top Management of the Company will present the consolidated results for the first half of the year 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>

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*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.*

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*The Half-year financial report as at 30 June 2017 will be available to the public at the operative office of the Company, in Grassobbio (Bergamo – Italy), Via Zanica n. 17/O, through the system NIS-Storage, at [www.emarketstorage.com](http://www.emarketstorage.com) and through publication on the company website [www.tesmec.com](http://www.tesmec.com), as according to law.*

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**For further information:**

**Tesmec S.p.A.**

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This press release is also available on [www.tesmec.com](http://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 700 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, Tesmec Automation (already 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.

**Attached below are the reclassified statements of the Balance Sheet, Income Statement, Cash Flow Statement and the Tesmec Group Prospectus as of 30 June 2017.**



## Tesmec Group reclassified consolidated income statements

<i>Income statements</i>	30 June	
	2017	2016
<i>(Euro in thousands)</i>		
<b>Revenues</b>	<b>91,114</b>	<b>73,986</b>
Total operating costs	(88,114)	(72,547)
<b>Operating Income</b>	<b>2,000</b>	<b>1,439</b>
Financial (income) / expenses	(1,286)	(2,170)
Foreign exchange gains/losses	(3,301)	(453)
Share of profit / (loss) of associates and joint ventures	40	(95)
<b>Net result before taxation</b>	<b>(2,547)</b>	<b>(1,279)</b>
<b>Net result for the period</b>	<b>(1,798)</b>	<b>(1,310)</b>
<b>EBITDA</b>	<b>8,708</b>	<b>7,360</b>
<b>EBITDA (% on Revenues)</b>	<b>9.6%</b>	<b>9.9%</b>



## Tesmec Group reclassified consolidated statements of financial position

### *Financial statements*

*(Euro in thousands)*

	30 June 2017	31 December 2016
Non-current assets	82,602	82,276
Current assets	164,288	152,026
<b>Total assets</b>	<b>246,890</b>	<b>234,302</b>
Non-current liabilities	62,161	65,828
Current liabilities	138,557	118,554
<b>Total liabilities</b>	<b>200,718</b>	<b>184,382</b>
Equity	46,172	49,920
<b>Total equity and liabilities</b>	<b>246,890</b>	<b>234,302</b>





## Tesmec Group other consolidated financial information

<b>Cash flows</b> <i>(Euro in thousands)</i>	<b>As at 30 June</b>	
	<b>2017</b>	<b>2016</b>
Net cash provided/(used) by operating activities (A)	13,320	(16,590)
Net cash provided/(used) by investing activities (B)	(10,201)	(2,797)
Net cash provided/(used) by financing activities (C)	1,217	11,272
<b>Increase / (decrease) in cash and cash equivalents (D=A+B+C)</b>	<b>4,336</b>	<b>(2,521)</b>
<b>Cash and cash equivalents at the beginning of the period (F)</b>	<b>18,501</b>	<b>21,204</b>
Net effect of conversion of foreign currency on cash and cash equivalents (E)	(256)	(118)
<b>Total cash and cash equivalents at end of the period (G=D+E+F)</b>	<b>22,581</b>	<b>18,565</b>



## Tesmec Group other consolidated financial information

Uses and sources	<u>30 June 2017</u>	<u>31 December 2016</u>
<i>(Euro in thousands)</i>		
Net working capital <sup>2</sup>	65,981	76,038
Non-current assets	70,071	70,056
Other Non-current assets and liabilities	1,586	517
<b>Net invested capital<sup>3</sup></b>	<b><u>137,638</u></b>	<b><u>146,611</u></b>
Net financial indebtedness <sup>4</sup>	91,466	96,691
Equity	46,172	49,920
<b>Total equity and net financial indebtedness</b>	<b><u>137,638</u></b>	<b><u>146,611</u></b>

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<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> 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.1155-27

Numero di Pagine: 11