Integrated Solutions Provider

9M 2017 results

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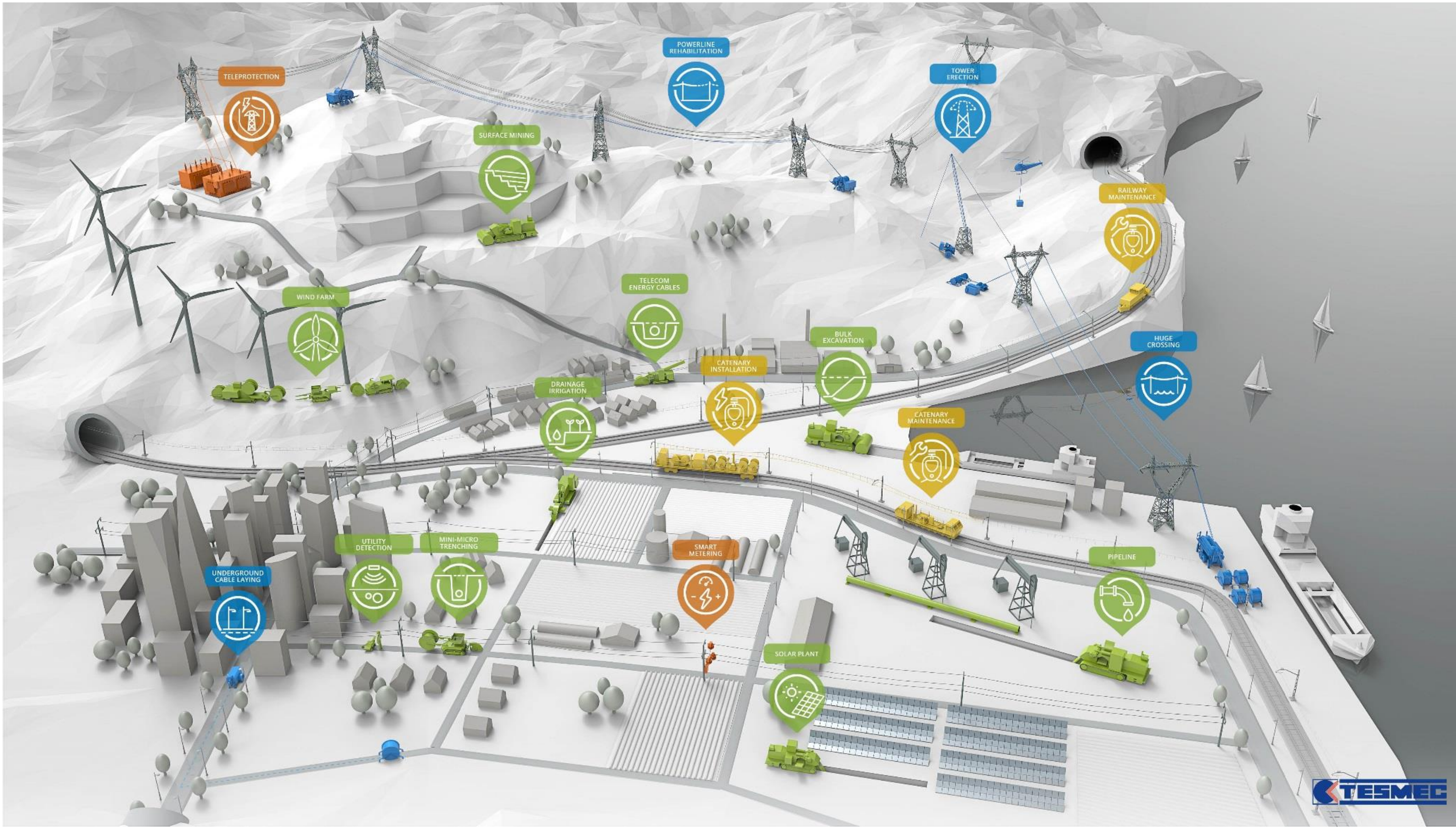
27th October 2017



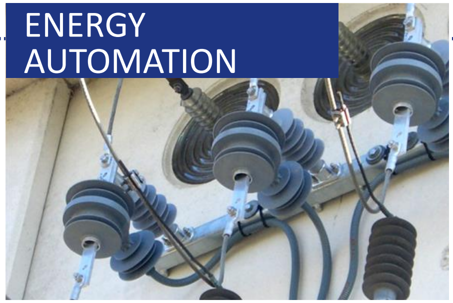
Stringing   Energy Automation   Railway   Trencher

ENERGY

STRINGING

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

ENERGY AUTOMATION



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

FULLY INTEGRATED SOLUTIONS PROVIDER

RAILWAY

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

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

Strategy execution & Main milestones

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

CONSOLIDATION & INTEGRATION

1951

THE ORIGINS

PIONEER in stringing solutions

RESEARCH COMMITMENT

EDISON PATENT for the new hydraulic tension stringing system

1984

SATISFY MARKET TREND: UNDERGROUND CIVIL INFRASTRUCTURES

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

SUSTAIN THE INTERNATIONALISAZION GROWTH PHASE

Expansion of products range through key partnership

2010

INCREASE GROUP' S REPUTATION ON THE MARKET as guarantee of transparency

ENTRY IN THE ITALIAN STOCK EXCHANGE (STAR Segment)

COMBINATION OF HIGH KNOW HOW IN RAILWAY ROLLING STOCKS FIELD & EXPERTISE IN CATENARY

Both catenary construction and maintenance and special application

SATISFY THE GROWTH IN THE SECTOR OF POWER GRIDS

Key Investments & company acquisitions to complete the portfolio of solutions

2015

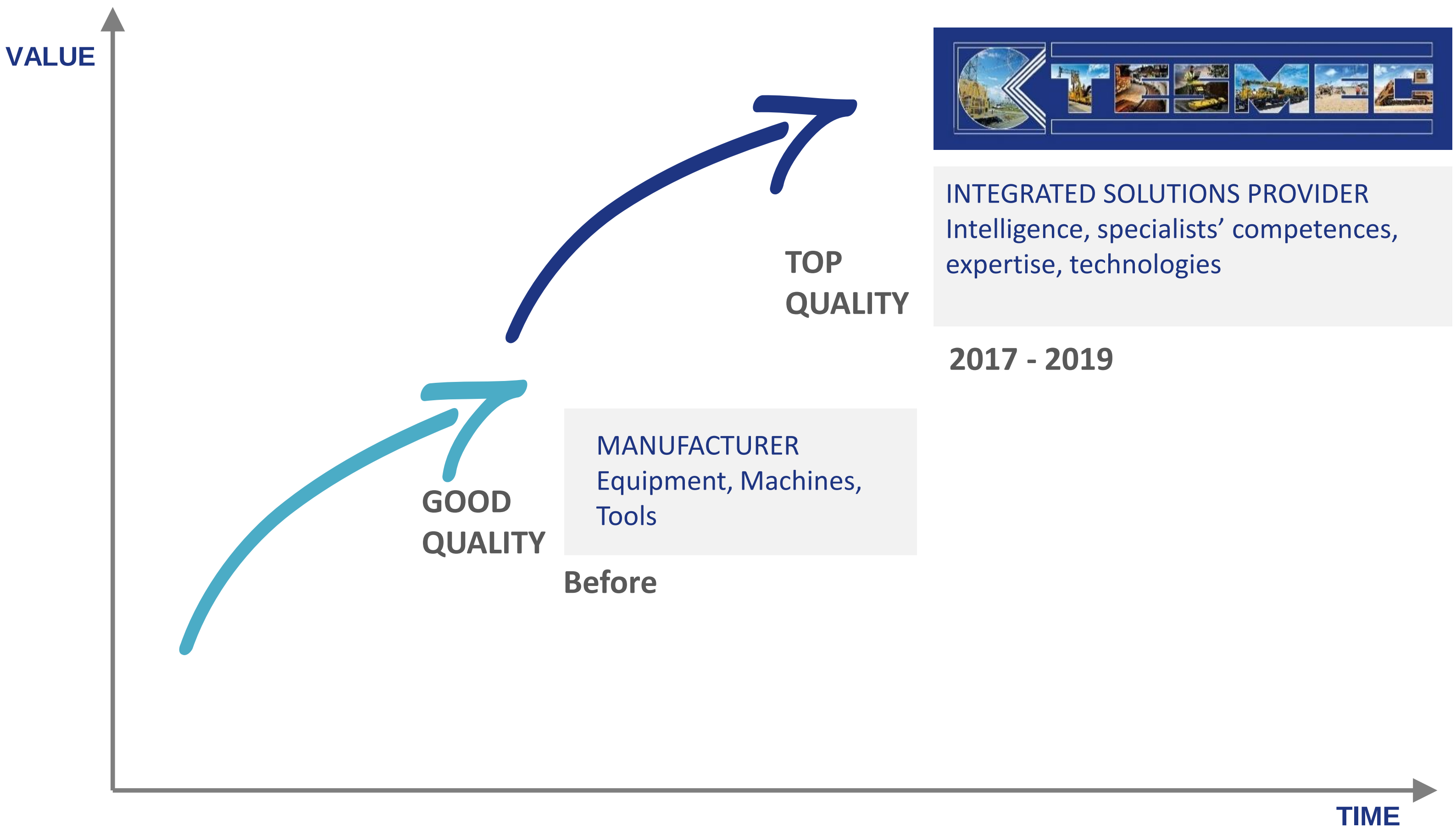
ENTER NEW STRATEGIC MARKETS AS AFRICA, AUSTRALIA, NEW ZEALAND, FRANCE

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

Acquisition of the 100% of the French Company Marais Technologies

FACE THE NEW CHALLENGES RELATED TO RENEWABLE ENERGY

2017-2019



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!

9M 2017 Closing

GROUP (Euro mln)	9M 2017	9M 2016	Delta %
REVENUES	132,1	108,5	21,8%
EBITDA Adj (*)	15,3	10,7	42,7%
% on Revenues	11,5%	9,9%	
EBITDA	13,6	10,7	27,0%
% on Revenues	10,3%	9,9%	
EBIT	3,1	1,6	97,5%
% on Revenues	2,4%	1,0%	
DIE Differences in Exchange	(4,6)	(0,3)	-1381,0%
PROFIT (LOSS) BEFORE TAX	(3,3)	(2,0)	-62,6%
% on Revenues	-2,5%	-1,9%	
NET INCOME/(LOSS)	(1,8)	(1,4)	-31,8%
% on Revenues	-1,4%	-1,3%	

GROUP (Euro mln)	9M 2017	2016
NFP	93,5	96,7

(*) Without considering Euro 1,7 million on respect of the effects of last year's real estate transaction the EBITDA would have been Euro 15.3 million.

ENERGY	9M2017	9M2016	Delta %
Revenues	44,8	30,5	47,1%
EBITDA Adj (*)	8,1	2,9	174,8%
% on Revenues	17,9%	9,6%	
EBITDA	7,3	2,9	149,6%
% on Revenues	16,3%	9,6%	

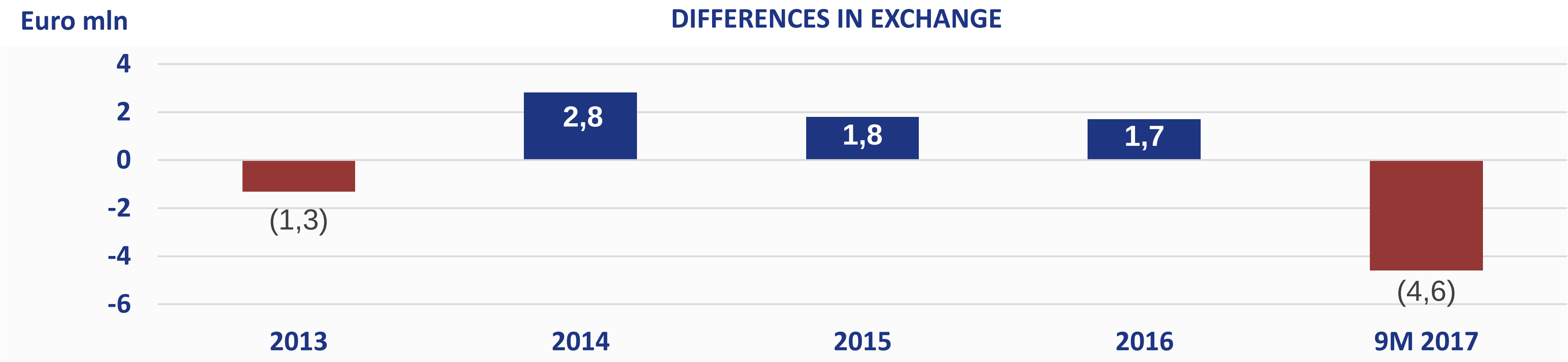
TRENCHERS	9M2017	9M2016	Delta %
Revenues	76,1	74,3	2,4%
EBITDA Adj (*)	5,4	7,5	-28,2%
% on Revenues	7,1%	10,1%	
EBITDA	4,8	7,5	-35,7%
% on Revenues	6,3%	10,1%	

RAILWAY	9M2017	9M2016	Delta %
Revenues	11,2	3,7	200,7%
EBITDA Adj (*)	1,8	0,3	569,3%
% on Revenues	16,0%	8,0%	
EBITDA	1,5	0,3	434,7%
% on Revenues	13,1%	8,0%	

9M 2017 Improvements in Q3 compare to 1H year

Euro/mln	1H			Q3	9M - YTD		
	2017	2016	Var.	2017	2017	2016	Var.
REVENUES	91,1	74,0	23,2%	41,0	132,1	108,5	21,8%
EBITDA Adj	9,8	7,4	31,6%	5,5	15,3	10,7	42,7%
EBITDA	8,7	7,4	18,3%	4,9	13,6	10,7	27,0%
EBITDA Adj %	10,6%	9,9%		13,4%	11,5%	9,9%	
DIFFERENCES IN EXCHANGE	(3,1)	0,5	-592,7%	(1,5)	(4,6)	(0,3)	-1381,0%
NET INCOME/ (LOSS)	(1,8)	(1,3)	-37,3%	-	(1,8)	(1,4)	- 31,8%

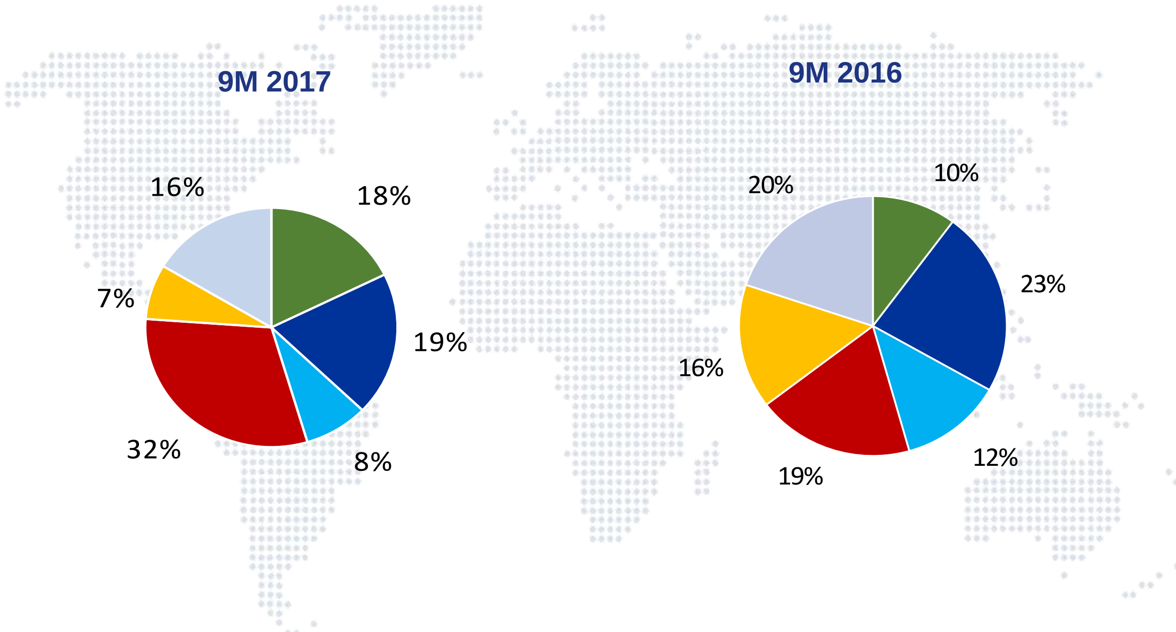
9M 2017 Differences in Exchange



GROUP (Euro mln)	**9M 2017**	**9M 2016**	**9M 2015**
Differences in Exchange	**(4,6)**	**(0,3)**	**1,4**
of which:			
Realised	*0,1*	*0,0*	*0,5*
Unrealised	*(4,7)*	*(0,3)*	*0,9*
End-of-period exchange rate USD/Eur as at 31 December	**1,054**	**1,089**	**1,107**
End-of-period exchange rate USD/Eur as at 30 September	**1,181**	**1,116**	**1,115**
Differences in Exchange for Value:			
USD	**(3,0)**	**(0,9)**	**1,4**
ZAR	**(0,6)**	**0,4**	**(0,4)**
PLN	**(0,6)**	**0,0**	**0,0**
OTHER	**(0,4)**	**0,2**	**0,4**
Total	**(4,6)**	**(0,3)**	**1,4**

9M 2017 Revenues: sales spread over different geographical area

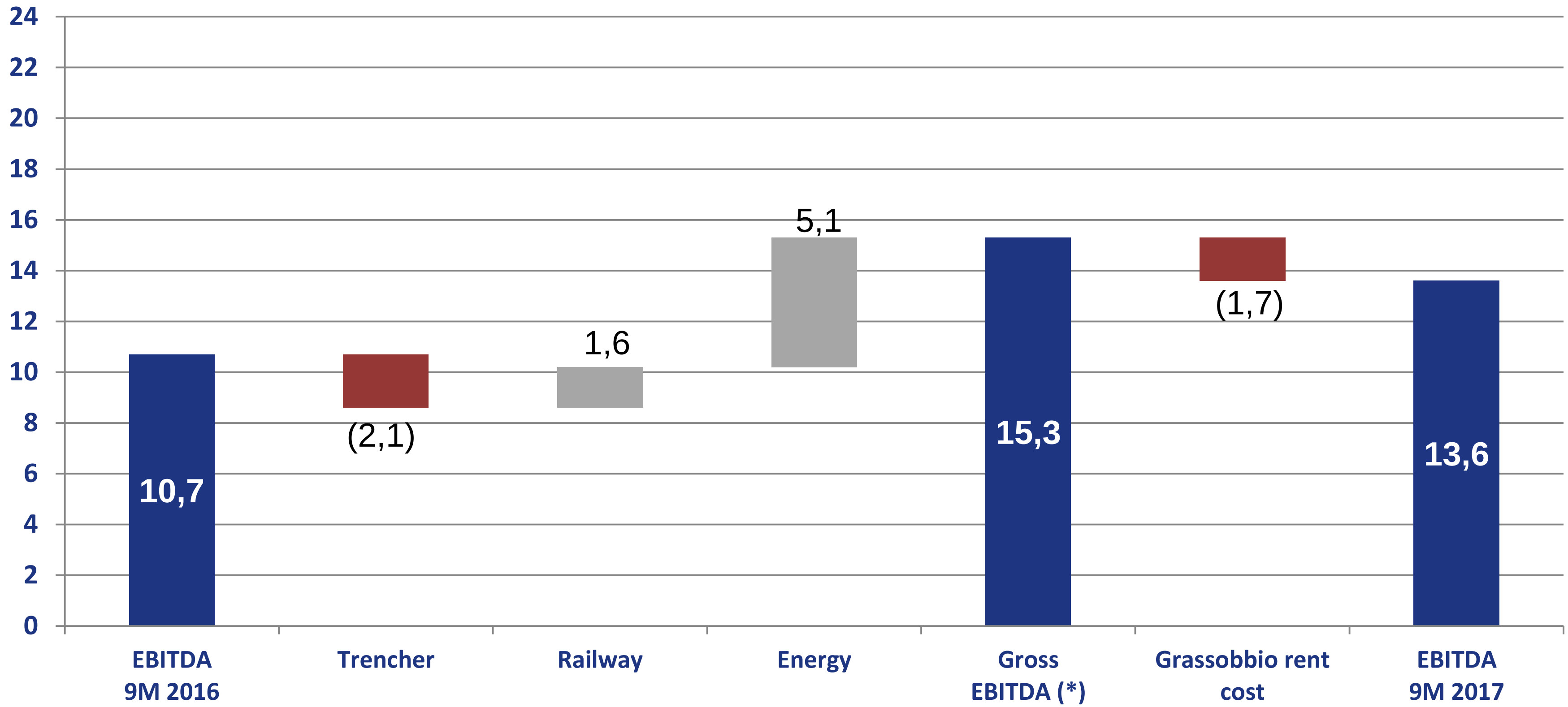
INTERNATIONAL SCALE AND EXPOSURE TO GROWING ECONOMIES JOINT WITH A GROWING IMPORTANCE OF THE ITALIAN MARKET



- **Italy**: growing weight thanks to Railways and Automation Segment
- **BRICs and Others**: increase due to Indonesian and Brasilian Stringing Contract and Oceania service business
- **ME and US**: still weak due to Trencher sales business

EBITDA 9M 2017: 42,7% increase excluding higher rent costs

Euro mln



(*) Without considering Euro 1,7 million on respect of the effects of last year's real estate transaction the EBITDA would have been Euro 15.3 million.

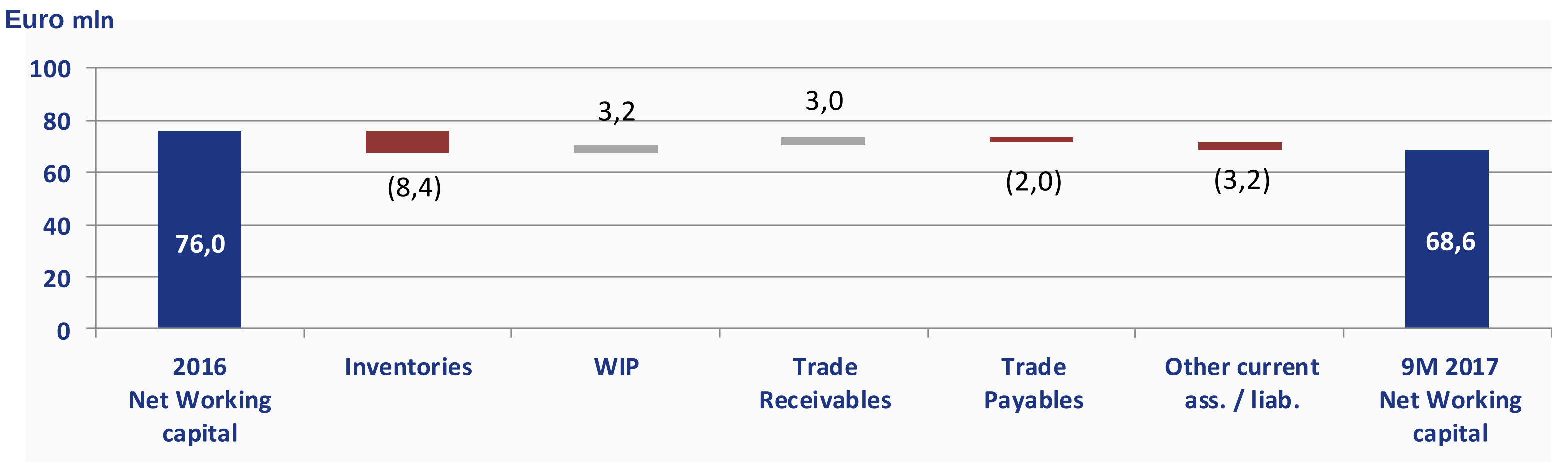
9M 2016 → **Energy and Railway drive the improvement** → **9M 2017**

9M 2017 Balance sheet

Financial Information (Euro mln)	9M 2017	2016
Net Working Capital	68,6	76,0
Non Current assets	68,7	70,1
Other Long Term assets/liabilities	1,4	0,5
Net Invested Capital	**138,7**	**146,6**
Net Financial Indebtness	93,5	96,7
Equity	45,2	49,9
Total Sources of Financing	**138,7**	**146,6**

2016 → **Working capital drives improvement in net invested capital** → **9M 2017**

Working Capital evolution



Euro Mln	9M 2017	2016	Days 9M 2017	Days 2016
Trade Receivables	52,4	49,4	107	138
Inventories	60,8	69,2	133	198
Work in progress contracts	4,5	1,3		
Trade Payables	(33,2)	(31,2)	-68	-87
Other Current Assets/(Liabilities)	(15,9)	(12,7)	-46	-48
Net Working Capital	**68,6**	**76,0**		
% Net Working Capital on Revenues	**38,9%**	**59,2%**		

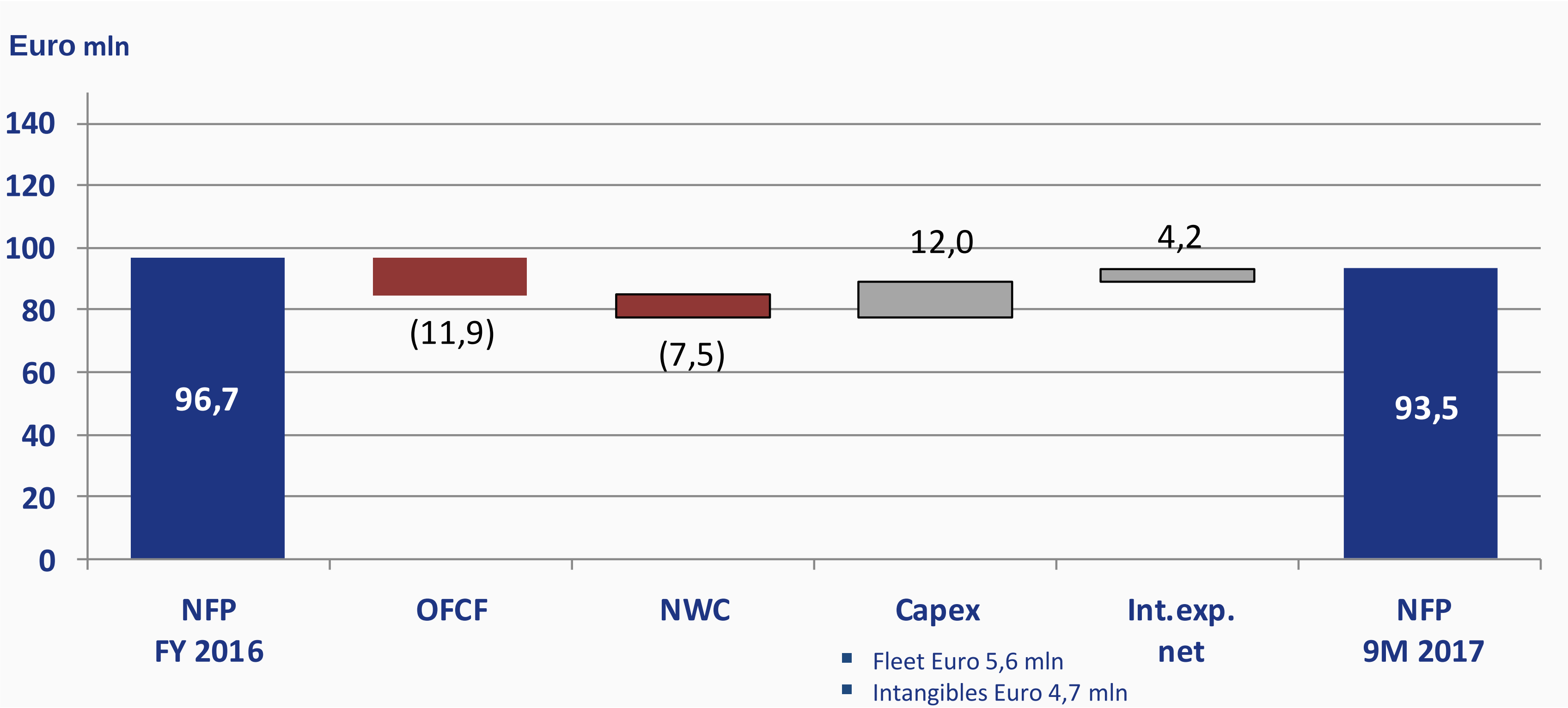
2016
Euro 76,0 mln

Euro 7,4 mln reduction despite sales increase

9M 2017
Euro 68,6 mln

Net Financial Position Evolution

OPERATING NET FINANCIAL POSITION



- Fleet Euro 5,6 mln
- Intangibles Euro 4,7 mln
- Other Euro 1,7 mln

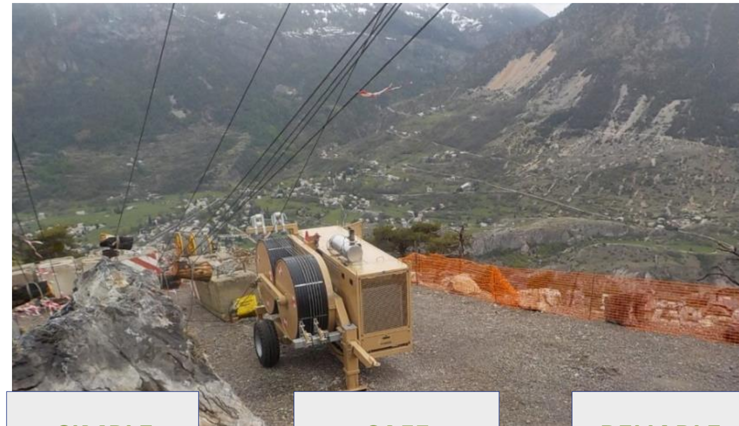
2016 → **Cash generated and working capital improvements partly offset by capex (fleet and R&D)** → **9M 2017**

Euro/mln	BACKLOG			
	Backlog 30/6	Sales Q3.2017	In take Q3	Backlog 30/9
Energy	19,8	12,8	12,6	19,7
Trencher	52,7	24,8	22,4	50,2
Railway	109,5	3,4	1,0	107,1
Total	182,0	41,0	36,0	177,0

Latest key projects – ENERGY

STRINGING

- A new concept for a safer and more efficient jobsite:
  Stringing solutions 4.0
- Strong sales activity on target market (EU, Germany, LATAM)
- Solutions 4.0 for the first time on jobsite



SIMPLE

SAFE

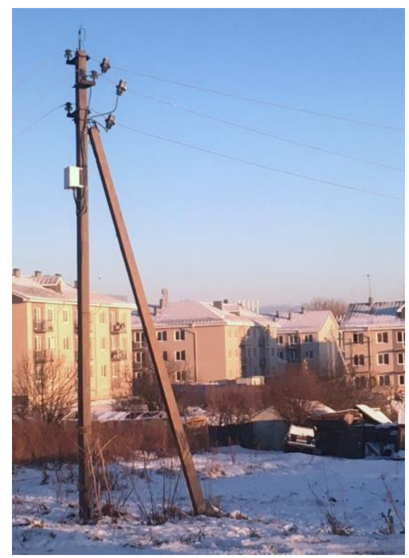
RELIABLE

DIGITAL

GREEN

ENERGY AUTOMATION

- Partner agreements and technological collaborations with key players in the market
- Successful pilot installation of SMT in Russia
- Strategic solutions diversification with international key players:
  - Smart Termination
  - New protection A3 Panels



Latest key projects – RAILWAY

RAILWAY ADVANCED WORKING METHODOLOGY

VEHICLES

SYSTEMS

AWARD OF THE TENDER RFI (the Italian railway network):

supply of 88 multipurpose railway solutions

- Technological integrated systems:
  - Cruise control
  - Automatic train control system (BL3)
  - Certified catenary diagnostics
- New production plant investment, South of Italy
  - Improving operations efficiency
  - Managing different production scenarios

Latest key projects – TRENCHER

ENERGY TRANSMISSION

- Wind farm
- Solar farm

KEY COOPERATIONS

- Smart grid projects in France and worldwide
- Pilot projects in Photovoltaic power stations

FTTH

- Partner 2Rent, UK
- Partner R&E, South Africa
- New Zealand

PIPELINE

- New EVO solutions
  - USA
  - France
  - Kuwait, *Housing Project*

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- > 9M 2017 Results
- > **Outlook 4Q 2017**

MILESTONES

BUSINESS

1. **ENERGY: Closing of important projects** already announced (Russia, Italy, South America)
2. **RAILWAY: Strong effect** of the **rail start-up** (acquired orders in Italy and US)
3. **TRENCHER: definitive launch of traditional products** for infrastructure projects

> **Rock Hawg**: Impact on long term non cyclical projects (civil projects, infrastructures and mines with new materials)
> **FTTH Smart**: Projects start-up in different countries thanks to new technologies for mini-micro trenches

OUTLOOK 4Q

ECONOMICS & FINANCIALS

1. **Revenues:** thanks to **4Q forecast better than 3Q,** year end target expected to be **above Euro 180 mln**
2. **EBITDA adj** expected to be **around 14%**
3. **PFN confirmed** improvement at the year end
4. Expected **BACKLOG 2017 higher than 3Q 2017**

Summary 9M 2017 Profit & Loss statement - Appendix A

Profit & Loss Account (Euro mln)	9M 2017	9M 2016	Delta vs 2016	Delta %
Net Revenues	**132,1**	**108,5**	**23,6**	**21,8%**
Raw materials costs (-)	(58,7)	(46,3)	(12,4)	26,8%
Cost for services (-)	(22,9)	(22,6)	(0,3)	1,4%
Personnel Costs (-)	(33,4)	(29,2)	(4,2)	14,5%
Other operating revenues/costs (+/-)	(7,4)	(3,3)	(4,1)	124,4%
Portion of gain/(losses) from equity investments evaluated using the equity method	0,0	0,1	(0,1)	-144,7%
Capitalized R&D expenses	3,9	3,5	0,4	11,8%
Total operating costs	**(118,5)**	**(97,8)**	**(20,7)**	**21,2%**
% on Net Revenues	*(90%)*	*(90%)*		
EBITDA	**13,6**	**10,7**	**2,9**	**27,0%**
% on Net Revenues	*10%*	*10%*		
Depreciation, amortization (-)	(10,5)	(9,1)	(1,4)	14,8%
EBIT	**3,1**	**1,6**	**1,5**	**97,5%**
% on Net Revenues	*2%*	*1%*		
Net Financial Income/Expenses (+/-)	(6,4)	(3,6)	(2,8)	-78,0%
Taxes (-)	1,5	0,6	0,9	128,9%
Minorities	-	-	-	-
Group Net Income (Loss)	**(1,8)**	**(1,4)**	**(0,4)**	**-28,9%**
% on Net Revenues	*-1%*	*-1%*		

Summary 9M 2017 Balance Sheet - Appendix B

Balance Sheet (Euro mln)	9M 2017	2016
Inventory	65,3	70,5
Accounts receivable	52,4	49,4
Accounts payable (-)	(33,2)	(31,2)
Op. working capital	**84,5**	**88,7**
Other current assets (liabilities)	(15,9)	(12,7)
Net working capital	**68,6**	**76,0**
Tangible assets	46,8	47,3
Intangible assets	18,2	18,9
Financial assets	3,7	3,9
Fixed assets	**68,7**	**70,1**
Net long term liabilities	1,4	0,5
Net invested capital	**138,7**	**146,6**
Cash & near cash items (-)	(22,0)	(18,5)
Short term financial assets (-)	(11,4)	(9,1)
Short term borrow ing	79,4	70,1
Medium-long term borrow ing	47,5	54,2
Net financial position	**93,5**	**96,7**
Equity	45,2	49,9
Funds	**138,7**	**146,6**

Disclaimer

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