



# SPAFID CONNECT

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Oggetto : Tesmec - The Board of Directors approved  
First Quarter 2018 results

*Testo del comunicato*

Vedi allegato.



## TESMEC S.P.A.: THE BOARD OF DIRECTORS APPROVES THE INTERIM REPORT ON OPERATIONS AS AT 31 MARCH 2018 THAT RECORDED A STRONG INCREASE IN PROFIT AND MARGINALITY

### GIANLUCA CASIRAGHI APPOINTED AS NEW CHIEF FINANCIAL OFFICER AND MANAGER RESPONSIBLE FOR PREPARING THE COMPANY'S FINANCIAL STATEMENTS

#### Main consolidated results for the first quarter of 2018 (vs. the first quarter of 2017):

- **Revenues: Euro 46.7 million** (-6.1% compared to Euro 49.8 million as at 31 March 2017);
- **EBITDA<sup>1</sup>: Euro 6.1 million** (+8.0% compared to 5.6 million as at 31 March 2017);
- **EBIT: Euro 2.8 million** (+9.8% compared to Euro 2.5 million as at 31 March 2017);
- **Net Profit: Euro 1.1 million** (+35.6% compared to Euro 0.8 million as at 31 March 2017);
- **Net Financial Indebtedness: Euro 98.7 million** (compared to Euro 85.2 million as at 31 December 2017 and in line with Euro 96.9 million as at 31 March 2017);
- **Total Order Backlog: Euro 196.0 million** (+4.25% compared to Euro 188.0 million as at 31 March 2017).

Grassobbio (Bergamo - Italy), 3<sup>rd</sup> May 2018 – 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 2018**, that recorded a strong increase in Net Profit (+35.6%) and marginality (EBITDA: +8.0%; EBIT: +9.8%), and, in perspective, of the order backlog (+4.25%). The typical seasonality of the first months of the year affects Revenues and Net Financial Indebtedness.

The **Chairman and CEO Ambrogio Caccia Dominioni** commented as follows: *"2018 started with a trend in line with expectations. Even if the first quarter results, in fact, conditioned by external events that usually make the first months of the year more difficult, the Group records an important increase in profits, margins and order backlog. Also with reference to the businesses in which Tesmec operates, the Trencher segment records a balanced growth in the various geopolitical areas and in the several business segments. The increase recorded in the Railway segment is significant but not yet in line with forecasts. In fact, the important order of RFI is only partially operational, because the certification of the boogies machines is in progress and the units will be delivered starting from the second semester as expected. Furthermore, it is expected that the new production plant under construction in Monopoli will reach full operation from the fourth quarter of the year. In the Energy sector, the decrease in the first quarter is not indicative of the year as growths are expected in the coming quarters both in the Stringing and Automation sectors, with results in line with forecasts for the year".* Moreover, with reference to the appointment of the new CFO, **Caccia Dominioni** added: *"I am very pleased that Gianluca Casiraghi decided to join the Tesmec team. In fact, his many experiences in international realities and his strong managerial skills will allow him to play a key role in the new chapter that we will write together providing an essential contribution to the growth and development of our Company in the coming years"*

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<sup>1</sup> The EBITDA is represented by the operating income gross of amortization/depreciation. The EBITDA thus defined represents a measurement used by Company management to monitor and assess the company's operating performance. EBITDA is not recognized 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.

## MAIN CONSOLIDATED RESULTS AS AT 31 MARCH 2018

As at **31 March 2018**, Tesmec Group recorded consolidated **Revenues of Euro 46.7 million**, compared to Euro 49.8 million recorded in first quarter of 2017. Despite a decrease equal to 6.1% in line with the expectation of the Management, the turnover for the first quarter of 2018 is more robust compared to 31 March 2017, since it is balanced across the several businesses and it is not affected by one-off impacts.

Results as at 31 March (Euro in thousands)	Revenues from sales and services		
	2018	2017	Variation
<b>Energy</b>	<b>9,242</b>	<b>21,877</b>	<b>(57.8%)</b>
<i>Effect on Consolidated Revenues</i>	<i>19.8%</i>	<i>43.9%</i>	
<b>Trencher</b>	<b>33,367</b>	<b>24,417</b>	<b>36.7%</b>
<i>Effect on Consolidated Revenues</i>	<i>71.4%</i>	<i>49.0%</i>	
<b>Railway</b>	<b>4,136</b>	<b>3,494</b>	<b>18.4%</b>
<i>Effect on Consolidated Revenues</i>	<i>8.8%</i>	<i>7.0%</i>	
<b>Consolidated</b>	<b>46,745</b>	<b>49,788</b>	<b>(6.1%)</b>

In details, the revenues of the **Trencher segment** as at 31 March 2018 were **Euro 33.4 million, with an increase of 36.7%** compared to Euro 24.4 million recorded in first quarter of 2017. The strong increase of the revenues of this segment confirms the strategy of the Group based on the focus on services activities and projects management in key areas as Middle East and Australia-New Zealand. The **Energy segment** recorded **Revenues of Euro 9.2 million**, compared to Euro 21.9 million as at 31 March 2017 that however benefitted from an important order for the supply of stringing equipment for the Indonesian market, completed at the end of 2016, which had an impact on revenues mainly on the first quarter of 2017. We also point out that the Energy Automation segment, thanks to the consolidation and development process in the smart grids sector, is increasingly contributing to the Group's revenues. Concerning the **Railway segment, the revenues** as at 31 March 2017 were **Euro 4.1 million, with an increase of 18.4%** compared to Euro 3.5 million as at 31 March 2017. The strong growth is due to the technological development that the Group is carrying out in terms of Research & Development activities.

**In geographic terms**, in the first quarter of 2018, the Tesmec Group continued to grow both in foreign markets and in Italy.

As at 31 March 2018, the **EBITDA** is **Euro 6.1 million, with an increase of 8.0%** compared to Euro 5.6 million as at 31 March 2017.

The **EBIT** as at 31 March 2018 of Tesmec Group was **Euro 2.8 million, with an increase of 9.8%** compared to Euro 2.5 million as at 31 March 2017.

**Expenses net of the financial income** of Tesmec Group in the first quarter of 2018, excluding Euro 0.7 million of negative exchange rate differences (mainly not realized and related to loans to subsidiaries) that as at 31 March 2017 were negative Euro 0.4 million, amounted to **Euro 0.8 million**, compared to Euro 1.1 million as at 31 March 2017.



Consolidated **Net Profit** of the Tesmec Group as at 31 March 2018 amounted to **Euro 1.1 million, with an increase of 35.6%** compared to Euro 0.8 million as at 31 March 2017.

The **net working capital** of the Tesmec Group as at 31 March 2018 was **Euro 74.3 million, with an increase of 22.2%** compared to 60.8 million recorded as at 31 December 2017 and in line with Euro 73.7 million as at 31 March 2017. This trend is mainly attributable to the increase of "Trade receivables" following sales closed at the end of the quarter; without this change, the Group consolidates its trend of improvement in the management of the stock.

The **Net Financial Indebtedness** of the Tesmec Group as at 31 March 2018 was **Euro 98.7 million**, compared to 85.2 million as at 31 December 2017 and in line with Euro 96.9 million as at 31 March 2017. The change compared to 31 December 2017 is, in fact, mainly due to the traditional seasonality of the business of the Group at this stage of the year, which led to an increase in working capital which will be absorbed in the following months.

As at 31 March 2018, **Total Order Backlog** of the Tesmec Group amounted to **Euro 196.0 million - Euro 27.8 million** riferiti of which refers to the **Energy segment, Euro 66.3 million** to the **Trencher segment** and **Euro 101.9 million** to the **Railway segment, with an increase of 4.25%** compared to Euro 188.0 million as at 31 March 2017.

## **BUSINESS OUTLOOK**

Based on the important ongoing negotiations, an improvement in the turnover targets to be achieved at the end of 2018 is expected. In fact, revenues exceeding 200 million euros are expected, with an increase in margins thanks to better absorption of fixed costs and efficiency improvements in the several businesses. Furthermore, the positive impact of incentives connected to the Group's investments in Research & Development and to the project of the railway hub in Puglia should be considered. An improvement in the net financial position is expected thanks to the normalization of working capital and the improvement of the operating profitability.

An important growth of the Railway segment is expected thanks to the new technological development and the construction of the new production plant in Puglia, which is expected to be fully operational from the fourth quarter of 2018. Specialized digging solutions and services of the Trencher segment will be increasingly used both in infrastructure projects and in telecom and renewable energy projects. The Energy sector, thanks to advanced technologies for the management of smart grids, should, finally, record a good performance both in Italy and internationally, with an increase in the second part of the year thanks to the start of various projects.

Therefore, orders are expected to be characterized by a good balance between the business segments of the Group and geographically diversified, with focus on the more developed markets that recognize the added value of the Tesmec 4.0 technologies and are recording an increase in investments in sectors with high digital content.

### **Other Board of Directors' resolutions**

The today's Board of Directors, after obtaining the favorable opinion of the Board of Statutory Auditors, has appointed **Gianluca Casiraghi** as new **Chief Financial Officer and Manager responsible for preparing the Company's Financial Statements**, with effect from 15 June 2018. Based on the information available, Gianluca Casiraghi does not currently hold, directly or indirectly, shares of Tesmec S.p.A.

Gianluca Casiraghi joins Tesmec S.p.A., after starting his career in 1997 in Pininfarina S.p.A. holding positions in Industrial Control and Product Development Platform up to take on the role of Head of Planning and Control Engineering & Design. In 2007 he joined Iveco S.p.A. as Controller of the Plant in Foggia. Subsequently, he held the role of Central Business Control in the Powertrain segment of the Fiat Group, following the listing on the Stock Exchange of Fiat Industrial in 2011, when he became CFO of Powertrain. During the last 3 years he has also been CFO of the EMEA region of CNH Industrial and CAO of the EMEA region.

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 Shareholders' Meeting on 6 April 2018. 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.

### **MAIN EVENTS OCCURRING AFTER THE PERIOD UNDER REVIEW**

On **31 January 2018**, Tesmec S.p.A. acquired a further shareholding of 13.2% of the share capital of Marais Technologies SAS ("Marais"), a French company already controlled by Tesmec with a stake of 52.8% of the share capital - head of a leading international group in the rental and construction services of infrastructure machinery in the telecommunications, electricity and gas sectors.

On **8 March 2018**, the Group was awarded, through its joint venture Tesmec Peninsula, a contract related to the management of a fleet of 7 large trencher machines for the customer Qatar Building Company (QBC), one of the major Qatari Groups active in the infrastructure sector. The estimated contract value is approximately USD 4.3 million, for a duration of around 23 months.

On **15 March 2018**, Cerved Rating Agency, the Italian rating agency specialized in the credit rating assessment of non-financial businesses, confirmed the solicited rating "B1.1" of the Company. This confirms the full solvency of Tesmec Group.

On **06 April 2018**, the ordinary Shareholders' Meeting of Tesmec S.p.A. in single call approved all the resolutions in the agenda. In detail, the Shareholders' Meeting approved the financial statements 2017 of Tesmec S.p.A., that recorded a profit of Euro 1.9 million with an increase of 20.9% compared to the Euro 1.6



million recorded as at 31 December 2016. The Shareholders' Meeting has therefore approved to assign this Net Operating Income to the Extraordinary Reserve. The Shareholders' Meeting also resolved in favor on the First Section of the Remuneration Report in accordance with art. 123-ter of Legislative Decree no. 58/98, and also authorized the Board of Directors, for a period of 18 months, to purchase, on the regulated market, Tesmec ordinary shares until 10% of the share capital of the Company and within the limits of the distributable profits and of the available reserves resulting from the last financial statements approved by the company or by controlled company that making the purchase. The authorization also includes the right to dispose of (in whole or in part and also in several times) the shares in the portfolio subsequently, even before having exhausted the maximum number of purchasable shares and to possibly repurchase the shares to the extent that the treasury shares held by the Company and, if necessary, by the companies controlled by it, do not exceed the limit established by the authorization. The quantity and the price at which transactions will be made will comply with the operating procedures laid down by the regulations. Today's authorization replaces the last authorization resolved by the Shareholders' Meeting of 28 April 2017 and maturing in October 2018. The resolution regarding the authorization to purchase own shares was approved by the favorable vote of the majority of the shareholders of Tesmec present at Shareholders' Meeting other than the majority shareholder and, therefore, pursuant to art. 44-bis of the Issuers Regulation, the shares that will be purchased by the Issuer in execution of such resolution shall be included in the share capital of the Issuer on which to calculate the relevant investment for the purposes of art. 106, paragraphs 1, 1-bis, 1-ter and 3 of TUF.

#### **Treasury shares**

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

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***At 2:30 PM (CET) – 1:30 PM BST, Thursday 3<sup>rd</sup> May 2018 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 2018 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 Chief Executive Officer, Ambrogio Caccia Dominioni, in the absence of the Manager responsible for preparing the company's financial reports that will take office starting 15 June 2018 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 2018 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](http://www.emarketstorage.com), through publication on the company website [www.tesmec.com](http://www.tesmec.com), according to law.

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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 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 material. In details, 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 750 employees and has the production plants in Italy - in Grassobbio (Bergamo), Endine Gaiano (Bergamo), Sirone (Lecco), Monopoli (Bari), in the USA, in Alvarado (Texas) and in France, in Durtal, as well as three research and development units respectively in Fidenza (Parma), Padua and Patrica (FS). 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 2018<sup>2</sup>.**

<sup>2</sup> Not subject to verification by the auditors



## Tesmec Group reclassified consolidated income statements

<i>(€ in thousands)</i>	31 March	
	2018	2017
<b>Revenues</b>	<b>46,745</b>	<b>49,788</b>
Total operating costs	(43,973)	(47,263)
<b>Operating Income</b>	<b>2,772</b>	<b>2,525</b>
Proventi / (Oneri) finanziari netti	(793)	(1,107)
Foreign exchange gains/losses	(680)	(365)
Share of profit / (loss) of associates and joint ventures	3	(5)
<b>Income before tax</b>	<b>1,302</b>	<b>1,058</b>
<b>Net income for the period</b>	<b>1,123</b>	<b>828</b>
<b>EBITDA</b>	<b>6,077</b>	<b>5,627</b>
<b>EBITDA (% on Revenues)</b>	<b>13.0%</b>	<b>11.3%</b>





## Tesmec Group reclassified consolidated statements of financial position

<i>(€ in thousands)</i>	31 March 2018	31 March 2017
Non-current assets	77,923	79,183
Current assets	159,331	154,006
<b>Total assets</b>	<b>237,254</b>	<b>233,189</b>
Non-current liabilities	49,776	49,987
Current liabilities	143,575	138,370
<b>Total liabilities</b>	<b>193,351</b>	<b>188,357</b>
Equity	43,903	44,832
<b>Total equity and liabilities</b>	<b>237,254</b>	<b>233,189</b>

## Tesmec Group reclassified consolidated cash flow statements

<i>(€in thousands)</i>	31 March	
	2018	2017
Net cash provided/(used) by operating activities (A)	(8,976)	5,318
Net cash provided/(used) by investing activities (B)	(1,143)	(4,786)
Net cash provided/(used) by financing activities (C)	4,509	2,191
<b>Increase / (decrease) in cash and cash equivalents (D=A+B+C)</b>	<b>(5,610)</b>	<b>2,723</b>
<b>Cash and cash equivalents at the beginning of the period (F)</b>	<b>21,487</b>	<b>18,501</b>
Net effect of conversion of foreign currency on cash and cash equivalents (E)	(87)	(4)
<b>Total cash and cash equivalents at end of the period (G=D+E+F)</b>	<b>15,790</b>	<b>21,220</b>



## Tesmec Group other consolidated financial information

(€in thousands)	<u>31 March 2018</u>	<u>31 December 2017</u>
Net working capital <sup>3</sup>	74,311	60,806
Non-current assets	67,554	68,386
Other Non-current assets and liabilities	787	913
<b>Net invested capital <sup>4</sup></b>	<b><u>142,652</u></b>	<b><u>130,105</u></b>
Net financial indebtedness <sup>5</sup>	98,749	85,273
Equity	43,903	44,832
<b>Total equity and net financial indebtedness</b>	<b><u>142,652</u></b>	<b><u>130,105</u></b>

<sup>3</sup> The net working capital is calculated as current assets net of current liabilities excluding financial assets and financial liabilities. Net working capital is not recognized as a measure of performance by the IFRS. The valuation criteria applied by the Company may not necessarily be the same as those adopted by other groups and therefore the balance obtained by the Company may not necessarily be comparable therewith.

<sup>4</sup> The net invested capital is calculated as net working capital plus fixed assets and other non-current assets less non-current liabilities. The net invested capital is not recognized as a measure of performance under IFRS. The valuation criteria applied by the Company may not necessarily be the same as those adopted by other groups and therefore the balance obtained by the Company may not necessarily be comparable therewith.

<sup>5</sup> The net financial indebtedness is calculated as the sum of cash and cash equivalents, current financial assets including available-for-sale securities, non-current financial liabilities, fair value of hedging instruments and other non-current financial assets.

Fine Comunicato n.1155-19

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