

- Stringing
- Energy Automation
- Railway
- Trencher

# Integrated Solutions Provider

## 1Q 2018 Results Presentation



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> **Corporate Strategy**

> 1Q 2018 Results

> 2018 Outlook

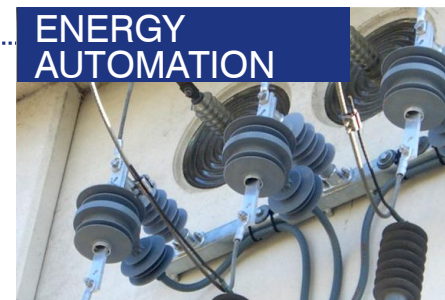
## STRINGING



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

## ENERGY

## 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

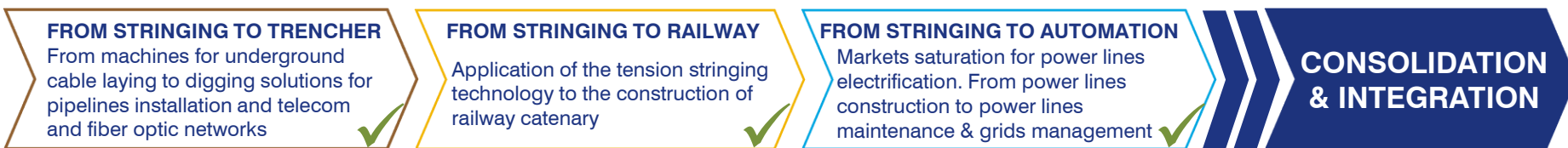
# TESMEC

## “ From Steel to sustainable Technology ”

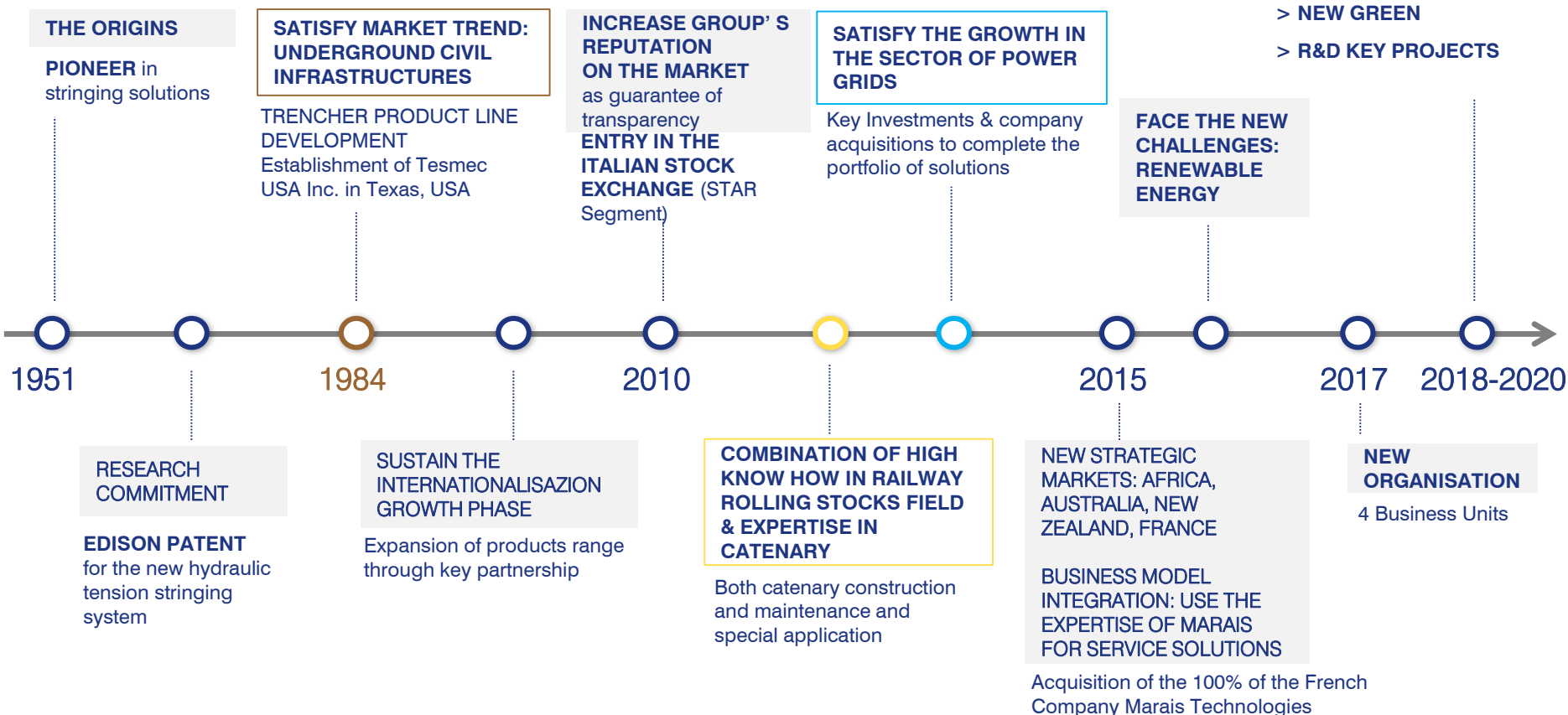
### OUR MISSION

- > Value added **integrated solutions** provider in the market of infrastructure for the transport of energy, data and material
- > **Efficiency, digitalization, safety** and **sustainability** are our drivers for the modernization of the infrastructures projects in the world
- > **R&D investments**: match the people and high know-how to meet the new demands of the markets

## EXPERTISE INTEGRATION



- > NEW BUSINESS MODEL: GLOBAL 4.0
- > NEW GREEN
- > R&D KEY PROJECTS

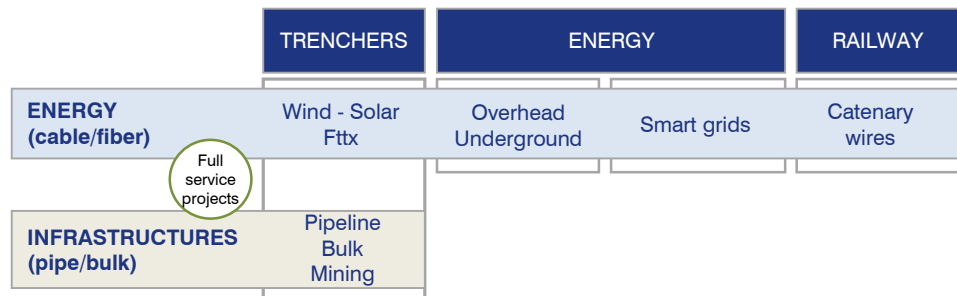


VALUE

2017 >> FUTURE

**THE ONLY INTEGRATED SOLUTIONS PROVIDER IN THE WORLD** able to satisfy the infrastructure market's needs through our fully integrated solutions suite

**MANUFACTURER**  
Equipment, Machines, Tools  
Past



TIME



**MARKET**

- > The most developed markets are **strongly investing** in **high-tech content sectors**.
- > **Expansive fiscal policies** are an important driver for the investments.
- > **Italy & Europe**: market leader which **recognize the added value** of Tesmec "4.0" solutions.

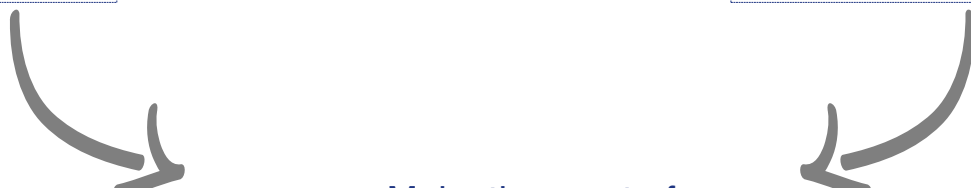
**R&D activities & DIGITALIZATION**

Relevant investments in **technologies** and solutions with an **innovative digital content**.



**INDUSTRY 4.0**

**Further investments in industrial technological & digital transformation**, in accordance with the Industry 4.0 model.



Make the most of **TAX-SAVING OPPORTUNITIES**

> Corporate Strategy

> **1Q 2018 Results**

> 2018 Outlook



## ENERGY

- » **LAUNCH OF NEW PRODUCTS FULLY CONNECTED (4.0)**
- » **NEW TECHNOLOGIES** for overhead power lines stringing operations **WITH HELICOPTER**
  - > Power Grid agreement
- » **ENEL DEVELOPMENTS**
  - > Award of new innovative tenders
  - > Cooperation for new markets approach
- » **SMT → CERTIFIED SOLUTION** ready for the market



## RAILWAY

- » **PRODUCTS DEVELOPMENT WITH KEY COLLABORATIONS:**
  - > Diagnostics
  - > Artic kit solutions
- » **CERTIFICATION PROCESSES:**
  - > Italy
  - > Abroad



## ENERGY: FTTH & CABLE

### » UK, SOUTH AFRICA & NEW ZEALAND

#### FTTH JOBSITE

##### Key partnerships

##### Project:

- > Machines supply
- > Technical backup, Service and maintenance managers
- > Jobsite optimization

### » AUSTRALIA

#### RENEWABLE ENERGY PROJECTS

- > Full service provider:  
cables + installation



## INFRASTRUCTURE: PIPE AND BULK

### » MIDDLE EAST (Kuwait, Housing Project)

#### FLEET MANAGEMENT PROJECTS

- > Technological Innovation & service activities
- > Direct supervision

### » AUSTRALIA

#### TUNNEL PROJECTS

- > New Rock Hawg evolution

### » FRANCE - GREECE

#### PIPELINE PROJECTS

- > TAP Project

### » SOUTH AFRICA

#### DIAMOND MINES PROJECTS



<b>GROUP</b> (€ mln)	<b>1Q 2018</b>	<b>1Q 2017</b>	<b>Delta %</b>
<b>REVENUES</b>	<b>46,7</b>	<b>49,8</b>	<b>-6,1%</b>
<b>EBITDA</b>	<b>6,1</b>	<b>5,6</b>	<b>8,0%</b>
% on Revenues	13,0%	11,3%	
<b>EBIT</b>	<b>2,8</b>	<b>2,5</b>	<b>9,8%</b>
% on Revenues	5,9%	5,1%	
<b>Differences in Exchange</b>	<b>(0,7)</b>	<b>(0,4)</b>	<b>86,3%</b>
% on Revenues	1,5%	0,7%	
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>1,3</b>	<b>1,1</b>	<b>23,1%</b>
% on Revenues	2,8%	2,1%	
<b>NET INCOME/(LOSS)</b>	<b>1,1</b>	<b>0,8</b>	<b>35,6%</b>
% on Revenues	2,4%	1,7%	



<b>ENERGY</b>	<b>1Q2018</b>	<b>1Q2017</b>	<b>Delta %</b>
<b>Revenues</b>	<b>9,2</b>	<b>21,9</b>	<b>-57,8%</b>
<b>EBITDA</b>	<b>1,2</b>	<b>4,0</b>	<b>-68,8%</b>
% on Revenues	13,3%	18,0%	



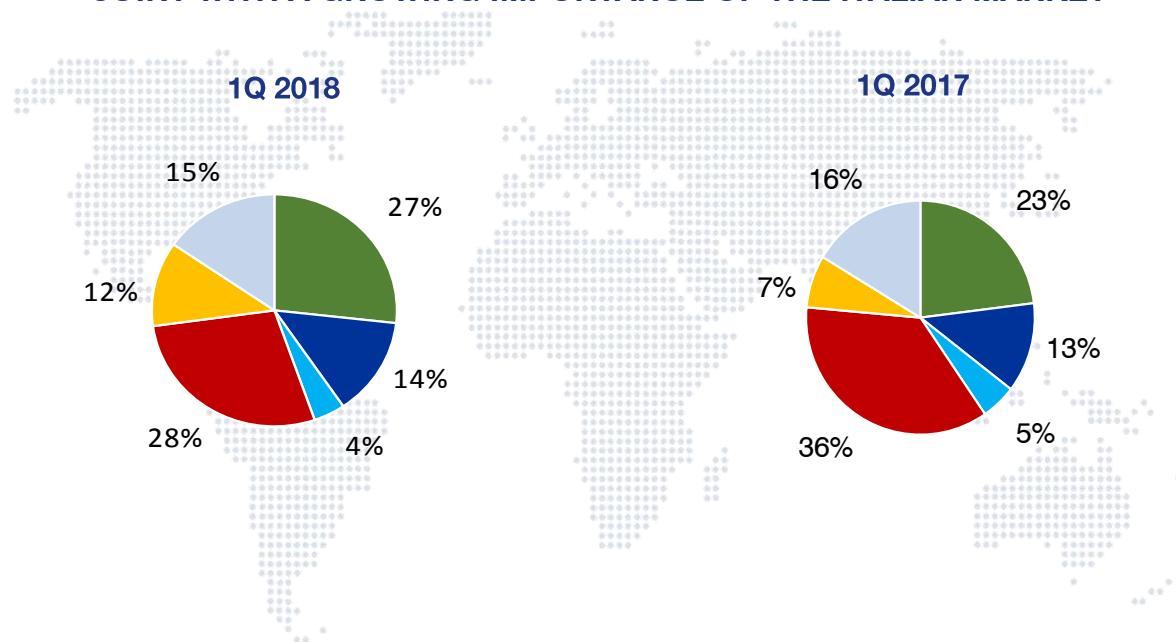
<b>TRENCHERS</b>	<b>1Q2018</b>	<b>1Q2017</b>	<b>Delta %</b>
<b>Revenues</b>	<b>33,4</b>	<b>24,4</b>	<b>36,7%</b>
<b>EBITDA</b>	<b>4,2</b>	<b>0,7</b>	<b>428,6%</b>
% on Revenues	12,6%	3,2%	



<b>RAILWAY</b>	<b>1Q2018</b>	<b>1Q2017</b>	<b>Delta %</b>
<b>Revenues</b>	<b>4,1</b>	<b>3,5</b>	<b>18,4%</b>
<b>EBITDA</b>	<b>0,7</b>	<b>0,9</b>	<b>-26,5%</b>
% on Revenues	15,9%	25,6%	

<b>GROUP</b> (€ mln)	<b>1Q 2018</b>	<b>2017</b>
<b>NFP</b>	<b>98,7</b>	<b>85,2</b>

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



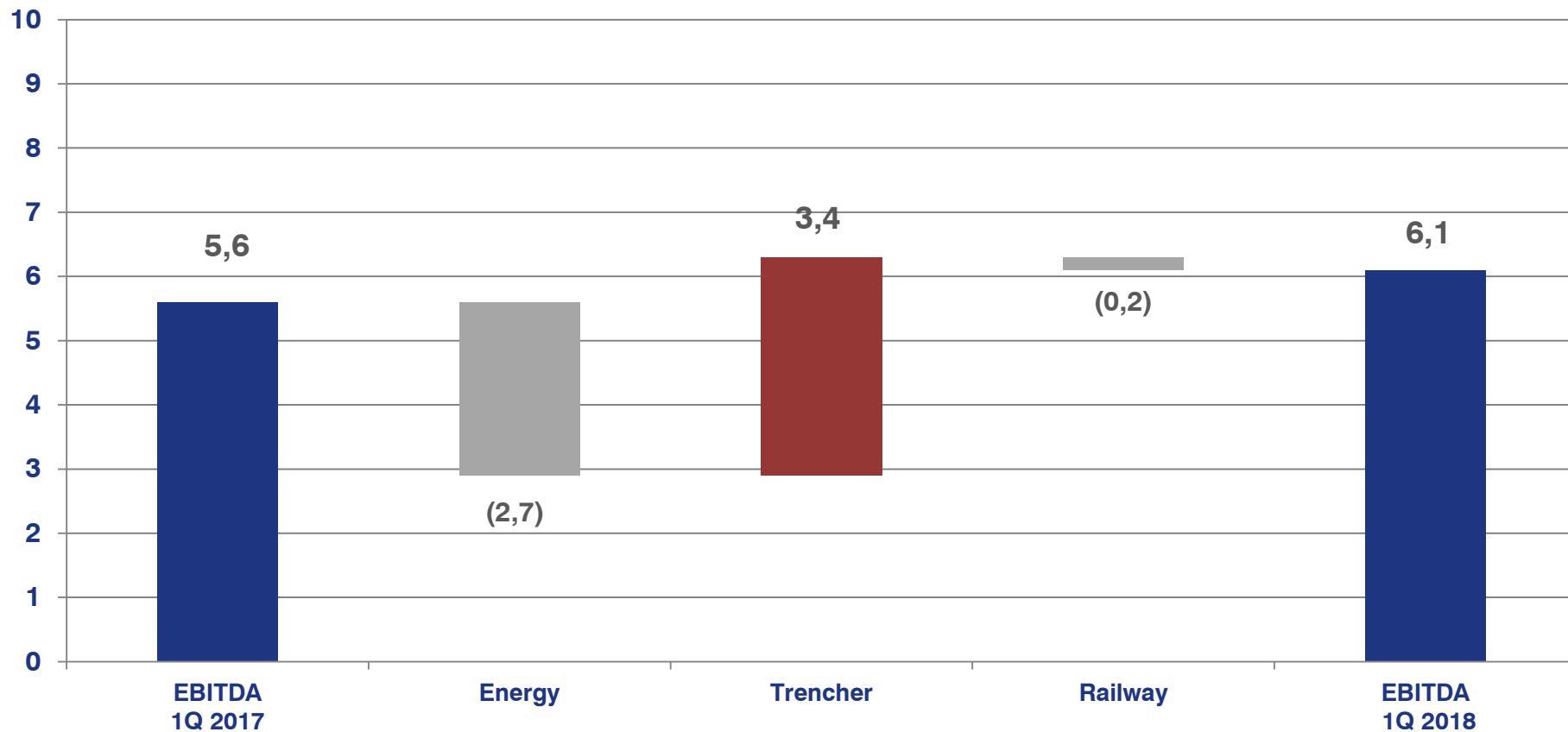
**Italy: better balance between Export & Domestic market.**



**No relevant changes in international exposure.**

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

€ mln

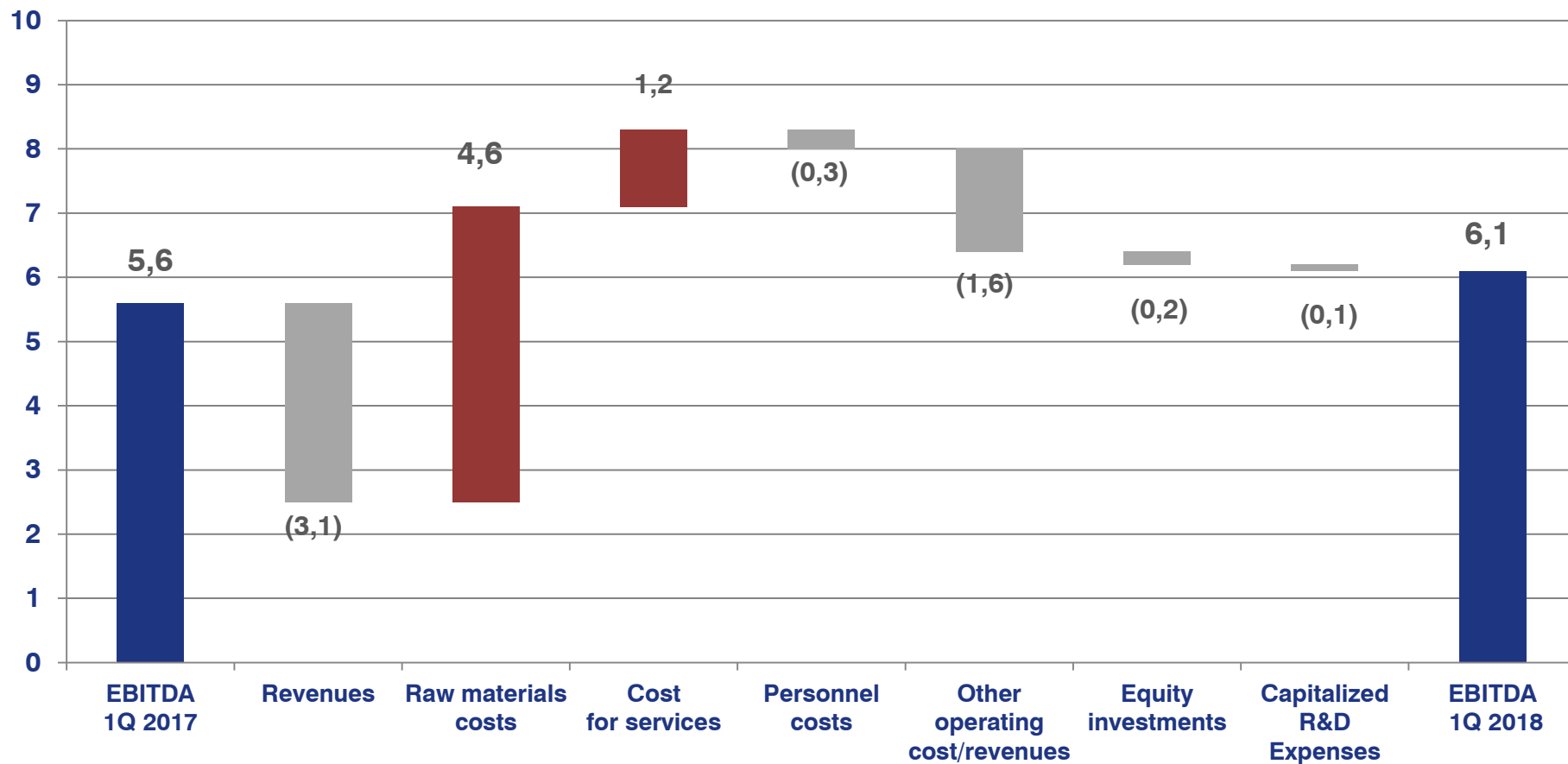


1Q 2017

Positive performance of trencher segment

1Q 2018

€ mln



1Q 2017

**Strong increase in marginality  
despite the rise of operative costs to support the growth**

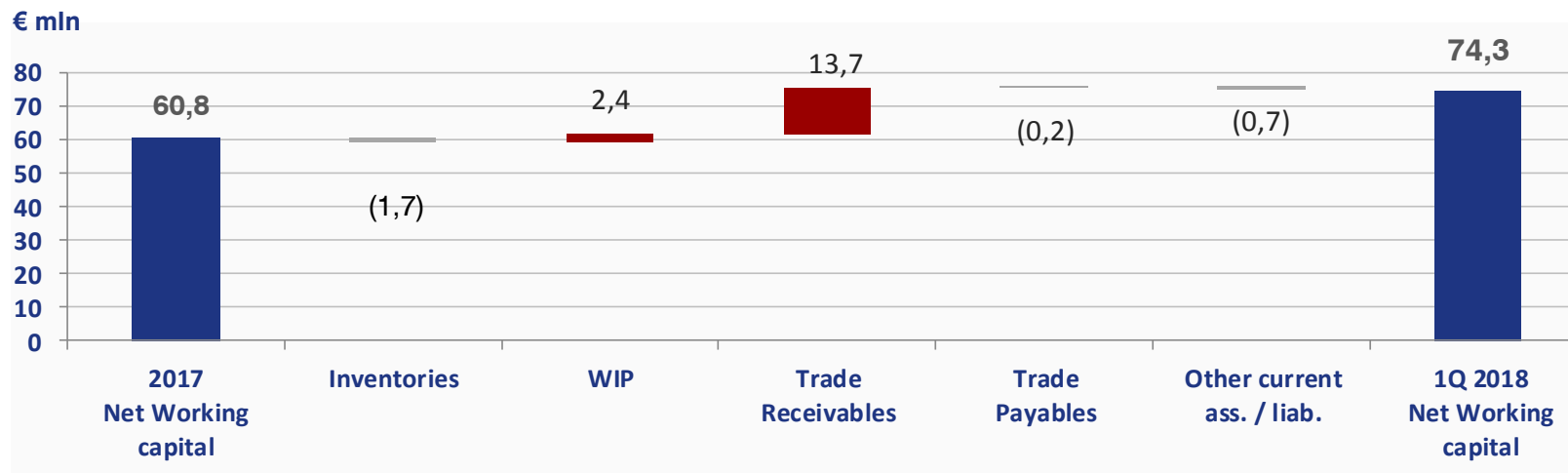
1Q 2018

<b>Financial Information</b> (€ mln)	<b>1Q 2018</b>	<b>2017</b>
Net Working Capital	74,3	60,8
Non Current assets	67,6	68,4
Other Long Term assets/liabilities	0,7	0,9
<b>Net Invested Capital</b>	<b>142,6</b>	<b>130,1</b>
Net Financial Indebtness	98,7	85,2
Equity	43,9	44,9
<b>Total Sources of Financing</b>	<b>142,6</b>	<b>130,1</b>

2017

Working capital impacts in Net Investing Capital

1Q 2018



€ Mln	1Q 2018	2017	Days 1Q 2018	Days 2017
Trade Receivables	53,6	39,9	103	82
Inventories	61,4	63,1	136	143
Work in progress contracts	9,1	6,8		
Trade Payables	(39,7)	(39,5)	-76	-81
Other Current Assets/(Liabilities)	(10,1)	(9,5)	-37	-41
<b>Net Working Capital</b>	<b>74,3</b>	<b>60,8</b>		

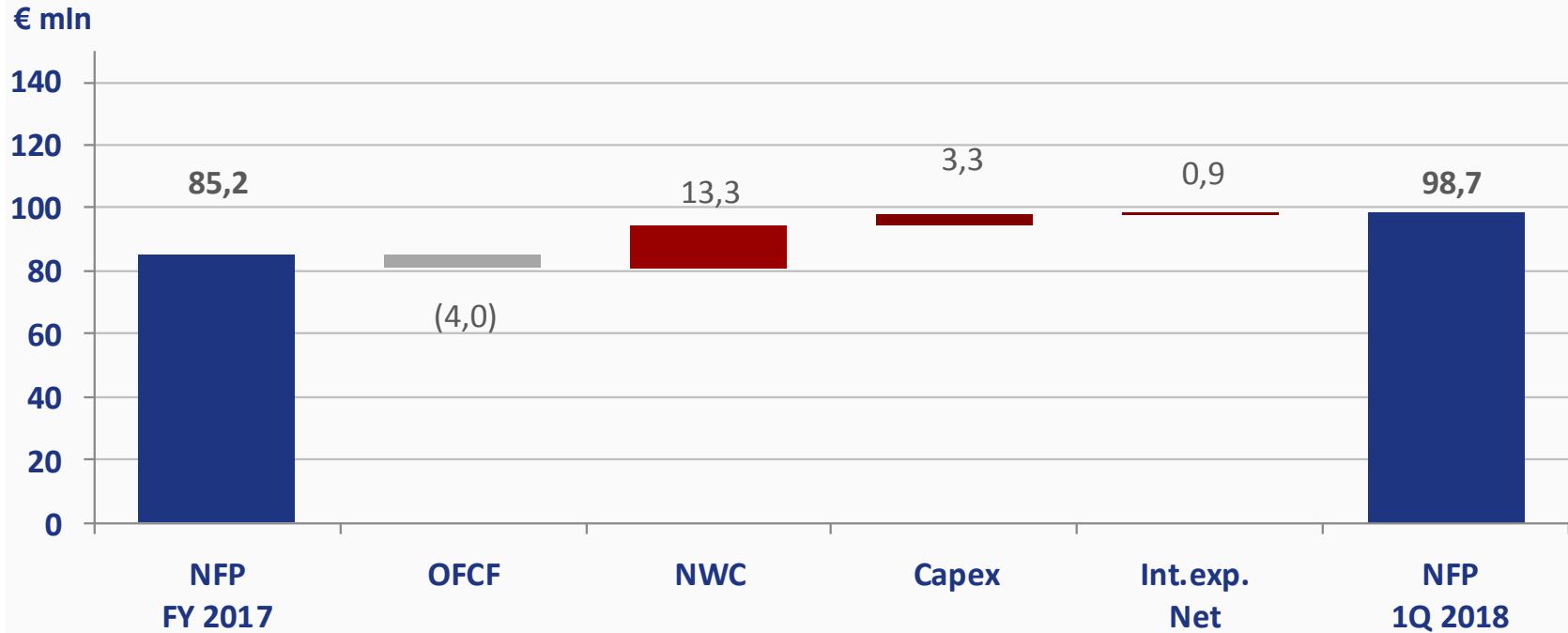
**2017**  
€ 60,8 mln

**Increase of trade receivables**  
**following sales closed at the end of the quarter**

**1Q 2018**  
€ 74,3 mln



## OPERATING NET FINANCIAL POSITION



2017

**Impact of NWC increase  
due to the traditional seasonality of the business  
Recovery in the following months**

1Q 2018

> Corporate Strategy

> 1Q 2018 Results

> **2018 Outlook**

## TREND

### BUSINESS



ENERGY: **Strong recovery** (new product, important tender for energy automation)

RAIL: **Strong increase:** new products and new manufacturing plant

TRENCHERS:

- > **Machines: new product launch** (Intermat exhibition)
- > **Service: new projects:**
  - cables, green energy
  - service: infrastructure projects (pipe& bulk)

## OUTLOOK

2Q 2018

### ECONOMICS



**1 Sales improvement** vs 1Q

**2 Increase EBITDA %**

**3 Positive Net Profit**

2018

### ECONOMICS & FINANCIALS



**1 2018 Sales:** target **exceeding 200 M€**

**2 EBITDA: improvement** due to better fixed costs absorption & efficiency in the business

**3 NFP:** improvement is expected thanks to the normalization of working capital & operating profitability

**4 Expected BACKLOG better than year end closing**

Profit & Loss Account (€ mln)	1Q 2018	1Q 2017	Delta vs 2017	Delta %
<b>Net Revenues</b>	<b>46,7</b>	<b>49,8</b>	<b>(3,1)</b>	<b>-6,1%</b>
Raw materials costs (-)	(19,8)	(24,4)	4,6	-18,7%
Cost for services (-)	(6,9)	(8,1)	1,2	-14,5%
Personnel Costs (-)	(11,5)	(11,2)	(0,3)	3,3%
Other operating revenues/costs (+/-)	(3,9)	(2,3)	(1,6)	74,3%
Portion of gain/(losses) from equity investments evaluated using the equity method	0,1	0,3	(0,2)	-79,2%
Capitalized R&D expenses	1,4	1,5	(0,1)	-1,8%
<b>Total operating costs</b>	<b>(40,6)</b>	<b>(44,2)</b>	<b>3,6</b>	<b>-8,1%</b>
<i>% on Net Revenues</i>	<i>(87%)</i>	<i>(89%)</i>		
<b>EBITDA</b>	<b>6,1</b>	<b>5,6</b>	<b>0,5</b>	<b>8,0%</b>
<i>% on Net Revenues</i>	<i>13%</i>	<i>11%</i>		
Depreciation, amortization (-)	(3,3)	(3,1)	(0,2)	6,5%
<b>EBIT</b>	<b>2,8</b>	<b>2,5</b>	<b>0,3</b>	<b>9,8%</b>
<i>% on Net Revenues</i>	<i>6%</i>	<i>5%</i>		
Net Financial Income/Expenses (+/-)	(1,5)	(1,5)	-	0,1%
Taxes (-)	(0,2)	(0,2)	-	-39,0%
Minorities	-	-	-	-101,6%
<b>Group Net Income (Loss)</b>	<b>1,1</b>	<b>0,8</b>	<b>0,3</b>	<b>35,6%</b>
<i>% on Net Revenues</i>	<i>2%</i>	<i>2%</i>		

Balance Sheet (€ mln)	1Q 2018	2017
Inventory	70,5	69,9
Accounts receivable	53,6	39,9
Accounts payable (-)	(39,7)	(39,5)
<b>Op. working capital</b>	<b>84,4</b>	<b>70,3</b>
Other current assets (liabilities)	(10,1)	(9,5)
<b>Net working capital</b>	<b>74,3</b>	<b>60,8</b>
Tangible assets	45,8	46,1
Intangible assets	18,0	18,3
Financial assets	3,7	4,0
<b>Fixed assets</b>	<b>67,5</b>	<b>68,4</b>
Net long term liabilities	0,8	0,9
<b>Net invested capital</b>	<b>142,6</b>	<b>130,1</b>
Cash & near cash items (-)	(15,8)	(21,5)
Short term financial assets (-)	(10,5)	(12,5)
Short term borrow ing	84,8	79,2
Medium-long term borrow ing	40,2	40,0
<b>Net financial position</b>	<b>98,7</b>	<b>85,2</b>
Equity	43,9	44,9
<b>Funds</b>	<b>142,6</b>	<b>130,1</b>

## Disclaimer

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 paragraph 2 of Article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this presentation corresponds to the document results, books and accounting records.

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