



# SPAFID CONNECT

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Oggetto : Tesmec S.p.A.: The Board of Directors  
approved First Half 2018 results

*Testo del comunicato*

Vedi allegato.



**THE BOARD OF DIRECTORS OF TESMEC S.P.A. APPROVED THE INTERIM CONSOLIDATED FINANCIAL REPORT AS AT 30 JUNE 2018 THAT RECORDED AN INCREASE IN THE NET PROFIT**

**Main consolidated Results of first half of 2018 (vs first half of 2017):**

- **Revenues: Euro 91.1 million** (in line with revenues as at 30 June 2017 and **+2.0%** at constant currencies);
- **EBITDA<sup>1</sup>: Euro 9.3 million** (**+7.1%** compared to Euro 8.7 million as at 30 June 2017);
- **EBIT: Euro 2.4 million** (**+18.1%** compared to Euro 2.0 million as at 30 June 2017);
- **Net Profit: Euro 0.5 million** (compared to net loss of Euro 1.8 million as at 30 June 2017);
- **Net Financial Indebtedness: Euro 92.1 million** (compared to Euro 85,2 million as at 31 December 2017 and with an improvement compared to Euro 98.7 million as at 31 March 2018);
- **Total Order Backlog: Euro 201.0 million** (**+10.4%** compared to Euro 182.0 million as at 30 June 2017).

Grassobbio (Bergamo - Italy), 3 August 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 today and chaired by Ambrogio Caccia Dominioni, examined and approved the **Interim Consolidated Financial Report as at 30 June 2018** that recorded a Net profit of Euro 0.5 million, with an improvement compared to 30 June 2017.

The **Chairman and CEO Ambrogio Caccia Dominioni** commented as follows: *"I am satisfied with the results of the first half, which are in line with our forecasts, but I believe it is necessary to further improve profitability. Growth prospects are confirmed in all three business sectors, also thanks to strategic international collaborations. There are important developments in the Railway segment both in Italy, where the main driver is the focus on safety, and abroad, where the Group is getting wide recognition thanks to its innovative working methodologies. The Trencher segment has a good balance in key markets, with growth estimations in the mining and tunneling industry. In the second part of 2018 an acceleration is expected in the Energy segment, thanks to innovative products in the Stringing segment and the development of new markets in the Automation segment"*.

**MAIN CONSOLIDATED RESULTS AS AT 30 JUNE 2018**

As at **30 June 2018**, Tesmec Group recorded consolidated **Revenues** of **Euro 91.1 million**, in line with the revenues recorded in the first half of 2017. The three business sectors contributed in different ways to this result, with a significant growth of the Railway segment.

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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.

Results as at 30 June (€ in thousands)	Revenues from sales and services		
	2018	2017	Change
<b>Energy</b>	<b>20,784</b>	<b>31,986</b>	<b>-35.0%</b>
<i>Effect on consolidated revenues</i>	22.8%	35.1%	
<b>Trencher</b>	<b>59,982</b>	<b>51,277</b>	<b>17.0%</b>
<i>Effect on consolidated revenues</i>	65.8%	56.3%	
<b>Railway</b>	<b>10,333</b>	<b>7,851</b>	<b>31.6%</b>
<i>Effect on consolidated revenues</i>	11.3%	8.6%	
<b>Consolidated</b>	<b>91,099</b>	<b>91,114</b>	<b>0.0%</b>

In detail, the **Revenues** in the **Railway segment** were **Euro 10.3 million** as at 30 June 2018, **with an increase of 31.6%** compared to Euro 7.8 million as at 30 June 2017. The growth is due to the technological development that the Group is carrying out in terms of Research & Development offering integrated solutions for railway catenary and to the phase of the production activities concerning the important orders at the end of 2016. The **Revenues** in the **Trencher segment** were **Euro 60.0 million** as at 30 June 2018, **with an increase of 17.0%** compared to Euro 51.3 million in the first half of 2017. The 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. In Kuwait, e.g. 12 Tesmec trenchers are working in several infrastructural projects. The **Energy segment**, instead, recorded **Revenues of Euro 20.8 million, with a decrease of 35.0%** compared to Euro 32.0 million as at 30 June 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.

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

As at 30 June 2018, the consolidated **EBITDA** amounted to **Euro 9.3 million, with an increase of 7.1%** compared to Euro 8.7 million as at 30 June 2017.

The **EBIT** of Tesmec Group as at 30 June 2018 amounted to **Euro 2.4 million, with an increase of 18.1%** compared to Euro 2.0 million as at 30 June 2017.

The **net financial income and expenses** of Tesmec Group in the first half 2018 amounted to **Euro 1.6 million**, compared to Euro 4.5 million as at 30 June 2017. This trend is mainly due to a better situation on the currency market.

Consolidated **Net Profit** of the Tesmec Group as at 30 June 2018 amounted to **Euro 0.5 million, with an improvement** compared to the net loss of Euro 1.8 million as at 30 June 2017.

The **net working capital** of the Tesmec Group as at 30 June 2018 was **Euro 64.9 million**, compared to Euro 66.0 million as at 30 June 2017.



The **Net Financial Indebtedness** of the Tesmec Group as at 30 June 2018 amounted to **Euro 92.1 million**, compared to Euro 85,2 million as at 31 December 2017 and with an improvement compared to Euro 98.7 million as at 31 March 2018.

As at 30 June 2018, the **Total Order Backlog** of Tesmec Group amounted to **Euro 201.0 million - Euro 28.0 million** of which refers to the **Energy segment, Euro 68.0 million** to the **Trencher segment** and **Euro 105.0 million** to the **Railway segment**, compared to Euro 182.0 million as at 30 June 2017.

## **BUSINESS OUTLOOK**

Based on the well balanced and geographically diversified total order backlog, revenues around 200 million euros are expected, with an increase in margins thanks to efficiency improvements in the several businesses and consequent better absorption of fixed costs. An improvement in the net financial position is expected thanks to the normalization of working capital and the improvement of the operating profitability.

In detail, a further growth in the Railway business is expected thanks to the new technological solutions in the catenary and diagnostic field which are starting to gain recognition on the international market as well as on the domestic one. A positive push should also come from the construction of the new production plant in Puglia, which should be fully operational from the fourth quarter of 2018. With reference to the Trencher segment, a strong increase in the mining and tunneling business is expected, particularly in Australia. There are good prospects also in the United States thanks to the restarting of works, especially in the pipeline segment. Furthermore, the digging solutions of the Group will be increasingly used both in infrastructure projects and in telecom and fiber optic projects. In the second part of the year, we expect a growth of the Energy sector compared to the first half thanks to the start of important international projects both in the Stringing segment and in the Automation segment.

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

Thanks to constant investments in Research & Development, since the **beginning of 2018** the Group has launched on the market an innovative range of stringing machines, characterized by a high level of digitization, reliability and special focus on the safety of the operator and the overall jobsite. New technologies have been introduced without compromising the solid tradition of quality and efficiency of Tesmec.

On **3 May 2018** the Board of Directors, after obtaining the favorable opinion of the Board of Statutory Auditors, appointed **Gianluca Casiraghi** as new **Chief Financial Officer and Manager responsible for preparing the Company's Financial Statements**.

On **25 June 2018** Tesmec announces that, with reference to the contract N.61/2007 awarded in December 2016, the set-up of 2 vehicles equipped with hi-tech measuring systems has been agreed with RFI - Rete Ferroviaria Italiana, the company of the Ferrovie dello Stato Italiane Group responsible for management of the whole national rail network. This investment is aimed at improving the control and maintenance of the national rail network.



On **2<sup>nd</sup> July 2018** Tesmec Group signed a master JV agreement with the company Saba Group International General Trading and Contracting Co to jointly manage the excavation works in Kuwait. The South Al Mutlaa Project - Phase 2 is the first started project with a value of around Euro 5.35 million. The role of Tesmec, of around Euro 3 million, includes the rental of the trenchers, the supply of spare parts and the support for the execution activities by the Group high specialized personnel.

On **27 July 2018** Tesmec successfully completed today the placement with the professional investors of the bond loan "Tesmec S.p.A. 4.75% 2018-2024 " for a nominal amount of Euro 10 million. The Bond Loan, placed by Banca Finint, will expire on 30 June 2024, it has a fixed rate of 4.75% with a six-monthly coupon and amortizing reimbursement with a two-year pre-amortization period. The Company has reserved the right, to be exercised by 31 December 2018, to increase the nominal value of the Bond Loan up to a maximum of Euro 15,000,000.

On **30 July 2018** Tesmec was awarded, via the subsidiary Tesmec Service, a contract in France in the railway business with a value for the Group of Euro 14.25 million. Tesmec Group will design of the railcars and define the working methodology for the RC2 consortium consisting of TSO, Mobility, ETF and Setec Ferroviaire, four of the most important French contractors in the sector, winner of the project, as well as it will supply a fleet of 9 vehicles. The final customer is SNCF - Société Nationale des Chemins de fer Français, which assigned the work of regeneration of the railway catenary between the stations of Paris Austerlitz and Bretigny sur Orge, on line C of the RER network. Works will start in January 2020 and will end in December 2023.

From **August 3, 2018**, Marco Paredi acts as Investor Relations Manager of the Company.

#### **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.

#### **Conference Call**

***At 2:30 PM (CET) – 1:30 PM BST, Friday 3rd August 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 half 2018 to the financial community during a conference call.***

***To participate, you are kindly requested to call this number:***

<b>from Italy:</b>	<b>+39 02 805 88 11</b>
<b>from UK:</b>	<b>+44 121 281 8003</b>
<b>from Germany:</b>	<b>+49 69 255 11 4451</b>
<b>from France:</b>	<b>+33 170918703</b>
<b>from Switzerland:</b>	<b>+41 225954727</b>
<b>from USA:</b>	<b>+1 718 7058794</b>

***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, Gianluca Casiraghi, 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 financial report as at 30 June 2018 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:**

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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 800 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 30 June 2018.**



## Tesmec Group reclassified consolidated income statements

<i>(€ in thousands)</i>	30 June	
	2018	2017
<b>Revenues</b>	<b>91,099</b>	<b>91,114</b>
Total operating costs	(88,737)	(89,114)
<b>Operating Income</b>	<b>2,362</b>	<b>2,000</b>
Proventi / (Oneri) finanziari netti	(1,612)	(1,286)
Foreign exchange gains/losses	18	(3,301)
Share of profit / (loss) of associates and joint ventures	18	40
<b>Income before tax</b>	<b>786</b>	<b>(2,547)</b>
<b>Net income for the period</b>	<b>535</b>	<b>(1,798)</b>
<b>EBITDA</b>	<b>9,325</b>	<b>8,708</b>
<b>EBITDA (% on Revenues)</b>	<b>10.2%</b>	<b>9.6%</b>



## Tesmec Group reclassified consolidated statements of financial position

<i>(€ in thousands)</i>	30 June 2018	31 December 2017
Non-current assets	81,135	79,183
Current assets	162,532	154,006
<b>Total assets</b>	<b>243,667</b>	<b>233,189</b>
Non-current liabilities	51,279	49,987
Current liabilities	148,022	138,370
<b>Total liabilities</b>	<b>199,301</b>	<b>188,357</b>
Equity	44,366	44,832
<b>Total equity and liabilities</b>	<b>243,667</b>	<b>233,189</b>





## Tesmec Group reclassified consolidated cash flow statements

<i>(€ in thousands)</i>	30 June	
	2018	2017
Net cash provided/(used) by operating activities (A)	2,912	(13,320)
Net cash provided/(used) by investing activities (B)	(3,232)	(10,201)
Net cash provided/(used) by financing activities (C)	(4,486)	1,217
<b>Increase / (decrease) in cash and cash equivalents (D=A+B+C)</b>	<b>(4,806)</b>	<b>4,336</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)	29	(256)
<b>Total cash and cash equivalents at end of the period (G=D+E+F)</b>	<b>16,710</b>	<b>22,581</b>



## Tesmec Group other consolidated financial information

(€in thousands)	<u>30 June 2018</u>	<u>31 December 2017</u>
Net working capital <sup>2</sup>	64.859	60.806
Non-current assets	69.740	68.386
Other Non-current assets and liabilities	1.908	913
<b>Net invested capital <sup>3</sup></b>	<b><u>136.507</u></b>	<b><u>130.105</u></b>
Net financial indebtedness <sup>4</sup>	92.141	85.273
Equity	44.366	44.832
<b>Total equity and net financial indebtedness</b>	<b><u>136.507</u></b>	<b><u>130.105</u></b>

<sup>2</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>3</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>4</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.1155-32

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