

> **Corporate Strategy**

> 1H 2018 Results

> 2018 Outlook

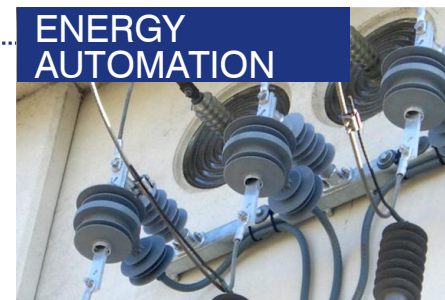
STRINGING



- > 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

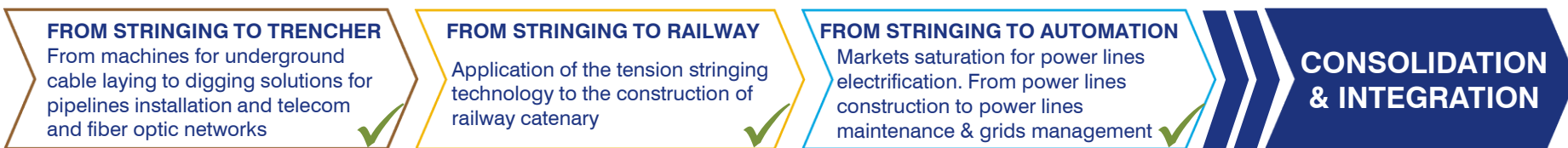
TESMEC

“ 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

THE ORIGINS

PIONEER in stringing solutions

SATISFY MARKET TREND: UNDERGROUND CIVIL INFRASTRUCTURES

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

INCREASE GROUP'S REPUTATION ON THE MARKET as guarantee of transparency
ENTRY IN THE ITALIAN STOCK EXCHANGE (STAR Segment)

SATISFY THE GROWTH IN THE SECTOR OF POWER GRIDS

Key Investments & company acquisitions to complete the portfolio of solutions

FACE THE NEW CHALLENGES: RENEWABLE ENERGY



1951

RESEARCH COMMITMENT

EDISON PATENT for the new hydraulic tension stringing system

1984

SUSTAIN THE INTERNATIONALISAZION GROWTH PHASE

Expansion of products range through key partnership

2010

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

Both catenary construction and maintenance and special application

2015

NEW STRATEGIC MARKETS: 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

2017

NEW ORGANISATION

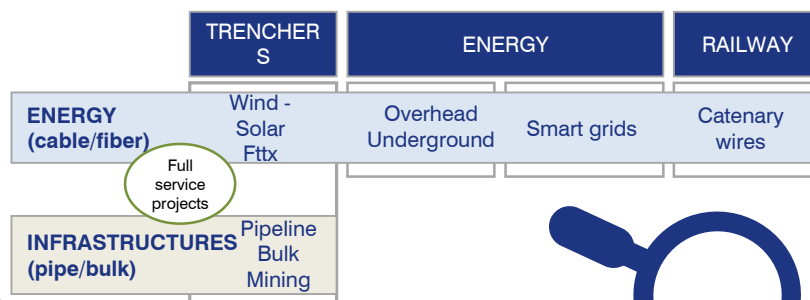
4 Business Units

2018-2020

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



- NEW PRODUCTS
- NEW BUSINESS MODELS
- NEW ORGANIZATION PROCESSES
- NEW CERTIFICATIONS

MANUFACTURER

Equipment, Machines, Tools

Past

TIME

> Corporate Strategy

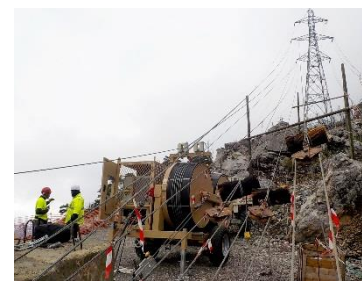
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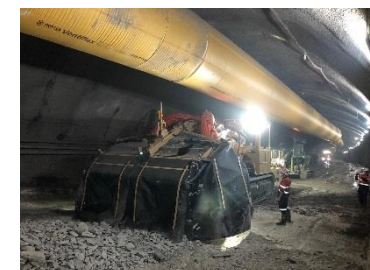
ENERGY

- ✓ Launch of the digital machine range: Solutions 4.0
- ✓ Opportunities in Russia
- ✓ Growth of USA & Latam markets



TRENCHER

- ✓ USA: Pipelines
- ✓ Kuwait: multiple projects (housing)
- ✓ Mining
- ✓ Tunneling



RAILWAY

- ✓ Safety: driver for technological solutions development
- ✓ France: SNCF RER line C project
- ✓ Diagnostic vehicles prototypes



	1H 2018	AFTER 1H 2018
PUGLIA PROJECT	<ul style="list-style-type: none"> ✓ New railway hub 	<ul style="list-style-type: none"> ✓ New plant SOP ✓ R&D projects on going
FINANCE	<ul style="list-style-type: none"> ✓ Buy back from SIMEST for T.USA 	<ul style="list-style-type: none"> ✓ Mini Bond ✓ New opportunities Australia – South Africa

» SOLUTIONS FOR SMART GRID MAINTENANCE AND MANAGEMENT

- **Digital product line:**
 - ✓ Full interconnected equipment
 - ✓ Real time data management
- **Innovative methodologies for grid maintenance & disaster recovery:**
 - ✓ CPS: new refurbishment solution to reduce the power outage
 - ✓ Helicopter conductor stringing system
- **Enlargement of market segments:**
 - ✓ Transmission
 - ✓ Distribution
 - ✓ Underground



» From equipment manufacturer to integrated solutions provider for the grids of tomorrow

Recognized innovation player thanks to big investments in R&D

» SOLUTIONS FOR SMART GRID MAINTENANCE & MANAGEMENT

- Certification of new developments for enabling the start up of sales for local & international markets
- Technological leadership recognized by key market players for sensing, metering, protection, communication and control applications
- Performance improvement through customized solutions both on sensors and protections
- Target markets: Italy, North Africa, CIS Countries, South America



» From devices manufacturer to integrated solutions provider for the grids of tomorrow

Become a recognized innovation player through collaborations & participation to technological projects

»» INTEGRATED SOLUTION PROVIDER IN DIFFERENT INDUSTRIES

- Complete offer:
 - **Innovative equipment**
 - **Advanced services**
 - **Digital know how**

- **Diversified applications and new activities:**
 - Mining
 - Tunneling
 - Civil infrastructures
 - Construction
 - Pipeline
 - FTTH
 - Energy cable laying



»» Integrated value proposition

Wide range of competences and expertise in growing market segments

» SOLUTION PROVIDER IN A STRATEGIC COUNTRY: KUWAIT



- The Government of Kuwait is investing large resources, which will amount to over USD 28 billion by 2020, for the development of numerous infrastructure projects (housing, pipeline...)
- Projects portfolio:
 - South Al Mutlaa: Phase 1
 - South al Mutlaa: Phase 2
 - Lowers Fars Heavy Oil Development Project

» 12 trenchers working in several infrastructure projects

Competitive advantage:
supply of a complete package of solutions to guarantee the high efficiency, not only high-tech products, but also service activities (assistance, maintenance, customer support)

» NEW TECHNOLOGICAL DEVELOPMENTS



- **SAFETY** and **QUALITY**: drivers
- Advanced **certified** vehicles in compliance with the latest EU Standards
- Selected partners: integration with complementary technologies



HIGH VALUE FOR CUSTOMERS



From construction & maintenance working car to **complete railway systems for track and catenary diagnostic**

GROUP (€ mln)	1H 2018	1H2017	Delta %
REVENUES	91,1	91,1	0%*
EBITDA	9,3	8,7	7,1%
% on Revenues	10,2%	9,6%	
EBIT	2,4	2,0	18,1%
% on Revenues	2,6%	2,2%	
Differences in Exchange	0,0	(3,1)	100,0%
% on Revenues	0,0%	3,6%	
PROFIT (LOSS) BEFORE TAX	0,8	(2,5)	130,9%
% on Revenues	0,9%	-2,8%	
NET INCOME/(LOSS)	0,5	(1,8)	129,8%
% on Revenues	0,6%	-2,0%	



ENERGY	1H2018	1H2017	Delta %
Revenues	20,8	32,0	-35,0%
EBITDA	2,6	5,6	-53,9%
% on Revenues	12,3%	17,3%	



TRENCHERS	1H2018	1H2017	Delta %
Revenues	60,0	51,3	17,0%
EBITDA	5,2	2,0	156,2%
% on Revenues	8,7%	4,0%	

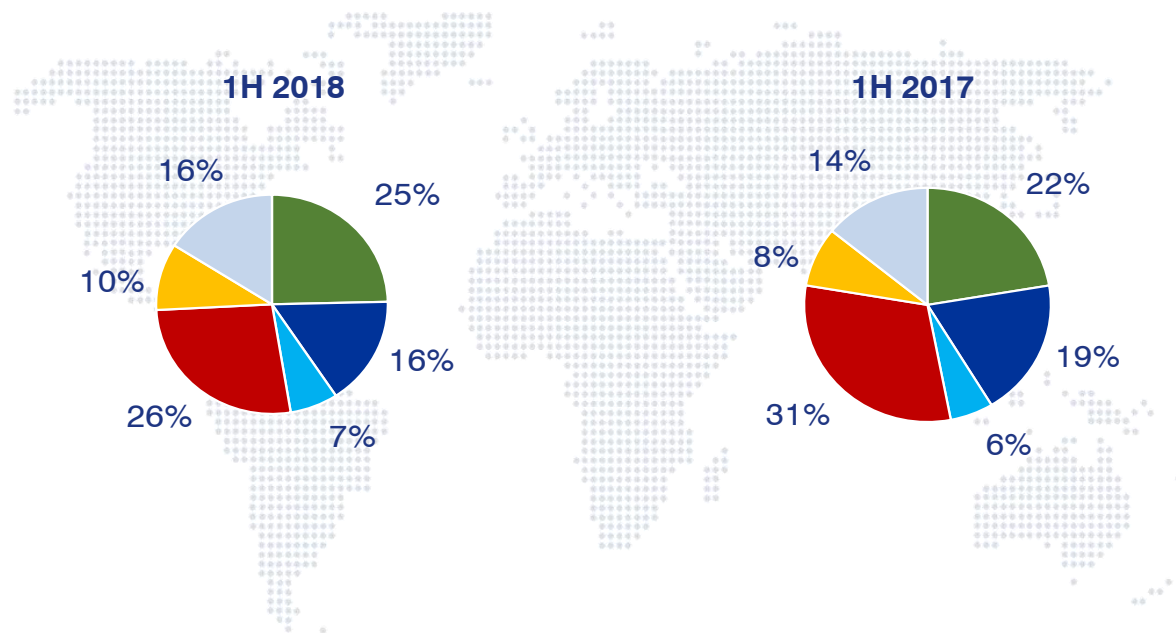


RAILWAY	1H2018	1H2017	Delta %
Revenues	10,3	7,8	31,6%
EBITDA	1,6	1,1	37,5%
% on Revenues	15,1%	14,4%	

GROUP (€ mln)	1H 2018	1H 2017	Delta %
NFP	92,1	91,5	-0,7%

* + 2% at constant currencies

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



ITALY: impact of railway business

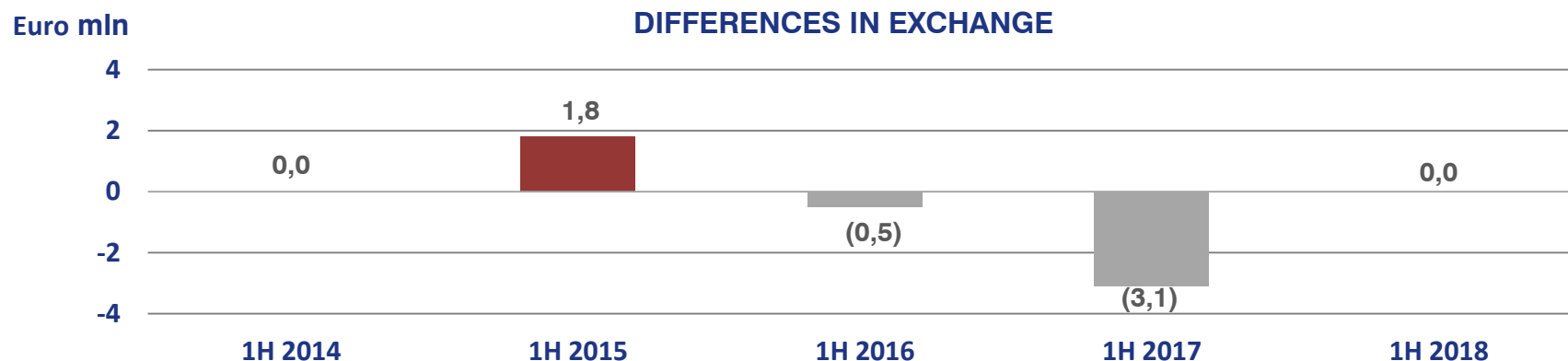


EU: Trencher calendarization in France (no Marais)



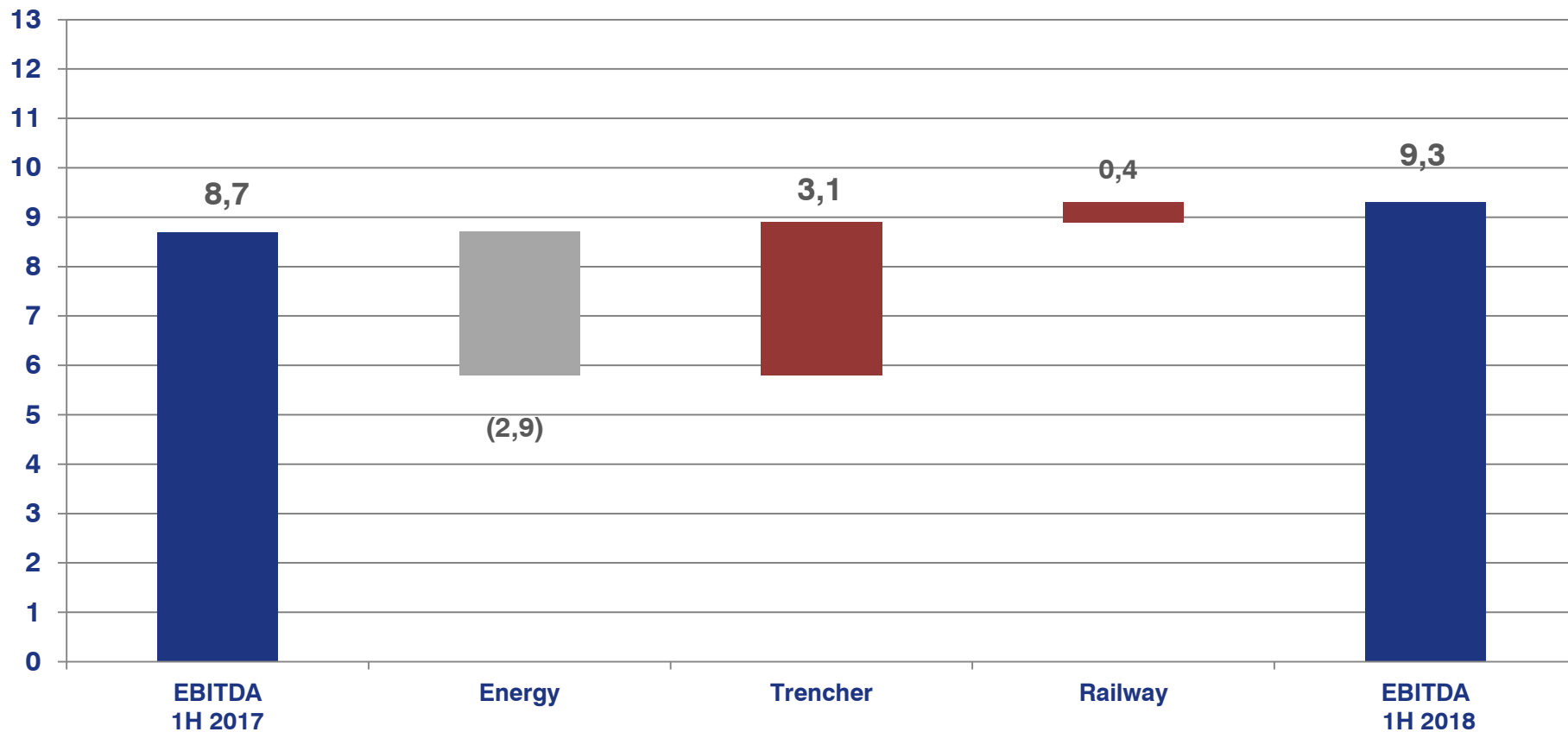
BRICs: Indonesia order non recurring in 2017





GROUP (Euro mln)	1H 2018	1H 2017	1H 2016
Differences in Exchange	0,0	(3,1)	(0,5)
<i>of which:</i>			
<i>Realised</i>	<i>(0,1)</i>	<i>(0,1)</i>	<i>(0,1)</i>
<i>Unrealised</i>	<i>0,1</i>	<i>(3,0)</i>	<i>(0,4)</i>
Differences in Exchange for currency:			
USD	0,5	(2,2)	(1,0)
ZAR	(0,4)	(0,2)	0,2
IDR	-	(0,3)	-
OTHER	(0,1)	(0,4)	0,3
Total	0,0	(3,1)	(0,5)

€ mln



1H 2017

Positive performance of trencher segment

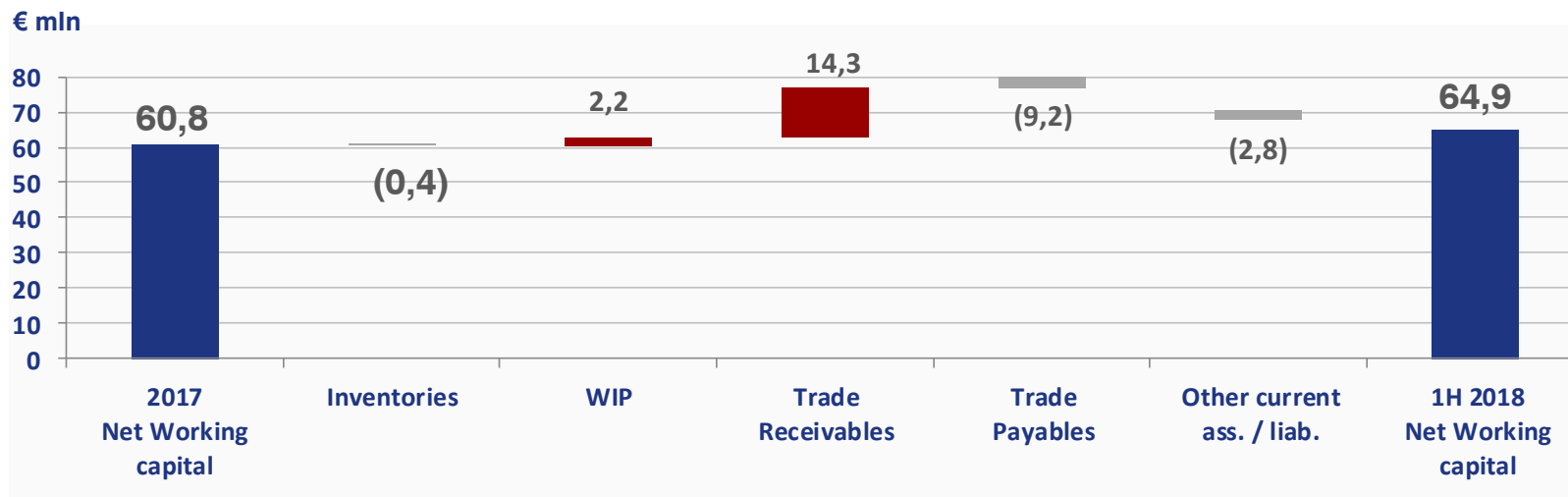
1H 2018

Financial Information (€ mln)	1H 2018	2017
Net Working Capital	64,9	60,8
Non Current assets	69,7	68,4
Other Long Term assets/liabilities	1,9	0,9
Net Invested Capital	136,5	130,1
Net Financial Indebtness	92,1	85,2
Equity	44,4	44,9
Total Sources of Financing	136,5	130,1

2017

Working capital impacts in Net Investing Capital

1H 2018



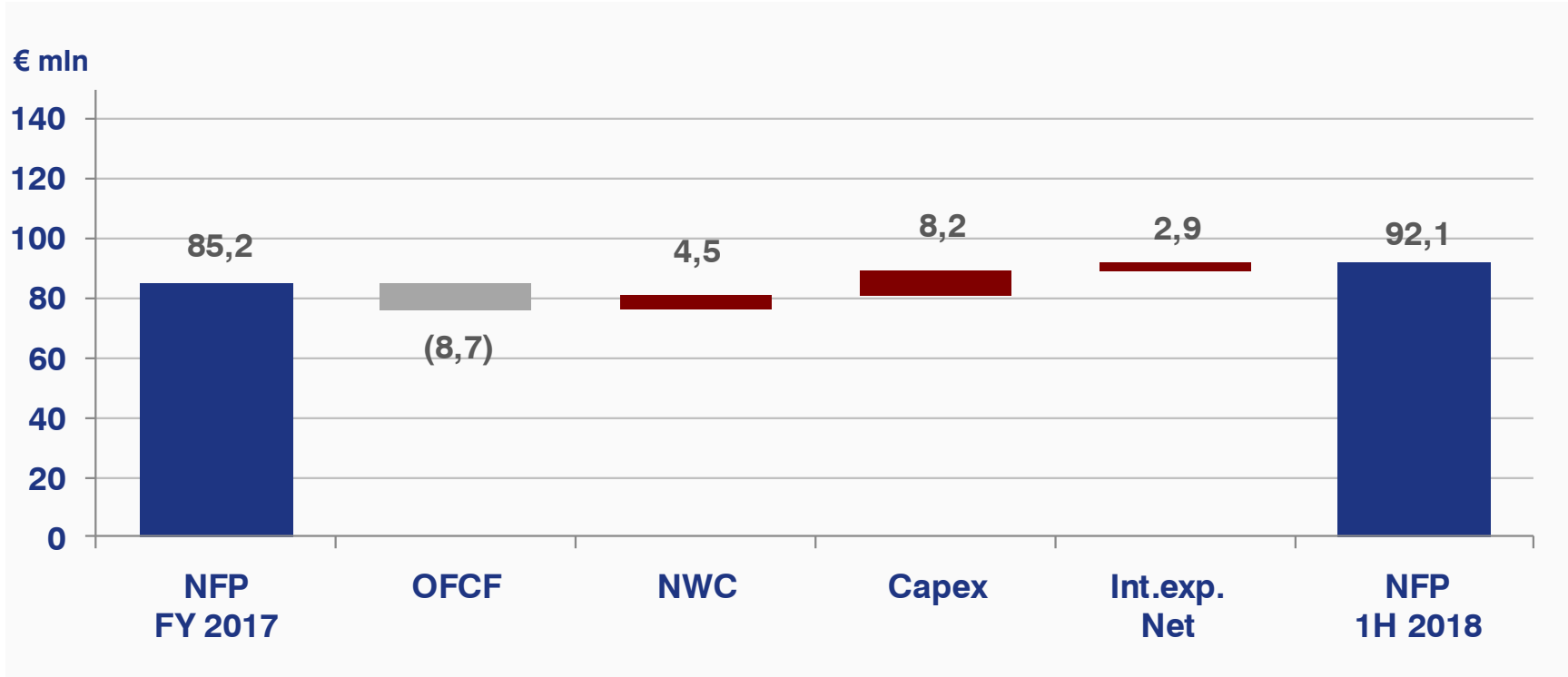
€ Mln	1H 2018	2017	Days 1H 2018	Days 2017
Trade Receivables	54,2	39,9	107	82
Inventories	62,7	63,1	142	143
Work in progress contracts	9,0	6,8		
Trade Payables	(48,7)	(39,5)	-96	-81
Other Current Assets/(Liabilities)	(12,3)	(9,5)	-46	-41
Net Working Capital	64,9	60,8		

2017
€ 60,8 mln

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

1H 2018
€ 64,9 mln

OPERATING NET FINANCIAL POSITION



2017

Impact of NWC increase due to the traditional seasonality of the business and the CAPEX for the Puglia Project
Improvement in the following months

1H 2018

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TREND

DEFLATION → CONTROLLED INFLATION Raw material cost increase and slow deliveries.

BUSINESS



ENERGY

AUTOMATION:

- ✓ Certified R&D solutions
- ✓ Development in foreign markets (Russia)

STRINGING:

- ✓ Recovery for new products
- ✓ Recovery for expected project in North and South America

RAILWAY

Integrated solutions:

- ✓ Catenary: new working methodology

- ✓ Diagnostics applications

TRENCHERS

- ✓ Strong increase in mining projects
- ✓ Good balance in key markets
- ✓ Italy: RH pilot

OUTLOOK

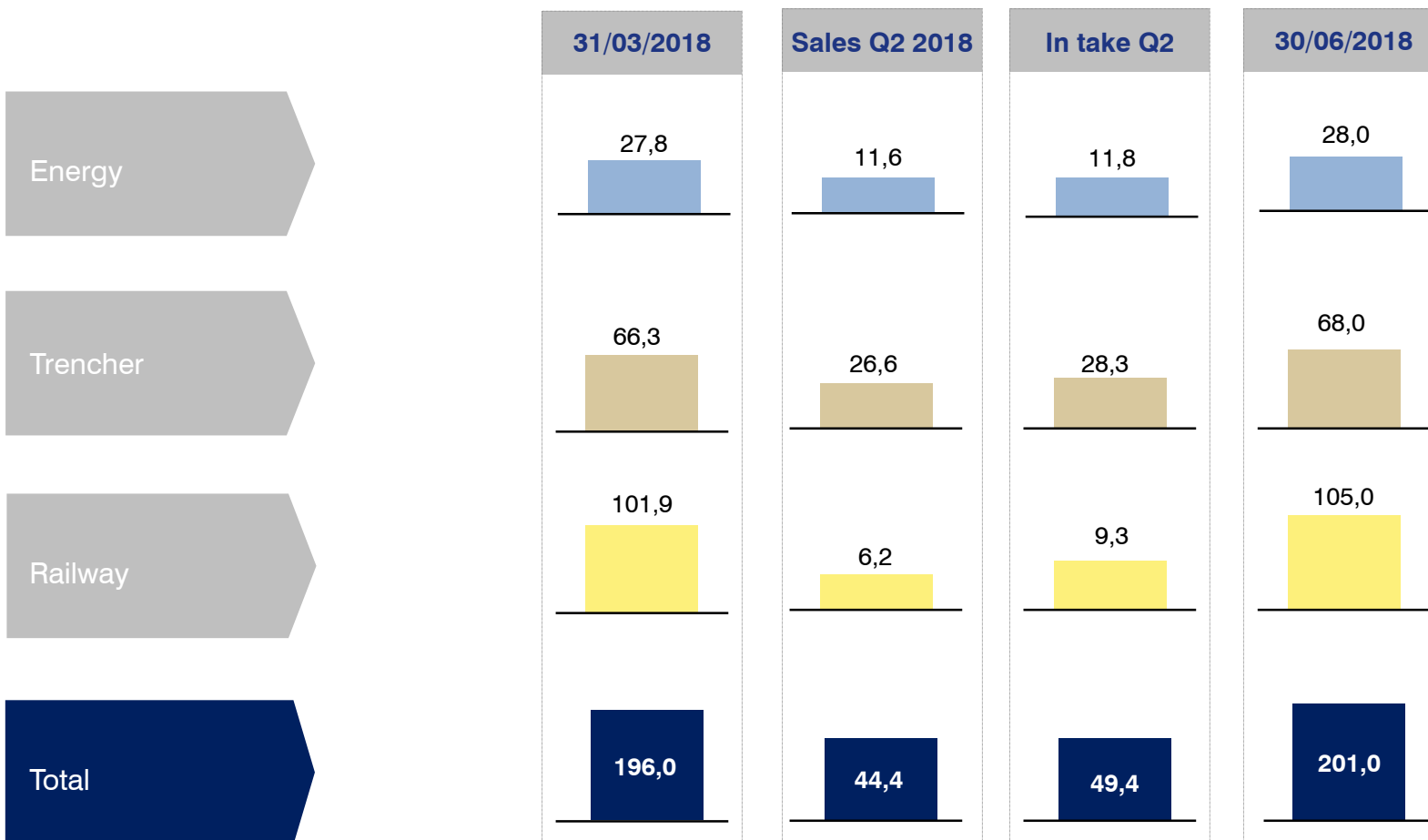
ECONOMICS & FINANCIALS



- 1 Sales:** target around 200 M €
- 2 EBITDA % improvement** due to better fixed costs absorption & efficiency in the business
- 3 Positive Net Profit**
- 4 NFP:** improvement is expected thanks to the normalization of working capital & operating profitability
- 5** Expected **BACKLOG better than 2018.1H**
- 6 Strong productivity recovery** in 2H vs 1H
- 7 Efficiency recovery**

Euro/mlin

BACKLOG



Profit & Loss Account (€ mln)	1H 2018	1H 2017	Delta vs 2017	Delta %
Net Revenues	91,1	91,1	-	0,0%
Raw materials costs (-)	(39,3)	(41,5)	2,2	-5,3%
Cost for services (-)	(15,4)	(15,6)	0,2	-0,5%
Personnel Costs (-)	(24,5)	(23,7)	(0,8)	3,0%
Other operating revenues/costs (+/-)	(5,8)	(4,5)	(1,3)	26,0%
Portion of gain/(losses) from equity investments evaluated using the equity method	0,1	0,1	-	-51,1%
Capitalized R&D expenses	3,1	2,8	0,3	9,7%
Total operating costs	(81,8)	(82,4)	0,6	-0,7%
<i>% on Net Revenues</i>	<i>(89,8%)</i>	<i>(90,5%)</i>		
EBITDA	9,3	8,7	0,6	7,1%
<i>% on Net Revenues</i>	<i>10,2%</i>	<i>9,5%</i>		
Depreciation, amortization (-)	(6,9)	(6,7)	(0,2)	3,8%
EBIT	2,4	2,0	0,4	18,1%
<i>% on Net Revenues</i>	<i>2,6%</i>	<i>2,2%</i>		
Net Financial Income/Expenses (+/-)	(1,6)	(4,6)	3,0	65,2%
Taxes (-)	(0,3)	0,8	(1,1)	-133,5%
Minorities	-	-	-	-97,5%
Group Net Income (Loss)	0,5	(1,8)	2,3	129,8%
<i>% on Net Revenues</i>	<i>0,5%</i>	<i>-2,0%</i>		

Balance Sheet (€ mln)	1H 2018	2017
Inventory	71,7	69,9
Accounts receivable	54,2	39,9
Accounts payable (-)	(48,7)	(39,5)
Op. working capital	77,2	70,3
Other current assets (liabilities)	(12,3)	(9,5)
Net working capital	64,9	60,8
Tangible assets	48,2	46,1
Intangible assets	17,8	18,3
Financial assets	3,7	4,0
Fixed assets	69,7	68,4
Net long term liabilities	1,9	0,9
Net invested capital	136,5	130,1
Cash & near cash items (-)	(16,7)	(21,5)
Short term financial assets (-)	(7,7)	(12,5)
Short term borrow ing	74,8	79,2
Medium-long term borrow ing	41,7	40,0
Net financial position	92,1	85,2
Equity	44,4	44,9
Funds	136,5	130,1

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