| Informazione Regolamentata n. 1155-36-2018 | Data/Ora Ricezione 31 Ottobre 2018 13:12:08 | MTA - Star |
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| Identificativo Informazione Regolamentata | : | 110073 |
| Nome utilizzatore | : | TESMECN05 - Turani |
| Tipologia | : | REGEM |
| Data/Ora Ricezione | : | 31 Ottobre 2018 13:12:08 |
| Data/Ora Inizio Diffusione presunta | : | 31 Ottobre 2018 13:12:09 |
| Oggetto | : | Tesmec - The BoD approved the Interim consolidated financial report as at 30 September 2018 |

*Testo del comunicato*

Vedi allegato.

**TESMEC S.P.A.: THE BOARD OF DIRECTORS APPROVED THE INTERIM CONSOLIDATED FINANCIAL REPORT AS AT 30 SEPTEMBER 2018 THAT HIGHLIGHTED A GROWTH CONSOLIDATION, AN IMPROVEMENT OF THE NET RESULT, A POSITIVE EBITDA BUT AFFECTED BY THE IMPACT OF THE EXTRA COSTS ARISEN FROM THE AUSTRALIAN ACTIVITIES DURING THE QUARTER AND A STRONG INCREASE OF THE ORDER BACKLOG.**

**Main consolidated results as at 30 September 2018 (vs the first nine months of 2017):**

- **Revenues: Euro 140.5 million** (+**6.3%** compared to Euro 132.1 as at 30 September 2017 and +**8.1%** at constant currencies);
- **EBITDA[1]: Euro 12,2 million** (**-9,9%** compared to Euro 13,6 million as at 30 September 2017). Without considering the extra costs related to the Australian jobsites, EBITDA would have been about **Euro 16.0 million, 11.4%** on revenues, in line with the Group expectations;
- **EBIT: Euro 1.4 million** (**-53,6%** compared to Euro 3.1 million as at 30 September 2017);
- **Net profit: negative Euro 0.7 million (+61.1%** compared to net loss of Euro 1.8 million as at 30 September 2017);
- **Net financial indebtedness: Euro 92.9 million** (compared to Euro 85.2 million as at 31 December 2017 and compared to Euro 93.5 million as at 30 September 2017);
- **Total order backlog: Euro 206.0 million** (+**16.4%** compared to Euro 177.0 million as at 30 September 2017).

*Grassobbio (Bergamo - Italy), 31 October 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 September 2018**, that recorded an increase in revenues, an improvement of the net financial position and EBITDA affected by extra costs arisen and defined in the third quarter and related to the management of the Australian jobsites.

The **Chairman and CEO Ambrogio Caccia Dominioni** commented as follows: *"Even if I am satisfied with the increase in turnover, the reduction in the net loss compared to the previous year and the improvement in the net financial position, the Group slowed its recovery in terms of profitability due to the extra-costs arisen in the Australian jobsites, managed by Marais Laying Technologies, a subsidiary of Groupe Marais. Tesmec, therefore, took directly the management of the activities in Australia, implementing actions aimed at improving its performance and it also appointed a new General Manager of the Marais Group, Alfred Meguerdidjian, from 21 September 2018. In any case, we confirm our targets in the last quarter both in terms of turnover and in terms of margins. In particular, the marginality will not be further affected by the management of the Australian jobsites since they are close to completion*".

[1] 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 30 SEPTEMBER 2018

As at **30 September 2018**, Tesmec Group recorded consolidated **Revenues** of **Euro 140.5 million**, with an increase of 6.3% compared to Euro 132.1 million as at 30 September 2017 and of 8.1% at constant currencies. The three business sectors contributed in different way to this result, with a significant growth of the Railway segment.

| **Results as at 30 September** | **Revenues from sales and services** | | |
|---|---|---|---|
| **(Euro in thousands)** | **2018** | **2017** | **Variation** |
| ***Energy*** | **30,200** | **44,839** | ***-32.6%*** |
| *Effect on Consolidated Revenues* | *21.5%* | *33.9%* | |
| ***Trencher*** | **94,157** | **76,083** | ***+23.8%*** |
| *Effect on Consolidated Revenues* | *67.0%* | *57.6%* | |
| ***Railway*** | **16,136** | **11,212** | ***+43.9%*** |
| *Effect on Consolidated Revenues* | *11.5%* | *8.5%* | |
| **Consolidated** | **140,493** | **132,131** | ***+6.3%*** |

In detail, the **Revenues** in the **Energy segment** were **Euro 30.2 million** as at 30 September 2018, **with a decrease of 32.6%** compared to Euro 44.8 million as at 30 September 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. The **Revenues** in the **Trencher segment** were **Euro 94.2 million**, **with an increase of 23.8%** compared to Euro 76.1 million as at 30 September 2017. The strong growth of the segment was balanced in all the several businesses of the Group; particular importance must however be attributed to the performance of the US market, whose revenues amounted to USD 14 million only in the third quarter. The **Railway segment**, instead, recorded Revenues of **Euro 16.1 million** as at 30 September 2018, **with an increase of 43.9%** compared to Euro 11.2 million as at 30 September 2017. The improvement is due to the delivery of maintenance vehicles and to the technological development that the Group is carrying out in terms of Research & Development.

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

As at 30 September 2018, **consolidated EBITDA** amounted to **Euro 12.2 million, with a decrease of 9.9%,** compared to 13.6 million as at 30 September 2017, due to the extra costs arisen in the third quarter related to Australian jobsites and that affected the margin by about Euro 4 million. Without considering these extra costs, the EBITDA would have been about **Euro 16.0 million, 11.4%** on revenues, in line with the Group expectations. All the necessary measures have been taken by the Company to improve the jobsites management (which are close to the completion) and that no additional extra costs will emerge in the fourth quarter 2018.

The **EBIT** of Tesmec Group as at 30 September 2018 was **Euro 1.4 million**, **with a decrease of 53.6%** compared to 3.1 million as at 30 September 2017.

In first nine months of 2018, the **Net Financial Income and Expenses** of the Tesmec Group were **Euro 2.8 million** compared to Euro 6.4 million recorded at 30 September 2017. This trend is mainly due to a better situation on the currency market.

The **consolidated net profit** as at 30 September 2018 was negative **Euro 0.7 million**, **with an improvement of 61.1%** compared to negative Euro 1.8 million recorded at 30 September 2017.

The **Net Working Capital** of the Tesmec Group as at 30 September 2018 was **Euro 64.8 million**, compared to Euro 60.8 million as at 31 December 2017.

The **Net Financial Indebtedness** of the Tesmec Group as at 30 September 2018 was **Euro 92.9 million** compared to Euro 85.2 million at 31 December 2017 and compared to Euro 93.5 million at 30 September 2017.

As at 30 September 2018, the **Total Order Backlog** of the Tesmec Group amounted to **Euro 206.0 million with an increase of 16.4%, Euro 31,0 million** of which refers to the **Energy** segment, **Euro 62.0 million** to the **Trencher** segment and **Euro 113.0 million** to the **Railway** segment - compared to Euro 177.0 million as at 30 September 2017.

**BUSINESS OUTLOOK**

Based on the well balanced and geographically diversified total order backlog, revenues around Euro 200 million are expected for the 2018 year end, a recovery in the quarter of the marginality and the confirm of net financial position improvement thanks to the normalization of working capital and the improvement of the operating profitability. The recovery of margins will not be enough to cover the extra costs related to the Australian orders, which have affected the result of the third quarter, but will guarantee a performance on an annual basis in line with the closing of the previous year.

In detail, the Railway business will record a further growth thanks to new orders related to the technological solutions in the field of catenary and diagnostics; it will be supported by the new production capacity provided by the new production plant in Puglia which has now reached full operation. With reference to the Trencher segment, a strong growth across the several sectors is expected, from the mining and tunneling business, particularly in Australia and Africa, development in the fiber and renewable energy industry and the confirmation of projects in the pipeline segment, particularly in the United States. In the last quarter we expect the improvement of the Energy sector driven by the start of important international projects in the Energy Automation segment; the Stringing segment will contribute as usually to the achievement of company targets, but with an outlook focused mainly on 2019.

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

On **2nd 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, expires 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 million.

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

On **26 October 2018**, Tesmec inaugurated the new production site in Monopoli (Bari), which will be the headquarters of the subsidiary Tesmec Rail and will have the goal of further strengthening the Group's activities in the railway business. The modern plant will be active in the design, prototyping and manufacturing of special railcars, in particular, of railway wagons for the installation and maintenance of railway catenary, multifunctional units, shunting locomotives and power units for passenger trains.

### Treasury Shares

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

**Conference Call**

***At 2:30 PM (CET) of today, Ambrogio Caccia Dominioni, Chairman and CEO of Tesmec S.p.A., and the Top Management of the Company will present the consolidated results for the first nine months of the year 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** |
| **from USA** | **+1 718 7058794** |

**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 and through publication on the company website 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 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.

**Attached below[2]:**

[2] Not subject to verification by the auditors

## Tesmec Group reclassified consolidated income statements

| *(€ in thousands)* | As at 30 September | |
|---|---|---|
| | **2018** | **2017** |
| **Revenues** | **140,493** | **132,131** |
| Total operating costs | (139,046) | (129,010) |
| **Operating Income** | **1,447** | **3,121** |
| Financial (income) / expenses | (2,489) | (6,466) |
| Foreign exchange gains/losses | (371) | (4.561) |
| Share of profit / (loss) of associates and joint ventures | 12 | 63 |
| **Income before tax** | **1,401** | **(3,282)** |
| **Net income for the period** | **(775)** | **(1,840)** |
| | | |
| **EBITDA** | **12,244** | **13,584** |
| **EBITDA (% on revenues)** | **8.7%** | **10%** |

## Tesmec Group reclassified consolidated statements of financial position

| *(€ in thousands)* | **30 September 2018** | **31 September 2017** |
|---|---|---|
| Non-current assets | 79,843 | 79,183 |
| Current assets | 173,250 | 154,006 |
| **Total assets** | **253,093** | **233,189** |
| Non-current liabilities | 59,677 | 49,987 |
| Current liabilities | 150,850 | 138,370 |
| Total liabilities | **210,527** | **188,357** |
| Equity | 42,566 | 44,832 |
| **Total equity and liabilities** | **253,093** | **233,189** |

## Tesmec Group other consolidated financial information

| *(€ in thousands)* | As at 30 September | |
|---|---|---|
| | **2018** | **2017** |
| Net cash provided/(used) by operating activities (A) | 5,221 | 14,441 |
| Net cash provided/(used) by investing activities (B) | (5,030) | (14,475) |
| Net cash provided/(used) by financing activities (C) | 1,997 | 3,837 |
| **Increase / (decrease) in cash and cash equivalents (D=A+B+C)** | **2,188** | **3,803** |
| **Cash and cash equivalents at the beginning of the period (F)** | **21,487** | **18,501** |
| Net effect of conversion of foreign currency on cash and cash equivalents (E) | 51 | (310) |
| **Total cash and cash equivalents at end of the period (G=D+E+F)** | **23,726** | **21,994** |

## Tesmec Group other consolidated financial information

| (€ in thousands) | AS at 30 September 2018 | As at 31 December 2017 |
|---|---|---|
| Net working capital [3] | 64,780 | 60,806 |
| Non current assets | 67,981 | 68,386 |
| Other Non current assets and liabilities | 2,669 | 913 |
| **Net invested capital [4]** | **135,430** | **130,105** |
| Net financial indebtedness [5] | 92,864 | 85,273 |
| Equity | 42,566 | 44,832 |
| **Total equity and net financial indebtedness** | **135,430** | **130,105** |

[3] 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.

[4] 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.

[5] 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 .

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|---|---|
| Fine Comunicato n.1155-36 | Numero di Pagine: 12 |