Informazione Regolamentata n. 1155-7-2019	Data/Ora Ricezione 05 Marzo 2019 13:18:57	MTA - Star

Societa'	:	TESMEC
Identificativo Informazione Regolamentata	:	114643
Nome utilizzatore	:	TESMECN03 - Turani
Tipologia	:	1.1
Data/Ora Ricezione	:	05 Marzo 2019 13:18:57
Data/Ora Inizio Diffusione presunta	:	05 Marzo 2019 13:18:58
Oggetto	:	Tesmec S.p.A.: The BoD approved draft Financial Statement at 31.12.2018 and Consolidated Financial Statement 31.12.2018

Testo del comunicato

Vedi allegato.

TESMEC S.P.A.: THE BOARD OF DIRECTORS APPROVES THE FINANCIAL STATEMENTS AND THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2018 WHICH RECORDED A GROWTH IN TURNOVER, A SHRINKING EBITDA, A POSITIVE NET RESULT AND STRONG IMPROVEMENT OF THE NET FINANCIAL POSITION.

Main consolidated results of the 2018 financial year (compared to 2017 financial year):

- **Revenues: Euro 194.6 million** (+**10.9%** compared to Euro 175.6 as at 31 December 2017 and +**11.8%** at constant currencies);
- **EBITDA Adj: Euro 21.0 million (1.3%** compared to Euro 20,7 million of EBITDA at 31 December 2017), which didn't include the non-recognition of the insurance reimbursement and non-recurring costs, but it included the extra-costs arising from the Australian jobsite in the third quarter;
- **EBITDA[1]: Euro 18.9 million** (**-8.6%** compared to Euro 20,7 million as at 31 December 2017);
- **Net profit: at Euro 44 thousand** (positive compared to net loss of Euro 1.4 million as at 31 December 2017) thanks to a better currency trend;
- **Net financial indebtedness: Euro 77.7 million** (compared to Euro 85.2 million as at 31 December 2017 and compared to Euro 92.9 million as at 30 September 2018 due to a better net working capital performance despite increase in capex;
- **Total order backlog: Euro 200.0 million** (**+2.6%** compared to Euro 195.0 million as at 31 December 2017).

Other resolutions:

- **The Shareholders' Meeting was convened on 16 April 2019 at the premises of Grassobbio**

Grassobbio (Bergamo - Italy), 5 March 2018 – The Board of Directors of **Tesmec S.p.A.** (MTA, STAR: TES), at the head of a leading group in the market of infrastructures for the transport and distribution of electrical power, data and material, convened today and chaired by Ambrogio Caccia Dominioni, examined and approved the **Financial Statements and the Consolidated Financial Statements as at 31 December 2018**, that recorded a growth in turnover, a positive net result and a strong improvement of the net financial position. The shrinking EBITDA is affected by extra costs and non-recurring costs mainly related to the insurance reimbursement not yet recorded in the financial statements in compliance with the accounting standard IAS 37.

The Chairman and CEO Ambrogio Caccia Dominioni commented as follows: C*onfirming what already announced with preliminary results, 2018 was an important year for the change of the Group governance structure. The main actions have been focused on the strengthen of the organization and control structure and on the development of new technological products in order to face 2020's challenges."*

[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 31 DECEMBER 2018

As at **31 December 2018**, Tesmec Group recorded consolidated **Revenues of Euro 194.6 million**, with an increase of 10.9% compared to Euro 175.6 million as at 31 December 2017 and of 11.8% at constant currencies. The three business sectors contributed in different way to this result, with a significant growth of the Railway and the Trencher segments.

Results as at 31 December	**Revenues from sales and services**		
(Euro in thousands)	**2018**	**2017**	**Variation**
Trencher	**125,454**	**106,047**	***+18.3%***
Effect on Consolidated Revenues	*64.5%*	*60.4%*	
Railway	**27,418**	**17,443**	***+57.2%***
Effect on Consolidated Revenues	*14.1%*	*9.9%*	
Energy	**41,739**	**52,069**	***-19.8%***
Effect on Consolidated Revenues	*21.4%*	*29.7%*	
Consolidated	**194,611**	**175,559**	***+10.9%***

In detail, the **Revenues** in the **Trencher segment** were **Euro 125.5 million**, **with an increase of 18.3%** compared to Euro 106.0 million as at 31 December 2017. The 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, the opening of the Kuwaiti market and the confirmation of the exponential growth of the controlled company Marais. The **Railway segment** recorded Revenues of **Euro 27.4 million** as at 31 December 2018, **with an increase of 57.2%** compared to Euro 17.4 million as at 31 December 2017. The improvement is due to the delivery of maintenance vehicles and to the achieved technological development. The revenues of **Energy segment**, instead, were **Euro 41.8 million** as at 31 December 2018, **with a decrease of 19.8%** compared to Euro 52.1 million as at 31 December 2017. The trend of the Energy segment is featured by a high volatility of the international demand and by the need of the market to warm up to the technological breakthrough in progress connected to the launch of new integrated solutions. It's pointed out, however, the positive performance of the Energy Automation Segment which recorded a growth thanks to the consolidation on the Italian market and developments on the Russian market, that generated Revenues amounted to Euro 9,5 million compared to Euro 6,1 million as at 31 December 2017.

In geographic terms, Tesmec Group continued to grow both in foreign markets, 2,5% and in Italy, in which the increase amounted to 46%, thanks to Energy and Railways segments.

The adjusted EBITDA amounted to **Euro 20.9 million**, it didn't include the non-recognition of the insurance reimbursement and non-recurring costs.

At 31 December 2018. the **EBITDA** was **Euro 18.9 million, with a decrease of 8.6%** compared to Euro 20.7 million recorded in fiscal year 2017. This result was affected by the extra costs arisen in the third quarter related to Australian jobsites and that affected the margin approximately Euro 4.0 million, already reported in the Interim consolidated financial report as at 30 September 2018, by the reorganization costs of around Euro 0.5 million and by the costs of an Australian jobsite claim approximately Euro 1.5 million. In compliance with the accounting principles and in particular with the provisions of paragraph 33 of IAS 37, according to which the potential assets are recognized in the financial statements only if virtually certain; as at 31 December 2018 only the amount of the reimbursement already confirmed by the insurer, for the first Euro 287 thousand, will be included. The remained additional portion of the reimbursement, which the company believes to be reasonably certain, according to the insurance rights, will be included in the financial statements only when they are recognized.

The EBITDA, without the extra-costs and non-recurring costs, would be in line with the Group expectations, so Euro 25.0 million, 12,8% on revenues

Consequently, the **EBIT** of Tesmec Group as at 31 December 2018 was Euro **3.7 million**, in decrease of 38.9% compared to Euro 6.1 million as at 31 December 2017.

The **Net Financial Income and Expenses** of the Tesmec Group were **Euro 3.4 million** as at 31 December 2018 compared to Euro 7.6 million recorded at 31 December 2017. This trend is mainly due to a better situation on the currency market for Euro 4.9 million.

The **consolidated Net results** returned positive to Euro 44 thousands as at 31 December 2018, compared the Net Loss as at 31 December 2017 was Euro 1.4 million.

The **Net Financial Indebtedness** of the Tesmec Group was Euro **77.7 million** with an improvement compared to Euro 85.2 million at 31 December 2017 and compared to Euro 92.9 million at 30 September 2018, also due to the reduction of the net working capital despite increase in capex.

Base on the Results recorded as at 31 December 2018, the adjusted NFP / EBITDA ratio would be in line with the covenant constraints; with reference to the non-adjusted NFP / EBITDA ratio, it would determine the step-up for one percentage point of the interest rate of the "Minibond 2018-2024", issued for an amount of 10.0 million euro and the exceeding of the Cariparma covenants for witch the waiver is being released for Euro 0.4 million and it determined the Reclassification in the short term financial debts as Euro 0,4 million.

As at 31 December 2018, the **Total Order Backlog** of the Tesmec Group amounted to **Euro 200.0 million** - **Euro 62.0 million** of which referring to the **Trencher** segment, **Euro 112.0 million** to the **Railway** segment and **Euro 26.0 million** to the **Energy** segment – with an increase of 2.6% compared to Euro 195,0 million as at December 2017, driven by the Railway segment and the upturn of the Energy segment, and confirming the success of the development strategy implemented by the Group.

SEPARATE FINANCIAL STATEMENTS OF THE PARENT COMPANY TESMEC S.P.A.

The Parent Company Tesmec S.p.A. closed the 2018 financial period with Net revenues of Euro 93.1 million, with an increase of 2.3% compared to Euro 90.9 million as at 31 December 2017.
In the 2018 financial year, the EBITDA of Tesmec S.p.A. amounted to around Euro 11.1 million, with a decrease of 4.0% compared to Euro 11.6 million as at 31 December 2017.
The net profit of the Parent Company as at 31 December 2019 amounted to Euro 4.3 million, with an increase of 117.2% compared to Euro 1.9 million as at 31 December 2017.
The net financial indebtedness of the Parent Company as at 31 December 2018 amounted to Euro 55.2 million compared to Euro 40.9 million as at 31 December 2016.

BUSINESS OUTLOOK

Based on the total order backlog and thanks to developments in the energy / telecommunications, mining and railway sectors, the Group expects an increase of revenues in 2019, a strong recovery in margins, an improvement in Net financial position and back to the dividends distribution policy. The main drivers of development will be linked, in the Energy sector, to the implementation of integrated solutions focused on special projects managed with new stringing methods and the launch of certified products for the design of the Smart Grid. In the Trencher sector, the growth will be driven by the development of the value chain for the 5G, FTTx and mining sectors. Finally, the Railway sector will be positively influenced by the start-up of projects related to new systems for diagnostics and maintenance on the web platform.

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.

MAIN EVENTS OCCURRING AFTER THE PERIOD UNDER REVIEW

On 28 November 2018, a capital increase of Tesmec SA (Pty) Ltd. (the Group's South African subsidiary) was approved and subscribed for around Euro 6 million. This increase was subscribed for approximately Euro 2.9 million by Simest S.p.A. (Italian Company for Businesses Abroad) and for the remaining part, approximately Euro 3.1 million, by Tesmec S.p.A. As a result of this transaction, Simest holds shares equal to 49% of the share capital of Tesmec SA (Pty) Ltd. The contract signed with Simest includes an option by Tesmec S.p.A. to repurchase the shares held by Simest by 30 June 2026; due to this option, the investment is recorded in the financial statements of the Tesmec Group for an amount equal to Euro 6.3 million, while the amount paid by Simest S.p.A. it is accounted for as a financial debt.

On 3 May 2018 a capital increase of Marais Laying Tech. (Pty) Ltd. Australia was approved for Euro 4 million. This transaction has based by a payment of 49% by Simest S.p.A. (approved the 15th March 2018 and in payment) and of 51% by Tesmec S.p.A. The agreement also includes the commitment of Tesmec SpA at the purchase of the shares subscribed by Simest S.p.A. and the related obligation for the sales of Simest S.p.A. as of 30 June 2026. As at 31 December 2018 the percentage of Tesmec SpA was paid and consequently, the Marais Laying Tech companies. (Pty) Ltd. Australia and its subsidiary Marais Laying Tech. (Pty) Ltd. New Zealand are controlled by Tesmec S.p.A. rather than from Groupe Marais SAS.

Other resolutions

Today, the Board of Directors of Tesmec approved the Report on Corporate Governance and Ownership Structures and made the periodic review of the independence requirements of the members of the Board of Directors, deeming that there were no changes in the situation already announced to the market.

The Board of Directors of Tesmec S.p.A. approved the remuneration policy of the directors and executives with strategic responsibilities and the annual Report on Remuneration that will be submitted to the Shareholders.

The Board of Directors of Tesmec S.p.A resolved not to propose to the Shareholders' Meeting the distribution of dividends with the aim to promote the strengthening of the Group's capital structure.

Finally, the Board of Directors of Tesmec S.p.A. decided to convene the Ordinary Shareholders' Meeting of the Company on 16 April 2019, at 14:30, in single call at the operating premises of Grassobbio.

The Shareholders will be requested to deliberate on:

- Presentation of the Tesmec Group's consolidated financial statements and review and approval of the financial statements as at 31 December 2018 and relevant reports, including the disclosure of non-financial information; allocation of result for the period; related and consequent resolutions.
- Consultation on the first section of report on remuneration pursuant to Article 123-ter paragraph 6 of Italian Legislative Decree no. 58/1998.
- Proposal of authorization to purchase and dispose of treasury shares, subject to the withdrawal of the resolution passed by the Shareholder's Meeting of 6 April 2018; related and consequent resolutions.
- Appointment of the Board of Directors:
  4.1 determination of the number of members of the Board of Directors;
  4.2 determination of the duration of the appointment;
  4.3 appointment of the Board of Directors;
  4.4 appointment of the Chairman of the Board of Directors;
  4.6 determination of the remuneration of the directors;
  4.6 related and consequent resolutions.
- Appointment of the Board of Statutory Auditors:
  5.1 appointment of the Board of Statutory Auditors;
  5.3 appointment of the Chairman of the Board of Statutory Auditors;
  5.3 determination of the remuneration of the Board of Statutory Auditors;
  5.4 related and consequent resolutions.
- Assignment of the independent auditor for the financial years 2019-2027 and determination of the related fees; inherent and consequent resolutions.

* * *

Conference Call

At 3:00 PM (CET) – 2:00 PM BST, Tuesday 5th March 2019 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 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

The presentation to analysts and investors is available in the Investors section of the website:
http://investor.tesmec.com/investors/Presentations.aspx

****

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 financial statements and the consolidated financial statements as at 31 December 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, through publication on the company website www.tesmec.com, according to law.

****

For further information:

Tesmec S.p.A.
Marco Paredi
Investor Relations Manager
Tel: +39 035 4232840 – Fax: +39 035 3844606
E-mail: ir@tesmec.com

Image Building - Media Relations
Alfredo Mele, Alessandro Zambetti
Tel: +39 02 89011300
E-mail: tesmec@imagebuilding.it

The presentation to analysts and investors is available in the Investors section of the website:
http://investor.tesmec.com/Investors/Presentations.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.

Tesmec Group reclassified consolidated income statements

(€ in thousands)	As at 31 December	
	2018	**2017**
Revenues	**194,611**	**175.559**
Total operating costs	(190,934)	(169.450)
Operating Income	**3,677**	**6,109**
Financial (income) / expenses	(3,648)	(2,978)
Foreign exchange gains/losses	210	(4.676)
Share of profit / (loss) of associates and joint ventures	67	33
Income before tax	**306**	**(1,512)**
Net income for the period	**44**	**(1,41)**

EBITDA	**18,922**	**20,742**
EBITDA (% on revenues)	**9.7%**	**11,8%**

Tesmec Group reclassified consolidated statements of financial position

(€ in thousands)	**31 December 2018**	**31 December 2017**
Non-current assets	81,883	79,183
Current assets	193,526	154,006
Total assets	**275,409**	**233,189**
Non-current liabilities	60,566	49,987
Current liabilities	171,505	138,370
Total liabilities	**232,071**	**188,357**
Equity	43,338	44,832
Total equity and liabilities	**275,409**	**233,189**

Tesmec Group other consolidated financial information

(€ in thousands)	As at 31 December 2018	2017
Net cash provided/(used) by operating activities (A)	25,523	26,865
Net cash provided/(used) by investing activities (B)	(13,382)	(19,472)
Net cash provided/(used) by financing activities (C)	9,237	(4,154)
Increase / (decrease) in cash and cash equivalents (D=A+B+C)	**21,378**	**3,239**
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)	(72)	(253)
Total cash and cash equivalents at end of the period (G=D+E+F)	**42,793**	**21,487**

Tesmec Group other consolidated financial information

(€ in thousands)	As at 31 December 2018	As at 31 December 2017
Net working capital [2]	48,897	60,806
Non current assets	67,314	68,386
Other Non current assets and liabilities	4,804	913
Net invested capital [3]	**121,405**	**130,105**
Net financial indebtedness [4]	77.677	85,273
Equity	43,338	44,832
Total equity and net financial indebtedness	**121,405**	**130,105**

[2] 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.

[3] 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.

[4] 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 .

Reclassified income statement of the Tesmec S.p.A. Parent Company

Income statement	**As at 31 December**	
(€ in thousands)	**2018**	**2017**
Revenues from sales and services	**93,078**	**90,949**
Total operating costs	(86,272)	(84,023)
Operating income	**6,806**	**6,926**
Net financial income/(expenses)	(1,170)	(5,276)
Pre-tax profit	**5,636**	**1,650**
Net profit for the period	**4,330**	**1,993**
EBITDA	**11,104**	**11,561**
EBITDA (% on revenues)	**11.9%**	**12.7%**

Reclassified balance sheet of the Tesmec S.p.A. Parent Company

Balance sheet ***(€ in thousands)***	**As at 31 December 2018**	**As at 31 December 2017**
Total non-current assets	77,687	60,186
Total current assets	115,080	125,465
Total assets	**192,767**	**185,651**
Total non-current liabilities	49,188	38,214
Total current liabilities	91,860	99,712
Total liabilities	**141,048**	**137,926**
Total shareholders' equity	51,719	47,725
Total shareholders' equity and liabilities	**192,767**	**185,651**

Reclassified consolidated cash flow statement of the Tesmec S.p.A. Parent Company

Summary of the cash flow statement *(€ in thousands)*	**As at 31 December**	
	2018	**2017**
Net cash flow generated by (used in) operating activities (A)	7,442	12,331
Net cash flow generated by (used in) investing activities (B)	(12,798)	(9,784)
Net cash flow generated by financing activities (C)	4,101	(5,257)
Total cash flow for the period (D=A+B+C)	**(1,255)**	**(2,710)**
Cash and cash equivalents at the beginning of the period (F)	**11,814**	**14,524**
Effect of exchange-rate changes on cash and cash equivalents (E)	-	-
Cash and cash equivalents at the end of the period (G=D+E+F)	**10,519**	**11,814**

Statement of Funding Sources and Uses of the Tesmec S.p.A. Parent Company

Funding Sources and Uses

(Euro in thousands)	As at 31 December 2018	As at 31 December 2017
Net working capital [5]	32,598	32,042
Fixed assets	70,390	57,957
Other long-term assets and liabilities	3,751	(1,367)
Net invested capital [6]	**106,739**	**88,632**
Net financial indebtedness [7]	55,020	40,907
Shareholders' equity	51,719	47,725
Total sources of funding	**106,739**	**88,632**

[5] 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.

[6] 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.

[7] 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.1155-7	Numero di Pagine: 17