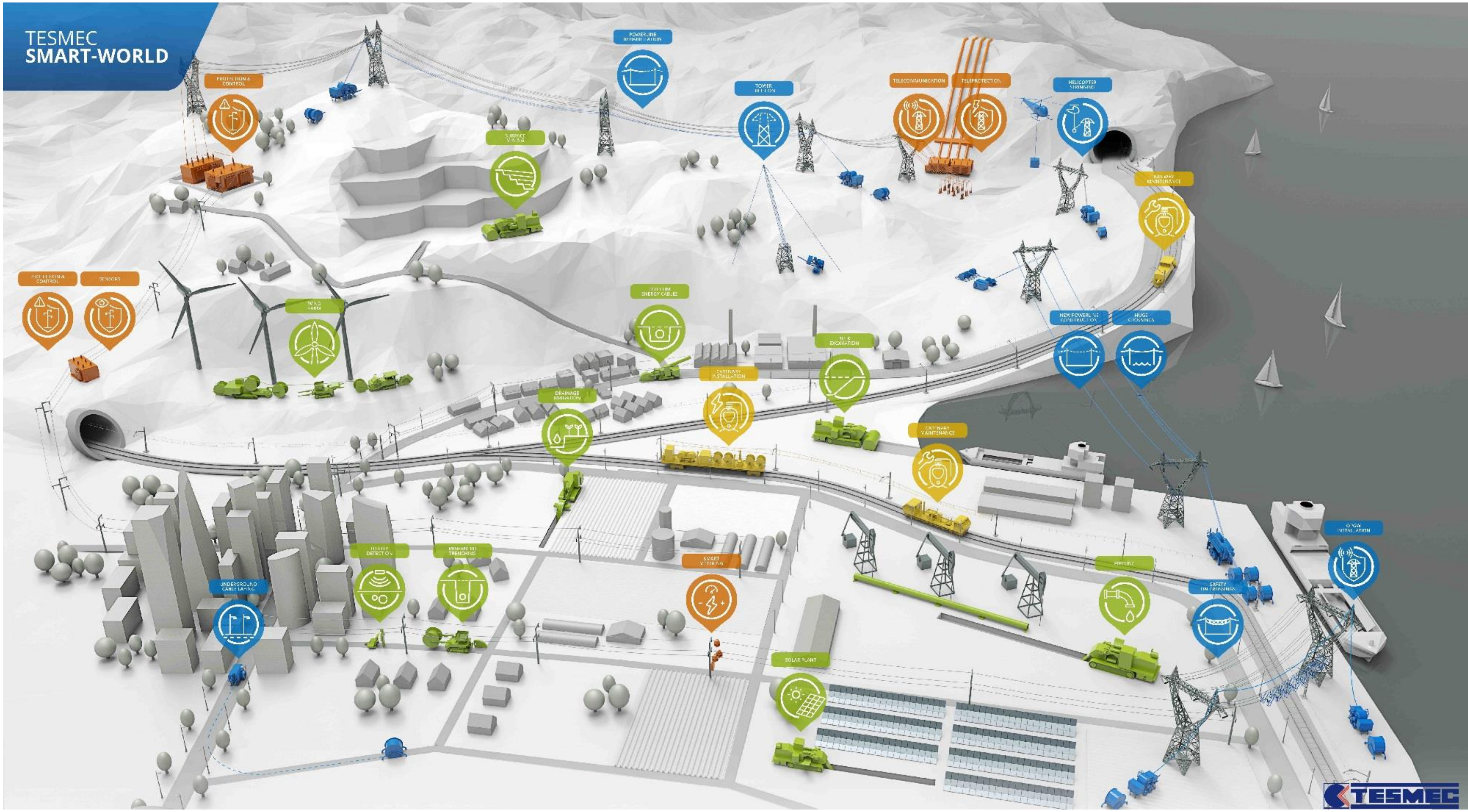

- Stringing
- Energy Automation
- Railway
- Trencher

Integrated Solutions Provider

2020.Q1 Results Presentation

www.tesmec.com

21 May 2020

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- > **Strategic overview**
- > 2020.Q1 Business highlights and Results
- > Outlook 2020-2021

TESMEC Group strategic market segments

- **ENERGY**
- **TELECOM**
- **INFRASTRUCTURES**

Post COVID-19 approach

Further focus on development guidelines:

- CONNECTIVITY IS A MUST (5G opportunities, digitalization)
- SAFETY-FIRST (Diagnostic, Artificial Intelligence, Cybersec)
- ENVIRONMENTAL IMPACT (Energy transition)

Focus on key geographic areas: USA, China and New developed Countries

Impact of Covid-19

1st PHASE Health emergency	**Different impacts** on the several businesses and key countries of the Group **Stop** of the **production activities** in Europe **No impacts** in the Tesmec **markets/sector but delays** due to the **production and logistic lock down**
2nd PHASE Reopening	Essential services granted **in smart working modality** **Reopening** of production activities The **gears of the reopening** will be **impacted by** the Government Rules.
3rd PHASE Recovery & growth	Recovery and growth thanks to **new business opportunities** and **relevance of Tesmec key drivers: safety, connectivity and sustainability**
Summary Management Actions	▪ **Efficiency** and **flexibility** actions adopted ▪ Actions to maintain **employment** levels ▪ Investments in key **infrastructure** sectors

COVID-19 outbreak as a global emergency - Extraordinary measures to fight the pandemic

Slowdown, block & lockdown of production activities	- Slowdown activities from end of February and block of the deliveries - Grassobbio, Endine, Sirone, Fidenza and Padova: stop from 23 March to 4 May - Patrica and Monopoli: stop from 23 March to 12 April - Durtal (France): stop from 17 March to 20 April - no stops in Alvarado plant (USA)
Safety and health measures	- adoption of all the safety and health protocols required in full compliance with the Italian Health Ministry instructions - new procedures to enter the corporate facilities (temperature measurement..) - push on smart working - increase of spaces in the workplace, measures to avoid occasions of assembly of large groups, DPI and protective barriers - strong cleaning and sanitizing cycles of the premises - business travel restrictions
Social and welfare initiatives	- specific insurance coverage for employees - “Solidal Hours Bank” and "Tesmec Family Solidarity Fund“ - “Abitare la cura – Coronavirus ” fund raising - internal communications and periodically updates to Group employees and collaborators

TESMEC target: highest level of safety & business continuity

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> Strategic overview

> **2020.Q1 Business highlights and Results**

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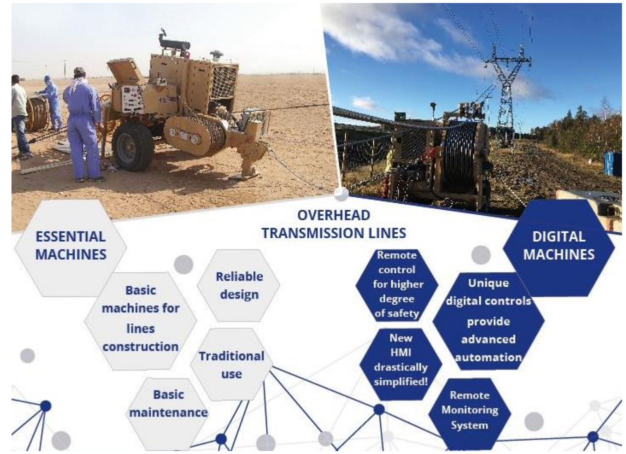
2020.Q1 Stringing business highlights

CLP first jobsite

Jobsite in Michigan City (Indiana) with great results.

Development of double range



Development of double range of machines: digital and hydraulic

Campaign dedicated to full electric

Strong promotion of full electric machine in US

Strong marketing activities to introduce new maintenance methodology

Overhead Transmission

Workers being introduced to the new CLP at the National Grid Academy in June.

Rethinking Reconductoring

New concept for continuous line pulling will help keep outage work to a minimum.

By Doug Galloway, National Grid Electricity Transmission plc, and Alberto Oscar, Tesmec SpA

Demo tests & first jobsite in US

2020.Q1 Energy Automation business highlights

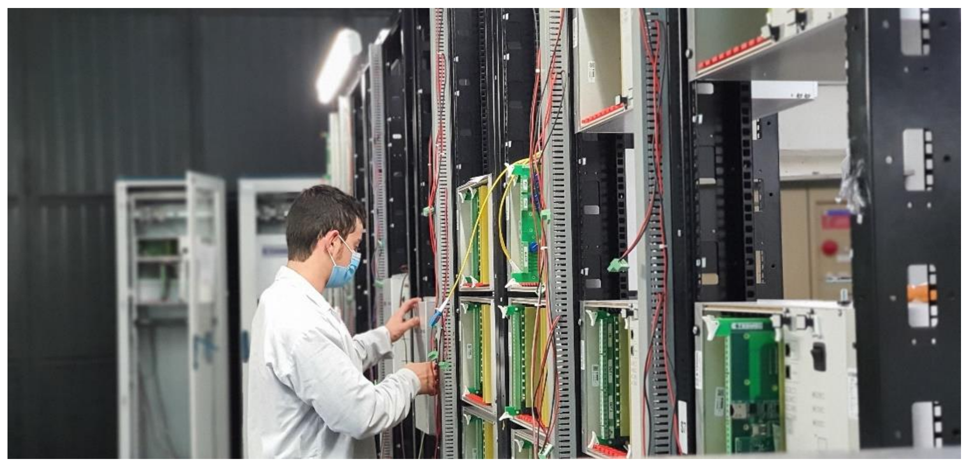
Enel Market: new opportunities

Awarded tenders for protection and control solutions to properly secure the electrical grid

Russia: customer-driven approach

Continuous support on installed base and evaluation of new business models

Italian Market: Continuously growing supplies in the Distribution and Transmission markets



Integrated solutions for Substation Automation

2020.Q1 Trencher business highlights

Rental Business

4SERVICE acquisition

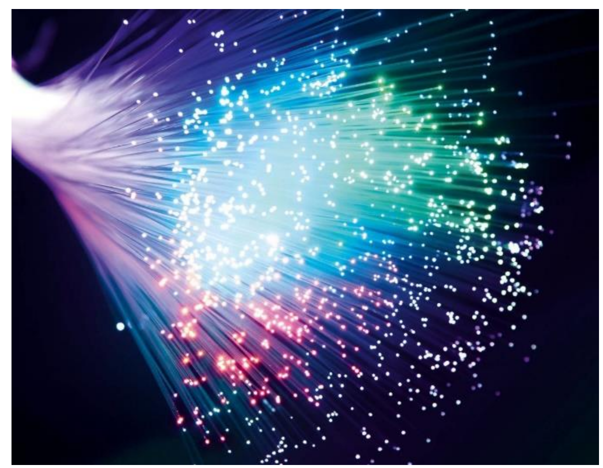
Surface Mining Business

New markets development especially in Africa

EVO series developments

First 975EVO RH delivered to Australia

5G & Fiber Optics



New project, started to catch post-covid opportunities (focus on USA and EUROPE)

2020.Q1 Railway business highlights

Safety and Reliability

All **certified** vehicles in convoy running on active line thanks to the **technological safety system** on board.

Czech Republic: delivery of the 1st unit

High technological level reached by our railway systems and **quality** of Tesmec know-how.

Lituania (East Europe market): diagnostic vehicle with diagnostic systems

Tesmec **know-how & experience for the diagnostic** of railway infrastructure is focused also abroad.

Tesmec rail is running

Tesmec **full maintenance service at full capacity** to provide safety and operative continuity.

GROUP (€ mln)	2020.Q1* proforma	2020.Q1	2019.Q1	Delta vs. Proforma%
REVENUES (1)	34,0	31,8	49,8	-31,8%
EBITDA (2) (3)	4,1	2,5	5,7	-28,6%
% on Revenues	12,2%	7,8%	11,5%	
EBIT	2,9	(1,7)	1,5	
% on Revenues	8,5%	-5,4%	3,1%	
Differences in Exchange (4)	(1,4)	(1,4)	0,7	
% on Revenues	-4,1%	-4,4%	1,4%	
PROFIT (LOSS) BEFORE TAX	(3,9)	(4,1)	1,0	
% on Revenues	-11,3%	-12,9%	2,1%	
NET INCOME/(LOSS)	(2,8)	(3,0)	1,0	
% on Revenues	-8,2%	-9,4%	2,0%	

GROUP (€ mln)	2020.Q1* proforma	2020.Q1	2019	Delta vs. Proforma%
NFP ante IFRS 16	104,8	105,0	99,8	-5,0%
NFP post IFRS 16	125,5	121,6	118,0	
Shareholders Loan	10,0	2,2		

(1) **Affected by the slowdown in production** and commercial activities due to the **COVID-19 health emergency and by the blocks of the transportation of goods.** The Group has **maintained its backlog**.

(2) **EBITDA** has been **impacted** by the spread of **Covid-19** which caused the **reduction in turnover** and the **consequent contraction of margins to cover fixed costs**.

(3) **Starting** from the month of **March**, the Group undertook **all the necessary actions** in order to **contain its fixed costs**, the **improvement effects** will be seen starting **from the second quarter**.

(4) **The exchange differences** are **negative**, **mainly** for the depreciation of the **Australian dollar** over 10% compared to its values as at 31 December 2019

***These proforma** data do **not purport to be consolidated accounts** of the rental business into the Tesmec Group, which instead w**ill be integrated from the acquisition date**, and the correct integration will be **elaborated during the second quarter** and **shown in the half-year report of the Group**

ENERGY	2020.Q1	2019.Q1	Delta %
Revenues	**7,4**	**10,3**	**-28,3%**
EBITDA	**0,7**	**1,2**	**-44,5%**
% on Revenues	9,3%	12,1%	

> The **decrease** related to the Stringing business is due to the **production and logistic blocks** in March

> The **slowdown in production activities** in the quarter impacted the **Energy Automation**

> The **confirmed order backlog** amounted to **Euro 38,0 million**

TRENCHERS	2020.Q1	2019.Q1	Delta %
Revenues proforma	**19,0**	**31,0**	**-38,6%**
EBITDA proforma	**2,3**	**3,1**	**-25,5%**
% on Revenues	12,1%	10,0%	

> The performance has been affected, since the **last days of February**, by the **slowdown in logistics activities and subsequently by the blocks of the production and the rental activities** carried out by the French subsidiary Marais.

> The **confirmed order backlog** was **Euro 60,9 million** as at 31 March 2020.

RAILWAY	2020.Q1	2019.Q1	Delta %
Revenues	**7,5**	**8,5**	**-11,4%**
EBITDA	**1,1**	**1,4**	**-23,7%**
% on Revenues	14,2%	16,5%	

> The decrease is mainly due to the **gradual slowdown in operations** and to the **closing** of the Monopoli plant in March.

> The **confirmed order backlog** was **Euro 82,8 million**

Tesmec Group – Key financials

	Tesmec Group 2020.Q1	Tesmec Group Aggregated 2020.Q1
Sales	31,8	34,0
Operating Costs	(29,4)	(29,8)
EBITDA	**2,5**	**4,1**
EBITDA %	**7,8%**	**12,2%**
Net Working Capital	74,6	76,4
Fixed assets	87,6	106,8
Net long-term liabilities	4,9	5,2
Net Invested Capital	**167,1**	**188,4**
NFP	121,6	125,5
Shareholder Loan	2,2	10,0
Equity	43,3	52,9*
Funds	**167,1**	**188,4**

***included the negotiated price for the acquisition of 4Service of 9,4 M€**

Description

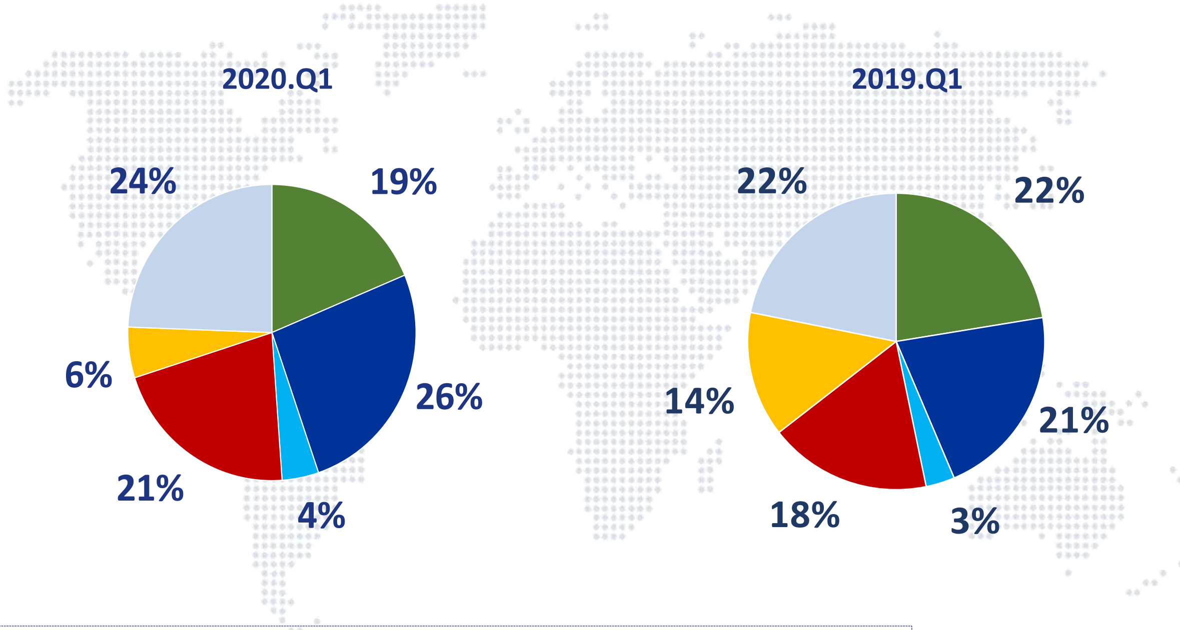
- The consolidation runner derives from the aggregation of 4Service (sale and rental business) and Tesmec Group, **taking into consideration intercompany elisions**
- The combined entity Rental division will have a **positive effect** on Tesmec Group's Aggregated EBITDA.
- With reference to the **NFP**, it would be increased for financial debts from usage rights, linked to the **4Service financial leasing contracts**
- **These proforma** data do **not purport to be consolidated accounts** of the rental business into the Tesmec Group, which instead w**ill be integrated from the acquisition date**, and the correct integration will be **elaborated during the second quarter** and **shown in the half-year report of the Group**

BACKLOG

Euro/mln	31/12/2019	Sales 2020.Q1	In take 2020.Q1	31/03/2020
Energy	34,0	7,4	11,4	38,0
Trencher	65,1	16,8	12,7	60,9
Railway	88,9	7,6	1,5	82,8
Total	**188,0**	**31,8**	**25,6**	**181,7**

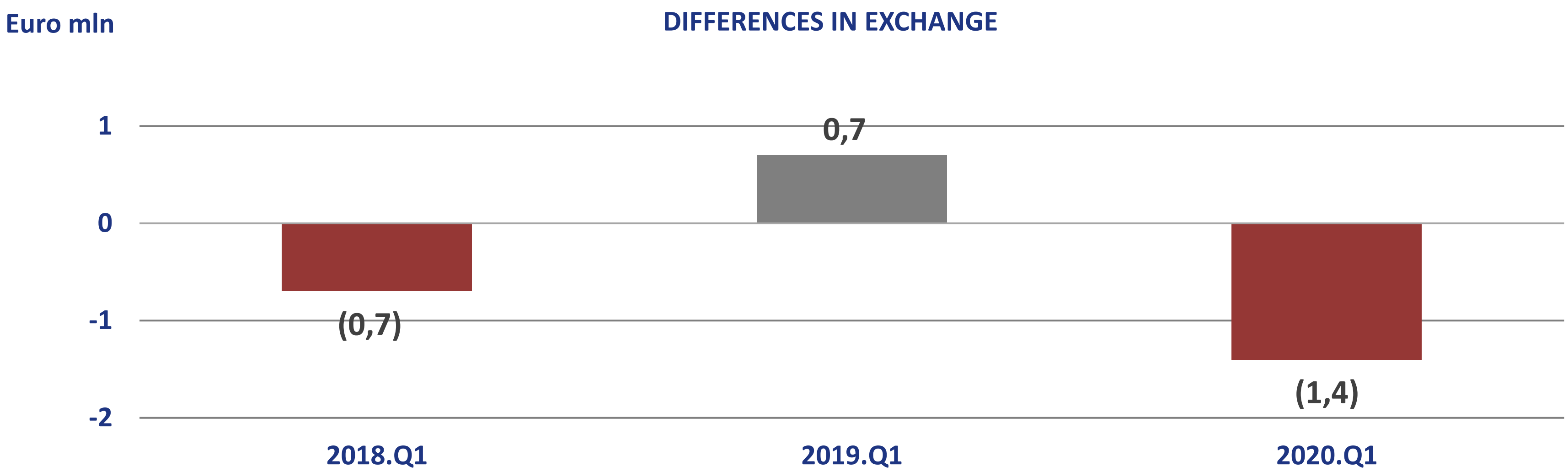
2020.Q1 Revenues: sales spread over different geographical area

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



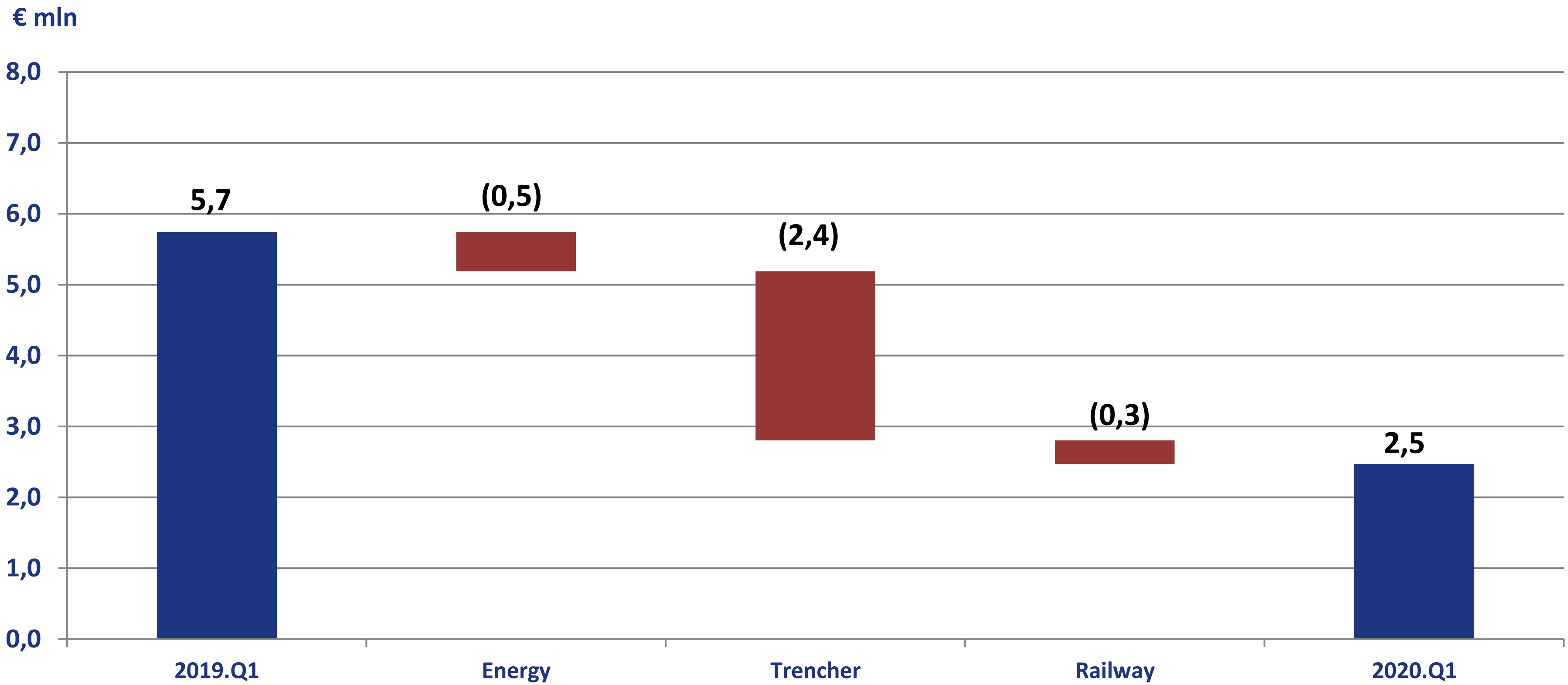
- **ITALY:** railway business & automation impact
- **USA&EU:** trencher and railway impact
- **BRICS:** trencher and stringing impact

2020.Q1 Differences in Exchange



GROUP (Euro mln)	2018.Q1	2019.Q1	2020.Q1
Differences in Exchange	**(0,7)**	**0,7**	**(1,4)**
of which:			
Realised	*(0,1)*	*0,1*	*(0,2)*
Unrealised	*(0,6)*	*0,6*	*(1,2)*
Differences in Exchange for currency:			
USD	**(0,5)**	**0,2**	**0,5**
AUD	**(0,1)**	**0,1**	**(1,1)**
OTHER	**(0,1)**	**0,4**	**(0,8)**
Total	**(0,7)**	**0,7**	**(1,4)**

2020.Q1 EBITDA



2019.Q1

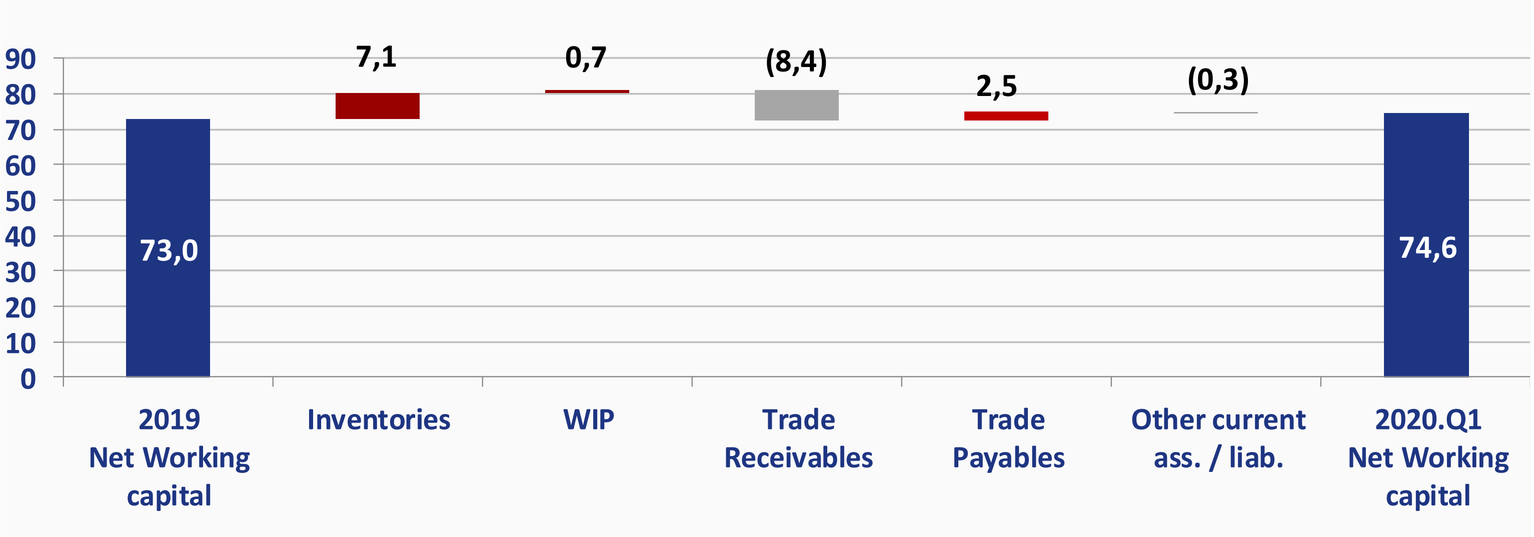
Impacted of the spread by Covid-19 which caused the turnover reduction and the consequent missing margins to cover fixed costs.

2020.Q1

Financial Information (€ mln)	2020.Q1	2019
Net Working Capital	74,6	73,0
Non Current assets	68,2	66,8
Right of use - IFRS 16/IAS 17	19,4	20,1
Other Long Term assets/liabilities	4,9	4,2
Net Invested Capital	**167,1**	**164,2**
Net Financial Indebtness	105,0	98,5
Lease liability - IFRS 16/IAS 17	18,8	19,5
Equity	43,3	46,2
Total Sources of Financing	**167,1**	**164,2**

2019 → **Increase of working capital (mainly the inventories) and fixed assets in the first parts of the quarter** → **2020.Q1**

Working Capital evolution



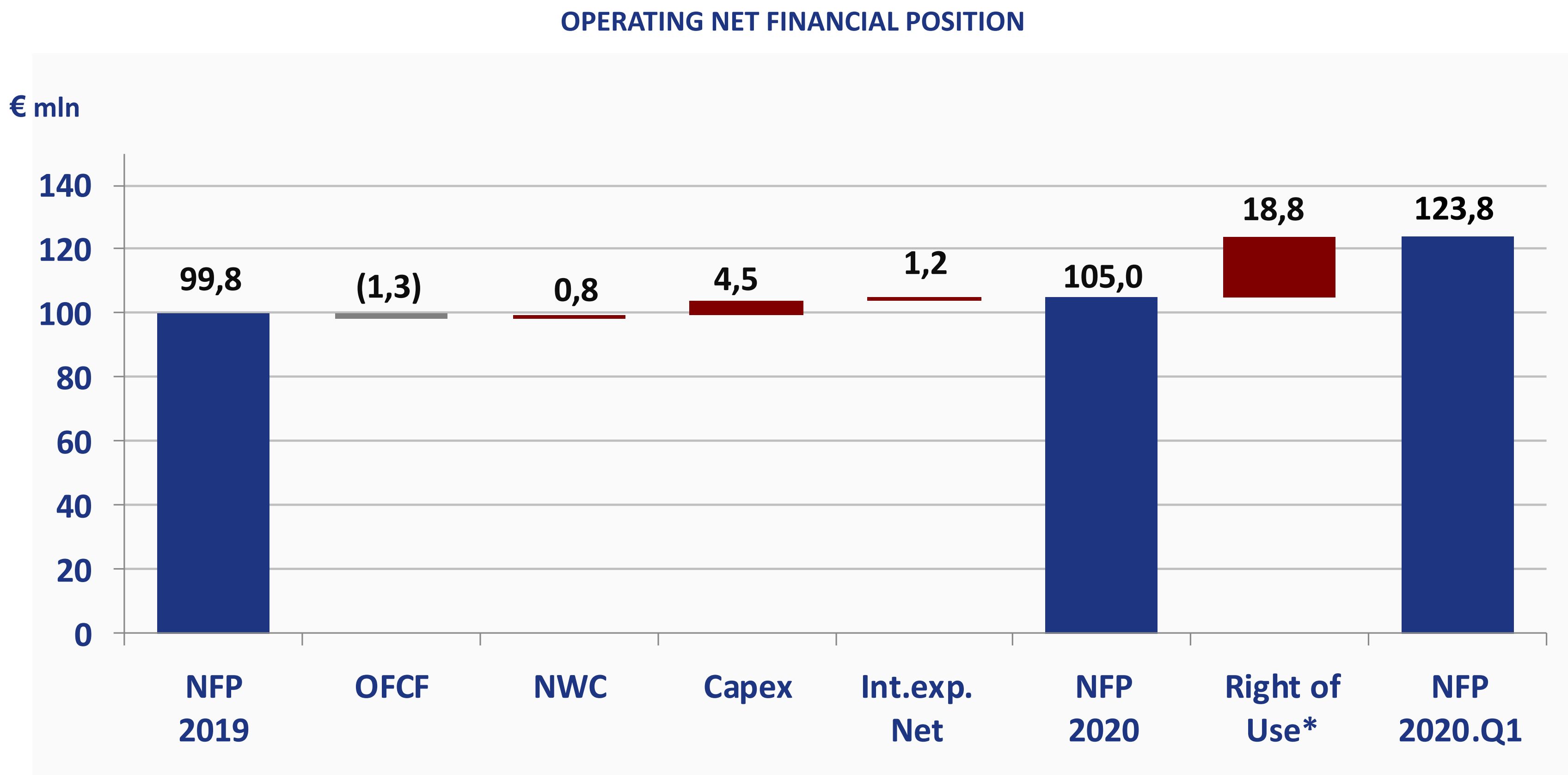
€ Mln	2020.Q1	2019.FY	Days 2020.Q1	Days 2019.FY
Trade Receivables	59,5	67,9	124	122
Inventories	77,0	69,9	160	125
Work in progress contracts	17,0	16,3	35	29
Trade Payables	(55,0)	(57,5)	-114	-103
Other Current Assets/(Liabilities)	(23,9)	(23,6)	-50	-42
Net Working Capital	**74,6**	**73,0**		

2019
€ 73,0 mln

Increased of inventories due to the blocks of the transportation of goods linked to the Covid-19

2020.Q1
€ 74,6 mln

Net Financial Position Evolution

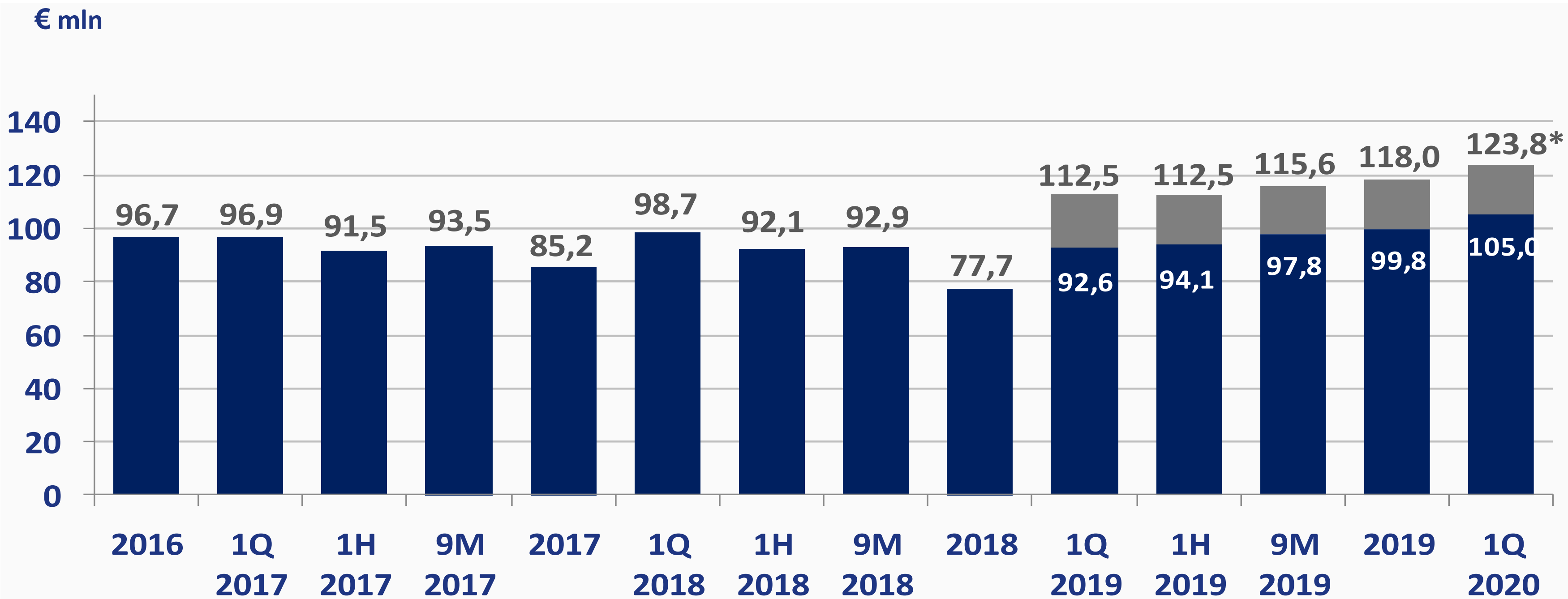


* Impacted by IFRS 16

2019 → **Less cash generation due to the missing turnover linked to Covid-19 and impact of the Capex linked for the development and fleet** → **2020.Q1**

Net Financial Position Evolution

OPERATING NET FINANCIAL POSITION



* From 1st January 2019, the new IFRS 16 has been introduced, the impact is term of NFP is around 18,8 M€, otherwise the NFP would have been around 105,0 M€

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> **Outlook 2020-2021**

Outlook 2020-2021

FOCUS ON STRATEGIC MARKETS

TESMEC is focused in strategic market segments:

- **SMART GRIDS & ENERGY TRANSITION**
- **5G AND TELECOM**
- **INFRASTRUCTURES & RAILWAYS**

DEVELOPMENT DRIVERS

- **ENERGY:** increasing needs of “smart and digital” systems, focus on energy transition and carbon free solutions
- **RAIL:** push on maintenance and diagnostic of the railway network, new green motorization and high safety standard
- **TRENCHERS:** investment plan for modern infrastructures, global demand of connectivity that requires underground fiber optic networks

ACTION PLAN

- **Rationalization** of **costs structure** and **improvement of margins**
- **Take advantage of the liquidity measures** announced by the governments
- **Reinforcement of the management structure** in strategic positions to face the new challenges

Main KPI

Turnover	**1Q** and **2Q** will be **affected** by the spread of COVID-19 worldwide with a Turnover reduction compared last year **3Q** and **4Q** will **recover** The yearend **turnover** will be **less** than **2019, due to the 2 months of substantial lockdown**
EBITDA	**Cost saving** actions The **margin** should **improve in** percentage **thanks to the rental** activity

- Focus on growing and **hi-tech** market segments
- Turnover will be linked to the **key sectors**: 5G opportunities, digitalization; Diagnostic, Artificial Intelligence, Cybersecurity & Energy transition
- Increase of the **backlog**
- **Rental** Business **Growth**

- **Rationalization of costs structure** and improvement of margins
- Reinforcement of the **management structure** in strategic positions to face the new challenges
- **Operating** grants from the local governments

April-May → **June-August** → **Sept-Nov**

April-May

1) **Shareholder loan**
2) **Acquisition** of the **Rental Business** acquisition
3) **Liquidity** measures
4) **Operating Grants**
5) **Starting cost reduction** activities
6) **Reopen/reload phase**
7) **Confirmed Backlog**

June-August

1) **Loan guaranteed by SACE**
   - ✓ investments
   - ✓ supply chain
   - ✓ salaries
2) **Guidelines** of the **Business Plan** will be released **before August**
3) **Follow-up** of the **cost reduction** activities
4) **Orders Acquisition**: Railways, Energy Automation & FTTH/5G

Sept-Nov

1) **Share capital increase**
   - ✓ In the **interest of all shareholders:** minorities and main shareholders
   - ✓ Better **balance** between **Equity** and **Financial Debts**
   - ✓ **Supporting** the future **development**
2) **Reinforcement of the management structure**

May	The **Shareholders Meeting** authorizes the **Board of Directors** to **increase** the Share Capital **up to 50 M€**
From June to September	Within August **a new Strategic Business Plan** will be released**.** According to the plan **the BoD will define** the **volume of share capital increase,** the **price** and about the **exercising of the right of option**
IV Quarter	**Execution of the share capital increase**

2020 Trencher business outlook

New Digging Projects

Middle East, Egypt

5G & Fiber Optics market development

Cleanfast in USA
Demos and development

Renewable Projects

Wind Farm (Australia)
Automatic cables laying system

Digital & Connected systems

New features, trencher remote control
Available for all TrenchTronic equipped machines

New cooperation in China

Development of a strategic collaboration with one leader in transmission sector fully owned by SGCC to obtain a better local positioning and in all APAC region.

Growth in North America markets

Expected strong business growth driven by strategic reorganization of sales network and technological products with strong focus on safety, digital & green

Green development

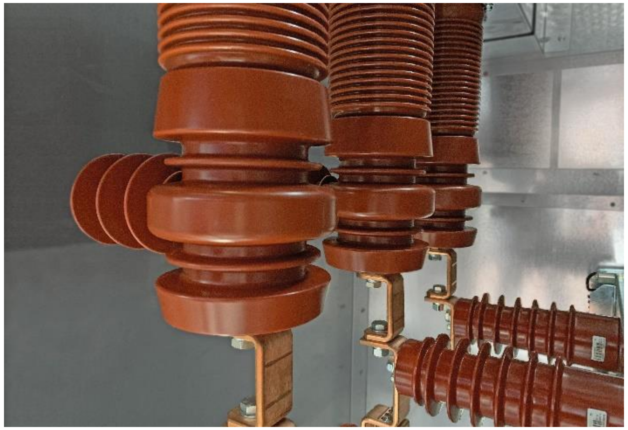
Introduction of the new green technology in EU & US market

CLP promotion in EU & US

Organization of demo jobsite with the new technology in US & North Europe

2020 Energy Automation outlook

Enel Market: innovative technologies available



Diversification through availability of new solutions

Russia: improving our position in the market

Reinforce the perception of Tesmec as a new well-known competitive Player

Italy: Growth in the Transmission market

Full package telecom proposal and high engineering support

Foreign Markets: new tender opportunities

Enlarge the markets through new collaboration

2020 Railway outlook

PUSH our INTERNATIONALIZATION sales

-France
-Czeck Republic
-North-East Europe
-Central Asia
-USA

CONSOLIDATION of the investment

Centre of excellence for the development of maintenance & diagnostic vehicles with integrated systems

CONNECTED VEHICLES

-Certified vehicles
-Diagnostic systems
-Software and algorithms

CENTRALIZED PLATFORM

The Centralized Platform is the enabler for the optimization of the railways infrastructure

Summary 2020.Q1 Profit & Loss statement - Appendix A

Profit & Loss Account (Euro mln)	2020.Q1	2019.Q1	Delta vs 2019.Q1	Delta %
Net Revenues	**31,8**	**49,8**	**(18,0)**	**-36,1%**
Raw materials costs (-)	(10,0)	(23,5)	13,5	-57,5%
Cost for services (-)	(6,9)	(8,1)	1,2	-15,0%
Personnel Costs (-)	(12,1)	(13,0)	0,8	-6,5%
Other operating revenues/costs (+/-)	(1,4)	(1,2)	(0,2)	17,7%
Non recurring revenues/costs (+/-)	0,0	0,0	0,0	na
Portion of gain/(losses) from equity investments evaluated using the equity method	0,0	(0,0)	0,0	-640,0%
Capitalized R&D expenses	1,0	1,6	(0,6)	-38,4%
Total operating costs	**(29,4)**	**(44,1)**	**14,7**	**-33,4%**
% on Net Revenues	*(92%)*	*(88%)*		
EBITDA	**2,5**	**5,7**	**(3,3)**	**-57,0%**
% on Net Revenues	*8%*	*12%*		
Depreciation, amortization (-)	(4,2)	(4,2)	0,0	-0,3%
EBIT	**(1,7)**	**1,5**	**(3,3)**	**-210,5%**
% on Net Revenues	*-5%*	*3%*		
Net Financial Income/Expenses (+/-)	(2,4)	(0,5)	(1,9)	362,6%
Taxes (-)	1,1	(0,0)	1,1	-3587,5%
Minorities	(0)	(0)	(0,0)	
Group Net Income (Loss)	**(3,0)**	**1,0**	**(4,0)**	**n/a**
% on Net Revenues	*-9%*	*2%*		

Summary 2020.Q1 Balance Sheet - Appendix B

Balance Sheet (€ mln)	2020.Q1	2019
Inventory	77,1	69,9
Work in progress contracts	17,0	16,3
Accounts receivable	59,5	67,9
Accounts payable (-)	(55,0)	(57,5)
Op. working capital	**98,6**	**96,7**
Other current assets (liabilities)	(23,9)	(23,6)
Net working capital	**74,6**	**73,0**
Tangible assets	42,9	42,5
Right of use - IFRS 16/IAS 17	19,4	20,1
Intangible assets	21,2	20,4
Financial assets	4,2	3,9
Fixed assets	**87,6**	**87,0**
Net long term liabilities	4,9	4,2
Net invested capital	**167,1**	**164,2**
Cash & near cash items (-)	(10,4)	(17,9)
Short term financial assets (-)	(12,1)	(12,1)
Lease liability - IFRS 16/IAS 17	18,8	19,5
Short term borrowing	76,3	79,8
Medium-long term borrowing	51,2	48,7
Net financial position	**123,8**	**118,0**
Equity	43,3	46,2
Funds	**167,1**	**164,2**

Disclaimer

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Any estimates or forward-looking statements contained in this document are referred to the current date and, therefore, any of the assumptions underlying this document or any of the circumstances or data mentioned in this document may change.
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