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Oggetto	:	Tesmec S.p.A.: The Board of Directors approved First Half 2020 results

Testo del comunicato

Vedi allegato.

TESMEC S.P.A. APPROVED THE INTERIM CONSOLIDATED FINANCIAL REPORT AS AT 30 JUNE 2020 THAT RECORDS RECOVERY SIGNALS COMPARED TO THE FIRST QUARTER - THE MANAGEMENT CONFIRMS THE EXPECTATION OF A FURTHER RECOVERY IN THE SECOND PART OF THE YEAR, EVEN OPERATING WITH PANDEMIC CONTROL MEASURES

Outlook 2020[1]

- **In the second half, expected strong growth of revenues compared to the first half of the year, a significant EBITDA improvement and cash generation**
- **Completion of the opening of credit lines pursuant the "Liquidity Decree"**

Main consolidated results of the first half 2020 (compared to the first half 2020):

- **Revenues: Euro 73.0 million proforma[2]**, including the 4Service Group, on half year basis (compared to Euro 97.5 million as at 30 June 2019). The **non-proforma** revenues amount to Euro **70.8 million**;
- **EBITDA[3]: Euro 9.8 million proforma,** including the 4Service Group, on half year basis (compared to Euro 12.1 million as at 30 June 2019). The **non-proforma** EBITDA amounts to Euro **8.2 million**;
- **EBIT: negative Euro 1.4 million proforma** (compared to positive Euro ai 3.3 million as at 30 June 2019). The **non-proforma** EBIT amounts to negative Euro **1.6 million**;
- **Net result: negative Euro 3.6 million proforma** (compared to positive Euro 0.5 million as at 30 June 2019), impacted by **Euro 0.7 million of exchange losses** for the period. The **non-proforma** net result amounts to negative Euro **3.9 million**;
- **Net financial indebtedness: Euro 143.0 million** including the debt vs shareholders of Euro 10.5 million and the consolidated debt of the 4Service Group acquired in April (compared to Euro 135.5 million proforma, including the debt of the 4Servie Group consolidated from end of April, as at 31 March 2020 and compared to Euro 130.9 million proforma as at 31 December 2019);
- **Total order backlog: Euro 194.2 million** not including the provisional award of the **RFI tender** for the production of diagnostic vehicles for **around Euro 50 million**; otherwise it would be around **Euro 244.2 million** (compared to Euro 181.7 million as at 31 March 2020 and to Euro 196.9 million as at 30 June 2019).

Grassobbio (Bergamo - Italy), 5 August 2020 – The Board of Directors of **Tesmec S.p.A.** (MTA, STAR: TES), at the head of a group leader in the market of technologies for infrastructures (overhead and underground networks) related to the transport of energy, data and materials (oil and derivatives, gas and water),

[1] Considering the uncertainty linked to the spread of the COVID-19 virus and the impacts on the global economy, the targets set by the Management may be susceptible to changes. These targets are set in the assumption that the pandemic situation remains stable and / or better in Europe and that it does not get worse in other areas of the world, such as the United States and Latin America.

[2] The pro-forma results were prepared for illustrative purposes only, and were obtained by making appropriate pro-forma adjustments to the historical data to retroactively highlight the effects of the 4Service Group's transaction, as if this transaction had occurred on 1st January 2020, instead of on 23 April 2020. The pro-forma results therefore include the result of the 4Service Group on the half-year basis, instead of just the results achieved within the perimeter of the Tesmec Group from the date of first consolidation (April 23, 2020).

[3] 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.

convened today and chaired by **Ambrogio Caccia Dominioni**, examined and approved the **Interim consolidated financial report as at 30 June 2020.** The first half 2020 was influenced by the actions taken by public authorities to contain the spread of the pandemic COVID-19 and it recorded a decrease in turnover, a percentage margin in line with the results of 30 June 2019 and an increase in the Group's net financial position. After the slowdown and lockdown phases, which characterized the months of March and April, the Group restarted its activities in May, reaching full operation during the month of June and the first results from the restarting of the activities drove to the growth of turnover and improvement in margins in the second quarter compared to the first quarter. The increase in the net financial debt mainly related to the spread of the pandemic, which slowed down the cash flows for the period, was impacted by the increase in net working capital following the need to support the growth of the second half and the Group's aim to support its production chain. The Company made use of the measures introduced by Legislative Decree n. 23 of 8 April 2020 (the so-called "Liquidity Decree") to facilitate access to credit for businesses, and it is finalizing the opening of credit lines of around Euro 50 million, in addition to those collected by the subsidiary Groupe Marais in France for Euro 7.7 million.

The Group recorded an order backlog of Euro 194.2 million, with an increase compared to 31 March 2020. The amount doesn't include the provisional award of the RFI tender.

In the second half of 2020, assuming that the pandemic situation does not get worse, revenues in line with the second half of 2019 (around Euro 100 million), an increase in margins and an improvement of the generation of cash following the reduction in net working capital and the contraction in capex are expected.

The Company is finalizing the Business Plan, whose guidelines will be shared with the investors together with the actual size of the share capital increase approved by the shareholders' meeting of 21 May 2020 and aimed at supporting the Group's growth plan.

The **Chairman and CEO Ambrogio Caccia Dominioni** commented as follows*: "The emergency linked to COVID-19 has radically changed the macroeconomic scenario, not only in Italy, but worldwide. The extraordinary impacts of the pandemic influenced the results of the first half of 2020. Despite the difficult market situation and international uncertainty, medium-long term growth drivers that are based on strategic pillars such as Energy Transition, security, diagnostics and digitalization of infrastructures are confirmed. The order backlog is showing significant resilience to the effects of the pandemic. The net financial position had a negative impact, but the Group made use of the resources made available by the Liquidity Decree and by the intervention plans implemented and in progress in Tesmec operating countries. In detail, pursuant the Liquidity Decree, the Group opened credit lines of 5-6 years for an amount of approximately Euro 50 million and regarding the foreign intervention plans, new lines for Euro 7.7 million were collected in France. Furthermore, we are going on with the works planned for the capital increase process, foreseeable by the end of the year and we decided to present the plan guidelines after the summer break".*

MAIN CONSOLIDATED RESULTS AS AT 30 JUNE 2020

Tesmec Group recorded consolidated proforma **Revenues** of Euro 39.0 million in the second quarter 2020 with an increase of 15% compared to the first quarter of the year. As at **30 June 2020** consolidated proforma revenues were **Euro 73.0 million** (non-proforma Revenues amounted to Euro 70.8 million), compared to Euro 97.5 million as at 30 June 2019. This decrease is significantly affected by the slowdown in production activities following the health emergency from COVID-19, the stops of the movement of goods and the consequent lockdown. From May, the Group reopened its activities, reaching full operation in June and laying the foundations to support the growth in the second half of the year.

In the half year, the revenues from services amounted to Euro 18.3 million compared to Euro 18.9 million as at 30 June 2019, also thanks to the rental activities, therefore confirming the strategic choice to strengthen the positioning in such business through the acquisition of the 4Service Group. The block of activities mainly impacted the delivery of finished products and work in progress, recording revenues of Euro 52.5 million compared to Euro 78.6 million as at 30 June 2019.

Results as at 30 June	**Revenues from sales and services**		
(Euro in thousands)	**2020**	**2019**	**Change**
Trencher proforma	**42,978**	**59,179**	***-27.3%***
Effect on Consolidated Revenues	*58.9%*	*60.7%*	
Railway	**13,207**	**16,337**	***-19.2%***
Effect on Consolidated Revenues	*18.1%*	*16.8%*	
Energy	**16,770**	**21,939**	***-23.6%***
Effect on Consolidated Revenues	*23.0%*	*22.5%*	
Consolidated pro-forma	**72,956**	**97,455**	***-25.1%***

In detail, the proforma Revenues of the **Trencher segment** as at 30 June 2020 were **Euro 43.0 million**, including the rental activity of the 4Service Group, with a decrease of 27.3% compared to Euro 59.2 million at 30 June 2019. This performance has been impacted, since the beginning of March, by the slowdown in logistics and by the blocks of production and transport and rental activities. This impact has been partially mitigated by the recovery phase in the second half of May. The **non-proforma** Revenues in the Trencher segment amounted to **Euro 40.8 million**. Conversely, commercial activities have not contracted and, in fact, as at 30 June 2020 the confirmed order backlog of the Trencher segment was Euro 68 million (compared to Euro 72.8 million as at 30 June 2019).

The **Railway segment** recorded Revenues as at 30 June 2020 of Euro 13.2 million, with a decrease of 19.2% compared to the Euro 16.4 million as at 30 June 2019. This trend is essentially due to the slowdown in activities and the temporary closure of the Monopoli plant, impacts then mitigated by the relaunch of activities in May. Also in this sector there was no reduction in commercial activities: the confirmed order backlog was, in fact, equal to Euro 77.2 million as at 30 June 2020 and including the provisional award of the RFI - Rete Ferroviaria Italiana SpA - tender, called for the production of diagnostic vehicles of the railway network, for around Euro 50 million in the three-year period, the order backlog would amount to around Euro 127.2 million (compared to Euro 97.5 million as at 30 June 2019).

With reference to the **Energy segment**, Revenues as at 30 June 2020 were Euro 16.8 million, with a decrease of 23.6% compared to Euro 21.9 million as at 30 June 2019. In particular, in the first half of the year, the Energy-Automation segment recorded revenues of Euro 3.7 million compared to Euro 5.0 million as at 30 June 2019 and it has been characterized by a slowdown due to production and transport blocks and by a billing process moved in July. Therefore, the growth prospects for this segment are not changed. The Stringing segment recorded revenues of Euro 13.1 million, compared to Euro 16.9 million as at 30 June 2019, with a reduction in turnover due to the slowdown and blocks of production activities from March to the first days of May. The commercial activities have had a strong push down and in fact the confirmed order backlog amounted to Euro 49 million (compared to Euro 28.4 million as at 30 June 2019), Euro 26 million of which related to the Energy Automation segment and Euro 23 million of which related to the Stringing segment.

In geographic terms, Tesmec Group keeps the percentage distribution of sales in line with the last financial year with a focus in Italy, Europe and North America.

Proforma EBITDA, including the rental activity of 4Service Group, was **Euro 9.8 million**, compared to Euro 12.1 million as at 30 June 2019. This result is mainly due to the impact of the spread of COVID-19 which led to the reduction in turnover and the consequent contraction of margins to cover fixed costs. Starting from the month of March, the Group took all the necessary actions in order to contain its costs with impacts also in the second half of the year, making the company structure more efficient and ensuring the working flexibility thanks to the digitalization of the organization. The Group make use of the measures made available by the various governments of the countries in which it operates to mitigate the impacts of the spread of the pandemic. In this regard, it should be noted that the proforma EBITDA in the **second quarter** alone was **Euro 5.7 million, 14.6%** on revenues, compared to Euro 4.1 million in the first quarter, 12.5% on revenues. The **non-proforma EBITDA** amounted to **Euro 8.2 million**.

Consequently, the **proforma EBIT** of the Tesmec Group as at 30 June 2020 is **negative Euro 1.4 million**, compared to positive Euro 3.3 million as at 30 June 2019. The **non-proforma EBIT** amounted to **negative Euro 1.6 million**.

The **Net Financial Expenses** of the Tesmec Group were **Euro 3.7 million** as at 30 June 2020, compared to Euro 2.2 million as at 30 June 2019. This change, for an amount of Euro 1.4 million, is mainly due to the different exchange rate trends in the two reference periods. With regard to exchange rate losses, it should be noted that the unrealized portion amounts to Euro 0.5 million.

The consolidated **proforma Net Result** is **negative for Euro 3.6 million** as at 30 June 2020, compared to a profit of Euro 0.5 million as at 30 June 2019. The **non-proforma Net Result** amounted to **Euro 3.9 million**.

The **Net Financial Indebtedness** was **Euro 143.0 million**, compared to Euro 135.5 million proforma as at 31 March 2020 and to Euro 130.9 million proforma as at 31 December 2019. The change is due to the contingent pandemic situation and to the increase in net working capital to support growth in the second half of the year. The net financial debt includes approximately Euro 23.8 million of financial liabilities from rights of use (IFRS 16). Euro 4.5 million of which from the 4Service Group acquired in April and Euro 10.5 million of debt vs shareholders.

The Company made use of the measures introduced by Legislative Decree n. 23 of 8 April 2020 (the so-called "Liquidity Decree") to facilitate access to credit for businesses, with the opening of credit lines starting from June for around Euro 50 million, in addition to those collected by the subsidiary Groupe Marais in France for Euro 7.7 million. These resources will be used to support the investments and growth expected in the next financial year. Furthermore, moratoriums have been obtained in relation to existing bank loans. This overall financial measure makes the Group confident about its medium-term financial commitments.

The **Total Order Backlog** of the Tesmec Group as at 30 June 2020 was around Euro **194.2 million - Euro 68.0 million of which referring to the Trencher segment, Euro 77.2 million of which to the Railway segment,** not including the provisional award of the RFI tender of around Euro 50 million**, and Euro 49.0 million of which to the Energy segment –** compared to Euro 181.7 million as at 31 March 2020 and to Euro 196.9 million as at 30 June 2019. The order backlog shows significant resilience because the Group operates in sectors that should have a positive trend in the medium term. And indeed:

i. Trencher: the development plans of modern infrastructures are positively influencing the performance of the sector. The projects connected to the underground installation of cables and optical fibers are becoming increasingly important, as well as the projects in the mining sector.
ii. Railway: requests arising from the need to modernize transport infrastructures are having a positive impact on the opportunities of the railway sector.
iii. Energy: the new “smart + security” needs will be greatly increased with a trend in favor of investments aimed at the transition to digital solutions and to Carbon-free sources.

COVID-19

Starting from January 2020, the national and international scenario has been characterized by the spread of the COVID-19 virus (so-called Coronavirus) and the consequent restrictive measures for its containment. As regards Italy, via specific Decrees of the Presidency of the Council of Ministers (DPCM), a state of emergency was declared, currently in force until October 15th. The Group took prompt actions to monitor and manage the situation with great attention, applying all the health and safety protocols in full compliance with the provisions of the Ministry of Health. These circumstances, extraordinary in nature and extent, had direct and indirect impact on operating activities. Since the early days of the health emergency, the Group has been committed to fight it trying to ensure the business continuity of its offices and plants but at the same time ensuring the safety of its staff, customers and suppliers. The main actions adopted concerned the incentive to smart working, the business travels restriction, the increase of spaces in the workplace and measures to avoid occasions of gatherings of large groups. Frequent cleaning and sanitization of the premises have been guaranteed and Group employees and collaborators have been periodically updated, through internal communications, on the protocols to be adopted which, with the evolution of the epidemic, have become increasingly compelling. These measures have always been adopted in full compliance with government provisions and, in compliance with the Authority's requirements, the Group stopped its operations in the factories of Grassobbio, Endine, Sirone, Fidenza and Padua from March 23 to May 4, and in plants in Patrica and Monopoli from 23 March to 12 April. Operations in Durtal (France) were suspended from March 17 to April 20, in compliance with the provisions of the French government, while the Alvarado (USA) plant had no interruptions. In Australia and New Zealand, where the Group does not have production plants but where it operates in several jobsites, the activities were stopped from March 19 to May 15 and from March 25 to April 27 respectively. The progressive slowdown in the spread of infections has made it possible to restart, after the adoption of a prevention and safety protocol which has been agreed with the doctors and union representatives. In compliance with this protocol, the Group made an extended sanitation of its premises, bought the necessary individual protection devices, such as masks, gloves, screens and protective barriers and changed some of its internal procedures, such as the methods of access to facilities, where it is requested the measurement of body temperature before entry, and the organization of areas and work shifts to better guarantee the social distancing measures. Implementation of the so-called smart working continues to be encouraged, and investments have been integrated to allow remote activities to be carried out.

In this difficult context, the Group has also adopted some initiatives to protect the welfare of employees and support its local community. The Group's production activities are carried out in some of the provinces of Italy which have suffered the most dramatic consequences of the current pandemic. To this end, some solidarity actions have been taken such as: a specific insurance coverage in case of hospitalization for COVID-19, the creation of the "Solidarity Bank" and the "Tesmec Family Solidarity Fund" to collect the contributions and the hours of leave voluntarily donated by employees to their colleagues in difficult situations due to COVID-19, the introduction of the figure of the "corporate butler", a service to take on some personal tasks of the employees in this difficult period, and a fundraiser: " Abitare la cura - Coronavirus: una mano per alleggerire gli ospedali" aimed to finance the hospitals in the province of Bergamo.

The COVID-19 pandemic impacted the performance of the first half of 2020. The various containment measures caused delays in the supply chain, the production and consequently the sales of the period, especially in March. These critical issues continued also in the month of April, during which the interruption of the operating activity continued, and which led to a slowdown in the commercial activity, which had already restarted in the first days of May. The Group reached full operation during the month of June and the first results from the restarting of the activities were confirmed with the growth of turnover and improvement in margins in the second quarter compared to the first quarter. On the basis of what is known to date, the Group believes that the impacts of this situation will not have consequences in the medium term. In order to meet the short-term liquidity needs from the slowdown in production and commercial activities, on 13 March 2020 a loan agreement has been signed with the majority shareholder, to be disbursed according to the needs of the Group in the next three years for a maximum amount of Euro 7 million, of which Euro 4.2 million was used as at 30 June 2020. Furthermore, the Italian companies of the Group were able to benefit from some ABI moratoriums on the maturities of their financial liabilities and from new loans, while the Marais company was able to benefit from a new guaranteed credit line. From June the Group made full use of the measures introduced by Legislative Decree n. 23 of 8 April 2020 (the so-called "Liquidity Decree") to facilitate access to credit for businesses, with the opening of credit lines of around Euro 50 million, in addition to those collected by the subsidiary Groupe Marais in France for Euro 7.7 million. These conditions will allow the Group an important production recovery as soon as the health emergency is overcome.

The COVID-19 pandemic is considered a "trigger event", in intensity and unpredictability, it is an external factor of potential impairment and therefore the Directors have deemed appropriate to make impairment tests as at 30 June 2020, with the aim of assessing the impact of the crisis on the value of its net assets. The impairment tests did not reveal any problems of recoverability of the values recorded in the financial statements.

BUSINESS OUTLOOK

The extraordinary and unpredictable spread of the COVID-19 pandemic has had socio-economic consequences both nationally and internationally, negatively impacting the short-term performance. The recovery phase started from the first days of May allowed the Group to be ready for a second half-year which projects revenues in line with the second half of previous years (around Euro 100 million) with the consequent improvement in EBITDA and the ratio of the net financial position on EBITDA of the period. It is expected a generation of cash linked to the containment of investments, to the reduction in the net working capital related to the last few months and to margins in the second half. The Group is operating in full flexibility and it is fully running in the months of July and August, when orders and revenues are growing.

The Management of the Group confirms the medium-long term growth drivers based on Energy Transition, safety, diagnostic and digitalization of infrastructures.

The targets, considering the spread of the COVID-19 virus and the effort to contain it, may be susceptible to changes linked to the unpredictable trend of the COVID-19 pandemic.

The Group's operating sectors, in fact, will benefit from new investments and development policies aimed at strengthening the key infrastructures of the main countries. The Group's business is focused on strategic sectors which are characterized by extreme vivacity and have significant development prospects. In fact, huge investments are planned in the trencher sector to strengthen telecommunications networks with the consequent increase in excavation and connection projects. A strong development in the mining sector is also expected. The railway sector is benefiting from a significant increase in investments to reduce congestion in the movement of road vehicles and increase sustainable mobility together with important investments in the maintenance of the lines aimed at guaranteeing the safety of rail transport. In the Energy sector, the transition to renewable energy sources, as well as the growing importance of the efficiency of electricity grids will drive to investments to support these trends.

MAIN EVENTS OVER THE PERIOD UNDER REVIEW

On **6 April 2020,** Marais Laying New Zealand received a government grant of NZD 0.6 million to cover the costs arising from the health emergency.

On **20 April 2020**, BPI France allowed Groupe Marais to obtain the loan guaranteed by the State for an amount of Euro 7.7 million issued by a pool of seven financial institutions in May and June.

On **21 April 2020** Cerved Rating Agency, the Italian rating agency specialized in the credit rating assessment of non-financial businesses, announced the solicited rating "B1.2" of the Company.

On **22 April 2020** the subsidiary Tesmec Rail, active in the design, prototyping and manufacturing of railcars and vehicles for diagnostics of the railway infrastructure, signed an agreement for the design, production and supply of a new self-propelled diagnostic rolling-stock with the Lithuanian company UAB "KMT". The delivery of the vehicle is scheduled for April 2021.

On **23 April 2020**, Tesmec purchased from the related party MTS - Officine Meccaniche di Precisione S.p.A. 100% of the share capital of 4 Service S.r.l., a company operating in the trencher rental business, for a consideration of Euro 9.4 million. MTS converted its credit arising from the payment of the consideration into a future capital increase account of Tesmec.

On **1 May 2020** the SBA "Small Business Administration" approved the issue of USD 1.4 million loan to Tesmec USA. This transaction is in the perimeter of regulation of the paycheck protection program and for approximately USD 1.0 million converted to a government grant.

On **12 May 2020** the subsidiary Tesmec Rail was selected in the award proposal for the 3rd lot of the tender launched by RFI – Rete Ferroviaria Italiana SpA, a company of the Ferrovie dello Stato Group responsible for the overall management of the national railway network, for the supply and Full Maintenance Service of trucks for the territorial diagnostics on yards, nodes and interconnections.

On **21 May 2020**, the Shareholders' Meeting of Tesmec S.p.A. met and approved the Financial Statements as at 31 December 2019 and the allocation of profits; the attribution to the Board of Directors, pursuant to article 2443 of the civil code, of the proxy to increase the share capital for a maximum total amount not exceeding Euro 50,000,000; increase guaranteed pro quota by the majority shareholder TTC s.r.l; the first section of the remuneration report; the revocation of the program for the purchase and disposal of treasury shares approved by the ordinary Shareholders' Meeting of 16 April 2019; and the elimination of the indication of the nominal value of the shares and the adaptation to the new regulatory provisions on gender quotas. The Board of Directors of the Company also met on the same date and approved the Interim Management Report as at 31 March 2020.

On **29 June 2020** the Board of Directors of Tesmec Automation S.r.l. approved the purchase of the plant located in Patrica (FR), to proceed then with its expansion and renovation of the existing part.

MAIN EVENTS OCCURRING AFTER THE PERIOD UNDER REVIEW

At the time of this press release, the parent company Tesmec S.p.A. finalized loan agreements for a total of Euro 44.5 million issued by INTESA, ICCREA, CdP (Cassa Depositi e Prestiti SpA), Deutsche Bank, Banca Progetto and Sparkasse through “Garanzia Italia”, the measure of the "Liquidity Decree” to support the Italian companies damaged by the COVID-19 emergency.

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. The amount is unchanged compared to 31 December 2019.

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Conference Call

At 8:45 AM (CET) – 7:45 AM (BST) of tomorrow, Thursday 6 August 2020, 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 half of 2020 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**

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The manager responsible for the preparation of the corporate accounting documents, Marco Paredi, 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 2019 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.

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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, Carlo Musa, Alessandro Beretta
Tel: +39 02 89011300
E-mail: tesmec@imagebuilding.it

This press release is also available on www.tesmec.com in the "Investors" section:

http://investor.tesmec.com/Investors/Notices.aspx?lang=it-IT

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 850 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 & West Africa, Australia, New Zealand, 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 2020.

Tesmec Group reclassified consolidated income statements

(€ in thousands)	As 30 June	
	2020	**2019**
Revenues	**70,793**	**97,455**
Total operating costs	(72,355)	(94,191)
Operating Income	**(1,562)**	**3,264**
Financial (income) / expenses	(2,659)	(2,583)
Foreign exchange gains/losses	(1,046)	337
Share of profit / (loss) of associates and joint ventures	(24)	42
Income before tax	**(5,291)**	**1,060**
Net income for the period	**(3,916)**	**529**

EBITDA	**8,163**	**12,085**
EBITDA (% on revenues)	**11.5%**	**12.4%**
EBITDA proforma	**9,809**	
EBITDA pro forma (% on revenues)	**13.4%**	

Tesmec Group reclassified consolidated statements of financial position

(€ in thousands)	**30 June 2020**	**31 December 2019**
Non-current assets	122,373	102,101
Current assets	202,542	194,450
Total assets	**324,915**	**296,551**
Non-current liabilities	90,362	75,085
Current liabilities	183,857	175,314
Total liabilities	**275,679**	**250,399**
Equity	50,696	46,152
Total equity and liabilities	**324,915**	**296,551**

Tesmec Group other consolidated financial information

(€ in thousands)	As 30 June	
	2020	**2019**
Net cash provided/(used) by operating activities (A)	(7,112)	(8,493)
Net cash provided/(used) by investing activities (B)	(27,996)	(7,699)
Net cash provided/(used) by financing activities (C)	42,429	(5,422)
Increase / (decrease) in cash and cash equivalents (D=A+B+C)	**7,321**	**(21,614)**
Cash and cash equivalents at the beginning of the period (F)	**17,935**	**42,793**
Net effect of conversion of foreign currency on cash and cash equivalents (E)	(198)	245
Total cash and cash equivalents at end of the period (G=D+E+F)	**25,058**	**21,424**

Tesmec Group other consolidated financial information

(€ in thousands)	As 30 June 2020	As 31 December 2019
Net working capital [4]	83,334	73,024
Non-current assets	103,925	86,947
Other Non-current assets and liabilities	6,443	4,219
Net invested capital [5]	**193,702**	**164,190**
Net financial indebtedness [6]	143,006	118,038
Equity	50,696	46,152
Total equity and net financial indebtedness	**193,702**	**164,190**

[4] 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.

[5] 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.

[6] 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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