



- Stringing
- Energy Automation
- Railway
- Trencher

Integrated Solutions Provider

2020.1H Results Presentation

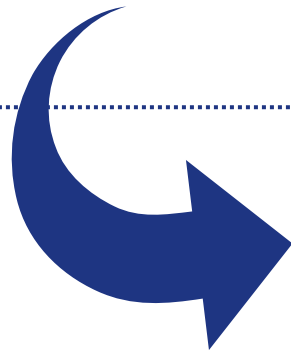


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- > **Strategic overview**
- > 2020.1H Business highlights and Results
- > Outlook 2020-2021

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

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

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

ITALY:
 State of emergency triggered by COVID-19 extended until 15 October 2020

TESMEC:
 Flexibility and full operation starting from June 2020

Target: highest level of safety & business continuity

EQUIPMENT SUPPLIER

Design & production of trenchers able to work under extreme conditions

Sales business model



FULL-SERVICE PROVIDER

Digital and connected systems
Complete package of business models (sales, rental..)



INTEGRATED VALUE CHAIN

Fiber installation & automatic laying of energy cables
Wide range of surface mining segments (bauxite, gypsum, iron, potash..)



Growth strategy

>> CLEAN & FAST SOLUTIONS FOR EACH APPLICATION

>> DIGITAL & CONNECTED SYSTEMS

>> COMPLETE PACKAGE OF INTEGRATED SERVICES

COMPLETE TRADITIONAL OFFER

A complete package for the stringing operations



NEW DIGITAL CONCEPT

A new range of digital machines for a safe & faster jobsite



GREEN APPROACH & NEW METHODOLOGIES

New machines range full electric
New methodologies for reconductoring



Growth strategy

>> DIGITALIZATION FOR SAFE AND EFFICIENT STRINGING OPERATIONS

>> GREEN TECHNOLOGIES FOR A SUSTAINABLE JOBSITE

>> INNOVATIVE SOLUTIONS FOR POWER GRIDS MAINTENANCE

COMPLEMENTARY SOLUTIONS

Design & production of HV solutions to strengthen the core competence in the energy automation



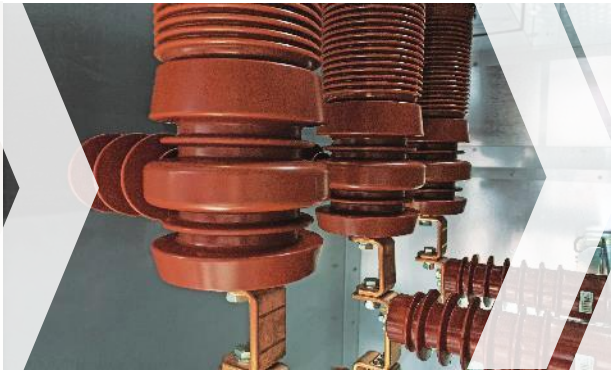
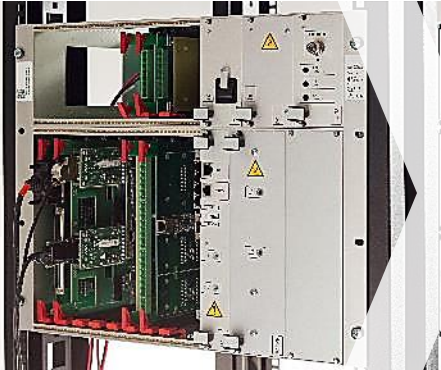
EQUIPMENT SUPPLIER

Complete portfolio of HV and MV solutions with solid technical support



SYSTEM INTEGRATOR

From the development of new products to the management of complex innovative projects



Growth strategy

>> T&D RANGE OF SOLUTIONS FOR GRID AUTOMATION

>> IOT INTEGRATION FOR ENERGY DATA ANALYTICS

>> DIVERSIFIED APPROACH BOTH ON PRODUCTS AND SYSTEMS

EQUIPMENT SUPPLIER

Design & production of railway solutions keeping the core competence in the catenary installation



TECHNOLOGICAL PROVIDER

Certified & connected rail vehicles & services for electrification & maintenance



SYSTEM INTEGRATOR with TECHNOLOGICAL PARTNERSHIPS

Solutions for unmanned diagnostic and data management platform



Growth strategy

>> CERTIFIED, AUTOMATED & CLOUD CONNECTED VEHICLES

>> ARTIFICIAL INTELLIGENCE FOR UNMANNED DIAGNOSTIC AND BIG DATA MANAGEMENT

>> GREEN APPROACH WITH HYBRID AND BIMODAL SOLUTIONS

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Complete Business model



Full package of solutions
Sales, Wide Rental Fleet, Jobsite Management

Surface Mining Business



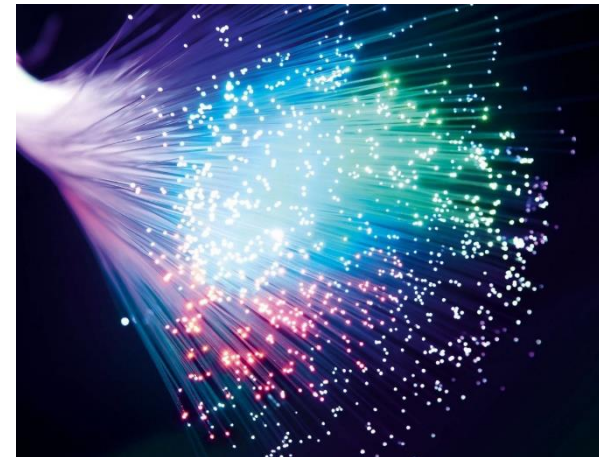
New markets development
West Africa (Ivory Coast and Guinea)

Technologies for top performances



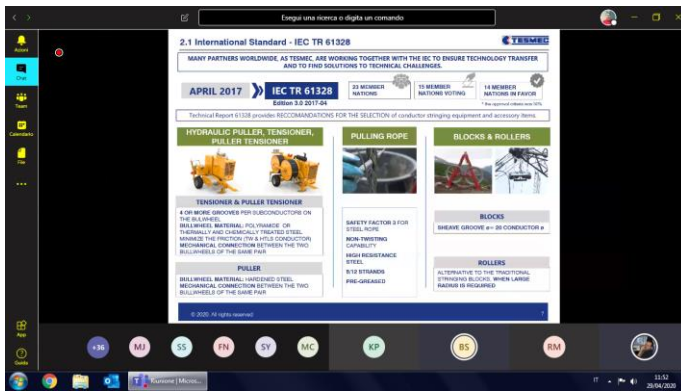
EVO generation available on all main models
(975/1150/1475)

5G & Fiber Optics



New projects, started to catch post-covid opportunities
Telecommunication and Infrastructures

Worldwide webinar to introduce the green & digital technologies



New approach to face the COVID-19 situation and Strengthen customer relations during the lockdown period

Increase of order acquisition 1H 2020 vs 1H2019

New sales approach:

- Digital communication tools
- New sales team in US + commercial agreement

Important projects:

- EU
- US



Very important increase of order acquisition compared to 1H 2019

Maintenance Advanced technology



Jobsite in Michigan City (Indiana)

Full Electric Machines Introduction on USA market



Jobsite in Morehead (Kentucky)

Enel Market: new opportunities



Supply on awarded tenders for protection and control solutions to guarantee the maximum security and reliability of the Power Grids

Russia: focus on product awareness



Continuous supplies to local players in different regions of the country

Italian Market: new opportunities for Distribution and Transmission markets



Awarded tenders for PLC & remote control solutions with supplies in H2.2020

Internationalization



New orders and short listed in **strategic projects for catenary maintenance and diagnostics (Central-East EU)**.

Certified vehicles for safety railway network



EU Agency for Railways (ERA): after the authorizations achieved for 3 vehicles, Tesmec issued technical documents to register the rolling stocks in the European Register of Vehicles, according to the Rules of “4th Railway Package”.

Domestic market



Selected in the proposal for the award of the 3rd lot of RFI tender for the supply of solutions for the **diagnostic of railway infrastructure**.

Safety and operative continuity



Vehicles in convoy running on active line thanks to the **SCMT/SSC Signalling safety system and Tesmec full maintenance service at full capacity**.

GROUP (€ mln)	2020.1H* proforma	2020.1H	2019.1H	Delta vs. Proforma%
REVENUES (1)	73,0	70,8	97,5	-25,1%
EBITDA (2) (3)	9,8	8,2	12,1	-18,8%
% on Revenues	13,4%	11,5%	12,4%	
EBIT	(1,4)	(1,6)	3,3	
% on Revenues	-1,9%	-2,2%	3,3%	
Differences in Exchange (4)	(0,7)	(1,0)	0,3	
% on Revenues	-1,0%	-1,5%	0,3%	
PROFIT (LOSS) BEFORE TAX	(4,9)	(5,3)	1,1	
% on Revenues	-6,7%	-7,5%	1,1%	
NET INCOME/(LOSS)	(3,6)	(3,9)	0,5	
% on Revenues	-4,9%	-5,5%	0,5%	

GROUP (€ mln)	2020.1H* proforma	2020.1H	2019 proforma	Delta vs. Proforma%
NFP ante IFRS 16	109,2	109,2	99,8	-9,5%
NFP post IFRS 16	132,5	132,5	120,4	
Shareholders Loan	10,5	10,5	10,5	

(1) Affected by the actions taken by public authorities to contain the spread of the pandemic COVID-19. After the slowdown and lockdown phases, March and April, the Group restarted its activities in May, reaching full operations during the month of June. The Group has increased 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. This actions will impact the second half too. The Group collected all the possible operating grants in the different country around the world.

(4) The exchange differences are negative, mainly for the depreciation of the Australian dollar, USD, ZAR & Ruble.

*The pro-forma results 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).



ENERGY	2020.1H	2019.1H	Delta %
Revenues	16,8	21,9	-23,6%
EBITDA	1,7	2,8	-38,5%
% on Revenues	10,4%	12,9%	

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

> The **slowdown in production activities** and the switch of the invoicing process in July impacted the **Energy Automation**

> The **confirmed order backlog** amounted to **Euro 49,0 million**



TRENCHERS	2020.1H	2019.1H	Delta %
Revenues proforma	43,0	59,2	-27,3%
EBITDA proforma	6,1	6,4	-3,8%
% on Revenues	14,3%	10,8%	

> The **integration** of the rental activities **mitigated the drop of the margins**

> Impacted **by the slowdown** in logistics and by the **blocks** of production and services. This impact has been **partially balanced** by the recovery phase in the **second half of May**

> The **confirmed order backlog** was **Euro 68,0 million** as at 30 June 2020.



RAILWAY	2020.1H	2019.1H	Delta %
Revenues	13,2	16,3	-19,2%
EBITDA	1,9	2,9	-32,8%
% on Revenues	14,6%	17,5%	

> The **decrease** is mainly due to the **slowdown/lockdown**, mitigated by the **relaunch of activities in May**

> The **confirmed order backlog** was **Euro 77,2 million plus Euro 50 million** of the **provisional award of the RFI Tender**

Euro/mln	1Q			2Q			1H_proforma		
	2020	2019	Var.	2020	2019	Var.	2020	2019	Var.
REVENUES	34,0	49,8	-31,8%	39,0	47,7	-18,2%	73,0	97,5	-25,1%
EBITDA	4,1 12,5%	5,7 11,5%	-28,1%	5,7 14,6%	6,4 13,6%	-10,1%	9,8 13,4%	12,1 12,4%	-18,8%
EBIT	(1,3)	1,6		(0,1)	1,7		(1,4)	3,3	

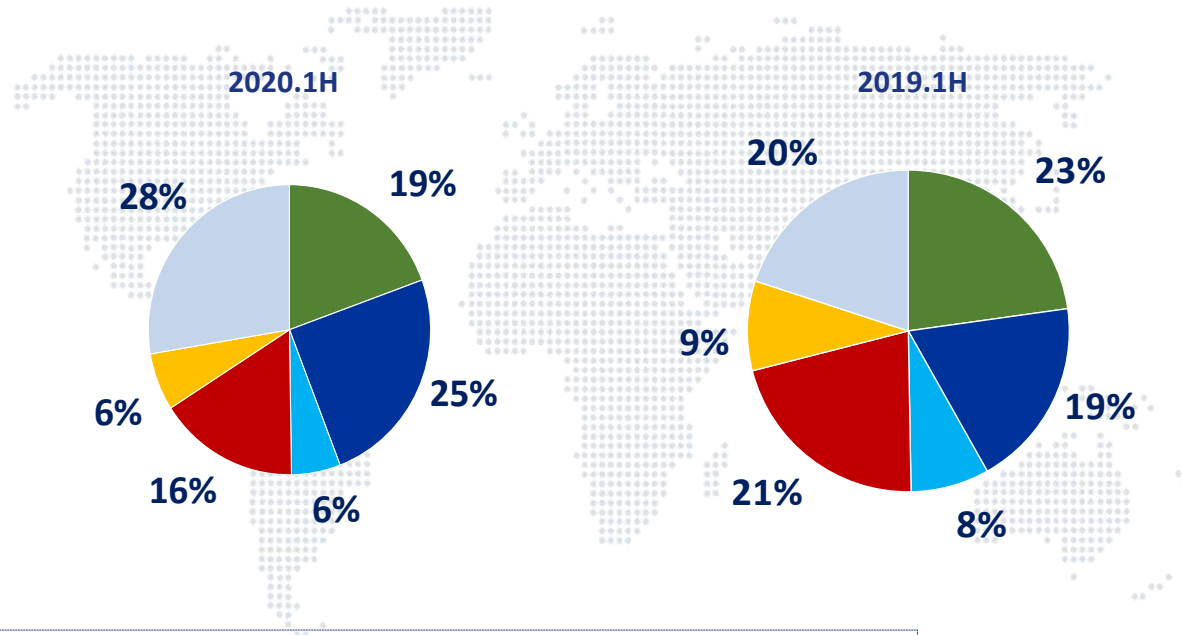
After the slowdown and lockdown phases, March and April, the Group restarted its activities in May, **reaching full operations during** the month of **June** and the first results from the restarting of the activities were confirmed with the growth of turnover and **improvement in margins** in the **second quarter** compared to the first quarter




Starting 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. The Group used **the measures** made available by the various **Governments to mitigate** the impacts of the spread of the pandemic



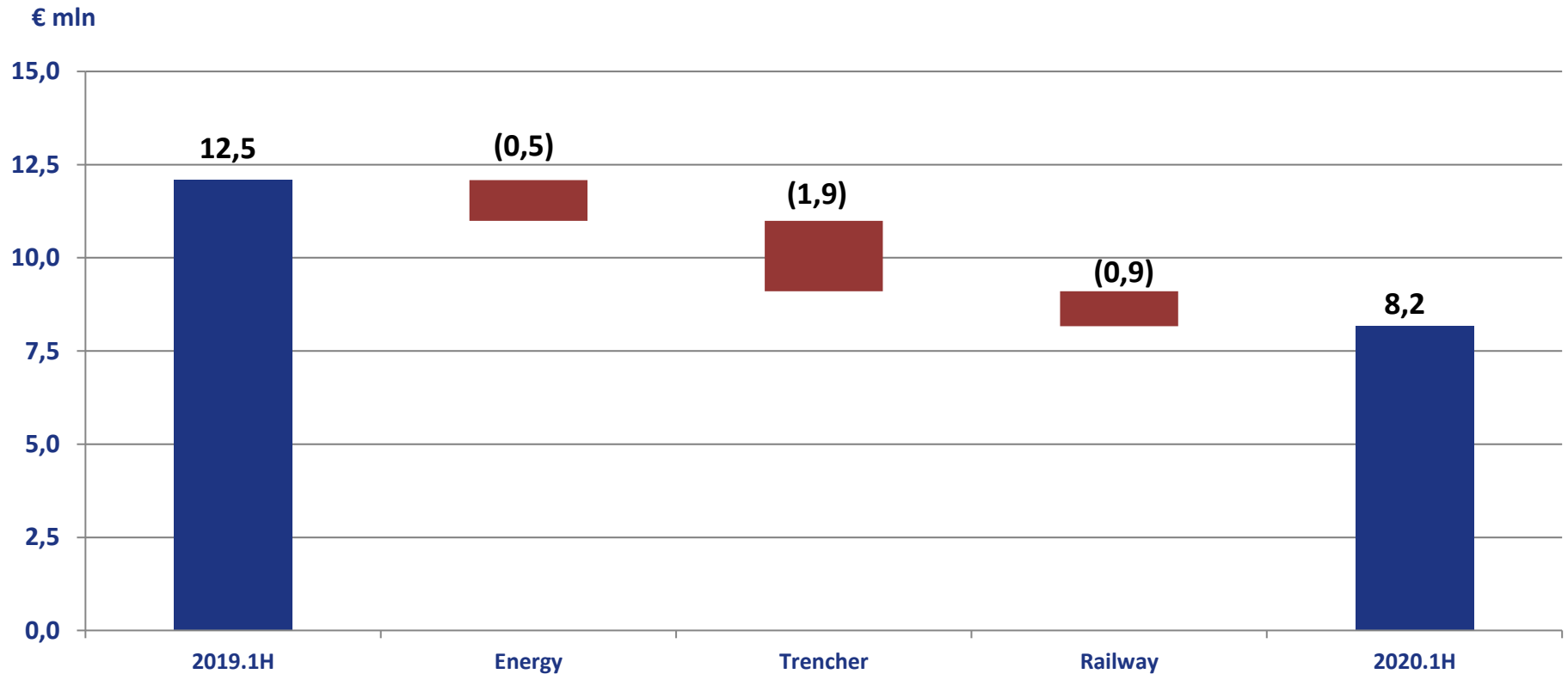
(1) including the provisional award of the RFI tender for the production of diagnostic vehicles for around Euro 50 million, the backlog would be **around Euro 244,2 million**

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

- Italy
- Europe
- Middle East
- BRICs and Oceania
- Africa
- North-Central America



2019.1H

Impacted of the spread by Covid-19 which caused the turnover reduction and the consequent missing margins to cover fixed costs.
Cost reduction activities has been introducing since march

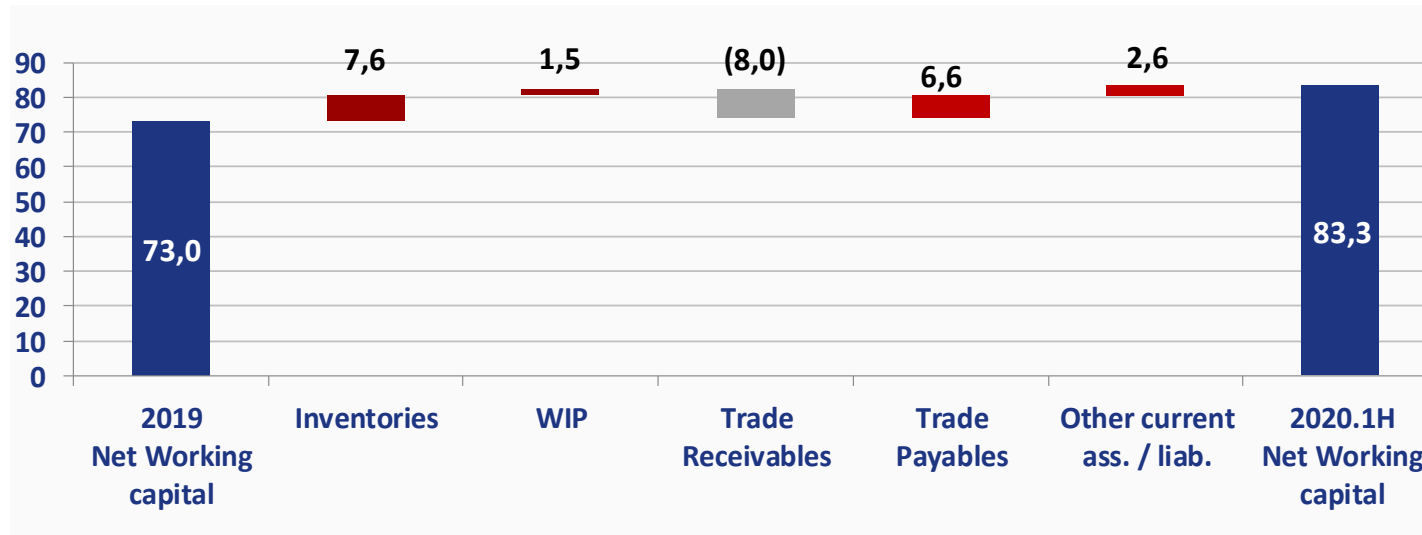
2020.1H

Financial Information (€ mln)	2020.1H	2019
Net Working Capital	83,3	73,0
Non Current assets	79,1	66,8
Right of use - IFRS 16/IAS 17	24,9	20,1
Other Long Term assets/liabilities	6,4	4,2
Net Invested Capital	193,7	164,2
Net Financial Indebtness	119,2	98,5
Lease liability - IFRS 16/IAS 17	23,8	19,5
Equity	50,7	46,2
Total Sources of Financing	193,7	164,2

2019

Increase of working capital (mainly the inventories) and fixed assets in the first parts of the half

2020.1H

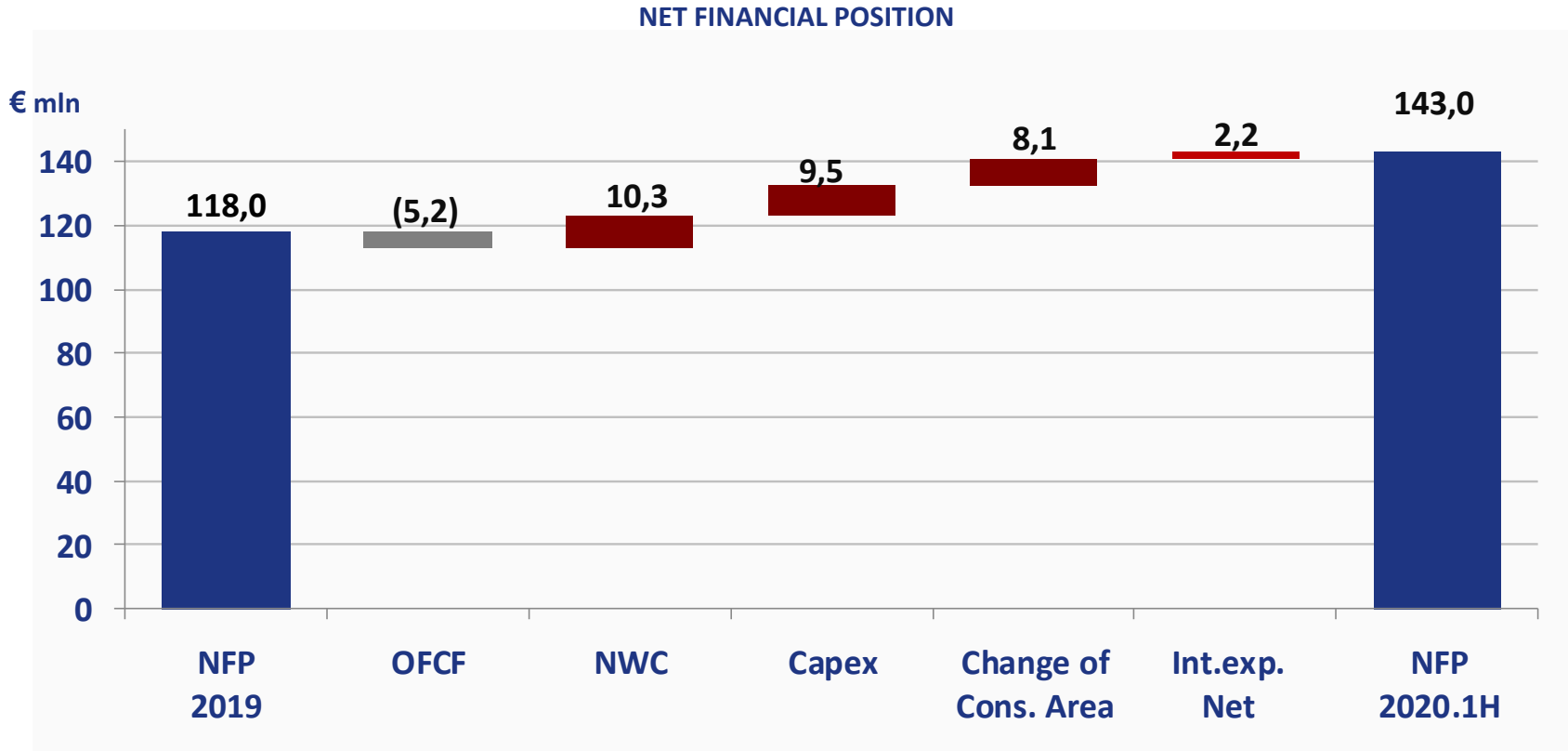


€ Mln	2020.1H	2019.FY	Days 2020.1H	Days 2019.FY
Trade Receivables	59,8	67,9	120	122
Inventories	77,5	69,9	161	125
Work in progress contracts	17,8	16,3	37	29
Trade Payables	(50,9)	(57,5)	-106	-103
Other Current Assets/(Liabilities)	(21,0)	(23,6)	-44	-42
Net Working Capital	83,3	73,0		

2019
€ 73,0 mln

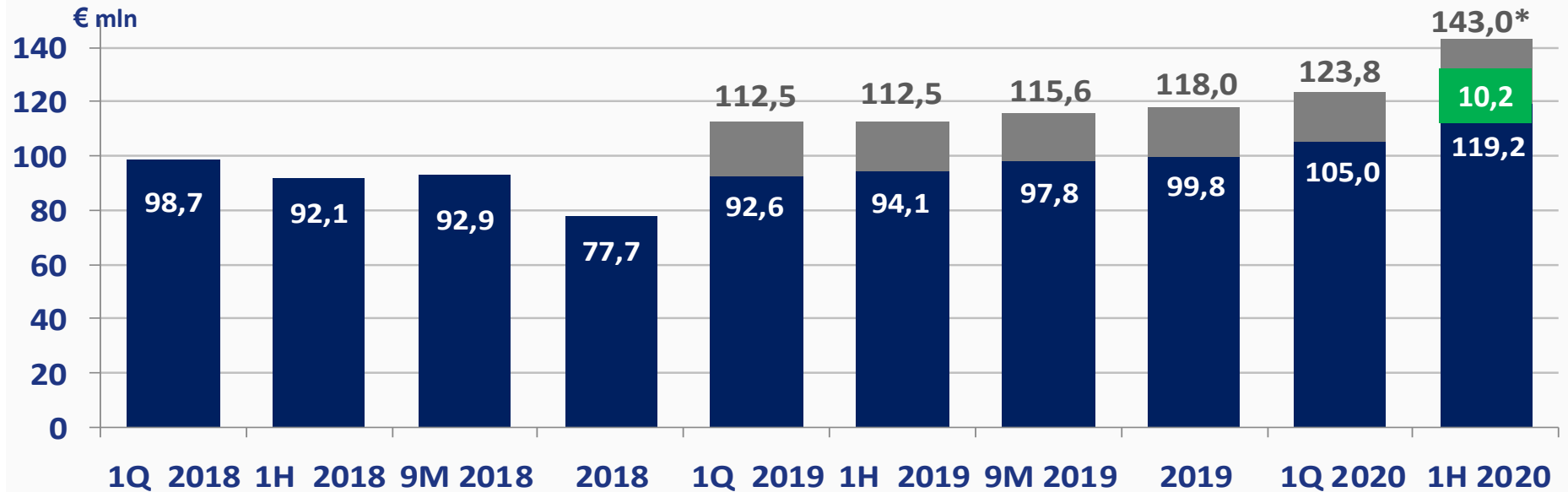
Increase of inventories due to the Covid period and support the growth in the second half

2020.1H
€ 83,3 mln



2019
Less cash generation due to the Covid-19 and increase of the NWC to support the growth in the second half
2020.1H

NET FINANCIAL POSITION



* From 1st January 2019, the new IFRS 16 has been introduced, the impact in term of NFP is around 23,8 M€, otherwise the NFP would have been around 119,2. Since April the NFP included the financial debt from the acquisition of 4service around 10,2 M€.

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**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

Turnover

Better 2H than 1H 2020

3Q and 4Q will recover in line with the 2H 2019

EBITDA

Margins improvements thanks to:

- **Better mix**
- **Rental activity**
- **Cost saving actions**

NFP

Cash generation thanks to:

- Actions on **working capital**
- **CAPEX** reduction
- **Margins**

Improvement of NFP / EBITDA ratio

1H 2020



3Q 2020

4Q 2020

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

- 1) Guidelines of the Business Plan will be released
- 2) Flexibility and full operations phase
- 1) Completion - Loans guaranteed by SACE
 - ✓ investments
 - ✓ supply chain
 - ✓ salaries
- 2) Follow-up of the cost reduction activities
- 3) Orders Acquisition: Railways, Energy Automation & FTTH/5G

- 1) Follow up on the procedures for the Share capital increase
 - ✓ In the interest of all shareholders: minorities and main shareholders
 - ✓ Supporting the future development
- 2) Reinforcement of the management structure

New Infrastructures 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*

Europe Projects



Interconnection & projects to support EU Green Deal

APAC Projects



Energy Transition and energy network reorganization

Growth in North America markets



Constant growth no COVID-19 impact for now

Green development: full electric range



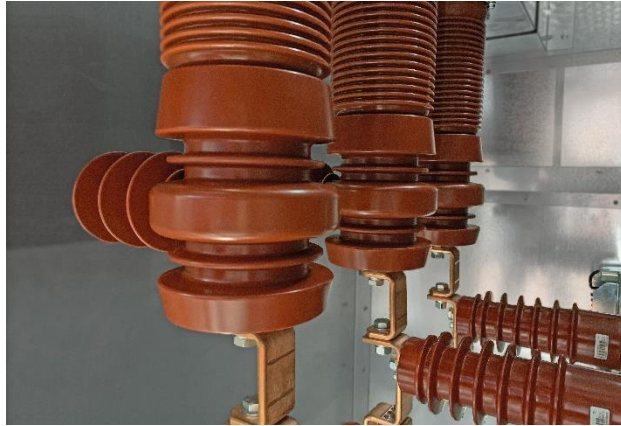
Development of a complete range of green equipment

Digital Refurbishment Methodology



Safer, Cleaner & more efficient technology

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

Green approach: Sustainability



Fully electric & hybrid vehicles free of any emissions to be operated in tunnels and urban area.

INTERNATIONALIZATION



Export of technology and expertise in the key Countries worldwide

Platform with Artificial Intelligence to manage big data



Enabler for the optimization of the railway's infrastructure: automated elaboration data process

R&D & innovative projects



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

Profit & Loss Account (Euro mln)	2020.1H	2019.1H	Delta vs 2019.1H	Delta %
Net Revenues	70,8	97,5	(26,7)	-27,4%
Raw materials costs (-)	(28,0)	(43,2)	15,2	-35,2%
Cost for services (-)	(13,4)	(17,9)	4,6	-25,5%
Personnel Costs (-)	(23,3)	(25,6)	2,3	-9,1%
Other operating revenues/costs (+/-)	(0,9)	(2,3)	1,4	-59,3%
Non recurring revenues/costs (+/-)	0,0	0,0	0,0	na
Portion of gain/(losses) from equity investments evaluated using the equity method	0,1	(0,1)	0,2	-194,3%
Capitalized R&D expenses	2,9	3,8	(0,9)	-24,6%
Total operating costs	(62,6)	(85,4)	22,7	-26,6%
<i>% on Net Revenues</i>	<i>(88%)</i>	<i>(88%)</i>		
EBITDA	8,2	12,1	(3,9)	-32,5%
<i>% on Net Revenues</i>	<i>12%</i>	<i>12%</i>		
Depreciation, amortization (-)	(9,7)	(8,8)	(0,9)	10,2%
EBIT	(1,6)	3,3	(4,8)	-147,7%
<i>% on Net Revenues</i>	<i>-2%</i>	<i>3%</i>		
Net Financial Income/Expenses (+/-)	(3,7)	(2,1)	(1,6)	76,4%
Taxes (-)	1,4	(0,5)	1,9	-360,8%
Minorities	(0)	(0)	(0,0)	
Group Net Income (Loss)	(3,9)	0,6	(4,5)	n/a
<i>% on Net Revenues</i>	<i>-6%</i>	<i>1%</i>		

Balance Sheet (€ mln)	2020.1H	2019
Inventory	77,5	69,9
Work in progress contracts	17,9	16,3
Accounts receivable	59,8	67,9
Accounts payable (-)	(50,9)	(57,5)
Op. working capital	104,3	96,7
Other current assets (liabilities)	(21,0)	(23,6)
Net working capital	83,3	73,0
Tangible assets	53,2	42,5
Right of use - IFRS 16/IAS 17	24,9	20,1
Intangible assets	21,7	20,4
Financial assets	4,1	3,9
Fixed assets	103,9	87,0
Net long term liabilities	6,4	4,2
Net invested capital	193,7	164,2
Cash & near cash items (-)	(25,1)	(17,9)
Short term financial assets (-)	(13,1)	(12,1)
Lease liability - IFRS 16/IAS 17	23,8	19,5
Short term borrowing	97,4	79,8
Medium-long term borrowing	59,9	48,7
Net financial position	143,0	118,0
Equity	50,7	46,2
Funds	193,7	164,2

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