



- Stringing
- Energy Automation
- Railway
- Trencher

TESMEC

2020-2023 Business Plan guidelines



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- > **2020-2023 Business Plan guidelines**
- > Rights issue

2010 IPO

- Historical businesses:
Stringing and Trencher



2010-2019 Investment & Diversification

- Strategic **M&A** in the Rail, Energy Automation and Rental business
- **Integration** of know how & reorganization
- **Qualification** with key customers
- **Certification** of technological solutions



2020-2023 Next development

- Increase **recurring revenues**
- Focus on **services and O&M orders & long term backlog**
- **Consolidation** of the investment streams
- Key Development drivers:
 - **ENERGY TRANSITION**
 - **DIGITALIZATION**
 - **SUSTAINABILITY**



GREEN AND DIGITAL TECHNOLOGY TRENDS DRIVE MARKET OPPORTUNITIES

MARKET					
Telecom & Fiber	Energy & Renewables	Surface mining	Rail	Construction and utilities*	Pipeline

Key Growth Drivers

- Telecom & Fiber**
 - Increase in **internet users** and demand for high-speed internet
 - Growth in **demand for improved IT infrastructure** especially in emerging economies
- Energy & Renewables**
 - Environmental issues and greater focus on **energy saving** and **efficiency**
 - Fastest growth of **renewables** in the electricity sector
 - Trends related to **electrification** (e.g. electric cars) and **cybersecurity**
- Surface mining**
 - Growing attention to **security** standards resulting in increasing **regulations** on the use of explosives
 - Need for technological changes to increase sustainability while reducing operational costs (**smart mining**)
- Rail**
 - Push on **improvement** and **safety** of the existing railway in order to reduce accidents (Italy and Europe)
 - Technical market trends include technologies for **alternative traction system** (hybrid, zero emission ...)
- Construction and utilities***
 - **Demographic boom**, new cities or enlargement of the existing ones (Africa and Asia)
 - Increasing investments in **water pipes**, irrigation/drainage and wastewater management
- Pipeline**
 - Oil and natural gas **prices issue**
 - More **restrictive regulations** on aging pipeline in developed markets
 - Growing **gas demand** (Asia-Pacific, Russia, Africa) and need for additional pipeline capacity

* i.e. water and sewage lines

BU



Vision

Consolidate the position as solution provider in order to gain market shares and to increase the profitability and the cash flows generated by the business



Strategic pillars

1	2	3	4
<p>Focus on existing business</p> <ul style="list-style-type: none"> Manage and further develop the existing business portfolio and geographies 	<p>Solution provider and system integrator</p> <p>Focus on:</p> <ul style="list-style-type: none"> digitalization automation of processes safety and cybersecurity sustainability 	<p>Increase recurring revenues streams</p> <ul style="list-style-type: none"> Develop the businesses recently launched (Rail and Energy Automation) Maintain the trencher fleet for the rental business 	<p>Efficient and effective organization</p> <ul style="list-style-type: none"> Rationalize costs and improve the NWC absorption Implement the new ERP Improve cash generation

EQUIPMENT SUPPLIER

Design & production of trenchers able to work under extreme conditions

Sales business model



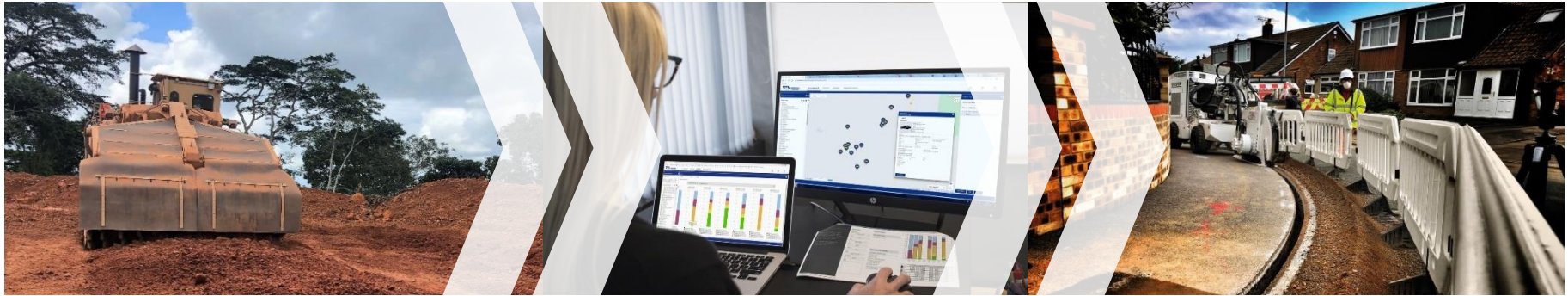
FULL-SERVICE PROVIDER

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



INTEGRATED VALUE CHAIN

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



Strategic pillars

Clean & fast solutions for each application

Digital & connected systems

Complete package of integrated services

Business strategy

Grow in the **rental and service** field (recurring businesses)

Leverage the **automatic laying technology** in order to become the reference for Fiber and renewables projects

Develop advanced technologies for **smart mining**

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



Strategic pillars

Certified, automated and cloud connected vehicles

Artificial intelligence for unmanned diagnostic and big data management

Green approach with hybrid and bimodal solutions

Business strategy

Leverage the **competitive advantage** related to the certifications

Strengthen the positioning in the **diagnostic** systems segment

Continue to invest in R&D for the design of **hybrid and full-electric** vehicles

Pursue the **international growth strategy**, especially in Europe

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



Strategic pillars

Digitalization for safe and efficient stringing operations

Green technologies for a sustainable jobsite

Innovative solutions for power grids maintenance

Business strategy

Enter the energy **distribution segment** in Europe and USA

Strengthen the positioning in the **strong grid business**, interconnection projects and new generation conductors stringing especially in Europe and North America and in the **renewable energies** sector in Oceania and USA

Develop the **reconductoring** business thanks to the new product range (CLP)

COMPLEMENTARY SOLUTIONS

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



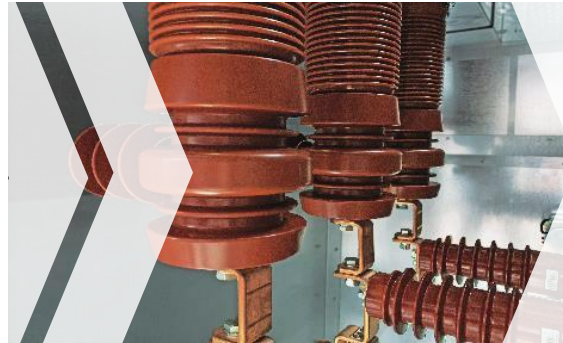
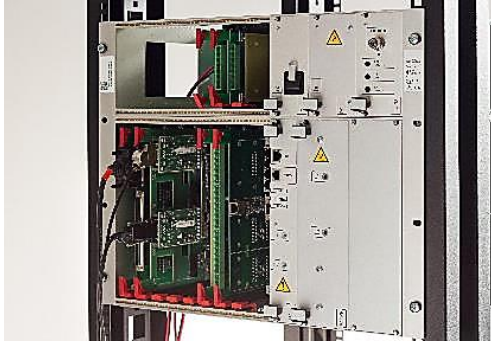
EQUIPMENT SUPPLIER

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



Strategic pillars

T&D range of solutions for grid automation

IoT integration for energy data analytics

Diversified approach both on products and systems

Business strategy

Complete and standardize the **product range**

Grow in **international markets** thanks to relationship with key customers & sales network of the Stringing segment

Develop **systems engineering** to offer integrated systems with high added value and turnkey solutions

Rationalize the production structure to achieve economies of scale and improvement of margins and working capital

2019_{pf}

2020_{pf} post COVID

2023

TURNOVER

199.6 M€

~ 170 M€

- >> Growth in each business line
- >> Significant performance of the Energy Automation segment; Stringing segment back to historical performances
- >> Focus on recurring revenues (rental & services)

275~290 M€

cagr₁₉₋₂₃: 8.5%~10.0%

EBITDA

30 M€

22~24 M€

- >> Better mix of products & systems, premium price policy, impact of new high margin activities such as rental and hi-tech solutions
- >> Rationalization and standardization of the products portfolio
- >> Broadly stable fixed costs

53~58 M€

cagr₁₉₋₂₃: 17.0%~18.0%

NFP/EBITDA

4.4x

~ 5.4x

- >> Net working capital improvement and efficiency actions on inventory
- >> Optimization of credit management policies
- >> 2020-2023: Cumulated Capex in 4 years 60 M€, progressive reduction to 5% of the CAPEX/Revenues

~ 1.5x

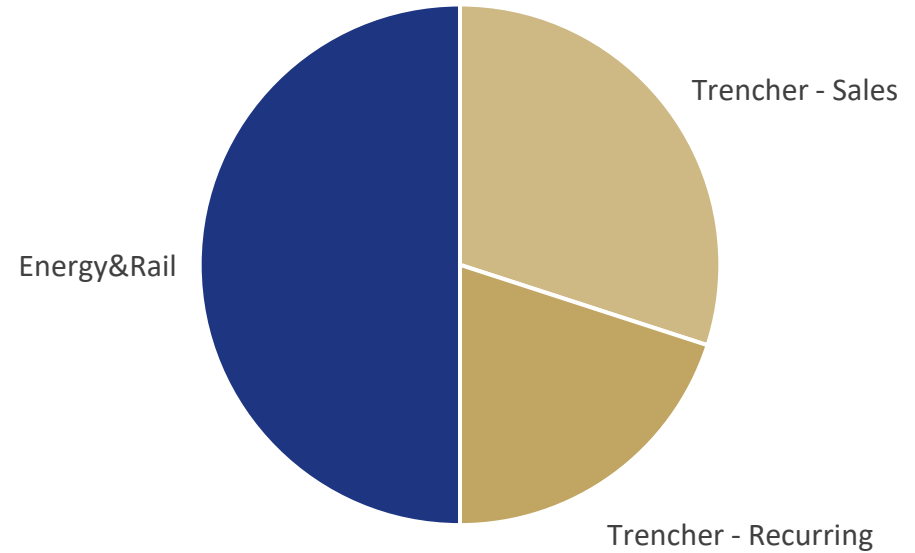
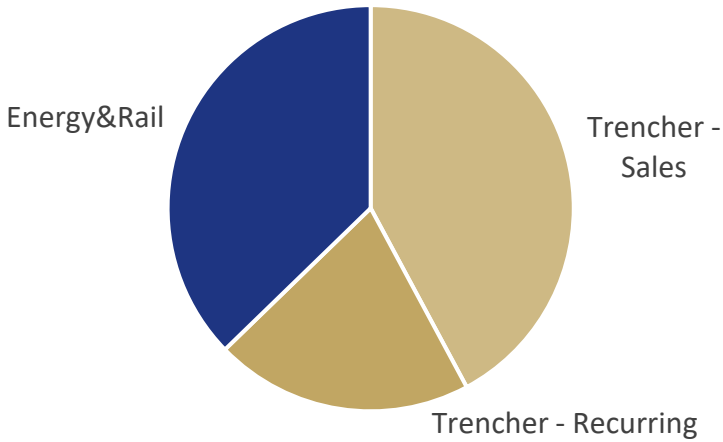
2019_{pf}

CAGR19-23: 8.5%~10.0%

2023

Revenues

Revenues



BACKLOG as at 31 August 2020: 220 M€ + 50 M€ (provisional award of RFI tender in railways business)

- > 2020-2023 Business Plan guidelines
- > **Rights issue**

The Board of Directors resolved that the amount of the share capital increase will be equal to a maximum of **35 M€**

MAIN TARGETS

- >> strengthen the financial structure
- >> financing special business initiatives with significant growth in volumes & margins

ENERGY

STRINGING
Strengthening of the Group's presence in North America

ENERGY AUTOMATION
Internationalization of business activities in the geographic areas in which the main customers operate



TRENCHER

Further strengthening of the rental business



RAIL

Strengthening of diagnostic systems and development of technological platforms for the maintenance of railway networks



Notes

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).

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

The plan doesn't include any cash in from share capital increase. 50 M€ of credit lines already collected from financial institutions

Disclaimer

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.

This press release contains some forward looking statements that reflect the current opinion of the Tesmec Group management on future events and financial and operational results of the Company and of its subsidiaries, as well as other aspects of the Group's activities and strategies. These forward looking statements are based on current expectations and assessments of the Tesmec Group regarding future events, as well as on the Group's intentions and beliefs. Considering that these forward looking statements are subject to risk and uncertainty, the actual future results may considerably differ from what is indicated in the above forward looking statements as these differences may arise from several factors, many of which lie beyond the Tesmec Group's ability to accurately check and estimate them. Amongst these - including but not limited to - there are potential changes in the regulatory framework, future developments in the market, price fluctuations and other risks. Therefore, the reader is asked to not fully rely on the content of the forecasts provided as the final results could significantly differ from those contained in these forecasts for the reasons indicated above. They have been included only with reference up to the date of the above-mentioned press release. The prospective data are, in fact, forecasts or strategic targets established within the corporate planning.

The Tesmec Group does not assume any obligation to publicly disclose updates or amendments of the forecasts included regarding events or future circumstances that occur after the date of the above-mentioned press release. The information contained in this press release is not meant to provide a thorough analysis and has not been independently verified by any third party. This press release does not constitute a recommendation for investment on the Company's financial instruments. Furthermore, this press release does not constitute an offer of sale or an invitation to purchase financial instruments issued by the Company or by its subsidiaries.



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