

- > **Tesmec Group at a glance**
- > 2020.9M results
- > Outlook
- > COVID-19
- > *ANNEX A - 2020.9M Profit & Loss statement - Balance Sheet*

VISION

To be a technological **partner** in a changing world

MISSION

To operate in the market of **infrastructure** for the transport of energy, data and material

VALUE PROPOSITION

To supply added-value **integrated solutions** for our customers

STRATEGY

Innovation
Internationalization
Integration

BUSINESS

STRINGING

- Overhead power lines construction & maintenance
- Advanced methodologies for powerlines improvement
- Zero emissions underground cable laying



RAIL

- Catenary lines construction & maintenance
- Diagnostics systems
- Big Data integrated solutions for safe infrastructure



**PLATFORMS
FOR
DIAGNOSTIC
& DATA
MANAGEMENT**



ENERGY AUTOMATION

- Telecommunications solutions for HV Grids
- Grid Management: protection & metering solutions
- Advanced sensors for fault passage indication, protection and monitoring



TRENCHERS

- Telecom networks, FTTH & long distance, power cable installation
- Oil & Gas, Water pipelines
- Bulk excavation, Quarries & Surfaces mining

KEY FIGURES

8 Production plants

+900 people

+65 years of experience

75% Export

E
N
E
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G
Y

STRINGING

Game changer in T&D industry

Launch of full electric solutions & innovative maintenance technologies in US & European markets

North America: strong order acquisition

Digital machines are the best seller for US end users
Further push thanks to the collaboration with renting houses

Italian Market: speed up on Transmission market

Awarded tender for providing and commissioning protection, control and monitoring systems for HV substations
New opportunities for integrated remote-control systems based on IEC 61850 for HV substations

Enel: growing supplies on awarded tenders for protection and control solutions

Cutting-edge cyber-secured solutions to improve power grids reliability and security



Order Intake 2020.3Q
€ 40.4 M



Order Intake 2020.Q3
€ 49.4 M

TRENCHER

New business opportunities

Integrated value chain in the surface mining sector in Africa
Telecom and fiber business and energy cable automatic laying projects in Oceania

Success of the wider business proposal

Increase business volumes and market shares thanks to a stronger and more complete offer and wider range of solutions (sales, rental and specialized services)



RAIL

Integrated solutions: vehicles + diagnostic systems + platforms

First two diagnostic vehicles in operation on the RFI network (Italy)
Solutions for remote process of fault detection (COVID procedures) and development of platforms for unmanned diagnostic for the highest safety standard of rail infrastructure

ETCS: a new era in the European train protection system

First project in Czech Rep. to equip vehicles with ETCS (European Train Control System) for safe railcars circulation on the high-speed lines. First step to upgrade all the fleets of railcars.

Strong PIPELINE of opportunities



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GROUP (€ mln)	2020.9M* proforma	2020.9M	2019.9M	Delta vs. Proforma%
REVENUES (1)	119,0	116,8	144,2	-17,5%
EBITDA (2) (3)	17,6	15,7	17,4	0,9%
% on Revenues	14,8%	13,4%	12,1%	
EBIT (4)	0,4	0,2	3,9	
% on Revenues	0,3%	0,1%	2,7%	
Differences in Exchange (5)	(2,5)	(2,8)	1,3	
% on Revenues	-2,1%	-2,4%	0,9%	
PROFIT (LOSS) BEFORE TAX	(6,1)	(6,4)	1,4	
% on Revenues	-5,1%	-5,5%	0,9%	
NET INCOME/(LOSS)	(4,5)	(4,8)	0,7	
% on Revenues	-3,7%	-4,1%	0,5%	

GROUP (€ mln)	2020.9M* proforma	2020.9M	2019.12 proforma	Delta vs. Proforma%
NFP ante IFRS 16	114,7	114,7	106,9	-7,3%
NFP post IFRS 16	137,8	137,8	130,9	
of which Shareholders Loan	10,5	10,5	10,5	

*The pro-forma results include the result of the 4Service Group on the 9M basis, instead of just the results achieved within the perimeter of the Tesmec Group from the date of first consolidation (April 23, 2020)

- Revenues:** (mainly TRS Sales) affected by the actions taken by public authorities to contain the spread of the COVID-19. After the slowdown and lockdown phases, the Group restarted its activities in May, reaching full operations during June. In the 3Q the Group achieved 46,0 M€ in line with last year
- EBITDA:** 3Q better than previous year thanks to Rental and Sales with high margin, which balanced the negative impact in terms of turnover reduction and margin contraction caused by Covid-19 in H1
- Efficiency:** Starting from March, the Group undertook all the necessary actions to contain its fixed costs. This actions will impact the 2H, too. The Group collected all the possible operating grants in the different countries around the world
- Impacted by 4service's fleet depreciation, but the 3Q is better than 2019.3Q
- Negative impact of Forex losses (USD & related currencies), 2,4 M€ are "not realized" forex losses. 1,7 M€ generated in the 3Q, net of which the Net Results would have been better than 1H results



ENERGY	2020.9M	2019.9M	Delta %
Revenues	29,2	31,5	-7,3%
EBITDA	3,8	3,8	-0,9%
% on Revenues	12,8%	12,0%	

- > The **decrease** is related to the **lockdown** and **slowdown** in the 1H
- > Improved **3Q performance** compared to **2019.3Q** thanks to **resiliency of the Energy sector**
- > The **confirmed order backlog** was **Euro 77,0 million**



TRENCHERS	2020.9M	2019.9M	Delta %
Revenues proforma	68,4	89,4	-23,5%
EBITDA proforma	10,8	9,8	10,2%
% on Revenues	15,8%	10,9%	

- > **More impact** on **TRS sales** than **rental** in the 1H.2020 due to Covid-19
- > **Better EBITDA** thanks to the **integration** of the **rental activities**
- > The **confirmed order backlog** was **Euro 92,0 million**



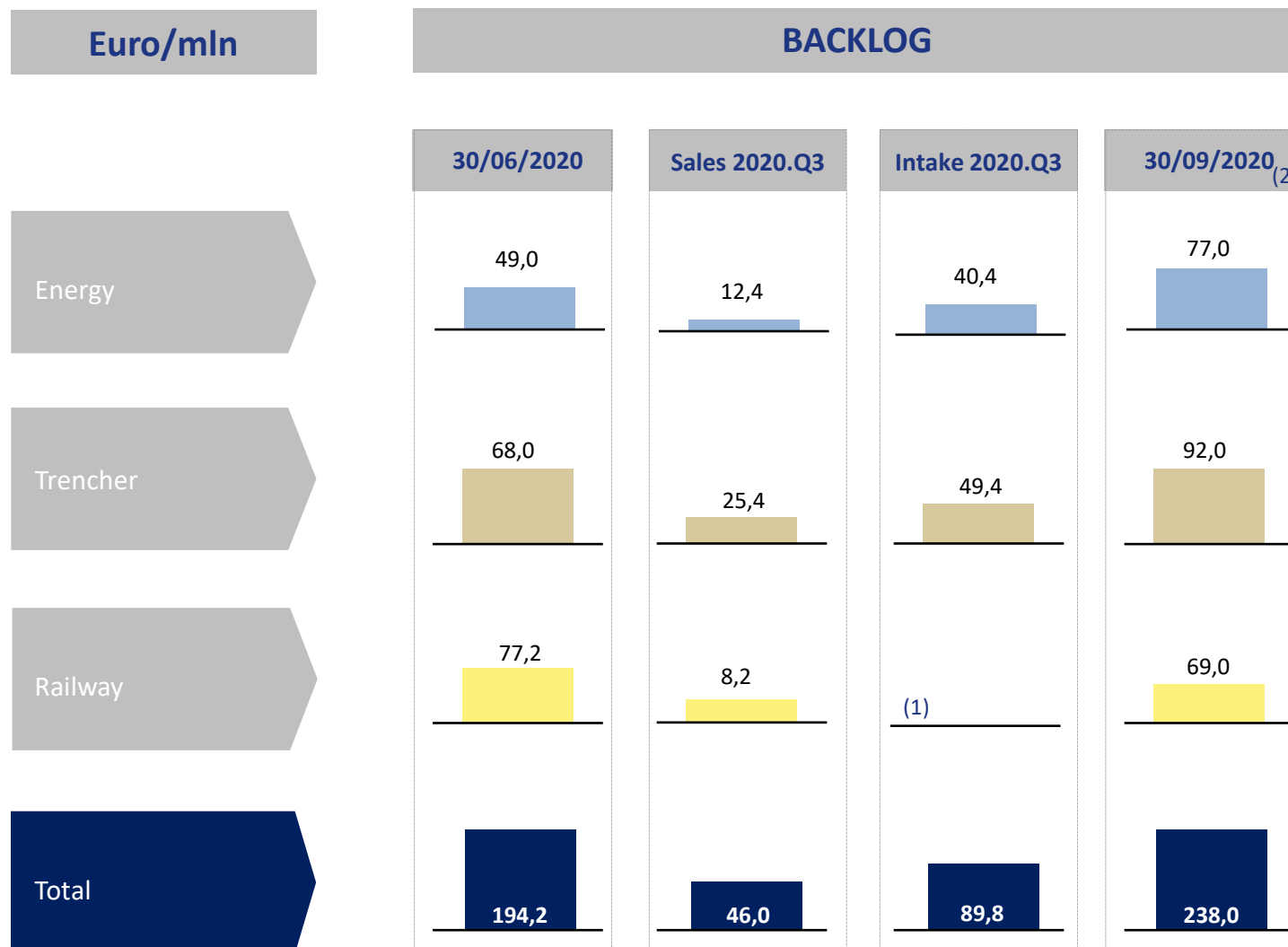
RAILWAY	2020.9M	2019.9M	Delta %
Revenues	21,4	23,3	-8,1%
EBITDA	3,0	3,8	-20,7%
% on Revenues	14,2%	16,5%	

- > The **decrease** is mainly due to the **slowdown / lockdown**, mitigated by the **relaunch of activities in May**. **Railways is characterized by m/l term backlog**, so the drop was lower than TRS business
- > **EBITDA** is affected by low margins **vehicles**
- > The **confirmed order backlog** was **Euro 69,0 million**, not including **Euro 50 million** of the **provisional award of the RFI Tender**

Euro/mln	1H			3Q			9M_YTD		
	2020 pf	2019	Var.	2020 pf	2019	Var.	2020 pf	2019	Var.
REVENUES	73,0	97,5	-25,1%	46,0	46,7	-1,5%	119,0	144,2	-17,5%
EBITDA	9,8 13,4%	12,1 12,4%	-18,8%	7,8 14,6%	5,3 11,4%	47,2%	17,6 14,8%	17,4 12,1%	0,9%
EBIT	(1,4)	3,3		1,8	0,6		0,4	3,9	

After facing a first half characterized by a contraction of margins due to the reduction in turnover and the start of the necessary actions in order to contain its costs and improve the efficiency of the company structure, during the 3Q the Group achieved a higher margin than 2019.3Q, thanks to the rental business and the focus on revenues with higher margins.

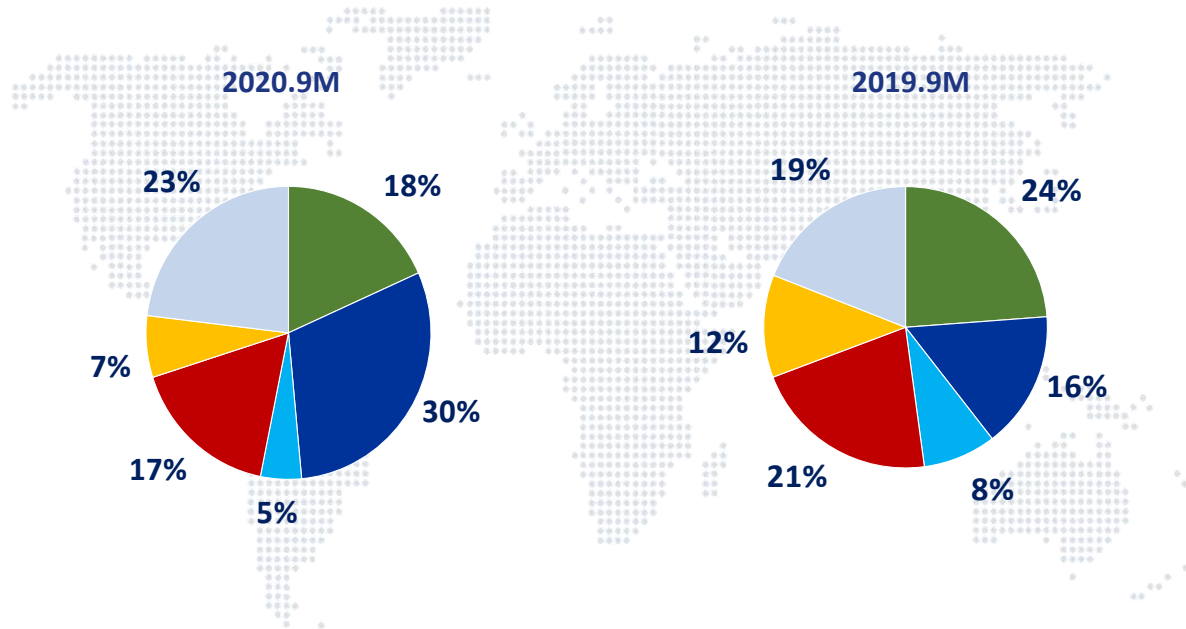
The YTD EBIT is affected by the depreciation of the 4Service Group's fleet for 3.8 M€. With reference to the 2020.3Q, the Group recorded a better performance than the previous year, including the additional depreciation of the 4service fleet.



(1) The acquisition of **rail backlog has been impacted** by the slowdown in the award of the Public Tender, but the strong pipeline of the potential new tenders still confirmed.

(2) 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 288,0 million**

INTERNATIONAL SCALE, FOCUS ON EU-USA IMPORTANCE OF THE ITALIAN MARKET



ITALY: railway business & automation impact



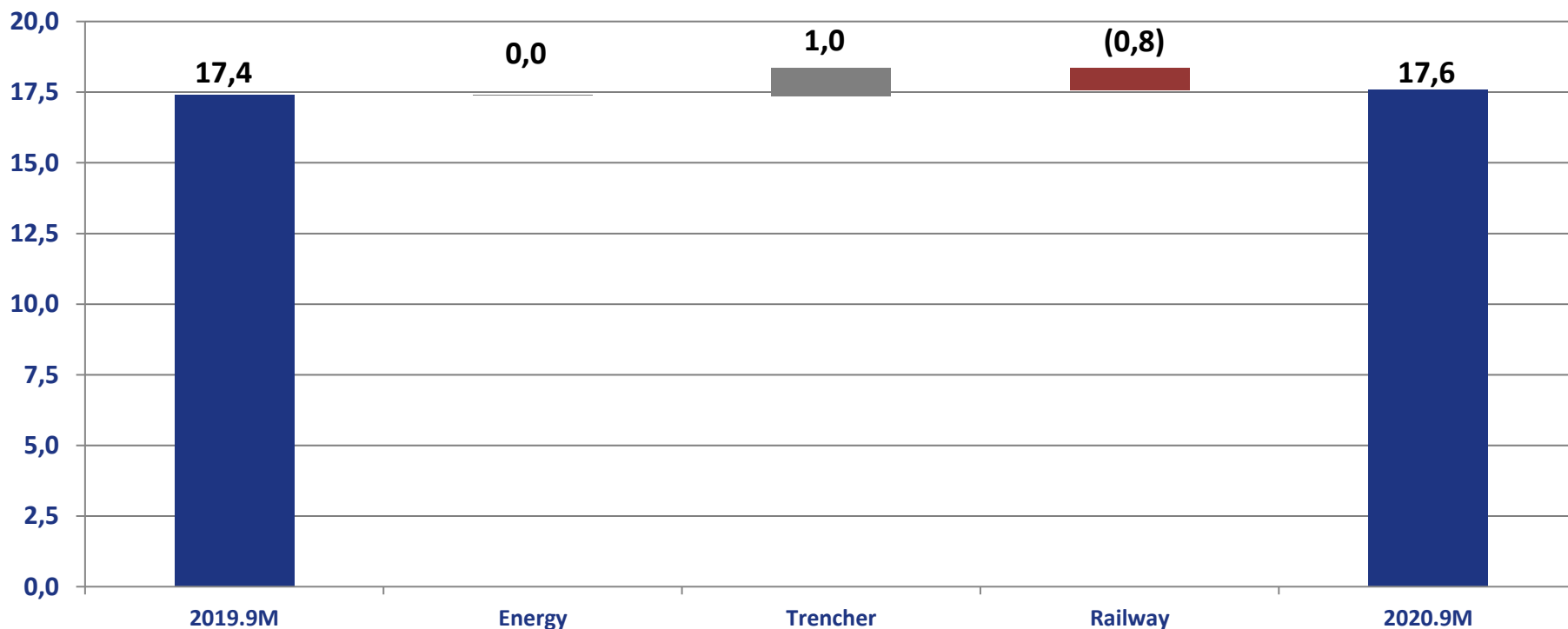
USA&EU: trencher and railway impact



BRICS: trencher and stringing impact

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

€ mln



2019.9M

Positive impacts from the trencher rental business.
The focus on high margin sales and costs reductions compensated the low performance of 2020.1H

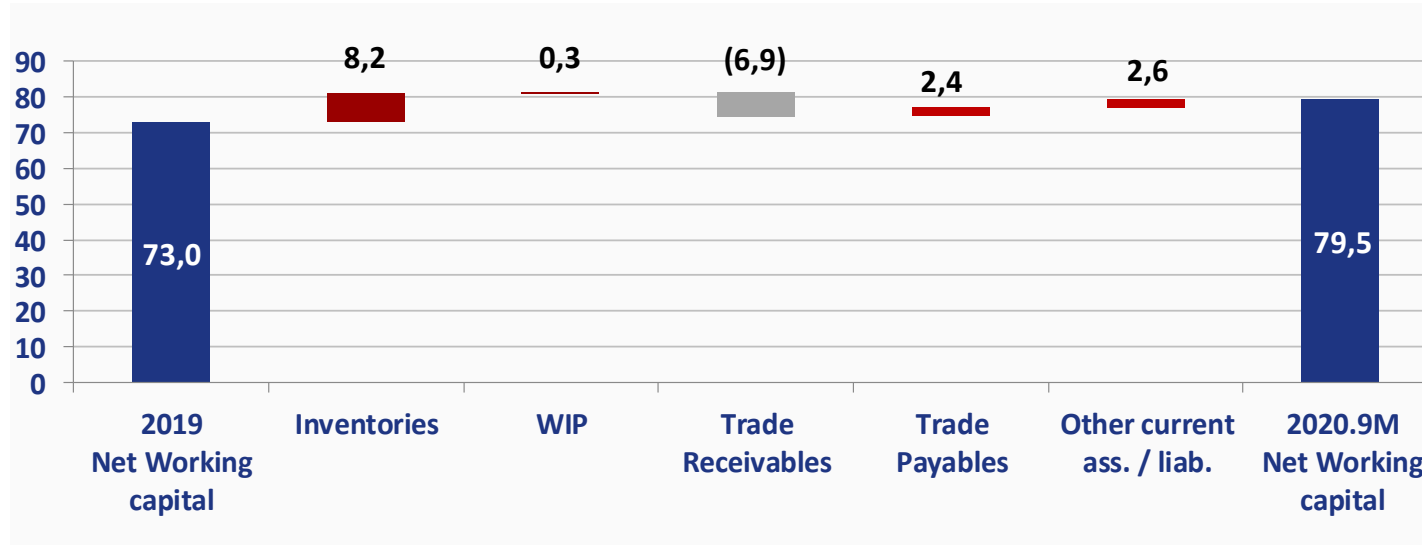
2020.9M

Financial Information (€ mln)	2020.9M	2019
Net Working Capital	79,5	73,0
Non Current assets	76,4	66,8
Right of use - IFRS 16/IAS 17	23,6	20,1
Other Long Term assets/liabilities	6,9	4,2
Net Invested Capital	186,4	164,2
Net Financial Indebtness	114,7	98,5
Lease liability - IFRS 16/IAS 17	23,1	19,5
Equity	48,6	46,2
Total Sources of Financing	186,4	164,2

2019

Impacted by the Increase of NWC (mainly inventories) to support the 2020.2H and by the change of Group perimeter (4Service Group)

2020.9M

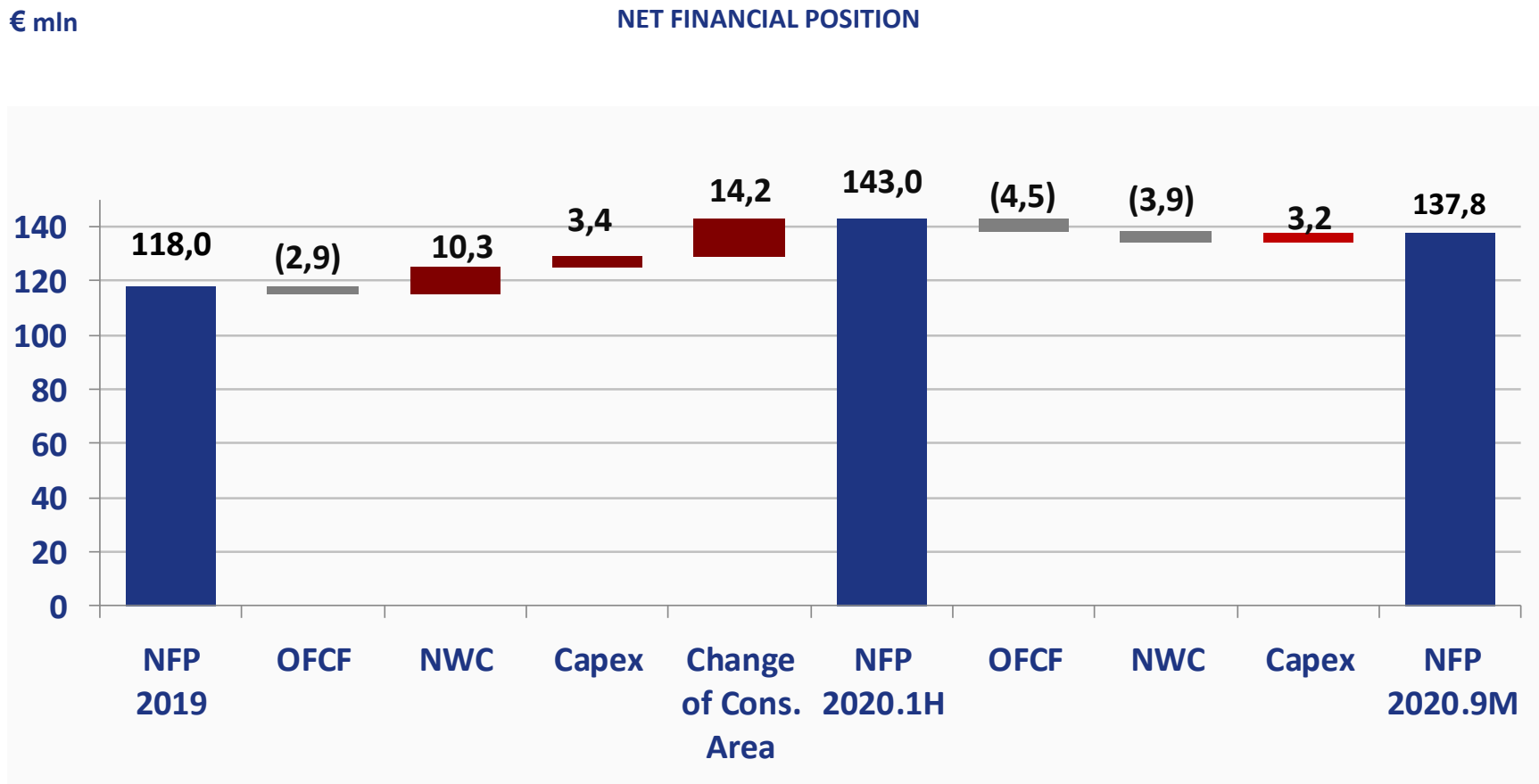


€ Mln	2020.9M	2020.1H	2019.FY	Days 2020.9M	Days 2019.FY
Trade Receivables	61,0	59,8	67,9	123	122
Inventories	78,1	77,5	69,9	162	125
Work in progress contracts	16,6	17,8	16,3	35	29
Trade Payables	(55,1)	(50,9)	(57,5)	-114	-103
Other Current Assets/(Liabilities)	(21,2)	(21,0)	(23,6)	-44	-42
Net Working Capital	79,5	83,3	73,0		

2019
€ 73,0 mln

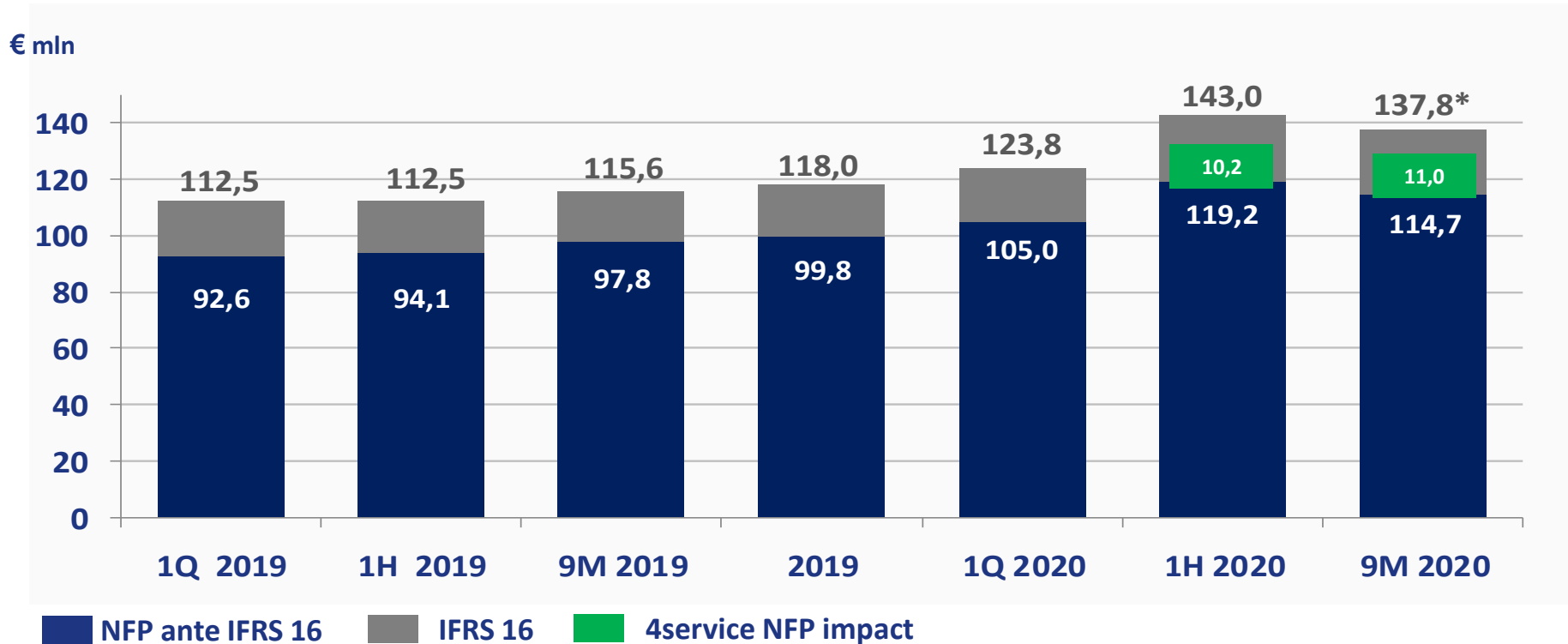
Increase of inventories in the first part of year due to Covid situation and to support the growth of 2020.2H

2020.9M
€ 79,5 mln



2019 Impacted by the change of Cons Area and NWC, starting from Q3 the Group has been reducing its NFP, generating cash and reducing NWC **2020.9M**

NET FINANCIAL POSITION



* From 1st January 2019, the new IFRS 16 has been introduced, the impact in term of NFP is around 23,1 M€, otherwise the NFP would have been around 114,7. Since April the NFP included the financial debt from the acquisition of 4service around 11,0 M€.

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- > *ANNEX B - Business strategy deep dive*

Corporate strategy

- **Focus on** existing business
- From equipment manufacturer to **solution provider able to provide added value services for the customers**
- Focus on maintenance and management of infrastructures in addition to their construction to **increase recurring revenues streams**
- Efficient and effective **organization**

Cross development drivers

- **DIGITALIZATION**
- **SUSTAINABILITY**
- **ENERGY TRANSITION**

Advanced technologies for T&D power lines construction, maintenance and management



Innovative systems for electrification, maintenance and diagnostic of railway infrastructure



Integrated solutions for fiber installation, cables laying, surface mining and civil infrastructures



2019_{pf}

2020_{pf}

2023

TURNOVER

199.6 M€

~ 170 M€

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

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

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<p>1st PHASE Health emergency</p>	<p>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</p>	<p>1st W A V E</p>
<p>2nd PHASE Reopening</p>	<p>Essential services granted in smart working modality Reopening of production activities The gears of the reopening will be impacted by the Government Rules.</p>	
<p>3rd PHASE Recovery & growth</p>	<p>Recovery and growth thanks to new business opportunities and relevance of Tesmec key drivers: safety, connectivity and sustainability</p>	
<p>Outlook</p>	<p>The positive outlook is confirmed. Tesmec operates in strategic and infrastructure sectors (Energy, Telecom, Infrastructures) more and more crucial in the COVID era. The strong BACKLOG drives the growth trend. Good order acquisition confirmed, some possible risk of longer time for contracts/orders closing. ITALY: State of emergency triggered by COVID-19 extended until 31 January 2021</p>	<p>2nd W A V E</p>
<p>Management Actions Summary</p>	<ul style="list-style-type: none"> ▪ Flexibility actions adopted ▪ All Safety and health measures ▪ Focus on efficiency and priorities <div style="border: 1px dashed black; padding: 10px; text-align: center;"> <p>TARGET: highest level of safety & business continuity</p> </div>	

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Summary 2020.9M Profit & Loss statement - Appendix A

Profit & Loss Account (Euro mln)	2020.9M	2019.9M	Delta vs 2019.9M	Delta %
Net Revenues	116,8	144,2	(27,4)	-19,0%
Raw materials costs (-)	(49,8)	(63,2)	13,4	-21,2%
Cost for services (-)	(21,0)	(26,4)	5,4	-20,5%
Personnel Costs (-)	(35,3)	(38,7)	3,4	-8,7%
Other operating revenues/costs (+/-)	0,5	(3,7)	4,2	-113,2%
Non recurring revenues/costs (+/-)	0,0	0,0	0,0	na
Portion of gain/(losses) from equity investments evaluated using the equity method	0,3	0,1	0,2	325,3%
Capitalized R&D expenses	4,2	5,2	(1,1)	-20,1%
Total operating costs	(101,1)	(126,8)	25,7	-20,2%
<i>% on Net Revenues</i>	<i>(87%)</i>	<i>(88%)</i>		
EBITDA	15,7	17,4	(1,7)	-9,9%
<i>% on Net Revenues</i>	<i>13%</i>	<i>12%</i>		
Depreciation, amortization (-)	(15,5)	(13,5)	(2,0)	14,9%
EBIT	0,2	3,9	(3,7)	-95,7%
<i>% on Net Revenues</i>	<i>0%</i>	<i>3%</i>		
Net Financial Income/Expenses (+/-)	(6,6)	(2,6)	(4,1)	159,3%
Taxes (-)	1,6	(0,6)	2,3	-361,6%
Minorities	(0)	(0)	(0,0)	
Group Net Income (Loss)	(4,8)	0,7	(5,5)	n/a
<i>% on Net Revenues</i>	<i>-4%</i>	<i>1%</i>		

Balance Sheet (€ mln)	2020.9M	2019
Inventory	78,1	69,9
Work in progress contracts	16,6	16,3
Accounts receivable	61,0	67,9
Accounts payable (-)	(55,1)	(57,5)
Op. working capital	100,6	96,7
Other current assets (liabilities)	(21,2)	(23,6)
Net working capital	79,5	73,0
Tangible assets	50,3	42,5
Right of use - IFRS 16/IAS 17	23,6	20,1
Intangible assets	21,9	20,4
Financial assets	4,2	3,9
Fixed assets	100,0	87,0
Net long term liabilities	6,9	4,2
Net invested capital	186,4	164,2
Cash & near cash items (-)	(48,9)	(17,9)
Short term financial assets (-)	(14,4)	(12,1)
Lease liability - IFRS 16/IAS 17	23,1	19,5
Short term borrowing	90,0	79,8
Medium-long term borrowing	87,9	48,7
Net financial position	137,8	118,0
Equity	48,6	46,2
Funds	186,4	164,2

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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