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Informazione Regolamentata n. 1155-4-2021	Data/Ora Ricezione 12 Marzo 2021 13:20:10	MTA - Star
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Societa' : TESMEC

Identificativo : 143443

Informazione  
Regolamentata

Nome utilizzatore : TESMECN03 - Turani

Tipologia : 1.1

Data/Ora Ricezione : 12 Marzo 2021 13:20:10

Data/Ora Inizio : 12 Marzo 2021 13:20:12

Diffusione presunta

Oggetto : Tesmec S.p.A.: The BoD approved draft  
Financial Statement at 31.12.2020 and  
Consolidated Financial Statement  
31.12.2020

*Testo del comunicato*

Vedi allegato.



## TESMEC S.P.A.: THE BOARD OF DIRECTORS APPROVED THE FINANCIAL STATEMENTS AND THE 2020 CONSOLIDATED FINANCIAL STATEMENTS, THAT CONFIRMED 2020 GUIDANCE AND THE IMPROVEMENT OF THE NET FINANCIAL POSITION

### Main consolidated proforma<sup>1</sup> results of 2020:

- **Revenues: Euro 172.8 million proforma** compared to Euro 199.6 million proforma as at 31 December 2019. The **non-proforma revenues** amounted to Euro **170.6 million** compared to Euro 200.6 million no proforma as at 31 December 2019.
- **EBITDA<sup>2</sup>: Euro 22.9 million proforma** compared to Euro 30.0 million proforma as at 31 December 2019. The non-proforma EBITDA amounted to Euro 21.0 million compared to Euro 27.4 million as at 31 December 2019.
- **EBIT: negative Euro 0.6 million** compared to Euro 6.4 million proforma as at 31 December 2019. This result was impacted by the amortization related to the 4Service fleet, by faster depreciation criteria and full depreciation rates despite the months of non-use related to the COVID-19 situation. The non-proforma EBIT was negative Euro 0.9 million as at 31 December 2020 compared to Euro 8.4 million as at 31 December 2019.
- **Net result: negative Euro 6.5 million proforma** compared to net profit of Euro 1.6 million as at 31 December 2019, affected by **Euro 3.3 million of foreign exchange losses**, mainly foreign exchange accruals. The non-proforma net results amounted to negative Euro 6.8 million compared to net profit of Euro 3.0 million as at 31 December 2019.
- **Net financial indebtedness: Euro 104.4 million** or without considering the positive impact of the share capital increase Euro 129.1 million, with an improvement both compared to Euro 130.9 million as at 31 December 2019 and to Euro 137.8 million as at 30 September 2020;
- **Total order backlog: Euro 282.4 million** (compared to Euro 188.0 million as at 31 December 2019 and to Euro 238.0 million as at 30 September 2020).

### Other resolutions:

- **The Board of Directors approved the Consolidated Disclosure of non-financial information for 2020 in accordance with Italian Legislative Decree no. 254/2016.**
- **The Shareholders' Meeting was convened on 22 April 2021 in virtual mode.**

<sup>1</sup> 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 annual basis, instead of just the results achieved within the perimeter of the Tesmec Group from the date of first consolidation (April 23, 2020).

<sup>2</sup> 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.



Grassobbio (Bergamo - Italy), 12 March 2021 – **Tesmec S.p.A.** (MTA, STAR: TES) (“**Tesmec**” or the “**Company**”), at the head of a group leader in the market of technologies for infrastructures (overhead, underground and railway networks) related to the transport of energy, data and materials (oil and derivatives, gas and water), and of technologies in surface mining, convened today and chaired by **Ambrogio Caccia Dominioni**, examined and approved the **Financial Statements and the Consolidated Financial Statements as at 31 December 2020**, that confirmed the 2020 guidance and the guidelines of the 2020-2023 Business Plan, despite a first half of 2020 negatively affected by the spread of the COVID-19 pandemic and the consequent actions taken by public authorities to contain it.

The **Chairman and CEO Ambrogio Caccia Dominioni** commented as follows: *“We closed the year 2020 with results in line with the forecasts of the 2020-2023 Business Plan. The important order acquisition, recorded during a certainly complicated year, allows us to confirm the expectations for 2021, even though we are aware that we still have an extremely challenging period ahead of us. 2020 was a year that changed our habits and our way of working defining a new, more digital and connected perspective. The Group's efforts in technological innovation, digital transformation and the search for ever greater environmental sustainability are solid foundations that drive us towards robust and sustainable future growth.”*

## MAIN CONSOLIDATED RESULTS AS AT 31 DECEMBER 2020

**Proforma revenues** amounted to **Euro 172,8 million** as at **31 December 2020**, confirming the closing forecast provided to the market by the Group in the 2020-2023 Business Plan, compared to proforma Euro 199.6 million as at 31 December 2019 and to non-proforma Euro 200.7 million. The **non-proforma revenues** amounted to **Euro 170.6 million** as at 31 December 2020. The variation compared to 2019, generated during the first half of the year, is mainly due to the slowdown in production activities following the health emergency from COVID-19, to the stops of the movement of goods and the consequent lockdown.

Results at 31 December  (Euro in thousands)	Revenues from sales and services					
	2020 PF	2020	2019 PF	2019	Change 2020 PF vs 2019	Change 2020 vs 2019
<b>Trencher</b>	<b>102,608</b>	<b>100,444</b>	<b>124,231</b>	<b>125,306</b>	<b>-18.1%</b>	<b>-19.8%</b>
<i>Effect on Consolidated Revenues</i>	<i>59.4%</i>	<i>58.9%</i>	<i>62.2%</i>	<i>62.4%</i>		
<b>Ferroviano</b>	<b>26,399</b>	<b>26,399</b>	<b>31,116</b>	<b>31,116</b>	<b>-15.2%</b>	<b>-15.2%</b>
<i>Effect on Consolidated Revenues</i>	<i>15.3%</i>	<i>15.5%</i>	<i>15.6%</i>	<i>15.5%</i>		
<b>Energy</b>	<b>43,812</b>	<b>43,812</b>	<b>44,244</b>	<b>44,244</b>	<b>-1.0%</b>	<b>-1.0%</b>
<i>Effect on Consolidated Revenues</i>	<i>25.4%</i>	<i>25.7%</i>	<i>22.2%</i>	<i>22.0%</i>		
<b>Consolidated</b>	<b>172,819</b>	<b>170,655</b>	<b>199,591</b>	<b>200,666</b>	<b>-13.9%</b>	<b>-15.0%</b>



In detail, the proforma revenues of the **Trencher sector**, including the rental activity of the 4Service Group, amount to **Euro 102.6 million**, with a decrease of 18.1% compared to Euro 125.3 million as at 31 December 2019. This performance was affected by the slowdown in logistics and rental activities, as well as by the production and transport blocks in the first half of the year following the health emergency from COVID-19. During the third quarter the impact was stabilized thanks to the return to full operation and it allowed the Group to achieve the targets announced for the fourth quarter, despite the uncertainty in USA due to political instability linked to the election of the new President of the United States of America. The **non-proforma revenues** of the **Trencher sector** were **Euro 100.4 million**. The commercial activities did not have significant contractions, and, in fact, the confirmed order backlog of the Trencher sector amounted to Euro 84.6 million as at 31 December 2020 (compared to Euro 65.1 million at 31 December 2019).

The **Railway sector** recorded **Revenues** as at 31 December 2020 of **Euro 26.4 million**, with a decrease of 15.2% compared to the Euro 31.1 million as at 31 December 2019. This trend is essentially due to the slowdown in activities and the temporary closure of the Monopoli plant in March and April following the health emergency from COVID-19. During the third quarter, production levels maintained full operation ensuring better performance than last year, the fourth quarter is in line with the expectations of the period, but with some orders with lower margins that impacted on the performance of the quarter. Also in this sector there was no reduction in commercial activities: the confirmed order backlog was, in fact, equal to Euro 121.6 million as at 31 December 2020 (compared to Euro 88.9 million as at 31 December 2019). This growth is mainly due to the award of the RFI - Rete Ferroviaria Italiana SpA – tender for the production of vehicles for the diagnostic of the railway network.

With reference to the **Energy sector**, **Revenues** as at 31 December 2020 were **Euro 43.8 million**, with a decrease of 1% compared to Euro 44.2 million as at 31 December 2019. In particular, the Stringing segment recorded revenues of Euro 30.3 million, compared to Euro 31.9 million as at 31 December 2019, with a reduction in turnover due to the slowdown and blocks of production activities from March to the first days of May following the health emergency from COVID-19. The Energy Automation segment recorded revenues of Euro 13.5 million compared to Euro 12.3 million as at 31 December 2019, recovering in the third quarter the gap generated by the slowdown of production and transport blocks of the first half and, therefore, confirming the growth expectations in the fourth quarter. The third quarter recorded a better performance than last year, confirming the improvement trend and the year-end outlook. The commercial activities of the two segments have had a strong push and in fact the confirmed order backlog amounted to Euro 76,2 million (compared to Euro 30.4 million as at 30 December 2019), 54.0 of which related to the Energy Automation segment.

**In geographic terms**, Tesmec Group keeps the percentage distribution of sales in line with the 2019 financial year with a focus in Italy, Europe and North America.

**Proforma EBITDA** was **Euro 22.9 million** as at 31 December 2020, in the median of the 2020 forecasts provided to the market, compared to proforma Euro 30.0 million as at 31 December 2019. After facing a first half of the year characterized by a decrease of margins due to the reduction in turnover - following the health emergency from COVID-19 - and having started the necessary actions in order to contain costs and improve the efficiency of the company structure, during the third and fourth quarters the Group achieved the expected and communicated margins. To be noted the impact of the rental activity that has higher margins and that allowed to mitigate the lacked sales in the period and the negative performance of the railway



segment related to the execution of some orders with low margins. Non-proforma EBITDA was **Euro 21.0 million** as at 31 December 2020, compared to non-proforma Euro 27.4 million as at 31 December 2019.

The **proforma EBIT** of Tesmec Group was negative Euro 0.6 million as at 31 December 2020 compared to Euro 6.4 million proforma as at 31 December 2019. This result was impacted by the amortization related to the 4Service fleet, by faster depreciation criteria and full depreciation rates despite the months of non-use related to the COVID-19 situation. The non-proforma EBIT was negative Euro 0.9 million as at 31 December 2020 compared to Euro 8.4 million as at 31 December 2019.

The **Net Financial Expenses** of the Tesmec Group were **Euro 8.0 million** as at 31 December 2020, compared to Euro 4.2 million as at 31 December 2019. This change was due to exchange rate losses for an amount of **Euro 3.3 million, mainly foreign exchange accruals**, worse compared to the trend of September due to the negative performance of the USD and to the uncertainty in the US context during the last quarter. To be noted that, at the time of this press release, this change would be positive of about Euro 1.5 million due to the USD trend and linked currencies in the first quarter of 2021. The non-proforma Net Financial Expenses were Euro 8.2 million.

The **proforma Net result** as at 31 December 2020 amounted to negative **Euro 6.5 million**, compared to Euro 1.6 million proforma as at 31 December 2019. The non-proforma Net result was negative Euro 6.8 million compared to Euro 3.0 million as at 31 December 2019.

**Net financial indebtedness** was **Euro 104.4 million**, without the positive impact of the share capital increase it would have been **Euro 129.1 million**, improving both compared to Euro 130.9 million as at 31 December 2019 and to Euro 137.8 million as at 30 September 2020, thanks to the operational management. The net financial indebtedness has Euro 22.1 million of financial liabilities relating to rights of use (IFRS 16).

Based on the results of the financial statements and as already reported in the "Prospectus relating to the Rights Issue Offer of the Tesmec S.p.A., a financial covenant related to the Net Financial Position / EBITDA ratio is not respected for six banks. This covenant breach resulted in the short-term accrual of Euro 10.0 million for the residual medium-long term portions of loans of Euro 15.4 million. The company promptly started the procedures to get the waiver for the year 2020 with all the banks and, at present, has already got some waivers and believes that the others will be granted within the strictly needed technical times.

The **Total Order Backlog** of the Tesmec Group as at 31 December 2020 amounted to **Euro 282.4 million - Euro 84.6 million** of referring to the **Trencher segment**, **Euro 121.6 million** to the **Railway segment** and **Euro 76.2 million** to the Energy segment – with an increase both compared to Euro 188.0 million as at 31 December 2019 and to Euro 238 million as at 30 September 2020. The order backlog shows a significant improvement because the Group operates in sectors having a positive trend in the medium term and thanks to the final award of the RFI tender related to the supply of vehicles for the diagnostic of the railway infrastructure, already provisional awarded in 2020.



Summary of financial data are reported below:

<i>(Euro million)</i>	Actual 2019	Actual proforma 2019	Actual 2020	Actual proforma 2020	Forecast 2020
Revenues	200.7	199.6	170.6	172.8	~170
Ebitda	27.4	30.0	21.0	22.9	22 – 24
<i>Ebitda margin</i>	13.7%	15.0%	12.3%	13.3%	~13.5%
Net financial position	118.0	130.9	104.4	104.4	<i>n.a.</i>

## BUSINESS OUTLOOK

The health emergency due to the COVID-19 pandemic had socio-economic repercussions worldwide and impacted the Group's 2020 results. The recovery phase, which started in the second half of 2020, allowed Tesmec to confirm the guidelines of the 2020-2023 Business Plan, achieving results in line with the 2020 guidance.

2021 is a year of recovery that is based, first of all, on the positive start of vaccination processes a global level which is believed to lead to a faster than expected reduction of containment measures and therefore to faster and stronger recovery. Then a higher demand driven by the stimulus packages issued by the governments of the Countries in which Tesmec operates is expected. These packages aim to accelerate, already this year, the growth of GDP beyond expectations (e.g. United States of America). The first signs of recovery can be seen from the extension of procurement times and to the increase in transport freight costs, confirming a ferment in logistics activities to support this recovery.

The new containment measures recorded in the first months of 2021, due to a worsening of the pandemic situation and the growth of infections, and the related uncertainty, could slow down the recovery phase of the first quarter of the Group, but it is not considered on medium-long term prospects.

The reference sectors of Tesmec, in fact, will benefit from new investments and development policies aimed at strengthening the key infrastructures of the main Countries: the business of the Group is focused in strategic sectors that are extremely dynamic and that have significant growth prospects. In detail, 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 in order to guarantee 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.



The effects of these investments, both in terms of macroeconomic recovery and their impact on the Group's activities and volumes, will be the more evident the faster the process of definition and assignment, by the government authorities, of the initiatives related to the so-called Recovery Fund by the European Union institutions.

Then the Group expects a total turnover of approximately Euro 220 million in 2021, an EBITDA higher than 16% and a reduction of Net financial indebtedness compared to the end of 2020.

In the Trencher Sector, recurring revenues are expected to grow, driven by the development of rental and after-sales assistance activities, which will allow to get higher EBITDA margins, and, on the other, by the rationalization of the product range and standardization of technological platforms in order to have greater efficiency in terms of production and logistics. In the Railway Sector, growth in revenues and margins is expected thanks to the development of diagnostics and recurring services - characterized by higher margins than vehicles thanks to the greater technological content - to geographical diversification and to the economies of experience. In the Energy Sector, the growth is linked to the execution of orders acquired in the Energy Automation segment and the development prospects expected for the Stringing segment on markets with higher added value, such as USA and Europe. The improvement in margins will be achieved through specific product and commercial strategies for the two business segments, such as: in the Stringing segment, a premium price policy on digital machines, the standardization of the offer in line with the customizations required by customers and the improvement of the procurement process, on the other hand, in the Energy Automation segment, the standardization of products, the exploitation of economies of experience and the change in the mix offered "from products to systems". In addition, the Group expects that the rationalization and cost analysis actions undertaken in 2020 may have a positive impact also in the 2021 cross in the several business units.

After the analysis, design, fit & gap and data migration phases, started in the second half of 2019 and developed in 2020, there was the go-live of the new ERP system (Microsoft Dynamics 365) by the parent company Tesmec S.P.A. during the month of January 2021. It is expected that, after a first natural phase of slowdown in the production and sales processes, a stabilization will take place in April to allow the waves phase in the Group's subsidiaries starting from the second semester of 2021.

With reference to the Proceeds of the rights issue offer, the analysis phase of the business initiatives described in the Prospectus is in progress. In detail, in the Trencher Sector to further strengthen the rental business by expanding the fleet of trenchers; in the Railway Sector to strengthen diagnostic systems and to develop technological platforms for the maintenance of railway networks by partnering with leading players in the digital sector, and then in the Energy Sector, with regard to the Stringing Segment to penetrate the distribution market of the energy supply chain in North America, in the Energy-Automation Segment to start up operations of the Group in foreign countries in which its key customers operate, with a view to greater internationalization.



## CONSOLIDATED DISCLOSURE OF NON-FINANCIAL INFORMATION

The Board of Directors approved today the Consolidated Disclosure of non-financial information for 2020 in accordance with Italian Legislative Decree no. 254/2016. The Non-Financial Statement was drafted in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" defined in 2016 by the Global Reporting Initiative (GRI) and its subsequent evolutions, according to the "in accordance - Core" option. Based on the principles of this Statement, the formalization of a sustainability plan is scheduled in 2021 with the identification of commitments, goals and targets.

The growing attention to environmental sustainability and to issues related to safety worldwide is reflected in the strategic choices of the Group and in its development plans.

Actually, sustainability represents one of the key factors of the Group's medium to long term growth strategy, which is focused on quality, on the efficient management of resources and on the continuous innovation of products and processes. The Tesmec Group adopts a business model characterized by the integration of the principles of sustainability in company strategy and in the management of environmental, social and governance aspects.

Tesmec is committed to continuously improving the environmental impact of its processes, including: production cycles, by improving the energy efficiency of the technologies employed and by reducing the use of polluting materials; the management and disposal of waste, through waste separation and reducing the quantity of the same; the design of new technological solutions, by taking into account, right from the initial stages of the project, of environmental impacts, and in the operational stages, and in the final stage of the life cycle and disposal of products.

The same technological solutions provided by the Group to the market seek to encourage the achievement, also by customers and the production supply chains used, of the Sustainable Development Objectives. More specifically, in this regard, the Group intends to continue to innovate the products and the solutions offered in line with the trends in energy transition, digitalization and sustainability, in all of its business areas.

## 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 2021 April 30<sup>th</sup>. 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 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 "Tescmec 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 have been overcome 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.

During the last quarter of the year, despite the worsening of the pandemic and the consequent restrictive measures adopted in Italy and in some countries where Tesmec operates, the Group manage to confirm the results expected and communicated to the market during the share capital increase process since it operates the strategic sectors.



In light of the further Prime Ministerial Decree introduced as containment measures to the spread of COVID-19 and to the constant monitoring by the Authorities of the free circulation of goods and people, the Group cannot exclude that in the very short period there may be slowdowns in production and service activities without, however, affecting the overall forecast related to the 2020-2023 Business Plan in the medium-long term. In fact, the short-term targets and the Business Plan are based on the assumption that the pandemic situation does not lead to the adoption of new restrictive measures similar to the ones adopted in the first part of the 2020 and to a significant worsening of the international macroeconomic scenario.

In conclusion, the Group has carried out the ordinary annual test of the values of its assets - impairment tests – and no permanent losses in value have been identified.

### **SEPARATE FINANCIAL STATEMENTS OF THE PARENT COMPANY TESMEC S.P.A.**

The Parent Company Tesmec S.p.A. closed the 2020 financial period with Net revenues of Euro 88.8 million, compared to Euro 100.3 million as at 31 December 2019.

In the 2020 financial year, the EBITDA of Tesmec S.p.A. amounted to around Euro 9.4 million compared to Euro 12.3 million as at 31 December 2019.

The net result of the Parent Company as at 31 December 2020 amounted to negative Euro 0.4 million, affected by **Euro 2.3 million of foreign exchange losses**, mainly foreign exchange accruals, compared to a net profit Euro 4.2 million as at 31 December 2019.

The net financial indebtedness of the Parent Company as at 31 December 2020 amounted to Euro 38.2 million compared to Euro 63.8 million as at 31 December 2019.

### **MAIN EVENTS OCCURRING DURING THE PERIOD UNDER REVIEW**

On **16 November 2020** the Board of Directors of Tesmec S.p.A. set the final conditions of the share capital increase in partial exercise of the proxy pursuant to art. 2443 of the Italian Civil Code given by the Shareholders' Meeting of 21 May 2020, as well as the timetable for the right issue offer of the new shares. In execution of the Capital Increase, a maximum of no. 499,376,200 new Tesmec ordinary shares (the "Shares"), with no par value, having the same characteristics as the Tesmec ordinary shares already in circulation and with regular dividend entitlement will be issued. The Shares will be offered with right issue to the entitled shareholders of the Company in the ratio of no. 200 Shares every n. 41 Tesmec ordinary shares already held, at the subscription price of Euro 0.07 for each Share, of which Euro 0.01 to be allocated to the share capital and Euro 0.06 to be allocated to share premium. The value of the Right Issue Offer will therefore be equal to a maximum of Euro 34,956,334.

On **10 December 2020** the rights issue offer of the maximum no. 499,376,200 newly issued Tesmec ordinary shares (the "Shares") ended. During the offer period, which started on 23 November 2020 and ended on 10 December 2020 (the "Offer Period"), no. 99,446,115 rights issue for the subscription of no. 485,103,000 Shares, have been exercised, equal to 97.14% of the total number of offered Shares, for an equivalent value of Euro 33,957,210.00.



On **15 December 2020**, during the first session of the offer on the Stock Exchange, all the no. 2,926,006 option rights not exercised during the option period, which give the right to subscribe for no. 14,273,200 newly issued Tesmec ordinary shares (the “Shares”). Following the sale on 14 December 2020 of all the remaining n. 2,926,006 option rights not exercised during the option offer period, no. 14,273,200 newly issued Tesmec ordinary shares have been subscribed. Taking into account the n. 485,103,000 Shares already subscribed during the Rights Issue Period, n. 499,376,200 Shares have been fully subscribed, equal to 100% of the Shares offered as part of the capital increase, for a total value of Euro 34,956,334.

### Treasury shares

At the time of this press release, the Company holds 4,711,879 treasury shares, equal to 0.777% of the Share Capital. The amount is unchanged compared to 31 December 2019.

### Other resolutions

The Board of Directors of Tesmec S.p.A. approved the Report on Corporate Governance and Ownership Structures and made the periodic review of the independence requirements of the members of the Board of Directors, deeming that there were no changes in the situation already announced to the market.

Then the Board of Directors approved the remuneration policy of the directors and executives with strategic responsibilities and the annual Report on Remuneration that will be submitted to the Shareholders.

Finally, the Board of Directors decided to convene the Ordinary Shareholders' Meeting of the Company on 22 April 2021, at 10:30 pm, in single call.

The shareholders are convened to discuss and deliberate on the following:

1. Approval of the financial statements as at 31 December 2020 and presentation of the Tesmec Group's consolidated financial statements and relevant reports, including the Consolidated Disclosure of Non-Financial Information; allocation of result for the period; related and consequent resolutions.

- 1.1 Approval of the financial statements as at 31 December 2020 and the Directors' report;
- 1.2 Allocation of result for the period.

2. Resolutions related to the report on remuneration policy and remuneration paid pursuant to Article 123-ter of Italian Legislative Decree 58/1998 and Article 84-quater of the Issuers' Regulation no. 11971/1999; related and consequent resolutions

- 2.1 Binding vote on the remuneration policy for 2021 set out in the first section of the report;
- 2.2 Consultation on the second section of the report on remuneration paid in or relating to the 2020 financial period.

3. Authorization to purchase and dispose of treasury shares; related and consequent resolutions.

The documents relating to the Shareholders' Meeting will be made available to the public within the terms provided by law on the website of the Company [www.tesmec.com](http://www.tesmec.com) in the Shareholders's meetings section,



on eMarket Storage centralized storage mechanism [www.emarketstorage.com](http://www.emarketstorage.com) managed by Spafid Connect S.p.A., and in the further methods envisaged by the regulations in force.

Furthermore, all the documents relating to the Shareholders' Meeting will be made available to the public by the registered office of the Company.

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### **Conference Call**

**At 3:00 PM (CET) – 2:00 PM BST, Friday 12 March 2021, 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 year 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**  
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**from France: +33 170918703**  
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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](http://www.emarketstorage.com), through publication on the company website [www.tesmec.com](http://www.tesmec.com), according to law.*

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### **For further information:**

#### **Tesmec S.p.A.**

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The press release to analysts and investors is available in the Investors section of the website:  
<http://investor.tesmec.com/it/Investors/PressReleases>.

### Tesmec Group

Tesmec Group is active in the design, production and marketing of systems and integrated solutions for the construction, maintenance and diagnostics of infrastructures (overhead, underground and railway networks) for the transport of energy, data and materials (oil and derivatives, gas and water), as well as technologies for quarries and surface mining. The Group operates in the following sectors: - **Energy**. Tesmec Group designs, manufactures and markets machines and integrated systems for the construction and maintenance of overhead and underground power lines, fibre optic networks (Stringing segment), as well as advanced equipment and systems for the automation, efficiency, management and monitoring of high, medium and low voltage electrical networks and substations (Energy Automation Segment); - **Trencher**. Tesmec Group carries out the design, production, sale and rental of trencher machines functional to four types of activities (excavation and mines, excavations for the installation of pipelines, for the construction of telecommunication and optical fibre infrastructures, excavations for the construction of underground power networks), as well as the provision of specialized excavation services. The trencher machines are rented by the Group both with the operator (hot rental or wet rental) and without the operator (cold rental or dry rental); - **Railway**. The Group designs, manufactures and markets machines and integrated systems for the installation and maintenance of the railway catenary, devices for the diagnostics of the railway catenary and track, as well as customized machines for special operations on the line.

Born in Italy in 1951 and led by the Chairman and CEO Ambrogio Caccia Dominioni, the Group counts on more than 900 employees and has its production sites in Grassobbio (Bergamo), Endine Gaiano (Bergamo), Sirone (Lecco) and Monopoli (Bari) in Italy, Alvarado (Texas) in the USA and Durtal in France. It relies on three research and development units in Fidenza (Parma), Padua and Patrica (Frosinone). Listed on the STAR segment of the MTA Market of the Italian Stock Exchange, the Group boasts a global commercial presence through foreign subsidiaries and sales offices in the USA, in South Africa, West Africa, Australia, New Zealand, Russia, Qatar and China.

In its development strategy, the Group intends to consolidate its position as a solution provider in the three abovementioned business areas, by exploiting the trends of energy transition, digitalization, and sustainability.

**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 and Tesmec S.p.A. as at 31 December 2020.**



## Tesmec Group reclassified consolidated income statements

<i>(€ in thousands)</i>	As at 31 December	
	2020	2019
<b>Revenues</b>	<b>170,665</b>	<b>200,666</b>
Total operating costs	(171,518)	(192,292)
<b>Operating Income</b>	<b>(863)</b>	<b>8,374</b>
Financial (income) / expenses	(4,688)	(5,012)
Foreign exchange gains/losses	(3,616)	808
Share of profit / (loss) of associates and joint ventures	129	24
<b>Income before tax</b>	<b>(9,038)</b>	<b>4,194</b>
<b>Net income for the period</b>	<b>(6,828)</b>	<b>2,967</b>
<b>EBITDA</b>	<b>20,979</b>	<b>27,449</b>
<b>EBITDA (% on revenues)</b>	<b>12.3%</b>	<b>13.7%</b>



## Tesmec Group reclassified consolidated statements of financial position

<i>(€ in thousands)</i>	31 December 2020	31 December 2019
Non-current assets	122,475	102,101
Current assets	240,474	194,450
<b>Total assets</b>	<b>362,949</b>	<b>296,551</b>
Non-current liabilities	110,468	75,085
Current liabilities	183,033	175,314
<b>Total liabilities</b>	<b>293,501</b>	<b>250,399</b>
Equity	69,448	46,152
<b>Total equity and liabilities</b>	<b>362,949</b>	<b>296,551</b>



## Tesmec Group other consolidated financial information

<i>(€ in thousands)</i>	<u>As at 31 December</u>	
	<u>2020</u>	<u>2019</u>
Net cash provided/(used) by operating activities (A)	20,578	(1,062)
Net cash provided/(used) by investing activities (B)	(41,824)	(22,302)
Net cash provided/(used) by financing activities (C)	74,131	(1,778)
<b>Increase / (decrease) in cash and cash equivalents (D=A+B+C)</b>	<b>52,885</b>	<b>(25,142)</b>
<b>Cash and cash equivalents at the beginning of the period (F)</b>	<b>17,935</b>	<b>42,793</b>
Net effect of conversion of foreign currency on cash and cash equivalents E)	(394)	284
<b>Total cash and cash equivalents at end of the period (G=D+E+F)</b>	<b>70,426</b>	<b>17,935</b>





## Tesmec Group other consolidated financial information

(€ in thousands)	<u>As at 31 December 2020</u>	<u>As at 31 December 2019</u>
Net working capital <sup>3</sup>	64,256	73,022
Non current assets	99,530	86,947
Other Non current assets and liabilities	10,032	4,219
<b>Net invested capital <sup>4</sup></b>	<b><u>173,818</u></b>	<b><u>164,189</u></b>
Net financial indebtedness <sup>5</sup>	104,370	118,037
Equity	69,448	46,152
<b>Total equity and net financial indebtedness</b>	<b><u>173,818</u></b>	<b><u>164,189</u></b>

<sup>3</sup> 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.

<sup>4</sup> 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.

<sup>5</sup> 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.



## Reclassified income statement of the Parent Company Tesmec S.p.A.

### Income statement

(€ in thousands)	As at 31 December	
	2020	2019
<b>Revenues from sales and services</b>	<b>88,818</b>	<b>102,296</b>
Total operating costs	(85,746)	(94,231)
<b>Operating income</b>	<b>3,072</b>	<b>6,065</b>
Net financial income/(expenses)	(4,145)	(556)
<b>Pre-tax profit</b>	<b>(1,073)</b>	<b>5,509</b>
<b>Net profit for the period</b>	<b>(455)</b>	<b>4,232</b>
<b>EBITDA</b>	<b>9,312</b>	<b>12,267</b>
<b>EBITDA (% on revenues)</b>	<b>10.5%</b>	<b>12.2%</b>

**Reclassified balance sheet of the Parent Company Tesmec S.p.A.**

<b>Balance sheet</b>		
<b>(€ in thousands)</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Total non-current assets	105,437	92,830
Total current assets	172,580	124,348
<b>Total assets</b>	<b>278,017</b>	<b>217,178</b>
Total non-current liabilities	78,886	53,981
Total current liabilities	110,428	107,352
<b>Total liabilities</b>	<b>189,314</b>	<b>161,333</b>
Total shareholders' equity	88,703	55,845
<b>Total shareholders' equity and liabilities</b>	<b>278,017</b>	<b>217,178</b>



## Reclassified consolidated cash flow statement of the Parent Company Tesmec S.p.A.

### Summary of the cash flow statement

(€ in thousands)	As at 31 December	
	2020	2019
Net cash flow generated by (used in) operating activities (A)	10,363	12,109
Net cash flow generated by (used in) investing activities (B)	(25,782)	(15,218)
Net cash flow generated by financing activities (C)	60,657	(2,801)
<b>Total cash flow for the period (D=A+B+C)</b>	<b>45,238</b>	<b>(5,910)</b>
<b>Cash and cash equivalents at the beginning of the period (F)</b>	<b>4,649</b>	<b>10,559</b>
Effect of exchange-rate changes on cash and cash equivalents (E)	-	-
Cash and cash equivalents at the end of the period (G=D+E+F)	<b>49,887</b>	<b>4,649</b>



## Statement of Funding Sources and Uses of the Parent Company Tesmec S.p.A

### Funding Sources and Uses

(€ in thousands)	<u>As at 31 December 2020</u>	<u>As at 31 December 2019</u>
Net working capital <sup>6</sup>	25,709	30,420
Fixed assets	96,798	85,521
Other long-term assets and liabilities	5,160	3,703
<b>Net invested capital <sup>7</sup></b>	<b><u>127,667</u></b>	<b><u>119,645</u></b>
Net financial indebtedness <sup>8</sup>	38,964	63,800
Shareholders' equity	88,703	55,845
<b>Total sources of funding</b>	<b><u>127,667</u></b>	<b><u>119,645</u></b>

<sup>6</sup> 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.

<sup>7</sup> 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.

<sup>8</sup> 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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