



Integrated Solutions Provider

2021.9M Results Presentation



0. Tesmec Group at a glance
1. Strategic overview
2. 2021.9M Results
3. Outlook
4. ANNEX

0.

Tesmec Group at a glance

PURPOSE

Consolidate the position as a **solution provider** in the reference markets driven by the trends of **energy transition, digitalization, and sustainability**.

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 (oil and derivatives, gas, water).

Value proposition

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

Strategy

- Innovation
- Integration
- Internationalization



**ENERGY AND DATA
TRANSPORT**

Tesmec Group at a glance



ENERGY - STRINGING



- Solutions for power lines construction & maintenance
- Advanced methodologies for automating jobsite
- Zero emissions machines

ENERGY - AUTOMATION



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

70
YEARS
of experience

+900
PEOPLE

10
MANUFACTURING
PLANTS



+135
COUNTRIES
choose Tesmec

75%
EXPORT

RAILWAY



- Catenary lines construction & maintenance
- Diagnostic vehicles and systems
- Integrated platform for safe infrastructure

TRENCHER



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

Energy Stringing

T&D POWER LINES

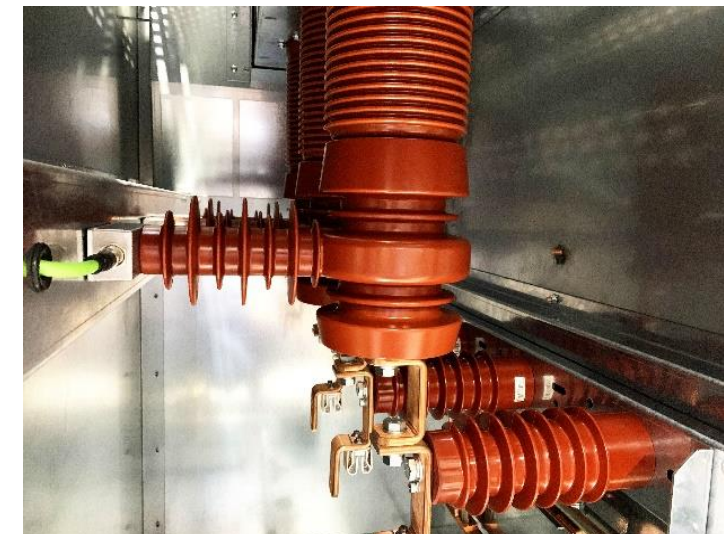
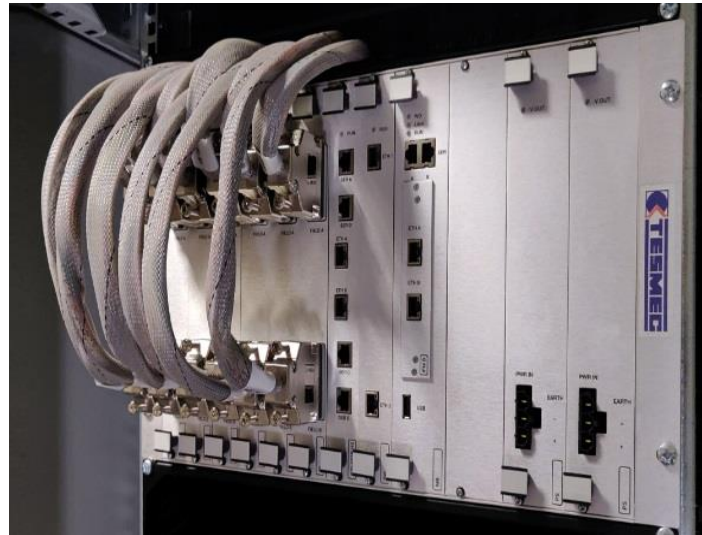
- SOLUTIONS FOR POWER LINES CONSTRUCTION & MAINTENANCE
- ADVANCED METHODOLOGIES FOR AUTOMATING JOBSITE
- ZERO EMISSIONS MACHINES



Energy Automation - Fields of application

SMART GRIDS

- PROTECTION & MONITORING
- REMOTE CONTROL
- SERVICE TELECOMMUNICATIONS
- SMART METERING



Trenchers - Fields of application

UNDERGROUND INFRASTRUCTURES

- TELECOM NETWORKS, FTTH & LONG DISTANCE
- POWER CABLE INSTALLATION & RENEWABLES ENERGIES
- BULK EXCAVATION, QUARRIES & SURFACES MINING
- OIL & GAS, WATER PIPELINES



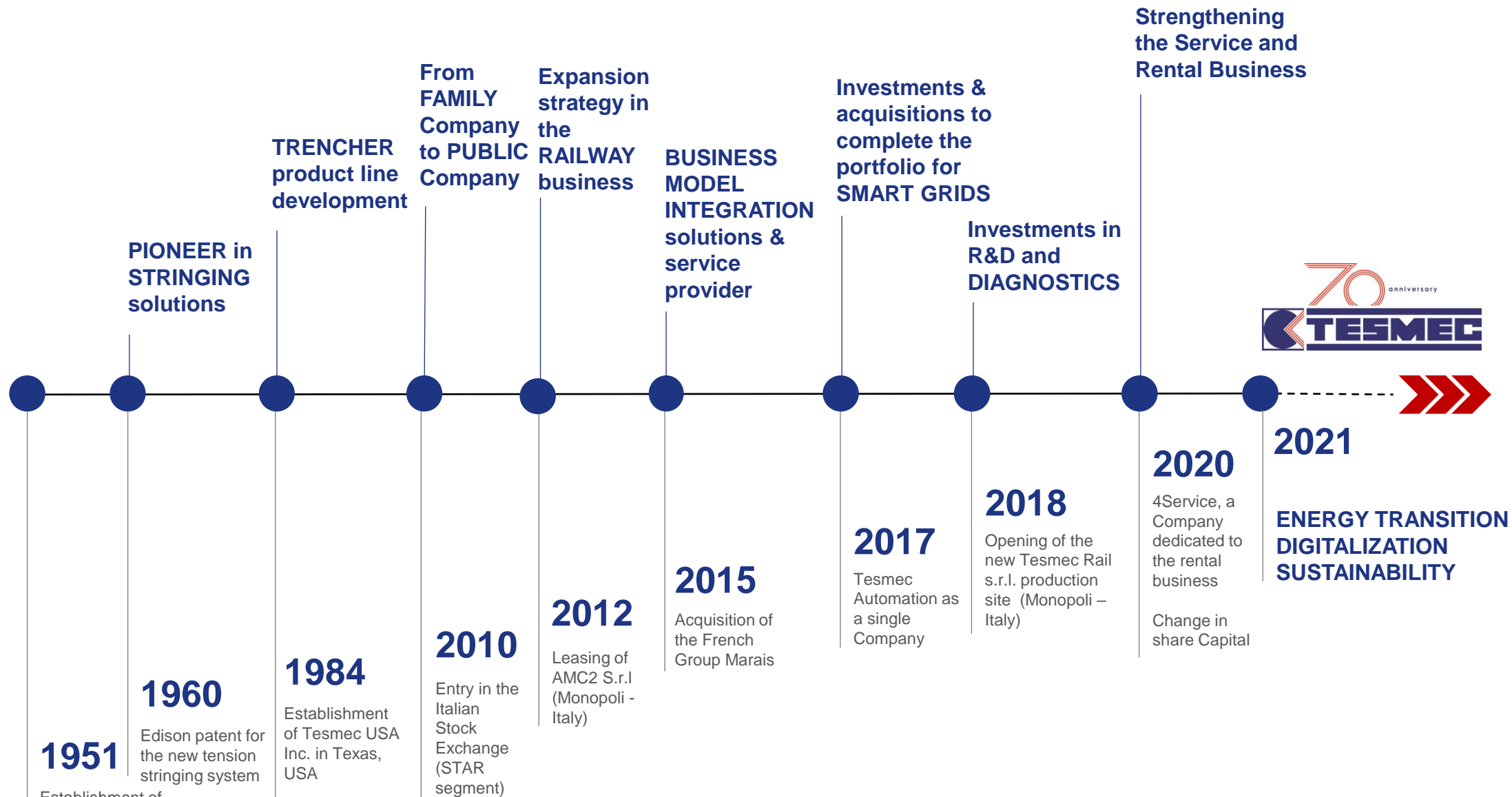
Railway - Fields of application

RAILWAY LINES

- CATENARY INSTALLATION
- MAINTENANCE OF RAILWAY LINES
- DIAGNOSTIC OF RAILWAY INFRASTRUCTURES
- SMART PLATFORMS FOR BIG DATA MANAGEMENT



History of Innovation



1.

Strategic overview



INDUSTRIAL TRADITION



DIGITAL INNOVABILITY



Exclusive events to **celebrate the history** of the Group and the **new positioning** of the brand, driven by the sustainable innovation

- **Change management**
- **Strategic positioning**
- **Brand reputation**



SUSTAINABLE INNOVATION

4.0 industry paradigm

- **Electrification** → zero environmental impact
- **Diagnostic** → highest safety



IMPLEMENTATION ACTIVITIES

Integration of the Sustainability plan in the industrial plan

- **Sustainability plan** in progress
- **QHSE Certifications**
- **Reporting on sustainability** (NFD)



Good ESG scoring in 2021 lists
(Il Sole 24 Ore, AcomeA, La Repubblica)

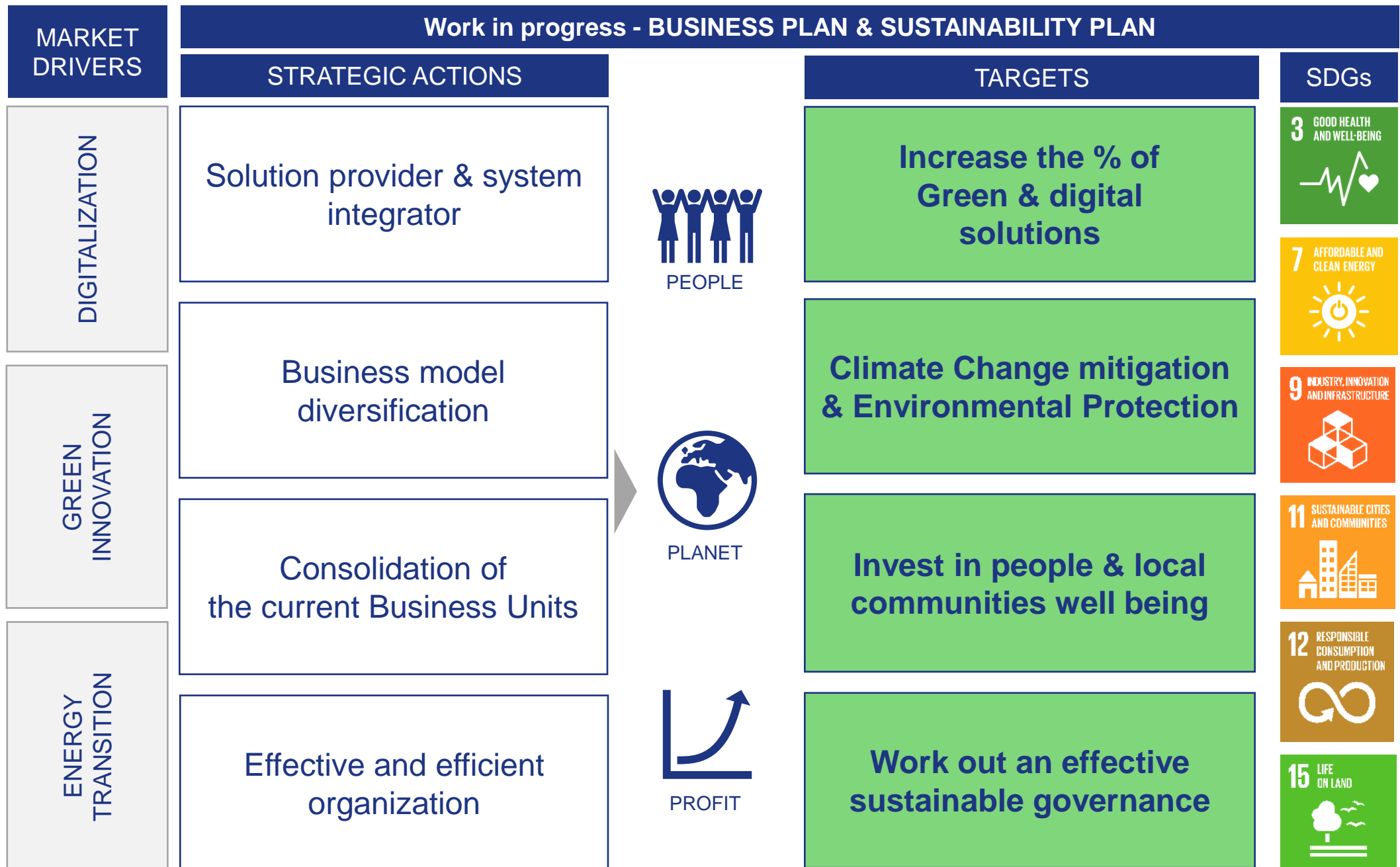


STIMULUS PACKAGE

Generate positive impacts from the main stimulus packages in the key countries where the Group operates

- **Digitalization** of products and processes across BUs
- **Sustainable mobility** (rail..)
- **Interconnected grids** (Telecom, smart grids..)

Sustainability as key strategic driver



Sustainability as key strategic driver

PRIORITY TOPICS	TASKS (in progress or delivered)
<p>Ethic and sustainable governance</p>	<ul style="list-style-type: none"> ▪ Designation of a Sustainability Manager and a team focused on sustainability topics ▪ Designation of a Control, Risks and Sustainability Committee and Procedure for Related Party Transactions in the Board of Directors
<p>Green & digital solutions</p>	<ul style="list-style-type: none"> ▪ Full electric and digital stringing machines brand new models launch ▪ Tesmec Automation is ISO 27001 certified, certification ISO/TS 14067 in progress ▪ R&D on electric rail cars (hybrid and bimodal traction) predictive diagnostic solutions for rail infrastructure ▪ Continuous improvement on clean&fast solutions and sustainable trenching technologies for cables deployment
<p>Climate Change and environmental protection</p>	<ul style="list-style-type: none"> ▪ Mapping of strategic suppliers according to ESG principles
<p>Development of local communities and areas, enhancement and protection of people</p>	<ul style="list-style-type: none"> ▪ Planning and organization of wide range of initiatives for employees welfare ▪ Charity initiatives for local communities and non-profit organizations ▪ Involvement and support of new generations



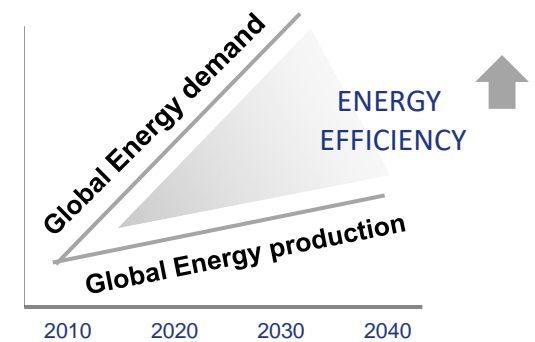
Development of sustainable solutions for new generation grids, integrated with renewable energy sources.

INCREASING NEEDS OF STRONG & SMART GRIDS

- The global energy development pattern is experiencing substantial changes (distributed generation, new energy consumption models, electric vehicles, long distance transport..)
- **Renewable energy** is the fastest-growing energy source globally
- **Digitalization** is reshaping energy value chain in mature markets

STRATEGIC POSITIONING IN A GROWING MARKET

- Key player in the segment of the **energy transport** and in the field of technologies to **increase efficiency** of the grids
- Wide portfolio of certified and innovative solutions to face the **energy transition**





Diagnostic vehicle in Lithuania with six diagnostic systems including the ultrasonic system.

FOCUS ON SUSTAINABLE MOBILITY AND SAFETY OF INFRASTRUCTURES

- 2021 European Rail year
- Investments in maintaining and renewing the existing railway networks have increased
- Improving **safety** and operational performance and ensuring a reliable service are a priority for rail

STRATEGIC POSITIONING IN A GROWING MARKET

- Certificated rail cars
- R&D projects focused on electric solutions according to sustainable mobility trends
- Predictive Diagnostic solutions for safety of infrastructure
- A complete value chain for railway infrastructure: installation – maintenance – diagnostic



Fiber optic jobsite in UK using Clean&Fast sustainable technology

INCREASING NEEDS OF INTERCONNECTION NETWORKS

- Interconnection projects in **renewable energy** sites
- Need to speed up **fiber optic network** deployment process
- The value of equipment lie in the **service** and fleet management

STRATEGIC POSITIONING IN A GROWING MARKET

- **Complete valClean&Fast technologies** compared to standard technology
- **ue chain** for:
 - Renewable energy interconnections
 - Fiber optic laying
- **Low environmental impact solutions**
- **Service providers** with remote management: Tesmec business model as a solution provider is focused on customer satisfaction

2.

2021.9M Results

Market scenario

- **Growing** economy
- Push to new **investments** thanks to stimulus packages in developed Countries (Europe, USA), especially in market segments where Tesmec operates
- Increase of prices due to **inflation**
- Critical issues linked to travel blocks and **restrictions** in some Countries

2021.9M Key Facts

TRENCHER

- Increase of the “green” turnover (renewable energies and telecom)
- Difficult situation on the US & Australia market, partially compensated by New Zealand performance and increase in recurring revenues

Energy Automation

- + 100% growth in turnover with great margins vs 2020
- Increase of business with hi-tech content (SAS..)

Stringing

- The most of business is generated by the new advanced 4.0 products

RAIL

- Launch of new project with a little bit delay in the execution phase
- R&D focused on sustainable products and better mix of products
- Strong Puglia Region support



Awarded tenders with Italian DSO: consolidation of strategic positioning in the distribution market

New opportunities in foreign countries: positive perspective of growth in the HV segment

SMART GRID



TELECOMMUNICATION



Strong focus on systems engineering: progress towards the validation of Terna's SAS2021 first prototype

Compliance with ISO/14067 (Carbon Footprint): new products certified

AUTOMATION



ISO / TS 14067

SUSTAINABILITY

Outlook 2021.9M: STRINGING



The new Continuous Linear Puller for the first time on jobsite in France on a RTE-Eiffage project

A successful cooperation with Serpollet introduces the new full electric machine in France

PE1150 first jobsite in France



CLP first experience in Europe

FULL ELECTRIC MACHINES
FOR UNDERGROUND CABLE LAYING & PIPE REFURBISHMENT

PE1150
Max Pull: 30 kN
Max Speed: 70 m/min
Battery Pack: 90 V
Charge Time: 5 h
Battery Storage Capacity: 5000 m

PE1250
Max Pull: 50 kN
Max Speed: 70 m/min
Battery Pack: 350 V
Charge Time: 4 h
Battery Storage Capacity: 7000 m

TESMEC
discover more on www.tesmec.com

NO OIL

ZERO EMISSIONS

SILENT

Promotion of the full electric machine as the best solution for urban jobsite

Green Solutions Marketing Campaign



Condux Tesmec introduces the concept of the new full electric machine for distribution overhead

The Utility Expo Louisville 28-30/09



Diagnostic self-propelled vehicle equipped with 6 systems including the ultrasonic system thanks to technological partners

Sustainability: full electric solutions for catenary maintenance
Digitalization: the most advanced systems for railway infrastructure
Diagnostic



EXPO Ferroviaria, Milan 28-30/09



Advanced technological solutions for catenary installation

Inground/Wayside Inspection and Diagnostic for the freight and passenger rail industry

Diagnostic systems



CATENARY INSTALLATION



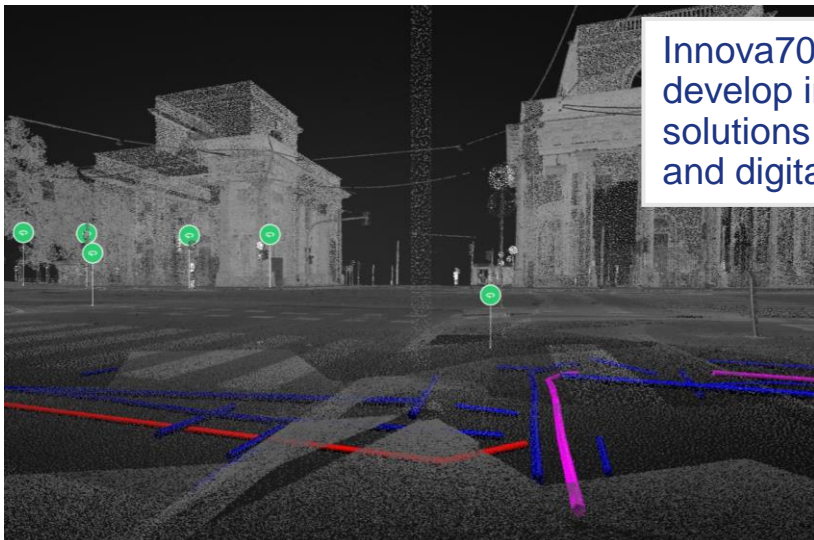
Clean & Fast fiber optic deployment in UK rural areas and protected environment

FIBER OPTIC



Water pipeline project development for local communities (Bergamo area)

WATER



Innova70 consortium to develop innovative solutions for detection and digital mapping

DIGITAL & UNDERGROUND APPLICATION



New mining project on pozzolana ore in Kenya, avoiding drill & blast

SMART MINING

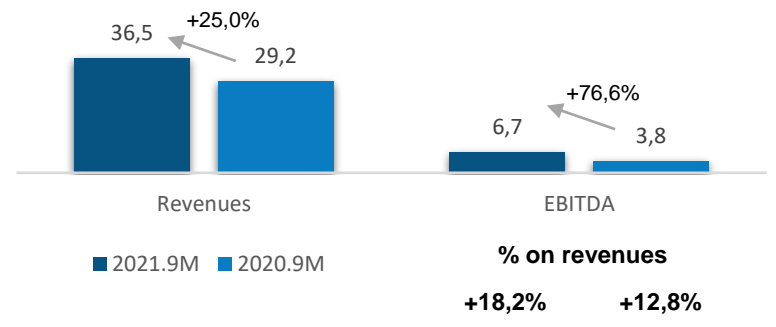
GROUP (€ mln)	2021.9M	2020.9M	Delta vs.20
REVENUES (1)	144,2	116,8	23,5%
EBITDA (2) (3)	21,2	15,7	34,9%
% on Revenues	14,7%	13,4%	
EBIT (4)	4,8	0,2	
% on Revenues	3,4%	0,1%	
Differences in Exchange (5)	2,0	(2,8)	
% on Revenues	1,4%	-2,4%	
PROFIT (LOSS) BEFORE TAX	3,2	(6,4)	
% on Revenues	2,2%	-5,5%	
NET INCOME/(LOSS)	2,0	(4,8)	
% on Revenues	1,4%	-4,1%	
GROUP (€ mln)	2021.9M	2020.9M	Delta vs.20
NFP ante IFRS 16	94,6	114,7	17,6%
NFP post IFRS 16	116,5	137,8	15,4%

- (1) **Revenues: In line with 2019.9M** although impacted by the supply chain and logistic criticalities
- (2) **EBITDA: positive impact** by the Energy and Railways business particularly the Energy Automation Segment to compensate the negative performance of USA & AUS markets in TRS business
- (3) **EBITDA: improve** thanks to **rental/project/services, recurring activities with high margin** and costs saving activities
- (4) **Impacted** by 4service's fleet depreciation
- (5) **The exchange differences are positive (USD & related currencies)**, compared to the closing of 2020 and is also more then the 2021.Q1 and 2021.H1.
- (6) **NFP: impacted by the NWC variation, increased** in order to face the tensions in the supplying and shipment/freight activities and to support the sales of the 4th quarter

2021.9M Closing – Business Breakdown (€ mln)



Energy



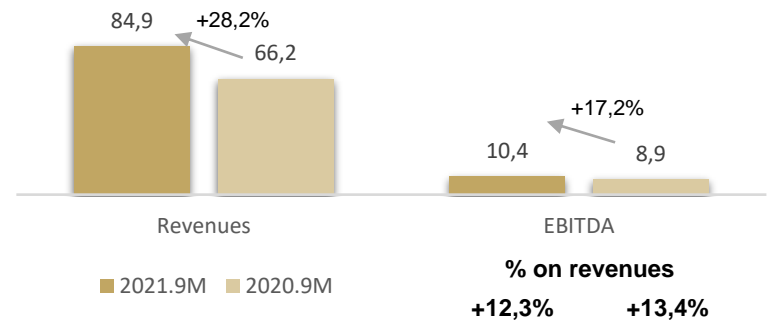
> **Rebound** compared to 2020.9M and better than 2019.9M and lead by the **Energy industry trend**

> **EBITDA:** impacted by **Energy Automation performance** and the improvement of the **Stringing segment** after years of product **range transition**

> The **confirmed order backlog** was **Euro 84,6 million** of which **Euro 69,5 million** from the **Energy Automation**



Trencher



> **Back to the sales** but slowdown of the USA market and **delay** in the deliveries to due the supply chain worldwide critical situation (**freight cost, lead time & price variation** of the raw materials). Growth recorded in the renewable energies & telecom sector, with an increase in the share of sustainable turnover.

> **EBITDA** impacted by the Q3 Australian performance and the gap in the sales of the USA market

> The **confirmed order backlog** was **Euro 79,2 million**

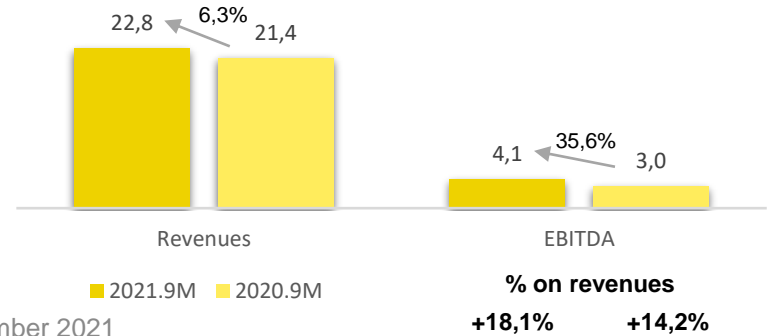
> Less impacted by the lock down in the 2020.9M. The revenues are related to the medium-long term contracts, delay in the

> **EBITDA:** **increased** respect the 2020.9M and the 2019.9M

> The **confirmed order backlog** was **Euro 98,8 million**, delays in the award of new contracts



Rail





(1) Of which Euro 69,5 million by Energy Automation and new opportunities in hi-tech content business

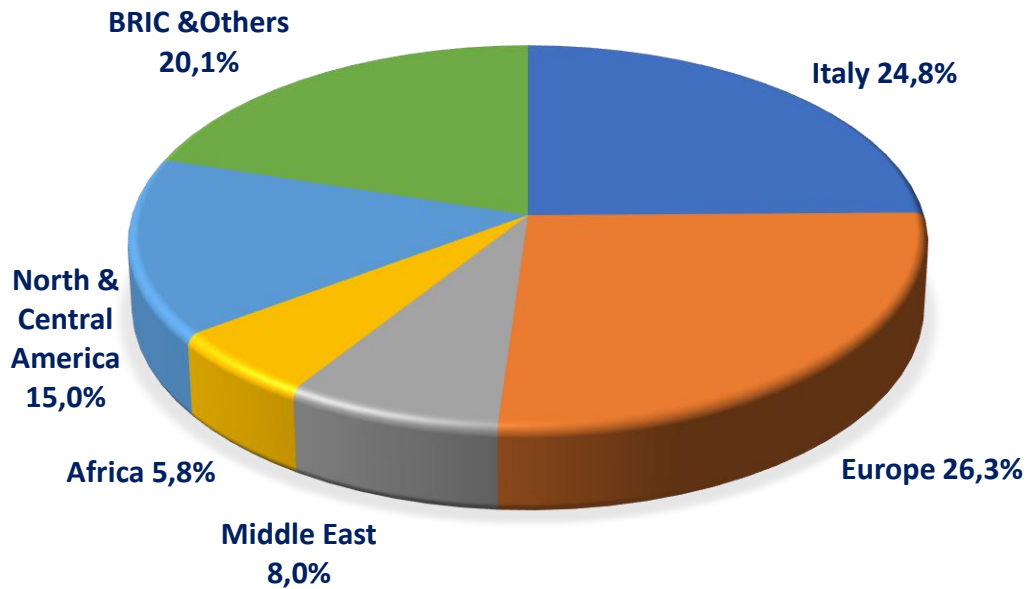
(2) Restart of the activities in the TRS Business and the investments

(3) Delay in the tender acquisition but the opportunities still higher than previous year

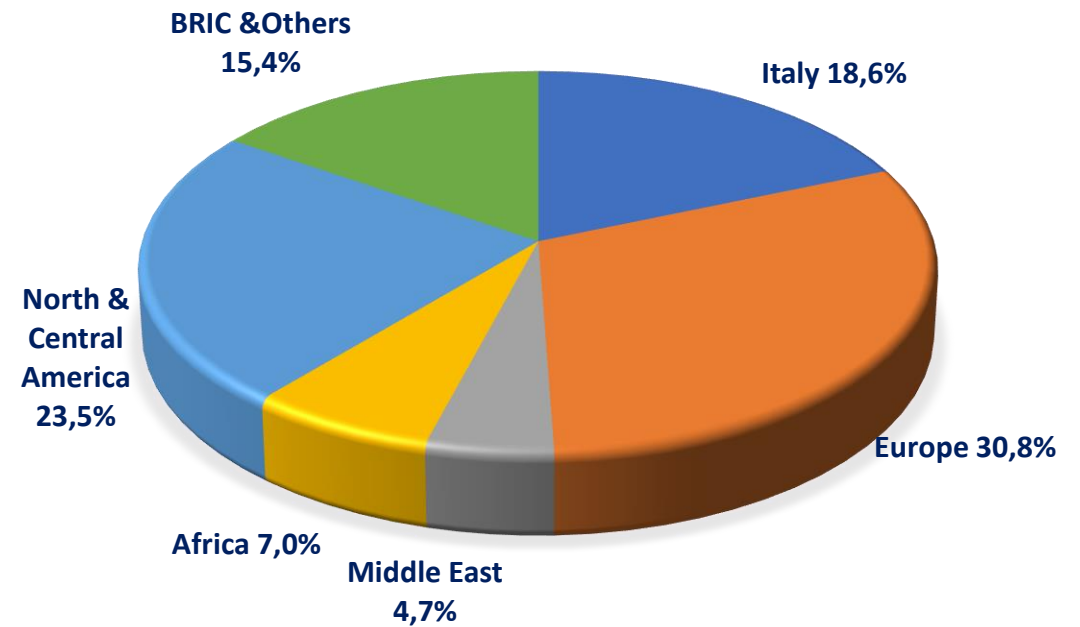
(4) Low backlog acquisition but increasing opportunities

2021.9M Revenues: sales spread over different geographical area

REVENUE BY GEOGRAPHY 2021



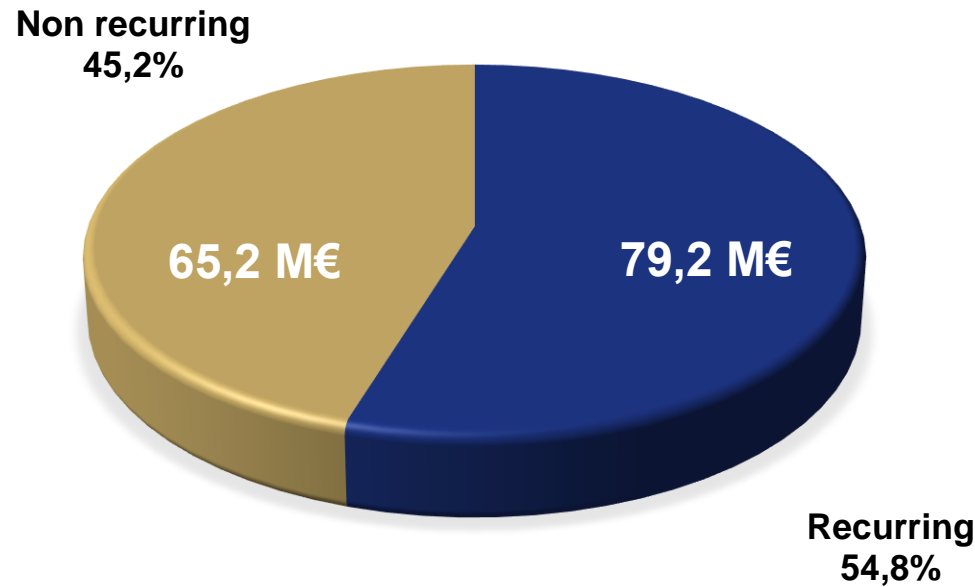
REVENUE BY GEOGRAPHY 2020



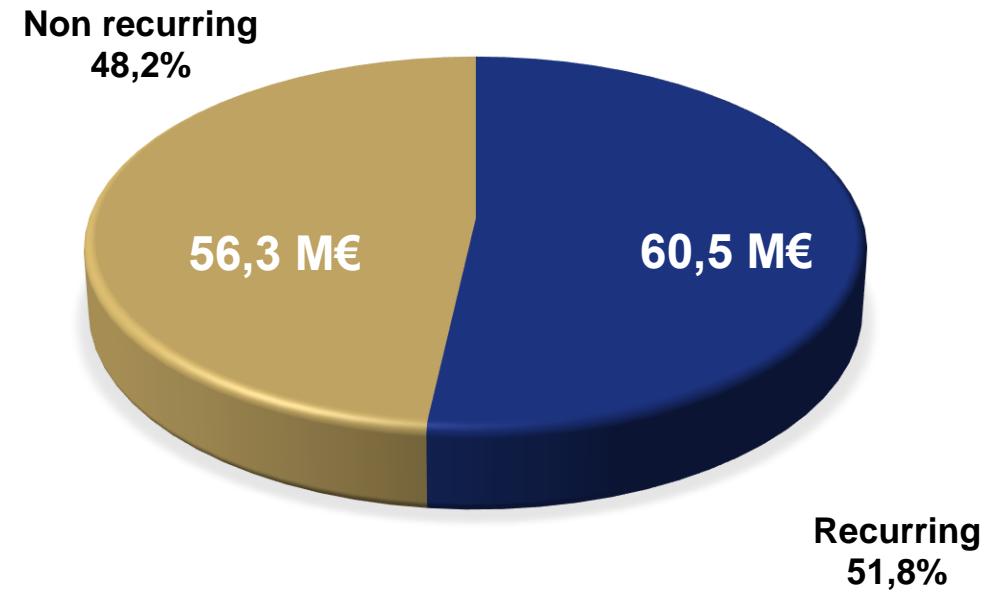
- **ITALY:** railway & energy automation impact
- **USA&EU:** trencher and railway impact
- **BRICS:** trencher and stringing impact

2021.9M Revenues: recurring vs non recurring

REVENUES RECURRING VS NON RECURRING 2021.9M

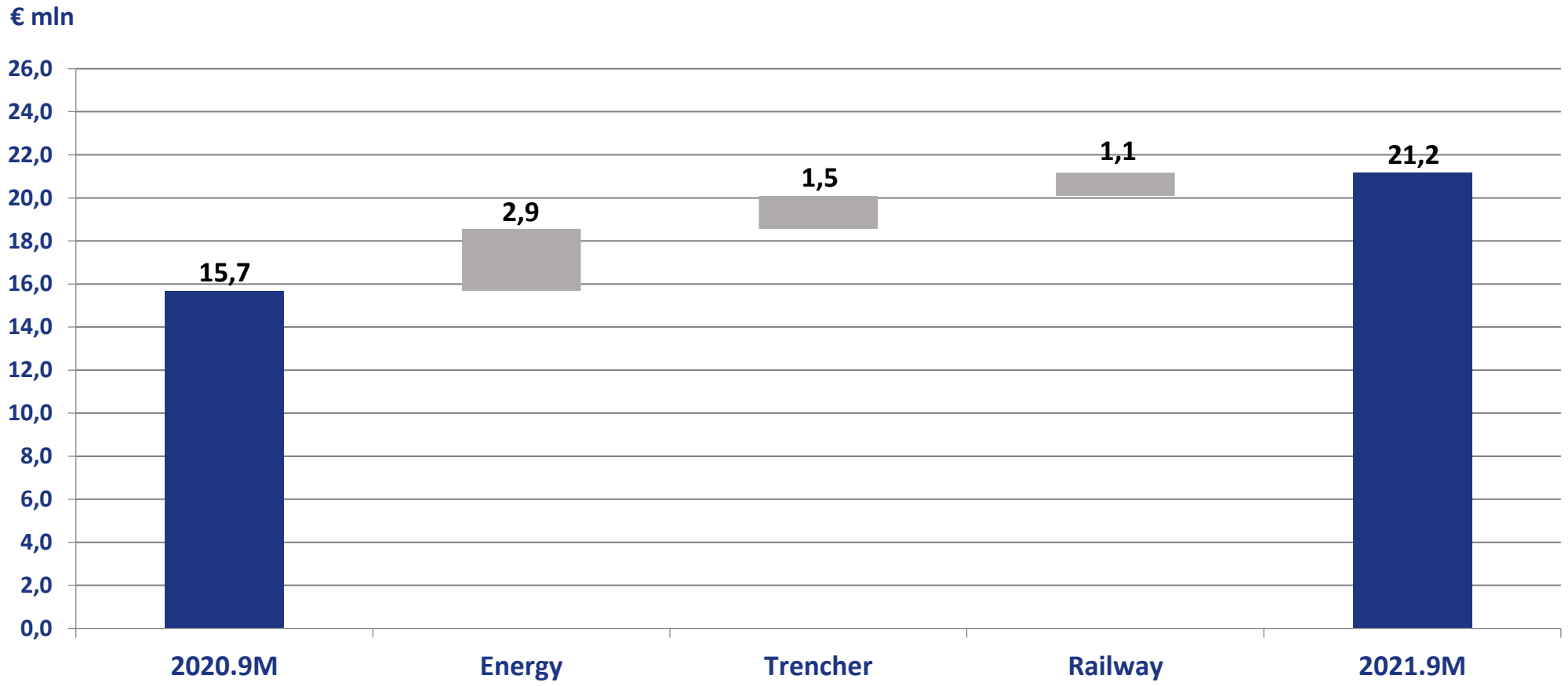


REVENUES RECURRING VS NON RECURRING 2020.9M



- Recurring: Rental, Projects, Spare Parts, Services (maintenance, revamping & refurbishing, consulting & training), long term backlog (Automation & Rail)
- Non recurring: Sales of goods
- Confirmed recurring & back to sales after the impact of the covid-19 in the 2020.9M

2021.9M EBITDA



2021.9M Financial Results

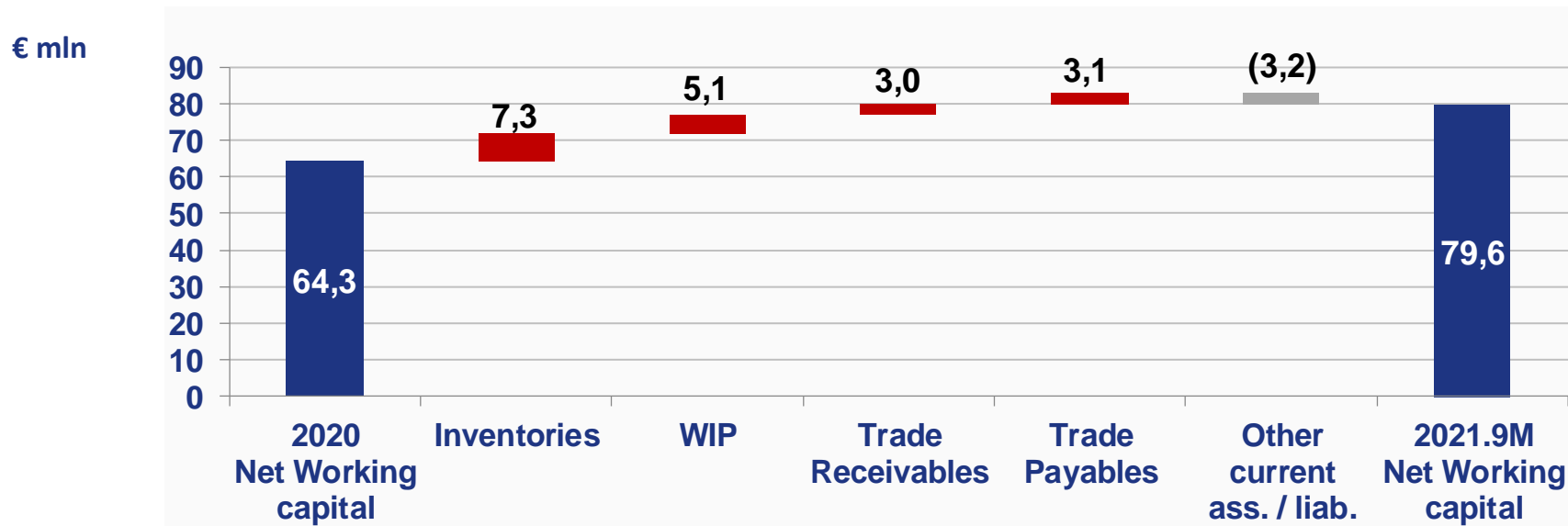
Financial Information (€ mln)	2021.9M	2020
Net Working Capital	79,6	64,3
Non Current assets	77,4	76,7
Right of use - IFRS 16/IAS 17	21,2	22,8
Other Long Term assets/liabilities	11,4	10,0
Net Invested Capital	189,6	173,8
Net Financial Indebtness	94,6	82,3
Lease liability - IFRS 16/IAS 17	21,9	22,1
Equity	73,1	69,4
Total Sources of Financing	189,6	173,8

2020

Increase of the NWC due to stock and receivables

2021.9M

2021.9M Working Capital evolution



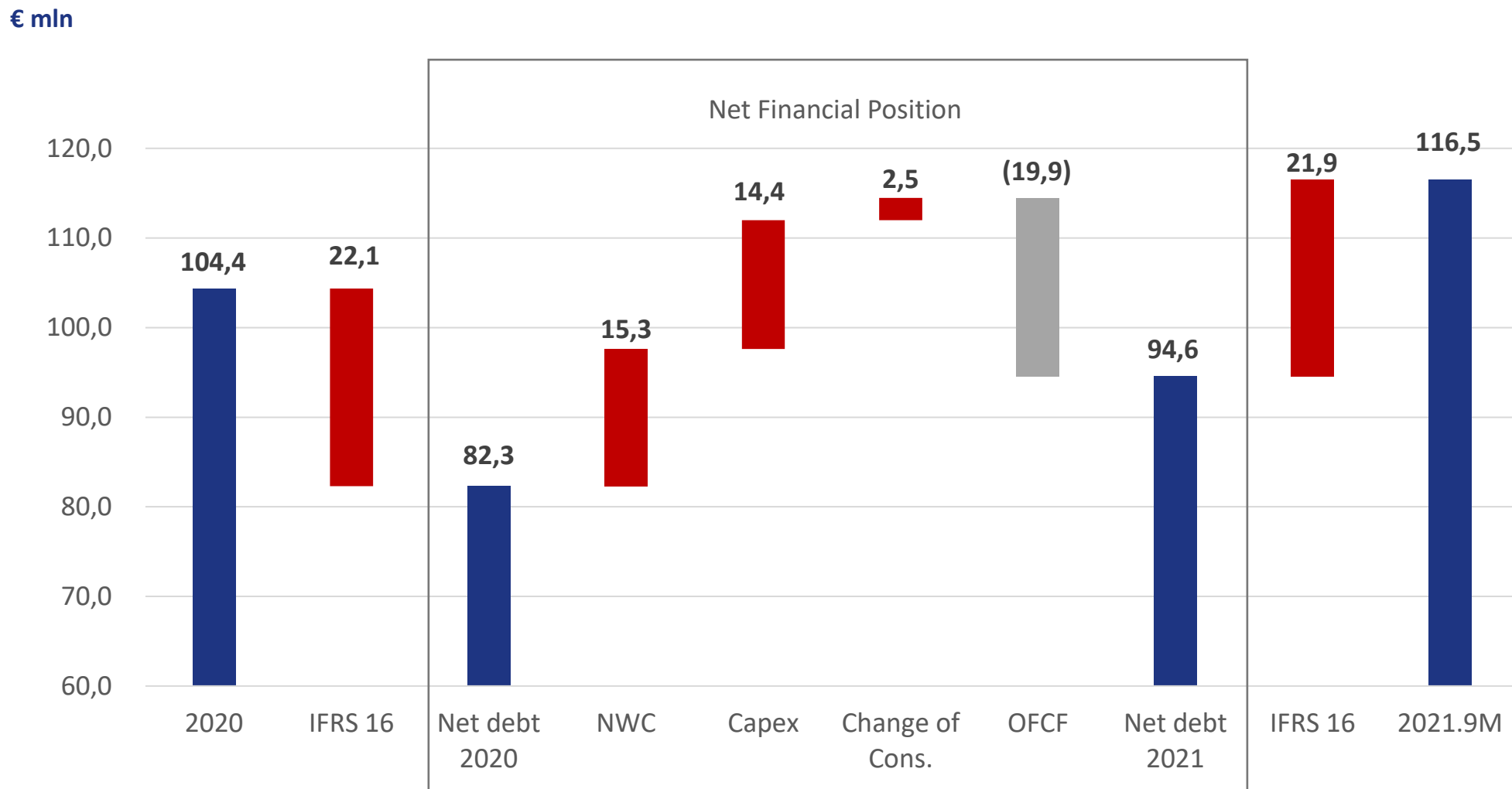
€ Mln	2021.9M	2020.FY	2021.9M	2020.FY
Trade Receivables	63,4	60,4	114	126
Inventories	81,7	74,4	147	155
Work in progress contracts	16,3	11,2	29	23
Trade Payables	(58,3)	(61,4)	-105	-128
Other Current Assets/(Liabilities)	(23,5)	(20,3)	-42	-42
Net Working Capital	79,6	64,3		

2020
€ 64,3 mln

Increase of NWC due to the supplying and logistic tensions, to support the sales of the 4th quarter and the delay in the invoicing process in the Railways projects

2021.9M
€ 79,6 mln

2021.9M Net Financial Position Evolution



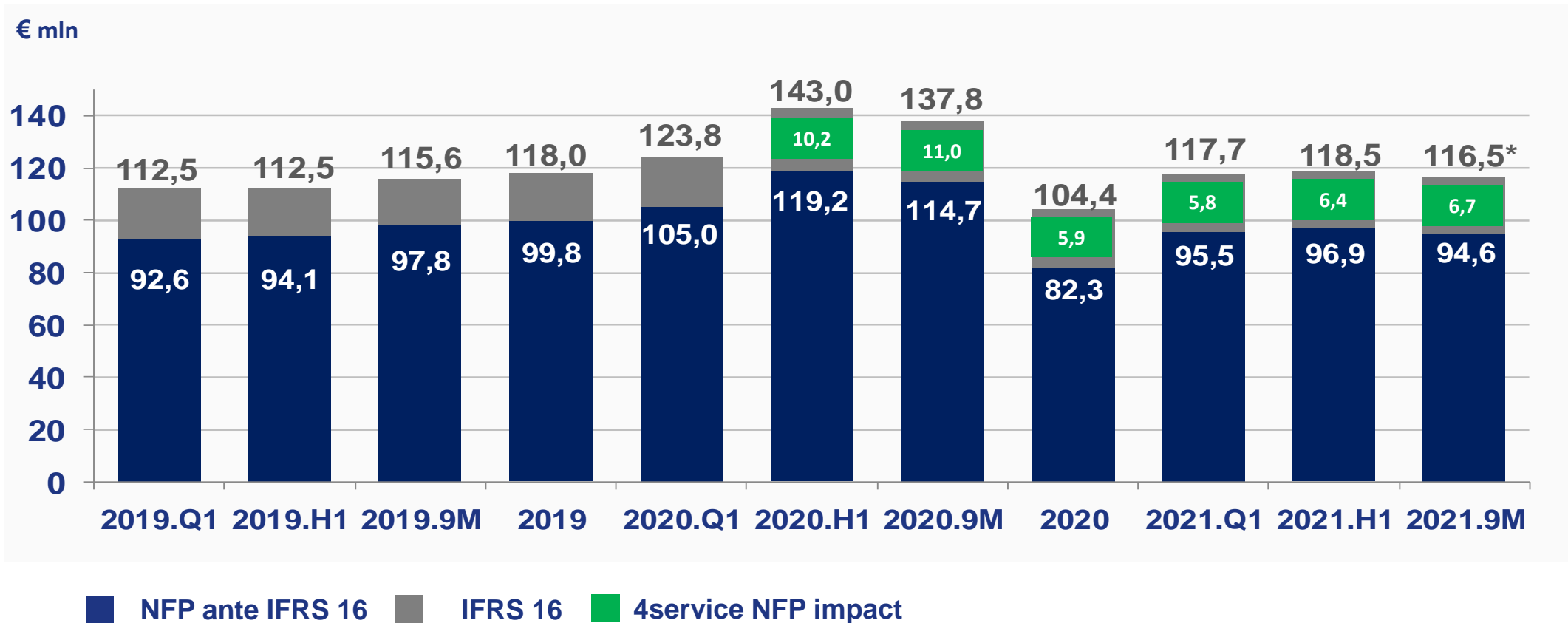
2020

Impacted by the increase of NWC, mitigated by operating cash generation. The capex is in line with the expectation. The 2,5 M€ of change of consolidation are related to the acquisition of 49% of Saudi Tesmec

2021.9M

2021.9M Net Financial Position Evolution

NET FINANCIAL POSITION



* From 1st January 2019, the new IFRS 16 has been introduced, the impact in term of NFP is around 21,9 M€, otherwise the NFP would have been around 94,6. Since April 2020 the NFP included the financial debt from the acquisition of 4service around 6,7 M€ at 30 September 2021.

3.

Outlook

KEY POINTS

- **Strategic positioning** in key and growing sectors: telecommunication, smart grids, renewable energy, mining, railway
- Expected positive outlook driven by "**Green Deal**" on key markets such as US, Western Europe & Australia

SMART GRID market
CAGR **11.8%** (2020-2025)



WORLD RAILWAY market
CAGR **2.3%** (2020-2025)



TELECOM market
CAGR **5%** (2020-2025)



RENEWABLE ENERGY market
CAGR **6.1%** (2018-2025)



MACRO ECONOMIC SCENARIO

- Positive impact of **recovery plans** on reference markets of the Group:
 - **ITALY**: strong push to business thanks to incentives, especially in Southern Italy
 - **EUROPE**: important stimulus packages to boost the recovery
 - **USA**: focus on Clean Energy and big high speed railway projects
- Momentum of economic recovery, stimulus to the **vitality of market**, booming of specific geographic areas
- Strong impact of **sustainable projects** and **climate change issue** in the development plans worldwide
- **Inflation** speed up
 - Increase of raw materials & commodities costs and freight & logistic costs
 - Shortage of materials & longer delivery time
- Stronger **foreign currencies** (USD..) and stable **interest rates**

MAIN ACTIONS to support the growth

Focus on strategic sectors driven by the **energy transition trend**

Green **innovation** and process **digitalization**

Rationalization and **better cost/revenues ratio**

2020-2023 Business Plan guidelines

2019_{pf} 2020_{pf} 2021 2023 **Confirmed**

	2019 _{pf}	2020 _{pf}	2021	2023	Confirmed
TURNOVER	199.6 M€	172.8 M€	<p>OLD ~ 220 M€</p> <p>NEW > 200 M€</p>	<p>>> Significant performance of the Energy Automation segment; Stringing segment back to historical performances</p> <p>>> Focus on recurring revenues (rental & services)</p> <p>>> Growth in each business line</p>	<p>275 ~ 290 M€</p> <p>cagr₁₉₋₂₃: 8.5%~10.0%</p>
EBITDA	30,0 M€	22,9 M€	<p>>16%</p> <p>>15%</p>	<p>>> Better mix of products & systems premium price policy, impact of new high margin activities such as rental and hi-tech solutions</p> <p>>> Rationalization and standardization of the products portfolio</p> <p>>> Broadly stable fixed costs</p>	<p>53 ~ 58 M€</p> <p>cagr₁₉₋₂₃: 17.0%~18.0%</p>
NFP	130,0 M€	104,4 M€	<p>improvement < 110,0 M€</p>	<p>>> Net working capital improvement and efficiency actions on inventory</p> <p>>> Optimization of credit management policies</p> <p>>> 2020-2023: Cumulated Capex in 4 years 60M€, progressive reduction to 5% of the CAPEX/Revenues</p>	<p>improvement</p>

4.

ANNEX

Summary 2021.9M Profit & Loss statement - Appendix A

Profit & Loss Account (Euro mln)	2021.9M	2020.9M	Delta vs 2020	Delta %
Net Revenues	144,2	116,8	27,4	23,4%
Raw materials costs (-)	(58,1)	(49,8)	(8,3)	16,7%
Cost for services (-)	(26,4)	(21,0)	(5,4)	25,8%
Personnel Costs (-)	(41,4)	(35,3)	(6,1)	17,2%
Other operating revenues/costs (+/-)	(2,7)	0,5	(3,2)	-649,5%
Non recurring revenues/costs (+/-)	-	-	0,0	na
Portion of gain/(losses) from equity investments evaluated using the equity method	0,3	0,3	(0,1)	-21,0%
Capitalized R&D expenses	5,4	4,2	1,2	29,2%
Total operating costs	(123,0)	(101,1)	(21,9)	21,6%
<i>% on Net Revenues</i>	<i>(85,3%)</i>	<i>(86,6%)</i>		
EBITDA	21,2	15,7	5,5	68,1%
<i>% on Net Revenues</i>	<i>14,7%</i>	<i>13,4%</i>		
Depreciation, amortization (-)	(16,4)	(15,5)	(0,9)	5,7%
EBIT	4,8	0,2	4,6	2759,9%
<i>% on Net Revenues</i>	<i>3,3%</i>	<i>0,1%</i>		
Net Financial Income/Expenses (+/-)	(1,6)	(6,6)	5,0	-75,5%
Taxes (-)	(1,2)	1,6	(2,8)	-170,8%
Minorities	0,0	0,0	0,0	
Group Net Income (Loss)	2,0	(4,8)	6,8	n/a
<i>% on Net Revenues</i>	<i>1,4%</i>	<i>-4,1%</i>		

Summary 2021.9M Balance Sheet - Appendix B

Balance Sheet (€ mln)	2021.9M	2020
Inventory	81,7	74,4
Work in progress contracts	16,3	11,2
Accounts receivable	63,4	60,4
Accounts payable (-)	(58,3)	(61,4)
Op. working capital	103,1	84,6
Other current assets (liabilities)	(23,5)	(20,3)
Net working capital	79,6	64,3
Tangible assets	47,7	49,8
Right of use - IFRS 16/IAS 17	21,2	22,8
Intangible assets	23,1	22,5
Financial assets	6,6	4,4
Fixed assets	98,6	99,5
Net long term liabilities	11,4	10,0
Net invested capital	189,6	173,8
Cash & near cash items (-)	(48,5)	(70,4)
Short term financial assets (-)	(17,4)	(13,8)
Lease liability - IFRS 16/IAS 17	21,9	22,1
Short term borrowing	56,6	85,8
Medium-long term borrowing	103,9	80,7
Net financial position	116,5	104,4
Equity	73,1	69,4
Funds	189,6	173,8

Notes

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

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 presentation corresponds to the document results, books and accounting records. Note that in this presentation, 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 presentation 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 presentation. The prospective data are, in fact, forecasts or strategic targets established within the corporate planning.

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