



# Integrated Solutions Provider

2022.Q1 Results Presentation

0. Tesmec Group at a glance
1. Key Market trends & Corporate strategy
2. 2022.Q1 Business highlights & 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

# 1. Key Market trends & Corporate strategy



## SUSTAINABLE INNOVATION

4.0 industry paradigm

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



## IMPLEMENTATION ACTIVITIES

Integration of the Sustainability plan in the industrial plan

- **European Taxonomy:** disclosure on eligible KPI
- **Sustainability policy** in line with the strategic guidelines of the **Sustainability plan**
- **QHSE Certifications**
- **Reporting on sustainability** (NFD)

**Good ESG scoring** in 2021-2022  
(Il Sole 24 Ore, AcomeA, La Repubblica, Corriere della Sera & Statista)

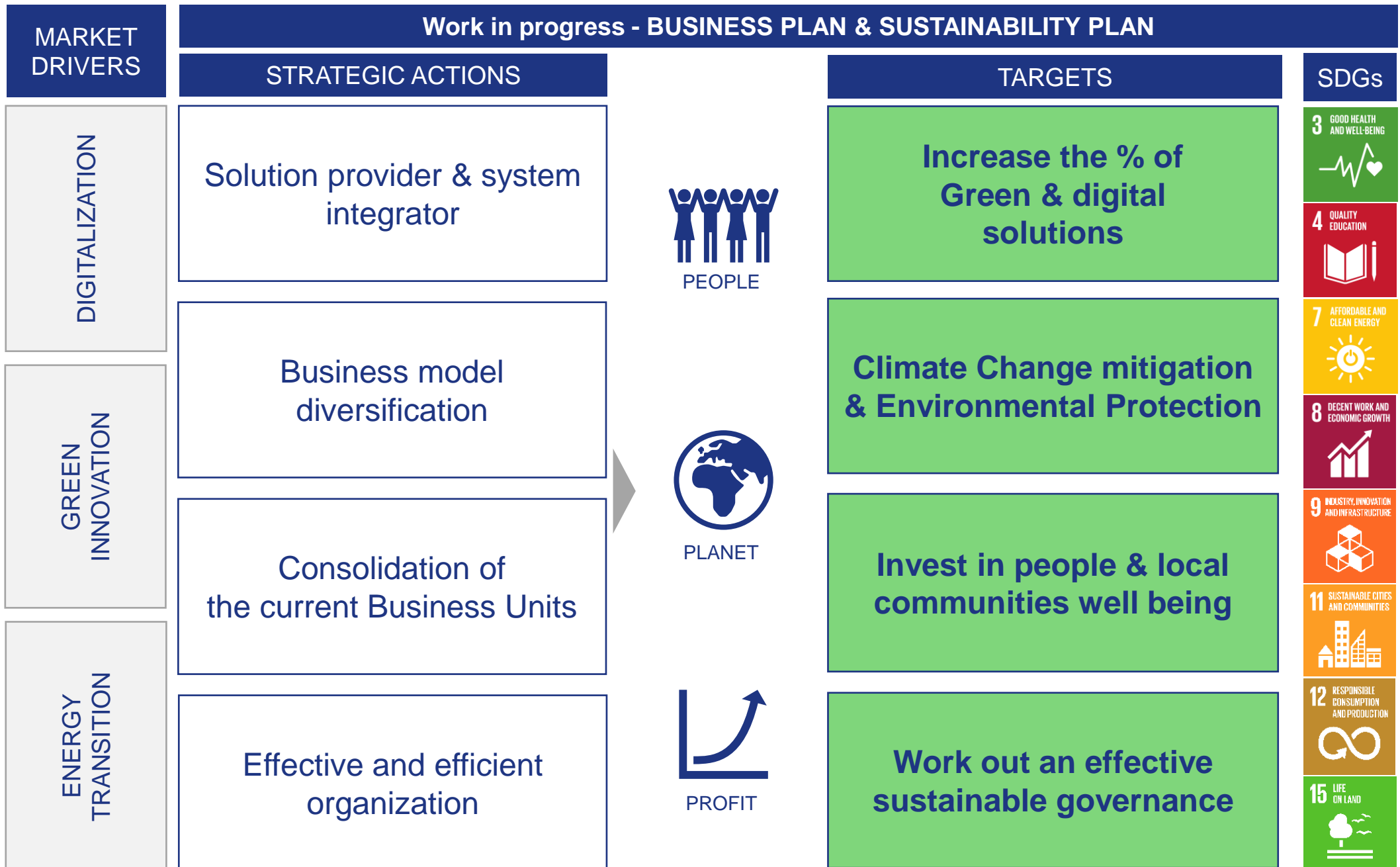


## STIMULUS PACKAGE

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



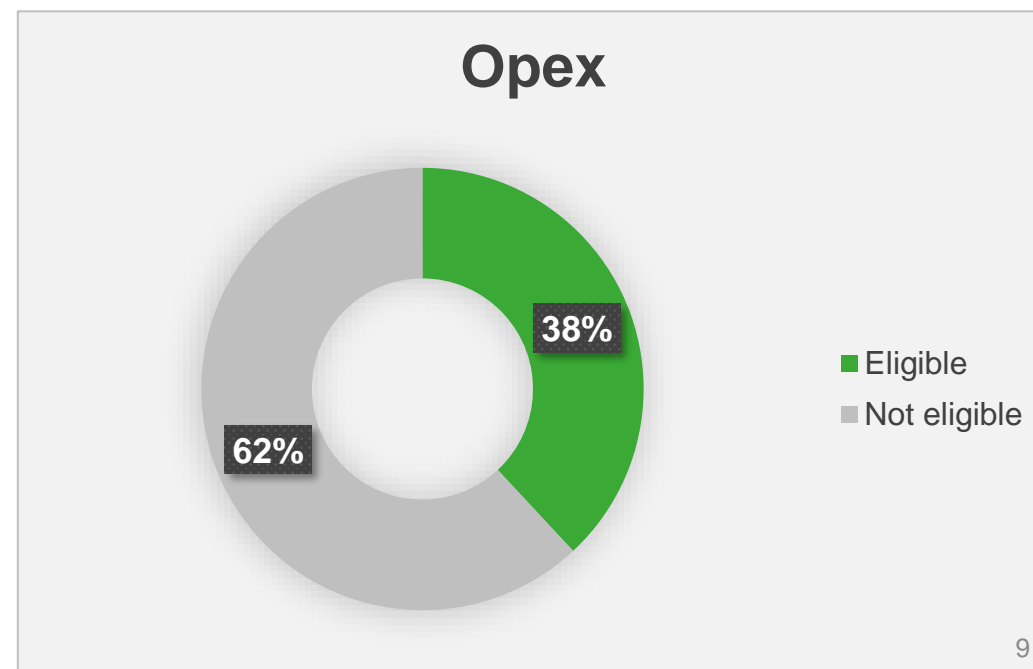
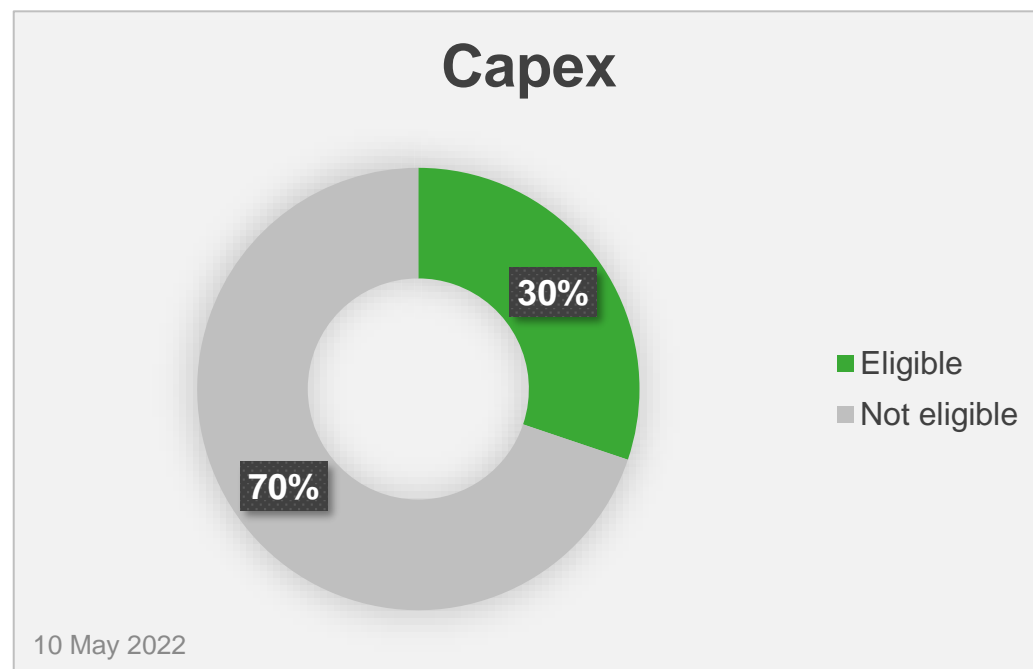
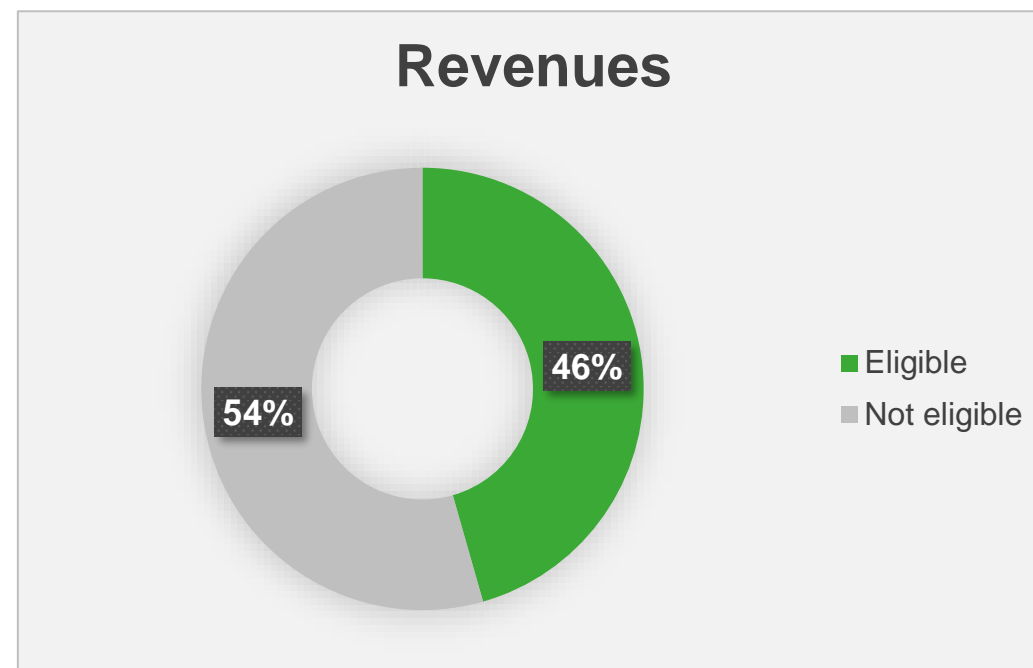


## ANNEX I – Climate mitigation

### 3.Manufacturing

- 3.1 - Manufacture of renewable energy technologies
- 3.3 - Manufacture of low carbon technologies for transport
- 3.6 - Manufacture of other low carbon technologies

*2021 is the first year of application of the European Taxonomy. For this reason, the below findings are based on currently available information, which may be subject to future revisions also based on the evolution of the legislation.*



# Sustainability as key strategic driver

PRIORITY TOPICS	TASKS (in progress or delivered)
Ethic and sustainable governance	<ul style="list-style-type: none"><li>▪ Gap analysis on the TCDF (Task Force on Climate-related Financial Disclosures) recommendations</li><li>▪ Strengthen of the sustainability team in order to properly face the increasing opportunities</li></ul>
Green & digital solutions	<ul style="list-style-type: none"><li>▪ Sizing the businesses that are associated with environmentally sustainable economic activities in compliance with the European Taxonomy Regulation. Disclosure of the proportion of turnover, capital expenditures (capex) and operational expenditures (opex) that are eligible for the Taxonomy.</li><li>▪ Priority to green innovation and actions to meet the Technical screening criteria of the EU Taxonomy Regulation</li><li>▪ Trencher electrification path is being undertaken.</li></ul>
Climate Change and environmental protection	<ul style="list-style-type: none"><li>▪ Sharing the ESG commitment with major suppliers</li><li>▪ Actions to correctly manage the use of resources, promoting the reduction of direct and indirect environmental impacts</li></ul>
Development of local communities and areas, enhancement and protection of people	<ul style="list-style-type: none"><li>▪ Focus on Ukrainian Emergency</li><li>▪ WHP (Workplace Health Promotion) certifications for 2 plants</li><li>▪ Charity initiatives for local communities and non-profit organizations</li><li>▪ Continuous training program for skills development and professional growth</li></ul>

## KEY FACTS

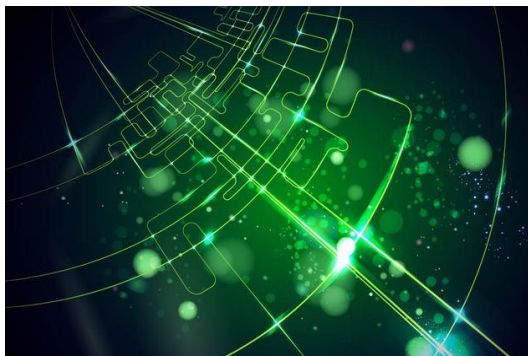
- Focus on Ukrainian Emergency
- Continuation of solidarity path with dedicated actions and planning of corporate volunteering
- Promotion of employees welfare and wellbeing



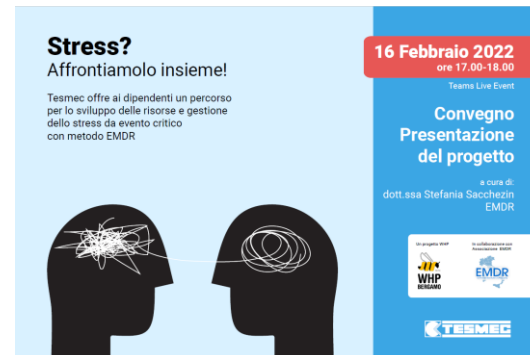
Awareness and crowdfunding campaigns inviting all employees to donate money or goods to Ukrainian refugees



Food Collection in all Tesmec italian branches: 570 kg of goods were distributed by Banco Alimentare to charity associations and indigent families



Priority to green and digital innovation: products range electrification, low emissions solutions, diagnostic for safe infrastructures



Launch of psychological counseling path with psychologists to manage stress-related disease on employees, improving performance

## FOCUS ON / KEY FACTS

- American Market Growth
- GreenPose successful impact on Fibre market in France
- MTR430 debut on French market
- New Technologies Development



American Market is experiencing a moment of considerable growth, especially in the fields of Fiber Optics, Powerlines and O&G.



TRT for GreenPose is imposing its value in France as the most sustainable, fast and convenient solution for Fibre Network construction



New Marais MTR430 is having an impact in the market; new digging attachments have been developed to widen the machine's application range



Drone, mobile warehouse, digital platforms and radars are confirming their potential and are opening a new market for the group

## KEY FACTS

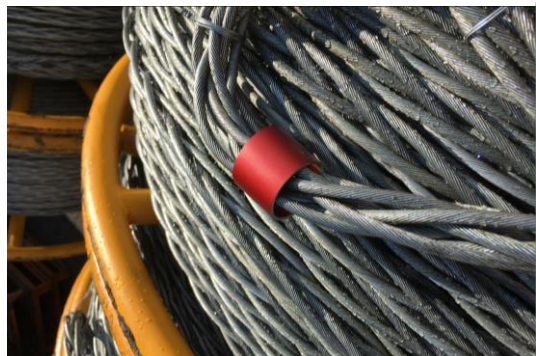
- Australian projects consolidation
- Critical situation on steel supply chain
- US & Middle East positive outlook



Challenging effort from Production Department to ship the first tranche of Australian orders



Exhibition IEEE 2022 in New Orleans confirms the market recovery in US



Negative impact on steel strands supply, critical rope production



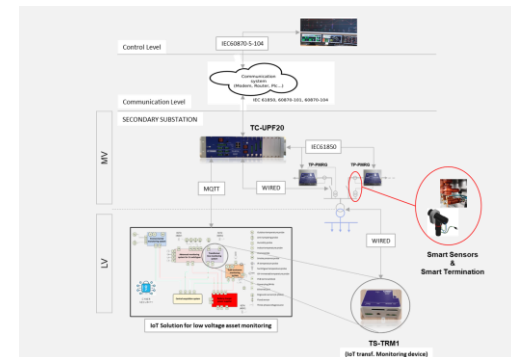
Positive trend in Middle East Area for overhead and re-lining projects

## KEY FACTS

- **Business consolidation in Italy and foreign countries**
- **Continuous investments in the Substation Automation segment**
- **Critical supply chain and significant postponement in delivery plans**



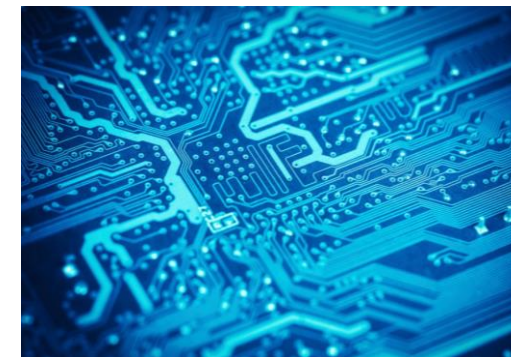
Business growth in the Italian market



Kick-off of new strategic projects to offer integrated solutions for the full monitoring of MV/LV secondary substations



Significant progress in the development of Substation Automation solutions



Strong challenges to guarantee reliable delivery plans and positive closing results due to lack of components

## KEY FACTS

- Tesmec continues its **GROWTH** on the **INTERNATIONAL** railway **MARKET**: **EGYPT** is a new milestone
- **EUROPEAN CERTIFICATION ACHIEVED** – AMIS “Authorization for circulation”: the catenary railway bogie is allowed to travel at 140 km/h without line interruption
- **NEW GENERATION** of **DIAGNOSTIC VEHICLE** with integrated systems & web platform to identify defects: **INTEGRATED DESIGN**



### International Growth

This contract consolidates the international positioning of Tesmec Group in the **catenary stringing field** in **Egypt**.

- **Project:** “Green Line” - High Speed Rail
- **Solution:** **Innovative “working train” made of n.6 rail vehicles** to electrify a new double railway line of 660km

Thanks to its unique technologies, Tesmec has the capability to satisfy client' needs in terms of job site efficiency, as timing and services.



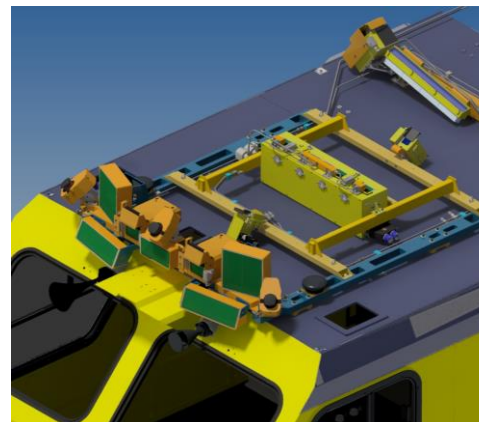
### Rail Certification – “Authorization for circulation”

The “AMIS” is the “**European Certification**” issued by ANSFISA – *the National Agency for Railway Safety*.

Completed the long certification process to allow also the catenary vehicle bogie configuration **to travel as a passenger train on active line** without line interruption.

This vehicle model OCPD001 is our flagship product on which we have already gained considerable experience worldwide.

The next step will be the extension to the diagnostic vehicle.



### New generation of solution: **OCPD002-e**

The new diagnostic vehicle is a turning point thanks to the **integrated design between vehicle & diagnostic systems**.

#### PLUS:

- Integration of new diagnostic product lines
- Hybrid solution with hydrostatic traction system and electric version with batteries.
- Integrated diagnostic management with the monitoring of environmental and electrical parameters

#### Status:

- Homologation test and certification phase will be completed by year end.

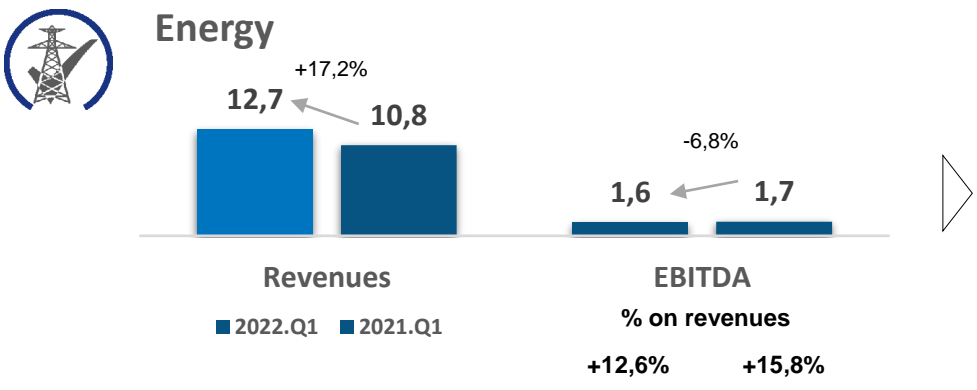
## 2. 2022.Q1 Business highlights & Results



GROUP (€ mln)	2022.Q1	2021.Q1	Delta vs.21
<b>REVENUES (1)</b>	<b>55,9</b>	<b>49,0</b>	<b>14,1%</b>
<b>EBITDA (2) (3)</b>	<b>8,3</b>	<b>7,1</b>	<b>16,5%</b>
% on Revenues	14,8%	14,5%	
<b>EBIT (4)</b>	<b>2,9</b>	<b>1,4</b>	
% on Revenues	5,3%	2,9%	
<b>Differences in Exchange (5)</b>	<b>0,8</b>	<b>1,9</b>	
% on Revenues	1,4%	3,8%	
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>2,6</b>	<b>2,0</b>	
% on Revenues	4,6%	4,0%	
<b>NET INCOME/(LOSS)</b>	<b>2,0</b>	<b>1,1</b>	
% on Revenues	3,6%	2,2%	
GROUP (€ mln)	2022.Q1	2021.Q1	Delta vs.21
<b>NFP ante IFRS 16</b>	<b>96,2</b>	<b>95,5</b>	<b>-0,8%</b>
<b>NFP post IFRS 16</b>	<b>119,4</b>	<b>117,7</b>	<b>-1,4%</b>

- (1) **Revenues: Increase in sales** & growth thanks to the **Rail** and **Energy** performance and the rebound of the **Trencher** sector in the US market
- (2) **EBITDA: positive impact** mainly by the **Rail** performance
- (3) **EBITDA: improve** thanks to **rental/project/services activities with high margin** and the contract inherent to the Rail Business
- (4) **Impacted** by 4service's fleet depreciation
- (5) The **exchange differences** are **positive (USD & related currencies)**, but less compared to the 2021.Q1 and the closing of 2021.
- (6) **Net interest: decrease** from 1,4 € mln of 2021.Q1 to 1,2 € mln of 2022.Q1.
- (7) **NFP increase** due to the **change in NWC**, necessary to support the growth expected in the during the year and to face friction in the supplying and shipment activities related to the worldwide criticalities.

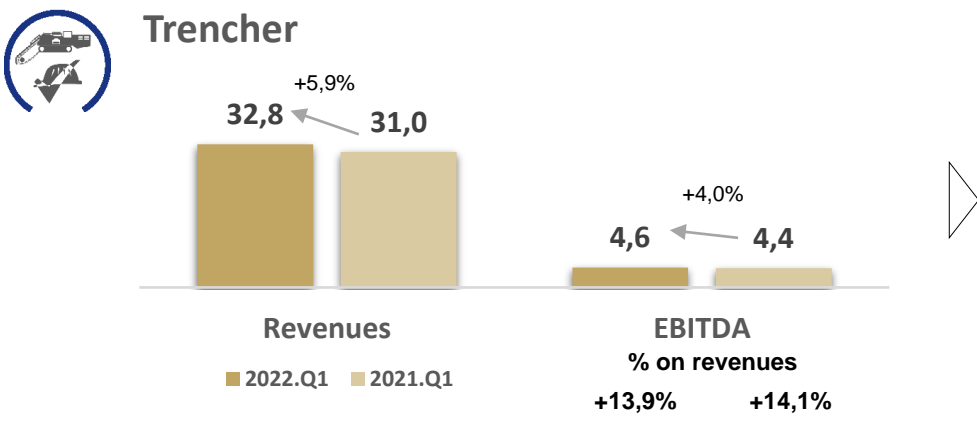
# 2022.Q1 Closing – Business Breakdown (€ mln)



> **Increase** in sales compared to 2021.Q1 lead by the **Energy industry trend**

> **EBITDA:** impacted by the utilities, raw material and freight costs increase, with higher effect on the **Stringing segment**. Started the process of reviewing the price related to the contract already signed

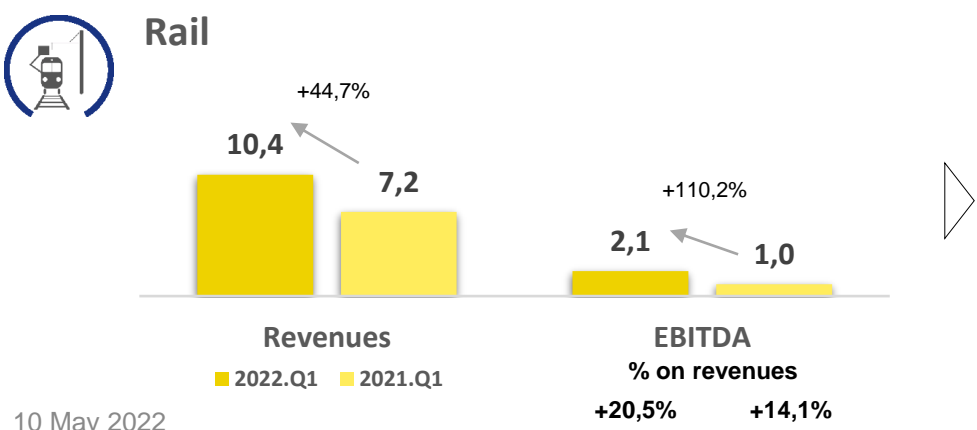
> The **confirmed order backlog** was **Euro 98,5 million** of which **Euro 79,0 million** from the **Energy Automation**



> **Increase** respect to 2021.Q1 also thanks to the **rebound** of the US market

> **EBITDA:** impacted by the utilities, raw material and freight costs increase related to the worldwide criticalities.

> The **confirmed order backlog** was **Euro 77,7 million**



> The revenues are related to the medium-long term contracts and are **increased** compared to 2021.Q1.

> **EBITDA:** the **increase** compared to 2021.Q1 is related to a different products range with higher marginality and value added (i.e.: diagnostic). The price variation process related to the contract already signed is in an advanced stage

> The **confirmed order backlog** was **Euro 113,4 million**

# BACKLOG

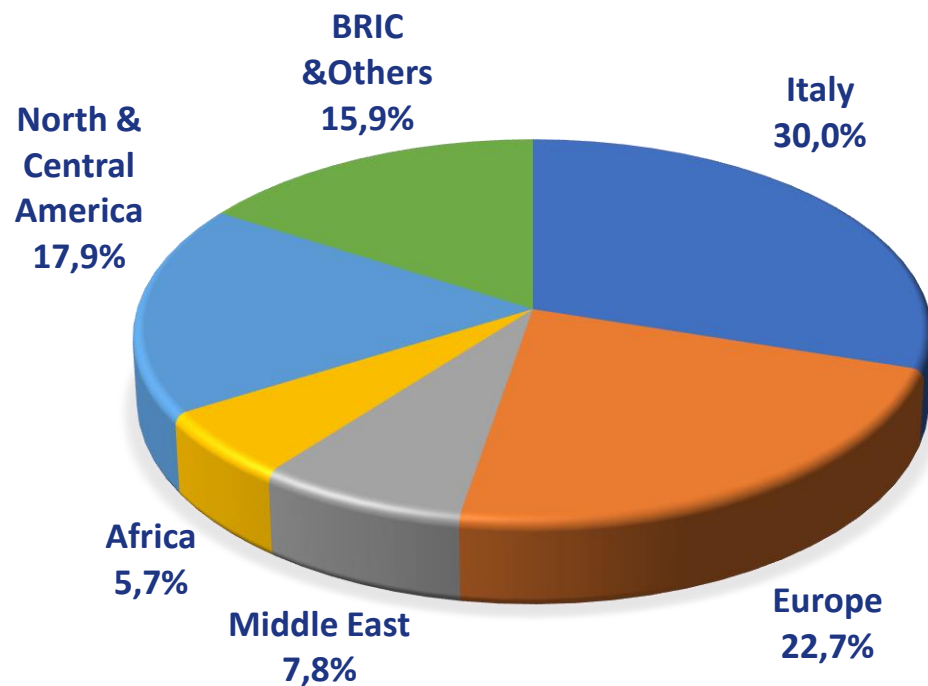


(1) Of which **Euro 79,0 million by Energy Automation** and new opportunities in hi-tech content business

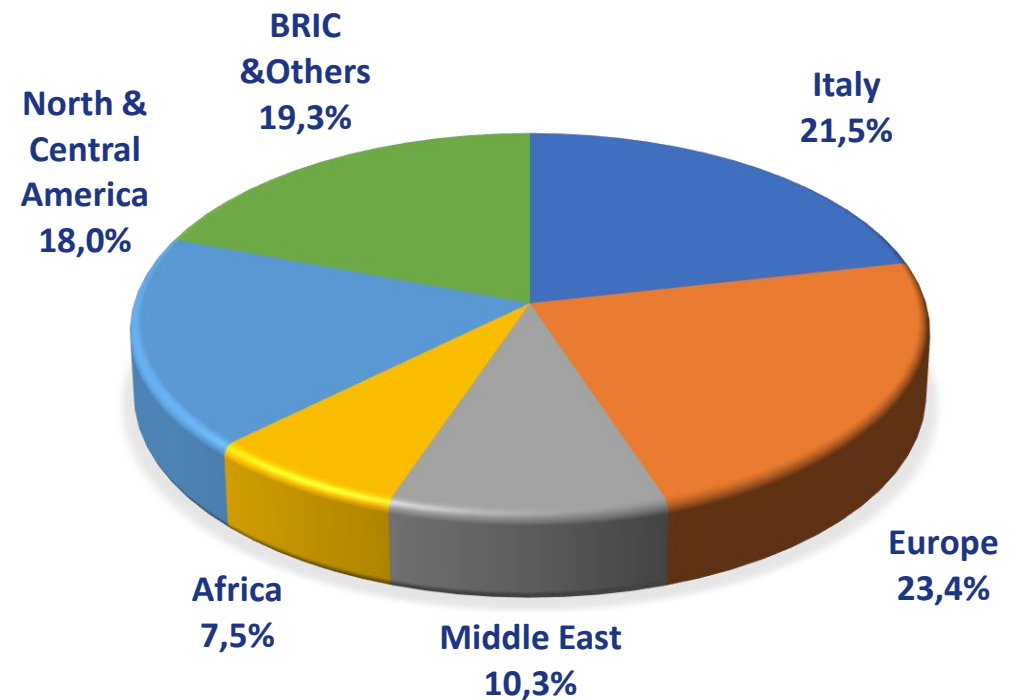
(2) **Acquisition** of new orders during the first quarter of the year

# 2022.Q1 Revenues: sales spread over different geographical area

REVENUE BY GEOGRAPHY 2022



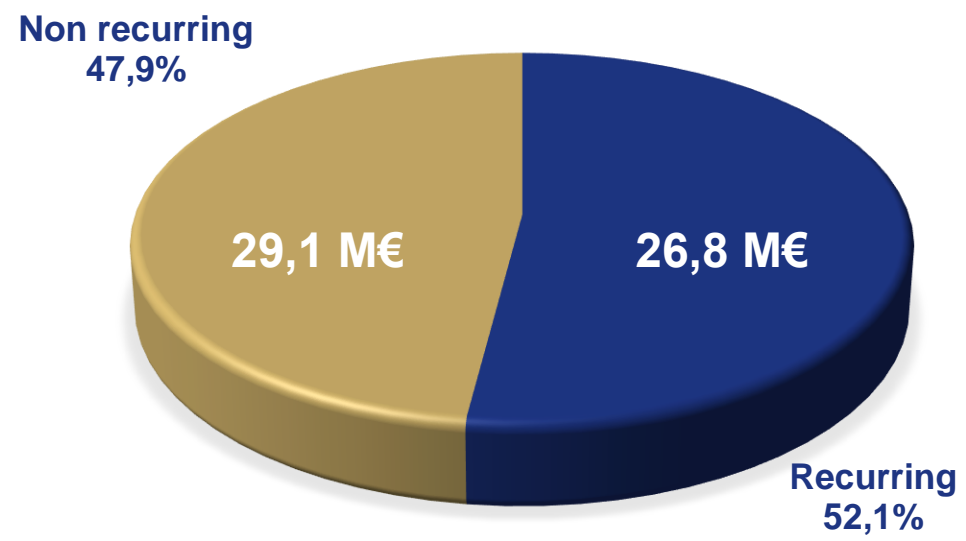
REVENUE BY GEOGRAPHY 2021



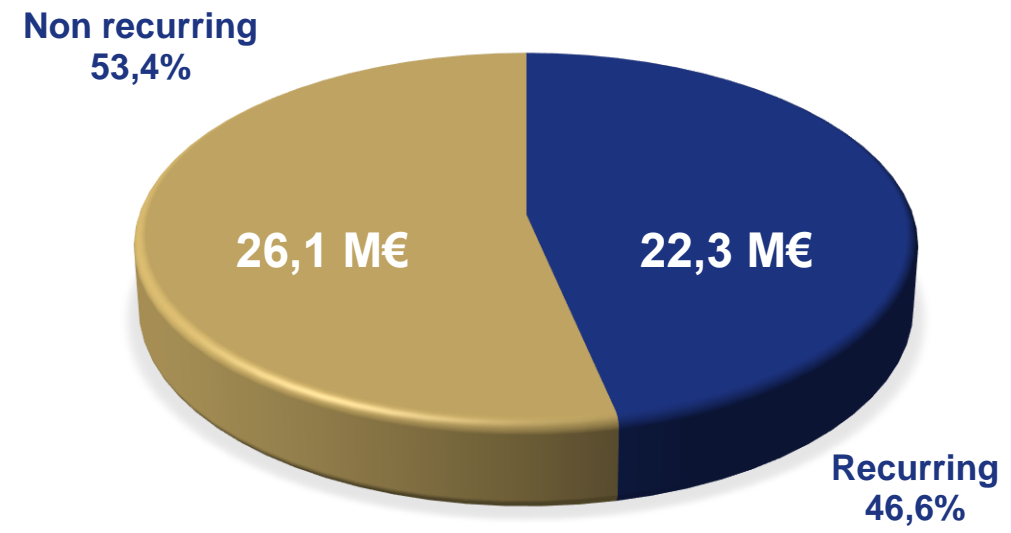
- **ITALY:** railway, trencher & energy automation impact
- **USA&EU:** trencher impact
- **BRICS:** trencher and stringing impact

# 2022.Q1 Revenues: recurring vs non recurring

## REVENUES RECURRING VS NON RECURRING 2022.Q1

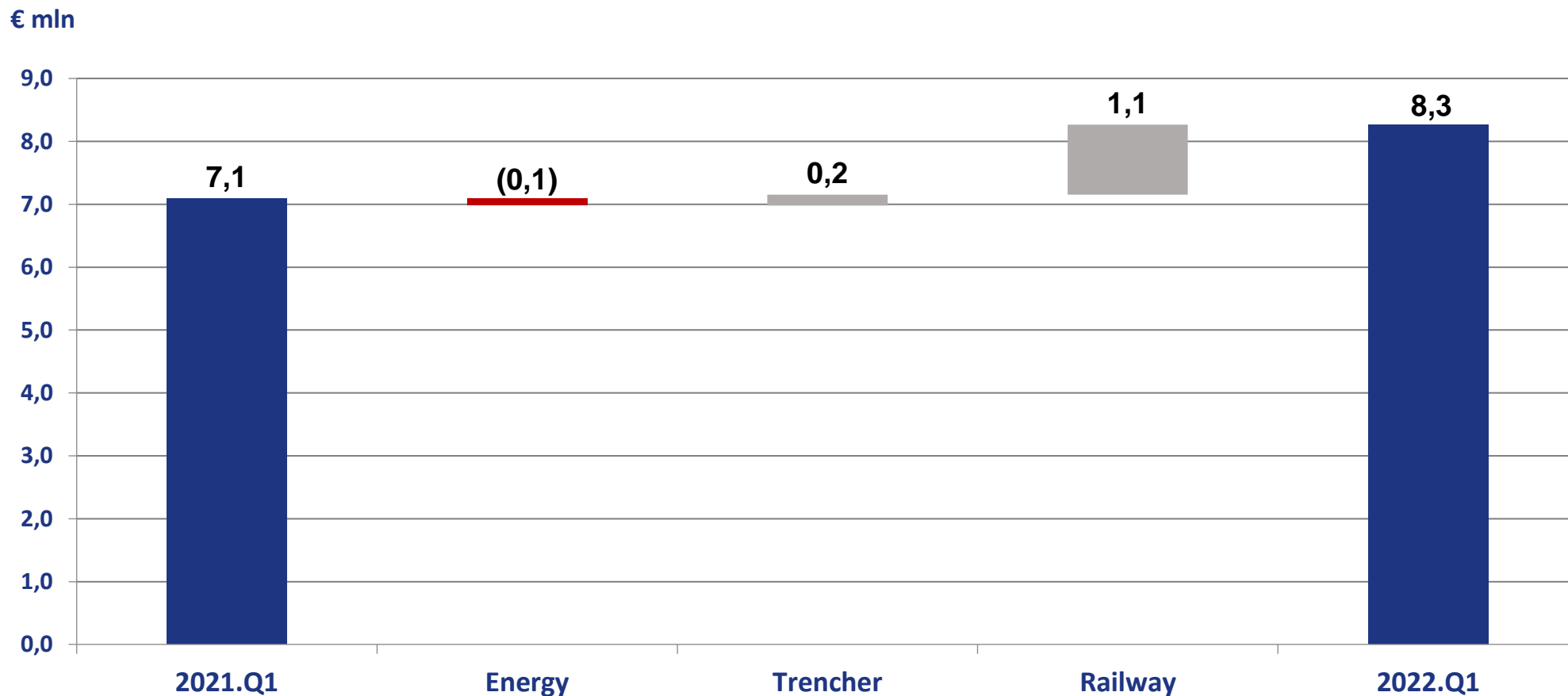


## REVENUES RECURRING VS NON RECURRING 2021.Q1



- Recurring: Rental, Projects, Spare Parts, Services (maintenance, revamping & refurbishing, consulting & training), long term backlog (Automation & Rail)
- Non recurring: Sales of goods

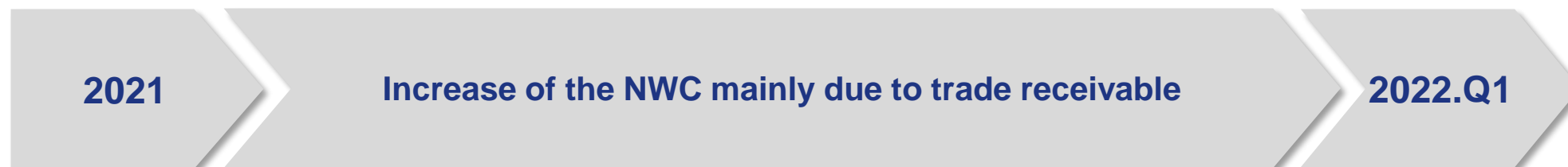
# 2022.Q1 EBITDA



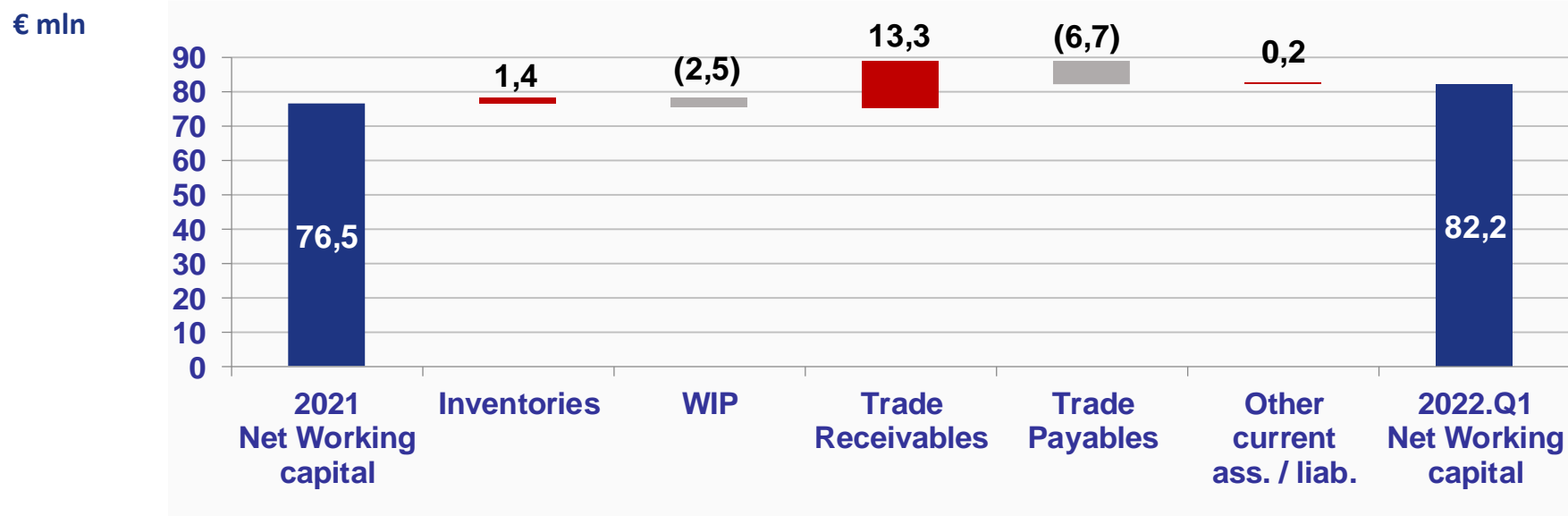
**2021.Q1** → **Impacted by the increase of costs of utilities, raw materials and freight, highly mitigated by the Rail performance** → **2022.Q1**

# 2022.Q1 Financial Results

<b>Financial Information (€ mln)</b>	<b>2022.Q1</b>	<b>2021</b>
Net Working Capital	82,2	76,5
Non Current assets	79,7	79,6
Right of use - IFRS 16/IAS 17	22,0	23,4
Other Long Term assets/liabilities	11,3	14,2
<b>Net Invested Capital</b>	<b>195,2</b>	<b>193,7</b>
Net Financial Indebtness	96,2	96,6
Lease liability - IFRS 16/IAS 17	23,2	24,5
Equity	75,8	72,6
<b>Total Sources of Financing</b>	<b>195,2</b>	<b>193,7</b>



# 2022.Q1 Working Capital evolution



€ Mln	2022.Q1	2021.FY	2022.Q1	2021.FY
Trade Receivables	67,7	54,4	94	101
Inventories	82,7	81,3	114	151
Work in progress contracts	13,2	15,7	18	29
Trade Payables	(62,7)	(56,0)	-87	-104
Other Current Assets/(Liabilities)	(18,7)	(18,9)	-26	-35
<b>Net Working Capital</b>	<b>82,2</b>	<b>76,5</b>		

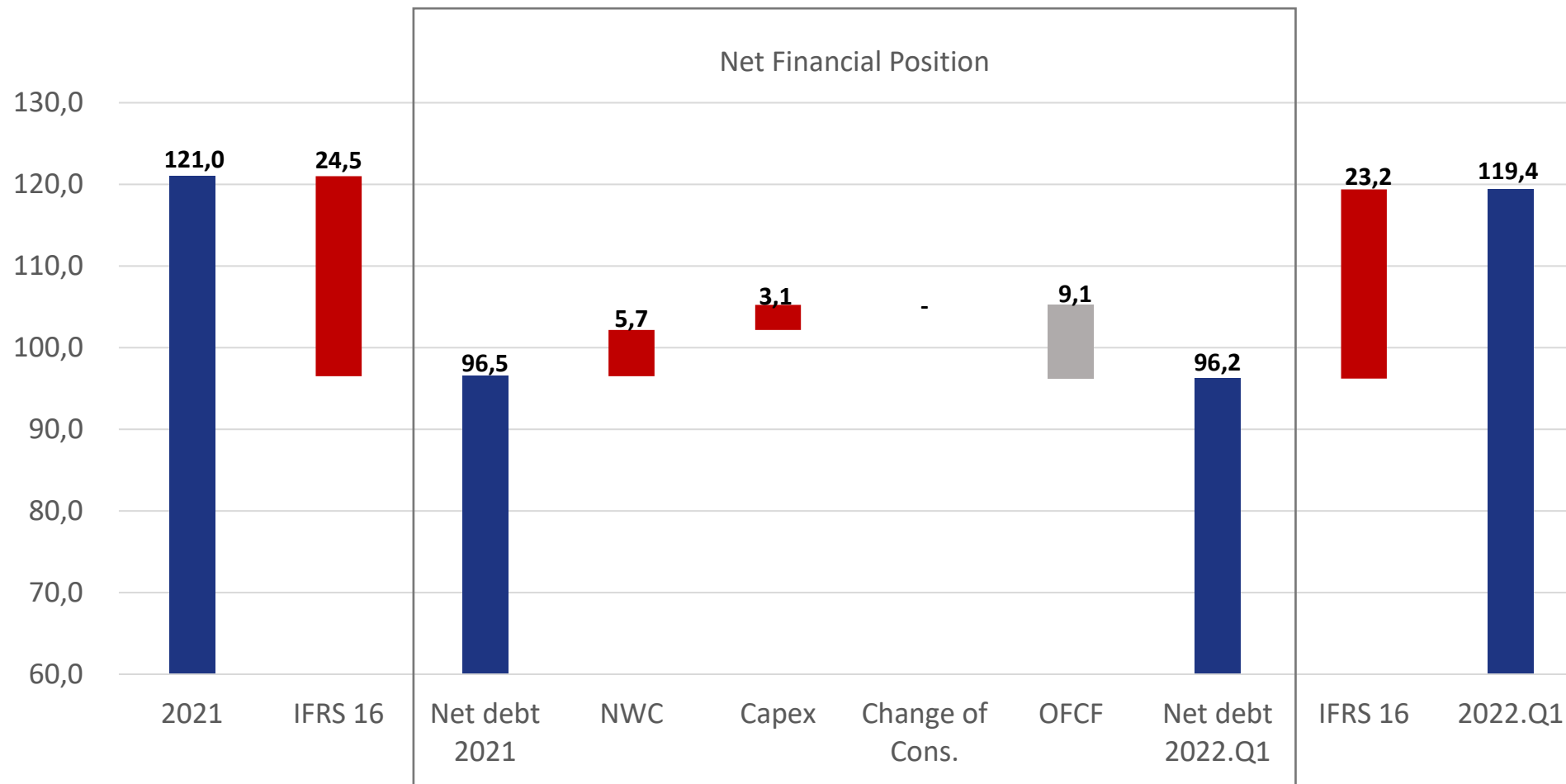
**2021**  
**€ 76,5 mln**

The increase of NWC is mainly due to the increase of trade receivable related to the sales concentrated at the end of the quarter and the stable level of the inventory

**2022.Q1**  
**€ 82,2 mln**



# 2022.Q1 Net Financial Position Evolution



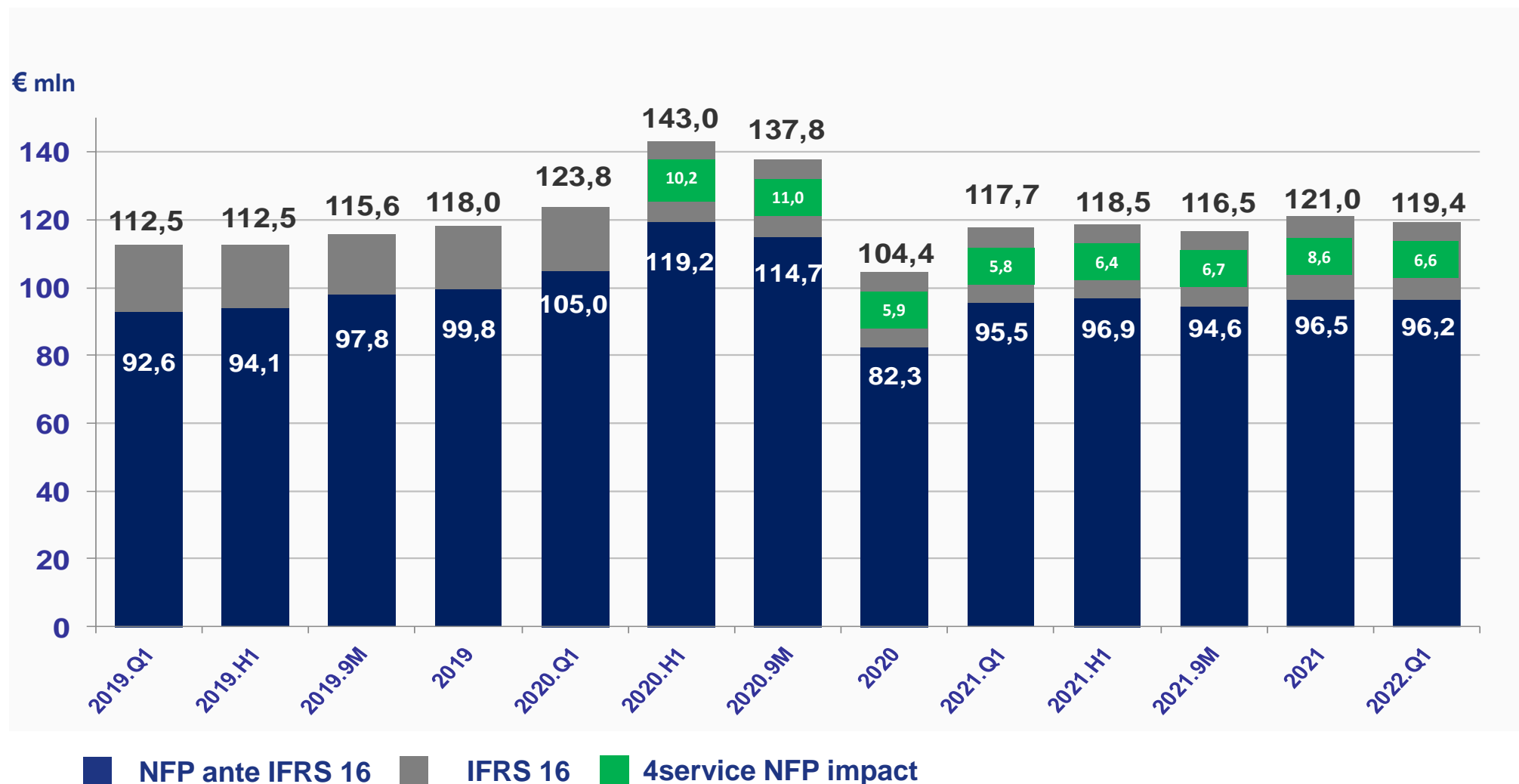
**2021**

**Impacted by the increase of NWC to support the 2<sup>nd</sup> half, totally mitigated by operating cash generation**

**2022.Q1**

# 2022 Net Financial Position Evolution

## NET FINANCIAL POSITION



From 1<sup>st</sup> January 2019, the new IFRS 16 has been introduced, the impact in term of NFP is around 23,2 M€, otherwise the NFP would have been around 96,2. Since April 2020 the NFP included the financial debt from the acquisition of 4service around 6,6 M€ (of which 7,6 M€ related to the IFRS 16) at 31 March 2022.

3.

Outlook

## MACRO ECONOMIC SCENARIO

- **Inflation** speed up
  - Increase of raw materials & commodities costs and freight & logistic costs
  - Increase in utilities
- Shortage of materials, longer delivery time
- Uncertain geopolitical context, due to the Russian invasion in Ukraine, but partially compensate by the booming of specific geographic areas
- 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
- Strong impact of **sustainable projects** and **climate change issue** in the development plans worldwide

## MAIN ACTIONS to support the growth

- **Reverse** the inflation on selling price of products and services, negotiating the review of the medium-long contracts with public administration and with cost efficiencies
- Diversification of the suppliers, rationalization and **better cost/revenues ratio**
- Cover the criticalities regarding the exchange rate
- Face the conjunctural situation in Russia-Ukraine, focalizing on other country with high incoming opportunities (i.e.: Middles East, U.S.A.)
- Focus on strategic sectors driven by the **energy transition trend**
- Green **innovation** and process **digitalization**

# 2020-2023 Business Plan guidelines

	2019pf	2020pf	2021	2022	2023	Confirmed
<b>TURNOVER</b>	199,6 M€	172,8 M€	194,3 M€	>240,0 M€	<ul style="list-style-type: none"> <li>&gt;&gt; Significant performance of the Energy Automation segment; Stringing segment back to historical performances</li> <li>&gt;&gt; Focus on recurring revenues (rental &amp; services)</li> <li>&gt;&gt; Growth in each business line</li> <li>&gt;&gt; Price lists variation and review of the medium-long term contracts (actual context)</li> </ul>	<b>275~290 M€</b> cagr <sub>19-23</sub> : 8.5%~10.0%
<b>EBITDA</b>	30,0 M€	22,9 M€	28,1 M€	>16%	<ul style="list-style-type: none"> <li>&gt;&gt; Better mix of products &amp; systems, premium price policy, impact of new high margin activities such as rental and hi-tech solutions</li> <li>&gt;&gt; Rationalization and standardization of the products portfolio</li> <li>&gt;&gt; Broadly stable fixed costs and review of the price lists and the medium-long term contracts</li> <li>&gt;&gt; Facing the price variation with alternative supplying solutions, new applications and reversing the cost to the price</li> </ul>	<b>53~58 M€</b> cagr <sub>19-23</sub> : 17.0%~18.0%
<b>NFP</b>	130,0 M€	104,4 M€	121,0 M€	Improvement	<ul style="list-style-type: none"> <li>&gt;&gt; Net working capital improvement and efficiency actions on inventory</li> <li>&gt;&gt; Optimization of credit management policies</li> <li>&gt;&gt; 2020-2023: Cumulated Capex in 4 years 75/80M€ (including 2021 variation), progressive reduction to 5% of the CAPEX/Revenues</li> </ul>	Improvement

## KEY FACTS

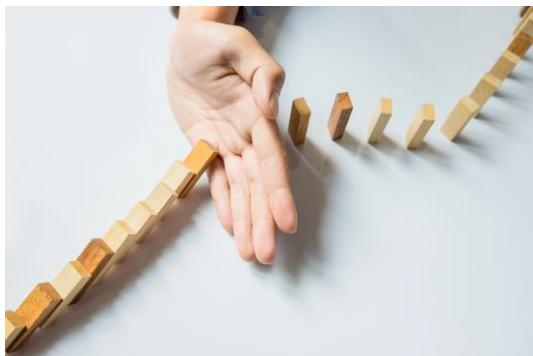
- **Big Market opportunities**
- **PNRR & other measures in Europe**
- **Stocks to guarantee business continuity**
- **Electrification**



Recent developments all around the World are opening several business opportunities in the fields of Fibre, O&G, Water and Infrastructures



PNRR in Italy and others growth measures passed in Europe are favoring Trenchers & Surface Miners provision



Raw materials and semi-finished products shortage represent a tough challenge, Tesmec is coping with it thanks to flexibility, knowledge and stocks



Electrification path is being undertaken. A first prototype of SCEP will be engineered to make urban works emissionless

## OUTLOOK 2022

- Important re-lining & cable laying projects
- R&D focus on new methodologies & green solutions
- Supply Chain impact



Focus on re-lining & transmission projects in Middle East with important orders acquisition on Q1



Push on German corridors with special solutions dedicated to underground transmission lines



Development of a special light solution for reconductoring projects, enlargement of the zero emissions machines range for distribution.



Supply Chain disruption with a critical impact on delivery & warehouse management (push on standard solutions)

# Energy Automation - Outlook 2022 : Business Guidelines

## OUTLOOK 2022

- Consolidation of existing market
- Focus on market expansion with new business models
- New organization of service & after-sales activities
- Significant challenges related to supply chain and delivery plans during the year



Completion of product portfolio and promotion of innovative solutions to develop new market channels



Consolidation of existing market with accurate sales initiatives and participation to new and on-going tenders



Reinforcement of service activities to support business growth and generate new revenue streams



Growth strategy in the Substation Automation market to increase a business's market share



## OUTLOOK 2022

### Internationalization of the Business:

- Participation to **DOMESTIC & INTERNATIONAL TENDERS** for an approx. value of € 150 mln
- Development of **GREEN SOLUTIONS** with **ZERO ENVIRONMENTAL** impacts: bimodal & full electric vehicles
- Diagnostic systems with **ARTIFICIAL INTELLIGENCE** for safety of the infrastructures



**Management of actual orders**  
paying special attention to prices definition according to costs increase



**Guarantee a constant production flow**  
through suppliers' management for raw material provision



**Increase orders portfolio in H2 2022 for a growing future:**  
participation to tenders for an approx value ~ € 120-150 mln



Company organization with an **adaptive model**, **strategic asset** to pursue business growth

4.

ANNEX

## Summary 2022.Q1 Profit & Loss statement - Appendix A

Profit & Loss Account (Euro mln)	2022.Q1	2021.Q1	Delta vs 2021	Delta %
<b>Net Revenues</b>	<b>55,9</b>	<b>49,0</b>	<b>6,9</b>	<b>14,1%</b>
Raw materials costs (-)	(23,8)	(21,5)	(2,3)	10,8%
Cost for services (-)	(9,7)	(6,8)	(2,9)	42,7%
Personnel Costs (-)	(14,7)	(13,3)	(1,4)	10,3%
Other operating revenues/costs (+/-)	(1,2)	(1,5)	0,3	-20,3%
Non recurring revenues/costs (+/-)	-	-	0,0	na
Portion of gain/(losses) from equity investments evaluated using the equity method	0,0	(0,2)	0,3	-106,3%
Capitalized R&D expenses	1,8	1,5	0,3	20,8%
<b>Total operating costs</b>	<b>(47,6)</b>	<b>(41,9)</b>	<b>(5,7)</b>	<b>13,7%</b>
<i>% on Net Revenues</i>	<i>(85%)</i>	<i>(86%)</i>		
<b>EBITDA</b>	<b>8,3</b>	<b>7,1</b>	<b>1,2</b>	<b>16,5%</b>
<i>% on Net Revenues</i>	<i>15%</i>	<i>14%</i>		
Depreciation, amortization (-)	(5,4)	(5,7)	0,3	-5,6%
<b>EBIT</b>	<b>2,9</b>	<b>1,4</b>	<b>1,5</b>	<b>106,7%</b>
<i>% on Net Revenues</i>	<i>5%</i>	<i>3%</i>		
Net Financial Income/Expenses (+/-)	(0,4)	0,6	(1,0)	-166,3%
Taxes (-)	(0,5)	(0,9)	0,4	-43,3%
Minorities	(0,0)	(0,0)	0,0	
<b>Group Net Income (Loss)</b>	<b>2,0</b>	<b>1,1</b>	<b>0,9</b>	<b>n/a</b>
<i>% on Net Revenues</i>	<i>3,6%</i>	<i>2,2%</i>		

## Summary 2022.Q1 Balance Sheet - Appendix B

Balance Sheet (€ mln)	2022.Q1	2021
Inventory	82,7	81,3
Work in progress contracts	13,2	15,7
Accounts receivable	67,7	54,4
Accounts payable (-)	(62,7)	(56,0)
<b>Op. working capital</b>	<b>100,9</b>	<b>95,4</b>
Other current assets (liabilities)	(18,7)	(18,9)
<b>Net working capital</b>	<b>82,2</b>	<b>76,5</b>
Tangible assets	46,9	47,6
Right of use - IFRS 16/IAS 17	22,0	23,4
Intangible assets	24,3	23,9
Financial assets	8,5	8,1
<b>Fixed assets</b>	<b>101,7</b>	<b>102,9</b>
Net long term assets (liabilities)	11,3	14,2
<b>Net invested capital</b>	<b>195,2</b>	<b>193,7</b>
Cash & near cash items (-)	(42,5)	(50,2)
Short term financial assets (-)	(19,2)	(16,8)
Lease liability - IFRS 16/IAS 17	23,2	24,5
Short term borrowing	61,7	59,3
Medium-long term borrowing	96,2	104,2
<b>Net financial position</b>	<b>119,4</b>	<b>121,0</b>
Equity	75,8	72,6
<b>Funds</b>	<b>195,2</b>	<b>193,7</b>

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