

Informazione Regolamentata n. 1155-14-2023	Data/Ora Ricezione 10 Maggio 2023 13:07:50	Euronext Star Milan
--	--	---------------------

Societa' : TESMEC

Identificativo : 176655

Informazione
Regolamentata

Nome utilizzatore : TESMECN03 - Turani

Tipologia : REGEM

Data/Ora Ricezione : 10 Maggio 2023 13:07:50

Data/Ora Inizio : 10 Maggio 2023 13:07:51

Diffusione presunta

Oggetto : Tesmec S.p.A. - The Board of Directors
approved First Quarter 2023 results

Testo del comunicato

Vedi allegato.

TESMEC S.P.A.: THE BOARD OF DIRECTORS APPROVED INTERIM CONSOLIDATED FINANCIAL REPORT AS AT 31 MARCH 2023, THAT RECORDED GROWING REVENUES AND MARGINS AND FINANCIAL DEBT IN LINE WITH EXPECTATIONS FOR THE PERIOD. CONFIRMED POSITIVE OUTLOOK ON THE YEAR.

Main consolidated results of first quarter 2023 (vs first quarter 2022):

- **Revenues: Euro 57.5 million**, with an increase compared to Euro 55.9 million as at 31 March 2022;
- **EBITDA¹: Euro 7.0 million**, with a decrease compared to Euro 8.3 million as at 31 March 2022, in line with the expectations of the period;
- **EBIT: Euro 1.4 million**, compared to Euro 2.9 million as at 31 March 2022;
- **Net Result: negative for Euro 2.5 million** compared to a profit of Euro 2.0 million as at 31 March 2022, as a result of negative, mainly unrealized exchanges losses, and by the trend in interest rates;
- **Net financial indebtedness²: Euro 139.5 million**, compared to Euro 128.4 million as at 31 December 2022, and compared to Euro 119.4 million compared to 31 March 2022 mainly for the increase of the inventory in relation to the expected sales of the year;
- **Total order backlog: Euro 401.3 million**, compared to Euro 406.2 million as at 31 December 2022 and to Euro 289.6 million as at 31 March 2022;
- **Outlook 2023:** confirmed revenues between Euro 280-290 million, EBITDA between 16% and 17% and an improvement in the Net Financial Debt compared to the end of the 2022 financial year.
- **Sustainability:** the Group confirms its commitment to ESG in line with the Sustainability Policy, through actions consistent with the business strategy and aligned with the United Nations 2030 Agenda for Sustainable Development.

Grassobbio (Bergamo), 10 May 2023 – The Board of Directors of **Tesmec S.p.A.** (EURONEXT STAR MILAN 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 **Interim consolidated financial report as at 31 March 2023**, that recorded growing revenues, mainly thanks to the performance of the Energy and Trencher sectors, and a marginality that is impacted both by a different mix of seasonal sales compared to 2022, and a “full-year” effect from 2022 of inflation, the development of business structure, and a loss result mainly due to negative forex, mainly unrealized. Net Financial Debt was impacted by the increased commitments of seasonal Net Working Capital and, in part, by the level of investments in the period not fully covered by seasonal cash flow.

¹ 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.

² Net financial debt is calculated as the sum of cash and cash equivalents, current financial assets including available-for-sale securities, current and non-current financial liabilities, including financial liabilities from leasing and IFRS 16, the fair value of financial instruments and excluding other non-current liabilities.

The **Chairman and CEO Ambrogio Caccia Dominioni** commented as follows: “*Tesmec closed the first quarter in line with expectations for the period. Tesmec's consolidation plan will continue into 2023 with forecasts of revenues in the high end of the range announced in the 2021-2023 Plan, amounting to Euro 280-290 million for 2023, with both an improvement in EBITDA and a reduction in Net Financial Debt compared to the end of 2022. Tesmec continues to propose advanced and innovative technological solutions for energy efficiency, confirming its desire to be among the protagonists of the green and digital transition. The importance of energy infrastructure for sustainable development is increasingly evident and Tesmec is determined to contribute to this*”.

MAIN CONSOLIDATED RESULTS AS AT 31 MARCH 2023

As at 31 March 2023, Tesmec Group recorded consolidated **Revenues of Euro 57.5 million**, with an increase compared to Euro 55.9 as at 31 March 2022. This variation is mainly due to the performance of the Railway and Trencher sector. In particular as at 31 March 2023, revenues from sales of goods amounted to Euro 49.6 million, with an increase compared to Euro 37.7 million as at 31 March 2022, and revenues from services and changes in work in progress amounted to Euro 8.9 million, with a decrease compared to Euro 18.2 million as at 31 March 2022.

Results at 31 March 2023 (Euro in thousands)	Revenues from sales and services		
	2023	2022	Changes 23 vs 22
Trencher	33,503	32,805	+2.1%
<i>Effect on Consolidated Revenues</i>	58.3%	58.7%	
Railway	10,049	10,388	-3.3%
<i>Effect on Consolidated Revenues</i>	17.5%	18.6%	
Energy	13,935	12,672	+10.0%
<i>Effect on Consolidated Revenues</i>	24.2%	22.7%	
Consolidate	57,487	55,865	+2.9%

In detail, the **revenues of the Trencher sector** as at 31 March 2023 amounted to **Euro 33.5 million**, with an increase compared to Euro 32.8 million as at 31 March 2022. This increase is mainly due to the performance of the American and Middle Eastern markets, which, although not yet expressing their full potential, have compensated for the temporary contraction recorded in Europe, particularly in France, where a positive trend is expected in the second half of the year. As at 31 March 2023, the order backlog of the Trencher sector amounted to Euro 84.1 million, with an increase compared to Euro 77.7 million as at 31 March 2022.

The **Railway sector** recorded **Revenues** as at 31 March 2023 of Euro **10.0 million**, compared to Euro 10.4 million as at 31 March 2022. This result is mainly due to the seasonal execution of orders, while during the current year the orders acquired during the previous year with a higher added value will be put into execution, confirming the growth trend envisaged in the Plan. In the rail sector, the confirmed order backlog amounted to Euro 213.8 million as at 31 March 2023, with an increase compared to Euro 113.4 million as at 31 March 2022.

TESMEC

With reference to the **Energy sector**, **Revenues** as at 31 March 2023 were Euro **13.9 million** with an increase compared to Euro 12,7 million as at 31 March 2022. In particular, the Stringing equipment segment recorded revenues for Euro 9.4 million, with an increase compared to Euro 8.3 million as at 31 March 2022, while the Energy-Automation segment achieved revenues of Euro 4.5 million, with a slight increase compared to Euro 4.4 million as at March 2022. The commercial activities of the sector confirm the growth trend with a confirmed order backlog of Euro 103.4 million as at 31 March 2023, compared to Euro 98.5 million as at 31 March 2022, of which Euro 80.0 million related to the Energy-Automation segment and Euro 23.4 million the Stringing equipment segment.

At a geographical level, the Tesmec Group recorded a growth in the contribution of sales in the United States and in the Middle East area, even if it does not yet express the full potential expected for the year, while the railway and energy sectors remain the reference sectors on the Italian market.

L'EBITDA amounted to Euro 7.0 million, with a decrease compared to Euro 8.3 million as at 31 March 2022. In particular, the Trencher sector, the Trencher sector was negatively impacted compared to the first quarter of the previous year due to a different seasonal mix of sales whose margins were lower than the increase in period costs resulting from the "full-year" to 2022 effect of inflationary dynamics and the development of commercial and business costs. The Railway sector also generated a lower contribution than the performance of the last few quarters, awaiting the contribution from the last orders acquired. Lastly, the Energy sector records a better contribution thanks to a better sales mix.

The **EBIT** of Tesmec Group amounted to **Euro 1.4 million as at 31 March 2023**, compared to Euro 2.9 million as at 31 March 2022. This result is mainly due to the contraction in the period of EBITDA.

The **Net Financial Income** of the Tesmec Group were **Euro 4,0 million as at 31 March 2023**, with a strong increase compared to Euro 0.4 million as at 31 March 2022. More specifically during the period, the Group recorded foreign exchange losses of approximately Euro 1.6 million, mainly unrealized, generated by the weakening of the dollar and related currencies. In particular, while net financial expenses, excluding foreign exchange rate changes, amounted to Euro 2.4 million as at 31 March 2023, compared to Euro 1.2 million as at 31 March 2022.

The **Net Result** as at 31 March 2023 was negative for **Euro 2.5 million**, with a decrease compared to net profit of Euro 2.0 million as at 31 March 2022.

The **Net financial indebtedness** was **Euro 139.5 million as at 31 March 2023**, compared to Euro 128.4 million as at 31 December 2022 and to Euro 119.4 million as at 31 March 2022. This change is due to the trend in net working capital in the first quarter and, partially, to the level of investments in the period not fully covered by the quarterly cash flow. It should be recalled that this value includes, among other financial liabilities, rights of use (IFRS 16) for approximately 22.3 million euros, mainly related to the property in Grassobbio and the Trencher fleet used for charters.

The Total Order Backlog of the Tesmec Group as at 31 March 2023 amounted to Euro 401.3 million – of which Euro 213.8 million referring to the Railway segment, Euro 84.1 million to the Trencher sector and Euro 103.4 million to the Energy segment (of which Euro 80 million related to the Energy-Automation segment and Euro 23.4 million related to the Stringing segment) – with a slight decrease compared to Euro

406.2 million as at 31 December 2022 and with an increase compared to Euro 289.6million as at 31 March 2022

Summary of financial data are reported below:

(Euro Milion)	Balance	Balance	Balance
	2023.Q1	2022.Q1	23 vs 22
Revenues	57.5	55.9	+2.9%
Ebitda	7.0	8.3	-1.,7%
<i>Ebitda Margin</i>	<i>12.3%</i>	<i>14.8%</i>	
Ebit	1.4	2.9	-51.0%
Net result	-2.5	2.0	-223.3%
Net financial indebtedness	139.5	119.4	+16.8%

BUSINESS OUTLOOK

Also in the first quarter of 2023, Tesmec confirms its response to external challenges by adapting its strategy to these exogenous changes and to anticipate market trends, through its sectoral and geographical diversification. The Group plans to sustain and strengthen growth through opportunities generated by national plans to support infrastructure development, energy transition and digitization projects. Focusing on strategic sectors with high vitality and growth prospects, Tesmec is making significant investments in the Trencher sector for the digitization and construction of telecommunications networks, as well as the development of the mining sector. Focusing on strategic sectors with high liveliness and growth prospects, Tesmec is making significant investments in the Trencher sector for the digitization and implementation of telecommunications networks, as well as the development of the mining sector. The new US IRA Plan - Inflation Reduction Act - is expected to further support US productions, contributing to the performance of the year 2023. In the Railway sector, investments to reduce road vehicle congestion, increase sustainable mobility and for diagnostics, are giving excellent results, together with the maintenance of the lines to ensure the safety of rail transport. In the Energy segment, the transition to the use of renewable energy sources is confirmed, with the power lines being adapted to the new requirements. For the 2023 financial year. Tesmec expects revenues in the high range of the 2021-2023 Business Plan, between Euro 280-290 million a margin between 16% and 17% with an improvement compared to the previous year. Furthermore, the Net Financial Debt is expected to improve compared to the end of the 2022 financial year.

SUSTAINABILITY

Tesmec is continuing to integrate ESG principles into its growth strategy, in line with the UN Sustainable Development Goals (SDGs). The development process undertaken by the Group aims, in particular, at increasing the share of "green & digital" technological solutions, able to respond to environmental issues. In addition to providing innovations that facilitate a transition to a more sustainable economy, the Group is also committed to social responsibility and the continuous enhancement of its human resources, whose professional growth and satisfaction are fundamental objectives.

MAIN EVENTS OCCURRING AFTER THE PERIOD UNDER REVIEW

On **20 April 2023**, the Shareholders' Meeting of Tesmec S.p.A., in ordinary session, on single call, approved the Financial Statements as at 31 December 2022 and the allocation of net result. During the Shareholders' meeting, the Group's Consolidated Financial Statements as at 31 December 2022 and related reports, including the 2022 Consolidated Non-Financial Statement, and authorized a new program for the purchase and disposal of treasury shares.

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 2022.

Conference Call

At 2:30 PM (CET) , Tuesday 10 May 2022, 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 first quarter 2023 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
from Germany: +49 69 17415713
from France: +33 170918703
from Switzerland: +41 225954727
from USA: +1 718 7058794
from USA: +1 855 2656959

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 Interim Consolidated Financial Report as at 31 March 2023 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, through publication on the company website www.tesmec.com, according to law.

For further information:**Tesmec S.p.A.**

Marco Paredi

Investor Relations Manager

Tel: +39 035 4232840 – Fax: +39 035 3844606

E-mail: ir@tesmec.com**Image Building - Media Relations**

Alfredo Mele, Carlo Musa

Tel: +39 02 89011300

E-mail: tesmec@imagebuilding.it

This press release is available in the Investors section of the website:

<http://investor.tesmec.com/en/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 1000 employees and has its production sites in Grassobbio (Bergamo), Endine Gaiano (Bergamo), Sirone (Lecco), Monopoli (Bari) and Bitetto (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 EURONEXT STAR MILAN of the Euronext Milan 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 as at 31 March 2023.

Tesmec Group reclassified consolidated income statements

Income statement <i>(€ in thousands)</i>	Aa at 31 March	
	2023	2022
Revenues from sales and services	57,487	55,865
Total operating costs	(56,045)	(52,925)
Operating income	1,442	2,940
Financial (income) / expenses	(2,417)	(1,194)
Foreign exchange gains/losses	(1,570)	779
Share of profit / (loss) of associates and joint ventures	-	27
Pre-tax profit	(2,545)	2,552
Net profit for the period	(2,464)	1,998
EBITDA	7,047	8,266
EBITDA (% on revenues)	12.3%	14.8%

Tesmec Group reclassified consolidated statements of financial position

Balance sheet	31 March 2023	31 December 2022
<i>(€ in thousands)</i>		
Total non-current assets	142,559	142,267
Total current assets	254,907	265,427
Total assets	397,506	407,694
Total non-current liabilities	122,895	120,305
Total current liabilities	194,674	204,012
Total liabilities	317,569	324,317
Total shareholders' equity	79,937	83,377
Total shareholders' equity and liabilities	397,506	407,694

Tesmec Group other consolidated financial information

Summary of the cash flow statement <i>(€ in thousands)</i>	As at 31 March	
	2023	2022
Net cash flow generated by (used in) operating activities (A)	(5,914)	1,605
Net cash flow generated by (used in) investing activities (B)	(8,593)	(2,364)
Net cash flow generated by financing activities (C)	(6,261)	(7,018)
Total cash flow for the period (D=A+B+C)	(20,678)	(7,777)
Cash and cash equivalents at the beginning of the period (F)	50,987	50,189
Effect of exchange-rate changes on cash and cash equivalents (E)	0	133
Cash and cash equivalents at the end of the period (G=D+E+F)	30,219	42,545

Tesmec Group other consolidated financial information

Funding Sources and Uses

((€ in thousands)	<u>As at 31 March 2023</u>	<u>As at 31 December 2022</u>
Net working capital ³	88,633	80,631
Fixed assets	111,473	111,658
Other long-term assets and liabilities	19,292	19,452
Net invested capital ⁴	<u>219,398</u>	<u>211,741</u>
Net financial indebtedness ⁵	139,461	128,364
Shareholders' equity	79,937	83,377
Total sources of funding	<u>219,398</u>	<u>211,741</u>

³ 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.

⁴ 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.

⁵ 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.

Fine Comunicato n.1155-14

Numero di Pagine: 13