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

*Testo del comunicato*

Vedi allegato.

**TESMEC S.P.A.: THE BOARD OF DIRECTORS APPROVED INTERIM CONSOLIDATED FINANCIAL REPORT AS AT 30 JUNE 2023, THAT RECORDED GROWING REVENUES AND A STRONG INCREASE IN THE TOTAL ORDER BACKLOG. FORECASTS FOR 2023 CONFIRMED, DESPITE FIRST HALF MARGIN SHORTAGE AND DEBT GROWTH IN THE FIRST HALF.**

**Main consolidated results of the first half 2023 (compared to the first half 2022):**

- **Revenues: Euro 125.3 million**, compared to Euro 113.3 million as at 30 June 2022;
- **EBITDA<sup>1</sup>: Euro 15.2 million**, compared to Euro 18.7 million as at 30 June 2022, due to a different sales mix, to non-recurring costs and to the strengthening of the organizational structure to support the development of the Group;
- **EBIT: Euro 3.7 million**, compared to Euro 8.0 million as at 30 June 2022;
- **Net Result: negative for Euro 2.6 million**, mainly generated in the first quarter with a substantially break-even second quarter, compared to a profit of Euro 7.9 million as at 30 June 2022, as a result of negative and by the trend in interest rates;
- **Net financial indebtedness<sup>2</sup>: Euro 150.3 million**, compared to Euro 128.4 million as at 31 December 2022, and compared to Euro 139.5 million as at 31 March 2023, mainly for the increase of working capital in high-growth sectors based on sales forecasts of the year;
- **Total order backlog: Euro 424.8 million**, compared to Euro 406.1 million as at 31 December 2022 and to Euro 285.2 million as at 30 June 2022;
- **Outlook 2023**: confirmed revenues between Euro 280-290 million, EBITDA margin between 16% and 17%, and an improvement in the Net Financial Debt compared to the end of the 2022 financial year and compared to 30 June 2023;
- **Sustainability**: sustainability is an increasingly strategic driver and a priority in the Group's investment decisions.

*Grassobbio (Bergamo), 4 August 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 30 June 2023**, that recorded growing revenues, mainly thanks to the performance of the Energy and Rail, and, in perspective, a strong increase in the total order backlog, which reaches a record value of Euro 428.8 million. The contraction in profitability is, however, essentially conducive to a different mix of sales

<sup>1</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.

<sup>2</sup> 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.

compared to the previous semester and to non-recurring costs and to the strengthening of the organizational structure to support the development of the Group. Net financial debt, on the other hand, increased due to the need for working capital to manage the growth in the order backlog and revenues expected in the second half of the year.

The **Chairman and CEO Ambrogio Caccia Dominioni** commented as follows: *"In the first six months of the year we recorded a significant increase in revenues, especially in the Rail and Energy sectors, thanks to the increasing demand for our cutting-edge technological solutions, which facilitate the energy and digital transition. The order backlog, driven by the Railway and Energy Automation sectors, reached a record value of Euro 428.8 million as at 30 June 2023. Despite the financial challenges and a margin below expectations, we are determined to reach the forecasts communicated to the market for the year 2023: turnover expected between Euro 280 and 290 million, EBITDA margin in the range 16%-17% and improvement in Net Financial Debt compared to the end of the 2022 financial year. We are confident that we can achieve these predictions due to our market position, innovation capacity, and commitment to our customers"*.

## MAIN CONSOLIDATED RESULTS AS AT 30 JUNE 2023

As at **30 June 2023**, Tesmec Group recorded consolidated **Revenues of Euro 125.3 million**, with an increase compared to Euro 113.3 million as at 30 June 2022. This variation is mainly due to the performance of the Railway and Trencher sector. In particular as at 30 June 2023, revenues from sales of goods amounted to Euro 97.0 million, with an increase compared to Euro 70.9 million as at 30 June 2022, and revenues from services and changes in work in progress amounted to Euro 28.3 million, with a decrease compared to Euro 42.4 million as at 30 June 2022.

Results at 30 June (Euro in thousands)	Revenues from sales and services		
	2023	2022	Changes 23 vs 22
<b>Trencher</b>	<b>68,892</b>	<b>66,577</b>	<b>+3.5%</b>
<i>Effect on Consolidated Revenues</i>	<i>55.0%</i>	<i>58.8%</i>	
<b>Railway</b>	<b>25,499</b>	<b>23,048</b>	<b>+10.6%</b>
<i>Effect on Consolidated Revenues</i>	<i>20.3%</i>	<i>20.3%</i>	
<b>Energy</b>	<b>30,906</b>	<b>23,629</b>	<b>+30.8%</b>
<i>Effect on Consolidated Revenues</i>	<i>24.7%</i>	<i>20.9%</i>	
<b>Consolidate</b>	<b>125,297</b>	<b>113,254</b>	<b>+10.6%</b>

In detail, the **revenues** of the **Trencher sector** as at 30 June 2023 amounted to **Euro 68,9 million**, with an increase compared to Euro 66.6 million as at 30 June 2022. This increase is mainly due to the performance of the Middle Eastern and American markets, which, have compensated for the temporary contraction recorded in Europe, particularly in France. As at 30 June 2023 the order backlog of the Trencher sector amounted to Euro 82.8 million, with an increase compared to Euro 75.3 million as at 30 June 2022.

The **Railway sector** recorded **Revenues** as at 30 June 2023 of **Euro 25.5 million**, with an increase compared to Euro 23.0 million as at 30 June 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 226.0 million, as at 30 June 2023, with a strong increase compared to Euro 100.7 million as at 30 June 2022.

With reference to the **Energy sector, Revenues** as at 30 June 2023 were **Euro 30.9 million**, with an increase compared to Euro 23.6 million as at 30 June 2022. In particular, the Stringing equipment segment recorded revenues for Euro 20.9 million, with an increase compared to Euro 16.1 million as at 30 June 2022, while the Energy-Automation segment achieved revenues of Euro 10.0 million, with an increase compared to Euro 7.6 million as at 30 June 2022. The commercial activities of the sector confirm the growth trend with an order backlog of Euro 120.0 million as at 30 June 2023, with an increase compared to Euro 109.2 million as at 30 June 2022, of which Euro 98.0 million related to the Energy-Automation segment and Euro 22.0 million the Stringing equipment segment.

**At a geographical level**, the Tesmec Group recorded a growth in the contribution of sales in the Middle East area, and in Europe, while the Italian market, the Railway and Energy sectors remain their reference market.

**L'EBITDA amounted to Euro 15.2 million**, with a decrease compared to Euro 18.7 million as at 30 June 2022. In particular, the Trencher sector was negatively impacted compared to the first half of the previous year due to a different seasonal mix of sales, from non-recurring charges. The investments aimed at strengthening the organization of the Group's commercial and business development structures also had an impact. 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 3.7 million** as at 30 June 2023, compared to Euro 8.0 million as at 30 June 2022. This result is mainly due to the contraction in the period of EBITDA.

The **Net Financial Income** of the Tesmec Group were **Euro 7.1 million** as at 30 June 2023, compared to Euro 3.4 million as at 30 June 2022. More specifically during the period, the Group recorded foreign exchange losses of approximately Euro 2.0 million, mainly unrealized, generated by the weakening of the dollar and related currencies.; in particular, net financial expenses, excluding foreign exchange rate changes, amounted to Euro 5.1 million as at 30 June 2023, with an increase compared to Euro 2.0 million as at 30 June 2022.

The **Net Result** as at 30 June 2023 was negative for **Euro 2.6 million**, generated purely in the first quarter with a substantially break-even second half, compared to net profit of Euro 7.9 million as at 30 June 2022.

The **Net financial indebtedness** was **Euro 150.3 million** as at 30 June 2023, compared to Euro 128.4 million as at 31 December 2022 and to Euro 133.1 million as at 30 June 2022. This change is due to the increase in working capital in the high-growth sectors - Energy Automation and Railways - based on the sales forecasts for the rest of the year and, partially, to the level of investments in the period not fully covered by the cash flow of the period. It should be recalled that this value includes, among other financial liabilities, rights of use (IFRS 16) for approximately 22.8 million euros, mainly related to the property in Grassobbio and the Trencher fleet used for charters.

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The Total Order Backlog of the Tesmec Group as at 30 June 2023 amounted to Euro 428.8 million – of which Euro 226.0 million referring to the Railway segment, Euro 82.8 million to the Trencher sector and Euro 120.0 million to the Energy segment (of which Euro 98.0 million related to the Energy-Automation segment and Euro 22.0 million related to the Stringing segment) – with a strong increase compared to Euro 285.2 million as at 30 June 2022 and compared to Euro 406.1 million as at 31 December 2022.

Summary of financial data are reported below:

<i>(importi in milioni di euro)</i>	Consuntivo 2023.1H	Consuntivo 2022.1H	Variazione 23 vs 22
Ricavi	125.3	113.3	+10.6%
Ebitda	15.2	18.7	-19.0%
<i>Ebitda Margin</i>	12.1%	16.5%	
Ebit	3.7	8.0	-53.4%
Risultato Netto	(2.6)	7.9	-133.1%
Indebitamento finanziario netto	150.3	133.1	+17.1%

## BUSINESS OUTLOOK

In the first half of 2023, Tesmec continued along its growth path, thanks to its ability to adapt to external challenges and anticipate market trends. The Group has diversified its activities both geographically and by sector and has further invested in strategic sectors, with high vitality and growth prospects, such as Trencher, with solutions for the digitalization and implementation of telecommunications networks, as well as for the development of the mining sector. Furthermore, Tesmec can benefit from 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 needs.

For the 2023 financial year, despite a first half not perfectly in line in terms of margins and cash generation, 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.

In conclusion, Tesmec is a solid and growing company that can adapt to the market's challenges and anticipate future trends.

## SUSTAINABILITY

Tesmec confirms its commitment to ESG in line with the Sustainability Policy and continues activities consistent with the business strategy and aligned with the United Nations 2030 Agenda for Sustainable Development.

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The Group's strategy is focused on the development of "green & digital" technological solutions, to minimize the environmental impact and guarantee the highest standards of safety and efficiency. In addition to promoting sustainable innovation, Tesmec is also strongly committed to social responsibility and to the enhancement of human resources, through concrete actions to develop human capital and a series of initiatives to promote the well-being of its employees.

## MAIN EVENTS OCCURRING AFTER THE PERIOD UNDER REVIEW

On **6 May 2023** Tesmec has announced the beginning of the industrial and organizational strengthening of the premise in Monopoli to respond to a constantly growing market.

On **26 May 2023** Tesmec announced that Cerved Rating Agency, the Italian rating agency specialized in the credit rating assessment of non-financial businesses, confirmed the solicited rating "B1.2" of the Company.

On **29 May 2023** Tesmec announced the signing, through its subsidiary Tesmec Rail, of a technological collaboration agreement with Škoda Group, in the sector of railway working and diagnostic vehicles to develop a worldwide state of art performing and environmentally friendly products in the railway market.

## 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.

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## Conference Call

**At 2:30 PM (CET), Friday 4 August 2023, 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 half 2023 to the financial community during a conference call.**

**To participate, you are kindly requested to call this number:**

from Italy:	+39 02 36213011
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

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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.*

# TESMEC

*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](http://www.emarketstorage.com), through publication on the company website [www.tesmec.com](http://www.tesmec.com), according to law.*

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

<http://investor.tesmec.com/en/Investors/PressReleases>.

## Il Gruppo Tesmec

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 30 June 2023.**

## Tesmec Group reclassified consolidated income statements

Income statement <i>(€ in thousands)</i>	As at 30 June	
	2023	2022
<b>Revenues from sales and services</b>	<b>125,297</b>	<b>113,254</b>
Total operating costs	(121,558)	(105,229)
<b>Operating income</b>	<b>3,739</b>	<b>8,025</b>
Financial (income) / expenses	(5,114)	(2,000)
Foreign exchange gains/losses	(1,964)	5,310
Share of profit / (loss) of associates and joint ventures	(14)	48
<b>Pre-tax profit</b>	<b>(3,353)</b>	<b>11,383</b>
<b>Net profit for the period</b>	<b>(2,605)</b>	<b>7,881</b>
<b>EBITDA</b>	<b>15,175</b>	<b>18,727</b>
<b>EBITDA (% on revenues)</b>	<b>12.1%</b>	<b>16.5%</b>



## Tesmec Group reclassified consolidated statements of financial position

Balance sheet	30 June 2023	31 December 2022
<i>(€ in thousands)</i>		
Total non-current assets	143,611	142,267
Total current assets	269,639	265,427
<b>Total assets</b>	<b>413,250</b>	<b>407,694</b>
Total non-current liabilities	119,628	120,305
Total current liabilities	213,676	204,012
<b>Total liabilities</b>	<b>333,304</b>	<b>324,317</b>
Total shareholders' equity	79,946	83,377
<b>Total shareholders' equity and liabilities</b>	<b>413,250</b>	<b>407,694</b>

## Tesmec Group other consolidated financial information

Summary of the cash flow statement <i>(€ in thousands)</i>	As at 30 June	
	2023	2022
Net cash flow generated by (used in) operating activities (A)	(10,652)	(3,058)
Net cash flow generated by (used in) investing activities (B)	(25,118)	(10,051)
Net cash flow generated by financing activities (C)	10,836	(4,446)
<b>Total cash flow for the period (D=A+B+C)</b>	<b>(24,934)</b>	<b>(17,555)</b>
<b>Cash and cash equivalents at the beginning of the period (F)</b>	<b>50,987</b>	<b>50,189</b>
Effect of exchange-rate changes on cash and cash equivalents (E)	(403)	771
Cash and cash equivalents at the end of the period (G=D+E+F)	<b>25,650</b>	<b>33,405</b>

## Tesmec Group other consolidated financial information

### Funding Sources and Uses

((€ in thousands)	<u>As at 30 June 2023</u>	<u>As at 31 December 2022</u>
Net working capital <sup>3</sup>	98,901	80,631
Fixed assets	110,841	111,658
Other long-term assets and liabilities	20,251	19,452
<b>Net invested capital <sup>4</sup></b>	<b><u>230,263</u></b>	<b><u>211,741</u></b>
Net financial indebtedness <sup>5</sup>	150,317	128,364
Shareholders' equity	79,946	83,377
<b>Total sources of funding</b>	<b><u>230,263</u></b>	<b><u>211,741</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.

Fine Comunicato n.1155-22

Numero di Pagine: 12