



# Tesmec Group

**LUGANO SMALL & MID CAP  
INVESTOR DAY**



**III Edizione**  
Hotel Splendide Royal  
28 settembre 2012



Corporate





**Green Technologies**

**Innovation**

**Quality**

**LEADERSHIP**

**Efficiency**

**Safety**

**Complete range of  
products**



## TRANSPORT of ENERGY, OIL&GAS, WATER, DATA&VOICE, PEOPLE

### STRINGING EQUIPMENT

#### Stringing



#### Grids



#### Railway



Transmission & Distribution Networks  
Railway Electrification & Maintenance  
Manage & Control Existing Networks

### TRENCHERS

#### Trenchers



#### Digging services activities



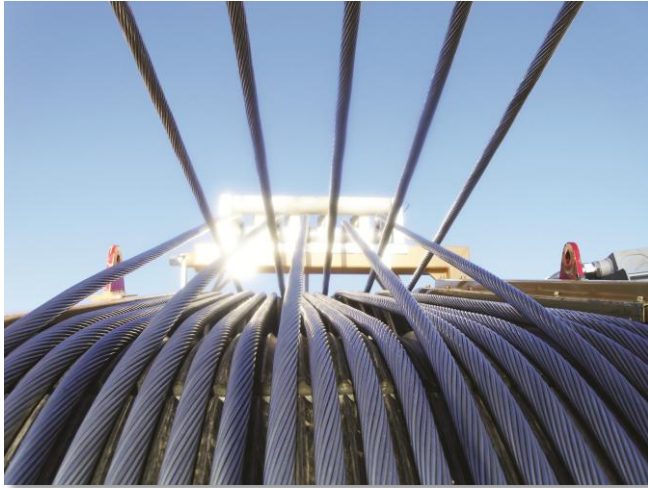
Oil & Gas pipelines, Water and sewage lines  
Telecom networks and power cable installation  
Bulk excavation of rock and Quarries  
Dewatering and drainages  
Services and Consultancy

### MISSION

***Become a GLOBAL player in the market of TRANSPORT of electricity, data and materials (oil & derivatives, gas, water) and people by providing integrated solutions (machines / equipment + engineering) for different projects WORLDWIDE***



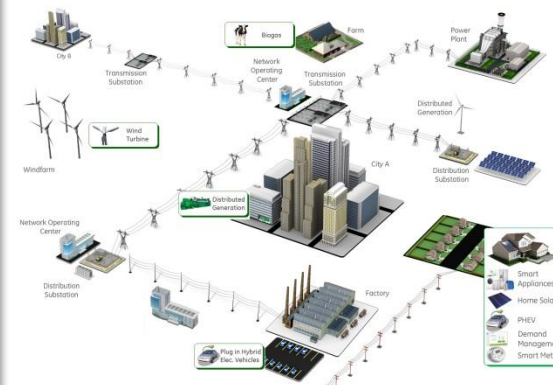
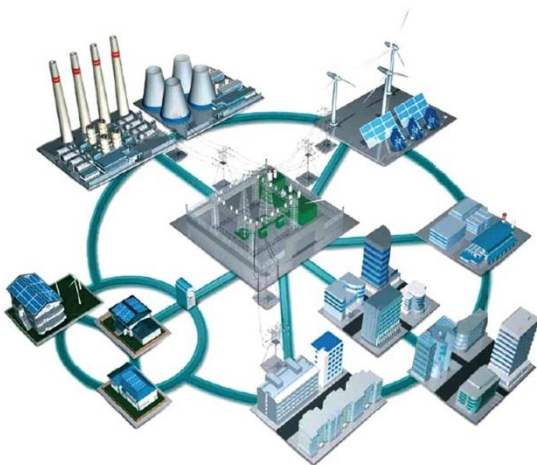
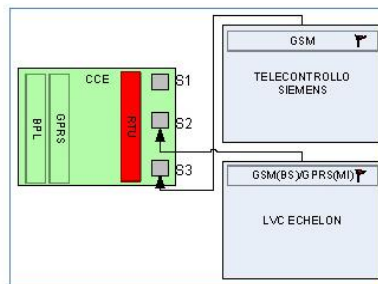
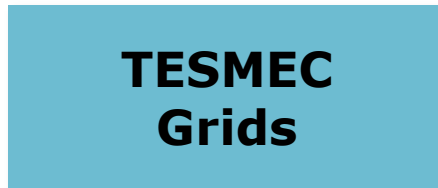
# Tesmec Stringing



## TESMEC Stringing











**TESMEC  
Railway**





# Tesmec Trenchers

## TESMEC Trenchers

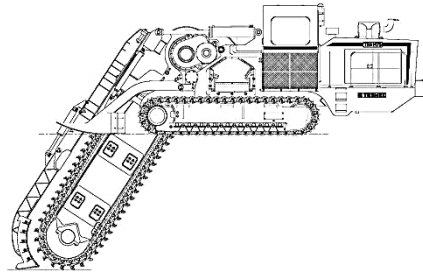




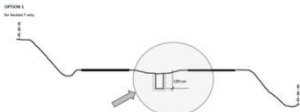
# Tesmec Digging services activities



## TESMEC Special Contracting



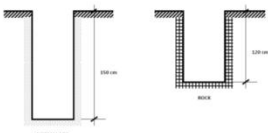
- If we are allowed to trench in the middle of this section, there will be a significant improved daily production along the total length of this section. If we are not allowed to trench in the middle of this carriageway we cannot offer the same performance on either right or left side due to the nature of the terrain.



Option 1 - Typical Cross Section For Trench in Section F

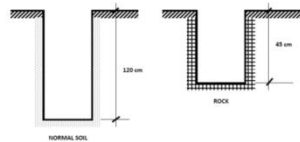
Other Options raised from the requirements of local authorities or applicable standard are:

- **OPTION 2** – for entire Project: increased depth of standard trench in **NORMAL SOIL**. The depth of standard trench in normal soil will be 1500 mm instead of 1000 mm over the pipes, as currently required in the document "Annexure 3..." quoted above.



Option 2 - Typical Cross Section For Trench - Increased Depth in Normal Soil

- **OPTION 3** – for entire Project: we suggest you reduce trench depth in **ROCK SOIL**. The depth of standard trench in rock soil should be 450 mm. In this case the backfilling can be carried out partially with concrete to reach the expected mechanical protection.



Option 3 - Typical Cross Section For Trench - Reduced Depth in Rock

### 3.3 B O Q

In the following table a summary of the most important quantities of the project.

SECTION	Total km	Km with Trencher	Normal Soil km	Rock km
F (George - Meisel bay)	56,8	11,7 – 45,2*	9,2 – 37,8*	2,5 – 7,3*
G (Mouat Bay - Riverdale)	82	67	62,5	4,5
H (Riverdale - Calabon)	186	117	94,5	22,5
I (Calabon - Yverfontein)	235	143,5	110,5	35
<b>total</b>		<b>341,2 – 374,7*</b>	<b>276,7 – 300,8*</b>	<b>64,3 – 69,3*</b>

\*As per OPTION 1 assumptions





# Technologies for a Sustainable Development



ISEQ Concept

***The advanced technologies developed by Tescmec are always focused on getting the best in terms of Innovation, Safety, Efficiency and Quality. The common denominator is respect for the ENVIRONMENT.***

**INNOVATION** has made it possible for Tescmec to become what it is today. The development of better or more effective technologies, processes and products is a priority for everyone in Tescmec.

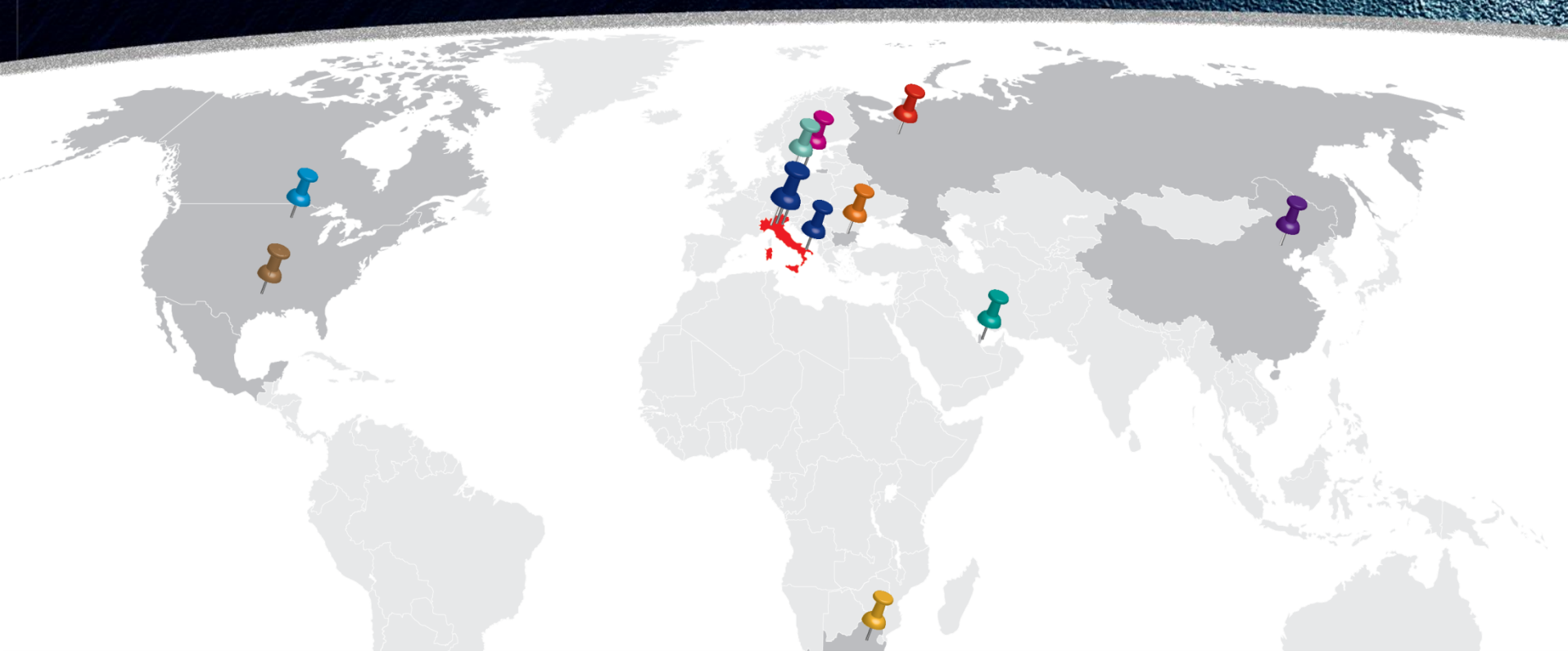
Tescmec has always been extremely sensitive to **SAFETY**. The SAFETY of Tescmec machines is the result of 60 years' experience in designing and manufacturing. At Tescmec, no job is so urgent that it cannot be done safely.

We have a commitment to our customers: **EFFICIENCY**. That means fast execution and cost savings. To achieve even greater EFFICIENCY, Tescmec R&D Division works with the aim to optimize all the processes.

**QUALITY** is a mandatory requirement for Tescmec. QUALITY is a must: everything we make must be as good as it can be. Superior QUALITY standard leads to leadership positions.



# Global presence



**1 Headquarter (Grassobbio) and 4 production sites in Italy (Grassobbio, Endine, Sirone, Monopoli)**



**Trencher production facility in Alvarado**



**JV for the supply of stringing equipment to the US market**



**Qatar JV for Arabic Peninsula**



**Representative office in China**

意大利泰斯克股份有限公司北京代表处  
Tesmec S.p.A. Beijing Representative Office



**Group subsidiary for Balkan area**



**Group subsidiary for Services activities**



**Group subsidiary for the supply of trenchers**



**Group subsidiary in Russia**



**Group subsidiary for trenching services**



**Strategic investment for power grid management**



# International Presence



A light gray world map is centered on the slide. Three white rounded rectangular callouts are overlaid on the map, each containing text about a specific region. The callout for 'Europe & Africa' is positioned over the European and African continents. The callout for 'America' is positioned over North and South America. The callout for 'Asia & BRICS' is positioned over the Asian continent and Australia.

**America**  
**29%**

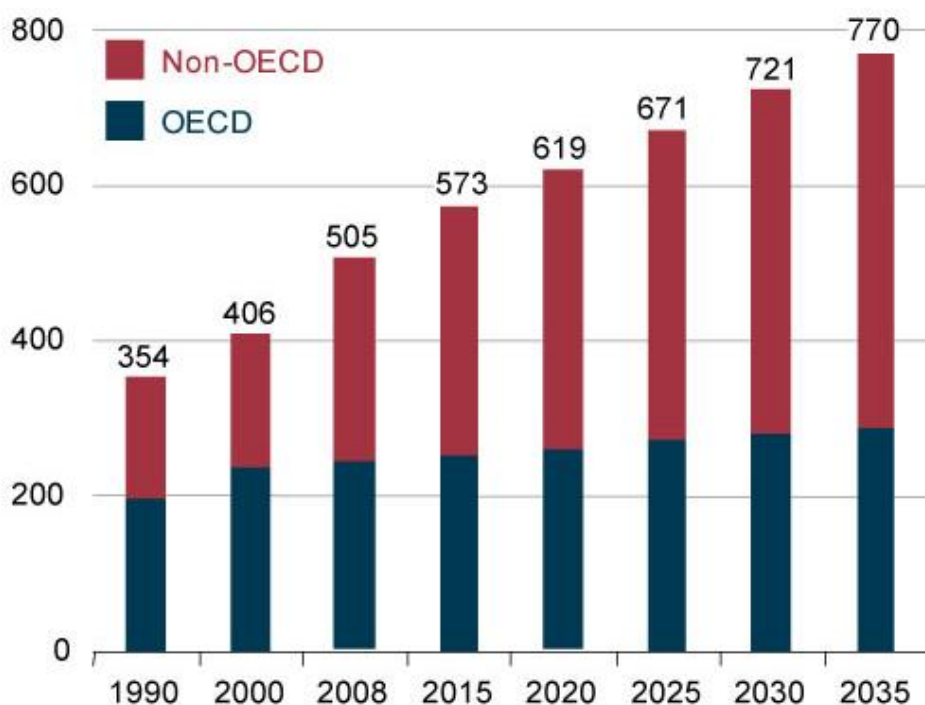
**Europe & Africa**  
**37%**

**Asia & BRICS**  
**34%**

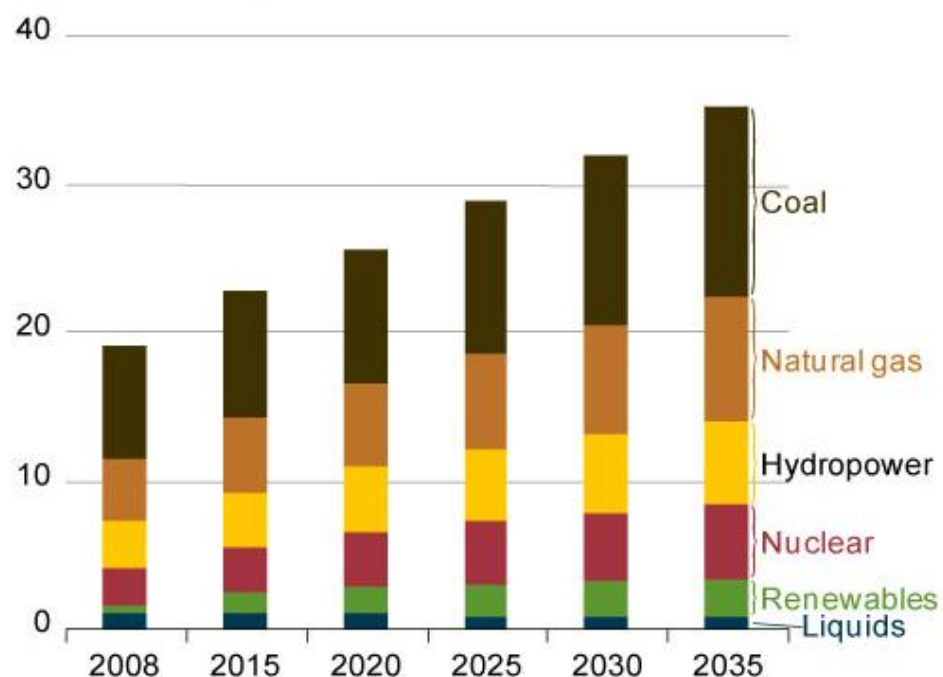


# World Energy Trend

**World energy consumption, 1990-2035  
(quadrillion Btu)**



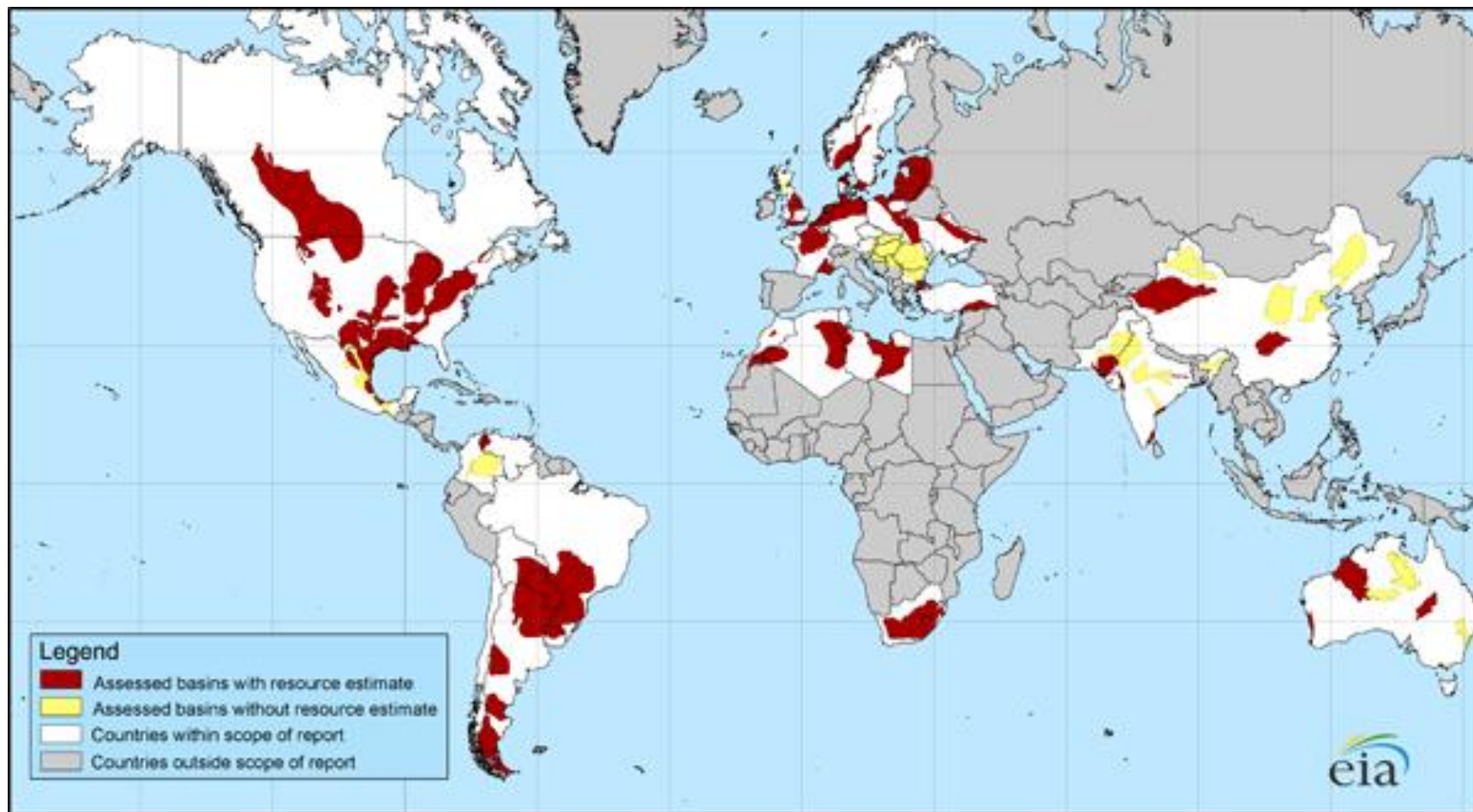
**World net electricity generation by fuel type,  
2008-2035  
(trillion kilowatthours)**



Source: EIA (www.eia.gov) website [http://www.eia.gov/forecasts/ieo/more\\_highlights.cfm#world](http://www.eia.gov/forecasts/ieo/more_highlights.cfm#world)



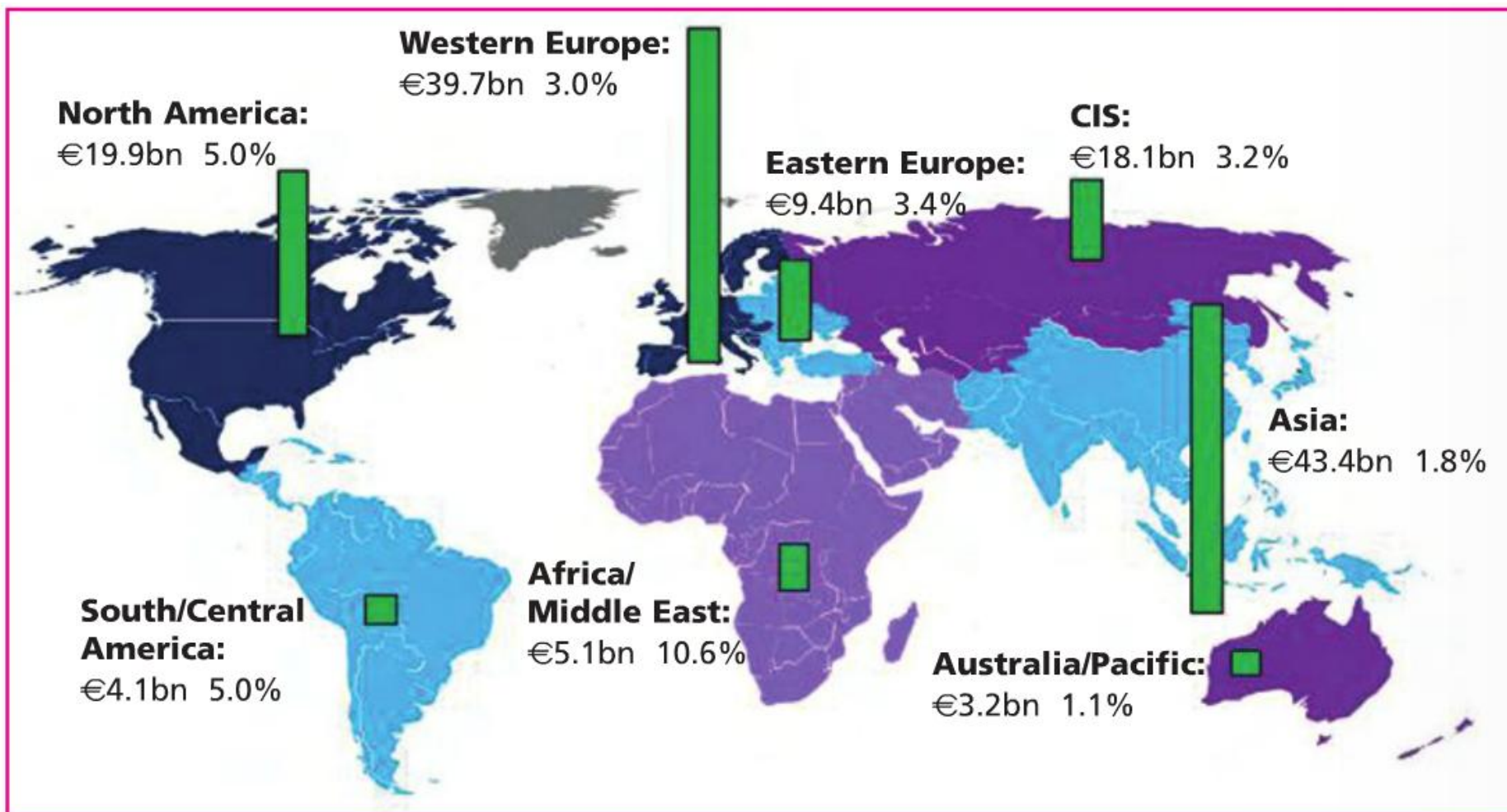
# Shale Gas is a global phenomenon



\*Source: [U.S. Energy Information Administration](http://205.254.135.24/todayinenergy/detail.cfm?id=811) based on Advanced Resources International, Inc. data  
(<http://205.254.135.24/todayinenergy/detail.cfm?id=811>)



# Rail market volumes and rate of growth up to 2016

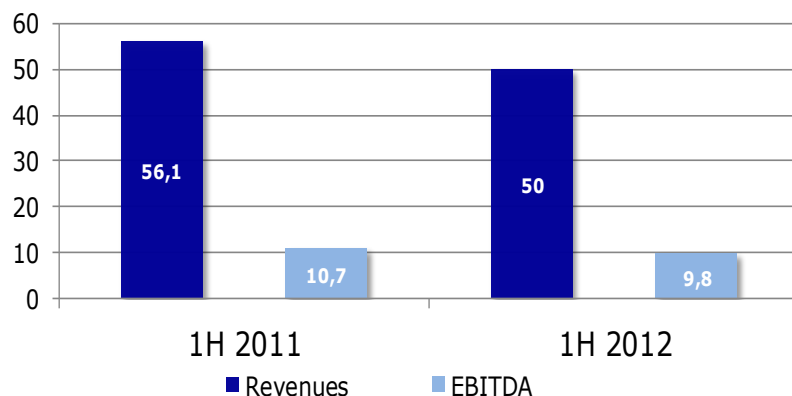


# 1H 2012 Results

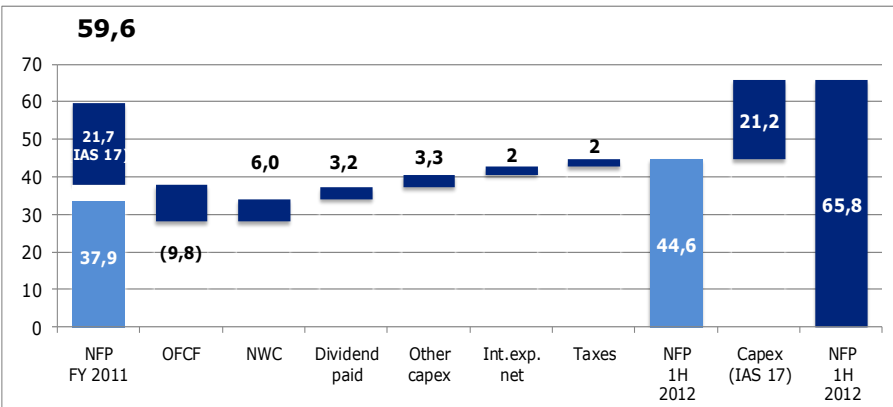
Income Statement (€ mln)	1H 2011	1Q 2012	2Q 2012	1H 2012	1H2012 vs 1H2011 delta %
<b>Revenues</b>	<b>56,2</b>	<b>23,3</b>	<b>26,7</b>	<b>50,0</b>	<b>-11%</b>
<b>EBITDA</b>	<b>10,7</b>	<b>4,9</b>	<b>4,9</b>	<b>9,8</b>	<b>-8%</b>
% Revenues	19%	21%	18%	20%	
<b>EBIT</b>	<b>8,0</b>	<b>3,5</b>	<b>3,4</b>	<b>6,9</b>	<b>-14%</b>
% Revenues	14%	15%	13%	14%	
<b>Net income</b>	<b>3,3</b>	<b>0,9</b>	<b>2,4</b>	<b>3,3</b>	<b>0%</b>
% Revenues	6%	4%	9%	7%	

Financial Information (€mln)	Tesmec (Cons.)	
	2011	1H 2012
<b>Net working capital</b>	<b>48,4</b>	<b>54,4</b>
<b>Non current assets</b>	<b>48,2</b>	<b>49,5</b>
Other LT assets/(liab)	1,9	1,2
<b>Net invested capital</b>	<b>98,5</b>	<b>105,1</b>
<b>Net financial indebtedness</b>	<b>59,6</b>	<b>65,8</b>
Equity	38,9	39,3
<b>Total equity and net financial indebtedness</b>	<b>98,5</b>	<b>105,1</b>

€ mln



€ mln





Tesmec confirms consensus estimates based on the expectations that the following factors will have a positive impact on both volumes and margins of the second half year:

- Recovery of TR sales in the ME area boosted by:
  - low stock levels;
  - market recovery;
  - launch of new line of TrenchTronic machines;
- Consolidation of TR and TE sales recovery in US market;
- Higher TE sales in railway thanks to new deals the newly acquired competences and to the wider product range



- **Carry on the Internationalization process**

Keep developing the business in key areas North America, Russia and ex-USSR, South Africa, Persian Gulf, the Balkans area. The development will be achieved either by International Joint-Venture agreement and development of existing sale network.

- **Development in traditional business and good opportunity from new business**

Good results from traditional business (Stringing and Trencher) plus good contribute by new business opportunities in Railway and Smart Grid.

- **Railway electrification & maintenance**

Investment in new high-speed lines and in the maintenance of overhead related to the progressive development of the lines of high speed throughout the world permit to open the new segment of the "diagnostic" for preventing failures.

Tesmec USA subsidiary of Tesmec Group - thanks to the development of an innovative system for the electrification and maintenance of the "Production Wire Train" - won a contract related to the supply of two railway wagons with the US National Railroad Passenger Corporation ("AMTRAK"), group active in the United States in the segment of railway suburban transport.

- **Special contracting focus on Middle East and other countries**

Offering of technical services related to heavy duty truck trencher for to increase the efficiency of the yard. The combination of a cutting-edge product and a deep knowledge on the use of innovative technologies is a winning combination for high performance in digging.



# Tesmec Group strengths and opportunity

- Global Business with exposure to emerging markets with a “glocal” presence (Central & West Europe, Africa, Americas and Oceania, Est Europe, Middle East and Central Asia)
- Strong exposure to growth trend of transport and energy infrastructure
- Business niche (small markets, few competitors) and high margin
- High technological know-how improved every year with investment in R&D
- Good dividend pay-out ratio in industrial sector
- High investors quality



**TESMEC S.p.A - Headquarters**

via Zanica, 17/O - 24050 Grassobbio (BG) - Italy

Tel. +39.035.423 2911 - Fax +39.035.4522444 Management and Administration

Fax +39.035.4522445 Stringing Equipment Division - Fax +39.035.335664 Trencher Division

[www.tesmec.com](http://www.tesmec.com) - [info@tesmec.it](mailto:info@tesmec.it)