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<p>01/10/2012</p> <p>Tesmec seeks international infrastructure JV partners, potential buys in smart grid or railway services - chairman</p> <p>Proprietary Intelligence</p> <p>Story</p> <p>Tesmec (TES:IM), the listed Italian company specialized in infrastructure power line projects, is keen to forge joint ventures (JV) in the US and Australia, Chairman Ambrogio Caccia Dominioni said.</p> <p>Tesmec designs and produces machines and integrated systems for the stringing of power lines and fiber optic cables -- such as for aerial and underground networks and pipelines, as well as for the stringing of power lines for railway networks. It also produces high-power tracked trenchers for linear excavation of underground networks and pipelines or bulk excavation.</p> <p>The company could also entertain small buys, aimed at acquiring technologies and eventual international certifications, particularly in the railway and power smart grid sectors, the Chairman said.</p> <p>Advisory approaches suggesting potential partners in Australia and the US would be welcome. Tesmec is independently scouting the Australian market but no suitable partner has yet been found, Caccia Dominioni said. Other areas of interest to forge new entities with local players are China, Russia, and Brazil, the chairman said. In India the company will pursue organic growth, he said.</p> <p>In Qatar Tesmec has established Tesmec Peninsula WLL, a Doha-based JV with the QBC Group (Qatar Building Company). Tesmec holds a 49% stake in the company.</p> <p>International JVs are the means by which Tesmec wants to develop its international distribution network, the CEO said. The purpose is to forge temporary business associations with local players operating in the power lines, water, and railway infrastructure business in order to acquire large local infrastructural projects, Caccia Dominioni said. The partner would be able to acquire a 100% stake in these projects in the future, and Tesmec would act as a technology and products' supplier, he said. Such a strategy would allow Tesmec to develop sales networks in areas where a mere organic approach is not considered effective enough to exploit the large infrastructure markets, he said.</p> <p>Tesmec is also looking to pursue international opportunistic acquisitions of startups and small businesses developing new technologies in the development of power smart grid solutions and in the railway high tech sector, the chairman said. Acquisitions are aimed at speeding up the development of the new technologies and to acquire the international authorizations alongside with the technology itself, he said.</p> <p>Caccia Dominioni declined to comment on the size of potential targets.</p> <p>In 2001 Tesmec posted EUR 111.7m revenues (30% of which was generated in BRIC countries) with EUR 19m EBITDA and EUR 7.5m net income, compared to EUR 105.2m revenues, EUR 15m EBITDA, and EUR 6.6m net income in 2010. The company's net financial debt amounted to EUR 59.6m in 2011 compared to EUR 39m the previous year.</p> <p>In 1H12 Temec posted EUR 50m revenues with an 11% decrease compared to 1H11. The EBITDA was EUR 9.8m (-8%) and the net income was EUR 3.3m, equalling the previous year's performance.</p> <p>Tesmek was listed on the Milan Stock Exchange in June 2010. For the purposes of the IPO, the global coordinator and sponsor was Mediobanca, legal advisors were Chiomenti Studio Legale for Tesmec and Clifford Chance for the global coordinator while Reconta Ernst & Young was the auditor.</p> <p>Tesmec has a market cap of 44.2m and its shares were trading at EUR 0.4 on 1 October.</p> <p>Tesmec, founded in 1951 by Chairman and Managing Director Caccia Dominioni, is based in the outskirts of the northern Italian city of Bergamo. It employs 300 in its four manufacturing units, three of which are in Italy and one is in Alvarado, Texas.</p> <p>by Davide Schiappapietra in Lugano</p>	<p>Bidder Tesmec SpA TS DS</p> <p>Previous Lawyer Chiomenti Studio Legale</p> <p>Previous Lawyer Clifford Chance LLP</p> <p>Previous Global Co-ordinator Mediobanca SpA TS</p> <p>Previous Auditor Reconta Ernst & Young SpA</p> <p>Target Tesmec Peninsula WLL DS</p> <p>Bidder Tesmec SpA TS DS</p> <p>Bidder Qatar Building Company DS</p> <p>Sectors Construction Energy Industrial: Electronics Industrial products and services Telecommunications: Hardware</p> <p>SubSectors Cable equipment Electrical power transmission Fibre optics and electric cabling Heavy construction Industrial equipment and machinery</p> <p>Topics Advisory Invitation (Bankers, Other) Infrastructure Joint Ventures/Partnerships Market Entry</p> <p>Intel Type Bolt on/Opportunistic Cross Border Other</p> <p>Countries Australia Brazil China Italy Qatar Russia USA</p> <p>Intel. Grade Confirmed</p> <p>Intelligence ID 1450530</p>
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Source Proprietary Intelligence
Value GBP 88m (Tesmec's revenues)
Stake Value more than 30% inclusive

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