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SECTOR	Industrials	REVENUES (FY18)	Italy (7.8%), Rest of Europe (33.4%), Middle East (34.3%), Asia (15.5%), Africa (4.8%), Americas (4.2%)
INDUSTRY	Engineering & Construction Svcs	N. OF EMPLOYEES (1H19)	Italy + Rest of Europe (2,914), India + Rest of Asia (2,160), Russia + Caspian Region (667), Middle East (489), Africa (71), Americas (32), E&IDivision (3,000)
SUB-INDUSTRY	Infrastructure Construction	BACKLOG (1H19)	EUR 6.6 bn
SHAREHOLDERS	GLV Capital (51.018%) ARDECO (4.733%) Altri (44.249%)	BOOK-TO-BILL (1H19)	1.9x
KEY PEOPLE	Fabrizio Di Amato (Chairman) Pierroberto Folgiero (CEO) Alessandro Bernini (CFO)	MARKET CAP	~ EUR 0.8 bn
FINANCIAL CALENDAR	October 24: BoD, 3Q19 results		

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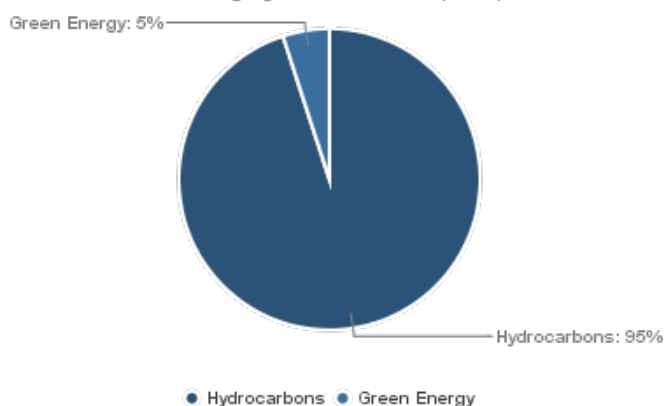
QUICK LOOK

Maire Tecnimont SpA (*Bloomberg: MT IM*), holding of the Maire Tecnimont Group, is a leading provider of **engineering** and **construction, technology** and **licensing** services worldwide. The Group's activities mainly focus on the design, engineering and construction of plants for the **oil, gas** and **petrochemicals** and **fertilizer** processing industries. The Group is equipped to deliver large-scale **renewable energy** plants generating power from renewable resources.

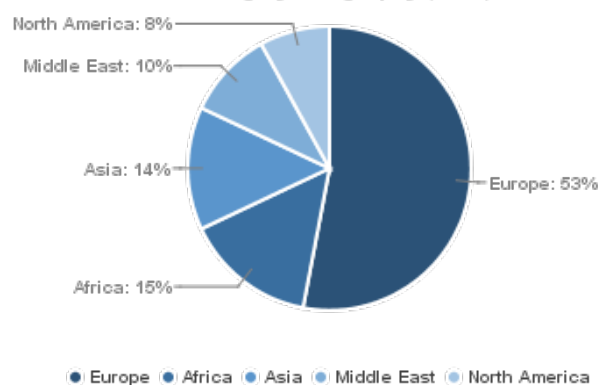
HIGHLIGHTS

- **SHAREHOLDERS** - The origins of today's Maire Tecnimont date back to **1983**, on the initiative of entrepreneur **Fabrizio Di Amato** (*born in Rome in 1963; graduated in Political Sciences and, honoris causa, in Chemical Engineering; 'Cavaliere del Lavoro' since 2016*). The growth of the Group took place mainly through **external lines**: in **2004** the Group acquired **Fiat Engineering** and in **2005** it acquired **Tecnimont** from **Montedison**. In **2007** the parent company was listed on the **Milan Stock Exchange**. MT is controlled by its founder and Chairman through **GLV Capital SpA** (*51.018% of ordinary shares, 67.565% of voting rights*). Abu Dhabi-based **Arab Development Establishment (ARDECO)** owns 4.733% of ordinary shares (*3.134% of votes*). The remainder is held by other institutional and retail investors.
- **STRUCTURE** - MT operates in **45 countries** with 50 operating companies and **9,333 employees** and E&I professionals (*Electrical & Instrumentation*). The Group is headquartered in **Milan (Italy)**; its main offices and engineering centers are located in **Rome (Italy)**, **Braunschweig (Germany)**, **Sittard (Netherlands)**, **Moscow (Russia)** and **Mumbai (India)**. The Group's activity is divided into two Business Units (BU): **Hydrocarbons** and **Green Energy**. The Hydrocarbons BU (*where MT oversees the entire EPC value chain, from project development to life-cycle support*) is in turn divided into three areas: **Petrochemicals, Oil&Gas Refining** and **Fertilizers**.
- **BUSINESS CONCENTRATION** - At June 30, 2019, approximately **80%** of Group revenues related to **13 major contracts**, corresponding to about **60%** of the **backlog** value. At the same date, consolidated revenues from the **10 leading clients** constituted **75%** of the total. The Group's **main customers** include **ADNOC (UAE)**, **GASCO (UAE)**, **Lukoil (Russia)**, **Petronas (Malaysia)**, **Gazprom (Russia)**, **SOCAR (Azerbaijan)**, **Shell (UK/Netherlands)**, **Pemex (Mexico)**, **Total (Italy/France)**, **Borouge (UAE)**, **Sadara (Saudi Arabia)**, **Orpic (Oman)**, **MOL (Hungary)**, **EuroChem (Russia)**, **Orascom (Egypt)**, **Yara (Netherlands)**, **Sinopec (China)**.
- **SUSTAINABILITY** - In February 2019, Maire Tecnimont achieved a '**B**' rating for its company policy on climate change and **environmental sustainability** from **CDP (Carbon Disclosure Project)**, the Berlin-based international non-profit organization specialized in the evaluation of environmental performance of over 7,000 companies who receive a score from 'A' to 'D', for 7 possible rating results. MT ranked in the **top-25** out of 120 monitored Italian companies, performing above both the national and European average.

Backlog by Business Unit (1H19)



Backlog by Geography (1H19)



FIGURES

INCOME STATEMENT

(in EUR mln)	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Revenue	3613,58	3502,90	2408,77	1637,46	1545,38
Personnel Expenses	415,83	370,56	333,07	273,29	264,98
EBITDA	207,83	193,51	158,40	133,09	130,21
<i>EBITDA Margin</i>	<i>5,75%</i>	<i>5,52%</i>	<i>6,58%</i>	<i>8,13%</i>	<i>8,43%</i>
Depreciation and Amortization	19,35	6,67	5,76	6,12	5,80
EBIT	188,48	186,84	152,64	126,98	124,42
<i>EBIT Margin</i>	<i>5,22%</i>	<i>5,33%</i>	<i>6,34%</i>	<i>7,75%</i>	<i>8,05%</i>
Pre-Tax Income	172,71	188,89	133,84	77,61	61,38
<i>Pre-Tax Margin</i>	<i>4,78%</i>	<i>5,39%</i>	<i>5,56%</i>	<i>4,74%</i>	<i>3,97%</i>
Net Income	110,58	118,65	74,37	43,96	50,30
<i>Net Income Margin</i>	<i>3,06%</i>	<i>3,39%</i>	<i>3,09%</i>	<i>2,68%</i>	<i>3,25%</i>

BALANCE SHEET

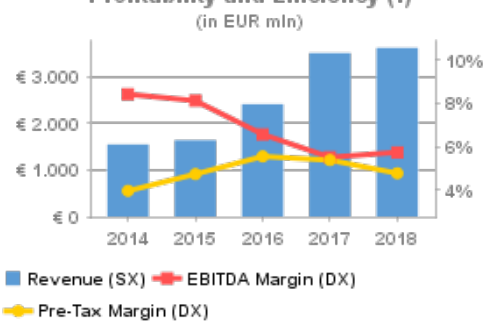
(in EUR mln)	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
ASSETS					
Cash and Near Cash Items	650,01	630,87	497,14	362,39	160,24
Short-Term Investments	6,35	5,36	6,98	3,41	3,90
Accounts and Notes Receivable	425,77	481,34	526,80	398,10	481,21
Inventories	6,97	3,45	362,72	161,66	153,67
Other Current Assets	575,67	513,98	243,38	192,88	282,07
TOTAL CURRENT ASSETS	3180,74	2899,18	2516,65	1622,93	1497,47
Long-Term Investments	27,79	22,52	15,04	10,60	14,00
Net Fixed Assets	33,70	33,93	33,58	33,63	33,49
Other Long-Term Assets	507,75	443,96	484,14	498,91	482,26
TOTAL LONG-TERM ASSETS	569,24	500,40	532,75	543,14	529,74
TOTAL ASSETS	3749,98	3399,58	3049,40	2166,07	2027,21
LIABILITIES + EQUITY					
Accounts Payable	1478,30	1282,31	1150,16	726,78	755,90
Short-Term Borrowings	196,24	183,85	143,54	75,94	471,27
Other Short-Term Liabilities	1133,07	1100,99	1029,20	704,37	507,47
TOTAL CURRENT LIABILITIES	2807,61	2567,15	2322,89	1507,08	1734,63
Long-Term Borrowings	409,04	364,32	381,68	419,11	75,33
Other Long-Term Liabilities	190,69	184,33	160,17	113,68	123,55
TOTAL LONG-TERM LIABILITIES	599,74	548,65	541,85	532,79	198,87
TOTAL EQUITY	342,63	283,77	184,66	126,20	93,70
TOTAL LIABILITIES + EQUITY	3749,98	3399,58	3049,40	2166,07	2027,21

CASH FLOW STATEMENT

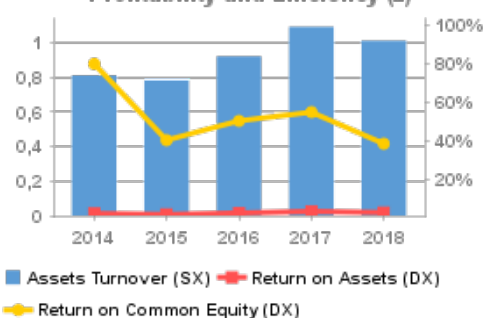
(in EUR mln)	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Cash from Operating Activities	-23,61	208,54	163,19	289,84	5,22
Cash from Investing Activities	-13,52	-19,87	-20,57	-7,35	-5,24
Cash from Financing Activities	56,27	-54,94	-7,87	-80,34	-4,71
Free Cash Flow	-26,90	205,16	160,17	286,71	3,34
FREE CASH FLOW TO FIRM	-23,26	211,93	176,18	306,28	36,61

Source: Bloomberg

Profitability and Efficiency (1)



Profitability and Efficiency (2)



Credit Fundamentals



Investments vs Debt



- FINANCIALS** - MT's revenues were characterized from FY14 to FY18 by strong and higher-than-comps growth, the **EBITDA Margin**, although decreasing, highlighted a volatility lower than peers (*management's guidance for FY19 EBITDA is of EUR210m-EUR230m*), and **net income** (*always positive in the 5-year period*) was more than double in FY18 compared to FY14. MT has a lower level of **capitalization** than comps but its **gross debt** on both equity and EBITDA markedly decreased and its **interest coverage** is by far higher than peers. FY18 was the only year out of the last five with a negative **FCF**, due to the "normal execution of projects which, during the full execution phase, absorb cash" and income tax payments for over EUR60m.
- INDUSTRY OVERVIEW** - Most of the Oil&Gas contractors serve the **offshore** and **upstream** business areas, whereas the Group is focused solely on **onshore** and **downstream** activities. The Group's main comps are (a) **Technip (France/US)**, **KBR (US)**, **ThyssenKrupp (Germany)**, **CB&I (US)** and **Linde (Germany/US)** in the petrochemicals sector, (b) **Tecnicas Reunidas (Spain)**, **Japan Gas Corporation (Japan)**, **Petrofac (UK)**, **Saipem (Italy)** in the oil and gas sector and (c) **Saipem (Italy)**, **Uhde (Germany)** and **Toyo (Japan)** in the fertilizer sector. MT holds a **30%** market share in polyolefins (**#1 worldwide by installed capacity**) and **40%** of LDPE technology (*low-density polyethylene*). MT is one of the largest global operators in licensing of urea plants and urea granulation technology, with a market share of **54%** and **34%** respectively (**#1 and #2 worldwide**).

Revenue (2014=100)					
Company	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Maire Tecnimont SpA	233,83	226,67	155,87	105,96	100,00
Saipem SpA	66,23	69,91	77,50	89,39	100,00
TechnipFMC plc	158,05	189,57	115,83	144,44	100,00
Tecnicas Reunidas SA	139,60	160,93	152,19	132,98	100,00

EBITDA Margin (%)					
Company	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Maire Tecnimont SpA	5,75	5,52	6,58	8,13	8,43
Saipem SpA	5,88	7,01	-8,17	2,51	6,15
TechnipFMC plc	-2,93	10,49	8,23	4,44	16,76
Tecnicas Reunidas SA	1,38	2,41	4,38	2,46	5,39

Net Debt to EBITDA					
Company	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Maire Tecnimont SpA	-0,25	-0,46	0,13	0,97	2,94
Saipem SpA	2,38	2,06	n.a.	18,76	5,66
TechnipFMC plc	n.a.	-1,82	-4,91	0,47	0,51
Tecnicas Reunidas SA	-4,42	-2,21	-2,53	-5,64	-4,05

Interest Coverage					
Company	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Maire Tecnimont SpA	35,16	18,48	6,08	3,66	3,09
Saipem SpA	0,39	1,24	-14,70	-2,23	0,28
TechnipFMC plc	-1,90	2,12	4,00	1,15	32,70
Tecnicas Reunidas SA	3,99	11,39	30,64	20,51	44,03

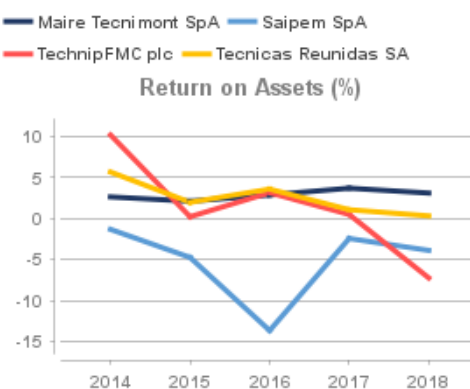
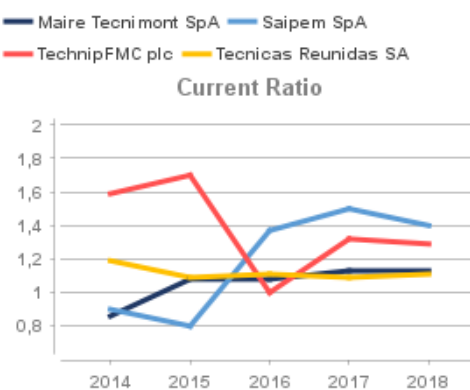
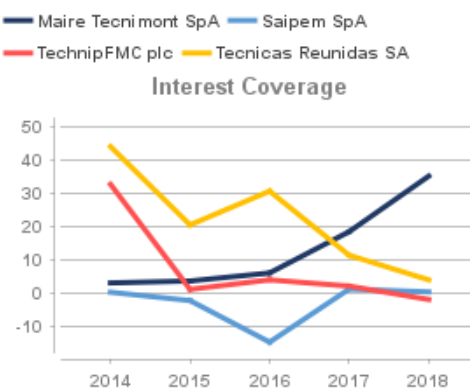
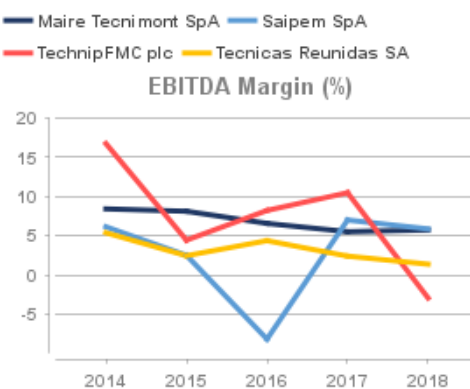
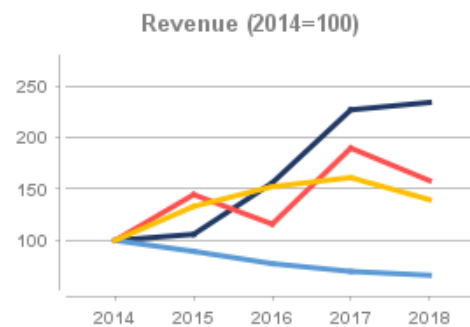
FCF to Total Debt					
Company	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Maire Tecnimont SpA	-0,04	0,37	0,31	0,58	0,01
Saipem SpA	0,08	0,07	0,20	-0,16	0,08
TechnipFMC plc	-0,13	-0,01	0,07	0,32	0,37
Tecnicas Reunidas SA	0,21	-0,47	0,18	-0,20	4,30

Current Ratio					
Company	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Maire Tecnimont SpA	1,13	1,13	1,08	1,08	0,86
Saipem SpA	1,40	1,50	1,37	0,80	0,90
TechnipFMC plc	1,29	1,32	1,00	1,70	1,59
Tecnicas Reunidas SA	1,11	1,09	1,11	1,09	1,19

Common Equity to Total Assets (%)					
Company	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Maire Tecnimont SpA	8,26	7,71	5,56	5,76	4,55
Saipem SpA	33,93	36,20	34,06	21,29	23,51
TechnipFMC plc	41,96	47,37	27,07	39,32	34,23
Tecnicas Reunidas SA	9,26	11,45	12,16	10,90	18,57

Asset Turnover					
Company	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Maire Tecnimont SpA	1,01	1,09	0,92	0,78	0,81
Saipem SpA	0,70	0,67	0,65	0,68	0,75
TechnipFMC plc	0,47	0,64	0,73	1,69	1,15
Tecnicas Reunidas SA	1,16	1,35	1,33	1,38	1,31

Return on Assets (%)					
Company	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Maire Tecnimont SpA	3,09	3,68	2,85	2,10	2,62
Saipem SpA	-3,89	-2,44	-13,64	-4,75	-1,33
TechnipFMC plc	-7,24	0,48	3,13	0,21	10,16
Tecnicas Reunidas SA	0,31	1,06	3,57	1,96	5,65



Source: Bloomberg

INVESTMENT CASE

Maire Tecnimont SpA (MTIM) - Sr Unsecured - Fixed 2.625% - April 30, 2024 - XS1800025022			
YTM / YTC	1.99% / 1.51%	COUNTRY RATING (Italy)	Moody's: Baa3 / Stable
G-SPREAD	176.3 bps vs EUR Italy Sovereign Curve		S&P: BBB / Negative
I-SPREAD	192.7 bps vs Euro Swaps Curve (S45)		Fitch: BBB / Negative
ASW	194.2 bps vs Euro Swaps Curve (S45)	ISSUER / BOND RATING	Unrated
MODIFIED DURATION	1.48		ECB ELIGIBLE
OUTST. / MIN PIECE	EUR165m / 1k + 1k	BBG PD (1Y)	1.21%
BID-ASK / LQA SCORE	0.67 / 12/100	ALTMAN'S Z-SCORE	1.31
EXP. DAILY VOLUME	911,068	MARKETS	MOT (Borsa Italiana) Luxembourg Exchange
GOVERNING LAW	English law, Italian law	TIMELINESS OF RESULTS REPORTING	Adequate
JURISDICTION	English courts		
LEVEL OF CORPORATE DISCLOSURE	Adequate		

MAIN EXTERNAL RISK / RETURN FACTORS

Oil / Gas Price Risk	↑	Country / Currency Risk	↓
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Source: Bloomberg, Maire Tecnimont, Banca Promos

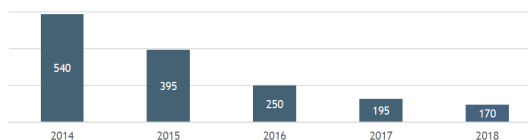
- DEBT** - The bond debt of Maire Tecnimont SpA includes **two debenture loans** issued in 2017 and due in **2023**, with a **floating coupon** (*6M EURIBOR + 340bps*), for **EUR20m each** (*bullet repayment*). The first tranche, 100% guaranteed by **SACE** (*Cassa Depositi e Prestiti Group*), was subscribed by the **Sviluppo Export Fund** (*promoted by SACE*); the second tranche was fully subscribed by **Amundi** on behalf of its pan-European Private Debt fund. Both tranches are also guaranteed by **Tecnimont SpA**. The securities, sold through a **private placement**, are not traded on any regulated market or MTF.
- BOND** - The EUR165m fixed-rate (**2.625%**) senior unsecured bond due in 2024, was issued by Maire Tecnimont SpA in 2018 in order to **partially repay the medium/long-term bank debt** of its subsidiary **Tecnimont SpA** (*EUR350m at the time of issue*). The notes are listed on **Borsa Italiana's MOT** market and on the **Luxemburg Stock Exchange**. Neither the issuer nor the issue is rated. The bond (*as issued by the holding company*) is structurally subordinated to the liabilities of the subsidiaries of the Group.
- COVENANT/CALL** - The **Terms and Conditions** of the EUR165m bond require the maintenance of a **NFP/Adjusted EBITDA ratio** (*Consolidated Net Leverage Ratio*) **below 2.5x** (*Limitation on Indebtedness*). The covenant is measured on a yearly basis: the next measurement will be based on **YE19** data. At any time on or after **April 30, 2021**, MT may redeem the notes, in whole or in part, at the following prices: **101.125** (2021), **100.563** (2022), **100** (2023 and thereafter).

Debt Refinancings and Spread Evolution (2018)

Facility	Amount (€m)	Tenor	Interest Rate
Bank Debt	€185	5 Yrs.	170bps (from 195)*
Revolving	€100 (up from €50)	5 Yrs.	170bps (from 195)*
Bond	€165	6 Yrs.	2.625%

* Spread

Bank Debt Spread (basis points, 2014-2018)



Source: Maire Tecnimont (October 2019)

MTIM 2024 vs. BTP 2024 (May 3, 2018 = 100)



Source: Bloomberg

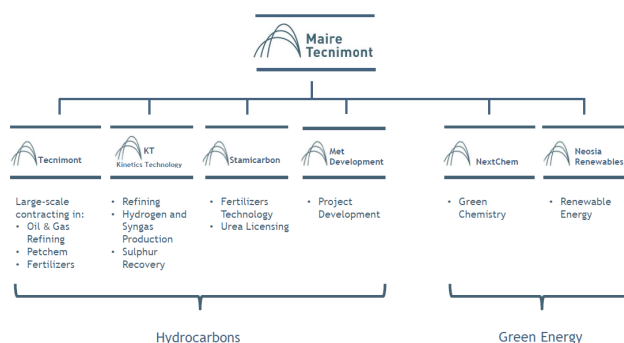
Maire Tecnimont 2.625% 04/30/2024

BTP 1.45% 11/15/2024

RISK FACTORS

- STRUCTURAL SUBORDINATION** - The issuer of the bond is the **holding company** of the Group and has no material assets or sources of sales, except for receivables against certain Group companies resulting from **intercompany loans**, and relies on **distributions** from such subsidiaries to service and repay the notes.
- PRICE RISK** - The **volatility** of the price for **oil** and **gas**, as well as **refined products**, **petrochemicals** and **fertilizers** deriving from the oil and gas transformation, can affect the trend of **investments** in the markets in which the Group operates.
- COUNTRY RISK** - MT operates on a global basis and is subject to the risk of political, social and economic instability in the **Middle East**, **Russia**, **Latin America** and **Nigeria**. A significant amount of the Group's projects are quoted in or linked to **USD** and **RUB**.

Group Structure (Main Companies)



Source: Maire Tecnimont (October 2019)

COMPANY UPDATE

- On October 1, 2019, MT has signed a **Memorandum of Intent** with **EuroChem**, a leading global fertilizer company, according to which **Tecnimont SpA** and **Tecnimont Russia LLC** will carry out the early works for a new **urea and ammonia production facility** at Kingisepp (*Russia*). The proposal from MT provides the value up to approximately **EUR1bn** for the new plant.
- On September 12, 2019, Tecnimont SpA has signed a **preliminary EPC contract** with **Egypt Hydrocarbon (Carbon Holdings Group)** related to the implementation of a new **ammonia plant** in Ain Sokhna (*Egypt*). The support of **SACE** and **US EXIM Bank** will be instrumental to execute the **financial closing**.
- On September 4, 2019, MT has been granted several awards for a total amount of **USD90m** in **Russia** and **Europe**. In particular, **Tecnimont Russia** has been awarded a contract by **Stavrolen (a subsidiary of Lukoil)** for the engineering design, procurement and construction activities for the **revamping** of a compounding line of the existing polyethylene units within its **petrochemical complex** in Stavropolskiy region (*Russia*).

MT IM Equity vs. WTI Crude Oil & Natural Gas

(May 3, 2018 = 100)



GLOSSARY

- **Ammonia** - Produced by the synthesis of natural gas and air. It is a consumer product as it is primarily the precursor of fertilizers, especially urea.
- **Downstream** - Sector of the refining of petroleum crude oil and the processing and purifying of raw natural gas, as well as the marketing and distribution of products derived from crude oil and natural gas.
- **Licensing** - Set of activities for granting a third-party with the right to use a given technology by the relevant licensor. Licensing is typically carried out through specific contracts and the provision of specific proprietary rights.
- **Petrochemicals** - A branch of industrial chemistry that uses oil (*or rather, petroleum fractions*) or natural gas as a raw material to make products other than those obtained by the oil industry itself, based on oil refining (*fuels, combustibles, lubricants and bitumen derived from oil are thus excluded from the field of petrochemicals*). Petrochemicals may be present in raw materials. In this case, the petrochemical process consists of the extraction of products. In other situations and more frequently, petrochemistry involves the chemical transformation of hydrocarbons that are found in oil or natural gas or which are formed during oil refining.
- **Polyethylene** - Synthetic polymer belonging to the family of polyolefins. It is produced from the catalytic reaction of ethylene and other comonomers. It is commonly used for the production of plastic items for domestic use, bags, plastic films, insulation for electrical cables, etc. According to the distribution of the molecular weights and degree of branching, various kinds of polyethylene are obtained: ultra-high molecular weight polyethylene, high density polyethylene, low density polyethylene (*LDPE*) and linear low density polyethylene (*LLDPE*).
- **Polyolefins** - Family of polymeric products which includes polyethylene and polypropylene. The starting reagents of these products (*olefins*) are obtained from crude oil through a series of chemical and physical processing operations. In particular, through a process called cracking, light hydrocarbons such as ethylene and propylene (*i.e., monomers composed of a single molecule*) are obtained. From their polymerization (*i.e., the chemical reaction that gives rise to the union of individual molecules*) more or less complex polymers such as polypropylene and polyethylene originate.
- **Upstream** - Searching for potential underground or underwater crude oil and natural gas fields, drilling exploratory wells, and subsequently drilling and operating the wells that recover and bring the crude oil or raw natural gas to the surface.
- **Urea** - Urea is produced from ammonia and carbon dioxide. It is particularly used in the fertilizer sector, where it is the most widely used inorganic fertilizer. The final product is solid and can be in 'prilled' or 'granular' form.

Source: Maire Tecnimont

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The level of corporate disclosure and the timeliness of results reporting shown in the "Investment Case" table is defined - on the basis of a qualitative assessment - with reference to the following scale: Adequate, Moderate, Inadequate. As of the date of this report, Banca Promos monitors the following bond issuers: Astaldi, Banca Sistema, Casino Guichard-Perrachon, Estra, Fincantieri, Goodvalley (Axzon), Kedrion, La Tecnica nel Vetro, Moby, Tereos, Wind Tre.

