

# TMPnews

Project Reference Person

*Aldo Sammartano*

Editor *TM.P. S.p.A. Termomeccanica Pompe*

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TM.P. S.p.A Termomeccanica Pompe

Tel. +39 0187 5521 • Fax 0187 552506

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## Message from the Managing Director

The reassuring portfolio of orders acquired during 2015 resulted in a heavy workload at the production level, but, thanks to the dedication of all its members, our company managed to achieve important results in terms of both turnover and earnings.

We feel particularly proud as this is at odds with what is happening to the other companies involved in our market sectors whose results have been declining, even quite significantly, for several years now.

Our positive "counter-trend" is the product of the growth policies undertaken over the last years, which have mainly been about new product development and geographical market expansion.

Our reference market sectors are not yet showing signs of recovery in spite of an exchange rate favorable to exports that definitely presents important advantages.

Indeed, other elements are at play that are bringing uncertainty such the low price of crude oil, the political instability of a large part of our main geographical markets and the expectation of significant macro-political changes in the very short-term.

Such uncertainty does not stimulate "investments", which are reduced to a minimum thus creating tensions on the prices of plant components such as our pumps and compressors.

To face this current market situation, our company has planned to develop new projects as well as make relevant investments that will help us consolidate our position while expecting an economic recovery that we will be fully ready to benefit from.

I seize the opportunity to wish all our readers a prosperous 2017.

Edoardo Garibotti



## RAM assigns Termomeccanica its rotating machines maintenance contract

Following the award of the Long Term Service Contract related to rotating equipment maintenance by RAM, Termomeccanica Pompe's on-site set-up is now running at full speed at the refinery.

This is a significant acquisition for TMP as the Milazzo Refinery had expressed the desire to be able to count on an original manufacturer for the maintenance of the plant's nearly 4,000 machines, thus leading manufacturers of international renown to participate in the bid. The contract, of a duration of three years, with the possibility of renewal for a further two years, was awarded to Termomeccanica Pompe in Temporary Partnership with its subsidiary Termomeccanica Service Sud.

Such subsidiary was established with the specific goal to handle the Service activities of the group on the national territory, relying on the engineering skills of the parent company, i.e. of an original manufacturer. Over time, Termomeccanica Service Sud has, in turn, developed a series of specific skills in the maintenance of other numerous types of rotating machines. Today, the company has local units in different locations spread over the country, in particular at Solvay Spinetta Marengo, in Piemonte, at ENI Sannazzaro in Lombardia, at ENEL Greenpower in Larderello in Tuscany, and at Versalis Brindisi in Puglia.

The Milazzo refinery, RAM (Mediterranean Refinery), is a consortium equally owned by ENI and Q8 and represents today an Italian reality that is able to compete on the global market. As for Sicily, RAM constitutes a key resource and opportunity both as an employment basin and technological center.

In this context, being integrated to the RAM system gives Termomeccanica Pompe the opportunity to collaborate on both quality maintenance and engineering activities, while offering Termomeccanica Service Sud a flagship set-up that further strengthens the company's presence on the national territory.

The Termomeccanica structure now operational at the refinery is composed of a total workforce of 35 units. The technical and operational staff accounts for 30 of these units while Accounting, Safety and Management staff represent the remaining 5. With regard to logistics, the company operates in a workshop with a covered area of about 700m<sup>2</sup>, located within a total area of approximately 2000m<sup>2</sup>.

Thanks to the financial strength of the Termomeccanica Group, TMP has been able to guarantee in full the existing jobs and invest straightaway over 500,000 euro in structure, machinery and means of transport, thereby ensuring a "smooth transition" from previous management.

This new acquisition has brought Termomeccanica Service Sud to exceed 100 operating units, technicians who form an integral part of the company. In fact, Termomeccanica Service Sud has always focused its attention on the development of its technical resources, including the on-site ones, offering them integration and career opportunities, in both the technical and safety fields.

Respecting the territories where it opens local units is also part of Termomeccanica Service Sud's culture. Indeed, the company always tries to select local personnel, both for fixed-term contracts to cover peaks of activity and open-ended ones for permanent employment. It also uses local companies as sub-suppliers for the majority of its auxiliary activities.

We therefore welcome our colleagues from Milazzo and wish them good work.



Milazzo Refinery

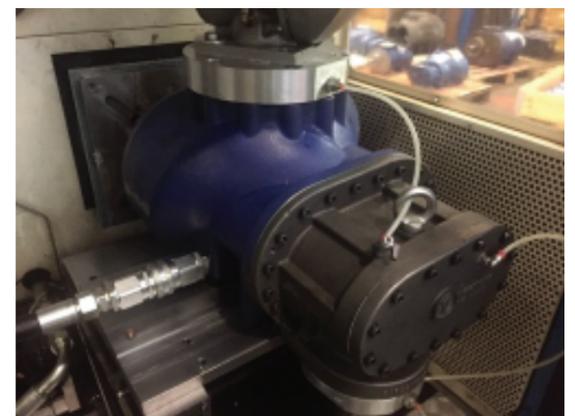
## Bare-shaft Division – Launch of the new ITA23 compressor

TMP's Bare-shaft Division is continuing with the production of the ITA Series, i.e. its new product range oriented towards improved performances and energy saving which is completely dedicated to air applications and entirely manufactured in its Italian factory.

After the success of the ITA18 model, TMP's Bare-shaft Division is ready to launch the ITA23 on the market, a model that was presented in preview at IMTS 2016 (International Manufacturing Technology Show) in Chicago last September.

The ITA23 covers powers from 132 up to 160 kW and can reach 15 barg.

As illustrated in our previous article dedicated to the ITA18, the new ITA Series represents an evolution from the existing SCA Series. In fact, thanks to the know-how acquired over the years, the Research and Development Department was able to develop a completely new range of products especially studied for air applications: the ITA Series are machines with a new rotor profile tailor made for the air field with their best performances centered on 8 and 10 barg. The machines are compact, silent and have been designed to reach the performances requested by the market at a lower speed and to grant the final customer more reliability and a longer life cycle.



ITA23 compressor

## Latest order acquisition in the international Oil & Gas market

At the end of 2016 TMP was assigned a contract of approximately 10 million euro for the supply of the main pumps of the Al-Zour LNG plant in Kuwait, i.e. n°14 Sea Water Supply Pumps + n°2 Sea Water Cooling Pumps (VS1-type)

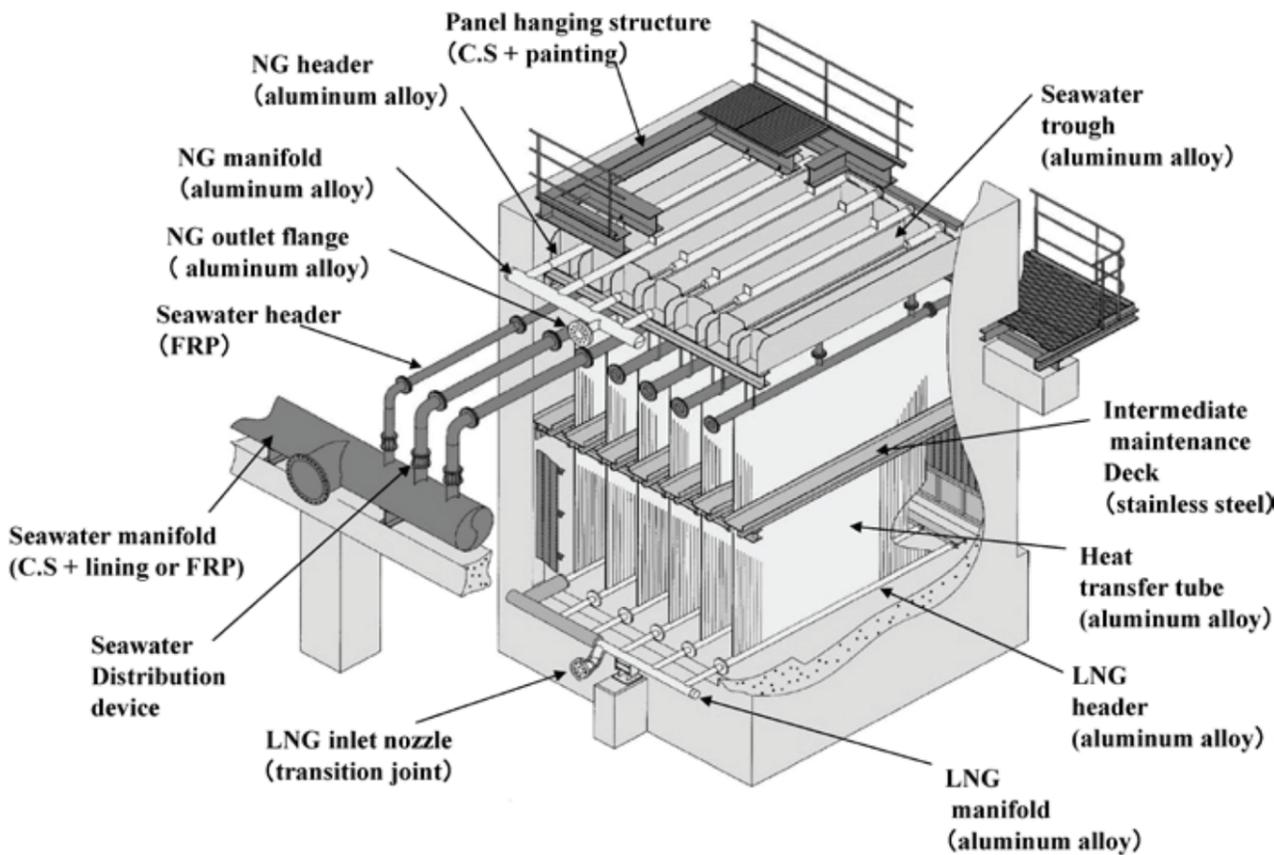
Such centrifugal pump package represents the first significant supply to Hyundai Engineering Co. (HEC) and further strengthens the presence of the company in the Korean market, considered strategic, following the supply of vertical VS4-type pumps to Hyundai Engineering & Construction Co. (HDEC).

The supply is part of the construction of a re-gasification plant with the capacity to process approximately 3 billion cubic meters of gas a day and equipped with 8 LNG storage tanks, assigned to a Korean consortium between HEC, HDEC and Korea Gas Corporation by the national Kuwaiti company in charge of the downstream oil refining activities: KNPC (Kuwait National Petroleum Company).

The Al-Zour LNG plant is an ORV, i.e. an "Open Rack Vaporizers" plant whose vaporizer will be supplied with seawater by TMP pumps. Such vaporizer has the capacity to bring liquefied gas from a -160°C temperature to ambient temperature, thus to the gaseous state (see diagram below).

The use of seawater as the heat source to vaporize liquefied natural gas makes the ORV plant a low cost one. The ORV plant's simplicity of operation and easy maintenance also correspond to the recent market trends.

The 14 pumps will be designed in compliance with the most stringent DEP Shell specifications and will make extensive use of Super Duplex stainless steel; they will be longer than 16 m below the mounting flange and will be equipped with a protected shaft, a mechanical anti-rotation system (ratchet), a hypochlorite piping and a 13/62 plan auxiliary sealing system. The pumps will also be driven by a 2.1 MW electric motor.



Scheme of ORV system

## New premises for Adicomp

A new head office and a larger production area. In January, Adicomp moved from the historic facilities of Sovizzo to the new production site in Isola Vicentina, also located in the Veneto region. The decision, taken last year, is part of the 2016-2018 three-year business plan, which aims at increasing the yearly production by 15% thanks to the expansion of the already well-covered Industry and Power Generation markets as well as the more recently developed Oil & Gas sector.

The new production area was expanded by more than 50% in comparison to the previous one and provides, if need be, the possibility of a further expansion. Moreover, the plant is equipped with a modern testing room connected to a 1 MW medium voltage electrical room. "It's been 18 years since the birth of Adicomp - explain the founders, Giovanni and Antonio Andreella. At the time, the means were minor, but we had so many ideas, and we could count on our years of experience.

These factors, combined with the enthusiasm and desire to create something important, allowed us to start with the adventure called Adicomp. Since then, we have grown, following the market evolution, always "seeking continuous improvement", as one of our slogans says. With this vision, we became part of Termomeccanica Pompe (TMP) in 2013 and shortly we will move into a larger "home", which is suited to our current business needs."

The synergies between Adicomp and the mother company, TMP, have been further strengthened in recent months with the implementation of the same ERP software (Enterprise Resource Planning), i.e. SAP. This step will ensure Adicomp an adequate support to the higher production volumes which are expected and will also allow the mother company to better integrate the subsidiary into the group monitoring and management processes.

## Summary of 2016 training activities at Termomeccanica Pompe

At the beginning of 2017, Human Resources analyzed the training activities held during the year 2016.

A total of 30 training sessions were held last year, involving 80 employees for a total of 670 hours of teaching. The training initiatives to be implemented each year are included in the training budget plan, which is prepared annually by the Group Human Resources Development Department based on the personnel training needs emerged and reported by the managers of the various departments during dedicated meetings and subsequently shared and authorized by the Managing Director of the company.

The aim of the training to be provided is to improve the professional skills of the human resources and to motivate them along their career path inside the company. The training activities are divided into three main areas: compulsory training on group Safety and Quality; cross competencies and technical skills; the latter alone represent, in principle, the largest part of the annual training budget. More specifically, in the year 2016, 17 of the 30 different training programs were designed to develop technical knowledge, representing 63% of the total teaching hours of the year (425 hours).

Amongst the issues tackled are acoustics, patterns, control on gears, vibrations and non-destructive testing with the issue and / or renewal of the related certificates.

Moreover, many of the training activities which were carried out were related to group Safety and Quality, aiming at upgrading skills and developing knowledge in accordance with the regulations currently in force and with the group's Quality System.

Many of the training initiatives were carried out using the so-called financed training, mainly through the use of inter-professional funds such as Fondimpresa. Specifically, 10 training courses were held with funding, 7 of which through the resources set aside by the company in Fondimpresa.

The table detailing the training activities undertaken over the last three years is available for consultation by all personnel in a special section of the company Intranet.



The editors of this issue are:

G. Bongiorno - S. Carret - D. Cecchini - E. Garibotti - M. Giacomelli - C. Nardini - D. Conte - L. Perioli - G. Schianchi