



# C e m b r e

Joint-stock Company  
Main Office: Via Serenissima, 9 – 25135 Brescia  
VAT no: 00541390175  
Share Capital: € 8.840.000 fully paid up  
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## Press release

### BOARD APPROVES INTERIM REPORT ON THE 1<sup>ST</sup> HALF OF 2018

#### **Cembre (STAR): consolidated sales up 10.1% in the 1<sup>st</sup> Half of 2018**

- In the 1<sup>st</sup> Half of 2018 sales on Italian market grew by 11.7% while sales to other markets increased by 8.8% on the corresponding period in 2017
- Capital expenditure for the 1<sup>st</sup> Half of 2018 amounted to €7.4 million
- Sales for the first eight months of the year were up by 11.2% on the corresponding period in 2017

Consolidated figures (€'000)	1 <sup>st</sup> Half		1 <sup>st</sup> Half		Change	Full year	
	2018	Sales margin %	2017	Sales margin %		2017	Sales margin %
<b>Sales</b>	73,295	100	66,596	100	10.1%	132,637	100
<b>Gross operating profit</b>	18,859	25.7	17,336	26.0	8.8%	33,434	25.2
<b>Operating profit</b>	15,492	21.1	14,227	21.4	8.9%	27,036	20.4
<b>Pre-tax profit</b>	15,421	21.0	14,222	21.4	8.4%	26,575	20.0
<b>Net profit</b>	11,699	16.0	10,150	15.2	15.3%	22,727	17.1
<b>Net financial position</b>	3,977		14,583			20,232	

*Brescia, September 11, 2018* – The Board of Directors of Cembre Spa – a STAR listed company and one of the largest European manufacturers of electrical connectors and tools for their installation – chaired by its Chairman and Managing Director Giovanni Rosani, approved at today's meeting the Report on the 1<sup>st</sup> Half of 2018.

In the first six months of 2018, the Group reported **consolidated sales** of €73.3 million, up 10.1% on €66.6 million in the corresponding period in 2017.

In the 1<sup>st</sup> Half of 2018, sales to Italian market amounted to €31.3 million, up 11.7% on the 1<sup>st</sup> Half of 2017, while sales outside Italy amounted to €41.9 million, up 8.8%. A total of 42.8% of Group sales were represented by Italy (as compared with 42.1% in the 1<sup>st</sup> Half of 2017), 41.9% by the rest of Europe (42.1% in the 1<sup>st</sup> Half of 2017), and the remaining 15.3% by the rest of the World (15.8% in the 1<sup>st</sup> Half of 2017). Sales of newly acquired company IKUMA KG for the 1<sup>st</sup> Half of 2018 amounted to €1.4 million. Net of the effect of these, consolidated sales of the Group would have increased by 7.9%. On May 3<sup>rd</sup> in fact the German subsidiary acquired, effective May 1, 2018, the entire capital stock of IKUMA KG, a company operating in the German electrical supplies market.

**Consolidated gross operating profit** for the 1<sup>st</sup> Half of 2018 amounted to €18.9 million, representing a 25.7% margin on sales, up 8.8% on the corresponding period in 2017 when it amounted to €17.3 million, representing a 26.0% margin on sales.

In the period the cost of goods sold and personnel costs as a percentage of sales declined despite the increase in the average number of employees from 680 to 747.

**Consolidated operating profit** for the period amounted to €5.5 million, representing a 21.1% margin on sales, up 8.9% on €4.2 million in the 1<sup>st</sup> Half of 2017, when it represented a 21.4% margin on sales.

**Consolidated profit before taxes** amounted to €5.4 million, representing a 21.0% margin on sales, up 8.4% on €4.2 million in the 1<sup>st</sup> Half of 2017, when it represented a 21.4% margin on sales.

**Net profit** for the first six months of 2018 amounted to €1.7 million, up 15.3% on €0.2 million in the 1<sup>st</sup> Half of 2017. The margin on sales amounted to 16.0%, as compared with 15.2% in the 1<sup>st</sup> Half of 2017. The reduction in the tax rate is due to the application starting in 2017 of the *Patent Box* tax regime that resulting in a benefit for the 1<sup>st</sup> Half of 2018 of €0.6 million. In the 1<sup>st</sup> Half of 2017 no tax benefit relating to the Patent Box regime was recorded as the agreement with Tax Authorities for the application of the tax regime was underwritten on December 22, 2017.

In the 1<sup>st</sup> Half of 2018 nonrecurring costs for the acquisition of IKUMA amounted to €21 thousand. Eliminating the effect of this negative component, profit margins for the period would have amounted to a:

- gross operating profit of €19.3 million, representing a 26.3% margin on sales, up 11.2% on the corresponding period in 2017;
- operating profit of €5.9 million, representing a 21.7% margin on sales, up 11.9% on the 1<sup>st</sup> Half of 2017;
- pre-tax profit of €5.8 million, representing a 21.6% margin on sales, up 11.4% on the 1<sup>st</sup> Half of 2017.

**Capital expenditure** in the 1<sup>st</sup> Half of 2018 amounted to €7.4 million and consisted primarily in investments in plant and equipment. In the 1<sup>st</sup> Half of 2017 capital expenditure amounted to €6.7 million. The increase in property, plant and equipment includes €2.0 million relating to IKUMA's customer list and €0.5 million relating to the IKUMA trademark, in line with the allocation of the acquisition price to individual assets of IKUMA.

The **consolidated net financial position** at June 30, 2018 amounted to a surplus of €4.0 million, down from December 31, 2017 when it amounted to a surplus of €20.3 million. In the 1<sup>st</sup> Half of 2018 the Company paid out €13.3 million in dividends, made capital investments amounting to €7.4 million and acquired German company IKUMA KG for €8.3 million. At June 30, 2017, the net financial position was equal to €14.6 million.

*“The steady increase in turnover – up 10.1% on the corresponding period in 2017 – registered in the 1<sup>st</sup> Half of the year and strengthened in July and August, saw an overall growth in sales for the first eight months of the year equal to 11.2% on the corresponding period in 2017. This result, obtained also with the contribution, in terms of sales, of the acquisition of German company IKUMA KG, makes Cembre confident of closing the year reporting a consistent increase in turnover and margins over 2017 – commented Cembre’s Chairman and Managing Director Giovanni Rosani.*

\* \* \* \*

*Cembre designs, manufactures and distributes electrical connectors and cable accessories. It enjoys a leadership position in Italy and significant market shares in the rest of Europe. It is also the world's largest producer of connector installation tools (mechanical, pneumatic and hydraulic) and tools for cable shearing. The products it has developed for connection to the rail and for other railway applications are used by the main companies in this sector round the world. Cembre owes its success to an insistence on innovative, high-quality products, a broad and thorough collection, and an extensive distribution network both in Italy and abroad.*

*Founded in Brescia in 1969, the Cembre Group is now a full-fledged international force. Along with the parent company in Brescia it has seven subsidiaries: five trading companies (two in Germany, one in France, Spain and the United States respectively) and a manufacturing and trading subsidiary (Cembre Ltd., based in Birmingham, U.K), for a total workforce of 759 as of June 30, 2018. Since 1990 its products have been certified by Lloyd's Register Quality Assurance for the design and production of accessories for cables, electrical connectors and tools for their installation.*

*Cembre has been listed on the Italian Stock Exchange since December 15, 1997, and on the STAR section since September 24, 2001.*

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Further information is available on the Company's institutional site [www.cembre.com](http://www.cembre.com)

**The manager responsible for preparing the Company's financial reports, Claudio Bornati, declares, pursuant to paragraph 2 of Article 154 bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the document results, books and accounting records.**

#### **Attachments - Financial Statements at June 30, 2018:**

- Consolidated Balance Sheet
- Consolidated Comprehensive Income Statement
- Consolidated Statement of Cash Flows

In the present document use is made of "alternative performance indicators" which are not provided for under European IFRS, and whose significance and content are illustrated below (in line with the guidelines contained in ESMA/2015/1415 published on October 5, 2015):

Gross Operating Profit (EBITDA): defined as the difference between sales revenues and costs for materials, of services received, and the net balance of operating income and charges. It represents the profit achieved before amortization, financial flows and taxes.

Operating Profit (EBIT): defined as the difference between the Gross Operating Profit and the value of depreciation, amortization and write-downs. It represents the profit before financial flows and taxes.

Net Financial Position: it represents the algebraic sum of cash and cash equivalents, financial receivables and current and non-current financial debt.

## Condensed Consolidated Financial Statements at June 30, 2018

### Consolidated Statement of Financial Position

ASSETS	Jun. 30, 2018		Dec. 31, 2017	
(euro '000)		<i>of which: related parties</i>		<i>of which: related parties</i>
<b>NON CURRENT ASSETS</b>				
Tangible assets	75.965		72.082	
Investment property	1.099		1.126	
Intangible assets	4.380		1.867	
Goodwill	4.615		-	
Other investments	10		10	
Other non-current assets	1.522		41	
Deferred tax assets	2.662		2.294	
<b>TOTAL NON-CURRENT ASSETS</b>	<b>90.253</b>		<b>77.420</b>	
<b>CURRENT ASSETS</b>				
Inventories	50.429		41.673	
Trade receivables	31.254		26.520	
Tax receivables	3.036		4.299	
Other receivables	1.190		465	
Cash and cash equivalents	17.978		20.232	
<b>TOTAL CURRENT ASSETS</b>	<b>103.887</b>		<b>93.189</b>	
<b>NON-CURRENT ASSETS AVAILABLE FOR SALE</b>	<b>-</b>		<b>-</b>	
<b>TOTAL ASSETS</b>	<b>194.140</b>		<b>170.609</b>	

LIABILITIES AND SHAREHOLDERS' EQUITY	Jun. 30, 2018		Dec. 31, 2017	
(euro '000)		<i>of which: related parties</i>		<i>of which: related parties</i>
<b>SHAREHOLDERS' EQUITY</b>				
Capital stock	8.840		8.840	
Reserves	121.166		111.508	
Net profit	11.699		22.727	
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>141.705</b>		<b>143.075</b>	
<b>NON-CURRENT LIABILITIES</b>				
Non-current financial liabilities	4.668		-	
Other non-current payables	1.480	1.480	-	-
Employee termination indemnity and other personnel benefits	2.669	271	2.664	184
Provisions for risks and charges	571	25	448	-
Deferred tax liabilities	2.889		2.047	
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>12.277</b>		<b>5.159</b>	
<b>CURRENT LIABILITIES</b>				
Current financial liabilities	9.333		-	
Trade payables	18.947		14.581	
Tax payables	2.606		268	
Other payables	9.272	766	7.526	200
<b>TOTAL CURRENT LIABILITIES</b>	<b>40.158</b>		<b>22.375</b>	
<b>LIABILITIES ON ASSETS HELD FOR DISPOSAL</b>	<b>-</b>		<b>-</b>	
<b>TOTAL LIABILITIES</b>	<b>52.435</b>		<b>27.534</b>	
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>194.140</b>		<b>170.609</b>	

## Condensed Consolidated Financial Statements at June 30, 2018

### Statement of Consolidated Comprehensive Income

	1 <sup>st</sup> Half 2018		1 <sup>st</sup> Half 2017	
(euro '000)		<i>of which: related parties</i>		<i>of which: related parties</i>
Revenues from sales and services provided	73.295		66.596	
Other revenues	241		253	
<b>TOTAL REVENUES</b>	<b>73.536</b>		<b>66.849</b>	
Cost of goods and merchandise	(29.674)		(23.992)	
Change in inventories	6.465		2.628	
Cost of services received	(9.563)	(334)	(8.555)	(333)
Non-recurring cost of services	(421)		-	
Lease and rental costs	(801)	(333)	(794)	(335)
Personnel costs	(20.360)	(477)	(18.696)	(160)
Other operating costs	(729)		(581)	
Increase in assets due to internal construction	515		583	
Write-down of receivables	(98)		(97)	
Accruals to provisions for risks and charges	(11)		(9)	
<b>GROSS OPERATING PROFIT</b>	<b>18.859</b>		<b>17.336</b>	
Property, plant and equipment depreciation	(3.040)		(2.836)	
Intangible asset amortization	(327)		(273)	
<b>OPERATING PROFIT</b>	<b>15.492</b>		<b>14.227</b>	
Financial income	3		73	
Financial expenses	(24)		(4)	
Foreign exchange gains (losses)	(50)		(74)	
<b>PROFIT BEFORE TAXES</b>	<b>15.421</b>		<b>14.222</b>	
Income taxes	(3.722)		(4.072)	
<b>NET PROFIT FROM ORDINARY ACTIVITIES</b>	<b>11.699</b>		<b>10.150</b>	
<b>NET PROFIT FROM ASSETS HELD FOR DISPOSAL</b>	<b>-</b>		<b>-</b>	
<b>NET PROFIT</b>	<b>11.699</b>		<b>10.150</b>	
<b>Items that may be reclassified subsequently to profit and loss</b>				
Conversion differences included in equity	247		(799)	
<b>COMPREHENSIVE INCOME</b>	<b>11.946</b>		<b>9.351</b>	
<b>BASIC AND DILUTED EARNINGS PER SHARE</b>	<b>0,70</b>		<b>0,60</b>	

## Condensed Consolidated Financial Statements at June 30, 2018

### Consolidated Statement of Cash Flows

	1 <sup>st</sup> Half 2018	1 <sup>st</sup> Half 2017
€ '000		
<b>A) CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>20.232</b>	<b>26.709</b>
<b>B) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit for the period	11.699	10.150
Depreciation, amortization and write-downs	3.367	3.109
(Gains)/Losses on disposal of assets	(5)	(26)
Net change in Employee Severance Indemnity	5	6
Net change in provisions for risks and charges	123	110
<b>Operating profit (loss) before change in working capital</b>	<b>15.189</b>	<b>13.349</b>
(Increase) Decrease in trade receivables	(4.734)	(4.322)
(Increase) Decrease in inventories	(8.756)	(2.124)
(Increase) Decrease in other receivables and deferred tax assets	170	814
Increase (Decrease) of trade payables	3.869	(1.024)
Increase (Decrease) of other payables, deferred tax liabilities and tax payables	4.926	1.680
<b>Change in working capital</b>	<b>(4.525)</b>	<b>(4.976)</b>
<b>NET CASH FLOW (USED IN)/FROM OPERATING ACTIVITIES</b>	<b>10.664</b>	<b>8.373</b>
<b>C) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure on fixed assets:		
- intangible	(2.840)	(431)
- tangible	(6.995)	(6.261)
- goodwill	(4.615)	-
Proceeds from disposal of tangible, intangible, financial assets		
- intangible	-	(2)
- tangible	114	512
Increase (Decrease) of trade payables for assets	497	363
<b>NET CASH FLOW (USED IN)/FROM INVESTING ACTIVITIES</b>	<b>(13.839)</b>	<b>(5.819)</b>
<b>D) CASH FLOW FROM FINANCING ACTIVITIES</b>		
(Increase) Decrease in other non current assets	(1)	(17)
(Increase) Decrease in financial assets from derivatives	-	(176)
Increase (Decrease) in bank loans and borrowings	14.001	-
Increase (Decrease) in derivative instruments	-	(43)
Change in reserves	56	(1.637)
Dividends distributed	(13.372)	(11.834)
<b>NET CASH FLOW (USED IN)/FROM FINANCING ACTIVITIES</b>	<b>684</b>	<b>(13.707)</b>
<b>E) INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (B+C+D)</b>	<b>(2.491)</b>	<b>(11.153)</b>
F) Foreign exchange differences	237	(687)
<b>I) CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (A+E+F+G+H)</b>	<b>17.978</b>	<b>14.869</b>
Assets available for sales included above	-	462
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>17.978</b>	<b>14.407</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>17.978</b>	<b>14.407</b>
Financial assets from derivative instruments	-	176
Current financial liabilities	(9.333)	-
Non current financial liabilities	(4.668)	-
<b>NET CONSOLIDATED FINANCIAL POSITION</b>	<b>3.977</b>	<b>14.583</b>
<b>INTERESTS PAID IN THE PERIOD</b>	<b>-</b>	<b>-</b>
<b>BREAKDOWN OF CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>		
Cash	14	28
Banks	17.964	14.379
	<b>17.978</b>	<b>14.407</b>