



Joint stock company
 Headquarters: Via Serenissima 9 – 25135 Brescia
 VAT and Tax ID: 00541390175
 Share capital € 8,840,000 fully paid up
 Registration number with the Brescia Companies
 Register no. 00541390175
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Press release

Board of Directors approves the interim report on operations at September 30, 2019

**CEMBRE (STAR): in the first nine months consolidated turnover grew by +2.8%
 Net financial position at September 30, 2019 amounted to a surplus of €1.0 million**

- Sales in Italy down (-1.9%) in the first nine months while foreign sales grow (+6.2%)
- Capital expenditure for the first nine months amounted to €8.1 million
- As at October 31st, sales for the first ten months grew by 1.9%, while the net financial position amounted to a surplus of €1.3 million

(euro '000)	1/1-9/30 2019	Marg. %	1/1-9/30 2018	Marg. %	change	3 rd Qtr. 2019	Marg.	3 rd Qtr. 2018	Marg.	change
Revenues from sales	110,306	100	107,270	100	2.8%	33,428	100	33,975	100	-1.6%
Gross operating profit (Ebitda)	28,661	26.0	26,695	24.9	7.4%	7,749	23.2	7,836	23.1	-1.1%
Operating profit (Ebit)	21,374	19.4	21,507	20.0	-0.6%	5,207	15.6	6,015	17.7	-13.4%
Profit before taxes	21,239	19.3	21,536	20.1	-1.4%	5,206	15.6	6,115	18.0	-14.9%
Net Profit	16,633	15.1	16,606	15.5	0.2%	4,258	12.7	4,907	14.4	-13.2%
Net financial position	1,040		4,111							

Brescia, November 14, 2019 - The Board of Directors of Cembre Spa – a company listed in the STAR segment of the Milan Stock Exchange 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 in Brescia the Interim Report on Operations as at September 30, 2019.

Consolidated sales for the first nine months increased from €107.3 million in 2018 to €110.3 million in 2019, marking an increase of 2.8%. This increase is due in particular to the consolidation of the German company IKUMA GmbH & Co. KG, acquired effective as of May 1, 2018, whose turnover in the first nine months of 2019 stood at €5.7 million; this company was included in the Group's results for the first nine months of 2018, exclusively for the May-September period, for an amount of €3.5 million. Without the contribution of IKUMA, the increase in consolidated sales in the first nine months of 2019 would have been 0.8 per cent. In the 3rd quarter of 2019, consolidated revenues fell when compared to the third quarter of 2018, down from €34.0 million to €33.4 million, marking a drop of 1.6%.

More specifically, in the first nine months of 2019, 39.5% of Group sales were represented by Italy (as compared with 41.4% in the first nine months of 2018), 46.9% by the rest of Europe (43.1% in the first

nine months of 2018), and the remaining 13.6% by the rest of the World (15.5% in the first nine months of 2018).

Therefore, the Cembre Group recorded a drop of 1.9% in turnover on the domestic market, while turnover on other markets rose by 6.2%.

Consolidated gross operating profit (Ebitda) for the first nine months of 2019 amounted to €28.7 million, corresponding to a 26.0% margin on sales, up 7.4% from €26.7 million reported in the first nine months of 2018, representing a 24.9% margin on sales. During the period, the incidence of the cost of sales fell, while the weight of the cost for services and personnel costs rose slightly. The average number of Group staff in the period went from 747 to 745, with an increase in employees from 687 to 709 and a decrease in temporary personnel.

The gross operating profit in the third quarter fell slightly compared to the third quarter of 2018 (-1.1%).

Consolidated operating profit (Ebit) amounted to €21.4 million, a 19.4% margin on sales, down 0.6% on €21.5 million in the first nine months of the previous year, when it represented a 20.0% margin on sales.

Operating profit for the third quarter of 2019 amounted to €5.2 million, a 15.6% margin on quarterly sales, down 13.4% on €6.0 million in the third quarter of 2018, when it represented a 17.7% margin on quarterly sales.

Consolidated profit before taxes for the first nine months of 2019 amounted to €21.2 million, representing a 19.3% margin on sales, down 1.4% on the profit before taxes reported in the first nine months of 2018, amounting to €21.5 million and corresponding to a 20.1% margin on sales.

Profit before taxes for the third quarter of 2019 amounted to €5.2 million, corresponding to a 15.6% margin on quarterly sales, down 14.9% on €6.1 million in the third quarter of 2018, when it amounted to a 18.0% margin on quarterly sales.

Consolidated net profit in the first nine months came to €16.6 million, corresponding to a 15.1% margin on sales, essentially unchanged compared to the figure of the first nine months of 2018. Net profit for the third quarter of 2019 fell by 13.2%, from €4.9 million, representing a 14.4% margin on sales, to €4.3 million, corresponding to a 12.7% margin on consolidated sales for the quarter.

Effective from January 1, 2019, the Group adopted the new IFRS 16 to account for leases and lease agreements. The application of this new standard involved an insignificant reduction in Group profit of €55 thousand (before taxes); for more details on the effects of the application of the aforementioned accounting standard, please refer to the Interim Report on Operations as at September 30, 2019.

The consolidated net financial position, which went from a positive balance of €7.5 million at December 31, 2018 to a positive value of €1.0 million at September 30, 2019, reflects the effects of the application of the new international accounting standard IFRS 16, which resulted in the recognition under non-current financial liabilities of €5.0 million and €1.4 million under current financial liabilities, as liabilities for leased assets, as well as the payment of dividends of €15 million by the Parent Company and capital expenditure of €8.1 million. At September 30, 2018, the net financial position was equal to a surplus of €4.1 million.

It should be noted that, net of the effects of the application of the new international accounting standard IFRS 16, the financial position at September 30, 2019 would have been positive and equal to €7.4 million.

Capital expenditure in the period amounted to €7.3 million in plant and equipment and €0.8 million in intangible assets, compared to investments of €15.4 million in the same period of 2018.

“The results of the first nine months of 2019 show growth in consolidated revenues (+2.8%), thanks to the positive contribution of the consolidation of IKUMA KG, acquired effective from May 1, 2018. Without this contribution, the increase in consolidated sales would have been 0.8%. The figures as at October 31, 2019 highlight the growth of 1.9% in consolidated revenues, while without IKUMA KG consolidation, organic growth would have been 0.3%. “Despite the situation of global uncertainty, the Cembre Group expects slight growth in the current year compared to 2018”, stated President 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. Cembre is one of the world’s leading manufacturers of tools (mechanical, pneumatic and hydraulic) for the installation of connectors and the shearing of cables. 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 fully-fledged international force. Along with the parent company in Brescia it has six subsidiaries: five trading companies (2 in Germany, 1 in France, Spain and the United States) and one manufacturing and trading subsidiary (Cembre Ltd., in Birmingham, U.K.), for a total workforce of 753 (figure updated as of September 30, 2019). 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 at Cembre’s institutional website www.cembre.com in the Investor Relations section.

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: Consolidated Financial Statements relating to the Interim Report on Operations as at September 30, 2019.

In this present press release, use is made of certain alternative performance indicators that are not envisaged in IFRS-EU accounting standards, and whose significance and content are illustrated below, in line with the ESMA/2015/1415 recommendation published on October 5, 2015:

Gross Operating Result (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 amortisation, cash flows and taxes.

Operating Result (EBIT): defined as the difference between the Gross Operating Result and the value of amortization/impairment. It represents the profit before cash flows and taxes.

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

This Interim Report on Operations has not been audited.

Interim Report on Operations at September 30, 2019
Consolidated Financial Statements
Consolidated Comprehensive Income Statement

	9 months 2019	9 months 2018
(euro '000)		
Revenues from contract with customers	110.306	107.270
Other revenues	798	549
TOTAL REVENUES	111.104	107.819
Cost of goods and merchandise	(36.433)	(43.301)
Change in inventories	941	8.329
Cost of services received	(14.771)	(14.071)
Non-recurring cost of services	-	(383)
Lease and rental costs	(261)	(1.246)
Personnel costs	(31.468)	(30.017)
Other operating costs	(1.183)	(1.078)
Increase in assets due to internal construction	759	734
Impairment losses on contract assets	(10)	(74)
Accruals to provisions for risks and charges	(17)	(17)
GROSS OPERATING PROFIT	28.661	26.695
Property, plant and equipment depreciation	(5.593)	(4.645)
Intangible asset amortization	(650)	(543)
Depreciation of lease assets	(1.044)	-
OPERATING PROFIT	21.374	21.507
Financial income	4	5
Financial expenses	(102)	(26)
Foreign exchange gains (losses)	(37)	50
PROFIT BEFORE TAXES	21.239	21.536
Income taxes	(4.606)	(4.930)
NET PROFIT FROM ORDINARY ACTIVITIES	16.633	16.606
Items that may be reclassified subsequently to profit and loss		
Conversion differences included in equity	533	284
COMPREHENSIVE INCOME	17.166	16.890

Interim Report on Operations at September 30, 2019
Consolidated Financial Statements
Consolidated Statement of Financial Position - Assets

ASSETS	Sept. 30, 2019	Dec. 31, 2018
(euro '000)		
NON CURRENT ASSETS		
Tangible assets	84.935	83.294
Investment property	1.035	1.071
Intangible assets	4.425	4.257
Goodwill	4.608	4.608
Lease assets	6.373	-
Other investments	10	10
Other non-current assets	1.008	1.522
Deferred tax assets	3.099	2.767
TOTAL NON CURRENT ASSETS	105.493	97.529
CURRENT ASSETS		
Inventories	51.903	50.619
Trade receivables	23.866	25.626
Tax receivables	1.444	2.035
Other receivables	1.262	1.842
Cash and cash equivalents	19.577	17.198
TOTAL CURRENT ASSETS	98.052	97.320
NON-CURRENT ASSETS AVAILABLE FOR SALE	-	-
TOTAL ASSETS	203.545	194.849

Interim Report on Operations at September 30, 2019

Consolidated Financial Statements

Consolidated Statement of Financial Position - Liabilities and Shareholders' Equity

LIABILITIES AND SHAREHOLDERS' EQUITY	Sept. 30, 2019	Dec. 31, 2018
(euro '000)		
SHAREHOLDERS' EQUITY		
Capital stock	8.840	8.840
Reserves	129.523	121.302
Net profit	16.633	22.736
TOTAL SHAREHOLDERS' EQUITY	154.996	152.878
NON-CURRENT LIABILITIES		
Non-current financial liabilities	4.966	1.000
Other non-current payables	989	1.480
Employee Severance Indemnity and other personnel benefits	2.218	2.557
Provisions for risks and charges	660	606
Deferred tax liabilities	2.566	2.846
TOTAL NON-CURRENT LIABILITIES	11.399	8.489
CURRENT LIABILITIES		
Current financial liabilities	13.571	8.667
Trade payables	9.605	14.863
Tax payables	3.671	2.367
Other payables	10.303	7.585
TOTAL CURRENT LIABILITIES	37.150	33.482
LIABILITIES ON ASSETS HELD FOR DISPOSAL	-	-
TOTAL LIABILITIES	48.549	41.971
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	203.545	194.849

Interim Report on Operations at September 30, 2019
Consolidated Financial Statements
Consolidated Statement of Cash Flows

	9 Months 2019	9 Months 2018
€ '000		
A) CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	17.198	20.232
B) CASH FLOW FROM OPERATING ACTIVITIES		
Net profit for the period	16.633	16.606
Depreciation, amortization and write-downs	7.287	5.200
(Gains)/Losses on disposal of assets	(17)	(5)
Net change in Employee Termination Indemnity	(339)	(30)
Net change in provisions for risks and charges	54	195
Operating profit (loss) before change in working capital	23.618	21.966
(Increase) Decrease in trade receivables	1.760	(548)
(Increase) Decrease in inventories	(1.284)	(10.632)
(Increase) Decrease in other receivables and deferred tax assets	839	(583)
Increase (Decrease) of trade payables	(2.990)	(1.136)
Increase (Decrease) of other payables, deferred tax liabilities and tax payables	3.742	6.312
Change in working capital	2.067	(6.587)
NET CASH FLOW (USED IN)/FROM OPERATING ACTIVITIES	25.685	15.379
C) CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on fixed assets:		
- intangible	(833)	(3.035)
- tangible	(7.261)	(12.336)
- goodwill	-	(4.615)
- right of use	(7.417)	-
Proceeds from disposal of tangible, intangible, available-for-sale financial assets		
- intangible	16	-
- tangible	132	120
Increase (Decrease) of trade payables for assets	(2.268)	1.346
NET CASH FLOW (USED IN)/FROM INVESTING ACTIVITIES	(17.631)	(18.520)
D) CASH FLOW FROM FINANCING ACTIVITIES		
(Increase) Decrease in other non current assets	514	(2)
(Increase) Decrease in other non current payables	(491)	-
Increase (Decrease) in bank payables	2.500	12.168
Increase (Decrease) in other loans	6.370	-
Change in reserves	-	120
Dividends distributed	(15.048)	(13.373)
NET CASH FLOW (USED IN)/FROM FINANCING ACTIVITIES	(6.155)	(1.087)
E) INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (B+C+D)	1.899	(4.228)
F) Foreign exchange conversion differences	480	275
G) CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (A+E+F)	19.577	16.279
Of which: assets held for disposal	-	-
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	19.577	16.279
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	19.577	16.279
Current financial liabilities	(13.571)	(10.001)
Non current financial liabilities	(4.966)	(2.167)
NET CONSOLIDATED FINANCIAL POSITION	1.040	4.111
INTERESTS PAID IN THE PERIOD	7	4,00
BREAKDOWN OF CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		
Cash	14	10
Bank deposits	19.563	16.269
	19.577	16.279