



**C e m b r e**



*Company presentation and  
2004 results*



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- Products and Markets
- Consolidated Financial Highlights
- Objectives and Strategies





## *Activity and Competitive Position*





## *Cembre*

- Cembre **develops, produces** and **markets** in Europe and in the USA **electrical crimp type connectors** and **related installation tools**
- Our main objective is to cooperate with our products' users to find the **best technical** and **economical solutions** related to **electrical connection applications**



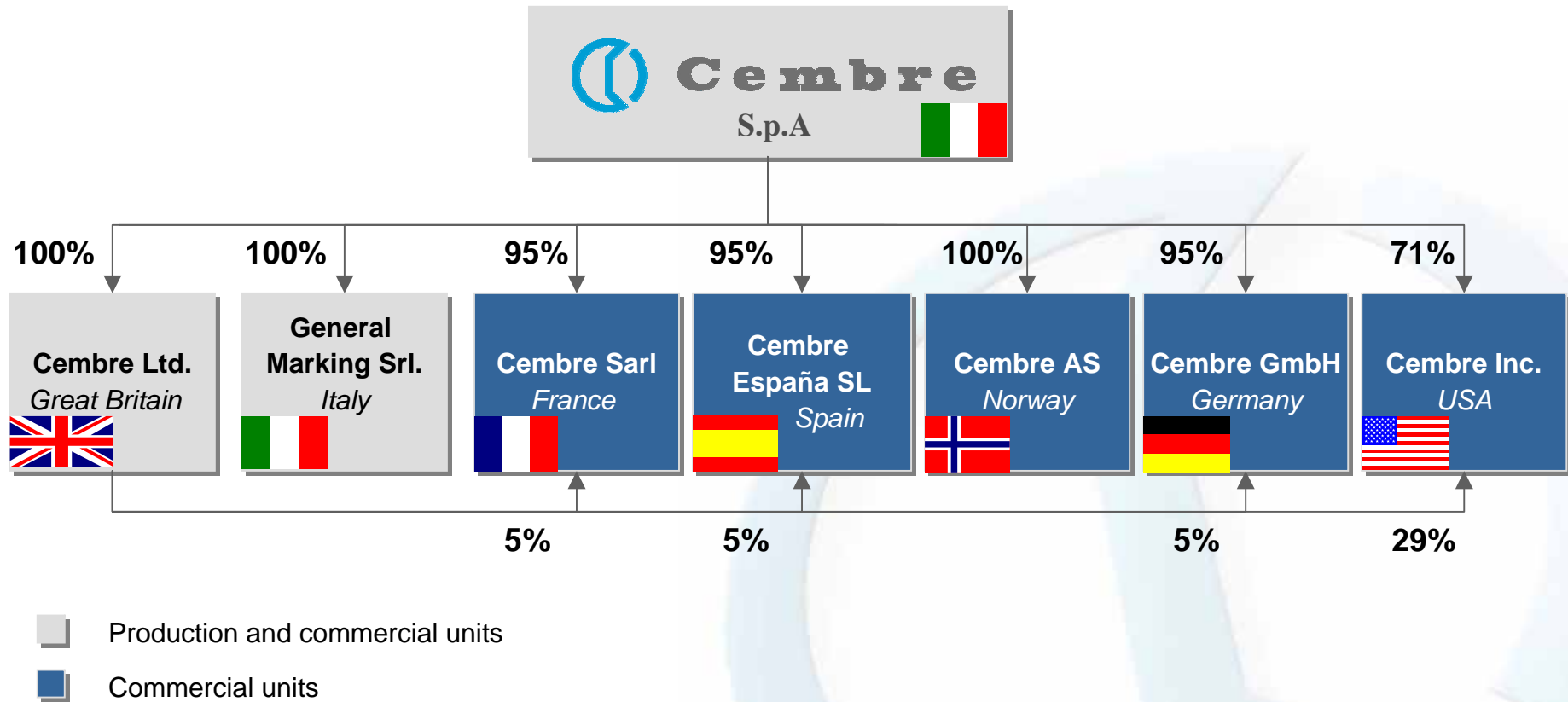
## *Competitive position*

Cembre Group is:

- **Italian leader** in **electrical crimp type connectors** and **related installation tools**, extensively used in large engineering projects
- **European leader** within **major worldwide producers** of **tools for the installation of electrical power connectors**

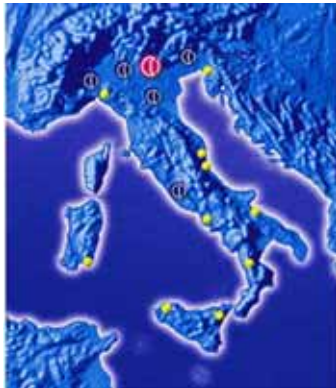


## Group structure





## *Distribution network*



- In Italy Cembre has an **extensive distribution network**, with offices and warehouses located in Milan, Rome, Turin, Padua and Bologna
- Present all over the **Italian territory** through a network of **own employed salesmen or representatives** able to offer fast and constant technical assistance
- Abroad Cembre operates through **five subsidiaries companies in Europe** (UK, France, Spain, Germany and Norway) and one **in the USA**
- **Presence in the main countries all over the world through** a network of importers and agents able to provide technical and commercial assistance and rapid delivery





## *Competitive advantages*

- **Technological leadership** thanks to a constant involvement in R&D
- **Extensive product range** characterised by a balanced relationship between quality and price
- Ability to **enter markets with a high growth potential** (railway, energy, US market,...)
- A commercial network consisting of **own employed salesmen**
  - **direct presence** in the main European markets and USA and long standing penetration in the main non European markets
  - constant **interaction with end users** and consolidated relationships with **distribution groups**
- **Rapid time to-market** and **automatic warehouse management**





## *Products and Markets*





## *Market trend (\*)*

- In 2004 turnover of global connectors market could reach approximately USD 33 billions with an increase of 17.4% with respect to 2003
- Growth will be supported by China (+30.2%) and by Japan (+21,9%). It is also expected a 19.4% growth in Europe, a 8.8% growth in North America and a 17.6% growth in Asian-Pacific area. In the "Rest of the World" is foreseen a 14.1% increase in turnover
- For 2008 it's forecasted a global connectors market turnover of approximately 43 billion, with a CAGR 03-08 of 9.0%
- Cembre operates in a **specific niche** - power connectors and terminal blocks

(\*) Source: Bishop & Associates



## *Expanding the products' range*

In order to keep the **market leadership** and to **fight the market slowdown of the period 2002-2003**, Cembre had sensibly **increased the range of products offered** through:

- **research activities** mainly focused on the **development of innovative products** for the **sectors with the highest growth potential** (rail transportation, civil and industrial plant engineering)
- **improvement and update of existing products** to get them easier to use and more efficient in their performances
- **widening of traditional products range**, now richer and more complete thanks to the **introduction of complementary products**



## *Electrical connectors*



- Turnover as at December 31, 2004: Euro 25.2 millions (+9.5% vs. December 31, 2003)
  - 56.5% Italy
  - 43.5% foreign countries (39.3% in Europe and 4.2% outside Europe)
  
- Characteristics:
  - **high and safe performance** guaranteed by effective **Quality Control** during production process
  - **high level automation** of manufacturing and consequent costs reduction
  - **quick adaptation** of products to clients' needs, thanks to its **high flexible productivity**



## Tools

- Turnover as at December 31, 2004: Euro 15.1 millions (+10.6% vs. December 31, 2003)
  - 25.9% Italy
  - 74.1% foreign countries (55.5% in Europe e 18.6% outside Europe)



- Characteristics:
  - **quick installation** of connectors thanks to tools used for compressing and cutting the conductors
  - **wide products range**: mechanical, pneumatic, hydraulic and electric based operations
- Development of new products in last two years:
  - **hydraulic battery operated pump** already marketed in Italy and Europe
  - the **new generation of battery tools** is intended to progressively substitute the traditional ones, as they are **more appreciated** thanks to the **elimination of physical endeavour**



## *Railway products*

- Railway products and accessories, turnover as at December 31, 2004: Euro 13.4 millions (+4.1% vs. December 31, 2003)
  - 22.4% Italy
  - 77.6% foreign countries (69.0% in Europe e 8.6% outside Europe)



- Characteristics:

- **high quality products**
- **constant R&D activities**
- **high potential growth**

- Development of new products:

- **Nut Runner - NR-11P** (to be marketed from 2005)
- **new machine for insertion and extraction of "Pandrol" type clips** for the fixing of rails to cross-beams (already marketed in Italy and Europe)



Both the products are very **competitive on the market** since they offer superior flexibility, lightness and velocity against alternative products



## Cable markers

- Cable markers, turnover as at December 31, 2004: Euro 2.2 millions (+0.2% vs. December 31, 2003)
  - 86.9% Italy
  - 13.1% foreign countries (10.0% in Europe and 3.1% outside Europe)



- With the introduction of these new products Cembre:
  - further **enriched its offer with thousand of new articles** (electrical equipment wholesalers prefer supplier with a wide catalogue)
  - **strengthened its competitive position** in Italy and **created big opportunities** to enter the European markets
  - **entered a market**, worth of Euro 25 million considering only Italy
  - **improved** the production structure
- Moreover, **thanks to the existing distribution network**, internationally widespread, Cembre was able to put in place, also for these products, an aggressive marketing and a capillary distribution



## *Other products*

- Cable glands, turnover as at December 31, 2004: Euro 4.9 millions (+17.0% vs. December 31, 2003)
  - 95.8% Italy
  - 4.2% foreign countries (3.8% in Europe and 0.4% outside Europe)

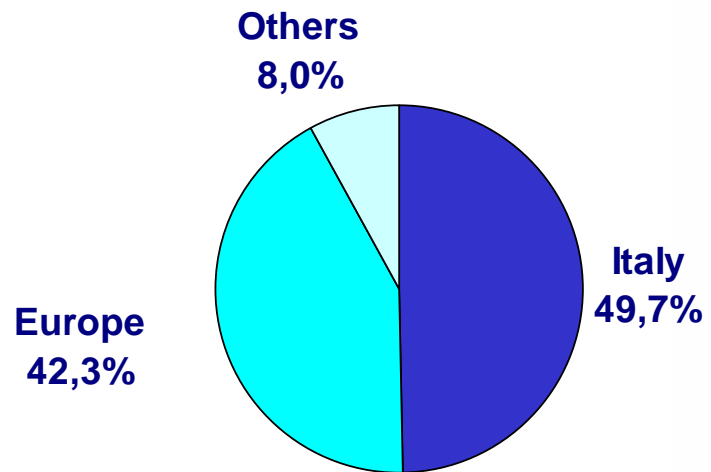


- Terminal blocks, turnover as at December 31, 2004: Euro 2.1 millions (+8.3% vs. December 31, 2003)
  - 92.5% Italy
  - 7.5% foreign countries (7.2% in Europe and 0.3% outside Europe)
- Product upgrade:
  - implementation of the new European Union safety regulations required the adoption of modern connection systems as those manufactured by Cembre Group

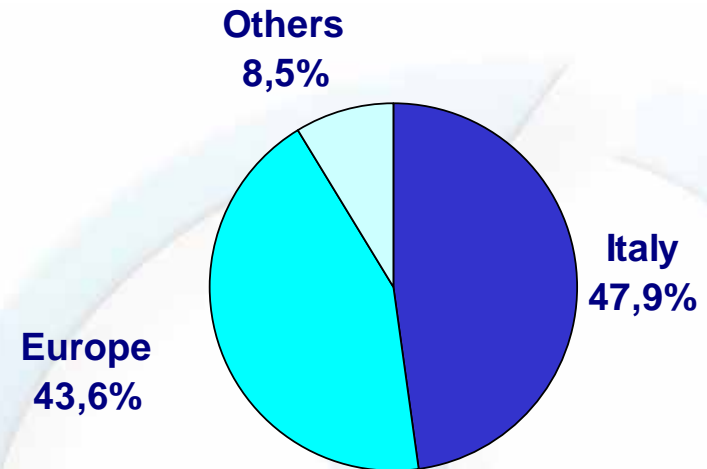




## *Turnover breakdown by geographical area*



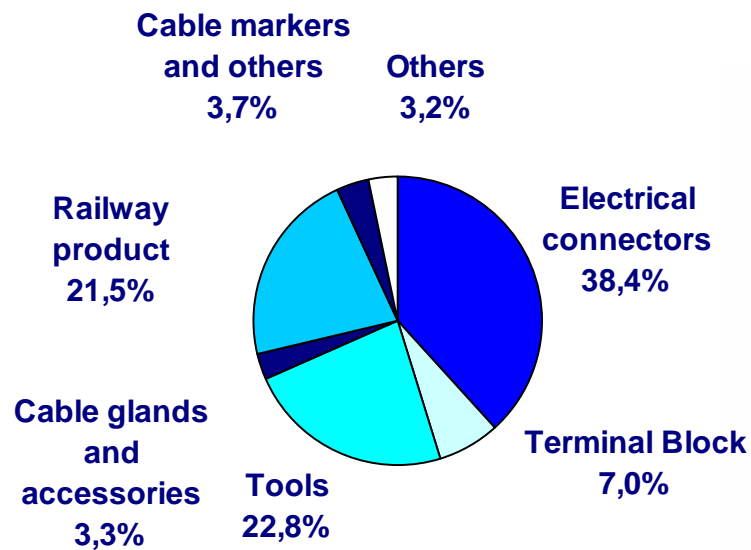
**December 31, 2003**  
**Euro 59.9 millions**



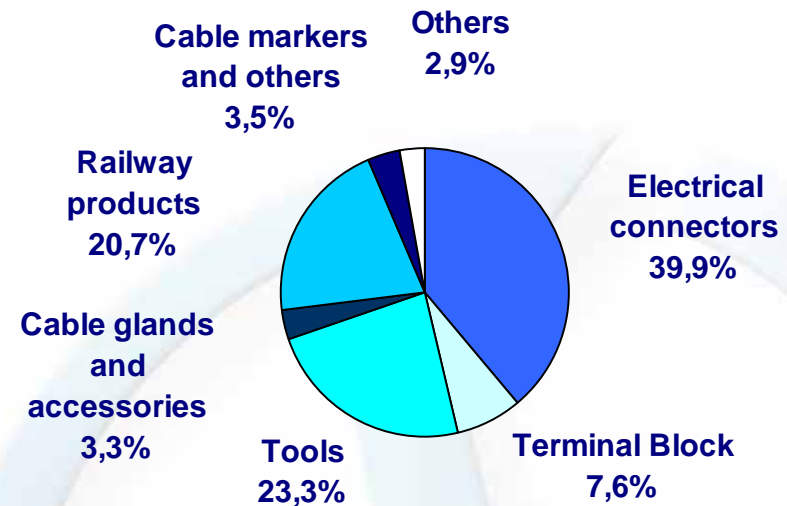
**December 31, 2004**  
**Euro 65.3 millions**



## Turnover breakdown by product



December 31, 2003  
Euro 59,9 million



December 31, 2004  
Euro 65.3 million



## *Consolidated Financial Highlights*





## *2004 consolidated results: highlights*

2004 consolidated results are characterised by:

- **Increase of sales** of 9.1% thanks to:
  - continuous **preservation** of **leadership position** in Italy (+5.0% of sales on national market)
  - progressive **reinforcement** of **competitive position** on foreign markets (+13.0% sales foreign countries)
  
- **Improvement** of all margins thanks to costs containment and the lower incidence of amortizations, in particular:
  - EBITDA +15.1% vs. December 31, 2003
  - EBIT +26.5% vs. December 31, 2003
  
- **Remarkable reduction of net financial debts** which is Euro 1.7 millions as at December 31, 2004 (Euro 7.5 millions as at 31 December, 2003). This improvement is substantially due to:
  - good trend of economic account
  - reduction of investments made (Euro 3.0 millions as at December 31, 2004 vs. Euro 3.7 millions as at December 31, 2003)



## *Year-to-date consolidated results*

<b>Euro millions</b>	<b>2004</b>	<b>2003</b>	<b>Changes</b>
<b>Sales</b>	<b>65.3</b>	<b>59.9</b>	<b>9.1%</b>
<b>EBITDA</b> <i>In % of sales</i>	<b>12.5</b> <b>19.2%</b>	<b>10.9</b> <b>18.2%</b>	<b>15.1%</b>
<b>EBIT</b> <i>In % of sales</i>	<b>8.0</b> <b>12.3%</b>	<b>6.4</b> <b>10.6%</b>	<b>26.5%</b>
<b>EBT</b> <i>In % of sales</i>	<b>7.7</b> <b>11.8%</b>	<b>5.7</b> <b>9.5%</b>	<b>35.8%</b>



## *Q4 consolidated results*

<b>Euro millions</b>	<b>Q4 04</b>	<b>Q4 03</b>	<b>Changes</b>
<b>Sales</b>	<b>16.5</b>	<b>15.0</b>	<b>9.8%</b>
<b>EBITDA</b> <i>In % of sales</i>	<b>4.0</b> <b>24.0%</b>	<b>3.0</b> <b>19.9%</b>	<b>32.3%</b>
<b>EBIT</b> <i>In % of sales</i>	<b>2.5</b> <b>15.2%</b>	<b>1.7</b> <b>11.4%</b>	<b>46.6%</b>
<b>EBT</b> <i>In % of sales</i>	<b>2.3</b> <b>14.1%</b>	<b>1.5</b> <b>10.2%</b>	<b>51.8%</b>



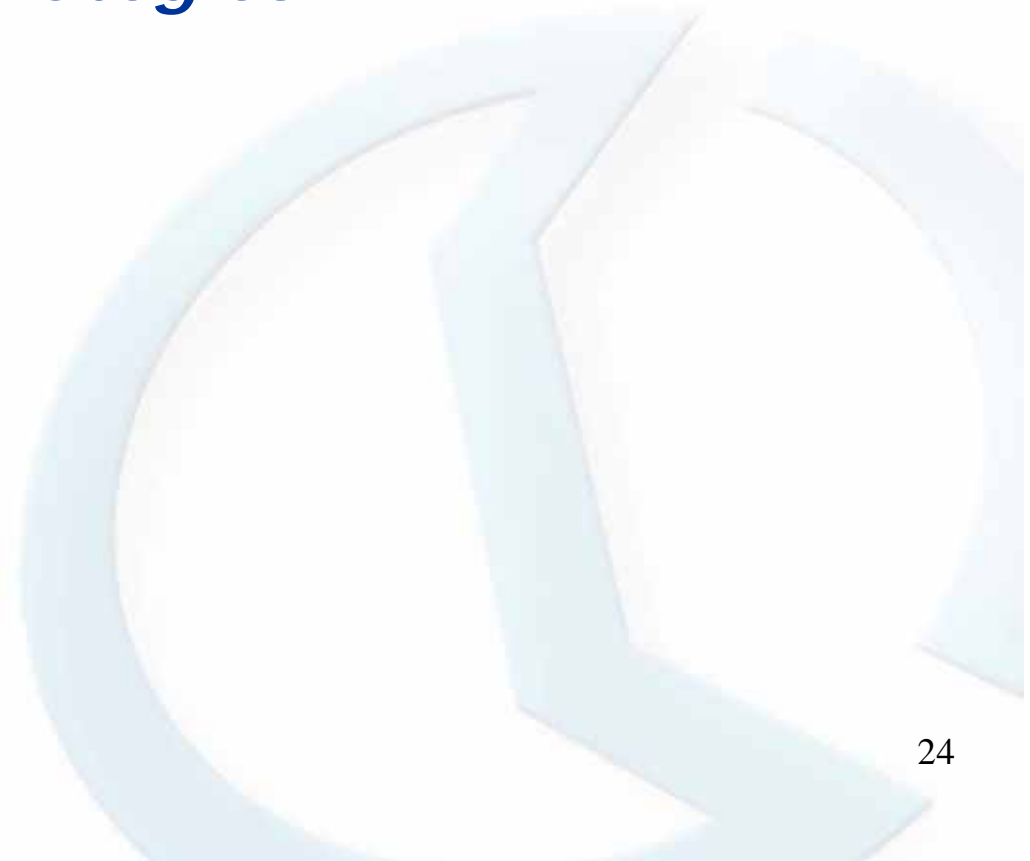
## *Net financial debt*

Euro millions





## *Objectives and Strategies*







## *Objectives*

Future Cembre's objectives:

- **turnover increase** thanks to:
  - **continuous update of existing products** and **development of new products**
  - **higher penetration of US market**
  - carrying out of **high-speed lines** in different European Countries
  
- **continuous recover of profitability** thanks to:
  - **higher operative efficiency** in the production structure able to answer a demand increase with low investments
  - **Improvement of margins** of cable markers products thanks to the progressive results due to synergies between General Marking production and Group's distribution network



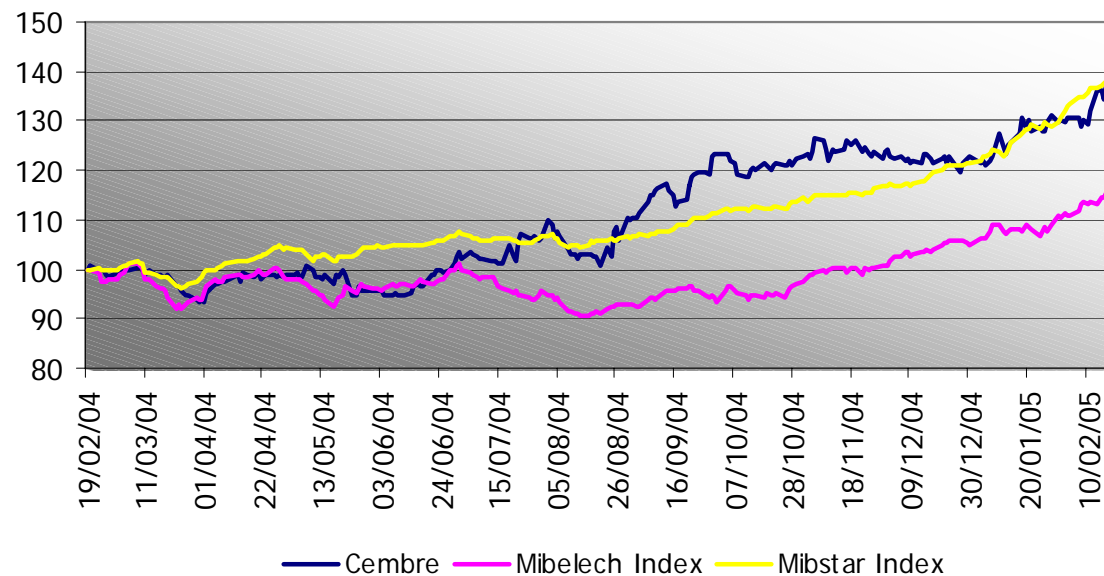
## *Strategies*

- Continue to improve quality of products and extend the range thanks to the **constant and intensive R&D activities**
- **Strengthen the presence on foreign markets**
  - increase of penetration in the USA
  - expansion of market shares in Europe
  - strengthening of presence on South-East Asian market
- **Further reinforcement of existing market share** in Italy, where Cembre has already a leadership position



## Stock trend

From 19<sup>th</sup> February 2004 to 18<sup>th</sup> February 2004, Cembre stock recorded a 40.7% upside, against a positive performance of Mibelech - sector index (electronic and electromechanical sector) of 16.4% and of Mibstar of 38.2%.



Source: Banca Aletti & C. S.p.A. data processing on Bloomberg data