



C e m b r e



Company presentation



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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**



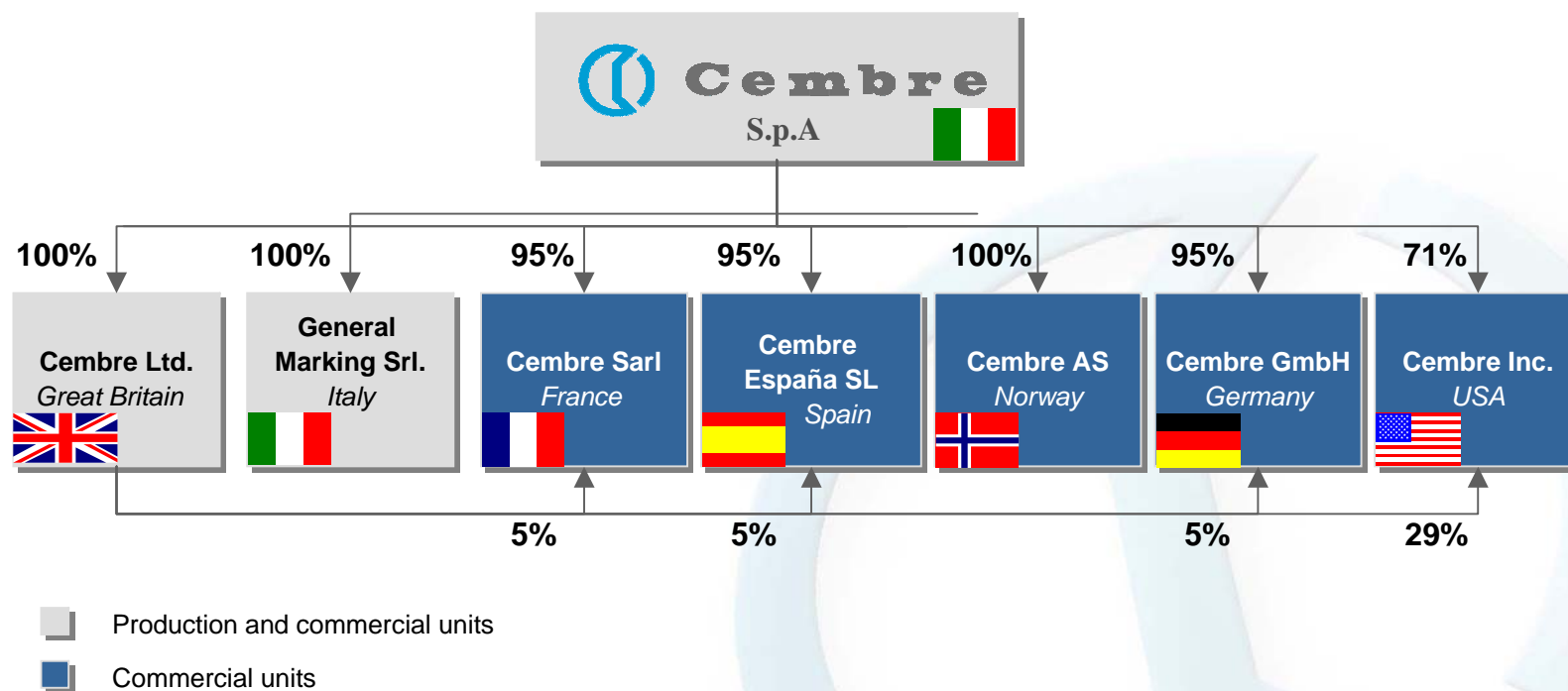
Competitive position

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**

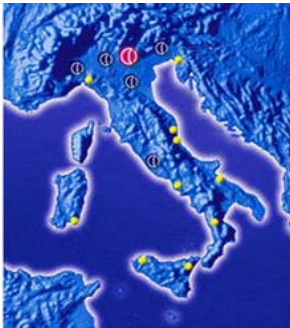


Group structure





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 reached approximately USD 33.4 billions with an increase of 17.9% with respect to 2003
- Growth will be supported by China (+34.8%). It was also recorded a 19.9% growth in Europe, a 18.1% growth in Japan, a 10.3% growth in North America and a 16.5% growth in Asian-Pacific area. In the "Rest of the World" the growth reached 17.5%.
- 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 September 30, 2005: Euro 19.2 millions (-0.6% vs. September 30, 2004)
 - 54.2% Italy
 - 45.8% foreign countries (41.9% in Europe and 3.9% 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 September 30, 2005: Euro 11.3 millions (+0.2% vs. September 30, 2004)
 - 24.2% Italy
 - 75.8% foreign countries (59.0% in Europe e 16.8% 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**



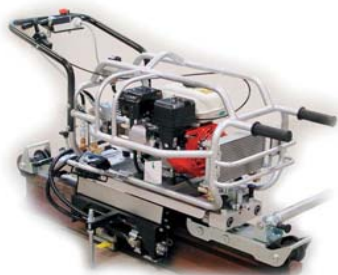
Railway products

- Railway products and accessories, turnover as at September 30, 2005: Euro 12.3 millions (+27.5% vs. September 30, 2004)
 - 16.1% Italy
 - 83.9% foreign countries (73.4% in Europe e 10.5% outside Europe)



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

- Development of new products:
 - **Nut Runner - NR-11P** (marketed in 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 September 30, 2005: Euro 1.8 millions (+9.1% vs. September 30, 2004)
 - 79.4% Italy
 - 20.6% foreign countries (14.3% in Europe and 6.3% 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

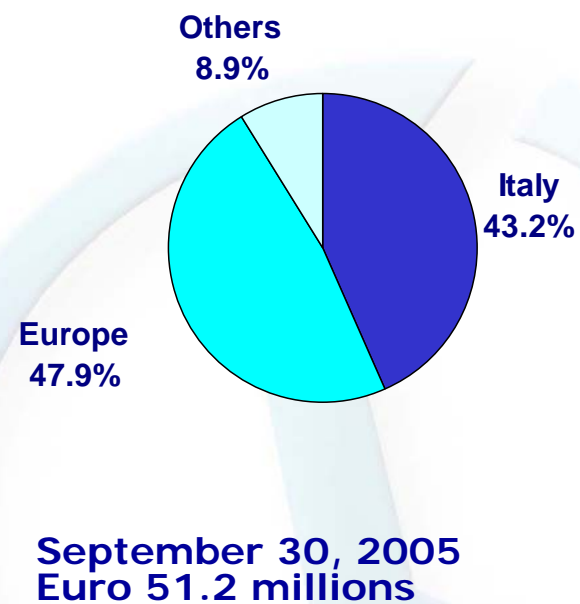
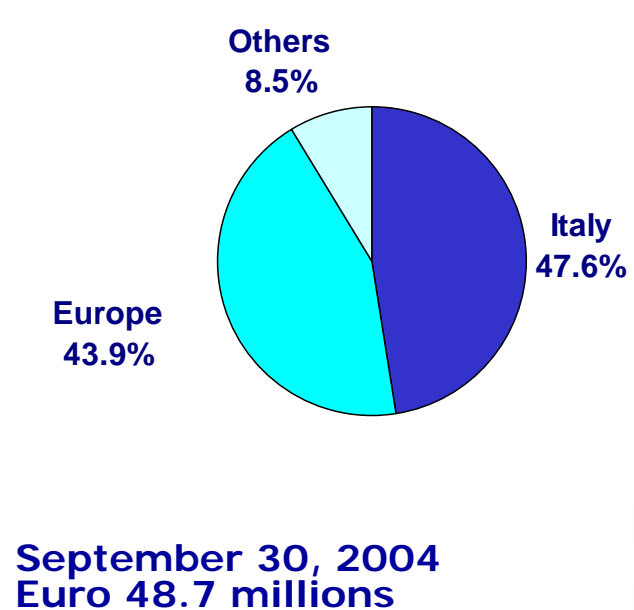
- Cable glands, turnover as at September 30, 2005: Euro 3.7 millions (-1.2% vs. September 30, 2004)
 - 94.6% Italy
 - 5.4% foreign countries (4.2% in Europe and 1.2% outside Europe)



- Terminal blocks, turnover as at September 30, 2005: Euro 1.6 millions (-2.9% vs. September 30, 2004)
 - 92.0% Italy
 - 8.0% foreign countries (7.5% in Europe and 0.5% 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

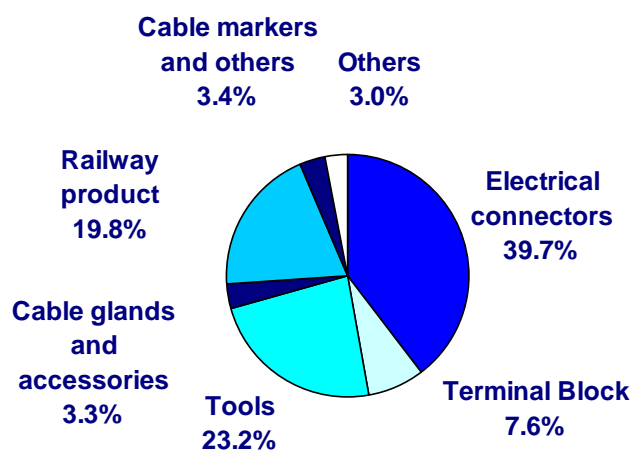


Turnover breakdown by geographical area

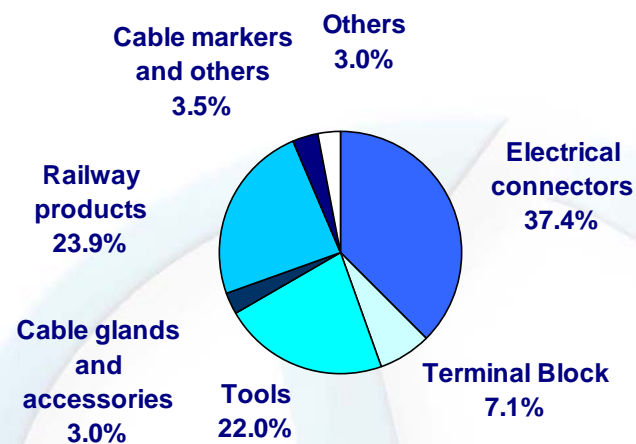




Turnover breakdown by product



September 30, 2004
Euro 48.7 million



September 30, 2005
Euro 51.2 million



Consolidated Financial Highlights





2004 consolidated results: highlights

Consolidated results of the **first nine months of 2005** were characterised by:

- **Increase of sales** of 5.1% thanks to the progressive **reinforcement** of **competitive position** on foreign markets that recorded a 13.9% increase
- **Improvement** of all margins thanks to:
 - higher increase in operative efficiency
 - costs containment
 - lower incidence of amortizations
- **A positive net financial position** which amount to Euro 1.8 millions (negative for 3.0 millions as at September 30, 2004).
- **IAS/IFRS impacts:**
 - The adoption of IAS/IFRS principles did not imply relevant impact on Cembre figures



*Year-to-date consolidated results **

Euro millions	Sept. 30, 05	Sept. 30, 04	Changes %	Dec. 31, 04
Sales	51.2	48.7	5.1%	65.1
EBITDA <i>In % of sales</i>	10.6 20.8%	8.4 17.2%	26.9%	12.2 18.7%
EBIT <i>In % of sales</i>	7.8 15.3%	5.3 10.9%	47.2%	7.7 11.8%
EBT <i>In % of sales</i>	8.0 15.6%	5.2 10.7%	53.0%	7.3 11.1%

**IAS/IFRS figures*



*Q3 consolidated results **

Euro millions	Q3 05	Q3 04	Changes %
Sales	16.2	15.3	6.1%
EBITDA <i>In % of sales</i>	3.0 18.5%	2.5 16.3%	20.6%
EBIT <i>In % of sales</i>	2.1 13.0%	1.4 9.5%	45.3%
EBT <i>In % of sales</i>	2.0 12.7%	1.4 8.9%	50.8%

**IAS/IFRS figures*



IAS/IFRS adoption

Euro millions	Sept. 30, 04	Sept. 30, 04	Dec. 31, 04	Dec. 31, 04
	<i>IAS/IFRS</i>	<i>Reclassified Italian GAAP</i>	<i>IAS/IFRS</i>	<i>Reclassified Italian GAAP</i>
Sales	48.8	48.9	65.1	65.3
Personnel costs	(15.7)	(15.5)	(20.2)	(19.8)
EBITDA	8.4	8.5	12.2	12.5
EBIT	5.3	5.4	7.7	8.0
EBT	5.2	5.4	7.3	7.7
Net Profit			3.8	4.1



Effects of the adoption of IAS/IFRS

Reconciliation of consolidated EBT– Sept. 30, 2004

Euro millions

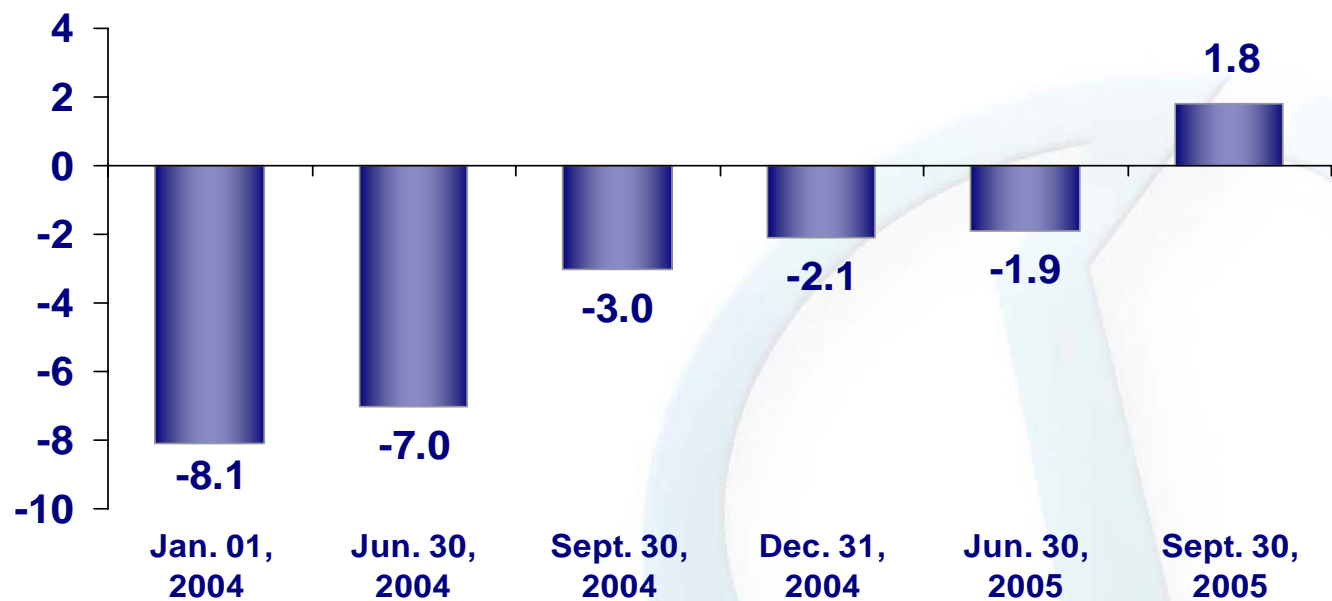
EBT under Italian GAAP	5.382
<i>Elimination of land depreciation</i>	14
<i>Discounting of Employee Severance Indemnity</i>	(170)
<i>Fair value valuation of interest rate swap</i>	(22)
<i>Reclassification of taxes previously recorded under extraordinary charges*</i>	20
EBT under IAS/IFRS	5.224

**Taxes previously recorded under extraordinary charges were reclassified under item Income taxes*



*Net financial position**

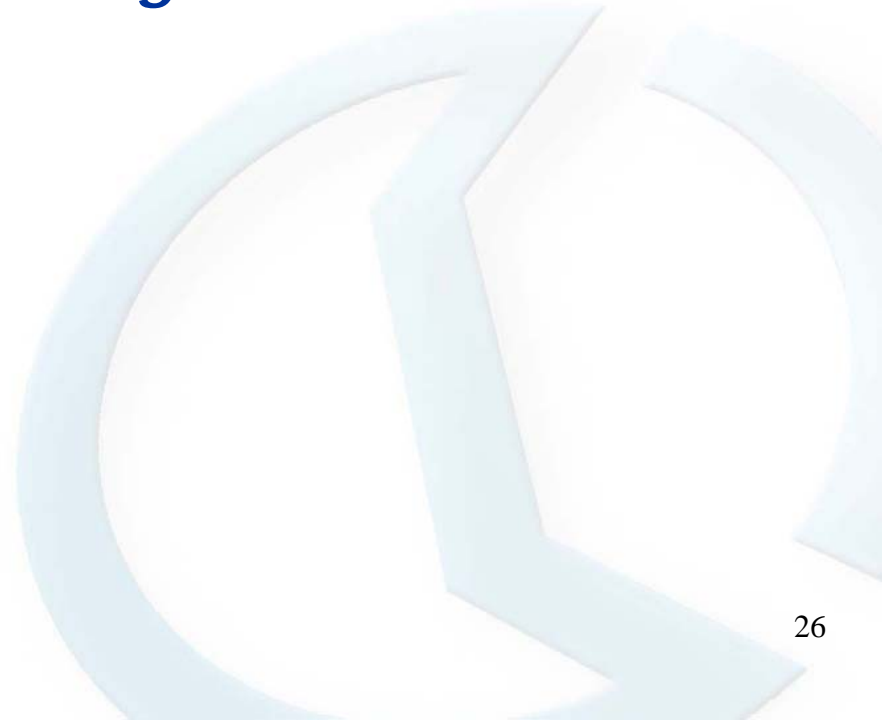
Euro millions



**IAS/IFRS figures*



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

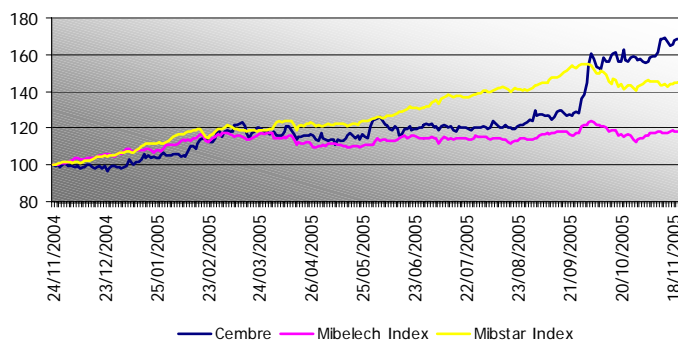
- Continue to improve quality of products and extend the range thanks to the **constant and intensive R&D activities**
- **Strengthen the presence on foreign markets**
 - increase of penetration in the USA
 - expansion of market shares in Europe
 - strengthening of presence on South-East Asian market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



Stock trend

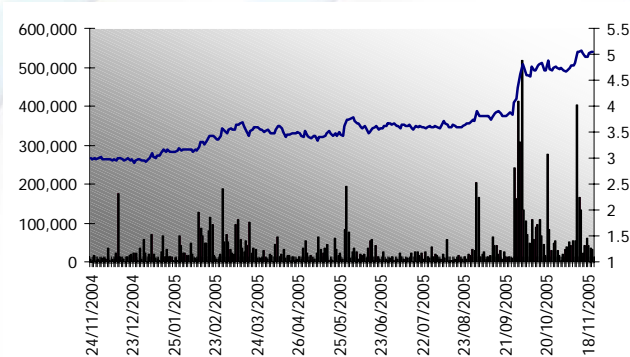
Cembre stock and reference indices trend

From 24th November 2004 to 23rd November 2005, Cembre stock recorded a 68.2% upside, against a positive performance of Mibelech - sector index (electronic and electromechanical sector) of 18% and of Mibstar of 42.2%.



Cembre prices and volumes

From 24th November 2004 to 23rd November 2005, the daily average of shares treated were approximately of 39.867, with a daily average counter-value of securities of approximately € 159.799.



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