



**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**



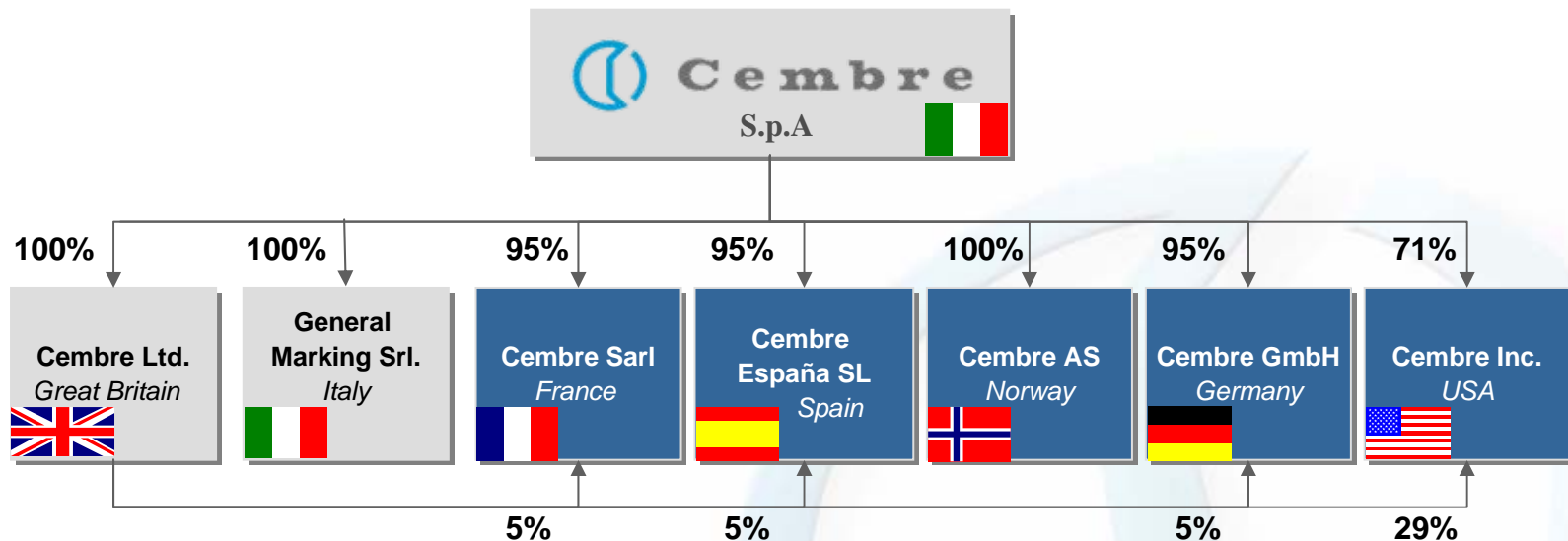
## *Competitive position*

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

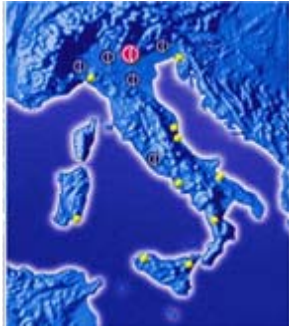


 Production and commercial units

 Commercial units



## *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 2006 turnover of global connectors reached approximately USD 40 billions with an increase of 12.6% with respect to 2005
- Growth was driven by China (+29.8%). The growth rate for Europe was 9.8%, North America 7.8%, Japan 6.5%, Asian-Pacific area 18% and in the “Rest of the World” 15.4%.
- 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 product** (f.i.cable markers)



## Electrical connectors



- Turnover as at June 30, 2007: Euro 19.5 millions (+ 19.6% vs. June 30, 2006)
  - To Italy: 20.1% of total sales
  - To foreign countries: 19.7% of total sales (17.2% to Europe and 2.5% 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 June 30, 2007: Euro 10.9 millions (+18.2% vs. June 30, 2006)
  - To Italy: 5.3% of total sales
  - To foreign countries: 17.0% of total sales (11.8% to Europe and 5.2% 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 June 30, 2007: Euro 9.7 millions (+7,5% vs. June 30, 2006)
  - To Italy: 2.6% of total sales
  - To foreign countries: 17.2% of total sales (14.1% to Europe and 3.1% outside Europe)



- Characteristics:

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

- Development of new products:

- **Nut Runner - NR-11P** (marketed in the second half of 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 June 30, 2007: Euro 2.7 millions (+53,7% vs. June 30, 2006)
  - To Italy: 4.5% of total sales
  - To foreign countries: 1% of total sales (0.7% to Europe and 0.3% 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 June 30, 2007: Euro 3.4 millions (+12.9% vs. June 30, 2006)
  - To Italy: 6.5% of total sales
  - To foreign countries: 0.5% of total sales (Europe)

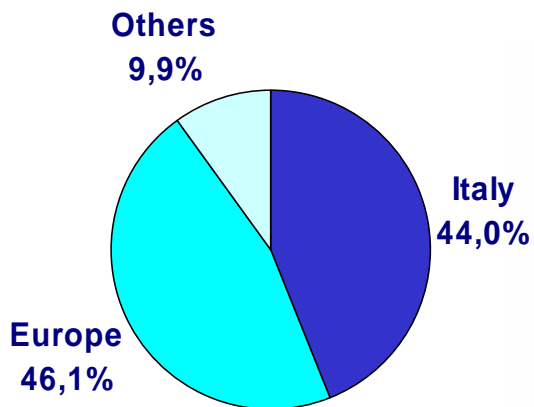


- Terminal blocks, turnover as at June 30, 2007: Euro 1.3 millions (+8.6% vs. June 30, 2006)
  - To Italy: 2.4% of total sales
  - To foreign countries: 0.3% of total sales (Europe)
- Product upgrade:
  - implementation of the new European Union safety regulations required the adoption of modern connection systems as those manufactured by Cembre Group

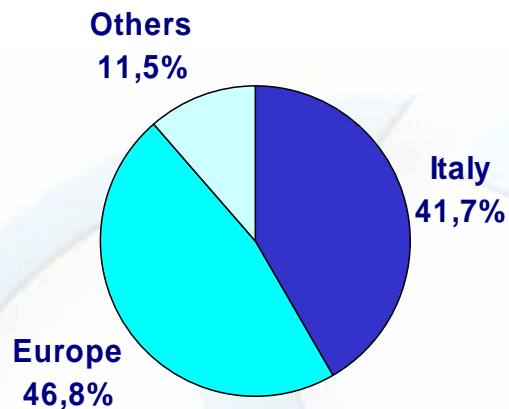




## *Turnover breakdown by geographical area*



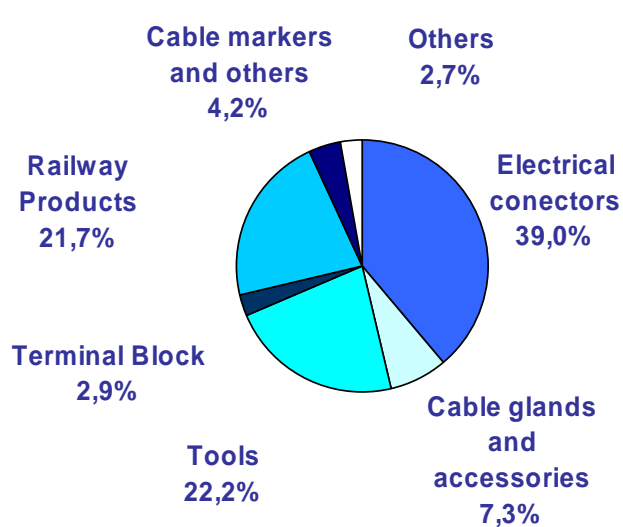
**Jun. 30, 2006**  
**Euro 41.8 millions**



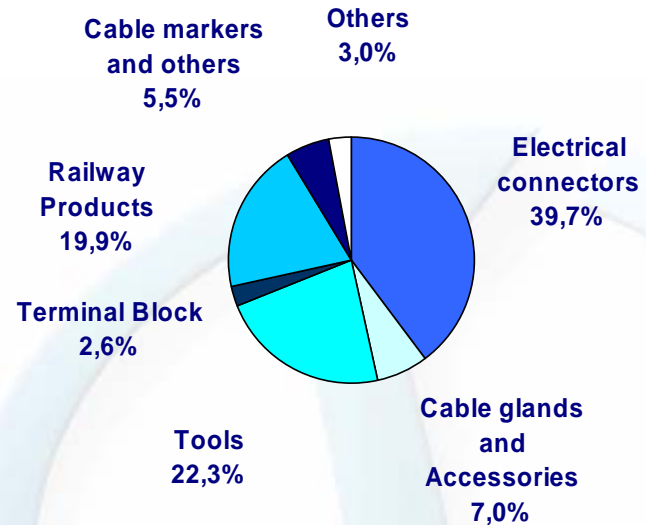
**June. 30, 2007**  
**Euro 49.1 millions**



## Turnover breakdown by product



**Jun. 30, 2006**  
**Euro 41.8 millions**



**Jun. 30, 2007**  
**Euro 49.1 millions**



## *Consolidated Financial Highlights*





## ***I Half 2007 consolidated results: highlights***

Consolidated results of **the first half 2007** were characterised by:

- **Increase of sales** of 17.4% thanks to:
  - the progressive **reinforcement** of **competitive position** on foreign markets that recorded a 22.3% increase
  - the positive trend of **turnover** on **Italian Market** (+11.3%)
  
- **Improvement** of all margins thanks to:
  - higher increase in operative efficiency
  - costs containment
  - Product and process innovation
  
- The **consolidated profit before taxes** grew of **22.6%**
  
- **A negative net financial position** which amount to Euro 3 millions (positive for 1.1 millions as at December 31, 2006).



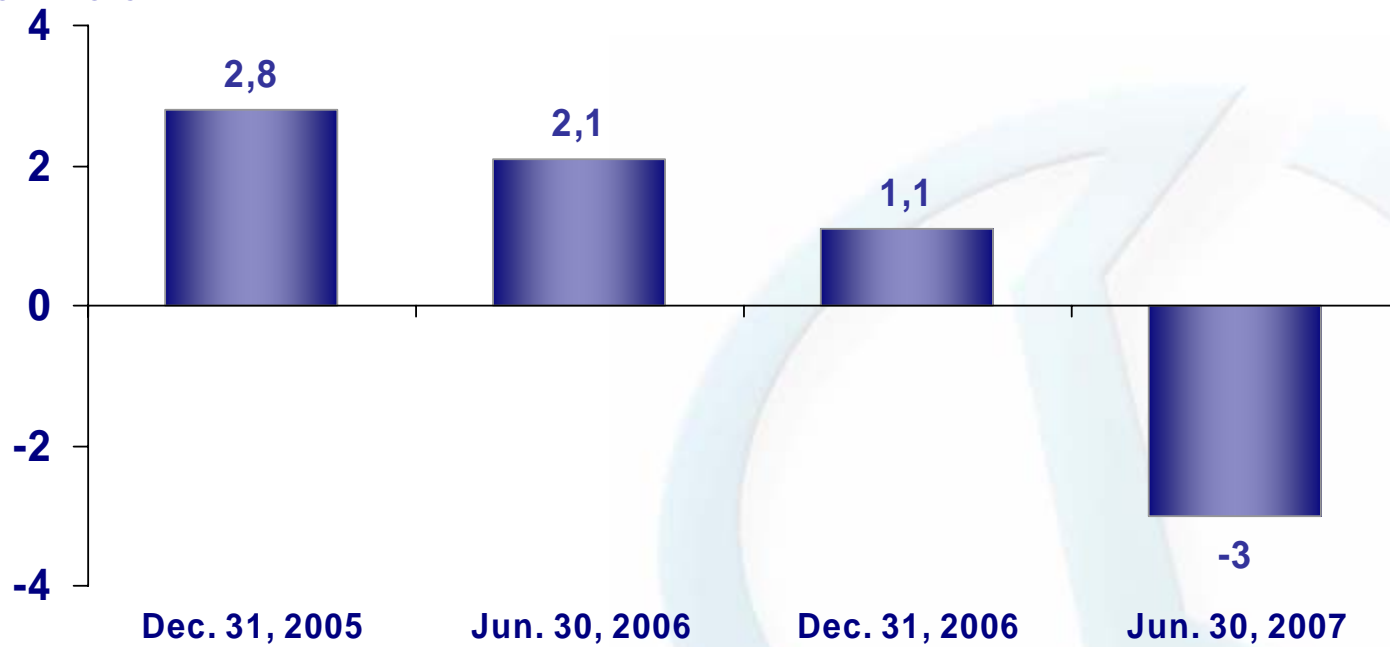
## *First half 2007 consolidated results*

<b>Euro millions</b>	<b>Jun. 30, 07</b>	<b>Jun. 30, 06</b>	<b>Changes %</b>
<b>Sales</b>	<b>49.1</b>	<b>41.8</b>	<b>17.4%</b>
<b>EBITDA</b> <i>In % of sales</i>	<b>11.9</b> <b>24.2%</b>	<b>10.0</b> <b>23.8%</b>	<b>19.3%</b>
<b>EBIT</b> <i>In % of sales</i>	<b>10.3</b> <b>21.0%</b>	<b>8.4</b> <b>20.2%</b>	<b>22.4%</b>
<b>EBT</b> <i>In % of sales</i>	<b>10.2</b> <b>20.9%</b>	<b>8.3</b> <b>20.0%</b>	<b>22.6%</b>



## *Net financial position*

Euro millions





## *Objectives and Strategies*





# Objectives

Cembre's future targets:

- **turnover increase** thanks to:
  - **continuous update of existing products and development of new ones**
  - **higher penetration in the US market**
  - carrying out of **high-speed rail lines** in different European Countries
  
- **continuous recover of profitability** thanks to:
  - **higher operative efficiency** due to economies of scale and due to process innovation
  - **improvement of margins** of cable marking 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