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## Press release

### BOARD APPROVES THE FINANCIAL STATEMENTS FOR THE 3<sup>rd</sup> QUARTER OF 2006

### CEMBRE (A STAR LISTED COMPANY): IN THE FIRST NINE MONTHS OF 2006 CONSOLIDATED PROFIT GREW BY 44.9%

- **Strong increase in sales: up 20.6% on the first nine months of 2005**
- **Consolidated operating profit of €1.6 million, representing 18.9% of sales**
- **Positive consolidated net financial position amounting to €5.5 million**

| (€'000)                       | First nine<br>months<br>2006 | Sales<br>margin<br>% | First nine<br>months<br>2005 | Sales<br>margin<br>% | %<br>change | 3 <sup>rd</sup> Qtr.<br>2006 | 3 <sup>rd</sup> Qtr.<br>2005 | %<br>change |
|-------------------------------|------------------------------|----------------------|------------------------------|----------------------|-------------|------------------------------|------------------------------|-------------|
| <b>Sales</b>                  | 61,781                       | 100                  | 51,215                       | 100                  | 20.6%       | 19,856                       | 16,233                       | 22.3%       |
| <b>Gross operating profit</b> | 13,981                       | 22.6                 | 10,641                       | 20.8                 | 31.4%       | 4,018                        | 3,004                        | 33.8%       |
| <b>Operating profit</b>       | 11,646                       | 18.9                 | 7,812                        | 15.3                 | 49.1%       | 3,222                        | 2,111                        | 52.6%       |
| <b>Profit before taxes</b>    | 11,582                       | 18.7                 | 7,991                        | 15.6                 | 44.9%       | 3,233                        | 2,065                        | 56.6%       |

Brescia, November 14, 2006 - 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 Carlo Rosani, approved at today's meeting the Report on the 3<sup>rd</sup> Quarter of 2006.

In the 3<sup>rd</sup> Quarter of 2006, **consolidated revenues** grew by 22.3% from €6.2 million in the 3<sup>rd</sup> Quarter of 2005 to €19.9 million in the same period in 2006.

Consolidated sales of the Cembre Group for the first nine months of 2006 grew by 20.6% on the same period in 2005, up from €1.2 million to €1.8 million.

In the first nine months of 2006, 44.3% of **consolidated sales** were represented by Italy (as compared with 43.2% in the first nine months of 2005), 46.3% by the rest of Europe (47.9% in the first nine months of 2005), and the remaining 9.5% by the rest of the World (8.6% in the first nine months of 2005).

In this context, domestic sales grew by 23.7%, while exports grew by 18.3%.

**Consolidated gross operating profit (Ebitda)** for the first nine months of 2006 amounted to €14 million, representing a 22.6% margin on sales, up 31.4% on the first nine months of 2005 when it amounted to €10.6 million (and represented a 20.8% margin on sales).

Gross operating profit for the 3<sup>rd</sup> Quarter grew by 33.87%, up from €3 million (representing a 18.5% margin on sales) in the 3<sup>rd</sup> Quarter of 2005, to €4 million (representing a 20.2% margin on sales) in the 3<sup>rd</sup> Quarter of 2006.

**Consolidated operating profit (Ebit)** for the first nine months of 2006 amounts to €1.6 million, corresponding to an 18.9% margin on sales, up 49.1% on €7.8 million in the first nine months of 2005 (15.3% of sales), due partly to the lower weight of depreciation charges.

Consolidated operating profit improved also in the 3<sup>rd</sup> Quarter, up from €2.1 million (13% of sales) in the 3<sup>rd</sup> Quarter of 2005, to €3.2 million (16.2% of sales) in the same period in 2006.

**Consolidated profit before taxes** for the first nine months of 2006 amounted to €1.6 million (an 18.7% margin on sales), up 44.9% on €8 million in the first nine months of 2005 (a 15.6% margin on sales). Consolidated profit before taxes for the 3<sup>rd</sup> Quarter of 2006 amounted to €3.2 million, representing a 16.3% margin on sales, up 56.6% on €2.1 million in the 3<sup>rd</sup> Quarter of 2005.

**Net financial position** improved from positive €2.8 million at the end of December 2005 to positive €5.5 million, at the end of September 2006

*“In the 3<sup>rd</sup> Quarter of 2006 the positive trend of consolidated sales, spurred by market recovery and the development of new products in line with customer needs, continued. Despite the rise in raw material prices, we improved our profitability, thanks to some innovations and rationalization in the production process”,* declared the Chairman and Managing Director, Carlo 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 (in Germany, France, Spain, the United States and Norway) and two manufacturing and trading subsidiaries (Cembre Ltd. in Birmingham, U.K. and General Marking S.r.l. in Bergamo), for a total workforce of 475 as of September 30, 2006. Since 1992 its products have been certified by Lloyd's Register Quality Assurance for the design and production of accessories for cables, electrical connectors and their installation tools.*

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

*The financial statements and accounts of all companies of the Cembre Group are audited by independent auditors Ernst & Young.*

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For further information please visit the Investor Relation section in the [www.cembre.com](http://www.cembre.com) site.

**Attachments: Consolidated Financial Statements at September 30, 2006**

# Cembre SpA

Registered Office: Via Serenissima 9, Brescia, Italy

Share Capital: Euro 8,840,000 (fully paid-up)

Registration no: FC 00541390175 (Commercial Register of Brescia)

## Report on the Operations of the Third Quarter 2006

### Consolidated Financial Statements at September 30, 2006

#### Consolidated Income Statement

| <i>(euro '000)</i>                              | 01/01 - 09/30<br>2006 | 01/01 - 09/30<br>2005 | 01/01 - 12/31<br>2005 | III Quarter<br>07/01 - 09/30<br>2006 | III Quarter<br>07/01 - 09/30<br>2005 |
|---|-----------------------|-----------------------|-----------------------|--------------------------------------|--------------------------------------|
| Revenues from sales and services provided       | 61.781                | 51.215                | 69.997                | 19.856                               | 16.233                               |
| Other revenues                                  | 110                   | 47                    | 105                   | 3                                    | 35                                   |
| <b>TOTAL REVENUES</b>                           | <b>61.891</b>         | <b>51.262</b>         | <b>70.102</b>         | <b>19.859</b>                        | <b>16.268</b>                        |
| Cost of goods and merchandise                   | (25.615)              | (16.655)              | (22.599)              | (8.290)                              | (5.326)                              |
| Cost of services received                       | (9.026)               | (7.688)               | (10.395)              | (2.938)                              | (2.358)                              |
| Lease and rental costs                          | (777)                 | (756)                 | (1.014)               | (259)                                | (189)                                |
| Personnel costs                                 | (16.665)              | (15.744)              | (20.579)              | (5.487)                              | (5.146)                              |
| Other operating costs                           | (320)                 | (335)                 | (470)                 | (122)                                | (169)                                |
| Change in inventories                           | 4.187                 | 216                   | (605)                 | 1.114                                | (185)                                |
| Increase in assets due to internal construction | 399                   | 431                   | 508                   | 168                                  | 137                                  |
| Write-down of receivables                       | (87)                  | (80)                  | (209)                 | (29)                                 | (25)                                 |
| Accruals to provisions for risks and charges    | (6)                   | (10)                  | (21)                  | 2                                    | (3)                                  |
| <b>GROSS OPERATING PROFIT</b>                   | <b>13.981</b>         | <b>10.641</b>         | <b>14.718</b>         | <b>4.018</b>                         | <b>3.004</b>                         |
| Tangible asset depreciation                     | (2.264)               | (2.523)               | (3.364)               | (765)                                | (861)                                |
| Intangible asset amortization                   | (71)                  | (79)                  | (104)                 | (31)                                 | (32)                                 |
| Write-down of long-term assets                  | 0                     | (227)                 | (227)                 | 0                                    | 0                                    |
| <b>OPERATING PROFIT</b>                         | <b>11.646</b>         | <b>7.812</b>          | <b>11.023</b>         | <b>3.222</b>                         | <b>2.111</b>                         |
| Financial income (expense)                      | (8)                   | (122)                 | (142)                 | 1                                    | (29)                                 |
| Foreign exchange gains (losses)                 | (56)                  | 301                   | 311                   | 10                                   | (17)                                 |
| <b>PROFIT BEFORE TAXES</b>                      | <b>11.582</b>         | <b>7.991</b>          | <b>11.192</b>         | <b>3.233</b>                         | <b>2.065</b>                         |

#### Consolidated net financial position at September 30, 2006

| <i>(euro '000)</i>                    | 09/30/2006   | 06/30/2006   | 12/31/2005   |
|---------------------------------------|--------------|--------------|--------------|
| Cash and cash equivalents             | 7.134        | 4.620        | 6.026        |
| Non-current financial liabilities     | (88)         | (102)        | (89)         |
| Current financial liabilities         | (1.545)      | (2.460)      | (3.139)      |
| Liabilities on derivative instruments | 0            | (7)          | (21)         |
| <b>NET FINANCIAL POSITION</b>         | <b>5.501</b> | <b>2.051</b> | <b>2.777</b> |