



**C e m b r e**



*Company presentation*



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- Activity and Competitive Position
- 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**



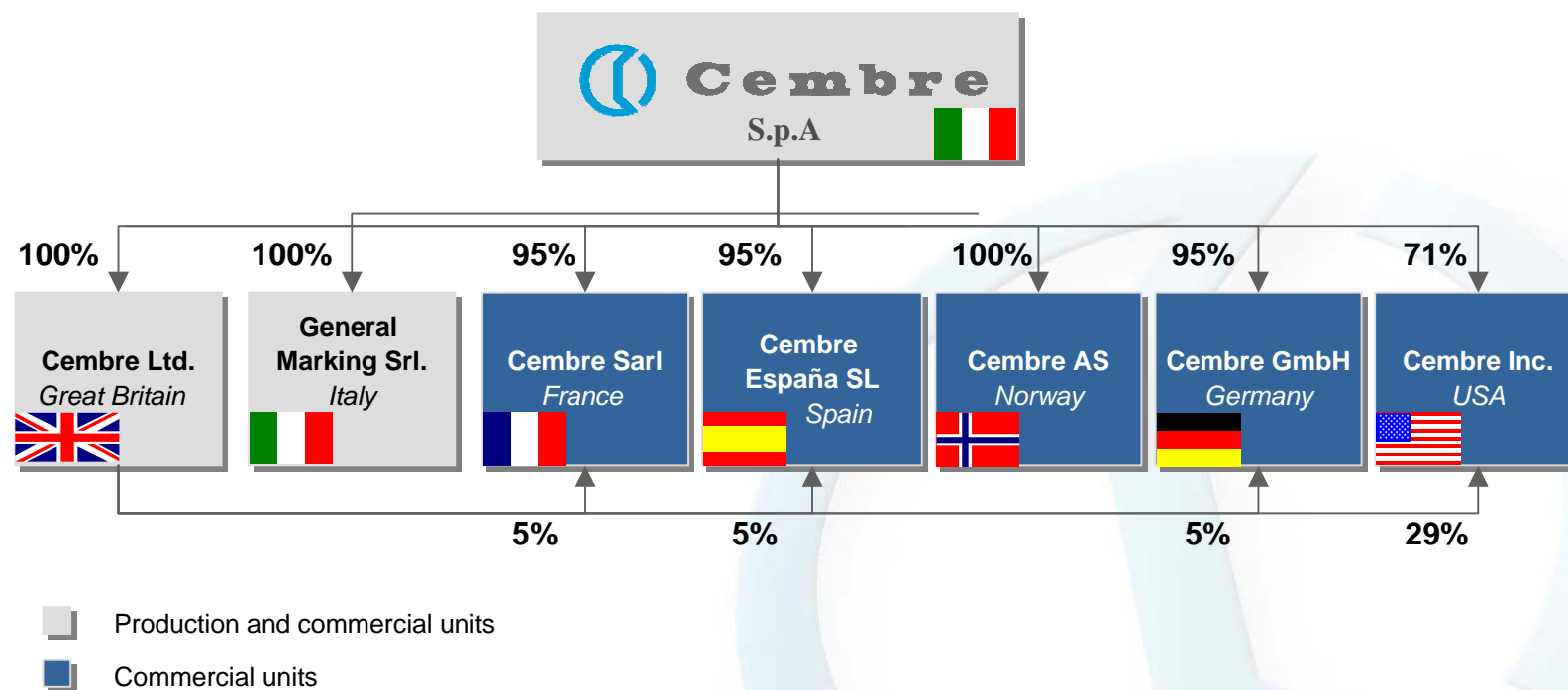
## *Competitive position*

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**

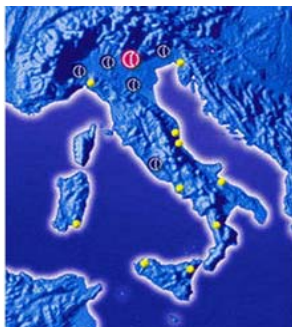


## Group structure





## *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 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**



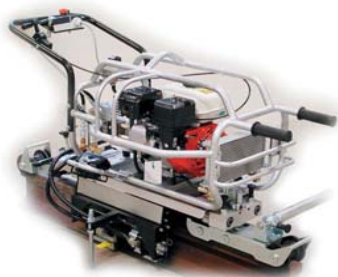
## *Railway products*

- 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*

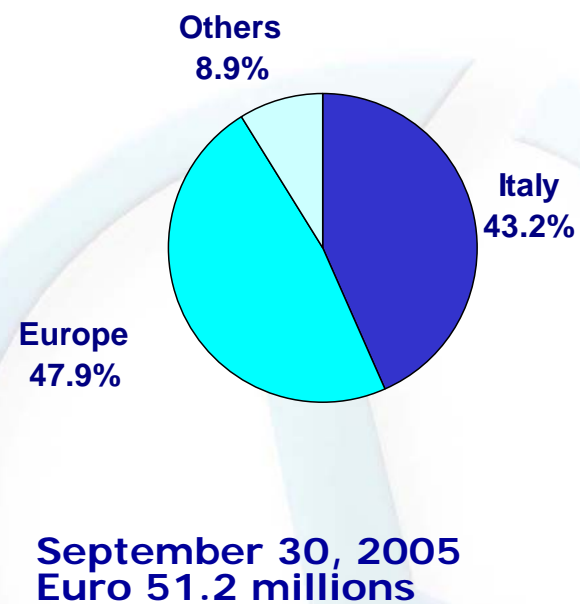
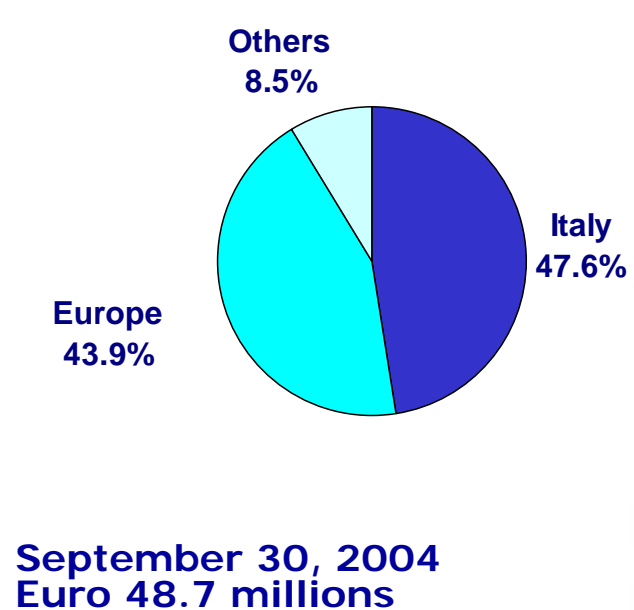
- Cable glands, turnover as at September 30, 2005: Euro 3.7 millions (-1.2% vs. September 30, 2004)
  - 94.6% Italy
  - 5.4% foreign countries (4.2% in Europe and 1.2% outside Europe)



- 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

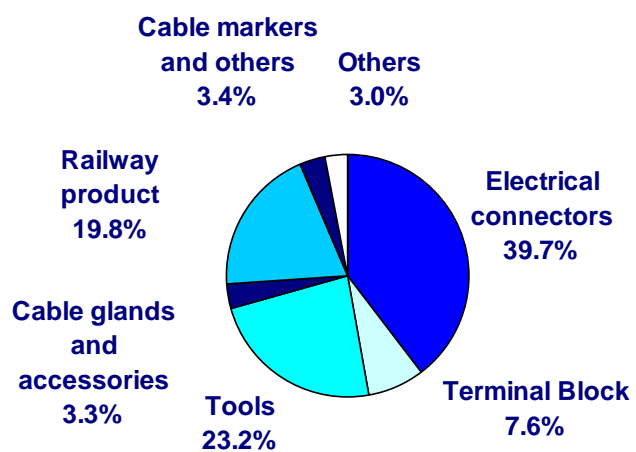


## *Turnover breakdown by geographical area*

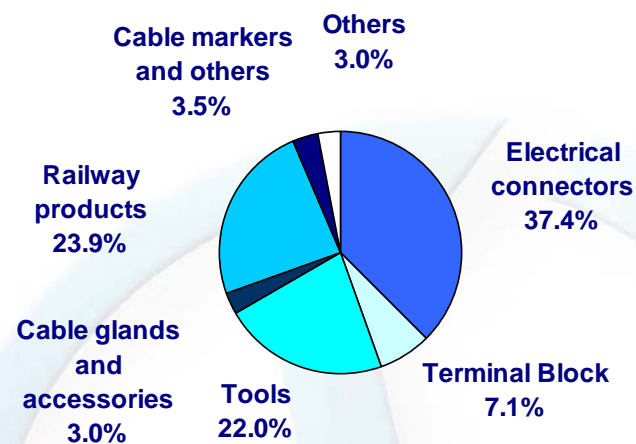




## *Turnover breakdown by product*



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 \**

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

*\*IAS/IFRS figures*



## *Q3 consolidated results \**

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

*\*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>
<b>Sales</b>	48.8	48.9	65.1	65.3
<b>Personnel costs</b>	(15.7)	(15.5)	(20.2)	(19.8)
<b>EBITDA</b>	8.4	8.5	12.2	12.5
<b>EBIT</b>	5.3	5.4	7.7	8.0
<b>EBT</b>	5.2	5.4	7.3	7.7
<b>Net Profit</b>			3.8	4.1



## *Effects of the adoption of IAS/IFRS*

### *Reconciliation of consolidated EBT– Sept. 30, 2004*

Euro millions

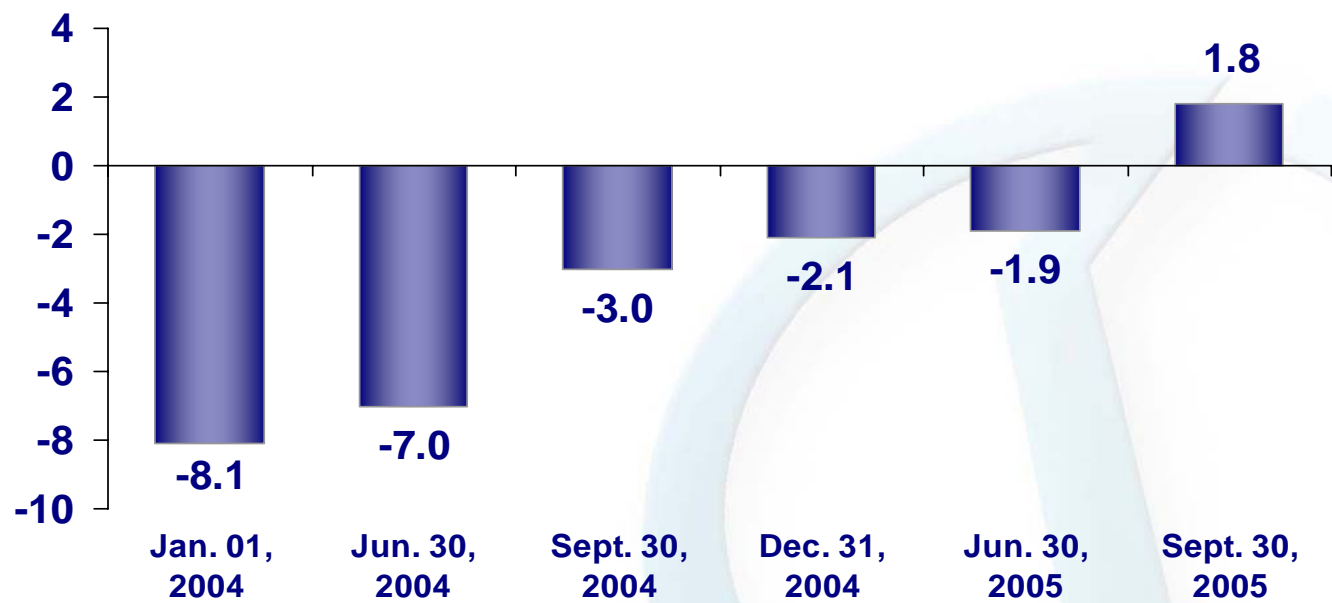
<b>EBT under Italian GAAP</b>	<b>5.382</b>
<i>Elimination of land depreciation</i>	<b>14</b>
<i>Discounting of Employee Severance Indemnity</i>	<b>(170)</b>
<i>Fair value valuation of interest rate swap</i>	<b>(22)</b>
<i>Reclassification of taxes previously recorded under extraordinary charges*</i>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

*\*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*

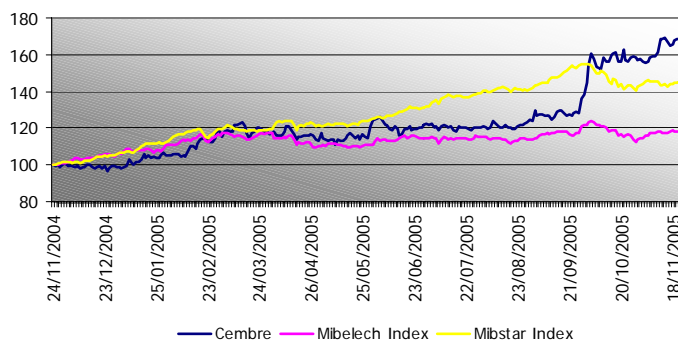
- Continue to improve quality of products and extend the range thanks to the **constant and intensive R&D activities**
- **Strengthen the presence on foreign markets**
  - increase of penetration in the USA
  - expansion of market shares in Europe
  - strengthening of presence on South-East Asian market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



## Stock trend

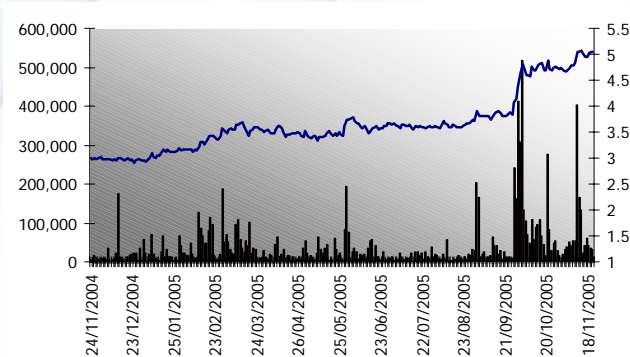
### Cembre stock and reference indices trend

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