



**C e m b r e**



*Company presentation*



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- 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**



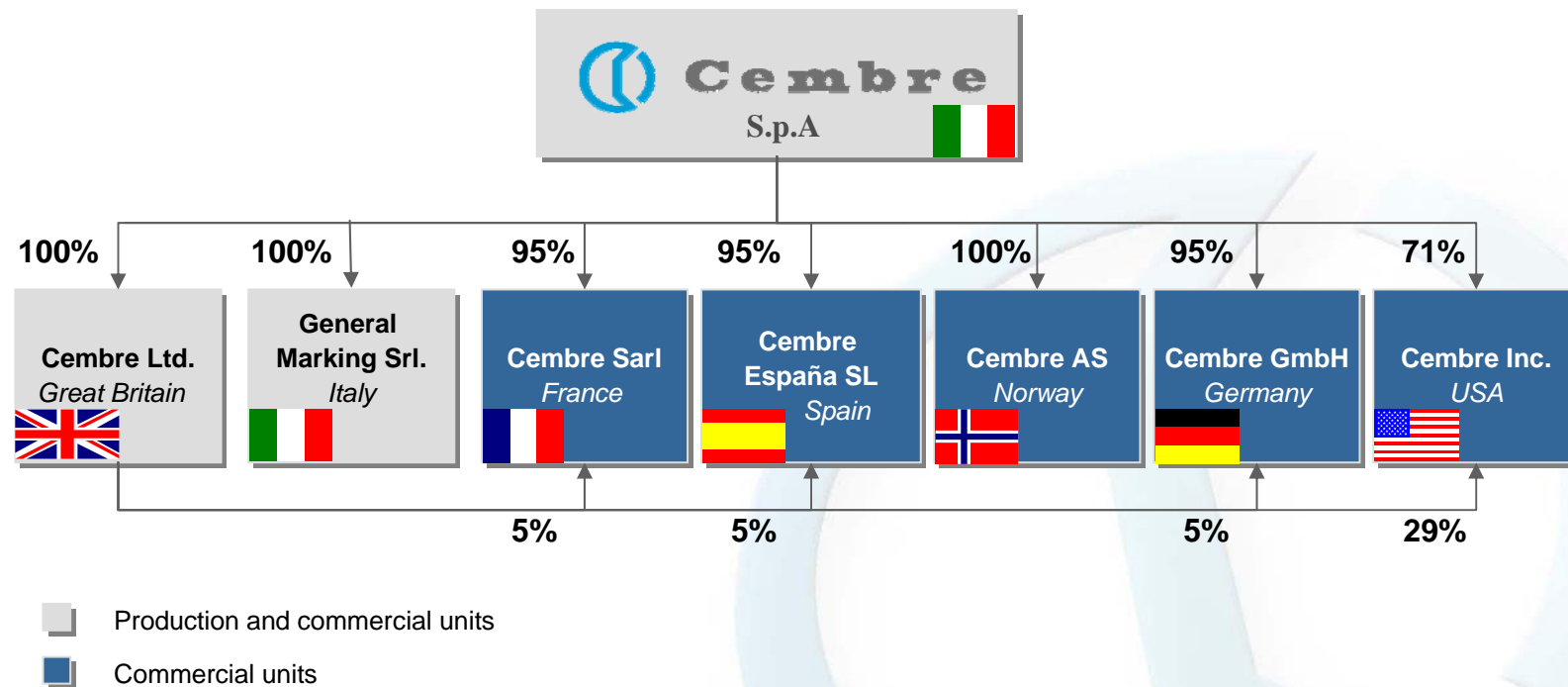
## *Competitive position*

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**

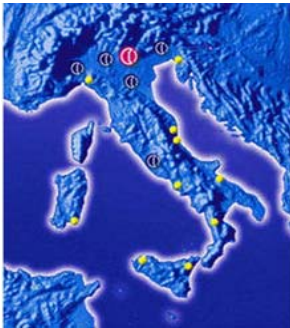


## Group structure





## *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 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 March 31, 2007: Euro 9.6 millions (+ 21.3% vs. December 31, 2005)
  - To Italy: 20.0% 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 March 31, 2007: Euro 5.6 millions (+15.8% vs. March 31, 2006)
  - To Italy: 5.6% of total sales
  - To foreign countries: 17.6% of total sales (12.5% to Europe and 5.0% 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 March 31, 2007: Euro 4.6 millions (+20.6% vs. March 31, 2006)
  - To Italy: 2.6% of total sales
  - To foreign countries: 16.5% of total sales (13.2% to Europe and 3.4% outside Europe)

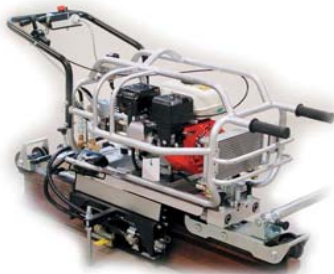


- Characteristics:

- **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 March 31, 2007: Euro 1.3 millions (+59,8% vs. March 31, 2006)
  - To Italy: 4.3% of total sales
  - To foreign countries: 0.9% of total sales (0.7% to Europe and 0.2% 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*

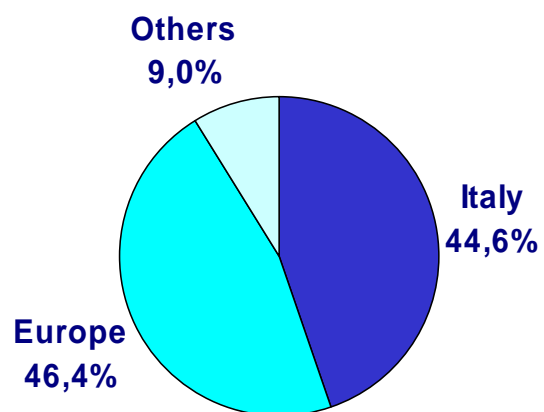
- Cable glands, turnover as at March 31, 2007: Euro 1.7 millions (+16.4% vs. March 31, 2006)
  - To Italy: 6.6% of total sales
  - To foreign countries: 0.5% of total sales (Europe)



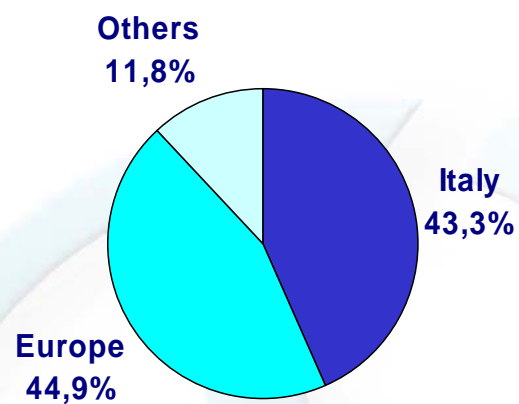
- Terminal blocks, turnover as at March 31, 2007: Euro 0.7 millions (+14.6% vs. March 31, 2006)
  - To Italy: 2.4% of total sales
  - To foreign countries: 0.3% of total sales (Europe)
- Product upgrade:
  - implementation of the new European Union safety regulations required the adoption of modern connection systems as those manufactured by Cembre Group



## *Turnover breakdown by geographical area*



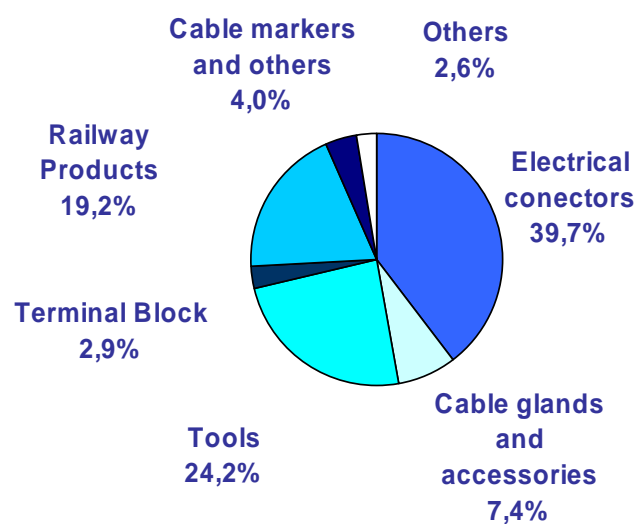
**Mar. 31, 2006**  
**Euro 19.9 millions**



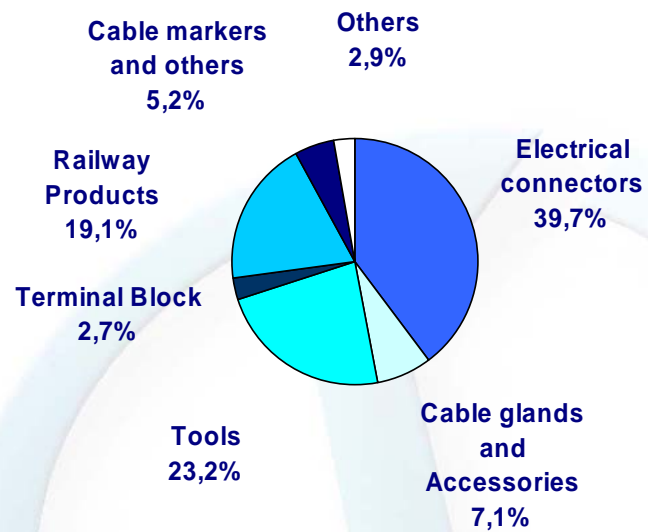
**Mar. 31, 2007**  
**Euro 24.0 millions**



## *Turnover breakdown by product*



**Mar. 31, 2006**  
**Euro 19.9 millions**



**Mar. 31, 2007**  
**Euro 24.0 millions**



## *Consolidated Financial Highlights*





## ***1 Quarter 2007 consolidated results: highlights***

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

- **Increase of sales** of 20.5% thanks to:
  - the progressive **reinforcement** of **competitive position** on foreign markets that recorded a 23.4% increase
  - the positive trend of **turnover** on **Italian Market** (+17%)
  
- **Improvement** of all margins thanks to:
  - higher increase in operative efficiency
  - costs containment
  - Product and process innovation
  
- The **consolidated profit before taxes** grew of **37.9%**
  
- **A positive net financial position** which amount to Euro 1.3 millions (positive for 1.1 millions as at December 31, 2006).



## *First quarter 2007 consolidated results*

<b>Euro millions</b>	<b>Mar. 31, 07</b>	<b>Mar. 31, 06</b>	<b>Changes %</b>
<b>Sales</b>	<b>24.0</b>	<b>19.9</b>	<b>20.5%</b>
<b>EBITDA</b> <i>In % of sales</i>	<b>5.7</b> <b>23.7%</b>	<b>4.3</b> <b>21.7%</b>	<b>31.8%</b>
<b>EBIT</b> <i>In % of sales</i>	<b>4.94</b> <b>20.5%</b>	<b>3.6</b> <b>17.9%</b>	<b>38.2%</b>
<b>EBT</b> <i>In % of sales</i>	<b>4.87</b> <b>20.3%</b>	<b>3.5</b> <b>17.7%</b>	<b>37.9%</b>



## 2006 consolidated results

In Millions of Euro	Dec. 31, 06	Dec. 31, 05
<i>Asset</i>		
Total non-current asset	32.6	30.1
Total current asset	57.0	47.6
<b>Total asset</b>	<b>89.6</b>	<b>77.7</b>
<i>Liabilities and shareholder's equity</i>		
Shareholder's equity	59.4	52.7
Non-current liabilities	9.3	8.9
Current liabilities	20.9	16.1
<b>Total Liabilities and Shareholders Equity</b>	<b>89.6</b>	<b>77.7</b>

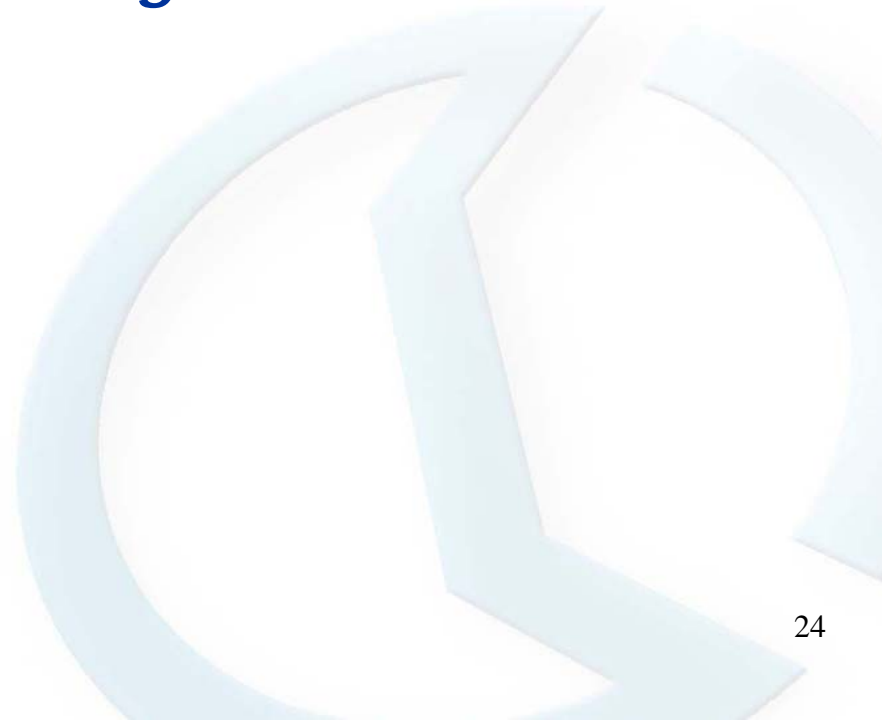


## *Net financial position*





## *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