



**C e m b r e**



*Company presentation*



# *Index*

- 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**



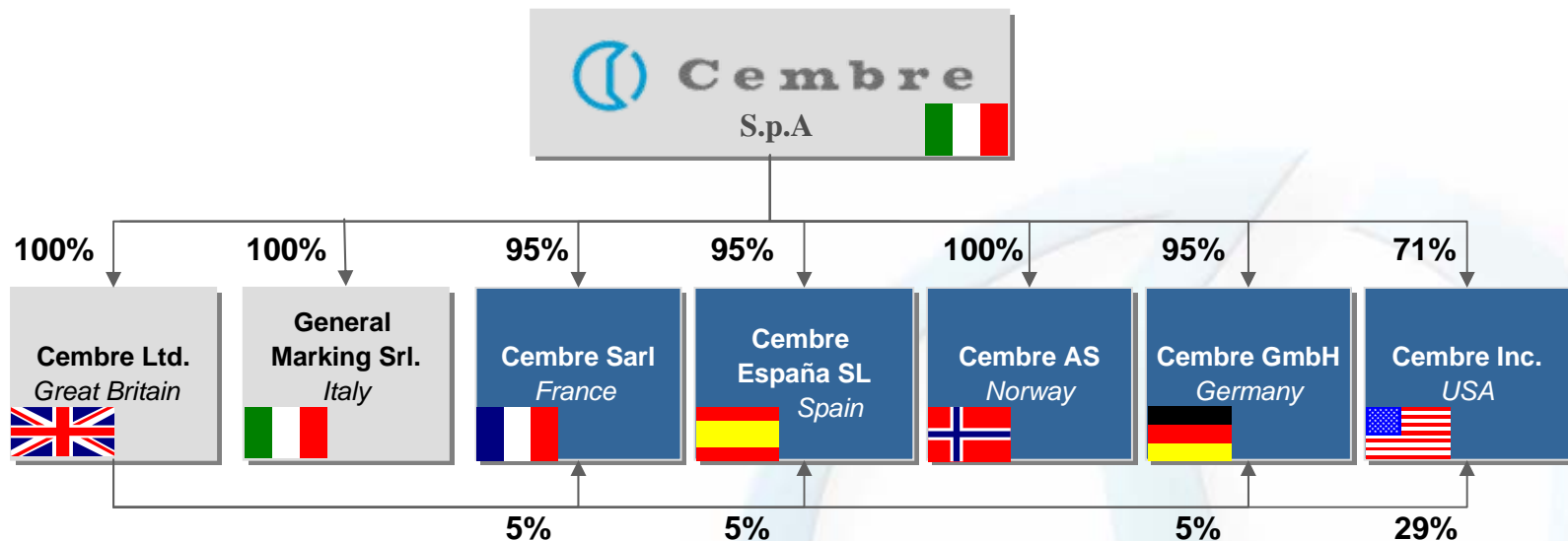
## *Competitive position*

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

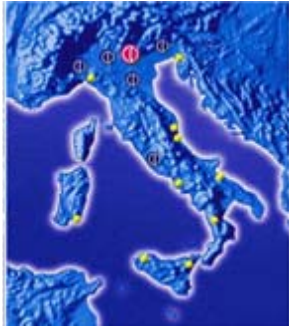


■ Production and commercial units

■ 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*

- The steady capacity of Cembre to **increase the range of products offered** allows the Company:
  - to **increase the market share** in the markets in which the company recently entered and to **maintain the leadership position** in the markets in which it has been present for long time
  - to **obtain satisfactory performances** also in unfavourable market contexts
  
- This is possible thanks to:
  - **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 September 30, 2007: Euro 27.7 millions (+ 17.3% vs. Sept. 30, 2006)
  - To Italy: 20% of total sales
  - To foreign countries: 19.7% of total sales (17.4% to Europe and 2.3% 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, 2007: Euro 15.7 millions (+16.1% vs. September 30, 2006)
  - To Italy: 5.2% of total sales
  - To foreign countries: 17.2% of total sales (12% 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:
  - **B15-B54** battery operated “in line” hand-tools
  - **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, 2007: Euro 13.5 millions (-1.3% vs. September 30, 2006)
  - To Italy: 2.7% of total sales
  - To foreign countries: 16.7% of total sales (13.8% to Europe and 2.9% outside Europe)

**NR-11P**



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

- Development of new products:

- **Nut Runner - NR-11P**
- **new machine for insertion and extraction of "Pandrol" type clips** for the fixing of rails to cross-beams (already marketed in Italy and Europe)

**Pandrol machine  
PCM-2P**



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, 2007: Euro 4 millions (+51.6% vs. September 30, 2006)
  - To Italy: 4.6% of total sales
  - To foreign countries: 1.2% of total sales (0.8% to Europe and 0.4% 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
- Development and production, in Brescia (Italy), of thermal printer **MG2**



## Other products

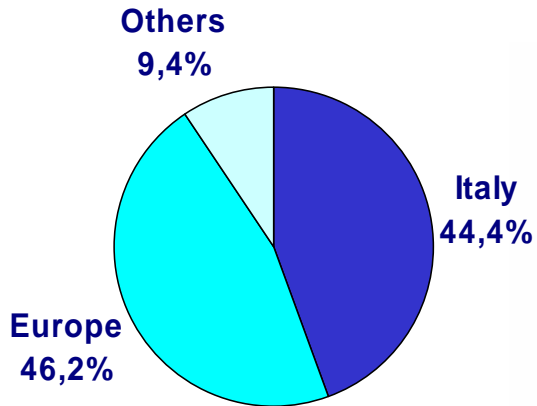
- Cable glands, turnover as at September 30, 2007: Euro 4.9 millions (+12.3% vs. September 30, 2006)
  - To Italy: 6.5% of total sales
  - To foreign countries: 0.5% of total sales (Europe)



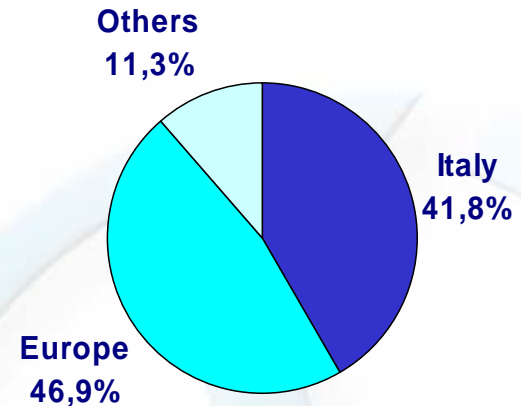
- Terminal blocks, turnover as at September 30, 2007: Euro 1.8 millions (+8.2% vs. September 30, 2006)
  - To Italy: 2.4% of total sales
  - To foreign countries: 0.3% of total sales (Europe)
- Product upgrade:
  - implementation of the new European Union safety regulations required the adoption of modern connection systems as those manufactured by Cembre Group



## *Turnover breakdown by geographical area*



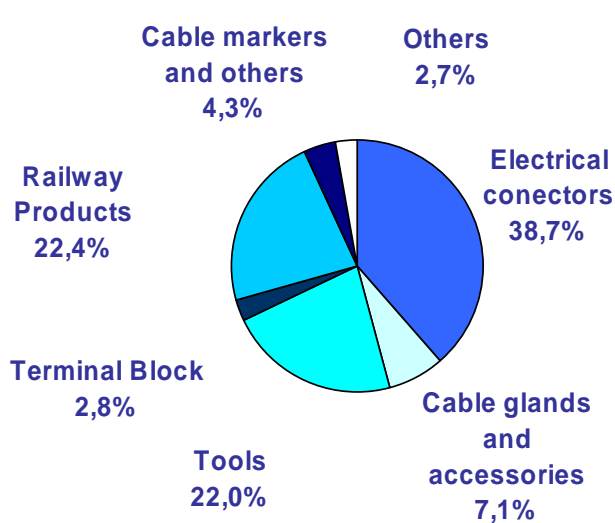
**September 30, 2006**  
**Euro 61.6 millions**



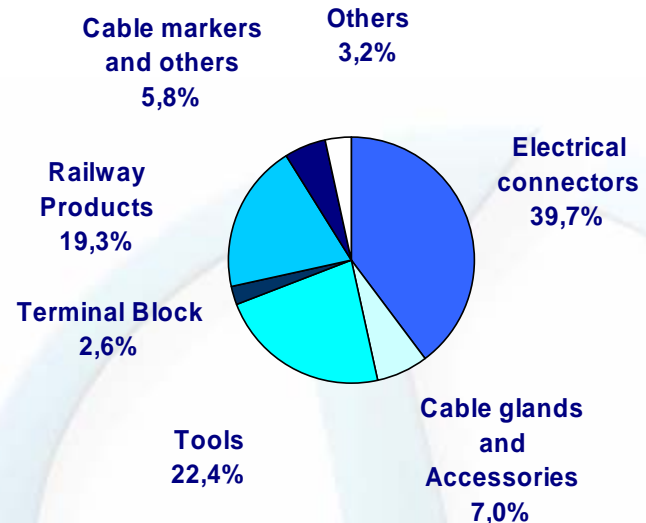
**September 30, 2007**  
**Euro 70.5 millions**



## Turnover breakdown by product



September 30, 2006  
Euro 61.6 millions



September 30, 2007  
Euro 70.5 millions



## *Consolidated Financial Highlights*





## *First nine months 2007 consolidated results:*

Consolidated results of **the first nine months of 2007** were characterised by:

- **increase of sales** of 14.4% thanks to:
  - the progressive **reinforcement** of **competitive position** on foreign markets that recorded a 19.8% increase
  - the positive trend of **turnover** on **Italian Market** (+7.7%)
  
- **improvement** of all margins thanks to:
  - higher increase in operative efficiency
  - costs containment
  - Product and process innovation
  
- the **consolidated profit before taxes** grew of **24.8%**
  
- **a positive net financial position** which amount to Euro 0.1 millions (positive for 1.1 millions as at December 31, 2006).



## *First nine months 2007 consolidated results*

<b>Euro millions</b>	<b>Sept. 30, 07</b>	<b>Sept. 30, 06</b>	<b>Changes %</b>
<b>Sales</b>	<b>70.5</b>	<b>61.6</b>	<b>14.4%</b>
<b>EBITDA</b> <i>In % of sales</i>	<b>17.1</b> <b>24.2%</b>	<b>13.9</b> <b>22.7%</b>	<b>22.2%</b>
<b>EBIT</b> <i>In % of sales</i>	<b>14.7</b> <b>20.8%</b>	<b>11.6</b> <b>18.9%</b>	<b>25.9%</b>
<b>EBT</b> <i>In % of sales</i>	<b>14.5</b> <b>20.5%</b>	<b>11.5</b> <b>18.8%</b>	<b>24.8%</b>



## *First nine months 2007 consolidated results, net from extraordinary components*

To evaluate operating performance of the Group for the first nine months of 2007 and the same period of 2006, in the following table we did not consider the effect of new Italian regulation regarding employee termination indemnities, calculated following IAS 19 purposes.

<b>Euro millions</b>	<b>Sept. 30, 07</b>	<b>Sept. 30, 06</b>	<b>Changes %</b>
<b>Sales</b>	<b>70.5</b>	<b>61.6</b>	<b>14.4%</b>
<b>EBITDA</b> <i>In % of sales</i>	<b>16.1</b> <b>22.8%</b>	<b>13.9</b> <b>22.7%</b>	<b>14.9%</b>
<b>EBIT</b> <i>In % of sales</i>	<b>13.6</b> <b>19.3%</b>	<b>11.6</b> <b>18.9%</b>	<b>17.1%</b>
<b>EBT</b> <i>In % of sales</i>	<b>13.4</b> <b>19.0%</b>	<b>11.5</b> <b>18.8%</b>	<b>15.9%</b>



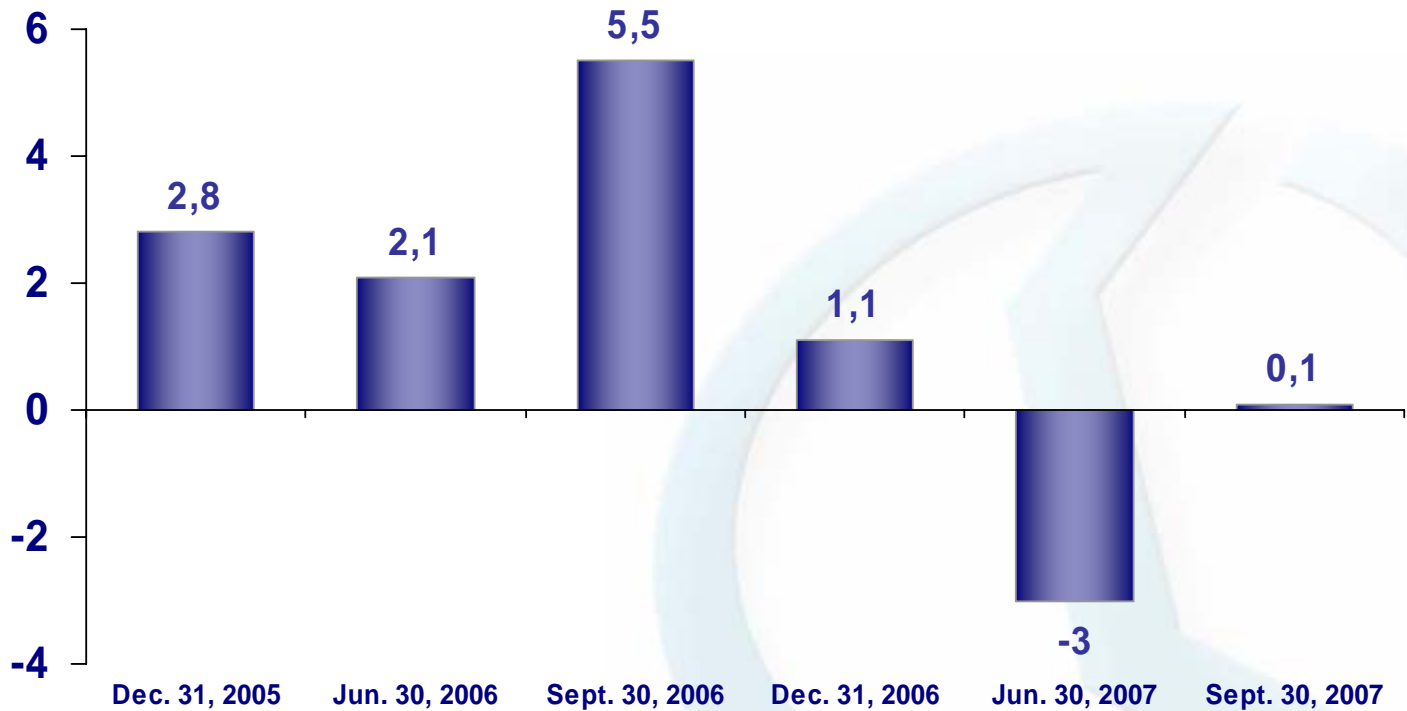
## First Half 2007 Consolidated balance sheet

	Millions of Euro	Jun. 30, 2007	Dec. 31, 2006
<b>A</b>	Net working capital	40.8	35,0
<b>B</b>	Net fixed assets	32.5	32,6
<b>C</b>	Assets available for sales	1.0	-
<b>D</b>	Severance indemnities	3.7	4,7
<b>E</b>	Provisions for risks and charges	0.3	0,3
<b>F</b>	Deferred taxes	4.3	4,2
	<b>Net invested capital (A+B+C-D-E-F)</b>	<b>66.0</b>	<b>58,4</b>
<b>G</b>	Equity	63.0	59,5
<b>H</b>	Net financial position	3.0	(1,1)
	<b>Total sources (G+H)</b>	<b>66.0</b>	<b>58,4</b>



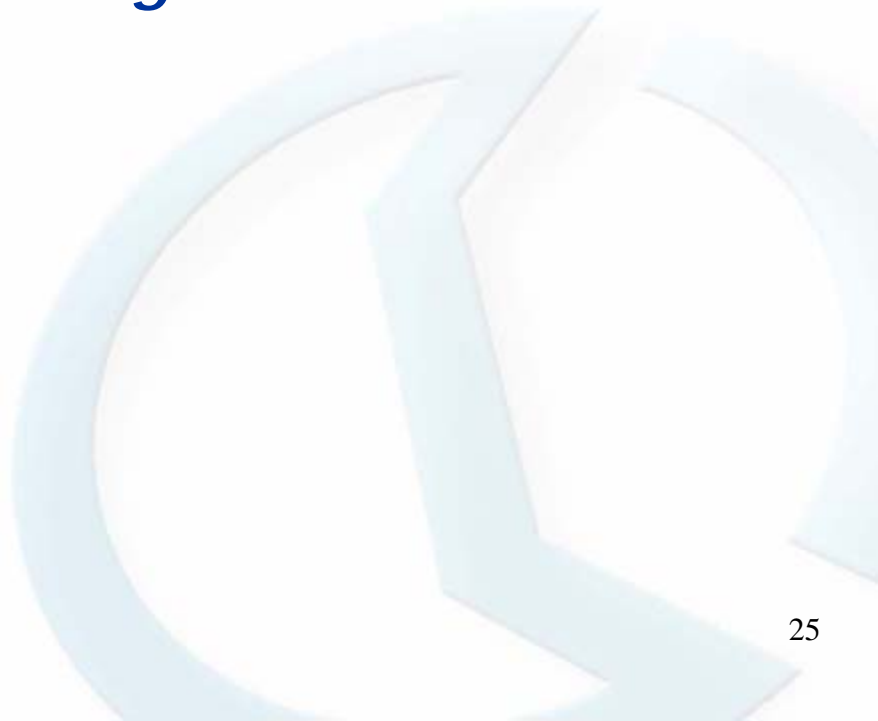
## *Net financial position*

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
  
- **Consolidation/growth 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