



**C e m b r e**



*Company presentation*

*(2010 first half results)*



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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**



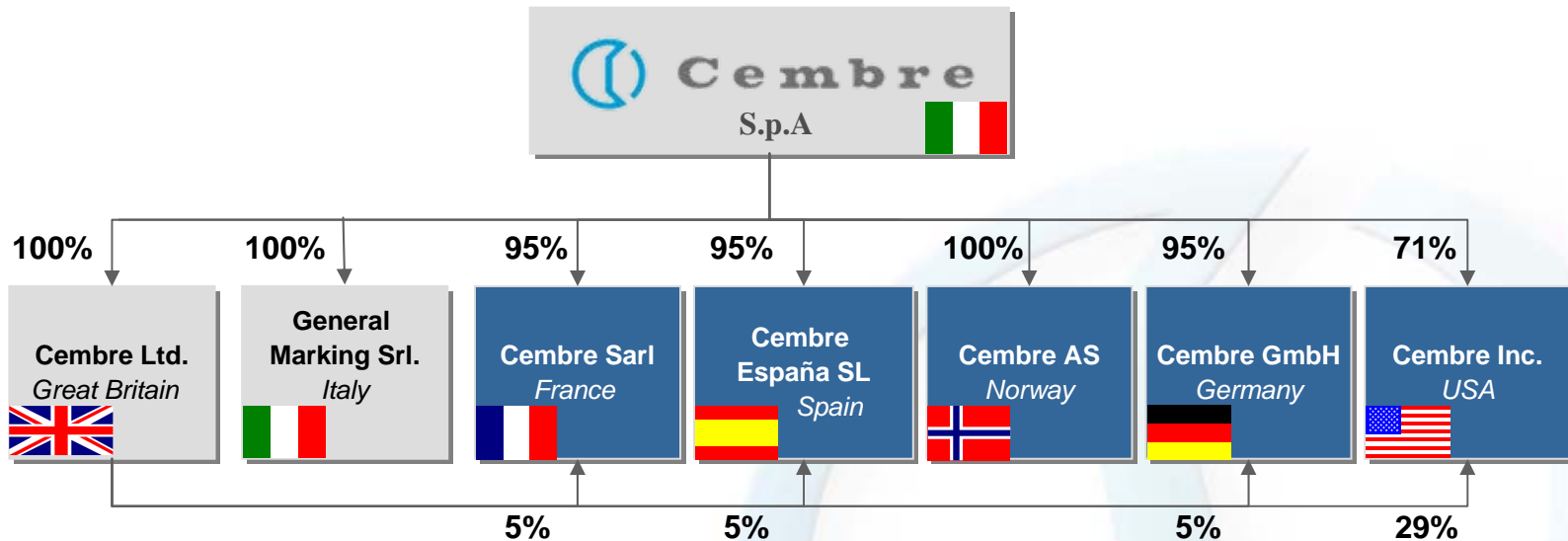
## *Competitive position*

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**



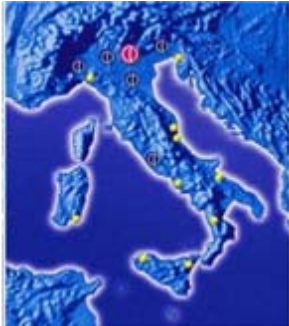
# Group structure



- Production and commercial units
- Commercial units



## *Distribution network*



- In Italy Cembre has an **extensive distribution network**, with offices and warehouses located in Milan, Rome, Florence, 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*





## *Expanding the products' range*

In order to keep the **leadership** and **increase the penetration of market**, Cembre had sensibly **enlarged 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 Jun. 30, 2010: Euro 16.5 millions (+26.3% vs Jun. 30, 2009)
  - To Italy: 18.7% of total sales
  - To foreign countries: 19.3% of total sales (17.4% to Europe and 1.9% 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 Jun. 30, 2010: Euro 8.4 millions (+7.5% vs Jun. 30, 2009)
  - To Italy: 4.7% of total sales
  - To foreign countries: 15.6% of total sales (10.5% to Europe and 5.1% outside Europe)



B15



B54

- 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 Jun. 30, 2010: Euro 7.9 millions (-19.2% vs Jun. 30, 2009)
  - To Italy: 2.3% of total sales
  - To foreign countries: 16% of total sales (12.7% to Europe and 3.3% outside Europe)

**NR-11P**



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

- Development of new products:
  - **Nut Runner - NR-11P**
  - **Rail Saw** (with better safety standards for workers)

**Rail saw  
RDS 14-P**



Both the products are very **competitive on the market** since they offer superior flexibility, lightness and velocity against alternative products



## Cable markers

**ROLLY**  
2000



- Cable markers, turnover as at Jun. 30, 2010: Euro 3.7 millions (+47.1% vs. Jun. 30, 2009)
  - To Italy: 5.9% of total sales
  - To foreign countries: 2.6% of total sales (2.3% to Europe and 0.3% outside Europe)



**mg2**  
MARKINGENIUS 2



- 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*

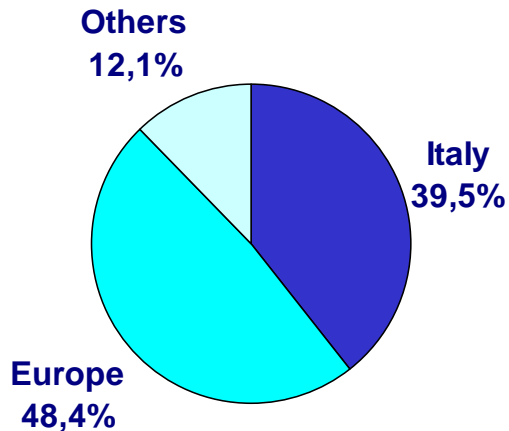
- Cable glands, turnover as at Jun. 30, 2010: Euro 3.4 millions (+44.7% vs Jun. 30, 2009)
  - To Italy: 6.7% of total sales
  - To foreign countries: 1.1% of total sales (1.0% to Europe, 0.1% outside Europe )



- Terminal blocks, turnover as at Jun. 30, 2010: Euro 1 million (+4.8% vs Jun. 30, 2009)
  - To Italy: 2.1% 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

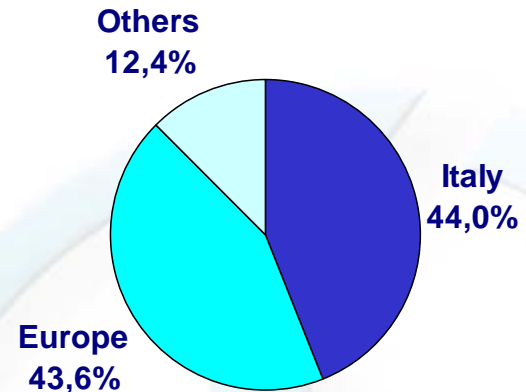


## *Turnover breakdown by geographical area*



**June 30, 2009**

**Euro 38.1 millions**

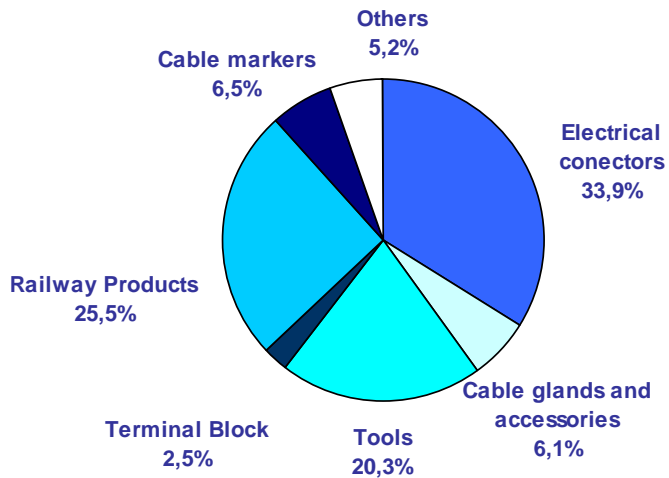


**June 30, 2010**

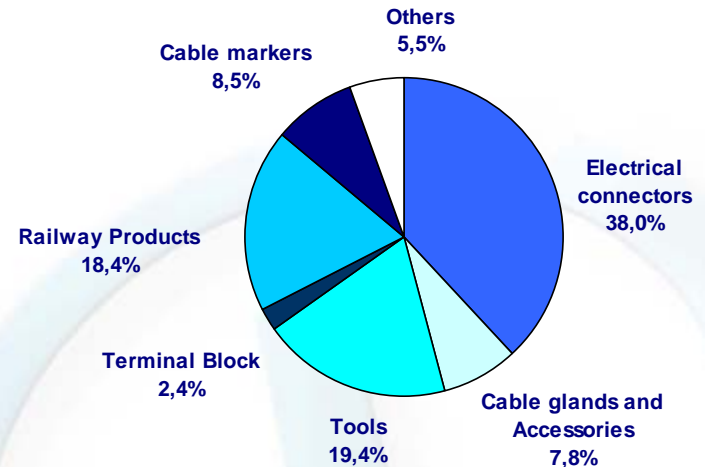
**Euro 43.4 millions**



## Turnover breakdown by product



**June 30, 2009**  
**Euro 38.1 millions**



**June 30, 2010**  
**Euro 43.4 millions**



## ***Consolidated Financial Highlights***

***The manager responsible for preparing the Company's financial reports, Claudio Bornati, declares, pursuant to paragraph 2 of Article 154 bis of the Consolidated Law on Finance, that the accounting information contained in this presentation corresponds to the document results, books and accounting records***



## *2010 First Half consolidated results:*

Consolidated results of **the First Half 2010** were characterised by:

- **an increase of sales** of 13.9%
- **a strong improvement** of EBITDA and EBIT
- an increase of **consolidated net profit**
- **a positive net financial position** which amount to Euro 4.7 millions (positive for 5.3 millions as at December 31, 2009, positive for 2.2 millions as at June 2009).



## 2010 First Half consolidated results

| Euro millions                      | Jun. 30, 10  | Jun. 30, 09  | Changes % |
|------------------------------------|--------------|--------------|-----------|
| Sales                              | 43.4         | 38.1         | 13.9%     |
| EBITDA<br><i>In % of sales</i>     | 8.5<br>19.6% | 5.8<br>15.2% | 46.2%     |
| EBIT<br><i>In % of sales</i>       | 7.1<br>16.4% | 4.3<br>11.4% | 64.3%     |
| EBT<br><i>In % of sales</i>        | 7.3<br>16.8% | 4.4<br>11.7% | 63.8%     |
| NET PROFIT<br><i>In % of sales</i> | 4.7<br>10.8% | 2.9<br>7.5%  | 64%       |



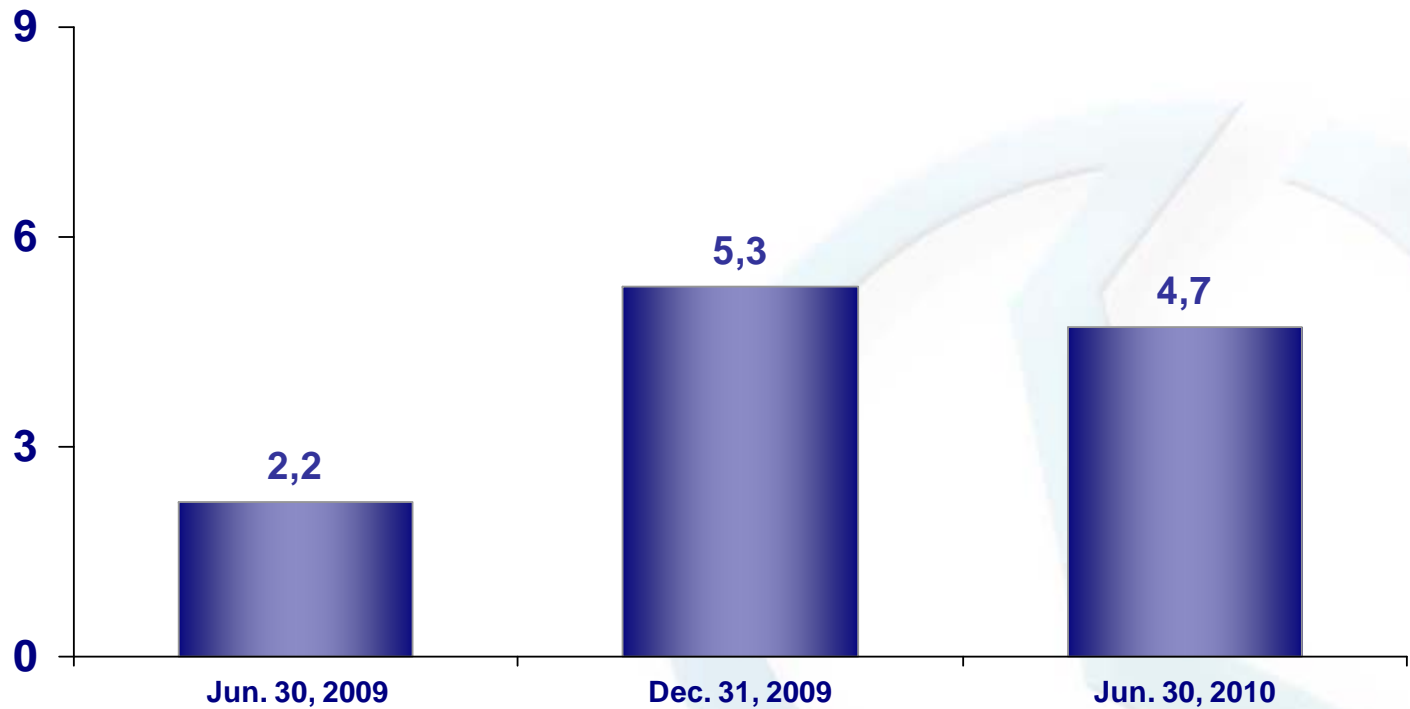
## 2010 First Half Consolidated balance sheet

| Millions of Euro |   | Jun. 30, 2010 | Dec. 31, 2009 |
|------------------|---|---------------|---------------|
| <b>A</b>         | Net working capital                       | 41.9          | 38.7          |
| <b>B</b>         | Net fixed assets                          | 38.7          | 37.5          |
| <b>C</b>         | Assets available for sales                | -             | -             |
| <b>D</b>         | Severance indemnities                     | 2.8           | 3.0           |
| <b>E</b>         | Provisions for risks and charges          | 0.1           | -             |
| <b>F</b>         | Deferred taxes                            | 2.7           | 2.5           |
|                  | <b>Net invested capital (A+B+C-D-E-F)</b> | <b>75.0</b>   | <b>70.7</b>   |
| <b>G</b>         | Equity                                    | 79.7          | 76.0          |
| <b>H</b>         | Net financial position                    | (4.7)         | (5.3)         |
|                  | <b>Total sources (G+H)</b>                | <b>75.0</b>   | <b>76.0</b>   |



## *Net financial position*

Euro millions





## *Objectives and Strategies*





## *Objectives*

In order to face the current financial crisis, in 2010 Cembre will move on three different levels:

- **Increase of turnover** thanks to:
  - **A strengthening of Cembre competitive advantage** by developing new products and continuous product range renewing
  - **An higher penetration in the foreign markets, especially in the US**
  - A commercial commitment focus on high growing potential products
- **Optimization of working capital structure**
- **Cost containment** by:
  - **Labour cost management** (by overtime restraint, control of fixed term contracts, etc.)
  - **Internalization of currently outsourced activities** (when less expensive)
  - **Better operative efficiency** by taking advantage of economies of scale and product innovations



## *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