



C e m b r e

Joint stock company
Headquarters: Via Serenissima 9 – 25135 Brescia
VAT and Tax ID: 00541390175
Share capital € 8,840,000 fully paid up
Registration number with the Brescia Companies
Register no. 00541390175
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Press release

The Board of Directors approved the 2020 Half-yearly Financial Report

Cembre (STAR): consolidated turnover down in the first half-year (-15.9%)

- Sales in Italy down in the first 6 months (-17.5%) and abroad (-14.8%)
- Capital expenditure in the half-year of €3.5 million.
- As at August 31, 2020, consolidated revenues signal a decrease of 12.3%

Consolidated figures (euro '000)	1st Half 2020		1st Half 2019		change	Full year 2019	
		<i>Marg.</i> %		<i>Marg.</i> %			<i>Marg.</i> %
Revenues from sales	64,656	100	76,878	100	-15.9%	146,296	100
Gross operating profit	15,578	24.1	20,912	27.2	-25.5%	37,098	24.7
Operating profit	10,202	15.8	16,167	21.0	-36.9%	27,181	19.8
Profit before taxes	10,199	15.8	16,033	20.9	-36.4%	26,937	19.7
Net profit for the period	7,600	11.8	12,375	16.1	-38.6%	21,690	15.8
Net financial position	(4,704)		(4,712)			5,562	

Brescia, September 10, 2020 – The Board of Directors of Cembre S.p.A. – a STAR listed company and one of the largest European manufacturers of electrical connectors and tools for their installation – chaired by its Chairman and Managing Director Giovanni Rosani, approved at today's meeting the 2020 Half-yearly Financial Report.

In the first six months of 2020, due to the Covid-19 pandemic, the Group reported **consolidated sales** of €64.7 million, down 15.9% on €76.9 million in the first half of 2019.

Group half-year sales in Italy amounted to €25.4 million, down 17.5%, while sales outside Italy amounted to €39.3million, down 14.8%. In the first six months, a total of 39.3% of Group sales were represented by Italy (as compared with 40.1% in the 1st Half of 2019), 47.0% by the rest of Europe (46.5% in the 1st Half of 2019), and the remaining 13.7% by the rest of the World (13.4% in the 1st Half of 2019).

Consolidated gross operating profit (EBITDA) for the 1st Half of 2020 amounted to €15.6 million, representing a 24.1% margin on sales, down 25.5% on the first half of 2019 when it amounted to €20.9 million, representing a 27.2% margin on sales.

The incidence of the cost of goods sold fell while the weight of the cost for services remained stable during the half. The weight of personnel costs rose, despite the value having fallen in absolute terms due to the effect of the use of Cassa Integrazione (Wages Guarantee Fund) during the period when

activities were suspended to contain Covid-19. The average Group headcount in the period went from 741 to 755, with growth, in particular, in the company IKUMA KG, which recorded an average increase of 12 in the workforce during the period.

Consolidated operating profit (EBIT) for first six months of 2019 amounted to €10.2 million, representing a 15.8% margin on sales, down 36.9% on €16.2 million in the first six months of last year, when it represented a 21.0% margin on sales.

Consolidated profit before taxes amounted to €10.2 million, representing a 15.8% margin on sales, down 36.4% on €16.0 million in the 1st Half of 2019, when it represented a 20.9% margin on sales.

Net income for the period was €7.6 million, down 38.6% from €12.4 million in the same period of last year. The percentage incidence of net profit on turnover therefore represents 11.8% of sales, compared to 16.1% in the first half of 2019.

The **consolidated net financial position** went from a surplus of €5.6 million as at December 31, 2019 to a deficit of €4.7 million as at June 30, 2020, reflecting the effects of the payment of dividends of €15 million by the Parent company and capital expenditure amounting to €3.5 million. At June 30, 2019, the net financial position was equal to a deficit of €4.7 million.

Capital expenditure in the period amounted to €3.5 million and consisted primarily of investments in plant and equipment. In the 1st Half of 2019 they amounted to €5.8 million.

“The results in the first half of 2020 were heavily impacted by the COVID-19 epidemic, with sales in the half-year closing with a decrease of 15.9%. The consolidated revenues at the end of August 2020 show a reduction of 12.3% compared to the first eight months of the previous year, a figure that indicates an improvement. In consideration of the uncertainty of the current global situation, the Cembre Group expects to see a fall in revenues in 2020, with a subsequent decrease in profit margins”, stated Cembre’s Managing Director Giovanni Rosani.

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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. Cembre is one of the world’s leading manufacturers of tools (mechanical, pneumatic and hydraulic) for the installation of connectors and the shearing of cables. 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 fully-fledged international force. Along with the parent company in Brescia it has five subsidiaries: four trading companies (Germany, France, Spain and the United States) and one manufacturing and trading subsidiary (Cembre Ltd., in Birmingham, U.K.), for a total workforce of 750 (figure updated as of June 30, 2020). Since 1990, its products have been certified by Lloyd’s Register Quality Assurance for the design and production of accessories for cables, electrical connectors and tools for their installation.

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

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Further information is available at Cembre's institutional website www.cembre.com in the Investor Relations section.

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 press release corresponds to the document results, books and accounting records.

Attachments – Condensed consolidated financial statements at June 30, 2020:

- Consolidated Balance Sheet
- Consolidated Comprehensive Income Statement
- Consolidated Statement of Cash Flows

In this present press release, use is made of certain alternative performance indicators that are not envisaged in IFRS-EU accounting standards, and whose significance and content are illustrated below, in line with the ESMA/2015/1415 recommendation published on October 5, 2015:

Gross Operating Result (EBITDA): defined as the difference between sales revenues and costs for materials, of services received, and the net balance of operating income and charges. It represents the profit achieved before amortisation, cash flows and taxes.

Operating Result (EBIT): defined as the difference between the Gross Operating Result and the value of amortization/impairment. It represents the profit before cash flows and taxes.

Net Financial Position: represents the algebraic sum of cash and cash equivalents, financial receivables and current and non-current financial debt.

Condensed Consolidated Financial Statements at June 30, 2020

Consolidated Statements of Financial Position

ASSETS	Jun. 30, 2020		Dec. 31, 2019	
(euro '000)		<i>of which: related parties</i>		<i>of which: related parties</i>
NON CURRENT ASSETS				
Tangible assets	85.095		86.430	
Investment property	1.001		1.024	
Intangible assets	4.384		4.442	
Goodwill	4.608		4.608	
Right of use assets	5.538	3.779	6.366	4.158
Other investments	10		10	
Other non-current assets	549		1.013	
Deferred tax assets	3.141		3.091	
TOTAL NON-CURRENT ASSETS	104.326		106.984	
CURRENT ASSETS				
Inventories	53.331		50.828	
Trade receivables	23.941		22.284	
Tax receivables	514		843	
Other receivables	1.764		1.396	
Cash and cash equivalents	25.861		20.983	
TOTAL CURRENT ASSETS	105.411		96.334	
NON-CURRENT ASSETS AVAILABLE FOR SALE	-		-	
TOTAL ASSETS	209.737		203.318	

LIABILITIES AND SHAREHOLDERS' EQUITY	Jun. 30, 2020		Dec. 31, 2019	
(euro '000)		<i>of which: related parties</i>		<i>of which: related parties</i>
SHAREHOLDERS' EQUITY				
Capital stock	8.840		8.840	
Reserves	135.908		129.896	
Net profit	7.600		21.690	
TOTAL SHAREHOLDERS' EQUITY	152.348		160.426	
NON-CURRENT LIABILITIES				
Non-current financial liabilities	5.386	3.222	4.901	3.578
Other non-current payables	496	496	989	989
Employee termination indemnity and other personnel benefits	2.257	102	2.356	96
Provisions for risks and charges	985	125	278	100
Deferred tax liabilities	2.776		2.856	
TOTAL NON-CURRENT LIABILITIES	11.900		11.380	
CURRENT LIABILITIES				
Current financial liabilities	25.179	590	10.520	593
Trade payables	8.746		12.062	
Tax payables	1.253		309	
Other payables	10.311	498	8.621	498
TOTAL CURRENT LIABILITIES	45.489		31.512	
LIABILITIES ON ASSETS HELD FOR DISPOSAL	-		-	
TOTAL LIABILITIES	57.389		42.892	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	209.737		203.318	

Condensed Consolidated Financial Statements at June 30, 2020

Statement of Consolidated Comprehensive Income

	1 st Half 2020		1 st Half 2019	
	(euro '000)	of which: related parties		of which: related parties
Revenues from contracts with customers	64.656		76.878	
Other revenues	368		565	
TOTAL REVENUES	65.024		77.443	
Cost of goods and merchandise	(22.646)		(25.358)	
Change in inventories	3.013		1.144	
Cost of services received	(8.364)	(416)	(10.098)	(485)
Lease and rental costs	(77)		(178)	
Personnel costs	(20.352)	(395)	(21.705)	(479)
Other operating costs	(888)		(864)	
Increase in assets due to internal construction	576		553	
Impairment losses on contract assets	(34)		(14)	
Accruals to provisions for risks and charges	(674)		(11)	
GROSS OPERATING PROFIT	15.578		20.912	
Property, plant and equipment depreciation	(4.162)		(3.634)	
Intangible asset amortization	(399)		(432)	
Depreciation of right of use assets	(815)	(309)	(679)	(308)
OPERATING PROFIT	10.202		16.167	
Financial income	3		3	
Financial expenses	(57)	(39)	(68)	(45)
Foreign exchange gains (losses)	51		(69)	
PROFIT BEFORE TAXES	10.199		16.033	
Income taxes	(2.599)		(3.658)	
NET PROFIT FROM ORDINARY ACTIVITIES	7.600		12.375	
NET PROFIT FROM ASSETS HELD FOR DISPOSAL	-		-	
NET PROFIT	7.600		12.375	
Items that may be reclassified subsequently to profit and loss				
Conversion differences included in equity	(904)		36	
COMPREHENSIVE INCOME	6.696		12.411	
BASIC AND DILUTED EARNINGS PER SHARE	0,45		0,74	

Condensed Consolidated Financial Statements at June 30, 2020
Consolidated Statement of Cash Flows

	1 st Half 2020	1 st Half 2019
€ '000		
A) CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	20.983	17.198
B) CASH FLOW FROM OPERATING ACTIVITIES		
Net profit for the period	7.600	12.375
Depreciation, amortization and write-downs	5.376	4.745
(Gains)/Losses on disposal of assets	16	(30)
Net change in Employee Termination Indemnity	(99)	(113)
Net change in provisions for risks and charges	707	102
Operating profit (loss) before change in working capital	13.600	17.079
(Increase) Decrease in trade receivables	(1.657)	(5.050)
(Increase) Decrease in inventories	(2.503)	(1.155)
(Increase) Decrease in other receivables and deferred tax assets	(89)	168
Increase (Decrease) of trade payables	(2.064)	(263)
Increase (Decrease) of other payables, deferred tax liabilities and tax payables	2.554	5.880
Change in working capital	(3.759)	(420)
NET CASH FLOW (USED IN)/FROM OPERATING ACTIVITIES	9.841	16.659
C) CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on fixed assets:		
- intangible	(343)	(613)
- tangible	(3.186)	(5.141)
Proceeds from disposal of tangible, intangible, available-for-sale financial assets		
- tangible	83	146
Increase (Decrease) of trade payables for assets	(1.252)	(1.266)
NET CASH FLOW (USED IN)/FROM INVESTING ACTIVITIES	(4.698)	(6.874)
D) CASH FLOW FROM FINANCING ACTIVITIES		
(Increase) Decrease in other non current assets	464	514
(Increase) Decrease in other non current payables	(493)	(491)
Increase (Decrease) in bank payables	15.963	498
Repayment of leasing liabilities	(806)	(657)
Change in reserves	274	-
Dividends distributed	(15.048)	(15.048)
NET CASH FLOW (USED IN)/FROM FINANCING ACTIVITIES	354	(15.184)
E) INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (B+C+D)	5.497	(5.399)
F) Foreign exchange conversion differences	(619)	38
G) CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (A+E+F+G)	25.861	11.837
Of which: assets held for disposal	-	-
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	25.861	11.837
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	25.861	11.837
Current financial liabilities	(25.179)	(11.500)
Non current financial liabilities	(5.386)	(5.049)
NET CONSOLIDATED FINANCIAL POSITION	(4.704)	(4.712)
INTERESTS PAID IN THE PERIOD	(57)	4
BREAKDOWN OF CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		
Cash	19	15
Bank deposits	25.842	11.822
	25.861	11.837