



C e m b r e

Joint-stock Company
Main Office: Via Serenissima, 9 – 25135 Brescia
VAT no: 00541390175
Share Capital: € 8.840.000 fully paid up
Registration no: 00541390175
tel.: +39 0303692.1 fax: +39 0303365766

Press release

BOARD APPROVES REPORT ON THE 1st HALF OF 2016

Cembre (STAR): consolidated sales decline slightly (-0.6%)

- In the 1st Half of 2016 domestic sales grew by 0.5% while exports declined by 1.3% on the corresponding period in 2015
- Capital expenditure for the 1st Half of 2015 amounted to €2.7 million
- The net financial position at August 31, 2016, was equal to a surplus of €21.7 million while sales for the first eight months of the year declined slightly (-1.4%) on the corresponding period in 2015

Consolidated figures (€'000)	1 st Half		1 st Half			Full year	
	2016	Sales margin %	2015	Sales margin %	Change	2015	Sales margin %
Sales	62,685	100	63,037	100	-0.6%	121,377	100
Gross operating profit	15,210	24.3	15,257	24.2	-0.3%	28,537	23.5
Operating profit	12,294	19.6	12,466	19.8	-1.4%	22,836	18.8
Pre-tax profit	12,194	19.5	12,689	20.1	-3.9%	22,878	18.8
Net profit	8,510	13.6	8,952	14.2	-4.9%	15,933	13.1
Net financial position	14,548		8,364			17,802	

Brescia, September 9, 2016 – The Board of Directors of Cembre Spa – 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 Report on the 1st Half of 2016.

In the first six months of 2016, the Group reported **consolidated sales** of €62.7 million, down 0.6% on €63.0 million in the corresponding period in 2015.

In the 1st Half of 2016, domestic sales amounted to €25.4 million, up 0.5% on the 1st Half of 2015, while sales outside Italy amounted to €37.2 million, down 1.3%. A total of 40.6% of Group sales were represented by Italy (as compared with 40.2% in the 1st Half of 2015), 41.9% by the rest of Europe (41.7% in the 1st Half of 2015), and the remaining 17.5% by the rest of the World (18.1% in the 1st Half of 2015).

Consolidated gross operating profit for the 1st Half of 2016 amounted to €15.2 million, representing a 24.3% margin on sales, down 0.3% on the corresponding period in 2015 when it amounted to €15.3 million, representing a 24.2% margin on sales.

In 1st Half of 2016 The cost of goods sold as a percentage of sales declined slightly in the period, while personnel costs as a percentage of sales grew as the number of persons employed increased by 34, from 625 in the 1st Half of 2015 to 659 in the 1st Half of 2016, of which 21 relating to the parent company. The increase in the number of employees is due to the strengthening of the administration, and in particular of the sales department, to support the expansionary sales policy implemented by the Company.

Consolidated operating profit for the period amounted to €12.3 million, representing a 19.6% margin on sales, down 1.4% on €12.5 million in the 1st Half of 2015, when it represented a 19.8% margin on sales.

Consolidated profit before taxes amounted to €12.2 million, representing a 19.5% margin on sales, down 3.9% on €12.7 million in the 1st Half of 2015, when it represented a 20.1% margin on sales. Profit before taxes was negatively affected by foreign exchange differences which in the 1st Half of 2016 were negative by €112 thousand, as compared with a gain of €207 thousand in the corresponding period in 2015.

Net profit for the first six months of 2016 amounted to €8.5 million, down 4.9% on €9.0 million in the 1st Half of 2015. The margin on sales amounted to 13.6%, as compared to 14.2% in the 1st Half of 2015.

Capital expenditure in the 1st Half of 2016 amounted to €2.7 million and consisted primarily in investments in plant and equipment. In the 1st Half of 2015 they amounted to €2.9 million.

The **consolidated net financial position** at June 30, 2016 amounted to a surplus of €14.5 million, improving on June 30, 2015, when it was equal to a surplus of €8.4 million, while on December 31, 2015 it amounted to a surplus of €17.8 million. In the 1st Half of 2016, the Company paid out €7.8 million in dividends, against €6.1 million in the corresponding period in 2015.

“Cembre closes the 1st Half of 2016 reporting a slight decline in consolidated turnover, down 0.6%. Sales through the end of August show a 1.4% decline on the corresponding period in 2015, though we look to a recovery in the last part of the year. We thus expect to close 2016 with an overall increase in consolidated sales and a further improvement in the financial position – commented Cembre’s Chairman and Managing Director Giovanni Rosani. “The Group’s financial position at August 31, 2016 amounted in fact to a surplus of €21.7 million, improving further from a surplus of €15.4 million at August 31, 2015” continued Giovanni Rosani.

* * * *

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. It is also the world's largest producer of connector installation tools (mechanical, pneumatic and hydraulic) and tools for cable shearing. 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 full-fledged international force. Along with the parent company in Brescia it has six subsidiaries: five trading companies (in Germany, France, Spain, the United States and Norway) and one manufacturing and trading subsidiaries (Cembre Ltd. in Birmingham, U.K.), for a total workforce of 663 as of June 30, 2016. 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.

Contacts:

Cembre S.p.A. - *Claudio Bornati* +39 030 36921 claudio.bornati@cembre.com

Further information is available on the Company's institutional site www.cembre.com

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 - Financial Statements at June 30, 2016:

- Consolidated Statement of Financial Position
- Statement of Consolidated Comprehensive Income
- Consolidated Statement of Cash Flows

In the present document use is made of "alternative performance indicators" which are not provided for under European IFRS, and whose significance and content are illustrated below (in line with Recommendation CESR/05-178b published on November 3, 2005):

Gross Operating Profit (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 amortization, financial flows and taxes.

Operating Profit (EBIT): defined as the difference between the Gross Operating Profit and the value of depreciation, amortization and write-downs. It represents the profit before financial flows and taxes.

Net Financial Position: it 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, 2016

Consolidated Statement of Financial Position

ASSETS	June 30, 2016		Dec. 31, 2015	
(euro '000)		<i>of which: related parties</i>		<i>of which: related parties</i>
NON CURRENT ASSETS				
Tangible assets	64.624		65.435	
Investment property	1.681		1.715	
Intangible assets	1.323		1.336	
Other investments	10		10	
Other non-current assets	48		10	
Deferred tax assets	2.351		2.550	
TOTAL NON-CURRENT ASSETS	70.037		71.056	
CURRENT ASSETS				
Inventories	39.948		39.191	
Trade receivables	29.749		26.372	
Tax receivables	702		770	
Other receivables	606		567	
Cash and cash equivalents	14.548		17.802	
TOTAL CURRENT ASSETS	85.553		84.702	
NON-CURRENT ASSETS AVAILABLE FOR SALE	-		-	
TOTAL ASSETS	155.590		155.758	

LIABILITIES AND SHAREHOLDERS' EQUITY	Jun. 30, 2015		Dec. 31, 2015	
(euro '000)		<i>of which: related parties</i>		<i>of which: related parties</i>
SHAREHOLDERS' EQUITY				
Capital stock	8.840		8.840	
Reserves	112.576		106.400	
Net profit	8.510		15.933	
TOTAL SHAREHOLDERS' EQUITY	129.926		131.173	
NON-CURRENT LIABILITIES				
Non-current financial liabilities	-		-	
Employee termination indemnity and other personnel benefits	2.553	172	2.617	168
Provisions for risks and charges	340	125	444	100
Deferred tax liabilities	2.136		2.235	
TOTAL NON-CURRENT LIABILITIES	5.029		5.296	
CURRENT LIABILITIES				
Current financial liabilities	-		-	
Trade payables	11.439		11.653	
Tax payables	1.206		679	
Other payables	7.990		6.957	
TOTAL CURRENT LIABILITIES	20.635		19.289	
LIABILITIES ON ASSETS HELD FOR DISPOSAL	-		-	
TOTAL LIABILITIES	25.664		24.585	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	155.590		155.758	



Condensed Consolidated Financial Statements at June 30, 2016

Statement of Consolidated Comprehensive Income

	1 st Half 2016		1 st Half 2015	
	(euro '000)	<i>of which: related parties</i>		<i>of which: related parties</i>
Revenues from sales and services provided	62.685		63.037	
Other revenues	423		360	
TOTAL REVENUES	63.108		63.397	
Cost of goods and merchandise	(22.616)		(22.591)	
Change in inventories	1.496		1.025	
Cost of services received	(7.702)	(333)	(7.781)	(323)
Lease and rental costs	(748)	(289)	(679)	(291)
Personnel costs	(18.293)	(150)	(17.604)	(131)
Other operating costs	(547)		(692)	
Increase in assets due to internal construction	537		422	
Write-down of receivables	(18)		(200)	
Accruals to provisions for risks and charges	(7)		(40)	
GROSS OPERATING PROFIT	15.210		15.257	
Property, plant and equipment depreciation	(2.656)		(2.562)	
Intangible asset amortization	(260)		(229)	
OPERATING PROFIT	12.294		12.466	
Financial income	13		17	
Financial expenses	(1)		(1)	
Foreign exchange gains (losses)	(112)		207	
PROFIT BEFORE TAXES	12.194		12.689	
Income taxes	(3.684)		(3.737)	
NET PROFIT FROM ORDINARY ACTIVITIES	8.510		8.952	
NET PROFIT FROM ASSETS HELD FOR DISPOSAL	-		-	
NET PROFIT	8.510		8.952	
Items that may be reclassified subsequently to profit and loss				
Conversion differences included in equity	(1.671)		1.641	
COMPREHENSIVE INCOME	6.839		10.593	
BASIC AND DILUTED EARNINGS PER SHARE	0,50		0,53	



Condensed Consolidated Financial Statements at June 30, 2016

Consolidated Statement of Cash Flows

	1 st Half 2016	2015
€ '000		
A) CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	17.802	11.659
B) CASH FLOW FROM OPERATING ACTIVITIES		
Net profit for the period	8.510	15.933
Depreciation, amortization and write-downs	2.916	5.701
(Gains)/Losses on disposal of assets	(22)	9
Net change in Employee Severance Indemnity	(64)	63
Net change in provisions for risks and charges	(104)	175
Operating profit (loss) before change in working capital	11.236	21.881
(Increase) Decrease in trade receivables	(3.377)	(747)
(Increase) Decrease in inventories	(757)	(900)
(Increase) Decrease in other receivables and deferred tax assets	228	(29)
Increase (Decrease) of trade payables	476	(1.401)
Increase (Decrease) of other payables, deferred tax liabilities and tax payables	1.461	(709)
Change in working capital	(1.969)	(3.786)
NET CASH FLOW (USED IN)/FROM OPERATING ACTIVITIES	9.267	18.095
C) CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on fixed assets:		
- intangible	(249)	(601)
- tangible	(2.460)	(6.534)
Proceeds from disposal of tangible, intangible, financial assets		
- intangible	-	9
- tangible	127	327
Increase (Decrease) of trade payables for assets	(690)	(165)
NET CASH FLOW (USED IN)/FROM INVESTING ACTIVITIES	(3.272)	(6.964)
D) CASH FLOW FROM FINANCING ACTIVITIES		
(Increase) Decrease in other non current assets	(38)	(1)
Change in reserves	(266)	-
Dividends distributed	(7.820)	(6.120)
NET CASH FLOW (USED IN)/FROM FINANCING ACTIVITIES	(8.124)	(6.121)
E) INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (B+C+D)	(2.129)	5.010
F) Foreign exchange differences	(1.125)	961
G) Discounting of Employee Termination Indemnity	-	(35)
H) Restatement of deferred tax liabilities as per new tax rate	-	207
I) CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (A+E+F+G+H)	14.548	17.802
Assets available for sales included above	-	-
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	14.548	17.802
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	14.548	17.802
Current financial liabilities	-	-
NET CONSOLIDATED FINANCIAL POSITION	14.548	17.802
INTERESTS PAID IN THE PERIOD	-	(1)
BREAKDOWN OF CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		
Cash	29	18
Banks	14.519	17.784
	14.548	17.802