Cembre

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 THE INTERIM REPORT AT SEPTEMBER 30, 2016

CEMBRE (A *STAR* LISTED COMPANY): IN THE FIRST NINE MONTHS OF 2016 CONSOLIDATED TURNOVER DECLINED SLIGHTLY BY 0.8% NET FINANCIAL POSITION AT SEPTEMBER 30, 2016 AMOUNTED TO A SURPLUS OF €23 MILLION

- Consolidated sales for the first nine months of 2016 declined by 0.8% worldwide, with domestic sales up 0.2% and exports down 1.5% (the latter negatively affected by the devaluation of the British pound against the euro)
- Capital expenditure for the first nine months of 2016 amounted to €4.3 million
- At October 31, the net financial position improved further to a surplus of €25.2 million, while sales for the first eight months of 2016 declined slightly by 1.7%
- The Board of Directors resolved to continue to publish an Interim Report for the 1st and 3rd Quarter

(€'000)	First nine months 2016	Sales margin %	First nine months 2015	Sales margin %	% change	3rd Qtr. 2016	Sales margin	3rd Qtr. 2015	Sales margin	% change
Sales	90,518	*100*	91,278	*100*	*-0.8%*	27,833	*100*	28,241	*100*	*-1.4%*
Gross operating profit (Ebitda)	22,237	*24.6*	22,216	*24.3*	*0.1%*	7,027	*25.2*	6,959	*24.6*	*1.0%*
Operating profit (Ebit)	17,824	*19.7*	17,975	*19.7*	*-0.8%*	5,530	*19.9*	5,509	*19.5*	*0.4%*
Profit before taxes	17,770	*19.6*	18,092	*19.8*	*-1.8%*	5,576	*20.0*	5,403	*19.1*	*3.2%*
Net profit	12,716	*14.0*	12,928	*14.2*	*-1.6%*	4,206	*15.1*	3,976	*14.1*	*5.8%*
Net financial position	23,122		16,132							

Brescia, November 14, 2016 - The Board of Directors of Cembre Spa – a company listed in the *STAR* segment of the Milan Stock Exchange 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 Interim report for the 3rd Quarter of 2016.

Consolidated sales for the first nine months of 2016 declined by 0.8% on the corresponding period in 2015 from €91.3 million to €90.5 million. In the 3rd Quarter of 2016, consolidated revenues declined by 1.4% on the 3rd Quarter of 2015 from €28.2 million to €27.8 million. Results were strongly affected by the sharp decline of the British pound against the euro on the translation of sales of the UK subsidiary into euros. Applying the same exchange rates used in the first nine months of 2015 in the translation of financial statements of subsidiaries (respectively denominated in British pounds, US dollars and Norwegian crowns), consolidated sales in euro terms would in fact have increased by 0.9%.

In the first nine months of 2016, 40.6% of Group sales were represented by Italy (as compared with 40.1% in the first nine months of 2015), 42.9% by the rest of Europe (42.5% in the first nine months of 2015), and the remaining 16.5% by the rest of the World (17.4% in the first nine months of 2015). Consolidated domestic sales grew in the period by 0.2% while exports declined by 1.5%.

Consolidated gross operating profit (Ebitda) for the first nine months of 2016 amounted to €22.2 million, corresponding to a 24.6% margin on sales, unchanged from €22.2 million reported in the first nine months of 2015 (24.3% of sales).
Gross operating profit for the 3rd Quarter of 2016 was also in line (up 1%) with the 3rd Quarter of 2015.

Consolidated operating profit (Ebit) for the first nine months of 2016 amounted to €17.8 million, corresponding to a 19.7% margin on sales, down 0.8% on €18.0 million in the first nine months of 2015, when it represented a 19.7% margin on sales. Consolidated operating profit for the 3rd Quarter of 2016 is in line with the corresponding period in the previous year (up 0.4%).

Consolidated profit before taxes for the first nine months of 2016 amounts to €17.8 million, representing a 19.6% margin on sales, down 1.8% on the profit before taxes reported in the first nine months of 2015, amounting to €18.1 million and corresponding to a 19.8% margin on sales.
Profit before taxes for the 3rd Quarter of 2016 amounts to €5.6 million, corresponding to a 20% margin on sales, up 3.2% on €5.4 million in the 3rd Quarter of 2015, when it amounted to a 19.1% margin on sales.

Consolidated net profit for the first nine months of 2016 amounted to €12.7 million, representing a 14.0% margin on sales, down 1.6% on €12.9 million in the first nine months of 2015, when it represented an 14.2% margin on sales.
Net profit for the 3rd Quarter of 2016 amounted to €4.2million, representing a 15.1% margin on sales, up 5.8% on €4.0 million in the 3rd Quarter of 2015, when it represented an 14.1% margin on sales.

The consolidated net financial position at September 30, 2016 amounted to a surplus of €23.1 million, improving on June 30, 2016, when it amounted to a surplus of €14.5 million. The consolidated net financial position at September 30, 2015 was equal to a surplus of €16.1 million.

Capital investments in the first nine months of 2016 amounted to €4.3 million, down slightly on the corresponding period in 2015 when they amounted to €4.9 million.

"In the first nine months of 2016 consolidated sales declined slightly by 0.8% on the corresponding period in 2015 due to the devaluation of the British pound against the euro. Applying exchange rates used in the first nine months of 2015 in the translation of financial statements of subsidiaries, consolidated sales in euro terms would in fact have increased by 0.9%. Sales for the ten months to October 2016 declined by 1.7% for the same reason – commented the Chairman and Managing Director, Giovanni Rosani. *"We expect therefore to close 2016 reporting a turnover in line with the previous year and achieving a further strengthening of the net financial position which at October 31, 2016 amounted to a surplus of €25.2 million"* continued Giovanni Rosani.

Resolutions regarding the disclosure of "additional financial information" on the first and third Quarter in compliance with Article 82-*ter* of the Self-conduct Code of Listed Companies

The Board of Directors, at the same meeting, resolved to continue to disclose additional financial information relating to the 1st and 3rd Quarter, continuing therefore to publish, at set dates that will be communicated in the calendar of company events, an Interim Report for the 1st and 3rd Quarter of each year, as approved by the Board of Directors, that will be made available within 45 days of the closing of the Quarter, will have the same contents as the ones published up to the present date and will ensure to comparability of information provided with the corresponding information contained in the Reports previously published.

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 subsidiary (Cembre Ltd. in Birmingham, U.K.), for a total workforce of 677 as of September 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.

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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 September 30, 2016

In the present press release use is made of certain alternative performance indicators that are not envisaged in IFRS-EU accounting principles, and whose significance and content are illustrated below, in line with the CESR/05-178b recommendation 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 before depreciation, amortization and write-downs, cash flow from financial activities and taxes.
Operating profit (EBIT): defined as the difference between Gross operating profit and the value of depreciation, amortization and write-downs. It represents the profit achieved before financial activities and taxes.
Net financial position: represents the algebraic sum of cash and cash equivalents, financial receivables and current and non-current financial debt.

The present Interim Report for the 3rd Quarter of 2016 has not been audited.

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Interim Report at September 30, 2016

Consolidated Financial Statements

Consolidated Comprehensive Income Statement

(euro '000)	First nine months 2016	First nine months 2015
Revenues from sales and services provided	90.518	91.278
Other revenues	408	478
TOTAL REVENUES	**90.926**	**91.756**
Cost of goods and merchandise	(30.758)	(32.249)
Change in inventories	1.121	1.350
Cost of services received	(11.210)	(11.192)
Lease and rental costs	(1.139)	(1.027)
Personnel costs	(26.593)	(25.663)
Other operating costs	(828)	(976)
Increase in assets due to internal construction	763	548
Write-down of receivables	(34)	(280)
Accruals to provisions for risks and charges	(11)	(51)
GROSS OPERATING PROFIT	**22.237**	**22.216**
Property, plant and equipment depreciation	(4.017)	(3.889)
Intangible asset amortization	(396)	(352)
OPERATING PROFIT	**17.824**	**17.975**
Financial income	17	23
Financial expenses	(1)	(1)
Foreign exchange gains (losses)	(70)	95
PROFIT BEFORE TAXES	**17.770**	**18.092**
Income taxes	(5.054)	(5.164)
NET PROFIT FROM ORDINARY ACTIVITIES	**12.716**	**12.928**
Items that may be reclassified subsequently to profit and loss		
Conversion differences included in equity	(2.213)	1.038
COMPREHENSIVE INCOME	**10.503**	**13.966**

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Consolidated Statement of Financial Position - Assets

ASSETS	Sept. 30, 2016	Dec. 31, 2015
(euro '000)		
NON CURRENT ASSETS		
Tangible assets	64.535	65.435
Investment property	1.664	1.715
Intangible assets	1.309	1.336
Other investments	10	10
Other non-current assets	52	10
Deferred tax assets	2.219	2.550
TOTAL NON CURRENT ASSETS	**69.789**	**71.056**
CURRENT ASSETS		
Inventories	39.371	39.191
Trade receivables	23.230	26.372
Tax receivables	730	770
Other receivables	936	567
Cash and cash equivalents	23.122	17.802
TOTAL CURRENT ASSETS	**87.389**	**84.702**
NON-CURRENT ASSETS AVAILABLE FOR SALE	**-**	**-**
TOTAL ASSETS	**157.178**	**155.758**

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Consolidated Statement of Financial Position - Liabilities and Shareholders' Equity

LIABILITIES AND SHAREHOLDERS' EQUITY	Sept. 30, 2016	Dec. 31, 2015
(euro '000)		
SHAREHOLDERS' EQUITY		
Capital stock	8.840	8.840
Reserves	111.726	106.400
Net profit	12.716	15.933
TOTAL SHAREHOLDERS' EQUITY	**133.282**	**131.173**
NON-CURRENT LIABILITIES		
Employee Severance Indemnity and other personnel benefits	2.459	2.617
Provisions for risks and charges	383	444
Deferred tax liabilities	2.101	2.235
TOTAL NON-CURRENT LIABILITIES	**4.943**	**5.296**
CURRENT LIABILITIES		
Trade payables	8.350	11.653
Tax payables	2.222	679
Other payables	8.381	6.957
TOTAL CURRENT LIABILITIES	**18.953**	**19.289**
LIABILITIES ON ASSETS HELD FOR DISPOSAL	**-**	**-**
TOTAL LIABILITIES	**23.896**	**24.585**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**157.178**	**155.758**