



C e m b r e



Company presentation



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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**



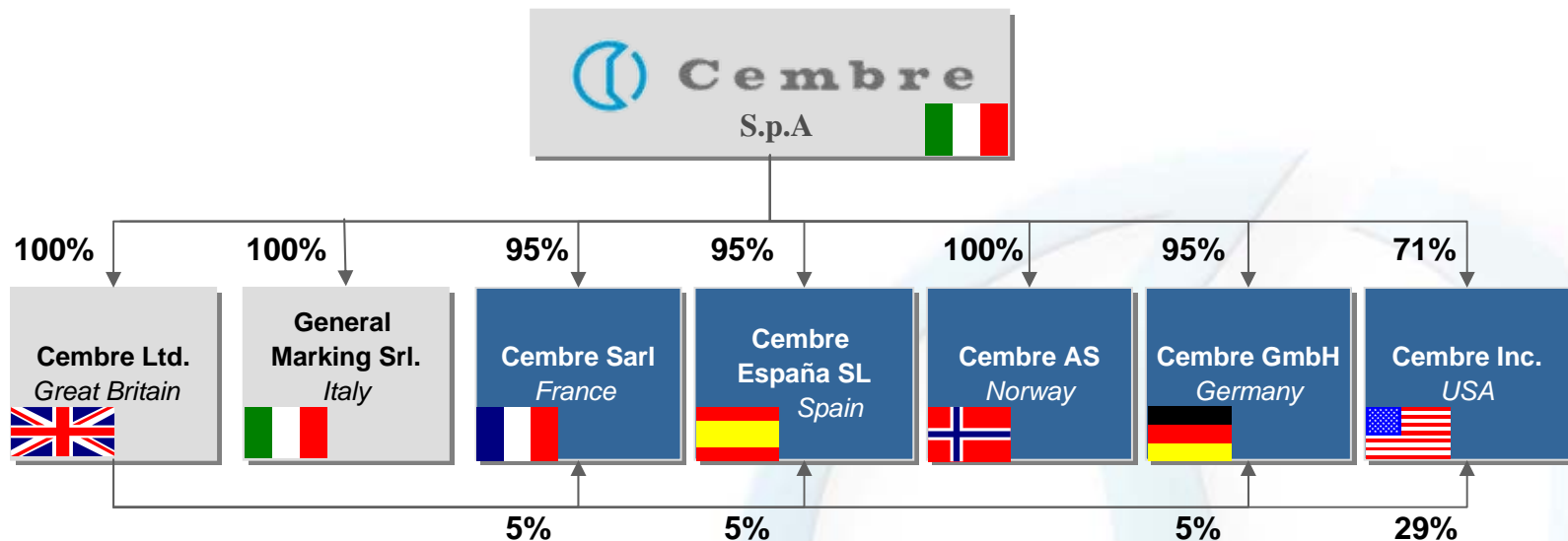
Competitive position

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 **market leadership** and to **fight the market slowdown of the period 2002-2003**, Cembre had sensibly **increased 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 December 31, 2008: Euro 36.3 millions (+ 1.1% vs Dec. 31, 2007)
 - To Italy: 19.1% of total sales
 - To foreign countries: 19.4% of total sales (17.3% to Europe and 2.1% 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 December 31, 2008: Euro 21.4 millions (+0.2% vs December 31, 2007)
 - To Italy: 5.4% of total sales
 - To foreign countries: 17.3% of total sales (11.6% to Europe and 5.7% 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 December 31, 2008: Euro 17.6 millions (-1.2% vs December 31, 2007)
 - To Italy: 3% of total sales
 - To foreign countries: 15.6% of total sales (13% to Europe and 2.6% outside Europe)

NR-11P



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

- v 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 December 31, 2008: Euro 6.4 millions (+27.2% vs. December 31, 2007)
 - To Italy: 4.9% of total sales
 - To foreign countries: 1.9% of total sales (1.5% to Europe and 0.4% outside Europe)

Rolly
1000



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

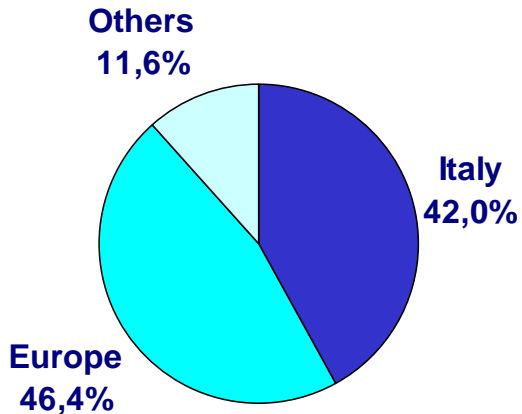
- Cable glands, turnover as at December 31, 2008: Euro 6.4 millions (-0.2% vs December 31, 2007)
 - To Italy: 6.2% of total sales
 - To foreign countries: 0.6% of total sales (Europe 0.5%, outside Europe 0.1%)



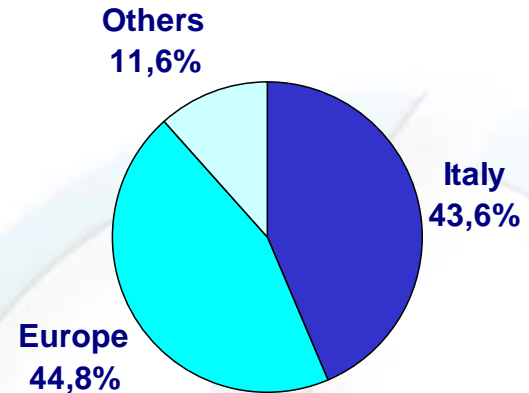
- Terminal blocks, turnover as at December 31, 2008: Euro 2.4 millions (-0.7% vs Dec. 31, 2007)
 - To Italy: 2.3% of total sales
 - To foreign countries: 0.3% of total sales (Europe)
- Product upgrade:
 - implementation of the new European Union safety regulations required the adoption of modern connection systems as those manufactured by Cembre Group



Turnover breakdown by geographical area



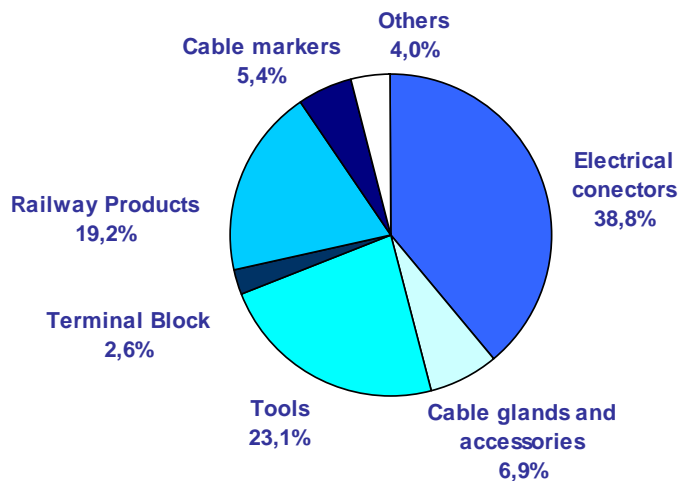
December 31, 2007
Euro 93.4 millions



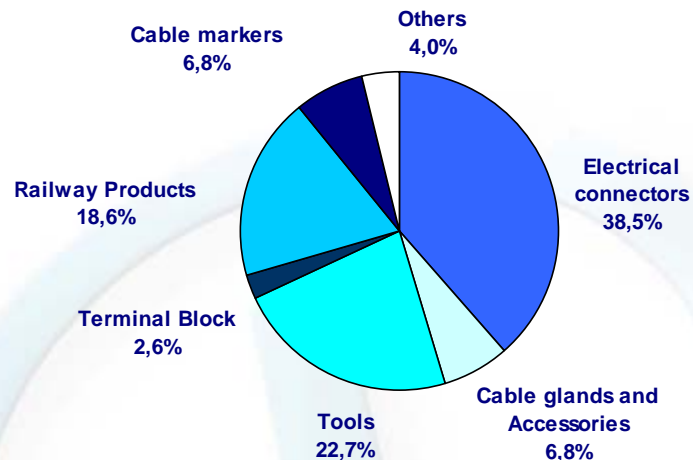
December 31, 2008
Euro 94.3 millions



Turnover breakdown by product



December 31, 2007
Euro 93.4 millions



December 31, 2008
Euro 94.3 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



Year 2008 consolidated results:

Consolidated results of **the Year 2008** were characterised by:

- **Increase of sales** of 0.9%
- **Reduction** of EBITDA and EBIT, resulting from the decrease of hourly cost used in the evaluation of stock, caused by the revision of the amortization period of plant and equipment and from absence of non recurring operations effecting 2007 results
- The growth of the **number of employees** from 525 to 545
- The decrease of **consolidated net profit**
- **A positive net financial position** which amount to Euro 1.2 millions (negative for 1.7 millions as at December 31, 2007).



Year 2008 consolidated results

Euro millions	Dec. 31, 08	Dec. 31, 07	Changes %
Sales	94.3	93.4	0.9%
EBITDA <i>In % of sales</i>	19.3 20.4%	21.7 23.2%	-11.2%
EBIT <i>In % of sales</i>	16.2 17.2%	18.4 19.7%	-11.9%
EBT <i>In % of sales</i>	16.0 17.0%	18.1 19.4%	-11.5%
NET PROFIT <i>In % of sales</i>	10.9 11.5%	11.9 12.7%	-8.7%



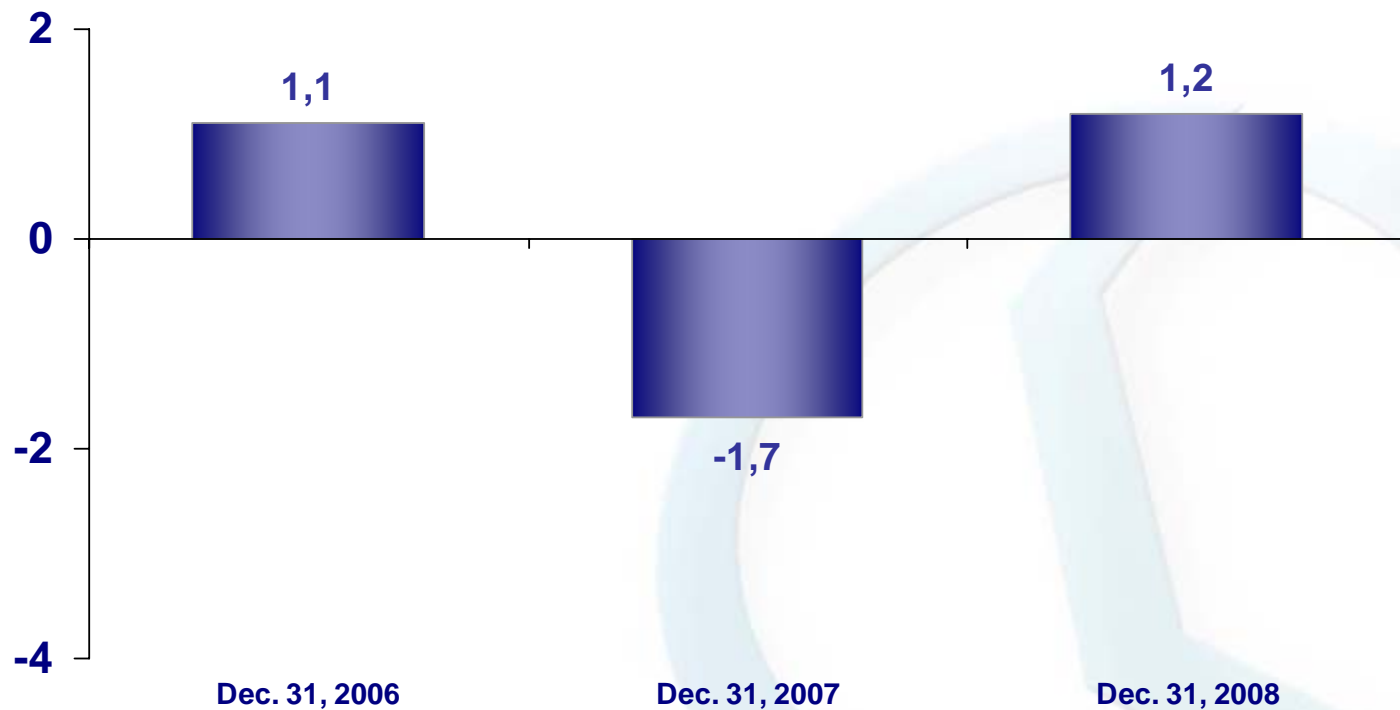
Year 2008 Consolidated balance sheet

Millions of Euro		Dec. 31, 2008	Dec. 31, 2007
A	Net working capital	41.3	41.0
B	Net fixed assets	35.2	34.8
C	Assets available for sales	-	-
D	Severance indemnities	3.2	3.4
E	Provisions for risks and charges	0.3	0.3
F	Deferred taxes	2.7	3.7
Net invested capital (A+B+C-D-E-F)		70.3	68.4
G	Equity	71.5	66.7
H	Net financial position	(1.2)	1.7
Total sources (G+H)		70.3	68,4



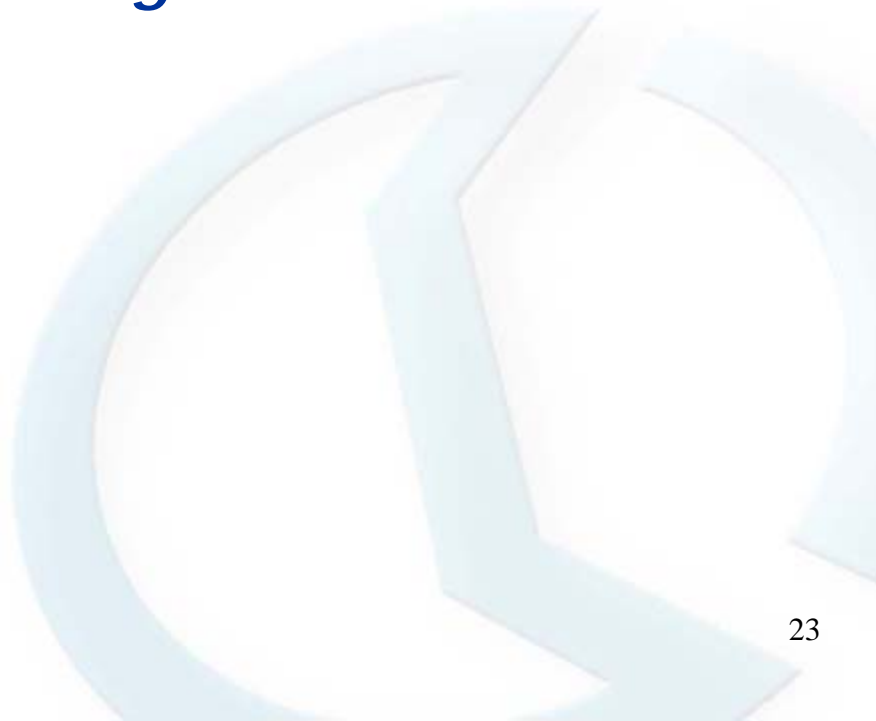
Net financial position

Euro millions





Objectives and Strategies





Objectives

In order to face the current financial crisis, in 2009 Cembre will move on three different levels:

- **Turnover reduction dumping** 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
 - A stronger commitment in getting provisions for the already existing or scheduled **railways yards renewing or broadening** in several Countries
- **More efficient floating capital structure**
- **Cost containment** by:
 - **Labour cost reduction** (by overtime lockout, reduction of fixed term contracts, etc.)
 - **Internalization of currently outsourced activities**
 - **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