



**C e m b r e**



*Company presentation*



# *Index*

- Activity and Competitive Position
- Products and Markets
- Consolidated Financial Highlights
- Objectives and Strategies





## *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**



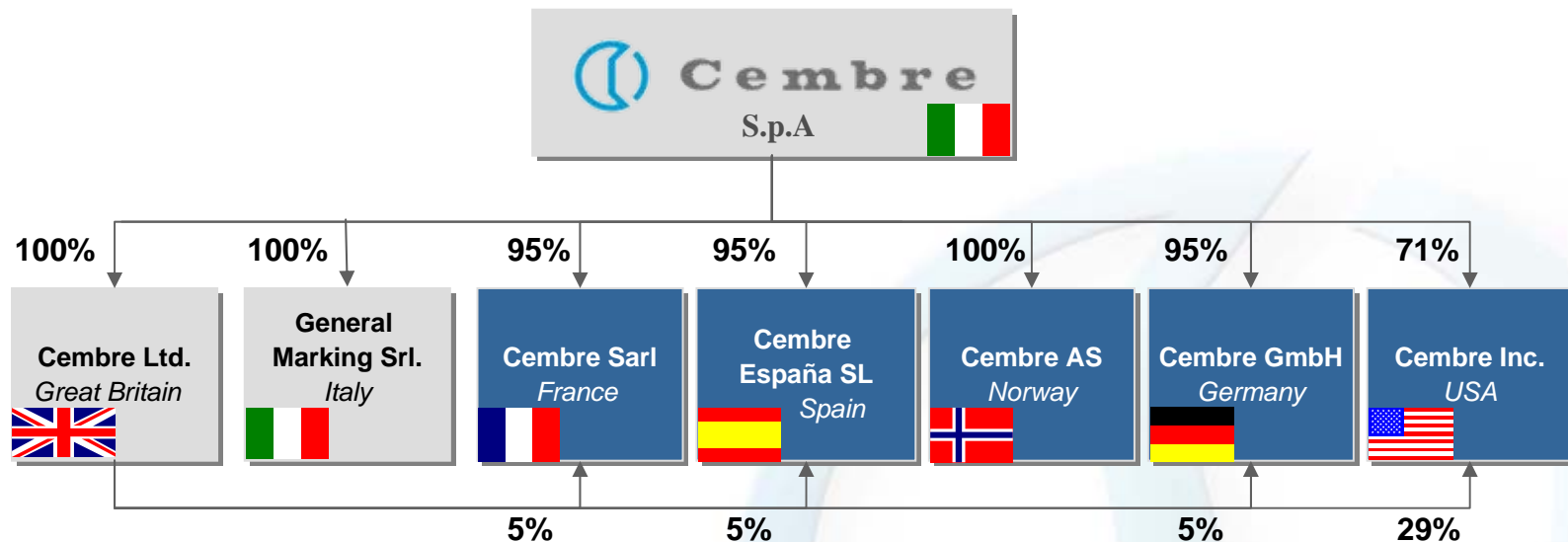
## *Competitive position*

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 June 30, 2009: Euro 13.1 millions (-33.9% vs June 30, 2008)
  - To Italy: 15.9% of total sales
  - To foreign countries: 17.9% of total sales (16.1% to Europe and 1.8% 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 June 30, 2009: Euro 7.8 millions (-29.9% vs June 30, 2008)
  - To Italy: 4.7% of total sales
  - To foreign countries: 15.6% of total sales (10.5% to Europe and 5.1% 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 June 30, 2009: Euro 9.8 millions (+10.5% vs June 30, 2008)
  - To Italy: 3.8% of total sales
  - To foreign countries: 21.7% of total sales (18.2% to Europe and 3.6% 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 June 30, 2009: Euro 2.5 millions (-24.6% vs. June 30, 2008)
  - To Italy: 4.7% of total sales
  - To foreign countries: 1.9% of total sales (1.6% to Europe and 0.3% 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*

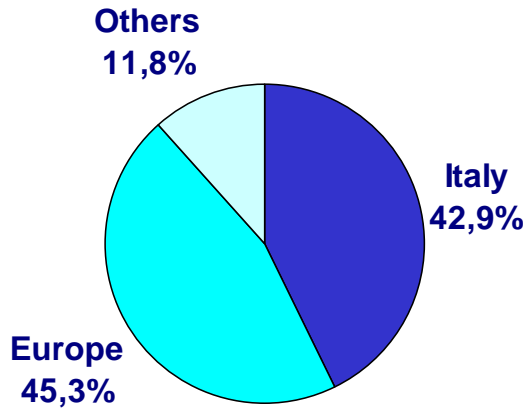
- Cable glands, turnover as at June 30, 2009: Euro 2.3 millions (-32.8% vs June 30, 2008)
  - To Italy: 6.1% of total sales
  - To foreign countries: 0.7% of total sales (0.6% to Europe, 0.1% outside Europe )



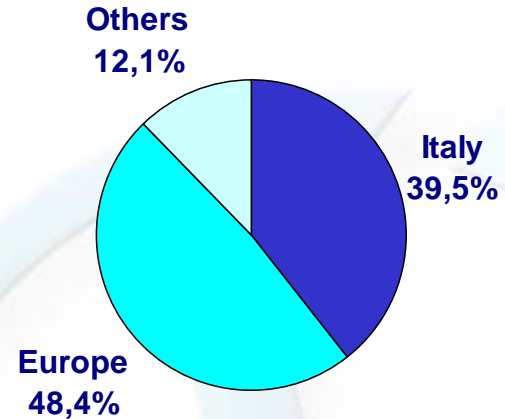
- Terminal blocks, turnover as at June 30, 2009: Euro 1 million (-24.7% vs June 30, 2008)
  - To Italy: 2.3% of total sales
  - To foreign countries: 0.3% of total sales (Europe)
- Product upgrade:
  - implementation of the new European Union safety regulations required the adoption of modern connection systems as those manufactured by Cembre Group



## *Turnover breakdown by geographical area*



**June 30, 2008**  
**Euro 50.1 millions**

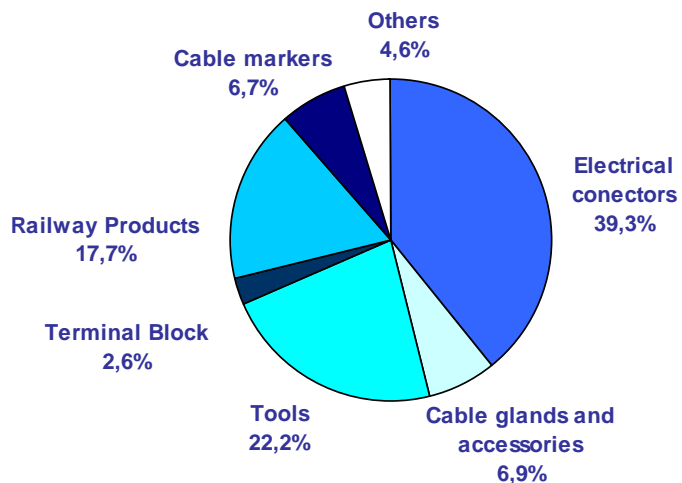


**June 30, 2009**  
**Euro 38.1 millions**

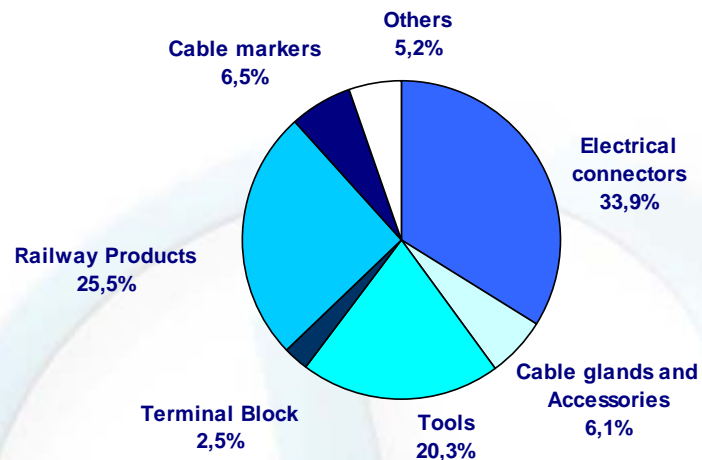




## Turnover breakdown by product



**June 30, 2008**  
**Euro 50.1 millions**



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



## *First Half 2009 consolidated results:*

Consolidated results of **the First Half 2009** were characterised by:

- **decrease of sales** of 23.9%
- **reduction** of EBITDA and EBIT, resulting from the negative situation of international markets
- decrease of **consolidated net profit**
- **decrease of investments** in production assets
- **a positive net financial position** which amount to Euro 2.2 millions (negative for 5.1 millions as at June 30, 2008).



## *First Half 2009 consolidated results*

<b>Euro millions</b>	<b>Jun. 30, 09</b>	<b>Dec. 30, 08</b>	<b>Changes %</b>
<b>Sales</b>	<b>38.1</b>	<b>50.1</b>	<b>-23.9%</b>
<b>EBITDA</b> <i>In % of sales</i>	<b>5.8</b> <b>15.2%</b>	<b>10.6</b> <b>21.2%</b>	<b>-45.4%</b>
<b>EBIT</b> <i>In % of sales</i>	<b>4.3</b> <b>11.4%</b>	<b>9.1</b> <b>18.2%</b>	<b>-52.3%</b>
<b>EBT</b> <i>In % of sales</i>	<b>4.4</b> <b>11.7%</b>	<b>8.8</b> <b>17.5%</b>	<b>-49.5%</b>
<b>EBT</b> <i>In % of sales</i>	<b>2.9</b> <b>7.5%</b>	<b>6.3</b> <b>12.5%</b>	<b>-54.1%</b>



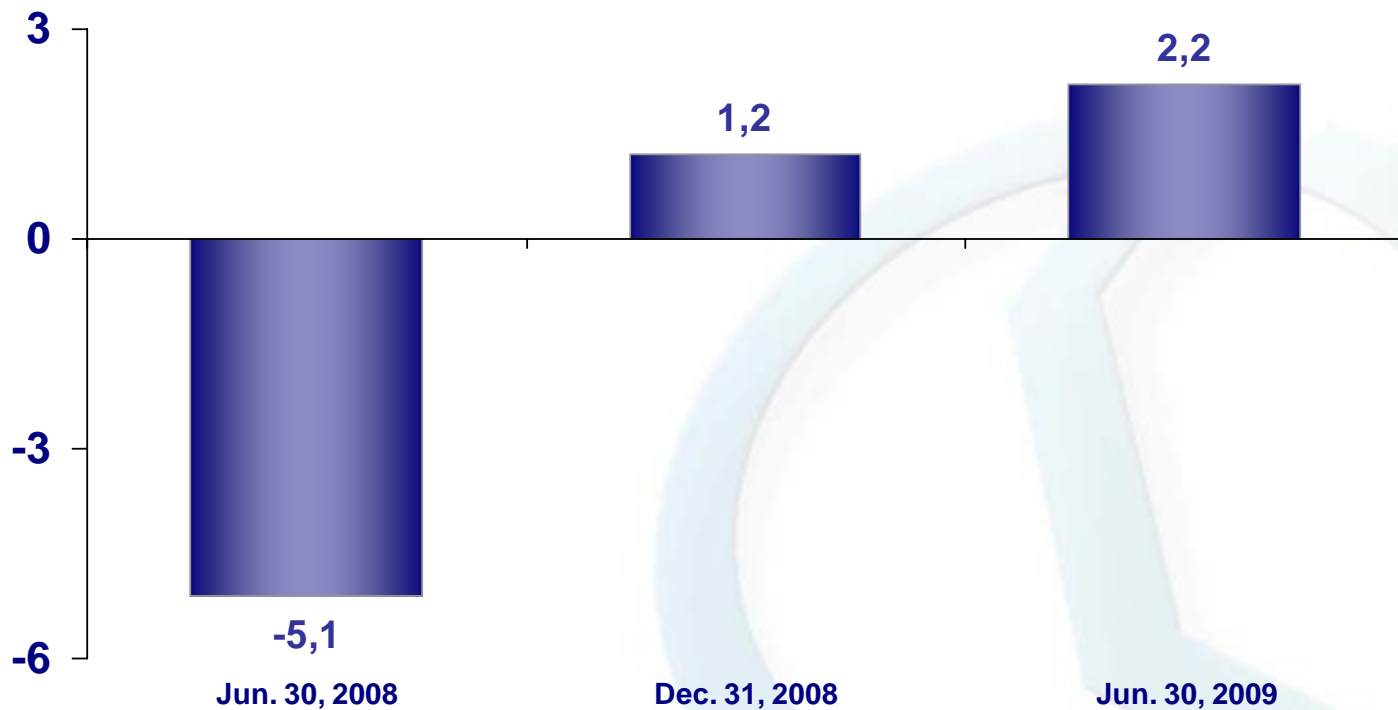
## *First Half 2009 Consolidated balance sheet*

Millions of Euro		Jun. 30, 2009	Dec. 31, 2008
<b>A</b>	Net working capital	40.5	41.3
<b>B</b>	Net fixed assets	35.2	35.2
<b>C</b>	Assets available for sales	-	-
<b>D</b>	Severance indemnities	3.0	3.2
<b>E</b>	Provisions for risks and charges	0.1	0.3
<b>F</b>	Deferred taxes	2.5	2.7
	<b>Net invested capital (A+B+C-D-E-F)</b>	<b>70.1</b>	<b>70.3</b>
<b>G</b>	Equity	72.3	71.5
<b>H</b>	Net financial position	(2.2)	(1.2)
	<b>Total sources (G+H)</b>	<b>70.1</b>	<b>70.3</b>



## *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