



COSTRUZIONI ELETTROMECCANICHE BRESCIANE

INTERIM REPORT

2019 FIRST QUARTER

Cembre S.p.A.

Head Office: Via Serenissima 9, Brescia, Italy
Share Capital: EUR 8,840,000 (fully paid-up).
Registration no: 00541390175 (Commercial Register of Brescia)

This document contains translations of the quarterly report prepared in the Italian language for the purpose of the Italian law and of CONSOB regulations (CONSOB is the public authority responsible for regulating the Italian securities market)

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Corporate Boards and Independent Auditors

Board of Directors

Giovanni Rosani	Chairman and Managing Director
Anna Maria Onofri	Vice-Chairman
Sara Rosani	Director
Aldo Bottini Bongrani	Director
Felice Albertazzi	Director
Franco Celli	Director
Paola Carrara	Independent Director
Fabio Fada	Independent Director

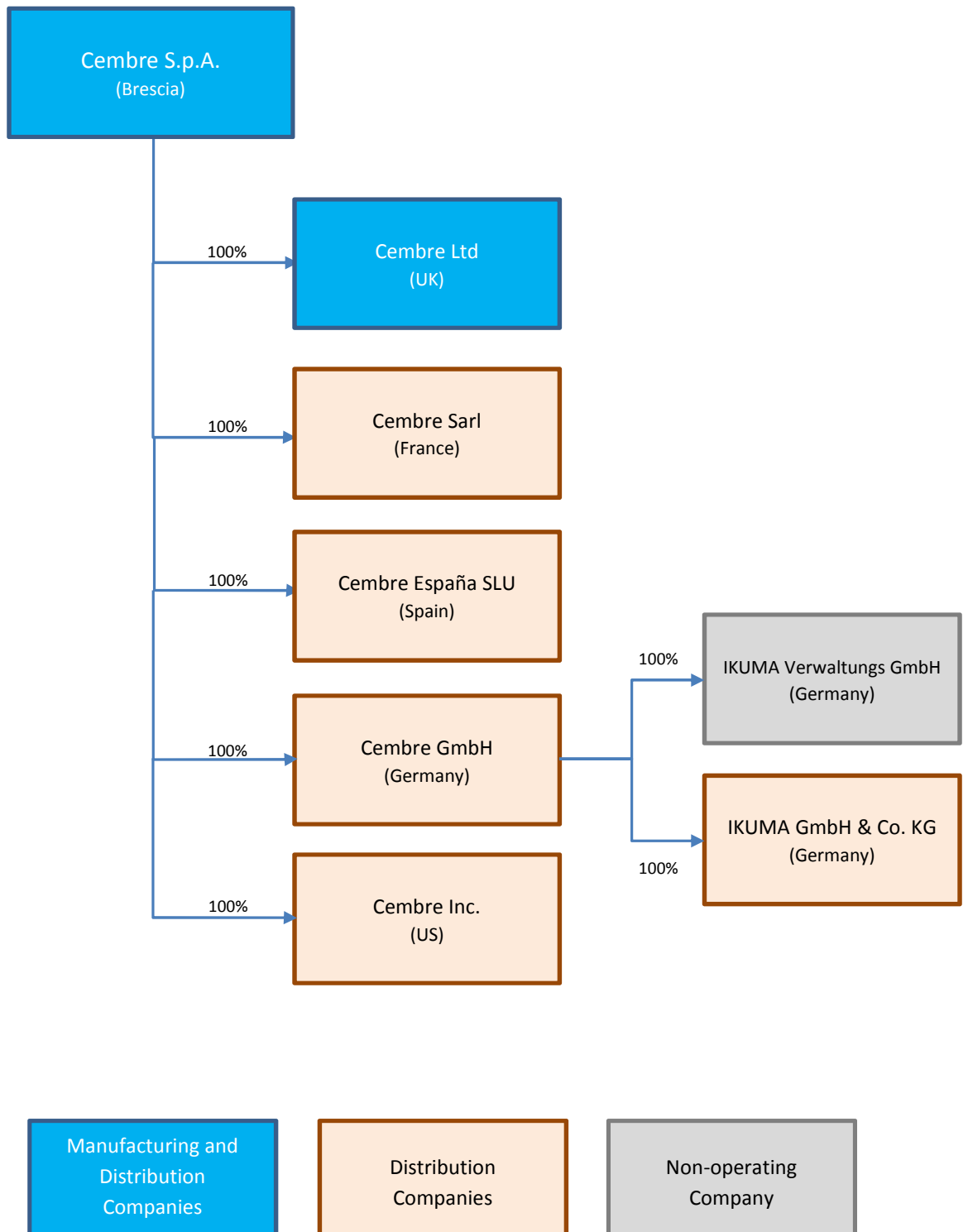
Board of Statutory Auditors

Fabio Longhi	Chairman
Riccardo Astori	Auditor
Rosanna Angela Pilenga	Auditor
Maria Grazia Lizzini	Substitute Auditor
Rosella Colleoni	Substitute Auditor

Independent Auditors

EY S.p.A.

Group Structure



Interim Report on Operations

Consolidated turnover in the first three months of 2019 recorded growth of 6.8% compared to the figure registered in the first quarter of 2018. In fact, sales went from €35,970 thousand last year to €38,401 thousand in 2019. This increase was due, in particular, to the consolidation of the German company IKUMA KG, acquired effective from May 1, 2018, whose turnover in the first quarter of 2019 came to €2.2 million; this company was not included in the Group results in the first quarter of 2018, and without said contribution the increase in consolidated sales in the first quarter of 2019 would have been 0.7%.

The trend in consolidated sales by geographical areas shows a 0.4% drop in the Italian market, with sales of €15.3 million. Revenues on the other European markets rose by 19.4%, standing at €17.9 million, while sales on non-European markets, totalling €5.1 million, fell by 7.5%. In the first three months of 2019, 40.0% of Group revenues from sales were represented by Italy (42.8% in the first quarter of 2018), 46.7% by the rest of Europe (41.8% in the first quarter of 2018), and the remaining 13.3% by the rest of the World (15.4% in the first quarter of 2018).

Sales by geographical area:

(euro '000)	1st Quarter 2019	1st Quarter 2018	Change	1st Quarter 2017	1st Quarter 2016	1st Quarter 2015	1st Quarter 2014	1st Quarter 2013	1st Quarter 2012	1st Quarter 2011
Italy	15,336	15,401	-0.4%	14,045	12,293	11,967	10,324	9,538	10,058	12,302
Rest of Europe	17,947	15,036	19.4%	13,914	12,725	13,165	13,319	12,211	11,702	11,071
Rest of the World	5,118	5,533	-7.5%	5,228	5,309	5,765	3,886	3,923	4,369	3,427
Total	38,401	35,970	6.8%	33,187	30,327	30,897	27,529	25,672	26,129	26,800

In the first quarter of 2019, the turnover of the Italian company Cembre S.p.A. fell by 2.2%; a decrease was also recorded by Cembre GmbH (Germany), down by 11.9%, and by Cembre Inc. (USA), which saw its turnover translated to Euro fall by 2.4% (-9.8% in dollars). A positive performance was registered by the other Group companies, in particular, the UK company Cembre Ltd, which reported an increase in revenues of 14.8% stated in Euro (revenues expressed in Sterling rose by 13.3%).

Revenues from sales and services in the first three months of 2019 by Group company

(net of intragroup sales):

(euro '000)	1st Quarter 2019	1st Quarter 2018	Change	1st Quarter 2017	1st Quarter 2016	1st Quarter 2015	1st Quarter 2014	1st Quarter 2013	1st Quarter 2012	1st Quarter 2011
Parent Company	19,594	20,245	-3.2%	18,477	16,987	16,483	13,543	13,014	13,624	15,762
Cembre Ltd. (UK)	5,682	4,759	19.4%	4,718	4,757	5,460	5,770	4,850	4,592	3,588
Cembre S.a.r.l. (F)	2,780	2,702	2.9%	2,606	2,339	2,156	2,098	2,070	2,203	1,934
Cembre España S.L.U. (E)	2,877	2,613	10.1%	2,444	1,889	2,149	1,845	1,586	1,527	1,932
Cembre GmbH (D)	1,777	2,044	-13.1%	2,084	1,697	1,646	1,737	1,685	1,813	1,769
IKUMA KG (D)	2,170	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Cembre Inc. (USA)	3,521	3,607	-2.4%	2,858	2,635	2,721	2,346	2,268	2,166	1,656
Cembre AS (NOR) (Wound up in 2016)	-	-	n.a.	-	23	282	190	199	204	159
Total	38,401	35,970	6.8%	33,187	30,327	30,897	27,529	25,672	26,129	26,800

In the 1st quarter of 2019, Group companies reported the following results, before the consolidation:

(euro '000)	Sales									
	1st Quarter 2019	1st Quarter 2018	Change	1st Quarter 2017	1st Quarter 2016	1st Quarter 2015	1st Quarter 2014	1st Quarter 2013	1st Quarter 2012	1st Quarter 2011
Cembre S.p.A.	28,111	28,754	-2.2%	25,955	23,547	23,460	20,445	18,651	20,186	21,833
Cembre Ltd. (UK)	6,144	5,354	14.8%	5,008	5,099	5,847	6,211	5,229	5,071	4,087
Cembre S.a.r.l. (F)	2,796	2,704	3.4%	2,608	2,344	2,157	2,100	2,071	2,209	1,942
Cembre España S.L.U. (E)	2,884	2,616	10.2%	2,444	1,890	2,154	1,846	1,587	1,804	1,932
Cembre GmbH (D)	1,817	2,063	-11.9%	2,098	1,705	1,657	1,764	1,810	1,819	1,775
IKUMA KG (D)	2,172	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Cembre Inc. (USA)	3,522	3,607	-2.4%	2,862	2,656	2,728	2,441	2,273	2,195	1,659
Cembre AS (NOR) (Wound up in 2016)	n.a.	n.a.	n.a.	n.a.	194	283	190	200	204	164

(euro '000)	Profit before taxes									
	1st Quarter 2019	1st Quarter 2018	Change	1st Quarter 2017	1st Quarter 2016	1st Quarter 2015	1st Quarter 2014	1st Quarter 2013	1st Quarter 2012	1st Quarter 2011
Cembre S.p.A.	10,828	9,556	13.3%	8,219	6,801	6,692	5,062	3,133	4,335	5,258
Cembre Ltd. (UK)	933	644	44.9%	629	755	950	981	715	773	511
Cembre S.a.r.l. (F)	271	277	-2.2%	188	110	173	106	127	149	150
Cembre España S.L.U. (E)	120	82	46.3%	141	(22)	153	96	50	(124)	(48)
Cembre GmbH (D)	156	158	-1.3%	192	66	90	95	40	143	208
IKUMA KG (D)	203	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Cembre Inc. (USA)	433	570	-24.0%	182	134	240	203	298	191	174
Cembre AS (NOR) (Wound up in 2016)	n.a.	n.a.	n.a.	n.a.	(73)	3	15	1	7	(1)

For a more direct evaluation of the effect of foreign exchange translations, we include below sales figures and pre-tax profit figures of companies operating outside the euro area in the respective currency.

(euro '000)	Currency	Sales									
		1 st Quarter 2019	1 st Quarter 2018	Change	1 st Quarter 2017	1 st Quarter 2016	1 st Quarter 2015	1 st Quarter 2014	1 st Quarter 2013	1 st Quarter 2012	1 st Quarter 2011
Cembre Ltd. (UK)	Gbp	5,361	4,730	13.3%	4,307	3,928	4,346	5,142	4,450	4,232	3,490
Cembre Inc. (USA)	US\$	4,000	4,434	-9.8%	3,047	2,927	3,072	3,343	3,002	2,877	2,270
Cembre AS (NOR) (Wound up in 2016)	Nok	n.a.	n.a.	n.a.	n.a.	1,844	2,467	1,584	1,483	1,545	1,287

(euro '000)	Currency	Profit before taxes									
		1 st Quarter 2019	1 st Quarter 2018	Change	1 st Quarter 2017	1 st Quarter 2016	1 st Quarter 2015	1 st Quarter 2014	1 st Quarter 2013	1 st Quarter 2012	1 st Quarter 2011
Cembre Ltd. (UK)	Gbp	639	569	12.3%	541	582	706	812	609	645	436
Cembre Inc. (USA)	US\$	491	701	-30.0%	193	147	270	278	394	251	238
Cembre AS (NOR) (Wound up in 2016)	Nok	n.a.	n.a.	n.a.	n.a.	(693)	30	129	11	50	(2)

To provide a better understanding of the Company's consolidated results for the 1st quarter of 2019, a comparative Reclassified Consolidated Income Statement is provided, which shows the percentage changes compared to the same period in 2018.

Gross operating profit for the first three months of 2019 amounted to €10,485 thousand, corresponding to 27.3% of revenues from sales, up 4.5% on those of the first three months of 2018, equal to €10,037 thousand, corresponding to 27.9% of revenues from sales. The incidence of the cost of sales rose in the period, especially following the consolidation of the sales company IKUMA KG, effective from May 1, 2018. The average number of Group employees in the period went from 726 to 730 (of which 20 employees of IKUMA KG).

Consolidated operating profit for the 1st Quarter of 2019 amounted to €8,144 thousand, representing a 21.2% margin on revenues from sales, down 3.0% on €8,395 thousand in the first three months of 2018 when it represented 23.3% of revenues from sales.

Consolidated profit before taxes for the 1st Quarter of 2019 was equal to €8,176 thousand, representing a 21.3% of sales, down 1.5% on €8,299 thousand in the first three

months of 2018, when it represented 23.1% of sales. The trend in exchange rates involved a benefit of €65 thousand, while in the same period of 2018 it had generated a loss of €98 thousand.

Net profit for the period grew by 0.4% on the corresponding period in 2018 from €6,227 thousand, representing 17.3% of sales, to €6,255 thousand, representing 16.3% of sales.

Effective from January 1, 2019, the Group adopted new IFRS 16 to account for leases. The application of this new standard did not generate any significant effects at consolidated income statement level, involving a reduction in Group profit of €16 thousand, as the joint result of the following entries:

- reversal of lease fees of €359 thousand;
- recognition of amortisation for leasing activities amounting to €342 thousand;
- recognition of lease interest expense of €33 thousand.

At balance sheet level, the application of the aforementioned standard involved the recognition of the following items:

- non-current assets for leasing of €6,692 thousand;
- non-current financial liabilities of €5,369 thousand;
- current financial liabilities of €1,326 thousand;
- reversal of prepayments and accrued income of €13 thousand.

The table below summarises the main income results, net of the effects of the adoption of IFRS 16.

	1st Quarter 2019	%	1st Quarter 2018	%	Change
Revenues from sales and services	38,401	100.0%	35,970	100.0%	6.8%
Gross Operating Result	10,126	26.4%	10,037	27.9%	0.9%
Operating Result	8,127	21.2%	8,395	23.3%	-3.2%
Pre-tax result	8,192	21.3%	8,299	23.1%	-1.3%

The net financial position as at March 31, 2019 is composed as follows:

		03/31/2019	12/31/2018
A	Cash	14	12
B	Bank deposits	16,927	17,186
C	Cash and cash equivalents (A+B)	18,941	17,198
D	Current bank debt	(6,668)	(8,667)
E	Current financial leasing liabilities	(1,326)	n.a.
F	Current financial debt (D+E)	(7,994)	(8,667)
G	Net current financial position (C+F)	8,947	8,531
H	Non-current bank debt	(500)	(1,000)
I	Non-current financial leasing liabilities	(5,369)	n.a.
J	Non-current financial debt (H+I)	(5,869)	(1,000)
K	Net Financial Position (G+ J)	3,078	7,531

The net financial position as at March 31, 2019, equal to a positive €3.1 million, fell compared to December 31, 2018, as a result of the adoption of new IFRS 16, effective from January 1, 2019, which involved the recognition of financial leasing payables totalling €6.7 million. Without this item, the net financial position as at March 31, 2019 would have been €9.8 million.

The net financial position at March 31, 2018 was a positive €18.5 million.

The investments made by the Group in the first three months of the current year came to €0.3 million in intangible assets, and €2.2 million in property, plant and equipment. Investments totalled €3.8 million in the first three months of 2018.

Subsequent events

No event having significant effects on the Group's financial position or operating performance occurred after the close of the first quarter of 2019.

Outlook

Despite the difficulty in making forecasts, given the uncertain scenario at the global level, the Cembre Group expects to see growth compared to 2018, consequently forecasting a slight increase in business volume for the end of 2019 and a positive consolidated result.

The Group's activity is not subject to cyclical or seasonal factors except for the slowdown in activity in August for the summer holidays, and in December for the Christmas holidays.

Attachment 1 to the Interim Report on Operations

Comparative Consolidated Income Statement

	1 st Quarter 2019	%	1 st Quarter 2018	%	Change
<i>(euro '000)</i>					
Revenues from contracts with customers	38,401	100.0%	35,970	100.0%	6.8%
Other revenues	342		125		173.6%
Total Revenues	38,743		36,095		7.3%
Cost of goods and merchandise	(12,262)	-31.9%	(15,145)	-42.1%	-19.0%
Change in inventories	(47)	-0.1%	4,398	12.2%	-101.1%
Cost of services received	(4,890)	-12.7%	(4,775)	-13.3%	2.4%
Lease and rental costs	(117)	-0.3%	(390)	-1.1%	-70.0%
Personnel costs	(10,851)	-28.3%	(10,052)	-27.9%	7.9%
Other operating costs	(407)	-1.1%	(363)	-1.0%	12.1%
Increase in assets due to internal construction	323	0.8%	349	1.0%	-7.4%
Impairment losses on contract assets	(1)	0.0%	(74)	-0.2%	-98.6%
Accruals to provisions for risks and charges	(6)	0.0%	(6)	0.0%	0.0%
Gross Operating Result	10,485	27.3%	10,037	27.9%	4.5%
Property, plant and equipm. depreciation	(1,784)	-4.6%	(1,499)	-4.2%	19.0%
Intangible asset amortisation	(215)	-0.6%	(143)	-0.4%	50.3%
Depreciation of lease assets	(342)	-0.9%	-	0.0%	
Operating Result	8,144	21.2%	8,395	23.3%	-3.0%
Financial income	1	0.0%	2	0.0%	-50.0%
Financial charges	(34)	-0.1%	-	0.0%	
Foreign exchange gains (losses)	65	0.2%	(98)	-0.3%	-166.3%
Pre-tax result	8,176	21.3%	8,299	23.1%	-1.5%
Income taxes	(1,921)	-5.0%	(2,072)	-5.8%	-7.3%
Net profit for the period	6,255	16.3%	6,227	17.3%	0.4%

Consolidated Financial Statements at March 31, 2019

Consolidated Comprehensive Income Statement

	1 st Quarter 2019	1 st Quarter 2018
(euro '000)		
Revenues from contracts with customers	38,401	35,970
Other revenues	342	125
Total Revenues	38,743	36,095
Cost of goods and merchandise	(12,262)	(15,145)
Change in inventories	(47)	4,398
Cost of services received	(4,890)	(4,775)
Lease and rental costs	(117)	(390)
Personnel costs	(10,851)	(10,052)
Other operating costs	(407)	(363)
Increase in assets due to internal construction	323	349
Impairment losses on contract assets	(1)	(74)
Accruals to provisions for risks and charges	(6)	(6)
Gross Operating Result	10,485	10,037
Property, plant and equipment depreciation	(1,784)	(1,499)
Intangible asset amortisation	(215)	(143)
Depreciation of lease assets	(342)	-
Operating Result	8,144	8,395
Financial income	1	2
Financial charges	(34)	-
Foreign exchange gains (losses)	65	(98)
Pre-tax result	8,176	8,299
Income taxes	(1,921)	(2,072)
Net profit for the period	6,255	6,227
Elements that could be charged to the income statement		
Conversion difference reserves	678	39
Comprehensive Income	6,933	6,266

Consolidated Statement of Financial Position – Assets

ASSETS	03.31.2019	03.31.2018
(euro '000)		
NON-CURRENT ASSETS		
Tangible assets	83,817	83,294
Investment property	1,059	1,071
Intangible assets	4,346	4,257
Goodwill	4,608	4,608
Lease assets	6,692	-
Other investments	10	10
Other non-current assets	1,490	1,522
Deferred tax assets	2,933	2,767
TOTAL NON-CURRENT ASSETS	104,955	97,529
CURRENT ASSETS		
Inventories	50,942	50,619
Trade receivables	30,476	25,626
Tax receivables	2,356	2,035
Other receivables	1,708	1,842
Cash and cash equivalents	16,941	17,198
TOTAL CURRENT ASSETS	102,423	97,320
NON-CURRENT ASSETS HELD FOR DISPOSAL	-	-
TOTAL ASSETS	207,378	194,849

Consolidated Statement of Financial Position – Liabilities and Shareholders' Equity

LIABILITIES AND SHAREHOLDERS' EQUITY	03.31.2019	03.31.2018
(euro '000)		
SHAREHOLDERS' EQUITY		
Share capital	8,840	8,840
Reserves	144,718	121,302
Net profit	6,255	22,736
TOTAL SHAREHOLDERS' EQUITY	159,813	152,878
NON-CURRENT LIABILITIES		
Non-current financial liabilities	5,869	1,000
Other non-current payables	1,480	1,480
Employee Severance Indemnity and other personnel benefits	2,511	2,557
Provisions for risks and charges	757	606
Deferred tax liabilities	2,857	2,846
TOTAL NON-CURRENT LIABILITIES	13,474	8,489
CURRENT LIABILITIES		
Current financial liabilities	7,994	8,667
Trade payables	13,514	14,863
Tax payables	4,410	2,367
Other payables	8,173	7,585
TOTAL CURRENT LIABILITIES	34,091	33,482
LIABILITIES ON ASSETS HELD FOR DISPOSAL	-	-
TOTAL LIABILITIES	47,565	41,971
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	207,378	194,849

Consolidated Statement of Cash Flows

	1 st Quarter 2019	1 st Quarter 2018
(euro '000)		
A) CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	17,198	20,232
B) CASH FLOW FROM OPERATING ACTIVITIES		
Net profit (loss) for the period	6,255	6,227
Depreciation, amortisation and write-downs	2,341	1,641
(Gains)/Losses on disposal of assets	(15)	(12)
Net change in Employee Termination Indemnity	(46)	18
Net change in provisions for risks and charges	151	62
Operating profit (loss) before change in working capital	8,686	7,936
(Increase) Decrease in trade receivables	(4,850)	(3,300)
(Increase) Decrease in inventories	(323)	(4,363)
(Increase) Decrease in other receivables and deferred tax assets	(353)	(381)
Increase (Decrease) of trade payables	211	(816)
Increase (Decrease) of other payables, deferred tax liabilities and tax payables	2,642	2,280
Change in working capital	(2,673)	(6,580)
NET CASH FLOW (USED IN)/FROM OPERATING ACTIVITIES	6,013	1,356
C) CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on fixed assets:		
- intangible	(304)	(158)
- tangible	(2,162)	(3,660)
- leasing	(7,034)	
Proceeds from disposal of tangible, intangible, available-for-sale financial assets		
- tangible	63	123
Increase (Decrease) of trade payables for assets	(1,560)	593
NET CASH FLOW (USED IN)/FROM INVESTING ACTIVITIES	(10,997)	(3,102)
D) CASH FLOW FROM FINANCING ACTIVITIES		
(Increase) Decrease in other non-current assets	1,512	2
(Increase) Decrease in other non-current liabilities	(1,480)	-
(Increase) Decrease in bank payables	(2,499)	-
Increase (Decrease) in other loans	6,695	-
NET CASH FLOW (USED IN)/FROM FINANCING ACTIVITIES	4,228	2
E) INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (B+C+D)	(756)	(1,744)
F) Foreign exchange conversion differences	499	(14)
G) CASH AND CASH EQUIVALENTS AT END OF PERIOD (A+E+F)	16,941	18,474
Of which: assets held for disposal	-	-
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	16,941	18,474
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	16,941	18,474
Current financial liabilities	(7,994)	-
Non-current financial liabilities	(5,869)	-
NET CONSOLIDATED FINANCIAL POSITION	3,078	18,474
INTEREST PAID IN THE PERIOD	5	-
BREAKDOWN OF CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		
Cash	14	88
Bank deposits	16,927	18,386
	16,941	18,474

Statement of Changes in the Consolidated Shareholders' Equity

(euro '000)	Balance at December 31, 2018	Allocation of previous year's net profit	Other changes	Comprehensive Income for the period	Balance at March 31, 2019
Share capital	8,840				8,840
Share premium reserve	12,245				12,245
Legal reserve	1,768				1,768
Reserve for Treasury Shares	(5,283)				(5,283)
Suspended-tax reserves	585				585
Other suspended-tax reserves	68				68
Other reserves	22,753	1,479		(409)	23,823
Conversion differences	(2,413)			1,087	(1,326)
Extraordinary reserve	83,356				83,356
First time application of IAS/IFRS reserve	3,715				3,715
Discounting of employee termination indemnities	111				111
Merger differences	4,397				4,397
Retained earnings	-	21,257			21,257
Net profit	22,736	(22,736)		6,255	6,255
Total Shareholders' Equity	152,878	-	-	6,933	159,811

(euro '000)	Balance at December 31, 2017	Allocation of previous year's net profit	Other changes	Comprehensive Income for the period	Balance at December 31, 2018
Share capital	8,840				8,840
Share premium reserve	12,245				12,245
Legal reserve	1,768				1,768
Reserve for Treasury Shares	(5,403)		120		(5,283)
Suspended-tax reserves	585				585
Other suspended-tax reserves	68				68
Other reserves	23,934	(1,719)		538	22,753
Conversion differences	(2,126)			(287)	(2,413)
Extraordinary reserve	72,283	11,073			83,356
First time application of IAS/IFRS reserve	3,715				3,715
Discounting of employee termination indemnities	42			69	111
Merger differences	4,397				4,397
Retained earnings	-				-
Net profit	22,727	(22,727)		22,736	22,736
Total Shareholders' Equity	143,075	(13,373)	120	23,056	152,878

Notes to the accounts

Accounting principles, form and content of the Financial Statements, estimates

The Interim Report on Operations of the Cembre Group at March 31, 2019 was prepared in compliance with article 2.2.3, comma 3 of the “Rules for Markets organized and managed by Borsa Italiana S.p.A.” and aims at providing a general description of the financial position and the economic performance of the Company and its subsidiaries in the period, in addition to reporting important events occurred and operations carried out and their effect on the financial position of the Company and its subsidiaries.

All the information required by IAS 34 is not provided in this document.

The consolidation principles and measurement criteria adopted conform to the international accounting standards (IAS/IFRS) and are consistent with those adopted to draft the financial statements of the Group for the year ended as at December 31, 2018, with the exception of IFRS 16, which entered into force on January 1, 2019. For the application of said standard, the Group has chosen to use the modified retrospective method (catch-up method); therefore the comparative data were not re-stated.

The Group’s financial statements include those as at March 31, 2019 of Cembre S.p.A. (Parent Company) and the following companies:

	Share owned by the Group March 31, 2019	Share owned by the Group March 31, 2018
Cembre Ltd. (UK)	100%	100%
Cembre S.a.r.l. (France)	100%	100%
Cembre España S.L.U. (Spain)	100%	100%
Cembre GmbH (Germany)	100%	100%
Cembre Inc. (USA)	100%	100%
IKUMA GmbH & Co. KG (Germany)	100%*	-
IKUMA Verwaltungs GmbH (Germany)	100%*	-

(*) *fully held via Cembre GmbH*

The parent company has control of the above companies pursuant to Article 2359 of the Italian Civil Code.

The consolidation perimeter changed when compared to March 31, 2018, following Cembre GmbH's acquisition of the entire capital of companies IKUMA GmbH & Co. KG and IKUMA Verwaltungs GmbH, both with headquarters in Weinstadt, near Stuttgart.

The criteria used in the preparation of the financial statements were applied consistently within the Group. Where necessary, financial data were adjusted and reclassified. In compliance with IAS 1, in the financial statements costs were classified by nature.

Amounts are expressed in thousands of Euro.

The interim Report was prepared in accordance with the "period separation criteria", based on which the period considered is treated as an independent financial period. The income statement for the quarter thus reflects the income components relating to the period based on the accrual method.

Bonuses recognised to customers at the end of the period were estimated based on past sales and their expected future performance.

Translation of financial statements expressed in currencies other than the euro

The functional and reporting currency of the Group is the euro.

Exchange rates applied in the translation of financial statements of subsidiaries are shown in the table below (expressed in currency/€).

Currency	Exchange rate at March 31, 2019	Average exchange rate for 2019
British pound	0.8725	0.8583
US Dollar	1.1358	1.1235

Brescia, May 14, 2019

**FOR THE BOARD OF DIRECTORS
OF THE PARENT COMPANY CEMBRE S.P.A.**
The Chairman and Managing Director

Giovanni Rosani

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C e m b r e

DECLARATION

pursuant to art 154-bis, Paragraph 2 of Legislative Decree 58 dated Feb. 24, 1998 "Consolidated Law on financial intermediation regulations" and subsequent integrations and updatings

Re: 2019 first Quarter Interim Report

The undersigned,

Claudio Bornati, Manager responsible for preparing the Cembre S.p.A. financial reports

DECLARES

pursuant to Paragraph 2 of Article 154-bis of the Consolidated Law on Finance, that the financial disclosure contained in the 2019 first Quarter Interim Report corresponds to the document results, books and accounting records.

Brescia, May 14, 2019

Signed by: Claudio Bornati
Manager in charge of drafting
the accounts of Cembre S.p.A.



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