



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 03036921 fax: +39 0303365766

## Press Release

### BOARD APPROVES THE INTERIM REPORT AT SEPTEMBER 30, 2018

**CEMBRE (A STAR LISTED COMPANY): in the first nine months of 2018 consolidated turnover grew by 10.0%**  
**Net financial position at September 30, 2018 amounted to a surplus of €4.1 million**

- Consolidated sales for the first nine months of 2018 grew by 10.0% worldwide, with sales to Italian market and sales to other markets up respectively by 8.9% and 10.7%
- Capital expenditure in tangible assets for the first nine months of 2018 amounted to €2.3 million
- Sales for the first ten months of 2018 grew by 11.5%, while the net financial position at October 31<sup>st</sup> amounted to a surplus of €4.5 million

(€'000)	First nine months 2018	Sales margin %	First nine months 2017	Sales margin %	% change	3 <sup>rd</sup> Qtr. 2018	Sales margin	3 <sup>rd</sup> Qtr. 2017	Sales margin	% change
<b>Sales</b>	107,270	100	97,555	100	10.0%	33,975	100	30,959	100	9.7%
<b>Gross operating profit (Ebitda)</b>	26,695	24.9	25,292	25.9	5.5%	7,836	23.1	7,956	25.7	-1.5%
<b>Operating profit (Ebit)</b>	21,507	20.0	20,564	21.1	4.6%	6,015	17.7	6,337	20.5	-5.1%
<b>Profit before taxes</b>	21,536	20.1	20,182	20.7	6.7%	6,115	18.0	5,960	19.3	2.6%
<b>Net profit</b>	16,606	15.5	14,416	14.8	15.2%	4,907	14.4	4,266	13.8	15.0%
<b>Net financial position</b>	4,111		20,363							

*Brescia, November 14, 2018* - 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 Report on the 3<sup>rd</sup> Quarter of 2018.

**Consolidated sales** for the first nine months of 2018 grew by 10.0% on the corresponding period in 2017, up from €97.6 million to €107.3 million. In the 3<sup>rd</sup> Quarter of 2018, consolidated revenues grew by 9.7% on the 3<sup>rd</sup> Quarter of 2017 from €31.0 million to €34.0 million.

In the first nine months of 2018, 41.4% of Group sales were represented by Italy (as compared with 41.8% in the first nine months of 2017), 43.1% by the rest of Europe (42.0% in the first nine months of 2017), and the remaining 15.5% by the rest of the World (16.2% in the first nine months of 2017). Consolidated domestic sales grew in the period by 8.9% while exports grew by 10.7%.

Sales of newly acquired IKUMA KG for the five months since its acquisition (May 1-Sept. 30, 2018) amounted to €3.5 million; net of this contribution consolidated sales increased by 6.4% on the corresponding period in 2018. On May 3rd, 2018, effective May 1st, 2018, wholly-owned German subsidiary Cembre GmbH acquired in fact the entire capital stock of IKUMA GmbH & Co. KG a company active on the German market in the electrical equipment sector.

Profit for the first nine months of 2017 had been positively affected by the €502 thousand capital gain reported in 2017 by Spanish subsidiary Cembre España S.L.U. on the sale of the industrial building located in Coslada (Madrid) formerly hosting the subsidiary's operations; the capital gain is classified in the Income Statement under *other non-recurrent income*.

**Consolidated gross operating profit** (Ebitda) for the first nine months of 2018 amounted to €26.7 million, corresponding to a 24.9% margin on sales, up 5.5% from €25.3 million in the first nine months of 2017, representing a 25.9% margin on sales. The cost of goods sold as a percentage of sales declined slightly in the period while personnel costs as a percentage of sales were stable despite the increase in the average number of employees from 684 in the first nine months of 2017 to 747 in the corresponding period in 2018 (of which 18 are IKUMA KG's employees).

Gross operating profit for the 3<sup>rd</sup> Quarter of 2018 declined by 1.5% on the 3<sup>rd</sup> Quarter of 2017.

**Consolidated operating profit** (Ebit) for the first nine months of 2018 amounted to €21.5 million, corresponding to a 20.0% margin on sales, up 4.6% on €20.6 million in the first nine months of 2017, when it represented a 21.1% margin on sales.

Consolidated operating profit for the 3<sup>rd</sup> Quarter of 2018 amounted to €6.0, representing a 17.7% margin on sales, down 5.1% on €6.3 million in the corresponding period in the previous year that represented a 20.5% margin on sales.

**Consolidated profit before taxes** for the first nine months of 2018 amounted to €21.5 million, representing a 20.1% margin on sales, up 6.7% on the profit before taxes reported in the first nine months of 2017, amounting to €20.2 million and corresponding to a 20.7% margin on sales.

Profit before taxes for the 3<sup>rd</sup> Quarter of 2018 amounts to €6.1 million, corresponding to a 18.0% margin on sales, up 2.6% on €6.0 million in the 3<sup>rd</sup> Quarter of 2017, when it amounted to a 19.3% margin on sales.

**Consolidated net profit** for the first nine months of 2018 amounted to €16.6 million, representing a 15.5% margin on sales, up 15.2% on €14.4 million in the first nine months of 2017, when it represented a 14.8% margin on sales.

Net profit for the 3<sup>rd</sup> Quarter of 2018 amounted to €4.9 million, representing a 14.4% margin on sales, up 15.0% on €4.3 million in the 3<sup>rd</sup> Quarter of 2017, when it represented a 13.8% margin on sales. The decrease in the effective income tax rate descended from the application of "Patent Box Regime", whose positive effect on the first nine months of 2018 amounted to €0.9 million. The agreement with tax authorities for the application of this tax regime was signed December 22, 2017, and thus it is not included in the net profit of the first nine months of 2017.

In the 1<sup>st</sup> nine months of 2018, non-recurrent costs connected with the acquisition of IKUMA amounted to €383 thousand while in the corresponding period in 2017 net profit had been positively affected by the €502 thousand capital gain reported in 2017 by Spanish subsidiary Cembre España S.L.U. on the sale of the industrial building located in Coslada (Madrid) formerly hosting the subsidiary's operations, and costs for the acquisition of IKUMA had amounted to €52 thousand. Net of these non-recurring components results would have been as follows:

(€'000)	First nine months 2018	%	First nine months 2017	%	Change
<b>Sales</b>	107,270	100.0%	97,555	100.0%	10.0%
<b>Gross Operating Profit</b>	27,078	25.2%	24,842	25.5%	9.0%
<b>Net Operating Profit</b>	21,890	20.4%	20,114	20.6%	8.8%
<b>Profit Before Taxes</b>	21,919	20.4%	19,732	20.2%	11.1%

**The consolidated net financial position** at September 30, 2018 amounted to a surplus of €4.1 million, down on December 31, 2017, when it amounted to a surplus of €20.3 million after the payment by the parent company of €13.3 million in dividends, capital investment amounting to €12.3 million and the payment of €3.3 million on the acquisition of IKUMA. The consolidated net financial position at September 30, 2017 amounted to a surplus of €20.4 million.

**Capital investments** in the first nine months of 2018 amounted to €12.3 million in property, plant and equipment, and €3.0 million in intangible assets, as compared with a total capital investment of €9.3 million in the corresponding period in 2017. The increase in intangible assets includes the value of IKUMA AG's customer list, assessed at €2.0 million, and the IKUMA trademark, accounting for €0.5 million. In addition to the above €4.6 million were recorded as goodwill upon the acquisition of IKUMA.

*“Cembre’s sales growth strengthened in October with turnover for the first ten months of the year increasing by 11.5% on the corresponding period in 2017. Net of the contribution of newly acquired company IKUMA, the growth in sales for the first ten months of the year would have been equal to 7.5%. We expect therefore to close 2018 reporting a significant increase in turnover and margins over the previous year”* – commented the Chairman and Managing Director, 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 (two in Germany and one in France, Spain and the United States respectively) and one manufacturing and a trading subsidiaries (Cembre Ltd. in Birmingham, U.K.), for a total workforce of 747 as of September 30, 2018. 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:**

Claudio Bornati (Cembre S.p.A.) +39 030 36921 [claudio.bornati@cembre.com](mailto:claudio.bornati@cembre.com)

For further information please visit the Investor Relation section in the [www.cembre.com](http://www.cembre.com) site.

**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, 2018**

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 the guidelines contained in ESMA/2015/1415 published on October 5, 2015):

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 3<sup>rd</sup> Quarter of 2018 has not been audited.

**Interim Report at September 30, 2018**  
**Consolidated Financial Statements**  
**Consolidated Comprehensive Income Statement**

	9 months 2018	9 months 2017
(euro '000)		
Revenues from sales and services provided	107.270	97.555
Other revenues	549	371
Non recurring other revenues	-	502
<b>TOTAL REVENUES</b>	<b>107.819</b>	<b>98.428</b>
Cost of goods and merchandise	(43.301)	(34.759)
Change in inventories	8.329	2.657
Cost of services received	(14.058)	(12.407)
Non-recurring cost of services	(396)	-
Lease and rental costs	(1.246)	(1.186)
Personnel costs	(30.017)	(27.361)
Other operating costs	(1.078)	(849)
Increase in assets due to internal construction	734	816
Write-down of receivables	(74)	(34)
Accruals to provisions for risks and charges	(17)	(13)
<b>GROSS OPERATING PROFIT</b>	<b>26.695</b>	<b>25.292</b>
Property, plant and equipment depreciation	(4.645)	(4.301)
Intangible asset amortization	(543)	(427)
<b>OPERATING PROFIT</b>	<b>21.507</b>	<b>20.564</b>
Financial income	5	76
Financial expenses	(26)	(4)
Foreign exchange gains (losses)	50	(454)
<b>PROFIT BEFORE TAXES</b>	<b>21.536</b>	<b>20.182</b>
Income taxes	(4.930)	(5.766)
<b>NET PROFIT FROM ORDINARY ACTIVITIES</b>	<b>16.606</b>	<b>14.416</b>
<b>Items that may be reclassified subsequently to profit and loss</b>		
Conversion differences included in equity	284	(734)
<b>COMPREHENSIVE INCOME</b>	<b>16.890</b>	<b>13.682</b>

**Interim Report at September 30, 2018**  
**Consolidated Financial Statements**  
**Consolidated Statement of Financial Position - Assets**

ASSETS	Sept. 30, 2018	Dec. 31, 2017
(euro '000)		
<b>NON CURRENT ASSETS</b>		
Tangible assets	79.696	72.082
Investment property	1.085	1.126
Intangible assets	4.359	1.867
Goodwill	4.615	-
Other investments	10	10
Other non-current assets	1.523	41
Deferred tax assets	2.473	2.294
<b>TOTAL NON CURRENT ASSETS</b>	<b>93.761</b>	<b>77.420</b>
<b>CURRENT ASSETS</b>		
Inventories	52.305	41.673
Trade receivables	27.068	26.520
Tax receivables	3.319	4.299
Other receivables	1.849	465
Cash and cash equivalents	16.279	20.232
<b>TOTAL CURRENT ASSETS</b>	<b>100.820</b>	<b>93.189</b>
<b>NON-CURRENT ASSETS AVAILABLE FOR SALE</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>194.581</b>	<b>170.609</b>

**Interim Report at September 30, 2018**  
**Consolidated Financial Statements**  
**Consolidated Statement of Financial Position - Liabilities and Shareholders' Equity**

LIABILITIES AND SHAREHOLDERS' EQUITY	Sept. 30, 2018	Dec. 31, 2017
(euro '000)		
<b>SHAREHOLDERS' EQUITY</b>		
Capital stock	8.840	8.840
Reserves	121.266	111.508
Net profit	16.606	22.727
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>146.712</b>	<b>143.075</b>
<b>NON-CURRENT LIABILITIES</b>		
Non-current financial liabilities	2.167,00	-
Other non-current payables	1.480	-
Employee Severance Indemnity and other personnel benefits	2.634	2.664
Provisions for risks and charges	643	448
Deferred tax liabilities	2.852	2.047
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>9.776</b>	<b>5.159</b>
<b>CURRENT LIABILITIES</b>		
Current financial liabilities	10.001	-
Trade payables	14.791	14.581
Tax payables	3.558	268
Other payables	9.743	7.526
<b>TOTAL CURRENT LIABILITIES</b>	<b>38.093</b>	<b>22.375</b>
<b>LIABILITIES ON ASSETS HELD FOR DISPOSAL</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>47.869</b>	<b>27.534</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>194.581</b>	<b>170.609</b>

**Interim Report at September 30, 2018**  
**Consolidated Financial Statements**  
**Consolidated Statement of Cash Flows**

	9 Months 2018	9 Months 2017
€ '000		
<b>A) CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>20.232</b>	<b>26.709</b>
<b>B) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit for the period	16.606	14.416
Depreciation, amortization and write-downs	5.200	4.729
(Gains)/Losses on disposal of assets	(5)	(532)
Net change in Employee Severance Indemnity	(30)	12
Net change in provisions for risks and charges	195	164
<b>Operating profit (loss) before change in working capital</b>	<b>21.966</b>	<b>18.789</b>
(Increase) Decrease in trade receivables	(548)	(12)
(Increase) Decrease in inventories	(10.632)	(2.012)
(Increase) Decrease in other receivables and deferred tax assets	(583)	1.061
Increase (Decrease) of trade payables	(1.136)	(3.516)
Increase (Decrease) of other payables, deferred tax liabilities and tax payables	6.312	3.469
<b>Change in working capital</b>	<b>(6.587)</b>	<b>(1.010)</b>
<b>NET CASH FLOW (USED IN)/FROM OPERATING ACTIVITIES</b>	<b>15.379</b>	<b>17.779</b>
<b>C) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure on fixed assets:		
- intangible	(3.035)	(826)
- tangible	(12.336)	(8.468)
- goodwill	(4.615)	-
Proceeds from disposal of tangible, intangible, financial assets		
- tangible	120	757
Increase (Decrease) of trade payables for assets	1.346	(385)
<b>NET CASH FLOW (USED IN)/FROM INVESTING ACTIVITIES</b>	<b>(18.520)</b>	<b>(8.922)</b>
<b>D) CASH FLOW FROM FINANCING ACTIVITIES</b>		
(Increase) Decrease in other non current assets	(2)	(1)
Increase (Decrease) in bank loans and borrowings	12.168	-
Increase (Decrease) in derivative instruments	-	(43)
Change in reserves	120	(2.992)
Dividends distributed	(13.373)	(11.834)
<b>NET CASH FLOW (USED IN)/FROM FINANCING ACTIVITIES</b>	<b>(1.087)</b>	<b>(14.870)</b>
<b>E) INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (B+C+D)</b>	<b>(4.228)</b>	<b>(6.013)</b>
F) Foreign exchange differences	275	(333)
<b>G) CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (A+E+F)</b>	<b>16.279</b>	<b>20.363</b>
Assets available for sales included above	-	-
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>16.279</b>	<b>20.363</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>16.279</b>	<b>20.363</b>
Current financial liabilities	(10.001)	-
Non current financial liabilities	(2.167)	-
<b>NET CONSOLIDATED FINANCIAL POSITION</b>	<b>4.111</b>	<b>20.363</b>
<b>INTERESTS PAID IN THE PERIOD</b>	<b>4</b>	<b>-</b>
<b>BREAKDOWN OF CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>		
Cash	10	23
Banks	16.269	20.340
	<b>16.279</b>	<b>20.363</b>