



# Investor Presentation

1<sup>st</sup> Half 2018 Consolidated Results

# Cembre at a Glance

- ① Cembre is Europe's leading manufacturer of electrical crimp type connectors and related installation tools;
- ① The Group has grown its revenues by a **CAGR of 5.5%** in the last 17 years (2001-2017), from €56 mn in 2001 to €132.6 mn in 2017;
- ① It is a dividend-payer with a 17 years **average dividend payout ratio of 47.8%**, and an **average dividend yield of 3.6%** (2001-2017);
- ① In 2017, the Group invested **€12.8 mn**; the total amount of investments made by the company in the last five years (2012-2017) is **€44.2 mn**; at December 31, 2016 investments amounted to **€7.6 mn**;
- ① The product mix (a total of more than **15k** end products sold during 2017) is offered to around **8k** single clients around the world, with 10-biggest clients' purchases corresponding to **c.18%** of the consolidated turnover.

# Contents

Management Team

Business overview

1<sup>st</sup> Half 2018 results

1<sup>st</sup> Half 2018 guidance

Stock data & shareholding structure

Contact

# Management team

Giovanni Rosani

**Chief Executive Officer (CEO)**

Aldo Bottini Bongrani

**Chief Sales and Marketing Officer (CSO)**

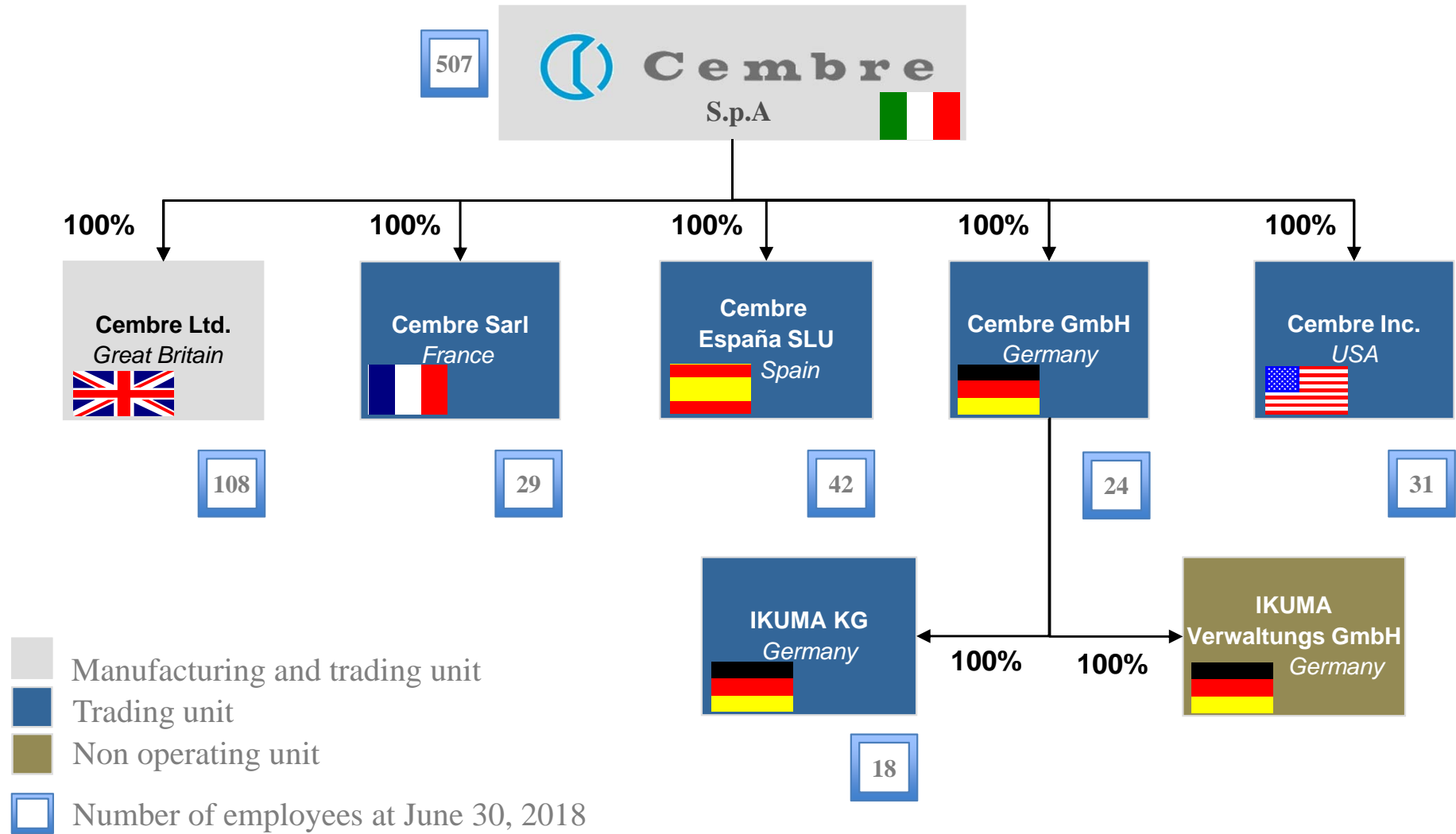
Claudio Bornati

**Chief Financial Officer (CFO)**

## OUR MISSION

**Cembre cooperates with the users of its products to find *the best technical and economical solutions* related to electrical connection applications.**

# Group Structure



# Human resources

The Group employs 759 employees worldwide.



25

Production

447

Marketing/Sales/Distribution

213

Administration/Services

74

Cembre has extensive know-how in its operating field, and its strong R&D team allows it to respond quickly to market demands.

Sharp focus on customer needs and the efficient international sales network (106 salesmen) are significant competitive advantages for Cembre.



# Business Overview

**Cembre is Europe's leading manufacturer of electrical crimp type connectors and related installation tools.**

Electrical Connectors



Tools



Railway Products



Identification Systems



Cable Glands, Accessories and



# Made in Brescia...

Cembre, established in 1969, manufactures its products in its state-of-art production facility located in Brescia. The facility covers an area of 60,000 m<sup>2</sup> on a total land area of 121,000 m<sup>2</sup>.





## ... and U.K.

In addition, Cembre has a production facility in the UK which operates on a 8,800 m<sup>2</sup> land. This plant in Birmingham manufactures mainly for the local market. The sales generated in the UK are 13% of the 1<sup>st</sup> Half 2018 consolidated turnover.



Cembre Ltd.  
Factory in Curdworth Birmingham (UK)

# Very Strong in Europe...

**Cembre is present all over the Italian territory through a network of salesmen and representatives who are able to offer fast and constant technical assistance.**

**Abroad, it operates through 5 subsidiaries in Europe (UK, France, Spain, 2 in Germany) and 1 in the USA.**

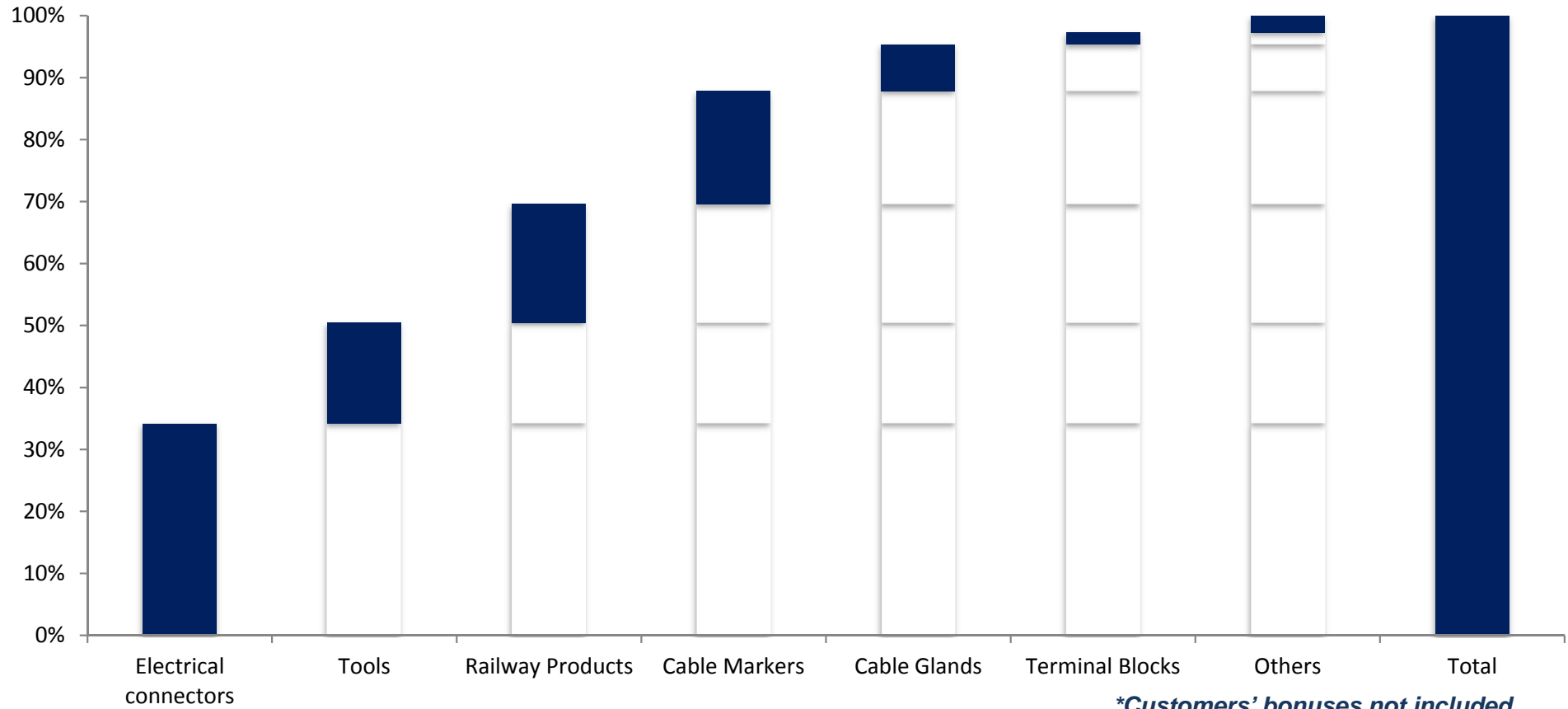


# Present All Around the World...

**Cembre has a network of importers and agents who provide technical and commercial assistance and rapid delivery all around the world...**



# Revenues\* breakdown by Product Family (€ '000)



<b>1<sup>st</sup> Half 2018</b>	26,636	12,671	14,953	14,234	5,875	1,501	2,101	77,971
	<b>34.2%</b>	<b>16.3%</b>	<b>19.2%</b>	<b>18.3%</b>	<b>7.5%</b>	<b>1.9%</b>	<b>2.7%</b>	<b>100%</b>
<b>1<sup>st</sup> Half 2017</b>	24,277	12,604	13,013	12,050	5,397	1,427	1,423	70,191
	<b>34.6%</b>	<b>18.0%</b>	<b>18.5%</b>	<b>17.2%</b>	<b>7.7%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>100%</b>
<b>Change</b>	<b>9.7%</b>	<b>0.5%</b>	<b>14.9%</b>	<b>18.1%</b>	<b>8.9%</b>	<b>5.2%</b>	<b>47.6%</b>	<b>11.1%</b>

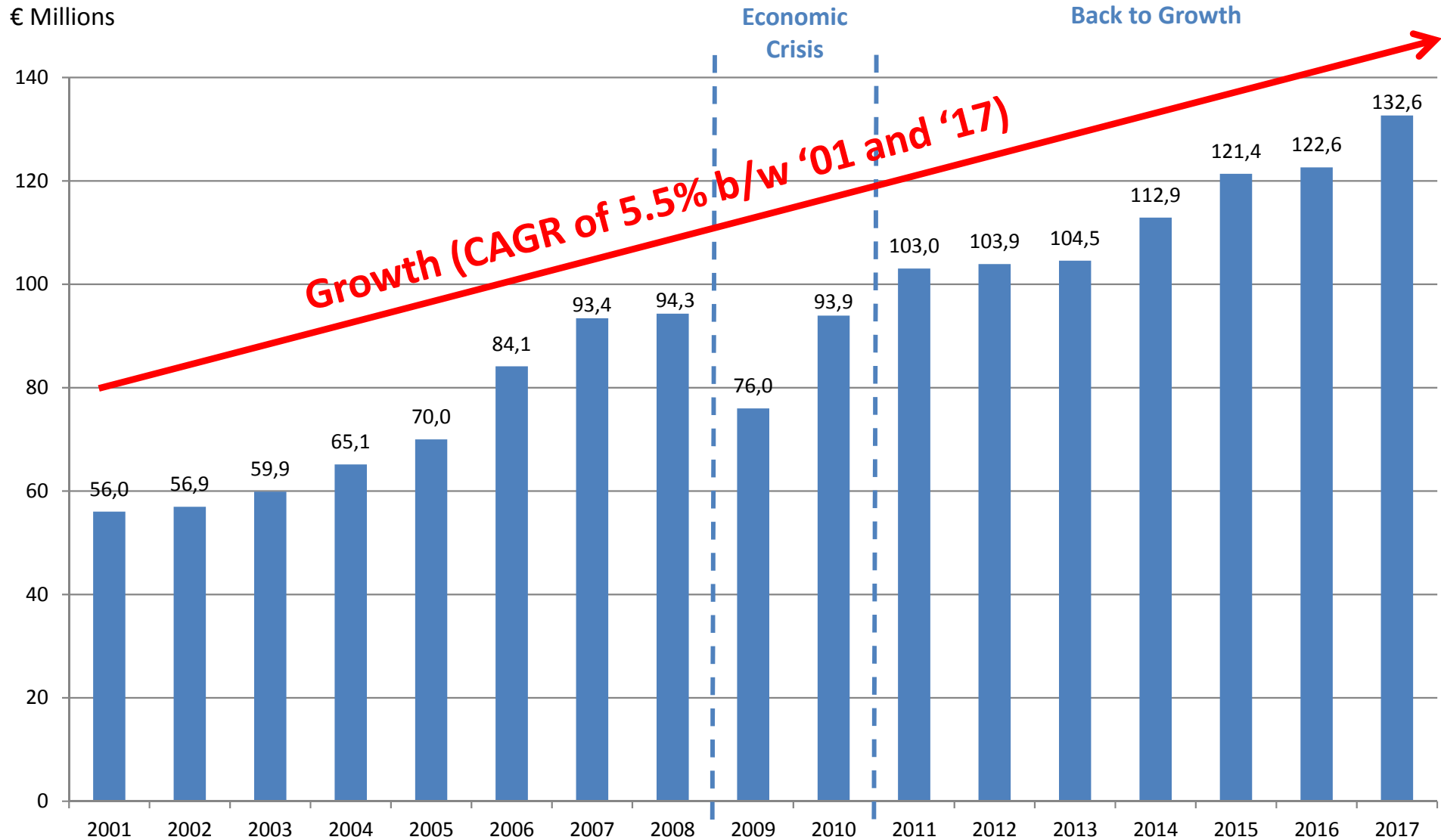
# Geographical Revenue Breakdown

Italy	1 <sup>st</sup> Half 2018	1 <sup>st</sup> Half 2017	Δ
Sales	31.3 mn	28.1 mn	11.7%
% in total	42.8%	42.1%	0.7 pp

Europe (ex-IT)	1 <sup>st</sup> Half 2018	1 <sup>st</sup> Half 2017	Δ
Sales	30.7 mn	28.0 mn	9.7%
% in total	41.9%	42.1%	-0.2 pp

Rest of the World	1 <sup>st</sup> Half 2018	1 <sup>st</sup> Half 2017	Δ
Sales	11.2 mn	10.5 mn	6.7%
% in total	15.3%	15.8%	-0.5 pp

# 17-Year Revenue Evolution



# A Wide Product-Mix

In order to maintain its leading position and increase the penetration of market, Cembre had sensibly enlarged 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,
- **Introduction of complementary products** (e.g. cable markers).

# Electrical Connectors: 9.7% increase in Sales



Electrical Connectors:	1 <sup>st</sup> Half 2018	1 <sup>st</sup> Half 2017	Δ
Total Sales	26.6 € mn	24.3 € mn	9.7%
Sales in Italy (% share)	12.9 € mn (16.6%)	12.2 € mn (17.4%)	5.7%
Sales in Europe ex-IT (% share)	11.7 € mn (15.1%)	10.0 € mn (14.3%)	17.3%
Sales in RoW (% share)	2.0 € mn (2.5%)	2.0 € mn (2.9%)	-3.4%

## Characteristics:

- high and safe performance guaranteed by effective Quality Control during production process
- high level automation of manufacturing process and consequent costs reduction
- quick adaptation of products to clients' needs, thanks to its high flexible productivity



# Tools:

## 0.5% decrease in Sales



Tools:	1 <sup>st</sup> Half 2018	1 <sup>st</sup> Half 2017	Δ
Total Sales	12.7 € mn	12.6 € mn	0.5%
Sales in Italy (% share)	3.5 € mn (4.5%)	3.4 € mn (4.8%)	3.2%
Sales in Europe ex-IT (% share)	5.6 € mn (7.2%)	5.1 € mn (7.3%)	10.5%
Sales in RoW (% share)	3.5 € mn (4.5%)	4.1 € mn (5.9%)	-14.0%

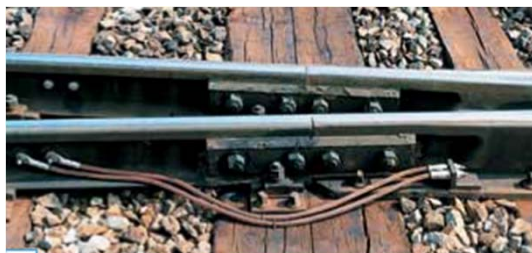
### Characteristics:

- quick installation of connectors thanks to tools used for compressing and cutting the conductors
- wide products range: mechanical, pneumatic, hydraulic and battery operated tools

### Development of new products in last 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: 14.9% increase in Sales



Railway Products:	1 <sup>st</sup> Half 2018	1 <sup>st</sup> Half 2017	Δ
Total Sales	15.0 € mn	13.0 € mn	14.9%
Sales in Italy (% share)	2.0 € mn (2.5%)	1.1 € mn (1.5%)	80.7%
Sales in Europe ex-IT (% share)	8.4 € mn (10.8%)	8.7 € mn (12.4%)	-3.2%
Sales in RoW (% share)	4.6 € mn (5.9%)	3.2 € mn (4.6%)	41.3%

## Characteristics:

- high quality products
- constant R&D activities
- high potential growth

## Development of new products:

- Nut Runner - NR-11P
- Battery drill

Both the products are very competitive on the market since they offer superior flexibility, lightness and velocity against alternative products



# Cable Markers: 18.1% increase in Sales

**ROLY**



**RING**  
cablesys



**mg3**  
MARKINGENIUS 3



 **C e m b r e**

Cable Markers:	1 <sup>st</sup> Half 2018	1 <sup>st</sup> Half 2017	Δ
Total Sales	14.2 € mn	12.1 € mn	18.1%
Sales in Italy (% share)	9.5 € mn (12.1%)	7.6 € mn (10.8%)	24.3%
Sales in Europe ex-IT (% share)	4.1 € mn (5.3%)	3.5 € mn (5.0%)	18.4%
Sales in RoW (% share)	0.6 € mn (0.8%)	0.9 € mn (1.3%)	-32.7%

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 MG3

# Cable Glands: 8.9% increase in Sales



Cable Glands:	1 <sup>st</sup> Half 2018	1 <sup>st</sup> Half 2017	Δ
Total Sales	5.9 € mn	5.4 € mn	8.9%
Sales in Italy (% share)	5.0 € mn (6.4%)	4.6 € mn (6.5%)	9.8%
Sales in Europe ex-IT (% share)	0.7 € mn (1.0%)	0.7 € mn (1.0%)	8.9%
Sales in RoW (% share)	0.1 € mn (0.1%)	0.1 € mn (0.2%)	-21.2%



Terminal Blocks:	1 <sup>st</sup> Half 2018	1 <sup>st</sup> Half 2017	Δ
Total Sales	1.5 € mn	1.4 € mn	5.2%
Sales in Italy (% share)	1.3 € mn (1.7%)	1.3 € mn (1.8%)	5.8%
Sales in Europe ex-IT (% share)	0.1 € mn (0.2%)	0.1 € mn (0.2%)	2.7%

# 1<sup>st</sup> Half 2018 Consolidated Results

Euro Millions	1 <sup>st</sup> Half 2018	1 <sup>st</sup> Half 2017	Changes %	1 <sup>st</sup> Half 2016
Sales	73.3	66.6	10.1%	62.7
EBITDA <i>In % of sales</i>	18.9 <i>25.7%</i>	17.3 <i>26.0%</i>	8.8%	15.2 <i>24.3%</i>
EBIT <i>In % of sales</i>	15.5 <i>21.1%</i>	14.2 <i>21.4%</i>	8.9%	12.3 <i>19.6%</i>
EBT <i>In % of sales</i>	15.4 <i>21.0%</i>	14.2 <i>21.4%</i>	8.4%	12.2 <i>19.5%</i>
Net Profit <i>In % of Sales</i>	11.7 <i>16.0%</i>	10.2 <i>15.2%</i>	15.3%	8.5 <i>13.6%</i>
Tax rate %	24.1%*	28.6%		30.2%

\*Tax rate is influenced by benefit from the application of Patent Box regime (tax rate without benefit: 28.0%)

# 1<sup>st</sup> Half 2018 Group's Companies Turnover\*

Company (Euro thousands)	1 <sup>st</sup> Half 2018	1 <sup>st</sup> Half 2017	Changes %	1 <sup>st</sup> Half 2016
Cembre S.p.A. (Italy)	40,680	37,303	9.1%	35,226
Cembre Ltd. (UK)	9,320	8,883	4.9%	9,313
Cembre S.a.r.l. (France)	5,270	5,025	4.9%	4,836
Cembre España S.L. (Spain)	5,366	5,093	5.4%	4,084
Cembre GmbH (Germany)	4,041	4,319	-6.4%	3,824
IKUMA KG (Germany)**	1,450	n.a.	n.a.	n.a.
Cembre Inc. (US)	7,168	5,973	20.0%	5,379
Cembre AS (Norway)***	-	-	n.a.	23
<b>Cembre Group</b>	<b>73,295</b>	<b>66,596</b>	<b>10,1%</b>	<b>62,685</b>

\* net of intragroup sales

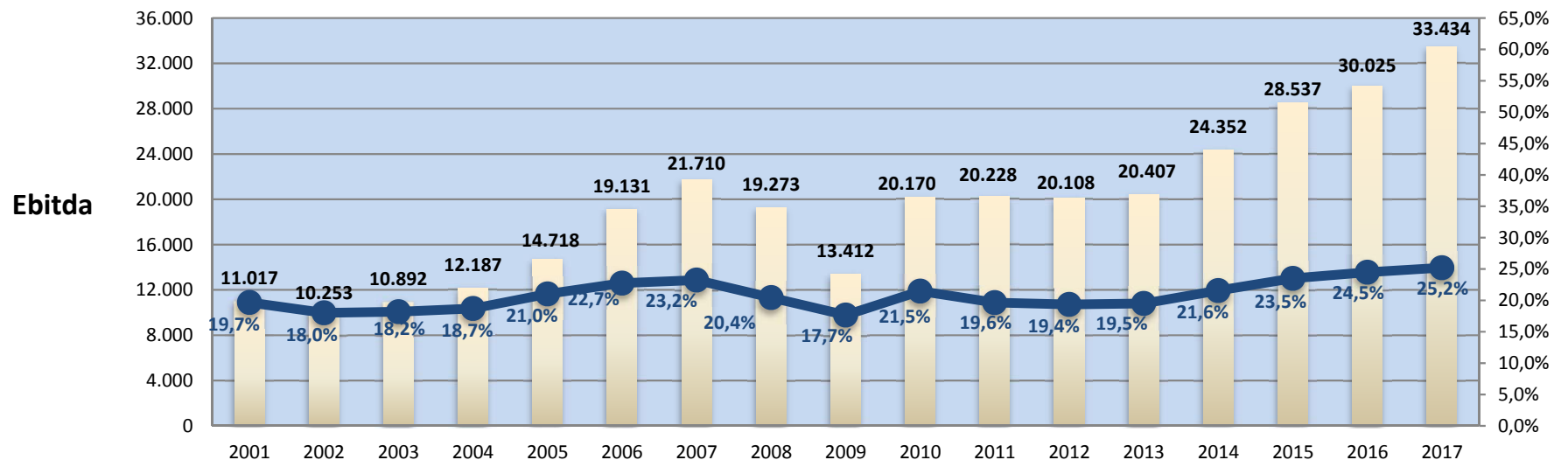
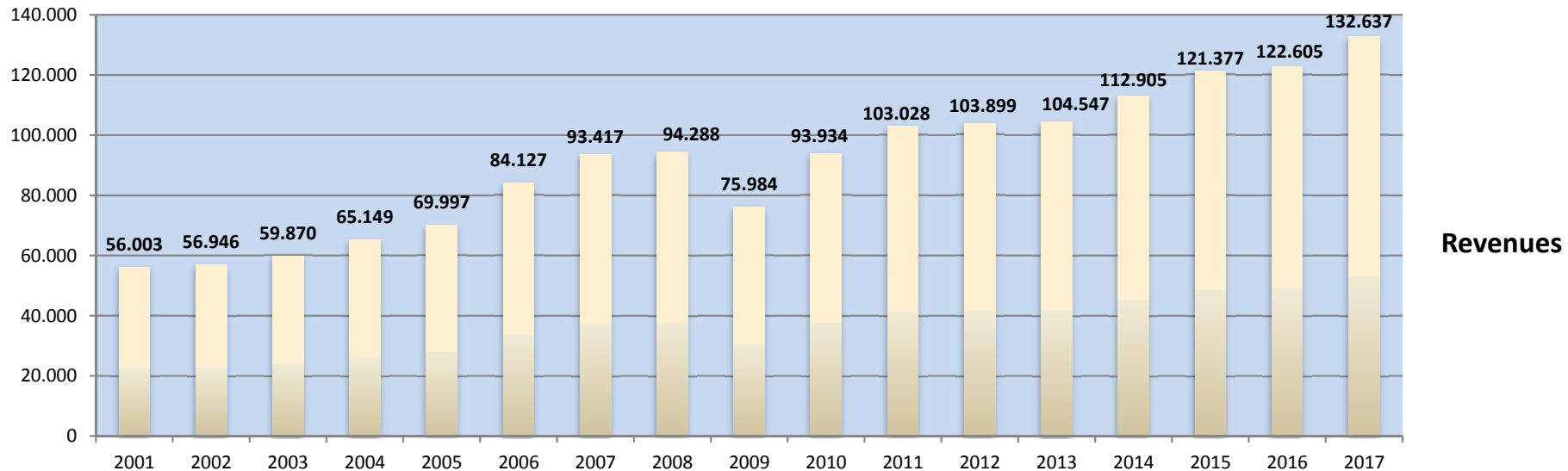
\*\* company acquired in May 2018

\*\*\* company liquidated in December 2016

# June 30, 2018 Consolidated Balance Sheet

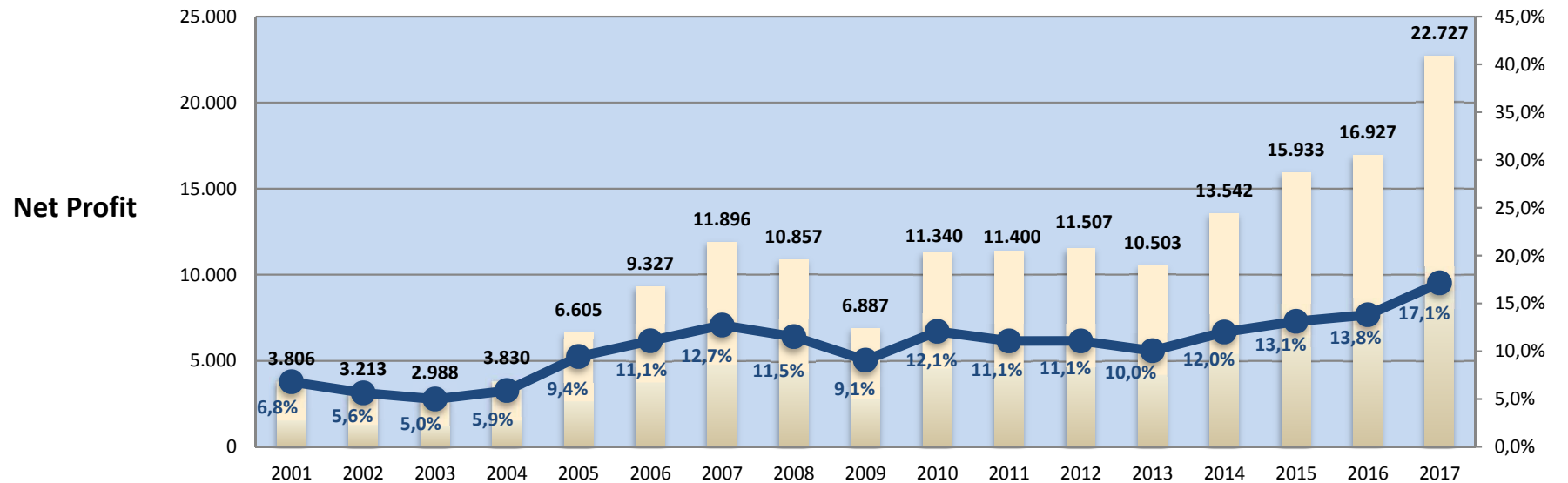
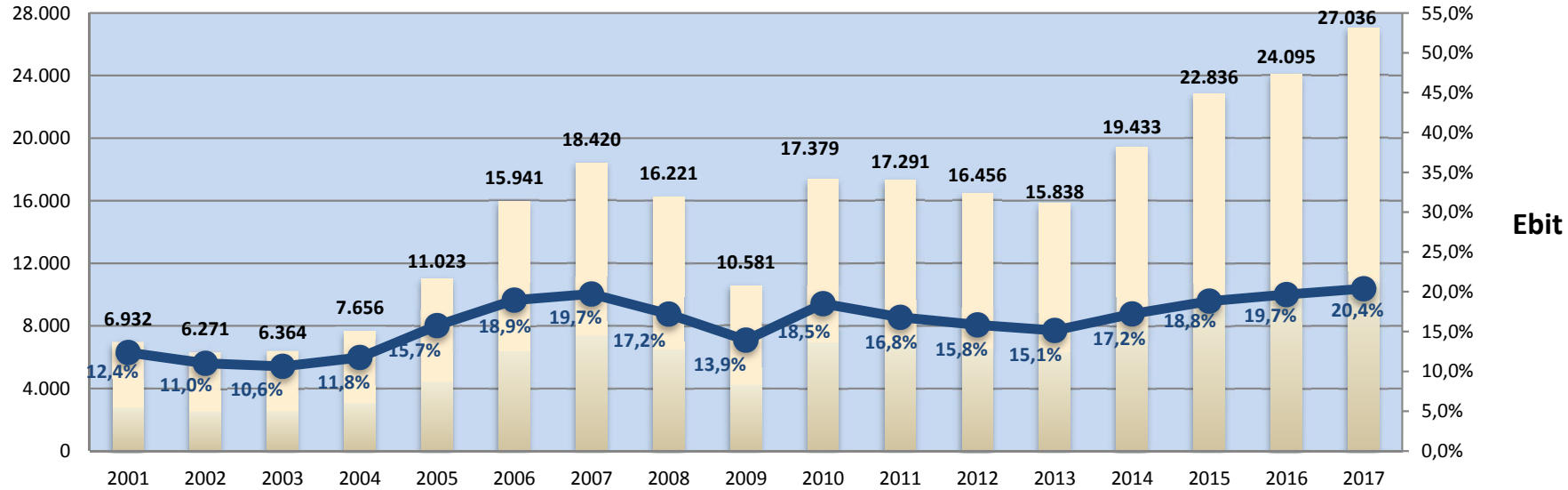
	Euro Millions	Jun. 30, 2018	Dec. 31, 2017	Jun. 30, 2017
<i>a</i>	Net operating working capital <i>% of sales</i>	55.1 <i>37.6%</i>	50.6 <i>38.1%</i>	49.0 <i>36.8%</i>
<i>b</i>	Net fixed assets	88.8	77.4	74.7
<i>c</i>	Assets available for sales	-	-	0.4
<i>d</i>	Severance indemnities	2.7	2.7	2.6
<i>e</i>	Provisions for risks and charges	0.6	0.4	0.5
<i>F</i>	Deferred taxes	2.9	2.0	2.1
	Net invested capital (a+b+c-d-e-f)	137.7	122.9	118.9
<i>g</i>	Equity	141.7	143.1	133.5
<i>H</i>	Net financial position	(4.0)	(20.2)	(14.6)
	Total sources (g+h)	137.7	122.9	118.9

# Cembre's Revenue and Profitability Trend (€ '000)



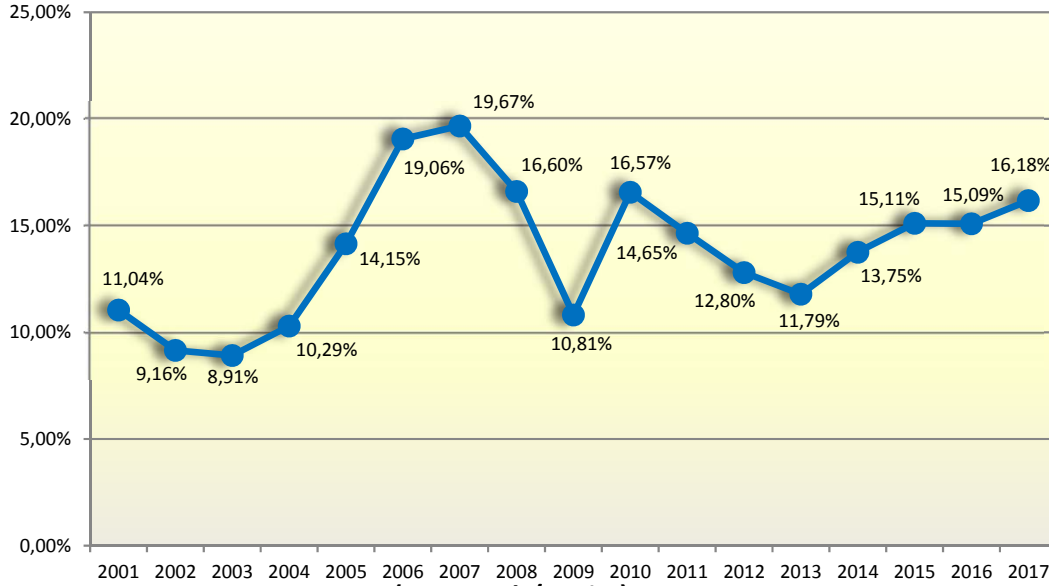


# Cembre's Revenue and Profitability Trend (€ '000)

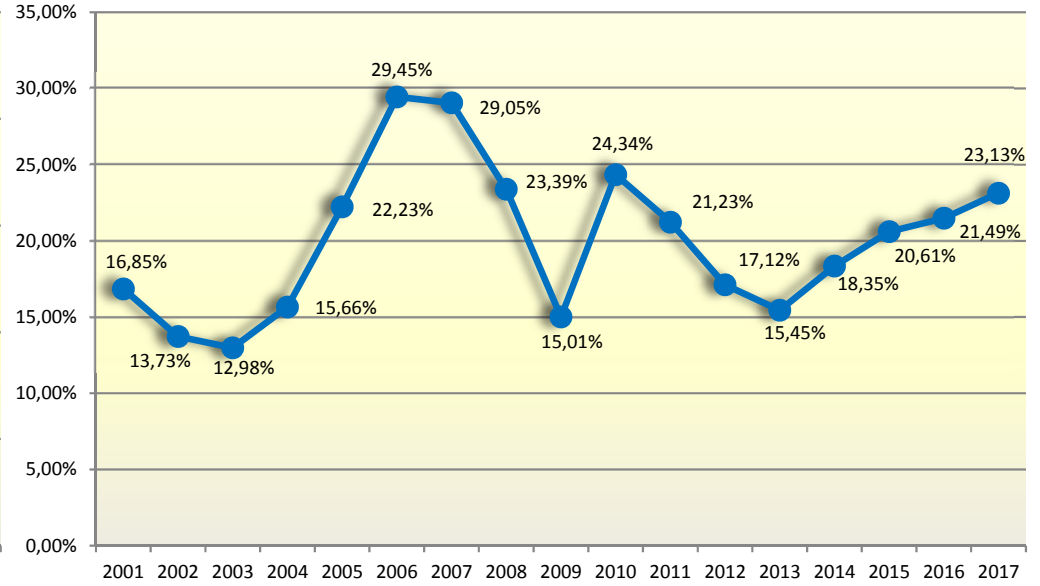


# Index analysis

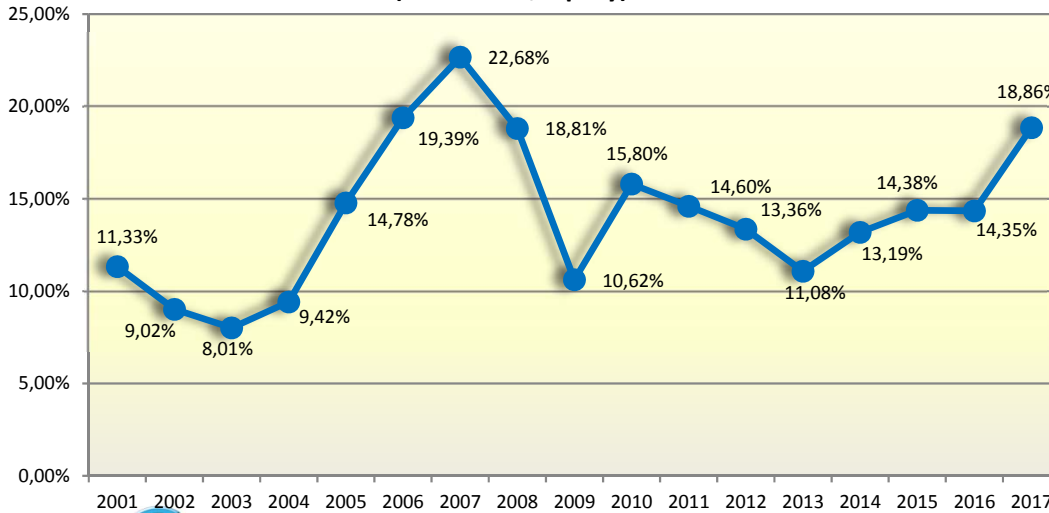
**ROI (EBIT/Investments)**



**ROACE (EBIT/Net Capital Employed)**



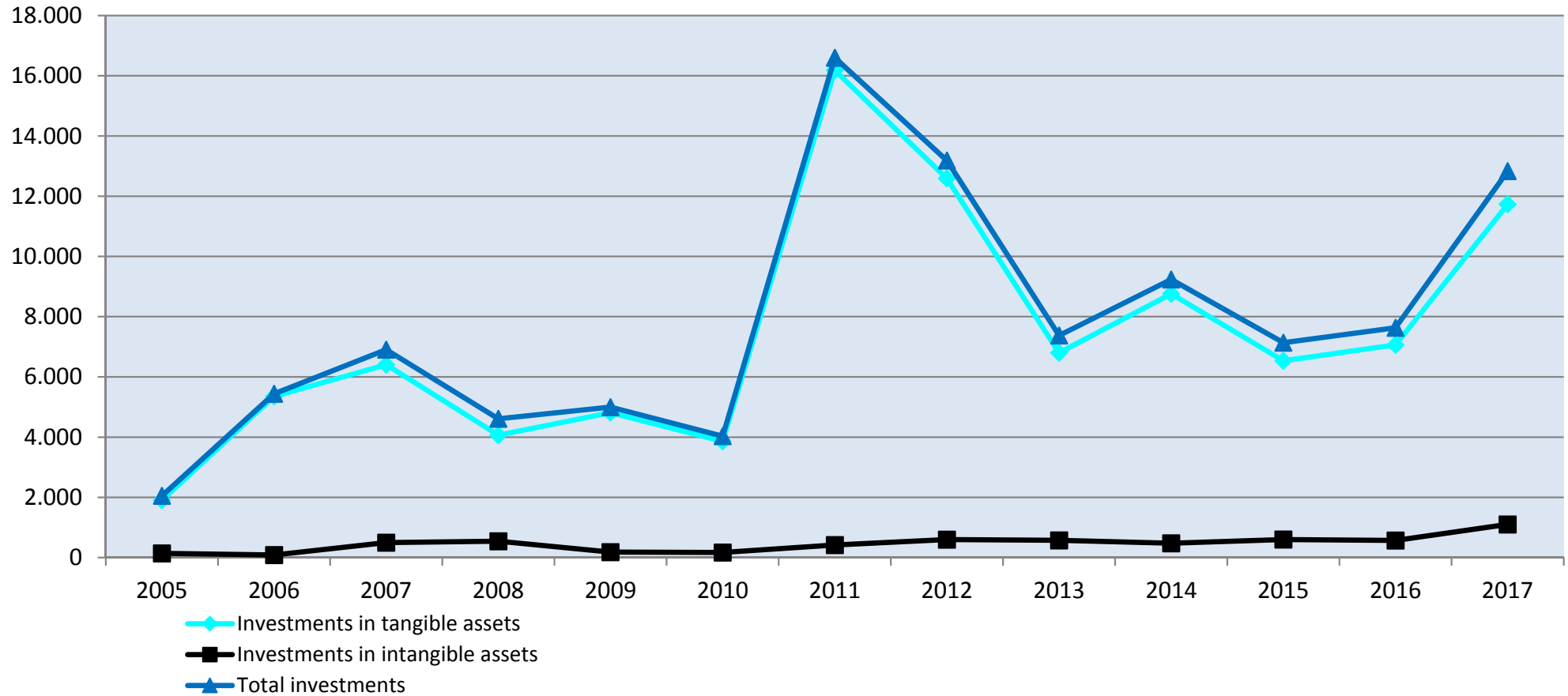
**ROE (Net Result/Equity)**



**ROS (EBIT/Net Sales)**



# Investments trend



€ '000	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	06.2018
Investments in tangible assets	1,910	5,353	6,404	4,064	4,815	3,863	16,183	12,591	6,802	8,759	6,534	7,064	11,732	6,995
Investments in intangible assets	142	87	500	544	182	169	418	597	573	477	601	569	1,101	2,840
Total investments	2,052	5,440	6,904	4,608	4,997	4,032	16,601	13,188	7,375	9,236	7,135	7,633	12,833	9,835

# 2018 and onwards...

## **Cembre focused on these targets:**

### **Increase of turnover** thanks to:

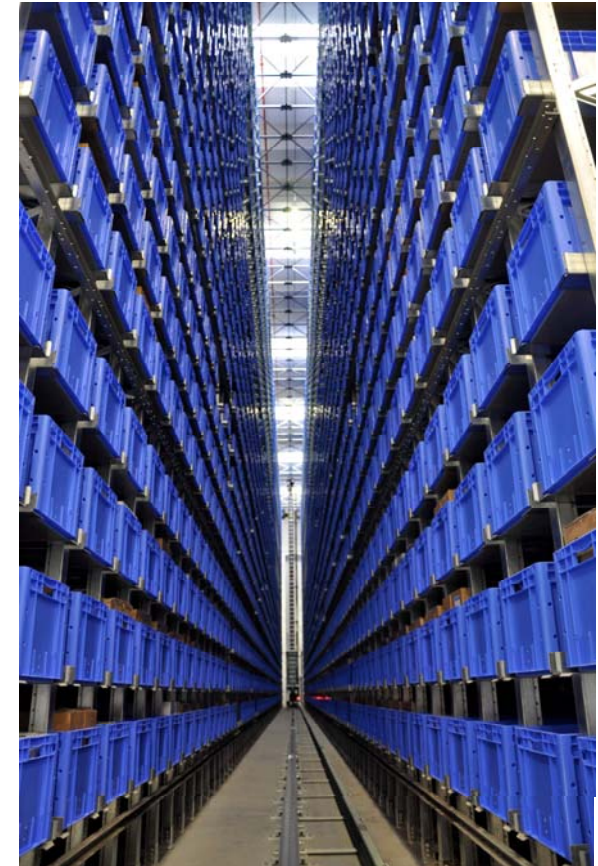
- A strengthening of Cembre competitive advantage by developing new products and continuous product range renewing by an intense R&D activity,
- A new product line for plumbing sector;
- An higher penetration in the foreign markets, especially in the US,
- A commercial commitment focus on high growing potential products.

**Cost management** by a better operative efficiency obtained from economies of scale and process innovations;

**Enforcing the manufacturing structure** by investing in high-tech, highly-automated machinery:

- The purchase of the 13,500 m<sup>2</sup> industrial area next to its plant (dec – 2011), by investing €9.7 mn (Brescia plant and offices today cover a floor-space of 60,000 m<sup>2</sup> while the total plant area reached 121,000 m<sup>2</sup>), this area will be dedicated to production enforcement.

# 2018 and onwards...



The new automated warehouse, located in a 4,800 m<sup>2</sup> industrial building built in 2012, has been operating from January, 2013. This warehouse is 3 times more efficient, and has a 50% increase in end-product capacity warehousing. In 2018, a new 9,600 m<sup>2</sup> industrial building (two floors) started to be used, increasing the dimension of the new logistic center of the company and production areas.

# 2018 and onwards...



- On May 3<sup>rd</sup>, 2018 wholly-owned German subsidiary Cembre GmbH acquired the entire capital stock of German company Ikuma GmbH & Co. KG (“Ikuma KG”). Cembre GmbH also acquired the entire capital stock of Ikuma Verwaltungs GmbH, a company whose only activity is to manage and provide strategic advice to Ikuma KG.

Ikuma KG is active on the German market in the electrical equipment sector supplying a number of German distributors and is one of the main domestic suppliers of cable terminals. At December 31, 2017, the company had 18 employees, while turnover for the year amounted to €8.05 million. Its product range is very similar to Cembre’s.

# Stock Data & Shareholding Structure



Shareholders:	Share:
LYSNE Spa	53.69%
Sara Rosani	8.65%
Giovanni Rosani	8.53%
Anna Maria Onofri	0.71%
Altri	28.42%

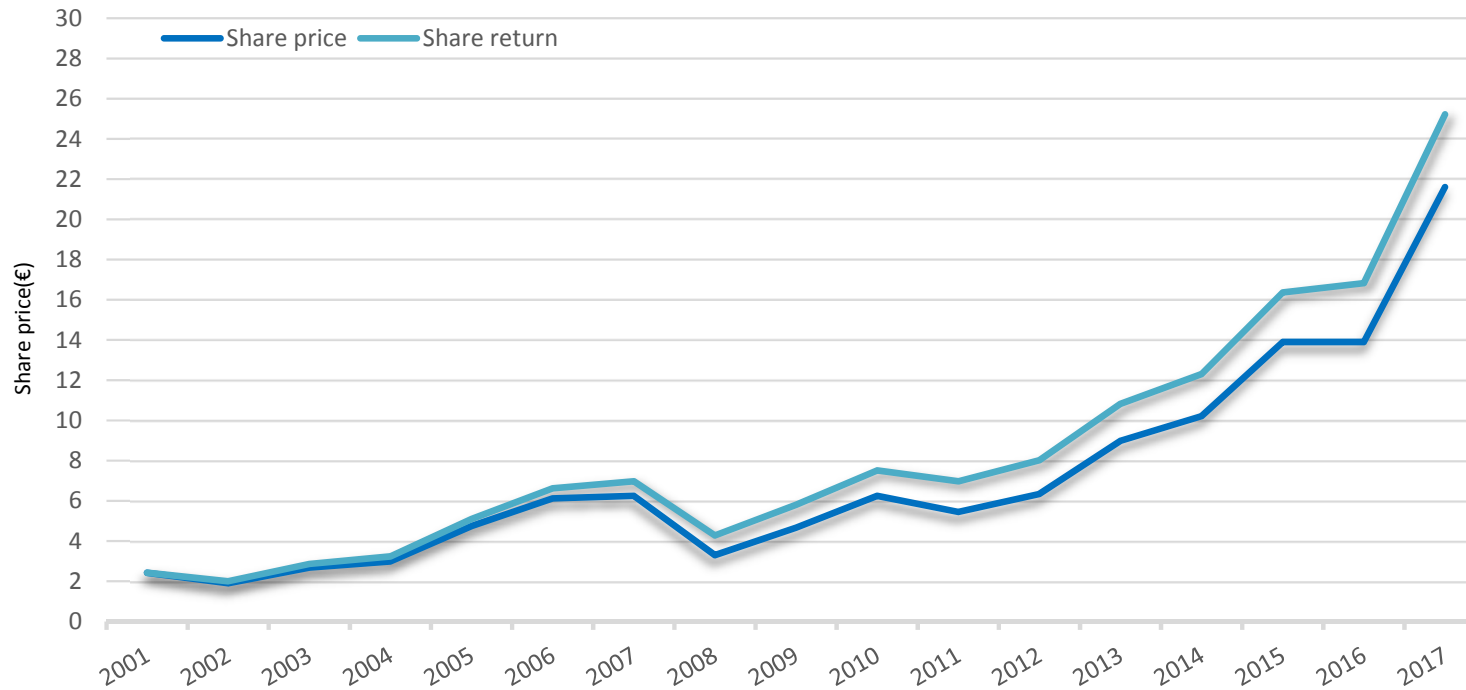
Cembre has been listed since December 1997, and is a part of the Star Index since September 2001.

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Dividend per share (€)	0.10	0.08	0.07	0.10	0.15	0.22	0.26	0.16	0.12	0.26	0.16	0.16	0.26	0.36	0.46	0.70	0.80
Payout Ratio <sup>1</sup>	44%	42%	41%	41%	39%	40%	37%	25%	30%	39%	24%	24%	42%	45%	49%	70%	59%
Dividend Yield <sup>2</sup>	4.1%	4.4%	2.9%	3.3%	3.2%	3.6%	4.2%	4.8%	2.6%	4.2%	2.9%	2.5%	2.9%	3.5%	3.3%	5.0%	3.7%

<sup>1</sup> Using consolidated profit

<sup>2</sup> Using the year-end share price

# Share price evolution



**Total return**  
2001-09.2018  
**+15.6%**  
CAGR

**Performance**  
2001-09.2018  
**+14.5%**  
CAGR

**Total Return** is the average 'Share return' growth in the period  
**Performance** is the average 'Share price' growth in the period

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 <sup>2</sup>
<b>A) Share price<sup>1</sup></b>	2.42	1.90	2.68	2.99	4.75	6.12	6.25	3.30	4.66	6.25	5.45	6.34	8.99	10.21	13.90	13.90	21.60	24.15
<b>Change in share price</b>		-21.5%	41.1%	11.6%	58.9%	28.8%	2.1%	-47.2%	41.2%	34.1%	-12.8%	16.3%	41.8%	13.6%	36.1%	0.0%	55.4%	11.8%
<b>Received dividend</b>		0.10	0.08	0.07	0.10	0.15	0.22	0.26	0.16	0.12	0.26	0.16	0.16	0.26	0.36	0.46	0.70	0.80
<b>B) Accrued received dividends</b>		0.10	0.18	0.25	0.35	0.50	0.72	0.98	1.14	1.26	1.52	1.68	1.84	2.10	2.46	2.92	3.62	4.42
<b>Share return (A+B)</b>	2.42	2.00	2.86	3.24	5.10	6.62	6.97	4.28	5.80	7.51	6.97	8.02	10.83	12.31	16.36	16.82	25.22	28.57
<b>Price quota</b>	100.0%	95.0%	93.7%	92.3%	93.1%	92.4%	89.7%	77.1%	80.3%	83.2%	78.2%	79.1%	83.0%	82.9%	85.0%	82.6%	85.6%	84.5%
<b>Dividend quota</b>	0.0%	5.0%	6.3%	7.7%	6.9%	7.6%	10.3%	22.9%	19.7%	16.8%	21.8%	20.9%	17.0%	17.1%	15.0%	17.4%	14.4%	15.5%

<sup>1</sup> at the end of the year

<sup>2</sup> at September 28, 2018





# Contact

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*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.*