



C e m b r e

Joint-stock Company
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Press release

BOARD APPROVES INTERIM REPORT ON THE 1st HALF OF 2017

Cembre (STAR): consolidated sales up 6.2% in the 1st Half of 2017

- In the 1st Half of 2017 domestic sales grew by 10.3% while exports increased by 3.5% on the corresponding period in 2016.
- Capital expenditure for the 1st Half of 2017 amounted to €6.7 million.
- The net financial position at August 31, 2017, was equal to a surplus of €18.7 million while sales for the first eight months of the year were up by 7.5% on the corresponding period in 2016.

Consolidated figures (€'000)	1 st Half 2017	Sales margin %	1 st Half 2016	Sales margin %	Change	Full year 2016	Sales margin %
Sales	66,596	100	62,685	100	6.2%	122,605	100
Gross operating profit	17,336	26.0	15,210	24.3	14.0%	30,025	24.5
Operating profit	14,227	21.4	12,294	19.6	15.7%	24,095	19.7
Pre-tax profit	14,222	21.4	12,194	19.5	16.6%	24,059	19.6
Net profit	10,150	15.2	8,510	13.6	19.3%	16,927	13.8
Net financial position	14,583		14,548			26,666	

Brescia, September 14, 2017 – The Board of Directors of Cembre Spa – a STAR listed company 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 1st Half of 2017.

In the first six months of 2017, the Group reported **consolidated sales** of €66.6 million, up 6.2% on €62.7 million in the corresponding period in 2016.

In the 1st Half of 2017, domestic sales amounted to €28.1 million, up 10.3% on the 1st Half of 2016, while sales outside Italy amounted to €38.5 million, up 3.5%. A total of 42.1% of Group sales were represented by Italy (as compared with 40.6% in the 1st Half of 2016), 42.1% by the rest of Europe (41.9% in the 1st Half of 2016), and the remaining 15.8% by the rest of the World (17.5% in the 1st Half of 2016).

Consolidated gross operating profit for the 1st Half of 2017 amounted to €17.3 million, representing a 26.0% margin on sales, up 14.0% on the corresponding period in 2016 when it amounted to €15.2 million, representing a 24.3% margin on sales.

In 1st Half of 2017 the cost of goods sold and personnel costs as a percentage of sales declined slightly despite the fact that the average number of employees increased in the period from 659 to 680.

Consolidated operating profit for the period amounted to €14.2 million, representing a 21.4% margin on sales, up 15.7% on €12.3 million in the 1st Half of 2016, when it represented a 19.6% margin on sales.

Consolidated profit before taxes amounted to €14.2 million, representing a 21.4% margin on sales, up 16.6% on €12.2 million in the 1st Half of 2016, when it represented a 19.5% margin on sales.

Net profit for the first six months of 2017 amounted to €10.2 million, up 19.3% on €8.5 million in the 1st Half of 2016. The margin on sales amounted to 15.2%, as compared with 13.6% in the 1st Half of 2016.

Capital expenditure in the 1st Half of 2017 amounted to €6.7 million and consisted primarily in investments in plant and equipment. In the 1st Half of 2016 they amounted to €2.7 million.

The **consolidated net financial position** at June 30, 2017 amounted to a surplus of €14.6 million, in line with June 30, 2016, when it was equal to a surplus of €14.5 million, while at December 31, 2016 it amounted to a surplus of €26.7 million. In the 1st Half of 2017, the Company paid out €11.8 million in dividends, against €7.8 million in the corresponding period in 2016.

“Cembre closes the 1st Half of 2017 reporting a growth in consolidated turnover of 6.2%. Sales through the end of August show a 7.5% growth on the corresponding period in 2016. We thus expect to close 2017 with an overall increase in consolidated sales and a further improvement in the sales margin – commented Cembre’s Chairman and Managing Director Giovanni Rosani. “The Group’s financial position continues to be solid and amounted at August 31, 2017 to a surplus of €18.7 million.” continued Giovanni Rosani.

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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 five subsidiaries: four trading companies (in Germany, France, Spain and the United States) and one manufacturing and trading subsidiaries (Cembre Ltd. in Birmingham, U.K), for a total workforce of 696 as of June 30, 2017. 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.

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Further information is available on the Company's institutional site www.cembre.com

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 June 30, 2017:

- Consolidated Balance Sheet
- Consolidated Comprehensive Income Statement
- Consolidated Statement of Cash Flows

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 Recommendation CESR/05-178b published on November 3, 2005):

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 achieved before amortization, financial flows and taxes.

Operating Profit (EBIT): defined as the difference between the Gross Operating Profit and the value of depreciation, amortization and write-downs. It represents the profit before financial flows and taxes.

Net Financial Position: it represents the algebraic sum of cash and cash equivalents, financial receivables and current and non-current financial debt.

Condensed Consolidated Financial Statements at June 30, 2017

Consolidated Statement of Financial Position

ASSETS (euro '000)	Jun. 30, 2017		Dec. 31, 2016	
		<i>of which: related parties</i>		<i>of which: related parties</i>
NON CURRENT ASSETS				
Tangible assets	69.621		66.298	
Investment property	1.152		1.647	
Intangible assets	1.510		1.350	
Other investments	10		10	
Other non-current assets	61		44	
Deferred tax assets	2.407		2.502	
TOTAL NON-CURRENT ASSETS	74.761		71.851	
CURRENT ASSETS				
Inventories	40.920		38.796	
Trade receivables	29.207		24.885	
Financial assets from derivative instruments	176		-	
Tax receivables	221		850	
Other receivables	470		560	
Cash and cash equivalents	14.407		26.709	
TOTAL CURRENT ASSETS	85.401		91.800	
NON-CURRENT ASSETS AVAILABLE FOR SALE	462		-	
TOTAL ASSETS	160.624		163.651	

LIABILITIES AND SHAREHOLDERS' EQUITY (euro '000)	Jun. 30, 2017		Dec. 31, 2016	
		<i>of which: related parties</i>		<i>of which: related parties</i>
SHAREHOLDERS' EQUITY				
Capital stock	8.840		8.840	
Reserves	114.518		111.860	
Net profit	10.150		16.927	
TOTAL SHAREHOLDERS' EQUITY	133.508		137.627	
NON-CURRENT LIABILITIES				
Non-current financial liabilities	-		-	
Employee termination indemnity and other personnel benefits	2.624	181	2.618	176
Provisions for risks and charges	531	175	421	150
Deferred tax liabilities	2.117		2.043	
TOTAL NON-CURRENT LIABILITIES	5.272		5.082	
CURRENT LIABILITIES				
Current financial liabilities	-		-	
Liabilities on derivative instruments	-		43	
Trade payables	12.645		13.306	16
Tax payables	991		921	
Other payables	8.208		6.672	
TOTAL CURRENT LIABILITIES	21.844		20.942	
LIABILITIES ON ASSETS HELD FOR DISPOSAL	-		-	
TOTAL LIABILITIES	27.116		26.024	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	160.624		163.651	

Condensed Consolidated Financial Statements at June 30, 2017

Statement of Consolidated Comprehensive Income

	1 st Half 2017		1 st Half 2016	
	(euro '000)	of which: related parties		of which: related parties
Revenues from sales and services provided	66.596		62.685	
Other revenues	253		423	
TOTAL REVENUES	66.849		63.108	
Cost of goods and merchandise	(23.992)		(22.616)	
Change in inventories	2.628		1.496	
Cost of services received	(8.555)	(333)	(7.702)	(333)
Lease and rental costs	(794)	(335)	(748)	(289)
Personnel costs	(18.696)	(160)	(18.293)	(150)
Other operating costs	(581)		(547)	
Increase in assets due to internal construction	583		537	
Write-down of receivables	(97)		(18)	
Accruals to provisions for risks and charges	(9)		(7)	
GROSS OPERATING PROFIT	17.336		15.210	
Property, plant and equipment depreciation	(2.836)		(2.656)	
Intangible asset amortization	(273)		(260)	
OPERATING PROFIT	14.227		12.294	
Financial income	73		13	
Financial expenses	(4)		(1)	
Foreign exchange gains (losses)	(74)		(112)	
PROFIT BEFORE TAXES	14.222		12.194	
Income taxes	(4.072)		(3.684)	
NET PROFIT FROM ORDINARY ACTIVITIES	10.150		8.510	
NET PROFIT FROM ASSETS HELD FOR DISPOSAL	-		-	
NET PROFIT	10.150		8.510	
Items that may be reclassified subsequently to profit and loss				
Conversion differences included in equity	(799)		(1.671)	
COMPREHENSIVE INCOME	9.351		6.839	
BASIC AND DILUTED EARNINGS PER SHARE	0,60		0,50	



Condensed Consolidated Financial Statements at June 30, 2017

Consolidated Statement of Cash Flows

	1 st Half 2017	2016
€ '000		
A) CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	26.709	26.709
B) CASH FLOW FROM OPERATING ACTIVITIES		
Net profit for the period	10.150	16.927
Depreciation, amortization and write-downs	3.109	5.930
(Gains)/Losses on disposal of assets	(26)	(25)
Net change in Employee Severance Indemnity	6	1
Net change in provisions for risks and charges	110	(23)
Operating profit (loss) before change in working capital	13.349	22.810
(Increase) Decrease in trade receivables	(4.322)	1.487
(Increase) Decrease in inventories	(2.124)	395
(Increase) Decrease in other receivables and deferred tax assets	814	(25)
Increase (Decrease) of trade payables	(1.024)	1.022
Increase (Decrease) of other payables, deferred tax liabilities and tax payables	1.680	(235)
Change in working capital	(4.976)	2.644
NET CASH FLOW (USED IN)/FROM OPERATING ACTIVITIES	8.373	25.454
C) CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on fixed assets:		
- intangible	(431)	(553)
- tangible	(6.261)	(7.059)
Proceeds from disposal of tangible, intangible, financial assets		
- intangible	(2)	-
- tangible	512	219
Increase (Decrease) of trade payables for assets	363	631
NET CASH FLOW (USED IN)/FROM INVESTING ACTIVITIES	(5.819)	(6.762)
D) CASH FLOW FROM FINANCING ACTIVITIES		
(Increase) Decrease in other non current assets	(17)	(34)
(Increase) Decrease in financial assets from derivatives	(176)	-
Increase (Decrease) in derivative instruments	(43)	43
Change in reserves	(1.637)	(863)
Dividends distributed	(11.834)	(7.820)
NET CASH FLOW (USED IN)/FROM FINANCING ACTIVITIES	(13.707)	(8.674)
E) INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (B+C+D)	(11.153)	10.018
F) Foreign exchange differences	(687)	(1.039)
G) Discounting of Employee Termination Indemnity	-	(72)
H) CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (A+E+F+G)	14.869	35.616
Assets available for sales included above	462	-
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	14.407	35.616
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	14.407	35.616
Financial assets from derivative instruments	176	-
Liabilities on derivative instruments	-	(43)
NET CONSOLIDATED FINANCIAL POSITION	14.583	35.573
INTERESTS PAID IN THE PERIOD	-	-
BREAKDOWN OF CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		
Cash	28	44
Banks	14.379	26.665
	14.407	26.709