



C e m b r e

Joint-stock Company
Main Office: Via Serenissima, 9 – 25135 Brescia
VAT no: 00541390175
Share Capital: € 8.840.000 fully paid up
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Press release

BOARD APPROVES INTERIM REPORT ON THE 1st QUARTER OF 2018

Cembre (STAR): in the 1st Quarter consolidated sales grow (up 8.4%). Increasing margin on sales (pre-tax profit improves by 13.3%)

- In the 1st Quarter of 2018 domestic sales were up 9.7% while exports grew by 7.5%
- Consolidated sales for the first four months of 2018 were also up 7.8% on the corresponding period in 2017, while at April 30, 2018 the consolidated financial position amounted to a surplus of €17.3 million
- The Board resolved the start of a share buy-back program

Consolidated figures (€'000)	1 st Qtr. 2018	Sales margin %	1 st Qtr. 2017	Sales margin %	Change
Sales	35,970	100	33,187	100	8.4%
Gross operating profit	10,037	27.9	8,916	26.9	12.6%
Operating profit	8,395	23.3	7,388	22.3	13.6%
Pre-tax profit	8,299	23.1	7,326	22.1	13.3%
Net profit	6,227	17.3	5,100	15.4	22.1%
Net financial position	18,474		26,720		

Brescia, May 14, 2018 – The Board of Directors of Cembre Spa, chaired by the Chairman and Managing Director Giovanni Rosani, approved at today's meeting the Consolidated Financial Statements at **March 31, 2018**.

In the 1st Quarter of 2018, **consolidated revenues** grew by 8.4% on the corresponding period in 2017 from €33.2 million to €36.0 million. In the same period, sales in Italy (€15.4 million) grew by 9.7%, while sales outside Italy (€20.6 million) grew by 7.5% on the 1st Quarter of 2017.

In the 1st Quarter of 2018, 42.8% of sales were represented by Italy, 41.8% by the rest of Europe and 15.4% by the rest of the world.

Consolidated gross operating profit (EBITDA) grew by 12.6% from €8.9 million in the 1st Quarter of 2017 (representing a 26.9% margin on sales), to €10 million (a 27.9% margin on sales) in the 1st Quarter of 2018. The cost of goods sold and personnel costs as a percentage of sales declined over

the 1st Quarter of 2017 while the cost of services as a percentage of sales grew slightly. The average number of employees grew from 677 in the 1st Quarter of 2017 to 726 in the 1st Quarter of 2018.

Consolidated operating profit (EBIT) for the 1st Quarter of 2018 amounted to €8.4 million, representing a 23.3% margin on sales, up 13.6% on €7.4 million in the 1st Quarter of 2017 when it represented a 22.3% margin on sales.

Consolidated profit before taxes for the 1st Quarter of 2018 was equal to €8.3 million, representing a 23.1% margin on sales, up 13.3% on €7.3 million in the 1st Quarter of 2017, when it represented 22.1% of sales.

Consolidated net profit for the 1st Quarter of 2018 was equal to €6.2 million, representing a 17.3% margin on sales, up 22.1% on €7.3 million in the 1st Quarter of 2017, when it represented 15.4% of sales.

The **consolidated net financial position** of the Group declined from a surplus of €26.7 million at March 31, 2017, to a surplus of €18.5 million at March 31, 2018. At December 31, 2017, the net financial position amounted to a surplus of €20.2 million. Short-term financial debt does not include €13.4 million of dividends for the 2017 financial year (€11.8 million in the previous year) payable to Shareholders on May 9, 2018, as resolved by the Shareholders' Meeting on April 26, 2018.

Capital expenditure for the 1st Quarter of 2018 by the Group amounted to €3.8 million, up on the corresponding period in 2017 when it amounted to €3.4 million.

Among events subsequent to March 31, 2018 we report that on May 3rd, 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. The acquisition of the entire capital stock of Ikuma KG and Ikuma Verwaltungs GmbH was made against the payment of a price of €6,300,000 in cash representing the Enterprise Value of the two companies. The purchase contract provides also for the additional deferred payment in four annual installments of a further total amount of €2,000,000 over the mentioned four-year period, contingent on the verification of specific conditions. 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.

"We are satisfied with the results achieved for the 1st Quarter of 2018 both in terms of consolidated sales (up 8.4%) and profit margins (EBIT equal to a 27.9% margin on sales). Figures for the first four months of the year confirm these results with consolidated revenues up 7.8% on the corresponding period in 2017 and a net financial position equal at April 30, 2018 to a surplus of €17.3 million. We therefore expect to close 2018 reporting a significant growth in turnover and profits on the previous year, thanks also to the mentioned acquisition" – commented Cembre's Chairman and Managing Director, Giovanni Rosani.

The Board resolved the start of a program for the purchase of own shares

The Board of Directors, in force of the authorization to purchase and sell own shares granted by the Shareholders' Meeting of April 26, 2018 and following the conclusion of the purchase program started on May 12, 2017, resolved the start of a program for the purchase of own shares with the

end of providing the Company with strategic investment opportunities to any end allowed by current regulations, including those contemplated in article 5 of EU Regulation no. 593/2014 (*Market Abuse Regulation, MAR*) and in the procedures contemplated under article 13, MAR, having the following characteristics and in compliance with the resolution passed by said Shareholders' Meeting:

- the number of ordinary shares of par value €0.52 purchased may not exceed 5% of the share capital and therefore a maximum of 850,000 ordinary Cembre S.p.A. shares for a total consideration that shall not exceed €10,000,000;
- the purchase must take place on a market regulated pursuant to article 144-bis, par. b), of Consob Regulation 11971/1999 and other applicable regulations, so as to ensure the equal treatment of shareholders as per article 132 of Legislative Decree no.58/1998, keeping into account terms set for the negotiation as per article 3 of EU Delegated Regulation 1052/2016 ("**Regulation 1052**") implementing Market Abuse Regulation ("**MAR**");
- the price per share shall not exceed the higher between the price at which the last independent transaction was concluded and the last independent bid price in the market in which the purchase is carried out. For any single purchase, such price per share shall in any case not be more than 20% lower or higher than the closing price registered by Cembre shares on the previous trading day;
- the volume of daily purchases may not exceed 25% of the average daily trading volume of Cembre shares in the market in which the purchase is carried out, calculated in accordance with parameters set in article 3 of Regulation 1052;
- the purchase plan shall be implemented within 18 months of the Shareholders Meeting resolution passed on April 26, 2018.

At the date of the present press release, Cembre holds 284,657 own shares, representing 1.67% of the capital stock of the Company.

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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 subsidiary (Cembre Ltd., in Birmingham, U.K.), for a total workforce of 734 as of March 31, 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.

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Further information is available at Cembre's institutional website www.cembre.com in the Investor Relations section.

Attachments: Financial Statements at March 31, 2018

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.

In the present press release use is made of certain alternative performance indicators that are not envisaged in IFRS-EU accounting principles, and whose significance and content are illustrated below, in line with the ESMA/2015/1415 recommendation 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 Quarterly Report at March 31, 2018 has not been audited.

Interim Report at March 31, 2018
Consolidated Financial Statements
Consolidated Comprehensive Income Statement

	1 st Quarter 2018	1 st Quarter 2017
(euro '000)		
Revenues from sales and services provided	35.970	33.187
Other revenues	125	115
TOTAL REVENUES	36.095	33.302
Cost of goods and merchandise	(15.145)	(12.259)
Change in inventories	4.398	1.960
Cost of services received	(4.775)	(4.172)
Lease and rental costs	(390)	(392)
Personnel costs	(10.052)	(9.377)
Other operating costs	(363)	(315)
Increase in assets due to internal construction	349	300
Write-down of receivables	(74)	(127)
Accruals to provisions for risks and charges	(6)	(4)
GROSS OPERATING PROFIT	10.037	8.916
Property, plant and equipment depreciation	(1.499)	(1.396)
Intangible asset amortization	(143)	(132)
OPERATING PROFIT	8.395	7.388
Financial income	2	6
Financial expenses	-	(3)
Foreign exchange gains (losses)	(98)	(65)
PROFIT BEFORE TAXES	8.299	7.326
Income taxes	(2.072)	(2.226)
NET PROFIT FROM ORDINARY ACTIVITIES	6.227	5.100
Items that may be reclassified subsequently to profit and loss		
Conversion differences included in equity	39	(20)
COMPREHENSIVE INCOME	6.266	5.080

Interim Report at March 31, 2018
Consolidated Financial Statements
Consolidated Statement of Financial Position - Assets

ASSETS	Mar. 31, 2018	Dec. 31, 2017
(euro '000)		
NON CURRENT ASSETS		
Tangible assets	74.200	72.082
Investment property	1.112	1.126
Intangible assets	1.882	1.867
Other investments	10	10
Other non-current assets	39	41
Deferred tax assets	2.354	2.294
TOTAL NON CURRENT ASSETS	79.597	77.420
CURRENT ASSETS		
Inventories	46.036	41.673
Trade receivables	29.820	26.520
Tax receivables	4.528	4.299
Other receivables	557	465
Cash and cash equivalents	18.474	20.232
TOTAL CURRENT ASSETS	99.415	93.189
NON-CURRENT ASSETS AVAILABLE FOR SALE	-	-
TOTAL ASSETS	179.012	170.609

Interim Report at March 31, 2018

Consolidated Financial Statements

Consolidated Statement of Financial Position - Liabilities and Shareholders' Equity

LIABILITIES AND SHAREHOLDERS' EQUITY	Mar. 31, 2018	Dec. 31, 2017
(euro '000)		
SHAREHOLDERS' EQUITY		
Capital stock	8.840	8.840
Reserves	134.274	111.508
Net profit	6.227	22.727
TOTAL SHAREHOLDERS' EQUITY	149.341	143.075
NON-CURRENT LIABILITIES		
Non-current financial liabilities	-	-
Employee Severance Indemnity and other personnel benefits	2.682	2.664
Provisions for risks and charges	510	448
Deferred tax liabilities	2.049	2.047
TOTAL NON-CURRENT LIABILITIES	5.241	5.159
CURRENT LIABILITIES		
Current financial liabilities	-	-
Trade payables	14.358	14.581
Tax payables	2.528	268
Other payables	7.544	7.526
TOTAL CURRENT LIABILITIES	24.430	22.375
LIABILITIES ON ASSETS HELD FOR DISPOSAL	-	-
TOTAL LIABILITIES	29.671	27.534
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	179.012	170.609