



Joint stock company
 Headquarters: Via Serenissima 9 – 25135 Brescia
 VAT and Tax ID: 00541390175
 Share capital € 8,840,000 fully paid up
 Registration number with the Brescia Companies
 Register no. 00541390175
 tel.: 0303692.1 fax: 0303365766

Press release

The Board of Directors approved the Half Year Report 2019

Cembre (STAR): consolidated turnover up in the first half-year (+4.9%)

- Sales in Italy down slightly (-1.8%) in the first 6 months while foreign sales grow (+9.9%)
- Capital expenditure in the half-year of €5.8 million.
- As at April 30, 2019, consolidated revenues signal an increase of 3.8%
- The Board of Directors has identified the beneficiaries of the incentive plan pursuant to Article 114-bis of Legislative Decree 58/1998

<u>Consolidated figures</u> (euro '000)	1st Half 2019	<i>Marg.</i> <i>%</i>	1st Half 2018	<i>Marg.</i> <i>%</i>	<i>change</i>	Full year 2018	<i>Marg.</i> <i>%</i>
Revenues from sales	76,878	100	73,295	100	4.9%	144,096	100
Gross operating profit	20,912	27.2	18,859	25.7	10.9%	35,650	24.7
Operating profit	16,167	21.0	15,492	21.1	4.4%	28,496	19.8
Profit before taxes	16,033	20.9	15,421	21.0	4.0%	28,365	19.7
Net profit for the period	12,375	16.1	11,699	16.0	5.8%	22,736	15.8
Net financial position	(4,712)		3,977			7,531	

Brescia, September 11, 2019 – 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 2019.

In the first half of 2019, the Group reported **consolidated revenues** from sales of €76.9 million, up 4.9% from €73.3 million in the first half of 2018. This increase is mainly due to the consolidation of the German company IKUMA GmbH & Co. KG, acquired with effect from May 1, 2018, whose turnover in the first half of 2019 was equal to €4.0 million; the revenues of this company in the first half of 2018 were included in the Group's revenues only for two months, for an amount of €1.4 million. Without the contribution of IKUMA, the increase in consolidated sales in the first half of 2019 would have been 1.5 per cent.

Group half-year sales in Italy amounted to €30.8 million, down 1.8%, while sales outside Italy amounted to €46.1 million, up 9.9%. In the first six months, a total of 40.1% of Group sales were represented by Italy (as compared with 42.8% in the 1st Half of 2018), 46.5% by the rest of Europe (41.9% in the 1st Half of 2018), and the remaining 13.4% by the rest of the World (15.3% in the 1st Half of 2018).

Consolidated gross operating profit (EBITDA) for the 1st Half of 2019 amounted to €20.9 million, representing a 27.2% margin on sales, up 10.9% on the corresponding period in 2018 when it amounted to €18.9 million, representing a 25.7% margin on sales.

Both the incidence of cost of sales and the incidence of cost of services remained stable during the period, while the incidence of personnel costs increased slightly (the average number of employees employed by the Group was 741).

Consolidated operating profit (EBIT) for the first six months of 2019 amounted to €16.2 million, representing a 21.0% margin on sales, up 4.4% on €15.4 million in the first six months of last year, when it represented a 21.1% margin on sales.

Consolidated profit before taxes amounted to €16 million, representing a 20.9% margin on sales, up 4.0% on €15.4 million in the 1st Half of 2018, when it represented a 21.0% margin on sales.

Net income for the period was €12.4 million, up 5.8% from €11.7 million in the same period of last year. The percentage incidence of net profit on turnover therefore represents 16.1% of sales, compared to 16.0% in the first half of 2018.

Effective from January 1, 2019, the Group adopted the new IFRS 16 to account for leases and lease agreements. The application of this new standard involved an insignificant reduction in Group profit of €22 thousand (before taxes); for more details on the effects of the application of the aforementioned accounting standard, please refer to the Half Year Report 2019.

The consolidated net financial position, which went from a positive balance of €7.5 million at December 31, 2018 to a negative value of €4.7 million at June 30, 2019, reflects the effects of the application of the new international accounting standard IFRS 16, which resulted in the recognition under non-current financial liabilities of €5.0 million and under current financial liabilities of €1.3 million, as liabilities for leased assets, as well as the payment of dividends of €15 million by the Parent Company and investments in fixed assets of €5.8 million. At December 31, 2018, the net financial position was equal to a surplus of €4.0 million. It should be noted that, net of the effects of the application of the new international accounting standard IFRS 16, the financial position at June 30, 2019 would have been positive and equal to €1.6 million.

Capital expenditure in the period amounted to €5.8 million and consisted primarily of investments in plant and equipment. In the 1st Half of 2018 they amounted to €7.4 million.

“The results of the first half of 2018 show growth in consolidated revenues (+4.9%), thanks to the positive contribution of the consolidation of IKUMA KG, acquired effective from May 1, 2018. Without this contribution, the increase in consolidated sales in the first half of 2019 would have been 1.5%. The figures as at August 31, 2019 show a growth of 3.8% in consolidated revenues, without the consolidation of IKUMA KG, whose organic growth would have been 1.6%. Despite the situation of global uncertainty, the Cembre Group expects slight growth compared to 2018”, stated Cembre Managing Director Giovanni Rosani.

The Board of Directors has identified the beneficiaries of the incentive plan called "Carlo Rosani Prize for the 50th anniversary of the Company's foundation"

The Board of Directors meeting held today, after consulting the Appointments and Remuneration Committee, identified the employees as beneficiaries of the Cembre share-based incentive plan known as the "Carlo Rosani Prize for the 50th anniversary of the Company's foundation", adopted pursuant to Article 114-bis of the TUF by the Shareholders' Meeting of April 18, 2019 and aimed at certain categories of employees (or in any case holders of a comparable relationship pursuant to

applicable law) of Cembre and/or its subsidiaries (the "**Plan**"). Specifically, 9 executives and 8 middle managers have been identified as beneficiaries of the Plan. The Plan has a duration of six years and - also taking into account the number of beneficiaries currently identified by the Board of Directors - if all the conditions set out in the Plan's regulations were met and all the shares were assigned, the maximum number of Cembre shares allotted under the Plan would amount to 132,000 shares.

Currently, Cembre S.p.A. already holds 280,041 treasury shares in its portfolio.

For further information on the Plan, reference should be made to the Information Document prepared pursuant to Article 84-bis of Consob Regulation no. 11971/1999 and available, as an attachment to the related explanatory report, on the *website* www.cembre.it (Investor / Shareholders' Meeting Section).

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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. Cembre is one of the world's leading manufacturers of tools (mechanical, pneumatic and hydraulic) for the installation of connectors and the shearing of cables. 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 fully-fledged international force. Along with the parent company in Brescia it has six subsidiaries: six trading companies (2 in Germany, 1 in France, Spain and the United States) and one manufacturing and trading subsidiary (Cembre Ltd., in Birmingham, U.K.), for a total workforce of 740 (figure updated as of June 30, 2019). 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.) 030/36921 claudio.bornati@cembre.com

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

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 - Interim Financial Report 2019:

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

In this present press release, use is made of certain alternative performance indicators that are not envisaged in IFRS-EU accounting standards, and whose significance and content are illustrated below, in line with the ESMA/2015/1415 recommendation published on October 5, 2015:

Gross Operating Result (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 amortisation, cash flows and taxes.

Operating Result (EBIT): defined as the difference between the Gross Operating Result and the value of amortization/impairment. It represents the profit before cash flows and taxes.

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

Consolidated Financial Statements at June 30, 2019

Consolidated Statement of Financial Position

ASSETS	Notes	Jun. 30, 2019		Dec. 31, 2018	
(euro '000)			<i>of which: related parties</i>		<i>of which: related parties</i>
NON-CURRENT ASSETS					
Tangible assets	1	84.708		83.294	
Investment property	2	1.047		1.071	
Intangible assets	3	4.437		4.257	
Goodwill	4	4.608		4.608	
Right of use assets	5	6.383	4.394	-	
Other investments		10		10	
Other non-current assets	6	1.008		1.522	
Deferred tax assets	15	2.925		2.767	
TOTAL NON-CURRENT ASSETS		105.126		97.529	
CURRENT ASSETS					
Inventories	7	51.774		50.619	
Trade receivables	8	30.676		25.626	
Tax receivables	9	2.151		2.035	
Other receivables	10	1.379		1.842	
Cash and cash equivalents		11.837		17.198	
TOTAL CURRENT ASSETS		97.817		97.320	
NON-CURRENT ASSETS AVAILABLE FOR SALE		-		-	
TOTAL ASSETS		202.943		194.849	

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	Jun. 30, 2019		Dec. 31, 2018	
(euro '000)			<i>of which: related parties</i>		<i>of which: related parties</i>
SHAREHOLDERS' EQUITY					
Capital stock	11	8.840		8.840	
Reserves	11	129.026		121.302	
Net profit	11	12.375		22.736	
TOTAL SHAREHOLDERS' EQUITY		150.241		152.878	
NON-CURRENT LIABILITIES					
Non-current financial liabilities	12	5.049	3.816	1.000	
Other non-current payables	6	989	989	1.480	1.480
Employee termination indemnity and other personnel benefits	13	2.444	289	2.557	278
Provisions for risks and charges	14	708	75	606	50
Deferred tax liabilities	15	2.641		2.846	
TOTAL NON-CURRENT LIABILITIES		11.831		8.489	
CURRENT LIABILITIES					
Current financial liabilities	12	11.500	579	8.667	
Trade payables	16	13.334		14.863	
Tax payables		5.811		2.367	
Other payables	17	10.226	498	7.585	498
TOTAL CURRENT LIABILITIES		40.871		33.482	
LIABILITIES ON ASSETS HELD FOR DISPOSAL		-		-	
TOTAL LIABILITIES		52.702		41.971	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		202.943		194.849	

Consolidated Financial Statements at June 30, 2019

Statement of Consolidated Comprehensive Income

	Notes	1 st Half 2019		1 st Half 2018	
(euro '000)			<i>of which: related parties</i>		<i>of which: related parties</i>
Revenues from contracts with customers	18	76.878		73.295	
Other revenues	19	565		241	
TOTAL REVENUES		77.443		73.536	
Cost of goods and merchandise		(25.358)		(29.674)	
Change in inventories		1.144		6.465	
Cost of services received	20	(10.098)	(485)	(9.563)	(334)
Non-recurring cost of services		-		(421)	
Lease and rental costs		(178)		(801)	(333)
Personnel costs	21	(21.705)	(479)	(20.360)	(477)
Other operating costs	22	(864)		(729)	
Increase in assets due to internal construction		553		515	
Impairment losses on contract assets		(14)		(98)	
Accruals to provisions for risks and charges	14	(11)		(11)	
GROSS OPERATING PROFIT		20.912		18.859	
Property, plant and equipment depreciation	1-2	(3.634)		(3.040)	
Intangible asset amortization	3	(432)		(327)	
Depreciation of right of use assets	5	(679)	(308)	-	
OPERATING PROFIT		16.167		15.492	
Financial income	23	3		3	
Financial expenses	23	(68)	(45)	(24)	
Foreign exchange gains (losses)		(69)		(50)	
PROFIT BEFORE TAXES		16.033		15.421	
Income taxes	24	(3.658)		(3.722)	
NET PROFIT FROM ORDINARY ACTIVITIES		12.375		11.699	
NET PROFIT FROM ASSETS HELD FOR DISPOSAL		-		-	
NET PROFIT		12.375		11.699	
Items that may be reclassified subsequently to profit and loss					
Conversion differences included in equity	25	36		247	
COMPREHENSIVE INCOME	25	12.411		11.946	
BASIC AND DILUTED EARNINGS PER SHARE	26	0,74		0,70	

Consolidated Financial Statements at June 30, 2019

Consolidated Statement of Cash Flows

	1st Half 2019	1st Half 2018
€/000		
(A) CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	17.198	20.232
B) CASH FLOW FROM OPERATING ACTIVITIES		
Net profit for the period	12.375	11.699
Depreciation, amortization and write-downs	4.745	3.367
(Gains)/Losses on disposal of assets	(30)	(5)
Net change in Employee Termination Indemnity	(113)	5
Net change in provisions for risks and charges	102	123
Operating profit (loss) before change in working capital	17.079	15.189
(Increase) Decrease in trade receivables	(5.050)	(4.734)
(Increase) Decrease in inventories	(1.155)	(8.756)
(Increase) Decrease in other receivables and deferred tax assets	189	170
Increase (Decrease) of trade payables	(263)	3.869
Increase (Decrease) of other payables, deferred tax liabilities and tax payables	5.880	4.926
Change in working capital	(399)	(4.525)
NET CASH FLOW (USED IN)/FROM OPERATING ACTIVITIES	16.680	10.664
C) CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on fixed assets:		
- intangible	(613)	(2.840)
- tangible	(5.141)	(6.995)
- goodwill	-	(4.615)
- right of use	(7.062)	-
Proceeds from disposal of tangible, intangible, available-for-sale financial assets		
- tangible	146	114
Increase (Decrease) of trade payables for assets	(1.266)	497
NET CASH FLOW (USED IN)/FROM INVESTING ACTIVITIES	(13.936)	(13.839)
D) CASH FLOW FROM FINANCING ACTIVITIES		
(Increase) Decrease in other non current assets	514	(1)
(Increase) Decrease in other non current payables	(491)	-
Increase (Decrease) in bank payables	498	14.001
Increase (Decrease) in other loans	6.384	-
Change in reserves	-	56
Dividends distributed	(15.048)	(13.372)
NET CASH FLOW (USED IN)/FROM FINANCING ACTIVITIES	(8.143)	684
(E) INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (B+C+D)	(5.399)	(2.491)
F) Foreign exchange conversion differences	38	237
(G) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+E+F)	11.837	17.978
Of which: assets held for disposal	-	-
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	11.837	17.978
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	11.837	17.978
Current financial liabilities	(11.500)	(9.333)
Non-current financial liabilities	(5.049)	(4.668)
NET CONSOLIDATED FINANCIAL POSITION	(4.712)	3.977
INTERESTS PAID IN THE PERIOD	4	-
BREAKDOWN OF CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
Cash	15	14
Bank deposits	11.822	17.964
	11.837	17.978