



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
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Press release

The Board of Directors approves the interim report on operations as at September 30, 2020

CEMBRE (STAR): consolidated turnover falls by 10.6% in the first nine months of 2020 while, in the third quarter of 2020 alone, it rises by 1.7%

Net financial position at September 30, 2020 amounted to a surplus of €3.7 million

- In the first nine months, sales fell by 10.6% both in Italy and abroad
- Capital expenditure in the first nine months of €5.3 million
- As at October 31, consolidated turnover in the first 10 months falls by 9.2% and the financial position is confirmed at a positive €6.1 million

(euro '000)	1/1-9/30 2020	Marg. %	1/1-9/30 2019	Marg. %	change	3rd Qtr. 2020	Marg.	3rd Qtr. 2019	Marg.	change
Revenues from sales	98,655	100	110,306	100	-10.6%	33,999	100	33,428	100	1.7%
Gross operating profit (Ebitda)	24,113	24.4	28,661	26.0	-15.9%	8,535	25.1	7,749	23.2	10.1%
Operating profit (Ebit)	15,953	16.2	21,374	19.4	-25.4%	5,751	16.9	5,207	15.6	10.4%
Profit before taxes	15,901	16.1	21,239	19.3	-25.1%	5,702	16.8	5,206	15.6	9.5%
Net profit	11,895	12.1	16,633	15.1	-28.5%	4,295	12.6	4,258	12.7	0.9%
Net financial position	3,724		1,040							

Brescia, November 12, 2020 - The Board of Directors of Cembre S.p.A., company listed on the Star segment of the Italian Stock Exchange, one of the largest European manufacturers of electrical connectors and tools for their installation – chaired by its Chairman and Managing Director Giovanni Rosani, met today in Brescia and approved the interim report on operations as at September 30, 2020.

Consolidated sales revenues in the first nine months fell from €110.3 million in 2019 to €98.7 million in 2020, marking a decrease of 10.6% due to the Covid-19 pandemic. At quarterly level, consolidated revenues rose when compared to the third quarter of 2019, up from €33.4 million to €34.0 million, a positive change of 1.7%.

More specifically, in the first nine months of 2020, 39.5% of Group sales were represented by Italy (as compared with 39.5% in the first nine months of 2019), 47.5% by the rest of Europe (46.9% in the first nine months of 2019), and the remaining 13.0% by the rest of the World (13.6% in the first nine months of 2019).

Therefore, the Cembre Group recorded a decrease of 10.6% in turnover on both the Italian and foreign markets.

Consolidated gross operating profit (Ebitda) for the first nine months of 2020 amounted to €24.1 million, corresponding to a 24.4% margin on sales, down 15.9% from €28.7 million reported in the first nine months of 2019, representing a 26.0% margin on sales. Both the incidence of the cost of goods sold and the weight of the cost for services fell during the period. The weight of personnel costs rose compared to the first nine months of 2019, especially due to the decline in revenues; the average number of Group employees went from 745 in the first nine months of 2019 to 754 in the first nine months of 2020.

Gross operating profit in the third quarter rose by 10.1% compared to the third quarter of 2019.

The consolidated operating profit (Ebit) amounted to €16.0 million, corresponding to a 16.2% margin on sales, down 25.4% on €21.4 million reported in the first nine months of 2019 (19.4% of sales).

Operating profit for the third quarter of 2020 amounted to €5.8 million, representing a 16.9% margin on revenues from quarterly sales, up 10.4% on €5.2 million in the third quarter of 2019 when it represented 15.6% of revenues from quarterly sales.

Consolidated profit before taxes for the first nine months of 2020 amounted to €15.9 million, representing a 16.1% margin on sales, down 25.1% on the profit before taxes reported in the first nine months of 2019, amounting to €21.2 million and corresponding to a 19.3% margin on sales.

Pre-tax profit for the third quarter of 2020 amounted to €5.7 million, representing a 16.8% margin on revenues from quarterly sales, up 9.5% on €5.2 million in the third quarter of 2019 when it represented 15.6% of revenues from quarterly sales.

Consolidated profit for the first nine months of 2019 amounted to €11.9 million, representing a 12.1% margin on sales, down 28.5% on the profit reported in the first nine months of 2019, amounting to €16.6 million and corresponding to a 15.1% margin on sales. At quarterly level, profit rose by 0.9%, up from €4.2 million, corresponding to a margin on sales of 12.7%, to €4.3 million, corresponding to 12.6% of consolidated quarterly turnover.

The **consolidated net financial position**, amounting to a positive €3.7 million, was down compared to December 31, 2019, when it amounted to €5.6 million.

The net financial position at September 30, 2019 was a positive €1.0 million.

A total of €4.8 million was invested in property, plant and equipment and €0.5 million invested in intangible fixed assets, compared to investments of €8.1 million in the same period of 2019.

“The results of the first nine months of 2020 were heavily impacted by the effects of the COVID-19 epidemic, turnover closed said period with a decrease of 10.6%, however in the third quarter of 2020 alone we witnessed a slight recovery; in fact, turnover in the third quarter of 2020 rose by 1.7%. Also in October 2020, a better performance than October 2019 was registered, bringing the reduction in Group revenues to 9.2%, as well as the confirmation of a positive financial position of €6.1 million as at October 31, 2020. In any case, despite the recovery recorded solely in the third quarter of 2020 and in October 2020, it is estimated that Cembre Group revenues will fall in 2020, with a subsequent drop in profit margins.” stated Cembre’s 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. 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 five subsidiaries: four trading companies (in Germany, France, Spain and the United States) and a manufacturing and trading subsidiary (Cembre Ltd, with registered office in Birmingham), for a total of 752 employees (data updated as at September 30, 2020). 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.

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.

Consolidated financial statements relating to the Interim report on operations as at September 30, 2020 attached.

In this 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 recommendations 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.

This Interim Report on Operations has not been audited.

Interim Report on Operations at September 30, 2020
Consolidated Financial Statements
Consolidated Comprehensive Income Statement

	9 months 2020	9 months 2019
(euro '000)		
Revenues from contract with customers	98.655	110.306
Other revenues	492	798
TOTAL REVENUES	99.147	111.104
Cost of goods and merchandise	(31.183)	(36.433)
Change in inventories	282	941
Cost of services received	(12.345)	(14.771)
Lease and rental costs	(100)	(261)
Personnel costs	(30.513)	(31.468)
Other operating costs	(1.211)	(1.183)
Increase in assets due to internal construction	794	759
Write-down of receivables	(83)	(10)
Accruals to provisions for risks and charges	(675)	(17)
GROSS OPERATING PROFIT	24.113	28.661
Property, plant and equipment depreciation	(6.274)	(5.593)
Intangible asset amortization	(631)	(650)
Depreciation of lease assets	(1.255)	(1.044)
OPERATING PROFIT	15.953	21.374
Financial income	4	4
Financial expenses	(86)	(102)
Foreign exchange gains (losses)	30	(37)
PROFIT BEFORE TAXES	15.901	21.239
Income taxes	(4.006)	(4.606)
NET PROFIT FROM ORDINARY ACTIVITIES	11.895	16.633
Items that may be reclassified subsequently to profit and loss		
Conversion differences included in equity	(1.238)	533
COMPREHENSIVE INCOME	10.657	17.166

Interim Report on Operations at September 30, 2020
Consolidated Financial Statements
Consolidated Statement of Financial Position - Assets

ASSETS	Sept. 30, 2020	Dec. 31, 2019
(euro '000)		
NON CURRENT ASSETS		
Tangible assets	84.582	86.430
Investment property	989	1.024
Intangible assets	4.310	4.442
Goodwill	4.608	4.608
Lease assets	7.005	6.366,00
Other investments	10	10
Other non-current assets	548	1.013
Deferred tax assets	3.083	3.091
TOTAL NON CURRENT ASSETS	105.135	106.984
CURRENT ASSETS		
Inventories	50.399	50.828
Trade receivables	23.603	22.284
Tax receivables	434	843
Other receivables	1.388	1.396
Cash and cash equivalents	29.546	20.983
TOTAL CURRENT ASSETS	105.370	96.334
NON-CURRENT ASSETS AVAILABLE FOR SALE	-	-
TOTAL ASSETS	210.505	203.318

Interim Report on Operations at September 30, 2020

Consolidated Financial Statements

Consolidated Statement of Financial Position - Liabilities and Shareholders' Equity

LIABILITIES AND SHAREHOLDERS' EQUITY	Sept. 30, 2020	Dec. 31, 2019
(euro '000)		
SHAREHOLDERS' EQUITY		
Capital stock	8.840	8.840
Reserves	135.680	129.896
Net profit	11.895	21.690
TOTAL SHAREHOLDERS' EQUITY	156.415	160.426
NON-CURRENT LIABILITIES		
Non-current financial liabilities	5.296	4.901
Other non-current payables	496	989
Employee Severance Indemnity and other personnel benefits	2.212	2.356
Provisions for risks and charges	722	278
Deferred tax liabilities	2.743	2.856
TOTAL NON-CURRENT LIABILITIES	11.469	11.380
CURRENT LIABILITIES		
Current financial liabilities	20.526	10.520
Trade payables	9.837	12.062
Tax payables	2.306	309
Other payables	9.952	8.621
TOTAL CURRENT LIABILITIES	42.621	31.512
LIABILITIES ON ASSETS HELD FOR DISPOSAL	-	-
TOTAL LIABILITIES	54.090	42.892
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	210.505	203.318

Interim Report on Operations at September 30, 2020
Consolidated Financial Statements
Consolidated Statement of Cash Flows

	9 Months 2020	9 Months 2019
€ '000		
A) CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	20.983	17.198
B) CASH FLOW FROM OPERATING ACTIVITIES		
Net profit for the period	11.895	16.633
Depreciation, amortization and write-downs	8.160	7.287
(Gains)/Losses on disposal of assets	8	(17)
Net change in Employee Termination Indemnity	(144)	(339)
Net change in provisions for risks and charges	444	54
Operating profit (loss) before change in working capital	20.363	23.618
(Increase) Decrease in trade receivables	(1.319)	1.760
(Increase) Decrease in inventories	429	(1.284)
(Increase) Decrease in other receivables and deferred tax assets	411	804
Increase (Decrease) of trade payables	(1.047)	(2.990)
Increase (Decrease) of other payables, deferred tax liabilities and tax payables	3.215	3.742
Change in working capital	1.689	2.032
NET CASH FLOW (USED IN)/FROM OPERATING ACTIVITIES	22.052	25.650
C) CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on fixed assets:		
- intangible	(499)	(833)
- tangible	(4.842)	(7.261)
Proceeds from disposal of tangible, intangible, available-for-sale financial assets		
- intangible	-	16
- tangible	152	132
Increase (Decrease) of trade payables for assets	(1.178)	(2.268)
NET CASH FLOW (USED IN)/FROM INVESTING ACTIVITIES	(6.367)	(10.214)
D) CASH FLOW FROM FINANCING ACTIVITIES		
(Increase) Decrease in other non current assets	465	514
(Increase) Decrease in other non current payables	(493)	(491)
Increase (Decrease) in bank payables	9.764	2.500
Repayment of leasing liabilities	(1.243)	(1.012)
Change in reserves	380	-
Dividends distributed	(15.048)	(15.048)
NET CASH FLOW (USED IN)/FROM FINANCING ACTIVITIES	(6.175)	(13.537)
E) INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (B+C+D)	9.510	1.899
F) Foreign exchange conversion differences	(947)	480
G) CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (A+E+F)	29.546	19.577
Of which: assets held for disposal	-	-
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	29.546	19.577
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	29.546	19.577
Current financial liabilities	(20.526)	(13.571)
Non current financial liabilities	(5.296)	(4.966)
NET CONSOLIDATED FINANCIAL POSITION	3.724	1.040
INTERESTS PAID IN THE PERIOD	(60)	(7)
BREAKDOWN OF CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		
Cash	13	14
Bank deposits	29.533	19.563
	29.546	19.577