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consolidated financial statements

*Testo del comunicato*

Vedi allegato.



### **APPROVAL OF 2014 SEPARATED AND CONSOLIDATED FINANCIAL STATEMENTS**

The Board of Directors has today approved the consolidated financial statements as at December 31<sup>st</sup> 2014.

Consolidated results of year 2014 showed an improvement compared to 2013, despite a slowdown in demand in the second half of the year.

The winding wire sector saw an increase in volumes thanks to the contribution of Irce Brazil, while sales in Europe remained at the level of 2013. The cable sector' sales, whose target market is Europe, remained low, at the level of last year, due to continued crisis in the construction sector.

The consolidated turnover amounted to € 350.61 million, versus € 358.80 million in the 2013, with a reduction of 2.3%, due to the decrease in the average price of copper, more than 6% year to year.

The results of 2014 are shown in the following table.

Consolidated income statement data (€/million)	Year 2014	Year 2013	Change
Turnover <sup>1</sup>	350.61	358.80	(8.19)
EBITDA <sup>2</sup>	10.74	9.53	1.21
EBIT	2.42	0.91	1.51
Profit before taxes	6.91	0.65	6.26
Net profit	3.80	0.11	3.69
Adjusted EBITDA <sup>3</sup>	13.93	10.48	3.45
Adjusted EBIT <sup>3</sup>	5.61	1.86	3.75
Consolidated statement of financial position data (€/million)	As of 31.12.2014	As of 31.12.2013	Change
Net invested capital	187.36	194.37	(7.01)
Shareholders' Equity	137.72	133.04	4.68
Net financial debt	49.64	61.33	(11.69)

*For details of the reclassifications of the year 2013, please refer to the explanations in the financial statements at 31 December 2014.*

1 The item "Turnover" represents the "Revenues" reported in the income statement.

2 EBITDA is a performance indicator used by the Management of the Group in order to assess the operating performance of the company and is not identified as an accounting item within IFRS; it is calculated by IRCE S.p.A. by adding amortisation/depreciation, allocations and write-downs to EBIT.

3 Adjusted EBITDA and EBIT are respectively calculated as the sum of EBITDA and EBIT and the income/charges from operations on copper derivatives transactions (€ +3.19 million in 2014 and € +0.95 million in 2013). These indicators are used by the Management of the Group in order to monitor and assess the operational performance of the Group and are not identified as accounting items within IFRS. Given that the composition of these measures is not regulated by the reference accounting standards, the criterion used by the Group could potentially not be consistent with that adopted by others and therefore not be comparable.

## PRESS RELEASE

Consolidated net financial debt, at the end of December 2014, was € 49.64 million, down from € 61.33 million recorded at end of 2013, thanks to the cash flow generated by operating activities.

The 2014 Group's investments were € 2.67 million, mostly related to the production of winding wires.

Although in a difficult market, sales of winding wire in Europe are recording a slight recovery, versus the last months of 2014, with the prospect to consolidate in the second half of the year. With regard to the cable segment, a low increase in volumes is expected in the second half of the year.

The Board of Directors resolved a proposal to distribute a dividend of € 0.03 per share, with dividend date on May 25<sup>th</sup> 2015, record date May 27<sup>th</sup> 2015 and day of payment May 28<sup>th</sup> 2015.

The shareholders meeting is called on April 24<sup>th</sup> 2015 (first call) and on May 4<sup>th</sup> 2015 (second call).

Both the consolidated and IRCE S.p.A. financial statements as at 31<sup>th</sup> December 2014 are currently being checked by the Independent Auditors.

The manager responsible for preparing the company's financial reports, Elena Casadio, 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 our books and accounting records.

Imola, 13<sup>th</sup> March 2015

IRCE SPA

### **Contacts:**

Investor relation. Sepriano Gianfranco

Tel. + 39 0382 77535 e-mail [gianfranco.sepriano@irce-group.com](mailto:gianfranco.sepriano@irce-group.com)

*IRCE Group is an important player in the winding wires and electric cable sector. The production is deployed in 4 facilities in Italy and 5 facilities abroad: Nijmegen (NI), Blackburn (UK), Joinville SC (Brazil), Kochi (India) and Kierspe (Germany). The Group includes also 5 commercial companies; four of them are located outside Italy (Germany, Spain, Switzerland and Turkey) and the Group employs about 768 employees.*

<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>
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<b>ASSETS</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
<b>NON- CURRENT ASSETS</b>		
Goodwill and intangibles assets	2,418,905	2,503,175
Property, plant and equipment	59,878,553	63,366,928
Equipment and other tangible assets	1,623,962	1,509,226
Fixed assets under construction and advance	441,920	1,372,790
Non-current financial assets and receivables	111,858	110,908
Non-current tax receivables	2,894,722	4,371,500
Deferred tax assets	3,013,664	4,016,426
<b>TOTAL NON -CURRENT ASSETS</b>	<b>70,383,584</b>	<b>77,250,953</b>
<b>CURRENT ASSETS</b>		
Inventory	94,897,885	82,516,486
Trade receivables	72,177,233	66,345,511
Tax receivables	2,354,565	2,656,182
Receivables due from other	1,631,322	945,167
Current financial assets	1,185,817	619,476
Cash and cash equivalents	6,567,380	5,625,260
<b>TOTAL CURRENT ASSETS</b>	<b>178,814,202</b>	<b>158,708,082</b>
<b>TOTAL ASSETS</b>	<b>249,197,786</b>	<b>235,959,035</b>

PRESS RELEASE

<b>SHAREHOLDERS EQUITY AND LIABILITIES</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
<b>SHAREHOLDERS' EQUITY</b>		
SHARE CAPITAL	14,626,560	14,626,560
RESERVES	119,029,666	118,033,800
PROFIT OF THE PERIOD	3,794,509	110,978
<b>TOTAL GROUP SHAREHOLDERS' EQUITY OF THE GROUP</b>	<b>137,450,735</b>	<b>132,771,338</b>
<b>SHAREHOLDERS' EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS</b>	<b>264,740</b>	<b>264,351</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>137,715,475</b>	<b>133,035,689</b>
<b>NON -CURRENT LIABILITIES</b>		
Non-current financial liabilities	3,251,830	1,629,195
Deferred tax liabilities	1,099,952	1,391,840
Provisions for risks and charges	1,675,283	1,303,198
Employee benefits' provisions	5,954,529	5,667,232
<b>TOTAL NON- CURRENT LIABILITIES</b>	<b>11,981,594</b>	<b>9,991,466</b>
<b>CURRENT LIABILITIES</b>		
Current financial liabilities	53,424,816	66,397,663
Trade payables	34,775,687	16,818,767
Tax payables	2,595,190	1,470,348
Social security contributions	2,105,954	2,128,585
Other current liabilities	6,599,070	6,116,517
<b>TOTAL CURRENT LIABILITIES</b>	<b>99,500,717</b>	<b>92,931,880</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>249,197,786</b>	<b>235,959,035</b>

<b>CONSOLIDATED INCOME STATEMENT</b>
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	<b>31.12.2014</b>	<b>31.12.2013</b>
Revenues	350,611,474	358,794,616
Other revenues and income	1,137,898	1,033,260
<i>of which: non-recurring</i>	<i>373,334</i>	<i>25,663</i>
<b>TOTAL REVENUES</b>	<b>351,749,372</b>	<b>359,827,876</b>
Cost for raw material and consumables	(280,221,132)	(279,021,030)
Change in inventories of work in progress and finished goods	3,778,765	(7,568,409)
Cost for services	(31,602,065)	(32,479,277)
Personnel costs	(31,571,134)	(30,082,556)
Amortization/depreciation	(7,310,197)	(7,484,023)
Allocation and write-downs	(1,017,405)	(1,140,221)
Other operating costs	(1,389,837)	(1,145,039)
<b>EBIT</b>	<b>2,416,367</b>	<b>907,321</b>
Financial incomes / (charges)	4,491,301	(258,316)
<i>of which: non-recurring</i>	<i>-</i>	<i>932,365</i>
<b>PROFIT / (LOSS) BEFORE TAXES</b>	<b>6,907,668</b>	<b>649,005</b>
Income taxes	(3,114,753)	(552,001)
<b>PROFIT / (LOSS) BEFORE NON-CONTROLLING INTERESTS</b>	<b>3,792,915</b>	<b>97,004</b>
Non-controlling interests	1,594	13,974
<b>PROFIT / (LOSS) FOR THE PERIOD</b>	<b>3,794,509</b>	<b>110,978</b>

## Earnings/(loss) per share (EPS)

- basic EPS of the year ascribable to ordinary shareholders of the parent company	0.1447	0.0042
- diluted EPS of the year ascribable to ordinary shareholders of the parent company	0.1447	0.0042

PRESS RELEASE

<b>CONSOLIDATED STATEMENT OF CASH FLOWS</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
<i>€/000</i>		
<b>OPERATING ACTIVITIES</b>		
Net profit for the period	<b>3,795</b>	<b>111</b>
<i>Adjustments for:</i>		
Amortization/depreciation	7,310	7,484
Change in deferred taxes	711	(258)
(Gains)/losses from disposals of fixed assets	(18)	(22)
(Gains)/losses on unrealized translation differences	(734)	(854)
Taxes	2,183	1,269
Financial income/(loss)	(3,283)	151
Operating profit/(loss) before change in working capital	<b>9,964</b>	<b>7,880</b>
Taxes paid	(1,296)	(1,623)
Decrease (increase) in inventory	(12,381)	17,628
Change in current assets and liabilities	14,648	4,345
Change in non-current assets and liabilities	658	(749)
Change in non-current assets and liabilities to related parties	-	(434)
Exchange difference on translation of financial statement in foreign currency	177	(1,118)
<b>CASH FLOW PROVIDED BY OPERATING ACTIVITIES</b>	<b>11,769</b>	<b>25,929</b>
<b>INVESTING ACTIVITIES</b>		
Investments in intangible assets	(58)	(230)
Investments in tangible assets	(2,614)	(4,945)
Proceeds from disposals	375	39
<b>CASH FLOW USED IN INVESTING ACTIVITIES</b>	<b>(2,297)</b>	<b>(5,136)</b>
<b>FINANCIAL ACTIVITIES</b>		
Repayment of borrowings	(2,204)	(2,192)
Change in current other financial payables	(9,146)	(15,223)
Exchange difference on translation of financial statement in foreign currency	67	28
Change in current financial assets	(566)	100
Interest paid	(2,669)	(3,874)
Interest received	5,952	3,723
Change in minority shareholders' capital	0	29
Dividends paid	(262)	(524)
Change in translation of financial statement in foreign currency with effect in equity	37	(2,599)
Shares buy back	(9)	-
<b>CASH FLOW PROVIDED BY FINANCING ACTIVITIES</b>	<b>(8,800)</b>	<b>(20,532)</b>
<b>NET CASH FLOW FOR THE PERIOD</b>	<b>671</b>	<b>263</b>
CASH AND EQUIVALENT AT THE BEGINNING OF THE PERIOD	5,625	5,666
TOTAL NET CASH FLOW FOR THE PERIOD	671	263
Translation exchange differences	271	(304)
CASH AND EQUIVALENT AT THE END OF THE PERIOD	6,567	5,625

<b>SEPARATED ASSETS AND LIABILITIES STATEMENT</b>
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<b>ASSETS</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
<b>NON-CURRENT ASSETS</b>		
Intangible assets	309,760	366,379
Property, plant and machinery	17,046,154	19,417,068
Equipment and other tangible fixed assets	961,774	913,903
Fixed assets under construction and on account	276,688	182,869
Financial assets and non-current receivables	15,133,879	17,669,158
<i>of which: to related parties</i>	<i>15,133,711</i>	<i>17,668,990</i>
Equity investments	75,880,929	75,290,414
Tax credits	811,582	811,582
Advanced taxes	1,146,624	1,449,886
<b>TOTAL NON-CURRENT ASSETS</b>	<b>111,567,390</b>	<b>116,101,259</b>
<b>CURRENT ASSETS</b>		
Inventories	69,062,984	54,995,992
Trade receivables	47,958,304	47,266,274
Receivables from subsidiaries	7,706,694	9,644,240
Tax credits	431,207	379,215
Other receivables	1,083,241	486,469
Current financial assets	1,185,817	619,476
Cash and cash equivalents	866,788	958,318
<b>TOTAL CURRENT ASSETS</b>	<b>128,295,035</b>	<b>114,349,984</b>
<b>TOTAL ASSETS</b>	<b>239,862,425</b>	<b>230,451,243</b>



PRESS RELEASE

<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
<b>SHAREHOLDERS' EQUITY</b>		
COMPANY CAPITAL	14,626,560	14,626,560
RESERVES	122,282,393	121,817,506
PROFIT / (LOSS) FOR THE PERIOD	1,034,876	857,479
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>137,943,829</b>	<b>137,301,545</b>
<b>NON-CURRENT LIABILITIES</b>		
Non-current financial liabilities	-	-
Deferred taxes	-	-
Provisions for risks and charges	6,474,896	5,382,573
Provisions for employee benefits	4,804,424	4,905,925
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>11,279,320</b>	<b>10,288,498</b>
<b>CURRENT LIABILITIES</b>		
Current financial liabilities	50,931,024	63,050,841
Trade payables	30,753,646	12,801,583
Payables to subsidiaries	1,512,946	543,009
Tax payables	1,419,614	639,791
Amounts due to social security	1,867,843	1,923,529
Other current liabilities	4,154,203	3,902,447
<b>TOTAL CURRENT LIABILITIES</b>	<b>90,639,276</b>	<b>82,861,200</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>239,862,425</b>	<b>230,451,243</b>

<b>SEPARATE INCOME STATEMENT</b>
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	<b>31.12.2014</b>	<b>31.12.2013</b>
Revenues	220,447,620	234,284,167
<i>of which: to related parties</i>	<i>10,990,357</i>	<i>12,744,929</i>
Other revenues and income	676,004	977,760
<i>of which: to related parties</i>	<i>53,382</i>	<i>84,630</i>
<b>TOTAL REVENUES</b>	<b>221,123,624</b>	<b>235,261,927</b>
Cost for raw material and consumables	(177,035,741)	(179,124,784)
<i>Of which to subsidiaries</i>	<i>(2,725,965)</i>	<i>(1,297,765)</i>
Change in inventories of work in progress and finished goods	4,073,380	(6,408,023)
Cost for services	(23,631,973)	(24,059,115)
<i>of which: to related parties</i>	<i>(787,698)</i>	<i>(720,908)</i>
Personnel costs	(17,444,907)	(16,463,035)
Amortization/depreciation	(3,329,617)	(3,390,950)
Allocation and write-downs	(957,434)	(1,136,721)
Other operating costs	(539,717)	(630,297)
<b>EBIT</b>	<b>2,257,615</b>	<b>4,049,002</b>
Devaluation of investment participation	(2,299,605)	(1.024.543)
Financial income / (expenses)	3,056,045	(864.738)
<i>of which: to related parties</i>	<i>107,721</i>	<i>215.982</i>
<b>PROFIT (LOSS) BEFORE TAXES</b>	<b>3,014,055</b>	<b>2,159,721</b>
Income taxes	(1,979,179)	(1,302,242)
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>1,034,876</b>	<b>857,479</b>

PRESS RELEASE

<b>SEPARATED STATEMENT OF CASH FLOWS</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
<i>€/000</i>		
<b>OPERATING ACTIVITIES</b>		
Net profit for the period	<b>1,035</b>	<b>857</b>
<i>Adjustments for:</i>		
Amortization/depreciation	3,330	3,391
Change in deferred taxes	303	(5)
(Gains)/losses from disposal of fixed assets	(10)	(106)
(Gains)/losses on unrealized translation difference	(290)	(61)
Taxes	(1,979)	1,379
Financial income/(loss)	(2,275)	606
Operating profit/(loss) before change in working capital	<b>114</b>	<b>6,061</b>
Taxes paid	(746)	(1,623)
Decrease (increase) in inventory	(14,067)	13,125
Change in current assets and liabilities	20,600	3,789
Change in current assets and liabilities to related parties	2,907	(1,325)
Change in non current assets and liabilities	2,564	632
Change in non current assets and liabilities to related parties	2,535	7,109
<b>CASH FLOW PROVIDED BY OPERATING ACTIVITIES</b>	<b>13,908</b>	<b>27,768</b>
<b>INVESTING ACTIVITIES</b>		
Investments in intangible assets	(46)	(229)
Investments in tangible assets	(1,137)	(1,616)
Equity investments	(2,163)	(14,981)
Proceeds from disposal	150	431
<b>CASH FLOW USED IN INVESTMENTS ACTIVITIES</b>	<b>(3,196)</b>	<b>(16,395)</b>
<b>FINANCIAL ACTIVITIES</b>		
Repayment of borrowings	(2,204)	(2,204)
Change in current other financial payables	(9,916)	(9,236)
Change in current financial assets	(566)	100
Interest paid	(1,204)	(2,467)
Interest received	3,480	1,860
Dividend paid	(262)	(524)
Change in minority shareholders' capital	(122)	189
Shares buy back	(9)	0
<b>CASH FLOW PROVIDED BY FINANCING ACTIVITIES</b>	<b>(10,803)</b>	<b>(12,282)</b>
<b>NET CASH FLOW FOR THE PERIOD</b>	<b>(91)</b>	<b>(909)</b>
CASH AND EQUIVALENT AT THE BEGINNING OF THE PERIOD	958	1,867
TOTAL NET CASH FLOW FOR THE PERIOD	(91)	(909)
CASH AND EQUIVALENT AT THE END OF YEAR	867	958

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