

IRCE Group



1st Half 2015 Financial Results Presentation
Milan, 16th September 2015

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IRCE Group – Highlights

IRCE is a leading European Group operating in the industries of magnet wires and cables

IRCE Group Today	1st H 2015	FY 2014	
Consolidated sales	188.4	350.6	<i>(€/million)</i>
Number of employees	740	768	<i>(n.)</i>
Magnet wires production	30,000	55,000	<i>(tons)</i>
Cables production	6,000	10,000	<i>(tons)</i>

History

1947	IRCE began its activity in Imola (Italy) with the production of magnet wires
1961	The company launched the production of PVC insulated low voltage cables
1996	The Group was listed on the Italian Stock Exchange
1998	Acquisition of Smit Draad Nijmegen BV (The Netherlands)
2001	Acquisition of FD Sims Ltd (UK)
2001	The Group was listed on the Star Market Segment
2007	Construction of Brazil Plant
2007	Acquisition of Stable Magnet Wire P. Ltd (India)
2010	Acquisition of ISODRA GmbH (Germany)
2012	New sales office in Turkey
2015	Established the company in Poland

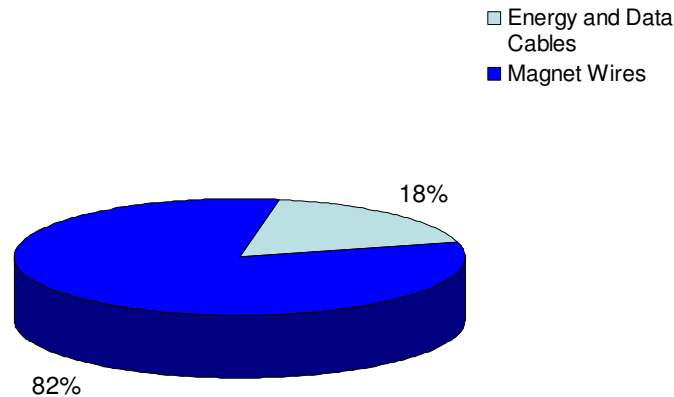
IRCE Group – The Businesses

IRCE Group works in two business areas:

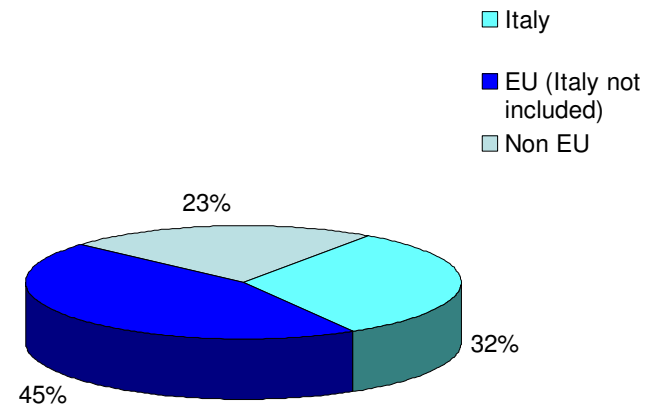
- Magnet wires
- Energy and data cables.

Today IRCE reference market is the European one, but the future target is to continue to enlarge its presence outside Europe, especially into the South American and Indian market.

Sales breakdown by business areas



Sales breakdown by geographical area



IRCE Group – The Businesses

Magnet Wires

Magnet wires, also known as winding wires or enamelled wires, have multiple applications such as electric motors, generators, transformers, compressors, inductors, relays, solenoid valves, etc. The wire is insulated through the application of many layers of enamels by means of highly sophisticated processes and machines, which demand high levels of investments and large scale of productions.



Energy and Data Cables



Cables produced by the Group encompass the complete range of Low Voltage and Medium Voltage building and industrial cables, data cables (copper cables for LANs) and Power Cords with plugs. Cables can be insulated with PVC, rubber, polyethylene, etc. They are used for the construction of electricity plants in residential and industrial buildings and for the wiring and cabling of electrical appliances. The principal final industry sectors are the construction industry, housing and industrial applications, and consumer durables industries (vehicles, domestic appliances and other electrical appliances).

IRCE Group – The Businesses

> *Magnet Wires*

Magnet wires can be segmented pursuant to the raw material used, their shape, the wire gauge, and the characteristics of the insulating materials.

- **Raw material:** magnet wire can be distinguished between copper wires and aluminium wires. Copper wires form the greater part of the market. Aluminium wires offer less conductivity. They are, however used in products for which it is important to minimise the weight.
- **Shape:** the wires may be round or rectangular.
- **Wire gauge:** pursuant to their gauge, magnet wires are classified into:
 - ultra-fine (diameter < 0.05mm);
 - fine (0.05mm < diameter < 0.15mm);
 - medium (0.15mm < diameter < 2mm);
 - big (diameter > 2mm).Fine and ultra fine wires finds their most frequent applications in the electronic sectors. The medium size wires are mostly destined to the industries of White Goods, Automotive, Lighting, Mechanical Tools, etc. Big wires are mainly used by the industries of the transport and of the generation of energy.
- **Insulating materials:** the main characteristics of these materials (polyurethanes, polyesterimide, polyimide) are connected to the degree of their heat resistance that may vary from 130 to 220 degrees centigrade.

Geographically the market is **divided in major areas: Europe, South America, North America, Far East, etc;** with limited trade among the areas.

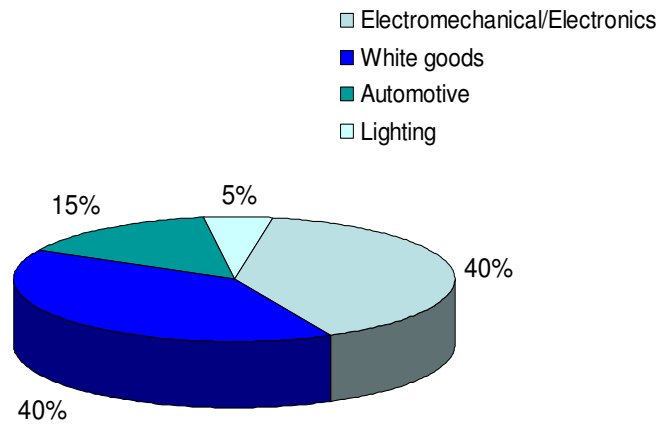
IRCE Group – The Businesses

> Magnet Wires

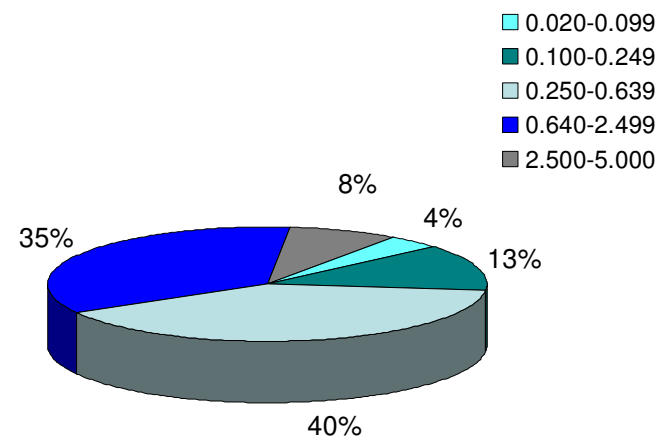
> Market share

In the Magnet Wire business IRCE manufactures and sales the complete range of products, and is mainly engaged in the segments of the fine and medium wires. It mainly operates in Europe, where it is third by size.

Sales breakdown by industry



Sales breakdown by size



IRCE Group – The Businesses

> *Magnet Wires*

> *Major customers by sectors*

White Goods

Whirlpool / Embraco
BSH
Nidec motor
Secop
Ceme
Elica Spa
A.R.S. Elettromeccanica
Gruppo Cebi

Electromechanical/Electronics

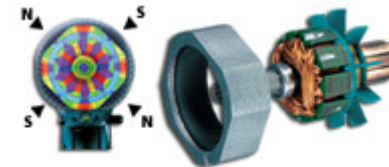
Siemens
Schneider Electric
Cummins Generator Technologies
Tyco Electronics
Somfy/Sitem
Panasonic
Finder

Automotive

Denso Manufacturing
Robert Bosch
EBM-Papst Mulfingen
Letrika D.D.
G. Cartier Technologies
Magna Electronics

Lighting

Osram
Vossloh Schwabe



IRCE Group – The Businesses

> *Energy and Data Cables*

The group produces the full range of low and medium voltage cables, data cables and cords with plugs.

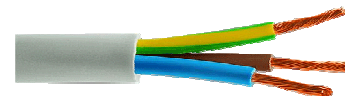
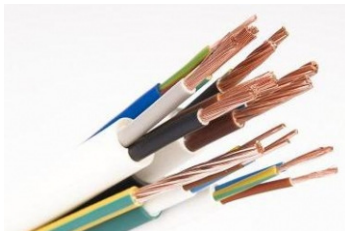
Cable customers are divided into two main sectors:

Distributors of electrical material

Com-Cavi Spa
Sonepar Deutschland Cable GmbH
Gefi Srl
Dieter Eifler GmbH
Tkd Kabel GmbH

Industrial sector (white goods)

Whirlpool Group
BSH Group
Electrolux Group
Unionalpha Spa (Indesit Group supplier)
Bata Srl (Indesit Group supplier)
Selectra Srl

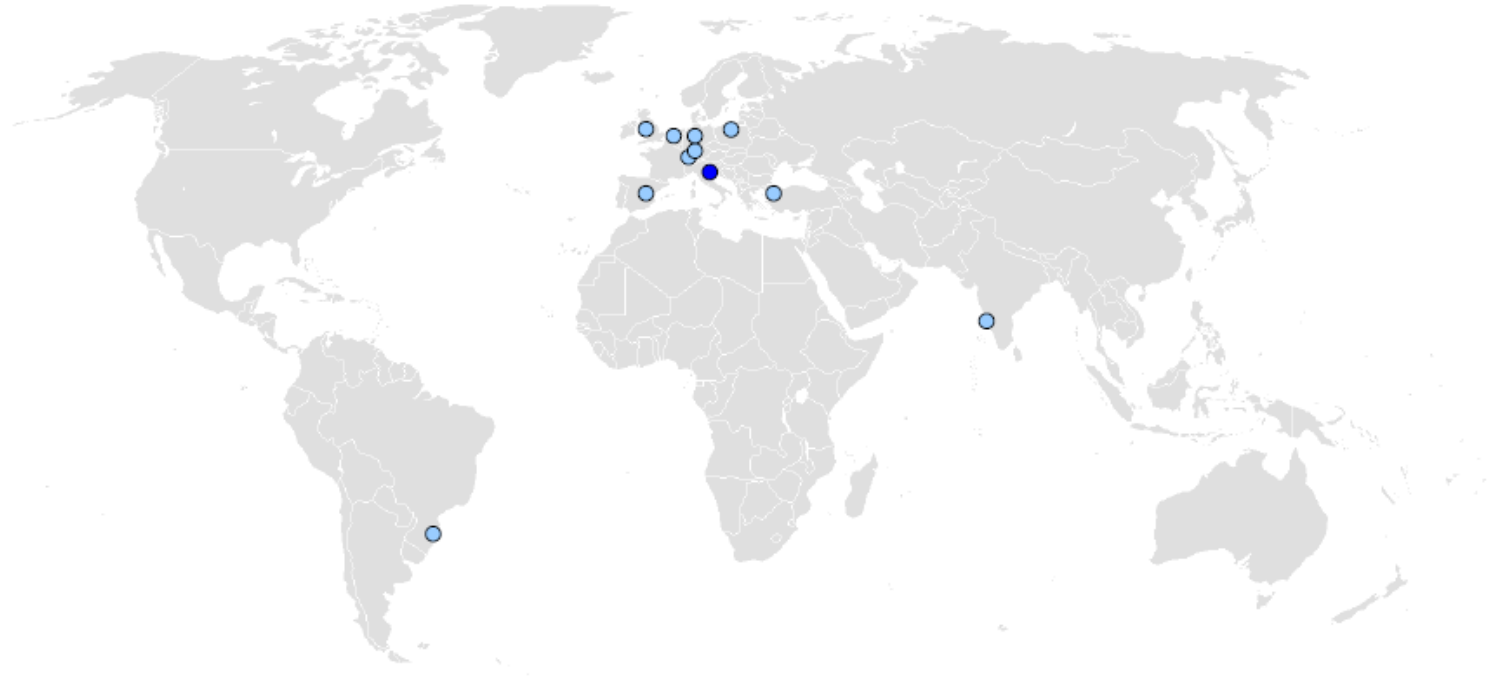


IRCE Group – Production Plants



1. IRCE SpA – Headquarters Imola – Italy	Copper and Aluminium Round Magnet Wire LV Energy Cables and Data Cables	Covered Area: 46,000 Sqm Employees: 253
2. IRCE SpA Guglionesi - Italy	LV/MV Energy Cables	Covered Area: 24,000 Sqm Employees: 83
3. IRCE SpA Umbertide - Italy	Copper and Aluminium Round Magnet Wire	Covered Area: 19,400 Sqm Employees: 50
4. IRCE SpA Miradolo – Italy	Power Cords with Plugs	Covered Area: 5,500 Sqm Employees: 40
5. Smit Draad Nijmegen BV Nijmegen – The Netherlands	Copper Rectangular Magnet Wire Continuously Transposed Cable (CTC)	Covered Area: 9,800 Sqm Employees: 118
6. FD Sims Ltd Blackburn – UK	Copper and Aluminium Round and Rectangular Magnet Wire	Covered Area: 7,000 Sqm Employees: 46
7. IRCE Ltda Joinville - Brazil	Copper and Aluminium Round and Rectangular Magnet Wire Continuously Transposed Cable (CTC)	Covered Area: 21,500 Sqm Employees: 72
8. Stable Magnet Wire P. Ltd. Cochin – India	Copper Round Magnet Wire	Employees: 29
9. ISODRA GmbH Kierspe -Germany	Copper Round Magnet Wire	Employees: 10

IRCE Group – Commercial Offices



- IRCE SpA - Headquarters - Imola (IT)
 - IRCE SpA - Sales Office - Milan (IT)
 - Isolveco Srl - Padova (IT)
 - Isomet AG - Otelfingen (CH)
 - DMG GmbH - Florstadt (DE)
 - IRCE SI - Polinya' (Barcellona) (E)
 - FD Sims Ltd - Blackburn (UK)
 - Smit Draad Nijmegen BV - Nijmegen (NL)
 - IRCE Ltda - Joinville (BR)
 - Stable Magnet Wire P. Ltd - Cochin (IN)
 - ISODRA GmbH - Kierspe (DE)
 - IRCE Kablo Ve Tel Ltd - Istanbul (TR)
 - IRCE SP. ZO. O - Legnica (PL)
- Agents and Distributors in the main countries

IRCE Group – Contents

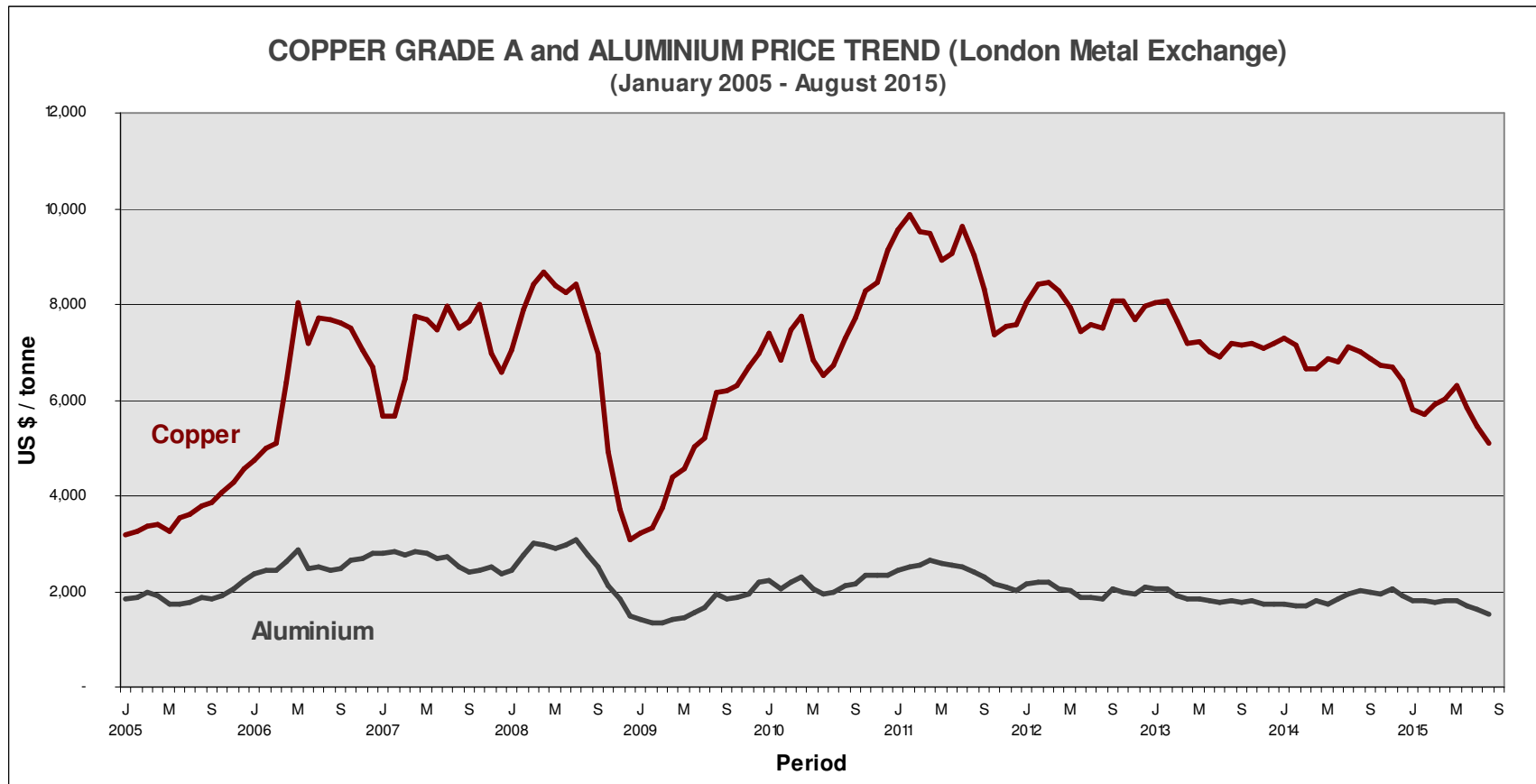
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IRCE Group – Copper and Aluminium price trend



IRCE Group – Profit and Loss Statement

> Fiscal Years 2010 - 2014

Euro million	2010	2011	2012	2013	2014
<i>Hollow turnover wires</i>	67.8	69.3	66.0	62.8	65.9
<i>Hollow turnover cables</i>	19.2	21.5	17.5	13.1	13.3
Total hollow turnover	87.0	90.8	83.5	75.9	79.2
TURNOVER (copper included)	388.2	430.3	389.3	358.8	350.6
Other income	1.9	1.7	1.4	1.0	1.1
TOTAL REVENUES	390.1	432.0	390.7	359.8	351.7
Cost of material	(316.6)	(338.7)	(305.4)	(279.0)	(280.2)
Change in finished goods and wip	25.2	1.9	(6.2)	(7.6)	3.8
Personnel costs	(28.8)	(30.0)	(30.2)	(30.1)	(31.6)
Other costs and services	(36.6)	(37.7)	(35.9)	(33.6)	(33.0)
EBITDA	33.3	27.5	13.0	9.5	10.7
Depreciation and provisions	(11.2)	(12.2)	(9.7)	(8.6)	(8.3)
EBIT	22.1	15.3	3.2	0.9	2.4
Copper derivatives	(3.2)	4.1	2.0	1.0	3.2
Net financial charges	(1.9)	(1.5)	(2.6)	(1.2)	1.3
RESULT BEFORE TAXES (EBT)	17.0	17.9	2.6	0.7	6.9
Taxes	(6.2)	(7.5)	(1.6)	(0.6)	(3.1)
Minorities	0.0	0.0	0.0	0.0	0.0
NET RESULT	10.8	10.4	1.1	0.1	3.8
EBITDA	33.3	27.5	13.0	9.5	10.7
Copper derivatives	(3.2)	4.1	2.0	1.0	3.2
Effect of the copper price on inventory value	(11.7)	(7.2)	0.0	0.0	0.0
EBITDA Adjusted (*)	18.4	24.4	15.0	10.5	13.9
Depreciation and provisions	(11.2)	(12.2)	(9.7)	(8.6)	(8.3)
EBIT Adjusted (*)	7.2	12.2	5.2	1.9	5.6
(*) For a better comparison of the operating results, we have introduced the concepts of EBITDA and EBIT Adjusted, that are equal to the traditional definitions plus income or loss on copper derivatives and minus/plus the effect of the copper price increase/decreases on the value of inventory.					
ROCE (EBIT Adj. / Net Capital Employed)%	3.5%	5.1%	2.3%	0.9%	2.9%

IRCE Group – Profit and Loss Statement

> 1st H 2015 Vs 1st H 2014

Euro million	1st H 2015 % Turnover		1st H 2014 % Turnover		change %
<i>Hollow turnover wires</i>	34.2		34.8		-1.7%
<i>Hollow turnover cables</i>	8.2		6.6		24.2%
Total hollow turnover	42.4		41.4		2.4%
TURNOVER (copper included)	188.4	100.0%	183.0	100.0%	3.0%
Other income	0.3	0.2%	0.6	0.3%	-50.0%
TOTAL REVENUES	188.7	100.2%	183.6	100.3%	2.8%
Cost of material	(148.2)	-78.7%	(147.9)	-80.8%	0.2%
Change in finished goods and wip	0.9	0.5%	5.0	2.7%	-82.0%
Personnel costs	(16.5)	-8.8%	(15.7)	-8.6%	5.1%
Other costs and services	(17.8)	-9.4%	(17.7)	-9.7%	0.6%
EBITDA	7.1	3.8%	7.3	4.0%	-2.7%
Depreciation and provisions	(3.7)	-2.0%	(4.2)	-2.3%	-11.9%
EBIT	3.4	1.8%	3.1	1.7%	9.7%
Copper derivatives	1.9	1.0%	1.1	0.6%	72.7%
Net financial charges	1.6	0.8%	0.1	0.1%	1500.0%
RESULT BEFORE TAXES (EBT)	6.9	3.7%	4.3	2.3%	60.5%
Taxes	(2.5)	-1.3%	(2.1)	-1.1%	19.0%
Minorities	0.0	0.0%	0.0	0.0%	-
NET RESULT	4.4	2.3%	2.2	1.2%	100.0%
EBITDA	7.1	3.8%	7.3	4.0%	-2.7%
Copper derivatives	1.9	1.0%	1.1	0.6%	
Effect of the copper price on inventory value	0.0	0.0%	0.0	0.0%	
EBITDA Adjusted (*)	9.0	4.8%	8.4	4.6%	7.1%
Depreciation and provisions	(3.7)	-2.0%	(4.2)	-2.3%	
EBIT Adjusted (*)	5.3	2.8%	4.2	2.3%	26.2%
(*) For a better comparison of the operating results, we have introduced the concepts of EBITDA and EBIT Adjusted, that are equal to the traditional definitions plus income or loss on copper derivatives and minus/plus the effect of the copper price increase/decreases on the value of inventory					
ROCE (EBIT Adj. / Net Capital Employed)%	5.6%		4.3%		

IRCE Group – Balance sheet

> Fiscal Years 2010 - 2014

Euro million	2010	%	2011	%	2012	%	2013	%	2014	%
Working capital	170.5	70.6%	172.5	71.7%	150.0	67.8%	132.0	67.9%	132.3	70.6%
Fixed Assets	80.0	33.1%	79.5	33.0%	75.6	34.1%	68.8	35.4%	64.4	34.4%
Other assets and liabilities	-9.1	-3.8%	-11.4	-4.7%	-4.2	-1.9%	-6.4	-3.3%	-9.4	-5.0%
NET CAPITAL EMPLOYED	241.4	100.0%	240.6	100.0%	221.4	100.0%	194.4	100.0%	187.3	100.0%
Net Financial Debt	98.4	40.8%	92.8	38.6%	79.4	35.9%	61.4	31.6%	49.6	26.5%
Shareholders' Equity	143.0	59.2%	147.8	61.4%	142.0	64.1%	133.0	68.4%	137.7	73.5%
FINANCING AND EQUITY	241.4	100.0%	240.6	100.0%	221.4	100.0%	194.4	100.0%	187.3	100.0%
INVESTMENTS	13.4		11.1		6.8		5.2		2.7	
NET FINANCIAL DEBT/EBITDA Adj.	5.3		3.8		5.3		5.8		3.6	

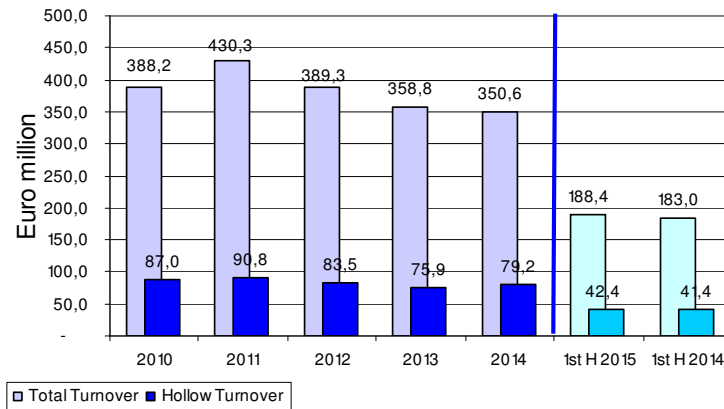
IRCE Group – Balance sheet

> 30 June 2015, 31 December 2014, 30 June 2014

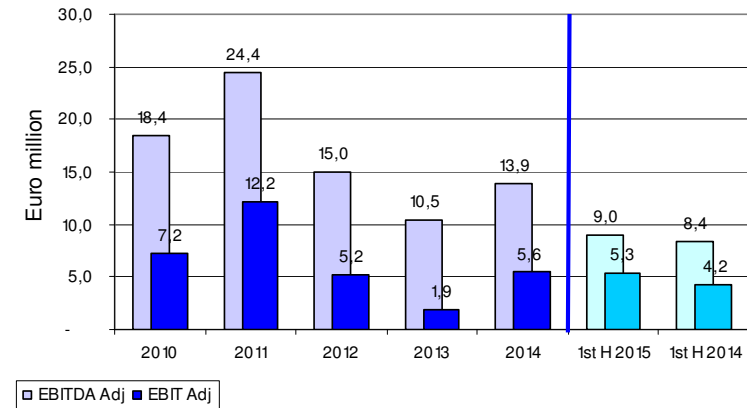
Euro million	30 June 2015	%	31 December 2014	%	30 June 2014	%
Working capital	141.1	74.4%	132.3	70.6%	142.4	71.0%
Fixed Assets	62.3	32.8%	64.4	34.4%	68.7	34.2%
Other assets and liabilities	-13.7	-7.2%	-9.4	-5.0%	-10.5	-5.2%
NET CAPITAL EMPLOYED	189.7	100.0%	187.3	100.0%	200.6	100.0%
Net Financial Debt	48.4	25.5%	49.6	26.5%	61.3	30.6%
Shareholders' Equity	141.3	74.5%	137.7	73.5%	139.3	69.4%
FINANCING AND EQUITY	189.7	100.0%	187.3	100.0%	200.6	100.0%
INVESTMENTS	1.4		2.7		1.4	
NET FINANCIAL DEBT/EBITDA Adj.	2.7		3.6		3.6	

IRCE Group – Business Performance

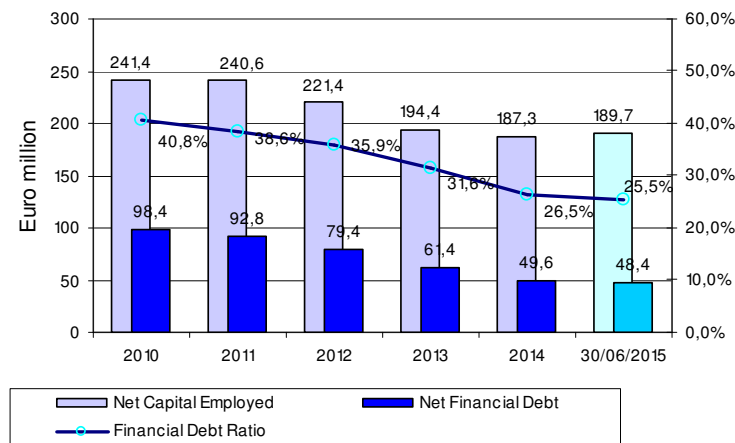
TURNOVER and HOLLOW TURNOVER



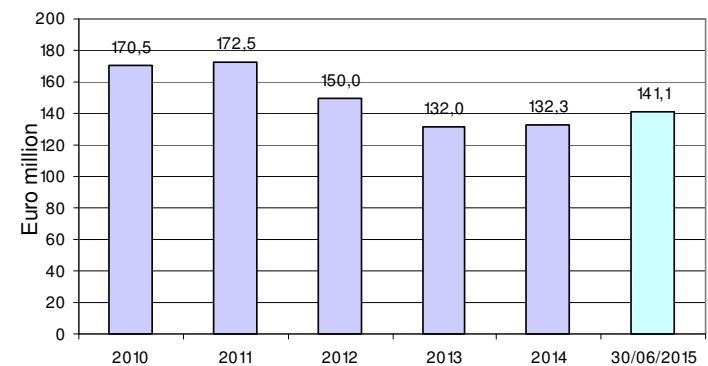
EBITDA Adjusted and EBIT Adjusted



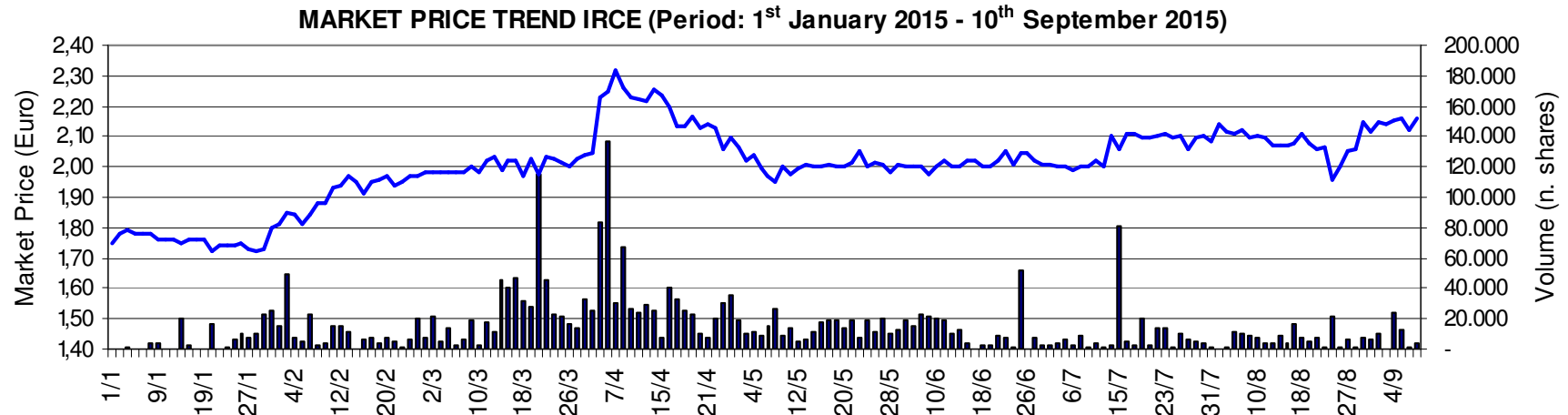
NET CAPITAL EMPLOYED and NET FINANCIAL DEBT



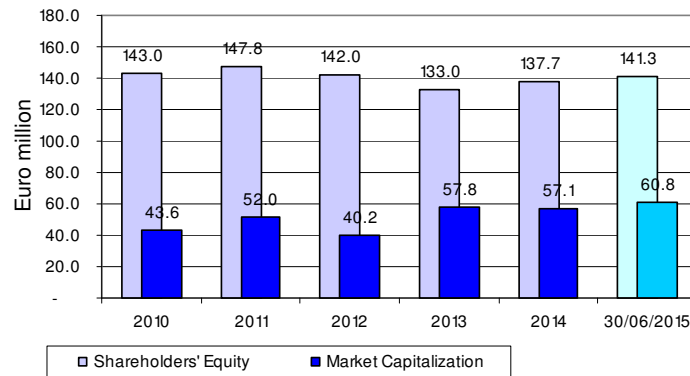
WORKING CAPITAL



IRCE Group – Market Performance



NET EQUITY Vs MARKET CAPITALIZATION



PRICE/BOOK VALUE RATIO

