



# SPAFID CONNECT

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Oggetto : Interim report on operations at 31st march  
2017

*Testo del comunicato*

Vedi allegato.



### ***INTERIM REPORT ON OPERATIONS AT 31<sup>ST</sup> MARCH 2017***

The Board of Directors has today approved the consolidated financial statements as at March 31<sup>st</sup> 2017.

Sales of winding wire sector were higher than those recorded in the first quarter of 2016, in particular half of the growth was generated by sales in the South American market. The situation in the cable sector was still negative, and was affected not only by the drop in volumes but also by a reduction in the price level.

Consolidated turnover amounted to € 92.48 million, compared to € 77.83 million in the first quarter of 2016, the increase of 19% was largely due to the rise in copper prices.

The results are shown in the following table.

Consolidated income statement data (€/million)	1 <sup>st</sup> quarter 2017	1 <sup>st</sup> quarter 2016	Change
Turnover <sup>1</sup>	92.48	77.83	14.65
EBITDA <sup>2</sup>	4.72	2.45	2.27
EBIT	3.10	0.92	2.18
Profit before taxes	3.67	1.17	2.50
Net profit	2.55	0.51	2.04
Adjusted EBITDA <sup>3</sup>	4.94	2.58	2.36
Adjusted EBIT <sup>3</sup>	3.32	1.05	2.27
Consolidated statement of financial position data (€/million)	As of 31.03.2017	As of 31.12.2016	Change
Net invested capital	189.72	173.49	16.23
Shareholders' Equity	140.43	137.24	3.19
Net financial debt	49.29	36.25	13.04

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 (€ +0.22 million in the 1<sup>o</sup> quarter 2017 and € +0.13 million in the 1<sup>o</sup> quarter 2016). 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 March 2017, was € 49.29 million, up from € 36.25 million at the end of 2016, due to the increase of the net working capital.

The Group's investments in 1<sup>st</sup> quarter 2017 were € 0.85 million and concern European plants.

The winding wire sector, in the first quarter of this year, recorded sales volumes higher than in the last quarter of 2016, showing some signs of improvement with regard to the rest of the year. In the cable sector there are no signals of change of trend.

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, 12<sup>nd</sup> May 2017

IRCE SPA

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*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 6 commercial companies; five of them are located outside Italy (Germany, Spain, Switzerland, Turkey and Poland) and the Group employs about 733 employees.*

<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>
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<b>ASSETS</b>	<b>31.03.2017</b>	<b>31.12.2016</b>
<b>NON- CURRENT ASSETS</b>		
Goodwill and intangibles assets	1,821,849	1,827,881
Property, plant and equipment	51,754,828	52,627,264
Equipment and other tangible assets	1,126,493	1,209,192
Fixed assets under construction and advance	4,813,309	4,177,393
Non-current financial assets and receivables	126,610	122,677
Non-current tax receivables	879,082	811,582
Deferred tax assets	2,402,887	2,470,294
<b>TOTAL NON -CURRENT ASSETS</b>	<b>62,925,058</b>	<b>63,246,283</b>
<b>CURRENT ASSETS</b>		
Inventory	74,770,614	72,427,659
Trade receivables	89,932,908	75,918,372
Tax receivables	1,889,401	2,442,219
Receivables due from other	1,797,843	2,061,055
Current financial assets	619,806	543,981
Cash and cash equivalents	4,168,834	7,775,737
<b>TOTAL CURRENT ASSETS</b>	<b>173,179,406</b>	<b>161,169,023</b>
<b>TOTAL ASSETS</b>	<b>236,104,464</b>	<b>224,415,306</b>

PRESS RELEASE

<b>SHAREHOLDERS EQUITY AND LIABILITIES</b>	<b>31.03.2017</b>	<b>31.12.2016</b>
<b>SHAREHOLDERS' EQUITY</b>		
SHARE CAPITAL	14,626,560	14,626,560
RESERVES	122,992,394	122,288,345
PROFIT FOR THE PERIOD	2,548,407	54,676
<b>TOTAL SHAREHOLDERS' EQUITY OF THE GROUP</b>	<b>140,167,361</b>	<b>136,969,581</b>
<b>MINORITY INTEREST</b>	<b>266,831</b>	<b>266,216</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>140,434,192</b>	<b>137,235,797</b>
<b>NON CURRENT LIABILITIES</b>		
Non-current financial liabilities	11,905,101	13,968,266
Deferred tax liabilities	280,705	289,176
Provision for risks and charges	2,510,740	2,434,053
Employee benefits' provision	6,029,128	6,027,372
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>20,725,674</b>	<b>22,718,867</b>
<b>CURRENT LIABILITIES</b>		
Current financial liabilities	41,898,316	30,132,677
Trade payables	22,732,396	24,991,819
Tax payables	2,258,743	1,340,080
Social security contributions	1,522,606	2,147,394
Other current liabilities	6,532,537	5,848,672
<b>TOTAL CURRENT LIABILITIES</b>	<b>74,944,598</b>	<b>64,460,642</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>236,104,464</b>	<b>224,415,306</b>

<b>CONSOLIDATED INCOME STATEMENT</b>
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	<b>31.03.2017</b>	<b>31.03.2016</b>
Revenues	92,480,862	77,830,748
Other revenues and income	118,040	168,787
<b>TOTAL REVENUES</b>	<b>92,598,902</b>	<b>77,999,535</b>
Cost for raw material and consumables	(73,435,998)	(60,161,631)
Change in inventories of work in progress and finished goods	3,012,337	750,223
Cost for services	(8,836,826)	(7,939,732)
Personnel costs	(8,156,267)	(7,818,505)
Amortization/depreciation of tangible and intangible assets	(1,474,295)	(1,371,790)
Allocation and write-downs	(146,247)	(151,837)
Other operating costs	(463,241)	(382,437)
<b>EBIT</b>	<b>3,098,365</b>	<b>923,826</b>
Financial incomes / (charges)	571,901	242,742
<b>PROFIT / (LOSS) BEFORE TAXES</b>	<b>3,670,266</b>	<b>1,166,568</b>
Income taxes	(1,121,244)	(654,416)
<b>PROFIT / (LOSS) BEFORE NON-CONTROLLING INTERESTS</b>	<b>2,549,022</b>	<b>512,152</b>
Non-controlling interests	(615)	(1,922)
<b>PROFIT / (LOSS) FOR THE PERIOD</b>	<b>2,548,407</b>	<b>510,230</b>

Earnings/(loss) per share (EPS)

- basic EPS ascribable to ordinary shareholders of the parent company	0.095	0.019
- diluted EPS ascribable to ordinary shareholders of the parent company	0.095	0.019

PRESS RELEASE

<b>CONSOLIDATED STATEMENT OF CASH FLOWS</b>	<b>31.03.2017</b>	<b>31.03.2016</b>
<i>€/000</i>		
<b>OPERATING ACTIVITIES</b>		
Profit for the year	<b>2,548</b>	<b>510</b>
<i>Adjustments for:</i>		
Amortization/depreciation	1,474	1,372
Net change in (assets) provision for (advance) deferred taxes	59	(174)
(gains)/losses from sell-off of fixed assets	4	-
(gains)/losses on unrealized translation differences	23	7
Taxes	1,015	806
Financial income/(charge)	(674)	(292)
Operating profit/(loss) before change in working capital	<b>4,449</b>	<b>2,230</b>
Decrease (increase) in inventory	(2,343)	477
(Increase) decrease in current assets and liabilities	(15,585)	661
(increase) decrease in non-current assets and liabilities	79	65
Exchange difference on translation of financial statement in foreign currency	398	(387)
<b>CASH FLOW GENERATED BY OPERATING ACTIVITIES</b>	<b>(13,002)</b>	<b>3,046</b>
<b>INVESTING ACTIVITIES</b>		
Investments in intangible assets	(3)	(12)
Investments in tangible assets	(847)	(499)
Amount collected from sale of tangible and intangible assets	3	17
<b>CASH FLOW USED IN INVESTMENTS</b>	<b>(847)</b>	<b>(494)</b>
<b>FINANCIAL ACTIVITIES</b>		
Net change in loans	(2,063)	(2,114)
Net change in short-term debt	11,766	(1,877)
Exchange difference on translation of financial statement in foreign currency	(328)	875
Change in current financial assets	(76)	303
Payment of interest	(94)	(288)
Receipt of interest	768	580
Change in minority shareholders' capital	1	2
Sell/purchase own shares	-	(5)
<b>CASH FLOW GENERATED FROM FINANCIAL TRANSACTION</b>	<b>9,976</b>	<b>(2,523)</b>
<b>NET CASH FLOW FOR THE PERIOD</b>	<b>(3,874)</b>	<b>29</b>
CASH BALANCE AT START OF YEAR	7,776	5,402
TOTAL NET CASH FLOW FOR THE PERIOD	(3,874)	29
EXCHANGE DIFFERENCE	267	199
CASH BALANCE AT THE END OF YEAR	4,169	5,232

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