



# SPAFID CONNECT

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Oggetto : Approval of 2017 separated and  
consolidated financial statements

*Testo del comunicato*

Vedi allegato.



## **APPROVAL OF 2017 SEPARATED AND CONSOLIDATED FINANCIAL STATEMENTS**

The Board of Directors has today approved the separated and the consolidated financial statements of the year 2017.

IRCE Group Year (Followed Even the "Group") closed with an increase in both revenues and margins compared to the same period of 2016.

In the winding wire sector, revenues (without the metal value) increased by 6.6% on a yearly basis, thanks largely to the sales in the Brazilian market.

The cable sector, as a result of the growth achieved in the second part of the year, recorded a revenues (without the metal value) increase of 5.4%.

Consolidated turnover amounted to € 357.13 million, compared to € 295.81 million recorded in 2016, the 21% increase was largely due to the rise in copper prices, which was accentuated in the last quarter.

The results are shown in the following table.

Consolidated income statement data (€/million)	year 2017	year 2016 Restated	Change
Turnover <sup>1</sup>	357.13	295.81	61.32
EBITDA <sup>2</sup>	18.44	6.94	11.50
EBIT	9.97	(1.06)	11.03
Profit before taxes	8.15	0.42	7.73
Net / (Loss) of the period	4.69	(0.18)	4.87
Adjusted EBITDA <sup>3</sup>	16.52	8.62	7.90
Adjusted EBIT <sup>3</sup>	8.05	0.62	7.43

Consolidated statement of financial position data (€/million)	As of 31.12.2017	As of 31.12.2016 Restated	Change
Net invested capital	186.52	171.51	15.01
Shareholders' Equity	132.40	135.08	(2.68)
Net financial debt	54.12	36.43	17.69

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 (€ -1.92 million in 2017 and € +1.68 million in 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 December 2017, was € 54.12 million, up from € 36.43 million at the end of 2016, due to the increase of the net working capital.

The reduction in consolidated shareholders' equity, in spite of the positive result of the period, is mainly due to the € 6.6 million increase of the negative amount of the foreign currency translation reserve.

During the second half of 2017, some misappropriations of funds emerged from the accounts of our subsidiary Isolveco Srl. The issue brought to a write-off of account receivables and to the restatement of the consolidated accounts with € 2.1 million equity reduction at the beginning of 2017.

The Group's investments in 2017 were € 5.86 million and mainly concerned investments made in European plants.

Sales volumes in the first few months of the year 2018 show a positive trend compared to the same period of the previous year, with good forecast for the entire year. The targets remains oriented to the reduction of the production costs with a recovery through efficiency and consequent positive effects on the Group results.

The Board of Directors of IRCE S.p.A. approved the "Consolidated non-financial report" which covers environmental, social, personnel-related issues, respect of human rights and the fight against corruption. The declaration was included in the Annual Report 2017 in compliance with the legislative decree 254/2016 provisions of Legislative Decree no. 254/2016.

The Board of Directors resolved a proposal to distribute a dividend of € 0.05 per share, with dividend date on May 28<sup>th</sup> 2018, record date May 29<sup>th</sup> 2018 and day of payment May 30<sup>th</sup> 2018.

The shareholders meeting is called on April 26<sup>th</sup> 2018 (first call) and on May 3<sup>rd</sup> 2018 (second call).

Both the consolidated and IRCE S.p.A. financial statements as at 31<sup>st</sup> December 2017 are currently being checked by the Independent Auditors.

The "Consolidated non-financial report" as at 31<sup>st</sup> December 2017 is currently being checked by the External Audit Company.

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.

The Chairman of the Board of Directors, Mr. Filippo Casadio, by mandate of the other Directors, approved the "Consolidated non-financial report".

Imola, 14<sup>th</sup> March 2018

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 5 commercial companies; four of them are located outside Italy (Germany, Spain, Switzerland, Poland) and the Group employs about 725 employees at the end of December 2017.*

<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>
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(Euros)

<b>ASSETS</b>	<b>31.12.2017</b>	<b>31.12.2016 Restated</b>	<b>01.01.2016 Restated</b>
<b>NON- CURRENT ASSETS</b>			
Goodwill and intangibles assets	347,598	1,827,881	2,378,476
Property, plant and equipment	50,766,941	52,627,264	50,706,211
Equipment and other tangible assets	1,537,464	1,209,192	1,236,816
Fixed assets under construction and advance	2,211,025	4,177,393	2,957,721
Non-current financial assets and receivables	120,767	122,677	120,873
Non-current tax receivables	811,582	811,582	1,330,996
Deferred tax assets	1,661,765	2,462,844	2,505,003
<b>TOTAL NON -CURRENT ASSETS</b>	<b>57,457,142</b>	<b>63,238,833</b>	<b>61,236,096</b>
<b>CURRENT ASSETS</b>			
Inventory	82,376,132	72,428,984	79,967,609
Trade receivables	89,473,689	74,021,855	63,258,544
Tax receivables	1,080,229	2,436,572	2,935,873
Receivables due from other	1,522,746	2,048,551	1,987,463
Current financial assets	13,180	543,981	314,482
Cash and cash equivalents	7,752,434	7,775,562	5,401,842
<b>TOTAL NON -CURRENT ASSETS</b>	<b>182,218,410</b>	<b>159,255,505</b>	<b>153,865,814</b>
<b>TOTAL ASSETS</b>	<b>239,675,552</b>	<b>222,494,338</b>	<b>215,101.910</b>

PRESS RELEASE

<b>SHAREHOLDERS EQUITY AND LIABILITIES</b>	<b>31.12.2017</b>	<b>31.12.2016 Restated</b>	<b>01.01.2016 Restated</b>
<b>SHAREHOLDERS' EQUITY</b>			
SHARE CAPITAL	14,626,560	14,626,560	14,626,560
RESERVES	113,437,366	120,904,124	111,605,819
PROFIT (LOSS) FOR THE PERIOD	4,685,238	(178,339)	2,948,384
<b>TOTAL SHAREHOLDERS' EQUITY OF THE GROUP</b>	<b>132,749,164</b>	<b>135,352,345</b>	<b>129,180,763</b>
<b>MINORITY INTEREST</b>	<b>(350,085)</b>	<b>(272,815)</b>	<b>(196,667)</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>132,399,079</b>	<b>135,079,530</b>	<b>128,984,096</b>
<b>NON CURRENT LIABILITIES</b>			
Non-current financial liabilities	11,966,839	13,968,266	22,461,892
Deferred tax liabilities	254,630	289,176	991,376
Provision for risks and charges	2,337,016	2,434,053	2,035,769
Employee benefits' provision	5,719,819	6,028,867	5,735,559
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>20,278,304</b>	<b>22,720,362</b>	<b>31,224,596</b>
<b>CURRENT LIABILITIES</b>			
Current financial liabilities	50,678,998	30,316,425	29,183,770
Trade payables	24,687,869	25,034,296	14,917,944
Tax payables	3,204,306	1,366,310	2,347,197
Social security contributions	2,099,038	2,152,587	2,007,135
Other current liabilities	6,327,958	5,824,828	6,437,172
<b>TOTAL CURRENT LIABILITIES</b>	<b>86,998,169</b>	<b>64,694,446</b>	<b>54,893,218</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>239,675,552</b>	<b>222,494,338</b>	<b>215,101,910</b>

<b>CONSOLIDATED INCOME STATEMENT</b>
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(Euros)

	<b>31.12.2017</b>	<b>31.12.2016 Restated</b>
Revenues	357,125,758	295,813,676
Other revenues and income	692,250	815,813
<b>TOTAL REVENUES</b>	<b>357,818,008</b>	<b>296,629,489</b>
Cost for raw material and consumables	(281,001,093)	(222,419,062)
Change in work in progress and finished goods	7,202,961	(4,291,491)
Cost for services	(32,579,888)	(31,269,995)
Personnel costs	(31,762,991)	(30,756,310)
Amortisation/depreciation	(7,926,450)	(6,316,051)
Allocation and write-downs	(552,503)	(1,679,017)
Other operating costs	(1,232,511)	(956,293)
<b>EBIT</b>	<b>9,965,533</b>	<b>(1,058,730)</b>
Devaluation of investment participation	(78,901)	-
Financial incomes / (charges)	(1,735,089)	1,477,269
<b>PROFIT / (LOSS) BEFORE TAXES</b>	<b>8,151,543</b>	<b>418,539</b>
Income taxes	(3,543,575)	(674,172)
<b>PROFIT / (LOSS) BEFORE NON-CONTROLLING INTERESTS</b>	<b>4,607,968</b>	<b>(255,633)</b>
Non-controlling interests	77,270	77,294
<b>PROFIT / (LOSS) FOR THE PERIOD</b>	<b>4,685,238</b>	<b>(178,339)</b>

Earnings/(loss) per share (EPS)

- basic EPS of the year ascribable to ordinary shareholders of the parent company	0.1750	(0.0067)
- diluted EPS of the year ascribable to ordinary shareholders of the parent company	0.1750	(0.0067)

PRESS RELEASE

<b>CONSOLIDATED STATEMENT OF CASH FLOWS</b>	<b>31.12.2017</b>	<b>31.12.2016 Restated</b>
€/000		
<b>OPERATING ACTIVITIES</b>		
Profit / (loss) for the year	<b>4,685</b>	<b>(178)</b>
<i>Adjustments for:</i>		
Amortization/depreciation	6,395	5,816
Write down goodwill	1,531	500
Net change in (assets) provision for (advance) deferred taxes	767	(667)
(gains)/losses from sell-off of fixed assets	(54)	224
(gains)/losses on unrealized translation differences	262	811
Taxes	2,872	625
Financial income/(charge)	1,052	(2,212)
Operating profit/(loss) before change in working capital	<b>17,510</b>	<b>4,919</b>
Taxes paid	(1,177)	(2,224)
Decrease (increase) in inventory	(9,947)	7,539
(Increase) decrease in current assets and liabilities	(13,574)	(350)
(increase) decrease in non-current assets and liabilities	(413)	690
Exchange difference on translation of financial statement in foreign currency	(4,446)	3,058
<b>CASH FLOW GENERATED BY OPERATING ACTIVITIES</b>	<b>(12,049)</b>	<b>13,631</b>
<b>INVESTING ACTIVITIES</b>		
Investments in intangible assets	(154)	(45)
Investments in tangible assets	(5,709)	(6,003)
Amount collected from sale of tangible and intangible assets	69	68
<b>CASH FLOW USED IN INVESTMENTS</b>	<b>(5,794)</b>	<b>(5,980)</b>
<b>FINANCIAL ACTIVITIES</b>		
Net change in loans	(2,001)	(8,494)
Net change in short-term debt	20,363	1,133
Exchange difference on translation of financial statement in foreign currency	830	588
Change in current financial assets	531	(229)
Payment of interest	(2,734)	(814)
Receipt of interest	1,682	3,026
Change in minority shareholders' capital	(77)	(76)
Change in translation of financial statements in foreign currency with effects in shareholders' equity	156	(802)
Dividends paid	(802)	(279)
Sell/purchase own shares	-	(66)
<b>CASH FLOW GENERATED FROM FINANCIAL TRANSACTION</b>	<b>17,946</b>	<b>(6,013)</b>
<b>NET CASH FLOW FOR THE PERIOD</b>	<b>103</b>	<b>1,637</b>
CASH BALANCE AT START OF YEAR	7,776	5,402
TOTAL NET CASH FLOW FOR THE PERIOD	103	1,637
EXCHANGE DIFFERENCE	(126)	737
CASH BALANCE AT THE END OF YEAR	7,753	7,776

<b>SEPARATED ASSETS AND LIABILITIES STATEMENT</b>
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(Euros)

<b>ASSETS</b>	<b>31.12.2017</b>	<b>31.12.2016 Restated</b>	<b>01.01.2016 Restated</b>
<b>NON- CURRENT ASSETS</b>			
Goodwill and intangibles assets	232,638	205,530	257,115
Property, plant and equipment	18,798,652	17,171,656	15,766,034
Equipment and other tangible assets	896,430	566,556	612,042
Fixed assets under construction and advance	2,054,890	3,059,126	2,092,650
Non-current financial assets and receivables	16,121,447	13,247,261	14,668,883
<i>of which: to related parties</i>	<i>16,121,279</i>	<i>13,247,093</i>	<i>14,668,883</i>
Equity investments	75,358,415	74,084,710	74,217,138
Non-current tax receivables	811,582	811,582	811,582
Deferred tax assets	938,840	1,112,926	1,058,439
<b>TOTAL NON -CURRENT ASSETS</b>	<b>115,212,894</b>	<b>110,259,347</b>	<b>109,483,883</b>
<b>CURRENT ASSETS</b>			
Inventory	58,477,053	50,997,453	53,211,116
Trade receivables	60,429,895	47,682,836	43,468,384
Receivables from subsidiaries	6,925,390	5,540,687	6,082,306
Tax receivables	0	821,721	483,272
Receivables due from other	986,904	1,418,548	1,456,293
Current financial assets	13,180	543,981	314,482
Cash and cash equivalents	1,505,585	567,197	793,699
<b>TOTAL NON -CURRENT ASSETS</b>	<b>128,338,007</b>	<b>107,572,423</b>	<b>105,809,552</b>
<b>TOTAL ASSETS</b>	<b>243,550,901</b>	<b>217,831,770</b>	<b>215,293,435</b>



PRESS RELEASE

<b>SHAREHOLDERS EQUITY AND LIABILITIES</b>	<b>31.12.2017</b>	<b>31.12.2016 Restated</b>	<b>01.01.2016 Restated</b>
<b>SHAREHOLDERS' EQUITY</b>			
SHARE CAPITAL	14,626,560	14,626,560	14,626,560
RESERVES	124,687,651	124,227,244	123,594,307
PROFIT FOR THE PERIOD	4,864,229	1,251,073	1,744,269
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>144,178,440</b>	<b>140,104,877</b>	<b>139,965,136</b>
<b>NON CURRENT LIABILITIES</b>			
Non-current financial liabilities	8,956,071	13,968,266	18,963,968
Provision for risks and charges	8,341,069	7,825,649	7,172,162
Employee benefits' provision	4,481,949	4,546,676	4,379,437
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>21,779,089</b>	<b>26,340,591</b>	<b>30,515,567</b>
<b>CURRENT LIABILITIES</b>			
Current financial liabilities	45,872,884	22,713,812	26,597,118
Trade payables	21,036,250	20,426,522	9,314,332
Payables to subsidiaries	1,854,850	1,952,568	1,212,433
Tax payables	2,776,113	638,852	1,833,322
Social security contributions	1,839,840	1,696,996	1,719,399
Other current liabilities	4,213,435	3,957,552	4,136,128
<b>TOTAL CURRENT LIABILITIES</b>	<b>77,593,372</b>	<b>51,386,302</b>	<b>44,812,732</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>243,550,901</b>	<b>217,831,770</b>	<b>215,293,435</b>

## SEPARATE INCOME STATEMENT

(Euros)

	<b>31.12.2017</b>	<b>31.12.2016 Restated</b>
Revenues	233,801,883	193,866,516
<i>of which: to related parties</i>	<i>10,940,962</i>	<i>8,508,483</i>
Other revenues and income	575,622	632,741
<i>of which: to related parties</i>	<i>157,038</i>	<i>63,676</i>
<b>TOTAL REVENUES</b>	<b>234.377.505</b>	<b>194,499,257</b>
Cost for raw material and consumables	(183,560,466)	(146,640,474)
<i>of which: to related parties</i>	<i>(4,974,647)</i>	<i>(2,286,444)</i>
Change in work in progress and finished goods	4,537,747	(1,531,550)
Cost for services	(24,325,048)	(23,922,333)
<i>of which: to related parties</i>	<i>(863,364)</i>	<i>(861,521)</i>
Personnel costs	(16,974,220)	(16,627,473)
Amortisation/depreciation	(2,632,420)	(2,463,906)
Allocation and write-downs	(934,924)	(1,382,872)
Other operating costs	(441,388)	(375,003)
<b>EBIT</b>	<b>10,046,786</b>	<b>1,555,646</b>
Devaluation of investment participation	(602,559)	(668,057)
Financial incomes / (charges)	(2,197,797)	998,193
<i>of which: to related parties</i>	<i>(84,528)</i>	<i>106,025</i>
<b>PROFIT / (LOSS) BEFORE TAXES</b>	<b>7,246,430</b>	<b>1,885,782</b>
Income taxes	(2,382,201)	(634,709)
<b>PROFIT / (LOSS) FOR THE PERIOD</b>	<b>4,864,229</b>	<b>1,251,073</b>

PRESS RELEASE

SEPARATED STATEMENT OF CASH FLOWS	31/12/2017	31/12/2016 Restated
€/000		
<b>OPERATING ACTIVITIES</b>		
Profit for the year	4,864	1,251
<i>Adjustments for:</i>		
Amortization/depreciation	2,632	2,464
Net change in anticipated or deferred taxes	174	(54)
(Gains)/losses from sell-off of fixed assets	(54)	225
(Gains)/losses on unrealized translation differences	38	576
Taxes	2,212	597
Financial income/(charge)	1,920	(1,607)
Operating profit/(loss) before change in working capital	<b>11,786</b>	<b>3,452</b>
Paid taxes	(562)	(2,184)
Decrease/(increase) in inventory	(7,480)	2,214
Net change in current assets and liabilities	(10,036)	5,426
Net change in current assets and liabilities vs related parties	(1,482)	2,068
Net change in non-current assets and liabilities	451	821
Net change in non-current assets and liabilities vs related parties	(4,148)	1,554
<b>CASH FLOW GENERATED BY OPERATING ACTIVITIES</b>	<b>(11,471)</b>	<b>9,899</b>
<b>INVESTING ACTIVITIES</b>		
Investments in intangible assets	(87)	(32)
Investments in tangible assets	(3,540)	(5,000)
Amount collected from sale of tangible and intangible assets	69	68
<b>CASH FLOW USED IN INVESTMENTS</b>	<b>(3,558)</b>	<b>(4,964)</b>
<b>FINANCIAL ACTIVITIES</b>		
Net change in loans	(5,012)	(4,996)
Net change in short-term debt	23,159	(3,883)
Change in current financial assets	531	(229)
Interests paid	(2,129)	(315)
Interests received	210	1,922
Dividends paid	(802)	(802)
Change with effect in shareholders' equity	11	(244)
Sell/purchase own shares	0	(66)
<b>CASH FLOW GENERATED FROM FINANCIAL TRANSACTION</b>	<b>15,967</b>	<b>(8,613)</b>
<b>NET CASH FLOW FOR THE PERIOD</b>	<b>938</b>	<b>(237)</b>
CASH BALANCE AT START OF YEAR	567	794
TOTAL NET CASH FLOW FOR THE PERIOD	938	(237)
CASH BALANCE AT THE END OF YEAR	1,506	567

Fine Comunicato n.0163-7

Numero di Pagine: 12