



# SPAFID CONNECT

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Oggetto : Half-year consolidated financial statements  
at 30 june 2018

*Testo del comunicato*

Vedi allegato.



## **HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2018**

The Board of Directors has today approved the consolidated financial statements as at June 30<sup>th</sup> 2018.

IRCE Group's (hereinafter also the "Group") first six months of 2018 closed with an EBIT of € 6.52 million and a net profit of € 4.98 million.

In the winding wire sector, in the first half, we have recorded a slowdown in demand in the European market, which led to a decrease of sales. In the South American market, instead, our volumes continued to increase.

In the cable sector, sales continued to increase; their growth started last year, after the introduction of the regulation CPR (Construction Products Regulation) and the rebuilding of stocks of the electrical material distributors.

Consolidated turnover grew by 3.7%, from € 185.67 million in the first half 2017 to € 192.51 million in the same period of 2018, also thanks to the increase in the value of copper sold.

The results are shown in the following table.

Consolidated income statement data (€/million)	1 <sup>st</sup> half-year 2018	1 <sup>st</sup> half-year 2017 Restated	Change
Turnover <sup>1</sup>	192.51	185.67	6.84
EBITDA <sup>2</sup>	10.42	11.93	(1.51)
EBIT	6.52	7.36	(0.84)
Profit before taxes	8.17	8.03	0.14
Net Profit / (Loss) of the period	4.98	5.68	(0.70)
Adjusted EBITDA <sup>3</sup>	11.92	12.14	(0.22)
Adjusted EBIT <sup>3</sup>	8.02	7.57	0.45

Consolidated statement of financial position data (€/million)	As of 30.06.2018	As of 31.12.2017 Restated	Change
Net invested capital	202.61	186.52	16.09
Shareholders' Equity	130.20	132.40	(2.20)
Net financial debt	72.41	54.12	18.29

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 (€ +1.50 million in the 1<sup>o</sup> half-year 2018 and € +0.21 million in the 1<sup>o</sup> half-year 2017). 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 June 2018, was € 72.41 million, up from € 54.12 million at the end of 2017, 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 € 4.59 million increase of the negative amount of the translation reserve.

The Group's investments, in first half 2018, were € 3.55 million and mostly concerned the plants in Europe.

In the coming months we expect a slowdown in European economic growth that could affect the demand for our products. Our goals remain focused on cost reduction and efficiency recovery.

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> September 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 733 employees at the end of June 2018. In the first six months of 2018 it was established in China the company Irce Electromagnetic wire (Jiangsu) Co. Ltd..*

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

<b>ASSETS</b>	<b>30.06.2018</b>	<b>31.12.2017</b>
<b>NON- CURRENT ASSETS</b>		
Goodwill and intangibles assets	269,382	347,598
Property, plant and equipment	47,861,910	50,766,941
Equipment and other tangible assets	1,494,447	1,537,464
Fixed assets under construction and advance	3,558,563	2,211,025
Non-current financial assets and receivables	116,746	120,767
Non-current tax receivables	811,582	811,582
Deferred tax assets	1,783,214	1,661,765
<b>TOTAL NON -CURRENT ASSETS</b>	<b>55,895,844</b>	<b>57,457,142</b>
<b>CURRENT ASSETS</b>		
Inventory	94,672,019	82,376,132
Trade receivables	96,401,395	89,473,689
Tax receivables	1,498,606	-
Receivables due from other	1,028,100	2,602,975
Current financial assets	498,620	13,180
Cash and cash equivalents	6,080,275	7,752,434
<b>TOTAL NON -CURRENT ASSETS</b>	<b>200,179,015</b>	<b>182,218,410</b>
<b>TOTAL ASSETS</b>	<b>256,074,859</b>	<b>239,675,552</b>

PRESS RELEASE

<b>SHAREHOLDERS EQUITY AND LIABILITIES</b>	<b>30.06.2018</b>	<b>31.12.2017</b>
<b>SHAREHOLDERS' EQUITY</b>		
SHARE CAPITAL	14,626,560	14,626,560
RESERVES	110,942,880	113,437,366
PROFIT (LOSS) FOR THE PERIOD	4,976,530	4,685,238
<b>TOTAL SHAREHOLDERS' EQUITY OF THE GROUP</b>	<b>130,545,969</b>	<b>132,749,164</b>
<b>MINORITY INTEREST</b>	<b>(350,904)</b>	<b>(350,085)</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>130,195,066</b>	<b>132,399,079</b>
<b>NON CURRENT LIABILITIES</b>		
Non-current financial liabilities	15,092,897	11,966,839
Deferred tax liabilities	762,468	254,630
Provision for risks and charges	1,010,264	2,337,016
Employee benefits' provision	5,227,974	5,719,819
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>22,093,603</b>	<b>20,278,304</b>
<b>CURRENT LIABILITIES</b>		
Current financial liabilities	63,425,704	50,678,998
Trade payables	26,233,738	24,687,869
Tax payables	3,449,479	1,518,262
Social security contributions	1,829,075	2,099,038
Other current liabilities	8,848,193	8,014,002
<b>TOTAL CURRENT LIABILITIES</b>	<b>103,786,189</b>	<b>86,998,169</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>256,074,859</b>	<b>239,675,552</b>

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

	<b>30.06.2018</b>	<b>30.06.2017 Restated</b>
Revenues	192,512,089	185,671,914
Other revenues and income	395,633	307,910
<b>TOTAL REVENUES</b>	<b>192,907,722</b>	<b>185,979,824</b>
Cost for raw material and consumables	(163,689,306)	(148,518,149)
Change in inventories of work in progress and finished goods	13,014,651	9,420,261
Cost for services	(14,887,962)	(17,603,947)
Personnel costs	(16,234,443)	(16,648,713)
Amortization/depreciation	(3,536,247)	(4,009,816)
Allocation and write-downs	(366,617)	(560,793)
Other operating costs	(687,045)	(697,729)
<b>EBIT</b>	<b>6,520,753</b>	<b>7,360,938</b>
Financial incomes / (charges)	1,652,015	673,247
<b>PROFIT / (LOSS) BEFORE TAXES</b>	<b>8,172,768</b>	<b>8,034,185</b>
Income taxes	(3,197,058)	(2,874,113)
<b>PROFIT / (LOSS) BEFORE NON-CONTROLLING INTERESTS</b>	<b>4,975,710</b>	<b>5,160,072</b>
Non-controlling interests	819	(523,712)
<b>PROFIT / (LOSS) FOR THE PERIOD</b>	<b>4,976,530</b>	<b>5,683,784</b>

Earnings/(loss) per share (EPS)

- basic EPS of the year ascribable to ordinary shareholders of the parent company	0.1866	0.2127
- diluted EPS of the year ascribable to ordinary shareholders of the parent company	0.1866	0.2127

<b>CONSOLIDATED STATEMENT OF CASH FLOWS</b>	<b>30.06.2018</b>	<b>30.06.2017 Restated</b>
<i>€/000</i>		
<b>OPERATING ACTIVITIES</b>		
Profit for the year	<b>4,977</b>	<b>5,684</b>
<i>Adjustments for:</i>		
Amortization/depreciation	3,536	3,110
Goodwill writedown		900
Net change in (assets) provision for (advance) deferred taxes	898	544
(Gains)/Losses from sell-off of fixed assets	(3)	(2)
(Gains)/Losses on unrealized translation differences	115	186
Taxes	(2,383)	(2,420)
Financial income/(charge)	(1,553)	(796)
<b>Operating profit/(loss) before change in working capital</b>	<b>5,587</b>	<b>7,205</b>
Taxes paid	(459)	(332)
Decrease (increase) in inventory	(11,402)	(7,325)
(Increase) decrease in current assets and liabilities	(4,187)	(12,860)
(increase) decrease in non-current assets and liabilities	(415)	(131)
Exchange difference on translation of financial statement in foreign currency	(2,666)	(2,688)
<b>CASH FLOW GENERATED BY OPERATING ACTIVITIES</b>	<b>(13,542)</b>	<b>(16,131)</b>
<b>INVESTING ACTIVITIES</b>		
Investments in intangible assets	(68)	(46)
Investments in tangible assets	(3,480)	(2,087)
Amount collected from sale of tangible and intangible assets	18	15
<b>CASH FLOW USED IN INVESTMENTS</b>	<b>(3,530)</b>	<b>(2,118)</b>
<b>FINANCIAL ACTIVITIES</b>		
Net change in loans	3,126	(2,504)
Net change in short-term loans	12,747	19,929
Exchange difference on translation of financial statement in foreign currency	87	373
Change in current financial assets	(485)	383
Payment of interest	(586)	(527)
Receipt of interest	2,139	1,324
Change in minority shareholders' capital	(1)	(524)
Change in translation of financial statements in foreign currency with effects in shareholders' equity	212	59
Dividends paid	(1,333)	(803)
Sell/purchase own shares	(144)	
<b>CASH FLOW GENERATED FROM FINANCIAL TRANSACTION</b>	<b>15,762</b>	<b>17,709</b>
<b>NET CASH FLOW FOR THE PERIOD</b>	<b>(1,310)</b>	<b>(540)</b>
CASH BALANCE AT START OF YEAR	7,752	7,776
TOTAL NET CASH FLOW FOR THE PERIOD	(1,310)	(540)
EXCHANGE DIFFERENCE	(361)	(235)
CASH BALANCE AT THE END OF YEAR	6,080	7,001

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