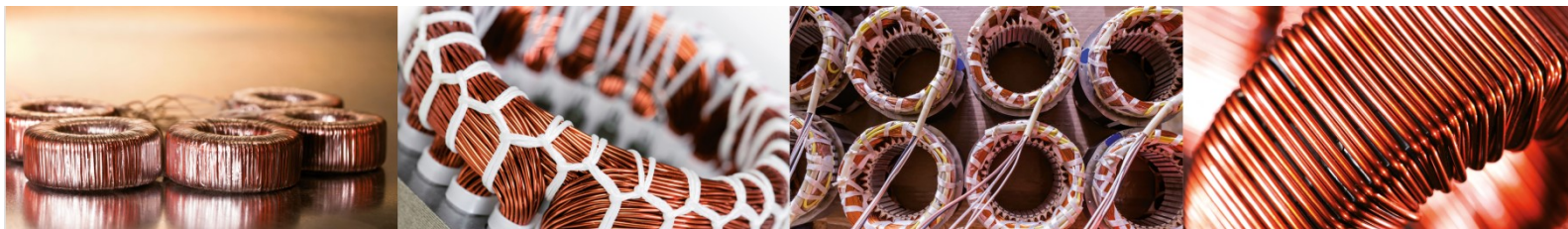




SMART SOLUTIONS IN WINDING WIRE  
SMART SOLUTIONS IN WINDING WIRE

## 1<sup>st</sup> Half 2018 Financial Results Presentation



## IRCE Group – Contents

### Company Profile

- Highlights
- The Businesses
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### Financial Results

- Copper and Aluminium Price Trend
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## IRCE Group – Highlights

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

IRCE Today	1 <sup>st</sup> H 2018	FY 2017	U.m.
Number of employees	730	725	Nr
TURNOVER	192.5	357.1	Eur M
EBITDA	10.4	18.4	Eur M
EBIT	6.5	10.0	Eur M
NET RESULT	5.0	4.7	Eur M

### History

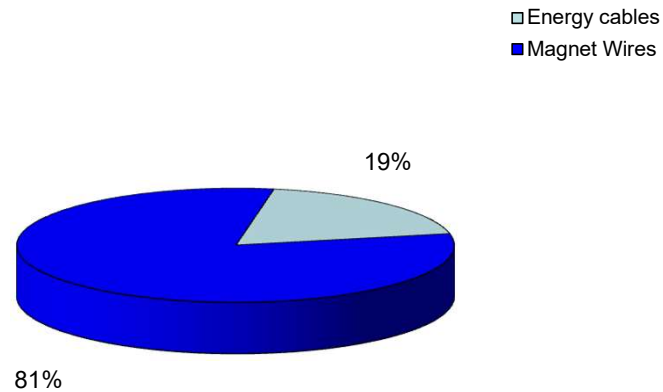
1947	IRCE began its activity in Imola (Italy) with the production of magnet wires
1961	The company started the production of PVC insulated low voltage cables
1996	The Group was listed on the Italian Stock Exchange
1998	Acquisition of Smit Draad Nijmegen BV (The Netherlands)
2001	Acquisition of FD Sims 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)
2015	New sales office in Poland
2018	Established the Company in China

## IRCE Group – The Businesses

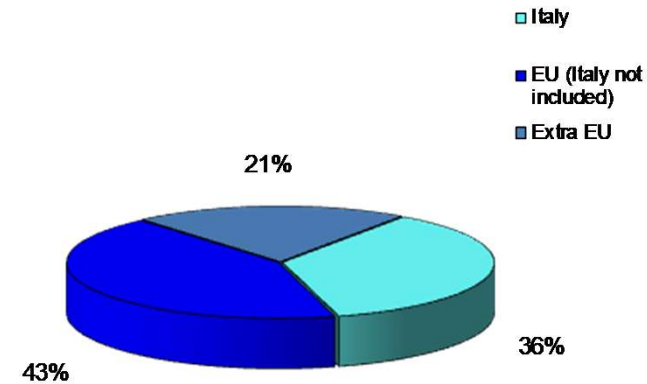
IRCE Group works in two business areas:

- Magnet wires
- Energy cables

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 Cables



Cables produced by the Group encompass the complete range of Low Voltage and Medium Voltage building and industrial cables, 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 (domestic appliances and other electrical appliances).

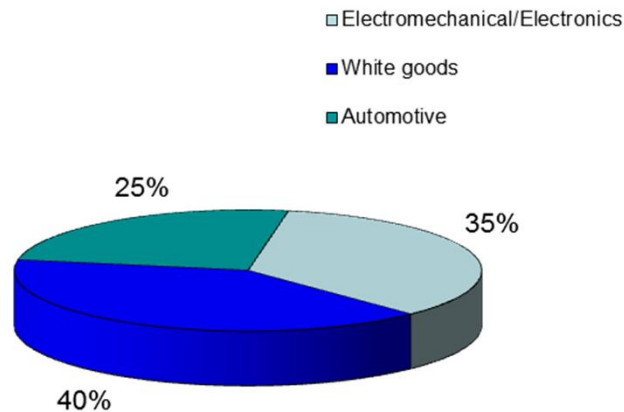
## IRCE Group – The Businesses

### > Magnet Wires

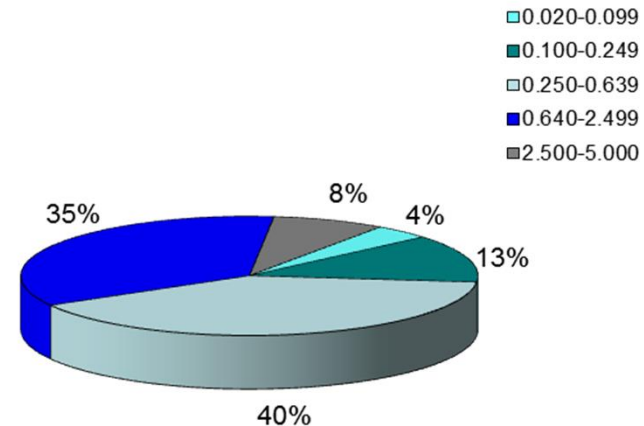
#### > Market share

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

Embraco  
BSH  
Nidec Corporation  
Ceme  
Elica Spa  
A.R.S. Elettromeccanica  
Cebi Group  
Domel D.O.O.

#### Electromechanical/Electronics

Siemens  
Schneider Electric  
EBM-Papst Mulfingen  
Cummins Generator Technologies  
Panasonic  
Finder  
Tyco Electronics  
Wuerth

#### Automotive

Denso Manufacturing  
Robert Bosch  
Mahle Group  
G. Cartier Technologies  
Magna Group  
Buehler motor GmbH  
Spal Automotive Srl



## IRCE Group – The Businesses

### > Energy Cables

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

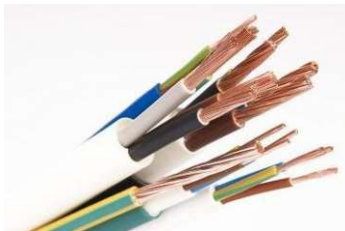
Cable customers are divided into two main sectors:

#### Distributors of electrical material

Com-Cavi Spa  
Sonepar  
Tkd Kabel GmbH

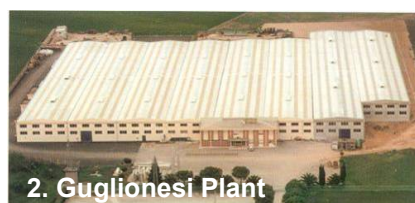
#### Industrial sector (white goods)

Whirlpool Group  
Electrolux Group  
Unionalpha Spa (Indesit Group supplier)  
Bata Srl (Indesit Group supplier)  
Selectra Srl  
Dieter Eifler GmbH  
Bitron SpA





## IRCE Group – Production Plants



1. IRCE SpA – Headquarters Imola – Italy	Copper and Aluminium Round Magnet Wire and LV Energy Cables	Covered Area: 46,000 Sqm Employees: 250
2. IRCE SpA Guglionesi - Italy	LV/MV Energy Cables	Covered Area: 24,000 Sqm Employees: 80
3. IRCE SpA Umbertide - Italy	Copper and Aluminium Round Magnet Wire	Covered Area: 19,400 Sqm Employees: 45
4. IRCE SpA Miradolo – Italy	Power Cords with Plugs	Covered Area: 5,500 Sqm Employees: 35
5. Smit Draad Nijmegen BV Nijmegen – The Netherlands	Copper Rectangular Magnet Wire Continuously Transposed Cable (CTC)	Covered Area: 9,800 Sqm Employees: 105
6. FD Sims Ltd Blackburn – UK	Copper and Aluminium Round and Rectangular Magnet Wire	Covered Area: 7,000 Sqm Employees: 45
7. IRCE Ltda Joinville - Brazil	Copper and Aluminium Round and Rectangular Magnet Wire Continuously Transposed Cable (CTC)	Covered Area: 21,500 Sqm Employees: 90
8. Stable Magnet Wire P. Ltd. Cochin – India	Copper Round Magnet Wire	Employees: 28
9. ISODRA GmbH Kierspe -Germany	Copper Round Magnet Wire	Employees: 14

### Irce Spa

Via Lasie, 12/A - 40026 Imola BO – Italy [www.irce.it](http://www.irce.it)

## IRCE Group – Contents

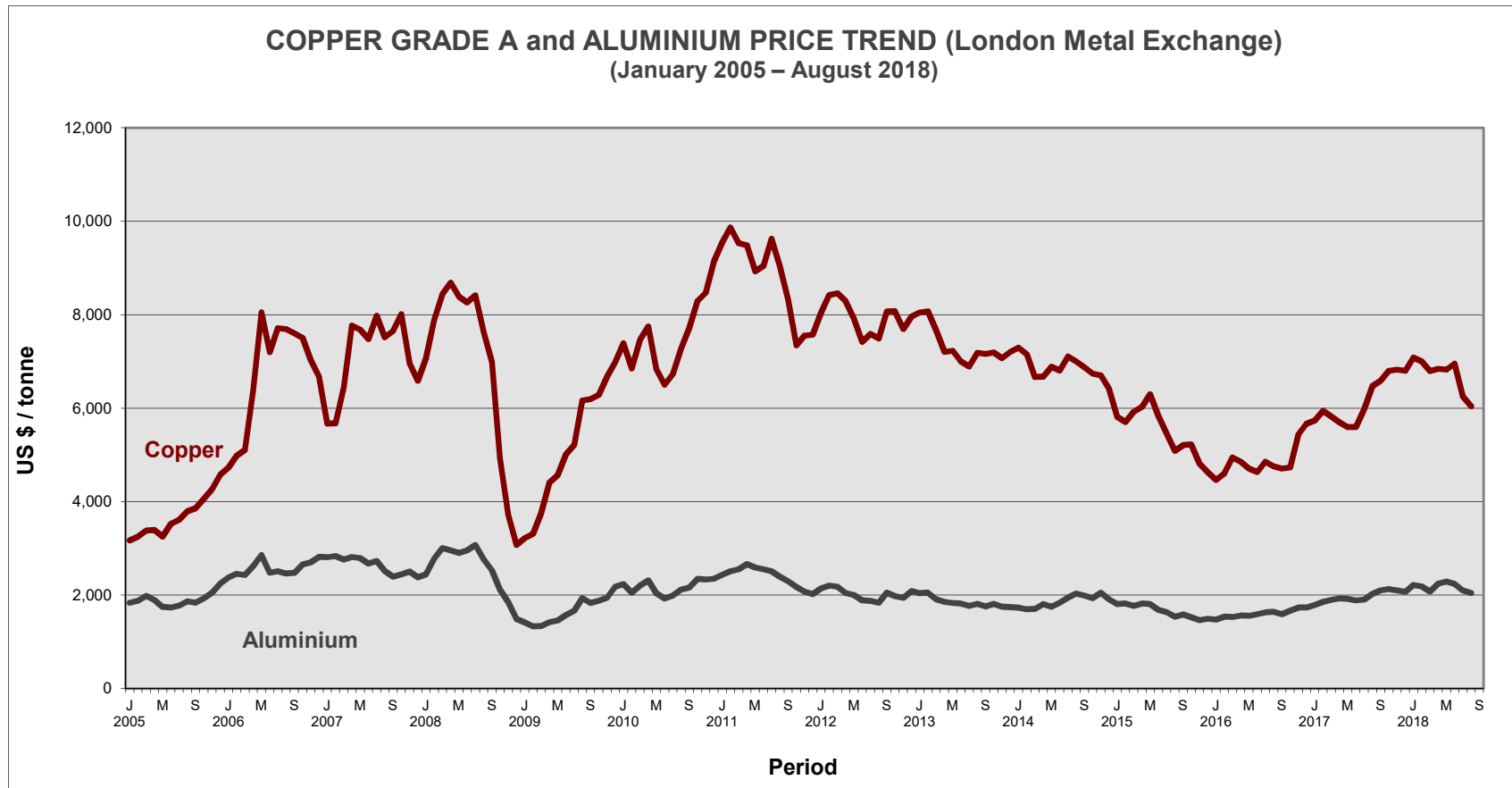
### Company Profile

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### Financial Results

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## IRCE Group – Copper and Aluminium price trend



## IRCE Group – Profit and Loss Statement

Euro million	1 <sup>st</sup> H 2018	% Turn.	1 <sup>st</sup> H 2017	% Turn.	change %	FY 2017	% Turn.	FY 2016	% Turn.	FY 2015	% Turn.
<i>Hollow turnover wires</i>	32.7		34.4		-4.9%	63.7		59.7		63.7	
<i>Hollow turnover cables</i>	9.6		7.2		33.3%	16.0		15.2		17.1	
<b>Total hollow turnover</b>	<b>42.3</b>		<b>41.6</b>		<b>1.7%</b>	<b>79.7</b>		<b>74.9</b>		<b>80.8</b>	
<b>TURNOVER (copper included)</b>	<b>192.5</b>	<b>100.0%</b>	<b>185.7</b>	<b>100.0%</b>	<b>3.7%</b>	<b>357.1</b>	<b>185.5%</b>	<b>295.8</b>	<b>159.3%</b>	<b>349.9</b>	<b>99.8%</b>
Other income	0.4	0.2%	0.3	0.2%	33.3%	0.7	0.4%	0.8	0.4%	0.6	0.2%
<b>TOTAL REVENUES</b>	<b>192.9</b>	<b>100.2%</b>	<b>186.0</b>	<b>100.2%</b>	<b>3.7%</b>	<b>357.8</b>	<b>185.9%</b>	<b>296.6</b>	<b>159.7%</b>	<b>350.5</b>	<b>100.0%</b>
Cost of material including change in stock	(150.7)	-78.3%	(139.1)	-74.9%	8.3%	(273.8)	-142.2%	(226.7)	-122.1%	(275.7)	-78.6%
Personnel costs	(16.2)	-8.4%	(16.6)	-8.9%	-2.4%	(31.8)	-16.5%	(30.8)	-16.6%	(32.4)	-9.2%
Other costs and services	(15.6)	-8.1%	(18.4)	-9.9%	-15.2%	(33.8)	-17.6%	(32.2)	-17.3%	(34.2)	-9.8%
<b>EBITDA</b>	<b>10.4</b>	<b>5.4%</b>	<b>11.9</b>	<b>6.4%</b>	<b>-12.6%</b>	<b>18.4</b>	<b>9.6%</b>	<b>6.9</b>	<b>3.7%</b>	<b>8.2</b>	<b>2.3%</b>
Depreciation and provisions	(3.9)	-2.0%	(4.5)	-2.4%	-13.3%	(8.4)	-4.4%	(8.0)	-4.3%	(7.5)	-2.1%
<b>EBIT</b>	<b>6.5</b>	<b>3.4%</b>	<b>7.4</b>	<b>4.0%</b>	<b>-12.2%</b>	<b>10.0</b>	<b>5.2%</b>	<b>(1.1)</b>	<b>-0.6%</b>	<b>0.7</b>	<b>0.2%</b>
Copper derivatives	1.5	0.8%	0.2	0.1%	650.0%	(1.9)	-1.0%	1.7	0.9%	3.0	0.9%
Net financial charges	0.2	0.1%	0.4	0.2%	50.0%	0.1	0.1%	(0.2)	-0.1%	1.7	0.5%
<b>RESULT BEFORE TAXES (EBT)</b>	<b>8.2</b>	<b>4.3%</b>	<b>8.0</b>	<b>4.3%</b>	<b>2.5%</b>	<b>8.2</b>	<b>4.3%</b>	<b>0.4</b>	<b>0.2%</b>	<b>5.4</b>	<b>1.5%</b>
Taxes	(3.2)	-1.7%	(2.8)	-1.5%	14.3%	(3.6)	-1.9%	(0.7)	-0.4%	(2.4)	-0.7%
<b>NET RESULT non-controlling interests</b>	<b>5.0</b>	<b>2.6%</b>	<b>5.2</b>	<b>2.8%</b>	<b>-3.8%</b>	<b>4.6</b>	<b>2.4%</b>	<b>(0.3)</b>	<b>-0.2%</b>	<b>3.0</b>	<b>0.9%</b>
Minorities	0.0	0.0%	0.5	0.3%	-	0.1	0.1%	0.1	0.1%	0.0	0.0%
<b>NET RESULT</b>	<b>5.0</b>	<b>2.6%</b>	<b>5.7</b>	<b>3.1%</b>	<b>-12.3%</b>	<b>4.7</b>	<b>2.4%</b>	<b>(0.2)</b>	<b>-0.1%</b>	<b>3.0</b>	<b>0.9%</b>
<b>EBITDA</b>	<b>10.4</b>	<b>5.4%</b>	<b>11.9</b>	<b>6.4%</b>	<b>-12.6%</b>	<b>18.4</b>	<b>9.6%</b>	<b>6.9</b>	<b>3.7%</b>	<b>8.2</b>	<b>2.3%</b>
Copper derivatives	1.5	0.8%	0.2	0.1%		(1.9)	-1.0%	1.7	0.9%	3.0	0.9%
<b>EBITDA Adjusted (*)</b>	<b>11.9</b>	<b>6.2%</b>	<b>12.1</b>	<b>6.5%</b>	<b>-1.7%</b>	<b>16.5</b>	<b>8.6%</b>	<b>8.6</b>	<b>4.6%</b>	<b>11.2</b>	<b>3.2%</b>
Depreciation and provisions	(3.9)	-2.0%	(4.5)	-2.4%		(8.4)	-4.4%	(8.0)	-4.3%	(7.5)	-2.1%
<b>EBIT Adjusted (*)</b>	<b>8.0</b>	<b>4.2%</b>	<b>7.6</b>	<b>4.1%</b>	<b>5.3%</b>	<b>8.1</b>	<b>4.2%</b>	<b>0.6</b>	<b>0.3%</b>	<b>3.7</b>	<b>1.1%</b>

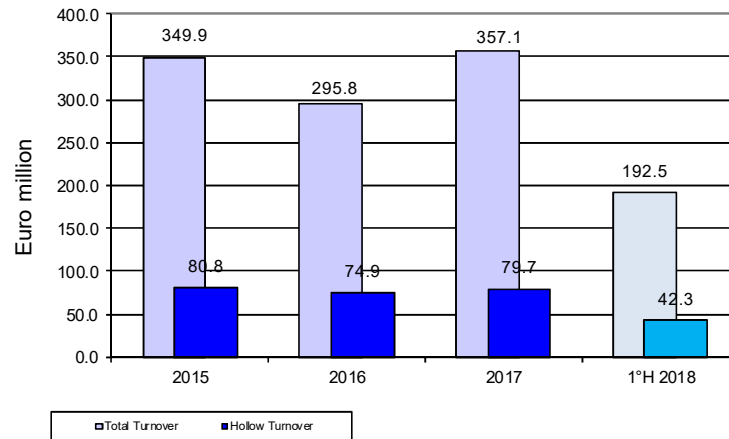
(\*) For a better comparison of the operating results, we have introduced the concepts of EBITDA and EBIT Adjusted, that are equal to the traditional definitions plus income or loss on copper derivatives.

## IRCE Group – Balance sheet

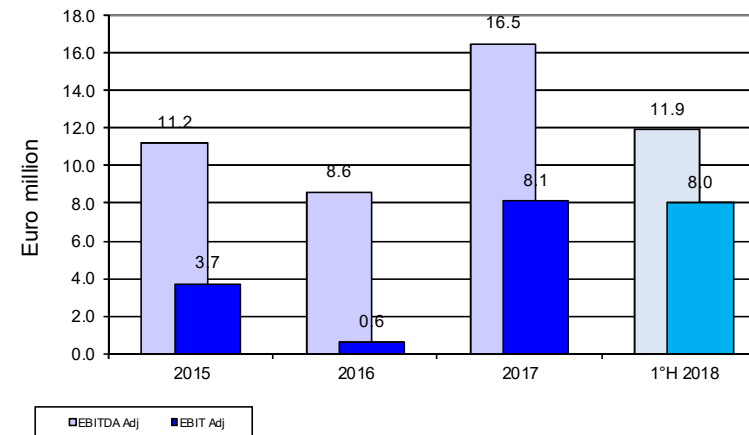
Euro million	30 June 2018	%	31 December 2017	%	31 December 2016	%	31 December 2015	%
Working capital	164.8	81.3%	147.2	78.9%	121.4	70.8%	130.2	73.6%
Fixed Assets	53.2	26.3%	54.9	29.4%	59.9	34.9%	57.3	32.4%
Other assets and liabilities	-15.4	-7.6%	-15.6	-8.4%	-9.8	-5.7%	-10.5	-5.9%
<b>NET CAPITAL EMPLOYED</b>	<b>202.6</b>	<b>100.0%</b>	<b>186.5</b>	<b>100.0%</b>	<b>171.5</b>	<b>100.0%</b>	<b>177.0</b>	<b>100.0%</b>
Shareholders' Equity	130.2	64.3%	132.4	71.0%	135.1	78.8%	130.8	73.9%
Net Financial Debt	72.4	35.7%	54.1	29.0%	36.4	21.2%	46.2	26.1%
<b>FINANCING AND EQUITY</b>	<b>202.6</b>	<b>100.0%</b>	<b>186.5</b>	<b>100.0%</b>	<b>171.5</b>	<b>100.0%</b>	<b>177.0</b>	<b>100.0%</b>
<b>CAPEX</b>	<b>3.5</b>		<b>5.9</b>		<b>6.0</b>		<b>4.1</b>	

## IRCE Group – Business Performance

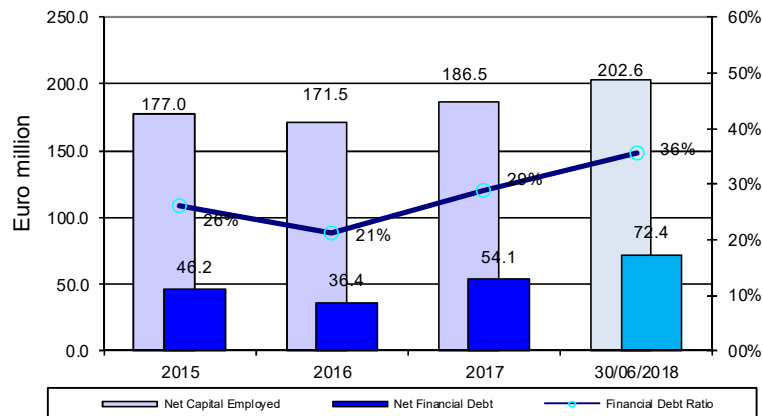
**TURNOVER and HOLLOW TURNOVER**



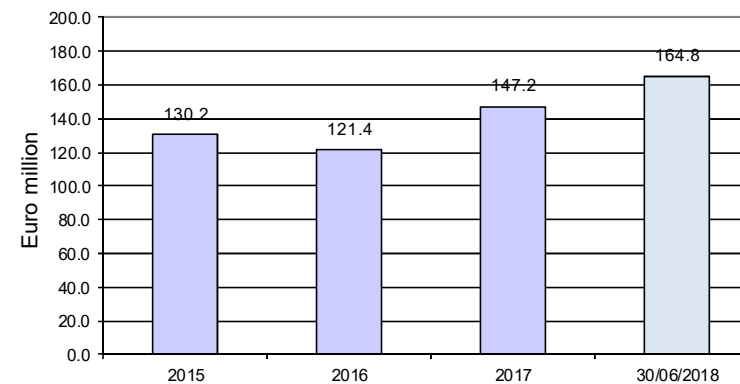
**EBITDA Adjusted and EBIT Adjusted**



**NET CAPITAL EMPLOYED and NET FINANCIAL DEBT**

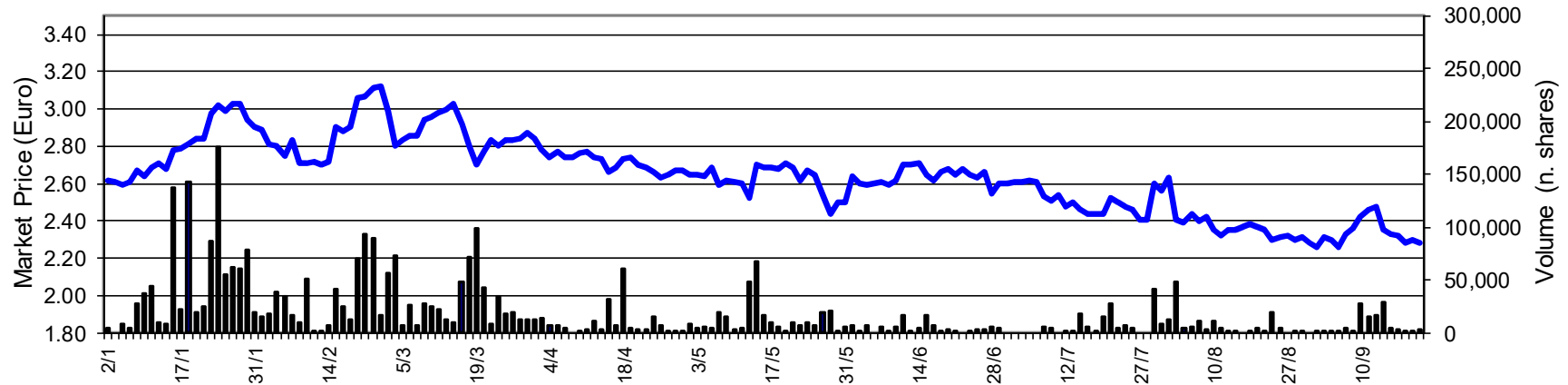


**WORKING CAPITAL**

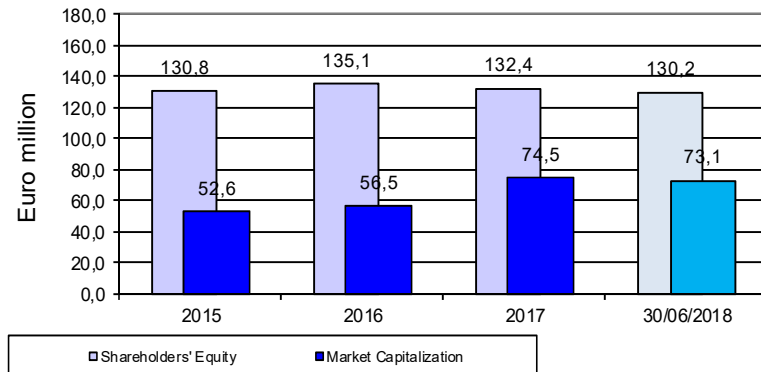


## IRCE Group – Market Performance

MARKET PRICE TREND IRCE (Period: 1<sup>st</sup> January 2018 - 20<sup>th</sup> September 2018)



NET EQUITY Vs MARKET CAPITALIZATION



PRICE/BOOK VALUE RATIO

