



# SPAFID CONNECT

Informazione Regolamentata n. 0163-26-2018	Data/Ora Ricezione 14 Novembre 2018 18:32:23	MTA - Star
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Societa' : IRCE

Identificativo : 110776

Informazione  
Regolamentata

Nome utilizzatore : IRCEN01 - CASADIO

Tipologia : 3.1

Data/Ora Ricezione : 14 Novembre 2018 18:32:23

Data/Ora Inizio : 14 Novembre 2018 18:35:11

Diffusione presunta

Oggetto : Interim report on operation at 30 september  
2018

*Testo del comunicato*

Vedi allegato.



## **QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2018**

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

IRCE Group's (hereinafter also the "Group") nine months of 2018 closed with an EBIT of € 7.82 million and a net profit of € 6.54 million.

In the winding wire sector, the third quarter confirmed the slowdown in demand in the European market already recorded in the first part of the year, with a consequent decrease in sales of around 7%. Total sales instead showed a smaller reduction thanks to the results obtained on Extra European markets.

Sales, in the cable sector, are 19 % higher than those of the same period last year; we note, however, a contraction in demand already started in July.

Consolidated turnover grew by 2.3%, from € 268.68 million in nine months 2017 to € 275.01 million in the same period of 2018, thanks to the increase in the value of copper.

The results are shown in the following table.

Consolidated income statement data (€/million)	9 months 2018	9 months 2017 Restated	Change
Turnover <sup>1</sup>	275.01	268.80	6.21
EBITDA <sup>2</sup>	13.34	15.44	(2.10)
EBIT	7.82	9.28	(1.46)
Profit before taxes	10.40	9.25	1.15
Net Profit / (Loss) of the period	6.54	6.00	0.54
Adjusted EBITDA <sup>3</sup>	15.54	14.98	0.56
Adjusted EBIT <sup>3</sup>	10.02	8.82	1.20

  

Consolidated statement of financial position data (€/million)	As of 30.09.2018	As of 31.12.2017	Change
Net invested capital	183.80	186.52	(2.72)
Shareholders' Equity	130.53	132.40	(1.87)
Net financial debt	53.27	54.12	(0.85)

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 (€ +2.20 million in nine months 2018 and € -0.46 million in nine months 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 € 53.27 million, down compared to end of 2017 (€ 54.12 million) and compared the end of June 2018 (€ 72.41) million).

The reduction in consolidated shareholders' equity, in spite of the positive result of the period, is mainly due to the € 5.82 million increase of the negative amount of the translation reserve (as a result of the devaluation of the Brazilian real against the euro).

The Group's investments, in the first nine months of 2018, were € 4.03 million and mostly concerned the plants in Europe.

For the year 2018, we expect to achieve better results than in 2017, thanks to a reduction in costs and efficiency improvements.

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, 14<sup>th</sup> November 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 739 employees. During year 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>30.09.2018</b>	<b>30.06.2018</b>	<b>31.12.2017</b>
<b>NON- CURRENT ASSETS</b>			
Goodwill and intangibles assets	147,072	269,382	347,598
Property, plant and equipment	47,255,917	47,861,910	50,766,941
Equipment and other tangible assets	1,396,778	1,494,447	1,537,464
Fixed assets under construction and advance	2,710,445	3,558,563	2,211,025
Non-current financial assets and receivables	106,334	116,746	120,767
Non-current tax receivables	811,582	811,582	811,582
Deferred tax assets	1,852,719	1,783,214	1,661,765
<b>TOTAL NON -CURRENT ASSETS</b>	<b>54,280,847</b>	<b>55,895,844</b>	<b>57,457,142</b>
<b>CURRENT ASSETS</b>			
Inventory	93,483,792	94,672,019	82,376,132
Trade receivables	78,514,971	96,401,395	89,473,689
Tax receivables	22,453	-	-
Receivables due from other	3,189,684	2,526,706	2,602,975
Current financial assets	541,193	498,620	13,180
Cash and cash equivalents	6,450,152	6,080,275	7,752,434
<b>TOTAL NON -CURRENT ASSETS</b>	<b>182,202,245</b>	<b>200,179,015</b>	<b>182,218,410</b>
<b>TOTAL ASSETS</b>	<b>236,483,092</b>	<b>256,074,859</b>	<b>239,675,552</b>

PRESS RELEASE

<b>SHAREHOLDERS EQUITY AND LIABILITIES</b>	<b>30.09.2018</b>	<b>30.06.2018</b>	<b>31.12.2017</b>
<b>SHAREHOLDERS' EQUITY</b>			
SHARE CAPITAL	14,626,560	14,626,560	14,626,560
RESERVES	109,697,871	110,942,880	113,437,366
PROFIT (LOSS) FOR THE PERIOD	6,539,391	4,976,530	4,685,238
<b>TOTAL SHAREHOLDERS' EQUITY OF THE GROUP</b>	<b>130,863,822</b>	<b>130,545,970</b>	<b>132,749,164</b>
<b>MINORITY INTEREST</b>	<b>(332,237)</b>	<b>(350,904)</b>	<b>(350,085)</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>130,531,585</b>	<b>130,195,066</b>	<b>132,399,079</b>
<b>NON CURRENT LIABILITIES</b>			
Non-current financial liabilities	12,885,028	15,092,897	11,966,839
Deferred tax liabilities	739,656	762,468	254,630
Provision for risks and charges	1,514,667	1,010,264	2,337,016
Employee benefits' provision	5,238,015	5,227,974	5,719,819
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>20,377,366</b>	<b>22,093,603</b>	<b>20,278,304</b>
<b>CURRENT LIABILITIES</b>			
Current financial liabilities	47,229,114	63,425,704	50,678,998
Trade payables	26,962,281	26,233,738	24,687,869
Tax payables	1,762,601	3,449,479	1,518,262
Social security contributions	1,699,484	1,829,075	2,099,038
Other current liabilities	7,920,661	8,848,194	8,014,002
<b>TOTAL CURRENT LIABILITIES</b>	<b>85,574,141</b>	<b>103,786,190</b>	<b>86,998,169</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>236,483,092</b>	<b>256,074,859</b>	<b>239,675,552</b>

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

	<b>30.09.2018</b>	<b>30.09.2017 Restated</b>	<b>III quarter 2018</b>	<b>III quarter 2017 Restated</b>
Revenues	275,007,474	268,796,123	82,495,385	83,124,209
Other revenues and income	574,618	445,792	178,985	137,882
<b>TOTAL REVENUES</b>	<b>275,582,092</b>	<b>269,241,915</b>	<b>82,674,370</b>	<b>83,262,091</b>
Cost for raw material and consumables	(224,070,907)	(212,138,404)	(60,381,601)	(63,620,255)
Change in work in progress and finished goods	8,805,780	7,501,674	(4,208,871)	(1,918,587)
Cost for services	(22,151,900)	(24,342,285)	(7,263,939)	(6,738,338)
Personnel costs	(23,860,548)	(23,744,233)	(7,626,105)	(7,095,520)
Amortisation/depreciation	(5,136,578)	(5,566,473)	(1,600,331)	(1,556,657)
Allocation and write-downs	(383,688)	(597,545)	(17,071)	(36,752)
Other operating costs	(964,672)	(1,075,491)	(277,626)	(377,762)
<b>EBIT</b>	<b>7,819,579</b>	<b>9,279,158</b>	<b>1,298,826</b>	<b>1,918,220</b>
Financial incomes / (charges)	2,578,411	(29,358)	926,396	(702,605)
<b>PROFIT / (LOSS) BEFORE TAXES</b>	<b>10,397,990</b>	<b>9,249,800</b>	<b>2,225,222</b>	<b>1,215,615</b>
Income taxes	(3,840,752)	(3,320,259)	(634,694)	(446,146)
<b>PROFIT BEFORE NON-CONTROLLING INTERESTS</b>	<b>6,557,238</b>	<b>5,929,541</b>	<b>1,581,528</b>	<b>769,469</b>
Non-controlling interests	(17,847)	74,343	(18,667)	8,130
<b>PROFIT FOR THE PERIOD</b>	<b>6,539,391</b>	<b>6,003,884</b>	<b>1,562,861</b>	<b>777,599</b>

PRESS RELEASE

<b>CONSOLIDATED STATEMENT OF CASH FLOWS</b>	<b>30.09.2018</b>	<b>30.09.2017 Restated</b>
<i>€/000</i>		
<b>OPERATING ACTIVITIES</b>		
Profit for the year	<b>6,539</b>	<b>6,004</b>
<i>Adjustments for:</i>		
Amortization/depreciation	5,137	4,666
Goodwill writedown	-	900
Net change in (assets) provision for (advance) deferred taxes	806	603
(Gains)/Losses from sell-off of fixed assets	(16)	-
(Gains)/Losses on unrealized translation differences	(195)	-
Taxes	(3,126)	2,825
Financial income/(charge)	(2,384)	(421)
<b>Operating profit/(loss) before change in working capital</b>	<b>6,761</b>	<b>14,577</b>
Taxes paid	(1,697)	(332)
Decrease (increase) in inventory	(10,214)	(10,227)
(Increase) decrease in current assets and liabilities	13,318	(14,692)
(increase) decrease in non-current assets and liabilities	203	(230)
Exchange difference on translation of financial statement in foreign currency	(3,430)	(2,943)
<b>CASH FLOW GENERATED BY OPERATING ACTIVITIES</b>	<b>4,941</b>	<b>(13,847)</b>
<b>INVESTING ACTIVITIES</b>		
Investments in intangible assets	(70)	(109)
Investments in tangible assets	(3,955)	(4,017)
Amount collected from sale of tangible and intangible assets	86	26
<b>CASH FLOW USED IN INVESTMENTS</b>	<b>(3,939)</b>	<b>(4,100)</b>
<b>FINANCIAL ACTIVITIES</b>		
Net change in loans	918	(1,637)
Net change in short-term loans	(3,450)	16,536
Exchange difference on translation of financial statement in foreign currency	69	593
Change in current financial assets	(528)	502
Payment of interest	(785)	(1,029)
Receipt of interest	3,169	1,450
Change in minority shareholders' capital	18	(74)
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	(163)	-
<b>CASH FLOW GENERATED FROM FINANCIAL TRANSACTION</b>	<b>(1,873)</b>	<b>15,597</b>
<b>NET CASH FLOW FOR THE PERIOD</b>	<b>(871)</b>	<b>(2,350)</b>
CASH BALANCE AT START OF YEAR	7,752	7,776
TOTAL NET CASH FLOW FOR THE PERIOD	(871)	(2,350)
EXCHANGE DIFFERENCE	(431)	(206)
CASH BALANCE AT THE END OF YEAR	6,450	5,220

Fine Comunicato n.0163-26

Numero di Pagine: 8