



SPAFID CONNECT

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Oggetto : Approval of 2019 separated and
consolidated financial statements

Testo del comunicato

Vedi allegato.



APPROVAL OF 2019 SEPARATED AND CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors has today approved the separated and the consolidated financial statements of the year 2019.

IRCE Group's (hereinafter also the "Group") year 2019 closed with a net profit of € 1.94 million.

Consolidated turnover was € 311.94 million, down by 12.2% compared to € 355.40 million of 2018. The reduction was mainly linked to the decline in the sales volumes and in the turnover without metal². Decrease is also affected by the copper price reduction (-2.84% average LME quotation of 2019, compared to the value of last year).

Sales decrease is explained by the demand slowdown in both business sectors in which the company operates. In the winding wire sector, there was a deterioration in the European market, which worsened in the fourth quarter, partly offset by sales outside Europe. In the cables sector, there was a reduction in sales concentrated on the Italian market.

The results are reported in the following table.

Consolidated income statement data (€/million)	Year 2019	Year 2018	Change
Turnover ¹	311.94	355.40	(43.46)
Turnover without metal ²	70.37	77.40	(7.03)
EBITDA ³	7.82	14.96	(7.14)
EBIT	0.42	7.54	(7.12)
Profit before taxes	2.72	10.24	(7.52)
Net Profit / (Loss) of the period	1.94	5.88	(3.94)
Adjusted EBITDA ⁴	9.55	17.42	(7.87)
Adjusted EBIT ⁴	2.15	10.00	(7.85)

Consolidated statement of financial position data (€/million)	As of 31.12.2019	As of 31.12.2018	Change
Net invested capital	173.89	191.01	(17.12)
Shareholders' Equity	131.50	131.30	0.20
Net financial debt	42.39	59.71	(17.32)

1 The item "Turnover" represents the "Revenues" reported in the income statement.

2 Turnover without metal corresponds to the total turnover less the metal component.

3 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.

4 Adjusted EBITDA and EBIT are respectively calculated as the sum of EBITDA and EBIT and the income/charges from operations on copper derivatives transactions (€ +1.73 million in year 2019 and € +2.46 million in year 2018). 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 2019, was € 42.39 million, down from € 59.71 million at the end of 2018, thanks to the decrease of the net working capital.

The Group's investments, in the year 2019, were € 6.07 million and mainly concerned IRCE SpA.

The first months of 2020 confirm the demand slowdown in the reference markets due to the worsening economic situation, especially in Europe. In addition, in the last few weeks we have been witnessing the problem of the propagation of the "Coronavirus", the effects of which are currently unpredictable. The Group remains focused to cost reduction and efficiency recovery programs.

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 2019 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 € 0.03 per share, with dividend date on May 18, 2020, record date May 19, 2020 and day of payment May 20, 2020.

The Shareholders' Meeting is called for the first call on April 29, 2020 and on the second call on May 4, 2020, unless legislative act under process allows that the terms can be deferred for proven reasons related to the Covid-19 emergency.

Both the consolidated and IRCE S.p.A. financial statements as at 31st December 2019 are currently being checked by the Independent Auditors.

The "Consolidated non-financial report" as at 31st December 2019 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.

Imola, 13rd March 2020

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 a new company in China. The Group employs 710 employees.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Euros)

ASSETS	31.12.2019	31.12.2018
NON- CURRENT ASSETS		
Intangibles assets	256,300	127,491
Property, plant and equipment	48,354,131	48,595,984
Equipment and other tangible assets	1,750,118	1,427,154
Fixed assets under construction and advance	1,436,379	2,399,588
Non-current financial assets and receivables	234,765	111,850
Non-current tax receivables	375,564	811,582
Deferred tax assets	1,375,021	1,879,382
TOTAL NON -CURRENT ASSETS	53,782,278	55,353,031
CURRENT ASSETS		
Inventory	82,308,481	95,785,674
Trade receivables	63,130,268	70,214,345
Tax receivables	832,772	-
<i>(of which: related parties)</i>	<i>196,803</i>	<i>-</i>
Receivables due from other	2,053,794	4,039,416
Current financial assets	385,919	589,977
Cash and cash equivalents	8,631,545	7,019,127
TOTAL NON -CURRENT ASSETS	157,342,779	177,648,539
TOTAL ASSETS	211,125,057	233,001,570

PRESS RELEASE

SHAREHOLDERS EQUITY AND LIABILITIES	31.12.2019	31.12.2018
SHAREHOLDERS' EQUITY		
SHARE CAPITAL	14,626,560	14,626,560
RESERVES	115,276,611	111,168,471
PROFIT (LOSS) FOR THE PERIOD	1,942,159	5,875,885
TOTAL SHAREHOLDERS' EQUITY OF THE GROUP	131,845,330	131,670,916
MINORITY INTEREST	(343,966)	(375,091)
TOTAL SHAREHOLDERS' EQUITY	131,501,364	131,295,825
NON CURRENT LIABILITIES		
Non-current financial liabilities	8,746,825	17,032,831
Deferred tax liabilities	127,125	704,309
Provision for risks and charges	901,284	1,893,027
Employee benefits' provision	5,099,185	5,312,834
TOTAL NON-CURRENT LIABILITIES	14,874,419	24,943,001
CURRENT LIABILITIES		
Current financial liabilities	42,300,450	49,995,296
Trade payables	13,454,746	16,212,015
Tax payables	126,082	1,025,696
<i>(of which: related parties)</i>	-	185,668
Social security contributions	1,848,422	1,964,232
Other current liabilities	7,019,574	7,565,505
TOTAL CURRENT LIABILITIES	64,749,274	76,762,744
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	211,125,057	233,001,570

CONSOLIDATED INCOME STATEMENT

(Euros)

	31.12.2019	31.12.2018
Revenues	311,937,790	355,403,851
Other revenues and income	1,009,464	1,001,081
TOTAL REVENUES	312,947,254	356,404,932
Cost for raw material and consumables	(240,879,183)	(284,742,756)
Change in work in progress and finished goods	(5,240,697)	5,612,839
Cost for services	(27,688,404)	(28,768,259)
Personnel costs	(30,195,481)	(32,356,876)
<i>(of which non-recurring)</i>	-	<i>(943,964)</i>
Amortisation/depreciation	(7,291,619)	(6,855,200)
Allocation and write-downs	(104,027)	(556,076)
Other operating costs	(1,124,959)	(1,194,118)
EBIT	422,884	7,544,486
Financial incomes / (charges)	2,300,442	2,697,360
PROFIT / (LOSS) BEFORE TAXES	2,723,326	10,241,846
Income taxes	(750,042)	(4,390,967)
PROFIT / (LOSS) BEFORE NON-CONTROLLING INTERESTS	1,973,284	5,850,879
Non-controlling interests	(31,125)	25,006
PROFIT / (LOSS) FOR THE PERIOD	1,942,159	5,875,885

Earnings/(loss) per share (EPS)

- basic EPS of the year ascribable to ordinary shareholders of the parent company	0.073	0.221
- diluted EPS of the year ascribable to ordinary shareholders of the parent company	0.073	0.221

PRESS RELEASE

CONSOLIDATED STATEMENT OF CASH FLOWS	31.12.2019	31.12.2018
<i>€/000</i>		
OPERATING ACTIVITIES		
Profit for the year	1,942	5,876
<i>Adjustments for:</i>		
Depreciation/Amortization	7,194	6,855
Net change in (assets) / provisions for deferred tax (assets) liabilities	(73)	744
Capital (gains)/losses from the realisation of fixed assets	(25)	69
(Profit)/loss on unrealised exchange rate differences	(464)	(35)
Current taxes	(782)	3,750
Financial (income)/charges	(2,133)	(2,658)
Operating profit/(loss) before changes in working capital	5,659	14,600
Taxes paid	(2,478)	(4,172)
Interest paid	(852)	(1,084)
Interest received	2,996	3,743
Decrease/(increase) in inventories	13,477	(12,516)
Change in trade receivables	7,084	15,128
Change in trade payables	(2,757)	(8,476)
Net change in other current assets and liabilities for the period	3,763	(2,115)
Net change in other non-current assets and liabilities for the period	(1,328)	662
Exchange difference on translation of financial statement in foreign currency	(71)	(2,542)
CASH FLOW GENERATED BY OPERATING ACTIVITIES	25,491	3,228
INVESTING ACTIVITIES		
Investments in intangible assets	(182)	(75)
Investments in tangible assets	(5,885)	(6,372)
Consideration received for the sale of tangible and intangible assets	19	347
CASH FLOW USED IN INVESTMENTS	(6,048)	(6,100)
FINANCIAL ACTIVITIES		
Increase in financing	-	9,452
Decrease in financing	(8,425)	(4,386)
Net change in short-term financial payables	(7,784)	(684)
Exchange difference on translation of financial statement in foreign currency	(776)	(233)
Change in current financial assets	204	(577)
Change in minority shareholders' capital	31	(25)
Change in translation of financial statements in foreign currency with effects in shareholders' equity	(125)	232
Dividends paid	(1,330)	(1,333)
Management of own shares (sales-purchases)	(43)	(247)
CASH FLOW GENERATED FROM FINANCIAL TRANSACTION	(18,247)	2,199
NET CASH FLOW FOR THE PERIOD	1,196	(673)
CASH BALANCE AT START OF YEAR	7,019	7,752
TOTAL NET CASH FLOW FOR THE PERIOD	1,196	(673)
EXCHANGE DIFFERENCE	417	(60)
CASH BALANCE AT THE END OF YEAR	8,632	7,019

SEPARATED ASSETS AND LIABILITIES STATEMENT

(Euros)

ASSETS	31.12.2019	31.12.2018
NON- CURRENT ASSETS		
Intangibles assets	170,638	4,000
Property, plant and equipment	21,163,594	20,083,550
Equipment and other tangible assets	1,255,951	834,898
Fixed assets under construction and advance	1,338,853	2,268,614
Non-current financial assets and receivables	18,782,425	18,362,610
<i>(of which: related parties)</i>	<i>18,660,317</i>	<i>18,362,442</i>
Equity investiments	75,180,322	75,428,418
Non-current tax receivables	375,564	811,582
Deferred tax assets	1,169,865	1,446,626
TOTAL NON -CURRENT ASSETS	119,437,212	119,240,298
CURRENT ASSETS		
Inventory	56,402,788	67,348,039
Trade receivables	36,913,430	44,200,660
Receivables from subsidiaries	9,649,150	8,990,006
Tax receivables	807,186	-
Receivables due from other	345,951	1,828,847
Current financial assets	385,919	589,977
Cash and cash equivalents	757,782	1,126,482
TOTAL NON -CURRENT ASSETS	105,262,206	124,084,015
TOTAL ASSETS	224,699,418	243,324,309

SHAREHOLDERS EQUITY AND LIABILITIES	31.12.2019	31.12.2018
SHAREHOLDERS' EQUITY		
SHARE CAPITAL	14,626,560	14,626,560
RESERVES	133,111,960	126,720,427
PROFIT FOR THE PERIOD	3,603,483	7,902,954
TOTAL SHAREHOLDERS' EQUITY	151,342,003	149,249,941
NON CURRENT LIABILITIES		
Non-current financial liabilities	7,307,343	14,711,925
Provision for risks and charges	6,877,856	7,631,162
Employee benefits' provision	4,009,497	4,145,929
TOTAL NON-CURRENT LIABILITIES	18,194,696	26,489,016
CURRENT LIABILITIES		
Current financial liabilities	38,199,601	46,331,817
Trade payables	9,945,769	12,466,922
Payables to subsidiaries	356,446	1,023,308
Tax payables	-	1,004,117
<i>(of which: related parties)</i>	-	<i>185,668</i>
Social security contributions	1,608,589	1,726,811
Other current liabilities	5,052,314	5,032,377
TOTAL CURRENT LIABILITIES	55,162,719	67,585,352
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	224,699,418	243,324,309

SEPARATE INCOME STATEMENT

(Euros)

	31.12.2019	31.12.2018
Revenues	203,020,950	233,059,112
<i>(of which: related parties)</i>	<i>7,377,827</i>	<i>9,263,181</i>
Other revenues and income	688,132	663,637
<i>(of which: related parties)</i>	<i>105,037</i>	<i>166,832</i>
TOTAL REVENUES	203,709,082	233,722,749
Cost for raw material and consumables	(156,322,019)	(183,929,158)
<i>(of which: related parties)</i>	<i>(759,303)</i>	<i>(1,613,149)</i>
Change in work in progress and finished goods	(3,541,794)	2,665,716
Cost for services	(20,001,588)	(20,836,201)
<i>(of which: related parties)</i>	<i>(922,984)</i>	<i>(999,682)</i>
Personnel costs	(17,590,498)	(17,531,987)
Amortisation/depreciation	(3,350,888)	(2,940,072)
Allocation and write-downs	(92,268)	(229,692)
Other operating costs	(450,357)	(455,581)
EBIT	2,359,670	10,465,774
Devaluation and writeback investment participation	(736,566)	(1,586,541)
Incomes / (charges) financial and investment participation	2,561,502	2,175,772
<i>(of which: related parties)</i>	<i>(94,102)</i>	<i>(83,622)</i>
PROFIT / (LOSS) BEFORE TAXES	4,184,606	11,055,005
Income taxes	(581,123)	(3,152,050)
PROFIT / (LOSS) FOR THE PERIOD	3,603,483	7,902,955

PRESS RELEASE

SEPARATED STATEMENT OF CASH FLOWS	31.12.2019	31.12.2018
<i>€/000</i>		
OPERATING ACTIVITIES		
Profit for the year	3,603	7,903
<i>Adjustments for:</i>		
Depreciation/amortisation	3,301	2,940
Net change in (assets) / provisions for deferred tax (assets) liabilities	277	4
Capital (gains)/losses from the realisation of fixed assets	(25)	69
(Profit)/loss on unrealised exchange rate differences	(329)	(14)
Current taxes	(261)	3,171
(income)/charges financial and investment participation	(2,715)	(2,418)
Operating profit/(loss) before changes in working capital	3,902	11,654
Paid taxes	(2,093)	(3,594)
Financial charges	(256)	(226)
Received financial income	2,972	2,644
Decrease (increase) in inventory	10,945	(7,977)
Change in account receivables	7,287	12,098
Change in account payables	(2,809)	(8,569)
Net change in other current assets and liabilities for the period	2,993	(1,471)
Net change in other current assets and liabilities of the year with respect to related parties	(1,326)	(2,898)
Net change in non-current assets and liabilities for the period	(1,012)	358
Net change in non-current assets and liabilities of the year with respect to related parties	(50)	(2,310)
CASH FLOW GENERATED BY OPERATING ACTIVITIES	20,552	(291)
INVESTING ACTIVITIES		
Investments in intangible assets	(181)	(8)
Investments in tangible assets	(3,795)	(4,557)
Consideration received for the sale of tangible and intangible assets	19	347
CASH FLOW USED IN INVESTMENTS	(4,075)	(4,218)
FINANCIAL ACTIVITIES		
Increase in financing	-	9,452
Decrease in financing	(7,444)	(3,696)
Net change in short-term financial payables	(8,162)	459
Change in current financial assets	204	(577)
Dividends paid	(1,333)	(1,333)
Changes with effects on shareholders' equity	(138)	72
Management of own shares (sales-purchases)	(43)	(247)
CASH FLOW GENERATED FROM FINANCIAL TRANSACTION	(16,847)	4,130
NET CASH FLOW FOR THE PERIOD	(370)	(379)
CASH BALANCE AT START OF YEAR	1,127	1,506
TOTAL NET CASH FLOW FOR THE PERIOD	(370)	(379)
CASH BALANCE AT THE END OF YEAR	758	1,127

Fine Comunicato n.0163-3

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