



SPAFID CONNECT

Informazione Regolamentata n. 0163-21-2020	Data/Ora Ricezione 15 Maggio 2020 17:32:10	MTA - Star
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Societa' : IRCE

Identificativo : 132562

Informazione
Regolamentata

Nome utilizzatore : IRCEN01 - CASADIO

Tipologia : REGEM

Data/Ora Ricezione : 15 Maggio 2020 17:32:10

Data/Ora Inizio : 15 Maggio 2020 17:35:20

Diffusione presunta

Oggetto : Interim report on operations at 31 march
2020

Testo del comunicato

Vedi allegato.



INTERIM REPORT ON OPERATIONS AT 31ST MARCH 2020

The Board of Directors has today approved the consolidated financial statements as at 31st March 2020.

IRCE Group's first quarter 2020 (hereinafter also the "Group") closed with a loss of € 0.87 million.

Consolidated turnover was € 77.26 million, down by 9.3% compared to the € 85.20 million of first quarter of 2019; the decrease was mainly due to the decline in volumes.

The reduction of sales, caused by the slowdown in demand that began last year, intensified in March, with the spread of the Corona virus in Europe. In the winding wire sector, the decrease of sales occurred in Europe, whilst they increased in the non-European markets. Sales of cables were in line with those of the first quarter of last year, even though, in March, they recorded a sharp reduction, because of the stop of the activities, imposed by the Italian government, to cope with the Covid-19 emergency.

Results are reported in the following table.

Consolidated income statement data (€/million)	1 st quarter 2020	1 st quarter 2019	Change
Turnover ¹	77.26	85.20	(7.94)
Turnover without metal ²	17.46	19.16	(1.70)
EBITDA ³	2.91	2.73	0.18
EBIT	1.06	0.97	0.09
Profit / (loss) before taxes	(1.02)	2.36	(3.38)
Net Profit / (Loss) of the period	(0.87)	1.52	(2.39)
Adjusted EBITDA ⁴	0.49	4.10	(3.61)
Adjusted EBIT ⁴	(1.36)	2.34	(3.70)

Consolidated statement of financial position data (€/million)	As of 31.03.2020	As of 31.12.2019	Change
Net invested capital	168.44	173.89	(5.45)
Shareholders' Equity	122.59	131.50	(8.91)
Net financial debt	45.85	42.39	3.46

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 (€ -2.42 million in the first quarter of 2020 and € +1.37 million in the first quarter of 2019). 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.

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It is worth noting that the first quarter result was negatively affected by the *fair value* evaluation, at March 31, 2020, of the copper forward purchases made to hedge sales to customers with future deliveries at fixed price.

Consolidated net financial debt, at the end of March 2020, was € 45.85 million, up from € 42.39 million at the end of 2019.

The reduction of consolidated shareholders' equity, is due to the consolidation of our Brazilian subsidiary, which, because of the devaluation of the Brazilian Real (around 20% against the Euro), required an increase of 8.60 million in the negative value of the translation reserve.

The Group's investments, in the first quarter 2020, were € 0.53 million and mainly concerned IRCE S.p.A.

Following the general suspension of production activities in Italy and in other European countries, to face the spread of the Coronavirus, and taking into account our April sales and the indication collected on the market on the foreseeable trend of demand in the months to come, we expect a reduction in the turnover by 30% in the second quarter. The uncertainty about the duration of the current crisis and on its impact on the business, suggests prudent choices, postponing any forecast on the results of the year until the overall scenario becomes clearer.

With regard to the measures adopted to protect the health of our employees and partners, and to deal with the Covid-19 emergency, please refer to the specific part of "Interim Report on Operations at 31st March 2020", in the report on operations.

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, 15th May 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	31.03.2020	31.12.2019
NON- CURRENT ASSETS		
Intangibles assets	235,508	256,300
Property, plant and equipment	44,611,415	48,354,131
Equipment and other tangible assets	1,680,981	1,750,118
Fixed assets under construction and advance	1,522,261	1,436,379
Non-current financial assets and receivables	241,908	234,765
Non-current tax receivables	375,564	375,564
Deferred tax assets	1,623,854	1,375,021
TOTAL NON-CURRENT ASSETS	50,291,491	53,782,278
CURRENT ASSETS		
Inventory	91,024,841	82,308,481
Trade receivables	67,379,771	63,130,268
Tax receivables	830,683	832,772
<i>(of which: related parties)</i>	<i>196,803</i>	<i>196,803</i>
Receivables due from other	2,189,852	2,053,794
Current financial assets	2,059,649	385,919
Cash and cash equivalents	4,985,058	8,631,545
TOTAL NON -CURRENT ASSETS	168,469,854	157,342,779
TOTAL ASSETS	218,761,345	211,125,057

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SHAREHOLDERS EQUITY AND LIABILITIES	31.03.2020	31.12.2019
SHAREHOLDERS' EQUITY		
SHARE CAPITAL	14,626,560	14,626,560
RESERVES	109,168,832	115,276,611
PROFIT (LOSS) FOR THE PERIOD	(864,946)	1,942,159
TOTAL SHAREHOLDERS' EQUITY OF THE GROUP	122,930,446	131,845,330
MINORITY INTEREST	(336,437)	(343,966)
TOTAL SHAREHOLDERS' EQUITY	122,594,009	131,501,364
NON CURRENT LIABILITIES		
Non-current financial liabilities	7,727,854	8,746,825
Deferred tax liabilities	91,422	127,125
Provision for risks and charges	725,465	901,284
Employee benefits' provision	5,073,515	5,099,185
TOTAL NON-CURRENT LIABILITIES	13,618,257	14,874,419
CURRENT LIABILITIES		
Current financial liabilities	46,866,787	42,300,450
Trade payables	26,117,901	13,454,746
Tax payables	142,908	126,082
Social security contributions	1,325,965	1,848,422
Other current liabilities	8,095,517	7,019,574
TOTAL CURRENT LIABILITIES	82,549,080	64,749,274
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	218,761,345	211,125,057

CONSOLIDATED INCOME STATEMENT

(Euros)

	31.03.2020	31.03.2019
Revenues	77,258,265	85,201,057
Other revenues and income	386,223	430,562
TOTAL REVENUES	77,644,488	85,631,619
Cost for raw material and consumables	(66,849,387)	(70,760,936)
Change in work in progress and finished goods	6,656,524	3,683,807
Cost for services	(6,652,488)	(7,603,707)
Personnel costs	(7,651,601)	(7,830,765)
Amortisation/depreciation	(1,818,153)	(1,727,753)
Allocation and write-downs	(28,592)	(36,272)
Other operating costs	(236,990)	(391,221)
EBIT	1,063,800	964,772
Financial incomes / (charges)	(2,086,383)	1,396,835
PROFIT / (LOSS) BEFORE TAXES	(1,022,583)	2,361,607
Income taxes	165,166	(840,799)
PROFIT / (LOSS) BEFORE NON-CONTROLLING INTERESTS	(857,417)	1,520,808
Non-controlling interests	(7,529)	661
PROFIT / (LOSS) FOR THE PERIOD	(864,946)	1,521,469

Earnings/(loss) per share (EPS)

- basic EPS of the year ascribable to ordinary shareholders of the parent company	(0.032)	0.057
- diluted EPS of the year ascribable to ordinary shareholders of the parent company	(0.032)	0.057

PRESS RELEASE

CONSOLIDATED STATEMENT OF CASH FLOWS	31.03.2020	31.03.2019
<i>€/000</i>		
OPERATING ACTIVITIES		
Profit for the year	(865)	1,521
<i>Adjustments for:</i>		
Depreciation/Amortization	1,818	1,728
Net change in deferred tax (assets)/liabilities	(285)	50
Capital (gains)/losses from the realisation of fixed assets	-	(2)
(Gains)/Losses on unrealized exachange rate differences	(175)	(29)
Current taxes	(161)	(780)
Financial charges / (incomes)	2,509	(1,435)
Operating profit/(loss) before change in working capital	2,841	1,053
Financial charges paid	(2,736)	(283)
Financial income received	227	1,718
Decrease (increase) in inventories	(8,716)	1,631
Change in account receivables	(4,250)	(11,243)
Change in account payables	12,663	13,862
Net change in current assets and liabilities for the period	773	2,143
Net change in non-current assets and liabilities for the period	(209)	(694)
Exchange rate difference on translation of financial statements in foreign currency	(5,814)	581
CASH FLOW GENERATED BY OPERATING ACTIVITIES	(5,220)	8,767
INVESTING ACTIVITIES		
Investments in tangible assets	(533)	(325)
CASH FLOW USED IN INVESTMENTS	(533)	(325)
FINANCIAL ACTIVITIES		
Financing refunds	(1,019)	(2,284)
Net change in short-term loans	4,566	(2,751)
Exchange rate difference on translation of financial statements in foreign currency	658	(322)
Change in current financial assets	(1,674)	(1,238)
Change in minority shareholders' capital	8	(1)
Management of own shares (sales/purchases)	(14)	(20)
CASH FLOW GENERATED FROM FINANCIAL TRANSACTION	2,526	(6,616)
NER CASH FLOW FOR THE PERIOD	(3,228)	1,827
CASH BALANCE AT START OF YEAR	8,632	7,019
TOTAL NET CASH FLOW FOR THE PERIOD	(3,228)	1,827
EXCHANGE RATE DIFFERENCE	(419)	193
CASH BALANCE AT THE END OF YEAR	4,985	9,039

Fine Comunicato n.0163-21

Numero di Pagine: 8