



SMART SOLUTIONS IN WINDING WIRE
SMART SOLUTIONS IN WINDING WIRE

1ST Half 2020 Financial Results Presentation



IRCE Group – Contents

Company Profile

- Highlights
- The Businesses
- Production Plants

Financial Results

- Copper and Aluminium Price Trend
- Profit and Loss Statement
- Balance Sheet
- Business Performance
- Market Performance

IRCE Group – Highlights

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

IRCE Today	U.m.	1 st H 2020	1 st H 2019	FY 2019
Number of employees	Nr	700	710	710
TURNOVER	Eur M	136.7	170.5	311.9
EBITDA	Eur M	2.6	5.5	7.8
EBITDA Adj*	Eur M	2.9	6.6	9.6
EBIT	Eur M	(1.0)	1.9	0.4
EBIT Adj*	Eur M	(0.7)	3.0	2.2
RESULT of the period	Eur M	(0.4)	2.6	1.9

(*) Including gains/losses on copper derivatives transactions

History

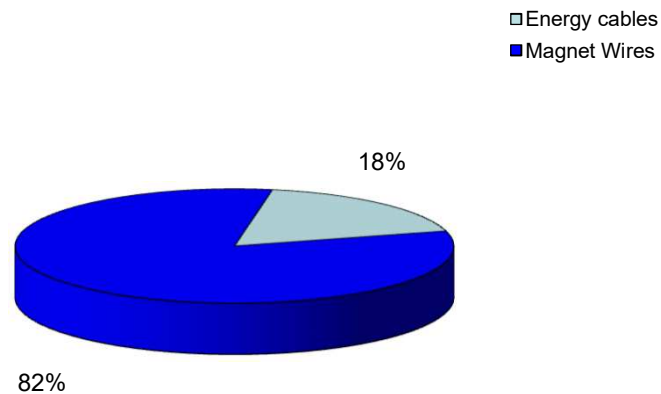
1947	IRCE began its activity in Imola (Italy) with the production of magnet wires
1961	The company started the production of PVC insulated low voltage cables
1996	The Group was listed on the Italian Stock Exchange
1998	Acquisition of Smit Draad Nijmegen BV (The Netherlands)
2001	Acquisition of FD Sims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

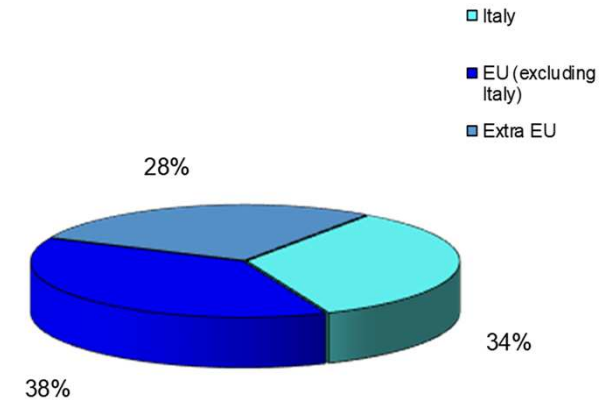
IRCE Group works in two business areas:

- 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).

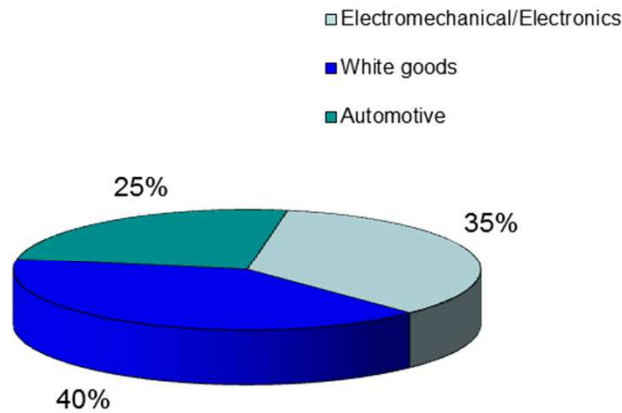
IRCE Group – The Businesses

> Magnet Wires

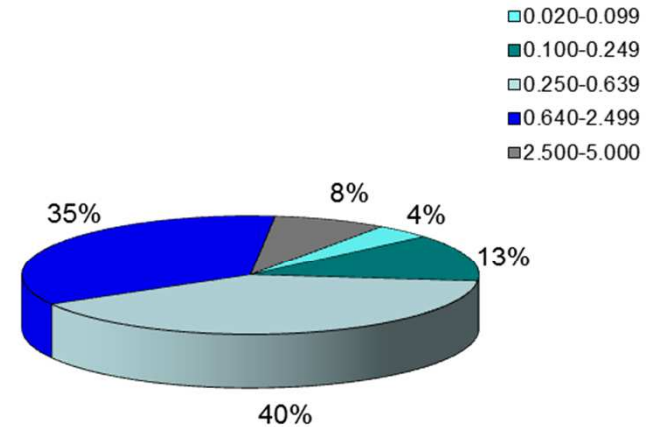
> Market share

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

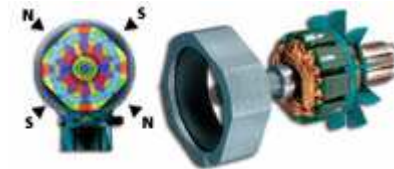
Embraco (Nidec Group)
BSH
Secop
Ceme
Elica Spa
A.R.S. Elettromeccanica
Cebi Group
Domel D.O.O.

Electromechanical/Electronics

Siemens
Schneider Electric
EBM-Papst Mulfingen
Panasonic
Finder
TE Connectivity
Wuerth

Automotive

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



IRCE Group – The Businesses

> *Energy Cables*

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

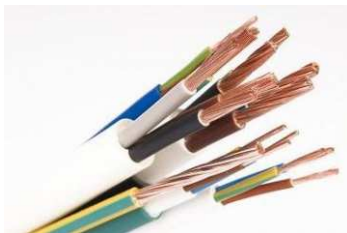
Cable customers are divided into two main sectors:

Distributors of electrical material

Com-Cavi Spa
Sonepar
Tkd Kabel GmbH

Industrial sector (white goods)

Whirlpool Group
Electrolux Group
Unionalpha Spa (Indesit Group supplier)
Batav Srl (Indesit Group supplier)
Selectra Srl
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: 240
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: 30
5. Smit Draad Nijmegen BV Nijmegen – The Netherlands	Copper Rectangular Magnet Wire Continuously Transposed Cable (CTC)	Covered Area: 9,800 Sqm Employees: 85
6. FD Sims Ltd Blackburn – UK	Copper and Aluminium Round and Rectangular Magnet Wire	Covered Area: 7,000 Sqm Employees: 40
7. IRCE Ltda Joinville - Brazil	Copper and Aluminium Round and Rectangular Magnet Wire Continuously Transposed Cable (CTC)	Covered Area: 21,500 Sqm Employees: 105
8. Stable Magnet Wire P. Ltd. Cochin – India	Copper Round Magnet Wire	Employees: 26
9. ISODRA GmbH Kierspe -Germany	Copper Round Magnet Wire	Employees: 15

Irce Spa

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IRCE Group – Contents

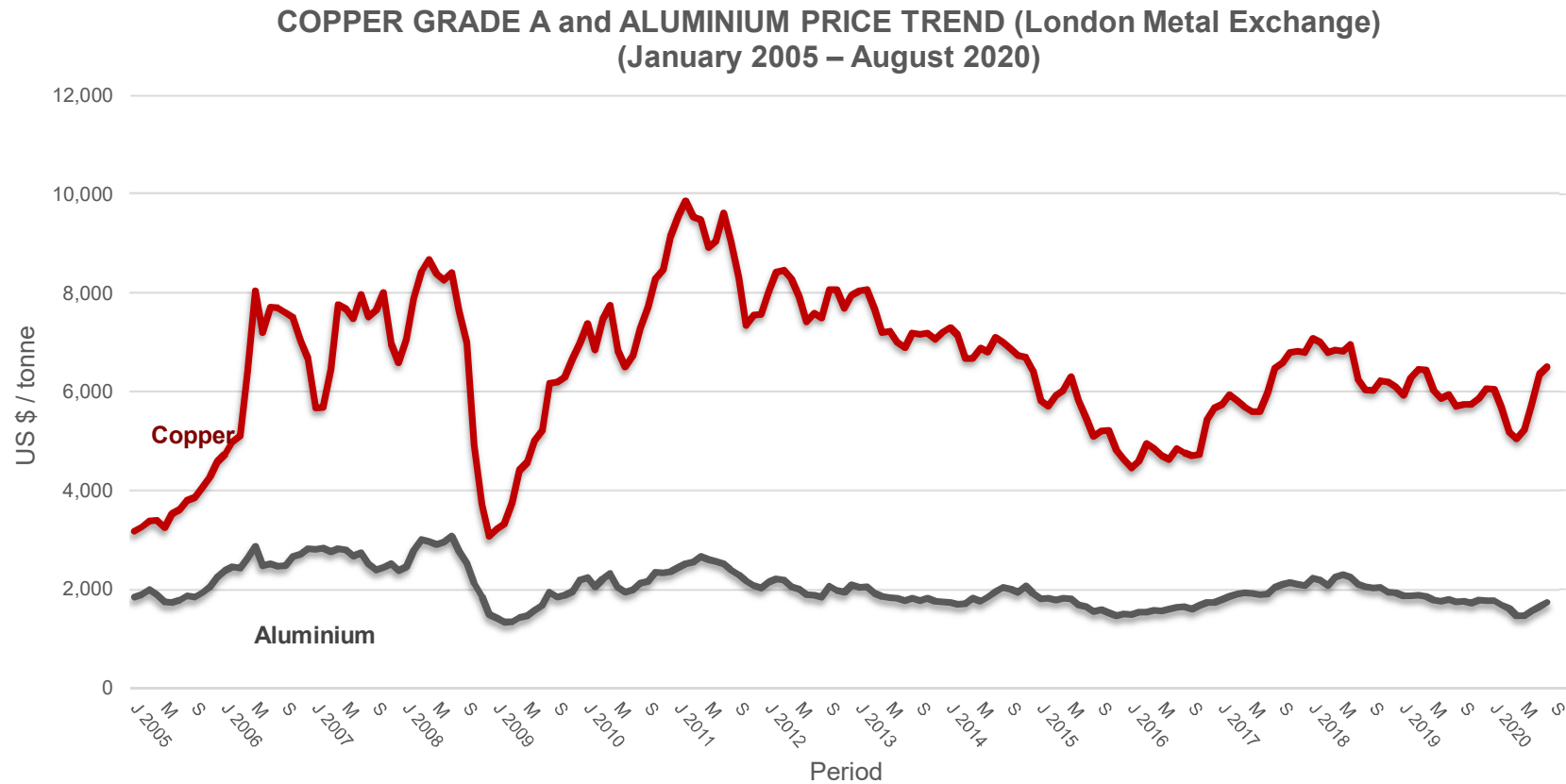
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IRCE Group – Copper and Aluminium price trend



IRCE Group – Profit and Loss Statement

Euro million	1 st H 2020	% Turn.	1 st H 2019	% Turn.	change %	FY 2019	% Turn.	FY 2018	% Turn.	FY 2017	% Turn.
<i>Hollow turnover wires</i>	24.6		31.4		-21.7%	56.4		60.3		63.7	
<i>Hollow turnover cables</i>	6.3		7.5		-16.0%	14.0		17.2		16.0	
Total hollow turnover	30.9		38.9		-20.6%	70.4		77.5		79.7	
TURNOVER (copper included)	136.7	100.0%	170.5	100.0%	-19.8%	311.9	100.0%	355.4	100.0%	357.1	100.0%
Other income	0.6	0.4%	0.5	0.3%	20.0%	1.0	0.3%	1.0	0.3%	0.7	0.2%
TOTAL REVENUES	137.3	100.4%	171.0	100.3%	-19.7%	312.9	100.3%	356.4	100.3%	357.8	100.2%
Cost of material including change in stock	(108.7)	-79.5%	(134.1)	-78.7%	-18.9%	(246.1)	-78.9%	(279.1)	-78.5%	(273.8)	-76.7%
Personnel costs	(14.3)	-10.5%	(15.8)	-9.3%	-9.5%	(30.2)	-9.7%	(32.4)	-9.1%	(31.8)	-8.9%
Other costs and services	(11.7)	-8.6%	(15.6)	-9.1%	-25.0%	(28.8)	-9.2%	(29.9)	-8.4%	(33.8)	-9.5%
EBITDA	2.6	1.9%	5.5	3.2%	-52.7%	7.8	2.5%	15.0	4.2%	18.4	5.2%
Depreciations and provisions	(3.6)	-2.6%	(3.6)	-2.1%	0.0%	(7.4)	-2.4%	(7.5)	-2.1%	(8.4)	-2.4%
EBIT	(1.0)	-0.7%	1.9	1.1%	-152.6%	0.4	0.1%	7.5	2.1%	10.0	2.8%
Copper derivatives	0.3	0.2%	1.1	0.6%	-72.7%	1.8	0.6%	2.5	0.7%	(1.9)	-0.5%
Net financial charges	0.4	0.3%	0.3	0.2%		0.5	0.2%	0.2	0.1%	0.1	0.0%
RESULT BEFORE TAXES (EBT)	(0.3)	-0.2%	3.3	1.9%	-109.1%	2.7	0.9%	10.2	2.9%	8.2	2.3%
Taxes	(0.1)	-0.1%	(0.7)	-0.4%	85.7%	(0.7)	-0.2%	(4.3)	-1.2%	(3.6)	-1.0%
RESULT non-controlling interests	(0.4)	-0.3%	2.6	1.5%	-115.4%	2.0	0.6%	5.9	1.7%	4.6	1.3%
Minorities	0.0	0.0%	0.0	0.0%	-	(0.1)	0.0%	0.0	0.0%	0.1	0.0%
RESULT OF THE PERIOD	(0.4)	-0.3%	2.6	1.5%	-114.2%	1.9	0.6%	5.9	1.7%	4.7	1.3%
EBITDA	2.6	1.9%	5.5	3.2%	-52.7%	7.8	2.5%	15.0	4.2%	18.4	5.2%
Copper derivatives	0.3	0.2%	1.1	0.6%		1.8	0.6%	2.5	0.7%	(1.9)	-0.5%
EBITDA Adjusted (*)	2.9	2.1%	6.6	3.9%	-56.1%	9.6	3.1%	17.5	4.9%	16.5	4.6%
Depreciation and provisions	(3.6)	-2.6%	(3.6)	-2.1%		(7.4)	-2.4%	(7.5)	-2.1%	(8.4)	-2.4%
EBIT Adjusted (*)	(0.7)	-0.5%	3.0	1.8%	-123.3%	2.2	0.7%	10.0	2.8%	8.1	2.3%

(*) 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 transactions.

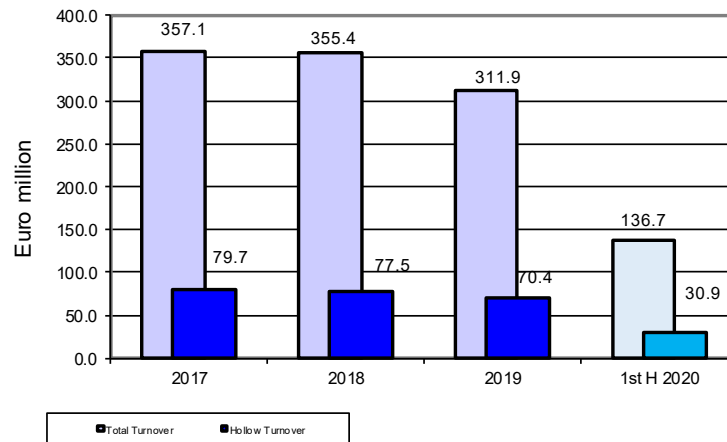
ROCE (EBIT Adj. / Net Capital Employed)%	-0.8%	3.2%	1.2%	5.3%	4.5%
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IRCE Group – Balance sheet

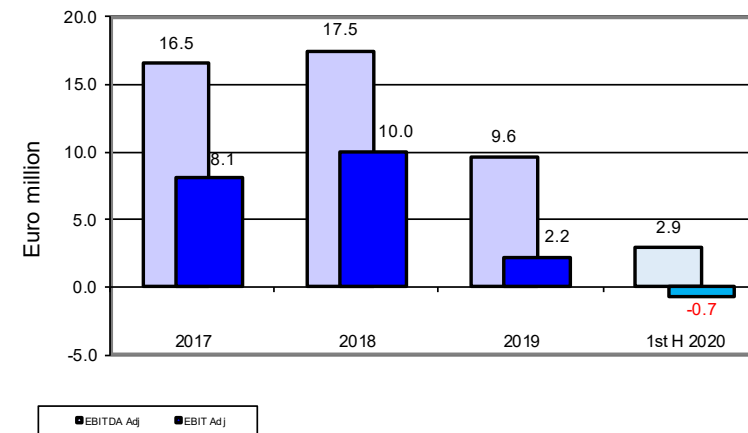
Euro million	30 June 2020	%	31 December 2019	%	31 December 2018	%	31 December 2017	%
Net working capital	122.5	76.9%	132.0	75.9%	149.8	78.4%	147.2	78.9%
Fixed Assets	46.0	28.9%	51.9	29.8%	52.7	27.6%	54.9	29.4%
Other assets and liabilities	-9.2	-5.8%	-10.0	-5.8%	-11.5	-6.0%	-15.6	-8.4%
NET CAPITAL EMPLOYED	159.3	100.0%	173.9	100.0%	191.0	100.0%	186.5	100.0%
Shareholders' Equity	120.8	75.8%	131.5	75.6%	131.3	68.7%	132.4	71.0%
Net Financial Debt	38.5	24.2%	42.4	24.4%	59.7	31.3%	54.1	29.0%
FINANCING AND EQUITY	159.3	100.0%	173.9	100.0%	191.0	100.0%	186.5	100.0%
CAPEX	0.8		6.1		6.5		5.9	

IRCE Group – Business Performance

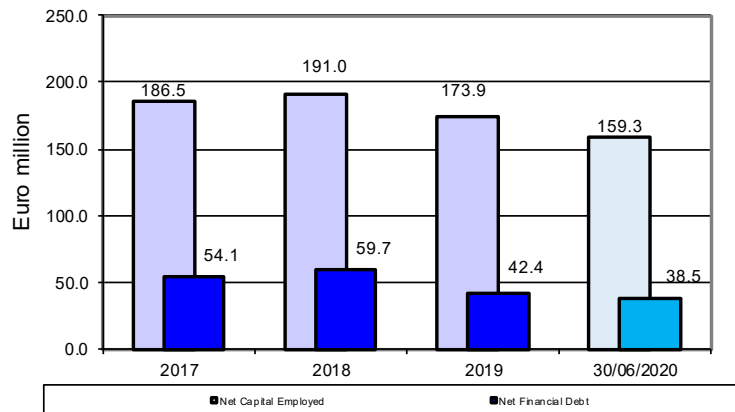
TURNOVER and HOLLOW TURNOVER



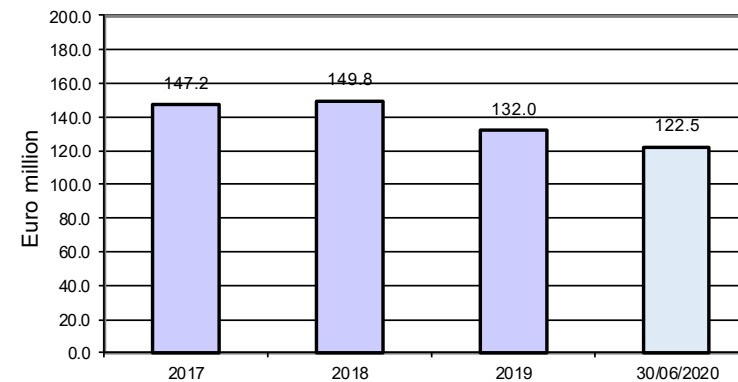
EBITDA Adjusted and EBIT Adjusted



NET CAPITAL EMPLOYED and NET FINANCIAL DEBT

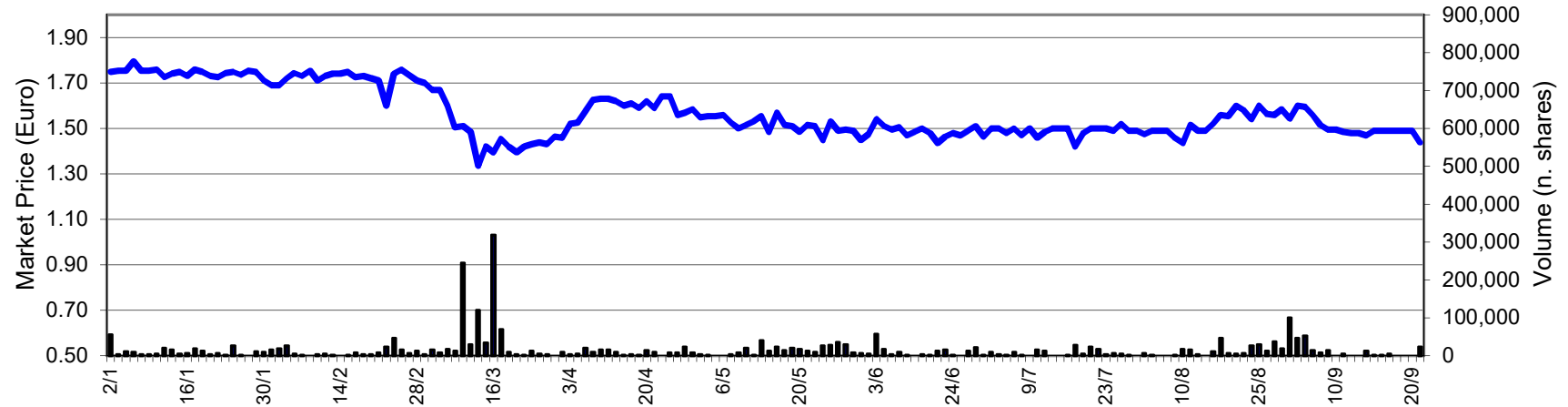


NET WORKING CAPITAL

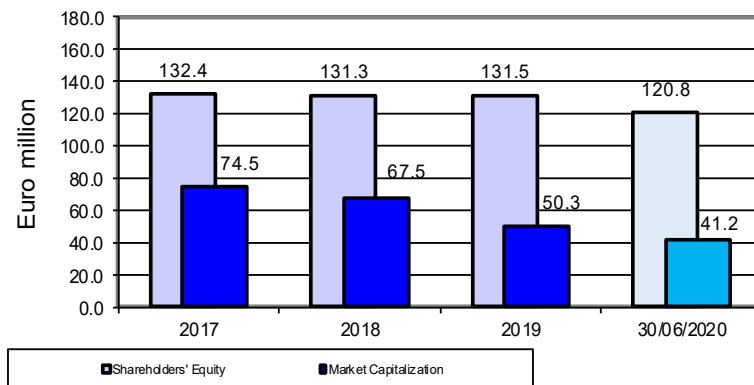


IRCE Group – Market Performance

MARKET PRICE TREND IRCE (Period: 1st January 2020 - 20th September 2020)



NET EQUITY Vs MARKET CAPITALIZATION



PRICE/BOOK VALUE RATIO

