



CEMBRE. Investor presentation

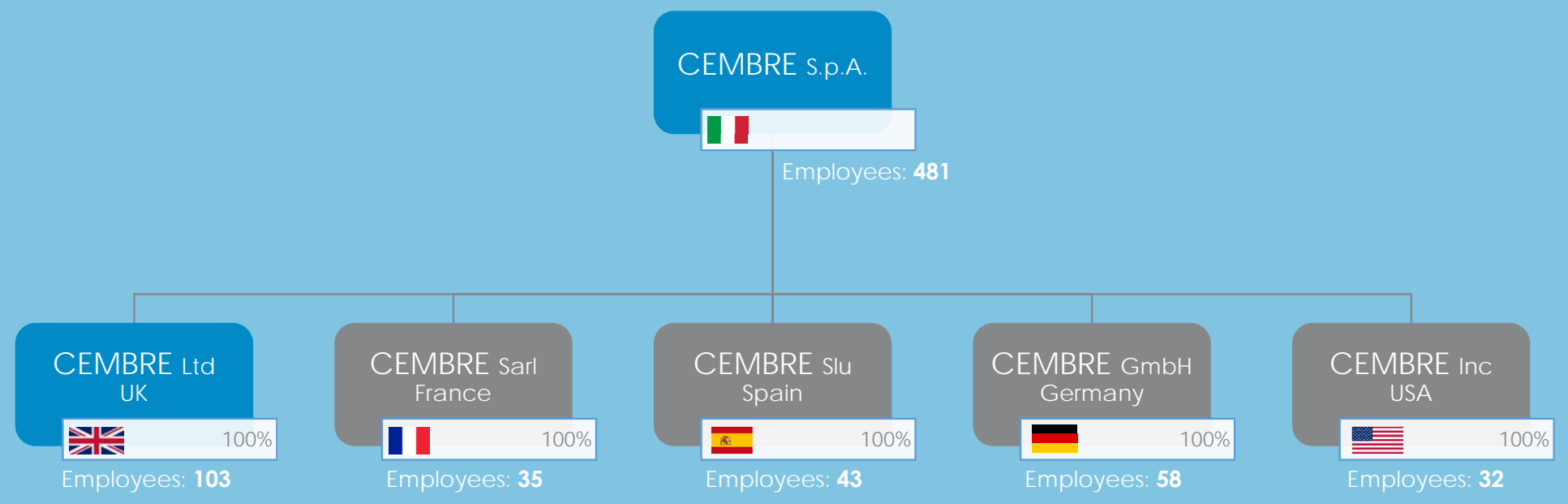
Results of the first nine months of 2020



- CEMBRE is **Europe's leading** manufacturer of electrical crimp type connectors and related installation tools
- The Group has grown its revenues by a **CAGR of 5.5%** in the last 20 years (2000-2019), from €50 mn in 2000 to €146.3 mn in 2019. In the last 5 years the Group has grown by a **CAGR of 3.8%** (2015-2019).
- It is a dividend-payer with a 20 years average dividend **payout ratio of 50.3%**, and an **average dividend yield of 3.8%** (2000-2019). The average dividend yield in the last 5 years has been of **4.4%** (2015-2019).
- In 2019, the Group invested **€11.7 mn**; the total amount of investments made by the company in the last five years (2015-2019) is **€57.7 mn**; at December 31, 2018 investments amounted to **€18.5 mn**
- The product mix (a total of more than 15k end products sold during 2019) is offered to around 8k single clients around the world, with 10-biggest clients' purchases corresponding to **c.15% of the consolidated turnover**

- I. Management Team
- II. Business overview
- III. Results of the first nine months of 2020
- IV. The first nine months of 2020 Guidance
- V. Stock data & shareholding structure
- VI. Contact

- **Giovanni Rosani**
Chief Executive Officer (CEO)
- **Aldo Bottini Bongrani**
Member of the board
M&A and Special Projects manager
- **Claudio Bornati**
Chief Financial Officer (CFO)

CEMBRE cooperates with the users of its products
to find the **best technical and economical solutions**
related to **electrical connection applications**



 Manufacturing and trading unit
 Trading unit

The Group employs **752 employees** worldwide

**R&D**

• 22

**Manufacturing**

• 418

**Marketing, Sales & Distribution**

• 230

**Administration & services**

• 82

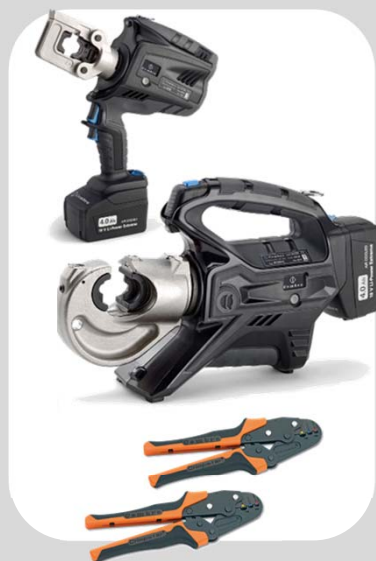
CEMBRE has extensive know-how in its operating field and **its strong R&D team** allows it to respond quickly to market demands.

Sharp focus on customer needs and the efficient **international sales network (121 salesmen)** are significant competitive advantages for CEMBRE.

CEMBRE is Europe's leading manufacturer of electrical crimp type connectors and related installation tools



Electrical
connectors



Tools



Railway
products



Identification
systems



Cable glands,
accessories &
other

- CEMBRE has been established in 1969 and manufactures its products in its state-of-art **production facility located in Brescia**
- The facility covers an **area of 60,000 m²** on a **total land area of 121,000 m²**
- In December 2011 CEMBRE purchased a 13,500 m² industrial area next to its plant, by investing €9.7 mn






Cembre S.p.A. – Headquarter in Brescia (Italy)

- In addition, CEMBRE has a production facility in the UK which operates on a **8,800 m² land**
- This plant in Birmingham manufactures mainly **for the local market**
- The sales generated in the UK are **12% of the consolidated turnover** of the first nine months of 2020



Cembre Ltd. – Factory in Curdworth Birmingham (UK)

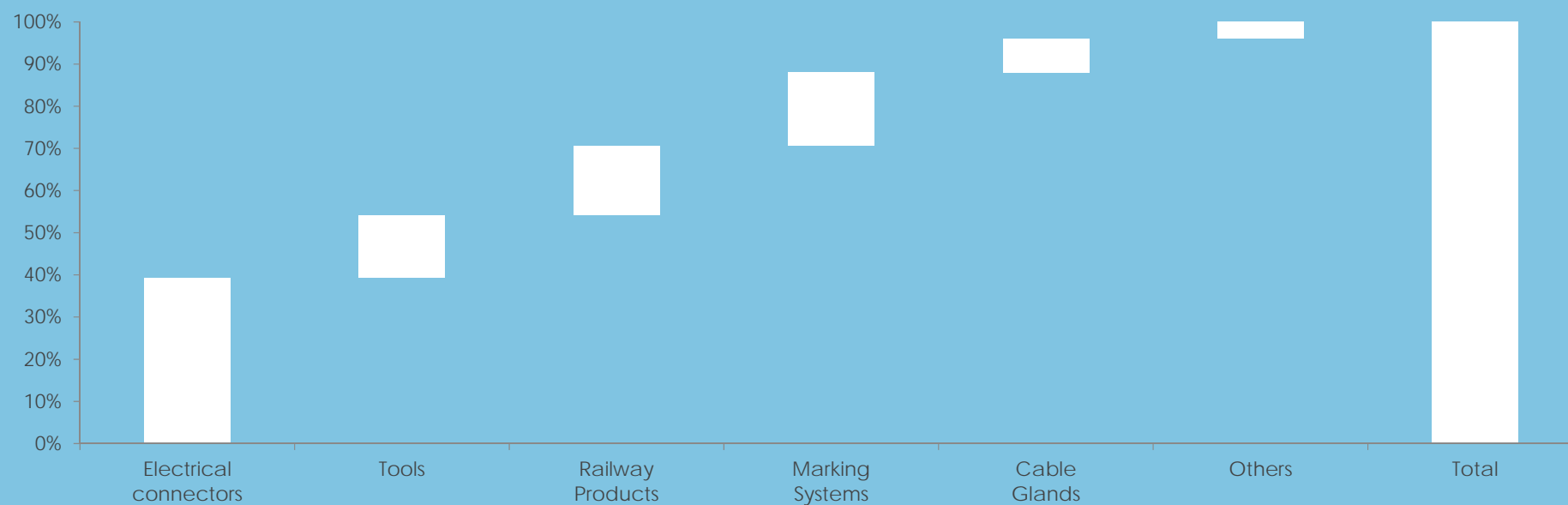
- CEMBRE is present all over the Italian territory through a **network of salesmen and representatives** who are able to offer fast and constant technical assistance
- Abroad, it operates through **4 subsidiaries in Europe** (UK, France, Spain and Germany) and **1 in the USA**

-  Group companies
-  Regional offices
-  Main distributors



CEMBRE has a network of importers and agents who provide technical and commercial assistance and rapid delivery worldwide





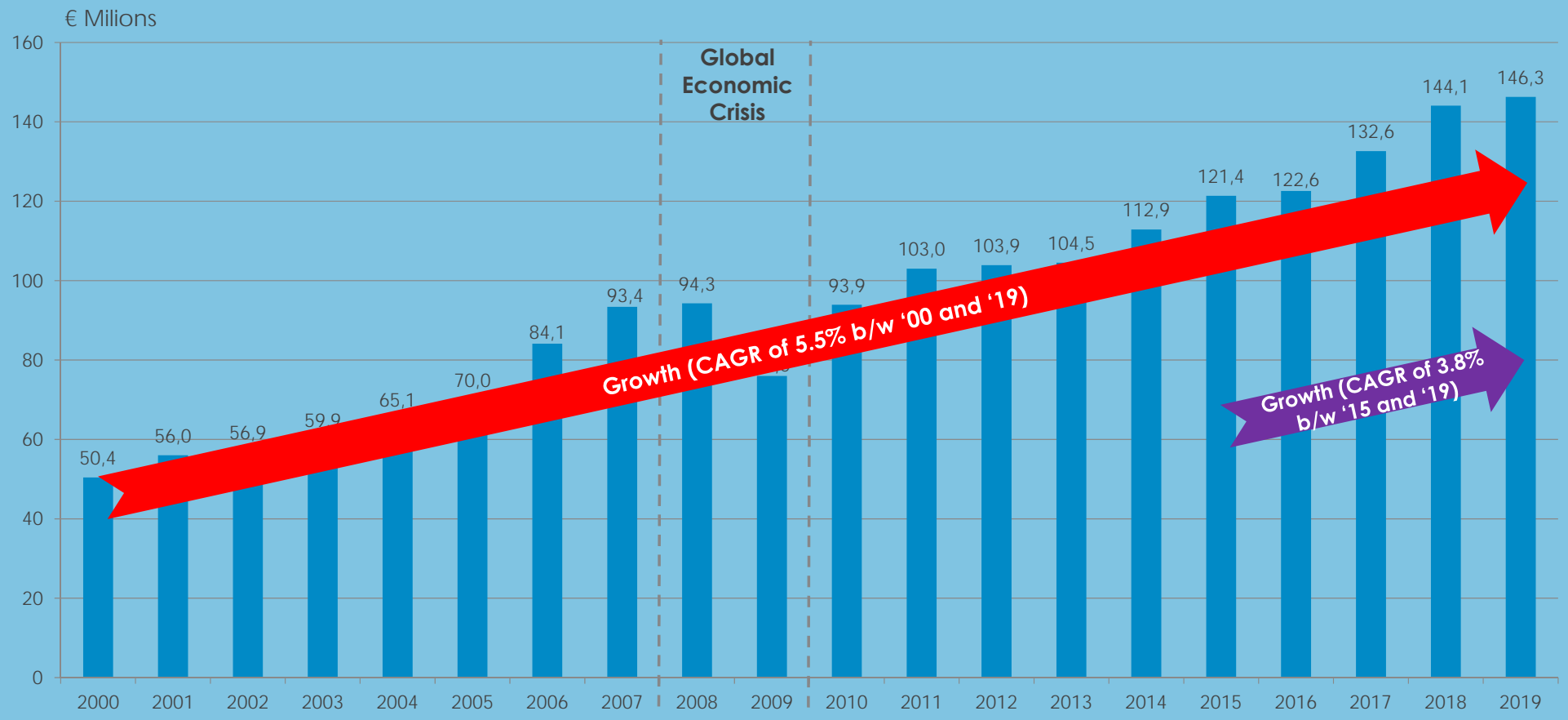
* Customers' bonuses not deducted

9 months 2020	41,954 39.4%	15,804 14.8%	17,442 16.4%	18,620 17.5%	8,561 8.0%	4,205 3.9%	106,586 100%
9 months 2019	47,253 39.3%	18,137 15.1%	19,979 16.6%	21,845 18.1%	9,204 7.6%	3,952 3.3%	120,370 100%
Change	-11.2%	-12.9%	-12.7%	-14.8%	-7.0%	6.4%	-11.5%

Italy	9 months 2020	9 months 2019	Δ
Sales	39.0 mn	43.6 mn	-10.6%
% in total	39.5%	39.5%	0.0 pp

Europe (ex-IT)	9 months 2020	9 months 2019	Δ
Sales	46.9 mn	51.8 mn	-9.5%
% in total	47.5%	46.9%	0.6 pp

Rest of the World	9 months 2020	9 months 2019	Δ
Sales	12.8 mn	15.0 mn	-14.2%
% in total	13.0%	13.6%	-0.6 pp



In order to maintain its leading position and increase the penetration of market, **CEMBRE had sensibly enlarged the range of products offered through:**

Research activities

- Mainly focused on the development of innovative products for the sectors with the highest growth potential (rail transportation, civil and industrial plant engineering)

Improvement and update of existing products

- To get them easier to use and more efficient in their performances

Introduction of complementary products

- e.g. cable markers

Electrical connectors	9 months 2020	9 months 2019	Δ
Total sales	42.0 € mn	47.3 € mn	-11.2%
Sales in Italy (% share)	19.6 € mn (18.4%)	22.0 € mn (18.2%)	-10.6%
Sales in Europe ex-IT (% share)	19.9 € mn (18.7%)	22.4 € mn (18.6%)	-11.0%
Sales in RoW (% share)	2.4 € mn (2.2%)	2.9 € mn (2.4%)	-17.7%

The “%” indicated alongside the values represents the weight on the total turnover



Features

- High and safe performance guaranteed by effective quality control during the production processes
- High level automation of manufacturing process and consequent costs reduction
- Quick adaptation of products to clients' needs, thanks to its high flexible productivity

Tools%	9 months 2020	9 months 2019	Δ
Total sales	15.8 € mn	18.1 € mn	-12.9%
Sales in Italy (% share)	4.4 € mn (4.1%)	5.2 € mn (4.4%)	-17.0%
Sales in Europe ex-IT (% share)	7.8 € mn (7.3%)	8.7 € mn (7.3%)	-10.3%
Sales in RoW (% share)	3.6 € mn (3.4%)	4.2 € mn (3.5%)	-13.1%

The “%” indicated alongside the values represents the weight on the total turnover



Features

- Quick installation of connectors thanks to tools used for compressing and cutting the conductors
- Wide products range: mechanical, pneumatic, hydraulic and battery operated tools

Development of new products in last years

- B15-B54 battery operated “in line” hand-tools
- Hydraulic battery operated pump already marketed in Italy and Europe
- The new generation of battery tools is intended to progressively substitute the traditional ones, as they are more appreciated thanks to the elimination of physical endeavour

Railway products	9 months 2020	9 months 2019	Δ
Total sales	17.4 € mn	20.0 € mn	-12.7%
Sales in Italy (% share)	1.9 € mn (1.8%)	2.1 € mn (1.8%)	-10.3%
Sales in Europe ex-IT (% share)	10.7 € mn (10.0%)	11.7 € mn (9.7%)	-8.3%
Sales in RoW (% share)	4.9 € mn (4.6%)	6.2 € mn (5.2%)	-21.8%

Features

- High quality products
- Constant R&D activities
- High potential growth

New product development

- Nut Runner - NR-11P
- Battery drill

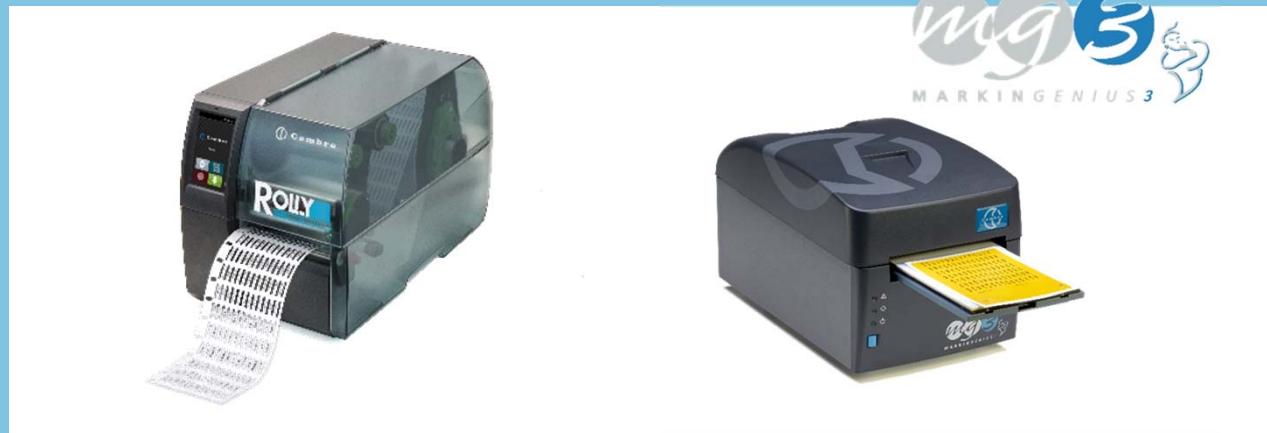
Both products are very competitive on the market since they offer superior flexibility, lightness and velocity against alternative products

The “%” indicated alongside the values represents the weight on the total turnover



Cable Markers	9 months 2020	9 months 2019	Δ
Total sales	18.6 € mn	21.8 € mn	-14.8%
Sales in Italy (% share)	11.4 € mn (10.7%)	13.4 € mn (11.2%)	-14.9%
Sales in Europe ex-IT (% share)	6.0 € mn (5.7%)	7.1 € mn (5.9%)	-15.1%
Sales in RoW (% share)	1.2 € mn (1.1%)	1.3 € mn (1.1%)	-10.9%

The "%" indicated alongside the values represents the weight on the total turnover



With the introduction of these new products CEMBRE:

- Further enriched its offer with thousand of new articles (electrical equipment wholesalers prefer supplier with a wide catalogue)
- Strengthened its competitive position in Italy and created big opportunities to enter the European markets
- Entered a market, worth of Euro 25 million considering only Italy
- Improved the production structure

Development and production of thermal printer MG3, in Brescia (Italy)

Cable glands	9 months 2020	9 months 2019	Δ
Total sales	8.6 € mn	9.2 € mn	-7.0%
Sales in Italy (% share)	7.1 € mn (6.7%)	7.7 € mn (6.4%)	-7.9%
Sales in Europe ex-IT (% share)	1.2 € mn (1.1%)	1.3 € mn (1.1%)	-7.8%
Sales in RoW (% share)	0.3 € mn (0.3%)	0.2 € mn (0.2%)	29.9%

Other	9 months 2020	9 months 2019	Δ
Total sales	4.2 € mn	4.0 € mn	6.4%
Sales in Italy (% share)	1.5 € mn (1.5%)	1.5 € mn (1.2%)	4.0%
Sales in Europe ex-IT (% share)	2.5 € mn (2.3%)	2.3 € mn (2.0%)	6.3%
Sales in RoW (% share)	0.2 € mn (0.1%)	0.1 € mn (0.1%)	38.2%

The “%” indicated alongside the values represents the weight on the total turnover



€ Millions	9 months 2020	9 months 2019	Changes %	9 months 2018
Sales	98.7	110.3	-10.6%	107.3
EBITDA <i>In % of sales</i>	24.1 24.4%	28.7 26.0%	-15.9%	26.7 24.9%
EBIT <i>In % of sales</i>	16.0 16.2%	21.4 19.4%	-25.4%	21.5 20.0%
EBT <i>In % of sales</i>	15.2 16.1%	21.2 19.3%	-25.1%	21.5 20.1%
Net profit <i>In % of sales</i>	11.9 12.1%	16.6 15.1%	-28.5%	16.6 15.5%
Tax rate %	25.2%	21.7%		22.9%

The parent company CEMBRE S.p.A. in December 2017 signed, with the support of Business Tax and Consulting firm Deloitte, an agreement with the Italian Revenue Office defining the calculation methods and criteria for the economic contribution to business revenue of intangible assets in the context of the «**Patent Box**» scheme, for tax years 2015-2019.

€ Millions	2019	2018	2017
Fiscal benefit	1.7	1.8	1.6
Fiscal benefit for years 2015-2016	-	-	2.3
Tax rate %	19.5%	19.8%	14.5%
Normalised tax rate %	26.0%	26.2%	29.2%

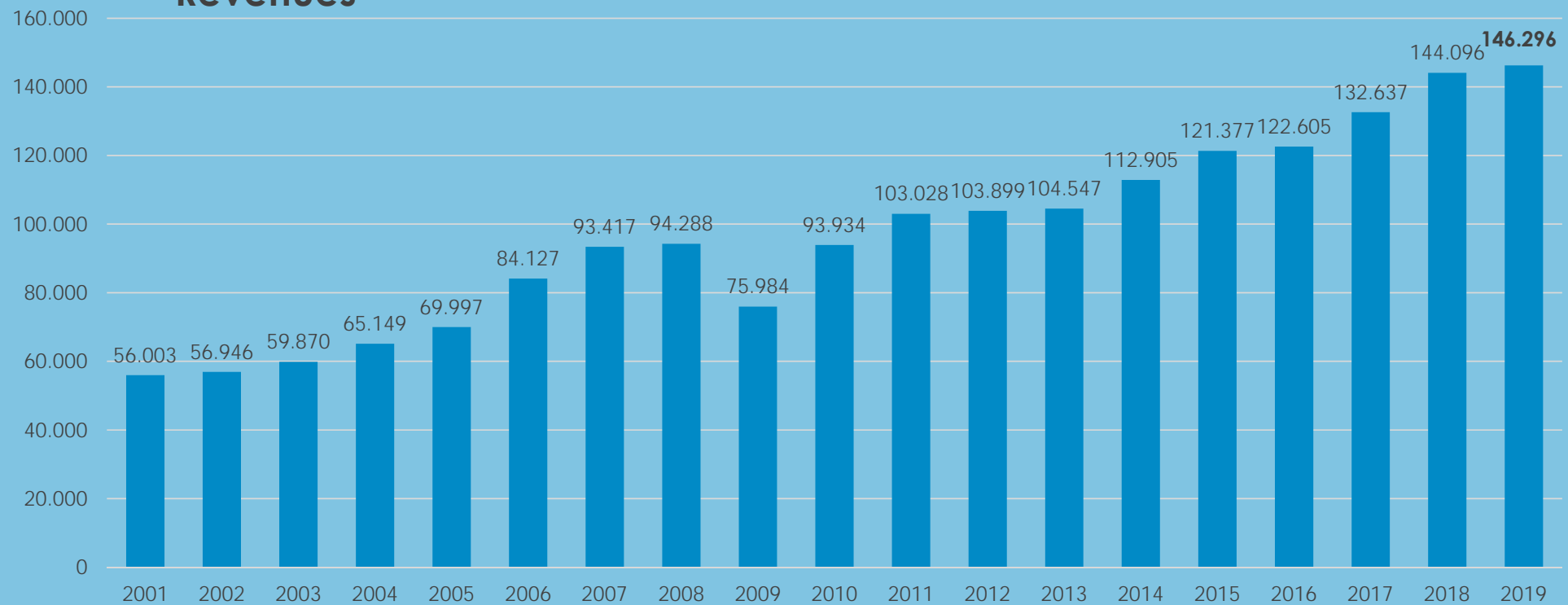

C e m b r e
GROUP'S COMPANIES TURNOVER* OF THE FIRST NINE MONTHS OF 2020

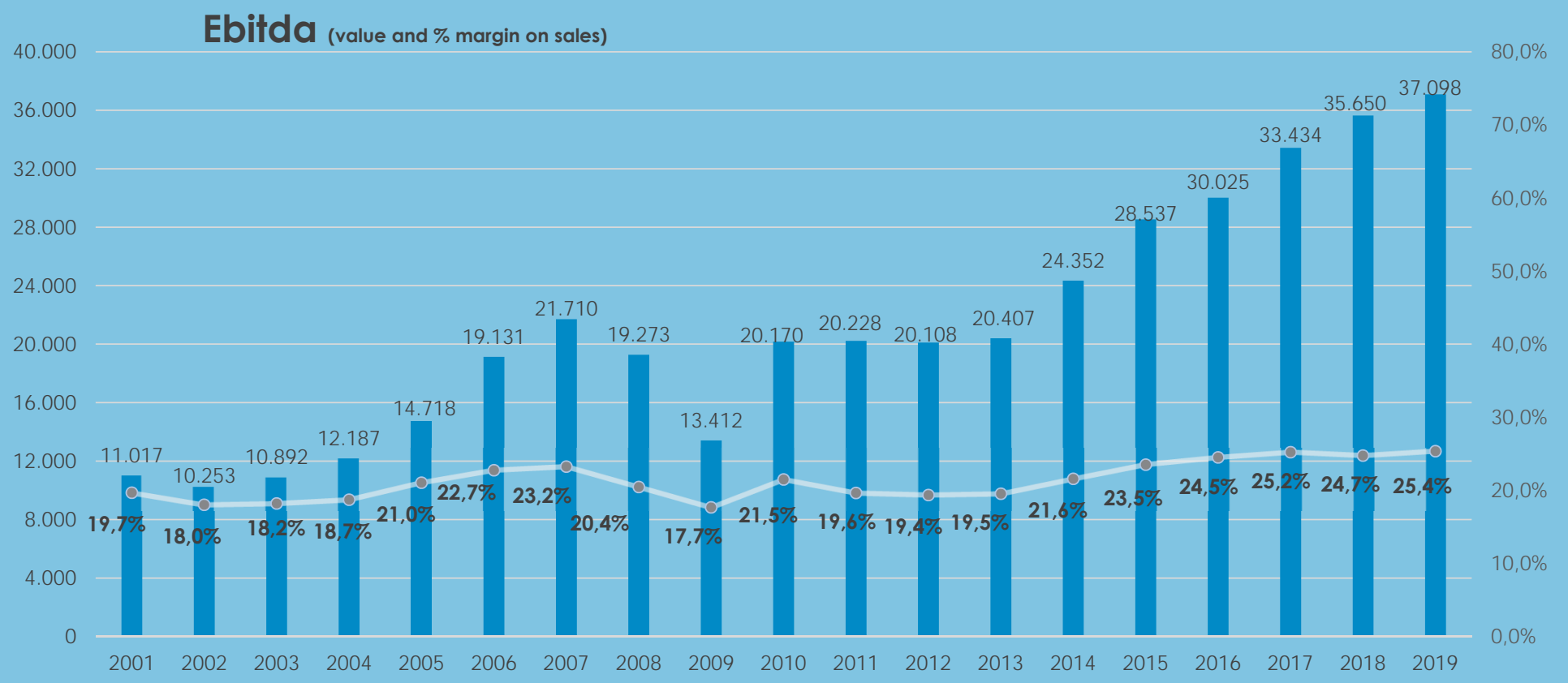
Company <i>(Euro thousands)</i>	9 months 2020	9 months 2019	Changes %	9 months 2018
Cembre S.p.A. (Italy)	51,752	57,616	-10.2%	58,080
Cembre Ltd. (UK)	11,943	14,594	-18.2%	13,596
Cembre S.a.r.l. (France)	6,517	8,036	-18.9%	7,448
Cembre España S.L.U. (Spain)	8,401	8,960	-6.2%	8,094
Consolidated Cembre GmbH (Germany)	11,763	11,432	2.9%	9,404
Cembre Inc. (US)	8,279	9,668	-14.4%	10,648
Cembre Group	98,655	110,306	-10.6%	107,270

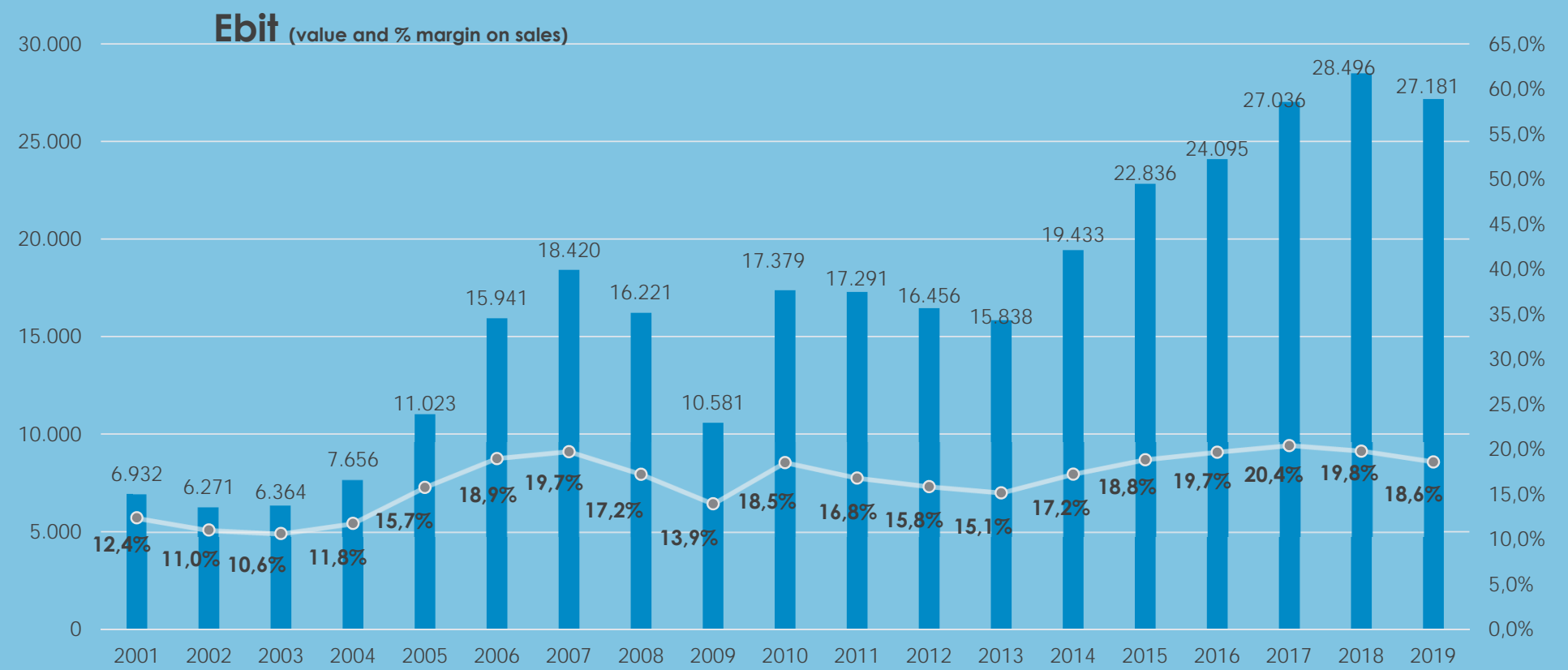
* net of intragroup sales

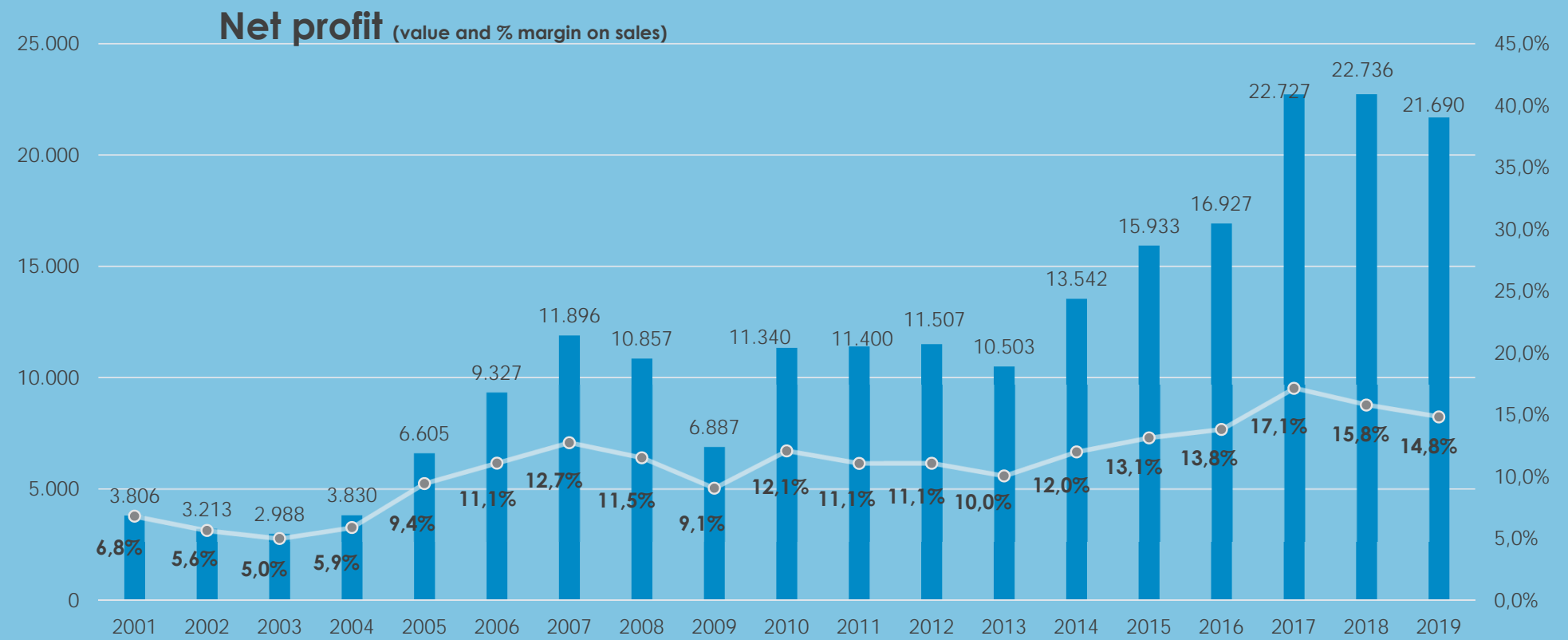
	€ Millions	Sept. 30, 2020	Dec. 31, 2019	Sept. 30, 2019
<i>a</i>	Net operating working capital <i>% of sales</i>	53.7 40.8%	54.4 37.2%	54.9 36.8%
<i>b</i>	Net fixed assets	104.6	106	104.5
<i>c</i>	Assets available for sales	-	-	-
<i>d</i>	Employees' severance indemnities	2.2	2.4	2.2
<i>e</i>	Provisions for risks and charges	0.7	0.3	0.7
<i>f</i>	Deferred taxes	2.7	2.9	2.5
	Net invested capital (a+b+c-d-e-f)	152.7	154.8	154.0
<i>g</i>	Equity	156.4	160.4	155.0
<i>h</i>	Net financial position	(3.7)	(5.6)	(1.0)
	Total sources (g+h)	152.7	154.8	154.0

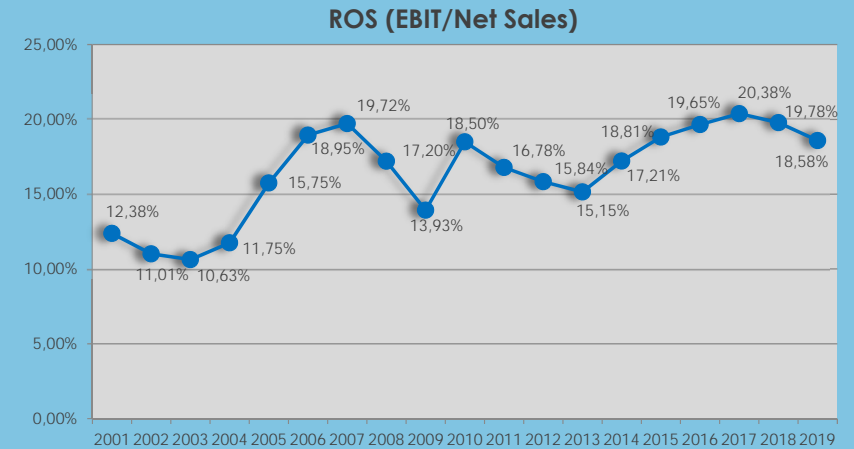
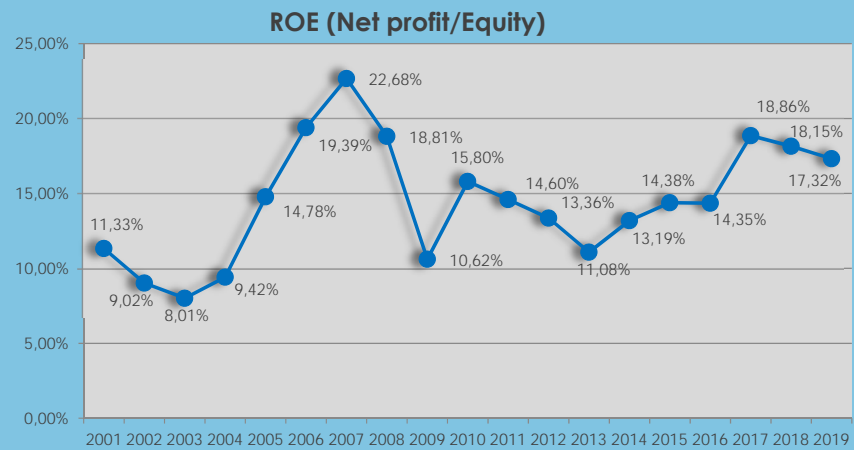
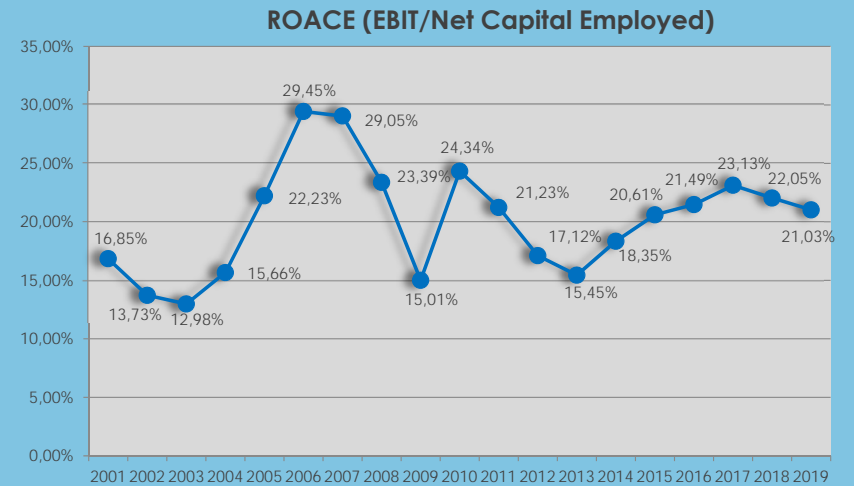
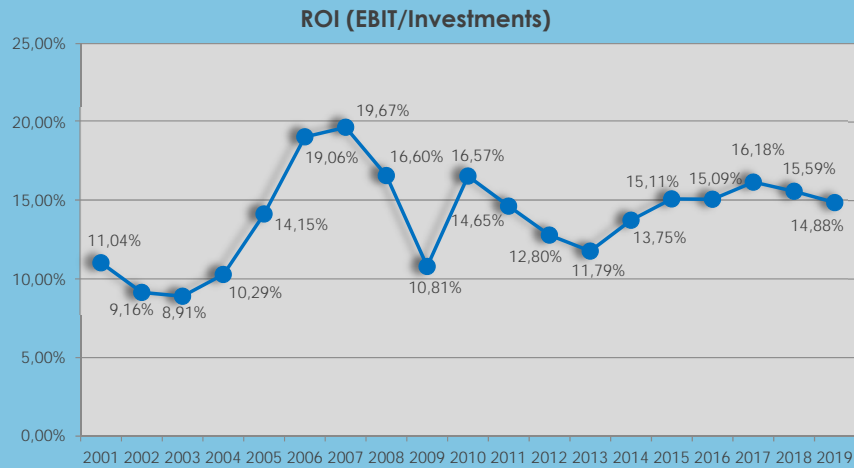
Revenues

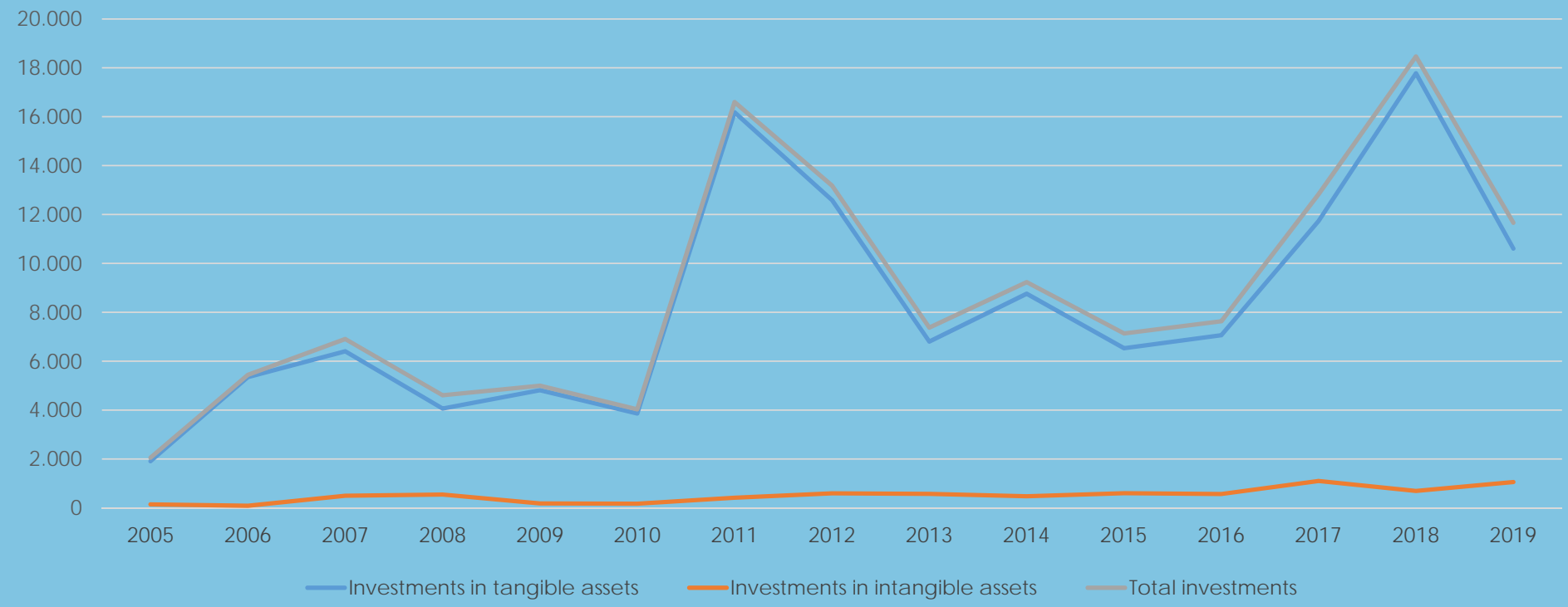










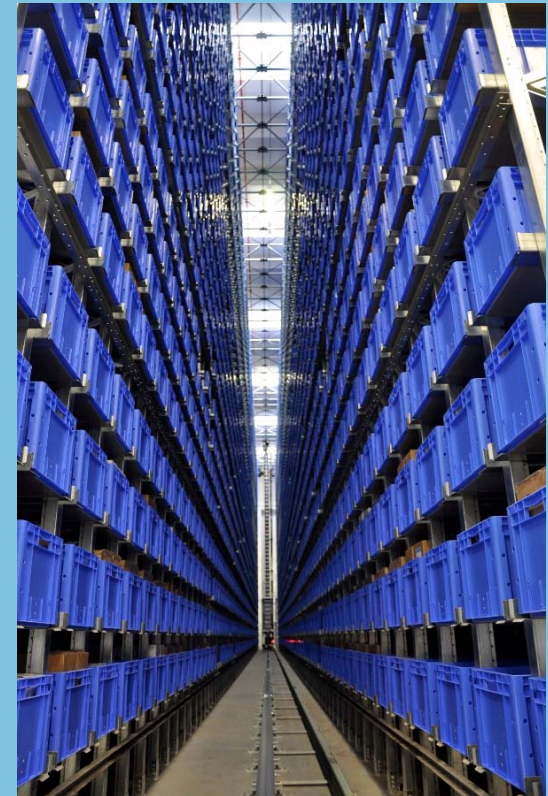


€ '000	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Investments in tangible assets	1,910	5,353	6,404	4,064	4,815	3,863	16,183	12,591	6,802	8,759	6,534	7,064	11,732	17,775	10,609
Investments in intangible assets	142	87	500	544	182	169	418	597	573	477	601	569	1,101	691	1,057
Total investments	2,052	5,440	6,904	4,608	4,997	4,032	16,601	13,188	7,375	9,236	7,135	7,633	12,833	18,466	11,666

Cembre focused on these targets:

- **Business development** thanks to:
 - A **strengthening of Cembre competitive advantage** by developing **new products and continuous product range renewing** by an **intense R&D activity**
 - A **new product line for plumbing sector**
 - An **higher penetration in the foreign markets**, especially in the **US and Germany**
 - A commercial commitment focus on **high growing potential products**
- **Cost management** by a better operative efficiency obtained from economies of scale and process innovations;
- **Enforcing the manufacturing structure** by investing in high-tech, highly-automated machinery.

- The automated warehouse, located in a **4,800 m² industrial building** built in 2012, has been operating from January, 2013
- This warehouse is **3 time more efficient**, and has a 50% increase in end-product capacity warehousing



In 2018, a **new 9,600 m² industrial building** (two floors) started to be used, increasing the dimension of the new logistic center of the company and production areas





Cembre has been listed since December 1997, and is a part of the Star Index since September 2001.

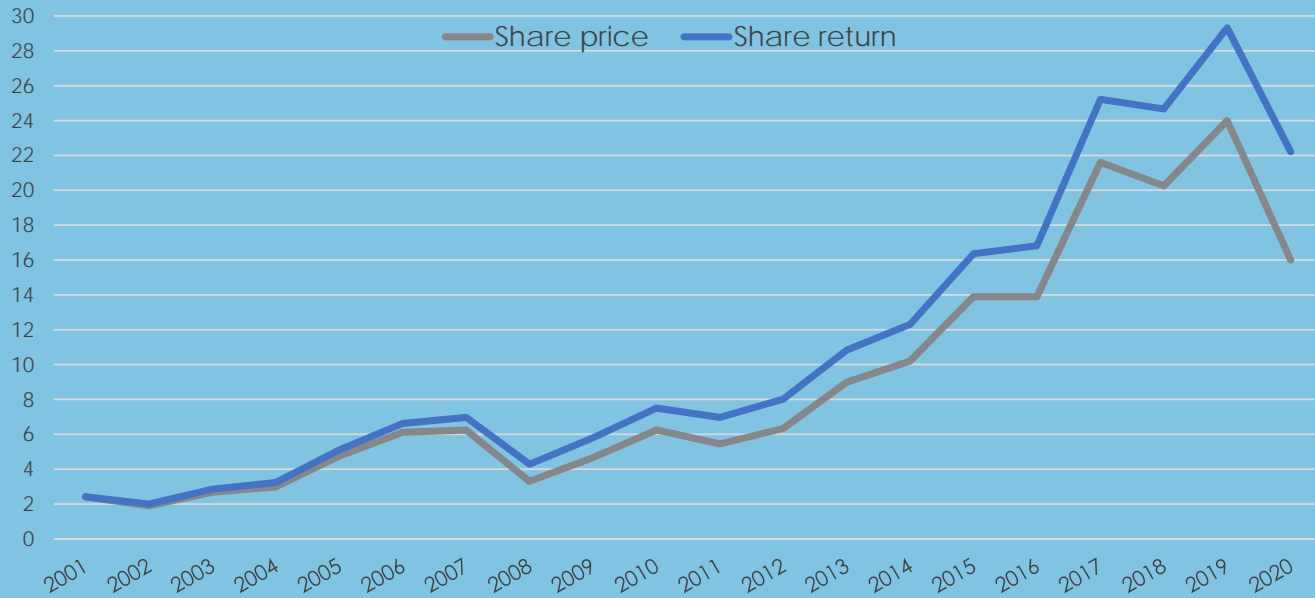
Shareholders	Share
LYSNE Spa	52.39%
Sara Rosani	8.65%
Giovanni Rosani	8.53%
Anna Maria Onofri	0.71%
Massachusetts Financial Services	5.02%
Others	24.70%

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Dividend per share (€)	0.10	0.08	0.07	0.10	0.15	0.22	0.26	0.16	0.12	0.26	0.16	0.16	0.26	0.36	0.46	0.70	0.80	0.90	0.90
Payout Ratio ¹	44%	42%	41%	41%	39%	40%	37%	25%	30%	39%	24%	24%	42%	45%	49%	70%	59%	66%	69%
Dividend Yield ²	4.1%	4.4%	2.9%	3.3%	3.2%	3.6%	4.2%	4.8%	2.6%	4.2%	2.9%	2.5%	2.9%	3.5%	3.3%	5.0%	3.7%	4.4%	4.8% ³

¹ Using consolidated profit

² Using the year-end share price

³ Calculated using closing price at November 13, 2020: €18.70



Total return* 2001-2020
+12.4%
CAGR

Performance 2001-2020**
+10.8%
CAGR

* **Total Return** is the average 'Share return' growth in the period
** **Performance** is the average 'Share price' growth in the period

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
A) Share price¹	2.42	1.90	2.68	2.99	4.75	6.12	6.25	3.30	4.66	6.25	5.45	6.34	8.99	10.21	13.90	13.90	21.60	20.25	24.00	18.70 ²
Change in share price		-21.5%	41.1%	11.6%	58.9%	28.8%	2.1%	-47.2%	41.2%	34.1%	-12.8%	16.3%	41.8%	13.6%	36.1%	0.0%	55.4%	-6.3%	18.5%	-22.1%
Received dividend		0.10	0.08	0.07	0.10	0.15	0.22	0.26	0.16	0.12	0.26	0.16	0.16	0.26	0.36	0.46	0.70	0.80	0.90	0.90
B) Accrued received dividends		0.10	0.18	0.25	0.35	0.50	0.72	0.98	1.14	1.26	1.52	1.68	1.84	2.10	2.46	2.92	3.62	4.42	5.32	6.22
Share return (A+B)	2.42	2.00	2.86	3.24	5.10	6.62	6.97	4.28	5.80	7.51	6.97	8.02	10.83	12.31	16.36	16.82	25.22	24.67	29.32	24.92
<i>Price quota</i>	100.0%	95.0%	93.7%	92.3%	93.1%	92.4%	89.7%	77.1%	80.3%	83.2%	78.2%	79.1%	83.0%	82.9%	85.0%	82.6%	85.6%	82.1%	81.9%	75.0%
<i>Dividend quota</i>	0.0%	5.0%	6.3%	7.7%	6.9%	7.6%	10.3%	22.9%	19.7%	16.8%	21.8%	20.9%	17.0%	17.1%	15.0%	17.4%	14.4%	17.9%	18.1%	25.0%

¹ at the end of the year

² at November 13, 2020

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CFO & IR

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The manager responsible for preparing the Company's financial reports, Claudio Bornati, declares, pursuant to paragraph 2 of Article 154 bis of the Consolidated Law on Finance, that the accounting information contained in this presentation corresponds to the document results, books and accounting records.