

IRCE Group



FY 2012 Financial Results Presentation

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- Profit and Loss Statement
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IRCE Group – Highlights

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

IRCE Group Today

	FY 2012	
Consolidated sales	391,2	(€/millions)
Number of employees	780	(n.)
Magnet wires production	55.000	(tons)
Cables production	13.000	(tons)

History

1947	IRCE began its activity in Imola (Italy) with the production of magnet wires
1961	The company launched 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)
2012	New sales office in Turkey

IRCE Group – The Businesses

The Group is engaged in two business areas:	Magnet Wires	80% of total turnover
	Energy and Data Cables	20% of total turnover

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 and Data Cables



Cables produced by the Group encompass the complete range of Low Voltage and Medium Voltage building and industrial cables, data cables (copper cables for LANs) 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 (vehicles, domestic appliances and other electrical appliances).

IRCE Group – The Businesses

> *Magnet Wires*

Magnet wires can be segmented pursuant to the raw material used, their shape, the wire gauge, and the characteristics of the insulating materials.

- **Raw material:** magnet wire can be distinguished between copper wires and aluminium wires. Copper wires form the greater part of the market. Aluminium wires offer less conductivity. They are, however used in products for which it is important to minimise the weight.
- **Shape:** the wires may be round or rectangular.
- **Wire gauge:** pursuant to their gauge, magnet wires are classified into:
 - ultra-fine (diameter < 0,05mm);
 - fine (0,05mm < diameter < 0,15mm);
 - medium (0,15mm < diameter < 2mm);
 - big (diameter > 2mm).Fine and ultra fine wires finds their most frequent applications in the electronic sectors. The medium size wires are mostly destined to the industries of White Goods, Automotive, Lighting, Mechanical Tools, etc. Big wires are mainly used by the industries of the transport and of the generation of energy.
- **Insulating materials:** the main characteristics of these materials (polyurethanes, polyesterimide, polyimide) are connected to the degree of their heat resistance that may vary from 130 to 220 degrees centigrade.

Geographically the market is **divided in major areas: Europe, South America, North America, Far East, etc;** with limited trade among the areas.

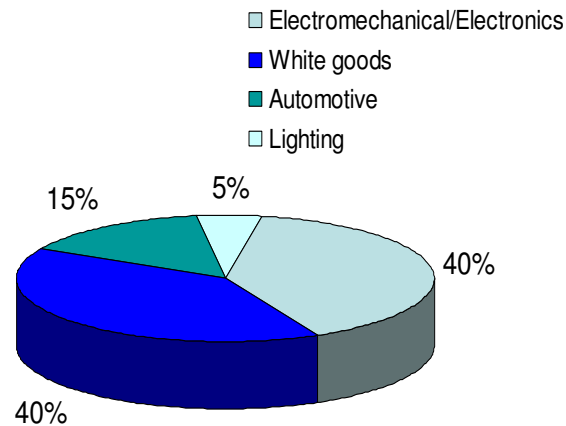
IRCE Group – The Businesses

> Magnet Wires

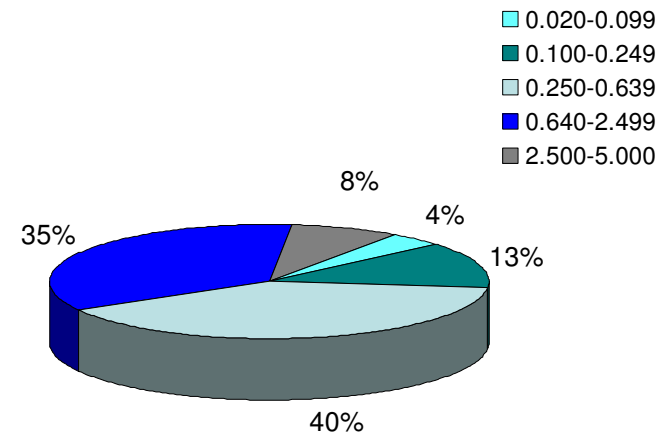
> Market share

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

Whirlpool / Embraco
Siemens-Bosch
Nidec motor
Ars. Elettromeccanica
Secop Kompresorji
Ceme

Lighting

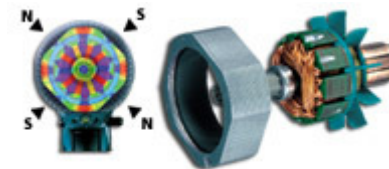
Tridonic
Osram
Vossloh Schwabe

Automotive

Denso Manufacturing
G. Cartier Technologies
Robert Bosch
EBM-Papst Mulfingen
Magna Electronics
Letrika D.D.

Other

Siemens
Schneider Electric
Cummins Generator Technologies
Tyco Electronics
Somfy
Panasonic
Finder



IRCE Group – The Businesses

> *Energy and Data Cables*

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

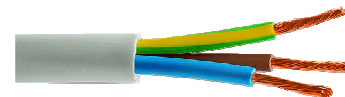
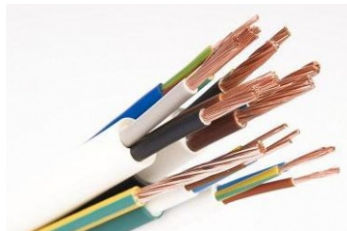
Cable customers are divided into two main sectors:

Distributors of electrical material

Com-Cavi Spa
Sonepar Deutschland Cable GmbH
Gefi Srl
Dieter Eifler GmbH
Tkd Kabel GmbH

Industrial sector (white goods)

Whirlpool Group
BSH Group
Electrolux Group
Unionalpha Spa (Indesit Group supplier)
Bata Srl (Indesit Group supplier)

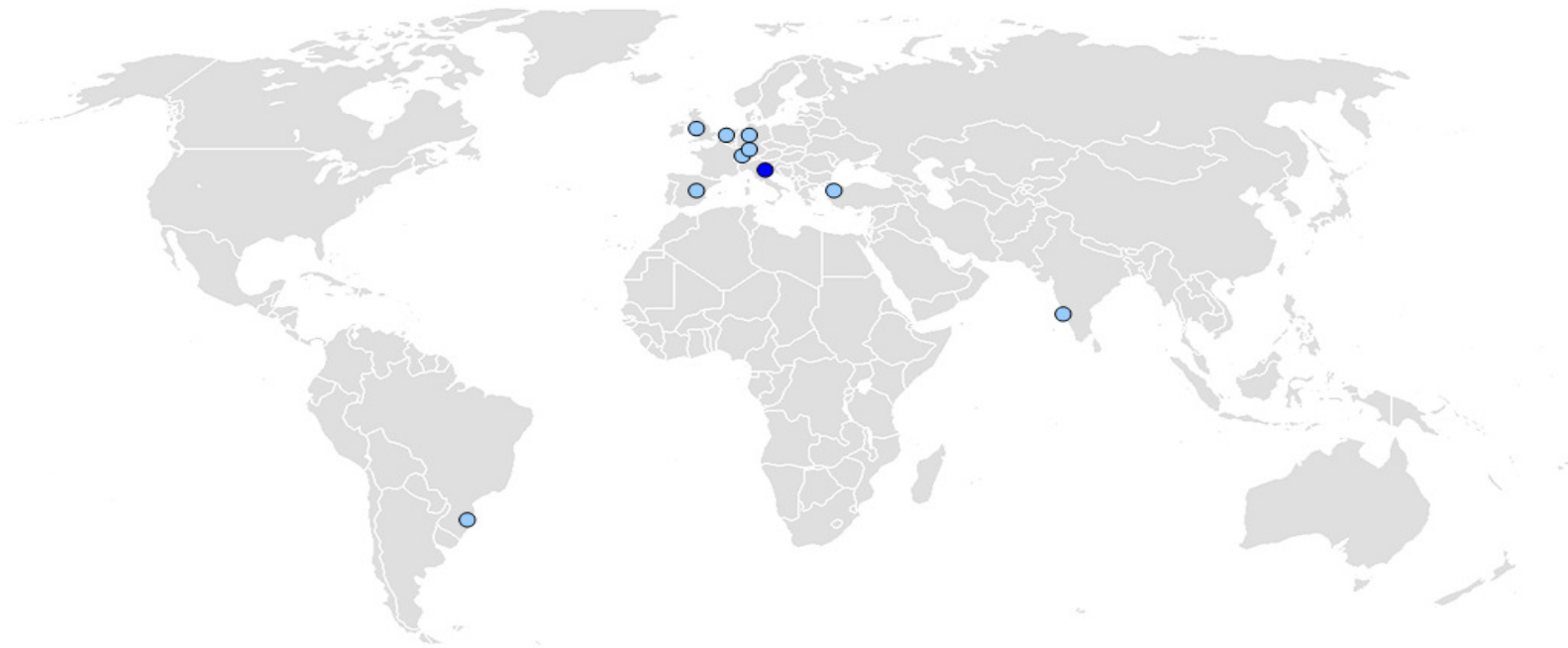


IRCE Group – Production Plants



1. IRCE SpA – Headquarters Imola – Italy	Copper and Aluminum Round Magnet Wire LV Energy Cables and Data Cables	Covered Area: 46,000 Sqm Employees: 265
2. IRCE SpA Guglionesi - Italy	LV/MV Energy Cables	Covered Area: 24,000 Sqm Employees: 97
3. IRCE SpA Umbertide - Italy	Copper and Aluminum Round Magnet Wire	Covered Area: 19,400 Sqm Employees: 51
4. IRCE SpA Miradolo – Italy	Power Cords with Plugs	Covered Area: 5,500 Sqm Employees: 42
5. Smit Draad Nijmegen BV Nijmegen – The Netherlands	Copper Rectangular Magnet Wire Continuously Transposed Cable (CTC)	Covered Area: 9,800 Sqm Employees: 130
6. FD Sims Ltd Blackburn – UK	Copper and Aluminum Round and Rectangular Magnet Wire	Covered Area: 7,000 Sqm Employees: 43
7. IRCE Ltda Joinville - Brazil	Copper and Aluminum Round and Rectangular Magnet Wire Continuously Transposed Cable (CTC)	Covered Area: 21,500 Sqm Employees: 71
8. Stable Magnet Wire P. Ltd. Cochin – India	Copper Round Magnet Wire	Employees: 32
9. ISODRA GmbH Kierspe -Germany	Copper Round Magnet Wire	Employees: 10

IRCE Group – Commercial Offices



- IRCE SpA - Headquarters - Imola (I)
 - IRCE SpA - Sales Office - Milan (I)
 - Isolveco Srl - Padova (I)
 - Isomet AG - Otelfingen (CH)
 - DMG GmbH - Florstadt (D)
 - IRCE SI - Polinya' (Barcellona) (E)
 - FD Sims Ltd - Blackburn (UK)
 - Smit Draad Nijmegen BV - Nijmegen (NL)
 - IRCE Ltda - Joinville (BR)
 - Stable Magnet Wire P. Ltd - Cochin (IND)
 - ISODRA GmbH - Kierspe (D)
 - IRCE Kablo Ve Tel Ltd – Istanbul (TR)
- Agents and Distributors in the main countries

IRCE Group – Contents

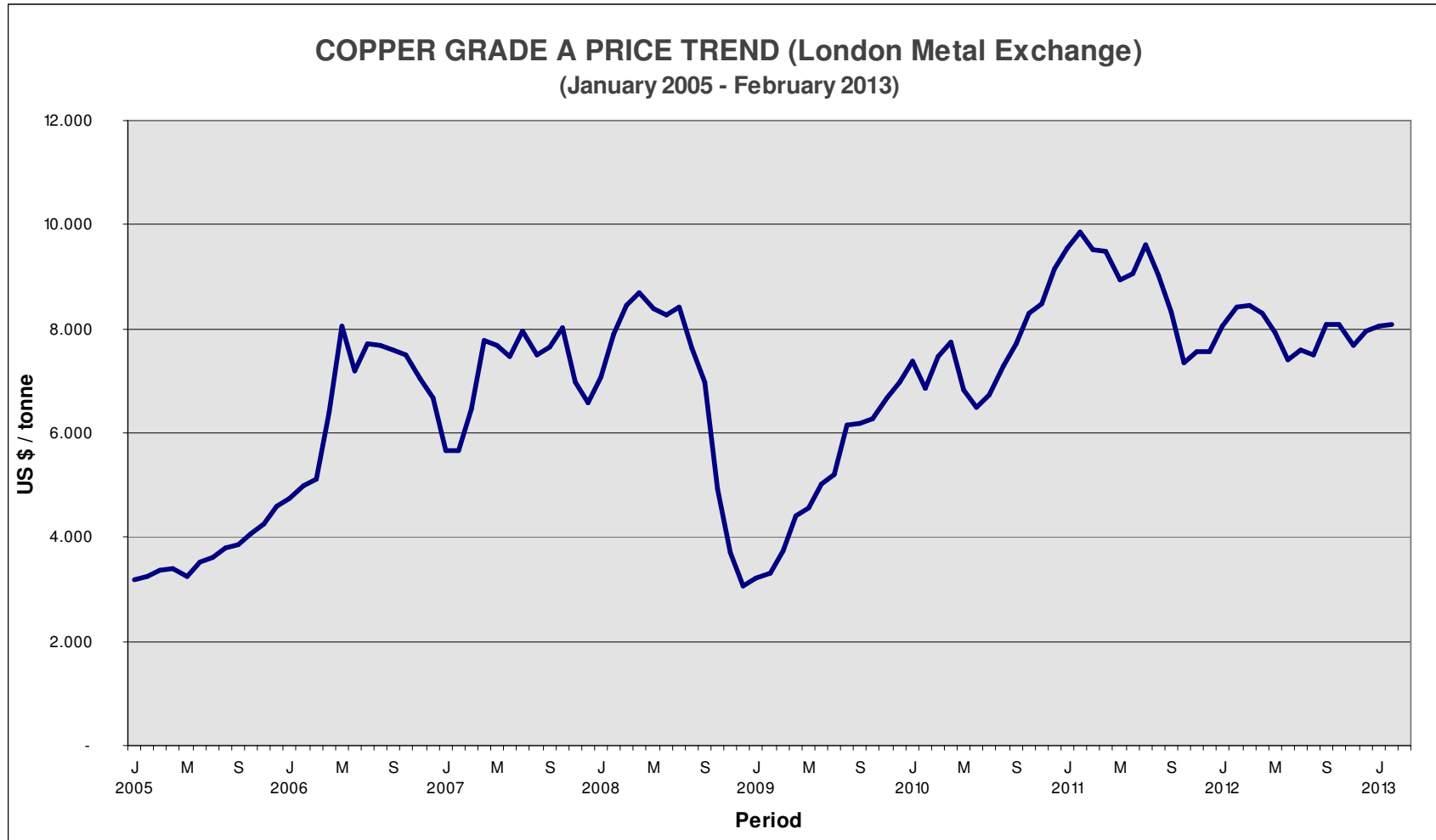
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Financial Results

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IRCE Group – Copper price trend



IRCE Group – Profit and Loss Statement

> Fiscal Years 2008 - 2012

Euro millions	2008	2009	2010	2011	2012
<i>Hollow turnover wires</i>	61,1	51,9	67,8	69,3	66,0
<i>Hollow turnover cables</i>	32,8	19,9	19,2	21,5	17,5
Total hollow turnover	93,9	71,8	87,0	90,8	83,5
TURNOVER (copper included)	356,1	234,8	388,2	430,3	391,2
Other income	1,4	1,3	1,9	1,7	1,4
TOTAL REVENUES	357,5	236,1	390,1	432,0	392,6
Cost of material	(262,1)	(163,0)	(316,6)	(338,7)	(305,4)
Change in finished goods and wip	(13,9)	(5,6)	25,2	1,9	(6,2)
Personnel costs	(28,9)	(26,3)	(28,8)	(30,0)	(29,9)
Other costs and services	(37,9)	(28,5)	(36,6)	(37,7)	(36,2)
EBITDA	14,7	12,7	33,3	27,5	14,9
Depreciation and provisions	(14,4)	(9,5)	(11,2)	(12,2)	(9,8)
EBIT	0,3	3,2	22,1	15,3	5,1
Copper derivatives	14,0	(9,4)	(3,2)	4,1	2,0
Net financial charges	(7,6)	(12,5)	(1,9)	(1,5)	(4,5)
RESULT BEFORE TAXES (EBT)	6,7	(18,7)	17,0	17,9	2,6
Taxes	(1,4)	3,5	(6,2)	(7,5)	(1,5)
Minorities	0,0	0,0	0,0	0,0	0,0
NET RESULT	5,3	(15,2)	10,8	10,4	1,1
EBITDA	14,7	12,7	33,3	27,5	14,9
Copper derivatives	14,0	(9,4)	(3,2)	4,1	2,0
Effect of the copper price on inventory value	0,0	0,0	(11,7)	(7,2)	0,0
EBITDA Adjusted (*)	28,7	3,3	18,4	24,4	16,9
Depreciation and provisions	(14,4)	(9,5)	(11,2)	(12,2)	(9,8)
EBIT Adjusted (*)	14,3	(6,2)	7,2	12,2	7,1
(*) 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 and minus/plus the effect of the copper price increase/decreases on the value of inventory.					
ROCE (EBIT Adj. / Net Capital Employed)%	8,3%	-3,6%	3,0%	5,1%	3,2%

IRCE Group – Profit and Loss Statement

> FY 2012 Vs FY 2011

Euro millions	FY 2012 % Turnover		FY 2011 % Turnover		change %
Hollow turnover wires	66,0		69,3		-4,8%
Hollow turnover cables	17,5		21,5		-18,4%
Total hollow turnover	83,5		90,8		-8,0%
TURNOVER (copper included)	391,2	100,0%	430,3	100,0%	-9,1%
Other income	1,4	0,4%	1,7	0,4%	-17,6%
TOTAL REVENUES	392,6	100,4%	432,0	100,4%	-9,1%
Cost of material	(305,4)	-78,1%	(338,7)	-78,7%	-9,8%
Change in finished goods and wip	(6,2)	-1,6%	1,9	0,4%	426,3%
Personnel costs	(29,9)	-7,6%	(30,0)	-7,0%	-0,3%
Other costs and services	(36,2)	-9,3%	(37,7)	-8,8%	-4,0%
EBITDA	14,9	3,8%	27,5	6,4%	-45,8%
Depreciation and provisions	(9,8)	-2,5%	(12,2)	-2,8%	-19,7%
EBIT	5,1	1,3%	15,3	3,6%	-66,7%
Copper derivatives	2,0	0,5%	4,1	1,0%	-51,2%
Net financial charges	(4,5)	-1,2%	(1,5)	-0,3%	200,0%
RESULT BEFORE TAXES (EBT)	2,6	0,7%	17,9	4,2%	-85,5%
Taxes	(1,5)	-0,4%	(7,5)	-1,7%	-
Minorities	0,0	0,0%	0,0	0,0%	-
NET RESULT	1,1	0,3%	10,4	2,4%	-89,4%
EBITDA	14,9	3,8%	27,5	6,4%	-45,8%
Copper derivatives	2,0	0,5%	4,1	1,0%	
Effect of the copper price on inventory value	0,0	0,0%	(7,2)	-1,7%	
EBITDA Adjusted (*)	16,9	4,3%	24,4	5,7%	-30,7%
Depreciation and provisions	(9,8)	-2,5%	(12,2)	-2,8%	
EBIT Adjusted (*)	7,1	1,8%	12,2	2,8%	-41,8%
(*) 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 and minus/plus the effect of the copper price increase/decreases on the value of inventory					
ROCE (EBIT Adj. / Net Capital Employed)%	3,2%		5,1%		

IRCE Group – Balance sheet

> Fiscal Years 2008 - 2012

Euro millions	2008	%	2009	%	2010	%	2011	%	2012	%
Working capital	108,0	63,2%	105,5	60,8%	170,5	70,6%	172,5	71,7%	150,0	67,8%
Fixed Assets	73,3	42,9%	73,8	42,5%	80,0	33,1%	79,5	33,0%	75,6	34,1%
Other assets and liabilities	-10,3	-6,0%	-5,7	-3,3%	-9,1	-3,8%	-11,4	-4,7%	-4,2	-1,9%
NET CAPITAL EMPLOYED	171,0	100,0%	173,6	100,0%	241,4	100,0%	240,6	100,0%	221,4	100,0%
Net Financial Debt	34,5	20,2%	43,9	25,3%	98,4	40,8%	92,8	38,6%	79,4	35,9%
Net Equity	136,5	79,8%	129,7	74,7%	143,0	59,2%	147,8	61,4%	142,0	64,1%
FINANCING AND EQUITY	171,0	100,0%	173,6	100,0%	241,4	100,0%	240,6	100,0%	221,4	100,0%
INVESTMENTS IN FIXED ASSETS	11,4		7,8		13,4		11,1		6,8	
NET FINANCIAL DEBT/EBITDA Adj.	1,2		13,3		5,3		3,8		4,7	

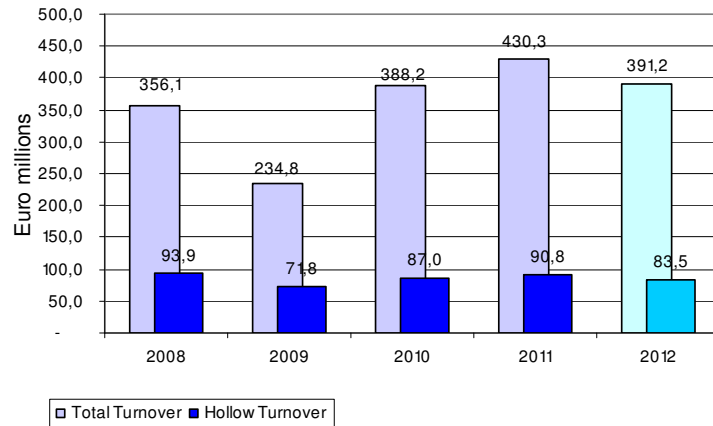
IRCE Group – Balance sheet

> 31 December 2012 Vs 31 December 2011

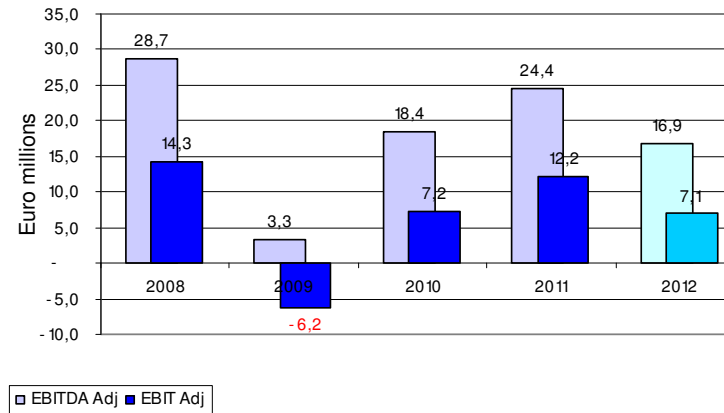
Euro millions	31 December 2012	%	31 December 2011	%	Change	%
Working capital	150,0	67,8%	172,5	71,7%	-22,5	-13,0%
Fixed Assets	75,6	34,1%	79,5	33,0%	-3,9	-4,9%
Other assets and liabilities	-4,2	-1,9%	-11,4	-4,7%	-7,2	-63,2%
NET CAPITAL EMPLOYED	221,4	100,0%	240,6	100,0%	-19,2	-8,0%
Net Financial Debt	79,4	35,9%	92,8	38,6%	-13,4	-14,4%
Net Equity	142,0	64,1%	147,8	61,4%	-5,8	-3,9%
FINANCING AND EQUITY	221,4	100,0%	240,6	100,0%	-19,2	-8,0%
INVESTMENTS IN FIXED ASSETS	6,8		11,1			
NET FINANCIAL DEBT/EBITDA Adj.	4,7		3,8			

IRCE Group – Business Performance

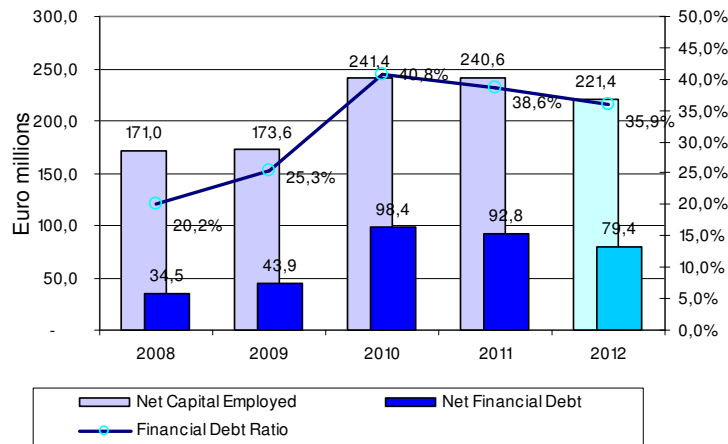
TURNOVER and HOLLOW TURNOVER



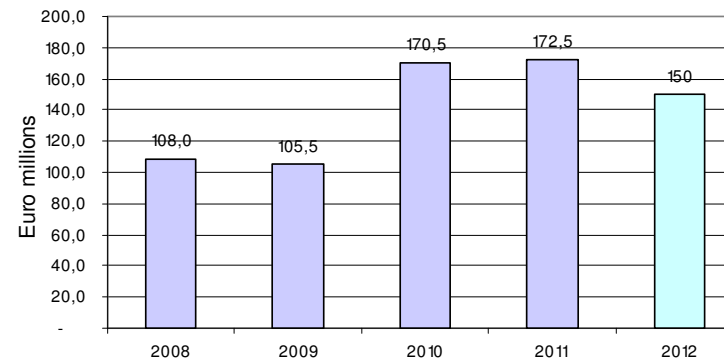
EBITDA Adjusted and EBIT Adjusted



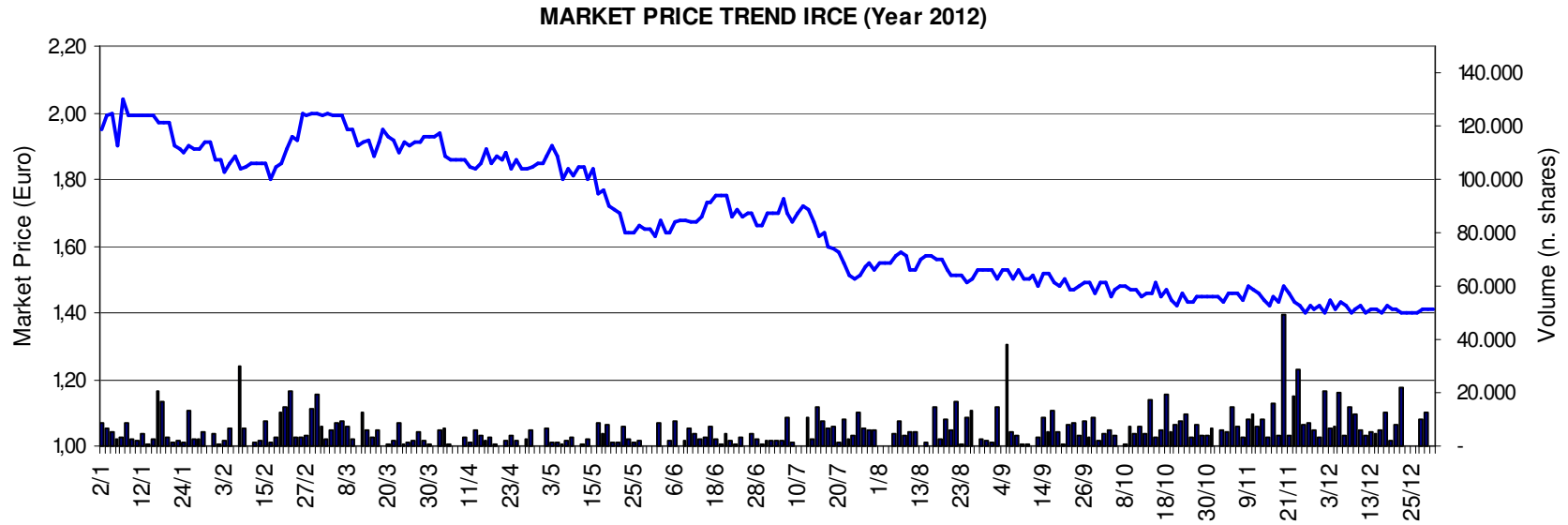
NET CAPITAL EMPLOYED and NET FINANCIAL DEBT



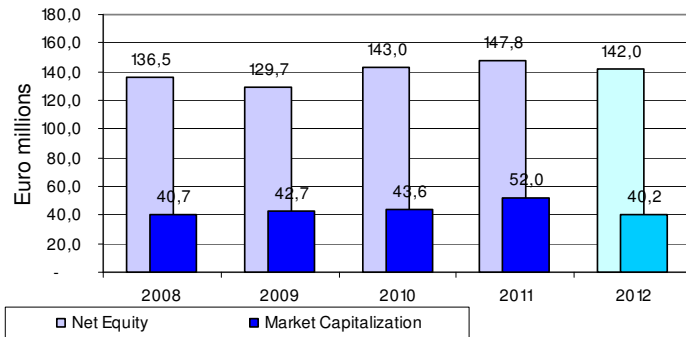
WORKING CAPITAL



IRCE Group – Market Performance



NET EQUITY Vs MARKET CAPITALIZATION



PRICE/BOOK VALUE RATIO

