

# IRCE Group



1<sup>st</sup> Half 2014 Financial Results Presentation  
Milan, 17<sup>th</sup> September 2014

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- Production Plants
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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

	1 <sup>st</sup> H 2014	FY 2013	
Consolidated sales	182.99	358.80	(€/million)
Number of employees	780	784	(n.)
Magnet wires production	30,000	55,000	(tons)
Cables production	5,000	10,000	(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

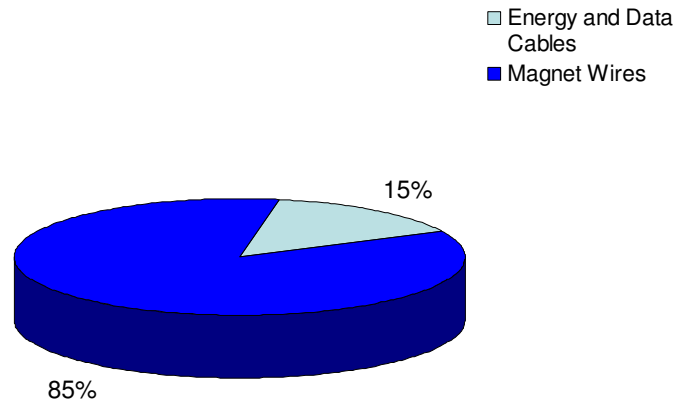
## IRCE Group – The Businesses

IRCE Group works in two business areas:

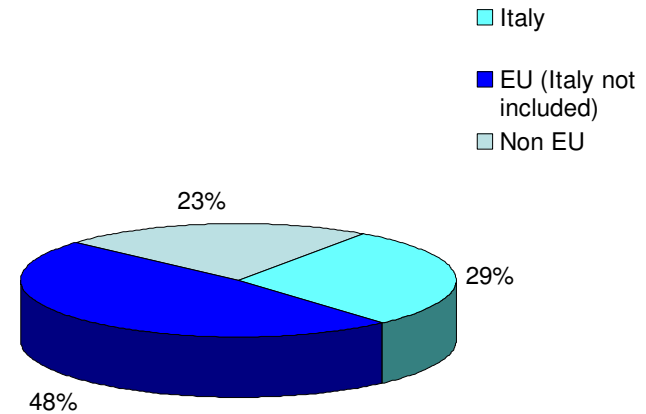
- Magnet wires
- Energy and data cables.

Today IRCE reference market is the European one, but the future target is to continue to enlarge its presence outside Europe, especially into the South American and Indian market.

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.



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### 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.

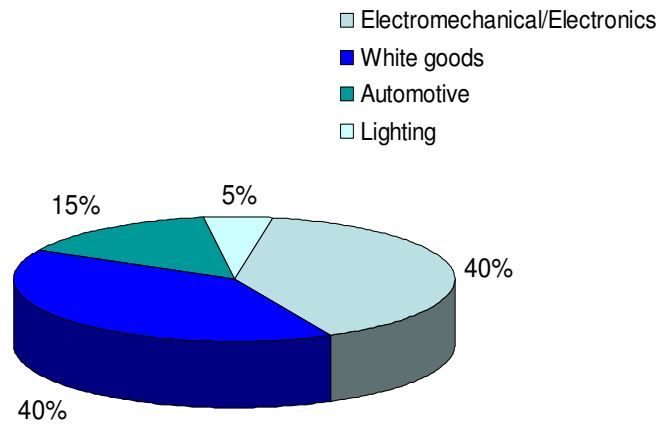
## IRCE Group – The Businesses

### > Magnet Wires

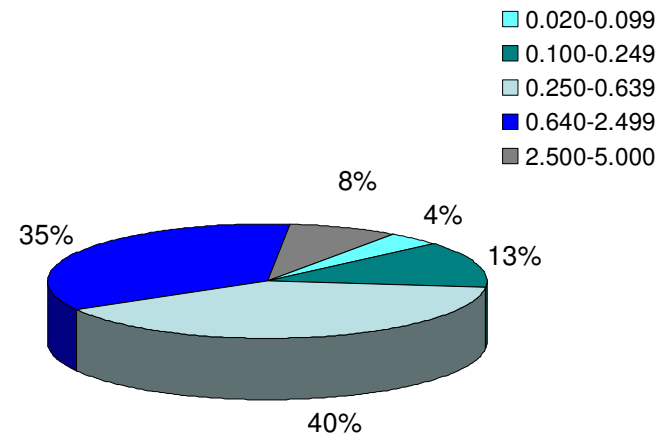
#### > Market share

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  
Secop Kompresorji  
Ceme  
Elica Spa  
Ars. Elettromeccanica

#### Electromechanical/Electronics

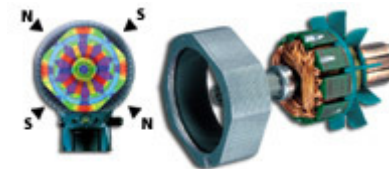
Siemens  
Schneider Electric  
Cummins Generator Technologies  
Tyco Electronics  
Somfy  
Panasonic  
Finder

#### Automotive

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

#### Lighting

Tridonic  
Osram  
Vossloh Schwabe





## 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.

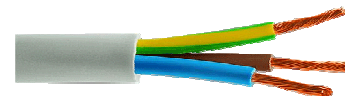
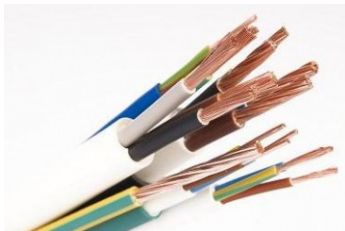
Cable customers are divided into two main sectors:

#### 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)  
Selectra Srl

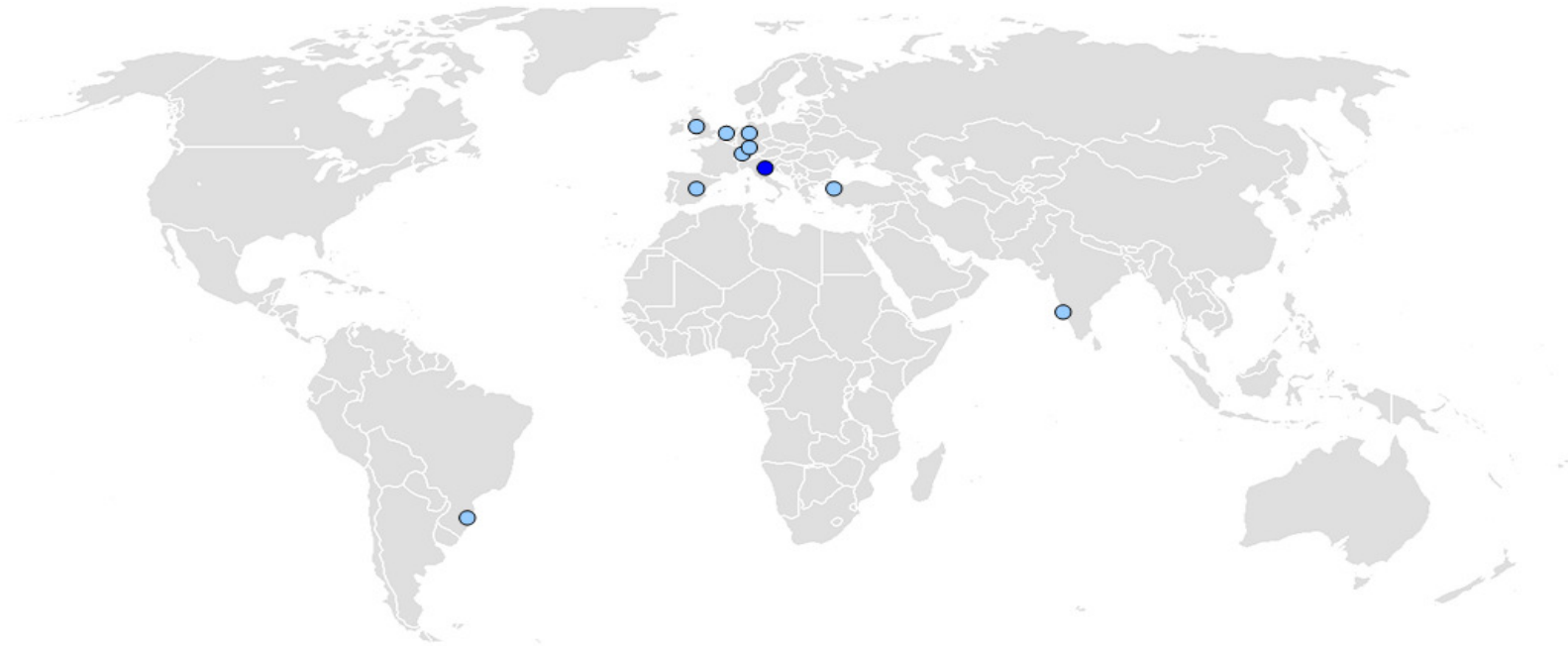


## IRCE Group – Production Plants



1. IRCE SpA – Headquarters Imola – Italy	Copper and Aluminium Round Magnet Wire LV Energy Cables and Data Cables	Covered Area: 46,000 Sqm Employees: 259
2. IRCE SpA Guglionesi - Italy	LV/MV Energy Cables	Covered Area: 24,000 Sqm Employees: 94
3. IRCE SpA Umbertide - Italy	Copper and Aluminium Round Magnet Wire	Covered Area: 19,400 Sqm Employees: 53
4. IRCE SpA Miradolo – Italy	Power Cords with Plugs	Covered Area: 5,500 Sqm Employees: 40
5. Smit Draad Nijmegen BV Nijmegen – The Netherlands	Copper Rectangular Magnet Wire Continuously Transposed Cable (CTC)	Covered Area: 9,800 Sqm Employees: 122
6. FD Sims Ltd Blackburn – UK	Copper and Aluminium Round and Rectangular Magnet Wire	Covered Area: 7,000 Sqm Employees: 45
7. IRCE Ltda Joinville - Brazil	Copper and Aluminium Round and Rectangular Magnet Wire Continuously Transposed Cable (CTC)	Covered Area: 21,500 Sqm Employees: 85
8. Stable Magnet Wire P. Ltd. Cochin – India	Copper Round Magnet Wire	Employees: 29
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

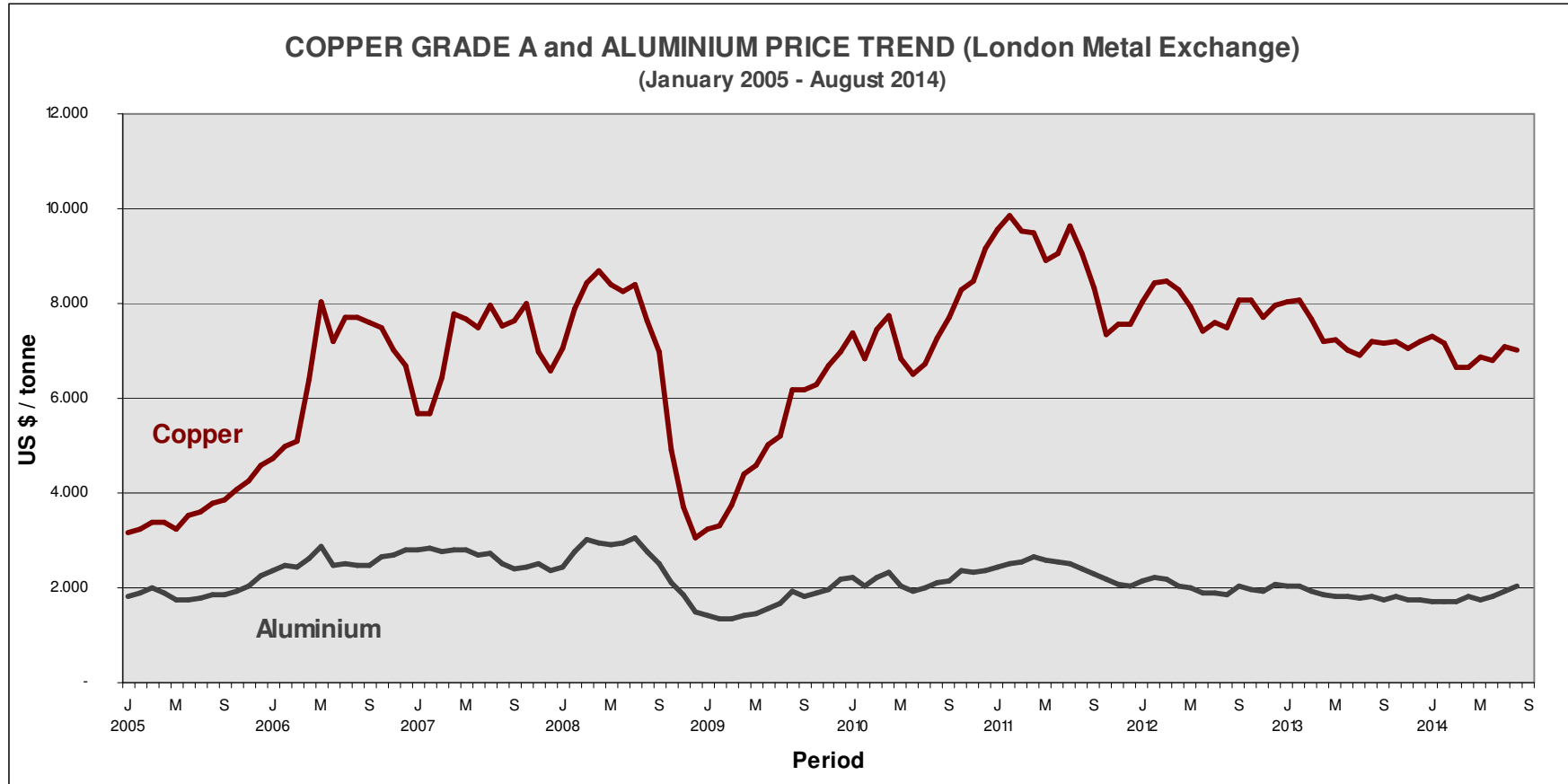
### Company Profile

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### Financial Results

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## IRCE Group – Copper and Aluminium price trend



## IRCE Group – Profit and Loss Statement

> Fiscal Years 2009 - 2013

<b>Euro million</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<i>Hollow turnover wires</i>	51.9	67.8	69.3	66.0	62.8
<i>Hollow turnover cables</i>	19.9	19.2	21.5	17.5	13.1
<b>Total hollow turnover</b>	<b>71.8</b>	<b>87.0</b>	<b>90.8</b>	<b>83.5</b>	<b>75.9</b>
<b>TURNOVER (copper included)</b>	<b>234.8</b>	<b>388.2</b>	<b>430.3</b>	<b>389.3</b>	<b>358.8</b>
<b>Other income</b>	1.3	1.9	1.7	1.4	1.0
<b>TOTAL REVENUES</b>	<b>236.1</b>	<b>390.1</b>	<b>432.0</b>	<b>390.7</b>	<b>359.8</b>
<b>Cost of material</b>	(163.0)	(316.6)	(338.7)	(305.4)	(279.0)
<b>Change in finished goods and wip</b>	(5.6)	25.2	1.9	(6.2)	(7.6)
<b>Personnel costs</b>	(26.3)	(28.8)	(30.0)	(30.2)	(29.6)
<b>Other costs and services</b>	(28.5)	(36.6)	(37.7)	(35.9)	(34.1)
<b>EBITDA</b>	<b>12.7</b>	<b>33.3</b>	<b>27.5</b>	<b>13.0</b>	<b>9.5</b>
<b>Depreciation and provisions</b>	(9.5)	(11.2)	(12.2)	(9.7)	(8.6)
<b>EBIT</b>	<b>3.2</b>	<b>22.1</b>	<b>15.3</b>	<b>3.2</b>	<b>0.9</b>
<b>Copper derivatives</b>	(9.4)	(3.2)	4.1	2.0	1.0
<b>Net financial charges</b>	(12.5)	(1.9)	(1.5)	(2.6)	(1.2)
<b>RESULT BEFORE TAXES (EBT)</b>	<b>(18.7)</b>	<b>17.0</b>	<b>17.9</b>	<b>2.6</b>	<b>0.7</b>
<b>Taxes</b>	3.5	(6.2)	(7.5)	(1.6)	(0.6)
<b>Minorities</b>	0.0	0.0	0.0	0.0	0.0
<b>NET RESULT</b>	<b>(15.2)</b>	<b>10.8</b>	<b>10.4</b>	<b>1.1</b>	<b>0.1</b>
<b>EBITDA</b>	<b>12.7</b>	<b>33.3</b>	<b>27.5</b>	<b>13.0</b>	<b>9.5</b>
<b>Copper derivatives</b>	(9.4)	(3.2)	4.1	2.0	1.0
<b>Effect of the copper price on inventory value</b>	0.0	(11.7)	(7.2)	0.0	0.0
<b>EBITDA Adjusted (*)</b>	<b>3.3</b>	<b>18.4</b>	<b>24.4</b>	<b>15.0</b>	<b>10.5</b>
<b>Depreciation and provisions</b>	(9.5)	(11.2)	(12.2)	(9.7)	(8.6)
<b>EBIT Adjusted (*)</b>	<b>(6.2)</b>	<b>7.2</b>	<b>12.2</b>	<b>5.2</b>	<b>1.9</b>
(*) 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.					
<b>ROCE (EBIT Adj. / Net Capital Employed)%</b>	<b>-3.6%</b>	<b>3.5%</b>	<b>5.1%</b>	<b>2.3%</b>	<b>0.9%</b>

## IRCE Group – Profit and Loss Statement

> 1<sup>st</sup> H 2014 Vs 1<sup>st</sup> H 2013

<b>Euro million</b>	<b>1<sup>st</sup> H 2014 % Turnover</b>		<b>1<sup>st</sup> H 2013 % Turnover</b>		<b>change %</b>
Hollow turnover wires	34.8		32.3		7.7%
Hollow turnover cables	6.6		6.6		0.0%
<b>Total hollow turnover</b>	<b>41.4</b>		<b>38.9</b>		<b>6.4%</b>
<b>TURNOVER (copper included)</b>	<b>183.0</b>	<b>100.0%</b>	<b>189.6</b>	<b>100.0%</b>	<b>-3.5%</b>
Other income	0.6	0.3%	0.6	0.3%	0.0%
<b>TOTAL REVENUES</b>	<b>183.6</b>	<b>100.3%</b>	<b>190.2</b>	<b>100.3%</b>	<b>-3.5%</b>
Cost of material	(147.9)	-80.8%	(156.5)	-82.5%	-5.5%
Change in finished goods and wip	5.0	2.7%	3.4	1.8%	47.1%
Personnel costs	(15.7)	-8.6%	(14.9)	-7.9%	5.4%
Other costs and services	(17.7)	-9.7%	(17.9)	-9.4%	-1.1%
<b>EBITDA</b>	<b>7.3</b>	<b>4.0%</b>	<b>4.3</b>	<b>2.3%</b>	<b>68.8%</b>
Depreciation and provisions	(4.2)	-2.3%	(4.3)	-2.2%	-1.2%
<b>EBIT</b>	<b>3.1</b>	<b>1.7%</b>	<b>0.0</b>	<b>0.0%</b>	
Copper derivatives	1.1	0.6%	1.9	1.0%	-42.1%
Net financial charges	0.1	0.1%	(0.1)	-0.1%	-200.0%
<b>RESULT BEFORE TAXES (EBT)</b>	<b>4.3</b>	<b>2.3%</b>	<b>1.8</b>	<b>1.0%</b>	<b>134.8%</b>
Taxes	(2.1)	-1.1%	(1.0)	-0.5%	110.0%
Minorities	0.0	0.0%	0.0	0.0%	-
<b>NET RESULT</b>	<b>2.2</b>	<b>1.2%</b>	<b>0.9</b>	<b>0.5%</b>	<b>133.3%</b>
<b>EBITDA</b>	<b>7.3</b>	<b>4.0%</b>	<b>4.3</b>	<b>2.3%</b>	<b>68.8%</b>
Copper derivatives	1.1	0.6%	1.9	1.0%	
Effect of the copper price on inventory value	0.0	0.0%	0.0	0.0%	
<b>EBITDA Adjusted (*)</b>	<b>8.4</b>	<b>4.6%</b>	<b>6.2</b>	<b>3.3%</b>	<b>35.6%</b>
Depreciation and provisions	(4.2)	-2.3%	(4.3)	-2.2%	
<b>EBIT Adjusted (*)</b>	<b>4.2</b>	<b>2.3%</b>	<b>1.9</b>	<b>1.0%</b>	<b>123.4%</b>
(*) 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					
<b>ROCE (EBIT Adj. / Net Capital Employed)%</b>	<b>4.3%</b>		<b>1.6%</b>		

## IRCE Group – Balance sheet

> Fiscal Years 2009 - 2013

<b>Euro million</b>	<b>2009</b>	<b>%</b>	<b>2010</b>	<b>%</b>	<b>2011</b>	<b>%</b>	<b>2012</b>	<b>%</b>	<b>2013</b>	<b>%</b>
Working capital	105.5	60.8%	170.5	70.6%	172.5	71.7%	150.0	67.8%	132.0	67.8%
Fixed Assets	73.8	42.5%	80.0	33.1%	79.5	33.0%	75.6	34.1%	68.8	34.1%
Other assets and liabilities	-5.7	-3.3%	-9.1	-3.8%	-11.4	-4.7%	-4.2	-1.9%	-6.4	-1.9%
<b>NET CAPITAL EMPLOYED</b>	<b>173.6</b>	<b>100.0%</b>	<b>241.4</b>	<b>100.0%</b>	<b>240.6</b>	<b>100.0%</b>	<b>221.4</b>	<b>100.0%</b>	<b>194.4</b>	<b>100.0%</b>
Net Financial Debt	43.9	25.3%	98.4	40.8%	92.8	38.6%	79.4	35.9%	61.4	35.9%
Shareholders' Equity	129.7	74.7%	143.0	59.2%	147.8	61.4%	142.0	64.1%	133.0	64.1%
<b>FINANCING AND EQUITY</b>	<b>173.6</b>	<b>100.0%</b>	<b>241.4</b>	<b>100.0%</b>	<b>240.6</b>	<b>100.0%</b>	<b>221.4</b>	<b>100.0%</b>	<b>194.4</b>	<b>100.0%</b>
<b>INVESTMENTS</b>	<b>7.8</b>		<b>13.4</b>		<b>11.1</b>		<b>6.8</b>		<b>5.2</b>	
<b>NET FINANCIAL DEBT/EBITDA Adj.</b>	<b>13.3</b>		<b>5.3</b>		<b>3.8</b>		<b>5.3</b>		<b>5.8</b>	



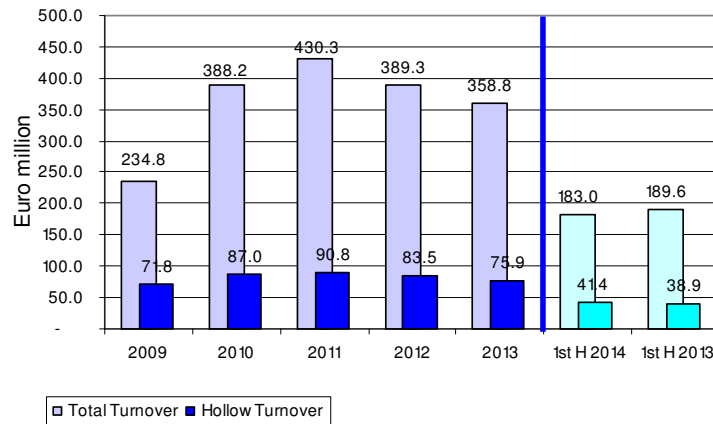
## IRCE Group – Balance sheet

> 30 June 2014, 31 December 2013, 30 June 2013

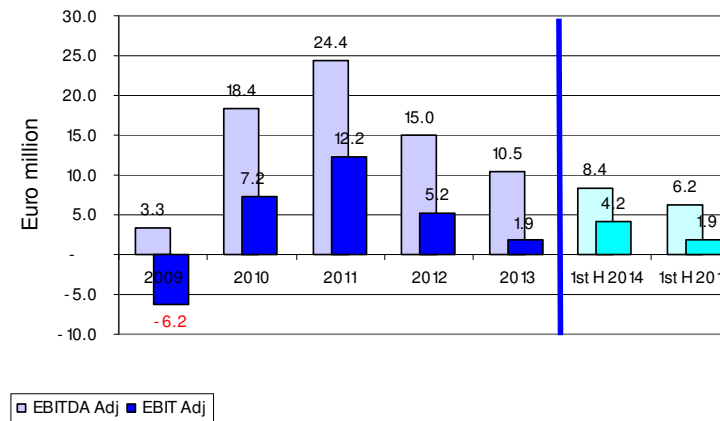
<b>Euro million</b>	<b>30 June 2014</b>	<b>%</b>	<b>31 December 2013</b>	<b>%</b>	<b>30 June 2013</b>	<b>%</b>
Working capital	142.4	71.0%	132.0	67.9%	162.9	70.6%
Fixed Assets	68.7	34.2%	68.8	35.4%	73.3	31.8%
Other assets and liabilities	-10.5	-5.2%	-6.4	-3.3%	-5.5	-2.4%
<b>NET CAPITAL EMPLOYED</b>	<b>200.6</b>	<b>100.0%</b>	<b>194.4</b>	<b>100.0%</b>	<b>230.7</b>	<b>100.0%</b>
Net Financial Debt	61.3	30.6%	61.4	31.6%	92.0	39.9%
Shareholders' Equity	139.3	69.4%	133.0	68.4%	138.7	60.1%
<b>FINANCING AND EQUITY</b>	<b>200.6</b>	<b>100.0%</b>	<b>194.4</b>	<b>100.0%</b>	<b>230.7</b>	<b>100.0%</b>
<b>INVESTMENTS</b>	<b>1.4</b>		<b>5.2</b>		<b>3.3</b>	
<b>NET FINANCIAL DEBT/EBITDA Adj.</b>	<b>3.6</b>		<b>5.8</b>		<b>7.5</b>	

## IRCE Group – Business Performance

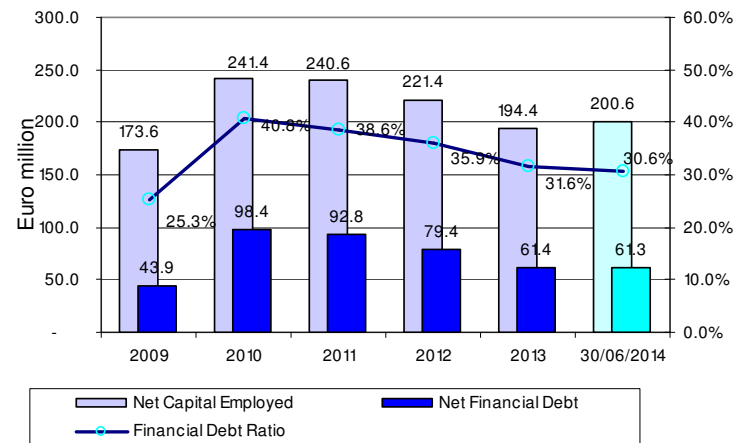
**TURNOVER and HOLLOW TURNOVER**



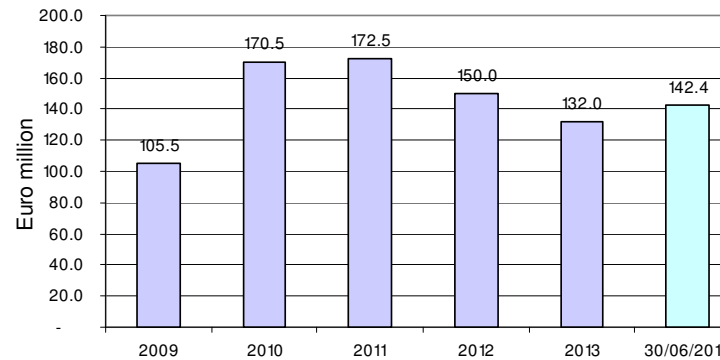
**EBITDA Adjusted and EBIT Adjusted**



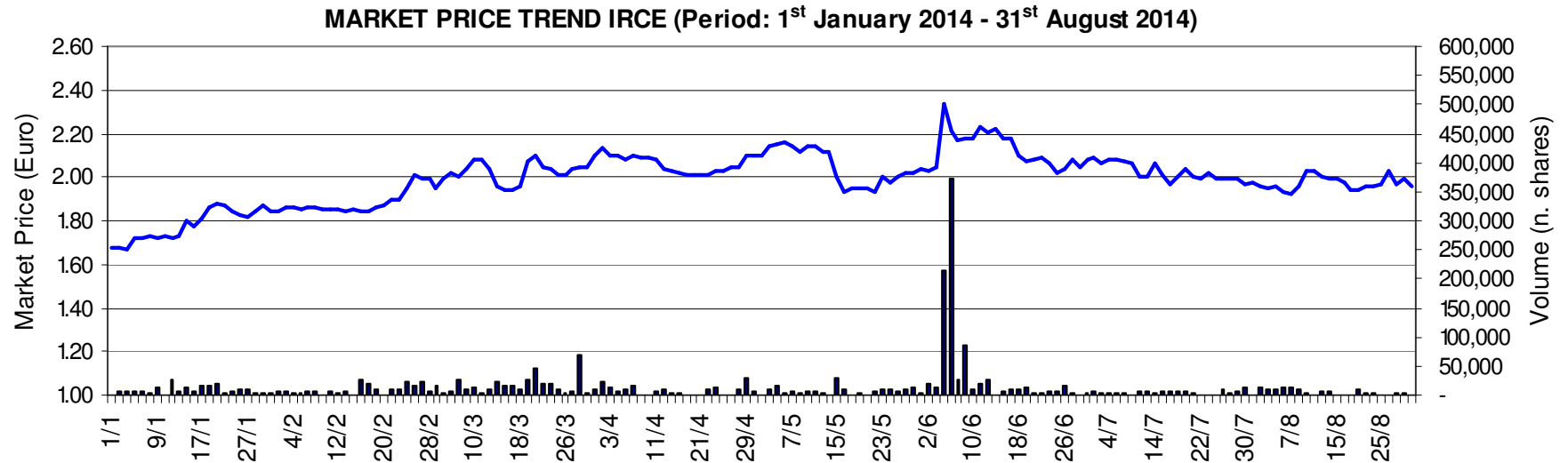
**NET CAPITAL EMPLOYED and NET FINANCIAL DEBT**



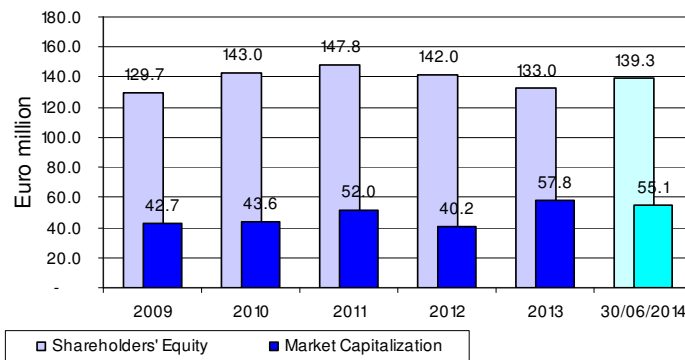
**WORKING CAPITAL**



## IRCE Group – Market Performance



**NET EQUITY Vs MARKET CAPITALIZATION**



**PRICE/BOOK VALUE RATIO**

