



APPROVAL OF 2018 SEPARATED AND CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors has today approved the separated and the consolidated financial statements of the year 2018.

IRCE Group's (hereinafter also the "Group") closed its 2018 financial year with an EBIT of € 7.54 million and a net profit of € 5.88 million.

In the winding wire sector, the slowdown in demand in the European market, already recorded in the first half year, was confirmed, and was partially offset by the increase in volumes on Extra-European markets. Overall sales decreased 5% year on year.

In the cable sector, whose main market is Italy, in first half of the year, demand was good, and in line with the final part of 2017; in the second part of the year, instead, there was a progressive slowdown, which worsened in the fourth quarter. Despite this, year-on-year sales increased by 7%.

Consolidated 2018 turnover was € 355.40 million, down by 0.5% compared to € 357.13 million of 2017, this modest reduction is due to the average increase in the price of copper in 2018 compared to the previous year.

The results are shown in the following table.

Consolidated income statement data (€/million)	year 2018	year 2017	Change
Turnover ¹	355.40	357.13	(1.73)
EBITDA ²	14.96	18.44	(3.48)
EBIT	7.54	9.97	(2.43)
Profit before taxes	10.24	8.15	2.09
Net / (Loss) of the period	5.88	4.68	1.20
Adjusted EBITDA ³	17.42	16.52	0.90
Adjusted EBIT ³	10.00	8.05	1.95

Consolidated statement of financial position data (€/million)	As of 31.12.2018	As of 31.12.2017	Change
Net invested capital	191.01	186.52	4.49
Shareholders' Equity	131.30	132.40	(1.10)
Net financial debt	59.71	54.12	5.59

1 The item "Turnover" represents the "Revenues" reported in the income statement.

2 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.

3 Adjusted EBITDA and EBIT are respectively calculated as the sum of EBITDA and EBIT and the income/charges from operations on copper derivatives transactions (€ + 2.46 million in 2018 and € -1.92 million in 2017). 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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Consolidated net financial debt, at the end of 2018, was € 59.71 million, up compared to the amount of € 54.12 million at the end of 2017.

The reduction in consolidated shareholders' equity, in spite of the positive result of the period, is mainly due to the € 4.28 million increase of the negative amount of the translation reserve due to the devaluation of the Brazilian real at 31st December 2018 compared to previous year.

The Group's investments, in the 2018, were € 6.45 million and mostly concerned the plants in Europe.

The beginning of 2019 seems to confirm the demand slowdown in our market, which appears conditioned by the uncertainty on the evolution of various macroeconomic factors, that are negatively affecting the economic situation. In this context, the Group's strategy remains focused on technical innovation and cost reduction in order to improve competitiveness.

The Board of Directors of IRCE S.p.A. approved the "Consolidated non-financial report" which covers environmental, social, personnel-related issues, respect of human rights and the fight against corruption. The declaration was included in the Annual Report 2018 in compliance with the legislative decree 254/2016 provisions of Legislative Decree no. 254/2016.

The Board of Directors resolved a proposal to distribute a dividend of € 0.05 per share, with dividend date on May 27th 2019, record date May 28th 2019 and day of payment May 29th 2019.

The shareholders meeting is called on April 30th 2019 (first call) and on May 2nd 2019 (second call).

Both the consolidated and IRCE S.p.A. financial statements as at 31st December 2018 are currently being checked by the Independent Auditors.

The "Consolidated non-financial report" as at 31st December 2018 is currently being checked by the External Audit Company.

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 March 2019

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 the Group employs 723 employees. During year 2018 it was established in China the company Irce Electromagnetic wire (Jiangsu) Co. Ltd..

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Euros)

ASSETS	31.12.2018	31.12.2017
NON- CURRENT ASSETS		
Intangibles assets	127,491	347,598
Property, plant and equipment	48,595,984	50,766,941
Equipment and other tangible assets	1,427,154	1,537,464
Fixed assets under construction and advance	2,399,588	2,211,025
Non-current financial assets and receivables	111,850	120,767
Non-current tax receivables	811,582	811,582
Deferred tax assets	1,879,382	1,661,765
TOTAL NON -CURRENT ASSETS	55,353,031	57,457,142
CURRENT ASSETS		
Inventory	95,785,674	82,376,132
Trade receivables	70,214,345	89,473,689
Receivables due from other	4,039,416	2,602,975
Current financial assets	589,977	13,180
Cash and cash equivalents	7,019,127	7,752,434
TOTAL NON -CURRENT ASSETS	177,648,539	182,218,410
TOTAL ASSETS	233,001,570	239,675,552

PRESS RELEASE

SHAREHOLDERS EQUITY AND LIABILITIES	31.12.2018	31.12.2017
SHAREHOLDERS' EQUITY		
SHARE CAPITAL	14,626,560	14,626,560
RESERVES	111,168,471	113,437,366
PROFIT (LOSS) FOR THE PERIOD	5,875,885	4,685,238
TOTAL SHAREHOLDERS' EQUITY OF THE GROUP	131,670,916	132,749,164
MINORITY INTEREST	(375,091)	(350,085)
TOTAL SHAREHOLDERS' EQUITY	131,295,825	132,399,079
NON CURRENT LIABILITIES		
Non-current financial liabilities	17,032,831	11,966,839
Deferred tax liabilities	704,309	254,630
Provision for risks and charges	1,893,027	2,337,016
Employee benefits' provision	5,312,834	5,719,819
TOTAL NON-CURRENT LIABILITIES	24,943,001	20,278,304
CURRENT LIABILITIES		
Current financial liabilities	49,995,296	50,678,998
Trade payables	16,212,015	24,687,869
Tax payables	1,025,696	1,518,262
<i>(of which: related parties)</i>	<i>185.668</i>	<i>-</i>
Social security contributions	1,964,232	2,099,038
Other current liabilities	7,565,505	8,014,002
TOTAL CURRENT LIABILITIES	76,762,744	86,998,169
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	233,001,570	239,675,552

CONSOLIDATED INCOME STATEMENT

(Euros)

	31.12.2018	31.12.2017
Revenues	355,403,851	357,125,758
Other revenues and income	1,001,081	692,250
TOTAL REVENUES	356,404,932	357,818,008
Cost for raw material and consumables	(284,742,756)	(281,001,093)
Change in work in progress and finished goods	5,612,839	7,202,961
Cost for services	(28,768,259)	(32,579,888)
Personnel costs	(32,356,876)	(31,762,991)
<i>(of which non-recurring)</i>	<i>(943,964)</i>	-
Amortisation/depreciation	(6,855,200)	(7,926,450)
Allocation and write-downs	(556,076)	(552,503)
Other operating costs	(1,194,118)	(1,232,511)
EBIT	7,544,486	9,965,533
Devaluation of investment participation	-	(78,901)
Financial incomes / (charges)	2,697,360	(1,735,089)
PROFIT / (LOSS) BEFORE TAXES	10,241,846	8,151,543
Income taxes	(4,390,967)	(3,543,575)
PROFIT / (LOSS) BEFORE NON-CONTROLLING INTERESTS	5,850,879	4,607,968
Non-controlling interests	25,006	77,270
PROFIT / (LOSS) FOR THE PERIOD	5,875,885	4,685,238

Earnings/(loss) per share (EPS)

- basic EPS of the year ascribable to ordinary shareholders of the parent company	0.221	0.175
- diluted EPS of the year ascribable to ordinary shareholders of the parent company	0.221	0.175

PRESS RELEASE

CONSOLIDATED STATEMENT OF CASH FLOWS	31.12.2018	31.12.2017
<i>€/000</i>		
OPERATING ACTIVITIES		
Profit for the year	5,876	4,685
<i>Adjustments for:</i>		
Amortization/depreciation	6,855	6,395
Goodwill writedown	-	1,531
Net change in (assets) provision for (advance) deferred taxes	744	767
(Gains)/Losses from sell-off of fixed assets	69	(54)
(Gains)/Losses on unrealized translation differences	(35)	262
Taxes	3,750	2,820
Financial income/(charge)	(2,658)	1,052
Operating profit/(loss) before change in working capital	14,600	17,458
Taxes paid	(4,172)	(1,237)
Financial charges	(1,084)	(2,734)
Received financial income	3,743	1,682
Decrease (increase) in inventory	(12,516)	(9,947)
Change in account receivables	15,128	(15,452)
Change in account payables	(8,476)	346
(Increase) decrease in current assets and liabilities	(2,115)	1,644
(increase) decrease in non-current assets and liabilities	662	(413)
Exchange difference on translation of financial statement in foreign currency	(2,542)	(4,343)
CASH FLOW GENERATED BY OPERATING ACTIVITIES	3,228	(12,996)
INVESTING ACTIVITIES		
Investments in intangible assets	(75)	(154)
Investments in tangible assets	(6,372)	(5,709)
Amount collected from sale of tangible and intangible assets	347	69
CASH FLOW USED IN INVESTMENTS	(6,100)	(5,794)
FINANCIAL ACTIVITIES		
Increase in loans	11,000	-
Decrease in loans	(5,934)	(2,001)
Net change in short-term loans	(684)	20,363
Exchange difference on translation of financial statement in foreign currency	(233)	726
Change in current financial assets	(577)	531
Change in minority shareholders' capital	(25)	(77)
Change in translation of financial statements in foreign currency with effects in shareholders' equity	232	110
Dividends paid	(1,333)	(802)
Sell/purchase own shares	(247)	-
CASH FLOW GENERATED FROM FINANCIAL TRANSACTION	2,199	18,850
NET CASH FLOW FOR THE PERIOD	(673)	57
CASH BALANCE AT START OF YEAR	7,752	7,776
TOTAL NET CASH FLOW FOR THE PERIOD	(673)	57
EXCHANGE DIFFERENCE	(60)	(80)
CASH BALANCE AT THE END OF YEAR	7,019	7,752

SEPARATED ASSETS AND LIABILITIES STATEMENT

(Euros)

ASSETS	31.12.2018	31.12.2017
NON- CURRENT ASSETS		
Intangibles assets	4,000	232,638
Property, plant and equipment	20,083,551	18,798,652
Equipment and other tangible assets	834,895	896,430
Fixed assets under construction and advance	2,268,613	2,054,890
Non-current financial assets and receivables	18,362,610	16,121,447
<i>(of which: related parties)</i>	<i>18,362,442</i>	<i>16,121,279</i>
Equity investments	75,428,417	75,358,415
Non-current tax receivables	811,582	811,582
Deferred tax assets	1,446,626	938,840
TOTAL NON -CURRENT ASSETS	119,240,294	115,212,894
CURRENT ASSETS		
Inventory	67,348,039	58,477,053
Trade receivables	44,200,659	60,429,895
Receivables from subsidiaries	8,990,006	6,925,390
Receivables due from other	1,828,852	986,904
Current financial assets	589,977	13,180
Cash and cash equivalents	1,126,482	1,505,585
TOTAL NON -CURRENT ASSETS	124,084,015	128,338,007
TOTAL ASSETS	243,324,309	243,550,901

PRESS RELEASE

SHAREHOLDERS EQUITY AND LIABILITIES	31.12.2018	31.12.2017
SHAREHOLDERS' EQUITY		
SHARE CAPITAL	14,626,560	14,626,560
RESERVES	126,720,427	124,687,651
PROFIT FOR THE PERIOD	7,902,954	4,864,229
TOTAL SHAREHOLDERS' EQUITY	149,249,941	144,178,440
NON CURRENT LIABILITIES		
Non-current financial liabilities	14,711,925	8,956,071
Provision for risks and charges	7,631,161	8,341,069
Employee benefits' provision	4,145,929	4,481,949
TOTAL NON-CURRENT LIABILITIES	26,489,015	21,779,089
CURRENT LIABILITIES		
Current financial liabilities	46,331,817	45,872,884
Trade payables	12,466,922	21,036,250
Payables to subsidiaries	1,023,307	1,854,850
Tax payables	1,004,117	1,452,220
<i>(of which: related parties)</i>	<i>185.668</i>	<i>-</i>
Social security contributions	1,726,811	1,839,840
Other current liabilities	5,032,379	5,537,328
TOTAL CURRENT LIABILITIES	67,585,353	77,593,372
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	243,324,309	243,550,901

SEPARATE INCOME STATEMENT

(Euros)

	31.12.2018	31.12.2017
Revenues	233,059,112	233,801,883
<i>(of which: related parties)</i>	<i>9,263,181</i>	<i>10,940,962</i>
Other revenues and income	663,637	575,622
<i>(of which: related parties)</i>	<i>166,832</i>	<i>157,038</i>
TOTAL REVENUES	233,722,749	234,377,505
Cost for raw material and consumables	(183,929,158)	(183,560,466)
<i>(of which: related parties)</i>	<i>(1,613,149)</i>	<i>(4,974,647)</i>
Change in work in progress and finished goods	2,665,716	4,537,747
Cost for services	(20,836,202)	(24,325,048)
<i>(of which: related parties)</i>	<i>(999,682)</i>	<i>(863,364)</i>
Personnel costs	(17,531,987)	(16,974,220)
Amortisation/depreciation	(2,940,072)	(2,632,420)
Allocation and write-downs	(229,692)	(934,924)
Other operating costs	(455,581)	(441,388)
EBIT	10,465,773	10,046,786
Devaluation of investment participation	(1,586,541)	(602,559)
Financial incomes / (charges)	2,175,772	(2,197,797)
<i>(of which: related parties)</i>	<i>(83,622)</i>	<i>(84,528)</i>
PROFIT / (LOSS) BEFORE TAXES	11,055,004	7,246,430
Income taxes	(3,152,050)	(2,382,201)
PROFIT / (LOSS) FOR THE PERIOD	7,902,954	4,864,229

PRESS RELEASE

SEPARATED STATEMENT OF CASH FLOWS	31.12.2018	31.12.2017
€/000		
OPERATING ACTIVITIES		
Profit for the year	7,903	4,864
<i>Adjustments for:</i>		
Amortization/depreciation	2,940	2,632
Net change in anticipated or deferred taxes	4	174
	-	-
(Gains)/losses from sell-off of fixed assets	69	(54)
(Gains)/losses on unrealized translation differences	(14)	38
Taxes	3,171	2,212
Financial income/(charge)	(2,418)	1,920
Operating profit/(loss) before change in working capital	11,654	11,786
Taxes paid	(3,594)	(562)
Financial charges	(226)	(2,129)
Received financial income	2,644	210
Decrease (increase) in inventory	(7,977)	(7,480)
Change in account receivables	12,098	(12,747)
Change in account payables	(8,569)	610
Net change in current assets and liabilities	(1,472)	2,101
Net change in current assets and liabilities vs related parties	(2,896)	(1,482)
Net change in non-current assets and liabilities	358	451
Net change in non-current assets and liabilities vs related parties	(2,311)	(4,148)
CASH FLOW GENERATED BY OPERATING ACTIVITIES	(291)	(13,390)
INVESTING ACTIVITIES		
Investments in intangible assets	(8)	(87)
Investments in tangible assets	(4,557)	(3,540)
Equity investments	347	69
CASH FLOW USED IN INVESTMENTS	(4,218)	(3,558)
FINANCIAL ACTIVITIES		
Increase in loans	11,000	-
Decrease in loans	(5,244)	(5,012)
Net change in short-term debt	459	23,159
Change in current financial assets	(577)	531
Interests paid	(1,333)	(802)
Dividends paid	72	11
Change with effect in shareholders' equity	(247)	-
Sell/purchase own shares	4,130	17,886
CASH FLOW GENERATED FROM FINANCIAL TRANSACTION	4,130	17,886
NET CASH FLOW FOR THE PERIOD	(379)	938
CASH BALANCE AT START OF YEAR	1,506	567
TOTAL NET CASH FLOW FOR THE PERIOD	(379)	938
CASH BALANCE AT THE END OF YEAR	1,127	1,506