



HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

The Board of Directors has today approved the consolidated financial statements as at June 30th 2019.

IRCE Group's (hereinafter also the "Group") first six months of 2019 closed with a net profit of € 2.60 million.

Consolidated turnover was € 170.45 million, down by 11.5% compared to € 192.51 million of first half of 2018. The reduction is linked to the decline of the turnover without metal and to the decrease of the LME average copper price in the first half of 4.5%, compared to the same half of last year.

Sales show a reduction in both sectors in which the company operates as occurred in the first part of the year. In the winding wire sector, the decline on the European market is partly offset by sales on outside European markets. In the cable sector, the important drop is concentrated on the Italian market.

The results are shown in the following table.

| Consolidated income statement data (€/million) | 1 st half-year 2019 | 1 st half-year 2018 | Change |
|---|--------------------------------|--------------------------------|---------|
| Turnover ¹ | 170.45 | 192.51 | (22.06) |
| Turnover without metal ² | 38.87 | 42.29 | (3.42) |
| EBITDA ³ | 5.46 | 10.42 | (4.96) |
| EBIT | 1.93 | 6.52 | (4.59) |
| Profit before taxes | 3.25 | 8.17 | (4.92) |
| Net Profit / (Loss) of the period | 2.60 | 4.98 | (2.38) |
| Adjusted EBITDA ⁴ | 6.60 | 11.92 | (5.32) |
| Adjusted EBIT ⁴ | 3.07 | 8.02 | (4.95) |

| Consolidated statement of financial position data (€/million) | As of 30.06.2019 | As of 31.12.2018 | Change |
|--|------------------|------------------|--------|
| Net invested capital | 195.42 | 191.01 | 4.41 |
| Shareholders' Equity | 133.32 | 131.30 | 2.02 |
| Net financial debt | 62.10 | 59.71 | 2.39 |

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

2 Turnover without metal corresponds to the total turnover less the metal component.

3 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.

4 Adjusted EBITDA and EBIT are respectively calculated as the sum of EBITDA and EBIT and the income/charges from operations on copper derivatives transactions (€ +1.14 million in the 1^o half-year 2019 and € +1.50 million in the 1^o half-year 2018). 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.

PRESS RELEASE

Consolidated net financial debt, at the end of June 2019, was € 62.10 million, up from € 59.71 million at the end of 2018, due to the increase of the net working capital.

The Group's investments, in the first half 2019, were € 1.43 million and mainly concerned IRCE SpA.

In the short term, we do not foresee changes in the general economy conditions. In any case, for the second part of the year, IRCE expects positive results.

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, 12nd September 2019

IRCE SPA

Contacts:

Investor relation. Sepriano Gianfranco
Tel. + 39 0382 77535 e-mail gianfranco.sepriano@irce-group.com

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 a new company in China. The Group employs 720 employees.

| |
|---|
| CONSOLIDATED STATEMENT OF FINANCIAL POSITION |
|---|

(Euros)

| ASSETS | 30.06.2019 | 31.12.2018 |
|--|--------------------|--------------------|
| NON- CURRENT ASSETS | | |
| Intangibles assets | 108,174 | 127,491 |
| Property, plant and equipment | 46,277,240 | 48,595,984 |
| Equipment and other tangible assets | 1,632,763 | 1,427,154 |
| Fixed assets under construction and advance | 3,120,349 | 2,399,588 |
| Non-current financial assets and receivables | 236,620 | 111,850 |
| Non-current tax receivables | 811,582 | 811,582 |
| Deferred tax assets | 1,952,085 | 1,879,382 |
| TOTAL NON -CURRENT ASSETS | 54,138,813 | 55,353,031 |
| CURRENT ASSETS | | |
| Inventory | 96,251,923 | 95,785,674 |
| Trade receivables | 85,298,017 | 70,214,345 |
| Receivables due from other | 3,673,854 | 4,039,416 |
| Current financial assets | 892,256 | 589,977 |
| Cash and cash equivalents | 6,977,162 | 7,019,127 |
| TOTAL NON -CURRENT ASSETS | 193,093,212 | 177,648,539 |
| TOTAL ASSETS | 247,232,025 | 233,001,570 |

PRESS RELEASE

| SHAREHOLDERS EQUITY AND LIABILITIES | 30.06.2019 | 31.12.2018 |
|---|--------------------|--------------------|
| SHAREHOLDERS' EQUITY | | |
| SHARE CAPITAL | 14,626,560 | 14,626,560 |
| RESERVES | 116,464,990 | 111,168,471 |
| PROFIT (LOSS) FOR THE PERIOD | 2,597,783 | 5,875,885 |
| TOTAL SHAREHOLDERS' EQUITY OF THE GROUP | 133,689,333 | 131,670,916 |
| MINORITY INTEREST | (366,337) | (375,091) |
| TOTAL SHAREHOLDERS' EQUITY | 133,322,996 | 131,295,825 |
| NON CURRENT LIABILITIES | | |
| Non-current financial liabilities | 14,106,419 | 17,032,831 |
| Deferred tax liabilities | 296,365 | 704,309 |
| Provision for risks and charges | 852,454 | 1,893,027 |
| Employee benefits' provision | 5,176,087 | 5,312,834 |
| TOTAL NON-CURRENT LIABILITIES | 20,431,325 | 24,943,001 |
| CURRENT LIABILITIES | | |
| Current financial liabilities | 55,501,253 | 49,995,296 |
| Trade payables | 25,731,675 | 16,212,015 |
| Tax payables | 2,090,035 | 1,025,696 |
| <i>(of which: related parties)</i> | <i>185,668</i> | <i>185,668</i> |
| Social security contributions | 1,722,072 | 1,964,232 |
| Other current liabilities | 8,432,669 | 7,565,505 |
| TOTAL CURRENT LIABILITIES | 93,477,704 | 76,762,744 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | 247,232,025 | 233,001,570 |

CONSOLIDATED INCOME STATEMENT

(Euros)

| | 30.06.2019 | 30.06.2018 |
|--|--------------------|--------------------|
| Revenues | 170,450,112 | 192,512,089 |
| Other revenues and income | 516,644 | 395,633 |
| TOTAL REVENUES | 170,966,756 | 192,907,722 |
| Cost for raw material and consumables | (137,402,843) | (163,689,306) |
| Change in inventories of work in progress and finished goods | 3,272,519 | 13,014,651 |
| Cost for services | (14,938,676) | (14,887,962) |
| Personnel costs | (15,791,640) | (16,234,443) |
| Amortization/depreciation | (3,454,570) | (3,536,247) |
| Allocation and write-downs | (75,290) | (366,617) |
| Other operating costs | (649,921) | (687,045) |
| EBIT | 1,926,335 | 6,520,753 |
| Financial incomes / (charges) | 1,325,491 | 1,652,015 |
| PROFIT / (LOSS) BEFORE TAXES | 3,251,826 | 8,172,768 |
| Income taxes | (645,290) | (3,197,058) |
| PROFIT / (LOSS) BEFORE NON-CONTROLLING INTERESTS | 2,606,536 | 4,975,710 |
| Non-controlling interests | (8,753) | 819 |
| PROFIT / (LOSS) FOR THE PERIOD | 2,597,783 | 4,976,530 |

Earnings/(loss) per share (EPS)

| | | |
|---|--------|--------|
| - basic EPS of the year ascribable to ordinary shareholders of the parent company | 0.0976 | 0.1866 |
| - diluted EPS of the year ascribable to ordinary shareholders of the parent company | 0.0976 | 0.1866 |

PRESS RELEASE

| CONSOLIDATED STATEMENT OF CASH FLOWS | 30.06.2019 | 30.06.2018 |
|---|-------------------|-------------------|
| <i>€/000</i> | | |
| OPERATING ACTIVITIES | | |
| Profit for the year | 2,598 | 4,977 |
| <i>Adjustments for:</i> | | |
| Amortization/depreciation | 3,410 | 3,536 |
| Net change in (assets) provision for (advance) deferred taxes | (481) | 898 |
| (Gains)/Losses from sell-off of fixed assets | (18) | (3) |
| (Gains)/Losses on unrealized translation differences | (40) | 115 |
| Taxes | (1,108) | (2,383) |
| Financial charges / (incomes) | (1,322) | (1,553) |
| Operating profit/(loss) before change in working capital | 3,038 | 5,587 |
| Taxes paid | (191) | (459) |
| Financial charges | (528) | (586) |
| Received financial income | 1,855 | 2,139 |
| Decrease (increase) in inventory | (466) | (11,402) |
| Change in account receivables | (15,084) | (11,059) |
| Change in account payables | 9,520 | 1,546 |
| (Increase) decrease in current assets and liabilities | 3,399 | (4,187) |
| (increase) decrease in non-current assets and liabilities | (1,296) | 9,098 |
| Exchange difference on translation of financial statement in foreign currency | 461 | (2,666) |
| CASH FLOW GENERATED BY OPERATING ACTIVITIES | 707 | (11,989) |
| INVESTING ACTIVITIES | | |
| Investments in intangible assets | (2) | (68) |
| Investments in tangible assets | (1,430) | (3,480) |
| Amount collected from sale of tangible and intangible assets | 8 | 18 |
| CASH FLOW USED IN INVESTMENTS | (1,424) | (3,530) |
| FINANCIAL ACTIVITIES | | |
| Increase in loans | - | 3,126 |
| Decrease in loans | (3,090) | - |
| Net change in short-term loans | 5,419 | 12,747 |
| Exchange difference on translation of financial statement in foreign currency | (31) | 87 |
| Change in current financial assets | (302) | (485) |
| Change in minority shareholders' capital | 9 | (1) |
| Change in translation reserve and other effects on shareholder's equity | (26) | 212 |
| Dividends paid | (1,330) | (1,333) |
| Sell/purchase own shares | (21) | (144) |
| CASH FLOW GENERATED FROM FINANCIAL TRANSACTION | 626 | 14,209 |
| NET CASH FLOW FOR THE PERIOD | (91) | (1,310) |
| CASH BALANCE AT START OF YEAR | 7,019 | 7,752 |
| TOTAL NET CASH FLOW FOR THE PERIOD | (91) | (1,310) |
| EXCHANGE DIFFERENCE | 49 | (361) |
| CASH BALANCE AT THE END OF YEAR | 6,977 | 6,080 |