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Oggetto : SOGEFI (CIR GROUP): RESULTS
HIGHER IN FIRST NINE MONTHS OF
2017

Testo del comunicato

Vedi allegato.



PRESS RELEASE

Board of Directors approves results as of September 30 2017

SOGEFI (CIR GROUP): RESULTS HIGHER IN FIRST NINE MONTHS OF 2017

Revenues up by 6.3% at € 1,256.5m

EBITDA at € 131m (+ 14.4%)

Net income at € 28m (€ 15.8m in 9M 2016)

Net debt reduced to € 266.7m (€ 314.1m at 9/30/2016)

Highlights from 9M 2017 results

(in €m)

	9M 2017	9M 2016	Δ%
Revenues	1,256.5	1,181.5	+6.3
EBITDA	131.0	114.5	+14.4
EBIT	70.2	58.7	+19.6
Net income	28.0	15.8	
Free Cash Flow	32.5	12.3	
Net debt (end of period)	266.7	314.1	

Milan, October 24 2017 - The **Board of Directors** of **Sogefi S.p.A.**, which met today under the chairmanship of **Monica Mondardini**, approved the **Interim Financial Report** of the group as of **September 30 2017**.

Sogefi, a company of the **CIR Group**, is a leading global manufacturer of automotive components in three business segments: *Air&Cooling, Filtration and Suspensions*.

Laurent Hebenstreit, Chief Executive of Sogefi, made the following statement:

"Sogefi obtained an improvement in its results for the first nine months despite the car market slowdown in some key countries, which confirms that the turnaround actions aimed at increasing profitability and cash generation have been effective".

Revenues up by 6.3%

In the first nine months of 2017, the global automotive market reported an increase in production of 2.6% thanks to growth in Asia (+3.2%) and South America (+22.2%) while production was substantially stable (-

0.1%) in Europe and the market slowed considerably in North America (-3.7%).

In this environment, in the first nine months Sogefi reported **revenues of € 1,256.5 million, up 6.3%** compared to € 1,181.5 million in the same period of 2016 (+6.6% at constant exchange rates). After the high growth recorded in the first quarter (+12.6%) and the still significant growth in the second quarter (+4.5%), in the third quarter the company posted lower growth (+2.0%) mainly because of unfavourable exchange rates. At constant exchange rates, the growth per quarter is more balanced throughout the year, with +11% and +4.6% in the first and second quarter respectively and +4.2% in the third quarter.

Revenues grow in all geographical areas

€m	Q3 2017	Q3 2016	reported change	reference market production	constant exchange rates	9M 2017	9M 2016	reported change	reference market production	constant exchange rates	weight based on 9M 2017
Europe	237.0	229.4	3.3%	3.2%	3.9%	773.5	752.2	2.8%	-0.1%	3.7%	61.6%
North America	66.9	76.2	-12.3%	-9.7%	-9.8%	224.8	217.8	3.3%	-3.7%	2.7%	17.9%
South America	49.9	45.8	9.0%	26.9%	19.0%	149.5	124.8	19.8%	22.2%	17.1%	11.9%
Asia	39.6	35.0	13.2%	1.2%	17.2%	120.3	96.0	25.2%	3.2%	26.1%	9.6%
Intercompany eliminations	-2.9	-3.4				-11.6	-9.3				
Total	390.5	383.0	2.0%	2.1%	4.2%	1256.5	1181.5	6.3%	2.6%	6.6%	100.0%

Source: Sogefi and IHS data

All geographical areas contributed to the increase in sales in the first nine months. In Europe revenues increased 2.8%, outperforming the market, which was down in the first nine months of 2017 (-0.1%). Business continued to develop in North America (+3.3%) despite the expected market slowdown in the third quarter (-9.7%), and in Asia (+25.2%): the two regions now account for 27.5% of the group's sales. In South America revenues increased by 19.8%, reflecting the recovery of the market and a favourable exchange rate trend (+17.1% at constant exchange rates).

Positive performance for the three Business Units

€m	Q3 2017	Q3 2016	reported change	constant exchange rates	9M 2017	9M 2016	reported change	constant exchange rates
Suspensions	142.7	132.3	7.9%	10.4%	449.9	421.8	6.7%	7.1%
Filtration	134.4	132.2	1.6%	4.6%	430.7	402.9	6.9%	7.3%
Air&Cooling	114.5	119.5	-4.2%	-3.1%	379.2	359.9	5.3%	5.3%
Intercompany eliminations	-1.1	-1.0			-3.3	-3.1		
Total	390.5	383.0	2.0%	4.2%	1256.5	1181.5	6.3%	6.6%

In the nine months, all three business units reported growth: +6.7% *Suspensions* (+7.1% at constant exchange rates, and 7.9% growth in the third quarter of 2017), +6.9% *Filtration* (+7.3% at constant exchange rates) and lastly *Air & Cooling*, +5.3%. The *Air & Cooling* business unit posted a 3.1% decline at constant exchange rates in the third quarter, due mainly to the slowdown in the United States and Canada.

Operating results and net income

EBITDA, at € 131.0 million, increased by 14.4% compared to € 114.5 million for the same period of 2016. The increase was due to the revenue growth and the improvement in profitability (EBITDA/revenue %), which rose from 9.7% to 10.4%.

The increase in profitability is the result of a stable contribution margin despite higher material costs and a better absorption of fixed costs. The ratio of total labour costs to revenues declined from 21.5% in the first nine months of 2016 to 20.8% in the same period of 2017.

EBIT, at € 70.2 million, increased by 19.6% compared to the same period of 2016 (€ 58.7 million) and

represents 5.6% of total sales. The result includes € 6 million of write-downs of the fixed assets of the Brazilian operations.

Net income before taxes and non-controlling interests was € 51.0 million (€ 39.8 million in the first nine months of 2016), after financial expenses of € 19.2 million, down from € 22.5 million in the same period of 2016 thanks to lower interest expense and fair value gains of € 1.6 million.

Net income was € 28.0 million (€ 15.8 million in the first nine months 2016).

Regarding the risks resulting from the claims made against Sogefi Air & Cooling S.A.S. (formerly Systèmes Moteurs S.A.S.), in the first nine months of 2017 there were no significant developments.

Net debt

Free Cash Flow in the first nine months of 2017 amounted to a **positive € 32.5 million** compared to a cash flow of € 12.3 million in the same period of 2016, which included € 11.2 million of positive one-offs from the warranty claims and fiscal disputes. The improvement is attributable to the better operating performance of the group.

Net financial debt at September 30 2017 stood at **€ 266.7 million**, showing an improvement of € 32.3 million compared to December 31 2016 (€ 299 million) and of € 47.4 million compared to September 30 2016 (€ 314.1 million).

Shareholders' equity

At September 30 2017 **shareholders' equity** excluding minority interests amounted to **€ 192.4 million** (€ 172.9 million at December 31 2016).

Employees

The Sogefi group had **6,900 employees** at September 30 2017 compared to 6,801 at December 31 2016.

Outlook for the year

For the global automotive market, the outlook for the last quarter of 2017 shows a slightly positive trend, albeit at a slower pace than in the first nine months of the year. Europe is expected to grow while North America is expected to show a further decline. Despite this, Sogefi expects revenue growth for the whole of 2017 in line with the first nine months. Profitability should confirm the improvement versus 2016 registered until now despite an increase in the cost of raw materials.

The executive responsible for the preparation of the Company's financial statements, Yann Albrand, hereby declares, in compliance with the terms of paragraph 2 Article 154-bis of the Finance Consolidation Act (TUF), that the accounting figures contained in this press release correspond to the results documented in the Company's accounts and general ledger.

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This press release can also be consulted on the website: <http://www.sogefigroup.com/it/area-stampa/index.html>

*Attached are the key figures from the Income Statement and the Statement of Financial Position as of
September 30 2017 of the Sogefi Group.*

SOGEFI GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of Euro)

ASSETS	09.30.2017	12.31.2016
CURRENT ASSETS		
Cash and cash equivalents	103.6	93.7
Other financial assets	1.1	5.9
<i>Working capital</i>		
Inventories	167.2	165.0
Trade receivables	176.9	158.5
Other receivables	9.4	6.8
Tax receivables	23.9	24.2
Other assets	4.5	3.6
TOTAL WORKING CAPITAL	381.9	358.1
TOTAL CURRENT ASSETS	486.6	457.7
NON-CURRENT ASSETS		
FIXED ASSETS		
Land	12.7	12.8
Property, plant and equipment	240.2	243.3
Other tangible fixed assets	5.4	6.4
<i>Of wich: leases</i>	6.2	8.1
Intangible assets	273.0	281.7
TOTAL FIXED ASSETS	531.3	544.2
OTHER NON-CURRENT ASSETS		
Investments in joint ventures	-	-
Other financial assets available for sale	-	-
Long term trade receivables	-	-
Financial receivables	3.5	15.8
Other receivables	31.0	29.8
Deferred tax assets	43.9	56.8
TOTAL OTHER NON-CURRENT ASSETS	78.4	102.4
TOTAL NON-CURRENT ASSETS	609.7	646.6
NON-CURRENT ASSETS HELD FOR SALE	3.4	3.4
TOTAL ASSETS	1,099.7	1,107.7

LIABILITIES	09.30.2017	12.31.2016
CURRENT LIABILITIES		
Bank overdrafts and short-term loans	13.0	11.0
Current portion of medium/long-term financial debts and other loans	79.1	137.2
<i>Of which: leases</i>	1.6	1.7
TOTAL SHORT-TERM FINANCIAL DEBTS	92.1	148.2
Other short-term liabilities for derivative financial instruments	4.3	0.4
TOTAL SHORT-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	96.4	148.6
Trade and other payables	357.5	339.1
Tax payables	8.8	8.7
Other current liabilities	9.5	8.2
TOTAL CURRENT LIABILITIES	472.2	504.6
NON-CURRENT LIABILITIES		
MEDIUM/LONG TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS		
Financial debts to bank	91.6	48.3
Other medium/long-term financial debts	186.9	209.9
<i>Of which: leases</i>	6.9	9.0
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS	278.5	258.2
Other medium/long term financial liabilities for derivative financial instruments	-	7.6
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	278.5	265.8
OTHER LONG-TERM LIABILITIES		
Long-term provisions	84.1	89.3
Other payables	15.3	15.0
Deferred tax liabilities	40.8	44.0
TOTAL OTHER LONG-TERM LIABILITIES	140.2	148.3
TOTAL NON-CURRENT LIABILITIES	418.7	414.1
SHAREHOLDERS' EQUITY		
Share capital	62.3	62.1
Reserves and retained earnings (accumulated losses)	102.1	101.5
Group net profit (loss) for the period	28.0	9.3
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE HOLDING COMPANY	192.4	172.9
Non-controlling interests	16.4	16.1
TOTAL SHAREHOLDERS' EQUITY	208.8	189.0
TOTAL LIABILITIES AND EQUITY	1,099.7	1,107.7

RECLASSIFIED CONSOLIDATED INCOME STATEMENT FROM 01.01.2017 TO 09.30.2017

(in millions of Euro)

	Period 01.01 – 09.30.2017		Period 01.01 – 09.30.2016		Change	
	Amount	%	Amount	%	Amount	%
Sales revenues	1,256.5	100.0	1,181.5	100.0	75.0	6.3
Variable cost of sales	896.0	71.3	841.8	71.2	54.2	6.4
CONTRIBUTION MARGIN	360.5	28.7	339.7	28.8	20.8	6.1
Manufacturing and R&D overheads	117.1	9.3	110.4	9.3	6.7	6.1
Depreciation and amortization	52.5	4.2	51.0	4.3	1.5	2.8
Distribution and sales fixed expenses	33.4	2.7	33.6	2.9	(0.2)	(0.5)
Administrative and general expenses	65.6	5.2	63.5	5.4	2.1	3.3
Restructuring costs	8.7	0.7	4.5	0.4	4.2	94.1
Losses (gains) on disposal	(0.2)	-	(0.7)	(0.1)	0.5	78.2
Exchange losses (gains)	1.5	0.1	0.8	0.1	0.7	78.6
Other non-operating expenses (income)	11.7	0.9	17.9	1.5	(6.2)	(34.8)
- of which not ordinary	1.3	-	8.7	-	-	-
EBIT	70.2	5.6	58.7	5.0	11.5	19.6
Financial expenses (income), net	19.2	1.5	22.5	1.9	(3.3)	(14.6)
Losses (gains) from equity investments	-	-	(3.6)	(0.3)	3.6	-
RESULT BEFORE TAXES AND NON-CONTROLLING INTERESTS	51.0	4.1	39.8	3.4	11.2	28.3
Income taxes	20.1	1.7	20.5	1.8	(0.4)	(2.1)
NET RESULT BEFORE NON- CONTROLLING INTERESTS	30.9	2.4	19.3	1.6	11.6	60.5
Loss (income) attributable to non-controlling interests	(2.9)	(0.2)	(3.5)	(0.3)	0.6	17.3
GROUP NET RESULT	28.0	2.2	15.8	1.3	12.2	77.7

CONSOLIDATED NET FINANCIAL POSITION

(in millions of Euro)

	09.30.2017	12.31.2016	09.30.2016
A. Cash	103.6	93.7	85.3
B. Other cash at bank and on hand (included held-to-maturity investments)	-	4.0	4.0
C. Financial instruments held for trading	-	-	-
D. Liquid funds (A) + (B) + (C)	103.6	97.7	89.3
E. Current financial receivables	1.1	1.9	0.8
F. Current payables to banks	(13.0)	(11.0)	(20.9)
G. Current portion of non-current indebtedness	(79.1)	(137.2)	(131.4)
H. Other current financial debts	(4.3)	(0.4)	(0.3)
I. Current financial indebtedness (F) + (G) + (H)	(96.4)	(148.6)	(152.6)
J. Current financial indebtedness, net (I) + (E) + (D)	8.3	(49.0)	(62.5)
K. Non-current payables to banks	(91.6)	(48.3)	(52.0)
L. Bonds issued	(179.0)	(200.2)	(194.0)
M. Other non-current financial debts	(7.9)	(17.3)	(16.4)
N. Non-current financial indebtedness (K) + (L) + (M)	(278.5)	(265.8)	(262.4)
O. Net indebtedness (J) + (N)	(270.2)	(314.8)	(324.9)
Non-current financial receivables	3.5	15.8	10.8
Financial indebtedness, net including non-current financial receivables	(266.7)	(299.0)	(314.1)

CONSOLIDATED CASH FLOW STATEMENT

(in millions of Euro)

	September 30, 2017	December 31, 2016	September 30, 2016
SELF-FINANCING	99.6	109.1	79.8
Change in net working capital	(8.5)	(2.1)	(20.6)
Other medium/long-term assets/liabilities	0.9	17.5	11.7
CASH FLOW GENERATED BY OPERATIONS	92.0	124.5	70.9
Sale of equity investments	-	-	-
Net decrease from sale of fixed assets	0.4	0.3	0.3
TOTAL SOURCES	92.4	124.8	71.2
Increase in intangible assets	21.4	30.3	21.8
Purchase of tangible assets	38.6	58.8	32.1
Purchase of equity investments	-	-	-
TOTAL APPLICATION OF FUNDS	60.0	89.1	53.9
Exchange differences on assets/liabilities and equity	0.1	(4.5)	(5.0)
FREE CASH FLOW	32.5	31.2	12.3
Holding Company increases in capital	1.3	0.8	0.8
Increase in share capital of consolidated subsidiaries	0.2	0.2	0.1
Dividends paid by subsidiaries to non-controlling interests	(2.6)	(8.2)	(5.2)
Change in fair value derivative instruments	0.9	(0.7)	0.2
CHANGES IN SHAREHOLDERS' EQUITY	(0.2)	(7.9)	(4.1)
Change in net financial position	32.3	23.3	8.2
Opening net financial position	(299.0)	(322.3)	(322.3)
CLOSING NET FINANCIAL POSITION	(266.7)	(299.0)	(314.1)

RECLASSIFIED CONSOLIDATED INCOME STATEMENT FOR THE THIRD QUARTER OF 2017

(in millions of Euro)

	Period 07.01 – 09.30.2017		Period 07.01 – 09.30.2016		Change	
	Amount	%	Amount	%	Amount	%
Sales revenues	390.5	100.0	383.0	100.0	7.5	2.0
Variable cost of sales	280.5	71.8	271.9	71.0	8.6	3.2
CONTRIBUTION MARGIN	110.0	28.2	111.1	29.0	(1.1)	(1.0)
Manufacturing and R&D overheads	36.9	9.6	35.8	9.4	1.1	2.6
Depreciation and amortization	16.9	4.3	17.4	4.6	(0.5)	(3.0)
Distribution and sales fixed expenses	10.7	2.7	10.5	2.7	0.2	1.6
Administrative and general expenses	20.7	5.3	20.8	5.4	(0.1)	(0.0)
Restructuring costs	2.8	0.7	1.0	0.3	1.8	173.5
Losses (gains) on disposal	-	-	(0.7)	(0.2)	0.7	n.a.
Exchange losses (gains)	0.8	0.2	1.4	0.4	(0.6)	(42.7)
Other non-operating expenses (income)	0.9	0.2	2.8	0.6	(1.9)	(68.0)
- of which not ordinary	0.3	-	0.3	-	-	-
EBIT	20.3	5.2	22.1	5.8	(1.8)	(7.7)
Financial expenses (income), net	6.4	1.6	5.7	1.5	0.7	13.2
Losses (gains) from equity investments	-	-	(4.0)	(1.0)	4.0	100.0
RESULT BEFORE TAXES AND NON-CONTROLLING INTERESTS	13.9	3.6	20.4	5.3	(6.5)	(31.6)
Income taxes	5.0	1.3	12.1	3.2	(7.1)	(57.5)
NET RESULT BEFORE NON- CONTROLLING INTERESTS	8.9	2.3	8.3	2.1	0.6	5.8
Loss (income) attributable to non-controlling interests	(0.8)	(0.2)	(0.9)	(0.2)	0.1	15.4
GROUP NET RESULT	8.1	2.1	7.4	1.9	0.7	8.3

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