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Diffusione presunta

Oggetto : Sogefi (CIR Group): Revenues at € 839.1m
in H1 2018 (+3.2% at constant exchange
rates)

Testo del comunicato

Vedi allegato.



PRESS RELEASE

Board of Directors approves results as of June 30 2018

SOGEFI (CIR GROUP):

**Revenues at € 839.1m in H1 2018 (+3.2% at constant exchange rates, outperforming the market;
(€ 857.5m in H1 2017)**

EBITDA at € 104m (€ 114m in H1 2017)

Net debt lower at € 259.6m (€ 264m at 31/12/2017)

Highlights from H1 2018 results

(in €m)

	H1 2017*	H1 2018	<u>Δ%</u>	Δ% same exchange rates
Revenues	857.5	839.1	-2.1	+3.2
EBITDA	114.0	104.0	-8.8	-4.3
EBIT	49.2	44.4	-9.6	-5.5
Net income	19.4	17.0	-11.9	-8.5
Free Cash Flow	19.0	3.9		
Net debt (end of period)	280.4	259.6		

*The values for the year 2017 were recalculated following the application of "IFRS 15 – Revenue from Contracts with Customers"

Milan, July 24 2018 - The **Board of Directors** of **Sogefi S.p.A.**, which met today under the chairmanship of **Monica Mondardini**, approved the **Semi-Annual Financial Report as of June 30 2018**.

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, said:

"In the first half of 2018 Sogefi outperformed the market. Profitability increased in Filtration and Air & Cooling whilst it declined in Suspensions due to the increase in steel costs".

Revenues up by 3.2% at constant exchange rates

In first half of 2018, the global automotive market reported a growth in production of 1.7%. Production grew in Europe (+1.8%), in Asia (+4.2% thanks to the recovery of the Chinese market) and in South America (+10.7%). By contrast in North America the market continued to decline (-2.9%).

The considerable movements of the exchange rates of currencies other than the Euro in which the group operates, all of which lost significant value, had a strong impact on the evolution of the main economic indicators and particularly on revenues.

In this environment, in H1 2018 Sogefi reported **revenues of € 839.1 million**, up 3.2% at constant exchange rates but down by 2.1% at historical exchange rates compared with H1 2017.

Revenues grow in all geographical areas

€m	Q2 2017	Q2 2018	reported change	constant exchange rates	reference market production	H1 2017	H1 2018	reported change	reference market production	constant exchange rates	weight based on H1 2018
Europe	261.0	263.9	1.1%	1.3%	4.7%	529.9	532.2	0.4%	1.8%	0.7%	63.4%
North America	76.6	73.2	-4.3%	2.5%	-2.5%	156.5	145.0	-7.3%	-2.9%	1.6%	17.3%
South America	51.0	41.4	-18.8%	10.6%	9.6%	100.0	85.9	-14.1%	10.7%	13.5%	10.2%
Asia	40.4	42.9	6.0%	11.5%	9.5%	79.8	82.4	3.3%	4.2%	10.0%	9.8%
Intercompany eliminations	-4.2	-3.4				-8.7	-6.4				
Total	424.8	418.0	-1.6%	3.5%	3.9%	857.5	839.1	-2.1%	1.7%	3.2%	100.0%

Source: Sogefi and IHS data

Business in Europe and North America was slightly up compared to the previous year (+0.7% and +1.6% respectively at constant exchange) and grew significantly in Asia and in South America (+10% and 13.5% respectively at constant exchange rates).

Performance of the three Business Units

€m	Q2 2017	Q2 2018	reported change	constant exchange rates	H1 2017	H1 2018	reported change	constant exchange rates
Air&Cooling	127.1	124.1	-2.4%	0.7%	262.3	248.9	-5.1%	-1.2%
Filtration	143.9	137.8	-4.2%	2.2%	288.6	277.2	-4.0%	2.7%
Suspensions	154.8	156.9	1.4%	7.0%	308.7	314.7	1.9%	7.1%
Intercompany eliminations	-1.0	-0.9			-2.1	-1.7		
Total	424.8	418.0	-1.6%	3.5%	857.5	839.1	-2.1%	3.2%

Suspensions posted growth of 7.1% at constant exchange rates (+1.9% at current exchange mainly related to the depreciation of the South American currencies), *Filtration* grew by 2.7% at constant exchange rates (but declined by 4% due to the fall in value of the South American currencies) while *Air & Cooling* sales declined -1.2% at constant exchange rates (-5.1% at current exchange rates affected by the decline in car production and the trend of the Canadian Dollar).

Operating results and net income

EBITDA came in at **€ 104.0 million**, down from the first half of 2017 (€ 114.0 million); the decline is related to the trend of exchange rates (with a total effect of € 5.4 million) and the negative impact of higher steel prices (€ 6.0 million) on *Suspensions*. Profitability (EBITDA/revenues) declined from 13.3% to 12.4%.

EBIT was **€ 44.4 million** down from € 49.2 million in the first half of 2017 and represents 5.3% of revenues (5.7% in the first half of 2017). First half 2017 included € 6.0 million of write-downs of the fixed assets of the Brazilian operations.

Net income before taxes and non-controlling interests was € 30.9 million (€ 36.4 million in the first half of 2017), after financial expenses of € 13.5 million vs € 12.8 million in the same period of 2017.

Net income was **€ 17.0 million** vs € 19.4 million in first half 2017 (2% vs 2.3% in 2017), after € 11.8 million of tax expense in 2018 vs € 14.9 million in 2017.

Regarding the risks resulting from the claims made against Sogefi Air & Cooling S.A.S. (formerly Systèmes

Moteurs S.A.S.), in the first half of 2018 the situation remained unchanged.

Net debt

Free Cash Flow in the first half of 2018 amounted to a positive **€ 3.9 million** down from € 19.0 million in the same period of 2017. The decline is mainly linked to the lower EBITDA and the cash-out relating to the start-up of the new plant in Morocco (around € 9.0 million) which will start operating in Q4 2018.

Net financial debt at June 30 2018 stood at **€ 259.6 million**, showing an improvement of € 4.4 million compared to December 31 2017 (€ 264.0 million) and of € 20.8 million compared to June 30 2017 (€ 280.4 million).

Shareholders' equity

At June 30 2018 **Shareholders' equity** excluding minority interests amounted to **€ 190.8 million** (€ 177.4 million at December 31 2017).

Employees

The Sogefi group had **7,040 employees** at June 30 2018 compared to 6,947 at December 31 2017.

Results of the parent company Sogefi S.p.A.

In the first half of the year 2018 the parent company Sogefi S.p.A. reported net income of € 24.2 million, up from € 21.5 million in the same period of 2017. The increase compared to first half 2017 was due mainly to the higher dividends distributed by the subsidiaries (€ 1.5 million) together with lower non-operating charges (€ 1.0 million).

Net debt stood at € 223.8 million at June 30 2018 (€ 257.8 million at December 31 2017).

The company's equity totalled € 240.5 million at June 30 2018 (€ 214.5 million at December 31 2017).

Outlook for the year

Despite the current uncertainties of the global car market, the group confirms the expectation that it will moderately outperform the market at constant exchange rates thanks to the growth initiatives in Mexico (*Suspensions*) and Morocco (*Filtration*). The group also foresees a net result on a full year basis in line with that of 2017 despite the increases in the cost of raw materials and the adverse exchange rates.

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 June 30 2018 of the Sogefi Group.

SOGEFI GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of Euro)

ASSETS	June 30, 2018	December 31, 2017	June 30, 2017
CURRENT ASSETS			
Cash and cash equivalents	104.4	103.9	73.1
Other financial assets	1.7	1.5	3.3
<i>Working capital</i>			
Inventories	125.9	122.9	128.3
Trade receivables	189.3	174.0	190.7
Other receivables	7.6	5.5	6.5
Tax receivables	25.0	23.1	22.1
Other assets	4.8	2.3	5.6
TOTAL WORKING CAPITAL	352.6	327.8	353.2
TOTAL CURRENT ASSETS	458.7	433.2	429.6
NON-CURRENT ASSETS			
Fixed assets			
Land	13.0	13.0	12.7
Property, plant and equipment	367.0	365.9	346.1
Other tangible fixed assets	6.4	5.6	5.5
<i>Of wich: leases</i>	<i>5.2</i>	<i>5.8</i>	<i>6.8</i>
Intangible assets	288.2	290.5	290.0
TOTAL FIXED ASSETS	674.6	675.0	654.3
OTHER NON-CURRENT ASSETS			
Investments in joint ventures	-	-	-
Other financial assets available for sale	-	-	0.1
Long term trade receivables	0.0	-	-
Financial receivables	2.6	2.2	6.8
Other receivables	38.7	37.4	30.5
Deferred tax assets	44.2	45.6	52.4
TOTAL OTHER NON-CURRENT ASSETS	85.5	85.2	89.8
TOTAL NON-CURRENT ASSETS	760.1	760.2	744.1
NON-CURRENT ASSETS HELD FOR SALE	2.3	3.4	3.4
TOTAL ASSETS	1,221.1	1,196.8	1,177.1

Some values for the year 2017 were recalculated following the application of “IFRS 15 – Revenue from Contracts with Customers” and “IFRS 9 – Financial Instruments”.

LIABILITIES	June 30, 2018	December 31, 2017	June 30, 2017
CURRENT LIABILITIES			
Bank overdrafts and short-term loans	2.1	14.2	13.3
Current portion of medium/long-term financial debts and other loans	76.0	66.6	62.3
<i>Of which: leases</i>	1.7	1.7	1.6
TOTAL SHORT-TERM FINANCIAL DEBTS	78.1	80.8	75.6
Other short-term liabilities for derivative financial instruments	0.2	2.6	5.7
TOTAL SHORT-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	78.3	83.4	81.3
Trade and other payables	388.8	373.2	363.4
Tax payables	11.6	7.8	9.0
Other current liabilities	46.1	49.4	47.9
TOTAL CURRENT LIABILITIES	524.8	513.8	501.6
NON-CURRENT LIABILITIES			
FINANCIAL INSTRUMENTS			
Financial debts to bank	113.8	102.0	93.7
Other medium/long-term financial debts	176.2	186.2	188.6
<i>Of which: leases</i>	5.7	6.4	7.6
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS	290.0	288.2	282.3
Other medium/long-term financial liabilities for derivative financial instruments	-	-	-
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	290.0	288.2	282.3
OTHER LONG-TERM LIABILITIES			
Long-term provisions	83.5	87.0	84.2
Other payables	67.6	72.0	75.5
Deferred tax liabilities	44.6	40.7	42.5
TOTAL OTHER LONG-TERM LIABILITIES	195.7	199.7	202.2
TOTAL NON-CURRENT LIABILITIES	485.7	487.9	484.5
SHAREHOLDERS' EQUITY			
Share capital	62.5	62.4	62.3
Reserves and retained earnings (accumulated losses)	111.2	88.4	93.6
Group net result for the period	17.0	26.6	19.4
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE HOLDING COMPANY	190.7	177.4	175.3
Non-controlling interests	19.9	17.7	15.7
TOTAL SHAREHOLDERS' EQUITY	210.6	195.1	191.0
TOTAL LIABILITIES AND EQUITY	1,221.1	1,196.8	1,177.1

Some values for the year 2017 were recalculated following the application of “IFRS 15 – Revenue from Contracts with Customers” and “IFRS 9 – Financial Instruments”.

RECLASSIFIED CONSOLIDATED INCOME STATEMENT FROM 01.01.2018 TO 06.30.2018

(in millions of Euro)

	1st half 2018		1st half 2017		Year 2017	
	Amount	%	Amount	%	Amount	%
Sales revenues	839.1	100.0	857.5	100.0	1,647.8	100.0
Variable cost of sales	583.8	69.6	586.9	68.4	1,128.3	68.5
CONTRIBUTION MARGIN	255.3	30.4	270.6	31.6	519.5	31.5
Manufacturing and R&D overheads	77.0	9.1	80.3	9.4	157.4	9.5
Depreciation and amortization	56.0	6.7	56.4	6.6	110.0	6.7
Distribution and sales fixed expenses	21.5	2.6	22.7	2.6	44.3	2.7
Administrative and general expenses	45.1	5.4	44.8	5.2	88.8	5.4
Restructuring costs	2.7	0.3	6.0	0.7	11.3	0.7
Losses (gains) on disposal	(0.1)	-	(0.2)	-	-	-
Exchange losses (gains)	3.0	0.3	0.6	0.1	3.2	0.2
(income)	5.7	0.7	10.8	1.3	18.7	1.1
EBIT	44.4	5.3	49.2	5.7	85.8	5.2
Financial expenses (income), net	13.5	1.6	12.8	1.5	31.7	1.9
Losses (gains) from equity investments	-	-	-	-	-	-
RESULT BEFORE TAXES AND NON-CONTROLLING INTERESTS	30.9	3.7	36.4	4.2	54.1	3.3
Income taxes	11.8	1.4	14.9	1.7	23.4	1.4
NET RESULT BEFORE NON-CONTROLLING INTERESTS	19.1	2.3	21.5	2.5	30.7	1.9
Loss (income) attributable to non-controlling interests	(2.1)	(0.3)	(2.1)	(0.2)	(4.1)	(0.2)
GROUP NET RESULT	17.0	2.0	19.4	2.3	26.6	1.7

Some values for the year 2017 were recalculated following the application of "IFRS 15 – Revenue from Contracts with Customers"

RECLASSIFIED CONSOLIDATED INCOME STATEMENT FOR THE SECOND QUARTER 2018

(in millions of Euro)

	Period 04.01 - 06.30.2018		Period 04.01 - 06.30.2017		Change	
	Amount	%	Amount	%	Amount	%
Sales revenues	418.0	100.0	424.8	100.0	(6.8)	(1.6)
Variable cost of sales	290.5	69.5	289.0	68.0	1.5	0.6
CONTRIBUTION MARGIN	127.5	30.5	135.8	32.0	(8.3)	(6.2)
Manufacturing and R&D overheads	37.8	9.1	40.5	9.5	(2.7)	(6.4)
Depreciation and amortization	28.7	6.8	27.9	6.6	0.8	2.5
Distribution and sales fixed expenses	11.2	2.7	11.6	2.7	(0.4)	(3.3)
Administrative and general expenses	22.9	5.5	22.5	5.3	0.4	1.6
Restructuring costs	1.6	0.4	1.3	0.3	0.3	20.5
Losses (gains) on disposal	(0.1)	-	(0.1)	-	-	-
Exchange losses (gains)	2.3	0.5	0.8	0.2	1.5	-
(income)	4.3	1.0	8.2	2.0	(3.9)	(47.7)
EBIT	18.8	4.5	23.1	5.4	(4.3)	(18.7)
Financial expenses (income), net	6.7	1.6	6.4	1.5	0.3	3.1
Losses (gains) from equity investments	-	-	-	-	-	-
RESULT BEFORE TAXES AND NON-CONTROLLING INTERESTS	12.1	2.9	16.7	3.9	(4.6)	(27.2)
Income taxes	6.1	1.5	7.3	1.7	(1.2)	(17.4)
NET RESULT BEFORE NON-CONTROLLING INTERESTS	6.0	1.4	9.4	2.2	(3.4)	(34.8)
Loss (income) attributable to non-controlling interests	(1.0)	(0.2)	(1.1)	(0.2)	0.1	(4.1)
GROUP NET RESULT	5.0	1.2	8.3	2.0	(3.3)	(39.5)

Some values for the year 2017 were recalculated following the application of “IFRS 15 – Revenue from Contracts with Customers”

CONSOLIDATED CASH FLOW STATEMENT

(in millions of Euro)

	1st half 2018	1st half 2017	Year 2017
SELF-FINANCING	81.7	92.4	165.8
Change in net working capital	(11.8)	(15.1)	9.3
Other medium/long-term assets/liabilities	(3.6)	0.8	1.8
CASH FLOW GENERATED BY OPERATIONS	66.3	78.1	176.9
Net decrease from sale of fixed assets	0.3	0.2	0.5
TOTAL SOURCES	66.6	78.3	177.4
Increase in intangible assets	18.0	17.5	40.0
Purchase of tangible assets	45.1	41.4	104.2
TOTAL APPLICATION OF FUNDS	63.1	58.9	144.2
Exchange differences on assets/liabilities and equity	0.4	(0.4)	1.2
FREE CASH FLOW	3.9	19.0	34.4
Holding Company increases in capital	0.2	0.9	1.3
Increase in share capital of consolidated subsidiaries	0.1	0.1	0.2
Dividends paid by subsidiaries to non-controlling interests	-	(2.6)	(2.6)
Change in fair value derivative instruments	0.2	1.2	1.7
CHANGES IN SHAREHOLDERS' EQUITY	0.5	(0.4)	0.6
Change in net financial position	4.4	18.6	35.0
Opening net financial position	(264.0)	(299.0)	(299.0)
CLOSING NET FINANCIAL POSITION	(259.6)	(280.4)	(264.0)

Some values for the year 2017 were recalculated following the application of “IFRS 15 – Revenue from Contracts with Customers”

CONSOLIDATED NET FINANCIAL POSITION

(in millions of Euro)

	06.30.2018	12.31.2017	06.30.2017
A. Cash	104.4	103.9	73.1
B. Other cash at bank and on hand (included held-to-maturity investments)	-	-	1.6
C. Financial instruments held for trading	-	-	-
D. Liquid funds (A) + (B) + (C)	104.4	103.9	74.7
E. Current financial receivables	1.7	1.5	1.7
F. Current payables to banks	(2.1)	(14.2)	(13.3)
G. Current portion of non-current indebtedness	(76.0)	(66.5)	(62.3)
H. Other current financial debts	(0.2)	(2.7)	(5.7)
I. Current financial indebtedness (F) + (G) + (H)	(78.3)	(83.4)	(81.3)
J. Current financial indebtedness, net (I) + (E) + (D)	27.8	22.0	(4.9)
K. Non-current payables to banks	(113.8)	(102.0)	(93.7)
L. Bonds issued	(168.7)	(178.9)	(180.5)
M. Other non-current financial debts	(7.5)	(7.3)	(8.1)
N. Non-current financial indebtedness (K) + (L) + (M)	(290.0)	(288.2)	(282.3)
O. Net indebtedness (J) + (N)	(262.2)	(266.2)	(287.2)
Non-current financial receivables	2.6	2.2	6.8
Financial indebtedness, net including non-current financial receivables	(259.6)	(264.0)	(280.4)

SOGEFI S.p.A.

STATEMENT OF FINANCIAL POSITION

(in millions of Euro)

	June 30, 2018	December 31, 2017	June 30, 2017
Short-term assets	7.2	14.1	8.7
Short-term liabilities	(5.7)	(7.0)	(7.9)
Net working capital	1.5	7.1	0.8
Equity investments	416.0	415.8	416.4
Other fixed assets	48.4	50.2	55.6
CAPITAL INVESTED	465.9	473.1	472.8
Other medium and long-term liabilities	(1.6)	(0.8)	(1.1)
NET CAPITAL INVESTED	464.3	472.3	471.7
Net financial indebtedness	223.8	257.8	249.3
Shareholders' equity	240.5	214.5	222.4
TOTAL	464.3	472.3	471.7

RECLASSIFIED INCOME STATEMENT FOR THE FIRST HALF 2018

(in millions of Euro)

	1st half 2018	1st half 2017	Year 2017
Financial income/expenses and dividends	26.3	24.8	16.8
Adjustments to financial assets	-	-	(0.8)
Other operating revenues	6.3	7.0	14.0
Operating costs	(8.8)	(9.6)	(17.6)
Other non-operating income (expenses)	(0.7)	(1.7)	(3.3)
RESULT BEFORE TAXES	23.1	20.5	9.1
Income taxes	(1.1)	(1.0)	(2.4)
NET RESULT	24.2	21.5	11.5

CASH FLOW STATEMENT

(in millions of Euro)

	1st half 2018	1st half 2017	Year 2017
SELF-FINANCING	26.7	23.8	18.3
Change in net working capital	5.6	4.2	(2.0)
Other medium/long-term assets/liabilities	1.7	1.4	2.7
CASH FLOW GENERATED BY OPERATIONS	34.0	29.4	19.0
Sale of equity investments	-	0.4	0.4
Sale of intangible assets	-	-	3.2
TOTAL SOURCES	34.0	29.8	22.6
Increase of intangible assets	0.2	0.9	3.1
Purchase of tangible assets	-	-	-
Purchase of equity investments	0.2	0.2	0.3
TOTAL APPLICATION OF FUNDS	0.4	1.1	3.4
FREE CASH FLOW	33.6	28.7	19.2
Holding Company increases in capital	0.2	0.9	1.3
Change in fair value derivative instruments	0.2	1.2	1.8
CHANGES IN SHAREHOLDER'S EQUITY	0.4	2.1	3.1
Change in net financial position	34.0	30.8	22.3
Opening net financial position	(257.8)	(280.1)	(280.1)
CLOSING NET FINANCIAL POSITION	(223.8)	(249.3)	(257.8)

