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Informazione

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Oggetto : Sogefi (CIR Group): results for first quarter
2019

Testo del comunicato

Vedi allegato.



PRESS RELEASE

Board of Directors approves results as of March 31 2019

SOGEFI (CIR GROUP): RESULTS FOR FIRST QUARTER 2019

Revenues at € 389.9m, -2.9% at constant exchange rates in a global market down by 6.7%

EBITDA at € 41.3m (€ 48.8m in 2018)

Net income at € 1.6m (€ 11.2 in 2018)

Net debt (net of IFRS 16) at € 262.1m (€ 260.5 at 31/12/2018)

Highlights from results for Q1 2019

(in €m)

	2018*	2019**	<u>Δ%</u>	<u>Δ% at constant exchange rates</u>
Revenues	406.3	389.9	-4.0	-2.9%
EBITDA	48.8	41.3		
EBIT	22.6	11.3		
Net income	11.2	1.6		
Net debt (end of period)	254.3	262.1		
Financial debts for right of use (IFRS 16)	n.a	66.8		
Net debt after IFRS 16	n.a	328.9		

** The values for the years 2018 and 2019 were restated on application of IFRS 5 AND IAS 29.*

*** As from January 1 2019 "IFRS 16 – Leases" has been applied. This gives a new definition of a lease and introduces a criterion based on the right of use of an asset to distinguish between leasing contracts and contracts for the supply of services. The main effects are: EBITDA +€3.0 million, EBIT +€0.3 million, Net Income - €0.5 million.*

Milan, April 26 2019 – The **Board of Directors of Sogefi S.p.A.**, which met today and was chaired by **Monica Mondardini**, approved the **Interim Financial Report of the group as of March 31 2019**. Sogefi, a company of the **CIR Group**, is one of the main global producers of automotive components in three sectors: **Air and Cooling, Filtration and Suspensions**.

Laurent Hebenstreit, Chief Executive Officer of Sogefi, made the following statement: *"The first quarter was, as expected, difficult for the automotive markets. Sogefi reported a decline in revenues of 2.9% at constant exchange rates, with a better performance than the market, which was down by 6.7% in the first quarter of 2019. Profitability was affected by lower volumes and the reduction in margins in Filtration and Suspensions"*.

Revenues

In the first quarter of 2019, the **world car market** reported a decline in production of 6.7%, with Europe down by 5%, Asia down by 11.8% (mainly because of the contraction of the Chinese market, -13.5%) and North America down by 2.5%. South America also reported a decline (-4.9%) mainly because of the difficult Argentinian market.

In this context, Sogefi reported **revenues of € 389.9 million**, down by 2.9% at constant exchange rates and by 4% at historical exchange rates compared to the same period of 2018, obtaining a better performance than that of the market in which it operates.

Performance of revenues by geographical area

€m	Q1 2018	Q1 2019	reported change	constant exchange rates	reference market production	weight based on Q1 2019
Europe	253.2	244.3	-3.5%	-3.6%	-5.0%	62.7%
North America	71.8	74.1	3.2%	-2.6%	-2.5%	19.0%
South America	44.7	37.6	-16.0%	6.4%	-4.9%	9.6%
Asia	39.5	36.1	-8.6%	-9.1%	-11.8%	9.3%
- of which China	22.2	17.2	-22.5%	-24.0%	-13.5%	4.4%
Intercompany eliminations	-2.9	-2.2				
Total	406.3	389.9	-4.0%	-2.9%	-6.7%	100.0%

Source: Sogefi and IHS data

By geographical areas revenues at constant exchange rates were down in Europe (-3.6%), in North America (-2.6%) and in Asia (-9.1%).

Performance of revenues by Business Unit

€m	Q1 2018	Q1 2019	reported change	constant exchange rates change
Air&Cooling	109.6	109.6	0.0%	-2.1%
Filtration	139.5	133.9	-4.1%	-2.7%
Suspensions	157.9	147.0	-6.9%	-3.9%
Intercompany eliminations	-0.7	-0.6		
Total	406.3	389.9	-4.0%	-2.9%

By Business Units, at constant exchange rates, *Suspensions* reported a decline of 3.9% (-6.9% at current exchange rates), *Filtration* was down by 2.7% (-4.1% at current exchange rates) and lastly, *Air and Cooling* declined by 2.1% (at current exchange rates revenues were in line with the previous year).

Operating results and net income

EBITDA came in at **€ 41.3 million**, lower than in the first quarter of 2018 (€ 48.8 million); profitability (EBITDA / Revenues %) fell from 12% to 10.6%. The reduction in profitability reflects the lower volumes and the margins erosion occurred in 2018 in *Filtration* and *Suspensions*, mainly due to the increase in the raw materials price.

EBIT, totalling **€ 11.3 million**, was also lower than in the first quarter of 2018 (€ 22.6 million) and was equal to 2.9% of revenues. The decline in EBIT substantially reflects the decline in EBITDA.

Income before taxes and minority shareholder interests amounted to € 5.1 million (€ 15.8 million in first quarter 2018).

Net income came to **€ 1.6 million**, down from the figure reported in the first quarter of 2018 (€ 11.2 million), after tax expense of € 3.6 million in first quarter 2019, versus € 5.2 million in the same period of 2018.

Net debt

Free Cash Flow was a **negative € 9.1 million** in the first quarter of 2019 compared to a positive amount of € 9.3 million in the same period of 2018 and includes € 7.5 million for the application of the accounting standard IFRS 16 and € 1.6 million of operating cash consumption of which € 3.1 million due to the start-up of the new production plant in Morocco.

Net debt stood at € 328.9 million at March 31 2019. The application of IFRS 16 million determined the recognition in the accounts of financial debts for right of use for € 66.8 million. Excluding this amount, the financial debt at March 31 2018 came to **€ 262.1 million**, up from € 260.5 million at the end of 2018.

Shareholders' equity

At March 31 2019, equity excluding minority shareholders' interests totalled 194.5 million (€ 192.9 million at December 31 2018).

Employees

The Sogefi Group had **6,906 employees** at March 31 2019, down from 6,967 at December 31 2018.

Results of the Parent Company Sogefi S.p.A.

In the period under examination the parent company of the Group Sogefi S.p.A. reported a net loss of € 3.2 million (-€ 5.2 million in the first quarter of 2018). The change was due mainly to lower net financial expense.

Outlook for the year

In the second quarter, the global car market is expected to decline by 3.4% compared to the previous year (-7.7% in Europe).

In this environment, in the second quarter Sogefi forecast a lower sales reduction than market forecasts. In terms of profitability, EBIT for the second quarter is expected to improve compared to the first quarter.

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 main results of the Income Statement and the Statement of Financial Position as of March 31 2019 of the Sogefi group. It should be noted that the figures have not been audited by the firm of auditors.

SOGEFI GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of Euro)

ASSETS	03.31.2019	12.31.2018 (*)
CURRENT ASSETS		
Cash and cash equivalents	121.7	91.7
Other financial assets	1.4	1.2
<i>Working capital</i>		
Inventories	120.1	115.7
Trade receivables	168.9	141.3
Other receivables	14.6	8.5
Tax receivables	20.8	23.1
Other assets	3.7	2.1
TOTAL WORKING CAPITAL	328.1	290.7
ASSETS HELD FOR SALE	12.7	13.6
TOTAL CURRENT ASSETS	463.9	397.2
NON-CURRENT ASSETS		
Fixed assets		
Land	13.2	13.3
Property, plant and equipment	377.0	368.5
Right of use	64.6	4.7
Other tangible fixed assets	4.6	4.3
Intangible assets	279.5	279.0
TOTAL FIXED ASSETS	738.9	669.8
OTHER NON-CURRENT ASSETS		
Investments in joint ventures	-	-
Other financial assets available for sale	-	-
Non-current trade receivables	-	-
Financial receivables	6.5	5.1
Other receivables	34.3	34.3
Deferred tax assets	40.7	36.6
TOTAL OTHER NON-CURRENT ASSETS	81.5	76.0
TOTAL NON-CURRENT ASSETS	820.4	745.8
TOTAL ASSETS	1,284.3	1,143.0

(*) The Group applied IFRS 16 "Leases" at the date of first-time adoption (1 January 2019) using the modified retroactive method. Therefore, the cumulative effect of the adoption of IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, without restating comparative data.

Values as 2018 related to financial leases were reclassified from the line "Property, plant and equipment" to the line "Right of use".

LIABILITIES	03.31.2019	12.31.2018 (*)
CURRENT LIABILITIES		
Bank overdrafts and short-term loans	5.9	2.1
Current portion of medium/long-term financial debts and other loans	49.2	57.8
Short-term financial debts for right of use	24.3	1.6
TOTAL SHORT-TERM FINANCIAL DEBTS	79.4	61.5
Other short-term liabilities for derivative financial instruments	1.3	0.8
TOTAL SHORT-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	80.7	62.3
Trade and other payables	378.1	345.5
Tax payables	8.8	10.0
Other current liabilities	35.1	38.9
LIABILITIES RELATED TO ASSETS HELD FOR SALE	8.4	9.4
TOTAL CURRENT LIABILITIES	511.1	466.1
NON-CURRENT LIABILITIES		
MEDIUM/LONG TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS		
Financial debts to bank	142.3	117.8
Other medium/long-term financial debts	124.3	173.5
Medium/long-term financial debts for right of use	111.2	5.0
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS	377.8	296.3
Other medium/long term financial liabilities for derivative financial instruments	-	-
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	377.8	296.3
OTHER LONG-TERM LIABILITIES		
Long-term provisions	72.5	67.2
Other payables	65.8	62.9
Deferred tax liabilities	40.3	36.6
TOTAL OTHER LONG-TERM LIABILITIES	178.6	166.7
TOTAL NON-CURRENT LIABILITIES	556.4	463.0
SHAREHOLDERS' EQUITY		
Share capital	62.5	62.5
Reserves and retained earnings (accumulated losses)	130.4	116.4
Group net result for the period	1.6	14.0
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE HOLDING COMPANY	194.5	192.9
Non-controlling interests	22.3	21.0
TOTAL SHAREHOLDERS' EQUITY	216.8	213.9
TOTAL LIABILITIES AND EQUITY	1,284.3	1,143.0

(*) The Group applied IFRS 16 "Leases" at the date of first-time adoption (1 January 2019) using the modified retroactive method. Therefore, the cumulative effect of the adoption of IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, without restating comparative data.

Values as 2018 related to financial leases were reclassified from the line "Current portion of medium/long-term financial debts and other loans" to the line "Short-term financial debts for right of use" and from the line "Other medium/long-term financial debts" to the line "Medium/long-term financial debts for right of use".

CONSOLIDATED INCOME STATEMENT

(in millions of Euro)	Period		Period		Change	
	01.01 – 03.31.2019		01.01 – 03.31.2018 (*)			
	Amount	%	Amount	%	Amount	%
Sales revenues	389.9	100.0	406.3	100.0	(16.4)	(4.0)
Variable cost of sales	277.2	71.1	283.4	69.8	(6.2)	(2.2)
CONTRIBUTION MARGIN	112.7	28.9	122.9	30.2	(10.2)	(8.3)
Manufacturing and R&D overheads	38.3	9.8	38.8	9.5	(0.5)	(1.3)
Depreciation and amortization	29.9	7.7	26.0	6.4	3.9	14.8
Distribution and sales fixed expenses	10.4	2.7	10.2	2.5	0.2	2.2
Administrative and general expenses	21.6	5.5	22.2	5.5	(0.6)	(2.6)
Restructuring costs	2.0	0.5	1.1	0.3	0.9	82.2
Losses (gains) on disposal	(0.1)	-	-	-	(0.1)	-
Exchange losses (gains)	1.0	0.3	0.6	0.2	0.4	61.5
Other non-operating expenses (income)	(1.7)	(0.4)	1.4	0.3	(3.1)	(221.8)
EBIT	11.3	2.8	22.6	5.5	(11.3)	(49.8)
Financial expenses (income), net	6.2	1.6	6.8	1.7	(0.6)	(7.9)
Losses (gains) from equity investments	-	-	-	-	-	-
RESULT BEFORE TAXES AND NON-CONTROLLING INTERESTS	5.1	1.2	15.8	3.8	(10.7)	(67.9)
Income taxes	3.6	0.9	5.2	1.3	(1.6)	(30.5)
NET RESULT BEFORE NON-CONTROLLING INTERESTS	1.5	0.3	10.6	2.5	(9.1)	(85.9)
Loss (income) attributable to non-controlling interests	(1.2)	(0.3)	(1.0)	(0.2)	(0.2)	(16.9)
NET INCOME (LOSS) OF OPERATING ACTIVITIES	0.3	0.0	9.6	2.3	(9.3)	(102.8)
Net income (loss) of held for sale activities	1.3	0.3	1.6	0.4	(0.3)	(18.9)
GROUP NET RESULT	1.6	0.3	11.2	2.7	(9.6)	(85.7)

(*) The effect of the adoption of IAS 29 “Financial Reporting in Hyperinflationary Economies”, applied in December 2018, has been spread over each 2018 quarter.

Values as 2018 related to “Assets held for sale” were reclassified to the line “Net income (loss) from discontinued operations”, net of tax effect, after the application of IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”.

The Group applied IFRS 16 “Leases” at the date of first-time adoption (1 January 2019) using the modified retroactive method. Therefore, the cumulative effect of the adoption of IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, without restating comparative data.

CONSOLIDATED NET FINANCIAL POSITION

(in millions of Euro)	03.31.2019	12.31.2018	03.31.2018
A. Cash	121.7	91.7	99.6
B. Other cash at bank and on hand (held to maturity investments)	-	-	-
C. Financial instruments held for trading	-	-	-
D. Liquid funds (A) + (B) + (C)	121.7	91.7	99.6
E. Current financial receivables	1.4	1.2	1.0
F. Current payables to banks	(5.9)	(2.1)	(1.3)
G. Current portion of non-current indebtedness	(73.5)	(59.4)	(59.9)
H. Other current financial debts	(1.3)	(0.8)	(1.9)
I. Current financial indebtedness (F) + (G) + (H)	(80.7)	(62.3)	(63.1)
J. Current financial indebtedness, net (I) + (E) + (D)	42.4	30.6	37.5
K. Non-current payables to banks	(142.3)	(117.8)	(106.4)
L. Bonds issued	(173.9)	(171.8)	(178.0)
M. Other non-current financial debts	(61.6)	(6.6)	(7.4)
N. Non-current financial indebtedness (K) + (L) + (M)	(377.8)	(296.2)	(291.8)
O. Net indebtedness (J) + (N)	(335.4)	(265.6)	(254.3)
Non-current financial receivables	6.5	5.1	-
Financial indebtedness, net including non-current financial receivables	(328.9)	(260.5)	(254.3)

CONSOLIDATED CASH FLOW STATEMENT

(in millions of Euro)	March 31, 2019	December 31, 2018	March 31, 2018
SELF-FINANCING	33.8	134.4	40.7
Change in net working capital	(10.6)	(9.1)	4.4
Other medium/long-term assets/liabilities	2.8	8.6	(7.1)
CASH FLOW GENERATED BY OPERATIONS	26.0	133.9	38.0
Net decrease from sale of fixed assets	0.1	2.6	0.2
TOTAL SOURCES	26.1	136.5	38.2
Increase in intangible assets	3.2	35.5	8.3
Purchase of tangible assets	13.3	58.1	10.6
Purchase of tooling	9.9	39.2	8.7
Increase in tangible assets for right of use	8.3	-	-
TOTAL APPLICATION OF FUNDS	34.7	132.8	27.6
Exchange differences on assets/liabilities and equity	(0.5)	(0.8)	(1.3)
FREE CASH FLOW	(9.1)	2.9	9.3
Holding Company increases in capital	-	0.3	0.2
Increase in share capital of consolidated subsidiaries	-	0.1	0.1
Change in fair value of effective derivative instruments	-	0.2	0.1
CHANGES IN SHAREHOLDERS' EQUITY	-	0.6	0.4
Change in net financial position	(9.1)	3.5	9.7
Opening net financial position	(260.5)	(264.0)	(264.0)
Financial debts for right of use at January 1°, 2019	(59.3)	-	-
CLOSING NET FINANCIAL POSITION	(328.9)	(260.5)	(254.3)

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