



# SPAFID CONNECT

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Oggetto : SOGEFI: RESULTS FOR FIRST  
QUARTER 2020

*Testo del comunicato*

Vedi allegato.



**PRESS RELEASE**

**SOGEFI: RESULTS FOR FIRST QUARTER 2020**

**Revenues at € 350.2 million, -8.8% (market -24.4%)**

**Revenues +1% in first 2 months and -30% in March, due to Covid-19**

**EBITDA at € 34.9 million, 10% of sales (10.6% in first quarter 2019)**

**Net debt at € 256.7 million (€ 262.1 million at 31/03/2019)**

**Highlights from results for Q1 2020**

(in €m)	Q1 2019	Q1 2020	Δ%	Δ% at constant exchange rates
Revenues	389.9	<b>350.2</b>	-10.2	-8.8
EBITDA*	41.3	<b>34.9</b>		
EBIT	11.3	<b>3.7</b>		
Net result	1.6	<b>-5.6</b>		
Net debt (end of period)**	262.1	256.7		
Payables for leasing and rights of use IFRS 16	69.2	56.7		
Net debt after IFRS 16	331.3	313.4		

\* EBITDA is calculated by adding the item "Ebit" and the item "Amortization and Depreciation" together with the amount of write-down of tangible and intangible fixed assets included in "Other non-operating costs (income)", which totalled € 0.9 million at March 31 2020 (€ 0.1 million in the same period of the previous year)

\*\* Excluding "IFRS 16 – Leases"

Milan, April 20 2020 – 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 March 31 2020 as presented by Chief Executive Officer Mauro Fenzi.

Sogefi, a company of the CIR Group, is one of the main world producers of automotive components in three sectors: Air and Cooling, Filtration and Suspensions.

**SUMMARY OF RESULTS OF FIRST QUARTER**

In the first quarter of 2020, the world car market has reported rates of decline previously seen only during the crisis of 2009. World production fell by 24.4% compared to the first quarter of 2019: -21.3% in Europe, -10.8% in North America, -44.7% in Asia and -16.3% in South America.

In March the decline was -38.2%, with Europe posting -48.3%.

The exceptional performance described reflects the impact of the spread, first in China and then in the rest of the world, of the Covid-19 pandemic and the consequent and necessary restrictive measures adopted by local governments or independently by businesses with the aim of protecting their workers and the population at large. These measures led to an almost total suspension of non-essential production activities and in particular of automotive production. This shutdown took place first of all in China and subsequently in the remaining geographical areas during the month of March. Currently, business resumed in China in the middle of March, with reduced volumes, while shutdown continues in the remaining areas with the timing and methods of reopening remaining totally uncertain. It should also be noted that the automotive market, even before the spread of the pandemic, had already proved to be in a period of weakness after the inversion of the trend that took place in mid-2018, with world production decreasing by 5.8% in 2019 and still declining at the beginning of 2020.

In this context Sogefi suspended production first in China and then, in the second half of March, in all of its facilities except for those in the USA, which remained partially active. At the present time production in China has started up again, after almost all of its main customers had also opened up for business.

During the first quarter, the priority of the company was the safety of its workforce. From the moment in which news of the Covid-19 phenomenon in China was received, action was taken immediately to reduce the risk of contagion from relations with China, and to encourage smart-working. Subsequently all the health and safety precautions defined and required by the various local authorities were implemented.

Moreover, the company is doing all it can to manage the crisis and protect the company, focusing on continuing operations, through an assessment of liquidity, disbursement-reducing plans, cost cutting and reducing investments that are not strictly necessary.

## **REVENUES**

In the first quarter of 2020 Sogefi reported revenues of € 350.2 million, which were down by 10.2% at historical exchange rates and by 8.8% at constant exchange rates compared to the first quarter of 2019. In the first two months of the year revenues at constant exchange rates had shown growth of 1% thanks to the good performance of all geographical areas except for China. In March, given the situation caused by the Covid-19 pandemic, sales contracted by 30% and the decline affected all geographical areas and all divisions.

The decline in the quarter (-8.8% at constant exchange rates) was overall much less than that reported by the market (-24.4%).

### **Performance of revenues by geographical area**

By geographical area, revenues at constant exchange rates were down by 9% in Europe, versus the market's 21.3%, thanks partly to the resilience of After Market sales, and by 4% in North America, compared to the market's -10.8%, thanks to the new production sites started up in the first two months of the year.

(in millions of Euro)	Q1 2020	Q1 2019	reported change	constant exchange rates	reference market production	weight based on Q1 2020
	Amount	Amount	%	%	%	%
Europe	222.4	244.3	(9.0)	(9.0)	(21.3)	63.5
North America	72.7	74.1	(1.9)	(4.0)	(10.8)	20.8
South America	29.0	37.6	(22.8)	(3.1)	(16.3)	8.3
Asia	27.9	36.1	(22.7)	(22.8)	(44.7)	8.0
- of which China	11.8	17.2	(31.2)	(30.9)	(49.5)	3.4
Intercompany eliminations	(1.8)	(2.2)	-	-	-	-
TOTAL	350.2	389.9	(10.2)	(8.8)	(24.4)	100.0

Source: Sogefi and IHS data

### Performance of revenues by Business Unit

By business sector, *Filtration* reported growth of 1.8% at constant exchange rates, bucking the market trend thanks to the contribution of the new production site in Morocco and the fact that Aftermarket and OES sales held up until March. *Air and Cooling* reported a more modest decline than the market (-8.2% at current exchange rates and -8.7% at constant rates), with revenues underpinned by the new contracts acquired in North America, while the revenues of *Suspensions* reported a decline of 18.5% (-20.9% at constant exchange rates), affected mainly by the market difficulties in China and the suspension of production in Europe a few days earlier than suspension of the production of engine components.

(in millions of Euro)	Q1 2020	Q1 2019	reported change	constant exchange rates
	Amount	Amount	%	%
Suspensions	116.3	147.0	(20.9)	(18.5)
Filtration	134.7	134.8	-	1.8
Air&Cooling	100.0	108.9	(8.2)	(8.7)
Intercompany eliminations	(0.8)	(0.8)	-	-
TOTAL	350.2	389.9	(10.2)	(8.8)

Source: Sogefi

### OPERATING RESULTS AND NET RESULT

EBITDA for the first quarter of 2020 came in at € 34.9 million, versus € 41.3 million in the corresponding period of 2019; profitability (EBITDA/Revenues %) was 10% and was lower than the 10.6% reported in the same period of the previous year. The performance of the first two months showed an improvement in profitability but the dramatic fall in volumes in March, following suspension of production activities, had a significant impact partly due to the time required to implement the cost-cutting measures. The evolution of EBITDA in the first quarter included an overall result that held up well in Europe thanks to the first two months of the year whereas evolution was negative in China due to the collapse of business, in South America due to the economic situation particularly in Argentina and the impact of exchange rates against the local currencies, and in North America mainly because of exchange rates.

EBIT came to € 3.7 million, down from € 11.3 million in the first quarter of 2019. The reduction in EBIT came in March with the collapse of volumes, and included the negative effect of exchange rates for € 5.3 million reported by the group's businesses in North and South America.

The net result was a negative € 5.6 million versus net income of € 1.6 million in the first quarter of 2019, after tax expense of € 2.5 million, compared to € 3.6 million in the previous year.

## **DEBT AND EQUITY**

Free Cash Flow was positive for € 5.4 million in the first quarter of 2020 compared to -€ 9.1 million in the first quarter of 2019, thanks to a decidedly more favourable performance of working capital.

Net financial debt before IFRS 16 stood at € 256.7 million at March 31 2020 and was substantially unchanged from € 256.2 million at the end of 2019 and lower than the € 262.1 million reported at March 31 2019. Including the amount of € 56.7 million resulting from the application of IFRS 16, the net debt figure at March 31 2020 amounted to € 313.4 million, down from € 318.9 million at December 31 2019.

At March 31 2020 the Group had committed credit lines of € 298.0 million in excess of its net debt figure.

Equity, excluding minority shareholder interests, amounted to € 181.1 million at March 31 2020 (€ 188.7 million at December 31 2019).

## **RESULTS OF THE PARENT COMPANY SOGEFI S.P.A.**

The parent company Sogefi S.p.A. reported a net loss of € 2.8 million in the first quarter of 2020 (-€ 3.2 million in the same period of the previous year).

## **OUTLOOK FOR THE YEAR**

In an environment with extremely limited visibility, the most recent sector sources are estimating that world car production may fall by between 20% and 25% in 2020 according to different scenarios as to the effects of Covid-19.

Indeed at present all the elements that contribute to the formulation of forecasts for the year remain totally uncertain: the evolution of the pandemic, the decisions to be made by the authorities on the subject of resuming production activity, today in lockdown, and lastly, following the possible startup of activity, the reaction of parts of the world. At present the circumstances described above make any forecast that the company could make highly uncertain.

The group is focused on doing all it can to manage the crisis: it has put in place actions to reduce costs and limit as far as possible current costs and investments that are not strictly necessary, it regularly assesses liquidity positions, keeping the Board of Directors informed, liaising with its financial partners, and is preparing to start operating again, introducing higher safety standards for personnel and cost flexibility in relation to volumes that will be affected by circumstances for a certain period of time.

However, both for the period of closure and the first months after business starts up again there will be significant economic losses that will also be reflected in an increase in net debt.

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*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>

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*Attached are the main results of the Income Statement and Statement of Financial Position of the Sogefi Group as of March 31 2020. It should be noted that these figures have not been audited by the firm of auditors.*

## **SOGEFI GROUP**

### **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

(in millions of Euro)

<b>ASSETS</b>	<b>03.31.2020</b>	<b>12.31.2019</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	174.1	165.2
Other financial assets	3.2	3.3
Inventories	120.4	115.5
Trade receivables	117.4	130.4
Other receivables	14.5	9.8
Tax receivables	30.1	28.6
Other assets	3.9	2.1
<b>TOTAL CURRENT ASSETS</b>	<b>463.6</b>	<b>454.9</b>
<b>NON-CURRENT ASSETS</b>		
Land	12.9	13.0
Property, plant and equipment	371.0	382.1
Other tangible fixed assets	4.6	4.6
Right of use	55.9	61.3
Intangible assets	267.7	272.6
Other financial assets	-	-
Financial receivables	8.3	6.8
Other receivables	33.9	33.5
Deferred tax assets	36.3	37.0
<b>TOTAL NON-CURRENT ASSETS</b>	<b>790.6</b>	<b>810.9</b>
<b>TOTAL ASSETS</b>	<b>1,254.2</b>	<b>1,265.8</b>

<b>LIABILITIES</b>	<b>03.31.2020</b>	<b>12.31.2019</b>
<b>CURRENT LIABILITIES</b>		
Bank overdrafts and short-term loans	4.0	1.9
Current portion of medium/long-term financial debts and other loans	85.8	78.8
Short-term financial debts for right of use	16.5	15.1
Trade and other payables	344.1	342.3
Tax payables	4.7	9.2
Other current liabilities	34.7	39.0
<b>TOTAL CURRENT LIABILITIES</b>	<b>489.8</b>	<b>486.3</b>
<b>NON-CURRENT LIABILITIES</b>		
Financial debts to bank	131.6	131.9
Other medium/long-term financial debts	215.9	213.7
Medium/long-term financial debts for right of use	45.1	52.8
Long-term provisions	73.7	76.3
Other payables	60.7	59.5
Deferred tax liabilities	37.3	37.6
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>564.3</b>	<b>571.8</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	62.5	62.5
Reserves and retained earnings (accumulated losses)	124.2	123.0
Group net result for the period	(5.6)	3.2
<b>TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE HOLDING COMPANY</b>	<b>181.1</b>	<b>188.7</b>
Non-controlling interests	19.0	19.0
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>200.1</b>	<b>207.7</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,254.2</b>	<b>1,265.8</b>



## CONSOLIDATED INCOME STATEMENT

(in millions of Euro)	Period		Period		Change	
	01.01 – 03.31.2020		01.01 – 03.31.2019			
	Amount	%	Amount	%	Amount	%
Sales revenues	350.2	100.0	389.9	100.0	(39.7)	(10.2)
Variable cost of sales	245.1	70.0	277.2	71.1	(32.1)	(11.6)
<b>CONTRIBUTION MARGIN</b>	<b>105.1</b>	<b>30.0</b>	<b>112.7</b>	<b>28.9</b>	<b>(7.6)</b>	<b>(6.7)</b>
Manufacturing and R&D overheads	34.2	9.8	38.3	9.8	(4.1)	(10.6)
Depreciation and amortization	30.3	8.7	29.9	7.7	0.4	1.5
Distribution and sales fixed expenses	9.8	2.8	10.4	2.7	(0.6)	(5.3)
Administrative and general expenses	19.8	5.6	21.6	5.5	(1.8)	(8.1)
Restructuring costs	2.8	0.8	2.0	0.5	0.8	45.0
Losses (gains) on disposal	-	(0.0)	(0.1)	-	0.1	19.5
Exchange losses (gains)	5.3	1.5	1.0	0.3	4.3	414.3
Other non-operating expenses (income)	(0.8)	(0.3)	(1.7)	(0.5)	0.9	51.0
<b>EBIT</b>	<b>3.7</b>	<b>1.1</b>	<b>11.3</b>	<b>2.9</b>	<b>(7.6)</b>	<b>(67.2)</b>
Financial expenses (income), net	6.8	1.9	6.2	1.6	0.6	7.8
Losses (gains) from equity investments	-	-	-	-	-	-
<b>RESULT BEFORE TAXES</b>	<b>(3.1)</b>	<b>(0.8)</b>	<b>5.1</b>	<b>1.3</b>	<b>(8.2)</b>	<b>(160.2)</b>
Income taxes	2.5	0.8	3.6	0.9	(1.1)	(30.2)
<b>NET INCOME (LOSS) OF OPERATING ACTIVITIES</b>	<b>(5.6)</b>	<b>(1.6)</b>	<b>1.5</b>	<b>0.4</b>	<b>(7.1)</b>	<b>(469.1)</b>
Net income (loss) from discontinued operations	-	-	1.3	0.3	(1.3)	(100.0)
<b>NET RESULT BEFORE NON-CONTROLLING INTERESTS</b>	<b>(5.6)</b>	<b>(1.6)</b>	<b>2.8</b>	<b>0.7</b>	<b>(8.4)</b>	<b>(298.7)</b>
Loss (income) attributable to non-controlling interests	-	-	(1.2)	(0.3)	1.2	97.9
<b>GROUP NET RESULT</b>	<b>(5.6)</b>	<b>(1.6)</b>	<b>1.6</b>	<b>0.4</b>	<b>(7.2)</b>	<b>(446.2)</b>

## CONSOLIDATED NET FINANCIAL POSITION

(in millions of Euro)	03.31.2020	12.31.2019	03.31.2019
A. Cash	174.1	165.2	121.7
B. Other cash at bank and on hand (held to maturity investments)	-	-	-
C. Financial instruments held for trading	-	-	-
<b>D. Liquid funds (A) + (B) + (C)</b>	<b>174.1</b>	<b>165.2</b>	<b>121.7</b>
<b>E. Current financial receivables</b>	<b>3.2</b>	<b>3.3</b>	<b>1.4</b>
F. Current payables to banks	(4.0)	(1.9)	(5.9)
G. Current portion of non-current indebtedness	(85.8)	(78.8)	(60.4)
H. Other current financial debts	(16.6)	(15.1)	(14.5)
<b>I. Current financial indebtedness (F) + (G) + (H)</b>	<b>(106.4)</b>	<b>(95.8)</b>	<b>(80.8)</b>
<b>J. Current financial indebtedness, net (I) + (E) + (D)</b>	<b>70.9</b>	<b>72.7</b>	<b>42.3</b>
K. Non-current payables to banks	(131.6)	(131.9)	(142.3)
L. Bonds issued	(214.3)	(212.1)	(173.9)
M. Other non-current financial debts	(46.7)	(54.4)	(63.9)
<b>N. Non-current financial indebtedness (K) + (L) + (M)</b>	<b>(392.6)</b>	<b>(398.4)</b>	<b>(380.1)</b>
<b>O. Net indebtedness (J) + (N)</b>	<b>(321.7)</b>	<b>(325.7)</b>	<b>(337.8)</b>
Non-current financial receivables	8.3	6.8	6.5
<b>Financial indebtedness, net including non-current financial receivables</b>	<b>(313.4)</b>	<b>(318.9)</b>	<b>(331.3)</b>

## CONSOLIDATED CASH FLOW STATEMENT

(in millions of Euro)	March 31, 2020	December 31, 2019	March 31, 2019
<b>SELF-FINANCING</b>	<b>25.2</b>	<b>145.3</b>	<b>33.8</b>
Change in net working capital	(2.0)	(2.1)	(10.6)
Other medium/long-term assets/liabilities	2.8	(0.9)	2.8
<b>CASH FLOW GENERATED BY OPERATIONS</b>	<b>26.0</b>	<b>142.3</b>	<b>26.0</b>
Net decrease from sale of fixed assets	0.3	4.3	0.1
<b>TOTAL SOURCES</b>	<b>26.3</b>	<b>146.6</b>	<b>26.1</b>
Increase in intangible assets	6.9	32.2	7.6
Purchase of tangible assets	11.1	60.2	8.9
Purchase of tooling	7.4	35.3	9.9
Increase in tangible assets for right of use	0.7	9.5	8.3
<b>TOTAL APPLICATION OF FUNDS</b>	<b>26.1</b>	<b>137.2</b>	<b>34.7</b>
Exchange differences on assets/liabilities and equity	5.2	(1.0)	(0.5)
<b>FREE CASH FLOW</b>	<b>5.4</b>	<b>8.4</b>	<b>(9.1)</b>
Holding Company increases in capital	-	-	-
Increase in share capital of consolidated subsidiaries	-	-	-
Dividends paid by subsidiaries to non-controlling interests	-	(5.0)	-
Change in fair value of effective derivative instruments	-	-	-
<b>CHANGES IN SHAREHOLDERS' EQUITY</b>	<b>-</b>	<b>(5.0)</b>	<b>-</b>
<b>Change in net financial position</b>	<b>5.4</b>	<b>3.4</b>	<b>(9.1)</b>
<b>Opening net financial position</b>	<b>(318.9)</b>	<b>(260.5)</b>	<b>(260.5)</b>
Financial debts for right of use at January 1°, 2019	-	(61.8)	(61.8)
<b>CLOSING NET FINANCIAL POSITION</b>	<b>(313.4)</b>	<b>(318.9)</b>	<b>(331.3)</b>

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