



PRESS RELEASE

Board of Directors approves results as of June 30 2017

SOGEFI (CIR GROUP): RESULTS HIGHER IN FIRST HALF 2017

Revenues up by 8.4% at € 866m

EBITDA at € 93.9m (+ 25.8%)

Net income at € 20m (€ 8.3m in H1 2016)

Net debt reduced to € 280.4m (€ 326.2m at 30/6/2016)

Highlights from H1 2017 results

(in €m)

	H1 2017	H1 2016	Δ%
Revenues	866	798.6	8.4
EBITDA	93.9	74.7	25.8
EBIT	49.8	36.6	36.1
Net income	20	8.3	
Free Cash Flow	19	-0.2	
Net debt (end of period)	280.4	326.2	

Milano, July 25 2017 - The **Board of Directors of Sogefi S.p.A.**, which met today under the chairmanship of **Monica Mondardini**, approved the **Semi-annual Financial Report** of the group as of **June 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, said:

“Sogefi obtained an improvement in its results for the first half 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 8.4%

In the first half of 2017, the global automotive market reported an increase in production of 2.8%. After strong growth in the first quarter of the year, the second quarter was in line with the same period of 2016.

In Europe production declined by 1.2%, with different trends in the first quarter (+3.6%) and the second quarter (-5.8%), which was affected significantly by the calendar which had a greater number of working days in the first quarter and a lower number in the second quarter compared to 2016. North America experienced a clear market slowdown (-0.7% for the half year), with a negative second quarter (-3%) due to weak performance in the United States. In South America production grew by 18.2% and in Asia by 3.8%.

In this environment, in the first half Sogefi reported revenues of € 866 million, up 8.4% compared to € 798.6 million in the same period of 2016 (+7.7% at constant exchange rates). After the rise of 12.6% in the first quarter, in the second quarter the company posted lower but nonetheless significant growth (+4.5%), outperforming the market in all geographical areas.

Revenues grow in all geographical areas

€m	Q2 2017	Q2 2016	reported change	reference market production	H1 2017	H1 2016	reported change	reference market production	constant exchange rates	weight based on H1 2017
Europe	262.5	269.6	-2.7%	-5.8%	536.5	522.8	2.6%	-1.2%	3.6%	62.0%
North America	76.8	71.2	7.9%	-3.0%	158.0	141.5	11.6%	-0.7%	9.2%	18.2%
South America	50.7	41.5	22.0%	17.8%	99.6	79.0	26.1%	18.2%	16.3%	11.5%
Asia	41.1	29.8	38.2%	0.3%	80.6	61.0	32.1%	3.8%	31.0%	9.3%
Intercompany eliminations	-4.3	-3.7			-8.7	-5.7				-1.0%
Total	426.8	408.4	4.5%	-0.1%	866.0	798.6	8.4%	2.8%	7.7%	100.0%

Source: Sogefi and IHS data

All geographical areas contributed to the increase in sales in the first half. In Europe revenues increased 2.6%, despite a contraction in the second quarter (-2.7%) mainly because of the decline in car production due to negative calendar factors. Business continued to develop in North America (+11.6% in the first half, despite the market slowdown in the second quarter) and above all in Asia (+32.1% in the first half, with a further acceleration in the second quarter): the two regions now account for 27.5% of the group's sales. In South America revenues increased by 26.1% (+16.3% at constant exchange rates), reflecting the recovery of the market.

Positive performance for the three Business Units

€m	Q2 2017	Q2 2016	reported change	H1 2017	H1 2016	reported change	constant exchange rates
Suspensions	154.0	146.4	5.2%	307.2	289.5	6.1%	5.6%
Filtration	147.1	139.6	5.3%	296.2	270.7	9.4%	8.6%
Air & Cooling	126.8	123.3	2.8%	264.7	240.4	10.1%	9.3%
Intercompany eliminations	-1.1	-0.9		-2.1	-2.0		
Total	426.8	408.4	4.5%	866.0	798.6	8.4%	7.7%

In the first half, all three Business Units reported growth: +10.1% (+9.3% at constant exchange rates) for *Air & Cooling*, +9.4% (+8.6% at constant exchange rates) for *Filtration* and +6.1% (+5.6% at constant exchange rates) for *Suspensions*.

Operating results and net income

EBITDA, at € 93.9 million, increased by 25.8% compared to € 74.7 million for the same period of 2016. The increase was due to the revenue growth and the improvement in profitability, which rose from 9.3% to 10.8%.

The increase in profitability was the result of a further improvement in the contribution margin and the reduced impact of indirect costs. The ratio of total labour costs to revenues declined from 21.7% in first half 2016 to 20.8% in the same period of 2017.

EBIT, at € 49.8 million, increased 36.1% compared to the first half of 2016 (€ 36.6 million) and represents 5.8% of total sales. The first half result includes € 6 million of write-downs of the fixed assets of the Brazilian operations.

Net income before taxes and non-controlling interests was € 37 million (€ 19.4 million in the first half of 2016), after financial expense of € 12.8 million, down from € 16.8 million in the same period of 2016 thanks to lower interest expense and fair value gains of € 1.2 million.

Net income was € 20 million (€ 8.3 million in the first half of 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 half of 2017 there were no significant developments.

Net debt

Free Cash Flow in the first half of 2017 amounted to a **positive € 19 million** compared to a cash flow at breakeven in the same period of 2016 (€ -0.2 million). The improvement is attributable to a better operating performance of the group.

Net financial debt at June 30 2017 stood at **€ 280.4 million**, showing an improvement of € 18.6 million compared to December 31 2016 (€ 299 million) and of € 45.8 million compared to June 30 2016 (€ 326.2 million).

Shareholders' equity

At June 30 2017 **shareholders' equity** excluding minority interests amounted to **€ 187.4 million** (€ 172.9 million at December 31 2016).

Employees

The Sogefi group had 6,799 employees at June 30 2017 compared to 6,801 at December 31 2016.

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

In the first half of the year the parent company Sogefi S.p.A. reported net income of € 21.5 million, up from € 13.8 million in the same period of 2016. The increase was due mainly to the higher dividends distributed by the subsidiaries (€ 8.7 million) together with lower net financial expense (€ 0.9 million) partly offset by higher non-operating charges relating to the cancellation of intercompany receivables with a Brazilian subsidiary (of € 1.8 million).

Net debt stood at € 249.3 million at June 30 2017 (€ 280.1 million at December 31 2016).

The company's equity totalled € 222.4 million at June 30 2017 (€ 197.9 million at December 31 2016).

Outlook for the year

For the global automotive market, the outlook for 2017 shows a positive trend, albeit at a slower pace than in the first half of the year. Europe is expected to grow in the second half of the year while North America is expected to show a further decline.

In this environment, Sogefi is forecasting mid-single digit revenue growth in percentage terms in the second half of the year. The company also expects to improve its profitability on a full year basis 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 June 30 2017 of the Sogefi Group.

SOGEFI GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of Euro)

ASSETS	June 30, 2017	December 31, 2016	June 30, 2016
CURRENT ASSETS			
Cash and cash equivalents	73.1	93.7	97.3
Other financial assets	3.3	5.9	5.0
<i>Working capital</i>			
Inventories	171.2	165.0	162.1
Trade receivables	190.7	158.5	190.3
Other receivables	6.5	6.8	6.7
Tax receivables	22.1	24.2	27.0
Other assets	5.6	3.6	6.2
TOTAL WORKING CAPITAL	396.1	358.1	392.3
TOTAL CURRENT ASSETS	472.5	457.7	494.6
NON-CURRENT ASSETS			
Fixed assets			
Land	12.7	12.8	14.1
Property, plant and equipment	237.4	243.3	227.8
Other tangible fixed assets	5.5	6.4	6.3
<i>Of wich: leases</i>	6.8	8.1	6.1
Intangible assets	273.2	281.7	282.4
TOTAL FIXED ASSETS	528.9	544.2	530.6
OTHER NON-CURRENT ASSETS			
Investments in joint ventures	-	-	-
Other financial assets available for sale	0.1	-	-
Long term trade receivables	-	-	-
Financial receivables	6.8	15.8	12.5
Other receivables	30.5	29.8	32.6
Deferred tax assets	46.9	56.8	66.2
TOTAL OTHER NON-CURRENT ASSETS	84.3	102.4	111.3
TOTAL NON-CURRENT ASSETS	613.2	646.6	641.9
NON-CURRENT ASSETS HELD FOR SALE	3.4	3.4	-
TOTAL ASSETS	1,089.1	1,107.7	1,136.5

LIABILITIES	June 30, 2017	December 31, 2016	June 30, 2016
CURRENT LIABILITIES			
Bank overdrafts and short-term loans	13.3	11.0	22.2
Current portion of medium/long-term financial debts and other loans	62.3	137.2	123.8
<i>Of which: leases</i>	1.6	1.7	1.2
TOTAL SHORT-TERM FINANCIAL DEBTS	75.6	148.2	146.0
Other short-term liabilities for derivative financial instruments	5.7	0.4	0.6
TOTAL SHORT-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	81.3	148.6	146.6
Trade and other payables	363.4	339.1	354.8
Tax payables	9.0	8.7	9.9
Other current liabilities	8.4	8.2	9.2
TOTAL CURRENT LIABILITIES	462.1	504.6	520.5
NON-CURRENT LIABILITIES			
FINANCIAL INSTRUMENTS			
Financial debts to bank	93.7	48.3	82.4
Other medium/long-term financial debts	188.6	209.9	201.7
<i>Of which: leases</i>	7.6	9.0	7.1
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS	282.3	258.2	284.1
Other medium/long-term financial liabilities for derivative financial instruments	-	7.6	10.3
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	282.3	265.8	294.4
OTHER LONG-TERM LIABILITIES			
Long-term provisions	84.2	89.3	88.0
Other payables	15.3	15.0	11.9
Deferred tax liabilities	42.1	44.0	36.6
TOTAL OTHER LONG-TERM LIABILITIES	141.6	148.3	136.5
TOTAL NON-CURRENT LIABILITIES	423.9	414.1	430.9
SHAREHOLDERS' EQUITY			
Share capital	62.3	62.1	61.7
Reserves and retained earnings (accumulated losses)	105.1	101.5	98.2
Group net result for the period	20.0	9.3	8.3
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE HOLDING COMPANY	187.4	172.9	168.2
Non-controlling interests	15.7	16.1	16.9
TOTAL SHAREHOLDERS' EQUITY	203.1	189.0	185.1
TOTAL LIABILITIES AND EQUITY	1,089.1	1,107.7	1,136.5

RECLASSIFIED CONSOLIDATED INCOME STATEMENT FROM 01.01.2017 TO 06.30.2017

(in millions of Euro)

	1st half 2017		1st half 2016		Year 2016	
	Amount	%	Amount	%	Amount	%
Sales revenues	866.0	100.0	798.6	100.0	1,574.1	100.0
Variable cost of sales	615.5	71.1	570.0	71.4	1,120.2	71.2
CONTRIBUTION MARGIN	250.5	28.9	228.6	28.6	453.9	28.8
Manufacturing and R&D overheads	80.3	9.2	74.6	9.4	147.5	9.3
Depreciation and amortization	35.6	4.1	33.6	4.2	68.8	4.4
Distribution and sales fixed expenses	22.7	2.6	23.1	2.9	44.9	2.9
Administrative and general expenses	44.8	5.2	42.7	5.4	85.1	5.4
Restructuring costs	6.0	0.7	3.5	0.4	5.3	0.3
Losses (gains) on disposal	(0.2)	-	-	-	(0.7)	-
Exchange losses (gains)	0.7	0.1	(0.6)	(0.1)	1.8	0.1
Other non-operating expenses (income)	10.8	1.2	15.1	1.9	26.7	1.7
- of which not ordinary	1.0	-	8.4	-	10.2	-
EBIT	49.8	5.8	36.6	4.5	74.5	4.7
Financial expenses (income), net	12.8	1.5	16.8	2.1	31.5	2.0
Losses (gains) from equity investments	-	-	0.4	-	(3.6)	(0.2)
RESULT BEFORE TAXES AND NON-CONTROLLING INTERESTS	37.0	4.3	19.4	2.4	46.6	2.9
Income taxes	14.9	1.7	8.5	1.1	32.6	2.1
NET RESULT BEFORE NON-CONTROLLING INTERESTS	22.1	2.6	10.9	1.3	14.0	0.8
Loss (income) attributable to non-controlling interests	(2.1)	(0.3)	(2.6)	(0.3)	(4.7)	(0.2)
GROUP NET RESULT	20.0	2.3	8.3	1.0	9.3	0.6

RECLASSIFIED CONSOLIDATED INCOME STATEMENT FOR THE SECOND QUARTER 2017

(in millions of Euro)

	Period		Period		Change	
	04.01 - 06.30.2017		04.01 - 06.30.2016		Amount	%
	Amount	%	Amount	%	Amount	%
Sales revenues	426.8	100.0	408.4	100.0	18.4	4.5
Variable cost of sales	301.3	70.6	289.0	70.8	12.3	4.3
CONTRIBUTION MARGIN	125.5	29.4	119.4	29.2	6.1	5.1
Manufacturing and R&D overheads	40.4	9.5	38.3	9.4	2.1	5.5
Depreciation and amortization	17.7	4.1	17.0	4.1	0.7	3.8
Distribution and sales fixed expenses	11.6	2.7	11.6	2.8	-	(0.4)
Administrative and general expenses	22.5	5.3	21.6	5.3	0.9	4.6
Restructuring costs	1.3	0.3	1.6	0.4	(0.3)	(16.6)
Losses (gains) on disposal	(0.1)	-	-	-	(0.1)	-
Exchange losses (gains)	0.8	0.2	(1.7)	(0.4)	2.5	-
Other non-operating expenses (income)	8.2	1.9	10.4	2.5	(2.2)	(20.9)
- of which not ordinary	0.2		6.4		(6.2)	
EBIT	23.1	5.4	20.6	5.1	2.5	11.8
Financial expenses (income), net	6.5	1.5	8.4	2.1	(1.9)	(22.9)
Losses (gains) from equity investments	-	-	0.4	0.1	(0.4)	(100.0)
RESULT BEFORE TAXES AND NON-CONTROLLING INTERESTS	16.6	3.9	11.8	2.9	4.8	40.1
Income taxes	7.2	1.7	5.1	1.3	2.1	41.9
NET RESULT BEFORE NON-CONTROLLING INTERESTS	9.4	2.2	6.7	1.6	2.7	38.8
Loss (income) attributable to non-controlling interests	(1.0)	(0.2)	(1.3)	(0.3)	0.3	25.0
GROUP NET RESULT	8.4	2.0	5.4	1.3	3.0	54.5

CONSOLIDATED CASH FLOW STATEMENT

(in millions of Euro)

	1st half 2017	1st half 2016	Year 2016
SELF-FINANCING	72.3	47.7	109.1
Change in net working capital	(16.8)	(16.3)	(2.1)
Other medium/long-term assets/liabilities	0.8	6.2	17.5
CASH FLOW GENERATED BY OPERATIONS	56.3	37.6	124.5
Net decrease from sale of fixed assets	0.2	0.2	0.3
TOTAL SOURCES	56.5	37.8	124.8
Increase in intangible assets	13.6	14.8	30.3
Purchase of tangible assets	23.5	18.9	58.8
TOTAL APPLICATION OF FUNDS	37.1	33.7	89.1
Exchange differences on assets/liabilities and equity	(0.4)	(4.3)	(4.5)
FREE CASH FLOW	19.0	(0.2)	31.2
Holding Company increases in capital	0.9	0.1	0.8
Increase in share capital of consolidated subsidiaries	0.1	0.1	0.2
Dividends paid by subsidiaries to non-controlling interests	(2.6)	(5.2)	(8.2)
Change in fair value derivative instruments	1.2	1.3	(0.7)
CHANGES IN SHAREHOLDERS' EQUITY	(0.4)	(3.7)	(7.9)
Change in net financial position	18.6	(3.9)	23.3
Opening net financial position	(299.0)	(322.3)	(322.3)
CLOSING NET FINANCIAL POSITION	(280.4)	(326.2)	(299.0)

CONSOLIDATED NET FINANCIAL POSITION

(in millions of Euro)

	06.30.2017	12.31.2016	06.30.2016
A. Cash	73.1	93.7	97.2
B. Other cash at bank and on hand (included held-to-maturity investments)	1.6	4.0	4.0
C. Financial instruments held for trading	-	-	-
D. Liquid funds (A) + (B) + (C)	74.7	97.7	101.2
E. Current financial receivables	1.7	1.9	1.0
F. Current payables to banks	(13.3)	(11.0)	(22.2)
G. Current portion of non-current indebtedness	(62.3)	(137.2)	(123.7)
H. Other current financial debts	(5.7)	(0.4)	(0.6)
I. Current financial indebtedness (F) + (G) + (H)	(81.3)	(148.6)	(146.5)
J. Current financial indebtedness, net (I) + (E) + (D)	(4.9)	(49.0)	(44.3)
K. Non-current payables to banks	(93.7)	(48.3)	(82.4)
L. Bonds issued	(180.5)	(200.2)	(193.7)
M. Other non-current financial debts	(8.1)	(17.3)	(18.3)
N. Non-current financial indebtedness (K) + (L) + (M)	(282.3)	(265.8)	(294.4)
O. Net indebtedness (J) + (N)	(287.2)	(314.8)	(338.7)
Non-current financial receivables	6.8	15.8	12.5
Financial indebtedness, net including non-current financial receivables	(280.4)	(299.0)	(326.2)

SOGEFI S.p.A.

STATEMENT OF FINANCIAL POSITION

(in millions of Euro)

	June 30, 2017	December 31, 2016	June 30, 2016
Short-term assets	8.7	13.2	16.7
Short-term liabilities	(7.9)	(8.2)	(9.8)
Net working capital	0.8	5.0	6.9
Equity investments	416.4	416.7	424.1
Other fixed assets	55.6	56.9	61.2
CAPITAL INVESTED	472.8	478.6	492.2
Other medium and long-term liabilities	(1.1)	(0.6)	(1.0)
NET CAPITAL INVESTED	471.7	478.0	491.2
Net financial indebtedness	249.3	280.1	307.6
Shareholders' equity	222.4	197.9	183.6
TOTAL	471.7	478.0	491.2

RECLASSIFIED INCOME STATEMENT FOR THE FIRST HALF 2017

(in millions of Euro)

	1st half 2017	1st half 2016	Year 2016
Financial income/expenses and dividends	24.8	15.2	29.9
Other operating revenues	7.0	10.8	22.5
Operating costs	(9.6)	(13.6)	(25.7)
Other non-operating income (expenses)	(1.7)	(0.5)	0.3
RESULT BEFORE TAXES	20.5	11.9	27.0
Income taxes	(1.0)	(1.9)	(0.7)
NET RESULT	21.5	13.8	27.7

CASH FLOW STATEMENT

(in millions of Euro)

	1st half 2017	1st half 2016	Year 2016
SELF-FINANCING	23.8	15.5	34.2
Change in net working capital	4.2	0.5	2.4
Other medium/long-term assets/liabilities	1.4	1.5	2.6
CASH FLOW GENERATED BY OPERATIONS	29.4	17.5	39.2
Sale of equity investments	0.4	-	7.0
TOTAL SOURCES	29.8	17.5	46.2
Increase of intangible assets	0.9	0.5	1.1
Purchase of tangible assets	-	-	0.1
Purchase of equity investments	0.2	20.1	20.0
TOTAL APPLICATION OF FUNDS	1.1	20.6	21.2
FREE CASH FLOW	28.7	(3.1)	25.0
Holding Company increases in capital	0.9	0.1	0.8
Change in fair value derivative instruments	1.2	1.2	(0.1)
CHANGES IN SHAREHOLDER'S EQUITY	2.1	1.3	0.7
Change in net financial position	30.8	(1.8)	25.7
Opening net financial position	(280.1)	(305.8)	(305.8)
CLOSING NET FINANCIAL POSITION	(249.3)	(307.6)	(280.1)