



## PRESS RELEASE

*Board of Directors approves results as of March 31 2014*

**SOGEFI (CIR GROUP): REVENUES APPROX. € 340 MLN, +2.9%  
(+9.1% AT SAME EXCHANGE RATES),  
NET RESULT -€ 6.3 MLN AFTER RESTRUCTURING FOR € 11.3 MLN**

*The negative effect of exchange rates due to the strong euro and the acceleration of restructuring in Europe (charges of € 11.3 million in Q1 2014 versus € 0.4 million in 2013) impact Q1 results*

*Growth in North America and Asia with revenues up by 11.5% and 27.7% to € 50.3 million and € 16.5 million respectively. Revenues in South America at € 43.7 million (+5.9% in local currencies, -20.2% in euro), strongly impacted by exchange rates*

*Operating result at € 22 million, unchanged from Q1 2013.  
EBITDA, EBIT and net result affected significantly by restructuring charges.  
EBIT before restructuring at € 17.1 million (€ 18.6 million in Q1 2013)*

### Consolidated results for Q1 2014

*Revenues: € 338.7 million (+2.9% from € 329.2 in Q1 2013 ; +9.1% at same exchange rates)  
Operating result: € 22 million (unchanged from Q1 2013)  
EBIT: € 5.8 million (€ 18.2 million in Q1 2013)  
Net result: -€ 6.3 million (€ 7 million in Q1 2013)  
Net debt: € 322.5 million (€ 305 million at 31/12/2013)*

*Milan, April 23 2014 - The Board of Directors of Sogefi SpA, which met today under the chairmanship of Rodolfo De Benedetti, has approved the Interim Financial Report of the group for the first quarter of 2014.*

**Sogefi**, the automotive components company of the **CIR group**, is one of the **main world producers of engine systems and suspension components** with **43** production plants in **21** countries and **17** commercial offices.

### Performance of operations

In a climate characterized by a positive performance of the main world car markets and a euro that is particularly strong against the other main currencies, in the first quarter of 2014 Sogefi reported growth in revenues of 2.9%, which would have been 9.1% at the same exchange rates. This result was obtained thanks to the strategy of focusing on non-European markets, especially in North America and Asia, where Sogefi's revenues are continuing to grow significantly despite the impact of exchange rates. The group revenues were up measured in the local currencies of all areas, but they suffered the negative effect of exchange rates particularly in South America.

The operating result of the group remained stable compared to 2013 while EBITDA and EBIT were negatively affected by restructuring charges in Europe (€ 11.3 million in the first quarter of 2014 compared to € 0.4 million in 2013).

Because of the effect of the restructuring charges the net result of the first quarter was negative.

As for the overall performance of the car market in the first quarter, there was growth in production volumes in Europe (+9% on the first quarter of 2013) mainly due to the recovery from the low volumes of last year. In the rest of the world production volumes grew in China (+10%) and in the NAFTA area (+6%), while in Brazil and Argentina production volumes declined by 7%.

### **Consolidated results**

Sogefi closed the first quarter with **consolidated revenues of € 338.7 million, up by 2.9%** from € 329.2 million in the first quarter of 2013 (**+9.1% at the same exchange rates**). The figure benefited particularly from the **positive performance of the markets in North America and Asia**, which despite the negative impact of exchange rates, reported revenues that were up by 11.5% (€ 50.3 million; +23.7% at the same exchange rates) and 27.7% (€ 16.5 million; +37.7% at the same exchange rates) respectively from the first quarter of 2013. Even Europe showed slight growth (+5.8%) with revenues of € 227.4 million thanks to the positive contribution of the engine systems businesses and the aftermarket. Revenues in South America were up by 5.9% in the local currencies, while in their translation into euro, because of the negative effect of the exchange rates, there was a decline of 20.2% to € 43.7 million.

The **Engine Systems Business Unit** reported revenues that were up by 4.4% to € 210.6 million from € 201.9 million in first quarter 2013, while the **Suspension Components Business Unit** reported revenues of € 128.8 million compared to € 127.9 million in the same period of 2013 (+0.7%).

The **consolidated operating result** came in at **€ 22 million**, unchanged from the first quarter of 2013, with a ratio to sales substantially confirmed at 6.5% (6.7% in Q1 2013).

In the first quarter the efficiency initiatives in Europe continued in order to rationalize production capacity. In the *Suspension Components Business Unit*, in particular, the group announced a plan for the closure of a factory in France. This led to restructuring charges of € 11.3 million, of which € 7.1 million for the rationalization of the production capacity and € 4.2 million linked to the writedown of assets and to sundry expenses relating to the restructuring processes. In the first quarter of 2013 restructuring charges had amounted to € 0.4 million.

**Consolidated EBITDA** came to **€ 20.9 million** (€ 32.1 million in first quarter 2013); **net of restructuring costs** it was **€ 31.8 million** (€ 32.5 million in Q1 2013; -2%) with a ratio to sales down slightly to 9.4% from 9.9%.

**Consolidated EBIT** came to **€ 5.8 million** (€ 18.2 million in the first quarter of 2013); **net of restructuring costs** it was **€ 17.1 million** (€ 18.6 million; -8.1%) with a ratio to sales down slightly to 5.0% from 5.7% in Q1 2013.

The **result before taxes and minority interests** was a negative € 2.6 million (€ 12.6 million in the first quarter of 2013), affected by higher restructuring costs and higher interest expense after the debt refinancing process which meant that credit facilities signed before the crisis were replaced with new credit lines set at market rates.

This led to a **consolidated net result for the first quarter of 2014** of **-€ 6.3 million** (net income of € 7.0 million in the first quarter of last year).

**Net debt** stood at **€ 322.5 million** at March 31 2014, up from € 304.6 million at December 31 2013. This increase was due to the seasonal cash flow absorption typical of the automotive sector and to the cash outlays for part of the restructuring costs recognized in the fourth quarter of 2013.

**Shareholders' equity** stood at **€ 182.3 million** at the same date (€ 188.9 million at December 31 2013).

The Sogefi group had **6,920** employees at the end of the first quarter of 2014 (6,834 at December 31 2013).

### **OUTLOOK FOR THE YEAR**

In 2014 the performance of the car market at global level is expected to show growth, driven particularly by the Chinese market and supported by a more contained expansion of North American markets and further stability in Europe. Another period of weakness, however, is forecast for the Brazilian and Argentine markets.

In this context Sogefi expects to:

- Continue to increase the group's presence outside Europe leveraging its competitive positioning in the various geographical areas;
- Increase its focus on innovation and on the improvement of its product mix;
- Push for the integration of the group;
- Continue to accelerate structural efficiency actions in Europe.

*The executive responsible for the preparation of the company's financial statements, Giancarlo Coppa, hereby declares, in compliance with the terms of paragraph 2 of 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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#### Contacts:

##### **Sogefi Investor Relations**

Giancarlo Coppa  
Laura Pennino  
Email: [ir@sogefigroup.com](mailto:ir@sogefigroup.com)  
tel.: +39 02 467501  
[www.sogefigroup.com](http://www.sogefigroup.com)

##### **CIR Group Communication Department**

Salvatore Ricco  
tel.: +39 02 722701  
e-mail: [infostampa@cirgroup.com](mailto:infostampa@cirgroup.com)  
[www.cirgroup.com](http://www.cirgroup.com)

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 key figures from the Income Statement and the Statement of Financial Position at March 31 2014 of the Sogefi group. It should be noted that these accounts have not been audited by the firm of external auditors*

## **SOGEFI GROUP**

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

(in millions of Euro)

<b>ASSETS</b>	<b>03.31.2014</b>	<b>12.31.2013</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	94.6	125.3
Other financial assets	9.7	7.5
<i>Working capital</i>		
Inventories	151.6	143.1
Trade receivables	175.7	145.9
Other receivables	9.4	7.8
Tax receivables	21.9	20.5
Other assets	5.2	3.7
<b>TOTAL WORKING CAPITAL</b>	<b>363.8</b>	<b>321.0</b>
<b>TOTAL CURRENT ASSETS</b>	<b>468.1</b>	<b>453.8</b>
<b>NON-CURRENT ASSETS</b>		
Fixed assets		
Land	14.4	15.4
Property, plant and equipment	211.6	216.0
Other tangible fixed assets	4.8	5.0
<i>Of wich: leases</i>	7.2	7.4
Intangible assets	267.9	262.7
<b>TOTAL FIXED ASSETS</b>	<b>498.7</b>	<b>499.1</b>
<b>OTHER NON-CURRENT ASSETS</b>		
Investments in joint ventures	-	-
Other financial assets available for sale	0.4	0.4
Non-current trade receivables	-	-
Financial receivables	-	-
Other receivables	32.3	31.6
Deferred tax assets	60.9	59.6
<b>TOTAL OTHER NON-CURRENT ASSETS</b>	<b>93.6</b>	<b>91.7</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>592.3</b>	<b>590.8</b>
<b>NON-CURRENT ASSETS HELD FOR SALE</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>1,060.4</b>	<b>1,044.6</b>

<b>LIABILITIES</b>	<b>03.31.2014</b>	<b>12.31.2013</b>
<b>CURRENT LIABILITIES</b>		
Bank overdrafts and short-term loans	5.1	6.9
Current portion of medium/long-term financial debts and other loans	73.8	76.7
<i>Of which: leases</i>	1.0	1.1
<b>TOTAL SHORT-TERM FINANCIAL DEBTS</b>	<b>78.9</b>	<b>83.6</b>
Other short-term liabilities for derivative financial instruments	0.3	0.1
<b>TOTAL SHORT-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>79.2</b>	<b>83.7</b>
Trade and other payables	313.2	285.4
Tax payables	6.4	4.6
Other current liabilities	4.4	8.1
<b>TOTAL CURRENT LIABILITIES</b>	<b>403.2</b>	<b>381.8</b>
<b>NON-CURRENT LIABILITIES</b>		
<b>MEDIUM/LONG TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS</b>		
Financial debts to bank	201.2	213.7
Other medium/long-term financial debts	121.8	118.7
<i>Of which: leases</i>	6.4	6.6
<b>TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS</b>	<b>323.0</b>	<b>332.4</b>
Other medium/long term financial liabilities for derivative financial instruments	24.7	21.4
<b>TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>347.7</b>	<b>353.8</b>
<b>OTHER LONG-TERM LIABILITIES</b>		
Long-term provisions	89.5	81.6
Other payables	0.2	0.3
Deferred tax liabilities	37.5	38.3
<b>TOTAL OTHER LONG-TERM LIABILITIES</b>	<b>127.2</b>	<b>120.2</b>
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>474.9</b>	<b>474.0</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	61.4	60.9
Reserves and retained earnings (accumulated losses)	105.7	86.4
Group net result for the period	(6.3)	21.1
<b>TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE HOLDING COMPANY</b>	<b>160.8</b>	<b>168.5</b>
Non-controlling interests	21.5	20.4
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>182.3</b>	<b>188.9</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,060.4</b>	<b>1,044.6</b>

## CONSOLIDATED INCOME STATEMENT FROM 01.01.2014 TO 03.31.2014

(in millions of Euro)

	Period 01.01 – 03.31.2014		Period 01.01 – 03.31.2013		Change	
	Amount	%	Amount	%	Amount	%
Sales revenues	338.7	100.0	329.2	100.0	9.5	2.9
Variable cost of sales	239.4	70.7	230.3	70.0	9.1	4.0
<b>CONTRIBUTION MARGIN</b>	<b>99.3</b>	<b>29.3</b>	<b>98.9</b>	<b>30.0</b>	<b>0.4</b>	<b>0.4</b>
Manufacturing and R&D overheads	32.9	9.7	34.7	10.5	(1.8)	(5.1)
Depreciation and amortization	14.7	4.4	14.1	4.3	0.6	4.3
Distribution and sales fixed expenses	9.9	2.9	9.8	3.0	0.1	0.8
Administrative and general expenses	19.8	5.8	18.2	5.5	1.6	8.4
<b>OPERATING RESULT</b>	<b>22.0</b>	<b>6.5</b>	<b>22.1</b>	<b>6.7</b>	<b>(0.1)</b>	<b>(0.2)</b>
Restructuring costs	7.1	2.1	0.4	0.1	6.7	-
Losses (gains) on disposal	-	-	-	-	-	-
Exchange losses (gains)	1.5	0.4	(0.2)	(0.1)	1.7	-
Other non-operating expenses (income)	7.6	2.3	3.7	1.2	3.9	107.9
EBIT	5.8	1.7	18.2	5.5	(12.4)	(68.1)
Financial expenses (income), net	8.4	2.5	5.6	1.7	2.8	49.3
Losses (gains) from equity investments	-	-	-	-	-	-
<b>RESULT BEFORE TAXES AND NON-CONTROLLING INTERESTS</b>	<b>(2.6)</b>	<b>(0.8)</b>	<b>12.6</b>	<b>3.8</b>	<b>(15.2)</b>	<b>(121.0)</b>
Income taxes	2.7	0.8	4.8	1.4	(2.1)	(43.1)
<b>NET RESULT BEFORE NON-CONTROLLING INTERESTS</b>	<b>(5.3)</b>	<b>(1.6)</b>	<b>7.8</b>	<b>2.4</b>	<b>(13.1)</b>	<b>(167.6)</b>
Loss (income) attributable to non-controlling interests	(1.0)	(0.3)	(0.8)	(0.3)	(0.2)	(20.3)
<b>GROUP NET RESULT</b>	<b>(6.3)</b>	<b>(1.9)</b>	<b>7.0</b>	<b>2.1</b>	<b>(13.3)</b>	<b>(190.0)</b>

## NET FINANCIAL POSITION

(in millions of Euro)

	03.31.2014	12.31.2013	03.31.2013
A. Cash	94.6	125.3	88.3
B. Other cash at bank and on hand (held to maturity investments)	9.7	7.5	4.0
C. Financial instruments held for trading	-	-	-
<b>D. Liquid funds (A) + (B) + (C)</b>	<b>104.3</b>	<b>132.8</b>	<b>92.3</b>
<b>E. Current financial receivables</b>	<b>-</b>	<b>-</b>	<b>0.2</b>
F. Current payables to banks	(5.1)	(6.9)	(18.8)
G. Current portion of non-current indebtedness	(73.7)	(76.7)	(101.6)
H. Other current financial debts	(0.3)	(0.1)	(0.5)
<b>I. Current financial indebtedness (F) + (G) + (H)</b>	<b>(79.1)</b>	<b>(83.7)</b>	<b>(120.9)</b>
<b>J. Current financial indebtedness, net (I) + (E) + (D)</b>	<b>25.2</b>	<b>49.1</b>	<b>(28.4)</b>
K. Non-current payables to banks	(201.2)	(213.7)	(258.8)
L. Bonds issued	(107.8)	(107.8)	-
M. Other non-current financial debts	(38.7)	(32.2)	(24.7)
<b>N. Non-current financial indebtedness (K) + (L) + (M)</b>	<b>(347.7)</b>	<b>(353.7)</b>	<b>(283.5)</b>
<b>O. Net indebtedness (J) + (N)</b>	<b>(322.5)</b>	<b>(304.6)</b>	<b>(311.9)</b>
	-	-	-
Non-current financial receivables	-	-	-
<b>Financial indebtedness, net including non-current financial receivables</b>	<b>(322.5)</b>	<b>(304.6)</b>	<b>(311.9)</b>

## CASH FLOW STATEMENT

(in millions of Euro)

	March 31, 2014	December 31, 2013	March 31, 2013
<b>SELF-FINANCING</b>	16.1	87.9	14.5
Change in net working capital	(17.4)	6.7	(9.5)
Other medium/long-term assets/liabilities	(0.4)	(1.3)	(1.0)
<b>CASH FLOW GENERATED BY OPERATIONS</b>	<b>(1.7)</b>	<b>93.3</b>	<b>4.0</b>
Sale of equity investments	-	0.1	-
Net decrease from sale of fixed assets	3.1	1.9	0.1
<b>TOTAL SOURCES</b>	<b>1.4</b>	<b>95.3</b>	<b>4.1</b>
Increase in intangible assets	10.8	47.8	11.0
Purchase of tangible assets	7.9	36.0	7.1
<b>TOTAL APPLICATION OF FUNDS</b>	<b>18.7</b>	<b>83.8</b>	<b>18.1</b>
Exchange differences on assets/liabilities and equity	-	(1.5)	(1.0)
<b>FREE CASH FLOW</b>	<b>(17.3)</b>	<b>10.0</b>	<b>(15.0)</b>
Holding Company increases in capital	1.7	0.8	-
Net purchase of treasury share	-	-	-
Increase in share capital of consolidated subsidiaries	-	-	-
Dividends paid by the Holding Company to shareholders	-	(14.7)	-
Dividends paid by subsidiaries to non-controlling interests	-	(2.6)	-
Change in fair value of effective derivative instruments	(2.3)	(2.3)	(1.1)
<b>CHANGES IN SHAREHOLDERS' EQUITY</b>	<b>(0.6)</b>	<b>(18.8)</b>	<b>(1.1)</b>
<b>Change in net financial position</b>	<b>(17.9)</b>	<b>(8.8)</b>	<b>(16.1)</b>
<b>Opening net financial position</b>	<b>(304.6)</b>	<b>(295.8)</b>	<b>(295.8)</b>
<b>CLOSING NET FINANCIAL POSITION</b>	<b>(322.5)</b>	<b>(304.6)</b>	<b>(311.9)</b>