



PRESS RELEASE

Board of Directors approves results as of September 30 2014

**SOGEFI (CIR GROUP): REVENUES STABLE AT € 1 BLN
SOUTH AMERICAN MARKET AND RESTRUCTURING IN EUROPE
HAVE NEGATIVE IMPACT ON EBITDA
NET RESULT -€ 5.8 MLN**

The results of the first nine months negatively affected particularly by continuing weakness of the South American market, where revenues are down by 23.3%. As well as by Mercosur, margins also affected by restructuring and resulting temporary industrial inefficiencies in Europe. Growth continues in North America, albeit at a slower rate than in the recent past, and in Asia. The reduction in margins impacts the net result for the period

*CEO Fiocchi, in agreement with the company, leaves Sogefi.
At the proposal of the Chairman Rodolfo De Benedetti, Monica Mondardini has assumed the position of Executive Vice Chairman.
A new chief executive will be appointed*

Consolidated results for the first 9 months of 2014

*Revenues: € 1,010.2 million (unchanged from € 1,010.6 million in 9M 2013)
EBITDA: € 80.8 million (-25.5% from 108.4 million in 9M 2013)
EBITDA before restructuring: € 98.4 million (-10.8% from € 110.3 million in 9M 2013)
Net result: -€ 5.8 million (€ 23.8 million in 9M 2013)
Net debt: € 348.5 million (€ 340.8 million at 30/6/2014)*

Milan, October 21 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 as of **September 30 2014**.

Sogefi, the automotive components company of the **CIR group**, is one of the **main world producers of engine systems and suspension components** with **42** production plants in **21** countries and **17** commercial offices.

Performance of operations

In the first nine months of the year world car production rose by 3.75%, with different performances in the various geographical areas.

More specifically, the car market performed positively in North America and in Asia, with growth in production volumes compared to the first nine months of 2013 of 5.3% and 7.5% respectively.

In South America, especially in Brazil and Argentina, the sharp slowdown of the market compared to 2013 continued, with the production of passenger cars and light commercial vehicles down in the nine month period by 17% compared to the same period of 2013.

In Europe the market continued the trend of slight growth with passenger car production up by 4.8% compared to the first nine months of 2013, although growth slowed in the third quarter (+1.5%), mainly due to the effect of the recovery from the low volumes of last year.

In this context Sogefi was particularly affected by the weakness in South America, which had a negative impact on revenues and more especially on margins in the first nine months of the year, particularly in the third quarter. The stability of revenues at just over € 1 billion compared to 2013 was guaranteed by the growth reported in North America and Asia and by the aftermarket business, while EBITDA and EBIT were impacted not only by the South American markets but also by the effect of the restructuring put in place mainly in Europe and by the resulting temporary industrial inefficiencies.

Consolidated results

In the first nine months of the year the Sogefi group achieved **consolidated revenues of € 1,010.2 million, stable** compared to the first nine months of 2013 (+4.6% at the same exchange rates). The significant decline in revenues reported in South America (-23.3% to € 135.8 million) was in fact offset by the growth achieved in North America, albeit at a lower rate than in the recent past (+12% to € 155.4 million), and in Asia (+40.5% to € 59.8 million). In Europe revenues were up slightly (+1.3% to € 656.7 million).

The **Engine Systems Business Unit** reported revenues that were up by 2.2% to € 633.3 million versus € 619.7 million in the first nine months of 2013 (+6.3% at the same exchange rates), while the **Suspension Components Business Unit** reported revenues of € 378.6 million, which were down by 3.5% from € 392.5 million in the same period of 2013 (+1.8% at the same exchange rates).

In the first nine months of 2014 **EBITDA** came in at **€ 80.8 million** and was down by -25.5% from € 108.4 million in the first nine months of 2013. The decline was due mainly to the fall in volumes in South American markets, to the significant concentration in the period of restructuring costs in Europe (€ 17.9 million in the first nine months of 2014) and to the resulting temporary inefficiencies in the industrial structure of the Engine Systems Business Unit particularly in the third quarter.

EBITDA before restructuring came to **€ 98.4 million** (€ 110.3 million in 2013; -10.8%), with a ratio to sales of 9.7% compared to 10.9% in 2013.

Consolidated EBIT amounted to **€ 36.5 million** (€ 65.8 million in the first nine months of 2013). **EBIT before restructuring** was **€ 54.4 million** (€ 67.6 million in the first nine months of 2013; -19.6%) with a ratio to sales of 5.4% versus 6.7% in 2013.

Regarding the restructuring costs of € 17.9 million reported in the nine months, € 13.8 million relate to the rationalization of production capacity while € 4.1 million are to do with the write-down of assets and sundry costs linked to the restructuring. In the first nine months of 2013 restructuring costs totalled € 1.9 million.

Net financial expense came to € 30 million in the first nine months of the year. This item includes financial expense of € 23.5 million (€ 20.4 million in the first nine months of 2013) and other expenses of € 6.5 million, of which € 2.8 million non-recurring as the repayment of bank borrowings after the cash inflow from the convertible bond issue and € 3.7 million as the fair value effect of interest rate hedging transactions.

This gave a positive **result before taxes and minority interests of € 6.5 million** (€ 45.4 million in the first nine months of 2013).

The **consolidated net result** was **-€ 5.8 million** which compares with net income of € 23.8 million in the first nine months of last year.

Net debt totalled **€ 348.5 million** at September 30 2014 compared to € 340.8 million at June 30 2014 and € 339 million at September 30 2013.

Shareholders' equity stood at **€ 192.5 million** at September 30 2014 (€ 188.9 million at December 31 2013).

The Sogefi group had **6,704 employees** at the end of the third quarter of 2014 (6,834 at December 31 2013).

OUTLOOK FOR THE REST OF THE YEAR

For the remaining months of 2014 the weakness in South America is expected to continue; business in Europe, North America and Asia should continue to follow the current trends.

Operating profitability in the last quarter is forecast to be in line with that of the third quarter as it will be influenced by the same factors in South America and Europe.

Company positions

The Board of Directors of Sogefi has announced that Chief Executive Guglielmo Fiocchi and Sogefi have by common consent considered Fiocchi's management experience to have come to an end. The company would like to thank Guglielmo Fiocchi and wish him every success in his future professional activity.

At the proposal of the Chairman Rodolfo De Benedetti, the Board has appointed as Executive Vice Chairman Monica Mondardini, Chief Executive of CIR. Ms Mondardini has been given a mandate by the Board of Directors to select a new chief executive officer with whom to formulate a strategic plan for the company.

Rodolfo De Benedetti said: *"This moment of change reaffirms CIR's commitment and ambitions with regard to Sogefi, which is the main industrial business of the group and can count on people, technologies and products of absolute excellence"*.

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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Attached are the key figures from the Income Statement and the Statement of Financial Position at September 30 2014 of the Sogefi group.

SOGEFI GROUP CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of Euro)

ASSETS	09.30.2014	12.31.2013
CURRENT ASSETS		
Cash and cash equivalents	93.7	125.3
Other financial assets	9.8	7.5
<i>Working capital</i>		
Inventories	148.2	143.1
Trade receivables	181.7	145.9
Other receivables	9.8	7.8
Tax receivables	19.6	20.5
Other assets	4.5	3.7
TOTAL WORKING CAPITAL	363.8	321.0
TOTAL CURRENT ASSETS	467.3	453.8
NON-CURRENT ASSETS		
FIXED ASSETS		
Land	14.3	15.4
Property, plant and equipment	218.2	216.0
Other tangible fixed assets	4.9	5.0
<i>Of which: leases</i>	<i>7.0</i>	<i>7.4</i>
Intangible assets	280.0	262.7
TOTAL FIXED ASSETS	517.4	499.1
OTHER NON-CURRENT ASSETS		
Investments in joint ventures	-	-
Other financial assets available for sale	0.4	0.4
Long term trade receivables	-	-
Financial receivables	-	-
Other receivables	34.3	31.6
Deferred tax assets	63.8	59.6
TOTAL OTHER NON-CURRENT ASSETS	98.5	91.7
TOTAL NON-CURRENT ASSETS	615.9	590.8
	-	-
NON-CURRENT ASSETS HELD FOR SALE	-	-
TOTAL ASSETS	1,083.2	1,044.6
LIABILITIES	09.30.2014	12.31.2013
CURRENT LIABILITIES		
Bank overdrafts and short-term loans	16.6	6.9
Current portion of medium/long-term financial debts and other loans	104.5	76.7
<i>Of which: leases</i>	<i>0.8</i>	<i>1.1</i>
TOTAL SHORT-TERM FINANCIAL DEBTS	121.1	83.6
Other short-term liabilities for derivative financial instruments	0.6	0.1
TOTAL SHORT-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	121.7	83.7
Trade and other payables	299.2	285.4
Tax payables	5.1	4.6
Other current liabilities	6.7	8.1
TOTAL CURRENT LIABILITIES	432.7	381.8
NON-CURRENT LIABILITIES		
MEDIUM/LONG TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS		
Financial debts to bank	86.0	213.7
Other medium/long-term financial debts	200.3	118.7
<i>Of which: leases</i>	<i>6.6</i>	<i>6.6</i>
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS	286.3	332.4
Other medium/long term financial liabilities for derivative financial instruments	43.9	21.4
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	330.2	353.8
OTHER LONG-TERM LIABILITIES		
Long-term provisions	87.0	81.6
Other payables	0.2	0.3
Deferred tax liabilities	40.6	38.3
TOTAL OTHER LONG-TERM LIABILITIES	127.8	120.2
TOTAL NON-CURRENT LIABILITIES	458.0	474.0
SHAREHOLDERS' EQUITY		
Share capital	61.6	60.9
Reserves and retained earnings (accumulated losses)	114.8	86.4
Group net profit (loss) for the period	(5.8)	21.1
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE HOLDING COMPANY	170.6	168.5
Non-controlling interests	21.9	20.4
TOTAL SHAREHOLDERS' EQUITY	192.5	188.9
TOTAL LIABILITIES AND EQUITY	1,083.2	1,044.6

SOGEFI GROUP - CONSOLIDATED INCOME STATEMENT FROM 1.1.2014 TO 09.30.2014

(in millions of Euro)

	Period 01.01 – 09.30.2014		Period 01.01 – 09.30.2013		Change	
	Amount	%	Amount	%	Amount	%
Sales revenues	1,010.2	100.0	1,010.6	100.0	(0.4)	(0.0)
Variable cost of sales	718.8	71.2	704.3	69.7	14.5	2.1
CONTRIBUTION MARGIN	291.4	28.8	306.3	30.3	(14.9)	(4.9)
Manufacturing and R&D overheads	96.3	9.5	101.4	10.0	(5.1)	(4.9)
Depreciation and amortization	43.9	4.3	42.8	4.2	1.1	2.5
Distribution and sales fixed expenses	31.0	3.1	29.9	3.0	1.1	3.7
Administrative and general expenses	54.6	5.4	52.5	5.2	2.1	3.9
OPERATING RESULT	65.6	6.5	79.7	7.9	(14.1)	(17.7)
Restructuring costs	13.8	1.4	1.9	0.2	11.9	-
Losses (gains) on disposal	-	-	(1.6)	(0.2)	1.6	-
Exchange losses (gains)	1.3	0.1	2.8	0.3	(1.5)	(52.7)
Other non-operating expenses (income)	14.0	1.4	10.8	1.1	3.2	29.3
EBIT	36.5	3.6	65.8	6.5	(29.3)	(44.5)
Financial expenses (income), net	30.0	3.0	20.4	2.0	9.6	47.1
Losses (gains) from equity investments	-	-	-	-	-	-
RESULT BEFORE TAXES AND NON-CONTROLLING INTERESTS	6.5	0.6	45.4	4.5	(38.9)	(85.8)
Income taxes	9.0	0.9	19.0	1.9	(10.0)	(53.2)
NET RESULT BEFORE NON-CONTROLLING INTERESTS	(2.5)	(0.3)	26.4	2.6	(28.9)	(109.4)
Loss (income) attributable to non-controlling interests	(3.3)	(0.3)	(2.6)	(0.2)	(0.7)	(30.0)
GROUP NET RESULT	(5.8)	(0.6)	23.8	2.4	(29.6)	(124.4)

SOGEFI GROUP – NET FINANCIAL POSITION

(in millions of Euro)

	09.30.2014	12.31.2013	09.30.2013
A. Cash	93.7	125.3	102.9
B. Other cash at bank and on hand (included held-to-maturity investments)	8.9	7.5	7.1
C. Financial instruments held for trading	-	-	-
D. Liquid funds (A) + (B) + (C)	102.6	132.8	110.0
E. Current financial receivables	0.8	-	0.1
F. Current payables to banks	(16.6)	(6.9)	(11.5)
G. Current portion of non-current indebtedness	(104.5)	(76.7)	(73.9)
H. Other current financial debts	(0.6)	(0.1)	(0.1)
I. Current financial indebtedness (F) + (G) + (H)	(121.7)	(83.7)	(85.5)
J. Current financial indebtedness, net (I) + (E) + (D)	(18.3)	49.1	24.6
K. Non-current payables to banks	(86.0)	(213.7)	(223.0)
L. Bonds issued	(190.8)	(107.8)	(110.0)
M. Other non-current financial debts	(29.0)	(32.2)	(30.6)
N. Convertible bond embedded derivative liability	(24.4)	-	-
O. Non-current financial indebtedness (K) + (L) + (M) + (N)	(330.2)	(353.7)	(363.6)
P. Net indebtedness (J) + (O)	(348.5)	(304.6)	(339.0)
Non-current financial receivables	-	-	-
Financial indebtedness, net including non-current financial receivables	(348.5)	(304.6)	(339.0)

SOGEFI GROUP - CASH FLOW STATEMENT

(in millions of Euro)

	September 30, 2014	December 31, 2013	September 30, 2013
SELF-FINANCING	46.7	87.9	58.7
Change in net working capital	(29.1)	6.7	(23.8)
Other medium/long-term assets/liabilities	(0.1)	(1.3)	(1.1)
CASH FLOW GENERATED BY OPERATIONS	17.5	93.3	33.8
Sale of equity investments	-	0.1	-
Net decrease from sale of fixed assets	3.5	1.9	1.5
TOTAL SOURCES	21.0	95.3	35.3
Increase in intangible assets	31.8	47.8	35.9
Purchase of tangible assets	26.1	36.0	23.6
Purchase of equity investments	-	-	-
TOTAL APPLICATION OF FUNDS	57.9	83.8	59.5
Net financial position of subsidiaries purchased/sold during the period	-	-	-
Exchange differences on assets/liabilities and equity	(1.8)	(1.5)	0.2
FREE CASH FLOW	(38.7)	10.0	(24.0)
Holding Company increases in capital	2.5	0.8	0.6
Net purchase of treasury share	-	-	-
Increase in share capital of consolidated subsidiaries	-	-	-
Dividends paid by the Holding Company to shareholders	-	(14.7)	(14.7)
Dividends paid by subsidiaries to non-controlling interests	(2.6)	(2.6)	(2.6)
Change in fair value derivative instruments	(5.1)	(2.3)	(2.5)
CHANGES IN SHAREHOLDERS' EQUITY	(5.2)	(18.8)	(19.2)
Change in net financial position	(43.9)	(8.8)	(43.2)
Opening net financial position	(304.6)	(295.8)	(295.8)
CLOSING NET FINANCIAL POSITION	(348.5)	(304.6)	(339.0)

SOGEFI GROUP - CONSOLIDATED INCOME STATEMENT FOR THE THIRD QUARTER

(in millions of Euro)

	Period 07.01 – 09.30.2014		Period 07.01 – 09.30.2013		Change	
	Amount	%	Amount	%	Amount	%
Sales revenues	327.3	100.0	328.9	100.0	(1.6)	(0.5)
Variable cost of sales	234.2	71.6	228.1	69.4	6.1	2.6
CONTRIBUTION MARGIN	93.1	28.4	100.8	30.6	(7.7)	(7.6)
Manufacturing and R&D overheads	31.2	9.5	32.0	9.7	(0.8)	(2.4)
Depreciation and amortization	14.3	4.4	14.6	4.5	(0.3)	(2.1)
Distribution and sales fixed expenses	10.2	3.1	9.6	2.9	0.6	6.5
Administrative and general expenses	17.2	5.3	16.2	4.9	1.0	5.9
OPERATING RESULT	20.2	6.2	28.4	8.6	(8.2)	(28.9)
Restructuring costs	3.5	1.1	0.4	0.1	3.1	698.9
Losses (gains) on disposal	-	-	-	-	-	-
Exchange losses (gains)	(1.0)	(0.3)	1.8	0.6	(2.8)	(153.7)
Other non-operating expenses (income)	3.0	0.9	3.7	1.1	(0.7)	(17.4)
EBIT	14.7	4.5	22.5	6.8	(7.8)	(34.8)
Financial expenses (income), net	9.0	2.8	7.7	2.3	1.3	16.5
Losses (gains) from equity investments	-	-	-	-	-	-
RESULT BEFORE TAXES AND NON-CONTROLLING INTERESTS	5.7	1.7	14.8	4.5	(9.1)	(61.7)
Income taxes	3.2	1.0	6.4	2.0	(3.2)	(51.1)
NET RESULT BEFORE NON-CONTROLLING INTERESTS	2.5	0.7	8.4	2.5	(5.9)	(69.9)
Loss (income) attributable to non-controlling interests	(1.0)	(0.3)	(0.8)	(0.2)	(0.2)	(25.5)
GROUP NET RESULT	1.5	0.4	7.6	2.3	(6.1)	(80.0)