

PRESS RELEASE

The Board of Directors approves the accounts for the financial and accounting year 2005

**SOGEFI GROUP: REVENUES IN EXCESS OF ONE BILLION
FURTHER UPTURN IN NET INCOME**

**Consolidated revenues for the financial and accounting year 2005
(on IAS/IFRS accounting principles)**

*Revenues € 1,023.4 million (+ 5.9%)
EBITDA € 126.9 million (+15.3%)
EBIT € 81 million (+2.7%)
Net income € 44.7 million (+48.7%)
Net indebtedness € 167.3 million (-18%)*

*On 6 April 2006 the Board of Directors will submit for the approval of the Shareholders' Meeting
the distribution of a dividend of € 0.175 per share (+9.4%)*

The Board of Directors of SOGEFI SpA met today under the chairmanship of Mr. Rodolfo De Benedetti, to consider the draft accounts for the purposes of the Civil Code and the consolidated accounts of the Group for the financial and accounting year 2005.

THE GROUP

In 2005 the SOGEFI Group further improved its results, with turnover for the first time in excess of one billion Euro.

In a depressed world market in the motor industry, SOGEFI has benefited from diversification of customers and products, compensating for the weakness of the European car market by the expansion of its business in South America and in the sectors of industrial vehicles and earth-moving machines.

As in 2004, over the year 2005, increases in the prices of steel have been combated by increasing sale prices, with positive effects in growth of revenues. In 2005 **consolidated revenues** were 1,023.4 million Euro, compared with 966.1 million in the previous year, an improvement of 5.9% compared with 2004 chiefly owing to the positive performance of the Suspensions Division.

The Group's profitability further improved despite the decline in revenues shown in the filtration businesses, which have seen sales reduced in the most profitable market of the aftermarket. The **consolidated EBITDA** (earnings before interest, tax, depreciation and amortization) for 2005 was 126.9 million Euro (12.4% of turnover), an increase of 15.3% compared with 110 million in the previous year (11.4% of turnover).

The results were affected by the provision of funds of 12.6 million Euro, for costs to be sustained in future years for further company restructuring, after the closure in 2005 of the plants at Melfi, Nottingham (UK) and Coevorden (Netherlands). The 2004 results were similarly influenced by costs of reorganising production, amounting to 23 million, which were partially offset by capital gains of 7.9 million on sales of land and buildings.

Consolidated operating profit increased by 15.4%, moving from 91.5 million Euro (9.5% of turnover) in 2004 to 105.6 million (10.3% of turnover) in 2005.

Consolidated EBIT (earnings before interest and tax) increased by 24.7%, showing at 81 million Euro in 2005 (7.9% of turnover), as against 65 million in the previous year (6.7% of turnover).

In 2005 **consolidated net profit** showed the best result ever, with 44.7 million Euro (4.4% of turnover), an increase of 48.7% compared with 30 million in 2004 (3.1% of turnover). This result was partly due to the improvement in the *tax rate*, owing chiefly to company restructuring over the last two years.

The SOGEFI Group has confirmed its strong capacity to generate cash, reducing its **net financial indebtedness** to 167.3 million Euro as at 31 December 2005, a reduction of 36.7 million to the 204 million as at 31 December 2004.

On 22 December 2005 SOGEFI SpA, the parent company in the Group, repaid the debenture loan then falling due of 80 million Euro.

In December 2006 the syndicated loan of 80 million Euro obtained by the parent company in December 2001 will be due for repayment.

Net consolidated equity as at 31 December 2005 amounted to 246.9 million Euro, as against 210.3 million as at 31 December 2004. **Return on equity (ROE)** grew in 2005 to 19.7% from 15.1% in the previous year, while **return on investment (ROI)** rose to 19% (15.2% in 2004).

FILTRATION DIVISION

In 2005 the performance of the filtration business was badly affected by the decline in the European aftermarket. Growth in the Latin American markets however made possible a modest increase in **turnover**, which amounted to 518.5 million Euro (514.6 million in 2004).

EBITDA was 68.5 million Euro, compared with 70.5 million in 2004, percentage of turnover being 13.2% (13.7% in 2004). **EBIT** remained steady at 50 million Euro (96% of turnover, as against 9.7% in 2004).

SUSPENSION COMPONENTS DIVISION

The financial and accounting year 2005 showed a strong improvement in revenues and profitability for the Division. In 2004 this Division had suffered from the increases in price of steels and the costly launch of the American subsidiary.

Turnover was 504.9 million Euro, an increase of 11.8% compared with 451.6 million in 2004, thanks to increases in prices and greater volumes of sales in the United States market and the *stabilinks* product line (stabilising bars).

Of particular significance was the improvement in the Division's profitability: in 2005 **EBITDA** rose to 61.2 million Euro (12.1% of turnover) from 43.4 million in the previous year (9.6% of turnover), while **EBIT** shows at 34.5 million (6.8% of turnover), as against 19.5 million in 2004 (4.3% of turnover).

THE PARENT COMPANY

In 2005 **SOGEFI SpA** achieved a **net income** of 79.5 million Euro, compared with 22.2 million in 2004, chiefly as a result of a capital gain of 61.1 million made on the sale of the shareholding in Luhn & Pulvermacher-Dittmann & Neuhaus GmbH to the German subsidiary Allevard Federn GmbH, in the context of the Group's company restructuring.

Net equity in SOGEFI SpA increased from 171.7 million as at 31 December 2004 to 243.4 million at the end of 2005.

Proposed dividend

The Board of Directors will propose to the Shareholders' Meeting, called for the first time of calling for 6 April 2006 and for the second time of calling on the following day, the distribution of a dividend per share, of 0.175 Euro (0.160 Euro in 2005), which will be paid as from 21 April 2006, by tearing off coupon N° 26 on 8 April 2006.

Proposed revocation and giving of new mandate for purchase of own shares

The Board of Directors resolved to propose to the Shareholders' Meeting the revocation and renewal of the mandate to the Board, for a period of 18 months, to purchase a maximum of 9 million own shares, at a price per share of not more than 10% more, and not more than 10% less, the reference price registered by the shares in the session of the regulated market previous to each individual transaction.

The main reasons for renewing this authority are, on the one hand, the possibility of investing in shares in the company at lower prices than their actual value based on the real economic stability of the net assets and on the Company's income-generating prospects, and on the other hand the possibility of reducing the Company's average cost of capital. The Company at present has in its portfolio 1,695,000 ordinary shares, amounting to 1.51% of its share capital.

Proposed stock options plan 2006

Having studied the new Law on savings, the Board of Directors has resolved on a stock options plan for 2006 to be submitted for the approval during the Shareholders' Meeting of the Company, to be offered to employees and contractors of the Company and its subsidiaries, up to a maximum of 2.2 million options which will give the right, on the basis of the specific situations of the beneficiaries, to subscribe for new issues of shares or to purchase existing shares.

Compliance in the matter of market abuse

At its meeting today, the Board of Directors has also resolved to update its own codes of conduct (internal dealing) as regards notification to the Consob and to the market, of operations effected by (legal and natural) persons having a significant effect on the shares and other financial instruments issued by the Company. It has also resolved to set up a Register of the individuals having access to confidential information.

Amendment to Article 26 of the Company's Articles of Association

The Board of Directors, in view of the new Law on savings which will require amendments to be made to the Articles of Association before 12 January 2007, has resolved, by a notarial deed, directly to amend the Article 26 which governs the appointment of the Board of Internal Auditors, "*Collegio Sindacale*", (reducing the minimum shareholding required for presentation of lists of nominees from 5% to 2.5% of the capital in the company; and giving the chairmanship of the Board of Internal Auditors to the member appointed by the minority).

Renewal of Board of Internal Auditors

The Shareholders' Meeting on 6 April will also be required to resolve as to the renewal of the Board of Internal Auditors for the three year period 2006-2008.

Milan, 28 February 2006

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RECLASSIFIED CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR

(in million euros)	2005		2004	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
Sales Revenues	1,023.4	100.0	966.1	100.0
Variable costs of sales	657.6	64.3	614.4	63.6
CONTRIBUTION MARGIN	365.8	35.7	351.7	36.4
Manufacturing and R&D overheads	115.7	11.3	116.5	12.1
Depreciations and Amortizations	45.9	4.5	45.1	4.7
Distribution, Marketing and Sales Fixed Expenses	39.4	3.8	39.5	4.1
Administrative and General Expenses	59.2	5.8	59.1	6.0
OPERATING INCOME	105.6	10.3	91.5	9.5
Restructuring costs	12.6	1.2	23.0	2.4
Losses (gains) on Disposals	(0.1)	-	(7.9)	(0.8)
Exchange Differences (Gain) Losses	(0.1)	-	1.9	0.2
Other Non Operating Expenses (Income)	12.2	1.2	9.5	1.0
EBIT	81.0	7.9	65.0	6.7
Financial Expenses (Income), Net	11.6	1.1	12.3	1.3
Losses (Gain) from Equity Investments	2.3	0.2	(1.7)	(0.2)
INCOME BEFORE TAXES AND MINORITY INTERESTS	67.1	6.6	54.4	5.6
Income Taxes	21.2	2.1	21.9	2.3
INCOME BEFORE MINORITY INTERESTS	45.9	4.5	32.5	3.3
Loss/ (Income) Attributable to Minority Interests	(1.2)	(0.1)	(2.5)	(0.2)
NET INCOME OF GROUP	44.7	4.4	30.0	3.1

CONSOLIDATED BALANCE SHEET

(in million euros)	31 December 2005		31 December 2004	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
Short term assets	358.9		374.0	
Short term liabilities	(232.3)		(243.9)	
Net working capital	126.6	29.5	130.1	30.4
Equity Investments	3.8	0.9	10.2	2.4
Intangible and tangible fixed assets and other medium and long term assets	404.1	94.3	385.6	90.0
CAPITAL INVESTED	534.5	124.7	525.9	122.8
Other medium and long term liabilities	(105.9)	(24.7)	(97.4)	(22.8)
CAPITAL INVESTED NET	428.6	100.0	428.5	100.0
Net financial position	167.3	39.0	204.0	47.6
Minority interests	14.4	3.4	14.2	3.3
Shareholder equity	246.9	57.6	210.3	49.1
TOTAL	428.6	100.0	428.5	100.0

CONSOLIDATED FINANCIAL STATEMENT

(in million euros)	2005	2004
SELF-FINANCING	91.9	88.5
Changes in net working capital	8.0	(0.3)
Other non current assets/liabilities	0.9	(2.7)
CASH FLOW GENERATED BY OPERATIONS	100.8	85.5
Sale of equity investment	-	1.4
Net decrease from sale of fixed assets	0.4	1.5
TOTAL SOURCES	101.2	88.4
Increase in intangible fixed assets	8.9	8.0
Purchase of tangible fixed assets	36.0	44.5
TOTAL APPLICATION OF FUNDS	44.9	52.5
Net financial position of subsidiaries purchased or sold during the year	0.1	(0.2)
Exchange differences on non current assets / liabilities and equity	(3.2)	1.1
FREE CASH FLOW	53.2	36.8
Parent Company increase in share capital	2.4	2.6
Increases in share capital of consolidated subsidiaries	-	0.2
Dividends paid by Parent Company to Shareholders	(17.6)	(15.8)
Dividends paid by subsidiaries to minorities	(1.3)	(1.1)
CHANGES IN EQUITY	(16.5)	(14.1)
Change in net financial position	36.7	22.7
Net financial position at the beginning of the period	(204.0)	(226.7)
NET FINANCIAL POSITION AT THE END OF THE PERIOD	(167.3)	(204.0)

SOGEFI S.p.A.

RECLASSIFIED STATEMENT OF INCOME FOR THE YEAR – KEY FIGURES

(in million euros)	2005	2004
Financial income and expenses	24.2	29.8
Adjustments to the value of financial assets	(7.0)	-
Other operating revenues	10.5	7.9
Operating costs	(12.1)	(11.8)
Other non-operating income (expenses)	61.6	(3.4)
INCOME BEFORE TAXES	77.2	22.5
Income taxes	(2.3)	0.3
NET INCOME FOR THE PERIOD	79.5	22.2

BALANCE SHEET

(in million euros)	31 December 2005	31 December 2004
Short term assets	3.0	9.8
Short term liabilities	(5.9)	(4.6)
Net working capital	(2.9)	5.2
Equity Investments	257.0	181.2
Other fixed assets	28.4	10.5
CAPITAL INVESTED	282.5	196.9
Other medium and long term liabilities	(5.9)	(1.4)
CAPITAL INVESTED NET	276.6	195.5
Net financial position	33.2	23.8
Shareholder equity	243.4	171.7
TOTAL	276.6	195.5

FINANCIAL STATEMENT

(in million euros)	2005	2004
SELF-FINANCING	91.1	22.8
Changes in net working capital	8.2	-
Other non current assets/liabilities	(6.9)	(0.5)
CASH FLOW GENERATED BY OPERATIONS	92.4	22.3
Sale of equity investment	6.0	75.5
TOTAL SOURCES	98.4	97.8
Increase in tangible fixed assets	0.1	0.2
Purchase of shares	92.5	28.7
TOTAL APPLICATION OF FUNDS	92.6	28.9
FREE CASH FLOW	5.8	68.9
Increase in Share Capital	2.4	2.6
Dividends distributed to shareholders	(17.6)	(15.8)
Changes in equity	(15.2)	(13.2)
Change in net financial position	(9.4)	55.7
Net financial at the beginning of the period	(23.8)	(79.5)
NET FINANCIAL POSITION AT THE END OF THE PERIOD	(33.2)	(23.8)