

## PRESS RELEASE

*The Board of Directors approves FY 2006 results*

# **SOGEFI GROUP: NET INCOME OF 51 MILLION (+14%) PROPOSED DIVIDEND OF 0.20 EURO (+14%)**

### **Consolidated results for FY 2006**

*Revenues € 1,018.6 million (-0.5%)  
EBITDA € 128.5 million (+ 1.3%)  
EBIT € 83.5 million (+3.1%)  
Net income 50.8 million (+13.7%)  
Net indebtedness € 126.3 million (-24.5%)*

*The Board of Directors will submit to the Shareholders' Meeting of 20 April 2007 the distribution of a dividend of € 0.20 per share (+14,3%)*

The Board of Directors of **SOGEFI SpA**, chaired by Mr. Rodolfo De Benedetti, met today to examine the economic based and consolidated group financial statements for FY 2006.

### **THE GROUP**

In an unfavourable market in which several big customers saw a slowdown in business, SOGEFI has once again reported revenues in excess of one billion euro for 2006, as well as stronger net profits for the fifth consecutive year.

Falling sales in Europe and the US were offset by continued volume growth in Latin American markets, enabling the Group to report **consolidated revenues** for 2006 of Euro 1,018.6 million, substantially in line with 2005 (1,023.4 million).

Operating profits improved in both Divisions (Filtration and Suspension Components), despite the burden of higher prices of energy, aluminium parts and some alloys used in special steels for suspensions.

**Consolidated EBITDA** (Earnings Before Interest, Tax, Depreciation & Amortisation) in 2006 amounted to Euro 128.5 million (12.6% of revenue), up 1.3% on the 126.9 million of the previous year (12.4%). The results were affected by industrial reorganisation costs (€5.2 million), the depreciation of fixed assets (€4.3 million) and non-recurring bonuses to reward results of past years (€2.3 million). Meanwhile, FY 2006 benefited from gains of Euro 4 million, 3.6 million of which deriving from the sale of the Rubi plant in Spain.

**Consolidated operating profit** also rose from Euro 105.6 million in 2005 (10.3% of revenues) to 106.6 million in 2006 (10.5%).

**Consolidated EBIT** (Earnings Before Interest & Tax) grew by 3.1% to reach Euro 83.5 million (8.2% of revenues), against 81 million for 2005 (7.9%).

In 2006 **pre-tax profits** grew by 11.6% from Euro 67.1 million in 2005 to 74.9 million, thanks to reduced financial costs, recovery of Euro 1.1 million euro in previous years' taxes on foreign dividends and a gain of Euro 0.7 million from the sale of a shareholding. Meanwhile **consolidated net profits** benefited from a lower tax rate than the previous year, growing by 13.7% to reach Euro 50.8 million in 2006 (5% of revenues) compared with 44.7 million (4.4%) in 2005.

In 2006 SOGEFI Group saw further improvement to its financial position, as **net indebtedness** fell to Euro 126.3 million at 31 December 2006 from 167.3 million at 31 December 2005 (-24.5%).

In December 2006 the group parent SOGEFI SpA repaid a syndicated loan of Euro 80 million at maturity.

**Consolidated equity** at 31 December 2006 rose to Euro 279.6 million from 246.9 million at 31 December 2005 (+13.2%). **Return on equity (ROE)** stood at 19.3% (19.7% for FY 2005), while **Return on investment (ROI)** was 19.6% (19% in 2005).

## FILTRATION DIVISION

In 2006 the **Filtration Division** saw improved performance both in Europe and in Latin America, thanks to a healthy pickup in aftermarket sales over the final quarter.

**Revenues** reached Euro 527.2 million, up 1.7% on the 518.5 million of 2005. **EBITDA** came to Euro 70.2 million (13.3% of revenues), representing growth of 2.5% from 68.5 million in 2005 (13.2%) while **EBIT** rose to Euro 51.9 million (9.8% of revenues), up 3.8% from 50 million in 2005 (9.6%).

In 2006, the Filtration Division signed a joint venture in China allowing it to operate locally from 2007 serving both auto manufacturers and the aftermarket.

## SUSPENSION COMPONENTS DIVISION

2006 revenues for the **Suspension Components Division** were affected by falling production at French car makers resulting in a slight drop in sales from Euro 504.9 million in 2005 to 491.6 million (-2.6%).

Despite this weakness, however, earnings improved: **EBITDA** rose to Euro 63.4 million euro (12.9% of revenues), up 3.6% compared with 61.2 million in 2005 (12.1%) and **EBIT** reached Euro 37.4 million euro (7.6% of revenues), representing growth of 8.4% from the 34.5 million of 2005 (6.8%).

## THE PARENT COMPANY

**SOGEFI SpA** recorded **net profits** for 2006 of Euro 22.3 million compared with 79.5 million in 2005, when it earned 62.2 million from the sale of its stake in Luhn&Pulvermacher – Dittmann&Neuhaus GmbH to its German subsidiary Allevard Federn GmbH.

The **shareholders' equity** of SOGEFI SpA at 31 December 2006 stood at Euro 250.1 million, against 243.2 million at 31 December 2005.

## **Four Year Goals 2007-2010**

The Board of Directors also examined the company's 2007 goals and the strategic plan for 2008-2010, which includes expansion into Asian markets through joint ventures in China, Korea and India, as well as North America. With the help of these programmes, average annual revenue growth is expected to top 4% over the four-year period, with continued improvement in operating and net profits and the virtual elimination of financial debt by the end of FY 2010 assuming no acquisitions, which however still remain one of the Group's strategic goals.

## **Proposed dividend**

At the Shareholders' Meeting of 20 April 2007 (23 April 2007 at the second calling), the Board of Directors will propose the distribution of a dividend of €0.20 per share (€0.175 in 2006), to be paid from 4 May 2007 detaching coupon No.27 on 30 April 2007.

## **Proposed revocation and fresh mandate for purchase of own shares**

The Board of Directors will also put to the Shareholders' Meeting a proposal to revoke and renew, for a period of 18 months, the Board's powers to purchase a maximum 8 million own shares within a 10% price band above and below the quoted stock price at the close of trading immediately prior to each purchase.

The principle motives behind this proposal is to enable investment in company shares at prices below their effective value based on the real size of the company's assets and earnings potential, while at the same time lowering the average cost of capital for the company. The company currently has 1,695,000 ordinary shares in its portfolio, representing 1.5% of share capital.

## **Proposed 2007 stock options and incentives plan (phantom stock options) for 2007**

The Board of Directors will also submit to the Shareholders' Meeting:

- a stock options plan for 2007 aimed at managers of the Group's foreign subsidiaries for a maximum 715,000 options;
- an incentives plan (phantom stock options) for 2007 for the C.E.O., management and staff of Italian Group companies for a maximum 1,760,000 options.

## **Amendment to the Articles of Association**

The Board of Directors resolved, by notarial deed, to directly amend articles 17 and 24 of the Articles of Association concerning the election of Directors and the appointment of a "Director in charge of Statutory accounting and Internal control."

The Board of Directors also decided to submit further amendments to the Articles of Association to the Extraordinary Shareholders' Meeting to meet the recent investor protection legislation.

Milan, 27 February 2007

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## SOGEFI GROUP

### RECLASSIFIED CONSOLIDATED ANNUAL INCOME STATEMENT

(mln euro)

	Period 01.01 – 12.31.2006		Period 1.01 – 12.31.2005		Variation	
	Amount	%	Amount	%	Amount	%
Sales revenues	1,018.6	100.0	1,023.4	100.0	(4.8)	(0.5)
Variable cost of sales	653.2	64.1	657.6	64.3	(4.4)	(0.7)
CONTRIBUTION MARGIN	365.4	35.9	365.8	35.7	(0.4)	(0.1)
Manufacturing and R&D overheads	114.3	11.2	115.7	11.3	(1.4)	(1.2)
Depreciation and amortization	45.0	4.4	45.9	4.5	(0.9)	(1.9)
Distribution and sales fixed expenses	37.7	3.7	39.4	3.8	(1.7)	(4.2)
Administrative and general expenses	61.8	6.1	59.2	5.8	2.6	4.3
OPERATING INCOME	106.6	10.5	105.6	10.3	1.0	0.9
Restructuring costs	5.2	0.5	12.6	1.2	(7.4)	(58.6)
Losses (gains) on disposal	(4.0)	(0.4)	(0.1)	-	(3.9)	-
Exchange (gains) losses	0.9	0.1	(0.1)	-	1.0	-
Other non-operating expenses (income)	21.0	2.1	12.2	1.2	8.8	72.9
EBIT	83.5	8.2	81.0	7.9	2.5	3.1
Financial expenses (income), net	10.2	1.0	11.6	1.1	(1.4)	(11.8)
Losses (gains) from equity investments	(1.6)	(0.2)	2.3	0.2	(3.9)	(167.8)
INCOME BEFORE TAXES AND MINORITY INTERESTS	74.9	7.4	67.1	6.6	7.8	11.6
Income taxes for the period	21.5	2.1	21.2	2.1	0.3	1.7
NET INCOME BEFORE MINORITY INTERESTS	53.4	5.3	45.9	4.5	7.5	16.2
Loss (income) attributable to minority interests	(2.6)	(0.3)	(1.2)	(0.1)	(1.4)	106.3
GROUP NET INCOME	50.8	5.0	44.7	4.4	6.1	13.7

## CONSOLIDATED CASH FLOW STATEMENT

(mln euro)

(in millions of euro)	12.31.2006	12.31.2005
SELF-FINANCING	91.2	91.9
Change in net working capital	12.9	8.0
Other non-current assets/liabilities	(2.1)	0.9
CASH FLOW GENERATED BY OPERATIONS	102.0	100.8
Sale of equity investment	3.0	-
Net decrease from sale of fixed assets	2.0	0.4
TOTAL SOURCES	107.0	101.2
Increase in intangible assets	11.1	8.9
Purchase of tangible assets	39.7	36.0
TOTAL APPLICATION OF FUNDS	50.8	44.9
Net financial position of subsidiaries purchased/sold during the year	-	0.1
Exchange differences on non-current assets / liabilities and equity	2.4	(3.2)
FREE CASH FLOW	58.6	53.2
Parent company increases in share capital	2.6	2.4
Increases in share capital of consolidated subsidiaries	0.3	-
Dividends paid by parent company to shareholders	(19.5)	(17.6)
Dividends paid by subsidiaries to minority interests	(1.0)	(1.3)
CHANGE IN EQUITY	(17.6)	(16.5)
Change in net financial position	41.1	36.7
Net financial position at beginning of period	(167.3)	(204.0)
NET FINANCIAL POSITION AT END OF PERIOD	(126.3)	(167.3)

## CONSOLIDATED BALANCE SHEET

(mln euro)

ASSETS	12.31.2006	12.31.2005
CURRENT ASSETS		
Cash and cash equivalents	51.5	55.4
Securities and financial assets held for trading	0.2	2.1
Current portion of long term financial assets	-	-
<i>Working capital</i>		
Inventories	111.7	107.8
Trade receivables	227.0	232.8
Other receivables	6.0	4.3
Receivables from tax authorities	10.9	13.8
Other current assets	2.4	2.4
<i>TOTAL WORKING CAPITAL</i>	<i>358.0</i>	<i>361.1</i>
TOTAL CURRENT ASSETS	409.7	418.6
NON-CURRENT ASSETS		
Fixed assets		
Land	15.6	16.0
Property, plant and equipment	229.3	239.2
Other tangible fixed assets	4.5	4.7
<i>Of which: leasing</i>	<i>18.3</i>	<i>19.6</i>
Intangible assets	117.4	113.9
TOTAL FIXED ASSETS	366.8	373.8
OTHER NON-CURRENT ASSETS		
Equity investments in associated companies	0.1	3.4
Other financial assets available for sale	0.4	0.4
Long term trade receivables	-	-
Financial receivables		
Other receivables	5.3	3.5
Deferred tax assets	26.8	26.8
TOTAL OTHER NON-CURRENT ASSETS	32.9	34.1
TOTAL NON-CURRENT ASSETS	399.7	407.9
NON-CURRENT ASSETS HELD FOR SALE	2.6	-
TOTAL ASSETS	812.0	826.5

<b>LIABILITIES</b>	<b>12.31.2006</b>	<b>12.31.2005</b>
<b>CURRENT LIABILITIES</b>		
Current bank overdrafts	13.3	26.4
Current portion of medium/long term financial debt and other loans	18.6	93.9
<i>Of which: leasing</i>	1.2	1.2
<b>TOTAL SHORT TERM FINANCIAL DEBT</b>	<b>31.9</b>	<b>120.3</b>
Other short term liabilities for <i>cash flow hedge</i>	-	-
<b>TOTAL SHORT TERM FINANCIAL DEBT AND CASH FLOW HEDGES</b>	<b>31.9</b>	<b>120.3</b>
Trade and other payables	234.5	224.1
Tax payables	8.2	7.9
Other current liabilities	2.4	2.6
<b>TOTAL CURRENT LIABILITIES</b>	<b>277.0</b>	<b>354.9</b>
<b>NON-CURRENT LIABILITIES</b>		
<b>MEDIUM/LONG TERM FINANCIAL DEBT AND CASH FLOW HEDGES</b>		
Financial debt to bank	128.4	83.6
Other medium/long term financial debts	18.0	20.7
<i>Of which: leasing</i>	15.3	17.2
<b>TOTAL MEDIUM/LONG TERM FINANCIAL DEBT</b>	<b>146.4</b>	<b>104.3</b>
Other medium/long term financial liabilities for <i>cash flow hedge</i>	-	0.1
<b>TOTAL MEDIUM/LONG TERM FINANCIAL DEBT AND CASH FLOW HEDGES</b>	<b>146.4</b>	<b>104.4</b>
<b>OTHER LONG TERM LIABILITIES</b>		
Long term provisions	68.4	83.9
Other long term payables	-	-
Deferred taxation	24.5	22.0
<b>TOTAL OTHER LONG TERM LIABILITIES</b>	<b>92.9</b>	<b>105.9</b>
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>239.3</b>	<b>210.3</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	58.8	58.3
Reserves and retained earnings (accumulated losses)	170.0	143.9
Net income (loss) for the period	50.8	44.7
<b>TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE PARENT COMPANY</b>	<b>279.6</b>	<b>246.9</b>
Minority interests	16.1	14.4
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>295.7</b>	<b>261.3</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>812.0</b>	<b>826.5</b>

## **SOGEFI S.p.A.**

### **RECLASSIFIED ANNUAL INCOME STATEMENT**

(mln euro)

(in millions of euro)

	<b>2006</b>	<b>2005</b>
Financial income/charges and dividends	28.0	24.2
Adjustments to the value of financial assets	(1.3)	(7.0)
Other operating revenues	10.0	10.5
Operating costs	(11.7)	(11.7)
Other non-operating expenses (income)	(3.1)	61.6
<b>INCOME BEFORE TAXES</b>	<b>21.9</b>	<b>77.6</b>
Income taxes	(0.4)	(1.9)
<b>NET INCOME</b>	<b>22.3</b>	<b>79.5</b>

### **FINANCIAL STATEMENT**

(mln euro)

(in millions of euro)

	<b>2006</b>	<b>2005</b>
<b>SELF-FINANCING</b>	<b>24.0</b>	<b>84.6</b>
Change in net working capital	0.4	8.4
Other non-current assets/liabilities	0.6	(0.6)
<b>CASH FLOW GENERATED BY OPERATIONS</b>	<b>25.0</b>	<b>92.4</b>
Sale of equity investment	-	6.0
<b>TOTAL SOURCES</b>	<b>25.0</b>	<b>98.4</b>
Purchase of tangible assets	-	0.1
Purchase of equity investments	-	92.5
<b>TOTAL APPLICATION OF FUNDS</b>	<b>-</b>	<b>92.6</b>
<b>FREE CASH FLOW</b>	<b>25.0</b>	<b>5.8</b>
Parent company increases in share capital	2.6	5.8
Dividends paid by parent company	(19.5)	(17.6)
<b>CHANGE IN EQUITY</b>	<b>(16.9)</b>	<b>(15.2)</b>
Change in net financial position	8.1	(9.4)
Net financial position at beginning of period	(33.2)	(23.8)
<b>NET FINANCIAL POSITION AT END OF PERIOD</b>	<b>(25.1)</b>	<b>(33.2)</b>



## BALANCE SHEET

(mln euro)

ASSETS	12.31.2006	12.31.2005
CURRENT ASSETS		
Cash and cash equivalents	6.2	19.6
Centralized treasury current accounts with subsidiaries	21.5	10.0
Securities and financial assets held for trading	-	-
<i>Financial and different financial loans</i>	26.1	20.2
<i>Working capital</i>		
Inventories	-	-
Trade receivables	2.3	2.3
Other receivables	0.1	0.2
Receivables from tax authorities	0.3	0.3
Other current assets	0.2	0.2
<b>TOTAL WORKING CAPITAL</b>	<b>2.9</b>	<b>3.0</b>
<b>TOTAL CURRENT ASSETS</b>	<b>56.7</b>	<b>52.8</b>
NON-CURRENT ASSETS		
Fixed assets		
Land	12.2	12.2
Property, plant and equipment	15.2	15.2
<i>Other tangible fixed assets</i>	<i>0.1</i>	<i>0.1</i>
<i>Of which: leasing</i>	-	-
Intangible assets	-	-
<b>TOTAL FIXED ASSETS</b>	<b>27.5</b>	<b>27.5</b>
OTHER NON-CURRENT ASSETS		
Equity investments in subsidiary companies	256.4	257.0
Equity investments in associated companies	-	-
Other financial assets available for sale Equity inv in associated	-	-
Financial and different financial loans	91.8	91.8
<i>Of which: other medium/long term assets for cash flow hedge</i>	<i>0.3</i>	-
Other receivables	-	-
Deferred tax assets	1.4	1.4
<b>TOTAL OTHER NON-CURRENT ASSETS</b>	<b>349.6</b>	<b>350.2</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>377.1</b>	<b>377.7</b>
<b>TOTAL ASSETS</b>	<b>433.8</b>	<b>430.5</b>

<b>LIABILITIES</b>	<b>12.31.2006</b>	<b>12.31.2005</b>
CURRENT LIABILITIES		
Current bank overdrafts	7.1	0.2
Centralized treasury current accounts with subsidiaries	58.2	32.8
Current portion of medium/long term financial debt and other loans	2.8	95.8
<i>Of which: leasing</i>	-	-
TOTAL SHORT TERM FINANCIAL DEBT	68.1	128.8
Other short term liabilities for <i>cash flow hedge</i>	-	0.1
TOTAL SHORT TERM FINANCIAL DEBT AND <i>CASH FLOW HEDGES</i>	68.1	128.9
Trade and other payables	5.9	3.2
Tax payables	0.2	2.6
Other current liabilities	0.4	0.4
<b>TOTAL CURRENT LIABILITIES</b>	<b>74.6</b>	<b>135.1</b>
NON-CURRENT LIABILITIES		
MEDIUM/LONG TERM FINANCIAL DEBT AND <i>CASH FLOW HEDGES</i>		
Financial debt to bank	102.6	43.9
Other medium/long term financial debts	-	1.9
<i>Of which: leasing</i>	-	-
TOTAL MEDIUM/LONG TERM FINANCIAL DEBT	102.6	45.8
Other medium/long term financial liabilities for <i>cash flow hedge</i>	-	0.1
<b>TOTAL MEDIUM/LONG TERM FINANCIAL DEBT AND <i>CASH FLOW HEDGES</i></b>	<b>102.6</b>	<b>45.9</b>
OTHER LONG TERM LIABILITIES		
Long term provisions	1.5	1.2
Other long term payables	-	-
Deferred taxation	5.0	5.1
<b>TOTAL OTHER LONG TERM LIABILITIES</b>	<b>6.5</b>	<b>6.3</b>
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>109.1</b>	<b>52.2</b>
SHAREHOLDERS' EQUITY		
Share capital	58.8	58.3
Reserves and retained earnings (accumulated losses)	169.0	105.3
Net income (loss) for the period	22.3	79.6
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>250.1</b>	<b>243.2</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>433.8</b>	<b>430.5</b>