

PRESS RELEASE

**SOGEFI GROUP: PROFITABILITY CONTINUES TO GROW DESPITE THE DOWNTURN
IN THE VEHICLES MARKET**

Consolidated results as at 30 September 2006

Revenues € 765.5 million (-1.2%)

EBITDA € 102.8 million (+5.5%)

EBIT € 68 million (+ 9.2%)

Net income € 39.3 million (+17.7%)

Net financial position € 144.1 million (190.6 million as at 30 September 2005)

The Board of Directors of SOGEFI SpA met today under the chairmanship of Mr. Rodolfo De Benedetti and considered the Group's results as at 30 September 2006.

Notwithstanding a decline in demand from some European and North American carmakers, the SOGEFI Group was, at the end of the first nine months of the financial and accounting year, showing a significant improvement in operating profit and net profit, thanks to its confirmed capacity continually to improve efficiency, and to the favourable trend in the prices of certain raw materials.

At the end of September 2006 **consolidated revenues** stood at 765.5 million euros, a slight reduction (-1.2%) compared with 774.5 million in the same period of 2005.

The Filtration Division was showing revenues of 392.4 million euros, substantially unchanged compared with 393.3 million for the corresponding period of 2005, while the Suspension Components Division achieved sales of 373.1 million euros, a slight drop as against 381.2 million as at 30 September 2005.

Consolidated EBITDA was 102.8 million euros (13.4% of revenues), an increase of 5.5% compared with 97.4 million (12.6% of revenues) in the first nine months of 2005.

Both Divisions improved their income: the Suspension Components Division is showing an EBITDA of 51.8 million euros (13.9% of revenues), an increase of 5.5% compared with the corresponding period of 2005, while the Filtration Division's EBITDA was 52.8 million (13.5% of revenues), an increase of 3.3%.

The increase in **consolidated EBIT** was more substantial, increasing from 62.2 million euros (8% of revenues) to 68 million (8.9% of revenues), with growth of 9.2% in the first nine months of 2006 compared with that achieved by 30 September 2005.

The Suspension Components Division is showing 31.3 million euros (8.4% of revenues), an increase of 10.6%, while the Filtration Division achieved a consolidated EBIT of 39.1 million euros (10% of revenues), an increase of 5.1%.

Income before taxes and minority interests as at 30 September 2006 was 62.1 million euros, an increase of 15.7% compared with 53.7 million in the first nine months of the previous financial year.

An increase of 17.7% is showing in **consolidated net income**, which increased from 33.4 million (4.3% of revenues) to 39.3 million (5.1% of revenues).

In the period under examination, the SOGEFI Group noticeably reduced its **net financial position**, down from 190.6 million euros as at 30 September 2005 (and 167.3 million as at 31 December 2005) to 144.1 million as at 30 September 2006, also through an effective action to reduce working capital.

As at 30 September 2006, **total net equity**, including minority interests, was 284 million euros, an increase compared with 261.3 million as at 31 December 2005 and 248.9 million as at 30 September 2005.

Consolidated net equity as at 30 September 2006 was 268.5 million euros, as against 246.9 million as at 31 December 2005 and 235.5 million as at 30 September 2005.

The trend in the third quarter of 2006

Consolidated revenues in the third quarter of 2006 stood at 232.5 million euros, as against 239.1 million in the corresponding period of 2005. As mentioned above, the variation (-2.7%) was caused by a reduction in revenues from certain important customers of the Group.

In spite of these trends, the SOGEFI Group has in this quarter achieved an operating profit comparable to that of the third quarter of 2005: EBITDA was 32.6 million euros (14% of revenues) as against 33.2 million (13.9% of revenues), while EBIT is showing at 22.3 million euros (9.6% of revenues) compared with 22.7 million (9.5% of revenues).

Consolidated net income is showing an increase of 4.4% in the third quarter of 2006, rising to 11.9 million euros (5.1% of revenues) compared with 11.4 million (4.8% of revenues) in the same period of the previous year.

Net financial position in this quarter saw a reduction of 12.1 million euros, down from 156.2 million at the end of June 2006 to 144.1 million as at 30 September 2006.

On the subject of Corporate Governance, the Board of Directors has modified and extended its model of corporate governance in order to implement the requirements set out in the Code of Self-Government of Quoted Companies, in the version published in March 2006 by the Italian Stock Exchange (Borsa Italiana SpA).

Notwithstanding the probable continuance of the difficulties on the European and North American market, in circumstances in which there is no forecast of significant variations in the principal cost factors, we consider that we shall be able to confirm an increase in the results for the entire financial and accounting year 2006, as against that of the previous year.

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CONSOLIDATED BALANCE SHEET OF THE SOGEFI GROUP

(in millions of euros)

ASSETS	09.30.2006	12.31.2005
CURRENT ASSETS		
Cash and cash equivalents	65.8	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	115.2	107.8
Trade receivables	226.0	232.8
Other receivables	6.8	4.3
Receivables from tax authorities	12.9	13.8
Other current assets	3.3	2.4
TOTAL WORKING CAPITAL	364.2	361.1
TOTAL CURRENT ASSETS	430.2	418.6
NON-CURRENT ASSETS		
FIXED ASSETS		
Land	15.7	16.0
Property, plant and equipment	233.2	239.2
Other tangible fixed assets	4.4	4.7
<i>of which: leasing</i>	14.7	19.6
Intangible assets	116.0	113.9
TOTAL FIXED ASSETS	369.3	373.8
OTHER NON-CURRENT ASSETS		
Equity investments in associated companies	0.3	3.4
Other financial assets available for sale	0.4	0.4
Long term trade receivables	-	-
Other receivables	5.7	3.5
Deferred tax assets	25.4	26.8
TOTAL OTHER NON-CURRENT ASSETS	31.8	34.1
TOTAL NON-CURRENT ASSETS	401.1	407.9
NON-CURRENT ASSETS HELD FOR SALE	2.6	-
TOTAL ASSETS	833.9	826.5

LIABILITIES AND EQUITY	09.30.2006	12.31.2005
CURRENT LIABILITIES		
Current bank overdrafts	4.1	26.4
Current portion of long term financial debt and other loans	110.8	93.9
<i>of which: leasing</i>	1.2	1.2
TOTAL SHORT TERM FINANCIAL DEBT	114.9	120.3
Other short term liabilities for cash flow hedges	-	-
TOTAL SHORT TERM FINANCIAL DEBT AND CASH FLOW HEDGES	114.9	120.3
Trade and other payables	226.0	224.1
Tax payables	11.1	7.9
Other current liabilities	3.1	2.6
TOTAL CURRENT LIABILITIES	355.1	354.9
NON-CURRENT LIABILITIES		
MEDIUM/LONG TERM FINANCIAL DEBT AND CASH FLOW HEDGES		
Financial debt to bank	75.4	83.6
Other medium/long term financial debts	19.6	20.7
<i>of which: leasing</i>	15.9	17.2
TOTAL MEDIUM/LONG TERM FINANCIAL DEBT	95.0	104.3
Other medium/long term financial liabilities for cash flow hedges	0.2	0.1
TOTAL MEDIUM/LONG TERM FINANCIAL DEBT AND CASH FLOW HEDGES	95.2	104.4
OTHER LONG TERM LIABILITIES		
Long term provisions	75.4	83.9
Other long term payables	-	-
Deferred taxation	24.2	22.0
TOTAL OTHER LONG TERM LIABILITIES	99.6	105.9
TOTAL NON-CURRENT LIABILITIES	194.8	210.3
SHAREHOLDERS' EQUITY		
Share capital	58.8	58.3
Reserves and retained earnings (accumulated losses)	170.4	143.9
Net income (loss) for the period	39.3	44.7
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE PARENT COMPANY	268.5	246.9
Minority interests	15.5	14.4
TOTAL SHAREHOLDERS' EQUITY	284.0	261.3
TOTAL LIABILITIES AND EQUITY	833.9	826.5

CONSOLIDATED INCOME STATEMENT OF THE SOGEFI GROUP FROM 1.01.2006 TO 30.09.2006

(in millions of euros)

	Period 01.01-09.30.2006		Period 01.01-09.30.2005		Variation	
	Amount	%	Amount	%	Amount	%
Sales revenues	765.5	100.0	774.5	100.0	(9.0)	(1.2)
Variable cost of sales	488.3	63.8	500.6	64.6	(12.3)	(2.5)
CONTRIBUTION MARGIN	277.2	36.2	273.9	35.4	3.3	1.2
Manufacturing and R&D overheads	87.3	11.4	87.0	11.2	0.3	0.4
Depreciation and amortization	34.8	4.5	35.2	4.5	(0.4)	(1.1)
Distribution and sales fixed expenses	28.5	3.7	29.4	3.8	(0.9)	(3.2)
Administrative and general expenses	46.6	6.2	45.8	6.0	0.8	1.8
OPERATING INCOME	80.0	10.4	76.5	9.9	3.5	4.6
Restructuring costs	3.3	0.4	5.2	0.7	(1.9)	(37.0)
Losses (gains) on disposal	(3.8)	(0.5)	(0.1)	-	(3.7)	-
Exchange (gains) losses	0.6	0.1	(0.3)	-	0.9	314.9
Other non-operating expenses (income)	11.9	1.5	9.5	1.2	2.4	27.1
EBIT	68.0	8.9	62.2	8.0	5.8	9.2
Financial expenses (income), net	7.7	1.0	8.4	1.1	(0.7)	(9.7)
Losses (gains) from equity investments	(1.8)	(0.2)	0.1	-	(1.9)	-
INCOME BEFORE TAXES AND MINORITY INTERESTS	62.1	8.1	53.7	6.9	8.4	15.7
Income taxes for the period	20.9	2.7	20.0	2.5	0.9	4.5
NET INCOME BEFORE MINORITY INTERESTS	41.2	5.4	33.7	4.4	7.5	22.2
Loss (income) attributable to minority interests	(1.9)	(0.3)	(0.3)	(0.1)	(1.6)	(441.1)
GROUP NET INCOME FOR THE PERIOD	39.3	5.1	33.4	4.3	5.9	17.7

NET FINANCIAL POSITION OF THE SOGEFI GROUP

(in millions of euros)

	Position as 09.30.2006	Position as 12.31.2006	Position as 09.30.2005
A. Cash and banks	65.8	55.4	56.9
B. Securities and other liquid funds	-	-	-
C. Financial instruments held for trading	0.2	2.1	9.4
D. Liquid funds (A) + (B) + (C)	66.0	57.5	66.3
E. Current financial receivables	-	-	0.1
F. Current bank overdrafts	(4.1)	(11.5)	(3.8)
G. Current portion of non-current indebtedness	(110.8)	(108.9)	(90.4)
H. Other current financial payables	-	-	-
I. Current financial indebtedness (F) + (G) + (H)	(114.9)	(120.4)	(94.2)
J. Net current financial position (I) + (E) + (D)	(48.9)	(62.9)	(27.8)
K. Non-current financial debt to banks	(79.3)	(87.2)	(144.5)
L. Bonds issued	-	-	-
M. Other non-current financial debts	(15.9)	(17.2)	(18.3)
N. Non-current financial indebtedness (K) + (L) + (M)	(95.2)	(104.4)	(162.8)
O. Net financial position (J) + (N)	(144.1)	(167.3)	(190.6)

CONSOLIDATED INCOME STATEMENT OF THE SOGEFI GROUP FOR THE THIRD QUARTER
(in millions of euros)

	Period 07.01-09.30.2006		Period 07.01-09.30.2005		Variation	
	Amount	%	Amount	%	Amount	%
Sales revenues	232.5	100.0	239.1	100.0	(6.6)	(2.7)
Variable cost of sales	146.8	63.2	151.4	63.3	(4.6)	(3.0)
CONTRIBUTION MARGIN	85.7	36.8	87.7	36.7	(2.0)	(2.4)
Manufacturing and R&D overheads	26.8	11.5	27.1	11.3	(0.3)	(1.2)
Depreciation and amortization	10.3	4.4	10.5	4.4	(0.2)	(2.4)
Distribution and sales fixed expenses	8.8	3.8	9.3	3.9	(0.5)	(5.4)
Administrative and general expenses	14.4	6.2	14.4	6.0	-	-
OPERATING INCOME	25.4	10.9	26.4	11.1	(1.0)	(3.9)
Restructuring costs	0.2	0.1	0.1	0.1	0.1	93.5
Losses (gains) on disposal	-	-	(0.1)	-	0.1	89.0
Exchange (gains) losses	0.2	0.1	0.5	0.2	(0.3)	(67.7)
Other non-operating expenses (income)	2.7	1.1	3.2	1.3	(0.5)	(12.3)
EBIT	22.3	9.6	22.7	9.5	(0.4)	(2.2)
Financial expenses (income), net	2.5	1.1	2.8	1.2	(0.3)	(10.8)
Losses (gains) from equity investments	-	-	-	-	-	-
INCOME BEFORE TAXES AND MINORITY INTERESTS	19.8	8.5	19.9	8.3	(0.1)	(0.8)
Income taxes for the period	6.7	2.9	8.1	3.4	(1.4)	(17.2)
NET INCOME BEFORE MINORITY INTERESTS	13.1	5.6	11.8	4.9	1.3	10.4
Loss (income) attributable to minority interests	(1.2)	(0.5)	(0.4)	(0.1)	(0.8)	(163.3)
GROUP NET INCOME FOR THE PERIOD	11.9	5.1	11.4	4.8	0.5	4.4