

PRESS RELEASE

**SOGEFI GROUP: SECOND QUARTER REVENUES IMPROVE  
OPERATING PROFIT IN LINE WITH THE PREVIOUS YEAR  
NET PROFIT DOWN**

**Consolidated results for First Half 2008**

*Revenues € 556.3 million (+2.7%)  
Operating profit € 53.8 million (-4.1%)  
EBITDA € 61 million (-18.5%)  
EBIT € 38.7 million (-25%)  
Net profit € 20.2 million (-30.1%)*

*Net indebtedness € 251 million after extraordinary dividends (€ 121.2 million at 06/30/2007)*

The Board of Directors of **SOGEFI SpA**, chaired by Mr. Rodolfo De Benedetti, met today to examine and approve the Group half-yearly report at June 30, 2008.

In a vehicle market weakened by the worsening economic picture in mature markets and sharp increases in the price of raw materials and oil, SOGEFI Group saw revenues rise in the first half of the financial year while substantially confirming the operating profits of the year-ago period.

**Consolidated sales** amounted to Euro 556.3 million, up 2.7% (+4.9% at constant exchange rates) compared with 541.7 million in the first six months of 2007, thanks to excellent performance in Latin America and growth in the suspension components business.

Despite the general rise in the cost of raw materials, especially for steel and aluminium components, the transfer of more costs to selling prices allowed the Group to realise a **consolidated operating profit** of Euro 53.8 million (9.7% of revenues), essentially unchanged on the Euro 56 million (10.3%) of the corresponding period of 2007, which benefited from positive one-offs of around Euro 2 million.

In the first six months 2008 EBITDA and EBIT were hit hard by restructuring charges of Euro 6.9 million (against 1 million in 2007), while the first half of 2007 had benefited from one-off gains of Euro 6.5 million (sale of a building and write-downs of losses).

SOGEFI Group's **consolidated EBITDA** for the first six months of 2008 was Euro 61 million (11% of revenues), down 18.5% from the 74.8 million of the previous-year period (13.8%). **Consolidated EBIT** fell from Euro 51.6 million in 2007 (9.5% of sales) to 38.7 million (7%, -25%).

Financial charges owing to increased indebtedness following the distribution of extraordinary dividends, combined with the weaker EBIT, led to a drop in **profits before taxes and minority interests**, Euro 32.7 million in the first half of 2008 compared with 47.1 million for the corresponding period of 2007 (-30.5%).

**Consolidated net profit** thus fell from Euro 28.9 million (5.3% of revenues) in H1 2007 to 20.2 million (3.6%, -30.1%).

In the first six months of 2008, following an outlay of Euro 159.5 million in ordinary and extraordinary dividends, SOGEFI Group **net indebtedness** grew to Euro 251 million at June 30, 2008, from 121.2 million at June 30, 2007 and 92.4 million at December 31, 2007.

**Shareholders' equity** at June 30, 2008, including minority interests, fell to Euro 187.5 million from 305 million at June 30, 2007 and 326.7 million at December 31, 2007.

**Consolidated equity** at June 30, 2008 stood at Euro 173.5 million compared with 291 million at June 30, 2007 and 310.9 million at December 31, 2007.

## Filtration Division

In the first half of 2008 weaker demand for spare parts in Europe was only partially offset by rising sales in Latin America and in the original equipment market. As a result, **revenues** for the Filtration Division came to Euro 271.3 million, down slightly (-2.4%) from 278 million in the first six months of 2007.

**Operating profit** slid to Euro 26.3 million (9.7% of revenues) in the first half, from 29.5 million (10.6%) in the same period of 2007 (-10.9%). EBITDA and EBIT were hit by restructuring costs, mainly concerning the Mantua plant, for Euro 6.5 million, while the previous FY had benefited from one-off gains of Euro 6.5 million through the aforementioned property sale and a positive write-down of pension fund losses.

**EBITDA** thus fell to Euro 25 million (9.2% of revenues) from 41.1 million (14.8%) in the first half of 2007, while **EBIT** stood at 15.9 million (5.9% of revenues) compared with 31.7 million (11.4%).

## Suspension Components Division

The Suspension Components business, partly thanks to higher prices, recorded 8.4% sales growth in the first half, achieving **revenues** of Euro 286.2 million compared with 264.1 million in the first six months of 2007.

Higher sales, in particular in industrial vehicles, and the transfer of the increased steel costs to prices allowed the division to improve profits. First-half **operating profit** rose by 4.8% to Euro 29.6 million (10.3% of revenues) against 28.2 million (10.7%) in the first six months of 2007.

**EBITDA** rose to Euro 38.6 million (13.5% of revenues), from 36.8 million (13.9%) in the previous-year period. **EBIT** grew from Euro 23.3 million (8.8% of revenues) to 25.6 million (8.9%) in the first six months of 2008.

The **parent company Sogefi SpA** realised net profit of Euro 35 million in the first six months, up from 30.7 million in the same period of 2007, thanks largely to higher dividends from the subsidiaries.

On June 4, 2008 the company signed a five-year financing agreement worth Euro 160 million with a group of leading European banks.

## Trends in Q2 2008

In the April-June quarter sales grew 3.6% on the corresponding period of 2007 to reach Euro 284.6 million (274.6 million in Q2 2007). Sales of the Suspensions Division rose by 10.1%, while those for the Filtration Division shrank by 2.1%.

The operating profit of Euro 30.3 million was unchanged on Q2 2007, while EBITDA and EBIT were impacted by the diverging trends in revenues and non-recurring charges already described. EBITDA for the second quarter was Euro 31.9 million (40.2 million in Q2 2007), while EBIT came to 20.7 million compared with 28.7 million. As a consequence consolidated earnings for the quarter also fell, to Euro 11.2 million from 16.2 million.

### **Outlook for the whole of FY 2008**

The economic picture for the Group's operations in the second half of 2008 looks likely to feature a slight weakening in European vehicle manufacture and persisting healthy sales growth in Latin America. To maintain the operating profits achieved in the first six months through the second half of 2008, we shall be obliged to pass on rises forecast in steel costs to the customer.

The manager responsible for preparing the Group financial reports, Euro Trapani, declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the document results, books and accounting records.

Euro Trapani, Chief Financial Officer and Investor Relator of Sogefi Group has resigned and will leave the company, where he successfully worked for more than four years, on August 31, 2008.

Mr. Trapani offered to the company a relevant professional contribution and the company would like to thank him and wish him all the best for his new professional challenges.

The above mentioned tasks will be taken on ad interim by the Managing Director Emanuele Bosio. The Board of Directors has appointed starting from September 1, 2008, Alberto Marastoni as manager responsible for preparing the Group financial reports.

Milan, July 24, 2008

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## SOGEFI GROUP CONSOLIDATED BALANCE SHEET

(in millions of Euro)

ASSETS	June 30, 2008	December 31, 2007	June 30, 2007
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	51.8	63.7	70.8
Other financial assets	0.6	1.0	0.3
<i>Working capital</i>			
Inventories	130.0	113.2	121.5
Trade receivables	245.4	220.1	245.8
Other receivables	5.3	6.0	5.2
Tax receivables	9.2	10.7	7.6
Other assets	5.3	2.5	4.3
<b>TOTAL WORKING CAPITAL</b>	<b>395.2</b>	<b>352.5</b>	<b>384.4</b>
<b>TOTAL CURRENT ASSETS</b>	<b>447.6</b>	<b>417.2</b>	<b>455.5</b>
<b>NON-CURRENT ASSETS</b>			
<b>Fixed assets</b>			
Land	11.4	11.3	15.7
Property, plant and equipment	219.5	224.3	221.3
Other tangible fixed assets	4.3	4.4	4.5
<i>Of which: leases</i>	<i>12.4</i>	<i>12.7</i>	<i>11.2</i>
Intangible assets	120.5	118.7	119.1
<b>TOTAL FIXED ASSETS</b>	<b>355.7</b>	<b>358.7</b>	<b>360.6</b>
<b>OTHER NON-CURRENT ASSETS</b>			
Equity investments in associated companies	0.1	0.1	0.1
Other financial assets available for sale	0.7	0.5	0.5
Financial receivables	0.8	-	0.4
Other receivables	7.5	5.0	3.7
Deferred tax assets	26.6	25.2	21.8
<b>TOTAL OTHER NON-CURRENT ASSETS</b>	<b>35.7</b>	<b>30.8</b>	<b>26.5</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>391.4</b>	<b>389.5</b>	<b>387.1</b>
<b>NON-CURRENT ASSETS HELD FOR SALE</b>	<b>6.7</b>	<b>6.8</b>	<b>0.9</b>
<b>TOTAL ASSETS</b>	<b>845.7</b>	<b>813.5</b>	<b>843.5</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Bank overdrafts and short-term loans	54.0	12.4	40.8
Current portion of medium/long-term financial debts and other loans	77.3	13.7	17.1
<i>Of which: leases</i>	<i>1.4</i>	<i>1.3</i>	<i>0.8</i>
<b>TOTAL SHORT-TERM FINANCIAL DEBTS</b>	<b>131.3</b>	<b>26.1</b>	<b>57.9</b>
Other short-term liabilities for derivative financial instruments	1.2	0.5	-
<b>TOTAL SHORT-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>132.5</b>	<b>26.6</b>	<b>57.9</b>
Trade and other payables	258.0	228.9	247.7
Tax payables	6.1	11.8	10.2
Other current liabilities	3.0	3.0	2.4
<b>TOTAL CURRENT LIABILITIES</b>	<b>399.6</b>	<b>270.3</b>	<b>318.2</b>
<b>NON-CURRENT LIABILITIES</b>			
<b>MEDIUM/LONG-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS</b>			
Financial debts to bank	160.4	118.0	123.4
Other medium/long-term financial debts	11.3	12.5	11.5
<i>Of which: leases</i>	<i>8.4</i>	<i>9.1</i>	<i>8.5</i>
<b>TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS</b>	<b>171.7</b>	<b>130.5</b>	<b>134.9</b>
Other medium/long-term financial liabilities for derivative financial instruments	-	-	-
<b>TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>171.7</b>	<b>130.5</b>	<b>134.9</b>
<b>OTHER LONG-TERM LIABILITIES</b>			
Long-term provisions	58.6	58.8	60.5
Other payables	0.1	-	-
Deferred tax liabilities	28.2	27.2	24.9
<b>TOTAL OTHER LONG-TERM LIABILITIES</b>	<b>86.9</b>	<b>86.0</b>	<b>85.4</b>
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>258.6</b>	<b>216.5</b>	<b>220.3</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	60.4	59.6	59.1
Reserves and retained earnings (accumulated losses)	92.9	199.1	203.0
Group net profit (loss)	20.2	52.2	28.9
<b>TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE HOLDING COMPANY</b>	<b>173.5</b>	<b>310.9</b>	<b>291.0</b>
Minority interests	14.0	15.8	14.0
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>187.5</b>	<b>326.7</b>	<b>305.0</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>845.7</b>	<b>813.5</b>	<b>843.5</b>

**SOGEFI GROUP CONSOLIDATED INCOME STATEMENT FROM 01.01.2008 TO 06.30.2008**

(in millions of Euro)

	1st half 2008		1st half 2007		Year 2007	
	Amount	%	Amount	%	Amount	%
Sales revenues	556.3	100.0	541.7	100.0	1,071.8	100.0
Variable cost of sales	368.3	66.2	353.2	65.2	699.4	65.3
<b>CONTRIBUTION MARGIN</b>	<b>188.0</b>	<b>33.8</b>	<b>188.5</b>	<b>34.8</b>	<b>372.4</b>	<b>34.7</b>
Manufacturing and R&D overheads	59.1	10.6	59.2	10.9	115.2	10.7
Depreciation and amortization	22.3	4.0	23.2	4.3	44.7	4.2
Distribution and sales fixed expenses	19.0	3.4	19.7	3.6	38.4	3.6
Administrative and general expenses	33.8	6.1	30.4	5.7	60.5	5.6
<b>OPERATING PROFIT</b>	<b>53.8</b>	<b>9.7</b>	<b>56.0</b>	<b>10.3</b>	<b>113.6</b>	<b>10.6</b>
Restructuring costs	6.9	1.2	1.0	0.2	7.6	0.7
Losses (gains) on disposal	(0.1)	-	(4.7)	(0.9)	(4.6)	(0.4)
Exchange (gains) losses	1.1	0.2	0.4	0.1	0.9	0.1
Other non-operating expenses (income)	7.2	1.3	7.7	1.4	19.8	1.8
<b>EBIT</b>	<b>38.7</b>	<b>7.0</b>	<b>51.6</b>	<b>9.5</b>	<b>89.9</b>	<b>8.4</b>
Financial expenses (income), net	5.8	1.0	4.6	0.8	9.4	0.9
Losses (gains) from equity investments	0.2	0.1	(0.1)	-	(0.1)	-
<b>PROFIT BEFORE TAXES AND MINORITY INTERESTS</b>	<b>32.7</b>	<b>5.9</b>	<b>47.1</b>	<b>8.7</b>	<b>80.6</b>	<b>7.5</b>
Income taxes	11.0	2.0	16.8	3.1	25.4	2.4
<b>NET PROFIT BEFORE MINORITY INTERESTS</b>	<b>21.7</b>	<b>3.9</b>	<b>30.3</b>	<b>5.6</b>	<b>55.2</b>	<b>5.1</b>
Loss (income) attributable to minority interests	(1.5)	(0.3)	(1.4)	(0.3)	(3.0)	(0.2)
<b>GROUP NET PROFIT</b>	<b>20.2</b>	<b>3.6</b>	<b>28.9</b>	<b>5.3</b>	<b>52.2</b>	<b>4.9</b>

**SOGEFI GROUP NET FINANCIAL POSITION**

(in millions of Euro)

	06.30.2008	12.31.2007	06.30.2007
A. Cash	51.8	63.7	70.8
B. Other cash at bank and on hand	-	-	-
C. Financial instruments held for trading	0.1	0.1	0.1
<b>D. Liquid funds (A) + (B) + (C)</b>	<b>51.9</b>	<b>63.8</b>	<b>70.9</b>
<b>E. Current financial receivables</b>	<b>0.5</b>	<b>0.9</b>	<b>0.2</b>
F. Current payables to banks	(54.0)	(12.4)	(40.8)
G. Current portion of non-current indebtedness	(77.3)	(13.7)	(17.1)
H. Other current financial debts	(1.2)	(0.5)	-
<b>I. Current financial indebtedness (F) + (G) + (H)</b>	<b>(132.5)</b>	<b>(26.6)</b>	<b>(57.9)</b>
<b>J. Current financial indebtedness, net (I) + (E) + (D)</b>	<b>(80.1)</b>	<b>38.1</b>	<b>13.2</b>
K. Non-current payables to banks	(160.4)	(118.0)	(123.3)
L. Bonds issued	-	-	-
M. Other non-current financial debts	(11.3)	(12.5)	(11.5)
<b>N. Non-current financial indebtedness (K) + (L) + (M)</b>	<b>(171.7)</b>	<b>(130.5)</b>	<b>(134.8)</b>
<b>O. Net indebtedness (J) + (N)</b>	<b>(251.8)</b>	<b>(92.4)</b>	<b>(121.6)</b>
Non-current financial receivables	0.8	-	0.4
<b>Financial indebtedness, net including non-current financial receivables</b>	<b>(251.0)</b>	<b>(92.4)</b>	<b>(121.2)</b>

## SOGEFI GROUP CONSOLIDATED INCOME STATEMENT FOR THE SECOND QUARTER

(in millions of Euro)

	04.01 - 06.30.2008		04.01 - 06.30.2007		Variation	
	Amount	%	Amount	%	Amount	%
Sales revenues	284.6	100.0	274.6	100.0	10.0	3.6
Variable cost of sales	187.3	65.8	179.1	65.2	8.2	4.5
<b>CONTRIBUTION MARGIN</b>	<b>97.3</b>	<b>34.2</b>	<b>95.5</b>	<b>34.8</b>	<b>1.8</b>	<b>1.9</b>
Manufacturing and R&D overheads	29.4	10.3	29.7	10.9	(0.3)	(0.8)
Depreciation and amortization	11.2	3.9	11.5	4.2	(0.3)	(2.9)
Distribution and sales fixed expenses	9.6	3.4	9.9	3.6	(0.3)	(2.6)
Administrative and general expenses	16.8	6.0	14.1	5.1	2.7	19.3
<b>OPERATING PROFIT</b>	<b>30.3</b>	<b>10.6</b>	<b>30.3</b>	<b>11.0</b>	<b>-</b>	<b>-</b>
Restructuring costs	5.8	2.1	0.2	0.1	5.6	-
Losses (gains) on disposal	-	-	(4.7)	(1.7)	4.7	99.7
Exchange (gains) losses	-	-	0.3	0.1	(0.3)	(98.2)
Other non-operating expenses (income)	3.8	1.2	5.8	2.1	(2.0)	(35.3)
<b>EBIT</b>	<b>20.7</b>	<b>7.3</b>	<b>28.7</b>	<b>10.4</b>	<b>(8.0)</b>	<b>(27.7)</b>
Financial expenses (income), net	3.5	1.2	2.4	0.8	1.1	49.0
Losses (gains) from equity investments	0.2	0.1	-	-	0.2	-
<b>PROFIT BEFORE TAXES AND MINORITY INTERESTS</b>	<b>17.0</b>	<b>6.0</b>	<b>26.3</b>	<b>9.6</b>	<b>(9.3)</b>	<b>(35.3)</b>
Income taxes	5.0	1.7	9.3	3.4	(4.3)	(46.4)
<b>NET PROFIT BEFORE MINORITY INTERESTS</b>	<b>12.0</b>	<b>4.3</b>	<b>17.0</b>	<b>6.2</b>	<b>(5.0)</b>	<b>(29.2)</b>
Loss (income) attributable to minority interests	(0.8)	(0.4)	(0.8)	(0.3)	-	-
<b>GROUP NET PROFIT</b>	<b>11.2</b>	<b>3.9</b>	<b>16.2</b>	<b>5.9</b>	<b>(5.0)</b>	<b>(30.8)</b>

## SOGEFI S.p.A.

### RECLASSIFIED INCOME STATEMENT FOR THE FIRST HALF

(in millions of Euro)

	1st half 2008	1st half 2007	Year 2007
Financial income/expenses and dividends	39.1	34.2	34.1
Adjustments to financial assets	(2.0)	(0.6)	(5.2)
Other operating revenues	4.3	4.3	8.2
Operating costs	(6.5)	(6.0)	(10.9)
Other non-operating income (expenses)	(0.4)	(1.3)	(6.8)
<b>PROFIT BEFORE TAXES</b>	<b>34.5</b>	<b>30.6</b>	<b>19.4</b>
Income taxes	(0.5)	(0.1)	(6.6)
<b>NET PROFIT</b>	<b>35.0</b>	<b>30.7</b>	<b>26.0</b>

### BALANCE SHEET

(in millions of Euro)

	June 30, 2008	December 31, 2007	June 30, 2007
Short-term assets	4.7	5.4	2.9
Short-term liabilities	(6.4)	(4.4)	(8.3)
Net working capital	(1.7)	1.0	(5.4)
Investments	258.8	260.6	256.4
Other fixed assets	27.6	27.5	30.5
<b>CAPITAL INVESTED</b>	<b>284.7</b>	<b>289.1</b>	<b>281.5</b>
Other medium and long-term liabilities	(2.0)	(1.4)	(7.6)
<b>NET CAPITAL INVESTED</b>	<b>282.7</b>	<b>287.7</b>	<b>273.9</b>
Net financial position	144.5	29.5	13.0
Shareholders' equity	138.2	258.2	260.9
<b>TOTAL</b>	<b>282.7</b>	<b>287.7</b>	<b>273.9</b>

### CASH FLOW STATEMENT

(in millions of Euro)

	1st half 2008	1st half 2007	Year 2007
<b>SELF-FINANCING</b>	<b>38.0</b>	<b>33.0</b>	<b>29.3</b>
Change in net working capital	2.7	1.8	(4.6)
Other medium/long-term assets/liabilities	0.5	-	-
<b>CASH FLOW GENERATED BY OPERATIONS</b>	<b>41.2</b>	<b>34.8</b>	<b>24.7</b>
Sale of equity investments	-	-	-
<b>TOTAL SOURCES</b>	<b>41.2</b>	<b>34.8</b>	<b>24.7</b>
Increase of intangible assets	0.1	1.8	-
Purchase of tangible assets	-	-	0.2
Purchase of equity investments	0.2	-	10.1
<b>TOTAL APPLICATION OF FUNDS</b>	<b>0.3</b>	<b>1.8</b>	<b>10.3</b>
<b>FREE CASH FLOW</b>	<b>40.9</b>	<b>33.0</b>	<b>14.4</b>
Holding Company increases in capital	4.8	1.5	3.6
Net purchase of treasury shares	(1.2)	-	-
Dividends paid by the Holding Company	(159.5)	(22.4)	(22.4)
<b>CHANGES IN SHAREHOLDER'S EQUITY</b>	<b>(155.9)</b>	<b>(20.9)</b>	<b>(18.8)</b>
<b>Change in net financial position</b>	<b>(115.0)</b>	<b>12.1</b>	<b>(4.4)</b>
<b>Opening net financial position</b>	<b>(29.5)</b>	<b>(25.1)</b>	<b>(25.1)</b>
<b>CLOSING NET FINANCIAL POSITION</b>	<b>(144.5)</b>	<b>(13.0)</b>	<b>(29.5)</b>