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Oggetto : RESULTS FOR FIRST QUARTER 2022

<i>Testo del comunicato</i>

Vedi allegato.



PRESS RELEASE

RESULTS FOR FIRST QUARTER 2022

**Revenues at € 381.1 million, up 8% on the first quarter of 2021
Better than market performance**

**EBITDA margin at 13.1% of turnover, lower than in the first quarter of 2021
(15.4%) due to higher raw material and energy costs**

**Net income of € 10.7 million
(€ 11.8 million in the first quarter of 2021)**

**Free Cash Flow positive for € 43.7 million and higher
than the first quarter of 2021 (€ 32.4 million)**

Highlights from results for Q1 2022

(in €m)	2021*	2022	Δ%	Δ% at constant exchange rates
Revenues	352.8	381.1	+8.0	+5.4
EBITDA**	54.2	50.0		
EBIT	25.4	21.2		
Net result	11.8	10.7		
Net debt (end of period) before IFRS16	261.1	213.4		

* It should be noted that the figures for the year 2021 were restated in application of IFRS 5 ("Non-current Assets Held for Sale and Discontinued Operations") to the subsidiary of the Filtration business unit in Argentina, which was sold in August 2021.

** EBITDA is calculated by adding to the item "Ebit" the item "Amortization and depreciation" and the amount of the write-down of tangible and intangible fixed assets contained in the item "Other non-operating costs (revenues)", equal to € 0 million at March 31, 2022 (€ 0.5 million in the same period of the previous year).

Milan, April 22, 2022 - The Board of Directors of Sogefi S.p.A., which met today under the chairmanship of **Monica Mondardini**, has approved the **Interim Financial Report of the Group as of March 31, 2022**, presented by Chief Executive Officer **Frédéric Sipahi**.

Sogefi, a company of the CIR Group, is one of the main global producers of automotive components for three sectors: Air and Cooling, Filtration and Suspensions.

PERFORMANCE OF THE MARKET

In the first few months of the year the difficulties in sourcing specific components continued (which also led to the temporary closure of some factories of the main world manufacturers),

as did the shortages of raw materials and the increase in raw material and energy prices. Starting at the end of February, this problematic situation was compounded by the difficulties linked to the conflict between Russia and Ukraine and the economic and financial sanctions imposed on Russia by Europe, the United States and other countries around the world, which led to a reduction in world trade and a further rise in raw material and energy prices.

Against this backdrop, in the first quarter of 2022, global automobile production was down 4.5% compared to 2021; in March, the decline became more pronounced at -11.4%. Europe performed the worst, with car production at -17% compared to the first quarter of 2021 (-24.3% in March); production also fell in NAFTA and Mercosur (-1.8% and -13.3% respectively), while China showed a positive trend (+6.1%).

Despite the above, IHS maintains a forecast for global manufacturing growth of 4.4% in 2022.

SOGEFI'S KEY RESULTS IN THE FIRST QUARTER OF 2022

The Group revenues grew by 8% compared to 2021: production volumes remained substantially stable (compared to a market at -4.5%) and sales prices were adjusted to take into account the increases in raw material costs (particularly steels) recorded over the last 12 months.

The economic results were positive:

- **net income was € 10.7 million** (€ 11.8 million in 2021);
- **positive free cash flow was € 43.7 million** (€ 32.4 million in 2021);
- **net debt before IFRS 16 at March 31, 2022 was € 213.4 million**, down from € 258.2 million at December 31, 2021 and € 261.1 million at the end of March 2021.

The first quarter of 2022 was also positive for business activity.

During the quarter, the *SOGEFI CabinHepa+cabin* filter, which uses HEPA (*High Efficiency Particulate Air*) media and filters mechanically, capturing particles 50 times smaller than a conventional cabin filter, won the 2022 Product of the Year award in France. The new European *E-Mobility Tech Center*, based in eastern France, was also inaugurated. It is dedicated to research and development of new *E-mobility* products and equipped with Europe's largest 3D printer.

The Air and Cooling division entered into major contracts in NAFTA to supply thermal management products and cooling plates for electric mobility. In particular, a new contract was signed, the largest electric mobility contract ever entered into by Sogefi, with a manufacturer of electric commercial vehicles, for the production of aluminum cooling plates welded with laser technology to control the temperature of the battery. Filtration obtained a significant number of contracts for the supply of oil filters and air purification filters. Suspensions obtained contracts in Europe for coil springs and stabilizer bars, most of which will be manufactured in Romania.

REVENUES

In the first quarter of 2022, Sogefi's **revenues** amounted to € 381.1 million, up 8% on the corresponding period of 2021 (€ 352.8 million).

Turnover grew in all **geographies**: +4.1% in Europe, +13.5% in North America, +31.9% in South America and +7.6% in Asia. Sogefi outperformed the market in all areas except China,

where in the same period of the previous year Sogefi had already reported strong growth in revenues thanks to the launch of new programs.

(in millions of Euro)	Q1 2022	Q1 2021	reported change 2022 vs 2021	constant exchange rates 2022 vs 2021	reference market production
	Amount	Amount	%	%	%
Europe	234.1	224.9	4.1	3.7	(17.0)
North America	79.4	69.9	13.5	5.6	(1.8)
South America	21.0	15.9	31.9	32.5	(13.3)
Asia	48.1	44.7	7.6	0.5	4.7
- of which China	24.6	23.8	3.6	(5.5)	6.1
Intercompany eliminations	(1.5)	(2.6)			
TOTAL	381.1	352.8	8.0	5.4	(4.5)

By **Business Unit**, Suspensions reported revenues up 9.5%, with a particularly significant rate of increase in South America. Filtration reported revenues up 11.6%, with strong performance from the Aftermarket in Europe and the North American operations. The Air and Cooling division grew by 2.7% due to exchange rates, while at constant exchange rates it contracted slightly (-1.7%).

(in millions of Euro)	Q1 2022	Q1 2021	reported change 2022 vs 2021	constant exchange rates 2022 vs 2021
	Amount	Amount	%	%
Suspensions	133.7	122.1	9.5	8.5
Filtration	133.6	119.7	11.6	9.1
Air&Cooling	114.8	111.8	2.7	(1.7)
Intercompany eliminations	(1.0)	(0.8)		
TOTAL	381.1	352.8	8.0	5.4

OPERATING RESULT AND NET RESULT

EBITDA amounted to € 50.0 million compared with € 54.2 million in the first quarter of 2021; gross profitability (EBITDA / Revenue %) fell to 13.1%, from 15.4% in the first quarter of 2021. This reflects a decline in contribution margin to 28%, compared to 30.7% in the first quarter of 2021, due to higher material and energy costs. In contrast, fixed costs as a percentage of revenue are down from 16.2% (in the same period of 2021) to 14.6%.

EBIT amounted to € 21.2 million, compared with € 25.4 million in 2021.

Financial expenses, at € 4.5 million, were down on those in the first quarter of 2021 (€ 5.8 million) thanks to the reduction in debt and the cost of debt; **tax expenses** were essentially stable at € 5.9 million (€ 6.0 million in 2021).

The **net result** was a positive € 10.7 million (€ 11.8 million in the first quarter of 2021).

DEBT AND EQUITY

The **Free Cash Flow** was positive for € 43.7 million versus € 32.4 million in Q1 2021. The Free Cash Flow reflects the positive results and specific actions on working capital implemented

by the Group.

Net debt before IFRS16 stood at € 213.4 million at March 31, 2022, down from the end of 2021 (€ 258.2 million) and from March 31, 2021 (€ 261.1 million).

Including financial payables for rights of use as per IFRS 16, net debt at March 31, 2022 stood at € 281.8 million, down from € 327.6 at December 31, 2021.

As of March 31, 2022, the Group **has committed credit lines** in excess of requirements of € 321 million.

At March 31, 2022, **Shareholders' equity**, excluding minority interests, amounted to € 205.8 million versus € 187.7 million at December 31, 2021.

IMPACTS OF COVID-19 AND RUSSIAN-UKRAINIAN CONFLICT ON THE BUSINESS

In 2022, despite the continuing pandemic crisis, the effects on the market in which the Company operates were less severe than those suffered in the previous two years. However, demand remains weak, particularly in Europe and NAFTA, and operational challenges related to uneven production levels and staff absences caused by the pandemic continue. The current lockdown in some areas of China could have negative impacts both directly, on manufacturing activities in China, and indirectly, on raw materials imported from the country.

In 2022, the Sogefi Group continued to apply all the rules for health and safety in the workplace aimed at reducing the risk of contagion, namely social distancing, the use of individual protective equipment and measures to limit the presence of personnel in the workplace, i.e. working from home.

Regarding the impact of the Russian-Ukrainian conflict, it should be pointed out that Sogefi has a very limited direct presence in the countries involved: in 2021 revenues earned in these countries accounted for 0.7% of Sogefi's total revenues. Sales to Russia, Ukraine and Belarus have been discontinued since March. As a result, in the first quarter of 2022, Sogefi recorded impairment losses of € 1.1 million on assets held in Russia. With the exception of these losses, the impact on revenues and margins was not significant.

Regarding the indirect impact of the conflict, Sogefi, like the whole automotive sector, could suffer consequences on production volumes linked to the closure of the factories of the main world manufacturers present in Russia (such as, for example, Renault) and in general the repercussions of a further rise in the prices of raw materials and of increased supply difficulties.

OUTLOOK FOR THE YEAR

Visibility as to the market trend in the next few months of 2022 remains low. The uncertainties related to the evolution of the pandemic, availability and prices of raw materials, transportation and supply logistics from Asian markets, and thus the recovery of the automotive sector have been amplified by the Russian-Ukrainian conflict.

For 2022, however, IHS maintains a forecast of global manufacturing volumes recovering 4.4% from 2021, with Europe at +11.3%, NAFTA at +13%, South America at +9.6% and China essentially breaking even (-0.9%).

With regard to commodity prices, the early months of 2022 have seen a further rise and it is difficult to make forecasts for 2022. It should be noted that in the first quarter of 2022, sales prices were adjusted to reflect the increase in raw material costs recorded in 2021. Faced with a further rise in the cost of raw materials and energy following the outbreak of the Russian-Ukrainian conflict, Sogefi's management is committed to seeking fair agreements with all its customers, as it did in the first quarter, in order to continue to have sustainable long-term business relationships.

Assuming that there are no further factors causing a serious deterioration in the macro-economic and production scenario (significant tightening of sanctions against Russia, extension of the conflict outside Ukraine, shortages and price rises in energy and raw materials compared to the current ones that would compromise the sustainability of the supply chain), Sogefi confirms its target of achieving operating results for the whole of 2022, excluding non-recurring costs, substantially in line with the result recorded in 2021.

The executive responsible for the preparation of the Company's financial statements, Yann Albrand, hereby declares, in compliance with the terms of paragraph 2 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.

Contacts:

Sogefi Investor Relations

Yann Albrand

tel.: +39 02 467501

e-mail: ir@sogefigroup.com

www.sogefigroup.com

CIR Group Press Office

tel.: +39 02 722701

e-mail: infostampa@cirgroup.com

www.cirgroup.com

This press release can be consulted online at <http://www.sogefigroup.com/en/press/index.html>

Attached are the key figures from the Income Statement and Statement of Financial Position as of March 31, 2022 of the Sogefi Group. It should be noted that these data are not subject to audit by the auditing firm.

SOGEFI GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of Euro)

ASSETS	03.31.2022	12.31.2021
CURRENT ASSETS		
Cash and cash equivalents	163.6	120.9
Other financial assets	3.2	1.3
Inventories	123.8	111.9
Trade receivables	164.0	136.7
Other receivables	12.1	10.9
Tax receivables	29.6	25.6
Other assets	6.2	2.7
ASSETS HELD FOR SALE	-	-
TOTAL CURRENT ASSETS	502.5	410.0
NON-CURRENT ASSETS		
Land	12.2	12.2
Property, plant and equipment	367.9	368.6
Other tangible fixed assets	5.7	4.7
Rights of use	65.6	67.4
Intangible assets	235.1	236.7
Other financial assets available for sales	-	-
Financial receivables	6.6	4.0
Other receivables	38.4	38.8
Deferred tax assets	34.5	36.3
TOTAL NON-CURRENT ASSETS	766.0	768.7
TOTAL ASSETS	1,268.5	1,178.7

LIABILITIES	03.31.2022	12.31.2021
CURRENT LIABILITIES		
Bank overdrafts and short-term loans	5.9	2.0
Current portion of medium/long-term financial debts and other loans	88.5	86.9
Short-term financial debts for rights of use	17.2	17.1
Other short-term liabilities for derivative financial instruments	-	-
Trade and other payables	374.1	317.6
Tax payables	8.6	4.8
Other current liabilities	44.3	33.5
Current provisions	15.2	16.7
LIABILITIES RELATED TO ASSETS HELD FOR SALE	-	-
TOTAL CURRENT LIABILITIES	553.8	478.6
NON-CURRENT LIABILITIES		
Financial debts to bank	216.0	219.0
Non current portion of medium/long-term financial debts and other loans	74.6	74.2
Medium/long-term financial debts for right of use	53.1	54.4
Other medium/long-term financial liabilities for derivative financial instruments	-	-
Non-current provisions	55.2	56.3
Other payables	67.1	65.9
Deferred tax liabilities	25.5	25.3
TOTAL NON-CURRENT LIABILITIES	491.5	495.1
SHAREHOLDERS' EQUITY		
Share capital	62.5	62.5
Reserves and retained earnings (accumulated losses)	132.6	123.2
Group net result for the period	10.7	2.0
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE HOLDING COMPANY	205.8	187.7
Non-controlling interests	17.4	17.3
TOTAL SHAREHOLDERS' EQUITY	223.2	205.0
TOTAL LIABILITIES AND EQUITY	1,268.5	1,178.7

SHAREHOLDERS' EQUITY

(in millions of Euro)	Consolidated shareholders' equity - Group	Capital and reserves pertaining to non-controlling interests	Total Group and non-controlling shareholders' equity
Balance at December 31, 2021	187.7	17.3	205.0
Dividends	0.0	0.0	0.0
Currency translation differences	4.2	-	4.2
Other changes	3.2	-	3.2
Net result for the period	10.7	0.1	10.8
Balance at March 31, 2022	205.8	17.4	223.2

CONSOLIDATED INCOME STATEMENTS

(in millions of Euro)	Period		Period		Change	
	01.01 – 03.31.2022		01.01 – 03.31.2021 (*)			
	Amount	%	Amount	%	Amount	%
Sales revenues	381.1	100.0	352.8	100.0	28.3	8.0
Variable cost of sales	274.3	72.0	244.5	69.3	29.8	12.2
CONTRIBUTION MARGIN	106.8	28.0	108.3	30.7	(1.5)	(1.4)
Manufacturing and R&D overheads	30.4	8.0	31.2	8.8	(0.8)	(2.3)
Depreciation and amortization	28.8	7.5	28.3	8.0	0.5	1.9
Distribution and sales fixed expenses	7.6	2.0	7.8	2.3	(0.2)	(3.1)
Administrative and general expenses	17.8	4.7	18.0	5.1	(0.2)	(1.7)
Restructuring costs	1.9	0.5	1.3	0.4	0.6	42.5
Losses (gains) on disposal	-	-	-	-	-	-
Exchange (gains) losses	(1.2)	(0.3)	(1.6)	(0.5)	0.4	29.4
Other non-operating expenses (income)	0.3	-	(2.1)	(0.6)	2.4	(114.3)
EBIT	21.2	5.6	25.4	7.2	(4.2)	(16.7)
Financial expenses	5.1	1.4	6.1	1.8	(1.0)	(15.5)
Financial (income)	(0.6)	(0.2)	(0.3)	(0.1)	(0.3)	95.7
Losses (gains) from equity investments	-	-	-	-	-	-
RESULT BEFORE TAXES	16.7	4.4	19.6	5.5	(2.9)	(14.8)
Income taxes	5.9	1.6	6.0	1.7	(0.1)	(1.9)
NET INCOME (LOSS) OF OPERATING ACTIVITIES	10.8	2.8	13.6	3.8	(2.8)	(20.4)
Net income (loss) from discontinued operations, net of tax effects	-	-	(0.8)	(0.2)	0.8	100.0
NET RESULT INCLUDING THIRD PARTY	10.8	2.8	12.8	3.6	(2.0)	(15.4)
Loss (Income) attributable to non-controlling interests	(0.1)	-	(1.0)	(0.2)	0.9	88.0
GROUP NET RESULT	10.7	2.8	11.8	3.4	(1.1)	(9.5)

(*) The values for the first quarter of 2021, relating to "Assets held for sale", have been reclassified following the application of IFRS 5 "Non-current assets held for sale and discontinued operations" to the line "Net income (loss) from discontinued operations, net of tax effects".

BREAKDOWN OF THE NET FINANCIAL POSITION

(in millions of Euro)	03.31.2022	12.31.2021	03.31.2021
A. Cash	163.6	120.9	232.8
B. Cash equivalents	-	-	-
C. Other current financial assets	9.8	5.1	8.0
D. Liquidity (A) + (B) + (C)	173.4	126.0	240.8
E. Current Financial Debt (including debt instruments, but excluding current portion of non-current financial debt)	5.9	2.0	1.1
F. Current portion of non-current financial debt	105.7	104.1	164.7
G. Current financial indebtedness (E) + (F)	111.6	106.1	165.8
H. Net current financial indebtedness (G) - (D)	(61.8)	(19.9)	(75.0)
I. Non-current financial debt (excluding the current portion and debt instruments)	269.0	273.3	308.3
J. Debt instruments	74.6	74.2	95.1
K. Non-current trade and other payables	-	-	-
L. Non-current financial indebtedness (I) + (J) + (K)	343.6	347.5	403.4
M. Total financial indebtedness (H) + (L)	281.8	327.6	328.4

CONSOLIDATED CASH FLOW STATEMENT

(in millions of Euro)	03.31.2022	12.31.2021	03.31.2021
SELF-FINANCING	38.4	124.6	41.3
Change in net working capital	24.0	(13.0)	9.3
Other medium/long-term assets/liabilities	2.3	28.8	6.2
CASH FLOW GENERATED BY OPERATIONS	64.7	140.4	56.8
Net decrease from sale of fixed assets	0.1	21.1	1.8
TOTAL SOURCES	64.8	161.5	58.6
TOTAL APPLICATION OF FUNDS	20.0	120.0	24.6
Net financial position of subsidiaries purchased/sold during the period	-	(5.4)	-
Exchange differences on assets/liabilities and equity	(1.1)	(3.7)	(1.6)
FREE CASH FLOW	43.7	32.4	32.4
Dividends paid by subsidiaries to non-controlling interests	-	(3.0)	(3.0)
Change in fair value of effective derivative instruments	2.1	1.1	0.3
CHANGES IN SHAREHOLDERS' EQUITY	2.1	(1.9)	(2.7)
Change in net financial position	45.8	30.5	29.7
Opening net financial position	(327.6)	(358.1)	(358.1)
CLOSING NET FINANCIAL POSITION	(281.8)	(327.6)	(328.4)

Fine Comunicato n.0246-16

Numero di Pagine: 11