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Oggetto : SOGEFI (CIR GROUP): RESULTS
HIGHER IN FIRST 9 MONTHS

Testo del comunicato

Vedi allegato.



PRESS RELEASE

Board of Directors approves results as of September 30 2016

SOGEFI (CIR GROUP): RESULTS HIGHER IN FIRST 9 MONTHS

Revenues up by 4.9% in 9M 2016 to € 1.2bn

EBITDA up by 25.4% to € 114.5m

Net result at € 15.8m (€ 7.4m in 9M 2015)

Net debt at € 314.1m (€ 339.7m at 30/9/2015)

Highlights from 9M 2016 results

(in €m)

	9M 2016	9M 2015	Δ%
Revenues	1,181.5	1,126.6	4.9
EBITDA	114.5	91.3	25.4
EBIT	58.7	43.2	35.9
Net Result	15.8	7.4	
Net debt (end of period)	314.1	339.7	

Milan, October 24 2016 - 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 **September 30 2016**.

Laurent Hebenstreit, Sogefi's Chief Executive Officer, made the following statement:

"The third quarter confirms the positive revenue trend of the first half of the year, driven by organic growth in North America and Asia. Higher gross margin and EBITDA encourage us to continue our work aimed at improving the company's profitability and cash flow".

Revenues up 4.9% in 9M 2016

Automotive production in the first nine months of 2016 rose 4%, experiencing double digit growth in Asia and a positive evolution in Europe and North America (+3.5% and +2.6% respectively). In South America the strong recession already observed during the previous year continued in 2016 too.

In this environment, in the first nine months of 2016, Sogefi reported **revenues of € 1,181.5 million, up 4.9%** compared to € 1,126.6 million in 9M 2015 (+10.2% at the same exchange rates) with a positive contribution from all geographical areas with the exception of South America.

Revenues by geographical area: strong growth in North America and Asia

€m	Q3 2016	Q3 2015	reported change	9M 2016	9M 2015	reported change	Constant exchange rates	weight based on 9M 2016	reference market*
Europe	221.1	218.9	1.0%	728.8	717.6	1.6%	2.6%	61.7%	3.5%
North America	80.4	70.6	13.8%	231.0	191.5	20.7%	26.6%	19.6%	2.6%
South America	43.2	44.5	-2.8%	117.1	134.9	-13.2%	16.6%	9.9%	-15.1%
Asia	36.3	27.7	30.9%	99.7	78.3	27.3%	33.8%	8.4%	13.4%
Other	1.9	1.2		4.9	4.3				
Total	383.0	362.9	5.5%	1,181.5	1,126.6	4.9%	10.2%	100.0%	4.0%

* Passenger cars and LCV production volumes

Source: Sogefi and IHS data

In Europe revenues grew by 1.6% compared to 9M 2015. Business continued to develop vigorously in North America and in Asia showing respectively a 20.7% and a 27.3% revenue increase compared to the first nine months of 2015. In South America, sales in euro declined by 13.2% because of the depreciation of the local currencies and the persisting market crisis. Excluding South America, growth was 7.3%, in line with previous quarters.

Revenues by Business Unit: significant increase in the Air & Cooling segment

€m	Q3 2016	Q3 2015	reported change	9M 2016	9M 2015	reported change	Constant exchange rates
Suspensions	132.3	133.3	-0.8%	421.8	420.4	0.3%	6.2%
Filtration	132.2	131.2	0.8%	402.9	405.2	-0.6%	5.5%
Air & Cooling	119.6	99.4	20.3%	359.9	304.0	18.4%	21.8%
intercompany	-1.1	-1.0		-3.1	-3.0		
Total	383.0	362.9	5.5%	1,181.5	1,126.6	4.9%	10.2%

Sogefi's revenue growth in the first nine months of 2016 came largely from the *Air & Cooling* segment, which reported an 18.4% increase. Revenues of the *Suspensions* segment grew by 0.3%, (+3.5% excluding South America); and lastly, revenues of the *Filtration* segment were down by 0.6% (+2.3% excluding South America).

Operating results and net income

EBITDA in the first nine months of 2016 totalled **€ 114.5 million, up by 25.4%** compared to the figure reported in the same period of 2015 (€ 91.3 million). The increase benefited from revenue growth and from the improvement in profitability which increased to 9.7% from 8.1% in the first nine months of 2015 and from 9.3% in of the first half of 2016.

The increase in profitability is due to a slight improvement in gross margin and to the reduction of the ratio of indirect costs to Group revenues from 20.2% to 19.4%. In particular, the ratio of total labour costs to Group revenues declined to 21.5% from the previous 22.3%. All regions with the exception of South America reported increases in EBITDA.

Regarding the risks resulting from the claims made against the company Sogefi Air & Refroidissement France S.A.S. (formerly Systèmes Moteurs), in the first nine months of 2016 there were no developments in the “product guarantee” issue that warranted a change in the provision made at December 31 2015. As for the recovery of damages from the company Dayco, the vendor of Sogefi Air & Refroidissement France S.A.S, in May the arbitration process ended with Dayco being sentenced to pay Sogefi € 9.4 million for the claims already settled. During the third quarter, Sogefi received from Dayco the amount of € 5.5 million, representing a portion of the compensation due under the arbitration award. The arbitration decision, however, reduced the amount expected to be recovered by Sogefi by € 4 million, with a negative impact of the same amount on the accounts booked in June 2016 (in fact the company intends to appeal against this decision).

EBIT increased by 35.9% to € 58.7 million compared to the first nine months of 2015.

The **result before taxes and minority interests** grew to **€ 39.8 million** (€ 19.6 million in the first nine months of 2015), benefiting also from a financial income of € 6 million due to the recovery of tax credits on foreign dividends distributed in previous years.

The **net result** was a **positive € 15.8 million**, versus € 7.4 million in the first nine months of 2015.

Net debt

Net financial debt stood at **€ 314.1 million** at September 30 2016, showing a € 8.2 million decline on December 31 2015 (€ 322.3 million) and a € 25.6 million decline on September 30 2015 (€ 339.7 million).

Free Cash Flow in the first nine months amounted to a **positive € 12.3 million**, compared to a negative balance of € 44.3 million in the same period of 2015. The improvement is attributable for approximately € 26.6 million to lower disbursements of a non-ordinary nature for product guarantees, restructuring and fiscal disputes, and for € 33 million to a better performance of operating cash flow.

Shareholders' equity

At September 30 2016 **shareholders' equity** excluding minority interests amounted to **€ 173.7 million** (€ 170.8 million at December 31 2015).

Employees

The Sogefi group had **6,811 employees** at September 30 2016 compared to 6,689 at September 30 2015.

Outlook for the year

For the whole of 2016 Sogefi expects revenue growth similar to that of the first nine months of the year. Gross margin and EBITDA are expected to improve versus 2015 in line with what was seen in the first nine months of the year.

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.

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This press release can also be consulted on the website: <http://www.sogefigroup.com/it/area-stampa/index.html>

Attached are the key figures from the Income Statement and the Statement of Financial Position as of September 30 2016 of the Sogefi Group. It should be noted that these accounts have not been externally audited.

SOGEFI GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of Euro)

ASSETS	09.30.2016	12.31.2015
CURRENT ASSETS		
Cash and cash equivalents	85.3	121.9
Other financial assets	4.8	6.3
<i>Working capital</i>		
Inventories	165.6	159.7
Trade receivables	182.9	143.5
Other receivables	8.4	7.9
Tax receivables	28.1	26.8
Other assets	4.8	4.0
TOTAL WORKING CAPITAL	389.8	341.9
TOTAL CURRENT ASSETS	479.9	470.1
NON-CURRENT ASSETS		
FIXED ASSETS		
Land	14.0	14.3
Property, plant and equipment	228.5	232.6
Other tangible fixed assets	6.7	5.3
<i>Of wich: leases</i>	4.5	6.8
Intangible assets	281.2	284.0
TOTAL FIXED ASSETS	530.4	536.2
OTHER NON-CURRENT ASSETS		
Investments in joint ventures	-	-
Other financial assets available for sale	-	0.4
Long term trade receivables	-	-
Financial receivables	10.8	13.2
Other receivables	27.9	34.7
Deferred tax assets	64.6	65.3
TOTAL OTHER NON-CURRENT ASSETS	103.3	113.6
TOTAL NON-CURRENT ASSETS	633.7	649.8
NON-CURRENT ASSETS HELD FOR SALE	-	-
TOTAL ASSETS	1,113.6	1,119.9

LIABILITIES	09.30.2016	12.31.2015
CURRENT LIABILITIES		
Bank overdrafts and short-term loans	20.9	17.8
Current portion of medium/long-term financial debts and other loans	131.4	74.4
<i>Of which: leases</i>	1.2	1.3
TOTAL SHORT-TERM FINANCIAL DEBTS	152.3	92.2
Other short-term liabilities for derivative financial instruments	0.3	0.3
TOTAL SHORT-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	152.6	92.5
Trade and other payables	346.8	325.4
Tax payables	10.3	6.1
Other current liabilities	10.2	9.7
TOTAL CURRENT LIABILITIES	519.9	433.7
NON-CURRENT LIABILITIES		
FINANCIAL INSTRUMENTS		
Financial debts to bank	52.0	141.1
Other medium/long-term financial debts	201.5	218.4
<i>Of which: leases</i>	6.7	8.1
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS	253.5	359.5
Other medium/long-term financial liabilities for derivative financial instruments	8.9	11.6
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	262.4	371.1
OTHER LONG-TERM LIABILITIES		
Long-term provisions	87.1	79.2
Other payables	11.8	9.2
Deferred tax liabilities	40.9	36.3
TOTAL OTHER LONG-TERM LIABILITIES	139.8	124.7
TOTAL NON-CURRENT LIABILITIES	402.2	495.8
SHAREHOLDERS' EQUITY		
Share capital	61.7	61.7
Reserves and retained earnings (accumulated losses)	96.2	108.0
Group net result for the period	15.8	1.1
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE HOLDING COMPANY	173.7	170.8
Non-controlling interests	17.8	19.6
TOTAL SHAREHOLDERS' EQUITY	191.5	190.4
TOTAL LIABILITIES AND EQUITY	1,113.6	1,119.9

RECLASSIFIED CONSOLIDATED INCOME STATEMENT FROM 01.01.2016 TO 09.30.2016

(in millions of Euro)

	Period		Period		Change	
	01.01 - 09.30.2016		01.01 - 09.30.2015			
	Amount	%	Amount	%	Amount	%
Sales revenues	1,181.5	100.0	1,126.6	100.0	54.9	4.9
Variable cost of sales	841.8	71.2	810.7	72.0	31.1	3.8
CONTRIBUTION MARGIN	339.7	28.8	315.9	28.0	23.8	7.5
Manufacturing and R&D overheads	109.8	9.3	105.7	9.4	4.1	3.9
Depreciation and amortization	51.0	4.3	48.2	4.3	2.8	6.0
Distribution and sales fixed expenses	33.6	2.9	34.1	3.0	(0.5)	(1.7)
Administrative and general expenses	64.1	5.4	62.0	5.5	2.1	3.4
Restructuring costs	4.5	0.4	4.0	0.4	0.5	12.0
Losses (gains) on disposal	(0.7)	(0.1)	(1.5)	(0.1)	0.8	53.8
Exchange losses (gains)	0.8	0.1	3.8	0.3	(3.0)	(79.0)
Other non-operating expenses (income)	17.9	1.5	16.4	1.4	1.5	9.2
- of which not ordinary	8.7	-	14.3	-	(5.6)	-
EBIT	58.7	5.0	43.2	3.8	15.5	35.9
Financial expenses (income), net	22.5	1.9	23.6	2.1	(1.1)	(4.6)
- of which fair value of the embedded derivative (convertible bond)	-	-	(1.5)	-	1.5	-
(income)	22.5	-	22.1	-	0.4	-
Losses (gains) from equity investments	(3.6)	(0.3)	-	-	(3.6)	-
RESULT BEFORE TAXES AND NON-CONTROLLING INTERESTS	39.8	3.4	19.6	1.7	20.2	102.9
Income taxes	20.5	1.8	9.5	0.8	11.0	114.9
NET RESULT BEFORE NON-CONTROLLING INTERESTS	19.3	1.6	10.1	0.9	9.2	-
Loss (income) attributable to non-controlling interests	(3.5)	(0.3)	(2.7)	(0.3)	(0.8)	(30.7)
GROUP NET RESULT	15.8	1.3	7.4	0.6	8.4	-

CONSOLIDATED NET FINANCIAL POSITION

(in millions of Euro)

	09.30.2016	12.31.2015	09.30.2015
A. Cash	85.3	121.9	97.0
B. Other cash at bank and on hand (included held-to-maturity investments)	4.0	4.0	4.0
C. Financial instruments held for trading	-	-	-
D. Liquid funds (A) + (B) + (C)	89.3	125.9	101.0
E. Current financial receivables	0.8	2.3	2.8
F. Current payables to banks	(20.9)	(17.8)	(12.3)
G. Current portion of non-current indebtedness	(131.4)	(74.5)	(85.6)
H. Other current financial debts	(0.3)	(0.3)	(0.1)
I. Current financial indebtedness (F) + (G) + (H)	(152.6)	(92.6)	(98.0)
J. Current financial indebtedness, net (I) + (E) + (D)	(62.5)	35.6	5.8
K. Non-current payables to banks	(52.0)	(141.1)	(131.9)
L. Bonds issued	(194.0)	(208.9)	(205.1)
M. Other non-current financial debts	(16.4)	(21.1)	(20.0)
O. Non-current financial indebtedness (K) + (L) + (M)	(262.4)	(371.1)	(357.0)
P. Net indebtedness (J) + (O)	(324.9)	(335.5)	(351.2)
Non-current financial receivables	10.8	13.2	11.5
Financial indebtedness, net including non-current financial receivables	(314.1)	(322.3)	(339.7)

CONSOLIDATED CASH FLOW STATEMENT

(in millions of Euro)

	September 30, 2016	December 31, 2015	September 30, 2015
SELF-FINANCING	79.8	53.4	36.4
Change in net working capital	(20.6)	(4.2)	(27.0)
Other medium/long-term assets/liabilities	11.7	4.8	0.7
CASH FLOW GENERATED BY OPERATIONS	70.9	54.0	10.1
Net decrease from sale of fixed assets	0.3	1.0	0.2
TOTAL SOURCES	71.2	55.0	10.3
Increase in intangible assets	21.8	30.4	26.8
Purchase of tangible assets	32.1	51.3	33.2
TOTAL APPLICATION OF FUNDS	53.9	81.7	60.0
Exchange differences on assets/liabilities and equity	(5.0)	1.9	5.4
FREE CASH FLOW	12.3	(24.8)	(44.3)
Holding Company increases in capital	0.8	0.1	0.1
Increase in share capital of consolidated subsidiaries	0.1	0.1	0.1
Dividends paid by subsidiaries to non-controlling interests	(5.2)	(4.3)	(3.5)
Change in fair value derivative instruments	0.2	10.9	12.2
CHANGES IN SHAREHOLDERS' EQUITY	(4.1)	6.8	8.9
Change in net financial position	8.2	(18.0)	(35.4)
Opening net financial position	(322.3)	(304.3)	(304.3)
CLOSING NET FINANCIAL POSITION	(314.1)	(322.3)	(339.7)

RECLASSIFIED CONSOLIDATED INCOME STATEMENT FOR THE THIRD QUARTER OF 2016

(in millions of Euro)

	Period 07.01 Æ 09.30.2016		Period 07.01 Æ 09.30.2015		Change	
	Amount	%	Amount	%	Amount	%
Sales revenues	383.0	100.0	362.9	100.0	20.1	5.5
Variable cost of sales	271.9	71.0	262.0	72.2	9.9	3.8
CONTRIBUTION MARGIN	111.1	29.0	100.9	27.8	10.2	10.1
Manufacturing and R&D overheads	35.2	9.1	34.5	9.5	0.7	2.4
Depreciation and amortization	17.4	4.6	16.3	4.5	1.1	7.2
Distribution and sales fixed expenses	10.5	2.7	10.8	3.0	(0.3)	(2.4)
Administrative and general expenses	21.4	5.6	19.4	5.3	2.0	10.1
Restructuring costs	1.0	0.3	2.0	0.6	(1.0)	(49.6)
Losses (gains) on disposal	(0.7)	(0.2)	-	-	(0.7)	n.a.
Exchange losses (gains)	1.4	0.4	2.5	0.7	(1.1)	(46.0)
Other non-operating expenses (income)	2.8	0.7	2.7	0.8	0.1	2.1
- of which not ordinary	0.3	-	2.1	-	(1.8)	-
EBIT	22.1	5.8	12.7	3.5	9.4	73.9
Financial expenses (income), net	5.7	1.5	8.9	2.5	(3.2)	(36.3)
Losses (gains) from equity investments	(4.0)	(1.0)	-	-	(4.0)	-
RESULT BEFORE TAXES AND NON-CONTROLLING INTERESTS	20.4	5.3	3.8	1.0	16.6	439.7
Income taxes	12.1	3.2	5.3	1.5	6.8	125.3
NET RESULT BEFORE NON- CONTROLLING INTERESTS	8.3	2.1	(1.5)	(0.5)	9.8	634.0
Loss (income) attributable to non-controlling interests	(0.9)	(0.2)	(0.8)	(0.2)	(0.1)	(16.2)
GROUP NET RESULT	7.4	1.9	(2.3)	(0.7)	9.7	418.6

Fine Comunicato n.0246-35

Numero di Pagine: 10