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Oggetto : Sogefi (CIR Group): strong growth in
results in Q1 2017

Testo del comunicato

Vedi allegato.



PRESS RELEASE

Board of Directors approves results as of March 31 2017

SOGEFI (CIR GROUP): STRONG GROWTH IN RESULTS IN Q1 2017

Revenues up by 12.6% to € 439.1m

Sales higher in all geographical areas and Business Units

EBITDA at € 45.1m, up by 30.2%

Net income at € 11.6m (€ 2.9m in Q1 2016)

Net debt reduced to € 291.4m (€ 322.6m as of end March 2016)

Highlights from Q1 2017 results

(in €m)

	Q1 2017	Q1 2016	Δ%
Revenues	439.1	390.1	12.6
EBITDA	45.1	34.6	30.2
EBIT	26.8	16.0	67.5
Net Result	11.6	2.9	
Free Cash Flow	6.9	-0.2	
Net debt (end of period)	291.4	322.6	

Milan, April 26 2017 - 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 for the **first quarter of 2017**.

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

“Results of the first quarter of 2017 confirm the effect of the turnaround actions aimed at increasing profitability and cash generation”.

Revenues up by 12.6%

In the first quarter of 2017 the global automotive market reported an increase in production of 5.8%, with steady growth in Asia (+6.8%) and in Europe (+4.2%), a more modest increase in North America (+2.5%) and a rebound in South America (+19.1%).

In this environment, Sogefi reported **revenues of € 439.1 million, up 12.6%** compared to € 390.1 million of the first quarter of 2016 (+11% at constant exchange rates).

Sogefi: outperformed reference market including in Europe

€m	Q1 2017	Q1 2016	reported change	Constant exchange rates	weight based on Q1 2017	reference market
Europe	274.0	253.2	8.2%	9.5%	62.4%	4.2%
North America	81.2	70.3	15.4%	10.8%	18.5%	2.5%
South America	48.9	37.5	30.6%	14.1%	11.1%	19.1%
Asia	39.5	31.3	26.4%	25.7%	9.0%	6.8%
Intercompany eliminations	-4.5	-2.2			-1.0%	
Total	439.1	390.1	12.6%	11.0%	100.0%	5.8%

Source: Sogefi and IHS data

All geographical areas contributed to the significant growth in sales in the quarter.

In Europe, revenues increased 8.2%, outperforming the reference market (+4.2%).

Business continued to develop vigorously in North America (+15.4%) and in Asia (+26.4%) which together now represent 27.5% of total revenues.

In South America, sales increased by 30.6%, reflecting the market rebound and the positive exchange rates (+14.1% at constant exchange rates).

Positive performance for the three Business Units

€m	Q1 2017	Q1 2016	reported change	Constant exchange rates
Suspensions	153.2	143.1	7.1%	6.0%
Filtration	149.2	131.1	13.8%	12.1%
Air & Cooling	137.9	117.0	17.8%	15.7%
Intercompany eliminations	-1.2	-1.1		
Total	439.1	390.1	12.6%	11.0%

In the first quarter, all three Business Units reported significant growth: *Air & Cooling* +17.8% (+15.7% at constant exchange rates), *Filtration* +13.8% (+12.1% at constant exchange rates) and *Suspensions* +7.1% (+6% at constant exchange rates).

Operating results and net income

EBITDA, at € 45.1 million, increased 30.2% compared to € 34.6 million for the same period of 2016. The increase benefitted from the revenue growth and from the improvement in profitability, which increased from 8.9% to 10.3%.

The increase in profitability was due to a further improvement in the contribution margin and to the reduced impact of indirect costs. In particular, the ratio of total labour costs to revenues declined from 21.7% in first quarter 2016 to 20.5% in the same period of 2017.

EBIT, at **€ 26.8 million**, **increased** by **67.5%** compared to the first quarter of 2016 (€ 16 million) and represents 6.1% of total sales.

The **result before taxes and non-controlling interests** was **€ 20.4 million** (€ 7.5 million in the first quarter of 2016), after financial expense of € 6.4 million, lower than the € 8.5 million in the same period of 2016.

The **net result** was **€ 11.6 million** (€ 2.9 million in the first quarter of 2016).

Regarding the risks resulting from the claims made against Sogefi Air & Cooling S.A.S. (formerly Systèmes Moteurs S.A.S.), in the first quarter of 2017 there were no developments.

Net debt

Free Cash Flow in first quarter of 2017 amounted to a **positive € 6.9 million**, compared to a cash flow breakeven in the same period of 2016 (€ -0.2 million). The improvement is attributable to a better operating performance of the Group.

Net financial debt at March 31 2017 stood at € 291.4 million, showing an improvement of € 7.6 million versus December 31 2016 (€ 299 million) and of € 31.2 million versus March 31 2016 (€ 322.6 million).

Shareholders' equity

At March 31 2017 **shareholders' equity** excluding minority interests amounted to **€ 186.5 million** (€ 172.9 million at December 31 2016).

Employees

The Sogefi group had **6,815 employees** at March 31 2017 compared to 6,801 at December 31 2016.

Outlook for the year

For the automotive market, after a first quarter of sustained growth, the outlook for 2017 shows a positive trend, albeit at a slower pace.

Concerning Sogefi, the positive performance recorded in the first quarter confirms the projected improvement in profitability for 2017.

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

Laura Pennino

Email: ir@sogefigroup.com

tel.: +39 02 467501

www.sogefigroup.com

CIR Group Communication Department

Salvatore Ricco

tel.: +39 02 722701

e-mail: infostampa@cirgroup.com

www.cirgroup.com

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
March 31 2017 of the Sogefi Group.*

Please note that these figures have not been audited by the Firm of Auditors.

SOGEFI GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of Euro)

ASSETS	03.31.2017	12.31.2016
CURRENT ASSETS		
Cash and cash equivalents	76.1	93.7
Other financial assets	5.2	5.9
<i>Working capital</i>		
Inventories	168.9	165.0
Trade receivables	204.7	158.5
Other receivables	8.1	6.8
Tax receivables	20.9	24.2
Other assets	5.9	3.6
TOTAL WORKING CAPITAL	408.5	358.1
TOTAL CURRENT ASSETS	489.8	457.7
NON-CURRENT ASSETS		
Fixed assets		
Land	12.8	12.8
Property, plant and equipment	242.5	243.3
Other tangible fixed assets	6.2	6.4
<i>Of wich: leases</i>	7.6	8.1
Intangible assets	280.4	281.7
TOTAL FIXED ASSETS	541.9	544.2
OTHER NON-CURRENT ASSETS		
Investments in joint ventures	-	-
Other financial assets available for sale	0.1	-
Non-current trade receivables	-	-
Financial receivables	14.6	15.8
Other receivables	30.5	29.8
Deferred tax assets	54.1	56.8
TOTAL OTHER NON-CURRENT ASSETS	99.3	102.4
TOTAL NON-CURRENT ASSETS	641.2	646.6
NON-CURRENT ASSETS HELD FOR SALE	3.4	3.4
TOTAL ASSETS	1,134.4	1,107.7

LIABILITIES	03.31.2017	12.31.2016
CURRENT LIABILITIES		
Bank overdrafts and short-term loans	22.3	11.0
Current portion of medium/long-term financial debts and other loans	110.3	137.2
<i>Of which: leases</i>	1.7	1.7
TOTAL SHORT-TERM FINANCIAL DEBTS	132.6	148.2
Other short-term liabilities for derivative financial instruments	0.5	0.4
TOTAL SHORT-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	133.1	148.6
Trade and other payables	370.9	339.1
Tax payables	10.9	8.7
Other current liabilities	9.8	8.2
TOTAL CURRENT LIABILITIES	524.7	504.6
NON-CURRENT LIABILITIES		
MEDIUM/LONG TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS		
Financial debts to bank	39.1	48.3
Other medium/long-term financial debts	208.9	209.9
<i>Of which: leases</i>	8.5	9.0
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS	248.0	258.2
Other medium/long term financial liabilities for derivative financial instruments	6.3	7.6
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	254.3	265.8
OTHER LONG-TERM LIABILITIES		
Long-term provisions	91.3	89.3
Other payables	15.5	15.0
Deferred tax liabilities	44.8	44.0
TOTAL OTHER LONG-TERM LIABILITIES	151.6	148.3
TOTAL NON-CURRENT LIABILITIES	405.9	414.1
SHAREHOLDERS' EQUITY		
Share capital	62.1	62.1
Reserves and retained earnings (accumulated losses)	112.8	101.5
Group net result for the period	11.6	9.3
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE HOLDING COMPANY	186.5	172.9
Non-controlling interests	17.3	16.1
TOTAL SHAREHOLDERS' EQUITY	203.8	189.0
TOTAL LIABILITIES AND EQUITY	1,134.4	1,107.7

CONSOLIDATED INCOME STATEMENT FROM 1.1.2017 TO 3.31.2017

(in millions of Euro)	Period		Period		Change	
	01.01.2017 – 03.31.2017		01.01.2016 – 03.31.2016			
	Amount	%	Amount	%	Amount	%
Sales revenues	439.1	100.0	390.1	100.0	49.0	12.6
Variable cost of sales	314.1	71.5	280.9	72.0	33.2	11.8
CONTRIBUTION MARGIN	125.0	28.5	109.2	28.0	15.8	14.5
Manufacturing and R&D overheads	39.9	9.1	36.3	9.3	3.6	10.0
Depreciation and amortization	17.9	4.1	16.6	4.3	1.3	7.9
Distribution and sales fixed expenses	11.2	2.5	11.5	2.9	(0.3)	(2.6)
Administrative and general expenses	19.1	4.3	18.1	4.7	1.0	5.2
Restructuring costs	4.6	1.1	1.9	0.5	2.7	147.0
Losses (gains) on disposal	(0.1)	-	-	-	(0.1)	-
Exchange losses (gains)	(0.2)	-	1.1	0.3	(1.3)	(115.3)
Other non-operating expenses (income)	5.8	1.3	7.7	1.9	(1.9)	(24.8)
- of which not ordinary	0.7		2.0		(1.3)	
EBIT	26.8	6.1	16.0	4.1	10.8	67.5
Financial expenses (income), net	6.4	1.4	8.5	2.2	(2.1)	(25.1)
Losses (gains) from equity investments	-	-	-	-	-	-
RESULT BEFORE TAXES AND NON-CONTROLLING INTERESTS	20.4	4.7	7.5	1.9	12.9	171.4
Income taxes	7.7	1.8	3.4	0.9	4.3	129.5
NET RESULT BEFORE NON-CONTROLLING INTERESTS	12.7	2.9	4.1	1.0	8.6	205.2
Loss (income) attributable to non-controlling interests	(1.1)	(0.3)	(1.2)	(0.3)	0.1	10.4
GROUP NET RESULT	11.6	2.6	2.9	0.8	8.7	296.8

CONSOLIDATED NET FINANCIAL POSITION

(in millions of Euro)	03.31.2017	12.31.2016	03.31.2016
A. Cash	76.1	93.7	122.9
B. Other cash at bank and on hand (held to maturity investments)	4.0	4.0	4.0
C. Financial instruments held for trading	-	-	-
D. Liquid funds (A) + (B) + (C)	80.1	97.7	126.9
E. Current financial receivables	1.2	1.9	1.1
F. Current payables to banks	(22.3)	(11.0)	(25.3)
G. Current portion of non-current indebtedness	(110.3)	(137.2)	(101.1)
H. Other current financial debts	(0.5)	(0.4)	(0.3)
I. Current financial indebtedness (F) + (G) + (H)	(133.1)	(148.6)	(126.7)
J. Current financial indebtedness, net (I) + (E) + (D)	(51.8)	(49.0)	1.3
K. Non-current payables to banks	(39.1)	(48.3)	(107.6)
L. Bonds issued	(199.8)	(200.2)	(205.1)
M. Other non-current financial debts	(15.3)	(17.3)	(19.7)
N. Convertible bond embedded derivative liability	-	-	-
O. Non-current financial indebtedness (K) + (L) + (M) + (N)	(254.2)	(265.8)	(332.4)
P. Net indebtedness (J) + (O)	(306.0)	(314.8)	(331.1)
Non-current financial receivables	14.6	15.8	8.5
Financial indebtedness, net including non-current financial receivables	(291.4)	(299.0)	(322.6)

CONSOLIDATED CASH FLOW STATEMENT

(in millions of Euro)	March 31, 2017	December 31, 2016	March 31, 2016
SELF-FINANCING	36.4	109.1	21.2
Change in net working capital	(14.1)	(2.1)	(7.0)
Other medium/long-term assets/liabilities	0.4	17.5	1.9
CASH FLOW GENERATED BY OPERATIONS	22.7	124.5	16.1
Net decrease from sale of fixed assets	0.3	0.3	-
TOTAL SOURCES	23.0	124.8	16.1
Increase in intangible assets	6.8	30.3	7.4
Purchase of tangible assets	7.8	58.8	8.7
TOTAL APPLICATION OF FUNDS	14.6	89.1	16.1
Exchange differences on assets/liabilities and equity	(1.5)	(4.5)	(0.2)
FREE CASH FLOW	6.9	31.2	(0.2)
Holding Company increases in capital	0.3	0.8	-
Increase in share capital of consolidated subsidiaries	-	0.2	0.1
Dividends paid by subsidiaries to non-controlling interests	-	(8.2)	-
Change in fair value of effective derivative instruments	0.4	(0.7)	(0.2)
CHANGES IN SHAREHOLDERS' EQUITY	0.7	(7.9)	(0.1)
Change in net financial position	7.6	23.3	(0.3)
Opening net financial position	(299.0)	(322.3)	(322.3)
CLOSING NET FINANCIAL POSITION	(291.4)	(299.0)	(322.6)

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