

**INTERIM FINANCIAL REPORT
AS AT SEPTEMBER 30, 2017**
(Translation into English of the original Italian version)



JOINT-STOCK COMPANY - SHARE CAPITAL EURO 62.393.755,84
MANTOVA COMPANY REGISTER AND TAX NO. 00607460201
COMPANY SUBJECT TO MANAGEMENT AND COORDINATION BY CIR S.p.A.
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BOARD OF DIRECTORS' REPORT ON OPERATIONS AS AT SEPTEMBER 30, 2017

In the first nine months of 2017, the global automotive market reported an increase in production of 2.6% thanks to growth in Asia (+3.2%) and South America (+22.2%) while production was substantially stable (-0.1%) in Europe and the market slowed considerably in North America (-3.7%).

In this environment, in the first nine months Sogefi reported **revenues** of Euro 1,256.5 million, up 6.3% compared to Euro 1,181.5 million in the same period of 2016 (+6.6% at constant exchange rates). After the high growth recorded in the first quarter (+12.6%) and the still significant growth in the second quarter (+4.5%), in the third quarter the company posted lower growth (+2.0%) mainly because of unfavourable exchange rates. At constant exchange rates, the growth per quarter is more balanced throughout the year, with +11% and +4.6% in the first and second quarter respectively and +4.2% in the third quarter.

All geographical areas contributed to the increase in sales in the first nine months. In Europe revenues increased 2.8%, outperforming the market, which was down in the first nine months of 2017 (-0.1%). Business continued to develop in North America (+3.3%) despite the expected market slowdown in the third quarter (-9.7%), and in Asia (+25.2%): the two regions now account for 27.5% of the group's sales. In South America revenues increased by 19.8%, reflecting the recovery of the market and a favourable exchange rate trend (+17.1% at constant exchange rates).

In the nine months, all three business units reported growth: +6.7% Suspensions (+7.1% at constant exchange rates, and 7.9% growth in the third quarter of 2017), +6.9% Filtration (+7.3% at constant exchange rates) and lastly Air & Cooling, +5.3%. The Air & Cooling business unit posted a 3.1% decline at constant exchange rates in the third quarter, due mainly to the slowdown in the United States and Canada.

EBITDA, at Euro 131.0 million, increased by 14.4% compared to Euro 114.5 million for the same period of 2016. The increase was due to the revenue growth and the improvement in profitability (EBITDA/revenue %), which rose from 9.7% to 10.4%.

The increase in profitability is the result of a stable contribution margin despite higher material costs and a better absorption of fixed costs. The ratio of total labour costs to revenues declined from 21.5% in the first nine months of 2016 to 20.8% in the same period of 2017.

EBIT, at Euro 70.2 million, increased by 19.6% compared to the same period of 2016 (Euro 58.7 million) and represents 5.6% of total sales. The result includes Euro 6 million of write-downs of the fixed assets of the Brazilian operations.

Net income before taxes and non-controlling interests was Euro 51.0 million (Euro 39.8 million in the first nine months of 2016), after financial expenses of Euro 19.2 million, down from Euro 22.5 million in the same period of 2016 thanks to lower interest expense and fair value gains of Euro 1.6 million.

Net income was Euro 28.0 million (Euro 15.8 million in the first nine months 2016).

Free Cash Flow in the first nine months of 2017 amounted to a positive Euro 32.5 million compared to a cash flow of Euro 12.3 million in the same period of 2016 which included Euro 11.2 million of positive one-offs from the warranty claims and fiscal disputes. The improvement is attributable to the better operating performance of the group.

Net financial debt at September 30 2017 stood at Euro 266.7 million, showing an improvement of Euro 32.3 million compared to December 31 2016 (Euro 299 million) and of Euro 47.4 million compared to September 30 2016 (Euro 314.1 million).

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

The Sogefi group had 6,900 **employees** at September 30 2017 compared to 6,801 at December 31 2016.

PERFORMANCE OF THE FILTRATION BUSINESS UNIT

In the nine months, the Filtration business unit registered revenues of Euro 430.7 million, up 6.9% compared to Euro 402.9 million in the first nine months of 2016, thanks to a positive contribution of all geographical areas (especially China).

EBIT amounted to Euro 23.7 million, a decrease of 2.6% compared to Euro 24.3 million in the first nine months of 2016, with a ratio to sales to 5.5% from 6% of the previous year. The result includes the above-mentioned write-downs of fixed assets in Brazil.

Business unit's employees at September 30, 2017 were 2,794 (2,735 at December 31, 2016).

PERFORMANCE OF THE SUSPENSIONS BUSINESS UNIT

In the first nine months of 2017, the Suspensions business unit generated revenues of Euro 449.9 million, up 6.7% driven by the good performance in Europe (+2.7%) and the rebound in South America (+25.4%).

EBIT was Euro 28.2 million, up 5.8% versus the Euro 26.6 million of the first nine months of 2016, with a ratio to sales of 6.3%, stable compared to the first nine months of 2016.

Business unit employees at 30 September 2017 were 2,643 (2,625 at December 31, 2016).

PERFORMANCE OF THE AIR & COOLING BUSINESS UNIT

In the nine months, the Air & Cooling business unit registered revenues of Euro 379.2 million, up 5.3% compared to the same period thanks to the positive contribution of both Europe (+3.7%) and China and India (+33.3% and +36,4% respectively) which more than balanced the limited growth registered in North America (+1.7%).

EBIT was Euro 23.6 million, compared to Euro 18.1 million in the first nine months of 2016, with a ratio to sales increasing to 6.2% from 5% in the first nine months of 2016.

The business unit employees at September 30, 2017 were 1,400 (1,381 at 31 December 2016).

PERFORMANCE OF THE HOLDING COMPANY SOGEFI S.p.A.

The Holding Company Sogefi S.p.A. recorded a net profit of Euro 17.9 million compared to Euro 15.4 million posted in the first nine months of 2016. The change mainly comes from a higher dividend flow from subsidiaries for Euro 7.3 million from lower ordinary net financial charges of Euro 1.1 million. In the previous year, the company posted a non-ordinary financial income of Euro 6 million related to the favorable outcome of a legal dispute with the French tax authorities.

OUTLOOK FOR THE YEAR

For the global automotive market, the outlook for the last quarter of 2017 shows a slightly positive trend, albeit at a slower pace than in the first nine months of the year. Europe is expected to grow while North America is expected to show a further decline. Despite this, Sogefi expects revenue growth for the whole of 2017 in line with the first nine months. Profitability should confirm the improvement versus 2016 registered until now despite an increase in the cost of raw materials.

SOGEFI GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of Euro)

ASSETS	09.30.2017	12.31.2016
CURRENT ASSETS		
Cash and cash equivalents	103.6	93.7
Other financial assets	1.1	5.9
<i>Working capital</i>		
Inventories	167.2	165.0
Trade receivables	176.9	158.5
Other receivables	9.4	6.8
Tax receivables	23.9	24.2
Other assets	4.5	3.6
TOTAL WORKING CAPITAL	381.9	358.1
TOTAL CURRENT ASSETS	486.6	457.7
NON-CURRENT ASSETS		
FIXED ASSETS		
Land	12.7	12.8
Property, plant and equipment	240.2	243.3
Other tangible fixed assets	5.4	6.4
<i>Of wich: leases</i>	6.2	8.1
Intangible assets	273.0	281.7
TOTAL FIXED ASSETS	531.3	544.2
OTHER NON-CURRENT ASSETS		
Investments in joint ventures	-	-
Other financial assets available for sale	-	-
Long term trade receivables	-	-
Financial receivables	3.5	15.8
Other receivables	31.0	29.8
Deferred tax assets	43.9	56.8
TOTAL OTHER NON-CURRENT ASSETS	78.4	102.4
TOTAL NON-CURRENT ASSETS	609.7	646.6
NON-CURRENT ASSETS HELD FOR SALE	3.4	3.4
TOTAL ASSETS	1,099.7	1,107.7

LIABILITIES	09.30.2017	12.31.2016
CURRENT LIABILITIES		
Bank overdrafts and short-term loans	13.0	11.0
Current portion of medium/long-term financial debts and other loans	79.1	137.2
<i>Of which: leases</i>	1.6	1.7
TOTAL SHORT-TERM FINANCIAL DEBTS	92.1	148.2
Other short-term liabilities for derivative financial instruments	4.3	0.4
TOTAL SHORT-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	96.4	148.6
Trade and other payables	357.5	339.1
Tax payables	8.8	8.7
Other current liabilities	9.5	8.2
TOTAL CURRENT LIABILITIES	472.2	504.6
NON-CURRENT LIABILITIES		
MEDIUM/LONG TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS		
Financial debts to bank	91.6	48.3
Other medium/long-term financial debts	186.9	209.9
<i>Of which: leases</i>	6.9	9.0
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS	278.5	258.2
Other medium/long term financial liabilities for derivative financial instruments	-	7.6
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	278.5	265.8
OTHER LONG-TERM LIABILITIES		
Long-term provisions	84.1	89.3
Other payables	15.3	15.0
Deferred tax liabilities	40.8	44.0
TOTAL OTHER LONG-TERM LIABILITIES	140.2	148.3
TOTAL NON-CURRENT LIABILITIES	418.7	414.1
SHAREHOLDERS' EQUITY		
Share capital	62.3	62.1
Reserves and retained earnings (accumulated losses)	102.1	101.5
Group net profit (loss) for the period	28.0	9.3
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE HOLDING COMPANY	192.4	172.9
Non-controlling interests	16.4	16.1
TOTAL SHAREHOLDERS' EQUITY	208.8	189.0
TOTAL LIABILITIES AND EQUITY	1,099.7	1,107.7

RECLASSIFIED CONSOLIDATED INCOME STATEMENT FROM 01.01.2017 TO 09.30.2017

(in millions of Euro)

	Period		Period		Change	
	01.01 – 09.30.2017		01.01 – 09.30.2016		Amount	%
	Amount	%	Amount	%	Amount	%
Sales revenues	1,256.5	100.0	1,181.5	100.0	75.0	6.3
Variable cost of sales	896.0	71.3	841.8	71.2	54.2	6.4
CONTRIBUTION MARGIN	360.5	28.7	339.7	28.8	20.8	6.1
Manufacturing and R&D overheads	117.1	9.3	110.4	9.3	6.7	6.1
Depreciation and amortization	52.5	4.2	51.0	4.3	1.5	2.8
Distribution and sales fixed expenses	33.4	2.7	33.6	2.9	(0.2)	(0.5)
Administrative and general expenses	65.6	5.2	63.5	5.4	2.1	3.3
Restructuring costs	8.7	0.7	4.5	0.4	4.2	94.1
Losses (gains) on disposal	(0.2)	-	(0.7)	(0.1)	0.5	78.2
Exchange losses (gains)	1.5	0.1	0.8	0.1	0.7	78.6
Other non-operating expenses (income)	11.7	0.9	17.9	1.5	(6.2)	(34.8)
- of which not ordinary	1.3	-	8.7	-	-	-
EBIT	70.2	5.6	58.7	5.0	11.5	19.6
Financial expenses (income), net	19.2	1.5	22.5	1.9	(3.3)	(14.6)
Losses (gains) from equity investments	-	-	(3.6)	(0.3)	3.6	-
RESULT BEFORE TAXES AND NON-CONTROLLING INTERESTS	51.0	4.1	39.8	3.4	11.2	28.3
Income taxes	20.1	1.7	20.5	1.8	(0.4)	(2.1)
NET RESULT BEFORE NON-CONTROLLING INTERESTS	30.9	2.4	19.3	1.6	11.6	60.5
Loss (income) attributable to non-controlling interests	(2.9)	(0.2)	(3.5)	(0.3)	0.6	17.3
GROUP NET RESULT	28.0	2.2	15.8	1.3	12.2	77.7

CONSOLIDATED NET FINANCIAL POSITION

(in millions of Euro)

	09.30.2017	12.31.2016	09.30.2016
A. Cash	103.6	93.7	85.3
B. Other cash at bank and on hand (included held-to-maturity investments)	-	4.0	4.0
C. Financial instruments held for trading	-	-	-
D. Liquid funds (A) + (B) + (C)	103.6	97.7	89.3
E. Current financial receivables	1.1	1.9	0.8
F. Current payables to banks	(13.0)	(11.0)	(20.9)
G. Current portion of non-current indebtedness	(79.1)	(137.2)	(131.4)
H. Other current financial debts	(4.3)	(0.4)	(0.3)
I. Current financial indebtedness (F) + (G) + (H)	(96.4)	(148.6)	(152.6)
J. Current financial indebtedness, net (I) + (E) + (D)	8.3	(49.0)	(62.5)
K. Non-current payables to banks	(91.6)	(48.3)	(52.0)
L. Bonds issued	(179.0)	(200.2)	(194.0)
M. Other non-current financial debts	(7.9)	(17.3)	(16.4)
N. Non-current financial indebtedness (K) + (L) + (M)	(278.5)	(265.8)	(262.4)
O. Net indebtedness (J) + (N)	(270.2)	(314.8)	(324.9)
Non-current financial receivables	3.5	15.8	10.8
Financial indebtedness, net including non-current financial receivables	(266.7)	(299.0)	(314.1)

CONSOLIDATED CASH FLOW STATEMENT

(in millions of Euro)

	September 30, 2017	December 31, 2016	September 30, 2016
SELF-FINANCING	99.6	109.1	79.8
Change in net working capital	(8.5)	(2.1)	(20.6)
Other medium/long-term assets/liabilities	0.9	17.5	11.7
CASH FLOW GENERATED BY OPERATIONS	92.0	124.5	70.9
Sale of equity investments	-	-	-
Net decrease from sale of fixed assets	0.4	0.3	0.3
TOTAL SOURCES	92.4	124.8	71.2
Increase in intangible assets	21.4	30.3	21.8
Purchase of tangible assets	38.6	58.8	32.1
Purchase of equity investments	-	-	-
TOTAL APPLICATION OF FUNDS	60.0	89.1	53.9
Exchange differences on assets/liabilities and equity	0.1	(4.5)	(5.0)
FREE CASH FLOW	32.5	31.2	12.3
Holding Company increases in capital	1.3	0.8	0.8
Increase in share capital of consolidated subsidiaries	0.2	0.2	0.1
Dividends paid by subsidiaries to non-controlling interests	(2.6)	(8.2)	(5.2)
Change in fair value derivative instruments	0.9	(0.7)	0.2
CHANGES IN SHAREHOLDERS' EQUITY	(0.2)	(7.9)	(4.1)
Change in net financial position	32.3	23.3	8.2
Opening net financial position	(299.0)	(322.3)	(322.3)
CLOSING NET FINANCIAL POSITION	(266.7)	(299.0)	(314.1)

RECLASSIFIED CONSOLIDATED INCOME STATEMENT FOR THE THIRD QUARTER OF 2017

(in millions of Euro)

	Period 07.01 – 09.30.2017		Period 07.01 – 09.30.2016		Change	
	Amount	%	Amount	%	Amount	%
Sales revenues	390.5	100.0	383.0	100.0	7.5	2.0
Variable cost of sales	280.5	71.8	271.9	71.0	8.6	3.2
CONTRIBUTION MARGIN	110.0	28.2	111.1	29.0	(1.1)	(1.0)
Manufacturing and R&D overheads	36.9	9.6	35.8	9.4	1.1	2.6
Depreciation and amortization	16.9	4.3	17.4	4.6	(0.5)	(3.0)
Distribution and sales fixed expenses	10.7	2.7	10.5	2.7	0.2	1.6
Administrative and general expenses	20.7	5.3	20.8	5.4	(0.1)	(0.0)
Restructuring costs	2.8	0.7	1.0	0.3	1.8	173.5
Losses (gains) on disposal	-	-	(0.7)	(0.2)	0.7	n.a.
Exchange losses (gains)	0.8	0.2	1.4	0.4	(0.6)	(42.7)
Other non-operating expenses (income)	0.9	0.2	2.8	0.6	(1.9)	(68.0)
- of which not ordinary	0.3	-	0.3	-	-	-
EBIT	20.3	5.2	22.1	5.8	(1.8)	(7.7)
Financial expenses (income), net	6.4	1.6	5.7	1.5	0.7	13.2
Losses (gains) from equity investments	-	-	(4.0)	(1.0)	4.0	100.0
RESULT BEFORE TAXES AND NON-CONTROLLING INTERESTS	13.9	3.6	20.4	5.3	(6.5)	(31.6)
Income taxes	5.0	1.3	12.1	3.2	(7.1)	(57.5)
NET RESULT BEFORE NON- CONTROLLING INTERESTS	8.9	2.3	8.3	2.1	0.6	5.8
Loss (income) attributable to non-controlling interests	(0.8)	(0.2)	(0.9)	(0.2)	0.1	15.4
GROUP NET RESULT	8.1	2.1	7.4	1.9	0.7	8.3

CONTENT AND FORMAT OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. INTRODUCTION

The consolidated Interim financial report as at September 30, 2017, which has not been externally audited, has been prepared in compliance with International Accounting Standards (IAS/IFRS) and to this end, the financial statements of consolidated investee companies have been appropriately reclassified and adjusted.

The interim financial report has been drawn up in accordance with the provisions of art. 154-ter, paragraph 5 of Legislative Decree no. 58 of 2/24/98 (Consolidated Law on Finance) and subsequent amendments. Therefore, the provisions of the international accounting standard regarding interim financial information (IAS 34 "Interim financial reporting") have not been adopted.

2. CONSOLIDATION PRINCIPLES

Consolidation is performed on a line-by-line basis. The criteria adopted for the application of this method have not changed with respect to those used as at December 31, 2016.

3. ACCOUNTING STANDARDS APPLIED

The accounting standards applied in the preparation of the financial statements as at September 30, 2017 are the same as those applied to the financial statements as at December 31, 2016.

COMMENTS ON THE FINANCIAL STATEMENTS

Changes in the Group's consolidated shareholders' equity and in Total shareholders' equity during the first nine months of 2017 are as follows:

(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, 2016	172.9	16.1	189.0
Paid share capital increase	1.3	0.2	1.5
Dividends	-	(2.6)	(2.6)
Currency translation differences	(14.8)	(0.2)	(15.0)
Other variances	5.0	-	5.0
Net result for the period	28.0	2.9	30.9
Balance at September 30, 2017	192.4	16.4	208.8

At September 30 2017 **shareholders' equity** excluding minority interests amounted to Euro 192.4 million (Euro 172.9 million at December 31 2016).

REVENUE TREND

Sogefi in the first nine months 2017 reported revenues of Euro 1,256.5 million, up 6.3% compared to Euro 1,181.5 million in the same period of 2016 (+6.6% at constant exchange rates).

REVENUES BY BUSINESS UNIT

(in millions of Euro)	Period 01.01 – 09.30.2017		Period 01.01 – 09.30.2016		Change	
	Amount	%	Amount	%	Amount	%
Suspensions	449.9	35.8	421.8	35.7	28.1	6.7
Filtration	430.7	34.3	402.9	34.1	27.8	6.9
Air & Cooling	379.2	30.2	359.9	30.5	19.3	5.3
Intercompany eliminations	(3.3)	(0.3)	(3.1)	(0.3)	-	-
TOTAL	1,256.5	100.0	1,181.5	100.0	75.0	6.3

All three business units reported a growth: Suspensions +6.7% (+7.1% at constant exchange rates), Filtration +6.9% (+7.3% at constant exchange rates) and Air & Cooling, +5.3% (+5.3% at constant exchange rates).

REVENUES BY GEOGRAPHICAL AREA

The breakdown of revenues by business area is as follows:

(in millions of Euro)	Period		Period		Change	
	01.01 – 09.30.2017		01.01 – 09.30.2016			
	Amount	%	Amount	%	Amount	%
Europe	773.5	61.6	752.2	63.7	21.3	2.8
North America	224.8	17.9	217.8	18.4	7.0	3.3
South America	149.5	11.9	124.8	10.6	24.7	19.8
Asia	120.3	9.6	96.0	8.1	24.3	25.2
Intercompany eliminations	(11.6)	(1.0)	(9.3)	(0.8)	-	-
Total	1,256.5	100.0	1,181.5	100.0	75.0	6.3

In Europe revenues increased 2.8%, business continued to develop in North America (+3.3%) despite the expected market slowdown in the third quarter (-9.7%), and in Asia (+25.2%): the two regions now account for 27.5% of the group's sales. In South America revenues increased by 19.8%, reflecting the recovery of the market.

EMPLOYEES

	09.30.2017	12.31.2016	09.30.2016
Managers	113	106	105
Clerical staff	1,893	1,874	1,872
Blue collar workers	4,894	4,821	4,834
TOTAL	6,900	6,801	6,811

The Sogefi group had 6,900 **employees** at September 30, 2017 compared to 6,801 at December 31, 2016.

Milan, October 24 2017

THE BOARD OF DIRECTORS

**DECLARATION PURSUANT TO ART. 154 BIS, PARAGRAPH 2, LEGISLATIVE DECREE
NO. 58/1998**

Subject: Interim financial report as at September 30, 2017

The undersigned, Mr. Yann Albrand - Manager responsible for preparing the Company's financial reports-

declares

pursuant to paragraph 2 of article 154-bis of the Consolidated Law on Finance that the accounting information contained in this document corresponds to the document results, books and accounting records.

Milan, October 24, 2017

SOGEFI S.p.A
(Yann Albrand)