



# SPAFID CONNECT

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Diffusione presunta

Oggetto : Sogefi (Cir Group): net income up at € 12m  
(+14.5%) and free cash flow higher in Q1

*Testo del comunicato*

Vedi allegato.



## PRESS RELEASE

*Board of Directors approves results as of March 31 2018*

### **SOGEFI (CIR GROUP): NET INCOME UP AT € 12M (+14.5%) AND FREE CASH FLOW HIGHER**

**Revenues at € 421.1m (€ 432.9m in Q1 2017), +2.8% at constant exchange rates**

**EBITDA at € 53.1m (€ 53.3m in Q1 2017), +5.1% at constant exchange rates**

**Net debt lower at € 254.3m (€ 264m at 31/12/2017)**

### **Highlights from Q1 2018 results**

(in €m)

	Q1 2017*	Q1 2018	<u>Δ%</u>	Δ% same exchange rates
Revenues	432.9	<b>421.1</b>	-2.7	+2.8
EBITDA	53.3	<b>53.1</b>	-0.2	+5.1
EBIT	25.3	<b>25.6</b>	+1.3	+7.5
Net income	10.5	<b>12.0</b>	+14.5	+23.0
Free Cash Flow	6.9	<b>9.3</b>		
Net debt (end of period)	291.4	<b>254.3</b>		

\*The values for the year 2017 were recalculated following the application of "IFRS 15 – Revenue from Contracts with Customers"

*Milan, April 23 2018* - The **Board of Directors** of **Sogefi S.p.A.**, which met today under the chairmanship of **Monica Mondardini**, approved the **Interim Financial Report of the group as of March 31 2018**.

Sogefi, a company of the **CIR Group**, is a leading global manufacturer of automotive components in three business segments: **Air&Cooling, Filtration and Suspensions**.

Laurent Hebenstreit, Chief Executive of Sogefi, said:

*"In the first quarter of 2018 Sogefi outperformed the market and achieved a higher result and cash generation despite the increase in steel costs".*

### **Revenues up by 2.8% at constant exchange rates**

In first quarter of 2018, the global automotive market reported a decline in production of 0.7% with Europe down 1.1%, a decline of 0.9% in Asia (mainly because of the contraction of the Chinese market -2.7%) and North America down 2.7%. By contrast, South America grew by +11.9%.

The considerable movements of the exchange rates of currencies other than the Euro in which the group operates, all of which lost significant value, had a strong impact on the evolution of the main economic indicators and particularly on revenues.

In this environment, in Q1 2018 Sogefi reported **revenues of € 421.1 million**, up 2.8% at constant exchange rates but down 2.7% by at historical exchange rates compared with Q1 2017.

### Revenues grow in all geographical areas

€m	Q1 2017	Q1 2018	reported change	constant exchange rates	reference market production	weight based on Q1 2018
Europe	269.0	268.4	-0.2%	0.1%	-1.1%	63.7%
North America	80.2	71.8	-10.5%	0.4%	-2.7%	17.0%
South America	49.0	44.4	-9.3%	16.3%	11.9%	10.5%
Asia	39.4	39.5	0.4%	8.5%	-0.9%	9.4%
Intercompany eliminations	-4.7	-3.0				
<b>Total</b>	<b>432.9</b>	<b>421.1</b>	<b>-2.7%</b>	<b>2.8%</b>	<b>-0.7%</b>	<b>100.0%</b>

Source: Sogefi and IHS data

Business in Europe and North America was substantially stable compared to the previous year (+0.1% and +0.4% respectively at constant exchange) but grew significantly in Asia and in South America (+8.5% and 16.3% respectively at constant exchange rates).

### Performance of the three Business Units

€m	Q1 2017	Q1 2018	reported change	constant exchange rates
Air&Cooling	135.5	124.8	-7.9%	-3.1%
Filtration	144.7	139.4	-3.7%	3.3%
Suspensions	153.9	157.8	2.5%	7.2%
Intercompany eliminations	-1.2	-0.9		
<b>Total</b>	<b>432.9</b>	<b>421.1</b>	<b>-2.7%</b>	<b>2.8%</b>

*Suspensions* posted growth of 2.5% (+7.2% at constant exchange rates). *Filtration* declined by 3.7% (+3.3% at constant exchange rates) while *Air & Cooling* sales declined by 7.9% (-3.1% at constant exchange rates).

### Operating results and net income

**EBITDA** came in at **€ 53.1 million**, in line with the first quarter of 2017 (€ 53.3 million); at constant exchange rates EBITDA would have shown an increase of 5.1%. Profitability (EBITDA/revenues) improved from 12.3% to 12.6%.

**EBIT**, at **€ 25.6 million**, was also in line with the first quarter of 2017 (€ 25.3 million) and represents 6.1% of revenues. At constant exchange rates EBIT would have increased by 7.5%.

**Net income** was **€ 12 million**, higher than in 2017 (€ 10.5 million), after € 5.8 million of tax expense in 2018 versus € 7.3 million in 2017.

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 2018 there were no significant developments.

## **Net debt**

**Free Cash Flow** in the first quarter of 2018 amounted to a positive **€ 9.3 million** compared to € 6.9 million in the same period of 2017.

**Net financial debt** at March 31 2018 stood at **€ 254.3 million**, showing an improvement of € 9.7 million compared to December 31 2017 (€ 264 million) and of € 37.1 million compared to March 31 2017 (€ 291.4 million).

## **Shareholders' equity**

At March 31 2018 **Shareholders' equity** excluding minority interests amounted to **€ 185.2 million** (€ 175.7 million at December 31 2017).

## **Employees**

The Sogefi Group had **6,972 employees** at March 31 2018 compared to 6,947 at December 31 2017.

## **Results of the parent company Sogefi S.p.A.**

During the period, the Parent Company Sogefi S.p.A. recorded a net loss of € 5.2 million (€ -4.3 million in the first quarter of 2017). The change was due mainly to higher net financial charges.

## **Outlook for the year**

Despite the weak performance of the global automotive market in the first quarter of 2018, the Group confirms the expectation that it will moderately outperform the market at constant exchange rates and achieve a higher result.

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*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>

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*Attached are the key figures from the Income Statement and the Statement of Financial Position as of March 31 2018 of the Sogefi Group.*

# **SOGEFI GROUP**

## **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

(in millions of Euro)

<b>ASSETS</b>	<b>03.31.2018</b>	<b>12.31.2017 (*)</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	99.6	103.9
Other financial assets	1.0	1.5
<i>Working capital</i>		
Inventories	125.1	122.9
Trade receivables	195.0	174.4
Other receivables	6.5	5.5
Tax receivables	23.4	23.1
Other assets	4.7	2.3
<b>TOTAL WORKING CAPITAL</b>	<b>354.7</b>	<b>328.2</b>
<b>TOTAL CURRENT ASSETS</b>	<b>455.3</b>	<b>433.6</b>
<b>NON-CURRENT ASSETS</b>		
Fixed assets		
Land	13.0	13.0
Property, plant and equipment	364.7	366.3
Other tangible fixed assets	5.8	5.6
<i>Of wich: leases</i>	5.2	5.8
Intangible assets	289.4	291.1
<b>TOTAL FIXED ASSETS</b>	<b>672.9</b>	<b>676.0</b>
<b>OTHER NON-CURRENT ASSETS</b>		
Investments in joint ventures	-	-
Other financial assets available for sale	-	-
Non-current trade receivables	0.9	-
Financial receivables	-	2.2
Other receivables	38.8	37.4
Deferred tax assets	43.9	45.5
<b>TOTAL OTHER NON-CURRENT ASSETS</b>	<b>83.6</b>	<b>85.1</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>756.5</b>	<b>761.1</b>
<b>NON-CURRENT ASSETS HELD FOR SALE</b>	<b>3.4</b>	<b>3.4</b>
<b>TOTAL ASSETS</b>	<b>1,215.2</b>	<b>1,198.1</b>

(\*) Certain values as 2017 period were redetermined after the application of the amendment to IFRS 15 - "Revenue from contracts with customers"

<b>LIABILITIES</b>	<b>03.31.2018</b>	<b>12.31.2017 (*)</b>
<b>CURRENT LIABILITIES</b>		
Bank overdrafts and short-term loans	1.3	14.2
Current portion of medium/long-term financial debts and other loans	59.8	66.6
<i>Of which: leases</i>	1.7	1.7
<b>TOTAL SHORT-TERM FINANCIAL DEBTS</b>	<b>61.1</b>	<b>80.8</b>
Other short-term liabilities for derivative financial instruments	1.9	2.7
<b>TOTAL SHORT-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>63.0</b>	<b>83.5</b>
Trade and other payables	399.5	373.2
Tax payables	9.7	7.8
Other current liabilities	51.6	53.0
<b>TOTAL CURRENT LIABILITIES</b>	<b>523.8</b>	<b>517.5</b>
<b>NON-CURRENT LIABILITIES</b>		
<b>MEDIUM/LONG TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS</b>		
Financial debts to bank	106.3	102.0
Other medium/long-term financial debts	184.7	186.2
<i>Of which: leases</i>	5.9	6.4
<b>TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS</b>	<b>291.0</b>	<b>288.2</b>
Other medium/long term financial liabilities for derivative financial instruments	0.7	-
<b>TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>291.7</b>	<b>288.2</b>
<b>OTHER LONG-TERM LIABILITIES</b>		
Long-term provisions	85.5	87.1
Other payables	69.4	72.2
Deferred tax liabilities	40.7	39.7
<b>TOTAL OTHER LONG-TERM LIABILITIES</b>	<b>195.6</b>	<b>199.0</b>
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>487.3</b>	<b>487.2</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	62.5	62.4
Reserves and retained earnings (accumulated losses)	110.7	88.8
Group net result for the period	12.0	24.5
<b>TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE HOLDING COMPANY</b>	<b>185.2</b>	<b>175.7</b>
Non-controlling interests	18.9	17.7
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>204.1</b>	<b>193.4</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,215.2</b>	<b>1,198.1</b>

(\*) Certain values as 2017 period were redetermined after the application of the amendment to IFRS 15 - "Revenue from contracts with customers"

## CONSOLIDATED INCOME STATEMENT

(in millions of Euro)	Period		Period		Change	
	01.01 – 03.31.2018		01.01 – 03.31.2017 (*)			
	Amount	%	Amount	%	Amount	%
Sales revenues	421.1	100.0	432.9	100.0	(11.8)	(2.7)
Variable cost of sales	293.2	69.6	299.7	69.2	(6.5)	(2.2)
<b>CONTRIBUTION MARGIN</b>	<b>127.9</b>	<b>30.4</b>	<b>133.2</b>	<b>30.8</b>	<b>(5.3)</b>	<b>(4.0)</b>
Manufacturing and R&D overheads	39.2	9.3	39.9	9.2	(0.7)	(1.8)
Depreciation and amortization	27.4	6.5	27.6	6.4	(0.2)	(0.8)
Distribution and sales fixed expenses	10.3	2.4	11.2	2.6	(0.9)	(7.9)
Administrative and general expenses	22.3	5.3	22.3	5.1	-	(0.3)
Restructuring costs	1.1	0.3	4.6	1.1	(3.5)	(76.8)
Losses (gains) on disposal	-	-	(0.1)	-	0.1	106.7
Exchange losses (gains)	0.6	0.2	(0.2)	-	0.8	474.2
Other non-operating expenses (income)	1.4	0.3	2.6	0.6	(1.2)	(44.5)
<b>EBIT</b>	<b>25.6</b>	<b>6.1</b>	<b>25.3</b>	<b>5.8</b>	<b>0.3</b>	<b>1.3</b>
Financial expenses (income), net	6.8	1.6	6.4	1.4	0.4	7.9
Losses (gains) from equity investments	-	-	-	-	-	-
<b>RESULT BEFORE TAXES AND NON-CONTROLLING INTERESTS</b>	<b>18.8</b>	<b>4.5</b>	<b>18.9</b>	<b>4.4</b>	<b>(0.1)</b>	<b>(1.0)</b>
Income taxes	5.8	1.4	7.3	1.7	(1.5)	(21.7)
<b>NET RESULT BEFORE NON-CONTROLLING INTERESTS</b>	<b>13.0</b>	<b>3.1</b>	<b>11.6</b>	<b>2.7</b>	<b>1.4</b>	<b>12.2</b>
Loss (income) attributable to non-controlling interests	(1.0)	(0.2)	(1.1)	(0.3)	0.1	9.2
<b>GROUP NET RESULT</b>	<b>12.0</b>	<b>2.9</b>	<b>10.5</b>	<b>2.4</b>	<b>1.5</b>	<b>14.5</b>

(\*) Certain values as 2017 period were redetermined after the application of the amendment to IFRS 15 - "Revenue from contracts with customers"

## CONSOLIDATED NET FINANCIAL POSITION

(in millions of Euro)	03.31.2018	12.31.2017	03.31.2017
A. Cash	99.6	103.9	76.1
B. Other cash at bank and on hand (held to maturity investments)	-	-	4.0
C. Financial instruments held for trading	-	-	-
<b>D. Liquid funds (A) + (B) + (C)</b>	<b>99.6</b>	<b>103.9</b>	<b>80.1</b>
<b>E. Current financial receivables</b>	<b>1.0</b>	<b>1.5</b>	<b>1.2</b>
F. Current payables to banks	(1.3)	(14.2)	(22.3)
G. Current portion of non-current indebtedness	(59.9)	(66.5)	(110.3)
H. Other current financial debts	(1.9)	(2.7)	(0.5)
<b>I. Current financial indebtedness (F) + (G) + (H)</b>	<b>(63.1)</b>	<b>(83.4)</b>	<b>(133.1)</b>
<b>J. Current financial indebtedness, net (I) + (E) + (D)</b>	<b>37.5</b>	<b>22.0</b>	<b>(51.8)</b>
K. Non-current payables to banks	(106.4)	(102.0)	(39.1)
L. Bonds issued	(178.0)	(178.9)	(199.8)
M. Other non-current financial debts	(7.4)	(7.3)	(15.3)
<b>N. Non-current financial indebtedness (K) + (L) + (M)</b>	<b>(291.8)</b>	<b>(288.2)</b>	<b>(254.2)</b>
<b>O. Net indebtedness (J) + (N)</b>	<b>(254.3)</b>	<b>(266.2)</b>	<b>(306.0)</b>
Non-current financial receivables	-	2.2	14.6
<b>Financial indebtedness, net including non-current financial receivables</b>	<b>(254.3)</b>	<b>(264.0)</b>	<b>(291.4)</b>

## CONSOLIDATED CASH FLOW STATEMENT

(in millions of Euro)

	March 31, 2018	December 31, 2017 (*)	March 31, 2017 (*)
<b>SELF-FINANCING</b>	41.2	160.3	44.6
Change in net working capital	0.6	12.1	(13.0)
Other medium/long-term assets/liabilities	(3.7)	1.7	1.8
<b>CASH FLOW GENERATED BY OPERATIONS</b>	<b>38.1</b>	<b>174.1</b>	<b>33.4</b>
Net decrease from sale of fixed assets	0.2	0.5	0.2
<b>TOTAL SOURCES</b>	<b>38.3</b>	<b>174.6</b>	<b>33.6</b>
Increase in intangible assets	8.2	40.0	9.6
Purchase of tangible assets	10.6	69.0	8.7
Purchase of tooling	8.8	32.5	6.9
Purchase of equity investments	-	0.0	0.0
<b>TOTAL APPLICATION OF FUNDS</b>	<b>27.6</b>	<b>141.5</b>	<b>25.2</b>
Exchange differences on assets/liabilities and equity	(1.4)	1.3	(1.5)
<b>FREE CASH FLOW</b>	<b>9.3</b>	<b>34.4</b>	<b>6.9</b>
Holding Company increases in capital	0.2	1.3	0.3
Increase in share capital of consolidated subsidiaries	0.1	0.2	-
Dividends paid by the Holding Company to shareholders	-	-	-
Dividends paid by subsidiaries to non-controlling interests	-	(2.6)	-
Change in fair value of effective derivative instruments	0.1	1.7	0.4
<b>CHANGES IN SHAREHOLDERS' EQUITY</b>	<b>0.4</b>	<b>0.6</b>	<b>0.7</b>
<b>Change in net financial position</b>	<b>9.7</b>	<b>35.0</b>	<b>7.6</b>
<b>Opening net financial position</b>	<b>(264.0)</b>	<b>(299.0)</b>	<b>(299.0)</b>
<b>CLOSING NET FINANCIAL POSITION</b>	<b>(254.3)</b>	<b>(264.0)</b>	<b>(291.4)</b>

(\*) Certain values as 2017 period were redetermined after the application of the amendment to IFRS 15 - "Revenue from contracts with customers"



Fine Comunicato n.0246-18

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