INTERIM FINANCIAL REPORT
AS AT SEPTEMBER 30, 2018

(Translation into English of the original Italian version)

JOINT-STOCK COMPANY - SHARE CAPITAL EURO 62,461,355.84
COMPANY REGISTER OF MILAN MONZA-BRIANZA LODI 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, 2018

Before the presentation of the results of Sogefi in the nine months of 2018, it is worth noting that from 1 January 2018 there was a change in the accounting standards for the recognition of revenues, deriving from the new accounting standard "IFRS 15 - Revenue from contracts with customers". For a correct analysis of the evolution of the results, the values for the previous year have been recalculated on the basis of the new accounting standard.

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In the first nine months of 2018, the global automotive market reported a slowdown in growth with production rising by 0.8%. Production declined in Europe (-0.4%) because of the weak third quarter (-6.0%) and in North America (-1.3%). By contrast, it was higher in South America (+7.7%) and in Asia (+2.7%), the latter thanks particularly to the good performance of the Indian market and despite the slowdown of the Chinese market.

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

In this environment, in the first nine months of the year Sogefi reported **revenues of Euro 1,219.8 million**, up 3.3% at constant exchange rates, outperforming the market; at current exchange rates revenues declined by 1.8% compared to the same period of 2017.

At constant exchange rates sales revenues in Europe were substantially stable (-0.4%) but were up in North America, Asia and South America (+5.3%, +9.5% and +16.2% respectively).

The following table analyzes the breakdown of revenues by geographical area:

(in millions of Euro)	9M 2018	9M2017	change	constant exchange rate	reference market production	weight based on 9M 2018
	Amount	Amount	%	%	%	%
Europe	757.1	761.5	(0.6)	(0.4)	(0.4)	62.1
North America	219.7	223.0	(1.5)	5.3	(1.3)	18.0
South America	128.1	150.0	(14.6)	16.2	7.7	10.5
Asia	123.9	119.4	3.7	9.5	2.7	10.2
Intercompany eliminations	(9.0)	(11.6)				
Total	1,219.8	1,242.3	(1.8)	3.3	0.8	100.0

Source: Sogefi and IHS data

Suspensions posted growth of 5.3% (-0.3% at current exchange rates mainly because of the loss in value of the South American currencies), Filtration grew by 3.1% (-3.2% at current exchange rates due to the South American currencies) while, lastly, Air & Cooling sales grew by 0.7% (-2.4% at current exchange rates, affected by the decline in car production in North America and the lower value of the US Dollar).

(in millions of Euro)	9M 2018	9M2017	change	constant exchange rate
	Amount	Amount	%	%
Suspensions	451.5	452.9	(0.3)	5.3
Filtration	404.6	417.8	(3.2)	3.1
Air & Cooling	365.8	374.8	(2.4)	0.7
Intercompany eliminations	(2.1)	(3.2)		
TOTAL	1,219.8	1,242.3	(1.8)	3.3

EBITDA came in at Euro 153.1 million, compared to Euro 161.9 million in the first nine months of 2017, with profitability (EBITDA/revenues) edging down from 13% to 12.6%. The main factors determining this evolution (despite the positive effect of Euro 6.6 million relating to the final settlement of the Systèmes Moteurs S.A.S. claims) were the exchange rates (with a negative effect of Euro 6.4 million) and the higher steel prices, which had a negative impact of around Euro 9.0 million on the Suspensions result.

EBIT was Euro 63.7 million down from Euro 70.3 million in the first nine months of 2017 and accounts for 5.2% of revenues (compared to 5.7% in 2017).

Net income before taxes and non-controlling interests was Euro 43.9 million (Euro 51.1 million in the first nine months of 2017), after financial expense of Euro 19.8 million in 2018 versus Euro 19.2 million in 2017.

Net income was Euro 23.1 million versus Euro 27.9 million in the first nine months of 2017 (1.9% of sales versus 2.2% in 2017), after Euro 18.3 million of tax expense in 2018 versus Euro 20.3 million in the previous year.

Free cash flow amounted to a negative Euro 22.7 million compared to a positive Euro 32.5 million in the same period of 2017. The difference is mainly due to the unfavourable trend of working capital, considered to be temporary (Euro 18 million), the acquisition of the minority interests in the Indian subsidiary Sogefi M.N.R. Engine Systems India Pvt Ltd, in constant and profitable growth (Euro 16.7 million) and the building of the new production site in Morocco (Euro 12 million), which will start operating in the fourth quarter of 2018, as well as the impact on free cash flow of the weaker results from Suspensions.

Net financial debt stood at Euro 286.2 million at September 30 2018 versus Euro 264 million at December 31 2017 and Euro 266.7 million at September 30 2017.

The Sogefi Group had 7,044 **employees** at September 30 2018 compared to 6,947 at December 31 2017.

PERFORMANCE OF THE FILTRATION BUSINESS UNIT

In the first nine months of 2018, the Filtration business unit reported revenues of Euro 404.6 million, down by 3.2%, but up by 3.1% at constant exchange rates. At constant exchange rates, positive dynamic trends are recorded in Asia and America.

The EBIT amounted to Euro 24.1 million, compared to Euro 23.8 million in the first nine months of 2017, with an increase in the ratio to revenue, now at 5.9%, from 5.7% of the corresponding period of the previous year.

Employees of the business unit at 30 September 2018 were 2,974 (2,831 at 31 December 2017).

PERFORMANCE OF THE SUSPENSIONS BUSINESS UNIT

In the first nine months of 2018, the Suspension business unit reported revenues of Euro 451.5 million, down 0.3% (+5.3% at constant exchange rates), with a positive trend in all geographical areas except for China.

The EBIT amounted to Euro 13.4 million, down compared to Euro 29.0 million in the first nine months of 2017, with a ratio to revenue of 3.0% (6.4% in the first nine months of 2017). The reduction in the result is due to the significant increase in the purchase price of steel, which was only partially transferred to sales prices.

Employees of the business unit at 30 September 2018 were 2,569 (2,623 at 31 December 2017).

PERFORMANCE OF THE AIR & COOLING BUSINESS UNIT

In the first nine months of 2018, the Air and Cooling business unit reported revenues of Euro 365.8 million, down by 2.4% (+0.7% at constant exchange rates) compared with the same period of the previous year. In addition to foreign exchange rates, the business unit's revenues were affected by the weakness of the European and North American markets.

The EBIT amounted to Euro 23.9 million, compared with Euro 22.8 million in the first nine months of 2017, with an increase in the ratio to revenue from 6.1% in the first nine months of 2017 to 6.5%.

Employees of the business unit at 30 September 2018 were 1,437 (1,431 at 31 December 2017).

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

In the first nine months of the year 2018 the parent company Sogefi S.p.A. reported net income of Euro 23.3 million, up from Euro 17.9 million in the same period of the previous year. The increase was due mainly to the higher dividends distributed by the subsidiaries (Euro 4.0 million) and to lower non-operating charges (Euro 1.4 million).

OUTLOOK FOR THE YEAR

Despite the current uncertainties of the global car market, the Group confirms the expectation that it will outperform the market at constant exchange rates. The Group expects to achieve a full year net result in line with that of 2017 despite the increases in the cost of raw materials and the adverse impact of exchange rates.
The Group also expects to have a significant positive free cash flow in the fourth quarter.

SOGEFI GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(in millions of Euro)

ASSETS	09.30.2018	12.31.2017
CURRENT ASSETS		
Cash and cash equivalents	93.4	103.9
Other financial assets	1.0	1.5
Working capital		
Inventories	124.3	122.9
Trade receivables	165.8	174.0
Other receivables	11.3	5.5
Tax receivables	25.6	23.1
Other assets	3.9	2.3
TOTAL WORKING CAPITAL	*330.9*	*327.8*
TOTAL CURRENT ASSETS	425.3	433.2
NON-CURRENT ASSETS		
FIXED ASSETS		
Land	13.0	13.0
Property, plant and equipment	366.9	365.9
Other tangible fixed assets	5.7	5.6
Of wich: leases	*5.8*	*5.8*
Intangible assets	285.3	290.5
TOTAL FIXED ASSETS	670.9	675.0
OTHER NON-CURRENT ASSETS		
Investments in joint ventures	-	-
Other financial assets available for sale	-	-
Long term trade receivables	-	-
Financial receivables	2.6	2.2
Other receivables	30.1	37.4
Deferred tax assets	37.9	45.6
TOTAL OTHER NON-CURRENT ASSETS	70.6	85.2
TOTAL NON-CURRENT ASSETS	741.5	760.2
NON-CURRENT ASSETS HELD FOR SALE	2.3	3.4
TOTAL ASSETS	1,169.1	1,196.8

Some values for the year 2017 were recalculated following the application of “IFRS 15 – Revenue from Contracts with Customers” and “IFRS 9 – Financial Instruments”.

LIABILITIES	09.30.2018	12.31.2017
CURRENT LIABILITIES		
Bank overdrafts and short-term loans	7.9	14.2
Current portion of medium/long-term financial debts and other loans	75.5	66.6
Of which: leases	*1.7*	*1.7*
TOTAL SHORT-TERM FINANCIAL DEBTS	83.4	80.8
Other short-term liabilities for derivative financial instruments	0.5	2.6
TOTAL SHORT-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	83.9	83.4
Trade and other payables	345.6	373.2
Tax payables	10.8	7.8
Other current liabilities	46.8	49.4
TOTAL CURRENT LIABILITIES	487.1	513.8
NON-CURRENT LIABILITIES		
MEDIUM/LONG TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS		
Financial debts to bank	122.2	102.0
Other medium/long-term financial debts	177.1	186.2
Of which: leases	*5.4*	*6.4*
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS	299.3	288.2
Other medium/long term financial liabilities for derivative financial instruments	-	-
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	299.3	288.2
OTHER LONG-TERM LIABILITIES		
Long-term provisions	64.5	87.0
Other payables	63.9	72.0
Deferred tax liabilities	42.7	40.7
TOTAL OTHER LONG-TERM LIABILITIES	171.1	199.7
TOTAL NON-CURRENT LIABILITIES	470.4	487.9
SHAREHOLDERS' EQUITY		
Share capital	62.5	62.4
Reserves and retained earnings (accumulated losses)	105.8	88.4
Group net profit (loss) for the period	23.1	26.6
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE HOLDING COMPANY	191.4	177.4
Non-controlling interests	20.2	17.7
TOTAL SHAREHOLDERS' EQUITY	211.6	195.1
TOTAL LIABILITIES AND EQUITY	1,169.1	1,196.8

Some values for the year 2017 were recalculated following the application of “IFRS 15 – Revenue from Contracts with Customers” and “IFRS 9 – Financial Instruments”.

RECLASSIFIED CONSOLIDATED INCOME STATEMENT FROM 01.01.2018 TO 09.30.2018

(in millions of Euro)

	Period 01.01 – 09.30.2018		Period 01.01 – 09.30.2017		Change	
	Amount	%	Amount	%	Amount	%
Sales revenues	1,219.8	100.0	1,242.3	100.0	(22.5)	(1.8)
Variable cost of sales	851.4	69.8	850.9	68.5	0.5	0.1
CONTRIBUTION MARGIN	**368.4**	**30.2**	**391.4**	**31.5**	**(23.0)**	**(5.9)**
Manufacturing and R&D overheads	115.3	9.5	117.2	9.4	(1.9)	(1.4)
Depreciation and amortization	85.9	7.0	83.2	6.7	2.7	3.2
Distribution and sales fixed expenses	30.7	2.5	33.5	2.7	(2.8)	(8.0)
Administrative and general expenses	65.3	5.4	65.6	5.3	(0.3)	(0.5)
Restructuring costs	4.1	0.3	8.7	0.7	(4.6)	(52.5)
Losses (gains) on disposal	-	-	(0.2)	-	0.2	82.6
Exchange losses (gains)	3.9	0.3	1.4	0.1	2.5	163.1
Other non-operating expenses (income)	(0.5)	-	11.7	0.9	(12.2)	(104.2)
EBIT	**63.7**	**5.2**	**70.3**	**5.7**	**(6.6)**	**(9.5)**
Financial expenses (income), net	19.8	1.6	19.2	1.5	0.6	2.8
RESULT BEFORE TAXES AND NON-CONTROLLING INTERESTS	**43.9**	**3.6**	**51.1**	**4.2**	**(7.2)**	**(14.1)**
Income taxes	18.3	1.5	20.3	1.8	(2.0)	(10.1)
NET RESULT BEFORE NON-CONTROLLING INTERESTS	**25.6**	**2.1**	**30.8**	**2.4**	**(5.2)**	**(16.7)**
Loss (income) attributable to non-controlling interests	(2.5)	(0.2)	(2.9)	(0.2)	0.4	13.4
GROUP NET RESULT	**23.1**	**1.9**	**27.9**	**2.2**	**(4.8)**	**(17.0)**

Some values for the year 2017 were recalculated following the application of "IFRS 15 – Revenue from Contracts with Customers".

RECLASSIFIED CONSOLIDATED INCOME STATEMENT FOR THE THIRD QUARTER OF 2018

(in millions of Euro)

	Period 07.01 – 09.30.2018		Period 07.01 – 09.30.2017		Change	
	Amount	%	Amount	%	Amount	%
Sales revenues	380,7	100,0	384,8	100,0	(4,1)	(1,1)
Variable cost of sales	267,6	70,3	264,0	68,6	3,6	1,3
CONTRIBUTION MARGIN	**113,1**	**29,7**	**120,8**	**31,4**	**(7,7)**	**(6,3)**
Manufacturing and R&D overheads	38,5	10,1	36,9	9,6	1,6	4,3
Depreciation and amortization	29,9	7,8	26,9	7,0	3,0	11,2
Distribution and sales fixed expenses	9,3	2,4	10,7	2,8	(1,4)	(13,0)
Administrative and general expenses	20,1	5,3	20,7	5,4	(0,6)	(2,9)
Restructuring costs	1,5	0,4	2,8	0,7	(1,3)	(47,6)
Losses (gains) on disposal	-	-	-	-	-	n.a.
Exchange losses (gains)	0,8	0,2	0,8	0,2	-	8,4
Other non-operating expenses (income)	(6,2)	(1,6)	0,9	0,2	(7,1)	(798,2)
EBIT	**19,2**	**5,1**	**21,1**	**5,5**	**(1,9)**	**(9,1)**
Financial expenses (income), net	6,3	1,6	6,4	1,7	(0,1)	(2,7)
RESULT BEFORE TAXES AND NON-CONTROLLING INTERESTS	**12,9**	**3,5**	**14,7**	**3,8**	**(1,8)**	**(11,9)**
Income taxes	6,4	1,8	5,4	1,4	1,0	18,7
NET RESULT BEFORE NON-CONTROLLING INTERESTS	**6,5**	**1,7**	**9,3**	**2,4**	**(2,8)**	**(29,8)**
Loss (income) attributable to non-controlling interests	(0,4)	(0,1)	(0,8)	(0,2)	0,4	42,5
GROUP NET RESULT	**6,1**	**1,6**	**8,5**	**2,2**	**(2,4)**	**(28,6)**

Some values for the year 2017 were recalculated following the application of "IFRS 15 – Revenue from Contracts with Customers".

CONSOLIDATED NET FINANCIAL POSITION

(in millions of Euro)

	09.30.2018	12.31.2017	09.30.2017
A. Cash	93.4	103.9	103.6
B. Other cash at bank and on hand (included held-to-maturity investments)	-	-	-
C. Financial instruments held for trading	-	-	-
D. Liquid funds (A) + (B) + (C)	**93.4**	**103.9**	**103.6**
E. Current financial receivables	**1.0**	**1.5**	**1.1**
F. Current payables to banks	(7.9)	(14.2)	(13.0)
G. Current portion of non-current indebtedness	(75.5)	(66.5)	(79.1)
H. Other current financial debts	(0.5)	(2.7)	(4.3)
I. Current financial indebtedness (F) + (G) + (H)	**(83.9)**	**(83.4)**	**(96.4)**
J. Current financial indebtedness, net (I) + (E) + (D)	**10.5**	**22.0**	**8.3**
K. Non-current payables to banks	(122.2)	(102.0)	(91.6)
L. Bonds issued	(170.1)	(178.9)	(179.0)
M. Other non-current financial debts	(7.0)	(7.3)	(7.9)
N. Non-current financial indebtedness (K) + (L) + (M)	**(299.3)**	**(288.2)**	**(278.5)**
O. Net indebtedness (J) + (N)	**(288.8)**	**(266.2)**	**(270.2)**
Non-current financial receivables	2.6	2.2	3.5
Financial indebtedness, net including non-current financial receivables	**(286.2)**	**(264.0)**	**(266.7)**

CONSOLIDATED CASH FLOW STATEMENT

(in millions of Euro)

	September 30, 2018	December 31, 2017	September 30, 2017
SELF-FINANCING	108.8	165.8	130.5
Change in net working capital	(43.0)	9.3	(9.9)
Other medium/long-term assets/liabilities	2.8	1.8	2.6
CASH FLOW GENERATED BY OPERATIONS	**68.6**	**176.9**	**123.2**
Net decrease from sale of fixed assets	0.1	0.5	0.4
TOTAL SOURCES	68.7	177.4	123.6
Increase in intangible assets	25.2	40.0	27.1
Purchase of tangible assets	66.1	104.2	64.1
TOTAL APPLICATION OF FUNDS	91.3	144.2	91.2
Exchange differences on assets/liabilities and equity	(0.1)	1.2	0.1
FREE CASH FLOW	**(22.7)**	**34.4**	**32.5**
Holding Company increases in capital	0.3	1.3	1.3
Increase in share capital of consolidated subsidiaries	0.1	0.2	0.2
Dividends paid by subsidiaries to non-controlling interests	-	(2.6)	(2.6)
Change in fair value derivative instruments	0.1	1.7	0.9
CHANGES IN SHAREHOLDERS' EQUITY	0.5	0.6	(0.2)
Change in net financial position	**(22.2)**	**35.0**	**32.3**
Opening net financial position	**(264.0)**	**(299.0)**	**(299.0)**
CLOSING NET FINANCIAL POSITION	**(286.2)**	**(264.0)**	**(266.7)**

Some values for the year 2017 were recalculated following the application of “IFRS 15 – Revenue from Contracts with Customers”.

CONTENT AND FORMAT OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. INTRODUCTION

The consolidated Interim financial report as at September 30, 2018, 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, 2017.

3. ACCOUNTING STANDARDS APPLIED

The accounting standards applied in the preparation of the financial statements as at September 30, 2018 are consistent with those used for the annual financial statements as of 31 December 2017 to which the reader should refer, except as reported below due to the application of the new accounting standards IFRS 15 and IFRS 9.

3.1 Application of the new accounting standard IFRS 15 – Revenue from contracts with customers

The standard provides for a new revenue recognition model, which will be applicable to all agreements made with customers, with the exception of those falling under the scope of application of other IFRSs, such as leases, insurance contracts and financial instruments.

As far as the Sogefi Group is concerned, application of the new standard IFRS 15 substantially led to a change in the accounting of "tooling" and "prototypes" supplied to customers, as shown below.
Supply of "tooling" and "prototypes" does not meet the requirements to be identified as a separate performance obligation, so related revenues will be recognised on the same duration as the performance obligation identified by the supply of goods. This is because the "tooling" is used by the Group exclusively for the supply of the specific goods ordered by the customer and the customer does not have a substantial option to obtain the production of these specific goods from another supplier through the use of "tooling". Contracts entered into with customers feature specific clauses in the different jurisdictions in which the Group operates (the legal ownership of the "tooling" could be transferred to the customer before the start of mass production in exchange for a fixed fee or at the end of mass production, i.e. the revenue from the sale of "tooling" could be included in the sale price of the individual goods).

Previously, revenues from the contractual obligation to supply the “tooling” were recognised on the basis of the contractual provisions, with specific reference to the transfer of ownership of the “tooling” to the customer.
By changing the recognition policy for revenues deriving from the contractual obligation to provide the “tooling”, the Group changed the accounting policy relating to the costs for the production/purchase of the “tooling” as well. These costs are now capitalised in the item "Tangible fixed assets" and are depreciated over the period corresponding to the supply of the goods to the customer (these costs are therefore no longer recorded in the item "Variable cost of sales - Materials"). Costs relating to the development of “prototypes” (previously recorded under the item "Variable cost of sales - Materials") are now capitalised in the item "Intangible fixed assets" and amortised over the period corresponding to the supply of goods to the customer.

The average duration of supply of goods to the customer has been conventionally defined by the Group in 4 years on the basis of historical experience. During this period, revenues from contractual obligations relating to the development of the production process and the supply of "tooling" and "prototypes" will be recorded, and the costs for the production/purchase of "tooling" and "prototypes" will be depreciated.

The Group has analysed the contractual obligation for the warranty for the supplied components, concluding that it does not represent a distinct performance obligation because it does not provide additional services that benefit the customers. Warranty costs will continue to be recognised under IAS 37 - Provisions, Contingent Liabilities and Contingent Assets.

The Group has also identified an impact on the presentation of revenues from aftermarket customers. This is due to the "marketing contributions" provided to customers who meet the definition of "consideration payable to customers" in IFRS 15 and that have to be presented net of revenues. These costs were previously presented in the item "Variable cost of sales" because they are considered marketing costs provided by customers to the Group.

In addition to the effects described above, other aspects of the contracts with customers that are relevant to the Group's activities and business were analysed, without finding any significant impact for the application of the new standard. This includes, for example, contractual aspects (price review, productivity, contract acquisition costs) which have been measured and recorded in accordance with the new principle, and their analysis is still under consideration for new contracts.

The Group restated the comparative period to the date of first-time adoption of IFRS 15 by adopting practical measures. In particular, IFRS 15 has not been applied retrospectively for contracts completed before 1 January 2018. The retrospective application has also been applied to the corresponding 2017 balances, with an effect on initial equity at 1 January 2017 of Euro 11.7 million.

The adoption of the new standard caused a reduction in shareholders' equity as at 1 January 2018 from Euro 189 million to approximately Euro 177.7 million (net of the tax effect). It should be noted that the impact on the net profit for 2017 was not material.

It should also be noted that the new accounting policy relating to “tooling” and “prototypes” mentioned above led to a reduction in the items "Sales revenues" and "Variable cost of sales" and an increase in the item "Depreciation and amortization".

The following tables present the effects of the adoption of the new standard in the income statement as at 30 September 2017 and in the balance sheet as at 31 December 2017.

CONSOLIDATED INCOME STATEMENT

(in millions of Euro)	**Period 01.01 – 09.30.2017**	**Period 01.01 – 09.30.2017 restated**	**Change**
	Amount	Amount	Amount
Sales revenues	1,256.5	1,242.3	(14.2)
Variable cost of sales	896.0	850.9	(45.1)
Depreciation and amortization	52.5	83.2	30.7
Income taxes	20.1	20.3	0.2
GROUP NET RESULT	28.0	27.9	(0.1)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	**12.31.2017**	**12.31.2017 restated**	**Change**
Inventories	159.3	122.9	(36.4)
Property, plant and equipment	275.8	384.5	108.7
Intangible assets	272.6	290.5	17.9
Deferred tax assets	40.1	45.5	5.4
TOTAL ASSETS	1,101.5	1,197.1	95.6

LIABILITIES	**12.31.2017**	**12.31.2017 restated**	**Change**
Other current liabilities	8.6	49.3	40.7
Deferred tax liabilities	39.7	40.6	0.9
Other non-current payables	6.7	72.0	65.3
TOTAL LIABILITIES	894.8	1,001.7	106.9
SHAREHOLDERS' EQUITY	-	-	-
Reserves and retained earnings (accumulated losses)	100.0	88.7	(11.3)
Group net result for the period	26.6	26.6	-
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE HOLDING COMPANY	189.0	177.7	(11.3)
TOTAL LIABILITIES AND EQUITY	1,101.5	1,197.1	95.6

3.2 Application of new accounting standard IFRS 9 – Financial instruments

The document (issued on 24 July 2014) includes the results of the classification, valuation, derecognition, impairment and hedge accounting phases relating to the IASB project pending the replacement of IAS 39:
it introduces new criteria to classify and measure financial assets and liabilities;
with reference to the impairment model, the new standard requires the losses on receivables to be estimated based on the expected losses model (instead of the incurred losses model of IAS 39) using information that can be evidenced, available free of charge or without unreasonable effort and including historic, current and forecast data;
a new hedge accounting model is introduced (additional types of transactions can be designated for hedge accounting, different accounting method for forward contracts and options when they are included in a hedge accounting transaction, changes to effectiveness test).

Based on the analysis performed, the effect on initial shareholders' equity, resulting from the implementation of IFRS 9, is a reduction of Euro 0.3 million (net of the tax effect) as a result of a reduction in receivables of Euro 0.4 million, without, however, making any significant changes to the income statement figures for the first half of 2018.
The adjustment to reduce retained earnings refers to the recognition of further, and possible, losses due to a reduction in financial assets, deriving from the application of the expected credit loss model introduced by IFRS 9, in replacement of the incurred credit loss model provided for by IAS 39. On the basis of this new model, the financial assets not past due, for which there is no evidence of impairment, were also analysed.
It should also be noted that the reduction in value recorded as at 1 January 2018 mainly refers to trade receivables; the analyses carried out at present on the other financial assets and liabilities did not reveal any significant critical issues.

The Group decided to continue to use the hedge accounting rules provided for in IAS 39 for all hedges already designated as hedge accounting at 31 December 2017.

The Group did not restate the first comparative year at the date of first-time adoption of IFRS 9 considering the limited impact deriving from the adoption of this standard.

COMMENTS ON THE FINANCIAL STATEMENTS

Changes in the Group's consolidated shareholders' equity and in Total shareholders' equity during the first nine months of 2018 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, 2017 (*)	177.4	17.7	195.1
Paid share capital increase	0.3	0.1	0.4
Dividends	-	-	-
Currency translation differences	(12.3)	(0.1)	(12.4)
Other variances	2.9	-	2.9
Net result for the period	23.1	2.5	25.6
Balance at September 30, 2018	191.4	20.2	211.6

(*) Some values for the year 2017 were recalculated following the application of "IFRS 15 – Revenue from Contracts with Customers" and "IFRS 9 – Financial Instruments".

At September 30 2018 **shareholders' equity** excluding minority interests amounted to Euro 191.4 million (Euro 177.4 million at December 31 2017).

REVENUE TREND

In the first nine months of the year Sogefi reported **revenues** of Euro 1,219.8 million, up 3.3% at constant exchange rates, outperforming the market; at current exchange rates revenues declined by 1.8% compared to the same period of 2017.

REVENUES BY BUSINESS UNIT

(in millions of Euro)	Period 01.01 – 09.30.2018		Period 01.01 – 09.30.2017		Change	
	Amount	%	Amount	%	Amount	%
Suspensions	451.5	37.0	452.9	36.5	(1.4)	(0.3)
Filtration	404.6	33.2	417.8	33.6	(13.2)	(3.2)
Air & Cooling	365.8	30.0	374.8	30.2	(9.0)	(2.4)
Intercompany eliminations	(2.1)	(0.2)	(3.2)	(0.3)	-	-
TOTAL	1,219.8	100.0	1,242.3	100.0	(22.5)	(1.8)

(*) Some values for the year 2017 were recalculated following the application of "IFRS 15 – Revenue from Contracts with Customers".

The performance of the business units was as follows: Suspensions posted growth of 5.3% (-0.3% at current exchange rates mainly because of the loss in value of the South American currencies), Filtration grew by 3.1% (-3.2% at current exchange rates due to the South American currencies) while, lastly, Air & Cooling sales grew by 0.7% (-2.4% at current exchange rates, affected by the decline in car production in North America and the lower value of the US Dollar).

REVENUES BY GEOGRAPHICAL AREA

The breakdown of revenues by geographical area is as follows:

(in millions of Euro)	Period 01.01 – 09.30.2018		Period 01.01 – 09.30.2017		Change	
	Amount	%	Amount	%	Amount	%
Europe	757,1	62,1	761,5	61,3	(4,4)	(0,6)
North America	219,7	18,0	223,0	18,0	(3,3)	(1,5)
South America	128,1	10,5	150,0	12,1	(21,9)	(14,6)
Asia	123,9	10,2	119,4	9,6	4,5	3,7
Intercompany eliminations	(9,0)	(0,8)	(11,6)	(1,0)	-	-
Total	1.219,8	100,0	1.242,3	100,0	(22,5)	(1,8)

(*) Some values for the year 2017 were recalculated following the application of "IFRS 15 – Revenue from Contracts with Customers".

Production declined in Europe by 0.6% (-0.4% at constant exchange rates) and in North America by 1.5% (+5.3% at constant exchange rates) and grew up in Asia by 3.7% (+9.5% at constant exchange rates). Revenues generated in South America decreased by 14.6% and grew at constant exchange rates by 16.2%.

EMPLOYEES

	09.30.2018	12.31.2017	09.30.2017
Managers	109	115	113
Clerical staff	1,948	1,908	1,893
Blue collar workers	4,987	4,924	4,894
TOTAL	7,044	6,947	6,900

Employees of the business unit at 30 September 2018 were 7,044 (6,947 at 31 December 2017).

Milan, October 22 2018 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, 2018

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 22, 2018

SOGEFI S.p.A.
(Yann Albrand)