INTERIM FINANCIAL REPORT
AS AT MARCH 31, 2019

(Translation into English of the original Italian version)

JOINT-STOCK COMPANY - SHARE CAPITAL EURO 62,461,355.84
MILANO MONZA-BRIANZA LODI COMPANY REGISTER AND TAX CODE N. 00607460201
COMPANY SUBJECT TO THE DIRECTION AND COORDINATION OF CIR S.p.A.
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BOARD OF DIRECTORS' REPORT ON OPERATIONS AS AT MARCH 31, 2019

In the first quarter of 2019, the world car market reported a decline in production of 6.7%, with Europe down by 5%, Asia down by 11.8% (mainly because of the contraction of the Chinese market, -13.5%) and North America down by 2.5%. South America also reported a decline (-4.9%) mainly because of the difficult Argentinian market.

In this context, Sogefi reported **revenues** of Euro 389.9 million, down by 2.9% at constant exchange rates and by 4% at historical exchange rates compared to the same period of 2018, obtaining a better performance than that of the market in which it operates.

By geographical areas revenues at constant exchange rates were down in Europe (-3.6%), in North America (-2.6%) and in Asia (-9.1%).

By Business Units, at constant exchange rates, Suspensions reported a decline of 3.9% (-6.9% at current exchange rates), Filtration was down by 2.7% (-4.1% at current exchange rates) and lastly, Air and Cooling declined by 2.1% (at current exchange rates revenues were in line with the previous year).

EBITDA came in at Euro 41.3 million, lower than in the first quarter of 2018 (Euro 48.8 million); profitability (EBITDA / Revenues %) fell from 12% to 10.6%. The reduction in profitability reflects the lower volumes and the margins erosion occurred in 2018 in Filtration and Suspensions, mainly due to the increase in the raw materials price.

EBIT, totalling Euro 11.3 million, was also lower than in the first quarter of 2018 (Euro 22.6 million) and was equal to 2.9% of revenues. The decline in EBIT substantially reflects the decline in EBITDA.

Income before taxes and minority shareholder interests amounted to Euro 5.1 million (Euro 15.8 million in first quarter 2018).

Net income came to Euro 1.6 million, down from the figure reported in the first quarter of 2018 (Euro 11.2 million), after tax expense of Euro 3.6 million in first quarter 2019, versus Euro 5.2 million in the same period of 2018.

Free Cash Flow was a negative Euro 9.1 million in the first quarter of 2019 compared to a positive amount of Euro 9.3 million in the same period of 2018 and includes Euro 7.5 million for the application of the accounting standard IFRS 16 and Euro 1.6 million of operating cash consumption of which Euro 3.1 million due to the start-up of the new production plant in Morocco.

Net debt stood at Euro 328.9 million at March 31 2019. The application of IFRS 16 determined the recognition in the accounts of financial debts for right of use for Euro 66.8 million. Excluding this amount, the financial debt at March 31 2019 came to Euro 262.1 million, up from Euro 260.5 million at the end of 2018.

The Sogefi Group had 6,906 **employees** at March 31 2019, down from 6,967 at December 31 2018.

PERFORMANCE OF THE AIR & COOLING BUSINESS UNIT

In the first quarter of 2019, the revenues of the Air & Cooling business unit were in line with the previous year at Euro 109.6 million.

EBIT amounted to Euro 5.6 million compared to Euro 6.7 million in the first quarter of 2018 with a ratio to sales at 5.1% compared to 6.1% in the first quarter of 2018. The reduction in EBIT is mainly due to the evolution of the US dollar/ Canadian dollar exchange rate, which penalized the result of the Canadian subsidiary.

The business unit had 1,457 employees at March 31, 2019 (1,471 at December 31, 2018).

PERFORMANCE OF THE FILTRATION BUSINESS UNIT

In the first quarter of 2019, the revenues of the Filtration business unit amounted to Euro 133.9 million, down 4.1% (-2.7% at constant exchange rates). The revenues have been affected by the weakness of sales in Europe (-9%) and in South America (-16%).

EBIT amounted to Euro 4.5 million compared to Euro 9.9 million in in the first quarter of 2018 with a ratio to sales down to 3.4% compared to 7.1% in the first quarter of 2018. The reduction in the result is mainly due to the decrease of the activity in Europe, the worsening of the results in Brazil and the costs for the start-up of the new production plant in Morocco.

The business unit had 2,883 employees at March 31, 2019 (2,890 at December 31, 2018).

PERFORMANCE OF THE SUSPENSIONS BUSINESS UNIT

In the first quarter of 2019, the revenues of the Suspensions business unit amounted to Euro 147.0 million, down to 6.9% (-3.9% at constant exchange rates), particularly affected by the unfavorable performance of Argentina and China.

EBIT amounted to Euro 2.6 million down compared to Euro 7.1 in the first quarter of 2018 with a ratio to sales at 1.8%. (4.5% in the first quarter of 2018). The reduction in profitability is mainly due to South America and China.

The business unit had 2,501 employees at March 31, 2019 (2,541 at December 31, 2018).

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

In the period under examination the parent company of the Group Sogefi S.p.A. reported a net loss of Euro 3.2 million (-Euro 5.2 million in the first quarter of 2018). The change was due mainly to lower net financial expense.

OUTLOOK FOR OPERATIONS

In the second quarter, the global car market is expected to decline by 3.4% compared to the previous year (-7.7% in Europe).

In this environment, in the second quarter Sogefi forecast a lower sales reduction than market forecasts. In terms of profitability, EBIT for the second quarter is expected to improve compared to the first quarter.

SOGEFI GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(in millions of Euro)

ASSETS	03.31.2019	12.31.2018 (*)
CURRENT ASSETS		
Cash and cash equivalents	121.7	91.7
Other financial assets	1.4	1.2
Working capital		
Inventories	120.1	115.7
Trade receivables	168.9	141.3
Other receivables	14.6	8.5
Tax receivables	20.8	23.1
Other assets	3.7	2.1
TOTAL WORKING CAPITAL	328.1	290.7
ASSETS HELD FOR SALE	12.7	13.6
TOTAL CURRENT ASSETS	**463.9**	**397.2**
NON-CURRENT ASSETS		
Fixed assets		
Land	13.2	13.3
Property, plant and equipment	377.0	368.5
Right of use	64.6	4.7
Other tangible fixed assets	4.6	4.3
Intangible assets	279.5	279.0
TOTAL FIXED ASSETS	738.9	669.8
OTHER NON-CURRENT ASSETS		
Investments in joint ventures	-	-
Other financial assets available for sale	-	-
Non-current trade receivables	-	-
Financial receivables	6.5	5.1
Other receivables	34.3	34.3
Deferred tax assets	40.7	36.6
TOTAL OTHER NON-CURRENT ASSETS	81.5	76.0
TOTAL NON-CURRENT ASSETS	**820.4**	**745.8**
TOTAL ASSETS	**1,284.3**	**1,143.0**

(*) The Group applied the new accounting principle IFRS 16 “Leases” at the date of first-time adoption (January 1, 2019) using the modified retroactive method. Therefore, the cumulative effect of the adoption of IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at January 1, 2019, without restating comparative data.

Values as 2018 related to financial leases were reclassified from the line "Property, plant and equipment" to the line "Right of use".

LIABILITIES	03.31.2019	12.31.2018 (*)
CURRENT LIABILITIES		
Bank overdrafts and short-term loans	5.9	2.1
Current portion of medium/long-term financial debts and other loans	60.4	57.8
Short-term financial debts for right of use	13.1	1.6
TOTAL SHORT-TERM FINANCIAL DEBTS	79.4	61.5
Other short-term liabilities for derivative financial instruments	1.3	0.8
TOTAL SHORT-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	80.7	62.3
Trade and other payables	378.1	345.5
Tax payables	8.8	10.0
Other current liabilities	35.1	38.9
LIABILITIES RELATED TO ASSETS HELD FOR SALE	8.4	9.4
TOTAL CURRENT LIABILITIES	**511.1**	**466.1**
NON-CURRENT LIABILITIES		
MEDIUM/LONG TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS		
Financial debts to bank	142.3	117.8
Other medium/long-term financial debts	175.5	173.5
Medium/long-term financial debts for right of use	60.0	5.0
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS	377.8	296.3
Other medium/long term financial liabilities for derivative financial instruments	-	-
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	377.8	296.3
OTHER LONG-TERM LIABILITIES		
Long-term provisions	72.5	67.2
Other payables	65.8	62.9
Deferred tax liabilities	40.3	36.6
TOTAL OTHER LONG-TERM LIABILITIES	178.6	166.7
TOTAL NON-CURRENT LIABILITIES	**556.4**	**463.0**
SHAREHOLDERS' EQUITY		
Share capital	62.5	62.5
Reserves and retained earnings (accumulated losses)	130.4	116.4
Group net result for the period	1.6	14.0
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE HOLDING COMPANY	194.5	192.9
Non-controlling interests	22.3	21.0
TOTAL SHAREHOLDERS' EQUITY	216.8	213.9
TOTAL LIABILITIES AND EQUITY	**1,284.3**	**1,143.0**

(*) The Group applied the new accounting principle IFRS 16 “Leases” at the date of first-time adoption (January 1, 2019) using the modified retroactive method. Therefore, the cumulative effect of the adoption of IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at January 1, 2019, without restating comparative data.

Values as 2018 related to financial leases were reclassified from the line "Current portion of medium/long-term financial debts and other loans" to the line "Short-term financial debts for right of use” and from the line "Other medium/long-term financial debts" to the line "Medium/long-term financial debts for right of use”.

CONSOLIDATED INCOME STATEMENT

(in millions of Euro)	Period 01.01 – 03.31.2019		Period 01.01 – 03.31.2018 (*)		Change	
	Amount	%	Amount	%	Amount	%
Sales revenues	389.9	100.0	406.3	100.0	(16.4)	(4.0)
Variable cost of sales	277.2	71.1	283.4	69.8	(6.2)	(2.2)
CONTRIBUTION MARGIN	**112.7**	**28.9**	**122.9**	**30.2**	**(10.2)**	**(8.3)**
Manufacturing and R&D overheads	38.3	9.8	38.8	9.5	(0.5)	(1.3)
Depreciation and amortization	29.9	7.6	26.0	6.3	3.9	14.8
Distribution and sales fixed expenses	10.4	2.7	10.2	2.5	0.2	2.2
Administrative and general expenses	21.6	5.5	22.2	5.5	(0.6)	(2.6)
Restructuring costs	2.0	0.5	1.1	0.3	0.9	82.2
Losses (gains) on disposal	(0.1)	-	-	-	(0.1)	-
Exchange losses (gains)	1.0	0.3	0.6	0.2	0.4	61.5
Other non-operating expenses (income)	(1.7)	(0.4)	1.4	0.3	(3.1)	(221.8)
EBIT	**11.3**	**2.9**	**22.6**	**5.6**	**(11.3)**	**(49.8)**
Financial expenses (income), net	6.2	1.6	6.8	1.7	(0.6)	(7.9)
Losses (gains) from equity investments	-	-	-	-	-	-
RESULT BEFORE TAXES AND NON-CONTROLLING INTERESTS	**5.1**	**1.3**	**15.8**	**3.9**	**(10.7)**	**(67.9)**
Income taxes	3.6	0.9	5.2	1.3	(1.6)	(30.5)
NET RESULT BEFORE NON-CONTROLLING INTERESTS	**1.5**	**0.4**	**10.6**	**2.6**	**(9.1)**	**(85.9)**
Loss (income) attributable to non-controlling interests	(1.2)	(0.3)	(1.0)	(0.2)	(0.2)	(16.9)
NET INCOME (LOSS) OF OPERATING ACTIVITIES	**0.3**	**0.1**	**9.6**	**2.4**	**(9.3)**	**(96.7)**
Net income (loss) from discountinued operations	1.3	0.3	1.6	0.4	(0.3)	(18.9)
GROUP NET RESULT	**1.6**	**0.4**	**11.2**	**2.8**	**(9.6)**	**(85.7)**

(*) The effect of the adoption of IAS 29 “Financial Reporting in Hyperinflationary Economies”, applied in December 2018, has been spread over each 2018 quarters.

Values as 2018 related to "Assets held for sale" were reclassified to the line "Net income (loss) from discontinued operations”, net of tax effect, after the application of IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”.

The Group applied the new accounting principle IFRS 16 “Leases” at the date of first-time adoption (January 1, 2019) using the modified retroactive method. Therefore, the cumulative effect of the adoption of IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at January 1, 2019, without restating comparative data.

CONSOLIDATED NET FINANCIAL POSITION

(in millions of Euro)	03.31.2019	12.31.2018	03.31.2018
A. Cash	121.7	91.7	99.6
B. Other cash at bank and on hand (held to maturity investments)	-	-	-
C. Financial instruments held for trading	-	-	-
D. Liquid funds (A) + (B) + (C)	**121.7**	**91.7**	**99.6**
E. Current financial receivables	**1.4**	**1.2**	**1.0**
F. Current payables to banks	(5.9)	(2.1)	(1.3)
G. Current portion of non-current indebtedness	(73.5)	(59.4)	(59.9)
H. Other current financial debts	(1.3)	(0.8)	(1.9)
I. Current financial indebtedness (F) + (G) + (H)	**(80.7)**	**(62.3)**	**(63.1)**
J. Current financial indebtedness, net (I) + (E) + (D)	**42.4**	**30.6**	**37.5**
K. Non-current payables to banks	(142.3)	(117.8)	(106.4)
L. Bonds issued	(173.9)	(171.8)	(178.0)
M. Other non-current financial debts	(61.6)	(6.6)	(7.4)
N. Non-current financial indebtedness (K) + (L) + (M)	**(377.8)**	**(296.2)**	**(291.8)**
O. Net indebtedness (J) + (N)	**(335.4)**	**(265.6)**	**(254.3)**
Non-current financial receivables	6.5	5.1	-
Financial indebtedness, net including non-current financial receivables	**(328.9)**	**(260.5)**	**(254.3)**

CONSOLIDATED CASH FLOW STATEMENT

(in millions of Euro)	March 31, 2019	December 31, 2018	March 31, 2018
SELF-FINANCING	33.8	134.4	40.7
Change in net working capital	(10.6)	(9.1)	4.4
Other medium/long-term assets/liabilities	2.8	8.6	(7.1)
CASH FLOW GENERATED BY OPERATIONS	**26.0**	**133.9**	**38.0**
Net decrease from sale of fixed assets	0.1	2.6	0.2
TOTAL SOURCES	26.1	136.5	38.2
Increase in intangible assets	3.2	35.5	8.3
Purchase of tangible assets	13.3	58.1	10.6
Purchase of tooling	9.9	39.2	8.7
Increase in tangible assets for right of use	8.3	-	-
TOTAL APPLICATION OF FUNDS	34.7	132.8	27.6
Exchange differences on assets/liabilities and equity	(0.5)	(0.8)	(1.3)
FREE CASH FLOW	**(9.1)**	**2.9**	**9.3**
Holding Company increases in capital	-	0.3	0.2
Increase in share capital of consolidated subsidiaries	-	0.1	0.1
Change in fair value of effective derivative instruments	-	0.2	0.1
CHANGES IN SHAREHOLDERS' EQUITY	-	0.6	0.4
Change in net financial position	**(9.1)**	**3.5**	**9.7**
Opening net financial position	**(260.5)**	**(264.0)**	**(264.0)**
Financial debts for right of use at January 1°, 2019	(59.4)	-	-
CLOSING NET FINANCIAL POSITION	**(328.9)**	**(260.5)**	**(254.3)**

CONTENT AND FORMAT OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. INTRODUCTION

The consolidated Interim financial report as at March 31, 2019, 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, 2018.

3. ACCOUNTING STANDARDS APPLIED

The accounting standards applied in the preparation of the financial statements as at March 31, 2019 are the same as those applied to the financial statements as at December 31, 2018 with the exception of the new principle IFRS 16 – "*Leases*" applied for the first time as from 1 January 2019.

3.1 Application of new accounting standard IFRS 16

The accounting standard IFRS16 "Leases" replaces IAS 17 – "Leases", as well as IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC-15 "Operating Leases-Incentives" and SIC-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease".
The new standard provides a new definition of lease and introduces a criterion based on the control (right of use) of an asset to differentiate between lease and service agreements according to: asset identification, right to replacement of the asset, right to obtain all economic benefits arising out of use of the asset and right to control the use of the asset underlying the agreement.
The standard introduces a single lessee accounting model for recognising and evaluating lease

agreements, which provides for the underlying asset – including assets underlying operating leases – to be recognised in assets and counterbalanced by a financial liability. Lessees may elect to not recognise agreements for low-value assets or with a term of up to 12 months as leases. No significant changes are introduced for lessor accounting.

As a lessee, the Group previously classified leases as operating or financial leases, assessing whether the lease transferred substantially all risks and benefits of ownership of the underlying asset. According to IFRS 16, the Group recognises the assets from the right of use and the liabilities from the lease in the statement of financial position for the majority of the leases.

The standard applies for reporting period beginning on or after 1 January 2019. Early application is only allowed for early adopters of IFRS 15 – Revenue from Contracts with Customers.

The Group applied IFRS 16 using the modified retroactive method as of first-time adoption (1 January 2019). Therefore, the cumulative effect of the adoption of IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, without restating comparative data.

The Group opted to not recognise assets from right of use and liabilities from short-term leases (up to one year) for machinery, or leases of low value assets, including IT equipment. Therefore, the Group recognises lease payments relating to these leases as a cost on a straight-line basis over the lease term.

At January 1, 2019 the adoption of the new standard generated a reduction in shareholders' equity of Euro 4.8 million (net of the tax effect), additional assets from right of use and lease liabilities equal, respectively, to Euro 57.3 million and Euro 59.4 million. The differences has been recognised in retained earnings.

COMMENTS ON THE FINANCIAL STATEMENTS

ASSETS HELD FOR SALE AND LIABILITIES RELATED TO ASSETS HELD FOR SALE

In the second half of 2018, management put forward a plan to sell part of the production plants at the Fraize plant of French subsidiary Sogefi Air & Cooling S.A.S.. For this reason, this plant has been presented in the financial statements as an “Asset held for sale” as required by the accounting standard IFRS 5 ““Non-current Assets Held for Sale and Discontinued Operations”.

To ensure the comparability of data, in the first quarter of 2019 the Group reclassified 2018 values related to "Assets held for sale" to the line "Net income (loss) from discontinued operations”, net of tax effects. The sale is currently underway and is expected to be completed by the second quarter of 2019.

At March 31, 2019 the net income from discontinued operations net of tax effects amounted to Euro 1.3 million (Euro 1.6 million at March 31, 2018).

SHAREHOLDERS' EQUITY

Changes in the Group's consolidated shareholders' equity and in total shareholders' equity during the first quarter of 2019 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, 2018	192.9	21.0	213.9
Adjustment on date of first adoption of IFRS 16	(4.8)	-	(4.8)
Dividends	-	-	-
Currency translation differences and other changes	4.8	0.1	4.9
Net result for the period	1.6	1.2	2.8
Balance at March 31, 2019	194.5	22.3	216.8

At March 31, 2019 **shareholders' equity** excluding minority interests amounted to Euro 194.5 million (Euro 192.9 million at December 31, 2018).

REVENUE TREND

Sogefi reported revenues of Euro 389.9 million, down by 2.9% at constant exchange rates and by 4% at historical exchange rates compared to the same period of 2018, obtaining a better performance than that of the market in which it operates.

REVENUES BY BUSINESS UNIT

(in millions of Euro)	03.31.2019		03.31.2018 (*)		Change	
	Amount	%	Amount	%	Amount	%
Suspensions	147.0	37.7	157.9	38.9	(10.9)	(6.9)
Filtration	133.9	34.3	139.5	34.3	(5.6)	(4.1)
Air&Cooling	109.6	28.1	109.6	27.0	-	0.0
Intercompany eliminations	(0.6)	(0.1)	(0.7)	(0.2)	0.1	4.2
TOTAL	389.9	100.0	406.3	100.0	(16.4)	(4.0)

(*) Certain values as 2018 period w ere redetermined after the application of IFRS 5 - "Non-current Assets Held for Sale and Discontinued Operations" and IAS 29 "Financial Reporting in Hyperinflationary Economies"

By Business Units, at constant exchange rates, Suspensions reported a decline of 3.9% (-6.9% at current exchange rates), Filtration was down by 2.7% (-4.1% at current exchange rates) and lastly, Air and Cooling declined by 2.1% (at current exchange rates revenues were in line with the previous year).

REVENUES BY GEOGRAPHICAL AREA

The breakdown of revenues by business area is as follows:

(in millions of Euro)	03.31.2019		03.31.2018 (*)		Change	
	Amount	%	Amount	%	Amount	%
Europe	244.3	62.7	253.2	62.3	(8.9)	(3.5)
South America	37.6	9.6	44.7	11.0	(7.1)	(16.0)
North America	74.1	19.0	71.8	17.7	2.3	3.2
Asia	36.1	9.3	39.5	9.7	(3.4)	(8.6)
Intercompany eliminations	(2.2)	(0.6)	(2.9)	(0.7)	0.7	24.4
TOTAL	389.9	100.0	406.3	100.0	(16.4)	(4.0)

(*) Certain values as 2018 period w ere redetermined after the application of IFRS 5 - "Non-current Assets Held for Sale and Discontinued Operations" and IAS 29 "Financial Reporting in Hyperinflationary Economies"

By geographical areas revenues at constant exchange rates were down in Europe (-3.6%), in North America (-2.6%) and in Asia (-9.1%).

EMPLOYEES

	03.31.2019	12.31.2018	03.31.2018
Managers	107	107	109
Clerical staff	1,941	1,950	1,914
Blue collar workers	4,858	4,910	4,949
TOTAL	6,906	6,967	6,972

The Sogefi Group had 6,906 **employees** at March 31 2019, down from 6,967 at December 31 2018.

Milan, April 26, 2019

THE BOARD OF DIRECTORS

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

Subject: Interim financial report as at March 31, 2019

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, April 26, 2019

SOGEFI S.p.A
(Yann Albrand)