INTERIM FINANCIAL STATEMENTS AT 30 JUNE 2019

(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.
REGISTERED OFFICE: 20121 MILAN (ITALY), VIA CIOVASSINO, 1/A - PHONE 02.467501
OFFICES: 78286 GUYANCOURT (FRANCE), PARC ARIANE IV- 7 AVENUE DU 8 MAI 1945 PHONE 0033 01 61374300
WEBSITE: WWW.SOGEFIGROUP.COM

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BOARD OF DIRECTORS

Honorary Chairman	CARLO DE BENEDETTI
Chairman	MONICA MONDARDINI (1)
Managing Director and General Manager	LAURENT HEBENSTREIT (1)
Directors	PATRIZIA CANZIANI (3) RODOLFO DE BENEDETTI ROBERTA DI VIETO (3) MAURO MELIS (2) - (3) - (4) ERVINO RICCOBON (2) CHRISTIAN STREIFF (2)
Secretary to the Board	NICCOLO' MORESCHINI

BOARD OF STATUTORY AUDITORS

Chairman	SONIA PERON
Acting Auditors	RICCARDO ZINGALES GIUSEPPE LEONI
Alternate Auditors	ANNA MARIA ALLIEVI MAURO GIRELLI DAVIDE BARBIERI

INDEPENDENT AUDITORS

KPMG S.p.A.

Disclosure under Consob Recommendation no. 97001574 of 20 February 1997:

(1) Powers as per Corporate Governance.

(2) Members of the Appointment and Remuneration Committee.

(3) Members of the Control and Risk Committee and of the Committee for Related Party Transactions.

(4) *Lead independent director.*

BOARD OF DIRECTORS' REPORT
ON OPERATIONS OF THE SOGEFI GROUP
IN THE FIRST HALF YEAR

INTRODUCTION

This semi-annual financial report contains the financial statements and the consolidated explanatory notes of the Group, as well as the financial statements of the Parent Company (the latter submitted voluntarily, although not provided for in Italian Legislative Decree no. 195 of 6 November 2007), prepared in accordance with International Accounting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) approved by the European Union and prepared according to IAS 34 applicable on interim financial reporting.

The figures for 2018 have been restated because of the adoption of IFRS 5 ("Non-current assets held for sale and discontinued operations") to the activities of the Fraize plant, the sale of which was completed in April 2019, and the adoption of IAS 29 ("Financial reporting in hyperinflationary economies") to the Argentine subsidiaries.

As from the 1° of January 2019, IFRS 16 “Leases” was also adopted, which provides a new definition of lease and introduces a criterion based on the right of use of an asset to distinguish lease contracts from contracts for the provision of services.

INFORMATION ON OPERATIONS

In the first half of 2019, the world automotive market recorded a 6.7% drop in production, with Europe down by 6.1%, Asia by 12.4% and North America by 2.7%. South America also recorded a decrease (-3.2%), due to the particularly critical trend of the Argentinian market (-33.1%).

Sogefi reported **revenues** of Euro 777.8 million, down by 3.0% at constant exchange rates and by 4.3% at historical exchange rates compared to the same period of 2018, obtaining a better performance in the reference market thanks to the greater business stability in Europe.

By geographical area, as shown in the table below, revenues at constant exchange rates fell by 3.3% in Europe, 3.7% in North America and 14.0% in Asia, as opposed to 11% growth in South America.

Sales by geographic area

(in millions of Euro)	1st half 2019		1st half 2018		% change 1h 19/1h 18	% change 1h 19/1h 18 constant
	Amount	%	Amount	%		
Europe	486.8	62.6	503.5	62.0	(3.3)	(3.3)
North America	146.8	18.9	145.0	17.8	1.2	(3.7)
South America	77.6	10.0	88.1	10.8	(11.9)	11.0
Asia	71.0	9.1	82.4	10.1	(13.8)	(14.0)
Intercompany eliminations	(4.4)	(0.6)	(6.4)	(0.7)	-	-
TOTAL	777.8	100.0	812.6	100.0	(4.3)	(3.0)

By business unit, at constant exchange rates, Suspensions reported a decline of 4.3% (-7.5% at current exchange rates), Filtration was down by 0.6% (-2.1% at current exchange rates) and lastly, Air & Cooling declined by 4.2% (-2.4% at current exchange rates).

Sales by business unit

(in millions of Euro)	1st half 2019		1st half 2018		% change 1h 19/1h 18	% change 1h 19/1h 18 constant
	Amount	%	Amount	%		
Suspensions	292.3	37.6	316.0	38.9	(7.5)	(4.3)
Filtration	272.4	35.0	278.1	34.2	(2.1)	(0.6)
Air&Cooling	214.8	27.6	220.1	27.1	(2.4)	(4.2)
Intercompany eliminations	(1.7)	(0.2)	(1.6)	(0.2)	-	-
TOTAL	777.8	100.0	812.6	100.0	(4.3)	(3.0)

The main customers of Sogefi are Renault/Nissan, PSA, Ford, FCA, GM and Daimler, which together represent 60.2% of revenues (62.1% in the first half of 2018).

Sales by customer

(in millions of Euro)	1st half 2019		1st half 2018		% change
Group	*Amount*	*%*	*Amount*	*%*	*1h 19/1h 18*
Renault/Nissan	94.2	12.1	95.4	11.7	(1.3)
PSA	87.0	11.2	84.6	10.4	2.8
Ford	81.7	10.5	91.1	11.2	(10.3)
FCA/CNH Industrial	80.2	10.3	93.3	11.5	(14.0)
GM	64.5	8.3	71.9	8.8	(10.3)
Daimler	60.4	7.8	68.3	8.4	(11.6)
Volkswagen/Audi	38.7	5.0	43.3	5.3	(10.6)
Toyota	25.5	3.3	25.4	3.1	0.4
BMW	23.0	3.0	22.1	2.7	4.1
Other (including Aftermarket)	222.6	28.5	217.2	26.9	2.5
TOTAL	777.8	100.0	812.6	100.0	(4.3)

The following table provides comparative figures of the income statement for the first half of 2019 and the corresponding period of the previous year.

Reclassified consolidated income statement for the first half of 2019

(in millions of Euro)	*1st half 2019*		*1st half 2018*		*Year 2018*	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
Sales revenues	777,8	100,0	812,6	100,0	1.570,7	100,0
Variable cost of sales	549,2	70,6	566,9	69,8	1.101,4	70,1
CONTRIBUTION MARGIN	228,6	29,4	245,7	30,2	469,3	29,9
Manufacturing and R&D overheads	74,4	9,7	76,3	9,4	153,5	9,8
Depreciation and amortization	60,1	7,7	53,3	6,6	110,6	7,0
Distribution and sales fixed expenses	20,5	2,6	21,2	2,6	41,6	2,6
Administrative and general expenses	42,0	5,4	45,0	5,5	85,7	5,5
Restructuring costs	4,3	0,6	2,7	0,3	9,1	0,6
Losses (gains) on disposal	0,1	-	(0,1)	-	0,1	-
Exchange (gains) losses	1,8	0,2	3,0	0,3	5,5	0,4
Other non-operating expenses (income)	1,0	0,1	6,2	0,8	3,1	0,2
EBIT	24,4	3,1	38,1	4,7	60,1	3,8
Financial expenses (income), net	11,0	1,4	13,9	1,7	23,9	1,5
Losses (gains) from equity investments	-	-	-	-	-	-
RESULT BEFORE TAXES AND NON-CONTROLLING INTERESTS	13,4	1,7	24,2	3,0	36,2	2,3
Income taxes	8,3	1,0	10,4	1,3	20,0	1,3
NET RESULT BEFORE NON-CONTROLLING INTERESTS	5,1	0,7	13,8	1,7	16,2	1,0
Loss (income) attributable to non-controlling interests	(2,2)	(0,3)	(2,1)	(0,3)	(3,3)	(0,2)
NET INCOME (LOSS) OF OPERATING ACTIVITIES	2,9	0,4	11,7	1,4	12,9	0,8
Net income (loss) from discontinued operations	4,0	0,5	3,1	0,4	1,1	0,1
GROUP NET RESULT	6,9	0,9	14,8	1,8	14,0	0,9

EBITDA[1] amounted to Euro 86.4 million, compared to Euro 95.3 million in the first half of 2018; profitability (EBITDA/Sales %) went from 11.7% to 11.1%. The drop in EBITDA mainly reflects lower volumes.

EBIT amounts to Euro 24.4 million compared to Euro 38.1 million in the first half of 2018. Profitability (EBIT/Sales %) was 3.1%, compared to 4.7% in the first half of 2018, and the drop substantially derives, again, from volume decrease.

The quarterly trend shows a slight improvement in profitability in the second quarter compared to the first one (from 2.9% to 3.4%), as well as a realignment to the values of the same period of 2018 (3.8%).

The **profit before taxes and minority interests** was at Euro 13.4 million (Euro 24.2 million in the first half of 2018), after financial expenses of Euro 11 million (Euro 13.9 million in the first half of 2018).

For the first half of 2019, the **net profit** amounted to Euro 6.9 million (Euro 14.8 million in the first half of 2018), after tax expense of Euro 8.3 million (Euro 10.4

[1] EBITDA is calculated by adding to "EBIT" the item "Depreciation and amortization" and the amount of writedowns of tangible and intangible assets posted in "Other non-operating expenses (income)" for Euro 1.9 million in the first half of 2019 (Euro 3.9 million in the corresponding period last year).

million in the same period of 2018). The increase in the impact of taxes reflects the mixed results in the various territories, with some gaining significant profits and others for which it was decided not to recognise any deferred tax assets, in view of the losses linked to the start-up of the business or to continuing critical situations.

The net result includes a profit of Euro 4.0 million from the sale of the Fraize plant (reported under " Net income (loss) from discontinued operations"), which compares with a profit of Euro 3.1 million from the same business in the first half of 2018.

As at 30 June 2019, the Sogefi Group's **workforce** was 6,683 (6,967 as at 31 December 2018). The reduction is due, in addition to the decline in business, to the sale in 2019 of the Fraize plant (127 employees at 31 December 2018 and 123 at 30 June 2018).

Number of employees

	June 30, 2019		*December 31, 2018*		*June 30, 2018*	
	Number	*%*	*Number*	*%*	*Number*	*%*
Managers	100	1.5	107	1.5	107	1.5
Clerical staff	1,873	28.0	1,950	28.0	1,935	27.5
Blue collar workers	4,710	70.5	4,910	70.5	4,998	71.0
TOTAL	6,683	100.0	6,967	100.0	7,040	100.0

As at 30 June 2019, **equity**, not including non-controlling interests, was Euro 195.4 million (vs. Euro 192.9 million as at 31 December 2018), as reported in the table below.

Consolidated net invested capital

(in millions of Euro)	Note*	*June 30, 2019*		*December 31, 2018*		*June 30, 2018*	
		Amount	*%*	*Amount*	*%*	*Amount*	*%*
Short-term operating assets	(a)	322.8	-	304.2		353.0	
Short-term operating liabilities	(b)	(403.9)	-	(403.8)		(446.7)	
Net working capital		(81.1)	(14.8)	(99.6)	(21.0)	(93.7)	(19.8)
Equity investments	(c)	-	-	-	-	-	-
Intangible, tangible fixed assets and other medium and long-term assets	(d)	802.9	146.7	740.7	156.1	765.6	161.5
CAPITAL INVESTED		721.8	131.9	641.1	135.1	671.9	141.7
Other medium and long-term liabilities	(e)	(174.5)	(31.9)	(166.7)	(35.1)	(197.6)	(41.7)
NET CAPITAL INVESTED		547.3	100.0	474.4	100.0	474.3	100.0
Net financial indebtedness		332.1	60.7	260.5	54.9	259.6	54.7
Non-controlling interests		19.8	3.6	21.0	4.4	19.9	4.2
Consolidated equity of the Group		195.4	35.7	192.9	40.7	194.8	41.1
TOTAL		547.3	100.0	474.4	100.0	474.3	100.0

(*) See the notes at the end of this report for a detailed explanation of the reasons for the reclassifications that we have made

The **Free Cash Flow** in the first half of 2019 was negative for Euro 8.8 million, including Euro 5.4 million due to the application of IFRS 16; excluding the effect of IFRS 16, the cash flow for the period was Euro -3.4 million, compared to the positive amount of Euro 3.9 million in the same period of 2018, as a result of the lower operating cash generated due to the business performance.

The table below shows a breakdown of the cash flows of the period compared with first half and full year 2018:

Consolidated management cash flow statement

(in millions of Euro)	Note*	*1st half 2019*	*1st half 2018*	*Year 2018*
SELF-FINANCING	(f)	74.7	80.2	134.4
Change in net working capital		(23.0)	(11.8)	(9.1)
Other medium/long-term assets/liabilities	(g)	-	(2.1)	8.6
CASH FLOW GENERATED BY OPERATIONS		**51.7**	**66.3**	**133.9**
Net decrease from sale of fixed assets	(h)	3.6	0.3	2.6
TOTAL SOURCES		55.3	66.6	136.5
Increase in intangible assets		15.9	18.0	35.5
Purchase of tangible assets		19.0	27.4	58.1
Purchase of Tooling		19.1	17.6	39.2
Increase in tangible assets for rights of use		8.9	-	-
TOTAL APPLICATION OF FUNDS		62.9	63.0	132.8
Exchange differences on assets/liabilities and equity	(i)	(1.2)	0.3	(0.8)
FREE CASH FLOW		**(8.8)**	**3.9**	**2.9**
Holding Company increases in capital		-	0.2	0.3
Net purchase of treasury shares		-	-	-
Increases in share capital of consolidated subsidiaries		-	0.1	0.1
Dividends paid by the Holding Company to shareholders		(3.5)	-	-
Change in fair value derivative instruments		-	0.2	0.2
CHANGES IN SHAREHOLDERS' EQUITY		(3.5)	0.5	0.6
Change in net financial position	(l)	**(12.3)**	**4.4**	**3.5**
Opening net financial position	(l)	**(260.5)**	**(264.0)**	**(264.0)**
Financial debts for right of use at January 1°, 2019		(59.3)	-	-
CLOSING NET FINANCIAL POSITION	(l)	**(332.1)**	**(259.6)**	**(260.5)**

(*) See the notes at the end of this report for a detailed explanation of the reasons for the reclassifications that we have made.

Net financial indebtedness as at 30 June 2019 was Euro 332.1 million, including Euro 64.8 million deriving from adoption of IFRS 16. Excluding this amount, the financial position as at 30 June 2019 was Euro 267.3 million and this is basically in line with the net financial position as at 30 June and 31 December 2018.

Consolidated net financial position

(in millions of Euro)	*June 30, 2019*	*December 31, 2018*	*June 30, 2018*
Cash, banks, financial receivables and securities held for trading	119.6	92.9	106.0
Medium/long-term financial receivables	5.2	5.1	2.6
Short-term financial debts (*)	(128.0)	(62.3)	(78.3)
Medium/long-term financial debts	(328.9)	(296.2)	(289.9)
NET FINANCIAL POSITION	(332.1)	(260.5)	(259.6)

(*) including current portions of medium and long-term financial debts

RECONCILIATION BETWEEN THE PARENT COMPANY'S STATUTORY FINANCIAL STATEMENTS AND THE CONSOLIDATED FINANCIAL STATEMENTS

The following is a reconciliation of the Group's net result and equity at the end of the year with the equivalent figures for the Parent Company (hereinafter also the "Company").

Net profit for the period

(in millions of Euro)	*1st half 2019*	*1st half 2018*
Net profit per Sogefi S.p.A. financial statements	32.7	24.2
Group share of results of subsidiary companies included in the consolidated financial statements	12.8	26.3
Elimination of Sogefi S.p.A. dividends	(38.3)	(33.9)
Elimination of unrealized gains deriving from intercompany transactions and other consolidation adjustments, net of the related deferred taxation	(0.3)	(1.8)
NET PROFIT PER CONSOLIDATED FINANCIAL STATEMENTS	6.9	14.8

Shareholders' equity

(in millions of Euro)	*June 30, 2019*	*December 31, 2018*
Shareholders' equity per Sogefi S.p.A. financial statements	236.5	203.2
Group share of excess equity value of investments in consolidated companies over carrying value in Sogefi S.p.A. financial statements	(50.1)	(19.7)
Elimination of unrealized gains deriving from intercompany transactions and other consolidation adjustments, net of the related deferred taxation	9.0	9.4
SHAREHOLDERS' EQUITY PER CONSOLIDATED FINANCIAL STATEMENTS	195.4	192.9

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

Net profit in the first half of 2019 amounted to Euro 32.7 million compared to Euro 24.2 million in the corresponding period of the previous year.

The increase over the first half of 2018 was primarily attributable to the increased flow of dividends from subsidiaries (+ Euro 4.4 million) and lower net financial expenses (- Euro 3.7 million). Moreover, in the previous year, the Company incurred non-operating expenses (Euro 0.7 million) because of the restructuring of some company services.

Reclassified income statement of the Parent Company

(in millions of Euro)	*1st half 2019*	*1st half 2018*	*Year 2018*
Financial income/expenses and dividends	34.3	26.3	27.2
Adjustments to financial assets	-	-	(36.0)
Other operating revenues	4.1	6.3	12.5
Operating costs	(5.7)	(8.8)	(15.5)
Other non-operating income (expenses)	-	(0.7)	(3.9)
RESULT BEFORE TAXES	32.7	23.1	(15.7)
Income taxes	(0.0)	(1.1)	(2.0)
NET RESULT	32.7	24.2	(13.7)

The following table shows the main items of the statement of financial position as at 30 June 2019, compared with the figures as at 31 December 2018 and 30 June 2018:

Parent Company's net invested capital

(in millions of Euro)	Note*	*June 30, 2019*	*December 31, 2018*	*June 30, 2018*
Short-term assets	(m)	5.0	8.3	7.2
Short-term liabilities	(n)	(3.4)	(4.4)	(5.7)
Net working capital		1.6	3.9	1.5
Equity investments	(o)	381.1	380.9	416.0
Other fixed assets	(p)	43.6	44.6	48.4
CAPITAL INVESTED		426.3	429.4	465.9
Other medium and long-term liabilities	(q)	(1.2)	(0.5)	(1.6)
NET CAPITAL INVESTED		425.1	428.9	464.3
Net financial indebtedness		188.6	225.7	223.8
Shareholders' equity		236.5	203.2	240.5
TOTAL		425.1	428.9	464.3

(*) See the notes at the end of this report for a detailed explanation of the reasons for the reclassifications that we have made.

The following table shows the main items of the statement of financial position of the Company as at 30 June 2019, compared with the figures as at 31 December 2018 and 30 June 2018.

Parent Company's net financial position

(in millions of Euro)	*June 30, 2019*	*December 31, 2018*	*June 30, 2018*
Short-term cash investments	47.3	25.2	43.4
Short/medium-term financial receivables to third and subsidiaries	173.7	160.8	130.5
Short-term financial debts (*)	(141.4)	(123.6)	(122.6)
Medium/long-term financial debts	(268.2)	(288.1)	(275.1)
NET FINANCIAL POSITION	(188.6)	(225.7)	(223.8)

(*) including current portions of medium and long-term financial debts

The item "Medium/long-term financial receivables to third and subsidiaries" includes the receivable of Euro 11.3 million as at 30 June 2019 for dividends resolved by French subsidiary Sogefi Suspensions S.A., the collection of which is scheduled within the second half year.

The table below illustrates the cash flow statement of Sogefi S.p.A.

Parent Company's management cash flow statement

(in millions of Euro)	Note*	*1st half 2019*	*1st half 2018*	*Year 2018*
SELF-FINANCING	(r)	35.1	26.7	28.0
Change in net working capital	(s)	2.3	5.6	3.1
Other medium/long term assets/liabilities	(t)	0.6	1.7	2.0
CASH FLOW GENERATED BY OPERATIONS		**38.0**	**34.0**	**33.1**
Sale of equity investments		-	-	-
Sale of intangible assets		-	-	-
TOTAL SOURCES		38.0	34.0	33.1
Increase in intangible assets		0.2	0.2	0.3
Purchase of tangible assets		-	-	-
Purchase of equity investments		0.2	0.2	1.2
TOTAL APPLICATION OF FUNDS		0.4	0.4	1.5
FREE CASH FLOW		**37.6**	**33.6**	**31.6**
Holding Company increases in capital		-	0.2	0.3
Net purchase of treasury shares		-	-	-
Change in fair value derivative instruments		-	0.2	0.2
CHANGES IN SHAREHOLDERS' EQUITY		-	0.4	0.5
Change in net financial position	(u)	**37.6**	**34.0**	**32.1**
Opening net financial position	(u)	**(225.7)**	**(257.8)**	**(257.8)**
Financial debts for right of use at January 1°, 2019		(0.5)	-	-
CLOSING NET FINANCIAL POSITION	(u)	**(188.6)**	**(223.8)**	**(225.7)**

(*) See the notes at the end of this report for a detailed explanation of the reasons for the reclassifications that we have made.

The net indebtedness as at 30 June 2019 is Euro 188.6 million, showing a decrease compared to 31 December 2018 (Euro 225.7 million) and 30 June 2018 (Euro 223.8 million).

Free cash flow generated in the first half of 2019 was positive at Euro 37.6 million, compared to Euro 33.6 million in the first half of 2018. The increase is mainly due to the higher flow of dividends from subsidiaries.

PERFORMANCE OF THE SOGEFI GROUP

PERFORMANCE OF THE FILTRATION BUSINESS UNIT

In the first half of 2019, the Filtration business unit reported revenues of Euro 272.4 million, down by 2.1% (-0.6% at constant exchange rates).

The EBIT amounted to Euro 8.8 million, compared to Euro 17.3 million in the first six months of 2018, with a decrease in the impact of revenue at 3.2%, from 6.2% of the corresponding period of the previous year.

The reduction in the result is mainly due to the business drop in Europe and the start-up costs not capitalizable of the new plant in Morocco.

Employees of the business unit at 30 June 2019 were 2,856 (2,890 at 31 December 2018).

PERFORMANCE OF THE SUSPENSION BUSINESS UNIT

In the first six months of 2019, the Suspension business unit reported revenues of Euro 292.3 million, down by 7.5% (-4.3% at constant exchange rates), which was particularly affected by the unfavourable trend in China and South America.

The EBIT amounted to Euro 6.4 million, compared to Euro 12.4 million in the first six months of 2018, with an impact on revenue of 2.2%. The drop in EBIT is attributable to the crisis of South American and Chinese business (the latter is expected to recover significantly during the second half of the year due to the launch of new programmes). The result in Europe held up well.

The evolution during the year and for the second half of the year shows an improvement trend linked to the stabilisation or slight decrease in the price of steel.

Employees of the business unit at 30 June 2019 were 2,453 (2,541 at 31 December 2018).

PERFORMANCE OF THE AIR AND COOLING BUSINESS UNIT

In the first six months of 2019, the Air & Cooling business unit reported revenues of Euro 214.8 million, down by 2.4% (-4.2% at constant exchange rates) due to the contraction in sales in China.

The EBIT amounted to Euro 11.3 million, compared to Euro 12.9 million in the first six months of 2018, with an impact on revenue at 5.3%, from 5.9% of the first half of 2018. Because of a positive development of the result of operations in Europe, EBIT fell in North America, due to a non-recurring component of the result posted in the first half of 2018 and the trend of the US dollar/Canadian dollar exchange rate, and in China, due to the reduction in production volumes.

Employees of the business unit at 30 June 2019 were 1,313 (1,471 at 31 December 2018). The figure at the end of June 2019 does not include the employees of the Fraize plant (127 employees at 31 December 2018 and 123 at 30 June 2018), the sale of which was finalised in April 2019.

PERFORMANCE IN THE SECOND QUARTER OF 2019

The following table provides comparative figures of the income statement for the second quarter and the same prior year period.

(in millions of Euro)	Period 4.1 - 6.30.2019		Period 4.1 - 6.30.2018		Change	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
Sales revenues	388,0	100,0	406,3	100,0	(18,3)	(4,5)
Variable cost of sales	272,0	70,1	283,5	69,8	(11,5)	(4,1)
CONTRIBUTION MARGIN	116,0	29,9	122,8	30,2	(6,8)	(5,6)
Manufacturing and R&D overheads	36,1	9,3	37,6	9,3	(1,5)	(3,9)
Depreciation and amortization	30,2	7,8	27,3	6,7	2,9	10,7
Distribution and sales fixed expenses	10,2	2,6	11,0	2,7	(0,8)	(8,1)
Administrative and general expenses	20,4	5,3	22,8	5,6	(2,4)	(10,4)
Restructuring costs	2,4	0,6	1,7	0,4	0,7	45,3
Losses (gains) on disposal	0,1	-	(0,1)	-	0,2	-
Exchange (gains) losses	0,8	0,2	2,3	0,6	(1,5)	-
Other non-operating expenses (income)	2,8	0,7	4,7	1,1	(1,9)	(42,1)
EBIT	13,0	3,4	15,5	3,8	(2,5)	(15,6)
Financial expenses (income), net	4,7	1,3	7,1	1,8	(2,4)	(33,1)
Losses (gains) from equity investments	-	-	-	-	-	-
RESULT BEFORE TAXES AND NON-CONTROLLING INTERESTS	8,3	2,1	8,4	2,0	(0,1)	(0,7)
Income taxes	4,7	1,1	5,3	1,3	(0,6)	(11,2)
NET RESULT BEFORE NON-CONTROLLING INTERESTS	3,6	1,0	3,1	0,7	0,5	(17,3)
Loss (income) attributable to non-controlling interests	(1,0)	(0,3)	(1,0)	(0,2)	-	(2,6)
NET INCOME (LOSS) OF OPERATING ACTIVITIES	2,6	0,7	2,1	0,5	0,5	24,9
Net income (loss) from discontinued operations	2,7	0,7	1,5	0,4	1,2	78,1
GROUP NET RESULT	5,3	1,4	3,6	0,9	1,7	47,8

In the second quarter of 2019, Sogefi posted revenue drop of 4.5% (-3.1% at constant exchange rates) amounting to Euro 388.0 million.

EBITDA amounted to Euro 45.1 million (Euro 46.6 million in the corresponding period of 2018). Impact on sales revenues was basically stable at 11.6%.

EBIT amounted to Euro 13 million (Euro 15.5 million in the second quarter 2018). Profitability (EBIT/Sales %) in the second quarter was 3.4%, up against 2.9% of the first quarter 2019, and tends to realign with the second quarter 2018 (3.8%).

The result before taxes and minority interests was a positive Euro 8.3 million (Euro 8.4 million in the second quarter 2018), after financial expenses of Euro 4.7 million (Euro 7.1 million in the same period of the previous year, which included Euro 1.4 million referred to measurement of the Indian subsidiary at fair value).
The Group's **net result** in the second quarter 2019 was positive at Euro 5.3 million, up compared to the same period of the previous year (Euro 3.6 million).
Net profit includes Euro 2.7 million from "Discontinued operations" (Euro 1.5 million in the first half of 2018) relating to the Fraize plant, the sale of which was completed in April 2019.

INVESTMENTS AND RESEARCH & DEVELOPMENT ACTIVITIES

The investments totalled Euro 62.9 million in the first half year 2019 (Euro 63 million in the first half of the previous year). In detail, investment in tangible fixed assets amounted to Euro 47 million (Euro 45.1 million in the first half year 2018) and include the capitalization of tooling (IFRS 15) for Euro 19.1 million (Euro 17.6 million in the first six months of 2018) and the inscription of right of use (IFRS 16) for Euro 8.9 million (not present in the first half of 2018). The investments in tangible fixed assets (excluding IFRS 15/16 effects) hence totalled Euro 19 million (Euro 27.4 million in the first half of 2018). While the investments in intangible fixed assets amounted to Euro 15.9 million (Euro 18 million in the first half of 2018).
As for investments in tangible fixed assets, these were mainly geared to increasing production capacity, industrialisation of new products, improvement of industrial processes and productivity growth.

TREASURY SHARES

As at 30 June 2019, the Parent Company has 2,376,140 treasury shares in its portfolio, corresponding to 1.98% of share capital, at an average price of Euro 2.28 each. In the first half year 2019, treasury shares decreased after they were assigned to beneficiaries of stock-based compensation plans.

RELATED PARTY TRANSACTIONS

Information on the most important economic transactions and balances with related parties is provided in the explanatory and supplementary notes to the consolidated financial statements, in the section entitled “Related Party Transactions”.
Dealings between Group companies are conducted at arm’s length, taking into account the quality and type of services rendered.

We point out that no transactions have been carried out with related parties or with entities or individuals other than related parties that, according to the definition used by Consob, are atypical or unusual, do not relate to the normal business activity or have a significant impact on the Group's results, balance and financial position.

In 2010 in accordance with Consob Regulation no. 17221 of 12 March 2010 and subsequent amendments, the Company’s Board of Directors appointed the Related Party Transactions Committee, establishing that the members are to be the same as those of the Control and Risks Committee and approved the “*Discipline for related-party transactions*”, which had previously received a favourable opinion of the Control and Risks Committee. The purpose of this Procedure is to establish the principles of conduct that the Company is bound to observe to guarantee the correct management of related-party transactions. This Procedure is available on the Company's website at www.sogefigroup.com, in the “Investor – Corporate Governance” section.
In accordance with Art. 2497 bis of Italian Civil Code, we point out that Sogefi S.p.A. is subject to management and coordination by its parent company CIR S.p.A..

DISCLOSURES PURSUANT TO ART. 70 AND 71 OF CONSOB RULES FOR ISSUERS

Under a resolution of the Board of Directors of 23 October 2012, the Company adopted the simplified procedure provided for by art. 70, paragraph 8 and art. 71, paragraph 1-bis of Consob Regulation issued under Consob Resolution no. 11971 of 14 May 1999 as amended, and made use of the exemption from the obligation to publish the information documents required for significant transactions consisting in mergers, spin-offs, capital increases by means of the conferral of assets in kind, takeovers and transfers.

SIGNIFICANT SUBSEQUENT EVENTS AFTER 30 JUNE 2019

No significant events occurred after 30 June 2019 that could have an impact on the half year consolidated financial statements.

OUTLOOK FOR OPERATIONS

In relation to the forecasts for the automotive market, after the 6.7% decline reported in the first half of 2019, the sources generally used at the sector level are expecting, for the second half of the year, a much lower decrease (-0.4%), which also reflects the weakness of the market in the second half of 2018.
Based on these general prospects, as well as on specific factors, Sogefi expects sales in the second half of the year to be substantially in line with the same period of last year.
Given the above, the EBIT margin in the second half is expected to improve slightly compared to the first half of the year.

Milan, 22 July 2019

FOR THE BOARD OF DIRECTORS
The Managing Director
Laurent Hebenstreit

ANNEX: NOTES RECONCILING THE FINANCIAL STATEMENTS SHOWN IN THE REPORT ON OPERATIONS AND THE FINANCIAL STATEMENTS CONTAINED IN THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AND THE PARENT COMPANY'S STATUTORY FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH IAS/IFRS

Notes relating to the Consolidated Financial Statements

a) the heading agrees with the sum of the line items "Total working capital" and "Assets held for sale" in the Consolidated Statement Of Financial Position;

b) the heading agrees with the sum of the line items "Trade and other payables", "Tax payables", "Other current liabilities" and "Liabilities directly related to assets held for sale" in the Consolidated Statement Of Financial Position;

c) the heading agrees with the sum of the line items "Investments in joint ventures" and "Other financial assets" in the Consolidated Statement Of Financial Position;

d) the heading agrees with the sum of the line items "Total fixed assets" ("Totale immobilizzazioni"), "Other receivables" ("Altri crediti"), "Non-current trade receivables" ("Crediti commerciali non correnti"), and "Deferred tax assets" ("Imposte anticipate") in the Consolidated Statement Of Financial Position;

e) the heading agrees with the line item "Total other long-term liabilities" in the Consolidated Statement Of Financial Position;

f) the heading agrees with the sum of the line items "Net result", "Non-controlling interests", "Depreciation, amortization and writedowns", "Accrued costs for stock-based incentive plans", "Provisions for risks and restructuring" and "Post-retirement and other employee benefits" in the Consolidated Cash Flow Statement with the exception of the financial component relating to pension funds and the deferred taxes included in the item "Income taxes";

g) the heading is included in line item "Other medium/long-term assets/liabilities" in the Consolidated Cash Flow Statement;

h) the heading agrees with the sum of the line items "Losses/(gains) on disposal of fixed assets and non-current assets held for sale", "Sale of property, plant and equipment and non-current assets held for sale" and "Sale of intangible assets" in the Consolidated Cash Flow Statement;

i) the heading agrees with the line items "Exchange differences" in the Consolidated Cash Flow Statement, excluding exchange differences on medium/long-term financial receivables and payables;

(l) these headings differ from those shown in the Consolidated Cash Flow Statement as they refer to the total net financial position and not just to cash and cash equivalents.

Notes relating to the Parent Company's Statutory Financial Statements

(m) the heading agrees with "Total working capital" ("Totale attivo circolante operativo") in the Parent Company's statutory Statement Of Financial Position;

(n) the heading agrees with the sum of the line items "Trade and other payables" ("Debiti commerciali e altri debiti"), "Tax payables" ("Debiti per imposte") and "Other current liabilities" ("Altre passività correnti") in the Parent Company's statutory Statement Of Financial Position;

(o) the heading agrees with the sum of the line items "Equity investments in subsidiaries" ("Partecipazioni in società controllate"), "Equity investments in associates" ("Partecipazioni in società collegate") and "Other financial assets" ("Altre attività finanziarie") in the Parent Company's statutory Statement Of Financial Position;

(p) the heading agrees with the sum of the line items "Total fixed assets" ("Totale immobilizzazioni"), "Other receivables" ("Altri crediti") and "Deferred tax assets" ("Imposte anticipate") in the Parent Company's statutory Statement Of Financial Position;

(q) the heading agrees with the line item "Total other long-term liabilities" ("Totale altre passività a lungo termine") in the Parent Company's statutory Statement Of Financial Position;

(r) the heading agrees with the sum of the line items "Net profit for the period" ("Utile netto di periodo"), "Income taxes" ("Imposte sul reddito"), "Dividends" ("Dividendi"), "Net financial expenses" ("Oneri finanziari netti"), "Depreciation, amortization and writedowns" ("Ammortamenti immobilizzazioni materiali ed immateriali"), "Exchange differences for Cross currency swaps" ("Differenze cambio su Cross currency swap"), "Accrued costs for stock-based incentive plans" ("Accantonamenti costi per piani di incentivazione basati su azioni"), "Exchange differences for private placement" ("Differenze cambio su private placement"), "Net change in the provision for employment termination indemnities" ("Variazione netta fondo trattamento fine rapporto"), "Income taxes collected/(paid)" ("Imposte sul reddito incassate/(pagate)"), "Dividends received" ("Dividendi incassati") and "Net financial charges paid" ("Oneri finanziari netti pagati") in the Parent Company's Cash Flow Statement;

(s) the heading agrees with the sum of the line items "Change in net working capital" ("Variazione del capitale circolante netto"), "Change in tax receivables/payables" ("Variazione dei crediti/debiti per imposte") and "Current income taxes collected/(paid)" ("Imposte correnti sul reddito incassate/(pagate)") of the Parent Company's statutory Cash Flow Statement;

(t) the heading is included in the line item "Other medium/long-term assets/liabilities" ("Altre attività/passività a medio lungo termine") in the Parent Company's Statutory Cash Flow Statement, excluding movements relating to financial receivables/payables;

(u) these headings differ from those shown in the Parent Company's statutory cash flow statement as they refer to the total net financial position and not just to cash and cash equivalents.

DEFINITION OF THE PERFORMANCE INDICATORS

In accordance with recommendation CESR/05-178b published on 3 November 2005 and the new guidance of ESMA n. 1095/2010/EU published on 15 October 2015, the criteria used for constructing the main performance indicators deemed by the management to be useful for the purpose of monitoring Group performance are provided below.

EBITDA: EBITDA is calculated as the sum of "EBIT", "Depreciation and Amortization" and the impairment losses of tangible and intangible fixed assets included in the item "Other non-operating expenses (income)".

"Other non-operating expenses (income)" include amounts that do not relate to ordinary business activities such as:

- writedowns of tangible and intangible fixed assets
- imputed cost of stock grant plans
- accruals to provisions for legal disputes with employees and third parties
- product warranty costs
- strategic consulting services

"Restructuring costs" include voluntary redundancy incentives for all employee categories (managers, clerical staff, blue collar workers) and costs relating to the shutdown of a plant or the discontinuation of individual business lines (personnel costs and related costs associated with shutdown).

"Losses (gains) on disposal" include the difference between the net book value of sold assets and selling price.

Please note that at 30 June 2019 there are no non-recurring charges as defined by Consob in its communication no. DEM/6064293 of 28 July 2006.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of euro)

ASSETS	*Note*	*June 30, 2019*	*December 31, 2018 (*)*
CURRENT ASSETS			
Cash and cash equivalents	*4*	116,236	91,735
Other financial assets	*5*	3,336	1,206
Working capital		-	-
Inventories	*6*	113,162	115,682
Trade receivables	*7*	167,310	141,290
Other receivables	*7*	14,846	8,489
Tax receivables	*7*	23,363	23,064
Other assets	*7*	4,158	2,082
TOTAL WORKING CAPITAL		*322,839*	*290,607*
ASSET HELD FOR SALE	*14*	-	*13,599*
TOTAL CURRENT ASSETS		442,411	397,147
NON-CURRENT ASSETS			
FIXED ASSETS			
Land	*8*	13,147	13,259
Property, plant and equipment	*8*	369,663	368,482
Other tangible fixed assets	*8*	4,333	4,346
Right of use	-	65,476	4,721
Intangible assets	*9*	277,416	278,989
TOTAL FIXED ASSETS		730,035	669,797
OTHER NON-CURRENT ASSETS			
Investments in joint ventures	*10*	-	-
Other financial assets	*11*	46	46
Non-current trade receivables	*12*	-	-
Financial receivables	*12*	5,208	5,115
Other receivables	*12*	33,646	34,284
Deferred tax assets	*13-19*	39,171	36,597
TOTAL OTHER NON-CURRENT ASSETS		78,071	76,042
TOTAL NON-CURRENT ASSETS		808,106	745,839
TOTAL ASSETS		1,250,517	1,142,986

(*) The Group adopted the new IFRS 16 "Leases" using the modified retroactive method as of first-time adoption (since the 1° of January 2019). Therefore, the cumulative effect of the adoption of IFRS 16 was recognised as an adjustment to the opening balance of retained earnings at the 1° of January 2019, without restating comparative data.

The 2018 amounts relating to financial leases from IAS 17 have been reclassified from "Property, plant and equipment" to "Rights of use", in line with the classification established by the new standard.

LIABILITIES	*Note*	*June 30, 2019*	*December 31, 2018 (*)*
CURRENT LIABILITIES			
Bank overdrafts and short-term loans	*15*	4,137	2,064
Current portion of medium/long-term financial debts and other loans	*15*	110,650	57,875
Short-term financial debts for right of use	*0*	12,756	1,592
TOTAL SHORT-TERM FINANCIAL DEBTS		127,543	61,531
Other short-term liabilities for derivative financial instruments	*15*	474	796
TOTAL SHORT-TERM FINANCIAL DEBTS AND DERIVATIVE FIN. INSTRUMENTS		128,017	62,327
Trade and other payables	*16*	356,010	345,529
Tax payables	*16*	11,895	10,029
Other current liabilities	*17*	36,035	38,893
LIABILITIES DIRECTLY ASSOCIATED WITH THE ASSET HELD FOR SALE	*14*	-	9,364
TOTAL CURRENT LIABILITIES		531,957	466,142
NON-CURRENT LIABILITIES			
MEDIUM/LONG-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS			
Financial debts to banks	*15*	134,723	117,785
Other medium/long-term financial debts	*15*	136,344	173,405
Medium/long-term financial debts for right of use	*0*	57,841	5,048
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS		328,908	296,238
Other medium/long-term financial liabilities for derivative financial instruments	*15*	-	-
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS		328,908	296,238
OTHER LONG-TERM LIABILITIES			
Long-term provisions	*18*	75,016	67,249
Other payables	*18*	61,164	62,867
Deferred tax liabilities	*19*	38,323	36,622
TOTAL OTHER LONG-TERM LIABILITIES		174,503	166,738
TOTAL NON-CURRENT LIABILITIES		503,411	462,976
SHAREHOLDERS' EQUITY			
Share capital	*20*	62,461	62,461
Reserves and retained earnings (accumulated losses)	*20*	126,033	116,388
Group net profit (loss) for the period	*20*	6,872	14,007
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE HOLDING COMPANY		195,366	192,856
Non-controlling interests	*20*	19,783	21,012
TOTAL SHAREHOLDERS' EQUITY		215,149	213,868
TOTAL LIABILITIES AND EQUITY		1,250,517	1,142,986

(*) The Group adopted the new IFRS 16 "Leases" using the modified retroactive method as of first-time adoption (since the 1° of January 2019). Therefore, the cumulative effect of the adoption of IFRS 16 was recognised as an adjustment to the opening balance of retained earnings at the 1° of January 2019, without restating comparative data.

The amounts for 2018 relating to financial leases from IAS 17 have been reclassified from the item "Current portion of medium/long-term loans and other loans" to the item "Current financial payables for rights of use" and from the item "Other medium/long-term loans" to the item "Medium/long-term financial payables for rights of use", in line with the classification established by the new standard.

CONSOLIDATED INCOME STATEMENT
(in thousands of Euro)

	Note	1st half 2019		1st half 2018 (*)	
		Amount	%	Amount	%
Sales revenues	22	777,830	100.0	812,595	100.0
Variable cost of sales	24	549,236	70.6	566,924	69.8
CONTRIBUTION MARGIN		228,594	29.4	245,671	30.2
Manufacturing and R&D overheads	25	74,380	9.7	76,349	9.4
Depreciation and amortization	26	60,053	7.7	53,291	6.6
Distribution and sales fixed expenses	27	20,558	2.6	21,238	2.6
Administrative and general expenses	28	41,990	5.4	44,939	5.5
Restructuring costs	30	4,364	0.6	2,730	0.3
Losses (gains) on disposal	31	63	-	(58)	-
Exchange losses (gains)	32	1,773	0.2	2,952	0.3
Other non-operating expenses (income)	33	1,021	0.1	6,160	0.8
EBIT		24,392	3.1	38,070	4.7
Financial expenses (income), net	34	11,034	1.4	13,928	1.7
Losses (gains) from equity investments	35	-	-	-	-
RESULT BEFORE TAXES AND NON-CONTROLLING INTERESTS		13,358	1.7	24,142	3.0
Income taxes	36	8,250	1.0	10,400	1.3
NET RESULT BEFORE NON-CONTROLLING INTERESTS		5,108	0.7	13,742	1.7
Loss (income) attributable to non-controlling interests		(2,253)	(0.3)	(2,055)	(0.3)
NET INCOME (LOSS) OF OPERATING ACTIVITIES		2,855	0.4	11,687	1.4
Net income (loss) from discontinued operations	37	4,017	0.5	3,121	0.4
GROUP NET RESULT		6,872	0.9	14,808	1.8
Earnings per share (EPS) (Euro):	38				
Basic		0.058		0.126	
Diluted		0.058		0.126	

(*) It should be noted that the effect of the application of IAS 29 "Financial Reporting in Hyperinflationary Economies", accounted for during period closing at the end of December 2018, was spread over the quarters of the same year.

The values for the 2018 financial year, relating to "Assets held for sale", have been reclassified following the application of IFRS 5 "Non-current assets held for sale and discontinued operations" to the line "Net income (loss) from discontinued operations ".

The Group adopted the new IFRS 16 "Leases" using the modified retroactive method as of first-time adoption (since the 1° of January 2019). Therefore, the cumulative effect of the adoption of IFRS 16 was recognised as an adjustment to the opening balance of retained earnings at the 1° of January 2019, without restating comparative data.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
(in thousands of Euro)

	Note	*1st half 2019*	*1st half 2018 (*)*
Net result before non-controlling interests		9,125	16,863
Other Comprehensive Income:			
Items that will not be reclassified to profit or loss			
- Actuarial gains (losses)	*20*	(3,894)	1,137
- Tax on items that will not be reclassified to profit or loss	*20*	661	(193)
Total items that will not be reclassified to profit or loss		*(3,233)*	*944*
Items that may be reclassified to profit or loss			
- Profit (loss) booked to cash flow hedge reserve	*20*	364	1,658
- Income tax relating to items that may be reclassified to profit or loss	*20*	(87)	(398)
- Profit (loss) booked to translation reserve	*20*	99	(7,527)
Total items that may be reclassified to profit or loss		*376*	*(6,267)*
Other Comprehensive Income		*(2,857)*	*(5,323)*
Total comprehensive result for the period		6,268	11,540
Attributable to:			
- Shareholders of the Holding Company		3,985	9,482
- Non-controlling interests		2,283	2,058

(*) It should be noted that the effect of the application of IAS 29 "Financial Reporting in Hyperinflationary Economies", accounted for during period closing at the end of December 2018, was spread over the quarters of the same year.

The Group adopted the new IFRS 16 "Leases" using the modified retroactive method as of first-time adoption (since the 1° of January 2019). Therefore, the cumulative effect of the adoption of IFRS 16 was recognised as an adjustment to the opening balance of retained earnings at the 1° of January 2019, without restating comparative data.

CONSOLIDATED CASH FLOW STATEMENT

(in thousands of Euro)

	1st half 2019	*1st half 2018 (*)*
Cash flows from operating activities		
Net result	6,872	14,808
Adjustments:		
- non-controlling interests	2,253	2,055
- depreciation, amortization and writedowns	63,788	60,289
- expenses recognised for share-based incentive plans	385	358
- exchange rate differences on private placement	(1,411)	854
- exchange rate differences on cross currency swap	1,411	(854)
- losses/(gains) on disposal of fixed assets and non-current held for sale	63	(58)
- provisions for risks and restructuring	1,049	(1,077)
- post-retirement and other employee benefits	(1,397)	(1,377)
- net financial expenses	11,034	13,928
- income taxes	8,250	10,400
- change in net working capital	(20,329)	(13,930)
- other medium/long-term assets/liabilities	(349)	(4,000)
CASH FLOWS FROM OPERATING ACTIVITIES	71,619	81,396
Net interests paid	(8,789)	(11,037)
Income taxes paid	(9,709)	(4,983)
NET CASH FLOWS FROM OPERATING ACTIVITIES	53,121	65,377
INVESTING ACTIVITIES		
Net interests cash in	1,078	1,025
Purchase of property, plant and equipment	(38,068)	(45,077)
Purchase of intangible assets	(15,885)	(17,951)
Sale of property, plant, equipment and businesses held for sale	3,456	379
Sale of intangible assets	49	-
NET CASH FLOWS FROM INVESTING ACTIVITIES	(49,370)	(61,624)
FINANCING ACTIVITIES		
Capital increase in subsidiaries from third parties	-	104
Net change in capital	-	253
Dividends paid to Holding Company shareholders and non-controlling interests	(3,512)	(9)
New (repayment of) bonds	(12,584)	(12,584)
New (repayment of) long-term loans	41,573	21,609
New (repayment of) finance leases	(901)	(829)
New (repayment of) finance leases IFRS16	(5,900)	-
NET CASH FLOWS FROM FINANCING ACTIVITIES	18,676	8,544
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	22,427	12,297
Balance at the beginning of the period	89,671	89,719
(Decrease) increase in cash and cash equivalents	22,427	12,297
Exchange differences	1	282
BALANCE AT THE END OF THE PERIOD	112,099	102,298

(*) It should be noted that the effect of the application of IAS 29 "Financial Reporting in Hyperinflationary Economies", accounted for during period closing at the end of December 2018, was spread over the quarters of the same year.

The Group adopted the new IFRS 16 "Leases" using the modified retroactive method as of first-time adoption (since the 1° of January 2019). Therefore, the cumulative effect of the adoption of IFRS 16 was recognised as an adjustment to the opening balance of retained earnings at the 1° of January 2019, without restating comparative data.

Note: this table shows the elements that bring about the change in cash and cash equivalents, as expressly required by IAS 7. The cash flow statement included in the Report of the board of directors on operations shows the various operational components of cash flow, thereby explaining all of the changes in the overall net financial position.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in thousands of Euro)

	Attributable to the shareholders of the parent company														*Third*	*Total*
	Share capital	*Share premium reserve*	*Reserve for treasury shares*	*Treasury shares*	*Legal reserve*	*Stock-based incentive plans reverve*	*Translation reserve*	*Cash flow hedging reserve*	*Actuarial gain (loss) reserve*	*Tax on items booked in Other Comprehensive Income*	*Other reserves*	*Retained earnings*	*Net result for the period*	*Total*		
Balance at December 31, 2017	*62,394*	*17,542*	*6,161*	*(6,161)*	*12,640*	*2,528*	*(49,273)*	*(5,301)*	*(38,908)*	*13,313*	*12,201*	*123,683*	*26,600*	*177,419*	*17,724*	*195,143*
Paid share capital increase	67	186	-	-	-	-	-	-	-	-	-	-	-	253	104	357
Allocation of 2017 net profit:																
Legal reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(9)	(9)
Retained earnings	-	-	-	-	-	-	-	-	-	-	-	26,600	(26,600)	-	-	-
Credit to equity for stock-based incentive plans	-	-	-	-	-	358	-	-	-	-	-	-	-	358	-	358
Other changes	-	178	(178)	178	-	(172)	-	-	-	-	-	7,277	-	7,283	35	7,318
Comprehensive result for the period																
Fair value cash flow hedging instruments	-	-	-	-	-	-	-	1,658	-	-	-	-	-	1,658	-	1,658
Actuarial gain (loss)	-	-	-	-	-	-	-	-	1,137	-	-	-	-	1,137	-	1,137
Tax on items booked in Other Comprehensive Income	-	-	-	-	-	-	-	-	-	(591)	-	-	-	(591)	-	(591)
Currency translation differences	-	-	-	-	-	-	(7,530)	-	-	-	-	-	-	(7,530)	3	(7,527)
Net result for the period	-	-	-	-	-	-	-	-	-	-	-	-	14,808	14,808	2,055	16,863
Total comprehensive result for the period	-	-	-	-	-	-	(7,530)	1,658	1,137	(591)	-	-	14,808	9,482	2,058	11,540
Balance at June 30, 2018	*62,461*	*17,906*	*5,983*	*(5,983)*	*12,640*	*2,714*	*(56,803)*	*(3,643)*	*(37,771)*	*12,722*	*12,201*	*157,560*	*14,808*	*194,795*	*19,912*	*214,707*
Balance at December 31, 2018	*62,461*	*18,212*	*5,677*	*(5,677)*	*12,640*	*2,389*	*(59,760)*	*(3,450)*	*(38,115)*	*12,644*	*12,201*	*159,629*	*14,005*	*192,856*	*21,012*	*213,868*
Adjustment to the date of initial application of IFRS 16 (*)	-	-	-	-	-	-	-	-	-	*1,787*	-	*(6,573)*	-	*(4,786)*	-	*(4,786)*
Balance at January 1°, 2019	*62,461*	*18,212*	*5,677*	*(5,677)*	*12,640*	*2,389*	*(59,760)*	*(3,450)*	*(38,115)*	*14,431*	*12,201*	*153,056*	*14,005*	*188,070*	*21,012*	*209,082*
Paid share capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Allocation of 2018 net profit:							-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,512)	(3,512)
Retained earnings	-	-	-	-	-	-	-	-	-	-	-	14,005	(14,005)	-	-	-
Credit to equity for stock-based incentive plans	-	-	-	-	-	385	-	-	-	-	-	-	-	385	-	385
Other changes	-	250	(250)	250	-	(170)	-	232	-	(67)	-	2,681	-	2,926	-	2,926
Comprehensive result for the period																
Fair value cash flow hedging instruments	-	-	-	-	-	-	-	364	-	-	-	-	-	364	-	364
Actuarial gain (loss)	-	-	-	-	-	-	-	-	(3,894)	-	-	-	-	(3,894)	-	(3,894)
Tax on items booked in Other Comprehensive Income	-	-	-	-	-	-	-	-	-	574	-	-	-	574	-	574
Currency translation differences	-	-	-	-	-	-	69	-	-	-	-	-	-	69	30	99
Total comprehensive result for the period	-	-	-	-	-	-	-	-	-	-	-	-	6,872	6,872	2,253	9,125
Comprehensive result for the period	-	-	-	-	-	-	69	364	(3,894)	574	-	-	6,872	3,985	2,283	6,268
Balance at June 30, 2019	*62,461*	*18,462*	*5,427*	*(5,427)*	*12,640*	*2,604*	*(59,691)*	*(2,854)*	*(42,009)*	*14,938*	*12,201*	*169,742*	*6,872*	*195,366*	*19,783*	*215,149*

(*) The Group adopted the new IFRS 16 "Leases" using the modified retroactive method as of first-time adoption (since the 1° of January 2019). Therefore, the cumulative effect of the adoption of IFRS 16 was recognised as an adjustment to the opening balance of retained earnings at the 1° of January 2019, without restating comparative data.

It should be noted that the effect of the application of IAS 29 "Financial Reporting in Hyperinflationary Economies", accounted for during period closing at the end of December 2018, was spread over the quarters of the same year. For further details, please refer to note 2 “Consolidation principles and accounting policies”.

EXPLANATORY AND SUPPLEMENTARY NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS: CONTENTS

A) GENERAL ASPECTS

1. CONTENT AND FORMAT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements (also “Half-year consolidated financial statements”) for the period 1 January - 30 June 2019 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and adopted by the European Union and have been prepared according to IAS 34 – “Interim Financial Reporting”, applying the same accounting policies used in the preparation of the Consolidated Financial Statements at 31 December 2018 except as provided by note no. 2 “Consolidation principles and accounting policies”. “IFRS” also means the International Accounting Standards (“IAS”) currently in force, as well as all of the interpretation documents issued by the International Financial Reporting Standards Interpretations Committee (“IFRS IC”, formerly “IFRIC”) previously called the Standing Interpretations Committee (“SIC”). To this end, the figures of the financial statements of the consolidated subsidiaries have been appropriately reclassified and adjusted.
As a partial exception to IAS 34 provisions, these interim condensed consolidated financial statements provide detailed as opposed to condensed statements in order to provide a better and clearer overview of the changes that have taken place in the Company’s assets and liabilities, financial position and results during the half-year.
They also contain the disclosures required by IAS 34 with the supplementary information considered useful for a clearer understanding of these half-year consolidated financial statements.
The interim condensed consolidated financial statements as at 30 June 2019 should be read jointly with the annual financial statements as at 31 December 2018.
With reference to IAS 1, the Board Directors confirm that, considering the economic forecasts, the capitalisation and the financial position of the Group, the same operates as a going concern.
The interim condensed consolidated financial statements as at 30 June 2019 were approved by the Board of Directors on 22 July 2019.

1.1 Format of the consolidated financial statements

The financial statements as at 30 June 2019 are consistent with those used for the annual report as at 31 December 2018.

The Income Statement also provides the following intermediate results in order to give a clearer understanding of the typical results of normal manufacturing activities, the financial side of the business and the impact of taxation:

- Contribution margin: it is the difference between sales revenues and variable cost of sales;
- EBIT: it represents the profit before financial items, tax and profit attributable to minority interests;
- Result before taxes and minority interests;
- Net result before non-controlling interests;
- Profit (loss) from operations;
- Group net result.

1.2 Content of the consolidated financial statements

The interim condensed consolidated financial statements for the six-month period ending 30 June 2019 include the Parent Company Sogefi S.p.A. and its controlled subsidiaries.
Section H of these notes gives a list of the companies included in the scope of consolidation and the percentages held.

These financial statements are presented in Euro and all figures are rounded up or down to the nearest thousand Euro, unless otherwise indicated.

The interim condensed consolidated financial statements have been prepared according to the consolidation method on a line-by-line basis of the statements of Sogefi S.p.A., the Parent Company, and those of all Italian and foreign companies under its control.

In the first half of 2019 the subsidiary Sogefi Engine Systems Hong Kong Ltd transferred its stake in subsidiary MARK IV Asset (Shanghai) Auto Parts to the member of JV (Shanghai Asset Industrial). This change did not have a significant impact on the consolidated financial statements at 30 June 2019.

No further changes were made to the scope of consolidation during the period, in addition to the sale of the Fraize production site occurred in April 2019.

1.3 Group composition

As required by IFRS 12, Group composition as at 30 June 2019 and 31 December 2018 was as follows:

Business Unit	*Region*	*Wholly-owned subsidiaries*	
		June 30, 2019	December 31, 2018
Air&Cooling	Canada	1	1
	France	1	1
	Mexico (*)	1	1
	Romania	1	1
	China (**)	2	2
	Luxembourg	1	1
	USA	1	1
	Hong Kong	1	1
Filtration	Italy (***)	1	1
	France	1	1
	Great Britain	1	1
	Spain	1	1
	Slovenia	1	1
	USA (***)	1	1
	Brazil	1	1
	Argentina	1	1
	India (***)	1	1
	Russia	1	1
	Morocco	1	1
Suspensions	France	2	2
	Italy	2	2
	Great Britain	2	2
	Germany	2	2
	The Netherlands	1	1
	Romania	1	1
	Brazil	1	1
	Argentina	1	1
Sogefi Gestion S.A.S.	France	1	1
TOTAL		33	33

(*) This subsidiary works also for Suspensions business unit.

(**) This subsidiary works also for Filtration and Suspensions business units.

(***) These subsidiaries work also for Air&Cooling business units.

Business Unit	*Region*	*Non-wholly-owned subsidiaries*	
		June 30, 2019	December 31, 2018
Air&Cooling	China	-	1
Suspensions	France	1	1
	Spain	1	1
	China	1	1
	India	1	1
TOTAL		4	5

2. CONSOLIDATION PRINCIPLES AND ACCOUNTING POLICIES

The consolidation and accounting policies applied in preparing the condensed consolidated financial statements for the six-month period ended 30 June 2019 are consistent with those used for the annual financial statements as of 31 December 2018 to which the reader should refer, except as reported below due to the application of the new accounting standard IFRS 16.

The preparation of the interim condensed financial statements requires Directors to make estimates and assumptions, which affect the values of revenues, costs, assets and liabilities and the information regarding potential assets and liabilities as at the date of the interim condensed financial statements. If in the future said estimates and assumptions, which are based on the best estimates of the Directors, should change due to actual circumstances, they will be adjusted accordingly in the period in which said circumstances change.
It should also be noted that some measurement processes, in particular the more complex ones, such as the calculation of any impairment of non-current assets, are generally fully made only when the annual financial statements are prepared, when all of the information that may be required is available, with the exception of the cases in which there are impairment indicators that require the performance of an impairment test.
The main items affected by these estimates are as follows:

- goodwill (Euro 126,639 thousand as at 30 June 2019): the goodwill impairment test conducted as of 31 December 2018 confirmed that there was no need to recognise any impairment loss to the values shown in the financial statements. The trend of operating results of the business units in the first half year 2019 and the forecasts for the full year 2019 do not show significant differences compared to the expectations included in the 2019 - 2023 multiyear plan for the Group as approved by the management. Hence there are no indications that the goodwill might be impaired in the first half of 2019;
- recoverability of deferred tax assets for tax losses (Euro 5,564 thousand as at 30 June 2019): as at 30 June 2019 have been recognised deferred tax assets for tax losses incurred during previous years (referred to subsidiaries Sogefi Air & Cooling S.A.S., Sogefi Filtration d.o.o., Sogefi (Suzhou) Auto Parts Co., Ltd, Sogefi Filtration Spain S.A.U., Allevard Springs Ltd and Sogefi USA Inc.) and deferred tax assets for tax losses of the period (referred to subsidiaries Sogefi (Suzhou) Auto Parts Co., Ltd and Sogefi Suspension Argentina S.A.) to the extent that the availability of future taxable income is considered probable, over the time horizon of the plan, against which the tax losses can be used for the subsidiaries. Such probability is also determined based on the fact that such losses have originated under extraordinary circumstances, such as past or on-going restructuring, that are unlikely to occur again in the future and that these losses may be recovered throughout an unlimited or long-term time frame.
  With reference to the Parent Company Sogefi S.p.A., taxes are recognised in the income statement under “Current taxes” to the extent that the loss is actually offset against taxable income generated within the CIR Group tax filing system. Any tax losses carried forward in excess of the offset amount will be recognised as deferred tax assets as they are likely to be recovered taking into account that the Parent Company has joined the CIR Group tax filing system permanently. Any ability to recover such tax will be based on

expected future taxable income according to the forecasts involving the companies participating in the CIR Group tax filing system;

- pension plans (Euro 51,437 thousand as of 30 June 2019): actuaries who offer their consulting services to the Group use different statistic assumptions in order to anticipate future events for the purpose of estimating pension plan expenses, liabilities and assets. Such assumptions concern discount rate, expected return on pension plan assets (this particular assumption concerns nearly exclusively British pension funds), future wage inflation rates, mortality and turnover rates;
- derivatives (Euro 5,424 thousand for assets and Euro 474 thousand for liabilities as at 30 June 2019): the estimate of derivatives fair value and the efficacy test on derivatives held for "hedge accounting" were performed with the aid of external consultants based on valuation models commonly used in the industry.

On 29 March 2017, the UK government invoked Article 50 of the Treaty of Lisbon, notifying the European Council of its intention to withdraw from the EU. There is an initial two-year timeframe for the UK and EU to reach an agreement on the withdrawal and the future UK and EU relationship, although this timeframe can be extended. At this stage, there is significant uncertainty about the withdrawal process, its timeframe and the outcome of the negotiations about the future arrangements between the UK and the EU.

Management applied its judgement in determining impact of this uncertainty on carrying amounts of assets and liabilities in these interim condensed consolidated financial statements. As a result of the assessment, the Group has not identified any impairment triggers at its UK subsidiaries as of 30 June 2019.

IFRS accounting standards, amendments and interpretations applicable since the 1° of January 2019

The following IFRS accounting standards, amendments and interpretations were first adopted by the Group as from 1 January 2019:

Application of new accounting standard IFRS 16 – Leases

The 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 measuring lease agreements, which provides for the underlying asset – including assets underlying operating leases – to be recognised in the statement of financial position as assets and lease financial liability. Lessees may elect to not recognise agreements for low-value assets or with a term of up to 12 months within the scope of this standard. 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 was 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 (under Euro 5,000), 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.

The adoption of the new standard provided the following as at 1 January 2019: Shareholders' equity decreased by Euro 4.8 million (net of tax effects), additional assets from right of use and liabilities from leases, Euro 57.3 million and Euro 59.3 million, respectively. The differences have been recognised in retained earnings.

For further details please refer to note 8 “Tangible fixed assets” and note 15 “Financial debts to banks and other financing creditors”.

Other standards

- Amendment to IFRS 9 “*Prepayment features with Negative Compensation*” (issued on 12 October 2017 and endorsed by the European Commission in March 2018). The amendment proposes that the financial assets which could result in a negative compensation would be eligible to be measured at amortised cost or fair value through other comprehensive income as a result of a prepayment feature (depending on a company's business model). These amendments are to be applied for financial periods beginning on 1 January 2019. The new provisions as at 30 June 2019 did not have any impact on the Sogefi Group's Interim Financial Statements.
- IFRIC 23 “*Uncertainty over income taxes treatment*” (issued on 7 June 2017). The interpretation clarifies the application of recognition and measurement requirements in IAS 12 *Income Taxes* when there is uncertainty about tax treatment. These amendments are to be applied for financial periods beginning on 1 January 2019. The new provisions as at 30 June 2019 did not have any impact on the Sogefi Group's Interim Financial Statements.
- Amendment to IAS 28 “*Long-term Interests in Associates and Joint Ventures*” (issued on 12 October 2017). The amendment clarifies that a company applies IFRS 9 to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture. The amendment also requires IFRS 9 to be applied to these assets before the application of IAS 28, so that the entity does not take into account any adjustments to long-term interests arising from the application of this IAS. These amendments are to be applied for financial periods beginning on 1 January 2019. The new provisions as at 30 June 2019 did not have any impact on the Sogefi Group's Interim Financial Statements.
- Document “*Annual Improvements to IFRS Standards 2015-2017 Cycle*” (published on 12 December 2017). These amendments are part of the Board's

process for maintaining and clarifying IFRS Standards and affected: IAS 12 *Income Taxes*, IAS 23 *Borrowing Costs* and IFRS 3 *Business Combination*. These amendments are to be applied for financial periods beginning on 1 January 2019. These improvements had no effects for the companies within the Sogefi Group.

- Amendment to IAS 19 - *Plan Amendment, Curtailment or Settlement* (published in February 2018). The amendment clarifies how current service cost and net interest are determined when a change occurs in a defined benefit plan. These amendments are to be applied for financial periods beginning on 1 January 2019. The new provisions as at 30 June 2019 did not have any impact on the Sogefi Group's Interim Financial Statements.

IFRS and IFRIC accounting standards, amendments and interpretations not yet endorsed by the European Union

The European Union has not yet completed its endorsement process for the standards and amendments below reported at the date of these Interim Financial Statements. The Directors are evaluating the possible effects of applying these amendments to the Group's Consolidated Financial Statements.

- IFRS 17 "*Insurance Contracts*" (issued on 18 May 2017). These amendments are to be applied for financial periods beginning on 1 January 2021.
- Amendment to "*Conceptual Framework in IFRS Standards*" (published on 29 March 2018). These amendments are to be applied for financial periods beginning on 1 January 2020.
- Amendment to IFRS 3 – *Business combinations* (published in October 2018). This amendment is intended to help determine whether a transaction is an acquisition of a business or of a group of assets that does not meet the definition of business under IFRS 3. The amendments apply to acquisitions occurred after 1 January 2020. Early adoption is allowed.
- Amendment to IAS 1 and IAS 8 - *Definition of material* (published in October 2018). This amendment clarifies the definition of the concept of "*materiality*" provided in IAS 1 to help preparers determine whether a piece of information on an item of the financial statements, a transaction or an event should be provided to users of the financial statements. These amendments are to be applied for financial periods beginning on 1 January 2020. Early adoption is allowed.

Exchange rates

The following exchange rates have been used for translation purposes:

	1st half 2019		*1st half 2018*		*F.Y. 2018*
	Average	*06.30*	*Average*	*06.30*	*12.31*
US dollar	1.1345	1.1380	1.2108	1.1658	1.1450
Pound sterling	0.8750	0.8966	0.8797	0.8860	0.8945
Brazilian real	4.3277	4.3511	4.1413	4.4876	4.4440
Argentine peso	46.8165	48.5678	26.0281	32.7048	43.1593
Chinese renminbi	7.6799	7.8185	7.7101	7.7170	7.8751
Indian rupee	79.5545	78.5240	79.4913	79.8130	79.7298
New romanian Leu	4.7301	4.7343	4.6544	4.6631	4.6635
Canadian dollar	1.5079	1.4893	1.5464	1.5442	1.5605
Mexican peso	21.7960	21.8201	23.0787	22.8817	22.4921
Moroccan Dirham	10.8743	10.8990	11.2486	11.1080	10.9390
Hong Kong dollar	8.8976	8.8866	9.4904	9.1468	8.9675

B) SEGMENT INFORMATION

3. OPERATING SEGMENTS

In compliance with the provisions of IFRS 8, the following information is provided by operating segments (business segments).
The operating segments and performance indicators have been determined on the basis of the reports used by the management for taking strategic decisions.

Business segments

With regard to the business segments, disclosures concerning the three business units are provided: Suspensions, Filtration, and Air & Cooling. Figures for the Parent Company Sogefi S.p.A. and the subsidiary Sogefi Gestion S.A.S. are also provided for the purpose of reconciliation with consolidated values. For further details, please see note 40 “Related party transactions”.

The tables below provide the income statement and statement of financial position figures of the Group for the first half of 2018 and 2019:

(in thousands of Euro)	*June 30, 2018*					
	Air & Cooling	Suspensions	Filtration	Sogefi SpA / Sogefi Gestion S.A.S.	Adjust-ments	Sogefi Group consolida-tion
REVENUES						
Sales to third parties	219,682	315,120	277,793	-	-	812,595
Intersegment sales	411	910	281	12,705	(14,307)	-
TOTAL REVENUES	220,093	316,030	278,074	12,705	(14,307)	812,595
RESULTS						
EBIT	12,881	12,360	17,254	(4,030)	(395)	38,070
Financial expenses, net						(13,928)
Income from equity investments						-
Losses from equity investments						-
Result before taxes						24,142
Income taxes						(10,400)
Loss (profit) attributable to non-controlling interests						(2,055)
Loss (profit) attributable to discounted operations, net of tax effects						3,121
NET RESULT						14,808
STATEMENT OF FINANCIAL POSITION						
ASSETS						
Segment assets	374,009	441,453	394,647	620,376	(751,322)	1,079,163
Unallocated assets	-	-	-	-	148,081	148,081
TOTAL ASSETS	374,009	441,453	394,647	620,376	(603,241)	1,227,244
LIABILITIES						
Segment liabilities	243,194	295,885	315,611	412,694	(254,851)	1,012,533
TOTAL LIABILITIES	243,194	295,885	315,611	412,694	(254,851)	1,012,533
OTHER INFORMATION						
Increase in tangible and intangible fixed assets	23,290	15,461	24,004	760	(487)	63,028
Depreciation, amortization and writedowns	21,959	18,259	17,522	2,020	529	60,289

(in thousands of Euro)	June 30, 2019					
	Air & Cooling	Suspensions	Filtration	Sogefi SpA / Sogefi Gestion S.A.S.	Adjust-ments	Sogefi Group consolida-tion
REVENUES						
Sales to third parties	214,350	291,350	272,130	-	-	777,830
Intersegment sales	417	965	223	11,683	(13,288)	-
TOTAL REVENUES	214,767	292,315	272,353	11,683	(13,288)	777,830
RESULTS						
EBIT	11,296	6,411	8,789	(1,568)	(536)	24,392
Financial expenses, net						(11,034)
Income from equity investments						-
Losses from equity investments						-
Result before taxes						13,358
Income taxes						(8,250)
Loss (profit) attributable to non-controlling interests						(2,253)
Loss (profit) attributable to discounted operations, net of tax effects						4,017
NET RESULT						6,872
STATEMENT OF FINANCIAL POSITION						
ASSETS						
Segment assets	356,975	454,914	423,031	638,932	(760,897)	1,112,955
Unallocated assets	-	-	-	-	137,562	137,562
TOTAL ASSETS	356,975	454,914	423,031	638,932	(623,335)	1,250,517
LIABILITIES						
Segment liabilities	238,133	331,204	361,116	424,763	(319,847)	1,035,369
TOTAL LIABILITIES	238,133	331,204	361,116	424,763	(319,847)	1,035,369
OTHER INFORMATION						
Increase in tangible and intangible fixed assets	25,391	14,294	13,749	554	(35)	53,953
Depreciation, amortization and writedowns	23,262	18,710	18,962	2,253	601	63,788

Please note that the Air & Cooling Business Unit figures include the net book value of the Systemes Moteurs Group (company name is now Sogefi Air & Cooling S.A.S.), deriving from local accounts – in other words, not including the fair value adjustment of net assets after the Purchase Price Allocation of 2011 – and only the adjustments arising from the Purchase Price Allocation and relating to the change in product warranty provisions (contingent liabilities booked upon PPA); the remaining adjustments arising from the Purchase Price Allocation are posted in column “Adjustments”.
Adjustments to “Intersegment sales” mainly refer to services provided by the Parent Company Sogefi S.p.A. and by subsidiary Sogefi Gestion S.A.S. to other Group companies (see note 40 for further details on the nature of the services provided). This item also includes intersegment sales between the business units. Intersegment transactions are conducted according to the Group's transfer pricing policy.
The adjustments to “EBIT” mainly refer to depreciation and amortization linked to the revaluation of assets resulting from the acquisition of the Systemes Moteurs Group in 2011.

In the Statement of Financial Position, the adjustments to the item “Segment assets” refer to the consolidation entry of investments in subsidiaries and intercompany receivables.
Adjustments to “Unallocated assets” mainly include the goodwill and the fixed assets revaluations resulting from the acquisitions of: the Allevard Ressorts Automobile Group, Sogefi Rejna S.p.A., the Filtrauto Group, 60% of Sogefi M.N.R. Filtration India Private Ltd (now merged into Sogefi Engine Systems India Pvt Ltd) and Systemes Moteurs Group.
“Depreciation, amortization and writedowns” include writedowns of tangible and intangible fixed assets of Euro 1,924 thousand for the most part relating to European subsidiaries.

These assets were written down based on the recoverable amount of assets at the end of the first half of 2019.

Information on the main customers

Revenues from sales to third parties as of 30 June 2019 accounting for over 10% of Group revenues are shown in the following table:

(in thousands of Euro)	*June 30, 2019*				
Group	Group		BU Filtration	BU Air & Cooling	BU Suspensions
	Amount	*%*			
Renault/Nissan	94,214	12.1	25,480	20,999	47,735
PSA	86,992	11.2	22,906	27,039	37,047
Ford	81,676	10.5	26,081	36,106	19,489
FCA/CNH Industrial	80,175	10.3	36,396	17,580	26,199

Information on geographic areas

The breakdown of revenues by geographical area is analysed in the note 22 “Revenues”.

The following table shows a breakdown of total assets by geographical area:

(in thousands of Euro)	*June 30, 2018*					
	Europe	South America	North America	Asia	Adjust-ments	Sogefi Group consolidation
TOTAL ASSETS	1,582,075	86,877	164,846	78,655	(685,209)	1,227,244

(in thousands of Euro)	*June 30, 2019*					
	Europe	South America	North America	Asia	Adjust-ments	Sogefi Group consolidation
TOTAL ASSETS	1,598,281	94,616	189,193	79,718	(711,291)	1,250,517

C) NOTES ON THE MAIN INCOME STATEMENT ITEMS: STATEMENT OF FINANCIAL POSITION

C 1) ASSETS

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents amount to Euro 116,236 thousand versus Euro 91,735 thousand as of 31 December 2018 and break down as follows:

(in thousands of Euro)	*June 30, 2019*	*December 31, 2018*
Short-term cash investments	116,187	91,676
Cash on hand	49	59
TOTAL	116,236	91,735

Bank deposits earn interest at a floating rate.

For further details on changes in the various components of the net financial position, please see note 21.

As of 30 June 2019, the Group has unused lines of credit for the amount of Euro 242,642 thousand. These funds are available for use on demand, because the conditions required for their availability are met.

5. OTHER FINANCIAL ASSETS

"Other financial assets" can be broken down as follows:

(in thousands of Euro)	*June 30, 2019*	*December 31, 2018*
Financial receivables	3,120	1,023
Assets for derivative financial instruments	216	183
TOTAL	3,336	1,206

Financial receivables mainly refer to financial instruments issued by leading Chinese banks, at the request of some customers, as payment for supplies made by the Chinese subsidiaries.
"Assets for derivative financial instruments" refer to the fair value of forward foreign currency contracts not designated in hedge accounting.

6. INVENTORIES

The breakdown of inventories is as follows:

(in thousands of Euro)	*June 30, 2019*			*December 31, 2018*		
	Gross	*Write-downs*	*Net*	*Gross*	*Write-downs*	*Net*
Raw, ancillary and consumable materials	63,758	6,220	57,538	63,734	5,363	58,371
Work in progress and semi-finished products	17,479	818	16,661	17,119	533	16,586
Finished goods and goods for resale	45,572	6,609	38,963	47,023	6,298	40,725
TOTAL	126,809	13,647	113,162	127,876	12,194	115,682

The net value of inventories decreased by Euro 2,520 thousand compared to 31 December 2018. This decrease is mainly due to the European subsidiaries.

7. TRADE AND OTHER RECEIVABLES

Current receivables break down as follows:

(in thousands of Euro)	*June 30, 2019*	*December 31, 2018*
Trade receivables	169,269	141,265
Allowance for doubtful accounts	(3,894)	(4,343)
Trade receivables, net	165,375	136,922
Due from Parent Company	1,935	4,368
Tax receivables	23,363	23,064
Other receivables	14,846	8,489
Other assets	4,158	2,082
TOTAL	209,677	174,925

“Trade receivables” are non-interest bearing and have an average due date of 33 days, against 30 days at the end of the previous year.

It should be noted that as of 30 June 2019, the Group factored trade receivables for Euro 103,231 thousand (Euro 99,212 thousand as of 31 December 2018), including an amount of Euro 95,139 thousand which was not notified (Euro 91,511 thousand as of 31 December 2018) and for which the Group continues to manage collection services. The risks and benefits related to these receivables have been transferred to the factor; therefore these receivables have been derecognised in the Statement of Financial Position debiting the consideration received from the factoring company.

Excluding the factoring transactions (Euro 103,231 thousand as at 30 June 2019 and Euro 99,212 thousand as at 31 December 2018), net trade receivables increased by Euro 32,472 thousand mainly as a result of the increase in the Group’s business activities in June 2019 compared to the end of the previous year, as well as of the increase in average collection days.

“Due from Parent Company” includes net receivables resulting from the participation in the Group tax filing system, due to Italian companies from the Parent Company CIR S.p.A.. Outstanding receivables as at 31 December 2018 were collected for a

total of Euro 3,938 thousand in the first half of 2019. For further details, please refer to note 40.
"Tax receivables" include tax credits due to Group companies by the tax authorities of various countries for direct and indirect taxation.
It does not include deferred tax assets which are treated separately.

"Other receivables" break down as in the following table:

(in thousands of Euro)	*June 30, 2019*	*December 31, 2018*
Amounts due from social security institutions	38	11
Amounts due from employees	94	217
Advances to suppliers	4,179	3,274
Due from others	10,535	4,987
TOTAL	14,846	8,489

The increase in the item "Due from others" mainly refers to the recognition of an insurance refund for damage deriving from a fire at the subsidiary Sogefi HD Suspensions Germany GmbH. This fire, occurred in the month of December 2018, involved a machine dedicated to the production phase of tempering a product line.

"Other assets" mainly consist of accrued income and prepayments on insurance premiums and indirect taxes on buildings.
The increase in this item is seasonal and it is mainly due to the prepaid insurance policies, the indirect taxes on buildings, and the IT maintenance fees paid in the first few months of the year but relative to the year as a whole.

8. TANGIBLE FIXED ASSETS

The net carrying amount of tangible fixed assets as of 30 June 2019 amounted to Euro 452,619 thousand versus Euro 390,808 thousand at the end of the previous year and breaks down as follows:

(in thousands of Euro)	Land	Buildings, plant and machinery, commercial and industrial equipment	Other assets	Assets under construction and payments on account	*Tooling*	Tooling under construction	*Right of use / finance leases IAS 17 (*)*	*TOTAL*
Balance at December 31, 2018								
Historical cost	13,348	860,493	36,963	45,931	145,487	44,106	-	1,146,328
Accumulated depreciation	89	632,504	32,606	1,049	89,182	90	-	755,520
Net value	13,259	227,989	4,357	44,882	56,305	44,016	-	390,808
Reclassification right of use / finance leases IAS 17 (*)	-	(4,711)	(10)	-	-	-	4,721	-
Balance at December 31, 2018	13,259	223,278	4,347	44,882	56,305	44,016	4,721	390,808
Adjustment to the date of initial application of IFRS 16	-	-	-	-	-	-	57,345	57,345
Additions of the period	-	2,797	206	15,983	1,924	16,598	8,938	46,446
Disposals during the period	-	(62)	-	(7)	-	(120)	(56)	(245)
Exchange differences	(72)	296	143	86	476	289	601	1,819
Depreciation for the period	-	(19,420)	(1,255)	-	(16,106)	-	(6,267)	(43,048)
Writedowns/revaluations during the period	-	(28)	-	-	(73)	-	-	(101)
Other changes	(40)	17,080	892	(16,641)	3,398	(5,288)	194	(405)
Balance at June 30, 2019	13,147	223,941	4,333	44,303	45,924	55,495	65,476	452,619
Historical cost	13,277	863,806	37,505	45,352	150,342	55,585	98,773	1,264,640
Accumulated depreciation	130	639,865	33,172	1,049	104,418	90	33,297	812,021
Net value	13,147	223,941	4,333	44,303	45,924	55,495	65,476	452,619

(*) The Group adopted the new IFRS 16 "Leases" using the modified retroactive method as of first-time adoption (since the 1° of January 2019). Therefore, the cumulative effect of the adoption of IFRS 16 was recognised as an adjustment to the opening balance of retained earnings at the 1° of January 2019, without restating comparative data.

The 2018 amounts relating to financial leases from IAS 17 have been reclassified from "Property, plant and machinery, commercial and industrial equipment" and "Other assets" to "Rights of use", in line with the classification established by the new standard.

Investments during the period amounted to Euro 46,446 thousand and mainly refer to "Assets under construction and payments on account" and "Tooling under construction".

Major investments in the "Assets under construction and payments on account" category reflect investments in the subsidiary Sogefi Filtration S.A. to increase production capabilities and develop new products; subsidiaries Sogefi U.S.A., Inc. and Sogefi Suspensions S.A. to develop new products; subsidiaries S.C. Sogefi Air & Cooling S.r.l. and Sogefi (Suzhou) Auto Parts Co., Ltd to increase production capabilities and develop new products.

In the category "Tooling under construction", the main investments concerned in particular the subsidiaries Sogefi Air & Cooling S.A.S., Sogefi Air & Cooling Canada Corp. and Sogefi Suspensions S.A..

During the first half year 2019, no relevant disposals were made.

"Depreciation for the period" has been recorded in the appropriate item in the Income Statement.

"Writedowns/revaluations during the period" totalled Euro 101 thousand.
"Other changes" mainly refer to the completion of projects that were under way at the end of the previous year and their reclassification under the pertinent items.

Guarantees
As of 30 June 2019, tangible fixed assets are encumbered by mortgages or liens totalling Euro 839 thousand to guarantee loans from financial institutions, compared to Euro 771 thousand as of 31 December 2018. Existing guarantees refer to subsidiaries Sogefi Air & Cooling Canada Corp. and Allevard IAI Suspensions Private Ltd.

Purchase commitments
As at 30 June 2019, there are binding commitments to buy tangible fixed assets for the amount of Euro 4,630 thousand (Euro 2,721 thousand as at 31 December 2018). Said commitments will be settled for the most part within 12 months.

Rights of use

The net carrying amount of rights of use as of 30 June 2019 amounted to Euro 65,476 thousand versus Euro 62,066 thousand at the 1° of January 2019 and breaks down as follows:

(in thousands of Euro)	*Industrial Buildings*	*Other buildings*	*Plant and machinary*	*Commercial and industrial equipment*	*Other assets*	*TOTAL*
Balance at January 1°, 2019						
Historical cost	61,770	9,402	11,138	703	5,891	88,904
Accumulated depreciation	18,344	928	6,812	644	110	26,838
Net value	43,426	8,474	4,326	59	5,781	62,066
Additions of the period	7,420	136	141	68	1,173	8,938
Disposals during the period	-	-	-	-	(56)	(56)
Exchange differences	672	(73)	27	-	(25)	601
Depreciation for the period	(3,749)	(809)	(589)	(17)	(1,103)	(6,267)
Other changes	312	393	-	-	(511)	194
Balance at June 30, 2019	48,081	8,121	3,905	110	5,259	65,476
Historical cost	70,334	9,852	11,347	775	6,465	98,773
Accumulated depreciation	22,253	1,731	7,442	665	1,206	33,297
Net value	48,081	8,121	3,905	110	5,259	65,476

Additions during the period amounted to Euro 8,938 thousand and mainly refer to "Industrial buildings" and they mainly affected the subsidiaries Sogefi Suspension Argentina S.A. and Sogefi U.S.A., Inc..

During the first half year 2019, no relevant disposals were made.

"Depreciation for the period" has been recorded in the appropriate item in the Income Statement.

9. *INTANGIBLE ASSETS*

At 30 June 2019 intangible assets amount to Euro 277,416 thousand against Euro 278,989 thousand at the end of the previous year and break down as follows:

(in thousands of Euro)	*Develop-ment costs*	*Industrial patents and intellectual property rights, concessions licences and trademarks*	*Other, assets under constructi-on and payments on account*	*Customer Relationship*	*Trade name Systemes Moteurs*	*Goodwill*	*TOTAL*
Balance at December 31, 2018							
Historical cost	271,129	71,816	25,013	19,215	8,437	149,537	545,147
Accumulated amortization	188,594	38,042	6,056	7,342	3,226	22,898	266,158
Net value	82,535	33,774	18,957	11,873	5,211	126,639	278,989
Balance at December 31, 2018	82,535	33,774	18,957	11,873	5,211	126,639	278,989
Additions of the period	9,367	255	6,263	-	-	-	15,885
Disposals during the period, net	(49)	-	-	-	-	-	(49)
Exchange differences	757	8	60	-	-	-	825
Amortization for the period	(13,888)	(2,061)	(354)	(495)	(217)	-	(17,015)
Writedowns / revaluations during the period	(1,746)	-	(78)	-	-	-	(1,824)
Other changes	3,148	325	(2,874)	3	3	-	605
Balance at June 30, 2019	80,124	32,301	21,974	11,381	4,997	126,639	277,416
Historical cost	275,375	72,426	28,480	19,215	8,437	149,541	553,474
Accumulated amortization	195,251	40,125	6,506	7,834	3,440	22,902	276,058
Net value	80,124	32,301	21,974	11,381	4,997	126,639	277,416

Investments in the half year amounted to Euro 15,885 thousand.

The increases in "Development costs" refer to the capitalisation of costs incurred by Group companies to develop new products in collaboration with leading motor vehicle manufacturers. The most significant investments refer to the subsidiaries Sogefi (Suzhou) Auto Parts Co., Ltd, Sogefi Filtration S.A., Sogefi Engine Systems Mexico S. de R.L. de C.V. and Sogefi Air & Cooling Canada Corp., Sogefi Air & Cooling S.A.S. and Sogefi Suspension Eastern Europe S.R.L..

Increases in "Industrial patents and intellectual property rights, concessions, licences and trademarks" refer mainly to the development and implementation of the new information system across the Sogefi Group. This integrated information system is amortised on a ten-year basis, based on its estimated useful life, starting from the date of implementation in each subsidiary.

Increases in "Other, assets under construction and payments on account" refer mainly to a large number of investments in the development and implementation of the new information system across the Sogefi Group. The largest investments were made in subsidiaries Sogefi Filtration d.o.o., Sogefi U.S.A., Inc., Sogefi Engine Systems India Pvt Ltd and Sogefi Air & Cooling S.A.S..

"Writedowns/revaluations during the period" totalled Euro 1,824 thousand and relates to no longer recoverable research and development projects, mainly of the European subsidiaries.

There are no intangible assets with an indefinite useful life except for goodwill.

The specific goodwill of C.G.U. “Filtration” amounts to Euro 77,030 thousand; the goodwill of C.G.U. “Air & Cooling” amounts to Euro 32,560 thousand; and the goodwill of C.G.U. “Car Suspension” amounts to Euro 17,049 thousand. The trend of operating results of the business units in the first half year 2019 and the forecasts for the full year 2019 do not show significant differences compared to the expectations included in the 2019 - 2023 multiyear plan for the Group as approved by the management. Hence there are no indications that the goodwill might be impaired in the first half of 2019.

10. INVESTMENTS IN JOINT VENTURES

As at 30 June 2019, this item amounts to zero.

11. OTHER FINANCIAL ASSETS

As at 30 June 2019, this item amounts to Euro 46 thousand, unchanged compared to the previous fiscal year.

12. FINANCIAL RECEIVABLES AND OTHER NON-CURRENT RECEIVABLES

Financial receivables total Euro 5,208 thousand (Euro 5,115 thousand as of 31 December 2018) and refer to the fair value of Cross Currency Swap (CCS) hedging contracts. For further details, please refer to note 46.

The item “Other receivables” also includes tax credits relating to the research and development activities of the French subsidiaries, other tax credits and non-interest bearing guarantee deposits for leased properties. These receivables will be collected over the coming years.

13. DEFERRED TAX ASSETS

As at 30 June 2019, this item amounts to Euro 39,171 thousand compared to Euro 36,597 thousand as of 31 December 2018.
This amount mainly relates to the expected benefits on deductible temporary differences, booked to the extent that it is likely to be recovered.

This item also includes deferred tax assets for tax losses of Euro 5,564 thousand (Euro 6,392 thousand as at 31 December 2018).
Taxes for tax losses incurred during the year amount to Euro 264 thousand and relate to subsidiaries Sogefi (Suzhou) Auto Parts Co., Ltd and Sogefi Suspension Argentina S.A..

Taxes for tax losses incurred in previous years amount to Euro 5,300 thousand and relate to subsidiaries Sogefi Air & Cooling S.A.S. (Euro 2,904 thousand, Euro 3,619 thousand as at 31 December 2018), Sogefi (Suzhou) Auto Parts Co., Ltd (Euro 150 thousand; Euro 387 thousand as at 31 December 2018), Sogefi Filtration Spain S.A.U. (Euro 929 thousand; Euro 1,071 thousand as at 31 December 2018), Allevards Springs Ltd (Euro 310 thousand; Euro 350 thousand as at 31 December 2018), Sogefi Filtration d.o.o. (Euro 350 thousand; amount not changed compared to 31 December 2018) and Sogefi U.S.A. Inc. (Euro 657 thousand, Euro 654 thousand as at 31 December 2018).

With regard to the above mentioned subsidiaries, these taxes were recognised because it is believed to be probable that taxable income will be available in the future - within the time frame of the business plan - against which such tax losses can be utilised. Such probability is determined based on the fact that losses have originated under extraordinary circumstances that are unlikely to occur again, such as restructuring plans currently under way or occurred in the past.
The losses of the French and Spanish subsidiaries can be carried forward indefinitely but new law passed in 2012 in France and in 2016 in Spain has maintained a limit for the amount that can be utilised each year, making recovery time longer. The losses of the Slovenian subsidiary can also be carried forward indefinitely but there is a limit for the amount that can be utilised each year. The losses of the US subsidiary can be carried forward over a period of up to 20 years since they were incurred, the losses of the Chinese and Argentine subsidiaries can be carried forward over a period of up to 5 years since they were incurred, whereas the losses of the English subsidiary can be carried forward indefinitely.

14. ASSETS HELD FOR SALE AND LIABILITIES DIRECTLY RELATED TO ASSETS HELD FOR SALE

At 31 December 2018 this item included the assets and liabilities of the Fraize plant, of the French subsidiary Sogefi Air & Cooling S.A.S., classified as “Assets held for sale” and sold in the first half of 2019. For further details, please refer to note 37 “Net income (loss) from discontinued operations”.

C 2) LIABILITIES AND EQUITY

15. FINANCIAL DEBTS TO BANKS AND OTHER FINANCING CREDITORS

These break down as follows:

Current portion

(in thousands of Euro)	*June 30, 2019*	*December 31, 2018*
Bank overdrafts and short-term loans	4,137	2,064
Current portion of medium/long-term financial debts	110,650	57,875
Short-term financial debts for right of use	12,756	1,592
Total loans maturing within one year	123,406	59,467
TOTAL SHORT-TERM FINANCIAL DEBTS	127,543	61,531
Other short-term liabilities for derivative financial instruments	474	796
TOTAL SHORT-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	128,017	62,327

Non-current portion

(in thousands of Euro)	*June 30, 2019*	*December 31, 2018*
Financial debts to banks	134,723	117,785
Other medium/long-term financial debts	136,344	173,405
Medium/long-term financial debts for right of use	57,841	5,048
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	328,908	296,238

Bank overdrafts and short-term loans

For further details, please refer to the Analysis of the net financial position included in note 21 and to the Consolidated Cash Flow Statement included in the financial statements.

Current and non-current portions of medium/long-term financial debts

Details are as follows (in thousands of Euro):

Balance at 30 June 2019:

Company	Bank/Credit Institute	Signing date	Due date	Original amount loan	Interest rate	Current portion	Non-current portion	Total amount	Real Guaran-tees
Sogefi S.p.A.	Banca Nazionale del Lavoro S.p.A.	Dec -2018	Dec -2023	80,000	Euribor trim. + 145 bps	-	79,943	79,943	N/A
Sogefi S.p.A.	Private placement	May - 2013	May - 2020	25,000	Fixed coupon 505 bps	24,988	(*)	24,988	N/A
Sogefi S.p.A.	Mediobanca S.p.A	Aug- 2018	Aug- 2020	25,000	Euribor trim. + 110 bps	-	24,985	24,985	N/A
Sogefi S.p.A.	ING Bank N.V.	Jul - 2015	Sept - 2022	55,000	Euribor trim. + 165 bps	-	24,937	24,937	N/A
Sogefi S.p.A.	Mediobanca S.p.A	Jun- 2017	Jun- 2020	20,000	Euribor trim. + 110 bps	19,991	-	19,991	N/A
Sogefi S.p.A.	Private placement	May - 2013	May - 2023	USD 115.000	Fixed coupon 600 bps	14,436	(*)	14,436	N/A
Sogefi S.p.A.	Banco do Brasil S.A.	May -2018	Sept - 2020	20,000	0,98% fixed	8,372	3,245	11,617	N/A
Sogefi Filtration S.A.	CIC S.A.	Apr - 2019	Sept - 2019	7,000	Euribor trim. + 75 bps	7,000	-	7,000	N/A
Sogefi Suspensions S.A.	CIC S.A.	Jun - 2019	Sept - 2019	6,000	Euribor trim. + 130 bps	6,000	-	6,000	N/A
Sogefi (Suzhou) Auto Parts Co., Ltd	Intesa SanPaolo S.p.A.	Nov - 2018	Nov - 2019	5,116	4,85 % fixed	5,116	-	5,116	N/A
Sogefi Filtration S.A.	BNP Paribas S.A.	Jan - 2019	Sept - 2019	5,000	trim. + 60 bps	5,000	-	5,000	N/A
Sogefi (Suzhou) Auto Parts Co., Ltd	Unicredit S.p.A.	Nov - 2018	Nov - 2019	4,413	4,82 % fixed	4,413	-	4,413	N/A
S.C. Sogefi Air & Cooling S.r.l.	ING Bank	Mar - 2018	May - 2020	4,647	ROBOR trim. + 150 bps	2,475	-	2,475	N/A
Sogefi Filtration S.A.	Société Générale	Apr - 2017	Oct - 2019	5,000	Euribor trim. + 75 bps	1,257	-	1,257	N/A
Sogefi Suspensions S.A.	Société Générale	Apr - 2017	Oct - 2019	5,000	trim. + 75 bps	1,257	-	1,257	N/A
Sogefi Air&Cooling S.A.S.	Société Générale	May - 2017	Nov - 2019	5,000	trim. + 75 bps	1,257	-	1,257	N/A
Sogefi Filtration do Brasil Ltda	Banco do Brasil	Nov - 2018	Oct -2020	1,149	9,21% fixed	-	1,149	1,149	N/A
Sogefi Filtration do Brasil Ltda	Banco Itau	Apr - 2018	Mar - 2020	1,149	10,16% fixed	1,149	-	1,149	N/A
Sogefi Filtration do Brasil Ltda	Banco do Brasil	Dec - 2018	Dec - 2019	1,324	4,80% fixed	1,321	-	1,321	N/A
Other financial debts						6,618	464	7,082	N/A
TOTAL						110,650	134,723	245,373	

(*) The medium/long-term portion of the bonds of the Parent company Sogefi S.p.A. is detailed in the following paragraph "Other medium/long-term financial debts".

The line “Other medium/long-term financial debts” includes other minor loans.

Balance at 31 December 2018:

Company	Bank/Credit Institute	Signing date	Due date	Original amount loan	Interest rate	Current portion	Non-current portion	Total amount	Real Guaran-tees
Sogefi S.p.A.	Banca Nazionale del Lavoro S.p.A.	Dec - 2018	Dec -2023	80,000	Euribor 3m. + 145 bps	-	34,937	34,937	N/A
Sogefi S.p.A.	Mediobanca S.p.A	Aug- 2018	Aug- 2020	25,000	Euribor 3m. + 110 bps	-	24,979	24,979	N/A
Sogefi S.p.A.	ING Bank	Jul - 2015	Sep - 2022	55,000	Euribor trim. + 165 bps	-	24,917	24,917	N/A
Sogefi S.p.A.	Mediobanca S.p.A	Jun- 2017	Jun- 2020	20,000	Euribor 3m. + 110 bps	-	19,986	19,986	N/A
Sogefi S.p.A.	Banco do Brasil S.A.	May - 2018	Sep - 2020	20,000	0.98% fixed	8,372	11,613	19,985	N/A
S.C. Sogefi Air&Cool Srl	ING Bank	Mar - 2018	May - 2020	4,717	ROBOR 3m. + 150 bps	2,513	1,256	3,769	N/A
Sogefi (Suzhou) Auto Parts Co., Ltd	Unicredit S.p.A.	Nov- 2018	May- 2019	2,804	4.90 % fixed	2,804	-	2,804	N/A
Sogefi Filtration S.A.	Société Générale	Apr - 2017	Oct - 2019	5,000	Euribor 3m. + 75 bps	2,509	-	2,509	N/A
Sogefi Suspensions S.A.	Société Générale	Apr - 2017	Oct - 2019	5,000	Euribor 3m. + 75 bps	2,509	-	2,509	N/A
Sogefi Air&Cooling S.A.S.	Société Générale	May - 2017	Nov - 2019	5,000	Euribor 3m. + 75 bps	2,509	-	2,509	N/A
Sogefi (Suzhou) Auto Parts Co., Ltd	Intesa SanPaolo S.p.A.	Nov - 2018	Nov - 2019	2,432	5.02% fixed	2,432	-	2,432	N/A
Sogefi (Suzhou) Auto Parts Co., Ltd	Unicredit S.p.A.	Nov - 2018	Nov - 2019	1,577	5.25% fixed	1,577	-	1,577	N/A
Sogefi S.p.A.	Banca Carige Italia S.p.A	Nov - 2015	Jun - 2019	10,000	Euribor 6m. + 130 bps	1,446	-	1,446	N/A
Sogefi (Suzhou) Auto Parts Co., Ltd	Intesa SanPaolo S.p.A.	Nov - 2018	Nov - 2019	1,377	5.02% fixed	1,377	-	1,377	N/A
Sogefi Filtration do Brasil Ltda	Banco Brasil	Dec - 2018	Dec - 2019	1,297	4.80% fixed	1,308	-	1,308	N/A
Sogefi (Suzhou) Auto Parts Co., Ltd	Intesa SanPaolo S.p.A.	Nov - 2018	May - 2019	1,270	4.85% fixed	1,270	-	1,270	N/A
Sogefi (Suzhou) Auto Parts Co., Ltd	Intesa SanPaolo S.p.A.	May - 2018	May - 2019	1,270	5.60% fixed	1,270	-	1,270	N/A
Sogefi (Suzhou) Auto Parts Co., Ltd	Intesa SanPaolo S.p.A.	Jul - 2018	Jan - 2019	1,270	5.60% fixed	1,270	-	1,270	N/A
Sogefi Filtration do Brasil Ltda	Banco Itau	Sep - 2018	Sep - 2019	1,211	4.75% fixed	1,133	-	1,133	N/A
Sogefi Filtration do Brasil Ltda	Banco Itau	Apr - 2018	Apr - 2019	1,125	10% fixed	1,125	-	1,125	N/A
Sogefi Filtration do Brasil Ltda	Banco Brasil	Nov - 2018	Oct -2020	1,125	9.21% fixed	1,125	-	1,125	N/A
Sogefi Filtration do Brasil Ltda	Banco Brasil	Nov - 2018	Nov - 2019	1,125	9.21% fixed	1,031	-	1,031	N/A
Other loans						21,887	97	21,984	
TOTAL						59,467	117,785	177,252	

Other short-term liabilities for derivative financial instruments

The item includes the short-term portion of the fair value of exchange risk hedging contracts and interest risk hedging contracts.
Please refer to chapter G for a further discussion of this matter.

Other medium/long-term financial debts

Details are as follows:

Company	Bank/Credit Institute	Signing date	Due date	Original amount loan	Interest rate	Total amount at June 30, 2019 (in thousands of Euro)	Real guarantees
Sogefi S.p.A.	Private placement	May - 2013	May - 2023	USD 115,000	Fixed coupon 600 bps	43,135	N/A
Sogefi S.p.A.	Equity linked bond	May - 2014	May - 2021	Euro 100,000	Fixed coupon 2% year	91,622	N/A
Other financial debts						1,587	
TOTAL						136,344	

Please note that an amount of Euro 14,436 thousand relating to the Private placement of original USD 115,000 thousand and Euro 24.988 thousand relating to the Private placement of original Euro 25 million were classified under "Current portion of medium/long-term financial debts" as they will get to maturity in May 2020.

The line "Other medium/long-term financial debts" includes other minor loans.

As at 31 December 2018, details are as follows:

Company	Bank/Credit Institute	Signing date	Due date	Original amount loan (in thousands)	Interest rate	Total amount at December 31, 2018 (in thousands of Euro)	Real guarantees
Sogefi S.p.A.	Private placement	May - 2013	May - 2023	USD 115,000	Fixed coupon 600 bps	57,197	N/A
Sogefi S.p.A.	Private placement	May - 2013	May - 2020	Euro 25,000	Fixed coupon 505 bps	24,981	N/A
Sogefi S.p.A.	Equity linked bond	May - 2014	May - 2021	Euro 100,000	Fixed coupon 2% year	89,574	N/A
Other financial debts						6,701	
TOTAL						178,453	

During the first half of 2019, the Parent Company Sogefi S.p.A.:
- in March (Euro 25 million) and in May (Euro 20 million) drew down the residual portion of the term loan for a total amount of Euro 80 million taken out in December 2018 at Banca Nazionale del Lavoro S.p.A. (final expiry in December 2023). This loan accrues floating rate interest linked to Euribor plus a spread of 145 basis points. As at 30 June 2019, the full amount had been drawn down on this loan;
- in May reimbursed (Euro 8.4 million) the instalment for the loan taken out at Banco do Brasil S.A. (final instalment expiring in September 2020), whose original amount was Euro 20 million; the residual loan amount is equal to Euro 11.6 million as at 30 June 2019;
- in June reimbursed (Euro 1.5 million) the final instalment for the loan taken out in 2015 at Banca Carige S.p.A., whose original amount was Euro 10 million.

With reference to the Private placement originally for USD 115 million expiring in May 2023, as per the relative contract the Parent Company Sogefi S.p.A. paid the third instalment in May, for a total sum of USD 16.4 million.
The existing loans are not secured by the Company's assets. Furthermore, note that, contractually, the spreads relating to the loans of the Parent Company Sogefi S.p.A.

are reviewed every six months on the basis of the computation of the consolidated NFP/normalised consolidated EBITDA ratio. For an analysis of the covenants relating to loans outstanding at the end of the period, please refer to the note 21 below entitled “Analysis of the financial position”.

Other medium/long-term financial liabilities for derivative financial instruments

Please refer to chapter G for a further discussion of this matter.

Financial payables for rights of use

Details are as follows:

(in thousands of Euro)	*June 30, 2019*	*December 31, 2018*
Current financial payables for rights of use	12,756	1,592
Medium / long-term financial payables for rights of use	57,841	5,048
TOTAL	70,597	6,640

The item includes payables for Rights of Use recorded following the application of the accounting standard IFRS 16 “Leases”. This item mainly refers to the residual debt under the rental agreements for “Industrial buildings” and “Other assets” and mainly includes the rental agreements for the production plants of the subsidiaries: Sogefi Engine Systems Mexico S. de R.L. de C.V., Filter Systems Maroc S.a.r.l., Sogefi Filtration Do Brasil Ltda, Sogefi U.S.A., Inc. and Sogefi Air & Cooling Canada Corp..
It should also be noted that the item includes Euro 5,775 thousand (of which Euro 1,405 thousand are current and Euro 4,370 thousand are medium/long-term) relating to financial leases already in place as at the 1° of January 2019, accounted for in accordance with the provisions of IAS 17. The amounts for 2018 relating to financial leases, existing at the 1° of January 2019, have been reclassified from the item “Current portion of medium/long-term loans and other loans” to the item “Current financial payables for rights of use” and from the item “Other medium/long-term loans” to the item “Medium/long-term financial payables for rights of use”, in line with the classification established by the new standard.

16. TRADE AND OTHER CURRENT PAYABLES

The amounts shown in the financial statements can be broken down into the following categories:

(in thousands of Euro)	*June 30, 2019*	*December 31, 2018*
Trade and other payables	356,010	345,529
Tax payables	11,895	10,029
TOTAL	367,905	355,558

Details of trade and other payables are as follows:

(in thousands of Euro)	*June 30, 2019*	*December 31, 2018*
Due to suppliers	284,029	274,984
Due to Parent company	1,520	2,405
Due to tax authorities for indirect and other taxes	9,401	8,118
Due to social and security institutions	19,488	19,348
Due to employees	33,552	30,348
Other payables	8,020	10,326
TOTAL	356,010	345,529

Amounts “Due to suppliers” are not interest-bearing and are settled on average in 78 days (71 days at the end of 2018).
The amounts “Due to suppliers” increased by Euro 9,045 thousand (by Euro 8,209 thousand at constant exchange rates); this is mainly due to the increase in average payment time.

Amounts “Due to the parent company” refer to the debt amounting to Euro 263 thousand due to the Parent Company CIR S.p.A. for services rendered in the first half of 2019 (Euro 320 thousand in the first half of 2018); Euro 14 thousand reflect compensations to be paid to directors reversed to the Parent company CIR S.p.A.; Euro 527 thousand reflect the consideration due for the fiscal surplus transferred by companies that have joined the CIR Group tax filing system; the amount of Euro 683 thousand reflects the tax liabilities in connection with the CIR Group tax filing system and Euro 33 thousand reflect insurance premiums paid in advance by Cofide S.p.A. (parent company of CIR S.p.A.) relating to the coverage of the civil liability of directors, statutory auditors and managers. For further details, please refer to the note 40.

The increase in amounts “Due to employees” is highly seasonal and is due mainly to provisions for vacation accrued and not yet utilised and the Italian 13th month salaries that will be paid to employees in the coming months.

The reduction in “Other payables” mainly refers to the payment of fees for the year 2018 to the purchasing groups operating in the aftermarket segment.

17. OTHER CURRENT LIABILITIES

“Other current liabilities” mainly includes liabilities recognised for the adoption of IFRS15. These liabilities represent the amounts received from customers for the sale of tooling and prototypes that will be recognised in the income statement over the life of the product.
This item also includes adjustments to costs and revenues for the period so as to ensure compliance with the accruals based principle (accrued expenses and deferred income) and advances received from customers for orders still to be delivered.

18. LONG-TERM PROVISIONS AND OTHER PAYABLES

Long-term provisions

These are made up as follows:

(in thousands of Euro)	*June 30, 2019*	*December 31, 2018*
Pension funds	51,437	49,019
Employment termination indemnities	4,095	4,478
Provision for restructuring	1,728	1,545
Provision for product warranties	4,871	4,281
Provision for rights of use restoration	4,586	-
Lawsuits and other risks	8,299	7,926
TOTAL	75,016	67,249

Details of the main items are given below.

Pension funds

Changes in this item over the period are shown below:

(in thousands of Euro)	*June 30, 2019*	*December 31, 2018*
Opening balance	49,019	48,713
Cost of benefits charged to income statement	626	5,047
Amounts recognised in "Other Comprehensive Income"	3,894	(705)
Contributions paid	(1,972)	(3,834)
Exchange differences	(130)	(202)
TOTAL	51,437	49,019

The following table shows the balances of pension funds by geographical area of the relevant subsidiaries:

(in thousands of Euro)	*June 30, 2019*	*December 31, 2018*
Great Britain	26,882	23,927
France	21,526	22,020
Other	3,029	3,072
TOTAL	51,437	49,019

Employment termination indemnities

Changes in this item over the period are shown below:

(in thousands of Euro)	*June 30, 2019*	*December 31, 2018*
Opening balance	4,478	5,425
Accruals for the period	38	66
Amounts recognised in "Other Comprehensive Income"	-	(88)
Contributions paid	(421)	(925)
TOTAL	4,095	4,478

Provision for restructuring

These are amounts set aside for restructuring operations that have been officially announced and communicated to those concerned, as required by IAS/IFRS.

The provision changed as follows during the period:

(in thousands of Euro)	*June 30, 2019*	*December 31, 2018*
Opening balance	1,545	2,623
Accruals for the period	962	1,877
Utilizations	(736)	(2,895)
Provisions not used during the period	(44)	(60)
Other changes	-	-
Exchange differences	1	-
TOTAL	1,728	1,545

The “Accruals for the period” and “Utilizations” (recorded as a reduction of the provisions previously allocated) mainly refer to the French subsidiaries.

“Accruals for the period” net of the “Provisions not used during the period” (amounts set aside during previous years in excess of amounts actually paid); this figure is booked to the Income Statement under “Restructuring costs”.

Provision for product warranties

The provision changed as follows during the period:

(in thousands of Euro)	*June 30, 2019*	*December 31, 2018*
Opening balance	4,281	18,214
Accruals for the period	2,146	2,921
Utilizations	(1,213)	(1,019)
Provisions not used during the period	(392)	(10,800)
Other changes	-	(5,000)
Exchange differences	49	(35)
TOTAL	4,871	4,281

Please note that, as at 31 December 2018 the items “Provision not used during the period” and “Other changes” referred to the French subsidiary Sogefi Air & Cooling S.A.S. and included the amounts relating to a final agreement for the closure of pending disputes with two customers for the supply of a defective component.

Provision for restoration of rights of use

This item (amounted at Euro 4,586 thousand) includes an estimate of the costs that the lessees of leased assets will have to incur in order to dismantle and remove the asset and restore the site or asset to the condition provided for in the lease terms.
This provision was recorded upon first-time adoption of IFRS 16 “Leases”.

Provision for lawsuits and other risks

The provision changed as follows during the period:

(in thousands of Euro)	*June 30, 2019*	*December 31, 2018*
Opening balance	7,926	12,074
Accruals for the period	1,932	2,700
Utilizations	(818)	(2,080)
Provisions not used during the period	(626)	(1,886)
Other changes	(161)	(2,084)
Exchange differences	46	(798)
Total	8,299	7,926

The provision includes liabilities toward employees and third parties. The "Accruals for the period" mainly refer to the Brazilian subsidiary Sogefi Filtration do Brasil Ltda.

Amounts stated in the financial statements represent the best possible estimates of liabilities at the reporting date.

Other payables

The item "Other payables" mainly includes the non-current portion of liabilities recorded in connection with the adoption of IFRS 15. These liabilities represent the amounts received from customers for the sale of tooling and prototypes that will be recognised in the income statement over the life of the product.

19. DEFERRED TAX LIABILITIES

As at 30 June 2019, this item amounts to Euro 38,323 thousand compared to Euro 36,622 thousand as of 31 December 2018.
This amount relates to the expected taxation on taxable temporary differences.

20. SHARE CAPITAL AND RESERVES

Share capital

The share capital of the Parent Company Sogefi S.p.A. is fully paid in and amounts to Euro 62,461 thousand as of 30 June 2019 (not changed compared to 31 December 2018), split into 120,117,992 ordinary shares with a par value of Euro 0.52 each.

As at 30 June 2019, the Company has 2,376,140 treasury shares (2,485,725 as at 31 December 2018) in its portfolio, corresponding to 1.98% of share capital (2.07% as at 31 December 2018), at an average price of Euro 2.28 each.

Share premium reserve

It amounts to Euro 18,462 thousand compared to Euro 18,212 thousand in the previous year.
In the first half year 2019, the Parent Company Sogefi S.p.A. credited Euro 250 thousand to the Share premium reserve after the free grant of 109,585 treasury shares to Stock Grant beneficiaries.

Treasury shares

Item "Treasury shares" reflects the purchase price of treasury shares. Movements during the year amount to Euro 250 thousand and reflect the free grant of 109,585 treasury shares as reported in the note to "Stock-based incentive plans reserve".

Translation reserve
This reserve is used to record the exchange differences arising from the translation of foreign subsidiaries' financial statements.

Reserve for actuarial gains/losses
This reserve reflects the net impact of the application of the amendment to IAS 19 "Employee Benefits" on other actuarial gains (losses) as at the 1° of January 2012. The item also includes actuarial gains and losses accrued after the 1° of January 2012 and recognised under Other Comprehensive Income.

Cash flow hedging reserve
This reserve has changed as a result of accounting for the cash flows deriving from instruments that for IAS 39 purposes are designated as "cash flow hedging instruments". Changes during the period show an increase of Euro 596 thousand which breaks down as follows:
- increase of Euro 364 thousand reflecting the portion of the negative reserve relating to contracts no longer in hedge accounting that will be recognised to the Income Statement over the same period of time as the differentials relating to the underlying hedged item;
- increase of Euro 232 thousand following a reclassification from "Retained earnings" of Euro 165 thousand and from "Tax on items booked in Other Comprehensive Income" of Euro 67 thousand.

Stock-based incentive plans reserve
The reserve refers to credit to equity for stock-based incentive plans, assigned to Directors, employees and co-workers, resolved after 7 November 2002.
In the first half of 2019, further to Stock Grant Plan beneficiaries exercising their rights and due to the corresponding free grant of 109,585 treasury shares, the amount of Euro 170 thousand, corresponding to the fair value at right (Unit) allocation date, was reclassified from "Stock- based incentive plans reserve" to "Share premium reserve" (increased of Euro 250 thousand) and "Retained earnings reserve" (decreased of Euro 80 thousand).
While the increase by Euro 385 thousand refers to the cost of accruing plans.

Other reserves
This item amounts to Euro 12,201 thousand (unchanged compared to 31 December 2018).

Retained earnings
These totalled Euro 169,742 thousand and include amounts of profit that have not been distributed.
The increase of Euro 2,681 thousand refers to the following events:
- reclassification from the above mentioned "Stock-based incentive plans reserve" as outlined above (decrease of Euro 80 thousand);
- reclassification to the above mentioned "Cash flow hedging reserve" (decrease of Euro 165 thousand);
- the effect of the adoption of IAS 29 "Financial Reporting in Hyperinflationary Economies" in the Argentine subsidiaries (increase of Euro 2,926 thousand).

Tax on items booked in Other Comprehensive Income

The table below shows the amount of income taxes relating to each item of Other Comprehensive Income:

(in thousands of Euro)	*1st half 2019*			*1st half 2018*		
	Gross Amount	Tax effect	Net Amount	Gross Amount	Tax effect	Net Amount
- Profit (loss) booked to cash flow hedge reserve	364	(87)	277	1,658	(398)	1,260
- Actuarial profit (loss)	(3,894)	661	(3,233)	1,137	(193)	944
- Profit (loss) booked to translation reserve	99	-	99	(7,527)	-	(7,527)
Total Other Comprehenive Income, net of tax effect	(3,431)	574	(2,857)	(4,732)	(591)	(5,323)

NON-CONTROLLING INTERESTS

The balance amounts to Euro 19,783 thousand and refers to the portion of shareholders' equity attributable to non-controlling interests.

Details of non-controlling interests are given below:

(in thousands of Euro)		*% owned by third parties*			*Loss (profit) attributable to non-controlling interests*		*Shareholders' equity attributable to non-controlling interests*	
Subsidiary's name	Region	June 30, 2019	December 31, 2018	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019	December 31, 2018
S.ARA Composite S.A.S.	France	4.21%	4.21%	4.02%	(28)	(16)	232	260
Iberica de Suspensiones S.L.	Spain	50.00%	50.00%	50.00%	2,444	2,073	16,706	17,762
Shanghai Allevard Spring Co., Ltd	China	39.42%	39.42%	39.42%	(163)	36	2,200	2,342
Allevard IAI Supensions Pvt Ltd	India	25.77%	25.77%	25.33%	(3)	(43)	585	579
Sogefi Engine Systems India Pvt Ltd	India	0.00%	0.00%	30.00%	-	-	-	-
Sogefi Filtration Italy S.p.A.	Italy	0.12%	0.12%	0.12%	-	2	29	35
Sogefi Suspensions Passenger Car Italy S.p.A.	Italy	0.12%	0.12%	0.12%	-	1	18	19
Sogefi Suspensions Heavy Duty Italy S.p.A.	Italy	0.12%	0.12%	0.12%	3	2	13	15
TOTAL					2,253	2,055	19,783	21,012

Specifically, 50% owned company Iberica de Suspensiones S.L. is treated as a subsidiary because the Group controls the majority of votes of the Board of Directors, which is the corporate body tasked with deciding on the entity's relevant activities.

21. ANALYSIS OF THE NET FINANCIAL POSITION

The following table provides details of the net financial position as required by Consob in its communication no. DEM/6064293 of 28 July 2006 with a reconciliation of the net financial position shown in the report on operations:

(in thousands of Euro)	*June 30, 2019*	*December 31, 2018*
A. Cash	116,236	91,735
B. Other cash at bank and on hand (held-to-maturity investments)	-	-
C. Financial instruments held for trading	-	-
D. Liquid funds (A) + (B) + (C)	**116,236**	**91,735**
E. Current financial receivables	**3,336**	**1,206**
F. Current payables to banks	4,137	2,064
G. Current portion of non-current indebtedness	123,406	59,467
H. Other current financial debts	474	796
I. Current financial indebtedness (F) + (G) + (H)	**128,017**	**62,327**
J. Current financial indebtedness, net (I) + (E) + (D)	**8,445**	**(30,614)**
K. Non-current payables to banks	134,723	117,785
L. Bonds issued	134,758	171,752
M. Other non-current financial debts	59,427	6,701
N. Non-current financial indebtedness (K) + (L) + (M)	**328,908**	**296,238**
O. Net indebtedness (J) + (N)	**337,353**	**265,624**
Non-current financial receivables	5,208	5,115
Financial indebtedness, net including non-current financial receivables (as per the "Net financial position" included in the Report on operations)	**332,145**	**260,509**

Details of the covenants applying to loans outstanding at the end of the first half year 2019 are as follows (see note 15 for further details on loans):

- loan of Euro 20,000 thousand from Mediobanca S.p.A.: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less or equal to 4; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 3;
- loan of Euro 25,000 thousand from Mediobanca S.p.A.: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less or equal to 4; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 3;
- loan of Euro 50,000 thousand from Unicredit S.p.A.: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less or equal to 4; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 3;
- loan of Euro 80,000 thousand from Banca Nazionale del Lavoro S.p.A.: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less than or equal to 4; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 3;
- loan of Euro 55,000 thousand from Ing Bank N.V.: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less or equal to 4; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 3;

- loan of Euro 50,000 thousand from Intesa Sanpaolo S.p.A.: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less or equal to 4; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 3;
- private placement of USD 115,000 thousand: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less than or equal to 3.5; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 4;
- private placement of Euro 25,000 thousand: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less than or equal to 3.5; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 4.

As at 30 June 2019, these covenants were complied with.

D) NOTES ON THE MAIN INCOME STATEMENT ITEMS: INCOME STATEMENT

22. SALES REVENUES

Revenues from sales and services

In the first half of 2019 Sogefi reported revenues of Euro 777.8 million, down by 3% at constant exchange rates and by 4.3% at historical exchange rates compared to the same period of 2018, with a better performance than that of the market in which it operates thanks to the resiliency of business in Europe.

Revenues from the sale of goods and services break down as follows:

By business sector:

(in thousands of Euro)	*1st half 2019*		*1st half 2018*	
	Amount	*%*	*Amount*	*%*
Suspensions	292,315	37.6	316,031	38.9
Filtration	272,351	35.0	278,074	34.2
Air&Cooling	214,767	27.6	220,093	27.1
Intercompany eliminations	(1,603)	(0.2)	(1,603)	(0.2)
TOTAL	777,830	100.0	812,595	100.0

By business unit, at constant exchange rates, Suspensions reported a decline of 4.3% (-7.5% at current exchange rates), Filtration was down by 0.6% (-2.1% at current exchange rates) and lastly, Air & Cooling declined by 4.2% (-2.4% at current exchange rates).

By geographic area:

(in thousands of Euro)	*1st half 2019*		*1st half 2018*	
	Amount	*%*	*Amount*	*%*
Europe	486,751	62.6	503,463	62.0
North America	146,763	18.9	145,012	17.8
South America	77,625	10.0	88,104	10.8
Asia	70,996	9.1	82,366	10.1
Intercompany eliminations	(4,305)	(0.6)	(6,350)	(0.7)
TOTAL	777,830	100.0	812,595	100.0

By geographical area, revenues at constant exchange rates fell by 3.3% in Europe, 3.7% in North America and 14% in Asia, as opposed to 11% growth in South America.

23. SEASONAL NATURE OF SALES

The type of products sold by the company and the sectors in which the Group operates mean that revenues record a reasonably linear trend over the course of the year and are not subject to particular cyclical phenomena when considered on a like-for-like basis.

Sales by half-year period for the past two years are shown below:

(in thousands of Euro)	*1st half*	*2nd half*	*Total year*
FY 2017	857,501	790,298	1,647,799
FY 2018	812,595	758,114	1,570,709

24. VARIABLE COST OF SALES

Details are as follows:

(in thousands of Euro)	*1st half 2019*	*1st half 2018*
Materials	416,962	432,450
Direct labour cost	59,484	62,021
Energy costs	18,378	18,077
Sub-contracted work	24,450	23,662
Ancillary materials	10,105	10,763
Variable sales and distribution costs	16,075	16,995
Royalties paid to third parties on sales	2,204	3,493
Other variable costs	1,578	(537)
TOTAL	549,236	566,924

The impact of "Variable cost of sales" on revenues stands at 70.6%, up from 69.8% in the first six months of the previous year.

"Other variable costs" represent the portion of direct labour cost and fixed cost included in the increase in the inventory of finished goods and semi-finished products. It should be noted that the part of the inventory change relating to raw materials is included in the line "Materials".

25. MANUFACTURING AND R&D OVERHEADS

Details are as follows:

(in thousands of Euro)	*1st half 2019*	*1st half 2018*
Labour cost	59,065	58,360
Materials, maintenance and repairs	13,910	12,980
Rental and hire charges	863	5,099
Personnel services	4,201	4,360
Technical consulting	4,349	5,178
Sub-contracted work	1,584	1,171
Insurance	1,109	1,114
Utilities	679	733
Capitalization	(13,414)	(14,839)
Other	2,034	2,193
TOTAL	74,380	76,349

"Manufacturing and R&D overheads" posted a decrease of Euro 1,969 thousand that mainly reflects the line item "Rents and hires" due to the adoption of the new IFRS 16 "Leases" standard as of the 1° of January 2019.
At constant exchange rates, the decrease of this item is Euro 429 thousand.

The line item “Labour cost” shows an overall increase of Euro 705 thousand of which Euro 520 thousand relating to the production function mainly at the subsidiaries Sogefi Filtration S.A., Sogefi USA Inc., Sogefi Air & Cooling Canada and Sogefi Suspensions S.A. for the strengthening of the internal workforce with respect to the use of external consultants and Filter Systems Maroc S.a.r.l. for the new production plant in Morocco.

The increase of Euro 930 thousand in the item “Repair and maintenance expenses and materials” was affected for Euro 241 thousand by the exchange rate effect, mainly due to the Argentine subsidiaries, and for the remainder it is mainly related to the increased maintenance works in the European subsidiaries.

“Technical consulting” decreased by Euro 829 thousand compared to the first half of 2018 as a consequence of a less extensive use of external consultants related to support activities in the production and quality functions mainly in the French subsidiaries.

Item “Capitalisations” decreased by Euro 1,425 thousand as a result of the lower capitalisation of research and development expenses.

Total costs for Research and Development (not reported in the table) amount to Euro 20,945 thousand compared to Euro 20,432 thousand as of 30 June 2018.

26. DEPRECIATION AND AMORTIZATION

Details are as follows:

(in thousands of Euro)	*1st half 2019*	*1st half 2018*
Depreciation of tangible fixed assets	36,771	35,204
Depreciation of right of use/finance leases IAS 17	6,267	715
Amortization of intangible assets	17,015	17,372
TOTAL	60,053	53,291

Item “Depreciation and amortization” amounts to Euro 60,053 thousand compared with Euro 53,291 thousand in the first half year 2018. The increase in this item is mainly due to the recording of the amortisation of the right of use following the application, from the 1° of January 2019, of the new accounting standard IFRS 16 “Leases”.
At constant exchange rates, the increase of this item is Euro 6,228 thousand.

The increase in “Depreciation of tangible assets” of Euro 1,567 thousand is mainly due to the depreciation of tooling in the Air & Cooling business unit.

27. DISTRIBUTION AND SALES FIXED EXPENSES

The table below shows the main components of this item:

(in thousands of Euro)	*1st half 2019*	*1st half 2018*
Labour cost	14,581	14,287
Sub-contracted work	2,167	2,559
Advertising, publicity and promotion	1,413	1,591
Personnel services	1,031	990
Rental and hire charges	534	1,114
Consulting	137	305
Other	695	392
TOTAL	20,558	21,238

"Distribution and sales fixed expenses" posted a decrease of Euro 680 thousand, of which Euro 580 thousand that reflect the line item "Rents and hires" due to the adoption of the new IFRS 16 "Leases" standard as of the 1° of January 2019.
At constant exchange rates, this item would have decreased by Euro 298 thousand.

"External processing" decreased by Euro 392 thousand, mainly due to the reduced use of external inventory management in the French subsidiaries.

28. ADMINISTRATIVE AND GENERAL EXPENSES

These can be broken down as follows:

(in thousands of Euro)	*1st half 2019*	*1st half 2018*
Labour cost	19,232	19,463
Personnel services	2,037	2,343
Maintenance and repairs	1,631	1,290
Cleaning and security	1,236	1,131
Consulting	3,685	5,306
Utilities	1,325	1,432
Rental and hire charges	1,082	1,822
Insurance	1,115	947
Participation des salaries	382	83
Administrative, financial, tax-related and other services provided by Parent Company	266	380
Audit fees	937	829
Directors' and statutory auditors' remuneration	424	464
Sub-contracted work	195	256
Capitalization	(198)	(92)
Indirect taxes	3,597	3,634
Other fiscal charges	1,624	1,694
Other	3,420	3,957
TOTAL	41,990	44,939

In the first half of 2019, "Administrative and general expenses" posted a decrease of Euro 2,949 thousand compared to the previous year, of which Euro 740 thousand that reflect the line item "Rents and hires" due to the adoption of the new IFRS 16 "Leases" standard as of the 1° of January 2019.
At constant exchange rates, this item would have decreased by Euro 2,299 thousand.

"Maintenance and repairs" increased by Euro 341 thousand, due to higher IT maintenance costs provided at a central level.

The decrease in the item "Consulting" (down by Euro 1,621 compared to the first half of 2018) is mainly due to lower recourse by the French subsidiaries to legal, tax and administrative consultancy and to personnel recruitment and selection activities.

The increase in the line item "Insurance" is mainly due to a reclassification from "Other" for a better representation of costs between the two items.

The increase of item "*Participation des salaries*" is traced back to the results obtained in the French subsidiary Sogefi Air & Cooling S.A.S.
"Indirect taxes" include tax charges such as property tax, taxes on sales revenues (*taxe organic* of the French companies), non-deductible VAT and taxes on professional training.

"Other fiscal charges" consist of the *cotisation économique territoriale* (previously called *taxe professionnelle*) relating to the French companies, which is calculated on the value of fixed assets and on added value.

29. PERSONNEL COSTS

Personnel

Personnel costs can be broken down as follows:

(in thousands of Euro)	*1st half 2019*	*1st half 2018*
Wages, salaries and contributions	150,516	151,981
Pension costs: defined benefit plans	936	1,063
Pension costs: defined contribution plans	910	1,088
Participation des salaries	382	83
Imputed cost of stock option and stock grant plans	385	358
Other costs	4	77
TOTAL	153,133	154,650

With respect to the first half of the previous year, "Personnel costs" have decreased by Euro 1,517 thousand (-1%). At constant exchange rates, this item would have increased by Euro 1,121 thousand (+0.7%).

The impact of "Personnel costs" on sales revenues was 19.7% (19% as at 30 June 2018). The increase in the impact is due to the fact that labour costs are not fully flexible compared to the reduction in revenues. This increase is partly offset by a reduction in the use of temporary workers included in the item "External processing" of "Variable cost of sales".
"Wages, salaries and contributions", "Pension costs: defined benefit plans" and "Pension costs: defined contribution plans" are posted in the tables provided above at line "Labour cost".

"Other costs" is included in "Administrative and general expenses".

"Imputed cost of stock grant plans" is included in "Other non-operating expenses (income)". The following paragraph "Personnel benefits" provides details of the stock option and stock grant plans.
The average number of employees broken down by category is as follows:

(Number of employees)	*1st half 2019*	*1st half 2018*
Managers	104	108
Clerical staff	1,904	1,900
Blue collar workers	4,752	4,829
TOTAL	6,760	6,837

Personnel benefits

Sogefi S.p.A. implements stock-based incentive plans for the employees of the Company and of its subsidiaries that hold important positions of responsibility within the Group. The purpose is to foster greater loyalty to the Group and to provide an incentive that will raise their commitment to improving business performance and generating value in the long term.

The stock-based incentive plans of Sogefi S.p.A. are first approved by the Shareholders' Meeting.

Except as outlined at the following paragraphs "Stock grant plans" and "Stock option plans", the Group has not carried out any other transaction that involves the purchase of goods or services with payments based on shares or any other kind of instrument representing portions of equity. As a result, it is not necessary to disclose the fair value of such goods or services.
The Group has issued plans from 2009 to 2018 of which the main details are provided blow.

Stock grant plans

The stock grant plans provide for the free assignment of conditional rights (called units) that cannot be transferred to third parties or other beneficiaries; each of them entitles to the free assignment of one Sogefi S.p.A. share. There are two categories of rights under these plans: Time-based Units, that vest upon the established terms and Performance Units, that vest upon the established terms provided that shares have achieved the target price value established in the regulation.
The regulation provides for a minimum holding period during which the shares held for the plan can not be disposed of.
All shares assigned under these plans will be treasury shares held by Sogefi S.p.A. According to the regulation, a pre-condition for assigning the shares is a continued employer-employee relationship or the continued appointment as a director/executive of the Company or one of its subsidiaries throughout the vesting period of the rights.

The main characteristics of the stock grant plans approved during previous years and still under way are outlined below:

• 2011 stock grant plan to assign a maximum of 1,250,000 conditional rights, restricted to the Director who filled the post of Managing Director of the Parent Company at the date of issue of the relevant plan and to employees of the Company

and its subsidiaries, who were assigned a total of 757,500 Units (320,400 of which were Time-based Units and 437,100 Performance Units).
The Time-based Units were scheduled to vest in tranches on a three-monthly basis, accounting for 12.5% of their respective total, starting on 20 April 2013 and ending on 20 January 2015.
The Performance Units were scheduled to vest at the same vesting dates established for Time-based Units, provided that the price value of shares at vesting date is at least equal to the percentage of the initial value indicated in the regulation.
As at 30 June 2019 29,837 Time-based Units and 134,866 Performance Units expired as per regulation. While 291,325 Time-based Units and 298,333 Performance Units had been exercised.
• 2012 stock grant plan to assign a maximum of 1,600,000 conditional rights, restricted to the Director who filled the post of Managing Director of the Parent Company at the date of issue of the relevant plan and to employees of the Company and its subsidiaries, who were assigned a total of 1,152,436 Units (480,011 of which were Time-based Units and 672,425 Performance Units).
The Time-based Units were scheduled to vest in tranches on a three-monthly basis, accounting for 12.5% of their respective total, starting on 20 April 2014 and ending on 31 January 2016.
The Performance Units were scheduled to vest at the same vesting dates established for Time-based Units, provided that the increase in price value of Sogefi S.p.A. shares at each vesting date is higher than the increase of the Sector Index (as provided for by the Regulation) on that date.
As at 30 June 2019 82,374 Time-based Units and 596,630 Performance Units expired as per regulation. While 392,252 Time-based Units and 74,852 Performance Units had been exercised.
• 2013 stock grant plan to assign a maximum of 1,700,000 conditional rights, restricted to employees of the Company and its subsidiaries, who were assigned a total of 1,041,358 Units (432,434 of which were Time-based Units and 608,924 Performance Units).
The Time-based Units were scheduled to vest in tranches on a three-monthly basis, accounting for 12.5% of their respective total, starting on 20 April 2015 and ending on 31 January 2017.
The Performance Units were scheduled to vest at the same vesting dates established for Time-based Units, provided that the increase in price value of Sogefi S.p.A. shares at each vesting date is higher than the increase of the Sector Index (as provided for by the Regulation) on that date.
As at 30 June 2019 256,954 Time-based Units and 608,924 Performance Units expired as per regulation. While 167,665 Time-based Units had been exercised.
• 2014 stock grant plan to assign a maximum of 750,000 conditional rights, restricted to employees of the Company and its subsidiaries, who were assigned a total of 378,567 Units (159,371 of which were Time-based Units and 219,196 Performance Units).
The Time-based Units were scheduled to vest in tranches on a three-monthly basis, accounting for 12.5% of their respective total, starting on 20 April 2016 and ending on 20 January 2018.
The Performance Units were scheduled to vest at the same vesting dates established for Time-based Units, provided that the increase in price value of Sogefi S.p.A. shares at each vesting date is higher than the increase of the Sector Index (as provided for by the Regulation) on that date.
As at 30 June 2019 109,543 Time-based Units and 219,196 Performance Units expired as per regulation. While 48,472 Time-based Units had been exercised.

• 2015 stock grant plan to assign a maximum of 1,500,000 conditional rights, restricted to employees of the Company and its subsidiaries, who were assigned a total of 441,004 Units (190,335 of which were Time-based Units and 250,669 Performance Units).
Time-based Units vest in tranches on a three-monthly basis, accounting for 12.5% of their respective total, starting on 20 October 2017 and ending on 20 July 2019.
Performance Units vest at the same vesting dates established for Time-based Units, provided that the increase in price value of Sogefi S.p.A. shares at each vesting date is higher than the increase of the Sector Index (as provided for by the Regulation) at that date.
As at 30 June 2019 56,911 Time-based Units and 78,766 Performance Units expired as per regulation. While 97,664 Time-based Units and 65,313 Performance Units had been exercised.
• 2016 stock grant plan to assign a maximum of 750,000 conditional rights, restricted to employees of the Company and its subsidiaries, who were assigned a total of 500,095 Units (217,036 of which were Time-based Units and 283,059 Performance Units).
Time-based Units vest in tranches on a three-monthly basis, accounting for 12.5% of their respective total, starting on 27 July 2018 and ending on 27 April 2020.
Performance Units vest at the same vesting dates established for Time-based Units, provided that the increase in price value of Sogefi S.p.A. shares at each vesting date is higher than the increase of the Sector Index (as provided for by the Regulation) at that date.
As at 30 June 2019 74,551 Time-based Units and 97,234 Performance Units expired as per regulation. While 73,380 Time-based Units and 95,700 Performance Units had been exercised.
• 2017 stock grant plan to assign a maximum of 750,000 conditional rights, restricted to employees of the Company and its subsidiaries, who were assigned a total of 287,144 Units (117,295 of which were Time-based Units and 169,849 Performance Units).
Time-based Units will vest in tranches on a three-monthly basis, accounting for 12.5% of their respective total, starting on 26 July 2019 and ending on 26 April 2021.
Performance Units will vest at the same vesting dates established for Time-based Units, provided that the increase in price value of Sogefi S.p.A. shares at each vesting date is higher than the increase of the Sector Index (as provided for by the Regulation) at that date.
As at 30 June 2019, 22,143 Time-based Units and 33,479 Performance Units expired as per regulation.
• 2018 stock grant plan to assign a maximum of 500,000 conditional rights, restricted to employees of the Company and its subsidiaries, who were assigned a total of 415,000 Units (171,580 of which were Time-based Units and 243,420 Performance Units).
Time-based Units will vest in tranches on a three-monthly basis, accounting for 12.5% of their respective total, starting on 23 July 2020 and ending on 23 April 2022.
Performance Units will vest at the same vesting dates established for Time-based Units, provided that the increase in price value of Sogefi S.p.A. shares at each vesting date is higher than the increase of the Sector Index (as provided for by the Regulation) at that date.
As at 30 June 2019, 19,030 Time-based Units and 26,013 Performance Units expired as per regulation.

The imputed cost for the first half year 2019 for existing stock grant plans is Euro 385 thousand, booked to the Income Statement under "Other non-operating expenses (income)".

The following table shows the total number of existing rights with reference to the 2011-2018 plans:

	June 30, 2019	*December 31, 2018*
Not exercised/not exercisable at the start of the year	1,109,427	1,036,192
Granted during the period	-	415,000
Cancelled during the period	(73,526)	(129,295)
Exercised during the period	(109,585)	(212,470)
Not exercised/not exercisable at the end of the period	926,316	1,109,427
Exercisable at the end of the period	50,467	87,650

The line "Not exercised/not exercisable at the end of the period" refers to the total number of options, net of those exercised or cancelled during the current and previous periods.
The line "Exercisable at the end of the period" refers to the total amount of options matured at the end of the period and not yet subscribed.

Stock option plans

The stock option plans provide beneficiaries with the opportunity to exercise an option to subscribe to newly-issued Sogefi shares at a set price and within a specific period of time. According to the regulation, a pre-condition for exercising the option is a continued employer-employee relationship with or the continued appointment as a director/executive of the Company or one of its subsidiaries throughout the vesting period.
The main characteristics of the *stock option* plan approved during previous years and still under way are outlined below:
• 2010 stock option plan restricted to the Director who filled the post of Managing Director of the Parent Company at the date of issue of the relevant plan and to employees of the Company and its subsidiaries for a maximum of 2,440,000 shares (2.03% of the share capital as of 30 June 2019) with a subscription price of Euro 2.3012, to be exercised between 30 September 2010 and 30 September 2020.

Please note that the 2009 stock option plan restricted to employees of the Company and its subsidiaries the remaining exercisable shares expired pursuant to the stock option plan on 31 January 2019.

The following table shows the total number of existing options with reference to the 2009-2010 plans and their average exercise price:

	June 30, 2019		December 31, 2018	
	Number	Average price of the period	Number	Average price of the period
Not exercised/not exercisable at the start of the year	75,000	1.88	285,000	1.91
Granted during the period	-	-	-	-
Cancelled during the period	(55,000)	1.73	(40,000)	1.67
Exercised during the period	-	-	(130,000)	1.95
Expired during the period	-	-	(40,000)	2.10
Not exercised/not exercisable at the end of the period	20,000	2.30	75,000	1.88
Exercisable at the end of the period	20,000	2.30	75,000	1.88

The line "Not exercised/not exercisable at the end of the period" refers to the total number of options, net of those exercised or cancelled during the current and previous years.
The line "Exercisable at the end of the period" refers to the total amount of options matured at the end of the period and not yet subscribed.
With reference to the options exercised during the first half of 2019, the average weighted price of the Sogefi share at the exercise dates is Euro 3.6626.

Details of the number of options exercisable at 30 June 2019 are given below:

	Total
Number of exercisable options remaining at December 31, 2018	75,000
Options matured during the period	-
Options cancelled during the period	(55,000)
Options exercised during the period	-
Number of exercisable options remaining at June 30, 2019	20,000

30. RESTRUCTURING COSTS

The "Restructuring costs" amount to Euro 4,364 thousand (Euro 2,730 thousand in the first half year of the previous year).
This item is comprised of costs incurred and paid during the half-year in the amount of Euro 3,446 thousand, and of allocations to "Provision for restructuring" net of the provisions not used during the period in the amount of Euro 918 thousand.

31. LOSSES (GAINS) ON DISPOSAL

Net losses on disposal amounted to Euro 63 thousand compared to Euro 58 thousand net gains in the first six months of the previous year.

32. EXCHANGE (GAINS) LOSSES

Net exchange losses as of 30 June 2019 amount to Euro 1,773 thousand compared to Euro 2,952 thousand in the first half of 2018, and mainly refer to the South American subsidiaries and the Mexican subsidiary.

33. OTHER NON-OPERATING EXPENSES (INCOME)

These amount to Euro 1,021 thousand (Euro 6,160 thousand in the first six months of the previous year).
The following table shows the main elements:

(in thousands of Euro)	*1st half 2019*	*1st half 2018*
Write-downs of tangible and intangible fixed assets	1,925	3,981
Product warranty costs	2,366	1,049
Imputed cost of stock options and stock grant	385	358
Litigations	1,729	756
Actuarial losses (gains)	39	48
Other ordinary expenses (revenue)	(5,423)	(32)
TOTAL OTHER NON-OPERATING EXPENSES (INCOME)	1,021	6,160

The item "Writedowns of tangible and intangible fixed assets", amounting to Euro 1,925 thousand, includes Euro 101 thousand for writedowns of tangible fixed assets, Euro 1,824 thousand for writedowns of intangible fixed assets mainly related to research and development projects capitalised in previous years for which the capitalisation requirements no longer exist.

The item "Litigations" mainly refers to risks connected with existing or possible disputes mainly relating to the European and Brazilian subsidiaries.

The line item "Other non-operating expenses (income)" mainly refers to the insurance refund for damage (costs incurred and lost profit) deriving from a fire at the subsidiary Sogefi HD Suspensions Germany GmbH.

34. FINANCIAL EXPENSES (INCOME), NET

Financial expenses are detailed as follows:

(in thousands of Euro)	*1st half 2019*	*1st half 2018*
Interest on bonds	5,688	6,004
Interest on amounts due to banks	2,041	1,704
Financial charges under lease contracts	2,178	182
Financial component of pension funds and termination indemnities	564	509
Loss on interest-bearing hedging instruments	-	2,160
Fair value put option adjustment	-	1,426
Financial component IAS 29	(295)	420
Other interest and commissions	2,523	2,472
TOTAL FINANCIAL EXPENSES	12,699	14,877

Financial income is detailed as follows:

(in thousands of Euro)	*1st half 2019*	*1st half 2018*
Financial income from *Cross currency swap* not in cash flow hedge	191	303
Net financial income from derivatives no more in hedge accounting	1,140	474
Interest on amounts due from banks	224	144
Other interest and commissions	110	28
TOTAL FINANCIAL INCOME	1,665	949
TOTAL FINANCIAL EXPENSES (INCOME), NET	11,034	13,928

Net financial expense decreased by Euro 2,894 thousand, mainly due to the following factors: in June 2018, redemption of the IRS contracts entered into by the Parent Company Sogefi S.p.A.; lower impact of the financial component deriving from the application of IAS 29 "Financial reporting in hyperinflationary economies" in the Argentine subsidiaries; higher income deriving from the change in the fair value of derivative contracts no longer subject to hedge accounting; lower non-ordinary costs ("Adjustment of put option fair value" recorded in the first half of 2018).
These factors were partly offset by an increase in "Financial expense from leasing contracts" deriving from the adoption of the new standard IFRS 16 "Leases" as of the 1° of January 2019.

It should be noted that as at 30 June 2019, the impact of the change in fair value of Cross currency swap contracts no longer designated in hedge accounting is positive by an amount of Euro 1,140 thousand (positive by Euro 474 thousand as at 30 June 2018), and is comprised of:

- a financial expense of Euro 364 thousand reflecting the portion of the reserve previously booked to "Other Comprehensive Income (loss)" that will be reclassified to Income Statement over the same period of time expected for the differentials relating to the former underlying hedged item;
- a net financial income of Euro 1,504 thousand reflecting the change in their fair value compared to 31 December 2018.

35. LOSSES (GAINS) FROM EQUITY INVESTMENTS

As at 30 June 2019, this item amounts to zero.

36. INCOME TAXES

The detail is given below:

(in thousands of Euro)	*1st half 2019*	*1st half 2018*
Current taxes	8,312	4,659
Deferred tax liabilities (assets)	(411)	4,782
Expenses (income) from Group tax filing system	349	959
TOTAL	8,250	10,400

The average tax rate at 30 June 2019 is 61.8% (43.1% as at 30 June 2018).
The increase in the impact of taxes reflects the mixed results in the various territories, with some gaining significant profits and others for which it was decided not to recognise any deferred tax assets, in view of the losses linked to the start-up of

the business or to continuing critical situations.

37. NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS

This item refers to the Fraize production site of the French subsidiary Sogefi Air & Cooling S.A.S. dedicated to a non-core business. The site was sold in April 2019.
At 31 December 2018 the assets and liabilities relating to the Fraize plant had been classified as assets and liabilities held for sale. In 2019, all the information needed to determine the economic effects of this discontinued operation became available. Therefore, the operating result for the first half of 2019 and 2018 and the related gain on disposal were recognised under the item "Profit (loss) from discontinued operations, net of tax effects".

The following table shows the Result of discontinued operations:

(in millions of Euro)	*June 30, 2019*	*June 30, 2018*
	Amount	Amount
Sales revenue	22,527	28,788
Costs	(20,245)	(24,113)
Operating income	2,282	4,675
Income taxes	(707)	(1,554)
Net Operating income	1,574	3,121
Income of held for sale activities	3,542	-
Income taxes from sales of discounted operations	(1,099)	-
Net income (loss) from discontinued operations	4,017	3,121

Earnings per share (EPS), without discounted operations (Euro):		
Basic	0.024	0.100
Diluted	0.024	0.099

The following table shows the effect of the sale on the Group's financial position:

(in millions of Euro)	*June 30, 2019*
Property, plant and machinery	(10,373)
Intangible assets	(471)
Inventories	(3,125)
Trade and other receivables	(139)
Cash and cash equivalents	(1,386)
Trade and other payables	10,821
Net assets and liabilities	**(4,672)**
Cash received	8,635
Cash and cash equivalents sold	**(1,386)**
Net cash inflow	**7,249**

38. DIVIDENDS PAID

No dividends were paid to the Parent Company shareholders during the first half year 2019.

39. EARNINGS PER SHARE (EPS)

Basic EPS

	June 30, 2019	*June 30, 2018*
Net result attributable to the ordinary shareholders (in thousands of Euro)	6,872	14,808
Weighted average number of shares outstanding during the period (thousands)	117,564	117,421
Basic EPS (Euro)	*0.058*	*0.126*

Diluted EPS

The Company only has one category of potential ordinary shares, namely those deriving from the potential conversion of the *stock options* granted to Group employees.

	June 30, 2019	*June 30, 2018*
Net result attributable to the ordinary shareholders (in thousands of Euro)	6,872	14,808
Average number of shares outstanding during the period (thousands)	117,564	117,421
Weighted average number of shares potentially under option during the period (thousands)	-	142
Number of shares that could have been issued at fair value (thousands)	-	(81)
Adjusted weighted average number of shares outstanding during the period (thousands)	117,564	117,482
Diluted EPS (Euro)	*0.058*	*0.126*

The “Weighted average number of shares potentially under option during the half year” represents the average number of shares that are potentially outstanding under stock option plans (only for potentially dilutive options, i.e. with an exercise price lower than the average annual *fair value* of the ordinary shares of Sogefi S.p.A.), for which the subscription right has vested but has not yet been exercised at the end of reporting period. These shares have a potentially dilutive effect on basic EPS and are therefore taken into consideration in the calculation of diluted EPS.

The “Number of shares that could have been issued at fair value” represents the normalisation factor, being the number of shares that would have been issued dividing the proceeds that would have been received from subscription of the stock options by the average annual fair value of the Sogefi S.p.A. ordinary shares, which in the first half of 2019 amounted to Euro 1.4623, compared to Euro 3.3735 in the first half of 2018.

Please note that 20,000.00 shares that could dilute basic EPS in the future were not included in the calculation of diluted EPS for the first half of 2019 because their exercise price is higher than the average half-year fair value of the ordinary shares of Sogefi S.p.A. in 2019.

E) 40. RELATED PARTY TRANSACTIONS

See IAS 24 and the related communications from Consob for the definition of related party transactions.

The Group is controlled by the Parent Company CIR S.p.A. (controlled by Cofide S.p.A., which in turn is controlled by the ultimate Parent Company F.lli De Benedetti S.p.A.), which as of 30 June 2019 held 55.60% of the total shares (56.72% of outstanding shares, excluding treasury shares). Sogefi S.p.A.'s shares are listed on the STAR segment of Mercato Telematico Azionario managed by Borsa Italiana S.p.A.

The Group's consolidated financial statements include the financial statements of the consolidated companies, listed in chapter H along with the stake held in the same by the Group.

Dealings between Group companies are conducted at arm's length, taking into account the quality and type of services rendered.

The Parent Company Sogefi S.p.A., because of its role of Holding company, provides administrative, financial and management services directly to the three French sub-holding operative companies (Sogefi Filtration S.A., Sogefi Suspensions S.A. and Sogefi Air & Cooling S.A.S.) which, in turn, beside dealing with the services provided by the Parent Company to the companies operating in the relevant business units, *provide directly to the latter support services as well as operating and business services*. The Parent Company also debits and credits interest at a market spread to those subsidiaries that have joined the Group's cash pooling system. The Parent Company is also charging royalties fees on the Group "SAP" information system to those subsidiaries at which implementation has been completed.

The subsidiary Sogefi Gestion S.A.S. carries out centralised functions and charges Group companies for administrative, financial, legal, industrial and IT services as well as royalties for the use of Group-wide IT applications.

As part of its activity, the Parent Company Sogefi S.p.A. makes use of the services provided by CIR S.p.A., its Parent Company, in areas such as strategic development and of an administrative, financial, fiscal, corporate and investor relator nature. This relationship is regulated by contracts at arm's-length conditions and the cost is commensurate to the effective value of such services to the Sogefi Group in terms of the resources devoted to them and the specific economic advantages obtained as a result. It should be noted that Sogefi's interest in the provision of services by the parent company is considered to be preferable to services provided by third parties because of, among other things, its extensive knowledge acquired over time in its specific business and market environment.

Services provided to Sogefi S.p.A. by the Parent Company CIR S.p.A. as at 30 June 2019 amount to Euro 263 thousand (Euro 320 thousand in the first half of 2018). At 30 June 2019, amounts payable to the Parent Company CIR S.p.A. by the Parent Company Sogefi S.p.A. totalled Euro 263 thousand.

The Parent Company Sogefi S.p.A. had entered into a rental contract with the holding company CIR S.p.A. on the offices located in Milan, via Ciovassino 1/A where Sogefi has its registered offices and administration.

The Italian companies of the Sogefi Group had receivables for the amount of Euro 1,757 thousand owed by CIR S.p.A. in connection with their participation in the group tax filing system, and payables for the amount of Euro 683 thousand. Outstanding receivables as at 31 December 2018 were collected for a total of Euro 3,938 thousand in the first half of 2019.

At the end of the first half of 2019, the Italian subsidiaries recorded an income of Euro 178 thousand following the transfer of fiscal surplus to companies that have joined the CIR Group tax filing system in order to have an interest deduction; the amount receivable as at 30 June 2019 of the Italian subsidiaries from the Parent Company CIR S.p.A. is equal to Euro 178 thousand.
At 30 June 2019, the Parent Company Sogefi S.p.A. records a liability amounting to Euro 527 thousand (Euro 959 thousand at 30 June 2018) reflecting the consideration due for the fiscal surplus transferred by companies that have joined the CIR Group tax filing system. The amount payable by Parent Company Sogefi S.p.A. to Parent Company CIR S.p.A. for such consideration as at 30 June 2019 is Euro 527 thousand.

As regards economic transactions with the Board of Directors, Statutory Auditors, the Chief Executive Officer and the Managers with strategic responsibility, please refer to the attached table for remuneration paid in the first half of 2019.

Apart from those mentioned above and shown in the tables below, at the date of these interim financial statements, we are not aware of any other related party transactions.

The following tables summarise related party transactions:

(in thousands of Euro)	*June 30, 2019*	*December 31, 2018*
Receivables		
- for the Group tax filing to CIR S.p.A.	1,757	4,002
- for income following the transfer of fiscal surplus to the CIR Group	178	366
Payables		
- for services received from CIR S.p.A.	263	-
- for expense due to fiscal surplus received from the CIR Group	527	1,505
- for Director's remuneration	14	14
- for services from other related companies	33	65
- for the Group tax filing to CIR S.p.A.	683	821
Right of use (*)		
- for rental property	413	-
Financial debts for right of use (*)		
- for rental property	397	-

(in thousands of Euro)	*1st half 2019*	*1st half 2018*
Costs		
- for services received from CIR S.p.A.	263	320
- for rental contract from CIR S.p.A.	4	60
- for expense due to fiscal surplus received from the CIR Group	527	959
- for services from other related companies	33	32
- amortization right of use (*)	56	-
Revenues		
- for income following the transfer of fiscal surplus to the CIR Group	178	259
Compensation of directors and statutory auditors		
- directors	261	238
- directors charged back to the parent company	10	42
- statutory auditors (**)	49	50
- contribution charges on compensation to directors and statutory auditors	42	40
Compensation and related contributions to the General Manager (***)	462	405
Compensation and related contributions to Manager with strategic responsibilities ex Consob resolution no. 17221/2010 (****)	244	219

(*) also including components relating to the rental of the Milan office, via Ciovassino 1/A; at June 30, 2019 accrued rental payments amounted to Euro 56 thousand.

(**) including also compensation of staturory auditors of the Holding Company in other subsidiaries.

(***) including also the imputed cost of stock grant plans for Euro 94 thousand (Euro 95 thousand in the first half 2018) booked under the item "Other non-operating expenses (income)".

(****) including also the imputed cost of stock grant plans for Euro 29 thousand (imputed cost of Euro 29 thousand in first half 2018) booked under the item "Other non-operating expenses (income)".

F) COMMITMENTS AND RISKS

41. INVESTMENT COMMITMENTS

At 30 June 2019, Group companies have binding commitments for investments relating to the purchase of property, plant and equipment for Euro 4,630 thousand (Euro 2,721 thousand at 31 December 2018), as already disclosed in the explanatory notes regarding tangible fixed assets.

42. GUARANTEES GIVEN

Details of guarantees are as follows:

(in thousands of Euro)	*June 30, 2019*	*December 31, 2018*
PERSONAL GUARANTEES GIVEN		
a) Sureties to third parties	4,688	4,661
b) Other personal guarantees in favour of third parties	2,690	2,690
TOTAL PERSONAL GUARANTEES GIVEN	7,378	7,351
REAL GUARANTEES GIVEN		
a) against liabilities shown in the financial statement	839	1,116
TOTAL REAL GUARANTEES GIVEN	839	1,116

The guarantees given in favour of third parties relate to guarantees given to customers, to suppliers for operating lease contracts and for environmental issues, and VAT tax authorities and for other indirect taxes; guarantees are shown at a value equal to the outstanding commitment at the reporting period. These accounts indicate risks, commitments and guarantees provided by Group companies to third parties.

The “Other personal guarantees in favour of third parties” relate to the commitment of the subsidiary Sogefi HD Suspensions Germany GmbH to the employee pension fund for the two business lines at the time it was acquired in 1996; this commitment is covered by the contractual obligations of the seller, who is a leading German operator.

“Real guarantees given” refer to subsidiaries Sogefi Air & Cooling Canada Corp. and Allevard IAI Suspensions Private Ltd, which pledged tangible fixed assets and trade receivables as real guarantees to secure loans obtained from financial institutions.

43. OTHER RISKS

As at 30 June 2019, the Group had third-party goods and materials held at Group companies worth Euro 15,103 thousand (Euro 15,247 thousand as at 31 December 2018).

44. CONTINGENT ASSETS AND LIABILITIES

Sogefi Group is managing environmental issues in some production plants. No relevant costs are expected.

In October 2016, the Parent Company Sogefi S.p.A. received four notices of assessment relating to fiscal periods 2011 and 2012, as a result of a tax audit carried out during the first half year 2016, with two irregularities: i) undue detraction of Euro 0.6 million of VAT paid on purchases of goods and services, ii) non-deductibility from IRES tax (and relating non-deductibility for VAT of Euro 0.2 million) of the expense for services performed by parent company CIR S.p.A., for the overall taxable amount of Euro 1.3 million, not including interest and fines.
The notices were challenged by the Company before the Province Tax Commission of Mantua, which on 14 July 2017 filed judgment no. 119/02/2017, ruling in favour of the Company on all claims.
The Italian Tax Agency filed an appeal against parts of the judgement, requesting that only the notices of VAT assessment be sustained, and finally waiving the notices of IRES assessment (Italian Corporate Income Tax). The Company filed its rebuttal argument against this partial appeal and is currently waiting for a date to be set for the hearing.
Based on the tax advisor's opinion, Directors believe the risk of losing to be possible but not likely.
This is why the Company did not set aside any amount for tax risks in financial statements in the previous years and as at 30 June 2019.

45. SUBSEQUENT EVENTS

No significant events occurred after 30 June 2019 that could have an impact on the half year consolidated financial statements.

G) 46. FINANCIAL INSTRUMENTS

A) Exchange risk – not designated in hedge accounting

As at 30 June 2019 the following forward purchase/sale contracts were maintained to hedge the exchange risk on intercompany financial positions and on commercial positions:

Company	Forward purchase/ Forward sale		Date opened	Currency exchange	Spot price	Date closed	Forward price	Fair value* at 06.30.2019
Sogefi S.p.A	P	GBP 8,000,000	02/25/2019	€/currency	0.8945	07/25/2019	0.8994	20
Sogefi S.p.A	S	USD 10,000,000	04/29/2019	€/currency	1.1125	07/29/2019	1.1215	152
Sogefi Air&Cooling Canada Corp.	P	USD 2,000,000	06/12/2016	CAD/currency	1.3305	07/15/2019	1.3298	(28)
Sogefi Engine systems Mexico S. de R.L. de C.V.	P	USD 5,000,000	06/10/2019	MXN/currency	19.7300	09/09/2019	20.0600	(144)
Sogefi Engine systems Mexico S. de R.L. de C.V.	P	USD 10,000,000	06/10/2019	MXN/currency	19.7300	09/10/2019	20.0650	(288)
Sogefi Suspension Brasil Ltda	P	EUR 100,000	05/24/2019	BRL/currency	4.5085	07/19/2019	4.5555	(4)
Sogefi Suspension Brasil Ltda	P	EUR 100,000	06/28/2019	BRL/currency	4.3625	08/20/2019	4.4030	(0)
Sogefi Suspension Brasil Ltda	S	USD 200,000	06/13/2019	BRL/currency	3.8500	08/15/2019	3.8703	(1)
Sogefi Suspension Brasil Ltda	S	USD 200,000	06/13/2019	BRL/currency	3.8496	09/16/2019	3.8800	(1)
Air Intake India Pvt.Ltd	P	EUR 600,000	04/30/2019	INR/currency	78.1500	07/31/2019	79.9100	(6)
Allevard IAI Suspensions Private Ltd	P	EUR 350,000	05/29/2019	INR/currency	77.9300	08/29/2019	80.8000	(2)

* Positive fair value was recognised in "Other financial assets – Assets for derivative financial instruments", whereas negative fair value was recognised in "Other short-term liabilities for derivative financial instruments".

B) Exchange risk (Cross currency swap) no longer in hedge accounting

During 2013 the Parent Company Sogefi S.p.A. entered into three cross currency swap (Ccs) contracts maturing in June 2023, initially designated in hedge accounting, in order to hedge interest and exchange rate risks relating to the private placement currently of USD 65.7 million bonds. Under these contracts, a fixed interest receivable of 600 basis points on subscribed notional USD amount is collected by the Company on a quarterly basis against payment of a fixed interest payable on a notional amount in EUR corresponding to the USD notional amount converted at the fixed exchange rate of 1.3055 (totalling Euro 50,336 thousand).
Based on the tests carried out on 31 December 2017, they have become ineffective so that the hedging relationship was discontinued and the derivative contracts were reclassified as fair value through profit or loss instruments. The change in fair value (exclusively for the interest rate risk) compared to 31 December 2017 was recognised in the income statement, whereas the reserve booked to "Other Comprehensive Income" (if any) is reclassified in the income statement over the same period of time as the differentials relating to the underlying hedged item.

Details of these contracts are as follows:

Description of CCSwap	Date opened	Contract maturity	Notional (in thousands of USD)	Fixed rate	Fair value at 06.30.2019	Fair value at 12.31.2018
Private placement USD 65.7 million (05/03/2013 maturity 06/01/2023), coupon 600 bps	04/30/2013	06/01/2023	31,429	6.0% USD receivable 5.6775% Euro payables	2,515	2,485
Private placement USD 65.7 million (05/03/2013 maturity 06/01/2023), coupon 600 bps	04/30/2013	06/01/2023	22,857	6.0% USD receivable 5.74% Euro payables	1,801	1,755
Private placement USD 657 million (05/03/2013 maturity 06/01/2023), coupon 600 bps	04/30/2013	06/01/2023	11,428	6.0% USD receivable 5.78% Euro payables	892	875
TOTAL			65,714		5,208	5,115

The discontinuation of hedge accounting, for the interest rate risk, had the following impact on the financial statements as at 30 June 2019:

- a financial income of Euro 1,504 thousand reflecting the change in fair value compared to 31 December 2018 was immediately recognised in the income statement;
- a financial expense of Euro 364 thousand was recognised in the income statement; this amount reflects the portion of the reserve previously booked to “Other Comprehensive Income” that is recognised in the income statement over the same period of time as the differentials relating to the former underlying hedged item. As at 30 June 2019, an amount of Euro 2,854 thousand remains to be recycled to the income statement in the future years.

C) Fair value of derivatives in hedge accounting and no longer in hedge accounting

The fair value of all derivatives was calculated using the forward curves of exchange and interest rates as at 30 June 2019, also taking into account a credit valuation adjustment / debit valuation adjustment. The fair value amounts of derivatives are classified as Level 2 in fair value hierarchy, based on the significance of the inputs used in fair value measurements.

H) GROUP COMPANIES

47. LIST OF GROUP COMPANIES AS OF 30 JUNE 2019

SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS

Direct equity investments	Currency	Share capital	Number of shares	% held	Par value per share	Par value of the interest held
SOGEFI FILTRATION S.A. Guyancourt (France)	Euro	120,596,780	6,029,838	99.99998	20	120,596,760
SOGEFI SUSPENSIONS S.A. Guyancourt (France)	Euro	73,868,383	4,345,198	99.999	17	73,868,366
SOGEFI U.S.A., Inc. Prichard (U.S.A.)	USD	20,055,000	191	100		20,055,000
SOGEFI GESTION S.A.S. Guyancourt (France)	Euro	100,000	10,000	100	10	100,000
SHANGHAI SOGEFI AUTO PARTS Co., Ltd Shanghai (China)	USD	13,000,000	(1)	100	(2)	13,000,000
SOGEFI AIR & COOLING S.A.S. Guyancourt (France)	Euro	54,938,125	36,025	100	1,525	54,938,125
SOGEFI (SUZHOU) AUTO PARTS CO., Ltd Wujiang (China)	USD	37,400,000	(1)	100	(2)	37,400,000

(1) The share capital is not divided in shares or quotas.
(2) There is no unit nominal value.

Indirect equity investments	Currency	Share capital	Number of shares	% held	Par value per share	Par value of the interest held
FILTRATION BUSINESS UNIT						
SOGEFI FILTRATION Ltd Tredegar (Great Britain) held by Sogefi Filtration S.A.	GBP	5,126,737	5,126,737	100	1	5,126,737
SOGEFI FILTRATION SPAIN S.A.U. Cerdanyola (Spain) held by Sogefi Filtration S.A.	Euro	14,249,084.96	2,370,896	100	6.01	14,249,084.96
SOGEFI FILTRATION d.o.o. Medvode (Slovenia) held by Sogefi Filtration S.A.	Euro	10,291,798	1	100	10,291,798	10,291,798
FILTER SYSTEMS MAROC S.a.r.l. Tanger (Morocco) held by Sogefi Filtration S.A.	MAD	95,000,000	95,000	100	1,000	95,000,000
SOGEFI FILTRATION RUSSIA LLC Russia held by Sogefi Filtration S.A.	RUB	6,800,000	1	100	6,800,000	6,800,000
SOGEFI ENGINE SYSTEMS INDIA Pvt Ltd * Bangalore (India) 64.29% held by Sogefi Filtration S.A. 35.69% held by Sogefi Air & Cooling S.A.S. 0.02% held by Systemes Moteurs China, S.à.r.l.	INR	21,254,640	2,125,464	100	10	21,254,640
SOGEFI FILTRATION DO BRASIL Ltda São Bernardo do Campo (Brazil) 87.7772527% held by Sogefi Filtration S.A. 12.2227459% held by Sogefi Filtration Spain S.A.U. 0.0000014% held by Sogefi Suspension Brasil Ltda	BRL	70,380,912	70,380,912	100	1	70,380,912
SOGEFI FILTRATION ARGENTINA S.A. Buenos Aires (Argentina) 99.681788% held by Sogefi Filtration S.A. 0.31821% held by Sogefi Filtration Italy S.p.A.	ARP	118,423,329	118,423,327	99.999998	1	118,423,327
SOGEFI FILTRATION ITALY S.p.A. Sant'Antonino di Susa (Italy) held by Sogefi Filtration S.A.	Euro	8,000,000	7,990,043	99.88	1	7,990,043

* The company changed name from Sogefi MNR Engine Systems India Pvt Ltd to Sogefi Engine Systems India Pvt Ltd. on 18 January 2019.

Indirect equity investments	Currency	Share capital	Number of shares	% held	Par value per share	Par value of the interest held
AIR&COOLING BUSINESS UNIT						
SOGEFI AIR & COOLING CANADA CORP. Nova Scotia (Canada) held by Sogefi Air & Cooling S.A.S.	CAD	9,393,000	2,283	100	(2)	9,393,000
SOGEFI AIR & COOLING USA, Inc. Wilmington (U.S.A.) held by Sogefi Air & Cooling S.A.S.	USD	100	1,000	100	0.10	100
SYSTEMES MOTEURS CHINA, S.à.r.l. Luxembourg (Luxembourg) held by Sogefi Air & Cooling S.A.S.	Euro	12,500	125	100	100	12,500
S.C. SOGEFI AIR & COOLING S.r.l. Titesti (Romania) 99.9997% held by Sogefi Air & Cooling S.A.S. 0.0003% held by Sogefi Filtration Spain S.A.U.	RON	7,087,610	708,761	100	10	7,087,610
SOGEFI ENGINE SYSTEMS MEXICO S. de R.L. de C.V. Apodaca (Mexico)	MXN	126,246,760		100		126,246,760
0.0000007921% held by Sogefi Air & Cooling S.A.S.			1		1	
99.9999992079% held by Sogefi Air & Cooling Canada Corp.			1		126,246,759	
SOGEFI ENGINE SYSTEMS HONG KONG Ltd Hong Kong (Hong Kong) held by Systemes Moteurs China, S.à.r.l.	HKD	1,000	1,000	100	1	1,000

(2) There is no unit nominal value.

Indirect equity investments	Currency	Share capital	Number of shares	% held	Par value per share	Par value of the interest held
SUSPENSIONS BUSINESS UNIT						
ALLEVARD SPRINGS Ltd Clydach (Great Britain) held by Sogefi Suspensions S.A.	GBP	4,000,002	4,000,002	100	1	4,000,002
SOGEFI PC SUSPENSIONS GERMANY GmbH Volklingen (Germany) held by Sogefi Suspensions S.A.	Euro	50,000	1	100	50,000	50,000
SOGEFI SUSPENSION ARGENTINA S.A. Buenos Aires (Argentina) held by Sogefi Suspensions S.A. al 89.999% held by Sogefi Suspension Brasil Ltda al 9.9918%	ARP	61,356,535	61,351,555	99.99	1	61,351,555
IBERICA DE SUSPENSIONES S.L. (ISSA) Alsasua (Spain) held by Sogefi Suspensions S.A.	Euro	10,529,668	5,264,834	50	1	5,264,834
SOGEFI SUSPENSION BRASIL Ltda São Paulo (Brazil) held by Sogefi Suspensions S.A. al 99.997% held by Allevard Springs Ltd allo 0.003%	BRL	37,161,683	37,161,683	100	1	37,161,683
UNITED SPRINGS Limited Rochdale (Great Britain) held by Sogefi Suspensions S.A.	GBP	4,500,000	4,500,000	100	1	4,500,000
UNITED SPRINGS B.V. Hengelo (Holland) held by Sogefi Suspensions S.A.	Euro	254,979	254,979	100	1	254,979
SHANGHAI ALLEVARD SPRINGS Co., Ltd Shanghai (China) held by Sogefi Suspensions S.A.	Euro	5,335,308	1	60.58	(2)	3,231,919
UNITED SPRINGS S.A.S. Guyancourt (France) held by Sogefi Suspensions S.A.	Euro	5,109,000	2,043,600	100	2.5	5,109,000
S.ARA COMPOSITE S.A.S. Guyancourt (France) held by Sogefi Suspensions S.A.	Euro	13,000,000	25,000,000	96.15	0.5	12,500,000
ALLEVARD IAI SUSPENSIONS Pvt Ltd Pune (India) held by Sogefi Suspensions S.A.	INR	432,000,000	32,066,926	74.23	10	320,669,260
SOGEFI HD SUSPENSIONS GERMANY GmbH Hagen (Germany) held by Sogefi PC Suspensions Germany GmbH	Euro	50,000	(1)	100	50,000	50,000
SOGEFI SUSPENSIONS HEAVY DUTY ITALY S.P.A. Puegnago sul Garda (Italy) held by Sogefi Suspensions S.A.	Euro	6,000,000	5,992,531	99.88	1	5,992,531
SOGEFI SUSPENSIONS PASSENGER CAR ITALY S.P.A. Settimo Torinese (Italy) held by Sogefi Suspensions S.A.	Euro	8,000,000	7,990,043	99.88	1	7,990,043
SOGEFI SUSPENSION EASTERN EUROPE S.R.L. Oradea (Romania) held by Sogefi Suspensions S.A.	RON	26,161,870	2,616,187	100.00	10	26,161,187

(1) The share capital is not divided in shares or quotas.
(2) There is no unit nominal value.

EQUITY INVESTMENTS IN OTHER COMPANIES CARRIED AT COST

Indirect equity investments	Currency	Share capital	Number of shares	% held	Par value per share	Par value of the interest held
AFICO FILTERS S.A.E. Cairo (Egypt) Held by Sogefi Filtration Italy S.p.A.	EGP	14,000,000	24,880	17.77	100	2,488,000

DECLARATION OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ART. 81-*TER* OF CONSOB RESOLUTION No. 11971 OF MAY 14, 1999 AND SUBSEQUENT MODIFICATIONS AND INTEGRATIONS

1. The undersigned:

   Laurent Hebenstreit –Managing Director and General Manager of Sogefi S.p.A.
   Yann Albrand – Manager responsible for preparing Sogefi S.p.A.'s financial reports

   hereby certify, having also taken into consideration the provisions of Article 154-*bis*, paragraph 3 and 4, of Italian Legislative Decree n. 58 of February 24, 1998, that:

   the administrative and accounting procedures for the preparation of the condensed interim consolidated financial statements for the 2019 first half:
   - are adequate with respect to the company structure and
   - have been effectively applied.

2. No relevant aspects are to be reported on this subject.

3. It is also certified that:

3.1 the condensed interim consolidated financial statements as at June 30, 2019:
- have been prepared in accordance with international accounting standards as endorsed by the European Union through Regulation (EC) 1606/2002 of the European Parliament and of the Council of July 19, 2002;
- correspond to the books and accounting records;
- provide a true and fair representation of the financial position, result of operations and cash flow of the issuer and the subsidiaries included in the scope of consolidation.

3.2 the interim report on operations of the Group includes a reliable analysis of the significant events that occurred in the first half of the year and their impact on the half-year condensed interim consolidated financial statements. In addition, the report includes a description of the main risks and uncertainties for the remaining six months of the year and a reliable analysis of the information about any significant related party transactions.

Milan, July 22, 2019

Managing Director and General Manager	Manager responsible for preparing financial reports
Laurent Hebenstreit	Yann Albrand

INTERIM FINANCIAL STATEMENTS OF THE HOLDING COMPANY SOGEFI S.p.A.

STATEMENT OF FINANCIAL POSITION
(in thousands of Euro)

ASSETS	*June 30, 2019*	*December 31, 2018*
CURRENT ASSETS		
Cash and cash equivalents	47,303	25,189
Cash pooling current accounts with subsidiaries	79,249	78,378
Other financial assets	216	125
Loans and financial receivables similar to loans with subsidiaries	12,861	1,105
of which dividends from subsidiaries not yet collected	*11,298*	-
WORKING CAPITAL		
Inventories	-	-
Trade receivables	3,644	6,994
of which from subsidiaries	*2,125*	*3,249*
of which from parent company	*1,519*	*3,744*
Other receivables	45	149
Tax receivables	743	891
Other assets	602	292
TOTAL WORKING CAPITAL	5,034	8,326
TOTAL CURRENT ASSETS	144,663	113,123
NON-CURRENT ASSETS		
FIXED ASSETS		
Investment properties: land	11,810	11,810
Investment properties: other	5,069	5,069
Other tangible fixed assets	103	126
Right of use	431	-
of which from parent company	*413*	
Intangible assets	23,063	24,275
TOTAL FIXED ASSETS	40,476	41,280
OTHER NON-CURRENT ASSETS		
Equity investments in subsidiaries	381,107	380,896
Equity investments in associates	-	-
Other financial assets	-	-
Loans and financial receivables similar to loans	81,389	81,215
of which from subsidiaries	*76,181*	*76,100*
of which other medium/long term assets for derivatives financial instruments	*5,208*	*5,114*
Other receivables	49	49
Deferred tax assets	3,113	3,289
TOTAL OTHER NON CURRENT ASSETS	465,658	465,449
TOTAL NON CURRENT ASSETS	506,134	506,729
TOTAL ASSETS	650,797	619,852

LIABILITIES	*June 30, 2019*	*December 31, 2018*
CURRENT LIABILITIES		
Bank Overdraft and short term loans	15	28
Cash pooling current accounts with subsidiaries	72,513	98,372
Current portion of medium/long term financial debts and other loans	68,837	25,189
of which to subsidiaries	-	-
Capital shares of subsidiaries subscribed and not yet paid	-	-
TOTAL SHORT-TERM FINANCIAL DEBTS	141,365	123,589
Other short-term liabilities for derivative financial instruments	-	26
TOTAL SHORT-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	141,365	123,615
Trade and other payables	3,314	4,008
of which to subsidiaries	*253*	*29*
of which to parent company	*803*	*1,584*
Tax payables	129	369
Other current liabilities	9	9
TOTAL CURRENT LIABILITIES	144,817	128,001
NON-CURRENT LIABILITIES		
MEDIUM/LONG TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS		
Financial debts to bank	133,050	116,335
Other medium/long term financial debts	134,757	171,752
Medium/Long term financial debts for right of use	416	-
of which to parent company	*397*	-
TOTAL MEDIUM/LONG TERM FINANCIAL DEBTS	268,223	288,087
Other medium/long term financial liabilities for derivative financial instruments	-	-
TOTAL MEDIUM/LONG TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	268,223	288,087
OTHER LONG-TERM LIABILITIES		
Long-term provision	294	277
of which to parent company	*20*	-
Other payables	-	-
Deferred tax liabilities	916	289
TOTAL OTHER LONG-TERM LIABILITIES	1,210	566
TOTAL NON-CURRENT LIABILITIES	269,433	288,653
SHAREHOLDERS' EQUITY		
Share capital	62,461	62,461
Reserves and retained earnings (accumulated losses)	141,399	154,481
Profit (loss) for the period	32,687	(13,744)
TOTAL SHAREHOLDERS' EQUITY	236,547	203,198
TOTAL LIABILITIES AND EQUITY	650,797	619,852

INCOME STATEMENT
(in thousands of Euro)

		First half 2019	First half 2018
FINANCIAL INCOME AND EXPENSES			
1)	Income from equity investments	38,252	33,883
2)	Other financial income	5,755	6,798
	of which from subsidiaries	*2,058*	*1,212*
	of which exchange gains	*2,363*	*3,993*
3)	Interests expenses and other financial expenses	9,732	14,410
	of which to subsidiaries	*298*	*130*
	of which exchange losses	*2,438*	*4,029*
TOTAL FINANCIAL INCOME AND EXPENSES		34,275	26,271
ADJUSTMENT TO THE VALUE OF FINANCIAL ASSETS			
4)	Revaluations	-	-
5)	Writedowns	-	-
TOTAL VALUE ADJUSTMENTS		-	-
6) OTHER OPERATING INCOME		4,097	6,313
of which from subsidiaries		*4,093*	*6,297*
OTHER OPERATING EXPENSES			
7)	Non-financial services	1,862	1,964
	of which to subsidiaries	*207*	*81*
	of which to parent company	*262*	*320*
8)	Leases and rental	42	2,773
	of which to parent company	*4*	*60*
9)	Personnel	1,787	1,977
10)	Depreciation, amortization and writedowns	1,493	1,492
	of which to parent company	*56*	-
11)	Provisions for risks	-	-
12)	Other provision	-	-
13)	Other operating expenses	521	531
TOTAL OTHER OPERATING EXPENSES		5,705	8,737
NON-OPERATING INCOME AND EXPENSES			
14)	Non operating income	163	126
15)	Non operating expenses	163	859
NON-OPERATING PROFIT (LOSS)		-	(732)
PROFIT (LOSS) BEFORE TAXES		32,667	23,115
16)	Income taxes	(20)	(1,047)
NET PROFIT		32,687	24,162

STATEMENT OF OTHER COMPREHENSIVE INCOME
(in thousands of Euro)

	First half 2019	*First half 2018*
irProfit (loss) for the period	32,687	24,162
Other comprehensive income (losses):		
Items that will not be reclassified to profit or loss:		
- Actuarial gains (losses) on defined-benefit plans	-	-
- Tax effect on items that will not be reclassified to profit or loss	-	-
Subtotal of items that will not be reclassified to profit or loss	-	-
Items that may be reclassified to profit or loss:		
- Profit (loss) from fair value measurement of cash flow hedge derivatives	364	1,658
- Profit (loss) from fair value measurement of financial assets available for sale	-	-
- Tax effect on items that may be reclassified to profit or loss	(87)	(398)
Subtotal of items that may be reclassified to profit or loss:	*277*	*1,260*
Other Comprehensive Income net of tax effect	277	1,260
Total Comprehensive profit (loss) for the period	32,964	25,422

CASH FLOW STATEMENT

(in thousands of Euro)

	First half 2019	*First half 2018*
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit (loss) for the period	32,687	24,162
Adjustments:		
- income taxes	(20)	(1,047)
- dividends	(38,252)	(33,883)
- net financial expenses	3,903	7,576
- depreciation and amortisation of tangible and intangible fixed assets	1,493	1,492
- exchange rate differences on Cross currency swap	1,411	(854)
- expenses recognized for share-based incentive plans	175	151
- exchange rate differences on private placement	(1,411)	854
- net change in other risk provision	-	720
- net change in provision for employment termination indemnities	(3)	(144)
- change in net working capital	(525)	1,575
- change in tax receivables/payables	(92)	(160)
- other medium/long-term assets/liabilities	-	-
CASH FLOWS FROM OPERATING ACTIVITIES	(634)	442
Current income tax collections (payments)	3,711	5,614
Dividends collected	26,954	15,851
Net financial expenses paid	(3,192)	(6,755)
NET CASH FLOWS FROM OPERATING ACTIVITIES	26,839	15,152
INVESTING ACTIVITIES		
Paid share capital increase in subsidiaries	-	-
Repayment share capital from subsidiaries	-	-
Net change in intangible and tangible fixed assets	(199)	(201)
Net change in other financial assets	(132)	347
NET CASH FLOW FROM INVESTING ACTIVITIES	(331)	146
FINANCING ACTIVITIES		
Paid share capital increase	-	253
New (repayment of) medium/long term loans	35,171	19,933
New (repayment of) bonds	(12,584)	(12,584)
Net cash pooling position	(26,833)	27,605
Loans and other financial receivables from subsidiaries	(81)	(43,359)
New (repayment of) finance leases IFRS 16	(54)	-
NET CASH FLOW FROM FINANCING ACTIVITIES	(4,381)	(8,153)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	22,127	7,144
Balance at the beginning of the period	25,161	36,285
(Decrease) increase in cash and cash equivalents	22,127	7,145
BALANCE AT THE END OF THE PERIOD	47,288	43,430

NB: this table shows the elements that bring about the change in cash and cash equivalents, as expressly required by IAS 7 (in particular the net balance between “Cash and cash equivalents” and “Bank overdrafts and short-term loans”). For a better understanding of the various operating cash flows and hence the changes in the overall net financial position, reference should be made to the cash flow statement included in the Report of the Board of Directors on Operations.

STATEMENTS OF CHANGE IN EQUITY

(in thousands of Euro)

	Share Capital	Share premium reserve	Legal reserve	IAS 40 & Law 266/2005 Reserve	Other Reserves	Retained earnings	IAS/IFRS adoption reserve	Stock-based incentive plans reserve	Cash flow hedging reserve	Defined benefit plans reserve	Tax on items booked in Other Comprehensive Income	Net result for the period	Total
Balance at December 31, 2017	*62,394*	*13,091*	*12,640*	*16,319*	*12,421*	*87,732*	*(23)*	*2,528*	*(5,301)*	*(164)*	*1,320*	*11,535*	*214,492*
Allocation of 2017 net profit:													
- Retained Earnings						11,535						(11,535)	-
Increase in share capital restricted to the employees of Sogefi S.p.A. and its subsidiaries	67	186											253
Other changes		178				(6)		(172)					-
Recognition of share-based incentive plans								358					358
Comprehensive income for the period:													
- Actuarial gains (losses) on defined-benefit plans													-
- Fair value measurement of cash flow hedging instruments									1,658				1,658
- Tax on items booked in Other comprehensive income for the period											(398)		(398)
- Net result for the period												24,162	24,162
Total Comprehensive result for the period									1,658		(398)	24,162	*25,422*
Balance at June 30, 2018	*62,461*	*13,455*	*12,640*	*16,319*	*12,421*	*99,261*	*(23)*	*2,714*	*(3,643)*	*(164)*	*922*	*24,162*	*240,525*

	Share Capital	Share premium reserve	Legal reserve	IAS 40 & Law 266/2005 Reserve	Other Reserves	Retained earnings	IAS/IFRS adoption reserve	Stock-based incentive plans reserve	Cash flow hedging reserve	Defined benefit plans reserve	Tax on items booked in Other Comprehensive Income	Net result for the period	Total
Balance at December 31, 2018	*62,461*	*13,762*	*12,640*	*16,319*	*12,421*	*99,696*	*(23)*	*2,389*	*(3,450)*	*(146)*	*873*	*(13,744)*	*203,198*
2018 Losses coverage:													
- Retained Earnings						(13,744)						13,744	-
Increase in share capital restricted to the employees of Sogefi S.p.A. and its subsidiaries													
Other changes		250				(245)		(170)	232		(67)		-
Recognition of share-based incentive plans								385					385
Comprehensive income for the period:													
- Actuarial gains (losses) on defined-benefit plans													-
- Fair value measurement of cash flow hedging instruments									364				364
- Tax on items booked in Other comprehensive income for the period											(87)		(87)
- Net result for the period												32,687	32,687
Total Comprehensive result for the period									364		(87)	32,687	*32,964*
Balance at June 30, 2019	*62,461*	*14,012*	*12,640*	*16,319*	*12,421*	*85,707*	*(23)*	*2,604*	*(2,854)*	*(146)*	*719*	*32,687*	*236,547*

KPMG S.p.A.
Revisione e organizzazione contabile
Via Vittor Pisani, 25
20124 MILANO MI
Telefono +39 02 6763.1
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

(Translation from the Italian original which remains the definitive version)

Report on review of condensed interim consolidated financial statements

To the shareholders of
Sogefi S.p.A.

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the Sogefi Group comprising the consolidated statement of financial position, consolidated income statement, consolidated statement of other comprehensive income, consolidated cash flow statement, consolidated statement of change in equity and explanatory and supplementary notes thereto, as at and for the six-month period ended 30 June 2019. The parent's directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Sogefi Group as at and for the six-month ended 30 June 2019 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Milan, 1 August 2019

KPMG S.p.A.

(signed on the original)

Elisabetta C. Forni
Director of Audit