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QUARTER 2023

Testo del comunicato

Vedi allegato.



PRESS RELEASE

RESULTS FOR FIRST QUARTER 2023

Revenues up by 13.2% to € 431.6 million

EBIT: +21.4% to € 25.7 million

**Net income higher at € 13.2 million
(€ 10.7 million in first quarter 2022)**

**Free Cash Flow positive for € 39.6 million
(€ 43.7 million in first quarter 2022)**

**Debt before IFRS 16 lower at € 186.9 million
(€ 213.4 million at end of March 2022)**

Principal results (in €m)	Q1	
	2022	2023
REVENUES	381.1	431.6
EBITDA*	50.0	53.7
EBIT	21.2	25.7
Net result	10.7	13.2
Net debt at 31.03. before IFRS 16	213.4	186.9

* EBITDA is calculated by adding to the item "Ebit" the item "Amortization and depreciation" and the amount of the write-down of tangible and intangible fixed assets included in the line "Other non-operating costs (revenues)", equal to € 0 million at 31 March 2023 (€ 0 million in the same period of the previous year).

Milan, 21 April 2023 - The **Board of Directors of Sogefi S.p.A.**, which met today under the chairmanship of **Monica Mondardini**, has approved the **interim report on operations of the group as of 31 March 2023**, presented by Chief Executive Officer **Frédéric Sipahi**.

Sogefi, a company of the CIR Group, is one of the main producers at global level of automotive components in the Air and Cooling, Filtration and Suspensions sectors.

PERFORMANCE OF THE MARKET

In the first quarter of 2023 world vehicle production reported growth of 5.7% compared to the equivalent period of 2022, with progress made in all geographical areas except China, which reported a decline of 7.9%. Growth was particularly buoyant in Europe, +25.6%, and was also significant in NAFTA (+9.8%), Mercosur (+14.2%) and India (+9.4%).

In 2023, *S&P Global* (IHS), a source commonly used in the sector, forecasts that world production could rise by 3.8% compared to 2022, with growth in all the main geographical areas.

SUMMARY OF SOGEFI'S PERFORMANCE IN FIRST QUARTER 2023

The Group's consolidated **revenues** posted double-digit growth on the first quarter of 2022, +13.2%, underpinned by the increase in production volumes (+7.3%) and by the higher selling prices (+5.4%).

Results were positive and showed an improvement:

- EBITDA rose by 7.4% compared to first quarter 2022, to € 53.7 million, thanks to the growth in volumes and the contribution margin holding up well despite the higher energy costs;
- EBIT was up by 21.4% at € 25.7 million and the EBIT margin rose to 6% of revenues versus 5.6% in first quarter 2022;
- Net income increased by 23% to € 13.2 million (€ 10.7 million in first quarter 2022);
- The business generated free cash flow of € 39.6 million (€ 43.7 million in first quarter 2022);
- Net debt (before IFRS 16) decreased to € 186.9 million at 31 March 2023, versus € 224.3 million at 31 December 2022.

Commercial activity was positive, with new contracts concluded even for *E-mobility* platforms (31% of the value of new contracts in first quarter 2023);

- The Filtration division obtained contracts in Europe for the supply of brake circuit filters for trucks and in India for the supply of air filters;
- The Suspensions division signed a contract in India for stabilizer bars with an innovative player who is aspiring to become one of the main producers in the market for electric cars in India, and various contracts in Europe and South America for stabilizer bars and leaf springs;
- The Air and Cooling division signed contracts, in China with customers in the E-mobility sector, in North America for the supply of thermal management and air ducts, and in Europe for inlet manifolds. 66% of the value of the new contracts obtained in 2023 by the Air and Cooling division are for *E-mobility* platforms.

Investments in innovations were significant:

- The use of *HoloLens Metaverse* viewers for augmented reality, which make it possible to visit production sites virtually, supporting workplace safety remotely and giving instructions in real time: the aim is to equip all the group's production sites with this innovative technology by the end of 2023;
- The ACMA, the association representing Indian car component producers, has given the Suspensions division three awards for its excellence in digitization, designing and developing new products and localization, and has certified it as a sustainable business.

CONSOLIDATED RESULTS IN FIRST QUARTER 2023

The **revenues** for first quarter 2023 came in at € 431.6 million, up by 13.2% compared to the same period of 2022 (+13.1% at constant exchange rates).

Volumes sold rose by 7.3% compared to those of the same period of 2022 and selling prices increased on average by 5.4%, the increase being distributed between the different product lines partly as a function of the evolution of the costs of raw materials and the parts used.

Performance of revenues by geographical area	Q1 2023 (in €m)	Q1 2022 (in €m)	Var. %	Var. % at constant exchange rates	Market performance (var. %)
Europe	262.0	234.1	11.9	12.4	25.6
North America	96.4	79.4	21.5	19.2	9.8
South America	24.7	21.0	17.6	8.8	14.2
India	27.2	23.5	15.9	21.3	9.4
China	23.9	24.6	(3.0)	(0.1)	(7.9)
Intercompany elimination	(2.6)	(1.5)			
TOTAL	431.6	381.1	13.2	13.1	5.7

Revenues posted double-digit growth in all geographical areas, with the sole exception of China: +11.9% in Europa, +21.5% in North America (+19.2% at constant exchange rates), +17.6% in South America (+8.8% at constant exchange rates net of inflation in Argentina) and +15.9% in India (+21.3% at constant exchange rates); in China revenues declined by 3% but were stable at constant exchange rates.

Sogefi's revenue performance was significantly better than that of the market in NAFTA, India and China.

Performance of revenues by business sector	Q1 2023 (in €m)	Q1 2022 (in €m)	Var. %	Var.% at constant exchange rates
Suspensions	158.3	133.7	18.4	17.4
Filtration	147.8	133.6	10.6	11.1
Air and Cooling	127.1	114.8	10.7	10.7
Intercompany elimination	(1.6)	(1.0)		
TOTAL	431.6	381.1	13.2	13.1

Suspensions reported a rise in revenues of 18.4% (+17.4% at constant exchange rate), with significant growth rates in all the geographical areas in which it operates, with the exception of China on account of the performance of the local market.

Filtration revenues were up by 10.6% (+11.1% at constant exchange rates), thanks to the good performance of business activity in North America and India and of the Aftermarket channel in Europe.

Air and Cooling reported a 10.7% rise in revenues (both at current and constant exchange rates), with particularly significant increases in NAFTA.

EBITDA, totalling € 53.7 million, was up by 7.4% compared to € 50.0 million in first quarter 2022.

The contribution margin increased by 11.3% compared to first quarter 2022, thanks to the higher sales volumes, and the ratio of contribution margin to revenues remained substantially stable at 27.5% (28% in the same period of 2022), absorbing the extra costs generated by energy prices and inflation in general.

The impact of fixed costs on revenues edged down to 14.3%, from 14.6% in first quarter 2022.

Other charges, which refer mainly to exchange rate differences, made a negative contribution to EBITDA of € 2.7 million versus a positive contribution of € 0.9 million in first quarter 2022.

EBIT came in at € 25.7 million, up by 21.4% from € 21.2 million in first quarter 2022. The impact on revenues rose from 5.6% in first quarter 2022 to 6% in first quarter 2023.

Financial expenses, amounting to € 5.7 million, were higher than those of the first quarter of 2022 (€ 4.5 million) because of the higher interest rates on the variable part of the loans.

Tax expense was substantially unchanged at € 6.0 million (€ 5.9 million in the same period of 2022).

The group reported **net income** of € 13.2 million (€ 10.7 million in the first quarter of 2022).

Free Cash Flow was a positive € 39.6 million (€ 43.7 million in first quarter 2022), also taking into account recourse to factoring.

At 31 March 2023 **shareholders' equity**, excluding minority interests, stood at € 240.5 million, up from € 230.7 million at 31 December 2022.

Net financial debt before IFRS 16 totalled € 186.9 million at 31 March 2023, down from € 224.3 million at 31 December 2022 and € 213.4 million at 31 March 2022. Including financial payables for rights of use, in accordance with IFRS 16, net debt at 31 March 2023 stood at € 255.9 million, down from € 294.9 million at 31 December 2022 and € 281.8 million at 31 March 2022.

At 31 March 2023 the Group had committed credit lines in excess of its needs for € 313.0 million.

SIGNIFICANT EVENTS THAT HAVE TAKEN PLACE SINCE 31 MARCH 2023

Since the close of the period, there have been no significant events that could have an impact on the economic, patrimonial or financial information contained in this press release.

OUTLOOK FOR THE YEAR

Visibility as to the performance of the automotive market in 2023 is still limited because of the uncertainties linked to the macroeconomic evolution, the volatility of commodity prices (although less pronounced than in 2022), particularly energy, and to the trend of inflation and interest rates.

For 2023, *S&P Global* (IHS) is forecasting that world car production will grow by 3.8% on 2022, with Europe posting +8.2%, NAFTA +5.2% and South America +3.6%.

As for raw materials and energy, in the early months of 2023 prices have been trending downwards but they remain very high and very volatile.

Provided there is no serious deterioration in the geopolitical and macroeconomic scenario from today's levels, in 2023 the Sogefi Group expects to see mid single-digit revenue growth and profitability, excluding non-recurring expense, at least in line with that of 2022.

The executive responsible for the preparation of the Company's financial statements, Maria Beatrice De Minicis, hereby declares, in compliance with the terms of paragraph 2 Article 154-bis of the Finance Consolidation Act (TUF), that the accounting figures contained in this press release correspond to the results documented in the Company's accounts and general ledger.

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This press release can also be consulted on the website <https://www.sogefigroup.com/en/press/index.html>

Below are the main results of the income statement and the statement of financial position as of 31 March 2022 of the Sogefi Group. It should be noted that these figures have not been subject to audit by the firm of auditors.

SOGEFI GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of Euro)

ASSETS	03.31.2023	12.31.2022
CURRENT ASSETS		
Cash and cash equivalents	145.0	118.5
Other financial assets	5.4	6.1
Inventories	131.9	129.7
Trade receivables	180.7	161.2
Other receivables	12.9	11.4
Tax receivables	35.4	29.0
Other assets	7.4	3.1
ASSETS HELD FOR SALE	-	-
TOTAL CURRENT ASSETS	518.7	459.0
NON-CURRENT ASSETS		
Land	9.8	9.7
Property, plant and equipment	359.8	367.8
Other tangible fixed assets	6.2	6.3
Rights of use	63.8	65.9
Intangible assets	216.3	218.2
Other financial assets	3.6	3.0
Financial receivables	5.0	5.6
Other receivables	31.6	32.5
Deferred tax assets	29.9	31.8
TOTAL NON-CURRENT ASSETS	726.0	740.8
TOTAL ASSETS	1,244.7	1,199.8

LIABILITIES	03.31.2023	12.31.2022
CURRENT LIABILITIES		
Bank overdrafts and short-term loans	1.8	1.9
Current portion of medium/long-term financial debts and other loans	78.3	69.1
Short-term financial debts for rights of use	13.4	13.7
Other short-term liabilities for derivative financial instruments	-	-
Trade and other payables	397.6	347.6
Tax payables	7.6	4.7
Other current liabilities	37.6	40.1
Current provisions	9.7	10.1
LIABILITIES RELATED TO ASSETS HELD FOR SALE	-	-
TOTAL CURRENT LIABILITIES	546.0	487.2
NON-CURRENT LIABILITIES		
Financial debts to bank	211.4	233.4
Non current portion of medium/long-term financial debts and other loans	53.9	52.3
Medium/long-term financial debts for right of use	55.9	57.5
Other medium/long-term financial liabilities for derivative financial instruments	-	-
Non-current provisions	34.1	33.7
Other payables	62.2	64.5
Deferred tax liabilities	22.7	23.7
TOTAL NON-CURRENT LIABILITIES	440.2	465.1
SHAREHOLDERS' EQUITY		
Share capital	62.5	62.5
Reserves and retained earnings (accumulated losses)	164.8	138.6
Group net result for the period	13.2	29.6
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE HOLDING COMPANY	240.5	230.7
Non-controlling interests	18.0	16.8
TOTAL SHAREHOLDERS' EQUITY	258.5	247.5
TOTAL LIABILITIES AND EQUITY	1,244.7	1,199.8

SHAREHOLDERS' EQUITY

(in millions of Euro)	Consolidated shareholders' equity - Group	Capital and reserves pertaining to non-controlling interests	Total Group and non-controlling shareholders' equity
Balance at December 31, 2022	230.7	16.8	247.5
Dividends	0.0	0.0	0.0
Currency translation differences	(3.8)	0.0	(3.8)
Actuarial gain (loss)	0.0	0.0	0.0
Fair value cash flow hedging instruments	(0.3)	0.0	(0.3)
Other changes	0.7	0.4	1.1
Net result for the period	13.2	0.8	14.0
Balance at March 31, 2023	240.5	18.0	258.5

CONSOLIDATED INCOME STATEMENT

(in millions of Euro)	Period		Period		Change	
	01.01 – 03.31.2023		01.01 – 03.31.2022			
	Amount	%	Amount	%	Amount	%
Sales revenues	431.6	100.0	381.1	100.0	50.5	13.2
Variable cost of sales	312.8	72.5	274.3	72.0	38.5	14.0
CONTRIBUTION MARGIN	118.8	27.5	106.8	28.0	12.0	11.3
Manufacturing and R&D overheads	34.2	7.9	30.4	8.0	3.8	12.5
Depreciation and amortization	28.0	6.5	28.8	7.5	(0.8)	(2.8)
Distribution and sales fixed expenses	8.1	1.9	7.6	2.0	0.5	7.3
Administrative and general expenses	19.3	4.5	17.8	4.7	1.5	8.7
Restructuring costs	0.8	0.2	1.9	0.5	(1.1)	(59.8)
Losses (gains) on disposal	-	-	-	-	-	-
Exchange (gains) losses	1.9	0.4	(1.2)	(0.3)	3.1	267.7
Other non-operating expenses (income)	0.8	0.1	0.3	-	0.5	166.7
EBIT	25.7	6.0	21.2	5.6	4.5	21.4
Financial expenses	7.5	1.7	5.1	1.4	2.4	48.0
Financial (income)	(1.8)	(0.4)	(0.6)	(0.2)	(1.2)	194.5
Losses (gains) from equity investments	-	-	-	-	-	-
RESULT BEFORE TAXES	20.0	4.7	16.7	4.4	3.3	20.1
Income taxes	6.0	1.4	5.9	1.6	0.1	3.1
NET INCOME (LOSS) OF OPERATING ACTIVITIES	14.0	3.3	10.8	2.8	3.2	30.2
Net income (loss) from discontinued operations, net of tax effects	-	-	-	-	-	-
NET RESULT INCLUDING THIRD PARTY	14.0	3.3	10.8	2.8	3.2	29.2
Loss (Income) attributable to non-controlling interests	(0.8)	(0.2)	(0.1)	-	(0.7)	-
GROUP NET RESULT	13.2	3.1	10.7	2.8	2.5	23.0

CONSOLIDATED NET FINANCIAL POSITION

(in millions of Euro)	03.31.2023	12.31.2022	03.31.2022
A. Cash	145.0	118.5	163.6
B. Cash equivalents	-	-	-
C. Other current financial assets	5.4	6.1	3.2
D. Liquidity (A) + (B) + (C)	150.4	124.6	166.8
E. Current Financial Debt (including debt instruments, but excluding current portion of non-current financial debt)	1.8	2.6	5.9
F. Current portion of non-current financial debt	91.7	82.1	105.7
G. Current financial indebtedness (E) + (F)	93.5	84.7	111.6
H. Net current financial indebtedness (G) - (D)	(56.9)	(39.9)	(55.2)
I. Non-current financial debt (excluding the current portion and debt instruments)	262.4	285.4	262.4
J. Debt instruments	53.9	52.3	74.6
K. Non-current trade and other payables	-	-	-
L. Non-current financial indebtedness (I) + (J) + (K)	316.3	337.7	337.0
M. Total financial indebtedness (H) + (L)	259.4	297.8	281.8
Other non current financial assets	3.5	2.9	-
Financial indebtedness net, including financial receivables and debts for derivatives (as Net Financial Position reported in Consolidated Cash Flow Statement)	255.9	294.9	281.8

CONSOLIDATED CASH FLOW STATEMENT

(in millions of Euro)	03.31.2023	12.31.2022	03.31.2022
SELF-FINANCING	42.4	137.4	38.4
Change in net working capital	18.2	(11.9)	24.0
Other medium/long-term assets/liabilities	(1.9)	12.0	2.3
CASH FLOW GENERATED BY OPERATIONS	58.7	137.5	64.7
Net decrease from sale of fixed assets	1.2	6.9	0.1
TOTAL SOURCES	59.9	144.4	64.8
TOTAL APPLICATION OF FUNDS	19.9	109.5	20.0
Net financial position of subsidiaries purchased/sold during the period	0.1	-	-
Exchange differences on assets/liabilities and equity	(0.5)	(5.6)	(1.1)
FREE CASH FLOW	39.6	29.3	43.7
Dividends paid by subsidiaries to non-controlling interests	-	(2.1)	-
Change in fair value derivative instruments	(0.6)	5.5	2.1
CHANGES IN SHAREHOLDERS' EQUITY	(0.6)	3.4	2.1
Change in net financial position	39.0	32.7	45.8
Opening net financial position	(294.9)	(327.6)	(327.6)
CLOSING NET FINANCIAL POSITION	(255.9)	(294.9)	(281.8)

Fine Comunicato n.0246-18

Numero di Pagine: 11