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Societa' : SOGEFI

Identificativo : 179497

Informazione
Regolamentata

Nome utilizzatore : SOGEFINSS01 - SEGRE MASSIMO

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Oggetto : RESULTS FOR FIRST HALF 2023

<i>Testo del comunicato</i>

Vedi allegato.



PRESS RELEASE

RESULTS FOR FIRST HALF 2023

Revenues up by 12.8% to € 852.4 million

EBIT: € 54.8 million, +35.6%

**Net income € 31.4 million
(€ 20.8 million in first half 2022)**

**Free Cash Flow positive for € 45.0 million
(€ 41.2 million in first half 2022)**

**Debt before IFRS 16 reduced to € 185.3 million
(€ 216.4 million at end of June 2022)**

Principal results (in €m)	H1	
	2022	2023
REVENUES	756.0	852.4
EBITDA*	99.8	111.1
EBIT	40.4	54.8
Net result	20.8	31.4
Net debt at 30.06. before IFRS 16	216.4	185.3

* EBITDA is calculated by adding to the item "Ebit" the line "Amortization and depreciation" and the amount of writedown/recovery of the value of tangible and intangible assets included in the item "Other non-operating costs (revenues)", equal to € -0.4 million at 30 June 2023 (€ 0.8 million in the same period of the previous year).

Milan, 24 July 2023 - The **Board of Directors of Sogefi S.p.A.**, which met today under the chairmanship of **Monica Mondardini**, has approved **the group's Semi-Annual Financial Report as of 30 June 2023**, presented by Chief Executive **Frédéric Sipahi**.

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

PERFORMANCE OF THE MARKET

In the first half of 2023 world vehicle production reported growth of 11.2% compared to the same period of 2022, with progress made in all geographical areas.

Growth was particularly strong in Europe (+20.2%) and NAFTA (+12.2%) and significant in Mercosur (+9.7%), India (+6.5%) and China (+7%), where, after a negative first quarter of 2023 (-4.7%), there was a distinct recovery in the second quarter (+20.3%).

For 2023, *S&P Global* (IHS), a source widely used in the sector, expects that world production will grow by 5.3% compared to 2022, with an increase in all the main geographical areas. The reduction in the growth index forecast for the full year compared with that reported in the first half of the year is due to the strong recovery of production seen in the second half of 2022.

KEY FIGURES OF SOGEFI'S PERFORMANCE IN THE FIRST HALF OF 2023

The consolidated **revenues** of the Group recorded double-digit growth compared to the first half of 2022 (+12.8% and +14% at constant exchange rates), which reflects the increase in production volumes (+9.4%) and in selling prices (+4.2%).

The results were positive and significantly better than those of first half 2022:

- **EBITDA** came in at € 111.1 million and was up by 11.3% on first half 2022, thanks to the growth in volumes and the contribution margin holding up well;
- **EBIT**, totalling € 54.8 million, rose by 35.6%, with the EBIT margin at 6.4% of sales, up from 5.3% in first half 2022;
- **Net income** was € 31.4 million (+ 51% from € 20.8 million in first half 2022);
- **Free cash flow** was positive for € 45.0 million (€ 41.2 million in first half 2022);
- **Net debt** (before IFRS 16) stood at € 185.3 million at 30 June 2023, down from € 216.4 million at the end of June 2022.

Commercial activity was positive with an important part of contracts being for *E-mobility* (32% of the value of new contracts acquired in the first half) with significant new contracts awarded in China, India and the United States too.

Filtration signed important agreements in Europe both for the OEM (*Original Equipment Manufacturers*) and the IAM (*Independent Automotive Aftermarket*) channels: it gained contracts for the supply of filters for truck brake circuits and signed an exclusivity agreement for three years with one of the principal leaders in the distribution of automotive parts in the Aftermarket channel. Development has been continuing in India too, where the business unit is gradually gaining market share.

Suspensions obtained new business in the Indian market with local operators, signing a contract in particular for the supply of stabilizer bars for light commercial vehicles with an innovative player aspiring to becoming one of the principal E-mobility producers in the Indian market. The division also obtained various contracts in Europe, particularly for the supply of stabilizer bars for top-of-the-range electric SUVs and for coil springs for E-mobility platforms.

Air and Cooling is continuing to develop in China, with the receipt of an important order from BYD for the supply of air manifolds for a Plug-in-Hybrid platform and a contract for the supply of oil manifolds used in electric cars to lubricate the inside of the gearbox. Sogefi can offer these components, which are traditionally made of metal, in plastic which gives a weight reduction and optimizes design and cost. Contracts have also been signed in North America for the supply of thermal management products and in Europe for thermostat groups for E-mobility and intake manifolds. 47% of the value of the new contracts signed in 2023 by the Air and Cooling division were for parts destined for E-mobility platforms.

CONSOLIDATED RESULTS FOR FIRST HALF 2023

The **revenues** for the first half of 2023 totalled € 852.4 million, posting growth of 12.8% at current exchange rates and 14% at constant exchange rates on the corresponding period of 2022.

Performance of revenues by geographical area	H1 2023 (in €m)	H1 2022 (in €m)	Var. %	Var. % at constant exchange rates	Market performance (var. %)
Europe	513.3	450.3	14.0	14.4	20.2
North America	188.1	162.5	15.8	17.2	12.2
South America	52.7	49.9	5.6	3.9	9.7
India	53.5	48.5	10.3	17.7	6.5
China	49.0	47.9	2.3	8.2	7.0
Intercompany elimination	(4.2)	(3.1)			
TOTAL	852.4	756.0	12.8	14.0	11.2

Revenues recorded growth in all geographical areas: +14% in Europe, +15.8% in North America (+17.2% at constant exchange rates), +5.6% in South America (+3.9% at constant exchange rates net of inflation in Argentina), +10.3% in India (+17.7% at constant exchange rates), +2.3% in China (+8.2% at constant exchange rates).

Sogefi outperformed the market in North America, India and China.

Performance of revenues by business sector	H1 2023 (in €m)	H1 2022 (in €m)	Var. %	Var.% at constant exchange rates
Suspensions	310.1	268.8	15.4	15.7
Filtration	297.6	268.1	11.0	12.4
Air and Cooling	248.2	221.2	12.2	14.4
Intercompany elimination	(3.5)	(2.1)		
TOTAL	852.4	756.0	12.8	14.0

Suspensions reported growth in revenues of 15.4% (+15.7% at constant exchange rates).

Filtration reported an 11% rise in revenues (+12.4% at constant exchange rates), with particularly significant growth in the Aftermarket channel in Europe (+13.6%), North America and India.

Air and Cooling revenues were up by 12.2% (+14.4% at constant exchange rates), with a particularly significant increase in NAFTA (+18.5% at constant exchange rates).

EBITDA came in at € 111.1 million and was up by 11.3% compared to first half 2022 (€ 99.8 million).

The contribution margin increased by 12.9% compared to the first half of 2022, thanks to the higher volumes and to profitability (ratio of contribution margin/revenues %) which was unchanged at 28.1% compared to 2022, despite the extra costs linked to energy prices and in general to inflation.

The ratio of fixed costs to revenues declined to 14.3% from 14.9% in the first half of 2022.

Other expense, which mainly includes exchange rate differences, made a negative

contribution to EBITDA of € 3.8 million versus a positive contribution of € 3.9 million in the first half of 2022.

EBIT came to € 54.8 million, posting growth of 35.6% compared to € 40.4 million in first half 2022. The ratio to revenues increased from 5.3% in first half 2022 to 6.4% in first half 2023.

Financial expense totalled € 11.0 million and was higher than in the first half of 2022 (€ 9.1 million) because the rise in interest rates affected the variable-rate part of the loan portfolio.

Tax expense was substantially unchanged at € 10.8 million (€ 10.3 million in the same period of 2022).

The group reported **net income** of € 31.4 million (€ 20.8 million in the first half of 2022).

Free Cash Flow was positive for € 45.0 million (€ 41.2 million in first half 2022), including the effect of the greater recourse to factoring on account of the increase in revenues.

At 30 June 2023 **shareholders' equity**, excluding minority interests, stood at € 258 million, up from € 230.7 million at 31 December 2022.

Net financial debt before IFRS 16 totalled € 185.3 million at 30 June 2023, down from € 224.3 million at 31 December 2022 and € 216.4 million at 30 June 2022. Including the financial payables for rights of use, in accordance with IFRS 16, the net financial debt at 30 June 2023 amounted to € 250.6 million, versus € 294.9 million at 31 December 2022 and € 285.2 million at 30 June 2022.

At 30 June 2023 the Group had committed credit lines in excess of its requirements for € 284.0 million.

SIGNIFICANT EVENTS THAT HAVE OCCURRED SINCE 30 GIUGNO 2023

Since the close of the period there have been no significant events that could have an impact on the economic, patrimonial and financial information presented herein.

OUTLOOK FOR THE YEAR

Visibility as to the automotive market trend in 2023 remains limited due to the uncertainties relating to the macroeconomic evolution in a context of high inflation and still rising interest rates.

For 2023, S&P Global (IHS) expects global car production to grow by 5.3% on 2022, with Europe up 11.8%, NAFTA up 8.2%, India up 7.2% and South America and China substantially unchanged.

As far as raw materials and energy are concerned, since the beginning of the year prices have been trending downwards, but they remain high and very volatile.

Assuming there are no further factors that could cause a deterioration of the macroeconomic scenario from today's levels, for 2023 the Sogefi Group expects to see mid-single-digit revenue growth, in line with forecasts for the automotive market, and higher profitability, excluding non-recurring charges, than 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 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 30 June 2023 of the Sogefi Group.

SOGEFI GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of Euro)

ASSETS	06.30.2023	12.31.2022
CURRENT ASSETS		
Cash and cash equivalents	140.3	118.5
Other financial assets	2.9	6.1
Inventories	140.7	129.7
Trade receivables	198.0	161.2
Other receivables	12.7	11.4
Tax receivables	28.1	29.0
Other assets	6.9	3.1
ASSETS HELD FOR SALE	-	-
TOTAL CURRENT ASSETS	529.6	459.0
NON-CURRENT ASSETS		
Land	9.8	9.7
Property, plant and equipment	356.4	367.8
Other tangible fixed assets	6.3	6.3
Rights of Use	60.0	65.9
Intangible assets	214.2	218.2
Other financial assets	3.8	3.0
Financial receivables	4.9	5.6
Other receivables	33.3	32.5
Deferred tax assets	29.7	31.8
TOTAL NON-CURRENT ASSETS	718.4	740.8
TOTAL ASSETS	1,248.0	1,199.8

LIABILITIES	06.30.2023	12.31.2022
CURRENT LIABILITIES		
Bank overdrafts and short-term loans	1.6	1.9
Current portion of medium/long-term financial debts and other loans	67.3	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	397.2	347.6
Tax payables	6.5	4.7
Other current liabilities	46.1	40.1
Current provisions	9.5	10.1
LIABILITIES RELATED TO ASSETS HELD FOR SALE	-	-
TOTAL CURRENT LIABILITIES	541.6	487.2
NON-CURRENT LIABILITIES		
Financial debts to bank	214.1	233.4
Non current portion of medium/long-term financial debts and other loans	54.1	52.3
Medium/long-term financial debts for right of use	51.8	57.5
Other medium/long term financial liabilities for derivative financial instruments	-	-
Non-current provisions	32.8	33.7
Other payables	61.0	64.5
Deferred tax liabilities	22.2	23.7
TOTAL NON-CURRENT LIABILITIES	436.0	465.1
SHAREHOLDERS' EQUITY		
Share capital	62.5	62.5
Reserves and retained earnings (accumulated losses)	164.1	138.6
Group net result for the period	31.4	29.6
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE HOLDING COMPANY	258.0	230.7
Non-controlling interests	12.4	16.8
TOTAL SHAREHOLDERS' EQUITY	270.4	247.5
TOTAL LIABILITIES AND EQUITY	1,248.0	1,199.8

SHAREHOLDERS' EQUITY

(in millions of Euro)	Consolidated shareholders' equity - Group	Capital and reserves pertaining to non-controlling	Total Group and non-controlling shareholders' equity
Balance at December 31, 2022	230.7	16.8	247.5
Dividends	-	(6.3)	(6.3)
Currency translation differences	(7.7)	-	(7.7)
Actuarial gain (loss)	0.6	-	0.6
Fair value cash flow hedging instruments	(0.3)	-	(0.3)
Other changes	3.3	0.3	3.6
Net result for the period	31.4	1.6	33.0
Balance at June 30, 2023	258.0	12.4	270.4

CONSOLIDATED INCOME STATEMENT

(in millions of Euro)	Period		Period		Variation	
	01.01 – 06.30.2023		01.01 – 06.30.2022			
	Amount	%	Amount	%	Amount	%
Sales revenues	852.4	100.0	756.0	100.0	96.4	12.8
Variable cost of sales	612.8	71.9	543.7	71.9	69.1	12.7
CONTRIBUTION MARGIN	239.6	28.1	212.3	28.1	27.3	12.9
Manufacturing and R&D overheads	66.7	7.8	61.0	8.1	5.7	9.5
Depreciation and amortization	56.7	6.7	58.6	7.8	(1.9)	(3.3)
Distribution and sales fixed expenses	16.1	1.9	15.9	2.1	0.2	1.4
Administrative and general expenses	38.9	4.6	35.5	4.7	3.4	10.0
Restructuring costs	3.0	0.3	4.1	0.5	(1.1)	(28.0)
Losses (gains) on disposal	(0.1)	-	0.0	-	(0.1)	-
Exchange (gains) losses	2.0	0.2	(3.9)	(0.5)	5.9	151.3
Other non-operating expenses (income)	1.5	0.2	0.7	0.1	0.8	96.6
EBIT	54.8	6.4	40.4	5.3	14.4	35.6
Financial expenses	14.8	1.7	10.8	1.4	4.0	266.3
Financial (income)	(3.8)	(0.4)	(1.7)	(0.2)	(2.1)	559.8
Losses (gains) from equity investments	-	-	-	-	-	-
RESULT BEFORE TAXES	43.8	5.1	31.3	4.1	12.5	39.8
Income taxes	10.8	1.3	10.2	1.4	0.6	5.6
NET INCOME (LOSS) OF OPERATING ACTIVITIES	33.0	3.8	21.1	2.7	11.9	56.3
Net income (loss) from discontinued operations, net of tax effects	-	-	-	-	-	-
NET RESULT INCLUDING THIRD PARTY	33.0	3.8	21.1	2.7	11.9	56.3
Loss (income) attributable to non-controlling interests	(1.6)	(0.1)	(0.3)	-	(1.3)	414.7
GROUP NET RESULT	31.4	3.7	20.8	2.7	10.6	51.2

RECLASSIFIED CONSOLIDATED INCOME STATEMENT FOR THE SECOND QUARTER 2023

(in millions of Euro)	Period 04.01 - 06.30.2023		Period 04.01 – 06.30.2022		Variation	
	Amount	%	Amount	%	Amount	%
Sales revenues	420.9	100.0	374.9	100.0	46.0	12.3
Variable cost of sales	300.1	71.3	269.4	71.9	30.7	11.4
CONTRIBUTION MARGIN	120.8	28.7	105.5	28.1	15.3	14.5
Manufacturing and R&D overheads	32.5	7.7	30.4	8.1	2.1	6.5
Depreciation and amortization	28.7	6.8	29.8	8.0	(1.1)	(3.8)
Distribution and sales fixed expenses	8.0	1.9	8.3	2.2	(0.3)	(4.1)
Administrative and general expenses	19.7	4.7	17.7	4.7	2.0	11.4
Restructuring costs	2.2	0.5	2.2	0.6	-	-
Losses (gains) on disposal	(0.1)	-	-	-	(0.1)	-
Exchange (gains) losses	-	-	(2.7)	(0.7)	2.7	101.8
Other non-operating expenses (income)	0.6	0.2	0.5	0.1	0.1	49.9
EBIT	29.2	6.9	19.3	5.1	9.9	51.2
Financial expenses	7.4	1.8	5.7	1.5	1.7	29.1
Financial (income)	(2.0)	(0.5)	(1.0)	(0.3)	(1.0)	99.4
Losses (gains) from equity investments	-	-	-	-	-	-
RESULT BEFORE TAXES	23.8	5.6	14.6	3.9	9.2	62.2
Income taxes	4.9	1.1	4.4	1.1	0.5	8.9
NET INCOME (LOSS) OF OPERATING ACTIVITIES	18.9	4.5	10.2	2.8	8.7	85.3
Net income (loss) from discontinued operations, net of tax effects	-	-	-	-	-	-
NET RESULT INCLUDING THIRD PARTY	18.9	4.5	10.2	2.8	8.7	85.3
Loss (income) attributable to non-controlling interests	(0.7)	(0.2)	(0.2)	(0.1)	(0.5)	297.3
GROUP NET RESULT	18.2	4.3	10.0	2.7	8.2	81.3

CONSOLIDATED NET FINANCIAL POSITION

(in millions of Euro)	06.30.2023	12.31.2022	06.30.2022
A. Cash	140.3	118.5	152.3
B. Cash equivalents	-	-	-
C. Other current financial assets	2.9	6.1	4.9
D. Liquidity (A) + (B) + (C)	143.2	124.6	157.2
E. Current Financial Debt (including debt instruments, but excluding current portion of non-current financial debt)	1.6	2.6	13.6
F. Current portion of non-current financial debt	80.8	82.1	61.4
G. Current financial indebtedness (E) + (F)	82.4	84.7	75.0
H. Net current financial indebtedness (G) - (D)	(60.8)	(39.9)	(82.2)
I. Non-current financial debt (excluding the current portion and debt instruments)	261.1	285.4	307.6
J. Debt instruments	60.3	52.3	59.8
K. Non-current trade and other payables	-	-	-
L. Non-current financial indebtedness (I) + (J) + (K)	321.4	337.7	367.4
M. Total financial indebtedness (H) + (L)	260.6	297.8	285.2
Other non current financial assets	3.7	2.9	-
Other current liabilities	6.3	-	-
Financial indebtedness net, including financial receivables and debts for derivatives (as Net Financial Position reported in Consolidated Cash Flow Statement)	250.6	294.9	285.2

CONSOLIDATED CASH FLOW STATEMENT

(in millions of Euro)	06.30.2023	12.31.2022	06.30.2022
SELF-FINANCING	88.4	137.4	77.4
Change in net working capital	(1.8)	(11.9)	5.7
Other medium/long-term assets/liabilities	(1.3)	12.0	6.6
CASH FLOW GENERATED BY OPERATIONS	85.3	137.5	89.7
Net decrease from sale of fixed assets	2.7	6.9	0.2
TOTAL SOURCES	88.0	144.4	89.9
TOTAL APPLICATION OF FUNDS	41.4	109.5	44.0
Net financial position of subsidiaries purchased/sold during the period	0.1	-	-
Exchange differences on assets/liabilities and equity	(1.7)	(5.6)	(4.7)
FREE CASH FLOW	45.0	29.3	41.2
Dividends paid by subsidiaries to non-controlling interests	-	(2.1)	(2.1)
Change in fair value derivative instruments	(0.7)	5.5	3.3
CHANGES IN SHAREHOLDERS' EQUITY	(0.7)	3.4	1.2
Change in net financial position	44.3	32.7	42.4
Opening net financial position	(294.9)	(327.6)	(327.6)
CLOSING NET FINANCIAL POSITION	(250.6)	(294.9)	(285.2)

Fine Comunicato n.0246-29

Numero di Pagine: 12