



PRESS RELEASE

Board of Directors approves results as of December 31 2016

SOGEFI (CIR GROUP):

Revenues up by 5% to € 1.6bn (+9.8% at constant exchange rates)

EBITDA up by 32.2% to € 152.7m

Net result at € 9.3m (€ 1.1m in 2015)

Free Cash Flow positive at € 31.2 m (negative € 24.8m in 2015)

Highlights from 2016 results

(in €m)

	2016	2015	Δ%
Revenues	1,574.1	1,499.1	5.0
EBITDA	152.7	115.5	32.2
EBIT	74.5	50.7	46.8
Net Result	9.3	1.1	
Free Cash Flow	31.2	(24.8)	
Net debt (end of period)	299	322.3	

Milan, February 27 2017 – The **Board of Directors** of **Sogefi S.p.A.**, which met today under the chairmanship of **Monica Mondardini**, has approved the **proposed statutory financial statements and the consolidated financial statements** of the company for **financial year 2016**.

Laurent Hebenstreit, Sogefi's Chief Executive Officer, made the following statement:

"In 2016, Sogefi made progress in quality and productivity. The results show the impact of the turnaround actions undertaken by Sogefi in the past 18 months to improve profitability and cash generation."

Revenues up by 5% and by 9.8% at constant exchange rates

In 2016 the global automotive market reported an increase in production of 4.8%, with growth of 13.3% in Asia and a positive evolution in Europe (+3.5%) and North America (+2%). In South America the market remained in recession (-8.7%), although the fourth quarter, with a 7% growth of the production, seems to show an inversion of the trend.

In this environment, in 2016, Sogefi reported **revenues of € 1,574.1 million, up 5%** compared to € 1,499.1 million in 2015 and **up 9.8% at constant exchange rates**.

Sogefi / Revenues by geographical area: strong growth in North America and Asia

€m	Q4 2016	Q4 2015	reported change	2016	2015	reported change	Constant exchange rates	weight based on 2016	reference market*
Europe	228.4	226.2	1.0%	957.2	943.8	1.4%	2.2%	60.8%	3.5%
North America	77.7	72.6	7.0%	308.7	264.1	16.9%	21.0%	19.6%	2.0%
South America	45.1	39.6	13.9%	162.2	174.5	-7.1%	15.8%	10.3%	-8.7%
Asia	39.8	32.8	21.4%	139.6	111.1	25.6%	30.0%	8.9%	13.3%
Other	1.5	1.2		6.4	5.6				-0.6%
Total	392.5	372.4	5.4%	1,574.1	1,499.1	5.0%	9.8%	100.0%	4.8%

* Passenger cars and LCV production volumes

Sogefi and IHS estimates

The revenue growth was driven by significant development in North America (+16.9%) and in Asia (+25.6%) while Europe reported an increase of 1.4%. Revenues in South America, however, declined by 7.1% (+15.8% at constant exchange rates), but grew by 13.9% in the fourth quarter thanks to the first signs of market recovery.

Sogefi / Revenues by Business Unit: a significant increase in the Air & Cooling sector

€m	Q4 2016	Q4 2015	reported change	2016	2015	reported change	Constant exchange rates
Suspensions	141.0	137.6	2.5%	562.8	558.0	0.9%	6.2%
Filtration	132.1	124.5	6.1%	535.1	529.7	1.0%	6.7%
Air & Cooling	119.6	99.4	20.3%	480.2	415.3	15.6%	18.4%
intercompany	-0.2	10.9		-4.0	-3.9		
Total	392.5	372.4	5.4%	1,574.1	1,499.1	5.0%	9.8%

The *Air & Cooling* sector, which reported a 15.6% sales increase (+18.4% at constant exchange rates) contributed largely to the progress of the group.

The revenues of the other two business units were affected by the evolution of exchange rates: the *Suspensions* sector reported revenue growth of 0.9% (+6.2% at constant exchange rates) and *Filtration* reported a 1% increase (+6.7% at constant exchange rates).

Operating results and net income

EBITDA in 2016 grew by € 37.2 million to **€ 152.7 million**, representing a **+32.2% increase** compared to €115.5 million in 2015. The increase benefited from revenue growth and from the improvement in profitability which increased to 9.7% from 7.7% in 2015.

The increase in profitability was due to a slight improvement in the gross margin and to the reduced impact of indirect costs. In particular, the ratio of total labour costs to revenues declined from 22.1% in 2015 to 21.4% in 2016.

Regarding the risks resulting from the claims made against the company Sogefi Air & Refroidissement France S.A.S. (formerly Systèmes Moteurs S.A.S.), in 2016 there were no developments in the “product guarantee” issue that warranted a change in the provision made at December 31 2015. As for the recovery of damages from Dayco, the vendor of Systèmes Moteurs S.A.S. to Sogefi in 2011, in May the arbitration process ended with Dayco being sentenced to pay Sogefi € 9.4 million for the claims already settled. The whole amount was received during the second half of 2016. The arbitration decision, however, reduced the amount expected to be recovered by Sogefi by € 4 million, with a negative impact of the same amount on the accounts booked in June 2016.

Sogefi appealed against the decision which stipulated that any payments for claims relating to production that took place after the acquisition will be borne by Sogefi; Dayco appealed against the award for the part which confirmed the validity of the compensation to Sogefi included in the acquisition contract. In this regard, the validity of the compensation has been confirmed both by the arbitration award, and, preliminarily, in a decision by the Milan Court of Appeal which rejected a Dayco request to suspend the enforceability of the award.

EBIT increased by 46.8% to € 74.5 million compared to € 50.7 million in 2015.

The **result before taxes and minority interests** was a positive **€ 46.6 million** (€ 17.9 million in 2015), benefiting also from non-recurring financial income of € 6 million.

The **net result** was a **positive € 9.3 million** (€ 1.1 million in 2015) after tax expense of € 32.6 million in 2016 (versus € 12.9 million in 2015), as an effect of the higher pre-tax result and non-recurring taxes of € 10.2 million.

Net debt

Free Cash Flow in 2016 amounted to a **positive € 31.2 million**, compared to € 24.8 million of cash absorption in 2015 which included € 20.3 of quality costs (out of which € 18.0 million of payment related to Systèmes Moteurs warranty claims). The improvement came with an increase in tangible asset expenditure to € 58.8 million (€ 51.3 million in 2015).

Without items of non-ordinary nature, Free Cash Flow amounted to € 21.9 million in 2016.

Net financial debt stood at **€ 299 million** at December 31 2016 showing a € 23.3 million improvement on December 31 2015 (€ 322.3 million) and a € 15.1 million improvement on September 30 2016 (€ 314.1 million).

Shareholders' equity

At December 31 2016 **shareholders' equity** excluding minority interests amounted to **€ 172.9 million** (€ 170.8 million at December 31 2015).

Employees

The Sogefi group had **6,801 employees** at December 31 2016 compared to 6,702 at December 31 2015.

Results of the parent company Sogefi S.p.A.

In 2016, the **parent company Sogefi S.p.A.** reported **net income of € 27.7 million** (a net loss of € 6.8 million in the previous year). The difference was mainly due to higher dividends from subsidiaries for € 22.8 million, non-recurring financial income of € 6 million and revenues of a non-ordinary nature from subsidiaries for € 2.3 million.

Net debt stood at **€ 280.1 million** at December 31 2016, posting a reduction of € 25.7 million compared to December 31 2015 (€ 305.8 million).

Shareholders' equity at December 31 2016 amounted to **€ 197.9 million** (€ 167.5 million at December 31 2015).

Outlook for the year

In 2017 the global car market is expected to experience a modest increase with limited growth in Europe, a contraction in North America and a slight recovery in South America.

The company is targeting a mid-single digit revenue growth in percentage terms driven by a good performance in China and India and to a lower extent by growth in North and South America.

In this environment, Sogefi expects to continue to improve its profitability.

Proposed dividend

The Board of Directors will propose that no dividend distribution be approved by the Annual General Meeting of the Shareholders.

Shareholders' Meeting

The Annual General Meeting of the Shareholders of Sogefi has been convened at the first call for April 26 2017 and at the second call for April 27 2017.

The Board of Directors has specifically resolved:

- To submit for approval by the Shareholders' Meeting the early termination by mutual consent of the mandate to the current firm of auditors Deloitte & Touche S.p.A. and to assign the new legal audit mandate for the period 2017-2025.
- To propose that the Shareholders' Meeting cancel and renew its authorization of the Board of Directors, for a period of 18 months, to buy back a maximum of 10 million of the company's own shares (including the 2,868,933 shares already held as of today, corresponding to 2.40% of the share capital), at a unit price that cannot be more than 10% higher or lower than the official price of the shares recorded at the trading session on the regulated market prior to that of each individual transaction or the date on which the price is fixed, and in any case when the buybacks are effected on the regulated market, at a price no higher than the higher of the price of the last independent transaction and the highest current independent bid price on the same market, in accordance with what is laid down by EU Delegated Regulation no.2016/1052.

The main reasons why this authorization is being renewed are the following: to fulfill obligations from possible stock option plans or other awards of the Company's shares to employees or members of the board of directors or the board of statutory auditors of Sogefi or any of its subsidiary companies; to fulfill any obligations resulting from debt instruments that are convertible into or exchangeable with equity instruments; to have a portfolio of shares to use as consideration in extraordinary transactions, even those involving share exchanges, with other entities in deals of interest to the Company (as treasury stock); to engage in activities supporting the liquidity of the market; to take advantage of any opportunities to create value, and to invest liquidity efficiently in relation to the market trend; for any other purposes that the competent authorities should qualify as market practices permitted as per the terms of applicable European and domestic regulations, and following procedures established therein.

- To submit to the approval of the Shareholders' Meeting a stock grant plan for 2017 for the employees of the company and its subsidiaries for a maximum of 750,000 conditional rights, each of which will give the beneficiaries the right to be assigned 1 Sogefi share free of charge. The shares assigned will be taken from the own shares held by the Company as treasury shares.

The executive responsible for the preparation of the Company's financial statements, Yann Albrand, 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: <http://www.sogefigroup.com/it/area-stampa/index.html>

*Attached are the key figures from the Financial Statements as of
December 31 2016 of the Sogefi Group.*

SOGEFI GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of Euro)

ASSETS	12.31.2016	12.31.2015
CURRENT ASSETS		
Cash and cash equivalents	93.7	121.9
Other financial assets	5.9	6.3
<i>Working capital</i>		
Inventories	165.0	159.7
Trade receivables	158.5	143.5
Other receivables	6.8	7.9
Tax receivables	24.2	26.8
Other assets	3.6	4.0
TOTAL WORKING CAPITAL	358.1	341.9
TOTAL CURRENT ASSETS	457.7	470.1
NON-CURRENT ASSETS		
Fixed assets		
Land	12.8	14.3
Property, plant and equipment	243.3	232.6
Other tangible fixed assets	6.4	5.3
<i>Of which: leases</i>	<i>8.1</i>	<i>6.8</i>
Intangible assets	281.7	284.0
TOTAL FIXED ASSETS	544.2	536.2
OTHER NON-CURRENT ASSETS		
Investments in joint ventures	-	-
Other financial assets available for sale	-	0.4
Long term trade receivables	-	-
Financial receivables	15.8	13.2
Other receivables	29.8	34.7
Deferred tax assets	56.8	65.3
TOTAL OTHER NON-CURRENT ASSETS	102.4	113.6
TOTAL NON-CURRENT ASSETS	646.6	649.8
NON-CURRENT ASSETS HELD FOR SALE	3.4	-
TOTAL ASSETS	1,107.7	1,119.9

LIABILITIES	12.31.2016	12.31.2015
CURRENT LIABILITIES		
Bank overdrafts and short-term loans	11.0	17.8
Current portion of medium/long-term financial debts and other loans	137.2	74.4
<i>Of which: leases</i>	1.7	1.3
TOTAL SHORT-TERM FINANCIAL DEBTS	148.2	92.2
Other short-term liabilities for derivative financial instruments	0.4	0.3
TOTAL SHORT-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	148.6	92.5
Trade and other payables	339.1	325.4
Tax payables	8.7	6.1
Other current liabilities	8.2	9.7
TOTAL CURRENT LIABILITIES	504.6	433.7
NON-CURRENT LIABILITIES		
MEDIUM/LONG TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS		
Financial debts to bank	48.3	141.1
Other medium/long-term financial debts	209.9	218.4
<i>Of which: leases</i>	9.0	8.1
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS	258.2	359.5
Other medium/long term financial liabilities for derivative financial instruments	7.6	11.6
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	265.8	371.1
OTHER LONG-TERM LIABILITIES		
Long-term provisions	89.3	79.2
Other payables	15.0	9.2
Deferred tax liabilities	44.0	36.3
TOTAL OTHER LONG-TERM LIABILITIES	148.3	124.7
TOTAL NON-CURRENT LIABILITIES	414.1	495.8
SHAREHOLDERS' EQUITY		
Share capital	62.1	61.7
Reserves and retained earnings (accumulated losses)	101.5	108.0
Group net result for the year	9.3	1.1
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE HOLDING COMPANY	172.9	170.8
Non-controlling interests	16.1	19.6
TOTAL SHAREHOLDERS' EQUITY	189.0	190.4
TOTAL LIABILITIES AND EQUITY	1,107.7	1,119.9

CONSOLIDATED INCOME STATEMENT FROM 1.1.2016 TO 12.31.2016

(in millions of Euro)

	Period		Period		Change	
	01.01 – 12.31.2016		01.01 – 12.31.2015		Amount	%
	Amount	%	Amount	%	Amount	%
Sales revenues	1,574.1	100.0	1,499.1	100.0	75.0	5.0
Variable cost of sales	1,120.2	71.2	1,079.1	72.0	41.1	3.8
CONTRIBUTION MARGIN	453.9	28.8	420.0	28.0	33.9	8.1
Manufacturing and R&D overheads	147.5	9.3	146.1	9.7	1.4	1.0
Depreciation and amortization	68.8	4.4	64.4	4.3	4.4	6.9
Distribution and sales fixed expenses	44.9	2.9	45.2	3.0	(0.3)	(0.7)
Administrative and general expenses	85.1	5.4	84.2	5.6	0.9	1.1
Restructuring costs	5.3	0.3	7.3	0.5	(2.0)	(28.3)
Losses (gains) on disposal	(0.7)	-	(1.6)	(0.1)	0.9	56.3
Exchange losses (gains)	1.8	0.1	3.6	0.2	(1.8)	(49.7)
Other non-operating expenses (income)	26.7	1.7	20.1	1.4	6.6	33.0
- of which not ordinary	10.2	-	15.7	-	(5.5)	-
EBIT	74.5	4.7	50.7	3.4	23.8	46.8
Financial expenses (income), net	31.5	2.0	32.8	2.2	(1.3)	(4.0)
- of which fair value of the embedded derivative (convertible bond)	-	-	(1.5)	-	1.5	-
- of which other net financial expenses (income)	31.5	-	34.3	-	(2.8)	-
Losses (gains) from equity investments	(3.6)	(0.2)	-	-	(3.6)	-
RESULT BEFORE TAXES AND NON-CONTROLLING INTERESTS	46.6	2.9	17.9	1.2	28.7	159.6
Income taxes	32.6	2.1	12.9	0.9	19.7	152.7
NET RESULT BEFORE NON-CONTROLLING INTERESTS	14.0	0.8	5.0	0.3	9.0	177.1
Loss (income) attributable to non-controlling interests	(4.7)	(0.2)	(3.9)	(0.2)	(0.8)	(18.5)
GROUP NET RESULT	9.3	0.6	1.1	0.1	8.2	733.4

CONSOLIDATED NET FINANCIAL POSITION

(in millions of Euro)

	12.31.2016	12.31.2015
A. Cash	93.7	121.9
B. Other cash at bank and on hand (included held-to-maturity investments)	4.0	4.0
C. Financial instruments held for trading	-	-
D. Liquid funds (A) + (B) + (C)	97.7	125.9
E. Current financial receivables	1.9	2.3
F. Current payables to banks	(11.0)	(17.8)
G. Current portion of non-current indebtedness	(137.2)	(74.5)
H. Other current financial debts	(0.4)	(0.3)
I. Current financial indebtedness (F) + (G) + (H)	(148.6)	(92.6)
J. Current financial indebtedness, net (I) + (E) + (D)	(49.0)	35.6
K. Non-current payables to banks	(48.3)	(141.1)
L. Bonds issued	(200.2)	(208.9)
M. Other non-current financial debts	(17.3)	(21.1)
N. Convertible bond embedded derivative liability	-	-
O. Non-current financial indebtedness (K) + (L) + (M) + (N)	(265.8)	(371.1)
P. Net indebtedness (J) + (O)	(314.8)	(335.5)
Non-current financial receivables	15.8	13.2
Financial indebtedness, net including non-current financial receivables	(299.0)	(322.3)

CONSOLIDATED CASH FLOW STATEMENT

(in millions of Euro)

	12.31.2016	12.31.2015
SELF-FINANCING	109.1	53.4
Change in net working capital	(2.1)	(4.2)
Other medium/long-term assets/liabilities	17.5	4.8
CASH FLOW GENERATED BY OPERATIONS	124.5	54.0
Sale of equity investments	-	-
Net decrease from sale of fixed assets	0.3	1.0
TOTAL SOURCES	124.8	55.0
Increase in intangible assets	30.3	30.4
Purchase of tangible assets	58.8	51.3
TOTAL APPLICATION OF FUNDS	89.1	81.7
Exchange differences on assets/liabilities and equity	(4.5)	1.9
FREE CASH FLOW	31.2	(24.8)
Holding Company increases in capital	0.8	0.1
Increases in share capital of consolidated subsidiaries	0.2	0.1
Dividends paid by the Holding Company to shareholders	-	-
Dividends paid by subsidiaries to non-controlling interests	(8.2)	(4.3)
Change in <i>fair value</i> derivate instruments	(0.7)	10.9
CHANGES IN SHAREHOLDERS' EQUITY	(7.9)	6.8
Change in net financial position	23.3	(18.0)
Opening net financial position	(322.3)	(304.3)
CLOSING NET FINANCIAL POSITION	(299.0)	(322.3)

SOGEFI S.p.A.

STATEMENT OF FINANCIAL POSITION

(in millions of Euro)

ASSETS	12.31.2016	12.31.2015
CURRENT ASSETS		
Cash and cash equivalents	25.1	45.2
Centralized treasury current accounts with subsidiaries	57.9	8.5
Other financial assets	0.2	0.2
Other financial loans with subsidiaries	0.2	11.2
<i>Working capital</i>		
Inventories	-	-
Trade receivables	12.0	16.1
Other receivables	0.2	0.3
Tax receivables	0.3	0.1
Other assets	0.7	0.9
TOTAL WORKING CAPITAL	13.2	17.4
TOTAL CURRENT ASSETS	96.6	82.5
NON-CURRENT ASSETS		
Fixed assets		
Land	13.2	13.3
Buildings	8.6	9.7
Other tangible fixed assets	0.3	0.2
<i>Of which: leases</i>	-	-
Intangible assets	29.9	31.8
TOTAL FIXED ASSETS	52.0	55.0
OTHER NON-CURRENT ASSETS		
Investments in subsidiaries	416.7	404.0
Investments in associates	-	-
Other financial assets available for sale	-	-
Other financial loans	95.8	104.4
<i>Of which: other medium/long-term assets for derivative financial instruments</i>	15.8	13.2
Other receivables	-	-
Deferred tax assets	4.9	7.8
TOTAL OTHER NON-CURRENT ASSETS	517.4	516.2
TOTAL NON-CURRENT ASSETS	569.4	571.2
TOTAL ASSETS	666.0	653.7

LIABILITIES	12.31.2016	12.31.2015
CURRENT LIABILITIES		
Bank overdrafts and short-term loans	-	5.0
Centralized treasury current accounts with subsidiaries	109.2	100.5
Current portion of medium/long-term financial debts and other loans	100.5	25.0
<i>Of which: leases</i>	-	-
Share capital subscribed and not yet paid	-	-
TOTAL SHORT-TERM FINANCIAL DEBTS	209.7	130.5
Other short-term liabilities for derivative financial instruments	0.3	-
TOTAL SHORT-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	210.0	130.5
Trade and other payables	8.0	9.5
Tax payables	0.2	0.5
Other current liabilities	-	-
TOTAL CURRENT LIABILITIES	218.2	140.5
NON-CURRENT LIABILITIES		
MEDIUM/LONG TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS		
Financial debts to bank	41.6	124.4
Other medium/long-term financial debts	200.2	208.8
<i>Of which: leases</i>	-	-
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS	241.8	333.2
Other medium/long-term financial liabilities for derivative financial instruments	7.5	11.6
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	249.3	344.8
OTHER LONG-TERM LIABILITIES		
Long-term provisions	0.6	0.7
Other payables	-	-
Deferred tax liabilities	-	0.2
TOTAL OTHER LONG-TERM LIABILITIES	0.6	0.9
TOTAL NON-CURRENT LIABILITIES	249.9	345.7
SHAREHOLDERS' EQUITY		
Share capital	62.1	61.7
Reserves and retained earnings (accumulated losses)	108.1	112.6
Net result for the year	27.7	(6.8)
TOTAL SHAREHOLDERS' EQUITY	197.9	167.5
TOTAL LIABILITIES AND EQUITY	666.0	653.7

RECLASSIFIED INCOME STATEMENT

(in millions of Euro)

	12.31.2016	12.31.2015
Financial income/expenses and dividends	29.9	2.6
Other operating revenues	22.5	23.5
Operating costs	(25.7)	(26.5)
Other non-operating income (expenses)	0.3	(10.3)
RESULT BEFORE TAXES	27.0	(10.7)
Income taxes	(0.7)	(3.9)
NET RESULT	27.7	(6.8)

CASH FLOW STATEMENT

(in millions of Euro)

	12.31.2016	12.31.2015
SELF-FINANCING	34.2	(1.6)
Change in net working capital	2.4	(1.9)
Other medium/long-term assets/liabilities	2.6	12.2
CASH FLOW GENERATED BY OPERATIONS	39.2	8.7
Sale of equity investments	7.0	-
TOTAL SOURCES	46.2	8.7
Increase in intangible assets	1.1	1.9
Purchase of tangible assets	0.1	0.3
Purchase of equity investments	20.0	6.6
TOTAL APPLICATION OF FUNDS	21.2	8.8
FREE CASH FLOW	25.0	(0.1)
Holding Company increases in capital	0.8	0.1
Change in <i>fair value</i> derivate instruments	(0.1)	1.9
Dividends paid by the Holding Company	-	-
CHANGES IN SHAREHOLDERS' EQUITY	0.7	2.0
Change in net financial position	25.7	1.9
Opening net financial position	(305.8)	(307.7)
CLOSING NET FINANCIAL POSITION	(280.1)	(305.8)