

B) SEGMENT INFORMATION

4. OPERATING SEGMENTS

In compliance with the provisions of IFRS 8, the following information is provided by operating segments (business segments) and performance indicators that play a key role in the Group's strategic decisions.

As the analysis by business segments is given higher priority in the decision-making process, the analysis by geographic areas is not presented.

Business segments

With regard to the business segments, disclosures concerning the three business units: Air&Cooling, Suspensions and Filtration are provided below. 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.

The tables below provide the Group's income statement and statement of financial position figures for 2015² and 2016:

(in thousands of Euro)	2015					
	Air&Cooling	Suspensions	Filtration	Sogefi S.p.A. / Sogefi Gestion S.A.S.	Adjustments	Sogefi consolidated f/s
REVENUES						
Sales to third parties	413,806	556,758	528,441	45	-	1,499,050
Intersegment sales	1,458	1,257	1,229	29,689	(33,633)	-
TOTAL REVENUES	415,264	558,015	529,670	29,734	(33,633)	1,499,050
RESULTS						
EBIT	(1,217)	35,441	30,924	(13,100)	(1,306)	50,742
Financial expenses, net						(32,778)
Income from equity investments						-
Losses from equity investments						-
Result before taxes						17,964
Income taxes						(12,913)
Loss (profit) attributable to non-controlling interests						(3,931)
NET RESULT						1,120
STATEMENT OF FINANCIAL POSITION						
ASSETS						
Segment assets	250,068	420,642	333,112	642,567	(692,361)	954,028
Equity investments in associates	-	-	-	-	-	-
Unallocated assets	-	-	-	-	165,892	165,892
TOTAL ASSETS	250,068	420,642	333,112	642,567	(526,469)	1,119,920
LIABILITIES						
Segment liabilities	163,710	292,604	213,364	489,914	(230,068)	929,524
TOTAL LIABILITIES	163,710	292,604	213,364	489,914	(230,068)	929,524
OTHER INFORMATION						
Increase in tangible and intangible fixed assets	21,640	22,661	36,415	2,210	(1,283)	81,643
Depreciation, amortisation and writedowns	15,423	22,621	21,553	3,615	1,539	64,751

² Please note that during the year 2016 the management reviewed the classification of the Filtration and Air&Cooling business segments, shifting the focus from production plant the product. As a result of this review, the classification of balances between business units is different from that used as at 31 December 2015.

(in thousands of Euro)	2016					
	Air&Cooling	Suspensions	Filtration	Sogefi S.p.A. / Sogefi Gestion S.A.S.	Adjustments	Sogefi consolidated f/s
REVENUES						
Sales to third parties	479,294	561,435	533,362	-	-	1,574,091
Intersegment sales	942	1,371	1,699	25,986	(29,998)	-
TOTAL REVENUES	480,236	562,806	535,061	25,986	(29,998)	1,574,091
RESULTS						
EBIT	23,277	35,611	25,104	(3,861)	(5,624)	74,507
Financial expenses, net						(31,458)
Income from equity investments						3,975
Losses from equity investments						(392)
Result before taxes						46,632
Income taxes						(32,637)
Loss (profit) attributable to non-controlling interests						(4,659)
NET RESULT						9,336
STATEMENT OF FINANCIAL POSITION						
ASSETS						
Segment assets	285,077	401,200	335,370	655,127	(720,521)	956,253
Equity investments in associates	-	-	-	-	-	-
Unallocated assets	-	-	-	-	151,431	151,431
TOTAL ASSETS	285,077	401,200	335,370	655,127	(569,090)	1,107,684
LIABILITIES						
Segment liabilities	182,262	259,841	250,984	472,246	(246,718)	918,615
TOTAL LIABILITIES	182,262	259,841	250,984	472,246	(246,718)	918,615
OTHER INFORMATION						
Increase in tangible and intangible fixed assets	24,396	35,180	28,482	1,203	(200)	89,061
Depreciation, amortisation and writedowns	17,944	26,185	29,820	(12,537)	17,157	78,569

Please note that the Air&Cooling business unit figures include the net book value of the Systemes Moteurs Group coming from local financial statements – in other words, not including the fair value adjustment of net assets after the Purchase Price Allocation performed in 2011 – but only the adjustments related to the measurement of product warranty provisions (contingent liabilities booked during the PPA relating to the claims discussed at “Critical estimates and assumptions”); the remaining adjustments arising from the Purchase Price Allocation of the Systemes Moteurs Group 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” refer to depreciation and amortisation linked to the revaluation of assets resulting from the acquisition of 40% of Sogefi Rejna S.p.A. (later merged into Sogefi Italy S.p.A.) and its subsidiaries in the year 2000, and of the Systemes Moteurs Group in the year 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 Resorts Automobile

Group, 40% of Sogefi Rejna S.p.A. (now included in Sogefi Italy S.p.A.), the Filtrauto Group, 60% of Sogefi M.N.R. Filtration India Private Ltd (now merged into Sogefi-MNR Engine Systems India Pvt Ltd) and Systemes Moteurs Group.

“Depreciation, amortisation and writedowns” include writedowns of tangible (Euro 6,129 thousand) and intangible fixed assets (Euro 3,257 thousand) for the most part relating to European subsidiaries and the subsidiary Sogefi Filtration do Brasil Ltda. These assets were written down based on the recoverable amount of assets at year-end date.

Information on the main customers

Revenues from sales to third parties as at 31 December 2016 accounting for over 10% of Group revenues are shown in the following table:

(in thousands of Euro) Group	Group		2016		
	<i>Amount</i>	%	BU Filtration	BU Air&Cool.	BU Suspensions
Ford	197,999	13	51,534	70,617	75,848
Renault/Nissan	180,658	12	52,840	41,828	85,990
FCA/CNH Industrial	177,489	11	90,532	43,368	43,589
PSA	169,721	11	51,269	58,004	60,448

Information on geographic areas

The breakdown of revenues by geographical area "of destination", in other words with regard to the nationality of the customer, is analysed in the Directors' Report and in the notes to the Income Statement.

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

(in thousands of Euro)	2015					
	Europe	South America	North America	Asia	Adjustments	Sogefi consolidated f/s
TOTAL ASSETS	1,439,944	92,635	138,228	136,111	(686,998)	1,119,920

(in thousands of Euro)	2016					
	Europe	South America	North America	Asia	Adjustments	Sogefi consolidated f/s
TOTAL ASSETS	1,470,182	102,122	130,518	142,814	(737,952)	1,107,684