

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

In 2012, net result was Euro 6.2 million, down 41.3% from Euro 10.5 million in the previous year.

The decrease in item “Financial income/expenses and dividends” was mainly due to the lower dividend flow resolved by subsidiaries as well as to higher net financial expenses due to a major indebtedness for the acquisition of Systèmes Moteurs S.A.S. in the second half of 2011.

The Company recognised a writedown of Euro 5.8 million (vs Euro 5.5 million in 2011) under item “Adjustments to financial assets” of the income statement to reduce the carrying value of the Italian subsidiary Sogefi Rejna S.p.A..

The year 2012 witnessed an increase in personnel and third-party consulting costs, as a result more services provided by the Holding Company to subsidiaries as evidenced by the growth in its operating revenues compared to the previous year.

“Other non-operating income (expenses)” include consulting services for the acquisition of a potential target eventually not executed. The previous year included third-party consultant fees for the amount of Euro 4.4 million for the acquisition of French company Systèmes Moteurs S.A.S..

(in millions of Euro)	2012	2011
Financial income/expenses and dividends	16.0	22.1
Adjustments to financial assets	(5.8)	(5.5)
Other operating revenues	14.1	12.8
Operating costs	(18.3)	(16.6)
Other non-operating income (expenses)	(2.3)	(5.3)
RESULT BEFORE TAXES	3.7	7.5
Income taxes	(2.5)	(3.0)
NET RESULT	6.2	10.5

As regards the **statement of financial position**, the table below shows the main items as of December 31, 2012, compared with the figures recorded at the end of the previous year:

(in millions of Euro)	Note(*)	12.31.2012	12.31.2011
Short-term assets	(n)	10.0	8.2
Short-term liabilities	(o)	(9.7)	(6.1)
Net working capital		0.3	2.1
Equity investments	(p)	396.5	389.6
Other fixed assets	(q)	41.6	30.8
CAPITAL INVESTED		438.4	422.5
Other medium and long-term liabilities	(r)	(1.0)	(1.2)
NET CAPITAL INVESTED		437.4	421.3
Net financial indebtedness		283.3	254.7
Shareholders' equity		154.1	166.6
TOTAL		437.4	421.3

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

The increase in “Equity investments”, net of the writedown of Sogefi Rejna S.p.A. mentioned above, reflects the establishment of subsidiary Sogefi (Suzhou) Auto Parts Co., Ltd for the amount of Euro 12.3 million aimed at supporting the business growth of the Suspension Components and Air Intake and Cooling Divisions on the Chinese market.

“Other fixed assets” include an increase by Euro 9.1 million relating to capitalised costs for the multi-year project started during the second half of year 2011 to develop and implement a new integrated information system at a group-wide level.

“Shareholders' equity” as of December 31, 2012 decreased to Euro 154.1 million (Euro 166.6 million as of December 31, 2011) as the share premium reserve was used to purchase treasury shares, as the Retained earnings reserve was used to pay a dividend according to a resolution of the Shareholders' Meeting of April 19, 2012 and as a consequence of a reduction of the fair value reserve for interest rate hedging instruments, which were booked in accordance with hedge accounting principles.

Net financial indebtedness as of December 31, 2012 was Euro 283.3 million, with a net increase of Euro 28.6 million compared to December 31, 2011.

<i>(in millions of Euro)</i>	12.31.2012	12.31.2011
Short-term cash investments	27.0	44.4
Short/medium-term financial receivables to third and subsidiaries	107.5	129.2
Short-term financial debts (*)	(150.8)	(103.7)
Medium/long-term financial debts	(267.0)	(324.6)
NET FINANCIAL POSITION	(283.3)	(254.7)

(*) Including current portions of medium/long-term financial debts.

As mentioned above, such increase in net financial position was mainly due to the establishment of the Chinese subsidiary Sogefi (Suzhou) Auto Parts Co., Ltd, to the increase in intangible assets, to the change in the fair value of interest rate hedging instruments (Euro 5.4 million) and to the purchase of treasury shares net of capital increases through subscription of stock options (Euro 1.3 million).

The table below illustrates the *cash flow statement* of Sogefi S.p.A. and the impact of the cash outflows mentioned above:

<i>(in millions of Euro)</i>	<i>Note(*)</i>	<i>2012</i>	<i>2011</i>
SELF-FINANCING	<i>(s)</i>	<i>10.2</i>	<i>14.9</i>
<i>Change in net working capital</i>	<i>(t)</i>	<i>1.8</i>	<i>(0.9)</i>
<i>Other medium/long term assets/liabilities</i>	<i>(u)</i>	<i>(2.7)</i>	<i>(4.2)</i>
CASH FLOW GENERATED BY OPERATIONS		<i>9.3</i>	<i>9.8</i>
<i>Sale of equity investments</i>	<i>(v)</i>	<i>-</i>	<i>-</i>
TOTAL SOURCES		<i>9.3</i>	<i>9.8</i>
<i>Increase in intangible assets</i>		<i>9.1</i>	<i>1.5</i>
<i>Purchase of tangible assets</i>		<i>0.1</i>	<i>-</i>
<i>Purchase of equity investments</i>		<i>12.7</i>	<i>126.2</i>
TOTAL APPLICATION OF FUNDS		<i>21.9</i>	<i>127.7</i>
FREE CASH FLOW		<i>(12.6)</i>	<i>(117.9)</i>
<i>Holding Company increases in capital</i>		<i>0.1</i>	<i>0.3</i>
<i>Net purchase of treasury shares</i>		<i>(1.4)</i>	<i>(2.7)</i>
<i>Dividends paid by the Holding Company</i>		<i>(14.7)</i>	<i>(14.9)</i>
CHANGES IN SHAREHOLDERS' EQUITY		<i>(16.0)</i>	<i>(17.3)</i>
<i>Change in net financial position</i>	<i>(w)</i>	<i>(28.6)</i>	<i>(135.2)</i>
<i>Opening net financial position</i>	<i>(w)</i>	<i>(254.7)</i>	<i>(119.5)</i>
CLOSING NET FINANCIAL POSITION	<i>(w)</i>	<i>(283.3)</i>	<i>(254.7)</i>

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