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Oggetto : Results for first quarter 2024

Testo del comunicato

Vedi allegato



PRESS RELEASE

RESULTS FOR FIRST QUARTER 2024

Revenues: -3.9% at € 263.2 million, -3.1% at constant exchange rates

**EBIT: significantly higher at € 14.6 million
(€ 6.5 million in first quarter 2023)**

**Net income: +13.5% at € 15.0 million
(€ 13.2 million in first quarter 2023)**

**Free Cash Flow positive for € 30.7 million
(€ 39.6 million in first quarter 2023)**

**Reduction of debt before IFRS 16 to € 171.4 million
(€ 186.9 million at end of March 2023)**

It should be noted that the values for first quarters 2023 and 2024 have been calculated applying IFRS 5 ("Non-current assets held for sale and discontinued operations") to the Filtration division.

Main results (in €m)*	First Quarter	
	2023	2024
REVENUES	274.0	263.2
EBITDA*	25.8	33.7
EBIT	6.5	14.6
Net result	13.2	15.0
Net debt at 31.03. before IFRS 16	186.9	171.4

* EBITDA was calculated by adding to the item "Ebit" the lines "Amortization and depreciation" and the amount of write-downs of tangible and intangible fixed assets included in the item "Other non-operating costs (income)", equal to € +0.1 million at 31 March 2024 (€ 0 million in the same period of the previous year).

Milan, 22 April 2024 – 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 2024, as presented by Chief Executive Officer **Frédéric Sipahi**.

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

PERFORMANCE OF THE MARKET

In the first quarter of 2024 world car production declined by 0.8% on the first quarter of 2023. Growth was reported in China (+4.3%) and India (+6.6%), a decline in Mercosur (-5.6%) and in Europe (-5.9%), a geographical area that in 2023 had shown a strong recovery, and substantial stability in NAFTA (+1.4%).

For the year 2024, *S&P Global* (IHS), a source commonly used in the sector, expects that world production will remain stable compared to 2023, with a positive trend in China and India, substantial stability in NAFTA and Mercosur and a decline of 2.6% in Europe.

SUMMARY OF SOGEFI'S PERFORMANCE IN FIRST QUARTER 2024

Taking into account the agreement signed on 23 February 2024 for the sale of the Filtration Business Unit, the income statement figures for the first quarters of 2023 and 2024 of these businesses are shown in accordance with IFRS 5, i.e. reclassifying the result of the business to the item "income from assets held for sale and discontinued operations". Therefore, the figures commented on below refer to the consolidation of the continuing businesses and exclude Filtration.

The consolidated revenues of the Group recorded a decline of 3.9% (-3.1% at constant exchange rates) compared to the first quarter of 2023 because of the lower production volumes in Europe due to the performance of the market (-5.9%).

The results showed a significant improvement compared to the first quarter of 2023:

- **EBITDA**, totalling € 33.7 million, was up by **30.9%** compared to the same period of 2023, with an EBITDA margin of 12.8%;
- **EBIT**, amounting to € 14.6 million, was significantly higher than in first quarter 2023, € 6.5 million, with an EBIT margin of 5.6% of revenues, up from 2.4%;
- **Net income from continuing operations** was € 5.6 million;
- Total **net income**, including the net income of the Filtration business, destined for disposal, came in at € **15 million** (+13.5% versus € 13.2 million in the first quarter of 2023);
- **Free cash flow** was a positive € 30.7 million (€ 39.6 million in first quarter 2023);

Net debt (before IFRS 16) declined to € 171.4 million at 31 March 2024, compared to € 200.7 million at 31 December 2023 and € 186.9 million at 31 March 2023.

Commercial activity was positive both in terms of total value of the contracts acquired and in terms of mix, with 48% of the value of the new contracts acquired during the year destined for E-mobility. Significant new contracts were awarded in Europe, China and North America.

Air and Cooling obtained most of its new orders in North America and China for the supply of air manifolds and water pumps. 46% of the value of the new contracts obtained by the Air and Cooling division in first quarter 2024 was for components for E-mobility platforms.

Suspensions obtained new business mainly for the supply of stabilizer bars in China to a totally electric player, and in India to a producer of buses. 57% of the value of the new contracts obtained in first quarter 2024 by the Suspensions divisions were for components for E-mobility platforms.

RESULTS FOR FIRST QUARTER 2024

Revenues for the first quarter of 2024 came in at € 263.2 million and were down by 3.9% at current exchange rates and by 3.1% at constant exchange rates on the numbers for first quarter 2023.

Revenues by geographical area

Performance of revenues by geographical area	2024 (in €m)	2023 (in €m)	Var. %	Var. % at constant exchange rates	Market (var. %)
Europe	152.1	166.1	(8.5)	(8.4)	(5.9)
North America	56.1	56.5	(0.7)	0.3	1.4
South America	25.1	24.7	1.6	1.5	(5.6)
India	4.9	4.5	7.5	9.9	6.6
China	25.8	23.9	8.0	14.9	4.3
Intercompany elimination	(0.8)	(1.7)			
TOTAL	263.2	274.0	(3.9)	(3.1)	(0.8)

The performance of revenues was affected mainly by the evolution recorded in Europe (-8.5%), caused principally by the downturn in the market (-5.9%). In South America and North America revenues were substantially unchanged at +1.5% e +0.3% respectively at constant exchange rates, while in China and India they showed growth of 14.9% and +9.9% respectively at constant exchange rates.

Revenues by business sector

Performance of revenues by business sector	2024 (in €m)	2023 (in €m)	Var. %	Var.% at constant exchange rates
Suspensions	146.5	155.3	(5.7)	(5.2)
Air and Cooling	117.1	118.7	(1.4)	(0.1)
Intercompany elimination	(0.3)	(0.0)		
TOTAL	263.2	274.0	(3.9)	(3.1)

Suspensions reported a decline in revenues of 5.7% (-5.2% at constant exchange rates) affected by the unfavourable trend of the market in Europe; by contrast, significant growth was recorded in China and India which posted +55.7% and +9.9% respectively at constant exchange rates.

Air and Cooling reported revenues that were down by 1.4% (-0.1% at constant exchange rates), outperforming the market in Europe (+0.9%) and holding up well in the North American market.

EBITDA came in at € 33.7 million, posting growth of 30.9% on first quarter 2023 (€ 25.8 million). The EBITDA margin rose from 9.4% in 2023 to 12.8% in the same period of 2024.

The contribution margin rose by 5.7% compared to the first quarter of 2023, with a profit margin (the ratio in % of the contribution margin/revenues) widening from 25.8% in first quarter 2023 to 28.4% in the same period of 2024 thanks partly to lower raw material and energy costs.

The impact of fixed costs on revenues was 15.4%, unchanged from 2023.

Other charges, which in particular include exchange rate differences, made a positive contribution of € 0.1 million to EBITDA versus a negative contribution of € 2.4 million in first quarter 2023.

EBIT totalled € 14.6 million, up from € 6.5 million in the first quarter of 2023, and the ratio to revenues rose from 2.4% in first quarter 2023 to 5.6% in the same period of 2024. The increase mainly reflects the improvement in the results of Suspensions.

Financial expense, equal to € 5.1 million, was higher than that of the same period of 2023 (€ 4.1 million) mainly due to the (no cash) financial charges relating to the application of IAS 29 (Financial Reporting in Hyperinflationary Economies) to the Argentinian subsidiary. Tax expense came to € 3.9 million (€ 1.6 million in first quarter 2023).

The **net income from operating activity** was a positive € 5.6 million versus € 0.8 million in the same period of the previous year.

The net result of **“assets held for sale and discontinued operations”** (Filtration) came to € 10.4 million in the first quarter of 2024, down from € 13.2 million in first quarter 2023 taking also into account the non-recurring costs relating to the extraordinary transaction in progress.

The Group reported **net income** of € 15 million, posting a 13.5% increase from € 13.2 million in the previous year thanks to the higher net result of continuing operations (Suspensions and Air and Cooling).

Free Cash Flow was positive for € 30.7 million versus € 39.6 million in first quarter 2023.

At 31 March 2024 **shareholders' equity**, excluding minority interests, stood at € 295.5 million, up from € 272.9 million at 31 December 2023. The increase reflects the net result for the period, the positive currency translation differences, the fair value of cash flow hedging instruments and other changes.

The **net financial debt** before IFRS 16 amounted to € 171.4 million at 31 March 2024, down from € 200.7 million at 31 December 2023 and € 186.9 at 31 March 2023. Including financial payables for rights of use, in compliance with IFRS 16, net debt totalled € 235.7 million at 31 March 2024 compared to € 266.1 million at 31 December 2023 and € 255.9 at 31 March 2023.

At 31 March 2024 the Group had committed credit lines in excess of its requirements for € 258 million.

SIGNIFICANT EVENTS THAT HAVE OCCURRED SINCE 31 MARCH 2024

Nothing significant has happened since the end of March that could have an impact on the economic, patrimonial and financial information as of 31 March 2024.

OUTLOOK FOR THE YEAR

Visibility as to the trend of the automotive market in 2024 remains limited due to uncertainty linked to the evolution of the macroeconomic and geopolitical scenarios. S&P Global (IHS) expects that after the growth reported in 2023 world car production will remain stable, with Europe declining by 2.6%, marginal growth in China and India and overall stability in the other geographical areas.

As far as commodity and energy prices are concerned, the early months of 2024 have confirmed a certain stability, already seen in the second half of 2023, but prices remain exposed to the risk of higher volatility caused by geopolitical tensions. The pressure of inflation on labour costs also remains a source of tension in certain geographical areas. In

this scenario the Group is constantly monitoring performance in the various geographical areas and seeking fair agreements with all of its customers with regard to selling prices.

In the absence of any factors causing the macroeconomic scenario to deteriorate compared to today and assuming that the Filtration division will be deconsolidated in line with what has already been disclosed, for 2024 it is expected that for the divisions that continue to operate (Suspensions and Air and Cooling) there will be low single-digit revenue growth, higher than that forecast for the automotive market, with operating profitability, excluding non-recurring charges, showing an improvement on that reported for the year 2023 and a positive net result.

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 <http://www.sogefigroup.com/it/area-stampa/index.html>

Below are the main results of the income statement and statement of financial position as of 31 March 2024 of the Sogefi Group. It should be noted that these figures have not been subject to an audit by the firm of auditors.

GRUPPO SOGEFI

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of Euro)

ASSETS	03.31.2024	12.31.2023
CURRENT ASSETS		
Cash and cash equivalents	89.0	78.2
Other financial assets	6.0	5.1
Inventories	82.9	138.2
Trade receivables	105.2	166.9
Other receivables	11.4	13.4
Tax receivables	27.1	28.1
Other assets	5.7	3.4
ASSETS HELD FOR SALE	382.3	-
TOTAL CURRENT ASSETS	709.6	433.3
NON-CURRENT ASSETS		
Land	3.7	9.8
Property, plant and equipment	266.6	358.9
Other tangible fixed assets	4.1	6.2
Rights of Use	41.7	59.7
Intangible assets	109.2	203.4
Other financial assets	9.6	6.8
Financial receivables	2.5	2.8
Other receivables	19.4	31.4
Deferred tax assets	27.7	33.0
TOTAL NON-CURRENT ASSETS	484.4	712.0
TOTAL ASSETS	1,194.0	1,145.3

LIABILITIES	03.31.2024	12.31.2023
CURRENT LIABILITIES		
Bank overdrafts and short-term loans	2.2	0.7
Current portion of medium/long-term financial debts and other loans	65.3	63.3
Short-term financial debts for rights of use	8.7	12.7
Other short-term liabilities for derivative financial instruments	-	-
Trade and other payables	221.4	334.0
Tax payables	11.5	10.7
Other current liabilities	28.8	38.2
Current provisions	10.9	12.4
LIABILITIES RELATED TO ASSETS HELD FOR SALE	205.8	-
TOTAL CURRENT LIABILITIES	554.6	472.0
NON-CURRENT LIABILITIES		
Financial debts to bank	172.1	184.4
Non current portion of medium/long-term financial debts and other loans	45.3	45.2
Medium/long-term financial debts for right of use	36.0	52.7
Other medium/long-term financial liabilities for derivative financial instruments	-	-
Non-current provisions	15.6	23.8
Other payables	40.6	56.5
Deferred tax liabilities	19.7	23.3
TOTAL NON-CURRENT LIABILITIES	329.3	385.9
SHAREHOLDERS' EQUITY		
Share capital	62.5	62.5
Reserves and retained earnings (accumulated losses)	218.0	152.6
Group net result for the period	15.0	57.8
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE HOLDING COMPANY	295.5	272.9
Non-controlling interests	14.6	14.5
TOTAL SHAREHOLDERS' EQUITY	310.1	287.4
TOTAL LIABILITIES AND EQUITY	1,194.0	1,145.3

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, 2023	272.9	14.4	287.3
Dividends	0.0	0.0	0.0
Currency translation differences	0.8	0.0	0.8
Fair value cash flow hedging instruments	(0.2)	0.0	(0.2)
Other changes	7.0	(0.8)	6.2
Net result for the period	15.0	1.0	16.0
Balance at March 31, 2024	295.5	14.6	310.1

CONSOLIDATED INCOME STATEMENT

(in millions of Euro)	Period		Period		Change	
	01.01 – 03.31.2024		01.01 – 03.31.2023 (*)			
	Amount	%	Amount	%	Amount	%
Sales revenues	263.2	100.0	274.0	100.0	(10.8)	(3.9)
Variable cost of sales	188.5	71.6	203.3	74.2	(14.8)	(7.3)
CONTRIBUTION MARGIN	74.7	28.4	70.7	25.8	4.0	5.7
Manufacturing and R&D overheads	23.6	9.0	24.9	9.1	(1.3)	(4.9)
Depreciation and amortization	19.2	7.3	19.2	7.0	-	(0.2)
Distribution and sales fixed expenses	3.7	1.4	3.7	1.3	-	(0.3)
Administrative and general expenses	13.1	5.0	13.7	5.0	(0.6)	(3.8)
Restructuring costs	0.7	0.2	0.3	0.1	0.4	131.3
Losses (gains) on disposal	-	-	-	-	-	-
Exchange (gains) losses	(0.7)	(0.3)	2.0	0.7	(2.7)	(132.9)
Other non-operating expenses (income)	0.5	0.2	0.4	0.1	0.1	22.0
EBIT	14.6	5.6	6.5	2.4	8.1	123.3
Financial expenses	7.1	2.8	5.8	2.1	1.3	21.4
Financial (income)	(2.0)	(0.8)	(1.7)	(0.6)	(0.4)	20.2
Losses (gains) from equity investments	-	-	-	-	-	-
RESULT BEFORE TAXES	9.5	3.6	2.4	0.9	7.1	290.4
Income taxes	3.9	1.5	1.6	0.6	2.3	146.4
NET INCOME (LOSS) OF OPERATING ACTIVITIES	5.6	2.1	0.8	0.3	4.8	571.4
Net income (loss) from discontinued operations, net of tax effects	10.4	3.9	13.2	4.8	(2.8)	(21.0)
NET RESULT INCLUDING THIRD PARTY	16.0	6.0	14.0	5.1	2.0	14.0
Loss (Income) attributable to non-controlling interests	(1.0)	(0.3)	(0.8)	(0.3)	(0.2)	(22.5)
GROUP NET RESULT	15.0	5.7	13.2	4.8	1.8	13.5

(*) The values for the first quarter of 2023, relating to "Asset for sale", were reclassified following the application of IFRS 5 "Non-current asset held for sale and discontinued operations" to the line "Net income (loss) from discontinued operations, net of tax effects".

CONSOLIDATED NET FINANCIAL POSITION

(in millions of Euro)	03.31.2024	12.31.2023	03.31.2023
A. Cash	95.5	78.2	145.0
B. Cash equivalents	-	-	-
C. Other current financial assets	6.0	5.1	5.4
D. Liquidity (A) + (B) + (C)	101.5	83.3	150.4
E. Current Financial Debt (including debt instruments, but excluding current portion of non-current financial debt)	2.2	2.0	1.8
F. Current portion of non-current financial debt	77.5	72.5	91.7
G. Current financial indebtedness (E) + (F)	79.7	74.5	93.5
H. Net current financial indebtedness (G) - (D)	(21.8)	(8.8)	(56.9)
I. Non-current financial debt (excluding the current portion and debt instruments)	221.3	234.7	262.4
J. Debt instruments	45.8	47.0	53.9
K. Non-current trade and other payables	-	-	-
L. Non-current financial indebtedness (I) + (J) + (K)	267.1	281.7	316.3
M. Total financial indebtedness (H) + (L)	245.3	272.9	259.4
Other non current financial assets	9.6	6.8	3.5
Financial indebtedness net, including other non current financial assets (as Net Financial Position reported in Consolidated Cash Flow Statement)	235.7	266.1	255.9

CONSOLIDATED CASH FLOW STATEMENT

(in millions of Euro)	03.31.2024	12.31.2023	03.31.2023
SELF-FINANCING	43.8	168.7	42.4
Change in net working capital	7.3	(27.4)	18.2
Other medium/long-term assets/liabilities	(0.2)	(3.4)	(1.9)
CASH FLOW GENERATED BY OPERATIONS	50.9	137.9	58.7
Net decrease from sale of fixed assets	0.5	10.8	1.2
TOTAL SOURCES	51.4	148.7	59.9
TOTAL APPLICATION OF FUNDS	19.1	106.6	19.9
Net financial position of subsidiaries purchased/sold during the period	-	0.1	0.1
Exchange differences on assets/liabilities and equity	(1.6)	(4.3)	(0.5)
FREE CASH FLOW	30.7	37.9	39.6
Dividends paid by subsidiaries to non-controlling interests	-	(6.3)	-
Change in fair value derivative instruments	(0.3)	(2.8)	(0.6)
CHANGES IN SHAREHOLDERS' EQUITY	(0.3)	(9.1)	(0.6)
Change in net financial position	30.4	28.8	39.0
Opening net financial position	(266.1)	(294.9)	(294.9)
CLOSING NET FINANCIAL POSITION	(235.7)	(266.1)	(255.9)

