REPORT ON GROUP OPERATIONS AS OF SEPTEMBER 30, 2004

During the third quarter of the current period the Sogefi Group confirmed its ability to carry on its development through the internal growth of the activity areas it works in and also succeeded in improving operating and net profitability levels in spite of a relevant increase in the prices of the raw material steel and metal components.
The demand in the market segments the Group works in did not show significant changes compared with the first half. In the first nine months of 2004 car sales in Europe slightly rose compared with 2003 (+1.4%). South American markets keep on living a particularly favourable period, exporting 30% of production volumes thanks to improved competitiveness.
To cope with the above mentioned increase of raw materials, in the third quarter the prices for the Independent Aftermarket (I.A.M.) area (25% on total) were augmented and a first, partial adjustment of prices for almost all the clients in the Original Equipment (O.E.) and Original Equipment Spare (O.E.S.) areas was achieved, with some more difficulties in the area of components for car suspensions.

Group consolidated revenues in the first nine months of 2004 amounted to € 719.6 million, up by 7.1% compared with € 671.9 million in the corresponding period of 2003.
Such increase is due to larger market shares achieved in the O.E. area and to the effect of the mentioned adjustment of sales prices to raw materials costs.

Operating profitability improved compared with the first nine months of the previous period in spite of the negative impact of higher raw materials costs, particularly in the area of suspensions. Results benefited from higher sales volumes, but also from savings achieved on the costs of nonferrous materials used in the filtration division, as well as from higher production efficiency after the concentration of the activities in a smaller number of locations carried out in 2003 and lower structural costs as a result of corporate reorganization in the filtration division.

Consolidated gross operating margin (EBITDA) reached in the period the amount of € 103.4 million compared with € 95.6 millions in the first nine months of 2003, with a growth of 8.2%. Percentage on sales was 14.4%, against a previous 14.2%.

Consolidated operating income (EBIT) totalled € 63.5 million, posting a rise of 11.8% from 56.9 millions recorded in the previous year, with a percentage on sales of 8.8% compared with 8.5% in the first nine months of 2003.

Income before taxes and minority interests also progressed to € 53.7 million, even including provisions for future reorganizations in the nine months worth € 2 million. In the corresponding period of the previous year income amounted to € 43.6 million.

Consolidated net income grew by 15.3% to € 26.3 million from € 22.8 million in the same period of 2003.

Net financial indebtedness at September 30, 2004 stood at € 219.1 million, 28 millions less than € 247.1 million recorded twelve months before. At December 31, 2003 it was € 213.4 million.

Consolidated net income grew stronger, including minority interests shares: at the end of September it amounted to € 229.9 million, compared with 207.9 millions at September 30, 2003 and 212.6 millions at December 31, 2003.

Workforce employed by Group companies was further reduced, with 6,522 employees at September 30, 2004 compared with 6,548 at December 31, 2003 and 6,686 at September 30, 2003.

PERFORMANCE OF THE FILTRATION DIVISION

In the first nine months of 2004 the filtration division performed an increase in revenues of 4.5%, in spite of a slowing down demand in Europe in the O.E. and O.E.S. areas during the third quarter.

Consolidated revenues for the division amounted to € 388.3 million, compared with 371.6 millions in the first nine months of 2003.
A relevant role was once again played by growing sales in the Mercosur area; here revenues totalled € 39.7 million compared with 34.1 millions in the first nine months of the previous year (+ 16.5%).

Rising prices of scrap and metal components were basically counterbalanced by the cost reduction of other materials. Moreover, higher production efficiency and a lower quantity of employees following reorganization allowed the filtration division to attain better operating results.

Consolidated gross operating margin (EBITDA) went up to € 57.6 million from 54.1 millions in the corresponding period of 2003; percentage on sales was 14.8% against 14.6% in the first nine months of the previous year. Particularly successful was the profitability of South American companies, whose gross operating margin reached 16.4% of sales compared with 12.5% in the first nine months of 2003.

Consolidated operating income (EBIT) consistently improved to € 41.2 million from 37.7 millions in the first nine months of 2003, a percentage on sales of 10.6% (13% in Mercosur); in the corresponding period of 2003 it was 10.2%.

PERFORMANCE OF THE SUSPENSION COMPONENTS AND PRECISION SPRINGS DIVISION

In the third quarter the markets the Group operates in did not show substantial changes in the good levels of demand of components for suspensions in the car sector, while there was a further acceleration of demand in the sector of industrial vehicles.

In the first nine months of 2004 revenues grew by 10.9% up to € 331.3 million compared with 298.7 millions in the corresponding period of 2003. A particular contribution to such growth came from the remarkable development of the activities in South America, whose revenues almost doubled (+90.2%).

In the area of suspension components the high incidence of steel on product costs and the difficulties in charging timely higher costs on sales prices, in particular with clients in the car sector, did not impel a substantial increase of economic results.

Consolidated gross operating margin (EBITDA) in the first nine months of 2004 came to € 48.5 million compared with 43.6 millions in the corresponding period of 2003 (+11.3%), with no change in terms of percentage on sales, 14.6% (17.7% for South American activities).

Consolidated operating income (EBIT) amounted to 28.6 million Euros, rising by 14.3% from 25 millions in the first nine months of the previous year. Percentage on sales was 8.6% (13.7% in South America) compared with 8.4% in the corresponding period of 2003.

The start up of serial production in the American company Allevard Springs U.S.A. Inc. is proving more complex and consequently more expensive than planned, also because of client’s lacks in its short term volume forecasts and delayed product technical specifications.

RESULTS OF QUARTER JULY - SEPTEMBER

The analysis of the third quarter in comparison with the same period of 2003 shows a general improvement of all economic results.

Consolidated revenues grew by 4.6% up to € 224.3 million compared with 214.5 millions in the corresponding period of 2003. The suspension components division featured an increase in sales of 11.7%, while the filtration division reported basically steady revenues.

Consolidated gross operating margin (EBITDA) rose by 6.5% passing from € 30.3 million (14.1% of sales) in the third quarter of 2003 to € 32.2 million (14.4% of sales). The suspension components division progressed by 7.8%, less than the relevant revenues, mainly because of the impact of raw materials price increase, while the filtration division achieved an improvement of 5.8% thanks to higher operating efficiency.

Consolidated operating income (EBIT) went up by 8.2% from € 18.6 million in the third quarter of 2003 (8.7% of sales) to € 20.1 million (9% of sales) in 2004.

Income before taxes and minority interests grew by 23.8% to € 16 million compared with € 12.9 million in the third quarter of 2003.

Net income too progressed by 15.2% to € 8 million against 7 millions in the third quarter of last year.

At the end of September 2004 net financial indebtedness was at € 219.1 million, a visible decrease from the amount of 237.0 millions at June 30, 2004. The fall of € 17.9 million was higher than the one attained in the same period of 2003, when it amounted to € 14.7 million.

OUTLOOK

The upward trend in prices of steel and other materials will continue into the last quarter of the current financial year. However, in view of the results so far achieved, the adjustment to the sales prices already implemented and the likely confirmation of the positive sales levels, the company expects profits for the 2004 financial year to increase on those for the 2003 financial year.

ACCOUNTING SCHEDULES

RECLASSIFIED CONSOLIDATED STATEMENT OF INCOME FOR THE FIRST NINE MONTHS OF THE YEAR

(in thousands of Euros)	Period 1.1 - 30.9.2004		Period 1.1 - 30.9.2003		Change	
	Amount	%	Amount	%	Importo	%
Sales revenues	719,598	100.0	671,868	100,0	47.730	7.1
Cost of production	526,854	73.2	492,390	73.3	34.464	7.0
GROSS INDUSTRIAL INCOME	192,744	26.8	179,478	26.7	13.266	7.4
Sales costs, R&D costs, overheads and administrative costs	129,204	18.0	122,621	18.2	6.583	5.4
OPERATING INCOME	63,540	8.8	56,857	8.5	6.683	11.8
Financial expenses - net	(8,523)	(1.2)	(8,876)	(1.3)	353	4.0
Income from equity investment	1,845	0.4	692	0.1	1.153	166.6
Miscellaneous income (expenses) net	(596)	(0.1)	688	0.1	(1.284)	(186.6)
Extraordinary income (expenses) net	(2,589)	(0.4)	(5,796)	(0.9)	3.207	55.3
INCOME BEFORE TAXES AND MINORITY INTERESTS	53,677	7.5	43,565	6.5	10.112	23.2
Income taxes	25,920	3.6	19,290	2.9	6.630	34.4
INCOME BEFORE MINORITY INTERESTS	27,757	3.9	24,275	3.6	3.482	14.3
Loss (income) attributable to minority interests	(1,494)	(0.3)	(1,503)	(0.2)	9	0.6
NET INCOME FOR THE PERIOD	26,263	3.6	22,772	3.4	3.491	15.3

NET FINANCIAL POSITION

(in thousands of Euros)	Situation as of 30.9.2004	Situation as of 31.12.2003	Situation as of 30.9.2003
Cash, banks, financial receivables and marketable securities	46,934	43,033	69,562
Medium and long term financial lending	35	38	9
Short term borrowings (*)	(44,229)	(67,140)	(121,804)
Medium and long term financial debt	(221,814)	(189,379)	(194,894)
NET FINANCIAL INDEBTEDNESS	(219,074)	(213,448)	(247,127)

(*) including current portion of medium and long term financial debt

RECLASSIFIED CONSOLIDATED STATEMENT OF INCOME FOR THE THIRD QUARTER

(in thousands of Euros)	Period 1.7 - 30.9.2004		Period 1.7 - 30.9.2003		Change	
	Amount	%	Amount	%	Amount	%
Sales revenues	224,323	100.0	214,465	100.0	9,858	4.6
Cost of production	164,418	73.3	158,564	73.9	5,854	3.7
GROSS INDUSTRIAL INCOME	59,905	26.7	55,901	26.1	4,004	7.2
Sales costs, R&D costs, overheads and administrative costs	39,807	17.7	37,322	17.3	2,485	6.7
OPERATING INCOME	20,098	9.0	18,579	8.8	1,519	8.2
Financial expenses - net	(2,911)	(1.3)	(3,465)	(1.6)	554	16.0
Income from equity investment	62	-	381	0.1	(319)	(83.7)
Miscellaneous income (expenses) net	(129)	(0.1)	(1,263)	(0.6)	1,134	89.8
Extraordinary income (expenses) net	(1,120)	(0.5)	(1,302)	(0.6)	182	14.0
INCOME BEFORE TAXES AND MINORITY INTERESTS	16,000	7.1	12,930	6.1	3,070	23.8
Income taxes	7,695	3.4	5,621	2.6	2,074	36.9
INCOME BEFORE MINORITY INTERESTS	8,305	3.7	7,309	3.5	996	13.6
Loss (income) attributable to minority interests	(295)	(0.1)	(356)	(0.2)	61	17.1
NET INCOME FOR THE PERIOD	8,010	3.6	6,953	3.3	1,057	15.2

COMMENTS ON ACCOUNTING SCHEDULES

The accounting and consolidation principles used in preparing these accounting schedules are consistent with those applied to the consolidated financial statements as of December 31, 2003.

In particular, the accounting schedules do not contain estimated figures, except for the inventory provisions for obsolete or slow-moving goods, or those made to write down the face value of receivables to their estimated realizable value and to update the amount of provisions for risks and charges, based on valuation criteria and accounting methods that are consistent with those used in preparing the consolidated financial statements as of December 31, 2003.

Changes in the group share of shareholders' equity and in total shareholders' equity were as follows :

(in thousands of Euros)	Consolidated shareholders' equity- Group	Capital and reserves pertaining to minority interests	Total Group and minority shareholders' equity
Balance as of December 31, 2003	198,161	14,443	212,604
Dividends paid to minority interests	(15,776)	--	(15,776)
Increase in share capital	1,647	936	2,583
Effect of translating foreign currency financial statements and other changes	2,615	147	2,762
Group net income (loss) for the period	26,263	1,494	27,757
Balance as of September 30, 2004	212,910	17,020	229,930

Sales amounted to 719.6 million Euros compared with 671.9 millions in the previous period of 2003.

Revenues breakdown by business sector is as follows:

(in millions of Euros)	Situation at 30.9.2004		Situation at 30.9.2003		Change
	Amount	%	Amount	%	%
Filters	388.3	54.0	371.6	55.3	4.5
Suspension components	331.3	46.0	298.7	44.5	10.9
Other	--	--	1.6	0.2	--
TOTAL	719.6	100.0	671.9	100.0	7.1

Sales breakdown by geographical area is detailed in the following chart:

(in millions of Euros)	Situation at 30.9.2004		Situation at 30.9.2003		Change
	Amount	%	Amount	%	%
France	214.2	29.8	206.9	30.8	3.6
Italy	92.9	12.9	101.6	15.1	(8.6)
Great Britain	94.2	13.1	90.8	13.5	3.7
Germany	91.3	12.6	79.3	11.8	15.0
Spain	52.3	7.3	42.1	6.3	24.5
Other European Countries	97.9	13.6	88.7	13.2	10.3
Mercosur	57.7	8.0	44.9	6.7	28.5
China	2.1	0.3	2.6	0.4	(18.5)
Rest of the world	17.0	2.4	15.0	2.2	13.9
TOTAL	719.6	100.0	671.9	100.0	7.1

At September 30, 2004 the Group employed 6,522 people compared with 6,548 at December 31, 2003 and 6,686 at September 30, 2003, distributed as follows:

	Situation at 30.9.2004	Situation at 31.12.2003	Situation at 30.9.2003
Managers	99	107	108
Clerical staff	1,496	1,559	1,561
Blue collar workers	4,927	4,882	5,017
TOTAL	6,522	6,548	6,686

Milan, October 21, 2004

THE BOARD OF DIRECTORS