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9 Months 2017 Financial Results

October 24, 2017

9M 2017 HIGHLIGHTS

- Good revenue growth in 9M 2017 with **revenues up by 6.3%** at € 1,256.5m.
  Positive performance of all three business units and in all geographical areas

- **EBITDA at € 131.0 up 14.4%,** i.e. 10.4% on sales
  - Stable contribution margin despite higher material costs (Suspensions BU from 44.9% to 47.1% of revenues)
  - Better fixed costs absorption

- **EBIT at €70.2m,** i.e. 5.6% on sales

- **Free cash flow at + € 32.5m** (€ 12.3 in 9M 2016 including € 11.2 million of positive one-offs)

- **Net debt improved € 47.4m** to €266.7m (€ 314.1m as of end September 2016)

- No significant development in the claims issue

REVENUES BY GEOGRAPHICAL AREA

All geographical areas contributed to sales growth (9M +6.3%, +6.6% at constant exchange rates) outperforming the market in most areas.

€m	Q3 2017	Q3 2016	reported change	reference market production	constant exchange rates
Europe	237.0	229.4	3.3%	3.2%	3.9%
North America	66.9	76.2	-12.3%	-9.7%	-9.8%
South America	49.9	45.8	9.0%	26.9%	19.0%
Asia	39.6	35.0	13.2%	1.2%	17.2%
Intercompany eliminations	-2.9	-3.4			
Total	**390.5**	**383.0**	**2.0%**	**2.1%**	**4.2%**

€m	9M 2017	9M 2016	reported change	reference market production	constant exchange rates	weight based on 9M 2017
Europe	773.5	752.2	2.8%	-0.1%	3.7%	61.6%
North America	224.8	217.8	3.3%	-3.7%	2.7%	17.9%
South America	149.5	124.8	19.8%	22.2%	17.1%	11.9%
Asia	120.3	96.0	25.2%	3.2%	26.1%	9.6%
Intercompany eliminations	-11.6	-9.3				
Total	**1256.5**	**1181.5**	**6.3%**	**2.6%**	**6.6%**	**100.0%**

At constant exchange rates a more balanced growth across the year:

- Q1: +11%
- Q2 +4.6%
- Q3 +4.2%

REVENUES BY BUSINESS UNIT

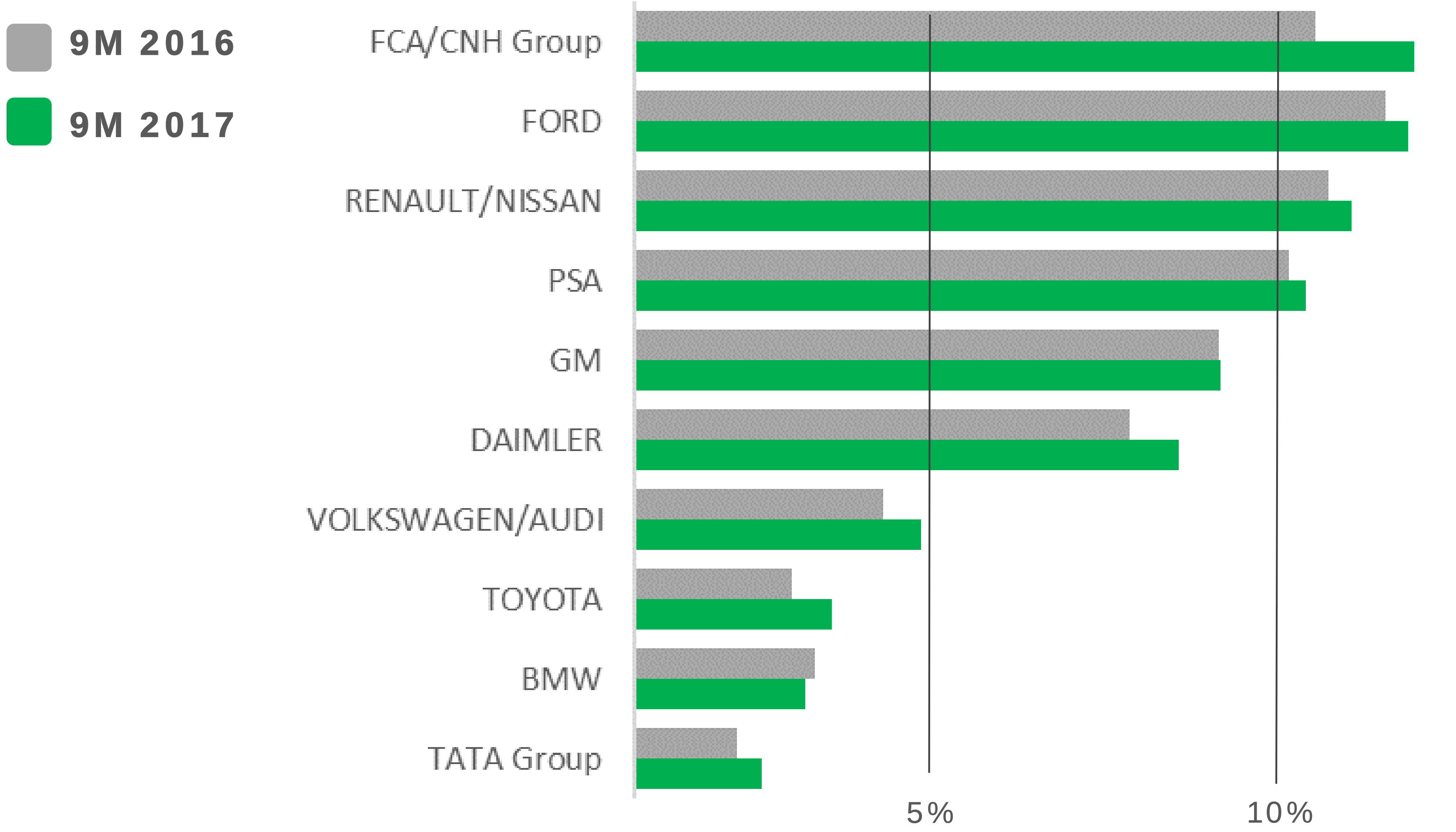
Positive performance for all three business units

€m	Q3 2017	Q3 2016	reported change	constant exchange rates
Suspensions	142.7	132.3	7.9%	10.4%
Filtration	134.4	132.2	1.6%	4.6%
Air&Cooling	114.5	119.5	-4.2%	-3.1%
Intercompany eliminations	-1.1	-1.0		
Total	**390.5**	**383.0**	**2.0%**	**4.2%**

9M 2017	9M 2016	reported change	constant exchange rates
449.9	421.8	6.7%	7.1%
430.7	402.9	6.9%	7.3%
379.2	359.9	5.3%	5.3%
-3.3	-3.1		
1256.5	**1181.5**	**6.3%**	**6.6%**

Air & Cooling sales -3.1% at constant exchange rates in Q3 mainly due to the market slowdown in the United States (-14.5%) and Canada (-17.0%)

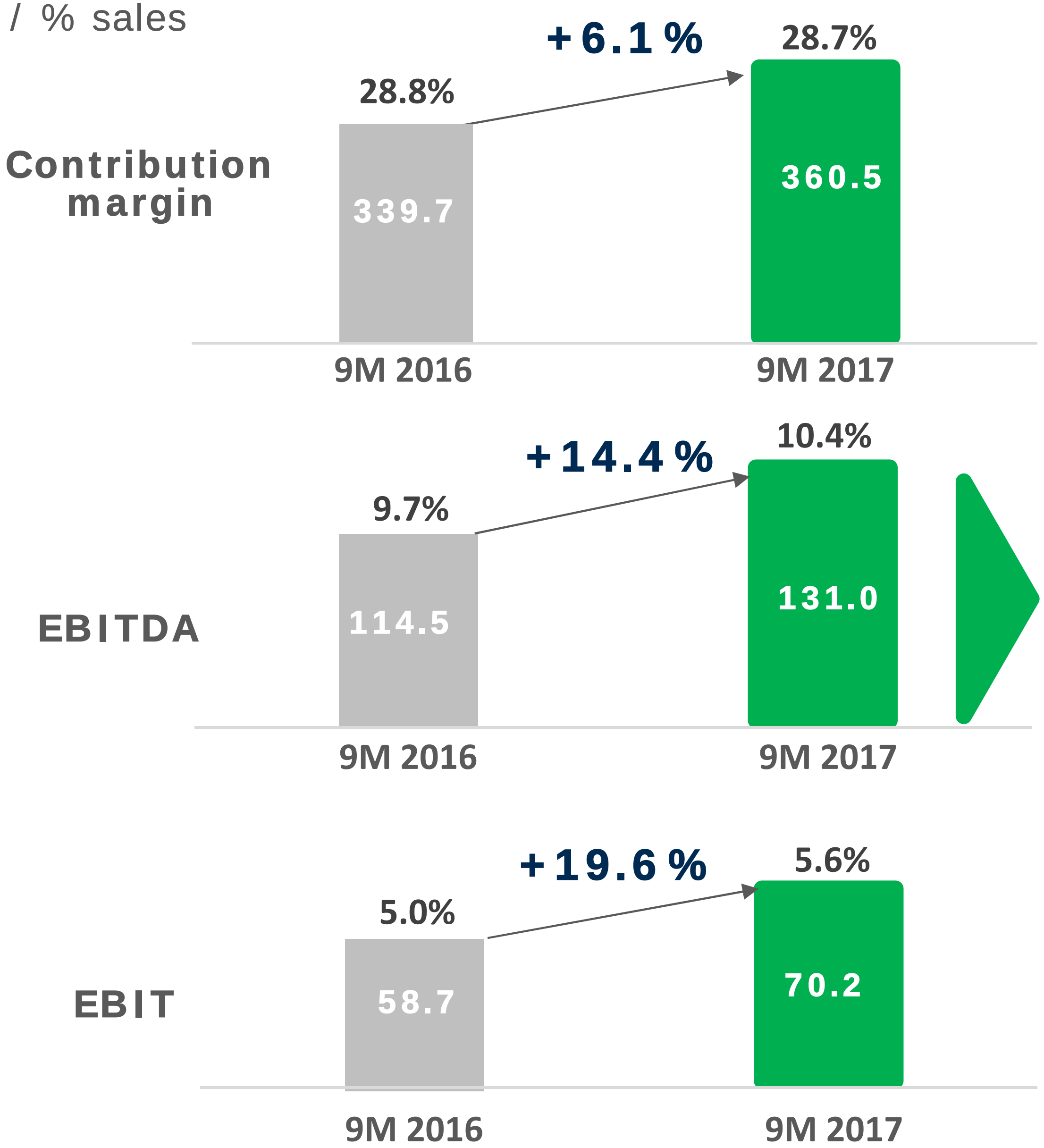
WELL BALANCED CLIENTS MIX IN 9M 2017 WITH 4 CLIENTS HIGHER THAN 10% OF SALES



Growth with FCA is mainly driven for Sogefi Suspensions by Jeep Compass in Europe, in China and in the new plant in Mexico

STRONG PROFITABILITY INCREASE

€m / % sales



Ebitda improvement mostly driven by:

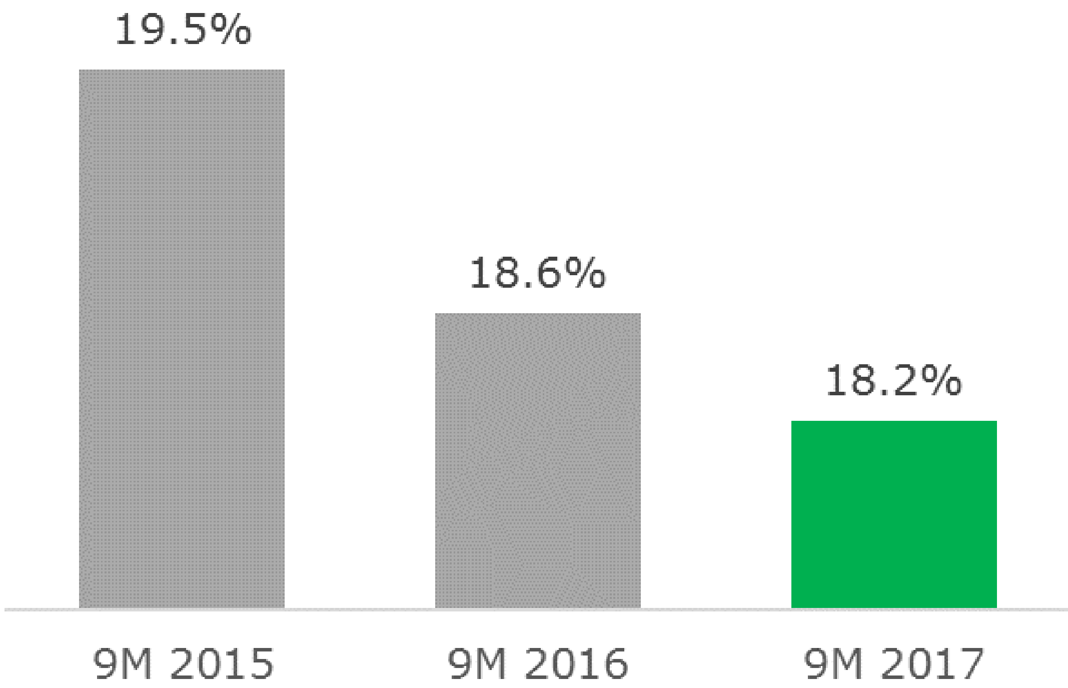
- Stable contribution margin despite higher material costs
- Better fixed costs absorption
- Reduction of total labour costs % to sales from **21.5% to 20.8%**
- Ebit after € 6.0m of write-down of fixed assets of the Brazilian operations

CONTINUOUS EFFORT IN INDIRECT COSTS OPTIMIZATION

IN 9M 2017 GROSS INDIRECT COSTS WERE 18.2% OF TOTAL SALES

- ✓ 0.4 point improvement vs 9M 2016
- ✓ 1.3 point improvement vs 9M 2015

in % of sales



FOCUS ON NET PROFIT

- **EBIT increased** by **19.6%** to **€ 70.2m (**5.6% of total sales) compared to € 58.7m in 9M 2016 despite € 6.0m of non-cash write-down of the fixed assets of the Brazilian operations

- **Result before taxes and minority interests** was **€ 51.0m** (€ 39.7m in 9M 2016) after financial expense of € 19.2 million, down from € 22.5m in the same period of 2016 thanks lower interest expenses and to fair value gains of € 1.6m

- **Net result was a positive € 28.0m** (€ 15.8m in 9M 2016) or 2.2% of sales.

9M 2017 RESULTS – P&L HIGHLIGHTS

€m	9M 2016	%	9M 2017	%	YoY
TOTAL NET SALES	1,181.5		1,256.5		**6.3%**
CONTRIBUTION MARGIN	339.7	28.8%	360.5	28.7%	6.1%
GROSS INDIRECT COSTS	219.9	18.6%	228.7	18.2%	4.0%
EBITDA	114.5	9.7%	131.0	10.4%	**14.4%**
EBIT	58.7	5.0%	70.2	5.6%	**19.6%**
Financial expense (income)	-22.5	1.9%	-19.2	1.5%	
PRE-TAX INCOME (LOSS)	39.7	3.4%	51.0	4.1%	**28.3%**
Income Tax	-20.5	1.7%	-20.0	1.6%	
Minority Interest	-3.5	0.3%	-2.9	0.2%	
NET INCOME (LOSS)	15.8	1.3%	28.0	2.2%	**77.7%**

CAPITALIZATION - AMORTIZATION INTANGIBLE	-1.4	-0.1%	**-5.6**	-0.4%	

9M 2017 RESULTS – FCF HIGHLIGHTS

€m	9M 2016	9M 2017	Δ
OPERATING CASH FLOW	**37.3**	**69.5**	**32.1**
Warranty claims	5.5	0.0	
Tax disputes	5.7	0.0	
Restructuring	(7.5)	(8.8)	
Others	0.3	(1.3)	
Non recurring items	**3.9**	**(10.1)**	**(14.1)**
Taxes	(7.5)	(10.4)	
Interests	(21.5)	(16.5)	
FREE CASH FLOW	**12.3**	**32.5**	**20.2**
FREE CASH FLOW w/o Non recurring items	***8.3***	***42.6***	***34.2***
NET DEBT	**314.1**	**266.7**	**(47.4)**

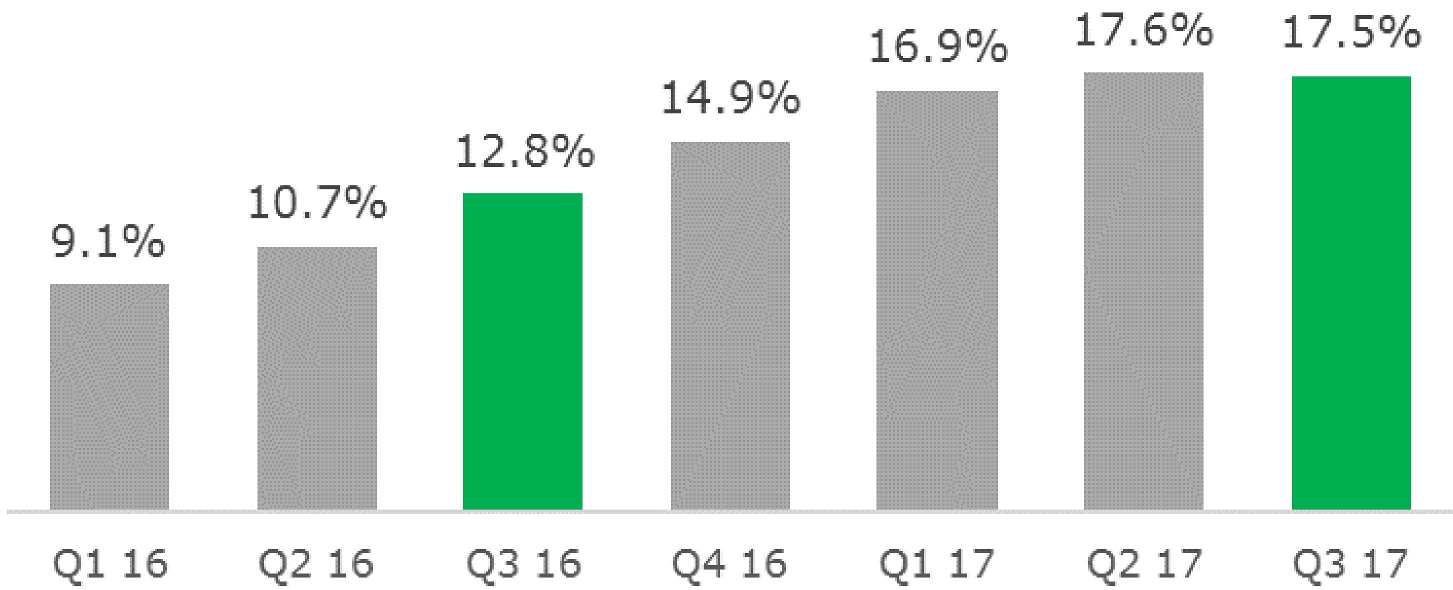
After € 38.6m of tangible CAPEX vs € 32.1m in 2016 (+20.2%)

9M 16 including € 11.2 million of positive one-offs from warranty claims and tax disputes

FCF represents 2.6% of sales

Down € 32.3m vs FY 2016

VALUE CREATION THROUGH ROCE INCREASE

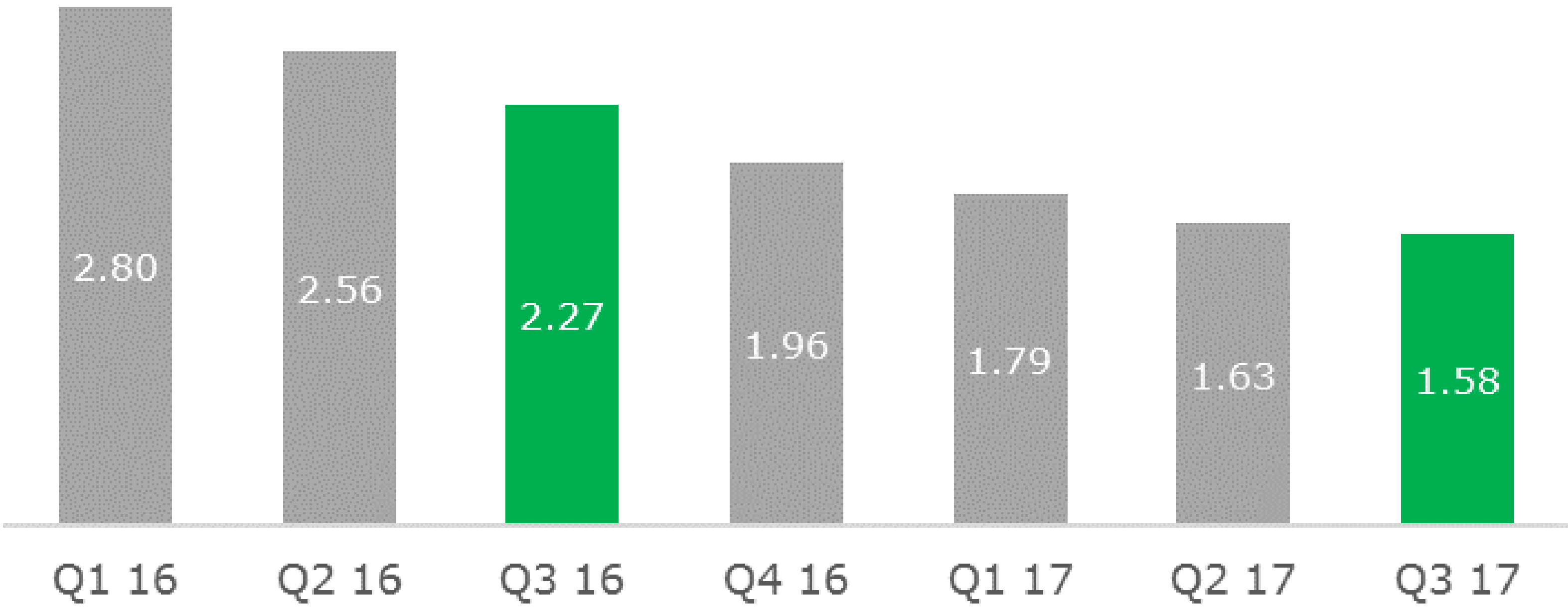


+4.7 points ROCE increase in a year

CE: Average Capital Employed (end of period)

EBIT: 12 months rolling

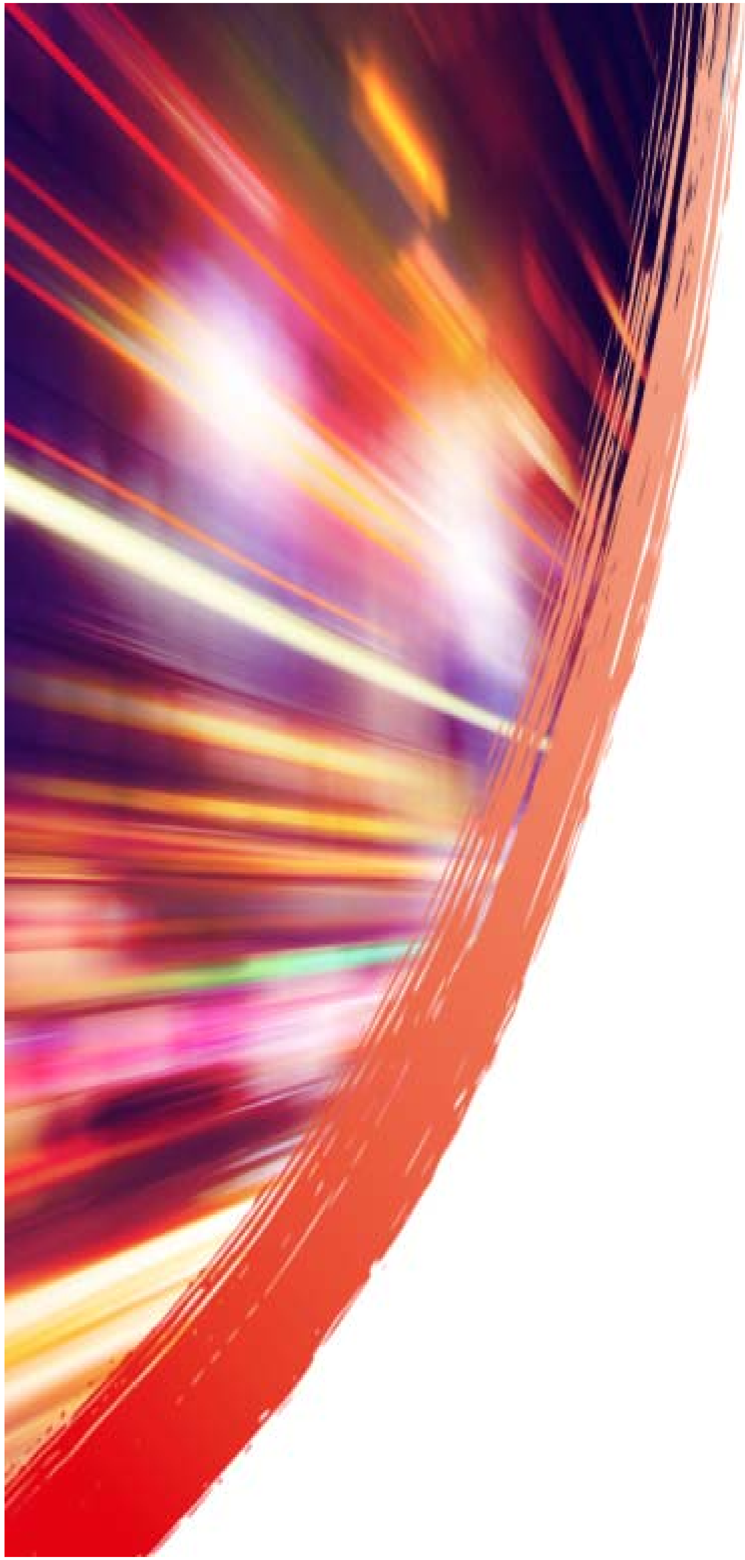
NFP/EBITDA RATIO CONTINUING TO IMPROVE



NFP/EBITDA RATIO reduced 0.69 point in a year

NFP: Net debt (end of period)

EBITDA: 12 months rolling



PERFORMANCE LEVERS
UPDATE AND 2017 OUTLOOK

PROFITABILITY LEVERS – UPDATE ON SHOPFLOOR

5 performance drivers to increase operational efficiency

1 Purchasing

- Cost reduction through technical modifications
- Pluriannual price and productivity negotiations
- Low Cost Country sourcing

2 Shopfloor

- Scrap reduction
- Direct labor productivity
  - Higher automatization
  - Shorter reaction times to deviations
- Indirect labor productivity increase
  - Lean organizations

3 Program Management

- Price increases for technical modifications
- Systematic price increases for volume fluctuations
- Development and tooling cash payment

4 Indirect costs reduction

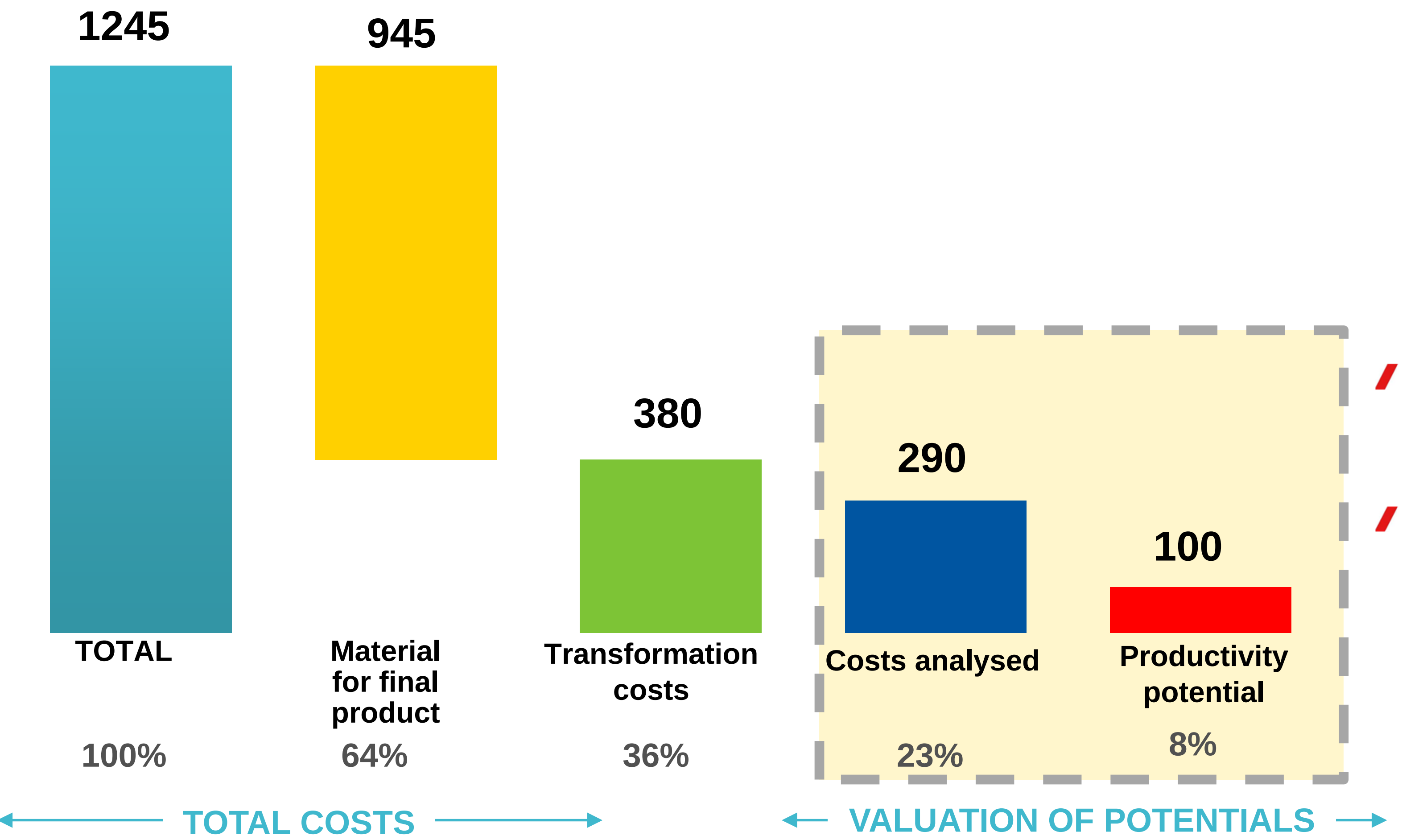
- Polyvalence and Polycompetence
- Process redesign

5 Competitive footprint

- Industrial excellence
- Plant competitivity plan

PROFITABILITY LEVERS – UPDATE ON SHOPFLOOR

Productivity bottom up analysis



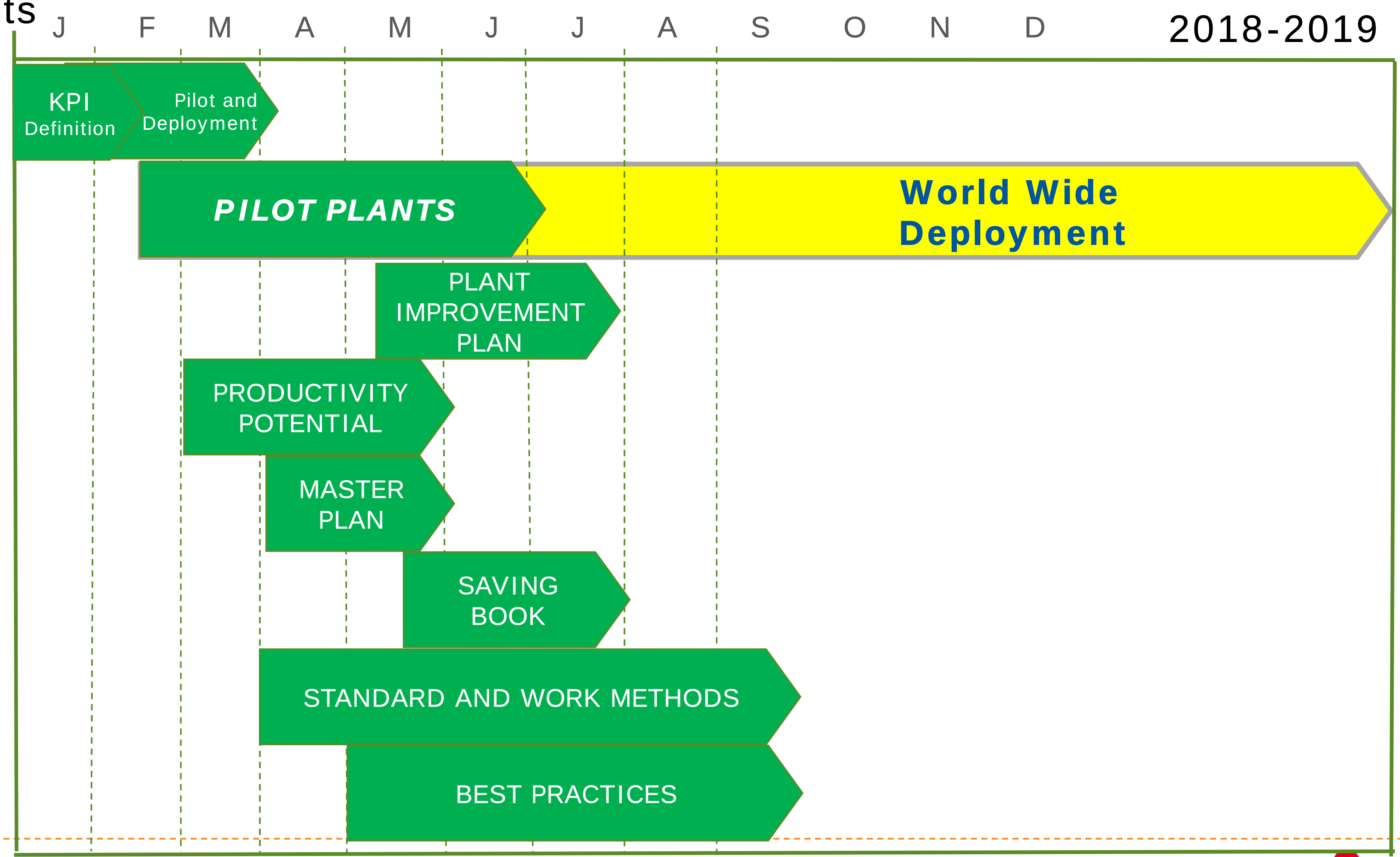
- A deep analysis of the cost base has been done
- On € 100m costs some productivity potential have been identified with expected saving in the next 3 years

Data: 2016 cost base

PROFITABILITY LEVERS – UPDATE ON SHOPFLOOR

Roadmap to improve Industrial Performance

Pilots already done in 3 Plants. From July onwards progressive deployment in all plants



PROFITABILITY LEVERS – UPDATE ON SHOPFLOOR

Productivity bottom up analysis

- 11 Group Industrial KPIs identified to drive performance level
- Already achieved material improvement since January 2017

	KPI	Since Jan
Safety	Accident Frequency Rate	-26%
Quality	Customer Claim Rate	-12%
	Customer Line Return	-36%
	Supplier Return	=
	Scrap of Total Product Sales	-18%
Delivery	Customer Miss Deliveries	-40%
	Supplier Miss Deliveries	=
People	Direct Absenteeism Rate	=
Productivity	Direct Worker Efficiency	+3%
	Yield Rate of Equipment	+10%
Inventory	Days of Production Inventory	-6%

2017 OUTLOOK

- For the global automotive market, the outlook for the last quarter of 2017 shows a slightly positive trend, albeit at a slower pace than in the first nine months of the year. Europe is expected to grow while North America is expected to show a further decline
- For the whole of 2017, Sogefi expects revenue growth in line with the first nine months
- Profitability should confirm the improvement versus 2016 registered until now despite an increase in the cost of raw materials

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