



## FULL YEAR 2017 RESULTS

Milano – February 26th, 2018

**Laurent HEBENSTREIT** - Chief Executive Officer

**Yann ALBRAND** - Chief Financial Officer

**Stefano Canu** - Investor Relations

## 2017 Highlights

- Revenues up by 6.2% at € 1.672m (+7.3% at constant exchange rates), outperforming the market
- EBITDA at € 165.8m up 8.6%, i.e. 9.9% on sales
- EBIT at € 85.4m up 14.6%, i.e. 5.1% on sales
- Net result at € 26.6m (vs € 9.3m in 2016)
- Free cash flow at + € 34.4m (vs € 31.2m in 2016)

# 3 Business Units

## Suspensions



- Stabilizer Bars
- Coil Springs

**MAIN PRODUCTS**

**€1.672M**  
**2017 Sales**

**€607M**  
**36%**

## Filtration



- Oil Filters
- Engine Air Filters
- Fuel Filters
- Cabin Air Filters

**€565M**  
**34%**

## Air & Cooling

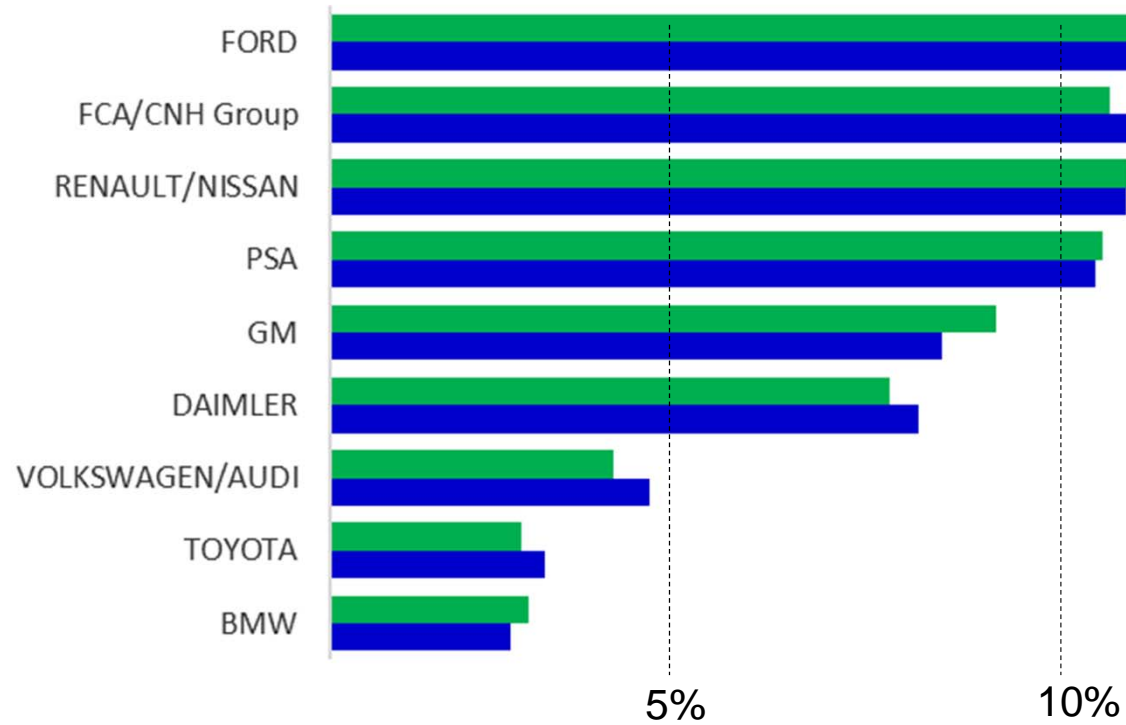


- Manifolds
- Coolant Pumps
- Coolant Outlet Housings

**€504M**  
**30%**

# Well balanced clients mix

■ 2016  
■ 2017



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

# Revenues by Business Unit

Positive performance for all three business units

€m	Q4 2017	Q4 2016	reported change	constant exchange rates	FY 2017	FY 2016	reported change	constant exchange rates
Air&Cooling	124.9	120.3	3.8%	6.8%	504.0	480.2	5.0%	5.6%
Filtration	135.1	132.1	2.3%	6.3%	565.7	535.1	5.7%	7.1%
Suspensions	156.9	141.0	11.2%	14.5%	606.8	562.8	7.8%	8.9%
Intercompany eliminations	-0.9	-0.9			-4.1	-4.0		
<b>Total</b>	<b>415.9</b>	<b>392.5</b>	<b>6.0%</b>	<b>9.4%</b>	<b>1672.4</b>	<b>1574.1</b>	<b>6.2%</b>	<b>7.3%</b>

# Revenues by Geographical Area

All geographical areas contributed to sales growth (+6.2%, +7.3% at constant exchange rates) outperforming the market in most areas

€m	Q4 2017	Q4 2016	reported change	reference market production	constant exchange rates	FY 2017	FY 2016	reported change	reference market production	constant exchange rates	weight based on FY 2017
Europe	258.2	236.7	9.1%	6.0%	9.3%	1031.7	988.9	4.3%	1.1%	5.0%	61.7%
North America	71.8	72.8	-1.4%	-4.2%	5.2%	296.7	290.6	2.1%	-4.0%	3.3%	17.7%
South America	45.5	47.5	-4.1%	15.4%	8.9%	195.0	172.2	13.2%	20.9%	15.1%	11.7%
Asia	43.0	39.0	10.3%	0.1%	15.9%	163.2	135.0	20.9%	2.7%	23.3%	9.8%
Intercompany eliminations	-2.6	-3.5				-14.2	-12.6				
<b>Total</b>	<b>415.9</b>	<b>392.5</b>	<b>6.0%</b>	<b>0.4%</b>	<b>9.4%</b>	<b>1672.4</b>	<b>1574.1</b>	<b>6.2%</b>	<b>2.1%</b>	<b>7.3%</b>	<b>100.0%</b>

€m	Q1 2017	Q2 2017	Q3 2017	Q4 2017
Europe	8.2%	-2.7%	3.3%	9.1%
North America	15.4%	7.9%	-12.2%	-1.4%
South America	30.6%	22.0%	9.0%	-4.1%
Asia	26.4%	38.2%	13.1%	10.3%
<b>Total reported</b>	<b>12.6%</b>	<b>4.5%</b>	<b>2.0%</b>	<b>6.0%</b>
<b>Total at constant exchange</b>	<b>11.0%</b>	<b>4.6%</b>	<b>4.2%</b>	<b>9.4%</b>

Source: Sogefi and IHS data

# Q4 2017 vs Q3 2017

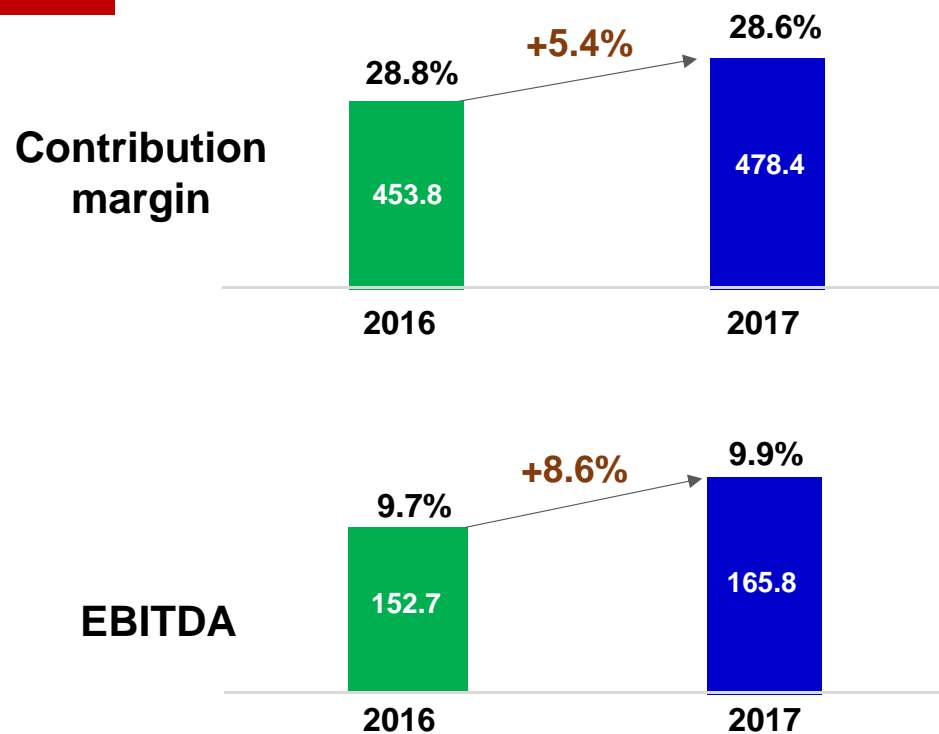
€m / % sales

€m	Q3 2017	%	Q4 2017	%	Δ%
<b>TOTAL NET SALES</b>	390.5		415.9		<b>6.5%</b>
<b>CONTRIBUTION MARGIN</b>	110.0	28.2%	118.0	28.4%	<b>7.3%</b>
<b>EBITDA</b>	37.1	9.5%	34.9	<b>8.4%</b>	-5.9%
<b>EBIT</b>	20.3	5.2%	15.2	<b>3.7%</b>	-25.1%
Financial expense (income)	-6.4	1.6%	<b>-12.4</b>	3.0%	
<b>PRE-TAX INCOME (LOSS)</b>	13.9	3.6%	2.7	0.7%	-

- Higher sales and contribution margin
- Ebitda includes €3 million of non-ordinary accrual (administrative litigation on past activities in Filtration)
  - Lower absorption of fixed costs due to difference in Foreign exchange impacts on sales and fixed costs
- €3 million higher write-offs
- Financial expenses includes a charge of € 6.0m due to the fair value of India put option

# Strong Profitability Increase

€m / % sales



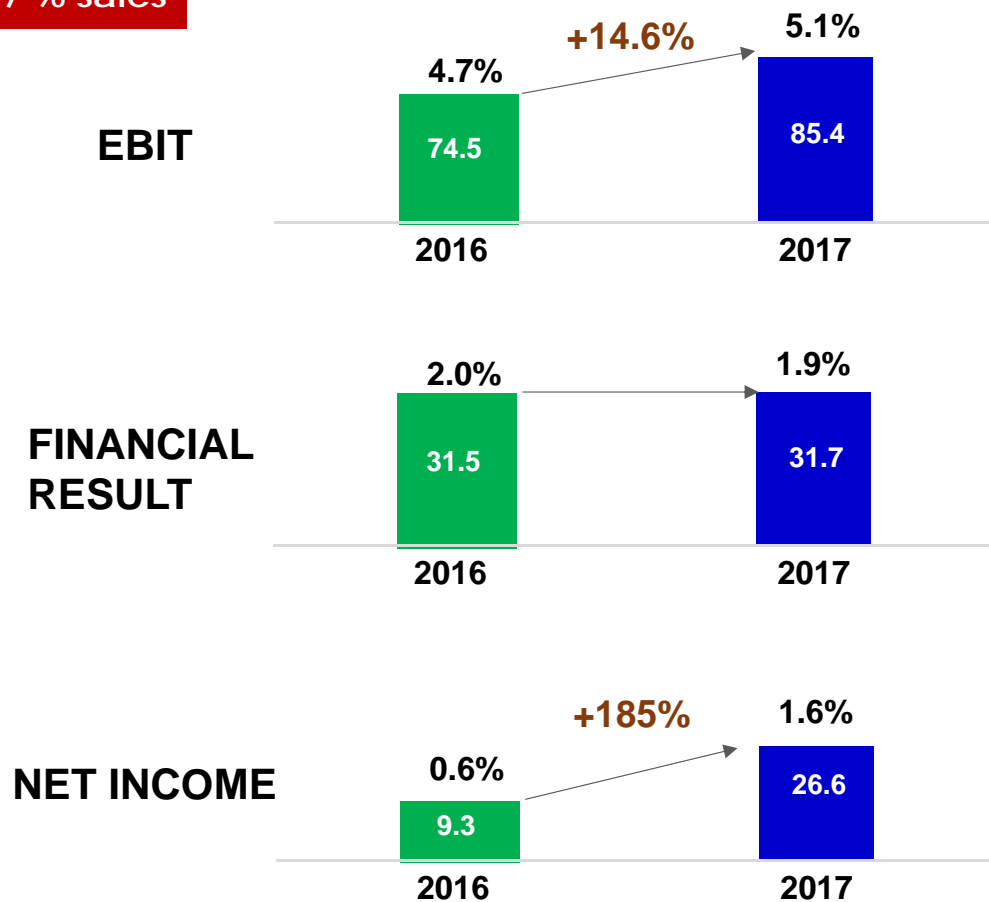
## 2017 Ebitda improvement mostly driven by:

- Contribution margin impacted by € 13m linked to the higher cost of steel
- Better fixed costs absorption (from 18.9% to 18.5%)
- Reduction of total labour costs % to sales from 21.4% to 20.8%
- Ebitda includes:
  - Higher restructuring costs (€11.2 million vs €5.3 million in 2016)
  - €3 million of non-ordinary accrual (administrative litigation on past activities in Filtration)



# Strong Profitability Increase

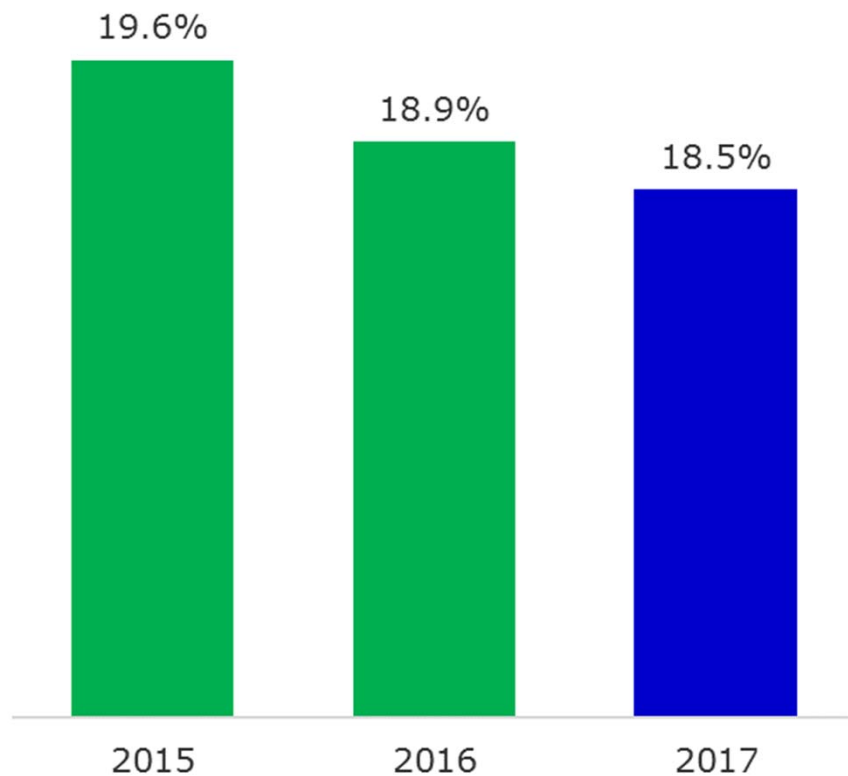
€m / % sales



- EBIT after write-downs of Brazilian operations fixed assets (€6.2m in 2017 vs €4.8m in 2016)
- 2017 financial result includes €6.0m charge due to the fair value of India put option. Cash interests are down €5.3m
- Net income after €22.9m of tax expense in 2017 vs €32.6m in 2016 (including €6.7m of tax charge for claims in 2016)

# Continuous Effort In Indirect Costs Optimization

in % of sales



**In 2017 Gross Indirect Costs were 18.5% of total sales**

- 0.4 point improvement vs 2016
- 1.1 point improvement vs 2015

## P&L Highlights - Strong profitability increase

€m	2016	%	2017	%	YoY
<b>TOTAL NET SALES</b>	1,574.1		1,672.4		<b>6.2%</b>
<b>CONTRIBUTION MARGIN</b>	453.9	28.8%	478.4	28.6%	5.4%
<b>GROSS INDIRECT COSTS</b>	296.3	18.8%	309.9	18.5%	4.6%
<b>EBITDA</b>	152.7	<b>9.7%</b>	165.8	<b>9.9%</b>	<b>8.6%</b>
<b>EBIT</b>	74.5	<b>4.7%</b>	85.4	<b>5.1%</b>	<b>14.6%</b>
Financial expense (income)	-31.5	2.0%	-31.7	1.9%	
<b>PRE-TAX INCOME (LOSS)</b>	46.6	3.0%	53.7	3.2%	15.1%
Income Tax	-32.6	2.1%	-22.9	1.4%	
Minority Interest	-4.7	0.3%	-4.1	0.2%	
<b>NET INCOME (LOSS)</b>	9.3	0.6%	26.6	1.6%	<b>185.0%</b>
<b>CAPITALIZATION - AMORTIZATION INTANGIBLE</b>	-2.3	-0.1%	-6.4	-0.4%	

Financial expenses includes a charge of €6.0m due to the fair value of India put option

€6.7m of tax charge for claims in 2016

## FCF Highlights - Strong Free Cash Flow generation

€m	2016	2017
<b>OPERATING CASH FLOW</b>	<b>56.0</b>	<b>69.7</b>
Warranty claims	9.6	0.4
Tax disputes	5.7	0.0
Other	0.7	0.0
<b>Non ordinary items</b>	<b>16.0</b>	<b>0.4</b>
Taxes	(13.6)	(13.6)
Interests	(27.2)	(22.1)
<b>FREE CASH FLOW</b>	<b>31.2</b>	<b>34.4</b>
<i>FREE CASH FLOW w/o non ordinary items</i>	<i>15.2</i>	<i>34.0</i>
<b>NET DEBT</b>	<b>299.0</b>	<b>264.0</b>

After €68.1m of tangible CAPEX vs €58.8m in 2016 (+16%)

FY16 including €15.3m of positive one-offs from warranty claims and tax disputes

Thanks to lower interest rates

FCF represents 2.1% of sales

Down €35m vs FY 2016

Factoring at €94.9m end 2017 vs €98.9m end 2016 and €89.0m end 2015

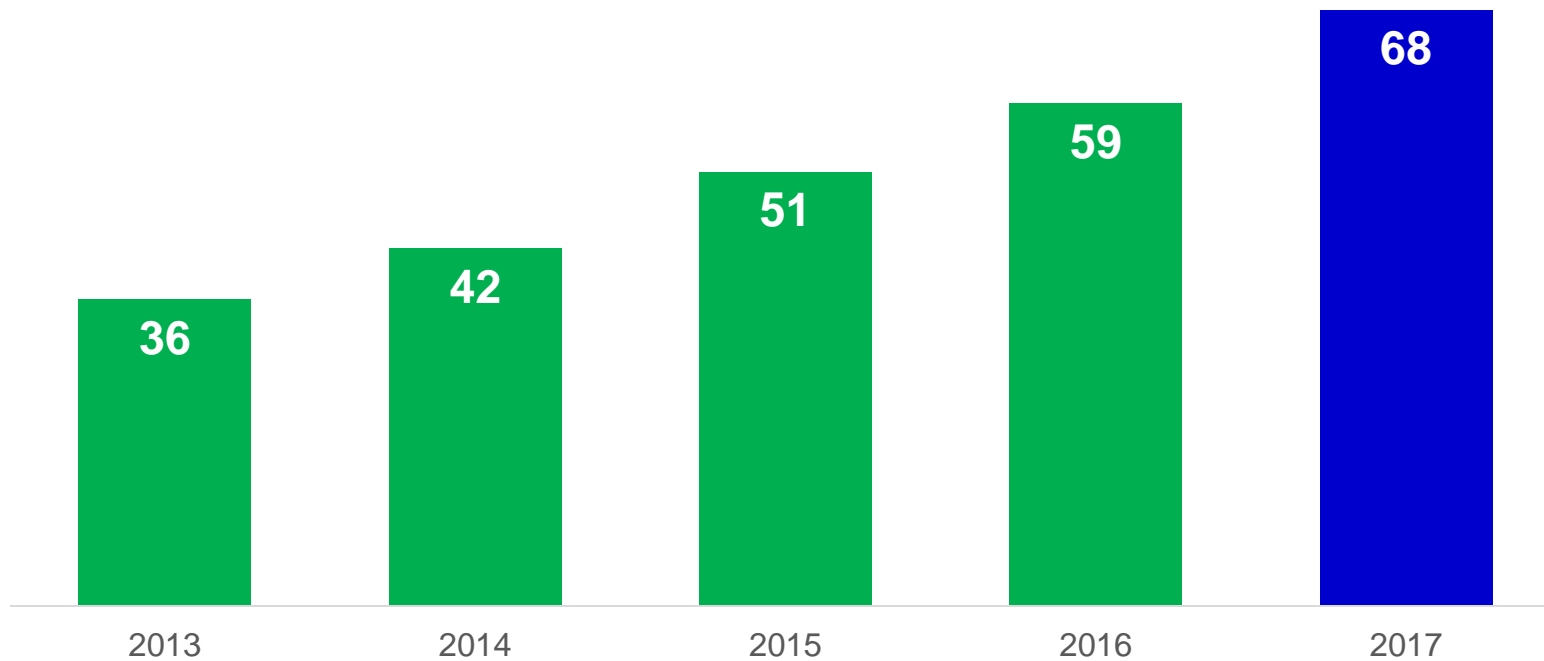
## Balance Sheet - Strong inventory reduction

€m	2016	2017
<b>Assets</b>		
CURRENT ASSETS	457.7	470.0
<i>of which Inventories</i>	165	159
NON-CURRENT ASSETS	646.6	628.1
<i>of which Fixed Assets</i>	544	548
<b>TOTAL ASSETS</b>	<b>1,107.7</b>	<b>1,101.5</b>
<b>Liabilities</b>		
CURRENT LIABILITIES	504.6	473.1
NON-CURRENT LIABILITIES	414.1	421.7
SHAREHOLDERS' EQUITY EX MINORITIES	172.9	189.0
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>1,107.7</b>	<b>1,101.5</b>

Inventories reduced from 10.5% to 9.5% of sales

# Tangible Investments 2014-2017

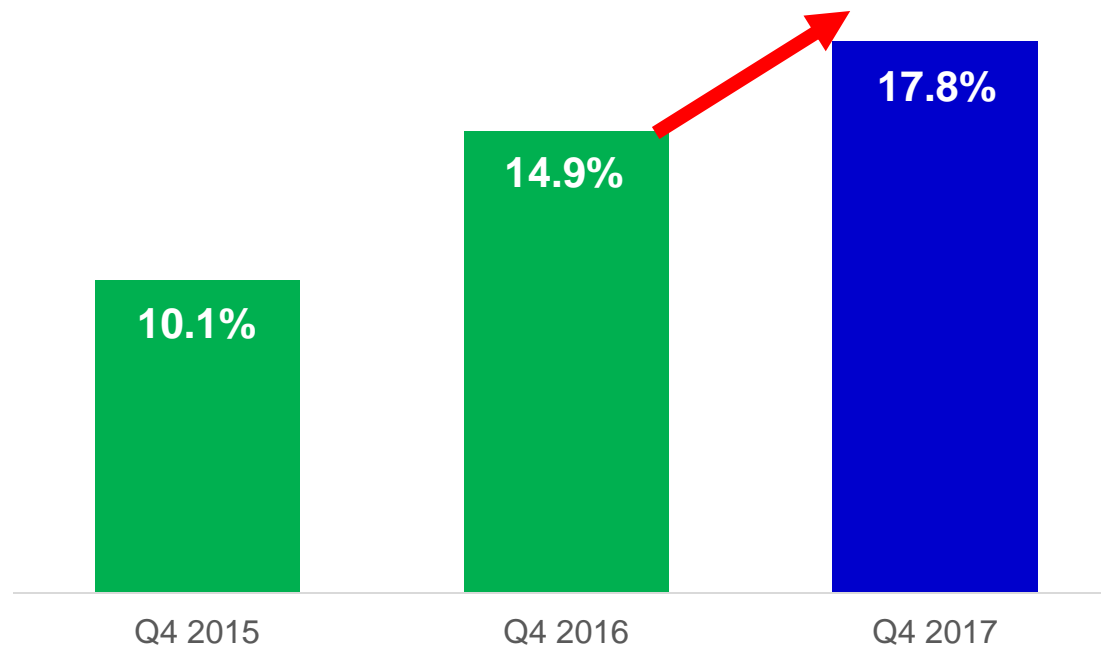
€m



**Health & Safety, Quality, Capacity increase, Efficiency, New products, New plants**

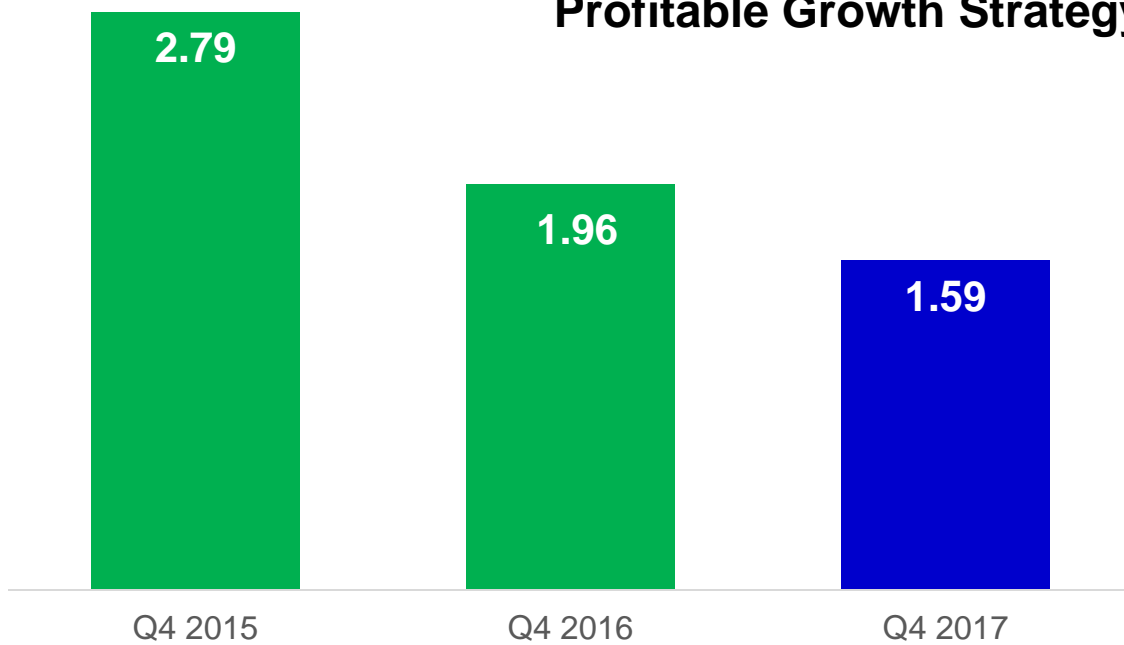
# Value Creation Through ROCE Increase

in %



# DEBT/EBITDA Ratio Improved

Leverage now supports  
Profitable Growth Strategy



DEBT: Net debt (end of period)

EBITDA: 12 months rolling



# Profitability improvement plan

## 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

- Inventory and 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

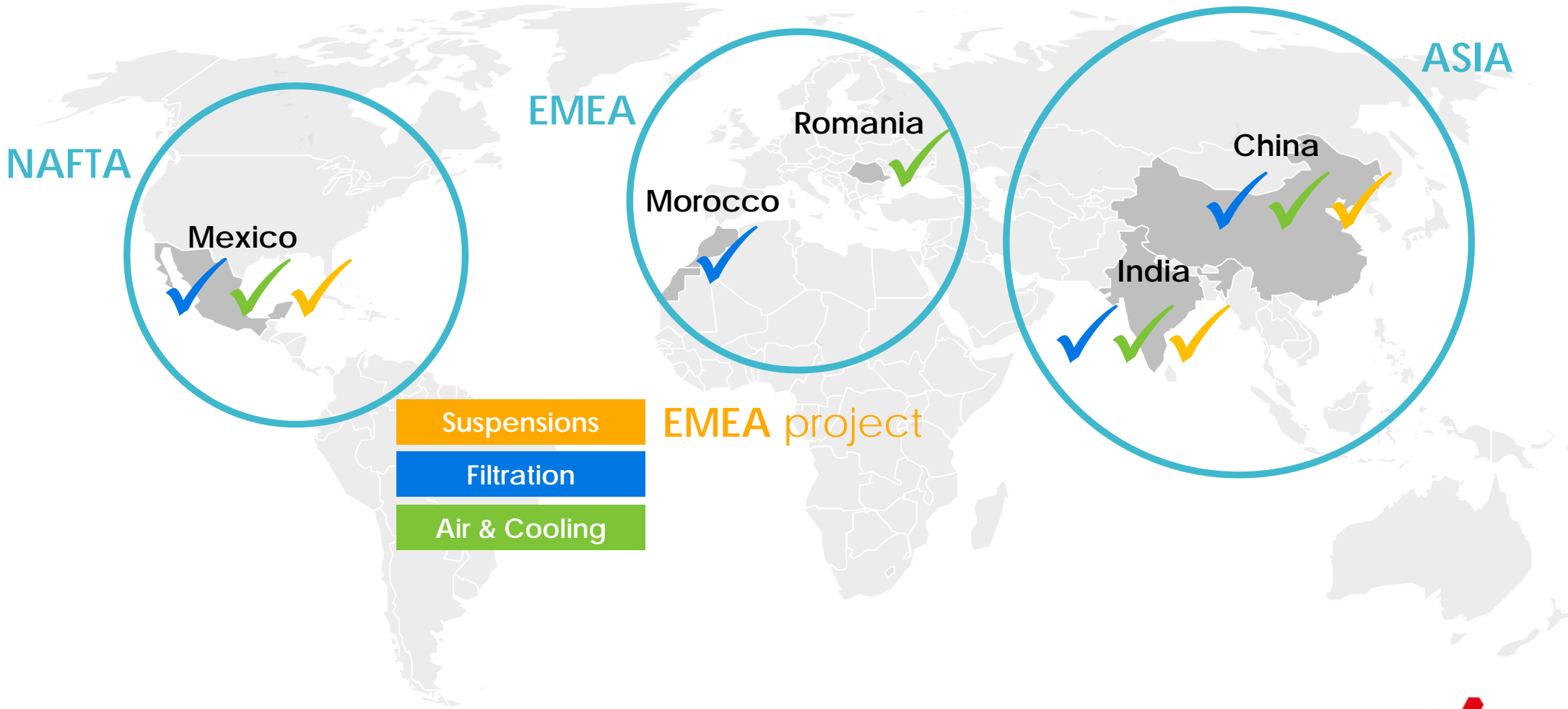
### 4 INDIRECT COSTS REDUCTION

- Polyvalence and Polycompetence
- Process redesign

### 5 COMPETITIVE FOOTPRINT

- Industrial excellence
- Plant competitiveness plan

# Geographical Expansion and cost competitive footprint



## 2018 OUTLOOK

- In 2018 the global automotive market is expected to grow by around 1.5%
- In this scenario Sogefi is expecting to moderately outperform the market at constant exchange rates, thanks particularly to the growth initiatives in Mexico and Morocco and a higher result, despite the further increase in steel costs

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