

SOGEFI

9 MONTHS 2018 RESULTS

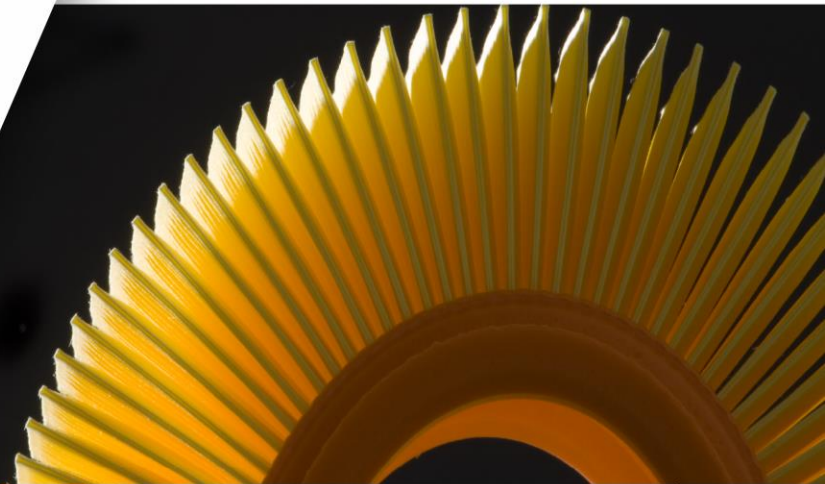
Milano – October 22nd, 2018

Laurent HEBENSTREIT - Chief Executive Officer

Yann ALBRAND - Chief Financial Officer

Stefano Canu - Investor Relations

1. Nine Months 2018 Results



9M 2018 Highlights

- Revenues at constant exchange rates up by 3.3% at € 1,219.8m, outperforming the market (+0.8%)
- EBITDA at € 153.1m at 12.6% on sales (13.0% in 9M 17)
- EBIT at € 63.7m at 5.2% on sales (5.7% in 9M 17)
- Net result at € 23.1m (€ 27.9m in 9M 17)
- Free cash flow at - € 22.7m (+€ 32.5m in 9M 17) reflecting unfavourable working capital and investments in India and Morocco
- Debt/EBITDA ratio stable at 1,4

9M results at current exchange rate reflect a stronger Euro

9M results are presented according to IFRS 15

Revenues by Business Unit

At constant exchange rate, all BU grew in the 9M and in Q3

€m	Q3 2017	Q3 2018	reported change	constant exchange rates
Air&Cooling	112.5	116.9	3.9%	5.0%
Filtration	129.2	127.5	-1.3%	4.0%
Suspensions	144.2	136.8	-5.1%	1.5%
Intercompany eliminations	-1.1	-0.5		
Total	384.8	380.7	-1.1%	3.5%

9M 2017	9M 2018	reported change	constant exchange rates
374.8	365.8	-2.4%	0.7%
417.8	404.6	-3.2%	3.1%
452.9	451.5	-0.3%	5.3%
-3.3	-2.1		
1242.3	1219.8	-1.8%	3.3%

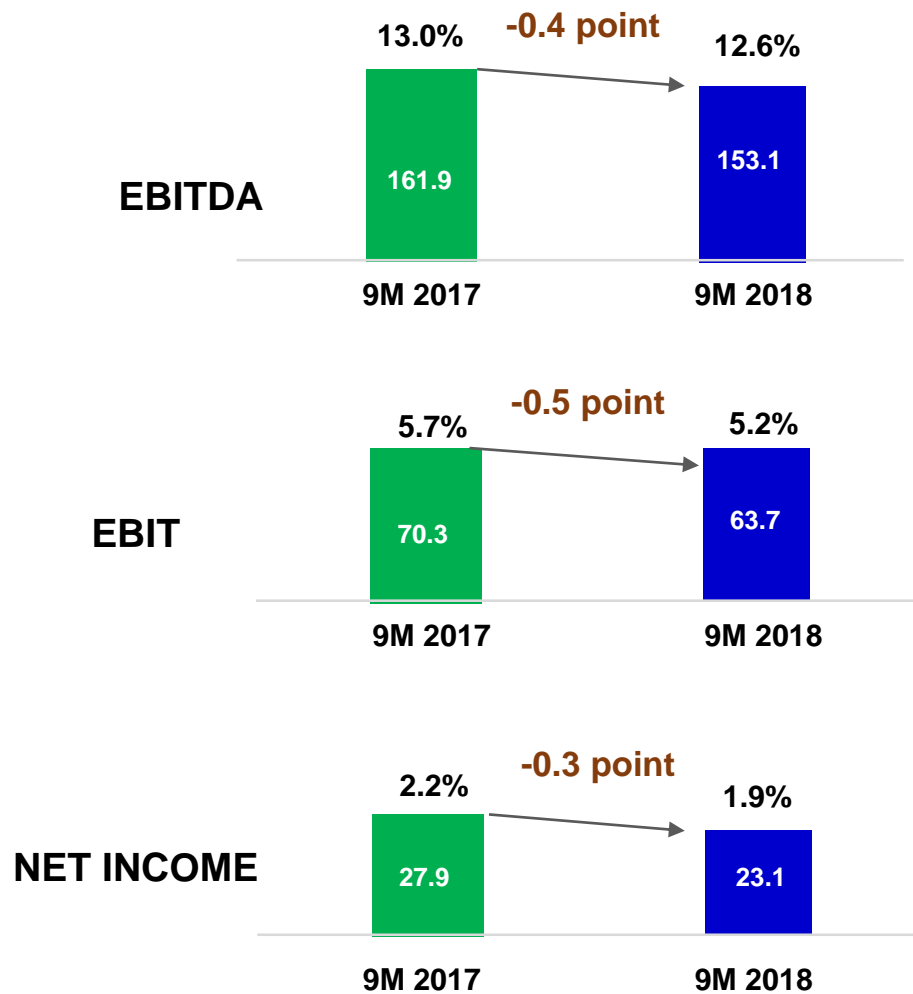
Revenues by Geographical Area

Outperforming the market in 9M at constant exchange rate

€m	Q3 2017	Q3 2018	reported change	constant exchange rates	reference market production	9M 2017	9M 2018	reported change	constant exchange rates	reference market production	weight based on 9M 2018
Europe	231.6	224.9	-2.9%	-3.0%	-6.0%	761.5	757.1	-0.6%	-0.4%	-0.4%	62.1%
North America	66.5	74.7	12.3%	13.2%	2.0%	223.0	219.7	-1.5%	5.3%	-1.3%	18.0%
South America	50.0	42.2	-15.6%	22.0%	2.5%	150.0	128.1	-14.6%	16.2%	7.7%	10.5%
Asia	39.6	41.5	4.8%	8.6%	-2.0%	119.4	123.9	3.7%	9.5%	2.7%	10.2%
Intercompany eliminations	-2.9	-2.6				-11.8	-9.0				
Total	384.8	380.7	-1.1%	3.5%	-2.0%	1242.3	1219.8	-1.8%	3.3%	0.8%	100.0%

Profitability reflecting exchange rates and higher steel prices

€m / % sales



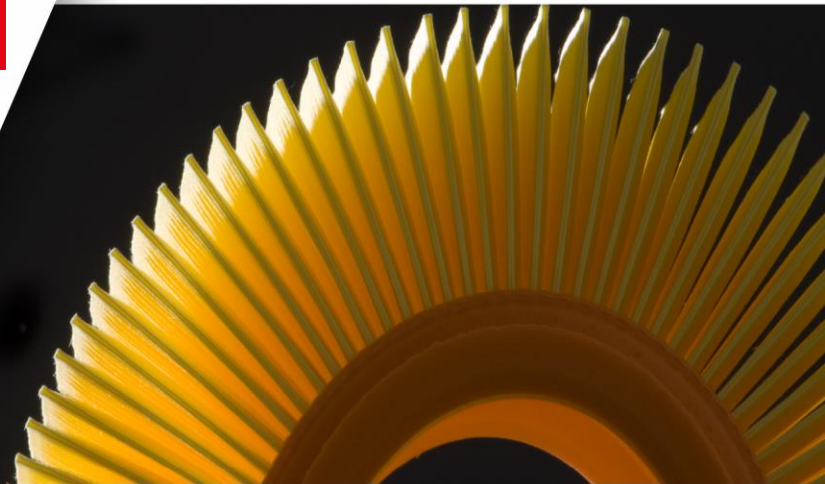
2018 EBITDA reflecting:

- Positive effect of € 6.6 million related to final settlement of the Systèmes Moteurs claim
- Exchange rates with a -€ 6.4 million impact
- Higher steel prices impacted the Suspensions result around -€ 9.0 million

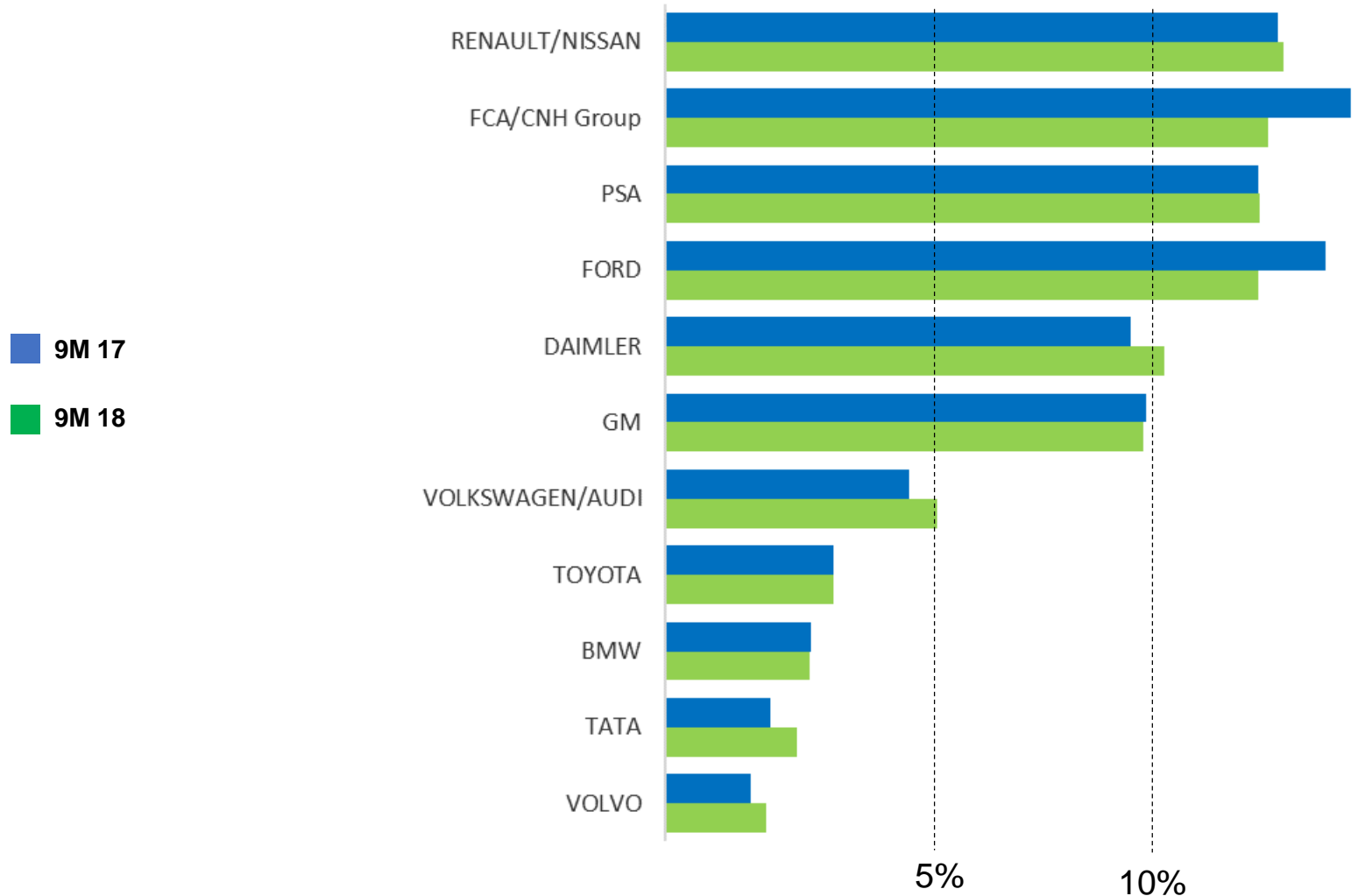
Net debt increase of € 19.5 million

- Unfavorable working capital, considered as temporary (-€ 18 million)
- Cash-out relating to the start-up of the new plant in Morocco (around -€ 12 million) which will start operating in Q4 2018
- Purchase of the minorities shareholders of the Indian subsidiary (-€ 16.7 million)
- Factoring at € 97.6m end September 2018 vs € 104.7m end September 2017

2. Profitable And Sustainable Growth Strategy



Well balanced clients mix












Product Strategies – Harvest, Challenger, Leader

- Harvest ✓
- Challenger ✓
- Leader ✓

Filtration

Air & Cooling

Suspensions

OEM	AFTERMARKET
 Oil Filter ✓ ^{N°4} Worldwide	   
 Engine Air ✓	
 Fuel Filter ✓	European Car Park 10 years average age
 Cabin Air Filter ✓	

 Manifold ✓ ^{N°2} Worldwide
 Coolant Pump ✓
 Coolant Outlet Housing ✓

 Stabilizer Bar ✓ ^{N°2} Europe
 Coil Spring ✓

Performance drivers to increase profitability

4 performance drivers to increase operational efficiency

1 PURCHASING

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

2 SHOPFLOOR

- Costs reduction plan
- Sogefi Excellence System
- Industry 4.0
- Direct labor productivity
 - Higher automatization
 - Shorter reaction times to deviations
- Inventory and Scrap reduction

3 PRICING POWER

- Price increases for technical modifications
- Systematic price increases for volume fluctuations
- Development and tooling cash payment
- Passthrough negotiations on raw materials and exchange fluctuations

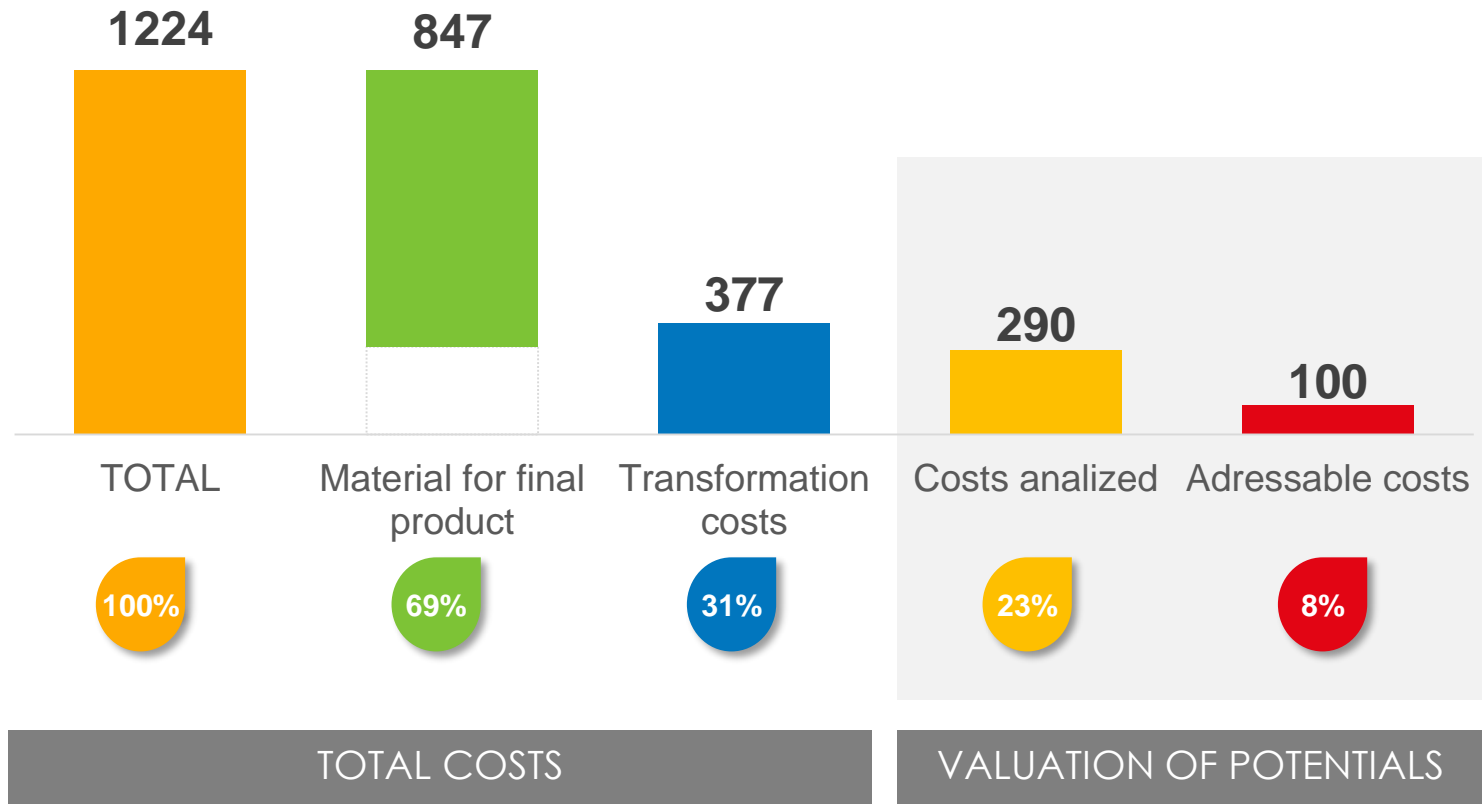
4 INDIRECT COSTS REDUCTION

- Polyvalence and Polycompetence
- Process redesign
- Organization right sizing

Focus on Profitability – Costs reduction plan

2. Shopfloor

➔ 75 M€ costs reduction target over 5 years



Data: 2016 cost base

Focus on Profitability – Industry 4.0 deployment

2. Shopfloor



Automated Guided Vehicles (AGV) in Montreal



Internet of Things (IOT) Manufacturing Execution System (MES): Sherpa software

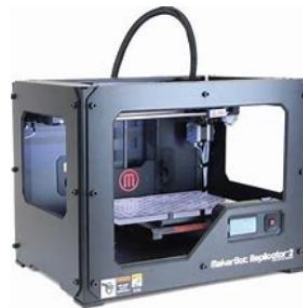


Cobots in Orbey, Wujiang, Sant Antonino

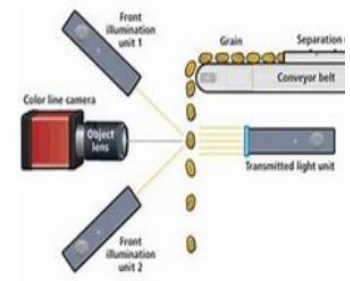


Dematerialization: Production Boards

25 digital initiatives



3D Printing in Orbey



Smart vision in Vire, Douai, Alsasua, Marcillac

Mexico and Morocco projects are contributing to the growth

Mexico



Filtration

Suspensions

Air & Cooling

- Start of production in 2016 mainly in Filtration and Air & Cooling
- 2018 growth mainly related to Suspensions

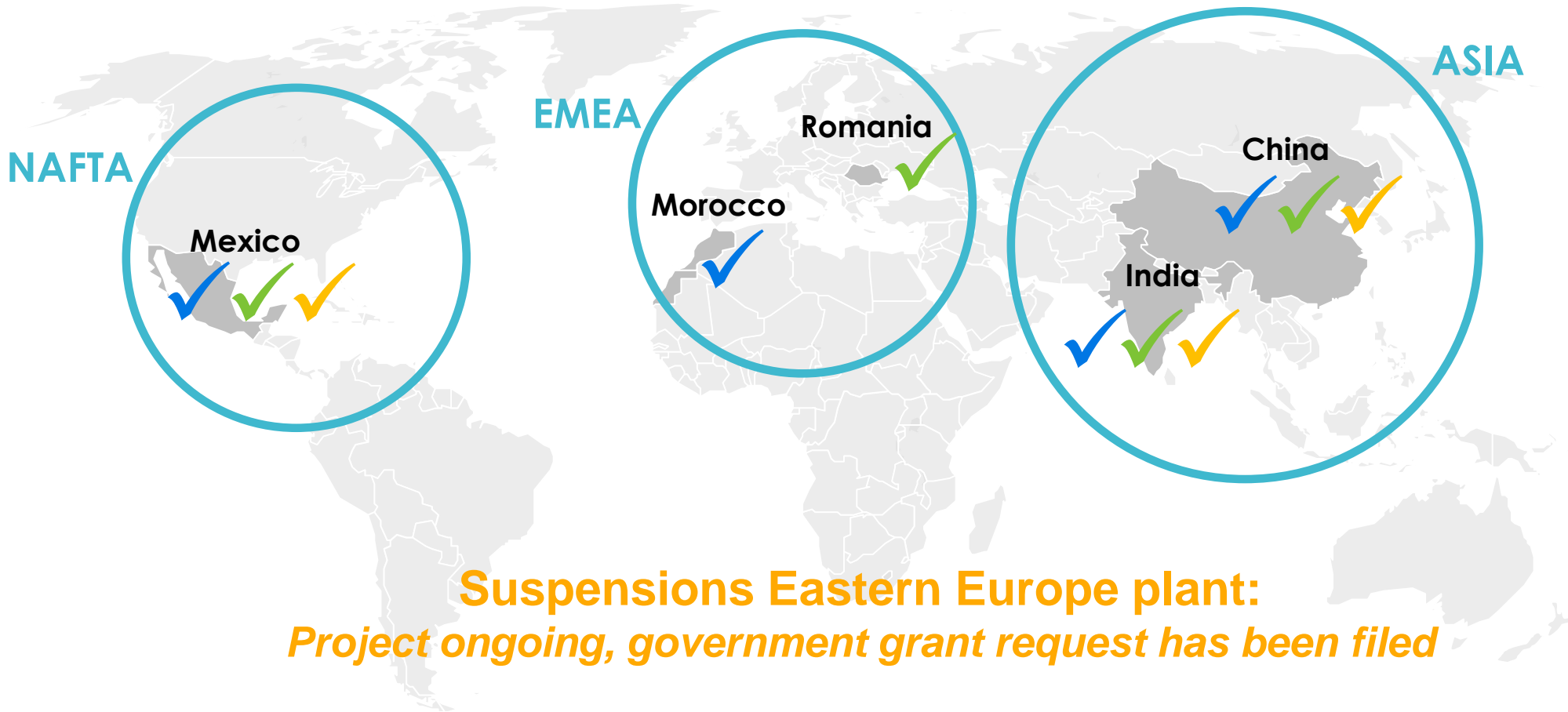
Morocco



Filtration

- Filter production line installed and injection presses installation in progress
- 9M 2018 cash-out relating to the start-up of the new plant in Morocco (around € 12 million) which will start operating in Q4 2018

Competitive footprint deployment






Suspensions Eastern Europe plant:
Project ongoing, government grant request has been filed


3. Technology



soGEFI

4 Disruptive Future Trends

- 1  CONNECTIVITY
- 2  AUTONOMOUS DRIVING
- 3  SHARED MOBILITY

- 4  **ELECTRIFICATION**

○ **Powertrain electrification: a key trend for Filtration and Air & Cooling**

Higher technology requirements

New Vehicles Sales Forecast close to Sogefi Base Case

EV and Hybrid each forecasted to capture half of the growth
 Total ICE forecasted to keep growing

	2017		2027	
	Prior forecast	Actual	Prior forecast	New forecast
Total Vehicles (M units)	92	92	110	110
EV	1	1	15	10
Hybrid	4	3	17	13
ICE Diesel	15	17	12	11
ICE Gasoline	72	72	66	76
Total ICE	91	91	95	100

Sogefi Filtration / Air&Cooling products offer opportunities...

- Even if all scenarios predict an increase of EV, **the total ICE powertrains could remain flat or a substantial part of the market until 2027.**
- **Hybrid powertrain** is a first step towards a world of **multiple powertrains.**
- The rise of **EV is depending on key evolving factors** (vehicle range, battery costs, infrastructures development,...)
- The rise of **Hybrid, BEV and FCEV offers opportunities** for SOGEFI.



More volume of Cooling products






New Sogefi products



Higher content for existing Sogefi products

... as confirmed by the recent business awarded

<u>Customer</u>	<u>Technology</u>	<u>Geo/SOP</u>	<u>Product</u>	<u>Volumes</u>	<u>Description</u>
VOLVO	Hybrid 	China (2019)	Engine Coolant Pump	↑↑	Distribute the coolant to the engine
RENAULT-NISSAN BEV	BEV 	Europe (2021)	Battery Pack Cooling Manifold	↑	Distribute coolant in the battery pack (thermal regulation of the battery)
German Sport Cars	BEV 	Europe (2019)	Coolant Module	↑	Distribute the coolant to the battery, the electric motor and the power electronics

Hybrid Powertrain

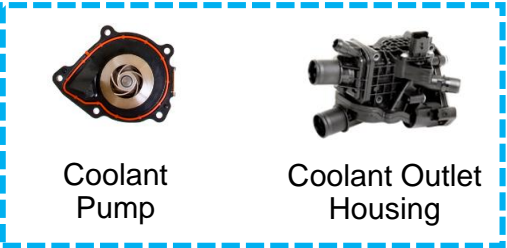


Air & Cooling

VOLUME X2



Manifold



Coolant Pump



Coolant Outlet Housing



Battery Pack
Coolant Manifold



Coolant Valve



Filtration



Oil Filter





Engine Air



Fuel Filter



High performance
Cabin Air Filter

Volume Effect 
New Product 

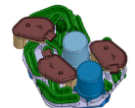
BEV Powertrain



Air & Cooling



Battery Pack Coolant Manifold Module



Coolant Module



VOLUME X2



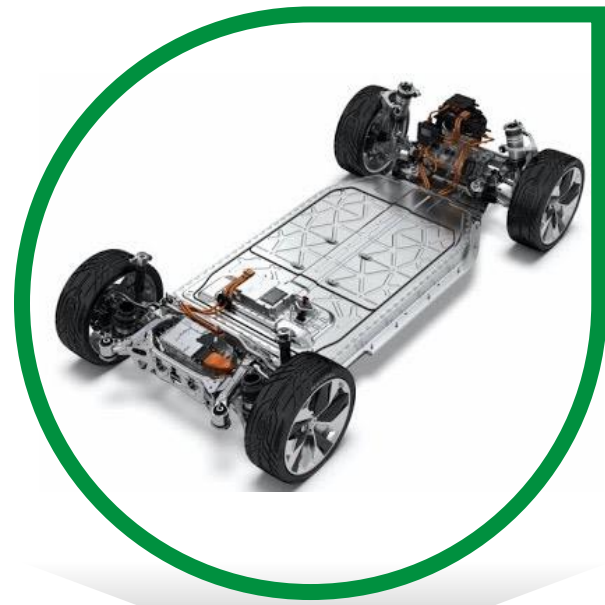
Electric Coolant Pump





Coolant Outlet Housing



Coolant Valve



Volume Effect 
New Product 

Filtration



High performance Cabin Air Filter



Air & Cooling



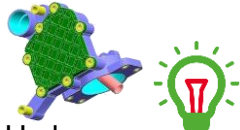
Electric Coolant Pump



Coolant Outlet Housing



Coolant Valve



Hydrogen Manifold

Filtration



Fuel Cell Air Filter



Deionisation Filter



Water Separator



High performance Cabin Air Filter



New Product

Startups are becoming key players of the automotive world



disrupting existing business

creating new business

OBJECTIVES

- Generate profits**
- Add value to existing Sogefi products**
- Generate new Sogefi products**

HOW

- 1. Monitor the fields relevant to Sogefi:
Air and Cooling, Filtration, Suspensions**
- 2. Build joint development agreements with startups**
- 3. Buy minimum 5% to 10% equity**
- 4. Secure active minority shareholders' role**
- 5. Cash investment of 3 ~ 5 M€ per year**

✓
Related to
Fine particles
emissions

2018 OUTLOOK

- Despite the current uncertainties of the global car market, the Group confirms the expectation that it will outperform the market at constant exchange rates
- The Group expects to achieve a full year net result in line with that of 2017 despite the increases in the cost of raw materials and the adverse impact of exchange rates
- The Group also expects to have a positive free cash flow in the fourth quarter

Yann Albrand, Group CFO

Stefano Canu, Investor Relations

SOGEFI

Via Ciovassino, 1/a

20121 Milano – Italia

Tel: 39 02 46750214

Fax: +39 02 43511348

Mail: ir@sogefigroup.com

DISCLAIMER

- This document has been prepared by SOGEFI S.p.A. for information purposes only and for use in presentations of the Group's results and strategies.
- For further details on the SOGEFI Group, reference should be made to publicly available information, including the Annual Report, the Semi-Annual and Quarterly Reports.
- Statements contained in this document, particularly the ones regarding any SOGEFI Group possible or assumed future performance are or may be forward looking statements and in this respect they involve some risks and uncertainties.
- Any reference to past performance of the SOGEFI Group shall not be taken as an indication of future performance.
- This document does not constitute an offer or invitation to purchase or subscribe for any shares and no part of it shall form the basis of or be relied upon in connection with any contract or commitment whatsoever.

SO/GEFI