

# SOGEFI

## Q1 2019 RESULTS

Milano – April 29<sup>th</sup>, 2019

**Laurent HEBENSTREIT** - Chief Executive Officer

**Yann ALBRAND** - Chief Financial Officer

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# Q1 2019 Highlights

- Revenues at € 389.9m, at constant exchange down 2.9%, outperforming the market (-6.7%)
- EBITDA at € 41.3m at 10.6% on sales (12.0% in 2018)
- EBIT at € 11.3m at 2.9% on sales (5.6% in 2018)
- Net result at € 1.6m (€ 11.2m in 2018)
- Free cash flow at - € 9.1m (+€ 9,3m in 2018) includes € 7.5 million of impact of IFRS 16 (Leasing) and € 1.6 million of operating cash consumption of which € 3.1 million due to the start-up of the new production plant in Morocco
- Net debt at € 328.9m. The application of IFRS 16 million determined the recognition in the accounts of financial debts for right of use for € 66.8 million. Excluding this amount Net debt at € 262.1m (€ 260.5m at end of 2018)

*Q1 2018 & 2019 results are presented according IFRS 5 and IAS29 (Hyperinflation). From 1<sup>st</sup> of January results including IFRS 16*

# Revenues by Geographical Area

€m	Q1 2018	Q1 2019	reported change	constant exchange rates	reference market production	weight based on Q1 2019
Europe	253.2	244.3	-3.5%	-3.6%	-5.0%	62.7%
North America	71.8	74.1	3.2%	-2.6%	-2.5%	19.0%
South America	44.7	37.6	-16.0%	6.4%	-4.9%	9.6%
Asia	39.5	36.1	-8.6%	-9.1%	-11.8%	9.3%
- of which China	22.2	17.2	-22.5%	-24.0%	-13.5%	4.4%
Intercompany eliminations	-2.9	-2.2				
<b>Total</b>	<b>406.3</b>	<b>389.9</b>	<b>-4.0%</b>	<b>-2.9%</b>	<b>-6.7%</b>	<b>100.0%</b>

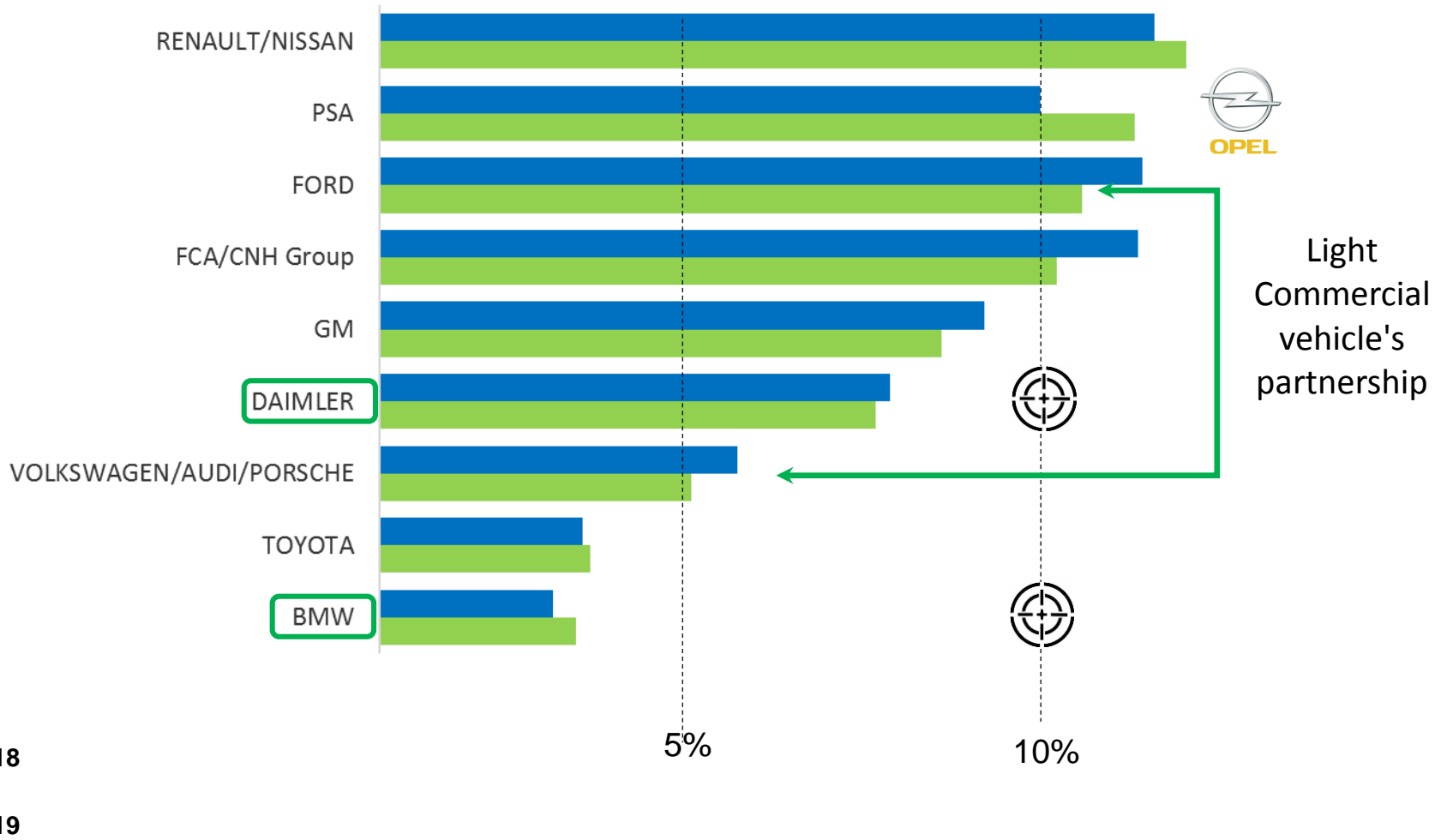
Source: Sogefi and IHS data

# Revenues by Business Unit

At constant exchange all BU outperformed the market

€m	Q1 2018	Q1 2019	reported change	constant exchange rates change
Air&Cooling	109.6	109.6	0.0%	-2.1%
Filtration	139.5	133.9	-4.1%	-2.7%
Suspensions	157.9	147.0	-6.9%	-3.9%
Intercompany eliminations	-0.7	-0.6		
<b>Total</b>	<b>406.3</b>	<b>389.9</b>	<b>-4.0%</b>	<b>-2.9%</b>

# Client perspectives



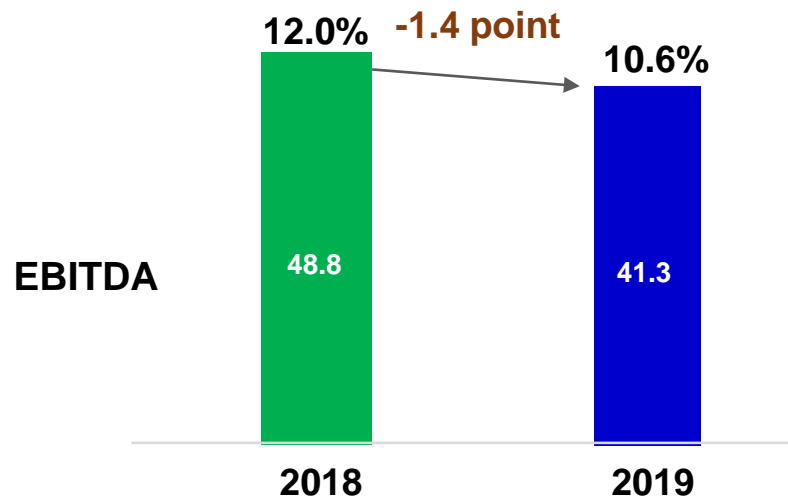
# LCV production by quarter and Q2 2019 expectation

€m	2018 - Market				2019	IHS Forecast
	Q1	Q2	Q3	Q4	Q1	Q2 2019
Europa	-0.7%	4.8%	-7.3%	-6.8%	-5.0%	-7.7%
Nord America	-3.3%	-2.2%	1.3%	2.1%	-2.5%	-1.1%
Sud America	11.9%	9.5%	2.5%	-9.2%	-4.9%	4.9%
Asia	-0.2%	11.3%	-2.8%	-13.8%	-11.8%	-2.9%
- of which China	-1.8%	10.9%	-4.5%	-15.2%	-13.5%	-3.4%
<b>Totale</b>	<b>-0.1%</b>	<b>4.7%</b>	<b>-2.9%</b>	<b>-5.4%</b>	<b>-6.7%</b>	<b>-3.4%</b>

Source: Sogefi and IHS data. Passenger cars and Light commercial vehicles only

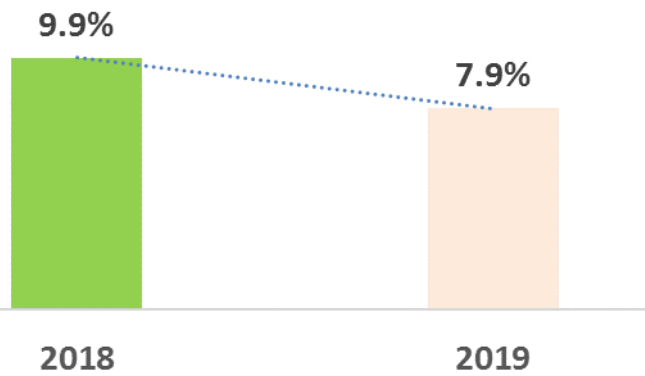
# Q1 EBITDA margin – Sogefi Group

€m / % sales



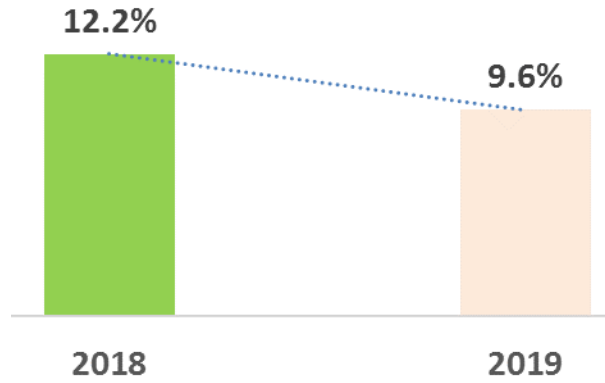
- The reduction in EBITDA reflects the lower volumes and the margins erosion occurred in 2018 in Filtration and Suspensions
- Including -€ 1.9 million of restructuring (-€ 1.1 million in Q1 2018)

# Q1 EBITDA margin – BU Breakdown



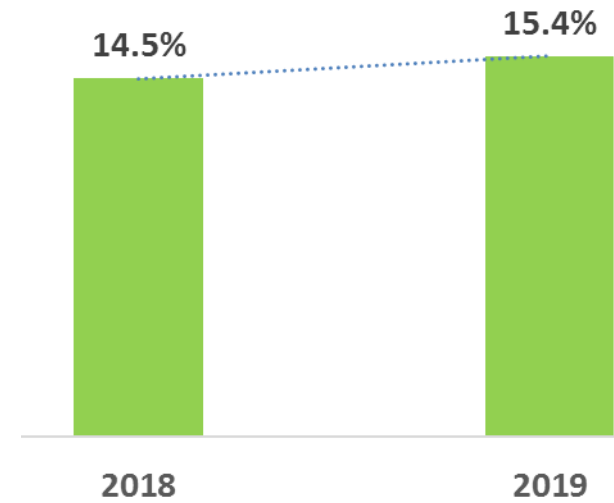
## Suspensions

The reduction in profitability is mainly due to South America and China



## Filtration

Margin reduction is mainly due to the decline in business in Europe, the worsening of results in Brazil and the costs for the start-up of the new plant in Morocco



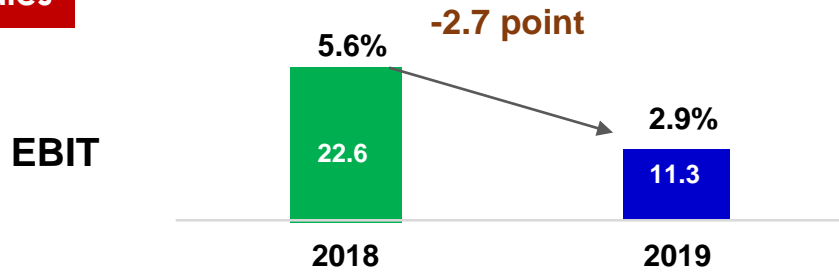
## Air & Cooling

- Gross margin improvement
- Focus on high margin products

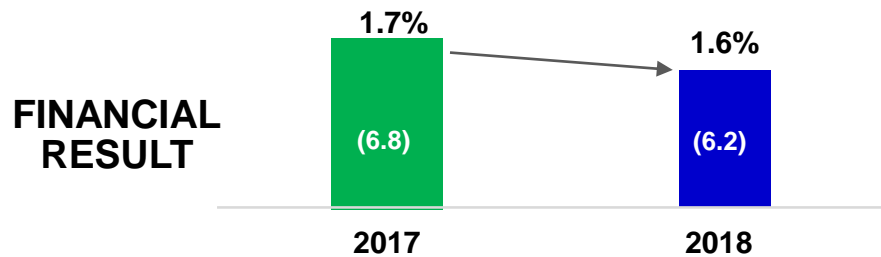


# Q1 P&L - Sogefi Group

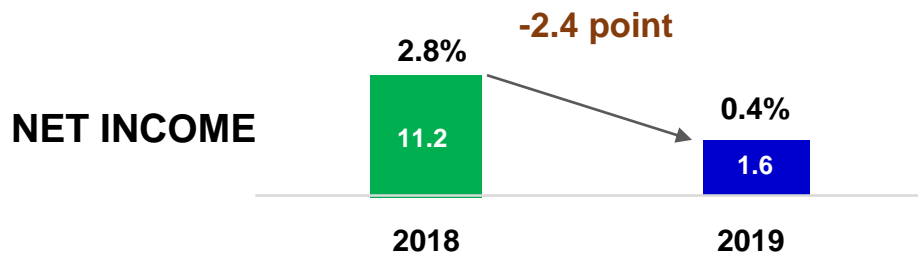
€m / % sales



○ EBIT reflecting lower EBITDA



○ Cash interests down € 1.3m



○ After € 3.6m of tax expense in Q1 2019 vs € 5.2m in Q1 2018

○ High tax rate due to non booking of deferred tax assets on companies in losses or in inception

## Q1 FCF Highlights - Cash Flow generation

€m	2018	2019
<b>FUNDS PROVIDED BY OPERATIONS</b>	<b>40.7</b>	<b>33.8</b>
Working Capital & Others	(3.8)	(8.1)
Capex	(10.6)	(8.9)
Increase in tangible assets - IFRS 16	0.0	(8.3)
Intangibles & IFRS15	(17.0)	(17.6)
<b>FREE CASH FLOW (NET)</b>	<b>9.3</b>	<b>(9.1)</b>
<b>NET DEBT</b>	<b>254.3</b>	<b>262.1</b>
Leasing and right of use debt (IFRS 16)		(66.8)
<b>NET DEBT POST IFRS 16</b>	<b>254.3</b>	<b>328.9</b>

Booking of new lease commitments

-€ 59.6m estimated end 2018

Factoring at € 114.1m in Q1 2019 vs € 99.2m end 2018 and € 112.3 Q1 2018

## 2019 OUTLOOK

- In the second quarter, the global car market is expected to decline by 3.4% compared to the previous year (-7.7% in Europe). In this environment, in the second quarter Sogefi forecast a lower sales reduction than market forecasts
- In terms of profitability, EBIT for the second quarter is expected to improve compared to the first quarter

# APPENDIX

# IFRS 16 and IFRS 5 Effect (effective Jan. 1st 2019)

## IFRS 16 - Leases

- IFRS 16 is an International Financial Reporting Standard (IFRS) providing guidance on accounting for leases
- The standard introduces a single lessee accounting model for recognizing and evaluating lease agreements, which provides for the underlying asset to be recognized in assets and counterbalanced by a financial liability. Lessees may elect to not recognize agreements for low-value assets (lower than € 5k) or with a term of up to 12 months as leases

## IFRS 5 - Held for sale

- IFRS 5 is an International Financial Reporting Standard (IFRS) providing guidance on accounting for assets held for sale
- Assets and liabilities are classified as held for sale when it is highly probable that their book value will be recovered mainly through a sale transaction rather than through their continued use
- Net profit related to assets held for sale is disclosed as a separate line of Profit and loss
- In the second half of 2018, management put forward a plan to sell part of the production plants at the Fraize plant. For this reason, this plant has been presented in the financial statements as an "Asset held for sale".
- Net profit of Fraize for March 2018 and March 2019 has been included in the line " Net income (loss) of held for sale activity".

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