

SOGEFI

H1 2019 RESULTS

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H1 2019 Highlights

- Revenues at € 777.8m, down 4.3% and 3.0% at constant exchange rate
- Production market was down -6.7%
- EBITDA at € 86.4m at 11.1% on sales (11.7% in 2018). In Q2 at 11.6% vs 10.6% in Q1 with comparable sales
- EBIT at € 24.4m as 3.1% on sales. In Q2 at 3.4% vs 2.9% in Q1
- Net result at € 6.9m (€ 14.8m in 2018)
- Free Cash Flow at - € 8.8m including € 5.4 million due to the application of IFRS 16
- Free Cash Flow in Q2 was positive
- Net debt at € 332.1m, including € 64.8 million related to the application of IFRS 16. Excluding this amount Net debt at € 267.3m (€ 260.5m at end of 2018)

*H1 2018 & 2019 results are presented according to IFRS 5 and IAS29 (Hyperinflation). From 1st of January results including IFRS 16.
Main effects are: EBITDA + € 6,1 million, EBIT + € 0,5 million, Net Income - € 1,2 million*

Market production evolution

	2018		2019		
€m	Q3	Q4	Q1	Q2	H1
Europe	-7.3%	-6.8%	-4.8%	-7.4%	-6.1%
North America	1.3%	2.1%	-3.2%	-2.3%	-2.7%
South America	2.5%	-9.2%	-5.0%	-1.5%	-3.2%
Asia	-2.8%	-13.8%	-9.3%	-15.6%	-12.4%
- of which China	-4.5%	-15.2%	-10.5%	-16.3%	-13.4%
Total	-2.9%	-5.4%	-5.9%	-7.5%	-6.7%

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

Revenues by Geographical Area

€m	Q2 2018	Q2 2019	reported change	constant exchange rates	reference market production
Europe	250.3	242.4	-3.1%	-3.1%	-7.4%
North America	73.2	72.7	-0.8%	-4.7%	-2.3%
South America	43.4	40.1	-7.6%	15.8%	-1.5%
Asia	42.9	34.9	-18.6%	-18.5%	-15.6%
- of which China	25.1	16.1	-36.0%	-35.4%	-16.3%
Intercompany eliminations	-3.4	-2.1			
Total	406.3	388.0	-4.5%	-3.1%	-7.5%



Sogefi underperforming the market in China due to clients mix

H1 2018	H1 2019	reported change	constant exchange rates	reference market production	weight based on H1 2019
503.5	486.8	-3.3%	-3.3%	-6.1%	62.6%
145.0	146.8	1.2%	-3.7%	-2.7%	18.9%
88.1	77.6	-11.9%	11.0%	-3.2%	10.0%
82.4	71.0	-13.8%	-14.0%	-12.4%	9.1%
47.3	33.2	-29.7%	-30.0%	-13.4%	4.3%
-6.4	-4.4				
812.6	777.8	-4.3%	-3.0%	-6.7%	100.0%

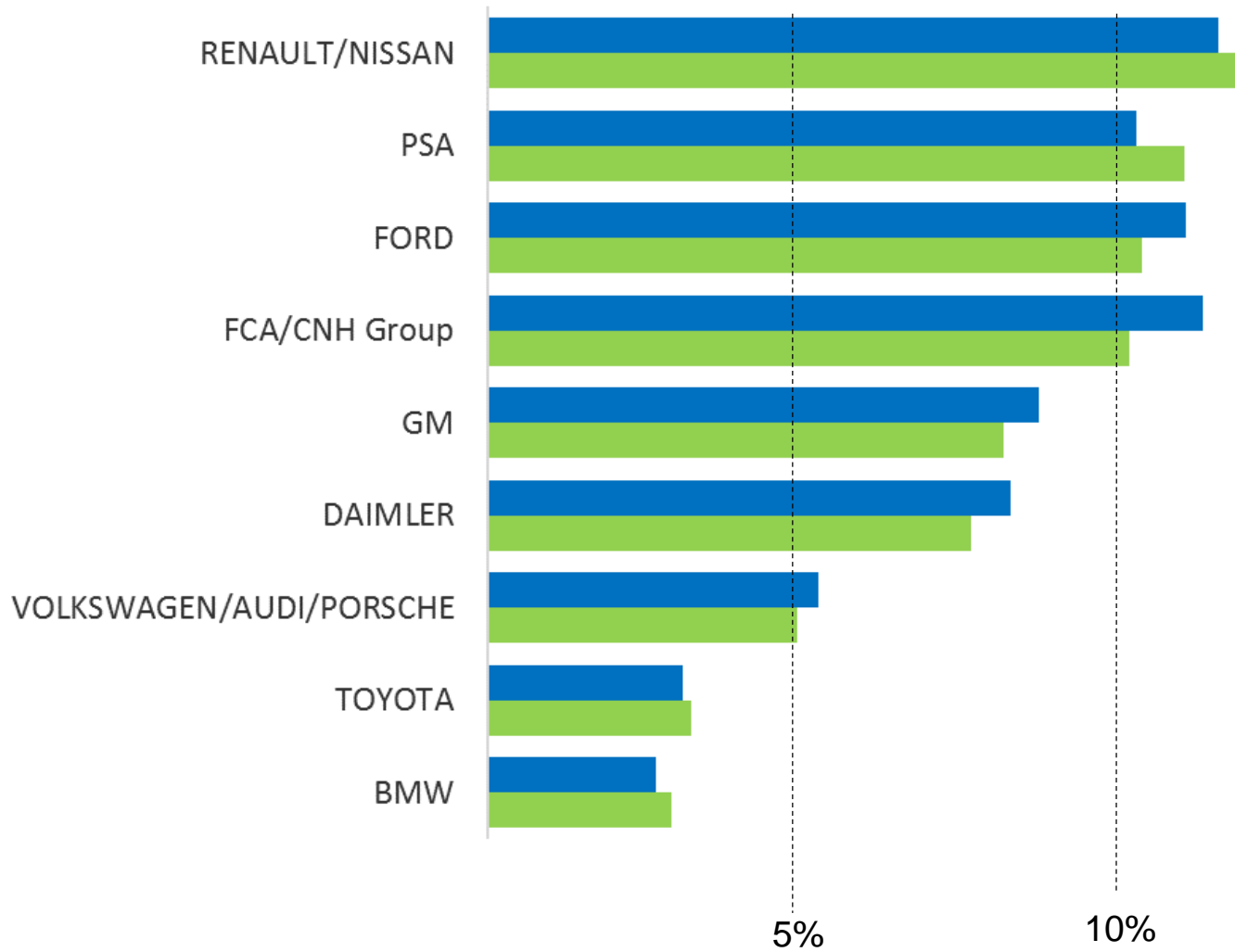
Source: Sogefi and IHS data

Revenues by Business Unit

€m	Q2 2018	Q2 2019	reported change	constant exchange rates change
Air&Cooling	110.5	105.1	-4.8%	-6.2%
Filtration	138.5	138.5	0.0%	1.4%
Suspensions	158.1	145.3	-8.1%	-4.7%
Intercompany eliminations	-0.8	-1.0		
Total	406.3	388.0	-4.5%	-3.1%

H1 2018	H1 2019	reported change	constant exchange rates change
220.1	214.8	-2.4%	-4.2%
278.1	272.4	-2.1%	-0.6%
316.0	292.3	-7.5%	-4.3%
-1.6	-1.7		
812.6	777.8	-4.3%	-3.0%

Sales by client

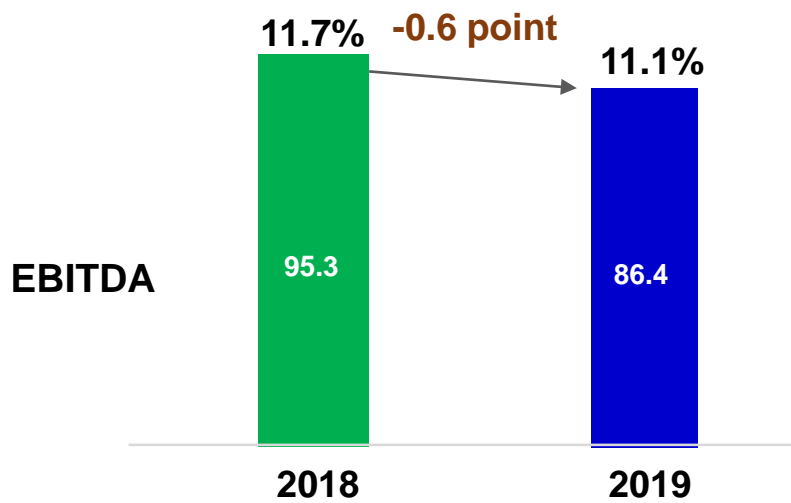


2018

2019

H1 EBITDA margin – Sogefi Group

€m / % sales

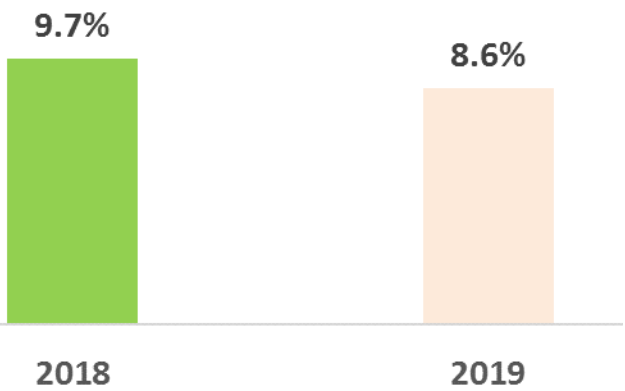


- The reduction in EBITDA reflects primarily the lower volumes
- Including -€ 4.3m of restructuring (-€ 2.7m in H1 2018)

H1 2019 results: from 1st of January results including IFRS 16. Main effects are: EBITDA + € 6,1 million, EBIT + € 0,5 million, Net Income - € 1,2 million

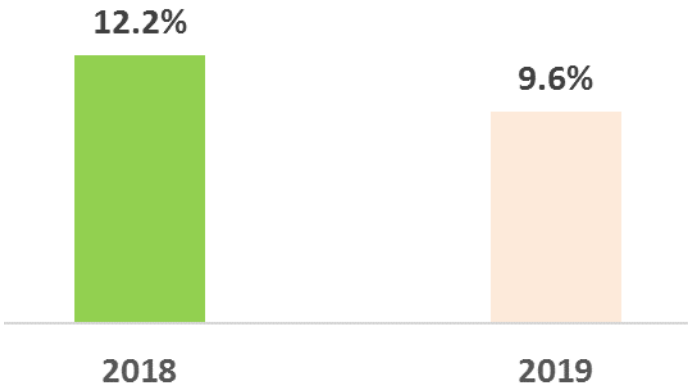
H1 EBITDA margin – BU Breakdown

€m / % sales



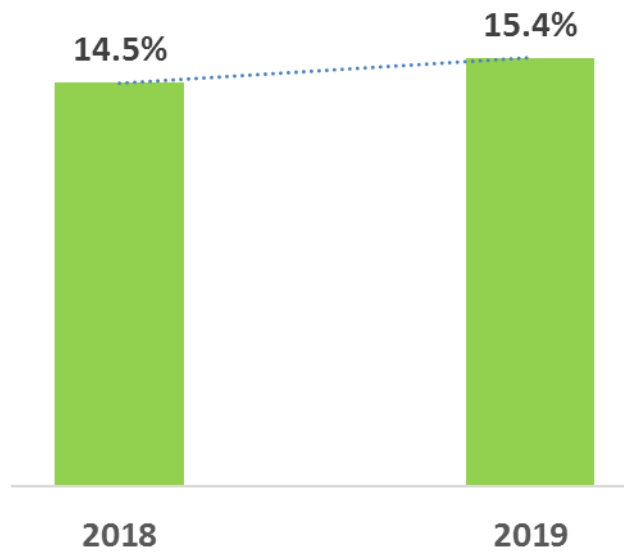
Suspensions

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



Filtration

Margin reduction is mainly due to the sales drop in Europe and start-up costs in Morocco

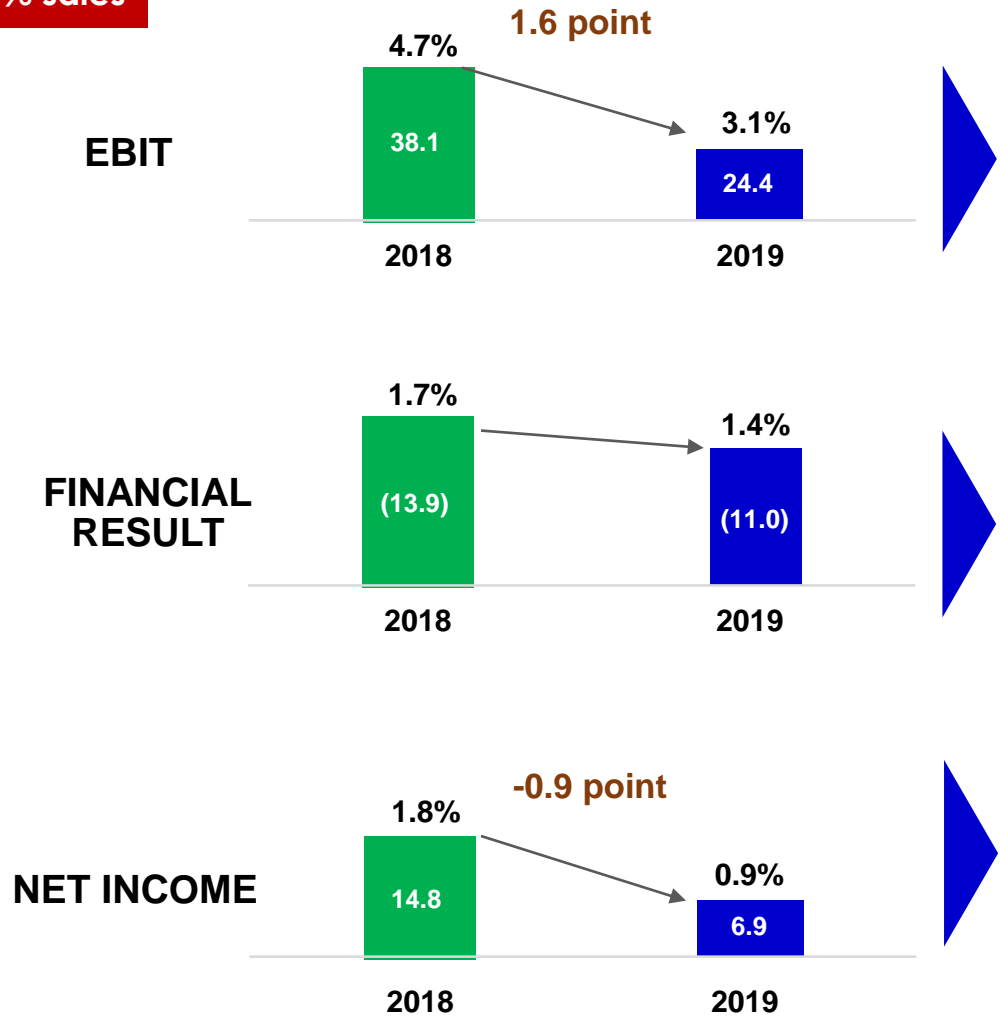


Air & Cooling

Gross margin improvement offsetting lower sales, particularly in China

H1 P&L - Sogefi Group

€m / % sales



- EBIT mainly reflects the evolution of volumes
- EBIT % on sales in Q2 2019 at 3.4%, an improvement vs to 2.9% of Q1 2019

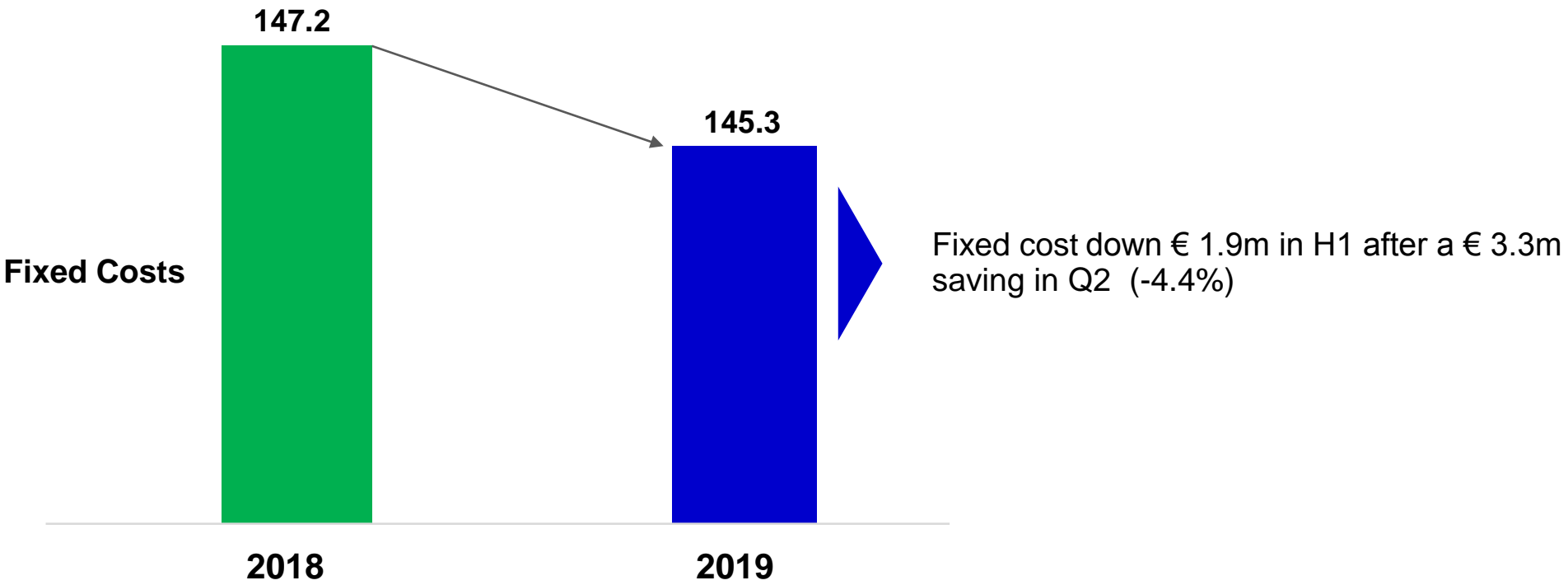
- Cash interests down € 2.1m thanks to lower average cost of debt

- After € 8.3m of tax expense in H1 2019 vs € 10.4m in H1 2018. High tax rate due to prudent approach on deferred tax assets
- Includes € 4.0m (€ 3.1m in 2018), reported under “discontinued operations” relating to Fraize disposal

H1 2019 results: from 1st of January results including IFRS 16. Main effects are: EBITDA + € 6,1 million, EBIT + € 0,5 million, Net Income - € 1,2 million

Fixed costs reduction in H1

€m



Profitability improvement in Q2 vs Q1

€m	Q1 2019	%	Q2 2019	%	Trend
TOTAL NET SALES	389.9		388.0		=
Material	210.8	54.1%	206.2	53.1%	√
Direct labour	37.9	9.7%	36.9	9.5%	√
Fixed costs	74.3	19.1%	71.0	18.3%	√
Others	25.6	6.6%	28.8	7.4%	
EBITDA	41.3	10.6%	45.1	11.6%	↑
EBIT	11.3	2.9%	13.0	3.4%	↑

Higher not operating and restructuring in Q2

H1 FCF Highlights - Cash Flow generation

€m	2018	2019
FUNDS PROVIDED BY OPERATIONS	80.2	67.5
Fraize disposal	0.0	7.2
Total FUNDS PROVIDED	80.2	74.7
Working Capital & Others	(13.3)	(20.6)
Capex	(27.4)	(19.0)
Increase in tangible assets - IFRS 16	0.0	(8.9)
Intangibles & IFRS15	(35.6)	(35.0)
FREE CASH FLOW (NET)	3.9	(8.8)
NET DEBT	259.6	267.3
Leasing and right of use debt (IFRS 16)		(64.8)
NET DEBT POST IFRS 16	259.6	332.1

Free Cash Flow in Q2 was positive


-€ 59.3m estimated end 2018

Factoring at € 103.2m in H1 2019 vs € 99.2m end 2018 and € 108.6 H1 2018

Fraize plan disposal finalized in April

- In 2018 Sogefi decided to divest the activity consisting of the production of blow-molded air ducts, considered as no longer part of the group's core businesses
- At the end of 2018 the activity was reclassified as an asset held for sale (IFRS 5 accounting standard)
- In April 2019 the plant disposal was finalized
- Sogefi Air & Cooling will focus on innovative Air intake manifolds and Cooling products

Main Effect



Sales '18:	€ 53m
Ebit '18:	€ 1.8m
Employees:	127
1H '19 Net Cash in:	€ 7.2m

Geographic footprint in H1 2019

North America

Production	Sogefi
18%	19%

Europe

Production	Sogefi
25%	63%



South America

Production	Sogefi
4%	10%

Asia

Production	Sogefi
52%	9%

Rest of the World

Production	Sogefi
2%	-

Sogefi Production sites ■

Source: H1 2019 Sogefi and IHS data

Recent business awarded consistent with Product Strategies

- Harvest ✓
- Challenger ✓
- Leader ✓

- Awarded by a European OEM to supply oil filtration modules on various vehicles
- SOP end 2022 in one EMEA plant

- Awarded by a premium German OEM to supply air intake manifolds
- SOP at end of 2020 in France









- Awarded by a German OEM to supply front stabilizer bars in a BEV vehicle
- SOP in 2022 in our new plant in Romania.




Filtration

Air & Cooling

Suspensions



OEM	AFTERMARKET
 Oil Filter ✓ N°4 Worldwide	 ✓ N°1 France
 ✓	 ✓
 ✓	 ✓
 ✓	 ✓
	<p>European Car Park 10 years average age</p>

 Manifold ✓ N°2 Worldwide
 ✓
 ✓

 Stabilizer Bar ✓ N°2 Europe
 ✓

2019 OUTLOOK

- In relation to the forecasts for the automotive market, after the 6.7% decline reported in the first half of 2019, the sources generally used at the sector level are expecting, for the second half of the year, a much lower decrease (-0.4%), which also reflects the weakness of the market in the second half of 2018
- Based on these general prospects, as well as on specific factors, Sogefi expects sales in the second half of the year to be substantially in line with the same period of last year
- Given the above, the EBIT margin in the second half is expected to improve slightly compared to the first half of the year

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