



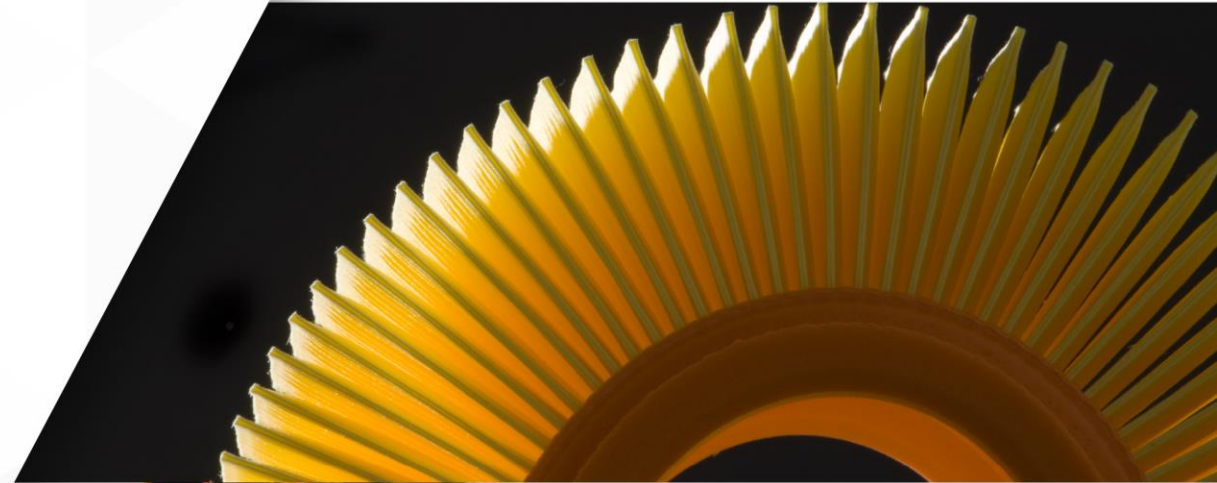
IMI Italian Stock market Opportunities

Milano – October 2nd, 2019

Yann ALBRAND - Chief Financial Officer

Stefano CANU - Investor Relations

Overview



- **Young** automotive company created in 1980
- Listed in Milano Stock Exchange STAR Segment
- Strong **Entrepreneurship** DNA
- Developed through:
 - a series of strategic moves
 - tight cost control
- Revenues at € 1,624m in 2018
- Present in 23 countries with 41 production plants, 4 research centers, 10 development centers and 6,680 employees at end of July 2019

3 Business Units

Suspensions



- Stabilizer Bars
- Coil Springs

**MAIN
PRODUCTS**

€ 1,624M
2018 Sales

€ 602M

37%

Filtration



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

€ 537M

33%

Air & Cooling



- Manifolds
- Coolant Pumps
- Coolant Outlet Housings

€ 486M

30%

Sogefi Customers



CARS



AFTERMARKET



TRUCKS



2 WHEELERS



3 WHEELERS

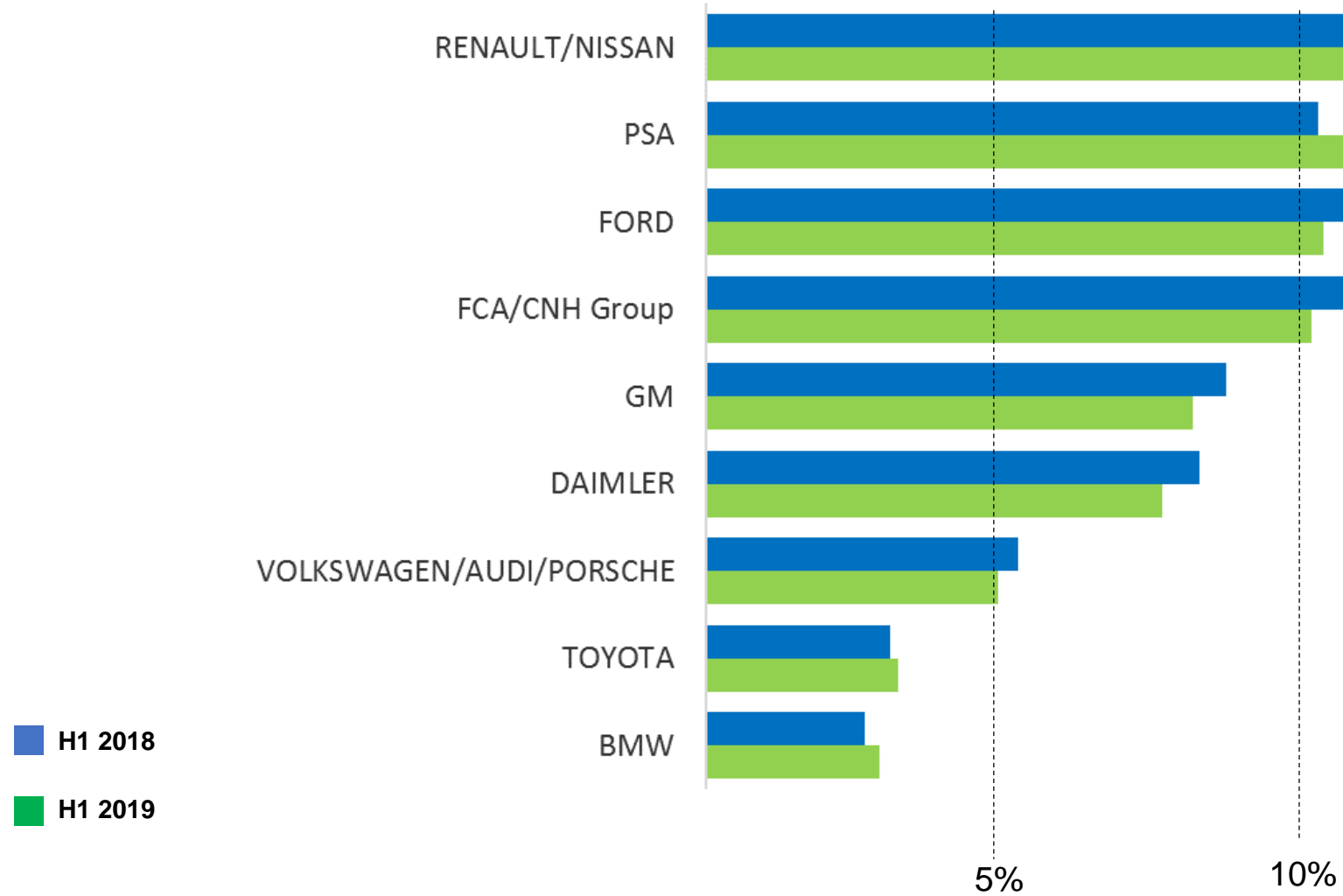
FILTERS purflux **FRAM**

COOPERS
FIAAM FILTERS

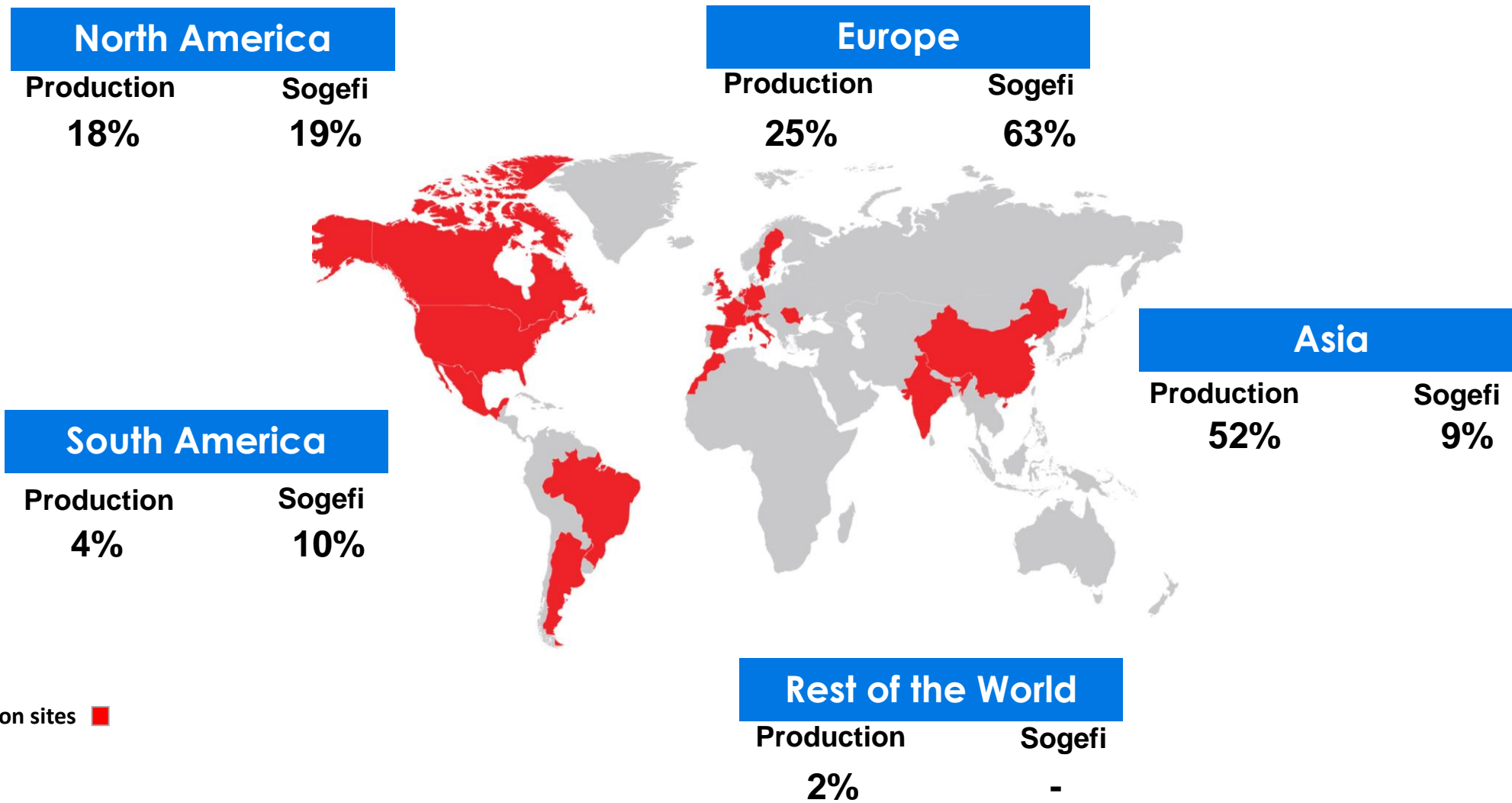
tecno FILTRI

MAIN BRANDS

Sales by Client



Sales by region in H1 2019



Source: H1 2019 Sogefi and IHS data

2018 Total net sales by country (in m€)

TOTAL GROUP	1,571	100%
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<u>EUROPE</u>	945	60%
FRANCE	470	30%
ITALY	110	7%
GERMANY	105	7%
SPAIN	101	6%
UK	78	5%
OTHERS	81	5%

<u>NORTH AMERICA</u>	294	19%
USA	143	9%
CANADA	109	7%
MEXICO	42	3%

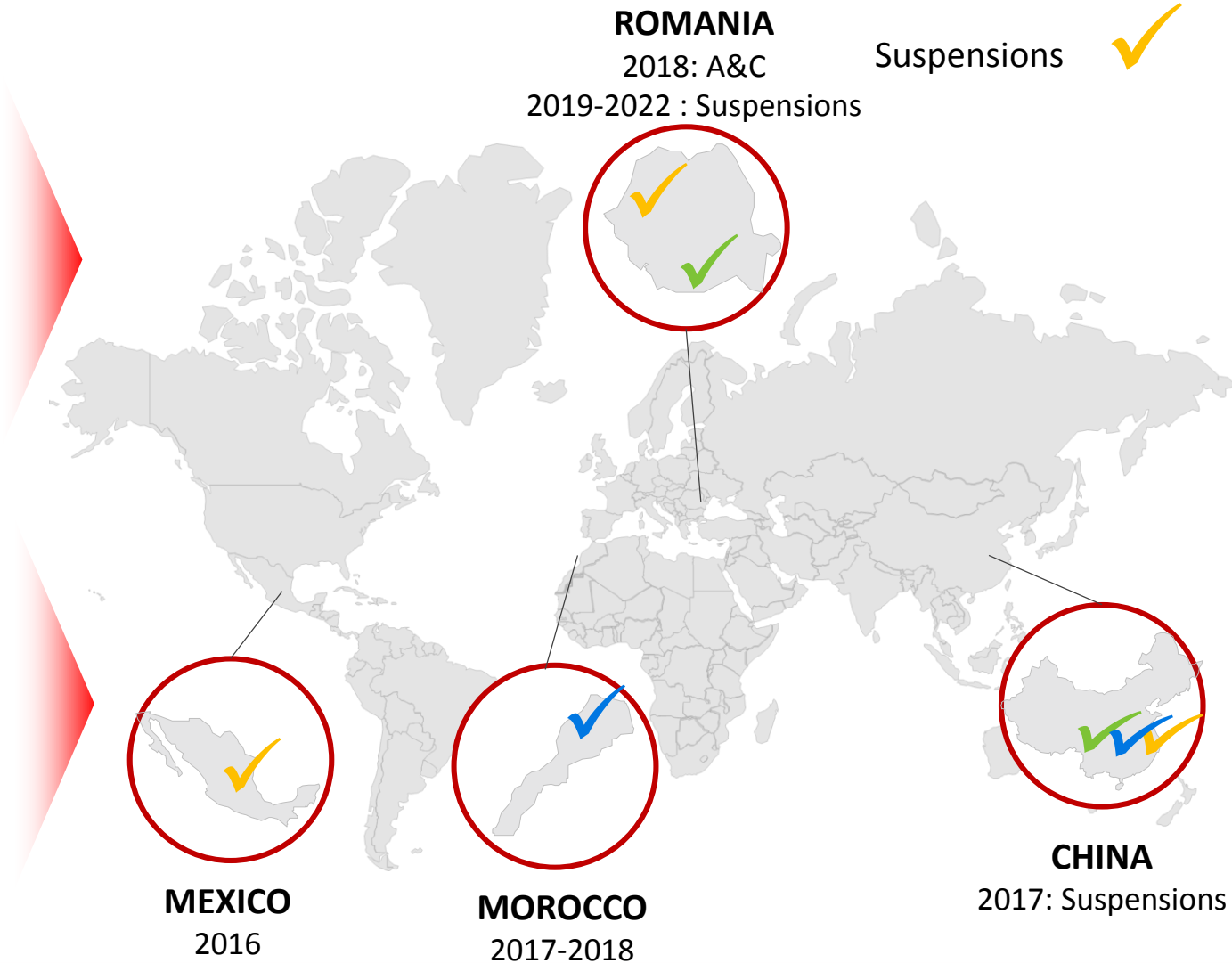
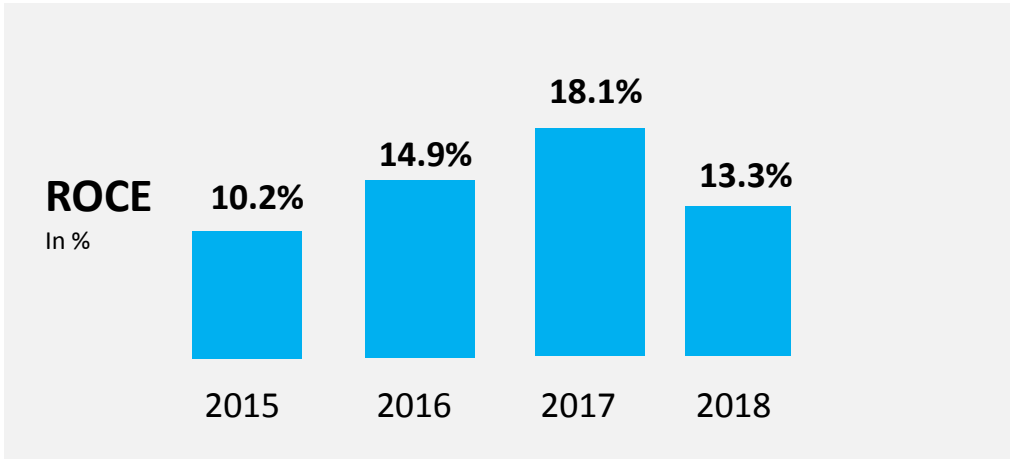
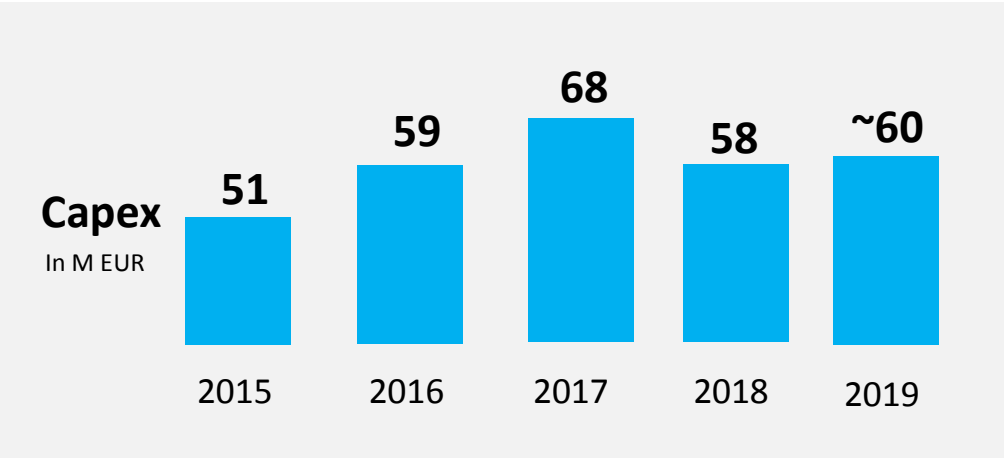
<u>SOUTH AMERICA</u>	182	12%
BRAZIL	102	6%
ARGENTINA	80	5%

<u>ASIA</u>		
CHINA	89	6%
INDIA	67	4%

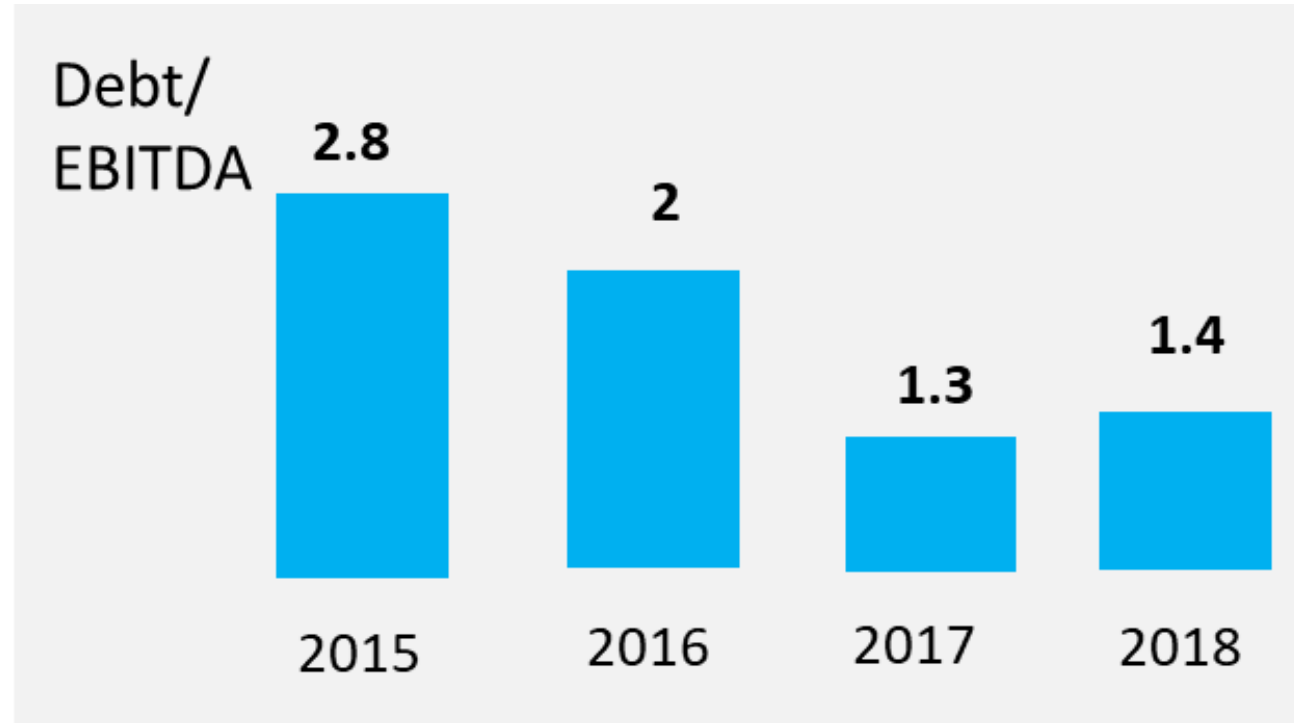
Source: Net sales by origin, net of the blow-molded air ducts plant disposal

Selective investments to improve competitiveness

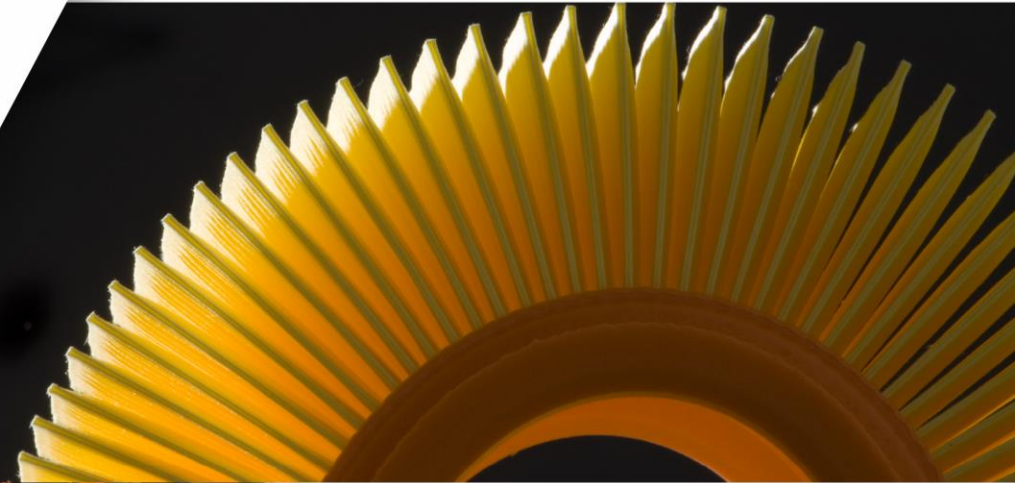
- Air & Cooling ✓
- Filtration ✓
- Suspensions ✓



Leverage divided by 2 since 2015



2019 H1 Results



Market production evolution

	2018		2019			
€m	Q3	Q4	Q1	Q2	H1	July+ August
Europe	-7,3%	-6,8%	-4,8%	-7,4%	-6,1%	0,0%
North America	1,3%	2,1%	-3,2%	-2,3%	-2,7%	1,0%
South America	2,5%	-9,2%	-5,0%	-1,5%	-3,2%	-7,0%
Asia	-2,8%	-13,8%	-9,3%	-15,6%	-12,4%	-12,8%
- of which China	-4,5%	-15,2%	-10,5%	-16,3%	-13,4%	-11,0%
Total	-2,9%	-5,4%	-5,9%	-7,5%	-6,7%	-5,0%

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%

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%

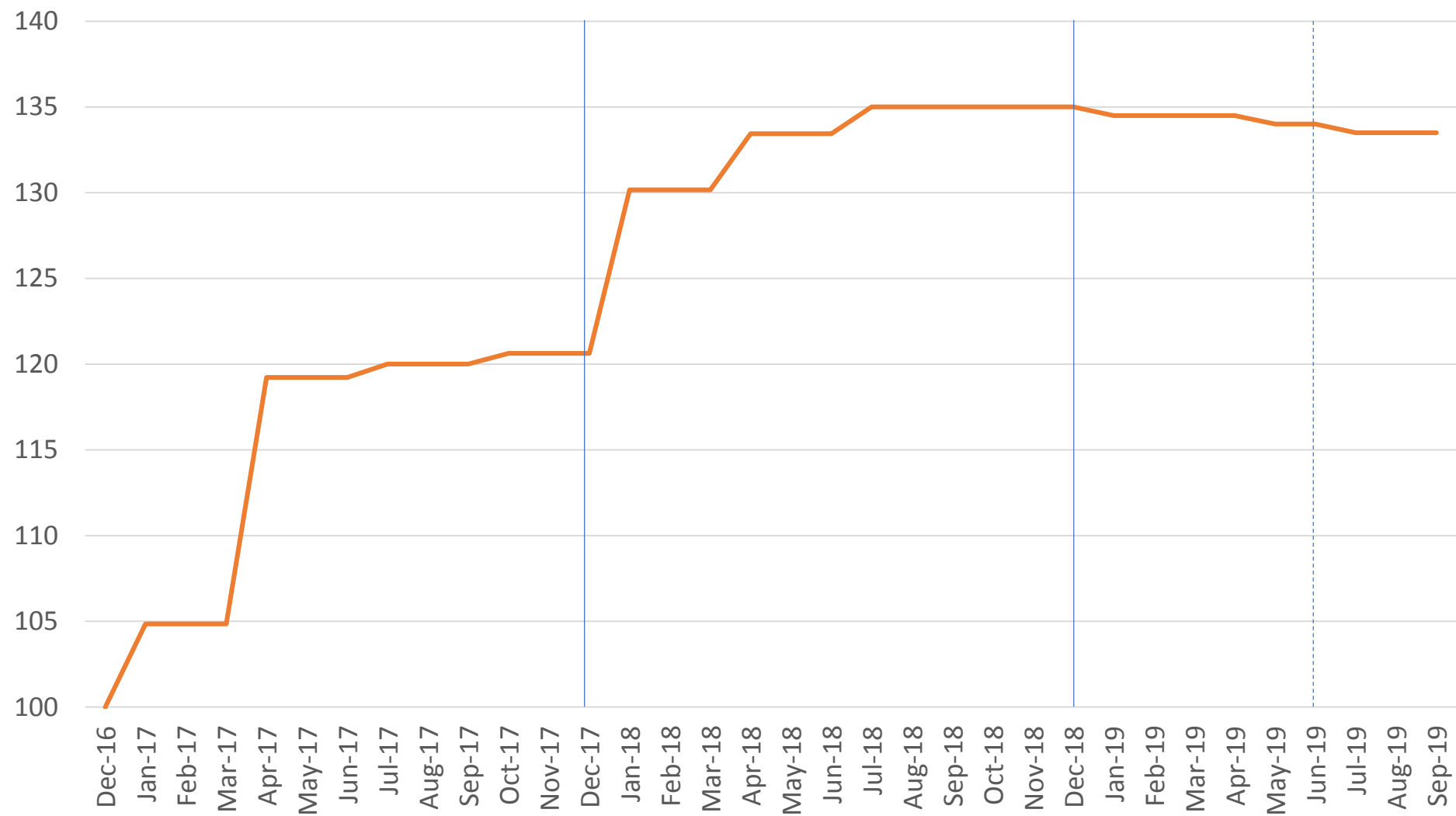
Sogefi underperforming the market in China due to clients mix

Source: Sogefi and IHS data

Profitability improvement in Q2 vs Q1

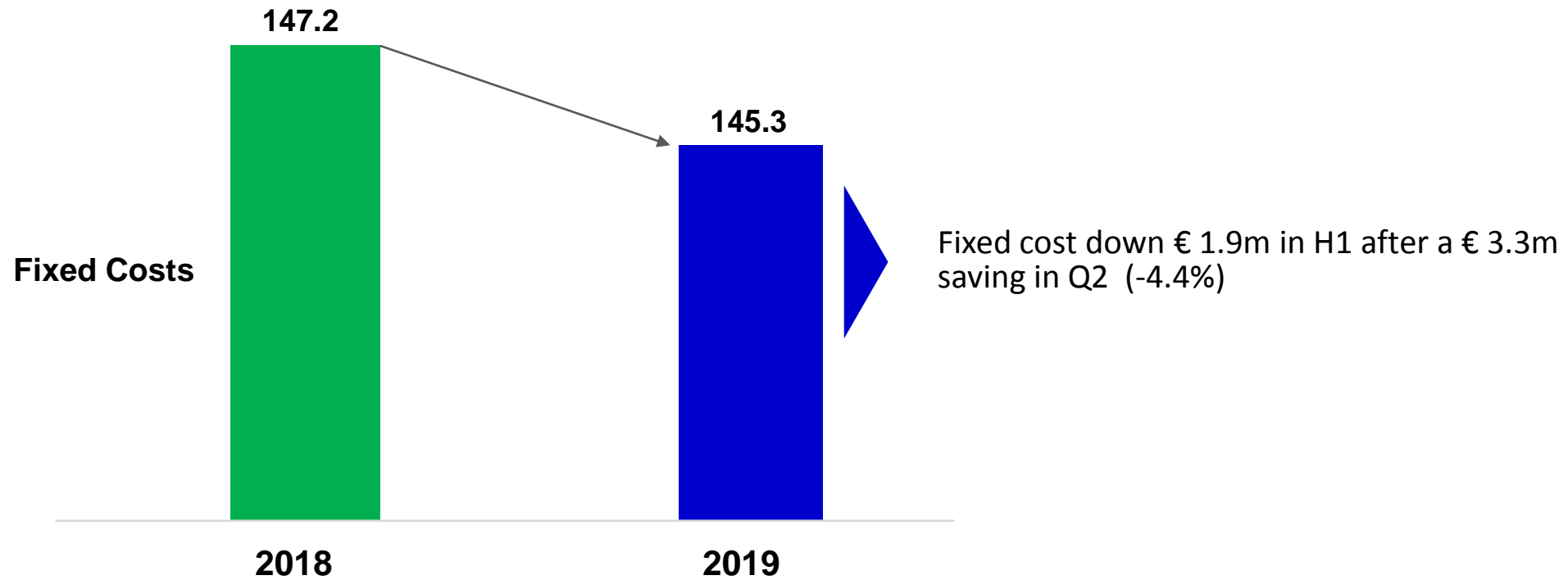
€m	Q1 2019	%	Q2 2019	%	Trend
TOTAL NET SALES	389.9		388.0		=
Material	210.8	54.1%	206.2	53.1%	✓
Direct labour	37.9	9.7%	36.9	9.5%	✓
Fixed costs	74.3	19.1%	71.0	18.3%	✓
Others	25.6	6.6%	28.8	7.4%	Higher restructuring in Q2
EBITDA	41.3	10.6%	45.1	11.6%	↑
EBIT	11.3	2.9%	13.0	3.4%	↑

Indicative steel prices evolutions €/ton



Fixed costs reduction in H1

€m



H1 FCF Highlights - Cash Flow generation

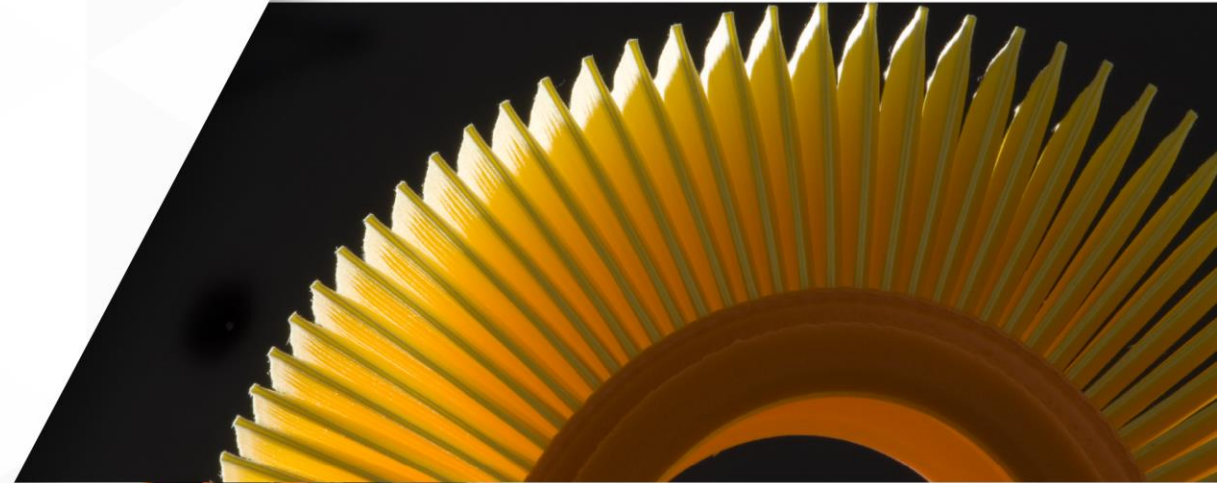
€m	2018	2019
FUNDS PROVIDED BY OPERATIONS	80.2	67.5
Fraize disposal	0.0	7.2
Total FUNDS PROVIDED	80.2	74.7
Working Capital & Others	(13.3)	(20.6)
Capex	(27.4)	(19.0)
Increase in tangible assets - IFRS 16	0.0	(8.9)
Intangibles & IFRS15	(35.6)	(35.0)
FREE CASH FLOW (NET)	3.9	(8.8)
NET DEBT	259.6	267.3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










Perspectives



Product Strategies : Harvest, Challenger, Leader

- Leader ✓
- Challenger ✓
- Harvest ✓


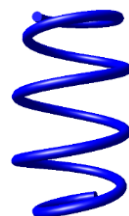
Filtration

OEM		AFTERMARKET
 Oil Filter	✓ N°4 Worldwide	 N°1 France
 Engine Air	✓	 ✓
 Fuel Filter	✓	 ✓
 Cabin Air Filter	✓	 ✓
		 European Car Park 10 years average age

Air & Cooling

 Manifold	✓ N°2 Worldwide
 Coolant Pump	✓
 Coolant Outlet Housing	✓


Suspensions

 Stabilizer Bar	✓ N°2 Europe
 Coil Spring	✓

Blow-molded air ducts plant disposal




- Sogefi decided to **divest** blow-molded air ducts, considered as no longer part of the group's core businesses
- The plant disposal was finalized in April 2019
- Sogefi Air & Cooling will focus on innovative Air intake manifolds and Cooling products


Main Effects



Sales '18:	€ 53m
Ebit '18:	€ 1.8m
Employees:	127

4 Disruptive Future Trends

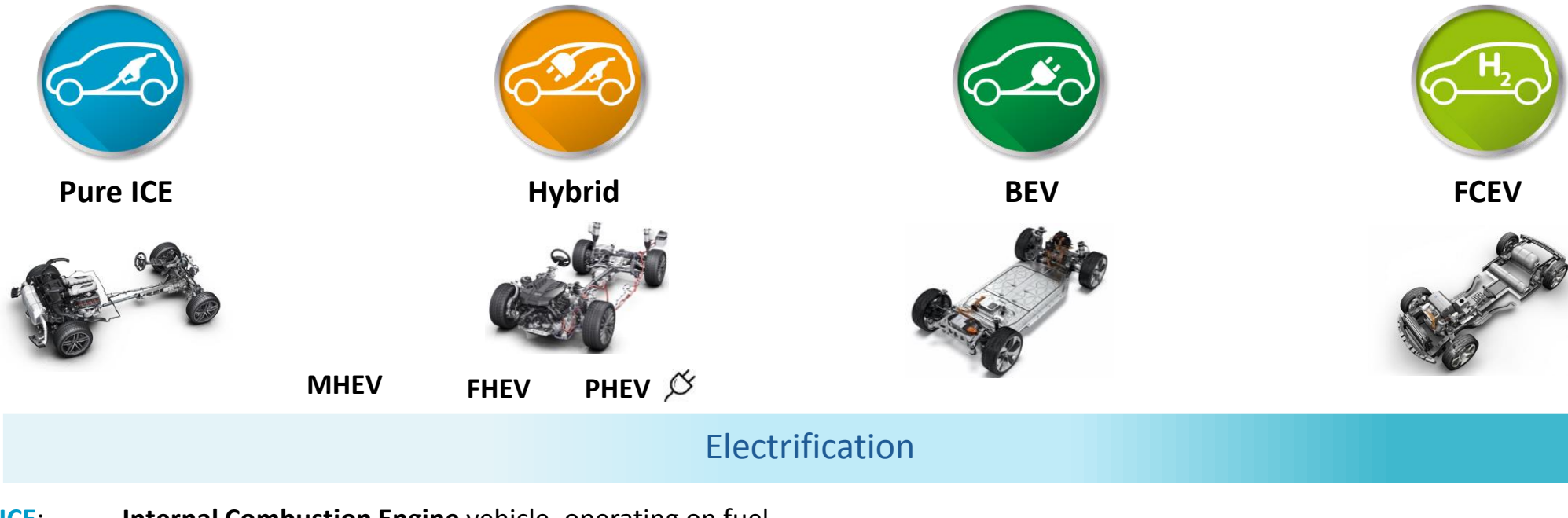
- 1  CONNECTIVITY
- 2  AUTONOMOUS DRIVING
- 3  SHARED MOBILITY

- 4  ELECTRIFICATION

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

Higher technology requirements

Different types of powertrains



- **ICE:** Internal Combustion Engine vehicle, operating on fuel.
- **MHEV:** Mild-Hybrid Electric Vehicle, 48V system. (e.g. **New Renault Scenic dCi 110**).
- **FHEV:** Full Hybrid Electric Vehicle, operating on fuel, assisted by a battery. Non rechargeable (e.g. **Toyota Prius**).
- **PHEV:** Plug-in Hybrid Electric Vehicle, operating on fuel, assisted by a battery. Rechargeable (plugged in to grid) (e.g. **New Golf GTE**).
- **BEV:** Battery Electric Vehicle, i.e., pure EV, with no ICE content (e.g. **Renault Zoe, Nissan Leaf, Tesla**).
- **FCEV:** Fuel Cell Electric Vehicle (e.g. **Toyota Mirai**).

New vehicles production forecast

Total ICE forecasted to keep growing

	2018 Actual	2026 Forecast
Total Vehicles (M units)	91	105
EV	1	11
Hybrid	3	11,4
ICE Diesel	15	12,1
ICE Gasoline	72	70,5
Total ICE	90	94

EV includes BEV, FCEV and range-extended EV
Hybrid: includes FHEV and PHEV
ICE includes pure ICE and MHEV

Source : IHS 05/2019, Production Light Vehicles <3.5T

- Even if all scenarios predict an increase of EV, **the total ICE powertrains could remain a substantial part of the market until 2026.**
- **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

Hybrid Powertrain



Air & Cooling



Manifold



Coolant Pump
+ E Pump



Coolant Outlet
Housing



Battery Pack
coolant Manifold



Coolant Valve



Filtration



Oil Filter



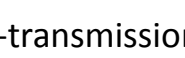
Engine Air



Fuel Filter



High performance
Cabin Air Filter



E-Axle/E-transmission
Filters



Coolant Filter



Battery/E-Motor and
Power electronic Filters



Volume Effect



New Product

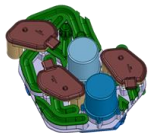




Air & Cooling



Battery Pack Coolant Manifold **Module**



Coolant Module





Electric Coolant Pump







Coolant Outlet Housing



Coolant Valve





Volume Effect 
New Product 

Filtration



High performance Cabin Air Filter

E-Axle/E-transmission Filters



Coolant Filter



Battery/E-Motor and Power electronic Filters





Air & Cooling



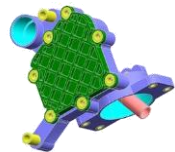
Electric Coolant Pump



Coolant Outlet Housing



Coolant Valve



Hydrogen Manifold



Filtration



Fuel Cell Air Filter



Fuel Cell Filters



Water Separator



High performance Cabin Air Filter





Battery/E-Motor and Power electronic Filters



New Product



Recent businesses 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
OEMs	FCEV 	Nafta (2021)	Hydrogen intake manifold & exhaust	↑	Hydrogen, Air and Cooling components

2019-2024 Market outlook

IHS 09 2019	2018	2019	YoY	2020	YoY	2021	2022	2023	2024	CAGR 19/24
WORLD	94 205	89 428	-5,1%	88 964	-0,5%	91 825	94 601	97 562	99 751	2%
EUROPE	21 992	21 232	-3,5%	21 148	-0,4%	21 765	21 942	21 970	22 058	1%
<i>EU28</i>	18 517	17 824	-3,7%	17 754	-0,4%	18 244	18 318	18 062	17 861	0%
<i>TURKEY</i>	1 512	1 419	-6,2%	1 412	-0,5%	1 402	1 420	1 560	1 709	4%
<i>RUSSIA</i>	1 635	1 670	2,1%	1 717	2,8%	1 838	1 902	1 955	2 044	4%
<i>OTHERS</i>	327	319	-2,5%	265	-16,8%	280	303	394	444	7%
NAFTA	16 959	16 658	-1,8%	16 198	-2,8%	16 353	16 612	16 817	16 955	0%
<i>UNITED STATES</i>	11 031	10 859	-1,6%	10 833	-0,2%	10 968	11 154	11 409	11 291	1%
<i>MEXICO</i>	3 925	3 871	-1,4%	3 739	-3,4%	3 784	3 716	3 661	3 886	0%
<i>CANADA</i>	2 004	1 928	-3,8%	1 626	-15,7%	1 601	1 743	1 746	1 778	-2%
MERCOSUR	3 272	3 237	-1,1%	3 380	4,4%	3 582	3 672	3 839	3 957	4%
<i>BRAZIL</i>	2 780	2 884	3,8%	2 953	2,4%	3 096	3 137	3 255	3 365	3%
<i>ARGENTINA</i>	485	348	-28,2%	422	21,2%	475	523	572	581	11%
<i>OTHERS</i>	8	5	-40,9%	5	10,8%	12	13	13	12	19%
CHINA	26 606	24 218	-9,0%	24 352	0,6%	25 455	26 955	28 418	29 588	4%
INDIA	4 720	4 182	-11,4%	4 104	-1,9%	4 531	4 893	5 214	5 467	6%
JAPAN/KOREA	13 204	13 200	0,0%	12 820	-2,9%	12 541	12 439	12 637	12 719	-1%
ASEAN	4 205	4 096	-2,6%	4 303	5,1%	4 544	4 758	5 032	5 239	5%
IRAN	1 275	715	-43,9%	710	-0,7%	798	1 034	1 286	1 364	14%
ALGERIA	236	182	-22,8%	138	-24,5%	225	253	269	250	7%
MOROCCO	402	410	1,9%	448	9,4%	533	526	535	524	5%
OTHERS	1 333	1 298	-2,6%	1 363	5,0%	1 499	1 517	1 545	1 630	5%

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