



Q3 2019 RESULTS AND PERSPECTIVES

Milano – October 25th, 2019

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Agenda

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Q3 2019 Highlights

Figures at constant accounting principles and excluding claims

- Revenues at € 371.1m, down 0.9% vs PY and -0.3% at constant exchange rate
- Overperforming the market by 290 bp as production market was down -3.2%
- EBITDA at € 44.4m at 12.0% on sales (11.3% in 2018 excluding positive claim effect) confirming quarterly improvement (Q1 at 10.6%, Q2 at 11.6% and Q3 at 12.0%)
- EBIT at € 13.0m at 3.5% on sales vs Q1 at 2.9% and Q2 at 3.4%
- Net result at € 1.4m vs € 0.9m in PY
- Positive Free Cash Flow +€ 4.5m vs -€ 8.6m in 2018 (excluding purchase of Indian subsidiary minorities)
- Net debt at € 327.7m, including € 63.1 million related to the application of IFRS 16. Excluding this amount Net debt at € 264.6 (260.5m end of 2018)

Q3 2018 & 2019 results are presented according to IFRS 5 and IAS29 (Hyperinflation). From 1st of January results including IFRS 16. Main effects are: EBITDA + € 2.9 million, EBIT + € 0 million, Net Income - € 0,7 million. At 30 September 2018 the effects of the new accounting standard IFRS 16, calculated solely for management purposes, amounted to: Ebitda + € 7.5 million, Ebit + € 1.3 million.

Revenues by Geographical Area

€m	Q3 2018	Q3 2019	reported change	constant exchange rates	reference market production	performance vs market (bp)
Europe	213.4	218.4	2.3%	2.5%	0.1%	239
North America	74.7	74.1	-0.8%	-4.6%	-0.4%	-422
South America	47.5	43.1	-9.3%	4.0%	-3.6%	764
Asia	41.5	38.1	-8.2%	-11.2%	-8.0%	-320
- of which China	23.3	19.9	-14.5%	-16.1%	-5.5%	-1062
Intercompany eliminations	(2.6)	(2.4)				
Total	374.5	371.1	-0.9%	-0.3%	-3.2%	292

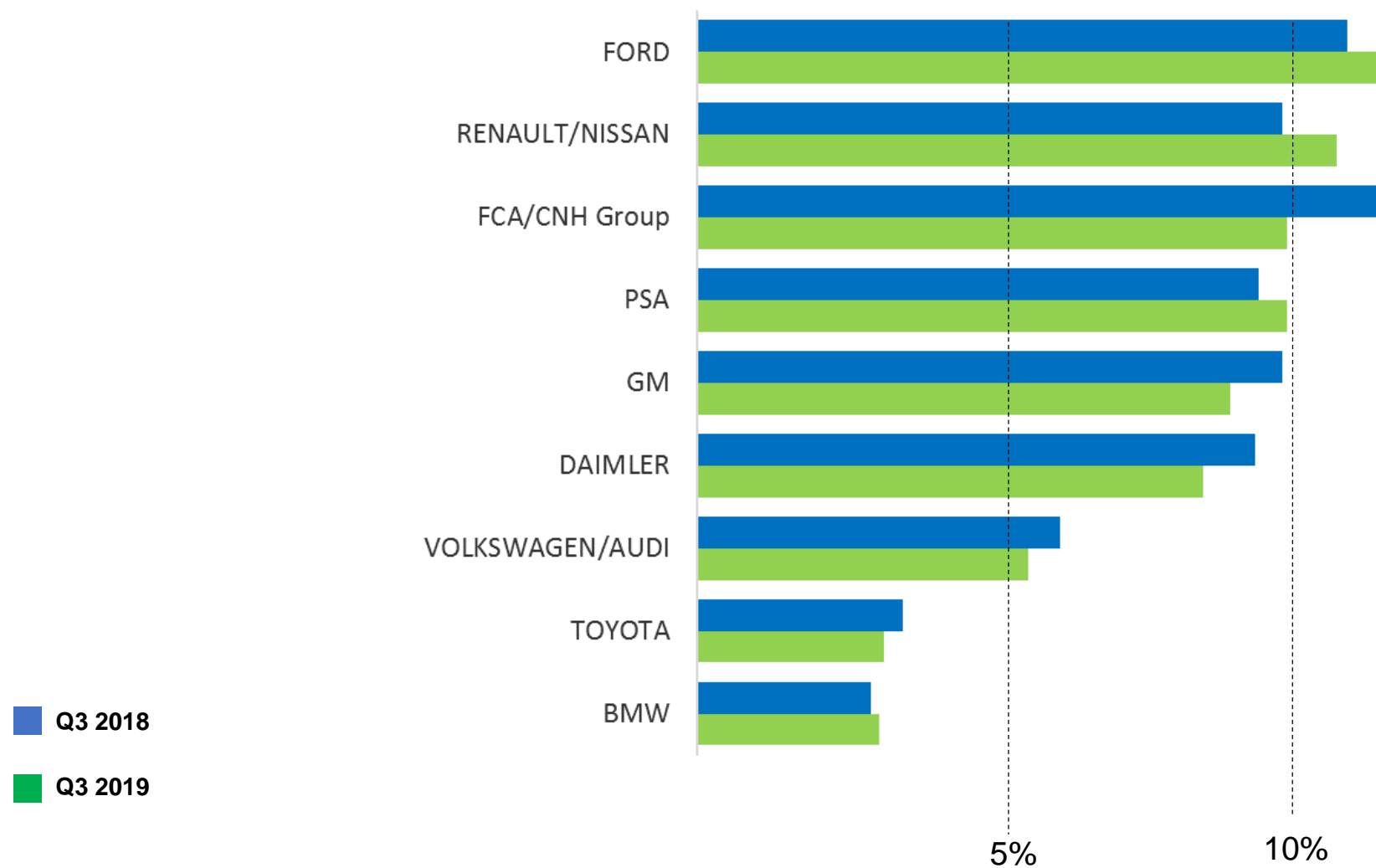
Overperforming the market by 292 bp due to overperformance in Europe and despite UAW strike at GM and clients mix in China

Source: Sogefi and IHS data. Passenger cars and Light commercial vehicles only. Europe is Europe 28 and Asia is China + India

Revenues by Business Unit

€m	Q3 2018	Q3 2019	reported change	constant exchange rates change	performance vs market (bp)
Air&Cooling	105.4	105.6	0.2%	-2.1%	112
Filtration	129.5	135.6	4.7%	5.1%	832
Suspensions	140.1	130.6	-6.8%	-3.9%	-68
Intercompany eliminations	(0.5)	(0.7)			
Total	374.5	371.1	-0.9%	-0.3%	292

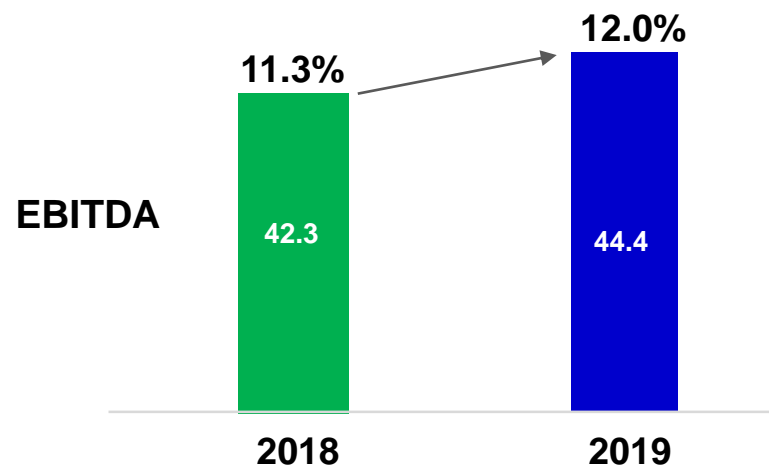
Sales by client



■ Q3 2018
■ Q3 2019

Q3 EBITDA margin – Sogefi Group - €m / % sales

Figures at constant accounting principles and excluding claims

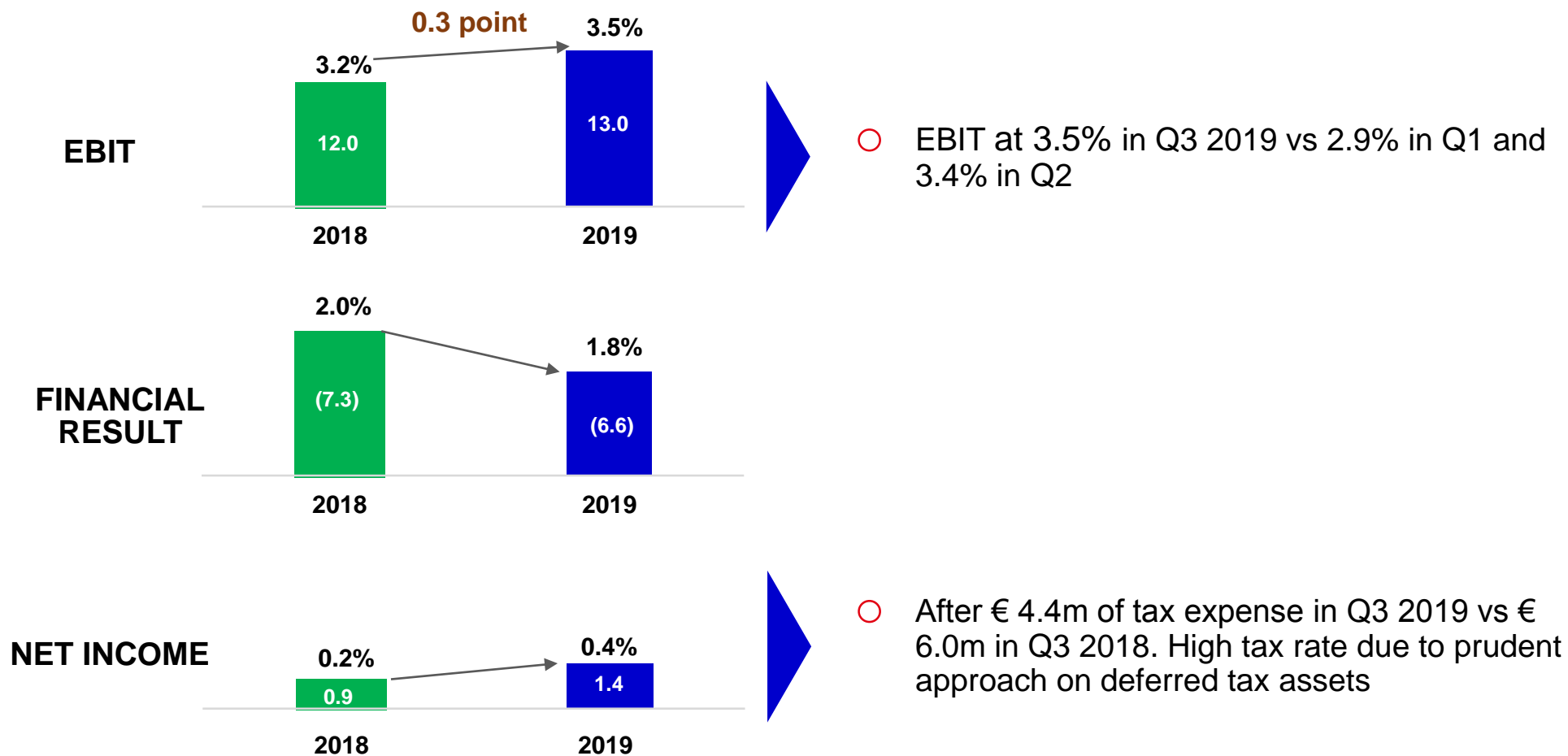


- 2018 Q3 included € 6.6m of claim settlement
- EBITDA like for like improves by 0.7 point
- Including -€ 1.3m of restructuring (-€ 1.5m in Q3 2018)

Q3 2018 & 2019 results are presented according to IFRS 5 and IAS29 (Hyperinflation). From 1st of January results including IFRS 16. Main effects are: EBITDA + € 2.9 million, EBIT + € 0 million, Net Income - € 0,7 million. At 30 September 2018 the effects of the new accounting standard IFRS 16, calculated solely for management purposes, amounted to: Ebitda + € 7.5 million, Ebit + € 1.3 million.

Q3 P&L - Sogefi Group - €m / % sales

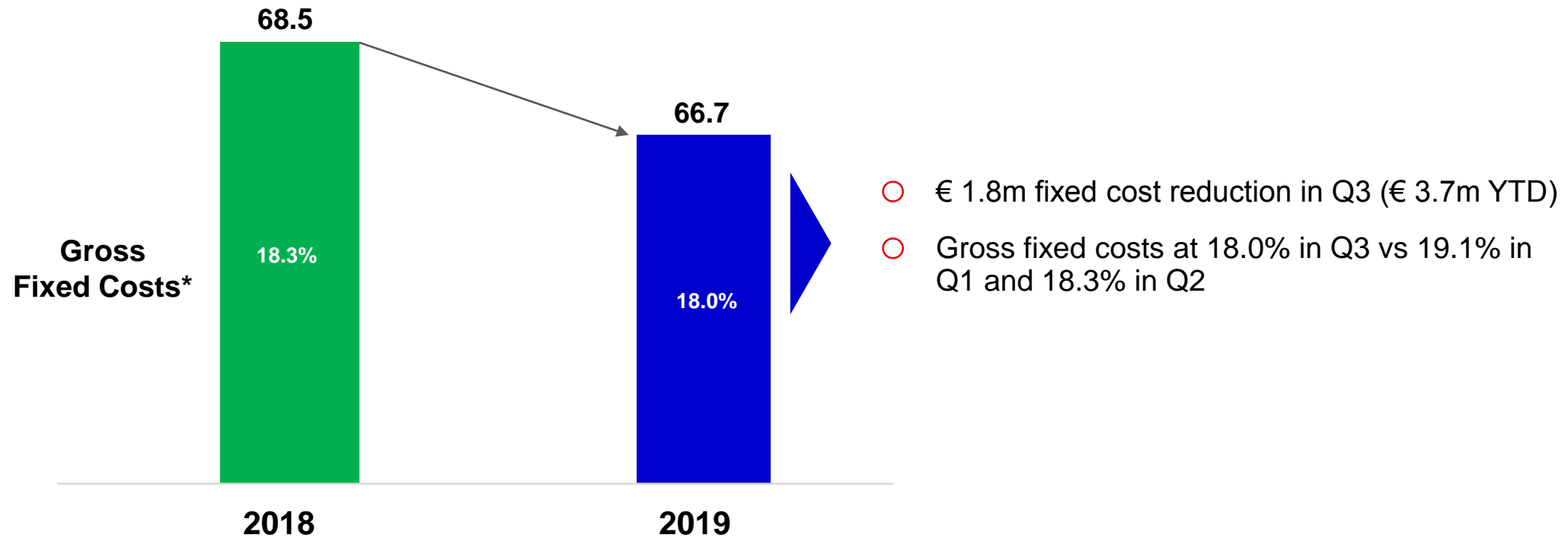
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Gross Fixed costs reduction in Q3 - €m

Figures at constant accounting principles



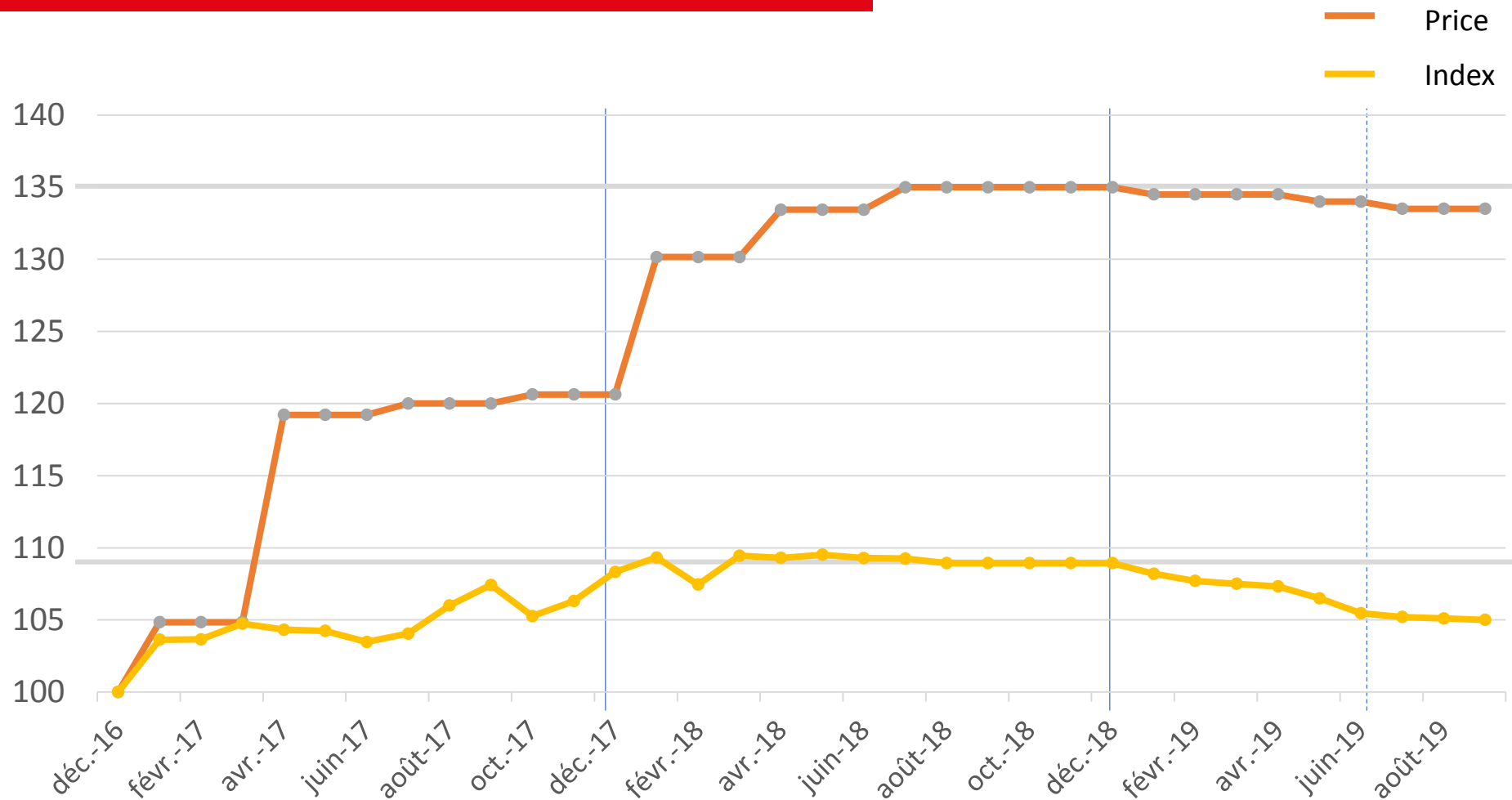
* Before restructuring, capitalization and indirect taxes

Quarterly profitability improvement

€m	Q1 2019	%	Q2 2019	%	Q3 2019	%	Trend
TOTAL NET SALES	389.9		388.0		371.1		
Material	210.8	54.1%	206.2	53.1%	197.1	53.1%	√
Direct labour	37.9	9.7%	36.9	9.5%	35.7	9.6%	=
Gross fixed costs	74.3	19.1%	71.0	18.3%	66.7	18.0%	√
Others	25.6	6.6%	28.8	7.4%	27.2	7.3%	
EBITDA	41.3	10.6%	45.1	11.6%	44.4	12.0%	↑
EBIT	11.3	2.9%	13.0	3.4%	13.0	3.5%	↑

Higher not
operating in
Q3

Indicative steel prices evolutions €/ton



Source: Indexed number. Base is the price of the steel in EURO/tn (actual price paid by SOGEFI for one type of steel). Index is BDSV

Q3 FCF Highlights - Cash Flow generation

Figures at constant accounting principles

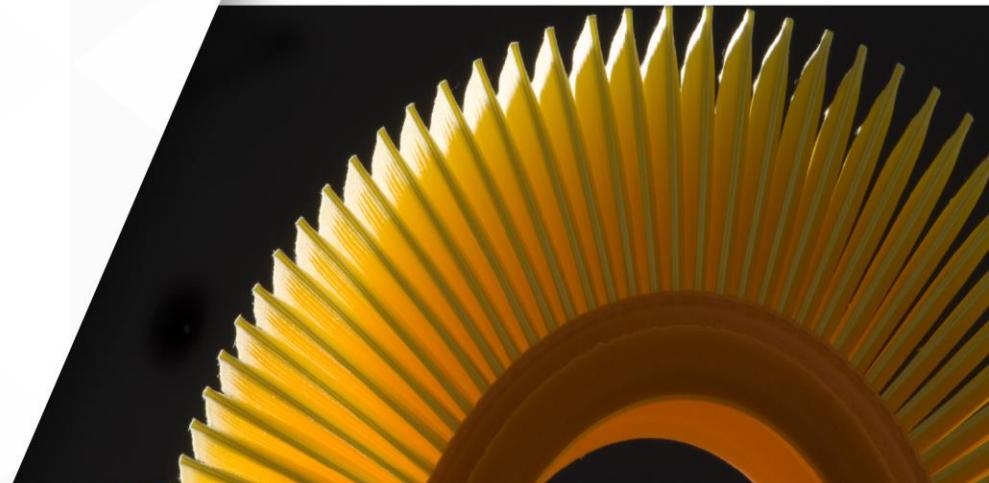
€m	2018	2019
FUNDS PROVIDED BY OPERATIONS	30.4	32.5
Indian subsidiary acquisition	(16.7)	0.0
Total FUNDS PROVIDED	13.7	32.5
Working Capital	(16.1)	(2.5)
Tangible Capex	(11.2)	(9.1)
Increase in assets - IFRS 16	(0.3)	(4.7)
Intangibles & IFRS15 & Others	(11.4)	(11.7)
FREE CASH FLOW (NET)	(25.3)	4.5
FREE CASH FLOW (NET) EXCLUDING INDIAN ACQUISITION	(8.6)	4.5
NET DEBT	286.2	264.6
Leasing and right of use debt (IFRS 16)	53.7	63.1
NET DEBT POST IFRS 16	339.9	327.7

Positive Free Cash Flow in Q3

-€ 59.3m estimated end 2018

Factoring at € 103.3m end Sept 2019 vs € 99.2m end 2018 and € 97.6 end Sept 2018

Perspectives



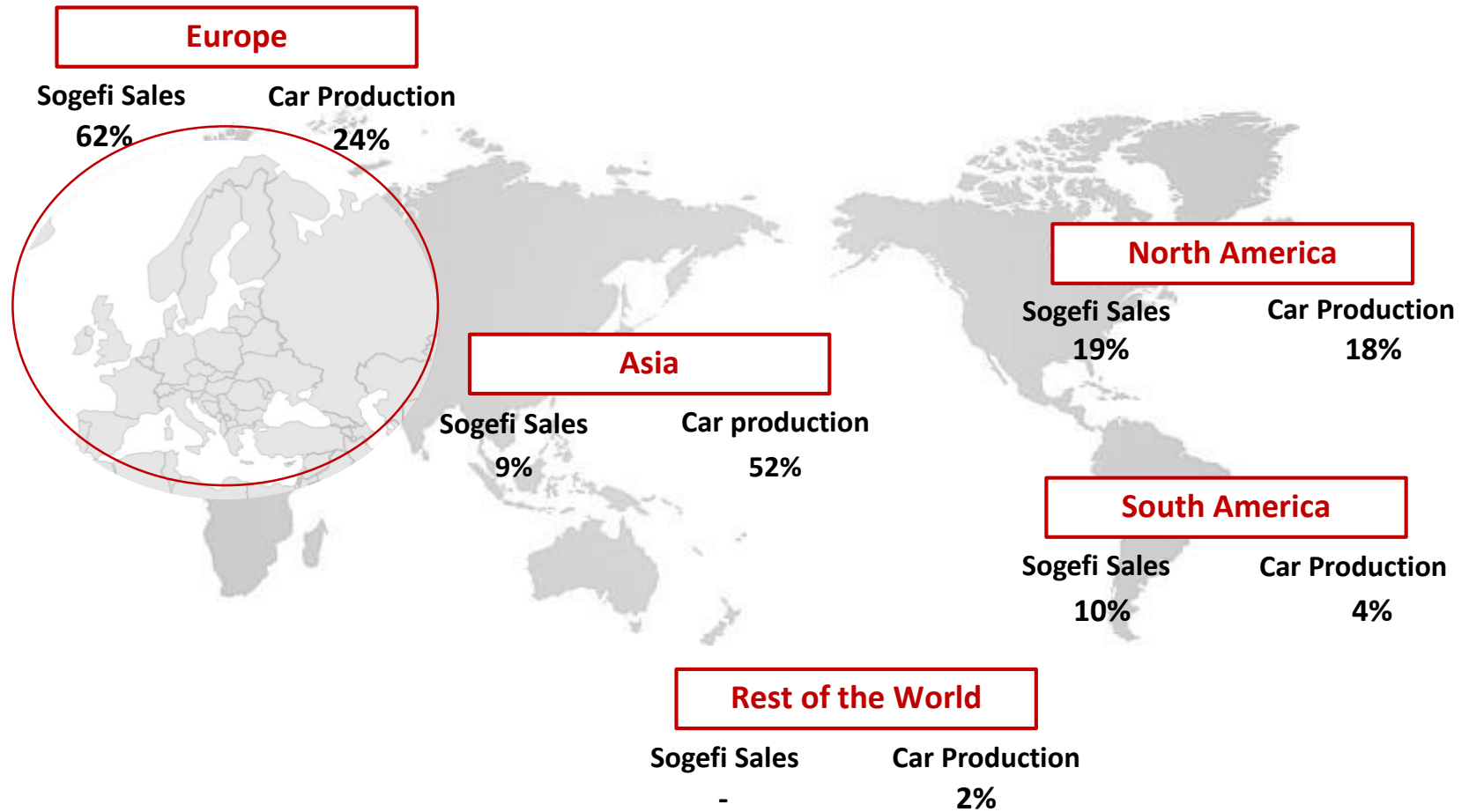
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Market production evolution

	2018		2019				IHS Forecast (October 2019)
€m	Q3	Q4	Q1	Q2	Q3	Q4E	FY 2019E
Europe	-7.3%	-6.8%	-4.4%	-7.6%	0.1%	-2.3%	-3.8%
North America	1.3%	2.1%	-3.5%	-2.5%	-0.4%	-9.8%	-4.1%
South America	2.5%	-9.2%	-4.8%	-1.5%	-3.6%	-0.8%	-2.7%
Asia	-2.8%	-13.8%	-9.4%	-17.2%	-8.0%	-3.5%	-9.5%
- of which China	-4.5%	-15.2%	-10.6%	-18.1%	-5.5%	-1.1%	-8.8%
Total	-2.9%	-5.4%	-5.8%	-8.3%	-3.2%	-5.5%	-5.8%

Source: Sogefi and IHS data. Passenger cars and Light commercial vehicles only. Europe is Europe 28 and Asia is China + India

Sogefi sales compared with world car production by region



Source: 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

Filtration

OEM



Oil Filter

✓ N°4
Worldwide

AFTERMARKET

FILTERS
purflux

✓ N°1
France

FRAM

**COOPERS
FLAAM** FILTERS

tecnoCAR FILTRI

European Car Park
10 years average age

Engine Air

Fuel Filter

Cabin Air Filter

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

Air & Cooling



Manifold

✓ N°2
Worldwide



Coolant Pump



Coolant Outlet Housing

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

Suspensions



Stabilizer Bar

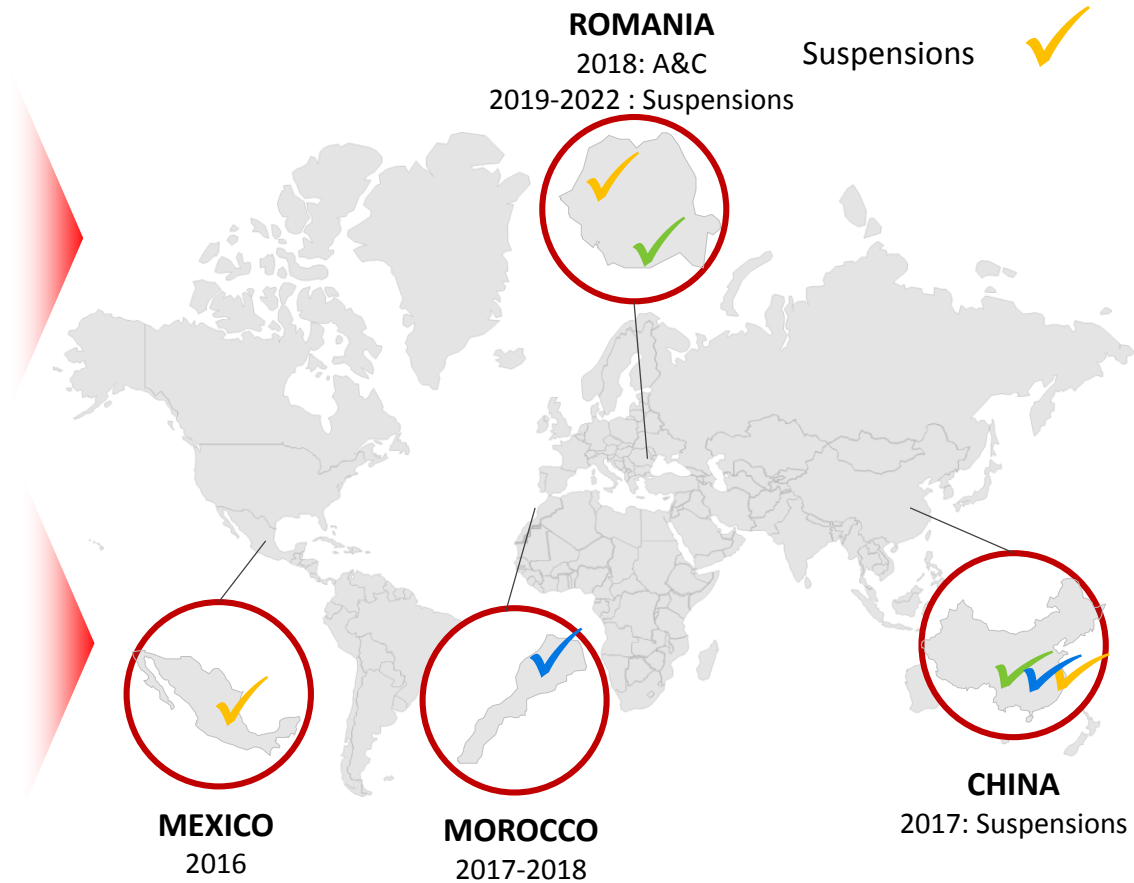
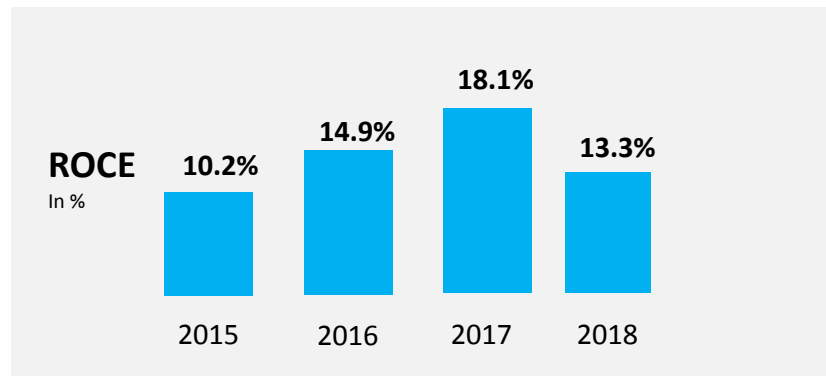
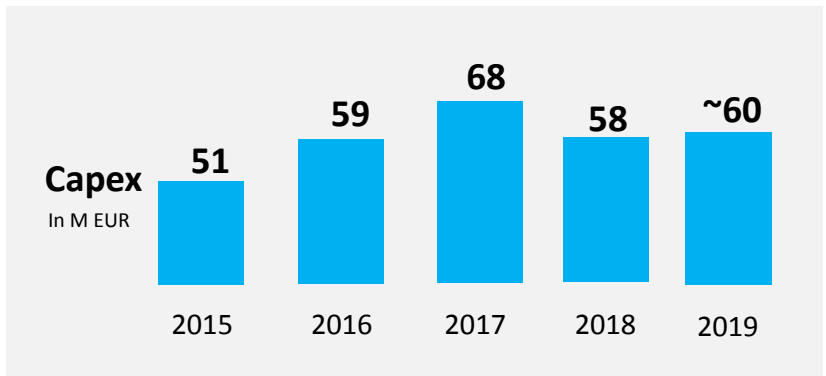
✓ N°2
Europe



Coil Spring

Selective investments to improve competitiveness

- Air & Cooling ✓
- Filtration ✓
- Suspensions ✓

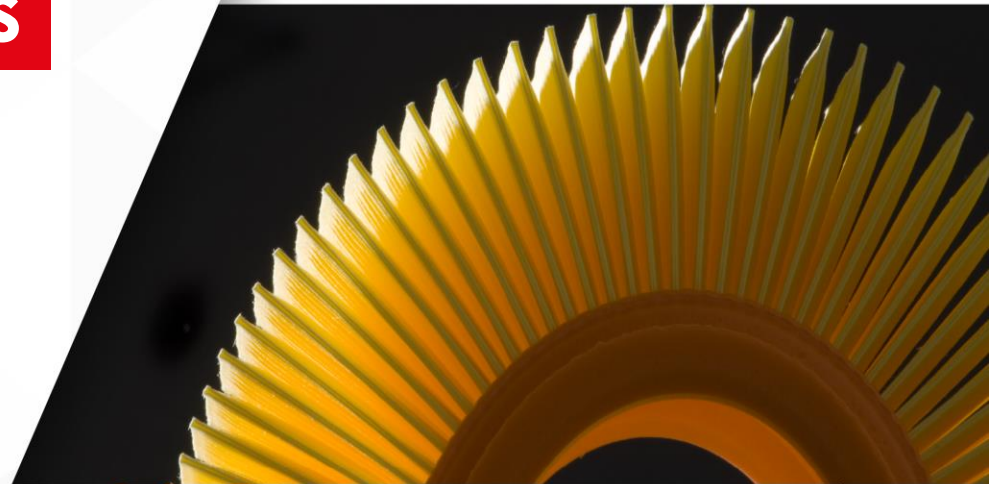


2019 OUTLOOK

- In the last few months, sector sources have revised down their expectations for world car production in the fourth quarter and are now forecasting a decline of 5.5% (in line with what was reported for the first nine months of the year), compared to their previous forecast of -1%*
- On the basis of these general prospects, as well as other specific factors, Sogefi expects that sales in the last quarter compared to the previous year will be in line with the evolution of the market and that the EBIT margin will improve slightly in comparison with the fourth quarter of 2018

* As of July 2019

Annex – 9M 2019 Results



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9M 2019 Highlights

Figures at constant accounting principles and excluding claims

- Revenues at € 1149.0m, down 3.2% and 2.2% at constant exchange rate
- Production market was down -5.9%
- EBITDA at € 130.7m at 11.4% on sales (12.0% in 2018)
- EBIT at € 37.4m at 3.3% on sales.
- Net result at € 8.3m (€ 15.0m in 2018)
- Free Cash Flow at - € 11.5m vs - € 12.4m (excluding the purchase of Indian subsidiary and Fraize disposal)
- Net debt at € 327.7m, including € 63.1 million related to the application of IFRS 16. Excluding this amount Net debt at € 264.6 (260.5m end of 2018)

9M 2018 & 2019 results are presented according to IFRS 5 and IAS29 (Hyperinflation). From 1st of January results including IFRS 16. Main effects are: EBITDA + € 9 million, EBIT + € 0.5 million, Net Income - € 1,9 million. At 30 September 2018 the effects of the new accounting standard IFRS 16, calculated solely for management purposes, amounted to: Ebitda + € 7.5 million, Ebit + € 1.3 million.

Revenues by Geographical Area

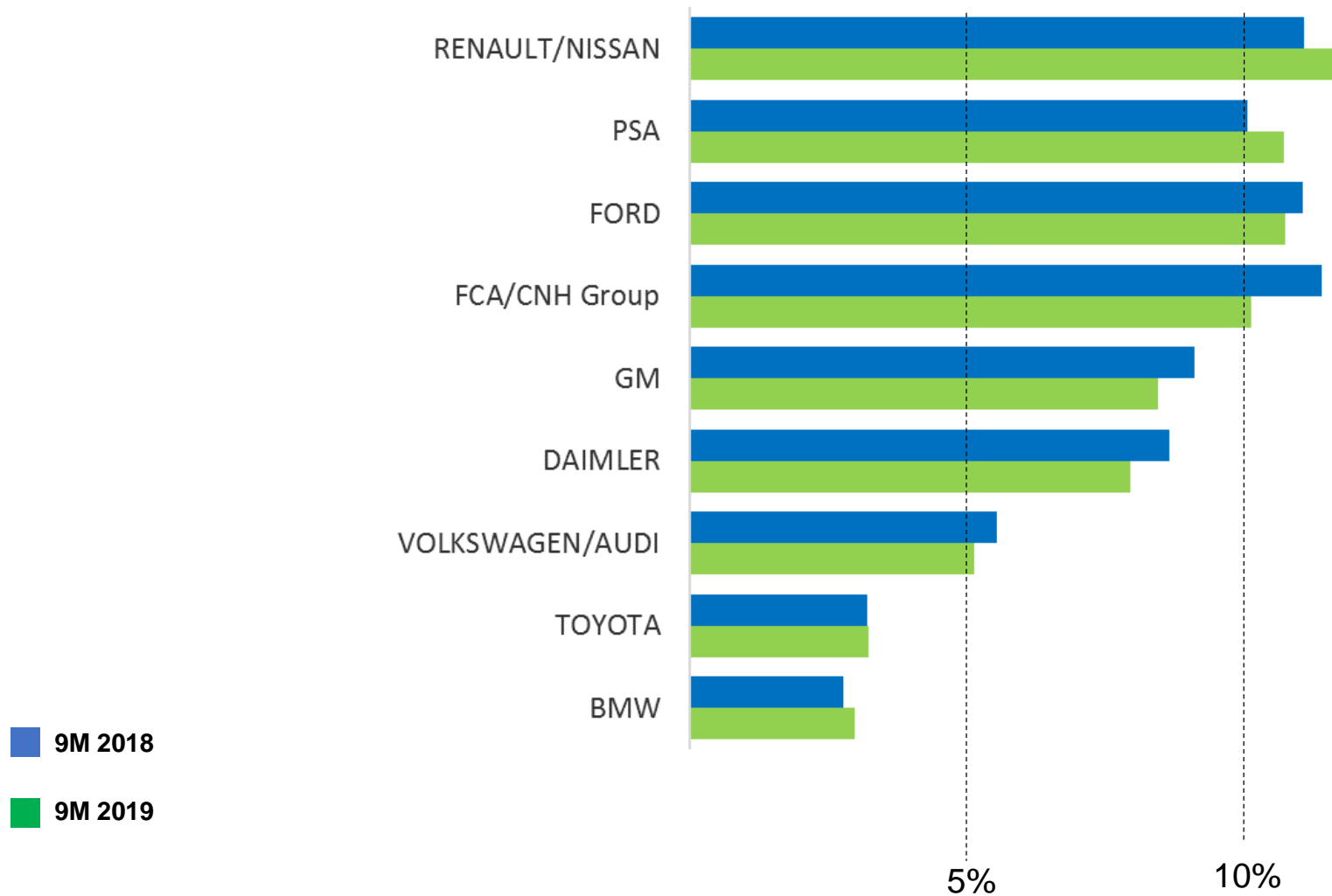
€m	9M 2018	9M 2019	reported change	constant exchange rates	reference market production	performance vs market (bp)	weight based on 9M 2019
Europe	716.9	705.1	-1.6%	-1.6%	-4.3%	271	61.4%
North America	219.7	220.8	0.5%	-4.2%	-2.2%	-203	19.2%
South America	135.6	120.7	-11.0%	8.6%	-3.3%	1188	10.5%
Asia	123.8	109.1	-11.9%	-13.0%	-11.6%	-141	9.5%
- of which China	70.5	53.1	-24.7%	-25.3%	-11.5%	-1376	4.6%
Intercompany eliminations	(8.9)	(6.7)					
Total	1,187.1	1,149.0	-3.2%	-2.2%	-5.9%	366	100.0%

Source: Sogefi and IHS data. Passenger cars and Light commercial vehicles only. Europe is Europe 28 and Asia is China + India

Revenues by Business Unit

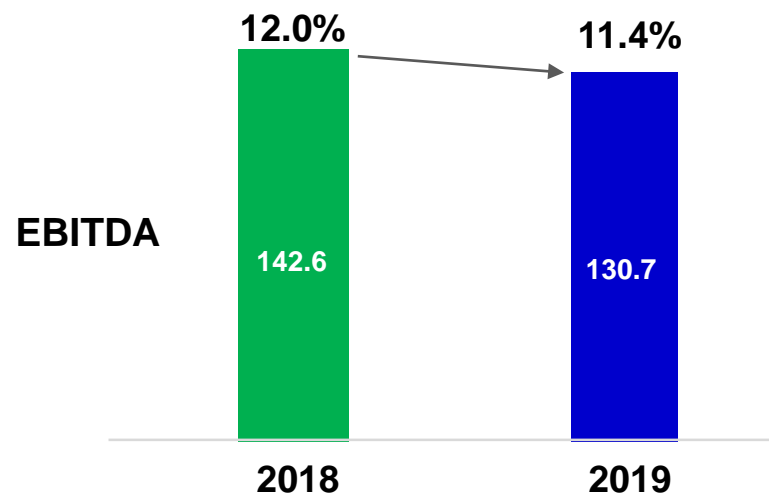
€m	9M 2018	9M 2019	reported change	constant exchange rates change	performance vs market (bp)
Air&Cooling	325.5	320.3	-1.6%	-3.5%	236
Filtration	407.5	408.0	0.1%	1.1%	696
Suspensions	456.2	422.9	-7.3%	-4.2%	166
Intercompany eliminations	(2.1)	(2.2)			
Total	1,187.1	1,149.0	-3.2%	-2.2%	366

Sales by client



9M EBITDA margin – Sogefi Group - €m / % sales

Figures at constant accounting principles and excluding claims

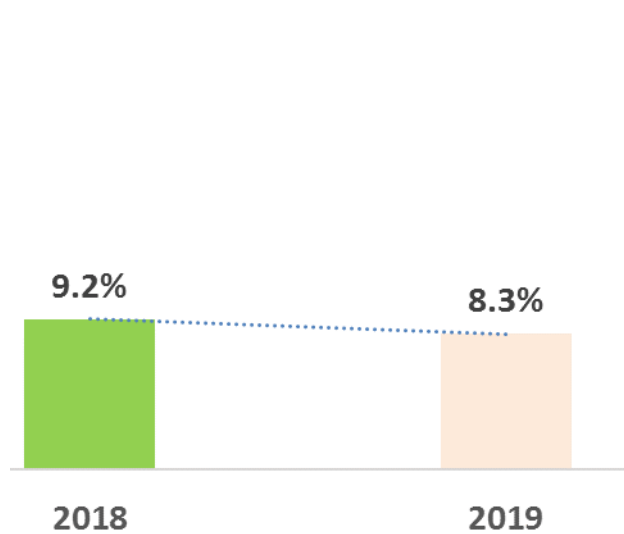


- The reduction in EBITDA reflects primarily lower volumes
- Including -€ 5.7m of restructuring (-€ 4.2m in 9M 2018)

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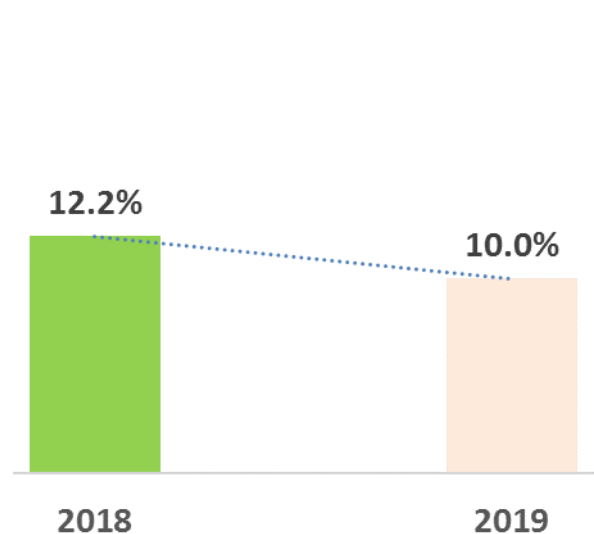
9M EBITDA margin – BU Breakdown

€m / % sales



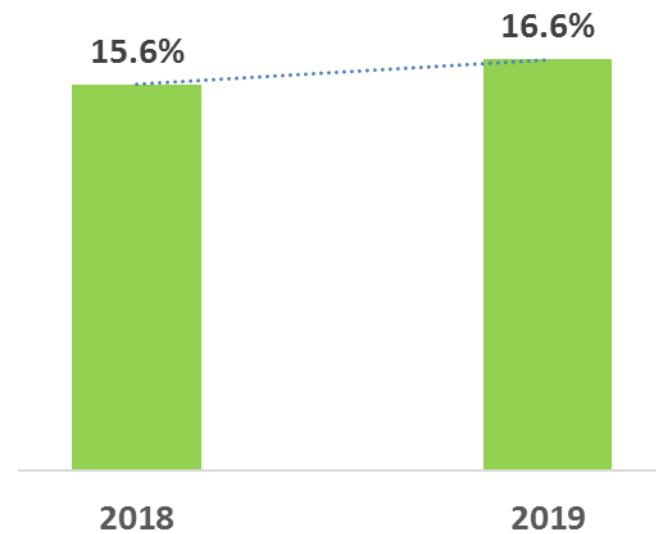
Suspensions

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



Filtration

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

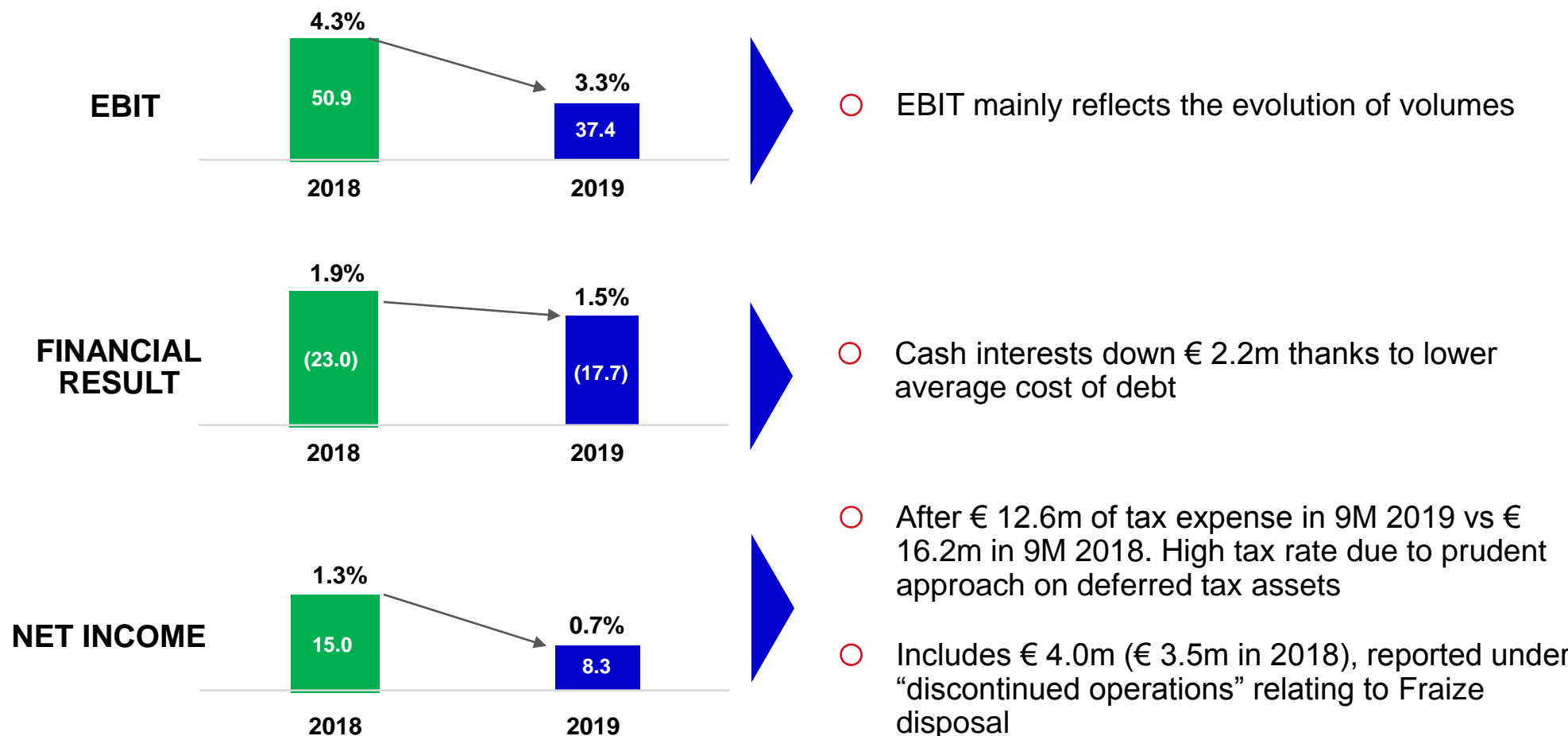


Air & Cooling

Gross margin improvement offsetting adverse product mix in North America and lower sales in Asia

9M P&L – Sogefi Group - €m / % sales

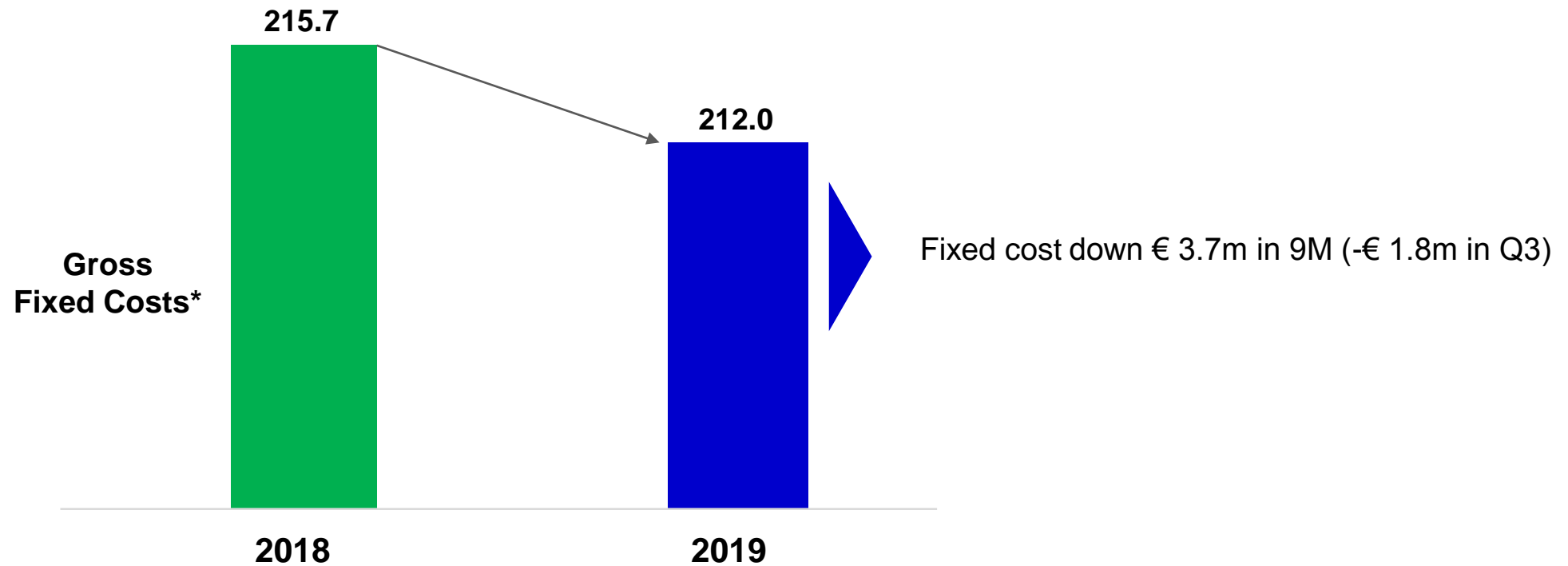
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Gross Fixed costs reduction in 9M - €m

Figures at constant accounting principles



* Before restructuring, capitalization and indirect taxes

9M FCF Highlights - Cash Flow generation

Figures at constant accounting principles

€m	2018	2019
FUNDS PROVIDED BY OPERATIONS	114.4	103.2
Indian subsidiary acquisition (2018) & Fraize disposal (2019)	(16.7)	7.2
Total FUNDS PROVIDED	97.7	110.4
Working Capital	(27.8)	(25.5)
Tangible Capex	(38.7)	(32.5)
Increase in assets - IFRS 16	(12.6)	(9.3)
Intangibles & IFRS15 & Others	(47.7)	(47.4)
FREE CASH FLOW (NET)	(29.1)	(4.3)
FREE CASH FLOW (NET) EXCLUDING INDIAN ACQUISITION AND FRAIZE	(12.4)	(11.5)
NET DEBT	286.2	264.6
Leasing and right of use debt (IFRS 16)	53.7	63.1
NET DEBT POST IFRS 16	339.9	327.7

-€ 59.3m estimated end 2018

Factoring at € 103.3m end Sept 2019 vs € 99.2m end 2018 and € 97.6 end Sept 2018

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