



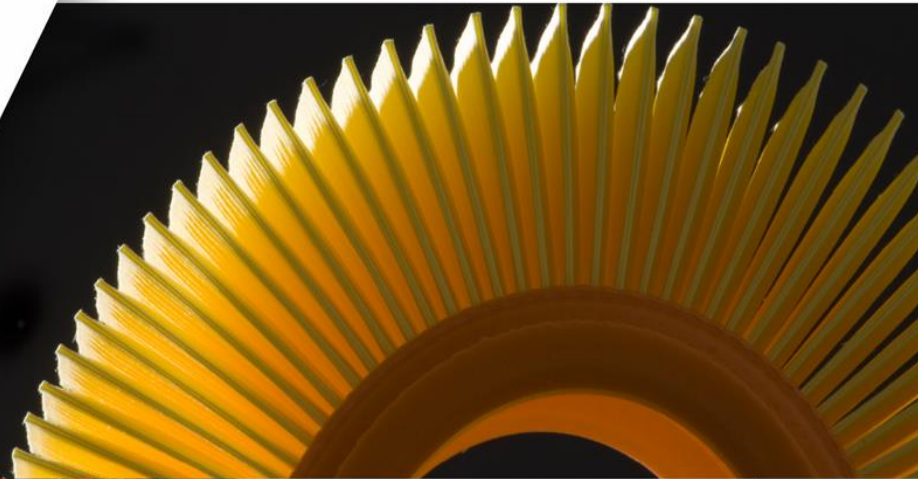
H1 2020 RESULTS

Milano – July 27th, 2020

Mauro FENZI - Chief Executive Officer

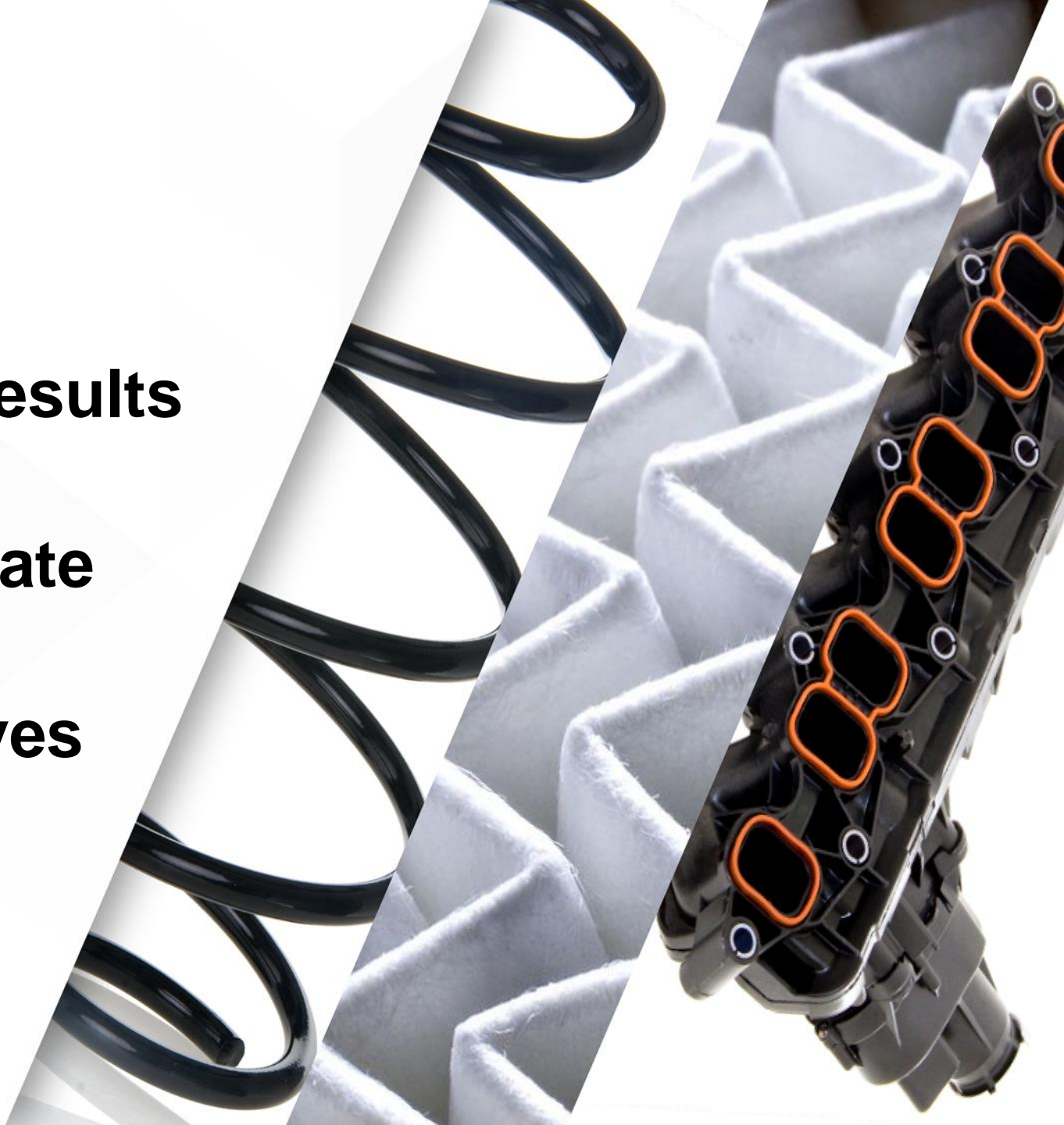
Yann ALBRAND - Chief Financial Officer

Stefano CANU - Investor Relations



Agenda

- 1 **H1 2020 Results**
- 2 **Covid update**
- 3 **Perspectives**



H1 2020 Highlights

Revenues at €519.5m

vs €777.8m in H1 2019

- Down 33.2% on a reported basis (-31.2% at constant exchange rate) strongly outperforming in most regions
- In Q2 in Europe Sogefi was 55.7% down vs 65.5% for the market

EBITDA at € 47.0m

vs €86.4m in H1 2019

- 9.1% on sales vs 11.1% in PY, mainly volume impact mitigated by reduction of gross fixed costs of € 38.8 million vs H1 2019
- In Q2 cost actions implemented are becoming effective (€ -32.0 million in Q2 vs € 6.8 million in Q1)
- € 7.3 million in restructuring costs vs € 4.4 million in H1 2019
- Including € 4 million of adverse exchange impacts in North & South America

EBIT at € -18.8m

vs €24.4m in H1 2019

- In 1H 2020 assets write-down was €6.4 million vs €1.9 million in the previous year

Net Income at € -28.8

vs € 6.9m end H1 2019

- After positive tax impact for € +1.0 million vs € -8.2 million in H1 2019

FCF¹ at -€ 70.8m

vs -€-3.3m in H1 2019

- Free Cash Flow - € 70.8 million vs € -3.3 million in H1 2019

Net debt¹ at € 256.7

vs € 256.2m end of 2019

- Net debt to € 327.0 vs € 256.2 million end of 2019 and € 267.3 million end June 2019

1. FCF and Net debt excluding IFRS 16



Starting from March an emergency plan has been launched to reduce costs and minimize cash out:

- Variable costs reduction in line with new volumes, minimizing impact of manufacturing inefficiencies in an unstable context
- Gross fixed costs reduced by 27% vs 2019
- Investments reduced by 24% vs 2019 whilst protecting development of new products and the ramp-up of the new plant in Romania



Revenues by Geographical Area

STRONG OUTPERFORMANCE IN MOST REGIONS

€m	Q2 2019	Q2 2020	reported change	constant exchange rates	reference market production	performance vs market (bps)	H1 2019	H1 2020	reported change	constant exchange rates	reference market production	performance vs market (bps)	weight based on H1 2020
Europe	242.4	107.2	-55.8%	-55.7%	-65.5%	979	486.8	329.6	-32.3%	-32.2%	-41.7%	951	63.5%
North America	72.7	29.8	-59.0%	-58.5%	-69.1%	1057	146.8	102.5	-30.2%	-30.5%	-39.9%	940	19.7%
South America	40.1	6.6	-83.6%	-74.9%	-81.6%	667	77.6	35.6	-54.2%	-36.7%	-50.6%	1391	6.9%
Asia	34.9	26.9	-23.0%	-20.1%	-5.9%	-1419	71.0	54.7	-22.9%	-21.5%	-24.9%	339	10.5%
- of which China	16.1	22.5	39.8%	41.8%	9.4%	3241	33.2	34.3	3.1%	4.0%	-19.7%	2373	6.6%
Intercompany	(2.1)	(1.2)					(4.4)	(2.9)					
Total	388.0	169.3	-56.4%	-54.5%	-44.5%		777.8	519.5	-33.2%	-31.2%	-33.2%		100.0%

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



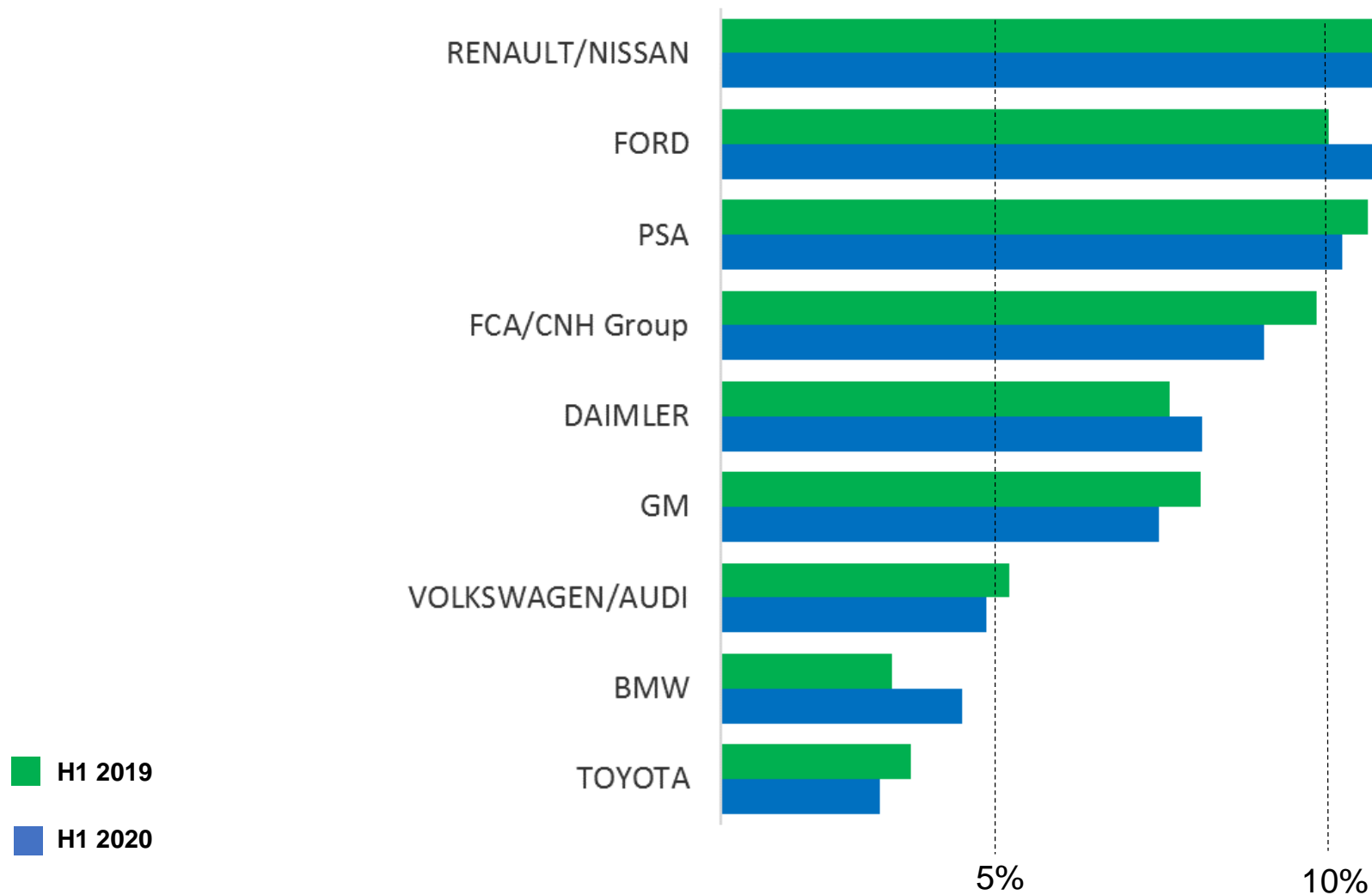
Revenues by Business Unit

€m	Q2 2019	Q2 2020	reported change	constant exchange rates change
Air&Cooling	104.6	50.8	-51.4%	-50.7%
Filtration	139.2	62.3	-55.3%	-53.1%
Suspensions	145.3	56.4	-61.2%	-58.8%
Intercompany	(1.1)	0.2		
<i>Total</i>	388.0	169.3	-56.4%	-54.5%

H1 2019	H1 2020	reported change	constant exchange rates change
213.4	150.8	-29.3%	-29.1%
274.0	197.0	-28.1%	-25.7%
292.3	172.7	-40.9%	-38.2%
(1.9)	(1.0)		
777.8	519.5	-33.2%	-31.2%



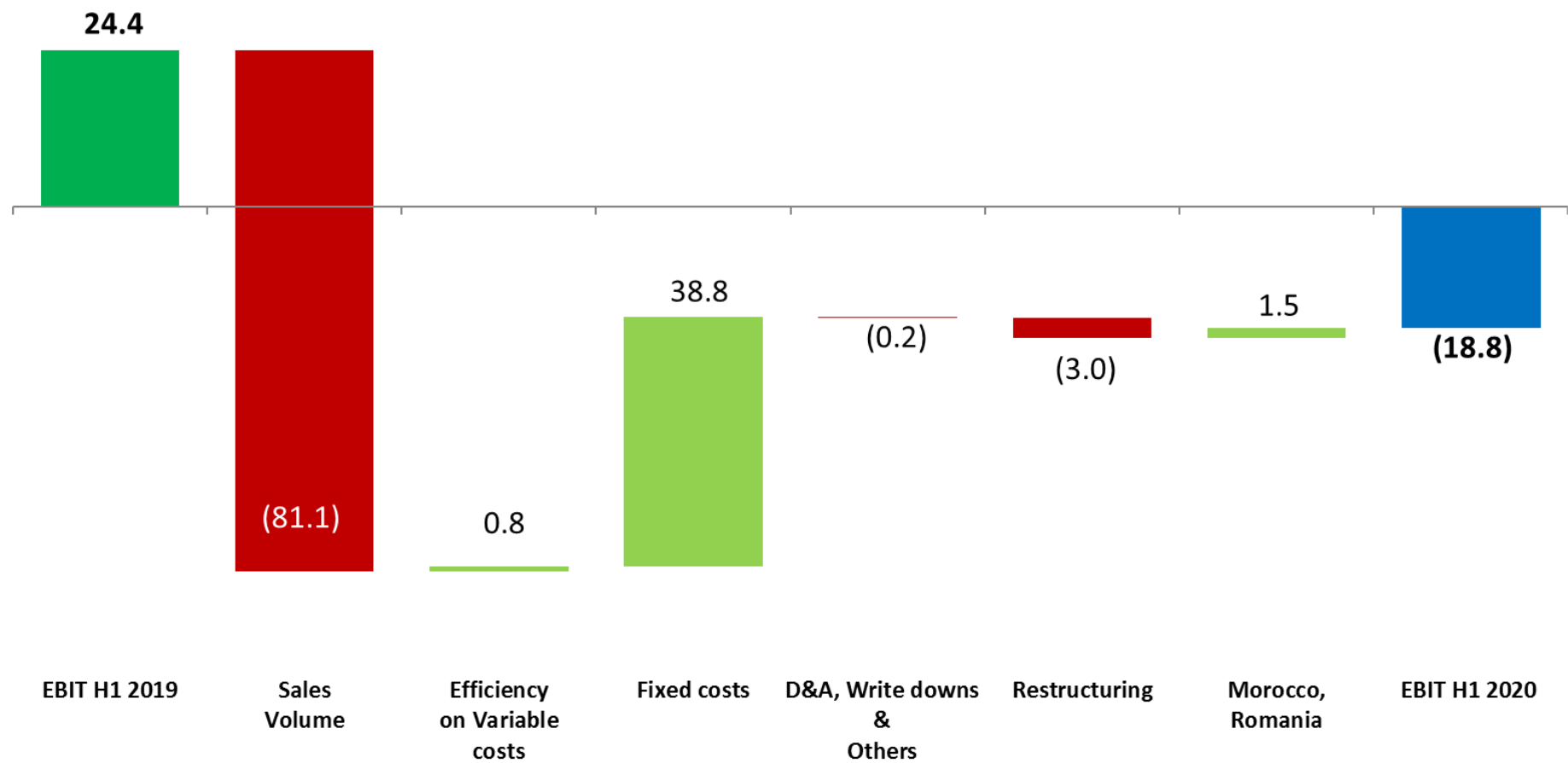
Sales by client



■ H1 2019
■ H1 2020



H1 2020 EBIT performance breakdown €m / % sales



Air & Cooling



Filtration

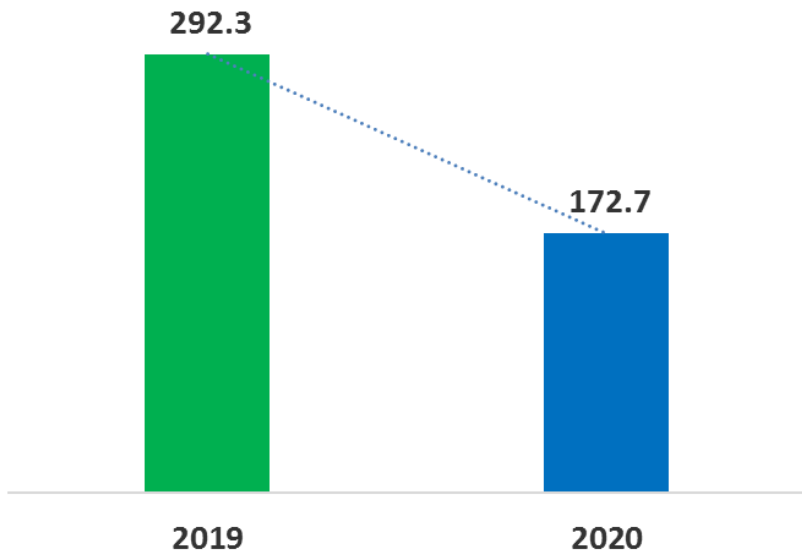


Suspensions



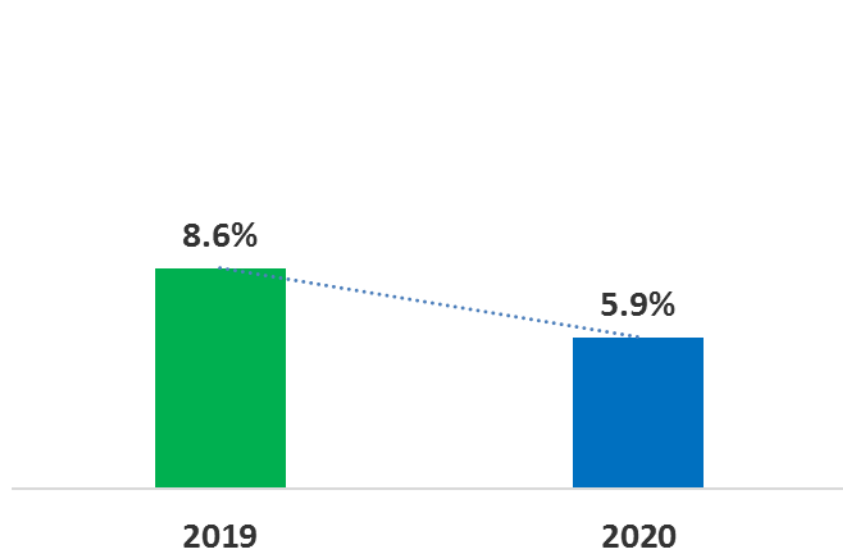
Suspensions

Sales (€m)



- Down 40.9% (-38.2% at constant exchange)
- Affected by higher presence in Europe and in the most difficult markets (South America and India)
- China + 22.6% in Q2

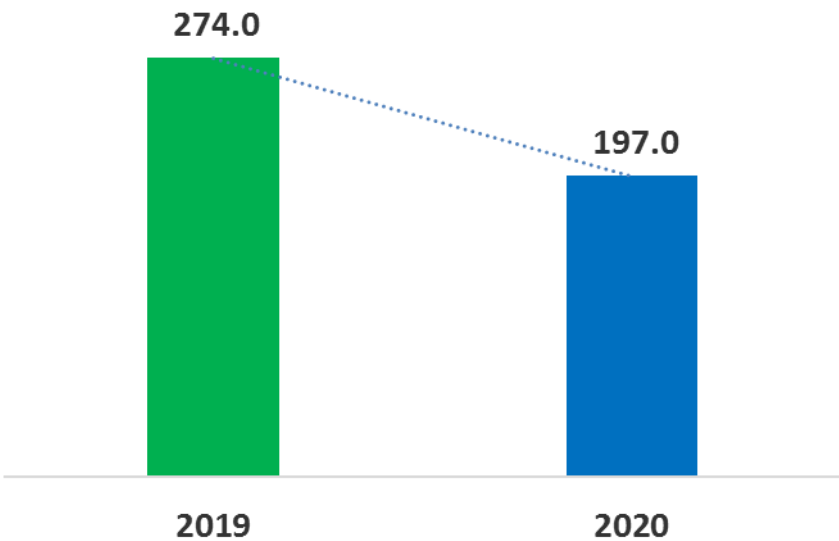
EBITDA (%)



- EBITDA benefiting lower material costs in % of revenues
- Including costs of new Romania plant
- € 15.6m of fixed cost reduction
- EBIT margin (-4.7%) reflecting higher incidence of depreciation

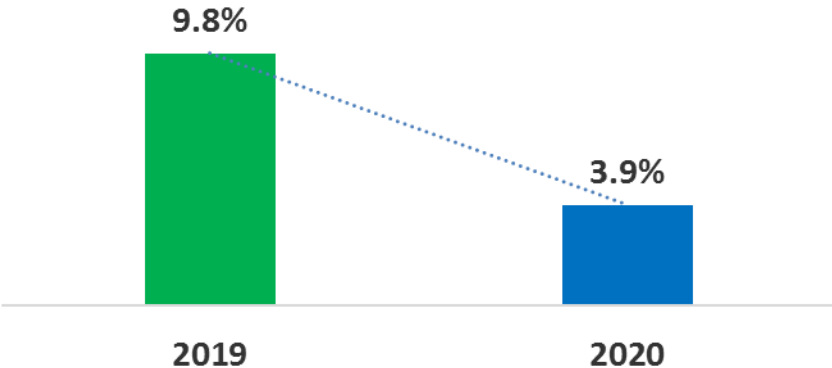


Sales (€m)



- Revenues down 28.1% at current exchange rates (-25.7% at constant exchange rates)
- After a Q1 growth, Europe performed better than the market in Q2 thanks to Morocco and to Aftermarket
- Major decline registered in South America and India.

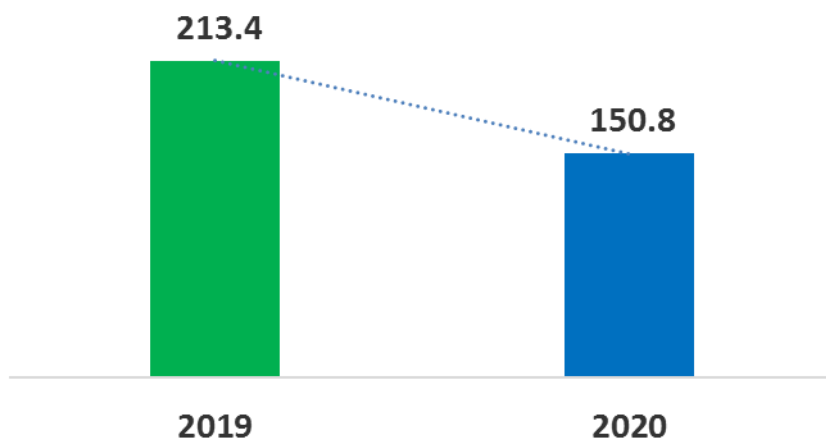
EBITDA (%)



- Decline mainly related to volume decline in Europe and worsening of the situation in South America and India
- € 13.2m of fixed cost reduction
- Including € 2.6 million negative effect of exchange rate in Brazil

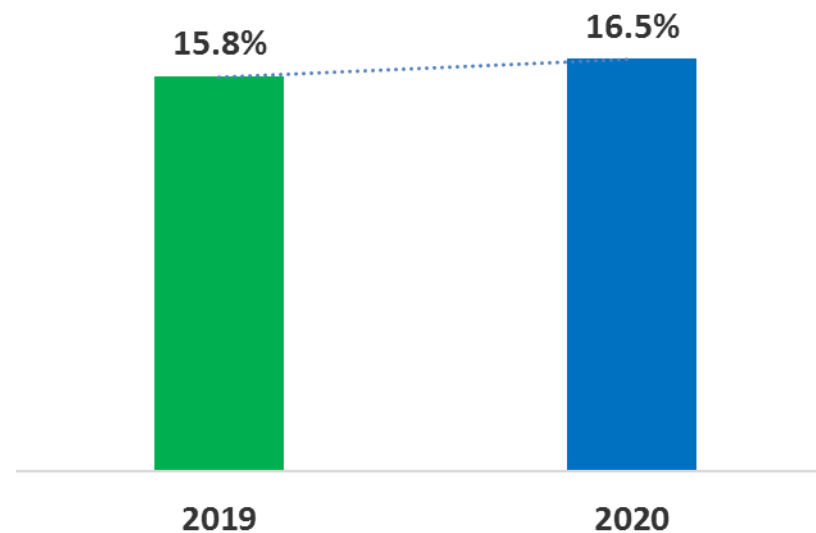


Sales (€m)



- Down 29.3% (-29.1% at constant exchange)
- Major decline in Europe and North America
- China after a negative Q1 grew 54% in Q2 overperforming the market thanks to new SOPs

EBITDA (%)



- Higher EBITDA in Europe and China
- € 7.1m of fixed cost reduction
- EBIT at breakeven despite the volumes gap



H1 2020/ Quarterly P&L - Sogefi Group - €m / % sales



€m	Q1 2020	%	Q2 2020	%	H1 2019	%	H1 2020	%
REVENUES	350.2	100.0%	169.3	100.0%	777.8	100.0%	519.5	100.0%
Costs of sales / Variable costs	245.1	70.0%	119.4	70.5%	549.2	70.6%	364.5	70.2%
Gross Fixed Costs	67.5	19.3%	39.0	23.0%	145.3	18.7%	106.5	20.5%
EBITDA	34.9	10.0%	12.1	7.1%	86.4	11.1%	47.0	9.1%
D&A	30.3	8.7%	29.2	17.2%	60.1	7.7%	59.5	11.4%
Write downs	0.9	0.3%	5.5	3.2%	1.9	0.2%	6.4	1.2%
EBIT	3.7	1.1%	(22.5)	-13.3%	24.4	3.1%	(18.8)	-3.6%
Financial results	6.8	1.9%	4.8	2.8%	11.0	1.4%	11.6	2.2%
Income Tax	2.5	0.7%	-3.5	-2.1%	8.2	1.1%	-1.0	-0.2%
Minority Interest	0.0	0.0%	-0.6	-0.4%	2.3	0.3%	-0.6	-0.1%
NET INCOME OF OPERATING ACTIVITIES	(5.6)	-1.6%	(23.2)	-13.7%	2.9	0.4%	(28.8)	-5.5%
Net income from discontinued operations	0.0	0.0%	0.0	0.0%	4.0	0.5%	0.0	0.0%
NET INCOME	(5.6)	-1.6%	(23.2)	-13.7%	6.9	0.9%	(28.8)	-5.5%

Variable costs reduction
In Q2 € 32.0 million of gross fixed cost reduction
1.8m€ linked to Covid-19



H1 2020 FCF Highlights - Cash Flow generation

- Figures excluding IFRS16

€m	Q1 2020	Q2 2020	H1 2019	H1 2020
FUNDS PROVIDED BY OPERATIONS	23.2	6.1	71.0	29.4
Working Capital	(2.0)	(52.2)	(23.0)	(54.2)
Capex (Tangible, Intangibles & IFRS15)	(25.4)	(21.5)	(54.0)	(46.8)
Others	3.7	(2.8)	2.7	0.8
FREE CASH FLOW (NET)	(0.4)	(70.3)	(3.3)	(70.8)
NET DEBT	256.7	327.0	267.3	327.0
FACTORING	96.3	57.6	103.2	57.6

of which € 7.5m
for new
Romanian plant



- At June 30, 2020, the Group has financing in excess for € 194.2 million
- Sogefi anticipates a similar excess end 2020
- In H2 2020 no debt repayments are scheduled
- As of June 20 all covenants were met
- Currently discussion on-going with banks for new state-backed financing in France and Italy: the group expects to thereby secure medium-term financing for around € 100 million



Covid update

Covid update – Status

Safety:

Actions taken to protect workforce

- Travel limitations, “quarantine” for employees coming back from zones at risk
- Massive use of smart working in all regions
- Implemented all health safety means defined by local authorities
- Production processes revised to implement safety rules
- Internal production of safety masks for the workforce

Plants:

All plants now open

- As of today Sogefi has reopened all plants working with reduced volume (with the exception of China now running at speed)

Main actions:

Using all government incentives + cost efficiency

- Local government support is high in western Europe and not-existing in other regions (i.e. South America or India) where the situation was managed through local union agreements
- In addition taking all necessary steps to manage the crisis by assessing liquidity, containing cash-out by reducing costs and investments that are not strictly necessary

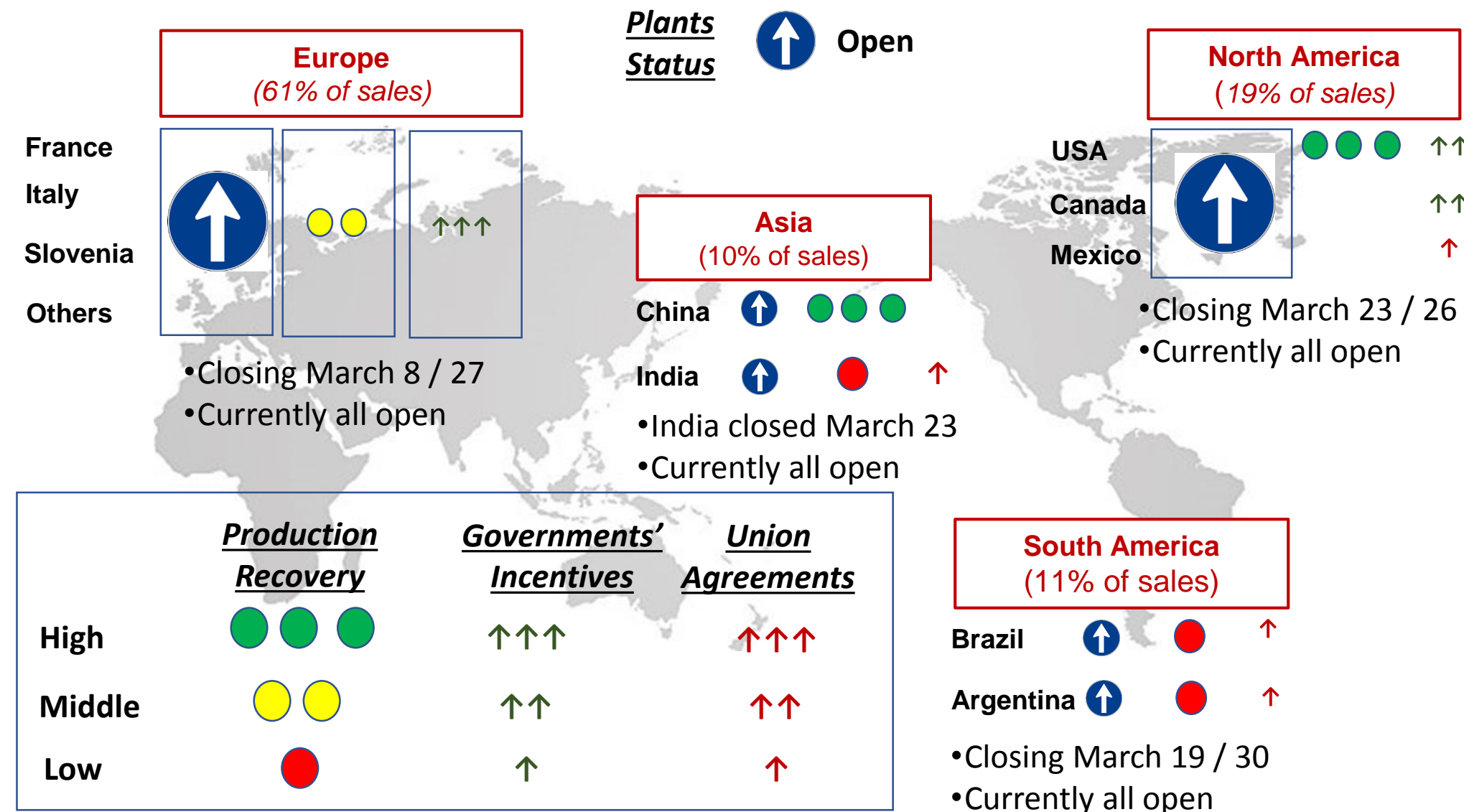
Expectation:

Customers plants are now reopened

- China, strong recovery since March
- North America, strong recovery since mid-May
- EMEA, gradual recovery since mid-May
- Brazil and India, very slow recovery



Covid update – Plants situation & incentives/agreements



Perspectives

Market production evolution

€m	IHS Forecast (July 2020)				
	1Q 2020E	2Q 2020E	3Q 2020E	4Q 2020E	FY 2020E
Europe	-18.9%	-65.5%	-8.5%	-3.4%	-25.0%
North America	-10.7%	-69.1%	-2.4%	-5.5%	-22.6%
South America	-16.3%	-81.6%	-23.4%	-3.0%	-32.3%
Asia	-42.0%	-5.9%	-6.8%	-9.3%	-16.1%
- of which China	-46.2%	9.4%	-3.3%	-9.5%	-12.8%
Total	-22.2%	-44.5%	-11.0%	-9.5%	-21.9%

Primary brokers, institutes, consulting firms estimating within a range -15/30% depending on different scenarios

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

- For H2 2020, IHS expects that, without a second outbreak of Covid-19, world production could be at -10% vs H2 2019. Market analysts forecasts, more cautiously, expect a world market reduction in a range between -15% and -30%
- In this uncertain scenario, Sogefi has incorporated into its expectations for H2 2020 a world market scenario of around -20%, in which it expects to achieve a slightly positive EBIT, excluding restructuring costs, a significant reduction in the net loss vs H1 2020 and a slightly positive free cash flow
- In light of the uncertain market outlook for the next few years, Sogefi has launched a plan for a significant reduction of fixed costs, which will be completed by the end of H1 2021, as well as actions to rationalize footprint and manage suppliers
- At the end of June the 2020 the Company has financial resources in excess of its current needs and it does not foresee an increase in its debt by year end
- In view of market uncertainties and anticipating the natural expiry of existing loans, Sogefi has started negotiations with its current financial partners to renew loans and enter into new medium-term loans for a total value of around € 100 million



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



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