

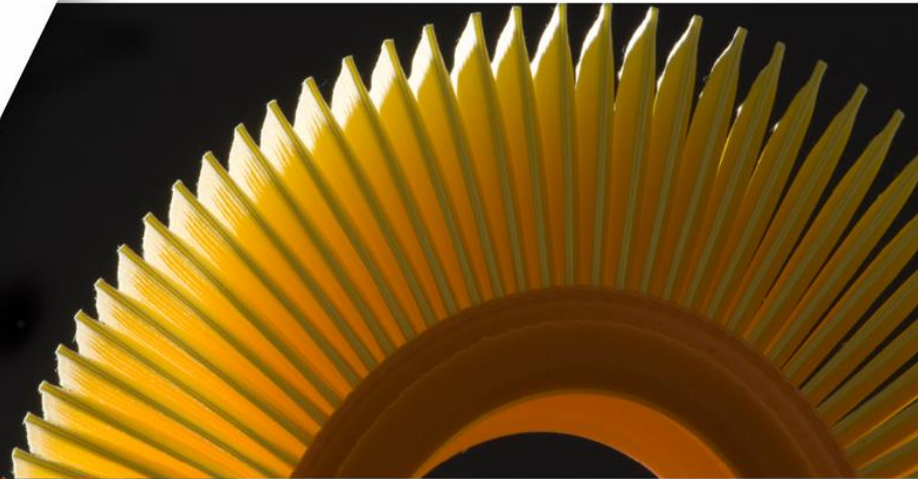


9M 2020 RESULTS

Milano – October 23th, 2020

Mauro FENZI - Chief Executive Officer

Yann ALBRAND - Chief Financial Officer



Agenda

- 1. Q3 2020 Results**
- 2. 9M 2020 Results**
- 3. Update on Financing**
- 4. Business Units**
- 5. Perspectives**

Q3 2020 results

Q3 2020 Highlights

Revenues at €341.1m
vs 371.1m in Q3 2019

- Down 8.1% on a reported basis (-1.3% at constant exchange rate) outperforming in all regions and at global level despite mix
- In Q3 growth in China, India and North America

EBITDA at € 47.6m
vs €44.4m in Q3 2019

- 14.0% on sales vs 12.0% in PY thanks to a higher contribution margin and a lower fixed cost
- € 6.9 million in restructuring costs vs € 1.3 million in Q3 2019

EBIT at € 15.6m
vs €13.1m in Q3 2019

- € 15.6m positive EBIT, higher than 2019 in amount and % (4.6% vs 3.5%)
- In Q3 2020 assets write-down was €1.8 million vs €0.2 million in Q3 2019

Net Income at € +5.6
vs € 1.4m in Q3 2019

- After tax charges for € -3.8 million vs €-4.4 million in Q3 2019

FCF¹ at € 28.0m
vs €2.8m in Q3 2019

- Free Cash Flow back to positive at € 28.0 million vs €2.8 million in Q3 2019

Net debt¹ at € 299.0
vs € 256.2m end of 2019

- Net debt of € 299.0 vs € 256.2 million end of 2019 and € 264.6 million end September 2019

1. FCF and Net debt excluding IFRS 16



Sales by Geographical Area

STRONG OUTPERFORMANCE IN ALL REGIONS

€m	Q3 2019	Q3 2020	reported change	constant exchange rates	reference market production	performance vs market (bps)	weight based on Q3 2020
Europe	218.4	201.3	-7.8%	-7.6%	-10.7%	309	59.0%
North America	74.1	74.7	0.8%	9.4%	0.5%	887	21.9%
South America	43.1	24.8	-42.4%	-6.5%	-20.9%	1444	7.3%
Asia	38.1	42.3	11.0%	19.6%	7.8%	1177	12.4%
- of which China	19.9	24.4	22.7%	27.3%	10.7%	1656	7.2%
Intercompany	(2.5)	(2.0)					
Total	371.1	341.1	-8.1%	-1.3%	-3.5%	218	100.0%

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

Air & Cooling



Filtration



Suspensions



Sales by Business Unit

€m	Q3 2019	Q3 2020	reported change	constant exchange rates change
Air&Cooling	106.1	107.3	1.2%	5.9%
Filtration	135.2	129.3	-4.4%	3.9%
Suspensions	130.6	105.1	-19.5%	-12.9%
Intercompany	(0.8)	(0.6)		
<i>Total</i>	371.1	341.1	-8.1%	-1.3%



Q3 2020 P&L - Sogefi Group - €m / % sales



€m	Q3 2019	%	Q3 2020	%	
REVENUES	371.1	100.0%	341.1	100.0%	-8.1%
Costs of sales / Variable costs	258.7	69.7%	235.4	69.0%	Variable costs reduction
Gross Fixed Costs	66.7	18.0%	53.0	15.5%	-20.5%
EBITDA	44.4	12.0%	47.6	14.0%	
D&A	31.1	8.4%	30.1	8.8%	
Write downs	0.2	0.1%	1.8	0.5%	In Q3 higher EBITDA and EBIT in absolute value and %
EBIT	13.1	3.5%	15.6	4.6%	
Financial results	6.6	1.8%	6.3	1.8%	
Income Tax	4.4	1.2%	3.8	1.1%	
Minority Interest	0.7	0.2%	-0.1	0.0%	
NET INCOME OF OPERATING ACTIVITIES	1.4	0.4%	5.6	1.6%	
Net income from discontinued operations	0.0	0.0%	0.0	0.0%	
NET INCOME	1.4	0.4%	5.6	1.6%	



Q3 2020 FCF Highlights - Cash Flow generation

- Figures excluding IFRS16

€m	Q3 2019	Q3 2020
FUNDS PROVIDED BY OPERATIONS	30.2	39.6
Working Capital	(2.5)	4.6
Capex (Tangible, Intangibles & IFRS15)	(27.6)	(27.8)
Others	2.7	11.6
FREE CASH FLOW (NET)	2.8	28.0
NET DEBT	264.6	299.0
FACTORING	103.3	94.2

- In Q3 the signing of the lease contract for the new plant resulted in the recognition of an IFRS 16 debt of approximately € 19 million



9 months 2020 results

9M 2020 Highlights

Revenues at €860.6m
vs 1149.0m in 9M 2019

- Down 25.1% on a reported basis (-21.9% at constant exchange rate) outperforming in all regions and at global level despite mix
- Europe at -24.6% (at constant exchange rate) vs a market drop of -31.3%

EBITDA at € 94.7m
vs €130.7m in 9M 2019

- 11.0% on sales vs 11.4% in PY, mainly volume impact mitigated by reduction of gross fixed costs
- € 14.2 million in restructuring costs vs € 5.7 million in 9M 2019
- Including € 5.2 million of adverse exchange impacts in North & South America (€ 3.2 million in 9M 2019)

EBIT at € -3.2m
vs €37.4m in 9M 2019

- In 9M 2020 assets write-down was €8.2 million vs €2.2 million in the previous year

Net Income at € -23.2
vs € 8.3m end 9M 2019

- After tax charges for € -2.8 million vs €-12.6 million in 9M 2019

FCF¹ at -€ 42.8m
vs **€-0.5m** in 9M 2019

- Free Cash Flow - € 42.8 million vs €-0.5 million in 9M 2019

Net debt¹ at € 299.0
vs € 256.2m end of 2019

- Net debt to € 299.0 vs € 256.2 million end of 2019 and € 264.6 million end September 2019

1. FCF and Net debt excluding IFRS 16



Sales by Geographical Area

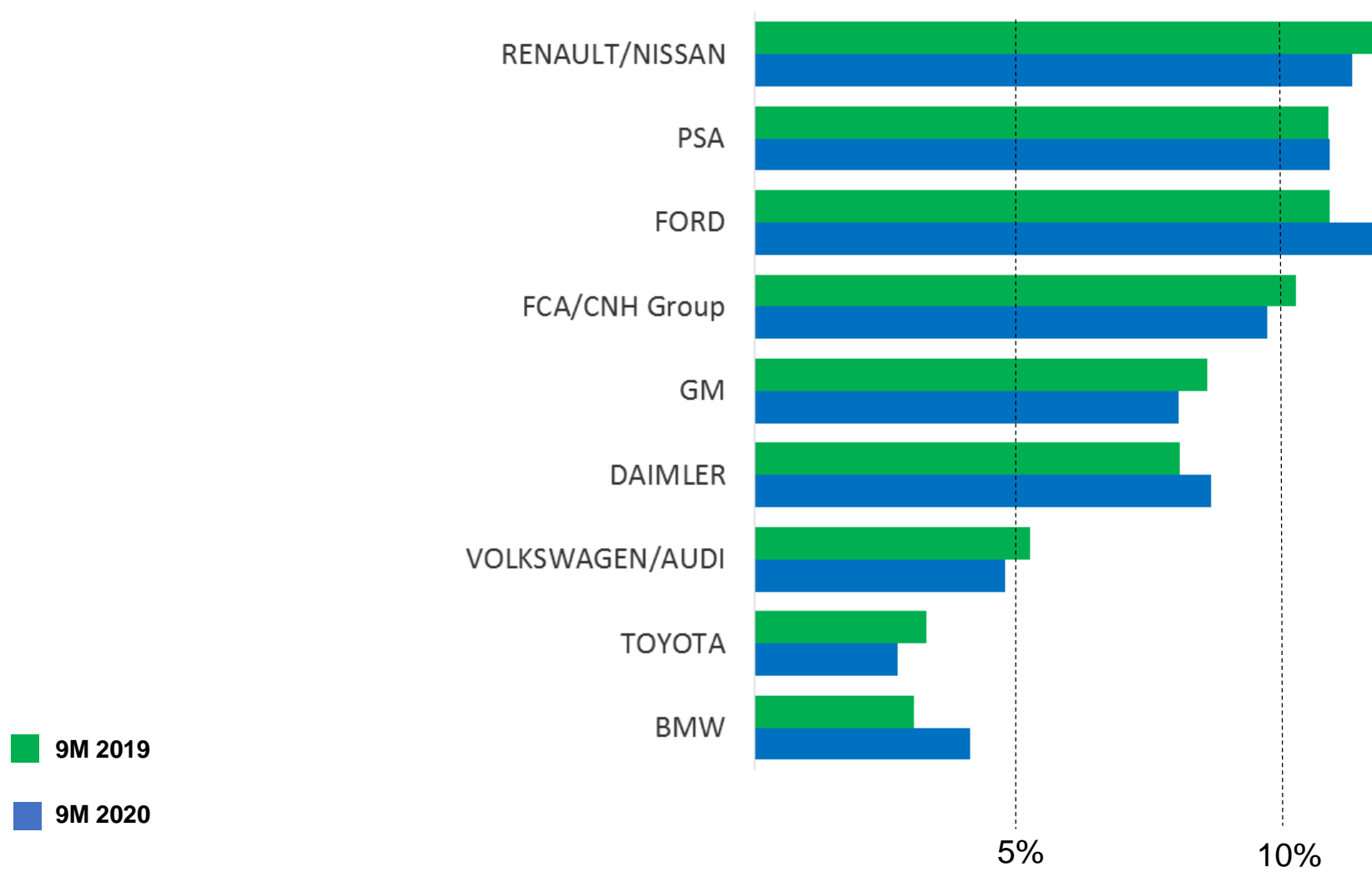
STRONG OUTPERFORMANCE IN ALL REGIONS

€m	9M 2019	9M 2020	reported change	constant exchange rates	reference market production	performance vs market (bps)	weight based on 9M 2020
Europe	705.1	530.9	-24.7%	-24.6%	-31.3%	669	61.7%
North America	220.8	177.2	-19.8%	-17.9%	-26.5%	858	20.6%
South America	120.7	60.4	-50.0%	-27.0%	-40.4%	1342	7.0%
Asia	109.1	97.0	-11.1%	-7.6%	-13.4%	576	11.3%
- of which China	53.1	58.7	10.5%	12.6%	-8.9%	2151	6.8%
Intercompany	(6.7)	(4.9)					
Total	1149.0	860.6	-25.1%	-21.9%	-23.2%	134	100.0%

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



Sales by Customer



■ 9M 2019
■ 9M 2020

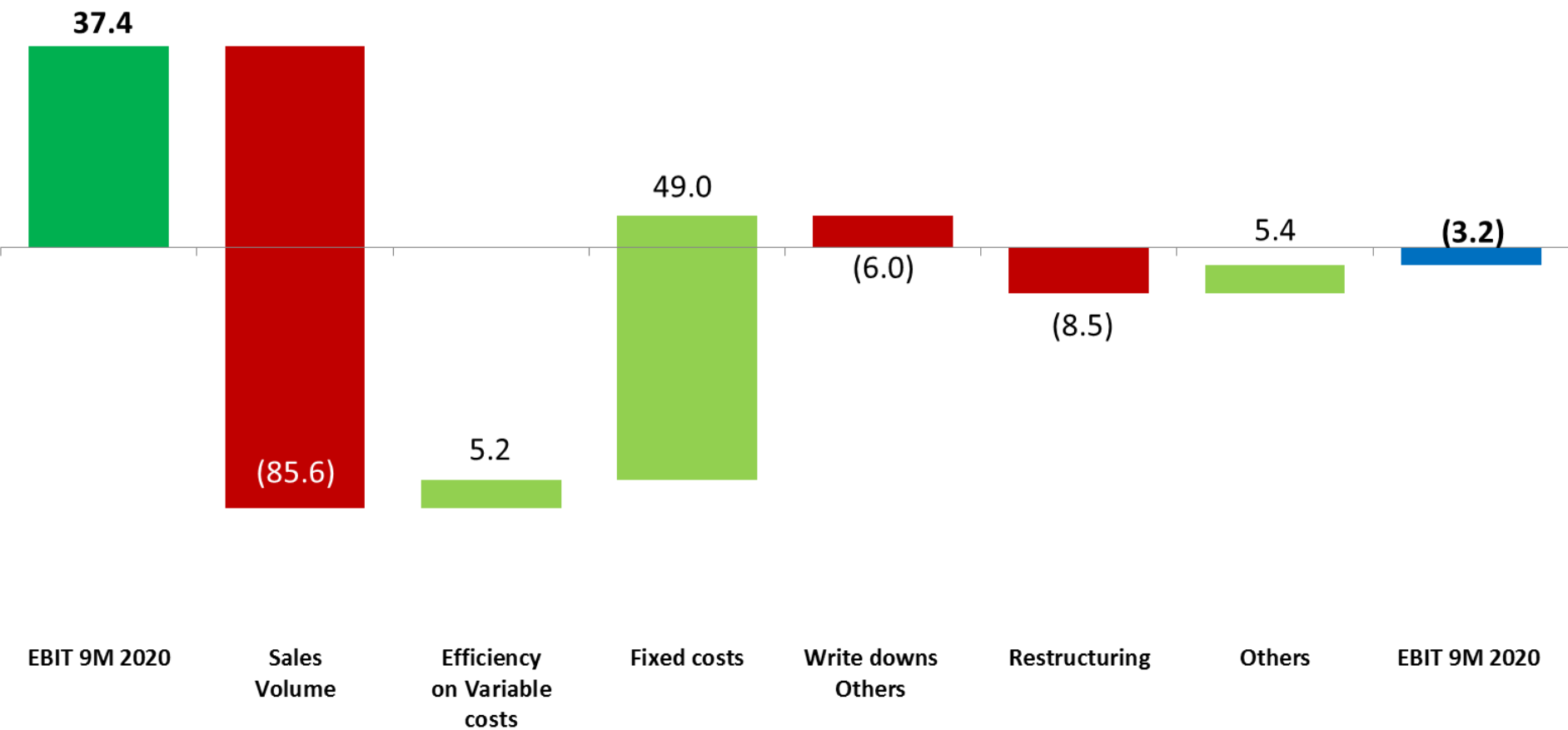
Sales by Business Unit

€m	9M 2019	9M 2020	reported change	constant exchange rates change
Air&Cooling	319.5	258.2	-19.2%	-17.8%
Filtration	409.2	326.3	-20.3%	-16.2%
Suspensions	422.9	277.9	-34.3%	-30.6%
Intercompany	(2.6)	(1.8)		
<i>Total</i>	1149.0	860.6	-25.1%	-21.9%



- Sogefi has signed new contracts for a total amount in line with previous years and with the objectives of maintaining / increasing market shares
- A premium German OEM awarded Air & Cooling a € 100 million contract to deliver aluminum manifolds, a material that introduces a new product line in a sector in which the division is already market leader
- 25% of Air & Cooling contracts acquired in the 9M 2020 are for Hybrid and Full Electric applications
- Suspension awarded by a North American full EV OEM
- 35% of Suspension contracts acquired in the 9M 2020 are for Hybrid and Full Electric applications

9M 2020 EBIT performance breakdown €m / % sales



9M 2020 P&L - Sogefi Group - €m / % sales



€m	9M 2019	%	9M 2020	%	
REVENUES	1,148.9	100.0%	860.6	100.0%	-25.1%
Costs of sales / Variable costs	807.9	70.3%	599.9	69.7%	Variable costs reduction
Gross Fixed Costs	212.0	18.5%	159.6	18.5%	-24.7%
EBITDA	130.7	11.4%	94.7	11.0%	EBITDA margin
D&A	91.2	7.9%	89.6	10.4%	substantially in line with PY
Write downs	2.2	0.2%	8.2	1.0%	
EBIT	37.4	3.3%	(3.2)	-0.4%	
Financial results	17.7	1.5%	17.9	2.1%	
Income Tax	12.6	1.1%	2.8	0.3%	
Minority Interest	2.9	0.3%	-0.7	-0.1%	
NET INCOME OF OPERATING ACTIVITIES	4.2	0.4%	(23.2)	-2.7%	
Net income from discontinued operations	4.0	0.3%	0.0	0.0%	
NET INCOME	8.3	0.7%	(23.2)	-2.7%	



9M 2020 FCF Highlights - Cash Flow generation

- Figures excluding IFRS16

€m	9M 2019	9M 2020
FUNDS PROVIDED BY OPERATIONS	101.2	68.9
Working Capital	(25.5)	(49.6)
Capex (Tangible, Intangibles & IFRS15)	(81.5)	(74.5)
Others	5.3	12.4
FREE CASH FLOW (NET)	(0.5)	(42.8)
NET DEBT	264.6	299.0
FACTORING	103.3	94.2

€ 10.3m for new Romanian plant

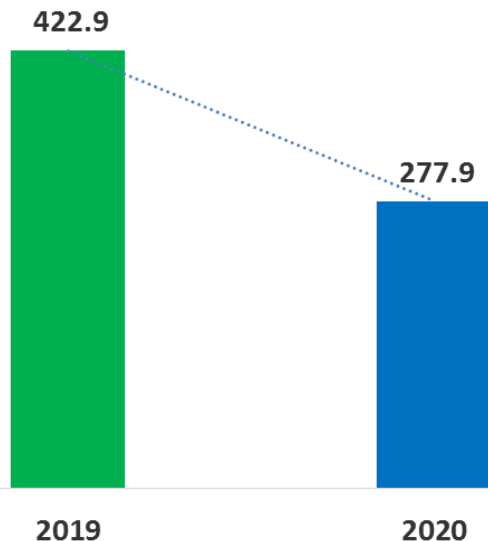


- At 30 September 2020, the Group has committed credit lines in excess of the requirement of € 220.0 million
- In October, the Group signed and cashed € 134.5m of new medium-term loans of which:
 - € 80m of SACE loans, final maturity June 2026, quarterly amortizable from Sept. 2023. Cost 190bps (Euribor 0 floored) + cost of SACE guarantee. Same covenants as existing ones with the banks
 - € 20m of RCF expiring in Feb. 2021 converted into a medium-term loan with a final maturity in October 2026. Quarterly amortization starting in Jan. 2022. Progressive cost (from 2.5% to 5.0%)
 - € 34.5m€ of PGE¹ loans guaranteed by BPI France. 1-year loan convertible into a medium-term (up to 5 years) at borrower's initiative. Same maturity and amortization as above. Bank cost at 0% for the first year then to be at cost (expected around 150bps Euribor 0 floored) + cost of BPI guarantee. Same covenants as with the banks (leverage < 4.0)
- Covenants: no breaches are expected end 2020



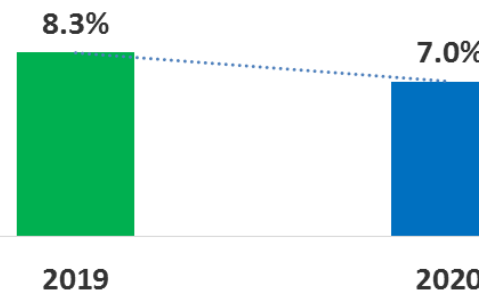
Business Units

Sales (€m)



- Down 34.3% (-30.6% at constant exchange)
- Affected by higher presence in Europe and in the most difficult markets (South America and India)

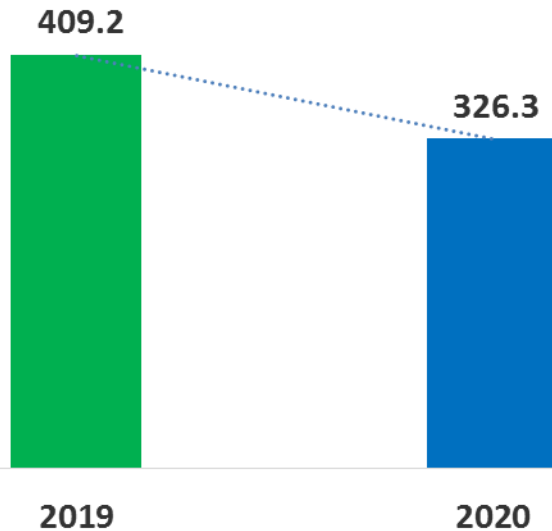
EBITDA (%)



- EBITDA benefiting lower material costs in % of revenues
- Including new Romania plant (EBITDA € -1.6 million)
- € 19.7m of total gross cost reduction
- EBIT margin mainly reflecting volume decrease
- In Q3 EBITDA margin at 8.7% 1.1 pt above PY

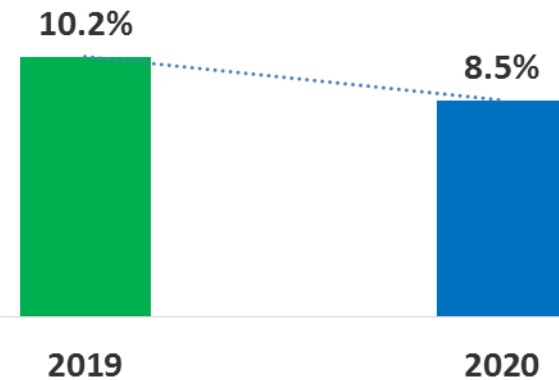


Sales (€m)



- Revenues down 20.3% at current exchange rates (-16.2% at constant exchange rates)
- Europe performed better than the market thanks to OES and to Aftermarket
- Major decline registered in South America and India

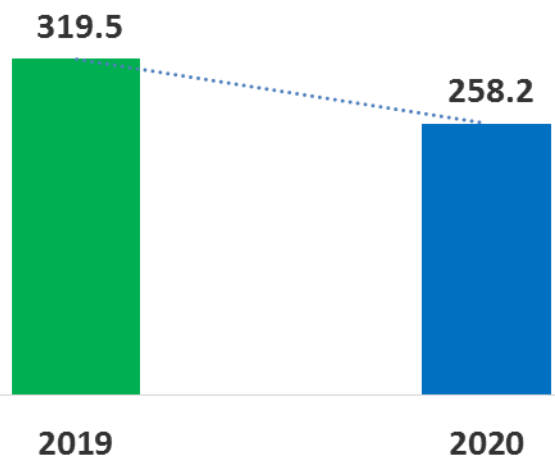
EBITDA (%)



- Decline mainly related to volumes in Europe and to the difficult situation in South America and India
- € 19.4m of gross fixed cost reduction
- Including € 2.3 million negative effect of exchange rate in Brazil
- In Q3 EBITDA margin above PY by 2pts in spite of one-offs

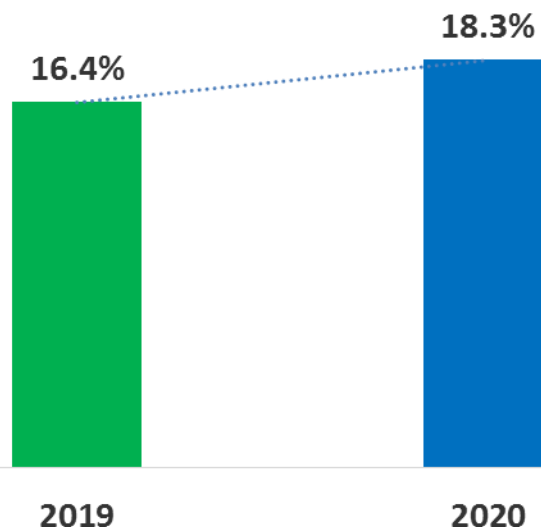


Sales (€m)



- Down 19.2% (-17.8% at constant exchange)
- Major decline in Europe and North America but over performing in all markets
- China at + 22.6% thanks to new SOPs

EBITDA (%)



- Higher EBITDA in Europe and China
- € 10.1m of gross fixed cost reduction
- EBIT margin at 4.1% despite the volumes drop



Perspectives

€m
Europe
North America
South America
Asia
- of which China
Total

IHS Forecast (September 2020)				
1Q 2020	2Q 2020	3Q 2020	4Q 2020E	FY 2020E
-18.6%	-63.5%	-10.7%	1.2%	-23.6%
-10.7%	-67.6%	0.5%	-0.4%	-20.3%
-16.4%	-81.6%	-20.9%	6.2%	-29.5%
-42.0%	-3.9%	7.8%	-3.1%	-10.5%
-46.2%	11.4%	10.7%	-4.0%	-7.4%
-22.2%	-42.9%	-3.5%	-2.7%	-17.9%

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



- Visibility as to the evolution of the market in the coming months remains limited despite the improvement in volumes seen in Q3
- Risks of a second wave appears to be materializing especially in Europe and North America. It is therefore difficult to predict which restrictive measures will be adopted by the authorities in the coming months. In this context, the impact on demand is highly uncertain
- After a better than expected Q3, IHS expects that Q4 2020 world production could be at -2.7% vs Q4 2019 with a full year at -17.9%
- In this uncertain circumstances, Sogefi has incorporated into its Q4 projections market volumes down by 10% vs PY, based on which it expects to achieve a positive EBIT for the entire year, excluding restructuring charges



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