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H1 2017 Financial Results

July 25, 2017

H1 2017 HIGHLIGHTS

- Good revenue growth in H1 2017 with **revenues up by 8.4%** at € 866m

  Positive performance of all three business units and in all geographical areas

- **EBITDA at € 93.9 up 25.8%,** i.e. 10.8% on sales
  - Further improvement in the contribution margin (from 28.6% to 28.9%)
  - Reduced impact of indirect costs

- **EBIT at €49.8m,** i.e. 5.8% on sales

- **Free cash flow at + € 19.0m** (nil in H1 2016)

- **Net debt improved € 45.8m** to €280.4m (€ 326.2m as of end June 2016)

- No significant development in the claims issue

REVENUES BY GEOGRAPHICAL AREA

All geographical areas contributed to sales growth (H1 +8.4%, Q2 +4.5%) outperforming the market in all areas/quarters

€m	Q2 2017	Q2 2016	reported change	reference market production		H1 2017	H1 2016	reported change	reference market production	constant exchange rates	weight based on H1 2017
Europe	262,5	269,6	-2,7%	-5,8%		536,5	522,8	2,6%	-1,2%	3,6%	62,0%
North America	76,8	71,2	7,9%	-3,0%		158,0	141,5	11,6%	-0,7%	9,2%	18,2%
South America	50,7	41,5	22,0%	17,8%		99,6	79,0	26,1%	18,2%	16,3%	11,5%
Asia	41,1	29,8	38,2%	0,3%		80,6	61,0	32,1%	3,8%	31,0%	9,3%
Intercompany eliminations	-4,3	-3,7				-8,7	-5,7				-1,0%
Total	**426,8**	**408,4**	**4,5%**	**-0,1%**		**866,0**	**798,6**	**8,4%**	**2,8%**	**7,7%**	**100,0%**

Source: Sogefi and IHS data

REVENUES BY BUSINESS UNIT

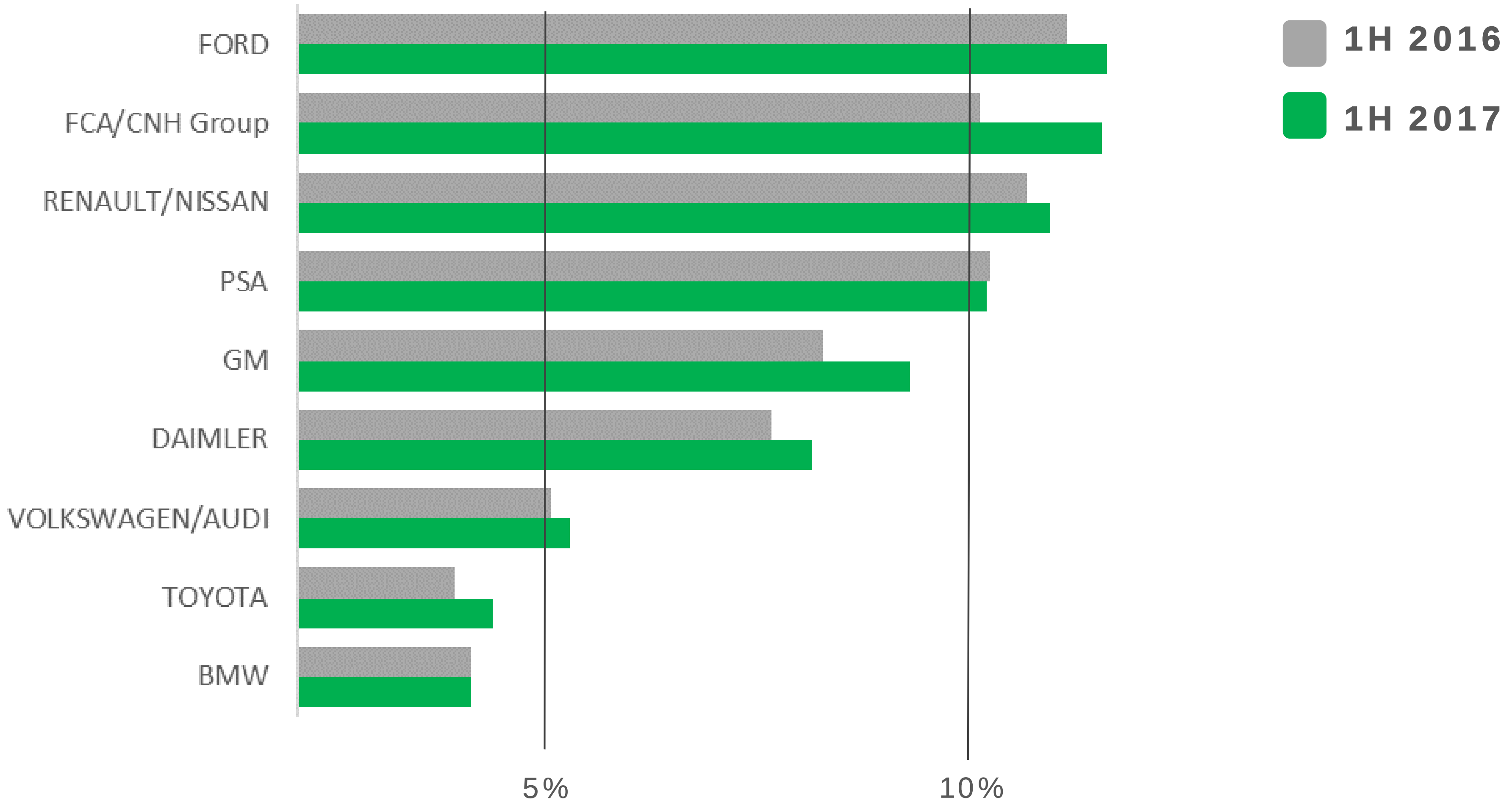
Positive performance for all three business units

€m	Q2 2017	Q2 2016	reported change
Suspension	154,0	146,4	5,2%
Filtration	147,1	139,6	5,3%
Air&Cooling	126,8	123,3	2,8%
Intercompany eliminations	-1,1	-0,9	
Total	**426,8**	**408,4**	**4,5%**

H1 2017	H1 2016	reported change	constant exchange rates
307,2	289,5	6,1%	5,6%
296,2	270,7	9,4%	8,6%
264,7	240,4	10,1%	9,3%
-2,1	-2,0		
866,0	**798,6**	**8,4%**	**7,7%**

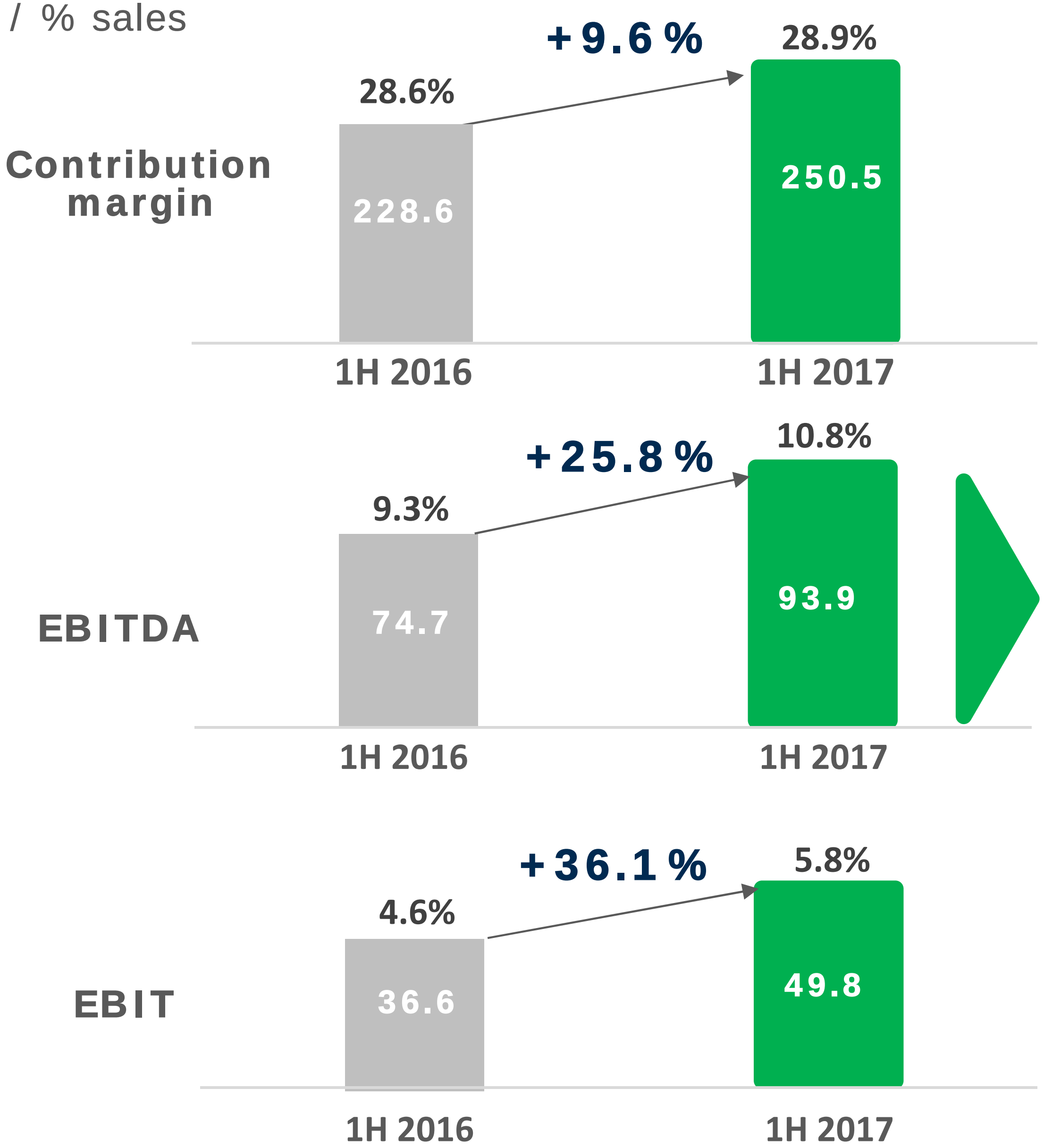
Air & Cooling sales in Europe in the second quarter were mainly impacted by a different production cycle compared with last year

WELL BALANCED CLIENTS MIX IN H1 2017 WITH 4 CLIENTS HIGHER THAN 10% OF SALES



STRONG PROFITABILITY INCREASE

€m / % sales



Ebitda improvement mostly driven by:

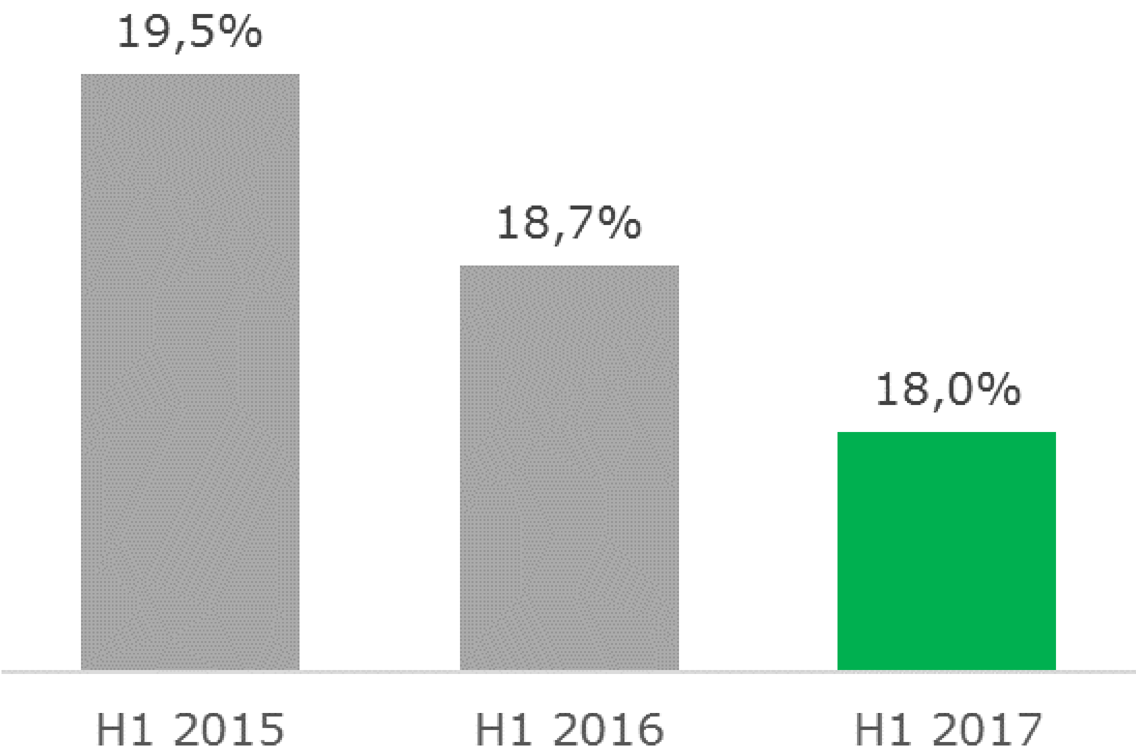
- Improvement of contribution margin
- Control of indirect costs
- Reduction of total labour costs % to sales from 21.7% to 20.8%
- Ebit after € 6.0m of write-down of fixed assets of the Brazilian operations

CONTINUOUS EFFORT IN INDIRECT COSTS OPTIMIZATION

IN H1 2017 GROSS INDIRECT COSTS WERE 18.0% OF TOTAL SALES

- ✓ 0.7 point improvement vs H1 2016
- ✓ 1.5 point improvement vs H1 2015

in % of sales



FOCUS ON NET PROFIT

- **EBIT increased** by **36.1%** to **€ 49.8m (**5.8% of total sales) compared to € 36.6m in H1 2016 despite € 6.0m of non-cash write-down of the fixed assets of the Brazilian operations

- **Result before taxes and minority interests** was **€ 37.0m** (€ 19.4m in H1 2017) after financial expense of € 12.8 million, down from € 16.8m in the same period of 2016 thanks lower interest expenses and to fair value gains of € 1.2m

- **Net result was a positive € 20.0m** (€ 8.3m in 2016) or 2.3% of sales.

H1 2017 RESULTS – P&L HIGHLIGHTS

€m	H1 2016	%	H1 2017	%	YoY
TOTAL NET SALES	798,6		866,0		**8,4%**
CONTRIBUTION MARGIN	228,6	28,6%	250,5	28,9%	9,6%
GROSS INDIRECT COSTS	148,9	18,6%	155,5	18,0%	4,4%
EBITDA	74,7	9,3%	93,9	10,8%	**25,8%**
EBIT	36,6	4,6%	49,8	5,8%	**36,1%**
Financial expense (income)	-16,8	2,1%	-12,8	1,5%	
PRE-TAX INCOME (LOSS)	19,4	2,4%	37,0	4,3%	**91,1%**
Income Tax	-8,5	1,1%	-14,9	1,7%	
Minority Interest	-2,6	0,3%	-2,1	0,2%	
NET INCOME (LOSS)	8,3	1,0%	20,0	2,3%	**139,6%**
CAPITALIZATION - AMORTIZATION INTANGIBLE	-0,9	-0,1%	**-6,5**	-0,7%	

H1 2017 RESULTS – FCF HIGHLIGHTS

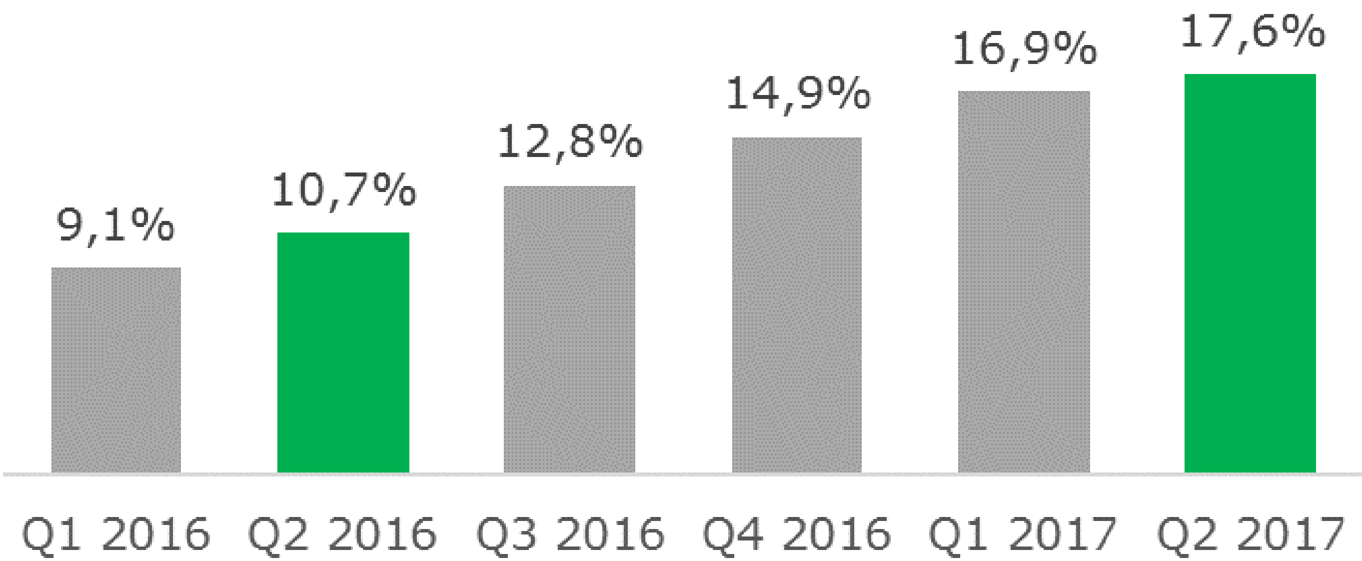
€m	H1 2016	H1 2017
OPERATING CASH FLOW	**23,2**	**42,4**
Restructuring	(6,7)	(5,8)
Warranty claims	0,1	(1,1)
Non recurring items	**(6,5)**	**(6,9)**
Taxes	(2,1)	(5,5)
Interests	(14,8)	(11,0)
FREE CASH FLOW	**(0,2)**	**19,0**
NET DEBT	**326,2**	**280,4**

After € 23.5m of tangible CAPEX vs € 18.9m in 2016 (+24.3%)

FCF represents 2.2% of sales

Down € 45.8m vs H1 2016 and € 18.6m vs FY 2016

VALUE CREATION THROUGH ROCE INCREASE

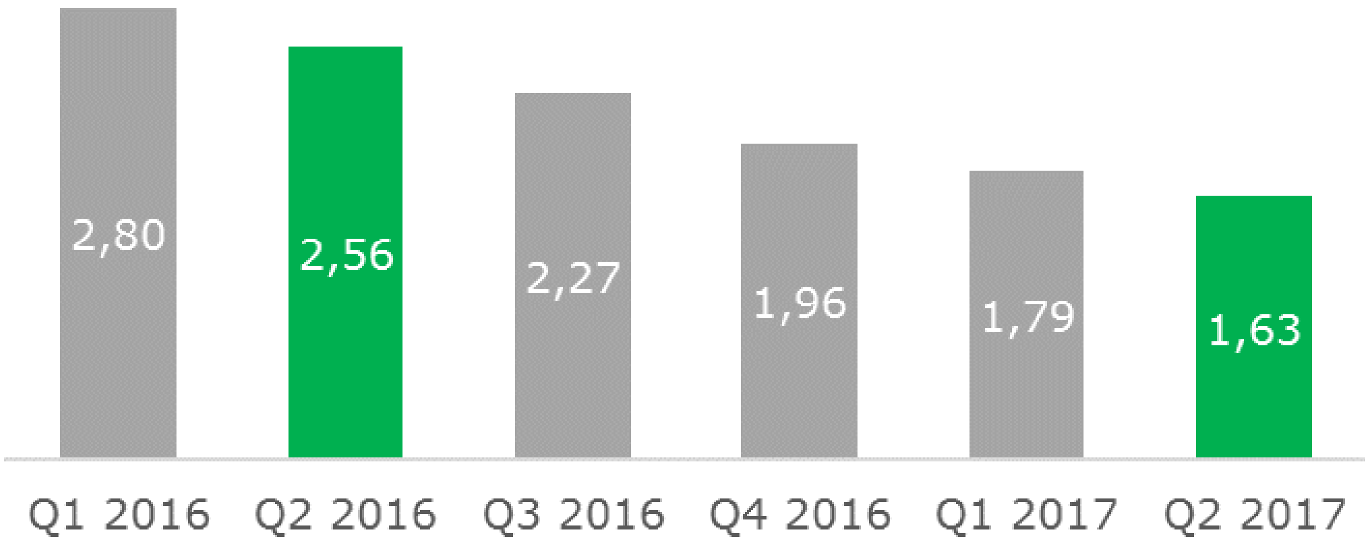


+6.9 points ROCE increase in a year

CE: Average Capital Employed (end of period)

EBIT: 12 months rolling

NFP/EBITDA RATIO CONTINUING TO IMPROVE



NFP/EBITDA RATIO reduced 0.93 point in a year

NFP: Net debt (end of period)

EBITDA: 12 months rolling

PERFORMANCE LEVERS UPDATE AND 2017 OUTLOOK

PROFITABILITY LEVERS – UPDATE ON SHOPFLOOR

5 performance drivers to increase operational efficiency

1 Purchasing

- Cost reduction through technical modifications
- Pluriannual price and productivity negotiations
- Low Cost Country sourcing

2 Shopfloor

- Scrap reduction
- Direct labor productivity
  - Higher automatization
  - Shorter reaction times to deviations
- Indirect labor productivity increase
  - Lean organizations

3 Program Management

- Price increases for technical modifications
- Systematic price increases for volume fluctuations
- Development and tooling cash payment

4 Indirect costs reduction

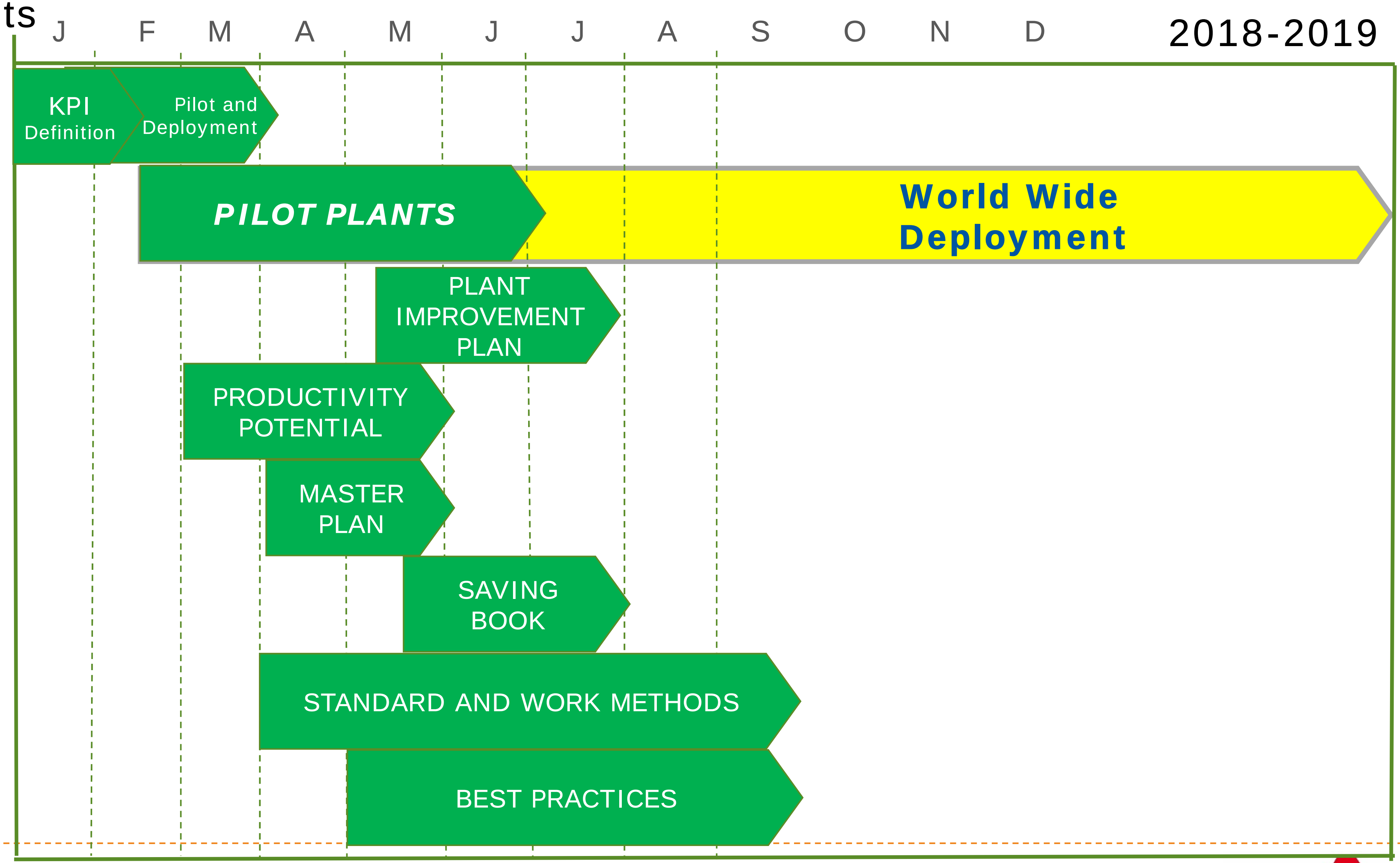
- Polyvalence and Polycompetence
- Process redesign

5 Competitive footprint

- Industrial excellence
- Plant competitivity plan

ROADMAP TO IMPROVE INDUSTRIAL PERFORMANCE

Pilots already done in 3 Plants. From July onwards progressive deployment in all plants



2017 OUTLOOK

- For the global automotive market, the outlook for 2017 shows a positive trend, albeit at a slower pace than the first half of the year
- Europe is expected to grow in the second semester whilst North America is projected to further decline
- In this environment, Sogefi is forecasting a mid-single digit revenue growth in percentage terms in the second half of the year.
- The company also expects to improve its profitability on a full year basis despite an increase of raw materials.

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