

# H1 2021 RESULTS

**so/GEFI** GROUP

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July 26<sup>th</sup>, 2021



# AGENDA

- ▶ *H1 2021 RESULTS*
- ▶ *A SUSTAINABLE TRANSFORMATION*
- ▶ *PERSPECTIVES*

# **so/GEFI** GROUP

## H1 2021 Results



# H1 2021 Highlights

**Revenues at €682.5m**  
vs 750.2m in H1 2019

Up 34.9% on a reported basis (+38.5% at constant exchange rate) outperforming the market in all areas. H1 2021 still behind H1 2019 (-9.0%)

**EBITDA at € 110.0m**  
vs €87.9m in H1 2019

- EBITDA: 16.1% vs 10.3% in H1 2020 and 11.7% in H1 2019. EBITDA adjusted by excluding non recurring and non operating items at 14.5% vs 12.3% in H1 2019
- Gross fixed costs down by € 22.3m vs H1 2019 (-16.0% )

**EBIT at € 48.9m**  
vs €27.9m in H1 2019

- EBIT: 7.2% vs -2.4% in H1 2020 and 3.7% in H1 2019
- EBIT adjusted at 5.5% vs 4.3% in H1 2019

**Net Income at € 21.4**  
vs € +6.9m in H1 2019

Net income at € 21.4m vs € -28.8m in H1 2020 and € 6.9m in H1 2019

**FCF<sup>1</sup> at € 32.5m**  
vs €-3.3m in H1 2019

Free Cash Flow positive at € 32.5m (-€70.8m in H1 2020 and € -3.3m in H1 2019) thanks to higher EBITDA margin and favorable working capital

**Net debt<sup>1</sup> at € 261.4**  
vs € 267.3m end June 2019

Net debt of € 261.4m versus vs € 291.3m end of 2020 and € 327.0m end June 2020

# H1 2021 Main Takeaways

## ➤ Sales performance vs Market in first semester 2021 vs 2019:

- Market down by -12.6%, of which -23.5% in Europe, -19.7% in Nafta
- Sogefi at constant -4.5%, of which -11.5% in Europe, -3.5% in Nafta
- A&C and Filtration performed better than the market with sales substantially in line with 2019 (+2.8% for Filtration, -0.7% for A&C) thanks to new business start, IAM & OES resilience and balanced customer portfolio / geographical mix.
- Suspension decreased by -13.7% due to customer portfolio and geographical mix

## ➤ Raw material market prices are booming with issues to get right quantities at right time:

- Steel prices have increased by 50% vs January 2019 and doubled for tubes
- Plastics and media are following same trend with an increase by 30% vs January 2019
- In first semester thanks to strong defensive, Sogefi Group has been able to contain impact on purchasing prices, keeping prices lower than 2019 and 2020

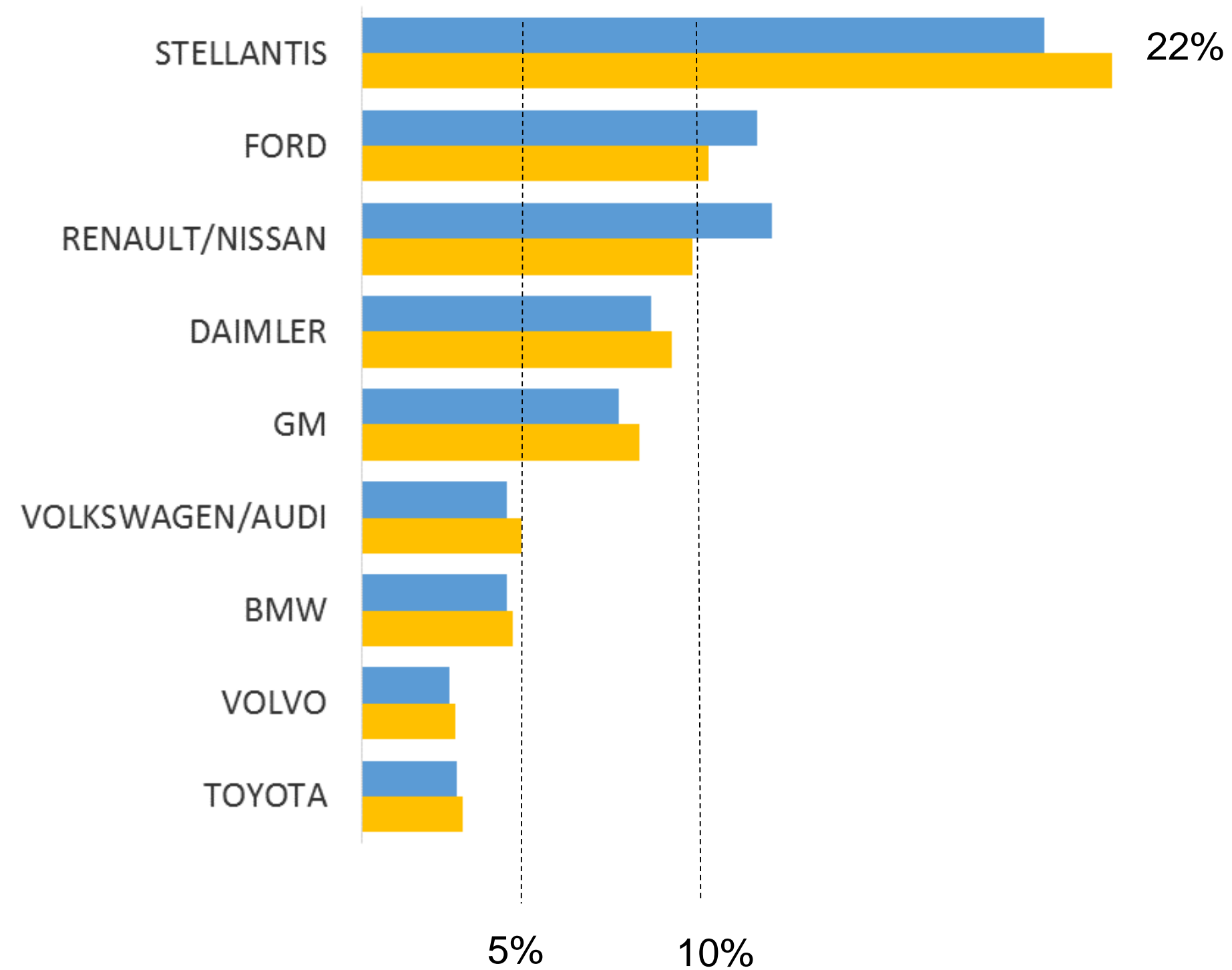
# Sales by Geography

Em	H1 2020	H1 2021	reported change	constant exchange rates	reference market production	performance vs market (bps)		H1 2019	H1 2021	reported change	constant exchange change	reference market production	performance vs market (bps)
Europe 27	328.1	427.5	30.3%	30.4%	28.0%	240		483.7	427.5	-11.6%	-11.5%	-23.5%	1200
North America	102.5	136.0	32.7%	40.3%	32.0%	830		146.8	136.0	-7.3%	-3.5%	-19.7%	1623
South America	23.5	42.7	81.6%	141.6%	63.3%	7830		52.9	42.7	-19.3%	52.5%	-19.5%	7200
Asia	54.7	82.4	50.6%	55.6%	31.6%	2395		71.0	82.4	16.1%	23.2%	-0.1%	2333
- of which China	34.3	46.4	35.4%	36.3%	25.4%	1090		33.2	46.4	39.6%	41.9%	1.6%	4029
Intercompany	(2.8)	(6.1)						(4.2)	(6.1)				
<b>Total</b>	<b>506.0</b>	<b>682.5</b>	<b>34.9%</b>	<b>38.5%</b>	<b>29.2%</b>	<b>926</b>		<b>750.2</b>	<b>682.5</b>	<b>-9.0%</b>	<b>-4.5%</b>	<b>-12.6%</b>	<b>809</b>

***Outperformance in all areas***

***2021 still behind 2019***

# Sales by Customer



 H1 2019

 H1 2021

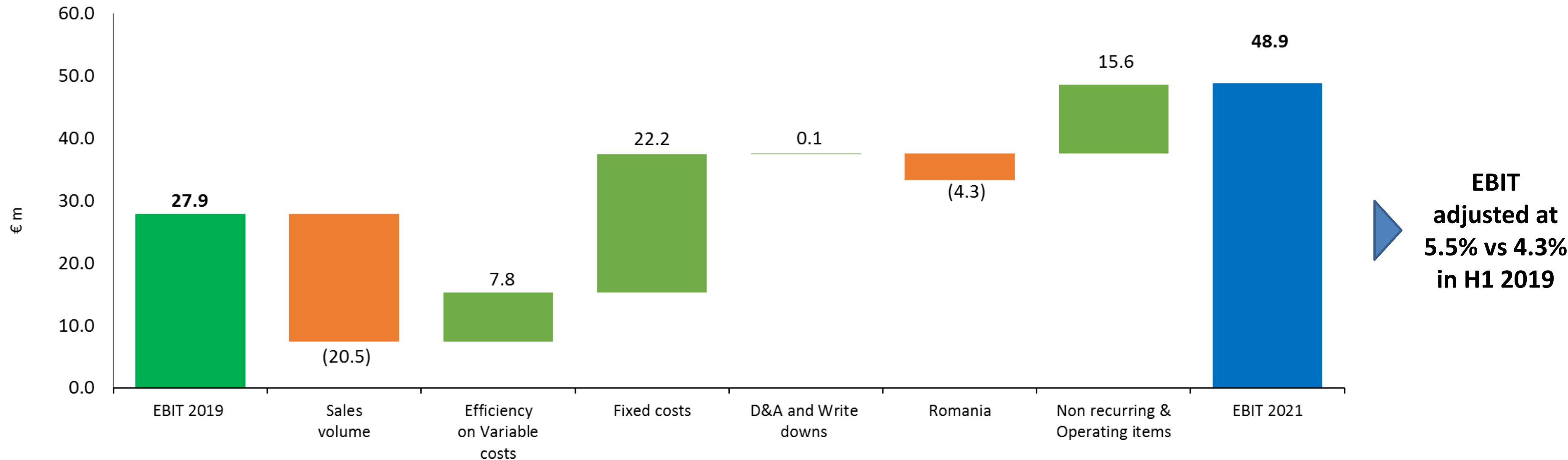
# Sales by Business Unit

€m	H1 2019	H1 2020	H1 2021	reported change	constant exchange rates change
<b>Air&amp;Cooling</b>	213.4	150.8	207.2	37.4%	39.9%
<b>Filtration</b>	246.2	183.5	241.5	31.6%	36.2%
<b>Suspensions</b>	293.2	172.7	235.5	36.3%	39.8%
<b>Intercompany</b>	(1.7)	(1.0)	(1.7)		
<b><i>Total</i></b>	<b>750.2</b>	<b>506.0</b>	<b>682.5</b>	<b>34.9%</b>	<b>38.5%</b>

reported change vs H1 2019	constant exchange vs H1 2019
-2.9%	-0.7%
-1.9%	2.8%
-19.4%	-13.7%
-9.0%	-4.5%

***A&C and Filtration substantially in line with 2019***

# H1 2021 EBIT performance breakdown VS H1 2019



# H1 2021 P&L

€m	H1 2019	%	H1 2020	%	H1 2021	%	Delta H1 2021/2019
<b>REVENUES</b>	<b>750.2</b>	100.0%	<b>506.0</b>	100.0%	<b>682.5</b>	100.0%	-9.0%
<b>CONTRIBUTION MARGIN</b>	<b>227.0</b>	30.3%	<b>152.8</b>	30.2%	<b>213.8</b>	31.3%	-5.8%
Gross Fixed Costs	<b>139.1</b>	18.5%	<b>103.0</b>	20.4%	<b>116.8</b>	17.1%	-16.0%
Restructuring	<b>4.2</b>	0.6%	<b>6.4</b>	1.3%	<b>3.0</b>	0.4%	
Exchange Differences	<b>1.6</b>	0.2%	<b>1.4</b>	0.3%	<b>(1.3)</b>	-0.2%	
<b>EBITDA</b>	<b>87.9</b>	11.7%	<b>52.1</b>	10.3%	<b>110.0</b>	16.1%	25.2%
D&A	<b>58.0</b>	7.7%	<b>57.7</b>	11.4%	<b>57.9</b>	8.5%	
Write downs	<b>1.9</b>	0.3%	<b>5.6</b>	1.1%	<b>3.2</b>	0.5%	
<b>EBIT</b>	<b>27.9</b>	3.7%	<b>(12.0)</b>	-2.4%	<b>48.9</b>	7.2%	75.0%
Financial results	<b>9.7</b>	1.3%	<b>10.4</b>	2.1%	<b>10.6</b>	1.6%	
Income Tax	<b>7.9</b>	1.1%	<b>-1.0</b>	-0.2%	<b>13.5</b>	2.0%	
Minority Interest	<b>2.3</b>	0.3%	<b>-0.6</b>	-0.1%	<b>1.5</b>	0.2%	
<b>NET INCOME OF OPERATING ACTIVITIES</b>	<b>8.0</b>	1.1%	<b>(20.7)</b>	-4.1%	<b>24.8</b>	3.6%	210.3%
Net income from discontinued operations	<b>(1.1)</b>	-0.1%	<b>(8.0)</b>	-1.6%	<b>(3.3)</b>	-0.5%	
<b>NET INCOME</b>	<b>6.9</b>	0.9%	<b>(28.8)</b>	-5.7%	<b>21.4</b>	3.1%	

- Contribution margin holding up despite raw materials
- € 22.3m reduction of gross fixed costs vs 2019

H1 2021 includes € 5.3m non-operating income

Filtration Argentina included in held for sale activities

# H1 2021 FCF

€m	H1 2019	H1 2020	H1 2021
<b>FUNDS PROVIDED BY OPERATIONS</b>	<b>71.2</b>	<b>29.5</b>	<b>79.0</b>
Working Capital	(23.0)	(54.2)	(5.2)
Capex (Tangible, Intangibles & IFRS15)	(54.0)	(46.9)	(46.6)
Others	2.5	0.8	5.3
<b>FREE CASH FLOW (NET)</b>	<b>(3.3)</b>	<b>(70.8)</b>	<b>32.5</b>
<b>NET DEBT</b>	<b>267.3</b>	<b>327.0</b>	<b>261.4</b>
<b>FACTORING</b>	<b>103.2</b>	<b>57.6</b>	<b>98.8</b>

**vs € 291.3m end 2020**

**vs € 97.7m end 2020**

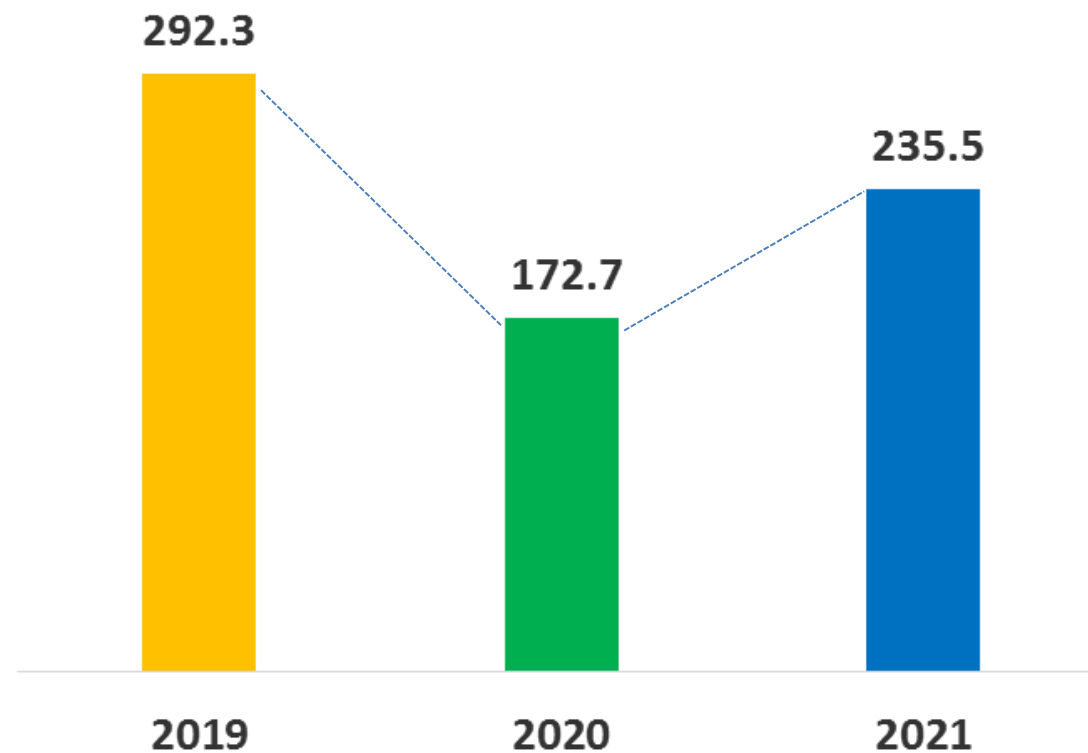
# Debt Profile



**€ 30m new medium-term loans signed in Q2**

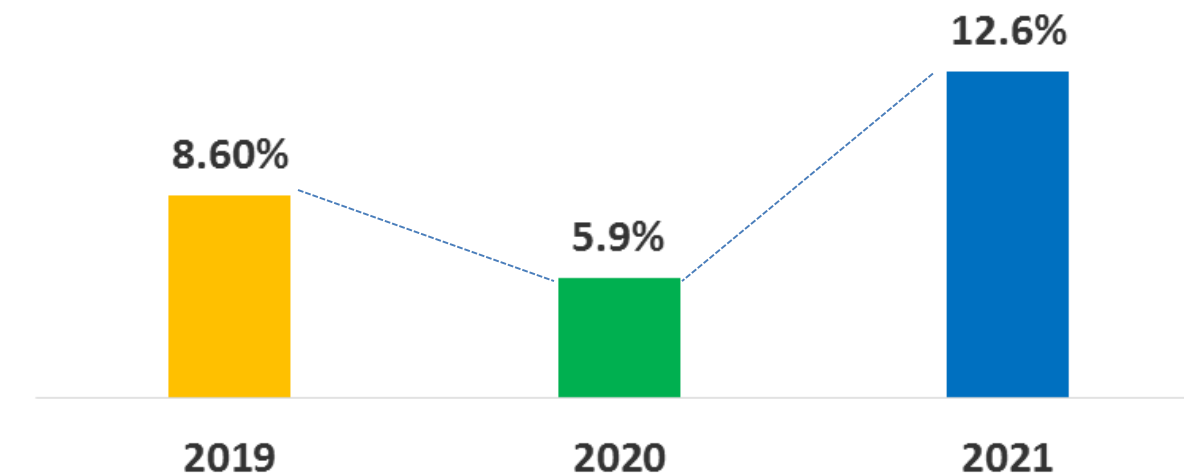
# Suspensions

**Sales (€m)**



- H1 2021 up 36.3% (+39.8% at constant exchange) thanks to good performance in Asia and South America
- H1 2021 19.4% below H1 2019

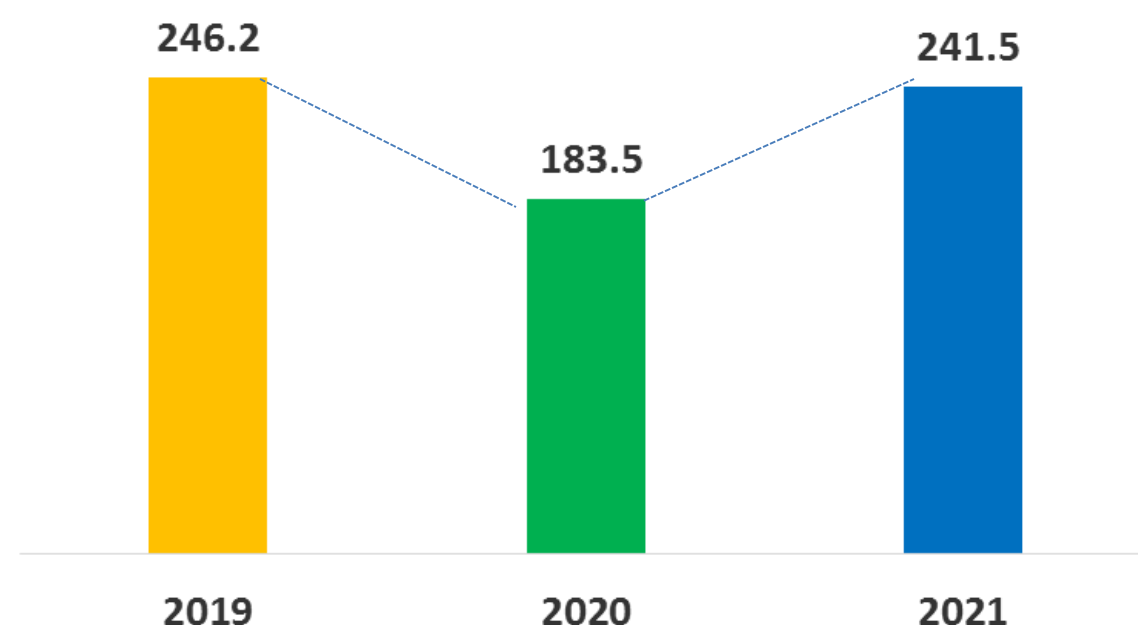
**EBITDA %**



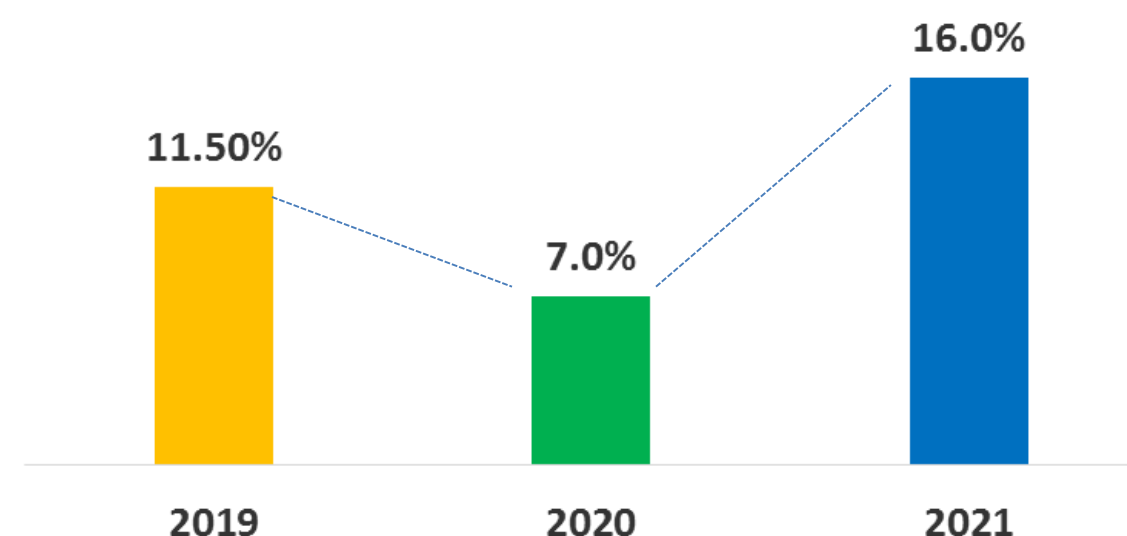
- H1 2021 contribution margin up at 30.3% vs 29.0% in H1 2019 (27.6% in H1 2020)
- EBITDA adjusted by excluding non recurring and non operating items (€ 7.3m) at 9.0% vs 8.9% in H1 2019
- Gross fixed costs -16.7% vs H1 2019 (€ -10.1m)

# Filtration

**Sales (€m)**



**EBITDA %**

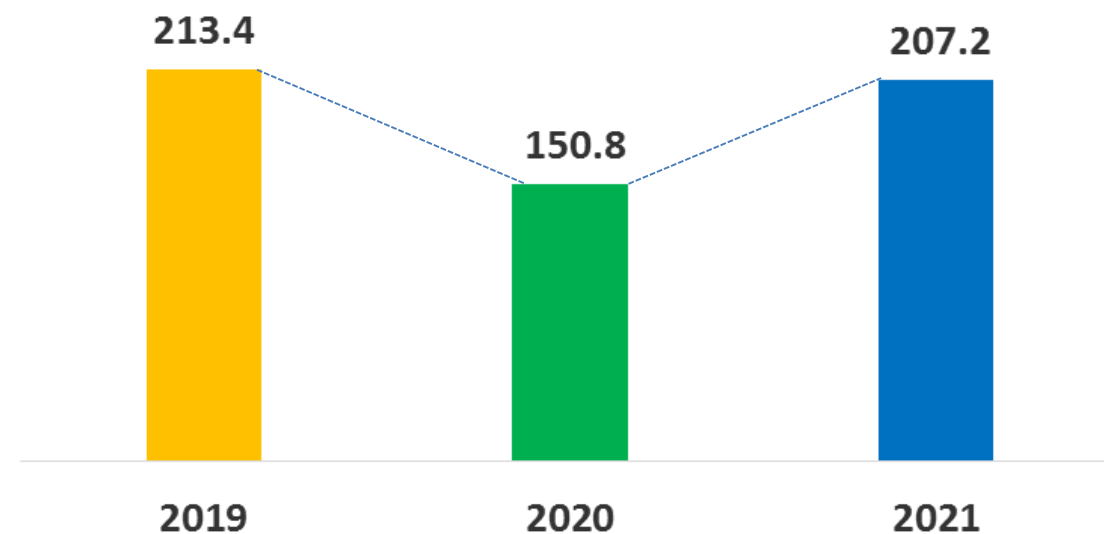


- H1 2021 vs H1 2020 revenues up 31.6% at current exchange rates and up 36.2% at constant exchange rates thanks to good performance in India and South America
- H1 2021 substantially in line with H1 2019 (-1.9%)

- H1 2021 contribution margin at 31.7% (32.0% in H1 2019)
- H1 2021 benefited of one-off non-operating income of € 2.4m whilst H1 2020 included a negative exchange rate effect of € 1.0m (vs € 0.4m in H1 2021)
- Gross fixed costs -15.2% vs H1 2019

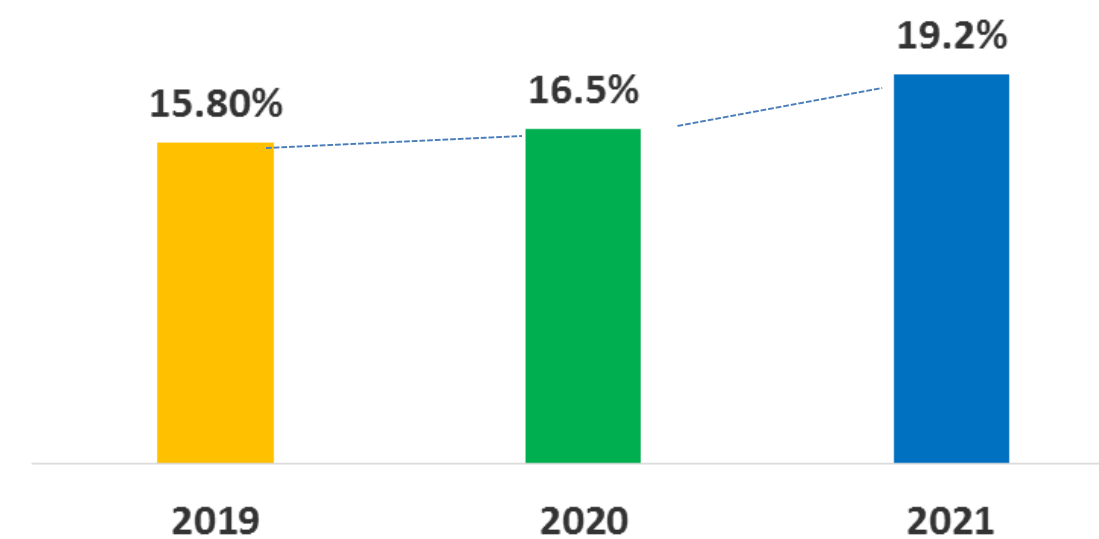
# Air & Cooling

**Sales (€m)**



- In H1 2021 vs H2 2020 up 37.4% (+39.9% at constant exchange)
- In H1 2021 China revenues up 43.6% 2020 thanks to new SOPs, over performing the market
- H1 2021 2.9% lower than H1 2019

**EBITDA %**



- H1 2021 contribution margin up at 31.6% vs 29.7% in H1 2019
- H1 2020 incorporated a negative exchange rate effect of € 1.2m (+ € 0.6m in H1 2021)
- Gross fixed costs -11.2% vs H1 2019

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**A Sustainable  
Transformation**



# A Sustainable Transformation

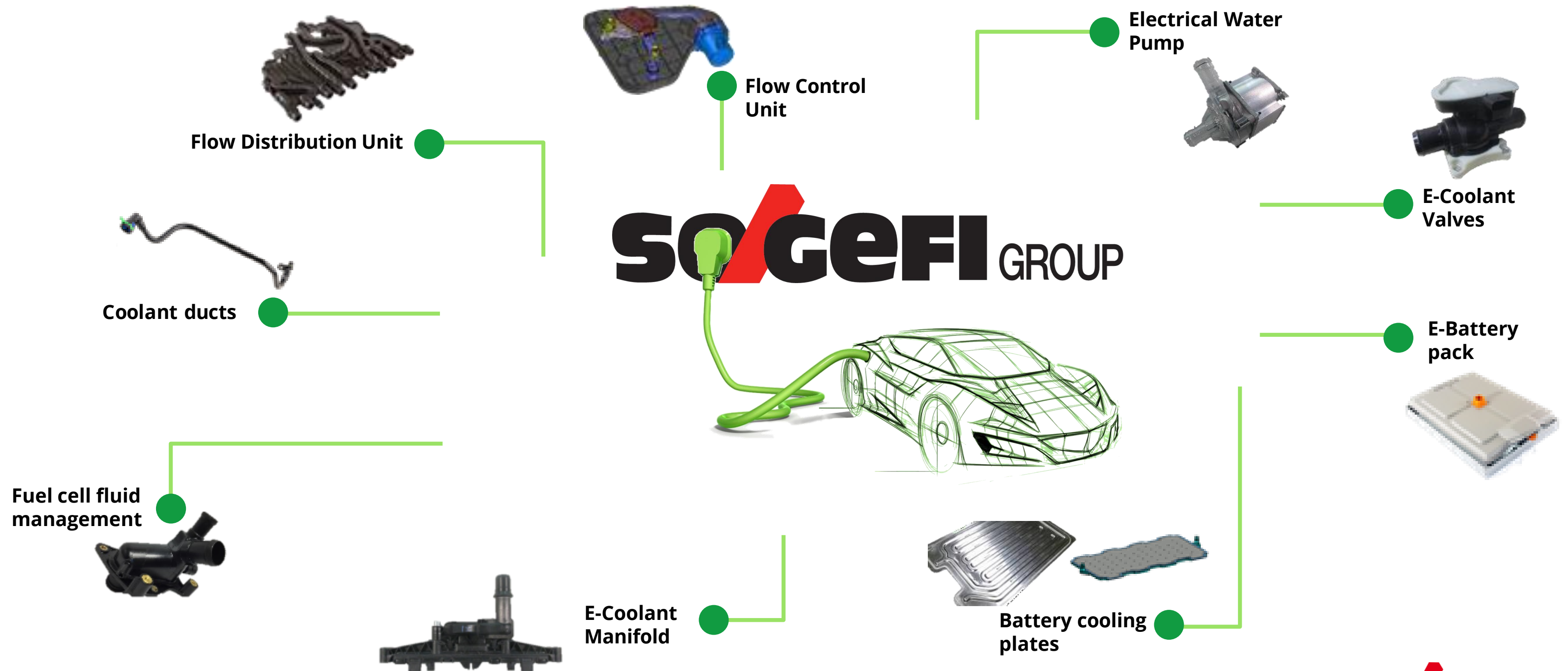
- ▶ **Air & Cooling : a transition to E-Mobility started 5 years ago**
- ▶ **Filtration: a transition from Diesel products to new products for Purification. Entering non-automotive markets**
- ▶ **Suspensions: Operational improvements and new footprint**

# New Business Awards

- Commercial activity was positive during the first six months
- The Air and Cooling division has concluded important contracts in Europe, NAFTA and China for the supply of Thermal Management products for electric mobility (products for E-Thermal Management today represent approximately 50% of the ongoing requests for quotations)
- Filtration has been awarded a significant number of contracts for the supply of Air Purification Filters and two important contracts in NAFTA for Transmission Filters. For the two product categories in question, numerous requests for quotations are in progress, confirming the validity of the strategy pursued by the Group, of developing new applications, to face the decline of diesel engines
- The company has continued to focus on the development of products for electric mobility and air purification and today it has in its portfolio a wide variety of Thermal Management products for electric mobility, which enable it to be ready to meet the new market demands potential applications

# AIR & COOLING E-MOBILITY

## PRODUCTS PORTFOLIO



# AIR & COOLING E-MOBILITY

## AWARDED BUSINESS EXAMPLES

CONSUMER	TECHNOLOGY	GEO/SOP	PRODUCT	VOLUMES	DESCRIPTION
<div>NEW</div> GERMAN PREMIUM OEM	Full Electric	Europe (2023)	E-Thermal Management	↑ ↑	Distribute the coolant to the battery, the electric motor and the power electronics
SWEDISH OEM	Hybrid	China (2019)	Motor Coolant Pump	↑ ↑	Distribute the coolant to the motor
FRENCH OEM	Full Electric	Europe (2021)	Battery Pack Cooling Manifold	↑	Distribute coolant in the battery pack (thermal regulation of the battery)
GERMAN OEM	Full Electric	Europe (2019)	Coolant Module	↑ ↑	Distribute the coolant to the battery, the electric motor and the power electronics
OTHER OEMs	Fuel Cell	Nafta (2021)	Hydrogen intake manifold & exhaust	↑	Hydrogen, Air and Cooling components

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## 2021



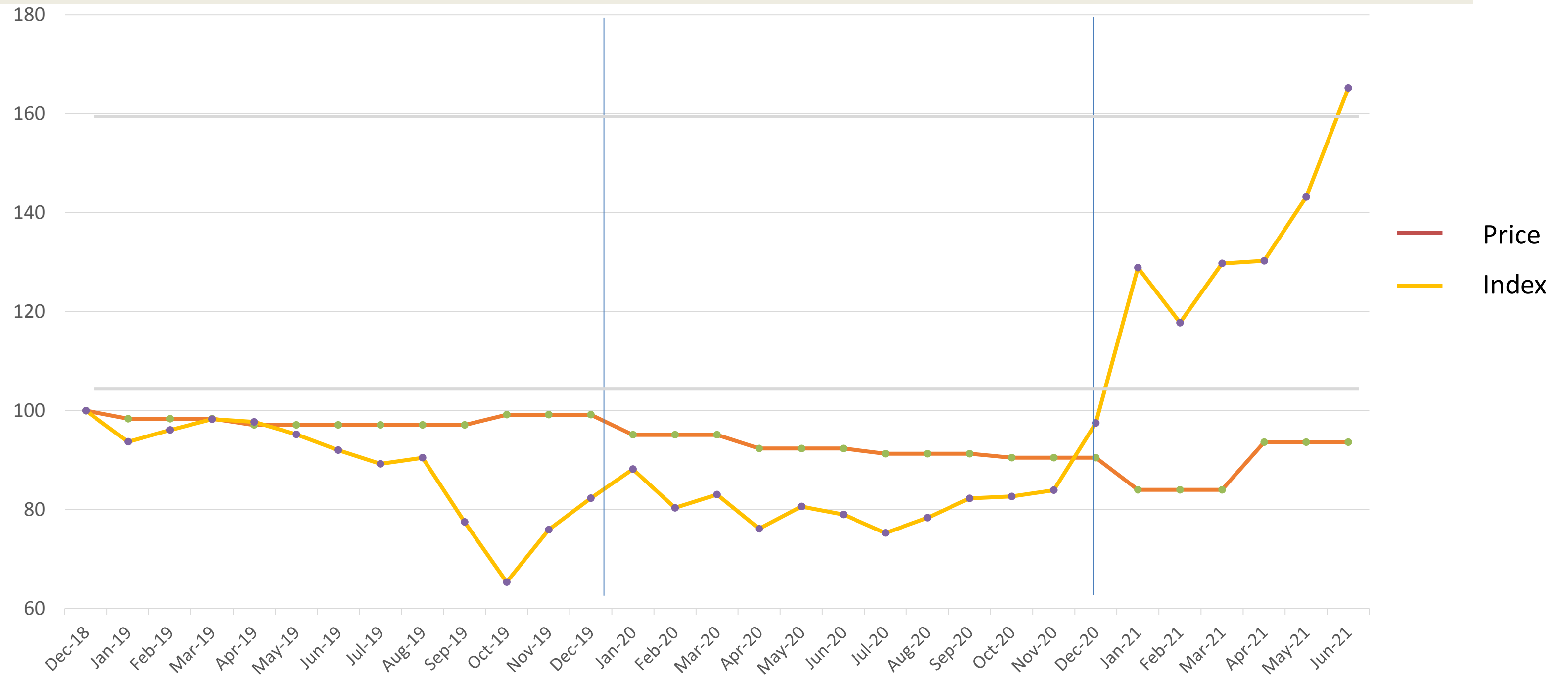
# 2021: Market Outlook

- Assumption is a market under pressure due to Covid, shortage of components (micro-ships, raw materials) and stop and starts from OEMs
- For H2 2021 vs H2 2019 we have integrated in our forecast a prudent approach compared to IHS

		IHS Quarterly Forecast vs 2020			
€m	H1 2021	Q3 2021	Q4 2021	FY 2021 vs FY 2020	FY 2021 vs FY 2019
Europe 27	28.0%	-6.8%	-4.1%	8.9%	-22.7%
North America	32.0%	-5.5%	4.6%	12.3%	-10.3%
South America	63.3%	4.8%	-2.6%	23.1%	-14.6%
Asia	31.6%	-3.1%	-8.5%	8.6%	0.9%
- of which China	25.4%	-5.4%	-8.2%	5.8%	1.2%
Total	29.2%	-2.9%	-3.7%	10.0%	-7.8%

# 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

# 2021: Raw materials Outlook

- For the second part of 2021, we expect raw materials (steel, plastic & media) to continue to increase due to Chinese and NAFTA demand, with an adverse catch-up impact of first semester on our costs and further cost increases in Q4
- Resourcing activities and tactical actions have been launched to mitigate the impact on our accounts
- Discussions have already started with customers to apply the indexation when included in contracts and negotiations are on going for other contracts to apply needed increases
- We expect that raw material increases will impact the profitability of H2 2021

# 2021: Financial Outlook

- Visibility as to the market trend in the next few months remains low, due to the pandemic and macroeconomic and sectorial developments. There are also specific challenges on raw materials price increase and availability, as well as logistic difficulties involving transport and sourcing from Asian markets
- For H2 2021, IHS expects a world production to limited decline (-3.4%) compared to the H2 2020: Europe -5.3%, Nafta -0.5%, China -7%
- On a the full year 2021, IHS expects a 10% growth in 2021 vs 2020 i.e still a -7.8% shortfall vs 2019
- For H2 2021, pressures on commodity prices (steel, plastic and media) are expected to continue
- The group has launched resourcing activities and commercial actions to reduce the negative effect on the group's contribution margin
- Negotiations are underway for the sale of Filtration in Argentina. If the sale is completed it will have a negative impact of approximately € 21.0 million on the income statement for purely accounting reasons (with no cash impact), resulting from the reclassification from shareholders' equity to the result for the period of the exchange rate differences of the subsidiary
- Sogefi confirms the view it expressed in Q1 2021, i.e. to achieve for the full year an EBIT margin at least equal to that recorded in 2019

# CONTACTS

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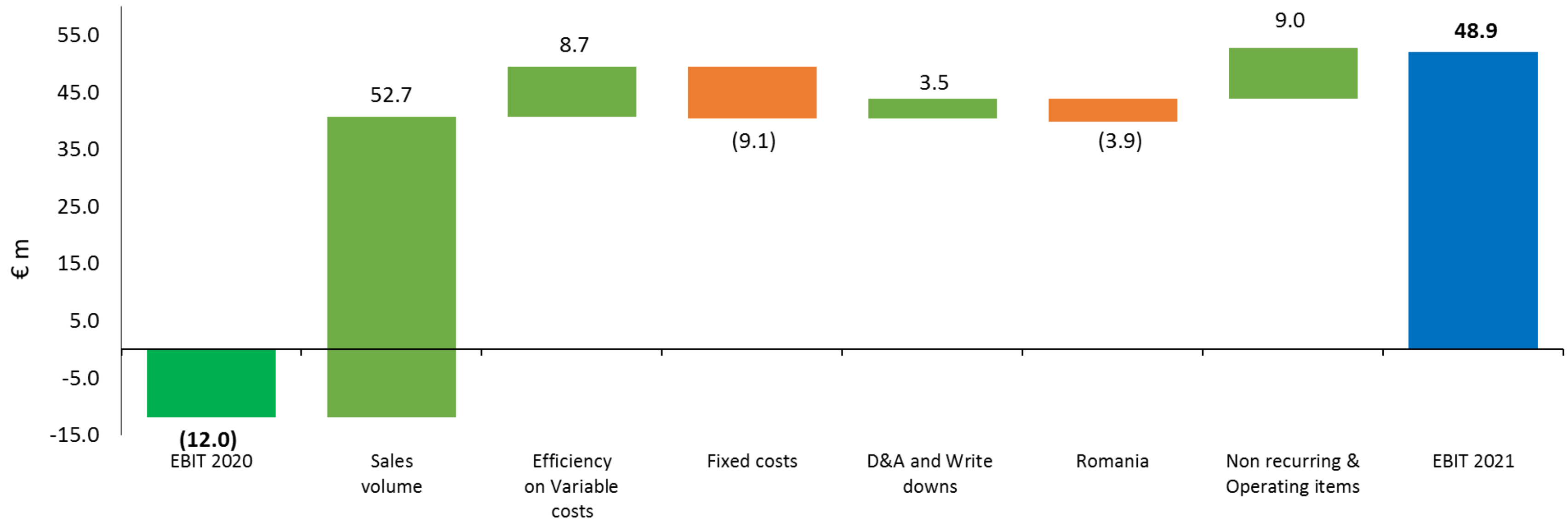
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# ***APPENDIX***

# Q2 2021 P&L

€m	Q2 2019	%	Q2 2020	%	Q2 2021	%	Delta Q 2021/2019	Q1 2021	%
<b>REVENUES</b>	<b>374.1</b>	100.0%	<b>166.6</b>	100.0%	<b>325.9</b>	100.0%	-12.9%	<b>356.6</b>	100.0%
<b>CONTRIBUTION MARGIN</b>	<b>115.4</b>	30.8%	<b>49.8</b>	29.9%	<b>104.2</b>	32.0%	-907.0%	<b>109.6</b>	30.7%
Gross Fixed Costs	<b>67.9</b>	18.2%	<b>38.1</b>	22.9%	<b>55.8</b>	17.1%	-17.8%	<b>61.0</b>	17.1%
Restructuring	<b>2.3</b>	0.6%	<b>4.0</b>	2.4%	<b>3.4</b>	1.1%		<b>1.4</b>	0.4%
Exchange Differences	<b>0.9</b>	0.2%	<b>-2.0</b>	-1.2%	<b>0.4</b>	0.1%		<b>(1.7)</b>	-0.5%
<b>EBITDA</b>	<b>46.5</b>	12.4%	<b>13.9</b>	8.4%	<b>55.2</b>	16.9%	18.7%	<b>54.8</b>	15.4%
D&A	<b>29.1</b>	7.8%	<b>28.3</b>	17.0%	<b>29.6</b>	9.1%		<b>28.4</b>	8.0%
Write downs	<b>1.9</b>	0.3%	<b>5.5</b>	3.3%	<b>2.7</b>	0.8%		<b>0.5</b>	0.1%
<b>EBIT</b>	<b>15.4</b>	4.1%	<b>(19.9)</b>	-11.9%	<b>22.9</b>	7.0%	48.8%	<b>25.9</b>	7.3%
Financial results	<b>4.1</b>	1.1%	<b>4.3</b>	2.6%	<b>4.3</b>	1.3%		<b>6.2</b>	1.7%
Income Tax	<b>4.5</b>	1.2%	<b>-3.5</b>	-2.1%	<b>7.4</b>	2.3%		<b>6.1</b>	1.7%
Minority Interest	<b>1.1</b>	0.3%	<b>-0.6</b>	-0.4%	<b>0.5</b>	0.2%		<b>1.0</b>	0.3%
<b>NET INCOME OF OPERATING ACTIVITIES</b>	<b>5.7</b>	1.5%	<b>(20.0)</b>	-12.0%	<b>12.1</b>	3.7%	113.6%	<b>12.6</b>	3.5%
Net income from discontinued operations	<b>(0.4)</b>		<b>(3.2)</b>		<b>(2.5)</b>			<b>(0.8)</b>	-0.2%
<b>NET INCOME</b>	<b>5.3</b>	1.4%	<b>(23.2)</b>	-13.9%	<b>9.6</b>	2.9%	82.2%	<b>11.8</b>	3.3%

# H1 EBIT performance breakdown



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2021