

STAR Conference Fall Edition

SO/GEFI GROUP

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October 13th, 2021



AGENDA

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

SOGEFI 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

FCF¹ 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 debt¹ 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

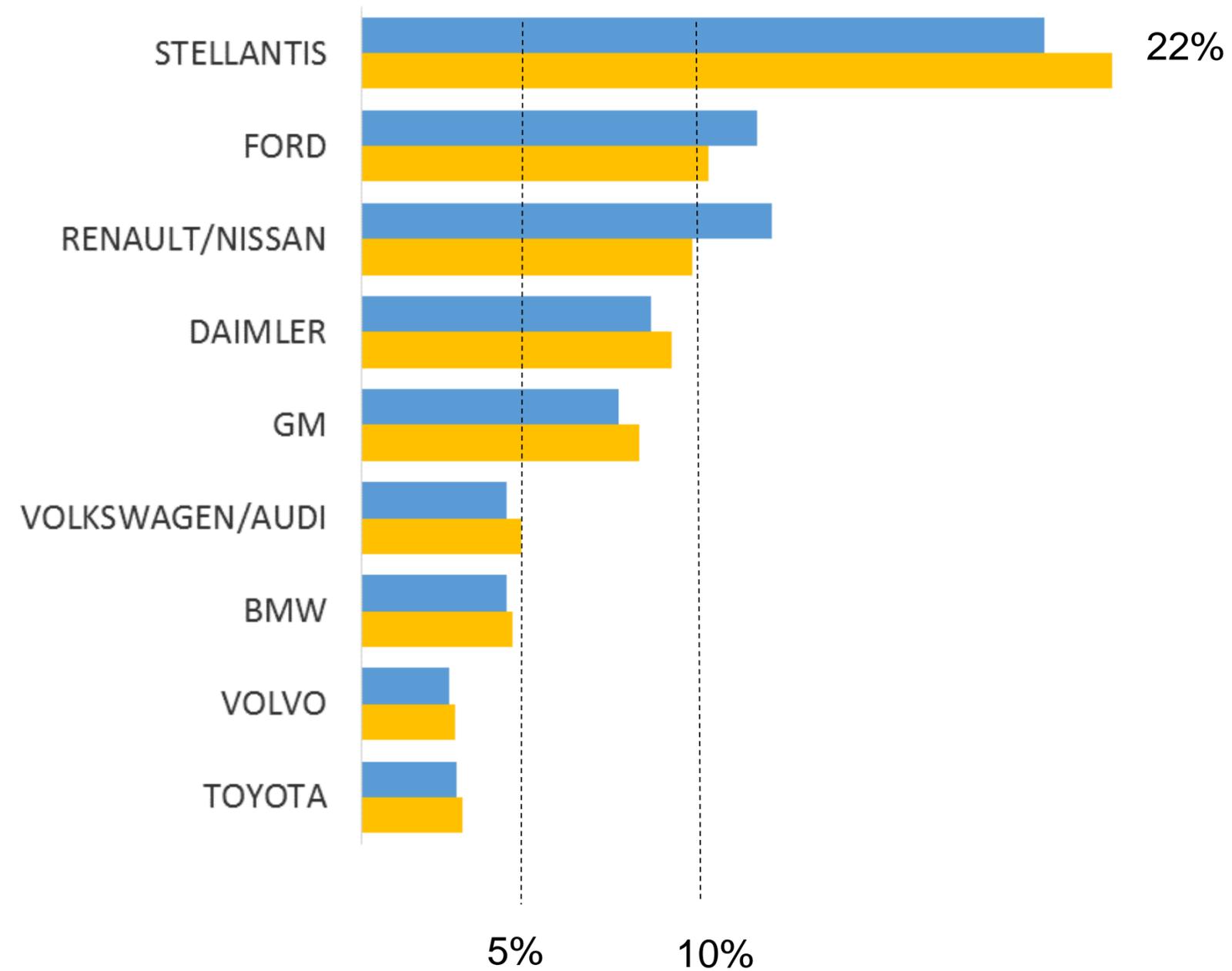
Sales by Geography

€m	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)				
Total	506.0	682.5	34.9%	38.5%	29.2%	926		750.2	682.5	-9.0%	-4.5%	-12.6%	809

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
Air&Cooling	213.4	150.8	207.2	37.4%	39.9%
Filtration	246.2	183.5	241.5	31.6%	36.2%
Suspensions	293.2	172.7	235.5	36.3%	39.8%
Intercompany	(1.7)	(1.0)	(1.7)		
Total	750.2	506.0	682.5	34.9%	38.5%

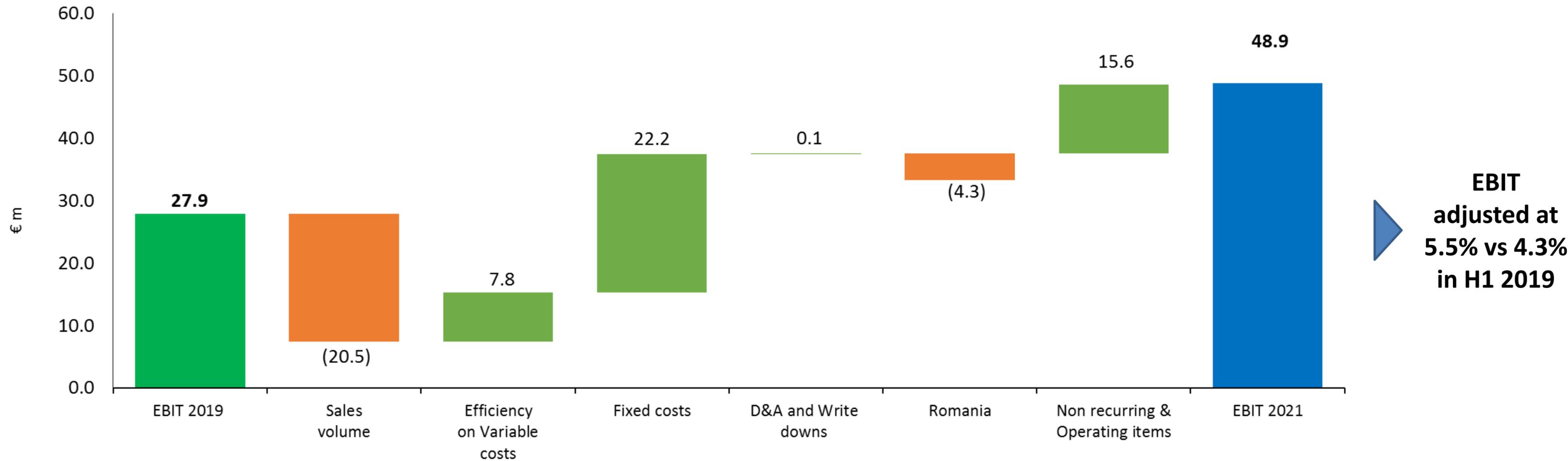
reported change vs H1 2019	constant exchange vs H1 2019
-2.9%	-0.7%
-1.9%	2.8%
-19.4%	-13.7%
-9.0%	-4.5%

A&C and Filtration substantially in line with 2019

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

H1 2021 EBIT performance breakdown VS H1 2019



H1 2021 P&L

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

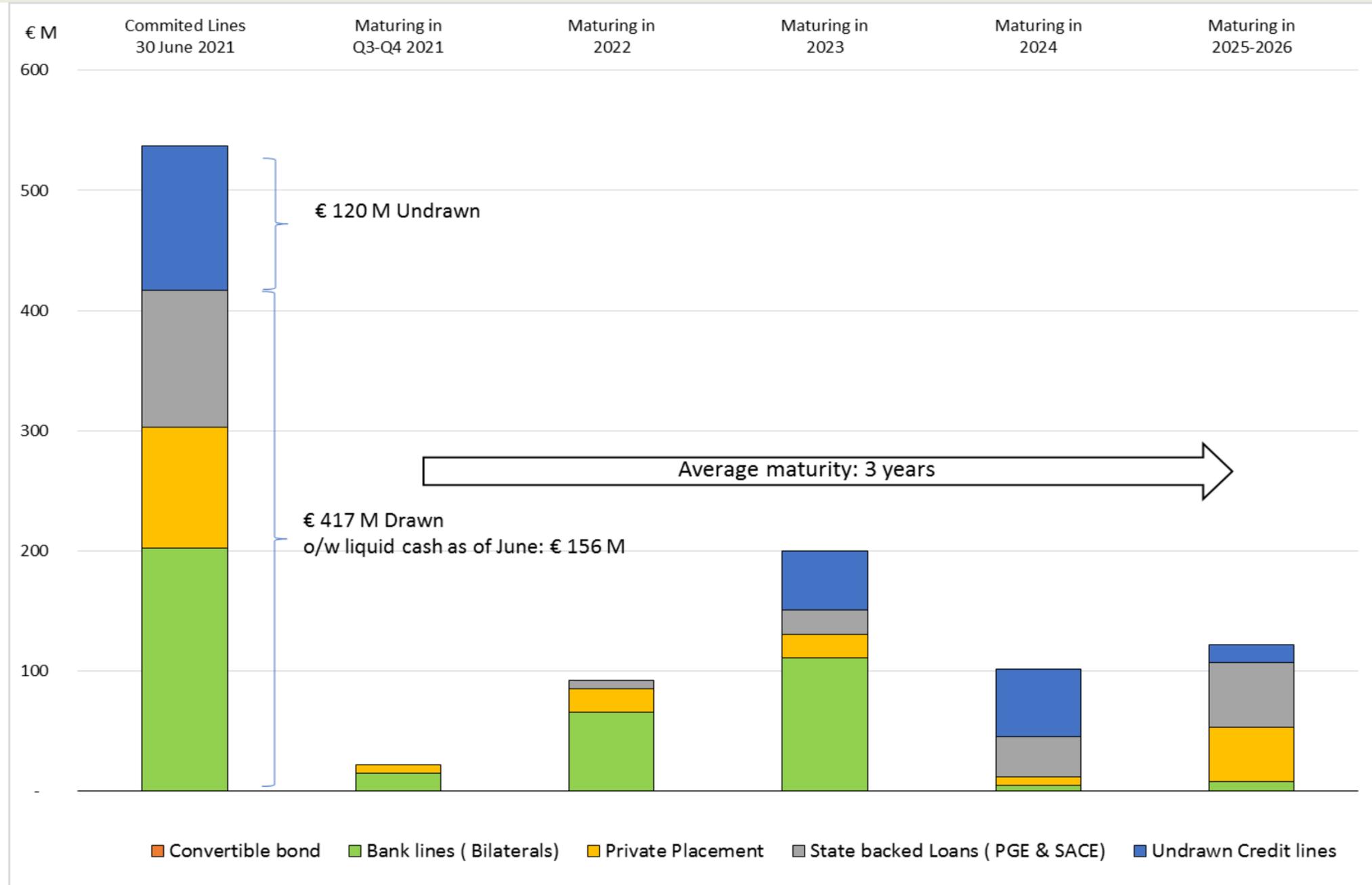
H1 2021 FCF

€m	H1 2019	H1 2020	H1 2021
FUNDS PROVIDED BY OPERATIONS	71.2	29.5	79.0
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
FREE CASH FLOW (NET)	(3.3)	(70.8)	32.5
NET DEBT	267.3	327.0	261.4
FACTORING	103.2	57.6	98.8

vs € 291.3m end 2020

vs € 97.7m end 2020

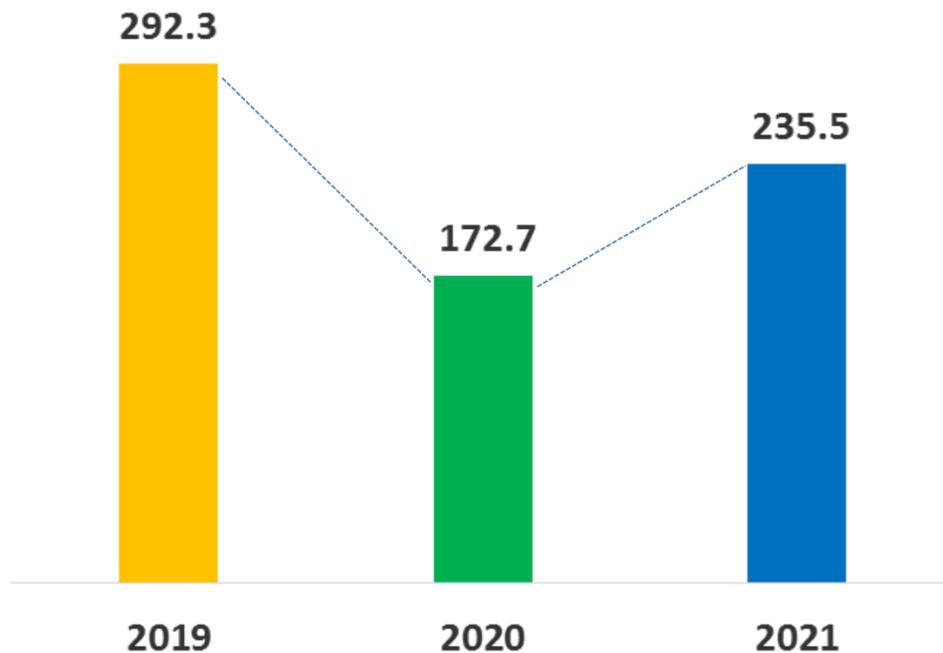
Debt Profile



€ 30m new medium-term loans signed in Q2

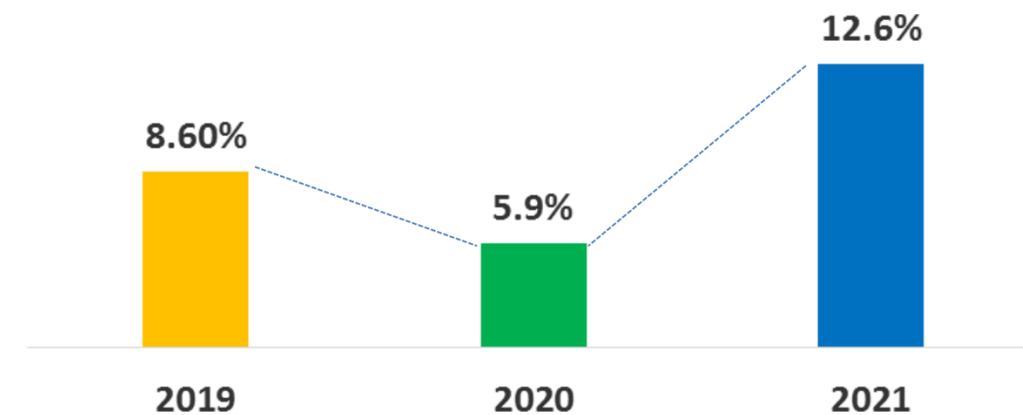
Suspensions

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

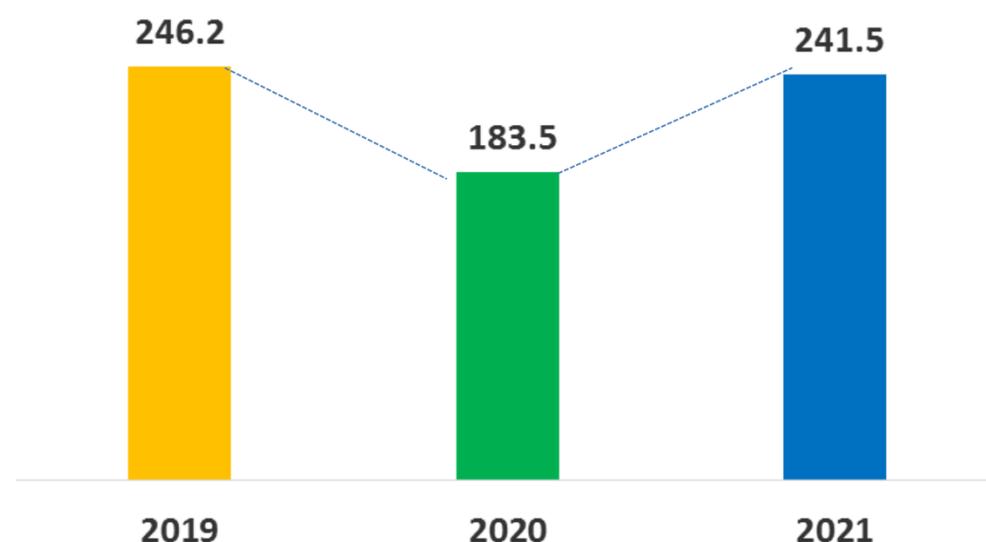
EBITDA %



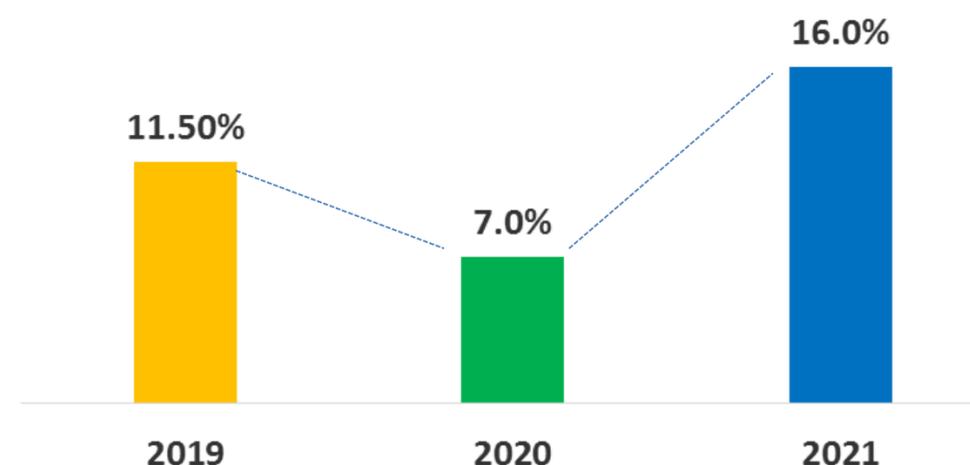
- H1 2021 contribution margin up at 30.3% vs 29.0% in H1 2019 (27.6% in H1 2020)
- EBITDA adjusted by excluding non recurring and non operating items (€ 7.3m) at 9.0% vs 8.9% in H1 2019
- Gross fixed costs -16.7% vs H1 2019 (€ -10.1m)

Filtration

Sales (€m)



EBITDA %

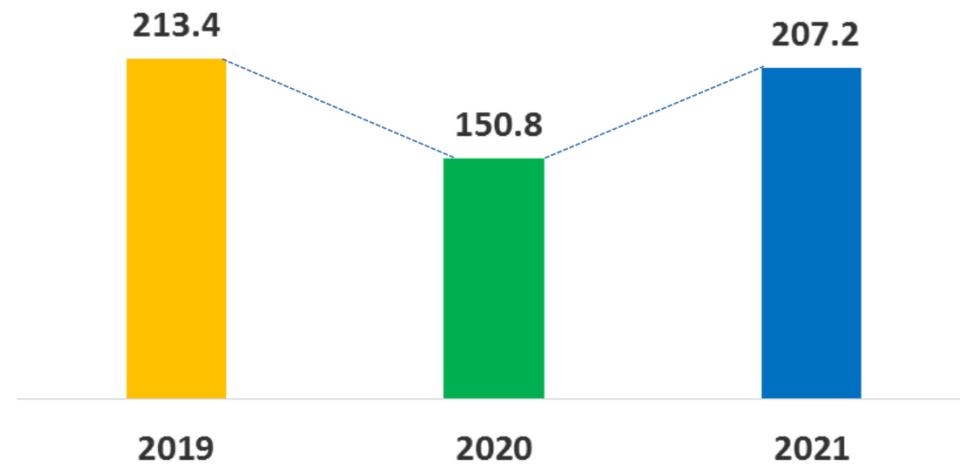


- H1 2021 vs H1 2020 revenues up 31.6% at current exchange rates and up 36.2% at constant exchange rates thanks to good performance in India and South America
- H1 2021 substantially in line with H1 2019 (-1.9%)

- 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

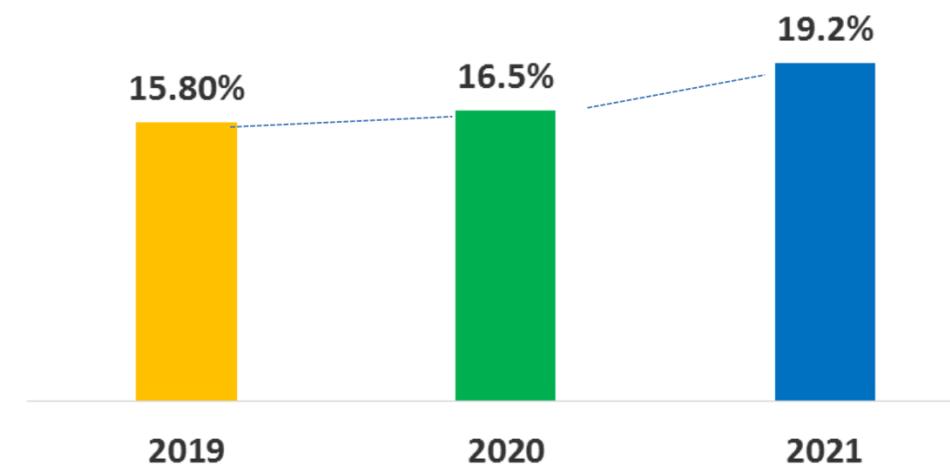
Air & Cooling

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



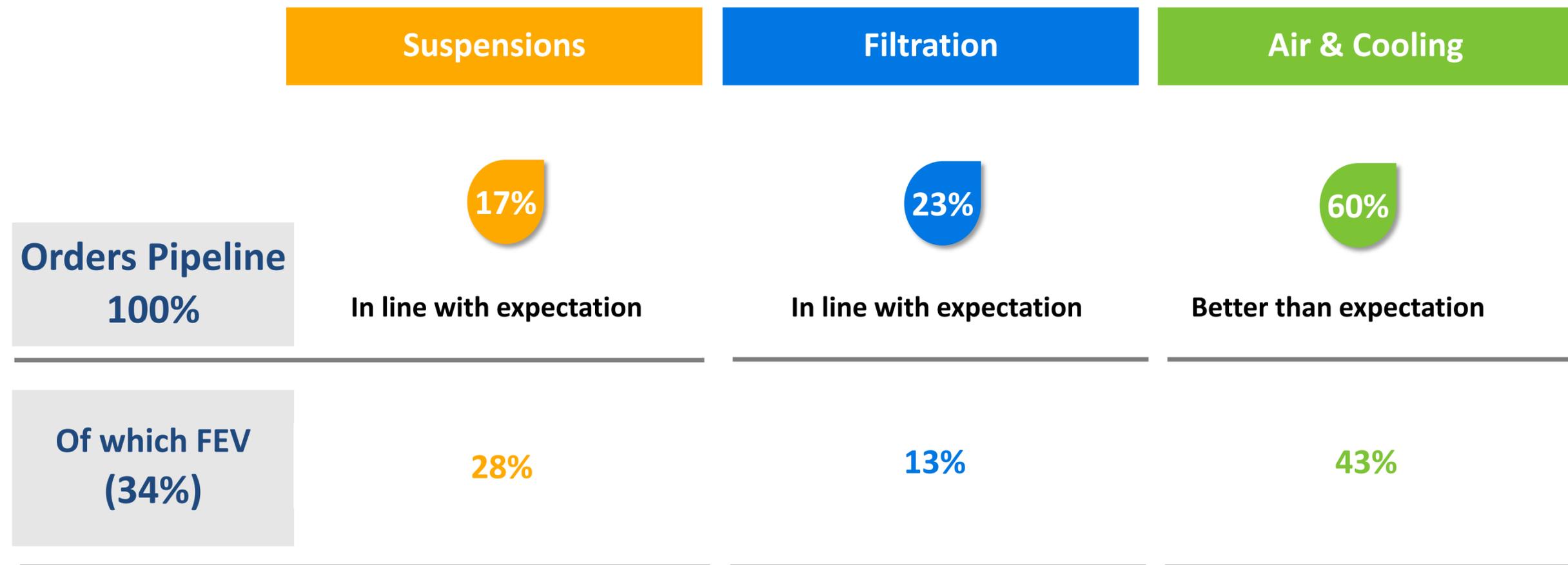
A Sustainable Transformation

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

Full Electric Vehicles (FEV)

BUSINESS QUOTATIONS PORTFOLIO

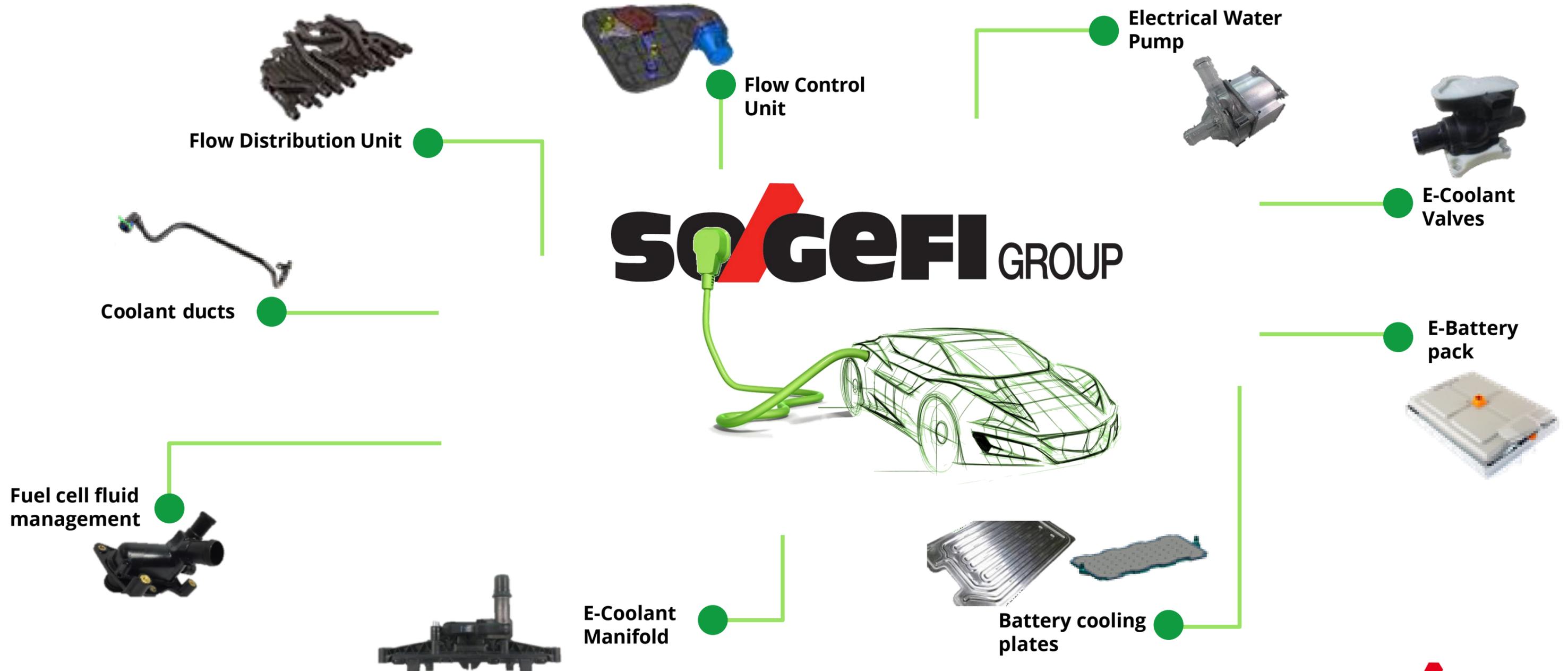
As of August 2021



34% of our current quotations are for FEV

AIR & COOLING E-MOBILITY

PRODUCTS PORTFOLIO



AIR & COOLING E-MOBILITY

AWARDED BUSINESS EXAMPLES

CONSUMER	TECHNOLOGY	GEO/SOP	PRODUCT	VOLUMES	DESCRIPTION
GERMAN PREMIUM OEM LCV PURE ELECTRIC	Next Generation Full Electric	Europe (2023)	E-Thermal Management	 200 000 parts over 7 years	Multilayer cooling module distributing the coolant to the electric motors, battery, power electronics and various coolers
	Full Electric	Nafta (2022)	E-Thermal Management	  	Active cooling module and cooling plate
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

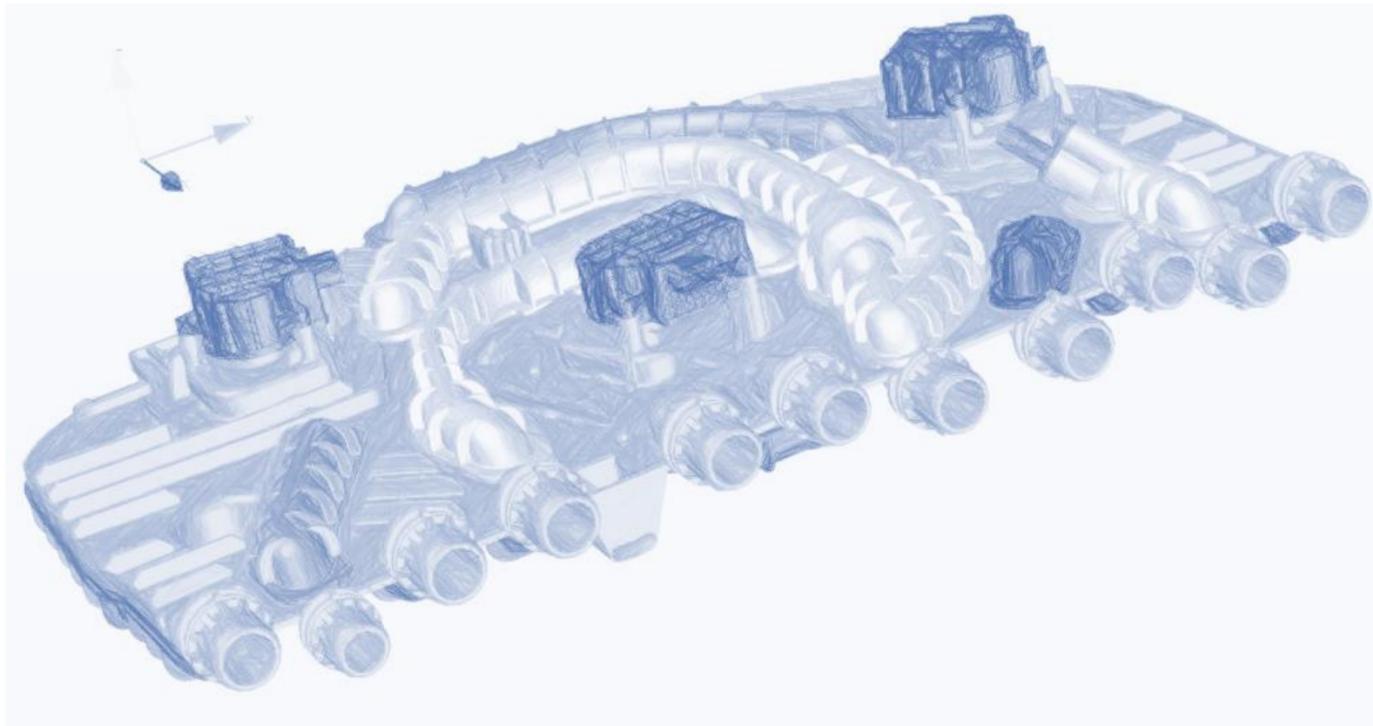
NEW

AIR & COOLING E-MOBILITY

AWARDED BUSINESS EXAMPLES

CONSUMER	TECHNOLOGY	GEO/SOP	PRODUCT	VOLUMES	DESCRIPTION
NEW GERMAN PREMIUM OEM	Next Generation Full Electric	Europe (2023)	E-Thermal Management	 200 000 parts over 7 years	Multilayer cooling module distributing the coolant to the electric motors, battery, power electronics and various coolers

Design



- Strategic orders for German Premium OEM on its next generation of full electric (BEV). Product to be present on one shared platform
- Expected volumes are close to 200 000 parts over 7 years. Considering the car segment (Premium/Luxury) volume are high
- Product added value will be 5 times greater than on a standard plastic air manifold
- A specific welding technology developed by Sogefi is used to realize this module, which provides high level of robustness and cleanliness
- Sogefi plans to roll out this technology to future coolant modules under development for e-mobility applications

CABIN AIR PURIFICATION

Hepa Filters

HEPA FILTER

Transition from Diesel products to new products for Purification

Our added value

POLLEN FILTRATION

Protect the passengers from suspended particles in the air

ACTIVATED CARBON FILTERS

Neutralize unpleasant and harmful gases entering the vehicle via AC system

CABIN3TECH+ FILTER

Stop the fine particles > 2.5 microns

HEPA FILTER

Stop the fine particles > 0.3 microns

	100µm blocked at the nose
	10µm trapped in the throat
	2.5µm affects the lungs
	1µm enters the blood

8 MILLION CABIN
FILTERS PRODUCED
IN 2019

OUR HEPA
FILTER FOR
YOUR HEALTH

CABIN AIR PURIFICATION

Filters Product Range

**POLLEN
FILTER**



**COMBINED
FILTER**



**CABIN3TECH+
FILTER**



**CabinHEPA
FILTER**



SUSPENSION

Focus on operations & footprint

▶ **Operational improvements**

▶ **Sourcing improvements**

▶ **New footprint**

- New plant in Romania

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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
- IHS in September strongly reduce the H2 2021 world production estimates
- In Sogefi Q2 reporting for H2 2021 vs H2 2019 we already had integrated in our forecast a prudent approach compared to IHS

€m	H1 2021	IHS Quarterly Forecast vs 2020		FY 2021 vs FY 2020	FY 2021 vs FY 2019
		Q3 2021	Q4 2021		
Europe 27	28.0%	-25.0%	-17.6%	0.3%	n/a
North America	32.0%	-23.2%	-15.8%	0.8%	-19.6%
South America	63.3%	-15.4%	-11.1%	14.2%	-20.8%
Asia	31.6%	-14.8%	-19.5%	1.6%	-5.5%
- of which China	25.4%	-17.1%	-18.1%	-0.9%	-5.3%
Total	29.2%	-17.5%	-17.5%	1.6%	-14.8%

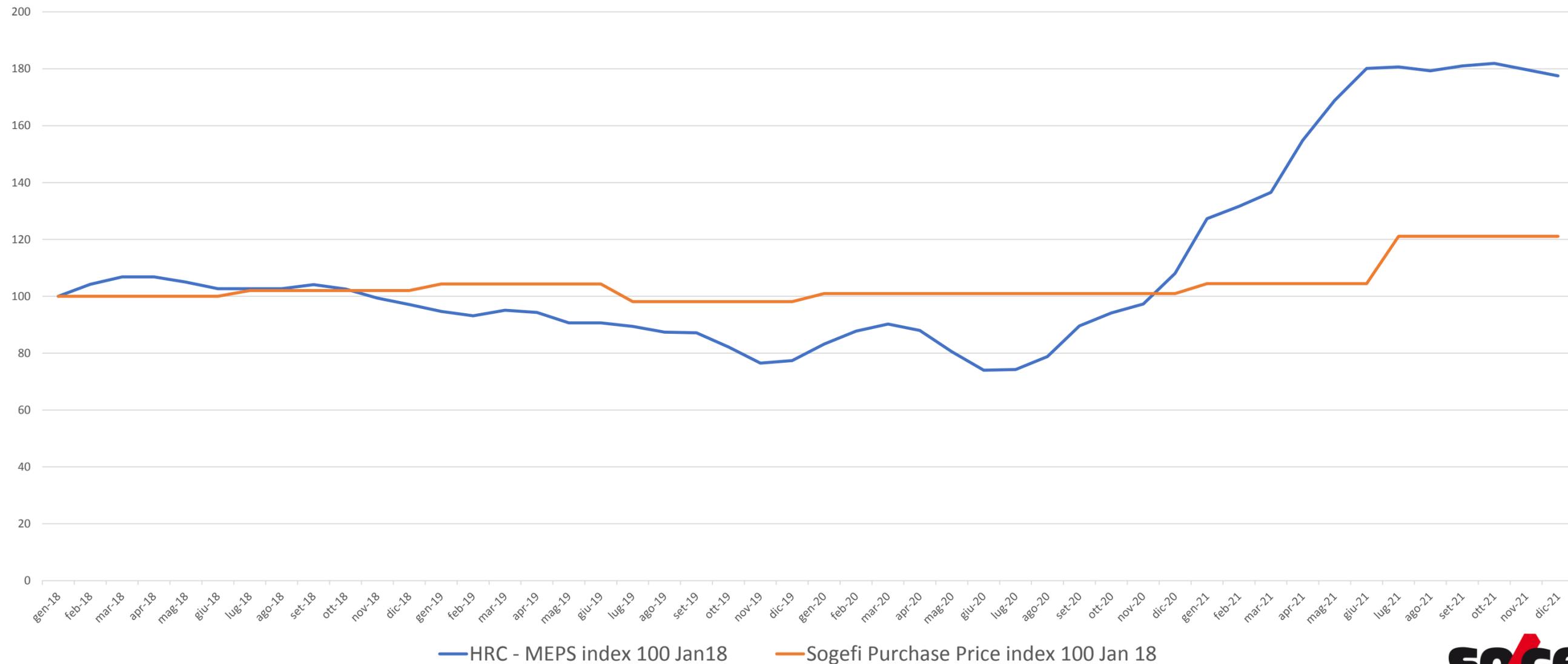
 In July -2.9% and -3.7%	 In July +10% and -7.8%
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Focus on Steel

Steel product purchased	Picture	Sogefi product	Index	Index Performance (September 21 vs 20)
Tubes - Hot		Stab. Bars	HRC MEPS	127%
Solid Round - Hot		Stab. Bars	Scrap BDSV	100%
Solid Round - Hot		Coils Spring (PC)	Scrap BDSV	100%
Solid Flat - Hot		Leaf Spring (HD)	Scrap BDSV	100%
Wire - Cold		Coils Spring (PC)	Wire MEPS	87%

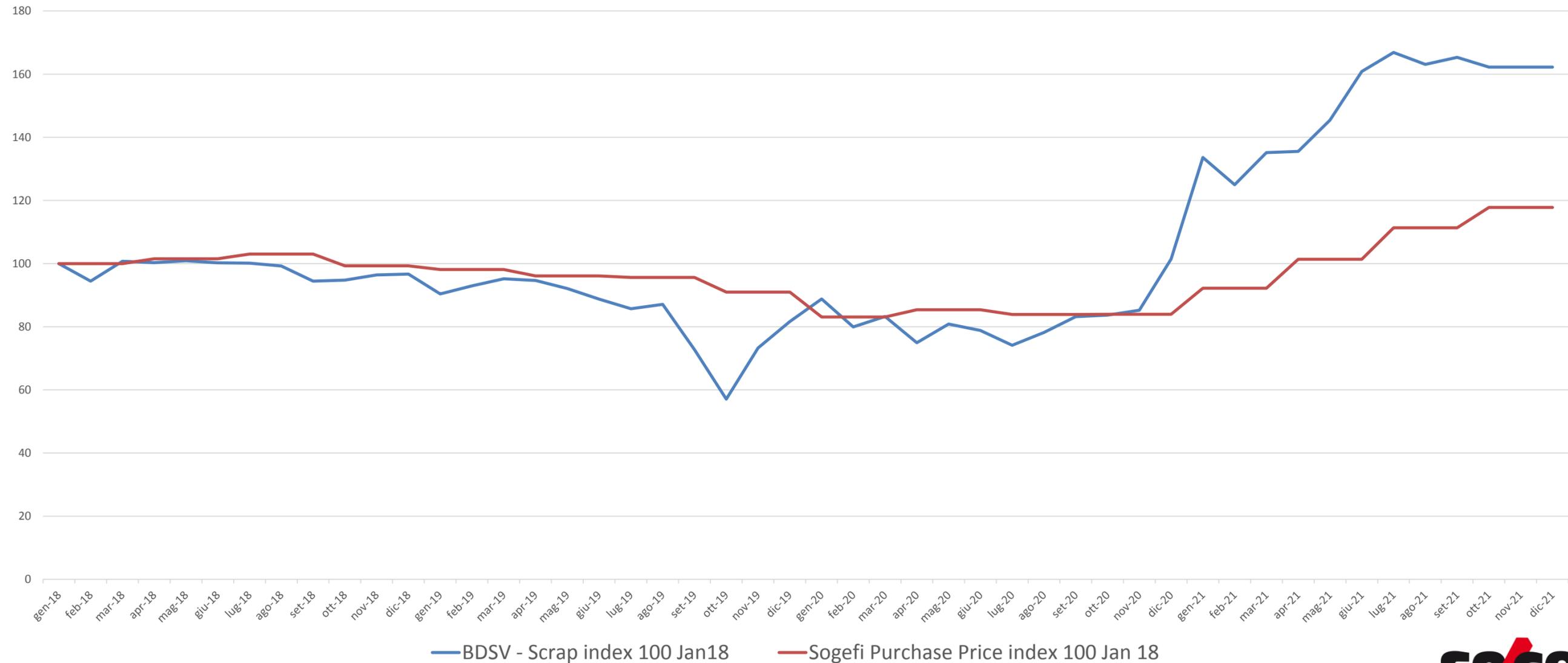
Tube – Sogefi purchase price vs market

Tubes purchase price vs HRC MEPS - Index 100 Jan18



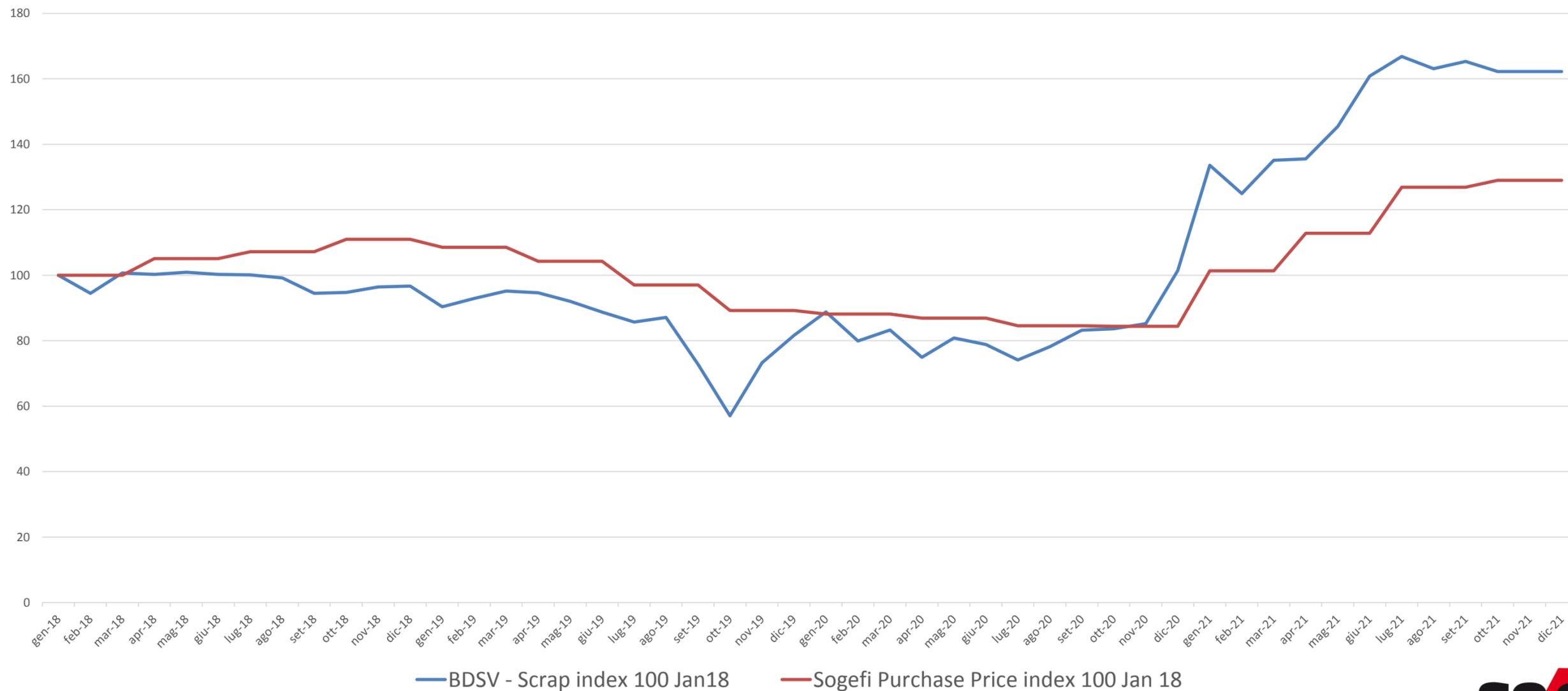
Solid Round – Sogefi purchase price vs market

Solid Round purchase price vs Scrap BDSV - Index 100 Jan18



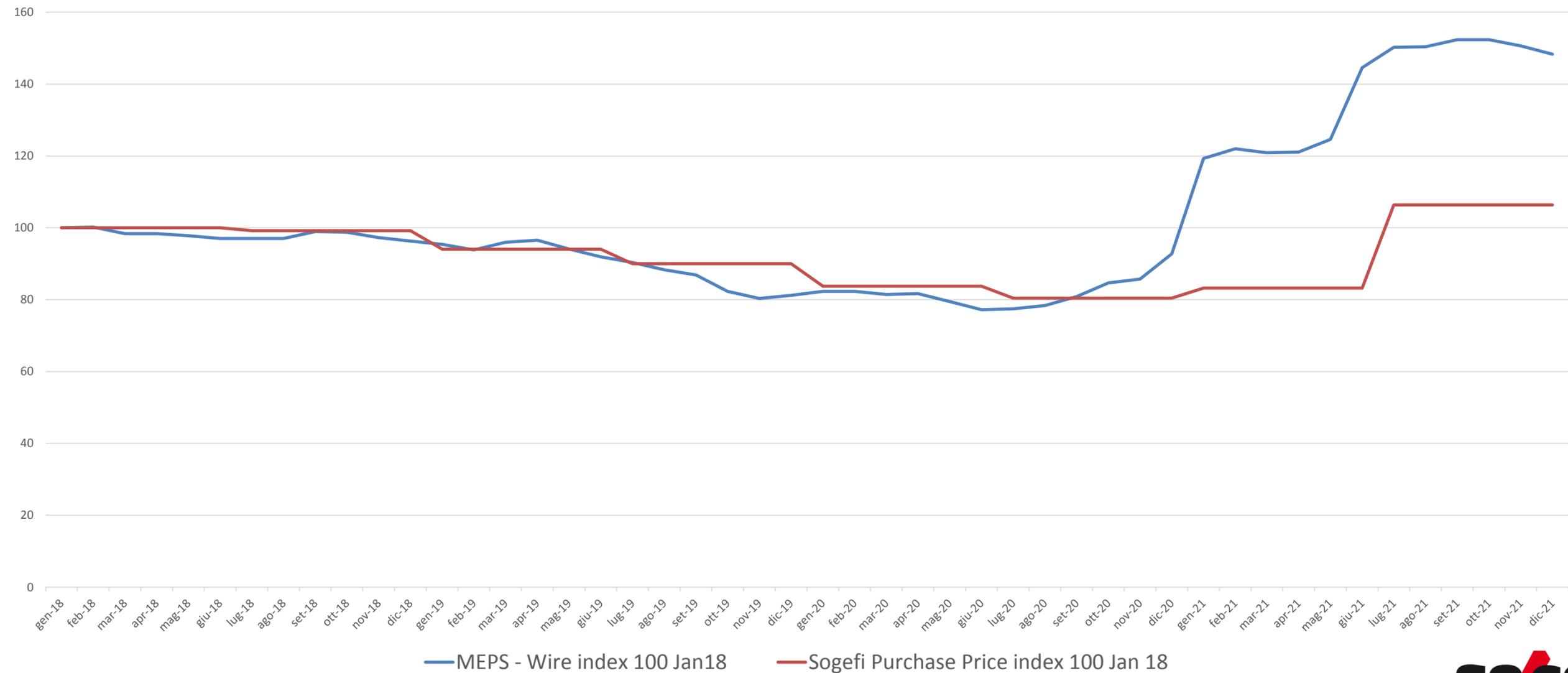
Solid Flat – Sogefi purchase price vs market

Solid Flat purchase price vs Scrap BDSV - Index 100 Jan18



Wire – Sogefi purchase price vs market

Wire Pretreated purchase price vs Wire MEPS - Index 100 Jan18



2021: Raw materials Outlook

- We expect raw materials (steel, plastic & media) price pressure to continue for the last part of 2021
- Resourcing activities and tactical actions have been launched to mitigate the impact on our accounts
- Negotiations with customers over last months and will continue in last part of the year
- We expect that raw material increases will impact the profitability of H2 2021

2021: Financial Outlook

- We anticipate stop and starts from the customers in last part of the year with low volumes. We have implemented a reactive and flexible organization in plants and central functions to mitigate impacts for Sogefi
- For H2 2021, pressure on commodity prices (especially on steel) is expected to continue. The group has launched resourcing activities and commercial actions to reduce the negative effect on the group's contribution margin
- Sale of Filtration in Argentina completed in Q3 with 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 H1 2021, i.e. to achieve for the full year an EBIT margin at least equal to that recorded in 2019**

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DISCLAIMER

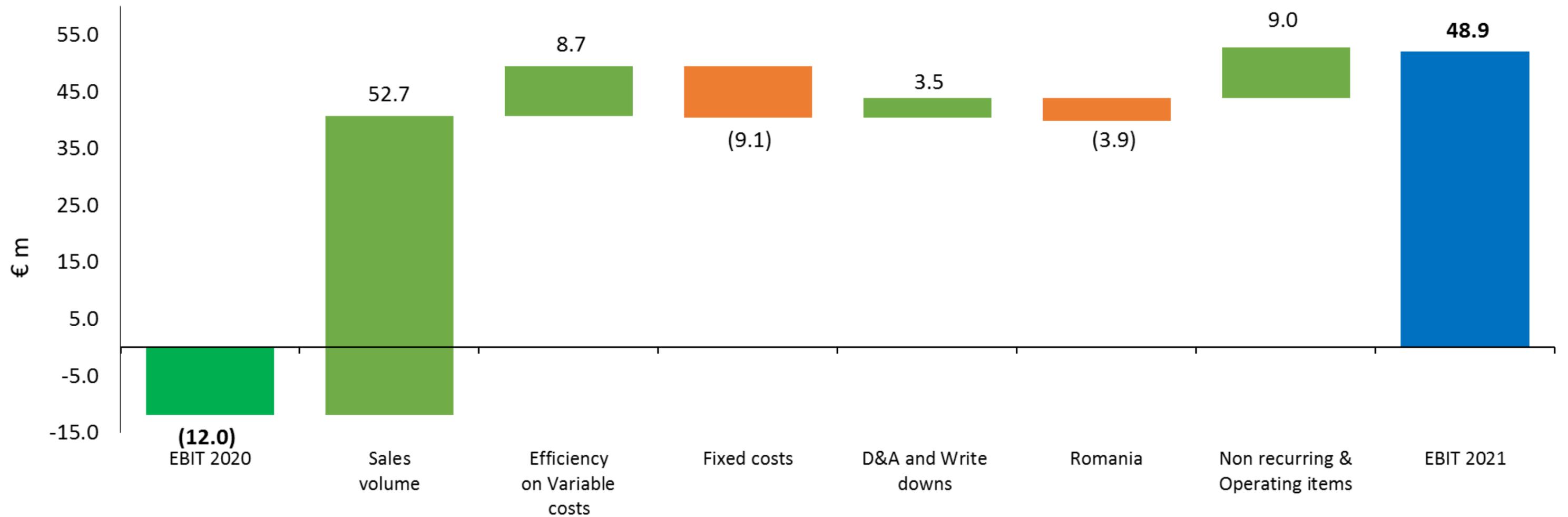
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APPENDIX

Q2 2021 P&L

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

H1 EBIT performance breakdown



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2021