



## PRESS RELEASE

### **PUT OPTION AGREEMENT SIGNED FOR THE SALE OF THE FILTRATION BUSINESS UNIT CONSIDERATION BASED ON AN ENTERPRISE VALUE OF EURO 374 MILLION**

#### **Reduction of the powertrain component and focus on high-potential sectors**

*Milan, 23 February 2024* – Sogefi, in the context of a process aimed at the valorization of its Filtration Business Unit, entered into a put option agreement with the US private equity fund Pacific Avenue Capital Partners, pursuant to which Carta Acquisition France S.A.S. ("Carta France") and Carta Acquisition U.S., Inc. ("Carta US"), the latter corporate vehicles incorporated by the fund, have unilaterally, unconditionally and irrevocably committed to acquire – upon the exercise of the put option by Sogefi – the entire share capital of, respectively, Sogefi Filtration S.A. and Sogefi USA Inc. The Filtration Business Unit will operate under the name Purflux Group in case of closing of the transaction.

Under the terms of the put option agreement, Sogefi has granted the acquiring entities, Carta US and Carta France a 6-month exclusivity period to complete the transaction.

The exercise of the put option by Sogefi and the signing of the sale and purchase agreement relating to the potential sale of the Filtration Business Unit ("Transaction") can only take place once the works council consultation process, required by French law, has been completed.

The Transaction is in any case subject to the obtainment of the clearance from the Slovenian FDI (Foreign Direct Investment) authority and the clearance from the Moroccan antitrust authority.

Subject to the exercise of the put option by Sogefi, the closing of the Transaction is expected to occur within six months from today's date.

The exercise of the put option by Sogefi will be communicated in accordance with applicable law.

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The **consideration** for the Transaction is based on an **enterprise value of Euro 374 million**, corresponding to an **Equity Value**, to be settled entirely in cash, currently estimated at approximately Euro 330 million, which would be determined at closing on the basis of a bridge to equity, which takes into account adjustments based on the Working Capital and the Net Financial Position, as customary for this type of transactions.

The enterprise value implies a **multiple** of 0.65 times 2023 revenues (compared to 0.41 for the average of mid cap peers and 0.31 for Sogefi) and 3.6 times 2023 EBITDA (in line with the average multiples of mid cap peers and significantly higher than Sogefi's spot multiple estimated at 2.3 EBITDA), year in which the Filtration Business Unit achieved a record EBITDA result, +24% compared to 2022.

Therefore, the consideration envisaged for the Transaction implies a substantial generation of value compared to the current stock market value.

Based on the estimated Equity Value, the Transaction would result in a **capital gain of** approximately Euro 130 million vs. the balance sheet value in the financial statements as of December 31, 2023.

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For Sogefi, the **strategic rationale** for the Transaction is clear and articulated.

First of all, the Transaction allows to realize **the value of Filtration** in a phase when the unit has achieved unprecedented results, following a program that has involved the disposal of unprofitable activities, commercial development and an increase in profitability, in a favorable market context for the Aftermarket division.

The Transaction entails the **reduction of the powertrain component** in the group's business portfolio, making Sogefi less exposed to the risks associated with the transition to E-mobility.

The Transaction also allows the **reduction of the complexity and diversification of the group** and to **focus on two high-potential sectors**, namely Suspension, which is undergoing a turnaround, and Air&Cooling, an activity that has been recording positive and ever-increasing results and an ambitious growth path.

Finally, the group will have a very solid financial position, which will allow **greater investments for development**, already identified and in progress, **in the EV market**, by leveraging on at least part of the financial resources deriving from the potential sale.

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Subject to the exercise of the put option by Sogefi and completion of the Transaction, at least 50% of the **proceeds from the sale**, estimated in approximately Euro 330 million, will be allocated to the reduction of the group's indebtedness (Euro 266.1 million as of December 31, 2023, Euro 200.7 million without considering IFRS 16 liabilities) and, for the remaining portion, the Board of Directors will evaluate to propose its distribution.

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Sogefi's Filtration Business Unit produces a full range of filters for the Original Equipment (OE), Original Equipment Spares (OES) markets, and the Independent Aftermarket (IAM). Specifically, the Aftermarket division serves all channels of the independent automotive replacement markets, also through the sale of products branded by the Group: CoopersFiaam, Tecnocar, FRAM® and Purflux for light vehicles, SogefiPro dedicated to commercial vehicle applications.

The Business Unit, headquartered in Paris, is a major player in the sector, with operations in Europe, the United States and India, has 11 production sites, and in 2023 recorded revenues of Euro 573.6 million (35% of the Sogefi group's turnover).

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Pacific Avenue Capital Partners is a Los Angeles, CA-based private equity firm focused on corporate divestitures, carve-outs and other complex situations in the middle market.

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In relation to the Transaction, the Company's was advised by Houlihan Lockey and Clifford Chance, BNP Paribas provided the fairness opinion.