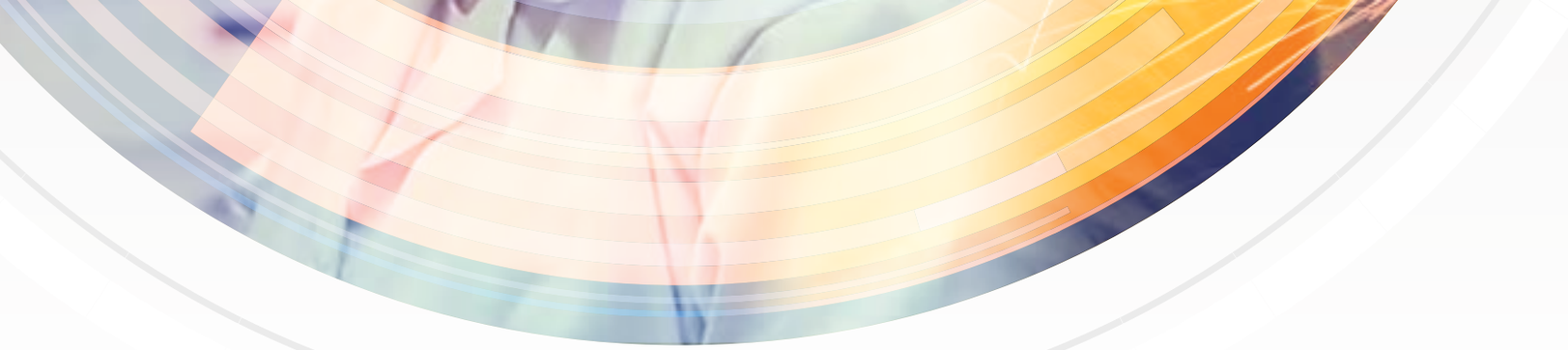
2014 ANNUAL REPORT

CIE Automotive



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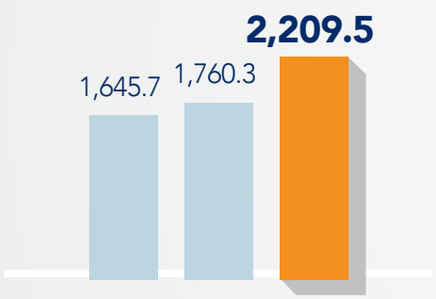
Financial and non-financial figures

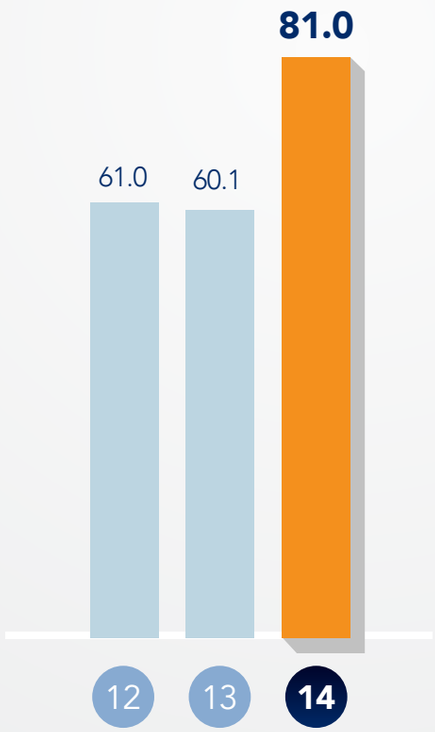
Financial data

€ million

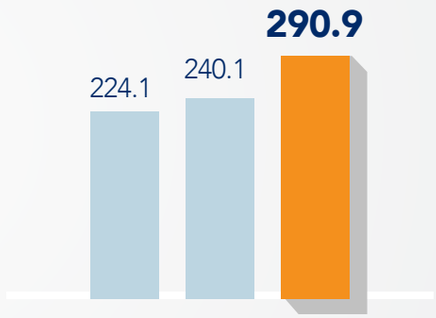
Revenue



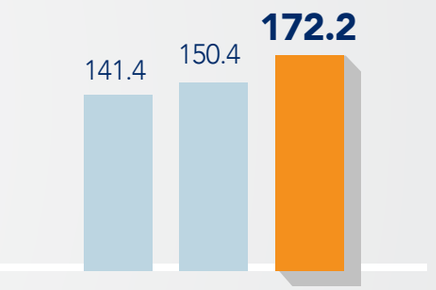
Net profit



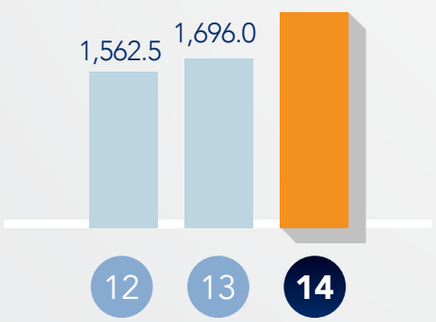
EBITDA**



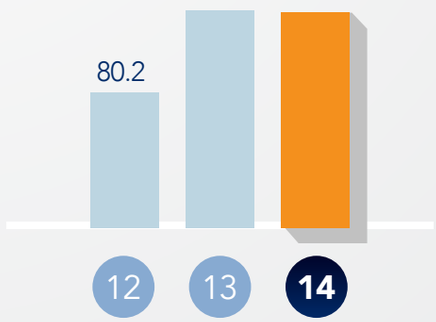
EBIT**



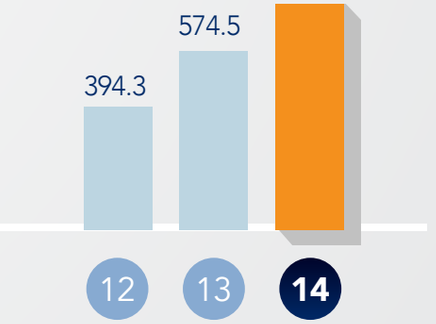
Adjusted revenue*



Capital expenditure



Net debt

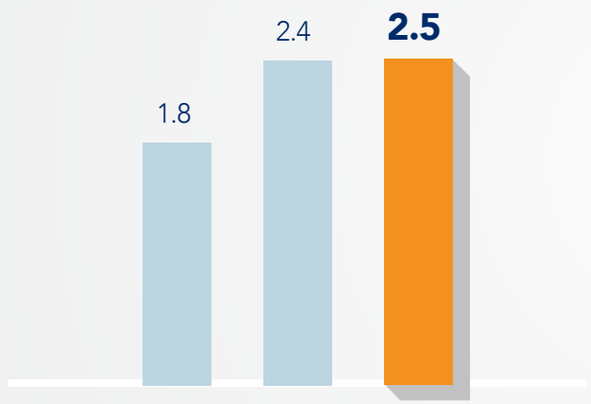


(*) Pro forma data calculated by eliminating sales of diesel for fuel mixing.
(**) EBITDA: earnings before interest, tax, depreciation and amortisation; EBIT: earnings before interest and tax.
Figures for 2013 and 2012 as published at year-end 2013 and presented for comparative purposes in this annual report.

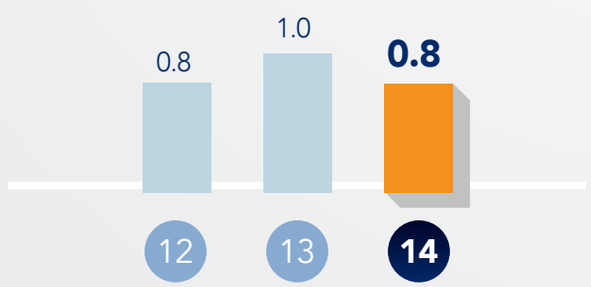
Financial structure

Ratio

Net debt/EBITDA*



Net debt / Equity



Share price information

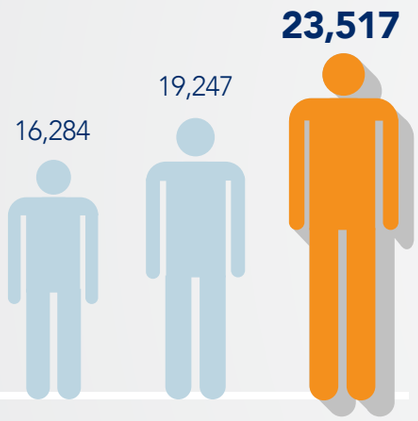
Number of shares			
	114,000,000	118,820,046	**129,000,000**
Closing price (€)	5.20	8.00	**11.26**
Market capitalisation at year-end (€ m)	592.8	950.6	**1,453.8**
Total dividend (€ m)	19.5	18.6	**22.3**
Dividend per share (€)	0.18	0.18	**0.20**
Payout	34%	35%	**32%**
Earnings per share	€0.54	€0.51	€**0.63**
P/E multiple**	9.6	15.7	**17.9**
	12	13	**14**

(*) EBITDA: earnings before interest, tax, depreciation and amortisation.
(**) Price-to-earnings ratio.
Figures for 2013 and 2012 as published at year-end 2013 and presented for comparative purposes in this annual report.

Non-financial metrics

Employment

Headcount



		12	13	14
Job creation (net)		1,949	2,963	**4,270**
Diversity	Men	80.2%	83.9%	84.3%
	Women	19.8%	16.1%	15.7%
By geography	Europa	5,626	6,335	8,304
	Latinoamérica	9,826	9,646	9,793
	Asia, África & Oc.	832	3,266	5,420
Accidents		398	390	**316**
Absenteeism		3.80%	3.65%	**3.43%**

Environmental dimension

	12	13	14
Greenhouse gas emissions (tonnes/€ 000)	0.1131	0.1048	**0.1150**
Energy/revenue (kWh/€ 000)	114.78	124.97	**140.54**
Electricity/revenue (kWh/€ 000)	254.20	318.82	**311.17**
Water/revenue (m^3/year/€ 000)	0.60	0.54	**0.53**
Recycling Aluminium (MT)	30,500	32,186	**28,033**
Recycling Oil (MT)	28,762	31,000	**20,095**

Economic value generated

Thousands of euros

	12	13	14
Revenue	1,645,705	1,760,253	**2,209,516**
Other gains	68,840	68,957	**102,472**

Economic value distributed

Thousands of euros

	12	13	14
To shareholders (dividend)*	19,525	18,622	**22,304**
To employees (employee benefits expense)	343,979	381,721	**514,164**
To suppliers (consumption of raw materials and secondary materials)	963,112	1,012,679	**1,272,102**
Society (income tax paid)	17,663	16,404	**19,583**
Financial institutions (net finance costs)	44,615	66,347	**35,050**
Retained earnings	401,529	435,875	**460,888**
Depreciation and amortisation	82,683	89,690	**118,680**

(*) Interim dividend paid against prior-year profit.
Figures for 2013 and 2012 as published at year-end 2013 and presented for comparative purposes in this annual report.

Group profile

CIE Automotive is a manufacturing group specialised in value-added processes. It has two core businesses: automotive parts and Smart Innovation.

AUTOMOTIVE PARTS BUSINESS

The automotive parts business encompasses the design, production and distribution of components and sub-assemblies for the global automotive market. This has been CIE Automotive's core business ever since the company started out in 1996.

Revenue by business*

86.4%

EBITDA** by business, 2014

92.3%

SMART INNOVATION BUSINESS

The Smart Innovation business takes the form of a broad range of solutions and services that apply sector and technology know-how in the areas of sensorisation, digitalisation and business intelligence to make customers' productive activities more efficient. This business is carried out by Dominion, which has been a CIE Automotive subsidiary since 2011.

Revenue by business*

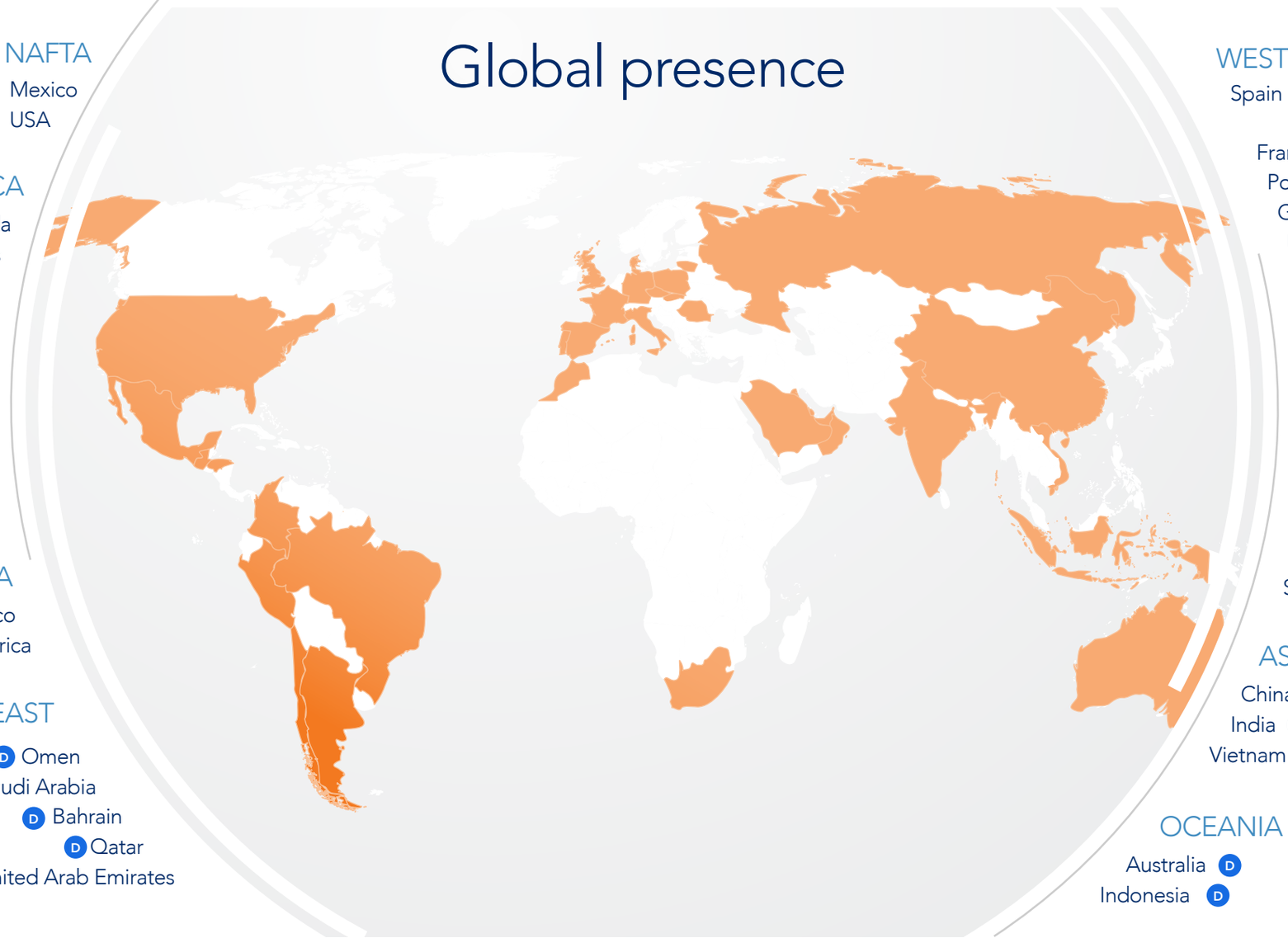
13.6%

EBITDA** by business, 2014

7.7%

(*) Adjusted revenue: Pro forma data calculated by eliminating sales of diesel for fuel mixing.
(**) EBITDA: earnings before interest, tax, depreciation and amortisation.

Global presence



NAFTA
- Mexico: ID A FG SF MC P RS D
- USA: P D

CENTRAL AMERICA
- Guatemala: B
- Honduras: D

SOUTH AMERICA
- Argentina: D
- Brazil: ID FG SF MC P CS D
- Chile: D
- Peru: D
- Colombia: D
- Panama: D

AFRICA
- Morocco: P
- South Africa: D

MIDDLE EAST
- Omen: D
- Saudi Arabia: D
- Bahrain: D
- Qatar: D
- United Arab Emirates: D

WEST EUROPE
- Spain: O O ID A FG SF MC P RS B D
- France: ID MC RS D
- Portugal: ID P D
- Germany: ID FG D
- UK: FG D
- Italy: MC D
- Denmark: D

CENTRAL & EAST EUROPE
- Czech Rep.: SF MC P
- Lithuania: FG
- Romania: A RS
- Russia: A
- Poland: D
- Slovakia: D

ASIA
- China: FG SF MC P RS
- India: ID FG CS SF MC C D
- Vietnam: D

OCEANIA
- Australia: D
- Indonesia: D

KEY

O Headquarters	ID R&D	FG Forging	MC Machining	RS Roof Systems	D Dominion	CS Casting
O Sales office	A Aluminium	SF Stamping & Tube Forming	P Plastics	B Bionor	M Metal	C Composites

Shareholder structure at year-end 2014

Shareholder	Direct	Indirect	Total	%	**Share capital held**
Risteel Corporation, B.V.	16,900,021	0	16,900,021	13.101	**4,225,005.25**
Corporación Gestamp, S.L.	12,652,182	16,900,021	29,552,203	22.909	**7,388,050.75**
Mahindra Overseas Investment Company (Mauritius), Ltd	16,040,706	0	16,040,706	12.435	**4,010,176.50**
Mahindra & Mahindra, Ltd	0	16,040,706	16,040,706	12.435	**4,010,176.50**
Inversiones, Estrategia y Conocimiento Global Cyp, S.L.	8,984,650	0	8,984,650	6.965	**2,246,162.50**
Antonio María Pradera Jáuregui	6,450,009	8,984,650	15,434,659	11.965	**3,858,664.75**
Elidoza Promoción de Empresas, S.L.	12,386,138	0	12,386,138	9.602	**3,096,534.50**
Nmas1 Asset Management, Sgiic, S.A.	0	8,339,208	8,339,208	6.465	**2,084,802.00**
La Fuente Salada, S.L.	6,460,000	0	6,460,000	5.008	**1,615,000.00**
José Ignacio Comenge Sánchez-Real*	0	6,460,000	6,460,000	5.008	**1,615,000.00**
Addvalia Capital, S.A.	6,450,208	0	6,450,208	5.000	**1,612,552.00**

Company data

Registered name:	CIE Automotive S.A.
Registered office:	Alameda Mazarredo, 69 - 8º 48009 BILBAO. Spain
Telephone number:	34 946 054 835
Corporate website:	www.cieautomotive.com
Share capital:	€32,250,000.00
Number of shares:	129,000,000
Par value:	€0.25 per share
Businesses:	Manufacture of automotive components Smart Innovation (Dominion)
Markets:	The CIE Automotive group is present in 35 countries and its shares are listed on the Madrid and Bombay stock exchanges.

(*) This shareholding was placed privately with qualified investors at a price of €12 per share on February 4th, 2015 thereby increasing the stock's liquidity.

CHAIRMAN'S STATEMENT

Dear friends,

Our company delivered its best ever set of earnings in 2014: net profit of €81 million, up 35% from 2013, and revenue of €2.21 billion, year-on-year growth of 28%.

These results evidence the effectiveness of CIE Automotive's business model, which is articulated around multiple manufacturing bases, business diversification, cross-fertilisation, disciplined investment and decentralised management.

Moreover, these earnings were underpinned by a strong performance across all automotive factories and in all markets, most notably NAFTA and Europe, fuelled by an uptick in global vehicle sales of over 4%. They also reveal the growing contribution by our Smart Innovation business, Dominion, which in 2014 consolidated its end-to-end suite of business technology solutions and services, registering topline and EBITDA growth of 87% and 69%, respectively.

In 2014 we increased our scale with transactions that give CIE Automotive the volumes and geographic diversity needed to deliver our strategic objectives, particularly that of generating €3 billion of revenue in 2017.

In the automotive business we completed the integration of Mahindra CIE, the new automotive parts business that opens the door to India, the market offering the greatest growth potential in Asia.

In the Americas we became the sole shareholder of our Brazilian subsidiary Autometal after we successfully delisted it from the São Paulo stock exchange and we developed four greenfield projects in Mexico, our priority NAFTA market in which we are registering substantial recurring growth in revenue and profitability.

In Europe we are better prepared than ever to cater to the gradual growth in new registrations, a trend which has already had a favourable impact on our margins in recent years.

Our Smart Innovation business, Dominion, acquired Beroa, Bilcan and Global Near, cementing its position as a Smart Innovation company with a presence on

all five continents and over 1,000 customers from a range of sectors.

Tellingly, we undertook these transactions without jeopardising our robust financial health. More than that, we secured funding for the next five years at lower interest rates, while lengthening our maturity profile.

Integrated report

In this year of record earnings I am pleased to present our first integrated report, i.e., the first annual report which integrates into a single document the traditional business activities and corporate responsibility reports. Our goal is to provide a broader vision of our business activity not only as a vehicle for creating shareholder value but also as an engine for social progress and wealth creation in our business markets.

Throughout 2014, CIE Automotive continued to create value for its shareholders: the market rewarded the company for its credible profitable growth strategy. CIE Automotive's shares gained 40.8% and we successfully placed shares on the market with a view to boosting the stock's liquidity. I would like to take this opportunity to formally thank our shareholders for their vote of confidence in us.

We focused our business on satisfying our more than 40 customers, including OEMs and Tier 1 suppliers, by offering them an innovative portfolio of products made using multiple technologies, tailored to sector growth trends.

We continued to reinforce our workforce, creating a net 4,270 jobs worldwide, bringing our total headcount to 23,500.

With over 9,000 suppliers globally, we fully assume our obligation to foster and ensure a sustainable supply chain. In 2014, 80% of the purchases made in countries in which we manufacture were fulfilled by local suppliers. Meanwhile we reformulated our purchasing rules and regulations to enhance two-way communication and boost quality.

As in prior years, we addressed our stakeholders' legitimate expectations by means of ethical, transparent and effective management designed to safeguard the company's long-term sustainability. We also took the first steps in rolling out a new global risk management and control project that will go live in the second half of 2015.

Lastly, we renewed our environmental pledge by making automotive products based on eco-designs and promoting manufacturing process efficiency in order to reduce our environmental footprint. Meanwhile, we remain strategically committed to recycling through our biofuels subsidiary, Bionor.

Dominion's environmental protection efforts stand apart. Its energy efficiency solutions, weather management platforms and water and air quality tracking tools are particularly noteworthy, as are certain projects that are intricately entwined with environmental issues such as the Arica anti-tsunami alarm network in Chile.

In the coming pages we will provide a more detailed account of the most important issues related to our economic performance last year, showcase our governance model and environmental pledge and overview our relations with our shareholders, customers, employees, suppliers and the communities affected by our business activities.

Thank you all for your vote of confidence and feedback,

Antón Pradera
Chairman

CEO'S STATEMENT

Dear shareholder,

In 2014 CIE Automotive cemented its position as a global player in terms of both its international scale and its proven ability to satisfy its customers' needs and generate a return on its investments all over the world.

Over the course of the year we added scale with a series of international transactions which contributed to lifting our revenue to €2.21 billion and our net profit to €81 million. Allow me to review some of the milestone transactions.

The most important transaction was, without a doubt, the full integration of Mahindra CIE, the automotive components group resulting from our alliance with India's Mahindra & Mahindra which has made one of our strategic priorities a reality: decisive entry into the Asian market.

The new company is made up of 11 legal entities, is listed on the Bombay stock exchange and has an annual run rate of more than €700 million. Some of its factories are located in India, one of the countries set to lead the Asian automotive parts sector in the years to come. It also has plants in Spain, Germany, the UK, Lithuania and Italy, where the production improvements applied in recent months are already beginning to bear fruit.

Beyond the strategic focus on Asia, we continue to target investment at other high-potential growth markets such as Mexico. In 2014, we built four new greenfield factories which will boost margins in the coming years thanks to tremendously dynamic domestic demand coupled with a boom in exports to the US. NAFTA currently accounts for more than 20% of our sales.

Autometal delisting

In October we became the sole shareholder of Autometal, having launched a delisting offer for the 25.24% São Paulo-listed shares we did not hold for €199 million. In conjunction with this transaction (which was funded with a mix of cash and shares), we placed shares equivalent to 7.89% of share capital, raising €93.24 million from the Brazilian subsidiary's former shareholders and other qualified investors,

with the ultimate goal of making the stock more liquid.

Despite the complexity of the Brazilian market, our plants successfully adapted to the drop in volumes to remain profitable at the EBIT level.

In Europe we witnessed a recovery in car registrations which revitalised our plants and reinforced margins, with momentum strongest at forging and machining operations. The restructuring work undertaken in recent years and the excellence of our facilities have put us in an unbeatable position for catering to the foreseeable growth in demand.

With a view to servicing the major OEMs in Eastern Europe, we are building an aluminium parts factory in Togliatti (Russia) which is slated to begin production this year.

In addition, we bought out all of France's Advanced Comfort Systems-ACS, a company specialised in passenger comfort and roofing systems. We plan to leverage this company's know-how to offer our customers innovative end-to-end products.

Our M&A activity was not only limited to the automotive business. Dominion, our Smart Innovation business unit, consolidated its position as a multi-sector global player with the acquisitions of Beroa, Bilcan Global Services and Global Near Dominion. These transactions add industrial services,

Our M&A activity was not only limited to the automotive business. Dominion consolidated its position

commercial services and digital solutions at the service of customer efficiency to its product suite.

In the era of the digital and big data revolution, Dominion is set to play a leading role in CIE Automotive's future. Today it already commands a meaningful presence with over 5,600 employees in 28 countries, accounting for 13.6% of group revenue and 7.7% of consolidated EBITDA.

All of the operations, activities, acquisitions and greenfield projects pursued in recent years are designed to help deliver the targets enshrined in the 2013-2017 Business Plan: revenue of €3 billion at an EBIT margin of over 9% and a leverage ratio of under 1.5x EBITDA.

Just two years on from setting out on this roadmap we have delivered much of what we set out to achieve in our Business Plan. Today we are in a position to say that we will post €2.7 billion in revenue in 2015.

We are on the right track and the markets agree, bidding up the price of CIE Automotive's shares by 40.8% in the course of 2014.

Thank you all for your support,

Jesús Mª Herrera
CEO

ABOUT THIS REPORT

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Methodology

This integrated annual and corporate responsibility report presents an accurate and balanced account of the economic, social and environmental performance of CIE Automotive and its subsidiaries in 2014.

This year the company has made an effort to adapt the contents of its annual report to international integrated reporting standards for financial and non-financial disclosures.

This report provides information on the aspects identified as material for the company and its stakeholders: aspects that reflect the company's significant economic, environmental and social impacts or substantively influence the assessments and decisions of stakeholders.

The economic and financial information covered in this report covers the activities of the CIE Automotive group in its operating markets. The social and environmental performance data provided specify the related boundaries.

The content of this report is rounded out by the other documents CIE Automotive is legally required to present, which are available on its corporate website at www.cieautomotive.com: the Annual Financial Statements and Management Report, the Annual Corporate Governance Report and the Annual Report on Director Remuneration.

Stakeholder engagement

CIE Automotive is currently working to improve its corporate social responsibility strategy with a view to tightening control over its initiatives and enable more comprehensive and transparent reporting of its efforts. To this end, the company has identified various groups which, directly or indirectly, contribute to its business development or are impacted by it: shareholders, customers, partners, suppliers, society and government.

It engages in continual two-way dialogue with all these stakeholders, attempting to detect and address their legitimate concerns, keenly aware that the viability of the firm is largely dependent upon their satisfaction. In early 2015, CIE Automotive embarked on a Materiality Study to learn more about their respective expectations.

Shareholders

Shareholder value creation is one of CIE Automotive's top priorities. To this end, it targets profitable growth through strategic alliances which enable it to enter new markets, while committing to solid financial health in order to guarantee its viability over time. With a view to providing user-friendly and transparent information, it has put in place channels

CIE Automotive's stakeholders

and mechanisms to ensure its shareholders receive accurate and timely information.

Professionals

CIE Automotive's professionals are the organisation's most valuable asset and its genuine growth driver. The company attempts to address their needs by setting the foundations for a propitious work environment, offering working conditions that are on a par with broader market conditions and a safe and health workplace. With these same goals in mind it goes to lengths to provide its employees with the training they need at all times, programmes which are targeted at their career development in order to prepare them for internal promotion opportunities.

Customers

The company articulates its business activities around coverage of its customers' needs. To ensure their satisfaction, it makes sure its products are safe and made to the highest standards of quality, as well as guaranteeing supply efficiency. Against the backdrop of a competitive market, it attempts to continually contain costs so it can offer compelling prices, while it invests in innovation in order to develop new products. It does all of this applying environmental-protection criteria and guaranteeing human rights are upheld all throughout its value chain.

Partners

CIE has a strategic alliance with Mahindra & Mahindra. This agreement is profitable for both parties, reinforces both entities' positioning by creating new synergies and increases shareholder returns.

Suppliers

The supply chain is one of the lynchpins of the value added by CIE Automotive's products. The company goes to lengths to meet their legitimate expectations: optimum pricing, fair payment terms and alliances designed to tap the force of joint research efforts.

In the Smart Innovation division, partners play a crucial role in the process of continually updating technological know-how so that the company can offer its customers innovative services and solutions.

Society

The company's industrial and service activities create jobs and wealth in its operating markets. In all these markets the firm behaves to the highest standards of business ethics, underpinned by its body of internal rules and codes of conduct, and carries out community work in the least privileged areas. As an environmentally responsible form, it uses available resources efficiently and within the automotive business, is strategically committed to making safer and more environmentally-friendly parts.

The company's industrial and service activities create jobs and wealth in its operating markets

Government

The company complies with prevailing legislation in all its operating markets. In addition to contributing to wealth creation by generating jobs and doing business with local suppliers, its taxes contribute to the development of its operating markets. CIE Automotive also tries to help the various authorities with sector-specific recommendations and advice as needed.

BUSINESS MODEL

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- 36 Smart Innovation →

Identity and commitments

Mission, vision and values

MISSION

We are an international industrial group specialised in managing highly value-added processes:

- We have applied this concept so as to become a supplier of components and subassemblies to the global automotive market, using complementary technologies and a range of associated processes.

- We have also applied this concept at Dominion, converting data into intelligence, challenging the status quo by leveraging Smart Innovation to make our customers' productive processes more efficient.

We are growing steadily and profitably with the aim of becoming a benchmark partner by meeting our customers' needs through innovative, competitive, end-to-end highly value-added solutions.

We seek excellence through the following commitments:

- Continuous improvement of processes and efficient management.

- Encouraging participation, involvement and teamwork in a pleasant, safe work environment.

- Transparency and integrity in everything we do.

- Respect for the environmental.

VISION

We aim to be a benchmark industrial group specialised in managing highly value-added processes.

We aim to be:

- A benchmark for quality, technology, design and procurement.

- Excellent in management.

- An exemplary sustainable business through our commitment to people, the environment and value creation.

Values

Orientation towards internal and external **customers** with a service-based attitude.

Respect for people, their initiative, creativity, originality, engagement and teamwork.

Ability to attain goals and create value.

Positive attitude to change and **continuous improvement**.

Responsibility and integrity, and a commitment to a job well done.

CIE Automotive, a responsible company

CCIE Automotive integrates the social, labour, environmental and human rights related concerns expressed by its stakeholders and broader society into its governance, management, strategy and day-to-day activities.

Convinced that socially responsible conduct is crucial to ensuring the company's sustainability in the long term, it makes commitments that are consistent with its business and provides its stakeholders with accurate information regarding its performance along these criteria. To this end it establishes rules and procedures and tracks, controls and assesses its performance in order to make further progress on its sustainable development ambitions.

CIE Automotive's attitude to corporate social responsibility (CSR) is evident in its Health, Safety, Environmental and Quality (HSEQ) Policy. This policy lays down the principles that govern the company's conduct on its path to excellence, a target crystallised in its triple-zero slogan - 'zero defects, zero accidents, zero contamination - on which it is focusing its efforts under the scope of its operational excellence programme, AVANZA.

Health, safety, environmental and quality (HSEQ) policy

We are a benchmark supplier of multiple technologies to the **automotive sector** and **Smart Innovation** services and solutions to businesses.

We locate where the **customer needs us.**

We give customers what they need, when and how they need it:

Internal customer:	**Safe and satisfied employees**	External customer:	**Shareholders. Sustained and profitable growth**	**Suppliers/Partners. Long-term relationship**	**Customers. Innovation and service**	**Environment. Respect**

Health, safety, the environment and quality are our top priorities. To this end:

We comply with legislation and our customers' requirements	We are committed to accident prevention	We work tirelessly to continuously improve	We all get involved and participate

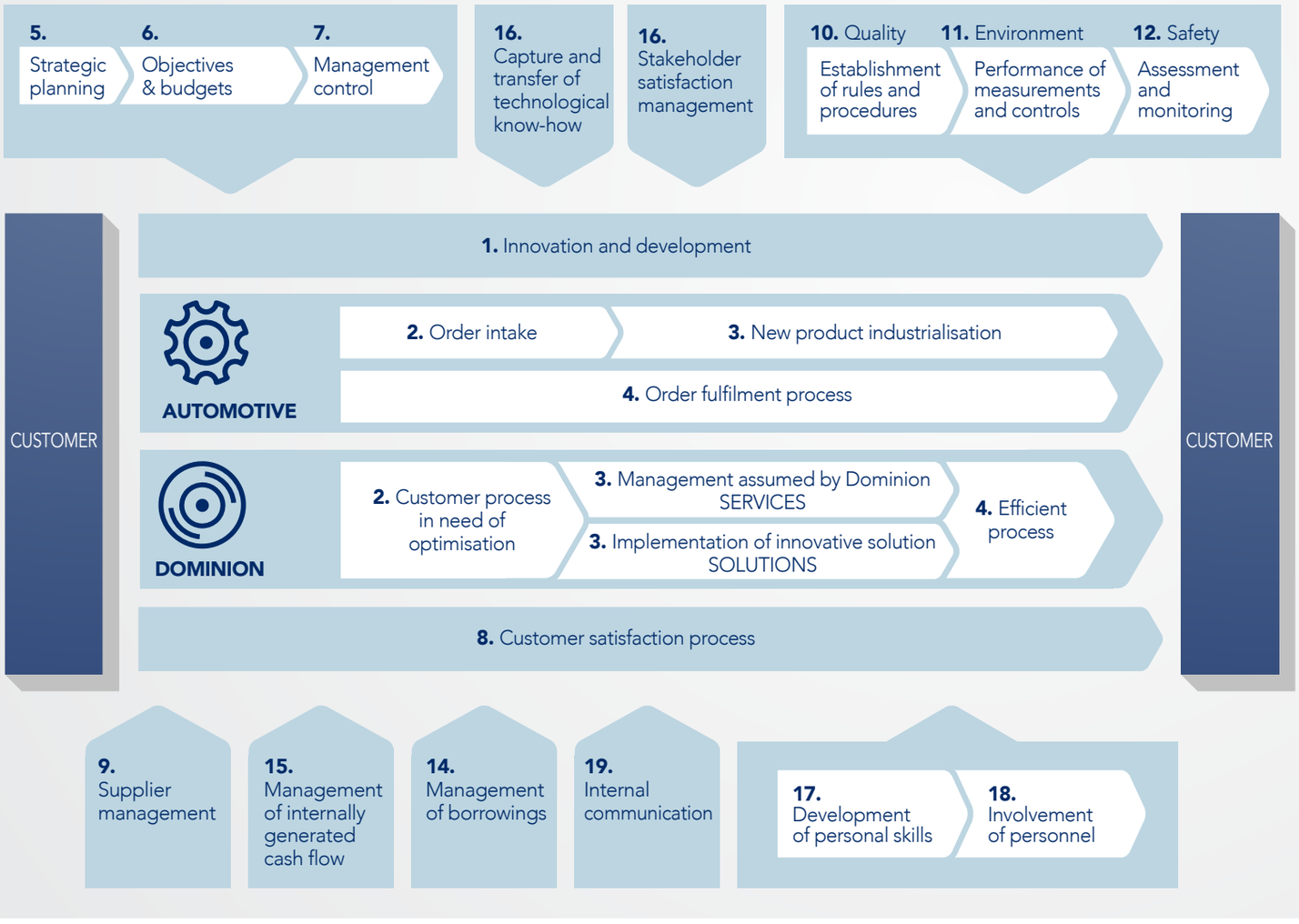
All with a clear objective:

Zero defects	**Zero accidents**	**Zero contamination**

We are advancing towards **excellence**.

It is also worth highlighting the contribution made by the Smart Innovation project to society and environmental protection by means of the projects carried out in these arenas as part of this division's core business activities.

CIE Automotive's process map



The 'zero defects, zero accidents, zero contamination' objective epitomises CIE Automotive's responsible business stance

Creating added value

In doing business, CIE Automotive adds value by delivering quality products and solutions to which the entire company gives its best. All its processes are oriented, directly or indirectly, to satisfying the customer's needs: from researching and developing a new product until its ultimate delivery.

The creation of added value is the result of a complex interplay of processes in which all areas of the company intervene.

Projects

Differentiating traits

CIE Automotive encompasses two projects: automotive and Smart Innovation. The automotive business consists of the design and manufacture of automotive parts, while the Smart Innovation business is focused on the delivery of technology solutions and services designed to make productive processes more efficient. Both businesses share a common model based on five differentiating traits: multiple locations, business diversification, cross-fertilisation, disciplined investment and decentralised management.

AUTOMOTIVE PARTS

Automotive parts

CIE Automotive is a global supplier of parts and subassemblies for the automotive market.

It makes its vast product line using just seven basic processes or technologies: forging, aluminium, castings, machining, stamping, plastics and roof system. Using these technologies it makes components and subassemblies for every part of the vehicle, including the engine and transmission, chassis and steering assemblies and the external and internal finishes and trims.

Its customer base can be divided into two major categories: vehicle makers (OEMs) and tier 1 suppliers. Each category accounts for roughly half of total sales.

Since the company embarked on this venture in 1996, it has been building scale on a sustained basis thanks to a unique business model that has proven capable of withstanding adverse economic cycles and delivering positive shareholder returns year after year.

Five singular traits underpin the automotive business:

Singular traits

MULTI-LOCATION

COMMERCIAL DIVERSIFICATION

MULTI-TECHNOLOGY

DISCIPLINED INVESTING AND STRINGENT RETURN HURDLES

DECENTRALISED MANAGEMENT THAT CREATES VALUE

AUTOMOTIVE PARTS

Multi-location strategy, striking the necessary geographic balance

CIE Automotive goes wherever its customers need it. In response to the globalisation spearheaded by the OEMs in recent years, the company has made a series of acquisitions, keeping its productive factories close to the car assembly plants located in every corner of the world.

In the wake of a succession of complex mergers and acquisitions, coupled with multiple new factory builds, CIE Automotive's industrial network is made up of 79 production plants and seven research centres in Europe, the Americas, Asia and Africa, which between then provide work for around 20,000 professionals.

These factories supply four major car manufacturing markets: Europe, NAFTA, Mercosur and Asia.

Geographic diversification into emerging markets has enabled the company to mitigate the adverse effects of the crisis in the more advanced economies. Today, the company's sales and earnings mix is evenly balanced between developed markets and the faster-growing economies.

CIE Automotive has 79 parts manufacturing factories and seven R&D centres in Europe, the Americas, Africa and Asia

Automotive product manufacturing plants by major market

		Aluminium	Forging	Casting	Machining	Stamping	Plastics	Composites	Roof system
Europe	**39***	5	8	-	13	5	5*	-	3
NAFTA	**11**	1	1	-	1	4	3	-	1
Brazil	**12**	-	1	1	1	4	5	-	-
Asia	**17**	-	2	2	3	7	1	1	1
TOTAL	**79**	6	12	3	18	20	14	1	5

(*) Includes one factory in Morocco

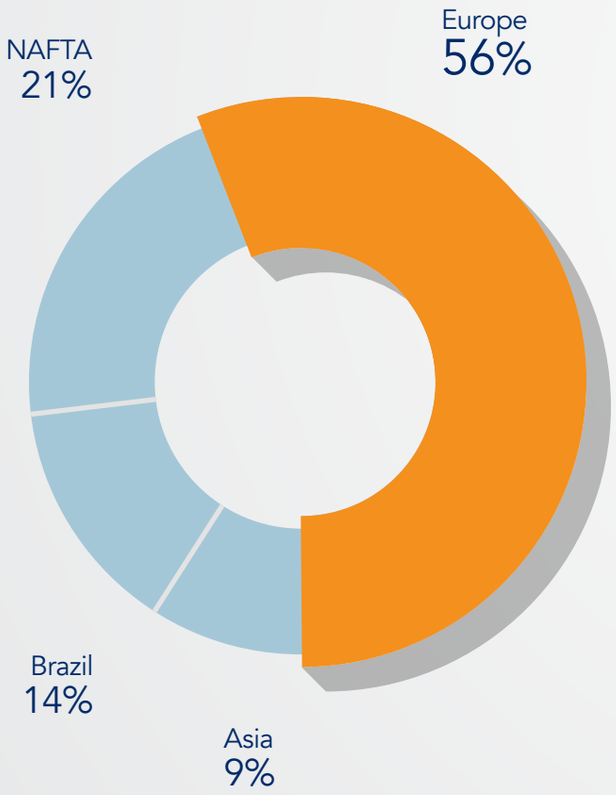
In 2014, CIE Automotive consolidated its position as one of the world's leading automotive parts groups, adding and integrating new companies and winning market share in its core markets.

Europe

CIE Automotive has 38 productive plants in 10 European countries: Spain, France, Germany, Italy, Portugal and the UK in Western Europe and the Czech Republic, Lithuania, Romania and Russia in Central and Eastern Europe. It also has one factory in Morocco.

AUTOMOTIVE PARTS

Revenue breakdown by major market



The group remains profitable in Europe thanks to the growing specialisation of its factories, process automation and continual plant efficiency gains, despite current capacity utilisation of around 80% (although this figure is higher in some areas such as machining, thanks to recent orders received).

After a period of restructuring, the European factories are in an ideal position to respond to the anticipated market recovery.

In 2014, CIE Automotive continued to invest in and upgrade its European factories.

In Germany it centred its efforts on the viability of Mahindra Forgings Europe (MFE). The company began to execute the action plan defined in 2013 for the German forging operations. Among other measures, this plan entails the optimisation of work flows, increased productive efficiency, the automation of certain processes, the outsourcing of non-core processes, price renegotiation and the search for procurement synergies.

On the productive front in Eastern Europe, the foundations were laid for the planned aluminium injection factory in Togliatti (Russia), a greenfield project close to Avtovaz. CIE Automotive will therefore become one of the first companies to set up a base in Russia for the manufacturing of engine parts.

The outright acquisition of France's Advanced Comfort Systems-ACS enhances CIE Automotive's position in comfort-related parts

One of the key transactions closed last year was the acquisition of all the non-controlling interests in Advanced Comfort Systems-ACS, in which the company already held a 50% stake, for €10.7 million (plus an earnout that will be calculated as a function of EBITDA). Advanced Comfort Systems-ACS makes products related to passenger comfort - roofing systems, windows, shading systems and load management systems - across its five factories in France, Spain, China, Romania and Mexico.

Thanks to this transaction the group has added to its know-how in this niche and is now well placed to develop these products on a global scale by using its manufacturing base to synergistic effect. This acquisition also improves its position in the comfort components segment, which is one of the fastest-growing areas of the automotive sector.

AUTOMOTIVE PARTS

NAFTA

In order to supply the North American OEMs, CIE Automotive has nine productive centres in Mexico and two in the US. Since entering the Mexican market in 2006, the group has been gradually adding new facilities in order to cater to the OEMs' demands, ultimately emerging as the market leader.

It is currently building four greenfield factories in the machining, forging, stamping and aluminium areas in Mexico. This new capacity will set the unit's direction to 2017 and will generate aggregate revenue of around €150 million in the years to come.

Current forecasts call for significant growth in Mexico, driven by strong production volumes and the 'Europeanisation' of cars in the region. In the near term, US vehicle production is expected to stage further recovery, having ranked number two in the world in 2014.

The company plans to continue to invest in Mexico which is still lacking enough installed capacity to meet demand; moreover the returns on these investments are compelling.

CIE Automotive has four greenfield builds underway in the machining, forging, stamping and aluminium segments in Mexico

AUTOMOTIVE PARTS

The shares of Autometal were delisted from the Sao Paulo stock exchange in 2014

The offer, for up to around €200 million, was financed with a mix of cash and new parent company shares (50/50), which were bought by Autometal's shareholders in an accelerated market placement. As a result of this transaction, institutional investors from Brazil and the US joined the parent's shareholder ranks.

Having obtained a 99% acceptance rate by September, it was decided at Autometal's shareholder meeting to squeeze out the remaining minority shareholders, so that CIE Automotive today owns 100% of Autometal.

This transaction has widened CIE Automotive's shareholder base and free float and reinforced the shareholder structure.

Brazil

The Brazilian market remains a significant niche market in Latin America, even though it is losing competitiveness on the back of high wage inflation and currency depreciation, the downtrend in new registrations and high taxation.

The group currently has 12 factories in Brazil where it is focusing intensely on making its operations more efficient and automating its processes. The Brazilian factories are best-in-class in thermoplastic technology, colour body paintwork and chrome plating.

Framed by this market environment, in April 2014, CIE Automotive, through its subsidiary CIE Autometal, launched a delisting offer for the 25.24% of the latter that was listed on the Sao Paulo stock exchange.

Asia

CIE Automotive has committed strategically to India as its chosen gateway to the Asian market. In 2013 the company entered into a global alliance with Indian group Mahindra & Mahindra covering automotive parts. This alliance gives the Spanish company scale and a strong entry into Asia, its priority market.

The agreement entailed the creation of a joint venture, Mahindra CIE Automotive, which encompasses 11 legally-incorporated operating companies in India and Europe with a revenue run rate of more than €700 million.

The new venture - Mahindra CIE Automotive - is 53%-owned by the Spanish group and 20%-owned by its Indian partner

The new holding company, which is 53%-owned by the Spanish group and 20%-owned by its Indian partner, has a presence in five European markets in addition to India: Spain, UK, Germany, Lithuania and Italy.

The venture's product portfolio includes cast parts, forged parts, stamped parts, machine-tooled gears, magnetic products and composites, which are made across 20 plants: nine forging plants in India and Europe; three machining facilities in India and Italy; five metal plants and one composites factory in India, where there are also two casting centres.

The strategic alliance between CIE Automotive and Mahindra is designed to facilitate the Spanish company's expansion in Asia, underpinned by

AUTOMOTIVE PARTS

operations in the Americas, Europe and Asia and supported by listed companies in Spain and India.

Phase one of this transaction closed in 2013, when CIE Automotive brought its European forging business under its subsidiary Autometal and acquired nine operating plants from Mahindra in India, Germany and the UK devoted to forging, casting and composites. To structure this part of the transaction, CIE Automotive issued new shares to the Mahindra group.

The final phase of the transaction closed in 2014 with the integration of another nine factories in India and one in Italy.

India is emerging as a growth engine for the Asian automotive sector: production is expected to jump from 3 million units per annum to 10 million within the next decade. Along with China, India is already one of the largest truck producers.

In China, currently the world's largest car maker, CIE Automotive is well positioned in an important market niche, thanks to its European customers.

In 2014 the company doubled the size of its factory in Nanjing adding its strategic crankshaft product and establishing itself as a force in forging. It also launched the first electronic power steering machining plant to cover its customers' needs.

AUTOMOTIVE PARTS

Business diversification

The economic crisis in Europe revealed one of the major problems affecting the automotive parts sector: dependence by many companies on a specific brand or exclusive make of car. When demand collapsed, certain companies were exposed to the whims of the multinationals and saw their revenue plummet, in some cases having to shut down.

CIE Automotive's anti-cyclical formula is predicated on nurturing a highly diversified base of customers located in different countries

AUTOMOTIVE PARTS

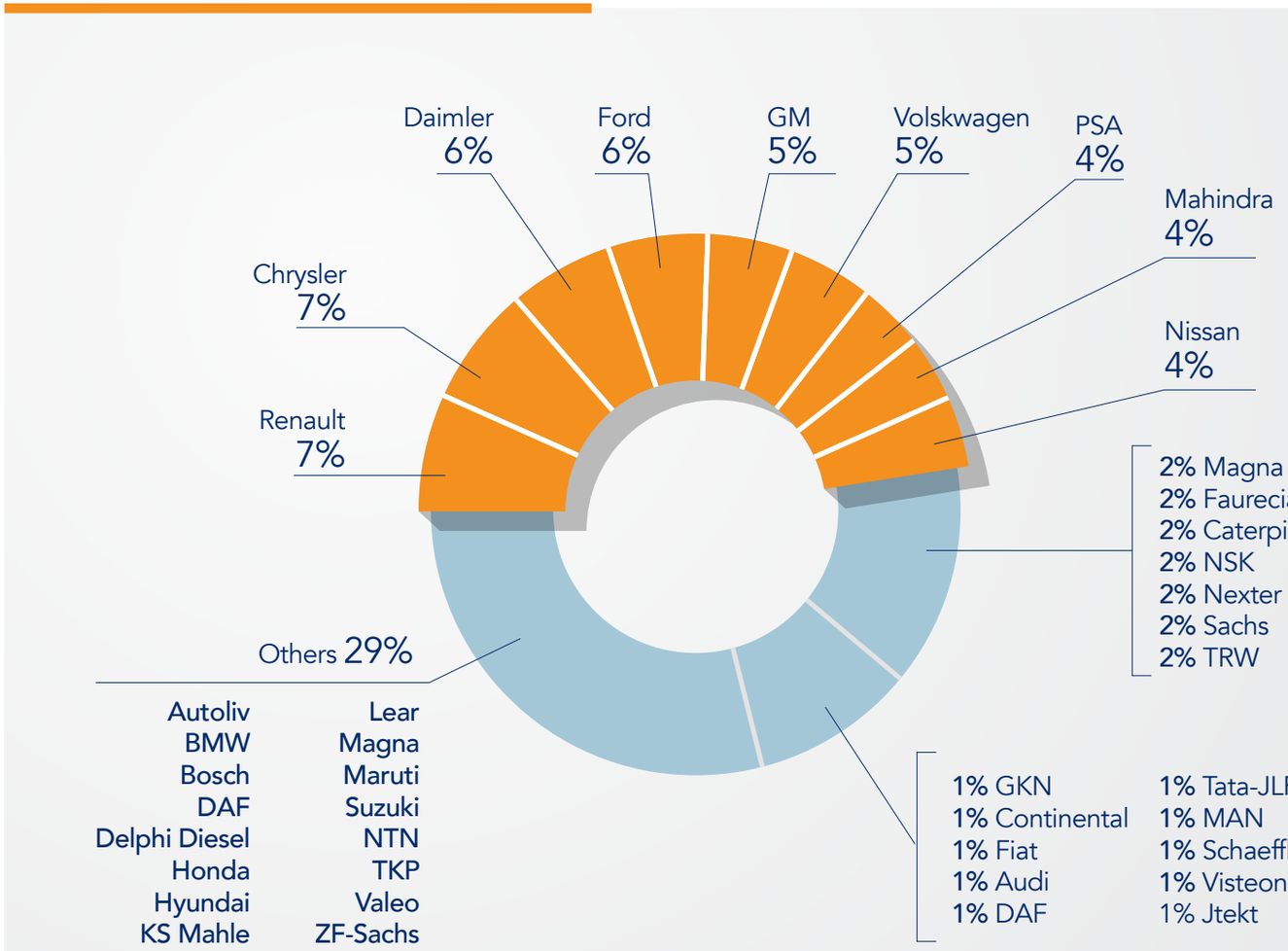
CIE Automotive's anti-cyclical formula is predicated on nurturing a highly diversified base of customers located in different countries in order to minimise risk and generate significant and stable earnings without having to rely on specific vehicle platforms of customers.

Its customer portfolio can be divided into two major categories: vehicle makers (OEMs) and Tier 1 suppliers. The company has managed to successfully balance its sales mix between the two.

Today the group has over 40 customers around the world. Its customers include not only the major automotive sector multinational brands but also other components industries.

CIE Automotive has more than 40 customers worldwide between OEMs and Tier 1 suppliers

Revenue mix by customer



AUTOMOTIVE PARTS

Multi-technology portfolio

CIE Automotive is one of the few Tier 2 suppliers in a position to offer a a range of different technologies and partial processes in most important automotive markets around the world.

Its makes its entire product line, made up over 6,000 SKUs, using seven core processes or technologies: forging, aluminium, casting, machining, stamping, plastic and roof system.

This allows it to:

-Select the technology that best satisfies customer needs.

-Target capital expenditure at prevailing winning technologies.

-And, in parallel, project CIE Automotve as the leading marker of powertrain systems worldwide.

Leading products

Given the market's breadth and what it is demanding, CIE Automotive focuses on strategic products that are growing faster than the overall market, segments in which it is the leading supplier.

Its products are aligned with the leading automotive market growth drivers: platform globalisation and downsizing, the trend towards lighter vehicles, the manufacture of mid-range hybrid vehicles, internal electrification systems, a focus on passenger comfort and the rollout of standard safety standards across all regions.

Given the market's breadth, CIE Automotive focuses on strategic products that are growing faster than the overall market

Geographic footprint by technology

		EU	NAFTA	Brazil	India	China
POWERTRAIN	**Forging**	✓	✓	✓	✓	✓
	Aluminium	✓	✓			
	Casting			✓	✓	
	Machining	✓	✓	✓	✓	✓
	Stampings	✓	✓	✓	✓	✓
	Plastics	✓	✓	✓		✓
	Roof systems	✓	✓			✓

AUTOMOTIVE PARTS

Strategic products

FORGED PRODUCTS	● **Crankshafts**	● **CV joints**	Axle shaft	Axle beam
ALUMINIUM PRODUCTS	● **Gearbox housing**	● **Ladder frame**	Steering housings	● **Camshaft cover & clutch housing**
CAST PRODUCTS	Turbo housing	Crankshaft	Differential housing	Brake drum
MACHINING PRODUCTS	● **Hubs, outer rings**	● **EPS components**	Differential cases	● **Flange**
STAMPING & TUBE FORMING PRODUCTS	Body in white (BIW)	● **Steering columns**	● **Brake booster**	Seat structure
PLASTIC PRODUCTS	Emblems	● **Ashtrays**	● **Arm rests**	Trim parts
ROOF SYSTEMS	● **Glazing**	● **Opening roof**		Shading
MULTI-TECHNOLOGY PRODUCTS	● **Oil pan, metal forming, aluminium, plastics Diesel & gasoline injection rails**		● **Forging and machining & tube forming**	

● Strategic products with higher than market average growth and profitability, in which CIE is leader supplier

AUTOMOTIVE PARTS

Disciplined investing and stringent return criteria

CIE Automotive is committed to delivering profitable growth. In 2014 it once again showcased its ability to successfully execute a strategic vision articulated around multiple locations, diversification and innovation. Framed by this strategic commitment, it invested €121 million last year.

Most of its capital expenditure was earmarked to enhancing productivity and quality and making its facilities more flexible, with the remainder invested in the above-mentioned greenfield projects.

The strategic commitment to disciplined investing and stringent return hurdles is articulated around three axes:

- Flexible standard machinery and equipment.

Machinery that can be used to manufacture for multiple customers and platforms, thereby maximising capacity utilisation. Investment criteria: recurring capex of 4% of revenue designed to enable facility maintenance plus organic growth of 2-3%.

- Strict investment discipline

Disciplined analysis of investment opportunities, imposing stringent return hurdles:
- Minimum operating capex: 20%.
- Zero operating working capital requirement.
- M&A criteria: EV/EBITDA <= 3 in 3 years.

- EBITDA-to-cash conversion.

By streamlining productive capacity and controlling investment, the company's EBITDA-to-cash conversion ratio is higher than the market average. Target conversion ratio: 50%.

The group exercises strict control over each of its investments, setting minimum target return rates of 20%

Decentralised management that creates value

CIE Automotive's management model is designed to generate value and deliver its corporate targets. It is a decentralised system in which the technology divisions are supported by a corporate network, the group's centre of balance.

Decision-making is rapid and simple and the entire team gets involved in execution. The divisions are the decision-making centres, while the corporate network brings the coordination needed to achieve the targeted profitability thanks to an inter-related work model. The interplay of the two makes the divisions more effective and the functional departments more efficient.

CIE Automotive's automotive business is divided into six divisions: Forging, Machining, Plastics, Aluminium, Metal and Smelting, all of which with a global presence.

The corporate network is made up of the following areas: Corporate Engineering, Sales, Procurements, Quality and Human Resources.

Organisational structure of the automotive parts business

The technology divisions are supported by a corporate network, the group's centre of balance

- Corporate Engineering deals with new business openings. It develops highly valued added products that fit with the corporate culture and make economic sense. It tracks new technologies and offers technical support to the sales network.

- The Sales area's job is to ensure access to the key customers' decision-making centres with a view to becoming their global supplier for star products. It ensures the existence of a global vision of the market and customer needs and complements the divisional sales teams on global projects.

- The Procurements area coordinates the Lead Buyers, sourcing specialists with a big picture vision of the market and its needs. This area dictates the product family procurement strategy, identifies

AUTOMOTIVE PARTS

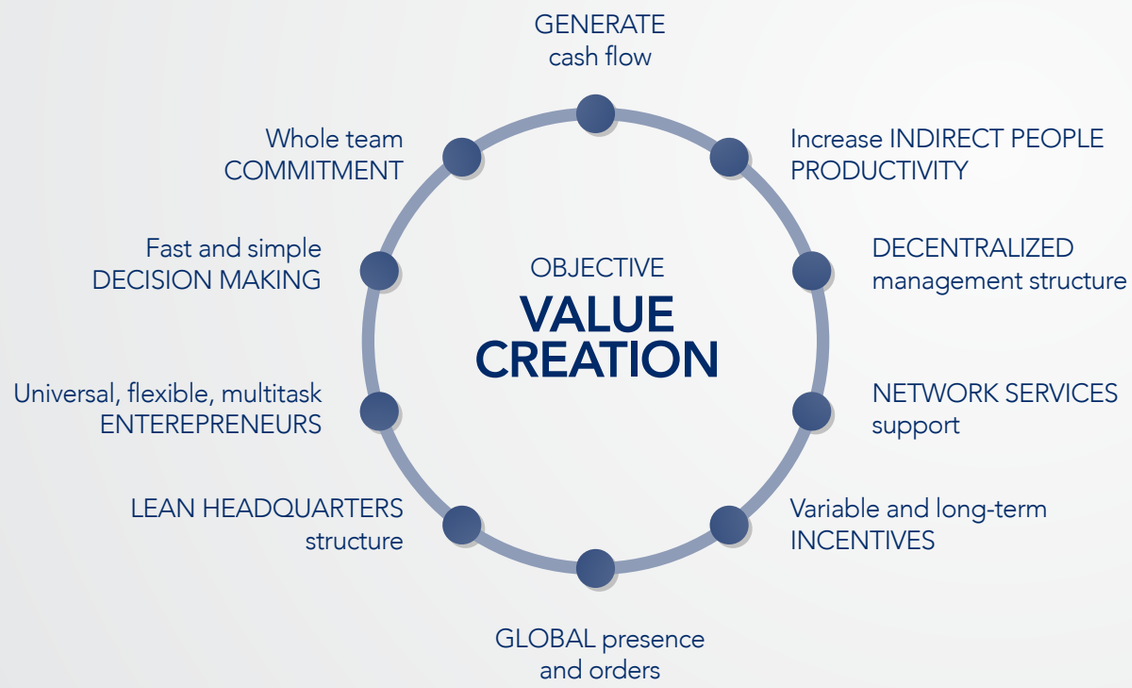
suppliers, leads negotiations and contracts global services.

- The Quality area ensures homogeneous quality standards across the divisions with the goal of achieving excellence and delivering the triple-zero target: zero defects, zero accidents and zero contamination.

- The Human Resources area's job is to ensure the best management team.

This innovative management model, coupled with a streamlined cost structure, gives the company the flexibility and multi-tasking ability needed to compete successfully in a global market.

Objective: value creation



Committed to the environment: biofuels

The automotive business includes a recycling-focused project, Bionor, which dovetails with CIE Automotive's firm environmental commitment. The company gathers used oils from which it makes biofuels.

Its activities encompass the sourcing of raw materials (recycled oils, animal fats, oleins, etc.) for transformation into biofuels which the company distributes in Spain and abroad.

Investment in Bionor has been pared back to that required to facilitate its organic growth and is expected to be recouped by means of the EBIT generated.

SMART INNOVATION

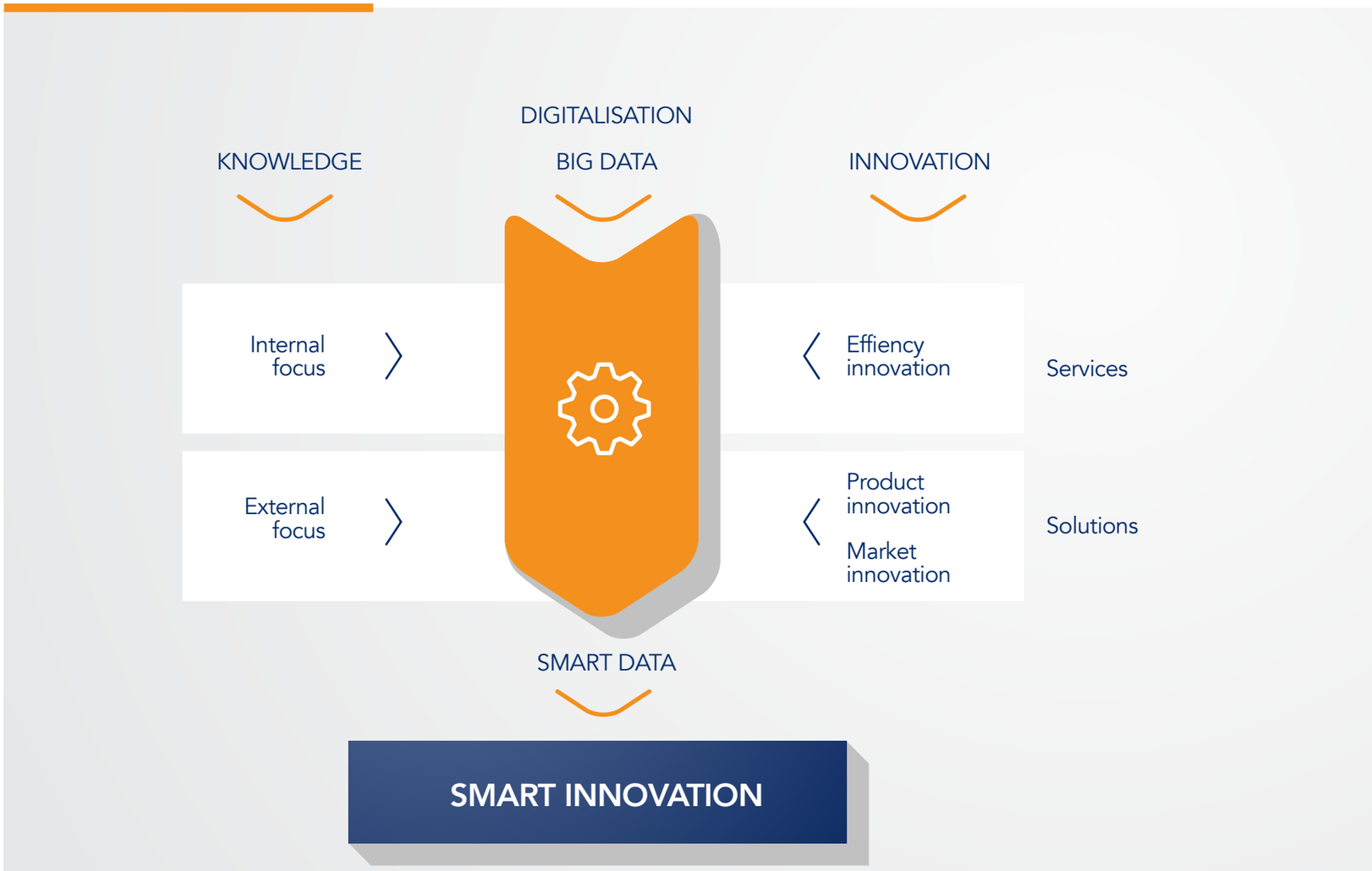
Smart Innovation

CIE Automotive carries out Smart Innovation through its subsidiary Dominion. This multi-sector group, with over 5,600 employees across 62 offices in 28 countries, offers its 1,000 customers solutions and services designed to make their productive processes more efficient by leveraging technology, sector know-how and innovation.

In the current environment, in which the digital revolution is altering the status quo in all sectors of the economy, Dominion is focused on turning big data into intelligence at the service of its own operational efficiency and that of its customers.

With a history stretching back 15 years in the telecommunication sector, Dominion currently comprises two business lines: services and solutions.

Dominion's DNA



SMART INNOVATION

Dominion is focused on turning big data into intelligence at the service of its own operational efficiency and that of its customers

SERVICES: Efficiency-oriented innovation

Services are the instances in which Dominion assumes the management of one of its customer's productive processes in order to render it more efficient by tapping its experience in sensorisation, sector know-how and, most importantly, its ability to manage resources from control centres that monitor the tasks to be performed.

Dominion offers its customers this efficiency upside in the education, healthcare, banking, energy and other industrial and technology industries.

The services provided include installation and maintenance, network management, security, energy efficiency, weak current systems, commercialisation, marketing and logistics.

This area is divided into three divisions: Dominion Services, Dominion Industry and Dominion Commercial.

Dominion Services

SMART INNOVATION

Dominion offers its customers solutions that allow them to drive substantial improvement in the efficiency of processes

SOLUTIONS: Product innovation

Dominion offers its customers solutions that allow them to drive substantial improvement in the efficiency of processes they manage in-house. To this end it combines its technological acumen and sector know-how with its ability to articulate financial solutions, its proven track record managing complex projects and deep knowledge of its customers' needs.

Present in the industrial, energy, healthcare, banking and public administration sectors, among others, Dominion offers turnkey solutions and projects underpinned by the know-how acquired as a result of its own R&D efforts and collaborations with its technology partners.

This area is structured into three divisions: Dominion 360°, Dominion Solutions and Dominion Digital.

Dominion solutions

DOMINION 360°

DOMINION Solutions

DOMINION Digital

CLIENT KNOWLEDGE	Collaboration for project design	
TECHNOLOGICAL KNOWLEDGE	Technological Partners	SIEMENS, REFRATECHNIK, SUTRON, SAINT-GOBAIN
	R&D	proalert, proura, FarmaTools, prometeo, proaer, DieTools, visual time
FINANCIAL KNOWLEDGE AND CAPACITY	Financial alternatives Participation and assurance capacity	
PROJECT MANAGEMENT KNOWLEDGE	Full process monitorization Logistics Maintenance, warranty and operation (O+M)	

INDUSTRY

ENERGY

PUBLIC ADMIN.

HEALTH

BANKING

SMART INNOVATION

A SUCCESSFUL MODEL

Dominion's business model is robustly underpinned by knowledge and technology that is oriented around its own and its customers' efficiency. This model shares the automotive business's five differential traits which enable it to deliver earnings growth year after year.

Dominion's business model is robustly underpinned by knowledge and technology

Singular traits

GLOBAL PRESENCE

BUSINESS DIVERSIFICATION

MULTI-SECTOR PRESENCE

DISCIPLINED INVESTING AND STRINGENT RETURN HURDLES

DECENTRALISED MANAGEMENT THAT CREATES VALUE

SMART INNOVATION

Global presence

It is currently present in 28 countries in which it boasts excellent positioning in the Services area. High repeat rates of business guarantee earnings visibility. Moreover, it is the world leader in specific niches of Industrial Solutions and is a leading player in hospital projects and EPC arrangements, environmental contingency management, industrial furnaces, solar towers, etc.

Dominion is present in eight European markets where it boasts an extensive track record, with engineering centres in Germany and Spain. Dominion commands a leadership position in several segments in Europe, including renewable energy (e.g., the Torresol and PS10 solar towers), hospital pharmacy and dietary solutions and urban development projects (such as London's Battersea Power Station).

Its presence in the Americas extends from the US to the southern tip of South America, encompassing a total of nine countries. The company is a leading provider of technology services in Brazil, Mexico and Peru, where it also carries out major projects in a number of fields. In the hospital segment, its projects in Chile (where it has a 15-year management concession at Antofagasta Hospital), Honduras and Argentina stand out. In the industrial sector, Dominion has furnace and high structure projects throughout the continent.

Dominion is currently present in 28 countries in which it boasts excellent positioning

Dominion also boasts a notable presence in Asia and Oceania. In southeast Asia, its EPC projects at industrial plants in countries such as Vietnam, Indonesia and Malaysia for customers including Hyundai and Samsung stand out, among others. In India, where the company has a significant portfolio of industrial service projects, management is analysing the scope for tapping a range of synergies with Mahindra & Mahindra, one of the country's leading companies. In Australia, the company is the established leader in services related to industrial coatings. And in China the company has carried out a number of technology installation projects for universities, as well as providing the equipment for the new Beijing Exhibition Centre.

Business diversification

The company diversifies strategically and boasts a broad base of customers, over 1,000 leader companies in their respective markets. No single customer accounts for more than 5% of total revenue.

Teléfonica illustrates this diversification paradigm. Dominion works for seven Telefónica group companies; even though they account for 18% of revenue on aggregate, in practice these companies are independent customers, none of which accounts for more than 5% of Dominion's revenue.

Multi-sector presence

The digital revolution and its implications in terms of productive process changes is touching an ever-increasing number of sectors. Against this backdrop, Dominion currently offers solutions and services to companies from a broad spectrum of sectors; moreover, the number of sectors is expected to continue to grow in the near future.

The Services business is in turn divided into three divisions:

- ***Dominion Services***, which focuses on managing customers' productive processes innovatively in order to render them more efficient.

- ***Dominion Industry***, , innovative management of customers' industrial processes in order to make them more efficient.

- ***Dominion Commercial***, which combines services and technology to address customers' needs in the sales field.

The Solutions offering is also structured around three divisions:

- ***Dominion Solutions***, where the firm marries the experience of Dominion with its partners' know-how to generate innovative solutions for its customers.

- ***Dominion Digital***, which combines digital and technology strategies to develop solutions that make its customers' processes more efficient.

- ***Dominion 360º***, which offers end-to-end solutions in the form of turnkey or engineering, procurement

and construction (EPC) contracts. All the know-how, experience and capabilities of Dominion brought to bear on a project that resolves customer needs.

The company generates knowledge and technology that enables it to add value to its customers' productive processes in three ways. Firstly, it earmarks resources to R&D projects at its technology centres and signs strategic alliances with other centres and institutions, similarly for research purposes. Secondly, it collaborates actively with its partners on the development of new technology solutions. Lastly, it is an active buyer of know-how, this providing strategic business support.

Dominion actively buys know-how with a view to adding value to its customers' productive process

Disciplined investing and stringent return criteria

Dominion controls its capital expenditure tightly and generates high returns thanks to three lines of initiative:

- **Strict M&A filters**

Strict control over the integration of know-how and companies into the strategic carrier model M&A criteria: EV/EBITDA <= 3 in 3 years.

- **Highly disciplined R&D investing**

Detailed and disciplined analysis and returns thresholds within the strategic commitment to sustainable innovation and efficiency Minimum ROI threshold of 20%.

- **EBITDA-cash conversion ratio**

The tax barrier and low capex requirements enable an EBITDA-cash conversion ratio that is higher than the sector average and targeted at over 50%.

Decentralised management

Dominion seeks continual improvement, process optimisation and the elimination of any operations that do not add value. Equipped with a versatile and efficient administrative structure, it uses simple management procedures and tools and is flexible about outsourcing certain areas. This dilutes central administrative costs and injects higher contribution margins, while boosting the company's growth capacity.

LEAN culture

Global and online organizational model, by division and countries, guaranteeing communication and capillarity.

"Vital few vs trivial many": multipurpose management with a common efficiency culture.

Flexibility: subcontracting.

Capacity and knowledge to integrate new contribution margin.

Simple management **procedures and tools**.

Cash flow as a key management parameter.

Central Management expenditure **< 1% sales.**

STRATEGY

44 Market environment →

48 Strategic and financial priorities →

50 Growth prospects →

Market environment

The automotive industry has had to transform rapidly in recent years in order to adapt to the new sector paradigm: growing importance of the Asian market, business concentration among few players and the need to meet lower fuel consumption and emission standards.

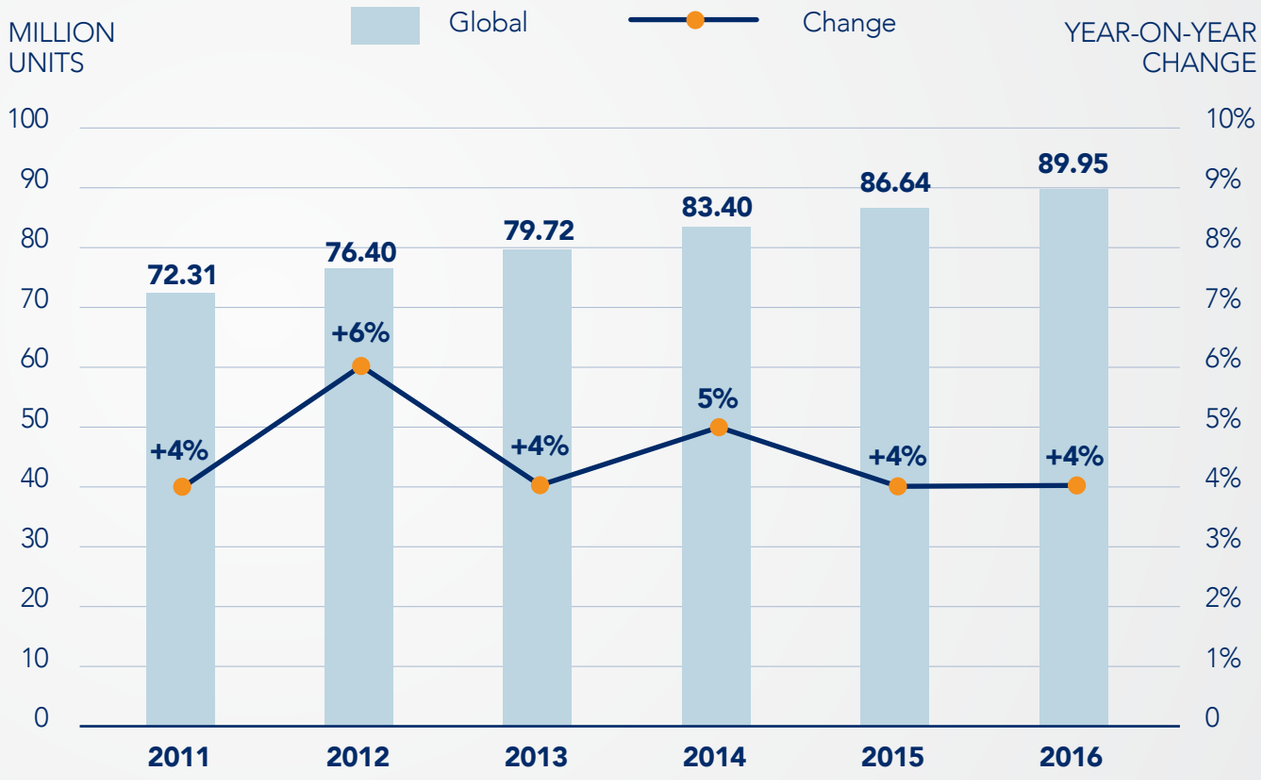
Vehicle sales rose by 4.6% in 2014 to 83.4 million units, a new world record. For the first time in many years, the balance tipped towards the more developed markets, while many emerging markets struggled to hold onto dynamic sales growth.

Sales growth was particularly strong in China, the US, the UK, Japan, Indonesia and Iran.

Within Asia, China stood out, having snatched world dominance from the Americans and Japanese in 2009 to double production by 2013. In 2014, China produced 22.2 million vehicles, up 11.3% year-on-year; however, demand is expected to slow in the years to come on the back of the downturn in economic forecasts.

In India, 2.93 million vehicles were sold, 1.5% fewer than in 2013. Despite this decline, and in the wake of measures taken to stimulate car purchases in 2015, the forecasts for growth over the next decade remain

Global sales



Data referring to vehicles of up to 3,500 kg.

upbeat, with estimates calling for annual sales of 10 million vehicles.

The US flexed its muscle once again last year, having shaken off the crisis at General Motors in 2009: production increased by 6.1% in this market in 2014. As a result it held on to its spot as the number two car maker, at 16.27 million units. This growth was underpinned by favourable lending terms, a stronger job market and the renewal of the existing and aged car fleet.

US buoyancy had a knock-on effect in Mexico, where sales rose by 7.2% last year to 1.14 million units, driven largely to tax breaks. Mexico is not only an ideal platform for targeting the NAFTA market but is expected to experience significant home-market demand growth driven by increasing middle class prosperity.

Sales in Brazil, meanwhile, contracted by 7.1% to 3.3 million units, extending the downtrend initiated in 2013 after a decade of sustained growth.

While growth in Brazil, Russia, India and China averaged between 20% and 30% in the last decade, Europe's weight in the sector fell as the players proved incapable of competing with Asian producers on costs, despite official aid. However, in 2014, and after a severe correction lasting six straight years, the sector glimpsed light at the end of the tunnel. Car sales in the Western Europe rose by 5.3% to 13.6 million vehicles, confirming that the industry

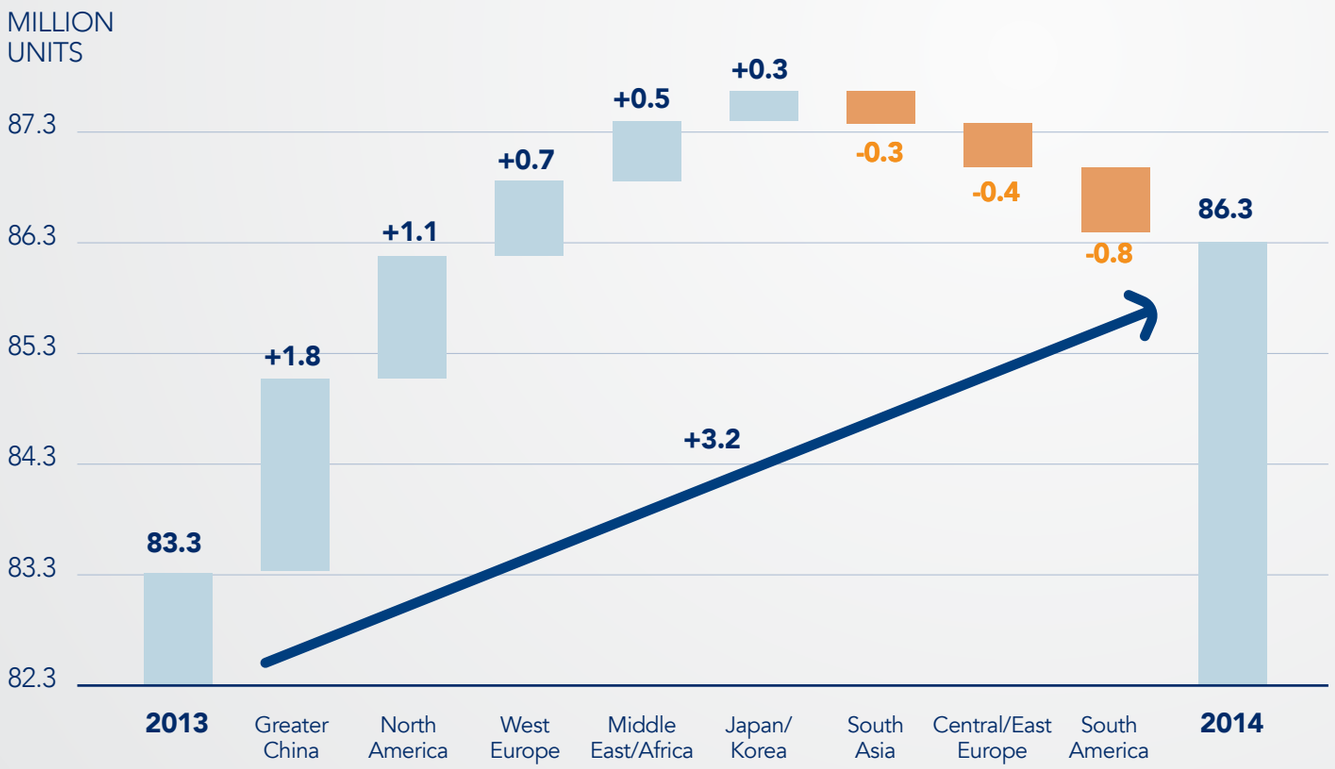
remains strategic to the region. Eastern Europe, meanwhile, saw sales fall by 7%, due mainly to the 9.9% contraction in Russia.

Vehicle production volumes in Spain, which represents around 10% of GDP, ranked it as the second-largest car-producing nation in Europe and the largest maker of industrial vehicles. Vehicle sales jumped 19.7% higher to 968,822 units thanks largely to the government's ongoing trade-in plan. The longer term prospects for the Spanish market remain bright.

Spanish factories are absorbing production from other plants closed elsewhere in Europe. The major OEMs' strategic commitment to Spain is attributable to the workforce flexibility measures taken, employee skill levels, cost-cutting and the modern and highly automated nature of the factories, among other factors. Specialisation by the automotive parts makers, which have committed strategically to innovation to preserve their competitive edge, has been crucial to Spain's continued credibility in the eyes of the automobile industry.

Car production in Western Europe rose by 5.3% to 13.6 million vehicles, confirming that the automotive industry remains strategic to the European Union

Global light vehicle sales outlook 2014 sales volume



Data referring to vehicles of up to 6,000 kg.

Turnover in the automotive parts industry in Spain amounted to €29.8 billion in 2014, year-on-year growth of 6.3%. Most of these parts were destined for factories located in Spain. The business is expected to continue to grow in 2015 in the wake of the uptick in new registrations observed in 2014.

Dominion's Smart Innovation business is focused on enhancing its customers' productive processes

Dominion's market environment

Dominion's Smart Innovation business, which is focused on enhancing its customers' productive processes, depends fundamentally on growth in production and capital investment, the best proxy being the trend in GDP.

However, it is worth highlighting a series of factors that shed light on the trend in its multi-sector paradigm:

- The percentage of the world population with an Internet connection is expected to go from 37% today to 50% by 2019. The number of households with wi-fi connections is expected to double from 600 million to 1.2 billion.
- The number of devices connected to Internet is set to grow at an annual rate of 57% to 25 billion in 2019.
- According to the World Bank, expenditure on public and private healthcare is registering sustained growth in the developing economies, including several of Dominion's target markets, such as Chile (+7%) and Peru (+4.5%).
- Demand for steel is expected to grow at an annual pace of around 2-4% in the next decade, led by developing regions.

Strategic and financial priorities

In 2013 CIE designed its roadmap for guaranteeing profitable growth that would create value for its shareholders: the 2013-2017 Business Plan.

The target set down in the plan is to double revenue over the five-year period to over €3 billion. It also aims to deliver an EBIT margin that year in excess of 9% and a leverage ratio of less than 1.5x in terms of net debt to EBITDA.

The capital expenditure plan underpinning these growth targets is sized at €1 billion, half of which will be earmarked to maintenance capex, €250 million to greenfield projects and another €250 million to M&A-led growth.

In order to achieve these objectives the plan identifies three key lines of initiative:

• Significantly increasing its presence in Asia: the strategic target is to have this region account for one-third of group revenue.

• Fostering a growth strategy articulated around greenfield projects, leveraging the company's considerable know-how, to make strategic products designed to reduce consumption and increase safety and comfort.

Business Plan

(*) *Maintenance Investment ≈ € 500 m.*
Greenfields ≈ € 250 m.
Inorganic Growht ≈ € 250 m (mainly Mahindra CIE).

CIE designed its roadmap for guaranteeing profitable growth: the 2013-2017 Business Plan

• Maintaining a solid financial position coupled with a management model focused on value creation

In the Smart Innovation unit the group set itself the target of consolidating the Dominion project by cementing a business model underpinned by the following parameters:

• Value creation leveraging know-how.

• Multi-location and multi-sector approach.

• Efficiency-oriented management.

• The ability to spearhead industry concentration.

Dominion's original business plan covered 2012-2016; however it was fully executed by 2014 prompting Dominion to unveil its new business

plan for 2015-2019 in January of this year. This plan is targeting revenue of over €700 million, an EBIT margin of over 8% and a debt/EBITDA ratio of under 2x.

Level of compliance with he Business Plan in 2014

Thanks to the commitment of the management team and the joint efforts of the operating divisions and corporate network, CIE Automotive ended 2014 fully on track to deliver all its business plan targets.

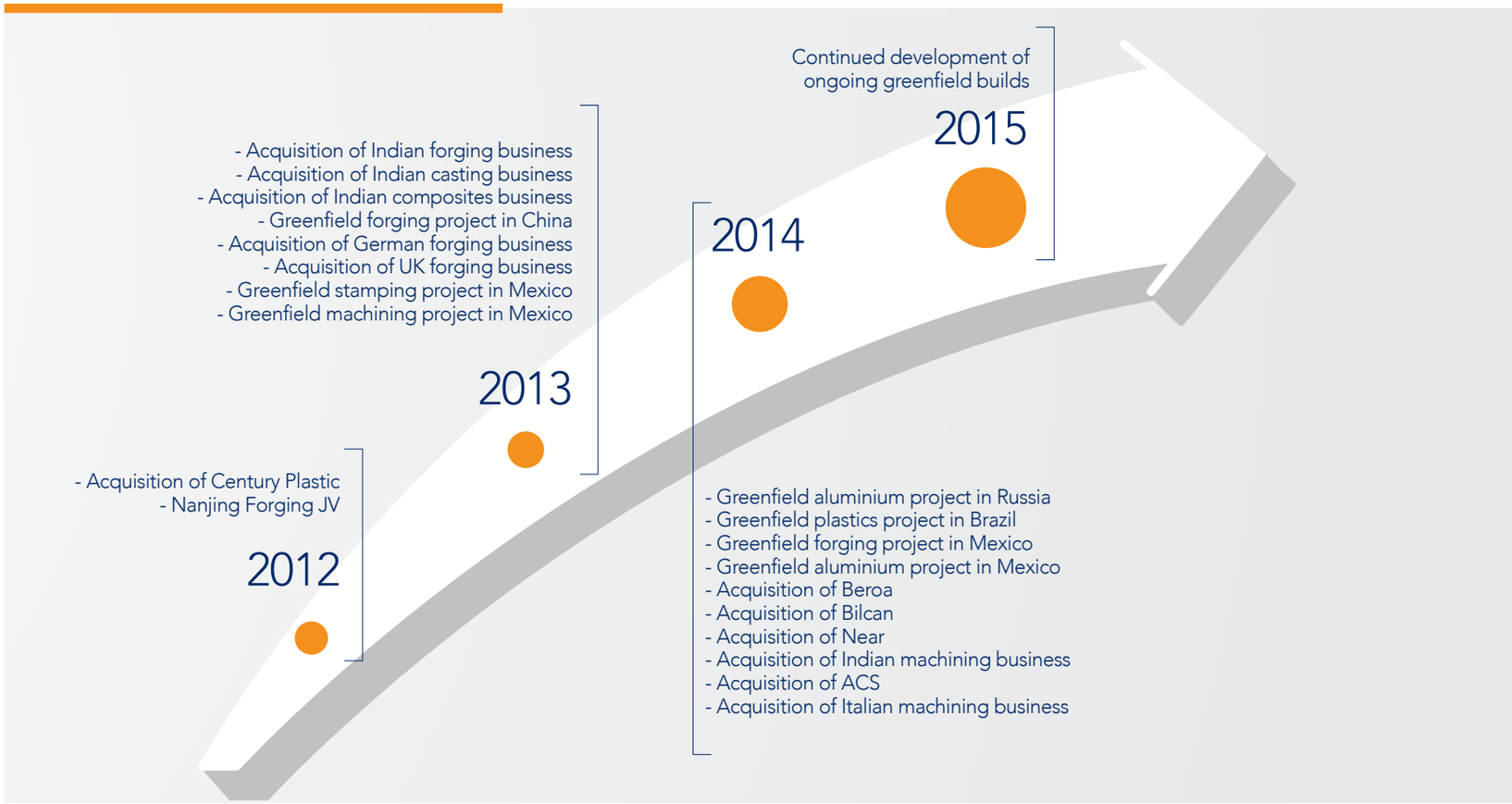
• The integration of Mahindra CIE, concluded in December 2014, marked the company's entrance into the Asian market via India, a democratic nation where vehicle registrations are set to grow by 6% in 2015 and 14% in 2016.

• The company continued to execute its investment policy, developing greenfield projects in Mexico, Brazil and Russia and leveraging its know-how to optimise its European and Brazilian facilities, while also beginning work on making its Indian factories more profitable.

• CIE Automotive has successfully raised financing for the next five years, lowering its average funding cost and lengthening its maturity profile.

Dominion, meanwhile, reinforced its consolidation strategy with the outright acquisitions of Grupo Beroa (a world leader in energy applied to the industrial sector), Bilcan (a developer of commercial services), and Global Near (a developer of digital solutions), and designed a new Business Plan for 2015-2019, which was presented to the market in January 2015.

Strategic development



Growth prospects

In the wake of excellent progress on its business plan in 2013 and 2014, CIE Automotive expects its 2015 results to bring it even closer to its ultimate targets. By its estimates, revenue will climb to €2.7 billion this year, leverage will stand at around 2x at year-end and the EBIT margin will rise above 8%.

The key drivers in achieving these milestones in 2015 are:

- Recovery of the European market, enabling operational excellence.
- Development of the greenfield projects in NAFTA.
- The results of the action plan in Germany and a gradual improvement in India.
- Resizing of productive resources in Brazil.
- Successful launch of the Smart Innovation project.

The company's latest forecasts point to revenue of €2.7 billion in 2015

New business plan at Dominion

The strategy at the heart of Dominion's 2015-2019 Business Plan is to extend its sustained and profitable growth by leveraging its know-how, capabilities and market position. The company plans to start business in new markets as well as rolling out new business lines offering complementary services, add small companies to the fold and analyse new countries (services) and business areas (solutions).

The plan calls for growth in a global and well-diversified market environment, specifically envisaging revenue growth of 7% and EBIT growth of 15%; this would put revenue at the end of the projection period at €700 million and the EBIT margin at 8%, without factoring in significant acquisitions.

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CORPORATE GOVERNANCE

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Corporate governance model

CIE Automotive has devised a transparent and efficient organisational structure designed to protect the interests of the company and its shareholders and to ensure credibility vis-a-vis its other stakeholders. The governance model is based on compliance with prevailing legislation and an in-house body of rules and regulations that govern the powers and actions of the governing bodies and the organisation's members to ensure ethical and diligent conduct.

CIE Automotive's corporate governance system adheres to the most stringent Spanish and international standards, fully complying with prevailing legislation and upholding the governance recommendations issued by Spain's securities market regulator for listed companies.

The most important governance bodies are the Annual General Meeting and the Board of Directors. The powers and workings of each are regulated by the Bylaws, the General Meeting Regulations and the Board Regulations.

The Board of Directors is the body responsible for defining and periodically revising CIE Automotive's organisational structure at the highest level; it delegates the duty of ensuring that the areas of the company below this structure have the human and capital resources they need in the executive team.

The above rules and regulations form an internal regulatory framework which guarantees delivery of the company's corporate objectives and ethical conduct.

The company also has an enterprise risk management system that enables it to detect, assess and address nimbly and swiftly potential circumstances that could jeopardise delivery of the company's objectives and create uncertainty in the market.

The Board of Directors is the body responsible for defining and periodically revising CIE's organisational structure

Transparent management

Convinced of the importance of providing the market with true and accurate information in order to generate credibility and confidence, each year CIE Automotive presents an annual corporate governance report and an annual report on director remuneration. It also submits information regularly to the Spanish securities market regulator (the CNMV for its acronym in Spanish), disclosing key information about its performance, and prepares a management report that accompanies its annual financial statements and details its business performance and strategy each year. These documents are all available on the corporate website www.cieautomotive.com.

Corporate governance bodies

CIE Automotive's most important governance bodies are the Annual General Meeting and the Board of Directors. Its powers and duties comply with prevailing legislation and are mirrored in the Bylaws and these bodies' respective regulations.

Annual General Meeting

The shareholders' meeting is CIE Automotive's highest decision-making body.

It meets at least once a year ordinarily (Annual General Meeting or AGM) during the first six months of the year to approve the directors' and management's performance and ratify the annual financial statements and proposed appropriation of profit, as warranted.

Shareholder meetings other than AGMs are considered Extraordinary General Meetings (EGM). EGMs must be called with at least 15 days' notice.

All shareholders whose shares are registered in the book entry records are entitled to attend the company's general meetings, whether ordinary or extraordinary.

The quorum for validly calling a shareholder meeting to order is the attendance, in person or by valid proxy, of shareholders representing at least 50% of the company's share capital. This quorum is more stringent than that required under article 194 of the Spanish Corporate Enterprises Act.

CIE Automotive held its last AGM on April 30th, 2014. It was attended, in person or by valid proxy, by 138 shareholders

2014 Annual General Meeting

CIE Automotive held its last AGM on April 30th, 2014. It was attended, in person or by valid proxy, by 138 shareholders whose shares represented 87% of the total.

The resolutions ratified at the AGM included:

- Ratification of the annual financial statements and discharge of management for the year ended December 31st, 2013. Ratification of the consolidated annual financial statements.

• Approval for the payment of a final dividend from 2013 profits of €0.09 per share (before withholdings), which was paid out on July 3rd, 2014.

• Board authorisation for the derivative acquisition of own shares, either directly or through group companies, and the reduction of share capital in order to cancel own shares, delegating the powers needed to execute this resolution in the Board.

• Board authorisation to increase share capital under the terms and constraints stipulated in article 297.1.b) of the Spanish Corporate Enterprises Act, including the power to waive pre-emptive subscription rights in accordance with the terms of article 506 of the Corporate Enterprises Act.

• Board authorisation to issue, during a period of five years, convertible, exchangeable or non-convertible bonds or debentures and/or other fixed income securities up to a maximum of €750 million, including the power to waive shareholders' and convertible security holders' pre-emptive subscription rights.

• Approval of a long-term bonus scheme tied to the share price performance of CIE Automotive, S.A. for the CEO and certain members of the group's executive team.

• Ratification of the appointment of Hemant Luthra to the company's Board of Directors, having been initially elected by means of co-option.

• Ratification of the appointment of Vankipuram Parthasaraty to the company's Board of Directors, having been initially elected by means of co-option.

• Appointment of PricewaterhouseCoopers Auditores S.L. as the auditor of the company and its consolidated group for the year ended December 31st, 2014.

• Advisory vote on the Annual Report on Director Remuneration.

Board of Directors

The Board of Directors of CIE Automotive is made up of 13 members, two of whom are executive, two independent and nine proprietary.

The company's highest decision-making body between general meetings, it delegates day-to-day management in the management team and focuses on its general oversight function and establishment of general shareholder value-generating strategies.

In carrying out its duties, it considers the interests impacted by its business activities and oversees compliance with prevailing legislation in every operating market and with other responsibility commitments targets assumed voluntarily.

The Board's duties include authorising the annual financial statements, management report and proposed appropriation of profit of the company and its consolidated group for issue. It also strives to continually update and improve the corporate governance system. It appoints, ratifies, re-elects or dismisses directors as warranted and appoints directors to the various committees and committee positions and names and removes senior executives. It approves the remuneration policy, dividend policy and strategic investments and M&A deals.

In 2014, the Board of Directors met on seven occasions and all the meetings were presided by its chairman.

The most notable change in the Board's composition in 2014 was the resignation tendered by Bernardino Díaz-Andreu, who represented AUSTRAL B.V, after this entity sold its shareholding in CIE Automotive.

In 2014, the Board of Directors carried out a self-assessment exercise, whose results did not give rise to any major changes in its internal organisation or procedures.

The Board of Directors met on seven occasions in 2014

Committees

In order to carry out its duties more effectively, the Board of Directors articulates its work around three committees: the Executive Committee, Appointments and Remuneration Committee and Audit and Compliance Committee.

- Executive Committee. This is a permanent committee in which the Board has delegated all of its powers other than those that that cannot be stipulated in accordance with its Bylaws and those specifically reserved to the Board. It is made up of six directors, two executive directors and four external proprietary directors. Committee members are appointed for a four-year term, which can be renewed. The Executive Committee met four times in 2014.

- Audit and Compliance Committee. This committee's duties are regulated by its own specific set of regulations. Its purview is to oversee the financial reporting process and ensure the independence and effectiveness of the internal audit function. Its duties include revising the internal control and risk management systems, selecting, appointing and replacing the auditor and taking receipt of information from the auditor, whose independence it must safeguard. It comprises three directors: the independent director and two external proprietary directors. This committee held six meetings in 2014. In 2015, the Audit and Compliance Committee's rules and regulations will be adapted for new legal requirements.

BOARD OF DIRECTORS at year-end 2014

	Position	Type of Position	Executive Committee	Appointments and Remuneration Committee	Audit and Compliance Committee
Mr. Antonio María Pradera Jáuregui	Chairman	Executive	Chairman		
ELIDOZA PROMOCION DE EMPRESAS, S.L., represented by Ms. Goizalde Egaña Garitagoitia	Vice Chairwoman	Proprietary	Member		Member
Mr. Jesús María Herrera Barandiaran	Chief Executive Officer	Executive	Member		
Mr. Ángel Ochoa Crespo	Member	Independent			Chairman
Mr. Carlos Solchaga Catalán	Member	Independent		Chairman	
Mr. Francisco José Riberas Mera	Member	Proprietary	Member	Member	
Mr. Juan María Riberas Mera	Member	Proprietary			
Mr. Fermín del Río Sanz de Acedo	Member	Proprietary	Member	Member	
Mr. Hemant Luthra	Member	Proprietary	Member		
Mr. Vankipuram Parthasarathy	Member	Proprietary			
ADDVALIA CAPITAL, S.A., represented by Ms. María Teresa Salegui Arbizu	Member	Proprietary			Member
CORPORACIÓN GESTAMP, S.L., represented by Mr. Francisco López Peña	Member	Proprietary			
QMC DIRECTORSHIPS, S.L., represented by Mr. Jacobo Llanza Figueroa	Member	Proprietary			

Secretary, non-member:
- Roberto José Alonso Ruiz

Deputy Secretary, non-member:
- José Ramón Berecibar Mutiozabal

- Appointments and Remuneration Committee. Made up of three directors, this committee is tasked with formulating and reviewing the criteria for selecting Board members and proposing and monitoring the director remuneration system, in particular the amounts of their annual earnings. It comprises three directors: the independent chair and two external directors, one independent and one proprietary. It met three times in 2014. In 2015, the Appointments and Remuneration Committee's rules and regulations will be adapted for new legal requirements.

To carry out its remit more effectively, the Board of Directors articulates its work around three committees

Director profiles

CIE Automotive's directors are professionals of renowned solvency, competence and experience and they are appointed at the recommendation of the Appointment and Remuneration Committee. Directors are appointed for the maximum term provided for in prevailing legislation and may be re-elected one or more times for the same term.

Two of its 13 members are female. Although the Appointments and Remuneration Committee is committed to recommending candidates in a manner that is free of any bias against female candidates, their appointment depends largely on the opening up of vacancies on the Board, something which does not happen often.

To prevent the risks posed by excessive concentration of powers in a single person, the roles of the chairman and CEO are clearly defined and fall to different people, even though both sit on the Board of Directors.

Management Committee

CIE Automotive has a Management Committee consisting of its CEO and the directors of its various divisions. They meet as often as is deemed advisable to evaluate the performance of the various business divisions and certain of their operating and strategic aspects.

Integration of CSR into management

The Board of Directors is responsible for setting the company's corporate social responsibility policies. It likewise ensures that in dealing with all its stakeholders, the company abides by the laws and regulations; fulfils its obligations and contracts in good faith; respects the customs and good practices of the sectors and territories in which it does business; and upholds any additional social responsibility principles it has subscribed to voluntarily.

Remuneration policy

CIE Automotive compensates its employees in accordance with their skills and abilities, responsibilities, involvement in and commitment to the group.

The remuneration policies applicable to directors and the senior management team are outlined in both the Annual Corporate Governance Report and the Annual Report on Director Remuneration, both of which can be downloaded from the corporate website, www.cieautomotive.com.

Business ethics

CIE Automotive respects prevailing legislation in all the countries where it does business and has signed and internalised the 10 principles enshrined in the United Nations Global Compact in relation to human rights, labour rights and environmental protection. The company has also drafted its own ethical conduct code, inspired by the values and principles which govern its day-to-day activities. This system fosters ethical behaviour on the part of its employees, curbs the power held by the governing bodies, protects investor rights and regulates dealings with the other stakeholder groups.

CIE Automotive's conduct is underpinned by four core values: customer orientation, respect for people, shareholder protection and environmental protection. These values, coupled with pledges to quality, ethical behaviour, honesty, integrity, continual improvement and innovation, blend together to create CIE Automotive's corporate culture and facilitate integration of best social responsibility practices into its daily operations.

CIE Automotive's commitment to responsible management is enshrined in a body of internal rules and regulations that have been designed with international governance standards in mind, including the Bylaws, the various sets of governing body regulations, the Internal Code of Professional Conduct for employees and the Internal Securities Market Code of Conduct.

The Code of Professional Conduct, which is updated every four years, is binding for all group employees and provides guidelines on how to behave on the job and in the event of perceived conflicts of interest. It also encompasses the above-listed values and principles and the company's pledges to its customers, suppliers, employees and shareholders. This code includes a dedicated section on the financial reporting process, stipulating a series of specific employee-targeted rules designed to make sure the resulting financial information is reliable.

The Code of Professional Conduct is binding for all group employees and provides guidelines on how to behave

The code itself envisages regular monitoring of compliance with the rules of conduct. Employees can bring any queries about these codes to each company's HR department.

In addition to the financial reporting rules featured in this code, CIE Automotive has an Internal Securities Market Code of Conduct which stipulates how to deal with inside information, price-sensitive information and conflicts of interest. CIE Automotive's General Secretary is tasked with managing a Control and Oversight Body which is in turn in charge of ensuring compliance with the provisions laid down regarding securities market dealings; this supervisory body reports to the Audit and Compliance Committee.

Employees can bring any queries about the ethics code to each company's HR department

The company also has a whistle-blowing channel which employees can use to report incidents of potential misconduct with respect to the financial reporting rules stipulated in both of these codes.

The whistle-blowing channel is in turn regulated by its own set of rules which stipulate the appointment of a managing committee and establish a protocol for analysing claims received and reporting on its work to the Audit and Control Committee. No incidents were reported to the Whistle-blowing channel in 2014.

Risk management

CIE Automotive has a corporate risk identification and management policy designed to enable it to pinpoint, assess and address potential events or developments that, if they were to materialise, could jeopardise delivery of its corporate targets.

This policy, which is supervised by the Audit and Compliance Committee, identifies the various classes of risk to which the company is exposed, including financial risks, contingent liabilities and other off-balance sheet risks, sets risk tolerance thresholds and establishes the opportune measures for mitigating them in the event of materialisation. In order to implement this policy, the company has put in place dedicated IT and internal control systems.

The enterprise risk management system used by CIE Automotive is based on COSO II methodology, a continuous loop process divided into five phases: risk identification, risk assessment, response determination, monitoring of the agreed mitigation measures and analysis and reporting.

Every year the company draws up a risk map which contemplates and assesses not only the risks that are intrinsic to its operating markets and businesses but also the company's internal workings.

Anti fraud and corruption measures are accordingly part of the enterprise risk management process and are underpinned by the existence of a duly updated code of conduct. (See chart on the next page).

The measures designed to correct key risks are set down in the Annual Internal Audit Plan

The internal audit processes are designed to mitigate these risk factors: once the main risks have been identified, action plans are designed for mitigating or eliminating them, deadlines are established for implementing them and specific people are made accountable for their execution.

The corrective measures designed in respect of the company's main risks are set down in the Annual Internal Audit Plan which is approved by the Audit and Compliance Committee.

New risk control tools

A risk management and control IT suite was installed at 27 Automotive plants in Europe in March 2014. The advantages of the new software include the ability to track the level of internal control performance

2014 risk map

TOP 15 CIE AUTOMOTIVE	2012	2013	2014
Scarcity of skilled staff to execute CIE's growth strategy	-	#3	#1
Lack of succession plans for key management personnel	#9	#2	#2
Inability to pass cost inflation on to end customers	#1	-	#3
Competitor moves (price cuts, quality levels, raw material market impacts, etc.)	#2	#9	#4
Inability to cross-fertilise group synergies	-	-	#5
Exchange rate risk	#8	#1	#6
Excessive dependence on specific customers/platforms, product families, etc.	#10	#4	#7
Errors in the industrialisation process	#6	#7	#8
Country risk	-	-	#9
Increase in labour, energy costs, etc..	#4	#10	#10
Increase in raw material prices	#3	#8	#11
Incidents affecting relations with local partners or joint venturers	-	-	#12
Breach of in-house policies and proceduress	#15	-	#13
Incidents affecting relations with existing or potential customers	-	#15	#14
Inadequate management of the integration of companies acquired (CIE Automotive culture)	#7	-	#15

A risk management and control IT suite was installed at 27 Automotive plants in Europe in March 2014

(~40 critical controls over eight processes) and any incidents and resulting action plans online.

The processes so controlled are: proposals, industrialisation, purchases, stocks, invoicing and collection, human resources and financial reporting. The company can also trace all the actions taken by users and any changes made.

Enterprise risk management (ERM) project

In the second half of last year the Internal Audit Department took the first steps in rolling out a major ERM project that encompasses all of the company's plants in all markets and will be up and running by the second quarter of 2015. This project, whose overriding goal is global control, is being carried out

in several phases during a two-year implementation period:

- Phase 1: Identification and/or updating of the key risks, quantified score sheet with indicators and quantification of unknown losses.

- Phase 2: Automation of controls and processes. Choice of the most appropriate IT tool in light of the company's characteristics.

- Phase 3: Detection and prevention of fraud.

In the second half of last year the Internal Audit Department took the first steps in rolling out a major ERM project

By the end of this project, the company will have a pioneering ERM system. A system that will enable it to extend the control environment in respect of the initially-defined processes to others of vital importance such as legal, tax, compliance, reputation, CSR controls, etc. The entire risk management system will be systematised enterprise-wide yet will be sufficiently flexible to enable the ongoing adaptation needed by a company such as CIE Automotive, which is continually growing and adding new companies to its scope of consolidation.

2014

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Financial performance

Milestones

Greenfield projects

CIE Automotive built several new factories from scratch in Mexico, specifically in the machining, aluminium, stamping and forging areas. In Russia it focused on a greenfield project using aluminium technology. Lastly, it launched a greenfield plastics factory in Brazil.

Acquisition of the remainder of Advanced Comfort Systems–ACS

CIE Automotive took outright ownership of Advanced Comfort Systems in February, acquiring an additional 50% stake for €10,766,000. The holding company, which is specialised in passenger comfort related parts, has five plants in France, Spain, China, Romania and Mexico.

Equity issue

CIE Automotive raised €93.24 million by issuing shares representing 7.89% of the total in June against the backdrop of the Autometal delisting offer and with a view to boosting the stock's liquidity. This stake was placed with qualified investors at a price of €9.16 per share (unit par value of €0.25 and share premium of €8.91).

R&D loan

In June CIE arranged a €70 million loan with the European Investment Bank to fund and support the research and development work being carried out at its technology centres in Spain, France and Portugal through 2017.

2014 FEBRUARY APRIL JUNE JULY

Dominion embarks on four major projects

In 2014, Dominion began to execute four projects of significance in terms of their level of innovation and their role in reinforcing its sector leadership. Specifically, these four projects are: the renewal of the cooling towers at the Opole fossil fuel power plant in Poland; the rollout of the anti-tsunami alarm system in the city of Arica in Chile; the provision of chemical-medical, technological and administrative equipment for the new hospital in Antofagasta; and its participation as technical advisor at the urban property development project at London's Battersea Power Station.

Approval of the final dividend

The company's shareholders approved the payment of a final dividend of €0.09 per share (before withholdings), for a total payout of €11.61 million, at the AGM held in April. The dividend was paid out on July 3rd (and was additional to the interim dividend paid out in January in the same amount).

Dominion takes outright ownership of Beroa

In July Dominion took outright ownership of Beroa when it exercised its call option on an additional 50% stake. This acquisition reinforces Dominion's multi-sector approach as Beroa is the world leader in industrial solutions and services in the applied energy field.

2014

JULY

CIE climbs to 75th place on a prestigious global supplier ranking

CIE Automotive placed #75 in the worldwide ranking of global automotive suppliers according to the prestigious journal Automotive News. In 2012, the group ranked #83.

Redemption of Autometal bonds

Autometal completed the buyback of 25,000 bonds for BRL264 million (~€88 million) in July.

CIE Automotive arranges a €450 million syndicated loan

CIE Automotive signed a €450 million syndicated loan with six financial institutions in July with an average term of 4.7 years.

OCTOBER

Delisting offer for Autometal in Brazil

In April CIE Automotive launched a delisting tender offer targeted at the 25.24% of the shares of Autometal it did not hold that were listed on the Sao Paulo stock exchange. The purchase price was BRL19.50 (including interest and payment of an additional dividend of BRL0.2292 per share). The transaction closed successfully in October.

DECEMBER

Dominion acquires Bilcan and Global Near

Global Dominion Access acquired 100% of Bilcan Global Services, a developer of commercial services, and 89.24% of Global Near, a developer of digital solutions, in December.

Dividend approval

In December, the Board of Directors approved the payment of an interim dividend from 2014 profits of €0.09 per share (before withholding tax). The dividend was paid out on January 5th, 2015.

Integration of Mahindra CIE

Completion of the integration of the Mahindra CIE group whose parent company is Indian-domiciled Mahindra CIE Automotive Ltd., a company listed on the Bombay stock exchange, in which CIE Automotive S.A. holds a 53% equity interest and Mahindra & Mahindra holds a 20% interest.

Earnings performance

The group posted its best-ever earnings performance in 2014: a net profit of €81 million, up 35% from 2013; adjusted revenue of €2.16 billion, year-on-year growth of 27%; and EBITDA of €290.9 million, growth of 21%.

The double-digit growth in the automotive business's key financial indicators was driven by an excellent performance across all plants and markets and growth in vehicle manufacturing, particularly in NAFTA.

2014 earnings performance

€ million

Revenue	1,760.3	**2,209.5**	
Adjusted revenue (*)	1,696.0	**2,160.3**	27%
EBITDA (**)	240.1	**290.9**	21%
EBITDA margin (over adjusted revenue)	14.2%	**13.5%**	
EBIT (**)	150.4	**172.2**	15%
EBIT margin (over adjusted revenue)	8.9%	**8.0%**	
Profit for the year	77.9	**98.1**	
Net profit (**)	60.1	**81.0**	35%

13 **14** %

CIE Automotive

(*) Pro forma data calculated by eliminating sales of diesel for fuel mixing.
(**) EBITDA: earnings before interest, tax, depreciation and amortisation;
EBIT: earnings before interest and tax;
Net profit: Profit attributable to the company´s shareholders.

CIE Automotive's production growth significantly outpaced the sector average

AUTOMOTIVE

The automotive unit remains the Group's core business, accounting for 86.4% of total adjusted revenue and registering growth at the EBITDA level of 18%. However, Dominion reached cruising speed in the second half of the year in the wake of the additions of Beroa, Global Services and Global Near: this unit's revenue and EBITDA jumped 87% and 69%, respectively (with the new acquisitions only consolidated for part of the year).

The company also recognised aggregate non-recurring gains of €22 million in connection with the acquisition of control over the ACS group and the Beroa group. In parallel, it recognised non-recurring expenses associated with M&A transactions, restructuring work and impairment assets charges. Stripping these charges out, recurring EBIT would have been around €4 million higher. Below the EBIT line, the group recognised a non-recurring net gain of around €4 million. Since these positive and negative non-recurring items essentially cancel each other out, reported net profit is equivalent to the group's recurring net profit.

In 2014 the automotive business advanced further on its strategy of focusing on higher value-added activities, streamlining its factories and extending its presence in markets that offer greater more potential for growth in sales and profitability.

Adjusted revenue rose by 21% to 1.87 billion, while adjusted EBITDA climbed 18% to €268.6 million.

This strong earnings performance was driven by a buoyant NAFTA market and higher profitability at the Mexican and European plants, helping to cushion the weak state of the Brazilian market and low margins at the Mahindra factories integrated in 2013.

CIE Automotive's production growth significantly outpaced the sector average: while global manufacturing rose by 3.6% in 2015, that of CIE Automotive grew by 5% on a like-for-like and

Automotive earnings performance

€ million			
Revenue	1,603.9	**1,916.8**	
Adjusted revenue (*)	1,539.7	**1,867.6**	21%
EBITDA (**)	227.2	**268.6**	18%
EBITDA margin (over adjusted revenue)	14.7%	**14.4%**	
EBIT (**)	142.3	**160.6**	13%
EBIT margin (over adjusted revenue)	9.2%	**8.6%**	

13 **14** %

(*) Pro forma data calculated by eliminating sales of diesel for fuel mixing.
(**) EBITDA: earnings before interest, tax, depreciation and amortisation; EBIT: earnings before interest and tax.

constant-currency basis; this percentage rises to 26.5% factoring in the companies consolidated for the first time in 2014.

Earnings by geographic region

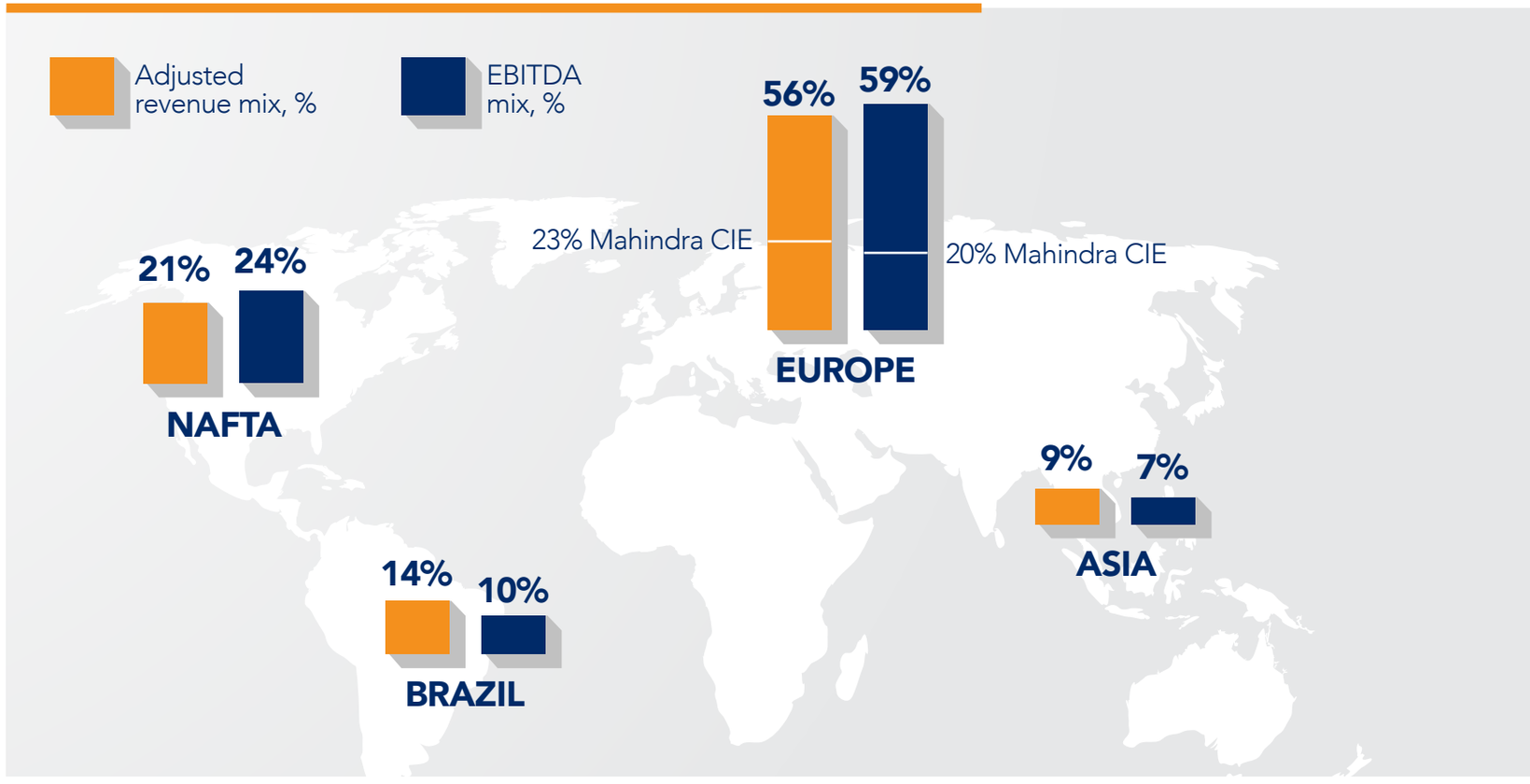
In Europe, CIE Automotive's factories welcomed the uptick in vehicle registrations with open arms, having prepared themselves dutifully for the gradual market recovery in terms of operational excellence. This business unit saw its EBITDA margin widen for the sixth year in a row, from 8.1% in 2009 to 17.3% in 2014. The unit's EBIT margin, meanwhile, rose to 8.3%.

Earnings momentum at the European facilities was underpinned by two key technologies: forging, the area that produces the crankshaft, one of the company's star products, and machining, an area that managed to win new customers.

Mahindra Europe, meanwhile, staged significant margin recovery, registering EBITDA and EBIT margins of 12.7% and 7.7%, respectively, putting this unit well on track to converge with CIE Automotive group standards. This unit therefore reaped the first fruits of the productive enhancements which the group began to roll out in 2013 and will be ongoing in the years to come.

As for NAFTA, the boom in demand coupled with four greenfield builds drove profitability in the Mexican business, which is currently CIE Automotive's second-largest business. This operation's EBIT margin - at 12.7% - is significantly higher than the group average; the EBITDA margin stood at 16.1%.

Geographic contribution to revenue and EBITDA



The Brazilian operation, meanwhile, managed to adapt to prevailing economic uncertainty and falling sales volumes; however, its margins were affected by market weakness and the non-recurring effect of the restructuring efforts and M&A transactions carried out. As a result, the unit's EBITDA and EBIT margins stood at 10.6% and 6%, respectively.

In Asia, where CIE has achieved a privileged position thanks to its alliance with Mahindra, the group began to deploy the plans for streamlining the Indian facilities, while in China it tackled the challenge of industrialising new projects. The efforts made to unlock productivity gains in this continent yielded EBITDA and EBIT margins of 11.1% and 6.1%, respectively.

Smart Innovation

2014 was a year of consolidation for Dominion, CIE Automotive's Smart Innovation company, in terms of both the level of development reached in existing divisions and the integration of Beroa, Bilcan y Global Near, the latter transactions being very significant in terms of people, turnover, customer diversification, international presence and complementary service suites.

These additions have turned Dominion into a truly multi-sector and global platform. Revenue from solutions and service sales soared 87% to €292.8 million, while EBITDA jumped 69% to €22.3 million.

2014 was a year of consolidation for Dominion, CIE Automotive's Smart Innovation company

Of total revenue, €101.8 million was accounted for by solutions sales and €191.0 million by services rendered.

The contribution margin, namely EBITDA before overhead and central administrative expense, was 15.7% in the solutions division and 7.9% in the services area.

By market, Europe is Dominion's largest market by revenue (47%), followed by the Americas (37%) and Asia & Oceania (16%). However, in terms of the the contribution margin, the Americas is the largest market (51%), followed by Europe (28%) and Asia & Oceania (21%).

A global offering

In July, Dominion acquired the Beroa group, a world-leading provider of industrial solutions and services

Smart Innovation earnings performance

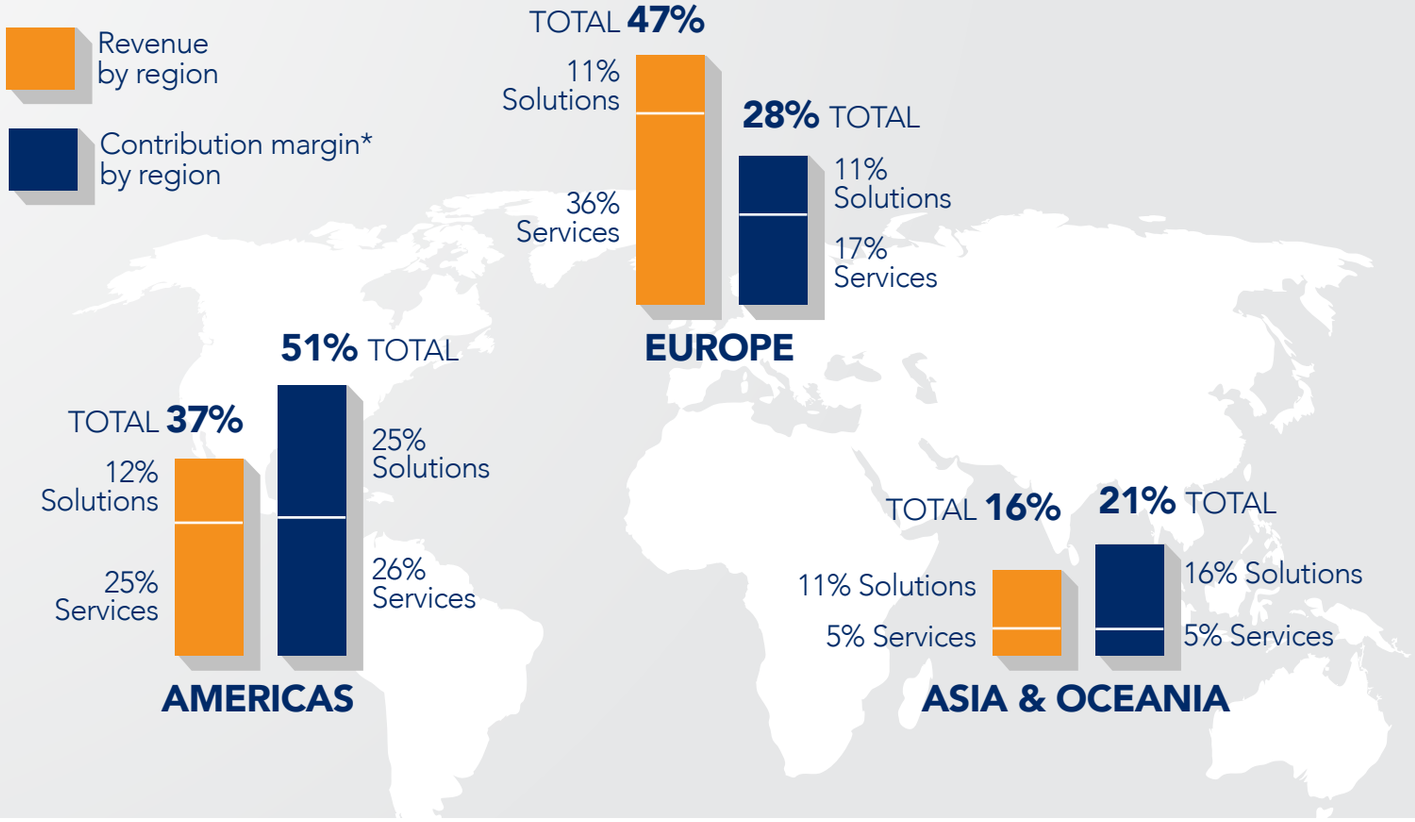
€ million

Revenue	156.3	**292.8**	
EBITDA (*)	13.2	**22.3**	+87%
EBITDA margin (over adjusted revenue)	8.4%	**7.6%**	+69%
EBIT (*)	8.2	**11.6**	
EBIT margin (over adjusted revenue)	5.2%	**3.9%**	+42%
	13	**14**	%

(*) EBITDA: earnings before interest, tax, depreciation and amortisation; EBIT: earnings before interest and tax.

in the applied energy field. This group ended 2013 with €224 million of revenue and a headcount of 1,400 professionals in 18 different markets. The acquisition was structured into two stages: an upfront acquisition of 20% in 2013 rounded out by the acquisition of the remainder in 2014.

Geographic revenue and contribution margin mix in 2014



(*) Contribution Margin: EBITDA before structural and central administrative costs. EBITDA: Net Operating Income + Depreciation.

Dominion boasts a presence in 28 markets, almost 6,000 professionals and 1,000 customers

Towards the end of the year, Dominion acquired Bilcan Global Services S.L., a developer of commercial services, and 89.246% of Global Near S.L., a digital solutions developer. The new business areas will represent approximately 20% of the revenue and EBITDA of the consolidated Dominion group although the impact won't be felt until 2015.

The resulting group boasts a presence in 28 markets, almost 6,000 professionals and 1,000 customers. The company's recently-unveiled business plan for 2015-2019 calls for organic growth of 7% in revenue and 15% in EBIT to put revenue at over €700 million by the end of the projection period and the EBIT margin at 8%.

Financial situation

CIE Automotive ended 2014 with €1.74 billion in net assets, up €663.9 million from year-end 2013. Fixed assets totalled €1.9 billion; the net working capital requirement (current assets less current liabilities) stood at €154.1 million.

Equity stood at €861.6 million at year-end, up 53% year-on-year, while net debt amounted to €720.6 million.

The company's return on assets continued to improve, edging towards the target set for 2017, which calls for a return on net assets (EBIT/net assets) of at least 20%.

Maintenance capex was equivalent to 75% of group depreciation charges. This too puts the company on track to meet its target of reducing depreciation and amortisation charges from 5% of revenue to 4%.

Operating cash flow generation, which amounted to 50% of EBITDA, enabled the group to fund the growth plans, including greenfield projects and acquisitions, envisaged in its business plan.

In 2014 the group raised new financing to fund its business plan for the next five years. More specifically, it carried out a number of transactions designed to raise new funding, lengthen the group's

Balance sheet

€ million

Fixed assets	1,233.8	**1,897.7**
Net current assets (working capital)	(102.1)	**(154.1)**
Total net assets	1,131.7	**1,743.6**
Equity	562.8	**861.6**
Net debt (*)	574.5	**720.6**
Other (net)	(5.6)	**161.4**
Total equity and liabilities	1,131.7	**1,743.6**
	13	**14**

(*) Net debt = bank and other borrowings less cash and cash equivalents.

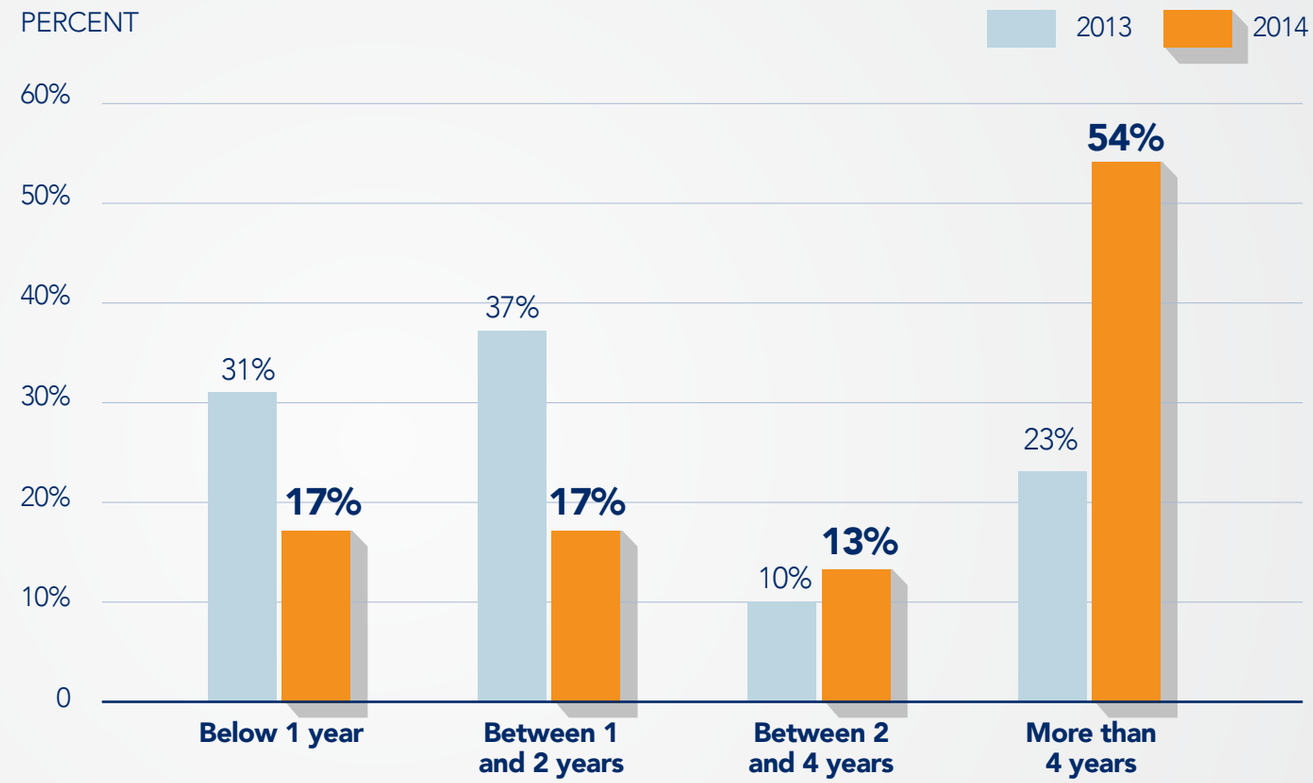
In 2014 the group raised new financing to fund its business plan for the next five years

debt maturity profile and tackle emerging growth opportunities.

With a view to financing its automotive parts research and development work, CIE Automotive arranged a €70 million loan with the European Investment Bank (EIB) that will cover the programmes planned at its technology centres in Spain, France and Portugal until 2017. The proceeds will be used to fund the development of innovative solutions for making lighter, safer and more fuel efficient automotive parts.

Notably, in July 2014 it signed a €450 million syndicated loan with six financial institutions. The new loan is structured into two tranches: a long-term tranche of €350 million and a short-term tranche of €100 million. The loan is repayable in five years and has an average life of 4.7 years; it improves on the financial terms and maturity profile of the last syndicated loan arranged in 2011.

Debt maturity profile at year-end 2014



Elsewhere, group subsidiary Autometal repaid its debentures ahead of maturity, also in July. This buyback entailed an outlay of BRL264 million (approximately €88 million). These fund-raising efforts had the effect of significantly improving the group's capital structure and funded a portion of the Autometal delisting tender offer, which was also partially paid for in newly-issued shares. The proceeds also covered other cash and investment requirements.

Debt structure

	AMOUNT	MATURITY	CHARACTERISTICS
Syndicated loan	~ €450 mio	5-year bullet payment	- Denominated in euros - Rate grid tied to ND / EBITDA ratio - Partial fixed-rate swap
EIB	~ €100 mio	7 years and 2-year grace period	- Denominated in euros - Partial fixed-rate swap
Bancomext	~ €100 mio	7 years and 2-year grace period	- Denominated in USD - Partial fixed-rate swap
Other	~ €450 mio	Sundry	Borrowings comprising bilateral loans (mainly local), credit facilities, working capital lines, etc.
Cash and cash equivalents	~ €1.1 bn		**Gross financial debt**
	~ €400 mio		
	~ €700 mio		**Net financial debt**

The group lock in more fixed-rate debt, which increased to 40% of all structural borrowings

In tandem, the group took advantage of ultra-low interest rates to lock in more fixed-rate debt, which increased to 40% of all structural borrowings.

At year-end, 85% of the group's debt was denominated in euros and 15%, in Brazilian reals and/or US dollars.

Share price performance

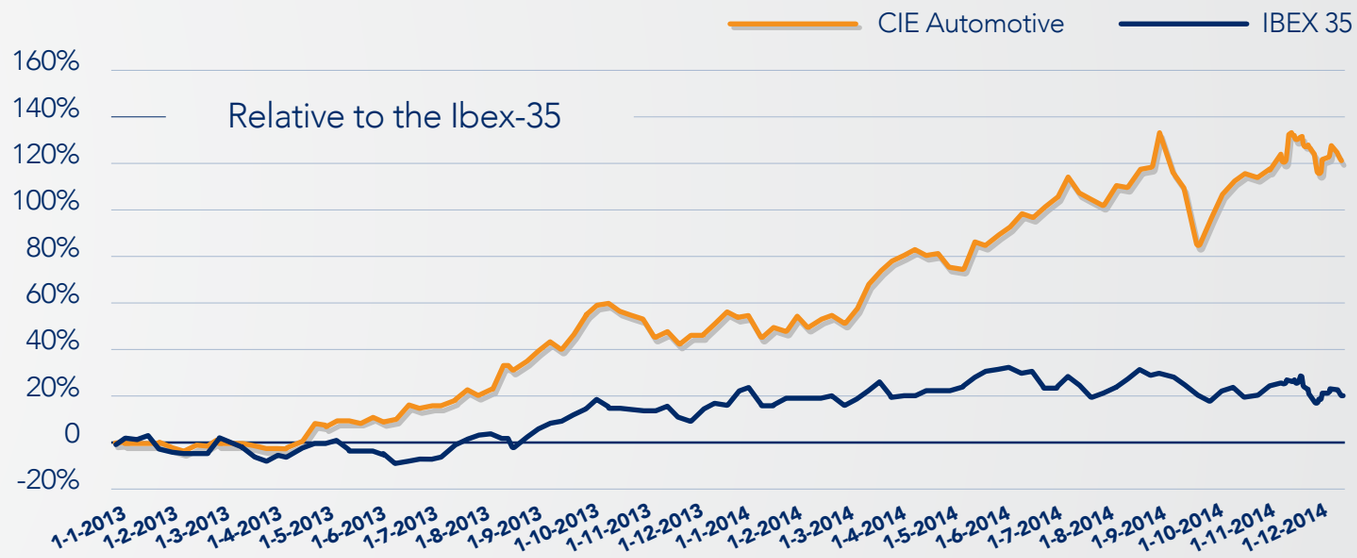
In a year marked by stock market volatility, CIE Automotive's shares gained 40.8% to end the year at €11.26. Investors rewarded the company's excellent earnings performance and growth strategy with this double-digit rally. Its share price significantly outperformed the benchmark Ibex 35 index. At year-end, CIE Automotive's market capitalisation stood at €1.45 billion.

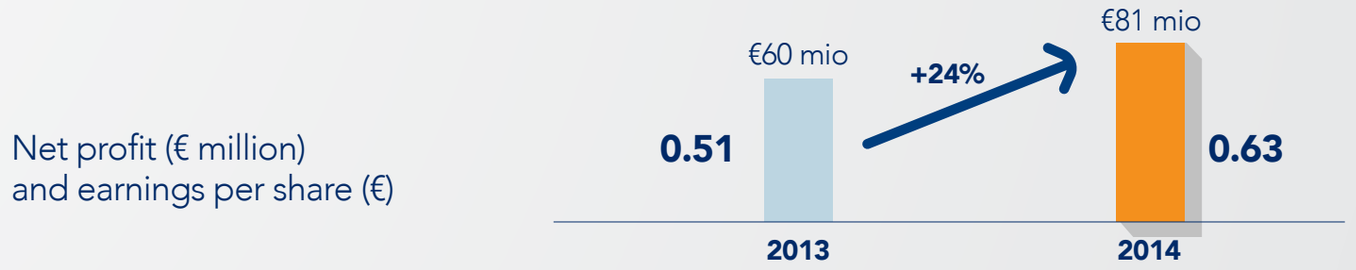
62,970 shares changed hands in 2014, implying a trading volume in terms of cash value of €599.8 million. CIE Automotive's share price began its ascent in January, rallying from €8 at year-end 2013 to mark a high of €12.29 in September. This pattern of steady gains contrasts with the broader Spanish stock market which, albeit managing to close higher for the second year in a row, was shaken by a succession of crises: the Argentine devaluation, the Ukraine conflict, the rise of the Islamic State in Iraq and the collapse in oil prices.

Equity issue

With the overriding goal of boosting the stock's liquidity, the company issued 10,179,954 new shares (7.89% of total share capital) on June 6th in an accelerated private placement (waiving pre-emptive subscription rights). The company raised over €93 million from this equity offering and in its wake, in the second half of the year, trading volumes rose very significantly.

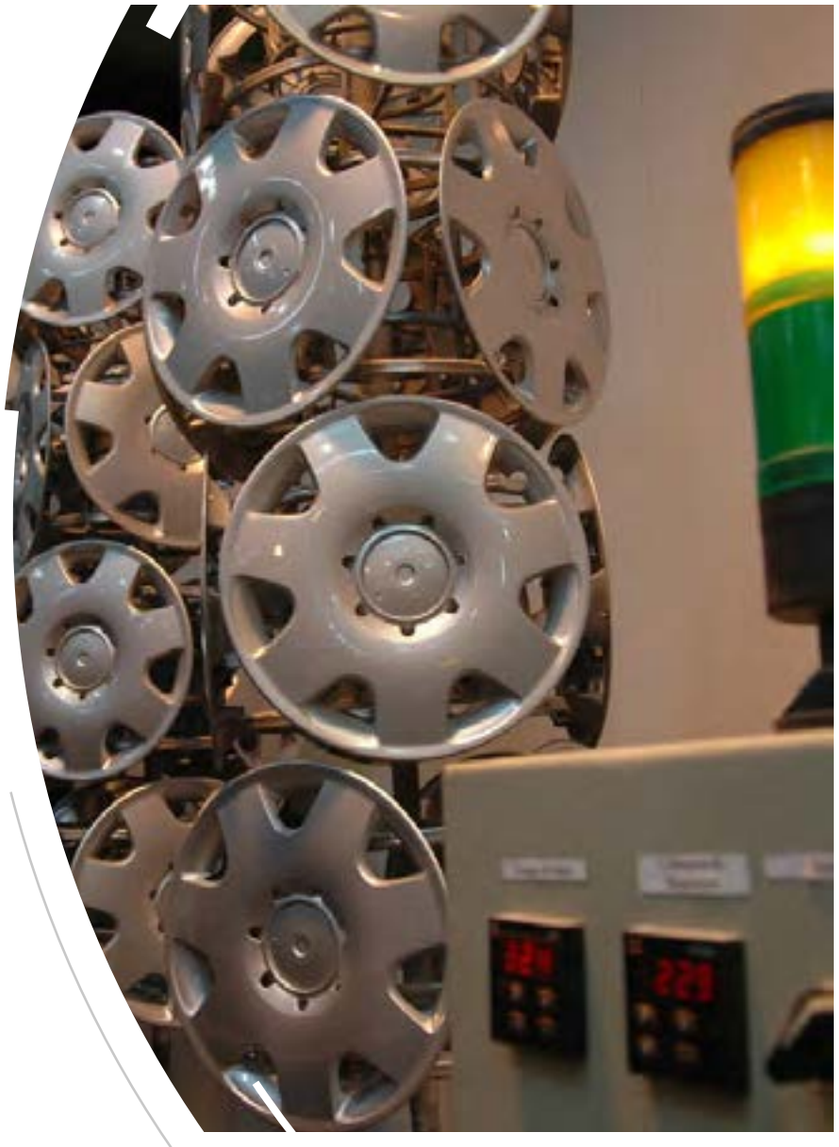
CIE's share price performance (relative to the Ibex 35)





CIE Automotive extended its policy of paying out one-third of estimated net profit, specifically distributing 32% in 2014. In December, the Board of Directors approved the payment of an interim dividend from 2014 profits of €0.10 per share (before withholding tax). The dividend was paid out on January 5th, 2015.

CIE Automotive extended its policy of paying out one-third of estimated net profit, specifically distributing 32% in 2014



Share information

Number of shares	114,000,000	118,820,046	**129,000,000**
Closing price (€)	5.20	8.00	**11.26**
Market capitalisation at year-end (€ m)	592.80	950.56	**1,453.80**
Dividend paid (€ m)	19.5	18.6	**22.3**
Dividend per share (€)	0.18	0.18	**0.20**
Payout	34%	35%	**32%**
P/E multiple	9.6	15.7	**17.9**
	12	13	**14**

Investor relations

The company's excellent share price performance in 2014 mirrors CIE Automotive's shareholder value creation strategy. The alliance with Mahindra and the various transactions closed over the course of the year helped make the company more profitable and financially robust, while shoring up growth prospects.

The Investor Relations Department is tasked with providing shareholders and the investor community at large with regular, relevant and accurate information. It stayed in permanent contact with this community throughout 2014 by means of analyst and investor meetings and presentations.

All relevant group information, presentations and legally-stipulated financial and corporate governance reports and documents are available to the public on the corporate website, www.cieautomotive.com. The website also provides contact data (a dedicated phone line and e-mail address) for shareholders.

Four of the core shareholders have committed to holding their investments in the company for the long term: Corporación Gestamp, Antonio María Pradera Jáuregui, Elidonza Promoción and Mahindra. The first three have been on board since the company was founded and the fourth, Mahindra, entered the

Ownership structure at year-end 2014

Shareholder	Direct	Indirect	Total	%	**Par value of shareholding**
Risteel Corporation, B.V. (I)	16,900,021	0	16,900,021	13.101	**4,225,005.25**
Corporación Gestamp, S.L.	12,652,182	16,900,021	29,552,203	22.909	**7,388,050.75**
Mahindra Overseas Investment Company (Mauritius), Ltd (II)	16,040,706	0	16,040,706	12.435	**4,010,176.50**
Mahindra & Mahindra, Ltd	0	16,040,706	16,040,706	12.435	**4,010,176.50**
Inversiones, Estrategia y Conocimiento Global Cyp, S.L. (III)	8,984,650	0	8,984,650	6.965	**2,246,162.50**
Antonio María Pradera Jáuregui	6,450,009	8,984,650	15,434,659	11.965	**3,858,664.75**
Elidoza Promoción de Empresas, S.L.	12,386,138	0	12,386,138	9.602	**3,096,534.50**
Nmas1 Asset Management, Sgiic, S.A.	0	8,339,208	8,339,208	6.465	**2,084,802.00**
La Fuente Salada, S.L. (V)	6,460,000	0	6,460,000	5.008	**1,615,000.00**
José Ignacio Comenge Sánchez-Real*	0	6,460,000	6,460,000	5.008	**1,615,000.00**
Addvalia Capital, S.A.	6,450,208	0	6,450,208	5.000	**1,612,552.00**

(*) This shareholding was placed privately with qualified investors at a price of €12 per share on February 4th, 2015 thereby increasing the stock's liquidity.

The free float is made up of a wide variety of investors, mainly European and American

shareholder ranks in 2013, having signed a global automotive parts alliance with CIE Automotive.

The free float is made up of a wide variety of investors, mainly European and American.

Customer orientation

CIE Automotive orients its business around making its customers happy by offering them innovative end-to-end solutions that truly add value. In 2014 it made further progress on its policy of excellence rolling out initiatives designed to improve the quality of its products and tighten control over its plants. In tandem it continued to research and develop new products and processes in order to stay one step ahead of the market.

Certifications

Certification	Plants CIE*	Certified plants	%
ISO TS 16949	73	73	100
ISO 14000	73	66	90
OHSAS 18000	73	41	56
ISCC	1	1	100

(*) Includes 3 Multitechnology plants and 2 plants under construction.

CIE Automotive's product portfolio is closely aligned with its customers' main needs and its development is sharply focused on defining sector trends: making vehicles lighter, enhancing vehicle safety measures and comfort standards and technical breakthroughs in core products such as crankshafts and electronic steering systems.

Every year the company devotes significant sums - around 2% of revenue - to its R&D effort in order to stay ahead of demand and ensure its sustainability over time.

Its strategic commitment to innovation and R&D in the automotive field was endorsed by the European Investment Bank (EIB) in 2014. In July, the EIB granted the company a €70 million facility to fund the R&D programme underway in the research centres located in Spain, France and Portugal through 2017.

The loan proceeds will be earmarked to the development of innovative solutions for building lighter yet safer cars that will ultimately deliver emission savings and fuel efficiency.

Quality pledge

CIE Automotive's operational excellence programme - Avanza - dates back to 2003 and has made the company a benchmark for quality in the automotive sector. Irrevocably headed towards the defined target of 'zero defects, zero accidents and zero contamination', Avanza is articulated around four cornerstones: safety, training, systematic reviews and ongoing learning.

As part of its continual improvement effort, the company has put in place a system for managing customer satisfaction

As part of its customer-centric strategy, CIE Automotive strives to maximise excellence at all its factories. To this end it certifies them all to various stringent quality, environmental management and health and safety standards.

Customer satisfaction

As part of its continual improvement effort, the company has put in place a system for managing customer satisfaction which measures, tracks and analyses customer feedback with the aim of proposing improvements at the various plants as warranted. To this end, it uses two types of measurements: indicators that measure a plant's performance in terms of its customer relationships and others that track customer perceptions.

To evaluate individual plant performance, the company tracks claims, deliveries, external PPMs (defective parts per million) and line stoppages, while customer perception conclusions are drawn from customer audits, evaluations and annual statistics.

These results are all analysed and compiled into an annual management report which is used to draw up plans for enhancing customer relations.

Awards

OEM ACCOLADES

Fiat-Chrysler	CIE PEMSA (Mexico)	**Best supplier 2014**
Volkswagen	CIE Norma (Spain)	**Class A supplier**
General Motors	CIE Egaña (Spain)	**Excellent supplier status**
General Motors	CIE Inyectametal (Spain)	**Excellence awards**
PSA	CIE Recytec (Spain)	**Best supplier plant**
Ford	CIE Matricon (Romania)	**Q1**
General Motors	Autometal Diadema (Brazil)	**Enterprise Quality Management Program**

TIER 1 AWARDS

KYB	Aluminio CIE Alcasting (Spain)	**Best supplier 2013**
Faurecia Interior System	CIE Automotive's metal division	**Strategic supplier**

CIE Automotive was named best supplier by several of the world's leading OEMs in 2014

Awards

Thanks to the group's efforts to continually upgrade its processes and products, CIE Automotive was named best supplier by several of the world's leading OEMs in 2014. It also received two awards at the Tier 1 supplier convention held in Detroit in June 2014.

Dominion: innovation in its DNA

Innovation and customer services lies at the heart of Dominion. Its business is based on its combination of know-how and technology, underpinned by the Smart Innovation concept which it leverages to offer multi-sector solutions and services that make its customers' productive processes more efficient.

With R&D centres in Spain and Germany, Dominion focuses its innovation efforts on two fronts: efficiency and solutions innovation.

Efficiency innovation is aimed at finding more effective service provision formulae. It applies the progress made on this front to improve the services its customers have outsourced to it, achieving cost savings that it can then pass on to them in the form of lower prices.

Product innovation, on occasions disruptive innovation, is aimed at improving existing products and solutions or developing new ones, all of which with the aim of enhancing customers' productive processes.

In both instances, the innovations are combined with Dominion's sector know-how by means of the application of a range of technologies, most especially those related to the sensorisation and digitalisation of productive processes and the management of masses of unstructured information (big data).

Dominion earmarks around 1.3% of its revenue to R&D and collaborates actively on public-private projects and programmes such as IBEROEKA (an international collaboration), EAA-Grants (awarded by the CDTI), AEESD (acronym for Strategic Action for the Digital Economy & Society, run by the Ministry of Industry), Retos-Colaboración (Ministry for the Economy and Competitiveness) and the Gaitek and Etorgai programmes (backed by the Basque regional government).

Human resources

CIE Automotive has over 23,000 employees: they are the company's growth engine and are responsible for its sector leadership. Its relationship with this diverse workforce is based on labour legislation in each country and the principles enshrined in the United Nations Global Compact. In 2014, the company reinforced its workforce when it culminated the integration of Mahindra initiated the year before and re-launched training initiatives related with interpersonal and management skills targeted at certain profiles.

CIE Automotive's headcount stood at 23,517 at year-end, 4,270 more than the year before. This diverse workforce in terms of nationalities and skills is spread around all five continents.

Geographic breakdown of the workforce at year-end 2014

Europe	**7,290**	**8,304**
Automotive	5,917	5,832
Smart Innovation	1,374	2,472
Americas	**8,642**	**9,793**
Automotive	7,325	7,213
Smart Innovation	1,317	2,580
Asia, Africa & Oceania	**3,314**	**5,420**
Automotive	3,011	4,850
Smart Innovation	303	570
TOTAL GROUP	**19,247**	**23,517**
Automotive	16,253	17,895
Smart Innovation	2,994	5,622
	13	**14**

76% of the group's employees work in the automotive division and the remaining 24% work for Dominion

The increase in the workforce is largely attributable to the integration of Mahindra and Beroa, companies which contributed 1,846 and 2,047 employees, respectively.

The majority of the group's employees - 17,895, or 76% - work in the automotive business, with the remaining 5,622 (24%) comprising the Smart Innovation business (Dominion).

This diverse workforce encompasses people of all academic backgrounds, with all sorts of experience and a broad variety of skills. At year-end 2014, 1.9% were executives, 31.8%, university graduates and 66.3%, skilled workers.

Aggregate employee turnover was less than 1%.

Workforce breakdown by job category and gender at year-end 2014

Executives	**466**	**444**
Men	412	401
Women	54	43
University graduates	**5,700**	**7,475**
Men	4,591	5,708
Women	1,109	1,767
Skilled workers	**13,081**	**15,598**
Men	11,140	13,712
Women	1,941	1,886
TOTAL GROUP	**19,247**	**23,517**
Total men	16,143	19,821
Total women	3,104	3,696
	13	**14**

In a sector characterised by predominantly male workforces, 84% of the professionals working for CIE Automotive at the end of the year were men.

Ethics

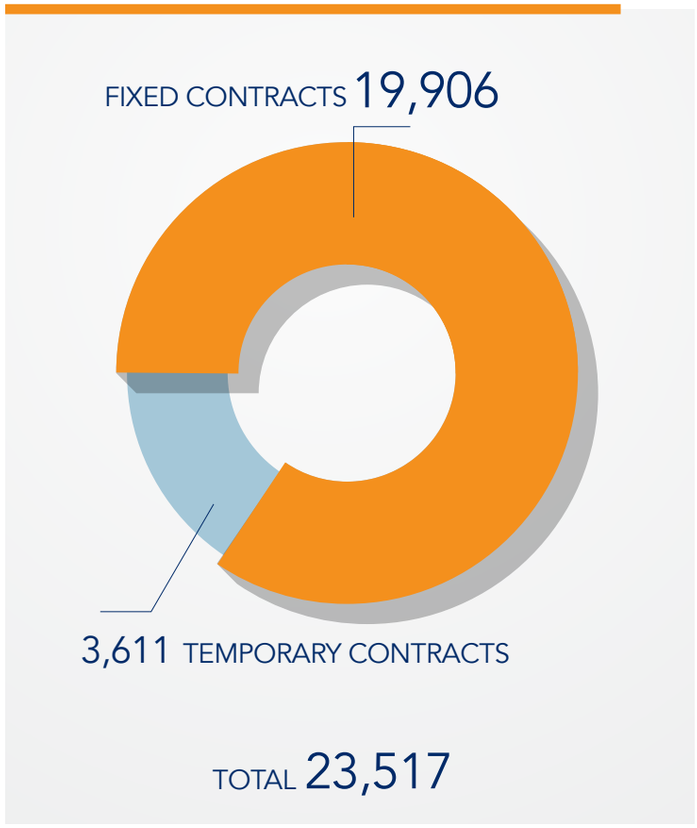
CIE Automotive is governed and guided by labour legislation in each of its operating markets and the United Nations Global Compact. It expressly rejects any form of child or compulsory labour, does not tolerate any form of workplace discrimination and supports its employees' unionisation and collective bargaining rights.

Throughout 2014, it engaged in dialogue with its workers' representatives in a number of countries. More specifically, it signed collective bargaining agreements at Galfor, Legazpi, Orbelan, Udalbide, Egaña, Compiègne, Praga Loungy, CIE Zdanice, Metalúrgica Nakayone Ltda, Autometal Sa, Autometal Sbc Injeção E Pintura De Plásticos Ltda. and Durametal S.A. last year.

As for the quality of the work offered, CIE Automotive remains committed to job stability: 85% of the workforce was employed under a fixed contract in 2014.

Employee relations are based on mutual trust, respect and express support for the dignity of all employees, as set down in the group's code of professional conduct.

Workforce breakdown by contract type



However, the company attempts to go beyond strict compliance with the law and its code of conduct by fostering a cordial workplace environment by promoting different employee activities. It makes contributions to various employee sports competitions, organises events to mark certain special dates (Father's Day, Mother's Day, Christmas, etc.) and grants a prize to the best student of the year, among other competitions organised for employees and their relatives.

Moreover, it actively supports equal opportunities and encourages the creation of teams with people of differing abilities. To this end, it has signed an agreement with the Red Cross covering the integration of people facing an uphill battle in terms of re-joining the workforce.

CIE Automotive is governed and guided by labour legislation in each of its operating markets and the UN Global Compact

Attracting talent

CIE Automotive's employees must be open to change and oriented towards continuous improvement. To this end, the group runs a range of selection and career development programmes targeted at young graduates with international ambitions.

In 2014 it collaborated with a number of universities and public entities, offering work practice opportunities associated with their Master's and vocational training courses and supporting the educational efforts of multiple centres by offering plant visits and presentations.

Employee evaluation and remuneration

CIE Automotive has an HR management model which is used to define employee skill profiles, evaluate executive, middle management and skilled workers' job performance, identify areas for improvement and design career development and training programs, the latter by means of a dedicated Professional Development Programme.

Underpinned by the company's core values, employee skills are assessed across eight categories: results orientation, customer relations, proactive attitude, innovation, teamwork, decision-making, flexibility and leadership.

Employees undergo an annual assessment with their immediate superiors with the aim of analysing theirs and the company's performance during the past 12 months and listening to their expectations for the near and longer term.

Whenever skill gaps are detected, the employee in question is included in a specific training programme.

Employee remuneration is based on the nature of the work they do as well as their performance; the company and group's performance is also taken into consideration.

Professional training

The company offers two kinds of training programmes:

- Training at the plant level: factory workers receive very specific training. Most of these courses are operational in nature and are designed to help employees use resources more efficiently and facilitate their jobs.

- Training at the group level: the company offers people with certain profiles advanced management and interpersonal skills training. The courses provided by external providers in management skills (leadership, motivation, teamwork) and specific functional areas (buying management, negotiation, finance) stand out.

In parallel the group carries out a myriad of internal training initiatives that are given by in-house staff.

Employee communication

One of the cornerstones of the employee engagement effort is the Workplace Climate Survey carried out across the group companies every two years and designed to detect employee concerns and demands and pave the way for specific initiatives for addressing them.

By carrying out the survey every two years, the group can also properly assess whether or not the initiatives implemented are working as intended. Each survey asks the employees to evaluate the company, give their opinion on its organisational structure, rate relations between them and management and provide feedback on their work and job satisfaction.

Health and safety policy

The overriding goal of CIE Automotive's workplace health and safety policy is zero accidents. In 2014, it continued to roll out health and safety training initiatives and worked to ensure its teams and facilities continue to meet the highest industrial safety standards. These efforts drove a fresh reduction in accident rates.

The standards observed by CIE Automotive are more stringent than those legally imposed by the health and safety authorities

The standards observed by CIE Automotive are more stringent than those legally imposed by the health and safety authorities. As a responsible and proactive company, it evaluates potential workplace risks, establishes preventative measures and monitors the effectiveness of initiatives implemented by means of internal audits. In parallel, it provides its employees with skills training and information tailored to their workplaces and jobs.

Thanks to these initiatives there were only 316 lost-time injuries at CIE Automotive and Dominion (and no fatalities), marking a significant improvement on the targeted 385.

Starting from the premise that every accident is a learning experience, all the accidents were investigated and duly reported following 8D methodology with a view to establishing correction measures designed to prevent their repetition.

The drop in the number of days lost due to accidents at Dominion, from 480 to 325, stands out, also

Workplace health and safety indicators*

Lost-time injuries	390	**316**
Fatalities	0	**0**
Accident frequency rate	22.3	**19**
Accident severity rate	0.3	**0.3**
	13	**14**

(*) Data for the European automotive business and Dominion Spain.

Each plant has its own health and safety plan which is put together on the basis of a framework system

topping forecasts. The goal for 2015 is to bring this figure down further, to 300 days lost.

Safety plans

Each plant has its own health and safety plan which is put together on the basis of a framework system that is subjected to continual audit as part of the group's workplace safety management systems. This structure enables the company to adapt safety measures for each plant and evaluate the measures taken by it on this front as a whole.

The effort made on the health and safety front is evident in the fact that 21 European automotive parts plants are OHSAS 18001/2007 certified (note that this does not include the Mahindra Germany or ACS plants). The Udalbide plant secured this certification for the first time in 2014.

At Dominion, in keeping with the targets set, the number of unproductive days associated with new

hires was reduced to under three, the training initiatives for employees working at heights were renewed and overall staff downtime was cut to under 0.5%.

In 2015 the group's Smart Innovation arm is aiming to increase field visits for in-house and outsourced staff, reduce lost-time injuries, review the specific characteristics of jobs that entail working at a height and conduct a health and safety audit during the second half of 2015.

Control of contractors and subcontractors

CIE Automotive has a corporate procedure that applies to all plants and is designed to assess, coordinate and certify that all the contractors and companies with access to its facilities meet legal requirements. This procedure is subject to internal and external audit.

In Spain, Dominion has 300 people working for it under outsourcing arrangements and over 1,200 active employees. They are coordinated using an electronic platform and by means of quarterly and annual in-person meetings. The Smart Innovation unit supports its subcontractors by providing them training as well as purchasing and supplying them with protective gear and equipment. It is enhancing the process of reporting the legal status of these companies to management and is increasing works inspections to supervise proceedings and raise worker awareness of safety issues.

Specific health and safety training

CIE Automotive informs its workers on the risks associated with their jobs and trains them on how to prevent them from materialising. Training content is updated regularly and the company makes sure that its employees receive all necessary training if they change jobs. The company also provides courses to employees in need of specific training.

The courses provided in 2014 included programmes dealing with working at a height, in confined spaces, with forklifts and cranes, emergencies, ergonomics and electric risks, as well as job-specific training developed as a result of risk evaluation processes.

Safety forums

In its attempt to serve as an exemplary benchmark in terms of health and safety, CIE Automotive participates in a number of specialist forums. Specifically, it is a member of the Alava round-table forums for workplace safety, SEA, and the Guipuzcoa workplace safety forum, a meeting point for workplace safety professionals whose aim is to foster debate and add to collective know-how. The group is represented on both forums by its chief safety officer.

Absenteeism

The average rate of absenteeism, a rate that computes all absences, whether substantiated or not, fell by around 6% from 3.65% in 2013 to 3.43% in 2014.

CIE Automotive informs its workers on the risks associated with their jobs

Sustainable supply chain management

CIE Automotive views its suppliers as an essential component of its business workings and a cornerstone of the value-added generated by its products. With more than 9,000 suppliers, the company fully assumes it duty to foster a supply chain that upholds the company's ethical, labour, community and environmental values.

The corporate procurement model is based on five principles:

Procurement model principles

Transparency

Competitive bids and equal opportunity

Objective and unanimous tender award decisions

Service orientation around internal and external customers

Mutual compliance with supplier commitments

CIE Automotive put its current procurement policy in place in 2005. It defines the mission, vision and values of the purchasing function and sets the ground rules for an efficient, ethical and systematic system.

These principles are underpinned by a global management approach, tailored locally, which caters to the differing needs of the various markets and countries and is designed to ensure coordinated and transparent relations between the CIE Automotive group companies and their suppliers.

Supplier purchase terms make explicit reference to the need to respect human and labour rights as well as evidencing a clear-cut zero tolerance stance on fraud and corruption.

Given the importance of the purchasing process to the firm's competitiveness and compliance with ISO-TS 16949 Technical Specification, the group has installed a Systematic Purchasing Scheme comprising five procedures ranging from generation of the purchase requirement to payment for the product or service. Employees have access to system-related information on the company's intranet.

Correct implementation of this system is monitored at the individual plant level using the four-step PDCA

One of the most noteworthy supply chain developments in 2014 was the overhaul of the system's governing rules

(plan-do-check-act) system, setting initiatives to be performed and measuring their implementation monthly.

Rule updates

One of the most noteworthy supply chain developments in 2014 was the overhaul of the system's governing rules in order to adapt them to the company's current terms and conditions.

The purchasing function's vision is to strike strategic agreements with suppliers that establish themselves as benchmarks in terms of quality, innovation, design and fulfilment, as well as being cost competitive. To this end, over 98% of the company's raw material and parts suppliers were working under ISO or equivalent standards in 2014.

It also wants to orchestrate joint progress towards operational excellence by means of continuous improvement of procurement processes. Last year the purchasing function contributed to delivery of the corporate cost-cutting objectives by fine-tuning supplier processes and concentrating purchase volumes among the top suppliers.

The new rules expressly state the company's strategic commitment to cordial relations and an understanding between internal-external customers and suppliers. Against this backdrop, in 2014 the number of quality-related disputes fell by involving suppliers actively in analysing and identifying corrective measures.

The purchasing function has pledged to promote two-way communication and information flows, awarding contract tenders and orders on the basis of active user participation. The supply chain was further integrated into the manufacturing base last year, a move that delivered more flexible and swift response times.

Supplier management took on a global dimension in 2014 with the acquisition of new plants and the addition of new greenfield projects such as Togliatti, CIE Forjas Celaya and Mahindra Systech.

In order to continually evaluate supplier quality and service, the requirements for adding a new supplier, for taking receipt of supplies and for logistics and service incidents were defined in a single SAP master file.

Meanwhile, aware of the impact of energy costs on its processes, energy efficiency plans were rolled out worldwide which are delivering substantial improvements.

Local suppliers

The strategy of purchasing close to the supply point is crucial to enhancing efficiency across the entire supply chain, particularly in emerging markets.

The identification of suppliers located close to consumption centres has helped to create wealth in these regions, reduced logistics costs and import duties and diminished exchange rate risk.

Suppliers are certified following procedures set at the group level. Tenders must be awarded on the basis of at least three bids, applying the controls and using the channels established at the procedural level.

In all of CIE Automotive's markets, over 80% of purchases are procured from local suppliers, thereby generating wealth in these markets.

Strategic partners

In the case of Dominion, the ability to retain its technological edge requires, in addition to a sizeable R&D effort, continual collaboration with its partners, leading companies in their respective sectors with which Dominion develops technological solutions for making its customers' processes more efficient.

Environmental management

CIE Automotive extended its environmental pledge in 2014, promoting process efficiency in order to reduce its environmental footprint. Framed by this same environmental concern, it stepped up its efforts to design and make more efficient automotive parts, while continuing to make biofuels as its dedicated subsidiary, Bionor, and contributing to environmental protection by means of the customer solutions and services developed by Dominion.

The manufacture of more environmentally-friendly products by means of a strategic commitment to eco-design is one of the traits and a competitive advantage that sets CIE Automotive apart. In harmony with broader market trends, the company has thrown itself into the downsizing phenomenon, i.e., the effort to reduce the weight and size of engines so as to, in conjunction with super-charger technology, boost power while reducing fuel requirements and emissions.

Eco-design is not only applicable to product design but also to manufacturing processes, as it can lead to cost-cutting, competitive gains, product innovation, compliance with environmental regulations and improved product image and corporate reputation.

Responsible use of natural resources

CIE Automotive's automotive parts manufacturing line entails intense use of energy and raw materials. As a result, it continuously revises its processes to make them more energy-efficient and reduce water and raw material consumption.

One of CIE Automotive's priorities is to enhance its energy efficiency as doing so makes it more

competitive by reducing expenditure, while helping to diminish its environmental footprint in tandem.

In order to reduce raw material consumption in the parts manufacturing process, it has recycling processes that allow it, among other things, to turn shavings produced in the machining process into new parts or scrap for re-use.

Adequate management of water usage is a core environmental target as the processing of materials at high temperatures requires intense water usage for cooling purposes. In order to minimise water discharges, the company has proprietary water treatment systems that enable its recovery.

The constant growth in the size of the CIE Automotive group, driven by acquisitions, alliances and greenfield projects, make it hard to assess its performance along environmental parameters. In addition, the wide variety of technologies used by CIE Automotive makes it difficult, if not impossible, to find a single production unit that serves as a useful yardstick for its environmental performance. The company has opted to use the euro as its common denominator, which can lead to differences on account of the product mix and varying raw material-value added percentages.

The factors used to calculate emissions are the 2012 factors recommended by the IPCC (Intergovernmental Panel on Climate Change, set up by the United Nations and International Energy Agency).

Biodiesel

CIE Automotive's strategic commitment to recycling has led it to come up with sustainable and ecological alternatives to the fossil fuel scarcity issue. Through its subsidiary, Bionor, it recycles used oil to turn it into biodiesel, a complex process. Use of these products implies sharply reduced greenhouse gas emissions and provides a compelling alternative

Adequate management of water usage is a core environmental target

Environmental performance indicators

Energy / revenue	kWh/€ 000	114.78	124.97	**140.54**
Electricity / revenue	kWh/€ 000	254.20	318.82	**311.17**
Water / revenue	m3/year/€ 000	0.60	0.54	**0.53**
Emissions / revenue	MT/€ 000	0.1131	0.1048	**0.1150**
Total revenue	€ 000	1,587,760.02	1,397,869.77	**1,608,157.57**
		12	13	**14**

to the environmental damage and other dangers posed by conventional fuels.

Recycling snapshot

Aluminium	**28,033 MT**
Oil	**20,095 MT**

Environmentally-friendly solutions and services

The business of Dominion, the unit devoted to Smart Innovation, is intrinsically related to environmental protection as several of its areas are directly involved in this field.

Within the services division, the various platforms developed to measure weather and water/air quality stand out. It also designs energy efficiency solutions for application in its customers' productive processes with the aim of delivering energy savings by both reducing consumption and recovering residual heat.

On the project front, specifically through Dominion 360, Dominion develops projects that are closely related to environmental protection, such as the meteorological networks deployed in Honduras and Venezuela.

Elsewhere, Dominion has certified its environmental management system at the workplace located in Josefa Valcárcel in respect of the supply and installation of micro computer and electronic network equipment. The 2014 audit confirmed correct implementation and in March 2015 the certification will be renewed for another three years.

Dominion manages its waste using authorised waste managers, primarily Indumetal. The categories of waste managed include paper, ink, fluorescent bulbs, electric and electronic devices, batteries and scrap. Other than batteries, this waste is generated by projects and in company offices.

Community

CIE Automotive contributes to wealth generation and well-being in its operating markets. In 2014, it generated returns for its investors once again, continued to create jobs and contributed to economic development in its operating markets by means of contracts with local suppliers. It also continued to engage with different community groups in attempt to mitigate, minimise and offset potentially unavoidable adverse business impacts on society.

CIE Automotive upholds and protects human rights in its 35 operating markets. In all of them it makes a contribution to community development not only by hiring local personnel and purchasing from local suppliers but also by paying taxes.

Economic value generated and distributed*

Thousands of euros

ECONOMIC VALUE GENERATED			
Revenue	1,645,705	1,760,253	**2,209,516**
Other gains	68,840	68,957	**102,472**
ECONOMIC VALUE DISTRIBUTED			
To shareholders (dividend)**	19,525	18,622	**22,304**
To employees (employee benefits expense)	343,979	381,721	**514,164**
To suppliers (consumption of raw materials and secondary materials)	963,112	1,012,679	**1,272,102**
Society (income tax paid)	17,663	16,404	**19,583**
Financial institutions (net finance costs)	44,615	66,347	**35,050**
Retained earnings	401,529	435,875	**460,888**
Depreciation and amortisation	82,683	89,690	**118,680**
	12	13	**14**

(*) Figures for 2013 and 2012 as published at year-end 2013 and presented for comparative purposes in this annual report.
(**) Interim dividend paid against prior-year profit.

When entering a new market or building a new plant, CIE engages with local community representatives, neighbourhood associations and public authorities in order to reduce any adverse impact from the construction work and factor in the suggestions made by the various groups.

It strives to maintain transparent dealings with local government by taking a collaborative attitude and scrupulously respecting prevailing legislation. One of its missions is to advise the authorities on technical matters related to the automotive industry.

It also carries out multiple initiatives that are not aimed at generating a profit but rather at having a positive impact on the communities where it does business.

It makes donations to ONGs and non-profits such as Bomberos Unidos sin Fronteras [Firefighters without Borders], DYA (another non-profit emergency relief association) and cancer societies and collaborates with local cultural events.

Some of its specific initiatives include:

- Support for six public schools in Bombay.
- Support for the schooling of 6,000 girls in underprivileged areas.

• Donation of 60 hearing devices.

• Dedicated programme so that CIE Automotive's employees in India can contribute directly to the group's CRS projects.

• Group pledge to plant one million trees every year.

In Spain, Dominion has an agreement with ONCE, the national organisation for the blind, under which it purchases services provided by the special job centres managed by this institution. In 2014 it made purchases well in excess of €0.5 million under this agreement.

In addition, Dominion collaborates with other charities, such as the Red Cross, the Food Bank and the Josep Carreras Leukaemia Foundation.

Smart Innovation at the service of society's well-being

As with its environmental paradigm, Dominion's relationship with the community has a vector that is directly related to its business activities.

In the solutions division, the platforms developed to coordinate civil protection efforts, particularly in developing regions frequently devastated by natural disasters, stand out. On the healthcare front, Dominion has developed multiple solutions designed to improve hospital care; these systems lead the Spanish market and command a significant and growing presence in Latin America.

On the project front, specifically through Dominion 360, the company carries out projects that are very valuable to the affected communities, such as the recent deployment of a tsunami alarm network in the city of Arica in Chile and the hospital equipment developed in Chile, Argentina and Honduras.

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