

Strategic Plan 2016-2020

May 2016

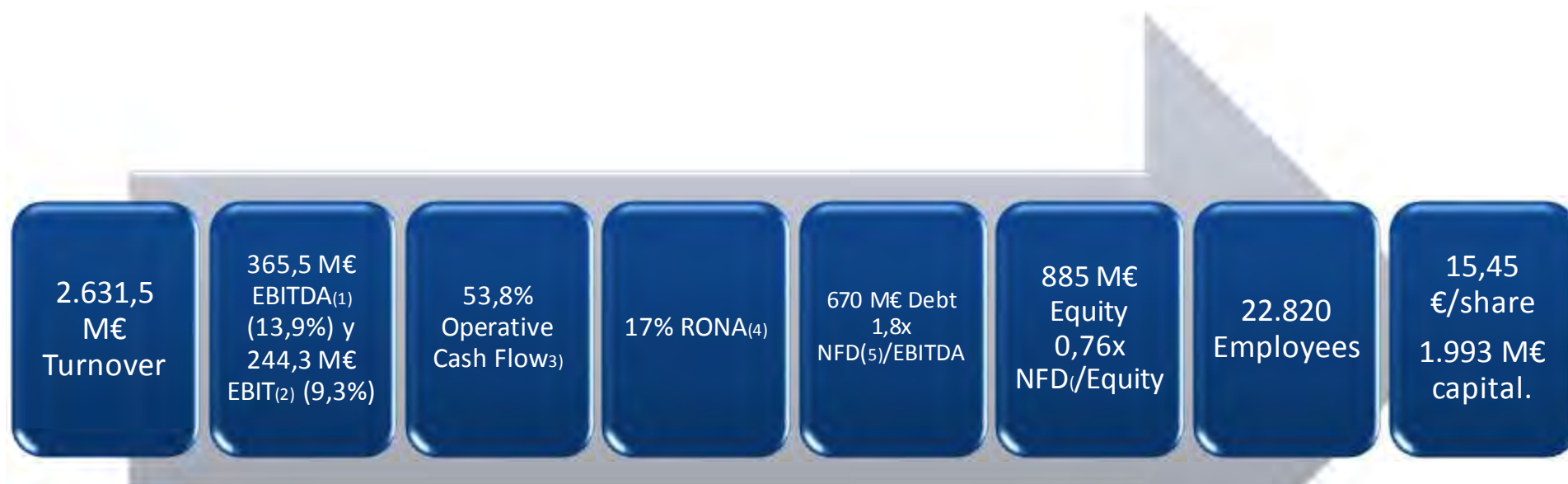
1. Assumptions strategic plan
2. Automotive strategic development
3. Dominion objectives
4. Strategy by corporate area
5. Strategic targets

01

Assumptions strategic plan

- A. Starting point*
- B. Key factors of our project*
- C. New factors to consider*
- D. The Board's prior recommendations*

A. THE BEST STARTING POINT



(1) EBITDA: Net Operating Income + Depreciation, Net Income: Profit attributable to the company's shareholders,

(2) EBIT: Net Operating Income.

(3) Operating Cash Flow = EBITDA - Financial expenses – Maintenance investment - Tax payments

(4) RONA = "Return on Net Assets": EBIT/ Net Assets (Fixed Assets + Net Working Capital – Goodwill not associated to cash outs)

(5) Net Financial Debt = Debt with banks and other financial institutions – Cash and equivalents



B. KEY FACTORS OF OUR PROJECT

- Diversification
- Decentralized and simplified chain of command
- Focus on process efficiency
- Common management tools
- Opportune approach to acquisitions policy
- Many investment possibilities: selective and controlled process
- Flexibility
- Industrial vocation with financial perspective

C. NEW FACTORS TO CONSIDER



- **Reputational level**
image
legal security
- **People in the long term**
succession planning
human resources to grow
- **Digital World**
enterprises 4.0
automotive software

D. THE BOARD'S PRIOR RECOMMENDATIONS

Product as a
key factor

Organic growth
and greenfields

Prudence with
new
acquisitions

Promote
Innovation
and
Development

Corporate
Social
Responsibility

Reduce debt
risk

Reputational
level

Maintain
efficiency in
management
model

Generational
renewal

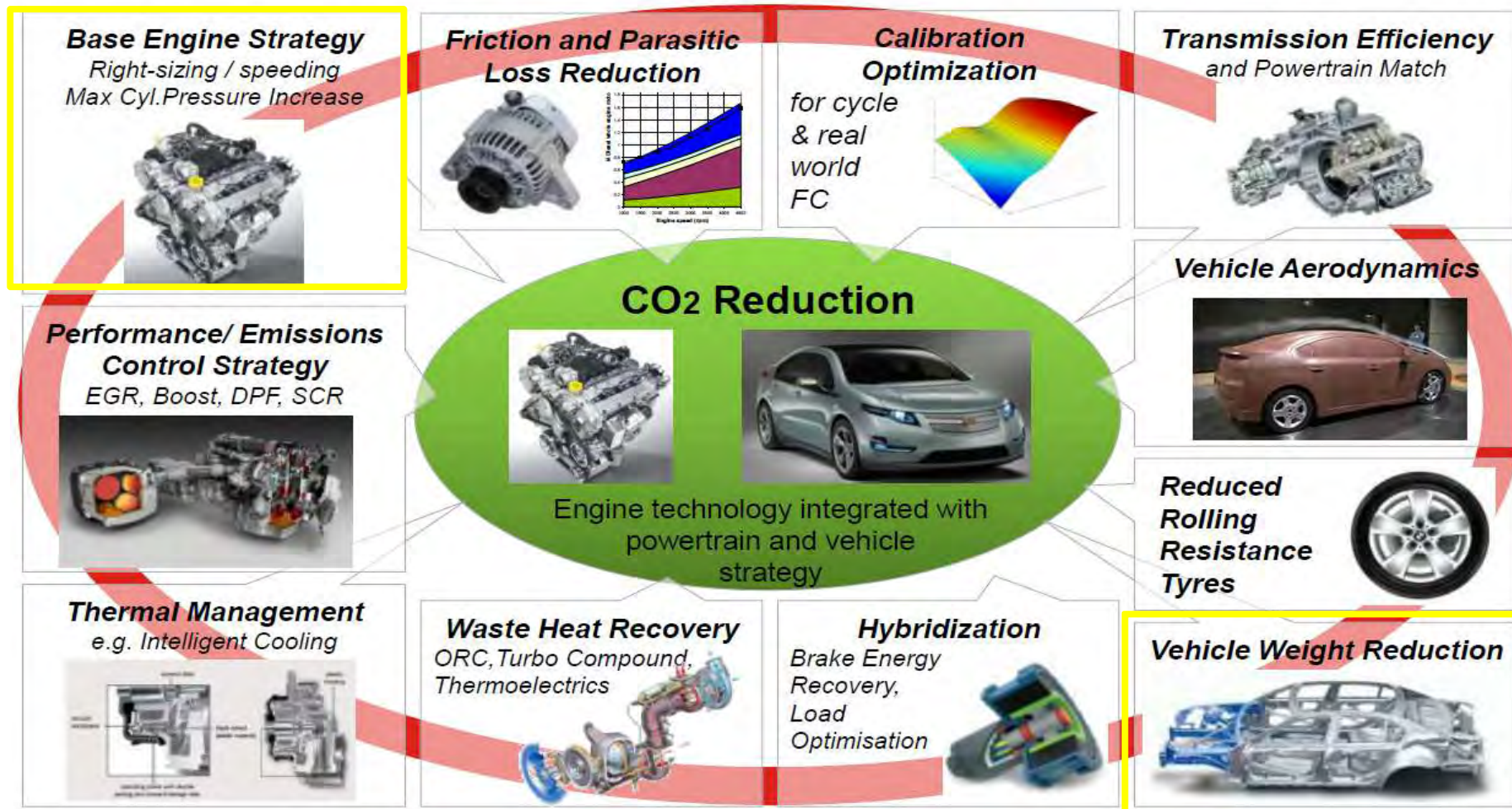
02 Automotive

- a) Industry evolution*
- b) Strategy by technology*
- c) Strategy by geographical location*
- d) Human resources plan*

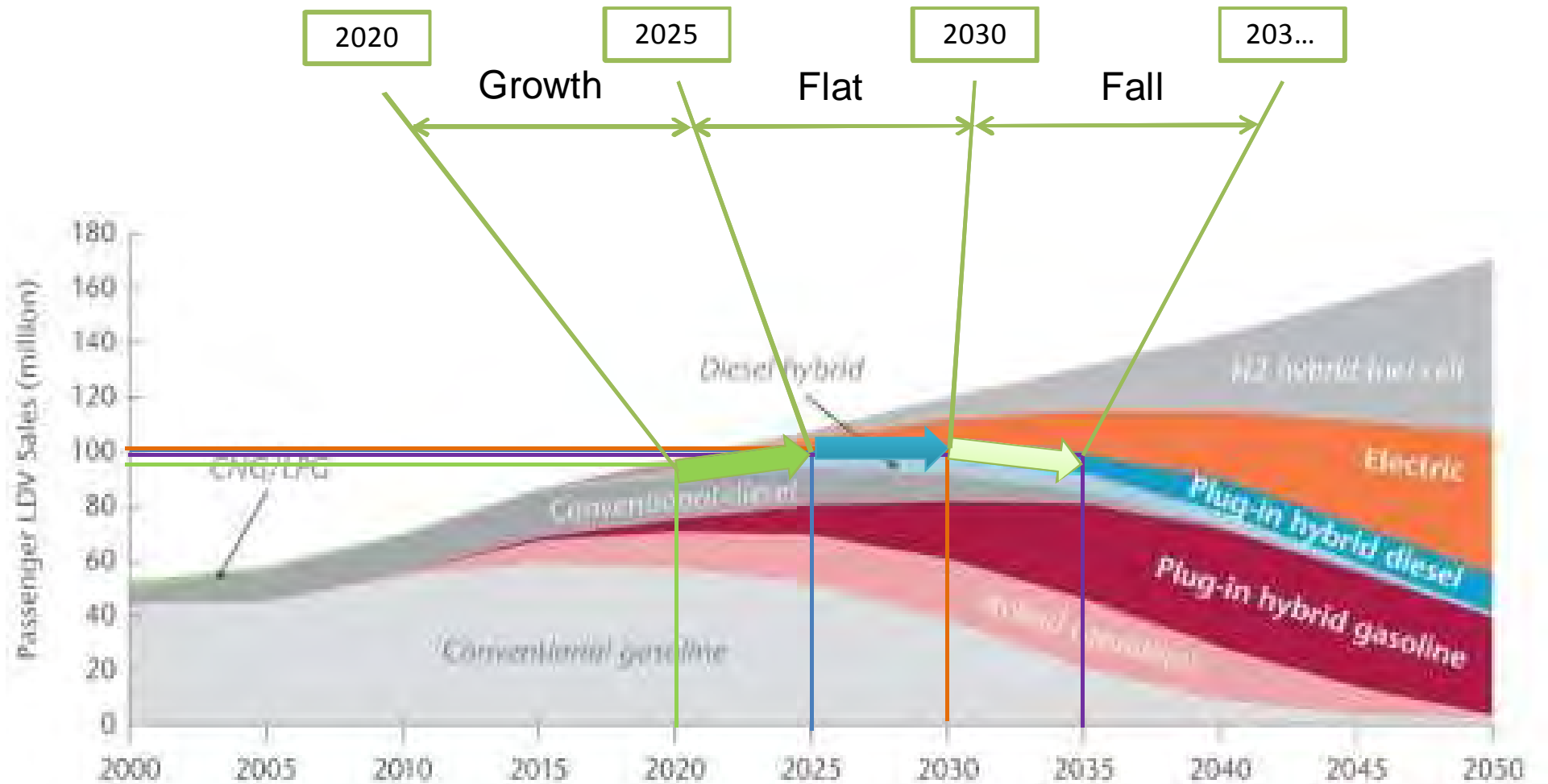
02.a) Industry evolution



TECHNOLOGIES AND PROCESSES TO REDUCE EMISSIONS



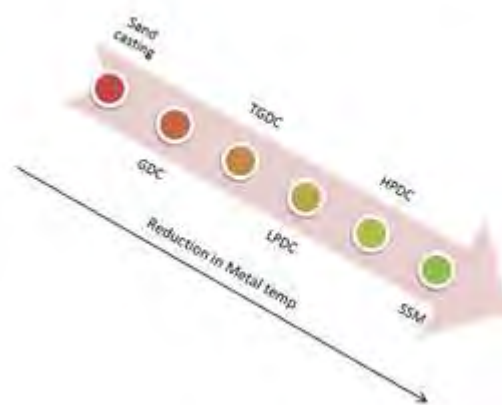
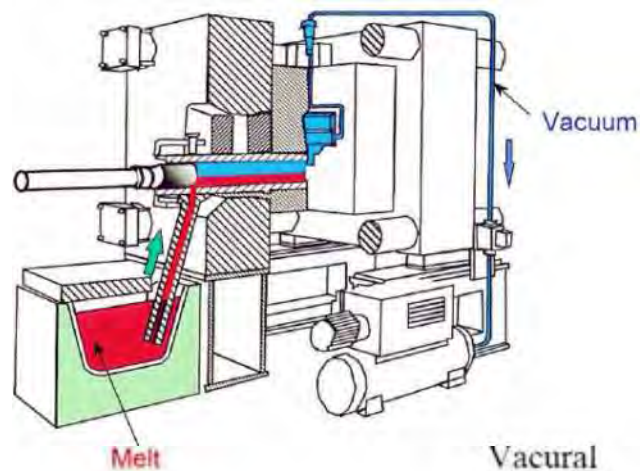
ICE ENGINES EVOLUTION



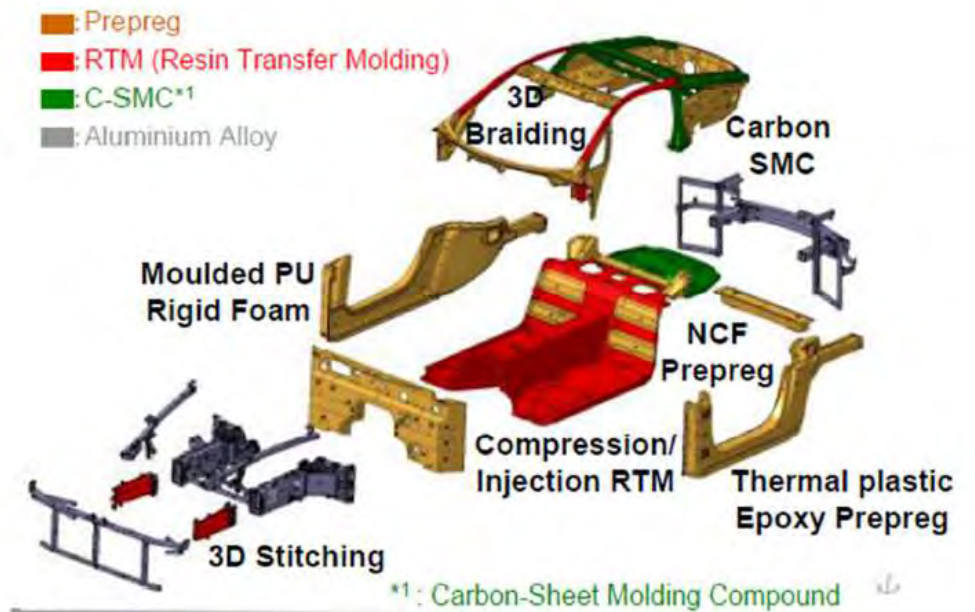
Fuente: IEA, Booz & Company analysis

VEHICLE WEIGHT REDUCTION

ALUMINIUM

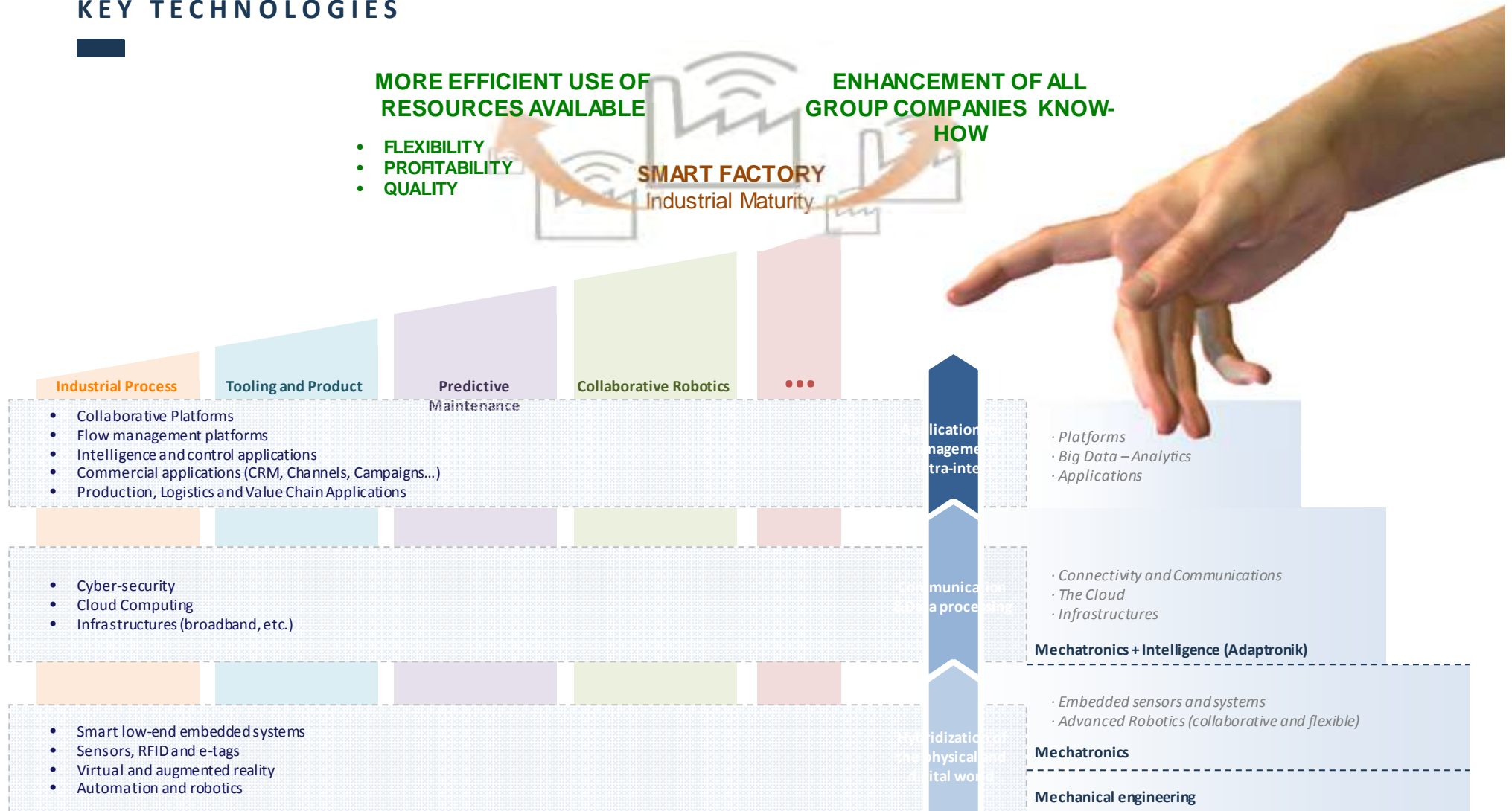


COMPOSITES



SMART FACTORY – INDUSTRIAL MATURITY

KEY TECHNOLOGIES



SMART FACTORY – INDUSTRIAL MATURITY

PRODUCTION PROCESS APPLICATIONS



TOOLING AND PRODUCT *Intelligence and control applications*



- Real-time monitoring of production process
- Wear analysis of means in real time
- Multi-dimensional traceability during the production process
- Quality Warranty
- Management and optimization of tooling and consumables

OBJECTIVES

- Troubleshooting regarding raw materials, tooling and production processes
- Smart adjustment of production processes (machines and tooling)
- Optimization of resource usage and enhanced planning of different production processes of the value chain
- Unit traceability of products
- Reducing the number of rejected components
-

TECHNOLOGIES

Artificial Vision, Traceability, Big Data, Analytics...

SMART FACTORY – INDUSTRIAL MATURITY

PRODUCTION PROCESS APPLICATIONS



PREDICTIVE MAINTENANCE

Smart predictive maintenance



- Real-time monitoring of equipment and main components
- Cross-correlation of parameters related to the main variables (process, product and equipment)
- Global coverage and remote management
- Energy efficiency

OBJECTIVES

- Sensorization, measurement and monitoring of key elements involved in the operation of industrial equipment, production systems and lines.
- Analysis of variables to characterize potential failures in industrial assets.
- Determination of the right timing for scheduled maintenance in industrial assets.
- ...

TECHNOLOGIES

Platforms, Embedded Sensors and Systems, Cloud Computing, Cyber-Security, Big Data, Analytics...

02.b) Strategy by technology

- I. Forging*
- II. Machinning*
- III. Aluminum*
- IV. Stamping*
- V. Plastics*



02.b) Strategy by technology

I. Forging

- A. Current geographical locations*
- B. Strategic Products*
- C. Strategic Customers*

A. Current geographical locations

WEST EUROPE

GERMANY

- GSA Mahindra CIE
- Falkenroth Mahindra CIE
- Schöneweiss Mahindra CIE
- Jeco Mahindra CIE

SPAIN

- CIE Galfor
- CIE Legazpi

UNITED KINGDOM

- Stokes Mahindra CIE

CENTRAL & EAST EUROPE

LITHUANIA

- CIE LT Forge

SOUTH AMERICA

BRAZIL

- CIE Autoforjas

ASIA

CHINA

- CIE NANJING FORGING (JV)

INDIA

- Mahindra CIE CHAKAN

B. Strategic Products

Crankshafts



Pistons



Balance Shaft



Outer races & Tulips



Front axle beams



C. Strategic Customers



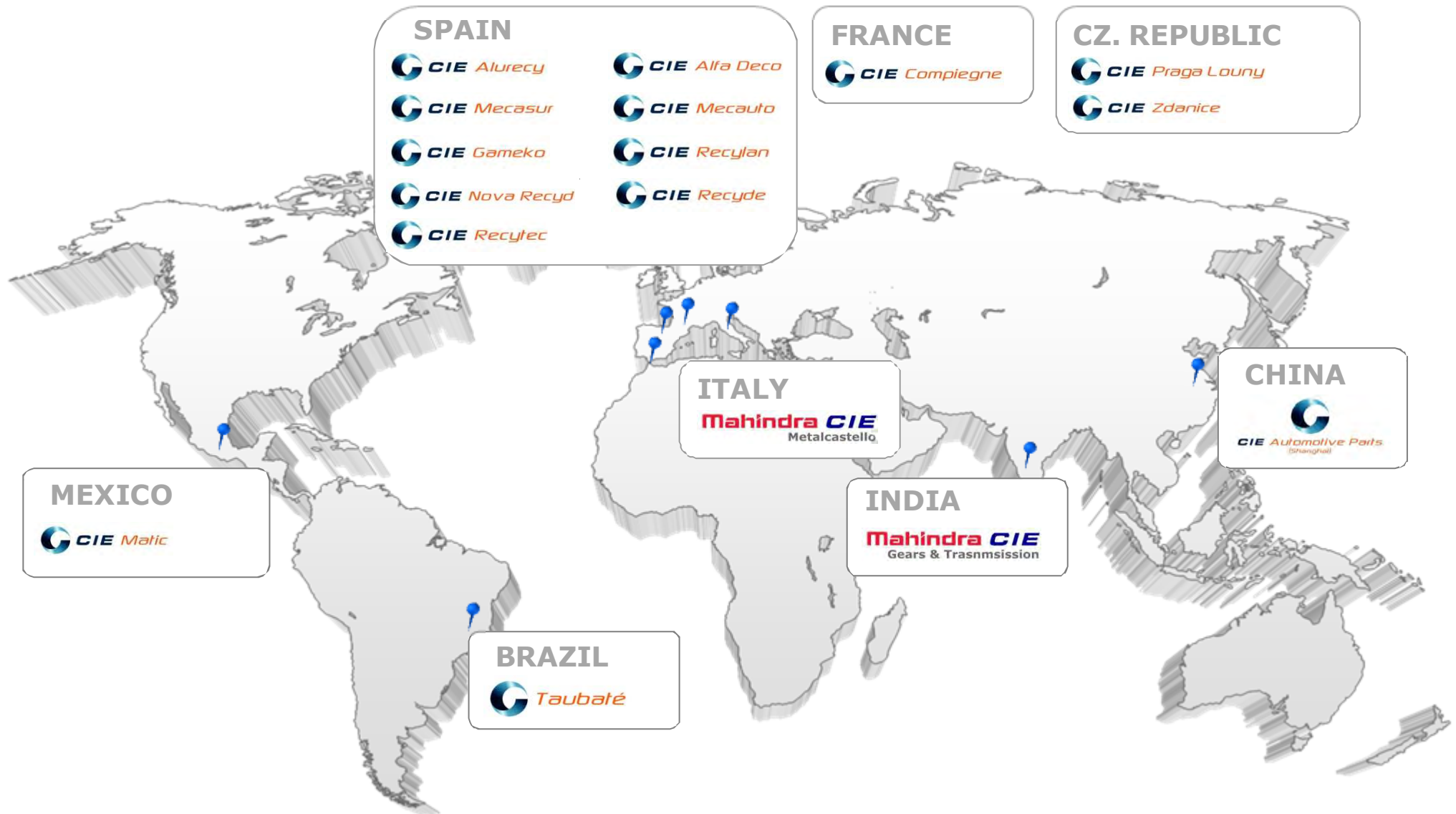


02.b) Strategy by technology

II. Machinning

- A. Current geographical locations*
- B. Strategic Products*
- C. Strategic Customers*

A. Current geographical locations



B. Strategic Products

Flanges



Differential Housing



Rails



Bearing Cups



Pinions



EPS Shafts



Wheel Hubs



Outer Rings

C. Strategic Customers



PSA PEUGEOT CITROËN



NSK

SCHAEFFLER



ThyssenKrupp



The background of the slide is a faded industrial photograph. It shows rows of aluminum castings, possibly engine blocks, in a factory setting. A digital depth gauge is positioned vertically in the foreground, its display showing the number -2634. The overall tone is industrial and technical.

02.b) Strategy by technology

III. Aluminum

- A. Current geographical locations*
- B. Strategic Products*
- C. Strategic Customers*

A. Current geographical locations



B. Strategic Products

Ladderframe



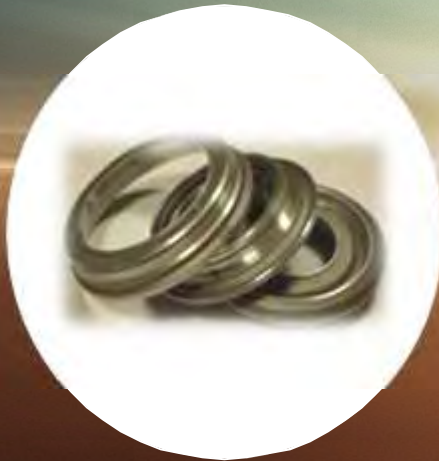
Oil Pan



Cover



Bearing Cups



Pistons



Mechanical Housing



Rack Housing



Worm Housing

C. Strategic Customers





02.b) Strategy by technology

IV. Stamping

- A. Current geographical locations*
- B. Strategic Products*
- C. Strategic Customers*

A. Current geographical locations

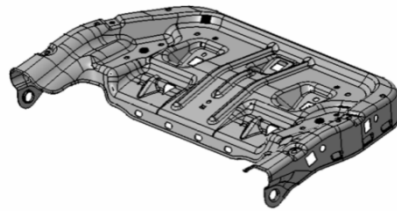


B. Strategic Products

Seat assemblies



Seat assemblies



Suspension Arm



Body in white



Oil panel



Fuel Rail



C. Strategic Customers

BOSCH

Continental

brose
Technik für Automobile



Valeo




Mahindra



HONDA



TOYOTA



FCA
FIAT CHRYSLER AUTOMOBILES

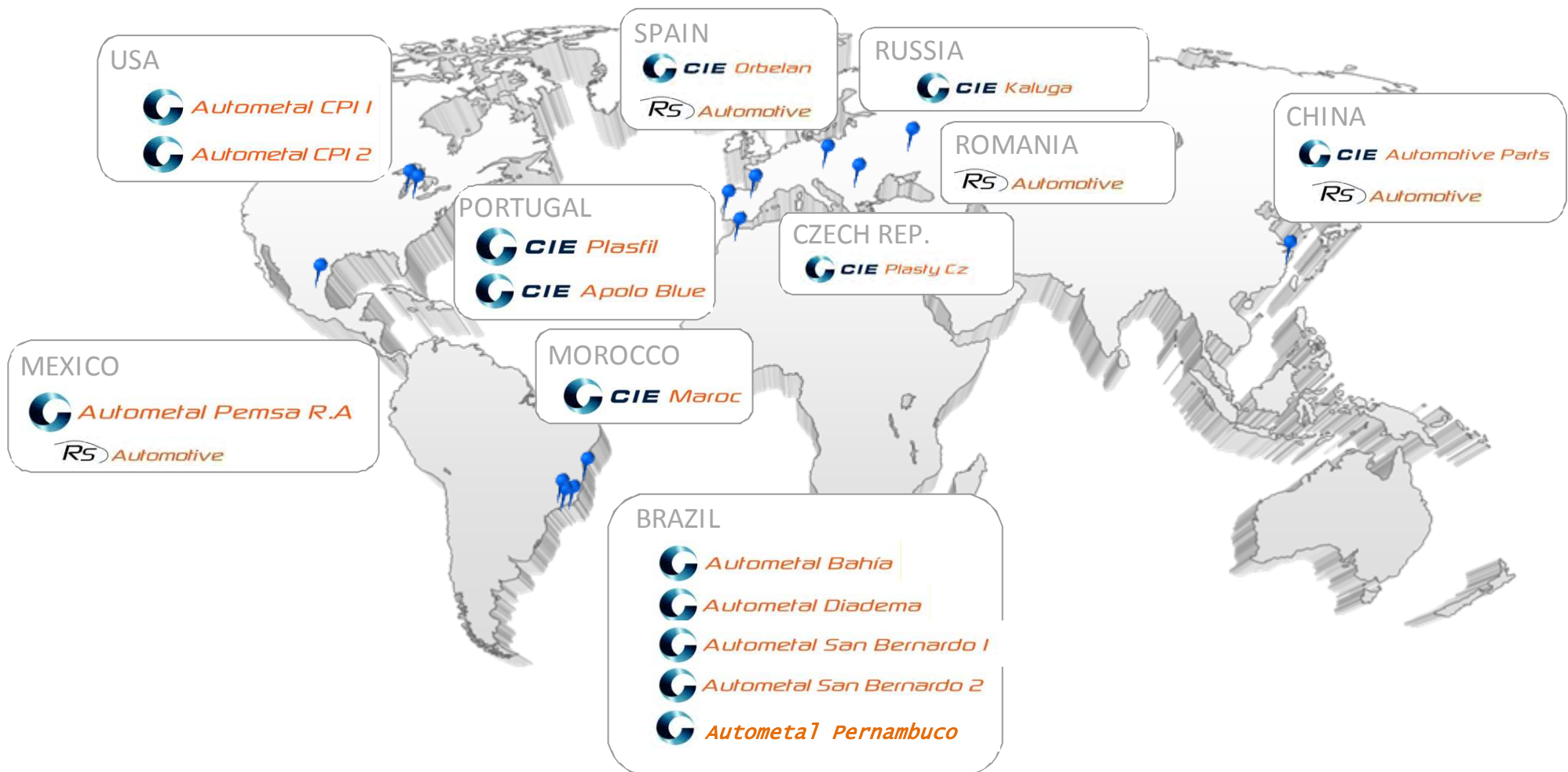


02.b) Strategy by technology

V. Plastics

- A. Current geographical locations*
- B. Strategic Products*
- C. Strategic Customers*

A. Current geographical locations



B. Strategic Products

Tilting Venting Sliding Sunroof



Roof Modules



Arm Rest



In Mould Decoration



Seat Cover



Grilles



Spoilers



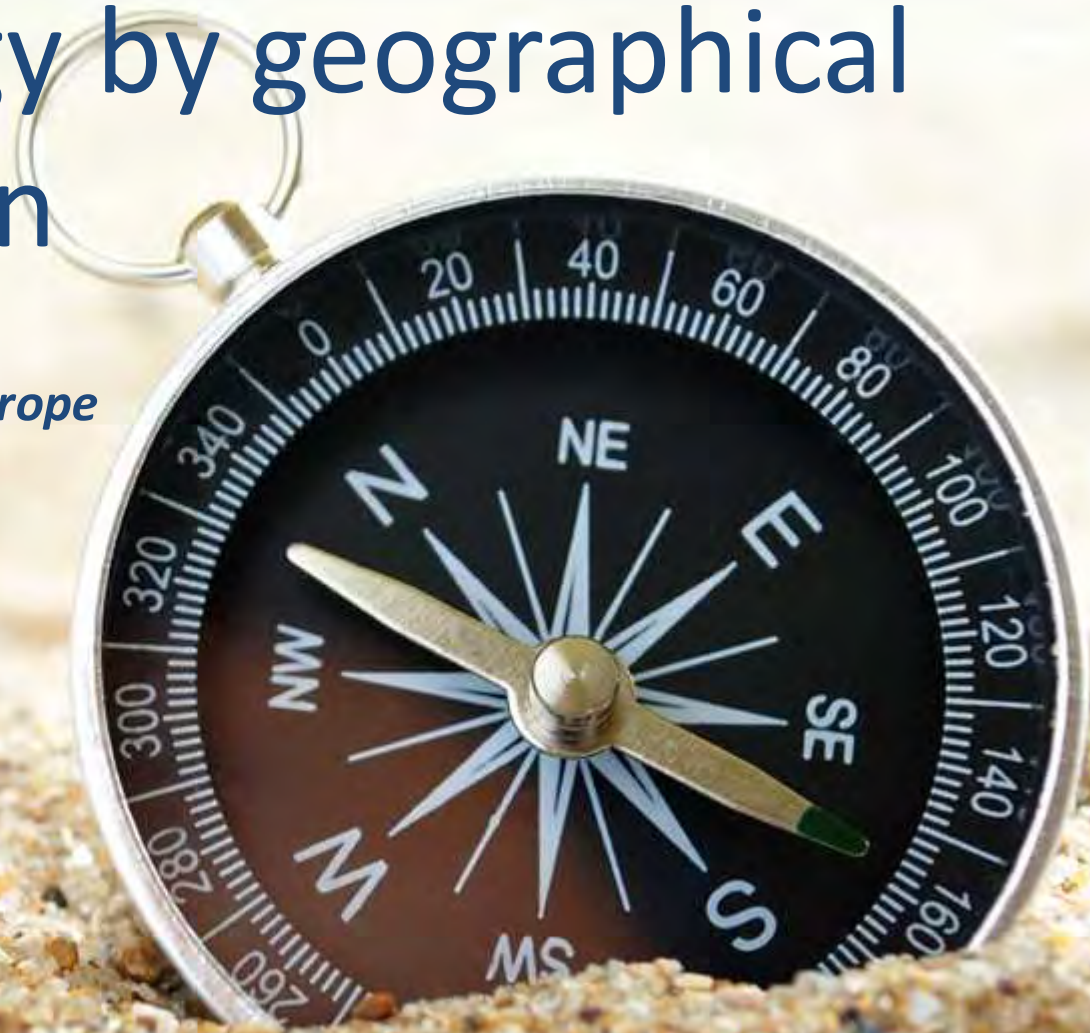
Pick ups

C. Strategic Customers



02.c) Strategy by geographical location

- I. Europe*
- II. Mahindra Europe*
- III. Brazil*
- IV. NAFTA*
- V. Asia*



02.c) Strategy by geographical location

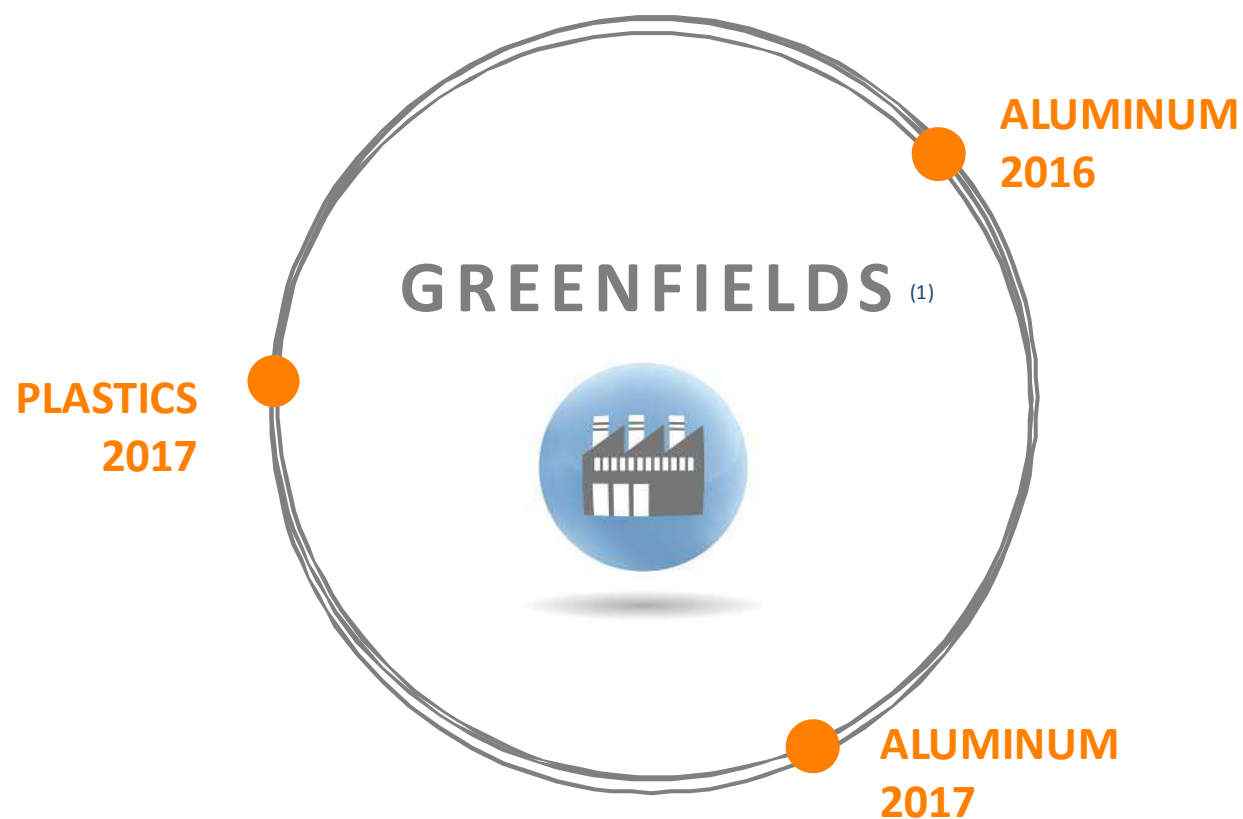
I. Europe



STRATEGIC PLAN



EUROPE

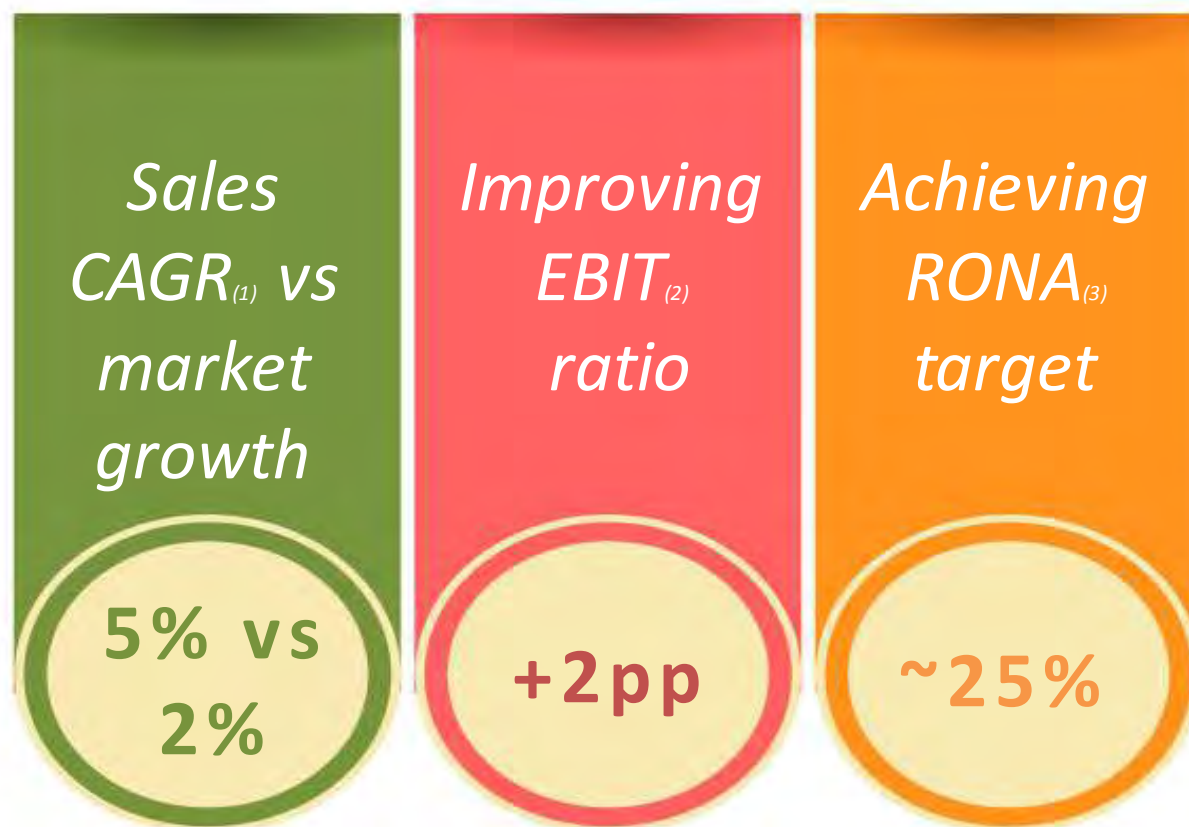


(1) GREENFIELD: construction of new operating plant or expansion of existing facilities.

STRATEGIC PLAN



EUROPE



(1) CAGR: Compound Annual Growth Rate

(2) EBIT: Net Operating Income.

(3) RONA = "Return on Net Assets": EBIT/ Net Assets (Fixed Assets + Net Working Capital – Goodwill not associated to cash outs)

02.c) Strategy by geographical location

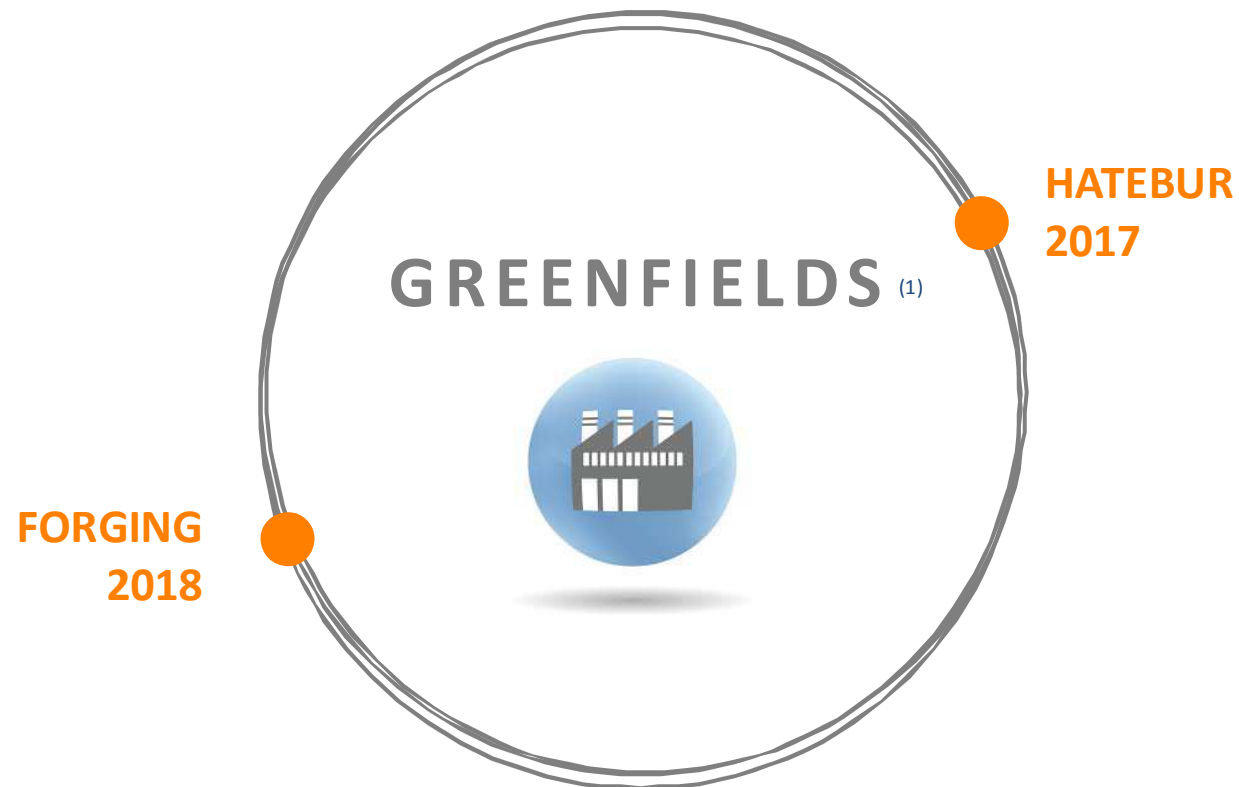
II. Mahindra Europe



STRATEGIC PLAN



MAHINDRA EUROPE

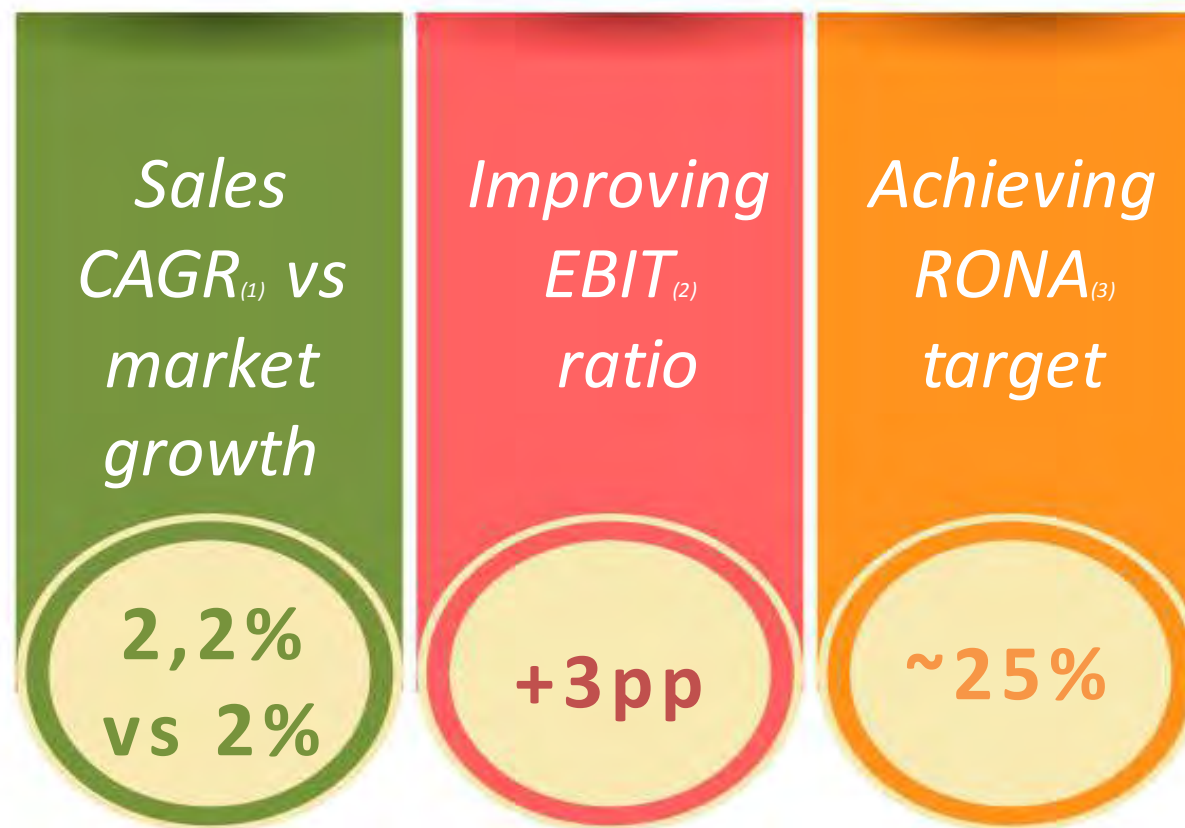


(1) GREENFIELD: construction of new operating plant or expansion of existing facilities.

STRATEGIC PLAN



MAHINDRA EUROPE



(1) CAGR: Compound Annual Growth Rate

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02.c) Strategy by geographical location

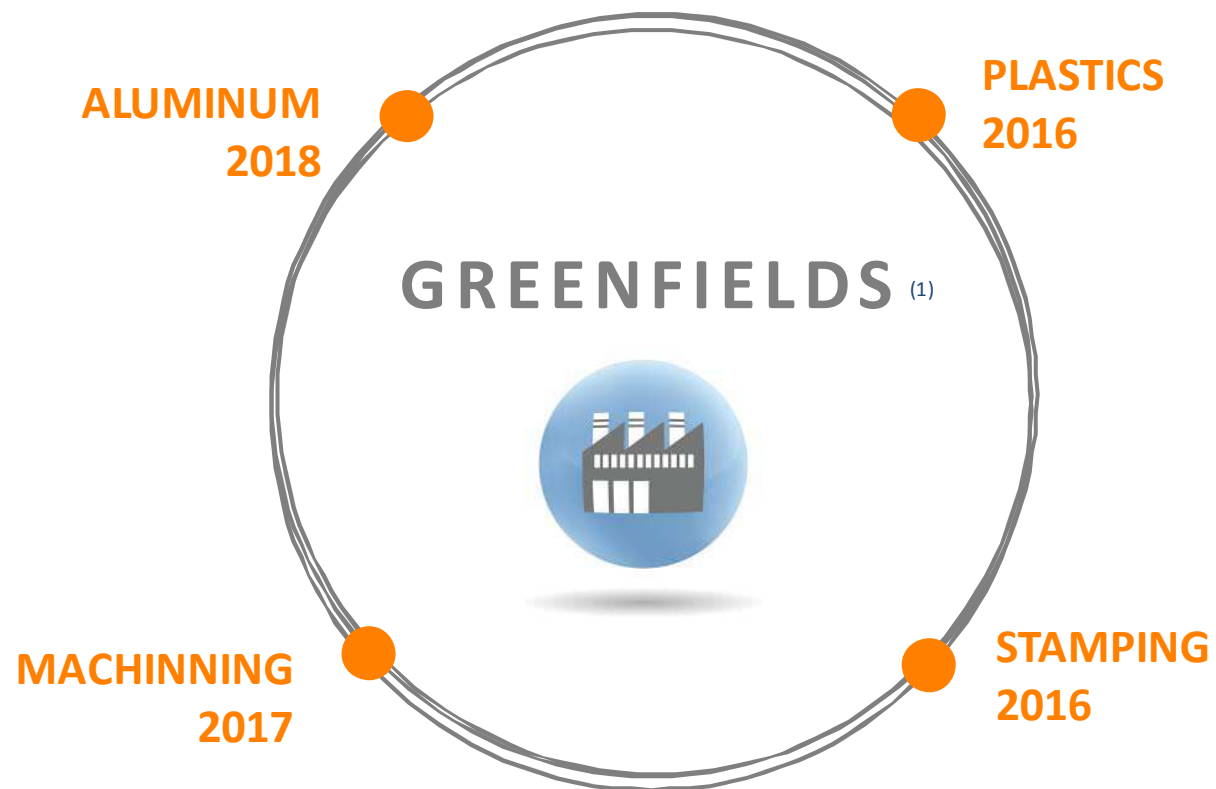
III. Brazil



STRATEGIC PLAN



BRAZIL

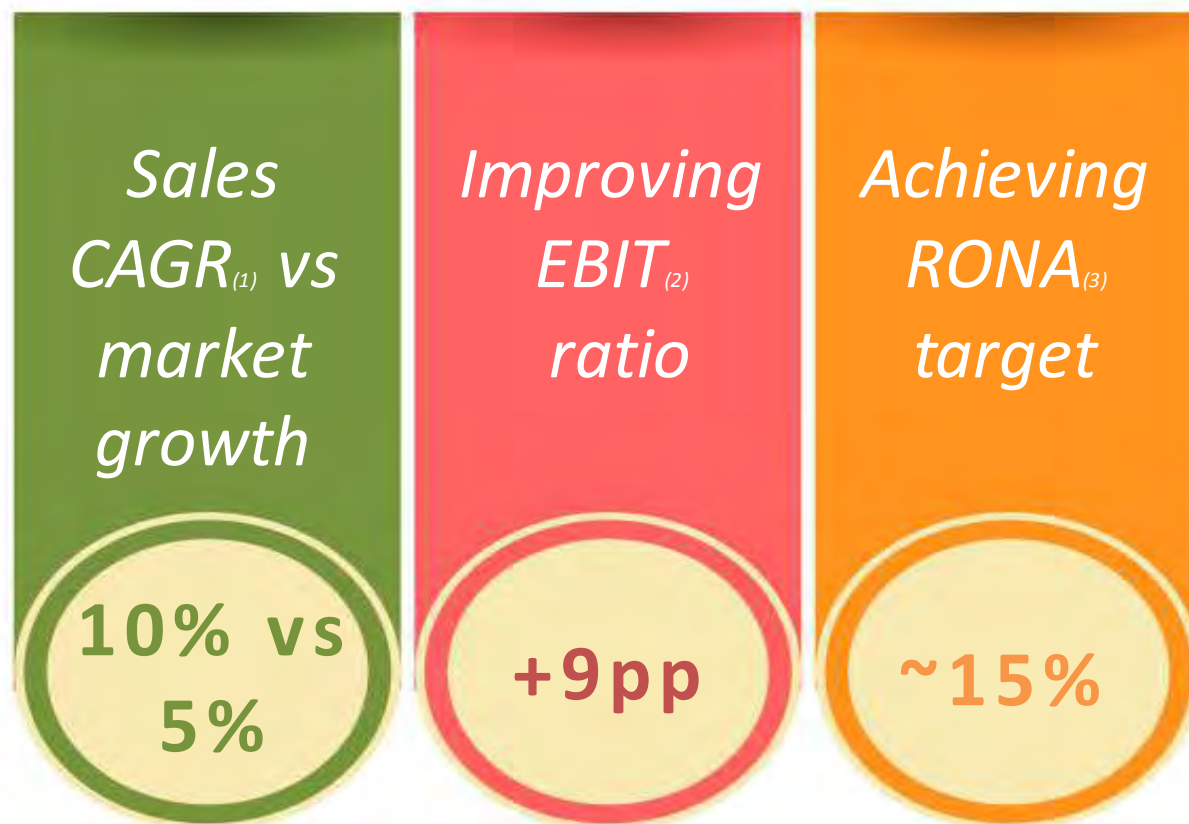


(1) GREENFIELD: construction of new operating plant or expansion of existing facilities.

STRATEGIC PLAN



BRAZIL



(1) CAGR: Compound Annual Growth Rate

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02.c) Strategy by geographical location

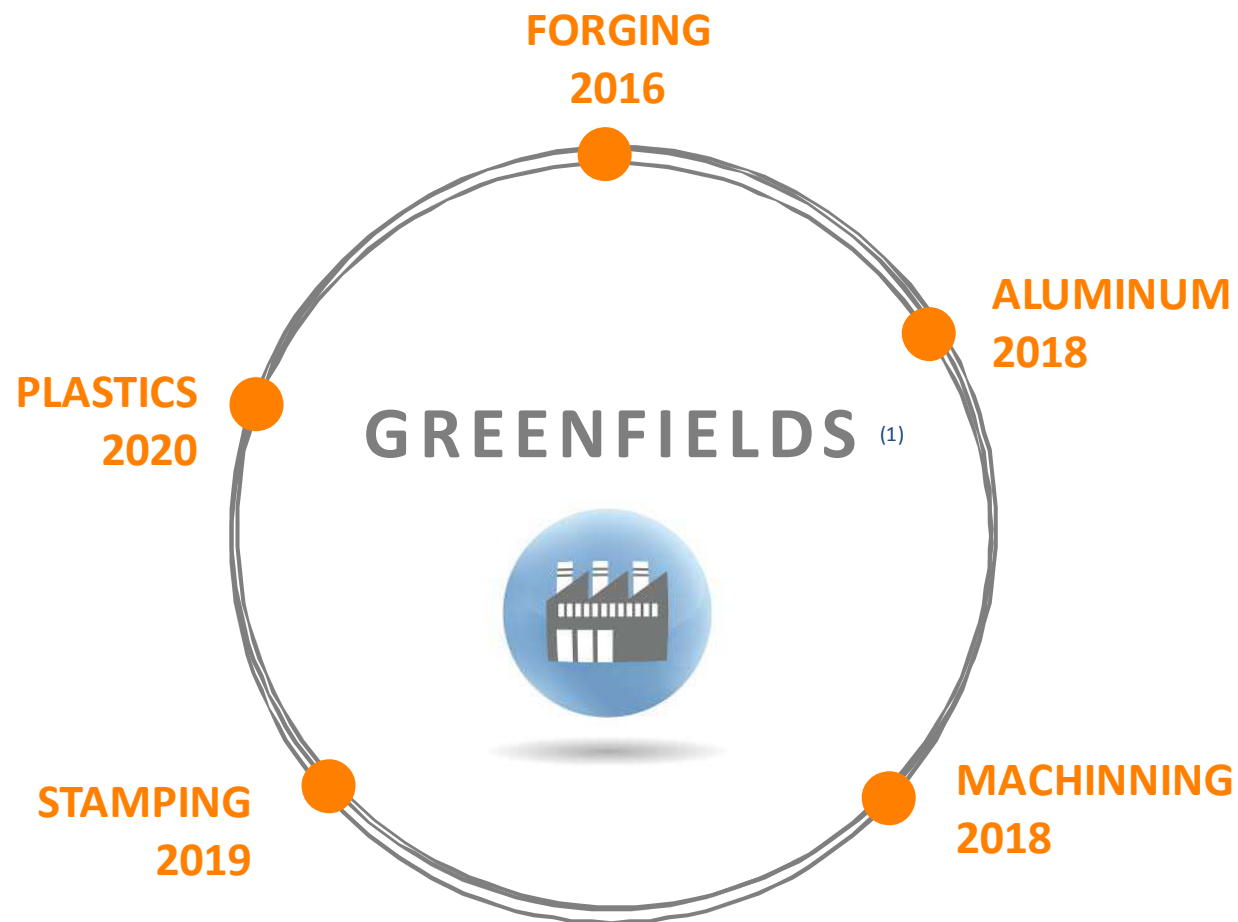
IV. NAFTA



STRATEGIC PLAN



NAFTA

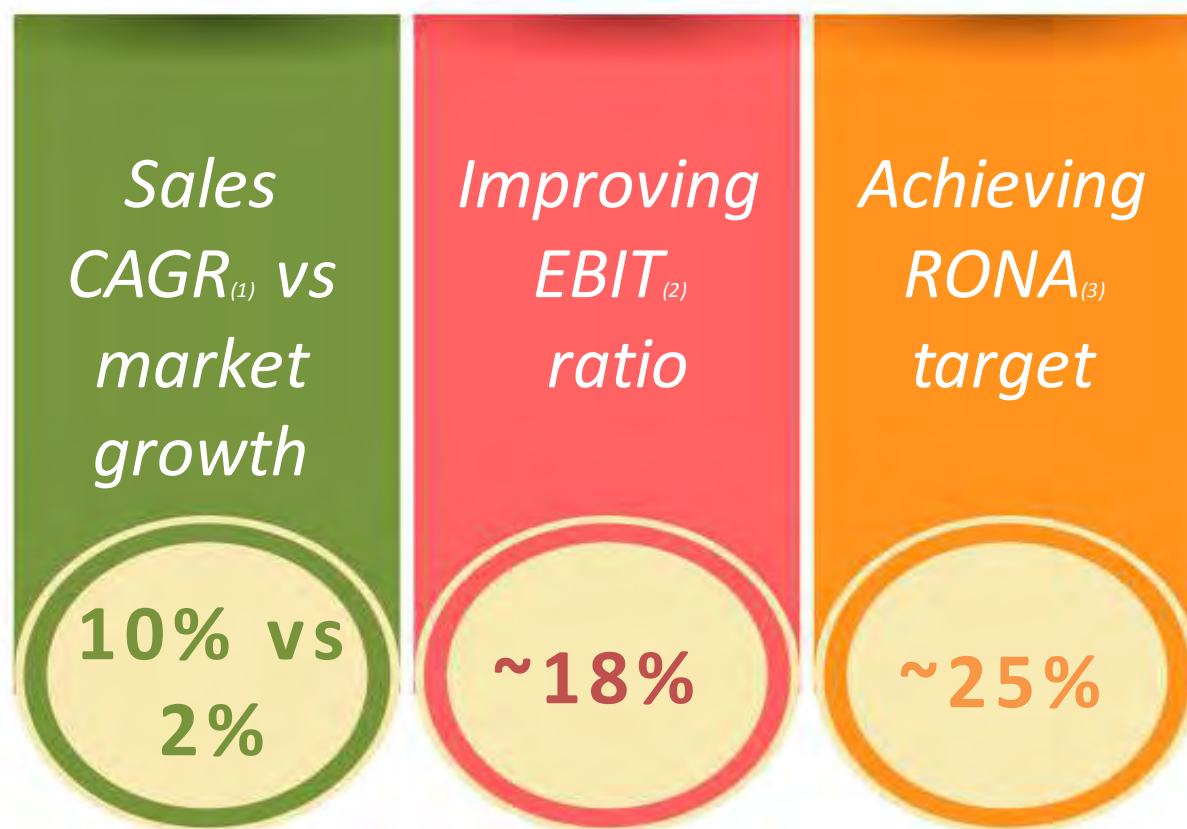


(1) GREENFIELD: construction of new operating plant or expansion of existing facilities.

STRATEGIC PLAN



NAFTA



(1) CAGR: Compound Annual Growth Rate

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02.c) Strategy by geographical location

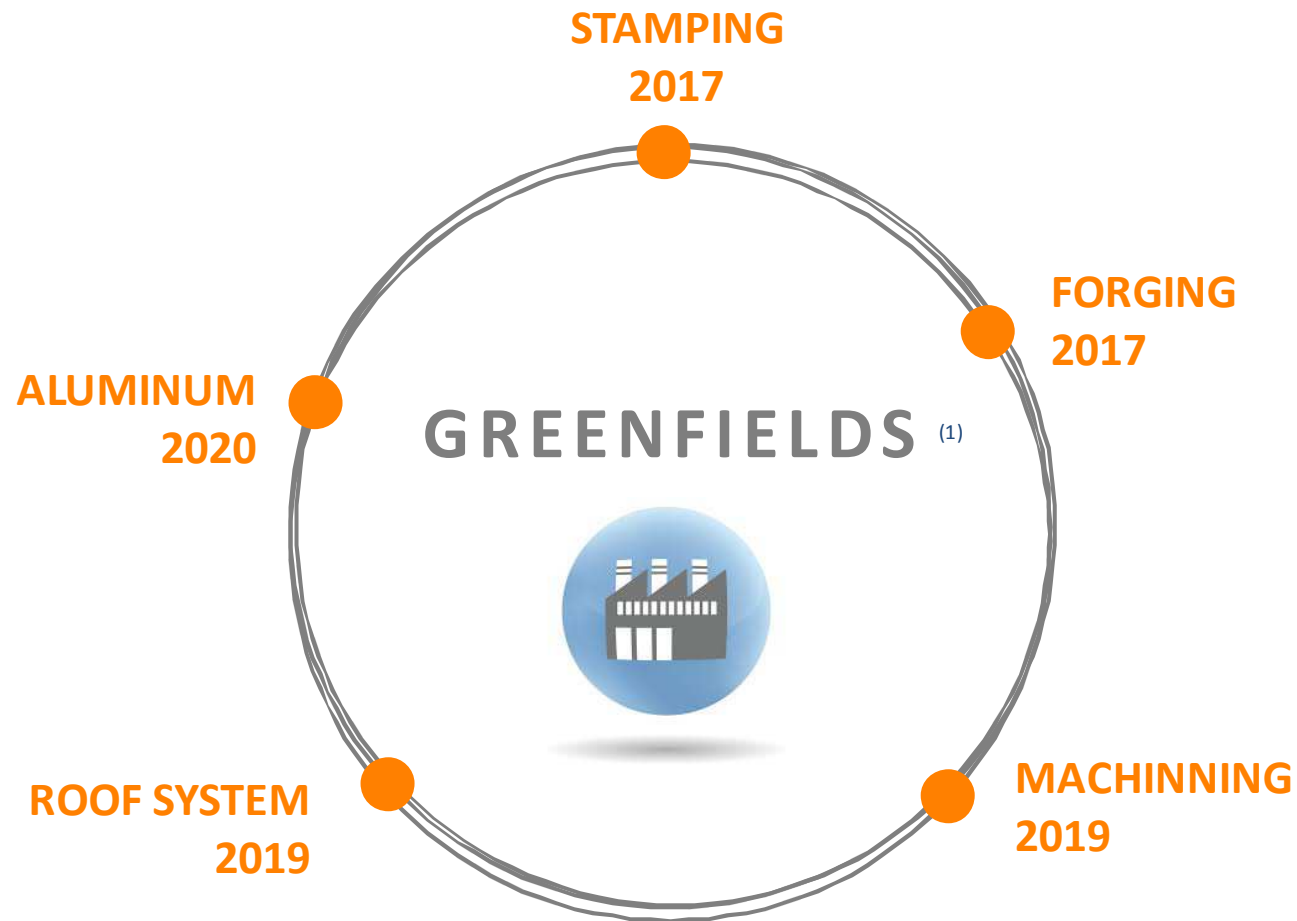
V. Asia



STRATEGIC PLAN



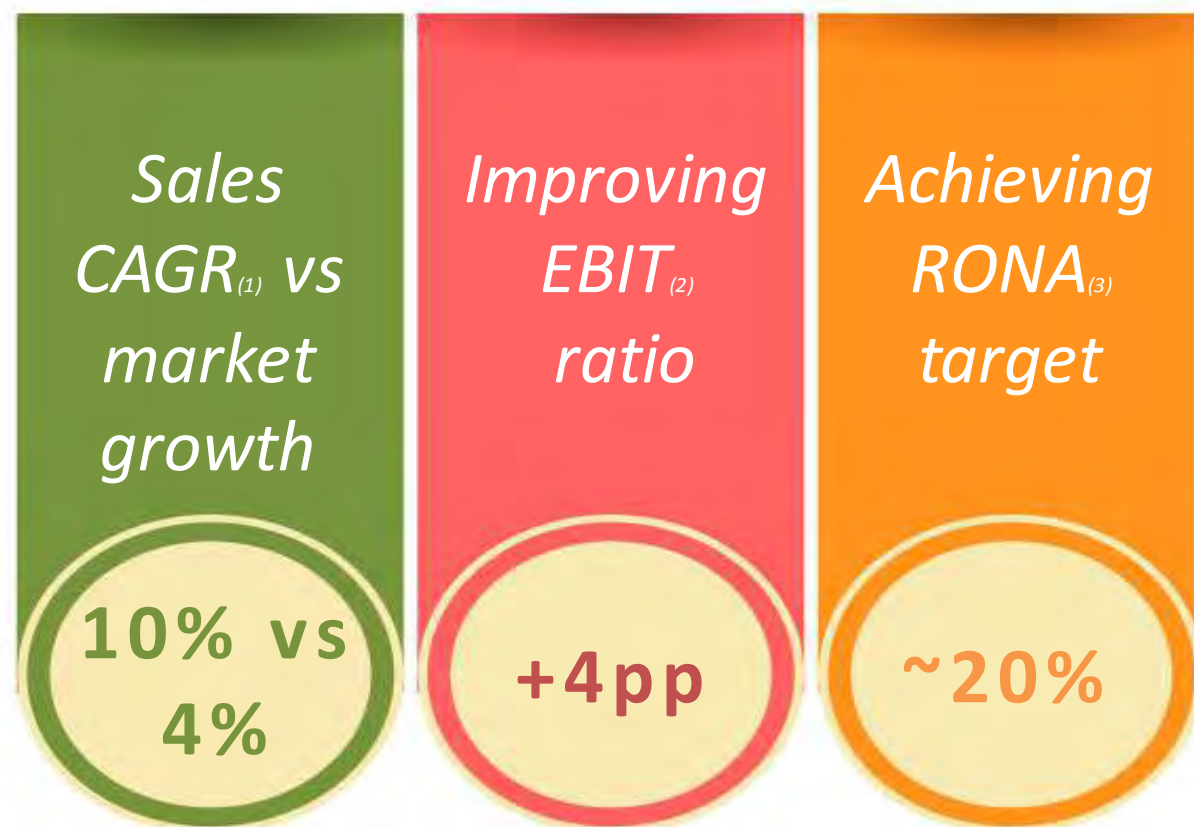
ASIA



(1) GREENFIELD: construction of new operating plant or expansion of existing facilities.

STRATEGIC PLAN

— ASIA



(1) CAGR: Compound Annual Growth Rate

(2) EBIT: Net Operating Income.

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02.d) Human resources plan



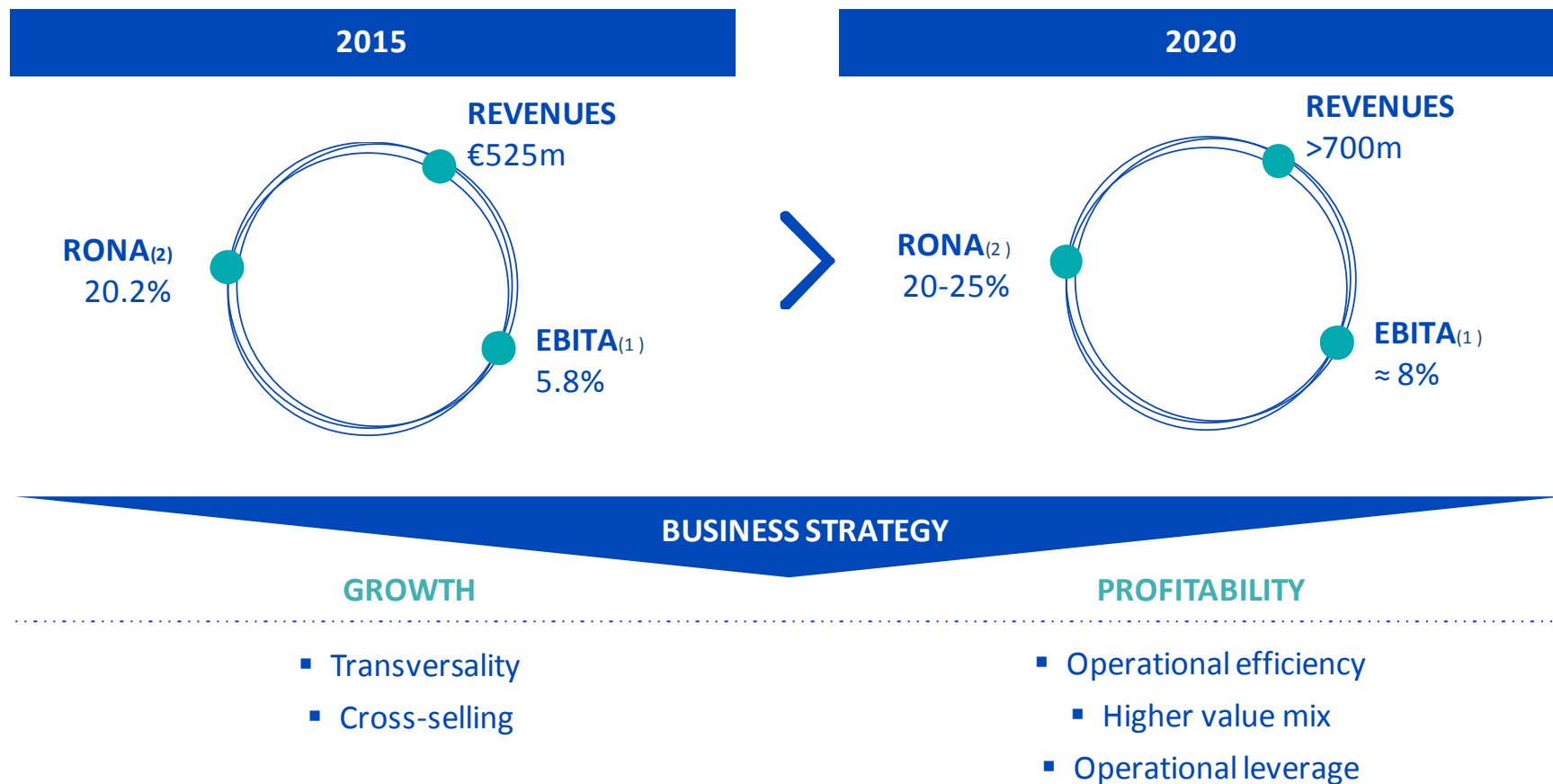
HUMAN RESOURCES PLAN

FUNCTION	Quantity	Comments
Management	11	<ul style="list-style-type: none"> Plan to incorporate young engineers: “new generation” Training plan for current team Identify key positions and develop generational renewal Add experts from the market
Technical experts	29	
Young engineers	44	
Quality Control Managers	16	
Sales managers	9	
Purchasing managers	6	
Production and Maintenance	37	



03 | Dominion Objectives

DOMINION OBJECTIVES



(1) EBITA: Net Operating Income + PPAs amortization.

(2) RONA = "Return on Net Assets": EBIT/ Net Assets (Fixed Assets + Net Working Capital – Goodwill not associated to cash outs).

04 Corporate Areas

- a) Financial Area*
- b) Tax Strategy*
- c) Investor Relations*
- d) Corporate Social Responsibility*





04.a)

Financial Area

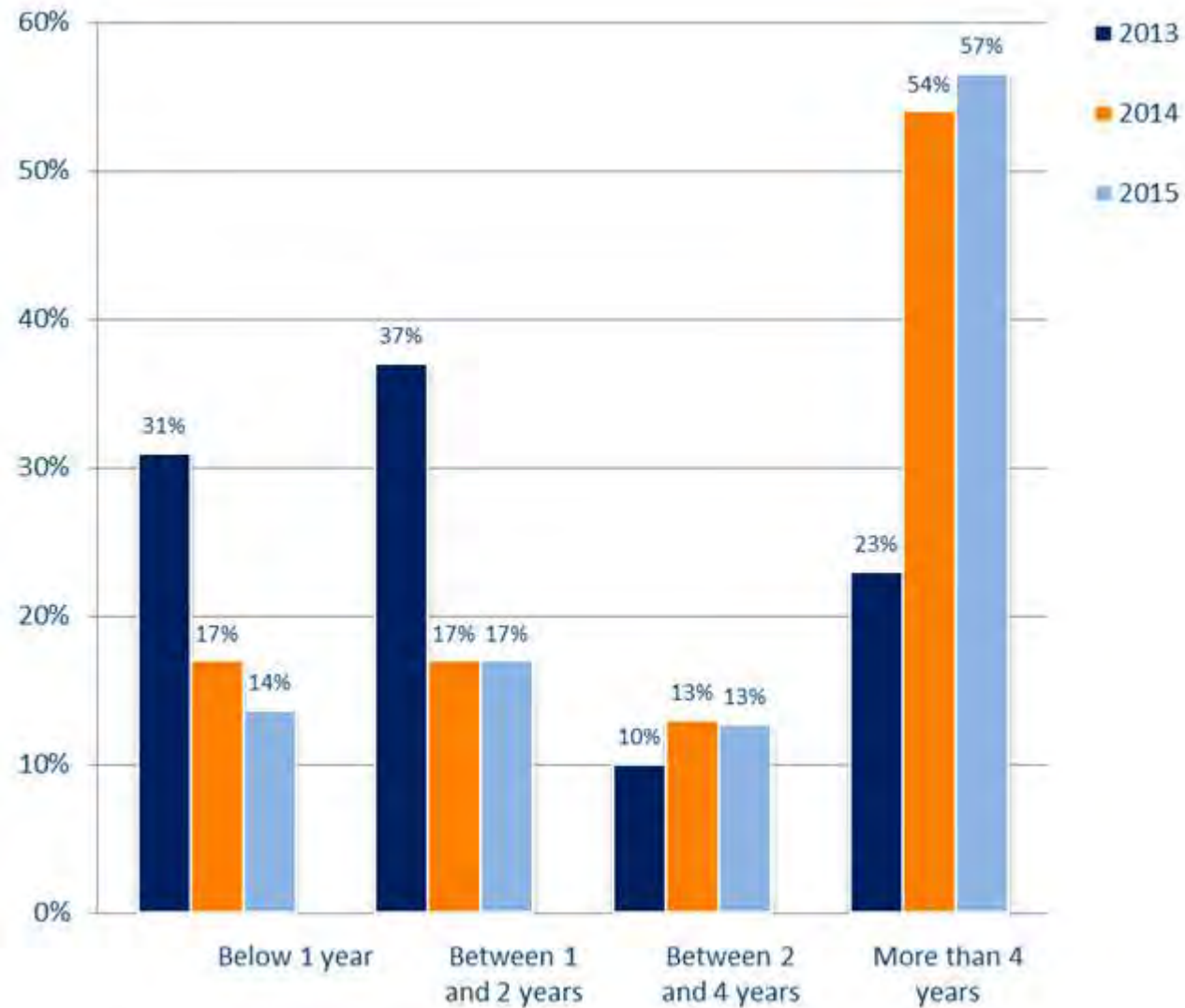
NEW FINANCIAL MANAGEMENT MODEL

PILLARS OF THE NEW FINANCIAL MANAGEMENT MODEL

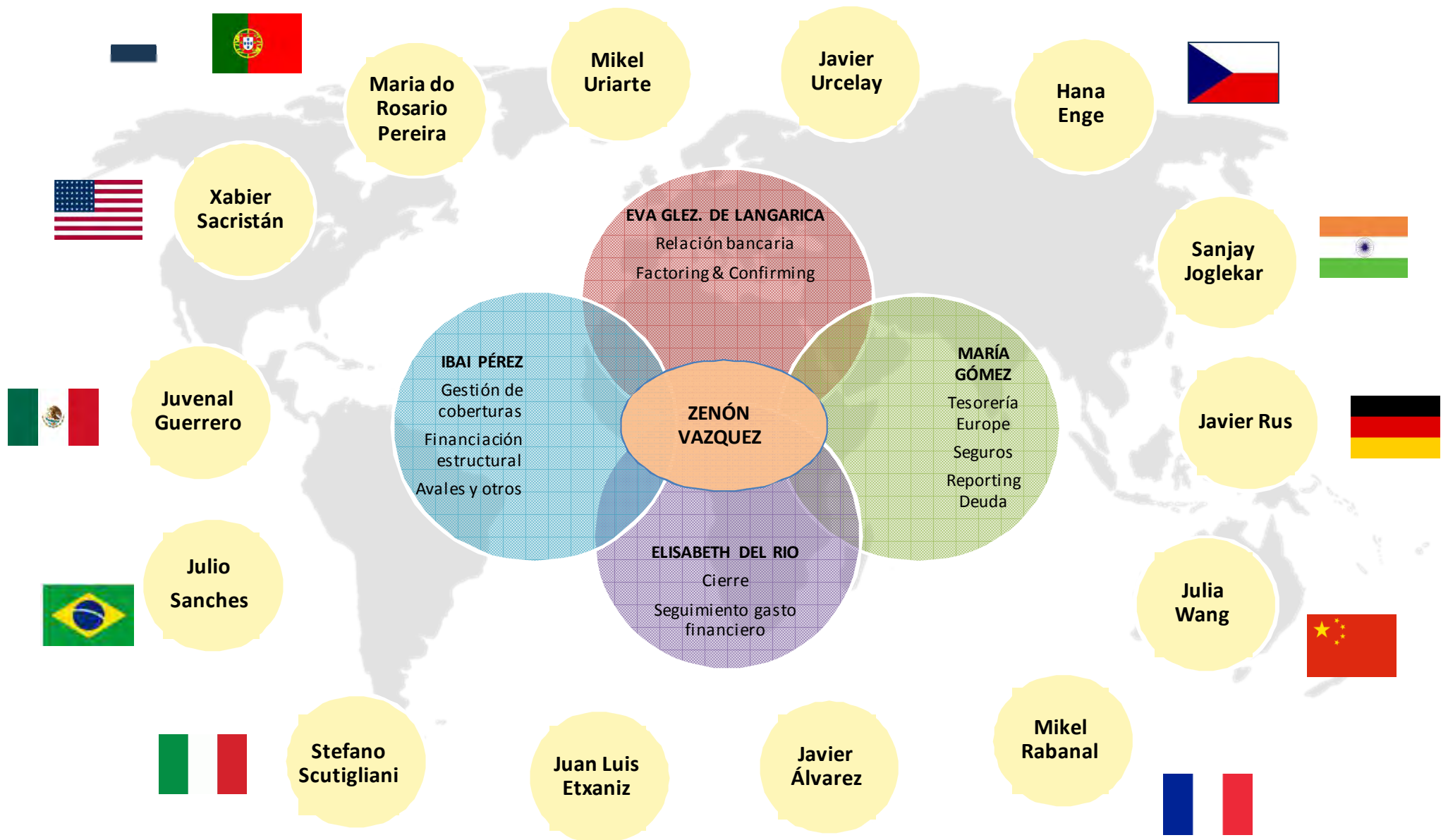


- Extension of the **new financial management culture**
- To establish **financial GLOBAL “partners”**
- Development of **New Financial Management Areas:**
 - To reach a **competitive rating** and to evaluate different ways of alternative financing
 - To monitor and manage **existing risks** by required swaps/tools
 - New **insurance policy** sourcing.

NET FINANCIAL DEBT MATURITY



GLOBAL FINANCE NETWORK





04.b)

Tax Strategy

TAX STRATEGY 2016-2020



EXPENSE TARGET



*The goal of this new tax plan is a
consolidated tax expense of 20%*



04.c)

Investors relation strategy

MAIN GUIDELINES TO DEVELOP



*Policies release
in the context of IR
activity*

*Coordination
between IR
departments*

*Increase of the
number of
coverages*

*Consolidation and
extension of the
financial markets*

*Deepening in
knowledge about
shareholders*

*New steps in
improving our
image*

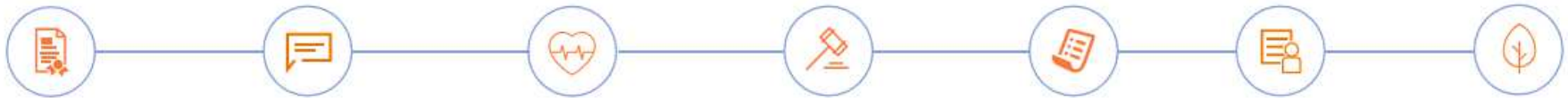


04.d)

Corporate social responsibility

CORPORATE SOCIAL RESPONSIBILITY

GUIDING PRINCIPLES



- To promote best corporate governance practices
 - Open, two-way communication with stakeholders
 - Compliance with human rights all along CIE's value chain
 - General purchasing policy
 - Safety and Health
 - Corporate Governance
 - Natural resources and environment

CORPORATE SOCIAL RESPONSIBILITY

DIMENSIONS



CORPORATE SOCIAL RESPONSIBILITY

INTEGRATION INTO THE MANAGEMENT MODEL



05

Strategic Targets

- A. Organic growth
- B. Inorganic growth



05

Strategic Targets

A. Organic growth



STRATEGIC TARGETS - ORGANIC





Doubling Net Profit

05 Strategic Targets

B. Inorganic growth

STRATEGIC TARGETS - INORGANIC

*Integrate strategical companies to consolidate CIE as one of the **most important players in the world**; with a very balanced account, achieving at the end of period, a **$NFD < 2 \times EBITDA$** ratio*



STRATEGIC TARGETS - INORCANIC

New market opportunities



700 Mio€
Automotive
additional sales

GRUPO AT

Description

- Technology: aluminum HPDC, machining from forging, aluminum and iron casting, gravity die casting
- Consolidated Sales 2015: 134 mill €
- Consolidated EBITDA 2015: 26 mill € (19.4%)
- Employees: ~ 830
- Family owned group
- Plants in Spain, Slovakia, Mexico and Brazil

Location



Products/Processes

FRONT / REAR AXLE



POWERTRAIN



Worldwide leaders in Wheel Hubs Market (gen1)

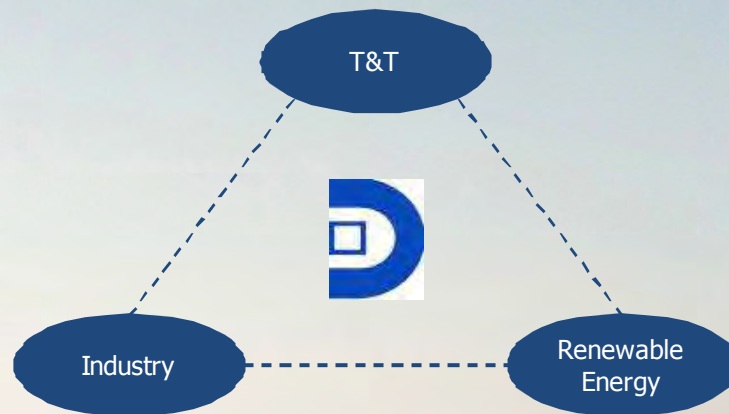


Customers



STRATEGIC TARGETS - INORCANIC

New market opportunities



300 Mio€
Dominion
additional sales

COMMONWEALTH DYNAMICS INT.

Description

- Solutions and Services in the Industrial Field.
- Consolidated Sales 2015: 42 million €
- Consolidated EBITDA 2015: 0,8 million € (severely punished by a Project, non-representative margin)
- Employees: approx. 120
- Family-owned
- Headquarters in USA and activity in diverse countries by the hand of American customers

Products/processes

- Tall structures turnkey projects: chimneys, silos, solar thermal towers, etc. (construction, repair, demolition)
- Expertise in *jumpform* technology (highly profitable in countries where labour force is cheap)
- GNL tanks
- Turbine Systems
- Metal structures

Location

- NH (USA)
- Mexico, Peru, Chile, India and Israel (at a project level, no long-term presence)

Customers

- American industry leaders

ABANTIA

Description

- Solutions and Services in the industry, infrastructures and renewables
- Consolidated Sales 2015: 204 million € (non-representative)
- Consolidated EBITDA 2015: -4 million €
- Employees: approx. 950
- Owner: Administrative Receiver
- Offices in Spain

Products/processes

- Electric and HVAC Maintenance
- Electric Facilities, HVAC, Low-current networks, audiovisuals
- Turnkey Health and Renewables Projects
- Electromechanical industrial maintenance
- Industrial lines automatization
- Electromechanical and piping (gas) set ups

Location

- Spain (Barcelona, Madrid, Castellón, Tarragona, Huelva)
- Mexico, Peru, Chile and Oman (subsidiary not included, we start via greenfield)
- Nicaragua, Argelia, Morocco, among others (at a project level, no long-term presence)

Customers

- Correos (Spanish Post Office), FC Barcelona. NH Hoteles
- Nicaragua Health ministry, Central Bank Haití, Generalitat
- Magneti Marelli, VW, Iberia
- Bunge, BASF, Dow Chemical, Cepsa, Repsol, GN, Tdesa



Thank you

