



**CIE Automotive**

MANAGING HIGH VALUE ADDED PROCESSES

# General Shareholders' Meeting

8th May 2019







**CIE** *Automotive*

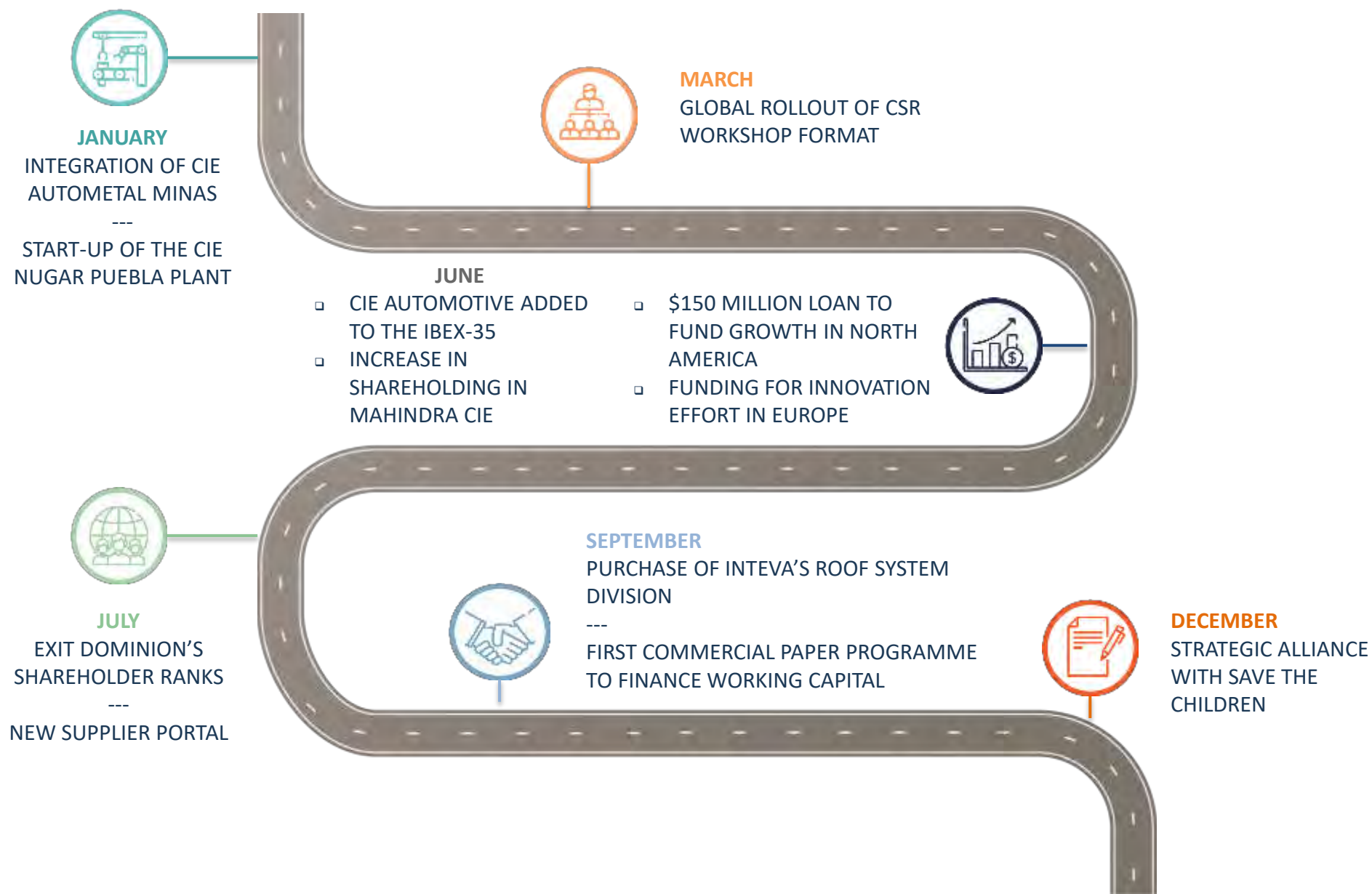
MANAGING HIGH VALUE ADDED PROCESSES

# YEAR 2018 STATEMENT





# 1.1. MILESTONES





# 1.2. NOT FINANCIAL INFORMATION



INNOVATION &  
TECHNOLOGY



CUSTOMERS



SUPPLIERS



TEAM

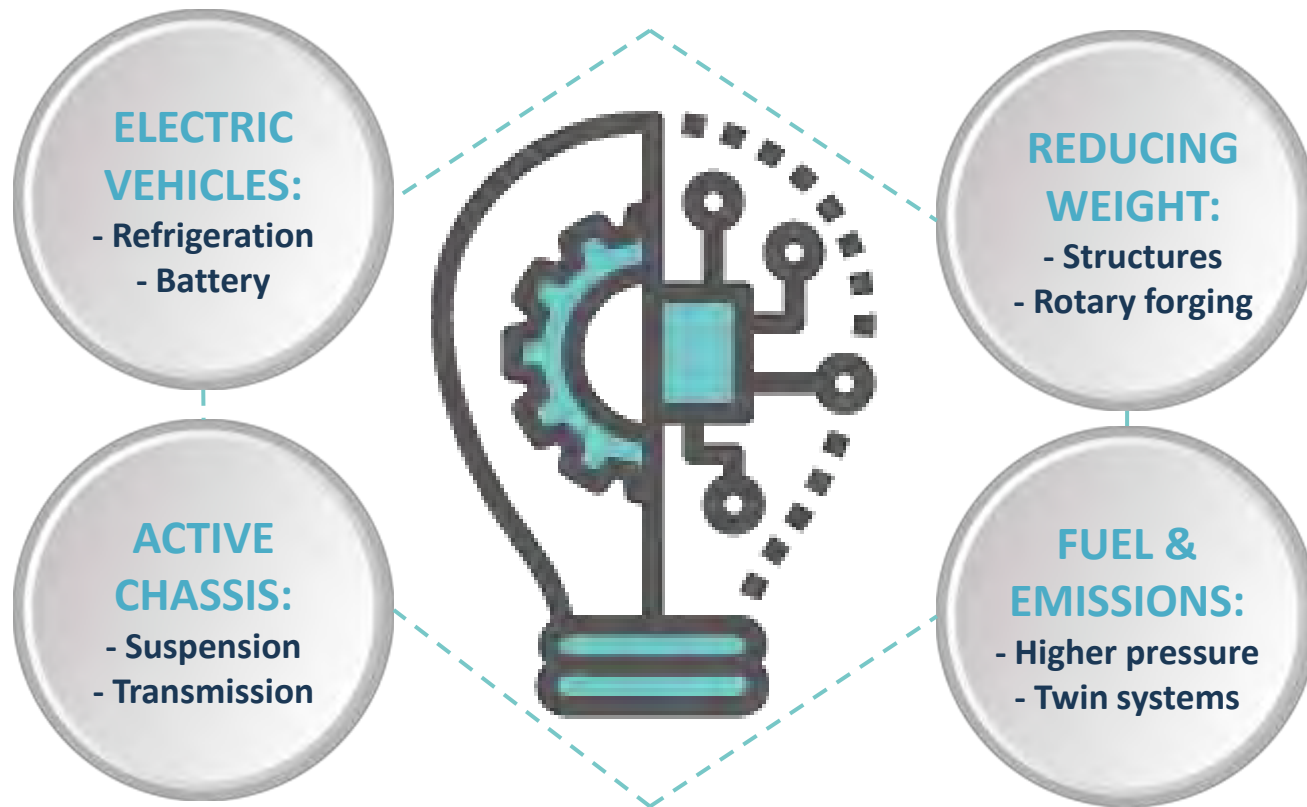


ENVIRONMENT

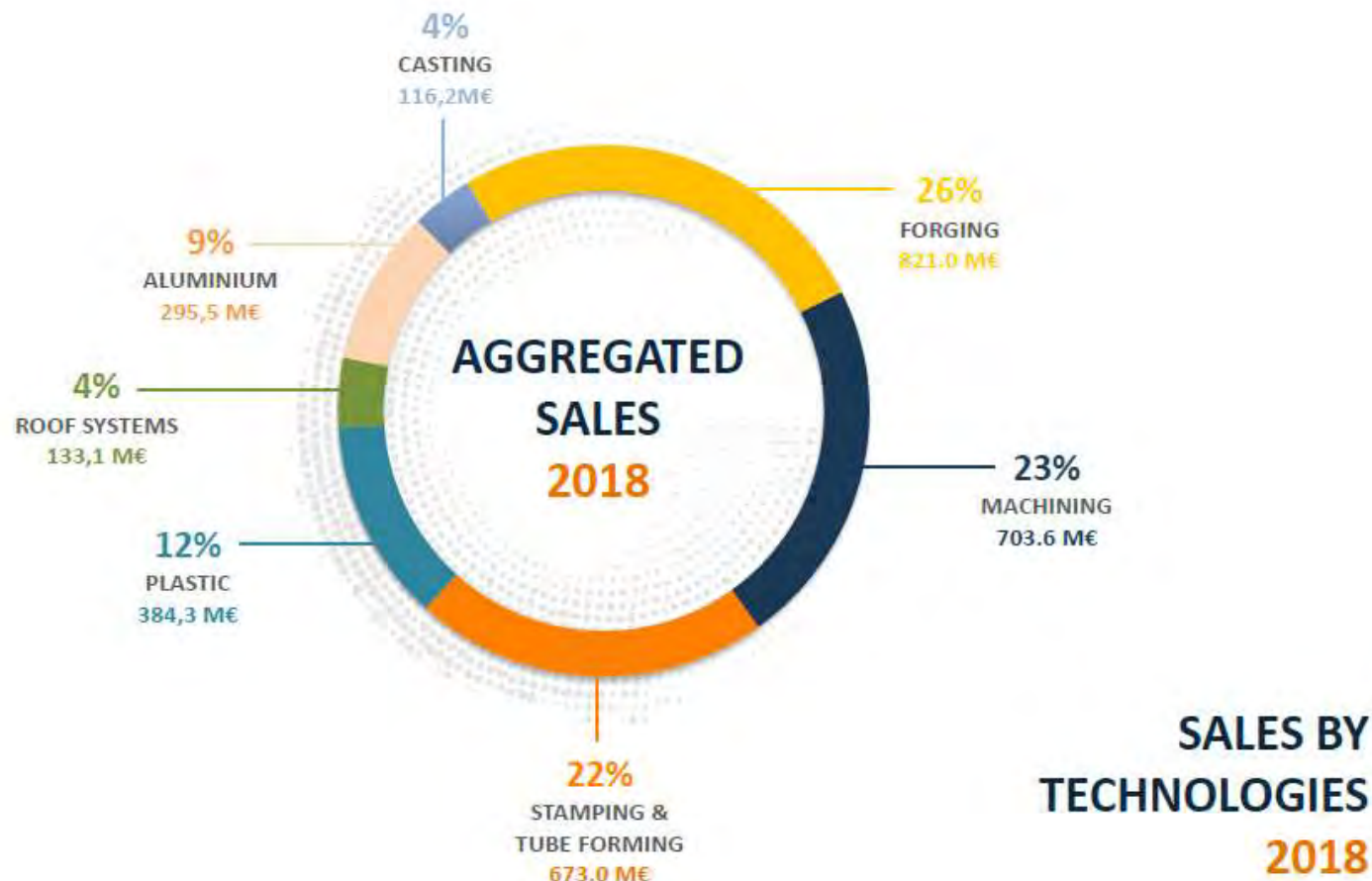


COMMUNITY

# Emissions, digitalisation, mobility and electrification rank among the main challenges facing the sector



The company wants its customers to see it as a partner thanks to its comprehensive, innovative and competitive offering. We continue developing our companies in all technologies





## Our customers acknowledge the value we add for them

Ciente	Planta	País	Reconocimiento
Honda	CIE Plasfil	Portugal	<i>Sustainable award.</i> Primer reconocimiento de cliente en RSC
General Motors	Nanning Automotive Forging	China	Logística y calidad
General Motors	PEMSA Celaya	México	<i>Supplier Quality Excellence Award</i>
General Motors	CIE Inyectametal	España	<i>Supplier Quality Excellence Award</i>
PSA	CIE Compiègne	Francia	<i>Best of the Best Plant Award 2018.</i> Segundo año consecutivo. Reconocimiento que se otorga a las plantas que durante tres años consecutivos reciben el <i>Best Plant Award</i>
AISIN	CIE Taubaté	Brasil	<i>Logistic Achievement Perform Certificate</i>
Mercedes-Benz	CIE Durametal	Brasil	<i>Prêmio Interoção.</i> Excelencia en logística
ZF	CIE Celaya Aluminio	México	<i>Excellence in motion 2018</i>
NEXTEER	CIE Celaya Aluminio	México	<i>Perfect Quality 2018</i>

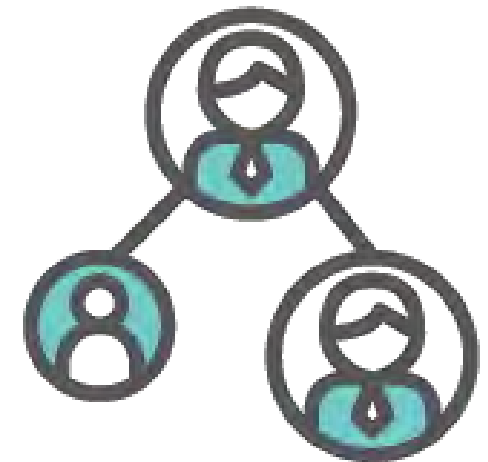
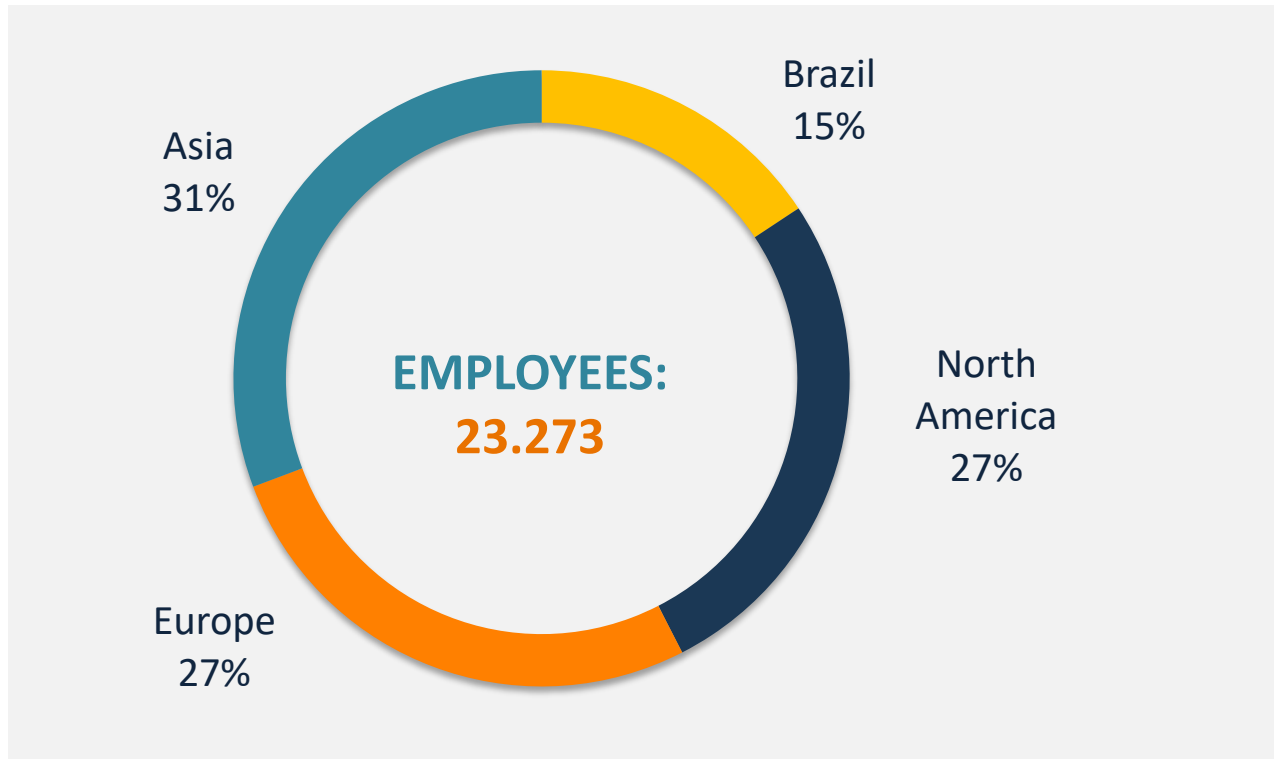
Ciente	Planta	País	Reconocimiento
NEXTEER	CIE Unitools Press	República Checa	<i>Perfect Quality 2018</i>
Bosch	CIE Celaya Aluminio	México	<i>Best supplier award North America 2016/2017</i>
Bosch	Bill Forge Bommasandra	India	<i>Achieving Delivery Target-2018 under Silver Category</i>
Endurance Technologies Limited	Bill Forge Bommasandra	India	<i>Special Award For Quality</i>
Bejaj Auto Limited	Bill Forge Bommasandra	India	BAL TPM Excellence
Bejaj Auto Limited	Bill Forge Bommasandra	India	<i>Quality Award "GOLD"</i>
Ford	CIE Galfor	España	Q1
Ford	CIE Autometal Camaçari	Brasil	Q1. El premio reconoce la gran gestión en calidad, entregas, sistemas operativos, gestión de materiales y cumplimiento de los requisitos medioambientales
Jaguar Land Rover	CIE Galfor	España	JLRQ



**Launch of the European Supplier Portal as an open communication channel that facilitates equal opportunities.**



## We hire efficient talent and we take care of our professionals' health and safety







OUR PRODUCTS' ENVIRONMENTAL FOOTPRINT IS SHRINKING



WORKING TOWARDS ENVIRONMENTAL NEUTRALITY



CALCULATION OF THE COST OF EMISSIONS.



CLOSING IN ON TRIPLE CERTIFICATION AT ALL FACTORIES

### We embarked on our first strategic alliance at the corporate community work level



Execution of an agreement with Save the Children under which the company will participate in the *Caminando hacia el futuro* programme.

Growth of 100% in community work donations.

Growth of 13% in employee participation and of 31% in beneficiaries of community work programmes.

# 1.3. FINANCIAL INFORMATION

I.	HIGHLIGHTS 2018
II.	NORMALISED RESULTS 2018
II.	BALANCE SHEET



	31/12/2017	%	31/12/2018
Turnover (€ Mio)	2,842.5	+7%	3,029.5
EBITDA (€ Mio)	471.1	+12%	529.0
Net Income (€ Mio)	215.4	+84%	396.8
Net Normalised Income (€ Mio)	202.4	+20%	242.8
Share Price (€ per share) <sup>(*)</sup>	21.37	+0.3%	21.44
Number of employees <sub>(n°)</sub>	22,901		23,273
Net Financial Debt (€ Mio)	949.7		948.2
NFD/EBITDA <sup>(**)</sup>	2.01x		1.79x

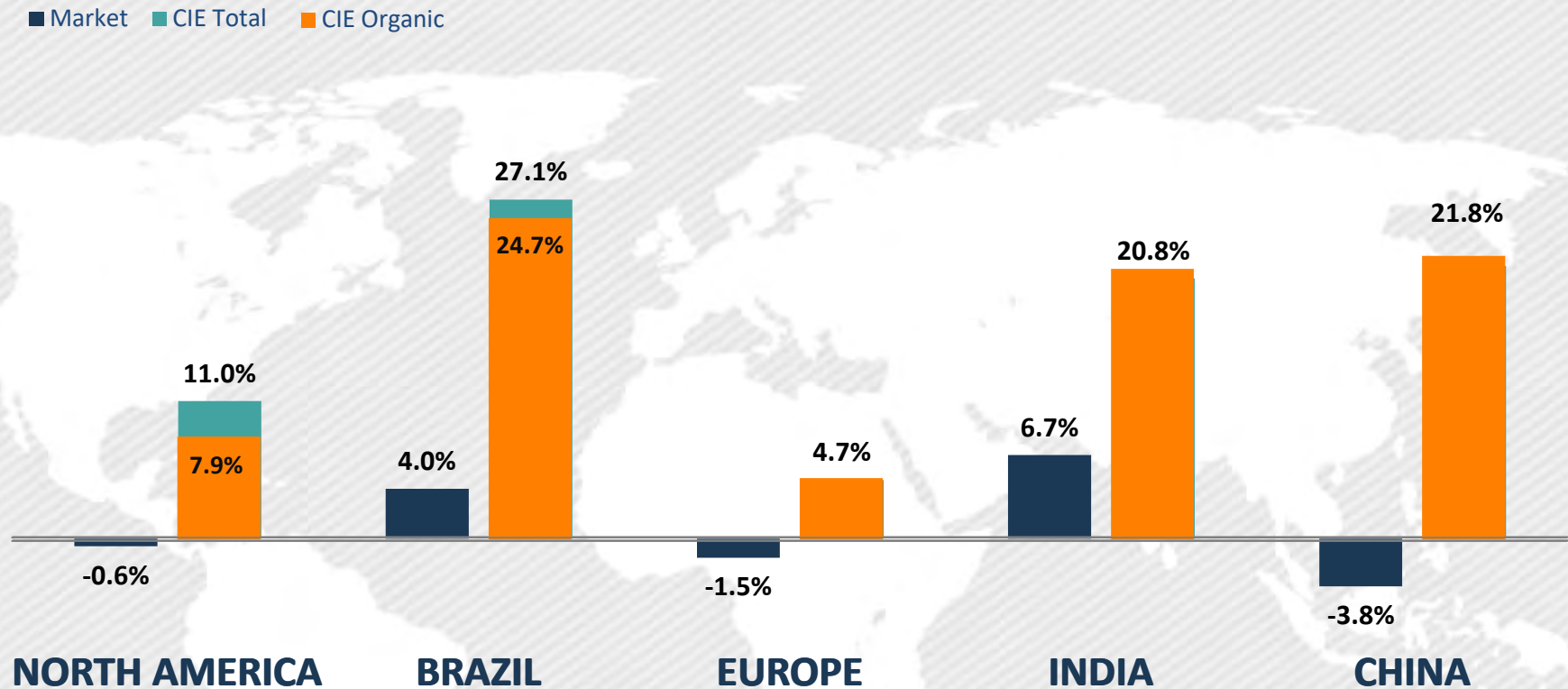
(\*) Share price adjusted according to the effect of the Dominion shares dividend in kind.

(\*\*) EBITDA of last 12 months annualized in those companies incorporated to perimeter during the period. Figures corresponding only to the Automotive segment.

Notes: In order to provide greater transparency and clarity to the information, it is compared with the automotive data published as comparable in the consolidated financial statements published by CIE as of 31/12/2018. The information is different from the one published by CIE in 2017 because to accounting standards, the specific impacts on the different lines of the income statement of those businesses interrupted in 2018 must be eliminated. See appendix with the reconciliation at the end of this document.



## **II. NORMALISED RESULTS 2018**

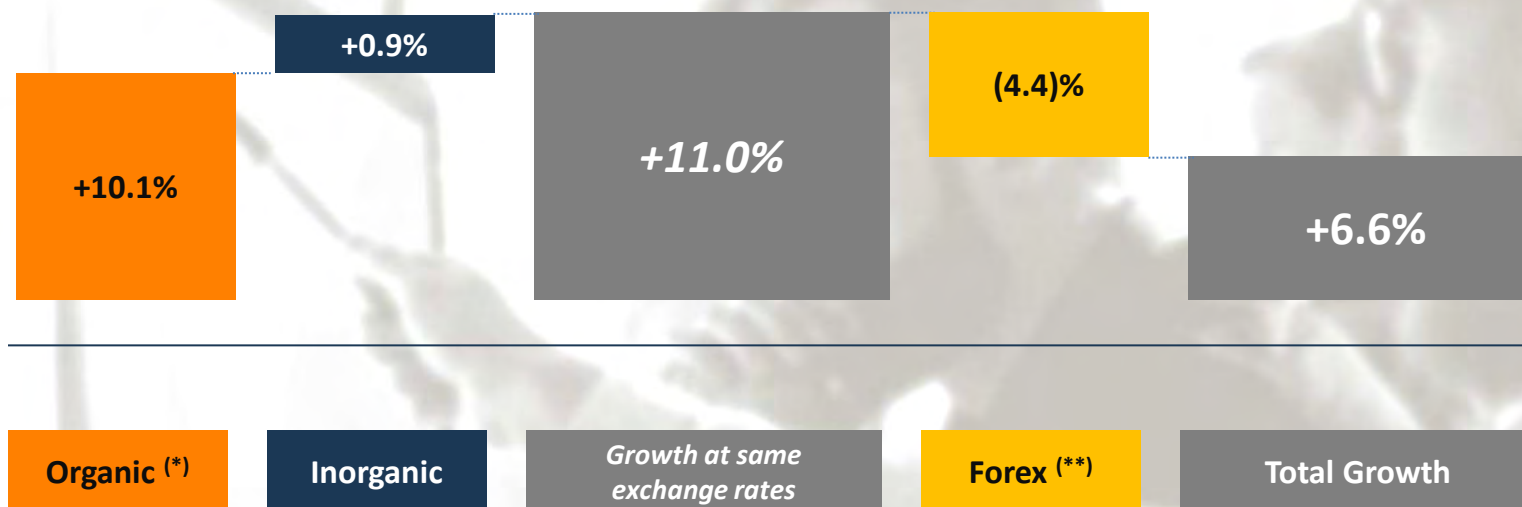


**Global Production -1.0%**  
**CIE Total +11.0%**  
**CIE Organic<sup>(1)</sup> +10.1%**

Source: Motor vehicle production IHS DECEMBER 2018 (12 Months) (growth % in units).

<sup>(1)</sup> Increase in revenue including greenfields, considering same exchange rates.





***The Group's sales total growth of 6,6% includes a decrease due to the currency translation of more than 4%.***

(\*) Revenue growth including greenfields.

(\*\*) Forex by divisions: North America -4.8%, Brazil -20.7%, China -2.8%, India -10.6%.

Figures corresponding only to the Automotive segment.

*Significant increase in turnover with relevant organic growth in all geographical areas despite the considerable negative impact related to currency translation differences.*

*Excellent performance of margins, in line with previous quarters.*

(M€)	31/12/2017	%	31/12/2018
Turnover	2,842.5	<b>+7%</b>	3,029.5
EBITDA	471.1	<b>+12%</b>	529.0
% EBITDA on turnover	16.6%		17.5%
EBIT	339.1	<b>+18%</b>	399.2
% EBIT on turnover	11.9%		13.2%
Profit for the year	231.2	<b>+21%</b>	279.9
Net Income	202.4	<b>+20%</b>	242.8

Normalised figures corresponding only to the Automotive segment.



DECEMBER 2018 vs DECEMBER 2017

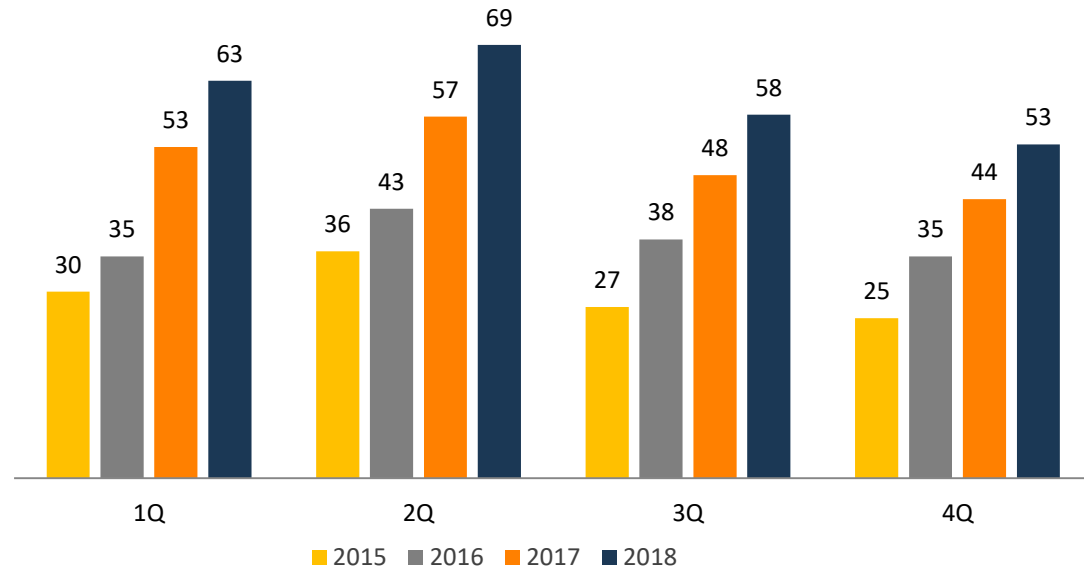


<b>EUROPE EX MCIE</b>
Sustainable margins growth far above market's average
<b>MCIE EUROPE</b>
Stabilization of the gradual growth in margins
<b>NORTH AMERICA</b>
Margins significantly higher than CIE Group average
<b>BRAZIL</b>
Margins improvement derived from operational improvements carried out and supported by market increase
<b>ASIA</b>
Growing margins as a result of integration of Indian plants within CIE Group and of new projects' industrialization in China





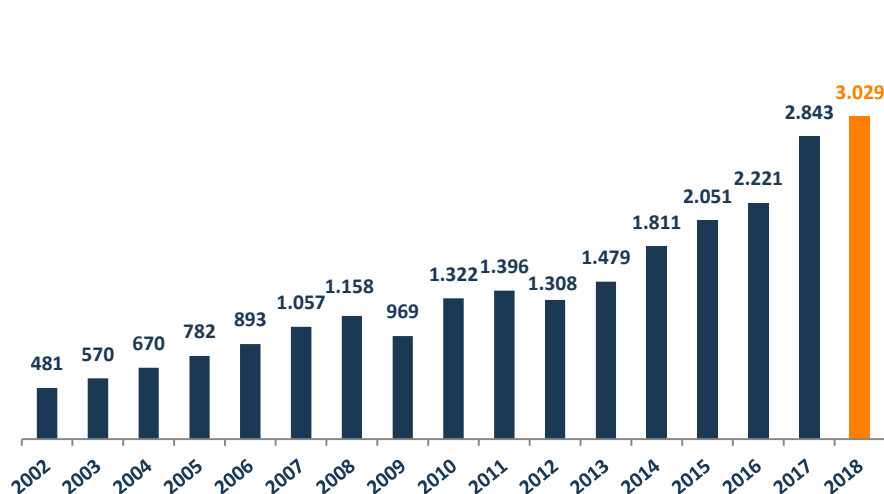
## Net Income (M€)



Figures corresponding only to the Automotive segment.

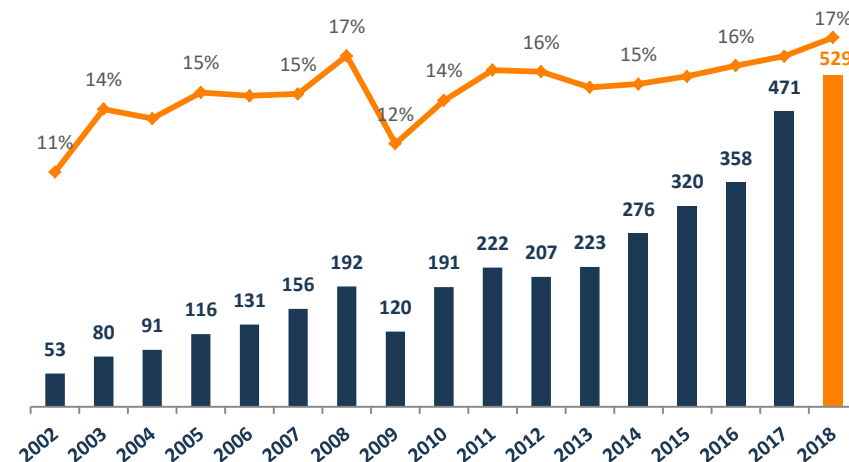
## Turnover (M€)

CAGR 2002-2018: 12%



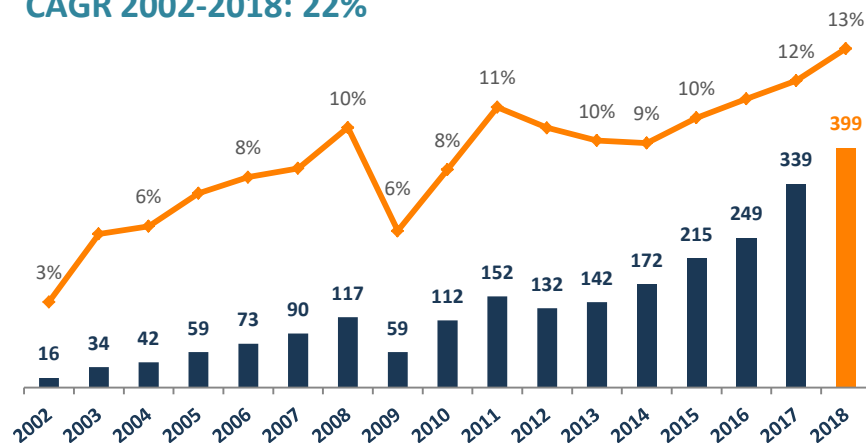
## EBITDA (M€)

CAGR 2002-2018: 15%



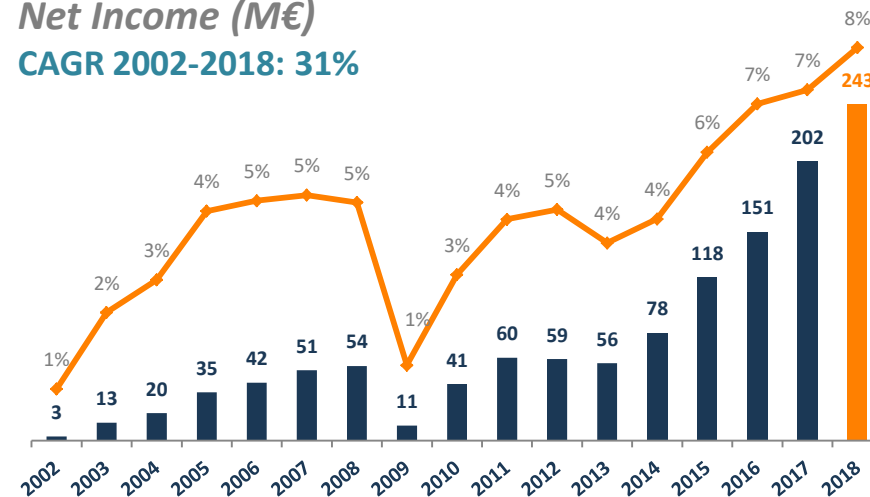
## EBIT (M€)

CAGR 2002-2018: 22%



## Net Income (M€)

CAGR 2002-2018: 31%





# III. BALANCE SHEET



<i>M€</i>	<b>31/12/2018</b>
Fixed Assets	2,267.7
Net Working Capital	(158.8)
<b>Total Net Assets</b>	<b>2,108.9</b>
Equity	1,048.9
Net Financial Debt	948.2
Others (Net)	111.8
<b>Total Equity and Liabilities</b>	<b>2,108.9</b>

*The amount of the non-recourse factoring to 31.12.2018 is 230 M€.*

**RONA**

**22%**

# NFD/EBITDA

## 1.79X

Movimiento Deuda Financiera Neta	DECEMBER 2018
<b>EBITDA</b>	<b>529,0</b>
Financial Expenses	(33,8)
Maintenance CAPEX	(119,2)
Tax Payments	(66,9)
<b>OPERATING CASH FLOW:</b>	<b>309,1</b>
<i>% OPERATING CASH FLOW / EBITDA</i>	<i>58,4%</i>
Greenfields and Growing Capex	(87,6)
Net Working Capital Variation	(60,1)
Payment of Dividends	(72,1)
Current year Business Combinations <sup>(1)</sup>	(61,8)
Exchange rate effect in NFD	(21,6)
Other Movements	(4,4)
<b>FINANCIAL CASH FLOW</b>	<b>1,5</b>
Net Financial Debt 31.12.2017	949,7
Net Financial Debt 31.12.2018	948,2

(1) Acquisition of 100% of the share capital of the Brazilian subsidiary Zanini Industria de Autopeças Ltda and acquisition of an additional 5% on the Indian subsidiary Mahindra CIE Automotive.



**CIE** *Automotive*

MANAGING HIGH VALUE ADDED PROCESSES

# STRATEGIC PLAN 2016-2020

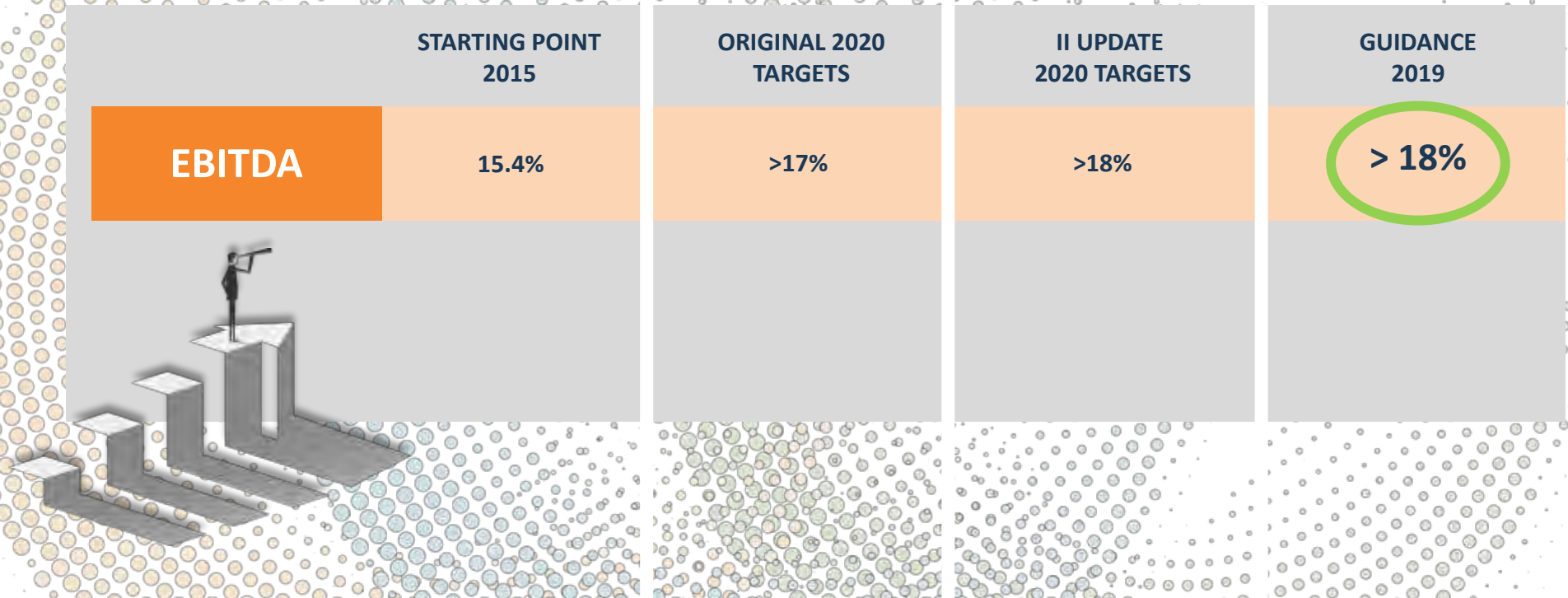


# *MISSION ACCOMPLISHED*

*We achieve the 2020 strategic targets  
one year before our commitment*

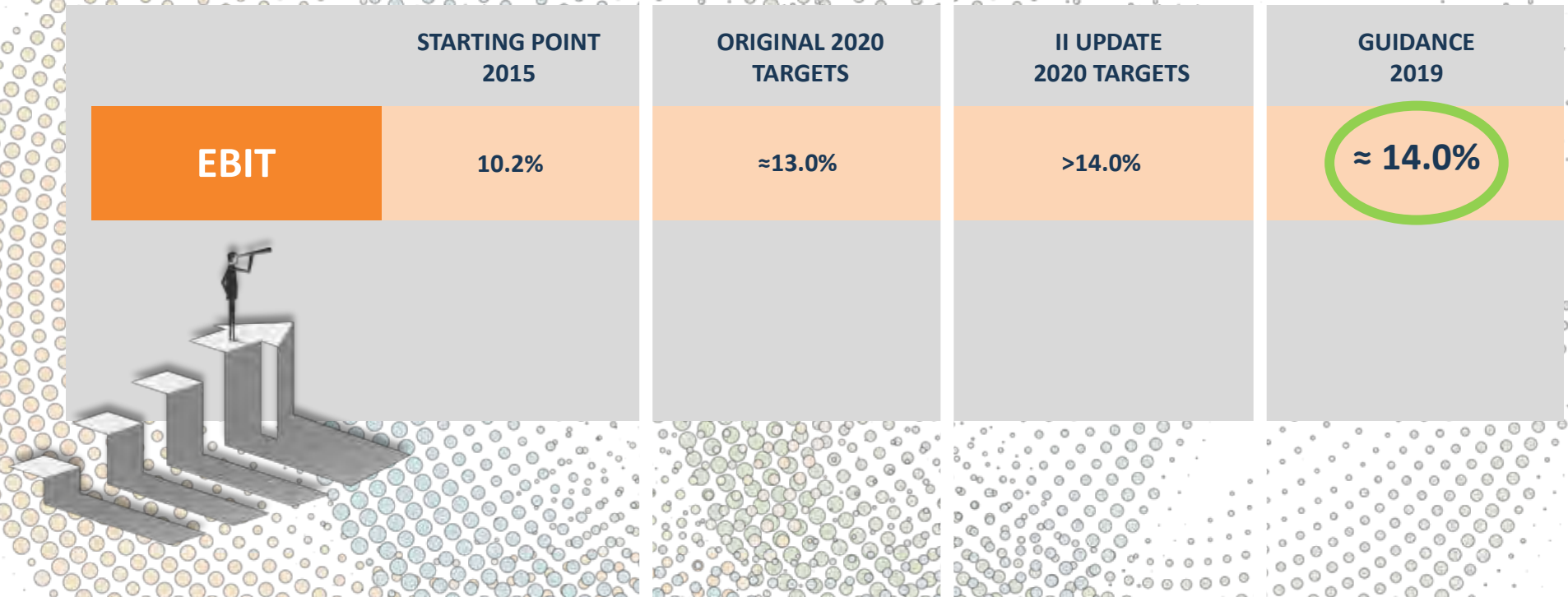


*The gradual deceleration of the market during the 2016-2019 period (average growth <2%) has NOT dragged CIE, which maintains an average double-digit organic growth rate in the same period, even above the guidance (average growth of > 9%).*

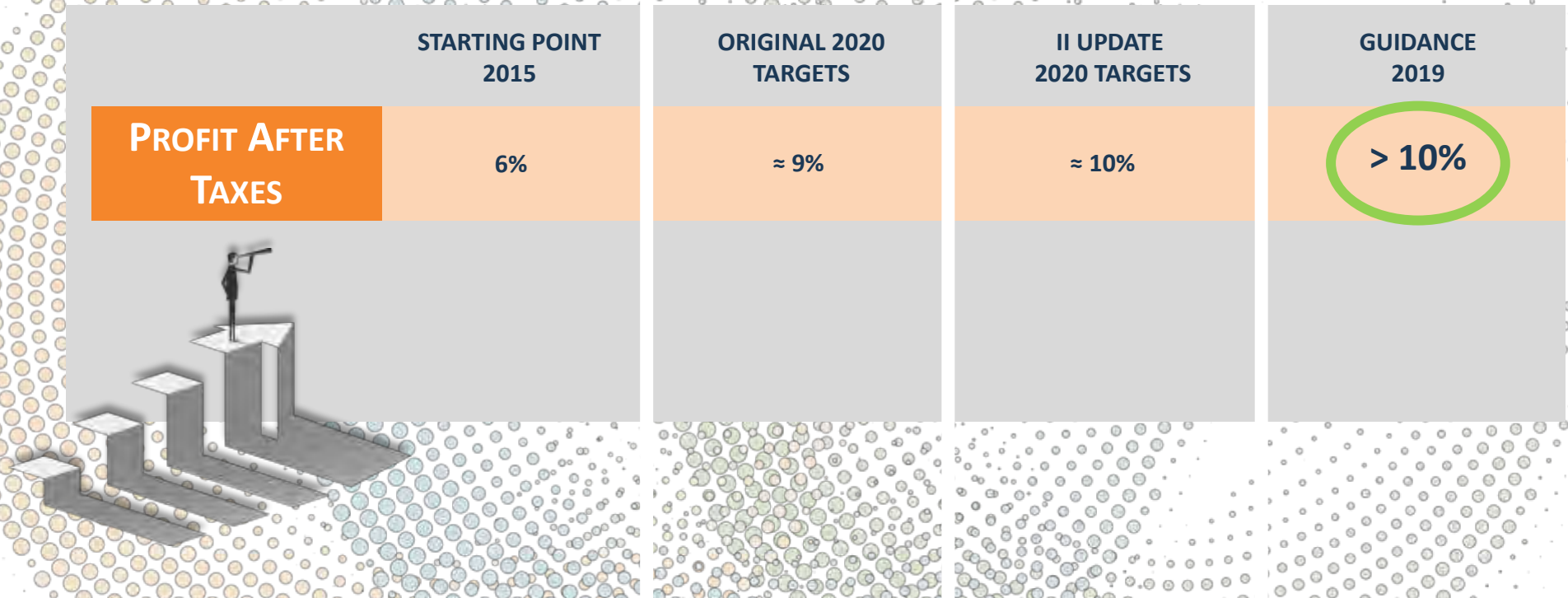


*A strict commercial policy, the constant search for operational excellence and the austerity of fixed costs, among others, have led to a significant increase in margins of approx. 300pp in just 4 years.*

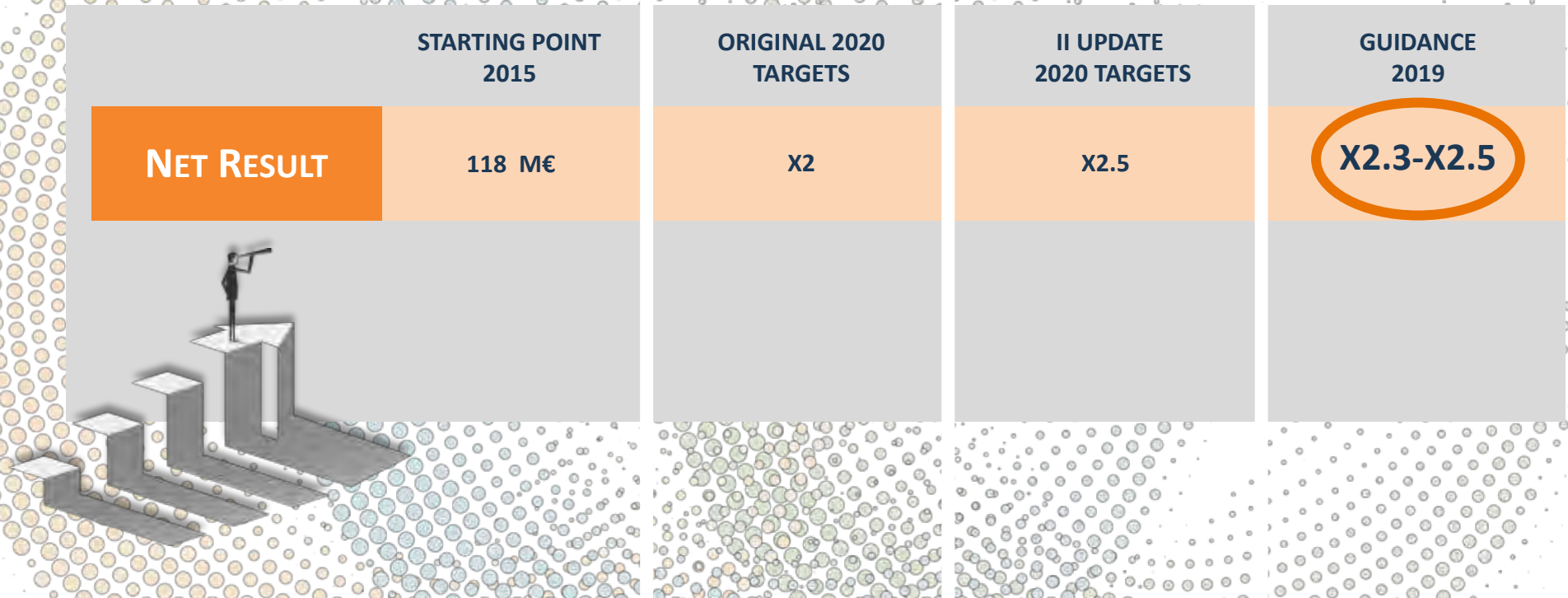




*The investment discipline of the Group, always focused on flexible assets, saturation of facilities and high returns, has allowed an expansion of almost 400pp during this period.*

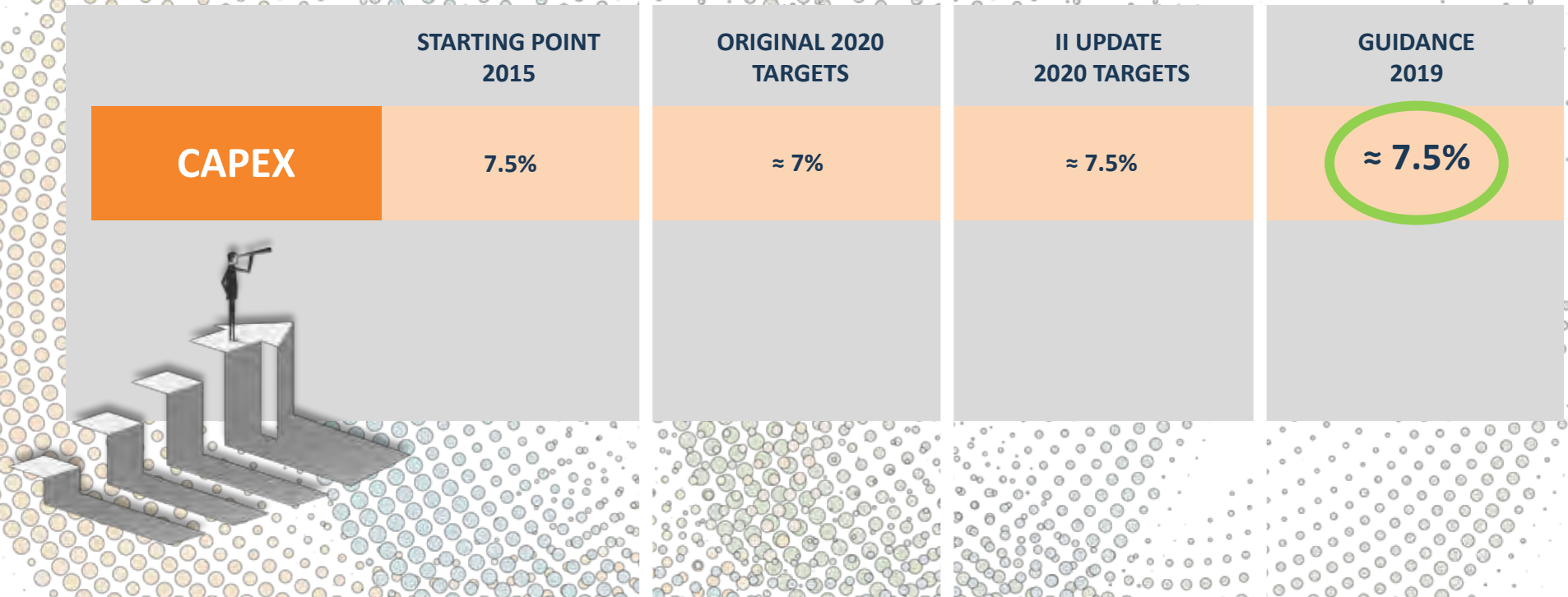


*The work in financial policy and fiscal strategy, with necessary adaptation to each of the geographies, has provided a double-digit net result over sales.*



*Compliance of more than 90% of the net result target in a period of 4 instead of 5 years, which demonstrates once again our solid and inexcusable commitment to the market.*



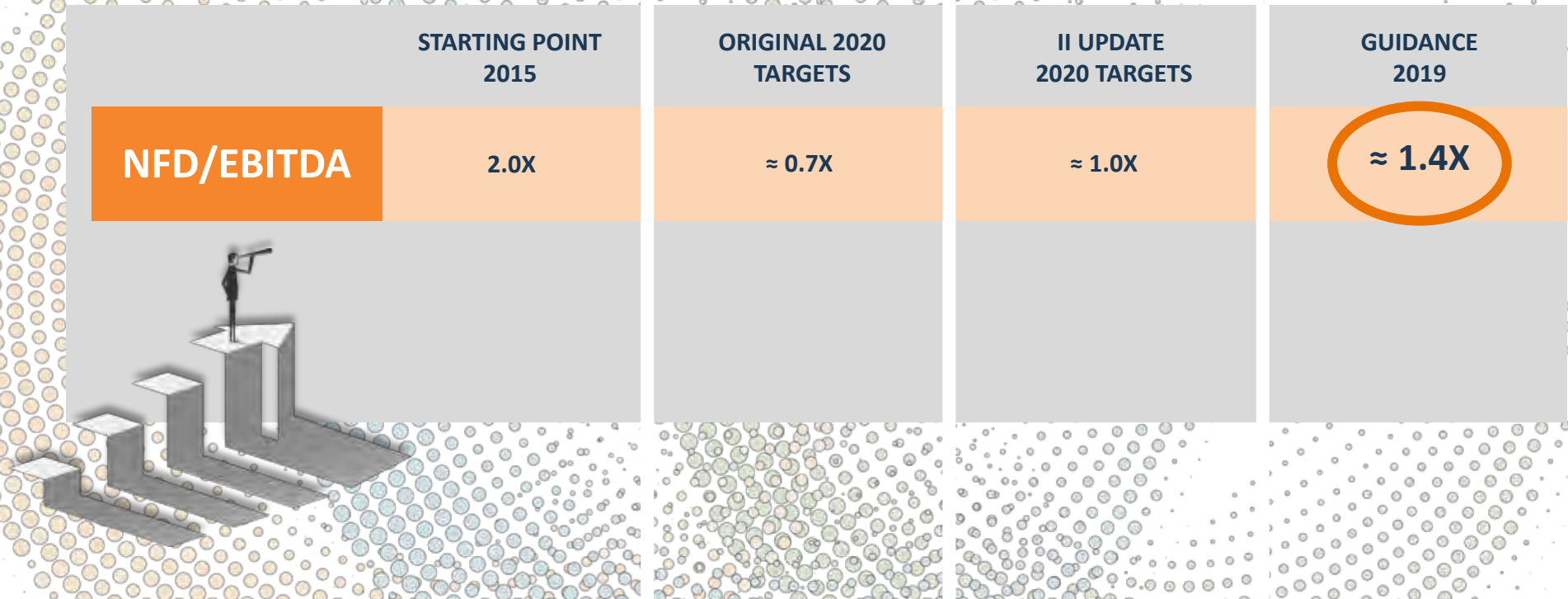


*We have managed to grow double-digit in the period, maintaining our level of recurrent or maintenance investment in ≈4% over sales and a growth or expansion capex of ≈3.5%.*

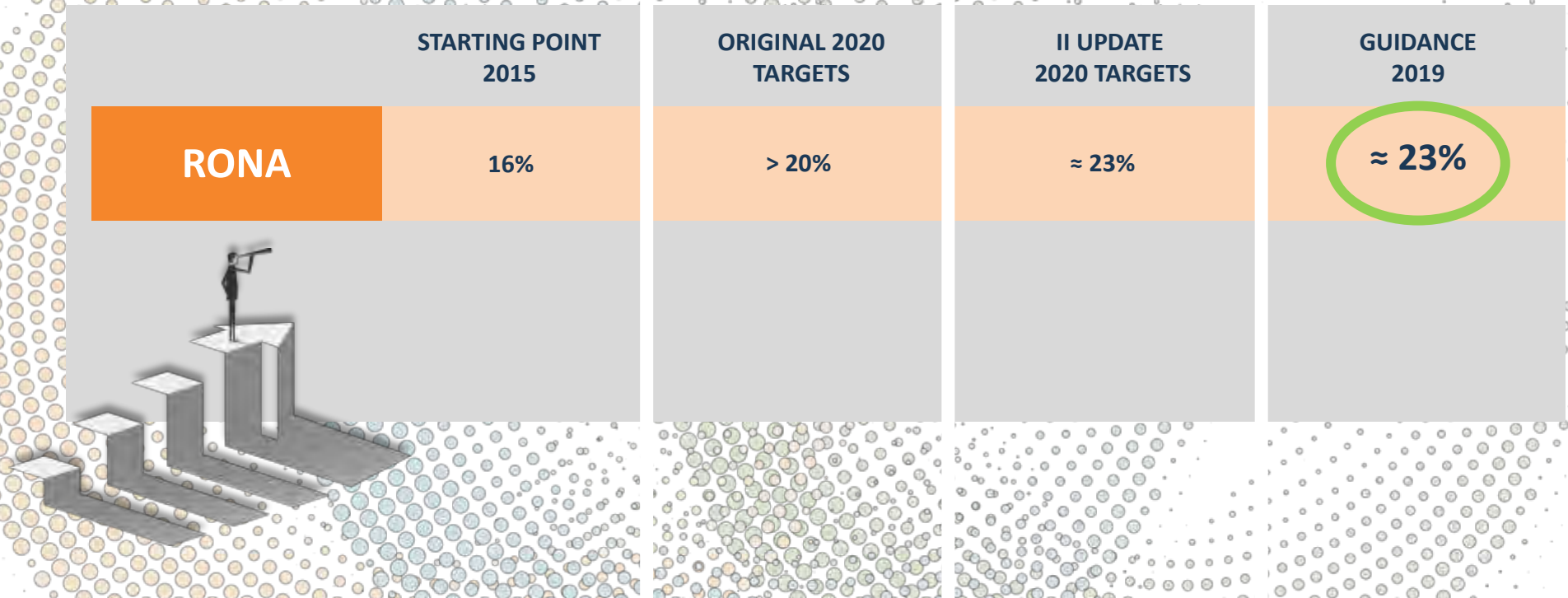




*The high level of generation that is achieved through high operating margins, investment discipline and financial and fiscal policies, allows great growth without significant additional indebtedness.*



*The demonstrated capacity of high recurrent operating cash flow generation of the business allows us to systematically deleverage the company and, hence, be able to meet the debt targets in the committed term: year 2020.*



*The exit of the non-automotive related businesses with lower profitability from CIE's perimeter and the gradual improvement of the return in the automotive business, has led us to an improvement of RONA of > 40% in 4 years, reaching 23%.*



***The high performance of the 2018 perimeter - which includes reaching the 2020 targets a year earlier -, together with the already announced acquisitions, lead us to design a New Strategic Plan***





AMBITIOUS GROWTH



**CIE** *Automotive*

MANAGING HIGH VALUE ADDED PROCESSES

# Q1 2019 RESULTS

	31/03/2018	%	31/03/2019
Turnover (€ Mio)	765.0	+6%	812.2
EBITDA (€ Mio)	137.4	+10%	151.0
Net Income (€ Mio)	63.1	+15%	72.6
Equity <sup>(*)</sup>	1,078.2	+7%	1,155.2
Net Financial Debt (€ Mio)	1,001.2		943.6
NFD/EBITDA <sup>(**)</sup>	2.04x		1.74x

(\*) Consolidated equity corresponding to the Automotive business, recasted in 2018 with the impact of Dominion.

(\*\*) EBITDA of last 12 months annualized in those companies incorporated to perimeter during the period. Figures corresponding only to the Automotive segment.

Notes: In order to provide greater transparency and clarity to the information, it is compared with the automotive data published as comparable in the consolidated financial statements published by CIE as of 31/03/2018. The information is different from the one published by CIE in 2018 because to accounting standards, the specific impacts on the different lines of the income statement of those businesses interrupted in 2018 must be eliminated. See appendix with the reconciliation at the end of this document.

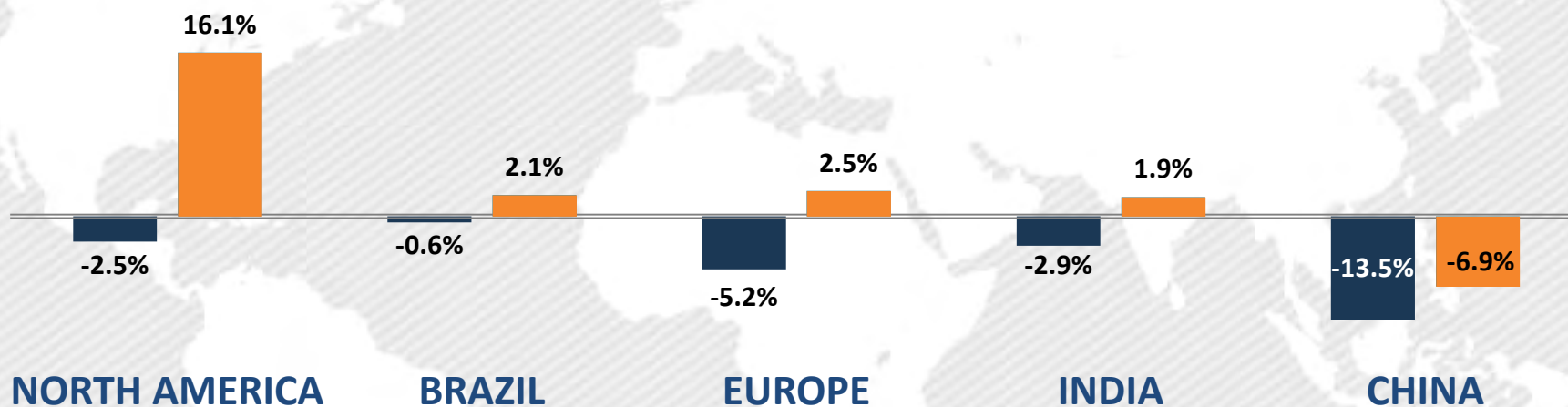




## 3.1. MARCH 2019 RESULTS



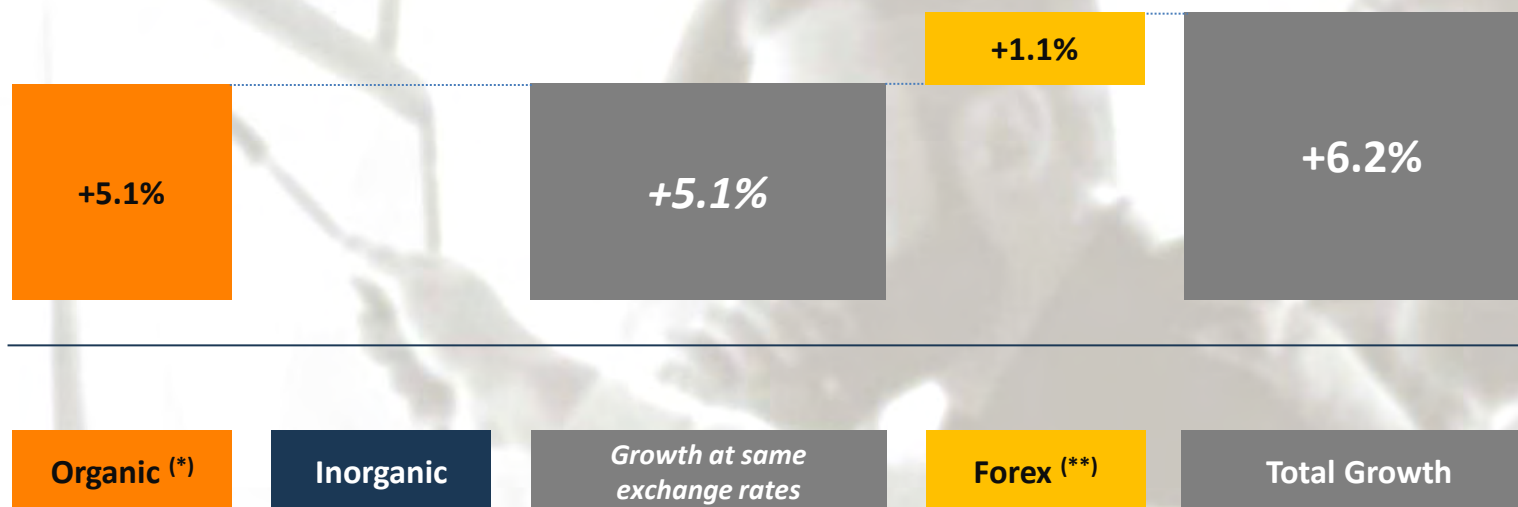
■ Market ■ CIE Total ■ CIE Organic



**Global Production -6.7%**  
**CIE Total +5.1%**  
**CIE Organic<sup>(1)</sup> +5.1%**

Source: Motor vehicle production IHS MARCH 2019 (3 Months 2019) (growth % in units).

<sup>(1)</sup> Increase in revenue including greenfields, considering same exchange rates.



***The Group's sales total growth of 5.1% has an additional increase due to the currency translation of 1.1%.***

(\*) Revenue growth including greenfields.

(\*\*) Forex by divisions: North America +9.5%, Brazil -7.0%, China +1.8%, India -1.1%.  
Figures corresponding only to the Automotive segment.

*Significant increase in turnover with relevant organic growth in most relevant geographical areas unlike the evolution of the Sector in the different markets.*

*Excellent performance of margins, in line with previous quarters.*

(€ Mio)	31/03/2018	%	31/03/2019
Turnover	765.0	+6%	812.2
EBITDA	137.4	+10%	151.0
% EBITDA on turnover	18.0%		18.6%
EBIT	104.5	+8%	112.9
% EBIT on turnover	13.7%		13.9%
Profit for the year	73.0	+13%	82.7
Net Income	63.1	+15%	72.6

Comparable figures corresponding only to the Automotive segment.



MARCH 2019 vs MARCH 2018

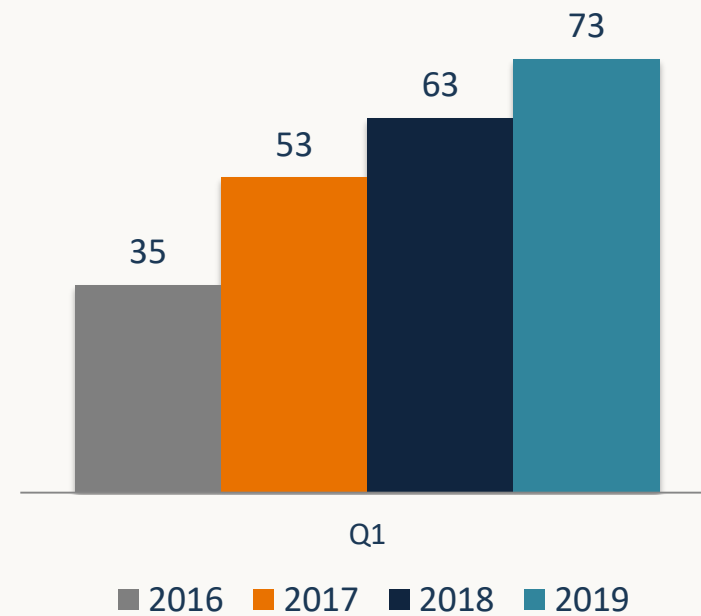


EUROPE
Sustainable margins far above market's average
MCIE EUROPE
Stabilization of the gradual growth in margins
NORTH AMERICA
Margins significantly higher than CIE Group average
BRAZIL
Margins improvement derived from operational improvements carried out
ASIA
Continued growing margins despite the market slowdown





## Net Income (€ Mio)



Figures corresponding only to the Automotive segment.



## 3.2. CASH FLOW



# NFD/EBITDA

## 1.74X

Net Financial Debt Movement	MARCH 2019
<b>EBITDA</b>	<b>151.0</b>
Financial Expenses	(7.1)
Maintenance CAPEX	(37.0)
Tax Payments	(10.6)
IFRS 16 Leases <sup>(1)</sup>	(3.9)
<b>OPERATING CASH FLOW:</b>	<b>92.4</b>
<i>% OPERATING CASH FLOW / EBITDA</i>	<i>61.2%</i>
Greenfields and Growing Capex	(18.7)
Net Working Capital Variation	(42.6)
Payment of Dividends	(40.0)
Biofuels Business Sale <sup>(2)</sup>	18.7
Exchange rate effect in NFD	0.3
Other Movements	(5.4)
<b>FINANCIAL CASH FLOW</b>	<b>4,6</b>
Net Financial Debt 31.12.2018	948.2
Net Financial Debt 31.03.2019	943.6

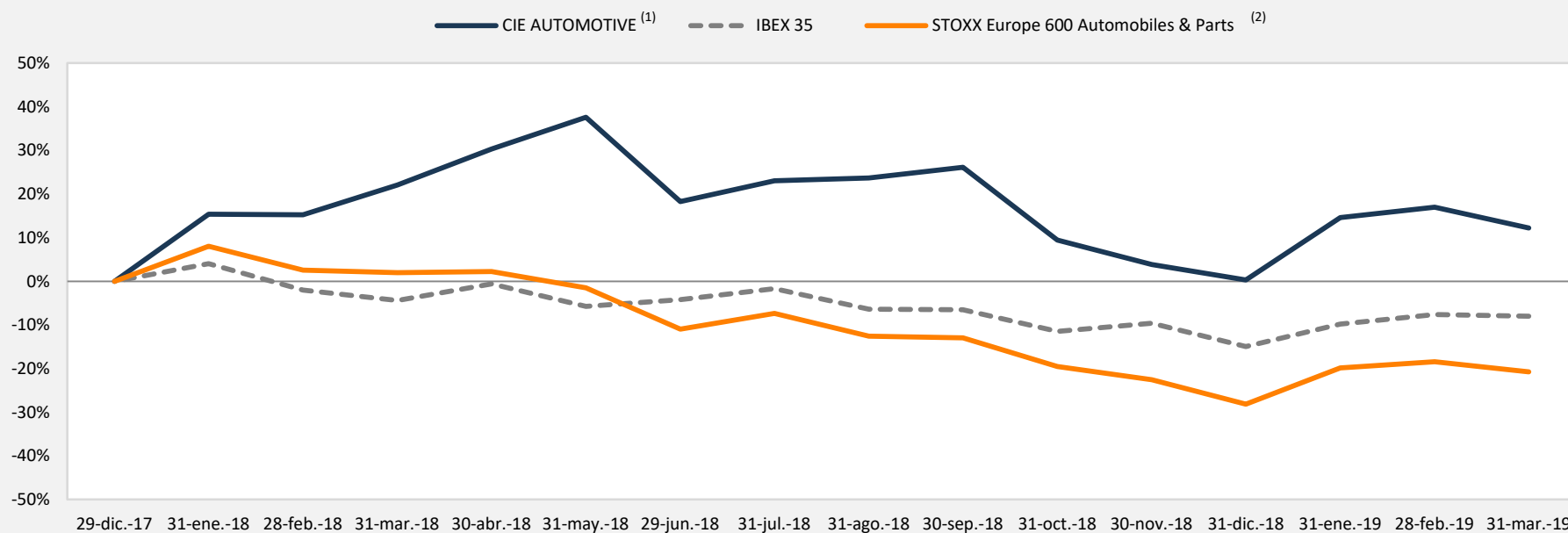
(1) Payment of rental feed accounted in EBITDA according to the application of the new IFRS 16 regulations.

(2) Transmisión de plantas de fabricación de biocombustibles.



## 3.3. CIE IN STOCK EXCHANGE





	31/12/2017	31/12/2018	Variation <sup>(3)</sup>	31/01/2019	28/02/2019	31/03/2019	Variation <sup>(3)</sup>
CIE AUTOMOTIVE <sup>(1)</sup>	21,4	21,4	0,3 %	24,5	25,0	24,0	11,9 %
IBEX 35	10.043,9	8.539,9	-15,0 %	9.056,7	9.277,7	9.240,3	8,2 %
EURO STOXX AUTO <sup>(2)</sup>	614,8	441,8	-28,1 %	492,9	501,2	487,1	10,3 %

<sup>(1)</sup> Share price adjusted according to the effect of the Global Dominion shares dividend in kind.

<sup>(2)</sup> STOXX Europe 600 Automobiles & Parts includes: OEMS: BMW ST, Daimler, Ferrari NV, Fiat, Peugeot, Porsche, Renault & Volkswagen. SUPPLIERS: Faurecia, Michelin, Nokian, Plastic Omnium, Rheinmetall, Schaeffler, Valeo.

<sup>(3)</sup> % versus price at the end of the previous year.



***CIE Automotive***

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