



**MID TERM FINANCIAL REPORT  
SEPTEMBER 30<sup>TH</sup> 2018**



**CIE** *Automotive*

MANAGING HIGH VALUE ADDED PROCESSES GLOBALLY

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- CIE's management uses recurrently and in a consistent way during business management certain Alternative Performance Measures, APM which include terms about results, balance sheet and cash flow. CIE understands that those APMs are helpful to explain its activity evolution, so they are presented, defined and reconciled with financial statements in this presentation.

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# HIGHLIGHTS SEPTEMBER 2018

	30/09/2017	%	30/09/2018
Turnover (€ Mio)	2,166.8	+6%	2,292.1
EBITDA (*) (€ Mio)	361.7	+12%	404.2
Net Income (*) (€ Mio)	165.9	+102%	335.7
Net Normalised Income (***) (€ Mio)	158.1	+20%	189.7
Share Price (€ per share)	22.69	+19%	26.96
Net Financial Debt (€ Mio)	994.8		950.4
NFD/EBITDA (**)	2.16x		1.85x

(\*) EBITDA: Net Operating Income + Recurrent Depreciation, Net Income: Profit attributable to the company's shareholders.

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

(\*\*\*) Net Income of the Automotive segment excluding non recurrent positive and negative adjustments.

# 1.1.

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## Normalisation of Results



# RESULTS NORMALISATION 2018

(Mio€)	CIE P&L SEPTEMBER 2018 <sup>(1)</sup>	P&L 1S 2018 DOMINION <sup>(2)</sup>	SURPLUS FROM DOMINION RELATED DIVIDEND	NORMALISATION ADJUSTMENTS <sup>(3)</sup>	NORMALISED AUTOMOTIVE P&L SEPTEMBER 2018
Turnover	2,292.1	0	0	0	2,292.1
EBITDA (*)	404.2	0	0	0	404.2
EBIT (*)	272.5	0	0	33.9	306.4
EBT (*)	238.6	0	0	44.9	283.5
Tax Expenses	(72.7)	0	0	8.8	(63.9)
Discontinued Activities	201.8	(13.2)	(238.9)	48.8	(1.5)
Profit for the year	367.7	(13.2)	(238.9)	102.5	218.1
Attributable to non- controlling interest	(32.0)	6.8	0	(3.2)	(28.4)
Net income (*)	335.7	(6.4)	(238.9)	99.3	189.7

(\*) EBITDA: Net Operating Income + Amortization % Depreciation, EBIT: Net Operating Income, Net Income: Profit attributable to the company's shareholders.

<sup>(1)</sup> Recurrent Income statement of CIE Automotive Group as of 30/09/2018.

<sup>(2)</sup> Income statement of DOMINION segment until the distribution of the extraordinary dividend.

<sup>(3)</sup> Summary of non- recurrent adjustments registered within CIE Automotive Group's income statement. .

# RESULTS NORMALISATION 2018

**6.4 Mio€**

Net income corresponding to the Dominion segment until the distribution of the extraordinary dividend.



**238.9 Mio€**

Book surplus generated by the difference in value between the accounting value of Dominion in CIE Automotive Group's consolidated financial statements and the market value of the distributed extraordinary dividend.



**(99.3 Mio€)**

- Forced liquidation value adjustment of the Biofuel asset business resulted from the decision of discontinuing that business.
- Update on some assets useful lives.
- Reserves related to the reevaluation of non-operating risks.

**+ 146.0 Mio€**

**NON- RECURRENT NET INCOME**

In order to provide greater transparency and clarity to the information, this document will only compare the results of the Automotive segment in both 2017 and 2018. See the appendix with the reconciliation of the P&L account of 30/09/2017 including the Dominion segment.

# 1.2.

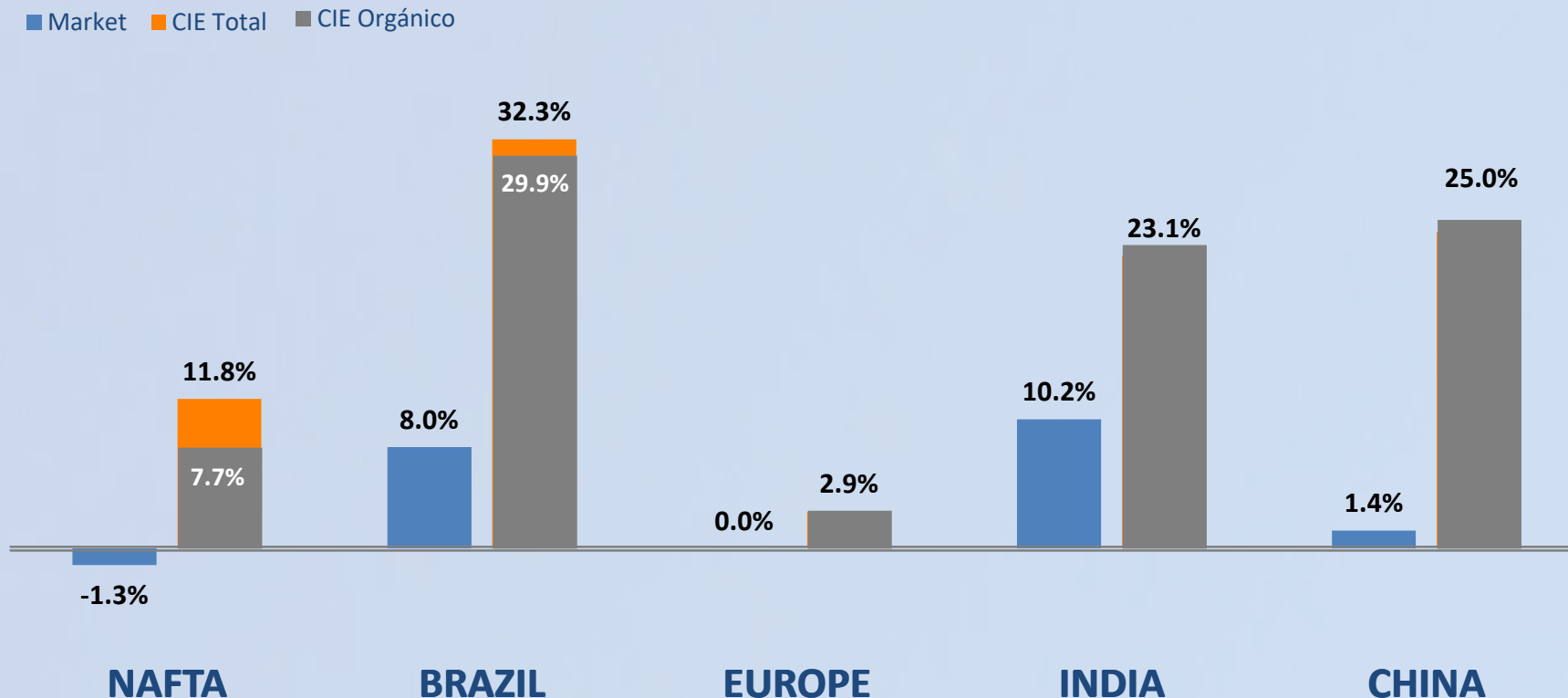
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## Normalised Results 2018





# AUTOMOTIVE GROWTH 2017-2018(%)

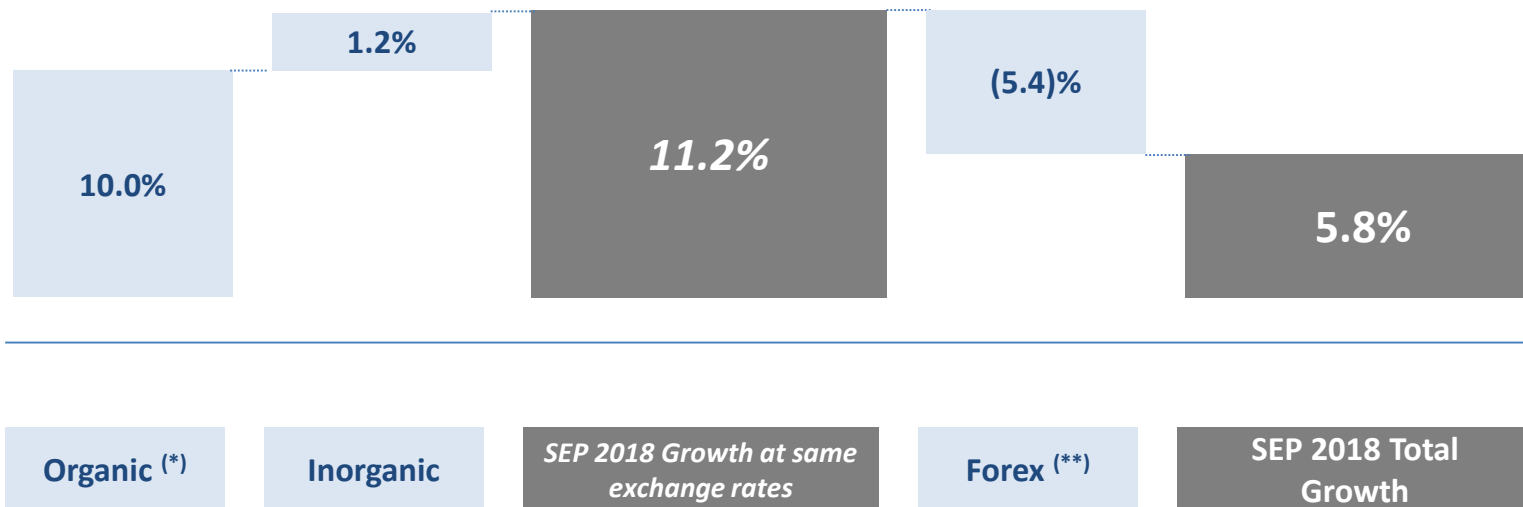


**Global Production +0.8%**  
**CIE Total +11.2%**  
**CIE Organic<sup>(1)</sup> +10.0%**

Source: Motor vehicle production IHS SEPTEMBER 2018 (9 Months) (growth % in units).

(1) Increase in revenue including greenfields, considering same exchange rates.

# SEPTEMBER 2018 GROWTH



***The Group's sales growth of 11.2%, and decreases due to the currency translation more than 5%.***

(\*) Revenue growth including greenfields

(\*\*) Forex by divisions: NAFTA -7.5%, Brazil -23.3%, China -3.2%, India -11.5%.

Figures corresponding only to the Automotive segment.

# SEPTEMBER 2018 RESULTS

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.

(€ Mio)	30/09/2017	%	30/09/2018
Turnover	2,166.8	<b>+6%</b>	2,292.1
EBITDA (*)	361.7	<b>+12%</b>	404.2
% EBITDA on turnover	16.7%		17.6%
EBIT (*)	260.6	<b>+18%</b>	306.4
% EBIT on turnover	12.0%		13.4%
Profit for the year	180.7	<b>+21%</b>	218.1
Net Income (*)	158.1	<b>+20%</b>	189.7

(\*) EBITDA: Net Operating Income + Amortization & Depreciation, EBIT: Recurrent Net Operating Income, Net Income: Profit attributable to the company's shareholders.

Normalised figures corresponding only to the Automotive segment.

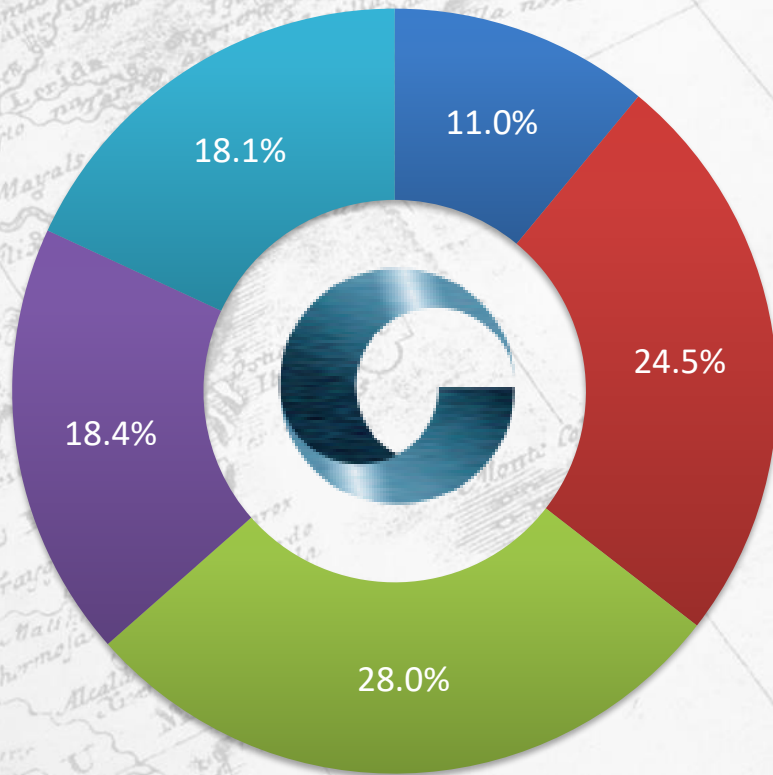
# SEPTEMBER 2018 RESULTS

(€ Mio)	3Q 2017	%	3Q 2018
Turnover	695.7	<b>+4%</b>	725.5
EBITDA (*)	113.5	<b>+12%</b>	126.7
% EBITDA on turnover	16.3%		17.7%
EBIT (*)	81.9	<b>+18%</b>	96.7
% EBIT on turnover	11.8%		13.3%
Profit for the year	56.0	<b>+19%</b>	66.7
Net Income (*)	48.1	<b>+20%</b>	57.7

(\*) EBITDA: Net Operating Income + Amortization & Depreciation, EBIT: Net Operating Income, Net Income: Profit attributable to the company's shareholders  
 Normalised figures corresponding only to the Automotive Segment. .

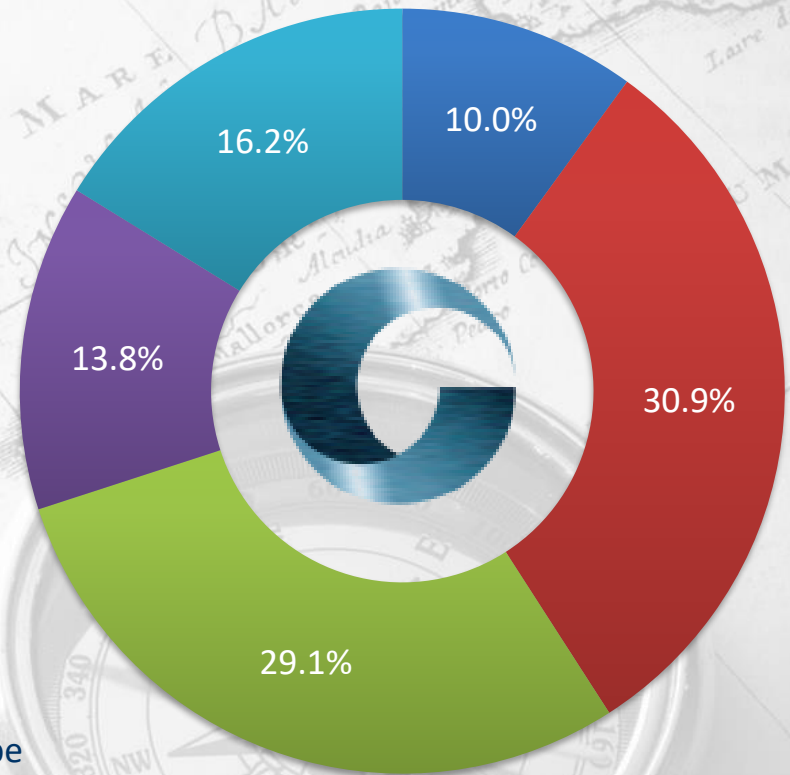
# SEPTEMBER 2018 DIVISIONS CONTRIBUTION

## TURNOVER



(\*) China Turnover: 119€ Mio.

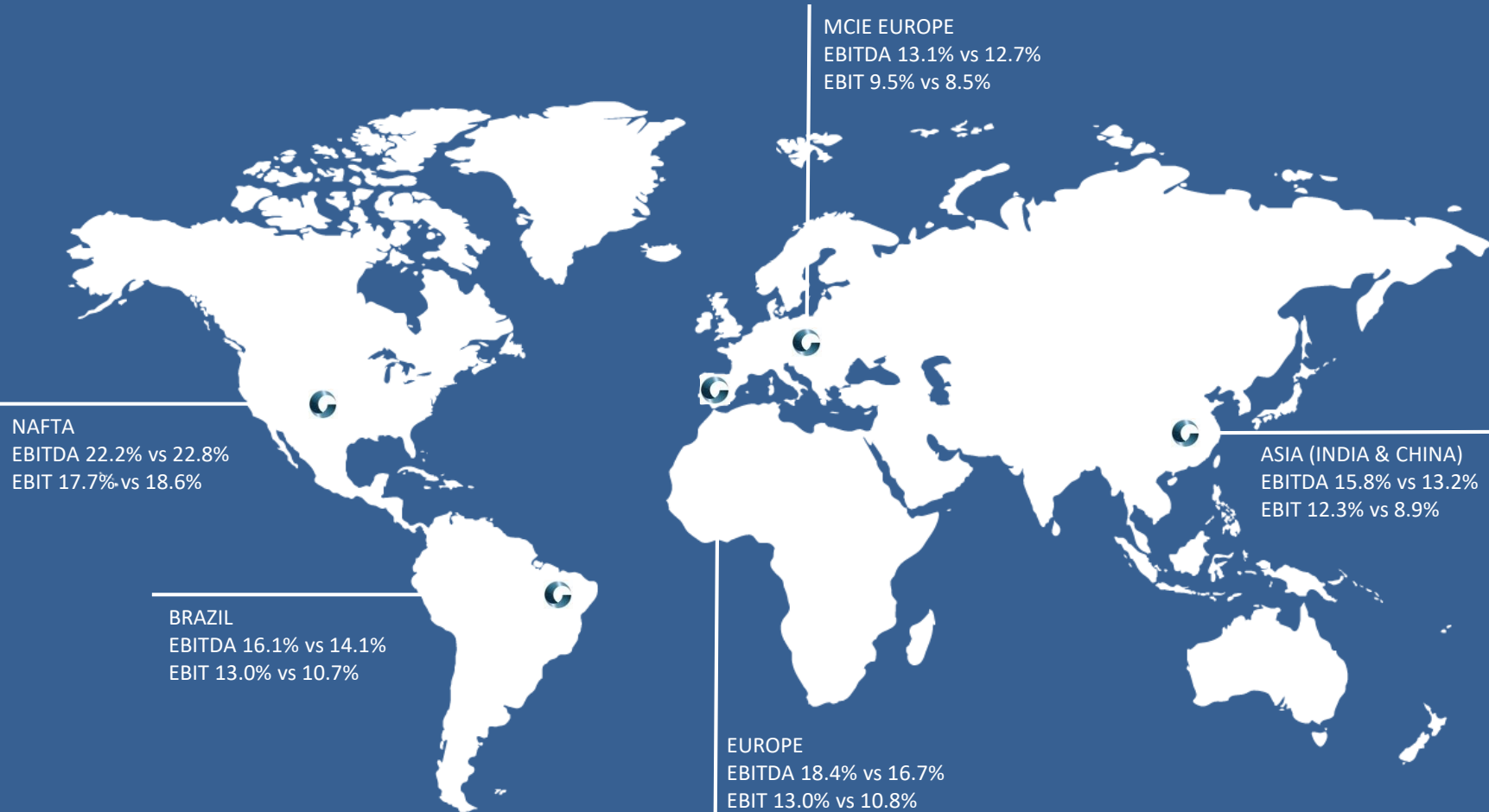
## EBITDA (\*\*)



(\*\*) EBITDA: Net Operating Income + Amortization & Depreciation.

# SEPTEMBER 2018 DIVISIONS PROFITABILITY

## SEPTEMBER 2018 vs SEPTEMBER 2017



### EUROPE

Sustainable margins far above market's average and in slight growth

### MCIE EUROPE

Stabilization of the gradual growth in margins

### NAFTA

Margins significantly higher than CIE Group average

### BRAZIL

Margins improvement derived from operational improvements carried out and supported by market increase

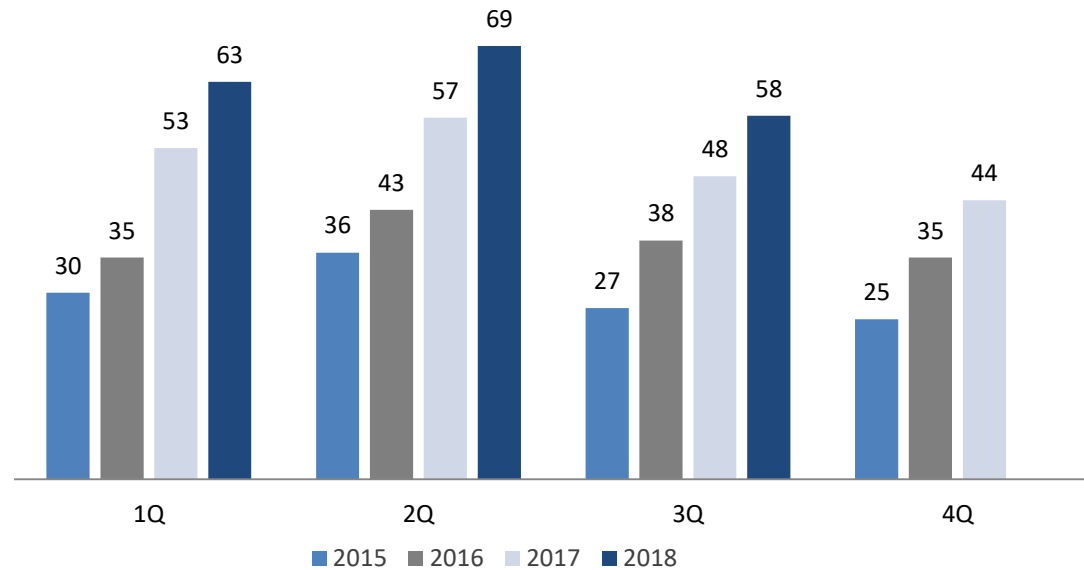
### ASIA

Growing margins as a result of integration of Indian plants within CIE Group and of new projects' industrialization in China

# QUARTERLY EVOLUTION

## 2015/2016/2017/2018

Net Income<sup>(\*)</sup> (€ Mio)



(\*) Net Income: Recurrent Profit attributable to the company's shareholders.  
Figures corresponding only to the Automotive segment.

# 2.

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## Balance Sheet





# BALANCE SHEET

	<b>€ Mio</b>	<b>30/09/2018</b>
Fixed Assets		2,212.9
Net Working Capital		(153.1)
<b>Total Net Assets</b>		<b>2,059.8</b>
Equity		988.7
Net Financial Debt (*)		950.4
Others (Net)		120.7
<b>Total Equity and Liabilities</b>		<b>2,059.8</b>
<small>The amount of the non-recourse factoring to 30.09.2018 is 250€ Mio.</small>		
<b>RONA (**)</b>		<b>22%</b>

- *The extraordinary dividend distributed on 3 July 2018 has generated a decrease of €308 Mio. of the Group's assets and liabilities.*

(\*) Net Financial Debt = Debt with banks and other financial institutions – Cash and equivalents.

(\*\*) RONA = "Return on Net Assets": EBIT Last annualized 12 Months/ Net Assets (Fixed Assets + Net Working Capital – Goodwill not associated to cash outs).

# NFD/EBITDA<sup>(3)</sup>

1.85X

## CASH FLOW

Net Financial Debt Movement	SEPTEMBER 2018
<b>EBITDA</b>	<b>404.2</b>
Financial Expenses	(27.4)
Maintenance CAPEX <sup>(1)</sup>	(98.6)
Tax Payments	(50.3)
<b>OPERATING CASH FLOW:</b>	<b>227.9</b>
<i>% OPERATING CASH FLOW / EBITDA</i>	<i>56.4%</i>
Greenfields and Growing Capex	(67.2)
Net Working Capital Variation	(28.9)
Payment of Dividends	(72.1)
Current year Business Combinations <sup>(2)</sup>	(61.8)
Dominion Segment interruption	(111.5)
Exchange rate effect in NFD	(5.6)
Other Movements	5.9
<b>FINANCIAL CASH FLOW</b>	<b>(113.3)</b>
Net Financial Debt 31.12.2017	837.1
Net Financial Debt 30.09.2018	950.4

(1) Maintenance CAPEX: The one related to the renovation of the facilities to face market growth.

(2) 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.

(3) Last annualized 12 months EBITDA from new companies integrated during the period.

# 3.

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## Strategic Commitments





***We **REAFFIRM** in the  
compliance of all the  
committed 2020  
strategic objectives***

# II TARGETS UPDATE 2016-2020

Current plant perimeter – Future M&A during 2018-2020 not included

**^ TURNOVER  
2018-2020:**

**~3x  
MARKET**

**IN 2020:**

**EBITDA > 18%  
EBIT > 14%  
EAT > 10%  
over sales**

**IN 2020:**

**RONA ~23%**

**IN 2020:**

**OPERATING  
CASH FLOW  
~55% EBITDA**

**IN 2020:**

**NFD /  
EBITDA ~1x**



# STRATEGIC PLAN HIGHLIGHTS

> 200pp of improvement of operating margins in the next 3 years

The profit of the year before minority interest exceeds 10% on sales in 2020

Growth of Net Result of ~ 50% in the next 3 years

More than 60 € Mio of additional Net Result in 2020 to the initially planned

400 € Mio more dividends for Dominion shares settlement and for additional result

# 4.

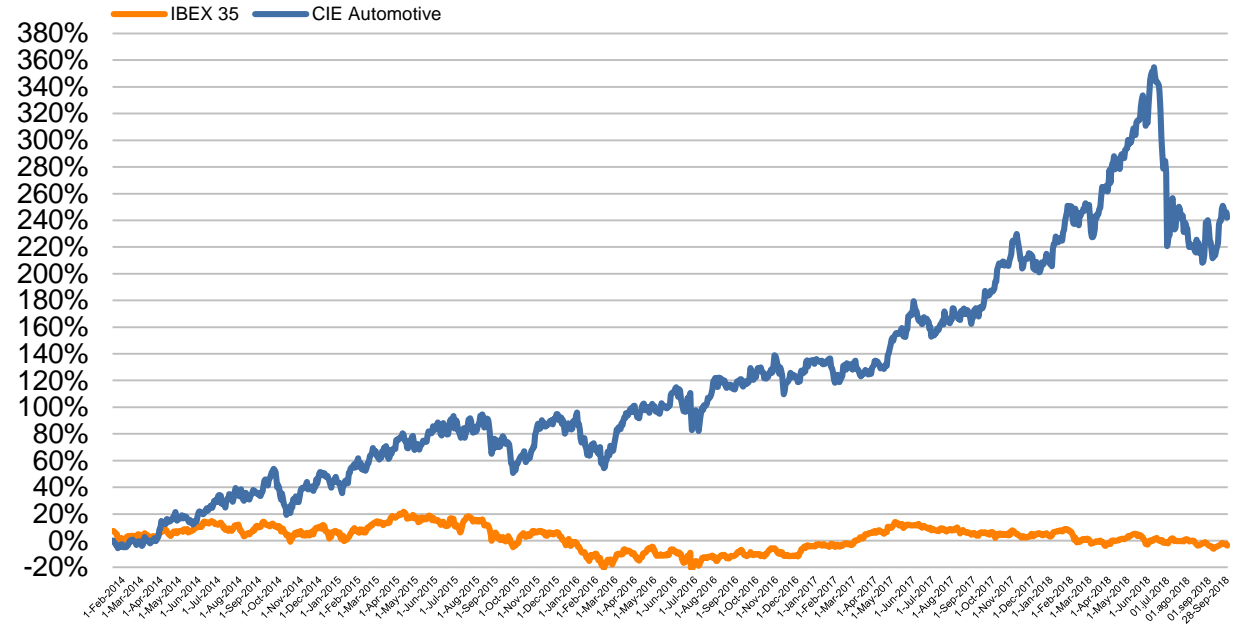
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## CIE in Stock Exchange



# CIE IN STOCK EXCHANGE

## CIE share price performance vs Ibex 35 2014-2018

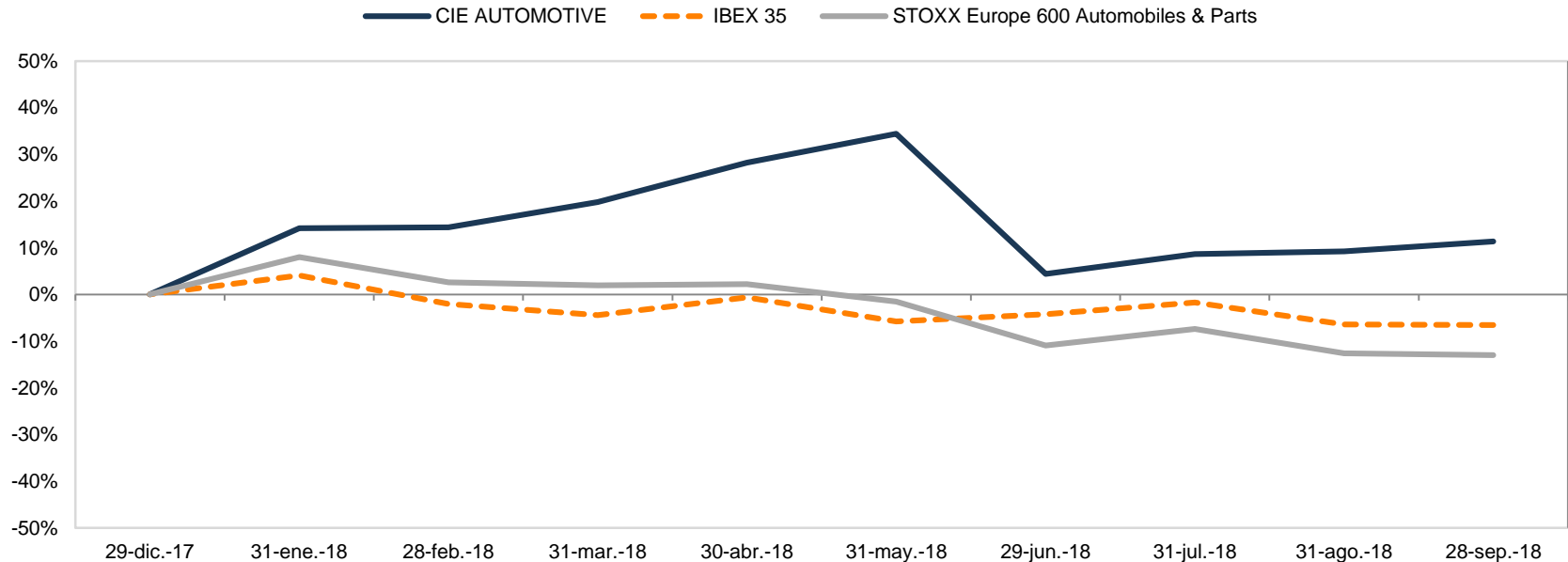


- During the last five years, the Stock of CIE Automotive has consistently and significantly beaten Ibex35 index.
- In that same period, the evolution of the share price has been parallel to the value generation of the company by increase in the profit per share.



# CIE IN STOCK EXCHANGE

## Evolution of CIE Share price vs Ibex35/Euro Stoxx Auto SEP2018



We understand that during 2018 the evolution of the stock has moved away from the fundamentals of the company, and **exogenous factors** have influenced both the initial rise and the subsequent correction:

- **Inclusion of the company in the selective IBEX35**, with the volatility implied by this movement.
- **Dividend payment in cash and kind** (0.65 shares of Dominion for each share of CIE), which implies an adjustment in the share price of more than € 3 per share (or more than € 400Mio).
- **Turbulent sector situation:** market, new regulations, profit warnings,...
- **Trade war** between the USA and China/EU, together with other macroeconomic factors (situation in Italy, Brazil,...).

# CIE IN STOCK EXCHANGE

	2018 Until 08/09	2017	2016	2015	2014	2013
Market Cap (€ Mio)	3,477	3,123	2,388	1,993	1,453	951
Number of shares (Mio)	129	129	129	129	129	119
Last price of period (euros)	26.96	24.21	18.52	15.45	11.27	8.00
Maximum price of period (euros)	36.30	26.20	18.98	15.46	12.29	8.35
Minimum price of period (euros)	23.70	17.15	11.99	10.65	7.21	5.00
Volume (thousand shares)	60,825	59,318	59,065	60,619	62,970	44,953
Effective (€ Mio)	1,728	1.244	940	814	600	277

Source: Madrid Stock Exchange

# Appendix

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## Reconciliation Income Statement from 2017



# 2017 COMPARABLE P&L

(€ Mio)	SEPTEMBER CIE P&L PUBLISHED IN 2017 <sup>(1)</sup>	SEPTEMBER 2017 AUTOMOTIVE <sup>(2)</sup>	SEPTEMBER 2017 DOMINION	INTERRUPTION ADJUSTMENT	COMPARABLE P&L CIE SEP 2017 <sup>(3)</sup>
Turnover	2,691.5	2,166.8	524.8	(524.8)	2,166.8
EBITDA (*)	399.0	361.7	37.3	(37.3)	361.7
EBIT (*)	284.6	260.6	24.0	(24.0)	260.6
EBT (*)	251.8	234.3	17.4	(17.4)	234.3
Tax Expenses	(54.3)	(53.3)	(0.9)	0.9	(53.3)
Discontinued Activities	(0.4)	(0.4)	0	16.5	16.1
Profit for the year	197.1	180.7	16.5	0	197.1
Attributable to non-controlling interest	(31.2)	(22.6)	(8.7)	0	(31.2)
Net Income (*)	165.9	158.1	7.8	0	165.9

(\*) EBITDA: Net Operating Income + Amortization & Depreciation, EBIT: Net Operating Income, Net Income: Profit attributable to the company's shareholders

<sup>(1)</sup> Income statement of CIE Automotive Group published on 30/09/2018.

<sup>(2)</sup> Income statement of the Automotive segment on 30/09/2017.

<sup>(3)</sup> Income statement published on 30/09/2018 as a comparable considering the interruption of the Dominion business.



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