Independent Audit Report

GESTAMP AUTOMOCIÓN, S.A. AND SUBSIDIARIES
Consolidated Financial Statements and
Consolidated Management Report
for the year ended
December 31, 2016

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Translation of a report and consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (See Note 37)

INDEPENDENT AUDIT REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of GESTAMP AUTOMOCIÓN, S.A.:

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of GESTAMP AUTOMOCIÓN, S.A. (the parent company) and its subsidiaries (the Group), which comprise consolidated balance sheet at December 31, 2016, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows, and the notes thereto for the year then ended.

Directors' responsibility for the consolidated financial statements

The directors of the parent company are responsible for the preparation of the accompanying consolidated financial statements so that they give a true and fair view of the consolidated equity and consolidated financial position and the consolidated results of GESTAMP AUTOMOCIÓN, S.A. and its subsidiaries, in accordance with International Financial Reporting Standards, as adopted by the European Union, and other provisions in the regulatory framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying consolidated financial statements based on our audit. We conducted our audit in accordance with prevailing audit regulations in Spain. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of consolidated financial statements by the directors of the parent company in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of GESTAMP AUTOMOCIÓN, S.A. and its subsidiaries at December 31, 2016, and its consolidated results and consolidated cash flow for the year then ended, in accordance with International Financial Reporting Standards, as adopted by the European Union, and other provisions in the regulatory framework for financial information applicable in Spain.

Report on other legal and regulatory requirements

The accompanying 2016 consolidated management report contains such explanations as the directors of the parent company consider appropriate concerning the situation of the Group, the evolution of its business and other matters; however, it is not an integral part of the consolidated financial statements. We have checked that the accounting information included in the aforementioned consolidated management report agrees with the 2016 consolidated financial statements. Our work as auditors is limited to verifying the consolidated management report in accordance with the scope mentioned in this paragraph, and does not include the review of information other than that obtained from the accounting records of GESTAMP AUTOMOCIÓN, S.A. and its subsidiaries.

ERNST & YOUNG, S.L.

(Signed in the original in Spanish)

Ramón Masip López

March 07, 2017

GESTAMP AUTOMOCIÓN, S.A. AND SUBSIDIARIES

Consolidated Financial Statements and
Consolidated Management Report for the year ended
December 31, 2016

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GESTAMP AUTOMOCIÓN, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET
AT DECEMBER 31, 2016 AND DECEMBER 31, 2015
(In thousands of euros)

ASSETS	Note	December 31, 2016	December 31, 2015
Non-current assets			
Intangible assets	10	392,964	359,384
Goodwill		110,504	109,946
Other intangible assets		282,460	249,438
Property, plant, and equipment	11	3,160,014	2,861,807
Land and buildings		983,285	958,215
Plant and other PP&E		1,608,351	1,524,984
PP&E under construction and prepayments		568,378	378,608
Financial assets	12	95,514	57,682
Investments in associates accounted for using the equity method		5,740	8,272
Loans and receivables		50,581	8,918
Derivatives in effective hedges		25,710	28,184
Other non-current financial assets		13,483	12,308
Deferred tax assets	23	273,439	270,777
Total non-current assets		3,921,931	3,549,650
Current assets			
Inventories	13	630,897	586,438
Raw materials and other consumables		308,335	277,870
Work in progress		141,149	158,676
Finished products and by-products		129,591	118,287
Prepayments to suppliers		51,822	31,605
Trade and other receivables	14	1,376,889	1,194,690
Trade receivables		1,169,925	992,938
Other receivables		20,819	25,058
Current income tax assets		35,306	32,906
Receivables from public authorities		150,839	143,788
Other current assets	14	26,240	23,533
Financial assets	12	43,228	35,455
Loans and receivables		11,036	1,638
Securities portfolio		338	2,535
Other current financial assets		31,854	31,282
Cash and cash equivalents	14	430,463	355,975
Total current assets		2,507,717	2,196,091
Total assets		6,429,648	5,745,741

GESTAMP AUTOMOCIÓN, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET
AT DECEMBER 31, 2016 AND DECEMBER 31, 2015
(In thousands of euros)

EQUITY AND LIABILITIES	Note	December 31, 2016	December 31, 2015
Equity			
Capital and reserves attributable to equity holders of the parent			
Issued capital	15	288,237	288,237
Share premium	15	61,591	61,591
Retained earnings	16	1,378,145	1,209,789
Translation differences	17	(203,300)	(167,809)
Equity attributable to equity holders of the parent		1,524,673	1,391,808
Equity attributable to non-controlling interest	18	347,330	406,585
Total equity		1,872,003	1,798,393
Liabilities			
Non-current liabilities			
Deferred income	19	25,945	30,720
Provisions	20-21	154,153	156,787
Non trade liabilities	22	1,779,451	1,674,148
Interest-bearing loans and borrowings		1,548,305	1,448,036
Derivative financial instruments		87,983	72,828
Other non-current financial liabilities		132,805	136,739
Other non-current liabilities		10,358	16,545
Deferred tax liabilities	23	238,454	225,544
Other non-current liabilities		599	619
Total non-current liabilities		2,198,602	2,087,818
Current liabilities			
Non trade liabilities	22	716,036	450,875
Interest-bearing loans and borrowings		419,294	282,900
Other current financial liabilities		5,922	16,854
Other non-trade liabilities		290,820	151,121
Trade and other payables	24	1,621,425	1,384,406
Trade accounts payable		1,356,144	1,137,378
Current tax liabilities		20,727	30,269
Other accounts payable		244,554	216,759
Provisions	20-21	18,072	16,318
Other current liabilities		3,510	7,931
Total current liabilities		2,359,043	1,859,530
Total liabilities		4,557,645	3,947,348
Total equity and liabilities		6,429,648	5,745,741

GESTAMP AUTOMOCIÓN, S.A. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT
AT DECEMBER 31, 2016 AND DECEMBER 31, 2015
(In thousands of euros)

	Note	December 31, 2016	December 31, 2015
CONTINUING OPERATIONS			
OPERATING INCOME	25	7,673,939	7,202,309
Revenue		7,548,938	7,034,512
Other operating income		131,571	156,871
Changes in inventories	13	(6,570)	10,926
OPERATING EXPENSE	26	(7,211,317)	(6,802,113)
Raw materials and other consumables		(4,509,742)	(4,308,597)
Personnel expenses		(1,366,884)	(1,258,010)
Depreciation, amortization, and impairment losses		(378,528)	(360,137)
Other operating expenses		(956,163)	(875,369)
OPERATING PROFIT		462,622	400,196
Financial income	27	5,275	13,309
Financial expenses	27	(98,758)	(121,850)
Exchange gains (losses)		(12,442)	(24,660)
Share of profits from associates - equity method	12	(8,539)	(364)
Impairment and gains (losses) on sale of financial instruments	27	(77)	(13,829)
PROFIT BEFORE TAXES FROM CONTINUING OPERATIONS		348,081	252,802
Income tax expense	28	(88,940)	(63,950)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		259,141	188,852
PROFIT FOR THE YEAR		259,141	188,852
Profit (loss) attributable to non-controlling interest	18	(37,787)	(27,372)
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		221,354	161,480
Earinings per share			
-Basic	29	46.15	33.67
From continuing operations		46.15	33.67
-Diluted	29	46.15	33.67
From continuing operations		46.15	33.67

GESTAMP AUTOMOCIÓN, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
AT DECEMBER 31, 2016 AND DECEMBER 31, 2015
(In thousands of euros)

		December 31, 2016	December 31, 2015
PROFIT FOR THE YEAR		259,141	188,852
OTHER COMPREHENSIVE INCOME			
Other comprehensive income not to be reclassified to income in next years:			
Actuarial gains and losses	21.b)	(5,415)	5,745
Other comprehensive income to be reclassified to income in next years:			
From cash flow hedges	22.b.1)	(2,631)	4,728
Translation differences		(34,811)	(34,411)
Attributable to Parent Company	17	(35,491)	(28,069)
Attributable to non-controlling interest	18	680	(6,342)
TOTAL COMPREHENSIVE INCOME NET OF TAXES		216,284	164,914
Attributable to:			
- Parent Company		177,817	143,884
- Non-controlling interest		38,467	21,030
		216,284	164,914

GESTAMP AUTOMOCIÓN, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT DECEMBER 31, 2016 AND DECEMBER 31, 2015

(In thousand of euros)

	Issued capital (Note 15)	Share premium (Note 15)	Retained earnings (Note 16)	Translation differences (Note 17)	Total capital and reserves	Non-controlling interest (Note 18)	Total equity
AT DECEMBER 31, 2014	288,237	61,591	1,087,326	(139,740)	1,297,414	418,825	1,716,239
Profit for 2015			161,480		161,480	27,372	188,852
Fair value adjustments reserve (hedge)			4,728		4,728		4,728
Variation in translation differences				(28,069)	(28,069)	(6,342)	(34,411)
Actuarial gains and losses			5,745		5,745		5,745
Total comprehensive income for 2015			171,953	(28,069)	143,884	21,030	164,914
Dividends distributed by the Parent Company			(37,711)		(37,711)		(37,711)
Dividends distributed by subsidiaries						(12,485)	(12,485)
Increase in shareholding in companies previously under control (adjustment for dividends paid to former shareholders of Anhui Edscha Automotive Parts Co. Ltda.)			(712)		(712)		(712)
Increase in shareholding in companies previously under control due to acquisition to non-controlling interest (Ekarpen Private Equity, S.A.)			(7,997)		(7,997)	(24,219)	(32,216)
Transfers from retained earnings to non-controlling interest due to non-proportional capital increase			(2,771)		(2,771)	2,771	
Other movements and adjustments from prior years			(299)		(299)	663	364
AT DECEMBER 31, 2015	288,237	61,591	1,209,789	(167,809)	1,391,808	406,585	1,798,393
Profit for 2016			221,354		221,354	37,787	259,141
Fair value adjustments reserve (hedge)			(2,631)		(2,631)		(2,631)
Variation in translation differences				(35,491)	(35,491)	680	(34,811)
Actuarial gains and losses			(5,415)		(5,415)		(5,415)
Total comprehensive income for 2016			213,308	(35,491)	177,817	38,467	216,284
Dividends distributed by the Parent Company			(48,444)		(48,444)		(48,444)
Dividends distributed by subsidiaries						(8,547)	(8,547)
Business combination Celik Form Otomotiv. S.L.						(2,748)	(2,748)
Disposal of companies (G Finance Luxemburgo, S.A.)						(51)	(51)
Proportional capital increase in companies previously under control (Edscha Aapico Aut. Co. Ltd.)						151	151
Acquisition of investment in Gestamp 2008, S.L. to non-controlling interest (Note 2.b)			(263)		(263)	(6,119)	(6,382)
Transfer of non-controlling interest due to changes in shareholding in Gestamp 2008, S.L. (Note 2.b)			(190)		(190)	190	
Put Option Recognition			4,047		4,047	(80,947)	(76,900)
Other movements and adjustments from prior years			(102)		(102)	349	247
AT DECEMBER 31, 2016	288,237	61,591	1,378,145	(203,300)	1,524,673	347,330	1,872,003

GESTAMP AUTOMOCIÓN, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
AT DECEMBER 31, 2016 AND DECEMBER 31, 2015
(In thousands of euros)

	Note	December 31, 2016	December 31, 2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year before taxes and after non-controlling interest		310,294	225,430
Adjustments to profit		489,708	542,083
Depreciation and amortization of intangible assets and PP&E	10-11	377,934	356,402
Impairment of intangible assets and PP&E	10-11	594	3,735
Impairment	13-14	(1,064)	5,570
Change in provisions	20	(12,248)	31,181
Grants released to income	19	(6,218)	(6,589)
Profit (loss) attributable to non-controlling interest	18	37,787	27,372
Profit from disposal of intangible assets and PP&E		(994)	(1,832)
Profit from disposal of financial instruments		77	13,829
Financial income	27	(5,275)	(13,309)
Financial expenses	27	98,758	121,850
Share of profits from associates - equity method	12	8,539	364
Exchange rate differences		(8,182)	4,881
Other income and expenses		-	(1,371)
Changes in working capital		24,581	9,685
(Increase)/Decrease in Inventories	13	(42,714)	(19,931)
(Increase)/Decrease in Trade and other receivables	14	(168,741)	(141,582)
(Increase)/Decrease in Other current assets	14	(2,707)	(5,190)
Increase/(Decrease) in Trade and other payables	24	243,164	171,097
Increase/(Decrease) in Other current liabilities		(4,421)	5,291
Other cash-flows from operating activities		(172,003)	(177,255)
Interest paid		(98,156)	(113,135)
Interest received		6,348	8,680
Proceeds (payments) of income tax		(80,195)	(72,800)
Cash flows from operating activities		652,580	599,943
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments on investments		(738,427)	(616,216)
Acquisition of companies and group investments		(7,611)	(2,548)
Incorporation of treasury from business combinations		225	2,653
Intangible assets	10-22	(84,558)	(88,303)
Property, plant and equipment	11-22	(587,095)	(528,018)
Net change of financial assets		(59,388)	-
Proceeds from divestments		7,893	81,637
Other intangible assets	10	1,474	574
Property, plant and equipment	11	6,419	20,165
Net change of financial assets		-	60,898
Grants, donations and legacies received	19	1,731	5,772
Cash flows from investing activities		(728,803)	(528,807)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds and payments on equity instruments		(8,253)	(33,839)
Change in non-controlling interest	18	(6,282)	(32,216)
Translation differences in equity		(1,971)	(911)
Other movements on equity		-	(712)
Proceeds and payments on financial liabilities		216,690	(120,799)
Issue		1,226,928	162,734
Bonds and other securitites to trade		497,875	-
Interest-bearing loans and borrowings		659,357	154,492
Net change in credit facilities, discounted bills and factoring		53,828	-
Borrowings from related parties		5,092	-
Other borrowings		10,776	8,242
Repayment of		(1,010,238)	(283,533)
Bonds and other marketable securities		(807,875)	(20,371)
Interest-bearing loans and borrowings		(172,177)	(139,066)
Net change in credit facilities, discounted bills and factoring		-	(59,809)
Borrowings from related parties		(12,530)	(22,019)
Other borrowings		(17,656)	(42,268)
Payments on dividends and other equity instruments		(56,143)	(50,196)
Dividends	16-18	(56,143)	(50,196)
Cash flows from financing activities		152,294	(204,834)
Effect of changes in exchange rates		(1,583)	5,739
NET INCREASE/ DECREASE OF CASH OR CASH EQUIVALENTS		74,488	(127,959)

GESTAMP AUTOMOCIÓN, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2016

1. Activity and companies included in consolidation scope

GESTAMP AUTOMOCIÓN, S.A., (hereinafter, the "Parent Company") was incorporated on December 22, 1997. Its registered address is currently in the Industrial Park of Lebario in Abadiano (Vizcaya).

Its corporate purpose is to provide advisory and financing services and a link with the automobile industry for all its subsidiaries.

On August 2, 2012 the Parent Company registered the change of its legal name, from limited company to corporation, in the Commercial Register of Vizcaya.

The Parent Company in turn belongs to a larger group, headed by its majority shareholder Acek, Desarrollo y Gestión Industrial, S.L., formerly named Corporación Gestamp, S.L. The legal name change was adopted in the Extraordinary and Universal General Shareholders' Meeting on February 5, 2015, being executed in a public deed on the same day. The Parent Company carries out commercial and financial transactions with the companies of Acek, Desarrollo y Gestión Industrial Group under the terms and conditions established among the parties on an arm's length basis. Intra-Group and related parties transfer prices are duly documented in a transfer price dossier as stipulated by the prevailing legislation.

The activities of the Parent Company and its subsidiaries (the "Group") are focused on the design, development, and manufacturing of metal components for the automotive Industry via: stamping, tooling, assembly, welding, tailor welded blanks, die cutting and machinery. The Group also includes other companies dedicated to services such as research and development of new technologies.

Most of the Group's business is conducted in the Western Europe segment; the North America segment constitutes the second most significant geographic market and the Asia segment the third one (Note 9).

Group sales are concentrated across a limited number of customers due to the nature of the automotive Industry.

2. Consolidation scope

2.a Breakdown of consolidation scope

The breakdown of companies included in the consolidation scope, as well as information on the consolidation method applied, location, activity, direct or indirect shareholdings and their auditors, is specified in Annex I.

The companies which hold the indirect investments corresponding to December 31, 2016 and December 31, 2015 are specified in Annex II.

No significant subsidiaries have been excluded from the consolidation scope.

The closing of the financial year for the companies included in the consolidation scope is December 31, with the exception of the subsidiaries Gestamp Services India Private, Ltd., Gestamp Automotive India Private, Ltd, Gestamp Automotive Chennai Private Ltd. and Gestamp Pune Automotive Private Ltd, whose fiscal years close on March 31. However, an interim closing as at December, 31 has been prepared for the purpose of including these companies in the Consolidated Financial Statements at December 31.

There are no significant restrictions in the capability of accessing to or using the assets or liquidate the liabilities from the subsidiaries included in the consolidation scope.

2.b Changes in consolidation scope

During 2016

In 2016 the company Çelik Form Gestamp Otomotive, A.S. was acquired and included in consolidation scope by full consolidation method (Note 3).

The following companies were created in 2016: Gestamp Washtenaw, LLC., Gestamp San Luis de Potosí, S.A.P.I. de C.V., Gestamp San Luis de Potosí Servicios Laborales, S.A.P.I. de C.V., Gestamp Auto Components (Tianjin) Co., LTD, Gestamp 2017 S.L., Autotech Engineering (Shanghai) Co. Ltd., Gestamp Hot Stamping Japan K.K. and Global Laser Araba S.L. All these companies were incorporated into the consolidation scope by the full consolidation method except the last one which was incorporated by the equity method.

On March 31, 2016 the subsidiary Edscha Holding Gmbh acquired an additional 40% shareholding in subsidiary Gestamp 2008 S.L. from the shareholder Ade Capital Sodical SCR, S.A. for 6,382 thousand euros, thus increasing its shareholding in this company from 60% to 100%.

Since this transaction implied a change in shareholding but maintaining control, the difference between the adjustment to the non-controlling interest (6,119 thousand euros (Note 18) and the fair value of the consideration paid (6,382 thousand euros) was directly recognized in equity (263 thousand euros (Note 16)).

Since Gestamp 2008 S.L. had investments in several companies within its consolidation scope, the increase in shareholding in this company implied an increase in shareholding in their investees. This led to a transfer from Non-controlling interest to Retained earnings in the amount of 190 thousand euros (Note 18).

In 2016 100% shareholding in the company G. Finance Luxemburgo S.A. was sold and thus their subsidiary S.G.F. S.A, generating profit for 240 thousand euros.

Also the company Tavol Internacional SGPS, Lda was dissolved.

During 2015

In 2015 the companies Gestamp Technology Institute S.L., Gestamp Tooling Engineering Deutschland GmbH, Gestamp Chattanooga II Llc., Autotech Engineering R&D USA, Inc., Gestamp Autocomponents Wuhan, Co. Ltd. and the companies belonging to Edscha Subgroup Edscha Scharwaechter Mechanism S.A.P.I. de C.V. and Edscha Scharwaechter Mechanism Servicios Laborales S.A.P.I. de C.V. were incorporated into the consolidation scope.

These companies were created in 2015 and incorporated into the consolidation scope by the full consolidation method.

On December 1, 2015 the company Gestamp Mor KFT was dissolved.

On November 4, 2015 the company GMF Wuhan Ltd, which belonged to Gestamp Metal Forming Subgroup, split off and consequently the company Gestamp Auto Components (Chongqing) Co Ltd. was created.

In 2015 an additional 50% shareholding in the company Gestamp Pune Automotive Private Limited was acquired (Note 3).

Due to the acquisition of the 30% shareholding in Anhui Edscha Automotive Parts Co Ltda in 2014 there was a price adjustment for 712 thousand euros in 2015 (Note 16).

On July 21, 2015 the Parent Company and the subsidiary Gestamp Bizkaia, S.A. acquired an additional 40% shareholding in subsidiary Gestamp Global Tooling S.L. from non-controlling partner Ekarpen Private Equity S.A. (Ekarpen) for 32,216 thousand euros.

Through this transaction the Group increased its shareholding in the said company from 60% to 100%. Since Group had already controlled the subsidiary, the profit from the transaction was directly registered in Equity, leading to a decrease in Reserves at fully-consolidated companies for 7,997 thousand euros (Note 16).

In addition, this transaction meant a decrease in non-controlling interest of 24,219 thousand euros (Note 18).

3. Business combination

During 2016

On January 29, 2016 the subsidiary Beyçelik Gestamp Kalip AS acquired 51.60% shareholding in Çelik Form Gestamp Otomotiv, AS for 9,050 thousand euros. Of this amount, 6,750 thousand euros was already disbursed at December 31, 2016 and the outstanding payment for 2,300 thousand euros has maturity in July 2017.

The company is located in Bursa (Turkey) and their purpose is stamping and manufacturing automobile components for passenger cars.

The initial goodwill amounted to 7,814 thousand euros. Nevertheless since Beyçelik Gestamp Kalip AS is a 50% investee with a non-controlling interest, such part of the said goodwill is attributable to the non-controlling interest, so the final goodwill is 3,907 thousand euros (Note 10).

Similarly, the non-controlling interest initially incorporated for the not acquired percentage in Çelik Form Gestamp Otomotiv AS amounted to 1,159 euros (credit) but after attribution mentioned above the final balance is 2,748 thousand euros (debit) (Note 18).

The fair value of the assets and liabilities from Çelik Form Gestamp Otomotiv, A.S. obtained from the inclusion balance sheet is as follows:

	Thousand euros
Intangible assets (Note 10)	57
Property, plant and equipment (Note 11)	
Land and buildings	40
Plant and other PP&E	2,392
Inventories	1,651
Trade receivables	4,731
Cash and cash equivalents	225
Other assets	24
	9,120
Other non current liabilities	174
Current provisions (Note 20)	125
Other current liabilities	2,782
Trade accounts payable	3,136
Other liabilities	508
	6,724
Net assets	2,395
Direct shareholding acquired	51.60%
Attributable net assets	1,236
Total consideration	9,050
Net effect business combination	7,814
Indirect shareholding	50.00%
Final net effect business combination	3,907

The revenue and the income attributable to the business combination from the incorporation date to December 31, 2016 amounted to 16,722 thousand euros and 540 thousand euros of profit respectively.

The headcount incorporated from this business was around 166.

There were no significant costs associated to this transaction.

<u>During 2015</u>

Gestamp Pune Automotive Private Limited (formerly Sungwoo Gestamp Hitech (Pune) Private Limited) located in Pune (India) was incorporated on August 7, 2008 by Sungwoo Hitech Company Ltd. On April 3, 2013 Sungwoo Hitech Company Ltd signed a Joint Venture agreement with subsidiary Gestamp Cerveira Ltda so each company owned 50% shareholding in Sungwoo Gestamp Hitech (Pune) Private Limited.

This investment was accounted for using the equity method until control was acquired in July 2015, and the carrying amount at the said date was 3,542 thousand euros. When assessing again the fair value of the investment before the business combination a loss was recognized amounting to 1,037 thousand euros.

The company purpose is manufacturing automobile components for passenger cars.

On July 22, 2015 the subsidiary Gestamp Automotive Chennai Private Limited acquired the remaining 50% shareholding in Gestamp Pune Automotive Private Limited and by so doing acquired control. The cost of this acquisition amounted to 98 thousand euros.

The fair value of the assets and liabilities from Gestamp Pune Automotive Private Limited obtained from the balance sheet at inclusion is as follows:

	Thousands of euros
Intangible assets (Note 10)	33
Property, plant and equipment (Note 11)	
Land and buildings	6,006
Plant and other PP&E	783
Deferred tax assets	
Inventories	40
Trade receivables	
Cash and cash equivalents	2,656
Other assets	1,597
	11,115
Other current liabilities	5
Trade accounts payable	51
Other liabilities	6,048
	6,104
Net assets	5,011
Carrying amount of 50% (first adquisition)	3,542
Cost of 50% of consideration (control takeover)	98
Net effect business combination	1,371

The consideration was fully paid in cash.

No goodwill arose from the acquisition and there were no significant contingent payments.

The net effect of the business combination amounted to 1,371 thousand euros and was registered under the heading “Other operating income” in the Consolidated Income Statement as of December 31, 2015 (Note 25.b).

Since the company was still dormant at December 31, 2015 there was no contribution to revenue. The income attributable to the business combination from the acquisition date to December 31, 2015 amounted to 912 thousand euros of profit. It included the net effect of the business combination for 2015 amounting to 1,371 thousand euros. The headcount incorporated from this business was around 19.

There were no significant costs associated to this transaction.

With regard to this business combination, the principal assessment criteria for calculating the fair value of the different accounting line items are as follows:

Intangible assets: measured at acquisition cost, which approximates to fair value.

Property, plant, and equipment: valuations were based on an independent third party report. Market valuations served as the underlying criteria for the determination of fair value of Land and buildings.

Inventories of finished products: measured according to production cost, which also approximates to replacement value.

Other assets and liabilities: measured at nominal value.

4. Basis of presentation

4.1 True and fair view

The Consolidated Financial Statements for the period ended December 31, 2016 were prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union and enacted in European Commission legislation in effect on December 31, 2016.

The Consolidated Financial Statements were prepared on the basis of the accounting records of each Group company as of December 31, 2016 and December 31, 2015. Each company prepares its Financial Statements in accordance with the accounting principles and standards in force in the country in which it operates; the required adjustments and reclassifications were made in consolidation in order to harmonize the policies and methods used and to adapt them to IFRS.

These Consolidated Financial Statements for year ended December 31, 2016 were authorized by the Board of Directors of Gestamp Automoción S.A. on March 3, 2017 for issue and submission to the Annual General Meeting where they are expected to be approved without modification.

The figures contained in these Consolidated Financial Statements are expressed in thousands of euros, unless otherwise indicated. Thus they are susceptible to rounding.

4.2 Comparison of information

The company Çelik Form Gestamp Otomotiv, A.S. was incorporated in January 2016 and control was taken through the subsidiary Beyçelik Gestamp Kalip, A.S. (Note 3).

On December 2016 the company G. Finance Luxemburgo S.A. was sold and the company S.G.F., S.A. was dissolved (Note 2.b).

In 2015 the business combination of Gestamp Pune Automotive Private Limited (Note 3) took place, as well as the acquisition of the remaining 40% shareholding in Gestamp Global Tooling, S.L. from non-controlling shareholder Ekarpen Private Equity S.A. (Ekarpen) (Note 2.b).

4.3 Basis of consolidation

The Consolidated Financial Statements comprise the financial statements of the Parent Company and subsidiaries as per December 31, 2016.

The Group controls a subsidiary if and only if it has:

- Power over the subsidiary (rights that give the ability to direct the relevant activities of the subsidiary)
- Exposure, or rights, to variable returns from its involvement in the subsidiary
- The ability to use its power over the subsidiary to affect the amount of the investor’s returns

When the Group does not hold the majority of voting rights or similar rights of the subsidiary, the Group considers all relevant facts and circumstances to assess the existence of control. This includes:

- Ø Contractual agreements with other investors holding voting rights of the subsidiary
- Ø Rights arisen from other contractual agreements
- Ø Potential voting rights of the Group
- Ø Power over relevant activities of the subsidiary

When facts and circumstances indicate changes in one or more elements determining control over a subsidiary, the Group reassesses the existence of control over such subsidiary (Note 7).

Subsidiaries are fully consolidated from the acquisition date, when the Group obtains control, and continue to be consolidated until the date when such control ceases. If the Group loses or relinquishes control of a subsidiary, the Consolidated Financial Statements include that subsidiary's results for the portion of the year during which the Group held control.

The financial statement of the subsidiaries have the same closing date as the Parent Company, except for the companies mentioned in Note 2.a. The said companies have an additional closing for the financial year for their inclusion to the Consolidated Financial Statements, being elaborated with the same accounting policies in a uniform and coherent procedure.

The profit of a subsidiary is attributed to non-controlling interest even if it means registering a receivable balance.

Changes in shareholding percentage that do not mean loss of control are reflected as an equity transaction. When the Group lose control of a subsidiary:

- Ø Derecognizes assets (including goodwill) and liabilities of such subsidiary.
- Ø Derecognizes carrying amount of non-controlling interests.
- Ø Derecognizes the translation differences registered in Equity.
- Ø Recognizes the fair value of the amount received for the operation.
- Ø Recognizes the fair value of any retained investment.
- Ø Recognizes any excess or deficit in the Consolidated Income Statement.
- Ø Reclassifies the shareholding of the Parent Company in the items previously registered in Other Comprehensive Income to profit or to retained earnings, as appropriate.

<u>Subsidiaries</u>
The full consolidation method is used for companies included in the consolidation scope and controlled by the Parent Company. The Parent Company controls a subsidiary if and only if the Parent Company has all the following:

I. power over the subsidiary. The Parent Company has power when it has existing rig relevant activities;

II. exposure, or rights, to variable returns from its involvement with the subsidiary; and

III. the ability to use its power over the subsidiary to affect the amount of the Parent Company's returns.

<u>Joint ventures</u>
Interests in joint ventures are consolidated using the equity method until the date on which the Group ceases to have joint control over the venture.

A joint venture is an arrangement whereby the parties have joint control of the rights to the net assets of the joint venture. Joint control is the contractual agreement to share control and it exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities. Those parties are called joint operators.

The joint operations where the Group acts as joint operator are consolidated under interest in assets, liabilities, income and expenses.

Associates

Investments in which the Group has significant influence but not control have been consolidated under the equity method. Significant influence is the power to participate in the financial and operating policy decisions of the subsidiary but it does not imply control or joint control on those policies. Considerations to make in order to decide whether there is significant influence are similar to those made to decide whether there is control over a subsidiary.

For the purposes of the preparation of the accompanying Consolidated Financial Statements, significant influence is deemed to exist in investments in which the Group, directly or indirectly, holds over 20% of the voting power, and in certain instances where the Group's holding is less than 20%, but significant influence can be clearly demonstrated.

Translation of the Financial Statements of foreign operations

The assets and liabilities and income statements of foreign operations included in the consolidation scope whose functional currency is different from the presentation currency are translated to euro using the closing foreign exchange rates method as follows:

- Ø The assets, rights, and liabilities of foreign operations are translated at the exchange rate prevailing at the Consolidated Balance Sheet date.
- Ø Income and expenses are translated using the average exchange rate, so long as that average is a reasonable approximation of the cumulative effect of the actual exchange rates prevailing at the transactions dates.

The differences between the net book value of equity of the foreign companies converted using historical exchange rates and including the net result from the Profit and Loss Account reflecting the above mentioned treatment of income and expenses in foreign currencies, and the net book value of equity resulting from the conversion of goods, rights and liabilities using the exchange rate prevailing at the Consolidated Balance Sheet date, are registered as "Translation differences", with the corresponding negative or positive sign, in the Equity in the Consolidated Balance Sheet (Note 17).

Exchange gains and losses due to the impact of changes in the functional currency relative to the euro on foreign currency borrowings considered permanent are taken directly to equity under "Translation differences", net of tax effect. The net amount of translation differences in 2016 was 8.6 million euros of positive translation differences (16 million euros of negative translation differences in 2015).

The intercompany loans to subsidiaries whose repayment is not foreseen are considered permanent financing and thus they are considered equity.

At December 31, 2016 and December 31, 2015 neither the Parent Company nor the subsidiaries held equity units issued by the Parent Company.

The effect of changes in foreign exchange rates, when presenting the Statement of Cash Flows by indirect method, has been calculated considering an average for the year of Cash and cash equivalents and applying the change of foreign exchange rates at closing of each year.

Transactions between companies included in the consolidation scope
The following transactions and balances were eliminated in consolidation:

- Reciprocal receivables/payables and expenses/income relating to intra-Group transactions.
- Income from the purchase and sale of property, plant, and equipment and intangible assets as well as unrealized gains on inventories, if the amount is significant.
- Intra-Group dividends and the debit balance corresponding to interim dividends recognized at the company that paid them.

Non-controlling interest
The value of non-controlling interest in the equity and profit (loss) for the year of subsidiaries consolidated by the full consolidation method is recognized in "Equity attributable to non-controlling interest" in the Equity in the Consolidated Balance Sheet and in "Profit (loss) attributable to non-controlling interest" in the Consolidated Income Statement and Consolidated Comprehensive Income Statement, respectively.

4.4 Going concern

The Group's management has drawn up these Consolidated Financial Statements on a going concern basis given its judgment that there are no uncertainties regarding its ability to continue as a going concern.

The Group has sufficient financing in place to fund its operations on an ongoing basis with 79% of its bank financing as of December 31, 2016 maturing over periods longer than twelve months (December 31, 2015: 84%).

At December 31, 2016 the Group had 1,168.1 million euros (2015: 920.6 million euros) (Note 33.1) of total available liquidity, comprised of 430.5 million euros in cash and cash equivalents (2015:356 million euros) and 0.3 million euros in securities portfolio (2015: 2.5 million euros). In addition, the Group had undrawn credit facilities amounting to 457.3 million euros at December 31, 2016 (2015: 282.1 million euros) and 280.0 million euros in an undrawn Revolving Credit Facility.

4.5 Alternative management indicators

The Group uses a set of indicators in the decision making process since they allow a better analysis of their financial situation and they are widely used by investors, financial analysts and other interest groups. These indicators are not defined by IFRS and thus may not be comparable to similar indicators used by other companies.

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)
EBITDA represents the operating profit before depreciation, amortization and impairment losses.

EBITDA at December 31, 2016 and 2015 was as follows:

	2016	2015
Operating Profit	462,622	400,196
Depreciation and amortization	378,528	360,137
	841,150	760,333

EBIT (Earnings Before Interest and Taxes)
EBIT is the Operating Profit

Net Financial Debt
Net Financial Debt at December 31, 2016 and 2015 was as follows (Note 22):

	Thousands of euros	
	2016	2015
Interest-bearing loans and borrowings	1,967,599	1,730,936
Financial leasing	33,574	35,161
Borrowings from related parties	70,162	79,004
Other non-current financial liabilities	34,991	39,428
Current financial assets	(43,228)	(35,455)
Cash and cash equivalents	(430,463)	(355,975)
Net financial debt	1,632,635	1,493,099

CAPEX
CAPEX is calculated by adding the additions to Other intangible assets and to Property, plant and equipment.

CAPEX at December 31, 2016 and 2015 was as follows (Notes 10.b) and 11):

	2016	2015
Additions to Other intangible assets	83,581	88,303
Additions to Property, plant and equipment	641,185	534,125
	724,766	622,428

5. Changes in accounting standards

a) Standards and interpretations approved by the European Union and applied for the first time during the period

The Group applied for the first time in 2016 the IFRS 8 *Operating segments* and IAS 33 *Earnings per share.*

The accounting policies used in the preparation of these Consolidated Financial Statements are the same as the policies applied in the Consolidated Financial Statements as at 31 December 2015, except for the following amendments that have been applied for the first time during this year and may have had the potential to have some impact:

Annual IFRS Improvements - 2010-2012 Cycle

These improvements to IFRS include, among other improvements, the improvements to the IFRS 8 *Operating Segments*:

The amendments apply retrospectively and clarify that:

- Ø An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'
- Ø The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

These improvements have been taken into account in the disclosure of the Operating segments, as IFRS 8 has been applied for the first time in 2016.

IAS 24 *Related Party Disclosures*

The amendment is applied retrospectively and clarifies that when key managers are not employees of the entity but employees of other entity managing different Group entities, transactions with management entity (and not with key managers) are subject to the related party disclosures. In addition, the expenses incurred for management services must be disclosed. The Group has no transactions with entities that might be run by managers (Note 31).

Amendments to IAS 1 - Disclosure Initiative

The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- Ø The materiality requirements in IAS 1
- Ø That specific line items in the Consolidated Balance Sheet , Consolidated Income Statement and Consolidated Statement of Comprehensive Income may be disaggregated
- Ø That entities have flexibility as to the order in which they present the notes to financial statements
- Ø That the share of OCI (Other Comprehensive Income) of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to Consolidate Income Statement

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the Consolidated Balance Sheet, Consolidated Income Statement and Consolidated Statement of Comprehensive Income. These amendments do not have any impact on the Group.

b) Standards issued by IASB but not yet effective this period.

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's Consolidated Financial Statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Although the Group is currently analyzing their impact on Consolidated Financial Statements, based on the analysis made so far, Gestamp estimates that their initial application will not have a significant impact in the Consolidated Financial Statements, except for the following policies, interpretations and disclosures:

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* that replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9.

IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. Although early application is permitted the Group will not apply the standard earlier. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group plans to adopt the new standard on the required effective date. During 2016, the Group has performed a high-level impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future. Overall, the Group expects no major impact on its balance sheet and equity except for the effect of applying the impairment requirements of IFRS 9, not expected to be significant.

(a) Classification and measurement

The Group does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value. Debt securities are expected to be measured at fair value through (Other Comprehensive Income) under IFRS 9 as the Group expects not only to hold the assets to collect contractual cash flows but also to sell a significant amount on a relatively frequent basis.

The equity shares in non-listed companies are intended to be held for the foreseeable future. The Group expects to apply the option to present fair value changes in Other Comprehensive Income, and, therefore, believes the application of IFRS 9 would not have a significant impact. If the Group were not to apply that option, the shares would be held at fair value through profit or loss, which would increase the volatility of recorded profit or loss.

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. Thus, the Group expects that these will continue to be measured at amortized cost under IFRS 9. However, the Group will analyse the contractual cash flow characteristics of those instruments in more detail before concluding whether all those instruments meet the criteria for amortized cost measurement under IFRS 9.

(b) Impairment

IFRS 9 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. However the Group expects no significant impact on its equity, but it is performing a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of the impact.

(c) Hedge accounting

The Group believes that all existing hedge relationships that are currently designated in effective hedging relationships will still qualify for hedge accounting under IFRS 9. As IFRS 9 does not change the general principles of how an entity accounts for effective hedges, the Group does not expect a significant impact as a result of applying IFRS 9. The Group will assess possible changes related to the accounting for the time value of options, forward points or the currency basis spread in more detail in the future.

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. During 2016, the Group performed a preliminary assessment of IFRS 15, which is subject to changes arising from a more detailed ongoing analysis. Furthermore, the Group is considering the clarifications issued by the IASB in April 2016 and will monitor any further developments.

Although at the issuance date of these Consolidated Financial Statements the analysis has not been finalized, the Group's management preliminarily considers that it is foreseeable that its application will have some impact on the amount and the time of recognition of the revenues related to the products sold by the Group as a consequence of the following circumstances:

(a) Agreement´s duration

Some of the contracts that the group carries out with its customers are long-term supply contracts, which implies taking into account the contract as a whole and making an allocation of the consideration for all performance obligations identified. This could lead to a different revenue amount recognized when compared to the revenue that is being recognized with the current standards.

(b) Performance obligations, allocation of the considerations received and revenue recognition

The majority of the client contracts contain several performance obligations (tooling services and delivery of pieces) that are being delivered to the customer over time and not necessarily all of them at the same time. This brings a greater likelihood of impact due to the need to separate sale prices and the moment of transfer of control of each item.

The standard requires recording the performance obligations over time or at a specific time depending on the transfer of control. The revenue recognition's method which is currently being used by the Group for the delivery of pieces that are non-tooling goods is focused on physical delivery which could differ from the revenue recognition method applied with IFRS 15 depending on the characteristics of each contract.

(c) Sales incentives and discounts

Additionally, the Group negotiates with its clients discounts or incentives that need to be analyzed from the perspective of the contract as a whole and it needs to be verified whether the results derived from the application of the criteria established in IFRS 15 do not lead to significantly different results than those applied at the moment.

(d) Presentation and disclosure requirements

IFRS 15 provides presentation and disclosure requirements, which are more detailed than under current IFRS. The presentation requirements represent a significant change from current practice and significantly increases the volume of disclosures required in Group's Consolidated Financial Statements. Many of the disclosure requirements in IFRS 15 are completely new. In 2016 the Group developed and started testing internal controls, policies and procedures necessary to collect and disclose the required information.

Once the above analysis is completed, the method of transition to be applied will be decided.

IFRS 16 Leases

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

IFRS 16 was issued in January 2016 and it replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessees will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

The nature of the leasing agreements of the Group are detailed in Note 30.

It is expected that IFRS 16 will have an impact on the Consolidated Financial Statements of the Group, and the Group's management is analyzing the information related to these contracts in terms of amounts committed, planned renewals, those that are at the Group's discretion, concepts included in contracts that correspond to services rather than leases, etc.

The Group is also evaluating the different transition possibilities and practical solutions offered by the standard in its first application.

Amendments to IAS 7- Statement of Cash Flows: Disclosure Initiative

The amendments to IAS 7 are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Application of amendments will result in additional disclosure provided by the Group.

Amendments to IAS 12 - Recognition of Deferred Tax Assets for Unrealized Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1 January 2017 with early application permitted. If an entity applies the amendments for an earlier period, it must disclose that fact. The Group is currently assessing the impact of this amendment, when it become effective.

6. Summary of significant accounting policies

6.1 Foreign currency transactions

Functional and presentation currency

Line items included in the financial statements of each entity are valued using the functional currency of the primary economic environment in which it operates.

The Consolidated Financial Statements are presented in thousands of euros, as the Euro is the Group's presentation currency and the functional currency of the Parent Company.

Transactions in foreign currency different to the functional currency of each company

Transactions in foreign currencies different to the functional currency of each company are translated to the Group's functional currency at the exchange rate prevailing at the date of the transaction. Exchange gains and losses arising on the settlement of these transactions or on translating foreign currency denominated monetary assets and liabilities at closing rates are recognized in the Consolidated Income Statement.

6.2 Property, plant and equipment

Property, plant, and equipment is carried at either acquisition, transition cost to IFRS (January 1, 2007), or production cost, including all the costs and expenses directly related with assets acquired until ready for use, less accumulated depreciation and any impairment losses. Land is not depreciated and is presented net of any impairment charges.

Acquisition cost includes:

- Ø Purchase Price.
- Ø Discounts for prompt payment, which are deducted from the asset's carrying value.
- Ø Directly attributable costs incurred to ready the asset for use.

Prior to the IFRS transition date (January 1, 2007), certain Group companies revalued certain items of property, plant, and equipment as permitted under applicable legislation (Royal Decree-Law 7/1996, Basque Regional Law 6/1996 and several international laws). The amount of these revaluations is considered part of the cost of the assets as provided for under IAS 1.

At the transition date to EU-IFRS (January 1, 2007), Property, plant and equipment was measured at fair value at the said date, based on the appraisals of an independent expert, which generated a revaluation of Group assets (Note 11).

The carrying value of Property, plant, and equipment acquired by means of a business combination is measured by its fair value at the moment of its incorporation into the Group (Note 6.3).

Specific spare parts: certain major parts of some items of Property, plant and equipment may require replacement at irregular intervals. The cost of these parts is capitalized when the part is replaced and depreciated over their estimated useful lives. The net carrying amount of replaced parts is retired with a charge to income when the replacement occurs.

Ordinary repair or maintenance work is not capitalized.

An item of Property, plant, and equipment is retired upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on retirement of the asset (calculated as the difference between the net disposal proceeds and the net carrying amount of the asset) is included in the Consolidated Income Statement in the year the asset is retired.

As permitted under revised IAS 23, borrowing costs directly attributable to the acquisition or development of a qualifying asset - an asset that takes more than one year to be ready for its intended use - are capitalized as part of the cost of the respective assets. The amount of the said capitalized costs is not significant.

Annual depreciation is calculated using the straight-line method based on the estimated useful lives of the various assets.

The estimated useful lives of the various asset categories are:

	Years of estimated useful life	
	2016	2015
Builidings	17 to 35	17 to 50
Plant and machinery	3 to 20	3 to 15
Other plant, tools and furniture	2 to 10	2 to 10
Other PP&E items	4 to 10	4 to 10

The estimated assets' useful lives are reviewed at each financial year end, and adjusted prospectively if revised expectations differ significantly from previous estimates.

No significant residual values at the end of useful lives are expected.

When the net book value of an individual item from Property, plant and equipment is higher than their recoverable value, impairment is considered and the value of the item is decreased to the recoverable value.

6.3 Business combinations and goodwill

Business combinations

Business combinations are accounted for using the acquisition method. The acquisition cost is the sum of the total consideration transferred, measured at fair value at the acquisition date, and the amount of non-controlling interest of the acquired company, if any.

For each business combination, the Group measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition costs incurred are registered under the heading "Other operating expenses" in the Consolidated Income Statement.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date, including the separation of derivatives implicit in the main contracts of the acquired company.

Goodwill

Goodwill acquired in a business combination is initially measured, at the time of acquisition, at cost, that is, the excess of the total consideration paid for the business combination over the Parent Company's interest in the net fair value of the identifiable assets, liabilities, and contingent liabilities of the acquired business.

For companies whose functional currency is different from the presentation currency, the value of the goodwill recognized is updated using the rate of exchange prevailing at the Consolidated Balance Sheet date, recognizing in Translation differences the differences between beginning and ending balances, according to IAS 21, considered to be belonging to the acquired business assets.

If the Parent Company's interest in the net fair value of the identifiable acquired assets, assumed liabilities, and contingent liabilities exceeds the cost of the business combination, the Parent Company reconsiders the identification and measurement of the assets, liabilities, and contingent liabilities of the acquired company, as well as the measurement of the cost of the business combination (even non-monetary) and recognizes any excess that continues to exist after this reconsideration in the income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units or groups of cash-generating units (Note 6.7) expected to benefit from the business combination's synergies, irrespective of any other Group assets or liabilities assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit or groups of cash-generating units to which the goodwill relates. If the recoverable amount of the cash-generating unit or group of cash-generating units is less than the carrying amount, the Group recognizes an impairment loss (Note 6.7).

6.4 Investment in associates and joint ventures

The Group has several participations in joint ventures, businesses over which the Group exercises joint control, where contractual agreements exist establishing joint control over the economic activities of the said companies. The contracts require that the agreement between the parties with respect to the operating and financial decisions be unanimous.

The Group also has participations in associates, businesses over which the Group has significant influence.

Participations in associates and joint ventures are accounted for using the equity method.

According to this method, the investment in an associate or a joint venture is initially recorded at cost. From the acquisition date on, the carrying amount of the investment is adjusted to reflect the changes of the investor's share of the net assets of the associate and the joint venture. The goodwill related to the associate or jointly controlled entity is included in the carrying amount of the investment and it is not amortized and no related impairment test is performed.

The share of the Group in profits of operations of the associate or joint venture is reflected in the Consolidated Income Statement. When there has been a change recognized directly in equity by the associate or joint venture, the Group recognizes its share of this change, when applicable, in the Consolidated Statement of Changes in Equity. Non-realized gains or losses resulting from transactions between the Group and the associate or joint venture corresponding to the share of the Group in the associate or joint venture are eliminated.

The share of the Group in profits of the associate or joint venture is reflected directly in the Consolidated Income Statement and it represents profit after taxes and non-controlling interests existing in subsidiaries of the associate or joint venture.

The financial statements of the associate and the joint venture are prepared for the same period as the Group; the required adjustments and reclassifications have been made in consolidation in order to harmonize the policies and methods used by the Group.

After using the equity method, the Group decides if impairment losses on the investment in the associate or joint venture have to be recognized. At the closing date the Group considers if there are evidences of impairment of the investment in the associate or joint venture. If so, the impairment is calculated as the difference between the recoverable amount and the carrying amount of the associate or joint venture, and the amount of such impairment is recognized in "Share of profits from associates- equity method" in the Consolidated Income Statement.

When the significant influence of the Group in the associate or joint venture ceases, the Group recognises the investment at its fair value. Any difference between the carrying amount of the associate or joint venture at the moment of loss of significant influence and the fair value of the investment plus the income for sale, is recognized in the Consolidated Income Statement.

6.5 Other intangible assets

Other intangible assets acquired by the Group are measured at cost less accumulated amortization and any accumulated impairment losses.

An intangible asset is recognized only if it is probable that it will generate future benefits for the Group and that its cost can be reliably measured.

Research and development costs

Research costs are expensed as incurred.

Development expenditure is capitalized when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete and its ability to use or sell the resulting asset;
- its ability to use or sell the intangible asset;
- the economic and commercial profitability of the project is reasonably ensured;
- the availability of adequate technical and financial resources to complete and to use or sell the resulting asset; and
- its ability to measure reliably the expenditure during development.

Capitalized development costs are amortized over the period of expected future benefits, no more than 6 years.
At December 31, 2016 there were no intangible assets related to development costs capitalized more than one year prior and whose amortization was not started.

Concessions, patents, licenses, trademarks, et al.

These intangible assets are initially measured at acquisition cost. They are assessed as having a finite useful life and are accordingly carried at cost net of accumulated amortization. Amortization is calculated using the straight-line method, based on the estimated useful life, in all instances less than 5 years; except the GESTAMP brand which is considered an asset of indefinite useful life.

Software

Software is measured at acquisition cost.

Software acquired from third parties and capitalized is amortized over its useful life, which in no instance will exceed 5 years.

IT maintenance costs are expensed as incurred.

6.6 Financial assets

Financial assets are initially measured at fair value plus any directly attributable transaction costs, except financial assets at fair value with changes through profit and loss where transaction costs are registered in the Consolidated Income Statement.

The Group classifies its financial assets, current and non-current, into the following categories:

- Financial assets at fair value with changes through profit and loss (held for trading).
- Held-to-maturity investments.
- Loans and receivables.
- Available-for-sale financial assets.
- Investments in associates accounted for using the equity method.

Classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets upon initial recognition and reassesses this designation at each year end.

Financial assets at fair value with changes through profit and loss

These are financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments, except those designated as hedging instruments in an effective hedge.

They are classified as non-current assets, except for those maturing in less than 12 months, and they are carried on the balance sheet at fair value. Changes in value of these assets are recognized in the Consolidated Income Statement as Financial income or expenses.

Fair value is the market price at the Consolidated Balance Sheet date.

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity.

They are classified as non-current, except for those maturing in less than 12 months from the balance sheet date. They are carried at amortized cost using the effective interest method, less any impairment charges.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current, except for those maturing in more than 12 months from the balance sheet date.

They are carried at amortized cost using the effective interest method, less any impairment charges.

Available-for-sale financial assets

These are financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. They are classified as non-current unless management plans to dispose of them within 12 months from the balance sheet date.

They are measured at fair value at the balance sheet date. Unrealized gains or losses are recognized in Retained earnings until the investment is retired or impaired, at which time the cumulative gain or loss recorded in equity is recognized in the Consolidated Income Statement.

Investments in associates accounted for using the equity method

Investments in associates or joint ventures, companies in which the Group has significant influence, are accounted for using the equity method (Note 6.4).

Derecognition of financial instruments

The Group retires a transferred financial asset from the Consolidated Balance Sheet when it has transferred its rights to receive cash flows from the asset or, retaining these rights, when the Group has assumed a contractual obligation to pay the cash flows to a third party, and the Group has transferred substantially all the risks and rewards of ownership of the asset.

If the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity does not retire the transferred asset from its balance sheet and recognizes a financial liability for the consideration received. This financial liability is subsequently measured at amortized cost. The transferred financial asset continues to be measured using the same criteria as prior to the transfer. In subsequent periods, the Group recognizes any income on the transferred asset and any expense incurred on the financial liability in the Consolidated Income Statement. Such income and expense are not offset.

6.7 Impairment of assets

Impairment of non-financial assets

The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount as either the group of assets' or cash-generating unit's fair value less costs to sell, or its value in use, whichever is higher.

A relevant decrease in EBITDA compared to the previous year or a relevant decrease of EBITDA in the following years or any other qualitative factor that may affect the Cash-Generating Unit are considered indications of impairment. In the case of capitalized Research and Development Expenses, not obtaining the expected return is considered an indication of impairment.

A cash-generating unit (CGU) is the smallest identifiable group of assets that generates cash flows that are largely independent of the cash inflows from other assets. The smallest identifiable group of assets designated are the operating plants or the individual companies.

When the carrying amount of a group of assets or CGU exceeds its recoverable amount, an impairment loss is recognized and its carrying amount is decreased to its recoverable amount.

Impairment losses with respect to CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating units and, then, to proportionally reduce the carrying amount of the assets of the CGU unless, based on a review of the individual assets, it is considered that their fair value less costs to sell is higher than their carrying amount.

When assessing value in use, estimated future cash-flows are discounted at present value by using a pre-tax discount rate that reflects current market valuations of money and risks of the asset. For calculating the fair value of the asset less costs to sell, recent transactions are considered and if they cannot be identified, a proper valuation method is used. These calculations are based on several considerations, market prices and other available indicators of the fair value.

The calculation of impairment is based on detailed budgets and previsions individually prepared for each CGU to which the asset is allocated. Those budgets and previsions refer to a five-year period and for longer periods a long-term growth rate is calculated and used for estimating cash-flows after the fifth year.

The impairment losses from continued operations, including impairment of inventories, are registered in the Consolidated Income Statement in the expenses related to the function of the impaired asset.

For all assets except goodwill, an assessment is made every year to see if there is evidence that the impairment registered in previous years has been reduced or has disappeared. In such case, the Group estimates the recoverable value of the asset or the CGU.

A previously recognized impairment loss is reversed, with the reversal recognized in the income statement, if there has been a change in the assumptions used to determine the asset's recoverable amount. The restated recoverable amount of the asset cannot exceed the carrying amount that would have been determined had no impairment loss been recognized.

The following assets present specific characteristics when assessing their impairment:

Consolidation goodwill

At year end as well as when there is evidence that goodwill may be impaired, an impairment test of goodwill is carried out.

The impairment test for the goodwill assesses the recoverable value of each CGU allocated to it. If the recoverable value of the CGU is lower than its carrying amount, an impairment loss is registered.

Goodwill impairment losses cannot be reversed in future periods.

Intangible assets

The Group has implemented annual procedures to test intangible assets with indefinite useful life for impairment. This assessment is carried out for each of the CGUs or groups of CGUs, as well as when there is evidence that intangible assets may be impaired.

Impairment of financial assets

The reduction in the fair value of available-for-sale financial assets that has been recognized directly in equity when there is objective evidence of impairment must be recognized in the Consolidated

Income Statement for the year. The cumulative loss recognized in the Consolidated Income Statement is measured as the difference between the acquisition cost and current fair value.

Once an equity investment classified as available-for-sale has been impaired, any increase in value is registered in "Other comprehensive income" with no effect on the profit or loss for the year.

In the case of debt instruments classified as available-for-sale assets, if the fair value of an impaired debt instrument subsequently increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the Consolidated Income Statement, the impairment loss is reversed through the Consolidated Income Statement.

The recoverable amount of held-to-maturity investments and loans and receivables carried at amortized cost is calculated as the present value of the expected future cash flows discounted at the original effective interest rate. The carrying amount of the asset is reduced through use of an allowance account and the amount of the loss is recognized in the Consolidated Income Statement. Current investments are not discounted to present value.

Impairment losses on loans and receivables carried at amortized cost are reversed if the subsequent increase in the recoverable amount can be objectively related to an event occurring after the impairment loss was recognized.

6.8 Assets and liabilities held for sale and discontinued operations

Assets and liabilities included in a disposal group whose recovery is expected through sale and not through continued use are included in this category. These assets are valued at lower cost between carrying amount and fair value less costs for sale.

Discontinued operations are reflected in the Consolidated Income Statement separately from the revenue and expenses from continued operations. They are reflected in a line as profit after taxes from discontinued operations.

At December 31, 2016 and 2015 there were no assets and liabilities in this category and no profit from discontinued operations.

6.9 Trade and other receivables

Accounts receivable from customers are measured in the accompanying Consolidated Balance Sheet at nominal value.

Discounted bills pending maturity at year end are included in the accompanying consolidated balance sheets under "Trade receivables," with a balancing entry in "Interest-bearing loans and borrowings". The balances transferred to banks as Non-Recourse Factoring are not included in "Trade receivables" since all risks related to them, including bad and past-due debt risks, have been transferred to the bank (Note 14.a).

The Group recognizes impairment allowances on balances past-due over certain periods, or when other circumstances warrant their classification as impaired.

6.10 Inventories

Inventories are valued at the lower of acquisition or production cost and net realizable value.

Cost includes all expenses derived from the acquisition and transformation of inventories, including any other expenses incurred to bring them to their present condition and location.

Inventories have been valued using the average weighted cost method.

When inventories are deemed impaired, their initially recognized value is written down to net realizable value (selling price less estimated costs of completion and sale).

6.11 Tools made to customer order

A construction contract is a contract specifically negotiated with a customer for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognized by reference to the stage of completion of the contract activity at the balance sheet date (Note 6.18).

When the outcome of a construction contract cannot be estimated reliably, revenue is recognized to the extent that contract costs incurred are expected to be recoverable.

Based on its experience and Group estimates, with rare exceptions, management does not expect to incur losses, which have not been recognized on these Consolidated Financial Statements, on the definitive settlement of the tool manufacture contracts in progress at December 31, 2016.

In the exceptional cases where there are contract costs that may not be recovered, no revenue is recognized and all amounts of such costs are recognized as an expense immediately.

Customer advances received reflect billing milestones and not necessarily the stage of completion of the contract.

Tools-in-progress measured using the stage of completion method are recognized under "Trade receivables" net of customer advances with a balancing entry to "Revenue from tool sales".

6.12 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with short-term, highly liquid investments that are subject to an insignificant risk of changes in value. An investment is considered a cash equivalent when it has a maturity of three months or less from the date of acquisition or establishment.

6.13 Government grants

Government grants are recognized at fair value where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an asset, it is recognized as "Deferred Income" in the Consolidated Balance Sheet and released to income over the expected useful life of the related asset.

When the grant relates to expense items, it is recognized directly in the Consolidated Income Statement as income.

6.14 Financial liabilities (trade and other payables and borrowings)

Financial liabilities are initially recognized at fair value less attributable to transaction costs except financial liabilities at fair value through profit and loss. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost, measured as the difference between their cost and redemption value, using the effective interest rate method.

Liabilities maturing in less than 12 months from the Consolidated Balance Sheet date are classified as current, while those with longer maturity periods are classified as non-current.

A financial liability is retired when the obligation under the liability is discharged, cancelled or expires.

When non-controlling interests have an option to sell their shares or investments to the Group, it is assessed whether there is present access to the ownership of the shares by the Group due to the conditions inherent to the option. The Group has no non-controlling interests with option to sell their shares where the Group has present access to the ownership of the shares.

When the conditions of the sale option of the non-controlling interest do not give the Group present access to economic profit from the shares or investments, a partial recognition of non-controlling interest is registered. At first stage a financial liability is registered and reclassified to non-controlling interest. Any excess in the fair value of the liability related to the option with respect to the percentage corresponding to non-controlling interest is directly registered in equity attributable to the Parent Company. No amount is registered in the consolidated income statement related to the subsequent accounting of the financial liability. Until the option is exercised, the same accounting will be carried out at each closing and the financial liability will be cancelled against the amount paid to non-controlling interest. If the option was not exercised, the financial liability would be cancelled against non-controlling interest and the corresponding equity attributable to the Parent Company in the same way as initially registered (Note 22.d).

6.15 Provisions and contingent liabilities

Provisions are recognized when the Group has a present obligation (legal or implicit) as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each Consolidated Balance Sheet date and adjusted to reflect the current best estimate of the liability.

Headcount restructuring provisions are stated at the amount of expenses expected to arise from the restructuring and any other expenses not associated with the entity’s day-to-day business.

Headcount restructuring provisions are only recognized when there is a formal plan identifying the affected business, the main locations affected, and the employees to receive redundancy payments, the outlays to be incurred, when it will be implemented, and when the entity has raised a valid expectation that it will carry out the restructuring and those affected have been informed.

The provisions are determined by discounting expected future cash outlays using the pre-tax market rate and, where appropriate, the risks specific to the liability. This method is only applied if the effects are significant. When discounting is used, the increase in the provision due to the passage of time is recognized as a financial expense.

Contingent liabilities are potential obligations that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Group, as well as present obligations arising from past events, the amount of which cannot be reliably estimated or whose settlement may not require an outflow of resources. These contingent liabilities are only subject to disclosure and are not accounted for.

6.16 Employee benefits

The Group has assumed pension commitments for some companies located in Germany and France.

The group classifies its pension commitments depending on their nature in defined contribution plans and defined benefit plans. Defined contribution plans are post-employment benefit plans under which the company pays fixed contributions into a separate entity (insurance company or pension plan), and will have no legal or constructive obligation to pay further contributions if the separate company does not carry out its assumed commitments. Defined benefit plans are post-employments benefit plans other than defined contribution plans.

Defined contribution plans

The Group carries out predetermined contributions into a separate entity (insurance company or pension plan), and will have no legal or implicit obligation to pay further contributions if the separate company does not have enough assets to attend employee benefits related to their services rendered in current and previous years.

The contributions made to defined contribution plans are recognized in profit and loss according to the accrual principle.

The amount registered in the Consolidated Income Statement at December 31, 2016 was 6.1 million euros (December 31, 2015: 4.8 million euros).

Defined benefit plans

For defined benefit plans, the cost of providing these benefits is determined separately for each plan using the projected unit credit method. The actuarial gains and losses are recognized in OCI (Other Comprehensive Income) when incurred. In subsequent years, these actuarial gains and losses are registered as equity, and are not reclassified in profit and loss.

The amounts to be recognized in profit and loss are:

- Current service cost.
- Any past service cost and gains or losses upon payment.
- Net interest on the net defined benefit liability (asset), which is determined by applying the discount rate to the net defined benefit liability (asset).

The past service costs will be recognized as expenses at the earlier of the following dates (i) in the period when the plan is amended or curtailment occurs (ii) when the Group recognizes related restructuring costs or benefits of termination.

The net defined benefit liability (asset) is the deficit or surplus, detailed below, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The rate used to discount post-employment benefit obligations shall be determined by reference to market yields at the end of the reporting period on high quality corporate bonds.

The deficit or surplus is:

- Ø The present value of the defined benefit obligation.
- Ø Less the fair value of plan assets with which obligations are directly cancelled.

Plan assets comprise assets held by a long-term employee benefit fund, and qualifying insurance policies. These assets are not available to the reporting entity´s own creditors and cannot be returned to the reporting entity. Fair value is based on market price and in case of stock market values, it corresponds to published prices.

Indemnities

Indemnities to pay to employees dismissed through no fault of their own are calculated based on years of service. Any expenses incurred for indemnities are charged to the Consolidated Income Statement as soon as they are known.

6.17 Leases

Leases in which all the risks and benefits associated with ownership of the asset are substantially transferred are classified as finance leases.

Assets acquired under financial lease arrangements are recognized, based on their nature, at the lower of the fair value of the leased item and the present value of the minimum lease payments at the outset of the lease term. A financial liability is recognized for the same amount. Lease payments are apportioned between finance charges and reduction of the lease liability. Leased assets are depreciated, impaired, and retired using the same criteria applied to assets of a similar nature.

Leases where the lessor substantially retains all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the Consolidated Income Statement on a straight line basis over the lease term.

6.18 Revenue and expense recognition

Revenue and expenses are recognized when products are delivered or services are provided, regardless of when actual payment or collection occurs.

Revenue is recognized at fair value of the balancing entry, defining fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For those contracts according to stage of completion and when profit cannot be reliably estimated, revenue is recognized only to the extent where costs are recoverable and costs are recognized as expenses of the year when occurred.

Revenue includes:

- Ø Sale of goods: Revenue from the sale of goods is recognized when the following conditions have been met:

- o the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- o the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- o the amount of revenue can be measured reliably;
- o it is probable that the economic benefits associated with the transaction will flow to the Group.
- o the costs incurred or to be incurred in respect of the transaction can be reliably measured.

Ø Manufacture of tools and machinery for third party sale and rendering of services: the Group uses the stage of completion method for sales of tools and machinery since they buyer can specify the most important structural elements in the design of tools before construction starts, as well as the most relevant structural changes (Note 6.11).

Ø Interest, royalties, and dividends: interest revenue is recognized as interest accrues taking into account the effective return of the asset (using the effective interest method, i.e., the rate that makes discounted future cash receipts through the expected life of the financial instrument equal to the initial carrying amount of the asset).

Royalties are recognized on an accrual basis in accordance with the substance of the relevant agreement.

Dividends are recognized when the shareholder’s right to receive payment is established.

Expenses are recognized when there is a decrease in the value of an asset or an increase in the value of a liability that can be measured reliably, and they are recognized during the period in which they are incurred.

6.19 Income tax

The income tax recognized in the Consolidated Income Statement includes current and deferred income tax.

Income tax expense is recognized in the Consolidated Income Statement except for current income tax relating to line items in shareholders’ equity, which is recognized in equity and not in the income statement.

Current tax

Current tax expense is the amount of income taxes payable in respect of the taxable profit for the year and is calculated based on net profit for the year before deducting tax expense (accounting profit), increased or decreased, as appropriate, by permanent and temporary differences between accounting and taxable profit as provided for in prevailing tax legislation.

Tax credits

The carry forward of unused tax credits and tax losses is recognized as a reduction in tax expense in the year in which they are applied or offset, unless there is reasonable doubt as to their realization, in which case they are not capitalized and are considered as a decrease in income tax expense in the year in which they are applied or offset.

Temporary differences

Deferred tax liabilities: a deferred tax liability is recognized for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and which, at the time of the transaction, affects neither the accounting nor the fiscal result.

Deferred tax assets: a deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and which, at the time of the transaction, affects neither the accounting nor the fiscal result.

6.20 Derivative financial instruments and hedges

The Parent Company has arranged cash flow (interest rate) hedges through entities that operate on organized markets. These instruments are used to hedge exposure to fluctuations in floating interest rates on a portion of the bank loans granted to the Parent Company and on a portion of expected future borrowings.

These financial derivatives hedging cash flow are initially recognized in the Consolidated Balance Sheet at acquisition cost and, subsequently, they are marked to market.

Any gains or losses arising from changes in the market value of derivatives in respect of the ineffective portion of an effective hedge are taken directly to the Consolidated Income Statement, while gains or losses on the effective portion are recognized in "Effective hedges" within "Retained earnings" with respect to cash flow hedges. The cumulative gain or loss recognized in equity is taken to the Consolidated Income Statement when the hedged item affects profit or loss or in the year of disposal of the item.

Derivatives are recognized as assets when the fair value is positive and as liabilities when the fair value is negative.

In addition, the Group had a debt instrument (US dollar bonds) at December 31, 2015 and until June 17, 2016 to cover the exposure to exchange rate risk of the investments in subsidiaries whose functional currency is US dollar (Note 22.b.2).

Hedges of net investments in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, shall be accounted for similarly to cash flow hedges.

The ineffective portion of the bonds' exchange differences are recognized in the Consolidated Income Statement and the effective portion in Translation differences (Consolidated Equity).

After cancellation of the debt instrument issued and considered hedge of net investment, the balance considered translation differences will stay in this heading until derecognition of the investment of the foreign operation. At the moment, the accumulated loss or gain in this heading is transferred to the Consolidated Income Statement.

6.21 Related parties

The Group considers as Related Parties: direct and indirect shareholders, companies over which they have significant influence or joint control, companies accounted for under the equity method and their officers.

Companies not belonging to the Group but belonging to the major shareholder of the Parent Company, with control or significant influence, are also considered related parties.

6.22 Environmental issues

Expenses relating to decontamination and restoration work in polluted areas, as well as the elimination of waste and other expenses incurred to comply with the environmental protection legislation, are registered in the year they are incurred, unless they correspond to the acquisition cost of assets to be used over an extended period. In this case, they are recognized in the corresponding heading under “Property, plant, and equipment” and are depreciated using the same criteria described in Note 6.2 above.

Estimable amounts of contingent liabilities for environmental issues, if any, would be provisioned as a liability in the Consolidated Balance Sheet.

7. Significant accounting judgments, estimates, and assumptions

The preparation of the accompanying Consolidated Financial Statements under IFRS requires management to make judgments, estimates, and assumptions that affect the Consolidated Balance Sheet and Income Statement.

The estimates that have a significant impact are as follows:

Impairment of non-financial assets

There is impairment when the carrying amount of an asset or a cash-generating unit (CGU) is higher than its recoverable value, which is the higher of its recoverable value less costs of sale and its value in use.

For CGUs with a goodwill or an asset with indefinite useful life assigned, an impairment test is carried out every year by calculating the recoverable value through the value in use. The calculation is based on the discounting of cash flows. Cash flows are obtained from the most conservative budget for the next five years and they do not include uncommitted restructuring activities or the significant future investments which will increase the output of the asset related to the cash-generating unit under analysis. The recoverable amount is very sensitive to the discount rate used for discounting cash flows, to the expected future inflows and to the growth rate used for extrapolating them.

The key assumptions used for calculating the recoverable amount of the cash-generating units as well as the sensitivity analysis are further detailed in Note 6.7 and Note 10.

For calculating the value at perpetuity for the method of discounting cash-flows, a normalized year with all reasonable and recurrent in the future hypotheses is used.

For the remaining CGUs with no goodwill assigned but including significant non-current assets, an impairment test is carried out only when there is evidence of impairment according to indicators detailed in Note 6.7.

Revenue recognition and the stage of completion

The Group estimates the stage of completion of certain services to customers such as die design and tooling. The stage of completion is determined by the incurred costs with respect to the total expected costs, including certain assumptions regarding the total costs according to historic experience.

Pension benefits

The cost of the defined benefit plans and other post-employment benefits and the present value of the pension obligations are determined according to actuarial valuations. The actuarial valuations imply assumptions that may differ from the real future events. They include the discount rate, future salary increases, mortality rates and future pension increases. Since the valuation is complex and for the long-term, the calculation of the obligation for defined benefit plans is very sensitive to changes in those assumptions. All assumptions are revised at every closing date.

The most changing parameter is the discount rate. To calculate the proper discount rate the Management uses the interest rate of 10-year bonds and extrapolates them over the underlying curve corresponding to the expected maturity of the obligation for defined benefit plans. In addition, the quality of the underlying bonds is reviewed. Those bonds with excessive credit spreads are excluded from the analysis as they are not considered to be of a high credit rating.

Mortality rate is based in public mortality tables from the specific country. These tables use to change only in intervals according to demographic changes. Future salary increases and future pension increases are based on future expected inflation rates for each country.

Further details on assumptions considered and a sensitivity analysis are included in Note 21.

Taxes

Deferred tax assets are recognized for negative tax bases and other unused tax incentives to the extent that it is probable that taxable profit will be available against which they can be utilized. The deferred tax asset to be registered depends on important judgments by Management according to a reasonable period and the future tax profits.

The Group does not register deferred tax assets in the following cases: negative tax bases to be offset from subsidiaries with loss history, which cannot be used to offset future tax profits from other group companies and when there are no taxable temporary differences. Note 23 and Note 28 include further details on taxes and tax credits not accounted by the Group.

Revision of useful lives

Useful life of tangible fixed assets is determined according to the expected use of the asset as well as the past experience of use and duration of similar assets. In the 2016 review, the Group analyzed the current use of certain property, plant and equipment. This review was based on the analysis of an independent third party. The total cost of items whose useful life was reviewed was 2,205 million euros.

Had this revision not been carried out, the impact in the Consolidated Income Statement in 2016 would have been higher depreciation expenses in the amount of 12.5 million euros.

Useful life of intangible assets without finite useful life (including capitalized development expenses) is calculated according to internal analysis where useful life is no longer than 6 years and recovery is linear according to the pattern of consumption representing the production of operating plants.

Fair value of financial instruments

When fair value of financial assets and liabilities cannot be obtained from quoted prices in active markets it is calculated by valuation techniques which include the model of discounting cash flows. The required data are obtained from observable markets when possible and when not, some value judgments are made in order to establish reasonable values. Judgments refer to liquidity risk, credit risk and volatility. Changes in assumptions related to these factors may affect the reasonable value of financial instruments reported. Please see Note 12 and Note 22.b.1.

Assessment of gain of control in subsidiaries

According to IFRS 10, currently in force, the Group Management assess the existence of control of significant companies with 50% shareholding, like Beyçelik Gestamp Kalip, A.S. and Gestamp Automotive India Private Ltd.

Regarding Beyçelik Gestamp Kalip, A.S., non-controlling interests are third parties external to Gestamp Automoción Group and over whom the shareholders of the Parent Company have no control.

Regarding Gestamp Automotive India Private Ltd. non-controlling interests corresponding to the remaining 50% shareholding are Group related parties since it is to a company controlled by shareholders of the Parent Company.

Although board members are elected according to shareholding percentage, it is considered there is control over this company according to the following circumstances related to the most important activities:

1. Car manufacturers require from their suppliers the capability to reach and maintain quality standards across a wide geographic presence in order to negotiate global supply.

2. Accordingly, the most important activities for a supplier in this sector are the following:

    a. Continuous investment in technological research and development to satisfy customer requirements.
    b. Global negotiation for approval and homologation of every component comprising a product, as well as management of prices.
    c. All activities aimed to achieve excellent quality of components.

    All these activities are carried out by the Group given that the other shareholder does not possess those capacities.

3. In this sense, the subsidiary technologically depends on the Group. Research and Development activities are fully carried out by the Group and the technology is provided to the subsidiary according to the agreement signed with the shareholders. Accordingly, Beyçelik Gestamp Kalip A.S. has right to use but no intellectual property. The technology of hot stamping currently used by the subsidiary is exclusive property of the Group.

4. In order to prove this excellence, an OEM supplier needs to be accredited as a Tier 1 supplier (high quality supplier) by the car manufacturer. The subsidiary could not obtain this certification if they did not belong to the Group.

Regarding Gestamp Automotive India Private Ltd, the Group designated 4 board members of this company out of a total of 6 members, so the Group is capable of carrying out the relevant activities.

8. Changes in significant accounting policies and estimates and restatement of errors

Changes in accounting estimates:
The effect of a change in an accounting estimate is recognized in the same Consolidated Income Statement heading in which the associated income or expense was recognized under the former estimate.

Changes in significant accounting policies and restatement of errors:
Changes in accounting policies and restatement of errors are recognized to the extent they are significant: the cumulative effect of the change at the beginning of the period is recognized by restating “Retained earnings” while the period-specific effect of the change is recognized in Consolidated Profit and Loss for the year. In these instances, the prior year’s balances are also restated to maintain comparability of information.

9. Segment reporting

According to IFRS 8 “Operating segments”, segment information below is based on internal reports regularly reviewed by the board of directors of the Group in order to allocate resources to each segment and assess their performance.

Operating segments identified by the board of directors of the Group are based on a geographical approach. The segments and countries included are as follows:

- Western Europe
  - Spain
  - Germany
  - United Kingdom
  - France
  - Portugal
  - Sweden
  - Belgium
  - Luxembourg

- Eastern Europe
  - Russia
  - Poland
  - Hungary
  - Czech Republic
  - Slovakia
  - Turkey

- Mercosur
  - Brazil
  - Argentina

- North America
  - USA

- o Mexico

ü Asia

- o China
- o South Korea
- o India
- o Thailand
- o Japan

Each segment includes the activity of Group companies located in countries belonging to the segment.

The Board of Directors of the Group manages the operating segments corresponding to continuing activities basically according to the evolution of the main financial indicators from each segment such as revenue and EBITDA (Earnings before interest, taxes, depreciation and amortization). Financial income and expenses, income tax and the allocation of profit to non-controlling interests are analyzed together at Group level since they are centrally managed.

Inside certain segments there are some countries meeting the definition of a significant segment; however they are presented in the aggregate since the products and services generating ordinary income as well as productive processes are similar and additionally they show similar long-term financial performance and they belong to the same economic environment.

Segment information for 2016 and 2015 is as follows:

	Thousands of euros					
	2016					
ITEM	WESTERN EUROPE	EASTERN EUROPE	MERCOSUR	NORTH AMERICA	ASIA	TOTAL
NON-CURRENT ASSETS						
Goodwill	74,345	22,835	10,422	2,890	12	110,504
Other intangible assets	211,566	9,084	5,266	23,408	33,136	282,460
Property, plan and equipment	1,206,745	450,511	272,388	729,639	500,731	3,160,014
Total non-current assets	1,492,656	482,430	288,076	755,937	533,879	3,552,978
WORKING CAPITAL						
Inventories	243,881	83,395	63,870	126,637	113,114	630,897
Trade and other receivables	631,866	169,093	54,882	230,882	290,166	1,376,889
Other current assets	3,362	5,740	3,487	12,897	754	26,240
Trade and other payables	(856,615)	(180,663)	(64,640)	(254,684)	(264,823)	(1,621,425)
Provisions	(9,380)	(3,300)	(1,560)	(129)	(3,703)	(18,072)
Other current liabilities	682	(600)	-	(3,580)	(12)	(3,510)
Other current debt	(152,340)	(10,409)	(16,537)	(84,416)	(27,118)	(290,820)
Total working capital	(138,544)	63,256	39,502	27,607	108,378	100,199

	Thousands of euros					
	2016					
ITEM	WESTERN EUROPE	EASTERN EUROPE	MERCOSUR	NORTH AMERICA	ASIA	TOTAL
Revenue	3,704,113	859,490	401,365	1,546,104	1,037,866	7,548,938
EBITDA	378,044	95,614	23,198	167,183	177,111	841,150

ITEM	Thousands of euros 2015					
	WESTERN EUROPE	EASTERN EUROPE	MERCOSUR	NORTH AMERICA	ASIA	TOTAL
NON-CURRENT ASSETS						
Goodwill	76,019	22,716	8,309	2,890	12	109,946
Other intangible assets	188,000	6,828	3,038	21,489	30,083	249,438
Property, plan and equipment	1,200,687	383,957	203,792	577,802	495,569	2,861,807
Total non-current assets	1,464,706	413,501	215,139	602,181	525,664	3,221,191
WORKING CAPITAL						
Inventories	261,063	68,772	49,832	104,932	101,839	586,438
Trade and other receivables	581,050	114,580	61,724	157,490	279,846	1,194,690
Other current assets	10,328	2,708	944	8,732	821	23,533
Trade and other payables	(780,077)	(119,339)	(39,850)	(197,382)	(247,758)	(1,384,406)
Provisions	(9,862)	(3,042)	(1,053)	(169)	(2,192)	(16,318)
Other current liabilities	(7,412)	(222)	-	(297)	-	(7,931)
Other current debt	(55,663)	(18,529)	(6,509)	(38,355)	(32,065)	(151,121)
Total working capital	(573)	44,928	65,088	34,951	100,491	244,885

ITEM	Thousands of euros 2015					
	WESTERN EUROPE	EASTERN EUROPE	MERCOSUR	NORTH AMERICA	ASIA	TOTAL
Revenue	3,607,362	660,664	466,503	1,323,355	976,628	7,034,512
EBITDA	347,339	86,338	26,289	144,194	156,173	760,333

Recurrent operating activities between subsidiaries of different segments are not significant.

The heading “EBITDA” from each segment includes the costs of Group corporate services according to:

a) The criteria for distribution of management costs as per global agreements signed by Group companies.
b) The agreements for rendering specific services signed by certain Group companies.

The additions of Other intangible assets (Note 10.b) by segments are as follows:

Segment	Thousands of euros 2016	Thousands of euros 2015
Western Europe	60,870	68,789
Eastern Europe	4,053	1,956
Mercosur	1,828	636
North America	7,818	12,389
Asia	9,012	4,533
Total	83,581	88,303

The additions of Property, plant and equipment (Note 11) by segments are as follows:

Segment	Thousands of euros 2016	Thousands of euros 2015
Western Europe	188,840	197,199
Eastern Europe	94,571	106,133
Mercosur	54,969	22,305
North America	227,493	129,606
Asia	75,312	78,882
Total	641,185	534,125

The three groups of customers representing the highest contributino to sales accounted for 44.5% of revenue in 2016 (2015: 45.2%) and each of them represented more than 10% of revenue in 2016 (2015: 10%).

10. Intangible assets

a) Goodwill

The change in goodwill in 2016 and 2015 is as follows:

	Thousands of euros				
Segment	At December 31, 2015	Additions	Decreases	Currency translation differences	At December 31, 2016
Western Europe					
Gestamp HardTech AB	41,624			(1,673)	39,951
Gestamp Metalbages S.A.	15,622				15,622
Gestamp Aveiro, S.A.	7,395				7,395
Gestamp Levante, S.A.	6,944				6,944
Griwe Subgroup	6,466				6,466
Adral, matricería y pta a punto S.L.	857				857
Eastern Europe					
Beyçelik Gestamp Kalip, A.S.	22,620			(3,264)	19,356
Gestamp Severstal Vsevolozhsk, Llc	96			21	117
Çelik Form Gestamp Otomotive, A.S.	-	3,907		(545)	3,362
Mercosur					
Gestamp Brasil Industria de Autopeças, S.A.	8,309			2,113	10,422
Asia					
Gestamp Services India Private, Ltd.	13			(1)	12
Total	109,946	3,907	-	(3,349)	110,504

Additions in 2016 corresponded to the acquisition of Çelik Form Gestamp Otomotive, A.S. which was included in the consolidation scope by the full consolidation method (Note 3).

	Thousands of euros				
Segment	At December 31, 2014	Additions	Decreases	Currency translation differences	At December 31, 2015
Western Europe					
Gestamp HardTech AB	40,527			1,097	41,624
Gestamp Metalbages S.A.	15,622				15,622
Gestamp Aveiro, S.A.	7,395				7,395
Gestamp Levante, S.A.	6,944				6,944
Griwe Subgroup	6,466				6,466
Adral, matricería y pta a punto S.L.	857				857
Eastern Europe					
Beyçelik Gestamp Kalip, A.S.	25,347			(2,727)	22,620
Gestamp Severstal Vsevolozhsk, Llc	104			(8)	96
Mercosur					
Gestamp Brasil Industria de Autopeças, S.A.	11,110			(2,801)	8,309
Asia					
Gestamp Services India Private, Ltd.	12			1	13
Total	114,384	-	-	(4,438)	109,946

Currency translation differences in 2016 and 2015 corresponded to the adjustments to the goodwill of companies whose functional currency is different from the Euro, translated at the exchange rate prevailing at the Consolidated Balance Sheet date, according to IAS 21 (Note 6.3).

Impairment test of Goodwill

The Group has implemented annual procedures to test goodwill for impairment. This assessment is carried out for each of the CGUs or groups of CGUs to which goodwill has been allocated.

A CGU is the smallest identifiable group of assets that generates cash flows that are largely independent of the cash inflows from other assets or group of assets.

The CGU recoverable value at December 31, 2016 was determined by choosing the higher value between the fair value less necessary costs to sale the CGU or the calculation of value in use, using cash flow projections covering a five-year period and based on the future business evolution.

The cash flows beyond the five-year period have been extrapolated using a growth rate of 1% for 2016 and 2015, except for the CGU Gestamp Brasil Industria de Autopeças S.A. where the growth rate used in 2015 was 2%. These hypotheses can be considered cautious compared with the rest of the long term average growth rates of the automotive sector.

The pre-tax discount rate for cash flow projections for the CGUs is calculated in base on the Weighted Average Cost of Capital (WACC) and it is based on the weighted average cost of equity and cost of debt according to the financial structure set for the Group.

The pre-tax discount rates for the CGUs with the most significant goodwill in 2016 and 2015 are as follows:

		Pre-tax discount rate	
Segment	CGU	2016	2015
Western Europe	Gestamp HardTech, AB	9.35%	10.65%
Western Europe	Gestamp Metalbages, S.A.	9.99%	10.58%
Eastern Europe	Beyçelik Gestamp Kalip, A.S.	17.74%	18.00%

The recoverable value is higher than the net value for all the CGUs, so the Group can recover the value of all goodwill recognized at December 31, 2016 and 2015.

Economic projections realized in previous years were not significantly different from the actual figures.

Sensitivity analysis to changes in key assumptions

The Parent Company's management subjects its goodwill valuations to a sensitivity analysis, varying key inputs such as the discount and terminal growth rates used, to ensure that potential changes in these estimates do not reduce recoverable amounts to below carrying amounts, when value in use is the reference value.

- Although a 100 basis point increase in the discount rate used would reduce value in use, in no case would this be reduced to below the carrying amount of the analyzed assets.
- Assuming a rate of perpetual growth of 0.5% would similarly result in a decline in value in use, albeit in no instance to below the carrying amount of the analyzed assets.
- Assuming a 150 basis point decrease in EBITDA /sales ratio used for extrapolating cash-flow to perpetuity would reduce value in use but in no case would mean impairment of the carrying amount of the analyzed assets.

b) Other intangible assets

The breakdown and change in the various items comprising "Other intangible assets" are shown below:

Cost	Thousands of euros At December 31, 2015	Changes in consolidation scope	Additions	Disposals	Currency translation differences	Other movements	At December 31, 2016
R&D expenses	240,898		58,887	(1,096)	5	(219)	298,475
Concessions	18,434		3,972	(707)	(620)	123	21,202
Patents, licenses & trademark	39,102		1,491	(205)	(115)	(7)	40,266
Goodwill	1,900				89	(316)	1,673
Transfer fees	114				2	(116)	-
Software	127,475	390	11,815	(1,699)	772	4,626	143,379
Prepayments	13,248		7,416	(217)	(8)	(2,918)	17,521
Total cost	441,171	390	83,581	(3,924)	125	1,173	522,516
Amortization and impairment							
R&D expenses	(103,622)		(33,920)	818	88	(217)	(136,853)
Concessions	(1,720)		(424)	47	57	(352)	(2,392)
Patents, licenses & trademark	(3,983)		(510)	15	44	360	(4,074)
Transfer fees	(294)		(274)		(12)	13	(567)
Software	(80,406)	(333)	(14,571)	1,670	(540)	(167)	(94,347)
Total accumulated amortization	(190,025)	(333)	(49,699)	2,550	(363)	(363)	(238,233)
Impairment of Intangible assets	(1,708)		(564)	2	(7)	454	(1,823)
Net carrying amount	249,438	57	33,318	(1,372)	(245)	1,264	282,460

Changes in consolidation scope corresponded to the incorporation of Çelik Form Gestamp Otomotiv, A.S. (Note 3).

Additions to R&D expenses corresponded mainly to development and design costs of portfolio projects, as well as the application of new technologies and the introduction of new materials related to the business.

Additions to Concessions corresponded to the right to use land.

Additions to Software mainly corresponded to software licenses renewal and to costs of SAP development and implementation.

Additions to Prepayments corresponded to costs from SAP implementation.

The most significant additions by segment is shown in Note 9.

Main disposals corresponded to Software regarding items fully amortized and to development projects whose feasibility is not reasonably assured.

The net balance of Other movements mainly reflected adjustments from previous years, as well as reclassifications between intangible assets and PP&E.

	Thousands of euros						
Cost	At December 31, 2014	Changes in consolidation scope	Additions	Disposals	Currency translation differences	Other movements	At December 31, 2015
R&D expenses	180,104		57,904	(910)	1,722	2,078	240,898
Concessions	17,323				1,106	5	18,434
Patents, licenses & trademark	36,451		2,854	(73)	58	(188)	39,102
Goodwill	1,898			(4)	303	(297)	1,900
Transfer fees	119					(5)	114
Software	105,283	103	14,244	(397)	(255)	8,497	127,475
Prepayments	8,926		13,301	(174)	(270)	(8,535)	13,248
Total cost	350,104	103	88,303	(1,558)	2,664	1,555	441,171
Amortization and impairment							
R&D expenses	(76,648)		(26,558)	787	(903)	(300)	(103,622)
Concessions	(1,214)		(344)		(72)	(90)	(1,720)
Patents, licenses & trademark	(3,709)		(456)	73	(43)	152	(3,983)
Transfer fees	(32)		(265)		3		(294)
Software	(69,978)	(70)	(11,217)	(8)	108	759	(80,406)
Total accumulated amortization	(151,581)	(70)	(38,840)	852	(907)	521	(190,025)
Impairment of Intangible assets	(1,316)		(802)	132	(19)	297	(1,708)
Net carrying amount	197,207	33	48,661	(574)	1,738	2,373	249,438

Changes in consolidation scope in 2015 corresponded to the incorporation of the company Gestamp Pune Automotive Pvt Ltd (Note 3).

Additions to R&D expenses corresponded mainly to development and design costs of portfolio projects, as well as the application of new technologies and the introduction of new materials related to the business.

Additions to Software mainly corresponded to software licenses renewal and to costs of SAP development and implementation.

The most significant additions by segment is shown in Note 9.

The net balance of Other movements mainly reflected adjustments from previous years, as well as reclassifications between intangible assets and PP&E.

Development expenses corresponding to projects not fulfilling requirements to be capitalized were registered in the heading Other operating expenses from the Income Statement and they amounted to 470 thousand euros at December 31, 2016 (December 31, 2015: 1,361 thousand euros).

<u>Impairment test of assets with indefinite useful life</u>

Assets with indefinite useful life are yearly tested by the royalty relief method to identify impairment. It is concluded that their recoverable value is far higher than their net carrying amount.

11. Property, plant and equipment

The breakdown and change in various items comprising "Property, plant and equipment" are shown below:

	Thousands of euros						
Cost	At December 31, 2015	Changes in consolidation scope	Additions	Disposals	Currency translation differences	Other movements	At December 31, 2016
Land and buildings	1,323,618	203	11,737	(910)	8,437	48,401	1,391,486
Plant and other PP&E	4,347,927	6,770	117,113	(140,332)	(32,735)	243,085	4,541,828
PP&E under construction and prepayme	378,608		512,335	(718)	(11,205)	(310,642)	568,378
Total cost	6,050,153	6,973	641,185	(141,960)	(35,503)	(19,156)	6,501,692
Depreciation and impairment							
Land and buildings	(365,011)	(163)	(34,899)	552	(3,580)	(4,866)	(407,967)
Plant and other PP&E	(2,811,335)	(4,378)	(293,673)	130,115	26,908	24,492	(2,927,871)
Accumulated depreciation	(3,176,346)	(4,541)	(328,572)	130,667	23,328	19,626	(3,335,838)
Impairment of PP&E	(12,000)		(30)	5,767	850	(427)	(5,840)
Net book value	2,861,807	2,432	312,583	(5,526)	(11,325)	43	3,160,014

Changes in consolidation scope corresponded to the incorporation of the company Çelik Form Gestamp Otomotiv, A.S. (Note 3).

Cost value of the property, plant and equipment additions at December 31, 2016 corresponded, mainly, to investments in plants and production lines aimed to increase the productive capacity of the Group as well as to capital expenditure to maintain existing activities. They corresponded mainly to companies located in USA, Mexico, Spain, Germany and Poland. Additions by segment are shown in Note 9.

The net value of Disposals of plant and other PP&E corresponded mainly to the disposal of fully amortized items out of use, as well as to the sale of items to third parties.

The net value of Other movements mainly reflected reclassifications between PP&E and intangible assets as well as differences relating to prior years.

	Thousands of euros						
Cost	At December 31, 2014	Changes in consolidation scope	Additions	Disposals	Currency translat differences	Other movements	At December 31, 2015
Land and buildings	1,299,634	7,023	10,974	(5,602)	(5,711)	17,300	1,323,618
Plant and other PP&E	4,046,953	1,839	148,413	(75,438)	2,616	223,544	4,347,927
PP&E under construction and prepayments	250,803		374,738	(2,421)	(848)	(243,664)	378,608
Total cost	5,597,390	8,862	534,125	(83,461)	(3,943)	(2,820)	6,050,153
Depreciation and impairment							
Land and buildings	(337,374)	(1,017)	(32,393)	3,262	1,320	1,191	(365,011)
Plant and other PP&E	(2,589,468)	(1,056)	(285,110)	61,866	3,547	(1,114)	(2,811,335)
Accumulated depreciation	(2,926,842)	(2,073)	(317,503)	65,128	4,867	77	(3,176,346)
Impairment of PP&E	(8,759)		(2,933)		(309)	1	(12,000)
Net book value	2,661,789	6,789	213,689	(18,333)	615	(2,742)	2,861,807

Changes in consolidation scope in 2015 corresponded to the incorporation of the company Gestamp Pune Automotive Pvt Ltd (Note 3).

Cost value of the property, plant and equipment additions at December 31, 2015 mainly corresponded to investments in plants and production lines aimed to increase the productive capacity of the Group as well as to capital expenditure to maintain existing activities. They corresponded mainly to companies located in Poland, Spain, Mexico, China and USA. Additions by segment are shown in Note 9.

The net value of Disposals of plant and other PP&E corresponded, mainly, to the dismantlement of production lines and disposal of fully amortized items out of use, as well as to the sale of items to third parties.

The net value of Other movements mainly reflected reclassifications between PP&E and intangible assets as well as differences relating to prior years.

The asset revaluation effect that was carried out at 2007 as a result of the IFRSs transition is as follows:

	Thousands of euros	
	2016	2015
Initial cost	266,567	266,567
Fair value	509,428	509,428
Revaluation	242,861	242,861
Accumulated depreciation	(40,739)	(36,634)
Deferred tax liabilities	(51,115)	(52,204)
Total	151,007	154,023
Non-controlling interest	(25,121)	(25,363)
Reserves (Note 16.4.d))	(128,659)	(131,738)
Result for the year	2,773	3,078
Total	(151,007)	(154,023)

The breakdown of PP&E located outside Spain, by country, is as follows:

	Thousands of euros	
Segment / Country	Net carrying amount 2016	Net carrying amount 2015
Western Europe		
Germany	270,703	252,372
France	93,215	90,534
Portugal	48,080	38,297
Sweden	27,671	32,264
United Kingdom	181,632	216,373
Eastern Europe		
Poland	156,481	107,204
Russia	106,465	93,364
Hungary	35,821	30,248
Czech Republic	75,883	71,362
Turkey	70,247	78,115
Slovakia	5,613	3,664
Mercosur		
Argentina	30,443	35,191
Brazil	241,946	168,602
North America		
USA	513,897	409,737
Mexico	215,742	168,063
Asia		
China	361,964	370,625
India	92,907	79,405
South Korea	45,260	45,138
Japan	361	96
Thailand	239	305
Total	2,574,570	2,290,959

The breakdown of assets acquired under finance lease agreements at December 31, 2016 and December 31, 2015 are as follows:

Segment	Asset cost (thousands of euros)	Lease term	Installments paid	Short term	Long term	Purchase option value
	December 31, 2016					
			Thousands of euros			
				Present value of lease obligations		
Western Europe						
Software	34	4 years	34	-	-	-
Other fixtures	297	5 years	222	64	10	-
Eastern Europe						
Machinery	244	5 years	283	15	-	-
Machinery	12,978	4.75 years	14,397	267	-	1
Machinery	1,104	5 years	955	241	42	-
Machinery	597	5 years	485	120	120	-
Machinery	646	5 years	273	128	287	-
Machinery	2,969	7 years	815	412	1,870	-
Machinery	1,952	7 years	550	265	1,238	-
Machinery	285	7 years	78	38	185	1
Machinery	1,081	7 years	293	146	701	1
Machinery	473	7 years	123	63	313	-
Machinery	598	7 years	131	79	416	-
Machinery	711	7 years	86	79	469	1
Machinery	616	7 years	74	68	406	1
Machinery	755	7 years	62	86	524	-
Machinery	706	7 years	42	77	497	1
Machinery	1,415	7 years	101	101	1,416	-
Machinery	629	5 years	470	128	47	-
North America						
Machinery (November 2012)	14,263	20 years	2,569	661	12,911	-
Machinery (December 2012)	9,508	20 years	1,641	440	8,644	-
				3,478	30,096	

Segment	Asset cost (thousands of euros)	Lease term	Installments paid	Short term	Long term	Purchase option value
	December 31, 2015					
			Thousands of euros			
				Present value of lease obligations		
Western Europe						
Software	34	4 years	23	9	2	-
Other fixtures	297	5 years	181	61	75	-
Eastern Europe						
Machinery	244	5 years	224	56	15	-
Machinery	12,990	4.75 years	11,186	3,127	267	1
Machinery	1,105	5 years	705	228	283	-
Machinery	598	5 years	241	120	240	-
Machinery	647	5 years	130	122	415	-
Machinery	2,971	7 years	352	776	2,196	-
Machinery	1,954	7 years	238	449	1,505	-
Machinery	285	7 years	32	37	223	1
Machinery	1,082	7 years	117	141	848	1
Machinery	474	7 years	45	61	377	-
Machinery	598	7 years	33	76	496	-
North America						
Machinery (November 2012)	13,414	20 years	1,427	618	13,135	-
Machinery (December 2012)	8,943	20 years	882	411	8,792	-
				6,292	28,869	

The amounts contained in the table above are affected by the application of different exchange rates in the conversion process of the financial statements at the exchange rate prevailing at the date of the transaction for companies whose functional currency is different from the presentation currency.

Impairment test of Property, Plant and Equipment

Impairment tests by calculating recoverable value were carried out for CGU's where there were signs of impairment according to indicators mentioned in Note 6.7.

Asssets tested represented 12% of total Property, Plant and Equipment of the Group.

The CGU's recoverable value at December 31, 2016 was determined by choosing the higher of the fair value less necessary costs to sell the CGU, and the calculation of value in use, using cash flow projections covering a five-year period and based on the future business evolution.

Pre-tax discount rates for the CGUs with signs of impairment in 2016 and 2015 were the following:

	2016	
Segment	WACC rate before taxes	Rate of perpetual growth
Western Europe	9.36% - 9.99%	1.00%
Eastern Europe	11.21% - 16.65%	1.00%
Asia	9.78%	1.00%
North America	10.50%	1.00%
Mercosur	20.9%-23.65%	1.00%

	2015	
Segment	WACC rate before taxes	Rate of perpetual growth
Western Europe	9.60%-10.27%	1,00%
Eastern Europe	9.56% - 19.25%	1,00%
Asia	11.70%	1,00%
North America	10.65%	1,00%
Mercosur	22.17%	1,00%

The recoverable value was higher than the net value for all the CGUs, so the Group can recover the value of the consolidated assets of each CGU at December 31, 2016 and 2015.

Economic projections realized in previous years were not significantly different from the actual figures.

Sensitivity analysis to changes in key assumptions

The Parent Company's management subjects its goodwill valuations to a sensitivity analysis, varying key inputs such as the discount and terminal growth rates used, to ensure that potential changes in these estimates do not reduce recoverable amounts to below carrying amounts, when value in use in the reference value.

- Although a 100 basis point increase in the discount rate used would reduce value in use, in no case would this be reduced to below the carrying amount of the analyzed assets.
- Assuming a rate of perpetual growth of 0.5% would similarly result in a decline in value in use, albeit in no instance to below the carrying amount of the analyzed assets.

ü Assuming a 150 basis point decrease in Ebitda/sales ratio used for extrapolating cash-flow to perpetuity would reduce value in use but in no case would mean impairment of the carrying amount of the analyzed assets.

Pledged property, plant and equipment to secure bank loans, in rem guarantees and others

At December 31, 2015 there were items of property, plant, and equipment to secure bank loans received in the outstanding amount of 808 thousand euros. The net carrying amount of these assets at December 31, 2015 was 6,914 thousand euros.

At December 31, 2016 those bank loans were repaid so there were no items to secure those loans anymore (Note 22.a.1)).

12. Financial assets

The breakdown of the Group's financial assets at December 31, 2016 and December 31, 2015 by category and maturity, expressed in thousands of euros, is as follows:

	Thousands of euros									
	Investments accounted for using the equity method		Loans and receivables		Derivative financial instruments		Securities portfolio		Other financial assets	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Non-current financial assets	5,740	8,272	50,581	8,918	25,710	28,184	-	-	13,483	12,308
Investments accounted for using the equity method	5,740	8,272								
Held-to-maturity investments									957	914
Loans and receivables			50,581	8,918					12,526	11,394
Derivative financial instruments (Note 22.b.1)					25,710	28,184				
Current financial assets	-	-	11,036	1,638	-	-	338	2,535	31,854	31,282
Held-to-maturity investments							338	2,535		
Loans and receivables			11,036	1,638					31,854	31,282
Total financial assets	5,740	8,272	61,617	10,556	25,710	28,184	338	2,535	45,337	43,590

a) *Non-current financial assets*

The movements of non-current financial assets in 2016 and 2015 are as follows:

	Thousands of euros			
	Investments accounted for using the equity method	Loans and receivables	Derivative financial instruments	Other financial assets
Balance at December 31, 2014	9,455	43,556	5,863	17,911
Changes in consolidation scope	(3,542)			
Additions	2,450	2,938		5,340
Disposals		(24,682)		(10,975)
Changes in valuations of financial derivatives			22,321	
Transfers		(10,719)		64
Other movements		8		388
Share of profit	(364)			
Translation differences	273	(2,183)		(420)
Balance at December 31, 2015	8,272	8,918	28,184	12,308
Changes in consolidation scope	750			
Additions		57,228		3,463
Disposals		(276)		(2,205)
Changes in valuations of financial derivatives			(2,474)	
Transfers		(17,031)		541
Other movements		10		215
Share of profit	(3,230)			
Translation differences	(52)	1,732		(839)
Balance at December 31, 2016	5,740	50,581	25,710	13,483

a.1) Investments accounted for using the equity method

Changes in consolidation scope in 2016 corresponded to the incorporation of Global Laser Araba S.L. by equity method (Note 2.b).

Changes in consolidation scope in 2015 corresponded to the subsidiary Gestamp Pune Automotive Pvt Ltd which changed from equity method to full consolidation method since control was acquired (Note 3).

Additions in 2015 corresponded to the capital increase in the company Gestión Global de Matricería, S.L. for 9,000 thousand euros and subscribed by the Parent Company for 2,450 thousand euros. Since the capital increase was not proportionally subscribed, the shareholding decreased from 35% to 30%.

"Share of profit" in 2016 and 2015 amounting to 3,230 thousand euros and 364 thousand euros of loss respectively, represented the Group's share of the profit recorded by each company.

In addition, the heading "Share of profits from associates - equity method" in the Consolidated Income Statement included the provision for registered risks related to the investment in ESSA Palau S.A. for 5,309 thousand euros (Note 20).

No dividends were received from companies accounted for using the equity method in 2016 and 2015.

The summarized financial information of the Group´s investment in these companies at December 31, 2016 and December 31, 2015 is as follows:

Summarised balance sheet:

	2016				
	Essa Palau, S.A.	Global Laser Araba	Jui Li Edscha Body Systems and subsidiaries	GGM and subsidiaries	Industrias Tamer, S,A.
Total non-current assets	36,137	2,827	793	53,364	1,471
Total current assets	14,184	3,160	7,545	21,183	3,726
Total non-current liabilities	(21,633)	-	(69)	(25,860)	(360)
Total current liabilities	(54,090)	(4,507)	(2,825)	(41,287)	(3,657)
	-	-	-	-	-
Equity	25,402	(1,480)	(4,721)	(6,978)	(1,180)
Translation differences	-	-	(723)	(422)	-
Shareholding	40%	30%	50%	30%	30%
Carrying amount of the investment	-	444	2,722	2,220	354

	2015			
	Essa Palau, S.A.	Jui Li Edscha Body Systems and subsidiaries	GGM and subsidiaries	Industrias Tamer, S,A.
Total non-current assets	41,994	881	48,266	1,114
Total current assets	26,796	7,003	7,142	1,994
Total non-current liabilities	(23,552)	(32)	(17,963)	(309)
Total current liabilities	(59,300)	(2,464)	(19,763)	(1,889)
Equity	14,062	(4,190)	(17,486)	(910)
Translation differences	-	(1,198)	(196)	-
Shareholding	40%	50%	30%	30%
Carrying amount of the investment	-	2,694	5,305	273

Summarised income statement:

	2016				
	Essa Palau, S.A.	Global Laser Araba	Jui Li Edscha Body Systems and subsidiaries	GGM and subsidiaries	Industrias Tamer, S,A.
Operating income	80,879	23	11,395	25,261	2,862
Operating expense	(89,140)	(896)	(10,542)	(25,815)	(2,571)
OPERATING PROFIT/LOSS	(8,261)	(873)	853	(554)	291
Financial profit	(1,817)	(143)	9	(789)	(24)
Exchange gain (losses)	-	-	(75)	(1,597)	-
Impairment and other	(13)	-	-	-	-
PROFIT/LOSS BEFORE TAXES	(10,091)	(1,016)	787	(2,940)	267
Income tax expense	-	-	(257)	-	-
Adjustments from previous years	10,091	-	-	(7,960)	-
Profit for the year from discontinued operations net of taxes	-	-	-	-	-
PROFIT/LOSS FOR THE YEAR	-	(1,016)	530	(10,900)	267
Shareholding	40%	30%	50%	30%	30%
Participation of the Group in profit	-	(305)	265	(3,270)	80

	2015				
	Essa Palau, S.A.	Jui Li Edscha Body Systems and subsidiaries	GGM and subsidiaries	Industrias Tamer, S,A.	Sungwoo Gestamp Hitech Pune Private Ltd.
Operating income	71,634	9,717	4,175	2,751	3
Operating expense	(76,853)	(9,081)	(4,042)	(2,650)	(12)
OPERATING PROFIT/LOSS	(5,219)	636	133	101	(9)
Financial profit	(1,355)	24	826	(39)	20
Exchange gain (losses)	-	(29)	1,500	-	(87)
Impairment and other	(18)	-	-	-	-
PROFIT/LOSS BEFORE TAXES	(6,592)	631	2,459	62	(76)
Income tax expense	-	(150)	-	-	-
Adjustments from previous years	3,294	-	111	-	-
Profit for the year from discontinued operations net of taxes	-	-	-	-	-
PROFIT/LOSS FOR THE YEAR	(3,298)	481	2,570	62	(76)
Shareholding	40%	50%	30%	30%	100%
Participation of the Group in profit	(1,319)	241	771	19	(76)

a.2) Non-current loans and receivables

Additions in 2016 mainly corresponded to:

- Increase in debit balances of public authorities with Gestamp Brasil Industria de Autopeças S.A. for 9,963 thousand euros.
- Loan granted by the subsidiary Gestamp Finance Slovakia S.R.O. to Gestión Global de Matricería S.L. amounting to 8,400 thousand euros. This loan earns a 2.756% interest rate and initial maturity was March 2023. At December 31, 2016 this loan was transferred to short term and final maturity is June 2017.
- Loans to Group employees amounting to 37,110 thousand euros for the acquisition of shares in the Parent Company from Acek Desarrollo y Gestión Industrial S.L. (Note 15.a)). A pledge on the shares was generated as a guarantee for the loans. The interest rate of the loans is the legal interest rate prevailing every calendar year and the duration is six years from the date of signature.

  The fair value of the shares sold by Acek Desarrollo y Gestión Industrial S.L. to employees was based on the operation between significant shareholders in the first quarter of 2016 and the Group Management considered it was out of scope of IFRS 2.

Transfers in 2016 mainly corresponded to the transfer to the heading Public authorities of debit balances of Brazilian public authorities with Gestamp Brasil Industria de Autopeças, S.A. amounting to 8,161 thousand euros and to the loan granted by the subsidiary Gestamp Finance Slovakia S.R.O. to Gestión Global de Matricería S.L. amounting to 8,400 thousand euros.

Disposals in 2015 mainly corresponded to the repayment of the loan granted to Gestión Global de Matricería, S.L. amounting to 24,628 thousand euros. Bank financing was obtained and so the loan was pre-paid.

Transfers in 2015 corresponded to the transfer to the heading Public authorities of debit balances of Argentine and Brazilian public authorities with companies Gestamp Baires, S.A. and Gestamp Brasil Industria de Autopeças, S.A. as well as to the transfer from long-term to short-term of the loans granted to Esymo Metal, S.L. and to ESSA Palau S.A. (heading b.1)).

a.3) Derivative financial instruments

Change in valuation of financial instruments at December 31, 2016 and 2015 corresponded to the change in the present value of implicit derivatives mainly due to the decrease in notional hedged as well as to the evolution of the exchange rates applicable to sales and purchase prices in certain customer and supplier contracts (Note 22.b.1)).

a.4) Other non-current financial assets

Additions in 2016 mainly corresponded to deposits as guarantee for operating leases amounting to 3,088 thousand euros.

Additions in 2015 mainly included deposits as guarantee of labor insurances amounting to 880 thousand euros and deposits as guarantee for operating leases amounting to 3,567 thousand euros.

Disposals in 2016 mainly corresponded to:

- The refund of deposits as guarantee for operating leases amounting to 1,629 thousand euros and the refund of legal deposits amounting to 213 thousand euros.
- The cancellation of the investment of Gestamp Manufacturing Autochasis in Beyçelik Craiova S.R.L. amounting to 100 thousand euros. This disposal implied a loss of 72 thousand euros (Note 27.c)).

Disposals in 2015 mainly corresponded to:

- The refund of deposits as guarantee for operating leases amounting to 3,045 thousand euros and the refund of legal deposits amounting to 524 thousand euros.
- The cancellation of the investment of Gestamp Servicios S.A. in Genesis International Llc amounting to 2,200 thousand euros.
- The reduction amounting to 4,500 thousand euros from the regularization of the sale price of Araluce S.A. agreed in a previous year, since production objectives were not achieved as indicated in the sale agreement. This regularization was registered in the heading Impairment and gains (losses) on sale of financial instruments from the Consolidated Income Statement (Note 27.c)).

b) Current financial assets

The movements of current financial assets in 2016 and 2015 are as follows:

	Thousands of euros		
	Loans and receivables	Securities portfolio	Other financial assets
Balance at December 31, 2014	18,319	-	57,558
Changes in consolidation scope			225
Additions	2,247	2,535	21,373
Disposals	(16,361)		(46,022)
Transfers	5,385		(58)
Other movements	(9,324)		(2,022)
Translation differences	1,372		228
Balance at December 31, 2015	1,638	2,535	31,282
Changes in consolidation scope			-
Additions	6,245	104	12,608
Disposals	(5,572)	(2,300)	(3,817)
Transfers	8,720		(7,976)
Other movements			79
Translation differences	5	(1)	(322)
Balance at December 31, 2016	11,036	338	31,854

b.1) Current loans and receivables

Additions in 2016 mainly corresponded to a new credit line granted by Gestamp Metalbages S.A. to ESSA Palau S.A. for 5,619 thousand euros. The loan earns an interest referenced to 3-month Euribor plus a 3% spread.

Disposals in 2016 mainly corresponded to partial repayment of the credit line granted by Gestamp Metalbages S.A. to ESSA Palau S.A. for 3,550 thousand euros.

Transfers in 2016 mainly corresponded to the reclassification from long term of the loan granted by Gestamp Finance Slovakia S.R.O. to Gestión Global de Matricería S.L. for 8,400 thousand euros (heading a.2).

Additions in 2015 mainly corresponded to a loan granted to ESSA Palau S.A. by Gestamp Metalbages S.A. amounting to 2,000 thousand euros. The loan earns an interest referenced to 3-month Euribor plus a 3% spread.

Disposals in 2015 mainly corresponded to the repayment of the loan granted to Genesis Internacional S.A. by Gestamp Servicios, S.A. amounting to 14,262 thousand euros.

Transfers in 2015 mainly corresponded to the transfer from long-term to short-term of the loans granted to Esymo Metal S.L. and to ESSA Palau, S.A. for 4,320 thousand euros.

Other movements in 2015 amounting to 9,324 thousand euros included the full impairment of the loans granted to ESSA Palau S.A. by Gestamp Metalbages S.A. (5,000 thousand euros) and by Gestamp Solblank Barcelona S.A. (4,000 thousand euros of principal an 324 thousand euros of interest). This impairment was registered in the heading Impairment and gains (losses) on sale of financial instruments from the Consolidated Income Statement (Note 27.c)).

b.2) Current securities portfolio

Current securities portfolio in 2016 and 2015 mainly corresponded to short term deposits from the company Gestamp Pune Automotive Pvt Ltd with maturity in the same year and average profitability between 4.5% and 6%.

b.3) Other current financial investments

Additions in 2016 mainly corresponded to bank deposits from the companies Gestamp Automotive Chennai Private Ltd and Gestamp Automotive India Private Ltd amounting to 11,468 thousand euros.

Disposals in 2016 mainly corresponded to the cancellation of bank deposits from the company Gestamp Baires S.A. amounting to 1,583 thousand euros.

Transfers in 2016 mainly corresponded to:

- Reclassification of financial assets from the companies Gestamp Brasil Industria de Autopeças S.A. and Gestamp Automotive India Private Ltd amounting to 12,796 thousand euros and 4,054 thousand euros respectively. The maturity of those assets came to be less than three months so they were reclassified to the heading Cash and cash equivalents.
- Reclassification of financial assets from the company Gestamp Baires S.A. amounting to 9,372 thousand euros from the heading Cash and cash equivalents. The maturity of those assets came to be more than three months.

Additions in 2015 mainly included bank deposits from the companies Gestamp Automotive India Private, Ltd. and Gestamp Brasil Industria de Autopeças, S.A. amounting to 13,517 thousand euros and 5,013 thousand euros respectively.

Disposals in 2015 mainly included the cancellation of bank deposits from the company Gestamp Automotive India Private Ltd amounting to 43,991 thousand euros. It was related to the repayment of loans granted by Gonvarri Corporación Financiera S.L. and Gestamp Polska SP ZOO.

13. Inventories

The breakdown of inventories at December 31, 2016 and December 31, 2015 is as follows:

	Thousands of euros	
	2016	2015
Commercial inventories	11,235	10,865
Raw materials	170,560	163,480
Parts and subassemblies	65,121	56,731
Spare parts	74,157	58,572
Packaging materials	5,035	3,020
Total cost of raw materials and other consumables	326,108	292,668
Work in progress	145,508	166,448
Finished products	137,923	126,239
Byproducts, waste, and recovered materials	518	554
Prepayments to suppliers	51,822	31,605
Total cost of inventories	661,879	617,514
Impairment of raw materials	(10,044)	(7,331)
Impairment of other consumables	(7,729)	(7,467)
Impairment of work in progress	(4,359)	(7,772)
Impairment of finished products	(8,850)	(8,506)
Total impairment	(30,982)	(31,076)
Total inventories	630,897	586,438

The breakdowns of purchases used in production and changes in inventories are as follows:

	Thousands of euros						
		Change in inventories					
	2015	Impairment	Reversal of impairment	Changes in inventories	Total	consolidation scope	2016
Raw materials and other consumables	292,668			32,136	32,136	1,304	326,108
Impairment of raw materials and other consumables	(14,798)	(5,054)	2,079		(2,975)		(17,773)
Consumption (Note 26.a)	277,870	(5,054)	2,079	32,136	29,161	1,304	308,335

	Thousands of euros						
		Change in inventories					
	2015	Impairment	Reversal of impairment	Changes in inventories	Total	consolidation scope	2016
Work in progress	166,448			(20,940)	(20,940)		145,508
Finished products and byproducts	126,793			11,301	11,301	347	138,441
Impairment of finished products and work in progress	(16,278)	(6,027)	9,096		3,069		(13,209)
Changes in inventories (see Income Statement)	276,963	(6,027)	9,096	(9,639)	(6,570)	347	270,740

Changes in consolidation scope corresponded to the incorporation of Çelik Form Gestamp Otomotiv, A.S. in 2016 (Note 3).

The inventories were not encumbered at December 31, 2016 and December 31, 2015.

14. Trade and other receivables/ Other current assets/ Cash and cash equivalents

a) Trade receivables

	Thousands of euros	
	2016	2015
Trade receivables	843,048	750,592
Trade bills receivable	16,514	37,457
Accounts receivable by stage of completion, tools	279,677	192,024
Accounts receivable by stage of completion, machinery	2,976	-
Doubtful debts	770	1,837
Impairment losses	(4,736)	(5,706)
Trade receivables from related parties (Note 31.1)	31,676	16,734
Total	1,169,925	992,938

As indicated in Note 1, Group sales, as well as trade receivable balances, are concentrated across a limited number of customers due to the nature of the automotive industry. In general, trade receivable balances have high credit quality.

Accounts receivable by stage of completion correspond to the income recognized pending invoicing. There are no prepayments exceeding the stage of completion by customer. The amount of customer prepayments for tools under construction registered in the heading Accounts receivable by stage of completion, tools was 713 million euros at December 31, 2016 (December 31, 2015: 447 million euros).

The movement of the impairment provision at December 31, 2016 consisted of an increase of 4,080 thousand euros (December 31, 2015: reversal of 127 thousand euros) (Note 26.c)) as well as written-off balances and translation differences.

The age analysis of due accounts receivable related to the sale of parts at December 31, 2016 and 2015 is as follows:

	Thousands of euros	
	2016	2015
Less than 3 months	14,661	5,361
Between 3 and 6 months	6,093	3,228
Between 6 and 9 months	2,164	5,079
Between 9 and 12 months	730	1,407
More than 12 months	4,825	5,014
Total outstanding past due receivables	28,473	20,090
Impairment provision	(4,736)	(5,706)
Total	23,737	14,384

The past due accounts receivable not provisioned are related to customers with no history of default.

The receivables balances not yet due transferred by the Group as non-recourse factoring to Spanish, German, British, Brazilian, Polish and Argentine banks, that were eliminated in the Consolidated Financial Statements amounted to 300,755 thousand euros and to 224,039 thousand euros at December 31, 2016 and December 31, 2015 respectively.

The expense of transferring non-due receivables balances at December 31, 2016 according to non-recourse factoring contracts amounted to 5,350 thousand euros (December 31, 2015: 2,822 thousand euros).

b) Other receivables

	Thousands of euros	
	2016	2015
Debtors	18,796	23,089
Remuneration advances	1,937	1,862
Short-term loans to employees	86	107
Total	20,819	25,058

c) Current income tax assets

This line item amounted to 35,306 thousand euros at December 31, 2016 (December 31, 2015: 32,906 thousand euros) and reflected the receivables balances related to corporate tax refunds of the Parent Company and group companies.

d) Public authorities

	Thousands of euros	
	2016	2015
Sundry receivables from Public Authorities	150,431	143,588
VAT refund	106,865	107,202
Receivable grants	1,015	3,887
Corporate tax refund (a)	34,571	28,073
Other	7,980	4,426
Receivables from Social Security	408	200
Total	150,839	143,788

(a) The 2016 and 2015 balances reflected receivables from corporate income tax declarations from prior years.

e) Other current assets

This line item, which at December 31, 2016 amounted to 26,240 thousand euros (December 31, 2015: 23,533 thousand euros), mainly reflected insurance premiums, maintenance and repair contracts, rentals and software licenses paid for during the year but for which the expense will accrue the following year, as well as expenses for commercial agreements.

f) Cash and cash equivalents

	Thousands of euros	
	2016	2015
Cash	403,789	296,482
Cash equivalents	26,674	59,493
Total	430,463	355,975

Cash equivalents corresponded to surplus cash investments maturing in less than three months.

The breakdown by currencies and interest rates at December 31, 2016 and December 31, 2015 is the following:

Company	2016 Thousands of euros	Source currency	Interest rate range
Gestamp Severstal Vsevolozhsk Llc	1,855	Russian rubles	8.20%
Gestamp Brasil Industria de Autopeças S.A.	24,819	Brazilian reais	100%-101% CDI
Total	26,674		

Company	2015 Thousands of euros	Source currency	Interest rate range
Gestamp Automoción S.A.	47,500	Euros	0.30%
Gestamp Baires S.A.	11,159	Argentine pesos	15-22.67%
Gestamp Metal Forming (Wuhan) Ltd.	834	Renmimbi yuan	2.55%-3%
Total	59,493		

The amounts included in this heading of the attached Consolidated Balance Sheet are not encumbered.

15. Issued capital and share premium

The "Issued capital" and "Share premium" at December 31, 2016 and December 31, 2015 are as follows:

ITEM	December 31, 2016	December 31, 2015
No. of shares	4,795,953	4,795,953
Par value	60.10	60.10
	Thousands of euros	
Issued capital:		
Issued capital (par value)	288,237	288,237
	288,237	288,237
Share premium	61,591	61,591
Total issued capital + share premium	349,828	349,828

a) Share capital

At December 31, 2016 and December 31, 2015 the Parent Company's share capital was represented by 4,795,953 registered shares indivisible and accumulable with a par value of 60.10 euros each, fully subscribed and paid in, and all carrying the same rights and obligations.

The shareholder structure at December 31, 2016 and December 31, 2015 is as follows:

Shareholders	shareholding December 31, 2016	shareholding December 31, 2015
Acek Desarrollo y Gestión Industrial, S.L.	37.62%	54.25%
ArcelorMittal Spain Holding, S.L.		24.18%
ArcelorMittal Basque Holding, S.L.		10.82%
Risteel Corporation, B.V.	10.75%	10.75%
Gestamp 2020, S.L.	50.10%	
Employees	1.53%	

On February 1, 2016 ArcelorMittal Spain Holding S.L. and ArcelorMittal Aceralia Basque Holding S.L. formalized a private contract to sale their full shareholding in the Parent Company to Acek Desarrollo y Gestión Industrial S.L. for 875 million euros.

This transaction meant that Acek Desarrollo y Gestión Industrial S.L. increased its shareholding in the Parent Company from 54.25% in 2015 to 89.25% in 2016.

On September 20, 2016 Acek Desarrollo y Gestión Industrial S.L. signed an investment agreement by which 50.10% shares in Gestamp Automoción S.A. were sold to Gestamp 2020 S.L. and Mitsui & Co. Ltd. acquired a 25% shareholding in Gestamp 2020 S.L. and thus indirectly a 12.525% shareholding in Gestamp Automoción S.A. On December 23, 2016, once the competition review was completed, the agreement was executed.

In addition, in 2016 Acek Desarrollo y Gestión Industrial S.L. sold shares representing a 1.53% stake in Gestamp Automoción S.A. to employees.

There are no bylaw restrictions on the transfer of the registered shares and they are not listed.

b) Share premium

The share premium of the Parent Company amounted to 61,591 thousand euros at December 31, 2016 and December 31, 2015.

The amended Spanish Corporate Enterprises Act expressly permits the use of paid-in surplus capital to increase share capital balance, corresponding to an unrestricted reserve.

16. Retained earnings

The changes in “Retained earnings” in 2016 and 2015 were as follows:

	Legal reserve	Goodwill reserves	Unrestricted reserves	Reserves at fully consolidated entities	Reserves at associates	Profit for the year	Effective hedges	Total
AT DECEMBER 31, 2014	45,251	3,313	234,573	721,523	(6,183)	125,702	(36,853)	1,087,326
Profit for 2015						161,480		161,480
Fair value adjustments reserve (hedge)							4,728	4,728
Actuarial gains and losses				5,745				5,745
Appropiation of 2014 profits			31,765	97,101	(3,164)	(125,702)		
Dividends distributed by the Parent Company			(37,711)					(37,711)
Dividends distributed by subsidiaries			2,147	(2,147)				
Transfer from reserves under equity method to reserves under full consolidation method because of sale of companies (Gestamp Pune Aut. Pvte. Ltd.)				(5,839)	5,839			
Interest from participative loans			(10,516)	10,516				
Increase in shareholding in companies previously under control (adjustment for dividends paid to former shareholders of Anhui Edscha Automotive Parts Co. Ltda.)				(712)				(712)
Increase in shareholding in companies previously under control due to acquisition to non-controlling interest (Ekarpen Private Equity, S.A.)				(7,997)				(7,997)
Transfers from retained earnings to non-controlling interest due to non-proportional capital increase				(2,771)				(2,771)
Other movements and adjustements from prior years		571	(571)	(299)				(299)
AT DECEMBER 31, 2015	45,251	3,884	219,687	815,120	(3,508)	161,480	(32,125)	1,209,789
Profit for 2016						221,354		221,354
Fair value adjustments reserve (hedge)							(2,631)	(2,631)
Actuarial gains and losses				(5,415)				(5,415)
Appropiation of 2015 profits	878	571	7,480	152,915	(364)	(161,480)		
Dividends distributed by the Parent Company			(48,444)					(48,444)
Interest from participative loans			8,956	(8,956)				
Acquisition of investment in Gestamp 2008, S.L. to non-controlling interest (Note 2.b)				(263)				(263)
Transfer of non-controlling interest due to changes in shareholding in Gestamp 2008, S.L. (Note 2.b)				(190)				(190)
Put Option Recognition		2	(2)	4,047				4,047
Other movements and adjustements from prior years				(178)	76			(102)
AT DECEMBER 31, 2016	46,129	4,457	187,677	957,080	(3,796)	221,354	(34,756)	1,378,145

16.1 Legal reserve of the Parent Company

The Legal Reserve of the Parent Company amounted to 46,129 thousand euros at December 31, 2016 (December 31, 2015: 45,251 thousand euros).

The Parent Company is obliged to transfer 10% of profit for the year to a legal reserve until this reserve is equivalent to at least 20% of issued capital. This reserve is not distributable to shareholders and may only be used to offset losses if no other reserves are available.

16.2 Goodwill reserve

The Parent Company is required to set aside a non-distributable reserve equal to the amount of goodwill on its balance sheet which was eliminated in the consolidation process and amounted to 7,610 thousand euros at December 31, 2016 (December 31, 2015: 11,415 thousand euros). The amount of profit designated for this purpose must represent at least 5% of goodwill. If no profits are available or profits should prove to be insufficient, freely distributable reserves must be used for this purpose. The amount of the goodwill reserve amounted to 4,455 thousand euros at December 31, 2016 (December 31, 2015: 3,884 thousand euros) .The amount provisioned in 2016 and 2015 was 571 thousand euros.

16.3 Unrestricted reserves

At December 31, 2016 the Parent Company's unrestricted reserves amounting to 187,677 thousand euros, corresponded to those derived from the individual financial statements of the Parent Company amounting to 224,798 thousand euros (December 31, 2015: 261,452 thousand euros) less the adjustments generated in the consolidation process in the amount of 37,121 thousand euros that mainly corresponded to:

- Elimination of the difference between the carrying amount of investments in subsidiaries Gestamp Brasil Industria de Autopeças, S.A., Gestamp Global Tooling, S.L. and Matricerías Deusto, S.A. and the consolidated value of these companies amounting to 63,656 thousand euros.

- The remaining balance mainly corresponded to: elimination of the margins from intercompany purchase-sale transactions of financial participations; reversal of the goodwills which arose in the merger processes between Group companies; reversal of portfolio provisions and capitalization of differences derived from changes in exchange rates of functional currencies compared to Euro in Group financing considered permanent (Note 4.3).

16.4 Availability of reserves at fully consolidated companies

Reserves held by companies consolidated under the full consolidation method are subject to a number of restrictions as to their availability depending on whether they are legal reserves, revaluation reserves, or other special reserves.

The restrictions regarding the reserves mentioned above are the following:

a) <u>Revaluation reserve. Regional Law 6/1996</u>
In accordance with prevailing regional legislation, this reserve can be used to offset losses, increase share capital or be transferred to non-distributable reserves.

The balance at December 31, 2016 and December 31, 2015 amounted to 4,884 thousand euros.

b) Reserve for productive investments. Regional Law 3/1996, of June 26

In accordance with prevailing regional legislation, this special reserve may only be applied to offset losses or increase share capital in 5 years since it is materialized in fixed assets.

The balance of this reserve at December 31, 2016 and December 31, 2015 was 26,398 thousand euros.

c) Legal reserves at subsidiaries

By virtue of prevailing legislation in the countries where these companies are located, legal reserves must reach a certain percentage of share capital, so that each year a percentage of profit is applied to offset losses or increase share capital.

The balance of these reserves at December 31, 2016 and December 31, 2015 was 75,986 thousand euros and 69,139 thousand euros respectively.

d) Reserve from NIIF first application (January 1, 2007)

As a result of valuation of Property, plant, and equipment at fair value, the land and buildings of certain subsidiaries have been valued at their appraised values, and an increase in reserves has been registered in the amount of the difference between the said assets´ fair values and the net carrying amounts registered by each company.

The after-tax increase in reserves deriving from these revaluations amounted to 129 million euros at December 31, 2016 and 132 million euros at December 31, 2015 (Note 11). This increase of reserves is not distributable.

e) Restrictions related to capitalized development expenses

Under prevailing legislation, dividend payments cannot result in an unrestricted reserve balance that is lower than the net carrying amount of development expenses as per the individual financial statements of the Group's Spanish companies prepared under prevailing Spanish GAAP.

16.5 Approval of the Financial Statements and proposal for the allocation of profit

The individual 2016 Financial Statements of the Group companies will be presented for approval at their respective Annual General Meetings of shareholders within the deadlines established by the prevailing legislation. The Directors of the Parent Company believe that no significant changes will be made to the 2016 Consolidated Financial Statements as a result of this process. The Gestamp Automoción Group's 2016 Consolidated Financial Statements will be authorized by the Board of Directors of the Parent Company on March 3, 2017 for issue and submission to the Annual General Meeting where they are expected to be approved without modification.

The Parent Company's Board of Directors will submit the following allocation of profit proposal for the year ended December 31, 2016 for approval at the Annual General Meeting:

	Thousands of euros
Basis of allocation	
As per income statement	9,802
Allocation to:	
Losses to offset	622
Legal reserve	980
Unrestricted reserve	8,200

Restrictions on the distribution of dividends

The Parent Company is obliged to transfer 10% of profit for the year to a legal reserve until this reserve reaches an amount at least equal to 20% of issued capital. Unless the balance of the reserve exceeds this amount, it cannot be distributed to shareholders.

Once the legal requirements have been met, dividends may only be distributed against profit for the year or against unrestricted reserves if the book value of equity is not lower than, or as a result of the dividend payment would not dip below, issued share capital. For this purpose, profit recognized directly in shareholders' equity cannot be directly or indirectly distributed. If prior years' losses have reduced the Parent Company's book value of equity to below the amount of its issued share capital, profit must be allocated to offset these losses.

In addition to these legal restrictions there are contractual restrictions detailed in Note 22.

17. Translation differences

The breakdown of translation differences by country is as follows:

	Thousands of euros		
Segment / Country	2016	2015	Difference
Western Europe			
Germany	440	678	(238)
Spain	12,909	5,309	7,600
France	(1)	-	(1)
Luxembourg	(1)	732	(733)
United Kingdom	(5,542)	18,991	(24,533)
Sweden	(3,756)	(1,916)	(1,840)
Eastern Europe			
Hungary	(2,011)	2,961	(4,972)
Poland	(34,413)	(10,057)	(24,356)
Czech Republic	(4,938)	(4,744)	(194)
Russia	(49,571)	(60,076)	10,505
Turkey	(31,296)	(24,488)	(6,808)
Mercosur			
Argentina	(75,834)	(70,405)	(5,429)
Brazil	11,381	(15,795)	27,176
North America			
USA	(1,254)	(20,114)	18,860
Mexico	(46,679)	(30,015)	(16,664)
Asia			
China	19,151	34,524	(15,373)
South Korea	4,363	3,864	499
India	3,489	2,308	1,181
Japan	186	422	(236)
Thailand	77	12	65
Total	(203,300)	(167,809)	(35,491)

Changes in Translation differences in 2016 amounting to 35,491 thousand euros (2015: 28,069 thousand euros) mainly corresponded to: Eastern Europe regarding the fluctuation of Polish zloty, Asia regarding the fluctuation of Chinese renminbi, Mercosur regarding the fluctuation of Brazilian reais and Western Europe regarding the fluctuation of pound Sterling.

18. Non-controlling interest

The changes in "Equity attributable to non-controlling interest" by company in 2016 and 2015 were as follows:

Company	At December 31, 2015	Changes in consolidation scope	Capital increase	Translation differences	Distribution of dividends	Increase in shareholding in companies previously under control	Put Option Recognition	Other movements	Profit (loss)	At December 31, 2016
	Thousands of euros									
G Finance Luxemburgo, S.A.	51	(51)								-
Gestamp Holding Rusia, S.L./Todlem, S.L./ Gestamp Seversta Vsevolozhsk Llc.//Gestamp Severstal Kaluga, Llc.	11,848			3,702				(427)	6,102	21,225
Gestamp Auto Components (Kunshan) Co., Ltd/Gestamp Holding China, AB	33,821			(1,215)				1,687	2,678	36,971
Gestamp 2008, S.L.	6,119					(6,119)				-
Edscha Briey S.A.S.	(11,053)					11,053				-
Edscha Santander, S.L.	13,466					(13,466)				-
Edscha Burgos, S.A.	(1,334)					1,334				-
Edscha do Brasil Ltda.	(1,079)			(190)		1,269				-
Shanghai Edscha Machinery Co., Ltd.	12,603			(475)	(2,169)				1,207	11,166
Edscha Pha, Ltd.	2,773			43				253	1,631	4,700
Edscha Aapico Automotive Co. Ltd	825		151	42	(168)			80	253	1,183
Gestamp Global Tooling, S.L.	11								(11)	-
Sofedit, SAS	21,722							(857)	9,380	30,245
Gestamp Wroclaw, sp. Z.o.o.	(478)			2					(4,368)	(4,844)
Gestamp Brasil Industria Autopeças, S.A.	35,242			6,162			(13,752)	495	(643)	27,504
Gestamp Holding Argentina, S.L. and Argentine companies	6,155			(2,199)			(942)	(197)	(933)	1,884
Gestamp Holding México, S.L. and Mexican companies	96,135			(5,564)	(6,210)		(29,454)	(69)	4,069	58,907
Gestamp North America, INC and North American companies	105,911			3,683			(36,799)	(1)	804	73,598
Mursolar 21, S.L./Gestamp A. Shenyang, Co. Ltd./Gestamp A. Dongguan, Co. Ltd.	37,526			(580)				(1,189)	3,357	39,114
Beyçelik Gestamp Kalip, A.S. / Çelik Form Otomotive, A.S.	28,214	(2,748)		(3,153)				106	6,946	29,365
Gestamp Automotive India Private Ltd.	16,933			351					6,552	23,836
Beyçelik Gestamp Sasi, L.S.	(8,826)			71				468	763	(7,524)
Total	406,585	(2,799)	151	680	(8,547)	(5,929)	(80,947)	349	37,787	347,330

The most significant movements in "Non-controlling interest" at December 31, 2016 corresponded to:

- Ø Incorporation of the company Çelik Form Gestamp Otomotive, A.S. and exit from consolidation scope of the company G. Finance Luxemburgo, S.A. (Note 2.b).
- Ø Increase in shareholding in Gestamp 2008 S.L. Since there was already prior control in this company, there was a direct decrease in non-controlling interest of 6,119 thousand euros and an indirect increase due to the investments of this company in other group companies of 190 thousand euros (Note 2.b).
- Ø On December 23, 2016 the Parent Company granted a Put Option to Mitsui & Co. Ltd. in relation to 10% of shares in subsidiaries companies (Note 22.d).
- Ø "Other movements" in 2016 corresponded to profit (loss) adjustments attributable to non-controlling interests in 2015.

Company	At December 31, 2014	Translation differences	Distribution of dividends	Transfer Reserves under full consolidation method due to capital increase	Increase in shareholding in companies previously under control	Other movements	Profit (loss)	At December 31, 2015
	Thousands of euros							
G Finance Luxemburgo, S.A.	51							51
Gestamp Holding Rusia, S.L./Todlem, S.L./ Gestamp Seversta Vsevolozhsk Llc.//Gestamp Severstal Kaluga, Llc.	21,222	(955)				565	(8,984)	11,848
Gestamp Auto Components (Kunshan) Co., Ltd/Gestamp Holding China, AB	26,021	1,684				684	5,432	33,821
Edscha subgroup	17,882	921	(2,799)	2,771		327	3,218	22,320
Matricerias Deusto S.L.	3,387				(4,849)	1,462		-
Adral Matricería y Pta. a punto , S.L.	6,333				(6,025)	(308)		-
Gestamp Tooling Services, AIE	(302)				306	(4)		-
Gestamp Global Tooling, S.L.	9,784				(10,925)	(366)	1,518	11
Gestamp Tool Hardening, S.L.	2,917				(2,430)	(487)		-
Bero Tools, S.L.	(6)				6			-
Die Diede Development, S.L.	(308)				308			-
Gestamp Metal Forming Subgroup	17,822	30					3,392	21,244
Gestamp Try Out Services, S.L.	743				(610)	(133)		-
Gestamp Brasil Industria Autopeças, S.A.	51,054	(9,440)					(6,372)	35,242
Gestamp Holding Argentina, S.L. and Argentine companies	12,426	(5,781)					(490)	6,155
Gestamp Holding México, S.L. and Mexican companies	93,031	(2,224)	(6,243)			7	11,564	96,135
Gestamp North America, INC and North American companies	87,257	10,342					8,312	105,911
Mursolar 21, S.L./Gestamp A. Shenyang, Co. Ltd./Gestamp A. Dongguan, Co. Ltd.	36,803	405				(915)	1,233	37,526
Beyçelik Gestamp Kalip, A.S.	29,787	(1,996)	(3,443)			(169)	4,035	28,214
Gestamp Automotive India Private Ltd.	10,190	559					6,184	16,933
Beyçelik Gestamp Sasi, L.S.	(7,269)	113					(1,670)	(8,826)
Total	418,825	(6,342)	(12,485)	2,771	(24,219)	663	27,372	406,585

The most significant movements in "Non-controlling interest" at December 31, 2015 corresponded to:

- Ø Acquisition from non-controlling shareholders (EKARPEN Private Equity S.A.) of 40% shareholding in Gestamp Global Tooling S.L and indirectly also in their subsidiaries. Thus, 100% shareholding in this company was reached, over which there was prior control (Note 2.b).

- Ø "Other movements" in 2015 corresponded to profit (loss) adjustments attributable to non-controlling interests in 2014.

The most significant non-controlling interest mentioned in this Note has protecting rights mainly related to significant decisions on divestments of fixed assets, company restructuring, granting of guarantees, distribution of dividends and changes in statutes. These protecting rights do not significantly restrict the Group capacity to access to or to use their assets as well as to liquidate their liabilities.

Financial information about subsidiaries that have significant non-controlling interests is provided below. The summarized financial information of these subsidiaries, based on their individual financial statements adapted to Group criteria and before intercompany eliminations and consolidation adjustments, is as follows:

Summarised income statement at December 31, 2016 and December 31, 2015:

	2016								
Item	Subconsolid. USA (*)	Subconsolid. Argentina (*)	Subconsolid. Mexico (*)	Subconsolid. Brazil (*)	Beyçelik, A.S.	Gestamp Holding China Subgroup	Mursolar Subgroup	Todlem Subgroup	Total
Operating income	1,086,896	156,838	407,146	220,570	250,847	206,359	-	94,996	2,423,652
Operating expense	(1,066,058)	(152,321)	(362,370)	(219,608)	(229,829)	(191,546)	(396)	(84,510)	(2,306,638)
OPERATING PROFIT	20,838	4,517	44,776	962	21,018	14,813	(396)	10,486	117,014
Financial profit	(9,194)	(3,247)	857	(17,745)	(2,406)	(246)	2,624	(7,506)	(36,863)
Exchange gain (losses)	631	(2,234)	(24,507)	14,394	(6,988)	(1,760)	(16)	16,391	(4,089)
Impairment and other	-	-	(40)	(170)	-	-	-	-	(210)
PROFIT BEFORE TAXES	12,275	(964)	21,086	(2,559)	11,624	12,807	2,212	19,371	75,852
Income tax expense	(8,283)	(737)	(7,706)	1,892	(802)	(4,171)	-	(4,832)	(24,639)
Non-controlling interest	-	158	-	-	-	-	-	-	158
PROFIT ATTRIBUTABLE TO PARENT COMPANY	3,992	(1,543)	13,380	(667)	10,822	8,636	2,212	14,539	51,371

	2015								
Item	Subconsolid. USA (*)	Subconsolid. Argentina (*)	Subconsolid. Mexico (*)	Subconsolid. Brazil (*)	Beyçelik, A.S.	Gestamp Holding China Subgroup	Mursolar Subgroup	Todlem Subgroup	Total
Operating income	855,225	218,287	414,763	218,004	244,629	208,370	-	116,005	2,275,283
Operating expense	(818,075)	(213,582)	(362,029)	(212,771)	(225,669)	(185,275)	(171)	(103,839)	(2,121,411)
OPERATING PROFIT	37,150	4,705	52,734	5,233	18,960	23,095	(171)	12,166	153,872
Financial profit	(4,532)	(1,748)	1,517	(16,432)	(2,287)	(987)	3,058	(7,871)	(29,282)
Exchange gain (losses)	2,230	(4,669)	(1,185)	(20,714)	(5,785)	(1,510)	731	(16,288)	(47,190)
PROFIT BEFORE TAXES	34,848	(1,712)	53,066	(31,913)	10,888	20,598	3,618	(11,993)	77,400
Income tax expense	(4,951)	(1,895)	(15,668)	10,603	(934)	(3,090)	-	443	(15,492)
Non-controlling interest	-	81	-	-	-	-	-	-	81
PROFIT ATTRIBUTABLE TO PARENT COMPANY	29,897	(3,526)	37,398	(21,310)	9,954	17,508	3,618	(11,550)	61,989

(*) These figures correspond to Subconsolidated Financial Statements

Summarised balance sheet at December 31, 2016 and December 31, 2015:

	2016								
Item	Subconsolid. USA (*)	Subconsolid. Argentina (*)	Subconsolid. Mexico (*)	Subconsolid. Brazil (*)	Beyçelik, A.S.	Gestamp Holding China Subgroup	Mursolar Subgroup	Todlem Subgroup	Total
Total non-current assets	530,028	40,610	239,320	263,902	74,381	79,383	144,066	98,740	1,470,430
Total current assets	431,960	88,209	256,075	101,982	100,108	142,737	3,324	55,676	1,180,071
Total non-current liabilities	(195,531)	(6,204)	(19,124)	(98,260)	(30,585)	(5)	(12,042)	(79,160)	(440,911)
Total current liabilities	(382,077)	(99,395)	(246,450)	(147,992)	(86,262)	(102,924)	(14,254)	(20,399)	(1,099,753)
Equity	(321,634)	(83,255)	(288,593)	(113,620)	(79,039)	(106,152)	(121,094)	(92,656)	(1,206,043)
Translation differences	(62,746)	60,035	58,772	(6,012)	21,397	(13,039)	-	37,799	96,206
	30%	30%	30%	30%	50%	31%	35%	42%	-
Equity attributable to non-controlling interest	(115,314)	(6,966)	(68,946)	(35,890)	(28,821)	(37,009)	(42,383)	(22,969)	(358,298)
Consolidation adjustments	4,917	4,140	(19,415)	(5,366)	(544)	38	3,269	1,744	(11,217)
Put Option Recognition	(36,799)	(942)	(29,454)	(13,752)	-	-	-	-	(80,947)
Non-controlling interest	(73,598)	(1,884)	(58,907)	(27,504)	(29,365)	(36,971)	(39,114)	(21,225)	(288,568)
Other not signitificative non-controlling interest	-	-	-	-	-	-	-	-	(58,762)
Total Non-controlling interest									(347,330)

	2015								
Item	Subconsolid. USA (*)	Subconsolid. Argentina (*)	Subconsolid. Mexico (*)	Subconsolid. Brazil (*)	Beyçelik, A.S.	Gestamp Holding China Subgroup	Mursolar Subgroup	Todlem Subgroup	Total
Total non-current assets	441,226	47,049	192,058	189,840	73,556	81,965	78,061	87,438	1,191,193
Total current assets	279,197	96,631	233,204	78,763	94,921	157,294	70,453	49,018	1,059,481
Total non-current liabilities	(197,037)	(7,498)	(17,654)	(32,233)	(18,887)	(38,459)	(23,068)	(79,448)	(414,284)
Total current liabilities	(155,274)	(103,888)	(151,910)	(136,124)	(97,471)	(91,760)	(5,420)	(24,965)	(766,812)
Equity	(317,644)	(85,495)	(292,530)	(114,287)	(68,007)	(92,084)	(120,026)	(78,684)	(1,168,757)
Translation differences	(50,468)	53,201	36,832	14,041	15,888	(16,956)	-	46,641	99,179
	30%	30%	30%	30%	50%	31.05%	35.00%	41.87%	-
Equity attributable to non-controlling interest	(110,434)	(9,688)	(76,709)	(30,074)	(26,060)	(33,857)	(42,009)	(13,416)	(342,247)
Consolidation adjustments	4,523	3,533	(19,426)	(5,168)	(2,154)	36	4,483	1,568	(12,605)
Non-controlling interest	(105,911)	(6,155)	(96,135)	(35,242)	(28,214)	(33,821)	(37,526)	(11,848)	(354,852)
Other not signitificative non-controlling interest									(51,733)
Total Non-controlling interest									(406,585)

(*) These figures correspond to Subconsolidated Financial Statements

Summarized cash flow at December 31, 2016 and December 31, 2015:

	2016							
Item	Subconsolid. USA (*)	Subconsolid. Argentina (*)	Subconsolid. Mexico (*)	Subconsolid. Brazil (*)	Beyçelik, A.S	Gestamp Holding China Subgroup	Mursolar Subgroup	Todlem Subgroup
Operating activities	57,421	7,350	25,749	28,204	26,842	32,393	(53)	31,901
Investing activities	(97,726)	(3,718)	(74,582)	(43,030)	(17,337)	(20,805)	(66,005)	(1,398)
Financing activities	126,474	(8,356)	52,435	26,844	(5,352)	(24,334)	(820)	(1,431)
Net increase (decrease) of cash or cash equivalents	86,169	(4,724)	3,602	12,018	4,153	(12,746)	(66,878)	29,072

	2015							
Item	Subconsolid. USA (*)	Subconsolid. Argentina (*)	Subconsolid. Mexico (*)	Subconsolid. Brazil (*)	Beyçelik, A.S	Gestamp Holding China Subgroup	Mursolar Subgroup	Todlem Subgroup
Operating activities	63,406	24,471	13,432	13,851	24,729	52,938	(587)	19,297
Investing activities	(75,547)	(2,769)	(22,092)	(24,811)	(15,584)	(16,164)	30,638	(3,696)
Financing activities	(1,383)	(266)	17,224	(33,117)	(10,323)	1,549	23,390	(11,907)
Effect of changes in exclange rates	10,051	(10,822)	(5,352)	(988)	-	-	-	-
Net increase (decrease) of cash or cash equivalents	(3,473)	10,614	3,212	(45,065)	(1,178)	38,323	53,441	3,695

(*) These figures correspond to Subconsolidated Financial Statements

19. Deferred income

Deferred income included grants relating to assets obtained by Group subsidiaries pending release to the Consolidated Income Statement.

The movements of this heading at December 31, 2016 and December 31, 2015 is as follows:

	Thousands of euros
Balance at December 31, 2014	31,280
Additions	5,663
Released income (Note 25.b))	(6,589)
Translation differences	257
Other movements	109
Balance at December 31, 2015	30,720
Additions	2,264
Disposals	(529)
Released income (Note 25.b))	(6,218)
Translation differences	(905)
Other movements	613
Balance at December 31, 2016	25,945

The additions recognized corresponded to grants received from public authorities for investments in plant and equipment and job creation.

The Group companies are able to meet all the requirements attaching to these grants to qualify as non-reimbursable grants.

Grants released to income next year are expected to be similar to this year.

20. Provisions and contingent liabilities

The breakdown of provisions by concept in 2016 and 2015 is as follows:

	Non-current		Current		Total	
	2016	2015	2016	2015	2016	2015
Provision for employee compensation (Note 21)	91,642	74,840	1,904	4,228	93,546	79,068
Provision for taxes	7,252	6,898	-	-	7,252	6,898
Other provisions	55,259	75,049	16,168	12,090	71,427	87,139
	154,153	156,787	18,072	16,318	172,225	173,105

The changes in Provisions during 2016 and 2015 are as follows:

	Provision for employee compensation	Provision for taxes	Other provisions
December 31, 2014	86,531	6,447	57,339
Increase in allowance	11,675	1,834	60,268
Decrease	(19,548)	(692)	(30,472)
Translation differences	(30)	(691)	(1,927)
Other	440	-	1,931
December 31, 2015	79,068	6,898	87,139
Changes in consolidation scope	-	-	125
Increase in allowance	20,568	1,074	20,712
Decrease	(2,396)	(905)	(38,291)
Translation differences	(169)	781	(93)
Other	(3,525)	(596)	1,835
December 31, 2016	93,546	7,252	71,427

Provision for employee compensation

According to commitments undertaken, the Group has legal, contractual and implicit obligations with staff of certain subsidiaries whose amount or maturity is uncertain.

The provision for long term defined benefit plans is quantified considering the eventual affected assets according to the registration and valuation standards.

Increases in 2016 and 2015 mainly corresponded to:

- Provisions for employee compensation regarding seniority awards and other benefits for staying in the company.
- Provisions based on actuarial calculations detailed in Note 21.
- Provisions for employee compensation regarding a long-term incentive plan for 5,555 thousand euros. This plan is aimed to certain employees considered as key by the Group management and the amount depends on the compliance with certain consolidated parameters in 2019 and 2020 established in the Group Strategic Plan elaborated in 2016. It will be paid in cash. The provision is based on the estimation of the compliance with those consolidated parameters which are linked to the fulfillment of the Group strategic plan. Such incentive plan is not related to the process for admission of the Group to official listing in the Madrid Stock Exchange.

Decreases in 2016 and 2015 mainly corresponded to reversal of long term employee compensation provisions.

Provision for taxes

The Group basically registers the estimated amount of tax debts related to tax assessments currently appealed and others whose amount or payment date is uncertain.

Decreases in 2016 and 2015 mainly corresponded to the application of provisions relating to tax assessments.

Provision for other responsibilities

This line item primarily reflects provisions recognized by certain Group companies to cover specific risks arising from their day-to-day businesses and provisions for personnel restructuring and onerous contracts.

There was an increase in 2016 of 5,309 thousand euros for reestablishing the financial position of the company ESSA Palau S.A., included in the consolidation scope by the equity method (Note 12.a)).

Decreases in 2016 corresponded to the reversal of provisions for onerous contracts from Gestamp Vendas Novas Lda., a company belonging to the Western Europe segment. Decreases in 2015 corresponded to Gestamp Vendas Novas Ltd, Edscha Burgos and Edscha Briey, all companies belonging to the Western Europe segment. The reversals were registered in the heading "Other operating expenses" for 2,090 thousand euros in 2016 (Note 26.c) and in the heading "Other operating income" for 18,540 thousand in 2015 (Note 25.b).

In 2016 there was a reversal of 26,850 thousand euros of a provision from 2015 for risks from commercial activity related to operating expenses after analysis and evidence indicated a decrease in risks. The provision for 50,000 thousand euros was registered in consumables and operating expenses.

This line item also includes provisions for risks related to personnel restructuring, commercial disputes and claims from suppliers.

Decreases in 2015 included the reversal of the provision for personnel restructuring in Edscha Briey SAS amounting to 5,077 thousand euros, whereof 4,227 thousand euros corresponded to application and 850 thousand euros corresponded to provision surplus.

The Group Directors consider that provisions registered in the Consolidated Balance Sheet duly cover the risks for litigations, arbitration and other contingencies and no additional related liabilities are expected.

At December 31, 2016 and 2015 there were no significant contingent liabilities.

21. Pensions and other post-employment obligations

The breakdown of the provision for employee benefits is as follows:

		Non-current		Current		Total	
Item		2016	2015	2016	2015	2016	2015
Employee benefits	a)	14,114	6,108	1,904	4,228	16,018	10,336
Post-employment benefits							
Defined benefit plans	b)	77,528	68,732	-	-	77,528	68,732
Total (Note 20)		91,642	74,840	1,904	4,228	93,546	79,068

a) Employee benefits

This line item includes provisions by some Group companies for seniority awards and other benefits for staying in the company (anniversary, retirement, awards, etc.).

b) Defined benefit plans

The Group has a number of defined benefit plans. The main defined benefit plans are located in Germany and France. Among these pension plans, some are partially funded by investment funds and some are not funded at all by investment funds.

The risks of the different defined benefit plans are those associated with pensions not funded by an external fund. Other risks of the defined benefit plans common to partially funded plans as well as to unfunded plans are those related to demographic issues, such as mortality and longevity of employees, and those related to financial issues such as pension increase rate depending on inflation.

Assets and liabilities corresponding to the said plans at December 31, 2016 and December 31, 2015, by countries, are the following:

	Thousand of euros		
Item	Germany	France	Total
Present value of the defined benefit obligation	74,551	9,648	84,199
Fair value of plan assets and reimbursement rights	(4,516)	(2,155)	(6,671)
Value of defined benefit obligation at December 31, 2016	70,035	7,493	77,528

	Thousand of euros		
Item	Germany	France	Total
Present value of the defined benefit obligation	66,573	8,846	75,419
Fair value of plan assets and reimbursement rights	(4,482)	(2,205)	(6,687)
Value of defined benefit obligation at December 31, 2015	62,091	6,641	68,732

The changes in present value of plan liabilities are the following:

	Thousand of euros			
	Germany	France	Total	
Present value of the defined benefit obligation at December 31, 2014	67,303	7,937	75,240	
Current service cost year 2015	3,077	549	3,626	
Interest income or expense	(105)	(619)	(724)	
Interest income or expense	5,043	169	5,212	
Pension cost charged to profit and loss at 2015	8,015	99	8,114	
Payments from the plan except any settlements	(2,319)	(156)	(2,475)	
Payments from plan settlements	(350)		(350)	
Actuarial gains and losses arising from changes in financial assumptions	(5,724)	(128)	(5,852)	
Actuarial gains and losses attributable to non-controlling interests	-	46	46	
Remeasurements of the net defined benefit liability	(5,724)	(82)	(5,806)	(*)
Other effects	(352)	1,048	696	
Present value of the defined benefit obligation at December 31, 2015	66,573	8,846	75,419	
Current service cost year 2016	2,929	552	3,481	
Gains and losses arising from settlements		44	44	
Interest income or expense	1,420	175	1,595	
Pension cost charged to profit and loss at 2016	4,349	771	5,120	
Payments from the plan except any settlements	(1,392)	(173)	(1,565)	
Payments from plan settlements				
Actuarial gains and losses arising from changes in demographic assumptions	-	(66)	(66)	
Actuarial gains and losses arising from changes in financial assumptions	5,021	655	5,676	
Actuarial gains and losses attributable to non-controlling interests	-	(229)	(229)	
Remeasurements of the net defined benefit liability	5,021	360	5,381	(**)
Other effects		(156)	(156)	
Present value of the defined benefit obligation at December 31, 2016	74,551	9,648	84,199	

The changes in fair value of plan assets are the following:

	Thousand of euros			
	Germany	France	Total	
Fair value of plan assets and reimbursement rights at December 31, 2014	4,410	2,373	6,783	
Interest income or expense	79	42	121	
Pension cost charged to profit and loss at 2015	79	42	121	
Payments from the plan except any settlements	-	(156)	(156)	
Return on plans assets, excluding amounts included in interest	-	(68)	(68)	
Actuarial gains and losses arising from changes in demographic assumptions	(7)	-	(7)	
Actuarial gains and losses attributable to non-controlling interests	-	14	14	
Remeasurements of the net defined benefit liability	(7)	(54)	(61)	(*)
Contributions to the plan by the employer	-			
Fair value of plan assets and reimbursement rights at December 31, 2015	4,482	2,205	6,687	
Interest income or expense	97	10	107	
Pension cost charged to profit and loss at 2016	97	10	107	
Payments from the plan except any settlements	-	(89)	(89)	
Return on plans assets, excluding amounts included in interest	-			
Actuarial gains and losses arising from changes in financial assumptions	(63)	29	(34)	
Actuarial gains and losses attributable to non-controlling interests	-			
Remeasurements of the net defined benefit liability	(63)	29	(34)	(**)
Fair value of plan assets and reimbursement rights at December 31, 2016	4,516	2,155	6,671	

(*) The balance registered as actuarial gains and losses in the Consolidated Statement of Changes in Equity at December 31, 2015 amounted to 5,745 thousand euros (5,806 thousand euros corresponded to the change in value of the defined benefit liability minus 61 thousand euros corresponded to the change in value of the plan assets).

(**) The balance registered as actuarial gains and losses in the Consolidated Statement of Changes in Equity at December 31, 2016 amounted to 5,415 thousand euros (5,381 thousand euros corresponded to the change in value of the defined benefit liability and 34 thousand euros correspond to the change in value of the plan assets).

The breakdown of the expense recognized in the Consolidated Income Statement regarding these plans is as follows:

	Thousand of euros					
	Germany		France		Total	
Item	2016	2015	2016	2015	2016	2015
Current service cost	2,929	3,077	552	549	3,481	3,626
Past service cost	-	-	-	-		
Gains and losses arising from settlements	-	(105)	44	(619)	44	(724)
Net interest on the net defined benefit liability (asset)	1,323	4,964	165	127	1,488	5,091
Total expense recognised in profit or loss	4,252	7,936	761	57	5,013	7,993

The main categories of plan assets and their fair value are the following:

	Thousand of euros			
	Germany		France	
Item	2016	2015	2016	2015
Investments quoted in active markets				
Mixed investment funds in Europe	4,516	4,482		
Not quoted investments				
Investment funds in insurances			2,155	2,205
	4,516	4,482	2,155	2,205

The main hypotheses used for determining the defined benefit obligation are the following:

Item	Germany 2016	Germany 2015	France 2016	France 2015
Discount rate	1.6% - 2.3%	2.0% - 2.3%	1.81%-1.9%	1,8%-1,9%
Expected rate of return on any plan assets	0%- 1.6%	0%- 2.2%	1.90%	1.90%
Future salary increases rate	2.0%-2.5%	2.50%	1,5%-2,5%	2.50%
Future pension increases rate	1.5% - 2%	1.5% - 2%	-	-
Inflation rate	2.00%	2.00%	1%-1.4%	1%-1,5%
Mortality table	RT 2005 G	RT 2005 G	INSEE F 08-10	INSEE F 08-10
Rates of employee turnover, disability and early retirement	Aon Hewitt Standard tables, RT 2005 G, 0.5%	Aon Hewitt Standard tables, RT 2005 G, 0.5%	3.00%	3.00%
Proportion of plan members with dependants who will be eligible for benefits	100.00%	100.00%	-	-
Percentage of taxes payable by the plan on contributions relating to service before the reporting date or on benefits resulting from that service	2.00%	0% -2%	-	0.00%
Retirement age	-	-	62-65 years	62-65 years

The sensitivity analysis of the value of post-retirement benefits obligations for the main hypotheses at December 31, 2016 and December 31, 2015 are as follows:

		2016			
		Germany		France	
Assumptions	Sensitivity	Increase	Decrease	Increase	Decrease
Discount rate					
Increase	0.25%				301
Decrease	0.25%			317	
Increase	0.5%		12,469		
Decrease	0.5%	14,971			
Future pension increases rate					
Increase	0.5%	11,660			
Decrease	0.5%		10,105		
Future salary increases rate					
Increase	0.5%	85		641	
Decrease	0.5%		76		583
Mortality rate					
Increase	1 year	1,389			

		2015			
		Germany		France	
Assumptions	Sensitivity	Increase	Decrease	Increase	Decrease
Discount rate					
Increase	0.25%				301
Decrease	0.25%			317	
Increase	0.5%		4,291		
Decrease	0.5%	3,862			
Future pension increases rate					
Increase	0.5%	1,804			
Decrease	0.5%		1,714		
Future salary increases rate					
Increase	0.5%			641	
Decrease	0.5%				583
Mortality rate					
Increase	1 year	1,245			

The expected future payments related to pension benefit at December 31, 2016 and December 31, 2015 are the following:

	Thousand of euros					
	2016			2015		
	Germany	France	Total	Germany	France	Total
Within the next 12 months	3,254	108	3,362	3,091	87	3,178
Between 2 and 5 years	11,167	1,882	13,049	10,943	1,239	12,182
Beyond 5 years	15,904	23,447	39,351	15,059	23,768	38,827
Total	30,325	25,437	55,762	29,093	25,094	54,187

22. Non-trade liabilities

The breakdown of non-trade liabilities at December 31, 2016 and December 31, 2015 classified by concepts is as follows:

	Item		Non current			Current	
			2016	2015		2016	2015
a)	Interest-bearing loans and borrowings	a.1)	1,548,305	1,448,036	a.2)	419,294	282,900
b)	Derivative financial instruments	b.1)	87,983	72,828		-	-
c)	Other financial liabilities		132,805	136,739		5,922	16,854
	Financial leasing	c.1)	30,096	28,869	c.1)	3,478	6,292
	Borrowings from related parties	c.2)	67,718	68,442	c.2)	2,444	10,562
	Other liabilities	c.3)	34,991	39,428	c.3)	-	-
d)	Other non-trade liabilities	d)	10,358	16,545		290,820	151,121
	Total		1,779,451	1,674,148		716,036	450,875

a) *Interest-bearing loans and borrowings*

a.1) Non-current interest-bearing loans and borrowings

The breakdown by segment and maturity date of non-current interest-bearing loans and borrowings is as follows:

	Thousands of euros						
	2016						2015
Description	2018	2019	2020	2021	Beyond	Total	Total
In Euros	92,106	154,506	246,983	388,525	646,352	1,528,472	1,114,056
Western Europe	80,417	149,412	246,983	388,525	646,352	1,511,689	1,106,528
Eastern Europe	11,689	5,094				16,783	7,528
In foreign currency	7,844	4,773	3,044	2,094	2,078	19,833	333,980
Brazilian reais							
Mercosur	3,498	3,491	3,037	2,094	2,078	14,198	14,616
Indian rupees							
Asia							7,539
Remimbi Yuan							
Asia	2,726					2,726	2,820
Czech Crowns							
Eastern Europe	1,255	1,255				2,510	3,765
Korean wons							
Asia	365	27	7			399	870
US Dollars							
Western Europe							304,370
Total	99,950	159,279	250,027	390,619	648,430	1,548,305	1,448,036

The breakdown of maturity dates for the balances at December 31, 2015 is as follows:

Thousands of euros					
2015					
2017	2018	2019	2020	Beyond	Total
141,583	94,951	163,023	1,043,287	5,192	1,448,036

The guarantees granted are personal guarantees of the borrower.

At December 31, 2016 the loans granted to the Griwe Subgroup (belonging to the Western Europe segment) were repaid. These loans were additionally secured by the property, plant, and equipment financed by these loans (Note 11) and whose outstanding amount at December 31, 2015 was 808 thousand euros.

There are also real guarantees mentioned in the description of individual financial arrangements included in this Note.

The nominal interest rate on the loans at December 31, 2016 was as follows:

	Interest rate
· Loans denominated in euros	1.00% - 1.45%
· Loans denominated in Brazilian reais*	4.50% - 8.50%
· Loans denominated in Korean wones	3.60%
· Loans denominated in US dollar	1.45% - 2.10%

* The lower level of the range corresponded to loans received by BNDES with a subsidized interest rate.

The nominal interest rate on the loans at December 31, 2015 was as follows:

	Interest rate
· Loans denominated in euros	1.45% - 1.55%
· Loans denominated in Indian rupees	10.30% - 12.30%
· Loans denominated in Brazilian reais*	4.50% - 16.21%
· Loans denominated in Korean wones	3.60% - 4.00%

* The lower level of the range corresponded to loans received by BNDES with a subsidized interest rate.

The loans in the schedule above where certain Group companies are guarantors or which are subject to covenants are the following:

I) <u>2012 Bank of America Loan and 2013 Syndicated Loan (modified in 2016)</u>

On May 20, 2016 the Parent Company signed an agreement modifying the syndicated loan from April 2013. There were modifications to the amount granted (increase of 340 million euros, tranche A2) and to the interest margins.

After the required analysis, this operation was considered refinancing of the syndicated loan since there was no substantial modification of the debt.

The most relevant information regarding interest-bearing loans and borrowings subject to covenants at December 31, 2016 and December 31, 2015 is as follows:

Entity	Initial date	Modification agreement date	Amount granted	Maturity date	Financial obligations	Restrictions
Bank of America Securities Limited	March 21, 2012		60 million euros	March 21, 2017	"Net debt/EBITDA" below 3.50x "EBITDA/Financial expense" above 4.00x	N/A
Group of banks	April 19, 2013	May 20, 2016	Tranche A1: 532 million euros Tranche A2: 340 million euros Revolving Credit Facility:280 million euros	Tranche A1: May 31, 2021 Tranche A2: May 31, 20211 Revolving Credit Facilities: May 31, 2021	"Net debt/EBITDA" below or equal 3.50x "EBITDA/Financial expense" above 4.00x	Limitation for the dividends distribution: - Dividends can be no more than 30% of the consolidated benefit

The Bank of America loan as well as the syndicated loan were granted to the Parent Company. The outstanding amount to Bank of America was registered as short-term in the amount of 60,000 thousand euros and the outstanding amount of the syndicated loan was registered as long-term in the amount of 832,851 thousand euros and as short-term in the amount of 39,244 thousand euros.

The Revolving Credit Facility granted amounting to 280,000 thousand euros was undrawn at December 31, 2016 and December 31, 2015.

At December 31, 2016 and December 31, 2015 the Parent Company was not in breach of any of these covenants.

Certain Group companies, which together represent a significant portion of total consolidated assets, revenue and EBITDA, act as joint guarantors of the mentioned loans. These companies are specified in Annex III.

II) May 2013 and May 2016 Bonds

On May 2013, the Group completed an issuance of bonds through its subsidiary Gestamp Funding Luxembourg, S.A., a company belonging to the Western Europe segment. This issuance was carried out in two tranches, one amounting to 500 million euros at an interest rate of 5.875%, and the other amounting to 350 million dollars with a 5.625% interest rate.

The initial maturity date of the bonds was May 31, 2020 and interest was payable every six months (November and May).

On September and October 2015 the Group acquired part of the issued bonds for 16,702 thousand dollars and 5,500 thousand euros.

On May 11, 2016 there was a new issuance of bonds through the subsidiary Gestamp Funding Luxembourg, S.A. for 500 million euros at an interest rate of 3.5%. This was used to fully cancel the May 2013 bond and accrued interest.

After the required analysis, this transaction was considered to be a bond refinancing since there was no substantial change in the debt.

The tranche A2 of the new syndicated loan for 340 million euros granted on May 20 (heading I) was used on June 17, 2016 to fully cancel the US dollar bonds issued in May 2013 and accrued interest.

After the required analysis, this re-financing was considered new debt and therefore unamortized capitalized expenses in relation to the US dollar bonds amounting to 9.8 million euros were registered as expense in the financial result of the Consolidated Income Statement.

The maturity date of the new bonds is May 15, 2023 and interest is payable every six months (November and May).

The carrying value of the May 2016 bonds at December 31, 2016 was 486 million euros. The carrying value of the May 2013 bonds at December 31, 2015 at the exchange rate of the said date was 793 million euros (489 million euros and 304 million euros corresponding to the euro and dollar bonds respectively).

Certain Group companies, which together represent a significant portion of total consolidated assets, revenue and EBITDA, act as joint guarantors of the bonds. These companies are specified in Annex III.

III) European Investment Bank

On June 15, 2016 the Parent Company signed a financing agreement with the European Investment Bank for 160 million euros.

The loan term is seven years with maturity on June 22, 2023. The Parent Company must comply with certain financial obligations related to Consolidated Financial Statements over the life of the loan. The mentioned obligations are the following:

- “EBITDA / Financial expense” above 4.00x
- “Net Financial Debt / EBITDA” below 3.50x

There is also a limitation on dividends distribution such that dividends each year can be no more than 50% of the consolidated net income.

At December 31, 2016 and December 31, 2015 the Parent Company was not in breach of any of these covenants.

Certain Group companies, which together represent a significant portion of total consolidated assets, revenue and EBITDA, act as joint guarantors of this loan. These companies are specified in Annex III.

a.2) Current interest-bearing loans and borrowings

The breakdown by segment of current interest-bearing loans and borrowings is as follows:

Description	Thousands of euros											
	Credit facilities				Loans (b)		Accrued interest (c)		Discounted bills (d)		(a)+(b)+(c)+(d)	
	Drawn down (a)		Limit								TOTALS	TOTALS
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
In Euros	109,629	43,148	528,800	316,800	246,478	161,304	7,987	5,006	88	89	364,182	209,547
Western Europe	109,629	43,148	528,800	316,800	229,557	133,390	7,701	4,465	88	89	346,975	181,092
Eastern Europe					15,067	24,526	273	501			15,340	25,027
Asia					1,854	3,388	13	40			1,867	3,428
In foreign currency	8,484	21,134	46,600	29,569	46,313	50,487	315	1,732	-	-	55,112	73,353
US dollars												
Western Europe								1,534			-	1,534
North America					19,017						19,017	-
Turkish lira												
Eastern Europe	772		5,199		6,747	7,885	282	80			7,801	7,965
Argentine pesos												
Mercosur						922					-	922
Brazilian reais												
Mercosur					4,119	8,570	12	11			4,131	8,581
Indian rupees												
Asia	4,850	18,596	33,763	23,294	212	3,471		60			5,062	22,127
Remimbi Yuan												
Asia	2,862	2,538	6,064	6,275	14,485	23,740	20	45			17,367	26,323
Czech Crowns												
Eastern Europe					1,255	3,755					1,255	3,755
Korean wons												
Asia			1,574		478	2,144	1	2			479	2,146
Total	118,113	64,282	575,400	346,369	292,791	211,791	8,302	6,738	88	89	419,294	282,900

In all, the Group had approximately 577 million euros in with-recourse and non-recourse factoring and available discounting facilities at December 31, 2016 (December 31, 2015: 431 million euros).

Interest on the credit facilities was basically indexed to a floating rate of Euribor plus a spread between 0.50% and 0.75% in 2016 and a spread between 0.65% and 1.75% in 2015.

b) Derivative financial instruments

b.1) Interest rate derivatives and exchange rate derivatives

The fair value of interest rate and derivatives held for trading hedges contracted by the Group are recognized in the following headings of the Consolidated Balance Sheet:

Description	Thousands of euros	
	2016	2015
Financial assets - derivatives (Note 12.a.3))	25,710	28,184
Others	25,710	28,184
Financial liabilities - derivatives	87,983	72,828
Derivatives held for trading	13,123	25
Cash flow hedges	49,150	44,619
Others	25,710	28,184

The interest rate swaps arranged by the Group in place at December 31, 2016 and December 31, 2015 were the following:

		Thousands of euros			
		2016		2015	
Contract	Item	Asset	Liability	Asset	Liability
1	Derivatives held for trading	-	4,277	-	-
2	Derivatives held for trading	-	5,484	-	-
5	Derivatives held for trading	-	3,362	-	-
6	Derivatives held for trading	-	-	-	25
Total derivatives held for trading		-	13,123	-	25
1	Cash flow	-	10,494	-	9,263
2	Cash flow	-	20,889	-	16,242
3	Cash flow	-	6,796	-	8,073
4	Cash flow	-	3,432	-	4,524
5	Cash flow	-	7,539	-	6,517
Total cash flow hedges		-	49,150	-	44,619

At December 31, 2016 the Group arranged a strategy to hedge interest rate risk on notionals of the Group's estimated bank debt for the period from 2017 to 2021 via several interest rate swaps with the following notional amounts at December 31 of each year in thousand euros:

Year	Contract 1	Contract 2	Contract 3	Contract 4	Contract 5
2017	140,000	320,000	77,835	110,000	110,000
2018	140,000	320,000	77,835	110,000	110,000
2019	140,000	320,000	77,835		110,000
2020	140,000	320,000	77,835		110,000

The interest rate swaps arranged by the Group in place at December 31, 2016 have the following terms:

Contract	Effective date	Maturity date	Floating rate (to be received)	Fixed rate (to be paid)
Contract 1	July 1, 2015	January 4, 2021	3-month Euribor	0.25% (2015), 0.45% (2016), 1.20% (2017), 1.40% (2018), 1.98% (2019) and 2.15% (2020)
Contract 2	July 14, 2015	January 4, 2021	1-month Euribor	0.25% (2015-2016-2017), 1.40% (2018), 1.98% (2019) and 2.15% (2020)
Contract 3	January 2, 2015	January 4, 2021	3-month Euribor	1.24% (2015), 1.48% (2016), 1.66% (2017), 1.99% (2018) and 2.09% beyond
Contract 4	April 2, 2014	January 2, 2019	3-month Euribor	1.26%
Contract 5	July 1, 2015	January 4, 2021	3-month Euribor	0.15% (2015), 0.40% (2016), 1.00% (2017), 1.25% (2018), 1.80% (2019) and 2.05% (2020)
Contract 6	August 6, 2012	June 30, 2016	Closed	-

The hedging arrangements outlined above qualify as effective hedges under IFRS hedge accounting criteria. Accordingly, changes in the fair value of the swaps are recognized in equity while the interest accrued is recognized in the Consolidated Income Statement.

The cash flows underlying the hedges are expected to affect profit or loss in the following years:

	2016
	Thousands of euros
2017	(8,680)
2018	(12,766)
2019	(13,800)
2020	(13,904)
Total	(49,150)

2015	
	Thousands of euros
2016	(6,076)
2017	(6,964)
2018	(10,306)
2019	(10,131)
2020	(9,385)
2021	(1,966)
2022	(725)
2023	(32)
2024	452
2025	489
Total	(44,644)

At December 31, 2016 the Group transferred from Equity to the Consolidated Income Statement the amount of approximately 5,927 thousand euros (expense) as a result of liquidations carried out in 2016 corresponding to cash flow (interest rate) hedges. In 2015, expense recognized on the same basis amounted to 9,633 thousand euros.

In 2016 the Group recognized expense amounting to 13,099 thousand euros in the Consolidated Income Statement relating to changes in value of derivatives held for trading and expense amounting to 877 thousand euros relating to hedges inefficiency. In 2015 the income recognized relating to changes in value of derivatives held for trading amounted to 1,162 thousand euros and also income relating to hedges inefficiency for 3,500 thousand euros was recognised.

The effect of financial instruments in retained earnings in 2016 and 2015 is as follows:

	Thousands of euros
2014 Fair value adjustment	(36,853)
Variation in fair value adjustment	4,728
Variation in deferred tax from financial instruments (Note 28)	12,493
Variation in derivative financial instruments (assets)	22,321
Variation in derivative financial instruments (liabilities)	(26,586)
Effect in profit due to hedge inefficiency	(3,500)
2015 Fair value adjustment	(32,125)
Variation in fair value adjustment	(2,631)
Variation in deferred tax from financial instruments (Note 28)	1,023
Variation in derivative financial instruments (liabilities)	(4,531)
Effect in profit due to hedge inefficiency	877
2016 Fair value adjustment	(34,756)

"Others" includes the present value of implicit derivatives of exchange rates applicable to sales and purchases prices in certain customer and suppliers contracts (Note 12.a.3)).

b.2) Net investment hedges

At December 31, 2015 the heading "Interest-bearing loans and borrowings" included the bond issued by the subsidiary Gestamp Funding Luxembourg, S.A. amounting to 333 million US dollars (initial issue for 350 million US dollars of which 17 million were repurchased in 2015 (Note 22.a.1.II)) classified as hedge in net investment in subsidiaries located in the United States. On June 17, 2016 this bond was purchased and fully cancelled (Note 22.a.1.II).

This bond covered the Group exposure to the exchange rate risk of these investments. The gains and losses arising in the conversion of the debt are included in consolidated equity under the heading

Translation differences to compensate the possible gains and losses due to the conversion of the net investment in the subsidiaries.

Since this bond is considered a hedge instrument, the result generated in the conversion of the debt is included in consolidated equity and net of tax effect under the heading Translation differences. The result amounted to 11,760 thousand euros in profit in 2016 (8,467 thousand euros net of taxes) and 30,585 thousand euros in losses in 2015 (22,021 thousand euros net of taxes).

Cumuative translation differences through June 17, 2016 (date of the cancellation of the US dollar bonds) led to a loss of 46,813 thousand euros (33,706 thousand euros net of taxes).

The net investment in these subsidiaries includes the investment in the equity of the subsidiaries and the loans in US dollars granted to said subsidiaries by Group companies whose functional currency is Euro.

Although the bond in US dollar was issued by Gestamp Funding Luxembourg, S.A on May, 2013, the hedging relationship was not established for accountancy purposes until January 1, 2014. At June 17, 2016 and December 31, 2015 there was no hedge inefficiency.

c) *Other liabilities*

c.1) Financial leasing

The finance lease commitments recognized under this heading correspond to the present value of the payment commitments on the finance leases outlined in Note 11. The payment schedule for these lease payments and the corresponding finance expenses are as follows:

	2016					
	Thousands of euros					
	Present value of lease obligations				Future finance expenses	Finance lease installments
	Short term	Long term				
Segment	Less than one year	Between one and five years	More than five years	Total		
North America	1,101	4,778	16,777	21,555	6,453	29,109
Eastern Europe	2,313	7,701	830	8,531	1,562	12,406
Western Europe	64	10		10	3	77
Total	3,478	12,489	17,607	30,096	8,018	41,592

	2015					
	Thousands of euros					
	Present value of lease obligations				Future finance expenses	Finance lease installments
	Short term	Long term				
Segment	Less than one year	Between one and five years	More than five years	Total		
North America	1,029	4,476	17,451	21,927	6,983	29,939
Eastern Europe	5,192	5,457	1,408	6,865	1,054	13,111
Western Europe	71	77		77	9	157
Total	6,292	10,010	18,859	28,869	8,046	43,207

c.2) Borrowings with related parties

This heading in the Consolidated Balance Sheet includes the following items with related parties:

	Long term		Short term	
Description	2016	2015	2016	2015
Loans (Note 31.1)	42,420	42,167	-	7,438
Fixed assets suppliers (Note 31.1)	25,298	26,275	-	-
Interest (Note 31.1)	-	-	2,413	3,124
Current accounts (Note 31.1)			31	-
Total	67,718	68,442	2,444	10,562

At December 31, 2016 and December 31, 2015 the balance of long term fixed assets suppliers with Acek, Desarrollo y Gestión Industrial, S.L. corresponded to the purchase of the GESTAMP brand.

The breakdown of expected maturities for borrowings with related parties is as follows (Note 31.1):

	Thousands of euros						
Description	2018	2019	2020	2021	Beyond	Total 2016	Total 2015
Loans	20,771	21,649	-	-	-	42,420	42,167
North America	20,771					20,771	20,104
Eastern Europe		21,649				21,649	22,063
Fixed assets suppliers	1,042	1,110	1,183	1,260	20,703	25,298	26,275
Western Europe	1,042	1,110	1,183	1,260	20,703	25,298	26,275

The breakdown of maturity dates for the balances at December 31, 2015 is as follows:

Thousands of euros					
2015					
2017	2018	2019	2020	Beyond	Total
977	21,146	23,173	1,183	21,963	68,442

Interest rates of loans granted by related parties are at market value.

c.3) Other liabilities

Other non-current liabilities

The breakdown of the amounts included under this heading, by segment, nature, and maturity, at December 31, 2016 and December 31, 2015 is as follows:

	Thousands of euros						
Description	2018	2019	2020	2021	Beyond	Total 2016	Total 2015
Loans from Ministry of Science and Technology	6,316	5,920	5,559	5,007	12,189	34,991	39,428
Western Europe	6,316	5,920	5,559	5,007	12,189	34,991	39,428

The breakdown of maturity dates for the balances at December 31, 2015 is as follows:

Thousands of euros					
2015					
2017	2018	2019	2020	Beyond	Total
6,245	5,915	6,124	5,499	15,645	39,428

d) Other non-trade liabilities

The breakdown of the amounts included under this heading by maturity and segment at December 31, 2016 is as follows:

	Thousands of euros						
Description	2018	2019	2020	2021	Beyond	Total 2016	Total 2015
Guarantees received		6			386	392	401
Western Europe		6			384	390	391
Mercosur					2	2	2
Asia						-	8
Fixed assets suppliers	198	70	82	96	64	510	831
Western Europe	138					138	276
Mercosur	60	70	82	96	64	372	555
Other creditors	5,659	1,124	728	861	1,084	9,456	15,313
Western Europe	2,989	1,118	728	861	1,084	6,780	14,861
Eastern Europe	2,303					2,303	-
Mercosur	367	6				373	452
Total	5,857	1,200	810	957	1,534	10,358	16,545

The breakdown of maturity dates for the balances at December 31, 2015 is as follows:

Thousands of euros					
2015					
2017	2018	2019	2020	Beyond	Total
9,097	3,799	462	610	2,577	16,545

Other current liabilities

The amounts included under this heading by nature are as follows:

	Thousands of euros	
Item	2016	2015
Fixed assets suppliers	182,953	127,698
Fixed assets suppliers, Associated companies (Note 3:	1,050	923
Dividends (Note 31.1)	848	-
Short term debts	29,156	22,240
Put Option Recognition	76,900	-
Short term interests payable	16	242
Deposits and guarantees	140	148
Other	(243)	(130)
Total	290,820	151,121

On December 23, 2016 the Parent Company granted a Put Option to Mitsui & Co. Ltd. for 10% of the shares in certain subsidiaries. The Put Option was valued according to the calculation method established in the contract, based on a multiplier of EBITDA generated in 2016 by the subsidiaries included in the put option. This option will be exercisable within 45 days after the notification to Mitsui

& Co. Ltd. of the intention to start a process for admission to official listing in the Madrid Stock Exchange.

On February 24th , 2017 Mitsui & Co. Ltd notified irrevocably that they will not exercise the Put Option (Note18).

23. Deferred Taxes

The changes in deferred tax assets and liabilities were as follows:

	Thousands of euros							
Deferred tax assets	Tax credits	Reversal of start-up expenses	Fair value of property and buildings	Non-deductible provisions	Accelerated depreciation	Unrealized, non-deductible exchange gains (losses)	Other	Total
At December 31, 2014	164,319	161	17,184	30,180	3,677	4,962	27,857	248,340
Inclusion in scope								-
Increases	10,569			29,757	742	1,794	34,362	77,224
Decreases	(28,668)	(78)		(9,292)	(67)	(2,766)	(4,881)	(45,752)
Translation differences	2,936	(4)		(3,722)	(123)	(526)	(1,038)	(2,477)
Other	1,121		(17,184)	1,352	1,209	885	6,059	(6,558)
At December 31, 2015	150,277	79	-	48,275	5,438	4,349	62,359	270,777
Inclusion in scope								-
Increases	19,248			7,081	1,565	1,566	19,689	49,149
Decreases	(38,691)	(72)		(12,743)	(123)	(6,061)	(15,842)	(73,532)
Translation differences	2,836	(6)		677	(228)	623	(2,332)	1,570
Other	22,150			(9,320)	558	6,917	5,170	25,475
At December 31, 2016	155,820	1	-	33,970	7,210	7,394	69,044	273,439

The balance Other regarding Tax credits mainly corresponded to the recognition of tax credits due to negative tax bases and incentives from previous years.

Increases in Other amounting to 34,362 thousand euros in 2015 and 19,689 thousand euros in 2016 mainly corresponded to the tax effect of hedges from the Parent Company as well as to non-deductible expenses from invoices to be received by Gestamp Polska SP. z.o.o.

Decreases in Other amounting to 15,842 thousand euros in 2016 mainly corresponded to the reversal of non-deductible expenses from invoices to be received by Gestamp Polska SP. z.o.o. of previous years.

The breakdown of deferred taxes by segment is as follows:

	Thousands of euros	
Segment	2016	2015
WESTERN EUROPE	164,584	158,090
EASTERN EUROPE	18,792	16,405
MERCOSUR	28,983	29,385
NORTH AMERICA	48,824	56,366
ASIA	12,256	10,531
TOTAL	273,439	270,777

Deferred tax liabilities	Thousands of euros							
	Portfolio provisions - individual companies	Tax deduction - goodwill individual companies	Capitalization of expenses	Allocation to goodwill	Revaluation of land and buildings	Depreciation/ amortization	Other	Total
At December 31, 2014	803	8,231	44,233	30,341	68,423	72,029	11,035	235,095
Inclusion in scope								-
Increases		852	10,364	3,003	1,643	11,644	2,725	30,231
Decreases	(1,203)		(4,790)	(3,645)	(1,666)	(3,106)	(885)	(15,295)
Translation differences			(86)	(858)		4,797	(797)	3,056
Other movements	(471)	(953)	(269)		(17,661)	(8,760)	571	(27,543)
At December 31, 2015	(871)	8,130	49,452	28,841	50,739	76,604	12,649	225,544
Inclusion in scope								-
Increases		716	11,625		286	1,437	20,433	34,497
Decreases		(633)	(5,755)	(3,645)	(1,576)	(4,677)		(16,286)
Translation differences			(634)	446	142	1,909	(902)	961
Other movements		133	(103)	(4,325)	1,246	(3,195)	(18)	(6,262)
At December 31, 2016	(871)	8,346	54,585	21,317	50,837	72,078	32,162	238,454

The net balance of Other movements in 2015 amounted to 20,985 thousand euros in liabilities and mainly included adjustments from prior years as well as tax credits from Gestamp North America, INC regarding recognition of tax losses from previous years as a consequence of local regulations approved this year.

Translation differences generated in 2016 and 2015 amounting to 609 thousand euros and 5,533 thousand euros respectively mainly corresponded to the application of different exchange rates each year (Note 28).

Increases in Other in 2016 amounting to 20,433 thousand euros mainly corresponded to the tax effect of the retrocession in consolidation process of the hedges registered as inefficient by the Parent Company and considered efficient at Group level.

24. Trade and other payables

a) Trade payables

	Thousands of euros	
	2016	2015
Trade accounts payable	978,617	812,718
Trade bills payable	147,166	133,890
Suppliers from related parties (Note 31.1)	226,348	188,405
Trade creditors, related parties (Note 31.1)	4,013	2,365
Total	1,356,144	1,137,378

b) Other payables

	Thousands of euros	
	2016	2015
VAT payable	60,682	50,589
Tax withholdings payable	12,910	13,616
Other items payable to the tax authorities	18,101	11,617
Payable to social security	28,124	26,857
Other payables	14,918	16,966
Outstanding remuneration	109,819	97,114
Total	244,554	216,759

25. Operating revenue

a) Revenue

The breakdown of revenue by category in 2016 and 2015 is as follows:

	Thousands of euros	
	2016	2015
Parts, prototypes, and components	6,767,411	6,408,731
Tools	579,167	389,373
Byproducts and containers	194,163	219,136
Services rendered	8,197	17,272
Total	7,548,938	7,034,512

The geographical breakdown of revenue was as follows:

	Thousands of euros	
	2016	2015
Western Europe	3,704,114	3,607,362
Spain	1,320,922	1,269,940
Germany	1,044,527	1,020,375
United Kingdom	670,805	685,919
France	434,989	409,625
Portugal	159,911	143,487
Sweden	72,960	78,016
Eastern Europe	859,489	660,664
Turkey	272,037	241,493
Czech Republic	167,687	129,875
Russia	107,623	117,723
Poland	256,290	111,810
Hungary	50,584	50,434
Slovakia	5,268	9,329
Mercosur	401,365	466,503
Brazil	245,709	247,295
Argentina	155,656	219,208
North America	1,546,104	1,323,355
USA	1,153,802	907,346
Mexico	392,302	416,009
Asia	1,037,866	976,628
China	719,602	690,110
India	168,187	157,791
South Korea	137,844	118,541
Japan	7,259	5,956
Thailand	4,974	4,230
	7,548,938	7,034,512

b) Other operating income

	Thousands of euros	
	2016	2015
Other operating income	23,221	24,926
Grants related to income	3,494	2,073
Grants related to assets released to income for the year (Note 19)	6,218	6,589
Surplus provision for environmental matters and other commitments	4,261	4,454
Surplus provision for restructuring	-	5,147
Own work capitalized	93,383	91,757
Other	994	21,925
Change in provisions (Note 20)	-	18,540
Adjustments from prior years	-	(4,595)
Other	994	7,980
Total	131,571	156,871

Other operating income in 2016 and 2015 mainly included third party billing for transactions different from the main activity of the companies. In 2015 it also included the income from the business combination of Gestamp Pune Automotive Private Limited amounting to 1.371 thousand euros (Note 2.b).

The heading Other at December 31, 2016 included profits from tangible assets amounting to 994 thousand euros (December 31, 2015: 1,832 thousand euros). At December 31, 2015 this heading also included other income and expenses mainly related to commercial agreements, litigations and state financial aids amounting to 6,148 thousand euros. The balance of the said income and expenses at December 31, 2016 was a debit balance and it was registered in the heading Other operating expenses (Note 26.c)).

26. Operating expenses

a) Raw materials and other consumables

	Thousands of euros	
	2016	2015
Purchases of goods and tools for resale	860,423	679,004
Discounts for prompt payment	(1,769)	(2,164)
Purchase returns and similar transactions	(663)	(5,269)
Volume discounts	(8,240)	(7,946)
Change in inventories (**)	(32,136)	(22,322)
Purchases of raw materials	2,666,535	2,764,168
Consumption of other supplies	668,011	644,581
Work performed by third parties	354,606	255,855
Impairment of goods for resale and raw materials (**)	5,054	4,067
Reversal of impairment of goods for resale and raw materials (**)	(2,079)	(1,377)
Total	4,509,742	4,308,597

**The total of these line items amounts to a net consumption of raw materials amounting to 29,161 thousand euros (Note 13).

b) Personnel expenses

The breakdown of "Personnel expenses" in the Consolidated Income Statement is as follows:

	Thousands of euros	
	2016	2015
Salaries	1,043,824	971,251
Social security	225,570	206,969
Other benefits expenses	97,490	79,790
Total	1,366,884	1,258,010

Other benefit expenses included the contributions to defined contribution plans amounting to 6.1 million euros in 2016 (2015: 4.8 million euros) (Note 6.16).

The breakdown of average headcount by professional level in 2016 and 2015 is as follows:

Professional level	2016	2015
Directors/ Managers	831	714
Clerical, financial and IT department	1,624	1,878
Quality control deparment	2,173	1,804
Logistics department	2,889	2,644
Supply department	872	864
Technical department	3,509	2,828
Production foreman	1,469	1,320
Production workers	18,301	16,764
Other	4,550	4,089
Total	36,218	32,905

The breakdown of headcount by professional level at year end at December 31, 2016 and December 31, 2015 is as follows:

	2016		2015	
Professional level	Males	Females	Males	Females
Directors/ Managers	755	120	666	94
Clerical, financial and IT department	876	795	1,382	881
Quality control deparment	1,760	407	1,557	249
Logistics department	2,501	370	2,274	319
Supply department	708	159	713	155
Technical department	3,499	288	2,874	232
Production foreman	1,385	67	1,261	57
Production workers	17,906	1,609	16,427	1,334
Other	2,625	565	2,268	449
Total	32,015	4,380	29,422	3,770

c) Other operating expenses

	Thousands of euros	
	2016	2015
Maintenance and upkeep	576,494	530,423
Other external services	334,783	310,387
Taxes and levies	34,302	30,761
Impairment of accounts receivable (Note 14.a))	4,080	(127)
Other	6,504	3,925
Provision for risks and expenses	5,217	3,925
Increase/ Application of provisions (Note 20)	(2,090)	-
Adjustments prior years	5,567	-
Other	(2,190)	-
Total	956,163	875,369

The heading Other at December 31, 2016 included other income and expenses mainly related to commercial agreements and litigations amounting to 2,190 thousand euros. The balance of the said income and expenses at December 31, 2015 was a credit balance and it was registered in the heading Other operating income (Note 25.b)).

27. Financial income and financial expenses

a) Financial income

	Thousands of euros	
	2016	2015
From equity investments, Group Companies	-	5
From equity investments	1	4
From current loans to third parties	3	27
Other financial income	4,839	12,913
From current loans to related parties (Note 31.1)	432	360
Total	5,275	13,309

b) Financial expenses

	Thousands of euros	
	2016	2015
On bank borrowings	78,701	97,547
On trade bills with credit institutions	3,444	1,807
Other financial expenses	10,635	14,584
On update provisions	45	15
On borrowings from related parties (Note 31.1)	5,933	7,897
Total	98,758	121,850

c) Impairment and gains (losses) on sale of financial instruments

	Thousands of euros	
	2016	2015
Short term loans impairment loss (Note 12.b.1))	-	9,324
Loss from investment securities in associated companies (Note 12.a.4))	72	4,500
Others	5	5
Total	77	13,829

28. Income tax

The Parent Company and its subsidiaries file their income tax returns separately except:

- From January 1, 2014 on, the Parent Company chooses to apply the special fiscal consolidation regime, regulated under Basque Regional Law 11/2015. The subsidiaries included in this fiscal group are Gestamp Bizkaia, S.A; Bero Tools, S.L.; Gestamp North Europe Services, S.L., Loire S.A.F.E., Gestamp Global Tooling S.L., Matricerías Deusto S.L., Adral Matricería y Puesta a Punto S.L., Gestamp Tool Hardening S.L., Gestamp Try Out Services S.L., Gestamp Technology Institute S.L. and Diede Die Development S.L.
- The subsidiaries Gestamp North America, Inc., Gestamp Alabama, Llc., Gestamp Mason, Llc., Gestamp Chattanooga, Llc., Gestamp Chattanooga II Llc.,Gestamp South Carolina, Llc., Gestamp West Virginia, Llc. and Gestamp Washtenaw Llc. file a tax return according to fiscal transparency system.
- The subsidiaries Gestamp 2008, S.L., Edscha Santander, S.L. and Edscha Burgos, S.L. file a consolidated tax return.

- Ø The subsidiaries Griwe Innovative Umfortechnik, GmbH. Griwe Werkzeug Produktions GmbH and Griwe System Produktions GmbH file a tax return according to a profit and loss transfer agreement.
- Ø The subsidiaries Edscha Holding, GmbH, Edscha Automotive Hengersberg, GmbH, Edscha Automotive Hauzenberg, GmbH, Edscha Engineering, GmbH, Edscha Kunststofftechnik GmbH, Edscha Hengersberg Real State GmbH and Edscha Hauzenberg Real State GmbH file a tax return according to a profit and loss transfer agreement.
- Ø The subsidiaries GMF Holding, GmbH and Gestamp Umformtechnik, GmbH file a tax return according to a profit and loss transfer agreement.
- Ø The subsidiaries Gestamp Sweden, AB and Gestamp HardTech AB file a tax return according to a profit and loss transfer agreement.

The detail of income taxes in 2016 and 2015, in thousands of euros, is as follows:

	Thousands of euros	
	2016	2015
Current tax expense	78,900	87,824
Deferred tax	10,080	(23,458)
Other income tax adjustments	(40)	(416)
Total	88,940	63,950

The reconciliation between the deferred tax expense in 2016 (income in 2015) and the net variation of deferred tax assets and liabilities is as follows:

	Thousands of euros			
	Deferred tax assets		Deferred tax liabilities	
	2016	2015	2016	2015
Balance (Note 23)	273,439	270,777	238,454	225,544
Variation current year	*2,662*	*22,437*	*12,910*	*(9,551)*
Net variation (Increase / decrease in net deferred asset)	*(10,248)*	*31,988*		
Translation differences (Note 23)	(609)	5,533		
Tax effect of hedges registered in Equity (Note 22.b.1))	(1,023)	(12,493)		
Other variations	1,800	(1,570)		
Increase / decrease in net deferred asset against profit for the year	*(10,080)*	*23,458*		
Income /expense for deferred tax current year	10,080	(23,458)		

Tax expense was calculated based on accounting profit before taxes, as shown below:

	Thousands of euros	
	2016	2015
Accounting profit (before taxes)	348,081	252,802
Theoretical tax expense	97,463	70,785
Differences in prevailing rates	(4,792)	(1,792)
Permanent differences	4,649	(215)
Deductions and tax credits previously not recognized	(27,579)	(10,124)
Statute-barred tax credits	13,474	21,602
Adjustments to income tax of prior years	5,765	(15,889)
Adjustments to tax rate	(40)	(417)
Tax expense (tax income)	88,940	63,950

The theoretical tax rate applied was 28% in 2016 and 2015.

"Differences in prevailing rates" in 2016 and 2015 reflected the differences between prevailing rates in certain operating markets and the theoretical applicable rate, mainly relating to operations taxed in the United States (35%), Brazil (34%), and Argentina (35%).

The Permanent differences in 2016 and 2015 reflected mainly inflation adjustments, exemption of income from brand billing, nondeductible differences in exchange rates, nondeductible expenses, and those differences permanent differences generated in the consolidation process.

The balances converted to euros of tax bases pending to be offset and unused tax incentives in other currencies, calculated at the exchange rates prevailing on that date, at December 31, 2016 and 2015 are the following:

	Millions of euros					
	2016			2015		
	With tax credit registered	Without tax credit registered	Total	With tax credit registered	Without tax credit registered	Total
Negative tax bases pending to be offset	309	605	914	286	586	872
Tax credit	97	159	*256*	84	163	*247*
Unused tax incentives	59	101	160	66	79	145
Tax credit	59	101	*160*	66	79	*145*
Total Tax credit registered (Note 23)	*156*			*150*		

At year end 2016 and 2015, the Group had capitalized unused negative bases and tax incentives that it expects to be able to utilize in future periods based on earnings projections and the deadlines and limits for their utilization.

The analysis on recoverability of tax credits is based on estimated future profits for each company. Such recoverability ultimately depends on the capacity of each company to generate taxable profits along the period where deferred tax assets are deductible.

The analysis on recoverability is elaborated according to the life-time of tax credits with a maximum of 10 years and to the current application conditions for such tax credits, especially the limits of application for negative tax bases.

The unused tax losses and unused tax incentives at December 31, 2016 and 2015 whose corresponding tax credit has been registered have the following breakdown by prescription date:

2016		
Millions of euros		
Range of maturity	Negative Tax Bases	Tax incentives
2017-2022	59	1
2023-2028	62	31
2029-2035	46	26
Without limit	142	1
Total	309	59

2015		
Millions of euros		
Range of maturity	Negative Tax Bases	Tax incentives
2016-2021	40	1
2022-2027	75	4
2028-2034	120	61
Without limit	51	-
Total	286	66

The unused tax losses and unused tax incentives at December 31, 2016 and 2015 whose corresponding tax credit has not been registered have the following breakdown by prescription date:

2016		
Millions of euros		
Range of maturity	Negative Tax Bases	Tax incentives
2017-2022	107	7
2023-2028	71	63
2029-2035	40	30
Without limit	387	1
Total	605	101

2015		
Millions of euros		
Range of maturity	Negative Tax Bases	Tax incentives
2016-2021	188	5
2022-2027	14	6
2028-2034	116	63
Without limit	268	5
Total	586	79

The majority of Group companies are open to inspection of all taxes to which they are liable and for the full statute of limitations period (4 years from filing date for all Spanish companies except for those with registered offices in the Basque Country for which the period is three years, and five years, as a rule, for companies based abroad), or since the date of incorporation, if more recent.

Management of the Parent Company and its subsidiaries calculated income tax for 2016 and the years open for inspection according to the legislation prevailing in each year. Given that the prevailing tax regulations related to the above mentioned matters are subject to varying interpretations, certain tax liabilities and contingencies may exist for 2016 and previous years that cannot be objectively quantified. However, the Group's directors and their legal and tax advisors consider that any potential tax liability which might arise would not significantly affect the accompanying Consolidated Financial Statements.

29. Earnings per share

Basic earnings per share are calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are also calculated by adjusting the profit attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares outstanding by all the dilutive effects inherent to potential ordinary shares.

Basic and diluted earnings per share for 2016 and 2015 are as follows:

	2016	2015
Profit attributable to equity holders of the parent company (Thousands of euros)	221,354	161,480
Loss from discontinued activities attributable to equity holders of the parent company (Thousand of euros)	-	-
Weighted average number of ordinary shares outstanding (Thousands of shares)	4,796	4,796
Basic earnings per share from continuing operations (Euros per share)	46.15	33.67
Basic earnings per share from discontinued operations (Euros per share)	-	-

30. Commitments

The Group is lessee of buildings, warehouses, machinery and vehicles. The lease expenses charged to the December 31, 2016 Consolidated Income Statement amounted to 99,643 thousand euros (December 31, 2015: 88,038 thousand euros) and the breakdown by segment is as follows:

	Thousands of euros	
	2016	2015
Western Europe	59,421	50,620
Eastern Europe	10,147	7,718
Mercosur	2,998	3,122
North America	18,920	18,805
Asia	8,157	7,773
Total	99,643	88,038

Total future minimum payments for non cancellable operating leases at December 31, 2016 and December 31, 2015 by segment are as follows:

	Thousands of euros		
	Less than 1 year	Between 1 and 5 years	More than 5 years
Western Europe	44,902	94,705	79,231
Eastern Europe	2,714	11,661	2,040
Mercosur	2,521	1,156	-
North America	29,130	128,217	72,422
Asia	6,605	5,906	4,311
Total 2016	85,872	241,645	158,004

	Thousands of euros		
	Less than 1 year	Between 1 and 5 years	More than 5 years
Total 2015	65,329	189,021	133,410

The increase in future minimum payments from 2015 to 2016 corresponded mainly to the signing of new agreements (mainly related to machinery) in companies belonging to the North America segment, and to the renegotiation of already existing agreements.

The commitments acquired by Group companies relating to the acquisition of fixed assets amounted to 895 million euros at December 31, 2016. Of those, 12% referred to orders from 2014, 20% from 2015 and 68% from 2016. It is likely that these percentages will be maintained in the future with regard to invoicing and payments of these commitments, such that execution will be from 2017 to 2019.

These commitments mainly refer to projects from new plants for manufacturing parts already nominated by customers to our Group.

The Group has no guarantees granted to third parties. The guarantees received from financial entities by the Group and presented to third parties at December 31, 2016 amounted to 305 million euros (December 31, 2015: 201 million euros).

31. Related party transactions

31.1 Balances and transactions with Related Parties

At December 31, 2016 and December 31, 2015 the amounts payable to and receivable from Related Parties and transactions carried out with Related Parties were as follows:

	Thousands of euros	
	2016	2015
Balances receivable / payable	(259,477)	(252,435)
Revenue		
Sales of goods	165,665	155,059
Services rendered	5,377	5,407
Financial income	432	360
Expenses		
Purchases	986,803	922,718
Services received	11,046	11,595
Financial expenses	5,933	7,897
Impairment loss	-	9,324

The consideration of related parties in the following schedules correspond to subsidiaries and associates of Acek Desarrollo y Gestión Industrial S.L. Group where the Parent Company has not direct or indirect investment.

There are no acquisition commitments with related parties no related to the usual productive activity of the Group.

The breakdown of receivables from and payables to Related Parties at December 31, 2016 is as follows:

Company	Thousands of euros
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	(31)
Total payable Current account (Note 22.c.2)	(31)
Shareholders	
Mitsui &Co., Ltd	(20,771)
JSC Karelsky Okatysh	(21,649)
Total non-current loans (Note 22.c.2)	(42,420)
Associates	
Esymo Metal, S.L.	320
Essa Palau, S.A.	1,745
Gestion Global de Matriceria, S.L	8,400
Total Current Loans	10,465
Shareholders	
Mitsui &Co., Ltd	(842)
Other shareholders	(6)
Total Dividends payable (Note 22.d)	(848)
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	406
Related parties	
Gescrap Centro, S.L	1,571
Gescrap France S.A.R.L.	91
Gescrap Navarra, S.L.	86
Gescrap Polska SPZOO	258
Gescrap, S.L.	803
Gescrap Hungría KFT	306
Gescrap Autometal Mexico S.A. de C.V.	96
Gescrap Czech S.R.O.	42
Gescrap Autometal Comercio de Sucatas S.A.	1,141
GES Recycling Ltd.	5
Gescrap GmbH	1,454
Gescrap Noroeste, S.L.U.	26
Gescrap Kaluga Llc.	257
GES Recycling USA Llc.	852
Gonvarri Galicia, SA	1,225
Gonvarri I. Centro Servicios, S.L.	264
Gonvarri MS Corporate S.L.	46
Gonvauto Navarra, SA	432
Gonvauto Puebla S.A. de C.V.	3
Gonvauto Thuringen, GMBH	3,147
Gonvauto, SA	3,199
Gonvarri Corporación Financiera, S.L.	(369)
Gonvarri Polska, SP, ZOO.	5
Steel & Alloy Ltd	362
Ind. Ferrodistribuidora, S.L.	56
Gestamp Energías Renovables S.L.	501
Associates	
Gestamp Tooling Manufacturing Kunshan Co Ltd	8,166
Essa Palau, S.A.	1,647
Esymo Metal, S.L.	26
GGM Puebla, S.A. de C.V.	2,736
Gestion Global de Matriceria, S.L	77
Ingeniería y Construcción Matrices, S.A.	2,540
IxCxT, S.A.	135
Jui Li Edscha Body System Co Ltd	3
Jui Li Edscha Hainan Co Ltd	81
Total Trade receivables from related parties (Note 14.a)	31,676
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	(1,292)
JSC Karelsky Okatysh	(1,085)
Related parties	
Gonvarri I. Centro Servicios, S.L.	(36)
Total interest payable (Note 22.c.2)	(2,413)

Company	Thousands of euros
Associates	
Esymo Metal, S.L.	1
Gestion Global de Matriceria, S.L	2
Total interest receivable	3
Associates	
Esymo Metal, S.L.	800
Total Non-current Loans	800
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	(101)
Related parties	
Agricola La Veguilla, S.A.	(18)
Gescrap Navarra, S.L.	(2)
Gescrap Polska SPZOO	(16)
Gescrap France S.A.R.L.	2
Gonvarri Argentina S.A.	(7,903)
Gonvarri Galicia, SA	(31,988)
Gonvarri Corporación Financiera, S.L.	(62)
Gonvarri I. Centro Servicios, S.L.	(53,865)
Gonvarri Polska, SP, ZOO.	(23,714)
Gonvarri Ptos. Siderúrgicos, SA	(11,700)
Arcelormittal Gonvarri Brasil Ptos. Siderúrgicos, S.A	(2,341)
Gonvauto Asturias S.L.	(1,608)
Gonvauto Navarra, SA	(3,072)
Gonvauto Puebla S.A. de C.V.	(16,946)
Gonvauto Thuringen, GMBH	(7,590)
Gonvauto, SA	(30,220)
Gonvauto South Carolina LLC	(1,160)
Severstal Gonvarri Kaluga, LLC	(135)
Ind. Ferrodistribuidora, S.L.	(504)
Láser Automotive Barcelona S.L.	(629)
Gonvarri Czech S.R.O.	(771)
Steel & Alloy Ltd	(12,143)
Láser Automotive Gmbh	(205)
Inmobiliaria Acek,S.L.	(359)
Arcelor Group	(1,991)
Associates	
Essa Palau, S.A.	(8,365)
Esymo Metal, S.L.	(2,306)
GGM Puebla, S.A. de C.V.	(4,385)
Gestion Global de Matriceria, S.L	(444)
Ingeniería y Construcción Matrices, S.A.	(1,413)
IxCxT, S.A.	(394)
Total Suppliers from related parties (Note 24.a)	(226,348)
Related parties	
Severstal Gonvarri Kaluga, LLC	(4,002)
Associates	
Gestion Global de Matriceria, S.L	(11)
Total Trade creditors, related parties (Note 24.a)	(4,013)
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	(25,298)
Total non-current Fixed assets suppliers (Note 22.c.2)	(25,298)
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	(978)
Associates	
GGM Puebla, S.A de C.V	(72)
Total Other current suppliers (Note 22.d)	(1,050)

Total balances receivable / payable	(259,477)

The breakdown of receivables from and payables to Related Parties at December 31, 2015 were as follows:

Company	Thousands of euros
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L.	26
Total receivable Current account	26
Shareholders	
Mitsui &Co., Ltd	(20,104)
JSC Karelsky Okatysh	(22,063)
Total non-current loans (Note 22.c.2)	(42,167)
Related parties	
Gonvarri Corporación Financiera, S.L.	(7,438)
Total current loans (Note 22.c.2)	(7,438)
Associates	
Esymo Metal, S.L.	320
Total Current Loans	320
Associates	
Esymo Metal, S.L.	1
Gestion Global de Matriceria, S.L	61
Total interest receivable	62
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	7
Related parties	
Gescrap Centro, S.L	516
Gescrap France S.A.R.L.	1,010
Gescrap Navarra, S.L.	234
Gescrap Polska SP.Z O.O.	345
Gescrap, S.L.	3,501
Gescrap Hungría KFT	176
Gescrap Autometal Mexico S.A. de C.V.	606
Gescrap Czech S.R.O.	22
Gescrap Autometal Comercio de Sucatas S.A.	351
GES Recycling Ltd.	285
Gonvarri Galicia, S.A.	148
Gonvarri I. Centro Servicios, S.L.	112
Gonvarri MS Corporate S.L.	46
Gonvauto Navarra, S.A.	694
Gonvauto Puebla S.A. de C.V.	389
Gonvauto Thuringen, GmbH	1,092
Gonvauto, S.A.	480
Gonvarri Corporación Financiera, S.L.	169
Gonvarri Polska SP. Z O.O.	4
Ind. Ferrodistribuidora, S.L.	281
Severstal Gonvarri Kaluga, LLC	8
Steel & Alloy Ltd.	29
Gonvarri Czech S.R.O.	37
Gestamp Energías Renovables S.L.	426
Inmobiliaria Acek,S.L.	8
Recuperaciones Medioambientales Subgroup	6
Associates	
Esymo Metal, S.L.	9
Essa Palau, S.A.	1,440
GGM Puebla, S.A. de C.V.	1,373
Ingeniería y Construcción Matrices, S.A.	1,919
Gestion Global de Matriceria, S.L	740
IxCxT, S.A.	3
Jui Li Edscha Body System Co. Ltd.	6
Jui Li Edscha Hainan Co. Ltd.	262
Total Trade receivables from related parties (Note 14.a)	16,734

Company	Thousands of euros
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	(1,337)
JSC Karelsky Okatysh	(1,169)
Related parties	
Gonvarri I. Centro Servicios, S.L.	(36)
Gonvarri Corporación Financiera, S.L.	(582)
Total interest payable (Note 22.c.2)	(3,124)
Associates	
Esymo Metal, S.L.	1,120
Total Non-current Loans	1,120
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	(2,582)
Arcelor Group	(2,527)
Related parties	
Agricola La Veguilla, S.A.	(18)
Gescrap Navarra, S.L.	(2)
Gescrap Polska SP. Z O.O.	(3)
Gonvarri Argentina S.A.	(6,974)
Gonvarri Galicia, S.A.	(23,753)
Gonvarri Corporación Financiera, S.L.	41
Gonvarri I. Centro Servicios, S.L.	(42,666)
Gonvarri Polska, SP. Z O.O.	(9,486)
Gonvarri Ptos. Siderúrgicos, S.A.	(10,673)
Gonvauto Asturias S.L.	(2,236)
Gonvauto Navarra, S.A.	(4,976)
Gonvauto Puebla S.A. de C.V.	(18,680)
Gonvauto Thuringen, GmbH	(5,507)
Gonvauto, S.A.	(22,812)
Gonvauto South Carolina LLC	(673)
Severstal Gonvarri Kaluga, LLC	(517)
Hierros y Aplanaciones, S.A.	(70)
Ind. Ferrodistribuidora, S.L.	70
Láser Automotive Barcelona S.L.	(805)
Gonvarri Czech S.R.O.	(621)
Steel & Alloy Ltd.	(15,092)
Inmobiliaria Acek,S.L.	(208)
Air Executive S.L.	(107)
Associates	
Esymo Metal, S.L.	(1,766)
Jui Li Edscha Body System Co. Ltd.	(8)
Ingeniería y Construcción Matrices, S.A.	(898)
Essa Palau, S.A.	(13,777)
GGM Puebla, S.A. de C.V.	(796)
Gestion Global de Matriceria, S.L	(283)
Total Suppliers from related parties (Note 24.a)	(188,405)
Related parties	
Severstal Gonvarri Kaluga, LLC	(2,342)
Associates	
Gestion Global de Matriceria, S.L	(23)
Total Trade creditors, related parties (Note 24.a)	(2,365)
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	(26,275)
Total non-current Fixed assets suppliers (Note 22.c.2)	(26,275)
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	(918)
Related parties	
Gonvarri Galicia, S.A.	(3)
Associates	
Esymo Metal, S.L.	(2)
Total Other current suppliers (Note 22.d)	(923)
Total balances receivable / payable	(252,435)

The breakdown of transactions carried out with Related Parties during 2016 was as follows:

Company	Thousands of euros
Related parties	
Gescrap Autometal Comercio de Sucata S.A.	(7,625)
Gescrap S.L.	(29,419)
Gescrap Centro, S.L	(2,522)
Gescrap France S.A.R.L.	(12,412)
Gescrap Navarra, S.L.	(3,987)
Gescrap Polska SPZOO	(6,947)
Gescrap Czech S.R.O.	(482)
Gescrap Hungría KFT	(1,372)
GES Recycling Ltd.	(1,291)
Gescrap GmbH	(6,701)
Gescrap Noroeste S.L.U.	(2,411)
Gescrap Kaluga Llc.	(2,234)
Gescrap Autometal México, S.A. de C.V.	(11,621)
GES Recycling USA Llc.	(8,486)
Gonvarri Galicia, SA	(6,194)
Gonvarri I. Centro Servicios, S.L.	(1,385)
Gonvauto Navarra, SA	(3,079)
Gonvauto Puebla S.A. de C.V.	(356)
Gonvauto, SA	(36,678)
Gonvauto Thuringen, GMBH	(9,729)
Severstal Gonvarri Kaluga, LLC	(84)
Ind. Ferrodistribuidora, S.L.	(46)
Associates	
Ingeniería y Construcción Matrices, S.A.	(830)
Jui Li Edscha Hainan Co. Ltd.	(70)
Essa Palau, S.A.	(6,455)
GGM Puebla, S.A de C.V	(2,599)
Gestión Global de Matricería, S.L.	(650)
Total Sales	(165,665)
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	(1,976)
Related parties	
Gonvarri Polska, SP, ZOO.	(4)
Gonvarri Ptos. Siderúrgicos, SA	(1)
Gonvauto Thuringen, GMBH	(75)
Gonvarri Corporación Financiera, S.L.	(5)
Inmobiliaria Acek, S.L	(12)
Gestamp Energías Renovables S.L.	(414)
Gescrap S.L.	(1)
Gescrap Autometal México, S.A. de C.V.	(41)
Gescrap Autometal México Servicios, S.A. de C.V.	(3)
Gescrap France S.A.R.L.	(37)
Gescrap Polska SPZOO	(65)
Associates	
Gestamp Tooling Manufacturing Kunshan Co Ltd	(126)
Esymo Metal, S.L.	(126)
Ingeniería y Construcción Matrices, S.A.	(745)
IxCxT, S.A	(242)
Jui Li Edscha Body Systems Co. Ltd.	(1)
Jui Li Edscha Hainan Co. Ltd.	(10)
Essa Palau, S.A.	(303)
GGM Puebla, S.A de C.V	(1,170)
Gestión Global de Matricería, S.L.	(20)
Total Services rendered	(5,377)
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	(11)
Associates	
Essa Palau, S.A.	(302)
Esymo Metal, S.L.	(17)
Gestión Global de Matricería, S.L.	(102)
Total Financial income (Note 27.a)	(432)

Company	Thousands of euros
Related parties	
Arcelormittal Gonvarri Brasil Ptos. Siderúrgicos, S.A	19,296
Gonvauto Asturias S.L.	10,234
Gonvarri Argentina S.A.	45,414
Gonvarri Galicia, SA	75,030
Gonvarri I. Centro Servicios, S.L.	198,962
Gonvarri Polska, SP, ZOO.	78,044
Gonvarri Ptos. Siderúrgicos, SA	32,505
Gonvauto Navarra, SA	11,348
Gonvauto Puebla S.A. de C.V.	64,761
Gonvauto Thuringen, GMBH	81,689
Gonvauto, SA	88,158
Hierros y Aplanaciones S.A.	(55)
Ind. Ferrodistribuidora, S.L.	1,824
Severstal Gonvarri Kaluga, LLC	46,888
Steel & Alloy Ltd.	74,521
Gonvauto South Carolina Llc.	8,485
Laser Automotive Barcelona S.L.	2,414
Gonvarri Czech S.R.O.	2,524
Laser Automotive Thuringen GmbH	815
Gonvarri Corporación Financiera, S.L.	82
Arcelor Group	57,675
Associates	
Esymo Metal, S.L.	3,358
Jui Li Edscha Body Systems Co. Ltd.	7
Ingeniería y Construcción Matrices, S.A.	7,831
IxCxT, S.A	580
GGM Puebla, S.A de C.V	12,374
Essa Palau, S.A.	62,039
Total Purchases	986,803
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	3,341
Related parties	
Air Executive, S.L.	1,417
Agricola La Veguilla, S.A.	161
Gescrap S.L.	202
Gescrap Navarra, S.L.	13
Gescrap Polska SPZOO	39
Gonvarri I. Centro Servicios, S.L.	80
Gonvarri Polska, SP, ZOO.	10
Gonvarri Ptos. Siderúrgicos, SA	305
Gonvauto Puebla S.A. de C.V.	114
Gonvauto, SA	11
Gonvarri Corporación Financiera, S.L.	2
Laser Automotive Barcelona S.L.	5
Ind. Ferrodistribuidora, S.L.	2
Gonvauto Asturias S.L.	(1)
Gonvauto South Carolina Llc.	(6)
Gonvarri Galicia, SA	90
Gonvarri Czech S.R.O.	13
Inmobiliaria Acek, S.L	2,095
Associates	
Esymo Metal, S.L.	397
Ingeniería y Construcción Matrices, S.A.	184
IxCxT, S.A	83
Essa Palau, S.A.	(142)
Gestión Global de Matricería, S.L.	2,443
GGM Puebla, S.A de C.V	188
Total Services received	11,046
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	1,851
Mitsui &Co., Ltd	933
JSC Karelsky Okatysh	2,138
Related parties	
Gonvarri Corporación Financiera, S.L.	77
Gonvarri Galicia, SA	247
Gonvarri I. Centro Servicios, S.L.	64
Gonvarri Ptos. Siderúrgicos, SA	83
Gonvauto Navarra, SA	10
Gonvauto, SA	188
Gonvauto Puebla S.A. de C.V.	342
Total Financial expenses (Note 27.b)	5,933

The breakdown of transactions carried out with Related Parties during 2015 was as follows:

Company	Thousands of euros
Related parties	
Gescrap Autometal Comercio de Sucata S.A.	(7,088)
Gescrap Autometal México, S.A. de C.V.	(16,621)
Gescrap S.L.	(27,082)
Gescrap Centro, S.L	(2,976)
Gescrap France S.A.R.L.	(15,474)
Gescrap Navarra, S.L.	(4,391)
Gescrap Polska SP.Z O.O.	(5,412)
Gescrap Czech S.R.O.	(430)
Gescrap Hungría KFT	(1,609)
GES Recycling Ltd.	(4,199)
Gescrap GmbH	(8,276)
Gonvarri Galicia, S.A.	(5,900)
Gonvarri I. Centro Servicios, S.L.	(1,994)
Gonvauto Navarra, S.A.	(9,377)
Gonvauto Puebla S.A. de C.V.	(296)
Gonvauto, S.A.	(34,670)
Ind. Ferrodistribuidora, S.L.	(301)
Gonvauto South Carolina LLC	(3)
Gonvauto Thuringen, GmbH	(30)
Severstal Gonvarri Kaluga, LLC	(26)
Associates	
Ingeniería y Construcción Matrices, S.A.	(391)
Jui Li Edscha Hainan Co. Ltd.	(173)
Essa Palau, S.A.	(7,280)
GGM Puebla, S.A de C.V	(102)
Gestión Global de Matricería, S.L.	(958)
Total Sales	(155,059)
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	(16)
Related parties	
Gonvarri Polska, SP. Z O.O.	(22)
Gonvarri Ptos. Siderúrgicos, S.A.	(1)
Gonvarri Czech S.R.O.	(30)
Gonvarri Corporación Financiera, S.L.	(400)
Gonvarri I. Centro Servicios, S.L.	(21)
Gonvarri Aluminium GmbH	(1)
Gonvauto Thuringen, GmbH	(13)
Inmobiliaria Acek, S.L	(10)
Gestamp Energías Renovables S.L.	(588)
Gescrap Autometal México, S.A. de C.V.	(3)
Recuperaciones Mediambientales Subgroup	(99)
Associates	
Esymo Metal, S.L.	(112)
Ingeniería y Construcción Matrices, S.A.	(1,794)
IxCxT, S.A	(8)
Jui Li Edscha Body Systems Co. Ltd.	(12)
Jui Li Edscha Hainan Co. Ltd.	(6)
Essa Palau, S.A.	(581)
GGM Puebla, S.A de C.V	(1,291)
Gestión Global de Matricería, S.L.	(399)
Total Services rendered	(5,407)
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	(9)
Associates	
Essa Palau, S.A.	(197)
Esymo Metal, S.L.	(29)
Gestion Global de Matriceria, S.L	(125)
Total Financial income (Note 27.a)	(360)

Company	Thousands of euros
Shareholders	
Arcelor Group	82,617
Related parties	
Arcelormittal Gonvarri Brasil Ptos. Siderúrgicos, S.A	9,937
Gonvauto Asturias S.L.	6,935
Gonvarri Argentina S.A.	56,446
Gonvarri Galicia, S.A.	60,484
Gonvarri I. Centro Servicios, S.L.	184,532
Gonvarri Polska, SP. Z O.O.	67,152
Gonvarri Ptos. Siderúrgicos, S.A.	31,687
Gonvauto Navarra, S.A.	20,520
Gonvauto Puebla S.A. de C.V.	68,892
Gonvauto Thuringen, GmbH	77,437
Gonvauto, S.A.	86,325
Ind. Ferrodistribuidora, S.L.	201
Severstal Gonvarri Kaluga, LLC	42,676
Steel & Alloy Ltd	41,513
Gonvauto South Carolina LLC	6,355
Laser Automotive Barcelona S.L.	812
Gonvarri Czech S.R.O.	592
Gonvarri Aluminium GmbH	66
Associates	
Esymo Metal, S.L.	3,439
Jui Li Edscha Body Systems Co. Ltd.	53
Ingeniería y Construcción Matrices, S.A.	8,354
GGM Puebla, S.A de C.V	4,976
Essa Palau, S.A.	60,717
Total Purchases	922,718
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	3,593
Related parties	
Agricola La Veguilla, S.A	140
Air Executive, S.L.	587
Gescrap S.L.	194
Gescrap Navarra, S.L.	10
Gescrap Polska SP. Z O.O.	32
Gonvarri I. Centro Servicios, S.L.	124
Gonvarri Polska, SP. Z O.O.	(1)
Gonvarri Ptos. Siderúrgicos, S.A.	237
Gonvauto Puebla S.A. de C.V.	737
Gonvauto, S.A.	23
Ind. Ferrodistribuidora, S.L.	4
Gonvauto Navarra, S.A.	(1)
Gonvarri Argentina S.A.	11
Gonvauto South Carolina LLC	(92)
Inmobiliaria Acek, S.L	2,017
Associates	
Esymo Metal, S.L.	1,350
Ingeniería y Construcción Matrices, S.A.	176
Essa Palau, S.A.	(122)
Gestión Global de Matricería, S.L.	2,418
GGM Puebla, S.A de C.V	158
Total Services received	11,595
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	2,344
Mitsui & Co	809
JSC Karelsky Okatysh	2,280
Related parties	
Gonvarri Corporación Financiera, S.L.	1,320
Gonvarri Galicia, S.A.	100
Gonvarri I. Centro Servicios, S.L.	72
Gonvarri Ptos. Siderúrgicos, S.A.	81
Gonvauto Navarra, S.A.	18
Gonvauto, S.A.	231
Gonvauto Puebla S.A. de C.V.	642
Total Financial expenses (Note 27.b)	7,897
Associates	
Essa Palau, S.A.	9,324
Total Short term loans impairment loss	9,324

31.2 Board of Directors' remuneration

In 2016 Acek, Desarrollo y Gestión Industrial, S.L. received total remuneration of 345 thousand euros as compensation for membership of the Board of Directors of certain Group companies (2015: 345 thousand euros).

The remuneration and life insurance premiums accrued during 2016 and 2015 by the natural persons acting as representatives of the members of the Board of Directors of the Parent Company is included in the remuneration accrued by the Senior Management´s Remuneration informed in Note 31.3.

In 2016 loans amounting to 3,000 thousand euros were granted to the representative natural persons of the members of the Board of Directors for acquiring shares in the Parent Company from Acek Desarrollo y Gestión Industrial S.L. (Note 12.a.2)). In 2015 no loans were granted.

In 2016 and 2015, no advances, pensions or life insurance benefits were granted to members of its Board nor their representatives as natural persons.

31.3 Senior Management's Remuneration

In 2016 total remuneration for the members of the Management Committee, which fully corresponded to salaries, amounted to 6,346 thousand euros (2015: 4,265 thousand euros), included in “Personnel expenses” in the accompanying consolidated income statement. The amount corresponding to life insurances in 2016 was 25 thousand euros.

In 2016 loans amounting to 13,000 thousand euros were granted to the members of the Management Committee, except those who are members of the Board of Directors and who are included in Note 31.2, for acquiring shares in the Parent Company from Acek Desarrollo y Gestión Industrial S.L. (Note 12.a.2)). In 2015 no loans were granted.

32. Other disclosures

32.1 Audit fees

Audit fees related to the annual audit of consolidated and individual financial statements of the companies included in the consolidation scope for 2016 amounted to 3,950 thousand euros (2015: 3,735 thousand euros).

Of the audit fees mentioned above, the fees paid to the auditor of the Parent Company for all audit work performed for the Group in 2016 amounted to 3,892 thousand euros (2015: 3,598 thousand euros).

Fees paid for other services rendered by the auditor of the Parent Company and companies with their trade name in 2016 amounted to 691 thousand euros (2015: 434 thousand euros).

32.2 Environmental issues

The cost of PP&E items acquired for environmental protection and improvement purposes amounted to 5,152 thousand euros at year end 2016. Accumulated depreciation on these assets stood at 3,182 thousand euros (2015:4,628 thousand euros and 2,932 thousand euros, respectively).

In 2016, the Group also recognized 853 thousand euros in environmental protection and improvement expenses (2015: 668 thousand euros).

The accompanying consolidated balance sheet does not include any provision for environmental issues given that the Parent Company's directors consider that at year end there are no liabilities to be settled in the future in connection with actions taken by the companies which comprise the consolidated Group to prevent, reduce or repair damages to the environment, and they believe that were such liabilities to exist, they would not be significant. At year end the Group had not received any subsidies for environmental issues.

33. Financial risk management

To manage its financial risk, the Group continually revises its business plans, analyses the relationship between the risks and the present value of cash flows associated with its investments in addition to taking an accounting approach that allows an assessment of changes in risk exposure.

33.1 Financial risk factors

In compliance with prevailing legislation, below is a description of the main financial risks to which the Group is exposed:

- ü Market risk
  - o Exposure to fluctuations in foreign exchange rates
  - o Exposure to fluctuations in interest rates
- ü Liquidity risk
- ü Credit risk
- ü Raw material price risk

Foreign currency risk

Fluctuations in the exchange rate between the currency in which a transaction is denominated and the Group's presentation currency can have a negative or positive impact on its profit or loss, specifically affecting management of its financial debt.

The Group operates in the following currencies:

Euro	US dollar	Mexican peso
Argentine peso	Brazilian reais	GB pound
Swedish crown	Polish zloty	Hungarian forint
Turkish lira	Indian rupee	Korean won
Chinese yuan	Russian rubble	Czech crown
Japanese yen	Thai baht	

To manage exchange rate risk, the Group uses a series of financial instruments that give it a degree of flexibility, basically comprised of the following:

A. Foreign currency forward contracts: These arrangements lock in the price at which an entity can buy or sell a currency on a set date; the timing can be adjusted to align the transactions with the hedged cash flows.
B. "Puttable instruments": Other derivatives are also used to hedge currency risk, including those designed to lock in a maximum or minimum exchange rate (collar or tunnel) at a set settlement date.

At December 31, 2016 and December 31, 2015 these instruments were not arranged.

The tables below show the sensitivity of profit and equity, in thousands of euros, to changes in exchange rates relative to the euro.

The sensitivity of profit to exchange rate fluctuations, corresponding to years 2016 and 2015, is as follows:

	2016	
	IMPACT ON PROFIT	
Currency	5% Fluctuation	-5% Fluctuation
Swedish crown	(1,311)	1,311
US dollar	80	(80)
Hungarian forin	(740)	740
GB pound	631	(631)
Mexican peso	151	(151)
Brazilian reais	(470)	470
Chinese yuan	1,961	(1,961)
Indian rupee	379	(379)
Turkish lira	357	(357)
Argentine peso	31	(31)
Russian ruble	6	(6)
Korean won	453	(453)
Polish zloty	1,096	(1,096)
Czech crown	265	(265)
Japanese yen	57	(57)
Thai baht	18	(18)
IMPACT IN ABSOLUTE TERMS	2,964	(2,964)
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT COMPANY	221,354	221,354
EFFECT IN RELATIVE TERMS	1.34%	-1.34%

2015		
	IMPACT ON PROFIT	
Currency	5% Fluctuation	-5% Fluctuation
Swedish crown	(1,021)	1,021
US dollar	817	(817)
Hungarian forin	(419)	419
GB pound	830	(830)
Mexican peso	1,200	(1,200)
Brazilian reais	(565)	565
Chinese yuan	2,093	(2,093)
Indian rupee	349	(349)
Turkish lira	90	(90)
Argentine peso	(98)	98
Russian ruble	(296)	296
Korean won	249	(249)
Polish zloty	(89)	89
Czech crown	66	(66)
Japanese yen	60	(60)
Thai baht	10	(10)
IMPACT IN ABSOLUTE TERMS	3,276	(3,276)
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT COMPANY	161,480	161,480
EFFECT IN RELATIVE TERMS	2.03%	-2.03%

The sensitivity of equity to exchange rate fluctuations, corresponding to years 2016 and 2015, is as follows:

2016		
	IMPACT ON EQUITY	
Currency	5% Fluctuatior	-5% fluctuatior
Swedish crown	(2,667)	2,667
US dollar	5,555	(5,555)
Hungarian forint	(3,090)	3,090
GB pound	7,875	(7,875)
Mexican peso	(520)	520
Brazilian reais	3,400	(3,400)
Chinese yuan	11,183	(11,183)
Indian rupee	1,700	(1,700)
Turkish lira	243	(243)
Argentine peso	(2,571)	2,571
Russian ruble	(4,293)	4,293
Korean won	1,868	(1,868)
Polish zloty	1,988	(1,988)
Czech crown	(201)	201
Japanese yen	(67)	67
Thai baht	89	(89)
IMPACT IN ABSOLUTE TERMS	20,490	(20,490)
EQUITY	1,872,003	1,872,003
EFFECT IN RELATIVE TERMS	1.09%	-1.09%

	2015	
	IMPACT ON EQUITY	
Currency	5% Fluctuation	-5% fluctuation
Swedish crown	(1,264)	1,264
US dollar	6,148	(6,148)
Hungarian forint	(2,101)	2,101
Sterling pound	7,204	(7,204)
Mexican peso	1,273	(1,273)
Brazilian reais	2,908	(2,908)
Chinese yuan	9,973	(9,973)
Indian rupee	912	(912)
Turkish lira	104	(104)
Argentine peso	(2,178)	2,178
Russian ruble	(5,299)	5,299
Korean won	1,294	(1,294)
Polish zloty	2,538	(2,538)
Czech crown	488	(488)
Japanese yen	(113)	113
Thai baht	59	(59)
IMPACT IN ABSOLUTE TERMS	21,944	(21,944)
EQUITY	1,798,393	1,798,393
EFFECT IN RELATIVE TERMS	1.22%	-1.22%

Interest rate risk

The Group's borrowings mainly bear interest at floating rates, exposing it to risk from fluctuations in market interest rates, so that market fluctuations affect cash flows. The Group mitigates this risk by using interest rate derivatives, mainly swaps, by which it converts the floating rate on a loan into a fixed rate. It may swap the rate on a portion of the loan or on the entire loan, and for its entire duration or a part thereof.

In general the Group's borrowings are at floating rates indexed to Euribor except the bonds issued by the Group in May, 2016 which bear a fixed interest rate.

Had the average interest on euro denominated financial borrowings changed in 50 Bps in 2016, all other variables remaining constant, the finance result would have changed in 3,764 thousand euros.

Had the average interest on euro denominated financial borrowings changed in 50 Bps in 2015, all other variables remaining constant, the finance result would have changed in 80 thousand euros.

Liquidity risk

Liquidity risk is defined as the risk that a company will not be able to service its commitments as a result of adverse conditions in the debt and/or equity markets that prevent or hinder its capital raising efforts.

The Group manages liquidity risk by maintaining sufficient cash balances to enable it to negotiate refinancing on the best possible terms and to cover its near term cash outlays, thereby avoiding the need to raise funds on disadvantageous terms.

The breakdown of liquidity and capital resources at December 31, 2016 and 2015 was as follows:

	Thousands of euros	
	2016	2015
Cash and cash equivalents	430,463	355,975
Current financial investments		
Debt securities	338	2,535
Revolving credit facilities (Note 22.a.1.I))	280,000	280,000
Undrawn credit lines	457,287	282,087
	1,168,088	920,597

The working capital can be defined as the permanent financial resources needed to carry out the activity of the company, that is, the part of current assets financed with long-term funds.

The Group´s working capital at December 31, 2016 and December 31, 2015 is as follows:

	Thousand euros	
	2016	2015
Current assets	2,507,717	2,196,091
Current liabilities	(2,359,043)	(1,859,530)
TOTAL WORKING CAPITAL	148,674	336,561

	Thousand euros	
	2016	2015
Equity	1,872,003	1,798,393
Non-current liabilities	2,198,602	2,087,818
Non-current assets	(3,921,931)	(3,549,650)
TOTAL WORKING CAPITAL	148,674	336,561

As reflected in the 2016 Consolidated Statement of Cash Flows, changes in working capital imply a decrease in necessities amounting to 24.6 million euros.The main reason is the increase in Trade payables because of a 5-day increase in the average period of payment to suppliers at December 31, 2016 compared to the same period at December 31, 2015. It is partially compensated with the increase in Trade receivables at December 31, 2016 compared to the balance of the said heading from the Consolidated Balance Sheet at December 31, 2015. The main reason is the increase in Accounts receivable by stage of completion, tools in 2016.

Credit risk

Credit risk is concentrated primarily in the Group's accounts receivable. Management considers that its counterparties are very creditworthy.

Each business unit manages its credit risk according to policies, procedures and controls determined by the Group regarding credit risk management of customers.

At each closing date, the Group companies analyze on the basis of real historical data the balances of each major client individually in order to determine the need for provisions or impairment.

The Group has no guarantee on debts and has concluded that the risk concentration is low given that its customers belong to distinct jurisdictions and operate in highly independent markets.

The credit risk with banks is managed by the treasury department of the Group according to the Group policies.

The surplus cash investments are contracted only with authorized counterparties and always within the credit limit assigned for each counterparty.

The limits are established in order to minimize risk concentration, thereby mitigating financial losses in the event of a default by the counterparty.

The maximum exposure of the Group to credit risk at December 31, 2016 and 2015 amounts to the carrying values (Note 14), except for financial guarantees and derivative financial instruments.

The net Credit Valuation Adjustment by counterparty (CVA + DVA) is the method used to value the credit risk of the counterparties and the Parent Company in calculating the fair value of derivative financial instruments. This adjustment reflects the possibility of bankruptcy or impairment of the credit quality of the counterparty and the Parent Company. The simplified formula corresponds to the expected exposure multiplied by the possibility of bankruptcy and by the expected loss in case of non-payment. For calculating such variables the Parent Company uses market references.

Raw Materials Price Risk

The steel is the main raw material used in the business.

In 2016, 60% of the steel was purchased through "re-sale" programs with customers (58% in 2015), whereby the OEM periodically negotiates with the steel maker the price of the steel that Gestamp uses for the production of automotive components. Any fluctuations in steel prices are directly adjusted in the selling price of the final product.

In the case of products that use steel not purchased under "re-sale", the OEMs adjust Gestamp's selling prices based on the steel prices they themselves have negotiated with steel suppliers. Historically, the Group has negotiated and agreed its purchase contracts with steel suppliers under terms such that the impact (whether positive or negative) of the steel price fluctuation in these cases is minimal.

Hence, Gestamp considers that the Group's exposure to steel price fluctuations is not significant.

33.2 Hedge accounting

For the purpose of hedge accounting, the Group classifies its hedges as:

- Fair value hedges when hedging the exposure to changes in the market value of a recognized asset or liability, or of a firm commitment attributable to a specific risk.
- Cash flow hedges when hedging exposure to fluctuations in cash flows that are either attributable to a particular risk associated with a recognized asset or liability, or a highly probable forecast transaction.
- Hedges of a net investment in a foreign operation when hedging exposure to variability in exchange rates relative to a net investment in a foreign operation.

Such derivative financial instruments are initially recognized at acquisition cost and are subsequently valued at fair value. Changes in fair value are normally accounted for in keeping with specific hedge accounting criteria.

The accounting for these instruments is carried out as follows:

- Ø Fair value hedges: changes in the fair value of the hedging instrument and the hedged item, in both instances attributable to the risk hedged, are recognized in the consolidated income statement.
- Ø Cash flow hedges: changes in the fair value of the hedging instrument attributable to the risk hedged, as long as the hedge is effective, are recognized in “Retained earnings” in equity. Amounts taken to equity are transferred to the Consolidated Income Statement when the hedged cash flows affect profit or loss.
- Ø Hedges of a net investment in a foreign operation: these hedges are accounted for in a way similar to cash flow hedges. Fair value gains or losses in these hedging instruments are recognized in "Translation differences." If a foreign operation is sold, the cumulative value of any such gains or losses recognized directly in equity ("Translation differences ") is transferred to the Consolidated Income Statement.

33.3 Fair value of financial instruments

The fair value of financial instruments is determined as follows:

- Ø The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market prices.
- Ø Where there is no active market, fair value is determined using cash flow analysis discounted at market discount rates and based on market assumptions at the time of the estimate.

Non-current financial assets

There is no difference between the fair value and carrying amount of non-current loans granted since they all accrue interest at floating rates.

Equity investments are carried on the Consolidated Balance Sheet at fair value when they can be valued reliably. Since it is usually not possible to measure the fair value of shareholdings in unlisted companies reliably, these investments are valued at acquisition cost or lower if there is evidence of impairment.

Changes in fair value, net of the related tax effect, are recognized with a charge or credit, as appropriate, to “Retained earnings” within Equity until these investments are sold, at which time the cumulative amount recognized in equity is recognized in full in the Consolidated Income Statement. If fair value is lower than acquisition cost, the difference is recognized directly in equity, unless the asset is determined to be impaired, in which case it is recognized in the Consolidated Income Statement.

Trade receivables

For receivables due in less than one year, the Group considers the carrying amount a reasonable approximation of fair value.

Current financial assets

There is no difference between the fair value and carrying amount of short term loans granted since they all accrue interest at market rates.

For other current financial assets, as their maturity is near the financial year end, the Group considers their carrying amounts a reasonable approximation of fair value.

Interest-bearing loans and borrowings

For current and non-current bank borrowings there is no difference between fair value and carrying amount since all these borrowings carry interest at market rates.

Trade and other payables

The Group's management considers the carrying amount of the items recorded in this Consolidated Balance Sheet line item to be a reasonable approximation of fair value.

Fair values of financial instruments

The fair values of current and non-current financial assets and liabilities do not differ significantly from their respective carrying amounts.

The Group uses the following sequence of three levels, based on the relevance of the variables used, to measure the fair value of its financial instruments:

- Level 1: Unadjusted quoted price for identical assets or liabilities in active markets.
- Level 2: Variables which are observably different from the prices quoted in Level 1, either directly (price), or indirectly (derived from the price).
- Level 3: Variables which are not based on observable market data (non-observable variables).

The classification of financial assets recognized in the Consolidated Financial Statements, by methodology of fair value measurement, is as follows:

	Thousands of euros					
	Level 1		Level 2		Level 3	
	2016	2015	2016	2015	2016	2015
Financial assets measured at fair value						
Financial derivative hedging instruments (Note 12.a.3))			25,710	28,184		
Total	-	-	25,710	28,184	-	-

The classification of financial liabilities at fair value in the Consolidated Financial Statements, according to their relevant valuation methodology, is as follows:

	Thousands of euros					
	Level 1		Level 2		Level 3	
	2016	2015	2016	2015	2016	2015
Financial derivative hedging instruments			74,860	72,803		
Financial derivative instruments held-for-trading			13,123	25		
Total Financial derivative instruments (Note 22.b.1))			87,983	72,828		
Other current liabilities - Put Option (Note 22.d))					76,900	
Defined benefit plans (Note 21.b))	77,528	68,732				
Total	77,528	68,732	87,983	72,828	76,900	

33.4 Capital risk management

The objective of the Group's capital management is to protect its ability to continue as a going concern, upholding the commitment to remain solvent and to maximize shareholder value.

The Group monitors its capital structure based on its leverage ratio. It defines leverage as net debt (financial borrowings, financial leasing, borrowing from related parties and other financial liabilities less short-term investments and cash and cash equivalents) divided by total equity (consolidated equity plus grants pending release to the income statement).

The Group's leverage is set forth below:

	Thousands of euros	
Concept	2016	2015
Interest-bearing loans and borrowings	1,967,599	1,730,936
Financial leasing	33,574	35,161
Borrowings from related parties	70,162	79,004
Other non-current financial liabilities	34,991	39,428
Short term financial investments	(43,228)	(35,455)
Cash and cash equivalents	(430,463)	(355,975)
TOTAL NET DEBT (Note 22)	1,632,635	1,493,099
Consolidated equity	1,872,003	1,798,393
Grants received (Note 19)	25,945	30,720
TOTAL EQUITY	1,897,948	1,829,113
LEVERAGE RATIO	86.0%	81.6%

During 2016 the Group maintained its average collection and payment periods, as well as its average inventory turnover rates, at levels comparable to 2015. In addition, during 2016 the Group continued to exercise strict control over investments.

34. Information about postponement of payments to suppliers in commercial transactions

The Spanish companies of the Group have adapted their internal processes and payment policy terms to the legal provision of the Law 15/2010, which establishes actions against late payment in commercial transactions. In this sense, the contractual conditions in the year 2016 with commercial suppliers for parts manufacturing in Spain have included periods of payment equal to or less than 60 days in 2016 and in 2015, according to the second transitory legal provision of the Law.

According to this Law, it is detailed below the information from Group companies operating in Spain:

<u>2016</u>

Average period for payment to suppliers	57 days
Total payments realized	4,299 million euros
Total outstanding payments	465 million euros

<u>2015</u>

Average period for payment to suppliers	57 days
Total payments realized	3,828 million euros
Total outstanding payments	424 million euros

Due to reasons of efficiency, and in line with the common practice of trading, the Spanish companies of the Group have, basically, a schedule of payments to suppliers by virtue of which payments are made on fixed days, which in the majority of companies are twice a month.

In general terms, in 2016 and 2015, payments made by Spanish companies to suppliers, for contracts concluded after the entry into force the Law 15/2010, did not exceeded the legal limits of payment terms. Payments to Spanish suppliers which exceeded the legal deadline for years 2016 and 2015 were, in quantitative terms, not significant and were derived from circumstances or incidents beyond the established payment policy, which included, primarily, the closing of agreements with suppliers in the delivery of the goods or provision of the service or handling specific processes.

In addition, at December 31, 2016 and 2015 there were no outstanding amounts of payment to suppliers located in Spain exceeding the maximum legal payment terms.

35. Subsequent events

On November 24, 2016 the subsidiary Gestamp Metalbages S.A. acquired the remaining 60% shareholding in ESSA Palau S.A. for 23,373 thousand euros. The transaction was subject to a condition precedent related to duly obtaining the authorization from competition authorities. On January 17, 2017 the condition was met and the acquisition agreement was formalized. Thus the Group came to own 100% of the shares in ESSA Palau and to fully pay the purchase price indicated.

ESSA Palau S.A. is located in Barcelona (Spain) and its purpose is stamping and manufacturing automobile components for passenger cars.

At the issuance date of these Consolidated Financial Statements, the Group is analyzing the fair value of the net assets and liabilities. With this valuation and the consideration amount, goodwill will be calculated. There were no significant costs associated with this transaction.

As mentioned in Note 22.d), on February 24, 2017 Mitsui & Co. Ltd notified irrevocably that they will not exercise the Put Option that the Parent Company had granted through agreement on December 23, 2016 over 10% shareholding in subisidaries where the Group has investment (Note18). Consequently, in the first quarter of 2017 the mentioned put option will be reversed in the Group consolidated financial statements by cancelling the balance registered in the heading Other current liabilities for 76,900 thousand euros and the counterparty will be an increase in the heading non-controlling interest for 80,947 thousand euros and a decrease in the heading Retained earnings for 4,047 thousand euros.

At the date of formulation of these Consolidated Financial Statements the Parent Company is involved in a process for admission to official listing in the Madrid Stock Exchange. This process is pending to be formalized.

The significant costs of the mentioned process will be assumed by Acek Desarrollo y Gestión Industrial S.L.

There is no variable remuneration subject to the process for admission to official listing in the Madrid Stock Exchange.

36. Information about compliance with the Article 229 of the Spanish Corporate Enterprises Act

According to the articles 229 and 231 of the Spanish Corporate Enterprises Act and with the aim of reinforcing the transparency of capital companies, the joint administrators of the Parent Company and their representative natural persons have reported they have no situations of conflict with the interest of the Parent Company or the Group.

Additionally, Mr. Francisco José Riberas Mera, as president and representative of GESTAMP BIZKAIA, S.A. and Mr. Juan María Riberas Mera as representative of HOLDING GONVARRI, S.L. and AUTOTECH ENGINEERING, A.I.E., board members of the Parent Company, have reported that they are shareholders and board members of ACEK, DESARROLLO Y GESTIÓN INDUSTRIAL, S.L. and several subsidiaries of the ACEK Desarrollo y Gestión Industrial Group.

ACEK, DESARROLLO Y GESTIÓN INDUSTRIAL, S.L is the parent company of an industrial group that developed, through the following subgroups, the activities mentioned below:

- GESTAMP AUTOMOCIÓN GROUP: engaged in manufacturing and sale of metal parts and components for the automotive industry.

- GONVARRI GROUP: engaged in manufacturing, processing and sale of metal products, including structures for renewable energy such as wind turbines, photovoltaic plants and infrastructure elements of solar thermal power plants.

- GESTAMP ENERGíAS RENOVABLES GROUP: dedicated to the development, construction and operation of plants generating renewable energy including solar, wind and biomass.

- INMOBILIARIA ACEK GROUP: engaged in real estate activities.

ACEK, DESARROLLO Y GESTIÓN INDUSTRIAL, S.L holds a direct and indirect investment of 22.909% in the company Cie Automotive, S.A., of which Mr. Francisco José Riberas Mera and Mr. Juan María Riberas Mera are also directors.

Additionally, Mr. Francisco López Peña is a member of the Board of CIE Automotive, S.A

Cie Automotive, S.A. is the parent company of an industrial group which is engaged in, among other things, the design, manufacture and sale of automobile components and sub-units on the world automotive market.

Finally, ACEK, DESARROLLO Y GESTIÓN INDUSTRIAL, S.L. holds a direct investment of 50.00% in the company Sideacero, S.L., of which Mr. Francisco José Riberas Mera and Mr. Juan María Riberas Mera are also directors.

Siceacero, S.L. is the parent company of an industrial group which is engaged in, among othe things, import, export, purchase and sale of ferrous, non-ferrous products, steel materials and recovery materials.

37. Additional note for English Translation

These Consolidated Financial Statements were originally prepared in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

Gestamp

ANNEX I

Consolidation scope

December 31, 2016							
Company	Address	Country	Direct shareholding	Indirect shareholding	Activity	Consolidation method	Auditors
Gestamp Automoción, S.A.	Vizcaya	Spain	Parent company		Portfolio management	Full	Ernst & Young
Gestamp Bizkaia, S.A.	Vizcaya	Spain	85.31%	14.69%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Vigo, S.A.	Pontevedra	Spain	99.99%	0.01%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Cerveira, Lda.	Viana do Castelo	Portugal	42.25%	57.75%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Toledo, S.A.	Toledo	Spain	99.99%	0.01%	Tooling and parts manufacturing	Full	Ernst & Young
Autotech Engineering AIE	Vizcaya	Spain	10.00%	90.00%	Research & Development and IT	Full	Ernst & Young
SCI de Tournan en Brie	Tournan	France	0.10%	99.90%	Real Estate	Full	N/A
Gestamp Solblank Barcelona, S.A.	Barcelona	Spain	5.01%	94.99%	Tailored blank welding	Full	Ernst & Young
Gestamp Palencia, S.A.	Palencia	Spain	100.00%		Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Argentina, S.A.	Buenos Aires	Argentina		70.00%	Portfolio management	Full	Ernst & Young
Gestamp Córdoba, S.A.	Córdoba	Argentina		70.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Linares, S.A.	Jaén	Spain	5.02%	94.98%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Servicios, S.A.	Madrid	Spain	100.00%		Administrative services	Full	Ernst & Young
Matricerías Deusto, S.L.	Vizcaya	Spain		100.00%	Die cutting production	Full	Ernst & Young
Gestamp Galvanizados, S.A.	Palencia	Spain	5.01%	94.99%	Component galvanazing	Full	Ernst & Young
Gestamp Tech, S.L.	Palencia	Spain	0.33%	99.67%	Dormant	Full	N/A
Gestamp Brasil Industria de Autopeças, S.A.	Parana	Brazil		70.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Metalbages, S.A.	Barcelona	Spain	100.00%		Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Esmar, S.A.	Barcelona	Spain	0.10%	99.90%	Tooling and parts manufacturing	Full	Ernst & Young
Metalbages P-51, S.L.	Barcelona	Spain		100.00%	Tooling and parts manufacturing	Full	N/A
Gestamp Noury, S.A.S	Tournan	France		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Aveiro, S.A.	Aveiro	Portugal		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Griwe Subgroup	Westerburg	Germany		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Aguascalientes, S.A.de C.V.	Aguas Calientes	Mexico		70.00%	Tooling and parts manufacturing	Full	Ernst & Young
Mexicana Servicios Laborales, S.A.de C.V.	Aguas Calientes	Mexico		70.00%	Labor services	Full	Ernst & Young
Gestamp Puebla, S.A. de C.V.	Puebla	Mexico		70.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Cartera de México, S.A. de C.V.	Puebla	Mexico		70.00%	Portfolio management	Full	Ernst & Young
Gestamp Mexicana de Serv. Laborales, S.A. de C.V.	Aguas Calientes	Mexico		70.00%	Labor services	Full	Ernst & Young
Gestamp Ingeniería Europa Sur, S.L.	Barcelona	Spain		100.00%	Portfolio management	Full	Ernst & Young
Todlem, S.L.	Barcelona	Spain		58.13%	Portfolio management	Full	Ernst & Young
Gestamp Navarra, S.A.	Navarra	Spain	71.37%	28.63%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Baires, S.A.	Buenos Aires	Argentina		70.00%	Die cutting, tooling, and parts manufacturing	Full	Ernst & Young
Ingeniería Global MB, S.A.	Barcelona	Spain		100.00%	Administrative services	Full	N/A
Gestamp Aragón, S.A.	Zaragoza	Spain	5.01%	94.99%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Abrera, S.A.	Barcelona	Spain	5.01%	94.99%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Levante, S.A.	Valencia	Spain	88.50%	11.50%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Solblank Navarra, S.L.	Navarra	Spain		100.00%	Tailored blank welding	Full	Ernst & Young
MB Aragón P21, S.L.	Barcelona	Spain		100.00%	Tooling and parts manufacturing	Full	N/A
Gestamp Polska, SP. Z.O.O.	Wielkopolska	Poland		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Washington UK Limited	Newcastle	United Kingdom		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Hungaria KFT	Akai	Hungary	100.00%		Tooling and parts manufacturing	Full	Ernst & Young
Gestamp North America, INC	Michigan	USA		70.00%	Administrative services	Full	Ernst & Young
Gestamp Sweden, AB	Lulea	Sweden		100.00%	Portfolio management	Full	Ernst & Young
Gestamp HardTech, AB	Lulea	Sweden		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Mason, LLc.	Michigan	USA		70.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Alabama, LLc.	Alabama	USA		70.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Ronchamp, S.A.S	Ronchamp	France		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Manufacturing Autochasis, S.L.	Barcelona	Spain	5.01%	94.99%	Tooling and parts manufacturing	Full	Ernst & Young
Industrias Tamer, S.A.	Barcelona	Spain		30.00%	Tooling and parts manufacturing	Equity method	Ernst & Young

December 31, 2016							
Company	Address	Country	Direct shareholding	Indirect shareholding	Activity	Consolidation method	Auditors
Gestamp Tooling Services, AIE	Vizcaya	Spain		100.00%	Engineering and mold design	Full	Ernst & Young
Gestamp Auto Components (Kunshan) Co., Ltd	Kunshan	China		68.95%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Kartek Co, Ltd.	Gyeongsangnam-Do	South Korea		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Beyçelik Gestamp Kalip, A.S.	Bursa	Turkey		50.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Toluca SA de CV	Puebla	Mexico		70.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Servicios Laborales de Toluca SA de CV	Puebla	Mexico		69.93%	Labor services	Full	Ernst & Young
Gestamp Services India Private, Ltd.	Mumbai	India		100.00%	Tooling and parts manufacturing	Full	S.B. Dave & Co.
Gestamp Severstal Vsevolozhsk Llc	Saint Petersburg	Russia		58.13%	Tooling and parts manufacturing	Full	Ernst & Young
Adral, matriceria y pta. a punto, S.L.	Vizcaya	Spain		100.00%	Adjustment	Full	Ernst & Young
Gestamp Severstal Kaluga, LLc	Kaluga	Russia		58.13%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Automotive India Private Ltd.	Pune	India		50.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Pune Automotive, Private Ltd.	Pune	India		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Chattanooga, Llc	Chattanooga	USA		70.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Holding Rusia, S.L.	Madrid	Spain	25.19%	52.34%	Portfolio management	Full	Ernst & Young
Gestamp South Carolina, Llc	South Carolina	USA		70.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Holding China, AB	Lulea	Sweden		68.95%	Portfolio management	Full	Ernst & Young
Gestamp Global Tooling, S.L.	Vizcaya	Spain	99.99%	0.01%	Engineering and mold design	Full	Ernst & Young
Gestamp Tool Hardening, S.L.	Vizcaya	Spain		100.00%	Engineering and mold design	Full	Ernst & Young
Gestamp Vendas Novas Lda.	Évora	Portugal	100.00%		Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Togliatti, Llc.	Togliatti	Russia		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Automotive Chennai Private Ltd.	Chennai	India		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Essa Palau, S.A.	Barcelona	Spain		40.00%	Tooling and parts manufacturing	Equity method	Deloitte
Gestamp North Europe Services, S.L.	Vizcaya	Spain	99.97%	0.03%	Consultory services	Full	Ernst & Young
Loire Sociedad Anónima Franco Española	Guipúzcoa	Spain	100.00%		Manufacture and sale of machinery for cutting	Full	Ernst & Young
Bero Tools, S.L.	Guipúzcoa	Spain		100.00%	Portfolio management	Full	N/A
Diede Die Developments, S.L.	Vizcaya	Spain		100.00%	Die cutting production	Full	IZE Auditores
Gestamp Louny, S.R.O.	Prague	Czech Republic		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Autocomponents (Shenyang), Co. Ltd.	Shenyang	China		65.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp West Virginia, Llc.	Michigan	USA		70.00%	Tooling and parts manufacturing	Full	Ernst & Young
Beyçelik Gestamp Sasi, L.S.	Kocaeli	Turkey		50.00%	Tooling and parts manufacturing	Full	Denetciler Swon/KPMG
Gestamp Autocomponents (Dongguan), Co. Ltd.	Dongguan	China		65.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Try Out Services, S.L.	Vizcaya	Spain		100.00%	Die cutting production	Full	Ernst & Young
Gestión Global de Matricería, S.L.	Vizcaya	Spain	30.00%		Dormant	Equity method	N/A
Ingeniería y Construcción Matrices, S.A.	Vizcaya	Spain		30.00%	Die cutting production	Equity method (A)	IZE Auditores
IxCxT, S.A.	Vizcaya	Spain		30.00%	Die cutting production	Equity method (A)	IZE Auditores
Gestamp Funding Luxembourg, S.A.	Luxembourg	Luxembourg	100.00%		Portfolio management	Full	Ernst & Young
Gestamp Puebla II, S.A. de C.V.	Puebla	Mexico		70.00%	Tooling and parts manufacturing	Full	Ernst & Young
Autotech Engineering Deutschland GmbH	Bielefeld	Germany		100.00%	Research & Development and IT	Full	Ernst & Young
Autotech Engineering R&D Uk limited	Durhan	United Kingdom		100.00%	Research & Development and IT	Full	Ernst & Young
Gestamp Holding México, S.L.	Madrid	Spain		69.99%	Portfolio management	Full	Ernst & Young
Gestamp Holding Argentina, S.L.	Madrid	Spain	10.80%	59.19%	Portfolio management	Full	Ernst & Young
Mursolar 21, S.L.	Madrid	Spain		65.00%	Portfolio management	Full	Ernst & Young
GGM Puebla, S.A. de C.V.	Puebla	Mexico		30.00%	Tooling and parts manufacturing	Equity method (A)	N/A
GGM Puebla de Servicios Laborales, S.A. de C.V.	Puebla	Mexico		30.00%	Labor services	Equity method (A)	N/A
Gestamp Technlogy Institute, S.L.	Vizcaya	Spain	99.99%	0.01%	Education	Full	N/A
Gestamp Tooling Engineering Deutschland, GmbH	Braunschweig.	Germany		100.00%	Die cutting production	Full	N/A
Gestamp Chattanooga II, Llc	Chattanooga	USA		70.00%	Tooling and parts manufacturing	Full	N/A
Autotech Engineering R&D USA	Delaware	USA		100.00%	Research & Development and IT	Full	N/A
Gestamp Autocomponents Wuhan, co. Ltd.	Wuhan	China	100.00%		Tooling and parts manufacturing	Full	N/A
Çelik Form Gestamp Otomotive, A.S.	Bursa	Turkey		25.80%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Washtenaw, LLc.	Delaware	USA		70.00%	Tooling and parts manufacturing	Full	N/A
Gestamp San Luis Potosí, S.A.P.I. de C.V.	México DF	Mexico		70.00%	Labor services	Full	N/A
Gestamp San Luis Potosí Servicios Laborales S.A.P.I. de C.V.	México DF	Mexico		70.00%	Tooling and parts manufacturing	Full	N/A
Gestamp Auto Components (Tianjin) Co., LTD.	Tianjin	China		100.00%	Tooling and parts manufacturing	Full	N/A
Gestamp 2017, S.L.	Madrid	Spain	100.00%		Portfolio management	Full	N/A
Autotech Engineering (Shangai) Co. Ltd.	Shangai	China		100.00%	Research & Development	Full	N/A
Gestamp Hot Stamping Japan K.K.	Tokio	Japan		100.00%	Tooling and parts manufacturing	Full	N/A
Global Laser Araba, S.L.	Álava	Spain	30.00%		Tooling and parts manufacturing	Equity method	N/A

(A) These companies are consolidated under full consolidation method in Gestión Global de Matricería Subgroup. This Subgroup is accounted for in Gestamp Group using the equity method.

December 31, 2016							
Company	Address	Country	Direct shareholding	Indirect shareholding	Activity	Consolidation method	Auditors
Edscha Holding GmbH (*)	Remscheid	Germany		100.00%	Portfolio management	Full	Ernst & Young
Edscha Automotive Hengersberg GmbH (*)	Hengersberg	Germany		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Edscha Automotive Hauzenberg GmbH (*)	Hauzenberg	Germany		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Edscha Engineering GmbH (*)	Remscheid	Germany		100.00%	Research & Development	Full	Ernst & Young
Edscha Hengersberg Real Estate GmbH (*)	Hengersberg	Germany	5.10%	94.90%	Real Estate	Full	N/A
Edscha Hauzenberg Real Estate GmbH (*)	Hauzenberg	Germany	5.10%	94.90%	Real Estate	Full	N/A
Edscha Automotive Kamenice S.R.O. (*)	Kamenice	Czech Republic		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Edscha Hradec S.R.O. (*)	Hradec	Czech Republic		100.00%	Die cutting production	Full	Ernst & Young
Edscha Velky Meder S.R.O. (*)	Velky Meder	Slovakia		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp 2008, S.L. (*)	Villalonquéjar (Burgos)	Spain		100.00%	Portfolio management	Full	Ernst & Young
Edscha Burgos, S.A.(*)	Villalonquéjar (Burgos)	Spain		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Edscha Santander, S.L. (*)	El Astillero (Cantabria)	Spain	5.01%	94.99%	Tooling and parts manufacturing	Full	Ernst & Young
Edscha Briey S.A.S. (*)	Briey Cedex	France		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Edscha Engineering France SAS (*)	Les Ulis	France		100.00%	Research & Development	Full	Ernst & Young
Edscha do Brasil Ltda. (*)	Sorocaba	Brazil		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Edscha Japan Co., Ltd. (*)	Tokio	Japan		100.00%	Sales office	Full	N/A
Jui Li Edscha Body Systems Co., Ltd. (*)	Kaohsiung	Taiwan		50.00%	Tooling and parts manufacturing	Equity method	Ernst & Young
Jui Li Edscha Holding Co., Ltd. (*)	Apia	Samoa		50.00%	Portfolio management	Equity method (B)	N/A
Jui Li Edscha Hainan Industry Enterprise Co., Ltd. (*)	Hainan	China		50.00%	Tooling and parts manufacturing	Equity method (B)	Ernst & Young
Edscha Automotive Technology Co., Ltd. (*)	Shanghai	China		100.00%	Research & Development	Full	Shangai Ruitong Cpa
Shanghai Edscha Machinery Co., Ltd. (*)	Shanghai	China		55.00%	Tooling and parts manufacturing	Full	Ernst & Young
Anhui Edscha Automotive Parts Co Ltda. (*)	Anhui	China		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Edscha Automotive Michigan, Inc (*)	Lapeer	USA		100.00%	Tooling and parts manufacturing	Full	N/A
Edscha Togliatti, Llc. (*)	Togliatti	Russia		100.00%	Tooling and parts manufacturing	Full	National Audit Corporation
Edscha Automotive Components Co., Ltda. (*)	Kunshan	China		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Finance Slovakia S.R.O. (*)	Velky Meder	Slovakia	25.00%	75.00%	Portfolio management	Full	N/A
Edscha Kunststofftechnik GmbH (*)	Remscheid	Germany		100.00%	Tooling and parts manufacturing	Full	JKG Treuhand
Edscha Pha, Ltd.(*)	Seul	South Korea		50.00%	Research & Development and parts manufacturing	Full	N/A
Edscha Aapico Automotive Co. Ltd (*)	Pranakorn Sri Ayutthaya	Thailand		51.00%	Parts manufacturing	Full	Ernst & Young
Edscha Scharwaecther Mechanism S.A.P.I. de C.V. (*)	Mexico City	Mexico		100.00%	Dormant	Full	N/A
Edscha Scharwaecther Mechanism Servicios Laborales S.A.P.I. de C.V. (*)	Mexico City	Mexico		100.00%	Dormant	Full	N/A
GMF Holding GmbH (**)	Remscheid	Germany		100.00%	Portfolio management	Full	Ernst & Young
GMF Wuhan, Ltd (**)	Wuhan	China		100.00%	Parts manufacturing	Full	Ernst & Young
Gestamp Umformtechnik GmbH (**)	Ludwigsfelde	Germany		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Automotive Chassis Products Plc. (**)	Newton Aycliffe, Durham	United Kingdom		100.00%	Portfolio management	Full	Ernst & Young
Sofedit, S.A.S (**)	Le Theil sur Huisne	France		65.00%	Parts manufacturing	Full	Ernst & Young
Gestamp Prisma, S.A.S (**)	Usine de Messempré	France		100.00%	Parts manufacturing	Full	Ernst & Young
Gestamp Tallent , Ltd (**)	Newton Aycliffe, Durham	United Kingdom		100.00%	Parts manufacturing	Full	Ernst & Young
Gestamp Wroclaw Sp.z,o.o. (**)	Wroclaw	Poland		65.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Auto components (Chongqing) Co., Ltd. (**)	Chongqing	China		100.00%	Parts manufacturing	Full	Ernst & Young

December 31, 2015							
Company	Address	Country	Direct shareholding	Indirect shareholding	Activity	Consolidation method	Auditors
Gestamp Automoción, S.A.	Vizcaya	Spain	Parent company		Portfolio management	Full	Ernst & Young
Gestamp Bizkaia, S.A.	Vizcaya	Spain	85.31%	14.69%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Vigo, S.A.	Pontevedra	Spain	99.99%	0.01%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Cerveira, Lda.	Viana do Castelo	Portugal	39.37%	60.63%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Toledo, S.A.	Toledo	Spain	99.99%	0.01%	Tooling and parts manufacturing	Full	Ernst & Young
Autotech Engineering AIE	Vizcaya	Spain	10.00%	90.00%	Research & Development and IT	Full	Ernst & Young
SCI de Tournan en Brie	Tournan	France	0.10%	99.90%	Real Estate	Full	N/A
Gestamp Solblank Barcelona, S.A.	Barcelona	Spain	5.01%	94.99%	Tailored blank welding	Full	Ernst & Young
Gestamp Palencia, S.A.	Palencia	Spain	100.00%		Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Argentina, S.A.	Buenos Aires	Argentina		70.00%	Portfolio management	Full	Ernst & Young
Gestamp Córdoba, S.A.	Córdoba	Argentina		70.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Linares, S.A.	Jaén	Spain	5.02%	94.98%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Servicios, S.A.	Madrid	Spain	100.00%		Administrative services	Full	Ernst & Young
Matricerías Deusto, S.L.	Vizcaya	Spain		100.00%	Die cutting production	Full	Ernst & Young
Gestamp Galvanizados, S.A.	Palencia	Spain	5.01%	94.99%	Component galvanazing	Full	Ernst & Young
Gestamp Tech, S.L.	Palencia	Spain	0.33%	99.67%	Dormant	Full	N/A
Gestamp Brasil Industria de Autopeças, S.A.	Parana	Brazil		70.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Metalbages, S.A.	Barcelona	Spain	100.00%		Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Esmar, S.A.	Barcelona	Spain	0.10%	99.90%	Tooling and parts manufacturing	Full	Ernst & Young
Metalbages P-51, S.L.	Barcelona	Spain		100.00%	Tooling and parts manufacturing	Full	N/A
Gestamp Noury, S.A.S	Tournan	France		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Aveiro, S.A.	Aveiro	Portugal		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Tavol Internacional SGPS, Lda.	Madeira	Portugal		100.00%	Dormant	Full	N/A
Griwe Subgroup	Westerburg	Germany		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Aguascalientes, S.A.de C.V.	Aguas Calientes	Mexico		70.00%	Tooling and parts manufacturing	Full	Ernst & Young
Mexicana Servicios Laborales, S.A.de C.V.	Aguas Calientes	Mexico		70.00%	Labor services	Full	Ernst & Young
Gestamp Puebla, S.A. de C.V.	Puebla	Mexico		70.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Cartera de México, S.A. de C.V.	Puebla	Mexico		70.00%	Portfolio management	Full	Ernst & Young
Gestamp Mexicana de Serv. Laborales, S.A. de C.V.	Aguas Calientes	Mexico		70.00%	Labor services	Full	Ernst & Young
Gestamp Ingeniería Europa Sur, S.L.	Barcelona	Spain		100.00%	Portfolio management	Full	Ernst & Young
Todlem, S.L.	Barcelona	Spain		58.13%	Portfolio management	Full	Ernst & Young
Gestamp Navarra, S.A.	Navarra	Spain	5.01%	94.99%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Baires, S.A.	Buenos Aires	Argentina		70.00%	Die cutting, tooling, and parts manufacturing	Full	Ernst & Young
Ingeniería Global MB, S.A.	Barcelona	Spain		100.00%	Administrative services	Full	N/A
Gestamp Aragón, S.A.	Zaragoza	Spain	5.01%	94.99%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Abrera, S.A.	Barcelona	Spain	5.01%	94.99%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Levante, S.A.	Valencia	Spain	88.50%	11.50%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Solblank Navarra, S.L.	Navarra	Spain		100.00%	Tailored blank welding	Full	Ernst & Young
MB Aragón P21, S.L.	Barcelona	Spain		100.00%	Tooling and parts manufacturing	Full	N/A
Gestamp Polska, SP. Z.O.O.	Wielkopolska	Poland		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Washington UK Limited	Newcastle	United Kingdom		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Hungaria KFT	Akai	Hungary	100.00%		Tooling and parts manufacturing	Full	Ernst & Young
Gestamp North America, INC	Michigan	USA		70.00%	Administrative services	Full	Ernst & Young
Gestamp Sweden, AB	Lulea	Sweden		100.00%	Portfolio management	Full	Ernst & Young
Gestamp HardTech, AB	Lulea	Sweden		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Mason, LLc.	Michigan	USA		70.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Alabama, LLc.	Alabama	USA		70.00%	Tooling and parts manufacturing	Full	Ernst & Young
G Finance Luxemburgo, S.A.	Luxembourg	Luxembourg		99.95%	Portfolio management	Full	Grant Thornton Lux Audit
Gestamp Ronchamp, S.A.S	Ronchamp	France		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
S.G.F, S.A.	Brussels	Belgium		99.95%	Portfolio management	Full	Deloitte
Gestamp Manufacturing Autochasis, S.L.	Barcelona	Spain	5.01%	94.99%	Tooling and parts manufacturing	Full	Ernst & Young
Industrias Tamer, S.A.	Barcelona	Spain		30.00%	Tooling and parts manufacturing	Equity method	Ernst & Young

December 31, 2015							
Company	Address	Country	Direct shareholding	Indirect shareholding	Activity	Consolidation method	Auditors
Gestamp Tooling Services, AIE	Vizcaya	Spain		100.00%	Engineering and mold design	Full	Ernst & Young
Gestamp Auto Components (Kunshan) Co., Ltd	Kunshan	China		68.95%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Kartek Co, Ltd.	Gyeongsangnam-Do	South Korea		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Beyçelik Gestamp Kalip, A.S.	Bursa	Turkey		50.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Toluca SA de CV	Puebla	Mexico		70.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Servicios Laborales de Toluca SA de CV	Puebla	Mexico		69.93%	Labor services	Full	Ernst & Young
Gestamp Services India Private, Ltd.	Mumbai	India		100.00%	Tooling and parts manufacturing	Full	S.B. Dave & Co.
Gestamp Severstal Vsevolozhsk Llc	Saint Petersburg	Russia		58.13%	Tooling and parts manufacturing	Full	Ernst & Young
Adral, matriceria y pta. a punto, S.L.	Vizcaya	Spain		100.00%	Adjustment	Full	Ernst & Young
Gestamp Severstal Kaluga, LLc	Kaluga	Russia		58.13%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Automotive India Private Ltd.	Pune	India		50.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Pune Automotive, Private Ltd.	Pune	India		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Chattanooga, Llc	Chattanooga	USA		70.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Holding Rusia, S.L.	Madrid	Spain	25.19%	52.34%	Portfolio management	Full	Ernst & Young
Gestamp South Carolina, Llc	South Carolina	USA		70.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Holding China, AB	Lulea	Sweden		68.95%	Portfolio management	Full	Ernst & Young
Gestamp Global Tooling, S.L.	Vizcaya	Spain	99.99%	0.01%	Engineering and mold design	Full	Ernst & Young
Gestamp Tool Hardening, S.L.	Vizcaya	Spain		100.00%	Engineering and mold design	Full	Ernst & Young
Gestamp Vendas Novas Lda.	Évora	Portugal	100.00%		Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Togliatti, Llc.	Togliatti	Russia		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Automotive Chennai Private Ltd.	Chennai	India		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Essa Palau, S.A.	Barcelona	Spain		40.00%	Tooling and parts manufacturing	Equity method	Deloitte
Gestamp North Europe Services, S.L.	Vizcaya	Spain	99.97%	0.03%	Consultory services	Full	Ernst & Young
Loire Sociedad Anónima Franco Española	Guipúzcoa	Spain	100.00%		Manufacture and sale of machinery for cutting	Full	Ernst & Young
Bero Tools, S.L.	Guipúzcoa	Spain		100.00%	Portfolio management	Full	N/A
Diede Die Developments, S.L.	Vizcaya	Spain		100.00%	Die cutting production	Full	IZE Auditores
Gestamp Louny, S.R.O.	Prague	Czech Republic		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Autocomponents (Shenyang), Co. Ltd.	Shenyang	China		65.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp West Virginia, Llc.	Michigan	USA		70.00%	Tooling and parts manufacturing	Full	N/A
Beyçelik Gestamp Sasi, L.S.	Kocaeli	Turkey		50.00%	Tooling and parts manufacturing	Full	Denetciler Swon/KPMG
Gestamp Autocomponents (Dongguan), Co. Ltd.	Dongguan	China		65.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Try Out Services, S.L.	Vizcaya	Spain		100.00%	Die cutting production	Full	Ernst & Young
Gestión Global de Matricería, S.L.	Vizcaya	Spain	30.00%		Dormant	Equity method	N/A
Ingeniería y Construcción Matrices, S.A.	Vizcaya	Spain		30.00%	Die cutting production	Equity method (A)	IZE Auditores
IxCxT, S.A.	Vizcaya	Spain		30.00%	Die cutting production	Equity method (A)	IZE Auditores
Gestamp Funding Luxembourg, S.A.	Luxembourg	Luxembourg	100.00%		Portfolio management	Full	Ernst & Young
Gestamp Puebla II, S.A. de C.V.	Puebla	Mexico		70.00%	Tooling and parts manufacturing	Full	Ernst & Young
Autotech Engineering Deutschland GmbH	Bielefeld	Germany		100.00%	Research & Development and IT	Full	Ernst & Young
Autotech Engineering R&D Uk limited	Durhan	United Kingdom		100.00%	Research & Development and IT	Full	Ernst & Young
Gestamp Holding México, S.L.	Madrid	Spain		69.99%	Portfolio management	Full	Ernst & Young
Gestamp Holding Argentina, S.L.	Madrid	Spain	10.80%	59.19%	Portfolio management	Full	Ernst & Young
Mursolar 21, S.L.	Madrid	Spain		65.00%	Portfolio management	Full	Ernst & Young
GGM Puebla, S.A. de C.V.	Puebla	Mexico		30.00%	Tooling and parts manufacturing	Equity method (A)	N/A
GGM Puebla de Servicios Laborales, S.A. de C.V.	Puebla	Mexico		30.00%	Labor services	Equity method (A)	N/A
Gestamp Technlogy Institute, S.L.	Vizcaya	Spain	99.99%	0.01%	Education	Full	N/A
Gestamp Tooling Engineering Deutschland, GmbH	Braunschweig.	Germany		100.00%	Die cutting production	Full	N/A
Gestamp Chattanooga II, Llc	Chattanooga	USA		70.00%	Tooling and parts manufacturing	Full	N/A
Autotech Engineering R&D USA	Delaware	USA		100.00%	Research & Development and IT	Full	N/A
Gestamp Autocomponents Wuhan, co. Ltd.	Wuhan	China	100.00%		Tooling and parts manufacturing	Full	N/A

(A) These companies are consolidated under full consolidation method in Gestión Global de Matricería Subgroup. This Subgroup is accounted for in Gestamp Group using the equity method.

December 31, 2015							
Company	Address	Country	Direct shareholding	Indirect shareholding	Activity	Consolidation method	Auditors
Edscha Holding GmbH (*)	Remscheid	Germany		100.00%	Portfolio management	Full	Ernst & Young
Edscha Automotive Hengersberg GmbH (*)	Hengersberg	Germany		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Edscha Automotive Hauzenberg GmbH (*)	Hauzenberg	Germany		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Edscha Engineering GmbH (*)	Remscheid	Germany		100.00%	Research & Development	Full	Ernst & Young
Edscha Hengersberg Real Estate GmbH (*)	Hengersberg	Germany	5.10%	94.90%	Real Estate	Full	N/A
Edscha Hauzenberg Real Estate GmbH (*)	Hauzenberg	Germany	5.10%	94.90%	Real Estate	Full	N/A
Edscha Automotive Kamenice S.R.O. (*)	Kamenice	Czech Republic		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Edscha Hradec S.R.O. (*)	Hradec	Czech Republic		100.00%	Die cutting production	Full	Ernst & Young
Edscha Velky Meder S.R.O. (*)	Velky Meder	Slovakia		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp 2008, S.L. (*)	Villalonquéjar (Burgos)	Spain		60.00%	Portfolio management	Full	Ernst & Young
Edscha Burgos, S.A.(*)	Villalonquéjar (Burgos)	Spain		60.00%	Tooling and parts manufacturing	Full	Ernst & Young
Edscha Santander, S.L. (*)	El Astillero (Cantabria)	Spain	5.01%	56.99%	Tooling and parts manufacturing	Full	Ernst & Young
Edscha Briey S.A.S. (*)	Briey Cedex	France		62.00%	Tooling and parts manufacturing	Full	Ernst & Young
Edscha Engineering France SAS (*)	Les Ulis	France		100.00%	Research & Development	Full	Ernst & Young
Edscha do Brasil Ltda. (*)	Sorocaba	Brazil		93.64%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Edscha Japan Co., Ltd. (*)	Tokio	Japan		100.00%	Sales office	Full	N/A
Jui Li Edscha Body Systems Co., Ltd. (*)	Kaohsiung	Taiwan		50.00%	Tooling and parts manufacturing	Equity method	Ernst & Young
Jui Li Edscha Holding Co., Ltd. (*)	Apia	Samoa		50.00%	Portfolio management	Equity method (B)	N/A
Jui Li Edscha Hainan Industry Enterprise Co., Ltd. (*)	Hainan	China		50.00%	Tooling and parts manufacturing	Equity method (B)	Ernst & Young
Edscha Automotive Technology Co., Ltd. (*)	Shanghai	China		100.00%	Research & Development	Full	Ernst & Young
Shanghai Edscha Machinery Co., Ltd. (*)	Shanghai	China		55.00%	Tooling and parts manufacturing	Full	Ernst & Young
Anhui Edscha Automotive Parts Co Ltda. (*)	Anhui	China		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Edscha Automotive Michigan, Inc (*)	Lapeer	USA		100.00%	Tooling and parts manufacturing	Full	N/A
Edscha Togliatti, Llc. (*)	Togliatti	Russia		100.00%	Tooling and parts manufacturing	Full	N/A
Edscha Automotive Components Co., Ltda. (*)	Kunshan	China		100.00%	Tooling and parts manufacturing	Full	Shangai Ruitong Cpa
Gestamp Finance Slovakia S.R.O. (*)	Velky Meder	Slovakia	25.00%	75.00%	Portfolio management	Full	N/A
Edscha Kunststofftechnik GmbH (*)	Remscheid	Germany		100.00%	Tooling and parts manufacturing	Full	JKG Treuhand
Edscha Pha, Ltd.(*)	Seul	South Korea		50.00%	Research & Development and parts manufacturing	Full	N/A
Edscha Aapico Automotive Co. Ltd (*)	Pranakorn Sri Ayutthaya	Thailand		51.00%	Parts manufacturing	Full	Ernst & Young
Edscha Scharwaecther Mechanism S.A.P.I. de C.V. (*)	Mexico City	Mexico		100.00%	Dormant	Full	N/A
Edscha Scharwaecther Mechanism Servicios Laborales S.A.P.I. de C.V. (*)	Mexico City	Mexico		100.00%	Dormant	Full	N/A
GMF Holding GmbH (**)	Remscheid	Germany		100.00%	Portfolio management	Full	Ernst & Young
GMF Wuhan, Ltd (**)	Wuhan	China		100.00%	Parts manufacturing	Full	Ernst & Young
Gestamp Umformtechnik GmbH (**)	Ludwigsfelde	Germany		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Automotive Chassis Products Plc. (**)	Newton Aycliffe, Durham	United Kingdom		100.00%	Portfolio management	Full	Ernst & Young
Sofedit, S.A.S (**)	Le Theil sur Huisne	France		65.00%	Parts manufacturing	Full	Ernst & Young
Gestamp Prisma, S.A.S (**)	Usine de Messempré	France		100.00%	Parts manufacturing	Full	Ernst & Young
Gestamp Tallent , Ltd (**)	Newton Aycliffe, Durham	United Kingdom		100.00%	Parts manufacturing	Full	Ernst & Young
Gestamp Wroclaw Sp.z,o.o. (**)	Wroclaw	Poland		65.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Auto components (Chongqing) Co., Ltd. (**)	Chongqing	China		100.00%	Parts manufacturing	Full	Ernst & Young

The companies which compose the Griwe Subgroup at December 31, 2016 and December 31, 2015 are the following:

Company	Address	Country	Shareholding	Consolidation method
Gestamp Griwe Westerburg GmbH	Westerburg	Germany	Parent company	Full
Gestamp Griwe Hot Stamping GmbH	Haynrode	Germany	100.00%	Full
Gestamp Griwe Haynrode GmbH	Haynrode	Germany	100.00%	Full

ANNEX II
Indirect investments at December 31, 2016

December 31, 2016		
Company	Company holding the indirect investment	% investment
Gestamp Vigo, S.A.	Gestamp Servicios, S.A.	0.010%
Gestamp Toledo, S.L.	Gestamp Servicios, S.A.	0.010%
Gestamp Brasil Industria de Autopeças, S.A.	Gestamp Servicios, S.A.	70.000%
Gestamp Ingeniería Europa Sur, S.L.	Gestamp Servicios, S.A.	0.040%
Gestamp Esmar, S.A.	Gestamp Servicios, S.A.	99.900%
Gestamp Bizkaia, S.A.	Gestamp Servicios, S.A.	14.690%
Gestamp Kartek Co., LTD	Gestamp Servicios, S.A.	100.000%
Gestamp Services India Private, Ltd.	Gestamp Servicios, S.A.	1.010%
Beyçelik Gestamp Kalip, A.S.	Gestamp Servicios, S.A.	50.000%
Gestamp Holding México, S.L.	Gestamp Servicios, S.A.	69.850%
Gestamp Holding Rusia, S.L.	Gestamp Servicios, S.A.	7.655%
Gestamp Togliatti, LLC.	Gestamp Servicios, S.A.	100.000%
Gestamp Cerveira, Lda.	Gestamp Vigo, S.A.	57.750%
Gestamp Washington Uk, Limited	Gestamp Vigo, S.A.	4.990%
Gestamp Noury, S.A.	Gestamp Vigo, S.A.	100.000%
Gestamp Louny S.R.O.	Gestamp Cerveira, Lda.	52.720%
Gestamp Aveiro, S.A.	Gestamp Cerveira, Lda.	45.660%
Gestamp Pune Automotive, Pvt. Ltd.	Gestamp Cerveira, Lda.	26.370%
Autotech Engineering AIE	Gestamp Bizkaia, S.A.	90.000%
Gestamp Sweden, AB	Gestamp Bizkaia, S.A.	55.010%
Gestamp North Europe Services, S.L.	Gestamp Bizkaia, S.A.	0.030%
Autotech Engineering Deutschland GmbH	Gestamp Bizkaia, S.A.	55.000%
Autotech Engineering R&D Uk limited	Gestamp Bizkaia, S.A.	55.000%
Gestamp Technology Institute, S.L.	Gestamp Bizkaia, S.A.	0.010%
Gestamp Global Tooling, S.L.	Gestamp Bizkaia, S.A.	0.010%
Autotech Engineering R&D USA, Inc.	Gestamp Bizkaia, S.A.	55.000%
Loire S.A. Franco Española	Gestamp Bizkaia, S.A.	1.000%
Autotech Engineering (Shangai), Co. Ltd.	Gestamp Bizkaia, S.A.	55.000%
Gestamp Tooling AIE	Gestamp Bizkaia, S.A.	40.000%
Gestamp Levante, S.L.	Gestamp Linares, S.A.	11.500%
Gestamp Hard Tech AB	Gestamp Sweden, AB	100.000%
Gestamp Holding China, AB	Gestamp HardTech, AB	68.940%
Gestamp Tool Hardening, S.L.	Matricerías Deusto, S.L.	0.100%
Gestamp Tooling AIE	Matricerías Deusto, S.L.	20.000%
SCI Tournan en Brie	Gestamp Noury, S.A.S	99.900%
Gestamp Linares, S.L.	Gestamp Toledo, S.A.	94.980%
Gestamp Holding Argentina, S.L.	Gestamp Toledo, S.A.	43.530%
Gestamp Aveiro, S.A.	Gestamp Palencia, S.A.	54.340%
Gestamp Galvanizados, S.A.	Gestamp Palencia, S.A.	94.990%
Gestamp Tech, S.L.	Gestamp Palencia, S.A.	99.670%
Gestamp Holding Argentina, S.L.	Gestamp Palencia, S.A.	7.040%
Gestamp Autocomponents (Tianjin) Co., Ltd.	Gestamp Palencia, S.A.	100.000%
Gestamp Romchamp, S.A.	Gestamp Palencia, S.A.	100.000%
Gestamp Córdoba, S.A.	Gestamp Argentina, S.A.	16.030%
Mursolar, 21, S.L.	Gestamp Aragón, S.A.	16.924%
Gestamp Holding México, S.L.	Gestamp Galvanizados, S.A.	0.150%
Gestamp Holding Argentina, S.L.	Gestamp Galvanizados, S.A.	8.620%
Gestamp North America, INC	Gestamp Aveiro, S.A.	70.000%
Gestamp Navarra, S.A	Gestamp Metalbages, S.A.	28.630%
Ingeniería Global MB, S.A.	Gestamp Metalbages, S.A.	100.000%
Gestamp Aragon, S.A.	Gestamp Metalbages, S.A.	94.990%
Gestamp Abrera, S.A.	Gestamp Metalbages, S.A.	94.990%
MB Aragon P21, S.L.	Gestamp Metalbages, S.A.	100.000%
Gestamp Polska SP. Z.O.O.	Gestamp Metalbages, S.A.	100.000%
Gestamp Ingeniería Europa Sur, S.L.	Gestamp Metalbages, S.A.	99.960%
Gestamp Manufacturing Autochasis, S.L.	Gestamp Metalbages, S.A.	50.000%
Griwe Subgroup	Gestamp Metalbages, S.A.	100.000%
Edscha Holding Gmbh	Gestamp Metalbages, S.A.	67.000%
Metalbages P-51	Gestamp Metalbages, S.A.	100.000%
GMF Holding Gmbh	Gestamp Metalbages, S.A.	100.000%
Gestamp Services India private. Ltd.	Gestamp Levante, S.A.	98.990%
Gestamp Holding Rusia, S.L.	Gestamp Levante, S.A.	7.810%
Mursolar, 21, S.L.	Gestamp Navarra, S.A.	28.535%

Company	Company holding the indirect investment	% investment
Gestamp Holding Rusia, S.L.	Gestamp Solblank Navarra, S.L.	5.642%
Gestamp Severstal Vsevolozhsk Llc	Todlem, S.L.	100.000%
Gestamp Severstal Kaluga, Llc	Todlem, S.L.	100.000%
Mexicana Servicios Laborales, S.A. de CV	Gestamp Cartera de México, S.A. de C.V.	100.000%
Gestamp Aguascalientes, S.A. de CV	Gestamp Cartera de México, S.A. de C.V.	100.000%
Gestamp Puebla, S.A. de CV	Gestamp Cartera de México, S.A. de C.V.	100.000%
Gestamp Mexicana Serv. Lab., S.A. de CV	Gestamp Cartera de México, S.A. de C.V.	100.000%
Gestamp Toluca, S.A. de C.V.	Gestamp Cartera de México, S.A. de C.V.	100.000%
Gestamp Puebla II, S.A. de C.V.	Gestamp Cartera de México, S.A. de C.V.	100.000%
Gestamp San Luis Potosí, S.A.P.I. de C.V.	Gestamp Cartera de México, S.A. de C.V.	99.990%
Gestamp San Luis Potosí, Servicios Laborales S.A.P.I. de C.V.	Gestamp Cartera de México, S.A. de C.V.	99.990%
Gestamp Sevicios Laborales de Toluca, S.A. de C.V.	Gestamp Cartera de México, S.A. de C.V.	99.900%
Gestamp Córdoba, S.A.	Gestamp Brasil Industria de Autopeças, S.A.	6.420%
Gestamp Baires, S.A.	Gestamp Brasil Industria de Autopeças, S.A.	6.770%
MB Solblank Navarra, S.L.	Gestamp Abrera, S.A.	100.000%
Gestamp Solblank Barcelona, S.A.	Gestamp Abrera, S.A.	94.990%
Gestamp Holding Rusia, S.L.	Gestamp Polska, SP. Z.O.O.	24.561%
Edscha Subgroup	Gestamp Polska, SP. Z.O.O.	33.000%
Gestamp Automotive India Private Ltd.	Gestamp Polska, SP. Z.O.O.	50.000%
Gestamp Automotive Chennai Private, Ltd.	Gestamp Solblank Barcelona, S.A.	100.000%
Gestamp Holding Rusia, S.L.	Gestamp Solblank Barcelona, S.A.	6.673%
Gestamp Chattanooga, LLC.	Gestamp North America, INC	100.000%
Gestamp Mason, Llc.	Gestamp North America, INC	100.000%
Gestamp Alabama, Llc	Gestamp North America, INC	100.000%
Gestamp West Virginia, Llc.	Gestamp North America, INC	100.000%
Gestamp South Carolina, LLC.	Gestamp North America, INC	100.000%
Gestamp Washtenaw, LLC.	Gestamp North America, INC	100.000%
Gestamp Chattanooga II, LLC.	Gestamp North America, INC	100.000%
Todlem, S.L.	Gestamp Holding Rusia, S.L.	74.980%
Gestamp Auto Components (Kunshan) Co., Ltd	Gestamp Holding China, AB	100.000%
Industrias Tamer, S.A.	Gestamp Esmar, S.A.	30.000%
Gestamp Pune Automotive, Pvt. Ltd.	Gestamp Automotive Chennai Private Ltd.	73.630%
Mursolar, 21, S.L.	Griwe Subgroup	19.540%
Gestamp Louny S.R.O.	Griwe Subgroup	47.280%
Gestamp Manufacturing Autochasis, S.L.	Metalbages P-51, S.L.	44.990%
Matricerías Deusto, S.L.	Gestamp Global Tooling, S.L.	100.000%
Gestamp Try Out Services, S.L.	Gestamp Global Tooling, S.L.	100.000%
Gestamp Tooling Services, AIE	Gestamp Global Tooling, S.L.	40.000%
Adral Matricería y puesta a punto, S.L.	Gestamp Global Tooling, S.L.	100.000%
Gestamp Tool Hardening, S.L.	Gestamp Global Tooling, S.L.	99.900%
Gestamp Tooling Engineering Deutschland GmbH	Gestamp Global Tooling, S.L.	100.000%
ESSA PALAU,S.A.	Gestamp Manufacturing Autochasis, S.L.	40.000%
Gestamp Argentina, S.A.	Gestamp Holding Argentina, S.L.	97.000%
Gestamp Córdoba, S.A.	Gestamp Holding Argentina, S.L.	77.550%
Gestamp Baires, S.A.	Gestamp Holding Argentina, S.L.	93.230%
Autotech Engineering Deutschland GmbH	Autotech Engineering AIE	45.000%
Autotec Engineering (Shangai), Co. Ltd.	Autotech Engineering AIE	45.000%
Autotech Engineering R&D Uk limited	Autotech Engineering AIE	45.000%
Autotech Engineering R&D USA limited	Autotech Engineering AIE	45.000%
Diede Die Development, S.L.	Gestamp Tool Hardening, S.L.	38.000%
Bero Tools, S.L.	Gestamp Tool Hardening, S.L.	20.000%
Gestamp Cartera de Mexico, S.A. de CV	Gestamp Holding México, S.L.	100.000%
Gestamp Argentina, S.A.	Gestamp Holding México, S.L.	3.000%
Bero Tools, S.L.	Loire Sociedad Anónima Franco Española	80.000%
Diede Die Development, S.L.	Bero Tools, S.L.	62.000%
Ingeniería y Construcción Matrices, S.A.	Gestión Global de Matricería, S.L.	100.000%
IxCxT, S.A.	Gestión Global de Matricería, S.L.	100.000%
GGM Puebla, S.A. de C.V.	Gestión Global de Matricería, S.L.	0.001%
GGM Puebla de Servicios Laborales, S.A. de C.V.	Gestión Global de Matricería, S.L.	0.001%
GGM Puebla, S.A. de C.V.	Gestión Global de Matricería, S.L.	99.990%
GGM Puebla de Servicios Laborales, S.A. de C.V.	Gestión Global de Matricería, S.L.	99.990%
Gestamp Auto Components (Shenyang), Co. Ltd.	Mursolar 21, S.L.	100.000%
Gestamp Autocomponents (Dongguan) Co., Ltd.	Mursolar 21, S.L.	100.000%
Gestamp San Luis Potosí, S.A.P.I. de C.V.	Gestamp Puebla, S.A. de CV	0.010%
Gestamp San Luis Potosí, Servicios Laborales S.A.P.I. de C.V.	Gestamp Puebla, S.A. de CV	0.010%
Celik Form Otomotive, A.S.	Beyçelik Gestamp Kalip, A.S.	51.600%
Beyçelik Gestamp Sasi, L.S.	Beyçelik Gestamp Kalip, A.S.	100.000%

Company	Company holding the indirect investment	% investment
Edscha Automotive Hengersberg GmbH	Edscha Holding GmbH	100.000%
Edscha Automotive Hauzenberg GmbH	Edscha Holding GmbH	100.000%
Edscha Engineering GmbH	Edscha Holding GmbH	100.000%
Edscha Automotive Technology, Co. Ltd.	Edscha Holding GmbH	100.000%
Gestamp 2008, S.L.	Edscha Holding GmbH	100.000%
Anhui Edscha Automotive parts, Co. Ltd.	Edscha Holding GmbH	100.000%
Edscha Hradec, S.R.O.	Edscha Holding GmbH	100.000%
Gestamp edscha Japan, Co. Ltd.	Edscha Holding GmbH	100.000%
Edscha Burgos, S.A.	Edscha Holding GmbH	0.010%
Edscha Velky Meder, S.R.O.	Edscha Holding GmbH	100.000%
Edscha Automotiv Kamenice, S.R.O.	Edscha Holding GmbH	100.000%
Edscha Engineering France SAS	Edscha Holding GmbH	100.000%
Edscha Hengersberg Real Estate GmbH	Edscha Holding GmbH	94.900%
Edscha Hauzenberg Real Estate GmbH	Edscha Holding GmbH	94.900%
Shanghai Edscha Machinery, Co. Ltd.	Edscha Holding GmbH	55.000%
Edscha Automotive Michigan, Inc.	Edscha Holding GmbH	100.000%
Edscha Togliatti, Llc.	Edscha Holding GmbH	100.000%
Edscha Automotive Components, Co. Ltd.	Edscha Holding GmbH	100.000%
Gestamp Finance Slovakia, S.R.O.	Edscha Holding GmbH	75.000%
Edscha Kunststofftechnik GmbH	Edscha Holding GmbH	100.000%
Edscha Pha, Ltd.	Edscha Holding GmbH	50.000%
Edscha Scharwaechter Mechanism S.A.P.I. de CV.	Edscha Holding GmbH	99.990%
Edscha Scharwaechter Mechanism Servicios Laborales S.A.P.I. de CV.	Edscha Holding GmbH	99.990%
Jui li Edscha Body Systems Co. Ltd.	Edscha Holding GmbH	50.000%
Edscha Automotive Aapico, Co. Ltd.	Edscha Holding GmbH	50.990%
Edscha do Brasil, Ltd.	Edscha Engineering GmbH	83.260%
Edscha Scharwaechter Mechanism S.A.P.I. de CV.	Edscha Engineering GmbH	0.010%
Edscha Scharwaechter Mechanism Servicios Laborales S.A.P.I. de CV.	Edscha Engineering GmbH	0.010%
Edscha Automotive Aapico, Co. Ltd.	Edscha Engineering GmbH	0.010%
Edscha Santander, S.L.	Gestamp 2008, S.L.	94.990%
Edscha Burgos, S.A.	Gestamp 2008, S.L.	99.990%
Edscha Briey, S.A.S.	Edscha Santander, S.L.	100.000%
Edscha do Brasil, Ltd.	Edscha Santander, S.L.	16.740%
GMF Wuhan, Ltd.	GMF Holding GmbH	100.000%
Gestamp Umformtechnik, GmbH	GMF Holding GmbH	100.000%
Automotive Chassis Products, Plc.	GMF Holding GmbH	100.000%
Sofedit SAS	GMF Holding GmbH	65.000%
Gestamp Auto Components (Chnongqing), Co. Ltd	GMF Holding GmbH	100.000%
Gestamp Prisma SAS	GMF Holding GmbH	100.000%
Gestamp Tallent, Ltd.	Automotive Chassis Products Plc.	100.000%
Gestamp Wroclaw, SP. Z.o.o.	Sofedit, S.A.S	100.000%
Gestamp Washington Uk, Limited	Gestamp Tallent , Ltd	95.010%
Gestamp Hot Stamping Japan, K.K.	Gestamp Tallent , Ltd	100.000%
Gestamp Sweden, AB	Gestamp Tallent , Ltd	44.990%

Indirect investments at December 31, 2015

Company	Company holding the indirect investment	% investment
Gestamp Vigo, S.A.	Gestamp Servicios, S.A.	0.010%
Gestamp Toledo, S.L.	Gestamp Servicios, S.A.	0.010%
Gestamp Brasil Industria de Autopeças, S.A.	Gestamp Servicios, S.A.	70.000%
Gestamp Ingeniería Europa Sur, S.L.	Gestamp Servicios, S.A.	0.040%
Gestamp Esmar, S.A.	Gestamp Servicios, S.A.	99.900%
Gestamp Bizkaia, S.A.	Gestamp Servicios, S.A.	14.690%
Gestamp Kartek Co., LTD	Gestamp Servicios, S.A.	100.000%
Gestamp Services India pvt. Ltd.	Gestamp Servicios, S.A.	1.010%
Beyçelik Gestamp Kalip, A.S.	Gestamp Servicios, S.A.	50.000%
Gestamp Holding México, S.L.	Gestamp Servicios, S.A.	69.850%
Gestamp Holding Rusia, S.L.	Gestamp Servicios, S.A.	7.655%
Gestamp Togliatti, LLC.	Gestamp Servicios, S.A.	100.000%
Gestamp Cerveira, Lda.	Gestamp Vigo, S.A.	60.630%
Gestamp Washington Uk, Limited	Gestamp Vigo, S.A.	100.000%
Gestamp Noury, S.A.	Gestamp Vigo, S.A.	100.000%
Gestamp Louny sro.	Gestamp Cerveira, Lda.	52.720%
Gestamp Aveiro, S.A.	Gestamp Cerveira, Lda.	45.660%
Gestamp Pune Automotive, Pvt. Ltd.	Gestamp Cerveira, Lda.	50.000%
Autotech Engineering AIE	Gestamp Bizkaia, S.A.	90.000%
Gestamp Sweden, AB	Gestamp Bizkaia, S.A.	55.010%
G Finance Luxemburgo, S.A.	Gestamp Bizkaia, S.A.	49.950%
Gestamp North Europe Services, S.L.	Gestamp Bizkaia, S.A.	0.030%
Autotech Engineering Deutschland GmbH	Gestamp Bizkaia, S.A.	55.000%
Autotech Engineering R&D Uk limited	Gestamp Bizkaia, S.A.	55.000%
Gestamp Technology Institute, S.L.	Gestamp Bizkaia, S.A.	0.010%
Gestamp Global Tooling, S.L.	Gestamp Bizkaia, S.A.	0.010%
Autotech Engineering R&D USA, Inc.	Gestamp Bizkaia, S.A.	55.000%
Gestamp Tooling Services, AIE	Gestamp Bizkaia, S.A.	40.000%
Gestamp Levante, S.L.	Gestamp Linares, S.A.	11.500%
S.G.F, S.A.	G Finance Luxemburgo, S.A.	100.000%
Gestamp Hard Tech AB	Gestamp Sweden AB	100.000%
Gestamp Holding China, AB	Gestamp Hard Tech AB	68.940%
Gestamp Tool Hardening, S.L.	Matricerías Deusto, S.L.	0.100%
Gestamp Tooling Services, AIE	Matricerías Deusto, S.L.	20.000%
SCI Tournan en Brie	Gestamp Noury, S.A.	99.900%
Gestamp Linares, S.L.	Gestamp Toledo, S.L.	94.980%
Gestamp Holding Argentina, S.L.	Gestamp Toledo, S.L.	43.530%
Gestamp Aveiro, S.A.	Gestamp Palencia, S.A.	54.340%
Gestamp Galvanizados, S.A.	Gestamp Palencia, S.A.	94.990%
Gestamp Tech, S.L.	Gestamp Palencia, S.A.	99.670%
Gestamp Holding Argentina, S.L.	Gestamp Palencia, S.A.	7.040%
Gestamp Romchamp, S.A.	Gestamp Palencia, S.A.	100.000%
Gestamp Córdoba, S.A.	Gestamp Argentina, S.A.	16.030%
Mursolar, 21, S.L.	MB Aragón, S.A.	16.924%
Gestamp Holding México, S.L.	Gestamp Galvanizados, S.A.	0.150%
Gestamp Holding Argentina, S.L.	Gestamp Galvanizados, S.A.	8.620%
Tavol Internacional, S.A.	Gestamp Aveiro, S.A.	100.000%
Gestamp North America, INC	Gestamp Aveiro, S.A.	70.000%
Gestamp Navarra, S.A	Gestamp Metalbages, S.A.	94.990%
Ingeniería Global MB, S.A.	Gestamp Metalbages, S.A.	100.000%
Gestamp Aragon, S.A.	Gestamp Metalbages, S.A.	94.990%
Gestamp Abrera, S.A.	Gestamp Metalbages, S.A.	94.990%
MB Aragon P21, S.L.	Gestamp Metalbages, S.A.	100.000%
Gestamp Polska SP. Z.O.O.	Gestamp Metalbages, S.A.	100.000%
Gestamp Ingeniería Europa Sur, S.L.	Gestamp Metalbages, S.A.	99.960%
Gestamp Manufacturing Autochasis, S.L.	Gestamp Metalbages, S.A.	50.000%
Griwe Subgroup	Gestamp Metalbages, S.A.	100.000%
Edscha Subgroup	Gestamp Metalbages, S.A.	67.000%
Metalbages P-51	Gestamp Metalbages, S.A.	100.000%
Gestamp Metal Forming Subgroup	Gestamp Metalbages, S.A.	100.000%
Gestamp Services India pvt. Ltd.	Gestamp Levante, S.L.	98.990%
Gestamp Holding Rusia, S.L.	Gestamp Levante, S.L.	7.810%
Mursolar, 21, S.L.	Gestamp Navarra, S.A.	28.535%

Company	Company holding the indirect investment	% investment
Gestamp Holding Rusia, S.L.	MB Solblank Navarra, S.L.	5.642%
Gestamp Severstal Vsevolozhsk Llc	Todlem, S.L.	100.000%
Gestamp Severstal Kaluga, Llc	Todlem, S.L.	100.000%
Mexicana Servicios Laborales, S.A. de CV	Gestamp Cartera de Mexico, S.A. de CV	100.000%
Gestamp Aguascalientes, S.A. de CV	Gestamp Cartera de Mexico, S.A. de CV	100.000%
Gestamp Puebla, S.A. de CV	Gestamp Cartera de Mexico, S.A. de CV	100.000%
Gestamp Mexicana Serv. Lab., S.A. de CV	Gestamp Cartera de Mexico, S.A. de CV	100.000%
Gestamp Toluca, S.A. de C.V.	Gestamp Cartera de Mexico, S.A. de CV	100.000%
Gestamp Puebla II, S.A. de C.V.	Gestamp Cartera de Mexico, S.A. de CV	100.000%
Gestamp Sevicios Laborales de Toluca, S.A. de C.V.	Gestamp Cartera de Mexico, S.A. de CV	99.900%
Gestamp Córdoba, S.A.	Gestamp Brasil Industria de Autopeças, S.A.	6.420%
Gestamp Baires, S.A.	Gestamp Brasil Industria de Autopeças, S.A.	6.770%
MB Solblank Navarra, S.L.	Gestamp Abrera, S.A.	100.000%
Gestamp Solblank Barcelona, S.A.	Gestamp Abrera, S.A.	94.990%
G Finance Luxemburgo, S.A.	Gestamp Polonia SP. Z.O.O.	50.000%
Gestamp Holding Rusia, S.L.	Gestamp Polonia SP. Z.O.O.	24.561%
Edscha subgroup	Gestamp Polonia SP. Z.O.O.	33.000%
Gestamp Automotive India Private Ltd.	Gestamp Polonia SP. Z.O.O.	50.000%
Gestamp Automotive Chennai Private, Ltd.	Gestamp Solblank Barcelona,S.A.	100.000%
Gestamp Holding Rusia, S.L.	Gestamp Solblank Barcelona,S.A.	6.673%
Gestamp Chattanooga, LLC.	Gestamp North América, Inc.	100.000%
Gestamp Mason, Llc.	Gestamp North América, Inc.	100.000%
Gestamp Alabama, Llc	Gestamp North América, Inc.	100.000%
Gestamp West Virginia, Llc.	Gestamp North América, Inc.	100.000%
Gestamp South Carolina, LLC.	Gestamp North América, Inc.	100.000%
Gestamp Chattanooga II, LLC.	Gestamp North América, Inc.	100.000%
Todlem, S.L.	Gestamp Holding Rusia, S.L.	74.980%
Gestamp Auto Components (Kunshan) Co., Ltd	Gestamp Holding China AB	100.000%
Industrias Tamer, S.A.	Gestamp Esmar, S.A.	30.000%
Gestamp Pune Automotive, Pvt. Ltd.	Gestamp Automotive Chennai Private, Ltd.	50.000%
Mursolar, 21, S.L.	Griwe Subgroup	19.540%
Gestamp Louny sro.	Griwe Subgroup	47.280%
Gestamp Manufacturing Autochasis, S.L.	Metalbages P-51	44.990%
Matricerías Deusto, S.L.	Gestamp Global Tooling, S.L.	100.000%
Gestamp Try Out Services, S.L.	Gestamp Global Tooling, S.L.	100.000%
Gestamp Tooling Services, AIE	Gestamp Global Tooling, S.L.	40.000%
Adral Matricería y puesta a punto, S.L.	Gestamp Global Tooling, S.L.	100.000%
Gestamp Tool Hardening, S.L.	Gestamp Global Tooling, S.L.	99.900%
Gestamp Tooling Engineering Deutschland GmbH	Gestamp Global Tooling, S.L.	100.000%
ESSA PALAU,S.A.	Gestamp Manufacturing Autochasis, S.L.	40.000%
Gestamp Argentina, S.A.	Gestamp Holding Argentina, S.L.	97.000%
Gestamp Córdoba, S.A.	Gestamp Holding Argentina, S.L.	77.550%
Gestamp Baires, S.A.	Gestamp Holding Argentina, S.L.	93.230%
Autotech Engineering Deutschland GmbH	Autotech Engineering AIE	45.000%
Autotech Engineering R&D Uk limited	Autotech Engineering AIE	45.000%
Autotech Engineering R&D USA limited	Autotech Engineering AIE	45.000%
Diede Die Development, S.L.	Gestamp Tool Hardening, S.L.	38.000%
Bero Tools, S.L.	Gestamp Tool Hardening, S.L.	20.000%
Gestamp Cartera de Mexico, S.A. de CV	Gestamp Holding Mexico, S.L.	100.000%
Gestamp Argentina, S.A.	Gestamp Holding Mexico, S.L.	3.000%
Bero Tools, S.L.	Loire S.A. Franco Española	80.000%
Diede Die Development, S.L.	Bero Tools, S.L.	62.000%
Ingeniería y Construcción Matrices, S.A.	Gestión Global de Matricería, S.L.	100.000%
IxCxT, S.A.	Gestión Global de Matricería, S.L.	100.000%
GGM Puebla, S.A. de C.V.	IxCxT, S.A.	0.001%
GGM Puebla de Servicios Laborales, S.A. de C.V.	IxCxT, S.A.	0.001%
GGM Puebla, S.A. de C.V.	Gestión Global de Matricería, S.L.	99.990%
GGM Puebla de Servicios Laborales, S.A. de C.V.	Gestión Global de Matricería, S.L.	99.990%
Gestamp Sweden, AB	GMF Subgroup	44.990%
Gestamp Auto Components (Shenyang), Co. Ltd.	Mursolar , 21, S.L.	100.000%
Gestamp Autocomponents (Dongguan) Co., Ltd.	Mursolar , 21, S.L.	100.000%
Beyçelik Gestamp Sasi, L.S.	Beyçelik Gestamp Kalip, A.S.	100.000%

Company	Company holding the indirect investment	% investment
Edscha Hengersberg	Edscha Holding GmbH	100.000%
Edscha Hauzenberg	Edscha Holding GmbH	100.000%
Edscha Engineering	Edscha Holding GmbH	100.000%
Edscha Automot. Technology	Edscha Holding GmbH	100.000%
Gestamp 2008	Edscha Holding GmbH	60.000%
Anhui E. Automotive parts	Edscha Holding GmbH	100.000%
Edscha Hradec	Edscha Holding GmbH	100.000%
Gestamp edscha Japan	Edscha Holding GmbH	100.000%
Edscha Burgos	Edscha Holding GmbH	0.010%
Edscha Velky Meder	Edscha Holding GmbH	100.000%
Edscha Automot. Kamenice	Edscha Holding GmbH	100.000%
Edscha Engineering France	Edscha Holding GmbH	100.000%
Hengersberg Real Estate	Edscha Holding GmbH	94.900%
Hauzenberg Real Estate	Edscha Holding GmbH	94.900%
Shanghai Edscha Machinery	Edscha Holding GmbH	55.000%
Edscha Michigan	Edscha Holding GmbH	100.000%
Edscha Togliatti	Edscha Holding GmbH	100.000%
Edscha Automotive Kunshan	Edscha Holding GmbH	100.000%
Gestamp Finance Slovakia	Edscha Holding GmbH	75.000%
Edscha Kunststofftechnik	Edscha Holding GmbH	100.000%
Edscha Pha	Edscha Holding GmbH	50.000%
Edscha Scharwaechter Mec.	Edscha Holding GmbH	99.990%
Edscha Scharwaechter Mec., S.L.	Edscha Holding GmbH	99.990%
Jui li Edscha Body Systems Co. Ltd.	Edscha Holding GmbH	50.000%
Edscha Aapico	Edscha Holding GmbH	50.990%
Edscha do Brasil	Edscha Engineering GmbH	83.260%
Edscha Scharwaechter Mec.	Edscha Engineering GmbH	0.010%
Edscha Scharwaechter Mec., S.L.	Edscha Engineering GmbH	0.010%
Edscha Aapico	Edscha Engineering GmbH	0.010%
Edscha Santander, S.L.	Gestamp 2008, S.L.	94.990%
Edscha Burgos	Gestamp 2008, S.L.	99.990%
Edscha Briey	Edscha Santander, S.L.	100.000%
Edscha do Brasil	Edscha Santander, S.L.	16.740%
GMF Wuhan, Ltd.	GMF Holding GmbH	100.000%
Gestamp Umformtechnik	GMF Holding GmbH	100.000%
Aut. Chassis Products	GMF Holding GmbH	100.000%
Sofedit SAS	GMF Holding GmbH	65.000%
G. Autocomponents Chongqing	GMF Holding GmbH	100.000%
Prisma SAS	GMF Holding GmbH	100.000%
Tallent Automotive, Ltd.	Automotive Chassis Products Plc.	100.000%
Sofedit Polska, SP. Z.o.o.	Sofedit, S.A.S	100.000%
Gestamp Sweden, AB	Gestamp Tallent , Ltd	44.990%

ANNEX III

Guarantors for May, 2013 and May, 2016 Bonds

Gestamp Navarra, S.A.
Edscha Automotive Kamenice, S.R.O.
Edscha Engineering, GmbH.
Edscha Briey, S.A.S.
Edscha France Engineering , S.A.S.
Edscha Automotive Hauzenberg, GmbH
Edscha Hauzenberg Real Estate GmbH, & Co.
Edscha Hengersberg Real Estate GmbH, & Co.
Edscha Automotive Hengersberg, GmbH.
Edscha Holding, GmbH.
Edscha Hradec, S.r.o.
Edscha Velky Meder, S.r.o.
Gestamp Bizkaia, S.A.
Gestamp Galvanizados, S.A.
Gestamp Automoción,S.A.
Gestamp Aveiro, S.A.
Gestamp HardTech, AB
Gestamp Hungaria, KFT.
Gestamp Linares, S.A.
Gestamp Louny, S.r.o.
Gestamp Esmar, S.A.
Gestamp Wroclaw, Sp. Z.o.o
Sofedit, S.A.S.
Gestamp Toledo, S.A.
Gestamp Noury, SAS
Gestamp Palencia, S.A.
Gestamp Polska, Sp.Z.o.o.
Gestamp Cerveira, Ltda
Gestamp Ronchamp, S.A.S.
Gestamp Servicios, S.A.
Gestamp Washington UK Limited
Gestamp Vendas Novas Unipessoal, Lda.
Gestamp Vigo, S.A.
Gestamp Unformtechnik, GmbH
Griwe Subgroup
Ingeniería Global MB, S.A.
Loire S.A. Franco Española
Gestamp Abrera, S.A.
Gestamp Aragón, S.A.
Gestamp Metalbages, S.A.
Gestamp Prisma, S.A.S.
SCI de Tournan en Brie
Gestamp Solblank Barcelona, S.A.
Gestamp Tallent Limited
Gestamp Sweden AB
Edscha Burgos, S.A
Gestamp Levante, S.A.
Edscha Santander, S.L.

Guarantors for 2012 Bank of America Loan and 2013 Syndicated Loan (modified in 2016)

Gestamp Navarra, S.A.
Edscha Automotive Kamenice, S.R.O.
Edscha Engineering, GmbH.
Edscha Briey, S.A.S.
Edscha France Engineering , S.A.S.
Edscha Automotive Hauzenberg, GmbH
Edscha Hauzenberg Real Estate GmbH, & Co.
Edscha Hengersberg Real Estate GmbH, & Co.
Edscha Automotive Hengersberg, GmbH.
Edscha Holding, GmbH.
Edscha Hradec, S.r.o.
Edscha Velky Meder, S.r.o.
Gestamp Bizkaia, S.A.
Gestamp Galvanizados, S.A.
Gestamp Automoción, S.A.
Gestamp Aveiro, S.A.
Gestamp HardTech, AB
Gestamp Hungaria, KFT.
Gestamp Linares, S.A.
Gestamp Louny, S.r.o.
Gestamp Esmar, S.A.
Gestamp Wroclaw, Sp. Z.o.o
Sofedit, S.A.S.
Gestamp Toledo, S.A.
Gestamp Noury, SAS
Gestamp Palencia, S.A.
Gestamp Polska, Sp.Z.o.o.
Gestamp Cerveira, Ltda
Gestamp Ronchamp, S.A.S.
Gestamp Servicios, S.A.
Gestamp Washington UK Limited
Gestamp Vendas Novas Unipessoal, Lda.
Gestamp Vigo, S.A.
Gestamp Unformtechnik, GmbH
Griwe Subgroup
Ingeniería Global MB, S.A.
Loire S.A. Franco Española
Gestamp Aragón, S.A.
Gestamp Abrera, S.A.
Gestamp Metalbages, S.A.
Gestamp Prisma, S.A.S.
SCI de Tournan en Brie
Gestamp Solblank Barcelona, S.A.
Gestamp Tallent Limited
Gestamp Sweden AB
Edscha Burgos, S.A.
Gestamp Levante, S.A.
Edscha Santander, S.L.

Additionally, the Group companies Gestamp Metalbages, S.A., Gestamp Bizkaia, S.A., Gestamp Vigo, S.A., Gestamp Palencia, S.A. Gestamp Servicios, S.A. and Gestamp Toledo, S.A. have shares pledge.

Guarantors for European Investment Bank Loan

Gestamp Navarra, S.A.
Edscha Automotive Kamenice, S.R.O.
Edscha Engineering, GmbH.
Edscha Briey, S.A.S.
Edscha France Engineering , S.A.S.
Edscha Automotive Hauzenberg, GmbH
Edscha Hauzenberg Real Estate GmbH, & Co.
Edscha Hengersberg Real Estate GmbH, & Co.
Edscha Automotive Hengersberg, GmbH.
Edscha Holding, GmbH.
Edscha Hradec, S.r.o.
Edscha Velky Meder, S.r.o.
Gestamp Bizkaia, S.A.
Gestamp Galvanizados, S.A.
Gestamp Automoción,S.A.
Gestamp Aveiro, S.A.
Gestamp HardTech, AB
Gestamp Hungaria, KFT.
Gestamp Linares, S.A.
Gestamp Louny, S.r.o.
Gestamp Esmar, S.A.
Gestamp Wroclaw, Sp. Z.o.o
Sofedit, S.A.S.
Gestamp Noury, SAS
Gestamp Palencia, S.A.
Gestamp Polska, Sp.Z.o.o.
Gestamp Cerveira, Ltda
Gestamp Ronchamp, S.A.S.
Gestamp Servicios, S.A.
Gestamp Washington UK Limited
Gestamp Vendas Novas Unipessoal, Lda.
Gestamp Vigo, S.A.
Gestamp Unformtechnik, GmbH
Griwe Subgroup
Ingeniería Global MB, S.A.
Loire S.A. Franco Española
Gestamp Abrera, S.A.
Gestamp Aragón, S.A.
Gestamp Metalbages, S.A.
Gestamp Prisma, S.A.S.
SCI de Tournan en Brie
Gestamp Solblank Barcelona, S.A.
Gestamp Tallent Limited
Gestamp Sweden AB
Gestamp Funding Luxemburgo, S.A.

2016 MANAGEMENT REPORT

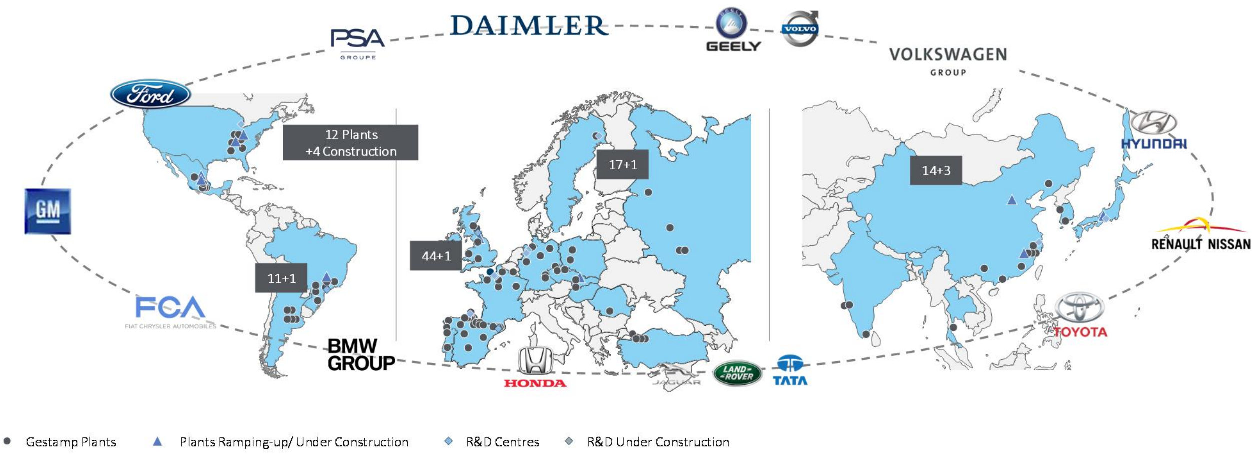
1. GESTAMP AUTOMOCIÓN GROUP

1.1 Group profile

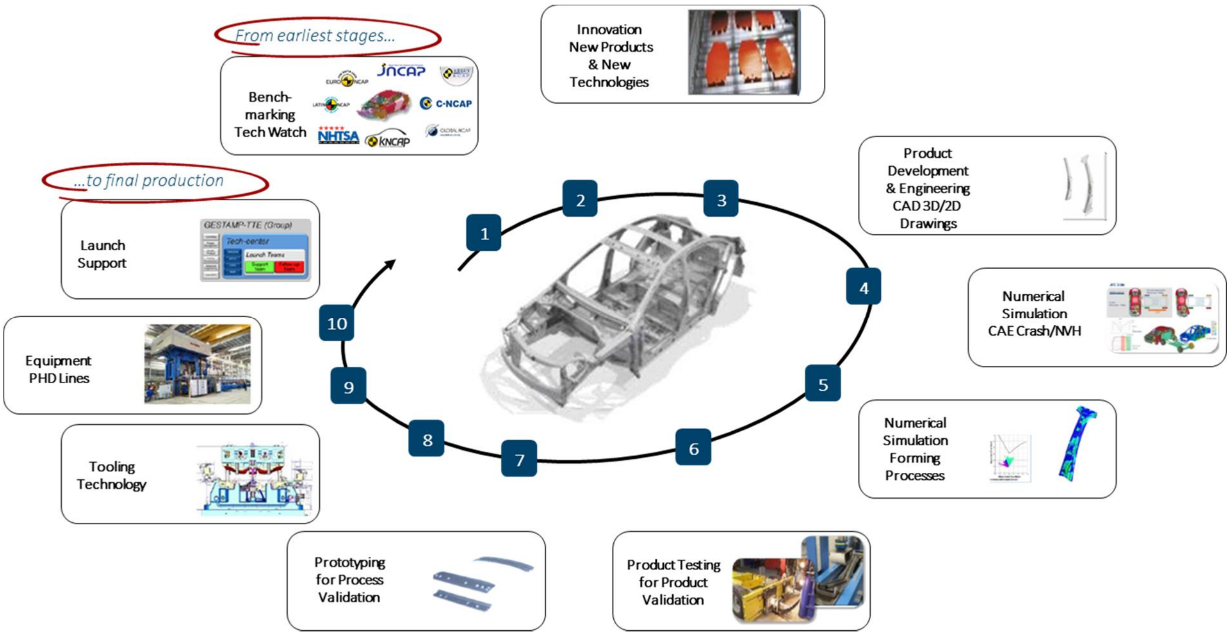
Gestamp Automoción Group (hereafter “Gestamp” or “the Group”) is one of the world’s largest suppliers of automotive components and assemblies. Gestamp designs, develops, manufactures and sells highly engineered body-in-white and chassis components and mechanisms to OEMs, primarily for use in the production of light vehicles.

Since Gestamp’s inception in 1997, the Group has cultivated strong, long standing relationships with its clients, the largest OEMs in the world. Gestamp offers its clients leading technologies through its extensive global footprint of 98 production facilities in operation, with 10 additional plants under construction and 12 R&D centers, with one additional center under construction, in 21 countries over four continents (Europe, North America, South America and Asia). Gestamp’s technological leadership, together with its extensive geographical footprint and relationships with the largest OEMs, allow it to take advantage of global growth opportunities while maintaining a conservative, diversified risk profile.

The diagram below shows Gestamp’s global footprint as of March 1st, 2017.



The high quality of the Group’s products, along with its expertise and core competence in developing and producing light weight components help Gestamp’s OEM customers to produce safer vehicles, and to make them lighter, reducing fuel consumption and CO_2 emissions and thereby improving the environmental impact. Gestamp is a worldwide reference for almost all major OEMs, including BMW, Daimler, Fiat Chrysler, Ford, Geely-Volvo, General Motors, Honda, PSA, Renault Nissan, Tata JLR, Toyota and Volkswagen, which represented its top 12 customers and together accounted for approximately 90% of Gestamp’s component sales for the year ended December 31st, 2016. Gestamp has achieved this position through the Group’s leading technologies, global footprint and proven track record in executing complex projects.



1.2 Main products and services offered and production processes

1.2.1 Products and services

Gestamp produces a diverse range of products, many of which are critical to the structural integrity of a vehicle. The product portfolio covers body-in-white and chassis, mechanisms, as well as tooling and other products. The Group focuses on innovation in the design of its products with the fundamental goals of promoting vehicle weight reduction, thereby reducing harmful CO_2 emissions and overall environmental impact; and enhancing vehicle safety, thereby increasing the protection of passengers, drivers and pedestrians.

<u>Body-in-white and Chassis</u>

Gestamp's Body-in-white products include component parts and assemblies, such as hoods, roofs, doors, fenders and other high quality ''Class A'' surfaces and assemblies, which are used to create the visible exterior skin of an automobile, and structural and other crash-relevant products, such as floors, pillars, rails and wheel arches which, together with the exterior skin component parts and assemblies, form the essential upper and under body (platform) structures of an automobile.

Chassis comprises systems, frames and related parts, such as front and rear axles and links, control arms and integrated links, which are used to create the essential lower body structure and carry the load of the vehicle. These structures are essential for the vehicle's performance and safety, in particular affecting vehicle noise levels, vibrations, handling and behavior in the event of an impact.

Mechanisms

Mechanisms are mechanical components, such as hinges for doors, hoods, and trunk lids, door checks and door hinges that enable the user to open and shut the automobile's hood, side and rear doors and lift-gates, as well as pedal systems and hand brakes. Another important element of this product portfolio are the powered systems that allow automobile doors to open and close electrically and by remote activation.

Tooling and other products

Gestamp has extensive in-house capabilities in the design, engineering, manufacturing and servicing of dies and tools in support of the Group's customers. Gestamp also designs, manufactures and sells presses. In addition, Gestamp typically sells in secondary markets the scrap steel that is generated by the manufacturing processes.

1.2.2 Production Processes

Gestamp has a large portfolio of technologies:

Stamping technologies

- Cold stamping
- Hot stamping
- High-strength steels stamping

- Rollforming
- Hydroforming

Welding technologies

- Spot / arc welding
- Welding and assembly
- Remote 3D laser welding
- Laser welded blanks
- Patchwork blanks

Other technologies

- Finishing
- Tooling
- Press construction

1.3 Trends affecting Gestamp's business

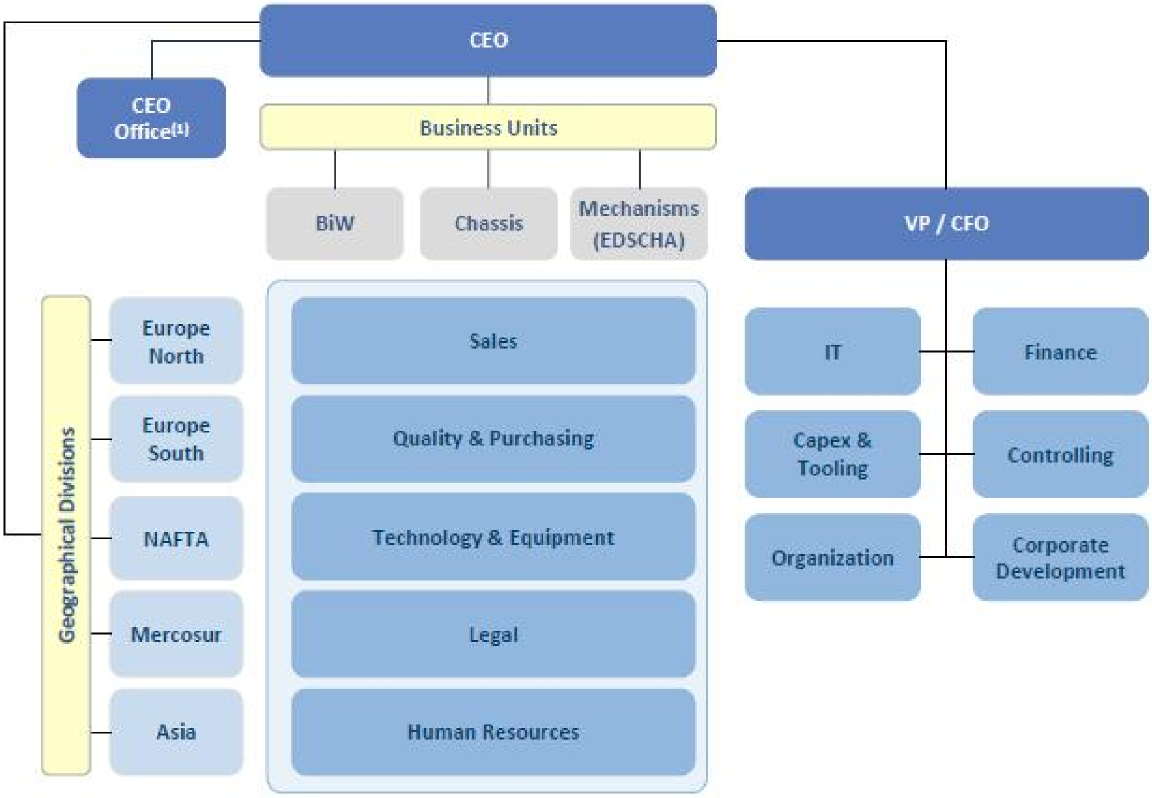
Overview of key drivers affecting Gestamp's addressable market:

- General automotive production growth
- Increased outsourcing by OEMs of production of parts traditionally produced in-house
- Move towards common platforms and global models
- Stricter emissions regulation worldwide forcing OEMs to improve fuel efficiency of vehicles
- Safety regulations
- Increasing focus on comfort features and dynamics
- Electrical Vehicles becoming increasingly more important

1.4 Organizational structure

The Board of Directors is the highest governing body of Gestamp Automoción Group and it is a decision-making center for the management of the Parent Company.

There is also a Management Committee composed of the corporate directors from each geography and the managers responsible for the Divisions. The current organizational structure is as follows:



(1) Strategic Planning, Investor Relations, Communication and Institutional Affairs, Sales Controlling and Marketing

1.5 Efficiency in management and operations

Gestamp seeks efficiency in management and in operations to improve its competitiveness. Gestamp stands out in a competitive environment where quality, price, supply chain management and client services, together with technological capacities and R&D, are distinguishing elements.

Over the last few years Gestamp has established several corporate processes to improve management and operating efficiency:

- Tracking Key Performance Indicators (KPI)
- Manufacturing facilities management system: Gestamp Production System (GPS)
- Production Capacity Management & Planning across manufacturing facilities
- Standardization of processes: Process Taxonomy
- Project management methodology: Gestamp Product Creation System (GPCS)
- Energy efficiency
- Industry 4.0

1.6 Gestamp's strategic pillars

The Group´s goal is to maintain its position as a leading Tier 1 supplier to maximize its growth potential as well as to be the global partner of choice for OEMs in Body-in-White, Chassis and Mechanisms with its client-oriented business model.

Gestamp´s strategy is based on the following key pillars:

1 *Maximize the growth potential of its client-focused business model*

Gestamp´s business model is based on building long-standing, collaborative relationships with OEMs which has enabled Gestamp to become a trusted partner to them. Given the characteristics and size of Gestamp's OEM clients, having a critical mass is key to becoming their partner of choice, together with maintaining and increasing importance to them through technological leadership.

2 *Maintain and strengthen technological leadership*

Gestamp will continue to invest in developing technological capabilities, advanced manufacturing processes and new materials for use in its products.

3 *Clearly differentiated geographic strategies*

Gestamp will pursue its goal to be strategically close to its OEM customers both in terms of product development and increased geographical presence. For that purpose, Gestamp has established differentiated geographic strategies tailored to address each market´s growth potential.

4 *Relentless focus on operational excellence*

Operational excellence is deeply rooted in Gestamp´s organizational structure and culture. Gestamp will continue developing initiatives to ensure a continuous improvement in operational management, in particular GPS, GPCS and Industry 4.0.

5 *Focus on reliability and maintenance of high standards*

Gestamp will continue to reinforce its reliability with OEM customers based on its i) sound and stable financial profile, ii) ability to successfully manage highly demanding complex projects, iii) supporting OEMs facing challenging situations and iv) track record of successful inorganic integrations. In addition, Gestamp is continuously seeking to improve its corporate governance and regulatory compliance processes.

2. BUSINESS PERFORMANCE AND RESULTS

2.1 Macroeconomic context 2016

Global economic growth in 2016 has again been moderate and in line with recent years. Accordingly, inflation and interest rates in the major world economies have remained at very low levels; however, in the last months of the year there has been an increase in the prices of raw materials and energy. Accordingly, the strong rebound in the last quarter of the price of oil and raw materials such as steel, albeit from very depressed levels, has caused a slight rebound in inflation in some countries that had not been seen in a long time.

In addition, 2016 has been a year characterized by a high level of political and social uncertainty globally. The worsening of the armed conflict in Syria and its serious consequences at different levels, the United Kingdom referendum in favor of their exit from the European Union, the new administration in the United States and the political uncertainty in various European countries, including Spain, have generated an unfavorable environment for economic growth.

Against this economic backdrop, the evolution of the automotive sector has been more positive than in previous years, with global light vehicle production increasing by 4.5% up to 93 million units. The Chinese market was the main driver for this favorable performance in 2016, with a growth of over 12% that exceeded all expectations. Vehicle manufacturing in Western Europe, North America and other geographic areas such as India has continued to grow, while markets in Brazil and Russia have continued to deteriorate in line with their economic indicators.

2.2 Results overview

Gestamp's business performance in the current macroeconomic environment, along with the automotive sector, has once again been favorable. Revenues exceeded €7,500 million for the first time, despite the negative foreign exchange impact and weakness in the production market of Mercosur and Russia. Growth, which on a constant currency basis stood at 12.5%, was supported by the consolidation of projects in which the Group had invested in previous years, and by the good performance of key markets such as China, India, Spain and the United Kingdom.

Gestamp in 2016 has also performed well in terms of profitability, with year-on-year growth in the main indicators such as EBITDA, EBIT and profit attributable to shareholders well above revenue growth.

Also in line with recent years, in 2016 the Group has maintained a high level of capital expenditures that will enable to continue growing the business at a rate well above its addressable market in the coming years.

The €725 million of capital expenditures invested last year have been used to finance, among others, the ten new plants under construction across the world supporting Gestamp's clients' projects. Capital expenditures include growth, recurrent and intangible capital expenditures. Growth capital expenditures include capital expenditures in greenfield projects, major expansions of existing facilities and new processes/technologies in existing plants. Recurrent capital expenditures include investments to replace existing programs and expenditures on the maintenance of production assets.

Intangible capital expenditures include capitalization of a part of the Group's R&D expenses, among other concepts.

Million Euros (€m)	2016	2015
Growth capital expenditures	390	286
Recurrent capital expenditures	251	248
Intangible capital expenditures	84	88
Capital expenditures	725	622

Gestamp's net financial debt amounted to €1,632.6 million for the year ended December 31st, 2016, resulting in a 1.94x leverage ratio (Net debt / EBITDA).

Million Euros (€m)	2016	2015	% Change
Revenues	7,549	7,035	7.3%
EBITDA	841	760	10.7%
EBIT	463	400	15.8%
Profit Before Tax	348	253	37.5%
Profit attributable to shareholders	221	162	37.3%
Equity	1,872	1,798	
Net financial debt	1,633	1,493	
Capital expenditures	725	622	

Revenue by geographical segment

Western Europe: Revenue increased by 2.7%, to €3,704.1 million. Growth was driven mainly by market volume growth in Spain, Portugal and France, with a decline in sales in the United Kingdom driven by negative exchange rate movements of the British Pound. On a constant currency basis, sales growth in Western Europe was 5.1%, with market production volume growing 3.8%.

Eastern Europe: Revenue increased by 30.1%, to €859.5 million largely due to the sale of tooling for projects in ramp-up phase in Poland. Revenue also grew considerably in Czech Republic driven by higher market volumes. Turkey also contributed to growth in Eastern Europe. These increases were partially offset by a decrease in revenue in Russia and Slovakia.

Mercosur: Revenue decreased by 14.1%, to €401.4 million, due to a lower volume of vehicle production and the adverse exchange rate movements in both Brazil and Argentina.

North America: Revenue increased by 16.9%, to €1,546.1 million driven by strong growth in the United States based on project ramp-ups, as well as significant sales of tooling. In Mexico, tooling sales mostly compensated a decline in parts sales driven by planned stoppages of one of the Group's clients.

Asia: Revenue increased by 6.2%, to €1,037.9 million driven mainly by Body-in-white growth in South Korea, as well as growth in mechanisms in China. In both cases growth has been due to project ramp-ups and increases in the volumes of vehicle production, partially offset by adverse currency effects related to the Chinese Yuan.

Million Euros (€m)	2016	2015	% Change
Western Europe	3,704	3,607	2.7%
Eastern Europe	860	661	30.1%
Mercosur	401	467	-14.1%
North America	1,546	1,323	16.9%
Asia	1,038	977	6.2%
Total	7,549	7,035	7.3%

3. LIQUIDITY AND CAPITAL RESOURCES

Gestamp has maintained a solid financial position as of December 31, 2016, with net financial debt amounting to €1,632.6 million resulting in a 1.94x leverage ratio (Net Debt / EBITDA), representing a slight improvement from 1.96x as of December 31, 2015.

Thousand Euros	2016	2015
Interest bearing loans and borrowings	1,967,599	1,730,936
Financial leasing	33,574	35,161
Borrowings from group companies	70,162	79,004
Other financial debt	34,991	39,428
Gross debt	2,106,326	1,884,529
Current financial assets	(43,228)	(35,455)
Cash and cash equivalents	(430,463)	(355,975)
Net financial debt	1,632,635	1,493,099
EBITDA	841,150	760,333
Leverage ratio (Net debt / EBITDA)	1.94x	1.96x

Gestamp´s main source of liquidity is its operating cash flow. Net cash flows from operating activities were €652.6 million in 2016. In addition, as part of its Senior Facilities, Gestamp has an undrawn revolving credit facility amounting to €280.0 million with maturity in 2021, as well as €575.4 million in credit lines, of which €118.1 million were drawn as of December 31, 2016. These credit lines are generally renewed each year, do not have any security and have customary covenants.

Thousand Euros	2016	2015
Cash and cash equivalents	430,463	355,975
Current debt securities	338	2,535
Revolving credit facilities	280,000	280,000
Undrawn credit facilities	457,287	282,087
Total Liquidity	1,168,088	920,597

The Group considers that there will be no significant changes with regards to the management of liquidity in the year 2017.

4. MAIN RISKS AND UNCERTAINTIES

Gestamp's risk management procedure is based on the ISO 31000 methodology, a continuous process with nine phases: communication; context definition; identification of risks; risk analysis; risk assessment; risk treatment; monitoring of risks; updates and actions against breaches.

The Group conducts its risks assessment by reviewing its business plans, analyzing the relationship between the risk and the return of its investments, as well as from the accounting perspective, which facilitates the assessment of the status and evolution of the different risk situations.

Note 33 of the 2016 Consolidated Annual Accounts includes a comprehensive overview of the different financial risks that the Group is exposed to, which can be grouped into the following categories:

- Market Risk
- Liquidity Risk
- Credit Risk
- Commodity Risk

4.1 Market Risk

4.1.1 Foreign currency Risk

Fluctuations in the exchange rate between the currency in which a transaction is denominated and the Group's presentation currency can have a negative or positive impact on its profit or loss. Given its global footprint, the Group has articulated an foreign currency risk policy, the main objective of which is to minimize the negative impact that foreign currency volatility may have on the business, and specifically on the Income Statement; and to protect the Group from adverse variations.

To exercise this policy, the Group identifies those cash flows that will be in a currency different from the currency of the respective company / entity and that will materialize over a certain period of time.

To manage exchange rate risk, the Group uses a series of financial instruments that give it a degree of flexibility, basically comprised of the following:

- ü Foreign currency forward contracts: These arrangements lock in the price at which an entity can buy or sell a currency on a set date; the timing can be adjusted to align the transactions with the hedged cash flows.
- ü "Puttable instruments": Other derivatives are also used to hedge currency risk, including those designed to lock in a maximum or minimum exchange rate (collar or tunnel) at a set settlement date.

4.1.2 Interest Rate Risk

Part of Gestamp's bank debt is linked to variable interest rates which are subject to interest rate volatility, hence potentially having an adverse direct impact on the Group's Income Statement. The Group's strategy is focused on minimizing the potential negative impact from an increase in interest rates, and take advantache of the positive impact of the possible tentative decrease in interest rates.

For this purpose, the Group relies on financial derivatives that can be considered as coverage instruments and are therefore subject to the respective accounting rules. The most common coverage instrument is the Interest Rate Swap, through which Gestamp converts variable interest rates into fixed interest rates, whether it is for the total debt quantum at hand or just a portion, for all or part of the total duration of the liability.

4.2 Liquidity risk

The Group applies a prudent policy to cover its liquidity risks, maintaining the necessary flexibility in its financing through the availability of committed credit lines, both in the short and long term. In addition, and subject to liquidity needs, the Group may use liquidity instruments (non-recourse factoring, through which the risks and benefits of accounts receivable are transferred), to maintain the liquidity and working capital levels required for its planed operations.

The management team monitors the forecasts of the Group's liquidity as well as the evolution of the Net Financial Debt.

The Group follows a policy of diversification of its sources of financing, in order to minimize liquidity risks and maximize flexibility around the financial markets.

The management team efficiently controls the payment periods of expenses and investments and the working capital cycles by performing a thorough analysis of the estimated cash balances in order to ensure that the Group has sufficient cash to meet working capital needs while maintaining sufficient availability under credit facilities, in order not to violate the limits of the “covenants” established by the financing.

4.3 Credit risk

Credit risk is concentrated primarily in the Group’s accounts receivable. The credit risk with banks is managed by the treasury department of the Group according to Group policies. Surplus cash investments are contracted only with authorized counterparties and always within the credit limit assigned for each counterparty. The limits are established in order to minimize risk concentration, thereby mitigating financial losses in the event of a default by the counterparty.

4.4 Raw materials’ price risks

The main raw material used in Gestamp’s business is steel.

In 2016, 60% of the steel was purchased through "re-sale" programs with customers (58% in 2015), whereby the OEM periodically negotiates with the steel maker the price of the steel that Gestamp uses for the production of automotive components. Any fluctuations in steel prices are directly adjusted in the selling price of the final product.

In the case of products that use steel not purchased under "re-sale", the OEMs adjust Gestamp’s selling prices based on the steel prices they themselves have negotiated with steel suppliers. Historically, the Group has negotiated and agreed its purchase contracts with steel suppliers under terms such that the impact (whether positive or negative) of the steel price fluctuation in these cases is minimal.

Hence, Gestamp considers that the Group's exposure to steel price fluctuations is not significant.

5. R&D ACTIVITIES

Through innovation, Gestamp seeks to anticipate new technological trends and to offer differentiated products that meet the requirements of efficiency, weight, cost, quality, safety and sustainability. Additionally, in the Group's chassis and mechanisms divisions, R&D is centered around the enhancement of the dynamic performance of the automobile and the comfort of the passenger.

One of the most important objectives for Gestamp is to produce increasingly lighter products, as weight has a direct impact on the engine's energy consumption and, consequently, on CO_2 emissions, the regulation of which is increasingly more restrictive.

Safety is another of Gestamp's key lines of research and development. The Group focuses on identifying formulas which increase the safety of the vehicle passengers and of pedestrians.

The products in turn need to improve the comfort, durability and recyclability at the end of the useful life of the vehicle.

To this end, Gestamp seeks ways to apply new materials with a consistent quality, to establish manufacturing processes which are effective and flexible throughout the production chain, and all at a reasonable cost.

During 2016, Gestamp had more than 1,300 R&D professionals, spread over its 12 R&D centers as well as at manufacturing sites. These R&D centers are located in 8 countries: Spain, Germany, France, Sweden, USA, Brazil, China and Japan. In addition another R&D center is under construction.

Gestamp's R&D teams work with state-of-the-art design and simulation tools, and also develop other tools internally to improve processes and add efficiency and time savings. In addition, the Group has laboratories for testing and assessing the performance of part designs using prototypes. Passive safety tests and crash tests are performed at Gestamp's laboratory in Luleå (Sweden).

Hot stamping

Gestamp is one of the pioneers in the hot stamping manufacturing process, one of the most advanced technologies for reducing the weight of a vehicle's body structure and improving passenger safety in case of collision.

As of December 31, 2016, the Group had 71 hot stamping lines installed worldwide and, according to project contracts awarded, Gestamp expects to build more in all the geographic regions where it is present within the next five years.

In the field of hot stamping Gestamp has a specific process patented by the Group which is called 'Tailored Material Property'. It allows the Group to achieve different levels of hardness in different zones of the same part, controlling the different cooling temperatures during the hardening process. By creating softer, easily deformed zones in each part, Gestamp can control the deformation of the car structure and thus ensure better performance.

6. HUMAN RESOURCES AND SOCIAL RESPONSIBILITY

6.1 Employees

The international expansion has led the Group to face considerable challenges in terms of human resources management, process standardization, adoption of new technologies and promotion of a more globalized corporate culture.

The workforce at the global level has continued to grow during 2016 to reach 36,395 employees, 9.6% more than in 2015, representing 43% growth over the past 5 years.

There is a common framework that establishes the minimum standards for the entire Group in key areas for Gestamp such as: compliance with the Code of Conduct, occupational health and safety and training and development in certain subjects strategic for the company.

Code of Conduct

The Code of Conduct establishes a common framework of reference for the ethical and respectful behavior of Gestamp´s employees in all its countries of operation, regardless of the cultural specificities of each geographical region. The Code includes a number of Rules of Conduct based on Corporate Principles and on the ten principles of the United Nations' Global Compact concerning human rights, labor and environmental standards and the fight against corruption.

This Code is applied at all levels of the organization and affects all the employees that are linked by contract to Group companies or with any of the subsidiaries in which Gestamp is a majority partner.

The Ethics Committee is the entity responsible for ensuring compliance with the Code of Conduct and its correct interpretation.

The Ethics Committee's Rules of Procedure establish the functions and composition, the communication channels and process for complaints and the internal investigation process to assess whether breaches of the Code take place. The Rules include a Compliance Office, which reports to the Ethics Committee, and is responsible for receiving, guiding, following-up, informing in the suitable manner and document the communications received from the various communication channels.

Occupational Health and Safety

Gestamp is committed to offering a healthy and safe environment to its employees and any external workers working at its facilities. The Group has implemented an strict Health and Safety policy and an integrated management system, the GHSI (Gestamp Health and Safety Indicator), which is already implemented in all of the Group's facilities.

The GHSI is calculated on the basis of 74 weighted factors divided into three categories:

- *Traditional Indicators*: Severity rate, Average Duration rate and Fatal Accidents.
- *Working conditions*: Working conditions, traffic routes, warehouse, fire protection, manufacturing machines, etc.
- *Health and Safety Management*: Assessments, health and safety rules and training, risk controls, preventive measures, etc.

The analysis of these factors allows Gestamp to offer the optimal working conditions for its industrial activity. All plants must report the improvements implemented on a quarterly basis, and all manufacturing sites are fully audited every two years.

Despite the growth of the Group, both in terms of operations and number of employees, Gestamp has maintained, and even improved, its indices, as a reflection of its efforts in the area of Health and Safety.

Training and Development

The need to attract and retain highly skilled and qualified professionals requires the development of a talent management plan, the implementation of a global training plan focused on the standardization of manufacturing processes and international mobility of the Group's teams and experts.

- The development of a common talent management plan, which is based on identification of key positions, allows Gestamp to take constructive and appropriate measures to retain, train and promote internal talent, as well as ensure a pipeline of professionals to cover key positions in the organization.

- The global management of personnel training in those key competences facilitates the standardization of the Group's technological knowledge and processes, and consequently ensures the same levels of service to Gestamp's clients on an increasingly global scale. Accordingly, Gestamp has developed a corporate university (*Gestamp Global Learning*) as global online tool and the *Gestamp Technology Institute*

- The international mobility of Gestamp´s employees as a key element for the transferability of the Group's know-how.

6.2 Environment

The environment and climate change are integrated into Gestamp's business strategy.

Gestamp´s environmental policy is based on the implementation of an Environmental Management System ("EMS") certified according to international standards at each of its manufacturing facilities, as well as the implementation of an environmental management tool, the "Environmental Indicator", which allows the Group to (i) monitor and control all the facilities, (ii) identify improvement opportunities and (iii) implement best practices.

Approximately 92% of Gestamp's facilities are ISO 14001:2014 o EMASII certified and the remaining 8% of the facilities (most of which have been recently acquired or built by the Group) will achieve certification within consistent target deadlines.

As part of EMS, the Group conforms the manufacturing process to environmental standards: from the selection of its suppliers to the optimization of raw materials or the management of all the waste Gestamp produces (98% of the waste the company generates is not hazardous and 97% is fully recyclable (scrap) and therefore re-enters the steel production process). On a quarterly basis, the company monitors the environmental performance of its facilities through the Environmental Indicator and, in particular, through the following key indicators:

- EER: Energy Efficiency Rate.
- CO_2ER: CO_2 Emissions Rate.
- WPR: Waste Production Rate.
- WMR: Waste Management Rate.
- WCR: Water Consumption Rate.

Climate Change is another matter in which Gestamp works actively in a double-pronged approach. On the one hand, greenhouse gas emissions are reduced in the production processes through an adequate environmental management. On the other hand, as a supplier of components in the automotive sector, the added value of Gestamp lies in its technological and R&D capability to develop new products and innovative solutions that allow lighter parts to help its customers reduce their CO_2 emissions because lighter weight allows for lower fuel consumption and lower generation of emissions during vehicle use.

To measure the Group's carbon footprint generated by its business activities, Gestamp uses the GHG Protocol and the Intergovernmental Panel on Climate Change (IPCC) guidelines. On an annual basis, the Group also voluntarily reports its performance related to GHG emissions to the international initiative Carbon Disclosure Project, an organization based in the United Kingdom which works with shareholders and corporations to disclose the GHG emissions of major corporations, and where, in 2015, the Group was named as an example of Spanish company in the Supply Chain program.

Despite the increase in the number of its facilities and the use of the hot stamping technology which is more energy intensive than other technologies, Gestamp´s EMS has entabled it to maintain and even reduce, in relative terms, the level of GHG emissions in the last three years:

	2013	2014	2015	2016
CO_2 Emission Rate (Tones of CO_2 emissions per €100,000 of added value)	25	25	24	24

6.3 Society

Gestamp believes that its commitment to sustainability is not confined only to its operating environment; the Group is part of a value chain that is complemented by the activities of its suppliers, without whom Gestamp could not meet the requirements of its customers. As it empowers and supports them locally, the Group contributes to the development of its communities of operations, its sector as well as the overall economy due to the multiplier effect in terms of generation of employment and wealth.

Gestamp also generates a positive effect on the technical/industrial education and training of local people as a result of collaborations established with universities, business schools and regional vocational training centers aimed at promoting training activities related to industrial development. Thus, Gestamp is helping to strengthen an industrial culture and improve the employability of the surrounding communities. During 2016, Gestamp gave 734 young people the opportunity for internship and apprenticeship programs, 73% more than in 2015.

Another field in which the Group contributes to society is through its social activities. Since 2013 Gestamp uses the LBG model (London Benchmarking Group) with the objective of identifying, classifying, and assessing the non-profit making contributions each one of its work centers is making individually in the community in which it operates.

In addition, Gestamp is committed to the United Nations Sustainable Development Goals. During 2016, the Group has worked on the identification and alignment of its ongoing initiatives to the Goals and by 2017 hopes to establish new lines of action related to its business.

7. SUBSEQUENT EVENTS

- On November 24, 2016 the subsidiary Gestamp Metalbages S.A. acquired the remaining 60% shareholding in ESSA Palau S.A. for €23,373 thousand. The transaction was subject to a condition precedent related to duly obtaining the authorization from competition authorities. On January

17, 2017 the condition was met and the acquisition agreement was formalized. Thus Gestamp came to own 100% of the shares in ESSA Palau and fully paid the purchase price indicated. ESSA Palau S.A. is located in Barcelona (Spain) and is active in stamping and manufacturing automobile components for passenger cars.

At the issuance date of these Consolidated Financial Statements, the Group is analyzing the fair value of the net assets and liabilities. With this valuation and the consideration amount, goodwill will be calculated. There were no significant costs associated with this transaction.

- As stated in Note 22.d), on February 24, 2017, Mitsui & Co. Ltd. communicated its irrevocable decision not to execute the put option over 10% of the capital stock of the subsidiaries of the Group in which it participates (see Note 18 of the report), which the Parent Company had granted to Mitsui in its agreement dated December 23, 2016. Given the foregoing, the put option definitively expired and in the first quarter of 2017, the recognition of this put option will be reversed in the consolidated financial statements of the Group with the cancellation of the amount recognized under Other short-term non-current liabilities in the Consolidated Balance Sheet amounting to €76,900 thousand, with the corresponding increase in the balance of minority interests in this Consolidated Balance Sheet for the amount of €80,947 thousand and a decrease in the balance of Retained Earnings amounting to €4,047 thousand.

- During the first two months of the year, Gestamp started production at its second plant in Pune (India), launched the construction of a new plant in Matsusaka (Japan) and acquired a small auto components supplier in Romania through its Turkish subsidiary Beyçelik Gestamp Kalip.

- At the date of formulating these Consolidated Financial Statements, Gestamp is involved in a process for admission to official listing in the Madrid Stock Exchange. This process is pending to be formalized.

  Most significant costs related to this process will be paid by Acek Desarrollo y Gestión Industrial, S.L. There is no variable employee compensation associated with the admission of the shares to listing on the Madrid Stock Exchange

8. FORESEEABLE EVOLUTION OF THE COMPANY

For 2017, global economic growth is expected to exceed the levels experienced in 2016, and is expected to be approximately 3.5%. This higher growth will trigger some inflationary rebound in line with the evolution seen in the last quarter of the previous year, which could lead to interest rate increases, particularly in the United States.

With an improvement in economic activity, Gestamp expects a good performance in the automotive sector globally. Nevertheless, the extraordinary evolution of the Chinese market in the last quarter of 2016 may result in lower growth for 2017.

In a favorable environment, and on the back of the strong investments made in recent years in projects that will ramp up this year, Gestamp expects a positive performance in its operations in 2017. In line with recent years, the Group expects strong revenue and income growth, well above market.

Although the level of global uncertainty remains high and there are latent geopolitical risks such as those arising from the important electoral processes in Europe in 2017, Gestamp will continue to focus its efforts on improving the efficiency of its processes and adequate management of the large number of projects the Group is working on.

9. OPERATIONS WITH OWN SHARES

As at December 31, 2016 the Parent Company had no treasury shares, and during the course of the year did not trade in its own shares .

10. OTHER RELEVANT INFORMATION

10.1 Dividend policy

In 2016 the Parent Company maintained its policy to distribute dividends corresponding to 30% Consolidated Profit Attributable to Equity holders of the Parent Company.

10.2 Credit Rating

On May 2013, the Group completed an issuance of bonds through its subsidiary Gestamp Funding Luxembourg, S.A. This issuance was carried out in two bond issues: one amounting to €500 million with an interest rate of 5.875%, and the other amounting to $350 million with a 5.625% interest rate, with an initial maturity date of May 31, 2020.

On May 11, 2016 the Group issued a new bond, through the subsidiary Gestamp Funding Luxembourg, S.A. for €500 million with an interest rate of 3.5%. The issuance was used to fully refinance the May 2013 bond and accrued interest. The US dollar bonds issued in May 2013 were fully refinanced on June 17, 2016 with the tranche A2 of the new syndicated loan granted on May 20, 2016.

The maturity date of the new bonds is May 15, 2023.

At December 31, 2016 Gestamp's corporate credit rating was "BB /stable outlook" by Standard & Poor's and "Ba2/ stable outlook" by Moody's. These ratings were most recently confirmed on May 3, 2016 by Standard & Poor's and on April 28, 2016 by Moody's.

Corporate Credit Ratings	Current Rating	Outlook	Last Review
Standard & Poor's	BB	Stable	03/05/2016
Moody's	Ba2	Stable	28/04/2016

Senior Secured Notes	Current Rating	Outlook	Last Review
Standard & Poor's	BB+	Stable	29/01/2016
Moody's	Ba3	Stable	28/04/2016

10.3 Average period for payment to suppliers

The internal processes and payment policy terms of the Spanish companies of the Group comply with the legal provision of the Law 15/2010, which establishes actions against late payment in commercial transactions. As a result, the contractual conditions in the year 2016 with commercial suppliers for parts manufactured in Spain have included periods of payment equal to or less than 60 days in 2016 and in 2015, according to the second transitory legal provision of the Law. (Refer to Note 34).

For efficiency reasons and in line with common standards, the Spanish subsidiaries of the Group have in place a schedule for payments to suppliers, under which payments are made on fixed days, and twice a month in the case of the larger entities.

In general terms, during the fiscal periods 2016 and 2015, payments, for contracts agreed after the entry into force the Law 15/2010 made by Spanish entities to suppliers have not exceeded the legal limits of payment terms. Payments to Spanish suppliers which have exceeded the legal deadline for years 2016 and 2015 have been negligible in quantitative terms and are derived from circumstances or incidents beyond the established payment policy, which primarily include the closing of agreements with suppliers at the delivery of goods or provision of services or handling specific processes.

Additionally, as of December 31, 2016 and 2015 there were no outstanding amounts to suppliers located in Spanish territory that exceeded the legal term of payment.