



**CIE Automotive**

MANAGING HIGH VALUE ADDED PROCESSES

**EARNINGS RELEASE  
REPORT  
SEPTEMBER 30<sup>TH</sup> 2019**



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

**1. SEPTEMBER 2019 RESULTS**

**2. BALANCE SHEET**

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## HIGHLIGHTS SEPTEMBER 2019



	30/09/2018	%	30/09/2019
Turnover (€ Mio)	2,292.1	+14%	2,608.9
EBITDA (€ Mio)	404.2	+13%	457.5
Net Income (€ Mio)	189.7	+18%	224.2
Equity	988.7	+29%	1,271.8
Share Price (€ per share)	26.96		23.00
Net Financial Debt (€ Mio)	950.4		1,602.6
Adjusted Net Financial Debt (€ Mio)	950.4		1,585.0
Adjusted NFD/Adjusted EBITDA	1.85x		2.44x

Notes: The comparative information is consistent with the consolidated financial statements published by CIE as of 30/09/2018, considering for 2018 the Net Income of the Automotive segment after positive and negative non-recurring adjustments. See appendix I with the reconciliation at the end of this document.

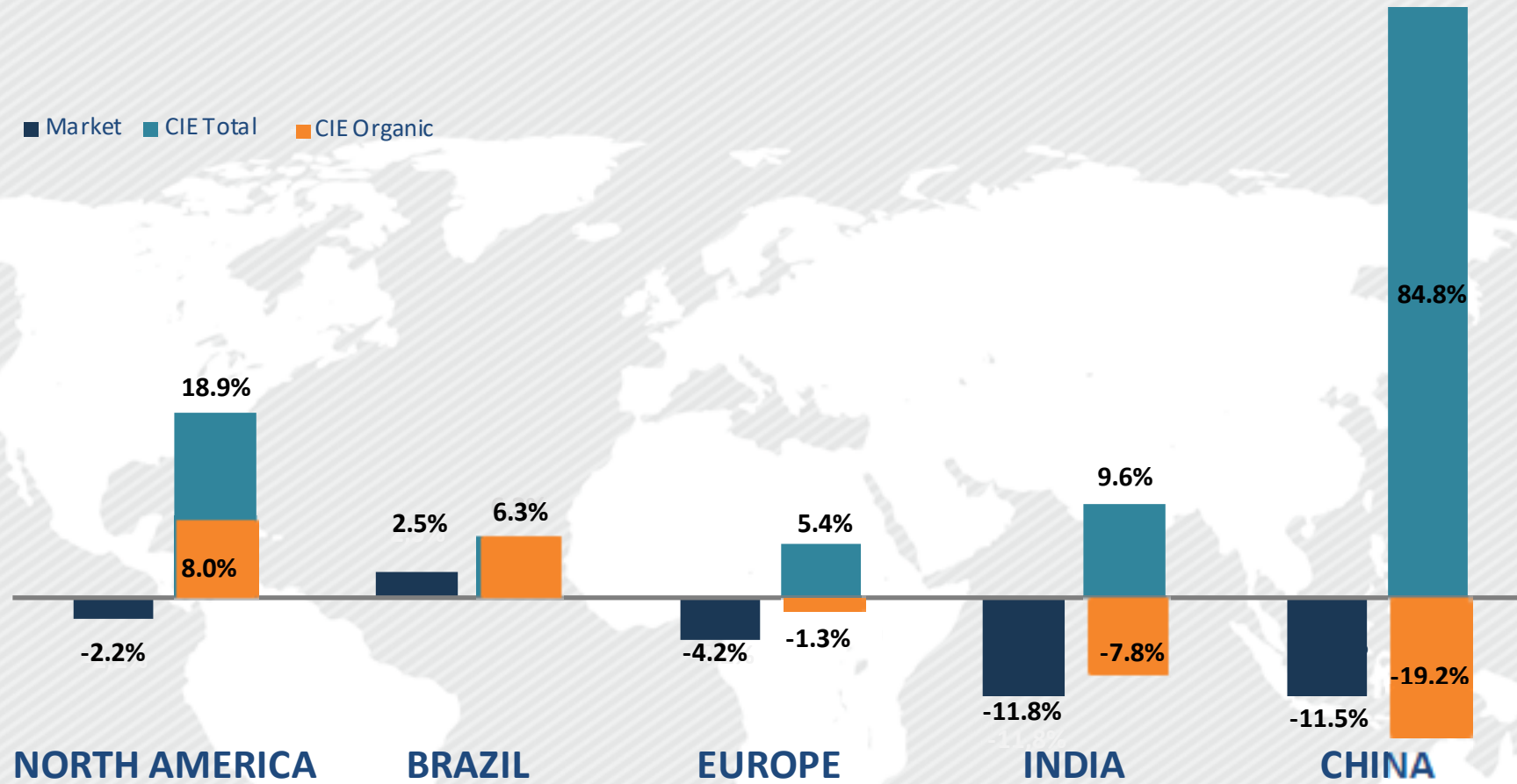


# 1. SEPTEMBER 2019 RESULTS

# AUTOMOTIVE GROWTH Q3 2018 – Q3 2019 (%)



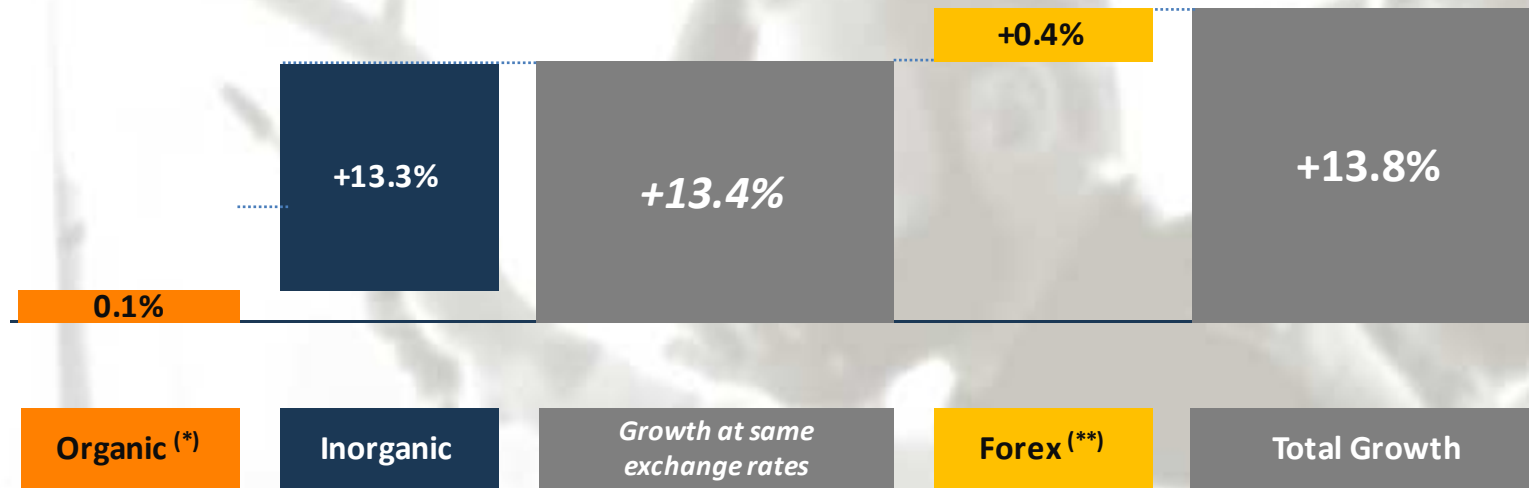
■ Market ■ CIE Total ■ CIE Organic



**Global Production -5.9%**  
**CIE Total +13.4%**  
**CIE Organic<sup>(1)</sup> +0.1%**

Source: Motor vehicle production IHS SEPTEMBER 2019 (9 Months 2019) (growth % in units).

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



**The Group's sales total growth of +13.8% includes an increase due to the currency translation of +0.4%.**

(\*) Revenue growth including greenfields.

(\*\*) Forex by divisions: North America +3.7%, Brazil -3.8%, China -4.0%, India +0.8%.



*Significant turnover increase supported by new investments and with organic evolution above the market.*

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

(€ Mio)	30/09/2018	%	30/09/2019
Turnover	2,292.1	<b>+14%</b>	2,608.9
EBITDA	404.2	<b>+13%</b>	457.5
% EBITDA on turnover	17.6%		17.5%
EBIT	306.4	<b>+8%</b>	332.2
% EBIT on turnover	13.4%		12.7%
Profit for the year	218.1	<b>+14%</b>	249.2
Net Income	189.7	<b>+18%</b>	224.2



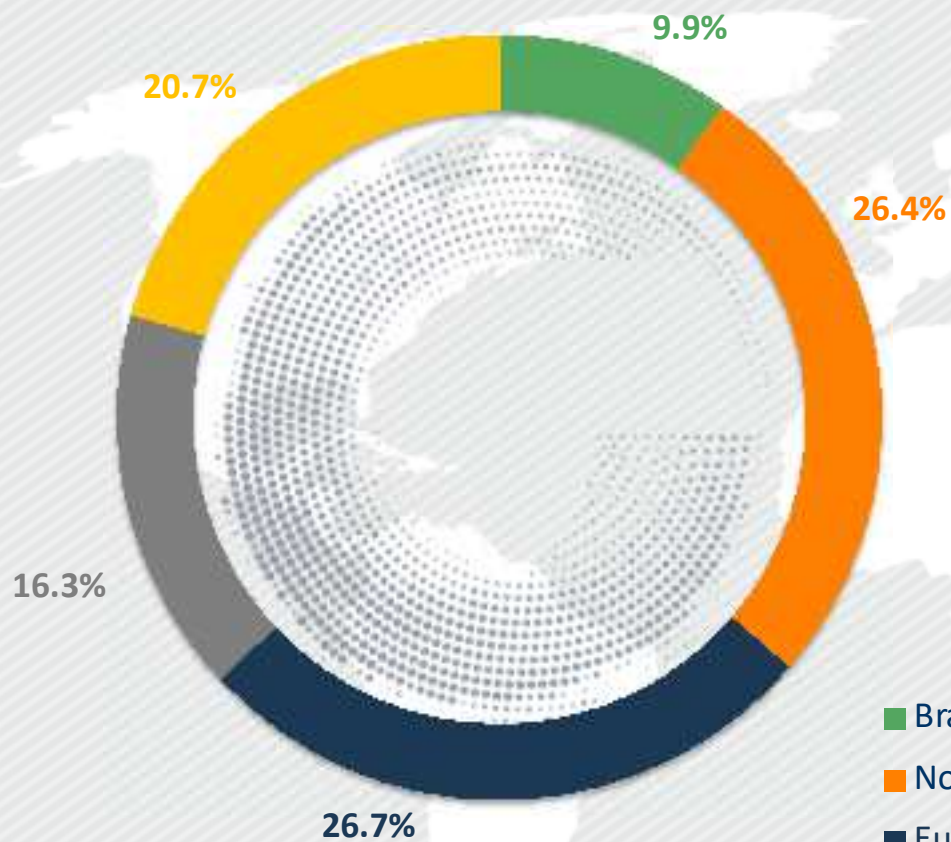


*Quarterly margins slightly penalized by the incorporation of new businesses still far from CIE standards.*

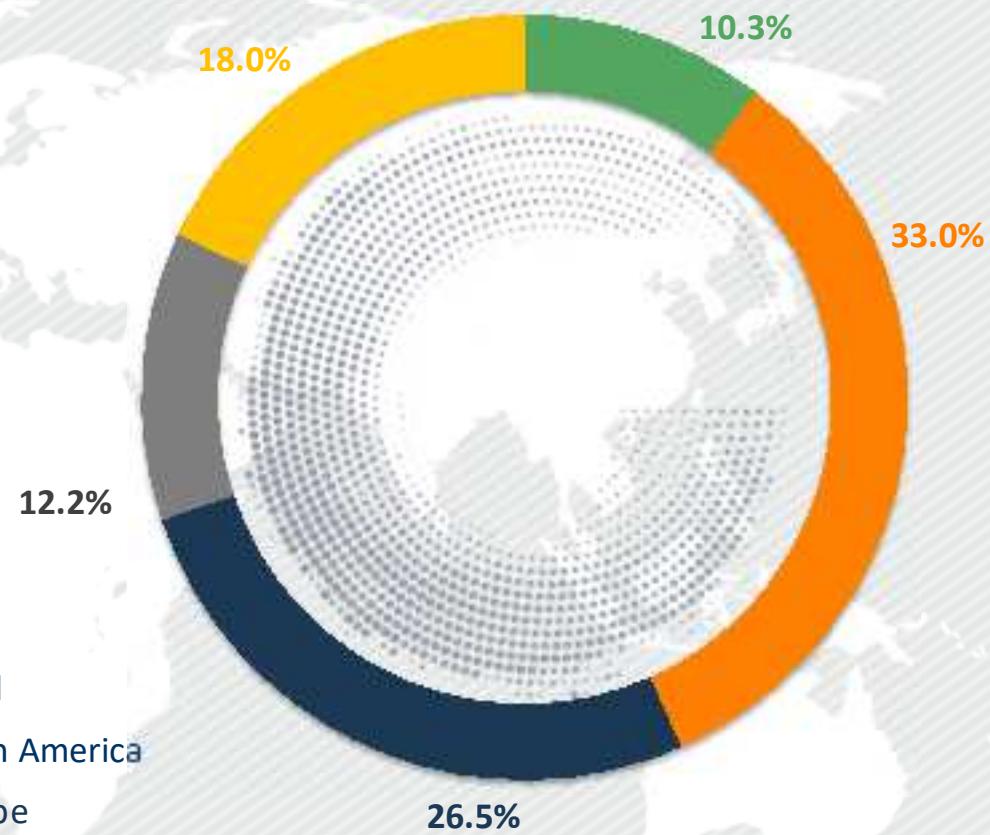
(€ Mio)	3Q 2018	%	3Q 2019
Turnover	740.4	<b>+22%</b>	906.4
EBITDA	126.3	<b>+18%</b>	149.5
% EBITDA on turnover	17.1%		16.5%
EBIT	95.2	<b>+11%</b>	105.6
% EBIT on turnover	12.9%		11.6%
Profit for the year	66.7	<b>+21%</b>	80.6
Net Income	57.7	<b>+29%</b>	74.2



## TURNOVER



## EBITDA



- Brazil
- North America
- Europe
- MCIE Europe
- Asia(\*) (India/China)

(\*) China Turnover: 215€ Mio.



### EUROPE

Sustainable margins far above market's average slightly penalized by the new businesses still far from group's standards

### MCIE EUROPE

Stabilization of the gradual growth in margins

### NORTH AMERICA

Margins significantly higher than CIE Group average slightly penalized by the new businesses still far from group's standards

### BRAZIL

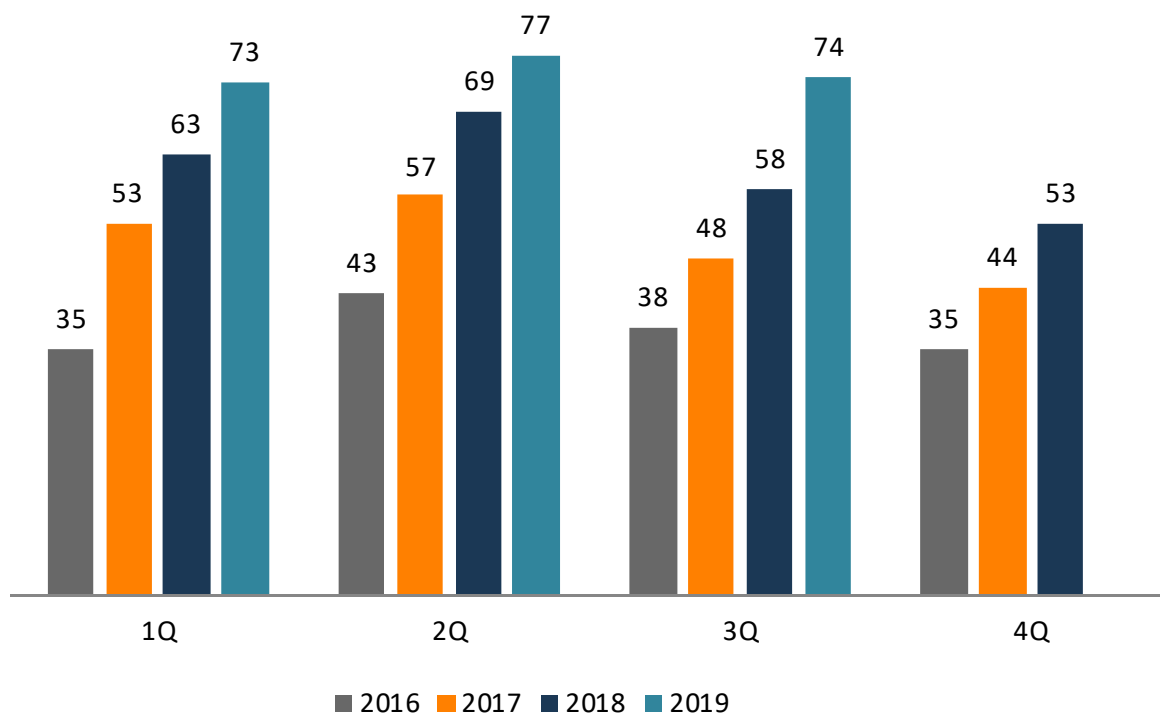
Margins improvement derived from operational improvements carried out

### ASIA

Margins, slightly penalized by the new businesses, still far from group's standards, continue to grow despite the symptoms of market slowdown



### Net Income (€ Mio)





# 2.0 BALANCE SHEET



€ Mio	31/12/2018	30/09/2019
Fixed Assets	2,267.7	3,389.9
Net Working Capital	(158.8)	(181.4)
<b>Total Net Assets</b>	<b>2,108.9</b>	<b>3,208.5</b>
Equity	1,048.9	1,271.8
Net Financial Debt	948.2	1,602.6
Others (Net)	111.8	334.1
<b>Total Equity and Liabilities</b>	<b>2,108.9</b>	<b>3,208.5</b>

*The amount of the non-recourse factoring to 30.09.2019 is 238 MME.*

**RONA**

**22%**

**18%**

**The organic RONA at September 30<sup>th</sup> 2019 achieves the 22%**



## NFD/EBITDA (\*)

# 2.44X

Net Financial Debt Movement (€ MIO)	SEPTEMBER 2019
<b>EBITDA</b>	<b>457.5</b>
Financial Expenses	(28.5)
Maintenance CAPEX	(100.5)
Tax Payments	(37.0)
IFRS 16 Leases <sup>(1)</sup>	(16.7)
<b>OPERATING CASH FLOW:</b>	<b>274.8</b>
<i>% OPERATING CASH FLOW / EBITDA</i>	<i>62.3%</i>
Greenfields and Growing Capex	(69.4)
Net Working Capital Variation	21.4
Payment of Dividends	(80.0)
Biofuels Business Sale <sup>(2)</sup>	18.7
Business Combination of the year <sup>(3)</sup>	(809.8)
Exchange rate effect in NFD	(1.1)
Other Movements	(9.0)
<b>FINANCIAL CASH FLOW</b>	<b>(654.4)</b>
Net Financial Debt 31.12.2018	948.2
Net Financial Debt 30.09.2019	1,602.6
<b>Adjusted Net Financial Debt 30.09.2019</b>	<b>1,585.0</b>

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

(2) Biofuel plants transmission.

(3) Acquisition of the roof systems design and production business of the American group Inteva Products Inc., 100% of the share capital of the Indian subsidiary Aurangabad Electricals, Ltd. and 100% of the Mexican companies Maquinados de precisión de México S. de R.L. de C.V. and Cortes de Precisión de México S. de R.L. de C.V.

(\*) NFD and Ebitda data adjusted considering 50% of JV China SAMAP



# 3.0 STRATEGIC COMMITMENT





# *MISSION ACCOMPLISHED*

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

- *In September 2019 the **Ebitda margin** stays **above 18%** and the **Profit after tax** **above 10%***
- *The ratio **NFD/Ebitda** remains at levels **≈ 1.4X***
- *The health of our balance sheet allows us to maintain an operating **cash flow generation** higher than **55% of Ebitda***





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



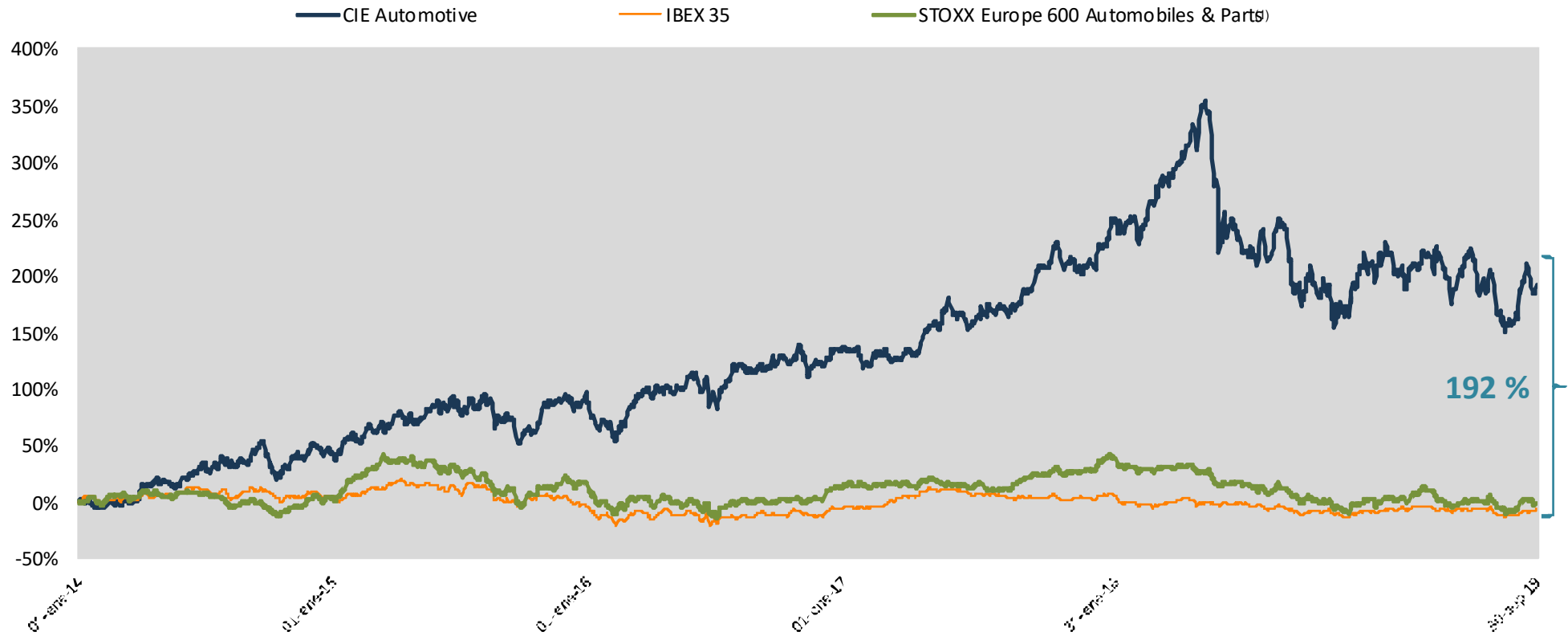
AMBITIOUS GROWTH



# 4.0 CIE IN STOCK EXCHANGE



## CIE SHARE PRICE PERFORMANCE VS IBEX 35



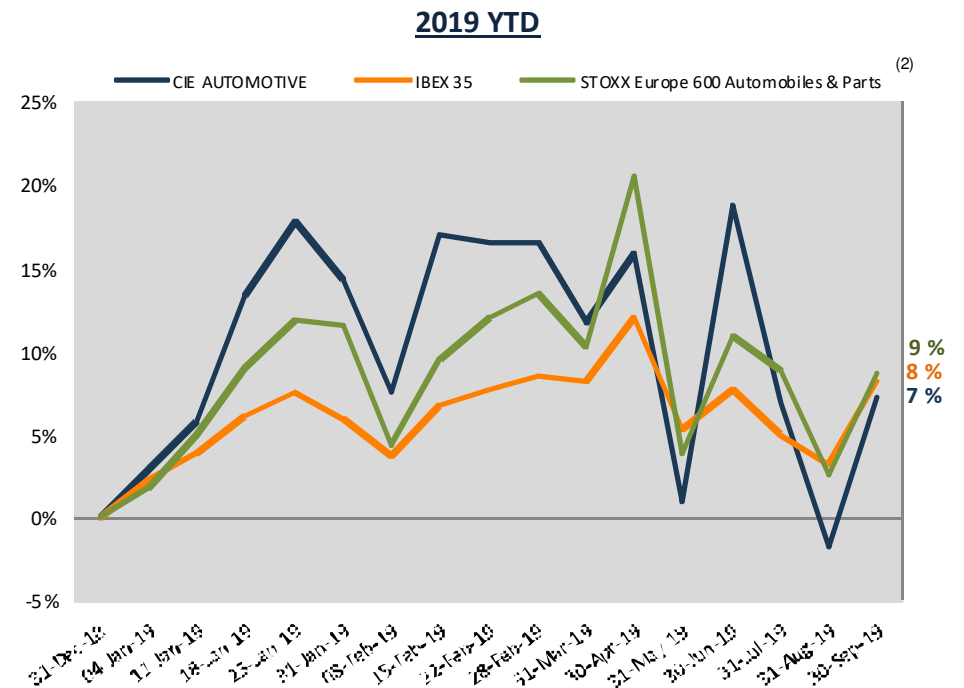
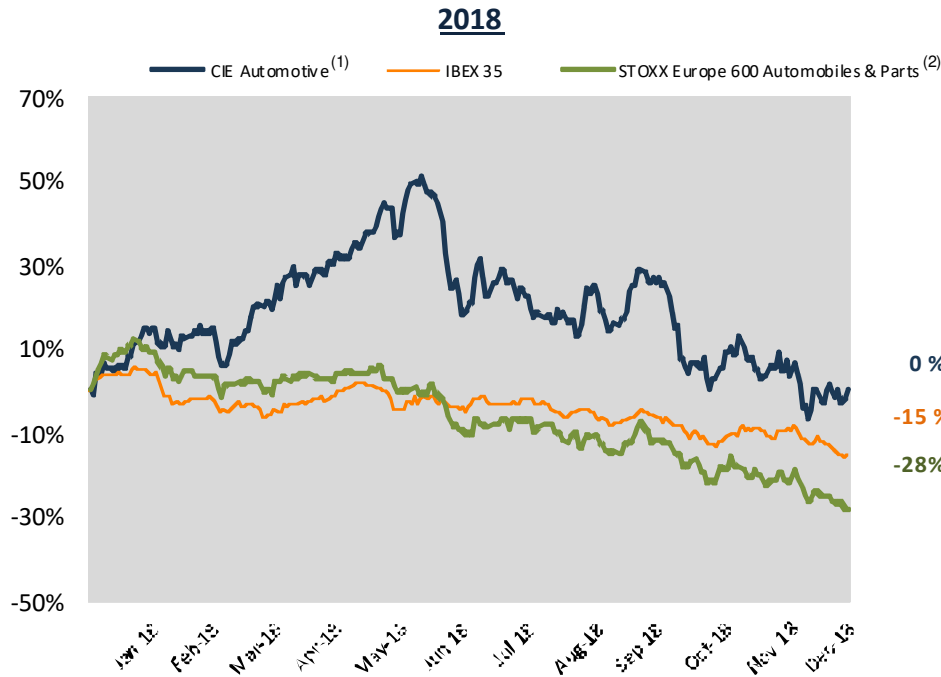
(1) STOXX Europe 600 Automobiles & Parts includes: OEMs: BMW ST, Daimler, Ferrari NV, Fiat, Peugeot, Porsche, Renault & Volkswagen. SUPPLIERS: Faurecia, Michelin, Nokian, Plastic Omnium, Rheinmetall, Schaeffler, Valeo.



**During the last five years, the Stock of CIE Automotive has consistently and significantly beaten IBEX 35 index, as well as STOXX Europe 600 Automobiles & Parts index.**



## EVOLUTION OF CIE SHARE PRICE VS IBEX35/EURO STOXX AUTO



We understand that during 2018 the evolution of the stock moved away from the fundamentals of the company, with external factors influencing the share Price: inclusion of the company in the IBEX 35, commercial war between US and China, multiple profit warnings announced by companies of the sector...

Although 2019 started optimistic about the different macro/geopolitical/sector uncertainties, which was reflected in the positive trend of CIE's share price, concerns are back in the market and severely affecting the share price.

<sup>(1)</sup> 2018 Share price adjusted according to the effect of the Dominion shares dividend in kind.

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

	2019 Until 30/09	2018	2017	2016	2015	2014	2013
<b>Market Cap (€ Mio)</b>	2,967	2,766	3,123	2,388	1,993	1,453	951
<b>Number of shares (Mio)</b>	129	129	129	129	129	129	119
<b>Last price of period (€)</b>	23.00	21.44	24.21	18.52	15.45	11.27	8.00
<b>Maximum price of period (€)</b>	26.08	36.30	26.20	18.98	15.46	12.29	8.35
<b>Minimum price of period (€)</b>	19.31	19.90	17.15	11.99	10.65	7.21	5.00
<b>Volume (thousand shares)</b>	43,812	87,149	59,318	59,065	60,619	62,970	44,953
<b>Effective (€ Mio)</b>	1,033	2,327	1,244	940	814	600	277

Source: Madrid Stock Exchange





# APPENDIX

# APPENDIX I.- RESULTS COMPARISON SEPTEMBER 2018



(€ Mio)	CIE P&L <sup>(1)</sup> PUBLISHED SEPTEMBER 2018	DOMINION <sup>(2)</sup> P&L SEPTEMBER 2018	SURPLUS FROM DOMINION RELATED DIVIDEND	AUTOMOTIVE P&L SEPTEMBER 2018	NORMALISATION ADJUSTMENTS AUTOMOTIVE <sup>(3)</sup>	COMPARABLE <sup>(4)</sup> AUTOMOTIVE P&L SEPTEMBER 2018
Turnover	2,292.1	-	-	2,292.1	-	2,292.1
EBITDA	404.2	-	-	404.2	-	404.2
EBIT	272.5	-	-	272.5	33.9	306.4
EBT	238.6	-	-	238.6	44.9	283.5
<i>Tax Expenses</i>	<i>(72.7)</i>	-	-	<i>(72.7)</i>	8.8	<i>(63.9)</i>
<i>Discontinued Activities</i>	<i>201.8</i>	<i>(13.2)</i>	<i>(238.9)</i>	<i>(50.3)</i>	48.8	<i>(1.5)</i>
Profit for the year	367.7	(13.2)	(238.9)	115.6	102.5	218.1
<i>Attributable to non- controlling interest</i>	<i>(32)</i>	6.8	-	<i>(25.2)</i>	(3.2)	<i>(28.4)</i>
Net Income	335.7	(6.4)	(238.9)	90.4	99.3	189.7

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

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

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

<sup>(4)</sup> Comparable Income statement of Automotive business as of 30/09/2018.

## APPENDIX II.- ALTERNATIVE PERFORMANCE MEASURES (APMs)



In addition to the financial information prepared in accordance with generally accepted accounting standards (IFRS), CIE Automotive Group uses in the management of the business recurrently and consistently certain Alternative Performance Measures ('APMs'), which include concepts about result, balance and cash flow, understanding that they are useful to explain the evolution of their activity. Below is a breakdown of all the APMs used in this document, as well as their definition and reconciliation with the financial statements.

PERFORMANCE MEASURES	DEFINITION
EBITDA	Net Operating Income + Recurrent Depreciation.
Adjusted EBITDA	Annualized EBITDA of 12 last months in those companies incorporated to the perimeter during the period. It includes 50% of the Ebitda of Chinese JV SAMAP, which based on the current agreements with the partner, is consolidated by the equity method.
EBIT	Net Operating Income.
EBT	Earnings Before Taxes.
Net Income	Profit attributable to the company's shareholders.
Net Normalised Income	Net Income of the Automotive segment excluding non recurrent positive and negative adjustments.
Net Financial Debt	Debt with banks and other financial institutions – Cash and equivalents.
Adjusted Net Financial Debt	Net Financial Debt including 50% of Chinese JV SAMAP net financial debt, consolidated by the equity method as per the current partner agreements reached.
RONA = "Return on Net Assets"	EBIT Last annualized 12 Months/ Net Assets (Fixed Assets + Net Working Capital – Goodwill not associated to cash outs).
Fixed assets	Tangible assets and Intangible Assets, including Goodwill and without including rights of use over leased assets (IFRS 16).
Maintenance CAPEX	The one related to the renovation of the facilities to face market growth.
Operating cash flow (%)	EBITDA – Financial expenses paid – Tax payments – Maintenance CAPEX.
CAGR	Compound annual growth rate.



***CIE Automotive***

MANAGING HIGH VALUE ADDED PROCESSES