



CIE Automotive

EARNINGS RELEASE

JUNE 2020

- This document has been prepared by CIE Automotive, S.A. ("CIE Automotive"), and is for information purposes only. No reliance may or should be placed for any purposes whatsoever on the information contained in this document or on its completeness, accuracy or fairness. This document and the information contained herein are strictly confidential and are being shown to you solely for your information. The information may not be copied, distributed, reproduced or passed on, directly or indirectly, in whole or in part, or disclosed by any recipient, to any other person (whether within or outside such person's organization or firm) or published in whole or in part, for any purpose or under any circumstances.
- This document is an advertisement and not a prospectus for the purposes of applicable measures implementing EU Directive 2003/71/EC (such Directive, together with any applicable implementing measures in the relevant home Member State under such Directive, the "Prospectus Directive") and as such does not constitute or form part of any offer to sell or issue or invitation to purchase or subscribe for, or any solicitation of any offer to purchase or subscribe for, any securities of CIE Automotive or any of its affiliates or subsidiaries, nor shall it or any part of it nor the fact of its distribution form the basis of, or be relied on in connection with, any contract or investment decision. Investors should not subscribe for or purchase any securities referred to in this advertisement except on the basis of the information contained in any prospectus eventually published in accordance with the Prospectus Directive. The information and opinions contained in this document are provided as at the date of the document and are subject to change.
- This document is not an offer of securities for sale in the United States, Australia, Canada or Japan. The information contained herein does not constitute an offer of securities for sale in the United States, Australia, Canada or Japan. Securities may not be offered or sold in the United States unless they are registered or are exempt from registration. No money, securities or other consideration is being solicited and, if sent in response to the information contained herein, will not be accepted. Copies of this document are not being, and should not be, distributed or sent into the United States. This document does not constitute an offer of securities to the public in the United Kingdom or in any other jurisdiction. The distribution of this document in other jurisdictions may also be restricted by law and persons into whose possession this document comes should inform themselves about and observe any such restrictions.
- Certain financial and statistical information contained in this document is subject to rounding adjustments. Accordingly, any discrepancies between the totals and the sums of the amounts listed are due to rounding. Certain management financial measures included in this document have not been subject to a financial audit.
- The information and opinions contained in this document are provided as at the date of the document and are subject to verification, completion and change without notice. Neither CIE Automotive nor any of its parent or subsidiary undertakings, or the subsidiary undertakings of any such parent undertakings, or any of such person's respective directors, officers, employees, agents, affiliates or advisers, undertakes any obligation to amend, correct or update this document or to provide the recipient with access to any additional information that may arise in connection with it.
- 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.

JUNE 2020 RESULTS

2.

BALANCE SHEET

3.

FORECASTS 2020

4.

CIE IN STOCK EXCHANGE



APPENDIX

HIGHLIGHTS H1 2020

01	EBITDA Q2 2020	+13.2 €Mio	CIE MARKET QUARTER DROP >60%
02	Net Income H1 2020	58.3 €Mio	CIE MARKET HALF-YEAR DROP >40%
03	Operating Cash Generation H1 2020	+64.2 €Mio 46% OPERATING CASH / EBITDA	MANAGEMENT MODEL FOCUSED ON CASH GENERATION
04	Analyst recommendation	100% DO NOT SELL	TARGET PRICE CONSENSUS 22.33€
05	Liquidity Reserve	1,130 €Mio	Cash and temporary financial investments: 568 €Mio Undrawn funding: 562 €Mio
06	Dividends and own shares acquisition	106.5 €Mio	MAINTAINING OUR COMMITMENT WITH SHAREHOLDERS
07	Workforce	24,078 EMPLOYEES	Vs 28.124 (Dec 2019)

CIE Market: Motor vehicles production IHS JUNE 2020 (6 months 2020) (growth % in units), weighing the markets in which CIE has production plants



HIGHLIGHTS H1 2020



JUST TWO CRITICAL MONTHS

April with 20% production^(*) and May with 35%. In June, with 60% of production^(*) we achieve important net income



DEBT REDUCTION

The debt peak reached in May has already begun to decrease in June with the large cash generation



FINANCIAL STRATEGY

With our income statement and our cash generation capacity, we have not had to change the Group's financial strategy, focused on three areas:


- Remuneration of our shareholders: dividends and repurchase of own shares for capital reduction
- Organic and inorganic growth plan: we are the integrating company in the sector that will allow us to continue increasing our market share and value generation
- Net Working Capital Growth



WE ARE A BENCHMARK WITHIN THE INDUSTRY

At 60% of production level^(*) in the first half of the year we have achieved Ebitda close to 13%, the standard margin of the sector in a normal situation

(*) Production on normalized conditions

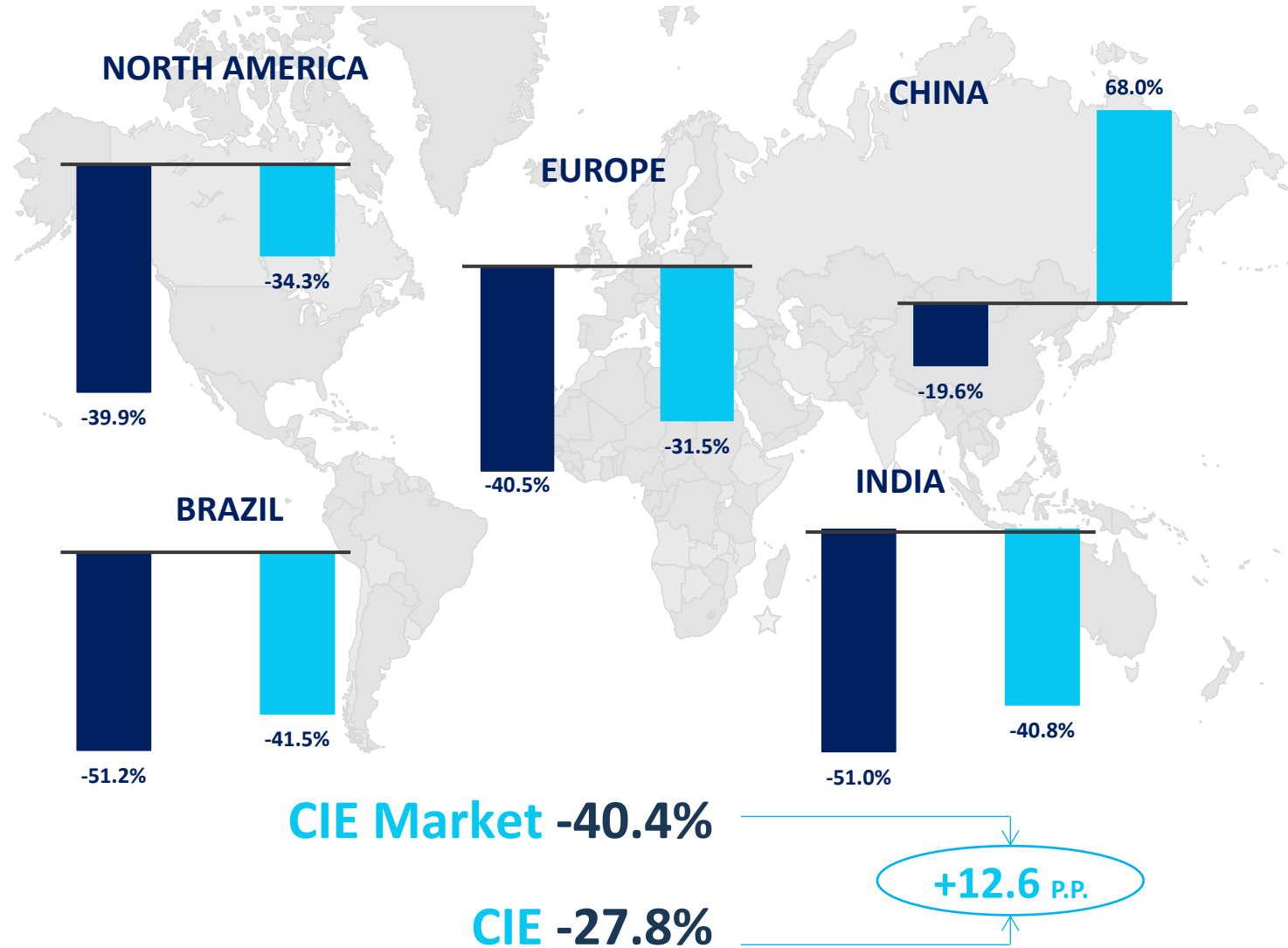


1. JUNE 2020 RESULTS

SALES EVOLUTION 2020 – 2019

CONSTANT EXCHANGE RATE

■ CIE MARKET ■ CIE



Source: Motor vehicles production IHS JUNE 2020 (6 months 2020) (growth % in units).

The evolution of the production volume is calculated by weighing the markets in which CIE has production plants



RESULTS H1 2020

(€ Mio)	30/06/2019	30/06/2020
Turnover	1,702.4	1,208.2
EBITDA	308.0	153.5
<i>% EBITDA on turnover</i>	18.1%	12.7%
EBIT	226.6	90.2
<i>% EBIT on turnover</i>	13.3%	7.5%
Profit for the year	168.7	56.9
Net income	150.1	58.3

- Despite the global paralysis of the economy, the strength of CIE model allows for **positive closing in all the lines of the income statement**
- **Ebitda margin ≈ 13%**, falls only 3 p.p. on CIE’s operating margins (Ebitda pro forma ≈16%; Ebit Pro forma ≈ 11%)(*)

(*) Ebitda y Ebit proforma 2019, diluted after the last integrations



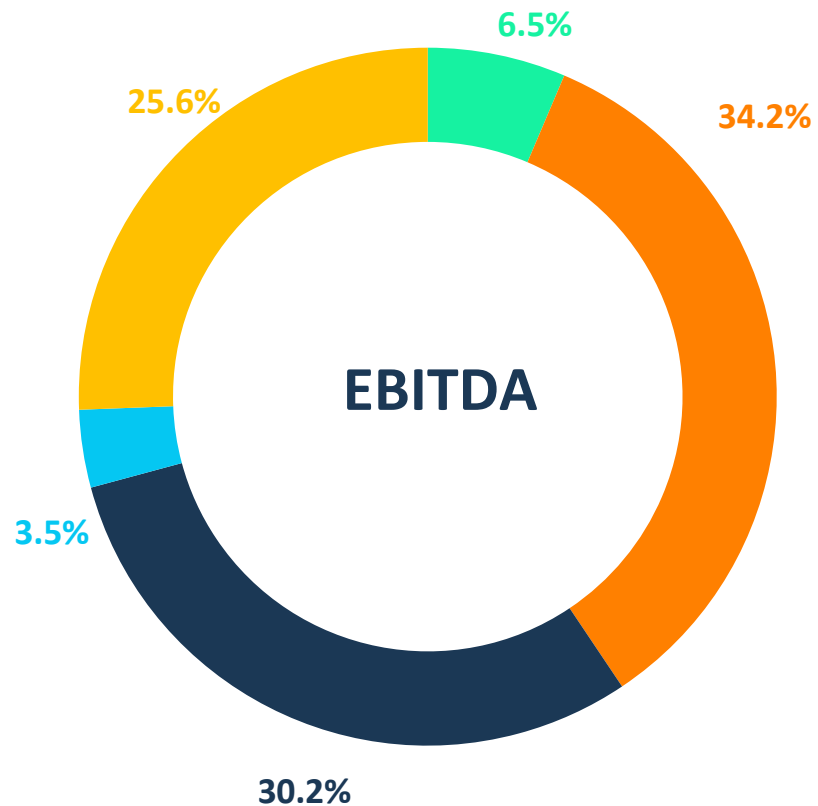
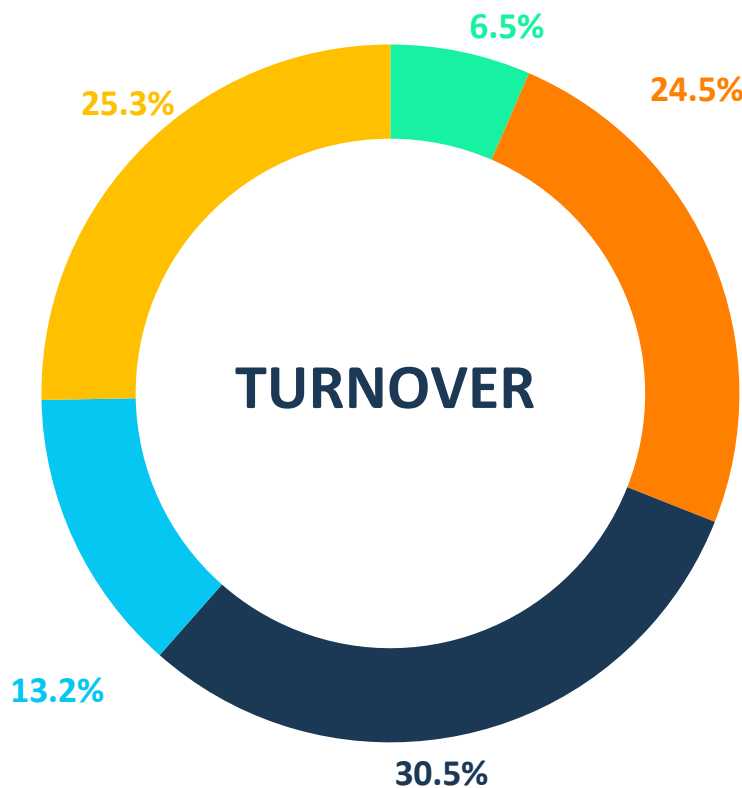
RESULTS Q2 2020

(€ Mio)	2Q 2019	2Q 2020
Turnover	890.3	386.2
EBITDA	157.0	13.2
<i>% EBITDA on turnover</i>	17.6%	3.4 %
EBIT	113.7	(14.1)
<i>% EBIT on turnover</i>	12.8%	-3.7%
Profit for the year	86.0	(20.1)
Net income	77.5	(14.5)



In the worst market context, CIE closes a second quarter with **positive Ebitda**

2020 DIVISIONS CONTRIBUTION

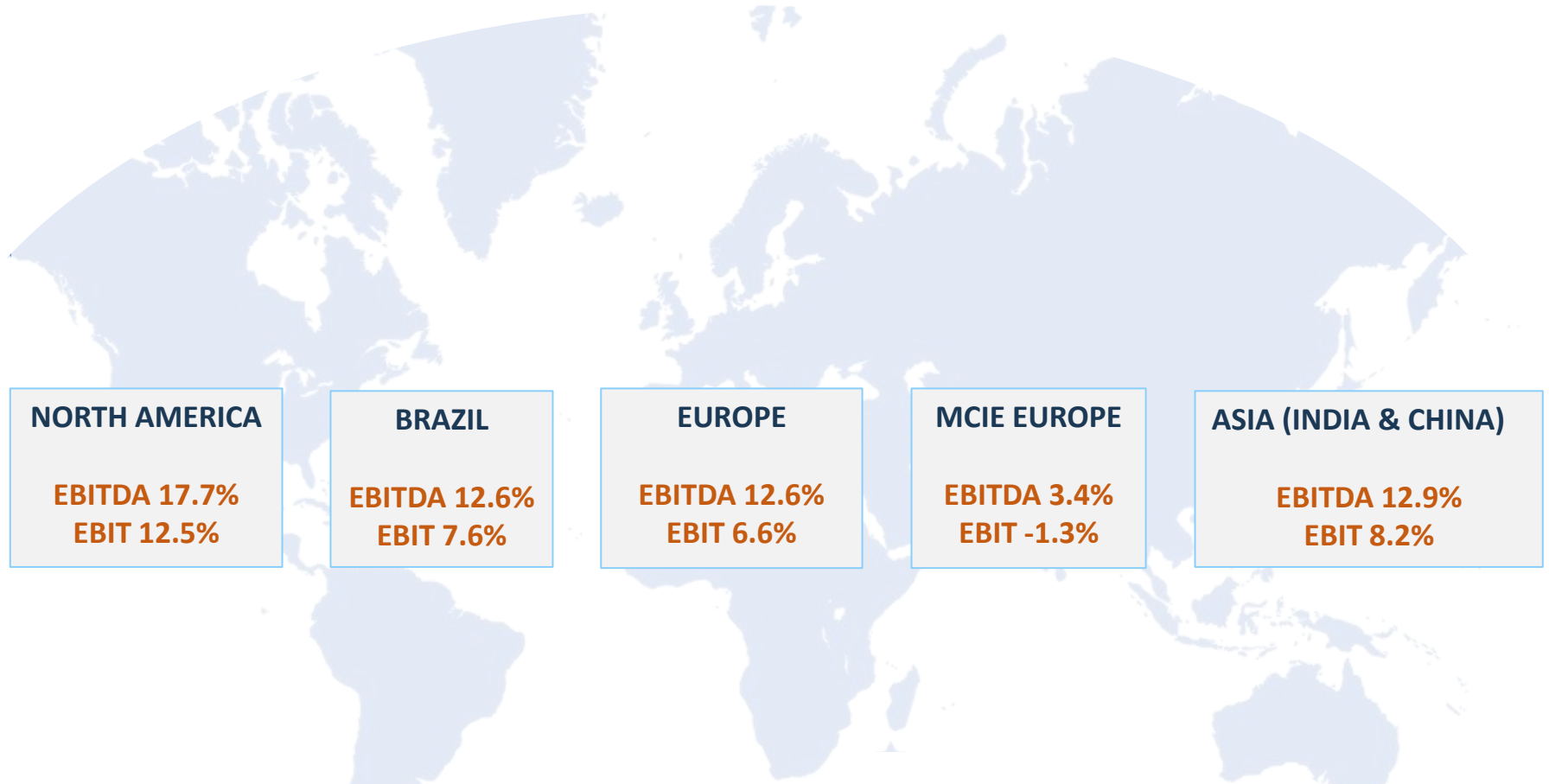


■ Brazil
 ■ North America
 ■ Europe
 ■ MCIE Europe
 ■ Asia (*) (India/China)

(*) China turnover: 106 €Mio.



2020 DIVISIONS PROFITABILITY



- ▶ Despite the effects of COVID-19, **half-year margins** demonstrate the excellence of CIE's management model and team
- ▶ We have faced this great crisis with a **socially responsible attitude**, proof of our constant and firm **commitment to society**



2. BALANCE SHEET

BALANCE SHEET EVOLUTION

€ Mio	31/12/2019	30/06/2020
FIXED ASSETS	3,393.5	3,405.7
NET WORKING CAPITAL	(275.5)	(196.7)
TOTAL NET ASSETS	3,118.0	3,209.0

EQUITY	1,235.0	1,051.1
NET FINANCIAL DEBT	1,522.0	1,778.3
OTHERS (NET)	361.0	379.6
TOTAL NET LIABILITIES	3,118.0	3,209.0

Non-recourse factoring

222.2 € Mio

125.8 € Mio

CASH FLOW

EBITDA	153.5
Financial Expenses	(17.7)
Maintenance Capex	(37.1)
Tax Payments	(21.4)
IFRS 16 Leases ⁽¹⁾	(13.1)
OPERATING CASH FLOW	64.2
% EBITDA ⁽⁴⁾	45.7%
Growing Capex	(37.1)
Net Working Capital Variation	(87.4)
Payments of Dividends	(47.7)
Transactions with own shares	(58.8)
Payments of previous acquisitions ⁽²⁾	(17.2)
Business Combination of the year ⁽³⁾	(79.0)
Exchange rate effect in NFD	(12.4)
Other movements	19.1
FINANCIAL CASH FLOW	(256.3)

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

(2) Pending payments from the acquisition of the solar roof systems of Inteva in 2019.

(3) Acquisition of the gear business of Somaschini S.p.A. (70 € Mio) and additional shares of Mahindra CIE Ltd.

(4) Operating cash flow on the Ebitda value corrected with the effect of IFRS 16.

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



3. FORECASTS 2020

COVID-19 comes at an optimal time for CIE, with all the integrations finished and the production plants with high levels of profitability and operating cash generation.

The worst of this crisis is over, our clients have returned to business, and **CIE is in a favorable competitive position** based on the strenghts of its business model:

FLEXIBILITY

We have the fixed cost structure and the management model that best adapt to variable volumes

**DECENTRALIZATION
MULTILOCATION**

The local management of our companies avoids the problems derived from the lack of mobility of people in all countries

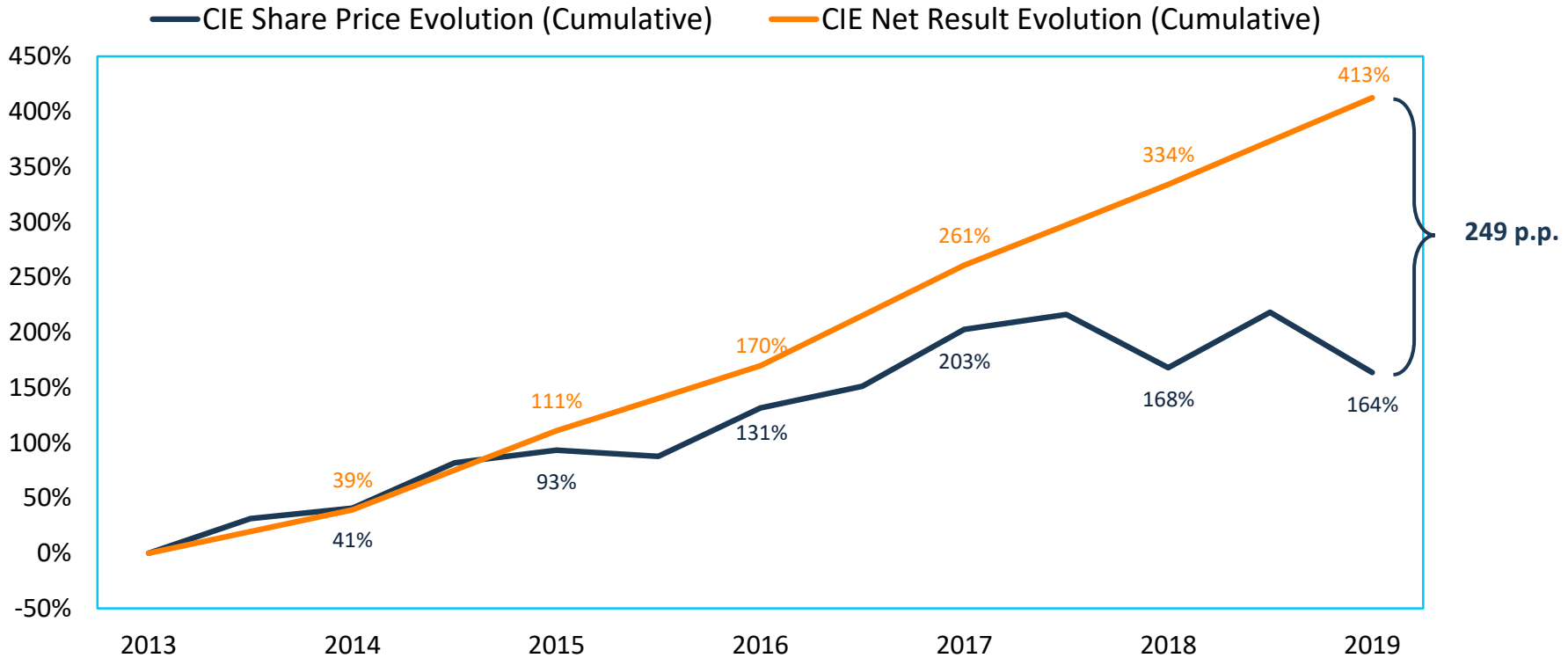
**GEOGRAPHICAL
DIVERSIFICATION**

Our global demand does not depend on the volume of a single country

With current market estimates, the second half of the year will be better in sales and margins and will allow us to continue with our financial strategy focused on shareholders' remuneration (dividend payments and repurchase program) and debt reduction

4. CIE IN STOCK EXCHANGE

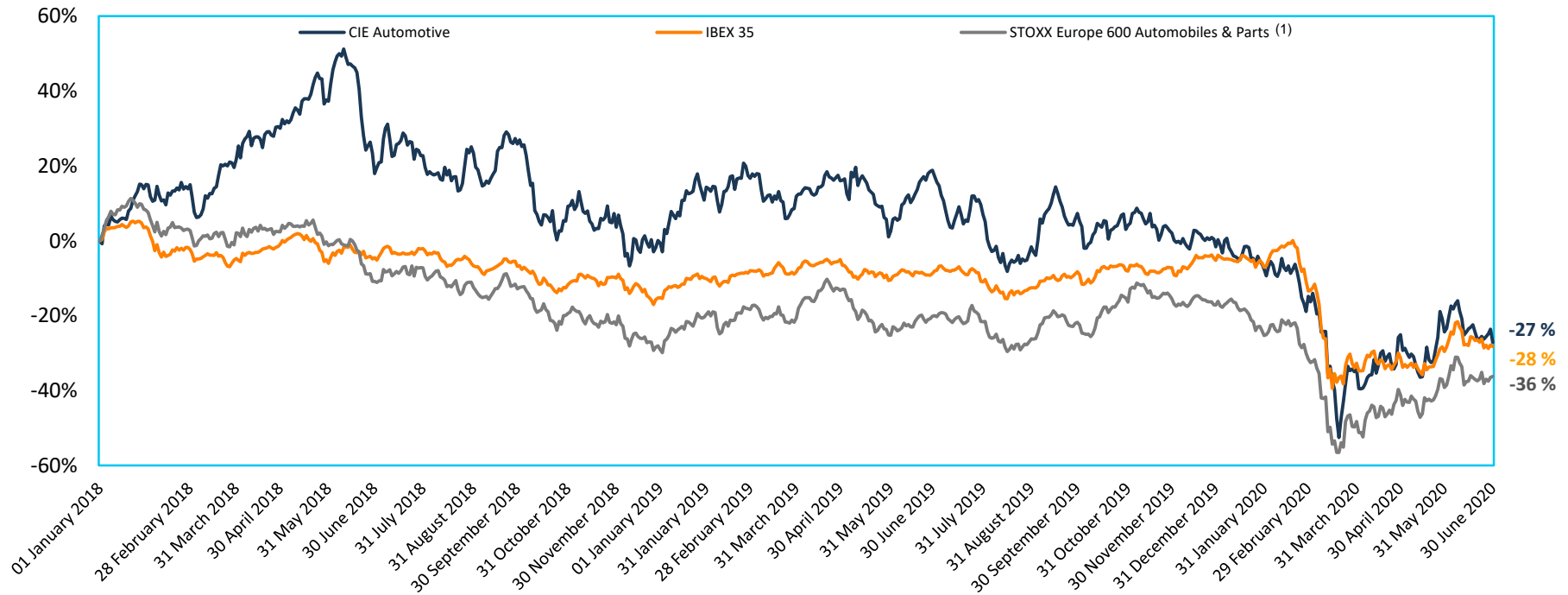
SHARE EVOLUTION VS NET RESULT EVOLUTION



CIE's share price evolution has performed almost in line with net income evolution during the period from 2013 through 2017...

...but a significant mismatch has arisen since 2018, with CIE's valuations severely and baselessly decreasing.

CIE SHARE PRICE PERFORMANCE 2018-2020YTD



Since mid-2018 and coinciding with the entry of CIE Automotive in Ibx 35, financial markets and Auto sector were heavily impacted both by **geopolitical and macroeconomic issues** (US-China and US-EU trade war, Brexit, global economic slowdown...) as well as **Auto sector specific issues** (new emissions regulations, postponement of purchases due to lack of clarity in time horizons, drop in demand for economic uncertainty, etc.).

In the first half of 2020, the complexity of the environment has reached unprecedented levels, with a **health crisis** due to COVID-19 that **has mainly impacted the second quarter**. The hibernation of the global economy together with the lack of visibility in the short term have seriously affected financial markets.

Despite this extremely complex context, CIE Automotive has delivered quarter after quarter outstanding financial results, what, clearly, hasn't been reflected in its share price performance.

⁽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.

EVOLUTION IN STOCK EXCHANGE

	2020 Until 30/06	2019	2018	2017 ⁽¹⁾	2016 ⁽¹⁾	2015 ⁽¹⁾	2014 ⁽¹⁾
Market Cap (€ Mio)	2,014	2,719	2,766	3,123	2,388	1,993	1,453
Number of shares (Mio)	129	129	129	129	129	129	129
Last price of period (€)	15.62	21.08	21.44	24.21	18.52	15.45	11.27
Maximum price of period (€)	21.98	26.08	36.30 ⁽¹⁾	26.20	18.98	15.46	12.29
Minimum price of period (€)	9.71	19.31	19.90	17.15	11.98	10.65	7.21
Volume (thousand shares)	44,138	57,296	87,149	59,318	59,065	60,619	62,970
Effective (€ Mio)	728	1,328	2,327	1,244	940	814	600

Source: Madrid Stock Exchange.

⁽¹⁾ Upon such dates, CIE Automotive's subsidiary "Global Dominion Access S.A." (Dominion) was still within CIE Automotive's perimeter. CIE Automotive's shares of Dominion were distributed as dividend in kind to CIE Automotive's shareholders upon July 3rd, 2018, with a consequential reduction in CIE Automotive's share price from that date.

APPENDIX

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 Financial Debt	Debt with banks and other financial institutions – Cash and equivalents – Other current and non-current Financial Assets.
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.
Normalized NFD/EBITDA	Net Financial Debt including 50% of Chinese JV SAMAP net financial debt, on the last 12 months Ebitda, eliminating the negative effects of the period due to Covid-19.
RONA = "Return on Net Assets"	EBIT last 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 – Leases under IFRS 16



CIE Automotive

MANAGING HIGH VALUE ADDED PROCESSES