

TOGETHER 25 YEARS  
ADDING VALUE

25



**CIE** Automotive

**NEWS N.39**



**CIE** Automotive

# INDEX

# TIME FOR OPTIMISM

Dear friends,

Over the past year and a half, since the pandemic of Covid-19 was declared, we have experienced a tragic and exceptional situation, from which we seem to be emerging. We have experienced an unprecedented health, economic and social crisis on a global scale that has challenged our business model. Today we can affirm that we have passed this test, and with flying colours.

Despite the difficulties of our environment, CIE Automotive is stronger today than it was a year ago. We have made good on the motto that says that in every crisis there is an opportunity. And thanks to our professionalism, our way of working, we have demonstrated to our clients that we are a reliable partner, that we respond with solvency, when others have been paralyzed or have been overtaken by circumstances, and this reliability has strengthened our position as a supplier of reference.

We are in an enviable position. Our

presence in Asia, and in particular in China and India, is enabling us to take advantage of the sector's momentum in those markets. We have also positioned ourselves advantageously in the electric car race, a new field to which we have successfully transferred our know-how and we can boast that we are growing in turnover above the average for our sector. In addition, our commitment to comfort is proving to be successful and is contributing to the group's growth. All this without forgetting our ESG commitments, as we have continued to make progress in improving our environmental, social and corporate governance management.

The sum of all these successes has enabled us to achieve excellent results in the first half of the year. So good, in fact, that we have been encouraged to increase our forecasts for 2021, as was made public at the General Shareholders' Meeting in May. After a year dominated by uncertainty and concern, it is time for optimism, to regain confidence. This is the fundamental message

we want to convey to all our stakeholders, and this is what we communicated at the Capital Markets Day we held on June 28, where we presented our ambitious 2025 commitments, in the

context of the sector and our strategic lines.

All these successes, all these achievements, have been possible thanks to the professionals who make up CIE Automotive. A team of people with admirable commitment and tenacity, who have always given their best, especially in the most difficult moments. Thank you all for your hard work.

I cannot and do not want to finish without saying goodbye and a last thank you to two members of this great family that is CIE Automotive who have recently left us: Goizalde Egaña and Amable Martínez-Conde. The farewell to our vice-president Goizalde was very painful, both for



its closeness and unexpectedness, since in April, she left us bereft of her optimism and vitality. We thank Amable, the founder of Autometal in Brazil, who left us in May at the age of 97, for being an inspiration to us all. Personally, he was like a second father, who did not hesitate to open the doors of his family and his company to me upon my arrival in Brazil. Undoubtedly, a key person in my professional development and in the internationalization of CIE Automotive. Thank you both for so many years of dedication.

*Jesús María Herrera*

# CIE AUTOMOTIVE PRESENTS ITS STRATEGIC PLAN 2021–2025

The presentation of the company's commitment for the next five years took place during Capital Markets Day.

In order to orient and guide our shareholders in our future plans, CIE Automotive has drawn up a Strategic Plan 2025 in which it explains the working lines and objectives for the coming years. The plan, presented by our CEO Jesús María Herrera at CIE Automotive's first Capital Markets Day on June 28, includes the following commitments (at constant exchange rates and for the group's current perimeter):

1. Sales growth of about 20 points above market growth, which represents growth by almost 50% in a period of 5 years.
2. In 2025, to exceed the EBITDA margin on sales of 19%, reinforcing the company's position as one of the most profitable suppliers in the sector.
3. CAPEX investment of around 1 billion euros over the five-year period, representing around 5% of sales per year, almost equally divided between maintenance and growth projects.
4. Annual corporate tax expense of approximately 2% of sales.
5. Operating and sustainable cash flow generation of approximately 500 million euros from 2025 onwards, compared to 300 million euros generated before the pandemic.

And within this perimeter, meeting these objectives will mean a very significant deleveraging during the period, which will allow us to invest up to 1,500 million euros in corporate operations without the Net Financial Debt/EBITDA ratio exceeding 2 times at the end of the Plan period.

## COMMITMENTS FOR 2025

Considering current perimeter and constant exchange rates



Sales increase  
≈+20pp market  
outperformance  
in 5 years\*



EBITDA margin  
>19% in 2025



Capex  
€1,000 million in  
5 years



Tax cash out  
≈2% over sales  
annually



≈65% EBITDA  
conversion into  
operating cash

\* June 2021 IHS estimate: +28% market growth 2025 vs 2020.

# CIE AUTOMOTIVE CELEBRATES ITS FIRST CAPITAL MARKETS DAY

During the event, the company presented its 2025 Strategic Plan

CIE Automotive held its first Capital Markets Day today, an event which, given the current health circumstances, was broadcast via streaming. The nearly two-hour event was attended by the CEO, Jesús María Herrera, as well as 14 other Group executives. Under the slogan "Moving together towards our future", the company reviewed current trends in the automotive sector, as well as the deployment of its operational and corporate strategy, ending with the presentation of the Group's 2025 Strategic Plan.

A replay of the event is available on the company's corporate website [www.cieautomotive.com](http://www.cieautomotive.com)



## Speakers:



Jesús María Herrera

CEO



Lorea Aristizabal

Director of Corporate Development



Íñigo Loizaga

Director of Engineering



Rich Chen

Director of CIE Golde China



Aitor Zazpe

Director of Plastics Europe and Roof Systems Divisions, HR



Justino Unamuno

Director of Forging and Stamping Divisions in Europe and China



Ander Arenaza

Director of Aluminum and Machining Divisions and CEO of MCIE



Óscar González

Director of Operations in Mexico



José Luis Castelo

Director of Stamping in Mexico



Fernando Ortega

Director of Aluminum Division



Alexandre Torres

Director of Plastics Brazil & Mexico



Manoj Menon

Director of MCIE India



Susana Molinuevo

Director of ESG & Compliance



Irache Pardo

Director of Financial & Treasury and Corporate Purchasing Officer



María Milambres

Director of Corporate Controlling & Taxes

## GENERAL SHAREHOLDER'S MEETING

CIE Automotive celebrated the General Shareholder's Meeting on May 5th, which was held by telematic means given the mobility restrictions in place, and was broadcast live for the first time through an open channel.

Likewise, during the same, in addition to reviewing the 2020 financial year, the results of the first quarter of 2021 were presented. Turnover in this period was 873.8 million euro, 6% more than in 2020 and 8% more than in 2019, despite the strong negative impact of exchange rates and the fact that the volume of vehicles produced is still significantly lower than before the pandemic.

Net profit reached 78.2 million, the highest quarterly profit in the company's history and 7% higher than in the first quarter of 2020.

According to Jesús María Herrera, CEO of CIE Automotive, "We feel like winners in this post-Covid scenario of market share consolidation for suppliers in the sector, where we are reinforcing our unique positioning every day thanks to our focus on electrification, comfort, presence in Asia and ESG commitment".



## INVESTOR RELATIONS

The Investor Relations department has continued with its intense activity during the first half of the year, mainly in a virtual format, but with some face-to-face events. This, respecting all health and safety measures, is undoubtedly a good symptom of the gradual return to normality. A total of (i) 5 roadshows, (ii) 9 conferences, as well as a multitude of conference calls with investors have been held. This means that we have interacted with a total of 240 investors from 19 different geographies.

Among the aforementioned events, we would like to highlight three new developments, all of which are very favourable in terms of continuing to broaden CIE Automotive's potential investor base: (i) attendance for the first time at Oddo's multi-sector conference, a broker that has started covering us at the end of 2020; (ii) attendance for the first time at the prestigious automotive sector conference co-organized by brokers Exane and Jefferies "Geneva Auto Show"; and (iii) participation for the first time in Banco Santander's streaming program "*Hoy nos visita...*", a program whose purpose is to introduce successful listed companies to a base of more than 80,000 retail banking customers of Banco Santander.

Finally, as far as the share price is concerned, it has performed better (+13%) than the Ibex 35 (+9%) in the first half of 2021 but worse than the Stoxx Auto (+23%). If we take a longer time period, from December 2017 to June 2021, the CIE share (+17%) clearly beats both the Ibex 35 (-12%) and the Stoxx Auto (+6%).

## NEW ESG SCORECARD

CIE Automotive has developed in 2020 and rolled out globally in 2021 a specific scorecard to measure and monitor the degree of compliance with the 2020-2025 ESG Strategic Plan in its four main lines of action:

**CIE Culture:** a committed and responsible management of our main asset, our people.

**Ethical commitment:** strict compliance with ethics and legality.

**Eco-efficiency:** responsible management of the impact of our activities on the environment and their effects on climate change.

**Active listening:** continuous monitoring of our stakeholders' needs and expectations through dialogue.

Each strategic line is measured through different indicators, 79 in total, which have to be reported either individually by each plant or globally as a group. Each indicator will be reported quarterly, half-yearly or annually depending on its periodicity, and has a target to be met by 2025.

This scorecard, which has been included in the management plan of all the plants, is another tool to ensure that the company complies with the ESG commitment acquired, in line with the Principles of the United Nations Global Compact and the Sustainable Development Goals, and also responds to the requirements of its stakeholders. Its evolution will be reported to the ESG Committee, which will delegate the compliance with each indicator in the ESG Cross-Group Committee. It is available on the company's corporate intranet together with the operational scorecard, thus giving greater relevance to the corporate intranet as a support and global management tool for areas such as data protection (GDPR), environment or materiality assessment reports.

## COMMITMENT TO ETHICS TRAINING

Since the end of 2020, CIE Automotive has launched three global training courses, thereby reinforcing its commitment to the development and implementation of the internal and external ethics framework. The courses focused on criminal liability, anti-corruption and the Code of Conduct.

While the first two courses were targeted at 600 people (with a top-down approach), including the Board of Directors, senior management and the global management team, the Code of Conduct course, the cornerstone of the company's entire ethical framework, is aimed at the company's entire workforce. All CIE Automotive employees will be trained in the Code of Conduct by 2021.

In a sector undergoing transformation, such as the automotive industry, where companies' survival depends largely on their ability to adapt to new market trends and also on their capacity to comply with new and increasingly demanding legislation, employee learning is a key differentiating factor in enhancing their competitiveness. CIE Automotive is therefore increasing the training of its people, aware of the importance of training.



# AWARDS AND RECOGNITIONS

## GM “2020 SUPPLIER QUALITY EXCELLENCE AWARD” TO BILL FORGE

General Motors has recognized, for the sixth consecutive year, the Bill Forge plant for excellence in quality during 2020.

Suppliers receiving this award have met a very stringent set of quality performance criteria and have achieved cross-functional support from the entire GM organization for 2020.

Congratulations!



## GM “GOLD AWARD” TO CIE CELAYA

CIE Celaya has been awarded by GM for its excellent on-time delivery, customer service and after-sales performance.

GM has congratulated CIE Celaya emphasizing that “you have played an important role in our efforts to design, build and sell the world’s best vehicles. Their dedication and commitment to consistently working above and beyond our expectations are greatly appreciated by the entire General Motors team and we want to recognize the organization for its outstanding performance.”

Congratulations to the entire team!



## METALCASTELLO ENTERS IN THE ELECTRIC FIELD

In May 2021, Metalcastello, the Italian plant specialized on complex gears and geared shaft production, has been awarded by one of the largest Tier 1 in USA that will assembly and deliver its Electric Axles to key worldwide OEM’s on Medium-Heavy duty Commercial Vehicles.

These products will be used on Fully Electric and Hybrid propulsion solutions.

The SOP will be in 2022 and the expected ramp up will reach a peak in the market in 2028 for a total of worth 20 M€ sales.

This project places Metalcastello among the top component companies with US customers and allows the continuity technology upgrade needed for the continuous growth in the EV business considered a key market for the near future.



# AWARDS AND RECOGNITIONS

## CIE MATRICON AWARDED WITH THE TITLE AND PRIZE OF “TRUE LEADERS”

As the leading provider of business information for credit, marketing and purchasing decisions in the Balkans, ICAP enables a wide range of business analyses to face every new business challenge.

ICAP has developed modern and comprehensive solutions by exploiting its 56 year-long experience, dedicated analysts, new technologies and of course by drawing data from the largest business database in Southeastern Europe.

In addition, through ICAP's exclusive representation of Dun & Bradstreet in Romania, Greece, Cyprus, and Bulgaria ICAP provides to its customers instant access to information on 300 million companies in more than 196 countries.

Moreover, ICAP has been recognized as Credit Rating Agency (CRA) by the European Securities and Markets Authority (ESMA) and as an External Credit Assessment Institution (ECAI) by the Bank of Greece, under the regulations of Basel II and the E.U.

In Romania, ICAP operates since 2008 through its fully owned subsidiary ICAP Romania, offering the majority of the group services from its offices in Bucharest.



In the business performance evaluation four simultaneous criteria were evaluated:

- Profitability
- Increase of the number of employees 2019 vs 2018
- Leadership position in the industry
- ICAP Credit Score

This prize encourage us to continue the defined development path, to increase the trust level as reliable partner in front of our client and creates the opportunity to convey congratulation for the entire CIE Matricon team for commitment and achieved results.



## **SAD FAREWELL TO GOIZALDE EGAÑA, VICE-PRESIDENT OF CIE AUTOMOTIVE**

In April, all of us at CIE Automotive received the heartbreaking news of the death of Goizalde Egaña, who was vice-chairman of the company's board of directors.

All farewells are sad, although in the case of Goizalde this pain has been accentuated both by the unforeseeable and by the fact of losing a person of exceptional human and professional quality.

Born in Zaldívar (Vizcaya) in 1964, she had an active professional career since the end of the eighties in financial and auditing departments. In addition to her position at CIE Automotive, she was also a member of the board of directors of INSSEC, and was currently a director of Global Dominion Access, S.A. and F&F Inversiones. Those of us who worked with her join her family in their grief, aware of how difficult it will be to fill the void left by Goizalde's departure without her vitality and optimism.



## **LAST FAREWELL TO AMABLE, AN EXAMPLE OF ENTREPRENEURSHIP, EFFORT AND WORK**

At CIE Automotive there is no lack of references of professionalism, dedication and entrepreneurial spirit, but it is undeniable that one of the longest-lived and most appreciated was, and will always be, Amable Martínez-Conde Elustondo. Amable passed away on May 9, at the age of 97, in Sao Paulo, Brazil, where he arrived in the 1950s with the idea of “trying his luck” and where he dedicated his professional life to creating companies and developing the local industrial fabric. The most outstanding fruit of his efforts was Autometal, a company he founded in the 1960s to produce and sell components and accessories for automobile manufacturers, and which joined the CIE Automotive Group at the beginning of the 21st century. His tireless efforts, and the affection he had for it, meant that he was linked to Autometal until the last of his days as honorary president.

We will always remember Amable for his adventurous spirit, which led him to leave his native Barakaldo and move with his wife and young children to the other side of the Atlantic, to take advantage of the opportunities that an emerging Brazil offered to professionals like him with valuable technical knowledge. His tenacity and effort, his constant work, allowed him to fulfill his dream. At CIE Automotive we will always remember his example.

**North America**

**USA**  
 R&D ★  
 Plastic  
 Machining  
 Roof Systems

**MEXICO**  
 R&D ★  
 Aluminium  
 Forging  
 Stamping  
 Machining  
 Plastic  
 Roof Systems

**South America**

**BRAZIL**  
 R&D ★  
 Forging  
 Stamping  
 Aluminium  
 Machining  
 Plastic  
 Casting

**West Europe**

**SPAIN**  
 Headquarters  
 R&D ★  
 Aluminium  
 Forging  
 Stamping  
 Machining  
 Plastic  
 Roof Systems

**FRANCE**  
 R&D ★  
 Machining  
 Roof Systems

**ITALY**  
 Machining

**GERMANY**  
 R&D ★  
 Forging  
 Roof Systems

**PORTUGAL**  
 R&D ★  
 Plastic

**Central East Europe**

**CZECH REP**  
 Stamping  
 Machining  
 Plastic  
 Cold Forging

**LITHUANIA**  
 Forging

**ROMANIA**  
 Aluminium  
 Roof Systems

**SLOVAKIA**  
 R&D ★  
 Machining  
 Roof Systems

**RUSSIA**  
 Aluminium

**Africa**

**MOROCCO**  
 Plastic

**Asia**

**CHINA**  
 R&D ★  
 Forging  
 Stamping  
 Machining  
 Roof Systems

**INDIA**  
 R&D ★  
 Aluminium  
 Forging  
 Stamping  
 Machining  
 Casting  
 Composites

