



**CIE Automotive**

**EARNINGS RELEASE**

**DECEMBER 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.**

**DECEMBER 2020 RESULTS**

**2.**

**BALANCE SHEET**

**3.**

**FORECASTS 2021**

**4.**

**CIE IN STOCK EXCHANGE**



**APPENDIX**

# HIGHLIGHTS Q4 2020

01	EBITDA Q4 2020	<b>16.7%</b> Quarter EBITDA Margin	BEATING <b>PRE-COVID PROFITABILITY LEVELS (16.1% Q42019)</b>
02	Net Income 2020	<b>185.2 €Mio</b> 67€MM Q42020 vs 63€MM Q42019	CIE MARKET <sup>(1)</sup> DROP 2020 <b>-20.7%</b>
03	Operating Cash Generation 2020	<b>239 €Mio</b> 59% OPERATING CASH/EBITDA	<b>MANAGEMENT MODEL FOCUSED ON CASH GENERATION</b>
04	Dividends and own shares acquisition	<b>189.3 €Mio</b>	MAINTAINING OUR <b>COMMITMENT</b> WITH SHAREHOLDERS
05	Financial Debt like-for-like perimeter basis <sup>(2)</sup>	<b>↓40 €Mio</b>	<b>EXCELLENT NET DEBT</b> EVOLUTION EVEN AFTER THE PAYMENTS ABOVE
06	Liquidity Reserve	<b>1,497 €Mio</b>	Cash and temporary financial investments: <b>691 €Mio</b> Undrawn funding: <b>806 €Mio</b>
07	Strengthening employment	<b>+1,118</b> EMPLOYEES	<b>25,196 vs 24,078 employees</b> (June 2020)

(1) CIE Market: Motor vehicles production IHS JANUARY 2021 (12 months 2020) (growth % in units), weighing the markets in which CIE has production plants

(2) Net Financial Debt without considering the effect of the business combinations of the year (96.3 €MM) and payments for previous years' acquisitions (17.2 €MM)



# HIGHLIGHTS Q4 2020



## QUICK RECOVERY

Fourth quarter with production<sup>(\*)</sup> at normalized levels. The annual effect of the pandemic on production levels has been >20%.



## DEBT EVOLUTION

We closed the year with a net debt at 2019 levels, with a debt peak reached in the month of May reduced by the effect of the large cash generation of the second half of the year of 175 €Mio and a liquidity reserve of almost 1,500 €Mio.



## FINANCIAL STRATEGY

With our income statement and our cash generation capacity, we have demonstrated the effectiveness of 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 Optimization



## WE ARE A BENCHMARK WITHIN THE INDUSTRY

In the fourth quarter, the level of profitability achieved is well above the standard margin of the sector in a normal situation and improves our pre-COVID margins.

(\*) Production on normalized conditions

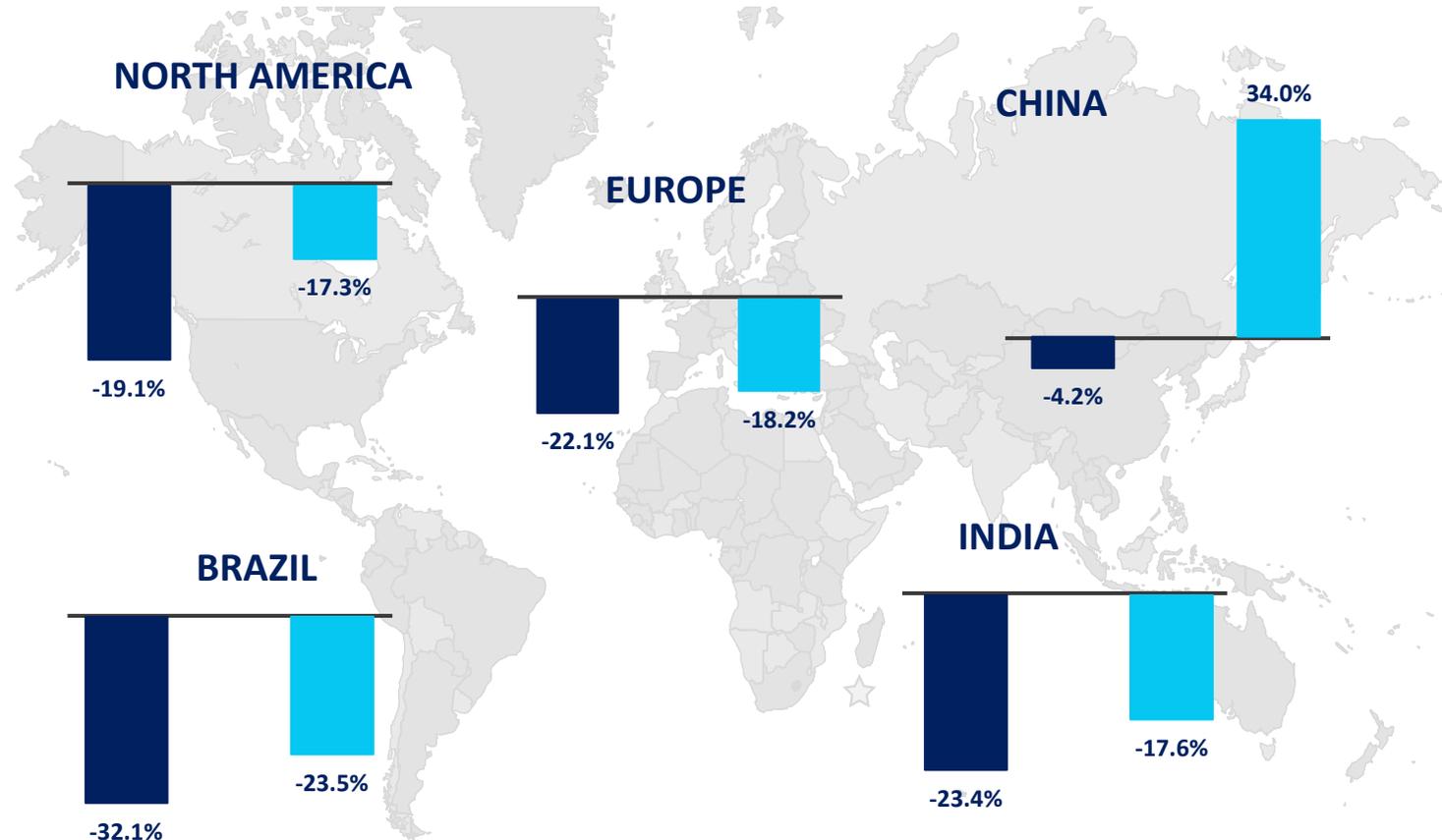


# 1. DECEMBER 2020 RESULTS

# SALES EVOLUTION 2020 – 2019

CONSTANT EXCHANGE RATE

■ CIE MARKET ■ CIE



**CIE Market -20.7%**

**CIE -13.2%**



Source: Motor vehicles production IHS JANUARY 2021 (12 months 2020) (growth % in units).

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



# DECEMBER 2020 RESULTS

(€ Mio)	31/12/2019	31/12/2020
Turnover	3,461.1	2,882.5
EBITDA	594.4	431.2
<i>% EBITDA on turnover</i>	17.2%	15.0%
EBIT	427.1	283.4
<i>% EBIT on turnover</i>	12.3%	9.8%
Profit for the year	314.1	195.2
Net income	287.5	185.2

▶ Despite the consequences of the global economic downturn, and the impact on the income statement due to currency translation (impact on sales -140 €Mio), the strength of CIE's model allows a rapid recovery, **achieving important results**

▶ **15% annual Ebitda margin** stands at only 1 p.p. below CIE's operating margins (Proforma Ebitda ≈16%; Proforma Ebit ≈ 11%) (\*)

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

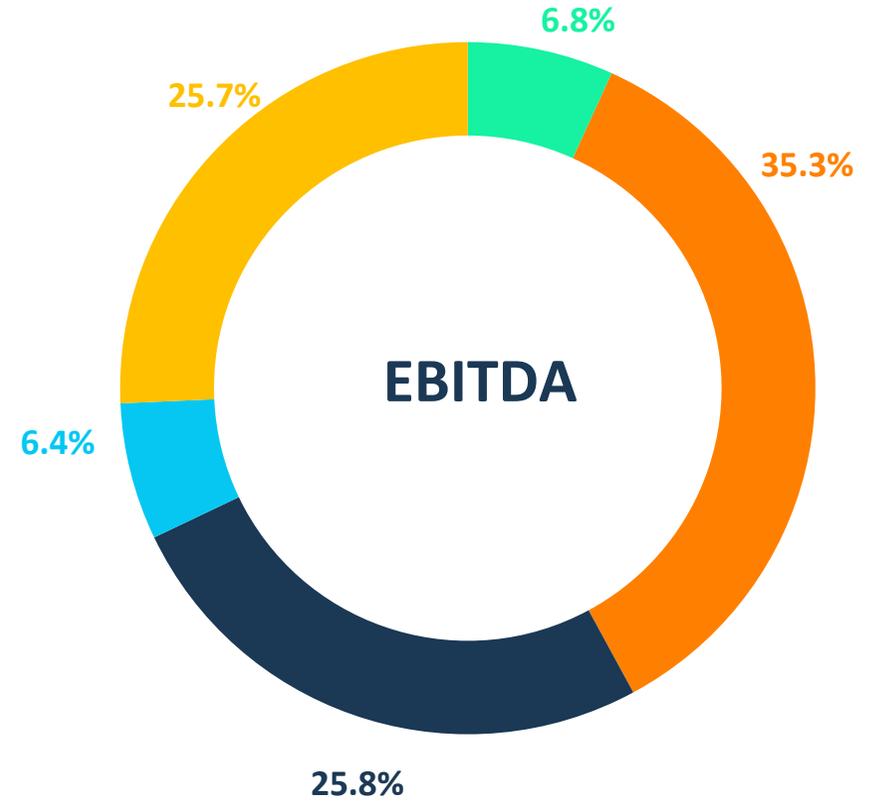
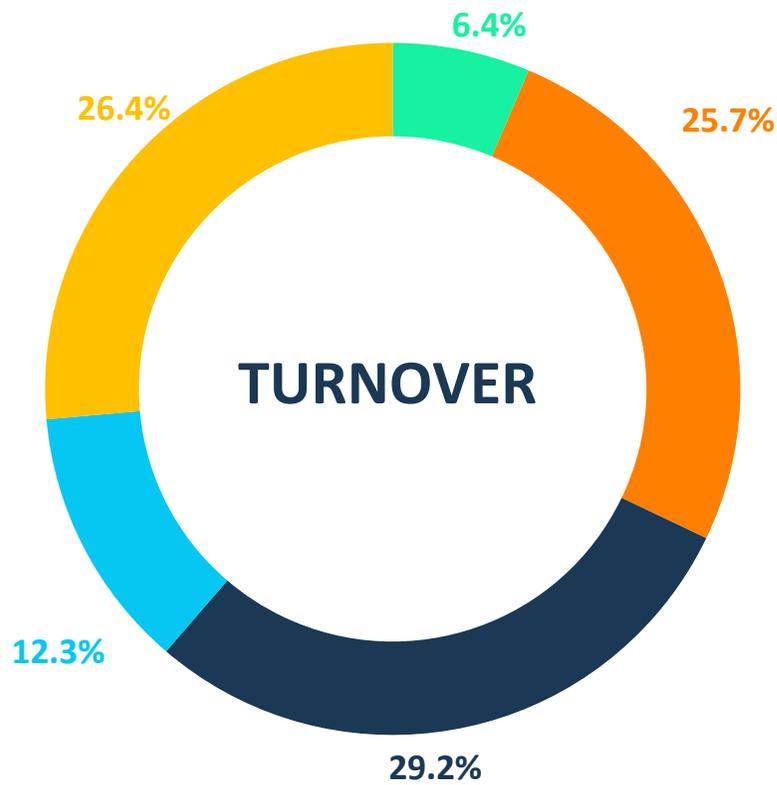


# RESULTS Q4 2020

(€ Mio)	4Q 2019	%	4Q 2020
Turnover	852.2	+3.6%	882.5
EBITDA	136.9	+7.5%	147.1
<i>% EBITDA on turnover</i>	16.1%		16,7%
EBIT	94.9		104.3
<i>% EBIT on turnover</i>	11.1%		11,8%
Profit for the year	64.8		74.6
Net income	63.2	+6.6%	67.4

- Fourth quarter in **normalized production levels**, with growth in all lines of the income statement despite the strong negative impact of currency conversion (impact on quarterly sales -48€Mio).
- The **quarterly Ebitda margin exceeds** the **profitability of Q4 2019** not only in the Group as a whole, but in all geographical areas.

# 2020 DIVISIONS CONTRIBUTION

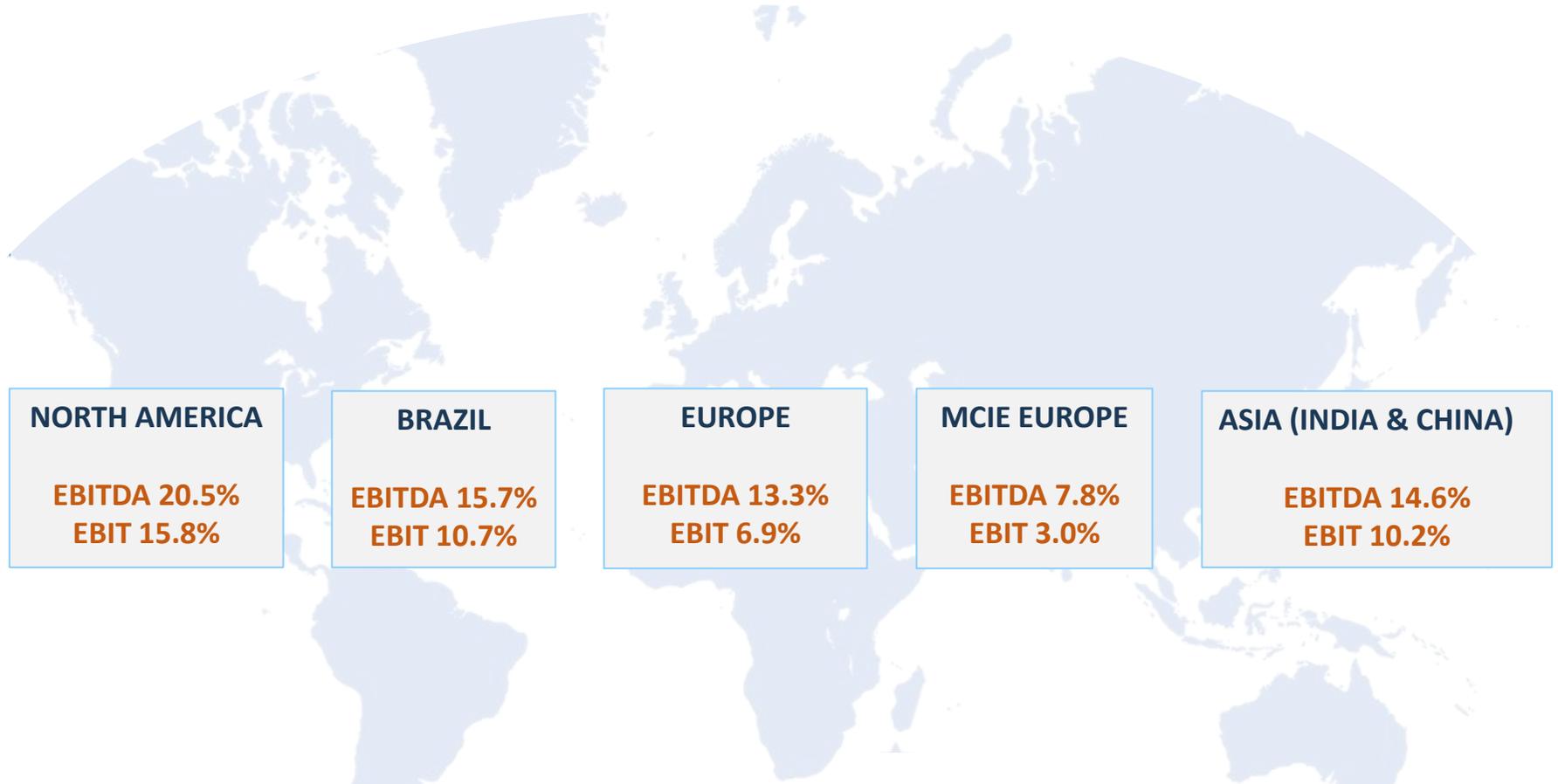


■ Brazil   
 ■ North America   
 ■ Europe   
 ■ MCIE Europe   
 ■ Asia (\*) (India/China)

(\*) China turnover: 431 €Mio.



# 2020 DIVISIONS PROFITABILITY



- ▶ Despite the effects of COVID-19, **margins** demonstrate the excellence of CIE's management model and team. All geographical areas improve their margins in Q42019.
- ▶ 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	31/12/2020
FIXED ASSETS	3,393.5	3,293.2
NET WORKING CAPITAL	(275.5)	(356.4)
<b>TOTAL NET ASSETS</b>	<b>3,118.0</b>	<b>2,936.8</b>

EQUITY	1,235.0	995.0
NET FINANCIAL DEBT	1,522.0	1,594.9
OTHERS (NET)	361.0	346.9
<b>TOTAL NET LIABILITIES</b>	<b>3,118.0</b>	<b>2,936.8</b>

*Non-recourse factoring*

222.2 € Mio

242.2€ Mio

## CASH FLOW

<b>EBITDA</b>	<b>431.2</b>
Financial Expenses	(37.9)
Maintenance Capex	(85.0)
Tax Payments	(43.3)
IFRS 16 Leases <sup>(1)</sup>	(26.0)
<b>OPERATING CASH FLOW</b>	<b>239.0</b>

**% EBITDA <sup>(4)</sup> 59.0%**

Growing Capex	(72.9)
Net Working Capital Variation	55.6
Payments of Dividends	(93.9)
Transactions with own shares	(95.4)
Payments of previous acquisitions <sup>(2)</sup>	(17.2)
Business Combination of the year <sup>(3)</sup>	(96.3)
Exchange rate effect in NFD	(22.7)
Other movements	30.9
<b>FINANCIAL CASH FLOW</b>	<b>(73.0)</b>

(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. (74 € 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

*At a time of **great strength for CIE,**  
with all the integrations finished,  
plants at **high levels of profitability**  
and operating cash generation,  
we have faced **COVID-19***

Production has returned to normal levels and **CIE is in a favorable competitive position** based on the strenghts of its business model:

**FLEXIBILITY**

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

**DECENTRALIZATION  
MULTILOCATION**

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

## 2021 PROSPECTS



### Turnover

*In line with current <sup>(1)</sup> market forecasts*



### Margins

*Ebitda margin > 17%*



### Operating Cash

*Operating cash generation > 60% Ebitda*

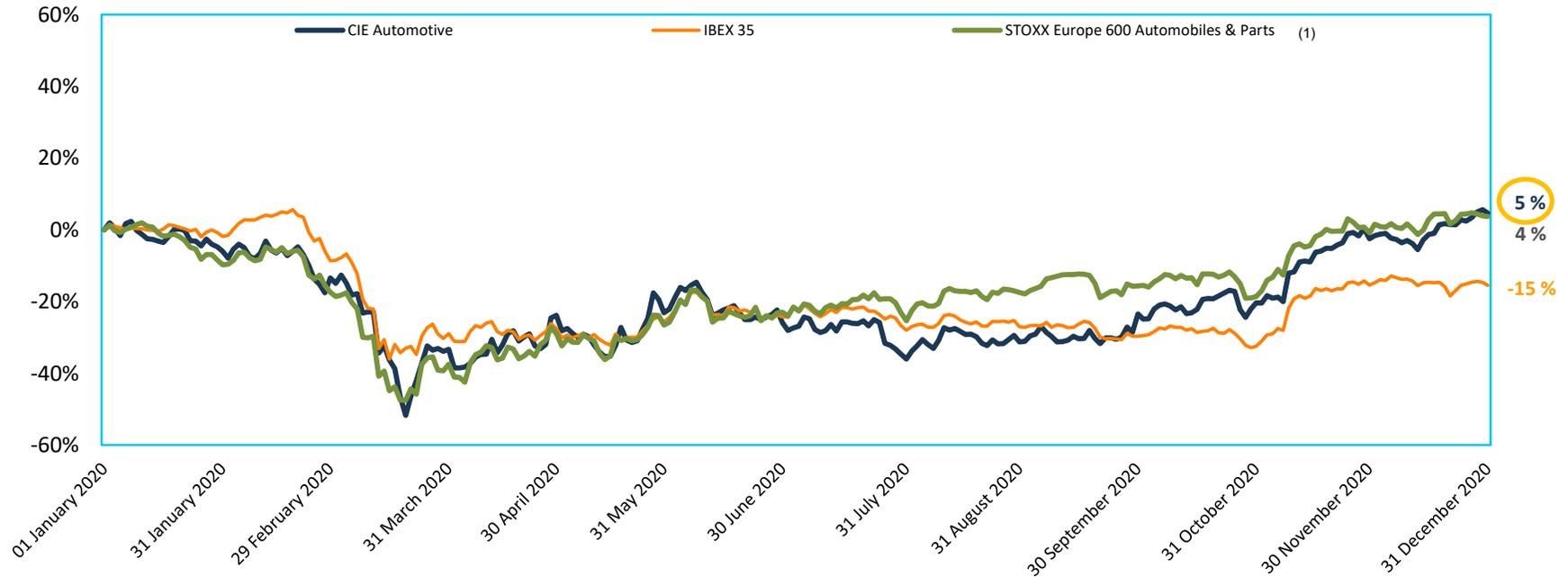


### Net Financial Debt

*NFD/Ebitda ratio  $\approx$  2,5X*

# 4. CIE IN STOCK EXCHANGE

## CIE SHARE PRICE PERFORMANCE 2020

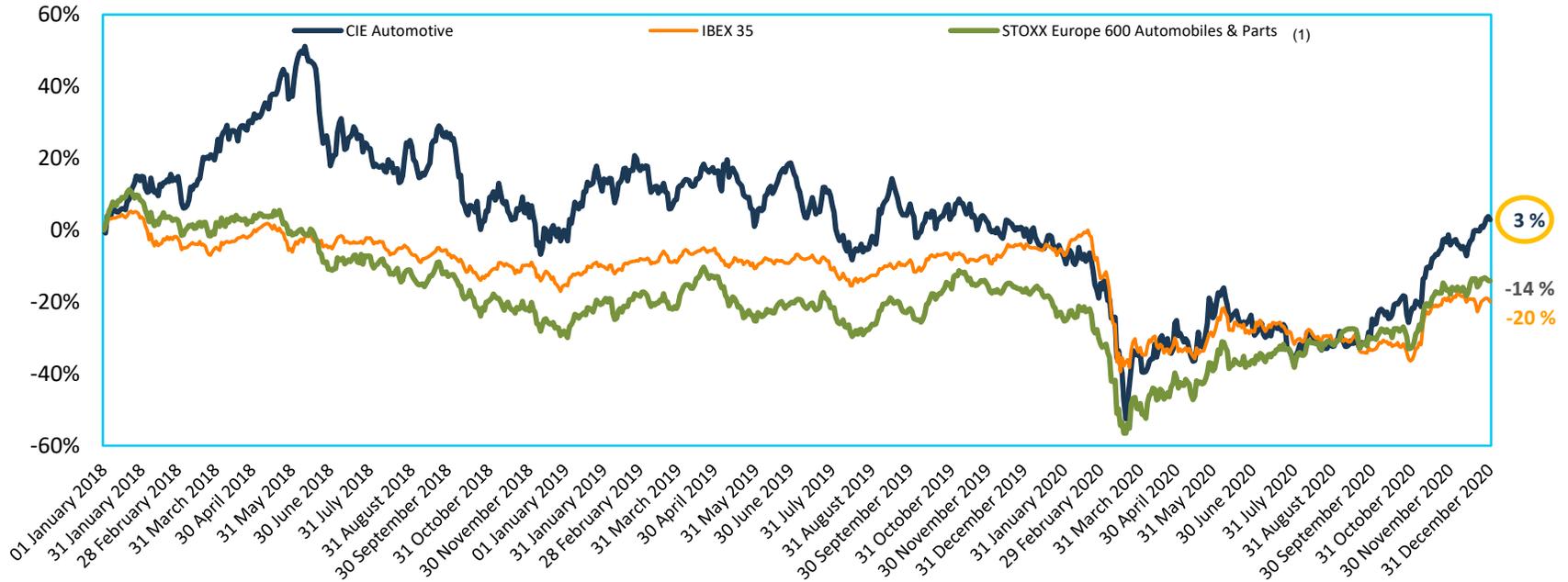


In the very specific context of the Coronavirus pandemic and the associated economic crisis and in line with the European Automotive sector, during the first three quarters of 2020 CIE share price was negatively affected, while the fourth one brought positive sanitary (vaccine) and geopolitical news (Brexit agreement, US elections...) that **pushed up the share price to a +5 % year on year.**

**However, we consider the share price has not fully shown inputs like our 5% capital reduction or the fact that we have significantly outperformed our peers, always thanks to our resilience, flexibility and quick recovery capacity.**

(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.

## CIE SHARE PRICE PERFORMANCE 2018-2020



Since mid-2018, financial markets and Auto sector have been **negatively impacted both by geopolitical and macroeconomic issues** (trade war, Brexit, global economic slowdown...), as well as **industry specific issues** (new emissions regulations, drop in demand for legislative and economic uncertainty...).

Over the last 3 years, the sectorial benchmark index STOXX Europe 600 Automobiles & Parts decreased -14% and the Spanish index Ibex 35 decreased -20%, reflecting deterioration of companies' operations.

**In that same context, CIE Automotive's performance has been outstanding, with results breaking records year on year and significantly outperforming most players, which we consider that has not been fairly shown in the poor +3% share price increase.**

(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	2019	2018	2017 <sup>(1)</sup>	2016 <sup>(1)</sup>	2015 <sup>(1)</sup>	2014 <sup>(1)</sup>
Market Cap (€ Mio)	2,703	2,719	2,766	3,123	2,388	1,993	1,453
Number of shares (Mio)	123	129	129	129	129	129	129
Last price of period (€)	22.06	21.08	21.44	24.21	18.52	15.45	11.27
Maximum price of period (€)	22.52	26.08	36.30 <sup>(1)</sup>	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)	79,535	57,296	87,149	59,318	59,065	60,619	62,970
Effective (€ Mio)	1,317	1,328	2,327	1,244	940	814	600

Source: Madrid Stock Exchange.

<sup>(1)</sup> 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 (NFD)	Debt with banks and other financial institutions – Cash and equivalents – Other 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.
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