



**Report**  
**Financial results 2008**

# Disclaimer

This document includes or may include statements or estimates about intentions, expectations or forecasts of CIE AUTOMOTIVE or of its management body on the present date, regarding several issues such as the evolution of its business and the company's financial results. These statements correspond with our intentions, opinions and future expectations, thus there are certain risks, uncertainties and other relevant factors that could lead to different results or decisions from those intended, expected or estimated. These factors include, among others, (1) the market situation, macro-economic factors, political, governmental and legal regulations, (2) changes in local and international securities markets, exchange rates and interest rates, (3) competition, (4) technological developments, (5) changes in the financial situation, credit capacity, and solvency of customers, debtors and counterparties. These factors could affect and could mean that the information and the intentions expressed, forecast or predicted in this document and in other past or future reports, including those submitted to the regulatory and supervisory authorities (including the Spanish Securities Market Authority – Comisión Nacional del Mercado de Valores - CNMV) do not coincide with reality. CIE AUTOMOTIVE does not undertake to publicly review the information contained herein or in any other document, whether the facts upon which such estimations have been based change, or whether such changes would alter the strategies or intentions contained herein.

This representation must be taken into consideration by all those persons or entities that may have to take decisions or give opinions related to securities issued by CIE AUTOMOTIVE and, in particular, by analysts considering this document. Please be advised that this document may contain information that has not been audited or summarised, thus public information registered by CIE AUTOMOTIVE with the security market regulatory authorities should be consulted, in particular, prospectuses and the periodical information registered with the CNMV.

# CIE Automotive Group results 2008

Var.	2007	Annual var.	2008	
	(mill. EUR)	(%)	(mill. EUR)	Annual (%)
Turnover	1,277.6		1,455.3	
Adjusted Turnover (*)	1,109.3	+22	1,261.0	+14
EBITDA (**)	157.4	+18	180.6	+15
EBIT (**)	90.4	+23	103.7	+15
Net Income (**)	50.7	+20	53.8	+6

- The 2008 figures confirm the position and profitability of recent years.
- Worth highlighting is the influence of offshore transactions on the results, specially in emerging countries such as Brazil, Mexico and Czech Republic.
- The general trend of world economy in the second half of the year was very negative which can be appreciated from the fourth quarter figures.
- It is unfeasible to provide estimates for 2009, however CIE is in a strong position to cope with the crisis and to come out of it even stronger.

(\*) Proforma value calculated by deducting turnover of diesel oil used for blending.

(\*\*) EBITDA: Net Operating Income + Amortization, EBIT: Net Operating Income. EBT: Income before taxes of continued activities; net Income: Income attributable to the shareholders of the company

# Automotive results 2008

(Million Euros)	2007	2008	% Var.
Turnover	1,056.9	1,158.1	9.6%
EBITDA (*)	156.1	191.3	22.6%
% EBITDA on turnover	14.8%	16.5%	-
EBIT (*)	90.3	116.2	28.7%
% EBIT on turnover	8.5%	10.0%	-

Market share increased, with significant improvement in business margins.

International growth and reduction of the margins in Spain, where I+D+i activities have increased.

(\*) EBITDA: Net Operating Income + Amortization, EBIT: Net Operating Income.

# Automotive 4Q 2008

(Million Euros)	4Q2008	4Q2008 Recurrent Proforma
Turnover	225.7	225.7
EBITDA (*)	47.0	25.8
% EBITDA on turnover	20.8%	11.4%

The recurrent proforma result of 4Q2008 was calculated excluding the following non-recurrent factors:

- Gains from assets: +€14mill.
- Subsidies granted during the financial year but not accrued and charged to PL in the quarter: +€2mill.
- Adjustment of provisions allocated during 2008 (commercials, CPI, variable remunerations, etc.): +€5mill.

(\*) EBITDA: Net Operating Income + Amortization

# Closing 2008 Automotive market

- Two very different parts of the year:

	Jan-Sept	Oct-Dec	Total
<b>Vehicle Production vs. 2007</b>	Europe	+ 1%	- 4%
	NAFTA	-14%	- 17%
	Brazil	+ 20%	+ 8%

- Significant stock reductions in November and December:

	Registration		Production	
	Nov.	Dec.	Nov.	Dec.
Europe	-22%	- 16%	- 27%	- 30%
NAFTA	-31%	- 33%	- 34%	- 30%
Brazil	-25%	- 20%	- 27%	- 56%

Sources: ACEA, Marketing Systems, Automotive News, Fenabrave, Anfavea and own elaborated data.

# Biofuels results 2008

(Million EUR)	2007	2008
Turnover	220.6	297.2
Adjusted turnover (*)	52.3	102.9
EBITDA (**)	1.3	(10.7)
EBIT (**)	0.7	(12.7)

- Efforts to open up the market by organising the start of the activity of some current investments, in accordance with its defined strategy.
- The 2008 results have a significant non-recurring effect:
  - The negative result due to the fall in oil prices amounted to over €13mill.

(\*) Proforma value calculated by deducting turnover of diesel oil used for blending.

(\*\*) EBITDA: Net Operating Income + Amortization, EBIT: Net Operating Income.

# Reacting to the current situation

Capacity to react quicker than competitors to market changes:

- ❑ CIE's EBITDA is 5 percent higher than the sector average.
- ❑ CIE's main overhead cost is 1.6% on sales

A plan of action has been drawn-up to face the crisis:

- ❑ Actions in R+D+i
- ❑ Commercial actions
- ❑ Cost adjustment actions
- ❑ Actions to strengthen the financial situation



# Plan of action against the crisis

## □ Actions in I+D+i

Product/  
Process

- ✓ Aim to reduce consumption and emissions
- ✓ Weight reduction
- ✓ Leadership in high performance products and processes: Forged crankshafts, EPS, Common Rail and new materials and technologies in progress.
- ✓ Attract orders for €100 mill. increase in sales in 2010.

New  
applications

- ✓ EGR
- ✓ Motor tubes
- ✓ Common Rail
- ✓ Pumps
- ✓ Anti-vibration
- ✓ Rack & Pinion

In line with the requirements of the Automotive Competition Plan in Spain

# Plan of action against the crisis

## ❑ Commercial actions:

- ✓ **Considerable commercial opportunities are arising in the market as a consequence of the crisis, especially due to the worse financial situation and strategic position of competitors:**
  - **Creation of a special committee to effectively manage all requests for quotations.**
- ✓ **The flexible investments strategy and CIE's multi-technology enable a swift response, which is appealing for clients.**

## ❑ Costs adjustment actions:

- ✓ **Ambitious plan to reduce variable and fixed costs in order to adapt to demand and maintain the contribution margins**

# Plan of action against the crisis

- ❑ **Actions to strengthen the financial situation:**
  - ✓ **Plan to reduce working capital: 15 day reduction of stocks and particular focus on collecting and payment periods.**
  - ✓ **Investment reduction. The situation of the market and asset flexibility frees capacity for new projects.**
  - ✓ **No distribution of dividends charged to the results of the 2008 financial year in order to increase the company's equity.**
  - ✓ **Plan to reinforce liabilities extending the debt's term (under negotiation).**

**The purpose of all these actions is to come out of the crisis in a stronger position, taking advantage of new business opportunities.**

# Effects of the current situation on the Biofuels business

## Initial situation:

- ❑ The contribution of the Biofuels business in 2009 will continue to be minor
- ❑ Petrol prices of around \$40-45/barrel leading to insufficient gross margins over virgin oils
- ❑ Passed Spanish legislation on penalisation yet to have an effect on sales prices
- ❑ Jatropha's main development activity in I+D+i phase. Intense dedication in a period of at least 3 years.

## A plan of action has been drawn-up to face this situation:

- ❑ Hold back on investments in virgin oil factories
- ❑ Continue expanding the recycled oil refinery
- ❑ Adjust and reduce structural costs

# Summary of actions and expectations

In the current scenario of financial uncertainty, CIE Group is in a better position than its competitors and measures have been taken to face the crisis

## Automotive

- Hold back on investments, focusing on products with less emissions, weights, ...
- Reduce working capital and strengthen financial position
- Focus I+D+i on reductions of emissions and consumption
- Adjust variable and fixed costs in accordance with the current financial situation

## Biofuels

- Focus on Biodiesel production from recycled oils and other residues
- Hold back on investing in other activities

CIE strategy ongoing, however the current situation has delayed the objective to double Sales and EBITDA from 2006 to 2010.

The current market situation renders a detailed forecast for the financial 2009 unfeasible.