

# Mid Term Financial Report

30th June, 2016



**CIE** *Automotive*

*Managing high value added processes globally*

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1. Group Results 1S 2016
2. Balance sheet
3. Strategic Commitments
4. CIE in Stock Exchange

01

# Group Results 1S 2016



# HIGHLIGHTS 1S 2016

	30/06/2015	%	30/06/2016
Turnover (€ Mio)	1,338.6	+1%	1,349.5
EBITDA (*) (€ Mio)	187.0	+7%	200.8
Net Income (*) (€ Mio)	68.8	+20%	82.6
Equity (€ Mio)	943.9	+15%	1,088.5
Net Income per share (€)	0.53	+20%	0.64
30.06 Share Price (€ per share)	14.53	+3%	15.01
Year end number of employees (n°)	23,839		22,854
Net Financial Debt (€ Mio)	790.4		597.7
NFD/EBITDA (**)	2.31x		1.58x

(\*) EBITDA: Net Operating Income + Depreciation, Net Income: Profit attributable to the company's shareholders.

(\*\*) EBITDA of last 12 months annualized in those companies incorporated to perimeter during the period.

# 1S 2016 CIE GROUP RESULTS

(€ Mio)	1S 2015	%	1S 2016
Turnover	1,338.6	+1%	1,349.5
EBITDA (*)	187.0	+7%	200.8
% EBITDA on turnover	14.0%		14.9%
EBIT (*)	124.1	+12%	138.8
% EBIT on turnover	9.3%		10.3%
Profit for the year	82.8		96.5
Net Income (*)	68.8	+20%	82.6

(\*) EBITDA: Net Operating Income + Depreciation, EBIT: Net Operating Income, Net Income: Profit attributable to the company's shareholders

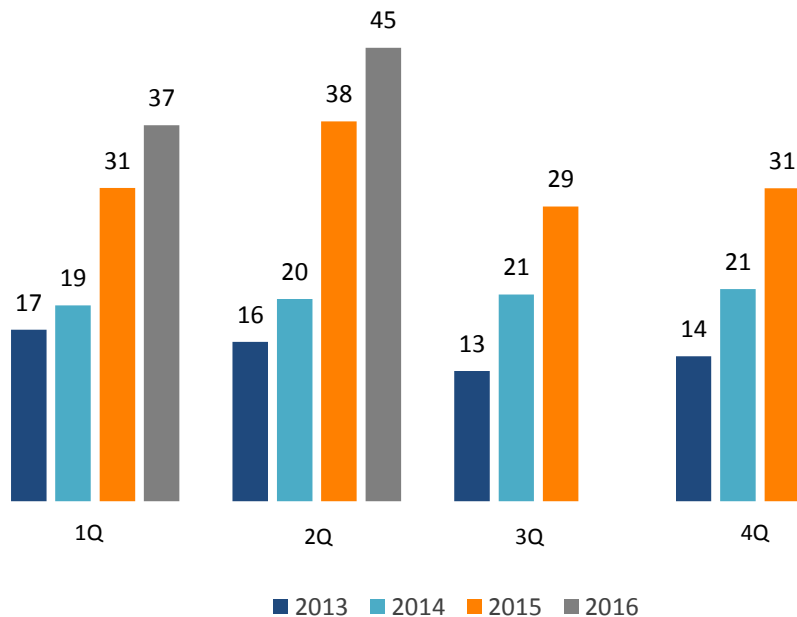
# 2Q 2016 CIE GROUP RESULTS

(€ Mio)	2Q 2015	%	2Q 2016
Turnover	676.1	+2%	691.6
EBITDA (*)	95.0	+10%	104.5
% EBITDA on turnover	14.1%		15.1%
EBIT (*)	63.9	+15%	73.2
% EBIT on turnover	9.4%		10.6%
Profit for the year	42.9	+25%	53.4
Net Income (*)	37.7	+20%	45.3

(\*) EBITDA: Net Operating Income + Depreciation, EBIT: Net Operating Income, Net Income: Profit attributable to the company's shareholders

# QUARTERLY EVOLUTION 2013/2014/2015/2016

## Net Income (€ Mio)



- Growing profit quarter after quarter
- Very significant growth of Net Income +20% vs 1S 2015, as a result of continuous improvement in operations' margins





# 1S 2016 AUTOMOTIVE RESULTS

(€ Mio)	1S 2015	%	1S 2016
Turnover	1,104.4	-1%	1,094.6
EBITDA (*)	169.6	+6%	180.5
% EBITDA on turnover	15.4%		16.5%
EBIT (*)	113.1	+10%	124.6
% EBIT on turnover	10.2%		11.4%

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

- Sales decrease as a result of a -3% exchange rate effect and of a +4% pure organic effect, compensated by the pass through of raw material prices' -2% drop into our selling prices
- Excellent performance of margins in all regions, having reached EBIT margin 11.4%

# 2Q 2016 AUTOMOTIVE RESULTS

(€ Mio)	2Q 2015	%	2Q 2016
Turnover	556.2	+1%	560.0
EBITDA (*)	85.5	+9%	93.4
% EBITDA on turnover	15.4%		16.7%
EBIT (*)	57.6	+13%	65.3
% EBIT on turnover	10.4%		11.7%

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

# 1S 2016 DOMINION RESULTS

(€ Mio)	1S 2015	%	1S 2016
Turnover	234.2	+9%	254.9
EBITDA (*)	17.4	+17%	20.3
% EBITDA on turnover	7.4%		8.0%
EBIT (*)	11.0	+28%	14.1
% EBIT on turnover	4.7%		5.5%

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

- Double-digit organic growth affected by an effect of exchange rate of -5%.
- +17% and +28% increase in EBITDA and EBIT respectively, supported by operating leverage and by last integrations 'margins improvement, following Dominion's Smart Innovation business model

# 2Q 2016 DOMINION RESULTS

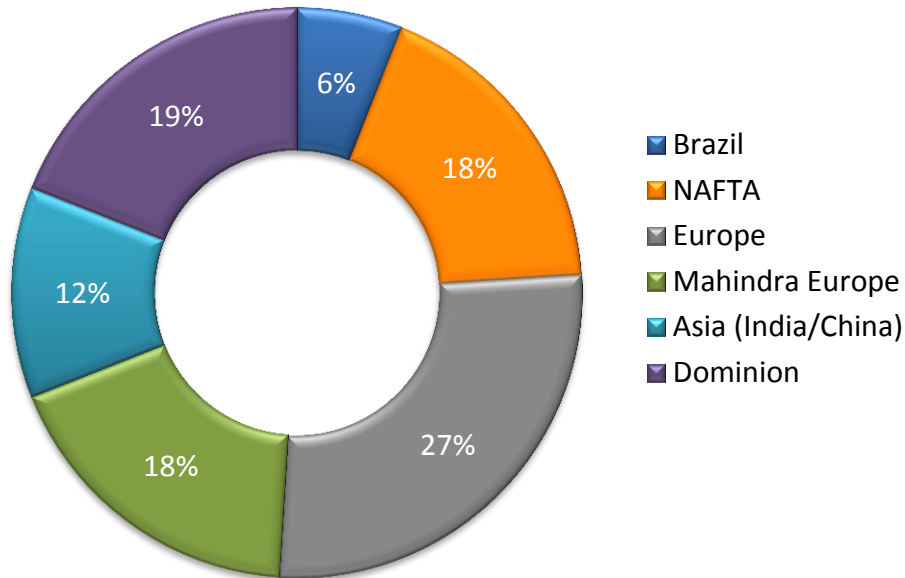
(€ Mio)	2Q 2015	%	2Q 2016
Turnover	119.8	+10%	131.6
EBITDA (*)	9.5	+16%	11.1
% EBITDA on turnover	7.9%		8.4%
EBIT (*)	6.3	+26%	7.9
% EBIT on turnover	5.2%		6.0%

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

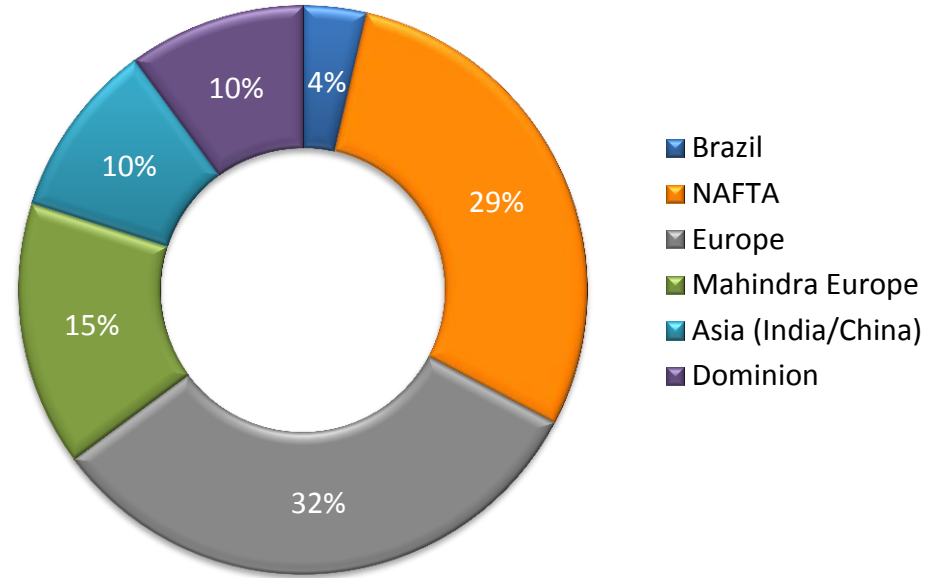
# 1S 2016 DIVISIONS CONTRIBUTION



## Turnover



## EBITDA



EBITDA: Net Operating Income + Depreciation.

# 1S 2016 DIVISIONS PROFITABILITY

	1S 2015	1S 2016	
<b>Ex-Mahindra Europe</b>	<b>EBITDA: 17.1%</b> <b>EBIT: 10.3%</b>	<b>EBITDA: 17.9%</b> <b>EBIT: 11.4%</b>	Sustainable margins far above market's average that continue improving thanks to new volumes
<b>Mahindra Europe</b>	<b>EBITDA: 12.5%</b> <b>EBIT: 8.0%</b>	<b>EBITDA: 12.5%</b> <b>EBIT: 8.2%</b>	Gradual improvement in EBIT margin, in its way to achieve CIE Group standards
<b>NAFTA</b>	<b>EBITDA: 21.1%</b> <b>EBIT: 17.3%</b>	<b>EBITDA: 23.8%</b> <b>EBIT: 19.4%</b>	Margins significantly higher than CIE Group average that continue growing thanks partially to good performance of new greenfields
<b>Brazil</b>	<b>EBITDA: 10.8%</b> <b>EBIT: 5.6%</b>	<b>EBITDA: 8.7%</b> <b>EBIT: 4.2%</b>	Despite market drop close to 25%, EBITDA margin excluding restructuring costs effects would reach 10%
<b>Asia (India/China)</b>	<b>EBITDA: 10.4%</b> <b>EBIT: 6.1%</b>	<b>EBITDA: 12.1%</b> <b>EBIT: 7.7%</b>	Margins beginning to show the fruits of integration of Indian plants in CIE and of new projects industrialization in China
<b>Dominion</b>	<b>EBITDA: 7.4%</b> <b>EBIT: 4.7%</b>	<b>EBITDA: 8.0%</b> <b>EBIT: 5.5%</b>	Increase in margins supported by operating leverage and by last integrations 'margins improvement, following Dominion's Smart Innovation business model

# 1S 2016 GROWTH

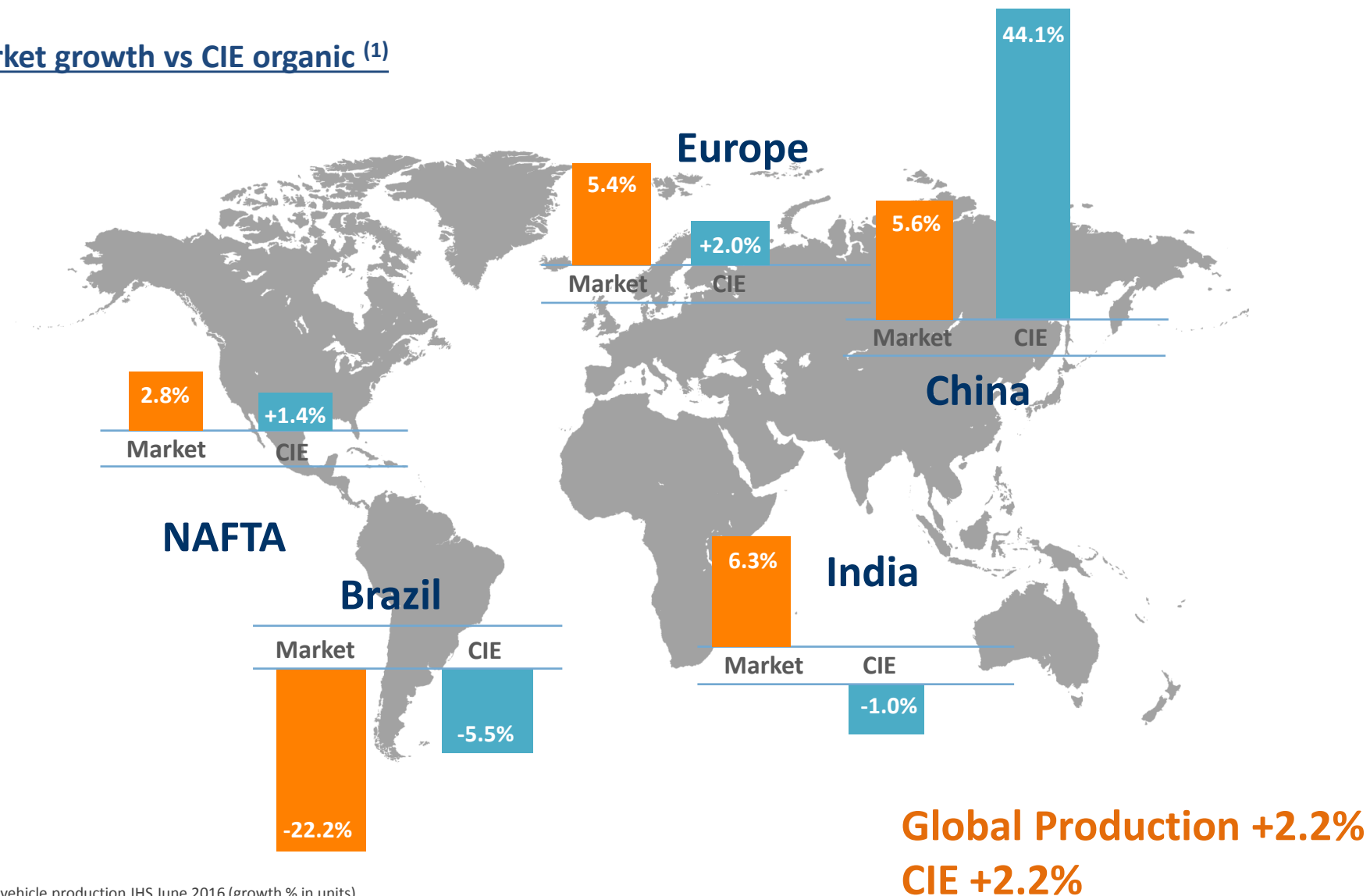
	Developed Countries <sup>(1)</sup>	Emerging Countries <sup>(2)</sup>	AUTOMOTIVE TOTAL	DOMINION TOTAL	CIE TOTAL
Organic Growth	1.8%	3.9%	2.2%	10.6%	3.7%
Inorganic Growth	-0.6%	2.0%	0.0%	+3.2%	0.5%
Forex	0.0%	-13.3%	-3.1%	-5.0%	-3.4%
<b>1S 2016 Growth</b>	<b>1.2%</b>	<b>-7.4%</b>	<b>-0.9%</b>	<b>8.8%</b>	<b>+0.8%</b>

(1) Europe and Nafta

(2) Asia and Brazil

# AUTOMOTIVE GROWTH 2015-2016(%)

## Market growth vs CIE organic (1)



Source: Motor vehicle production IHS June 2016 (growth % in units)

(1) Organic increase in revenue including greenfields, considering same perimeter and exchange rates



# 02 | Balance sheet



A hand is pointing to a table on a document. The table has multiple columns and rows, with numerical data. The data is partially obscured by the hand and the lighting, but some values are visible.

Date	Value 1	Value 2	Value 3
1 June	100	100	100
2 June	100	100	100
3 June	100	100	100
4 June	100	100	100
5 June	100	100	100
6 June	100	100	100
7 June	100	100	100
8 June	100	100	100
9 June	100	100	100
10 June	100	100	100
11 June	100	100	100
12 June	100	100	100
13 June	100	100	100
14 June	100	100	100
15 June	100	100	100
16 June	100	100	100
17 June	100	100	100
18 June	100	100	100
19 June	100	100	100
20 June	100	100	100
21 June	100	100	100
22 June	100	100	100
23 June	100	100	100
24 June	100	100	100
25 June	100	100	100
26 June	100	100	100
27 June	100	100	100
28 June	100	100	100
29 June	100	100	100
30 June	100	100	100

# BALANCE SHEET

<i>Million Euros</i>	<b>31/12/2015</b>	<b>30/06/2016</b>
Fixed Assets	1,953.2	2,023.2
Net Working Capital	(248.8)	(273.0)
<b>Total Net Assets</b>	<b>1,704.4</b>	<b>1,750.2</b>
Equity	885.0	1,088.5
Net Financial Debt (*)	670.1	597.7
Others (Net) (**)	149.3	64.0
<b>Total Equity and Liabilities</b>	<b>1,704.4</b>	<b>1,750.2</b>

(\*) Net Financial Debt = Debt with banks and other financial institutions – Cash and equivalents.

(\*\*) Decrease derived basically, from outstanding payments for the purchase of companies.

(1) RONA = "Return on Net Assets": EBIT Last 12 Months/ Net Assets (Fixed Assets + Net Financial Debt – Goodwills not associated to cash outs).

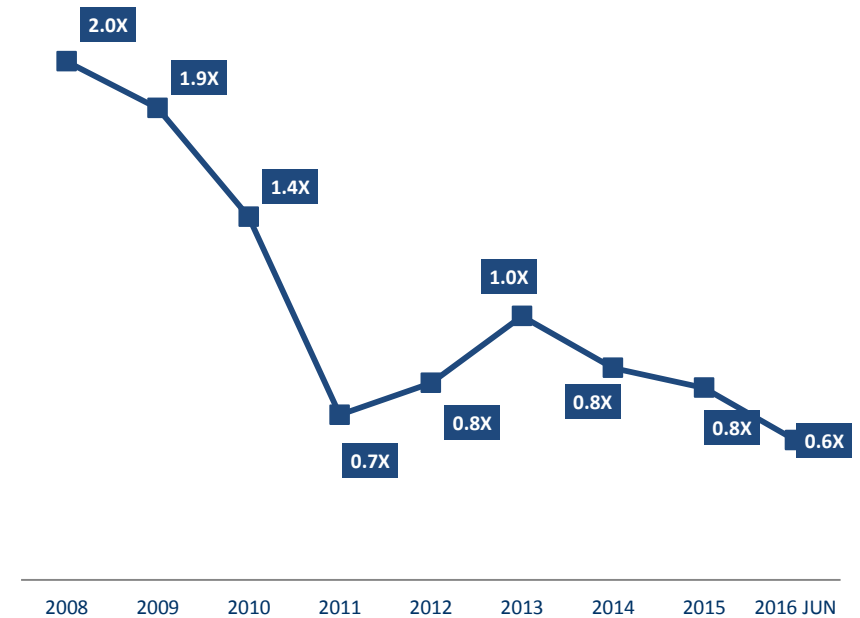
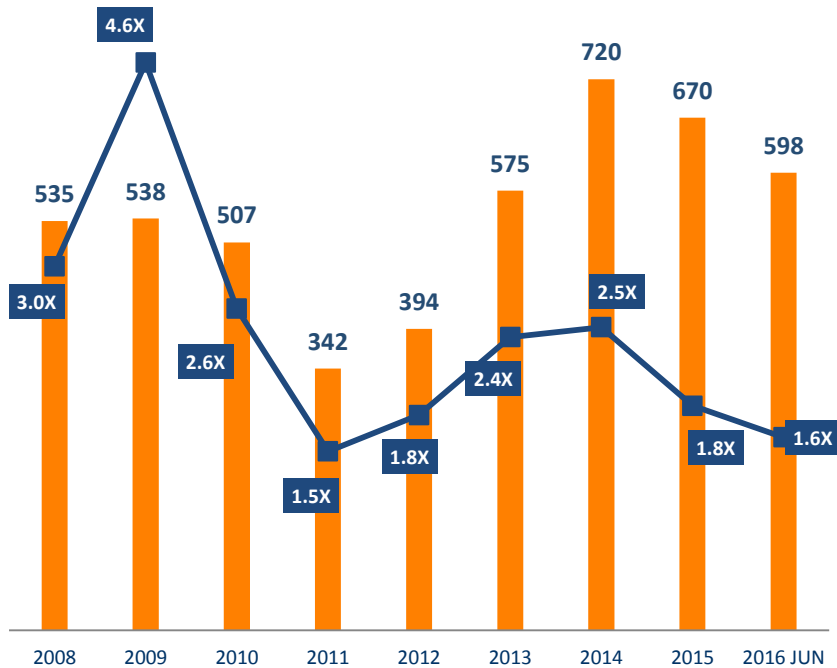
(2) EBITDA Last 12 months

<b>NFD/EBITDA<sup>(2)</sup></b>	<b>1.83x</b>	<b>1.58x</b>
<b>NFD/Equity</b>	<b>0.76x</b>	<b>0.55x</b>
<b>RONA<sup>(1)</sup></b>	<b>17%</b>	<b>18%</b>

# NET FINANCIAL DEBT EVOLUTION

*Net Financial Debt (€ Mio)*  
*NFD/EBITDA*

*NFD/Equity*



(\*) DFN = Net Financial Debt = Debt with banks and other financial institutions – Cash and equivalents/ EBITDA: Net Operating Income + Depreciation 12 last months

# NET FINANCIAL DEBT STRUCTURE 30/06

	Amount	Maturity	Characteristics
<b>Syndicated Loan</b>	≈ 450€ MM	5 years bullet	- In Euros - Rates related to NFD/EBITDA ratio - Partially swapped to fixed rate
<b>EIB</b>	≈ 70€ MM	7 years, with 2 years grace	- In Euros - Partially swapped to fixed rate
<b>Bancomext</b>	≈ 80€ MM	7 years, with 1 year grace	- In Dollars - Partially swapped to fixed rate
<b>Others</b>	≈ 445€ MM	Miscellaneous	- Debt composed of bilateral terms (mainly local), credit lines, working capital financing, and so on.
	≈ 1,045€ MM	<b>Gross Financial Debt</b>	
<b>Cash and Equivalents</b>	≈ 447€ MM		
	≈ 598€ MM	<b>Net Financial Debt (NFD)</b>	

*Without recourse factoring at 30.06.2015 amounts € 210 Mio*

- On 14 July 2016 has signed a second novation to the syndicated financing arrangement signed in 2014, expanding the amount until the 600 mm€, lengthening the maturity up to 2021, and improving the current cost.
- Also in July 2016, has signed a new loan with 2 financial institutions for a total amount of 85 million euros, with a final maturity to 10 years.

# INVESTMENT DISCIPLINE AND RETURN EXIGENCE

## CAPEX DISCIPLINE

- Maintenance investment accounts 80% of total depreciation of the Group
- On the way of achieving the goal of reducing depreciation level from 5% to 4%

≈4% recurrent investment level that allows an organic growth of 2-3%

## RONA

- Continuous improvement towards the challenge of reaching 20% RONA
- Investment analysis discipline, always requiring high returns

Capex  $\geq$  20% ROI.  
Net Working Capital  $\approx$  0  
M&A: EV/EBITDA  $\leq$  3 in 3 years

## EBITDA CONVERSION INTO CASH

- Operating Cash Flow reaching 50% of EBITDA, enabling the Group to ensure investment commitments

≈50% conversion level target EBITDA into Cash



# 03 | Strategic Commitments

# 03

## Strategic Targets

### A. Organic growth



# STRATEGIC TARGETS - ORGANIC



12% EBIT<sup>(1)</sup>  
Target

^~7%  
Turnover  
Target

20-25%  
RONA<sup>(2)</sup> Target

Manten. & growth  
investment  
~6% on sales

300 M€  
Shareholder  
retrib. Target

NFD<sup>(3)</sup>  
<0,5X

(1) EBIT: Net Operating Income.

(2) RONA = "Return on Net Assets": EBIT/ Net Assets (Fixed Assets + Net Working Capital – Goodwill not associated to cash outs)

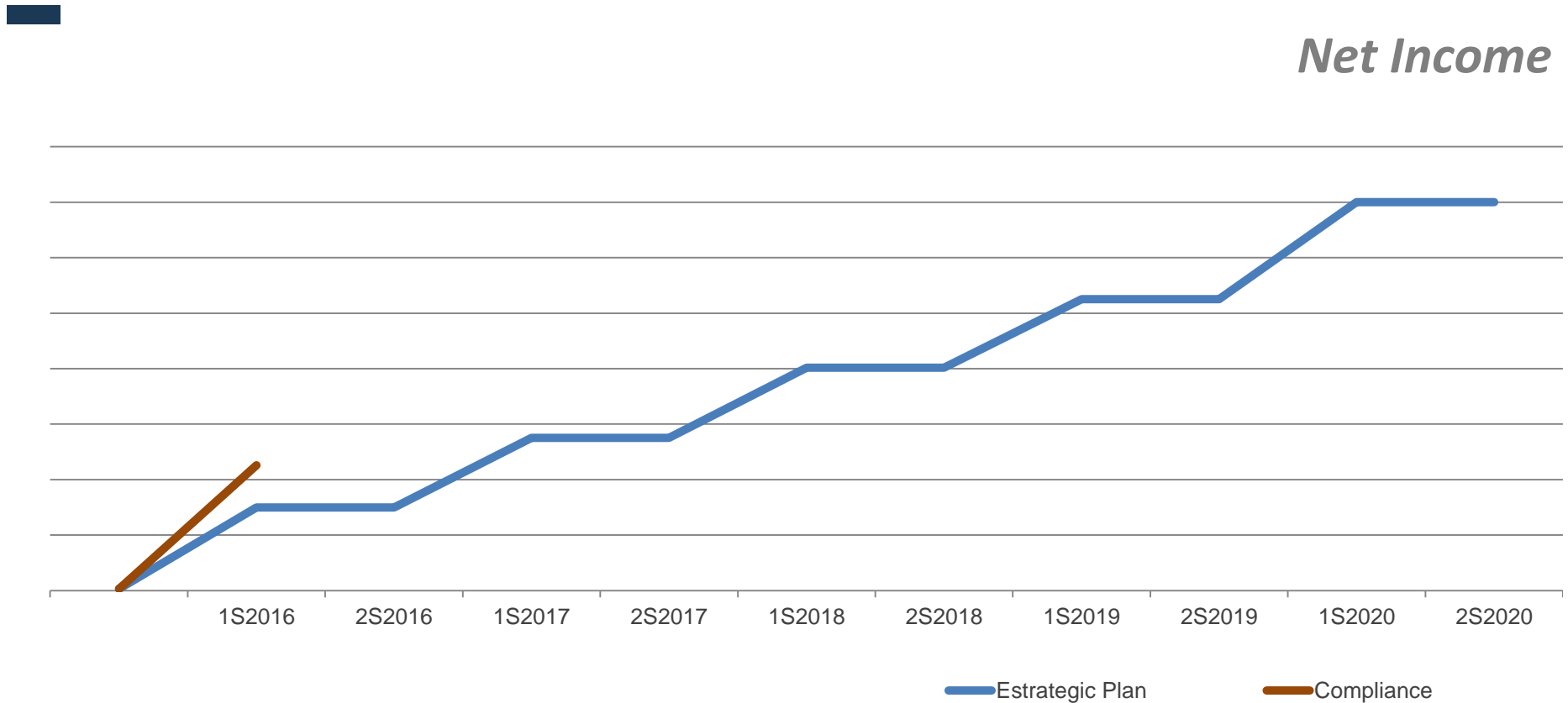
(3) Net Financial Debt= Debt with banks and other financial institutions – Cash and equivalents





*Doubling Net  
Profit*

# ESTRATEGIC PLAN COMPLIANCE



In the 1S 2016, Compliance with the Strategic Plan exceeds the forecast

# 03 Strategic Targets

## B. Inorganic growth



# STRATEGIC TARGETS - INORGANIC

—

*Integrate strategical companies to consolidate CIE as one of the **most important players in the world**; with a very balanced account, achieving at the end of period, a **NFD < 2x EBITDA** ratio*



# STRATEGIC TARGETS - INORGANIC

## *New market opportunities*

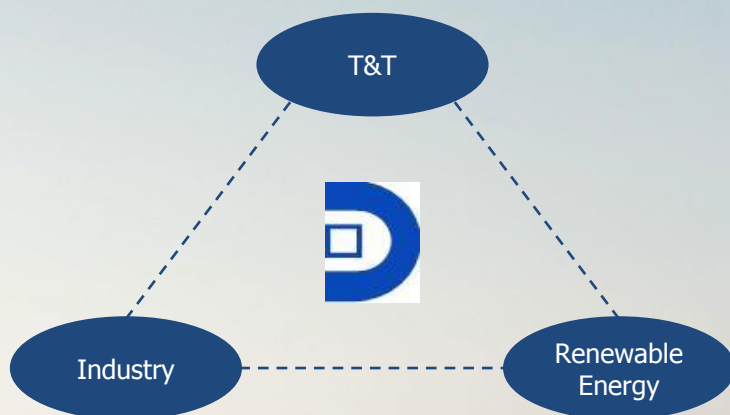


**700 Mio€**  
**Automotive**  
**additional sales**

*On 3Q 2016 the acquisition of Amaya Telleria Group will be closed. Its turnover in the year 2015 amounted approximately to 134 mm€ and employs about 800 workers in its different plants (Basque Country, Galicia, Slovakia, Brazil and Mexico)*

# STRATEGIC TARGETS - INORGANIC

## *New market opportunities*



**300 Mio€**  
***Dominion***  
***additional sales***

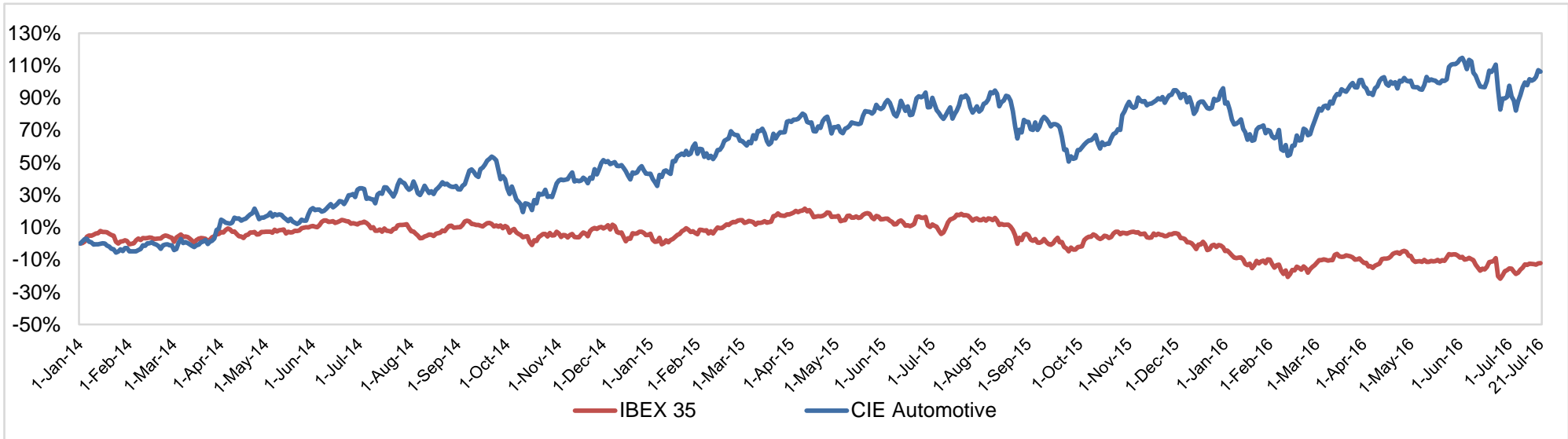
*During the 1S 2016 have been carried out acquisitions of: the Commonwealth Group (CDI) ; of the productive units in Facilities, Maintenance, Industrial and Promotion of Renewable Energies, Abantia Group; and the net asset of the area of activity of Abengoa called Protisa. The annual turnover of these businesses is approx 100 Mio€.*

# 04 CIE in Stock Exchange

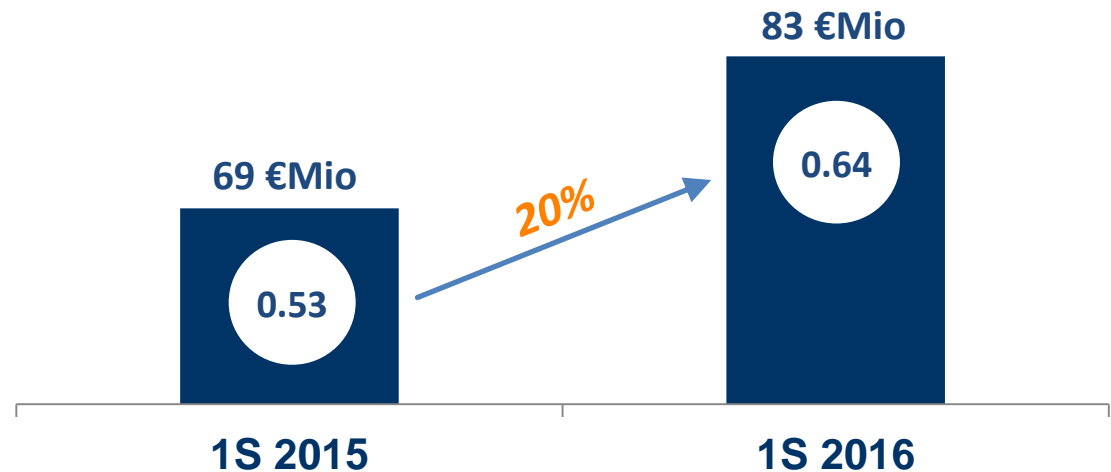


# CIE IN STOCK EXCHANGE

## CIE share price Performance vs Ibex 35



Net Income (€ Mio) and  
Net Income per share (€)





# CIE IN STOCK EXCHANGE



	2016 Until 21/07	2015	2014	2013
Market Cap (€ Mio)	2,096	1,993	1,453	951
Number of shares (Mio)	129	129	129	119
Last price of period (euros)	16.25	15.45	11.27	8.00
Maximum price of period (euros)	17.01	15.46	12.29	8.35
Minimum price of period (euros)	11.99	10.65	7.21	5.00
Volume (thousand shares)	40,711	60,619	62,970	44,953
Effective (€ Mio)	618	814	600	277

Source: Madrid Stock Exchange



*Thank you*

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CIE Automotive