

Earnings Release

31st December, 2016



CIE *Automotive*

Managing high value added processes globally

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

01

Group Results 2016



HIGHLIGHTS 2016

	2015	%	2016
Turnover (€ Mio)	2,631.5	+9%	2,879.0
EBITDA (*) (€ Mio)	365.5	+11%	407.5
Net Income (*) (€ Mio)	129.1	+26%	162.4
Equity (€ Mio)	885.0	+43%	1,263.3
Net Income per share (€)	1.00		1.26
31.12 Share Price (€ per share)	15.45	+20%	18.52
Year end number of employees (nº)	22,820		26,083 ⁽¹⁾
Net Financial Debt (€ Mio)	670.1		816.2
NFD/EBITDA (**)	1.83x		1.86x

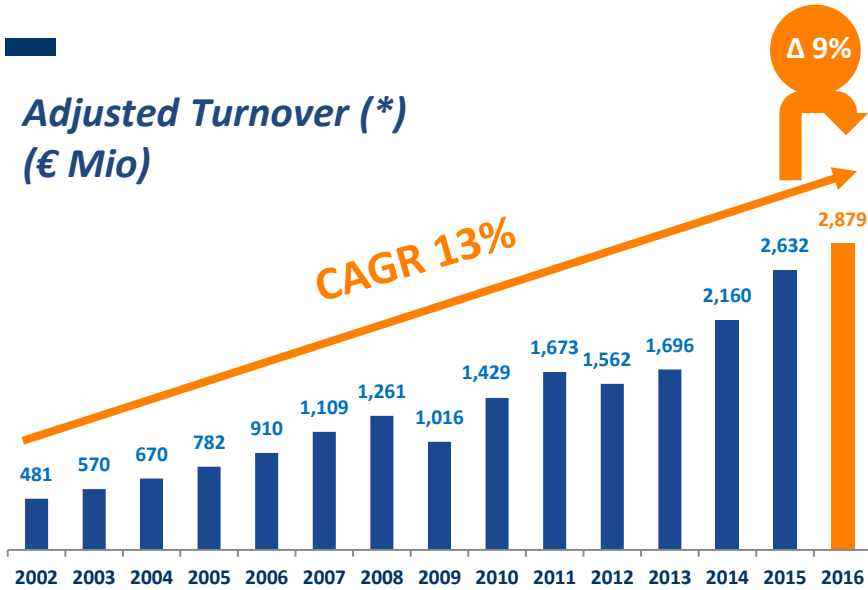
(*) EBITDA: Net Operating Income + Depreciation, Net Income: Profit attributable to the company's shareholders.

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

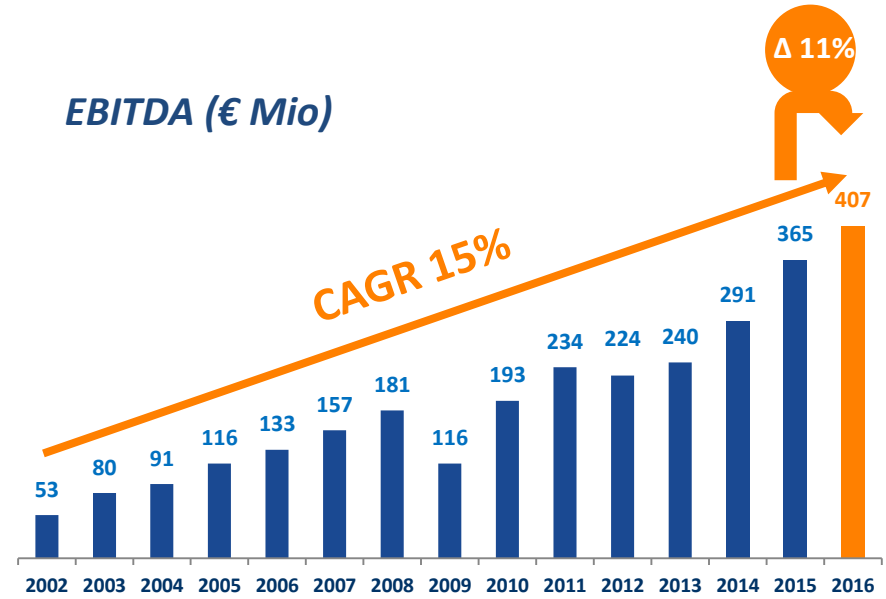
(1) The inorganic growth has resulted in an increase of 4,079 people.

SUSTAINED AND PROFITABLE GROWTH

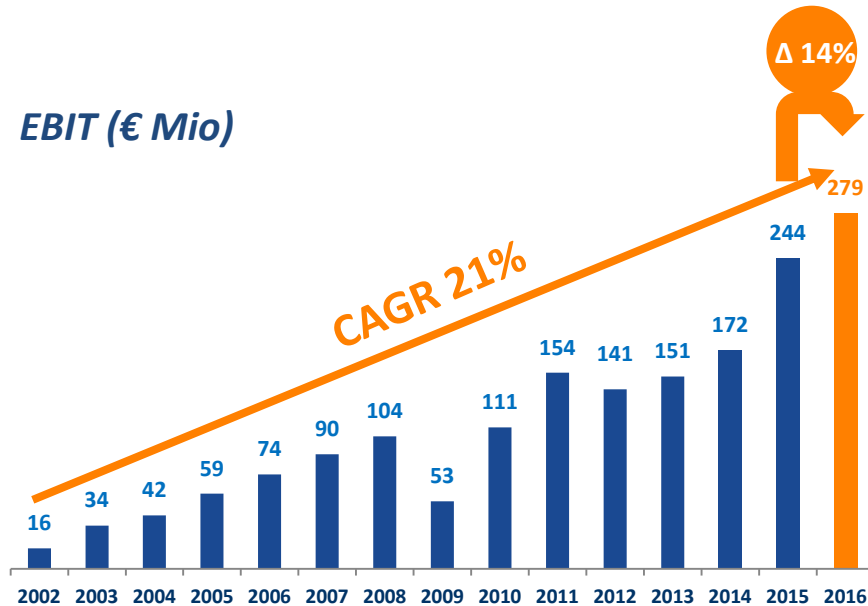
Adjusted Turnover (*)
(€ Mio)



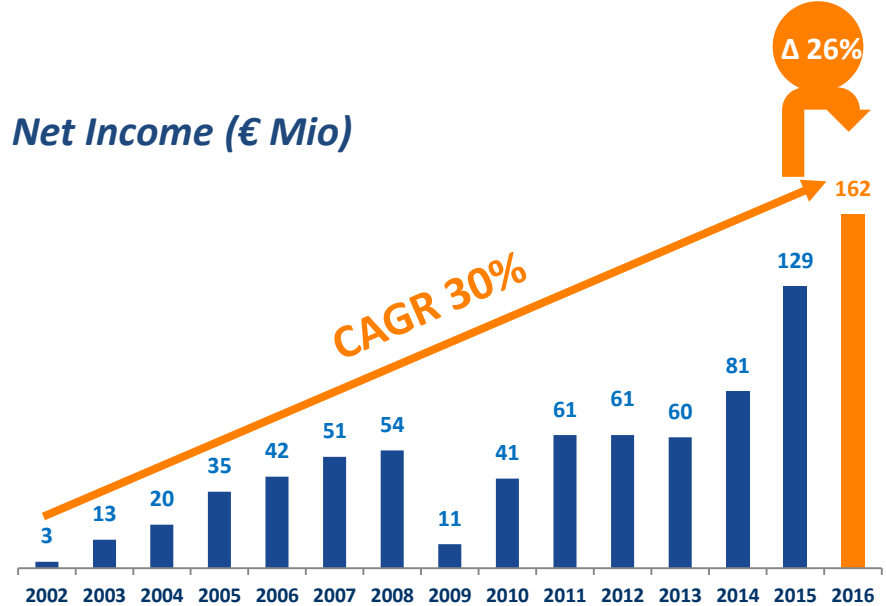
EBITDA (€ Mio)



EBIT (€ Mio)



Net Income (€ Mio)



(*) From 2006 until 2014, proforma values calculated by deducting turnover of diesel oil used for blending.

EBITDA: Net Operating Income + Depreciation, EBIT: Net Operating Income, Net Income: Profit attributable to the company's shareholders.

CAGR : Compound Annual Growth Rate

2016 CIE GROUP RESULTS

(€ Mio)	2015	%	2016
Turnover	2,631.5	+9%	2,879.0
EBITDA (*)	365.5	+11%	407.5
% EBITDA on turnover	13.9%		14.2%
EBIT (*)	244.3	+14%	279.3
% EBIT on turnover	9.3%		9.7%
Profit for the year	145.8		190.2
Net Income (*)	129.1	+26%	162.4

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

2016 RECURRING RESULT

- There are, **at the operational level**, in the Dominion segment, non-recurring impacts, both negative and positive throwing a negative net worth of 2.1 € Mio
 - On the negative side: 1.8 due to workers in Brazil; 1.6 of restructuring; and 2.1 of compensation in the acquisition of Abantia;
 - On the positive side we have the favorable judgment of a claim with Abengoa by 2.1 million and 1.3 by reversal of provisions related to disputes' coverage.
- In contrast, in the **non-operating part** of the income statement there are also non-recurring items, both positive and negative:
 - Positive result, for a total of 7 € Mio, arising from the valuation of financial instruments at fair value, as well as from positive exchange rate differences;
 - Positive result in the tax line by 4 € Mio based on the internal estimation of the recurrent taxation of the Group;
 - Negative results by 11.5 € Mio, net of tax, arising from the re-evaluation of the valuation of available-for-sale assets, taking into account the latest market comparable operations.
- As a summary, without the above effects the **Recurring Income of the Group** would have been **2.1 € Mio higher** at both EBIT and Net Income level.

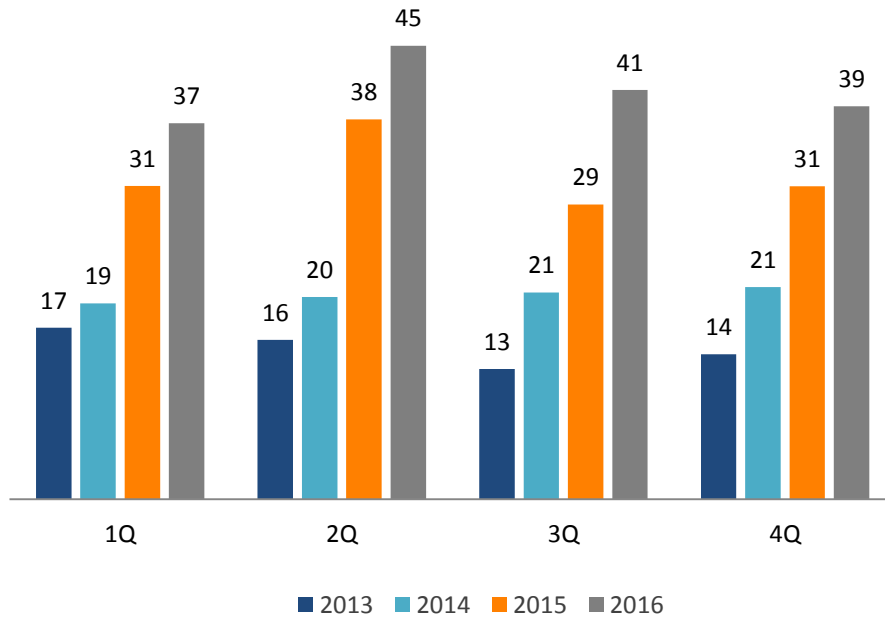
4Q 2016 CIE GROUP RESULTS

(€ Mio)	4Q 2015	%	4Q 2016
Turnover	662.1	+22%	808.8
EBITDA (*)	90.5	+15%	103.8
% EBITDA on turnover	13.7%		12.8%
EBIT (*)	58.7	+18%	69.3
% EBIT on turnover	8.9%		8.6%
Profit for the year	25.8		47.9
Net Income (*)	31.1	+27%	39.3

(*) 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 to quarter.



2016 AUTOMOTIVE RESULTS

(€ Mio)	2015	%	2016
Turnover	2,106.5	+8%	2,266.5
EBITDA (*)	323.9	+11%	360.3
% EBITDA on turnover	15.4%		15.9%
EBIT (*)	215.1	+15%	246.5
% EBIT on turnover	10.2%		10.9%

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

- Excellent performance of margins in all regions, having reached EBIT margin 10.9%, in accordance with what is stated in the Strategic Plan.

4Q 2016 AUTOMOTIVE RESULTS

(€ Mio)	4Q 2015	%	4Q 2016
Turnover	510.6	+18%	604.7
EBITDA (*)	76.4	+16%	88.6
% EBITDA on turnover	15.0%		14.7%
EBIT (*)	47.9	+23%	58.9
% EBIT on turnover	9.4%		9.7%

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

2016 DOMINION RESULTS

(€ Mio)	2015	%	2016
Turnover	525.0	+17%	612.5
EBITDA (*)	41.6	+13%	47.2
% EBITDA on turnover	7.9%		7.7%
EBIT (*)	29.2	+12%	32.8
% EBIT on turnover	5.6%		5.4%

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

- Without the non-recurring negative effects, EBITDA and EBIT margins would have been 8% and 5.7%.

4Q 2016 DOMINION RESULTS

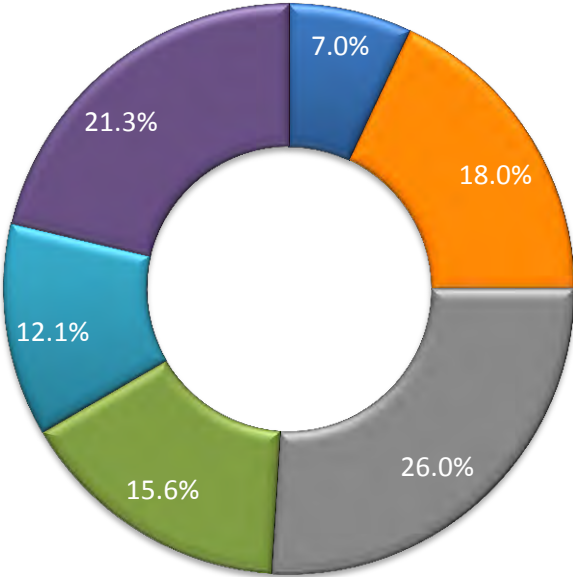
(€ Mio)	4Q 2015	%	4Q 2016
Turnover	151.5	+35%	204.1
EBITDA (*)	14.1	+8%	15.2
% EBITDA on turnover	9.3%		7.4%
EBIT (*)	10.8	-5%	10.3
% EBIT on turnover	7.2%		5.1%

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

2016 DIVISIONS CONTRIBUTION

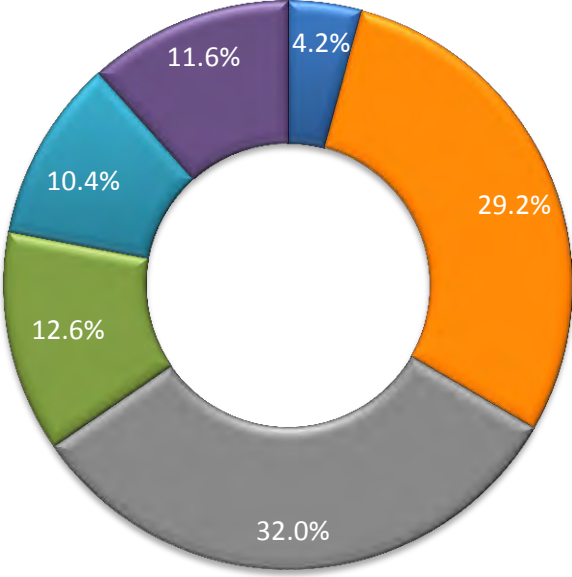


Turnover



- Brazil
- NAFTA
- Europe
- Europe Mahindra
- Asia (India/China)
- Dominion

EBITDA



- Brazil
- NAFTA
- Europe
- Europe Mahindra
- Asia (India/China)
- Dominion

EBITDA: Net Operating Income + Depreciation.
 Note: ACS China included in Asia in 2016 (previously included in Europe).

2016 DIVISIONS PROFITABILITY

	2015	2016	
Ex-Mahindra Europe	EBITDA: 18.4% EBIT: 11.6%	EBITDA: 17.4% EBIT: 11.2%	Margins continue far above market's average, showing the recurrent margin an improvement.
Mahindra Europe	EBITDA: 10.4% EBIT: 6.1%	EBITDA: 11.4% EBIT: 7.0%	Gradual improvement in EBIT margin, in its way to achieve CIE Group standards.
NAFTA	EBITDA: 22.1% EBIT: 18.1%	EBITDA: 23.0% EBIT: 18.6%	Margins significantly higher than CIE Group average that continue growing thanks to the excellent maturation of our investments in Nafta.
Brazil	EBITDA: 6.4% EBIT: 0.7%	EBITDA: 8.4% EBIT: 4.1%	Despite an annual market drop close to 10%, EBITDA margin recovering despite the personnel restructuring effect.
Asia (India/China)	EBITDA: 11.2% EBIT: 6.6%	EBITDA: 12.2% EBIT: 7.7%	Margins beginning to show the fruits of integration of Indian plants in CIE and new projects in China.
Dominion	EBITDA: 7.9% EBIT: 5.6%	EBITDA: 7.7% EBIT: 5.4%	In accordance to achieve the goals of the Strategic Plan.

2016 DECEMBER GROWTH

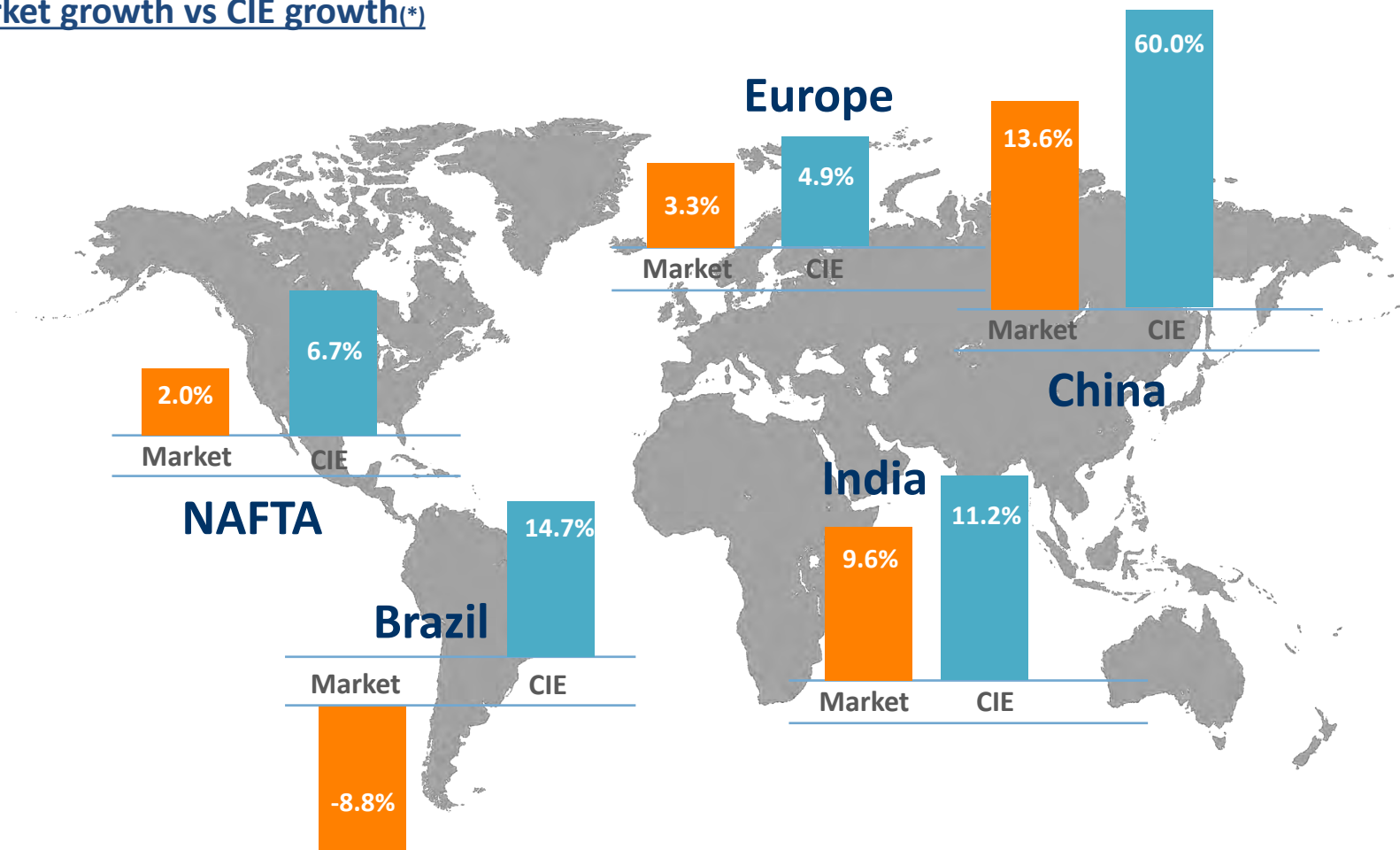
	Developed Countries ⁽¹⁾	Emerging Countries ⁽²⁾	AUTOMOTIVE TOTAL	DOMINION TOTAL	CIE TOTAL
Organic Growth	3.6%	9.2%	4.8%	9.0%	5.7%
Inorganic Growth	1.8%	10.8%	3.9%	10.7%	5.1%
<i>2016 Growth at same exchange rate</i>	5.4%	19.9%	8.6%	19.7%	10.8%
Forex	0.1%	-5.3%	-1.0%	-3.0%	-1.4%
2016 TOTAL GROWTH	5.5%	14.6%	7.6%	16.7%	9.4%

(1) Europe and Nafta

(2) Asia and Brazil

AUTOMOTIVE GROWTH 2015-2016(%)

Market growth vs CIE growth(*)



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

(*) Growth in turnover at same exchange rate

Global Production +4.8%
CIE +8.6%

02 | Balance sheet



The image shows a hand pointing to a financial table on a document. The table has columns for dates and numerical values. The background features a bar chart with vertical bars of varying heights and a line graph showing a fluctuating trend.

Date	Value 1	Value 2	Value 3
1 Jan			
2 Jan			
3 Jan			
4 Jan			
5 Jan	48.5		10
6 Jan	49.5		4
7 Jan	51.0		
8 Jan	52.5		
9 Jan	53.5		
10 Jan	54.5		
11 Jan	61.5		
12 Jan	63.5		
13 Jan	65.5		
14 Jan	67.5		
15 Jan	69.5		
16 Jan	71.5		
17 Jan	73.5		
18 Jan	75.5		
19 Jan	77.5		
20 Jan	79.5		
21 Jan	81.5		
22 Jan	83.5		
23 Jan	85.5		
24 Jan	87.5		
25 Jan	89.5		
26 Jan	91.5		
27 Jan	93.5		
28 Jan	95.5		
29 Jan	97.5		
30 Jan	99.5		

BALANCE SHEET

<i>Million Euros</i>	31/12/2015	31/12/2016
Fixed Assets	1,953.2	2,480.5
Net Working Capital	(248.8)	(248.9)
Total Net Assets	1,704.4	2,231.6
Equity	885.0	1,263.3
Net Financial Debt (*)	670.1	816.2
Others (Net)	149.3	152.1
Total Equity and Liabilities	1,704.4	2,231.6

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

The amount of the non-recourse factoring to 31.12.2016 is 224€ Mio

(1) RONA = "Return on Net Assets": EBIT Last annualized 12 Months/ Net Assets (Fixed Assets + Net Working Capital – Goodwill not associated to cash outs).

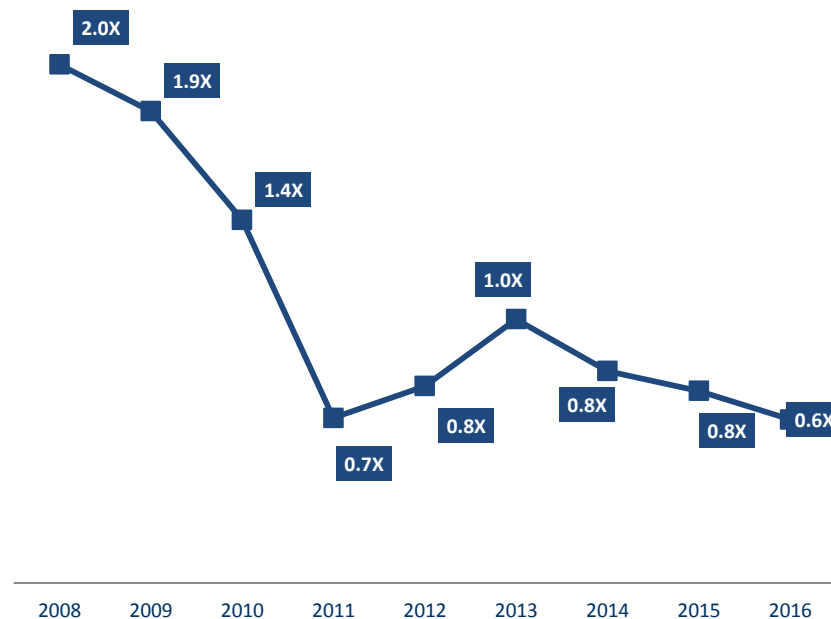
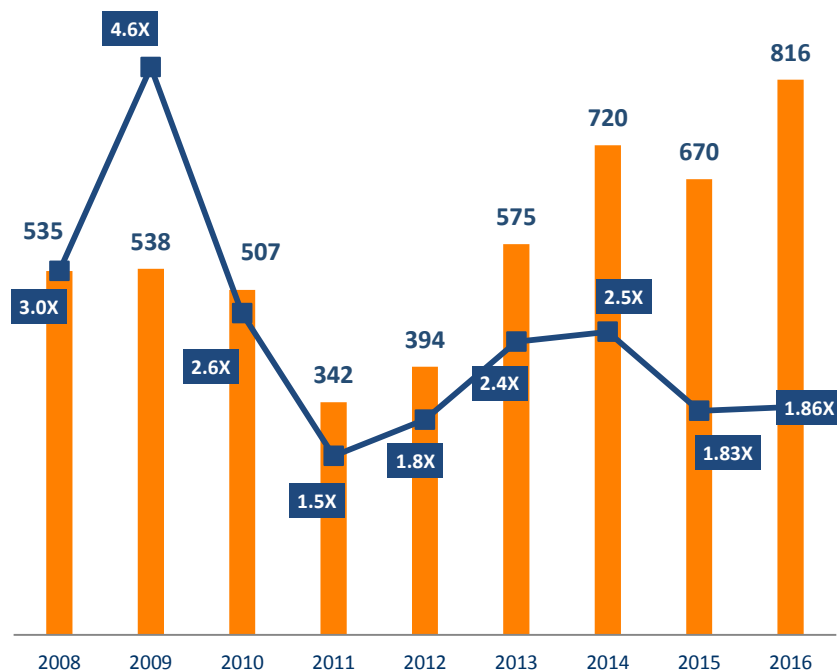
(2) EBITDA Last annualized 12 months in new companies integrated during the period.

NFD/EBITDA⁽²⁾	1.83x	1.86x
NFD/Equity	0.76x	0.65x
RONA ⁽¹⁾	17%	16%

NET FINANCIAL DEBT EVOLUTION

Net Financial Debt (€ Mio)
NFD/EBITDA

NFD/Equity



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

- During 2016 has improved the maturity of the financing by optimizing the cost levels
- Taking advantage of the good moment of interest rates, there has been an increase in the Syndicated Loan up to 600 € Mio, in addition to getting funding by 85 € Mio for a term of 10 years
- It has made the restructuring of the financing of Dominion segment with the signing of a Syndicated loan of 60 € Mio and a loan with the EIB of 25 € Mio
- Currently, 65% of the debt has a maturity of more than 4 years

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

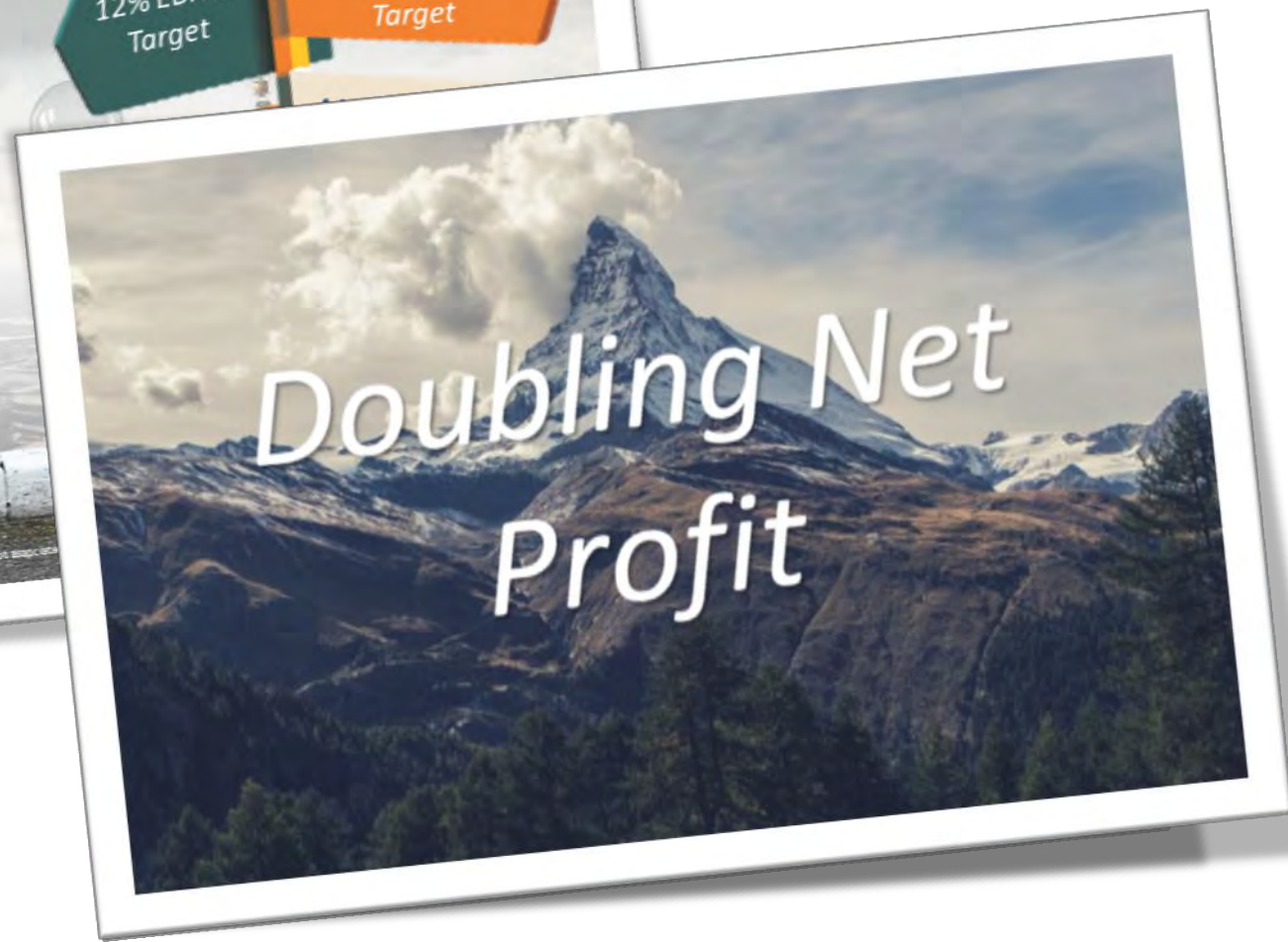
≈50% EBITDA into Cash conversion target



03 | Strategic Commitments

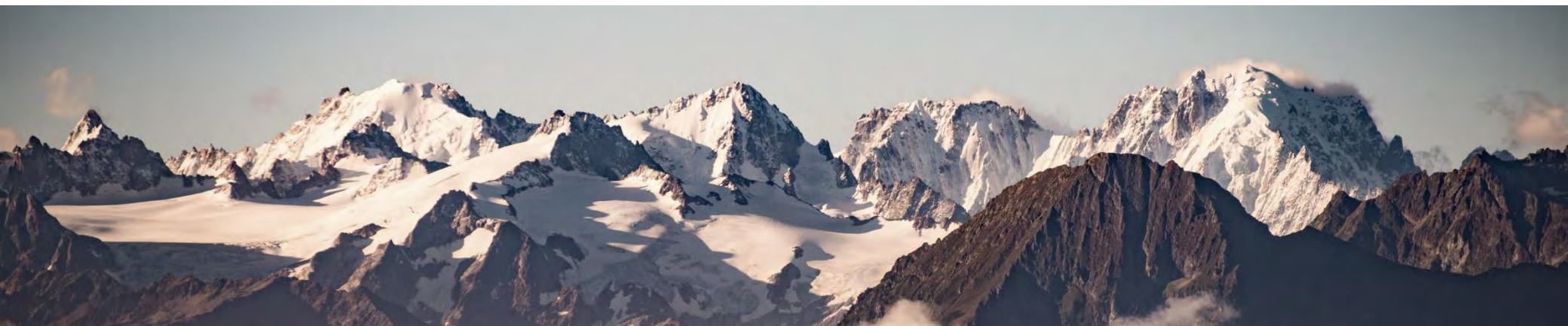
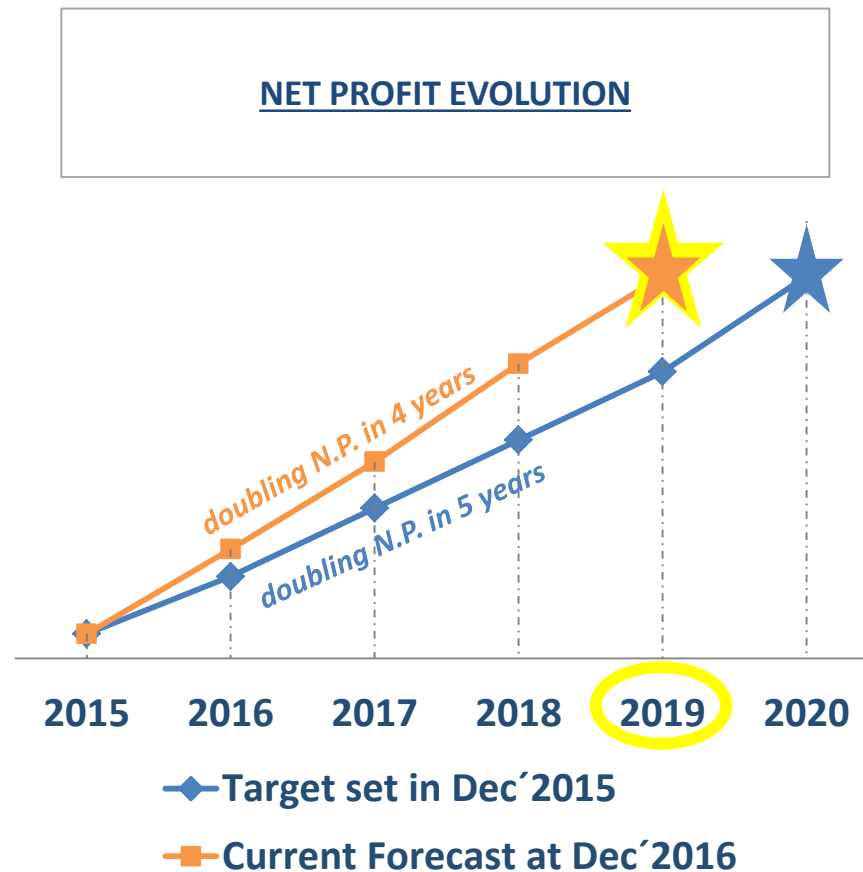
STRATEGIC COMMITMENTS

Strategic targets 2016-2020:



STRATEGIC COMMITMENTS

**We will achieve
the strategic goal
a year before**

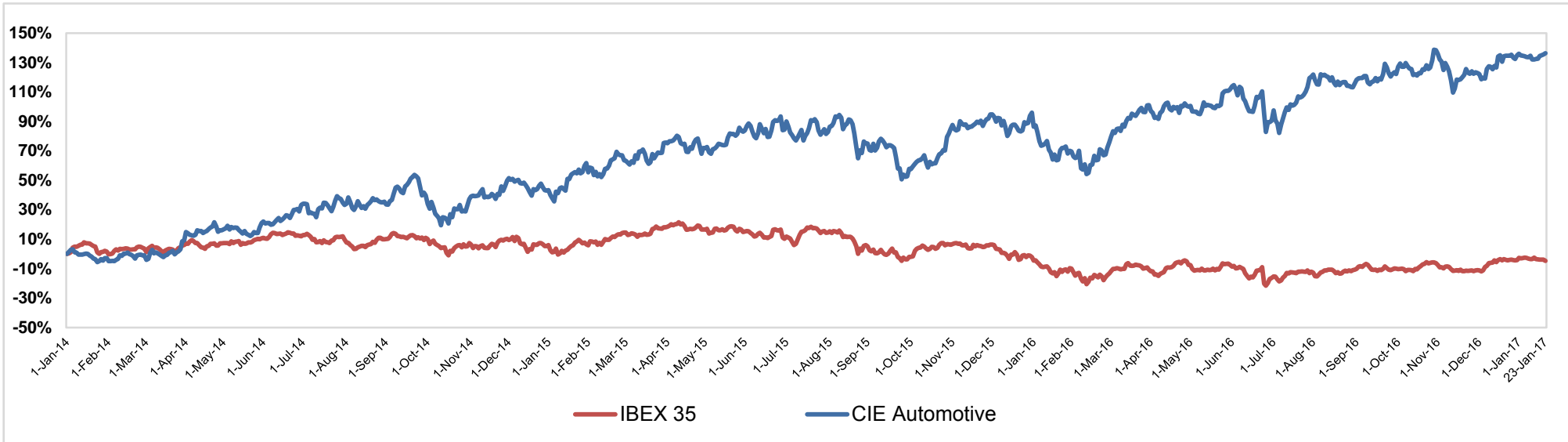


04 CIE in Stock Exchange

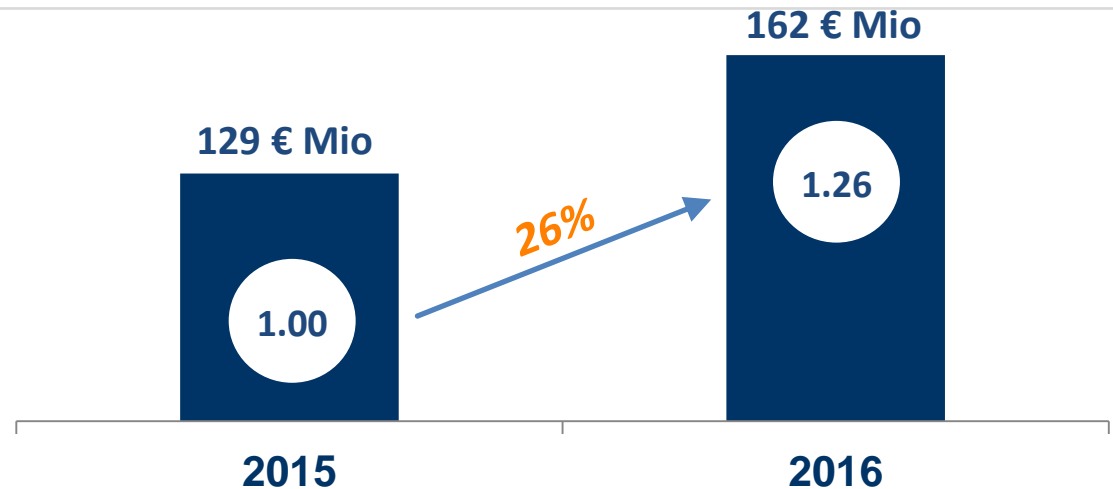


CIE IN STOCK EXCHANGE

CIE share price Performance vs Ibex 35



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



CIE IN STOCK EXCHANGE

	2016	2015	2014	2013
Market Cap (€ Mio)	2,388	1,993	1,453	951
Number of shares (Mio)	129	129	129	119
Last price of period (€)	18.52	15.45	11.27	8.00
Maximum price of period (€)	18.98	15.46	12.29	8.35
Minimum price of period (€)	11.99	10.65	7.21	5.00
Volume (thousand shares)	59,065	60,619	62,970	44,953
Effective (€ Mio)	940	814	600	277

Source: Madrid Stock Exchange



Thank you

