



MID TERM FINANCIAL REPORT
JUNE 30TH 2018



MANAGING HIGH VALUE ADDED PROCESSES GLOBALLY

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- CIE 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.

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1.

Extraordinary Dividend



EXTRAORDINARY DIVIDEND

At the General Shareholders' Meeting held on April 24, 2018, the distribution of an **Extraordinary Dividend** in kind was approved, distributing 84,764,610 shares of Global Dominion Access, S.A., head of the Solutions and Services segment (Smart Innovation), and whose effective delivery has taken effect on July 3, 2018.

As of June 30, 2018, according to accounting rules, the interim financial statements do not reflect the full impact of this extraordinary dividend since the effective date of delivery is July 3, 2018.

Therefore, at the date of preparation of this consolidated interim financial information:

- The **Net Assets** belonging to the subgroup led by Global Dominion Access, S.A., are registered as "Disposable group assets and liabilities classified as held for sale".
- The **Profit** belonging to this segment has been recorded under the heading "profit / (loss) of activities interrupted after taxes".
- For this reason, the Group has **recognized a liability amounting to € 394 million** corresponding to the fair value of the extraordinary dividend on that date.

In order to provide greater transparency and clarity to the information, this document will only compare the results of the Automotive segment in both 2017 and 2018. See the annex with the reconciliation of the P&L account of 30/06/2017 and 30/06/2018 including the Dominion segment, as it appears in the Interim Financial Statements of 30/06/2018.

2.

June 2018 Results



HIGHLIGHTS JUNE 2018

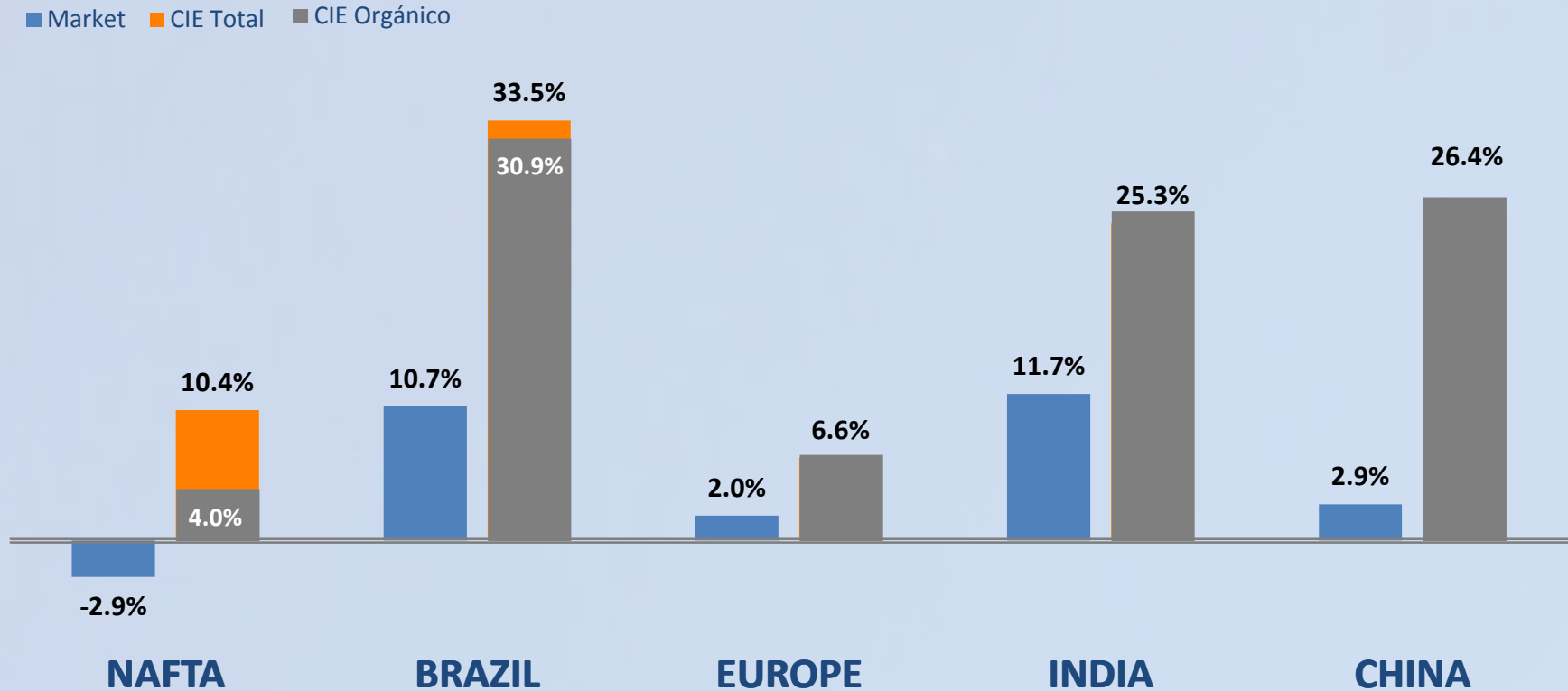
	1S 2017	%	1S 2018
Turnover (€ Mio)	1,471.1	+7%	1,566.7
EBITDA (*) (€ Mio)	248.2	+12%	277.5
Net Income (*) (€ Mio)	110.0	+20%	132.0
Share Price (€ per share)	20.09	+26%	25.28
Mid term Number of employees (n°)	22,808		23,213
Net Financial Debt (€ Mio)	995.3		953.6
NFD/EBITDA (**)	2.24x		1.89x

(*) 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.

Figures corresponding only to the Automotive segment.

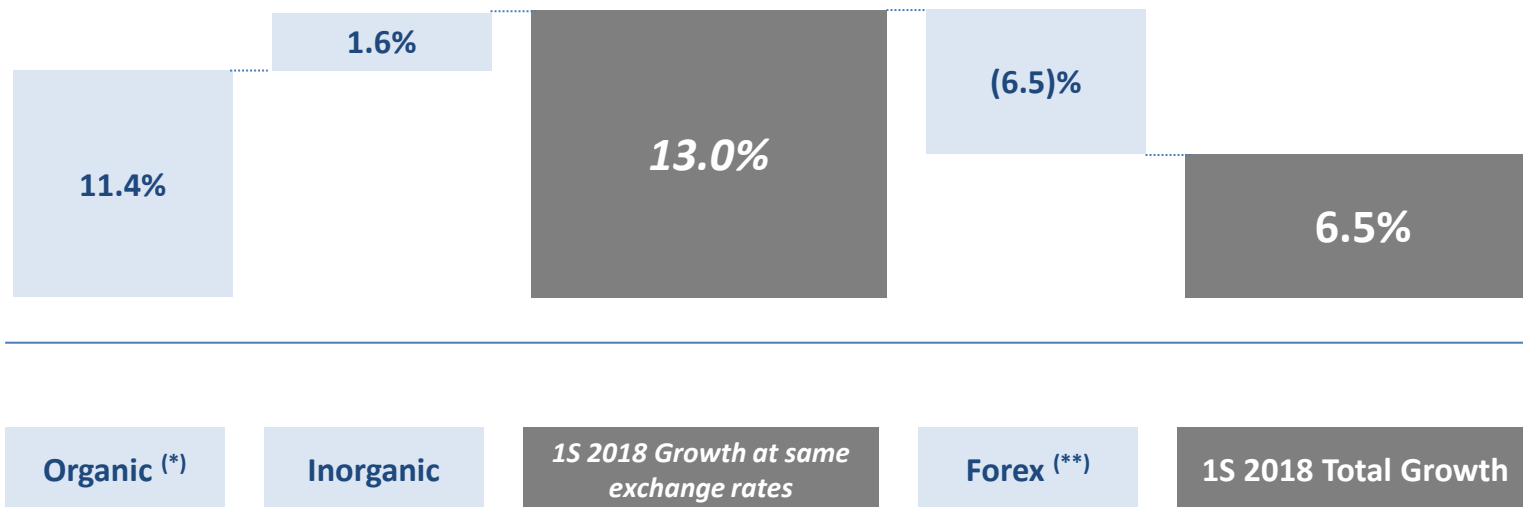
AUTOMOTIVE GROWTH 2017-2018(%)



Global Production +1.7%
CIE Total +13.0%
CIE Organic⁽¹⁾ +11.4%

Source: Motor vehicle production IHS JUNE 2018 (6 Months) (growth % in units).
(1) Increase in revenue including greenfields, considering same exchange rates.

1S 2018 GROWTH



The Group's sales growth of 13%, and decreases due to the currency conversion effect up to ~ 7%

(*) Revenue growth including greenfields

(**) Forex by divisions: NAFTA -11.9%, Brasil -21.9%, China -4.3%, India -13.3%.

Figures corresponding only to the Automotive segment.

1S 2018 RESULTS

Significant increase in turnover with relevant organic growth in all geographical areas.

Excellent performance of margins, in line with previous quarters.

(€ Mio)	1S 2017	%	1S 2018
Turnover	1,471.1	+7%	1,566.7
EBITDA (*)	248.2	+12%	277.5
% EBITDA on turnover	16.9%		17.7%
EBIT (*)	178.7	+17%	209.6
% EBIT on turnover	12.1%		13.4%
Profit for the year	124.7	+21%	151.5
Net Income (*)	110.0	+20%	132.0

(*) EBITDA: Net Operating Income + Amortization & Depreciation, EBIT: Net Operating Income, Net Income: Profit attributable to the company's shareholders
 Figures corresponding only to the Automotive segment.

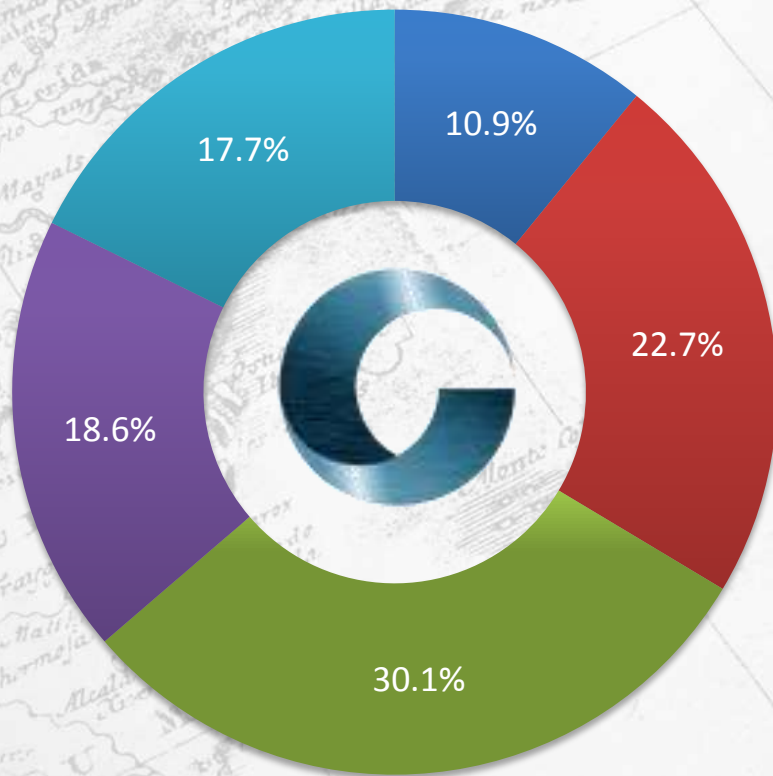
2T 2018 RESULTS

(€ Mio)	2T 2017	%	2T 2018
Turnover	767.9	+4%	795.0
EBITDA (*)	129.3	+9%	140.3
% EBITDA on turnover	16.8%		17.7%
EBIT (*)	93.5	+13%	105.9
% EBIT on turnover	12.2%		13.3%
Profit for the year	64.7	+21%	78.5
Net Income (*)	57.4	+20%	68.9

(*) EBITDA: Net Operating Income + Amortization & Depreciation, EBIT: Net Operating Income, Net Income: Profit attributable to the company's shareholders
Data corresponding only to the Automotive segment.

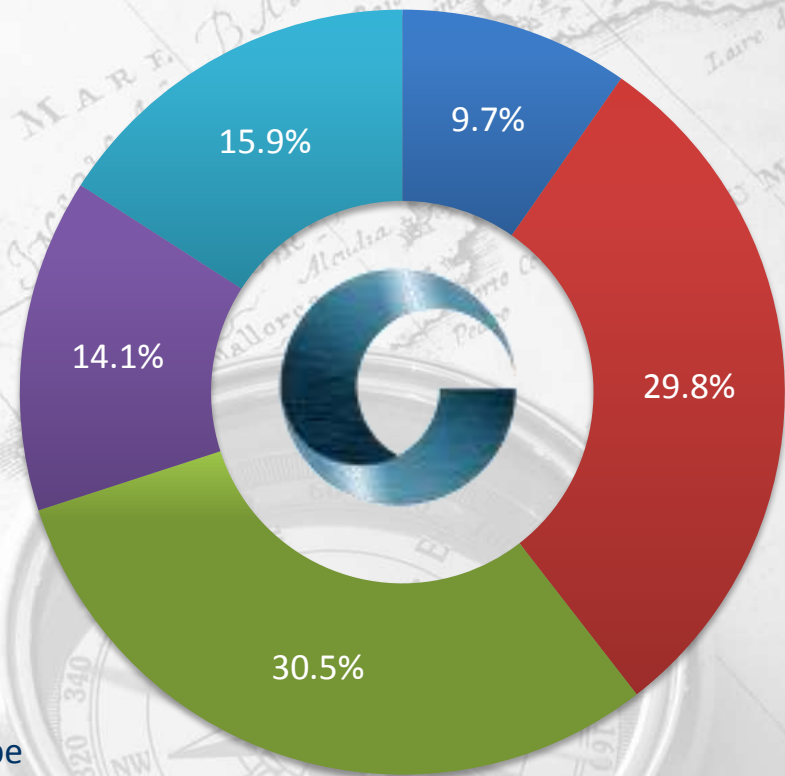
JUNE 2018 DIVISIONS CONTRIBUTION

TURNOVER



(*) China Turnover: 82 € Mio.

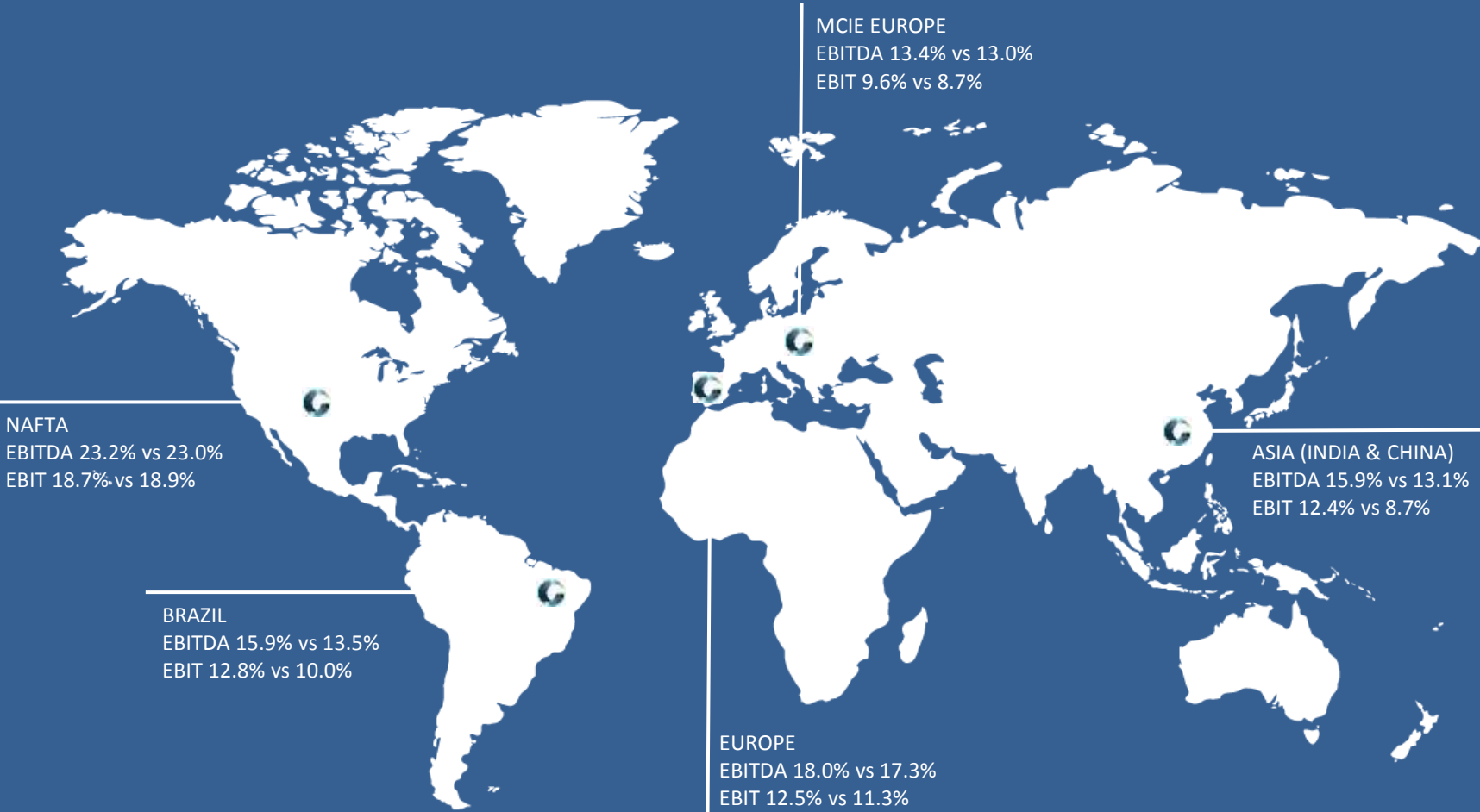
EBITDA (**)



(**) EBITDA: Net Operating Income + Amortization & Depreciation.

JUNE 2018 DIVISIONS PROFITABILITY

1S 2018 vs 1S 2017



EUROPE

Sustainable margins far above market's average and in slight growth

MCIE EUROPE

Stabilization of the gradual growth in margins

NAFTA

Margins significantly higher than CIE Group average

BRAZIL

Margins improvement derived from operational improvements carried out and supported by market increase

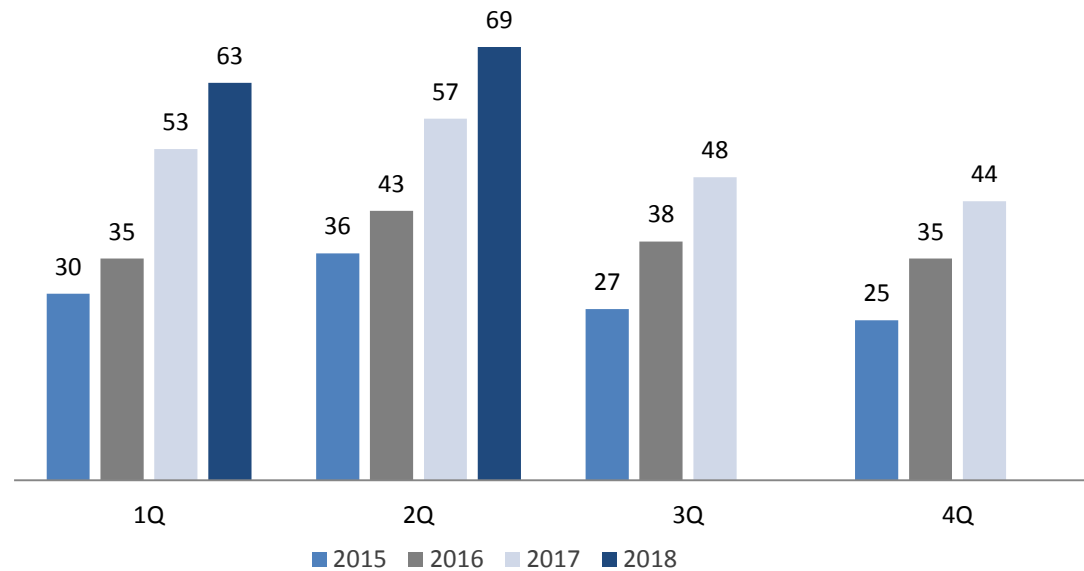
ASIA

Growing margins as a result of integration of Indian plants within CIE Group and of new projects' industrialization in China

QUARTERLY EVOLUTION

2015/2016/2017/2018

Net Income^(*) (€ Mio)



(*) Net Income: Profit attributable to the company's shareholders.
Figures corresponding only to the Automotive segment.

3.

Balance Sheet



BALANCE SHEET

€ Mio	30/06/2018
Fixed Assets	2,610.1
Net Working Capital	(198.6)
Total Net Assets	2,411.5
Equity	966.2
Net Financial Debt (*)	953.6
Others (Net)	491.7
Total Equity and Liabilities	2,411.5
RONA (**)	18%

The amount of the non-recourse factoring to 30.06.2018 is 245€ Mio.

- *The consolidated balance sheet as of June 30, 2018, includes both the net assets of the Dominion segment, in the "Fixed Assets" epigraph, and the liabilities with the shareholders of € 394 million for the fair value of the dividend as of that date in the "Others (Net)" epigraph of the balance sheet.*
- *On July 3, 2018, the final results of the transaction were recorded with a decrease of approximately of € 300 million in assets and liabilities.*

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

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

NFD/EBITDA⁽³⁾

1.89X

CASH FLOW

Net Financial Debt Movement	JUNE 2018
EBITDA	277.5
Financial Expenses	(17.6)
Maintenance CAPEX ⁽¹⁾	(68.3)
Tax Payments	(33.6)
OPERATING CASH FLOW:	157.9
<i>% OPERATING CASH FLOW / EBITDA</i>	<i>56.9%</i>
Greenfields and Growing Capex	(52.1)
Net Working Capital Variation	(8.5)
Payment of Dividends	(36.0)
Current year Business Combinations ⁽²⁾	(60.3)
Dominion Segment interruption	(111.5)
Exchange rate effect in NFD	(7.0)
Other Movements	0.9
FINANCIAL CASH FLOW	(116.5)
Net Financial Debt 31.12.2017	837.1
Net Financial Debt 30.06.2018	953.6

(1) Maintenance CAPEX: The one related to the renovation of the facilities to face market growth.

(2) Acquisition of 100% of the share capital of the Brazilian subsidiary Zanini Industria de Autopeças Ltda and acquisition of an additional 5% on the Indian subsidiary Mahindra CIE Automotive.

(3) Last annualized 12 months EBITDA from new companies integrated during the period.

4.

Strategic Commitments



**We *REAFFIRM* in the
compliance of all the
committed 2020
strategic objectives**

II TARGETS UPDATE 2016-2020

Current plant perimeter – Future M&A during 2018-2020 not included

**^ TURNOVER
2018-2020:**

**~3x
MARKET**

IN 2020:

**EBITDA > 18%
EBIT > 14%
EAT > 10%
over sales**

IN 2020:

RONA ~23%

IN 2020:

**OPERATING
CASH FLOW
~55% EBITDA**

IN 2020:

**NFD /
EBITDA ~1x**



STRATEGIC PLAN HIGHLIGHTS

> 200pp of improvement of operating margins in the next 3 years

The profit of the year before minority interest exceeds 10% on sales in 2020

Growth of Net Result of ~ 50% in the next 3 years

More than 60 € Mio of additional Net Result in 2020 to the initially planned

400 € Mio more dividends for Dominion shares settlement and for additional result

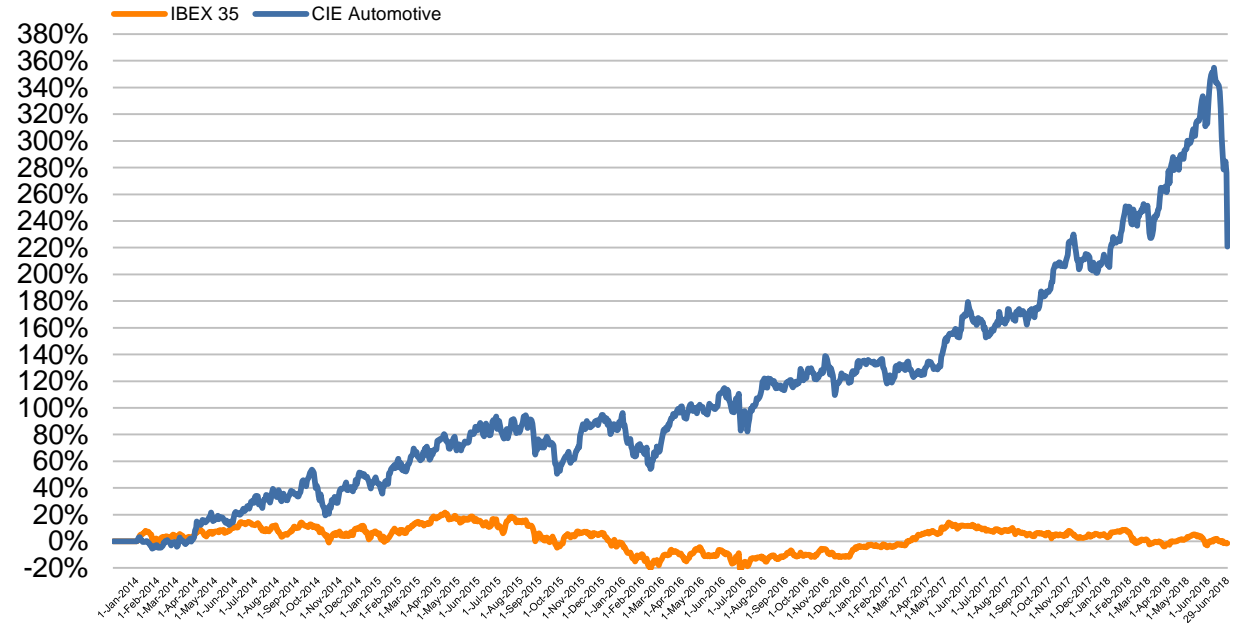
5.

CIE in Stock Exchange



CIE IN STOCK EXCHANGE

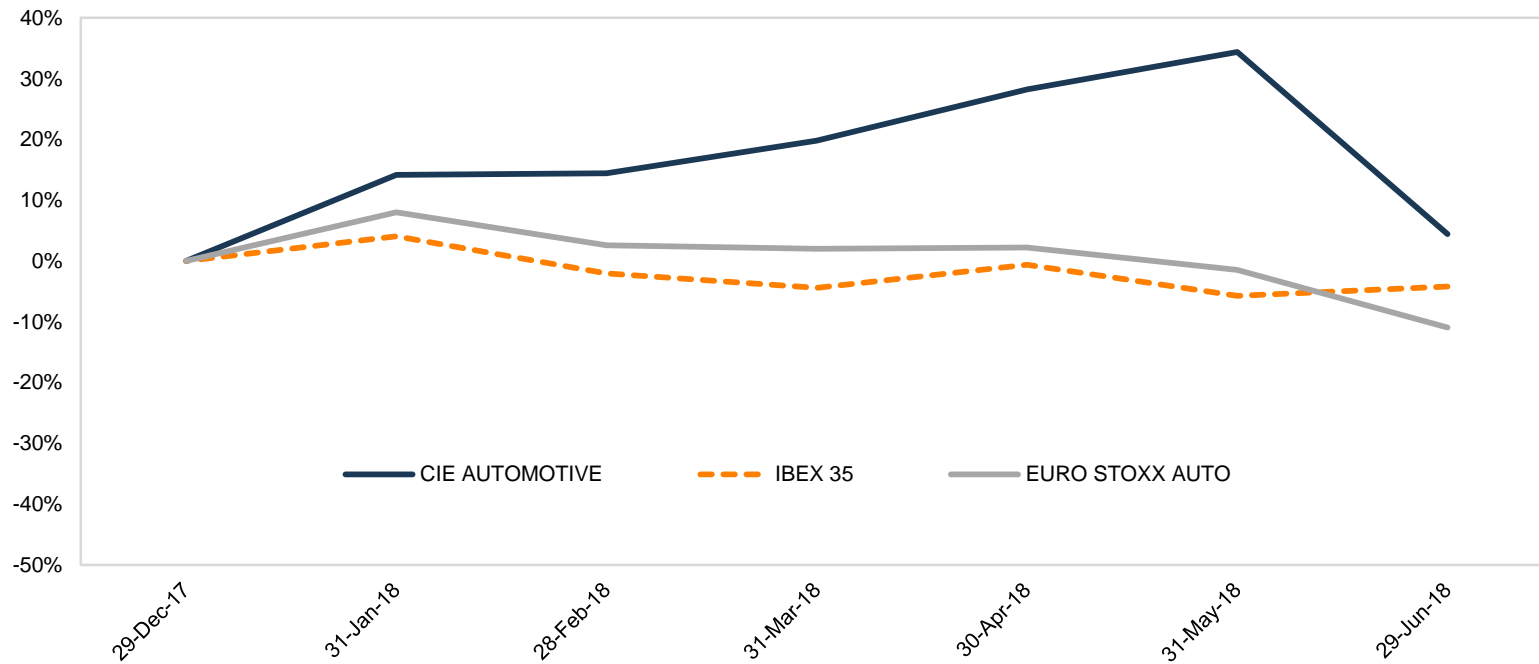
CIE share price performance vs Ibox 35



- During the last five years, the Stock of CIE Automotive has consistently and significantly beaten Ibox35 index.
- In that same period, the evolution of the share price has been parallel to the value generation of the company by increase in the profit per share.

CIE IN STOCK EXCHANGE

Evolution of CIE Share price vs Ibex35/Euro Stoxx Auto 1S2018



We understand that during 2018 the evolution of the stock has moved away from the fundamentals of the company, among others, three factors have influenced both the vertical rise and the subsequent correction:

- **Inclusion of the company in the selective IBEX35**, with the volatility implied by this movement.
- **Dividend payment in cash and kind** (0.65 shares of Dominion for each share of CIE), which implies an adjustment in the share price of more than € 3 per share (or more than € 400Mio) and which justifies practically 40% of the correction from the maximum of € 35 per share.
- **Commercial war between the US and China with possible reflect to other markets** such as EU or NAFTA and that has impacted the quotes of the European Auto sector (Stoxx Euro 600 Automobiles & Parts -15%).

CIE IN STOCK EXCHANGE

	2018 Until 09/06	2017	2016	2015	2014	2013
Market Cap (€ Mio)	3,261	3,123	2,388	1,993	1,453	951
Number of shares (Mio)	129	129	129	129	129	119
Last price of period (euros)	25.28	24.21	18.52	15.45	11.27	8.00
Maximum price of period (euros)	36.30	26.20	18.98	15.46	12.29	8.35
Minimum price of period (euros)	23.70	17.15	11.99	10.65	7.21	5.00
Volume (thousand shares)	35,173	59,318	59,065	60,619	62,970	44,953
Effective (€ Mio)	1,057	1.244	940	814	600	277

Source: Madrid Stock Exchange

Annex.

Reconciliation Income Statement



2017 P&L RECONCILIATION

(€ Mio)	P&L CIE 1S 2017 PUBLISHED IN 2017 ⁽¹⁾	1S 2017 AUTOMOTIVE ⁽²⁾	1S 2017 DOMINION	INTERRUPTION ADJUSTMENT	P&L CIE 1S 2017 COMPARABLE ⁽³⁾
Turnover	1,794.0	1,471.1	322.9	(322.9)	1,471.1
EBITDA ^(*)	271.8	248.2	23.6	(23.6)	248.2
EBIT ^(*)	193.7	178.7	15.0	(15.0)	178.7
EBT ^(*)	171.9	160.7	11.2	(11.2)	160.7
Tax Expenses	(36.1)	(35.8)	(0.4)	0.4	(35.8)
Discontinued Activities	(0.3)	(0.3)	0	10.8	10.6
Profit for the year	135.5	124.7	10.8	0	135.5
Attributable to non-controlling interest	(20.5)	(14.7)	(5.8)	0	(20.5)
Net Income ^(*)	115.1	110.0	5.1	0	115.1

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

⁽¹⁾ Income statement of CIE Automotive Group announced in its semi-annual report to 30/06/2017.

⁽²⁾ Income statement of the Automotive segment on 30/06/2017.

⁽³⁾ Income statement published in the semi-annual report of the Group as of 30/06/2018 as a comparable considering the interruption of the Dominion business.

2018 P&L BREAKDOWN

(€ Mio)	P&L CIE 1S 2017 COMPARABLE ⁽¹⁾	P&L CIE 1S 2018 ⁽²⁾		1S 2018 AUTOMOTIVE ⁽³⁾	1S 2018 DOMINION
Turnover	1,471.1	1,566.7	+7%	1,566.7	0
EBITDA ^(*)	248.2	277.5	+12%	277.5	0
EBIT ^(*)	178.7	209.6	+17%	209.6	0
EBT ^(*)	160.7	193.1	+20%	193.1	0
Tax Expenses	(35.8)	(42.0)		(42.0)	0
Discontinued Activities	10.6	13.5		0.3	13.2
Profit for the year	135.5	164.6		151.5	13.2
Attributable to non-controlling interest	(20.5)	(26.3)		(19.5)	(6.8)
Net Income ^(*)	115.1	138.4	+20%	132.0	6.4

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

⁽¹⁾ Income statement of CIE Automotive Group announced as comparable for the period 1S 2017 in its semi-annual report to 30/06/2018.

⁽²⁾ Income statement of CIE Automotive Group announced for the period 1S 2018 in its semi-annual report to 30/06/2018.

⁽³⁾ Income statement of the Automotive segment on 30/06/2018.



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