



**EARNINGS RELEASE REPORT  
DECEMBER 31<sup>ST</sup> 2018**



**CIE** *Automotive*

MANAGING HIGH VALUE ADDED PROCESSES GLOBALLY

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- 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.

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Appendix

# HIGHLIGHTS DECEMBER 2018

	31/12/2017	%	31/12/2018
Turnover (€ Mio)	2,842.5	+7%	3,029.5
EBITDA (€ Mio)	471.1	+12%	529.0
Net Income (€ Mio)	215.4	+84%	396.8
Net Normalised Income (€ Mio)	202.4	+20%	242.8
Share Price (€ per share) (*)	21.37	+0.3%	21.44
Number of employees (n°)	22,901		23,273
Net Financial Debt (€ Mio)	949.7		948.2
NFD/EBITDA (**)	2.01x		1.79x

(\*) Share price adjusted according to the effect of the Dominion shares dividend in kind.

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

Notes: In order to provide greater transparency and clarity to the information, it is compared with the automotive data published as comparable in the consolidated financial statements published by CIE as of 31/12/2018. The information is different from the one published by CIE in 2017 because to accounting standards, the specific impacts on the different lines of the income statement of those businesses interrupted in 2018 must be eliminated. See appendix with the reconciliation at the end of this document .

# 1.1.

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## Normalisation of Results



# RESULTS NORMALISATION 2018

(€ Mio)	CIE P&L DECEMBER 2018	P&L 1S 2018 DOMINION <sup>(1)</sup>	SURPLUS FROM DOMINION RELATED DIVIDEND	NORMALISATION ADJUSTMENTS <sup>(2)</sup>	NORMALIZED AUTOMOTIVE P&L DECEMBER 2018 <sup>(3)</sup>
Turnover	3,029.5	0	0	0	3,029.5
EBITDA	529.0	0	0	0	529.0
EBIT	365.3	0	0	33.9	399.2
EBT	318.5	0	0	44.9	363.4
Tax Expenses	(90.1)	0	0	8.7	(81.4)
Discontinued Activities	209.1	(13.2)	(238.9)	40.9	(2.1)
Profit for the year	437.5	(13.2)	(238.9)	94.5	279.9
Attributable to non- controlling interest	(40.7)	6.8	0	(3.2)	(37.1)
Net Income	396.8	(6.4)	(238.9)	91.3	242.8

<sup>(1)</sup>Income statement of DOMINION segment until the distribution of the extraordinary dividend.

<sup>(2)</sup>Summary of non- recurrent adjustments registered within CIE Automotive Group's income statement.

<sup>(3)</sup>Normalized Income statement of Automotive business as of 31/12/2018.

# RESULTS NORMALISATION 2018

**6.4 €Mio**

Net income corresponding to the Dominion segment until the distribution of the extraordinary dividend.



**238.9 €Mio**

Book surplus generated by the difference in value between the accounting value of Dominion in CIE Automotive Group's consolidated financial statements and the market value of the distributed extraordinary dividend.



**(91.3 €Mio)**

- Forced liquidation value adjustment of the Biofuel asset business resulted from the decision of discontinuing that business.
- Update on some assets useful lives.
- Reserves related to the reevaluation of non-operating risks.

**+ 154.0 €Mio**

**NON- RECURRENT NET INCOME**

*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 appendix with the reconciliation of the P&L account of 31/12/2017 including the Dominion segment.*

# 1.2.

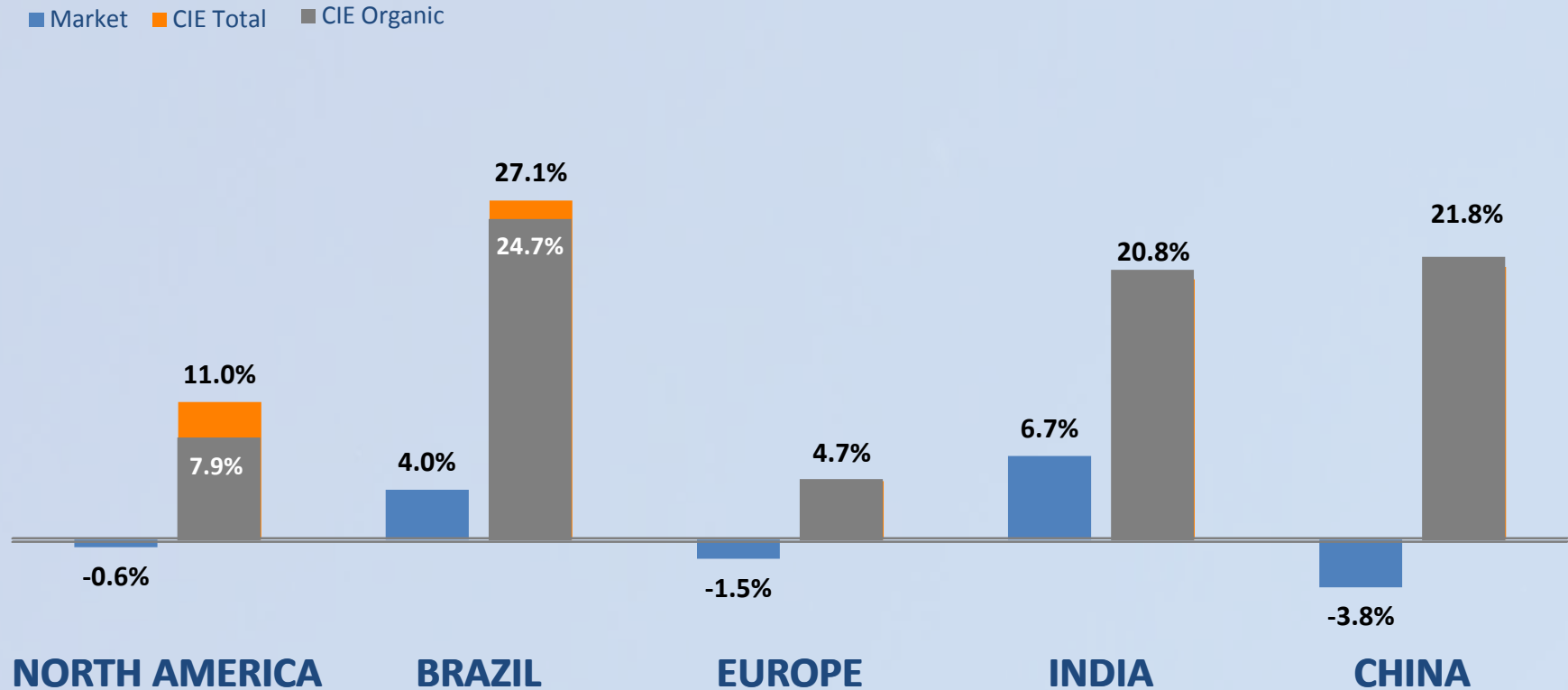
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## Normalised Results 2018





# AUTOMOTIVE GROWTH 2017-2018(%)

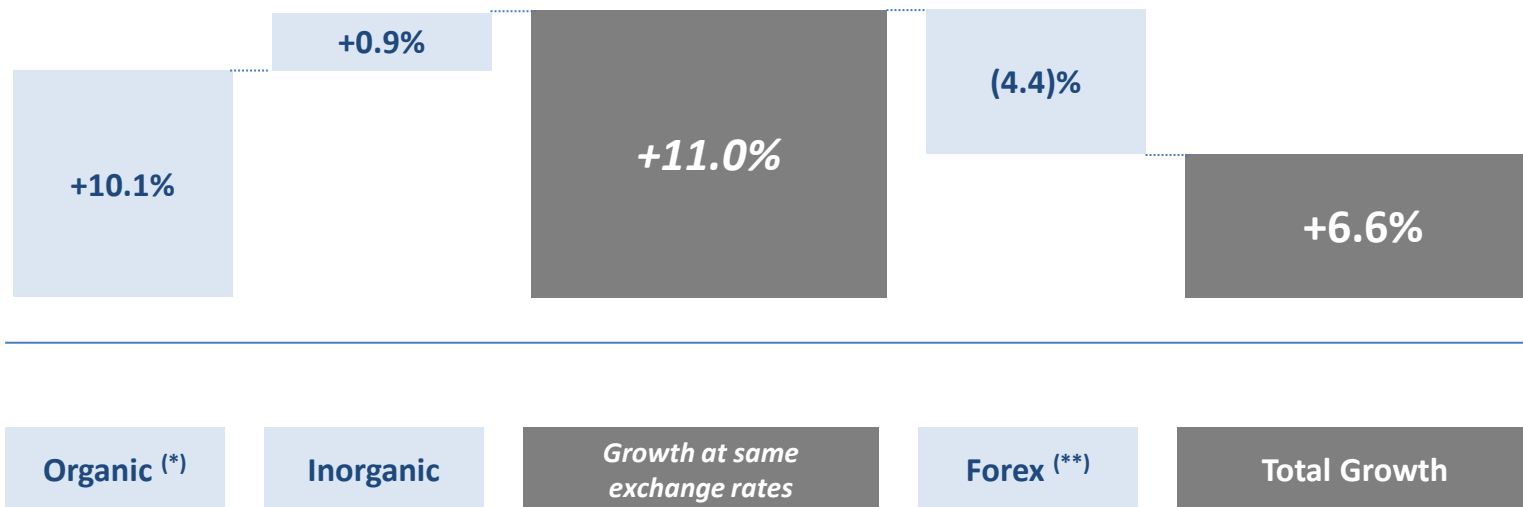


**Global Production -1.0%**  
**CIE Total +11.0%**  
**CIE Organic<sup>(1)</sup> +10.1%**

Source: Motor vehicle production IHS DECEMBER 2018 (12 Months) (growth % in units).

(1) Increase in revenue including greenfields, considering same exchange rates.

# DECEMBER 2018 GROWTH



**The Group's sales total growth of 6,6% includes a decrease due to the currency translation of more than 4%.**

(\*) Revenue growth including greenfields.

(\*\*) Forex by divisions: North America -4.8%, Brazil -20.7%, China -2.8%, India -10.6%.

Figures corresponding only to the Automotive segment.

# DECEMBER 2018 RESULTS

*Significant increase in turnover with relevant organic growth in all geographical areas despite the considerable negative impact related to currency translation differences.*

*Excellent performance of margins, in line with previous quarters.*

(€ Mio)	31/12/2017	%	31/12/2018
Turnover	2,842.5	<b>+7%</b>	3,029.5
EBITDA	471.1	<b>+12%</b>	529.0
% EBITDA on turnover	16.6%		17.5%
EBIT	339.1	<b>+18%</b>	399.2
% EBIT on turnover	11.9%		13.2%
Profit for the year	231.2	<b>+21%</b>	279.9
Net Income	202.4	<b>+20%</b>	242.8

Normalised figures corresponding only to the Automotive segment.

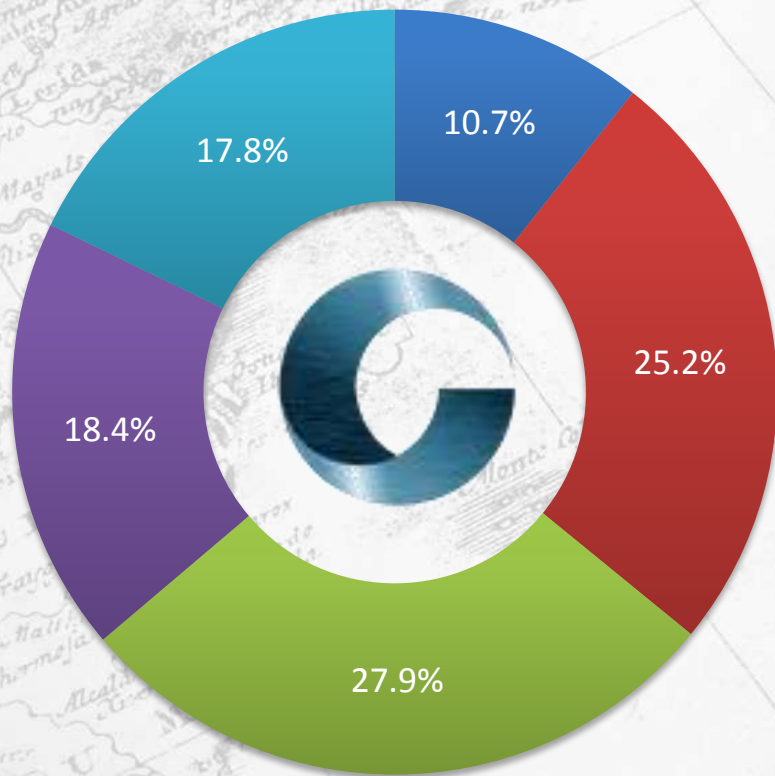
# DECEMBER 2018 RESULTS

(€ Mio)	4Q 2017	%	4Q 2018
Turnover	706.0	<b>+4%</b>	737.4
EBITDA	111.0	<b>+12%</b>	124.8
% EBITDA on turnover	15.7%		16.9%
EBIT	78.1	<b>+19%</b>	92.8
% EBIT on turnover	11.1%		12.6%
Profit for the year	50.6	<b>+22%</b>	61.8
Net Income	44.3	<b>+20%</b>	53.1

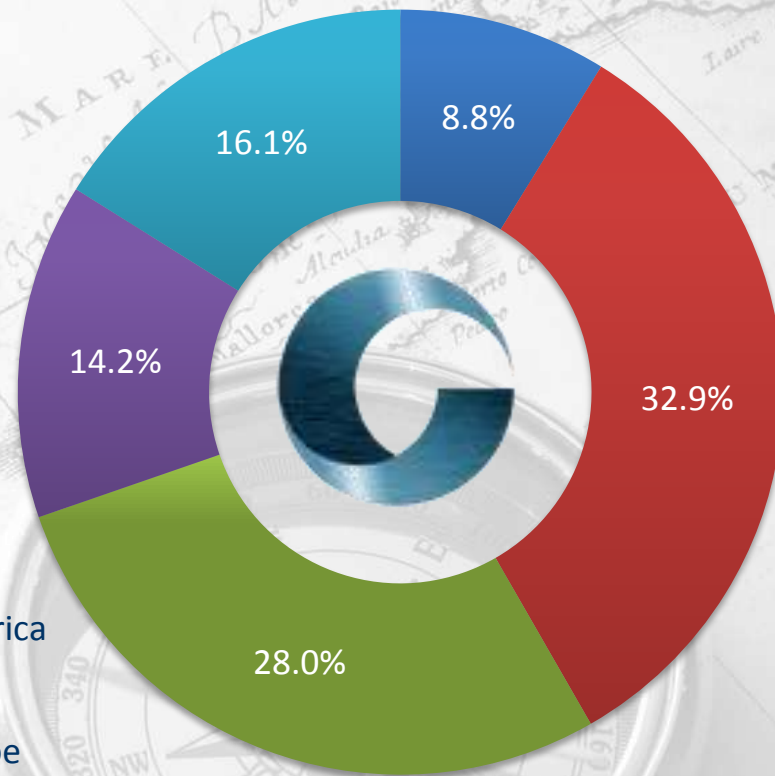
Normalised figures corresponding only the to the Automotive Segment. .

# DECEMBER 2018 DIVISIONS CONTRIBUTION

## TURNOVER



## EBITDA

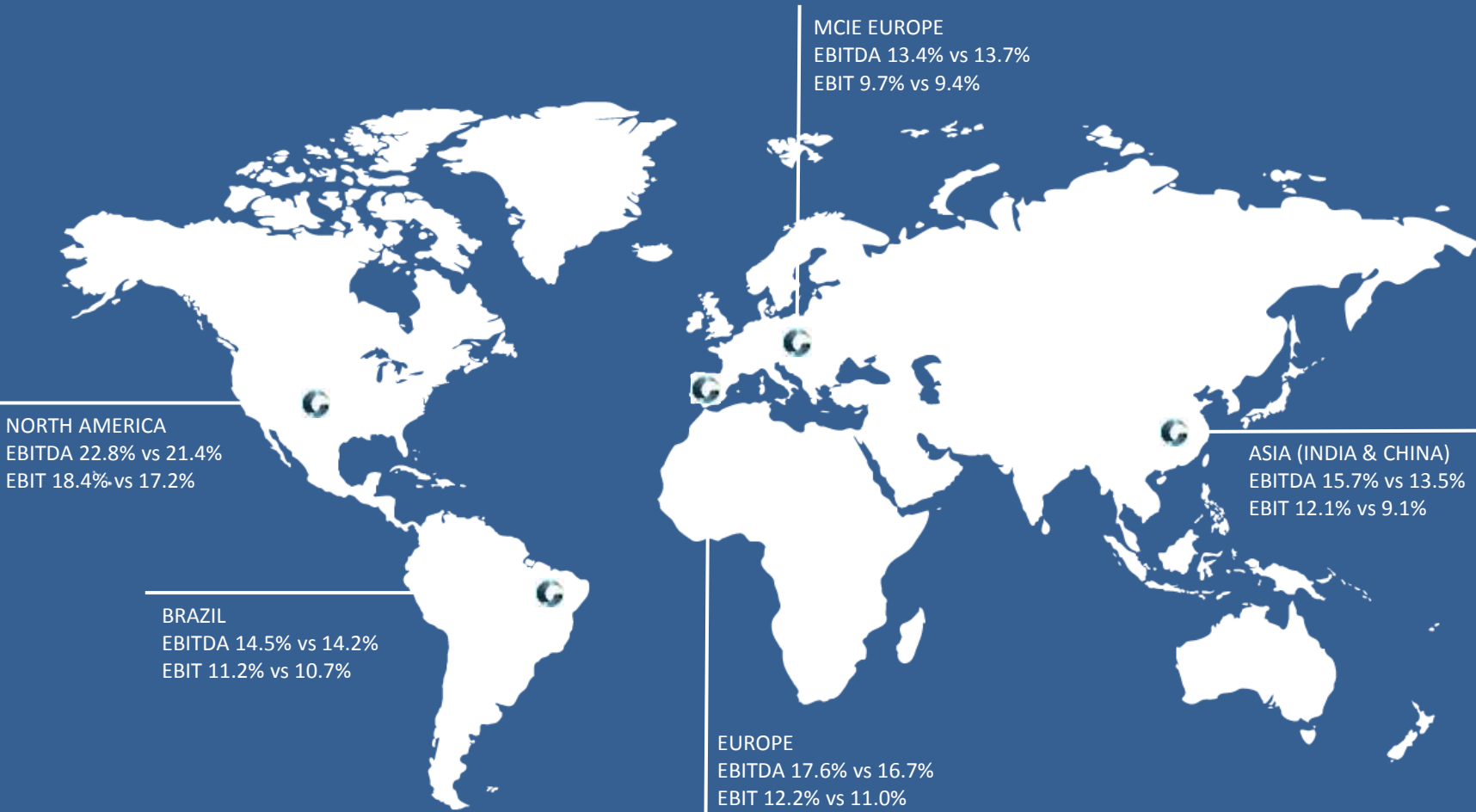


- Brazil
- North America
- Europe
- MCIE Europe
- Asia(\*) (India/China)

(\*) China Turnover: 153.8€ Mio.

# DIVISIONS PROFITABILITY

## DECEMBER 2018 vs DECEMBER 2017



### EUROPE

Sustainable margins growth far above market's average

### MCIE EUROPE

Stabilization of the gradual growth in margins

### NORTH AMERICA

Margins significantly higher than CIE Group average

### BRAZIL

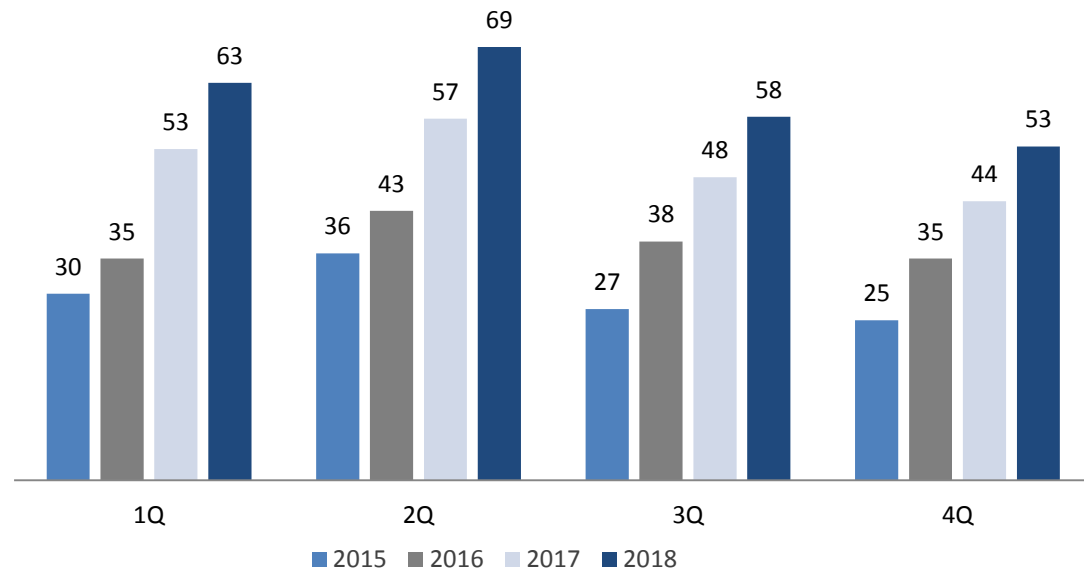
Margins improvement derived from operational improvements carried out and supported by market increase

### 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

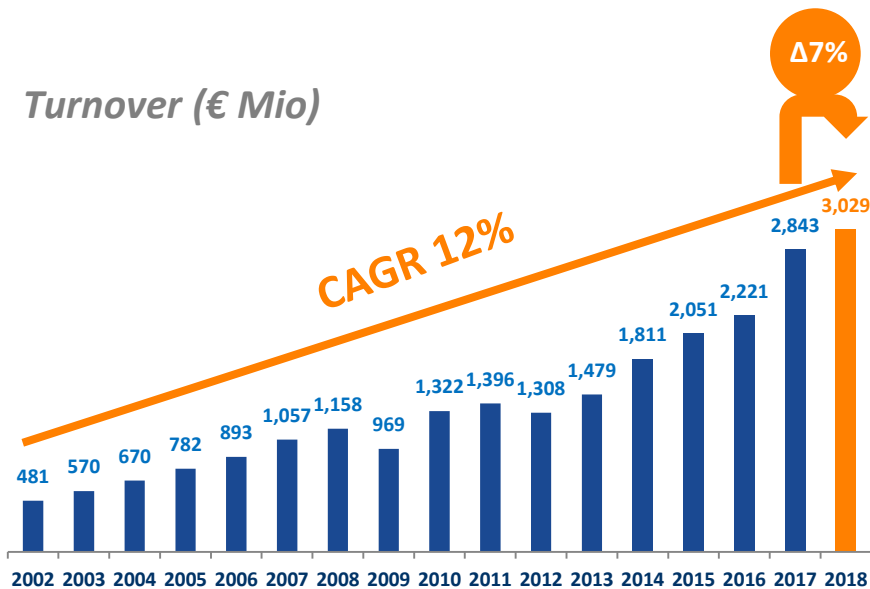
Net Income (€ Mio)



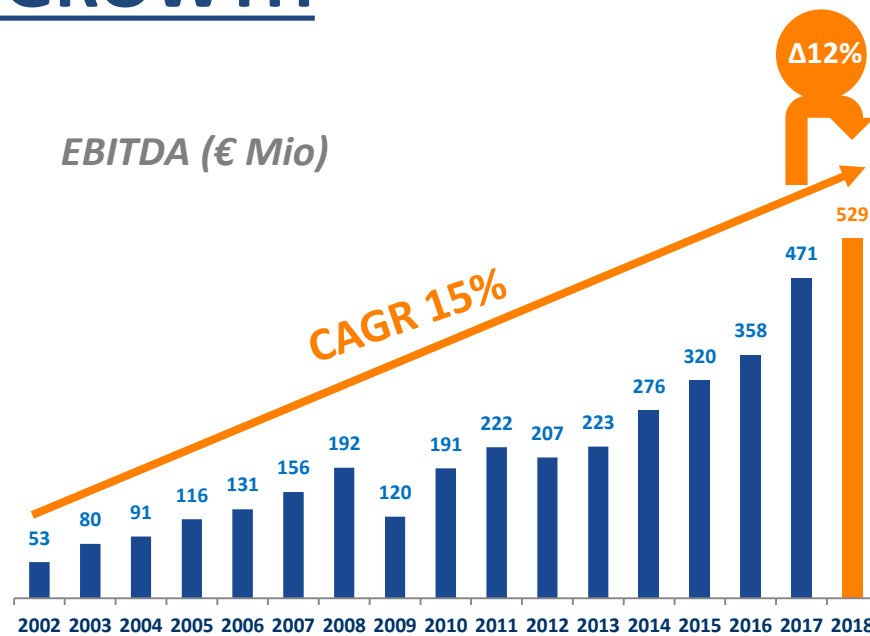
Figures corresponding only to the Automotive segment.

# SUSTAINED AND PROFITABLE GROWTH

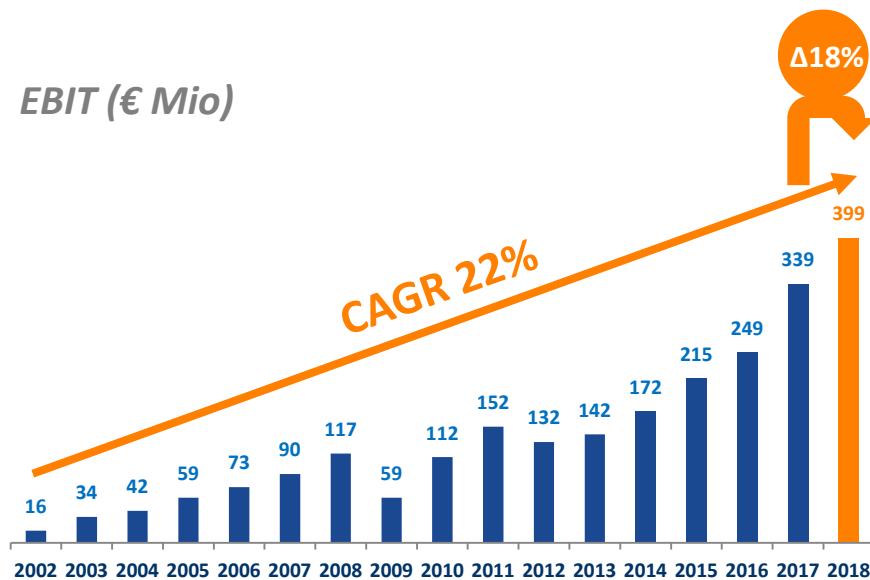
Turnover (€ Mio)



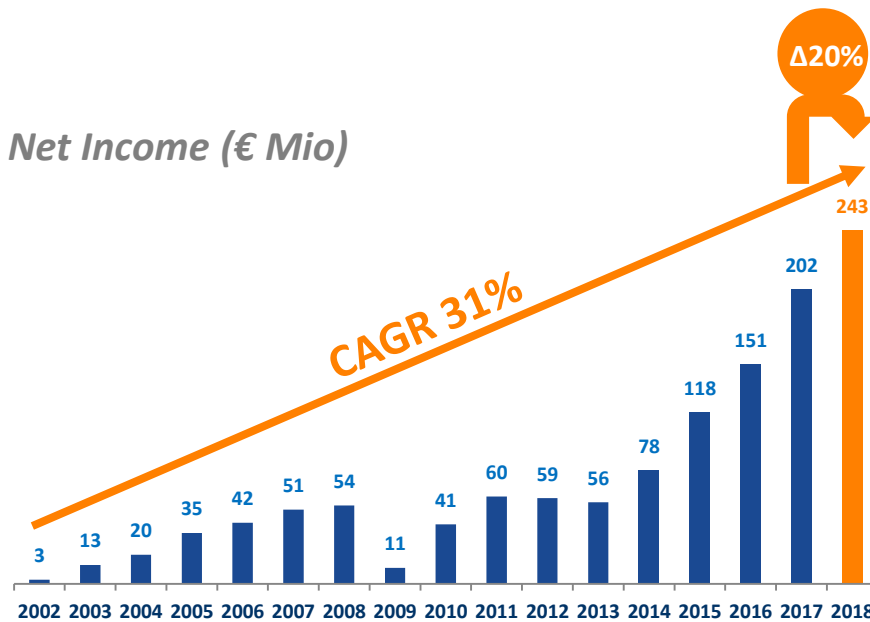
EBITDA (€ Mio)



EBIT (€ Mio)



Net Income (€ Mio)



Automotive Business comparable following 2018 accounting perimeter



# 2.

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## Balance Sheet



# BALANCE SHEET

<i>€ Mio</i>	<b>31/12/2018</b>
Fixed Assets	2,267.7
Net Working Capital	(158.8)
<b>Total Net Assets</b>	<b>2,108.9</b>
Equity	1,048.9
Net Financial Debt	948.2
Others (Net)	111.8
<b>Total Equity and Liabilities</b>	<b>2,108.9</b>

*The amount of the non-recourse factoring to 31.12.2018 is 230€ Mio.*

**RONA**

**22%**

# NFD/EBITDA

1.79X

## CASH FLOW

Net Financial Debt Movement	DECEMBER 2018
<b>EBITDA</b>	<b>529.0</b>
Financial Expenses	(33.8)
Maintenance CAPEX	(119.2)
Tax Payments	(66.9)
<b>OPERATING CASH FLOW:</b>	<b>309.1</b>
<i>% OPERATING CASH FLOW / EBITDA</i>	<i>58.4%</i>
Greenfields and Growing Capex	(87.6)
Net Working Capital Variation	(60.1)
Payment of Dividends	(72.1)
Current year Business Combinations <sup>(1)</sup>	(61.8)
Dominion Segment interruption	(112.5)
Exchange rate effect in NFD	(21.6)
Other Movements	(4.5)
<b>FINANCIAL CASH FLOW</b>	<b>(111.1)</b>
Net Financial Debt 31.12.2017	837.1
Net Financial Debt 31.12.2018	948.2

(1) 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.

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## 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:**

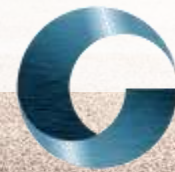
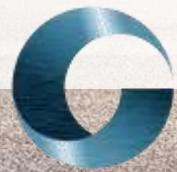
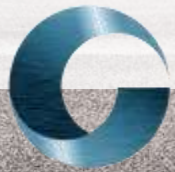
**RONA ~23%**

**IN 2020:**

**OPERATING  
CASH FLOW  
~55% EBITDA**

**IN 2020:**

**NFD /  
EBITDA ~1x**



# STRATEGIC PLAN HIGHLIGHTS

> 200pp of improvement of operating margins between 2018 and 2020

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

Growth of Net Result of ~ 50% between 2018 and 2020

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

# 4.

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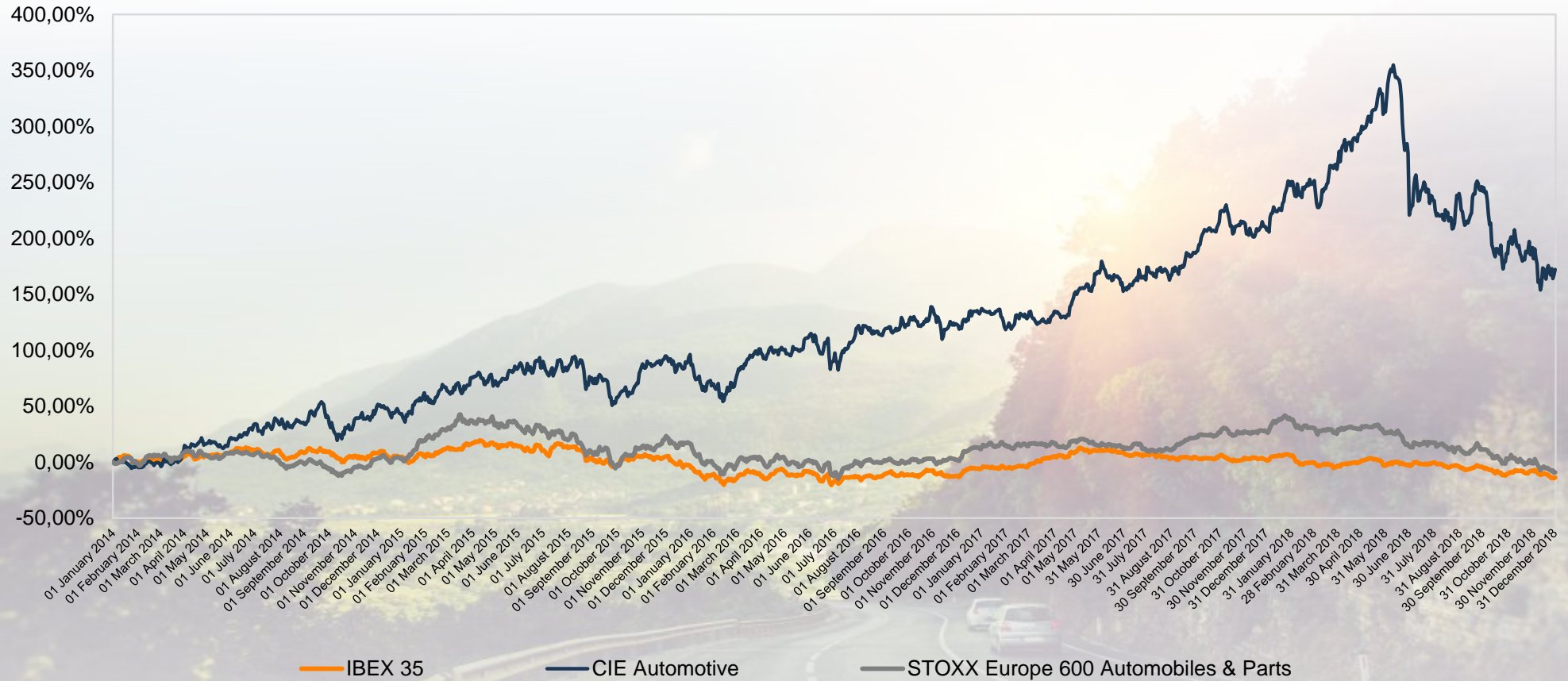
## CIE in Stock Exchange





# CIE IN STOCK EXCHANGE

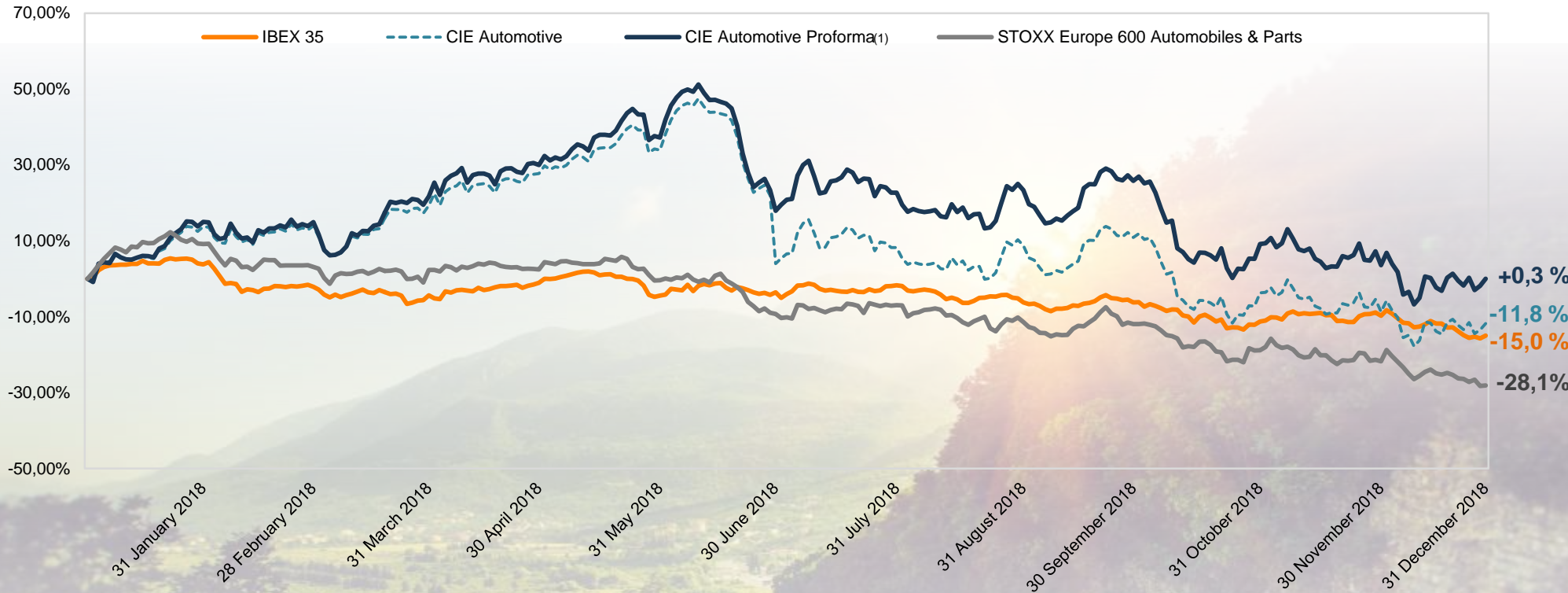
## CIE share price performance vs Ibox 35 2014-2018



- During the last five years, the Stock of CIE Automotive has consistently and significantly beaten Ibox35 index as well as STOXX Europe 600 Automobiles & Parts.

# CIE IN STOCK EXCHANGE

## Evolution of CIE Share price vs Ibex35/Euro Stoxx Auto DEC2018



<sup>(1)</sup> Share price adjusted according to the effect of the Dominion shares dividend in kind.

We understand that during 2018 the evolution of the stock has moved away from the fundamentals of the company, and **exogenous factors** have influenced both the initial 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.
- **Commercial war between the US and China with possible reflect to other markets such as EU** (Stoxx Euro 600 Automobiles & Parts -28% in 2018).
- The multiple **profit warnings** announced by different companies of the Automotive sector.

# CIE IN STOCK EXCHANGE

	2018	2017	2016	2015	2014	2013
Market Cap (€ Mio)	2,766	3,123	2,388	1,993	1,453	951
Number of shares (Mio)	129	129	129	129	129	119
Last price of period (euros)	21.44	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)	19.90	17.15	11.99	10.65	7.21	5.00
Volume (thousand shares)	87,149	59,318	59,065	60,619	62,970	44,953
Effective (€ Mio)	2,327	1.244	940	814	600	277

Source: Madrid Stock Exchange

# Appendix

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# APPENDIX I.- 2017 COMPARABLE P&L

(€ Mio)	DECEMBER CIE P&L PUBLISHED IN 2017 <sup>(1)</sup>	DECEMBER 2017 AUTOMOTIVE <sup>(2)</sup>	DECEMBER 2017 DOMINION	INTERRUPTION ADJUSTMENT AUTOMOTIVE	INTERRUPTION ADJUSTMENT DOMINION	COMPARABLE P&L CIE DEC 2017 <sup>(3)</sup>
Turnover	3,724.5	2,881.2	843.3	(38.7)	(843.3)	2,842.5
EBITDA	530.4	472.7	57.7	(1.6)	(57.7)	471.1
EBIT	376.2	338.1	38.1	1.0	(38.1)	339.1
EBT	333.5	301.8	31.7	1.8	(31.7)	303.6
Tax Expenses	(75.3)	(70.6)	(4.6)	(0.6)	4.6	(71.3)
Discontinued Activities	(0.1)	0	(0.1)	(1.2)	27.1	25.9
Profit for the year	258.1	231.2	26.9	0	0	258.1
Attributable to non- controlling interest	(42.7)	(28.8)	(13.9)	0	0	(42.7)
Net Income	215.4	202.4	13.0	0	0	215.4

<sup>(1)</sup>Income statement of CIE Automotive Group published on 31/12/2017.

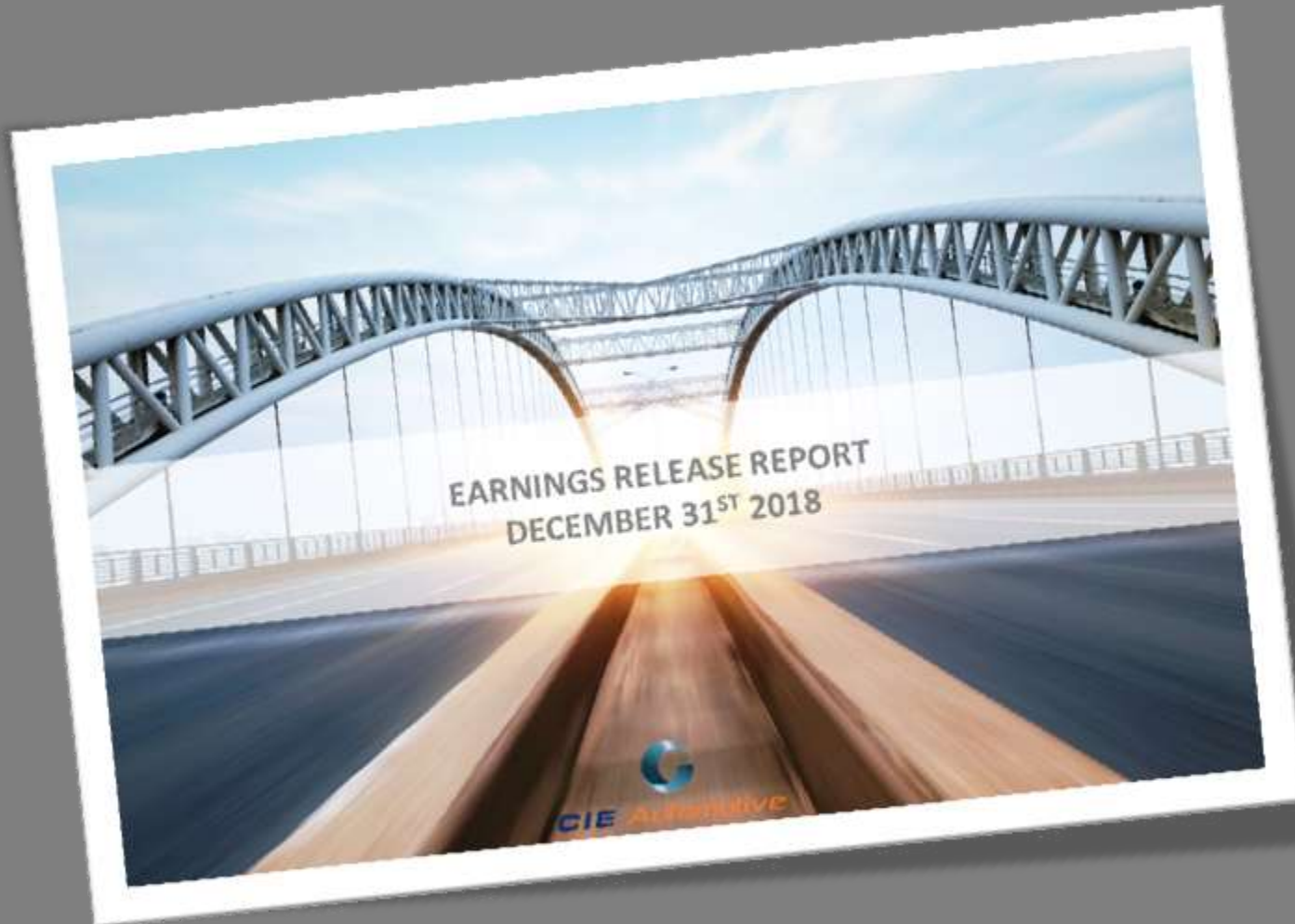
<sup>(2)</sup>Income statement of the Automotive segment on 31/12/2017.

<sup>(3)</sup>Income statement published on 31/12/2017 as a comparable considering the interruption of the Dominion business.

# APPENDIX II.- 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
EBIT	Net Operating Income.
EBT	Earnings Before Taxes
Net Income	Profit attributable to the company's shareholders.
Net Normalised Income	Net Income of the Automotive segment excluding non recurrent positive and negative adjustments.
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).
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
CAGR	Compound annual growth rate



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