



CIE Automotive

EARNINGS RELEASE

SEPTEMBER 2020

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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.

1.

SEPTEMBER 2020 RESULTS

2.

BALANCE SHEET

3.

FORECASTS 2020

4.

CIE IN STOCK EXCHANGE



APPENDIX

HIGHLIGHTS Q3 2020

01	EBITDA Q3 2020	16.5% Quarter EBITDA Margin	BACK TO PRE-COVID PROFITABILITY LEVELS
02	Net Income Sept 2020	117.8 €Mio	CIE MARKET DROP 9M 2020 -28.9%
03	Operating Cash Generation Sept 2020	150 €Mio 56.7% OPERATING CASH/EBITDA	MANAGEMENT MODEL FOCUSED ON CASH GENERATION
04	Analyst recommendation	100% DO NOT SELL	TARGET PRICE CONSENSUS 21.15€
05	Liquidity Reserve	1,218 €Mio	Cash and temporary financial investments: 605 €Mio Undrawn funding: 613 €Mio
06	Dividends and own shares acquisition	182.4 €Mio	MAINTAINING OUR COMMITMENT WITH SHAREHOLDERS
07	Job creation Q3 2020	+655 EMPLOYEES	24,733 vs 24,078 employees (June 2020)

CIE Market: Motor vehicles production IHS SEPTEMBER 2020 (9 months 2020) (growth % in units), weighing the markets in which CIE has production plants



HIGHLIGHTS Q3 2020



QUICK RECOVERY

Third quarter at 85% production level^(*). In the month of September, exceeding 90% of production^(*) we achieve very important net income



DEBT REDUCTION

In the month of May the debt peak was reached, since June it began to decrease with the large cash generation



FINANCIAL STRATEGY

With our income statement and our cash generation capacity, we have not had to change the Group's financial strategy, focused on three areas:

- Remuneration of our shareholders: dividends and repurchase of own shares for capital reduction
- Organic and inorganic growth plan: we are the integrating company in the sector that will allow us to continue increasing our market share and value generation
- Net Working Capital Optimization



WE ARE A BENCHMARK WITHIN THE INDUSTRY

At 85% of production level^(*) in the third quarter, we have achieved quarterly Ebitda of 16.5%, above the standard margin of the sector in a normal situation and in line with our pre-COVID profitability levels

(*) Production on normalized conditions

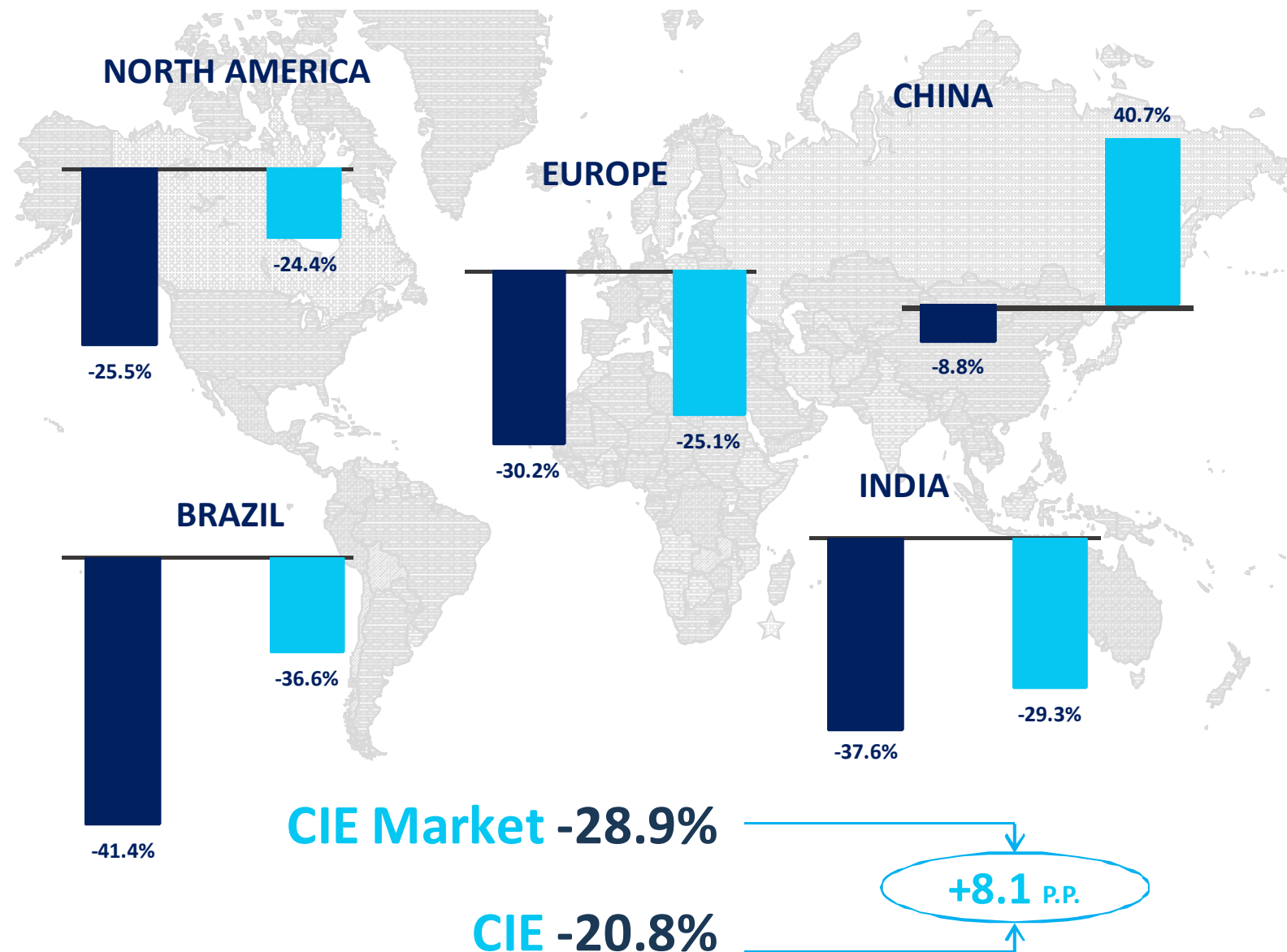


1. SEPTEMBER 2020 RESULTS

SALES EVOLUTION 9 MONTHS 2020 – 2019

CONSTANT EXCHANGE RATE

■ CIE MARKET ■ CIE



Source: Motor vehicles production IHS SEPTEMBER 2020 (9 months 2020) (growth % in units).

The evolution of the production volume is calculated by weighing the markets in which CIE has production plants



SEPTEMBER 2020 RESULTS

(€ Mio)	30/09/2019	30/09/2020
Turnover	2,608.9	2,000.0
EBITDA	457.5	284.1
% EBITDA on turnover	17.5%	14.2 %
EBIT	332.2	179.1
% EBIT on turnover	12.7%	9.0%
Profit for the year	249.2	120.6
Net income	224.2	117.8

- Despite the consequences of the global economic downturn, and the impact on the income statement due to currency translation (impact on sales – 83€Mio), the strength of the CIE model allows a rapid recovery, achieving **significant results**
- **Ebitda margin > 14%**, falls only 2 p.p. on CIE’s operating margins (Ebitda pro forma ≈16%; Ebit Pro forma ≈ 11%)(*)

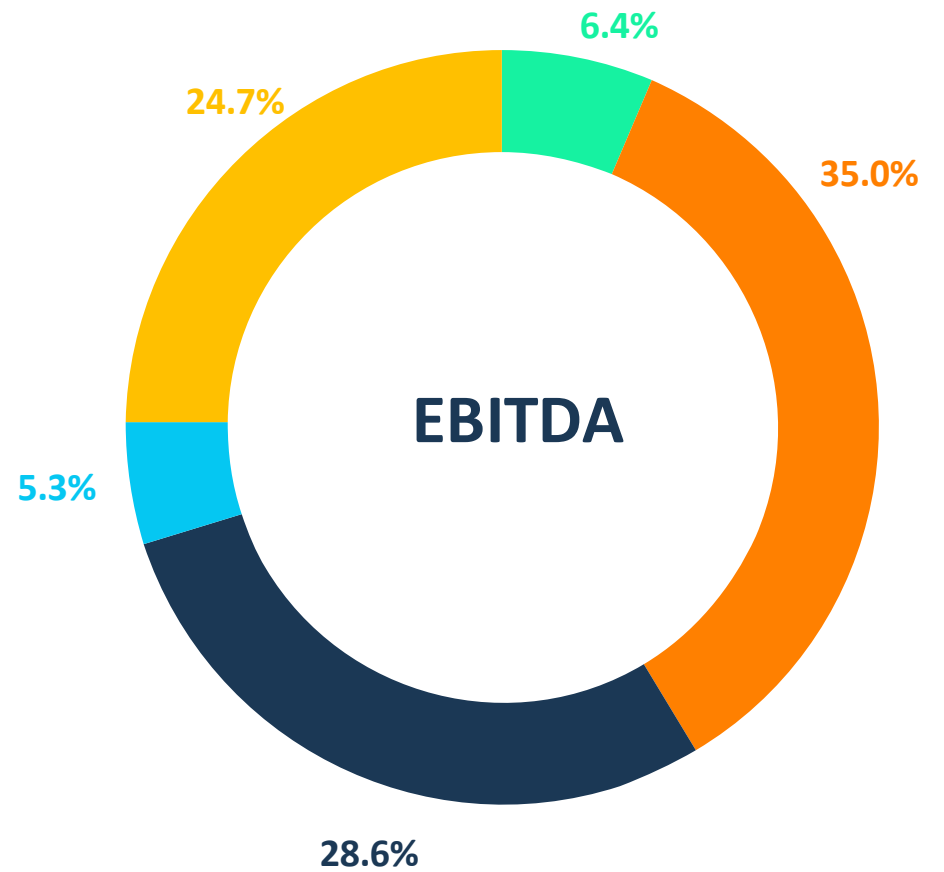
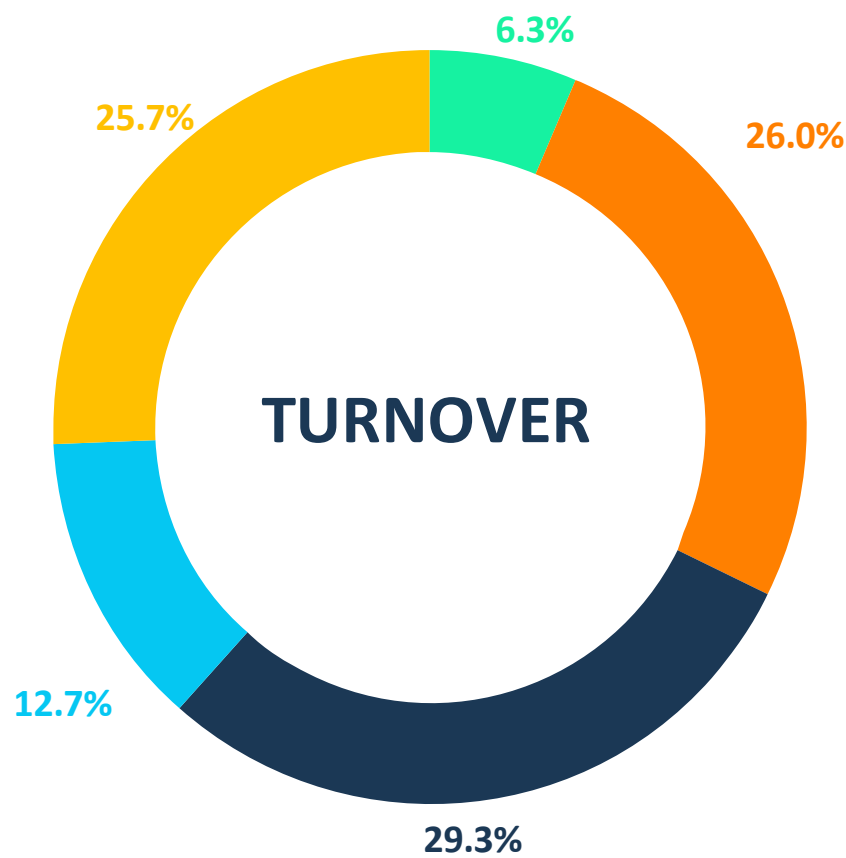
(*) Ebitda y Ebit proforma 2019, diluted after the last integrations

RESULTS Q3 2020

(€ Mio)	3Q 2019	3Q 2020
Turnover	906.4	791.8
EBITDA	149.5	130.6
<i>% EBITDA on turnover</i>	16.5%	16.5 %
EBIT	105.6	88.9
<i>% EBIT on turnover</i>	11.6%	11.2%
Profit for the year	80.6	63.7
Net income	74.2	59.5

▶ Waiting for the complete recovery of the market, we closed a third quarter with the **profitability levels of 3Q 2019** not only in the Group as a whole, but in **all geographical areas**

2020 DIVISIONS CONTRIBUTION

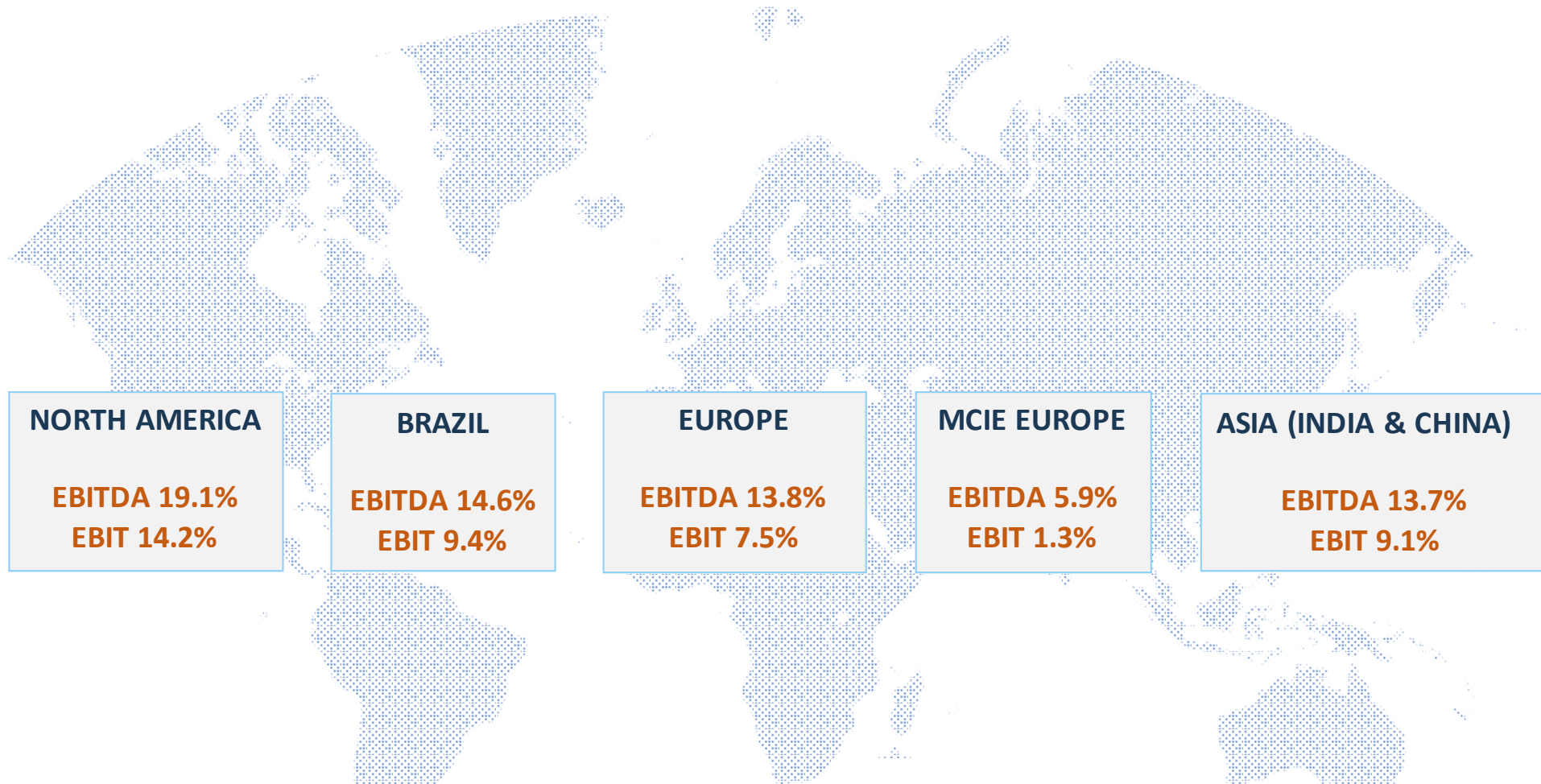


■ Brazil
 ■ North America
 ■ Europe
 ■ MCIE Europe
 ■ Asia (*) (India/China)

(*) China turnover: 297 €Mio.



2020 DIVISIONS PROFITABILITY



- ▶ Despite the effects of COVID-19, **margins** demonstrate the excellence of CIE's management model and team
- ▶ We have faced this great crisis with a **socially responsible attitude**, proof of our constant and firm **commitment to society**

2. BALANCE SHEET

BALANCE SHEET EVOLUTION

€ Mio	31/12/2019	30/09/2020
FIXED ASSETS	3,393.5	3,345.6
NET WORKING CAPITAL	(275.5)	(168.9)
TOTAL NET ASSETS	3,118.0	3,176.7

EQUITY	1,235.0	1,021.5
NET FINANCIAL DEBT	1,522.0	1,777.4
OTHERS (NET)	361.0	377.8
TOTAL NET LIABILITIES	3,118.0	3,176.7

Non-recourse factoring

222.2 € Mio

207.6 € Mio

CASH FLOW

EBITDA	284.1
Financial Expenses	(26.5)
Maintenance Capex	(57.8)
Tax Payments	(30.3)
IFRS 16 Leases ⁽¹⁾	(19.7)
OPERATING CASH FLOW	149.8

% EBITDA ⁽⁴⁾ 56.7%

Growing Capex	(55.1)
Net Working Capital Variation	(84.3)
Payments of Dividends	(93.9)
Transactions with own shares	(88.5)
Payments of previous acquisitions ⁽²⁾	(17.2)
Business Combination of the year ⁽³⁾	(92.1)
Exchange rate effect in NFD	(6.4)
Other movements	32.3
FINANCIAL CASH FLOW	(255.4)

(1) Payment of rental fee accounted in EBITDA according to the new IFRS 16 regulation.

(2) Pending payments from the acquisition of the solar roof systems of Inteva in 2019.

(3) Acquisition of the gear business of Somaschini S.p.A. (70 € Mio) and additional shares of Mahindra CIE Ltd.

(4) Operating cash flow on the Ebitda value corrected with the effect of IFRS 16.

(*) NFD and Ebitda data adjusted considering 50% of JV China SAMAP



3. FORECASTS 2020

*At a time of **great strength for CIE,**
with all the integrations finished,
plants at **high levels of profitability**
and **operating cash generation,**
we are facing **COVID-19***

The worst of this crisis is over, our clients have returned to business, and **CIE is in a favorable competitive position** based on the strenghts of its business model:

FLEXIBILITY

We have the fixed cost structure and the management model that best adapt to variable volumes

**DECENTRALIZATION
MULTILOCATION**

The local management of our companies avoids the problems derived from the lack of mobility of people in all countries

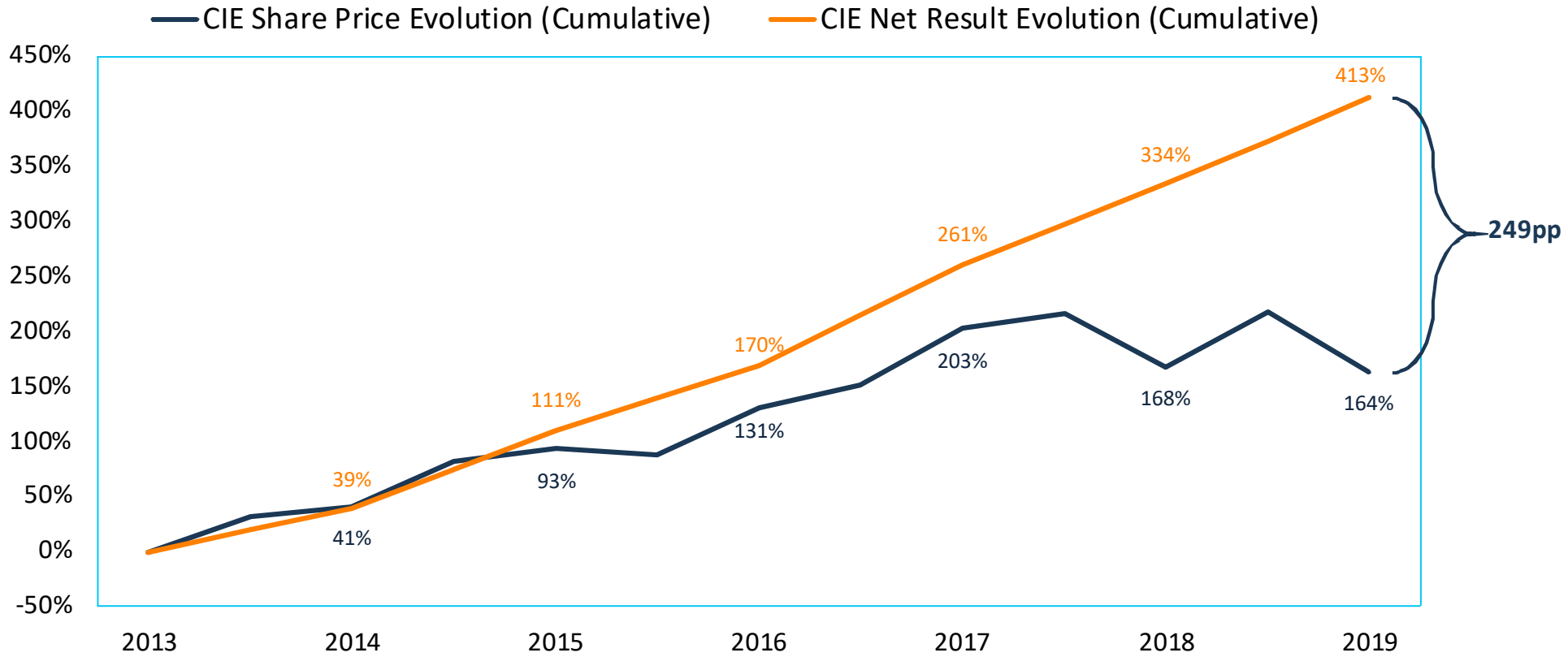
**GEOGRAPHICAL
DIVERSIFICATION**

Our global demand does not depend on the volume of a single country

With the current market estimates, in the last quarter of the year we will once again consolidate the pre-covid profitability levels and continue with our financial strategy of shareholders' remuneration, maintaining the focus on cash generation and debt reduction.

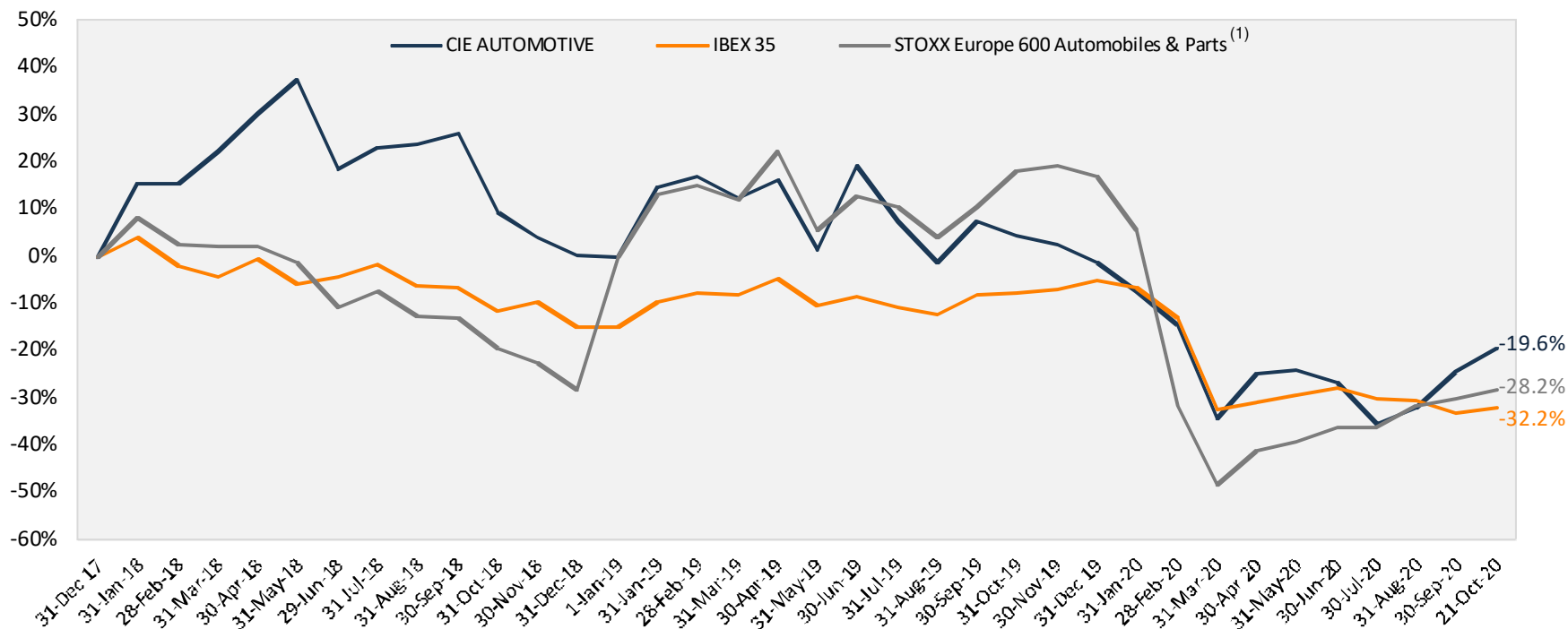
4. CIE IN STOCK EXCHANGE

SHARE EVOLUTION VS NET RESULT EVOLUTION



CIE's share price evolution has performed almost in line with net income evolution during the period from 2013 through 2017... **...but a significant mismatch has arisen since 2018, with CIE's valuations severely and baselessly decreasing.**

CIE SHARE PRICE PERFORMANCE 2018-2020YTD



During 2019, both the general market and the auto sector have remained extremely challenging, with issues of diverse nature impacting them:

- 1. Macroeconomic and geopolitical issues:** continuation of the trade war between the US and China, threat of a potential trade war between the US and the EU, Brexit extension and global economic slowdown, among others.
- 2. Auto sector specific issues:** new emission regulations in different markets, general weak consumer confidence caused by economic uncertainty and deferral of purchases due to lack of clarity on EV adoption, among others.

Despite this extremely complex backdrop, CIE has delivered outstanding financial results, something that, clearly, hasn't been reflected in its share price performance.

In 2020, the environment has become very complex due to the COVID-19 health crisis, that has affected both the economic activity and the financial markets, with a greater impact during the first half of the year. The third quarter of the year has begun to show a sequential improvement.

(1) STOXX Europe 600 Automobiles & Parts includes:

OEMS: BMW ST, Daimler, Ferrari NV, Fiat, Peugeot, Porsche, Renault & Volkswagen. SUPPLIERS: Faurecia, Michelin, Nokian, Plastic Omnium, Rheinmetall, Schaeffler, Valeo.

EVOLUTION IN STOCK EXCHANGE

	2020 Until 30/09	2019	2018	2017 ⁽¹⁾	2016 ⁽¹⁾	2015 ⁽¹⁾	2014 ⁽¹⁾
Market Cap (€ Mio)	2,015	2,719	2,766	3,123	2,388	1,993	1,453
Number of shares (Mio)	129	129	129	129	129	129	129
Last price of period (€)	15.62	21.08	21.44	24.21	18.52	15.45	11.27
Maximum price of period (€)	21.98	26.08	36.30 ⁽¹⁾	26.20	18.98	15.46	12.29
Minimum price of period (€)	9.71	19.31	19.90	17.15	11.98	10.65	7.21
Volume (thousand shares)	44,138	57,296	87,149	59,318	59,065	60,619	62,970
Effective (€ Mio)	728	1,328	2,327	1,244	940	814	600

Source: Madrid StockExchange.

⁽¹⁾ Upon such dates, CIE Automotive's subsidiary "Global Dominion Access S.A." (Dominion) was still within CIE Automotive's perimeter. CIE Automotive's shares of Dominion were distributed as dividend in kind to CIE Automotive's shareholders upon July 3rd, 2018, with a consequential reduction in CIE Automotive's share price from that date.



APPENDIX

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.
Adjusted EBITDA	Annualized EBITDA of 12 last months in those companies incorporated to the perimeter during the period. It includes 50% of the Ebitda of Chinese JV SAMAP, which based on the current agreements with the partner, is consolidated by the equity method.
EBIT	Net Operating Income.
EBT	Earnings Before Taxes.
Net Income	Profit attributable to the company's shareholders.
Net Financial Debt (NFD)	Debt with banks and other financial institutions – Cash and equivalents – Other current and non-current Financial Assets.
Adjusted Net Financial Debt	Net Financial Debt including 50% of Chinese JV SAMAP net financial debt, consolidated by the equity method as per the current partner agreements reached.
Normalized NFD/EBITDA	Net Financial Debt including 50% of Chinese JV SAMAP net financial debt, on the last 12 months Ebitda, eliminating the negative effects of the period due to Covid-19.
Fixed assets	Tangible assets and Intangible Assets, including Goodwill and without including rights of use over leased assets (IFRS 16).
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 – Leases under IFRS 16



CIE Automotive

MANAGING HIGH VALUE ADDED PROCESSES