



**Gestamp** 

## **Third Quarter 2013 Results**

November 29, 2013

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# Presentation of Third Quarter 2013 Results

*Francisco J. Riberas Mera, President & CEO*

*Francisco López-Peña, Vice President & CFO*

*Richard Egües, Director of International Financing*

# Key Events - Highlights

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- In Q3 we continue to see stabilization in Europe – although the market remains soft, we are seeing more positive trends
- While North America also continues with positive trends, the Brazilian and Russian markets have been trending softer than expected
- China's market growth has proven to remain rather robust, and Gestamp's presence in China, with 8 plants, is contributing strong growth to the group and is well poised to capitalize on continuing positive market trends
- Financial results in Q3 also reflect the negative impact of the strong Euro against several currencies
- Other developments during the quarter include:
  - a major project nomination for the Honda Civic in USA and Europe, in line with our strategy to increase content with Japanese OEMs
  - Kaluga II inaugurated in Russia in September
  - Edscha inaugurated Togliatti (Russia) and Kunshan (China) plants, after having entered into a JV with AAPICO in Thailand to produce hinge systems and driver controls for customers in ASEAN countries
- Our numerous new programs and plants under construction, although still affecting margins, are ramping up satisfactorily

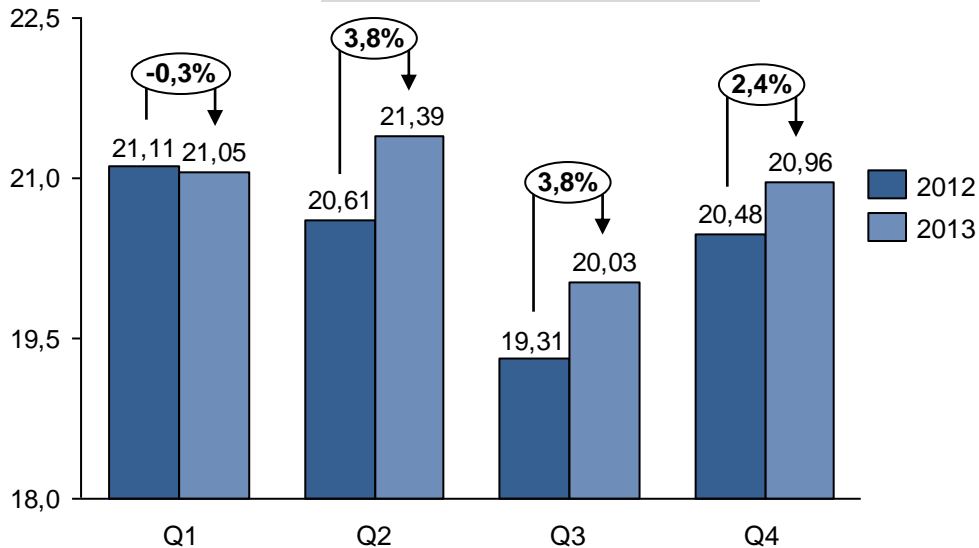
# Industry Production Volumes

## Global Production

Total 2012: 81,51

+2,36%

Total 2013: 83,44

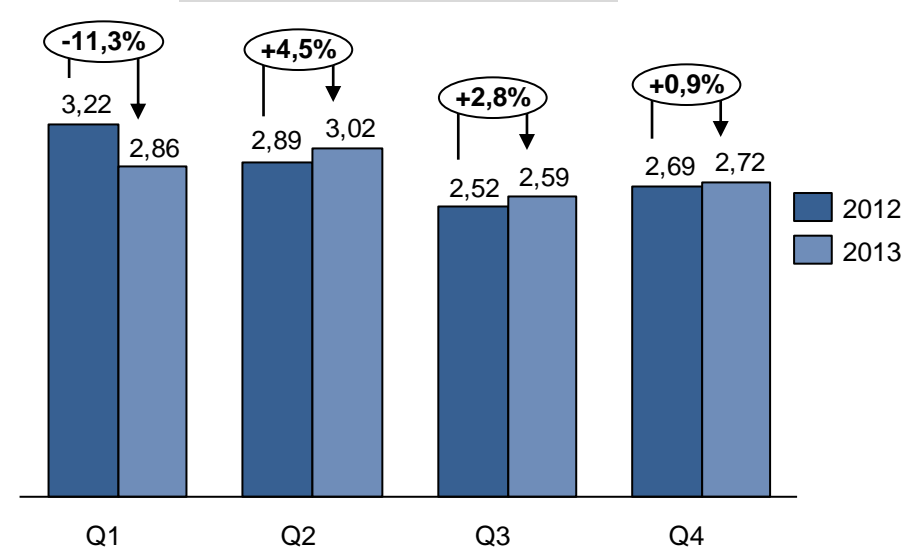


## Western European Production (\*)

Total 2012: 11,32

-1,24%

Total 2013: 11,18



Source: Independent third party

(\*) In Gestamp countries of operations

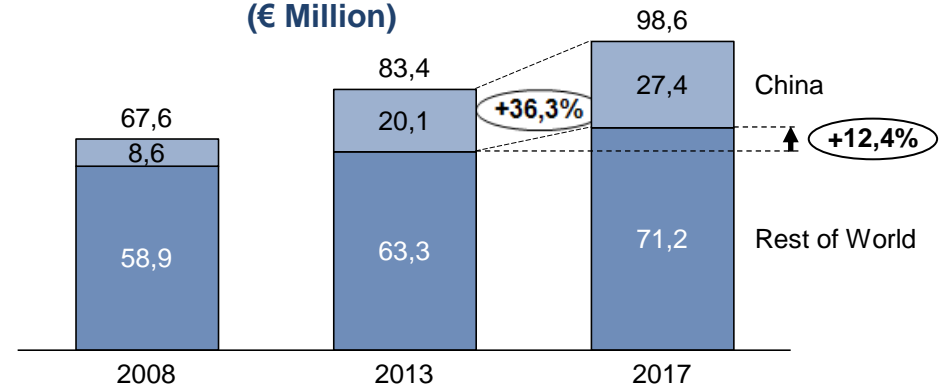
- After Q1 decline, the W. European market stabilized somewhat in Q2 and Q3 2013 but is still soft
  - W. Europe in 2H 2013 is expected to show lower than 2% production volume growth vs. 2H 2012
- Production volumes in several other regions are continuing on a positive trend for the end of the year, although certain other markets are in a soft phase of the cycle
  - Brazil and Russia, for example, have disappointed, but the medium and long term outlook continues to be quite positive

# Focus on China

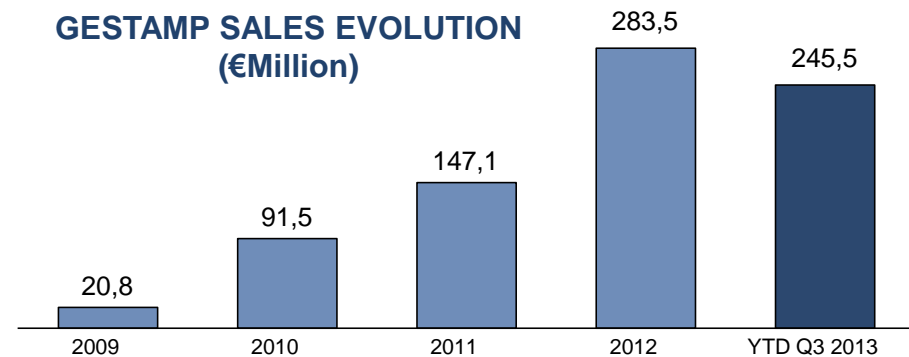


- Gestamp has been strategically investing capital in China, primarily in greenfield projects, growing our footprint from one plant in 2009 to 5 Body-in-White / Chassis and 3 Edscha plants currently
- Market growth has continued at a fast pace, and industry expectations are for robust growth going forward
  - Of the 15 million new vehicles expected to be produced globally over the next 4 years, China is expected to produce over 7 million, almost half of total of world growth
- We have several programs running and several ramping up, all on schedule, with margins well above group averages

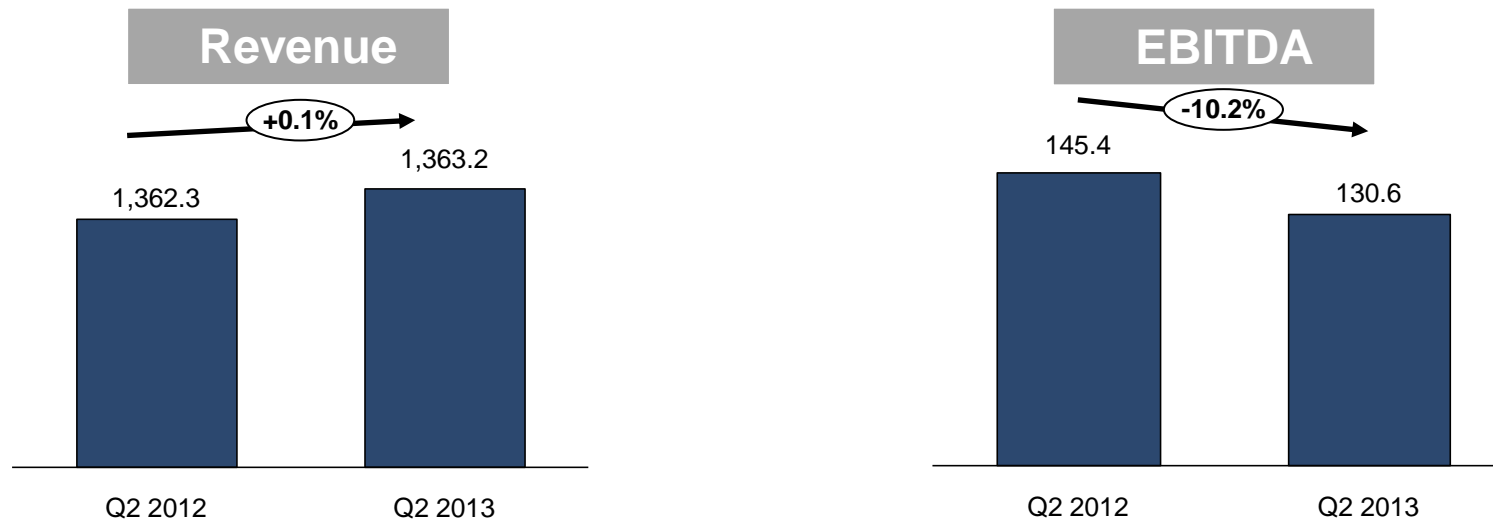
**MARKET PRODUCTION EVOLUTION**  
(€ Million)



**GESTAMP SALES EVOLUTION**  
(€ Million)



# Revenue and EBITDA



- Revenue was flat vs the comparable quarter in 2012
  - Softer-than-expected markets in Brazil and Russia, also with some program delays at the customer, affecting revenue timing
  - Strong growth in Asia
- Several programs in ramp-up phase and plants under construction, affecting margins
  - Puebla II construction in Mexico progressing according to plan
  - Ramp-ups continuing as planned in W. Virginia, Shenyang, Chongqing, Dongguan, Sta. Isabel in Brazil, Louny in the Czech Republic, Chennai in India
- Costs reflect increased personnel and other operating expenses largely due to increases in the Americas, in Asia and other areas – regions which experienced the effects of additions to personnel during the ramping up of activity in new production sites and, in certain geographies (mostly Asia), increases in production volume as well
- Strong Euro vis-à-vis Brazilian, Argentinian, UK, Indian, US, and Russian currencies negatively impacted EBITDA by approximately € 10 million in 3Q 2013 vs. 3Q 2012

# Net Debt

- Increase in net debt year-to-date primarily reflects
  - Capital investment in expansion and growth projects related to new client orders, which has been concentrated in the first three quarters of the year
  - Launch expenses in relation to project ramp-ups, which we incur long in advance of full production
  - An increase in working capital needs YTD of € 100 million, which we expect to reduce considerably in Q4, in accordance with the seasonality we experience towards year end
  - The buy-out of the Liberty minority interests for € 104 million and the minority interests in Mexico for almost € 70 million, the € 51 million in dividend payments, and the extraordinary financial expenses in connection with our debt refinancing in Q2

	<b>As of</b>	
	<b>31 Dec 2012</b>	<b>30 Sep 2013</b>
	<i>(Millions of Euros)</i>	
Interest bearing loans and borrowings	1,378.1	1,724.1
Financial leasing	25.1	24.4
Borrowings from associated companies	121.5	179.7
Loans from the Ministry of Science and Technology	34.5	39.6
Other interest bearing loans	39.5	32.6
<b>Total financial debt</b>	<b>1,598.8</b>	<b>2,000.4</b>
Cash, cash equivalents and current financial assets	301.0	428.4
<b>Net financial debt</b>	<b>1,297.8</b>	<b>1,572.0</b>



# Summary

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- Some of the Q3 trends highlighted earlier will continue in Q4, particularly the negative impact of the strong Euro against several currencies
  - With these trends continuing into Q4, we currently expect to finish the year more or less in the region of our LTM EBITDA of € 588 million
  - Working capital and capex timing will lead to a reduction in net debt by year end 2013
- Gestamp has positioned itself, strategically and financially, to capitalize on market potential globally
  - Our strong position and robust growth in China is a manifestation of our expansion strategy
  - As projects ramp up in growth markets, where we are investing most of our growth capex, our business mix is shifting further away from mature markets
- Recently acquired new Honda business demonstrates an advance in our strategy to enhance relationships with Japanese OEMs