



**Gestamp** 

**Presentation of  
Third Quarter 2015 Results**

December 2, 2015

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# Presentation of Third Quarter 2015 Results

*Francisco J. Riberas Mera, President & CEO*

*Francisco López Peña, Vice President & CFO*

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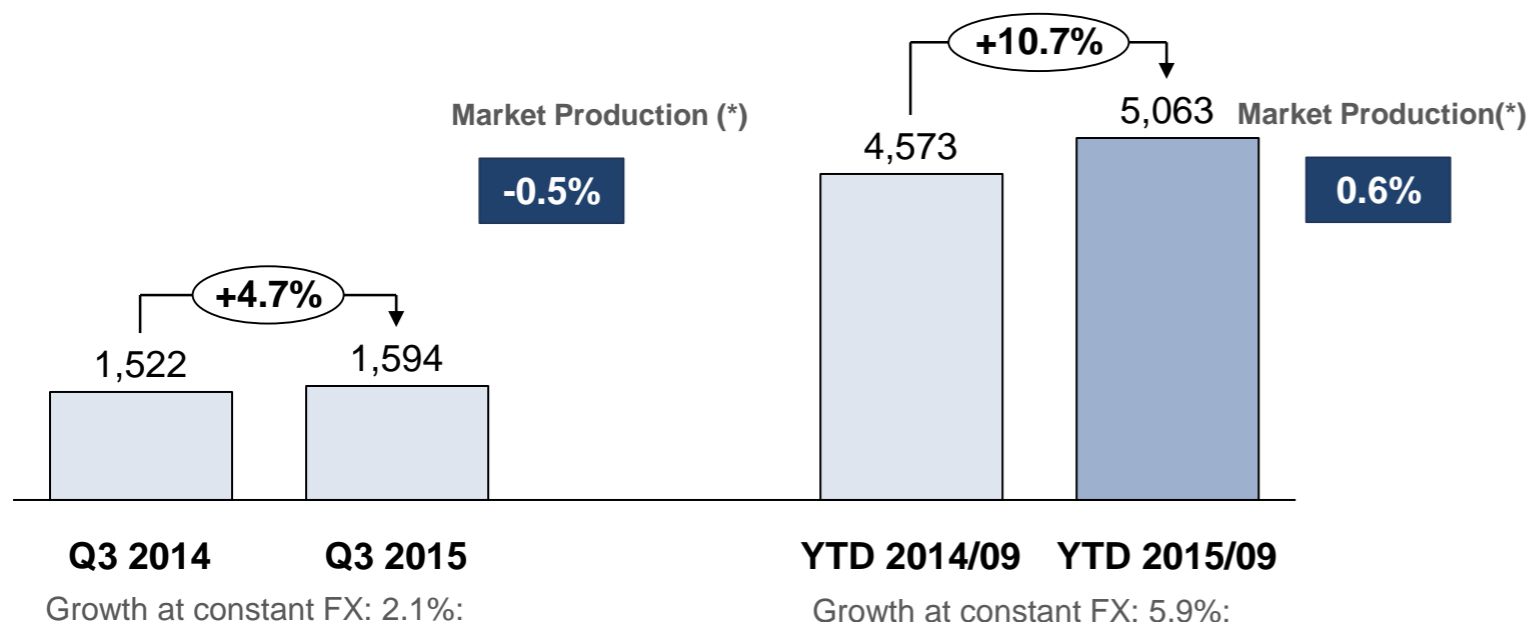
# Highlights

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- In the context of **flat worldwide vehicle production** during the third quarter, Gestamp's consolidated **revenue grew 4.7% to € 1.6 billion**
- **Margin improvement** vs. 2014 continued in Q3, as EBITDA grew 9.7% to € 161 million
- **YTD revenue grew 10.7% to €5.1 billion**, while **YTD EBITDA grew 14.6% to € 531 million**
- **Good market growth in North America and Europe ex-Russia**, also supported by **continuing project ramp-ups** and an FX tailwind
- **Partially offset by** continued **declines in** production volumes in **Brazil and Russia**
- **Slow-down in China** against a market background of significant production declines in the quarter

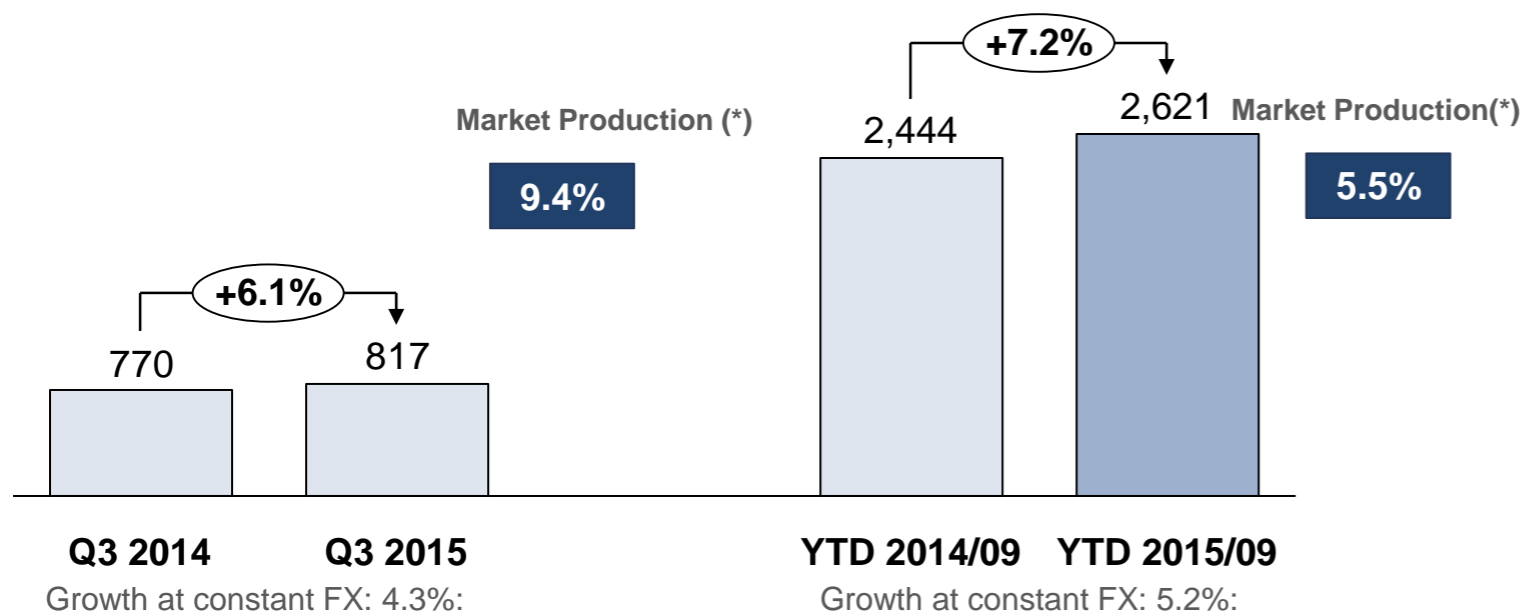
# Revenue (€ Millions) – 1/3

## TOTAL REVENUE



- Consolidated revenue growth during the quarter was 4.7%, or € 72 million
- Growth in the quarter consisted of € 58 million revenue **growth in North America**, € 47 million in **Europe**, and € 24 million in **Asia**; **offset in part by declines of € 55 million in South America** and € 2 million in **Eastern Europe**

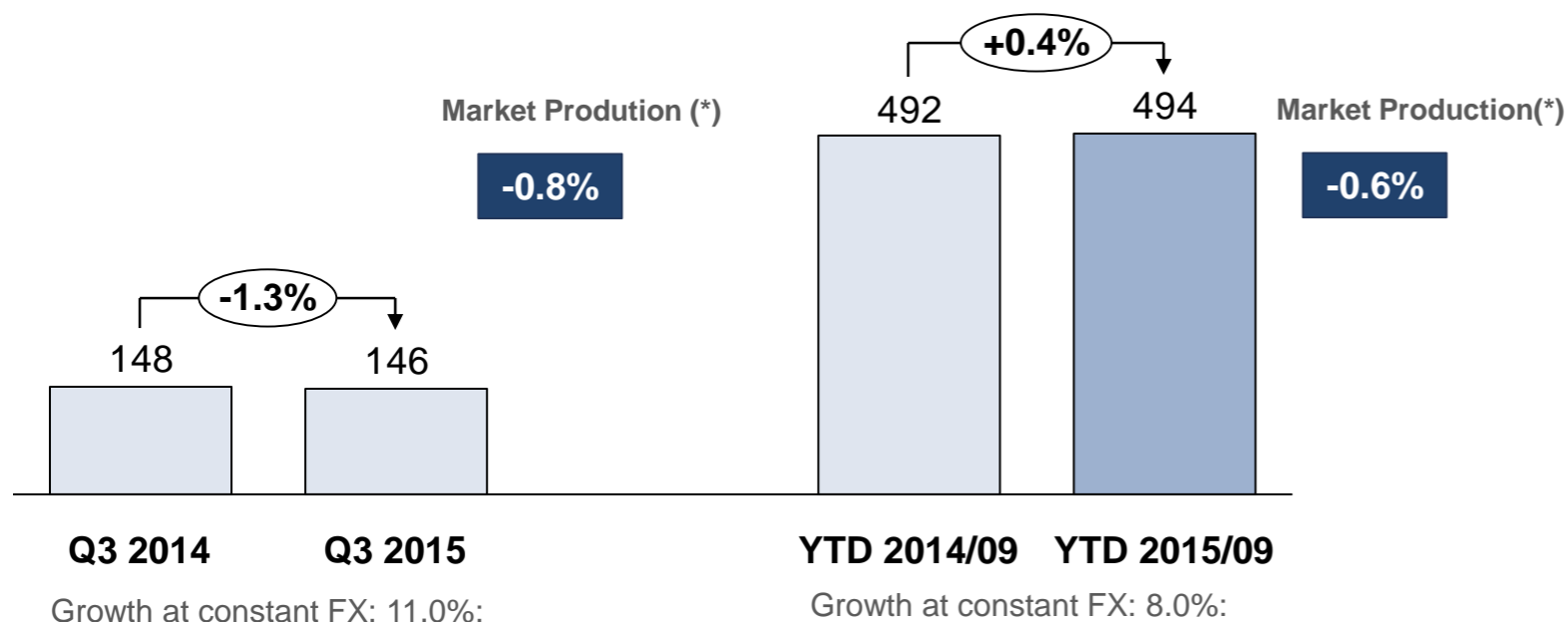
## WESTERN EUROPE



- Revenue in **Western Europe** grew by **6.1%** during the quarter
- Growth during the quarter was **driven by** our operations in **Spain, UK and France**

# Revenue (€ Millions) – 2/3

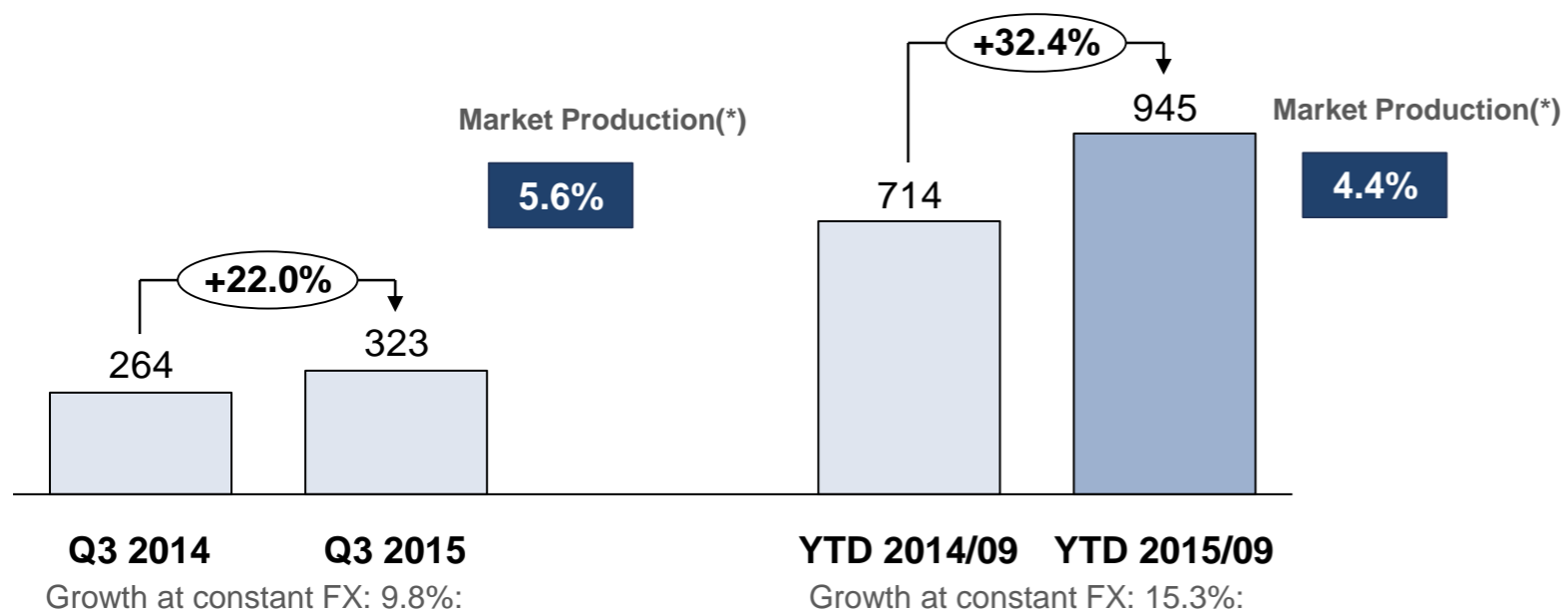
## EASTERN EUROPE



- Sales during the quarter in Eastern Europe were somewhat flat overall, although growth in **Turkey, Czech and Hungary mitigated 18.5% sales declines in Russia**

- **Currency devaluations in Turkey and Russia** negatively affected the quarter, as **growth would have been 11%** at constant FX rates

## NAFTA

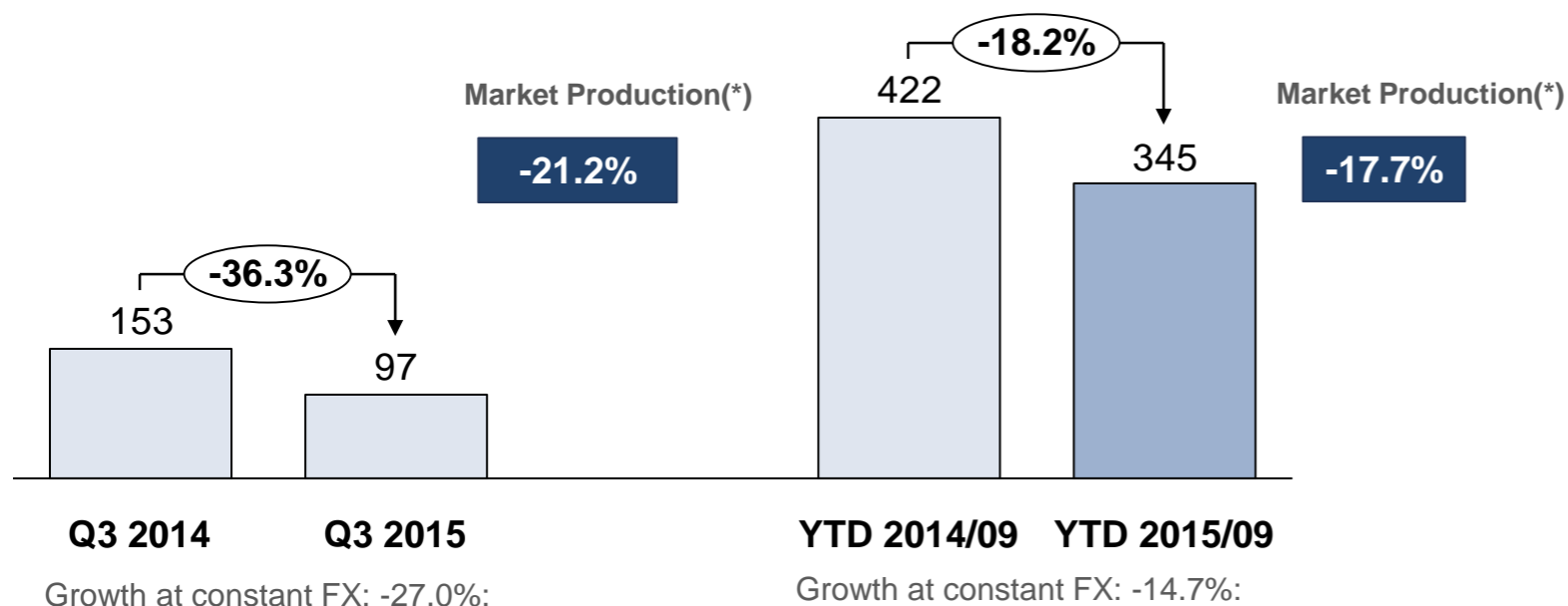


- Sales growth in **Nafta at constant exchange rates would have been 9.8% in the quarter and 15.3% YTD**, with the USD's appreciation during the periods enhancing reported sales growth to 22% and 32.4% respectively

- Growth in Nafta is being driven by ongoing **project ramp-ups and good production volumes**

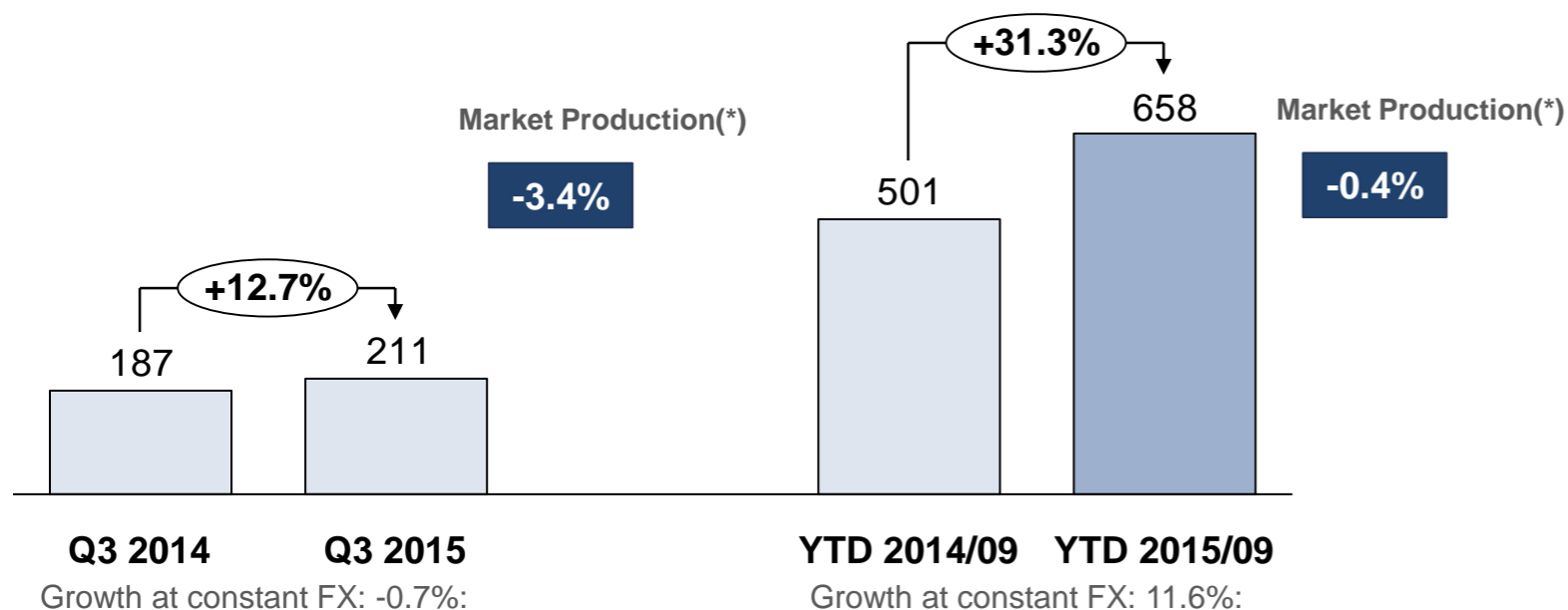
# Revenue (€ Millions) – 3/3

## SOUTH AMERICA



- In South America, sales growth in Argentina during the quarter could not compensate significant **declines in Brazil**
- For the quarter, the **devaluation of the Brazilian Real** impacted negatively reported sales in Mercosur

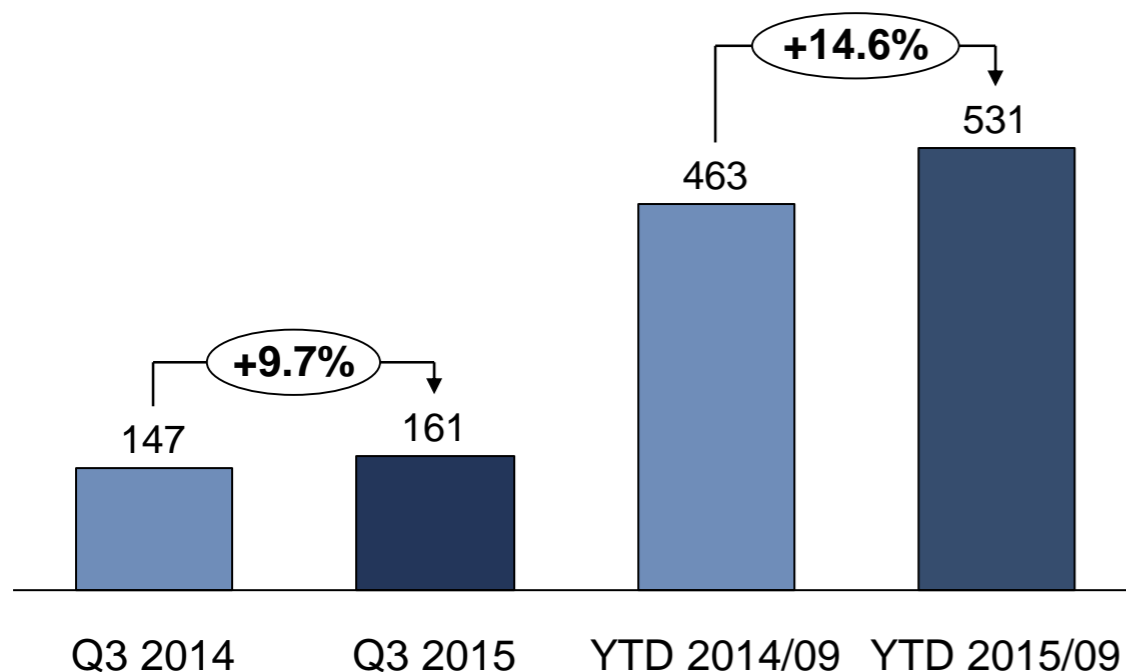
## ASIA



- **Sales growth in Asia** at constant FX was flat during the quarter and grew **11.6% YTD**, with currency appreciation in China and India adding positively to reported sales
- **India compensated** a soft quarter in China and South Korea, while all three mentioned countries have performed well YTD, also before currency effects

# EBITDA (€ Millions)

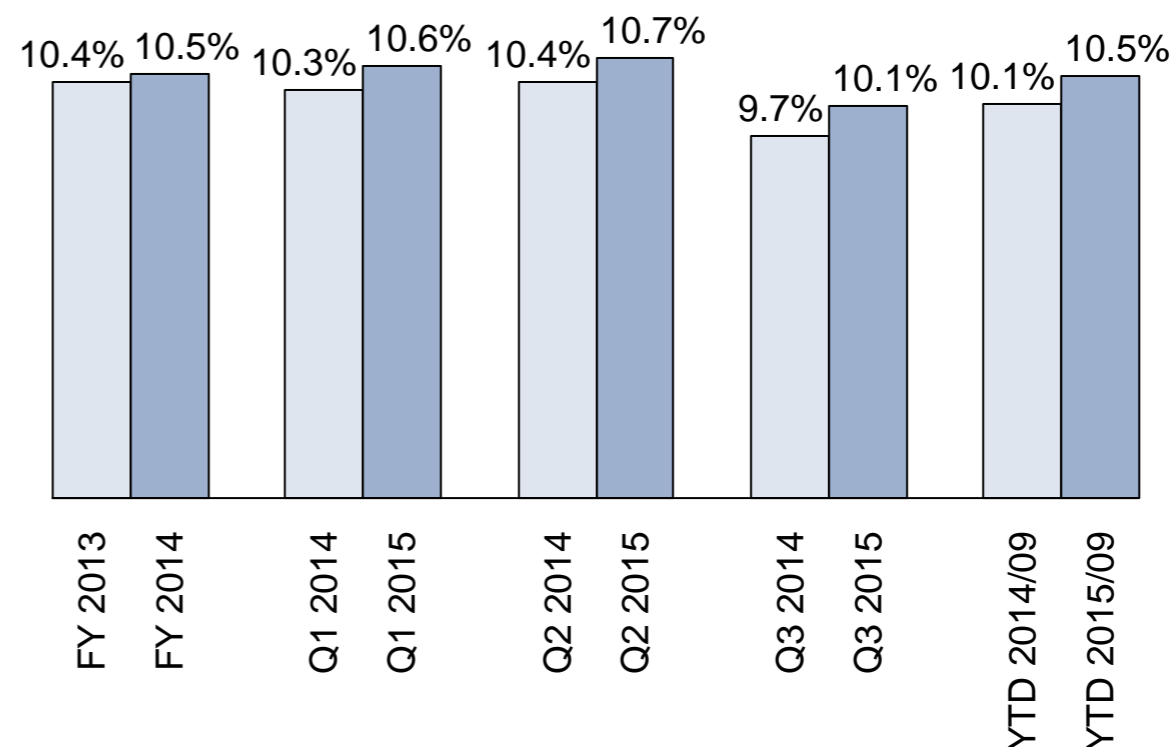
## Q3 2015 EBITDA



Growth at constant FX: 7.3%:

Growth at constant FX: 9.2%:

## EBITDA (%)



- EBITDA increased by 9.7% to € 161 million in Q3 2015 compared to EBITDA of € 147 million in Q3 2014
- EBITDA grew to **€ 531 million YTD**, or by **14.6%** compared to 2014
- Trend of **margin improvement** is being further **consolidated**, based on **higher production volumes** and operational leverage, and by **higher margins of new projects**



# Investments in Fixed Assets

	Third Quarter		YTD September 30,	
	2014	2015	2014	2015
	<i>(Millions of Euros)</i>		<i>(Millions of Euros)</i>	
<b>Capital expenditures</b>				
Intangible assets	18.3	15.0	52.4	66.4
Tangible assets	97.6	113.0	258.8	326.3
<b>Total</b>	<b>115.9</b>	<b>128.0</b>	<b>311.2</b>	<b>392.7</b>
<b>Net payments on investments</b>				
Intangible assets	17.4	15.3	51.5	66.3
Tangible assets	91.6	124.5	291.8	387.2
<b>Total</b>	<b>109.0</b>	<b>139.8</b>	<b>343.3</b>	<b>453.5</b>

- Capital expenditure in Q3 2015 was € 128 million, and € 393 million YTD
- Net payments on investments, a function of the **timing of payments to suppliers of fixed assets**, were €140 million during the quarter and €454 million YTD

# Net Financial Debt

	<u>September 30,</u> <u>2014</u>	<u>December 31,</u> <u>2014</u>	<u>September 30,</u> <u>2015</u>
	<i>(Millions of Euros)</i>		
Interest bearing loans and borrowings	1.805,6	1.764,8	1.839,5
Financial leasing	28,6	28,6	35,7
Borrowings from associated companies	98,4	99,4	101,6
Other financial debts	80,1	76,7	40,6
<b>Total Financial Debt</b>	<b>2.012,7</b>	<b>1.969,5</b>	<b>2.017,4</b>
Cash, cash equivalents and current financial assets	268,8	559,8	344,6
<b>TOTAL NET FINANCIAL DEBT</b>	<b>1.743,9</b>	<b>1.409,7</b>	<b>1.672,8</b>

- Net debt at the end of Q3 was € 1.67 billion
- Q3 net debt largely reflects **seasonal working capital requirements**, including **tooling receivables related to new projects**
- During Q3 we also paid € 32 million to buy out the minority investor in our tooling division

## Comments on some key Q3 topics

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- Going into Q3 there were major concerns about **Chinese growth prospects**, and as we finished the quarter **Dieselpgate** came to light
- **Regarding China**, Q3 was indeed marked by an **unprecedented decline in production volumes**, leading to flat FX-adjusted Chinese sales during the quarter for Gestamp (+13% including the FX effect)
- However, more recent data point to a **pick-up in Chinese production**, reinforcing our view of **continued moderate growth going forward**
- The **diesel scandal** created shockwaves across the auto sector
- While too early to know the ultimate impact, to date all of our **projects** with the VW Group **continue according to plan**, and so far **production volumes do not appear to be affected** in any significant way

## Closing remarks and outlook

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- Third quarter market production in our footprint is traditionally weak and/or erratic
- 2015 Year-to-date **continues to show positive results**, with weaker-than-expected market environments in Brazil and Russia, and to some extent China, mitigated by **more robust markets in Nafta and the rest of Europe**
- As we approach the end of Q4, our expectation continues to be that we will finish the year overall **in line with our expectations**
- Looking **further ahead**, market opportunities and Gestamp's positioning with its customers point toward **continued growth**, with **an increase in profitability**, moderate indebtedness and **reduced leverage**