



Management Discussion and Analysis of the  
Financial Condition and Results of Operations for  
the nine months period ended September 30, 2021

Gestamp Automoción, S.A.

October 28<sup>th</sup>, 2021

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# 1. LEGAL NOTICE IN RELATION TO THE PRESENTATION OF FINANCIAL AND OTHER INFORMATION

## 1.1. Financial information and operational data

Unless otherwise indicated, all financial information in this report has been prepared in accordance with IFRS applicable at the relevant date and is presented in Euros. IFRS differs in certain significant respects from generally accepted accounting principles in the US.

Certain information presented in this report has not been prepared in accordance with IFRS or any other accounting standards. As used in this report, this information includes “EBITDA”, which represents operating profit before amortization, impairment and depreciation. This report also contains other measures such as: cash, cash equivalent and current financial assets, total financial debt and net financial debt, growth at constant exchange rates, and capex split by categories. We present these non-IFRS measures because we believe those indicators and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity.

In particular, we believe that EBITDA is meaningful for investors because it provides an analysis of our operating results, profitability and ability to service debt and because EBITDA is used by our chief operating decision makers to track our business evolution, establish operational and strategic targets and make important business decisions. To facilitate the analysis of our operations, this indicator excludes amortization, impairment and depreciation expenses from operating profit in order to eliminate the impact of general long-term capital investment. Although we are presenting this measure to enhance the understanding of our historical operating performance, EBITDA should not be considered an alternative to operating profit as an indicator of our operating performance, or an alternative to cash flows from operating activities as a measure of our liquidity. Growth at constant exchange rates is a numerical translation of our figures from local currencies to euros, and not a description of the situation if the currencies had not moved, as this could have had some other implications on the economy and our business situation and contracts. Capex split in categories is a management judgement, and should not be considered as a substitute for additions of tangible and intangible assets, nor depreciation and amortization. The presentation of these measures is not intended to and does not comply with the reporting requirements of the SEC; compliance with its requirements would require us to make changes to the presentation of this information.

Rounding adjustments have been made in calculating some of the financial information included in this report. Figures shown as totals in some tables and elsewhere may not be exact arithmetic aggregations of the figures that precede them.

## **1.2. Industry data**

In this report, we may rely on and refer to information regarding our business and the market in which we operate and compete in. We have obtained this information from various third party sources, including providers of industry data, discussions with our customers and our own internal estimates. We cannot assure that any of this information is accurate or correctly reflects our position in the industry, and none of our internal surveys or information has been verified by any independent sources. We do not make any representation or warranty as to the accuracy or completeness of any such information set forth in this report.

## **1.3. Forward looking statements and other qualifications**

The following discussion and analysis is based on and should be read in conjunction with our historical financials included elsewhere in this quarterly report. Certain capitalized terms used herein have the meaning set out in the offering memorandum for our senior secured notes due 2026.

The discussion includes forward looking statements, which, although based on assumptions that we consider reasonable, are subject to risks and uncertainties, which could cause actual events or conditions to differ materially from those implied herein. Please be cautioned not to place undue reliance on these forward looking statements. These forward statements are made as of the date of this report and are not intended to give any assurance as to future results.

## 2. BUSINESS PERFORMANCE UPDATE

According to the International Monetary Fund (*IMF World Economic Outlook as of October 2021*) global GDP growth will be at 5.9% for 2021 (0.1% lower than the July 2021 WEO projections). The downward revision has been applied for both advanced economies, partly due to the disruptions in the global supply chain, and in developing countries mainly as a result of a worsened evolution of the pandemic. As highlighted by the IMF, the gap in the economic recovery across the different regions is becoming wider as a result of the variations in the evolution of the pandemic and access to vaccines. As for 2022, the IMF expects global GDP to grow by 4.9% year-on-year, unchanged from the July projections.

In this context, the auto sector has experienced a challenging first nine months of 2021, as a consequence of the supply chain disruptions mainly caused by the shortage of semiconductors. Since the beginning of the year, there has been a sharp decrease in production volumes estimates and IHS now expects auto production volumes for the year to grow by 0.3% to 74.8m vehicles (IHS geographies as of October 2021) year-on-year versus an initial growth estimate of 13.7% to 84.7m vehicles in January 2021. According to industry sources, Q3 2021 is expected to be the most negatively impacted by the semiconductor supply shortage, although uncertainty remains for the rest of the year.

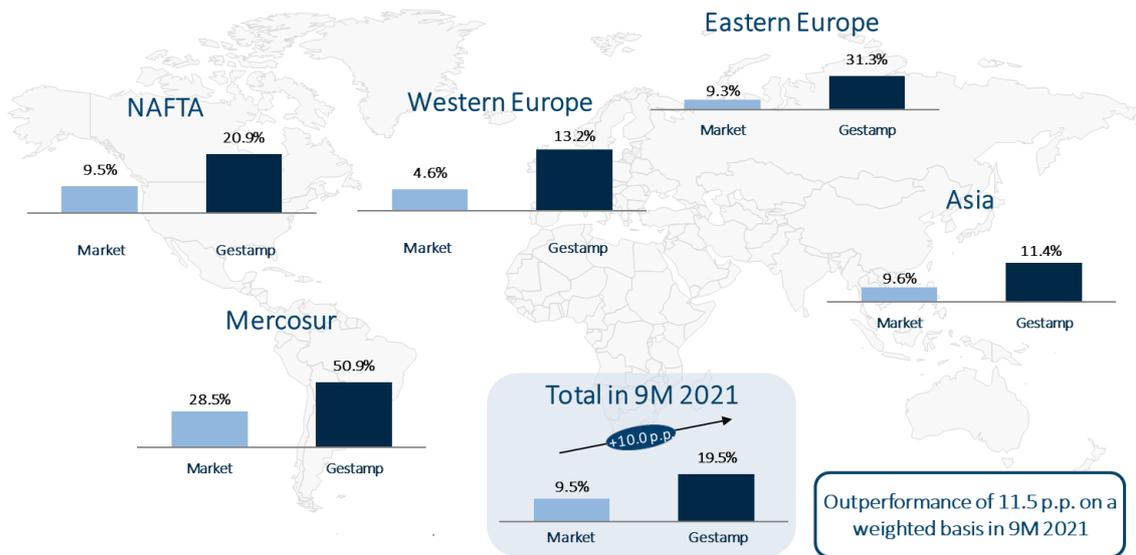
However, the first nine months of 2020 were significantly impacted by the COVID-19 pandemic and this has resulted in automotive production volumes growth in Gestamp's footprint of 9.5% year-on-year during the first nine months of 2021 (-14.9% versus 9M 2019, according to IHS as of October 2021). Gestamp outperformed the market production volume growth on a constant currency basis by 10.0 percentage points (in Gestamp's footprint – IHS data as of October 2021). On a weighted basis, the outperformance to the market stood at 11.5 p.p. for the period. During the first nine months, all regions experienced volume production increases. Mercosur was the best performing region with a 28.5%, whilst Western Europe and Eastern Europe were the weakest regions with 4.6% and 9.3% growth, respectively (in Gestamp's footprint – IHS data as of October 2021).

Our EBITDA has grown in absolute terms from €460 million in 9M 2020 to €701 million in 9M 2021, as well as our EBITDA margin from 9.1% to 11.9% for the same periods; which stands above 2019 levels of 11.5%, despite a lower Revenue base (€-694m less Revenues in 9M 2021 vs. 9M 2019). This improvement has been mainly driven by cost reduction measures from the Transformation Plan as well as operational stability achieved at our plants with less project launches. Gestamp continues focused on preserving profitability by improving top line performance and maintaining a strict cost control. In addition, the Company is also implementing measures to improve its Net Income, including the reduction of financial expenses as well as executing selected minority acquisitions. This, together with capex moderation and effective working capital management has allowed the Company to continue expanding free cash flow generation and to significantly reduce net debt levels, which currently stand at €2,048m or €-616m below 9M 2019 levels (excluding IFRS 16).

Furthermore, the Company remains committed to implementing further sustainability actions, focusing on decarbonization and digitalization. On one hand, it recently signed an agreement with ArcelorMittal to use XCarb green steel certificates as part of the Group's commitment to reduce its CO2 impact. Additionally, the Company has entered into a partnership with Code.org in order to expand access to computer science in schools and increase participation by young women and students from underrepresented groups.

Based on current market volume expectations, the Company reiterates its FY 2021 guidance, which was revised during the H1 2021 results presentation; implying revenue growth outperforming the market by mid-single digit at constant FX and an EBITDA margin for the year above 12%. Moreover, capex to stand below 6.5% of revenues (excluding IFRS 16), and a net debt reduction of €100 m versus FY 2020 levels (excluding IFRS 16 and excluding dividends, share repurchases, minority repurchases as well as potential M&A items).

Gestamp Revenue Growth at Constant FX vs. Market Production Growth in Gestamp Markets



Note: Gestamp's growth at constant FX used for comparability with production volumes. Market production volume growth is based on countries in Gestamp's production footprint (IHS data for 9M 2021 as of October 2021). Western Europe data includes Morocco in line with our reporting. 1. Market and Gestamp weighted growth measured with 9M 2020 geographical weights as a base

### 3. FINANCIAL PERFORMANCE FOR THE PERIOD

	Third Quarter			YTD September 30,		
	2020	2021	% Change	2020	2021	% Change
<b>Consolidated Income Statement Data</b>						
<i>(Millions of Euros)</i>						
Operating income	2,047.9	1,835.4	-10.4%	5,145.2	6,017.1	16.9%
Revenue	2,038.0	1,803.1	-11.5%	5,083.3	5,878.5	15.6%
Other operating income	12.1	27.1	124.1%	100.2	77.4	-22.7%
Changes in inventories	-2.2	5.2	-	-38.3	61.1	-
Operating expenses	-1,803.6	-1,632.9	-9.5%	-4,774.9	-5,316.4	11.3%
Raw materials and other consumables	-1,206.8	-1,069.3	-11.4%	-3,023.3	-3,515.8	16.3%
Personnel expenses	-335.9	-331.4	-1.3%	-1,000.8	-1,062.2	6.1%
Other operating expenses	-260.9	-232.2	-11.0%	-660.9	-738.4	11.7%
Transformation Plan - Operating Expenses	0.0	0.0	-	-89.9	0.0	-
EBITDA <sup>(1)</sup>	244.3	202.5	-17.1%	370.3	700.7	89.2%
Depreciation, amortization and impairment losses	-139.2	-136.8	-1.7%	-442.1	-427.1	-3.4%
Transformation Plan - Amortiz / Impairment	0.0	0.0	-	-13.3	0.0	-
Operating profit <sup>(2)</sup>	105.1	65.7	-37.5%	-85.1	273.6	-421.5%
Finance income	0.2	0.8	285.0%	4.4	6.6	50.2%
Finance expenses	-43.7	-32.2	-26.2%	-124.9	-110.8	-11.3%
Exchange gains (losses)	-14.7	1.2	-	-48.9	8.0	-
Other	-0.6	0.4	-	-5.2	2.3	-
Profit from continuing operations	46.3	35.7	-22.8%	-259.7	179.6	-
Income tax expense	-7.7	-8.2	7.1%	62.9	-41.3	-
Profit for the period	38.6	27.5	-28.8%	-196.8	138.2	-
Profit (loss) attributable to non-controlling interests	-10.2	-9.5	-6.8%	26.7	-37.4	-
<b>Profit attributable to equity holders of the parent <sup>(3)</sup></b>	<b>28.4</b>	<b>18.0</b>	<b>-36.6%</b>	<b>-170.1</b>	<b>100.8</b>	<b>-</b>

Note: 1) EBITDA excl. Transformation Plan € 460.2m in 9M 2020, 2) Operating Profit excl. TP € 18.1m in 9M 2020, 3) Net Profit attributable to equity holders excl. TP -€ 91.7m in 9M 2020

#### 3.1. Revenues

During the third quarter of 2021, revenues reached €1,803.1 million, of which Body-in-White and Chassis represented €1,485.0 million, Mechanisms €207.0 million, and Tooling and others €111.0 million.

Revenues in the third quarter of 2021 decreased by €234.9 million or -11.5% to €1,803.1 million versus €2,038.0 million in the third quarter of 2020. This decrease in revenues comes as a result of the third quarter of 2021 being impacted by the semiconductor shortages experienced by our customers.

#### 3.2. Operating expenses

Raw materials and other consumables. Expenses related to raw materials and other consumables decreased by €137.5 million, or -11.4%, to €1,069.3 million in the third quarter of 2021, compared to €1,206.8 million for the same period of 2020. This decrease is in line with the decrease in revenues.

Personnel expenses. Personnel expenses decreased by €4.5 million, or -1.3% for the third quarter of 2021 to €331.4 million from €335.9 million for the same period in 2020. The decrease comes as a result of the decrease in the activity level but it was also affected by the low visibility and high volatility of volumes due to semiconductor disruptions.

Other operating expenses. Other operating expenses decreased by €28.7 million, or -11.0%, to €232.2 million in the third quarter of 2021 from €260.9 million for the same period of 2020. The decrease was in line with the decrease in the activity level.

### **3.3. EBITDA**

EBITDA for the third quarter of 2021 reached €202.5 million, representing a decrease of €41.8 million from €244.3 million for the same period in 2020. The decrease was mainly due to the decrease in activity level due to semiconductors supply shortages.

Depreciation, amortization and impairment losses. Depreciation expense decreased by €2.4 million, or -1.7%, to €136.8 million in the third quarter of 2021 versus €139.2 million in the same period in 2020.

### **3.4. Operating result**

The operating result reached €65.7 million in the third quarter of 2021 versus €105.1 million for the same period in 2020, a decrease of €39.4 million. This decrease was mainly due to the lower EBITDA.

### **3.5. Financial result**

Net financial expenses for the third quarter of 2021 decreased by €12.0 million, or -27.7%, to €31.5 million versus €43.5 million for the same period in 2020. This decrease was primarily due to the effect of financial expenses savings from the early redemption of our senior secured notes due 2023, as well as other loan transactions redeemed for an amount of €363.2 million with available cash.

### **3.6. Exchange differences**

Exchange gains amounted to €1.2 million in the third quarter of 2021 versus losses of €-14.7 million in the third quarter of 2020. Exchange gains in Q3 2021 were mainly recorded in NAFTA and China and partially offset by exchange losses in Turkey.

### **3.7. Income tax expense**

The tax expense was €8.2 million in the third quarter of 2021, which implies a difference of €0.5 million with the €7.7 million expenses for the same period in 2020. Effective tax rate for the period was 23.0%.

### **3.8. Result attributable to non-controlling interests**

Result attributable to non-controlling interests for the third quarter of 2021 implied a negative impact of €9.5 million. The gains attributable to non-controlling interests in the third quarter of 2021 is consistent with the result of gains in those operations in which the group has non-controlling interests.

## 4. FINANCIAL INFORMATION BY GEOGRAPHIC SEGMENT

### 4.1. Revenues & EBITDA

	Third Quarter			YTD September 30,		
	2020	2021	% Change	2020	2021	% Change
<b>Revenues</b>	<i>(Millions of Euros)</i>			<i>(Millions of Euros)</i>		
Western Europe	829.3	644.7	-22.3%	2,161.2	2,454.7	13.6%
Eastern Europe	295.9	296.2	0.1%	774.3	936.1	20.9%
NAFTA	513.2	474.0	-7.7%	1,177.8	1,363.8	15.8%
Mercosur	127.9	120.8	-5.6%	270.5	342.0	26.4%
Asia	271.7	267.4	-1.6%	699.5	782.0	11.8%
<b>Total</b>	<b>2,038.0</b>	<b>1,803.1</b>	<b>-11.5%</b>	<b>5,083.3</b>	<b>5,878.6</b>	<b>15.6%</b>

	Third Quarter			YTD September 30,		
	2020	2021	% Change	2020	2021	% Change
<b>EBITDA (excl. Transf. Costs)</b>	<i>(Millions of Euros)</i>			<i>(Millions of Euros)</i>		
Western Europe	87.2	57.4	-34.2%	151.7	250.1	64.9%
Eastern Europe	48.4	52.8	9.2%	111.9	157.8	40.9%
NAFTA	58.1	46.3	-20.3%	102.5	151.3	47.7%
Mercosur	7.6	14.3	87.9%	0.5	38.3	n.m.
Asia	42.9	31.6	-26.3%	93.6	103.2	10.3%
<b>Total</b>	<b>244.2</b>	<b>202.5</b>	<b>-17.1%</b>	<b>460.2</b>	<b>700.7</b>	<b>52.3%</b>

#### Western Europe

In the quarter, revenues reached €644.7 million, a decrease of €184.6 million, or -22.3% versus Q3 2020. This region has experienced a decline in volumes this Q3 on a year-on-year basis due to the semiconductors shortage impact. As a result, volume production in the region has decreased by 29.6% versus Q3 2020 (IHS data as of October 2021 for Gestamp's footprint). The drop in volume production has been well spread across the region, with Germany, the United Kingdom and France having the strongest declines, while Morocco has been the only country in the region to see positive growth in the quarter.

EBITDA in the quarter was €57.4 million, a decrease of €29.8 million or -34.2% versus Q3 2020.

During the first nine months of the year, revenues in Western Europe reached €2,454.7 million, an increase of €293.5 million, or +13.6% versus 9M 2020. EBITDA reached €250.1 million in the region, an increase of €98.4 million, or +64.9% (+64.6% at constant FX) versus 9M 2020.

#### Eastern Europe

Revenues in Q3 2021 increased by €0.3 million, or 0.1% versus the third quarter of 2020, reaching €296.2 million. The region experienced FX headwinds, mainly in Turkey which impacted negatively our results. Similar to Western Europe, Eastern Europe experienced a decrease in production volumes in Q3 with the market decreasing 25.8% versus Q3 2020 (IHS data as of October 2021 for Gestamp's footprint) due to the semiconductors impact. Auto production volumes dropped across all countries in the region, with Poland, Czech Republic and Romania showing the largest declines in the quarter.

In the quarter, EBITDA reached €52.8 million, resulting in a 9.2% increase or €4.4 million when compared to the third quarter of 2020.

During the first nine months of 2021, revenues saw an increase of €161.8 million, or +20.9% versus the first nine months of 2020, reaching €936.1 million. EBITDA in Eastern Europe reached €157.8 million during the first nine months of 2021, resulting in a 40.9% increase (+56.5% at constant FX) or an increase of €45.8 million when compared to the first nine months of 2020. EBITDA margin during the first nine months was 16.9% versus a 14.5% in 9M 2020.

### **NAFTA**

Revenues in Q3 2021 decreased by €39.3 million, or -7.7% versus Q3 2020, reaching €474.0 million. Similar to Western Europe, NAFTA experienced a decrease in activity in the quarter with the market falling -23.1% versus Q3 2020 (IHS data as of October 2021 for Gestamp's footprint).

During Q3 2021, EBITDA in the region reached €46.3 million, a decrease of €11.8 million or -20.3% (-24.0% at constant FX) when compared to Q3 2020.

In 9M 2021, NAFTA reported revenues increase of €185.9 million, or +15.8% versus 9M 2020, reaching €1,363.8 million. EBITDA in NAFTA reached €151.3 million in 9M 2021, resulting in an increase of 47.7% (+52.3% at constant FX) or €48.8 million when compared to 9M 2020.

### **Mercosur**

During the third quarter, revenues in the region reached €120.8 million, representing a decrease of €7.1 million, or -5.6%, versus Q3 2020. Performance across the countries in the region was partly offsetting, as Brazil saw a -20.4% decline in production volumes in the quarter (IHS data as of October 2021 for Gestamp's footprint), while volumes in Argentina grew by 42.7%.

EBITDA in Q3 2021 reached €14.3 million, an increase of €6.7 million or 87.9% (+90.8% at constant FX) versus the third quarter of 2020.

Revenues in Mercosur reached €342.0 million in 9M 2021, an increase of €71.5 million or +26.4% from €270.5 million in 9M 2020. EBITDA rose to €38.3 million during the first nine months of 2021, an increase of €37.8 million (+€43.8 million at constant FX) from €0.5 million in the first nine months of 2020. In terms of EBITDA margin, the region reached a 11.2% figure for the nine months versus 0.2% in the previous year.

### **Asia**

During Q3 2021, revenues reached €267.4 million, implying a decrease of €4.3 million, or -1.6% versus Q3 2020. Volume production in the region has also been impacted by the semiconductors shortage and decreased by -15.9% versus Q3 2020 (IHS data as of October 2021 for Gestamp's footprint).

EBITDA in the quarter reached €31.6 million, a decrease of €11.3mn or -26.3% versus Q3 2020.

During the first nine months of 2021, revenues reached €782.0 million, an increase of €82.5 million, or +11.8% versus 9M 2020. In 9M 2021 EBITDA in Asia reached €103.2 million, a 10.3% increase (same growth at constant FX) or €9.6 million when compared to the €93.6 million reported in 9M 2020. EBITDA margin in the region reached 13.2% in the first nine months of 2021.

## 5. INFORMATION ON CASH FLOW STATEMENT

	Third Quarter		YTD September 30,	
	2020	2021	2020	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<i>(Millions of Euros)</i>		<i>(Millions of Euros)</i>	
<b>Profit for the year before taxes and minority interest</b>	<b>46.3</b>	<b>35.8</b>	<b>-259.7</b>	<b>179.6</b>
<b>Adjustments to profit</b>	<b>198.0</b>	<b>166.8</b>	<b>630.0</b>	<b>521.1</b>
Depreciation and amortization of fixed assets	139.2	136.8	455.4	427.1
Financial income	-0.2	-0.8	-4.4	-6.6
Financial expenses	43.6	32.2	124.9	110.8
Total exchange rate differences	14.8	-1.2	48.9	-8.0
Share of profits from associates - equity method	-0.2	-0.3	-0.6	-0.8
Change in fair value of financial instruments	1.0	0.0	4.3	0.0
Gains or losses on disposal of financial instruments	0.0	0.4	0.0	0.0
Inflation result	-0.2	-0.4	1.5	-1.5
<b>TOTAL EBITDA</b>	<b>244.3</b>	<b>202.5</b>	<b>370.3</b>	<b>700.7</b>
<b>Other Adjustments to profit</b>	<b>-4.5</b>	<b>-10.1</b>	<b>70.1</b>	<b>-33.2</b>
Change in provisions	-17.0	-6.0	77.0	-3.3
Grants released to income	-1.0	-1.0	-3.2	-3.6
Profit from disposal of fixed assets	-2.2	-4.9	-1.3	-6.4
Unrealized exchange rate differences	15.5	1.8	-0.9	-21.3
Other income and expenses	0.2	-0.1	-1.5	1.5
<b>Changes in working capital</b>	<b>252.5</b>	<b>26.8</b>	<b>206.4</b>	<b>-14.3</b>
(Increase)/Decrease in Inventories	44.5	-38.6	86.9	-151.9
(Increase)/Decrease in Trade and other receivables	-17.2	86.1	162.1	104.3
(Increase)/Decrease in Other current assets	13.6	1.5	1.3	-8.1
Increase/(Decrease) in Trade and other payables	206.0	-16.7	-49.5	44.6
Increase/(Decrease) in Other current liabilities	5.6	-5.4	5.6	-3.2
<b>Other cash-flows from operating activities</b>	<b>-48.5</b>	<b>-42.2</b>	<b>-166.4</b>	<b>-135.7</b>
Interest paid	-27.9	-25.9	-105.3	-107.7
Interest received	0.2	0.8	4.4	6.6
Proceeds (payments) of income tax	-20.8	-17.0	-65.5	-34.5
<b>Cash flows from operating activities</b>	<b>443.8</b>	<b>177.1</b>	<b>480.4</b>	<b>517.5</b>

	Third Quarter		YTD September 30,	
	2020	2021	2020	2021
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<i>(Millions of Euros)</i>		<i>(Millions of Euros)</i>	
<b>Payments on investments</b>	<b>-116.6</b>	<b>-157.8</b>	<b>-458.4</b>	<b>-489.1</b>
Group companies and associates	0.0	0.0	0.0	0.0
Intangible assets	-25.2	-19.6	-61.8	-57.4
Property, plant and equipment	-92.7	-130.6	-393.7	-419.3
Other financial assets	1.3	-7.7	-2.9	-12.4
<b>Proceeds from divestments</b>	<b>-9.4</b>	<b>7.6</b>	<b>49.9</b>	<b>15.1</b>
Group companies and associates	0.0	0.0	0.0	0.0
Intangible assets	4.9	0.5	5.8	1.2
Property, plant and equipment	6.9	8.1	31.4	13.0
Other financial assets	-21.2	-1.0	12.7	0.9
<b>Grants, donations and legacies received</b>	<b>7.9</b>	<b>1.9</b>	<b>11.6</b>	<b>2.2</b>
<b>Cash flows from investing activities</b>	<b>-118.1</b>	<b>-148.4</b>	<b>-396.9</b>	<b>-471.8</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
<b>Proceeds and payments on equity instruments</b>	<b>27.3</b>	<b>-4.4</b>	<b>45.7</b>	<b>-53.4</b>
Purchase of shares from non-controlling interests	0.0	0.0	0.0	-25.7
Change in non-controlling interests	-0.3	-1.8	5.1	-5.6
Own shares	1.1	-1.9	0.3	-4.3
Other equity movements	26.5	-0.7	40.3	-17.7
<b>Proceeds and payments on financial liabilities</b>	<b>10.2</b>	<b>-324.1</b>	<b>1,112.6</b>	<b>-1,208.3</b>
<b>Proceeds from</b>	<b>174.4</b>	<b>39.1</b>	<b>1,200.8</b>	<b>115.5</b>
Bonds and other securities to trade	0.0	0.0	0.0	0.0
Interest-bearing loans and borrowings	174.4	37.5	975.5	112.0
Net increase of credit lines and commercial discount	0.0	0.0	223.6	0.0
Borrowings from Group companies and associates	0.0	0.0	0.0	0.0
Other borrowings	0.0	1.6	1.7	3.5
<b>Repayment of</b>	<b>-164.2</b>	<b>-363.2</b>	<b>-88.2</b>	<b>-1,323.9</b>
Bonds and other securities to trade	0.0	0.0	0.0	-500.0
Interest-bearing loans and borrowings	0.1	-265.1	-87.0	-410.0
Net decrease of credit lines and commercial discount	-161.9	-101.0	0.0	-413.8
Borrowings from Group companies and associates	0.0	3.4	2.0	2.3
Other borrowings	-2.4	-0.4	-3.2	-2.4
<b>Payments on dividends and other equity instruments</b>	<b>-1.0</b>	<b>-3.7</b>	<b>-39.6</b>	<b>-4.0</b>
Dividends	-1.0	-3.7	-39.6	-4.0
<b>Cash flows from financing activities</b>	<b>36.5</b>	<b>-332.2</b>	<b>1,118.7</b>	<b>-1,265.7</b>
<b>Effect of changes in exchange rates</b>	<b>-30.2</b>	<b>-0.6</b>	<b>-48.0</b>	<b>29.3</b>
<b>Cash in assets held for sale</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>NET INCREASE/ DECREASE OF CASH OR CASH EQUIVALENTS</b>	<b>332.0</b>	<b>-304.0</b>	<b>1,154.2</b>	<b>-1,190.7</b>

## 5.1. Cash flow from operating activities

Cash flow from operating activities in the third quarter of 2021 reached €177.1 million, a decrease of €302.3 million from €443.8 million for the same period of 2020. This decrease was primarily due to the evolution of Working Capital by €225.7 million and the decrease in EBITDA in the third quarter of 2021 by €41.8 million.

## 5.2. Working capital

Working capital represented a cash inflow of €26.8 million during the third quarter of 2021 versus a €252.5 million inflow in the third quarter of 2020.

Our working capital requirements are largely derived from our trade accounts receivable and other accounts receivable, which are comprised primarily of amounts owed by our customers, inventories comprised primarily of raw materials (primarily steel), and other current assets that include accounts receivable with the Public Treasury for payments on account of taxes or tax refunds.

Our accounts payable to suppliers and other accounts payable correspond to the amounts payable for the purchase of raw materials and services, amounts payable to the Treasury for taxes and payments to our employees for accrued remuneration. Historically, we have financed our working capital needs through the funds generated by our operations, as well as loans from financial entities and funds from other sources of financing.

## 5.3. Cash flow used in investing activities

Cash flow used in investing activities during the third quarter of 2021 increased by €30.3 million to €148.4 million from €118.1 million for the same quarter of 2020. The Investments in the third quarter of 2020 were mainly focused on projects in Germany, NAFTA and China.

## 5.4. Cash flow from financing activities

Cash flow used by financing activities during the third quarter of 2021 amounted to €332.2 million mainly due to the repayment of bilateral financing transactions of EUR 363.2 million.

## 6. INVESTMENTS IN FIXED ASSETS

	Third Quarter		YTD September 30,	
	2020	2021	2020	2021
<b>Capital expenditures</b>	<i>(Millions of Euros)</i>		<i>(Millions of Euros)</i>	
Intangible assets	24.2	19.6	63.8	56.8
Tangible assets	85.9	101.0	303.3	275.6
- Growth Capex	28.7	46.8	130.0	109.7
- Recurrent Capex	57.2	54.1	173.3	165.9
<b>Total (excl IFRS 16)</b>	<b>110.1</b>	<b>120.5</b>	<b>367.1</b>	<b>332.4</b>
- Effect IFRS 16	6.1	0.3	49.0	7.1
<b>Total</b>	<b>116.2</b>	<b>120.9</b>	<b>416.1</b>	<b>339.5</b>

Investments in fixed assets during the third quarter of 2021 amounted to €120.5 million (€120.9 million including IFRS 16) compared to the €110.1 million for the third quarter of 2020 (€116.2 million including IFRS 16). This represents a 9.4% increase in capital expenditures. Investments in fixed assets consist mainly of property, plant and equipment.

Growth capital expenditure has been increased during the third quarter of 2021 by €18.1 million. Growth capex include greenfield projects, additional plant expansions, and new customer products / technologies.

Recurrent capex decreased by €3.1 million during the third quarter of 2021 compared to the same period in 2020. This capex includes investments in plant maintenance and business replacement and was in line with the last year's trend.

Intangible capital expenditures during Q3 2021 amounted to €19.6 million and includes expenditure on intangible assets such as research and development costs.

### **Contractual obligations**

Our contractual obligations provide for payments primarily in accordance with our outstanding financial debt, including financial obligations arising from senior secured bonds, but excluding financial derivatives.

	As of September 30, 2021			
	Total	Less than 1 year	1 - 5 years	More than 5 years
<b>Contractual obligations</b>	<i>(Millions of Euros)</i>			
Interest bearing loans and borrowings	2,825.1	335.0	1,729.7	760.4
Financial leases and operating leasing	456.9	73.0	208.0	175.9
Borrowings from associated companies	126.0	53.6	59.4	13.0
Other financial debts	207.7	187.0	18.2	2.5
<b>Total Financial Debts</b>	<b>3,615.7</b>	<b>648.6</b>	<b>2,015.3</b>	<b>951.8</b>
Non interest bearing loans	15.9	0.0	11.7	4.2
Current non-trade liabilities	125.9	90.7	35.2	0.0
<b>Total Contractual Obligations</b>	<b>3,757.5</b>	<b>739.3</b>	<b>2,062.2</b>	<b>956.0</b>

## 7. INFORMATION ON CONSOLIDATED BALANCE SHEET

### GESTAMP AUTOMOCION, S.A. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEET

	September 30, 2020	December 31, 2020	September 30, 2021
<b>Consolidated Balance Sheet Data:</b>		<i>(Millions of Euros)</i>	
<b>Non-current assets</b>	<b>5,270.3</b>	<b>5,267.4</b>	<b>5,341.0</b>
Intangible assets	464.3	459.9	458.1
Property, plant and equipment	4,208.5	4,234.1	4,268.7
Financial assets	71.4	85.6	109.2
Deferred tax assets	526.1	487.8	505.0
<b>Current assets</b>	<b>3,840.0</b>	<b>4,089.5</b>	<b>2,981.0</b>
Assets held for sale	0.0	0.0	0.0
Inventories	401.7	358.2	449.2
Assets from contract with customers	451.7	469.2	504.3
Trade and other receivables	991.5	817.6	752.2
Other current assets	109.6	108.5	116.6
Financial assets	72.7	31.4	44.8
Cash and cash equivalent	1,812.8	2,304.6	1,113.9
<b>Total assets</b>	<b>9,110.3</b>	<b>9,356.9</b>	<b>8,322.0</b>

	September 30, 2020	December 31, 2020	September 30, 2021
<b>Consolidated Balance Sheet Data:</b>		<i>(Millions of Euros)</i>	
<b>Equity</b>	<b>1,907.9</b>	<b>1,953.6</b>	<b>2,132.4</b>
Equity attributable to shareholders of the parent	1,496.2	1,509.5	1,683.1
Equity attributable to non-controlling interest	411.7	444.1	449.3
<b>Non-current liabilities</b>	<b>4,446.1</b>	<b>4,318.9</b>	<b>3,556.8</b>
Deferred income	31.6	37.5	36.1
Provisions	154.5	175.3	178.9
Non-trade liabilities	3,902.2	3,792.1	3,018.2
Deferred tax liabilities	343.8	301.1	313.0
Other non-current liabilities	14.0	12.9	10.6
<b>Current liabilities</b>	<b>2,756.3</b>	<b>3,084.4</b>	<b>2,632.8</b>
Non-trade liabilities	904.0	1,289.7	739.3
Trade and other payables	1,749.7	1,737.4	1,829.8
Provisions	86.6	34.6	44.1
Other current liabilities	16.0	22.7	19.6
<b>Total equity and liabilities</b>	<b>9,110.3</b>	<b>9,356.9</b>	<b>8,322.0</b>

## 7.1. Liquidity

### *Available Liquidity*

Available liquidity consists of cash and cash equivalents and undrawn lines of credit, as shown in our consolidated financial statements, without adjusting non-controlling interests or accessibility restrictions due to the rules applicable to the Group's subsidiaries.

As of September 30, 2021, the Group's liquidity position amounted to €1,932.7 million and included: Cash and other liquid assets amounting to €1,113.9 million, current financial investments for €44.8 million (including loans granted, portfolio of current securities and other current financial investments), available and undrawn long-term credit lines amounting to €185.0 million, Revolving Credit Facility amounting to €325.0 million and available and undrawn short-term credit lines amounting to €264.0 million.

In addition, the debt maturities for the next 12 months as of September 30, 2021 amounted to €648.6 million (€388.6 million from loans and other loans and financial debts with associates, €187.0 million from debts owed to third parties at cost and the rest corresponding to financial leases) and, in the third quarter of 2021, the net cash flow used in investment activities (not including purchases and income between companies) amounted to €148.4 million, while the flow of net cash flow from operating activities amounted to €177.1 million.

### *Liquidity Risk Management*

The Group manages liquidity risk by seeking the availability of cash to cover its cash needs and the maturity of the debt for a period of 12 months, thus avoiding the need to raise funds under unfavorable conditions to cover short-term needs. This liquidity risk management over the next 12 months is complemented by an analysis of the Group's debt maturity profile, seeking an adequate average maturity and, therefore, refinancing short-term maturities in advance, especially the first two years following. As of September 30, 2021, the average maturity of the Group's net financial debt was 4.21 years (estimated considering the use of cash and credit lines with a maturity of more than 12 months to repay the short-term debt).

Our main source of liquidity is our operating cash flow, which is analyzed above. Our ability to generate cash from our operations depends on our future operating performance, which in turn depends, to some extent, on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond our control.

We believe that the potential risks to our liquidity include: (i) a reduction in operating cash flows due to a lowering in operating profit from our operations, which could be caused by a downturn in our performance or in the industry as a whole ; (ii) the failure or delay of our customers to make payments due to us; (iii) the failure to maintain low working capital requirements; and (iv) the need to fund expansion and other development capital expenditures.

In the event of lack of liquidity, we may be forced to reduce or delay our business activities and capital expenditures, sell our assets, or obtain additional debt or equity financing.

## 8. OTHER RELEVANT FINANCIAL DATA

	YTD September 30,	
	2020	2021
<b>Other Financial Data</b>	<i>(Millions of Euros)</i>	
EBITDA	370.3	700.6
EBITDA excluding IFRS 16 and Transformation Plan	390.7	636.6
Cash, cash equivalent and current financial assets	1,885.5	1,158.7
Total Financial Debt	4,602.3	3,615.7
<b>Total Net Financial Debt</b>	<b>2,716.8</b>	<b>2,457.0</b>
<b>Net Financial Debt excluding IFRS 16</b>	<b>2,348.3</b>	<b>2,047.9</b>

	YTD September 30,	
	2020	2021
<b>Operating profit</b>	-85.1	273.5
<i>Adjusted for:</i>		
Depreciation, amortization and impairment losses	455.4	427.1
<b>EBITDA</b>	<b>370.3</b>	<b>700.6</b>
Transformation Plan - Operating Expenses	89.9	0.0
<b>EBITDA excluding Transformation Plan</b>	<b>460.2</b>	<b>700.6</b>

Cash, cash equivalents and current financial assets as of September 30, 2021 amounted to €1,158.7 million (including cash and equivalents of €1,113.9 million and current financial investments of €44.8 million).

Non-trade liabilities not considered financial debt as of September 30, 2021 are: €35.2 million in derivative financial instruments, €90.7 million of non-interest bearing short-term liabilities (of which €69.5 million correspond to suppliers of fixed assets) and €15.8 million of non-interest bearing long-term liabilities.

Net financial debt as of September 30, 2021 amounted to €2,457.0 million or €2,047.9 million excluding IFRS 16. Net financial debt excluding IFRS 16 was reduced by €300.4 million during the last twelve months from €2,348.3 million in September 2020 to the current level.