

Gestamp forecasts that over 50% of its revenues in five years will come from Electric Vehicle

- The company held its second Capital Markets Day in Berlin today, where their 2023-2027 strategic business plan was unveiled
- The strategy defined by the company is based on profitable growth and financial discipline supported by technology and operational excellence, in order to become the Partner Supplier in the transition towards sustainable mobility
- Among the objectives, Gestamp maintains a shareholder remuneration based on a 30% pay-out ratio

Berlin, June 20th, 2023. Gestamp, a multinational company specialized in the design, development and manufacturing of highly engineered metal components for the automotive industry, held today its second Capital Markets Day. The company presented its 2023-2027 Strategic Plan to investors to continue leading, together with the main OEM's, the path towards a more sustainable mobility.

In this Strategic Plan, Gestamp sets out the steps to follow in order to maintain its current growth path, building on the opportunities presented by the mobility industry transformation and its position as a global company. The plan seeks to take the multinational to new growth levels as the ones registered between 2017 and 2022, where the components produced by Gestamp per vehicle manufactured globally increased by over 30%.

In the current scenario, Gestamp wants to support its customers as a Partner Supplier, whose contribution, in addition to the design and production of parts, provides value by reducing the weight of components, CO2 emissions generated and cost, thanks to its geographical diversification and its industrial and technological scalable capabilities.

Francisco J. Riberas, Executive Chairman of Gestamp: "We are ready to take the challenge which means sustainable mobility for future generations. Our short-term objective is to support our clients in the transition towards a more sustainable mobility. Furthermore, that is why we acquired a stake in Gescrap, which contributes to the long-term global goal of net-zero car. Our key strengths will allow us to leverage on the mobility electrification and become the Partner Supplier to our customers, as well as to increase our value proposition to investors, suppliers, and our employees".

Overall vehicle market growth, electric vehicle penetration, the increase of outsourcing and gaining market share due to strategic positioning, are the key levers on which Gestamp leverages its future growth forecasts. It's expected that the electric vehicle production market will fourfold in size over the next four years. Gestamp expects that by 2027, more than 50% of its revenues will come from this business cluster. Moreover, the specialisation required by customers in the design and manufacturing of electric vehicles represents an opportunity to increase its market share. Likewise, the Strategic Plan foresees Gestamp's trend of geographical diversification to be very close to its customers.

Financial discipline and shareholder remuneration

The 2023-2027 Strategic Plan includes a clear path to generate value for all stakeholders: clients, suppliers, investors and employees. Gestamp is committing to medium-term objectives, with a four-year horizon, which highlights management team commitment and capacity to deliver as well as the business prospects and profitability. Gestamp maintains a shareholder remuneration based on a 30% pay-out ratio.

Likewise, the company has a clear focus on improving return on invested capital as a metric that guarantees profitable growth, which also serves as a strategic lever in the remuneration of senior management to ensure its execution. Gestamp plans to increase ROCE (Return on Capital Employed) from the current 14% to 17.5% in 2027, reflecting the commitment to increase the company's capacity to generate profitability with capital efficiency. Therefore, Gestamp has a clear and defined strategy based on financial discipline to be the Partner Supplier in the new mobility.

Innovation and operational excellence

The strategy outlined in Berlin will allow Gestamp to meet the industrial demands in the coming years, improving its profitability and maintaining the high level of quality of its products. In this regard, Gestamp has emphasized its character as a technological partner in processes, technologies and products. The company currently has the capabilities to offer a product portfolio that will be key in future vehicles' new architecture, combining weight efficiency, passenger safety and cost competitiveness. To this end, it has a series of differential levers, including a R&D team based in 13 R&D facilities around the world, specialized in the product development that will become benchmark solutions in the mobility revolution.

In addition, Gestamp seeks to capitalize on new market opportunities and continues to be Partner Supplier to its clients, by providing operational excellence that aims to constantly improve efficiency in operations management, flexibility and digitization of its business by the development of Industry 4.0.

Circular economy and ESG

Gestamp has also provided visibility on the roadmap to promote and extend the business circular economy model, focusing on the use of recycled steel. The quality of recycled steel allows for an increase usage in the parts production, which reduces CO2 emissions throughout the production process. In addition, the integration of scrap management into Gestamp's business strategy allows for a life cycle complete traceability. The acquisition of Gescrap has strengthened its position by integrating the collection, sorting, and reuse of quality steel scrap into its production chain, in an environment where this secondary raw material is scarce.

Additionally, the ESG Strategic Plan, recently announced at the General Shareholders' Meeting held in May, was presented. The proposal includes the objectives in these areas, which will position Gestamp at the forefront of sustainability and circular economy.

This Plan creates the framework for action that will make it possible to achieve full decarbonization targets in Scopes 1 and 2 by 2045, working with the supply chain to guarantee alignment, without forgetting social commitments. To ensure its execution and commitment, part of the Group's variable salary program will be linked to the achievement of said targets.

The future of mobility

According to the International Energy Association (IEA), mobility is responsible for 8% of annual CO2 emissions. Therefore, the industry faces the challenge of addressing the future in a sustainable and responsible way. To address this trend, it is estimated that 41% of the vehicles produced in 2027 will be electric, reaching a volume of 38 million electric vehicles by that date.

As a result, mobility trends of the future bring new needs and demands, and to meet them, operational excellence, technology, geographic diversification and trust with its clients, will be highly competitive advantages to lead the transformation of the sector.

With the Strategic Plan presented today, Gestamp sets out the roadmap to take another step forward in its growth, accompanying the industry in the mobility revolution that is already underway.

About Gestamp

Gestamp is a multinational specialized in the design, development and manufacture of highly engineered metal components for the main vehicle manufacturers. It develops products with an innovative design to produce lighter and safer vehicles, which offer lower energy consumption and a lower environmental impact. Its products cover the areas of BiW, chassis and mechanisms.

The Company is present in 24 countries with more than 115 production plants (5 under construction), 13 R&D centers and a workforce of nearly 43,000 employees worldwide. Its turnover in 2022 was €10,726 million. Gestamp is listed on the Spanish stock exchange under the ticker GEST.

For more information about Gestamp:

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