



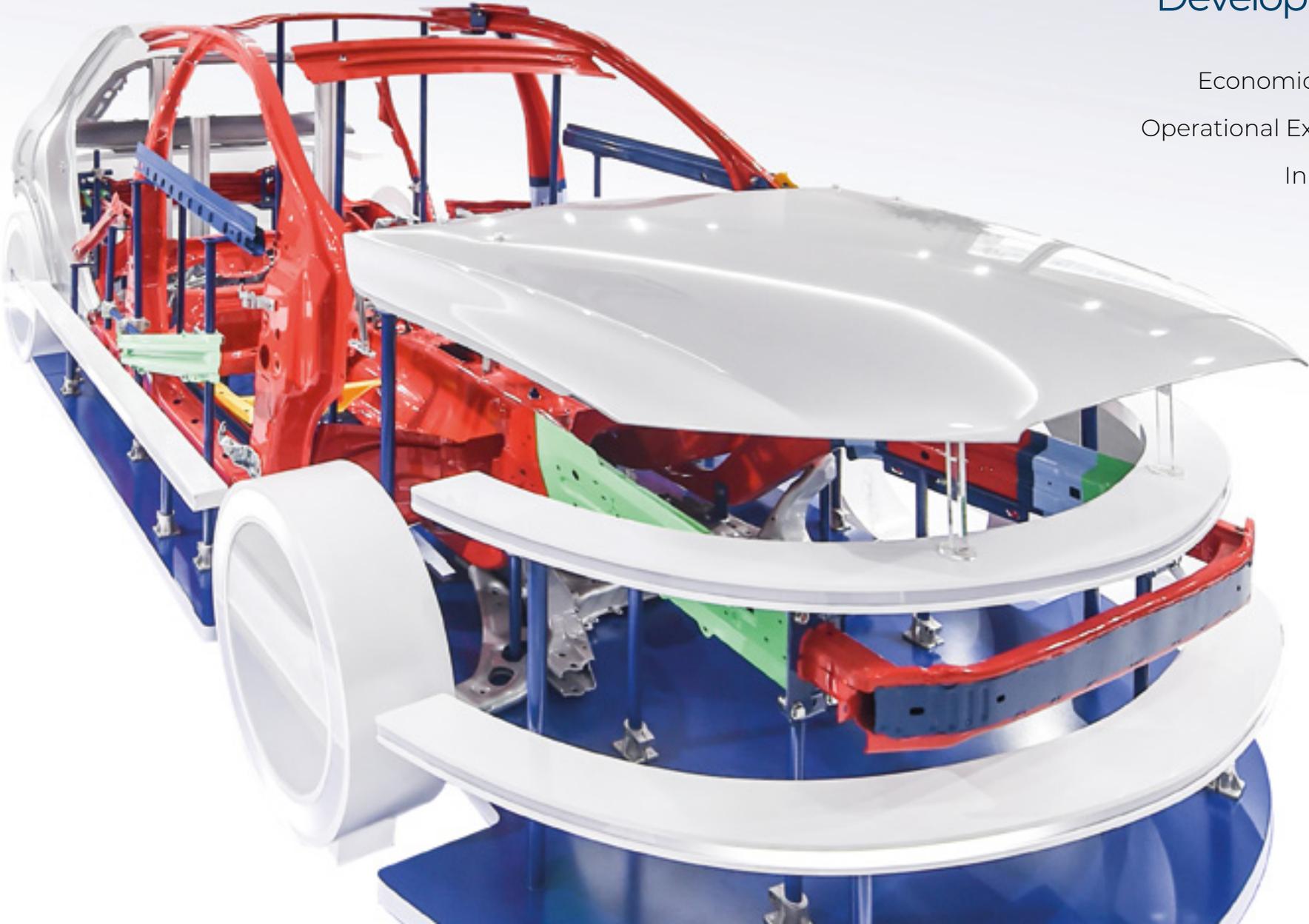
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# Business Development 4

Economic Section 4.1

Operational Excellence 4.2

Innovation 4.3





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### 4.1. Economic Section

#### COMPANY PERFORMANCE AND RESULTS

##### Macroeconomic Context and Sector Evolution

As reported in the January World Economic Outlook (WEO) update, global economic growth reached 5.9% in 2021. Growth was driven by a combination of the fiscal stimulus packages implemented by most advanced economies and the positive results of the vaccination campaign against the COVID-19. However, the global economy has entered 2022 in a weaker position due to the spread of new COVID variants bringing back mobility restrictions. In addition, rising energy prices and supply disruptions have resulted in higher and more broad-based inflation worldwide. The International Monetary Fund (IMF) now expects global GDP growth of 4.4% in 2022, 0.5% lower than the October 2021 WEO projections.

In addition to the negative impact of the negative COVID-19 outbreak, the auto sector has also been heavily impacted by the semiconductors shortage during 2021, particularly during Q3. According to IHS update as of February 2022 volumes grew by 3.1% in Gestamp's footprint during 2021 reaching 70.2m units which stands 10.5m units below pre-pandemic levels (2019). Once again, Gestamp has outperformed the market reaching revenue growth on a constant currency basis of 11.2% percentage points (in Gestamp's footprint – IHS data as of February 2022) or a 11.8 percentage points outperformance on a weighted basis. Once more, Gestamp has outperformed the auto market in all the regions in which it is present.





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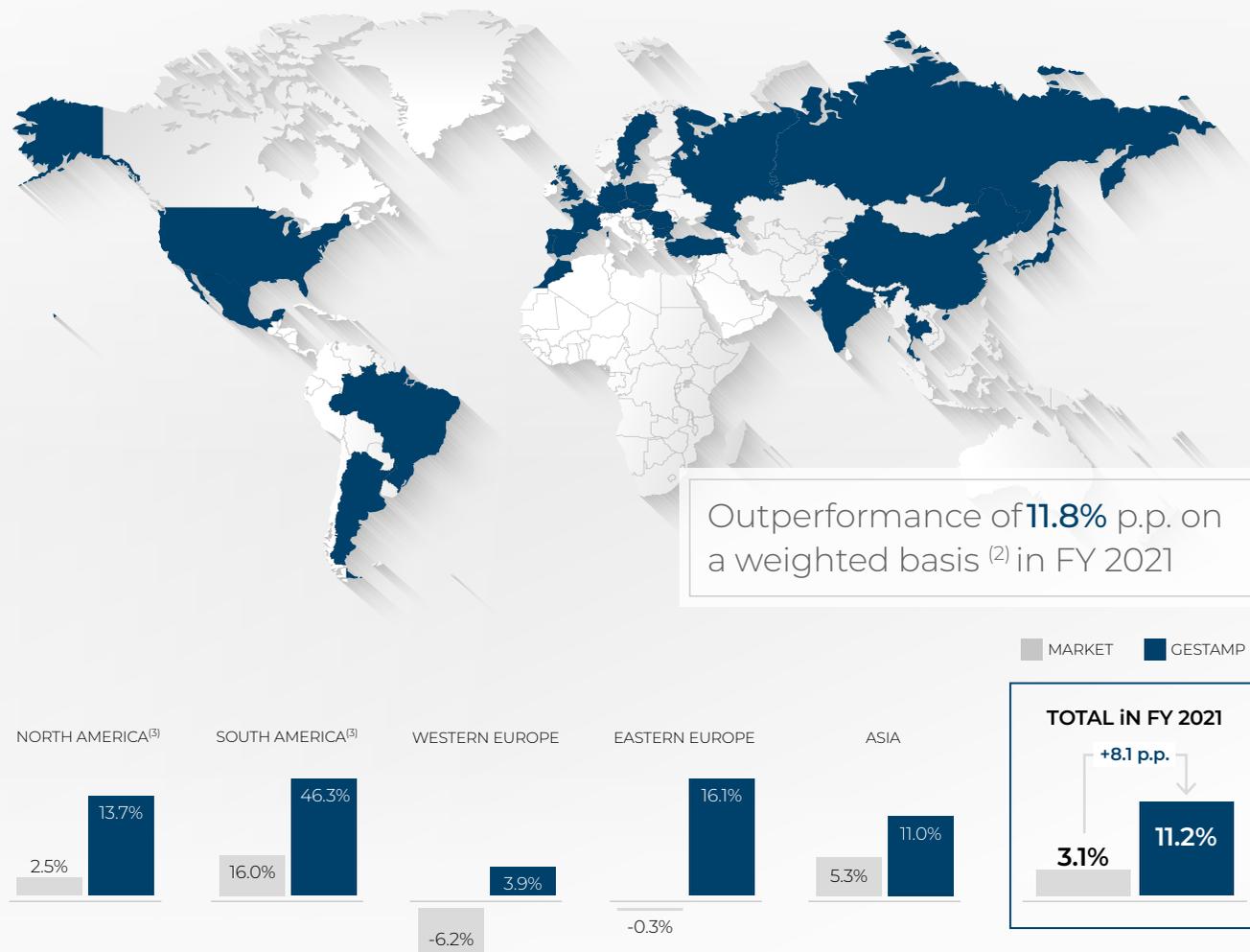
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During 2021, South America (Mercosur) and Asia were the two regions showing the strongest production growth (+16.0% and +5.3%, respectively) followed by North America (NAFTA) (+2.5%), while both Western and Eastern Europe saw volumes' declines in production (6.2% and -0.3%, respectively) (in Gestamp's footprint according to IHS as of February 2022) mainly due to the impact from semiconductors shortage.

According to IHS (as of February 2022), global light vehicle production is expected to increase by 9.4% in 2022 and by 7.9% in 2023 across Gestamp's production footprint, recovering the production lost in 2021 due to the semiconductors shortage. Accordingly by the end of 2022, market production volumes should still be 3.9m below those 2019's. According to IHS, the semiconductors shortage crisis is expected to start stabilizing during the first half of the year, although it should still have an impact in that period, and to enter in a recovery phase during the second half of 2022.

Beyond this, the pandemic has further pushed electric vehicles' (EV) growth as more strict regulations, purchase subsidies and tax incentives have started to be implemented in most advance economies, particularly in Europe. According to the European Green Deal by 2030 carmakers must reduce emissions of new cars by 55%, rising to 100% in 2035. In this context, EV are expected to grow strongly over the coming years and major OEMs are already making sizeable investments towards developing their EV platforms. Gestamp is well positioned to take advantage of the powertrain transition given our focus on lightweight solutions and new products for EVs such as the battery box.

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



1. During Gestamp's growth at a constant exchange rate for comparison with production volumes. The growth in production volume is based on markets in which Gestamp has production plants (IHS data as of February 2022). Western Europe includes Morocco in line with our reporting  
 2. Market performance and Gestamp weighted with FY 2021 geographic mix  
 3. North America corresponds to "NAFTA" and South America corresponds to "Mercosur"



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### Financial Results Overview

The 2021 financial year was marked by the recovery of the COVID-19 pandemic, partly offset by the disruptions in the supply chain due to semiconductors shortage in the automotive industry. Revenues increased by +8.5% in 2021 reaching €8,092.8 million, implying a +11.2% increase at constant FX, outperforming the market by +8.1 percentage points (compared to market production volume growth in Gestamp's production footprint – IHS data as per February 2022 of +3.1%). In terms of profitability, EBITDA in 2021 reached €997.6 million with an implied improvement of +31.7% (+36.7% at constant FX) when compared to 2020 excluding the impact from the Transformation Plan. EBITDA margin stood at 12.3% in 2021, showing a solid performance thanks to the benefits from the efficiency measures and the Transformation Plan implemented in 2020. The reported net profit for the period reached €155.4 million versus the €71.2 million net loss (excluding the impact from the Transformation Plan) in 2020.

In 2021 the capital expenditure of Gestamp decreased by €29.2m (incl. IFRS 16), or 5.2%, to €531.2m from €560.4 in the previous year.

Capital expenditures include mainly growth, recurrent and intangible capital expenditures. Growth capital expenditures defined as capital expenditure on greenfield property, plant & equipment, major plant expansions and new customer products/technologies. Recurrent capital expenditures mainly include investments to replace existing programs and expenditures on the maintenance of our production assets. Lastly, intangible capital expenditures include a part of the Group's investments in R&D, among other concepts.

Million Euros	2020	2021
Growth capital expenditures	158.5	187.7
Recurrent capital expenditures	258.4	241.0
Intangible capital expenditures	76.9	95.4
<b>Capital expenditures (excl. IFRS 16)</b>	<b>493.8</b>	<b>524.0</b>
IFRS 16 Impact	66.6	7.2
<b>Capital expenditures</b>	<b>560.4</b>	<b>531.2</b>

Revenues increased by +8.5% in 2021, reaching €8,092.8 million, representing an increase of +11.2% at constant exchange rates, outperforming the market by 8.1 percentage points

Gestamp's Net financial debt as of 2021 year-end amounted to €1,868.1 million when excluding the impact of IFRS 16, implying a leverage ratio (Net financial debt / EBITDA) of 2.05x. Net financial debt stood at €2,266.4 million including the impact from IFRS 16 for the year ended December 31st, 2021, implying a 2.27x leverage ratio (Net financial debt / EBITDA).

In summary, main figures in 2021 compared to 2020 are as follows:

Million Euros	2020	2021	% Change
Revenues	7,455.8	8,092.8	+8.5%
EBITDA (excl. Transformation Plan impact)	757.3	997.6	+31.7%
EBIT (excl. Transformation Plan impact)	158.3	413.5	+160.4%
Profit Before Tax (excl. Transformation Plan impact)	-63.4	277.7	n,s,
Profit attributable to shareholders (excl. Transformation Plan impact)	-71.2	155.4	n,s,
Equity	1,953.6	2,221.4	+13.7%
Net financial debt	2,485.0	2,266.4	-8.8%
Capital expenditure	560.4	531.2	-5.2%

In 2021, Gestamp has met all the targets guided to the market: i) outperformance of +8.1p.p. to auto production volumes growth, ii) an EBITDA margin standing at 12.3% vs. the >12% guided, iii) capex below 6.5% of sales, in line with our target and iv) net debt of €2,266.4 million, with a €218.6 million reduction versus the €100 million reduction targeted.



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### Revenues by product

Total revenues in the period increased to €8,092.8 million, of which Body in White and Chassis represented €6,666.8 million and Mechanisms represented €915.3 million. Tooling and others stood at €510.8 million in 2021.

### Revenues and EBITDA by Region

Revenues (Million Euros)	2020	2021	% Change
Western Europe	3,180.3	3,316.5	4.3%
Eastern Europe	1,209.0	1,285.7	6.3%
North America (NAFTA)	1,658.9	1,846.4	11.3%
South America (Mercosur)	391.3	494.8	26.4%
Asia	1,016.3	1,149.5	13.1%
<b>Total</b>	<b>7,455.8</b>	<b>8,092.8</b>	<b>8.5%</b>

EBITDA excl. Transformation Plan (Million euros)	2020	2021	% Change
Western Europe	264.9	339.1	28.0%
Eastern Europe	183.0	235.1	28.4%
North America (NAFTA)	155.4	201.9	29.9%
South America (Mercosur)	9.2	56.4	512.0%
Asia	144.7	165.1	14.1%
<b>Total</b>	<b>757.3</b>	<b>997.6</b>	<b>31.7%</b>

#### Western Europe

Revenues in 2021 increased by €136.2 million, or +4.3% (+3.9% at constant FX), to €3,316.5 million from €3,180.3 million in 2020. Growth in this region has been the weakest over the year as it has been strongly impacted by the semiconductors shortage.

EBITDA in 2021 experienced an increase of €74.2 million, or +28.0% (+27.7% at constant FX), to €339.1 million from €264.9 million in 2020. EBITDA margin in the region has reached 10.2% versus 8.3% in 2020.

#### Eastern Europe

During 2021, revenues increased by €76.7 million, or +6.3% (+16.1% at constant FX), to €1,285.7 million from €1,209.0 million in the previous year. The region experienced FX headwinds, mainly in Turkey, which impacted negatively our results.

EBITDA during 2021 increased by €52.1 million, or +28.4% (+45.4% at constant FX) to €235.1 million from €183.0 million in 2020. EBITDA margin in the region stood at 18.3% in 2021, improving from the 15.1% reported last year.

#### North America (NAFTA)

During 2021, revenues increased by €187.5 million, or +11.3% (+13.7% at constant FX), to €1,846.4 million from €1,658.9 million during 2020.

EBITDA in 2021 improved by €46.5 million, or +29.9% (+31.6% at constant FX), to €201.9 million from €155.4 million during the year of 2020. EBITDA margin reached a 10.9%

#### South America (Mercosur)

Revenues in 2021 increased by €103.5 million, or +26.4% (+46.3% at constant FX), to €494.8 million from €391.3 million in 2020. This region has shown the strongest performance in the year as it was heavily impacted by COVID-19 in 2020. However, we have also seen some FX headwinds both in Brazil and Argentina, with a negative impact on our results in the South America (Mercosur) region.

During 2021, EBITDA increased by €47.2 million (+€54.7 million at constant FX), to €56.4 million from €9.2 million in 2020. In 2021, EBITDA margin showed a relevant improvement reaching 11.4% from the 2.4% reported in 2020.

#### Asia

Revenues in 2021 went up by €133.1 million, or +13.1% (+11.0% at constant FX) to €1,149.5 million from €1,016.3 million in 2020.

EBITDA during 2021 increased by €20.4 million, or +14.1% (+12.2% at constant FX), to €165.1 million from €144.7 million in 2020. EBITDA margin reached 14.4%



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### DEBT AND LIQUIDITY

As of December 31st, 2021, Net financial debt amounted to €2,266.4 million resulting in a 2.27x leverage ratio (Net Financial Debt / EBITDA) including the impact of IFRS 16. Excluding the impact, Net financial debt amounted to €1,868.1 million, implying a leverage ratio of 2.05x which compares to 3.08x as of December 31st, 2020.

Million Euros	2020	2021
Non-current financial liabilities	3,750.2	3,015.4
Interest-bearing loans and borrowings and debt issues	3,254.0	2,509.2
Financial leasing	403.6	369.1
Borrowings from related parties	72.0	119.6
Other non-current financial liabilities	20.6	17.5
Current financial liabilities	1,070.8	796.3
Interest-bearing loans and borrowings	717.1	326.4
Financial leasing	75.7	77.2
Borrowings from related parties	53.3	9.4
Other current financial liabilities	224.7	383.3
<b>Gross debt</b>	<b>4,821.0</b>	<b>3,811.7</b>
<b>Net financial debt</b>	<b>2,485.0</b>	<b>2,266.4</b>
EBITDA (excl. Transformation Plan impact)	757.3	997.6
Leverage ratio (Net Financial Debt / EBITDA)	3.28x	2.27x
Leverage ratio (excluding IFRS 16)	3.08x	2.05x

Our long-term indebtedness primarily consists of €394m in senior secured notes issued in 2018 and with maturity in 2026, €83m senior notes (Schuldschein bond) issued in 2019, €929 million in long-term portion of a funded senior secured amortizing Term Loan (part of the Senior Financing Agreement, or "SFA", originally syndicated on April 19, 2013), €360 million in long-term debt with the European Investment Bank and €745 million of aggregate principal amount in other long-term bilateral financing.

Million Euros	2020	2021
Cash and cash equivalents	2,304.6	1,480.2
Current financial investments	31.4	65.1
Revolving credit facilities	0.0	325.0
Undrawn credit facilities s/t	302.4	265.3
Undrawn credit facilities l/t	235.0	191.2
<b>Total</b>	<b>2,873.4</b>	<b>2,326.8</b>

Gestamp's main source of liquidity is its operating cash flow. Net cash flows from operating activities were €827.4 million in 2021. In addition, as part of its Senior Facilities, by 31 of December, 2019 Gestamp had a revolving credit facility amounting to €325 million with maturity in 2025 undrawn by 31st December 2021, as well as €191.2 million in credit lines with expiration of over 12 months that were also undrawn by December 31st, 2021 and €268.4 million in credit lines with maturity of less than 12 months, of which €3.1 million were drawn as of December 31st, 2021. These credit lines are generally renewed each year, do not have any security and have customary covenants.



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### FORESEEABLE EVOLUTION OF THE COMPANY

Global auto production volumes are expected to experience solid growth in 2022, supported by the progressive easing of supply chain disruptions associated to the shortages of semiconductors. According to IHS (as of February 2022), global light vehicle production is expected to increase by 9.4% in 2022 versus 2021 in Gestamp's footprint.

On June 15th, 2021 Gestamp held its first Capital Markets Day to provide an update on the market trends and environment and present its strategic and financial targets for the near and medium term. Gestamp's strategy going forward will continue to be based on its four proven strategic pillars: technological differentiation, operational excellence, global footprint, and financial robustness.

Gestamp will continue to focus its efforts on industry 4.0 to progress from the digital factories to a new smart and connected factory model, in order to improve the efficiency of its processes as well as the quality of its products. Additionally, the ATENEA Plan was presented, aimed at improving operational excellence by working on the organization, processes, and systems.

#### Guidance 2022

During our Capital Markets Day we provided financial targets for the year 2022. The guidance targets were based on several key levers: i) auto production market volumes to be at similar levels as in 2019, ii) fixed cost reduction, iii) operational stabilization, iv) deployment of industry 4.0 across our factories and v) the implementation of ATENEA initiatives.

Several of these key levers to obtain our guidance have changed, mainly the auto production volume environment but also the raw material and inflation scenario. These factors are based on external impacts which are beyond our control. In 2022 auto production volumes are now expected to be at 84 million vehicles (vs. 90 million vehicles expected at the time of the Capital Markets Day), a shortfall of almost 6million vehicles or -6.2%. In 2022 we are now also expecting an unprecedented rise in steel prices and significant inflation pressures (in energy and labour costs) some of which have already impacted our H2 2021 figures.

In the case of steel, spot prices have experienced an unprecedented increase during 2021 with an average of €500 per tonne. This increase will affect auto contracts during 2022 as prices are going to catch-up with spot prices. Steel represents around 88% of our raw material purchases as of 2021. Gestamp has pass-through mechanisms in place through which price fluctuations are passed on to customers. The steel price increases will vary significantly by region and customer, Europe will be the most impacted region.

In this context, our financial targets are as follows: i) in terms of revenues we continue to expect to outperform the market by mid-single digit at constant FX, while steel price increase will add 10% to 15% of additional revenue growth, and ii) we expect EBITDA margin excluding raw materials to be in the range of 12.5% to 13.0%. The impact from raw materials and inflationary pressures will stand at around 150-200bps. Our EBITDA in absolute terms is expected to grow 13% to 15% or €130m to €150m.

Our capex and free cash flow targets remain unchanged: i) our capex moderation policy remains in place and we expect to be at levels close to 7% of revenues (excluding raw materials impact); and ii) we expect a Free Cash Flow generation of more than €200 million (FCF defined as Net Debt reduction excluding minority acquisitions, dividends, share repurchases as well as potential M&A items).

#### Attractive Opportunities Arising from Electrification

Gestamp continues to focus on capturing new opportunities, especially linked to electrification. The powertrain transition to electric vehicles is a key focus to our customers and is strongly increasing momentum. As a reference, electric vehicles are expected to represent c. 35% of total light vehicle production by 2028, up from June's 2021 estimate of 28% (based on IHS data and includes BEV and PHEV), this a 25% increase or 7.3million vehicles. Our technological expertise with a focus on lightweighting solutions, the development of new content with a broader scope around Battery Systems (products and solutions), entering into new pure electric OEMs and further outsourcing needs for components entail considerable growth opportunities for Gestamp around the electric vehicle.



## THE COMPANY IN THE CAPITAL MARKETS

### Stock Exchange Evolution

On April 7th, 2017, Gestamp made its debut as a publicly listed company on the Spanish stock exchanges (Madrid, Barcelona, Bilbao, and Valencia) under the "GEST" ticker. The final offering consisted of 156,588,438 shares (initial offering of 155,388,877 plus final over-allotment option of 1,199,561 shares corresponding to Greenshoe of 23,308,331 shares). The price was set at 5.60 euros per share, representing an initial market capitalization of €3,222 million.

Since December 2017, the company's shares have been included in the IBEX Medium Cap index.

As of December 31st of 2021, 72.966% of the share capital was controlled (directly and indirectly) by Acek Desarrollo y Gestión Industrial S.L. (the Riberas Family industrial holding), being 60.441% owned by Acek and 12.525% by Mitsui. Gestamp's total Free Float amounted to 27.034% as of December 2021 (including shares held by the Board of Directors and Gestamp own shares that JB Capital Markets operates under the liquidity contract).

See below for Gestamp's share price evolution since January 1st, 2021:



As of December 31st, 2021, Gestamp's shares have increased by 12.8% since the 31st of December 2020, implying a market capitalization of €2,561 million at the end of the year. Total volume traded during 2021 stood at 131.1 million shares or €538.9 million.

The shares reached its maximum level for the year on June 7th, (€4.95) and its minimum level on October 4th, 2021 (€3.27). During 2021, the average share price stood at €4.15.

The most relevant information regarding the stock's evolution in 2021 and 2020 is shown in the table below:

Euros	2020	2021
Total Number of Shares	575,514,360	575,514,360
Share Price at year end	3.95	4.45
Market Cap. at year end (in Thousands)	2,271	2,561
Maximum Price	4.25	4.95
Date of Max. Price	02/01/2020	07/06/2021
Minimum Price	1.99	3.27
Date of Min. Price	30/07/2020	04/10/2021
Average Price	2.76	4.15
Total Volume (in Shares)	232,547,384	131,070,639
Average of Daily Volume Traded (in Shares)	904,853	511,995
Total Turnover (in Millions)	638.16	538.88
Average of Turnover Traded (in Thousands)	2,483.11	2,105.00

Data as of December 31st, 2021. Source: Bloomberg & BME (Bolsas y Mercados Españoles)

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### OPERATIONS WITH OWN SHARES

On 27 July 2018, the Parent Company entered into a liquidity agreement with JB Capital Markets, S.V., S.A.U., adapted to Circular 1/2017, of 26 April, of the CNMV. The framework of this agreement will be the Spanish stock markets.

This agreement stipulates the conditions in which the financial intermediary will operate for the account of the issuer, buying or selling own shares of the latter, with the sole objective of favouring the liquidity and regularity of their listing, and it will have a duration of 12 months, deemed to be tacitly extended for the same period, unless indicated otherwise by the parties.

The amount earmarked to the cash account associated with the agreement is 9,000 thousand euros.

Treasury shares as of December 2021, 31st represented 0.12% of the Parent Company's share capital (0.07% as of 31st December 2020) and comprised 676,492 shares (380,048 shares as of 31st December 2020) at an average acquisition price of 4.01 euros per share (3.55 euros as of 31 December 2020).

The movements in 2021 and 2020 were as follows:

	Number of own shares	Thousands of euros
Balance at December 31, 2019	688,549	2,872
Increases/Purchases	12,011,344	32,885
Decreases/Sales	(12,319,845)	(34,408)
Balance at December 31, 2020	380,048	1,349
Increases/Purchases	7,670,599	31,796
Decreases/Sales	(7,374,155)	(30,429)
Balance at December 31, 2021	676,492	2,716

The sale price of the treasury shares during 2020 detailed in the previous table amounted to 30,795 thousand euros (33,758 thousand euros as of 31st December 2020), generating a positive result of 366 thousand euros (negative result of 650 thousand euros as of 31st December 2020).

The total result amounting to 366 thousand euros (-650 thousand euros as of 31st December 2020) was recognized under Unrestricted Reserves (Note 16.b).





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### BONDS AND CREDIT RATINGS

On May 2013, the Group completed an issuance of bonds through its subsidiary Gestamp Funding Luxembourg, S.A., a company belonging to the Western Europe segment. This issuance was carried out in two tranches, one amounting to 500 million euros at an annual coupon of 5.875%, and the other amounting to 350 million dollars with a 5.625% annual coupon.

On May 4th, 2016 the Group issued a bond, through the subsidiary Gestamp Funding Luxembourg, S.A. for €500 million with an annual coupon of 3.5%. The issuance was used to fully refinance the May 2013 Euro bond and accrued interest. The US dollar bonds issued in May 2013 were fully refinanced on June 17th, 2016 with the tranche A2 of the new syndicated loan granted on May 20th, 2016. On May 25th, 2021 the Company early redeemed at par value the €500 million, 3.50% senior secured notes due 2023.

On April 20th, 2018 the Group issued a new bond, through the Parent Company (Gestamp Automoción S.A.), amounting to €400 million with an annual coupon of 3.25%. The issuance was used to refinance certain of Gestamp's existing long and short-term debt facilities. The maturity date of the new bonds is April 30th, 2026.

As of December 31st, 2021 Gestamp's corporate credit rating was "BB- / Stable outlook" by Standard & Poor's and "Ba3 / Stable outlook" by Moody's. On July 16th, 2021, Moody's upgraded Gestamp's credit rating from "B1" to "Ba3"; outlook was changed from "Positive" to "Stable". Standard & Poor's confirmed the "BB- / Stable outlook" on September 6th, 2021.



**STANDARD & POOR'S**



CORPORATE CREDIT RATINGS

**BB-**

**STABLE**

Last Review  
06/09/2021

SENIOR SECURED NOTES

**BB**

**STABLE**

Last Review  
06/09/2021

**MOODY'S**



CORPORATE CREDIT RATINGS

**Ba3**

**STABLE**

Last Review  
16/07/2021

SENIOR SECURED NOTES

**Ba3**

**STABLE**

Last Review  
16/07/2021



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### DIVIDEND POLICY

In 2018, the Board of Directors of Gestamp approved a dividend policy. Gestamp decided to distribute on an annual basis a total dividend equivalent to approximately 30% of the consolidated net profit for each year, but in two payments, anticipating part of the payment via an interim dividend:

- I. A first payment, through the distribution of an interim dividend, that will be approved pursuant to a resolution of the Board of Directors to be adopted in December of each year and paid between January and February of the following year.
- II. A second payment, through the distribution of an ordinary dividend, that will be approved by virtue of a resolution of the Ordinary General Shareholders' Meeting at the time of approval of the annual accounts and will be paid between the months of June and July of each year.

Due to the negative balance of the net result in 2020 and in line with our dividend policy, there was no dividend distribution in 2021 against the 2020 financial results.

In December 2021, the Board of Directors approved the distribution of an interim cash dividend in January 2022 against 2021 financial results. The payment took place on January 12th, 2022 for a gross amount of 0.038 euros per share.

### RATINGS UNDER THE ESG CRITERIA

The number of financial agents (regulators, investors, analysts, rating agencies, banks) that incorporate the so-called ESG (Environmental, Social and Governance) criteria in their decision-making is growing exponentially.

Furthermore, the automotive manufacturers, our clients, in their search to have the best suppliers and make their value chain more sustainable, have in turn started to take into account the ESG evaluations when awarding new projects, in which Gestamp is above the average in the sector.



Appearance in the Sustainability Year Book 2022 as the 8th company in the automotive components sector worldwide.\*

59/100

\*Gestamp is not eligible for DJSI World or DJSI Europe for not reaching the required market capitalization.



TOP 2% of the metal supplier industry.  
Medalla de plata.

65/100



8th position in the automotive sector (manufacturers and components)

53/100



Gestamp is one of the Spanish companies that belong to the FTSE4GOOD Index.

3,8/5



Gestamp has been recognized for its fight against climate change and in the management of water resources in the rankings:

CDP CLIMATE **B**  
SUPPLIER ENGAGEMENT **A**  
CDP WATER **B**

Note- the presence in ESG rankings has been updated on February 28, 2022.



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### OTHER RELEVANT INFORMATION

#### Average Period for Payment to Suppliers

The internal processes and payment policy terms of the Spanish companies of the Group comply with the legal provision of the Law 15/2010, which establishes actions against late payment in commercial transactions. As a result, the contractual conditions in the year 2021 with commercial suppliers for parts manufactured in Spain have included periods of payment equal to or less than 60 days in 2021 and in 2020, according to the second transitory legal provision of the Law (Refer to Note 35).

For efficiency reasons and in line with common standards, the Spanish subsidiaries of the Group have in place a schedule for payments to suppliers, under which payments are made on fixed days, and twice a month in the case of the larger entities.

In general terms, during the fiscal periods 2020 and 2021, payments, for contracts agreed after the entry into force the Law 15/2010 made by Spanish entities to suppliers have not exceeded the legal limits of payment terms. Payments to Spanish suppliers which have exceeded the legal deadline for years 2021 and 2020 have been negligible in quantitative terms and are derived from circumstances or incidents beyond the established payment policy, which primarily include the closing of agreements with suppliers at the delivery of goods or provision of services or handling specific processes.

Additionally, as of December 31st, 2021 and 2020 there were no outstanding amounts to suppliers located in Spanish territory that exceeded the legal term of payment.

#### Subsequent Events

There are no significant subsequent events as of 31st December 2021.





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## 4. BUSINESS DEVELOPMENT

### 4.2. Operational excellence

#### OUR APPROACH

Competitiveness, based on quality, efficiency and effectiveness, is one of Gestamp's strategic pillars. With our sights set on the long term, here at Gestamp we strive to continuously improve our processes and operations in order to be efficient at all levels. In a competitive sector, such as the automotive sector, standing out from the rest is necessary. Our operations and management have to be excellent.

To achieve operational excellence, Gestamp relies on:

**An organisational structure** to maximise operational efficiency, ensuring that:

- Our business units focus on customers, products, innovation processes and R&D
  - Our geographical divisions are focused on improving production processes and profitability
  - Each production plant is a profit-making entity.
- **Corporate programmes** that facilitate coordination and efficiency in projects with a shared aim worldwide.
- **A system to control and manage our suppliers** that helps to minimise risks relating to the supply chain.
- **The Industry 4.0 model** allows us to comprehensively and smartly combine information on personnel tasks and production and machinery processes using different digital formats, from smart sensors and devices to complete systems.





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## 4. BUSINESS DEVELOPMENT

### GESTAMP'S TRANSFORMATION PLAN

With the aim of being prepared for the future and the changes demanded by today's uncertain world and market, in 2021, Gestamp launched a Transformation Plan to continue growing and improving.

This project will be a key milestone for the future of the Group and aims to build on everything that has made Gestamp successful in the past to maintain competitiveness in the future.

The transformation programme seeks to improve the efficiency and effectiveness of corporate functions and operational layers in processes, systems, organisation and culture.

The whole plan will be driven by the organisation. All levels of the company are involved through the mobilisation of leaders to take an active role in the process.

The project was launched in 2021 and will have different waves that will be spread over time, given that it is a live project where some initiatives will take longer than others.

This ambitious plan is part of Gestamp's strategy and will be key to achieving the challenge of the future, with the aim of consolidating operational excellence in our factories and the transition towards corporate functions with greater added value



Driven by the organisation



Structured in "transformation waves"



Ruled with a clear governance model



Monitored with full transparency

### ATENEA Transformation Programme

**01** ATENEA is a transformation programme to improve efficiency and effectiveness across the organisation in terms of processes, systems, organisation and culture, covering both corporate and operational functions.

**02** ATENEA leverages Gestamp's values as key pillars to support each transformation project, given their fundamental contribution to the Group's recent growth success.

**03** ATENEA will create a multidisciplinary ecosystem that brings together operations, corporate functions, IT systems and data, organisation and culture to meet Gestamp's needs.

**04** ATENEA is an incremental value creation initiative through structure transformation waves, a clear governance model and a monitoring system with transparent KPIs.

ATENEA's transformation projects and governance model will ensure a positive impact on culture, organisation and ESG

#### Culture

- Common ways of working in all geographies and departments.
- A cross-functional collaborative ecosystem.
- Formalisation of management processes (e.g., commitment to results, monitoring, accountability).
- Clear communication mechanisms.

#### Organisation

- Strengthened leadership with shared objectives.
- New roles and responsibilities in relation to the governance model for transformation projects.
- A greater level of integration across divisions and corporate functions.

#### ESG (environmental, social and governance)

- Ensure alignment of ATENEA with ESG.



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### QUALITY

In the automotive sector, each part that makes up the final product is important in ensuring the correct functioning of the manufacturer's assembly line, the quality of the vehicle and even, in some products, the safety of users.

For those reasons, the sector is a pioneer in applying quality systems in the entire value chain. Our customers demand flawless products in the quantity required and the deadline established to ensure both the quality of the final product and the correct functioning in its use.

#### Quality systems

All our production plants have developed and maintained a quality management system that has the international certifications required by our customers, mainly the IATF 16949 and even, in some cases, certifications for Environmental and Health and Safety Management Systems.

These Management Systems help us to continuously improve, focusing on the customer and promoting prevention over detection, with the resulting reduction in defects and waste in the supply chain, in a safe and sustainable manner.

In 2021, the use of tools in the area of quality systems to mitigate the effects of the pandemic was fostered. Moreover, additional flexibility measures were taken to mitigate the negative effects of supply chain tensions, with notable results at corporate, divisional and especially production plant level. All of this allowed the plants to positively adapt to the changing situation.

In addition, the development and implementation of the project for the reduction of quality-related costs continued in 2021. This project entails defining a new quality-related cost model based on international standards and best practices in the sector, and putting the model into practice, which includes recording these costs in the existing IT systems as well as analysing them and establishing improvement plans aimed at reducing said costs.



**GESTAMP'S QUALITY APPROACH**

VOICE OF THE CLIENTS

COMMON GESTAMP QUALITY STANDARDS

FOCUS ON QUALITY SUSTAINABILITY OVER THE TIME

#### VALUE PROPOSITION

- Continuous improvement in Gestamp's internal quality level in response to the growing demands of our customers and products with higher requirements.
- Presence of quality throughout the product life cycle, from product conception, delivery and post-delivery activities.
- Prioritization of preventive quality based on adequate risk management.
- Focused on continuous improvement to reach the goal of "zero defects".
- Focused on a common customer vision for the different plants.

#### BEING CONSCIOUS OF THE IMPORTANCE OF QUALITY

- A culture of Quality spread throughout the entire organization.
- Ensure the exchange of knowledge within the organization, including good practices.
- A system that is easy to understand, implement and use.
- Dashboard aligned with the quality strategy and focused on the product life cycle.



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### Customer quality

At Gestamp, we are committed to building solid and long-lasting relationships with our customers based on trust and, with that in mind, we promote continuous dialogue which helps us to improve and meet their needs.

#### Annual meetings

Annual meetings of the highest level are held with customers in order to review short-term results and forecasts; longer-term prospects, trends and opportunities are also analysed at these meetings. Moreover, the development of common strategies, new technologies and any needs that the customer may bring up are also analysed.

#### Day-to-day relations

Direct contact is maintained with the customer in respect of day-to-day activities, both in the industrialisation phase and in mass delivery. During the industrialisation phase of new products, we maintain constant contact with our customers and carry out a special follow-up for those projects that are considered strategic in order to ensure an appropriate response.

Our production plants maintain daily contact with the facilities of our customers. This is a more operational contact, seeking to provide a flexible response to the requirements and needs of the customer, and resolve any issues that may arise on a day-to-day basis.

#### Customer audits

The customer, in turn, visits our plants from time to time to carry out audits and contribute to our continuous improvement, together with periodic assessments which enable us to determine our quality level in relation to the customer's other suppliers and to take steps where our customers believe there is room for improvement.

#### Monitoring and Internal control

Monitoring the quality performance of parts delivered to our customers is undertaken through internal audits on products, processes and systems, as well as through the use of indicators at all levels of the organisation (plants, regions, divisions and corporations).

All the incidents that occurred during the year were resolved between the automotive manufacturers and the Group, which favourably managed the incidents within the optimal time frames. This ensured that end users did not face any inconvenience whatsoever and no vehicle in the possession of an end user was recalled for a revision for any reason relating to the products supplied by the Group in 2021.

The manner in which said incidents were handled was the key element in resolving them. As such, there was no need to resort to the insurance guarantees that the Group has taken out.





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### Project Quality

In order to adequately manage risk right from the project phase, the corporate project quality area is leading a global initiative related to risk prioritisation based on the so-called FMEA (Failure Mode and Effects Analysis) cycle, one of the most powerful standards in the sector.

To this end, an ambitious programme is being developed to improve its use, both from a methodological perspective and the development of an IT tool, which will improve the analysis and detection of potential faults in the design of the product or production process, as well as their causes, and subsequently the implementation of the defined actions in the mass production control phases.

In the second half of 2021, the first phase of this programme was launched covering the process FMEA, with the launch of a second phase planned for the first quarter of 2022, covering the control plan and process flow, and a third phase covering the design FMEA.

Another key feature of this project is capitalising on experiences and integration with other areas such as the industrial process quality area.



### Process Quality

The Process Quality area provides the whole organisation with a set of standards and methodologies linked to the most critical technologies and production processes within the Group, focusing in particular on special processes (those in which the part has to be destroyed to ensure that the product is up to standard; such as parts involving arc welding).

Its aim is to align all of our production activities with the customer's quality requirements and international standards in order to maximise the quality and efficiency of said processes.

We have to ensure that we comply with the customer's specifications in all processes up until the final delivery of the product.

So far, arc welding, hot stamping, skin parts, and resistance welding standards have been defined, as well as sub-projects stemming from the main projects. In 2021, work also began to define e-coating standards, along with a benchmark to be applied for all chassis plants, including system aspects and those of each of the applicable technologies.

INCREASE THE EFFECTIVENESS OF QUALITY CONTROL SYSTEMS

Gestamp quality control  
**ARC WELDING**

Gestamp quality control  
**HOT STAMPING**

Gestamp quality control  
**RESISTANCE WELDING**

Gestamp quality control  
**E-COATING**

**GESTAMP CHASSIS CERTIFICATION AUDIT**

INCLUDING HARMONISATION ACTIVITIES

Gestamp quality control  
**SKIN PARTS**

CONTROL EQUIPMENT STRATEGY

Process control  
**GLOBAL TECHNOLOGY STRATEGY**



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In 2021, the plant certification process was resumed. Due to the situation created by the pandemic, arc welding technology has been prioritised for plants manufacturing chassis parts.

In 2022, pandemic permitting, the activity of assessing the implementation of these measures in production plants will be resumed.

Throughout 2021, the global control equipment project was implemented. The project had established different lines of action that include assessing the inventory of available equipment in our production plants around the world, reviewing and identifying suppliers of this technology and their limits, and drawing up complete guidelines for different families of equipment. Finally, a database is also available for managing all the equipment, thus optimising the analysis of the plants' needs from a technical perspective, regarding which there has been an improvement in order to obtain and exploit feedback from the plants.

### GLOBAL CONTROL EQUIPMENT PROJECT



## SUPPLIER MANAGEMENT

In a globalised business like ours, management of our supply chain is increasingly complex. Therefore, we have a system and internal procedures for managing our suppliers comprehensively.

We aim to be able to effectively and consistently evaluate the performance of our suppliers and to ensure that our supply chain meets all of the automotive requisites, as well as the local and international legal and regulatory standards, which are key elements in guaranteeing the continuity of our business.

Through this management system, we:

- Monitor the performance of suppliers in a coherent and objective way;
- Check the regulatory compliance of essential suppliers (both direct material suppliers and those that are important to the business due to volume, product type and service). This includes requesting certificates and/or key supporting documentation;
- Comply with local and international legal requirements and sector regulations;
- Achieve greater transparency in the supply chain regarding both direct and indirect material suppliers;
- Facilitate risk management and product acquisition activities;
- Support the sustainability of our business, customers and suppliers.

This method of global supplier management is undertaken through the Gestamp Supplier Portal, a shared tool with which to manage all the purchases of the Group's companies. Locally, each production plant has a close relationship based on trust and commitment with the suppliers in its vicinity.



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### Supplier risk management

At Gestamp, we have been able to face the global crisis caused by the impact of Covid with confidence thanks to having a fully operational supplier risk management model, whose systems and procedures have enabled us to have the necessary visibility to be able to react to any adversity quickly and congruently.

In times of uncertainty, where all markets are suffering more than ever from the disappearance of suppliers, it has been especially crucial for Gestamp to be able to carefully analyse the situation of each supplier before starting any commercial relationship and also to apply exhaustive monitoring throughout the entire period of the relationship with the supplier based on updated information in real time.

All Gestamp's critical suppliers are included in the risk monitoring system, including all direct material suppliers.

The combination of internal data and data obtained from external sources allows us to establish a supplier risk profile tailored to Gestamp's needs. At first glance, we can assess whether the supplier is suitable to work with Gestamp or whether any additional action is required to assess whether the risk detected can be assumed in the event of being successfully awarded the contract.

Although internal adjustments to the impacts of Covid have forced us to rethink our implementation strategy for the model, we have managed to reach over 30 additional plants. As the project was implemented in the corporate and divisional offices, we were able to provide direct support to all plants where the model was not yet implemented, making all the necessary supplier risk information available to them.





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### Supplier quality procedure

At Gestamp, we strive to manufacture high-quality products and we only work with suppliers who ensure that this is possible, contributing to the production of an excellent final product.

For that reason, we rate our raw material and component suppliers according to quality criteria on a production plant and corporate level (considering the ratings of any given supplier at different plants).

### Sustainability in our suppliers

The aspects we evaluate include the ethical behaviour of our suppliers in accordance with our values and Human Rights. Any supplier that works with us must accept our requirements on Social Responsibility, based on the Global Compact principles of the United Nations.

They must also approve the Corporate Social Responsibility Requirements for Gestamp Group Suppliers, which are available on the website and the Supplier Portal.

Here at Gestamp, we perform annual on-site quality audits of our suppliers. The aim of these audits is to monitor and track their ability to meet our requirements and expectations. These audits are prioritised according to the supplier risk, which is evaluated using a risk matrix. The audit is based on an internal model that meets IATF 16949 and VDA standards, but which includes environmental aspects (energy, water and raw material usage; hazardous waste management) and social and ethical matters (working conditions, human rights, health and safety, anti-corruption)

Although the situation has improved compared to the previous year, this activity was still negatively affected in 2021 by travel restrictions and limitations imposed by some countries due to the pandemic. The situation was mitigated by optimally using the broad range of resources available worldwide, conducting audits with the nearest valid resource, always following the measures in place in the supplier's country as well as those of Gestamp and, where necessary, making use of remote audits or even self-assessments.

In 2021, 228 on-site supplier audits were conducted, 37% of which received the top rating (grade A), 55% earned an average rating with room for improvement (grade B) and 8% of which did not meet Gestamp's standards and were thus required to implement the relevant action plan. In addition to these audits, a further 26 self-assessment procedures were conducted. Out of the suppliers that were audited on more than one occasion in the past two years, 29% obtained a better rating in the latest audit.

### + CSR REQUIREMENTS FOR GESTAMP'S SUPPLIERS

### Conflict minerals

Gestamp has had a Conflict Minerals Policy since 2014 in line with the main legislation and regulators' requirements.

Even though here at Gestamp we do not use any mineral or metal recognised as coming from such zones in our products, there is the possibility that one of our suppliers could be affected.

Through our policy, we are committed to adopting measures geared towards disclosing and/or avoiding the source and use of minerals that may finance or benefit armed groups from countries linked to conflict zones through our suppliers and/or production plants.

In order to control and monitor this on a regular basis, Gestamp has created a procedure based on the Conflict Minerals Reporting Template (CMRT).

Thus, when required by any stakeholder (mainly customers or regulatory authorities), we have all the information on their management and the results of the implementation of this Policy.

### + CONFLICT MINERALS POLICY



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### SUPPLIER MANAGEMENT PROCESS

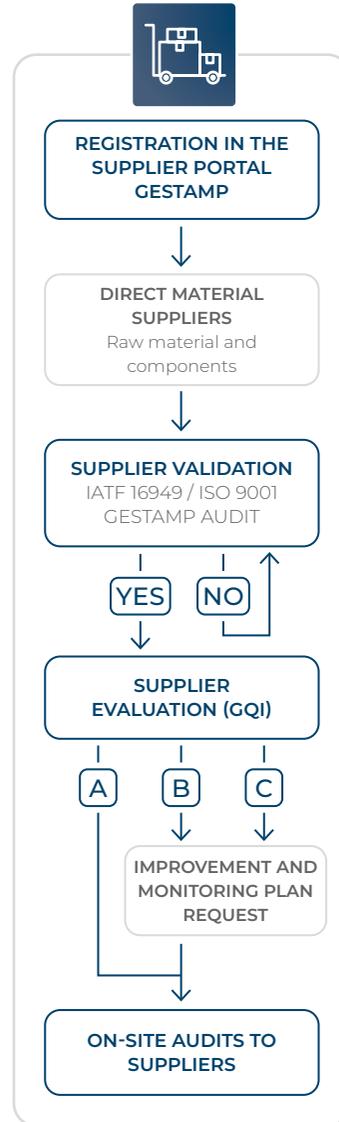
#### ESG CRITERIA

**01** ACCEPTANCE OF GESTAMP CSR REQUIREMENTS

**02** REVIEW OF CERTIFICATIONS, INCLUDING ISO 14001 CERTIFICATION

**03** GESTAMP RISK MONITORING: RISK MANAGEMENT SYSTEM WITH REAL-TIME ALERTS, UPDATED DAILY

**04** ON-SITE AUDIT INCLUDES ENVIRONMENTAL, SOCIAL AND ETHICAL ASPECTS



#### PROCESS METHODOLOGY

**01** All suppliers that want to establish a relationship with Gestamp must register in the Group's Supplier Portal, accept Gestamp's Purchase Conditions and fill out the corresponding forms.

For direct material suppliers (raw material and components), we have also established the following procedure.

**02** The quality department evaluates whether or not the raw material or component supplier is certified. Such certification must correspond to IATF 16949 or ISO 9001. The ISO 14001 certification will also be valued.

**03** Suppliers certified in accordance with the aforementioned references, are subject to a monthly evaluation based on two aspects:

**QUALITY INDICATORS**  
(product quality, logistics and non-quality positions)

#### AUDITS

The Global Quality Index (GQI) is obtained through both aspects, which allows the supplier to be classified into the following categories:

**A** IGC ≥ 85  
Suppliers with optimal performance

**B** 60 ≤ IGC < 85  
Suppliers that should improve their quality or logistic performance

**C** IGC < 60  
Suppliers with risks related to quality or logistic performance or without IATF 16949 or ISO 9001 certification.

In the event that a plant classifies a supplier as B or C, the plant requests a specific improvement plan and follow-ups until a positive result is obtained.

**04** Periodically, plants conduct on-site audit to suppliers to monitor their capacity to meet our requirements and expectations. These audits are prioritized based on the risk of the supplier, which is evaluated according to the risk matrix. They are based on an internal model that complies with IATF 16949 and VDA standards, including environmental aspects (energy, water and raw materials use; hazardous waste management) and social (working conditions, human rights, health and safety, anti-corruption)

#### RESULTS

**17.825**  
suppliers with some award

**3.731**  
new registered suppliers

**94%**  
local suppliers

**675**  
strategic Suppliers

**2.825**  
authorized suppliers

**1.249** suppliers evaluated

**A** 1.106

**B** 111

**C** 32

**228**  
on-site audits

**A** 84 (37%)

**B** 126 (55%)

**C** 18 (8%)

**29%**  
suppliers improved rating on the last audit

Due to pandemic of Covid19 along the 2020, **26 Self-Assessment** were performed, **88% of them with successful result.**



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### INDUSTRY 4.0

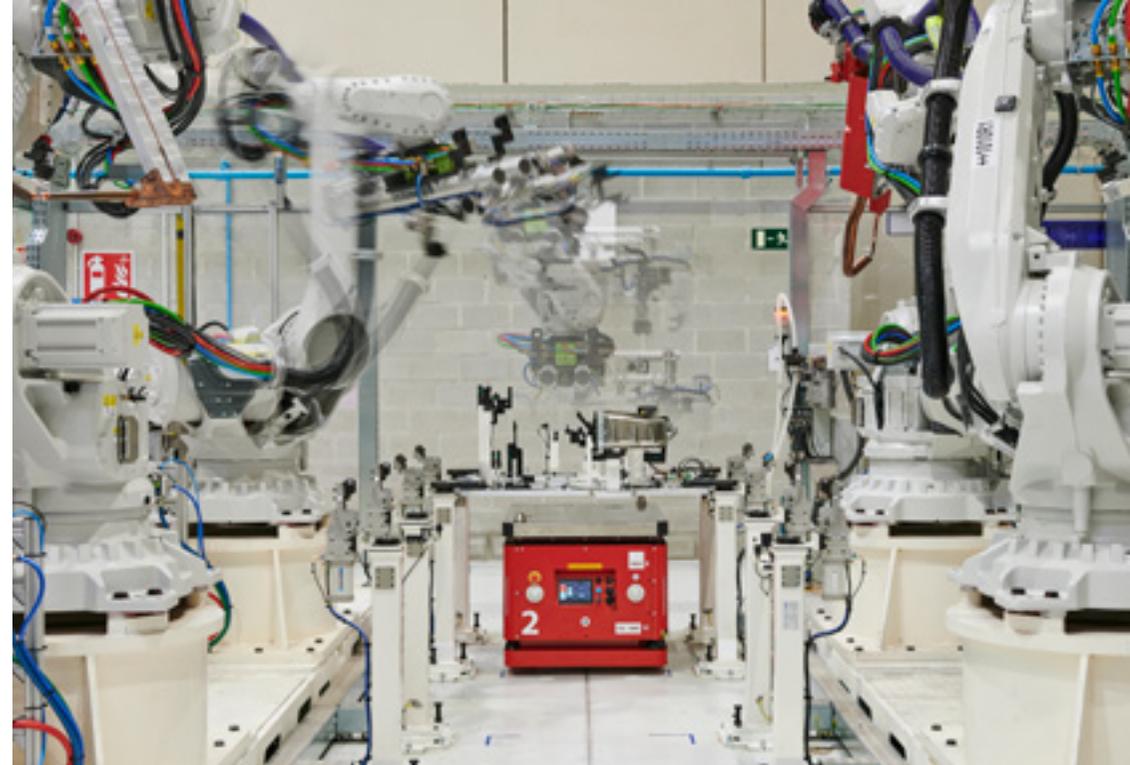
For several years, Gestamp has been committed to applying an Industry 4.0 model to our activities with a clear vision: creating more efficient and flexible production plants and more consistent and reliable processes by analysing our data and adding intelligence to our processes so that the right information reaches the right people at the right time.

During this time, we have implemented more than 100 IoT projects, covering Gestamp's main production processes, such as hot stamping, cold stamping, chassis manufacturing and spot welding. We have also virtualised over 50 projects, ranging from complex production lines to whole factories and have developed 9 applications for areas such as maintenance, logistics, quality or energy.

With all of these projects we have acquired in-depth knowledge regarding digital technologies, not only regarding IoT, Big Data and virtualisation, but also in other areas such as Artificial Intelligence, Collaborative Robots, Resource Orchestration and Computing (Cloud, Edge) among others. Most of these technologies are already being used in the projects we currently have implemented and some others, such as 5G, will be relevant in the future, which is why at Gestamp we are actively participating in the definition of cases of industrial use so that the development of technology adapts to the needs of the industry.

This knowledge has allowed us to develop a series of digital standards that are applicable to all Gestamp's activity and are already present in most of the projects implemented, such as the unit traceability of all operations or our Digital Quality Certificate (DQC), (Gestamp's Patented Standard).

Thanks to the experience we have gained over the years, the Digital Factory is now a reality at Gestamp. A Digital Factory where everything is connected—products, machines, systems and people—sharing information in real time in a transparent way, meaning our factories can operate efficiently at all times.



In order to make this digitalisation a reality, digital profiles are needed that can lead the transformation. These digital industrial profiles must be defined and upskilling and reskilling plans implemented to recycle employees to meet the new needs of the industry of the future, thus prompting a fair digital transition.

However, the objective pursued by Gestamp does not stop at the Digital Factory, it goes much further: we seek to transform our current operating model into the model of the future, digitalised and based on the Smart Factory: a virtual, autonomous and flexible factory.

The Digital Factory is now a reality at Gestamp. A Digital Factory in which everything is connected, products, machines, systems and people sharing information in real time



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### Smart Factory

Here at Gestamp, we are actively working on a new operating model based on the Smart Factory. A connected, smart, virtualised, safe and scalable factory that can be flexibly, swiftly and efficiently adapted to the constantly changing needs of the industry.

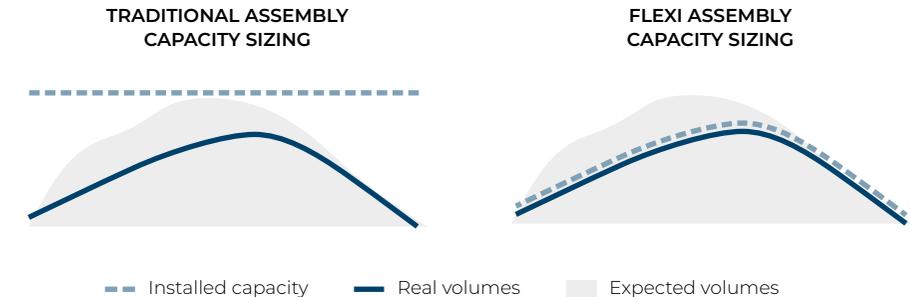
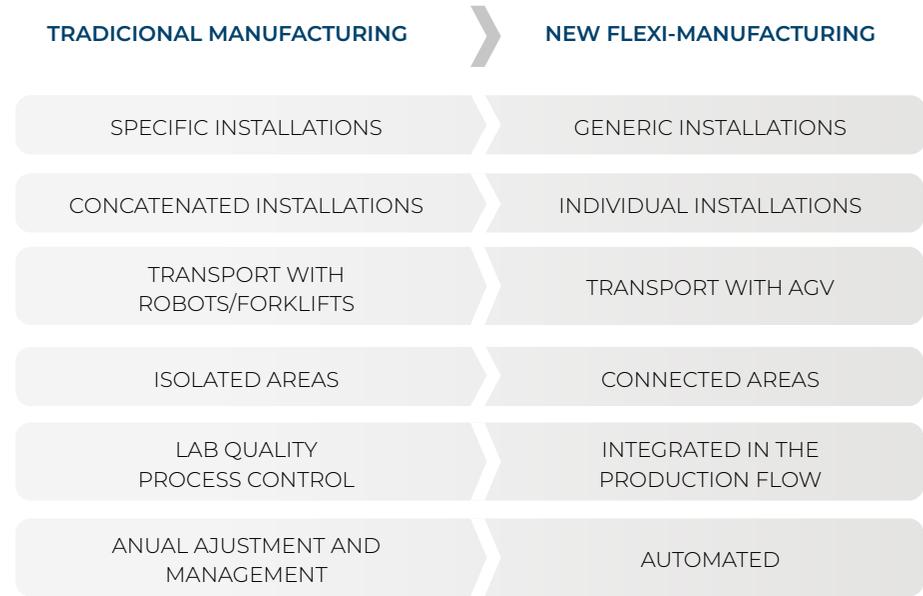
With all the changes in which the automotive sector is immersed, grouped together under the acronym C.A.S.E. (Connected, Autonomous, Shared and Electric cars), the emergence of new manufacturers and the macroeconomic and political scenario, vehicle manufacturing fluctuation has become one of the main attributes in the sector and will be for a long time to come.

In order to cope with the uncertainty in which the automotive sector finds itself, it is necessary to adapt. Here at Gestamp, we strive to make our operation as flexible as possible. We have taken a number of steps, including making our production lines generic so that they can be used for any type of product.

Thus, by combining our experience in digitalisation and advanced engineering, we have developed a new concept of flexible assembly which opens up a new range of possibilities, allowing us to produce different products on the same line. We are evolving from product-specific and linked systems to generic and individual systems where movements are carried out by AGVs (guided vehicles) instead of static robots.

The traditional method involves investing in a specific production line for each product, sizing the line to the peak volume from the start of the project. With this new concept, we can add or remove capacity according to volume demand, investing progressively and ensuring maximum utilisation of the installed assets, either by being able to use them for different types of products, or, in the event of idle capacity due to a decrease in volume forecast, moving said assets to another plant.

This concept, which we are testing in our Centre of Excellence for Electric Vehicles and Flexible Manufacturing, means we can mitigate market uncertainty and reduce investment needs.



## 4. BUSINESS DEVELOPMENT

### 4.3. Innovation

#### OUR APPROACH

For Gestamp Research and Development is a priority. Innovation is a key factor for success through differentiating our products and services.

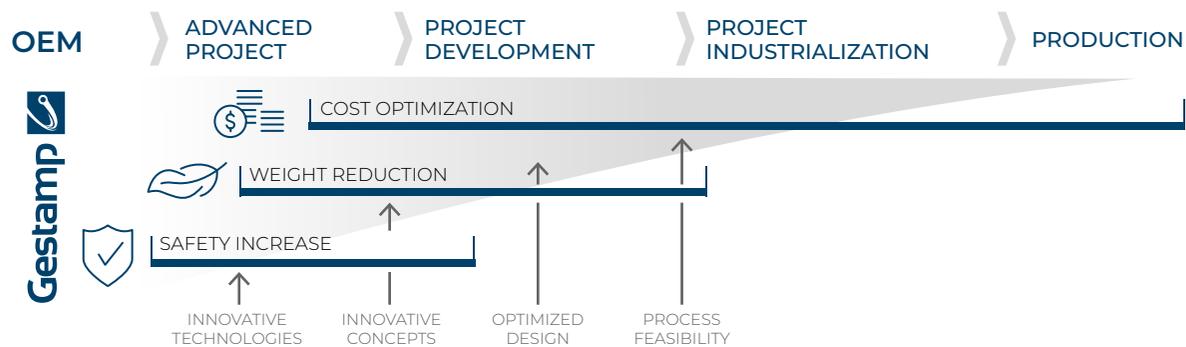
Through Innovation, Gestamp seeks to anticipate new technological trends and offer differentiating products that meet the requirements of efficiency, weight, cost, quality, comfort, safety and sustainability.

With 13 R&D Center around the world, in Gestamp we understand that innovation is one of the most important keys to keeping us in a strong and differentiated position in the automotive sector.

At Gestamp, we support our customers in the design and manufacturing of products, from the early stages of development up to final production. This cooperation, which sometimes lasts up to 5 years before a vehicle is launched, enables us to respond to current expectations and also to jointly develop concepts, technologies and solutions for the future.

As a result of the COVID-19 pandemic and the semiconductors crisis in 2021, global vehicle production did not reach expected levels, but manufacturers continued to progress on the development of new models. Thus, we worked on a greater number of projects based on future models, totalling 380 body-in-white, chassis and mechanism co-development projects.

#### Co-development collaboration with OEM



#### Key factors for Gestamp R&D



##### LIGHTWEIGHT

Creating increasingly lighter products, as weight has a direct impact on vehicle energy efficiency and, therefore, CO<sub>2</sub> emissions. This is also key to support e-mobility launches, driven by reduced targets on carbon emissions, to support our customer's needs and improve performance.



##### SAFETY

Identifying formulas that increase safety for vehicle occupants and pedestrians.



##### COMFORT

Enhancing the convenience, accessibility and automation of side and boot doors is now a requirement to be kept in mind when developing certain vehicle parts.



##### LOW ENVIRONMENTAL IMPACT

The drive to protect our planet is moving beyond the emissions of the vehicle. Controlling and minimising the environmental impact of Gestamp's activity also contributes to reducing carbon emissions. The technology developed by the R&D department includes analysis of components carbon footprint and the impact within the vehicle's life-cycle. Conducted in the development phase to understand and reduce the impact prior to hardware being installed.

To improve this, we strive to use new materials developed by Gestamp or available around the world with consistent quality levels, and to ensure that our production processes are effective and flexible throughout the production chain. All at an affordable cost, using the appropriate technology in each case.



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### RESPONSE TO MAIN SECTOR TRENDS

#### Outsourcing

The changing nature of the automotive industry has led to manufacturers prioritising their investments. In the struggle to stay ahead, they are opting to invest in and research current trends in mobility, such as electric vehicles, driverless vehicles and shared mobility. This leaves them less margin to invest in their internal capabilities in other areas that do not contribute as strongly to differentiation, such as body-in-white or chassis.

This trend, together with standardisation through global platforms, has given rise to an increase in outsourcing. Manufacturers choose a small number of strategic suppliers, like Gestamp, to provide them with parts containing or requiring advanced technology.

#### Global Platforms

Automobile manufacturers are focusing on standard platforms that are valid for several vehicles. This enables them to optimise developments and production costs while significantly reducing the gap between the product concept stage and its launch.

Gestamp is one of the leading developers and suppliers of combustion engine vehicle platforms. Following our customer development trends, we have participated in the development of numerous hybrid platforms and pure electric vehicles, enabling us to secure a number of mass production contracts for different vehicle manufacturers around the world.

#### Electrification

These days, most brands now offer fully electric or hybrid vehicles. Electrification is an unstoppable trend for the automotive sector, with diverse factors driving it forward, the most important of which is the growth in urban populations and the improvement in the air quality there.

Local initiative will be the driver behind more sustainable mobility based on clean, shared transport, in which both public and private electric vehicles will be the main feature. These needs will prompt technological developments towards more efficient, economical and recyclable batteries, as well as the creation of an adequate charging infrastructure. A reduction in battery costs and efficiency improvements to reduce cell mass is needed to make electric cars more competitive with combustion engine vehicles for mass acceptance to take place.

Electric car designs require new products and entail changes in the vehicle response in the event of a collision that are drastically different from those of a combustion engine vehicle. The increased mass of batteries also adds to the vehicle potential energy in a crash event. In addition, with the quieter powertrain of an electric vehicle road noise isolation and passenger comfort is starting to become an even more important feature in electric vehicles.

The Electric Vehicle area and R&D teams at Gestamp are offering diverse solutions, such as the new electric battery box and chassis components that integrate the new e-motors, as well as innovations with the use of different materials to reduce weight and provide appropriate solutions for the new electric platforms – the right materials in the right place.

Crash behaviour is different in BEV mainly driven by the increased weight and the low point of gravity of the battery system. Gestamp has developed a wide range of BIW products to increase crash safety in the body to make battery systems lighter.

It should be noted that we have collaborated on diverse types of mobility, not just electrification itself. Projects have thus been developed for cars that travel long distances, small cars for city driving and also the so-called “urban people mover” and “last mile delivery” concepts.



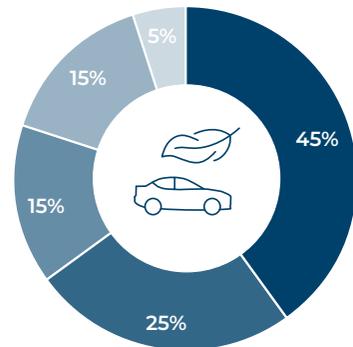
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### Reduced weight and CO<sub>2</sub> emissions

The development and production of energy-efficient vehicles is a key growing trend in the automotive sector. This trend has been driven by both regulatory factors and, also by the growing environmental awareness of consumers, playing an increasingly important role in their decisions on purchasing vehicles. As a result, manufacturers face constant pressure to improve the fuel efficiency of their vehicles and to reduce CO<sub>2</sub> emissions. Reducing the weight of vehicles increases their fuel efficiency and reduces their CO<sub>2</sub> emissions, which makes the body-in-white and chassis components produced by Gestamp vital in achieving CO<sub>2</sub> emission targets.

Our R&D capacities, leadership in hot stamping technology and experience in developing multi-material solutions focused on making lighter components, help us to provide innovative solutions to address our clients' regulatory pressures in a cost-effective way. The following graphs present the effect that Gestamp products have on the weight of vehicles and, in turn, their CO<sub>2</sub> emissions.



Reducing the weight of the vehicles increases their fuel efficiency and reduces their CO<sub>2</sub> emissions

By reducing the weight of an average vehicle by 100kg, a reduction of 9gr.

■ Body ■ Chassis ■ Motor ■ Interior ■ Electronic Systems



### Comfort and dynamics

Some of the main criteria users take into account when purchasing a vehicle regard drive experience, comfort and dynamics. This is leading to a rise in demand for components such as electric liftgate systems, noise and vibration reducing components, electric door systems, power assist steps and noise reducing tyres.

Gestamp has been working on these components for many years and it leads the way in the sector. They have long been components installed in top-of-the-range vehicles and SUVs, although it is expected that they will become standard in all cars within the next few years.



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### Safety

Many of our products help manufacturers to comply with the safety regulations, which are becoming increasingly complex and difficult to address regarding the comprehensive safety of vehicles. These regulations also differ across Europe, America and Asia and affect platform solutions across global markets. Understanding the legislative needs and the manufacturing processes is key to develop lightweight solutions. For example, our high-strength and ultra-high-strength steel products significantly improve the ability of vehicles to withstand impacts.

Furthermore, the energy absorption improvements in our portfolio of chassis and body-in-white products increase driver and passenger safety, reducing side impacts to a minimum, while the bonnet hinges in our mechanism product portfolio improve pedestrian safety.

Hot Stamping technology, in which we are leaders, allow us to meet even the strictest safety requirements and to withstand car-to-car crash tests. Gestamp is developing new Hot stamping products, such as extreme size parts that will increase safety performance, will integrate more functions and reduces the assembly time of our customer.

Gestamp´s products help meet the most demanding security requirements



Security regulations differ in Europe, America and Asia and affect platform solutions in Global markets.





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### LEADING HUMAN AND TECHNICAL RESOURCES

We have made significant investments in recent years in developing and expanding our R&D area, which allows us to secure our strategic relationship with clients.

By late 2021, we had a team of almost 1,500 people both in the 13 R&D centres and in production plants. Many projects see the participation of not only R&D engineers, but also stamping, metrology, welding and quality engineers and project managers, whose contribution is invaluable throughout the entire development process, linking the product and process development early in the concept phase.

#### Physical and virtual laboratories

Although our R&D teams work with the latest design and simulation tools, they also develop their own materials cards to improve simulation model correlation to physical test results. Gestamp also have developed in-house tools and procedures to increase accuracy and improve development efficiency and to save time.

We also have mechanism resistance and reliability testing labs that use specific equipment to evaluate prototype and production performance. Passive safety and crash tests are conducted at our lab in Luleå (Sweden) and we a number of global Chassis testing centres to validate stiffness, strength and durability performance and correlate our analysis predictions.

With each new model, vehicle manufacturers are driven to launch to market faster and therefore must reduce development cycles.

In recent years, Gestamp has developed virtual tools, to enable digital assessment to validate and test new technologies and new products, this even extends to developing our own digital vehicles range known as GLABs ("Gestamp Laboratory Cars").

With these models, much of the development and testing can be evaluated by Gestamp in a virtual environment, thus speeding up the design, test and approval phases.

Gestamp has numerous virtual models of internal combustion engine (ICE), plug-in hybrid electric vehicles (PHEV) and battery electric vehicles (BEV). These models enable us to anticipate the impact of new technologies, new designs and/or materials on the body-in-white and chassis and to assess them in terms of weight, performance and cost.

In addition to cars in various ranges and engine types, Gestamp also designed and simulated new technologies such as Ges-Multistep and Ges-Softbend. Through these simulations, all the process phases were perfectly analysed and launch periods were considerably reduced. New technologies such as Ges-Multistep are secured by Digital twins to assure the launch of new technologies.

Internal capacities for undertaking vehicle crash simulations





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### New materials

In a bid to develop new, safer and lighter products, at Gestamp we are conducting research into the development of new materials. We believe that the kind of structural materials used will gradually change in the years to come, with an increase in the use of aluminium, carbon fibre, new high-strength steels and multi-material hybrid structures.

#### High-strength and ultra-high-strength steels

The use of advanced high-strength steel and ultra-high-strength steel helps to reinforce vehicles to protect the passenger compartment in the event of an accident.

#### Aluminium

The use of aluminium reduces the weight of top-of-the-range models by applying aluminium solutions to skin parts and vehicle doors.

#### Carbon fibre composites

Some manufacturers have used carbon fibre to reduce the weight of top-of-the-range vehicles and improve efficiency. However due to the cost barriers and processing of this material, combined with limitations on recycling, makes this material less attractive for mass produced vehicles currently.

#### Multi-material structures

companies such as Gestamp are investing in new technologies and machinery to create multi-material structures as part of the existing manufacturing process and value chain. This formula supports the philosophy of the right-material in the right-place and paves the way for a wide range of innovations which make parts lighter, thus satisfying the need to reduce energy consumption and emissions.



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### New Technology Development

Gestamp R&D teams are continually innovating new technologies in line with our customer needs, to increase performance or reduce mass. This includes examples including the launching of new advanced cold-formed steels with increased strength properties that enable mass reduction, through the utilisation of extensive forming and chassis product development knowledge and experience. Development teams focus on innovative design approaches to deliver optimised and high performing products; increase fatigue life through design, minimising mass through in-house optimisation tools coupled with manufacturing experience to realise 10-15% mass reduction, to the introduction of new paint processes to increase product corrosion protection for example.

In the hot stamping field, development of the new Ges-Multistep technology continued, optimising the process for different types of steel, including zinc materials with a new, improved corrosion protection coating.

New processes have also been developed that now enable hot stamping of a material with +25% strength. A laser post-treatment is required in the manufacturing of this material to give it sufficient ductility to achieve the best crash test results.

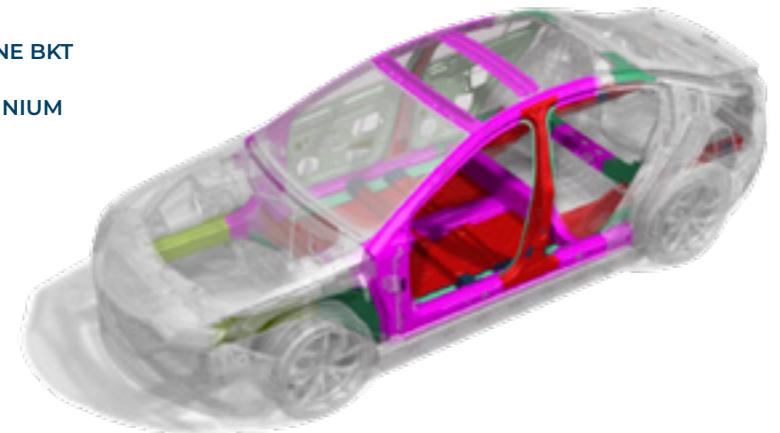
Three partial tempering methods are used to generate different mechanical properties along the length of a part in order to enhance performance in the event of a collision. New degrees of hardness/absorption have been achieved so that deformation is even further controlled.

Gestamp has managed to produce parts with soft-zones that feature different degrees of hardness and absorb the force of the impact by using different production processes

- **During forming** (on the forming die/tool)
- **Generated after forming** (post-treatment featuring an alternative heat source, laser, induction, Ges Softbend)
- **Generated before forming** (in the heating furnace)

These developments position Gestamp as the most advanced supplier on the hot-stamping market, offering a wide range of materials with different strength and coating characteristics.

-  **MULTISTEP**
-  **2000 MPA & SOFT SONE BKT**
-  **HOTSTAMPING ALUMINIUM**
-  **ALU EXTRUSION**
-  **ALU MULTIMATERIAL**
-  **FURNACE SOFT ZONE**





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The progress seen in the in-furnace process for manufacturing parts in 2020 has prompted our clients to increase the number of orders for products manufactured using this technology, which will begin production in 2021.

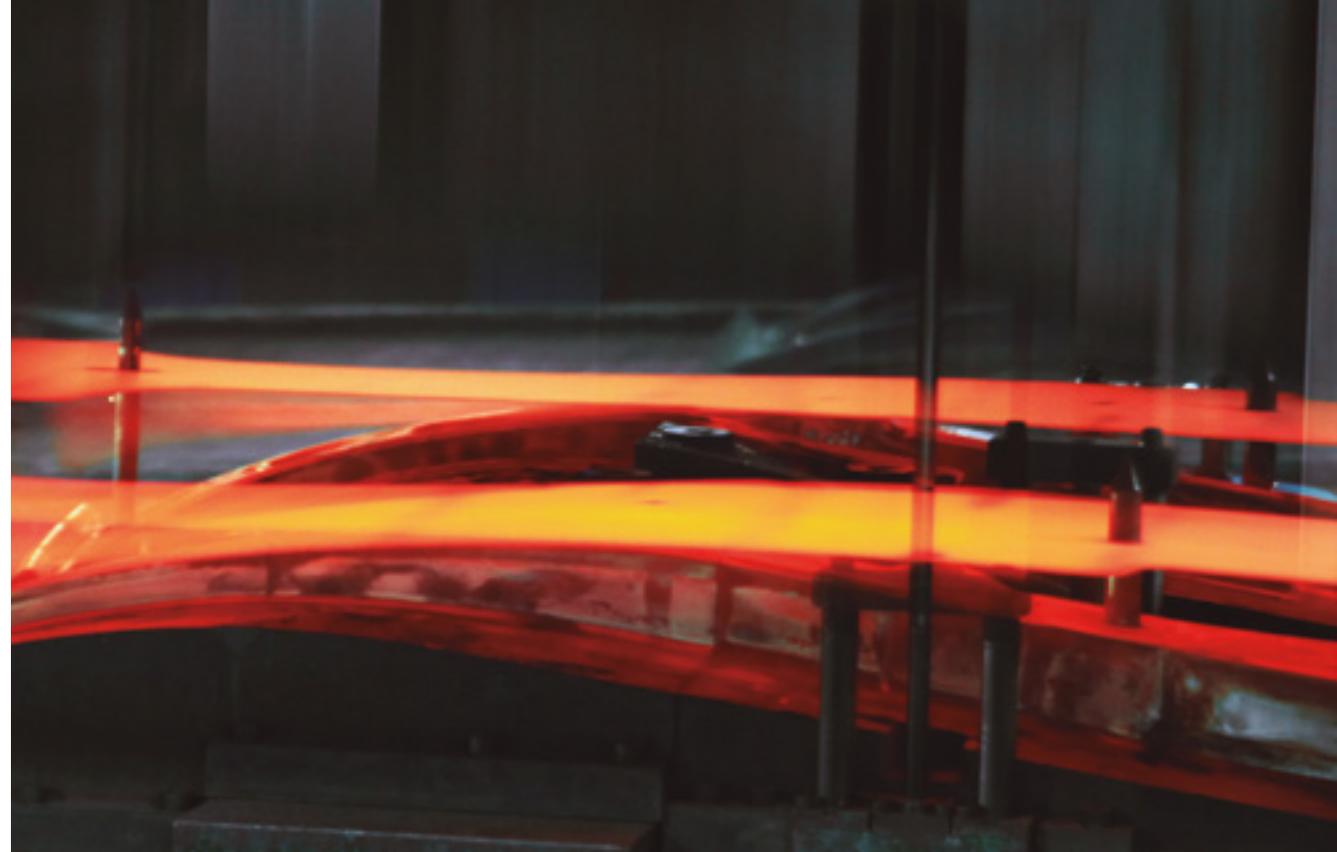
Gestamp has moved beyond steel to bring this hot-stamping technology to aluminium as well.

The need to reduce vehicle weight had led some manufacturers to turn increasingly to aluminium for certain components such as doors, and chassis components on large/luxury vehicles.

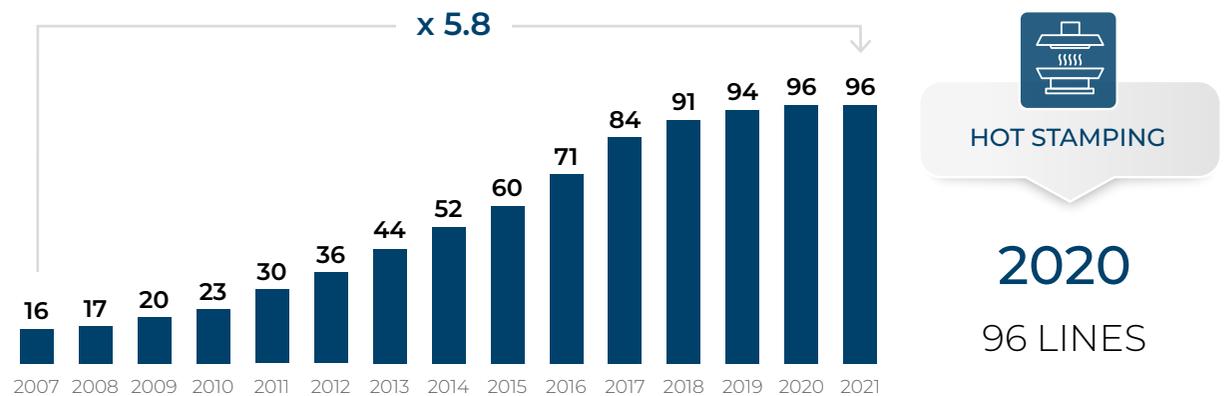
The low level of formability and the high elastic recovery of this material in the conventional cold stamping process has prompted our R&D department to process hot stamping, which produces parts with a design that is very similar to those made of steel, but much lighter and with almost no elastic recovery.

Both materials can currently be used on Gestamp's hot-stamping lines, changing only the process parameters. By the end of 2021 Gestamp had a total of 96 hot-stamping lines installed.

New aluminium extrusion processes have been developed for the manufacturing of battery boxes, producing highly ductile, large cross-section profiles. This enables us to manufacture boxes with very light-weight frames to protect the battery.



Evolution of hot stamping lines





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### New Product Development

Product innovation at Gestamp comes from the application of new technologies to create lighter, more efficient components.

Developments focus on the following six areas.:

- 1 FRONT AND REAR COLLISION SYSTEMS**
- 2 SIDE COLLISION STRUCTURES**
- 3 DOORS AND MOVING PARTS**
- 4 BATTERY BOXES (ELECTRIC VEHICLES)**
- 5 CHASSIS COMPONENTS**
- 6 HINGES AND MECHANICALS**

Each of the development areas above have different component performance needs to contribute to the overall vehicle performance. From stiffness, strength and durability to ensure Chassis ride and handling, kinematics and effort needs for hinge mechanisms to energy absorption targets for crash structures.

Since ideal performance in the event of a front or rear impact is always a priority, longitudinal beams must be designed to respond to the different types of impact to which they may be subject and to predict the kinematics of the deformation to avoid excessive deceleration and intrusions into both the passenger cabin and the other vehicle that may be involved in the crash.

The use of hot-stamped longitudinal beams with soft zones combined with bumpers featuring laser-welded crossbars is an example of innovation thanks to the application of new processes.

In 2021 we also partnered with several customers to develop aluminium chassis and body solutions that are now launched in new e-mobility platforms around the world. We also worked with a number of customers on new multi-material solutions to further drive mass reduction.





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To enhance the product solutions for side collisions, back in 2019 Gestamp launched large-scale hot-stamped products onto the market like the “One Piece Door Ring”. Further innovations were implemented on this product in the last years thanks to the application of the “patch” and “overlap patch” technique, making it possible to double the size of these assemblies to achieve a full single-part side structure. These designs not only improve product weight, but they also make them more attractive from an economic perspective.

A number of door-related projects have been developed with clients, managing to enhance steel products through hot-stamping techniques. Average- to low-capacity urban vehicles for passenger transport and mobility (UPM, or Urban People Movers) must enable passengers to enter and exit conveniently, must be as spacious as possible and also meet passive safety standards.

In this setting, Gestamp has developed a comprehensive sliding door system. The integration of the structural elements of the uprights into the sliding door is achieved and a strong structure in the central body of the door is optimised. This product features the latest innovations by Edscha for sliding systems and automatic opening.

Furthermore, Edscha developed numerous innovative projects with our clients focusing on improving vehicle accessibility and other mechanisms for increasing safety in the event of an accident.

When it comes to electric vehicles, battery protection and chassis subframes were some one of the areas in which the most R&D progress was made with clients. Developing new products that structurally support the vehicles batteries and e-motors whilst maintaining performance functionality for crash/safety and vehicle ride, drive and handling.

Gestamp collaborated with its clients on several battery box projects in 2021, and has also developed a number of product concepts, depending on the type of mobility. Thus, various designs were validated with different metal materials and joint technologies. These new concepts for battery boxes were developed in conjunction with some of the leading cell and cooling system suppliers on the market.

Within chassis, Gestamp has continued to deliver optimal solutions in terms of weight and cost for platform solutions, supporting the growing e-mobility trend. Following several solutions developed for our clients, a number of key global launches were concluded in 2021 for mass produced supply.



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### PARTICIPATION IN STRATEGIC EVENTS

Over the past few years, the marketing, R&D and Sales teams have established a calendar of strategic events for Gestamp, enabling them to attend the main automotive events in diverse regions around the globe.

Gestamp also participates in activities arranged by customers and other stakeholders such as universities, associations and business partners.

All of these types of activities were affected by the COVID-19 pandemic in 2021, just as they were in 2020. Therefore, the company has become professionalised in the use of digital tools and virtual events which have enabled Gestamp's presence in the digital environment, thus adapting to the new circumstances.



Gestamp has become an expert in the use of digital tools and virtual events that have allowed Gestamp to be present in the digital environment, thus adapting to the circumstances caused by COVID-19

### Technology Events and Public Fairs

In 2021, Gestamp took part in some Technology Conferences and Events online and also in person, presenting core Technologies and Innovations to an expert audience. This type of event allows us to provide a more in-depth picture of our concepts and innovative developments.

Another key feature of our strategy is attendance at leading Automotive Fairs in our core regions. By attending these fairs, we can show the market the latest innovations at Gestamp and strengthen our position as a leading international supplier of automotive components.

### Technology workshops

Our R&D and Sales teams maintain a close, ongoing relationship built on trust with our customers and development partners. Thus, in 2020, we began customised internal events known as "Gestamp Tech Days" for these stakeholders, where we presented our innovations throughout 2021 to a limited group of customers and partners in a private setting in line with the topics and concerns. Following our international customer strategy, Tech Days were organised throughout the year to promote some of our innovations online.