



H1 2020 Results Presentation

July 30th, 2020

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Key Highlights for Q2 and H1 2020

Financial Overview

Outlook and Remarks



Q2 2020 has been the toughest period for the Automotive Sector as well as the Global Economy in the last 75 years with a drop in Global L.V. Production volumes of -45%⁽¹⁾

DURING THIS PERIOD

- Gestamp's business model proven to be flexible and resilient
 - Operating leverage <20% in Q2
 - Increasing our liquidity (more financial support and CAPEX control)
- Month of June already with solid double-digit EBITDA margin

FUTURE

- Preserve and enhance our LT strategy with our customers and focus on EV
- Launch Gestamp's Transformation Plan to:
 - Adapt the organization to the new volumes expected in the market for the years to come
 - Consolidate and increase efficiency of our operations following a steep growth period

(1) Market production volume growth is based on IHS geographies for Q2 2020 as of July 2020

(In €m) – Excluding Transformation Cost

	Q2 2019	Q2 2020
Total Revenue	2,344	1,034
EBITDA	272	23
EBITDA margin (%)	11.6%	2.3%
EBIT	135	-130
EBIT margin (%)	5.8%	-12.6%
Net Income	59	-134
Net debt	2,486	2,652
Operating Leases (IFRS 16)	402	386

Q2 2020 Revenue decreased by 53.7% at constant FX and
EBITDA decreased by 91.2% at constant FX

Note: Reported Revenue growth of -55.9% and EBITDA growth of -91.4%

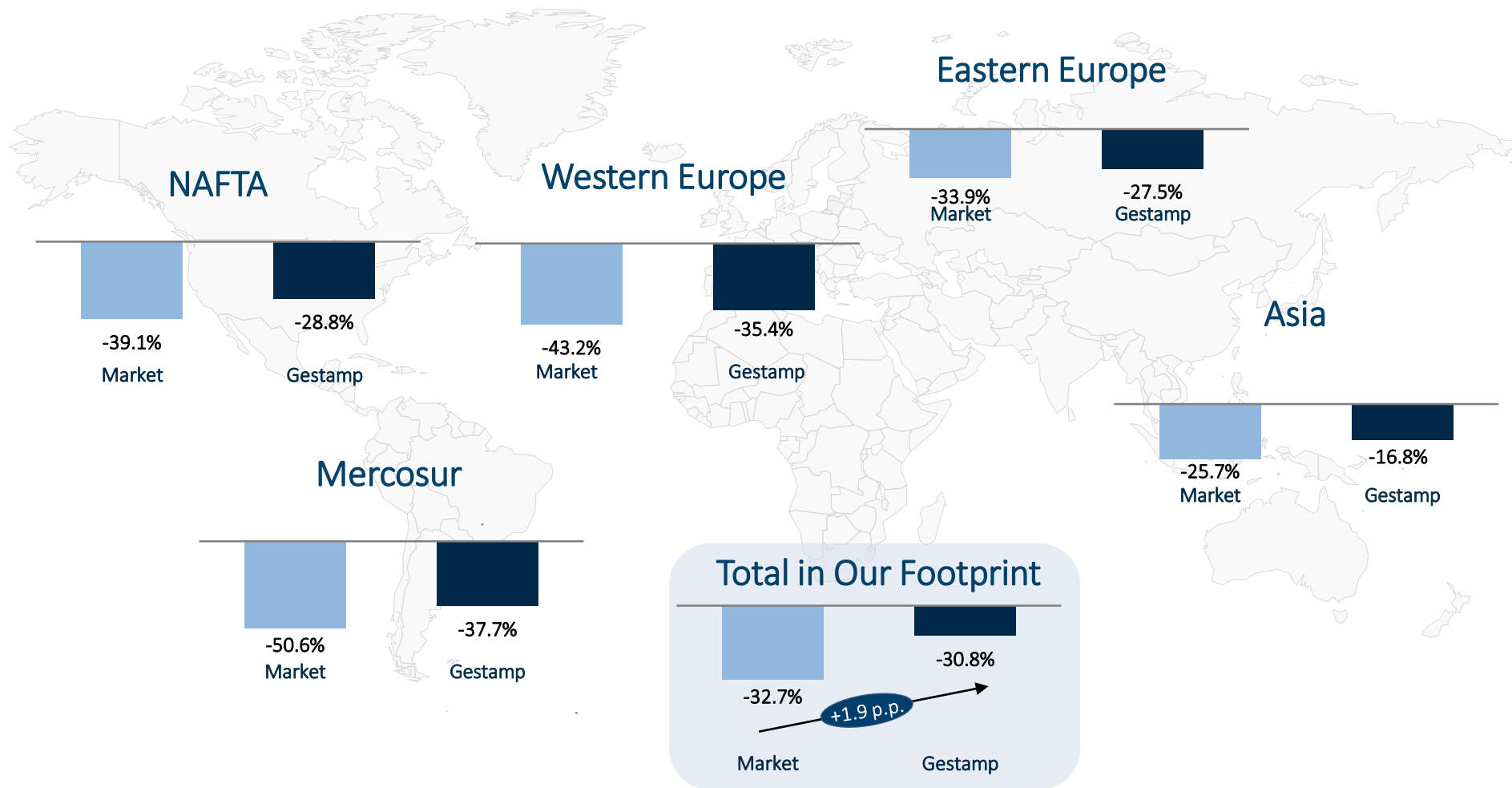
(In €m) – Excluding Transformation Cost

	H1 2019	H1 2020
Total Revenue	4,513	3,045
EBITDA	521	216
EBITDA margin (%)	11.5%	7.1%
EBIT	244	-87
EBIT margin (%)	5.4%	-2.9%
Net Income	100	-120
Net debt	2,486	2,652
Operating Leases (IFRS 16)	402	386

H1 2020 Revenue decreased by 30.8% at constant FX and
EBITDA decreased by 58.2% at constant FX

Note: Reported Revenue growth of -32.5% and EBITDA growth of -58.5%

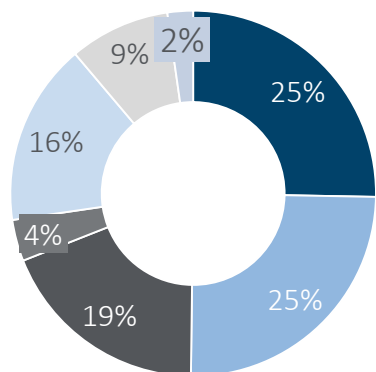
Gestamp Revenue Growth at Constant FX vs. Market Production Growth in Gestamp Markets



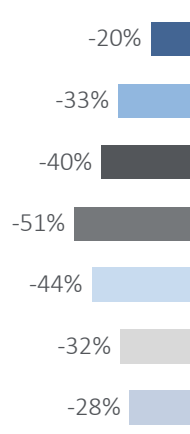
Note: Gestamp's growth at constant FX used for comparability with production volumes. Market production volume growth is based on countries in Gestamp's production footprint (IHS data for H1 20 as of July 2020). Western Europe data includes Morocco in line with our reporting

Weighted IHS Growth vs. Gestamp Growth H1 2020 vs. H1 2019

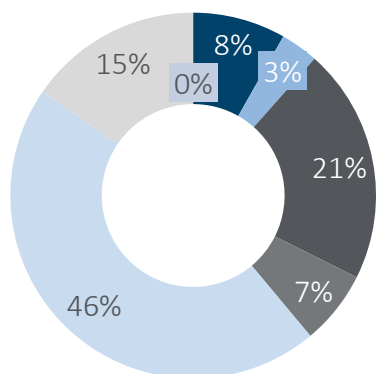
IHS H1 2019 Geographical Split



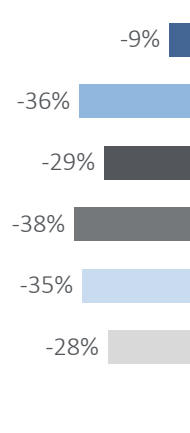
IHS H1 2020 Growth by Region



Gestamp H1 2019 Geographical Split



Gestamp H1 2020 Growth by Region



IHS H1 2020
WEIGHTED
Growth: -39.0%

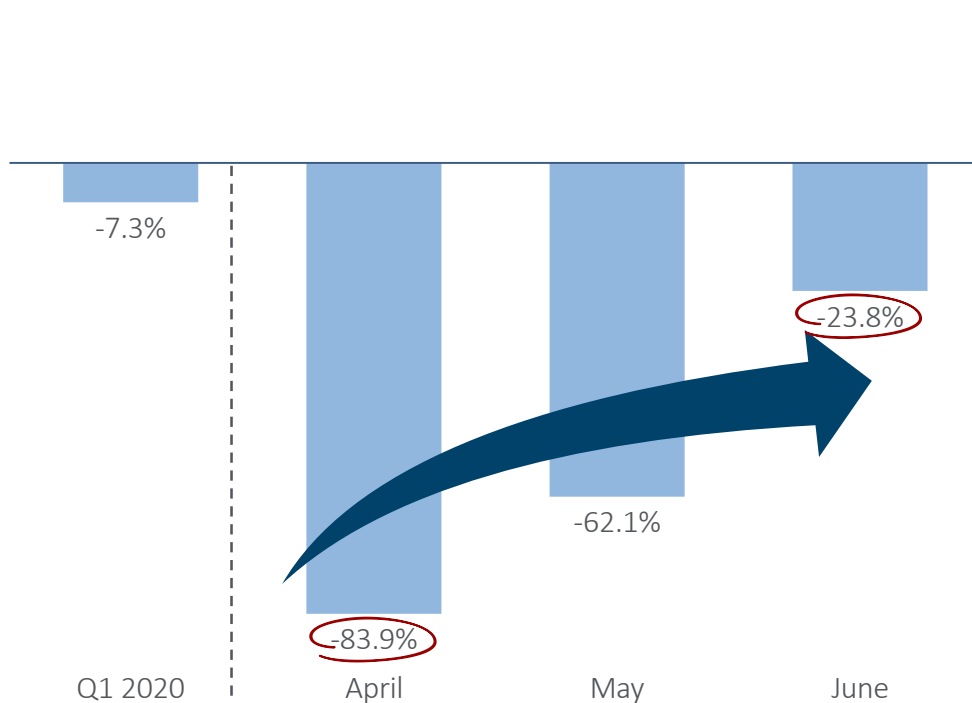
Gestamp H1 2020
Growth: -30.8%

**H1 Gestamp
Outperformance
8.2 p.ps**

■ China
 ■ Rest of Asia
 ■ North America
 ■ South America
 ■ West Europe
 ■ East Europe
 ■ Middle East/Africa

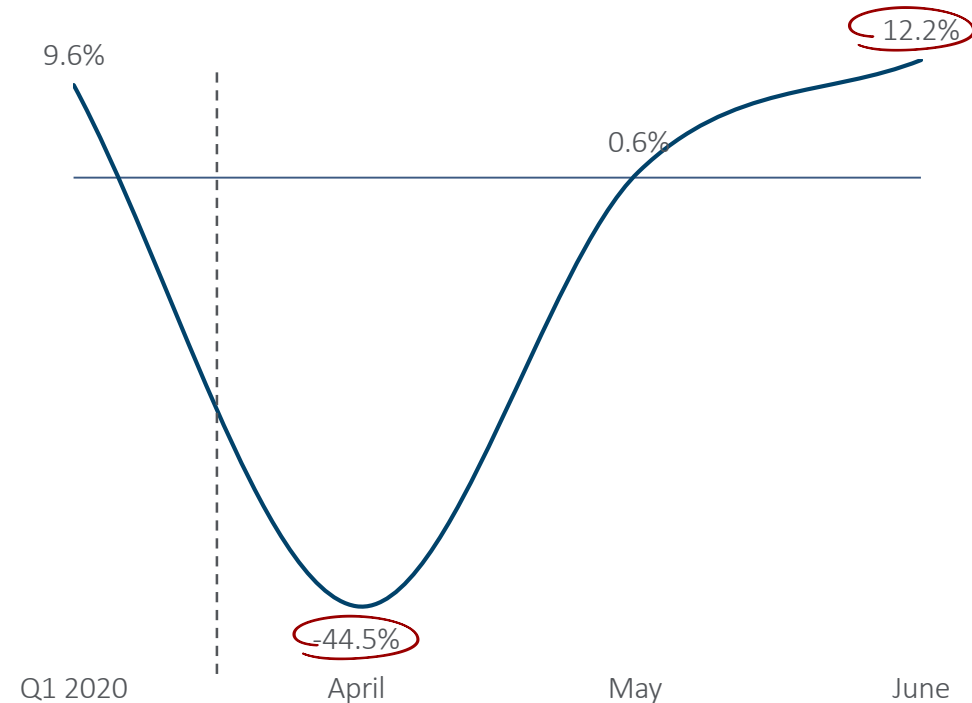
Revenue Growth Evolution (% vs. 2019)

- Revenue evolution expected to perform better as the year progresses, as seen in the monthly trend in Q2



EBITDA Margin Evolution (%)

- Despite sharp declines in Revenue, EBITDA margin almost back to normality in June with a double-digit margin



Implementation of Flexibility Measures During the Crisis

Personnel Expenses reduction

-19.6%

H1 2020: € 665m

H1 2019: € 827m

(-37.3% Q2 2020 vs Q2 2019)



Other General Expenses reduction

-32.1%

H1 2020: € 400m

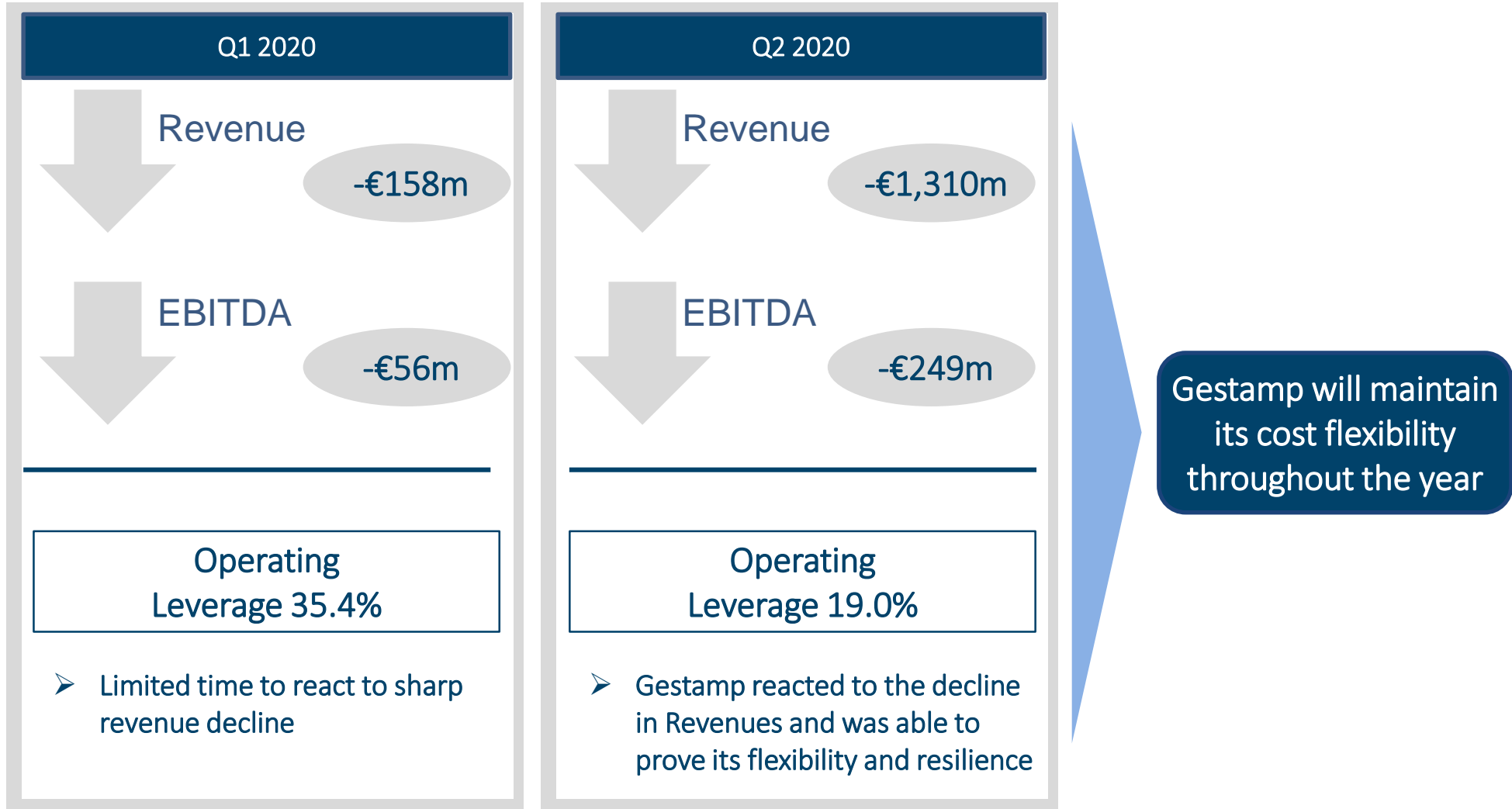
H1 2019: € 590m

(-55.4% Q2 2020 vs Q2 2019)



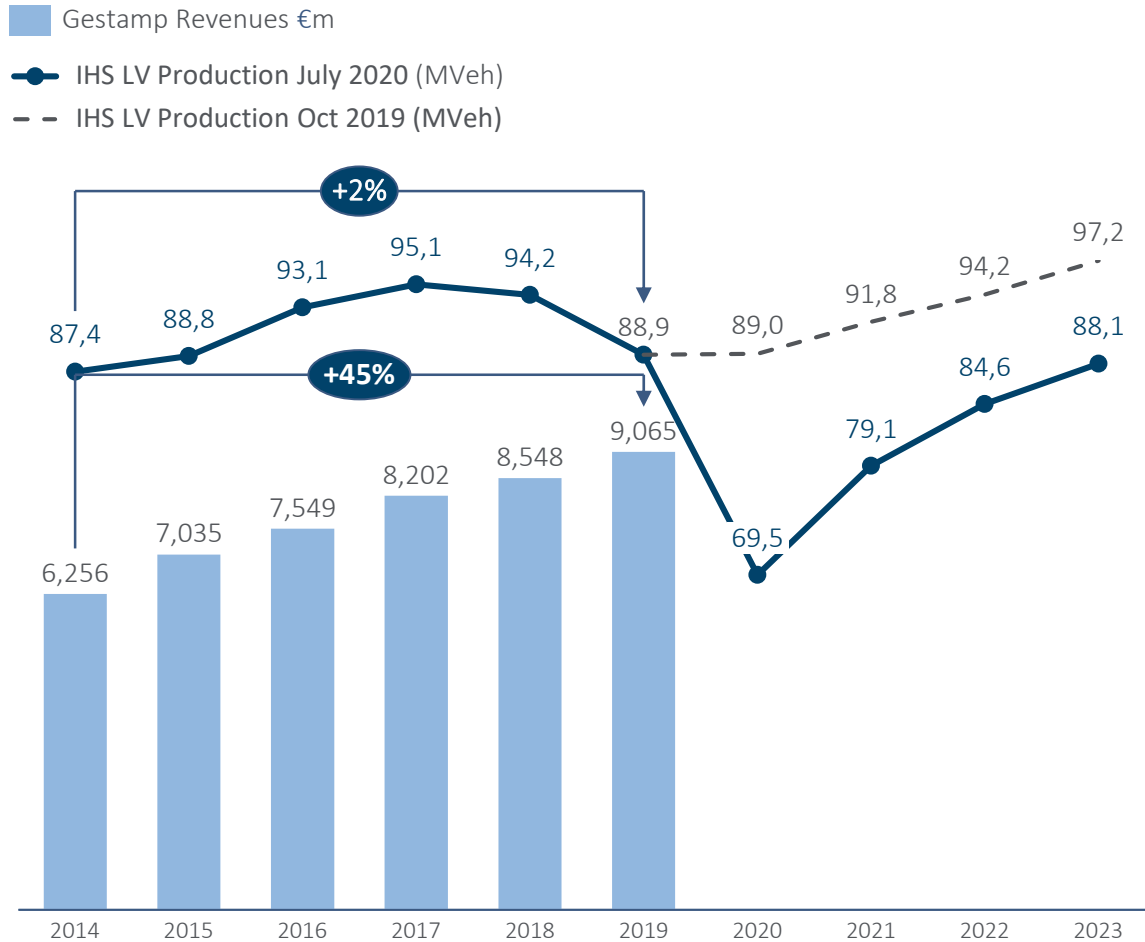
COST SAVINGS H1 2020 €351m vs. H1 2019

Resilient and Flexible Cost Structure – Operating Leverage⁽¹⁾



⁽¹⁾ Excluding Transformation costs

Historical Gestamp Revenues vs IHS LV Production



- Gestamp has maintained a high growth sales trend accompanying the auto market
- IHS estimates predict global production will not recover until 2024
- Gestamp needs to adapt its cost structure and consolidate operational efficiency after a high investment period
- Gestamp had already started working on an efficiency plan which we now build on

Note: Market production volume growth is based on IHS data as of July 2020 and Oct 2019

Gestamp had Already Identified Specific Measures Aimed at Increasing Efficiency



- Labor force adjustment in W. Europe and America to adapt to lower volumes



- Rationalization and consolidation of UK's footprint (announced plant closures)



- LABEX cost reduction in Germany – ongoing negotiations with the Unions



- Tooling capacity reduction given market outlook



- Rationalization of Corporate Headquarters cost structure

Transformation Plan

ALL OPERATIONS

LABEX

- Adjustment to new sales level
- Efficiency targets

NEW LABEX
STRUCTURE

OPEX

- Phase 1 – Short Term
- Phase 2 – Structural
(maintenance project,
centralization, automatization...)

NEW COSTS
STRUCTURE

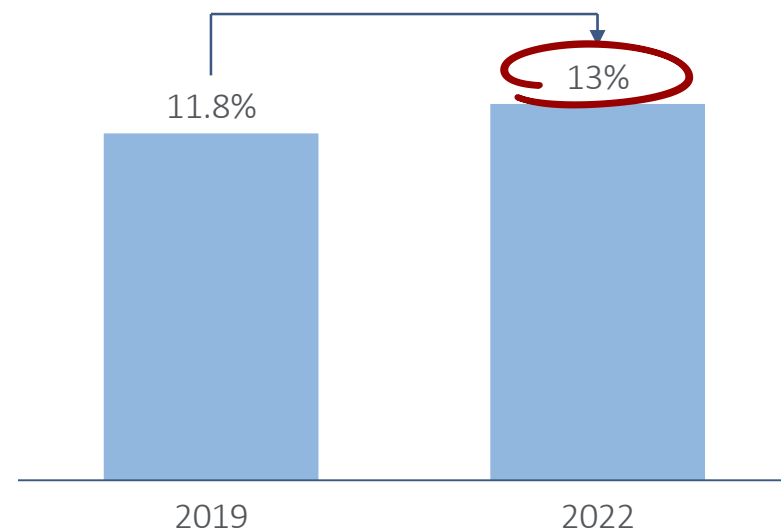
CORPORATE HQs

LABEX & OPEX

- Slimdown of Corporate
Headquarter organization
and costs

NEW
CORPORATE
STRUCTURE

EBITDA Impact



- Transformation Plan aims to increase the group's efficiency by absorbing the drop in sales and **improving its EBITDA margin by 2022**
- Cost estimated at **€103.2m⁽¹⁾**

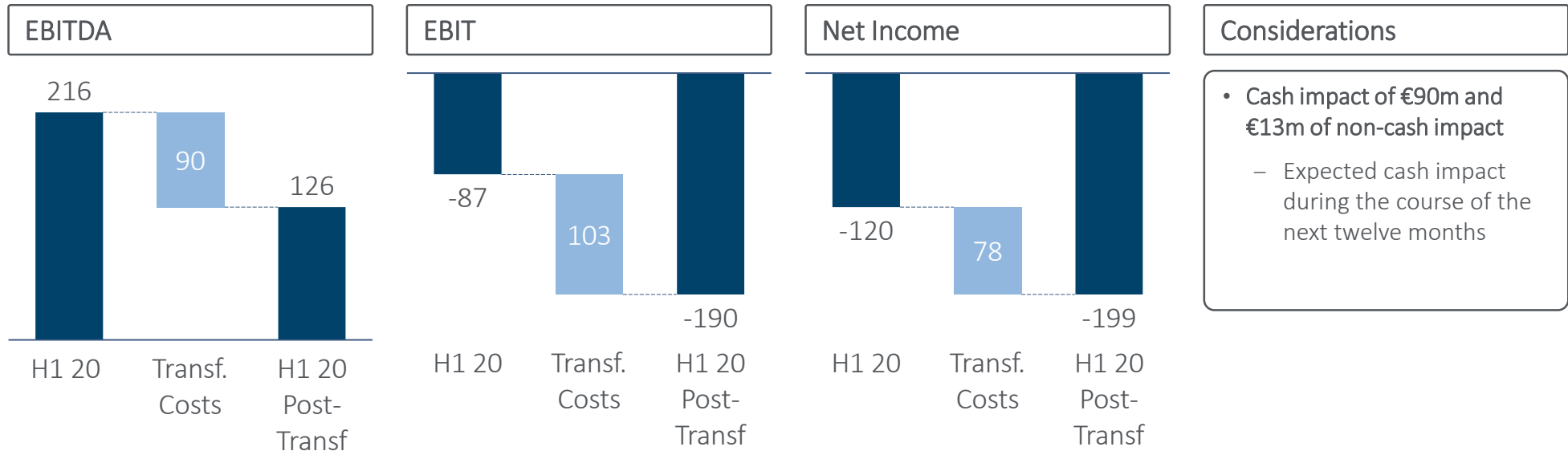
(1) €89.9m for restructurings and €13.3m in impairments

Key Highlights for Q2 and H1 2020

Financial Overview

Outlook and Remarks

Transformation Plan Impact in Key Parameters in H1 20



Considerations

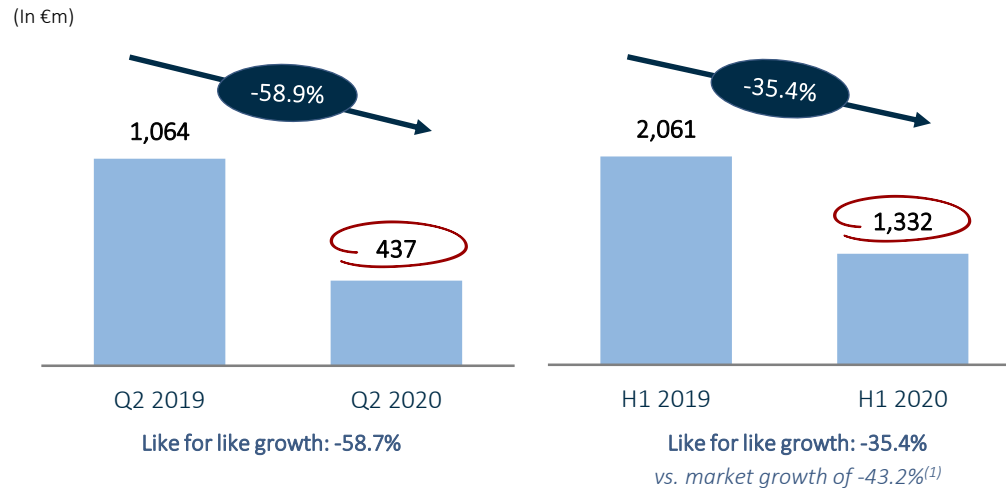
- Cash impact of €90m and €13m of non-cash impact
 - Expected cash impact during the course of the next twelve months

Financial & Operational Overview (excl. Transf. Plan)

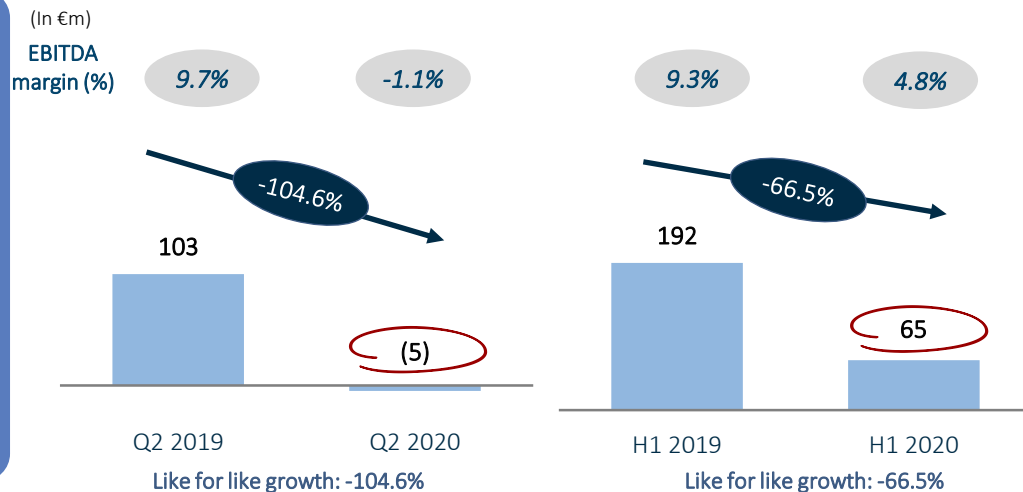
- Strong impact in Q2 due to COVID-19. Shutdowns of all our customer plants
- Activity levels seen in April in Q2 20 vs. Q2 19 (excl. China) reached c. 5%, with an improving trend in May to c. 30% and reaching c. 75% in June
- Flexibility measures across all regions have allowed us to achieve good operating leverage data vs. 2019
- Activity levels experienced in July growing to levels above 80% vs. 2019 (including China)

Gestamp	Q2	H1
Operating Leverage	19.0%	20.8%

Revenue



EBITDA (excl. Transf. Costs)



Considerations

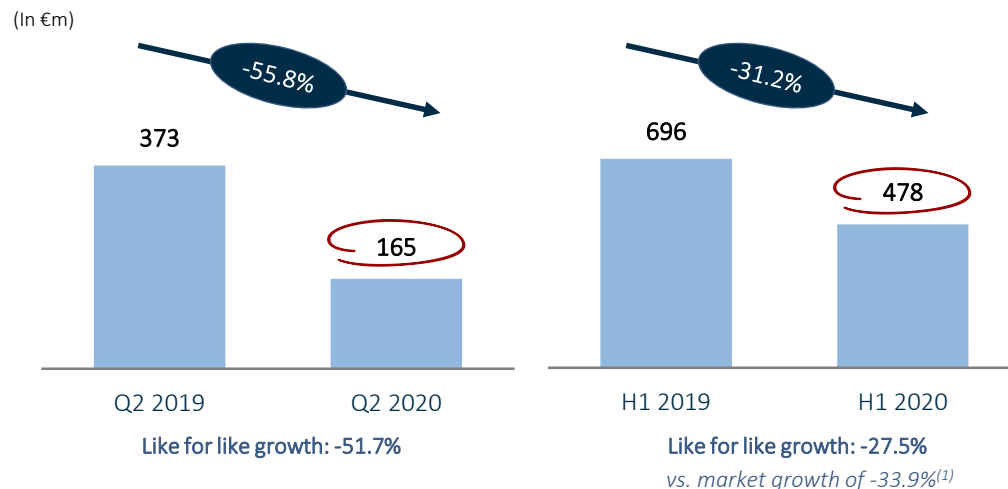
- High drop in activity in Q2 with the market declining -66.6% vs. Q2 2019
 - Spain, Portugal and Germany slightly better performance than the rest
- Operations in Western Europe have shown high resilience with operating leverage reaching 17.2% in Q2 20 vs. Q2 19

Western Europe	Q2	H1
Operating Leverage	17.2%	17.5%

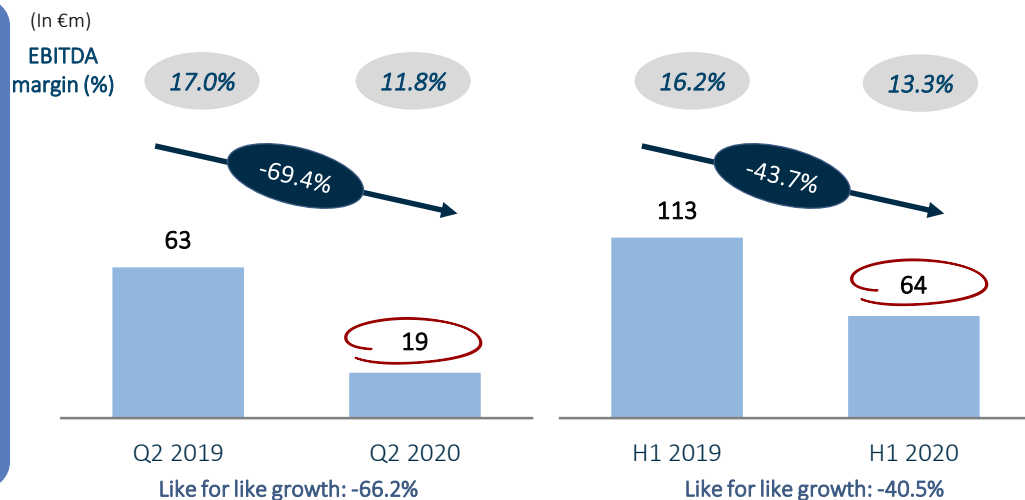
- Activity levels in June and July reaching c. 80% vs. same months in 2019

(1) Market production volume growth is based on countries in Gestamp's production footprint (IHS data for H1 2020 as of July 2020). Western Europe data includes Morocco in line with our reporting

Revenue



EBITDA (excl. Transf. Costs)



Considerations

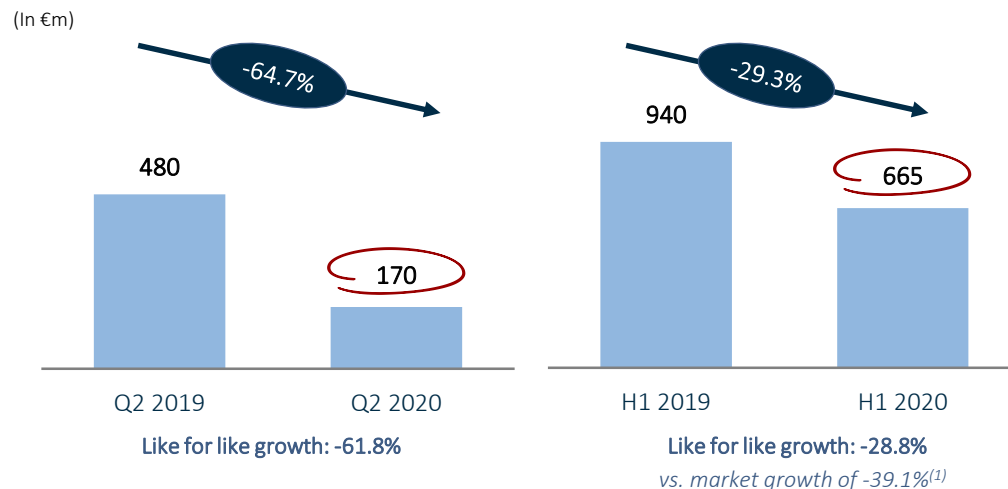
- High drop in activity in Q2 with the market declining -55.9% vs. Q2 2019
 - Poland, Czech Republic and Russia with slightly better performance than the rest
- Operations in Eastern Europe have shown good flexibility with operating leverage reaching 21.1% in Q2

Eastern Europe	Q2	H1
Operating Leverage	21.1%	22.7%

- Strong FX headwinds, mainly in Turkey
- Activity levels in June and July in line vs. same months in 2019

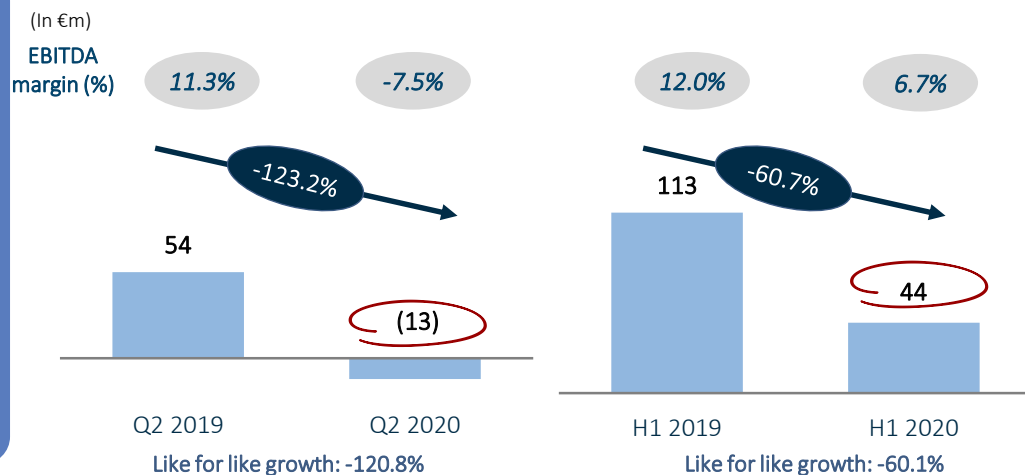
(1) Market production volume growth is based on countries in Gestamp's production footprint (IHS data for H1 2020 as of July 2020)

Revenue



EBITDA

(excl. Transf. Costs)



Considerations

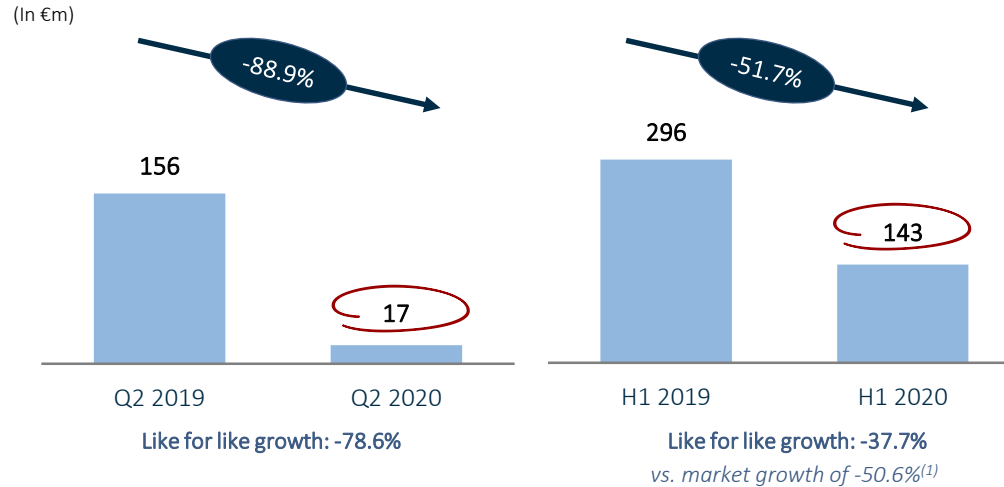
- Drop in activity levels in Q2 higher than the ones experienced in Europe
- Restart after shutdowns delayed in Mexico until late May
- Operations in NAFTA have shown good flexibility, mainly in Q2, with operating leverage reaching 21.6%

NAFTA	Q2	H1
Operating Leverage	21.6%	24.9%

- Strong recovery from activity in June to levels of c. 80% vs. same month in 2019
- Improving activity levels in July

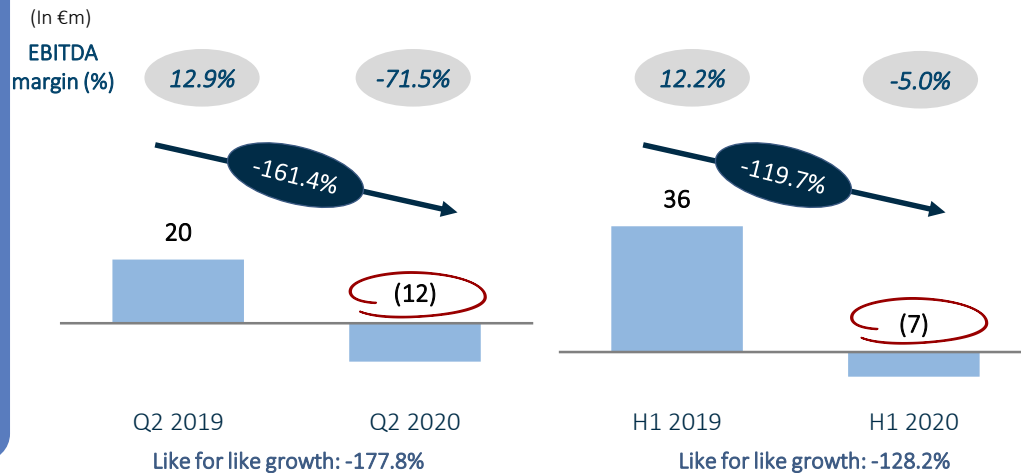
(1) Market production volume growth is based on countries in Gestamp's production footprint (IHS data for H1 2020 as of July 2020)

Revenue



EBITDA

(excl. Transf. Costs)



Considerations

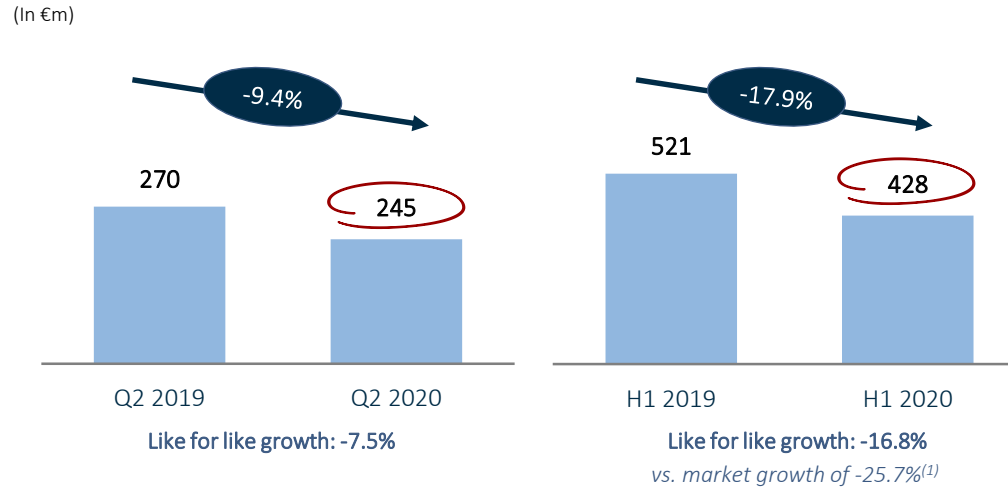
- Mercosur was the region with highest activity drop in Q2 due to COVID-19
- Most of the OEM plants delayed restart of operations to June
- Significant BRL devaluation impacting our results at all levels
- But Gestamp's performance in the region showed good resilience, particularly in Q2 with an operating leverage of 23.5%

Mercosur	Q2	H1
Operating Leverage	23.5%	28.3%

- Volumes improving in Brazil – c. 40% in June vs. 2019 and to c. 80% in July
- Slower recovery seen in Argentina

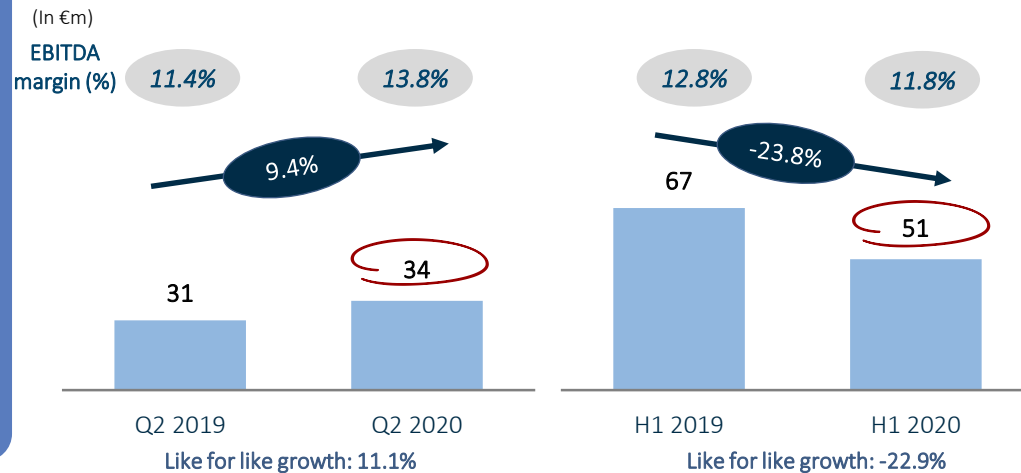
(1) Market production volume growth is based on countries in Gestamp's production footprint (IHS data for H1 2020 as of July 2020)

Revenue



EBITDA

(excl. Transf. Costs)



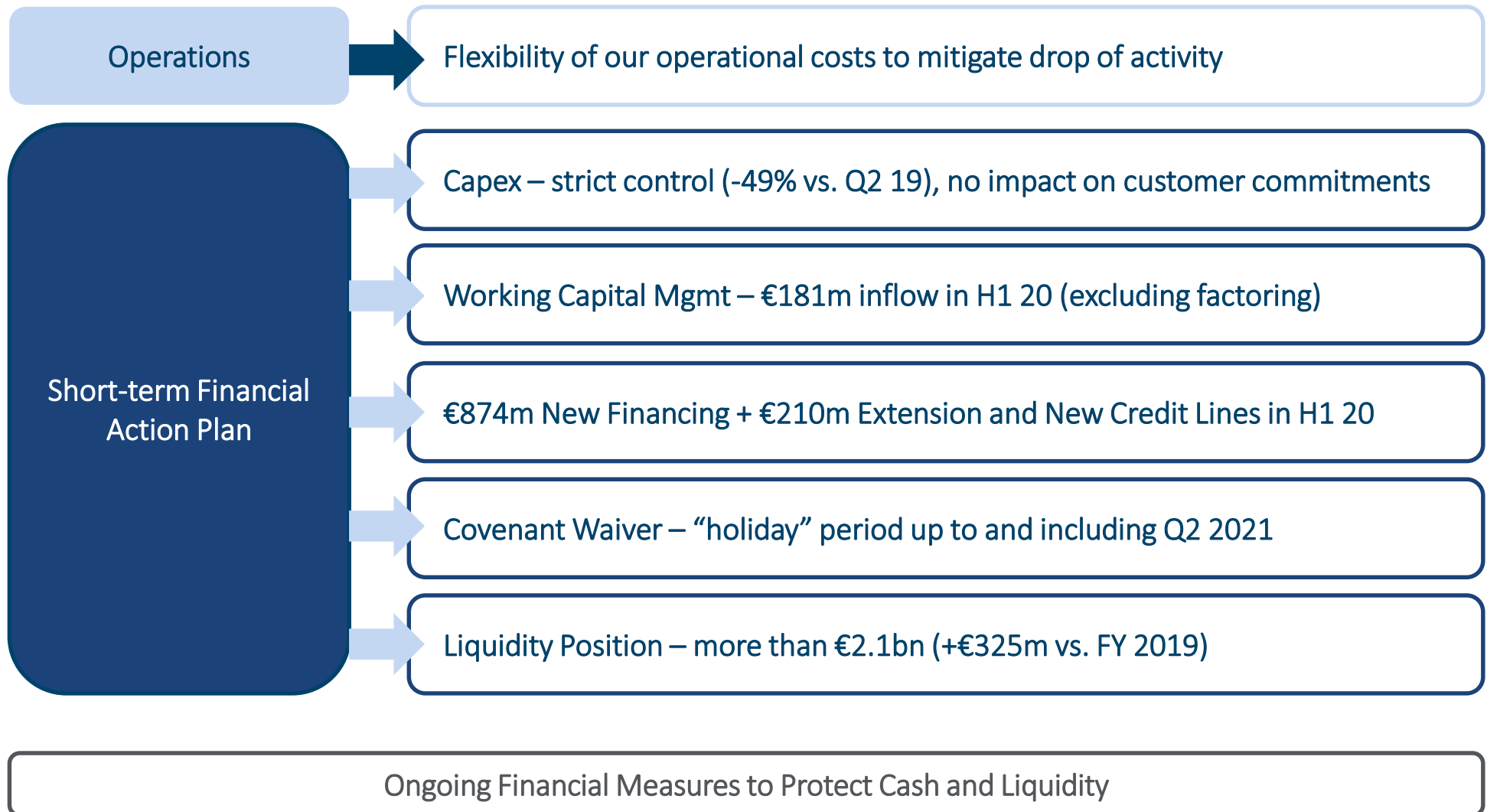
Considerations

- Moderate impact of COVID-19 in Asia in Q2 vs. RoW as impact was in Q1
- Strong recovery of activity levels in China in Q2, partially offset by a slow start of activity in India
- Strong operational performance vs. 2019 despite market volatility, particularly in Q2, with an EBITDA margin improvement

Asia	Q2	H1
Operating Leverage	N/A	17.0%

- July activity levels in China reaching 2019 levels and improving performance in all other countries in the region

(1) Market production volume growth is based on countries in Gestamp's production footprint (IHS data for H1 2020 as of July 2020)



Capex Breakdown

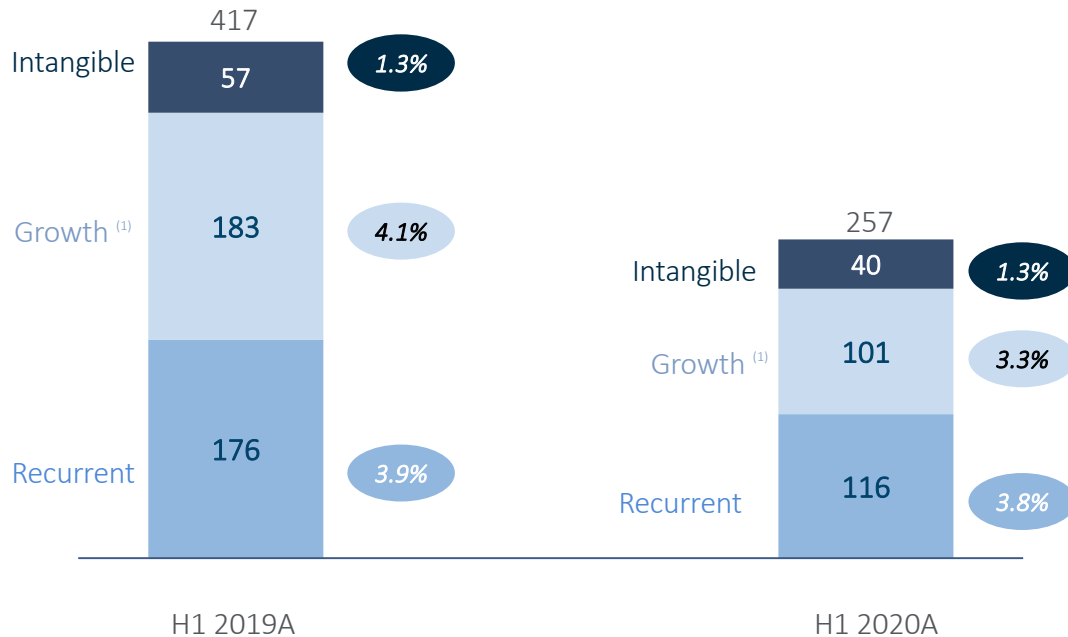
(In €m)

Capex as %
of revenue

9.2%

Capex as %
of revenue

8.4%



Considerations

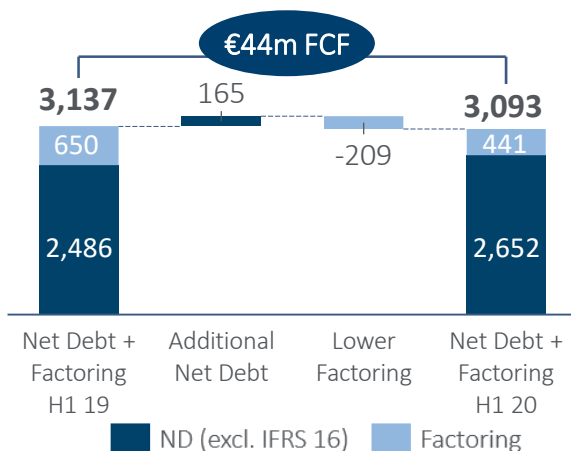
- Capex declined to €257m in H1 2020, reducing total capex by 38% or €160m vs. H1 19
 - Preserving projects already committed
 - During 2Q 2020 capex was reduced by **-48.6%** vs. 2Q 2019
- Capex to revenues ratio stood at 8.4%, well below H1 19 ratio (9.2%)
- **Continued focus on FCF** through capex reduction policy execution
 - Growth and recurrent capex moderation
 - Reductions related to product programs based on project milestones from OEMs

Note: Capex incl. IFRS 16 in H1 2020 amounted to €300m

(1) Growth capex defined as capital expenditure on greenfield property, plant & equipment, major plant expansions and new customer products/technologies

FCF Generation in L12M and Net Debt Evolution – Excl. IFRS 16

(In €m)



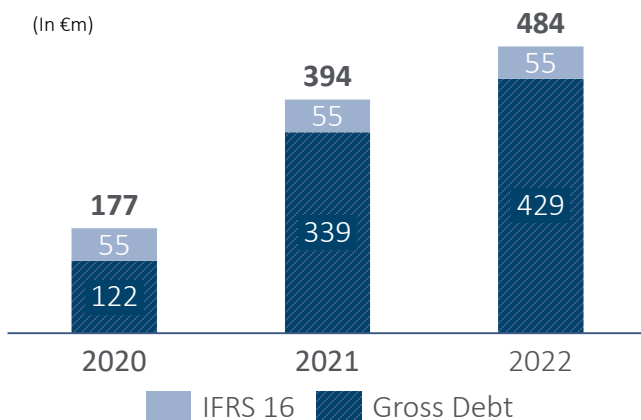
(€m)	FY-19	H1-20	Delta
Net Debt	2,329	2,652	323
Factoring	669	441	-227
Net Debt + Factoring	2,997	3,093	95

Considerations

- Free cash flow generation of €44m over the last twelve months (or €130m pre dividends)⁽¹⁾
 - Strong focus on working capital management, capex control and operating leverage in our operations
- Seasonality increase in net debt during H1 2020 of €95m, when excluding impact of factoring (net debt increased by €323m excl. IFRS 16)
- Next three year maturities comfortably covered by current liquidity position
- Net debt ex-IFRS 16 stood at €2,652m, implying a ND/EBITDA of 3.93x
- Approval of a waiver holiday of its financial covenants up to and including Q2 2021
 - Full support from financial institutions

Debt Maturities 2020/22 as of Q2

(In €m)



Net Financial Debt

(€m)	H1-20
Net Debt	2,652
Operating Leases (IFRS 16)	386
Net Debt (incl. IFRS 16)	3,037
ND / LTM EBITDA excl. IFRS 16	3.93x

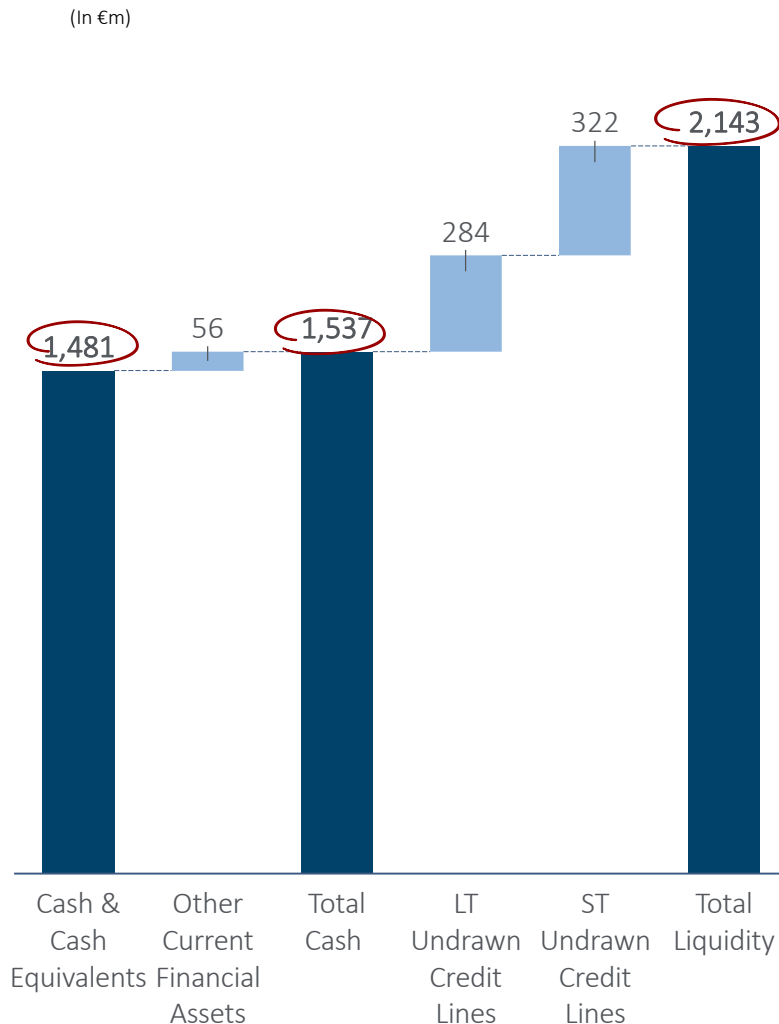
Note: ND / LTM EBITDA excl. IFRS 16 and taking into considerations the one-off impact of the transformation plan reaching 4.53x

(1) Excluding factoring

Liquidity Evolution



Liquidity Position Composition as of H1 2020



Considerations

- Current liquidity position stood at €2.1bn (vs. €2.0bn in Q1 20), an increase of €325m vs. FY 2019
- As of June 30th liquidity was split between €1,537m related to cash and cash equivalent and €606m to undrawn credit facilities
 - Cash & Cash Equivalents includes draw down of Revolving Credit Facility (€325m)
- Continued support from the banks and European institutions
 - Signing of a €200m loan with the EIB and €100m with other multilateral institution
 - Approval of a covenant waiver

Note: Other current financial assets includes: 1) Short term investments; 2) Loans Granted; and 3) Other financial assets

Key Highlights for Q2 and H1 2020

Financial Overview

Outlook and Remarks

People



Standardized **PROTOCOLS** implemented in 100% of all Plants and offices



Daily monitorization and **communication** across all regions – specialized App and COVID INBOX created



Society

PRODUCTION of sanitary and protective material



DONATIONS of sanitary and protective material



Environment

Gestamp has continued its efforts to **reduce** its environmental impact



PLEDGE 30% reduction in all direct and indirect **emissions** (and 22% reduction in supply chain emissions)



First Automotive Company in Spain to pledge – Only 10 Auto companies worldwide



Gestamp has maintained its continuous communication with all clients throughout the pandemic and has maintained LT strategy

CRISIS

- Close **communication** and constant **information sharing** with all our clients
- **SAFE SUPPLIER** / Gestamp and its supply chain have **not caused** any **stoppage** in a client facility
- **Smooth and planned shutdown** and **re-opening** in all our plants



FUTURE

- Preserved **Long-term strategy** and **relationship** with clients and received important **new nominations** in this time period
- Focus on continuing our efforts to **offer solutions** for the growing **Electric Vehicle** market and other **CASE trends**

Gestamp's
Value to
customers



SAFETY



WEIGHT



COST

Updated outlook for FY 2020 based on current estimates of underlying auto production volumes

Updated Outlook for 2020



EBITDA margin of 9-10% ⁽¹⁾

Capex at ~ €500m ⁽²⁾
(Sharp reduction of -37% vs. 2019)

Net Debt at around 2019 Levels ^{(1) (2)}

- Improving profitability trend
 - H2 volumes improvement vs. H1
 - Cost flexibility measures

- Preserving all commitments with customer contracts

- Assuming that factoring levels are maintained vs. 2019

(1) Excluding transformation costs

(2) Excl. IFRS 16

(1) Excluding transformation costs

(2) Excl. IFRS 16

Q2 has been the toughest for the automotive sector as well as the global economy but GEST has weathered the storm

Short-Term

➤ Gestamp's Q2 performance underpins our **flexible and resilient** business model

➤ Solid **commitments with People, Society, Environment and Customers**

Long-Term

➤ **Transformation Plan** key for Gestamp's future

➤ **Keeping long-term growth strategy** at the core of our vision

AND LIGHTER FOR A SAFER WORKING AND LIGHTER CAR
WORKING SAFER AND LIGHTER CAR
FOR A SAFER AND LIGHTER CAR
WORKING SAFER AND LIGHTER CAR
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