Management Discussion and Analysis of the Financial Condition and Results of Operations for the nine months period ended September 30, 2018

Gestamp Automoción, S.A.

October 22, 2018

1. PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial information and operational data

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

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

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

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

Industry data

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

Forward looking statements and other qualifications

The following discussion and analysis is based on and should be read in conjunction with our historical financials included elsewhere in this quarterly report. Certain capitalized terms used herein have the meaning set out in the offering memorandum for our senior secured notes due 2023.

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

Adjustment for inflation in Argentina

During the third quarter of 2018 the inflation indicators for Argentina, and especially the Índice de Precios Internos al por Mayor (IPIM), have shown accumulated inflation in three years exceeding 100% and there are no qualitative aspects that mitigate the situation; therefore Argentina should be considered as a hyperinflationary economy, and therefore IASS 29 should be applied.

The inflation adjustment recorded on Argentine companies has impacted our figures of sales and EBITDA in euro terms in the first nine months of 2018, for an amount of -34.8 million euros for sales, and -4.7 million euros for the EBITDA, while in the third quarter of 2018 the effect is -18.1 million euros sales and -2.4 million euros EBITDA. Additionally, the impact on the financial expenses stands at 2.7 million euros (1.4 million euros in Q3) and on the Attributable Profit reaches -6.6 million euros (-3.2 million euros in Q3).

The impact of the application of the adjustment for hyperinflation in Argentina is calculated from January 1, 2018 and therefore has been distributed between each quarter of the year 2018.

2. BUSINESS PERFORMANCE AND RESULT

The macroeconomic outlook continues to be solid although the IMF *(WEO IMF as of October 9th, 2018)* has revised global growth forecasts slightly downwards to 3.7% in 2018 and 2019, but still above historical averages.

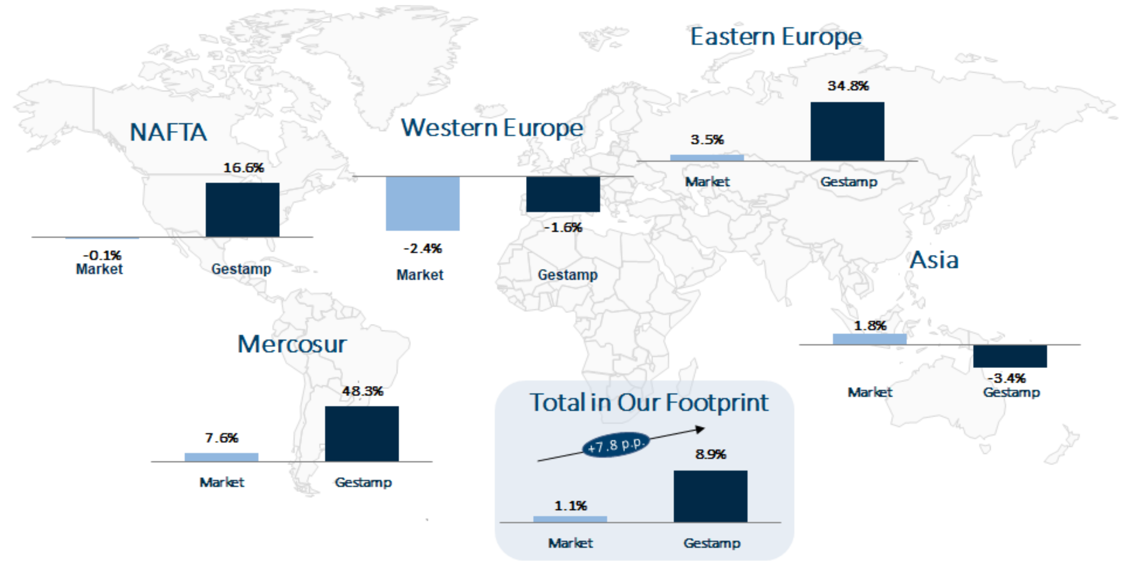
In this context, ongoing auto market uncertainties have led to a 1.9% decline in global light vehicle production in Q3 2018 (according to IHS as of October 2018). Current auto market news flow continues to be around WLTP (Worldwide Harmonized Light Vehicle Test Procedure), Trade Tensions, China and Emerging Markets, which are the key topics leading the uncertainties in the market. WLTP has negatively impacted Q3 production volumes but a recovery is expected in the coming months. The outcome of the recently announced NAFTA agreement seems to have had less impact than what was initially expected. China has seen a slowdown over the past three months but outlook for 2018E remains solid and with good growth prospects for 2019E. Emerging Markets impacted by FX headwinds as a result of the current to macroeconomic situation but healthy auto production growth still expected. OEMs continue to launch new EV programs (Audi e-tron, Mercedes EQC, etc.) which provides new business opportunities for which Gestamp is well positioned given its expertise in offering lightweight solutions.

Despite the aforementioned auto market uncertainties seen during Q3 2018, the first nine months of 2018 have experienced a 1.1% increase. During the first nine months growth in Gestamp's footprint was mainly driven by Mercosur (+7.6%), Eastern Europe (+3.5%) and Asia (+1.8%). According to IHS (as of October 2018), auto production is expected to grow at 0.9% in 2018E and 2.4% in 2019E.

Gestamp's performance for the first nine months of 2018 has been in line with our expectations, despite having experienced a more challenging Q3 than expected as a result of the aforementioned underlying market conditions. Growth in the first nine months of 2018 has been driven by good volumes of existing programs and the ramp-up of new projects, especially in NAFTA, Eastern Europe and Mercosur but partially offset by deeper impact of FX headwinds. Revenues increased by 2.5% (8.9% at constant FX) and in terms of profitability, EBITDA grew by 8.6% on reported basis, with a higher growth of 16.8% at constant FX, driving EBITDA margin to 11.1%. Net Income grew by 7.0% during the first nine months of 2018.

During Q3 2018, Revenues increased by 1.1%, or 7.6% at constant FX, and EBITDA grew at 11.9% (22.2% at constant FX). Gestamp has continued to invest in strategic projects by increasing its global footprint with the opening of 6 new facilities year to date, including the new Matsusaka plant in Japan which will be inaugurated later this week.

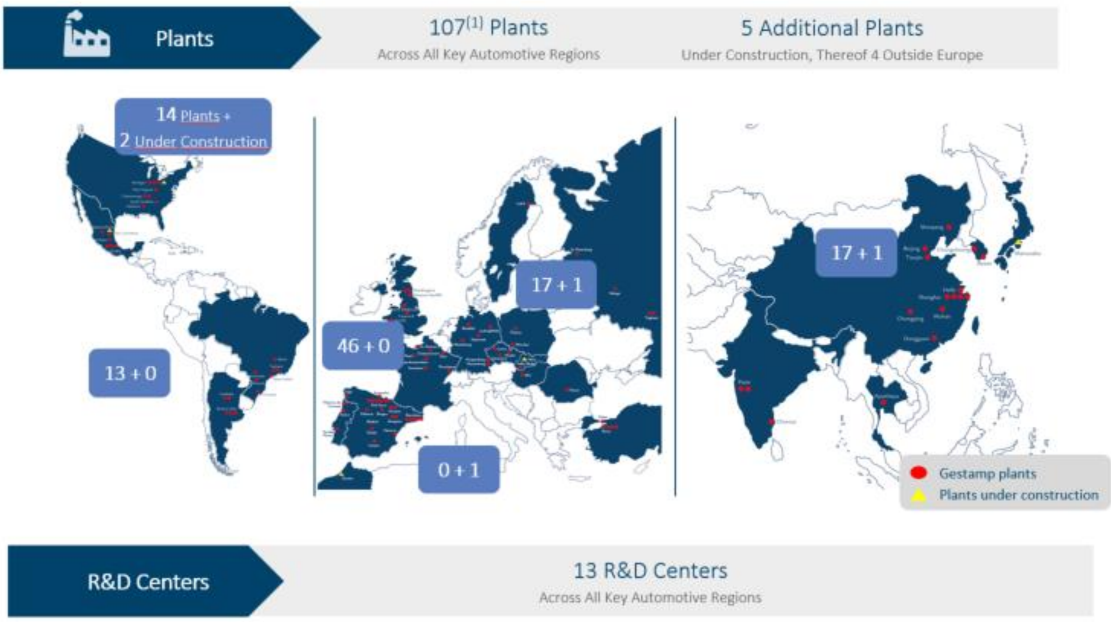
Gestamp Revenue Growth at Constant FX vs. Market Production Growth in Gestamp's Footprint



Note: Gestamp's growth at constant FX used for comparability with production volumes as this is a more accurate reflection of our underlying business activity. Market production volume growth is based on countries in Gestamp's production footprint (IHS data for 9M 2018 as of October 2018).

During the first nine months of 2018 Gestamp has outperformed market production volume growth on a constant currency basis (in its production footprint – IHS data as of October 2018) by 7.8 percentage points.

During the first nine months of 2018, five new plants have been added to our footprint and the opening of the new Matsusaka plant at the end of October 2018 will increase the number of plants openings to six. These additions demonstrate Gestamp's continued focus on delivering on its strategy and strengthening the relationship with its customers.



(1) The addition of BHAP's plant in Beijing resulting from the JV announced on Jan. 25th, 2018 is subject to approval from the Chinese special commission SASAC, as well as to competition and other government authorities

Third quarter of 2018 compared to third quarter of 2017

	Third Quarter			YTD September 30,		
	2017	2018	% Change	2017	2018	% Change
Consolidated Income Statement Data	*(Millions of Euros)*			*(Millions of Euros)*		
Operating income	1,947.9	2,019.9	3.7%	6,133.8	6,402.9	4.4%
Revenue	1,873.7	1,894.2	1.1%	6,004.9	6,155.4	2.5%
Other operating income	62.6	56.4	-9.9%	117.3	141.8	20.9%
Changes in inventories	11.6	69.3	497.4%	11.6	105.7	811.2%
Operating expenses	-1,869.0	-1,928.1	3.2%	-5,812.6	-6,036.5	3.9%
Raw materials and other consumables	-1,108.2	-1,176.9	6.2%	-3,550.0	-3,720.2	4.8%
Personnel expenses	-364.8	-365.0	0.1%	-1,123.7	-1,150.4	2.4%
Depreciation, amortization and impairment losses	-96.1	-104.1	8.3%	-306.2	-315.0	2.9%
Other operating expenses	-299.9	-282.1	-5.9%	-832.7	-850.9	2.2%
Operating profit	78.9	91.8	16.3%	321.2	366.4	14.1%
Finance income	1.6	1.8	12.5%	3.3	4.0	21.2%
Finance expenses	-23.7	-36.1	52.3%	-71.5	-102.5	43.4%
Exchange gains (losses)	-2.0	-11.4	470.0%	-3.1	-19.6	532.3%
Other	-0.3	-0.8	166.7%	-0.5	-3.0	500.0%
Profit from continuing operations	54.5	45.3	-16.9%	249.4	245.3	-1.6%
Income tax expense	-14.5	-10.8	-25.5%	-64.3	-62.8	-2.3%
Profit for the period	40.0	34.5	-13.8%	185.1	182.5	-1.4%
Profit (loss) attributable to non-controlling interests	-3.8	-3.4	-10.5%	-32.5	-19.2	-40.9%
Profit attributable to equity holders of the parent	**36.2**	**31.1**	**-14.1%**	**152.6**	**163.3**	**7.0%**
EBITDA	175.0	195.9	11.9%	627.4	681.4	8.6%

Revenue

During the third quarter of 2018 revenues reached €1,894.2 million, of which Body-in White and Chassis represented €1,531.4.million, mechanisms €234.2 million, and tooling and other €128.6 million.

During the third quarter revenues increased by €20.5 million, or 1.1% versus sales of €1,873.7 million during the third quarter of 2017. The increase in revenues was largely attributable to strong growth in Eastern Europe and North America offset in part by the decrease in revenues of tooling and the negative impact by hyperinflation IFRS adjustment in Argentina.

During the first nine months of 2018 revenues increased by €150.5 million, or 2.5% versus sales of €6,004.9 million during the first nine months of 2017. The increase in revenues was largely attributable to growth in Eastern Europe (except Turkey) and North America, offset in part by the decrease in revenues of tooling in Western Europe and Asia.

Operating expenses

Raw materials and other consumables. During the third quarter of 2018 expenses on raw materials and other consumables increased by €68.7 million, or 6.2%, to €1,176.9 million from €1,108.2 million during the third quarter of 2017. The increase was mainly due to higher sales volumes consistent with the increase in revenues and the internal production for inventories.

Personnel Expenses. During the third quarter of 2018 personnel expenses increased by €0.2 million, or 0.1%, to €365.0 million from €364.8 million during the third quarter of 2017; this increase is consistent with the increases in revenues and inventories.

Depreciation, amortization and impairment losses. During the third quarter of 2018 depreciation expense increased by €8.0 million, or 8.3%, to €104.1 million from €96.1 million in the third quarter of 2017.

Other operating expenses. During the third quarter of 2018 other operating expenses decreased by €17.8 million, or -5.9%, to €282.1 million from €299.9 million in the third quarter of 2017, mainly in Western Europe. This decrease is consistent with the decrease in revenues in this geographic area.

Operating profit or loss

Operating profit during the third quarter of 2018 increased by €12.9 million, or 16.3%, to €91.8 million from €78.9 million during the third quarter of 2017. This increase was primarily due to the increase in revenues in Body-in-White and Chassis and Mechanisms considering both sales to customers.

EBITDA

EBITDA during the third quarter of 2018 increased by €20.9 million or 11.9% when compared to the third quarter of 2017, reaching €195.9 million.

EBITDA during the first nine months of 2018 grew 8.6% to €681.4 million from €627.4 million in the first nine months of 2017, moving margin up to 11.1%.

Net financial income (expenses)

Net financial expense increased by €12.2 million, or 55.2%, to €34.3 million during the third quarter of 2018 from €22.1 million during the third quarter of 2017. This increase was primarily due to a higher average net financial debt for the period, the effect of the application of the change in IFRS 9 has involved an additional financial expense of €4.9 million in the third quarter of 2018 and the higher interest rate of the bond that Gestamp Automoción issued in April 2018.

Exchange gains (losses)

During the third quarter of 2018 exchange losses amounted to €11.4 million and €2.0 million during the third quarter of 2017. The exchange losses in the third quarter of 2018 were primarily due to the depreciation of Brazilian Real, Argentine Peso and Turkish Lira.

Income tax

Income tax expense during the third quarter of 2018 decreased by €3.7 million, to €10.8 million from €14.5 million during the third quarter of 2017.

Profit attributable to non-controlling interests

Profit attributable to non-controlling interests during the third quarter of 2018 decreased by €0.4 million to €3.4 million from €3.8 million during the third quarter of 2017, mainly due to the non-attribution of results to the minority partners in France whose participation was repurchased in the second quarter of 2018.

Financial information by geographic segment

The following tables set forth, by geography, our revenues and EBITDA.

REVENUES

Revenues	Third Quarter 2017	Third Quarter 2018	% Change	YTD September 30, 2017	YTD September 30, 2018	% Change
	(Millions of Euros)			*(Millions of Euros)*		
Geographic segments						
Western Europe	915.3	864.9	-5.5%	3,059.5	3,000.2	-1.9%
Eastern Europe	215.1	269.0	25.1%	698.6	841.4	20.4%
Mercosur	136.5	136.6	0.1%	392.1	426.0	8.6%
North America	325.6	409.7	25.8%	1,077.1	1,167.3	8.4%
Asia	281.2	214.0	-23.9%	777.6	720.5	-7.3%
Total	**1,873.7**	**1,894.2**	**1.1%**	**6,004.9**	**6,155.4**	

Western Europe

Revenue decline of 5.5% during the third quarter of 2018, reaching €864.9 million which represented a €50.4 million decrease versus the third quarter of 2017. The decrease in revenues was driven by a decline in Germany in line with market production volumes and lower tooling revenues, a continued decrease in the UK and a stable performance of France and Iberia.

During the first nine months of 2018 revenues experienced a slight decrease of €59.3 million versus the first nine months of 2017, reaching €3,000.2 million. Revenues have been impacted by lower tooling revenues during the period when compared to same period in 2017.

Eastern Europe

During the third quarter of 2018 revenues reached €269.0 million resulting in 25.1% growth and represented a €53.9 million increase versus the third quarter of 2017. The increase in revenues was driven by a strong growth across all countries except for Turkey, impacted by continued FX headwinds. Underlying growth from project ramp-ups as well as a continued market recovery in Russia and the ramp-up of operations in Romania.

During the first nine months of 2018 revenues reached €841.4 million which implied a growth of 20.4% or an increase of €142.8 million when compared to the first nine months of 2017. The revenue evolution was backed by the same revenue growth drivers as for the third quarter of 2018.

Mercosur

During the third quarter of 2018 revenues reached €136.6 million, an implied growth of 47.4% at constant FX or €42.5 million increase versus the third quarter of 2017. The evolution was backed by a strong above-market growth registered in Brazil, with Argentina impacted by FX headwinds as well as a slow-down in underlying market dynamics of the country.

During the first nine months of 2018 revenues reached €426.0 million, resulting in 8.6% growth or an increase of €33.9 million when compared to the first nine months of 2017, based on similar reasons as for the third quarter of 2018.

North America

Revenue growth of 25.8% during the third quarter of 2018, reaching €409.7 million which represented a €84.1 million increase versus the third quarter of 2017. Revenue growth was impacted by strong growth in Mexico as a result of projects ramp-ups and solid growth in the US despite change-over of some programs.

During the first nine months of 2018 revenues grew by €90.2 million, or a 8.4% increase when compared to the first nine months of 2017, reaching €1,167.3 million, with some impact from change-over of models.

Asia

During the third quarter of 2018 revenues decreased by 23.9% versus the third quarter of 2017, reaching €214.0 million. The decline was mainly driven by weaker production volumes, with China performing in line with the market production slowdown.

During the first nine months of 2018 revenues reached €720.5, a decline of €57.1 million or 7.3% when compared to the first nine months of 2017. Revenue performance of the first nine months of the year is based on similar reasons as for the third quarter, along with FX headwinds during the period.

EBITDA

	Third Quarter			YTD September 30,		
	2017	2018	% Change	2017	2018	% Change
EBITDA	*(Millions of Euros)*			*(Millions of Euros)*		
Geographic segments						
Western Europe	80.3	73.5	-8.5%	305.4	305.0	-0.1%
Eastern Europe	23.2	34.8	50.0%	83.7	105.9	26.5%
Mercosur	14.2	20.7	45.8%	39.0	55.4	42.1%
North America	18.9	39.7	110.1%	81.2	111.1	36.8%
Asia	38.4	27.2	-29.2%	118.1	103.9	-12.0%
Total	**175.0**	**195.9**	**11.9%**	**627.4**	**681.3**	

Western Europe

EBITDA during the third quarter of 2018 decreased by 8.5% or €6.8 million when compared to the third quarter of 2017, reaching €73.5 million. This decrease is in line with aforementioned revenue evolution.

During the first nine months of 2018 EBITDA remained flat at €305.0 when compared with the first nine months of 2017, with a slight EBITDA margin expansion across almost all countries driven by the launch of new projects and efficiency gains.

Eastern Europe

EBITDA during the third quarter of 2018 reached €34.8 million, resulting in 50.0% growth or an increase of €11.6 million when compared to the third quarter of 2017. EBITDA margin expansion registered in the period was driven by overall lower ramp-up costs linked to new projects.

During the first nine months of 2018 EBITDA increased by €22.2 million or 26.5% growth to €105.9 million when compared to the first nine months of 2017. EBITDA margin of 12.6% was higher than in 9M 2017 but still impacted by ramp-up costs.

Mercosur

During the third quarter of 2018 EBITDA reached €20.7 million resulting in 45.8% growth and representing a €6.5 million increase versus the third quarter of 2017.

During the first nine months of 2018 EBITDA increased by €16.4 million or 42.1% growth when compared to the first nine months of 2017, reaching €55.4 million. The margin expansion, to levels above group average, was driven by volume recovery and efficiency gains. Argentina was impacted by hyperinflation adjustment.

North America

EBITDA during the third quarter of 2018 reached €39.7 million, an implied growth of 110.1% or €20.8 million when compared to the third quarter of 2017. The EBITDA evolution reflected a margin improvement, with costs impacted by ramp-up.

During the first nine months of 2018 EBITDA increased by €29.9 million or 36.8% growth to €111.1 million when compared to the first nine months of 2017. New launches and ramp-ups expected to continue to positively contribute to Revenue, EBITDA and margin growth.

Asia

EBITDA during the third quarter of 2018 totaled €27.2 million, resulting in a decrease of 29.2% or €11.2 million when compared to the third quarter of 2017. The evolution in EBITDA was impacted by launching expenses and the moderate margin decrease was the result of a higher than expected revenue decrease.

During the first nine months of 2018 EBITDA decreased by €14.2 million or 12.0% when compared to the first nine months of 2017, reaching €103.9 million. The evolution in EBITDA during the first nine months was impacted by lower volumes in Q1 and Q3 and by FX headwinds. EBITDA margins continue to be above those of the group despite the increased production volatility experienced in the region.

Information on cash flows

	Third Quarter		YTD September 30,	
	2017	**2018**	**2017**	**2018**
	(Millions of Euros)		*(Millions of Euros)*	
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit for the year before taxes and after non-controlling interest from continuing operations	**50.7**	**38.5**	**216.9**	**226.1**
Adjustments to profit	**110.1**	**135.2**	**369.3**	**431.9**
Depreciation and amortization of fixed assets	95.9	105.2	306.1	315.1
Impairment	-2.9	0.1	0.5	0.0
Change in provisions	0.2	-2.7	-8.0	-2.9
Grants released to income	-1.0	-1.1	-2.8	-3.0
Profit (loss) attributable to non-controlling interests	3.8	3.4	32.5	19.2
Profit from disposal of fixed assets	0.8	0.1	0.9	0.0
Profit from disposal of financial instruments	0.0	0.0	0.0	0.0
Financial income	-1.6	-1.8	-3.3	-4.0
Financial expenses	23.7	36.1	71.5	102.5
Share of profits from associates - equity method	0.3	0.0	0.5	-0.1
Exchange rate differences	-9.1	-2.7	-28.0	4.6
Other income and expenses	0.0	-1.4	-0.6	0.5
Changes in working capital	**27.4**	**-129.5**	**-230.1**	**-359.6**
(Increase)/Decrease in Inventories	-26.0	-116.5	-83.4	-176.2
(Increase)/Decrease in Trade and other receivables	116.4	119.5	-198.7	-42.8
(Increase)/Decrease in Other current assets	-14.5	6.9	-31.8	-21.3
Increase/(Decrease) in Trade and other payables	-48.7	-142.6	82.7	-122.2
Increase/(Decrease) in Other current liabilities	0.2	3.2	1.1	2.9
Other cash-flows from operating activities	**-55.4**	**-35.5**	**-121.3**	**-112.0**
Interest paid	-18.5	-21.7	-66.0	-75.2
Interest received	1.3	1.4	3.0	4.0
Proceeds (payments) of income tax	-38.2	-15.2	-58.3	-40.8
Cash flows from operating activities	**132.8**	**8.7**	**234.8**	**186.4**

	Third Quarter		YTD September 30,	
	2017	2018	2017	2018
CASH FLOWS FROM INVESTING ACTIVITIES	*(Millions of Euros)*		*(Millions of Euros)*	
Payments on investments	**-202.4**	**-196.4**	**-659.0**	**-758.5**
Group companies and associates	0.0	0.0	-10.4	-14.3
Intangible assets	-18.8	-30.0	-59.8	-85.8
Property, plant and equipment	-183.6	-175.8	-588.8	-652.0
Other financial assets	0.0	9.4	0.0	-6.4
Proceeds from divestments	**-3.5**	**7.4**	**18.6**	**12.7**
Group companies and associates	0.0	0.0	0.0	0.0
Intangible assets	0.1	-0.4	0.7	0.3
Property, plant and equipment	6.9	7.2	16.0	11.8
Other financial assets	-10.5	0.6	1.9	0.6
Cash flows from investing activities	**-205.9**	**-189.0**	**-640.4**	**-745.8**
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds and payments on equity instruments	**2.3**	**-9.5**	**4.8**	**-48.0**
Change in non-controlling interests	1.7	0.2	3.4	-37.1
Grants, donations and legacies received	0.6	0.3	1.4	1.0
Other equity movements	0.0	-10.0	0.0	-11.9
Proceeds and payments on financial liabilities	**32.2**	**173.0**	**449.0**	**305.3**
Proceeds from	**247.4**	**200.4**	**950.3**	**950.2**
Bonds and other securitites to trade	0.0	-1.0	0.0	392.3
Interest-bearing loans and borrowings	246.8	207.7	933.9	390.5
Net increase of credit lines and commercial discount	0.0	0.0	0.0	0.0
Borrowings from Group companies and associates	0.0	0.9	0.0	147.4
Other borrowings	0.6	-7.2	16.4	20.0
Repayment of	**-215.2**	**-27.4**	**-501.3**	**-644.9**
Bonds and other securitites to trade	0.0	0.0	0.0	0.0
Interest-bearing loans and borrowings	-178.4	-0.1	-443.7	-612.7
Net decrease of credit lines and commercial discount	-18.6	-50.8	-26.4	-30.5
Borrowings from Group companies and associates	-1.4	3.9	-8.8	-1.7
Other borrowings	-16.8	19.6	-22.4	0.0
Payments on dividends and other equity instruments	**-1.6**	**-72.8**	**-68.8**	**-78.3**
Dividends	-1.6	-72.8	-68.8	-78.3
Cash flows from financing activities	**32.9**	**90.7**	**385.0**	**179.0**
Effect of changes in exchange rates	**-1.9**	**1.7**	**-3.8**	**-4.6**
Cash in assets held for sale	**0.0**	**0.0**	**0.0**	**0.0**
NET INCREASE/ DECREASE OF CASH OR CASH EQUIVALENTS	**-42.1**	**-87.9**	**-24.4**	**-385.0**

Cash flow from operating activities

Cash flow from operating activities during the third quarter of 2018 decreased by €124.1 million to a net amount of €8.7 million from a net amount €132.8 million in the third quarter of 2017, primarily due to an decrease in the cash from working capital by €156.9 million, partially offset by the increase in EBITDA linked to operating activities.

Cash flow from (used in) investing activities

Cash flow used in investing activities during the third quarter of 2018 decreased by €16.9 million to €189.0 million from €205.9 million during the third quarter of 2017. The cash flow used in the third quarter of 2018 was primarily for investments in projects in North America, Slovakia, Spain, China, United Kingdom, Czech Republic and Japan.

Cash flow from (used in) financing activities

Cash flow from financing activities during the third quarter of 2018 amounted to €90.7 million primarily due to the funds from new interest-bearing loans by €207.7 million partially offset with the repayment of interest bearing loans by €50.8 million and the payment of dividends by €72.8 million.

Working capital

The table below shows the sources (and uses) of cash related to working capital related to operating activities during the periods indicated.

	Third Quarter		YTD September 30,	
	2017	**2018**	**2017**	**2018**
	(Millions of Euros)		*(Millions of Euros)*	
Changes in working capital	**27.4**	**-129.5**	**-230.1**	**-359.6**
(Increase)/Decrease in Inventories	-26.0	-116.5	-83.4	-176.2
(Increase)/Decrease in Trade and other receivables	116.4	119.5	-198.7	-42.8
(Increase)/Decrease in Other current assets	-14.5	6.9	-31.8	-21.3
Increase/(Decrease) in Trade and other payables	-48.7	-142.6	82.7	-122.2
Increase/(Decrease) in Other current liabilities	0.2	3.2	1.1	2.9

Our working capital requirements largely arise from our trade and other receivables, which are primarily composed of amounts owed to us by our customers, inventories primarily composed of raw materials (mainly steel) and other current assets which comprise receivables accounts with the public treasury by the advanced payments of taxes or refunds of taxes.

Our trade and other payables primarily relate to trade payables to our suppliers for raw materials and services, other amounts to the public treasury for taxes and payments to our employees by means of salaries. We have historically funded our working capital requirements through funds generated from our operations, from borrowings under bank facilities and through funds from other financing sources.

Net working capital requirements increased by €129.5 million during the third quarter of 2018 (decrease by €27.4 million during the third quarter of 2017), primarily due to an increase in the amount of inventories resulting mainly from an increase in the average periods of stock rotation during the third quarter of 2018 compared to the second quarter of 2018.

Investments in fixed assets

	Third Quarter		YTD September 30,	
	2017	2018	2017	2018
	(Millions of Euros)		*(Millions of Euros)*	
Capital expenditures				
Intangible assets	18.8	30.9	59.8	86.7
Tangible assets	186.5	169.6	566.9	663.8
- Growth Capex	*119.4*	*92.3*	*347.4*	*426.4*
- Recurrent Capex	*67.1*	*77.3*	*219.5*	*237.4*
Total	**205.3**	**200.5**	**626.7**	**750.5**

Investments in fixed assets during the first nine months of 2018 and 2017 amounted to approximately €750.5 million and €626.7 million, respectively. Investments in fixed assets primarily consists of expenditure on property, plant and equipment.

Capex effort is consistent with ongoing Revenue and EBITDA growth. Total capex reached €750.5 million during the first nine months of 2018, an implied 12.2% of Revenues for the period. Capital expenditure during the first nine months of 2018 was split into €426.4 million from growth capex, €237.4 million from recurrent capex and €86.7 million from intangible capex. More than 55% of our capital expenditures has been dedicated to growth capex, defined as capital expenditure on greenfield property, plant & equipment, major plant expansions and new customer products/technologies.

Contractual obligations

We have contractual commitments providing for payments primarily pursuant to our outstanding financial debt, including the financial obligations arising from the senior secured notes but excluding financial derivatives.

	As of September 30, 2018			
	Total	Less than 1 year	1 - 5 years	More than 5 years
	(Millions of Euros)			
Contractual obligations				
Interest bearing loans and borrowings	2,784.1	106.1	2,248.6	429.4
Financial leases	41.8	4.2	20.1	17.5
Borrowings from associated companies	201.6	2.7	181.0	17.9
Other financial debts	30.8	0.0	25.0	5.8
Total Financial Debts	**3,058.3**	**113.0**	**2,474.7**	**470.6**
Operating leases	555.1	99.3	241.6	214.2
Non interest bearing loans	11.0	0.0	9.5	1.5
Current non-trade liabilities	126.7	126.7		
Total Contractual Obligations	**3,751.1**	**339.0**	**2,725.8**	**686.3**

Other Financial Data

	YTD September 30,	
	2017	2018
	(Millions of Euros)	
Interest bearing loans and borrowings	2,486.7	2,784.1
Financial leasing	29.7	41.8
Borrowings from associated companies	59.5	201.6
Other financial debts	36.2	30.8
Total Financial Debt	**2,612.1**	**3,058.3**
Cash, cash equivalents and current financial assets	462.4	560.5
TOTAL NET FINANCIAL DEBT	**2,149.7**	**2,497.8**

	YTD September 30,	
	2017	2018
	(Millions of Euros)	
Operating profit	321.2	366.4
Adjusted for:		
Depreciation, amortization and impairment losses	306.2	315.0
EBITDA	**627.4**	**681.4**

Cash, cash equivalents and current financial assets includes cash and cash equivalents as of September 30, 2018 of €475.2 million and current financial assets of €85.3 million (including loans and receivables, securities and other current financial assets).

The following non-trade liabilities are not considered financial debt as of September 30, 2018: €29.2 million in derivative financial instruments, €126.7 million of non-interest bearing short-term liabilities (of which €109.1 million were to suppliers of fixed assets) and €11.0 million of non-interest bearing long-term liabilities.

GESTAMP AUTOMOCION, S.A. AND SUBSUBSIDIARIES
CONSOLIDATED BALANCE SHEET

Consolidated Balance Sheet Data:	September 30, 2017	December 31, 2017	September 30, 2018
		(Millions of Euros)	
Non-current assets	4,179.2	4,157.7	4,572.5
Intangible assets	405.9	414.7	437.4
Property, plant and equipment	3,375.6	3,407.8	3,777.3
Financial assets	82.5	69.4	37.4
Deferred tax assets	315.2	265.8	320.4
Current assets	2,832.7	3,067.2	2,977.1
Assets held for sale	0.0	0.0	0.0
Inventories	719.7	681.3	516.3
Assets from contract with customers			718.0
Trade and other receivables	1,586.4	1,375.7	1,090.0
Other current assets	64.2	71.1	92.3
Financial assets	56.3	78.9	85.3
Cash and cash equivalent	406.1	860.2	475.2
Total assets	**7,011.9**	**7,224.9**	**7,549.6**

Consolidated Balance Sheet Data:	September 30, 2017	December 31, 2017	September 30, 2018
		(Millions of Euros)	
Equity	1,910.5	1,970.6	2,069.9
Equity attributable to shareholders of the parent	1,476.4	1,534.8	1,655.6
Equity attributable to non-controlling interest	434.1	435.8	414.3
Non-current liabilities	2,771.4	2,747.2	3,433.3
Deferred income	24.4	22.3	20.2
Provisions	147.0	143.0	141.0
Non-trade liabilities	2,360.6	2,364.5	2,985.4
Deferred tax liabilities	238.9	217.4	268.2
Other non-current liabilities	0.5	0.0	18.5
Current liabilities	2,330.0	2,507.1	2,046.4
Non-trade liabilities	528.2	678.3	239.6
Trade and other payables	1,779.5	1,814.1	1,792.4
Provisions	15.8	11.7	8.5
Other current liabilities	6.5	3.0	5.9
Total equity and liabilities	**7,011.9**	**7,224.9**	**7,549.6**

Impacts from IFRS 9 and IFRS 15

The first adoption of IFRS 9 (Financial Instruments) and IFRS 15 (Revenue from Contracts with Customers) as of 1st January 2018 has impacted our opening balance sheet.

IFRS 9 implementation has required to assess the value of our financial debt affected by restructuring deals, discounting new future cash flows at the original effective interest rates. This has led to a reduction of €106.2 million in our financial debt, as of 1st January 2018, that will flow over time into our P&L as higher financial expenses (€14.7 million in the first nine months of 2018).

IFRS 15 has led to reassess the value of our inventories as of 1st January 2018, increasing it by €17.2 million, with no impact on P&L.

Liquidity

Liquidity risk is evaluated as the risk that a company will not be able to service its payment commitments as a result of adverse condition-s in the debt and/or equity markets that prevent or hinder its capital raising efforts or cash liquidity needs which exceed that budgeted.

The Group manages liquidity risk looking for cash availability to cover its cash needs and debt maturity for a period of 12 months, thereby avoiding the need to raise funds on disadvantageous terms to cover short term needs. The available liquidity hold is integrated by cash equivalent and undrawn credit lines with a maturity beyond 12 months, according to the Interim Condensed Consolidated Financial Position, without adjusting them proportionally by the shareholdings, or by resources in subsidiaries subject to administrative authorization.

At September 30, 2018 the cash equivalent amounted to 475 million euros and the undrawn long-term credit lines amounted to 590 million euros (including syndicated loans amounting to 280 million euros). The debt with a maturity under 12 months amounted to 106 million euros. In the first nine-months of 2018, the net cash flow used in investing activities (not including intercompany purchases and revenue) have exceeded the net cash flow provided by operating activities in 545 million euros.

Liquidity risk management in the next 12 months is complemented with an analysis of debt maturity, seeking an appropriate average maturity and refinancing in advance the short term maturities, especially the first two years. At September 30, 2018 the average maturity of the Group´s net financial debt was 4.7 years (estimated considering the use of cash and credit lines with a maturity date beyond 12 months to repay short term debt).

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

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

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