



Management Discussion and Analysis of the Financial Condition and Results of Operations for the three months period ended March 31, 2019

Gestamp Automoción, S.A.

May 6, 2019

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 and 2026.

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

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) for wholesale prices, 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 Argentina companies has impacted our figures of sales and EBITDA in euro terms in the first three months of 2019, for an amount of -0.4 million euros for sales, and only -36.0 thousand euros for the EBITDA. Additionally, the impact on the financial results stands at -1.0 million euros and on the Attributable Profit reaches -1.7 million euros.

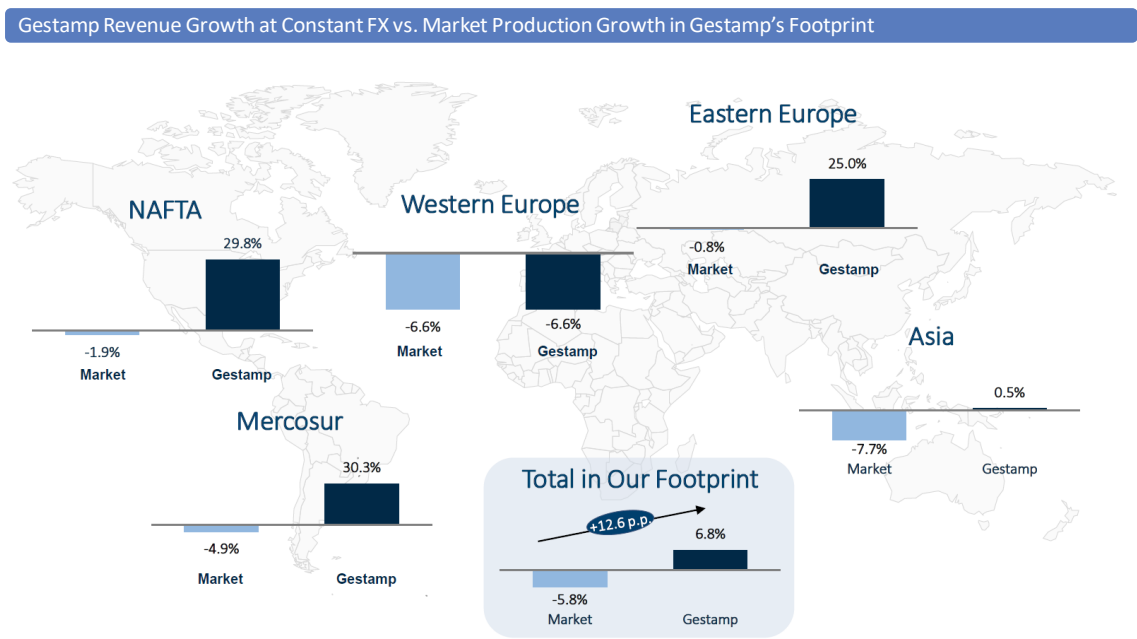
2. BUSINESS PERFORMANCE AND RESULT

Macroeconomic outlook continues to be solid although the International Monetary Fund (*IMF World Economic Outlook as of April 2019*) revised its latest global growth forecasts slightly downwards to 3.6% for 2018 and to 3.3% for 2019 (from its previous forecast of 3.7% for both years as of October 2018). According to the IMF, the current 2019 forecast envisages that global growth will level off in the first half and pick-up during the second half of the year. The expected recovery in H2 of 2019 is based on an ongoing buildup of policy stimulus in China, recent improvements in global financial market sentiment, temporary drags on growth in the euro area fading away and a gradual stabilization of conditions in weaker performing emerging market economies, including Argentina and Turkey. For 2020, a recovery to 3.6% growth is expected.

In this context, the auto market environment remained challenging with a decline of 6.7% in global light vehicle production in Q1 2019 (according to IHS as of April 2019). The market uncertainties experienced in H2 2018 have continued to impact the first quarter of 2019. Auto market news flow continues to be around powertrain uncertainties, ongoing trade tensions, Brexit outcome scenarios and a weaker global economy. OEMs are looking for new developments and solutions in order to accomplish EU CO₂ regulation targets, leading to an increase of outsourcing to global suppliers which strengthens Gestamp's position in capturing new business. OEMs have continued to strengthen their electrification strategies with an incremental number of Electric Vehicles models being announced to the market. OEMs are also looking for lightweight solutions to develop lighter ICE (Internal Combustion Engine) vehicles which helps reduce CO₂ emissions as well as increase autonomy of Electric Vehicles.

During the first three months of 2019, global vehicle production volumes in Gestamp’s footprint experienced a 5.8% decline. All regions in which Gestamp is present saw volume decreases during Q1 2019 with Western Europe (-6.6%) and China (-13.5%) experiencing the strongest declines, followed by NAFTA (-1.9%) and Mercosur (-4.9%) whilst volumes in Eastern Europe showed only a moderate decrease (-0.8%) vs. Q1 2018. According to IHS (as of April 2019), the global auto production forecast in Gestamp’s footprint for 2019/20E have turned more cautious with volumes expected to decrease by 0.6% in 2019E and increase by 1.5% in 2020E (lower production volumes in absolute terms vs. previous forecast).

Gestamp’s revenues during Q1 2019 performed well with an increase of 5.4% (6.8% at constant FX) driven by the positive impact from new projects that have started operations, resulting in an outperformance of the auto production market .

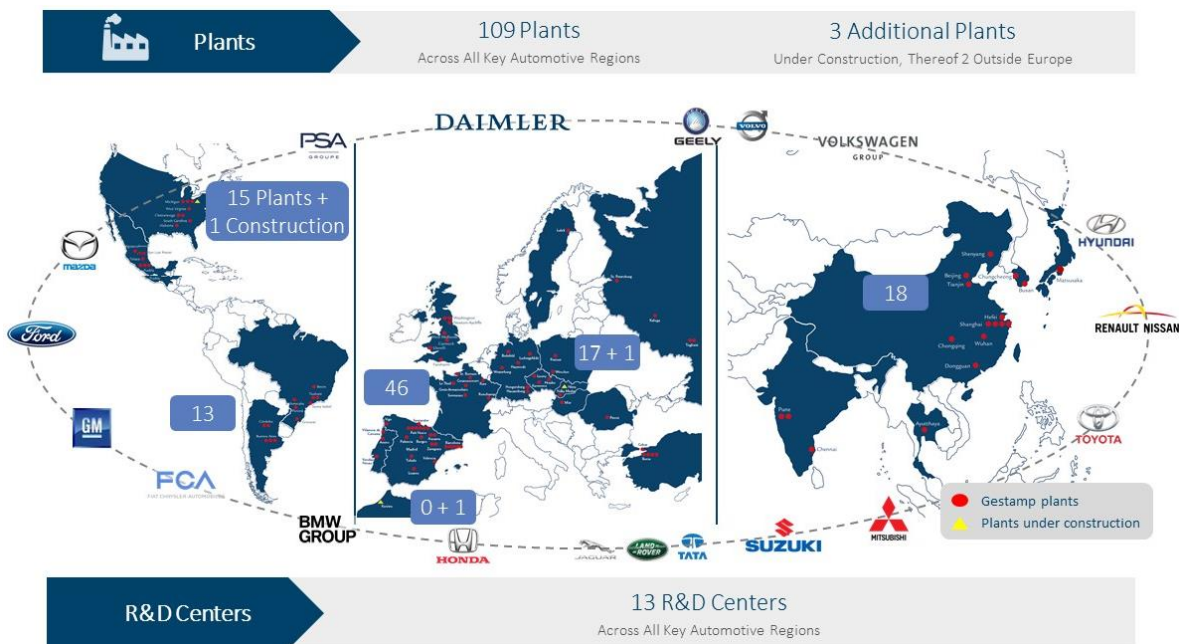


Note: Gestamp’s growth at constant FX used for comparability with production volumes. Market production volume growth is based on countries in Gestamp’s production footprint (IHS data for Q1 2019 as of April 2019)

During the first quarter of 2019 Gestamp has outperformed market production volume growth on a constant currency basis (in its production footprint – IHS data as of April 2019) by 12.6 percentage points.

During the first three months of 2019, Gestamp continued to increase its footprint with the inauguration of a new plant in San Luis Potosi (Mexico). In 2019, Gestamp plans to announce the opening of three additional production plants (US, Slovakia and Morocco). There is a continued focus on profitable growth through additional investments that are expected to continue to support our business in the coming years.

Gestamp has recently strengthened its presence with local Chinese OEMs with the signing of two MOUs with (i) BHAP to foster growth in China and enhance growing EV opportunities and (ii) Wuling to cooperate within the Guangxi Zhuang region, as well as displaying its lightweight capabilities for Electric Vehicles at Auto Shanghai 2019.



First quarter of 2019 compared to first quarter of 2018

First quarter 2019 incorporates the impact of IFRS 16 on operating leases. The net impact on earnings before taxes and minorities is negative for €2.2 million, as positive impact on EBITDA is offset by higher amortization and financial expenses, as discussed below.

	First Quarter		
	2018	2019	% Change
<i>(Millions of Euros)</i>			
Consolidated Income Statement Data			
Operating income	2,130.8	2,250.2	5.6%
Revenue	2,058.1	2,169.6	5.4%
Other operating income	33.9	40.7	20.1%
Changes in inventories	38.8	39.9	2.8%
Operating expenses	-2,002.2	-2,140.6	6.9%
Raw materials and other consumables	-1,227.6	-1,305.0	6.3%
Personnel expenses	-384.4	-411.1	6.9%
Depreciation, amortization and impairment losses	-102.7	-139.1	35.4%
Other operating expenses	-287.5	-285.4	-0.7%
Operating profit	128.6	109.6	-14.8%
Finance income	0.3	1.7	466.7%
Finance expenses	-31.8	-29.7	-6.6%
Exchange gains (losses)	0.6	4.0	566.7%
Other	0.0	-10.4	
Profit from continuing operations	97.7	75.2	-23.0%
Income tax expense	-25.4	-19.0	-25.2%
Profit for the period	72.3	56.2	-22.3%
Profit (loss) attributable to non-controlling interests	-9.5	-15.5	63.2%
Profit attributable to equity holders of the parent	62.8	40.7	-35.2%
EBITDA	231.3	248.7	7.5%

Revenues

During the first quarter of 2019, revenues reached €2,169.6 million, of which Body-in-White and Chassis represented €1,846.7 million, mechanisms €258.6 million, and tooling and others €64.3 million.

Revenues increased by €111.5 million, or 5.4% (6.8% at constant FX), versus revenues of €2,058.1 million during the first quarter of 2018. Growth in the first three months of 2019 was driven by solid growth in NAFTA, Eastern Europe and Mercosur but impacted by continued FX headwinds, mainly in Turkey and Argentina. Negative market performance in Asia was partially offset by the contribution from the Joint Venture with BHAP. The negative performance in Western Europe was mainly linked to volume declines especially in the UK and Germany.

Operating expenses

Raw materials and other consumables. During the first quarter of 2019 expenses on raw materials and other consumables increased by €77.4 million, or 6.3%, to €1,305.0 million from €1,227.6 million during the first quarter of 2018. The increase was mainly due to higher sales volumes consistent with the increase in revenues.

Personnel Expenses. During the first quarter of 2019 personnel expenses increased by €26.7 million, or 6.9%, to €411.1 million from €384.4 million during the first quarter of 2018, mainly in North America, Asia and Eastern Europe (consistent with the increases in sales by Body-in-White and Chassis).

Depreciation, amortization and impairment losses. During the first quarter of 2019 depreciation expense increased by €36.4 million, or 35.4%, to €139.1 million from €102.7 million in the first quarter of 2018. Close to 57% of this increase (i.e. €20.6 million) is due to IFRS16, incorporating as assets the rights of use corresponding to operating leases.

Other operating expenses. During the first quarter of 2019 other operating expenses decreased by €2.1 million, or -0.7%, to €285.4 million from €287.5 million in the first quarter of 2018, mainly in Western Europe due to lower sales volumes. There has been a positive impact from the application of IFRS 16 eliminating from EBITDA €23.6 million of leasing expenses during the first quarter of 2019.

Operating profit or loss

Operating profit during the first quarter of 2019 decreased by €19.0 million, or -14.8%, to €109.6 million from €128.6 million during the first quarter of 2018. This decrease was primarily due to the increase in depreciation, amortization and impairment losses of the fixed assets of the projects that have started their ramp up mainly in North America and Western Europe.

EBITDA

EBITDA during the first quarter of 2019 (including the positive impact from IFRS 16) increased by €17.4 million, or 7.5%, to €248.7 million from €231.3 million during the first quarter of 2018. EBITDA margin moved to 11.5%. As mentioned above, there was a positive impact from the application of IFRS 16 for €23.6 million during the first quarter of 2019.

Gestamp's profitability was driven by underlying market dynamics, ramp-up of recently deployed growth capex and the JV with BHAP. This change in business mix vs. Q1 2018 has led to a temporary decrease in profitability. Strong market declines in Western Europe (-6.6%) making it more difficult to adjust for short term fluctuations and China (-13.5%) leading to a reduction of strong margin business in the region. Project ramp-ups in NAFTA have led to a strong contribution in Revenue although still in ramp-up phase but with the cost structure negatively impacting margin. Assembly operations in the JV with BHAP implied lower capital employed and margin than standard. The group's profitability is expected to grow in the second half of 2019 as a result of better expected volumes and increasing maturity of the new projects.

Net financial income (expenses)

Net financial expense decreased by €3.5 million, or 11.1%, to €28.0 million during the first quarter of 2019 from €31.5 million during the first quarter of 2018. This decrease was primarily due to the net effect of three factors: On the positive side, the extension of our Senior Facility Agreement led to accrue the expenses resulting from the application of IFRS 9 over a longer period, saving of €13.3 million. On the negative side, IFRS 16 has increased financial expenses by €5.4 million. The net positive results of these factors has been partially offset with a higher average net financial debt for the period and the higher interest rate resulting from higher debt in non-euro currencies and bonds.

Exchange gains (losses)

During the first quarter of 2019 exchange profits amounted to €4.0 million and €0.6 million during the first quarter of 2018. The exchange profits in the first quarter of 2019 were primarily due to the revaluation of the Russian Ruble, Brazilian Real and Chinese Renminbi.

Income tax

Income tax expense during the first quarter of 2019 decreased by €6.4 million, to €19.0 million from €25.4 million during the first quarter of 2018, consistent with the lower Profit from continuing operations.

Profit attributable to non-controlling interests

Profit attributable to non-controlling interests during the first quarter of 2019 increased by €6.0 million to €15.5 million from €9.5 million during the first quarter of 2018. This increase was primarily due to the higher profit in Turkey and the imputation of results to minority interest in the new JV in China.

Financial information by geographic segment

The following tables set forth Gestamp's Revenues and EBITDA during the first quarter of 2019 and 2018. The new accounting standard on operating lease adjustment (IFRS 16) included as of 1st January 2019. Reference to like for like EBITDA growth stands for growth at constant FX (vs. Q1 2018) and excluding IFRS 16 impact.

REVENUES

Revenues	First Quarter		
	2018	2019	% Change
	<i>(Millions of Euros)</i>		
Geographic segments			
Western Europe	1,066.6	996.9	-6.5%
Eastern Europe	284.5	322.3	13.3%
Mercosur	130.8	139.3	6.5%
North America	330.4	460.3	39.3%
Asia	245.8	250.8	2.0%
Total	2,058.1	2,169.6	5.4%

Western Europe

Revenues during the first quarter of 2019 decreased by €69.7 million, or -6.5% (-6.6% like for like) versus the first quarter of 2018, to €996.9 million. Revenues decreased as production levels decreased especially in Germany and in the UK mainly due to uncertainties around Brexit. In addition, slower ramp-up of some projects and customer stoppages have resulted in lower volumes.

Eastern Europe

Revenues increased by €37.8 million, or 13.3% (25.0% like for like) versus the first quarter of 2018, to €322.3 million. The region had a strong performance in almost all countries with solid growth coming from project ramp-ups. This growth was partially offset by currency depreciations (mainly in Turkey).

Mercosur

Revenues increased by €8.5 million, or 6.5% (30.3% like for like) versus the first quarter of 2018, to €139.3 million. The strong growth momentum registered in Brazil was partially offset by a reduction in volumes in Argentina as well as a devaluation of both currencies.

North America

Revenues increased by €129.9 million or 39.3% (29.8% like for like) versus the first quarter of 2018, to €460.3 million. The US and Mexico experienced revenue growth mainly as a result of project ramp-ups which have led to above market growth in both countries.

Asia

Revenues increased by €5.0 million, or 2.0% (0.5% like for like) versus the first quarter of 2018, to €250.8 million. The region was impacted by weaker market dynamics in the quarter, especially in China which experienced double digit declines, as well as lower volumes in India. A recovery of the Chinese market is expected during the upcoming quarters. Gestamp's revenues were positively impacted by the contribution of the JV with BHAP, which led to an outperformance of the market.

EBITDA (including IFRS 16 as of January 1st, 2019)

EBITDA	First Quarter		
	2018	2019	% Change
	<i>(Millions of Euros)</i>		
Geographic segments			
Western Europe	111.5	89.1	-20.1%
Eastern Europe	35.6	49.4	38.8%
Mercosur	16.1	15.9	-1.2%
North America	30.8	58.7	90.6%
Asia	37.3	35.6	-4.6%
Total	231.3	248.7	7.5%

Western Europe

EBITDA decreased during the first quarter of 2019 by €22.4 million, or -20.1% (-26.9% like for like) versus the first quarter of 2018, to €89.1 million. EBITDA was impacted by the aforementioned lower volumes registered during the period. However, profitability levels are expected to improve in the coming quarters. During Q1 2019 there was a positive impact from IFRS 16.

Eastern Europe

EBITDA during the first quarter of 2019 increased by €13.8 million, or 38.8% (49.4% like for like) versus the first quarter of 2018, to €49.4 million. EBITDA margin expansion was driven by overall volume growth as well as lower ramp-ups but partially offset by FX headwinds. During Q1 2019 there was a positive impact from IFRS 16.

Mercosur

EBITDA during the first quarter of 2019 slightly decreased by €0.2 million, or -1.2% (13.3% like for like) versus the first quarter of 2018, to €15.9 million. Argentina experienced a margin decrease due to volume declines and some non-recurrent restructuring costs. Strong FX headwinds during the period in both countries. During Q1 2019 there was a minimal positive impact from IFRS 16.

North America

EBITDA during the first quarter of 2019 increased by €27.9 million, or 90.6% (36.2% like for like) versus the first quarter of 2018, to €58.7 million. NAFTA had a strong impact from IFRS 16 and growth excluding IFRS 16 reached 45.5% to €44.9m. Profitability was still impacted by launch costs and having the full cost structure in place without the full run-rate volumes. Improvement of profitability vs. Q4 2018 from 7.7% to 9.8% (excl. IFRS 16). Ramp-up of projects are expected to lead to further margin expansion.

Asia

EBITDA during the first quarter of 2019 decreased by €1.7 million, or -4.6% (-7.9% like for like) versus the first quarter of 2018, to €35.6 million. The decrease in margin was mainly linked to decline in volumes in the perimeter outside of the JV with BHAP. Assembly operations within the JV with BHAP implied lower capital employed and margin. There was a slightly positive impact from IFRS 16 during Q1 2019. The overall margin registered was good taking into consideration the adverse market conditions in the region.

EBITDA (Excluding IFRS 16 IMPACT)

EBITDA	First Quarter			First Quarter
	2018	2019	% Change	IFRS 16 Impact
	<i>(Millions of Euros)</i>			<i>(Millions of Euros)</i>
Geographic segments				
Western Europe	111.5	81.7	-26.7%	7.4
Eastern Europe	35.6	47.9	34.6%	1.5
Mercosur	16.1	15.9	-1.2%	0.0
North America	30.8	44.9	45.8%	13.8
Asia	37.3	34.7	-7.0%	0.9
Total	231.3	225.1	-2.7%	23.6

Information on cash flows

	First Quarter	
	2018	2019
	<i>(Millions of Euros)</i>	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year before taxes and after non-controlling interest from continuing operations	88.2	59.7
Adjustments to profit	146.6	199.8
Depreciation and amortization of fixed assets	102.7	139.1
Impairment	0.2	0.0
Change in provisions	4.9	4.1
Grants released to income	-1.0	-0.8
Profit (loss) attributable to non-controlling interests	9.5	15.5
Profit from disposal of fixed assets	0.3	0.1
Profit from disposal of financial instruments	0.0	9.7
Financial income	-0.3	-1.7
Financial expenses	31.8	29.7
Share of profits from associates - equity method	0.1	-0.2
Exchange rate differences	-1.6	4.3
Other income and expenses	0.0	0.0
Changes in working capital	-235.6	-124.0
(Increase)/Decrease in Inventories	-79.8	-71.2
(Increase)/Decrease in Trade and other receivables	-179.0	-168.1
(Increase)/Decrease in Other current assets	-23.7	-7.0
Increase/(Decrease) in Trade and other payables	43.9	123.9
Increase/(Decrease) in Other current liabilities	3.0	-1.6
Other cash-flows from operating activities	-32.1	-18.9
Interest paid	-21.5	-20.7
Interest received	1.2	1.7
Proceeds (payments) of income tax	-11.8	0.1
Cash flows from operating activities	-32.9	116.6

	First Quarter	
	2018	2019
	<i>(Millions of Euros)</i>	
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments on investments	-259.2	-232.5
Group companies and associates	0.0	0.0
Intangible assets	-23.2	-29.8
Property, plant and equipment	-236.0	-202.7
Other financial assets	0.0	0.0
Proceeds from divestments	3.2	15.6
Group companies and associates	0.0	0.0
Intangible assets	0.3	2.3
Property, plant and equipment	1.5	3.1
Other financial assets	1.4	10.2
Cash flows from investing activities	-256.0	-216.9
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds and payments on equity instruments	0.0	-2.8
Change in non-controlling interests	0.0	-1.8
Grants, donations and legacies received	0.0	5.3
Other equity movements	0.0	-6.3
Proceeds and payments on financial liabilities	226.8	50.3
Proceeds from	267.0	69.5
Bonds and other securities to trade	0.0	0.0
Interest-bearing loans and borrowings	123.4	54.0
Net increase of credit lines and commercial discount	2.4	14.4
Borrowings from Group companies and associates	140.1	0.0
Other borrowings	1.1	1.1
Repayment of	-40.2	-19.2
Bonds and other securities to trade	0.0	0.0
Interest-bearing loans and borrowings	-34.0	-2.5
Net decrease of credit lines and commercial discount	0.0	0.0
Borrowings from Group companies and associates	0.0	-16.7
Other borrowings	-6.2	0.0
Payments on dividends and other equity instruments	0.0	-37.3
Dividends	0.0	-37.3
Cash flows from financing activities	226.8	10.2
Effect of changes in exchange rates	-0.5	-4.4
Cash in assets held for sale	0.0	0.0
NET INCREASE/ DECREASE OF CASH OR CASH EQUIVALENTS	-62.6	-94.5

Cash flow from operating activities

Cash flow from operating activities during the first quarter of 2019 increased by €149.5 million to a net amount of €116.6 million from a net amount €-32.9 million in the first quarter of 2018, primarily due to an decrease in the cash used for working capital by €111.6 million, and €13.2 lower interest and tax payments.

Cash flow from (used in) investing activities

Cash flow used in investing activities during the first quarter of 2019 decreased by €39.1 million to €216.9 million from €256.0 million during the first quarter of 2018. The cash flow used in the first quarter of 2019 was primarily for investments in projects in North America, Spain, Germany, United Kingdom, Slovakia and China.

Cash flow from (used in) financing activities

Cash flow from financing activities during the first quarter of 2019 amounted to €10.2 million primarily due to a net increase in interest-bearing loans, partially offset with the payment of dividends and the loan from associated companies.

Working capital

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

	First Quarter	
	2018	2019
	<i>(Millions of Euros)</i>	
Changes in working capital	-235.6	-124.0
(Increase)/Decrease in Inventories	-79.8	-71.2
(Increase)/Decrease in Trade and other receivables	-179.0	-168.1
(Increase)/Decrease in Other current assets	-23.7	-7.0
Increase/(Decrease) in Trade and other payables	43.9	123.9
Increase/(Decrease) in Other current liabilities	3.0	-1.6

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 €124.0 million during the first quarter of 2019, €111.6 million better than in the first quarter of 2018 (€235.6 million). Working capital components have followed the usual seasonal pattern of Q1. This year inventories and accounts receivable changes have been similar to last year (though slightly better) and account payables improvement amounts to just close to 6% of the quarterly consumption.

Investments in fixed assets

	First Quarter	
	2018	2019
	<i>(Millions of Euros)</i>	
Capital expenditures		
Intangible assets	23.2	25.6
Tangible assets	255.1	174.4
- Growth Capex	177.9	88.3
- Recurrent Capex	77.2	86.1
Total (excl. IFRS 16)	278.3	200.0
- IFRS 16 Effect	0.0	17.9
Total	278.3	217.9

Investments in fixed assets during the first quarter of 2019 amounted to approximately €217.9 million including IFRS 16 or €200.0 million excluding IFRS 16 and €278.3 million for the first quarter of 2018. Investments in fixed assets primarily consists of expenditure on property, plant and equipment. Capital expenditures during the quarter in line with guidance provided for the full year 2019 as percentage of revenues.

As in the past several years, most of the capital expenditures have been dedicated to growth investments, which during the first quarter of 2019 moderated to approximately €88.3 million. Growth capex includes greenfield projects, major expansions of existing facilities and new processes/technologies in existing plants.

Recurrent capital expenditure, which during the first quarter of 2019 amounted to €86.1 million, includes investments in plant maintenance and business replacement and was in line with last year's trend.

Intangible capital expenditure during the first quarter of 2019 amounted to €25.6 million and includes expenditure on intangible assets such as certain research and development costs.

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 March 31, 2019			
	Total	Less than 1 year	1 - 5 years	More than 5 years
	<i>(Millions of Euros)</i>			
Contractual obligations				
Interest bearing loans and borrowings	2,727.5	188.7	2,051.4	487.4
Financial leases and operating leasing (IFRS 16)	454.2	77.7	210.7	165.8
Borrowings from associated companies	186.9	8.8	160.2	17.9
Other financial debts	28.7	0.0	22.8	5.9
Total Financial Debts	3,397.3	275.2	2,445.1	677.0
Non interest bearing loans	10.2	0.0	8.3	1.9
Current non-trade liabilities	126.7	126.7		
Total Contractual Obligations	3,534.2	401.9	2,453.4	678.9

Other Financial Data

	YTD March 31,	
	2018	2019
	<i>(Millions of Euros)</i>	
Interest bearing loans and borrowings	2,707.3	2,727.5
Financial leasing	32.6	454.2
Borrowings from associated companies	199.3	186.9
Other financial debts	34.1	28.7
Total Financial Debt	2,973.3	3,397.3
Cash, cash equivalents and current financial assets	873.7	610.7
TOTAL NET FINANCIAL DEBT	2,099.6	2,786.6
	YTD March 31,	
	2018	2019
	<i>(Millions of Euros)</i>	
Operating profit	128.6	109.6
<i>Adjusted for:</i>		
Depreciation, amortization and impairment losses	102.7	139.1
EBITDA	231.3	248.7

Cash, cash equivalents and current financial assets includes cash and cash equivalents as of March 31, 2019 of €522.0 million and current financial assets of €88.7 million (including loans and receivables, securities and other current financial assets). Net financial debt in Q1 2019 stood at €2,786.6 million (or €2,378.6 excluding IFRS 16).

The following non-trade liabilities are not considered financial debt as of March 31, 2019: €65.0 million in derivative financial instruments, €149.4 million of non-interest bearing short-term liabilities (of which €120.7 million were to suppliers of fixed assets) and €10.2 million of non-interest bearing long-term liabilities.

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

	March 31, 2018	December 31, 2018	March 31, 2019
Consolidated Balance Sheet Data:		<i>(Millions of Euros)</i>	
Non-current assets	4,308.2	4,709.3	5,255.2
Intangible assets	419.6	450.7	459.2
Property, plant and equipment	3,561.7	3,877.7	4,406.5
Financial assets	68.3	58.0	53.6
Deferred tax assets	258.6	322.9	335.9
Current assets	3,317.0	2,991.3	3,118.3
Assets held for sale	0.0	0.0	0.0
Inventories	778.4	490.7	521.9
Assets from contract with customers		678.2	719.5
Trade and other receivables	1,570.2	1,001.7	1,149.3
Other current assets	94.7	109.9	116.9
Financial assets	76.1	94.3	88.7
Cash and cash equivalent	797.6	616.5	522.0
Total assets	7,625.2	7,700.6	8,373.5

	March 31, 2018	December 31, 2018	March 31, 2019
Consolidated Balance Sheet Data:		<i>(Millions of Euros)</i>	
Equity	2,131.2	2,179.0	2,283.9
Equity attributable to shareholders of the parent	1,685.3	1,748.0	1,832.0
Equity attributable to non-controlling interest	445.9	431	451.9
Non-current liabilities	2,886.3	3,200.4	3,659.2
Deferred income	22.2	22.7	27.3
Provisions	144.7	121.9	125.5
Non-trade liabilities	2,476.2	2,751.8	3,197.3
Deferred tax liabilities	243.2	285.8	290.0
Other non-current liabilities	0.0	18.2	19.1
Current liabilities	2,607.7	2,321.2	2,430.4
Non-trade liabilities	700.1	446.7	424.6
Trade and other payables	1,886.8	1,857.2	1,989.0
Provisions	14.8	13.2	14.3
Other current liabilities	6.0	4.1	2.5
Total equity and liabilities	7,625.2	7,700.6	8,373.5

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 March 31, 2019 the cash equivalent amounted to 522 million euros and the undrawn long-term credit lines amounted to 645 million euros (including syndicated loans amounting to 325 million euros). The debt with a maturity under 12 months amounted to 203 million euros (189 of them from loans and other borrowings, and the rest corresponding to financial leases) . In the first three-months of 2019, 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 100 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 March 31, 2019 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.