Management Discussion and Analysis of the Financial Condition and Results of Operations for the nine months period ended September 30, 2019

Gestamp Automoción, S.A.

October 31, 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 hyperinflation adjustment recorded on Argentinean companies has impacted our figures of Revenue and EBITDA in euro terms in the first nine months of 2019, for an amount of -16.0 million euros for Revenue, and -1.2 million euros for EBITDA. Additionally, the impact on the depreciation and amortizacion stands at -2.0 million euros and 0.7 million euros for financial results and -2.5 million euros for Attributable Profit.

In the first nine months of 2018, the impact was -34.8 million euros for Revenue and -4.7 million euros for EBITDA. Additionally, the impact on the depreciation and amortizacion stands at -1.6 million euros and -2.7 million euros for financial results and -6.6 million euros for Attributable Profit.

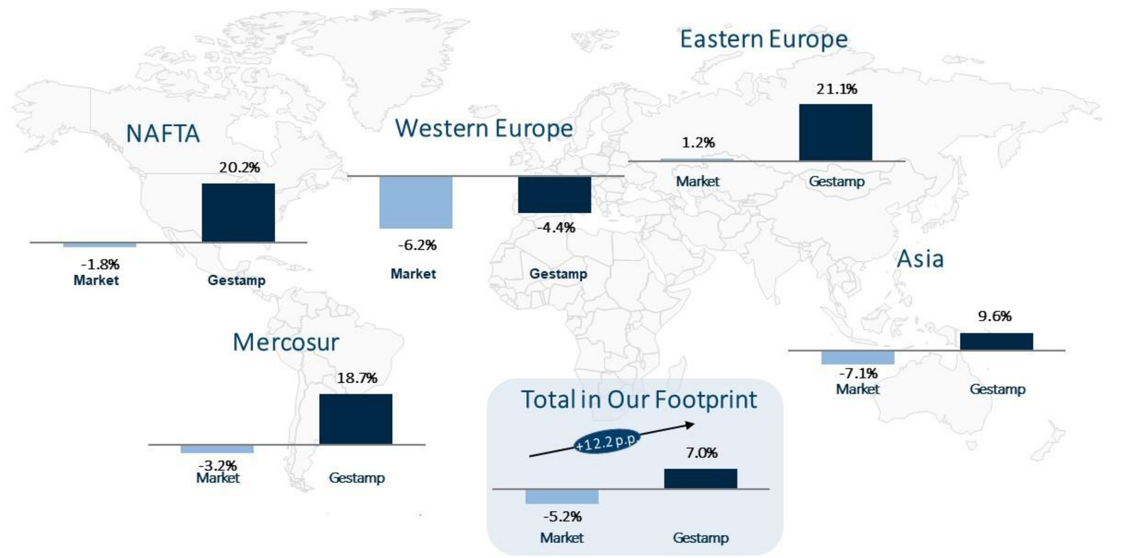
2. BUSINESS PERFORMANCE AND RESULT

Macroeconomic outlook continues to be solid although turning slightly more cautious as the International Monetary Fund *(IMF World Economic Outlook as of October 2019)* revised its latest global growth forecasts downwards to 3.0% for 2019 (0.2 percentage points lower than in the July 2019 WEO projections). Growth is projected to pick up to 3.4% in 2020 (0.1 percentage points lower than in the July 2019 WEO projections). As the IMF pointed out in the report, there is yet some uncertainty about prospects for some countries, a projected slowdown in China and the United States, all of which leading to potential downside risks.

In this context, in Q3 2019 the auto production volume decline has moderated when compared to previous quarters but volumes have continued to decrease by 3.2%, despite the already low Q3 2018 comparable base (according to IHS as of October 2019). Global light vehicle production in 9M 2019 in Gestamp's footprint (according to IHS as of October 2019) declined by 5.2%. Most regions in which Gestamp is present saw volume decreases during 9M with Asia (-7.1%) and Western Europe (-6.2%) experiencing the strongest declines, followed by Mercosur (-3.2%) and NAFTA (-1.8%) whilst volumes in Eastern Europe (+1.2%) showed an increase vs. 9M 2018. Current auto production volume expectations for the fourth quarter remain cautious (-5.5% vs. Q4 2018) leading to a 5.8% decline in auto production volumes in 2019E according to IHS as of October 2019. For 2020E, global auto production volumes are expected to remain almost flat versus 2019E (+0.3% to IHS as of October 2019). Electrification continues to be a key focus area for OEMs as they need to accomplish EU CO2 regulation targets. In this sense, Gestamp has continued to receive enquiries for new business opportunities as OEMs continue to focus on CASE (Connectivity, Autonomous Driving, Shared Mobility and Electrification). Gestamp with its lightweight solutions and new products (such as battery box) is well positioned to take advantage of these trends, mainly Electrification.

In that context, Gestamp's revenues during 9M 2019 outperformed the market with an increase of 6.8% (7.0% at constant FX) vs. 9M 2018. During the first nine months of 2019 Gestamp has outperformed market production volume growth on a constant currency basis (in Gestamp's footprint – IHS data as of October 2019) by 12.2 percentage points.

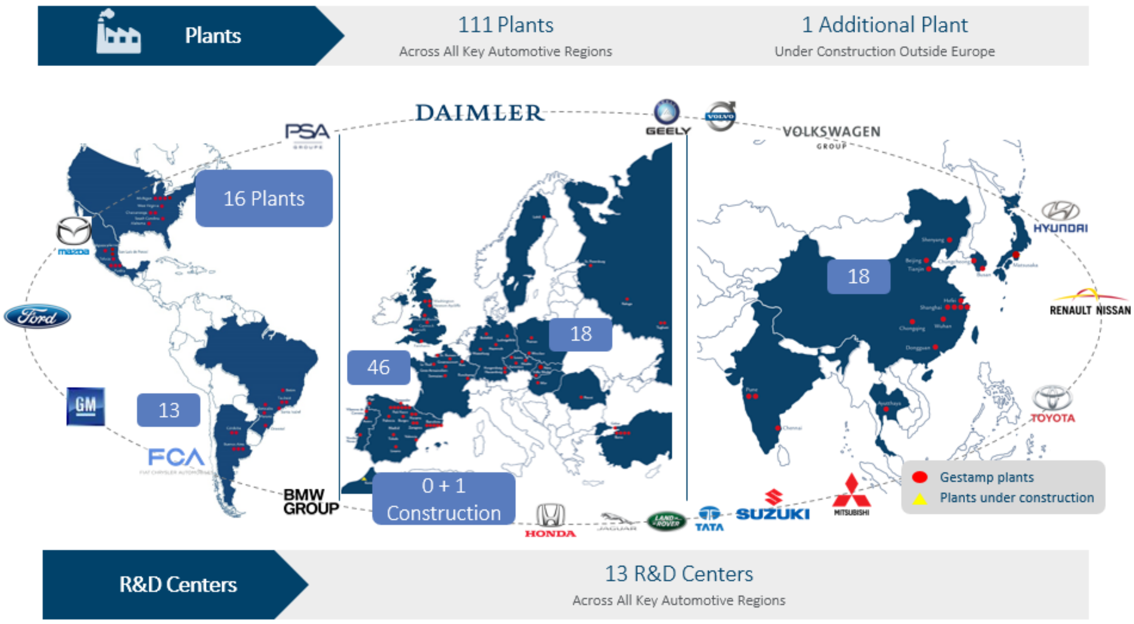
Gestamp Revenue Growth at Constant FX vs. IHS Market Production Growth in Gestamp's Footprint



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 9M 2019 as of October 2019)

During Q3 2019 Gestamp started production in its new facility in Chelsea-Michigan (USA) which enhances Gestamp's existing footprint and is expected to support future growth.

This is the third opening of the year along with the inauguration of a new plant in San Luis Potosi (Mexico) and the opening of a new plant specializing in aluminum in Nitra (Slovakia). Additionally, Gestamp plans to open an additional production plant in Kenitra (Morocco).



First nine months of 2019 compared to first nine months of 2018

The first nine months of 2019 incorporate the impact of IFRS 16 on operating leases. The net impact on earnings before taxes and minorities is negative by €6.4 million, as the positive impact on EBITDA is offset by higher amortization and financial expenses, as discussed below. Reference to like for like EBITDA growth stands for growth at constant FX (vs. same period of the previous year) and excluding the IFRS 16 impact.

	Third Quarter			YTD September 30,		
	2018	2019	% Change	2018	2019	% Change
Consolidated Income Statement Data	*(Millions of Euros)*			*(Millions of Euros)*		
Operating income	2,019.9	2,118.8	4.9%	6,402.9	6,765.1	5.7%
Revenue	1,894.2	2,059.3	8.7%	6,155.4	6,572.5	6.8%
Other operating income	56.4	30.3	-46.3%	141.8	130.8	-7.8%
Changes in inventories	69.3	29.2	-57.9%	105.7	61.8	-41.5%
Operating expenses	-1,928.1	-2,025.3	5.0%	-6,036.5	-6,427.1	6.5%
Raw materials and other consumables	-1,176.9	-1,237.9	5.2%	-3,720.2	-3,947.4	6.1%
Personnel expenses	-365.0	-396.3	8.6%	-1,150.4	-1,222.8	6.3%
Depreciation, amortization and impairment losses	-104.1	-140.5	35.0%	-315.0	-416.8	32.3%
Other operating expenses	-282.1	-250.6	-11.2%	-850.9	-840.1	-1.3%
Operating profit	91.8	93.5	1.9%	366.4	338.0	-7.8%
Finance income	1.8	2.2	22.2%	4.0	5.2	30.0%
Finance expenses	-36.1	-43.8	21.3%	-102.5	-121.9	18.9%
Exchange gains (losses)	-11.4	-4.5	-60.5%	-19.6	8.6	-143.9%
Other	-0.8	-3.1	287.5%	-3.0	-13.8	360.0%
Profit from continuing operations	45.3	44.3	-2.2%	245.3	216.1	-11.9%
Income tax expense	-10.8	-8.8	-18.5%	-62.8	-51.1	-18.6%
Profit for the period	34.5	35.5	2.9%	182.5	165.0	-9.6%
Profit (loss) attributable to non-controlling interest	-3.4	-7.5	120.6%	-19.2	-36.8	91.7%
Profit attributable to equity holders of the parent	**31.1**	**28.0**	**-10.0%**	**163.3**	**128.2**	**-21.5%**
EBITDA	195.9	234.0	19.4%	681.4	754.8	10.8%

Revenues

During the third quarter of 2019, revenues reached €2,059.3 million, of which Body-in-White and Chassis represented €1,689.4 million, mechanisms €248.4 million, and tooling and others €121.5 million.

Revenues in the third quarter of 2019 grew by €165.1 million or 8.7% to €2,059.3 million versus €1,894.2 million in the third quarter of 2018. Increase in the third quarter of 2019 was driven by growth in North America, Asia, Mercosur and Eastern Europe although impacted by a weaker performance in Western Europe.

Revenues during the first nine months of 2019 went up by €417.1 million or 6.8% to €6,572.5 million versus €6,155.4 million in the first nine months of 2018. Revenues in the first nine months of 2019 experienced similar dynamics as the ones seen during H1.

Operating expenses

Raw materials and other consumables. During the third quarter of 2019 expenses on raw materials and other consumables increased by €61.0 million, or 5.2%, to €1,237.9 million from €1,176.9 million during the third quarter of 2018. The increase was mainly due to higher sales volumes consistent with the increase in revenues.

Personnel expenses. During the third quarter of 2019 personnel expenses increased by €31.3 million, or 8.6%, to €396.3 million from €365.0 million during the third quarter of 2018, mainly in North America, China and Mercosur (consistent with the increases in sales in our Body-in-White and Chassis segments).

Depreciation, amortization and impairment losses. During the third quarter of 2019 depreciation expense increased by €36.4 million, or 35.0%, to €140.5 million from €104.1 million in the third quarter of 2018. Close to 55% of this increase (i.e. €20.0 million) is due to IFRS 16, incorporating as assets the rights of use corresponding to operating leases.

Other operating expenses. During the third quarter of 2019 other operating expenses decreased by €31.5 million, or -11.2%, to €250.6 million from €282.1 million in the third quarter of 2018, mainly due to the application of IFRS 16 eliminating €22.8 million of leasing expenses from EBITDA during the third quarter of 2019 (explaining 8.1 p.p. of the decrease), and also due to lower sales in Western Europe and savings in Brazil.

Operating profit or loss

Operating profit during the third quarter of 2019 increased by €1.7 million, or 1.9%, to €93.5 million from €91.8 million during the third quarter of 2018. This increase was mainly due to the increase in EBITDA, offset by the increase in depreciation, amortization and impairment losses of the fixed assets related to projects that have started their ramp-up mainly in North America and Western Europe.

EBITDA

EBITDA during the third quarter of 2019 (including the positive impact from IFRS 16) increased by 19.4% or €38.1 million reaching €234.0 million versus €195.9 million in the third quarter of 2018. The increase in EBITDA in the third quarter of 2019 was mainly driven by Eastern Europe and Asia performances, whilst NAFTA continued to be impacted as a result of having full cost structures in place without having the full volumes, as projects are in ramp-up phase.

EBITDA during the first nine months of 2019 went up by €73.4 million or 10.8% to €754.8 million versus €681.4 million in the first nine months of 2018.

Net financial income (expenses)

Net financial expenses increased by €7.3 million, or 21.3%, to €41.6 million during the third quarter of 2019 from €34.3 million during the third quarter of 2018. This increase was primarily due to the net effect of the following factors: First, IFRS 16 that increased financial expenses by €5.4 million, and second, the 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 third quarter of 2019 exchange losses amounted to -€4.5 million and -€11.4 million during the third quarter of 2018. The exchange losses in the period were mainly registered in Mexico, Turkey and Argentina, offset with exchange profits in Sweden and the United Kingdom.

Income tax

Income tax expense during the third quarter of 2019 decreased by €2.0 million, to €8.8 million from €10.8 million during the third 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 third quarter of 2019 increased by €4.1 million to €7.5 million from €3.4 million during the third quarter of 2018. This increase was primarily due to the higher profit in Turkey and Russia 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 third 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. same period of the previous year) and excluding IFRS 16 impact.

REVENUES

	Third Quarter			YTD September 30,		
	2018	2019	% Change	2018	2019	% Change
Revenues	*(Millions of Euros)*			*(Millions of Euros)*		
Geographic segments						
Western Europe	864.9	808.1	-6.6%	3,000.2	2,868.9	-4.4%
Eastern Europe	269.0	277.1	3.0%	841.4	972.6	15.6%
Mercosur	136.6	151.9	11.2%	426.0	447.4	5.0%
North America	409.7	545.9	33.2%	1,167.3	1,486.1	27.3%
Asia	214.0	276.3	29.1%	720.5	797.5	10.7%
Total	**1,894.2**	**2,059.3**	**8.7%**	**6,155.4**	**6,572.5**	**6.8%**

Western Europe

Revenues during the third quarter of 2019 decreased by €56.8 million, or -6.6% (-6.4% like for like) versus the third quarter of 2018, to €808.1 million. Revenues during the period were impacted by challenging market conditions across almost all countries. The region experienced longer production stoppages during the summer months when compared to 2018.

During the first nine months of the year, revenues went down by €131.3 million, or -4.4% (-4.4% like for like) versus the first nine months of 2018, to €2,868.9 million. The first nine months were mainly impacted by a challenging third quarter.

Eastern Europe

Revenues during the third quarter of 2019 increased by €8.1 million, or 3.0% (-5.3% like for like) versus the third quarter of 2018, to €277.1 million. Revenues in Q3 increased but with a moderate growth when compared to H1 2019 due to lower tooling revenues and longer stoppages during the summer. There was a positive contribution from the ramp-up of new projects mainly in Slovakia and Czech Republic and an increasing contribution from the JV in Bulgaria linked to battery boxes.

During the first nine months of the year, revenues went up by €131.2 million, or 15.6% (21.1% like for like) versus the first nine months of 2018, to €972.6 million.

Mercosur

During the third quarter of 2019 revenues increased by €15.3 million or 11.2% (11.5% like for like) reaching €151.9 million from €136.6 million in the third quarter of 2018. During the period, Brazil experienced a strong above-market growth from new project launches. Growth in Brazil was partially offset by a strong decrease in Argentina mainly linked to market conditions and FX headwinds.

During the first nine months of 2019 revenues reached €447.4 million, an increase of €21.4 million or 5.0% (18.7% like for like) from €426.0 million in the first nine months of 2018. Revenues in the period continued with an improving growth trend vs. H1 2019.

North America

Revenues during the third quarter of 2019 increased by €136.2 million, or 33.2% (27.9% like for like) versus the third quarter of 2018, to €545.9 million. Strong growth in the USA mainly driven by the contribution of new projects, although ramping-up slower than expected.

During the first nine months of the year, revenues increased by €318.8 million, or 27.3% (20.2% like for like) versus the first nine months of 2018, to €1,486.1 million. Revenue growth was driven by similar trends as for the quarter.

Asia

Revenues during the third quarter of 2019 went up by €62.3 million, or 29.1% (27.0% like for like) versus the third quarter of 2018, to €276.3 million. Revenues in the quarter outperformed the market volume growth despite challenging market dynamics in China and India. The region experienced a strong revenue growth mainly driven by the contribution of BHAP JV.

The first nine months of the year increased by €77.0 million, or 10.7% (9.6% like for like) compared to the first nine months of 2018, to €797.5 million driven by similar trends as for the third quarter.

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

EBITDA	Third Quarter			YTD September 30,		
	2018	2019	% Change	2018	2019	% Change
	(Millions of Euros)			*(Millions of Euros)*		
Geographic segments						
Western Europe	73.5	73.8	0.4%	305.0	266.2	-12.7%
Eastern Europe	34.8	41.4	19.0%	105.9	154.2	45.6%
Mercosur	20.6	21.7	5.3%	55.4	57.8	4.3%
North America	39.7	60.1	51.4%	111.1	173.1	55.8%
Asia	27.3	37.0	35.5%	104.0	103.5	-0.5%
Total	**195.9**	**234.0**	**19.4%**	**681.4**	**754.8**	**10.8%**

Western Europe

EBITDA slightly increased during the third quarter of 2019 by €0.3 million, or 0.4% (-10.1% like for like) versus the third quarter of 2018, to €73.8 million. Excluding the impact of IFRS 16, EBITDA in the quarter declined due to challenging market conditions. There was a continued improvement of the quarterly EBITDA gap when compared with 2018. There was an impact on costs from the implementation of efficiency plans across all countries, especially in Germany, UK and Sweden.

During the first nine months of the year, EBITDA decreased by €38.8 million, or a 12.7% decline (-20.2% like for like) versus the first nine months of 2018, to €266.2 million. EBITDA was impacted by ongoing cost reduction programs.

Eastern Europe

EBITDA during the third quarter of 2019 reached €41.4 million, resulting in 19.0% growth (5.4% like for like) or an increase of €6.6 million when compared to the third quarter of 2018. EBITDA margin continued to be at healthy levels at 15.0% during the quarter. There is a continued focus on efficiencies.

During the first nine months of 2019, EBITDA increased by €48.3 million or 45.6% growth (47.4% like for like) to €154.2 million when compared to the first nine months of 2018, implying an EBITDA margin of 15.9%. The first nine months of the year experienced similar trends as seen during Q3 2019.

Mercosur

During the third quarter of 2019 EBITDA reached €21.7 million, an increase of €1.1 million or 5.3% (0.8% like for like) from €20.6 million in the third quarter of 2018. There were ongoing costs from restructuring initiatives in Argentina and a negative impact from FX as well as hyperinflation. Brazil experienced an EBITDA margin improvement.

During the first nine months of 2019, EBITDA reached €57.8 million, an increase of €2.4 million or 4.3% (13.3% like for like) from €55.4 million in the first nine months of 2018. Stable EBITDA margin in the region of 13.0% during 9M 2019 vs. 9M 2018.

North America

EBITDA during the third quarter of 2019 reached €60.1 million, resulting in an increase of 51.4% (18.4% like for like) or €20.4 million when compared to the third quarter of 2018. EBITDA margin still impacted by having the full cost structure in place in the USA and volumes ramping-up slower than normal.

During the first nine months of 2019, EBITDA increased by €62.0 million or 55.8% growth (18.6% like for like) to €173.1 million when compared to the first nine months of 2018.

Asia

EBITDA during the third quarter of 2019 reached €37.0 million, resulting in a 35.5% increase (28.7% like for like) or €9.7 million when compared to the third quarter of 2018. Improvement in profitability with low comparable base in 2018 given the strong market declines experienced in the third quarter of 2018.

During the first nine months of 2019, EBITDA experienced a flat performance despite challenging market environment. EBITDA reached €103.5 million, resulting in a 0.5% decline (-4.7% like for like) or -€0.5 million when compared to the first nine months of 2018. There are ongoing cost adjustments in the region.

Information on cash flows

	Third Quarter		YTD September 30,	
	2018	**2019**	**2018**	**2019**
	(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	**38.5**	**36.8**	**226.1**	**179.3**
Adjustments to profit	**135.2**	**188.9**	**431.9**	**586.2**
Depreciation and amortization of fixed assets	105.2	140.5	315.1	416.8
Profit (loss) attributable to non-controlling interests	3.4	7.4	19.2	36.8
Financial income	-1.8	-2.2	-4.0	-5.2
Financial expenses	36.1	43.8	102.5	121.9
Exchange rate differences	19.6	4.5	19.6	-8.6
Share of profits from associates - equity method	0.0	0.2	-0.1	-2.2
Other financial result	3.0	2.9	3.0	15.9
Impairment	0.1	0.0	0.0	0.0
Change in provisions	-2.6	0.1	-2.8	5.7
Grants released to income	-1.1	-1.0	-3.0	-3.0
Profit from disposal of fixed assets	0.1	-0.1	0.0	-0.4
Unrealized exchange rate differences	-24.8	-6.7	-17.5	10.2
Other income and expenses	-2.0	-0.5	-0.1	-1.7
Changes in working capital	**-129.5**	**-84.2**	**-359.6**	**-317.4**
(Increase)/Decrease in Inventories	-116.5	17.1	-176.2	-88.0
(Increase)/Decrease in Trade and other receivables	119.5	80.4	-42.8	-95.6
(Increase)/Decrease in Other current assets	6.9	6.1	-21.3	-11.7
Increase/(Decrease) in Trade and other payables	-142.6	-190.9	-122.2	-119.8
Increase/(Decrease) in Other current liabilities	3.2	3.1	2.9	-2.3
Other cash-flows from operating activities	**-35.5**	**-61.0**	**-112.0**	**-164.2**
Interest paid	-21.7	-36.0	-75.2	-110.1
Interest received	1.4	2.2	4.0	5.2
Proceeds (payments) of income tax	-15.2	-27.2	-40.8	-59.3
Cash flows from operating activities	**8.7**	**80.5**	**186.4**	**283.9**

	Third Quarter		YTD September 30,	
	2018	2019	2018	2019
	(Millions of Euros)		*(Millions of Euros)*	
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments on investments	**-196.4**	**-213.4**	**-758.5**	**-668.0**
Group companies and associates	0.0	0.0	-14.3	-12.0
Intangible assets	-30.0	-26.5	-85.8	-87.2
Property, plant and equipment	-175.8	-185.9	-652.0	-571.9
Other financial assets	9.4	-1.0	-6.4	3.1
Proceeds from divestments	**7.4**	**1.9**	**12.7**	**26.2**
Group companies and associates	0.0	0.0	0.0	0.0
Intangible assets	-0.4	-2.5	0.3	0.5
Property, plant and equipment	7.2	10.5	11.8	20.8
Other financial assets	0.6	-6.1	0.6	4.9
Grants, donations and legacies received	**0.3**	**0.4**	**1.0**	**5.9**
Cash flows from investing activities	**-188.7**	**-211.1**	**-744.8**	**-635.9**
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds and payments on equity instruments	**-9.8**	**4.2**	**-49.0**	**15.4**
Change in non-controlling interests	0.2	0.8	-37.1	-2.6
Other equity movements	-10.0	3.4	-11.9	18.0
Proceeds and payments on financial liabilities	**173.0**	**56.0**	**305.3**	**182.3**
Proceeds from	**180.1**	**56.0**	**950.2**	**276.6**
Bonds and other securitites to trade	0.0	0.0	392.3	0.0
Interest-bearing loans and borrowings	206.7	14.0	390.5	159.2
Net increase of credit lines and commercial discount	-20.3	44.7	0.0	117.2
Borrowings from Group companies and associates	0.9	0.0	147.4	0.0
Other borrowings	-7.2	-2.7	20.0	0.2
Repayment of	**-7.1**	**0.0**	**-644.9**	**-94.3**
Bonds and other securitites to trade	0.0	0.0	0.0	0.0
Interest-bearing loans and borrowings	-0.1	0.0	-612.7	-72.5
Net decrease of credit lines and commercial discount	-30.5	0.0	-30.5	0.0
Borrowings from Group companies and associates	3.9	0.0	-1.7	-20.9
Other borrowings	19.6	0.0	0.0	-0.9
Payments on dividends and other equity instruments	**-72.8**	**-50.0**	**-78.3**	**-87.3**
Dividends	-72.8	-50.0	-78.3	-87.3
Cash flows from financing activities	**90.4**	**10.2**	**178.0**	**110.4**
Effect of changes in exchange rates	**1.7**	**2.2**	**-4.6**	**-1.6**
Cash in assets held for sale	**0.0**	**0.0**	**0.0**	**0.0**
NET INCREASE/ DECREASE OF CASH OR CASH EQUIVALENTS	**-87.9**	**-118.2**	**-385.0**	**-243.2**

Cash flow from operating activities

Cash flow from operating activities during the third quarter of 2019 increased by €71.8 million to a net amount of €80.5 million from a net amount €8.7 million in the third quarter of 2018, primarily due to an increase in the profit before taxes and after non-controlling interest plus the adjustments to profit by €52.0 million and a decrease in the cash used for working capital by €45.3 million offset in part by higher interest and tax payments by €25.5 million.

Cash flow from (used in) investing activities

Cash flow used in investing activities during the third quarter of 2019 increased by €22.4 million to €211.1 million from €188.7 million during the third quarter of 2018. The cash flow used in the third 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 third quarter of 2019 amounted to €10.2 million primarily due to a net increase in interest-bearing loans.

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,	
	2018	2019	2018	2019
	(Millions of Euros)		*(Millions of Euros)*	
Changes in working capital	**-129.5**	**-84.2**	**-359.6**	**-317.4**
(Increase)/Decrease in Inventories	-116.5	17.1	-176.2	-88.0
(Increase)/Decrease in Trade and other receivables	119.5	80.4	-42.8	-95.6
(Increase)/Decrease in Other current assets	6.9	6.1	-21.3	-11.7
Increase/(Decrease) in Trade and other payables	-142.6	-190.9	-122.2	-119.8
Increase/(Decrease) in Other current liabilities	3.2	3.1	2.9	-2.3

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 €84.2 million during the third quarter of 2019, €45.3 million better than in the third quarter of 2018 (-€129.5 million). Working capital components have followed the usual seasonal pattern of Q3.

Investments in fixed assets

	Third Quarter		YTD September 30,	
	2018	2019	2018	2019
	(Millions of Euros)		*(Millions of Euros)*	
Capital expenditures				
Intangible assets	30.9	28.1	86.7	85.5
Tangible assets	169.6	144.0	663.8	503.1
- Growth Capex	*98.0*	*77.1*	*426.4*	*260.0*
- Recurrent Capex	*71.6*	*66.9*	*237.4*	*243.1*
Total (excl IFRS 16)	**200.5**	**172.1**	**750.5**	**588.6**
- Effect IFRS 16	*0.0*	*2.2*	*0.0*	*20.3*
Total	**200.5**	**174.3**	**750.5**	**608.9**

Investments in fixed assets during the first nine months of the year amounted to approximately €608.9 million including IFRS 16 or €588.6 million excluding IFRS 16 compared to €750.5 million for the first nine months of 2018. Investments in fixed assets primarily consists of expenditure on property, plant and equipment.

Growth capital expenditure has moderated during the first nine months of 2019 to €260.0 million. Growth capex includes greenfield projects, major expansions of existing facilities and new processes/technologies in existing plants.

Recurrent capital expenditure amounted to €243.1 million in the first nine months of the year. Recurrent capital expenditure includes investments in plant maintenance and business replacement and was in line with last year's trend.

Intangible capital expenditure during the first nine months of 2019 amounted to €85.5 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 September 30, 2019			
	Total	Less than 1 year	1 - 5 years	More than 5 years
	(Millions of Euros)			
Contractual obligations				
Interest bearing loans and borrowings	2,851.6	346.1	2,064.8	440.7
Financial leases and operating leasing (IFRS 16)	468.0	70.9	247.0	150.1
Borrowings from associated companies	188.4	6.0	166.0	16.4
Other financial debts	25.7	0.0	21.8	3.9
Total Financial Debts	**3,533.7**	**423.0**	**2,499.6**	**611.1**
Non interest bearing loans	9.2	0.0	3.5	5.7
Current non-trade liabilities	134.7	134.7		
Total Contractual Obligations	**3,677.6**	**557.7**	**2,503.1**	**616.8**

Other Financial Data

	YTD September 30,	
	2018	2019
	(Millions of Euros)	
Other Financial Data		
EBITDA (1)	681.4	754.8
Cash, cash equivalent and current financial asset	560.5	462.1
Total Financial Debt	3,058.3	3,533.7
Total Net Financial Debt	**2,497.8**	**3,071.6**

	YTD September 30,	
	2018	2019
	(Millions of Euros)	
Operating profit	366.4	338.0
Adjusted for:		
Depreciation, amortization and impairment losses	315.0	416.8
EBITDA	**681.4**	**754.8**

Cash, cash equivalents and current financial assets includes cash and cash equivalents as of September 30, 2019 of €373.3 million and current financial assets of €88.8 million (including loans and receivables, securities and other current financial assets). Net financial debt at September 2019 stood at €3,071.6 million (or €2,664.1 excluding IFRS 16).

The following non-trade liabilities are not considered financial debt as of September 30, 2019: €85.4 million in derivative financial instruments, €134.7 million of non-interest bearing short-term liabilities (of which €99.0 million were to suppliers of fixed assets) and €9.2 million of non-interest bearing long-term liabilities.

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

	September 30, 2018	December 31, 2018	September 30, 2019
Consolidated Balance Sheet Data:		*(Millions of Euros)*	
Non-current assets	4,572.5	4,709.3	5,421.2
Intangible assets	437.4	450.7	475.9
Property, plant and equipment	3,777.3	3,877.7	4,487.6
Financial assets	37.4	58.0	79.3
Deferred tax assets	320.4	322.9	378.4
Current assets	2,977.1	2,991.3	2,973.3
Assets held for sale	0.0	0.0	0.0
Inventories	516.3	490.7	517.6
Assets from contract with customers	718.0	678.2	739.2
Trade and other receivables	1,090.0	1,001.7	1,132.8
Other current assets	92.3	109.9	121.6
Financial assets	85.3	94.3	88.8
Cash and cash equivalent	475.2	616.5	373.3
Total assets	**7,549.6**	**7,700.6**	**8,394.5**

	September 30, 2018	December 31, 2018	September 30, 2019
Consolidated Balance Sheet Data:		*(Millions of Euros)*	
Equity	2,069.9	2,179.0	2,302.7
Equity attributable to shareholders of the parent	1,660.9	1,748.0	1,835.5
Equity attributable to non-controlling interest	409.0	431	467.2
Non-current liabilities	3,433.3	3,200.4	3,676.7
Deferred income	20.2	22.7	25.6
Provisions	141.0	121.9	133.0
Non-trade liabilities	2,985.4	2,751.8	3,205.3
Deferred tax liabilities	268.2	285.8	294.5
Other non-current liabilities	18.5	18.2	18.3
Current liabilities	2,046.4	2,321.2	2,415.1
Non-trade liabilities	239.6	446.7	557.8
Trade and other payables	1,792.4	1,857.2	1,838.4
Provisions	8.5	13.2	13.4
Other current liabilities	5.9	4.1	5.5
Total equity and liabilities	**7,549.6**	**7,700.6**	**8,394.5**

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 September 30, 2019 the cash equivalent amounted to 373.3 million euros and the undrawn long-term credit lines amounted to 703.5 million euros (including syndicated loans amounting to 325 million euros). The debt with a maturity under 12 months amounted to 423.0 million euros (352.1 million euros of them from loans and other borrowings and financial debts with associates, and the rest corresponding to financial leases). In the first nine 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 340.0 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, 2019 the average maturity of the Group´s net financial debt was 4.0 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.