Additional information

# Gestamp Automoción, S.A.

March 13, 2017

## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

### Certain terms and conventions

In this report, all references to “Gestamp”, the “Company”, the “Group”, “we”, “us” or “our”, are to Gestamp Automoción, S.A. and its subsidiaries.

### Forward looking statements and other qualifications

This report includes forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes,” “estimates,” “anticipates,” “expects,” “intends,” “may,” “will” or “should” or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They include statements regarding our intentions, beliefs or current expectations which could affect, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which we operate. Forward-looking statements are not profit forecasts.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this report. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which we operate are consistent with the forward-looking statements contained in this report, those results or developments may not be indicative of results or developments in subsequent periods.

### 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 you 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.

### Financial information and operational data

We present 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, EBITDA margin; growth capital expenditures; recurrent capital expenditures; adjusted operating cash flow; cash flow conversion; order intake; total financial debt; net financial debt; net financial expenses; and leverage and coverage ratios.

We present these measures because we believe that they contribute to a better understanding of our results of operations by providing additional information on what we consider some of the drivers of our financial performance. Furthermore, we believe that these measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. In addition, 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.

You should not consider EBITDA or any other financial measures presented herein as alternatives to measures of financial performance determined in accordance with generally accepted accounting principles, such as net income, as a measure of operating results. EBITDA and other measures included herein are not measures of financial performance under IFRS. Our computation of EBITDA and other financial measures may not be comparable to similarly titled measures of other companies. In addition, the classification of capex in three categories (growth capex, intangible capex and recurrent capex) is done by management following certain business criteria, such as the type of project or asset category to which the capex relates, and does not follow any accounting standards.

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.

The constant currency translation used to calculate revenue and EBITDA at constant currency presented in this report is based on our average exchange rates corresponding to the years 2016, 2015 and 2014.

## GESTAMP'S BUSINESS

### Overview

We provide a wide range of products that are integrated into the body work of vehicles defining their structure. The Company's activity encompasses all parts manufacturing processes, thus covering the following business lines:

• *Body-in-White and Chassis:* Our Body-in-White product portfolio includes large component parts and assemblies, such as hoods, roofs, doors, fenders and other high quality "Class A" surfaces and assemblies, which are used to create the visible exterior skin of an automobile. This product portfolio also includes structural and other crash-relevant products, such as floors, pillars, door rings, bumpers, rails, wheelhouses, side impact and cross car beams, battery boxes, which together with the exterior skin component parts and assemblies form the essential upper and under body (platform) structures of an automobile. We believe we are the leading supplier of metal components for Body-in-White by revenue globally.

Our Chassis product portfolio consists of systems, frames and related parts, such as front and rear cross members, longitudinal beams, cradles, front and rear control arms and knuckles and integrated links, which link the vehicle body and powertrain and carry the load of the vehicle. These structures are essential for the vehicle's performance and safety, in particular affecting vehicle noise levels, vibrations, handling and behavior in the event of an impact. We believe we are among the top 2 suppliers worldwide and number 1 in Europe of front sub-frame and front lower control arm components; among the top 3 suppliers worldwide and among the top 2 suppliers in Europe in rear sub-frame components and among the top 3 suppliers worldwide and the leading supplier in Europe in rear suspension arms, based on the volumes of the OEM platforms we supply, according to industry reports.

• *Mechanisms:* Our Mechanisms or "Edscha" product portfolio consists of mechanical components such as hinges for doors, hoods and trunk lids, door checks, lift gates, as well as pedal systems and hand brakes. This product portfolio also includes powered systems that allow automobile doors to open and close electronically and by remote activation. We believe we are the market leader in Europe and worldwide in door, hood and rear hinges and door checks and among the top 3 suppliers in powered systems based on the volumes of the OEM platforms we supply according to industry reports. In the year ended December 31, 2016, Mechanisms generated revenue of €902 million.

• *Tooling and other products:* We design, engineer, manufacture, service and sell dies and tools in support of our customers. We also design, manufacture and sell presses. We believe we are among the few Tier 1 suppliers that have significant, sophisticated in-house tooling and press manufacturing capabilities. We have 9 cold and 6 hot stamping tooling facilities.

The Company's goal is to continue to be the global partner of choice for Original Equipment Manufacturers ("OEMs") in order to maintain its historical above-market growth. To achieve this and to drive long-term value creation, Gestamp's strategy focuses on maintaining and strengthening its technological leadership, maximizing growth on the basis of its client-oriented business model, continuing a relentless focus on operational excellence and enhancing high standards of corporate social responsibility.

### Our Strengths

We operate in a growing market segment with favorable dynamics and benefit from a geographically diverse footprint spanning 21 countries, strong relationships with our OEM customers and a reputation for technological innovation, in particular in higher value-added technologies such as (i) hot stamping in our Body-in-White products, where we are a market leader, (ii) hybrid solutions involving steel pressings combined with other materials in our Chassis products, and (iii) the first plastic door check and the first spindle drive for automatic lift-gates in the market, in our Mechanisms products. We believe these strengths enable us to increase our market share, win new business and increase our overall profitability.

***Leading market position in large, protected and attractive segment representing highest overall content per vehicle***

As one of the world's largest suppliers of components and assemblies for light vehicles, we operate in a segment of the automotive industry that we believe requires participants to make significant investments, demonstrate high technical sophistication and possess a global footprint in order to remain competitive. We believe that we are one of only a few suppliers who can support an OEM during the early stages of product development and an even smaller number of suppliers that are capable of delivering solutions to complex projects, truly globally and on a consistent and high quality basis across product portfolios. Our scale and ability to develop differentiated solutions for OEMs across a global footprint are critical to our success and differentiate us from local and regional suppliers, especially as increased outsourcing leads OEMs to entrust a fewer number of strategic supply partners with an increasingly high content of vehicle production. As of December 31, 2016, we had 31 co-development projects ongoing.

As OEMs are increasing their investment in engine related technology and electrification, autonomous driving and shared mobility, OEMs tend to invest less in other areas such as body and chassis development and production. This trend, together with global platform standardization among OEMs, has led to an increase in outsourcing, as OEMs entrust a select number of strategic supply partners with an increasingly higher content of vehicle production. In parallel, specialization has led to advances achieved by suppliers such as ourselves, in certain technologies and which OEMs find difficult to match in house in price and quality, thereby resulting in increased outsourcing. Any such increase in outsourcing benefits our business

***Well-placed to substantially grow across the markets in which we operate and capitalize on current and future automotive market trends with minimal disruption risk from "car of the future" trends***

We believe that our technological leadership, scale and extensive geographical presence have contributed to our financial and operational success and make us well-placed to substantially grow in the markets in which we operate. Gestamp has continuously outgrown global light vehicle production by 2x to 3x, with its revenue growing at an organic CAGR of 10.7% from 2008 to 2014. We believe we will be able to continue to grow at a faster pace than global light vehicle production, capitalizing on key trends in the automotive industry, including common platforms and global models, increasingly stringent emissions regulations and safety standards, higher comfort features and dynamics and increasing importance of electric vehicles. We are a leader in developing light-weight components, which help our customers meet their $CO_2$ emissions, targets, and our products target approximately 32% of a vehicle's total weight.

***Recognized technological leadership and well-integrated R&D capabilities***

Our innovative products and market-leading processes are developed through our R&D platform, which has a dedicated team of over 1,300 employees spread across 12 centers around the globe, with one additional center currently under construction. We are committed to continued investment in R&D. Between 2014 and 2017, we will have opened four new R&D centers in Germany (Bielefeld), China (Anting), Japan (Tokyo) and the U.S. (Detroit) and believe that the proximity of our R&D centers to our OEM customers is key to our leading market positions.

***Well-diversified portfolio of blue chip OEM clients***

We have a large, diversified, global customer base, with long standing and trusted relationships established over many years of successful collaboration with each of the 12 largest OEMs worldwide and manufacture components for over 800 vehicle models across approximately 50 brands and over 15 OEM groups. For example, from our total Chassis revenues in 2016, 40%, 25%, 13% and 5% derived from German, US, French and Japanese OEMs, respectively, while from our total Mechanisms revenues, 50%, 12%, 11% and 5% derived from German, US, French and Chinese OEMs, respectively. We intend to further diversify our Chassis and Mechanisms footprint, focusing in particular on North America and China, in order to achieve a more balanced division of revenue across geographical regions by 2020.

In addition, we intend to strengthen our relationships with local OEMs in markets with fast growing vehicle demand, such as in China and India, where we have recently announced the opening of new production facilities; and with Japanese OEMs, with which we believe we have significant potential to increase our market share globally. Consistent with our strategy to get closer to Japanese OEMs, we recently announced the start of construction of our first production facility in Japan.

***An increasingly growing global footprint***

The growth of our business involves significant capital expenditure, primarily in order to build new manufacturing plants or increase capacity in existing ones. From 2014 to 2016, we invested approximately €850 million in growth capital expenditures comprised of 24% for greenfield projects, 14% for major plant expansion of existing facilities and 8% on new processes/technologies in existing plants. Increased success and penetration with our customers based on increased project awards translates into increased capital expenditure to accommodate the execution of those projects. Project awards involve long-term production orders based on the lifecycle of the specific model or platform, which provides strong visibility on mid-term project revenues, profit and cash flow potential. Once a project is ongoing, maintenance capital expenditure is limited. When programs or vehicle models are renewed, usually at the end of a vehicle cycle, “renewal” or “replacement” capital expenditure is required in order to adapt the existing infrastructure to accommodate new assembly and process design, although usually at levels significantly below the expenditure required to create the capacity in the first place.

The construction period for new manufacturing facilities (or expansions of existing facilities) typically ranges between 12 months and 24 months and the cash used in investments in property, plant and equipment associated with the construction and equipment of a new manufacturing facility typically ranges between €40 million and €70 million. Once the construction of a manufacturing facility is completed, the output of the manufacturing facility increases over time, reaching full production capacity typically during the following 18 to 24 months (i.e. full 4-year phasing period until full production is reached). As a result, EBITDA generated by greenfield projects is usually negatively impacted by ramp-up costs during the first two years after completion of construction and increasingly stabilizes after the relevant facility has reached full production capacity. The EBITDA margin is normally above 15% once the ramp-up phase is completed. The ratio of revenue generated by a greenfield project in its first year of full production to capital expenditures made typically averages between 1.4x and 1.6x (revenue in the first two years benefits in part from tooling). During the last four years we have successfully executed 21 greenfield projects and plant expansions and we currently have 10 greenfield projects under construction. By 2019, we expect 13 additional manufacturing facilities and 10 plant expansions to be fully operational (some of which are already in ramp-up phase). We currently expect our capital expenditure as a percentage of revenues to be in line with average 2013 to 2016 until 2018 and declining moderately thereafter as a percentage of revenues.

We have continuously delivered above market growth. For example, from 2014 to 2016 our revenue has been growing annually by approximately 10%, partly explained by market growth (2%-3%), supported by recurrent capital expenditures of 3% to 4% of our revenue. In addition, we have benefitted from a strong CAGR growth of 7% to 8% driven by positive megatrends in the sector and resulting from continuous investments in greenfield projects (seven of which reached full production between 2014 and 2016 with eight more currently in ramp-up phase), major plant expansions (two of which reached full production between 2014 and 2016 while five are still in ramp-up phase) and new processes and technologies in existing plants. These growth investments represented capital expenditures equal to approximately 4% to 5% of our annual revenue.

***High growth visibility and resilient business model***

We believe that we benefit from high revenue visibility due to the nature of our business, our long-term and strategic relationships with our OEM customers as well as our disciplined capital expenditure program. In our industry, once a project has been nominated to a preferred supplier, it is rare for an OEM to switch to another supplier, given the significant operational, technical and logistical costs of switching, particularly during the life cycle of a specific vehicle model. Thus, given that vehicle cycles last several years, nearly all of our annual revenues are derived from customer orders that continue into following years, which enhances our revenue visibility. Based on our order book, which represents sales (excluding intercompany, scrap and tooling sales) that we expect to record based on assumed volumes converting to orders and shipments under contracts for vehicle programs that we have been awarded by OEMs as of the end of 2016, more than 90% of our expected revenues in the period between December 31, 2016 and December 31, 2019 will be generated by orders already in hand. As a result, we expect that our revenue growth between 2016 and 2019 will be broadly in line with 2013 to 2016 revenue CAGR.

For the years ended December 31, 2014, 2015 and 2016, our EBITDA was €656.5 million, €760.3 million and €841.1 million, respectively, representing a CAGR of 13.2%. We expect our EBITDA growth between 2016 and 2019 to be slightly above 2013 to 2016 EBITDA CAGR, accelerating in 2018 as a result of plants and projects expected to finalize full ramp up (similar effect occurred in 2015).

Our revenues and EBITDA have increased from €240 million and €43 million in 1998 to €7,549 million and €841 million for the year ended December 31, 2016, representing a CAGR of 21% and 18%, respectively.

We have been able to maintain and improve conservative leverage ratios despite investing over €2 billion between 2013 and 2016 in tangible capital expenditures, largely for growth projects, a significant number of which have not yet reached full production capacity. We have a disciplined approach to investments and when committing capital to new manufacturing plants or otherwise increasing manufacturing capacity, we are highly selective, focusing on contracts which allow us to meet our target project internal rate of return of 15%. We intend to target a leverage ratio of net debt to EBITDA below 2.0x in the medium term.

***Highly experienced management team with proven track record and stable family ownership structure***

Our management team has extensive experience in the automotive industry and most of our senior management have been with us for more than 10 years while several key members of management have been with us for more than 15 years. Our management team has demonstrated a successful track record of achieving long term profitable growth through the economic cycle by maintaining double digit EBITDA margins even during the global financial crisis in 2008 and 2009 and successfully integrating sizeable acquisitions in 2010 (Edscha) and in 2011 (ThyssenKrupp Metal Forming), as part of an active and successful M&A strategy.

## SELECTED CONSOLIDATED FINANCIAL AND OTHER INFORMATION

| | As of and for the year ended December 31, | | |
|---|---|---|---|
| | **2014** | **2015** | **2016** |
| | **(€ millions, except percentages and ratios)** | | |
| **Other Financial Data:** | | | |
| EBITDA(1) | 656.5 | 760.3 | 841.1 |
| EBITDA margin | 10.5% | 10.8% | 11.1% |
| Growth capital expenditures(2) | 166.8 | 286.2 | 389.6 |
| Recurrent capital expenditures(2) | 246.5 | 248.0 | 251.5 |
| Intangible capital expenditures(2) | 70.0 | 88.3 | 83.6 |
| Net payments on investments(3) | 438.4 | 595.5 | 663.7 |
| Adjusted Operating Cash Flow(4) | 340.0 | 424.0 | 506.0 |
| Cash Flow Conversion(5) | 52% | 56% | 60% |
| Changes in working capital | 151.8 | 9.7 | 24.6 |
| Dividends(6) | (41.5) | (50.2) | (56.1) |
| Order intake(7) | 5,821.0 | 11,780.6 | 11,917.4 |
| Book-to-bill ratio(7) | 1.1x | 1.9x | 1.8x |

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(1) "EBITDA" represents operating profit before depreciation, amortization and impairment losses. Our management believes 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. EBITDA is also a measure commonly reported and widely used by analysts, investors and other interested parties in our industry. 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.

| | Year ended December 31, | | |
|---|---|---|---|
| | **2014** | **2015** | **2016** |
| | **(€ millions, except percentages)** | | |
| **Operating profit** | **337.5** | **400.2** | **462.6** |
| *Adjusted for:* | | | |
| Depreciation, amortization and impairment losses | 319.0 | 360.1 | 378.5 |
| **EBITDA** | **656.5** | **760.3** | **841.1** |
| **EBITDA margin** | **10.5%** | **10.8%** | **11.1%** |

(2) Capital expenditures represent expenditure on property, plant and equipment and on intangible assets. Growth capital expenditures include capital expenditures on greenfield projects, major plants expansions of existing facilities and new processes/technologies in existing plants. Recurrent

capital expenditures include investments in plant maintenance and business replacement. Intangible capital expenditures include expenditures on intangible assets.

| | Year ended December 31, | | |
|---|---|---|---|
| | 2014 | 2015 | 2016 |
| | (€ millions) | | |
| Growth capital expenditures | 166.8 | 286.2 | 389.6 |
| Recurrent capital expenditures | 246.5 | 248.0 | 251.5 |
| Intangible capital expenditures | 70.0 | 88.3 | 83.6 |
| **Capital expenditures** | **483.3** | **622.4** | **724.8** |

(3) We define net payments on investments as our actual net cash outlays for property, plant and equipment and intangible assets, taking into account increases and decreases in payables to our suppliers of property, plant and equipment and intangible assets, as well as proceeds from divestments of property, plant and equipment and intangible assets.

(4) We define adjusted operating cash flow as our EBITDA less our recurrent capital expenditures and our intangible capital expenditures.

| | Year ended December 31, | | |
|---|---|---|---|
| | 2014 | 2015 | 2016 |
| | (€ millions) | | |
| **EBITDA** | **656.5** | **760.3** | **841.1** |
| Intangible capital expenditures | (70.0) | (88.3) | (83.6) |
| Recurrent capital expenditures | (246.5) | (248.0) | (251.5) |
| **Adjusted operating cash flow** | **340.0** | **424.0** | **506.0** |

(5) We define cash flow conversion as our adjusted operating cash flow divided by EBITDA.

| | Year ended December 31, | | |
|---|---|---|---|
| | 2014 | 2015 | 2016 |
| | (€ millions, except percentages) | | |
| Adjusted operating cash flow | 340.0 | 424.0 | 506.0 |
| EBITDA | 656.5 | 760.3 | 841.1 |
| **Cash flow conversion** | **52%** | **56%** | **60%** |

(6) Dividends consist of the dividends paid by the Company to its shareholders and to our joint venture partners in certain subsidiaries. In 2016, a dividend of €48.4 million to the shareholders of the Company was declared on February 1, 2016 and June 27, 2016, and paid on June 28, 2016.

(7) We define order intake as sales of parts attributable to vehicle programs the company has been awarded by OEMs during the period indicated less any cancellations, based on management's best reasonable estimates in terms of volumes, selling prices and project lifespans. Order intake excludes intercompany, scrap and tooling sales. Book-to-bill is defined as order intake divided by revenue, where both order intake and revenue exclude intercompany, scrap and tooling sales.

| | Year ended December 31, | | |
|---|---|---|---|
| | 2014 | 2015 | 2016 |
| | (€ millions, except percentages) | | |
| Western Europe | 2,053.0 | 4,448.5 | 3,472.7 |
| Eastern Europe | 1,349.5 | 2,129.3 | 1,719.4 |
| Mercosur | 289.5 | 320.3 | 1,025.9 |
| North America | 945.5 | 3,954.2 | 4,162.2 |
| Asia | 1,183.5 | 928.2 | 1,537.1 |
| **Order intake** | **5,821.0** | **11,780.6** | **11,917.4** |

**Revenue and EBITDA by geography**

Revenue by geographic segment

| | Year ended December 31, | | |
|---|---|---|---|
| | 2014 | 2015 | 2016 |
| | (€ million) | | |
| **Revenue:** | | | |
| Western Europe | 3,298.5 | 3,607.4 | 3,704.1 |
| Eastern Europe | 661.1 | 660.7 | 859.5 |
| Mercosur | 568.4 | 466.5 | 401.4 |
| North America | 988.0 | 1,323.4 | 1,546.1 |
| Asia | 739.8 | 976.6 | 1,037.9 |
| Total | **6,255.8** | **7,034.5** | **7,548.9** |

On a constant currency basis, revenue growth from 2014 to 2016 in Eastern Europe was 20.9%, in North America was 18.9%, in Mercosur was (2.4)% and in Asia was 11.7%.

EBITDA by geographic segment

| | Year ended December 31, | | |
|---|---|---|---|
| | 2014 | 2015 | 2016 |
| | (€ million) | | |
| **EBITDA:** | | | |
| Western Europe | 299.1 | 347.3 | 378.0 |
| Eastern Europe | 83.3 | 86.3 | 95.6 |
| Mercosur | 57.7 | 26.3 | 23.2 |
| North America | 107.5 | 144.2 | 167.2 |
| Asia | 108.9 | 156.2 | 177.1 |
| Total | **656.5** | **760.3** | **841.1** |

**Other information**

As mentioned in Note 22.d) of our consolidated financial statements as of and for the year ended December 31, 2016, on February 24, 2017, Mitsui & Co. Ltd ("Mitsui") notified irrevocably that it will not exercise the put option (the "Put Option") that Gestamp had granted through an agreement entered on December 23, 2016, over a 10% shareholding in certain subsidiaries of the Group (see Note 18). Consequently, in the first quarter of 2017, the Put Option will be reversed in the Group consolidated financial statements with the cancellation of the balance registered in the heading “Other current liabilities” for an amount of €76.9 million offset by an increase in the heading “non-controlling interest” of €80.9 million and a decrease in the heading “Retained earnings” of €4.0 million.

Mitsui’s purchase of a 12.525% stake in Gestamp’s share capital is subject to certain earn-outs linked to the Company’s level of achievement of its consolidated EBITDA objectives, mainly with respect to the 2016 financial year and, to a lesser extent, to 2017.  With the completion of the audit report of our consolidated financial statements as of and for the year ended December 31, 2016, we note that the 2016 earn-out has been triggered, so that the purchase price for such 12.525% stake has increased to €466.7 million. The total consideration paid by Mitsui is subject to an additional earn-out based on 2017 results.