

*This document is a translation into English of an original document drafted in Spanish. This document contains: (i) Individual Annual Financial Statements and the Consolidated Annual Financial Statements of the Company and its subsidiaries for Fiscal Year 2018, drawn up by the Board of Directors at its meeting of February 28, 2019; (ii) Individual and Consolidated Management Reports of the Company and the companies included in its scope of consolidation drawn up by the Board of Directors at its meeting of February 28, 2019; (iii) the signing page and (iv) the Responsibility Statement of the Directors of the Company. This translation is for information purposes only, therefore, in case of discrepancy, the Spanish version shall prevail. The Spanish version of this document is available on the official website of the Company ([www.gestamp.com](http://www.gestamp.com)).*

**Audit Report on Financial Statements  
issued by an Independent Auditor**

**GESTAMP AUTOMOCIÓN, S.A. AND SUBSIDIARIES  
Consolidated Financial Statements and  
Consolidated Management Report  
for the year ended  
December 31, 2018**

## **AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR**

(Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails)

To the shareholders of GESTAMP AUTOMOCIÓN, S.A.:

### **Audit report on the consolidated financial statements**

---

#### **Opinion**

We have audited the consolidated financial statements of GESTAMP AUTOMOCIÓN, S.A. (the parent) and its subsidiaries (the Group), which comprise the consolidated balance sheet at December 31, 2018, the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement, and the notes thereto, for the year then ended.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of consolidated equity and the consolidated financial position of the Group at December 31, 2018 and of its financial performance and its consolidated cash flows, for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS-EU), and other provisions in the regulatory framework applicable in Spain.

---

#### **Basis for opinion**

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the consolidated financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

---

## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters.

### *Measurement of intangible assets and property, plant, and equipment*

---

**Description** At December 31, 2018, the Group had goodwill, other intangible assets, and property, plant, and equipment in the respective amounts of 98.343 thousand, 352.364 thousand, and 3.877.695 thousand euros. Management conducts impairment tests annually for cash generating units (CGUs) with goodwill or assets with assigned indefinite useful lives or property, plant, and equipment with indications of the impairment. These impairment tests are made through calculating value in use based on a cash flow discount rate forecasted in CGU budgeted projections. These analyses require making significant estimates and judgments on the CGU's cash flows. We considered this area to be a key audit matter, since the analyses made by Group management require making complex estimates and judgments on the future results of the CGUs to which the abovementioned assets belong. The measurement standard and method for calculating calculation of value in use, recoverability analyses of CGUs, and the applicable accounting framework disclosures are discussed in Notes 6.7, 7. 10, and 11 of the accompanying Notes to the consolidated financial statements.

---

**Our response** Among others, our procedures to response to this key audit matter have been focused on:

- ▶ Verifying the Group's indicators for determine whether there is any indication of impairment are consistent with IAS 36 requirements.
- ▶ Reviewing, for CGUs subject to impairment testing, the reasonableness of the financial information and cash flow projections included in the business plan, with other information sources: historic information, budgets approved by the Board of Directors and external sources of information.
- ▶ Involving our valuation specialists to verify the reasonableness of the methodology used for calculating discounted cash flows for each CGU included in the recoverability analysis, mainly covering the discount rate used, as well as long-term growth rate and certain sales ratios.
- ▶ Review of disclosed information included in the notes to the financial statements in accordance with the financial reporting framework applicable to the company

### *Recoverability of deferred tax assets*

---

**Description** As indicated in Note 24, at December 31, 2018, the Group had deferred tax assets totaling 322.888 thousand euros corresponding to tax credits and other deductible temporary differenced which Group management expects to recover or reverse in the future. Management's assessment of the recoverability of the deferred tax assets is based on its estimates on future taxable profit based on the Company's financial projections and business plans and contemplating applicable tax regulations at any given time. The determination of the amount to be recovered in the future entails management making serious judgments based on a reasonable period and the consolidated tax group's taxable profit. The assessment of these assets is relevant for our audit as it requires making judgments and complex estimates and the recognized amounts are significant. The accounting policies and the information required under the applicable accounting framework are provided in the accompanying Notes 6.18, 24, and 29 to the consolidated financial statements.

---

**Our response** Our audit procedures mainly included evaluating management's assumptions and estimates based on the probability of generating sufficient future taxable profit based on: forecasts, business performance, historic experience, sensitivity analyses, and meetings with Management. We involved our team of tax specialists in the analysis and assessment of specific estimates. We also reviewed the appropriateness of the information breakdown in accompanying Notes 24 and 29 regarding the applicable regulatory framework for financial information in Spain.

---

### *Revenue Recognition*

---

**Description** As explained in Notes 1 and 6.11 to the accompanying consolidated financial statements, the Group's business focuses on the development and manufacture of metal parts for the automobile industry, via stamping, assembly, welding and joining of formats, as well as the construction of tools (matrices for manufacturing parts) and machinery. The Group's contracts include variable consideration resulting from price changes under negotiation that are estimated based on the expected probability method, and are limited to the amount that is highly probable will not be reversed in the future. We determined this issue to be a key audit matter because the analysis performed by Group management requires the use of estimates and judgments regarding future events.

---

**Our response** Among others, our audit procedures included:

- ▶ Understanding the Group's revenue recognition policies and procedures, including an analysis of the design, implementation and the operating effectiveness of controls related to revenue recognition processes employed by the Group's significant components.

- ▶ Analyzing variable consideration through validation of the reasonableness of the hypotheses applied for a sample of contracts. We likewise reviewed the reasonableness of prior year estimates against actual data obtained in the year for the Group's significant components.
- ▶ Carrying out analytical procedures for the Group's significant components, analyzing the reasonableness of the variable consideration based on client category, the actual performance of revenues and prior year data.

---

### **Other information: Consolidated Management Report**

Other information refers exclusively to the 2018 consolidated management report, the preparation of which is the responsibility of the parent Company's directors and is not an integral part of the financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated management report. Our responsibility for the information contained in the consolidated management report is defined in prevailing audit regulations, which distinguish two levels of responsibility:

- a. A specific level applicable to the non-financial information statement, as well as certain information included in the Corporate Governance Report, as defined in article 35.2 b) of Law 22/2015 on auditing, which solely requires that we verify whether said information has been included in the consolidated management report or where applicable, that the consolidated management report includes the corresponding reference to the separate non-financial report as stipulated by prevailing regulations and if not, disclose this fact.
- b. A general level applicable to the remaining information included in the consolidated management report, which requires us to evaluate and report on the consistency of said information in the consolidated financial statements, based on knowledge of the Group obtained during the audit, excluding information not obtained from evidence. Moreover, we are required to evaluate and report on whether the content and presentation of this part of the consolidated management report are in conformity with applicable regulations. If, based on the work carried out, we conclude that there are material misstatements, we are required to disclose them.

Based on the work performed, as described above, we have verified that the information referred to in paragraph a) above is provided in the consolidated management report, and that the remaining the information contained therein is consistent with that provided in the 2018 consolidated financial statements and their content and presentation are in conformity with applicable regulations.

---

## **Responsibilities of the parent company's directors and the audit committee for the consolidated financial statements**

The directors of the parent company are responsible for the preparation of the accompanying consolidated financial statements so that they give a true and fair view of the equity, financial position and results of the Group, in accordance with IFRS-EU, and other provisions in the regulatory framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the parent company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

---

## **Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing audit regulations in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee of the parent company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee of the parent company with a statement that we have complied with relevant ethical requirements, including those related to independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

## **Report on other legal and regulatory requirements**

---

### **Additional report to the audit committee**

The opinion expressed in this audit report is consistent with the additional report we issued to the audit committee of the Parent Company on February 28, 2019.

---

### **Term of engagement**

The Ordinary General Shareholders' meeting held on May 7, 2018 appointed us as auditors for the period ended December 31, 2018 or the GROUP GESTAMP AUTOMOCIÓN, S.A.

Previously, we were appointed as auditors by the shareholders for 3 year and we have been carrying out the audit of the consolidated financial statements continuously since December 31, 1999.

ERNST & YOUNG, S.L.

(Signed on the original version in Spanish)

---

Ramón Masip López

February 28, 2019

**GESTAMP AUTOMOCIÓN, S.A. AND SUBSIDIARIES**

**Consolidated Financial Statements  
and Consolidated Directors' Report  
for the year ended  
31 December 2018**



**GESTAMP AUTOMOCIÓN, S.A. AND SUBSIDIARIES**
**CONTENTS**
**NOTE**

	Interim condensed consolidated statement of financial position
	Interim condensed consolidated statement of profit or loss
	Interim condensed consolidated statement of comprehensive income
	Interim condensed consolidated statement of changes in equity
	Interim condensed consolidated statement of cash flow
	Notes to the interim condensed consolidated financial statements
<b>1</b>	Background and General Information
<b>2</b>	Scope of Consolidation
	2. a Breakdown of scope of consolidation
	2. b Changes in scope of consolidation
<b>3</b>	Business combinations
<b>4</b>	Basis of presentation
	4. 1 True and fair view
	4. 2 Comparison of information
	4. 3 Basis of consolidation
	4. 4 Going concern
	4. 5 Hyperinflation adjustment Argentina
	4. 6 Alternative performance measures
<b>5</b>	Changes in accounting policies
<b>6</b>	Summary of significant accounting policies
	6. 1 Foreign currency transactions
	6. 2 Property, plant and equipment
	6. 3 Business combinations and goodwill
	6. 4 Investment in associates and joint ventures
	6. 5 Other intangible assets
	6. 6 Financial assets
	6. 7 Impairment losses
	6. 8 Assets and liabilities held for sale and discontinued operations
	6. 9 Trade and other receivables
	6. 10 Inventories
	6. 11 Revenue recognition and assets from contracts with customers
	6. 12 Cash and cash equivalents
	6. 13 Government grants
	6. 14 Financial liabilities (trade and other payables and borrowings)
	6. 15 Provisions and contingent liabilities
	6. 16 Employee benefits
	6. 17 Leases
	6. 18 Income tax
	6. 19 Derivative financial instruments
	6. 20 Related parties
	6. 21 Environmental expenses
<b>7</b>	Significant accounting judgments, estimates and assumptions
<b>8</b>	Changes in significant accounting policies and estimates and restatement of errors
<b>9</b>	Segment reporting
<b>10</b>	Intangible assets
<b>11</b>	Property, plant and equipment
<b>12</b>	Financial assets
<b>13</b>	Inventories
<b>14</b>	Assets from contracts with customers
<b>15</b>	Trade and other receivables/ Other current assets/ Cash and cash equivalents
<b>16</b>	Issued capital and share premium
<b>17</b>	Retained earnings
	17. 1 Legal reserve
	17. 2 Goodwill reserve
	17. 3 Unrestricted reserves
	17. 4 Availability of reserves at fully-consolidated companies
	17. 5 Approval of the Financial Statements and proposed distribution of profit
<b>18</b>	Translation differences
<b>19</b>	Non-controlling interests
<b>20</b>	Deferred income
<b>21</b>	Provisions and contingent liabilities
<b>22</b>	Provision for employee compensations
<b>23</b>	Non-trade liabilities
<b>24</b>	Deferred tax
<b>25</b>	Trade and other payables
<b>26</b>	Operating revenue
<b>27</b>	Operating expenses
<b>28</b>	Financial income and financial expenses
<b>29</b>	Income tax
<b>30</b>	Earnings per share
<b>31</b>	Commitments
<b>32</b>	Related party transactions
	32. 1 Balances and transactions with Related Parties
	32. 2 Board of Directors' remuneration
	32. 3 Senior Managements' remuneration
<b>33</b>	Other disclosures
	33. 1 Auditors' fees
	33. 2 Environmental matters
<b>34</b>	Financial risk management
	34. 1 Financial risk factors
	34. 2 Hedge accounting
	34. 3 Fair value of financial instruments
	34. 4 Capital risk management
<b>35</b>	Information on payment deferrals to suppliers in trade operations
<b>36</b>	Subsequent events
<b>37</b>	Information on compliance with article 229 of the Spanish Companies Law
<b>APPENDIX I</b>	Scope of Consolidation
<b>APPENDIX II</b>	Indirect investments
<b>APPENDIX III</b>	Guarantors

**GESTAMP AUTOMOCIÓN, S.A. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
**AT 31 DECEMBER 2018 AND 31 DECEMBER 2017**
**(In thousands of euros)**

	<u>Note</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	10	450,707	414,697
Goodwill		98,343	104,757
Other intangible assets		352,364	309,940
Property, plant and equipment	11	3,877,695	3,407,779
Land and buildings		1,172,492	1,040,863
Plant and other PP&E		2,032,335	1,728,297
PP&E under construction and prepayments		672,868	638,619
Financial assets	12	58,015	69,427
Investments in associates accounted for using the equity method		2,390	1,787
Loans and receivables		37,407	39,248
Derivatives in effective hedges		6,019	14,718
Other non-current financial assets		12,199	13,674
Deferred tax assets	24	322,888	265,799
<b>Total non-current assets</b>		<b>4,709,305</b>	<b>4,157,702</b>
<b>Current assets</b>			
Inventories	13	490,745	681,322
Commodities and other consumables		404,794	350,446
Work in progress		-	143,476
Finished products and by-products		-	123,791
By-products and scrap		1,266	696
Prepayments to suppliers		84,685	62,913
Assets from contracts with customers	14	678,217	-
Work in progress		204,612	-
Finished products and by-products		142,589	-
Trade receivables, tooling		331,016	-
Trade and other receivables	15	1,001,710	1,375,709
Trade receivables		717,165	1,174,714
Other receivables		44,501	31,627
Current income tax assets		28,333	26,795
Receivables from public authorities		211,711	142,573
Other current assets	15	109,926	71,057
Financial assets	12	94,258	78,896
Loans and receivables		35,320	34,598
Securities portfolio		4,316	5,376
Other current financial assets		54,622	38,922
Cash and cash equivalents	15	616,497	860,238
<b>Total current assets</b>		<b>2,991,353</b>	<b>3,067,222</b>
<b>Total assets</b>		<b>7,700,658</b>	<b>7,224,924</b>

GESTAMP AUTOMOCIÓN, S.A. AND SUBSIDIARIES

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 31 DECEMBER 2018 AND 31 DECEMBER 2017**  
**(In thousands of euros)**

	<u>Note</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Capital and reserves attributable to equity holders of the parent</b>			
Issued capital	16	287,757	287,757
Treasury Shares	16	(6,041)	-
Share premium	16	61,591	61,591
Retained earnings	17	1,829,418	1,551,924
Translation differences		(387,381)	(366,516)
Interim Dividend	18	(37,346)	-
<b>Equity attributable to equity holders of the parent</b>		<b>1,747,998</b>	<b>1,534,756</b>
<b>Equity attributable to non-controlling interest</b>	19	<b>430,997</b>	<b>435,799</b>
<b>Total equity</b>		<b>2,178,995</b>	<b>1,970,555</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred income	20	22,695	22,315
Non-current provisions	21-22	121,915	143,044
Non trade liabilities	23	2,751,784	2,364,497
Interest-bearing loans and borrowings and debt issues		2,589,086	2,167,091
Derivative financial instruments		56,117	66,201
Other non-current financial liabilities		96,571	121,612
Other non-current liabilities		10,010	9,593
Deferred tax liabilities	24	285,795	217,444
Other non-current liabilities		18,164	-
<b>Total non-current liabilities</b>		<b>3,200,353</b>	<b>2,747,300</b>
Liabilities associated with assets held for sale		-	-
Non trade liabilities	23	446,747	678,279
Interest-bearing loans and borrowings and debt issues		75,897	543,789
Derivative financial instruments		1,197	-
Other current financial liabilities		182,350	4,537
Other non-trade liabilities		187,303	129,953
Trade and other payables	25	1,857,193	1,814,073
Trade accounts payable		1,539,592	1,513,083
Current tax liabilities		32,568	25,905
Other accounts payable		285,033	275,085
Current provisions	21-22	13,246	11,723
Other current liabilities		4,124	2,994
<b>Total current liabilities</b>		<b>2,321,310</b>	<b>2,507,069</b>
<b>Total liabilities</b>		<b>5,521,663</b>	<b>5,254,369</b>
<b>Total equity and liabilities</b>		<b>7,700,658</b>	<b>7,224,924</b>

**GESTAMP AUTOMOCIÓN, S.A. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
FOR THE PERIOD ENDED DECEMBER 31, 2018 AND DECEMBER 31, 2017  
(In thousands of euros)**

	Note	December 31, 2018	December 31, 2017
<b>CONTINUING OPERATIONS</b>			
OPERATING INCOME	26	8,842,960	8,390,531
Revenue		8,547,638	8,201,571
Other operating income		215,287	197,192
Changes in inventories		80,035	(8,232)
OPERATING EXPENSES	27	(8,315,625)	(7,905,802)
Raw materials and other consumables		(5,156,642)	(4,882,126)
Personnel expenses		(1,556,819)	(1,492,846)
Depreciation, amortization, and impairment losses		(433,190)	(405,147)
Other operating expenses		(1,168,974)	(1,125,683)
<b>OPERATING PROFIT</b>		<b>527,335</b>	<b>484,729</b>
Financial income	28	8,956	9,000
Financial expenses	28	(146,528)	(101,753)
Exchange gains (losses)		(19,175)	(22,918)
Share of profit/(loss) from associates - equity method	12	(46)	(997)
Change in fair value of financial instruments	23	(8,035)	2,086
Impairment and gains (losses) on sale of financial instruments		-	32
Inflation result	4.5	(5,111)	-
<b>PROFIT BEFORE TAXES FROM CONTINUING OPERATIONS</b>		<b>357,396</b>	<b>370,179</b>
Income tax expense	29	(71,947)	(82,102)
<b>PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</b>		<b>285,449</b>	<b>288,077</b>
<b>PROFIT FOR THE YEAR</b>		<b>285,449</b>	<b>288,077</b>
Profit (loss) attributable to non-controlling interest	19	(27,759)	(48,385)
<b>PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>		<b>257,690</b>	<b>239,692</b>
<b>Earnings per share</b>			
-Basic	30	0.45	0.42
From continued operations		0.45	0.42
-Diluted	30	0.45	0.42
From continued operations		0.45	0.42

GESTAMP AUTOMOCIÓN, S.A. AND SUBSIDIARIES

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED DECEMBER 31, 2018 AND DECEMBER 31, 2017**  
(In thousands of euros)

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
PROFIT FOR THE YEAR	285,449	288,077
OTHER COMPREHENSIVE INCOME		
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>		
Actuarial gains and losses	17	4,590
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>		
From cash flow hedges	23.b.1)	6,413
Translation differences	(19,961)	(199,794)
Attributable to Parent Company	18	(20,865)
Attributable to non-controlling interests	19	904
<b>TOTAL COMPREHENSIVE INCOME NET OF TAXES</b>	<b>276,491</b>	<b>95,627</b>
Attributable to:		
- Parent Company	247,846	83,691
- Non-controlling interest	28,645	11,936
	<b>276,491</b>	<b>95,627</b>

GESTAMP AUTOMOCIÓN, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR PERIOD ENDED 31 DECEMBER 2018

(In thousands of euros)

	Issued capital (Note 16)	Treasury Shares (Note 16)	Share premium (Note 16)	Retained earnings (Note 17)	Translation differences (Note 18)	Interim Dividend (Note 17)	Total capital and reserves	Non-controlling interest (Note 19)	Total equity
<b>AT 1 JANUARY 2018</b>	<b>287,757</b>		<b>61,591</b>	<b>1,551,924</b>	<b>(366,516)</b>		<b>1,534,756</b>	<b>435,799</b>	<b>1,970,555</b>
Profit for the period	-	-	-	257,690	-		257,690	27,759	285,449
Fair value adjustments (hedge) (Note 23.b.1))	-	-	-	6,413	-		6,413	-	6,413
Variation in translation differences (Note 18)	-	-	-	-	(20,865)		(20,865)	904	(19,961)
Actuarial gains and losses	-	-	-	4,608	-		4,608	(18)	4,590
<b>Total comprehensive income</b>	-	-	-	<b>268,711</b>	<b>(20,865)</b>		<b>247,846</b>	<b>28,645</b>	<b>276,491</b>
Dividends distributed by the Parent Company (Note 17.3)	-	-	-	(71,939)		(37,346)	(109,285)		(109,285)
Dividends distributed by subsidiaries (Note 17.3 and Note 19)	-	-	-	-				(15,149)	(15,149)
Tresury Shares acquisition	-	(6,041)	-	(767)			(6,808)		(6,808)
Increased ownership interest in companies with previous control (Note 2.b))	-	-	-	(4,162)			(4,162)	(34,857)	(39,019)
Decreased ownership interest in companies with previous control (Note 2.b))	-	-	-	2,895			2,895	13,438	16,333
Increased ownership interest in companies with takeover of control (Note 2.b))	-	-	-	-				1,794	1,794
IFRS 15 adoption impact (Note 5)	-	-	-	11,194			11,194	1,263	12,457
IFRS 9 adoption impact (Note 5)	-	-	-	82,260			82,260		82,260
Other movements and adjustments from prior years	-	-	-	(10,698)			(10,698)	64	(10,634)
<b>AT 31 DECEMBER 2018</b>	<b>287,757</b>	<b>(6,041)</b>	<b>61,591</b>	<b>1,829,418</b>	<b>(387,381)</b>	<b>(37,346)</b>	<b>1,747,998</b>	<b>430,997</b>	<b>2,178,995</b>

GESTAMP AUTOMOCIÓN, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR PERIOD ENDED 31 DECEMBER 2017

(In thousands of euros)

	Issued capital (Note 16)	Share premium (Note 16)	Retained earnings (Note 17)	Translation differences (Note 18)	Total capital and reserves	Non-controlling interest (Note 19)	Total equity
<b>AT 1 JANUARY 2017</b>	<b>288,237</b>	<b>61,591</b>	<b>1,378,145</b>	<b>(203,300)</b>	<b>1,524,673</b>	<b>347,330</b>	<b>1,872,003</b>
Profit for the period	-	-	239,692	-	239,692	48,385	288,077
Fair value adjustments (hedge)	-	-	6,267	-	6,267	-	6,267
Variation in translation differences	-	-	-	(163,216)	(163,216)	(36,578)	(199,794)
Actuarial gains and losses	-	-	948	-	948	129	1,077
<b>Total comprehensive income</b>	-	-	<b>246,907</b>	<b>(163,216)</b>	<b>83,691</b>	<b>11,936</b>	<b>95,627</b>
Dividends distributed by the Parent Company	-	-	(66,356)	-	(66,356)	-	(66,356)
Dividends distributed by the subsidiaries	-	-	-	-	-	(5,931)	(5,931)
Business combination (Jui Li Eds. Body System., Co.Ltd. Group and Gestamp Palau, S.A)	-	-	-	-	-	2,164	2,164
Increased ownership interest in companies with previous control	-	-	(1,143)	-	(1,143)	(3,307)	(4,450)
Capital Decrease	(480)	-	480	-	-	-	-
Subsidiaries Capital Increase (Edscha Pha, Ltd.)	-	-	-	-	-	1,199	1,199
Recognition of the Put Option sold to non-controlling interest	-	-	(4,047)	-	(4,047)	80,947	76,900
Other movements and adjustments from prior years	-	-	(2,062)	-	(2,062)	1,461	(601)
<b>AT 31 DECEMBER 2017</b>	<b>287,757</b>	<b>61,591</b>	<b>1,551,924</b>	<b>(366,516)</b>	<b>1,534,756</b>	<b>435,799</b>	<b>1,970,555</b>

GESTAMP AUTOMOCIÓN, S.A. AND SUBSIDIARIES

**CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE PERIOD ENDED DECEMBER, 31 2018 AND DECEMBER, 31 2017**  
(In thousands of euros)

	Note	December 31, 2018	December 31, 2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the year before taxes and after non-controlling interest from continuing activities		329,637	321,794
Profit (loss) after tax from discontinued operations		-	-
<b>Profit for the year before taxes and after non-controlling interests</b>		<b>329,637</b>	<b>321,794</b>
<b>Adjustments to profit</b>		<b>589,031</b>	<b>504,177</b>
Depreciation and amortization of intangible assets and PP&E	10-11	433,190	401,595
Impairment of intangible assets and PP&E	10-11	-	3,552
Gain (loss) attributable to non-controlling interest	19	27,759	48,385
Financial income	28	(8,956)	(9,000)
Financial expenses	28	146,528	101,753
Exchange rate differences		19,175	-
Share of profit/(loss) from associates - equity method	12	46	997
Change in fair value of financial instruments		8,035	(2,086)
Result of exposure to inflation	4.5	5,111	-
Impairment	13-14-15	-	16,051
Change in provisions	21	(17,765)	(14,031)
Grants released to income	20	(4,616)	(4,918)
Gain (loss) from disposal of intangible assets and PP&E		(5,569)	(5,981)
Realized exchange rate differences		(9,173)	-
Unrealized exchange rate differences		-	(31,521)
Other incomes and expenses		(4,734)	(619)
<b>Changes in working capital</b>		<b>(101,834)</b>	<b>13,736</b>
(Increase)/Decrease in Inventories	13-14	(137,798)	(58,673)
(Increase)/Decrease in Trade and other receivables	14-15	49,015	(3,622)
(Increase)/Decrease in Other current assets	15	(38,869)	(38,620)
Increase/(Decrease) in Trade and other payables	25	24,688	117,061
Increase/(Decrease) in Other current liabilities		1,130	(2,410)
<b>Other cash-flows from operating activities</b>		<b>(204,314)</b>	<b>(155,978)</b>
Interest paid		(129,265)	(99,931)
Interest received		8,957	8,346
Income tax received/(paid)		(84,006)	(64,393)
<b>Cash flows from operating activities</b>		<b>612,520</b>	<b>683,729</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Payments on investments</b>		<b>(937,851)</b>	<b>(910,083)</b>
Group companies and associates		(16,113)	(10,934)
Addition to consolidation scope		815	2,636
Other Intangible assets	10-23	(113,217)	(95,702)
Property, plant and equipment	11-23	(793,976)	(787,441)
Net change in financial assets		(15,360)	(18,642)
<b>Proceeds from divestments</b>		<b>13,162</b>	<b>28,685</b>
Other intangible assets	10	3,075	6,452
Tangible assets	11	7,409	22,233
Net change of financial assets		2,678	-
<b>Grants, donations and legacies received</b>	20	<b>5,095</b>	<b>1,549</b>
<b>Cash flows from investing activities</b>		<b>(919,594)</b>	<b>(879,849)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
<b>Proceeds and payments on equity instruments</b>		<b>(34,409)</b>	<b>(1,312)</b>
Net Change in non-controlling interests	19	(24,266)	(2,108)
Treasury shares	16	(6,041)	-
Other movements in equity		(4,102)	796
<b>Proceeds and payments on financial liabilities</b>		<b>194,831</b>	<b>705,732</b>
Issue		975,496	1,065,345
Bonds and other marketable securities		392,394	-
Interest-bearing loans and borrowings		415,202	1,057,136
Borrowings from related parties		149,319	62
Other borrowings		18,581	8,147
Repayment of		(780,665)	(359,613)
Interest-bearing loans and borrowings		(727,689)	(264,199)
Net change in credit facilities, discounted bills and factoring		52,976	(82,367)
Borrowings from related parties		-	(7,010)
Other borrowings		-	(6,037)
<b>Payments on dividends and other equity instruments</b>		<b>(87,087)</b>	<b>(73,130)</b>
Dividends	17-19-23	(87,087)	(73,130)
<b>Cash flows from financing activities</b>		<b>73,335</b>	<b>631,290</b>
<b>Effect of changes in exchange rates</b>		<b>(10,002)</b>	<b>(5,395)</b>
<b>NET INCREASE/ DECREASE OF CASH OR CASH EQUIVALENTS</b>		<b>(243,741)</b>	<b>429,775</b>

## GESTAMP AUTOMOCIÓN, S.A. AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2018

#### **Note 1. Background and General Information**

GESTAMP AUTOMOCIÓN, S.A., hereinafter the "Parent Company", was incorporated on 22 December 1997. Its registered office is in Abadiano (Vizcaya, Spain), at the Lebario Industrial Park.

Its corporate purpose is to provide advisory and financing services and a link with the automobile industry for all its subsidiaries.

On 2 August 2012, the Parent Company registered the deed of transformation into a public limited company at the Vizcaya Commercial Registry. Additionally, since 7 April 2017 the shares of the Parent Company are listed on the four Spanish Stock Exchanges (Madrid, Barcelona, Valencia and Bilbao).

The Parent Company forms part, in turn, of a group headed by its majority shareholder Acek, Desarrollo y Gestión Industrial, S.L. (formerly named Corporation Gestamp, S.L.). The change of company name was adopted at the Extraordinary and Universal General Shareholders' Meeting on 5 February 2015, and was executed in a public deed on the same day. The Parent Company carries out significant commercial and financial transactions with the companies of the Acek, Desarrollo y Gestión Industrial Group under the terms and conditions established among the parties on an arm's length basis. Intra-Group and related parties transfer prices are duly documented in a transfer price dossier as stipulated by the prevailing legislation.

All the Group's subsidiaries centre their activities around the development and manufacture of metal components for the automotive industry via stamping, assembly, welding, tailor welded blanks, the construction of tools (moulds for the manufacture of parts) and machinery and the Group also has services companies and companies engaging in the research and development of new technologies.

Most of the Group's activities are located in the Western Europe segment; the North America segment constitutes the second most significant geographic market and the Asia segment the third one (Note 9).

Group sales are concentrated across a limited number of customers due to the nature of the automotive industry.

#### Admission to trading of the shares of the Parent Company

Since April 7, 2017 Gestamp Automoción, S.A. shares are admitted to trading on Madrid, Barcelona, Valencia and Bilbao stock exchanges. There is no restrictions on transferability of the shares. The previous operations to the admission to trading of the Parent Company shares were as follows:

- On March 7, 2017 the share capital of the company was reduced in the amount of 479,595.30 euros with the aim of constituting a restricted reserve, with no reimbursement to shareholders. This operation implied the reduction of the nominal value of the 4,795,953 shares of the company in the amount of 0.10 euros per share, this also implied that the nominal value of every share changed to 60.00 euros per share. The restricted reserve mentioned above will be un-restricted only in case of reduction of the share capital.

- After the share capital reduction, a share split took place on 7 March 2017. This implied a reduction in the nominal value of every share, from 60.00 euros to 0.50 euros, and the transformation of every former share in 120 new shares. The operation did not involve any change in share capital, and the share capital of the company is since then divided into 575,514,360 shares with a nominal value of 0.50 euros.

The admission to trading of the shares of the Parent Company was conducted by means of an IPO (Initial Public Offering) for institutional investors, amounting to 155,388,877 shares representing 27% of the share capital of the company. The transaction also included an additional acquisition option for up to 15% of the initial offer, which was materialized in the sale of 1,199,561 additional shares that represents an additional 0.21% of Gestamp Automoción, S.A. share capital (Note 16.a))

The IPO prospectus was approved by CNMV (Spanish securities and exchange authority) on 23 March 2017.

On April 5, 2017 the subscription period ended and the offering price was fixed at 5.60 euros per share. Consequently, at the Interim Condensed Consolidated Balance Sheet date, Gestamp Automoción, S.A. shares are admitted to trading in the four Spanish Stock Exchanges (Madrid, Barcelona, Valencia and Bilbao).

As part of the previous process, JP Morgan Securities plc, Morgan Stanley & Co. International plc and UBS Limited were appointed as global coordinators. The cost of the IPO amounted to 2,209 thousand euros and was assumed by Gestamp Automoción, S.A., being accordingly booked in full in the company's Consolidated Income Statement.

## **Note 2. Scope of Consolidation**

### **2.a Breakdown of scope of consolidation**

Appendix I lists the companies composing the Group, country (address), the Group's effective shareholding, their corporate purpose, their method of consolidation, and the auditors.

Appendix II lists the companies that hold the indirect investments, corresponding to 31 December 2018 and 31 December 2017.

No significant subsidiaries have been left out of the scope of consolidation.

The closing of the financial year for the companies included in the scope of consolidation is 31 December, with the exception of the subsidiaries Gestamp Services India Private, Ltd., Gestamp Automotive India Private, Ltd, Gestamp Automotive Chennai Private Ltd. and Gestamp Pune Automotive Private Ltd, whose fiscal year ends on 31 March. However, an accounting close was performed at 31 December to include the financial statements of these companies in the Group's Consolidated Financial Statements at 31 December.

There are no significant restrictions in the capability of accessing to or using the assets or liquidate the liabilities from the subsidiaries included in the scope of consolidation.

## **2.b Changes in scope of consolidation**

### **During 2018**

The main changes in scope of consolidation during 2018 are the following:

- On 14 December 2018, Autotech Engineering Spain, S.L. was formed, in which the subsidiaries Gestamp Bizkaia, S.A. and Autotech Engineering, S.L. have ownership interests of 0.01% and 99.99%, respectively. This company was incorporated in the scope of consolidation in the fourth quarter of this year using the full consolidation method.
- On 14 December 2018, Autotech Engineering France, SAS was formed, in which the subsidiaries Gestamp Bizkaia, S.A. and Autotech Engineering, S.L. have ownership interests of 55% and 45%, respectively. This company was incorporated in the scope of consolidation in the fourth quarter of this year using the full consolidation method.
- On 10 October 2018, the merger operation took place between Gestamp Palencia, S.A. (the acquiring company) and Gestamp Galvanizados, S.A.U. (the acquired company).
- On 18 September 2018, Gestamp Auto Components Sales (Tianjin), Co., Ltd. was formed, in which the subsidiary Gestamp China Holding Co., Ltd. has an ownership interest of 49% and the non-controlling interest Beijing Hainachuan Automotive Parts, Co., Ltd. has an ownership interest of 51%. This company was included in the scope of consolidation using the equity method.
- On 14 September 2018, the Parent Company and the subsidiary, Gestamp Bizkaia, S.A., acquired 99.99% and 0.01%, respectively, of the share capital of Reparaciones Industriales Zaldívar, S.L., with 14 November being the effective acquisition date. This company was included in the scope of consolidation in the fourth quarter of this year using the full consolidation method (Note 3).
- On 30 July 2018, an increase was recognised in the share capital of the subsidiary of Gestamp Auto Components (Tianjin) Co., Ltd., whereby the non-controlling interest, Beijing Hainachuan Automotive Parts, Co., Ltd. was incorporated with the acquisition of 49% of the company's share capital. Accordingly, the Group went from owning 100% of the capital of that company to owning 51%.

Since the transaction involves a change in the ownership interest retaining the control, the difference between the adjustment of the controlling interest (13,438 thousand euros) (Note 19) and the fair value of the consideration paid (16,333 thousand euros) is directly recognised in equity (2,895 thousand euros) (Note 17).

- On 3 July 2018, Edscha Pha Automotive Components (Kunshan) Co., Ltd. was formed. (China), in which the Group owns 100% of its share capital. This company was included in the scope of consolidation in the fourth quarter of this year using the full consolidation method.

- On 17 May 2018, the subsidiary GMF Holding GmbH acquired from the non-controlling interest 35% of the capital of its investee Sofedit S.A.S. Accordingly, it became the owner of 100% of the capital of that company and of its investee (Gestamp Wroclaw, sp. Z.o.o.). Since the transaction involves a change in the ownership interest retaining the control, the difference between the adjustment of the non-controlling interest (34,857 thousand euros) (Note 19) and the fair value of the consideration paid (39,019 thousand euros) is directly recognised in equity (4,162 thousand euros) (Note 17).
- On 8 May 2018, Gestamp Autocomponents Beijing Co., Ltd was formed. This company was included in the scope of consolidation using the full consolidation method.
- On April 26, 2018 Tuyauto Gestamp Morocco (Morocco) was created, in which the Group holds a 50% stake. As a result of assuming control over this company the impact in non-controlling interest amount to 1,765 thousands of euros (Note 19).
- On 9 March 2018, Gestamp Mejicana de Servicios Laborales II, S.A. de C.V. was formed. This company was included in the scope of consolidation in the third quarter using the full consolidation method.
- On 5 February 2018, Gestamp Brasil Industria de Autopeças, S.A, in which the Group holds a 70% stake, acquired 100% of the capital of NCSG Sorocaba Industria Metalúrgica Ltda. (Brazil) (Note 3). As a result of assuming control over this company, non-controlling interests amounting to 29 thousand euros were generated (Note 19).

### **During 2017**

In 2017, the following companies were included in the scope of consolidation: MPO Providers Rezistent, S.R.L. (Romania), Gestamp Nitra, S.R.O. (Slovakia), Almussafes Mantenimiento de Troqueles, S.L. (Spain) due to acquisition and Beyçelik Gestamp Teknoloji Kalip, A.S. (Turkey), Gestamp (China) Holding, Co. Ltd. (China), Gestamp Autotech Japan K.K. (Japan) and Edscha Automotive Components (Chongqing), Co. Ltd. (China) due to formation. These companies were included in the scope of consolidation by the full consolidation method (Note 3).

Effective from 1 January 2017, after obtaining the authorisation of the National Commission on Markets and Competition, the subsidiary Gestamp Metalbages, S.A. acquired 60% of the share capital of the subsidiary Essa Palau, S.A., thereby increasing the percentage of ownership in such company from 40% to 100%. This company thereby went from being included in the scope of consolidation by the equity method to being included using the full consolidation method (Note 3).

In addition, on 9 March 2017 the subsidiary changed its name to Gestamp Palau, S.A.

On 1 January 2017, the subsidiary Edscha Holding GmbH acquired 10% of the share capital of the subsidiary Jui Li Edscha Body Systems, Co. Ltd., thereby increasing its percentage of ownership in that company and its subsidiaries Jui Li Edscha Hainan Industry Enterprise, Co. Ltd. and Jui Li Edscha Holding, Co.Ltd. from 50% to 60%. All these companies were incorporated in scope of consolidation by equity method, and after this transaction they are included using full consolidation method (Note 3).

On 15 May 2017, the subsidiary Beyçelik Gestamp Kalip, A.S. acquired 48.4% of the share capital of the subsidiary Çelik Form Gestamp Otomotive, A.S. from the minority shareholder for 4,450 thousand euros, thereby increasing its ownership interest to 100%.

Since this transaction implied changes in shareholdings in the subsidiaries retaining control over them, the difference between the adjustment to the non-controlling interests (3,307 thousand euros (Note 19) and the fair value of the consideration paid (4,450 thousand euros) was directly recognised in consolidated equity (1,143 thousand euros).

During the 2017 year, the company Metalbages P-51, S.L. was merged out of existence into Gestamp Metalbages S.A.

Lastly, the following companies changed names: Edscha Scharwaechter Mechanisms, S.A.P.I. de C.V., which became known as Edscha Automotive SLP, S.A.P.I. de C.V., (see Appendix I), Edscha Scharwaechter Mechanisms, S.A.P.I. de C.V., which became known as Edscha Automotive SLP Servicios Laborales, S.A.P.I., and Bero Tools, S.L., which became known as Gestamp Tooling Erandio, S.L.

### **Note 3. Business combinations**

#### **During 2018**

##### **Reparaciones Industriales Zaldívar, S.L.**

On 14 September 2018, the Parent Company and the subsidiary, Gestamp Bizkaia, S.A. signed an agreement to purchase Reparaciones Industriales Zaldívar, S.L. , acquiring 100% of the capital of that company for 4,000 thousand euros, of which a contingent liability amounting to 2,000 thousand euros was pending payment at 31 December, subject to certain conditions stipulated in the agreement.

The effective date of that contract was 14 November 2018.

This business combination originated a 444 thousand euros Goodwill (Note 10).

The company's object is to provide integral assembly, disassembly, improvements, transfers and other works related with the industrial equipment.

The fair value of the assets and liabilities from Reparaciones Industriales Zaldívar, S.L., obtained from the inclusion balance sheet is as follows:

	Thousands of euros
Property, plant and equipment	
Plant and other PP&E ( Note 11)	100
Trade receivables	1,026
Cash and cash equivalents	815
Financial Assets (Note 12)	29
	1,970
Other non-current liabilities	1
Other current liabilities	10
Trade accounts payable	396
Deferred Taxes (Note 24)	7
	414
Net assets	1,556
Percentage of direct shareholding acquired	100.00%
Attributable net assets	1,556
Total consideration	2,000
Net effect of the business combination	444
Percentage of indirect shareholding	100.00%
Final net effect of the business combination	444

The revenue and the income attributable to this business combination since the incorporation date to 31 December 2018 amounted to 360 thousand euros and 77 thousand euros of profit, respectively.

The headcount of this business unit incorporated to the Group was 17 approximately.

There were no significant costs associated with this transaction.

*NCSG Sorocaba Industria Metalúrgica Ltda.*

On 5 February 2018, Gestamp Brasil Industria de Autopeças, S.A. signed an agreement to purchase NCSG Sorocaba Industria Metalúrgica Ltda, whereby it acquired 100% of the shares of this company for the amount of 80,000 thousand Brazilian reais (19,671 thousand euros). Of this amount, 23,532 thousand Brazilian reais (5,558 thousand euros) were pending at 31 December 2018 and the outstanding payment is booked under the heading “Other current liabilities” (Note 22.d)).

The agreement entered into force on 2 April 2018

The company's main activity is the manufacturing of automobile components.

The fair value of the assets and liabilities of NCSG Sorocaba Industria Metalúrgica Ltda obtained from the balance sheet upon consolidation is as follows:

	Thousands of euros
Intangible assets (Note 10)	8
Property, plant and equipment (Note 11)	
Land and buildings	6,592
Plant and other PP&E	9,514
Inventories	
Commodities and other consumables (Note 13)	1,412
Finished and semi-finished products	510
Trade receivables	4,864
	22,900
Deferred Taxes (Note 24)	389
Other current liabilities	1,331
Trade accounts payable	1,413
	3,133
Net assets	19,766
Percentage of direct shareholding acquired	100.00%
Attributable net assets	19,766
Total consideration	19,671
Net effect of the business combination	(95)
Percentage of indirect shareholding	70.00%
Final net effect of the business combination	(67)

The net effect of the business combination amounted to 67 thousand euros and was registered under the heading “Other operating income” in the Consolidated Income Statement at 31 December 2018.

The revenue and the income attributable to this business combination since the incorporation date to 31 December 2018 amounted to 28,819 thousand euros and 2,073 thousand euros of profit, respectively.

The headcount of this business unit incorporated to Group was 482 approximately.

There were no significant costs associated with this transaction.

### **During 2017**

#### **Gestamp Palau, S.A.**

On 24 November 2016, Gestamp Metalbages, S.A. entered into a share purchase agreement of Gestamp Palau, S.A. (Essa Palau, S.A. up to the date of the change of company name on 9 March 2017), by which it acquired 60% of the share capital of this company to third parties by a net amount of 5,491 thousand euros. This amount included the acquisition price (23,373 thousands of euros) less the debt and interests owed to the subsidiary by these third parties (17,882 thousands of euros). The previously mentioned debt was fully paid by Gestamp Metalbages, S.A. to Gestamp Palau, S.A. in the name of these third parties by means of bank transfer.

The contract took effect on 1 January 2017, once the required authorisation was obtained from the National Commission on Markets and Competition (a condition precedent).

Prior to this transaction the Group held a 40% shareholding in Gestamp Palau, S.A., thus the subsidiary was consolidated using equity method previously to control takeover. The valuation at fair value of this previously held shareholding at the date of acquisition led to a gain of 3,660 thousand euros. This amount was booked under the heading Other operating income in the Consolidated Income Statement.

Gestamp Palau, S.A.'s main activity is the manufacturing of automobile components for passenger cars.

The fair value of the assets and liabilities of Gestamp Palau, S.A. obtained from the balance sheet upon consolidation is as follows:

	<b>Thousands of euros</b>
Intangible assets (Note 10)	2
Property, plant and equipment (Note 11)	
Plant and other PP&E	43,064
Non-current financial assets	5,440
Deferred tax assets	7,592
Inventories (Note 13)	3,207
Trade receivables	9,783
Current financial assets	1,074
Cash and cash equivalents	120
	<u>70,282</u>
Other non-current liabilities	21,540
Deferred tax liabilities	134
Other current liabilities	5,309
Trade accounts payable	39,457
	<u>66,440</u>
Net assets	3,842
40% fair value (first acquisition)	3,660
Provision for liabilities prior to the takeover	(5,309)
Cost of 60% consideration (takeover)	5,491
Net effect of the business combination	-

Revenue and profit attributable to the business combination from the date of incorporation to 31 December 2017 amounted to 61,867 thousand euros and 1,743 thousand euros of profit, respectively.

The headcount of this business unit incorporated to the Group was 254 approximately.

There were no significant costs associated with this transaction.

Jui Li Edscha Body System Co., Ltd.

On January 1, 2017 Edscha Holding GmbH acquired 10% of shares of Jui Li Edscha Body System Co, Ltd, to minority shareholders for the amount of 18,000 thousand Taiwanese dollars (543 thousand euros). This transaction implied the gain of control over the company and its subsidiaries Jui Li Edscha Hainan Industry Enterprise Co., Ltd. and Jui Li Edscha Holding Co., Ltd. As at December 31, 2017, the amount was totally disbursed.

The Group held a 50% stake on Jui Li Edscha Body System Co, Ltd., prior to transaction, thus the company was consolidated using equity method previously to control takeover. The valuation to fair value of this previously held shareholding at the date of acquisition, led to no significant profit.

The company's main activity is the manufacturing of automobile components.

The fair value of the assets and liabilities of Jui Li Edscha Body System Co, Ltd and its subsidiaries, obtained from the balance sheets at consolidation, is as follows:

	<b>Thousands of euros</b>
Intangible assets (Note 10)	177
Property, plant and equipment (Note 11)	
Land and buildings	97
Plant and other PP&E	446
Inventories (Note 13)	2,173
Prepayments to suppliers	143
Trade receivables	2,743
Cash and cash equivalents	2,465
Other assets	44
Deferred tax assets	49
	<hr/> 8,337 <hr/>
Other non-current liabilities	40
Non-current provisions (Note 21)	29
Trade accounts payable	2,825
	<hr/> 2,894 <hr/>
Net assets	5,443
Attributable net assets (60%)	3,266
50% carrying amount (first acquisition)	2,713
Cost of 10% consideration (takeover)	543
Net effect of the business combination	10

Revenue and profit attributable to the business combination from the date of incorporation to 31 December 2017 amounted to 9,095 thousand euros and 354 thousand euros, respectively.

The headcount of this business unit incorporated to the Group was 93 approximately.

There were no significant costs associated with this transaction.

MPO Providers Rezistent, S.R.L.

On February 16, 2017 the subsidiary Beyçelik Gestamp Kalip, A.S. acquired 70% of shares of MPO Providers Rezistent, S.R.L. to non-controlling interests for the amount of 4,900 thousand euros. As at December 31, 2017, the amount was totally disbursed.

This business combination generated goodwill amounting to 981 thousand euros (Note 10).

Both the balance sheet and the income statement have been consolidated since 1 January 2017.

The company's main activity is the manufacturing of automobile components.

The fair value of the assets and liabilities of MPO Providers Rezistent, S.R.L. obtained from the inclusion balance sheets is as follows:

	<b>Thousands of euros</b>
Intangible assets (Note 10)	35
Property, plant and equipment (Note 11)	
Land and buildings	1,461
Plant and other PP&E	3,814
Inventories (Note 13)	1,383
Trade receivables	3,435
Cash and cash equivalents	51
Other assets	6,103
	<hr/>
	16,282
	<hr/>
Other non-current liabilities	2,198
Other current liabilities	178
Trade accounts payable	3,149
Other liabilities	6,560
	<hr/>
	12,085
	<hr/>
Net assets	4,197
Percentage of direct shareholding acquired	70.00%
Attributable net assets	2,938
Total consideration	4,900
Net effect of the business combination	1,962
Percentage of indirect shareholding	50.00%
Final net effect of the business combination	981

Revenue and profit attributable to the business combination from the date of incorporation to 31 December 2017 amounted to 35,712 thousand euros and 850 thousand euros of profit, respectively.

The headcount of this business unit incorporated to the Group was 300 approximately.

There were no significant costs associated with this transaction.

Gestamp Nitra, S.R.O.

On 19 February 2016, the Parent Company acquired 100% of Gestamp Nitra, S.R.O. for 6.8 thousand euros, which was included in the scope of consolidation in 2017.

Given the scant significance of this company at the acquisition date, the effects of the business combination were not significant.

Gestamp Nitra, S.R.O.'s corporate purpose is to stamp and manufacture automotive components for passenger cars.

Revenue and loss attributable to the business combination from the date of incorporation to 31 December 2017 amounted to 4,953 thousand and a loss of 55 thousand euros, respectively.

There were no significant costs associated with this transaction.

#### Almussafes Mantenimiento de Troqueles, S.L.

On 24 November 2016, through the execution of the sale and purchase agreement whereby Gestamp Metalbages, S.A. acquired 60% of the share capital of Gestamp Palau, S.A., of which it already owned 40% of the share capital, the Group acquired Almussafes Mantenimiento de Troqueles, S.L., a subsidiary of Gestamp Palau, S.A., which was incorporated into the scope of consolidation in 2017.

Due to the small size of this company, the effects of the business combination were not material.

Almussafes Mantenimiento de Troqueles, S.L main activity is the manufacturing and maintenance of dies.

Revenue and profit attributable to the business combination from the date of incorporation to 31 December 2017 amounted to 2,515 thousand euros and 556 thousand euros of profit, respectively.

There were no significant costs associated with this transaction.

### **Note 4. Basis of presentation of the Consolidated Financial Statements**

#### 4.1 True and fair view

The Group's Consolidated Financial Statements at 31 December 2018 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, approved by the European Commission regulations in force at the aforementioned date.

The Consolidated Financial Statements have been prepared on the basis of the accounting records of each Group company at 31 December 2018 and 2017. Each company prepares its Financial Statements in accordance with the accounting principles and standards in force in the country in which it operates; the required adjustments and reclassifications were made in consolidation process in order to harmonize the policies and methods used and to adapt them to IFRS.

These Consolidated Financial Statements for the year ended 31 December 2018 were prepared by the Board of Directors of Gestamp Automoción, S.A. at its meeting held on 28 February 2019, to be submitted to the approval of the General Shareholders' Meeting, and it is considered that they will be approved without any changes.

The figures contained in these Consolidated Financial Statements are expressed in thousands of euros, unless otherwise indicated and, consequently, they may be rounded off.

## 4.2 Comparison of information

The following companies were incorporated in the scope of consolidation in 2018 using the full consolidation method:

- Reparacion Industriales Zaldibar, S.L.
- Autotech Engineering Spain, S.L.
- Autotech France, S.A.S.
- Edscha Pha Automotive Components (Kunshan) Co., Ltd.
- NCSG Sorocaba Industria Metalúrgica Ltda.
- Tuyauto Gestamp Morocco
- Gestamp Autocomponets (Beijing), Co. Ltd.
- Gestamp Mejicana de servicios laborales, II S.A. de C.V.

Also, Gestamp Auto Components Sales (Tianjin), Co., Ltd. was incorporated using the equity method.

Lastly, the merger operation took place between Gestamp Palencia, S.A. (the acquiring company) and Gestamp Galvanizados, S.A.U. (the acquired company).

In 2017, the following companies were incorporated under the scope of consolidation:

- MPO Providers Rezistent, S.R.L.
- Beyçelik Gestamp Teknoloji Kalip, A.S.
- Gestamp Nitra, S.R.O.
- Almussafes Mantenimiento de Troqueles, S.L.
- Gestamp (China) Holding, Co. Ltd.
- Gestamp Autotech Japan K.K.
- Edscha Automotive Components (Chongqing), Co. Ltd.

Additionally, the method used to include the following companies in the scope of consolidation was modified (Note 2.b):

- Gestamp Palau, S.A.
- Jui Li Edscha Body Systems, Co. Ltd.
- Jui Li Edscha Hainan Industry Enterprise, Co. Ltd.
- Jui Li Edscha Holding, Co.Ltd.

Finally, the companies Metalbages P-51 (absorbed) and Gestamp Metalbages, S.A. were merged by absorption. (surviving company).

## 4.3 Basis of consolidation

The Consolidated Financial Statements comprise the financial statements of the Parent Company and subsidiaries at 31 December 2018.

The Group controls a subsidiary if and only if the Group in turn:

- Power over the subsidiary (rights that give the ability to direct the relevant activities of the subsidiary)
- Exposure, or rights to variable returns from its involvement in the subsidiary and
- The ability to use its power over the subsidiary to affect the said variable returns.

When the Group does not hold the majority of voting rights or similar rights of the subsidiary, the Group considers all relevant facts and circumstances to assess the existence of control. This includes:

- Contractual agreements with other investors holding voting rights of the subsidiary
- Rights arisen from other contractual agreements
- Potential voting rights of the Group
- Power over relevant activities of the subsidiary

When facts and circumstances indicate changes in one or more elements determining control over a subsidiary, the Group reassesses the existence of control over such subsidiary (Note 7).

Subsidiaries are fully consolidated from the acquisition date, when the Group obtains control, and continue to be consolidated until the date when such control ceases. If the Group loses or relinquishes control of a subsidiary, the Consolidated Financial Statements include that subsidiary's results for the portion of the year during which the Group held control thereover.

The financial statements of the subsidiaries have the same closing date as the Parent Company, except for the companies mentioned in Note 2.a. The said companies have an additional closing for the financial year for their inclusion in the Consolidated Financial Statements, being elaborated with the same accounting policies in a uniform and coherent procedure.

The profit or loss of a subsidiary company is attributed to non-controlling interests, even if it involves recording a debit balance with them.

Changes in shareholding percentage that do not mean loss of control are reflected as an equity transaction. When the Group lose control of a subsidiary:

- The Group derecognises the assets (including goodwill) and liabilities of the subsidiary.
- Derecognises the carrying amount of non-controlling interests.
- Derecognises translation differences taken to equity.
- Recognises the fair value of the consideration received for the transaction.
- Recognises the fair value of any retained investment.
- Recognises any excess or deficit in the Consolidated Income Statement.
- Reclassifies the shareholding of the Parent Company in the items previously registered in Other Comprehensive Income to profit or to retained earnings, as appropriate.

#### Subsidiaries

The full consolidation method is used for companies included in the scope of consolidation, controlled by the Parent Company, in accordance with the definition included at the beginning of this section.

#### Joint ventures

Interests in joint ventures are consolidated using the equity method until the date on which the Group ceases to have joint control over the venture.

A joint venture is an arrangement whereby the parties have joint control of the rights to the net assets of the joint venture. Joint control is the contractual agreement to share control and it exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

### Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities. Those parties are called joint operators.

The joint operations where the Group acts as joint operator are consolidated under interest in assets, liabilities, income and expenses.

### Associates

Investments in which the Group has significant influence but not control have been consolidated under the equity method. Significant influence is the power to participate in the financial and operating policy decisions of the subsidiary but it does not imply control or joint control on those policies. Considerations to make in order to decide whether there is significant influence are similar to those made to decide whether there is control over a subsidiary.

For the purposes of preparing these Consolidated Financial Statements, significant influence is deemed to exist in investments in which the Group, directly or indirectly, holds over 20% of the investment, and in certain instances in which the Group's holding is less than 20%, but significant influence can be clearly demonstrated.

### Translation of financial statements of foreign companies

The assets and liabilities and income statements of companies included in the Consolidated Financial Statements, whose functional currency is different from the presentation currency, are translated to euros using the closing foreign exchange rates method as follows:

- All assets, rights, and liabilities of foreign operations are translated at the exchange rate prevailing at the closing date of the Consolidated Financial Statements.
- Income and expenses are translated using the average exchange rate, as long as that average is a reasonable approximation of the cumulative effect of the actual exchange rates prevailing at the transactions dates.

The differences between the net book value of equity of the foreign companies converted using historical exchange rates and including the net result from the Profit and Loss Account, reflecting the above-mentioned treatment of income and expenses in foreign currencies, and the net book value of equity resulting from the conversion of goods, rights and liabilities using the exchange rate prevailing at the Consolidated Balance Sheet date, are registered as "Translation differences", with the corresponding negative or positive sign, in the "Equity - Translation Differences" in the Consolidated Balance Sheet (Note 18).

Exchange gains and losses due to the impact of changes in the functional currency relative to the euro on foreign currency borrowings considered permanent are taken directly to equity under "Translation differences", net of tax effect. The net amount of translation differences in 2018 is 21.4 million euros of negative translation differences (74.6 million euros of negative translation differences in 2017).

Permanent financing transactions are considered to be intragroup loans to subsidiaries whose repayment is not foreseen and are therefore treated as equity.

At 31 December 2017, neither the Parent Company nor the subsidiaries held equity interests issued by the Parent Company. At 31 December 2018, the Parent Company held own shares representing 0.19% of its share capital (Note 16.b)). The subsidiaries do not own investments issued by the Parent Company at 31 December 2018.

The effect of changes in foreign exchange rates, when presenting the Statement of Cash Flows by indirect method, has been calculated considering an average for the year of Cash and cash equivalents and applying the change of foreign exchange rates at closing of each year.

#### Transactions between companies included in the scope of consolidation

The following transactions and balances were eliminated upon consolidation:

- Reciprocal receivables/payables and expenses/income relating to intra-Group transactions.
- Income from the purchase and sale of property, plant and equipment and intangible assets as well as unrealised gains on inventories, if the amount is significant.
- Intra-Group dividends and the debit balance corresponding to interim dividends recognised at the company that paid them.

#### Non-controlling interests

The value of non-controlling interests in the equity and profit (loss) for the year of consolidated subsidiaries is recognised in "Non-controlling interests" in "Equity" in the Consolidated Balance Sheet and in "Non-controlling interests" in the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, respectively.

#### 4.4 Going concern

The Parent Company's directors have drawn up these Consolidated Financial Statements on a going concern basis since it considered that there are no uncertainties regarding its ability to continue as a going concern.

The Group has sufficient financing in place to fund its operations. The Group's outstanding net financial debt at 31 December 2018 amounted to 2,944 million euros (2,837 million euros at 31 December 2017 (Note 4.6), of which 91% matures at over 12 months (80% at 31 December 2017).

At 31 December 2018, the Group had liquid cash amounting to 1,508.7 million euros (1,881.4 million euros at 31 December 2017), of which 616.4 million euros corresponded to cash and cash equivalents (860.2 million euros at 31 December 2017) and 4.3 million euros related to debt securities in short-term investments (5.4 million euros at 31 December 2017).

In addition, at 31 December 2018, the Group had undrawn committed bank loans for an amount of 887 million euros. Of them, 607 million euros corresponded to undrawn credit facilities (735.8 million euros at 31 December 2017) and 280 million euros to an undrawn revolving credit facility, both at 31 December 2018 and at 31 December 2017. The amount of this source of liquidity maturing at over 12 months was 600 million euros, including the revolving credit facility maturing on 15 July 2022.

#### 4.5 Hyperinflation adjustment Argentina

Since all the inflation indicators for Argentina point to cumulative inflation in three years exceeding 100%, and there are no qualitative matters to mitigate the situation, Argentina must be considered to be a hyperinflationary economy from 1 July 2018, so IAS 29 “Financial Reporting in Hyperinflationary Economies”, applies, requiring the Consolidated Financial Statements to be expressed in terms of the current measurement unit on the date of the year reported. This restatement of the accounting values was carried out as follows:

- Separation and identification of all balance sheet items between monetary and non-monetary. The monetary items are cash and the balances receivable or payable in Argentine pesos, including the assets from customer contracts. The non-monetary items are intangible assets, property, plant and equipment, tooling and other similar assets. The income statement and equity items are also deemed to be non-monetary items for the purposes of calculating hyperinflation. No significant items measured at current cost were identified.
- Non-monetary assets and liabilities: These assets were recognised at cost from their acquisition date. These items are restated from their acquisition date, multiplying the carrying amount at historical cost by the index obtained as a result of dividing the index at year-end by the index at the acquisition date.
- Income and expenses: These items were restated in line with the performance of the price index from the date on which they were recognised until the period-end date.
- The Income Statement of the Argentine companies in the Consolidated Financial Statements was translated to euros at the year-end exchange rate.
- Calculation and recognition of the deferred taxes arising from the change in accounting values with respect to tax values.

The index used for the restatement was a synthetic index. To restate the balances prior to 31 December 2016, the wholesale price index was used and, from 1 January 2017, the National Consumer Price Index was used.

The comparative figures in the Consolidated Financial Statements with respect to the companies in Argentina are those of the previous year, that is, they are not adjusted by hyperinflation nor will they be adjusted for subsequent changes in the level of prices or exchange rates in subsequent years. This gives rise to differences between equity at the end of the previous year and equity at the beginning of the year under way and, as an accounting policy option, these changes are presented in the Translation Differences heading.

The effect on the Consolidated Financial Statements at 31 December 2018 of the inflation adjustment made in the manner described in the previous paragraphs was as follows:

Thousands of euros TOTAL				
		Gestamp	Gestamp	
		Córdoba, S.A.	Baires, S.A.	Total
Plant and other PP&E	(Note 11)	11.451	25.227	36.678
Intangible Assets		21	-	21
Accounts receivable by stage of completion, tools		1.773	2.531	4.304
Trade payables (Tooling)		(3.042)	(3.956)	(6.998)
Deferred tax liabilities		(2.487)	(5.950)	(8.437)
<b>EFFECT NON-MONETARY ASSETS AND LIABILITIES</b>		<b>7.716</b>	<b>17.852</b>	<b>25.568</b>
Revenue		3.504	13.041	16.545
Cost of materials used		(1.248)	(7.136)	(8.384)
Staff costs		(1.446)	(2.308)	(3.754)
Other operating expenses		(733)	(1.118)	(1.851)
<b>EFFECT ON EBITDA</b>		<b>77</b>	<b>2.479</b>	<b>2.556</b>
Depreciation and amortisation and impairment		955	2.369	3.324
Finance income		10	438	448
Finance costs		(80)	(1.011)	(1.091)
Exchange gains (losses)		(116)	(26)	(142)
Income tax		143	188	331
Result of exposure to inflation		952	4.159	5.111
<b>EFFECT ON RESULTS FOR THE YEAR</b>		<b>1.941</b>	<b>8.596</b>	<b>10.537</b>
<b>PRIOR EFFECT ON TRANSLATION DIFFERENCES</b>		<b>(9.657)</b>	<b>(26.448)</b>	<b>(36.105)</b>
Effect non-controlling interests due allocation of translation differences		(2.813)	(6.691)	(9.504)
Effect non-controlling interests due allocation of income and expenses		499	1.336	1.835
<b>EFFECT ON NON-CONTROLLING INTEREST</b>		<b>(2.314)</b>	<b>(5.355)</b>	<b>(7.669)</b>
<b>TOTAL EFFECT ON TRANSLATION DIFFERENCES (PAYABLE)</b>	(Note 18)	<b>(6.844)</b>	<b>(19.757)</b>	<b>(26.601)</b>
<b>TOTAL EFFECT ON INCOME AND EXPENSES (RECEIVABLE)</b>		<b>1.442</b>	<b>7.260</b>	<b>8.702</b>

Positive amount (debit) / Negative amount (credit)

#### 4.6 [Alternative management indicators](#)

Together with the indicators given in the IFRS, the Group uses a set of alternative management indicators, since it considers that they help in the decision-making process and economic-financial situation and are widely used by investors, financial analysts and other stakeholders. These indicators are not defined by IFRS and thus may not be directly comparable with other similar indicators used by other companies.

#### EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)

The EBITDA is an alternative management indicator, since it provides useful information on the Group's capacity for the generation of operating results in the plants (before interest, tax and depreciation), divisions and the Group and it is one of the indicators used by lenders to measure our financial capacity being compare to the debt.

The impact of the amendments to the IFRS in the year (Note 5) have not changed the definition of EBITDA.

EBITDA represents the operating profit before depreciation, amortization and impairment losses. It is calculated as a difference between to unadjusted financial defined under IFRS.

EBITDA at 31 December 2018 and 2017 was as follows:

	Thousands of euros	
	2018	2017
Operating Profit	527,335	484,729
Depreciation and amortisation and impairment	433,190	405,147
	<b>960,525</b>	<b>889,876</b>

For the purposes of providing comparable figures, the proforma EBITDA for 2018 excluding the impact of the application of IFRS 15 would be 939,504 thousand euros. Additionally, IFRS 9 had no impact on the EBITDA (Note 5.a)).

EBITDA calculation at december 31, 2018, based on the information of the Consolidated Statement of cash flow is the following:

<b>Profit before taxes attributable to equity holders of the company</b>	<b>329,637</b>
<b>Adjustments to profit</b>	<b>630,888</b>
Depreciation and amortization of assets	433,190
Gain (loss) attributable to non-controlling interest	27,759
Financial incomes	(8,956)
Financial expenses	146,528
Exchange rate differences	19,175
Share of profit/(loss) from associates - equity method	46
Change in fair value of financial instruments	8,035
Result of exposure to inflation	5,111
<b>TOTAL EBITDA</b>	<b>960,525</b>

#### EBIT (Earnings Before Interest and Taxes)

EBIT is the Operating Profit. It is calculated before Tax and Non-controlling interest.

#### CAPEX

The Group uses the CAPEX as an alternative management indicator, since it provides significant information on the investment decisions performed by the Group, and it is also related with the financing of operations.

CAPEX is calculated by adding the additions to Other intangible assets and to Property, plant and equipment.

CAPEX at 31 December 2018 and 2017 was as follows (Notes 10.b) and Note 11):

	Thousands of euros	
	2018	2017
Additions to Other intangible assets	112,411	95,702
Additions to Property, plant and equipment	807,804	700,307
	<b>920,215</b>	<b>796,009</b>

#### Net Financial Debt

Net financial debt provides useful information regarding the level of debt maintained by the Group related the fulfilment of the financial obligations ("covenants") and the fluctuation is explained with the cash flow generation before financial obligation more than the fluctuation of the Financial Debt.

The impact of IFRS 9 in the year (Note 5.a)) did not change the definition of this Alternative Performance Measure, calculating it by reference to the Consolidated Financial Statements data.

Net financial debt at 31 December 2018 and 2017 was as follows (Note 23):

	Thousands of euros	
	2018	2017
Interest-bearing loans and borrowings and debt issues	2,664,983	2,710,880
Finance lease	46,638	32,672
Borrowings from related parties	203,527	59,294
Other borrowings	28,756	34,183
<b>Gross Financial Debt (Note 23 and Note 4.4)</b>	<b>2,943,904</b>	<b>2,837,029</b>
Current financial assets	(94,258)	(78,896)
Cash and cash equivalents	(616,497)	(860,238)
<b>Subtotal</b>	<b>(710,755)</b>	<b>(939,134)</b>
<b>Net financial debt</b>	<b>2,233,149</b>	<b>1,897,895</b>

For the purposes of providing comparable figures, the proforma net financial debt for 2018, excluding the impact of the application of IFRS 9 would be 2,319,776 thousand euros.

## Note 5. Changes in accounting policies

### a) Standards and interpretations adopted by the European Union and applied for the first time this year

The accounting policies used in preparing these Consolidated Financial Statements are the same as those applied in the Consolidated Financial Statements for the year ended 31 December 2017, except for the following standards, interpretations and/or amendments to the standards that were applied for the first time in this period:

#### IFRS 9 - Financial Instruments

The Group adopted IFRS 9 *Financial instruments* for the first time in 2018. Accordingly, although the standard was applied retroactively, the Group opted not to restate the comparative figures for the previous year.

#### Debt restructuring processes

Interest-bearing loans and borrowings and debt issues for the amount of 2,664,983 thousand euros (2,710,880 thousand euros at 31 December 2017) experienced some restructuring processes after the date on which they were originally granted, as is explained in Note 23. Considering the conditions of these restructurings, which were not deemed to be substantially different under the criteria of IAS 39. Accordingly, the amount was adjusted in the balance sheet for the restructuring fees and the effective interest rate was updated.

IFRS 9 guidelines for this kind of debt restructuring processes is different from the above criteria, since it requires adjusting the debt balance registered in the balance sheet by means of adjusted cash flows discounted to the original effective interest rate. This rate, once adjusted using the possible restructuring fees, must be used for subsequent periods.

All things considered, the IFRS 9 adoption impact at January 1, 2018 is only linked to debt restructuring processes, and it is quantified as follows:

	Thousands of euros
<b>Liabilities</b>	
Interest-bearing loans and borrowings and debt issues	(106,180)
Deferred tax liabilities	23,920
<b>Total liabilities</b>	<b>(82,260)</b>
<b>Net positive impact on equity</b>	<b>82,260</b>

The deferred tax is calculated at a rate of 24%, when it had been previously calculated with a rate of 28%, due to the change in tax regulations in the Basque Country, whereby the nominal rate of the tax that was 28% in 2017 became 26% in 2018 and will be 24% from 2019.

At December 31, 2018 The estimate amount to be booked for future periods under the heading “Financial expenses”, with its corresponding increase in in bank financial debt net of tax, is as follows:

Thousands of euros			
Year	Finance cost	Tax effect	Total impact on results
2019	22,831	(5,216)	17,615
2020	22,735	(5,173)	17,562
2021	20,644	(4,651)	15,993
2022	14,688	(3,199)	11,489
2023	5,727	(1,203)	4,524
<b>Total</b>	<b>86,625</b>	<b>(19,442)</b>	<b>67,183</b>

These amounts can be modified in case of increase or repayments that modify the accrual period.

At 31 December 2018, the amount booked under the heading “Financial expenses” as a result of applying this standard and the subsequent increase in debts with bank and credit institutions, amounted to 19,555 thousand euros. This amount involved a reversal of the deferred tax liability of 4,478 thousand euros.

#### Impairment

IFRS 9 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group has applied the simplified approach and record lifetime expected losses on all trade receivables. The Group expects no significant impact due to the credit quality of its customers. The amount recognised for this impairment model at 31 December 2018 at the Group was 4,044 thousand euros (Note 15).

#### **IFRS 15 - Revenue from Contracts with Customers**

The Group has adopted the new standard for the recognition of revenue from contracts with customers in the period, applying the modified retrospective method, which implied not re-stating the 2017 figures, recognising the impact at 1 January 2018. The accounting policy and the judgements applied were described in Note 6.11.

To sum up, the impact of the adoption of IFRS 15 corresponds to the change of model for the recognition of “risks and benefits”, as required by IAS 18, to the transfer of “control” required by IFRS 15. In this regard, most of the parts delivered by the Group to the customers do not have an alternative

use for different projects or customers and the Group would be entitled to the collection, plus a margin, considering all the facts and circumstances.

The Group has applied a different disclosure in the financial position, the inventories not invoiced have been included in the heading “Assets from contracts with customers”.

All things considered, the IFRS 15 implementation quantified effect as January 1, 2018 was as follows:

	Thousands of euros
<b>Assets</b>	
Work in progress	(143,799)
Finished products	(123,791)
Current assets from contracts with customers	284,479
<b>Total assets</b>	<b>16,889</b>
<b>Liabilities</b>	
Deferred tax liabilities	4,432
<b>Total liabilities</b>	<b>4,432</b>
<b>Net positive impact on equity</b>	<b>12,457</b>
Retained earnings	11,194
Non-controlling interests	1,263

On the assumption that the standards prior to IFRS 15 (IAS 18, IAS 11, etc.) had been applied in 2018 instead of IFRS 15, these differences would have been recognised in the Consolidated Income Statement and in the Consolidated Balance Sheet.

Caption	Thousands of euros		
	31-12-2018 Consolidated Financial Statements with IFRS 15	31-12-2018 Proforma as if IFRS 15 had not been in force	Difference
<b>CONSOLIDATED STATEMENT OF PROFIT OR LOSS</b>			
Operating income	(8,842,960)	(8,821,939)	(21,021)
Deferred taxes	(32,432)	(37,555)	5,123
Profit (loss) attributable to non-controlling interests	27,759	25,698	2,061
<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>			
Inventories			
Work in progress	-	185,094	(185,094)
Finished products	-	124,197	(124,197)
Assets from contracts with customers			
Work in progress	204,612	-	204,612
Finished products	142,589	-	142,589
Trade receivables, tooling	331,016	-	331,016
Trade and other receivables	717,239	1,048,254	(331,015)
Deferred tax liabilities	(285,795)	(276,240)	(9,555)
Equity			
Reserves at fully consolidated entities	(1,163,689)	(1,152,694)	(10,995)
Profit for the period	(257,690)	(243,853)	(13,837)
Non-controlling interests	(430,997)	(427,473)	(3,524)
Other equity items	(326,619)	(326,619)	-
<b>Total</b>	<b>(9,916,967)</b>	<b>(9,903,130)</b>	<b>(13,837)</b>

## **IFRIC 22 - Foreign Currency Transactions and Advance Consideration**

This interpretation clarifies the spot exchange rate to be used for assets initial recognition and income and losses (or a part of them) registration, originated when a non-monetary asset or liability was registered with an advanced payment. The date of transaction will be that of the initial recognition of the non-monetary asset or liability. In case of situations with several payments, the entity must determine the date of every advanced payment received. This interpretation could be applied completely retroactively. Alternatively, an entity could apply the interpretation prospectively to all assets, income and expenses included in this interpretation range initially recognized as or after:

- i. The beginning of the first period of application of this interpretation, or
- ii. The beginning of a previous period used as comparative information in the period of first application of this interpretation to the financial statements.

This interpretation is expected to be required for annual periods beginning on January 1, 2018 or later. The advanced application of this interpretation is allowed and must be disclosed. Taking into account that the Group's usual practice is in line with this interpretation, there was no effect on its Consolidated Financial Statements.

## **b) Standards and interpretations issued by the IASB, but not applicable this year**

### **IFRS 16 - Leases**

IFRS 16 was issued in January 2016 and replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases - Incentives and SIC-27 Evaluating the Substance of Transactions in the Legal Form of a Lease.

IFRS 16 establishes the principles for recognition, measurement and presentation and the information to be disclosed in the leases, and demands the lessees to recognise all the leases under a single balance sheet model similar to the current recognition of the financial leases pursuant to IAS 17. At the date of commencement of a lease, the lessee will recognise a liability for the payments to be made under the lease (that is, the lease liability) and an asset that represents the right to use the underlying asset during the lease term (that is, the asset for the right of use). The lessee also must recognize separately the expenditure linked to the interests derived from the lease liability and the expenditure linked to the amortization of the right of use.

Lessees will be also be required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

IFRS 16 is effective for annual periods beginning on 1 January 2019 or later.

### **Transition to IFRS 16**

The Group intends to adopt IFRS 16 without modifying the comparative figures for the previous year presented. The Group will apply the standard to the agreements that were identified as leases on

applying IAS 17 and IFRIC 4. Accordingly, the Group will not apply the standard to the agreements that were not previously identified as leases under IAS 17 and IFRIC 4.

The Group will apply the exemptions proposed under the standard to the lease arrangements that ended within 12 months subsequent to the date of initial application, and for the lease arrangements for which the underlying asset has a low value.

In 2018, the Group performed a detailed assessment of the impact of IFRS 16. To sum up, the impact of the adoption of IFRS 16 is expected to be as follows:

Impact on the balance sheet (increase/decrease) at 31 December 2018:

	Thousands of euros
<b>Assets</b>	
Assets for rights of use	395,110
<b>Liabilities</b>	
Lease liabilities	395,110

### IFRIC 23 – Uncertainty over Income Tax Treatments

The Interpretation addresses the recognition of income tax when the tax treatments imply uncertainty that affects the application of IAS 12. This interpretation is not applied to taxes or levies excluded from the scope of IAS 12, nor does it include the treatment of the related interest and penalties that may arise. The interpretation specifically addresses the following aspects:

- ▶ When an entity should consider uncertainty as to tax separately.
- ▶ The hypothesis to be made about whether the tax treatment will be reviewed by the tax authorities.
- ▶ How an entity should determine income for tax purposes, tax bases, tax losses to be offset, tax deductions and tax rates.
- ▶ How an entity should consider changes in facts and circumstances.

Any entity must determine to consider every uncertainty over income tax separately or jointly with other uncertainties over income tax. The criterion to be applied is that which best clarifies the uncertainty linked to income tax. This interpretation is expected to be required for annual periods beginning on January 1, 2019 or later, and some exceptions are allowed during the transitional period.

The Group will apply this interpretation from its implementation date. Taking into account that the Group operates in an international complex tax environment, the application of this interpretation might affect the consolidated financial statements and its disclosures. Furthermore, the Group could have to implement processes and procedures to obtain the information required to correctly apply the interpretation.

## **Amendments to IAS 1 and IAS 8 – Definition of material (Annual improvements to IFRS – 2015-2017 cycle)**

The amendments to the definition of material are made so that it is easier to make judgements on what is material. The definition of material helps the entities to decide whether the information must be included in the Consolidated Financial Statements. These amendments clarify this definition and include guides on how it must be applied. Also, the explanations accompanying this definition were improved and it was ensured that the definition of material is consistent in all the standards.

The amendments will be applied to the annual periods beginning on 1 January 2020 or later, and their early application is permitted. The Group will assess the content of its Consolidated Financial Statement in accordance with the new definition, although it does not expect significant changes.

## **Note 6. Summary of significant accounting policies**

### **6.1 Foreign currency transactions**

#### **Functional and presentation currency**

Line items included in the financial statements of each entity are valued using the functional currency of the primary economic environment in which it operates.

The Consolidated Financial Statements are presented in thousands of euros, and the Euro is the Group's presentation currency and the functional currency of the Parent Company.

#### **Transactions in foreign currency other than the functional currency of each company**

Transactions in foreign currencies different to the functional currency of each company are translated to the Group's functional currency at the exchange rate prevailing at the date of the transaction. Exchange gains and losses arising on the settlement of these transactions or on translating foreign currency denominated monetary assets and liabilities at closing rates are recognised in the Consolidated Income Statement.

### **6.2 Property, plant and equipment**

Property, plant and equipment is carried at either acquisition, transition cost to IFRS (January 1, 2007), or production cost, including all the costs and expenses directly related with assets acquired until ready for use, less accumulated depreciation and any impairment losses. Land is not depreciated and is presented net of any impairment charges.

Acquisition cost includes:

- Purchase price
- Cash discounts that reduce the value of the asset.
- Directly attributable costs incurred to ready the asset for use.

Prior to the date of transition to international accounting standards (1 January 2007), certain Group companies remeasured certain tangible assets under various legal provisions (RDL 7/1996; Norma foral del Gobierno vasco 6/1996 and various international legal provisions), the amount of these remeasurements being considered as part of the cost of the assets in accordance with IAS 1.

At the date of transition to EU-IFRS (1 January 2007), all property, plant and equipment was measured at fair value at that date on the basis of a report by an independent expert, which led to a revaluation of the Group's assets (Note 11).

The carrying value of Property plant, and equipment acquired by means of a business combination is measured at its fair value, determined by an independent expert at the moment of its incorporation into the Group (Note 6.3).

Specific spare parts: certain major parts of some items of Property, plant and equipment may require replacement at irregular intervals. The cost of these parts is capitalized when the part is replaced and depreciated over their estimated useful lives. The net carrying amount of replaced parts is retired with a charge to income when the replacement occurs.

Ordinary repair or maintenance work is not capitalised.

An item of Property, plant and equipment is retired upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on retirement of the asset (calculated as the difference between the net disposal proceeds and the net carrying amount of the asset) is included in the Consolidated Income Statement in the year in which the asset is retired.

As permitted under IAS 23, borrowing costs directly attributable to the acquisition or development of a qualifying asset - an asset that takes a substantial period to be ready for its intended use - are capitalised as part of the cost of the respective assets. The amount of these capitalised finance costs is not significant.

Annual depreciation is calculated using the straight-line method based on the estimated useful lives of the various assets.

The estimated useful lives of the various asset categories are:

	Estimated useful life (years)	
	2018	2017
Buildings	17 to 35	17 to 35
Plant and machinery	3 to 20	3 to 20
Other plant, tools and furniture	2 to 10	2 to 10
Other PP&E items	4 to 10	4 to 10

The estimated assets' useful lives are reviewed at each financial year end, and adjusted prospectively if revised expectations differ significantly from previous estimates.

No significant residual values at the end of useful lives are expected.

When the net book value of an individual item from Property, plant and equipment is higher than their recoverable value, impairment is considered and the value of the item is decreased to the recoverable value.

### 6.3 [Business combinations and consolidation goodwill](#)

#### Business combinations

Business combinations are accounted for using the acquisition method. The acquisition cost is the sum of the total consideration transferred, measured at fair value at the acquisition date, and the amount of non-controlling interest of the acquired company, if any.

For each business combination, the Group measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition costs incurred are registered under the heading "Other operating expenses" in the Interim Condensed Consolidated Income Statement.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date. This includes the separation of the implicit derivatives of the main contracts of the acquired company.

### Goodwill

Goodwill acquired in a business combination is initially measured, at the time of acquisition, at cost, that is, the excess of the total consideration paid for the business combination over the Parent Company's interest in the net fair value of the identifiable assets, liabilities, and contingent liabilities of the acquired business.

For companies whose functional currency is different from the presentation currency, the value of the goodwill recognized is updated using the rate of exchange prevailing at the Interim Condensed Consolidated Balance Sheet date, recognizing in Translation differences the differences between beginning and ending balances, according to IAS 21, considered to be belonging to the acquired business assets.

If the Parent Company's interest in the net fair value of the identifiable acquired assets, assumed liabilities, and contingent liabilities exceeds the cost of the business combination, the Parent Company reconsiders the identification and measurement of the assets, liabilities, and contingent liabilities of the acquired company, as well as the measurement of the cost of the business combination (even non-monetary) and recognises any excess that continues to exist after this reconsideration in the Interim Condensed Consolidated Income Statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units or groups of cash-generating units (Note 6.7) expected to benefit from the business combination's synergies, irrespective of any other Group assets or liabilities assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit or groups of cash-generating units to which the goodwill relates. If the recoverable amount of the cash-generating unit or group of cash-generating units is less than the carrying amount, the Group recognizes an impairment loss (Note 6.7).

#### 6.4 Investment in associates and joint ventures

The Group has several participations in joint ventures, businesses over which the Group exercises joint control, where contractual agreements exist establishing joint control over the economic activities of the said companies. The contracts require that the agreement between the parties with respect to the operating and financial decisions be unanimous.

The Group also has interests in associates, which are companies over which the Group has significant influence.

The Group records its interest in associates and joint ventures using the equity method.

According to this method, the investment in an associate or a joint venture is initially recorded at cost. From the acquisition date on, the carrying amount of the investment is adjusted to reflect the changes of the investor's share of the net assets of the associate and the joint venture. The goodwill related to the associate or jointly controlled entity is included in the carrying amount of the investment and it is not amortized and no related impairment test is performed.

The share of the Group in profits of operations of the associate or joint venture is reflected in the Consolidated Income Statement. When there has been a change recognised directly in equity by the associate or joint venture, the Group recognises its share of this change, when applicable, in the Consolidated Statement of Changes in Equity. Non-realized gains or losses resulting from transactions between the Group and the associate or joint venture corresponding to the share of the Group in the associate or joint venture are eliminated.

The share of the Group in profits of the associate or joint venture is reflected directly in the Consolidated Income Statement and it represents profit after taxes and minority interests existing in subsidiaries of the associate or joint venture.

The financial statements of the associate and the joint venture are prepared for the same period as the Group; the required adjustments and reclassifications have been made in consolidation in order to harmonise the policies and methods used by the Group.

After using the equity method, the Group decides if impairment losses on the investment in the associate or joint venture have to be recognized. At the closing date the Group considers if there are evidences of impairment of the investment in the associate or joint venture. If so, the impairment is calculated as the difference between the recoverable amount and the carrying amount of the associate or joint venture, and the amount of such impairment is recognised in "Share of profits of associates and joint ventures" in the Consolidated Income Statement.

When the significant influence of the Group in the associate or joint venture ceases, the Group recognises the investment at its fair value. Any difference between the carrying amount of the associate or joint venture at the moment of loss of significant influence and the fair value of the investment plus the income for sale, is recognised in the Consolidated Income Statement.

#### 6.5 [Other intangible assets](#)

Other intangible assets acquired by the Group are measured at cost less accumulated amortization and any accumulated impairment losses.

An intangible asset is recognised only if it is probable that it will generate future benefits for the Group and that its cost can be reliably measured.

### Research and development costs

Research costs are expensed as incurred.

Development expenditure is capitalised when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its intention to complete and its ability to use or sell the resulting asset;
- Its ability to use or sell the intangible asset;
- The economic and commercial profitability of the project is reasonably ensured;
- The availability of adequate technical and financial resources to complete and to use or sell the resulting asset; and
- Its ability to measure reliably the expenditure during development.

Capitalized development costs are amortized over the period of expected future benefits, no more than 6 years.

At 31 December 2018 and 2017, there are no intangible assets related to development costs capitalised more than one year prior (respect aforementioned dates) and whose amortization was not started on the aforementioned dates.

### Concessions, patents, licences, trademarks, et al.

These intangible assets are initially measured at acquisition cost. They are assessed as having a finite useful life and are accordingly carried at cost net of accumulated amortization. Amortization is calculated using the straight-line method, based on the estimated useful life, in all instances less than 5 years; except the GESTAMP brand which is considered an asset of indefinite useful life.

### Software

Software is measured at acquisition cost.

Software acquired from third parties, recognised as assets, is amortised over its estimated useful life, which does not exceed 5 years.

IT maintenance costs are expensed as incurred.

## 6.6 Financial assets

Following the IFRS 9's criterias, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Debt financial asset instruments are subsequently measured at fair value through profit or loss (FVPL), amortized cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

The new classification and measurement of the IFRS 9 is as follows:

- instruments at amortized cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion.

- instruments at FVOCI, with gains or losses recycled to profit or loss on derecognition.

The Group's financial instruments included in non-current financial assets, trade and other receivables, other current assets and current financial assets are recorded at amortised cost, taking into account the business model and the valuation of the SPPI.

#### Investments accounted for using the equity method

Investments in associates or joint ventures, companies in which the Group has significant influence, are accounted for using the equity method (Note 6.4).

#### Derecognition of financial instruments

The Group retires a transferred financial asset from the Consolidated Balance Sheet when it has transferred in full its rights to receive cash flows from the asset or, retaining these rights, when the Group has assumed a contractual obligation to pay the cash flows to the transferees, and the Group has transferred substantially all the risks and rewards of ownership of the asset.

If the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity does not retire the transferred asset from its balance sheet and recognizes a financial liability for the consideration received. This financial liability is subsequently measured at amortized cost. The transferred financial asset continues to be measured using the same criteria as prior to the transfer. In subsequent periods, the Group recognises any income on the transferred financial asset and any expense incurred on the financial liability in the Consolidated Income Statement.

### 6.7 Impairment losses on assets

#### Impairment of assets Impairment of non-financial assets

The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount as either the group of assets' or cash-generating unit's fair value less costs to sell, or its value in use, whichever is higher.

The indicators of impairment are analysed at two levels: One, at the level of the Group's CGUs and the other for the corporate development expense intangible assets (R&D projects). It is considered that a CGU has signs of impairment if it is observed that its level of profitability is significantly below the average return of the segment and of the Group for an on-going period. Other qualitative factors that may affect the CGU are also considered. In the case of the R&D Projects, a significant variation in actual income with regard to expected income in the business plans estimated at the start of the project represent a sign of impairment.

A cash-generating unit (CGU) is the smallest identifiable group of assets that generates cash flows that are largely independent of the cash inflows from other assets. The smallest identifiable group of assets designated are the operating plants or the individual companies.

When the carrying amount of a group of assets or CGU exceeds its recoverable amount, an impairment loss is recognised and its carrying amount is decreased to its recoverable amount.

Impairment losses with respect to CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating units and, then, to proportionally reduce the carrying amount of the assets of the CGU unless, based on a review of the individual assets, it is considered that their fair value less costs to sell is higher than their carrying amount.

When assessing value in use, estimated future cash-flows are discounted at present value by using a pre-tax discount rate that reflects current market valuations of money and risks of the asset. For calculating the fair value of the asset less costs to sell, recent transactions are considered and if they cannot be identified, a proper valuation method is used. These calculations are based on several considerations, market prices and other available indicators of the fair value.

The calculation of impairment is based on detailed budgets and provisions individually prepared for each CGU to which the asset is allocated. Those budgets and provisions refer to a five-year and after that it applies a long-term growth rate using for estimating future cash-flows.

The impairment losses from continued operations, including impairment of inventories, are registered in the Consolidated Income Statement in the expense headings related to the function of the impaired asset.

For all assets except goodwill, an assessment is made every year to see if there is evidence that the impairment registered in previous years has been reduced or has disappeared. In such case, the Group estimates the recoverable value of the asset or the CGU.

An impairment loss recognised in previous years is reversed against the Consolidated Income Statement, if there has been a change in the assumptions used to determine the asset's recoverable amount. The restated recoverable amount of the asset cannot exceed the carrying amount that would have been determined had no impairment loss been recognised.

The following assets present specific characteristics when assessing their impairment:

#### Goodwill

Impairment test of goodwill is carried out on year end basis, and when there is also evidence that goodwill may be impaired.

The impairment test for the goodwill assesses the recoverable value of each CGU allocated to it. If the recoverable value of the CGU is lower than its carrying amount, an impairment loss is registered.

Goodwill impairment losses cannot be reversed in future periods.

#### Intangible assets

At year-end an impairment test is performed on intangible assets with indefinite useful lives, both at the individual level and at the CGU level, as appropriate, and when circumstances indicate that the carrying amount may be impaired.

#### Impairment of financial assets

The reduction in the fair value of available-for-sale financial assets that has been recognized directly in equity when there is objective evidence of impairment must be recognized in the Interim Condensed Consolidated Income Statement for the year. The cumulative loss recognized in the Interim Condensed Consolidated Income Statement is measured as the difference between the acquisition cost and current fair value.

Once an equity investment classified as available-for-sale has been impaired, any increase in value is registered in "Other comprehensive income" with no effect on the profit or loss for the year.

In the case of debt instruments classified as available-for-sale assets, if the fair value of an impaired debt instrument subsequently increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the Consolidated Income Statement, the impairment loss can be reversed through the Consolidated Income Statement.

The recoverable amount of held-to-maturity investments and loans and receivables carried at amortized cost is calculated as the present value of the expected future cash flows discounted at the original effective interest rate. The book value of the asset will be reduced through the provision account. The amount of the loss is recognised in the Consolidated Income Statement for the year. Current investments are not discounted to present value.

Impairment losses on loans and receivables carried at amortized cost are reversed if the subsequent increase in the recoverable amount can be objectively related to an event occurring after the impairment loss was recognized.

#### 6.8 Assets and liabilities held for sale and discontinued operations

Assets and liabilities included in a disposal group whose recovery is expected through sale and not through continued use are included in this category. These assets are valued at lower cost between carrying amount and fair value less costs for sale.

Discontinued operations are reflected in the Consolidated Income Statement separately from the revenue and expenses from continued operations. They are reflected in a line as profit after taxes from discontinued operations.

At 31 December 2018 and 2017, there are no assets nor liabilities in this heading and no profit from discontinued operations.

#### 6.9 Trade and other receivables

Accounts receivable from customers are measured in the accompanying Consolidated Balance Sheet at their nominal value.

Discounted bills pending maturity at year end are included in the accompanying Interim Condensed Consolidated balance sheet under "Trade receivables," with a balancing entry in "Interest-bearing loans and borrowings". The balances transferred to banks as Non-Recourse Factoring are not included in "Trade receivables" since all risks related to them, including bad and past-due debt risks, have been transferred to the bank (Note 15.a).

The Group recognizes impairment for expected credit loss.

#### 6.10 Inventories

Inventories are valued at the lower of acquisition or production cost and net realizable value.

Cost includes all expenses derived from the acquisition and transformation of inventories, including any other expenses incurred to bring them to their present condition and location.

Inventories have been valued using the average weighted cost method.

When inventories are deemed impaired, their initially recognized value is written down to net realizable value (selling price less estimated costs of completion and sale).

#### 6.11 Recognition of revenue and assets from contracts with customers

##### Recognition of revenue from customer contracts

The Company earns its revenue primarily from the sale of welded and stamped parts, as well as the construction of toolings. These goods and services are delivered to customers over time and not necessarily together.

The policy of recognising the Group's income is determined by the five-stage model proposed by IFRS 15 Revenue from Contracts with Customers.

##### *Identification of the contract with the customer*

The Group's contracts are normally supply agreements for an unspecified number of orders and thus the term of each contract depends on the orders received.

The contracts are identified with the orders received from the customer, since this is when rights and obligations are created between both parties to produce the parts or build the tools.

##### *Identification of the performance obligations*

Given that control of manufactured toolings is transferred to the customer, the toolings are considered contract's goods and services. Manufacturing of the toolings as well as the parts necessary to ensure their correct operation is a single performance obligation.

Once the toolings are manufactured, each part requested by a customer corresponds to a separate performance obligation and thus, for practical purposes, they are not considered a series, given the short duration of the orders and the little time needed to produce the parts.

Taking into account the just in time production model with customers, at year-end, there were no significant performance obligations pending execution in relation to parts.

##### *Determination of the price of the transaction and its allocation to the performance obligations*

The price agreed in the orders represents the independent sales price of the goods and services being transferred in the contracts. The Group negotiates concessions or incentives that are discounted from expected future revenue despite the fact that the number of parts ordered with each contract is not known. Some orders have variable consideration for the reviews of prices under negotiation, which are estimated based on the expected probability method and, where appropriate, they would be limited to the amount that is highly unlikely to be reversed in the future.

On certain occasions, advance payments of future discounts are applicable to the agreement, which are normally paid at the beginning of the project to the customer. This payment complies with the definition of the asset, to the extent that the associated contracts (resource criteria controlled by the company) are going to generate profit (probability criteria). Once the manufacture of the tools has been completed and the parts manufacturing phase has commenced, it is highly unlikely that the customer will cancel the project and choose another supplier, because it would mean a significant delay in its production and therefore it is probable that profit will be generated. Furthermore, it is highly probable that the payment will be recovered through sales of future parts and it is probable that economic benefits will be generated.

This payment is normally associated with the parts supply agreement to the customer, which will determine the time criteria to transfer the asset to results for the advance payment.

The accounting treatment afforded is to recognise this asset for the payment made early and to transfer it to results as reduced income when the goods and services expected in the agreement are delivered, that is, for the number of parts supplied to the customer. Given that the agreement term with the customer normally exceeds one year and the payment is made at the beginning of the project, the amount paid reflects the current net value of the asset to be recognised, hence, in subsequent periods, the corresponding finance income must accrue.

#### *Recognition of income*

As the parts are made, goods are created that have no alternative use and the related orders generate rights and obligations wherein control of the parts is transferred to the customer.

Since the control of toolings and parts is transferred over time, progress is measured using the stage-of-completion method. The method that best represents the progress of the Group's activities is costs incurred as a percentage of total estimated costs. If the results of a contract cannot be reliably estimated, revenue is recognized only to the extent that the expenses recognized are recoverable.

Based on historical experience and the Group's current estimates, except in extraordinary circumstances, no losses will be generated upon final settlement of the manufacturing contracts for tools under construction. Exceptionally, should it be deemed likely that costs will not be recovered, an onerous contract provision would be recognised.

#### *Other aspects of the income recognition policy*

There are no incremental direct costs for obtaining contracts. Performance obligations representing a guarantee do not exist either.

A residual part of income corresponds to access licences (royalties). They are recognised in line with the accrual principle

#### Assets from contracts with customers

Customer advances corresponding to tooling construction contracts reflect billing milestones and not necessarily the stage of completion of the tooling construction. Assets from contracts with customers includes the balancing entry for income recognised according to the stage of completion method for which the customer was not invoiced, deducting the customer advances received. These Assets from contracts with customers are presented at contract level with a customer.

#### Interest, royalties, and dividends

Financial interest is recognised based on the time elapsed, taking into account the effective return of the asset (using the effective interest method, i.e., the rate that makes discounted future cash receipts through the expected life of the financial instrument equal to the initial carrying amount of the asset).

Dividends received from associates, integrated by the equity method, are recognised in results on an accrual basis.

### 6.12 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with short-term, highly liquid investments that are subject to an insignificant risk of changes in value. An investment is considered a cash equivalent when it has a maturity of three months or less from the date of acquisition or establishment.

### 6.13 Government grants

Government grants are recognized at fair value where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Grants related to assets are recognised as “Deferred Income” in the Consolidated Balance Sheet at the amount granted. The grant will be recognised in the Consolidated Income Statement as the subsidised asset is amortised.

When the grant relates to expenditure (or operating) items, it is recognised directly in the Consolidated Income Statement as income.

### 6.14 Financial liabilities (suppliers, debt and others)

Financial liabilities are initially recognised at fair value, net of transaction costs, except financial liabilities at fair value through consolidated profit and loss. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost, measured as the difference between their cost and redemption value, using the effective interest rate method.

Liabilities maturing in less than 12 months from the Consolidated Balance Sheet date are classified as current, while those with longer maturity periods are classified as non-current.

A financial liability is retired when the obligation under the liability is discharged or cancelled or expires.

When non-controlling interests have an option to sell their shares or investments to the Group, it is assessed whether there is present access to the ownership of the shares by the Group due to the conditions inherent to the option. The Group has not non-controlling interests with option to sell their shares where the Group has present access to the ownership of the shares.

When the conditions of the sale option of the non-controlling interest do not give the Group present access to economic profit from the shares or investments, a partial recognition of non-controlling interest is registered. At first stage a financial liability is registered and reclassified to non-controlling interest. Any excess in the fair value of the liability related to the option with respect to the percentage corresponding to non-controlling interest is directly registered in equity attributable to the Parent Company. No amount is registered in the Interim Condensed Consolidated Income Statement related to the subsequent accounting of the financial liability. Until the option is exercised, the same accounting will be carried out at each closing and the financial liability will be cancelled against the amount paid to non-controlling interest. If the option was not exercised, the financial liability would be cancelled against the non-controlling interests and the corresponding equity attributable to the Parent Company in the same way as initially registered (Note 23.d).

### 6.15 Provisions and contingent liabilities

Provisions are recognised when the Group has a current obligation (legal or constructive) arising as a result of a past event and it is probable that the Group will have to dispose of resources as required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each Consolidated Balance Sheet closing date and are adjusted to reflect the current best estimate of the liability.

Provisions for personnel restructuring are recorded for the expenses necessarily incurred in restructuring and for those not associated with the entity's normal activities.

Provisions for personnel restructuring are only recognised when there is a formal plan that identifies:

- the affected business;
- the main locations affected;
- the employees to receive redundancy payments;
- the outlays to be incurred;
- when it will be implemented;
- and it is also necessary that a real expectation has been generated that the restructuring will be carried out and that those affected have been informed.

The provisions are determined by discounting expected future cash outlays using the pre-tax market rate and, where appropriate, the risks specific to the liability. This method is only applied if the effects are significant. When discounting is used, the increase in the provision due to the passage of time is recognized as a financial expense.

Contingent liabilities are potential obligations that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Group, as well as present obligations arising from past events, the amount of which cannot be reliably estimated or whose settlement may not require an outflow of resources. These contingent liabilities are only subject to disclosure and are not accounted for.

### 6.16 Employee benefits

The Group has assumed pension commitments for some companies located in Germany and France.

The Group classifies its pension commitments depending on their nature in defined contribution plans and defined benefit plans. Defined contribution plans are post-employment benefit plans under which the company pays fixed contributions into a separate entity (insurance company or pension plan), and will have no legal or constructive obligation to pay further contributions if the separate company does not carry out its assumed commitments. Defined benefit plans are post-employment benefit plans other than defined contribution plans.

#### Defined contribution plans

The Group carries out predetermined contributions into a separate entity (insurance company or pension plan), and will have no legal or implicit obligation to pay further contributions if the separate company does not have enough assets to attend employee benefits related to their services rendered in current and previous years.

The contributions made to defined contribution plans are recognised in profit and loss according to the accrual principle.

The amount posted in the Consolidated Income Statement was 6.1 million euros at 31 December 2018 (5.5 million euros at 31 December 2017) (Nota 27.b)). This figure corresponds to contribution made in United Kingdom.

#### Defined benefit plans

For defined benefit plans, the cost of providing these benefits is determined separately for each plan using the projected unit credit method. The actuarial gains and losses are recognized in OCI (Other Comprehensive Income) when incurred. In subsequent years, these actuarial gains and losses are registered as equity, and are not reclassified to profit and loss.

The amounts to be recognised in profit and loss are:

- Current service cost.
- Any past service cost and gains or losses upon payment.
- Net interest on the net defined benefit liability (asset), which is determined by applying the discount rate to the net defined benefit liability (asset).

The past service costs will be recognised as expenses at the earlier of the following dates (i) in the period when the plan is amended or curtailment occurs (ii) when the Group recognizes related restructuring costs or benefits of termination.

The net defined benefit liability (asset) is the deficit or surplus, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The rate used to discount post-employment benefit obligations shall be determined by reference to market yields at the end of the reporting period on high quality corporate bonds.

The deficit or surplus is:

- The present value of the defined benefit obligation.
- Less the fair value of plan assets with which obligations are directly cancelled.

Plan assets comprise assets held by a long-term employee benefit fund, and qualifying insurance policies. These assets are not available to the reporting entity's own creditors and cannot be returned to the reporting entity. Fair value is based on market price and in case of stock market values, it corresponds to published prices.

There are defined benefit schemes in Germany and France.

#### Indemnities

Indemnities to pay to employees dismissed through no fault of their own are calculated based on years of service. Any expenses incurred for indemnities are charged to the Consolidated Income Statement as soon as they are known.

### 6.17 Leases

Leases where the lessor transfer to the Group substantially all the risks and benefits of ownership of the asset are classified as finance leases.

Assets acquired under financial lease arrangements are recognized, based on their nature, at the lower of the fair value of the leased item and the present value of the minimum lease payments at the outset of the lease term. A financial liability is recognized for the same amount. Lease payments are apportioned between finance charges and reduction of the lease liability. Leased assets are depreciated, impaired, and retired using the same criteria applied to assets of a similar nature.

Leases where the lessor substantially retains all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the Consolidated Income Statement on a straight-line basis over the lease term.

### 6.18 Income tax

The income tax recognised in the Consolidated Income Statement includes current and deferred income tax.

The income tax expense is recognised in the Consolidated Income Statement except for current income tax relating to line items in equity, which is recognised in equity and not in the income statement.

#### Current tax expense

Current tax expense is the amount of income taxes payable in respect of the taxable profit for the year and is calculated based on net profit for the year before deducting tax expense (accounting profit), increased or decreased, as appropriate, by permanent and temporary differences between accounting and taxable profit as provided for in prevailing tax legislation.

#### Tax credits

The carry forward of unused tax credits and tax losses is recognised as a reduction in tax expense in the year in which they are applied or offset, unless there is reasonable doubt as to their realisation, in which case they are not capitalised and are considered as a decrease in income tax expense in the year in which they are applied or offset.

#### Temporary differences

**Deferred tax liabilities:** a deferred tax liability is recognized for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and which, at the time of the transaction, affects neither the accounting nor the fiscal result.

**Deferred tax assets:** a deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and which, at the time of the transaction, affects neither the accounting nor the fiscal result.

### 6.19 Derivative financial instruments

The Parent Company has arranged cash flow (interest rate) hedges through entities that operate on organized markets. These instruments are used to hedge exposure to fluctuations in floating interest rates on a portion of the bank loans granted to the Parent Company and on a portion of expected future borrowings, from some of these operations have been sold extended coverage options.

These financial derivatives hedging cash flow are initially recognised in the Consolidated Balance Sheet at acquisition cost and, subsequently, any impairment loss allowances required are recognised to reflect their market value from time to time.

Any gains or losses arising from changes in the market value of derivative financial instruments in respect of the ineffective portion of an effective hedge are taken to the Consolidated Income Statement, while gains or losses on the effective portion are recognised in “Effective hedges” within “Retained earnings” with respect to cash flow hedges. The cumulative gain or loss recognised in equity is taken to the Consolidated Income Statement when the hedged item affects consolidated profit or loss or in the year of disposal of the item. The extended coverage option are not recognized as derivatives so the fluctuation is not transferred to the Consolidated Income Statement.

Derivatives are recognized as assets when the fair value is positive and as liabilities when the fair value is negative.

In addition, the Group had a debt instrument (US dollar bonds) until 17 June 2016, to cover exposure to the exchange rate risk of its investments in subsidiaries whose functional currency was the US dollar (Note 23.b.1).

Hedges of net investments in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, shall be accounted for similarly to cash flow hedges.

The ineffective portion of the bonds’ exchange differences are recognised in the Consolidated Income Statement and the effective portion in Translation differences (Consolidated Equity).

After cancellation of the debt instrument issued and considered hedge of net investment, the balance considered translation differences will stay in this heading until derecognition of the investment of the foreign operation. At the moment, the accumulated loss or gain in this heading is transferred to the Consolidated Income Statement.

In 2018, the Group arranged short-term currency options, to protect itself against currency depreciation. The change in fair value was not relevant and was recognised in the Consolidated Income Statement.

### 6.20 Related parties

The Group considers as Related Parties: direct and indirect shareholders, companies over which they have significant influence or joint control, companies accounted for under the equity method and their officers.

Companies not belonging to the Group but belonging to the major shareholder of the Parent Company, with control or significant influence, are also considered related parties.

## 6.21 Environment

Expenses relating to decontamination and restoration work in polluted areas, as well as the elimination of waste and other expenses incurred to comply with the environmental protection legislation, are registered in the year they are incurred, unless they correspond to the acquisition cost of assets to be used over an extended period. In this case, they are recognized in the corresponding heading under “Property, plant and equipment” and are depreciated using the same criteria described in Note 6.2.

Estimable amounts of contingent liabilities for environmental issues, if any, would be provisioned as a liability in the Consolidated Balance Sheet.

### **Note 7. Significant accounting judgments, estimates and assumptions**

The preparation of the accompanying Consolidated Financial Statements under IFRS requires estimates and assumptions that affect the Consolidated Balance Sheet and the Consolidated Income Statement for the year. The estimates that have a significant impact are as follows:

#### Impairment of non-financial assets

There is impairment when the carrying amount of an asset or a cash-generating unit (CGU) is higher than its recoverable value, which is the higher of its recoverable value less costs of sale and its value in use.

For CGUs with a goodwill or an asset with indefinite useful life assigned, an impairment test is carried out every year by calculating the recoverable value through the value in use. The calculation is based on the discounting of cash flows. Cash flows are obtained from the most conservative budget and business plan for the next five years and they do not include uncommitted restructuring activities or the significant future investments which will increase the output of the asset related to the cash-generating unit under analysis. The recoverable amount is very sensitive to the discount rate used for discounting cash flows, to the expected future inflows and to the growth rate used for extrapolating them.

The key assumptions used for calculating the recoverable amount of the cash-generating units as well as the sensitivity analysis are further detailed in Note 6.7 and Note 10.

The discounted cash flow method and the calculation of the perpetual value use a standardised period in which all those assumptions that are considered reasonable and recurring in the future are included.

For the remaining CGUs with no goodwill assigned but including significant non-current assets, an impairment test is carried out only when there is evidence of impairment according to indicators detailed in Note 6.7.

#### Revenue recognition and the stage of completion

The Group estimates the stage of completion of certain services to customers such as die design and tooling. The stage of completion is determined by the incurred costs with respect to the total expected costs, including certain assumptions regarding the total costs according to historic experience.

#### Pension benefits

The cost of the defined benefit plans and other post-employment benefits and the present value of the pension obligations are determined according to actuarial valuations. The actuarial valuations imply assumptions that may differ from the real future events. They include the discount rate, future salary increases, mortality rates and future pension increases. Since the valuation is complex and for

the long-term, the calculation of the obligation for defined benefit plans is very sensitive to changes in those assumptions. All assumptions are revised at every closing date.

The most changing parameter is the discount rate. To calculate the proper discount rate the Management uses, as an essential reference, the interest rate of 10-year bonds and extrapolates them over the underlying curve corresponding to the expected maturity of the obligation for defined benefit plans, based on the bonds yield curves or swaps interest rate. In addition, the quality of the underlying bonds is reviewed. Those bonds with excessive credit spreads are excluded from the analysis as they are not considered to be of a high credit rating.

Mortality rate is based in public mortality tables from the specific country. These tables use to change only in intervals according to demographic changes. Future salary increases and future pension increases are based on future expected inflation rates for each country.

Further details on assumptions considered and a sensitivity analysis are included in Note 22.

#### Taxes

Deferred tax assets are recognized for negative tax bases and other unused tax incentives to the extent that it is probable that taxable profit will be available against which they can be utilized. The deferred tax asset to be registered depends on important judgments by Management according to a reasonable period and the future tax profits.

The Group does not register deferred tax assets in the following cases: negative tax bases to be offset from subsidiaries keeping a loss history, which cannot be used to offset future tax profits from other group companies and when there are no taxable temporary differences in the company.

#### Review of useful lives

Useful life of tangible fixed assets is determined according to the expected use of the asset as well as the past experience of use and duration of similar assets. In 2016 review, the Group analyzed the current use of certain property, plant and equipment. This review was made following the analysis of an independent third party. The total cost of items whose useful life was reviewed was 2,205 million euros.

If the change in the estimated useful lives had not occurred, there would have been an impact on the 2016 Consolidated Profit and Loss Account of 12.5 million euros as an increase in depreciation expense.

With respect to the useful life of intangible assets that do not have a definite useful life, including capitalised expenses implementation, it has been calculated that, based on internal analyses, their useful life does not exceed 6 years and that their recovery is linear in accordance with the consumption pattern represented by the production of the operating plants.

#### Fair value of financial instruments

When fair value of financial assets and liabilities recognised in the Consolidated Balance Sheet cannot be obtained from quoted prices in active markets it is calculated by valuation techniques that include the model of discounting cash flows. The required data are obtained from observable markets when possible and when not, some value judgments are made in order to establish reasonable values. Judgments refer to liquidity risk, credit risk and volatility. Changes in assumptions related to these factors may affect the reasonable value of financial instruments reported (Note 12 and Note 23.b.1)).

#### Assessment of gain of control in subsidiaries

According to IFRS 10, currently in force, the Group Management assess the existence of control of significant companies with 50% shareholding, like Beyçelik Gestamp Kalip, A.S., Gestamp Automotive India Private Ltd and Tuyauto Gestamp Morocco.

Regarding Beyçelik Gestamp Kalip, A.S. and Tuyauto Gestamp Morocco, non-controlling interests are third parties external to Gestamp Automoción Group and over whom the shareholders of the Parent Company have no control.

Although in these companies the members of the board of directors are elected on the basis of the percentage of ownership, it is considered that control over the company is exercised taking into account the following facts and circumstances regarding the relevant activities:

1. Car manufacturers require from their suppliers the capability to reach and maintain quality standards across a wide geographic presence in order to negotiate global supply.
2. Accordingly, the most important activities for a supplier in this sector are as follows:
  - a. Continuous investment in technological research and development to satisfy customer requirements.
  - b. Global negotiation for approval and homologation of every component comprising a product, as well as management of prices.
  - c. All activities aimed to achieve excellent quality of components.

The above activities are carried out directly by the Group since the shareholders owning the remaining shares do not have these capacities.

3. In this sense, the subsidiary technologically depends on the Group. Research and Development activities are fully carried out by the Group and the technology is provided to the subsidiary according to the agreement signed with the shareholders. Accordingly, Beyçelik Gestamp Kalip A.S. has right to use but no intellectual property. The design to apply the technology of hot stamping currently used by the subsidiary is exclusive property of the Group.
4. In order to prove this excellence, an OEM supplier needs to be accredited as a Tier 1 supplier (high quality supplier) by the car manufacturer. The subsidiary could not obtain this certification if they did not belong to the Group.

Additional to the circumstances mentioned below, regarding Gestamp Automotive India Private Ltd own most of the board member as the Group has designated 4 board members of this company out of a total of 6 members. Regarding this company the non-controlling interests corresponding to the remaining 50% shareholding are Group related parties since it is to a company controlled by shareholders of the Parent Company.

#### **Note 8. Changes in significant accounting policies and estimates and restatement of errors**

##### Changes in accounting estimates

The effect of a change in an accounting estimate is recognised in the same Consolidated Income Statement heading in which the associated income or expense was recognised under the former estimate.

### Changes in significant accounting policies and restatement of errors

The effect of this type of changes in accounting policies and the correction of errors is recognised in those cases that are significant at Group level. The cumulative effect at the beginning of the year is adjusted in the Retained earnings heading and the effect of the year itself is recognised in the Consolidated Income Statement for the year. In these instances, the prior year's balances are also restated to maintain comparability of information.

### **Note 9. Segment reporting**

According to IFRS 8 "Operating segments", segment information below is based on internal reports regularly reviewed by the board of directors of the Group in order to allocate resources to each segment and assess their performance.

Operating segments identified by the board of directors of the Group are based on a geographical approach. The segments and countries included are as follows:

- ✓ Europa Occidental
  - Spain
  - Germany
  - United Kingdom
  - France
  - Portugal
  - Sweden
  - Luxembourg
  - Morocco
  
- ✓ Eastern Europe
  - Russia
  - Poland
  - Hungary
  - Czech Republic
  - Slovakia
  - Turkey
  - Romania
  
- ✓ Mercosur
  - Brazil
  - Argentina
  
- ✓ Norteamérica
  - USA
  - Mexico
  
- ✓ Asia
  - China
  - South Korea
  - India
  - Thailand
  - Japan
  - Taiwan

Each segment includes the activity of Group companies located in countries belonging to the segment.

The Board of Directors of the Group managed the operating segments corresponding to continuing activities basically according to the evolution of the main financial indicators from each segment such as revenue, EBITDA, EBIT and fixture investments. Financial income and expenses, as well as income tax, and the allocation of profit to non-controlling interests are analyzed together at Group level since they are centrally managed.

Inside certain segments there are some countries meeting the definition of a significant segment; however, they are presented in the aggregate since the products and services generating ordinary income as well as productive processes are similar and additionally they show similar long-term financial performance and they belong to the same economic environment.

Segment information for 2018 and 2017 is as follows:

ITEM	Thousands of euros					TOTAL
	WESTERN EUROPE	EASTERN EUROPE	MERCOSUR	NORTH AMERICA	ASIA	
<b>2018</b>						
<b>NON-CURRENT ASSETS</b>						
Goodwill	72,463	14,943	8,036	2,890	11	98,343
Other intangible assets	272,683	14,296	4,516	26,607	34,262	352,364
Property, plant and equipment	1,340,538	596,384	295,782	1,102,922	542,069	3,877,695
Non-current financial assets	40,416	31	2,631	6,505	8,432	58,015
Deferred tax assets	185,507	17,414	22,638	82,746	14,583	322,888
<b>Total non-current assets</b>	<b>1,911,607</b>	<b>643,068</b>	<b>333,603</b>	<b>1,221,670</b>	<b>599,357</b>	<b>4,709,305</b>
<b>WORKING CAPITAL</b>						
Inventories/Assets from contracts with customers	117,370	64,764	68,765	144,982	94,864	490,745
Assets from contracts with customers	475,500	9,482	56,731	29,990	106,514	678,217
Trade and other receivables	281,950	162,606	42,198	251,802	263,154	1,001,710
Subtotal	874,820	236,852	167,694	426,774	464,532	2,170,672
Other current assets	12,186	30,722	10,482	48,230	8,306	109,926
Trade and other payables	(962,097)	(245,524)	(96,484)	(256,986)	(296,102)	(1,857,193)
Current provisions	(8,485)	(2,187)	-	(13)	(2,561)	(13,246)
Other current liabilities	(1,415)	(903)	-	(1,799)	(7)	(4,124)
Other current borrowed liabilities	(90,438)	(9,079)	(28,741)	(25,385)	(33,660)	(187,303)
<b>Total working capital</b>	<b>(175,429)</b>	<b>9,881</b>	<b>52,951</b>	<b>190,821</b>	<b>140,508</b>	<b>218,732</b>

ITEM	Thousands of euros					TOTAL
	WESTERN EUROPE	EASTERN EUROPE	MERCOSUR	NORTH AMERICA	ASIA	
<b>2018</b>						
Revenue	4,101,130	1,186,724	585,131	1,659,026	1,015,627	8,547,638
EBITDA	429,725	153,802	77,432	149,045	150,521	960,525

ITEM	Thousands of euros					TOTAL
	WESTERN EUROPE	EASTERN EUROPE	MERCOSUR	NORTH AMERICA	ASIA	
<b>2017</b>						
<b>NON-CURRENT ASSETS</b>						
Goodwill	73,291	19,582	8,982	2,890	12	104,757
Other intangible assets	236,941	10,987	4,729	23,514	33,769	309,940
Property, plan and equipment	1,274,953	516,425	246,180	851,777	518,444	3,407,779
Non-current financial assets	41,766	30	2,737	8,512	16,382	69,427
Deferred tax assets	152,092	22,573	28,058	53,570	9,506	265,799
<b>Total non-current assets</b>	<b>1,779,043</b>	<b>569,597</b>	<b>290,686</b>	<b>940,263</b>	<b>578,113</b>	<b>4,157,702</b>
<b>WORKING CAPITAL</b>						
Inventories	254,841	78,917	59,285	168,605	119,674	681,322
Trade and other receivables	692,296	189,535	53,930	140,831	299,117	1,375,709
Other current assets	5,940	11,520	10,036	37,656	5,905	71,057
Trade and other payables	(1,030,507)	(195,960)	(72,260)	(231,014)	(284,332)	(1,814,073)
Current provisions	(5,050)	(3,616)	(1,107)	(237)	(1,713)	(11,723)
Other current liabilities	(1,377)	(1,190)	-	(423)	(4)	(2,994)
Other current borrowed liabilities	(59,109)	(4,250)	(12,014)	(24,660)	(29,920)	(129,953)
<b>Total working capital</b>	<b>(142,966)</b>	<b>74,956</b>	<b>37,870</b>	<b>90,758</b>	<b>108,727</b>	<b>169,345</b>

ITEM	Thousands of euros					
	2017					
	WESTERN EUROPE	EASTERN EUROPE	MERCOSUR	NORTH AMERICA	ASIA	TOTAL
Revenue	4,011,171	1,043,441	562,316	1,482,798	1,101,845	8,201,571
EBITDA	423,876	122,842	59,530	123,208	160,420	889,876

Recurring operating transactions between subsidiaries in different segments are not material.

The heading “EBITDA” from each segment includes the costs of Group corporate services according to:

- a) The criteria for distribution of management costs as per global agreements signed by Group companies.
- b) The agreements for rendering specific services signed by certain Group companies.

The additions of Other intangible assets (Note 10.b) by segments are as follows:

Segment	Thousands of euros	
	2018	2017
Western Europe	87,332	66,670
Eastern Europe	6,033	3,830
Mercosur	1,113	2,227
North America	11,815	8,704
Asia	6,118	14,271
<b>Total</b>	<b>112,411</b>	<b>95,702</b>

The additions of Property, plant and equipment (Note 11) by segments are as follows:

Segment	Thousands of euros	
	2018	2017
Western Europe	211,592	195,741
Eastern Europe	165,229	105,819
Mercosur	46,961	25,386
North America	294,325	264,212
Asia	89,697	109,149
<b>Total</b>	<b>807,804</b>	<b>700,307</b>

The three customers representing the highest contribution to sales (including the companies in their own groups) represent 47.6% of revenue (2017: 48.1%) and each of them represents more than 9.5% of revenue in 2018 (over 10% in that period of 2017).

#### **Note 10. Intangible assets**

- a) Consolidation goodwill

The movement in this heading assigned to each Group Segment in 2018 and 2017 is as follows:

Segment / CGU	Thousands of euros			Balance at 31-12-2018
	Balance at 31-12-2017	Acquisitions	Translation differences	
<b>Western Europe</b>				
Gestamp HardTech AB	38,898	-	(1,275)	37,623
Gestamp Metalbages S.A.	15,622	-	-	15,622
Gestamp Aveiro, S.A.	7,395	-	-	7,395
Gestamp Levante, S.A.	6,944	-	-	6,944
Griwe Subgroup	6,466	-	-	6,466
Adral, matricería y puesta a punto S.L.	857	-	-	857
Reparaciones Industriales Zaldibar, S.L.		444		444
<b>Eastern Europe</b>				
Beyçelik Gestamp Kalip, A.S.	15,774	-	(3,942)	11,832
Gestamp Severstal Vsevolozhsk, Llc	109	-	(14)	95
Çelik Form Gestamp Otomotive, A.S.	2,740	-	(685)	2,055
MPO Providers Rez. S.R.L.	959	-	3	962
<b>Mercosur</b>				
Gestamp Brasil Industria de Autopeças, S.A.	8,982	-	(945)	8,037
<b>Asia</b>				
Gestamp Services India Private, Ltd.	11	-	-	11
<b>Total</b>	<b>104,757</b>	<b>444</b>	<b>(6,858)</b>	<b>98,343</b>

Segment / CGU	Thousands of euros			Balance at 31-12-2017
	Balance at 31-12-2016	Acquisitions	Translation differences	
<b>Western Europe</b>				
Gestamp HardTech AB	39,951	-	(1,053)	38,898
Gestamp Metalbages S.A.	15,622	-	-	15,622
Gestamp Aveiro, S.A.	7,395	-	-	7,395
Gestamp Levante, S.A.	6,944	-	-	6,944
Griwe Subgroup	6,466	-	-	6,466
Adral, matricería y pta a punto S.L.	857	-	-	857
<b>Eastern Europe</b>				
Beyçelik Gestamp Kalip, A.S.	19,356	-	(3,582)	15,774
Gestamp Severstal Vsevolozhsk, Llc	117	-	(8)	109
Çelik Form Gestamp Otomotive, A.S.	3,362	-	(622)	2,740
MPO Providers Rez. S.R.L.	-	981	(22)	959
<b>Mercosur</b>				
Gestamp Brasil Industria de Autopeças, S.A.	10,422	-	(1,440)	8,982
<b>Asia</b>				
Gestamp Services India Private, Ltd.	12	-	(1)	11
<b>Total</b>	<b>110,504</b>	<b>981</b>	<b>(6,728)</b>	<b>104,757</b>

The additions recognised in 2018 correspond to the acquisition of Reparaciones Industriales Zaldibar, S.L. This company was included in the scope of consolidation by the full consolidation method, since control was acquired over it and it was therefore a business combination (Note 3).

The additions recognised in 2017 correspond to the acquisition of MPO Providers Rezistent, S.R.L. This company was included in the scope of consolidation by the full consolidation method, since control was acquired over it and it was therefore a business combination (Note 3).

Translation differences in 2018 and 2017 correspond to the adjustments to the goodwill of companies whose functional currency is different from the Euro, translated at the exchange rate prevailing at Interim Condensed Consolidated Balance Sheet date, according to IAS 21 (Note 6.3).

### Impairment test of Goodwill

The Group has implemented annual procedures to test goodwill for impairment. This assessment is carried out for each of the CGUs or groups of CGUs to which goodwill has been allocated.

A CGU is the smallest identifiable group of assets that generates cash flows that are largely independent of the cash inflows from other assets or group of assets.

The CGUs' recoverable value at 31 December 2018 and 2017 has been determined by choosing the higher value between the fair value less the necessary costs to sell the CGU or through the calculation of value in use, using cash flow projections covering a five-year period, based on future business performance.

The cash flows after the five-year period were extrapolated using a growth rate of 1%, both for 2018 and 2017, which are deemed to be prudent assumptions with respect to the growth rates from medium to long term for the automobile industry.

The discount rate before taxes applied to the cash flow projections of the CGUs is calculated based on the Weighted Average Cost of Capital (WACC), and is determined by the average weighted cost of equity and the cost of borrowed funds in line with the financial structure set for the Group.

The discount rates before taxes applied to the CGUs whose goodwill is most significant in 2018 and 2017 were as follows:

Segment	CGU	Pre-tax discount rate	
		2018	2017
Western Europe	Gestamp HardTech, AB	9.06%	8.93%
Western Europe	Gestamp Metalbages, S.A.	9.57%	9.81%
Eastern Europe	Beyçelik Gestamp Kalip, A.S.	14.95%	17.92%

It is concluded that the recoverable value is higher than the carrying amount for all the CGUs, so the Group can recover the value of goodwill recognised at 31 December 2018 and 2017.

The economic projections made in previous years did not present significant differences with respect to the actual data.

### Sensitivity analysis of changes in key assumptions

The Parent Company's Management performed a sensitivity analysis, especially in relation to the discount rate used and the residual growth rate, to ensure that possible changes in the estimate of those rates do not affect the recovery of the aforementioned values, where the value in use is the reference value.

- ✓ An increase of 50 basis points in the discount rate used would reduce the value in use but, under no circumstances, would it mean that this value in use is lower than the carrying amount of the assets analysed.
- ✓ If the perpetual growth rate was 0.5%, from the first period, it would reduce the value in use but, under no circumstances, would it mean that this value in use is lower than the carrying amount of the assets analysed.

- ✓ If the EBITDA margin on sales used for a perpetual projection of the cash flows was reduced by 150 basis points, it would reduce the value in use but, under no circumstances, would it lead to the impairment of the carrying amount of the assets analysed.

#### b) Other intangible assets

The composition of and movements in net intangible assets in 2018 and 2017 are as follows:

	Thousands of euros							Balance at 31-12-2018
	Balance at 31-12-2017	Changes in scope of consolidation	Additions	Disposals	Currency translation differences	Hyperinflation adjustment	Other changes	
<b>Cost</b>								
Development costs	361,198	-	85,790	(1,401)	860	-	(900)	445,547
Concessions	19,349	-	-	-	(161)	-	250	19,438
Patents, licences and trademarks	40,924	-	105	(893)	(130)	-	(69)	39,937
Goodwill	1,101	-	-	-	260	-	(450)	911
Transfer rights	7	-	19	-	-	-	(3)	23
Software	160,890	55	18,822	(1,639)	(1,097)	21	7,149	184,201
Prepayments	14,276	-	7,675	123	46	-	(7,742)	14,378
<b>Total cost</b>	<b>597,745</b>	<b>55</b>	<b>112,411</b>	<b>(3,810)</b>	<b>(222)</b>	<b>21</b>	<b>(1,765)</b>	<b>704,435</b>
<b>Amortisation and impairment</b>								
Development costs	(171,535)	-	(47,029)	1,962	(487)	-	(180)	(217,269)
Concessions	(2,527)	-	(366)	-	24	-	-	(2,869)
Goodwill	-	-	(38)	-	(169)	-	207	-
Patents, licences and trademarks	(4,370)	-	(923)	75	47	-	(3)	(5,174)
Transfer rights	(838)	-	(332)	-	34	-	(224)	(1,360)
Software	(106,645)	(47)	(20,148)	1,396	696	-	2,013	(122,735)
<b>Accumulated amortisation</b>	<b>(285,915)</b>	<b>(47)</b>	<b>(68,836)</b>	<b>3,433</b>	<b>145</b>	<b>-</b>	<b>1,813</b>	<b>(349,407)</b>
Impairment of intangible assets	(1,890)	-	(1,505)	425	(7)	-	313	(2,664)
<b>Net value</b>	<b>309,940</b>	<b>8</b>	<b>42,070</b>	<b>48</b>	<b>(84)</b>	<b>21</b>	<b>361</b>	<b>352,364</b>

Changes in consolidation scope at 31 December 2018 correspond to the incorporation of NCSG Sorocaba Industria Metalúrgica Ltda. (Note 3).

Additions to R&D expenses mainly correspond to development and design costs of portfolio projects, as well as the application of new technologies and the introduction of new materials related to the business.

Additions to Software mainly correspond to software licence renewal and to costs of SAP development and implementation.

The net balance of Other movements mainly reflects adjustments from previous years, as well as reclassifications between intangible assets and PP&E.

	Thousands of euros						
	Balance at 31-12-2016	Changes in scope of consolidation	Additions	Disposals	Currency translation differences	Other changes	Balance at 31-12-2017
<b>Cost</b>							
Development costs	298,475	826	72,745	(6,878)	(3,382)	(588)	361,198
Concessions	21,202	-	2,436	(3,735)	(1,255)	701	19,349
Patents, licences and trademarks	40,266	-	1,851	(732)	(117)	(344)	40,924
Goodwill	1,673	-	-	-	(761)	189	1,101
Transfer rights	-	-	-	-	-	7	7
Software	143,379	467	13,667	(882)	(3,951)	8,210	160,890
Prepayments	17,521	191	5,003	(1,647)	(154)	(6,638)	14,276
<b>Total cost</b>	<b>522,516</b>	<b>1,484</b>	<b>95,702</b>	<b>(13,874)</b>	<b>(9,620)</b>	<b>1,537</b>	<b>597,745</b>
<b>Amortisation and impairment</b>							
Development costs	(136,853)	(674)	(40,118)	4,060	1,540	510	(171,535)
Concessions	(2,392)	-	(430)	146	152	(3)	(2,527)
Patents, licences and trademarks	(4,074)	-	(1,435)	739	51	349	(4,370)
Transfer rights	(567)	-	(329)	-	46	12	(838)
Software	(94,347)	(404)	(16,697)	2,387	2,732	(316)	(106,645)
Accumulated amortisation	(238,233)	(1,078)	(59,009)	7,332	4,521	552	(285,915)
Impairment of intangible assets	(1,823)	-	(359)	84	(15)	223	(1,890)
<b>Net value</b>	<b>282,460</b>	<b>406</b>	<b>36,334</b>	<b>(6,458)</b>	<b>(5,114)</b>	<b>2,312</b>	<b>309,940</b>

Changes in the scope of consolidation at 31 December 2017 corresponded to the incorporation of the companies Gestamp Palau, S.A., MPO Providers Resistente, S.R.L., Gestamp Nitra, S.R.O., Jui Li Edscha Body System Co., Ltd., Almussafes Mantenimiento de Troqueles, S.L. and Jui Li Edscha Hainan Industry Enterprise Co., Ltd. (Note 3).

Additions to R&D expenses mainly correspond to development and design costs of portfolio projects, as well as the application of new technologies and the introduction of new materials related to the business.

Additions to Software mainly correspond to software licence renewal and to costs of SAP development and implementation.

Additions to concessions were mainly related to land usage rights.

Additions to Prepayments corresponded to costs from SAP implementation.

Additions in Patents, licences and trademarks corresponded mainly to costs incurred in the acquisition of industrial patents.

The most significant additions by segment are shown in Note 9.

Main disposals corresponded to development projects whose feasibility is not reasonably assured, to software, and land usage rights disposals.

The net balance of the Other Changes column mainly includes differences relating to prior years; and to reclassifications between intangible assets and property, plant and equipment.

Development expenses corresponding to projects not fulfilling requirements to be capitalised were registered in the heading Other operating expenses in the Consolidated Income Statement, and they amount to 1,098 thousand euros at 31 December 2018 (31 December 2017: 1,473 thousand euros).

## Impairment test of assets with indefinite useful life

Assets with indefinite useful life are yearly tested by the royalty relief method to identify impairment. It is concluded that their recoverable value is far higher than their net carrying amount.

## Note 11. Property, plant and equipment

The breakdown and change of the items comprising Property, plant and equipment is as follows:

	Thousands of euros							Balance at 31-12-2018
	Balance at 31-12-2017	Changes in scope of consolidation	Additions	Disposals	Currency translation differences	Hyperinflation adjustment	Other changes	
<b>Cost</b>								
Land and buildings	1,459,572	7,799	53,143	(9,315)	(16,222)	-	122,552	1,617,529
Plant and other PP&E	4,871,777	14,065	211,238	(87,872)	(62,985)	36,678	403,795	5,386,696
PP&E under construction and prepayments	638,619		543,423	10,397	3,036	-	(522,607)	672,868
<b>Total cost</b>	<b>6,969,968</b>	<b>21,864</b>	<b>807,804</b>	<b>(86,790)</b>	<b>(76,171)</b>	<b>36,678</b>	<b>3,740</b>	<b>7,677,093</b>
<b>Amortisation and impairment</b>								
Land and buildings	(418,473)	(1,207)	(35,827)	4,357	4,890	-	1,459	(444,801)
Plant and other PP&E	(3,137,794)	(4,451)	(326,469)	77,470	36,120	-	6,462	(3,348,662)
Accumulated amortisation	(3,556,267)	(5,658)	(362,296)	81,827	41,010	-	7,921	(3,793,463)
Impairment of PP&E	(5,922)	-	2,751	-	13	-	(2,777)	(5,935)
<b>Net value</b>	<b>3,407,779</b>	<b>16,206</b>	<b>448,259</b>	<b>(4,963)</b>	<b>(35,148)</b>	<b>36,678</b>	<b>8,884</b>	<b>3,877,695</b>

Changes in the consolidation scope at 31 December 2018 correspond to the incorporation of NCSG Sorocaba Industria Metalúrgica Ltda. and Reparaciones Industriales Zaldívar, S.L. (Note 3).

The cost value of the property, plant and equipment additions at 31 December 2018 mainly corresponds to investments in plants and production lines, with the aim of increasing the productive capacity of the Group, as well as to replacements to maintain existing activities. They mainly correspond to companies located in the USA, Spain, Turkey, Japan, the Czech Republic, the United Kingdom, Slovakia, China, Mexico, Germany and Brazil.

The net value of Disposals of PP&E mainly corresponds to the disposal of fully amortized items out of use.

The inflation adjustment corresponds to the restatement of the value of non-current assets in Argentina, under IAS 29 (Note 4.5).

The net balance of the Other movements column mainly reflects adjustments relating to prior years and reclassifications between inventories, PP&E and intangible assets.

	Thousands of euros							Balance at 31-12-2017
	Balance at 31-12-2016	Changes in scope of consolidation	Additions	Disposals	Currency translation differences	Other changes		
<b>Cost</b>								
Land and buildings	1,391,486	1,694	25,459	(2,830)	(45,827)	89,590		1,459,572
Plant and other PP&E	4,541,828	121,145	127,372	(77,944)	(182,631)	342,007		4,871,777
PP&E under construction and prepayments	568,378	3,374	547,476	(3,769)	(35,495)	(441,345)		638,619
<b>Total cost</b>	<b>6,501,692</b>	<b>126,213</b>	<b>700,307</b>	<b>(84,543)</b>	<b>(263,953)</b>	<b>(9,748)</b>		<b>6,969,968</b>
<b>Amortisation and impairment</b>								
Land and buildings	(407,967)	(134)	(31,633)	276	13,851	7,134		(418,473)
Plant and other PP&E	(2,927,871)	(75,572)	(310,953)	67,952	108,727	(77)		(3,137,794)
Accumulated amortisation	(3,335,838)	(75,706)	(342,586)	68,228	122,578	7,057		(3,556,267)
Impairment of PP&E	(5,840)	-	(3,193)	69	(14)	3,056		(5,922)
<b>Net value</b>	<b>3,160,014</b>	<b>50,507</b>	<b>354,528</b>	<b>(16,246)</b>	<b>(141,389)</b>	<b>365</b>		<b>3,407,779</b>

Changes in the scope of consolidation at 31 December 2017 corresponded to the incorporation of the companies Gestamp Palau, S.A., MPO Providers Resistente, S.R.L., Gestamp Nitra, S.R.O., Jui Li Edscha Body System Co., Ltd., Almussafes Mantenimiento de Troqueles, S.L. and Jui Li Edscha Hainan Industry Enterprise Co., Ltd. (Note 3).

Cost value of the property, plant and equipment additions at December 31, 2017 mainly corresponded to investments in plants and production lines, with the aim of increasing the productive capacity of the Group, as well as to capital expenditure to maintain existing activities. They mainly corresponded to companies located in USA, Mexico, Spain, China, Japan, Germany, United Kingdom, Czech Republic and Slovakia. Additions by segment are shown in Note 9.

The net value of retirements of technical installations and other property, plant and equipment corresponded mainly to the disposal of unused items, and to the sale of items to third parties outside the Group.

The net value of Other movements mainly reflected reclassifications between PP&E and intangible assets as well as differences relating to prior years.

The effect of the asset revaluation that was carried out in 2007 as a result of the IFRSs transition, is as follows:

	Thousands of euros	
	2018	2017
Initial cost	266,567	266,567
Fair value	509,428	509,428
Revaluation	242,861	242,861
Accumulated amortisation	(49,084)	(44,844)
Deferred tax liabilities	(48,864)	(50,026)
<b>Total</b>	<b>144,913</b>	<b>147,991</b>
Non-controlling interests	(24,636)	(24,878)
Reserves (Note 17.4.b)	(123,113)	(125,886)
Profit for the year	2,836	2,773
<b>Total</b>	<b>(144,913)</b>	<b>(147,991)</b>

The detail, by segment, of PP&E at 31 December 2018 and 2017, respectively, was as follows:

Segment / Country	Thousands of euros	
	Net carrying amount 2018	Net carrying amount 2017
<b>Western Europe</b>	<b>1,340,539</b>	<b>1,274,952</b>
Spain	660,247	646,944
Germany	296,208	276,274
France	90,302	87,945
Portugal	68,725	55,966
Sweden	19,480	23,469
United Kingdom	198,249	184,354
Morocco	7,328	-
<b>Eastern Europe</b>	<b>596,385</b>	<b>516,425</b>
Poland	161,332	167,106
Russia	78,940	92,825
Hungary	32,319	33,982
Czech Republic	123,011	103,736
Romania	17,523	8,650
Turkey	82,476	74,469
Slovakia	100,784	35,657
<b>Mercosur</b>	<b>295,782</b>	<b>246,180</b>
Argentina	51,811	24,349
Brazil	243,971	221,831
<b>North America</b>	<b>1,102,921</b>	<b>851,777</b>
USA	776,453	580,437
Mexico	326,468	271,340
<b>Asia</b>	<b>542,068</b>	<b>518,445</b>
China	370,579	361,997
India	85,266	94,349
South Korea	47,335	48,169
Japan	38,620	13,482
Taiwan	39	49
Thailand	229	399
<b>Total</b>	<b>3,877,695</b>	<b>3,407,779</b>

The breakdown of assets acquired under finance lease agreements at 31 December 2018 and 2017 is as follows:

Segment	2018					
	Cost of the asset (thousands of euros)	Lease term	Instalments paid	Thousands of euros		Purchase option value
				Present value of lease obligations (Note 23.c.1)		
				Short term	Long term	
<b>Eastern Europe</b>						
Machinery	8,557	2 years	1,425	1,295	5,066	-
Machinery	7,877	3 years	841	972	5,218	-
Machinery	96	4 years	47	24	24	-
Machinery	2,747	5 years	1,411	445	1,009	-
Machinery	22,144	7 years	6,801	2,853	10,982	-
<b>North America</b>						
Machinery	21,830	20 years	7,219	1,078	17,672	-
				<b>6,667</b>	<b>39,971</b>	

Segment	2017					
	Cost of the asset (thousands of euros)	Lease term	Instalments paid	Thousands of euros		Purchase option value
				Present value of lease obligations (Note 23.c.1)		
				Short term	Long term	
<b>Western Europe</b>						
Other technical facilities	297	5 years	285	11	-	-
<b>Eastern Europe</b>						
Machinery	2,837	5 years	2,272	345	153	-
Machinery	13,335	7 years	4,056	1,200	12,080	1
<b>North America</b>						
Machinery	20,825	20 years	5,287	996	17,887	-
				<b>2,552</b>	<b>30,120</b>	

The figures in the table above are affected by the application of different exchange rates in the conversion process of the financial statements of the subsidiaries. These subsidiaries have functional currencies different from the presentation currency.

### **Impairment test of Property, Plant and Equipment**

Impairment tests calculate recoverable value and are carried out for those CGU's where signs of deterioration are found according to indicators mentioned in Note 6.7.

The volume of assets with respect to which the impairment test is performed with regard to the Group's total PP&E was 18% (24% in 2017).

The CGUs' recoverable value at 31 December 2018 was determined by choosing the higher of the fair value less the necessary costs to sell the CGU, and the calculation of value in use, using cash flow projections covering a five-year period, based on future business performance.

The discount rates before taxes applied to the CGUs with impairment indicators for 2018 and 2017 were as follows:

Segment	2018	
	WACC rate before taxes	Rate of perpetual growth
Western Europe	8,79% - 9,78%	1.00%
Eastern Europe	8,74% - 14,95%	1.00%
Asia	11.40%	1.00%
North America	9,99% - 13,26%	1.00%
Mercosur	12,34% - 24,85%	1.00%

Brasil considered equity rate

Segment	2017	
	WACC rate before taxes	Rate of perpetual growth
Western Europe	8.72% - 10.0%	1.00%
Eastern Europe	9.12% - 17.92%	1.00%
Asia	11.48%	1.00%
North America	9.76%	1.00%
Mercosur	15.28% - 22.89%	1.00%

It is concluded that the recoverable value is higher than the carrying amount for all the CGUs, so the Group can recover the value of the consolidated assets of each CGU recognised at 31 December 2018 and 2017.

The economic projections made in previous years did not present significant differences with respect to the actual data.

#### Sensitivity analysis of changes in key assumptions

The Parent Company's Management performed a sensitivity analysis, especially in relation to the discount rate used and the residual growth rate, to ensure that possible changes in the estimate of those rates do not affect the recovery of the aforementioned values, where the value in use is the reference value.

- ✓ An increase of 50 basis points in the discount rate used would reduce the value in use but, under no circumstances, would it mean that this value in use is lower than the carrying amount of the assets analysed.
- ✓ If the perpetual growth rate was 0.5%, from the first period, it would reduce the value in use but, under no circumstances, would it mean that this value in use is lower than the carrying amount of the assets analysed.
- ✓ If the EBITDA margin on sales used for a perpetual projection of the cash flows was reduced by 150 basis points, it would reduce the value in use but, under no circumstances, would it lead to the impairment of the carrying amount of the assets analysed.

#### Pledged property, plant and equipment to secure bank loans, in rem guarantees and others

Both at 31 December 2018 and 2017, there were no items of property, plant, and equipment set aside to secure bank loans (Note 23.a.1).

## Note 12. Financial assets

The breakdown of the Group's financial investments at 31 December 2018 and 2017, by type and maturity, in thousands of euros, is as follows:

	Thousands of euros									
	Investments accounted for using the equity method		Loans granted		Derivative financial instruments		Current securities portfolio		Other financial assets	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
<b>Non-current financial assets</b>	<b>2,390</b>	<b>1,787</b>	<b>37,407</b>	<b>39,248</b>	<b>6,019</b>	<b>14,718</b>	-	-	<b>12,199</b>	<b>13,674</b>
Investments accounted for using the equity method	2,390	1,787	-	-	-	-	-	-	-	-
Held-to-maturity investments	-	-	-	-	-	-	-	-	898	898
Loans and receivables	-	-	37,407	39,248	-	-	-	-	11,301	12,776
Derivative financial instruments (Note 23.b.1)	-	-	-	-	6,019	14,718	-	-	-	-
<b>Current financial assets</b>	-	-	<b>35,320</b>	<b>34,598</b>	-	-	<b>4,316</b>	<b>5,376</b>	<b>54,622</b>	<b>38,922</b>
Held-to-maturity investments	-	-	-	-	-	-	4,316	5,376	-	-
Loans and receivables	-	-	35,320	34,598	-	-	-	-	54,622	38,922
<b>Total financial assets</b>	<b>2,390</b>	<b>1,787</b>	<b>72,727</b>	<b>73,846</b>	<b>6,019</b>	<b>14,718</b>	<b>4,316</b>	<b>5,376</b>	<b>66,821</b>	<b>52,596</b>

### a) Non-current financial assets

The movement of non-current financial assets in 2018 and 2017 are the following:

	Thousands of euros			
	Investments accounted for using the equity method	Loans granted	Derivative financial instruments	Other financial assets
<b>Balance at December 31, 2016</b>	<b>5,740</b>	<b>50,581</b>	<b>25,710</b>	<b>13,483</b>
Changes in scope of consolidation	(2,722)	3,508	-	(3,061)
Additions	-	4,597	-	2,734
Disposals	-	(5,843)	-	1,762
Change in valuation of derivatives	-	-	(10,992)	-
Transfers	-	(12,463)	-	-
Other changes	-	332	-	1
Profit for the year	(997)	-	-	-
Translation differences	(234)	(1,464)	-	(1,245)
<b>Balance at December 31, 2017</b>	<b>1,787</b>	<b>39,248</b>	<b>14,718</b>	<b>13,674</b>
Changes in scope of consolidation	614	20	-	7
Additions	-	39	-	1,677
Disposals	-	(2,583)	-	(3,347)
Change in valuation of derivatives	-	-	(8,699)	-
Transfers	-	(320)	-	-
Other changes	-	1,124	-	118
Profit for the year	(46)	-	-	-
Translation differences	35	(121)	-	70
<b>Balance at December 31, 2018</b>	<b>2,390</b>	<b>37,407</b>	<b>6,019</b>	<b>12,199</b>

#### a.1) Investments accounted for using the equity method

Changes in the scope of consolidation in 2018 corresponded to the incorporation of the subsidiary Gestamp Auto Components Sales (Tianjin) Co., Ltd. by the equity method. (Note 2.b).

Changes in scope of consolidation in 2017 corresponded to the incorporation of Jui Li Edscha Body Systems Co., Ltd., Jui Li Edscha Holding Co., Ltd., Jui Li Edscha Hainan Industry Enterprise Co., Ltd. that changed their consolidation method from equity method to full consolidation method (Note 2.b).

The results for 2018 and 2017, amounting to 46 thousand euros and 997 thousand euros of losses, respectively, relate to the application of the Group's percentage ownership interest in the results obtained by each company.

No dividends have been received from companies accounted for using the equity method in 2018 and 2017.

The summarized financial information of the Group's investment in 2018 and 2017 is as follows:

Condensed balance sheet:

Thousands of euros				
2018				
Gestamp Auto				
Global Laser Araba	Components Sales (Tianjin) Co., Ltd.	GGM & subsidiaries	Industrias Tamer, S.A.	
Total non-current assets	11,080	-	63,100	1,275
Total current assets	1,205	49,791	75,449	2,668
Total non-current liabilities	(10,734)	-	(33,149)	(298)
Total current liabilities	216	(48,115)	(102,983)	(2,598)
Equity	(1,767)	(1,661)	(2,681)	(1,047)
Translation differences	-	(15)	264	-
Percentage of shareholding	30%	49%	30%	30%
<b>Carrying amount of investment</b>	<b>530</b>	<b>821</b>	<b>725</b>	<b>314</b>

Thousands of euros			
2017			
Global Laser Araba	GGM & subsidiaries	Industrias Tamer, S.A.	
Total non-current assets	11,942	68,787	1,396
Total current assets	2,751	52,349	4,622
Total non-current liabilities	(10,600)	(48,859)	(220)
Total current liabilities	(3,276)	(68,337)	(4,598)
Equity	(817)	(4,297)	(1,200)
Translation differences	-	357	-
Percentage of shareholding	30%	30%	30%
<b>Carrying amount of investment</b>	<b>245</b>	<b>1,182</b>	<b>360</b>

Condensed income statement:

Thousands of euros				
2018				
Global Laser Araba	Gestamp Auto Components Sales (Tianjin) Co., Ltd.	GGM and subsidiaries	Industrias Tamer, S.A.	
Operating income	7,421	44,512	37,072	3,613
Operating expense	(6,430)	(43,971)	(38,242)	(3,218)
<b>OPERATING PROFIT/LOSS</b>	<b>991</b>	<b>541</b>	<b>(1,170)</b>	<b>395</b>
Finance profit/loss	(250)	3	(987)	(16)
Exchange gains (losses)	-	-	535	-
Impairment and other gains/losses	-	-	-	(157)
<b>PROFIT/LOSS BEFORE TAX</b>	<b>741</b>	<b>544</b>	<b>(1,622)</b>	<b>222</b>
Restatement of prior years' profit/loss	209	-	5	(375)
<b>PROFIT/LOSS FOR THE YEAR</b>	<b>950</b>	<b>408</b>	<b>(1,617)</b>	<b>(153)</b>
Percentage of shareholding	30%	49%	30%	30%
<b>Participation of the Group in profit/loss for the year</b>	<b>285</b>	<b>200</b>	<b>(485)</b>	<b>(46)</b>

Thousands of euros			
2017			
Global Laser Araba	GGM and subsidiaries	Industrias Tamer, S.A.	
Operating income	2,910	29,779	2,661
Operating expense	(3,689)	(30,937)	(2,460)
<b>OPERATING PROFIT/LOSS</b>	<b>(779)</b>	<b>(1,158)</b>	<b>201</b>
Finance profit/loss	(166)	(815)	(15)
Exchange gains (losses)	-	(1,254)	-
<b>PROFIT/LOSS BEFORE TAX</b>	<b>(945)</b>	<b>(3,227)</b>	<b>186</b>
Restatement of prior years' profit/loss	282	547	(166)
<b>PROFIT/LOSS FOR THE YEAR</b>	<b>(663)</b>	<b>(2,680)</b>	<b>20</b>
Percentage of shareholding	30%	30%	30%
<b>Participation of the Group in profit/loss for the year</b>	<b>(199)</b>	<b>(804)</b>	<b>6</b>

## a.2) Loans granted

The Loans granted heading includes mainly the loans granted to Group employees for the purchase from Acek Desarrollo y Gestión Industrial, S.L. of shares of the Parent Company in 2016, amounting to 35,764 thousand euros at 31 December 2018 (36,660 thousand euros at 31 December 2017), and the balance held by Edscha do Brasil Ltda. with the Brazilian tax authorities, for 978 thousand euros (1,146 thousand euros at 31 December 2017).

Changes in scope of consolidation in 2018 corresponded to the incorporation of the subsidiary Reparaciones Industriales Zaldívar, S.L. using the full consolidation method.

The most significant derecognitions recorded in 2018 relate to the partial collection of 2,020 thousand euros of loans granted to Group employees for the purchase from Acek, Desarrollo y Gestión Industrial, S.L. of shares of the Parent Company.

The amount recorded under Other movements totalling 1,124 thousand euros relates to the capitalisation of interest on the long-term loan that the Parent Company has with its employees.

Changes in scope of consolidation in 2017 corresponded to the incorporation of subsidiary Gestamp Palau, S.A. using the full consolidation method (Note 2.b)). The subsidiary had loans granted to third parties for the amount of 3,508 thousand of euros. These receivables were totally impaired due to uncertainty about its recoverability.

Additions in 2017 mainly corresponded to:

- Increase in receivables from public authorities by Gestamp Brasil Industria de Autopeças S.A. and Gestamp Pune Automotive Pvt. Ltd., for 3,450 thousand euros and 157 thousand euros respectively.
- Loans to Group employees amounting to 650 thousand euros for the acquisition of shares in the Parent Company from Acek Desarrollo y Gestión Industrial S.L. (Note 16.a). A pledge on the shares was generated as a guarantee for the loans. The interest rate of the loans is the legal interest rate prevailing every calendar year and the duration is six years from the date of signature.

Disposals in 2017 mainly corresponded to:

- Payment made from third parties to Gestamp Palau, S.A. amounting to 3,119 thousand euros. The operation included the reversal of impairment losses linked to these loans (Note 12.a.4)).
- Partial payment from employees amounting to 1,450 thousand euros corresponding to loans granted to employees for Parent Company shares acquisition from Acek, Desarrollo y Gestión Industrial S.L.
- Cancellation of withholding tax and interest with public authorities of India for the amount of 746 thousand euros.

Transfers in 2017 mainly corresponded to:

- Transfer to the heading Public authorities of debit balances from Indian public authorities with Gestamp Pune Automotive Pvt. Ltd. for 881 thousand euros. .

- Reclassification to the heading Public authorities of debit balances from Brazilian public authorities with Gestamp Brasil Industria de Autopeças, S.A. for 11,153 thousand euros (Note 12.b.1)).

#### a.3) Derivative financial instruments

Changes in valuation at 31 December 2018 and 2017 correspond to the change in the present value of implicit derivatives, mainly due to the decrease in the notional hedged, as well as to the evolution of the exchange rates applicable to sales and purchase prices in certain customer and supplier contracts (Note 23.b.1)).

#### a.4) Other current financial investments

The amount recognised under "Other financial investments" at 31 December 2018 includes mainly guarantees and deposits, amounting to 11,625 thousand euros (13,464 thousand euros at 31 December 2017).

Changes in the scope of consolidation in 2018 corresponded to the incorporation of the subsidiary Reparaciones Industriales Zaldívar, S.L. using the full consolidation method.

The most significant additions at 31 December 2018 corresponded to the arrangement of deposits as guarantee for operating leases, amounting to 1,103 thousand euros.

The most significant disposals at 31 December 2018 mainly correspond to the refund of security deposits linked to financial lease arrangements for 1,172 thousand euros, and to the payment of compensation for accidents at work, amounting to 1,783 thousand euros.

Changes in scope of consolidation in 2017 corresponded to the incorporation of subsidiary Gestamp Palau, S.A. using the full consolidation method (Note 2.b). The incorporation included the impairment of loans granted to third parties for the amount of 3,508 thousand euros (Note 12.a.2)).

The most significant additions at 31 December 2017 relate mainly to the establishment of guarantee deposits for operating leases amounting to 526 thousand euros, security deposits for industrial accident insurance amounting to 1,029 thousand euros and court bonds amounting to 1,036 thousand euros.

Derecognitions in 2017 mainly corresponded to:

- ✓ Reversal of the impairment of the loans granted to third parties by Gestamp Palau, S.A. amounting to 3,119 thousand euros.
- ✓ Repayment of security deposits for operating leases amounting to 642 thousand euros and court bonds amounting to 162 thousand euros.
- ✓ Payment of 284 thousand euros relating to compensation for accidents at work.

## b) Current financial assets

Variation in current financial assets in 2018 and 2017 is as follows:

	Thousands of euros		
	Loans granted	Current securities portfolio	Other financial assets
<b>Balance at December 31, 2016</b>	<b>11,036</b>	<b>338</b>	<b>31,854</b>
Changes in scope of consolidation	(1,745)	-	-
Additions	13,452	5,092	53,687
Disposals	(466)	(9)	(42,965)
Transfers	12,315	-	-
Other changes	6	-	(13)
Translation differences	-	(45)	(3,641)
<b>Balance at December 31, 2017</b>	<b>34,598</b>	<b>5,376</b>	<b>38,922</b>
Changes in consolidation scope	-	-	2
Additions	2,368	8,213	59,385
Disposals	(558)	(9,076)	(38,438)
Transfers	320	-	12
Other changes	(144)	-	(1)
Translation differences	(1,264)	(197)	(5,260)
<b>Balance at December 31, 2018</b>	<b>35,320</b>	<b>4,316</b>	<b>54,622</b>

## b.1) Loans granted

The balance recognised under Loans granted at 31 December 2018 and 2017 mainly corresponded to:

- Loan granted by Gestamp Automoción, S.A. to Gestión Global de Matricería, S.L., for the amount of 13,000 thousand euros.
- Loan granted by Gestamp Finance Slovakia, S.R.O. to Gestión Global de Matricería, S.L., for the amount of 8,400 thousand euros.
- Balances that Gestamp Brasil Industria de Autopeças, S.A. holds with the Brazilian public authorities, amounting to 12,794 thousand euros (11,995 thousand euros at 31 December 2017).

The most significant additions at 31 December 2018 mainly corresponded to the increase in receivables from public authorities by Gestamp Brasil Industria de Autopeças S.A., for 2,061 thousand euros.

Changes in the scope of consolidation in 2017 corresponded to loans and current accounts from Gestamp Palau, S.A., and which, after this subsidiary was incorporated in the scope of consolidation by the full consolidation method, were eliminated as part of the consolidation process (Note 2.b)).

The most significant additions at 31 December 2017 relate mainly to a loan granted by Gestamp Automoción, S.A. to Gestión Global de Matricería, S.L. amounting to 13,000 thousand euros, maturing in December 2018. This loan bears interest at 1%.

The most significant transfers at 31 December 2017 related mainly to the transfer of the balance recorded by Gestamp Brasil Industria de Autopeças, S.A. with the Brazilian tax authorities from non-current loans granted (Note 12.a.2)).

## b.2) Current securities portfolio

The amount recognised as a current securities portfolio at 31 December 2018 and 2017 mainly corresponded to:

- Short-term deposits arranged by Edscha do Brasil, amounting to 290 thousand euros (1,577 thousand euros at 31 December 2017), providing an average return of between 4% and 5.5%.
- Short-term deposits arranged by Gestamp Metal Forming (Wuhan), LTD amounting to 1.773 thousand euros (3,798 thousand euros at 31 December 2017), providing an average return of between 0.30% and 1.30%.

The most significant additions at 31 December 2018 relate to short-term deposits arranged in the year by Gestamp Metal Forming (Wuhan), LTD and NCSG Sorocaba Industria Metalurgica, Ltd, for a total amount of 8,213 thousand euros, of which a total of 2,252 thousand euros were pending maturity at 31 December 2018, relating to NCSG Sorocaba Industria Metalurgica, Ltd. and which earn average yields of between 1.35% and 6.25%.

## b.3) Other financial investments

The balance of Other financial investments at 31 December 2018 mainly includes bank deposits amounting to 53,006 thousand euros (38,993 thousand euros at 31 December 2017), and guarantees and deposits for 1,311 thousand euros (1,341 thousand euros at 31 December 2017).

Additions at 31 December 2018 and 2017 mainly corresponded to bank deposits of the companies Gestamp Cordoba, S.A., Gestamp Baires, S.A. and Gestamp Automotive India Private Ltd., amounting to 58,859 thousand euros (31 December 2017: 52,047 thousand euros).

Disposals at 31 December 2018 mainly corresponded to the cancellation of bank deposits of the companies Gestamp Baires, S.A. and Gestamp Córdoba, S.A.

The most significant derecognitions at 31 December 2017 related to the cancellation of bank deposits of Gestamp Córdoba, S.A., Gestamp Baires, S.A. and Gestamp Automotive Chennai Private Ltd., totalling 41,801 thousand euros.

**Note 13. Inventories**

The breakdown of inventories in the Consolidated Balance Sheet at 31 December 2018 and 2017 is as follows:

	Thousands of euros	
	2018	2017
Commercial inventories	21,864	42,571
Raw materials	233,200	189,819
Parts and assemblies	67,739	68,382
Spare parts	100,251	80,459
Packaging materials	2,192	1,979
Total cost of raw materials and other supplies (*)	425,246	383,210
Work in progress	-	149,416
Finished products	-	131,297
By-products, waste and recovered materials	1,266	696
Prepayments to suppliers	84,685	62,913
Total cost of inventories	511,197	727,532
Impairment of raw materials (*)	(11,307)	(23,569)
Impairment of other supplies (*)	(9,145)	(9,195)
Impairment of semi-finished products	-	(5,940)
Impairment of finished products	-	(7,506)
Total impairment	(20,452)	(46,210)
<b>Total inventories</b>	<b>490,745</b>	<b>681,322</b>

(\*) The change in commodities and other supplies is recognised under Materials used in operations in the Consolidated income Statement, the details of which are as follows:

	Thousands of euros							
	Balance at 31-12-2017	Change in inventories					Changes in scope of consolidation (Note 3)	Balance at 31-12-2018
Impairment		Reversal of impairment	Changes in inventories	Other	Total			
Raw materials and other supplies	383,210	-	-	40,624	-	40,624	1,412	425,246
Impairment of raw materials and other supplies	(32,764)	(3,085)	2,355	-	13,042	12,312	-	(20,452)
Consumption (Note 27.a)	350,446	(3,085)	2,355	40,624	13,042	52,936	1,412	404,794

No finished goods and work in progress balances were recognised at 31 December 2018 nor their related impairment accounts, since they were recognised in the heading Assets from contracts with customers, due to the application of IFRS 15 (Notes 5 and 14).

The inventories were not encumbered at 31 December 2018 nor 31 December 2017.

**Note 14. Assets from contracts with customers**

The breakdown of this Interim Condensed Consolidated Balance Sheet heading is the following:

	<b>Thousands of 2018</b>
Work in progress	102,470
Semi-finished products	108,578
Impairment of semi-finished products	(6,436)
Finished products	151,301
Impairment of finished products	(8,712)
Trade receivables, tooling	331,016
<b>Total</b>	<b>678,217</b>

The 2017 comparative figures are not provided as the IFRS 15 is applied for the first time during the period (Note 5). The Trade receivables, tools balance at 31 December 2017 amounted to 307,281 thousand euros (Note 15).

Accounts receivable by stage of completion correspond to the income recognized not invoicing. There are no prepayments exceeding the stage of completion by customer. The amount of the construction certificates for tools in progress, which were recognised by reducing the balance of the Trade receivables by stage of completion, tools heading at 31 December 2018 amounted to 682 million euros. Likewise, this same item amounted to 750 million euros at 31 December 2017, and reduced the balance of the "Trade receivables by stage of completion, tools" heading under "Trade receivables and other accounts receivable" (Note 15)

#### **Note 15. Trade and other receivables/ Other current assets/ Cash and cash equivalents**

##### a) Trade receivables for sales and services

	<b>Thousands of euros</b>	
	<b>2018</b>	<b>2017</b>
Trade receivables	566,045	792,553
Trade bills receivable	24,634	19,465
Trade receivables by stage of completion, tooling (Note 14)	-	307,281
Trade receivables by stage of completion, machinery	34,154	27,742
Trade receivables, doubtful collection	510	1,355
Impairment of trade receivables	(4,044)	(5,630)
Trade receivables, related parties (Note 32.1)	95,866	31,948
<b>Total</b>	<b>717,165</b>	<b>1,174,714</b>

As indicated in Note 1, Group sales, as well as trade receivable balances, are concentrated across a limited number of customers due to the nature of the automotive industry. In general, trade receivable balances have high credit quality.

The variation in the impairment provision at 31 December 2018 related to the use of 1,471 thousand euros (31 December 2017: provision of 805 thousand euros) (Note 27.c), as well as written-off balances and translation differences.

The analysis of the age of the financial assets related to the sale of parts that had matured at 31 December 2018 and 2017 was as follows:

	Thousands of euros	
	2018	2017
Less than 3 months	30,704	30,861
Between 3 and 6 months	8,537	3,931
Between 6 and 9 months	4,621	1,398
Between 9 and 12 months	6,548	236
More than 12 months	8,869	4,445
Total outstanding past due receivables	59,279	40,871
Impairment provision	(4,044)	(5,630)
<b>Total</b>	<b>55,235</b>	<b>35,241</b>

The amounts of these past due financial assets that had not been provisioned relate to customers with no history of bad debts.

The amount of the collection rights not yet due assigned by the Group under the factoring without recourse agreements arranged with Spanish, German, Portuguese, French, UK, US, Brazilian, Mexican, Polish, Czech Republic, Rumanian, Turkish, Slovakian and Swedish banks, that were eliminated from the Consolidated Balance Sheet, amounted to 566,319 thousand euros and to 380,293 thousand euros at 31 December 2018 and 31 December 2017, respectively.

The expense recognised at 31 December 2018 for the assignment of the collection rights not due at that date, under the factoring without recourse arrangements, amounted to 9,529 thousand euros (31 December 2017: 7,682 thousand euros) (Note 28.b)

#### b) Other receivables

	Thousands of euros	
	2018	2017
Debtors	40,343	27,691
Debtors, related parties (Note 32.1)	74	-
Remuneration prepayments	3,971	3,064
Short-term loans to staff	113	872
<b>Total</b>	<b>44,501</b>	<b>31,627</b>

#### c) Current income tax assets

This line item amounted to 28,333 thousand euros at 31 December 2018 (31 December 2017: 26,795 thousand euros) and reflects the collection rights related to corporate tax refunds of the Parent Company and Group companies.

#### d) Receivables from public authorities

	Thousands of euros	
	31-12-2018	31-12-2017
Misc. receivables from tax authorities	210,823	141,916
VAT refunds	137,817	108,814
Grants and subsidies	5,315	1,420
Income tax refunds	21,301	22,679
Other	46,390	9,003
Receivables from Social Security	888	657
<b>Total</b>	<b>211,711</b>	<b>142,573</b>

#### e) Other current assets

This heading, amounting to 109,926 thousand euros, at 31 December 2018 (31 December 2017: 71,057 thousand euros), mainly reflects operating expenses relating to insurance premiums, maintenance and repair contracts, rentals and software licenses paid for during the year but for which the expense will accrue in the following year, as well as early payments for commercial agreements.

The breakdown of this heading at 31 December 2018 was as follows:

	Thousands of euros	
	2018	2017
Operating expenses	44,688	12,735
Commercial agreements	49,640	52,325
Exchange rate derivative Brazil (Note 23.b.1)	1,845	-
Others	13,753	5,997
<b>Total</b>	<b>109,926</b>	<b>71,057</b>

#### f) Cash and cash equivalents

	Thousands of euros	
	2018	2017
Cash	548,645	840,759
Cash equivalents	67,852	19,479
<b>Total</b>	<b>616,497</b>	<b>860,238</b>

Cash equivalents correspond to deposits and surplus cash investments maturing in less than three months. The breakdown, by currency and interest rate, at 31 December 2018 and 2017, was as follows:

Company	2018		
	Thousands of euros	Source currency	Interest rate range
Gestamp Severstal Kaluga, LLC.	11,923	Russian ruble	4,14%-7%
Gestamp Brasil Indústria de Autopeças, S.A.	55,929	Brazilian real	100%-101% CDI
<b>Total</b>	<b>67,852</b>		

Company	2017		
	Thousands of euros	Source currency	Interest rate range
Gestamp Severstal Vsevolozhsk, LLC.	3,103	Russian ruble	6.50%
Gestamp Severstal Kaluga, LLC.	7,217	Russian ruble	6.62%
Gestamp Brasil Indústria de Autopeças, S.A.	9,159	Brazilian real	100%-101% CDI
<b>Total</b>	<b>19,479</b>		

No restrictions existed regarding the use by the holders of the balances included in this heading in the accompanying Consolidated Balance Sheet.

#### Note 16. Capital, own shares and share premium

The information related to these headings at 31 December 2018 and 31 December 2017 was as follows:

ITEM	31-12-2018	31-12-2017
No. of shares	575,514,360	575,514,360
Par value	0.50	0.50
	<b>Thousands of euros</b>	
Issued capital (par value)	287,757	287,757
Treasury shares	(6,041)	
Share premium	61,591	61,591

#### a) Share capital

On March 7, 2017 the following social agreements were registered:

- Share capital reduction was registered reducing the company's share capital by 479,595.30 euros by reducing the nominal value of each one of the shares by the amount of 0.10 euros, creating a non-distributable reserve.
- Doubling of the number of shares by reducing their par value from 60 euros to 50 cents per share, at the rate of 120 new shares per old share.

After these operations, as detailed in Note 1, the flotation of Parent Company shares commenced on 7 April 2017. This process was conducted by means of an Initial Public Offering (IPO) for 155,388,877 shares representing a 27% of capital, plus an additional option of up to 15% of the shares initially offered. This later requirement materialized in the sale of 1,199,561 additional shares that represents a 0.21% of Gestamp Automoción, S.A. shares (Note 1).

The shareholder structure at 31 December 2018 and 2017 was as follows:

Shareholders	% shareholding	
	31-12-2018	31-12-2017
Acek Desarrollo y Gestión Industrial, S.L.	19.69%	21.17%
Gestamp 2020, S.L.	50.10%	50.10%
Treasury shares	0.19%	-
Free Float	30.02%	28.73%

Acek Desarrollo y Gestión Industrial, S.L. holds a 75% of the shares capital of Gestamp 2020, S.L., so the total ownership interest (direct and indirect) in the Parent Company is 57.26%

On June 4, 2018, Acek Desarrollo y Gestión Industrial, S.L., major shareholder, sell 8,532,331 shares to minority shareholders, representing 1.48% of the share capital.

There are no bylaw restrictions on the transfer of the registered shares.

#### b) Own shares

On 27 July 2018, the Parent Company entered into a liquidity agreement with JB Capital Markets, S.V., S.A.U., adapted to Circular 1/2017, of 26 April, of the CNMV.

The framework of this agreement will be the Spanish stock markets.

This agreement stipulates the conditions in which the financial intermediary will operate for the account of the issuer, buying or selling own shares of the latter, with the sole objective of favouring the liquidity and regularity of their listing, and it will have a duration of 12 months, deemed to be tacitly extended for the same period, unless indicated otherwise by the parties.

The amount earmarked to the cash account associated with the agreement is 9,000 thousand euros.

The own shares at 31 December 2018 represented 0.19% of the Parent Company's share capital and comprised 1,078,834 shares at an average acquisition price of 5.60 euros per share.

The movement in 2018 was as follows:

	Number of own shares	Thousan ds of euros
<b>Balance at December 31, 2017</b>	-	-
Increases/Purchases	2,648,637	15,497
Decreases/Sales	(1,569,803)	(9,456)
<b>Balance at December 31, 2018</b>	<b>1,078,834</b>	<b>6,041</b>

The sales price of the own shares detailed in the previous table amounted to 8,702 thousand euros, generating a negative result of 754 thousand euros. Likewise, the fees amounted to 13 thousand euros. The total result amounting to 767 thousand euros was recognised under Unrestricted reserves (Note 17.3).

#### c) Share premium

The share premium of the Parent Company amounted to 61,591 thousand euros at 31 December 2018 and 31 December 2017.

The amended Spanish Corporate Enterprises Act expressly allows the use of share premium balance to increase share capital balance, corresponding to an unrestricted reserve.

## Note 17. Retained earnings

The movements in “Retained earnings” for 2018 and 2017 are as follows:

	Legal reserve	Goodwill reserve	Unrestricted reserves	Reserves at fully consolidated entities	Reserves at associates	Profit for the year	Effective hedges	Total
<b>AT 1 JANUARY 2018</b>	<b>47,109</b>	<b>4,455</b>	<b>272,199</b>	<b>1,019,304</b>	<b>(2,346)</b>	<b>239,692</b>	<b>(28,489)</b>	<b>1,551,924</b>
Profit for the period						257,690		257,690
Fair value adjustments reserve (hedge) (Note 23.b.1))							6,413	6,413
Actuarial gains and losses				4,608				4,608
Appropriation of 2017 profits	10,441		20,103	210,146	(998)	(239,692)		
Dividends distributed by the Parent Company (Note 17.3)			(71,939)					(71,939)
Dividends distributed by subsidiaries (Note 17.3 and Note 19)			100,603	(100,603)				
Tresury Shares acquisition			(767)					(767)
Increased ownership interest in companies with previous control (Note 2.b))				(4,162)				(4,162)
Decreased ownership interest in companies with previous control (Note 2.b))				2,895				2,895
Interest from participating loans (Note 17.3)			10,167	(10,167)				
IFRS 15 adoption impact (Note 5)				11,194				11,194
IFRS 9 adoption impact (Note 5)			41,089	41,171				82,260
Other movements and adjustments from prior years		(4,455)	4,455	(10,698)				(10,698)
<b>AT 31 DECEMBER 2018</b>	<b>57,550</b>		<b>375,910</b>	<b>1,163,688</b>	<b>(3,344)</b>	<b>257,690</b>	<b>(22,076)</b>	<b>1,829,418</b>

	Legal reserve	Goodwill reserve	Unrestricted reserves	Reserves at fully consolidated entities	Reserves at associates	Profit for the year	Effective hedges	Total
<b>AT 1 JANUARY 2017</b>	<b>46,129</b>	<b>4,455</b>	<b>187,679</b>	<b>957,080</b>	<b>(3,796)</b>	<b>221,354</b>	<b>(34,756)</b>	<b>1,378,145</b>
Profit for the period	-	-	-	-	-	239,692	-	239,692
Fair value adjustments reserve (hedge)	-	-	-	-	-	-	6,267	6,267
Actuarial gains and losses	-	-	-	948	-	-	-	948
Appropriation of 2016 profits	980.0	-	12,127	211,477	(3,230)	(221,354)	-	-
Dividends distributed by the Parent Company	-	-	(66,356)	-	-	-	-	(66,356)
Dividends distributed by subsidiaries	-	-	126,391	(126,391)	-	-	-	-
Business combination (Jui Li Eds. Body System., Co.Ltd. Group and Gestamp Palau, S.A)	-	-	-	(4,680)	4,680	-	-	-
Increased ownership interest in companies with previous control	-	-	-	(1,143)	-	-	-	(1,143)
Capital Decrease	-	-	480	-	-	-	-	480
Interest from participative loans	-	-	11,878	(11,878)	-	-	-	-
Recognition of the Put Option sold to non-controlling interest	-	-	-	(4,047)	-	-	-	(4,047)
<b>AT 31 DECEMBER 2017</b>	<b>47,109</b>	<b>4,455</b>	<b>272,199</b>	<b>1,019,304</b>	<b>(2,346)</b>	<b>239,692</b>	<b>(28,489)</b>	<b>1,551,924</b>

### 17.1 Legal reserves of the Parent Company

The legal reserve of the Parent Company amounted to 57,550 thousand euros at 31 December 2018 and to 47,109 thousand euros at 31 December 2017.

The Parent Company must allocate 10% of profit for each year to set up a reserve fund until such fund reaches at least 20% of share capital, equivalent to 57.6 million euros at 31 December 2018. This reserve cannot be distributed to shareholders and may only be used to cover, if no other reserves are available, the receivable balance of the income statement.

In 2018, 5.48% of profit for the year 2017 is transferred to a legal reserve, as consequence this reserve is equivalent to at least 20% of issued Capital of the Parent Company.

### 17.2 Reserve for goodwill of the Parent Company

The reserve for goodwill of the Parent Company was formed as an obligation to set up a restricted reserve equivalent to the goodwill recognised on the asset side of the Parent Company's balance sheet, which was eliminated in the consolidation process, and whose net value amounted to 0 thousand euros at 31 December 2018 and to 3,805 thousand euros at 31 December 2017.

The balance of this reserve at 31 December 2018 and 31 December 2017 amounted to 4,455 thousand euros. In 2018 and 2017, no amount was allocated to these reserves and they are available since this goodwill had been completely amortised at 31 December 2018, hence, they were transferred to the Parent Company's unrestricted reserves.

### 17.3 Unrestricted reserves of the Parent Company

The most significant movements in the Parent Company's unrestricted reserves at 31 December 2018 and 31 December 2017, apart from the 2017 profit distribution, amounting to 20,103 thousand euros and the 2016 profit distribution, amounting to 12,127 thousand euros, included in the retained earnings tables, were as follows:

#### December 2018

- Dividend distribution by the Parent Company from unrestricted reserves on May 7, 2018 amounting 71,939 thousand euros. These dividends were paid on 6 July 2018.
- Reclassification of participative loan interests, from reserves at fully consolidated companies in the amount of 10,167 thousand euros.
- Dividend distribution with a charge to voluntary reserves, by various subsidiaries, amounting to 100,603 thousand euros. These dividends had been paid at 31 December 2018.
- Impact of the adoption from 1 January 2018 of IFRS 9 in the amount of 41,089 thousand euros (Note 5.a.)

## December 2017

- Dividend distribution by the Parent Company on 3 March 2017 with a charge to voluntary reserves, amounting to 66,356 thousand euros. The dividend was utterly paid at December 31, 2017.
- Dividend distribution with a charge to voluntary reserves by certain subsidiaries on 21 December 2017, amounting to 126,391 thousand euros. These dividends had been paid at 31 December 2017.
- On 7 March 2017, the Parent Company's share capital was reduced by 480 thousand euros, by decreasing the nominal value of each share in the amount of 0.10 euros. A restricted reserve was created for this purpose. This reserve is not distributable to shareholders and may only be used with the same requirements as a share capital reduction (Note 16.a).
- Reclassification of participative loan interests, from reserves at fully consolidated companies in the amount of 11,878 thousand euros.

### **17.4 Availability of reserves at fully consolidated companies**

Reserves held by companies consolidated under the full consolidation method are subject to a number of restrictions as to their availability depending on whether they are legal reserves, revaluation reserves or other special reserves.

The restrictions regarding the reserves mentioned above are the following:

#### a) Legal reserves at subsidiaries

According to prevailing legislation in the countries where these companies are located, legal reserves must reach a certain percentage of share capital, so that each year a percentage of profit is applied to offset losses or increase share capital.

The amount of the legal reserve at 31 December 2018 and 31 December 2017 totalled 108,970 thousand euros and 85,337 thousand euros, respectively.

#### b) Reserve from IFRS first application (January 1, 2007)

As a result of valuation of Property, plant and equipment at fair value, the land and buildings of certain subsidiaries were valued at their appraised values and an increase in reserves has been registered in the amount of the difference between the said assets' fair values and the net carrying amounts registered by each company.

The reserves deriving from these revaluations, net of tax, amounted to 123 million euros at 31 December 2018 and 126 million euros at 31 December 2017, respectively (Note 11). This reserve is not distributable.

c) Other reserves of subsidiaries

In accordance with the current legislation of the countries in which the Group operates, the distributions of dividends are governed by law. Also, restrictions exist relating to revaluation reserves (4,884 thousand euros in Spain at 31 December 2018 and 31 December 2017), development costs and other legal restrictions.

### 17.5 Approval of the Financial Statements and proposed distribution of profit

The 2018 individual Financial Statements of the Group companies will be proposed for approval by their respective General Shareholders' Meetings within the periods envisaged by the prevailing legislation. The Parent Company's directors consider that, as a result of this process, no changes will occur that may significantly affect the Consolidated Financial Statements in 2018.

The Group's Consolidated Financial Statements for 2018 were prepared by the Board of Directors of the Parent Company at its meeting held on 28 February 2019. The Parent Company's Board of Directors considers that they will be approved by the General Shareholders' Meeting of the Parent Company without any changes.

The Parent Company's Board of Directors will propose the following distribution of profit of the Parent Company for the year ended 31 December 2018 to the General Shareholders' Meeting:

	<u>Thousands of euros</u>
<b>Distributable profit</b>	
Income Statement balance	129,451
<b>Application</b>	
Interim dividends	37,346
Unrestricted reserves	92,105

On 17 December 2018, the Parent Company resolved to distribute an interim dividend out of 2018 profit, for a gross amount of 0.065 euros per outstanding share at the payment date of such dividend, amounting to 37,346 thousand euros. This dividend was pending payment at 31 December 2018 (Note 23.d)).

#### Limitations to the dividends distribution

The Parent Company is obliged to transfer 10% of profit for the year to a legal reserve, until this reserve reaches at least 20% of share capital. The reserve which does not exceed the limit of 20% of the share capital, it cannot be distributed to shareholders (Note 17.1).

Once the reserves required by Law have been covered, dividends can only be distributed with a charge to profit for the year or to unrestricted reserves, if the value of equity is not, or as a result of the distribution, it does not turn out to be less than the share capital. For these purposes, the profit allocated directly to equity cannot be directly or indirectly distributed. Should prior years' losses exist leading the value of the Parent Company's equity to be less than share capital, profit will be allocated to offset such losses.

Aside from these legal limitations, other contractual limitations exist, which are detailed in Note 23.

**Note 18. Translation differences**

The breakdown of translation differences assigned to each Group Segment is as follows:

Segment / Country	Thousands of euros		
	2018	2017	Difference
<b>Western Europe</b>			
Germany	1,352	5	1,347
Spain	(45,347)	(49,710)	4,363
Luxembourg	(1)	(1)	-
United Kingdom	(14,764)	(13,014)	(1,750)
Sweden	(6,520)	(3,895)	(2,625)
Morocco	59	-	59
<b>Eastern Europe</b>			
Hungary	(2,150)	(2,455)	305
Poland	(28,283)	(27,176)	(1,107)
Czech Republic	(3,142)	(2,263)	(879)
Romania	(36)	(77)	41
Russia	(61,887)	(52,773)	(9,114)
Turkey	(51,506)	(40,767)	(10,739)
<b>Mercosur</b>			
Argentina	(72,987)	(83,972)	10,985
Brazil	(16,205)	(5,323)	(10,882)
<b>North America</b>			
USA	(24,581)	(35,125)	10,544
Mexico	(61,323)	(56,029)	(5,294)
<b>Asia</b>			
China	(1,922)	3,142	(5,064)
South Korea	3,913	4,110	(197)
India	(2,053)	29	(2,082)
Japan	(168)	(1,315)	1,147
Thailand	110	26	84
Taiwan	60	67	(7)
<b>Total</b>	<b>(387,381)</b>	<b>(366,516)</b>	<b>(20,865)</b>

Changes in translation differences during the year gave rise to a net negative change of 20,865 thousand euros compared with 31 December 2017 (163,216 thousand euros net negative change in 2017), mainly due to the following changes:

- in Spain, it mainly corresponds to the permanent financing in US dollars granted to subsidiaries, which generated translation differences in US dollars;
- in Asia due mainly to the fluctuation of the Chinese yuan renminbi;
- in Eastern Europe due to fluctuations in the Turkish lira and Russian rouble;
- North America regarding the fluctuation of Usd dollar and Mexican peso; and,
- Mercosur regarding the fluctuation in the Brazilian real and the Argentine peso.

Also, the variation in translation differences in Argentina includes the effect of the inflation adjustment amounting to 26,601 thousand euros (Note 4.5).

## Note 19. Non-controlling interests

The changes in this caption, by company, in 2018 and 2017 were as follows:

Company	Thousands of euros							31-12-2018
	31-12-2017	Changes in scope of consolidation	Translation differences	Dividends paid	Application of IFRS 15	Other changes	Profit (loss) for the year	
Gestamp Holding Rusia, S.L./Todlem, S.L./ Gestamp Severstal Vsevolozhsk Lic./ Gestamp Severstal Kaluga, Lic.	19,380		(2,852)		61	89	(830)	15,848
Gestamp Auto Components (Kunshan) Co., Ltd./Gestamp Holding China, AB	37,435		(317)		104	(100)	2,688	39,810
Shanghai Edscha Machinery Co., Ltd.	10,102		(86)		113	(51)	806	10,884
Edscha Pha, Ltd.	6,409		106		16	178	2,453	9,162
Edscha Aapico Automotive Co. Ltd.	1,456		68	(623)	2	4	452	1,359
Sofedit, SAS	39,251	(40,590)					1,357	18
Gestamp Wroclaw, sp. Z.o.o.	(6,008)	5,733	273					(2)
Gestamp Brasil Industria Autopeças, S.A.	35,130		(2,037)		111	1	(460)	32,745
Gestamp Holding Argentina, S.L. and Argentinian companies	1,949		4,679		44	(378)	(588)	5,706
Gestamp Holding México, S.L. and Mexican companies	96,657		4,132	(8,797)	90	266	7,838	100,186
Gestamp North America, INC and North American companies	91,178		3,758		354		(7,091)	88,199
Mursolar 21, S.L./Gestamp A. Shenyang, Co. Ltd./Gestamp A. Dongguan, Co. Ltd.	42,474		(240)		86	(4)	5,122	47,438
Beyçelik Gestamp Kalip, A.S. / Çelik Form Gestamp Otomotive, A.S./ Beyçelik Gestamp Teknoloji Kalip, A.S./ MPO Providers rez. S.R.L./Beyçelik Gestamp Sasi, L.S.	29,793		(4,446)	(5,497)	199	(25)	10,678	30,702
Gestamp Automotive India Private Ltd.	28,310		(1,179)		43		5,409	32,583
Jui Li Edscha Body System Co. Ltd./Jui Li Edscha Hainan Industry Enterprise Co. Ltd/ Jui Li Edscha Holding Co. Ltd.	2,283		(9)	(232)	40	66	392	2,540
NCSG Sorocaba Industria Metalúrgica Ltda.	-	29	(533)				860	356
Tuyauto Gestamp Morocco	-	1,765	59				(97)	1,727
Gestamp Auto Components (Tianjin) Co. Ltd./Gestmp Auto Components Beijing Co. Ltd.	-	13,438	(472)				(1,230)	11,736
<b>Total</b>	<b>435,799</b>	<b>(19,625)</b>	<b>904</b>	<b>(15,149)</b>	<b>1,263</b>	<b>46</b>	<b>27,759</b>	<b>430,997</b>

The movements in “Non-controlling interest” at December 31, 2018 are mainly due to the following:

- The increased ownership percentage in companies with prior control is due to the purchase by the subsidiary GMF Holding GmbH's of a 35% stake in the share capital of Sofedit S.A.S. (Note 2.b).
- Inclusion of the companies NCSG Sorocaba Industria Metalúrgica Ltda, and Tuyauto Gestamp Morocco (Note 2.b).
- The capital increase of Gestamp Auto Components (Tianjin) Co., Ltd., whereby the non-controlling interest Beijing Hainachuan Automotive Parts, Co., Ltd. was incorporated (Note 2.b).
- Distribution of dividends by Edscha Aapico Automotive Co. Ltd on 25 May, Jui Li Edscha Body System Co. Ltd on 19 June, Beyçelik Gestamp Kalip, A.S. on 22 March 2018 and of Gestamp Holding México, S.L. on 18 December 2018.

Company	Thousands of euros									
	31-12-2016	Changes in scope of consolidation	Capital increase	Translation differences	Dividends paid	Acquisition of non-controlling interests (control over the company previously)	Put option sold to non-controlling interests	Other changes	Profit (loss) for the year	31-12-2017
Gestamp Holding Rusia, S.L./Todlem, S.L./ Gestamp Severstal Vsevolzhsk Lic./ Gestamp Severstal Kaluga, Lic.	21,225			(1,578)				(725)	458	19,380
Gestamp Auto Components (Kunshan) Co., Ltd./Gestamp Holding China, AB	36,971			(2,258)				342	2,380	37,435
Shanghai Edscha Machinery Co., Ltd.	11,166			(592)	(2,010)			(124)	1,662	10,102
Edscha Pha, Ltd.	4,700		1,199	(54)	(1,512)			28	2,048	6,409
Edscha Apilco Automotive Co. Ltd	1,183			(49)				(9)	325	1,456
Sofedit, SAS	30,245							162	8,844	39,251
Gestamp Wrocław, sp. Z.o.o.	(4,844)			(183)				(110)	(871)	(6,008)
Gestamp Brasil Indústria Autopeças, S.A.	27,504			(3,999)			13,752	49	(2,176)	35,130
Gestamp Holding Argentina, S.L. and Argentinian companies	1,884			(3,480)			942		2,603	1,949
Gestamp Holding México, S.L. and Mexican companies	58,907			(4,042)			29,454	1,962	12,785	96,657
Gestamp North America, INC and North American companies	73,598			(13,397)	(2,409)		36,759	14	(5,836)	91,178
Mursolar 21, S.L./Gestamp A. Shenyang, Co. Ltd./Gestamp A. Dongguan, Co. Ltd.	39,114			(1,318)				75	4,603	42,474
Beyçelik Gestamp Kalip, A.S. / Çelik Form Gestamp Otomotive, A.S./ Beyçelik Gestamp Teknoloji Kalip, A.S./ MPO Providers rez. S.R.L./Beyçelik Gestamp Sasi, L.S.	21,841	275		(4,051)		(3,307)		(73)	15,108	29,793
Gestamp Automotive India Private Ltd.	23,836			(1,759)					6,233	28,310
Jui Li Edscha Body System Co. Ltd./Jui Li Edscha Hainan Industry Enterprise Co. Ltd./Jui Li Edscha Holding Co. Ltd.	-	1,889		182				(7)	219	2,283
<b>Total</b>	<b>347,330</b>	<b>2,164</b>	<b>1,199</b>	<b>(36,578)</b>	<b>(5,931)</b>	<b>(3,307)</b>	<b>80,947</b>	<b>1,590</b>	<b>48,385</b>	<b>435,799</b>

The most significant changes in "Non-controlling Interests" at 31 December 2017 related to:

- Inclusion of the companies Beyçelik Gestamp Teknoloji Kalip, A.S., MPO Providers Rezistent, S.R.L., Gestamp Nitra S.R.O., Jui Li Edscha Body System Co, Ltd. and subsidiaries (Note 2.b).
- The increase in "Non-controlling interests" balances included in the Option column sold to non-controlling interests corresponded to the reversal of the sales option granted to Mitsui & Co. Ltd., for 10% of the share capital of the subsidiaries of the Group in which it has an ownership interest and which it did not ultimately exercise.
- The increased ownership percentage in companies with prior control is due to the purchase by the subsidiary Beyçelik Gestamp Kalip, A.S. of the 48.4% stake in the share capital of the subsidiary Çelik Form Gestamp Otomotive, A.S. (Note 2.b).
- Other changes in 2017 relate mainly to changes attributable to minority interests as a result of adjustments to the results of the companies in which they hold interests for 2016.

The most significant non-controlling interest mentioned in this Note has protecting rights mainly related to significant decisions on divestments of fixed assets, company restructuring, granting of guarantees, distribution of dividends and changes in statutes. These protecting rights do not significantly restrict the Group capacity to access to or to use their assets as well as to liquidate their liabilities.

The financial information of the subsidiaries that have significant non-controlling interests is shown in the following table, which was prepared as follows:

- Taking as a base the individual financial statements of each subgroup, except for the United States, Argentina, Mexico and Brazil, for which the consolidated financial statements were taken.
- These financial statements are presented in line with the Group's criteria.
- They do not include inter-company eliminations performed in the consolidation of the Gestamp Automoción Group.
- The remaining consolidation adjustments performed in the consolidation of the Gestamp Automoción Group are presented in an additional line.

Condensed Income Statement for 31 December 2018 and 31 December 2017:

2018									
Item	USA Subgroup	Argentina Subgroup	Mexico Subgroup	Brazil Subgroup	Beyçelik, A.S.	Gestamp Holding China Subgroup	Mursolar Subgroup	Todlem Subgroup	Total
Operating income	1,065,313	168,303	568,162	388,806	405,500	171,431	228,842	120,177	3,116,534
Operating expense	(1,064,083)	(149,613)	(520,099)	(356,277)	(360,678)	(162,037)	(203,459)	(109,690)	(2,925,936)
<b>Operating profit</b>	<b>1,230</b>	<b>18,690</b>	<b>48,063</b>	<b>32,529</b>	<b>44,822</b>	<b>9,394</b>	<b>25,383</b>	<b>10,487</b>	<b>190,598</b>
Financial profit	(30,202)	(9,976)	(800)	(19,107)	(4,571)	936	(1,783)	(3,495)	(68,998)
Exchange gain (losses)	(447)	(5,870)	(4,997)	(8,062)	(8,658)	(273)	(4,017)	(7,376)	(39,700)
Impairment and other	-	-	(7)	(230)	-	-	-	-	(237)
<b>Profit before taxes</b>	<b>(29,419)</b>	<b>2,844</b>	<b>42,259</b>	<b>5,130</b>	<b>31,593</b>	<b>10,057</b>	<b>19,583</b>	<b>(384)</b>	<b>81,663</b>
Income tax expense	3,555	(7,376)	(16,884)	(3,927)	(1,417)	(1,573)	(3,459)	(782)	(31,863)
Non-controlling interest	-	59	-	-	-	-	-	-	59
<b>Profit attributable to parent company</b>	<b>(25,864)</b>	<b>(4,473)</b>	<b>25,375</b>	<b>1,203</b>	<b>30,176</b>	<b>8,484</b>	<b>16,124</b>	<b>(1,166)</b>	<b>49,859</b>
Gain (Loss) attributable to non-controlling interest	(7,759)	(1,342)	7,613	361	15,088	2,634	5,643	(488)	21,750
Consolidation adjustments	668	754	225	(821)	(2,548)	54	(521)	(341)	(2,530)
Non-controlling interest profit	(7,091)	(588)	7,838	(460)	12,540	2,688	5,122	(829)	19,220
Other subgroup non-controlling interest	-	-	-	-	(1,862)	-	-	(1)	(1,863)
Other non-significative non-controlling interest	-	-	-	-	0.00	-	-	-	10,402
<b>Total profit (loss) attributable to non-controlling interests</b>	<b>(7,091)</b>	<b>(588)</b>	<b>7,838</b>	<b>(460)</b>	<b>10,678</b>	<b>2,688</b>	<b>5,122</b>	<b>(830)</b>	<b>27,759</b>

2017									
Item	USA Subgroup	Argentina Subgroup	Mexico Subgroup	Brazil Subgroup	Beyçelik, A.S.	Gestamp Holding China Subgroup	Mursolar Subgroup	Todlem Subgroup	Total
Operating income	973,550	219,098	478,651	305,299	384,534	189,619	211,548	101,482	2,863,781
Operating expense	(990,994)	(200,330)	(420,228)	(288,423)	(339,016)	(181,801)	(193,323)	(89,192)	(2,703,307)
<b>Operating profit</b>	<b>(17,444)</b>	<b>18,768</b>	<b>58,423</b>	<b>16,876</b>	<b>45,518</b>	<b>7,818</b>	<b>18,225</b>	<b>12,290</b>	<b>160,474</b>
Financial profit	(19,659)	(2,098)	802	(18,164)	(3,036)	(32)	(2,762)	(6,185)	(51,134)
Exchange gain (losses)	(2,383)	(874)	6,292	(6,638)	(10,930)	(1,275)	2,287	(3,398)	(16,919)
Impairment and other	-	-	6	619	-	-	-	-	625
<b>Profit before taxes</b>	<b>(39,486)</b>	<b>15,796</b>	<b>65,523</b>	<b>(7,307)</b>	<b>31,552</b>	<b>6,511</b>	<b>17,750</b>	<b>2,707</b>	<b>93,046</b>
Income tax expense	24,507	(6,537)	(14,615)	833	(3,322)	(1,171)	(1,287)	(189)	(1,781)
Non-controlling interest	-	(625)	-	-	-	-	-	-	(625)
<b>Profit attributable to parent company</b>	<b>(14,979)</b>	<b>8,634</b>	<b>50,908</b>	<b>(6,474)</b>	<b>28,230</b>	<b>5,340</b>	<b>16,463</b>	<b>2,518</b>	<b>90,640</b>
Gain (Loss) attributable to non-controlling interest	(4,494)	2,590	15,272	(1,942)	14,115	1,658	5,762	1,054	34,015
Consolidation adjustments	(1,342)	13	(2,487)	(234)	(586)	722	(1,159)	(593)	(5,666)
Non-controlling interest profit	(5,836)	2,603	12,785	(2,176)	13,529	2,380	4,603	461	28,349
Other subgroup non-controlling interest	-	-	-	-	1,579	-	-	(3)	1,576
Other non-significative non-controlling interest	-	-	-	-	-	-	-	-	18,460
<b>Total profit (loss) attributable to non-controlling interests</b>	<b>(5,836)</b>	<b>2,603</b>	<b>12,785</b>	<b>(2,176)</b>	<b>15,108</b>	<b>2,380</b>	<b>4,603</b>	<b>458</b>	<b>48,385</b>

### Condensed Balance Sheet at 31 December 2018 and 31 December 2017:

2018									
Item	USA Subgroup	Argentina Subgroup	Mexico Subgroup	Brazil Subgroup	Beyçelik, A.S.	Gestamp Holding China Subgroup	Mursolar Subgroup	Todlem Subgroup	Total
Total non-current assets	824,087	55,956	338,537	261,028	97,674	63,273	142,514	74,936	1,858,005
Total current assets	673,133	90,923	242,788	221,309	179,419	156,327	131,667	50,302	1,745,868
Total non-current liabilities	(203,425)	(11,414)	(16,220)	(118,456)	(58,523)	(510)	(25,381)	(28,580)	(462,509)
Total current liabilities	(985,123)	(103,557)	(294,513)	(270,042)	(157,409)	(93,758)	(111,855)	(63,358)	(2,079,615)
Equity	(278,059)	(88,241)	(335,175)	(109,406)	(98,373)	(120,008)	(139,095)	(81,679)	(1,250,036)
Translation differences	(30,613)	56,333	64,583	15,567	37,212	(5,324)	2,150	48,379	188,287
Equity attributable to non-controlling interest	30%	30%	30%	30%	50%	31.05%	35%	42%	-
Consolidation adjustments	(92,602)	(9,572)	(81,178)	(28,152)	(30,581)	(38,916)	(47,931)	(13,943)	(342,875)
Non-controlling interest	4,403	3,866	(19,008)	(4,593)	(121)	(894)	493	(1,905)	(17,759)
Other not significant non-controlling interest	(88,199)	(5,706)	(100,186)	(32,745)	(30,702)	(39,810)	(47,438)	(15,848)	(360,634)
<b>Total non-controlling interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(430,997)</b>

2017									
Item	USA Subgroup	Argentina Subgroup	Mexico Subgroup	Brazil Subgroup	Beyçelik, A.S.	Gestamp Holding China Subgroup	Mursolar Subgroup	Todlem Subgroup	Total
Total non-current assets	603,798	31,645	276,292	237,421	79,848	70,086	212,851	86,584	1,598,525
Total current assets	458,825	100,960	308,259	110,898	161,998	99,493	89,115	37,564	1,367,112
Total non-current liabilities	(158,468)	(4,329)	(14,496)	(31,537)	(48,338)	(128)	(84,920)	(50,838)	(393,054)
Total current liabilities	(583,327)	(107,394)	(311,055)	(217,717)	(136,814)	(51,261)	(93,849)	(32,240)	(1,533,657)
Equity	(302,740)	(91,742)	(332,356)	(107,143)	(85,942)	(111,846)	(124,659)	(82,637)	(1,239,065)
Translation differences	(18,088)	70,860	73,356	8,078	29,248	(6,344)	1,462	41,567	200,139
Equity attributable to non-controlling interest	30%	30%	30%	30%	50%	31.05%	35%	42%	-
Consolidation adjustments	(96,248)	(6,265)	(77,700)	(29,720)	(28,347)	(36,698)	(43,119)	(17,196)	(335,293)
Non-controlling interest	5,070	4,316	(18,957)	(5,410)	(1,446)	(737)	645	(2,184)	(18,703)
Other not significant non-controlling interest	(91,178)	(1,949)	(96,657)	(35,130)	(29,793)	(37,435)	(42,474)	(19,380)	(353,996)
<b>Total non-controlling interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(81,803)</b>

### Condensed Cash Flow Statement for 31 December 2018 and 31 December 2017:

2018									
Item	USA Subgroup	Argentina Subgroup	Mexico Subgroup	Brazil Subgroup	Beyçelik, A.S.	Gestamp Holding China Subgroup	Mursolar Subgroup	Todlem Subgroup	Total
Operating activities	45,614	30,983	104,836	21,656	64,730	21,456	46,667	10,532	297,814
Investing activities	(211,477)	(3,984)	(78,581)	(50,303)	(48,308)	(7,763)	48,774	(65,775)	(394,331)
Financing activities	253,186	(33,899)	(47,560)	77,126	(17,900)	41,516	(57,557)	49,987	(13,507)
<b>Net increase (decrease) of cash or cash equivalents</b>	<b>87,323</b>	<b>(6,900)</b>	<b>(21,305)</b>	<b>48,479</b>	<b>(1,478)</b>	<b>55,209</b>	<b>37,884</b>	<b>(5,256)</b>	<b>152,758</b>

Item	2017							
	USA Subgroup	Argentina Subgroup	Mexico Subgroup	Brazil Subgroup	Beyçelik, A.S	Gestamp Holding China Subgroup	Mursolar Subgroup	Todlem Subgroup
Operating activities	13,417	22,761	53,870	37,766	65,596	23,272	44,571	26,309
Investing activities	(202,559)	(2,497)	(96,631)	(17,334)	(36,456)	(10,644)	(5,352)	(45,707)
Financing activities	248,882	(10,447)	55,793	(15,217)	(15,410)	(40,824)	(45,230)	4,873
<b>Net increase (decrease) of cash or cash equivalents</b>	<b>59,740</b>	<b>9,817</b>	<b>13,032</b>	<b>5,215</b>	<b>13,730</b>	<b>(28,196)</b>	<b>(6,011)</b>	<b>(14,525)</b>

## Note 20. Deferred income

Deferred income includes grants related to assets obtained by Group subsidiaries, pending release to the Consolidated Income Statement.

The variation in this heading at 31 December 2018 and 31 December 2017 was as follows:

	Thousands of euros
<b>Balance at December 31, 2016</b>	<b>25,945</b>
Grants received during the financial year	1,760
Grants returned during the financial year	(227)
Grants released to income in the year	(4,918)
Translation differences	(261)
Other changes	16
<b>Balance at December 31, 2017</b>	<b>22,315</b>
Grants received during the financial year	5,622
Grants returned during the financial year	(1,098)
Grants released to income in the year (Note 26.b)	(4,616)
Translation differences	(99)
Other changes	571
<b>Balance at December 31, 2018</b>	<b>22,695</b>

The Group companies are able to meet all the requirements attaching to these grants to qualify as non-reimbursable grants.

## Note 21. Provisions and contingent liabilities

The breakdown of the provisions, by item, at 31 December 2018 and 31 December 2017, is as follows:

	Thousands of euros					
	Non-current		Current		Total	
	2018	2017	2018	2017	2018	2017
Provision for employee compensation (Note 22)	100,722	100,984	403	625	101,125	101,609
Provision for tax proceedings	8,229	7,848	-	-	8,229	7,848
Provision for other responsibilities	12,964	34,212	12,843	11,098	25,807	45,310
	<b>121,915</b>	<b>143,044</b>	<b>13,246</b>	<b>11,723</b>	<b>135,161</b>	<b>154,767</b>

The changes in provisions during 2018 and 2017 are as follows:

	Thousands of euros			
	Provision for employee compensation	Provision for tax proceedings	Provision for other responsibilities	Total
<b>Balance at December 31, 2016</b>	<b>93,546</b>	<b>7,252</b>	<b>71,427</b>	<b>172,225</b>
Changes in scope of consolidation	29	-	-	29
Additions	16,979	1,753	7,808	26,540
Retirements/amount applied	(6,880)	(670)	(32,885)	(40,435)
Translation differences	(152)	(487)	(1,870)	(2,509)
Other movements	(1,913)	-	830	(1,083)
<b>Balance at December 31, 2017</b>	<b>101,609</b>	<b>7,848</b>	<b>45,310</b>	<b>154,767</b>
Additions	9,947	2,834	8,188	20,969
Retirements/amount applied	(10,730)	(2,675)	(30,693)	(44,098)
Translation differences	(10)	(431)	(1,400)	(1,841)
Other movements	309	653	4,402	5,364
<b>Balance at December 31, 2018</b>	<b>101,125</b>	<b>8,229</b>	<b>25,807</b>	<b>135,161</b>

#### Provision for employee compensation

According to undertaken commitments, the Group has legal, contractual and implicit obligations with staff of certain subsidiaries whose amount or maturity is uncertain.

The provision for long term defined benefit plans is quantified considering the eventual affected assets according to the registration and valuation standards.

Increases in 2018 and 2017 mainly correspond to:

- Provisions for employee compensation regarding seniority awards and other benefits for staying in the company.
- Provisions based on actuarial calculations.
- Provisions for employee compensation based on a long-term incentive plan. Such incentive plan is not related to the process for admission of the Group to official listing in the Madrid Stock Exchange.

Derecognitions in 2018 and 2017 mainly correspond to reversals of long term employee compensation provisions.

#### Provision for taxes

The Group basically registers the estimated amount of tax debts related to tax assessments currently appealed and others whose amount or payment date is uncertain.

Derecognitions in 2018 and 2017 mainly correspond to the application of provisions relating to tax assessments.

#### Provision for other responsibilities

This line item primarily reflects provisions recognised by certain Group companies to cover specific risks arising from their day-to-day businesses and provisions for personnel restructuring.

In 2017, with the inclusion of the company Gestamp Palau, S.A. in the scope of consolidation (Note 2.b), a provision was recognised to restore the equity position of this company.

Decreases in 2018 are mainly amounts used of provisions for operating expenses and trade operations of different Group companies.

The Group's directors consider that provisions registered in the Consolidated Balance Sheet duly cover the risks for litigations, arbitration and other contingencies, and no additional related liabilities are expected.

At 31 December 2018 and 31 December 2017, there were no significant contingent liabilities in the Group.

## **Note 22. Provision for employee compensation**

The detail of the amounts recognised as provisions for remuneration to employees was as follows:

Item		Non-current		Current		Total	
		2018	2017	2018	2017	2018	2017
Employee benefits	a)	23,121	21,515	403	625	23,524	22,140
Post-employment benefits							
Defined benefit plans	b)	77,601	79,469	-	-	77,601	79,469
<b>Total (Note 21)</b>		<b>100,722</b>	<b>100,984</b>	<b>403</b>	<b>625</b>	<b>101,125</b>	<b>101,609</b>

### a) Employee remuneration

The amount recognised as remuneration to employees includes the amounts provisioned by certain Group companies for long-service bonuses and other benefits for remaining at the company (anniversaries, retirement, medals, etc.). As the long-term incentive plan.

### b) Defined benefit remuneration

The Group has defined benefit pension plans. The main pension plans relate to various companies located in Germany and France. These plans include plans partially financed by an investment fund and plans not financed through the fund.

The risks associated with the different defined benefit plans are those inherent to the pension plans that are not financed by an external fund without claim possibility to the employer. Furthermore, other risks associated with defined benefit plans common both to the plans partially financed and to the unfinanced plans, are of a demographic nature, such as the mortality and longevity of the employees included in the plan, and those of a financial nature, such as pension increase rates based on inflation.

The balance recognised at 31 December 2018 and 31 December 2017, corresponding to those plans, broken down by country, was as follows:

Item	Thousand of euros		
	Germany	France	Total
Present value of the defined benefit obligation	74,475	9,357	83,832
Fair value of plan assets and reimbursement rights	(4,452)	(1,779)	(6,231)

<b>Value of defined benefit obligation at December 31, 2018</b>	<b>70,023</b>	<b>7,578</b>	<b>77,601</b>
---	---------------	--------------	---------------

Item	Thousand of euros		
	Germany	France	Total
Present value of the defined benefit obligation	76,162	9,775	85,937
Fair value of plan assets and reimbursement rights	(4,575)	(1,893)	(6,468)

<b>Value of defined benefit obligation at December 31, 2017</b>	<b>71,587</b>	<b>7,882</b>	<b>79,469</b>
---	---------------	--------------	---------------

The changes in the current value of the defined benefit liabilities are as follows:

	Thousand of euros		
	Germany	France	Total
<b>Present value of the defined benefit obligation at December 31, 2016</b>	<b>74,551</b>	<b>9,648</b>	<b>84,199</b>
Current service cost year 2017	3,261	605	3,866
Interest income or expense	-	6	6
Interest income or expense	1,172	144	1,316
Pension cost charged to profit and loss at 2017	4,433	755	5,188
Payments from the plan except any settlements	(2,099)	(366)	(2,465)
Actuarial gains and losses arising from changes in demographic assumptions	-	(607)	(607)
Actuarial gains and losses arising from changes in financial assumptions	(660)	130	(530)
Actuarial gains and losses attributable to non-controlling interests	-	167	167
Remeasurements of the net defined benefit liability	(660)	(310)	(970) (*)
Other effects	(63)	48	(15)
<b>Present value of the defined benefit obligation at December 31, 2017</b>	<b>76,162</b>	<b>9,775</b>	<b>85,937</b>
Current service cost year 2018	3,135	534	3,669
Gains and losses arising from settlements	(5)	-	(5)
Interest income or expense	1,208	122	1,330
Pension cost charged to profit and loss at 2018	4,338	656	4,994
Payments from the plan except any settlements	(2,270)	(457)	(2,727)
Payments from plan settlements	(4)	-	(4)
Actuarial gains and losses arising from changes in demographic assumptions	(2,225)	(423)	(2,648)
Actuarial gains and losses arising from changes in financial assumptions	(1,794)	(376)	(2,170)
Remeasurements of the net defined benefit liability	(4,019)	(799)	(4,818) (**)
Other effects	268	182	450
<b>Present value of the defined benefit obligation at December 31, 2018</b>	<b>74,475</b>	<b>9,357</b>	<b>83,832</b>

The changes in the fair value of the assets used in the plan are as follows:

	Thousand of euros		
	Germany	France	Total
<b>Fair value of plan assets and reimbursement rights at December 31, 2016</b>	<b>4,516</b>	<b>2,155</b>	<b>6,671</b>
Interest income or expense	72	32	104
Pension cost charged to profit and loss at 2017	72	32	104
Payments from the plan except any settlements	-	(285)	(285)
Actuarial gains and losses arising from changes in demographic assumptions	(13)	(9)	(22)
Remeasurements of the net defined benefit liability	(13)	(9)	(22) (*)
<b>Fair value of plan assets and reimbursement rights at December 31, 2017</b>	<b>4,575</b>	<b>1,893</b>	<b>6,468</b>
Interest income or expense	73	26	99
Pension cost charged to profit and loss at 2018	73	26	99
Payments from the plan except any settlements	-	(126)	(126)
Actuarial gains and losses arising from changes in financial assumptions	(196)	(14)	(210)
Remeasurements of the net defined benefit liability	(196)	(14)	(210) (**)
<b>Fair value of plan assets and reimbursement rights at December 31, 2018</b>	<b>4,452</b>	<b>1,779</b>	<b>6,231</b>

(\*) The amount recognised as actuarial gains and losses at 31 December 2017, included as a reduction in the Statement of Changes in Equity, amounted to 948 thousand euros (970 thousand euros corresponding to the change in value of the defined benefit liabilities and -22 thousand euros corresponding to the change in value of the assets used in the plan).

(\*\*) The amount recognised as actuarial gains and losses at 31 December 2018, included as an increase in the Statement of Changes in Equity, amounted to 4,608 thousand euros (4,808 thousand euros corresponding to the change in value of the defined benefit liabilities and -210 thousand euros corresponding to the change in value of the assets used in the plan).

The breakdown of the expense recognised in the Consolidated Income Statement, relating to these plans, is as follows:

Item	Thousand of euros					
	Germany		France		Total	
	2018	2017	2018	2017	2018	2017
Current services cost	3,135	3,261	534	605	3,669	3,866
Gains and losses arising from settlements	(5)	-	-	6	(5)	6
Net interest on the net defined benefit liability (asset)	1,135	1,100	96	112	1,231	1,212
<b>Total expense recognised in profit or loss</b>	<b>4,265</b>	<b>4,361</b>	<b>630</b>	<b>723</b>	<b>4,895</b>	<b>5,084</b>

The main asset categories used in the plan and their fair value are as follows:

Item	Thousand of euros			
	Germany		France	
	2018	2017	2018	2017
Investments quoted in active markets				
Mixed investment funds in Europe	4,453	4,575	1,824	1,893
	<b>4,453</b>	<b>4,575</b>	<b>1,824</b>	<b>1,893</b>

The main assumptions used to determine the defined benefit obligation are as follows:

Item	Germany		France	
	2018	2017	2018	2017
Discount rate	1,8% - 2,0%	1,6% - 2,0%	1.60%	1,3%-1,81%
Expected rate of return on any plan assets	0% - 1,8%	0% - 1,6%	1.30%	1.40%
Future salary increases rate	2,0%-2,5%	2,0%-2,5%	2.00%	1,5%-2,0%
Future pension increases rate	1,5% - 2%	1,5% - 2%	1.50%	
Inflation rate	2.00%	2.00%	2.00%	1,00%-1,5%
Mortality table	RT 2018 G Dr. Klaus Heubeck	RT 2005 G Dr. Klaus Heubeck modified	INSEE F 2008-2010	INSEE F 08-14
Rates of employee turnover, disability and early retirement	Aon Hewitt Standard tables, RT 2018 G Dr. Klaus Heubeck, 63	Aon Hewitt Standard tables, RT 2005 G Dr. Klaus Heubeck, 63	2.00%	2.30%
Proportion of plan members with dependants who will be eligible for benefits	100.00%	100.00%	-	-
Percentage of taxes payable by the plan on contributions relating to service before the reporting date or on benefits resulting from that service	2.00%	2.00%	2.00%	
Retirement age				62-65 años

The sensitivity analyses of the value of the obligation for defined benefits faced with changes in the main assumptions at 31 December 2018 and 31 December 2017 are as follows:

		2018			
		Germany		France	
Assumptions	Sensitivity	Increase	Decrease	Increase	Decrease
Discount rate					
Increase	0.5%	-	5,012	-	9,727
Decrease	0.5%	4,529	-	7,276	-
Future pension increases rate					
Increase	0.5%	2,029	-	-	-
Decrease	0.5%	-	1,841	-	-
Future salary increases rate					
Increase	0.25%	-	-	8,689	-
Decrease	0.25%	-	-	-	8,084
Increase	0.5%	80	-	-	-
Decrease	0.5%	-	73	-	-
Mortality rate					
Decrease	1 year	1,365	-	-	-

		2017			
		Germany		France	
Assumptions	Sensitivity	Increase	Decrease	Increase	Decrease
Discount rate					
Increase	1.00%	-	-	-	7,786
Decrease	1.00%	-	-	10,445	-
Increase	0.5%	-	5,364	-	-
Decrease	0.5%	5,959	-	-	-
Future pension increases rate					
Increase	0.5%	2,636	-	-	-
Decrease	0.5%	-	2,361	-	-
Future salary increases rate					
Increase	0.25%	-	-	9,315	-
Decrease	0.25%	-	-	-	8,660
Increase	0.5%	86	-	49	-
Decrease	0.5%	-	78	-	45
Mortality rate					
Decrease	1 year	1,374	-	-	-

The future expected payments for contributions to the defined benefit pensions plans at 31 December 2018 and 31 December 2017 are as follows:

	Thousand of euros					
	2018			2017		
	Germany	France	Total	Germany	France	Total
Within the next 12 months	3,928	124	4,052	3,652	107	3,759
Between 2 and 5 years	11,554	1,737	13,291	11,500	2,070	13,570
Beyond 5 years	16,145	20,631	36,776	14,955	21,426	36,381
<b>Total</b>	<b>31,627</b>	<b>22,492</b>	<b>54,119</b>	<b>30,107</b>	<b>23,603</b>	<b>53,710</b>

### Note 23. Non-trade liabilities

The breakdown of the Group's debt at 31 December 2018 and 31 December 2017, classified by item, is as follows:

		Thousands of euros				
		Non current		Current		
Item		2018	2017	2018	2017	
a) Interest-bearing loans, borrowings and debt issues	a.1)	2,589,086	2,167,091	a.2)	75,897	543,789
b) Derivative financial instruments	b.1)	56,117	66,201	b.1)	1,197	-
c) Other financial liabilities		<u>96,571</u>	<u>121,612</u>		<u>182,350</u>	<u>4,537</u>
Finance lease	c.1)	39,971	30,120	c.1)	6,667	2,552
Borrowings from related parties	c.2)	27,844	57,309	c.2)	175,683	1,985
Other borrowings	c.3)	28,756	34,183	c.3)	-	-
d) Other liabilities	d)	10,010	9,593	d)	187,303	129,953
<b>Total</b>		<b>2,751,784</b>	<b>2,364,497</b>		<b>446,747</b>	<b>678,279</b>

The changes in liabilities related to financing activities, as shown in a) and c) headings of the table above, are detailed as follows:

	Thousand of euros						31-12-2018
	31-12-2017	Cash flow	Variations in foreign currency	Changes in fair value	New lease contracts	Others	
Non-current interest-bearing loans, borrowings and debt issues	2,167,091	478,482	246	-	-	(56,733)	2,589,086
Current bank borrowings	543,789	(368,185)	(5,417)	-	-	(94,290)	75,897
Non-current finance lease	30,120	-	(2,286)	-	22,079	(9,942)	39,971
Current finance lease	2,552	(8,153)	(395)	-	5,437	7,227	6,668
Non-current payables to related parties	57,309	(5,652)	(253)	-	-	(23,560)	27,844
Current payables to related parties	1,985	919	-	-	-	172,779	175,683
Other non-current borrowings	34,183	-	-	-	-	(5,427)	28,756
<b>Total (Note 4.6)</b>	<b>2,837,029</b>	<b>97,411</b>	<b>(8,105)</b>	<b>-</b>	<b>27,516</b>	<b>(9,946)</b>	<b>2,943,905</b>
Derivative financial instruments	66,201	-	-	(10,084)	-	-	56,117
<b>Total</b>	<b>2,903,230</b>	<b>97,411</b>	<b>(8,105)</b>	<b>(10,084)</b>	<b>27,516</b>	<b>(9,946)</b>	<b>3,000,022</b>

The "Other" column includes mainly the effect of the reclassification between non-current and current and the impact of the adoption of IFRS 9 (Note 5).

#### a) Interest-bearing loans, borrowings and debt issues

##### a.1) Bank borrowings and long-term debt securities

The breakdown by segment and maturity date of non-current interest-bearing loans and borrowings is as follows:

Description	Thousands of euros						31-12-2017
	31-12-2018						
	2020	2021	2022	2023	Beyond	Total	Total
<b>In Euro</b>	<b>237,839</b>	<b>311,956</b>	<b>617,590</b>	<b>630,268</b>	<b>428,993</b>	<b>2,226,646</b>	<b>2,148,774</b>
Western Europe	230,834	300,123	607,049	611,747	428,993	2,178,746	2,108,691
Eastern Europe	7,005	11,833	10,541	18,521	-	47,900	40,083
<b>In foreign currency</b>	<b>24,319</b>	<b>16,344</b>	<b>123,627</b>	<b>184,826</b>	<b>13,324</b>	<b>362,440</b>	<b>18,317</b>
<b>Brazilian real</b>							
Mercosur	23,900	4,167	1,285	44,365	-	73,717	13,057
<b>Dollars</b>							
Western Europe	-	-	110,199	101,292	-	211,491	-
<b>Turkish lira</b>							
Eastern Europe	412	34	-	-	-	446	1,696
<b>Czech crown</b>							
Eastern Europe	-	12,143	12,143	12,143	12,143	48,572	1,262
<b>Romanian leu</b>							
Eastern Europe	-	-	-	-	-	-	2,268
<b>Korean won</b>							
Asia	7	-	-	-	1,181	1,188	34
<b>Japanese Yen</b>							
Asia	-	-	-	27,026	-	27,026	-
<b>Total</b>	<b>262,158</b>	<b>328,300</b>	<b>741,217</b>	<b>815,094</b>	<b>442,317</b>	<b>2,589,086</b>	<b>2,167,091</b>

At 31 December 2018, the Group had bilateral credit lines amounting to 320,000 thousand, maturing at over one year, against which no amount had been drawn down as of that date. The interest rate on these policies ranges between 0.60% and 1.20%.

The breakdown of maturity dates for the balances at December 31, 2017 is as follows:

Thousands of euros					
31-12-2017					
2019	2020	2021	2022	Beyond	Total
151,710	398,579	365,424	609,776	641,602	2,167,091

The guarantees granted are personal guarantees of the borrower and were granted by a group of subsidiary companies (Appendix III).

No assets were used to secure loans at 31 December 2018 and 31 December 2017 (Note 11).

In addition, there are security interests and related guarantees in the description of the individual transactions included in this Note.

The annual nominal interest rate on interest-bearing loans at 31 December 2018 is as follows:

	<u>Interest rate</u>
• Loans denominated in euros:	0.90% - 1.45%
• Loans denominated in Brazilian reals*	3.50% - 8.70%
• Loans denominated in US dollars	3.95% - 4.25%

\* The lower level of the range corresponds to loans received by BNDES with a subsidised interest rate.

The nominal interest rate on the loans at 31 December 2017 is as follows:

	<u>Interest rate</u>
• Loans denominated in euros:	0.90% - 1.45%
• Loans denominated in Brazilian reals*	4.50% - 8.50%
• Loans denominated in Korean won	3.60%
• Loans denominated in US dollars	3.00%

\* The lower level of the range corresponds to loans received by BNDES with a subsidised interest rate.

The loans in the schedule above where certain Group companies are guarantors or which are subject to covenants, are the following:

I) Syndicated loan 2013 (modified 2016)

On 20 May 2016, the Parent Company signed an agreement modifying the original syndicated loan agreement signed on 19 April 2013, modifying both the principal, whose original amount was 532 million euros, (Tranche A1), increasing it by 340 million euros (Tranche A2), and certain conditions of such loan.

Also, a tranche of a Revolving Credit Facility exists, amounting to 280,000 thousand euros, which had not been drawn down at 31 December 2018 or at 31 December 2017.

After the required analysis, this operation was considered as a refinancing of the syndicated loan since there was no substantial modification of the debt.

On 25 July 2017, the Parent Company signed a new agreement to modify the original syndicated loan signed in April 2013. This agreement implies changes in interest rates and maturity dates. The maturity date for the contract was modified to July 15, 2022.

Lastly, on 11 May 2018, the Parent Company signed a new agreement to modify the original syndicated loan agreement signed in April 2013. This agreement implies changes in clauses of the agreement, without altering economic terms, maturities, drawdowns and allowing dividend distribution.

The Parent Company must comply with certain financial obligations related to its Consolidated Financial Statements over the life of the loan. The mentioned obligations are as follows:

- “EBITDA / Financial expense” above 4.00
- “Net Financial Debt / EBITDA” below 3.50

The non-fulfilment of these financial obligations implies the early maturity of the loan. It exists a 20 working days period of grace to remedy the breach of these financial obligations. At 31 December 2018 and 31 December 2017, these ratios were within the limits mentioned above (EBITDA / Financial expense ratio was 7.45 at 31 December 2018 and 9.59 at 31 December 2017, while the Net Financial Debt / EBITDA ratio was 2.47 at 31 December 2018 and 2.13 at 31 December 2017). These ratios must be calculated according the Accounting rules prevailing at the signed date (April 19, 2013). As consequence, the effect related the IFRS 16 modification applied from January 1, 2019 should be cancelled.

In addition, there is a limitation on the distribution of dividends whereby the dividend to be distributed in each year may not exceed 50% of the consolidated profit for the year.

The outstanding amount of the syndicated loan, granted to the Parent Company, is registered as long-term in the amount of 852,473 thousand euros.

Certain Group companies, which together represent a significant portion of total consolidated assets, revenue and EBITDA, act as joint guarantors of the mentioned loans. The detail of these companies is provided in Appendix III.

Also, a pledge was arranged on shares of the subsidiaries Gestamp Metalbages, S.A., Gestamp Bizkaia, S.A., Gestamp Vigo, S.A., Gestamp Palencia, S.A., Gestamp Servicios, S.A. and Gestamp Toledo, S.A.

## II) May 2013 and May 2016 Bonds and April 2018

On 11 May 2016, a bond issue was completed through the subsidiary Gestamp Funding Luxembourg, S.A., amounting to 500 million euros at an interest rate of 3.5%.

This bond issue initially matures on 15 May 2023 and the interest will be payable every six months (in November and May).

The redeemed cost of the bond issued in May 2016, at 31 December 2018, amounted to 483 million euros (31 December 2017: 479 million euros).

In April 2018, the Group completed an issuance of senior bonds guaranteed through the Parent Company for a total aggregate amount of 400 million euros with an annual coupon of 3.25% and an IRR of 3.375%.

The initial maturity date of the bonds was 30 April 2026 and the interest will be paid every six months.

The redeemed cost of the bond issued in April 2018 at 31 December 2018 was 393 million euros.

Certain Group companies, which together represent a significant portion of total consolidated assets, revenue and EBITDA, act as joint guarantors of the bonds. The detail of these companies is provided in Appendix III.

Also, a pledge was arranged on shares of the subsidiaries Gestamp Metalbages, S.A., Gestamp Bizkaia, S.A., Gestamp Vigo, S.A., Gestamp Palencia, S.A., Gestamp Servicios, S.A. and Gestamp Toledo, S.A.

### III) European Investment Bank

On June 15, 2016 the Parent Company signed a financing agreement with the European Investment Bank for the amount of 160 million euros.

The loan has a duration of seven years, maturing on 22 June 2023. The Parent Company undertakes to comply with certain financial obligations related to its Consolidated Financial Statements over the life of the loan. The mentioned obligations are as follows:

- “EBITDA / Financial expense” above 4.00
- “Net Financial Debt / EBITDA” below 3.50

The non-fulfilment of these financial obligations implies the early maturity of the loan. It exists a 20 working days period of grace to remedy the breach of these financial obligations. At 31 December 2018 and 31 December 2017, these ratios were within the limits mentioned above (EBITDA / Financial expense ratio was 7.45 at 31 December 2018 and 9.59 at 31 December 2017, while the Net Financial Debt / EBITDA ratio was 2.47 at 31 December 2018 and 2.13 at 31 December 2017).

In addition, there is a limitation on the distribution of dividends whereby the dividend to be distributed in each year may not exceed 50% of the consolidated profit for the year.

The outstanding amount of this loan granted to the Parent Company is recorded as non-current, amounting to 160 million euros.

Certain Group companies, which together represent a significant portion of total consolidated assets, revenue and EBITDA, act as joint guarantors of this loan. The detail of these companies is provided in Appendix III.

### IV) Banco KfW IPEX Bank GmbH

On 26 June 2017, the Parent Company signed a financing agreement with Banco KfW IPEX Bank GmbH for 45 million euros.

The loan term is five years with maturity on 19 June 2022.

The outstanding amount of the syndicated loan, granted to the Parent Company, is registered as long-term in the amount of 45 million euros.

The Parent Company must comply with certain financial obligations related to its Consolidated Financial Statements over the life of the loan. The mentioned obligations are as follows:

- “EBITDA / Financial expense” above 4.00
- “Net Financial Debt / EBITDA” below 3.50

The non-fulfilment of these financial obligations implies the early maturity of the loan. It exists a 20 working days period of grace to remedy the breach of these financial obligations. At 31 December 2018 and 31 December 2017, these ratios were within the limits mentioned above (EBITDA / Financial expense ratio was 7.45 at 31 December 2018 and 9.59 at 31 December 2017, while the Net Financial Debt / EBITDA ratio was 2.47 at 31 December 2018 and 2.13 at 31 December 2017).

Certain Group companies, which together represent a significant portion of total consolidated assets, revenue and EBITDA, act as joint guarantors of this loan. The detail of these companies is provided in Appendix III.

## a.2) Current interest-bearing loans and borrowings

The breakdown by segment of current interest-bearing loans and borrowings is as follows:

Description	Thousands of euros										(a)+(b)+(c)+(d)	
	Credit facilities				Loans (b)		Accrued interest (c)		Discounted bills and Factoring (d)		TOTAL	TOTAL
	Drawn down (a)		Limit		2018	2017	2018	2017	2018	2017	2018	2017
<b>In Euro</b>	<b>20,386</b>	<b>2,726</b>	<b>234,877</b>	<b>574,800</b>	<b>(10,091)</b>	<b>418,419</b>	<b>6,772</b>	<b>10,081</b>	<b>2,862</b>	<b>1,194</b>	<b>19,929</b>	<b>432,420</b>
Western Europe	1,586	2,726	178,800	574,800	(14,997)	407,727	7,219	9,315	2,862	1,194	(3,330)	420,962
Eastern Europe	18,800	-	56,077	-	4,906	7,476	(447)	759	-	-	23,259	8,235
Asia	-	-	-	-	-	3,216	-	7	-	-	-	3,223
<b>In foreign currency</b>	<b>13,401</b>	<b>31,292</b>	<b>86,770</b>	<b>102,180</b>	<b>40,806</b>	<b>79,561</b>	<b>1,761</b>	<b>516</b>	<b>-</b>	<b>-</b>	<b>55,968</b>	<b>111,369</b>
<b>US dollar</b>												
Western Europe	-	-	-	-	-	37,485	-	129	-	-	-	37,614
North America	-	-	-	-	1,937	16,660	-	4	-	-	1,937	16,664
<b>Turkish lira</b>												
Eastern Europe	-	1,196	3,331	4,124	12,785	14,979	1,105	334	-	-	13,890	16,509
<b>Argentine peso</b>												
Mercosur	-	-	-	-	-	3,154	-	-	-	-	-	3,154
<b>Brazilian real</b>												
Mercosur	-	-	-	-	14,228	3,105	616	24	-	-	14,844	3,129
<b>Indian rupee</b>												
Asia	8,956	26,123	45,002	59,320	2,966	165	-	-	-	-	11,922	26,288
<b>Remimbi yuan</b>												
Asia	4,445	3,973	36,863	37,169	7,602	1,269	40	25	-	-	12,087	5,267
<b>Czech crown</b>												
Eastern Europe	-	-	-	-	1,261	1,262	-	-	-	-	1,261	1,262
<b>Romanian leu</b>												
Eastern Europe	-	-	-	-	-	1,118	-	-	-	-	-	1,118
<b>Korean won</b>												
Asia	-	-	1,574	1,567	27	364	-	-	-	-	27	364
<b>Total</b>	<b>33,787</b>	<b>34,018</b>	<b>321,647</b>	<b>676,980</b>	<b>30,715</b>	<b>497,980</b>	<b>8,533</b>	<b>10,597</b>	<b>2,862</b>	<b>1,194</b>	<b>75,897</b>	<b>543,789</b>

The Group has a total capacity arranged in factoring lines with or without recourse and trade bill discounts amounting to 810 million euros at 31 December 2018 (567 million euros at 31 December 2017).

Interest rate on the credit facilities is basically indexed to a floating rate of Euribor plus a spread between 0.60% and 0.75% in 2018 and 2017.

## b) Derivative financial instruments

### b.1) Interest rate derivatives and exchange rate derivatives

The Consolidated Balance Sheet includes the fair value of interest rate hedges and the fair value of derivatives held for trading contracted by the Group:

Description	Thousands of euros	
	2018	2017
<b>Financial assets - derivatives (Note 12.a.2))</b>	<b>6,019</b>	<b>14,718</b>
Others	6,019	14,718
<b>Financial liabilities - derivatives</b>	<b>56,117</b>	<b>66,201</b>
Derivatives held for trading	19,949	11,914
Cash flow hedges	29,965	39,569
Exchange rate hedges	184	-
Others	6,019	14,718
<b>Financial liabilities - derivatives</b>	<b>1,197</b>	<b>-</b>
Derivatives held for trading	1,197	-

### Interest rate derivatives

The interest rate financial swaps, arranged by the Group, in place at 31 December 2018 and 31 December 2017 are as follows:

Contract	Item	Thousands of euros			
		2018		2017	
		Asset	Liability	Asset	Liability
1	Derivatives held for trading	-	6,011	-	4,025
2	Derivatives held for trading	-	9,215	-	4,726
5	Derivatives held for trading	-	4,723	-	3,163
<b>Total derivatives held for trading</b>		<b>-</b>	<b>19,949</b>	<b>-</b>	<b>11,914</b>
1	Cash flow	-	6,525	-	8,145
2	Cash flow	-	14,913	-	18,601
3	Cash flow	-	3,707	-	5,145
4	Cash flow	-	8	-	1,761
5	Cash flow	-	4,812	-	5,917
<b>Total cash flow hedges</b>		<b>-</b>	<b>29,965</b>	<b>-</b>	<b>39,569</b>

At 31 December 2018, the Group implemented a strategy to hedge interest rate risk on notionals of the Group's estimated bank debt for the period from 2018 to 2020, via several interest rate financial swaps with the following notional amounts in force at 31 December of each year, in thousands of euros:

Year	Contract 1	Contract 2	Contract 3	Contract 4	Contract 5
2019	140,000	320,000	77,835	-	110,000
2020	140,000	320,000	77,835	-	110,000

The interest rate financial swaps, arranged by the Group, in place at 31 December 2018 have the following terms:

Contract	Effective date	Maturity date	Floating rate (to be received)	Fixed rate (to be paid)
Contract 1	July 1, 2015	January 4, 2021	3-month Euribor	1.98% (2019) and 2.15% (2020)
Contract 2	December 30, 2014	January 4, 2021	3-month Euribor	1.98% (2019) and 2.15% (2020)
Contract 3	January 2, 2015	January 4, 2021	3-month Euribor	2.09%
Contract 4	April 2, 2014	January 2, 2019	3-month Euribor	1.26%
Contract 5	July 1, 2015	January 4, 2021	3-month Euribor	1.80% (2019) and 2.05% (2020)

The hedging arrangements, outlined above, are qualified as effective hedges under IFRS hedge accounting criteria. Accordingly, changes in the fair value of the financial swaps are recognised in Equity while the accrued interest is recognised in the Consolidated Income Statement.

The years in which the settlements of hedges are expected to affect the Consolidated Income Statement are as follows:

Thousands of euros	
2018	
2019	(14,524)
2020	(15,280)
2021	(161)
<b>Total</b>	<b>(29,965)</b>

Thousands of euros	
2017	
2018	(13,269)
2019	(13,643)
2020	(12,527)
2021	(130)
<b>Total</b>	<b>(39,569)</b>

At 31 December 2018, the Group transferred from Equity to the Consolidated Income Statement the amount of 13,592 thousand euros (expense) as a result of liquidations carried out in the year corresponding to interest rate hedges. In 2017, expense recognized on the same basis amounted to 8,969 thousand euros.

In 2018, the Group recognised an expense for the amount of 8,035 thousand euros relating to changes in the value of derivatives held for trading. In 2018, all hedging operations were efficient, accordingly, there was no impact on the Consolidated Income Statement. In 2017, the Group recognised a revenue for the amount of 1,209 thousand euros in the Consolidated Income Statement, relating to the changes in value of derivatives held for trading, and a revenue for the amount of 877 thousand euros relating to the inefficiency of hedges.

#### Exchange rate derivatives

In July 2018, Gestamp Brasil, S.A. signed a loan granted by Bank of América, amounting to 50,000 thousand dollars. To cover this loan, an exchange rate derivative was signed with the financial entity, whose fair value amounted to 184 thousand euros at 31 December 2018.

The initial valuation of the derivative was negative in the amount of 9,157 thousand Brazilian reais, accrued over the term of the loan on a straight-line basis over 48 months, with its balance amounting to 1,845 thousand euros at 31 December 2018 (Note 15.e)).

At 31 December 2018, the Group transferred from Equity to the Consolidated Income Statement an expense of 5,775 thousand Brazilian reais, in order to offset the exchange difference generated in the measurement of the loan.

Also, on 13 February 2018, the Parent Company signed an exchange rate hedge, so dollars were sold and euros were bought at 14 January 2019. This hedge was classified as held for trading, and its fair value amounted to 1,197 thousand euros at 31 December 2018, which was posted in the Consolidated Income Statement.

The effect of financial instruments in retained earnings in 2018 and 2017 is as follows:

	Thousands of euros
<b>Adjustment due to change value 2016</b>	<b>(34,756)</b>
<b>Variation in fair value adjustment</b>	<b>6,267</b>
Variation in deferred tax from financial instruments	(2,437)
Variation in derivative financial instruments (liabilities)	9,581
Effect in profit due to hedge inefficiency	(877)
<b>Adjustment due to change value 2017</b>	<b>(28,489)</b>
<b>Variation in fair value adjustment</b>	<b>6,413</b>
Variation in deferred tax from financial instruments	(3,888)
Variation in derivative financial instruments (liabilities)	<u>1,069</u>
Interest rate derivatives	1,569
Exchange rate derivatives	(500)
Effect in profit due to hedge inefficiency	<u>9,232</u>
Interest rate derivatives	8,035
Exchange rate derivatives	1,197
<b>Adjustment due to change value 2018</b>	<b>(22,076)</b>

Lastly, "Others" under "Long-term derivative financial liabilities" includes the present value of implicit derivatives with respect to the exchange rate applicable to sales and purchases prices in a customer and supplier agreement (Note 12.a.3)).

### c) Other financial liabilities

#### c.1) Financial leasing

The finance lease obligations recognised under this heading relate to the discounted values of the payments under finance lease agreements detailed in Note 11. Details of the expected maturities of these obligations, and future financial expenses are as follows:

Thousands of euros							
2018							
Present value of lease obligations							
Segment	Short term			Long term		Future financial expenses	Financial lease installments
	Less than one year	Between one and five years	More than five years	Total			
North America	1,078	4,684	12,988	17,672		4,488	23,238
Eastern Europe	5,589	18,638	3,661	22,299		1,673	29,561
<b>Total</b>	<b>6,667</b>	<b>23,322</b>	<b>16,649</b>	<b>39,971</b>		<b>6,161</b>	<b>52,799</b>

Thousands of euros							
2017							
Present value of lease obligations							
Segment	Short term			Long term		Future financial expenses	Financial lease installments
	Less than one year	Between one and five years	More than five years	Total			
North America	996	4,325	13,562	17,887		5,018	23,901
Eastern Europe	1,545	10,073	2,160	12,233		858	14,636
Western Europe	11		-	-			11
<b>Total</b>	<b>2,552</b>	<b>14,398</b>	<b>15,722</b>	<b>30,120</b>		<b>5,876</b>	<b>38,548</b>

### c.2) Borrowings from related parties

This heading in the Consolidated Balance Sheet includes the following items with related parties:

Description	Thousands of euros			
	Long term		Short term	
	2018	2017	2018	2017
Loans (Note 32.1)	4,698	33,053	174,005	93
Fixed assets suppliers (Note 32.1)	23,146	24,256	-	-
Interest (Note 32.1)	-	-	1,678	1,892
<b>Total</b>	<b>27,844</b>	<b>57,309</b>	<b>175,683</b>	<b>1,985</b>

At 31 December 2018 and 31 December 2017, the payable recognised under long-term fixed assets suppliers with Acek, Desarrollo y Gestión Industrial, S.L. corresponds to the purchase of the GESTAMP brand.

On 1 January 2018, a new loan amounting to 171 million dollars, maturing in December 2019 was granted to Gestamp North America, Inc. (company belonging to the North American segment), by Mitsui & Co., LTD (Note 32.1).

On 29 June 2018, the loan held by Gestamp Severstal Kaluga, Llc, a company in the Eastern Europe segment, with its partner JSC Karelsky, was partially repaid and is scheduled to mature in November 2022 (Note 32.1).

Similarly, on 22 June 2017, one of the two loans held by Gestamp Severstal Kaluga, Llc. with its partner JSC Karelsky and originally scheduled to mature in May 2019 was repaid early (Note 32.1).

The breakdown of expected maturities for long-term borrowings with related parties is as follows (Note 32.1):

Description	Thousands of euros					Total 2018	Total 2017
	2020	2021	2022	2023	Beyond		
<b>Loans</b>	-	-	-	4,698	-	4,698	33,053
North America	-	-	-	4,698	-	4,698	18,197
Eastern Europe	-	-	-	-	-	-	14,856
<b>Fixed assets suppliers</b>	1,183	1,260	1,343	1,431	17,929	23,146	24,256
Western Europe	1,183	1,260	1,343	1,431	17,929	23,146	24,256

The detail of the maturities of the balance of this account as of 31 December 2017, is as follows:

Thousands of euros					
2017					
2019	2020	2021	2022	Beyond	Total
23,877	1,183	1,260	11,629	19,360	57,309

Interest rates of loans granted by related parties are at arm's length.

### c.3) Other liabilities

#### Other non-current liabilities

The amounts included under this heading, by item and maturity, at 31 December 2018 and 31 December 2017, are as follows:

Description	Thousands of euros					Total 2018	Total 2017
	2020	2021	2022	2023	Beyond		
Loans from Ministry of Science and Technology	9,283	5,607	4,975	3,211	5,680	28,756	34,183

The detail of these amounts corresponds to companies included in the Western Europe segment.

The detail of the maturities of the balance of this account as of 31 December 2017, is as follows:

Thousands of euros					
2017					
2018	2019	2020	2021	Beyond	Total
9,715	5,811	5,375	4,863	8,419	34,183

### d) Other non-trade liabilities

The breakdown of the amounts included under this heading, by maturity and segment, at 31 December 2018 and 31 December 2017, is as follows:

Description	Thousands of euros					Total 2018	Total 2017
	2020	2021	2022	2023	Beyond		
<b>Guarantees received</b>		-	-	4	558	562	398
Western Europe		-	-	-	558	558	397
Mercosur	-	-	-	4	-	4	1
<b>Other creditors</b>	1,313	979	979	5,862	315	9,448	9,195
Western Europe	1,313	979	979	5,862	315	9,448	8,927
Eastern Europe	-	-	-	-	-	-	241
Mercosur	-	-	-	-	-	-	27
<b>Total</b>	<b>1,313</b>	<b>979</b>	<b>979</b>	<b>5,866</b>	<b>873</b>	<b>10,010</b>	<b>9,593</b>

The breakdown of maturity dates for the balances at December 31, 2017 is as follows:

Thousands of euros					
2017					
2019	2020	2021	2022	Beyond	Total
1,525	1,289	3,542	1,858	1,379	9,593

### Other current borrowings

The breakdown of the balance of this heading in the accompanying Consolidated Balance Sheet, by item, was as follows:

Item	Thousands of euros	
	2018	2017
Fixed assets suppliers	122,338	99,277
Other suppliers (Note 32.1))	1,232	1,311
<u>Dividends (Note 32.1)</u>	<u>37,351</u>	<u>5</u>
Interim dividends ( Nota 17.5)	37,346	-
Dividends	5	5
Short term debts	26,030	29,284
Deposits and guarantees	445	294
Others	(93)	(218)
<b>Total</b>	<b>187,303</b>	<b>129,953</b>

At 31 December 2018, "Short term debts" included an outstanding amount of 5,558 thousand euros relating to the acquisition of 100% of the shares of NCSG Sorocaba Industria Metalúrgica Ltda (Note 3).

**Note 24. Deferred tax**

The movement in deferred tax assets and deferred tax liabilities was as follows:

Deferred tax assets	Thousands of euros						Total
	Tax credits	Reversal of start-up expenses	Non-deductible provisions	Accelerated depreciation	Unrealized, non-deductible exchange gains (losses)	Other	
<b>At December 31, 2016</b>	<b>155,820</b>	<b>1</b>	<b>33,970</b>	<b>7,210</b>	<b>7,394</b>	<b>69,044</b>	<b>273,439</b>
Inclusion in scope	6,190	-	4		2	1,445	7,641
Increases	33,583	-	6,461	1,202	3,741	26,534	71,521
Decreases	(21,677)	-	(6,170)	(449)	(2,868)	(15,616)	(46,780)
Translation differences	(4,808)	-	(1,231)	(239)	(871)	(2,211)	(9,360)
Other	(27,316)	(1)	3,108	(246)	(56)	(6,151)	(30,662)
<b>At December 31, 2017</b>	<b>141,792</b>	<b>-</b>	<b>36,142</b>	<b>7,478</b>	<b>7,342</b>	<b>73,045</b>	<b>265,799</b>
Inclusion in scope		-					-
Increases	36,116	-	6,556	5,093	3,973	24,553	76,291
Decreases	(18,116)	-	(10,292)	(3,686)	(522)	(14,412)	(47,028)
Translation differences	898	-	(926)	40	(838)	10	(816)
Other	35,608		(1,305)	(1,554)	(46)	(4,061)	28,642
<b>At December 31, 2018</b>	<b>196,298</b>	<b>-</b>	<b>30,175</b>	<b>7,371</b>	<b>9,909</b>	<b>79,135</b>	<b>322,888</b>

"Other movements" of tax assets: The amount of (27,316) thousand euros in 2017 related mainly to the effect of recalculating the deferred taxes of the tax group of Gestamp North America, Inc. and subsidiaries as a result of the reduction of the rate of 35% to 21% from 2018 onwards, considering an estimated period for the application of these tax assets in the United States of five years, while the amount of 35,608 thousand euros in 2018 mainly includes the recognition of tax assets for incentives of the Parent Company generated in previous years.

"Increases" of Others: The amount of 26,534 thousand euros in 2017 included mainly the tax effect of the non-deductible expenses for invoices receivable from Gestamp Polska, SP. z.o.o. The amount of 24,553 thousand euros in 2018 included mainly the tax effect of the non-deductible expenses for invoices receivable from Gestamp Polska, SP. z.o.o., and financial expenses not deductible in the year of Gestamp North América, LLC.

"Decreases" of Others: The amount of 15,616 thousand euros in 2017 and 14,412 thousand euros in 2018 included mainly the reversal of the non-deductible expenses for invoices receivable from Gestamp Polska, SP. z.o.o. from prior years. 2017 also included the tax effect of the hedges recognised by the Parent Company.

Deferred tax liabilities	Thousands of euros						
	Tax deduction - goodwill individual companies	Capitalization of expenses	Allocation to goodwill	Revaluation of land and buildings	Depreciation/ amortization	Other	Total
<b>At December 31, 2016</b>	<b>8,346</b>	<b>54,585</b>	<b>21,317</b>	<b>50,837</b>	<b>72,078</b>	<b>31,291</b>	<b>238,454</b>
Inclusion in scope						134	134
Increases	1,389	19,019		286	5,811	7,353	33,858
Decreases		(11,753)	(1,507)	(1,476)	(826)	(3,141)	(18,703)
Translation differences		(45)	-	(167)	(7,582)	(969)	(8,763)
Other	-	(3,753)		-	(19,192)	(4,591)	(27,536)
<b>At December 31, 2017</b>	<b>9,735</b>	<b>58,053</b>	<b>19,810</b>	<b>49,480</b>	<b>50,289</b>	<b>30,077</b>	<b>217,444</b>
Inclusion in scope						396	396
Increases	1,390	21,569		466	16,651	8,530	48,606
Decreases		(8,724)	-	(2,664)	(1,560)	(6,622)	(19,570)
Translation differences		(30)	-	(104)	1,416	8,728	10,010
Other	356	(628)		478	5,553	23,150	28,909
<b>At December 31, 2018</b>	<b>11,481</b>	<b>70,240</b>	<b>19,810</b>	<b>47,656</b>	<b>72,349</b>	<b>64,259</b>	<b>285,795</b>

“Other movements” of asset amortisation The amount of (19,192) thousand euros in 2017 mainly included the effect of recalculating the deferred taxes of the tax group of Gestamp North America, Inc. and subsidiaries, as a result of the reduction of the rate from 35% to 21% from 2018 onwards.

“Other movements” of Others: The amount of 23,150 thousand euros in 2018 (-4,591 thousand euros in 2017) includes mainly the tax effect of the application of IFRS 15 and IFRS 9, amounting to 4,432 thousand euros and 23,920 thousand euros, respectively (Note 5).

The net translation differences generated in 2018 and 2017 amounted to 10,826 and (597) thousand euros, and relate mainly to the application in each year of different exchange rates (see Note 29).

## Note 25. Trade and other payables

### a) Trade payables

	Thousands of euros	
	2018	2017
Trade accounts payable	1,043,127	1,057,690
Trade bills payable	154,411	138,259
Suppliers from related parties (Note 32.1)	341,920	317,054
Trade creditors, related parties (Note 32.1)	134	80
<b>Total</b>	<b>1,539,592</b>	<b>1,513,083</b>

### b) Other payables

	Thousands of euros	
	2018	2017
VAT payable	78,577	81,225
Tax withholdings payable	14,379	15,312
Other items payable to the tax authorities	30,043	17,242
Payable to social security	32,259	31,661
Other payables	7,292	8,712
Outstanding remuneration	122,483	120,933
<b>Total</b>	<b>285,033</b>	<b>275,085</b>

**Note 26. Operating revenue**

## a) Revenue

The breakdown of revenue by category in 2018 and 2017 is as follows:

	Thousands of euros	
	2018	2017
Parts, prototypes and components	7,493,589	7,166,134
Tooling	689,237	746,366
Byproducts and containers	333,070	272,589
Services rendered	31,742	16,482
<b>Total</b>	<b>8,547,638</b>	<b>8,201,571</b>

The geographical breakdown of revenue was as follows:

	Thousands of euros	
	2018	2017
<b>Western Europe</b>	<b>4,101,104</b>	<b>4,011,171</b>
Spain	1,617,184	1,448,269
Germany	1,077,810	1,158,328
United Kingdom	607,916	636,405
France	496,470	501,413
Portugal	238,261	198,359
Sweden	63,463	68,397
<b>Eastern Europe</b>	<b>1,186,751</b>	<b>1,043,441</b>
Turkey	335,689	322,297
Czech Republic	204,376	185,295
Russia	126,879	113,752
Poland	363,177	307,889
Hungary	82,681	66,973
Slovakia	28,668	11,523
Romania	45,281	35,712
<b>Mercosur</b>	<b>585,132</b>	<b>562,316</b>
Brazil	419,967	346,256
Argentina	165,165	216,060
<b>North America</b>	<b>1,659,026</b>	<b>1,482,798</b>
USA	1,080,620	1,012,337
Mexico	578,406	470,461
<b>Asia</b>	<b>1,015,625</b>	<b>1,101,845</b>
China	685,383	736,292
India	183,734	218,602
South Korea	117,012	133,406
Japan	22,226	7,765
Thailand	7,058	5,505
Taiwan	212	275
	<b>8,547,638</b>	<b>8,201,571</b>

## b) Other operating income

	Thousands of euros	
	2018	2017
Other operating income	41,840	40,841
Grants related to income	9,413	5,245
Capital grants transferred to income for the year (Note 20)	4,616	4,918
Excess provision for taxes	3	-
Excess provision for environmental actions and other liabilities	9,912	4,462
Exceso de provisión para reestructuraciones	1,767	-
Own work capitalized	128,807	128,094
Other gains/losses	18,929	13,632
Gains/(losses) from disposals of intangible assets and PP&E	5,570	5,981
Other	13,359	7,651
<b>Total</b>	<b>215,287</b>	<b>197,192</b>

Other operating income in 2018 and 2017 mainly include third party billing for transactions different from the main activity of the companies.

The increase in the "Others" heading under "Other income" includes basically the amount received of Gestamp Palau S.A., relating to the amount received by the insurance company for a claim at such company.

**Note 27. Operating expenses**

## a) Cost of materials used

	Thousands of euros	
	2018	2017
Purchases of goods and tools	478,972	605,254
Discounts on early payment purchases	(1,936)	(1,825)
Returns for purchases and similar transactions	(11,894)	2,865
Volume discounts	(7,427)	(11,804)
Change in inventories (**)	(40,624)	(55,744)
Purchases of raw materials	3,666,488	3,221,954
Consumption of other supplies	728,995	743,511
Work carried out by other companies	356,380	362,974
Losses due to impairment of goods, raw materials (**)	3,085	19,248
Reversal of impairment of goods, raw materials (**)	(15,397)	(4,307)
<b>Total</b>	<b>5,156,642</b>	<b>4,882,126</b>

\*\*The total of these line items amounts to a net consumption of commodities of 52,936 thousand euros (Note 13).

## b) Staff costs

The breakdown of "Personnel expenses" in the Consolidated Income Statement is as follows:

	Thousands of euros	
	31-12-2018	31-12-2017
Salaries	1,188,959	1,142,532
Social security	260,784	247,461
Other benefits expenses	107,076	102,853
<b>Total</b>	<b>1,556,819</b>	<b>1,492,846</b>

Other benefit expenses include the contributions to defined contribution pension plans, amounting to 6.1 million euros in 2018 (31 December 2017: 5.5 million euros) (Note 6.16).

The breakdown, by professional category, of the average number of employees in 2018 and 2017 is as follows:

Professional level	2018	2017
Production workers	22,309	20,135
Maintenance	5,687	5,087
Logistic	4,470	3,935
Engineering	3,096	2,814
Quality	3,207	2,857
Administration, finance and IT	4,332	3,984
<b>Total</b>	<b>43,101</b>	<b>38,812</b>

The breakdown of the number of employees at year-end, by category, at 31 December 2018 and 2017, is as follows:

Professional level	2018			2017		
	Males	Females	Total	Males	Females	Total
Production workers	18,347	3,827	22,174	17,699	3,429	21,128
Maintenance	5,726	105	5,831	5,423	93	5,516
Logistic	4,136	504	4,640	3,711	487	4,198
Engineering	2,777	380	3,157	2,567	347	2,914
Quality	2,759	593	3,352	2,593	518	3,111
Administration, finance and IT	2,551	1,847	4,398	2,406	1,775	4,181
<b>Total</b>	<b>36,296</b>	<b>7,256</b>	<b>43,552</b>	<b>34,399</b>	<b>6,649</b>	<b>41,048</b>

### c) Other operating expenses

	Thousands of euros	
	31-12-2018	31-12-2017
Operation and maintenance	699,974	649,319
Other external services	434,796	438,619
Taxes	33,150	35,830
Impairment of accounts receivable (Note 15.a)	(1,471)	805
Other gains/losses	2,525	1,110
Provision for contingencies and expenses	2,525	1,110
<b>Total</b>	<b>1,168,974</b>	<b>1,125,683</b>

**Note 28. Financial income and financial expenses**

## a) Finance income

	Thousands of euros	
	31-12-2018	31-12-2017
Income from investments in equity instruments	-	1
Other finance income	8,449	8,519
From current loans to related parties (Note 32.1)	224	102
From non-current loans to third parties	283	378
<b>Total</b>	<b>8,956</b>	<b>9,000</b>

## b) Finance costs

	Thousands of euros	
	2018	2017
Interest on bank borrowings	110,546	73,339
Interest on discounted bills of exchange at banks	48	5,153
On trade factoring operations with credit institutions (Note 15.a))	9,529	7,682
Other finance expenses	16,798	11,032
On update provisions	809	102
Interest from receivables, related parties (Note 32.1))	8,798	4,445
<b>Total</b>	<b>146,528</b>	<b>101,753</b>

**Note 29. Income tax**

The Parent Company and its subsidiaries file their income tax returns separately except:

- From January 1, 2014 on, the Parent Company chooses to apply the special fiscal consolidation regime, regulated under Basque Regional Law 11/2013. The subsidiaries included in this fiscal group are Gestamp Bizkaia, S.A; Gestamp Tooling Erandio, S.L.; Gestamp North Europe Services, S.L., Loire S.A.F.E., Gestamp Global Tooling S.L., Matricería Deusto S.L., Adral Matricería y Puesta a punto S.L., Gestamp Tool Hardening S.L., Gestamp Try Out Services S.L., Gestamp Technology Institute S.L. and Diede Die Development S.L.
- The subsidiaries Gestamp North America, Inc., Gestamp Alabama, Ll., Gestamp Mason, Ll., Gestamp Chattanooga, Ll., Gestamp Chattanooga II Ll., Gestamp South Carolina, Ll., Gestamp West Virginia, Ll. and Gestamp Washtenaw Ll. file a tax return according to fiscal transparency system.
- The subsidiaries Griwe Innovative Umforttechnik GmbH, Griwe Werkzeug Produktions GmbH and Griwe System Produktions GmbH file a tax return according to a profit and loss transfer agreement.
- The subsidiaries Edscha Holding, GmbH, Edscha Automotive Hengersberg, GmbH, Edscha Automotive Hauzenberg, GmbH, Edscha Engineering, GmbH, Edscha Kunststofftechnik GmbH, Edscha Hengersberg Real State GmbH and Edscha Hauzenberg Real State GmbH file a tax return according to a profit and loss transfer agreement.
- The subsidiaries GMF Holding GmbH and Gestamp Umformtechnik GmbH file a tax return according to a profit and loss transfer agreement.

- The subsidiaries Gestamp Sweden, AB and Gestamp HardTech AB file a tax return according to a profit and loss transfer agreement.

The detail of income taxes in 2018 and 2017, in thousands of euros, is as follows:

	Thousands of euros	
	2018	2017
Current tax	105,408	89,974
Deferred tax	(32,432)	(7,872)
Other adjustments to tax expense	(1,029)	-
<b>Total</b>	<b>71,947</b>	<b>82,102</b>

The reconciliation of deferred tax revenues in 2018 (revenues in 2017) and the net variation in deferred tax assets and liabilities was as follows:

	Thousands of euros			
	Deferred tax assets		Deferred tax liabilities	
	2018	2017	2018	2017
Balance (Note 24)	322,889	265,799	285,795	217,444
Variation current year	57,090	(7,640)	68,351	(21,010)
Net variation (Increase / decrease in net deferred asset)	(11,261)	13,370		
Translation differences * (Note 24)	10,826	597		
Tax effect of hedges registered in Equity (Note 23.b.1))	3,888	2,437		
IFRS 9 Effect (Note 5)	23,920	-		
IFRS 15 Effect (Note 5)	4,432	-		
Inclusion in scope (Note 2)	396	(7,507)		
Other variations	231	(1,025)		
Increase / decrease in net deferred asset against profit for the year	32,432	7,872		
Income / expense for deferred tax current year	(32,432)	(7,872)		

(\*) It includes the effect of the inflation adjustment of the Argentine companies in the deferred tax accounts, amounting to 8,437 thousand euros (Note 4.5).

The income tax expense, in thousands of euros, was obtained based on the accounting profit before tax, as indicated below:

	Thousands of euros	
	2018	2017
<b>Accounting profit (before taxes)</b>	<b>357,396</b>	<b>370,179</b>
Theoretical tax expense	92,923	103,650
Differences in prevailing rates	6,430	(15,125)
Permanent differences	2,640	2,394
Deductions and tax credits previously not recognized	(21,628)	(27,126)
Statute-barred tax credits	16,609	18,733
Adjustments to income tax of prior years	(23,997)	(3,576)
Adjustments to tax rate	(1,030)	3,152
<b>Tax expense (tax income)</b>	<b>71,947</b>	<b>82,102</b>

The theoretical tax rate applied was 26% in 2018 and 28% in 2017. This change in the theoretical tax rate was due to the change in tax regulations in the Basque Country, whereby the nominal tax rate of 28% in 2017 became 26% in 2018 and will be 24% from 2019.

In 2018, the total amount of the “Theoretical tax rate”, “Difference due to different rates” and “Tax rate adjustments” amounted to 98.3 million euros, which represented an effective resulting tax rate of 27.5%, while in 2017 it was 24.8%.

The Difference due to different rates heading in 2018 and 2017 includes the effect of the different tax rates with respect to the theoretical rate applied, which corresponds mainly to the United States (21%); Mexico (30%) and Brazil (34%).

The permanent differences in 2018 and 2017 include mainly the exemption of income for the billing of the brand, non-deductible exchange rate differences and other non-deductible expenses, together with the permanent differences generated in the consolidation process.

The tax rate adjustments in 2018 mainly included the effect of recalculating the deferred taxes of the tax group of Gestamp Automoción, S.A., as a result of the reduction of the rate from 28% to 24% from 2019 onwards.

The tax rate adjustments in 2017 mainly included the effect of recalculating the deferred taxes of the tax group of Gestamp North America, Inc. as a result of the reduction of the rate from 35% to 21% from 2018 onwards.

The adjustments relating to prior years' taxes in 2018 include mainly the recognition in 2018 of tax assets for incentives accrued in prior years by the Parent Company's tax group.

The amounts resulting from the conversion to euros of the tax losses pending offset and of the unused tax incentives at 31 December 2018 and 2017, applying the year-end exchange rates at those dates for those amounts in currencies other than the euro were as follows:

	Millions of euros					
	2018			2017		
	With tax credit registered	Without tax credit registered	Total	With tax credit registered	Without tax credit registered	Total
Negative tax bases pending to be offset	511	650	<b>1,161</b>	307	721	<b>1,028</b>
<i>Tax credit</i>	126	162	<b>288</b>	94	192	<b>286</b>
Unused tax incentives	70	99	<b>169</b>	48	115	<b>163</b>
<i>Tax credit</i>	70	99	<b>169</b>	48	115	<b>163</b>
<b>Total Tax credit registered (Note 24)</b>	<b>196</b>			<b>142</b>		

Those unused tax losses and tax incentives that the Group considers to be recoverable based on the projections for the generation of future tax profits and the temporary limits and limits for the offset of these tax losses and tax incentives were capitalised at 31 December 2018 and 2017.

The recoverability of the tax assets was analysed based on the estimates of future results for each of the companies. Such recoverability depends, in the last resort, on the capacity of each company to generate taxable profit over the period in which the deferred tax assets are deductible.

Accordingly, the recoverability analysis was prepared on the basis of the time period in force for these tax assets, with a maximum of 10 years, using the current conditions for the use of such tax assets, especially the limits to offset such tax losses.

The tax losses pending offset and the unused tax incentives at 31 December 2018 and 2017, whose tax assets were recognised, have the following details by expiry date:

<b>2018</b>		
Millions of euros		
Range of maturity	Negative Tax Bases	Tax incentives
2019-2024	35	3
2025-2030	57	4
2031-2037	285	63
Without limit	134	-
<b>Total</b>	<b>511</b>	<b>70</b>

<b>2017</b>		
Millions of euros		
Range of maturity	Negative Tax Bases	Tax incentives
2018-2023	25	3
2024-2029	62	22
2030-2036	60	22
Without limit	160	1
<b>Total</b>	<b>307</b>	<b>48</b>

The tax losses pending offset and the unused tax incentives at 31 December 2018 and 2017, whose tax assets had not been recognised, have the following details by expiry date:

<b>2018</b>		
Millions of euros		
Range of maturity	Negative Tax Bases	Tax incentives
2019-2024	119	7
2025-2030	73	3
2031-2037	89	78
Without limit	369	11
<b>Total</b>	<b>650</b>	<b>99</b>

<b>2017</b>		
Millions of euros		
Range of maturity	Negative Tax Bases	Tax incentives
2018-2023	116	9
2024-2029	100	97
2030-2036	44	9
Without limit	461	-
<b>Total</b>	<b>721</b>	<b>115</b>

Most of the Group companies have all the taxes applicable to them open for review, for the whole period pending expiry (four years from the presentation date for the Spanish companies, except those

located in Basque territory, which expire at three years and, generally, five years for foreign operations) or from the date on which they are formed if such date is more recent.

The directors of the Parent Company and subsidiaries calculated the income tax for 2018 and that open for review, in accordance with the prevailing regulations in each year. Due to the possible interpretations of the tax regulations as a result of that set forth in the previous paragraphs, differences may exist associated with the calculation of income tax for 2018 and previous years, which cannot be objectively quantified; however, in the opinion of the Group's directors and its tax and legal advisors, the tax debt that may arise therefrom would not significantly affect the Consolidated Financial Statements.

### **Note 30. Earnings per share**

Basic earnings per share are calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are also calculated by adjusting the profit attributable to ordinary equity holders of the Parent Company and the weighted average number of ordinary shares outstanding by all the dilutive effects inherent to potential ordinary shares.

Basic and diluted earnings per share for 2018 and 2017 are as follows:

	<b>2018</b>	<b>2017</b>
Profit attributable to the shareholders of the Parent (thousands of euros)	257,690	239,692
Loss from discontinued activities attributable to the shareholders of the Parent (thousands of euros)	-	-
Weighted average number of ordinary shares outstanding (thousands of shares)	575,307	575,514
Basic earnings per share from continuing operations (Euros per share)	0.45	0.42
Basic earnings per share from discontinued operations (Euros per share)	-	-
Diluted earnings per share from continuing operations (Euros per share)	0.45	0.42

The calculation of the weighted average number of ordinary shares has discounted the average number of treasury shares in 2018. There were not treasury shares in 2017.

### **Note 31. Commitments**

The Group is lessee of buildings, warehouses, machinery and vehicles. The lease expenses charged in the Consolidated Income Statement at 31 December 2018 amounted to 142,684 thousand euros (31 December 2017: 116,511 thousand euros) and the breakdown, by segment, was as follows:

	Thousands of euros	
	31-12-2018	31-12-2017
Western Europe	68,477	63,123
Eastern Europe	14,451	11,613
Mercosur	3,952	3,518
North America	45,356	29,598
Asia	10,448	8,659
<b>Total</b>	<b>142,684</b>	<b>116,511</b>

Total future minimum payments for non-cancellable operating lease contracts at 31 December 2018 and 31 December 2017 amounted to 524,279 thousand euros and 497,131 thousand euros, respectively, are as follows:

	Thousands of euros		
	Less than 1 year	Between 1 and 5 years	More than 5 years
Western Europe	45,629	87,759	88,969
Eastern Europe	4,841	14,978	1,903
Mercosur	1,951	-	-
North America	43,621	133,818	89,372
Asia	4,795	3,809	2,834
<b>Total 2018</b>	<b>100,837</b>	<b>240,364</b>	<b>183,078</b>

	Thousands of euros		
	Less than 1 year	Between 1 and 5 years	More than 5 years
<b>Total 2017</b>	<b>89,861</b>	<b>215,351</b>	<b>191,919</b>

The change in future minimum payments from 2017 to 2018 corresponded to the renegotiation of already existing agreements and to the signature of new agreements (mainly related to buildings and machinery) at companies belonging fundamentally to the Eastern European and North American segments. This figure is also affected by the reclassification of payments as they approach to maturity date.

The commitments acquired by the different Group companies relating to the acquisition of fixed assets and tools amounted to 487 million euros at 31 December 2018. It is foreseeable that these orders will be executed from 2018 to 2021.

The Group has no guarantees granted to third parties. Guarantees received from financial entities by the Group and presented to third parties at 31 December 2018 amounted to 179 million euros (31 December 2017: 126 million euros).

## **Note 32. Related Party transactions**

### **32.1 Balances and transactions with Related Parties**

At 31 December 2018 and 31 December 2017, the transactions carried out with related parties were as follows:

	Thousands of euros	
	2018	2017
Receivables / Payables	(466,344)	(323,591)
Revenue		
Sales of goods	(314,530)	(248,965)
Services rendered	(5,684)	(4,330)
Finance income	(224)	(102)
Expenses		
Purchases	1,461,965	1,227,416
Services received	69,164	53,354
Finance expenses	8,798	4,445

Debit balance: Positive / Credit balance: Negative

The consideration of related parties in the following schedules correspond to subsidiaries and associates of Acek Desarrollo y Gestión Industrial S.L. Group where the Parent Company has not direct or indirect investment.

Sales included in the accompanying tables detailing transactions with related parties relate mainly to the sale of by-products, while the most significant purchases relate to the supply of steel and services received for machine shop and steel cutting works.

There are no acquisition commitments with related parties no related to the usual productive activity of the Group.

The breakdown of receivables from and payables to related parties at 31 December 2018 were as follows:

31-12-2018			
Company	Thousands of euros	Company	Thousands of euros
<b>Shareholders</b>		<b>Shareholders</b>	
JSC Karelsky Okatysh	(4,698)	Acek, Desarrollo y Gestión Industrial, S.L.	(1,193)
<b>Total non-current loans (Note 23.c.2)</b>	<b>(4,698)</b>	JSC Karelsky Okatysh	(449)
<b>Shareholders</b>		<b>Related parties</b>	
JSC Karelsky Okatysh	(4,599)	Gonvarri I. Centro Servicios, S.L.	(36)
Mitsui & Co., Ltd.	(168,394)	<b>Total interest payable (Note 23.c.2)</b>	<b>(1,678)</b>
Tuyauto, S.A.	(918)	<b>Associates</b>	
<b>Related parties</b>		Esymo Metal, S.L.	160
Gescrap Bilbao, S.L.	(92)	<b>Total Non-current Loans</b>	<b>160</b>
Otros	(2)	<b>Shareholders</b>	
<b>Total current loans (Note 23.c.2)</b>	<b>(174,005)</b>	Acek, Desarrollo y Gestión Industrial, S.L.	(7,365)
<b>Associates</b>		Gestamp 2020, S.L.	(18,742)
Esymo Metal, S.L.	320	Free float	(11,239)
Gestión Global de Matricería, S.L.	21,400	Others shareholders	(5)
<b>Total Current Loans</b>	<b>21,720</b>	<b>Total Dividends payable (Note 23.d)</b>	<b>(37,351)</b>
<b>Shareholders</b>		<b>Shareholders</b>	
Acek, Desarrollo y Gestión Industrial, S.L.	904	Acek, Desarrollo y Gestión Industrial, S.L.	(7,182)
<b>Related parties</b>		<b>Related parties</b>	
GES Recycling, Ltd.	(2)	ArcelorMittal Flat Carbon, Luxemburg	(5,080)
GES Recycling USA Llc.	6,596	ArcelorMittal Gonvarri Brasil Ptos. Siderúrgicos, S.A.	(9,390)
Gescrap Aragón, S.L.	32	Bursa Celik Sigorta Araçlik Hizma. A.S.	(44)
Gescrap Autometal Comercio de Sucatas, S.A.	692	Dongguan Gonvarri Center, LTD.	(3,614)
Gescrap Autometal México, S.A. de C.V.	1,502	Gescrap Autometal México, S.A. de C.V.	(2)
Gescrap Bilbao, S.L.	2,915	Gescrap France S.A.R.L.	(27)
Gescrap Centro, S.L.	1,394	Gescrap GmbH	(12)
Gescrap Czech S.R.O.	171	Gescrap Navarra, S.L.	(2)
Gescrap Desarrollo, S.L.U.	(522)	Gescrap Slovakia S.R.O.	(1,246)
Gescrap France S.A.R.L.	3,353	Gonvarri Argentina, S.A.	(6,459)
Gescrap GmbH	2,880	Gonvarri Czech, S.R.O.	(1,481)
Gescrap Hungary, Kft.	991	Gonvarri Galicia, S.A.	(34,206)
Gescrap Navarra, S.L.	272	Gonvarri I. Centro Servicios, S.L.	(113,491)
Gescrap Noroeste, S.L.U.	509	Gonvarri Polska SP, Z.o.o.	(21,432)
Gescrap Polska SP, ZOO.	2,611	Gonvarri Ptos. Siderúrgicos, S.A.	(17,127)
Gescrap Rusia, Ltd.	779	Gonvauto Asturias, S.L.	(3,888)
Gescrap Slovakia S.R.O.	95	Gonvauto Navarra, S.A.	(6,019)
Gestamp Solar Steel, S.L.	46	Gonvauto Puebla, S.A. de C.V.	(23,305)
Gonvarri Argentina, S.A.	2	Gonvauto South Carolina Llc.	(11,538)
Gonvarri Czech, S.R.O.	52	Gonvauto Thüringen, GMBH	(9,404)
Gonvarri Galicia, S.A.	1,275	Gonvauto, S.A.	(19,424)
Gonvarri I. Centro Servicios, S.L.	2,822	Gonvvama, Ltd.	(190)
Gonvarri Industrial, S.A.	435	Arcelor Group	(13,550)
Gonvarri Polska SP, Z.o.o.	(34)	Arcelor Group (rappe)	8,399
Gonvauto Navarra, S.A.	960	Industrial Ferrodistribuidora, S.A.	(2,421)
Gonvauto Puebla, S.A. de C.V.	10	Inmobiliaria Acek, S.L.	(496)
Gonvauto South Carolina Llc.	2,760	Laser Automotive Barcelona, S.L.	(1,271)
Gonvauto Thüringen, GMBH	1,414	Severstal Gonvarri Kaluga, LLC	(5,235)
Gonvauto, S.A.	1,483	Steel & Alloy, Ltd.	(12,365)
Gonvvama, Ltd.	286	Others	(3)
GS Hot-Stamping Co., Ltd.	5	<b>Associates</b>	
Industrial Ferrodistribuidora, S.A.	608	Esymo Metal, S.L.	(2,443)
Road Steel Engineering, S.L.	3	Gestamp Tooling Manufacturing Kunshan Co., Ltd.	(9,688)
Severstal Gonvarri Kaluga, LLC	1	Gestión Global de Matricería, S.L.	(335)
<b>Associates</b>		GGM Puebla, S.A. de C.V.	(5,196)
Esymo Metal, S.L.	10	Global Laser Araba, S.L.	(996)
Gestamp Auto Components Sales (Tianjin) Co., Ltd.	49,748	Ingeniería y Construcción Matrices, S.A.	(1,605)
Gestamp Tooling Manufacturing Kunshan Co., Ltd.	2,214	IxCxT, S.A.	(152)
Gestión Global de Matricería, S.L.	214	<b>Total Suppliers, related parties (Note 25.a)</b>	<b>(341,920)</b>
GGM Puebla, S.A. de C.V.	4,683	<b>Related parties</b>	
Global Laser Araba, S.L.	47	Gestamp Solar Infraestructuras, S.L.	(134)
Ingeniería y Construcción Matrices, S.A.	1,485	<b>Total Trade creditors, related parties (Note 25.a)</b>	<b>(134)</b>
IxCxT, S.A.	165	<b>Shareholders</b>	
<b>Total Trade receivables from related parties (Note 15.a)</b>	<b>95,866</b>	Acek, Desarrollo y Gestión Industrial, S.L.	(23,146)
<b>Related parties</b>		<b>Total long-term asset suppliers (Note 23.c.2)</b>	<b>(23,146)</b>
Gonvauto Thüringen, GMBH	74		
<b>Total Debtors, related parties (Note 15.b)</b>	<b>74</b>		
<b>Shareholders</b>			
Acek, Desarrollo y Gestión Industrial, S.L.	(1,110)		
<b>Related parties</b>			
Gescrap Autometal México, S.A. de C.V.	(61)		
Gonvauto Puebla, S.A. de C.V.	(3)		
<b>Associates</b>			
GGM Puebla, S.A. de C.V.	(49)		
Global Laser Araba, S.L.	(9)		
<b>Total Other current suppliers (Note 23.d)</b>	<b>(1,232)</b>		
<b>Total debit/credit balances</b>			<b>(466,344)</b>

The breakdown of receivables from and payables to related parties at 31 December 2017 were as follows:

31-12-2017			
Company	Thousands of euros	Company	Thousands of euros
<b>Shareholders</b>		<b>Shareholders</b>	
Mitsui & Co., Ltd.	(18,197)	Acek, Desarrollo y Gestión Industrial, S.L.	(1,244)
JSC Karelsky Okatysh	(14,856)	JSC Karelsky Okatysh	(518)
<b>Total non-current loans (Note 23.c.2)</b>	<b>(33,053)</b>	Mitsui & Co., Ltd.	(94)
<b>Associates</b>		<b>Related parties</b>	
Esymo Metal, S.L.	320	Gonvarri I. Centro Servicios, S.L.	(36)
Gestión Global de Matricería, S.L.	21,400	<b>Total interest payable (Note 23.c.2)</b>	<b>(1,892)</b>
<b>Total Current Loans</b>	<b>21,720</b>	<b>Associates</b>	
<b>Associates</b>		Esymo Metal, S.L.	480
Esymo Metal, S.L.	1	<b>Total Non-current Loans</b>	<b>480</b>
Gestión Global de Matricería, S.L.	4	<b>Shareholders</b>	
<b>Total Interest receivable</b>	<b>5</b>	Others shareholders	(5)
<b>Related parties</b>		<b>Total Dividends payable (Note 23.d)</b>	<b>(5)</b>
Gescrap Centro, S.L.	1,416	<b>Shareholders</b>	
Gescrap France S.A.R.L.	953	Acek, Desarrollo y Gestión Industrial, S.L.	(945)
Gescrap Navarra, S.L.	345	<b>Related parties</b>	
Gescrap Polska SP, ZOO.	2,289	Gonvarri Argentina, S.A.	(8,169)
Gescrap Desarrollo, S.L.U.	1,236	Gonvarri Galicia, S.A.	(38,595)
Gescrap Bilbao, S.L.	4,697	Gonvarri I. Centro Servicios, S.L.	(92,445)
Gescrap Aragón, S.L.	62	Severstal Gonvarri Kaluga, LLC	(5,300)
Gescrap Autometal México, S.A. de C.V.	913	Gonvarri Polska SP, Z.o.o.	(13,715)
Gescrap Czech S.R.O.	66	Gonvarri Ptos. Siderúrgicos, S.A.	(20,668)
Gescrap Rusia, Ltd.	285	ArcelorMittal Gonvarri Brasil Ptos. Siderúrgicos, S.A.	(9,093)
Gescrap Autometal Comercio de Sucatas, S.A.	843	Gonvauto Asturias, S.L.	(2,928)
Gestamp Solar Steel, S.L.	46	Dongguan Gonvarri Center, LTD.	(6,749)
Gescrap GmbH	4,143	Gonvauto Navarra, S.A.	(3,949)
Gescrap Noroeste, S.L.U.	661	Gonvauto Puebla, S.A. de C.V.	(28,165)
GES Recycling USA Llc.	2,290	Gonvauto Thüringen, GMBH	(11,074)
Gonvarri Galicia, S.A.	1,936	Gonvauto, S.A.	(27,410)
Gonvarri I. Centro Servicios, S.L.	1,198	Gonvauto South Carolina Llc.	(8,314)
Gonvarri Industrial, S.A.	(79)	Industrial Ferrodistribuidora, S.A.	(1,786)
Gonvauto Navarra, S.A.	584	Laser Automotive Barcelona, S.L.	(1,267)
Gonvauto Puebla, S.A. de C.V.	117	Bursa Celik Sigorta Aracilik Hizma. A.S.	(37)
Gonvauto Thüringen, GMBH	1,244	Gonvarri Czech, S.R.O.	(323)
Gonvauto, S.A.	958	Steel & Alloy, Ltd.	(21,380)
Steel & Alloy, Ltd.	612	Inmobiliaria Acek, S.L.	(132)
Gonvvama, Ltd.	278	Arcelor Group	(4,162)
Others	154	Others	(71)
<b>Associates</b>		<b>Associates</b>	
Gestamp Tooling Manufacturing Kunshan Co., Ltd.	395	Gestamp Tooling Manufacturing Kunshan Co., Ltd.	(2,566)
Esymo Metal, S.L.	26	Esymo Metal, S.L.	(1,690)
GGM Puebla, S.A. de C.V.	3,183	GGM Puebla, S.A. de C.V.	(3,939)
Gestión Global de Matricería, S.L.	4	Gestión Global de Matricería, S.L.	(330)
Global Laser Araba, S.L., S.L.	53	Global Laser Araba, S.L., S.L.	(662)
Hierros y Aplanaciones, S.A.	66	Ingeniería y Construcción Matrices, S.A.	(955)
Ingeniería y Construcción Matrices, S.A.	871	IxCxT, S.A.	(235)
IxCxT, S.A.	103	<b>Total Suppliers, related parties (Note 25.a)</b>	<b>(317,054)</b>
<b>Total Trade receivables from related parties (Note 15.a)</b>	<b>31,948</b>	<b>Related parties</b>	
<b>Related parties</b>		Gestamp Solar Steel, S.L.	(80)
Gescrap Bilbao, S.L.	(93)	<b>Total Trade creditors, related parties (Note 25.a)</b>	<b>(80)</b>
<b>Total current loans (Note 23.c.2)</b>	<b>(93)</b>	<b>Shareholders</b>	
<b>Shareholders</b>		Acek, Desarrollo y Gestión Industrial, S.L.	(24,256)
Acek, Desarrollo y Gestión Industrial, S.L.	(1,042)	<b>Total long-term asset suppliers (Note 23.c.2)</b>	<b>(24,256)</b>
<b>Associates</b>			
GGM Puebla, S.A. de C.V.	(269)		
<b>Total Other current suppliers (Note 23.d)</b>	<b>(1,311)</b>		
		<b>Total debit/credit balances</b>	<b>(323,591)</b>

The breakdown of transactions carried out with related parties in 2018 were as follows:

31-12-2018			
Company	Thousands of euros	Company	Thousands of euros
<b>Related parties</b>			
GES Recycling, Ltd.	(12.755)	ArcelorMittal Flat Carbon, Luxemburg	2.431
GES Recycling USA Llc.	(35.165)	ArcelorMittal Gonvarri Brasil Ptos. Siderúrgicos, S.A.	83.349
Gescrap Aragón, S.L.	(1.608)	Dongguan Gonvarri Center, LTD.	34.604
Gescrap Autometal Comercio de Sucatas, S.A.	(15.361)	Gonvarri Argentina, S.A.	61.865
Gescrap Autometal México, S.A. de C.V.	(23.653)	Gonvarri Galicia, S.A.	93.818
Gescrap Bilbao, S.L.	(32.377)	Gonvarri I. Centro Servicios, S.L.	380.155
Gescrap Centro, S.L.	(9.101)	Gonvarri Polska SP, Z.o.o.	140.989
Gescrap Czech S.R.O.	(1.080)	Gonvarri Ptos. Siderúrgicos, S.A.	45.563
Gescrap France S.A.R.L.	(22.969)	Gonvauto Asturias, S.L.	16.039
Gescrap GmbH	(35.913)	Gonvauto Navarra, S.A.	18.279
Gescrap Hungary, Kft.	(2.952)	Gonvauto Puebla, S.A. de C.V.	123.366
Gescrap Navarra, S.L.	(6.045)	Gonvauto South Carolina Llc.	41.240
Gescrap Noroeste, S.L.U.	(4.405)	Gonvauto Thüringen, GMBH	89.548
Gescrap Polska SP, ZOO.	(16.744)	Gonvauto, S.A.	77.242
Gescrap Rusia, Ltd.	(5.523)	Arcelor Group	89.570
Gescrap Slovakia S.R.O.	(95)	Holding Gonvarri, S.L.	87.669
Gonvarri Argentina, S.A.	(2)	Industrial Ferrodistribuidora, S.A.	7.386
Gonvarri Czech, S.R.O.	(52)	Laser Automotive Barcelona, S.L.	58
Gonvarri Galicia, S.A.	(4.067)	Severstal Gonvarri Kaluga, LLC	62.774
Gonvarri I. Centro Servicios, S.L.	(2.128)	Steel & Alloy, Ltd.	1.113
Gonvarri Polska SP, Z.o.o.	(16)		
Gonvauto Navarra, S.A.	(5.025)	<b>Associates</b>	
Gonvauto Puebla, S.A. de C.V.	(22)	Esymo Metal, S.L.	763
Gonvauto South Carolina Llc.	(1.091)	Gestamp Tooling Manufacturing Kunshan Co., Ltd.	728
Gonvauto Thüringen, GMBH	(10.268)	GGM Puebla, S.A. de C.V.	3.403
Gonvauto, S.A.	(17.196)	Global Laser Araba, S.L.	13
Arcelor Group	(2.042)	<b>Total Purchases</b>	<b>1.461.965</b>
Hierros y Aplanaciones, S.A.	(35)	<b>Shareholders</b>	
Industrial Ferrodistribuidora, S.A.	(139)	Acek, Desarrollo y Gestión Industrial, S.L.	7.451
Severstal Gonvarri Kaluga, LLC	(116)	<b>Related parties</b>	
<b>Associates</b>		Air Executive, S.L.	320
Gestamp Auto Components Sales (Tianjin) Co., Ltd.	(45.462)	ArcelorMittal Gonvarri Brasil Ptos. Siderúrgicos, S.A.	1.508
Gestamp Tooling Manufacturing Kunshan Co., Ltd.	(193)	Dongguan Gonvarri Center, LTD.	8
Gestión Global de Matricería, S.L.	(12)	Gescrap Autometal Comercio de Sucatas, S.A.	2
GGM Puebla, S.A. de C.V.	(408)	Gescrap Autometal México, S.A. de C.V.	7
Global Laser Araba, S.L.	6	Gescrap France S.A.R.L.	36
Ingeniería y Construcción Matrices, S.A.	(516)	Gescrap GmbH	322
<b>Total Sales</b>	<b>(314.530)</b>	Gescrap Hungary, Kft.	1
<b>Shareholders</b>		Gescrap Navarra, S.L.	15
Acek, Desarrollo y Gestión Industrial, S.L.	(834)	Gescrap Polska SP, ZOO.	28
<b>Related parties</b>		Gescrap Slovakia S.R.O.	1.047
Dongguan Gonvarri Center, LTD.	(28)	Gestamp Solar Infraestructuras, S.L.	130
GES Recycling USA Llc.	(2)	Gonvarri Argentina, S.A.	4
Gescrap Aragón, S.L.	(2)	Gonvarri Czech, S.R.O.	5.537
Gescrap Autometal México, S.A. de C.V.	(14)	Gonvarri Galicia, S.A.	31
Gescrap Bilbao, S.L.	(64)	Gonvarri I. Centro Servicios, S.L.	107
Gescrap France S.A.R.L.	(88)	Gonvarri Industrial, S.A.	11
Gescrap GmbH	(1)	Gonvarri Polska SP, Z.o.o.	35
Gescrap Hungary, Kft.	(5)	Gonvarri Ptos. Siderúrgicos, S.A.	211
Gescrap Polska SP, ZOO.	(57)	Gonvauto Asturias, S.L.	(30)
Gescrap Rusia, Ltd.	(4)	Gonvauto Navarra, S.A.	360
Gonvarri Czech, S.R.O.	(13)	Gonvauto Puebla, S.A. de C.V.	196
Gonvarri Industrial, S.A.	(1.589)	Gonvauto South Carolina Llc.	6.583
Gonvarri Polska SP, Z.o.o.	36	Gonvauto Thüringen, GMBH	11
Gonvarri Ptos. Siderúrgicos, S.A.	(1)	Gonvauto, S.A.	56
Gonvauto Puebla, S.A. de C.V.	(8)	Gonvvama, Ltd.	261
Gonvauto Thüringen, GMBH	(124)	Arcelor Group	62
Gonvvama, Ltd.	(269)	Industrial Ferrodistribuidora, S.A.	50
Inmobiliaria Acek, S.L.	(20)	Inmobiliaria Acek, S.L.	2.252
Road Steel Engineering, S.L.	(9)	Laser Automotive Barcelona, S.L.	4.061
<b>Associates</b>		Steel & Alloy, Ltd.	2
Esymo Metal, S.L.	(119)	Others	83
Gestamp Auto Components Sales (Tianjin) Co., Ltd.	(40)	<b>Associates</b>	
Gestamp Tooling Manufacturing Kunshan Co., Ltd.	(762)	Esymo Metal, S.L.	3.247
Gestión Global de Matricería, S.L.	(9)	Gestamp Tooling Manufacturing Kunshan Co., Ltd.	12.449
GGM Puebla, S.A. de C.V.	(1.020)	Gestión Global de Matricería, S.L.	2.502
Global Laser Araba, S.L.	(83)	GGM Puebla, S.A. de C.V.	5.336
Ingeniería y Construcción Matrices, S.A.	(440)	Global Laser Araba, S.L.	7.282
IxCXT, S.A.	(115)	Ingeniería y Construcción Matrices, S.A.	5.568
<b>Total Services rendered</b>	<b>(5.684)</b>	IxCXT, S.A.	2.022
<b>Associates</b>		<b>Total Services received</b>	<b>69.164</b>
Esymo Metal, S.L.	(8)	<b>Shareholders</b>	
Gestión Global de Matricería, S.L.	(216)	Acek, Desarrollo y Gestión Industrial, S.L.	1.607
<b>Total Financial income (Note 28.a)</b>	<b>(224)</b>	JSC Karelsky Okatysh	1.074
		Mitsui & Co., Ltd.	4.821
		<b>Related parties</b>	
		Gonvarri Galicia, S.A.	370
		Gonvarri I. Centro Servicios, S.L.	264
		Gonvarri Ptos. Siderúrgicos, S.A.	165
		Gonvauto Navarra, S.A.	20
		Gonvauto Puebla, S.A. de C.V.	367
		Gonvauto, S.A.	102
		Industrial Ferrodistribuidora, S.A.	8
		<b>Total Financial expenses (Note 28.b)</b>	<b>8.798</b>

The breakdown of transactions carried out with related parties in 2017 were as follows:

31-12-2017			
Company	Thousands of euros	Company	Thousands of euros
<b>Related parties</b>		<b>Related parties</b>	
Gescrap Autometal Comercio de Sucatas, S.A.	(11,206)	ArcelorMittal Gonvarri Brasil Ptos. Siderúrgicos, S.A.	47,287
Gescrap Autometal México, S.A. de C.V.	(19,624)	Gonvauto Asturias, S.L.	14,685
Gescrap Centro, S.L.	(3,851)	Gonvarri Argentina, S.A.	59,862
Gescrap France S.A.R.L.	(18,074)	Gonvarri Galicia, S.A.	93,151
Gescrap Navarra, S.L.	(5,507)	Gonvarri I. Centro Servicios, S.L.	294,165
Gescrap Polska SP, ZOO.	(14,038)	Gonvarri Polska SP, Z.o.o.	103,279
Gescrap Czech S.R.O.	(806)	Gonvarri Ptos. Siderúrgicos, S.A.	43,061
GES Recycling, Ltd.	(16,460)	Gonvauto Navarra, S.A.	10,372
Gescrap RUS LLC.	(3,045)	Gonvauto Puebla, S.A. de C.V.	106,017
Gescrap GmbH	(33,453)	Gonvauto Thüringen, GMBH	55,393
Gescrap Hungary, Kft.	(2,419)	Gonvauto, S.A.	91,688
Gescrap Noroeste, S.L.U.	(3,958)	Industrial Ferrodistribuidora, S.A.	4,801
Gescrap Bilbao, S.L.	(32,079)	Severstal Gonvarri Kaluga, LLC	46,679
Gescrap Aragón, S.L.	(576)	Steel & Alloy, Ltd.	95,681
GES Recycling USA LLC.	(24,173)	Gonvauto South Carolina LLC.	24,566
Gonvarri Galicia, S.A.	(7,639)	Laser Automotive Barcelona, S.L.	54
Gonvarri I. Centro Servicios, S.L.	(1,518)	Gonvarri Corporación Financiera, S.L.	34
Gonvauto Navarra, S.A.	(2,852)	Dongguan Gonvarri Center, Ltd.	37,069
Gonvauto Puebla, S.A. de C.V.	(232)	Arcelor Group	94,091
Hierros y Aplanaciones, S.A.	(54)	Others	3
Industrial Ferrodistribuidora, S.A.	(300)	<b>Associates</b>	
Gonvauto, S.A.	(23,342)	Gestamp Tooling Manufacturing Kunshan Co., Ltd.	629
Gonvauto Thüringen, GMBH	(7,093)	GGM Puebla, S.A. de C.V.	4,061
Gonvarri Polska SP, Z.o.o.	(10)	Global Laser Araba, S.L., S.L.	25
Gonvarri Ptos. Siderúrgicos, S.A.	(4)	Esymo Metal, S.L.	763
Severstal Gonvarri Kaluga, LLC	(53)	<b>Total Purchases</b>	<b>1,227,416</b>
Arcelor Group	(109)	<b>Shareholders</b>	
Others	(6)	Acek, Desarrollo y Gestión Industrial, S.L.	4,890
<b>Associates</b>		<b>Related parties</b>	
Ingeniería y Construcción Matrices, S.A.	(927)	ArcelorMittal Gonvarri Brasil Ptos. Siderúrgicos, S.A.	3,203
Gestamp Tooling Manufacturing Kunshan Co., Ltd.	(11,990)	Gescrap GmbH	298
GGM Puebla, S.A. de C.V.	(46)	Gescrap Polska SP, ZOO.	366
Gestión Global de Matricería, S.L.	(10)	Gonvarri Polska SP, Z.o.o.	299
Global Laser Araba, S.L., S.L.	(3,511)	Gonvarri Ptos. Siderúrgicos, S.A.	263
<b>Total Sales</b>	<b>(248,965)</b>	Gonvarri I. Centro Servicios, S.L.	156
<b>Shareholders</b>		Gonvauto Puebla, S.A. de C.V.	358
Acek, Desarrollo y Gestión Industrial, S.L.	(793)	Gonvauto, S.A.	51
<b>Related parties</b>		Gonvauto Navarra, S.A.	129
Gonvarri Polska SP, Z.o.o.	(97)	Gonvauto South Carolina LLC.	7,182
Gonvauto Thüringen, GMBH	(62)	Laser Automotive Barcelona, S.L.	2,976
Gescrap Polska SP, ZOO.	(57)	Gonvarri Czech, S.R.O.	2,754
Gescrap RUS LLC.	(7)	Dongguan Gonvarri Center, Ltd.	27
Gescrap Hungary, Kft.	(52)	Inmobiliaria Acek, S.L.	2,043
Inmobiliaria Acek, S.L.	(20)	Others	105
Others	(33)	<b>Associates</b>	
<b>Associates</b>		Air Executive, S.L.	1,275
Ingeniería y Construcción Matrices, S.A.	(728)	Ingeniería y Construcción Matrices, S.A.	6,338
IxCxT, S.A..	(237)	IxCxT, S.A..	1,848
Esymo Metal, S.L.	(131)	Gestamp Tooling Manufacturing Kunshan Co., Ltd.	3,872
GGM Puebla, S.A. de C.V.	(1,223)	Esymo Metal, S.L.	2,879
Gestamp Tooling Manufacturing Kunshan Co., Ltd.	(393)	Gestión Global de Matricería, S.L.	2,409
Global Laser Araba, S.L., S.L.	(228)	Global Laser Araba, S.L., S.L.	2,787
Gonvvama, Ltd.	(269)	GGM Puebla, S.A. de C.V.	6,846
<b>Total Services rendered</b>	<b>(4,330)</b>	<b>Total Services received</b>	<b>53,354</b>
<b>Shareholders</b>		<b>Shareholders</b>	
Acek, Desarrollo y Gestión Industrial, S.L.	(2)	Acek, Desarrollo y Gestión Industrial, S.L.	1,677
<b>Associates</b>		Mitsui & Co., Ltd.	498
Esymo Metal, S.L.	(12)	JSC Karelsky Okatysh	1,673
Gestión Global de Matricería, S.L.	(88)	<b>Related parties</b>	
<b>Total Financial income (Note 28.a)</b>	<b>(102)</b>	Gonvarri Galicia, S.A.	46
		Gonvarri I. Centro Servicios, S.L.	164
		Gonvarri Ptos. Siderúrgicos, S.A.	8
		Gonvauto Navarra, S.A.	8
		Gonvauto, S.A.	180
		Gonvauto Puebla, S.A. de C.V.	185
		Others	6
		<b>Total Financial expenses (Note 28.b)</b>	<b>4,445</b>

### 32.2 Board of Directors' remuneration

In 2017, Acek Desarrollo y Gestión Industrial, S.L. was a member of the Board of Directors of certain Group subsidiaries from 1 January 2017 to 23 March 2017, receiving 79 thousand euros for such period for all remuneration items as a member of the Board of Directors of certain Group subsidiaries. From 24 March 2017, Acek Desarrollo y Gestión Industrial, S.L. was substituted as director by Gestamp Automoción, S.A. at these subsidiaries.

Gestamp Automoción, S.A. received 375 thousand euros in 2018 (269 thousand euros in 2017), for all remuneration items as a member of the Board of Directors of certain Group subsidiaries.

The breakdown of the total remuneration received by the members of the Board of Directors of the Parent Company (in thousands of euros) was as follows:

	Thousands of euros
<b>Non-Executive Directors</b>	<b>2018 Year</b>
D. Alberto Rodríguez Fraile	105.00
D. Javier Rodríguez Pellitero	105.00
D. Juan María Riberas Mera	90.00
D. Pedro Sainz de Baranda	90.00
D <sup>a</sup> . Ana García Fau	90.00
D. Gonzalo Urquijo Fernández de Araoz	90.00
D. Cesar Cernuda	75.00
D. Tomofumi Osaki	75.00
D. Noboru Katsu	23.00
D. Shinichi Hori	55.63
D. Geert Maurice Van Poelvoorde	0.00
<b>TOTAL</b>	<b>798.63</b>

(From January 1, 2018 to December 31, 2018)

<b>Executive Directors</b>	
Mr. Francisco José Riberas Mera	960.41
Mr. Francisco López Peña	1,446.17
<b>TOTAL</b>	<b>2,406.58</b>

The amount of the loans granted to the members of the Board of Directors of the Parent Company at 31 December 2018 amounted to 3,226 thousand euros for acquiring shares of the Parent Company from Acek Desarrollo y Gestión Industrial S.L. (see Note 12.a.2)). These loans were granted in 2016.

In 2018 pension commitments were assumed benefitting the members of the Board of Directors amounted of 96 thousand euros and no advances were granted. In 2017, no advances were granted nor were any pension commitments assumed benefitting the members of the Board of Directors.

### 32.3 Senior Management's Remuneration

In 2018, the total remuneration accrued, for all items, in favour of the members of the Management Committee, Executive Directors excluded, amounted to 8,060 thousand euros and to 9,633 thousand euros in 2017, included in "Personnel expenses" in the accompanying Consolidated Income Statement. The amount corresponding to 2018 and 2017 includes life insurance premiums amounting to 18 thousand euros and 23 thousand euros, respectively.

The amount of the loans granted to the members of the Management Committee, except those who are members of the Board of Directors and who are already included in Note 32.2, amounting to 6,245 thousand euros, for acquiring shares in the Parent Company from Acek Desarrollo y Gestión Industrial S.L. (see Note 12.a.2)). These loans were granted in 2016.

### **Note 33. Other disclosures**

#### **33.1 Auditors' fees**

The fees for the audit of the Consolidated and Individual Financial Statements of the companies included in the scope of consolidation for 2018 amounted to 4,152 thousand euros, while in 2017 they amounted to 4,276 thousand euros.

4,054 thousand euros of the foregoing fees were due to the auditors of the Parent Company for all the audit work performed at the Group in 2018, while the amount of such fees totalled 4,235 thousand euros in 2017.

The fees received in 2018 by the auditor of the Parent Company's accounts and by the companies that share its trade name, for other services related with the audit of the accounts, amounted to 824 thousand euros, while in 2017 they amounted to 361 thousand euros.

The fees received in 2018 by the auditor of the Parent Company's accounts and by the companies that share its trade name, for services other than the audit of the accounts, amounted to 994 thousand euros, while in 2017 they amounted to 712 thousand euros; the nature of these services is mainly collaboration in tax matters and due diligences in the purchase of companies.

#### **33.2 Environmental matters**

Total investments in systems, equipment and facilities relating to environmental protection and improvement had a gross value of 4,907 thousand euros at 2018 year-end, with accumulated depreciation of 2,627 thousand euros, while at 2017 year-end, such investments amounted to 4,973 thousand euros, with accumulated depreciation of 2,539 thousand euros.

Environmental protection and improvement expenses incurred in 2018 amounted to 1,074 thousand euros, while in 2017, they amounted to 1,396 thousand euros.

The accompanying Consolidated Balance Sheet does not include any provisions for environmental risks, since the Parent Company's directors consider that future obligations to be settled, arising from procedures of companies forming the Group to prevent, reduce or repair environmental damage, did not exist at year-end or that, if they existed, they would not be material. Likewise, no environmental grants were received at year-end.

## Note 34. Financial risk management

To manage its financial risk, the Group continually revises its business plans, it analyzes the relationship between the risks and the present value of cash flows associated with its investments in addition to taking an accounting approach that allows changes in risk exposure to be assessed.

### 34.1 Financial risk factors

In compliance with prevailing legislation, below is a description of the main financial risks to which the Group is exposed:

- Market risk
  - Exchange rate risk
  - Interest rate risk
- Liquidity risk
- Credit risk
- Commodity price risk

#### Exchange rate risk

The exchange rate risk is consequence of: (i) Group international diversification, which leads to invest and obtain income, results and cash flows in currencies different to euro., (ii) debt in foreign currency different to the local currency of the countries where are located the companies with the debt and (iii) accounts receivable and payable in foreign currency for the company which perform the transaction.

The fluctuation in the exchange rate of the currency in which a given transaction is carried out against the accounting currency may have a negative or positive impact on profit or loss and equity.

The Group operates in the following currencies:

Euro	US dollar	Mexican peso
Argentine peso	Brazilian real	Pound sterling
Swedish crown	Polish zloty	Hungarian forint
Turkish lira	Indian rupee	Korean won
Chinese renmimbi	Russian rouble	Czech crown
Japanese yen	Thai Baht	Romanian leu
Taiwanese dollar	Moroccan dirham	

To manage exchange rate risk, the Group uses (or evaluates the possibility of using) a series of financial instruments basically (Note 23.b.1):

- A. Foreign currency forward contracts: These arrangements lock in the price at which an entity can buy or sell a currency on a set date; the timing can be adjusted to align the transactions with the hedged cash flows.
- B. Options: The objective is to seek to protect against the negative impact of any exchange rate exposure, or any price ranges, or fixing a maximum or minimum exchange rate (collar or tunnel) on the date of settlement, or structures with a minimum cost or even zero (by renouncing benefits in different scenarios by getting protection with other scenarios).

Also, in some of selling agreement in different countries, the prices are partially adjusted based on value of the currency , with different formulas, so it is protected against devaluation.

Group recognize debt in currency to reduce the sensibility of the Net Financial Debt/EBITDA against the fluctuation of the Exchange rate, and partially compensate the loss of the value of the assets as consequence of fluctuation of Exchange rate, with saving in the value of the passive.

The sensitivity of results and of equity to the changes in the exchange rates of the currencies in which the Group operates with respect to the euro are detailed below.

The sensitivity of results to the changes in the exchange rates of currencies for 2018 and 2017 is as follows:

Currency	2018	
	IMPACT ON PROFIT	
	5% Fluctuation	-5% Fluctuation
Swedish crown	(634)	634
US dollar	(1,555)	1,555
Hungarian forint	(243)	243
GB pound	714	(714)
Mexican peso	754	(754)
Brazilian real	(13)	13
Chinese yuan	1,187	(1,187)
Indian rupee	422	(422)
Turkish lira	608	(608)
Argentine peso	(137)	137
Russian ruble	(6)	6
Korean won	268	(268)
Polish zloty	1,015	(1,015)
Czech crown	(82)	82
Japanese yen	(57)	57
Thai baht	24	(24)
Romanian leu	(62)	62
Moroccan dirham	(5)	5
Taiwanese dollar	1	(1)
<b>IMPACT IN ABSOLUTE TERMS</b>	<b>2,199</b>	<b>(2,199)</b>
TO EQUITY HOLDERS OF PARENT COMPANY	<b>257,690</b>	<b>257,690</b>
<b>EFFECT IN RELATIVE TERMS</b>	<b>0.85%</b>	<b>-0.85%</b>

<b>2017</b>		
Currency	IMPACT ON PROFIT	
	5% Fluctuation	-5% Fluctuation
Swedish crown	(1,458)	1,458
US dollar	(1,480)	1,480
Hungarian forint	(738)	738
GB pound	816	(816)
Mexican peso	1,182	(1,182)
Brazilian real	(244)	244
Chinese yuan	1,158	(1,158)
Indian rupee	255	(255)
Turkish lira	775	(775)
Argentine peso	369	(369)
Russian ruble	109	(109)
Korean won	301	(301)
Polish zloty	889	(889)
Czech crown	202	(202)
Japanese yen	(25)	25
Thai baht	17	(17)
Romanian leu	43	(43)
Taiwanese dollar	3	(3)
<b>IMPACT IN ABSOLUTE TERMS</b>	<b>2,174</b>	<b>(2,174)</b>
TO EQUITY HOLDERS OF PARENT COMPANY	<b>239,692</b>	<b>239,692</b>
<b>EFFECT IN RELATIVE TERMS</b>	<b>0.91%</b>	<b>-0.91%</b>

The sensitivity of equity to the changes in the exchange rates of currencies for 2018 and 2017 is as follows:

<b>2018</b>		
Currency	IMPACT ON EQUITY	
	5% Fluctuation	-5% fluctuation
Swedish crown	(5,712)	5,712
US dollar	2,066	(2,066)
Hungarian forint	(4,567)	4,567
GB pound	9,080	(9,080)
Mexican peso	560	(560)
Brazilian real	1,828	(1,828)
Chinese yuan	13,914	(13,914)
Indian rupee	2,381	(2,381)
Turkish lira	921	(921)
Argentine peso	(1,538)	1,538
Russian ruble	(4,912)	4,912
Korean won	2,608	(2,608)
Polish zloty	2,173	(2,173)
Czech crown	(459)	459
Japanese yen	(134)	134
Thai baht	100	(100)
Romanian leu	65	(65)
Moroccan dirham	89	(89)
Taiwanese dollar	(4)	4
<b>IMPACT IN ABSOLUTE TERMS</b>	<b>18,459</b>	<b>(18,459)</b>
<b>EQUITY</b>	<b>2,178,995</b>	<b>2,178,995</b>
<b>EFFECT IN RELATIVE TERMS</b>	<b>0.85%</b>	<b>-0.85%</b>

2017		
Currency	IMPACT ON EQUITY	
	5% Fluctuation	-5% fluctuation
Swedish crown	(4,133)	4,133
US dollar	3,121	(3,121)
Hungarian forint	(3,850)	3,850
GB pound	8,318	(8,318)
Mexican peso	303	(303)
Brazilian real	2,702	(2,702)
Chinese yuan	11,756	(11,756)
Indian rupee	2,006	(2,006)
Turkish lira	797	(797)
Argentine peso	(2,645)	2,645
Russian ruble	(4,389)	4,389
Korean won	2,166	(2,166)
Polish zloty	860	(860)
Czech crown	135	(135)
Japanese yen	(168)	168
Thai baht	116	(116)
Romanian leu	126	(126)
Taiwanese dollar	21	(21)
<b>IMPACT IN ABSOLUTE TERMS</b>	<b>17,242</b>	<b>(17,242)</b>
<b>EQUITY</b>	<b>1,970,555</b>	<b>1,970,555</b>
<b>EFFECT IN RELATIVE TERMS</b>	<b>0.87%</b>	<b>-0.87%</b>

The foregoing amounts were calculated by increasing or decreasing by 5% the exchange rates applied to convert to euros both the income statements of the subsidiaries and their equity.

Also, in 2018, consolidated equity was reduced further by 19.9 million euros, due to the change in translation differences, mainly as a result of investments outside the eurozone.

#### Interest rate risk

The Group's borrowings mainly bear interest at floating rates, exposing it to risk from fluctuations in market interest rates, so that index fluctuations affect cash flows and how they are reflected in the Financial expenses. The Group mitigates this risk by using interest rate derivative financial instruments, mainly swaps, by which it converts the floating rate on a loan into a fixed rate. It may swap the rate on a portion of the loan or on the entire loan, and for its entire duration or a part thereof (Note 23.b.1).

In general, the Group's borrowings accrue a floating rate indexed to the Euribor, Dollar Libor and other foreign exchange index. Conversely, the bonds issued by the Group on May 2016 and April 2018 accrue a fixed interest rate.

The Group's financial debt accrues both a floating and a fixed rate as a consequence of seeking a balance in the financial expenses, adapting them to the economic cycle, the interest rate (short and long term) and their foreseeable development and the financing alternatives (especially the terms, costs and depreciation). It is also influenced by the debt evolution, which leads to using the facilities and performing amortizations dynamically, based on the agreement facilities.

If in 2018, the average benchmark interest rate on financial debt denominated in euros had varied by 50 bps, maintaining the remaining variables constant, financial profit would have been modified by 7,259 thousand euros.

If in 2017, the average benchmark interest rate on financial debt denominated in euros had varied by 50 bps, maintaining the remaining variables constant, financial profit would have been modified by 7,102 thousand euros.

### Liquidity risk

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 31 December 2018, cash and cash equivalents amounted to 616.4 million euros and the undrawn long-term credit lines amounted to 600 million euros (including 280 million euros in revolving credit facilities). The debt with a maturity under 12 months amounted to 258.3 million euros (borrowings from related parties amounted to 175.7 thousand euros, bank borrowings amounted to 75.9 thousand euros and financial leasing amounted to 6.7 thousand euros). At 31 December 2018, cash flows from investing activities (excluding intercompany purchases and sales) exceeded the cash flows from operations by 291 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 31 December 2018, the average life of the Group's net financial debt was 4.2 years (estimated considering the use of cash and long-term credit lines to repay shorter term debt). The average maturity of the gross debt was 3.8 years.

Working capital can be defined as the permanent financial resources that finance the company's current activities, that is, the portion of current assets financed with long-term funds. At 31 December 2018, working capital amounted to 478 million euros. This is the difference between the long-term financial debt (2,686 million euros) plus equity (2,178 million euros), less net fixed assets, excluding deferred tax assets (4,386 million euros). This amount exceeded the working capital related to the EBITDA, amounting to 390 million euros at 31 December 2018.

### Credit risk

Credit risk is concentrated primarily in the Group's accounts receivable. Management considers that its counterparties are very creditworthy.

Each business unit manages its credit risk according to policies, procedures and controls determined by the Group regarding credit risk management of customers.

At each closing date, the Group companies analyse on the basis of real historical data the balances of each major client individually in order to determine the need for provisions or impairment.

The Group has no guarantee on debts and has concluded that the risk concentration is low given that its customers belong to distinct jurisdictions and operate in highly independent markets.

The credit risk with banks is managed by the treasury department of the Group according to Group policies.

Investments of excess funds are only made with authorised counterparties and always within the credit limits assigned to such counterparties.

The limits are established in order to minimize risk concentration, thereby mitigating financial losses in the event of a default by the counterparty.

The maximum exposure of the Group to credit risk at 31 December 2018 and 31 December 2017 are the carrying amounts, as shown in Note 15, except for financial guarantees and derivative financial instruments.

The net Credit Valuation Adjustment by counterparty (CVA + DVA) is the method used to value the credit risk of the counterparties and the Parent Company in calculating the fair value of derivative financial instruments. This adjustment reflects the possibility of bankruptcy or impairment of the credit quality of the counterparty and the Parent Company. The simplified formula corresponds to the expected exposure multiplied by the possibility of bankruptcy and by the expected loss in case of non-payment. For calculating such variables the Parent Company uses market references.

#### Commodity price risk

Steel, followed by aluminum, is the main commodity used in the business.

In 2018, 61% of the steel had been purchased through "re-sale" programs with customers (63% in 2017), whereby the automobile manufacturer periodically negotiates with the steel maker the price of the steel that the Group uses for the production of automotive components. The selling price of the final product is directly adjusted to any fluctuations in steel prices.

In the case of products that use steel not purchased under "re-sale", some of the OEMs adjust Gestamp's selling prices based on the steel prices they have negotiated with steel suppliers, others adjust Gestamp's selling prices based on public index and other clients negotiate by initiatives on both. Historically, the Group has negotiated and agreed its purchase contracts with steel suppliers under appropriate terms.

### **34.2 Hedge accounting**

For the purpose of hedge accounting, the Group classifies its hedges as:

- Fair value hedges when hedging the exposure to changes in the market value, due to a specific risk, of an asset or liability previously recognised in the Consolidated Balance Sheet, or of a firm commitment.
- Cash flow hedges when hedging exposure to fluctuations in cash flows that are either attributable to a particular risk associated with an asset or liability previously recognised in the Consolidated Balance Sheet, or to a highly probable forecast transaction.
- Hedges of a net investment in a foreign operation when hedging exposure to variability in exchange rates relative to a net investment in a foreign operation.

Such derivative financial instruments are initially recognised in the Consolidated Balance Sheet at acquisition cost and are subsequently valued in each period at fair value. Changes in fair value are normally accounted for in keeping with specific hedge accounting criteria.

The accounting for these instruments is carried out as follows:

- Fair value hedges: changes in the fair value of the hedging instrument and the hedged item, in both instances attributable to the risk hedged, are recognised in the Consolidated Income Statement.
- Cash flow hedges: changes in the fair value of the hedging instrument attributable to the risk hedged, as long as the hedge is effective, are recognized in "Retained earnings" in equity. The cumulative amount of "Retained earnings" are transferred to the Consolidated Income Statement when the hedged cash flows affect profit or loss.
- Hedges of a net investment in a foreign operation: its operating account is similar to the hedging of cash flows and the account used to include the changes in the value of the hedge instrument in the Consolidated Balance Sheet is the "Translation differences" account. The cumulative amount of the measurement in Translation differences is transferred to results, provided that the investment abroad that has generated such differences is disposed of.

### 34.3 Fair value of financial instruments

The fair value of financial instruments is determined as follows:

- The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market prices.
- Where there is no active market, fair value is determined using cash flow analysis discounted at market discount rates and based on market assumptions at the time of the estimate. In relation to options, fair value is determined using implied volatility in market participants' quoted prices.

#### Non-current financial assets

There is no difference between the fair value and carrying amount of non-current loans granted since they all accrue interest at floating rates.

Equity investments in other companies are included in the Consolidated Balance Sheet at fair value when they can be valued reliably. Since it is usually not possible to measure the fair value of shareholdings in unlisted companies reliably, these investments are valued at acquisition cost or lower if there is evidence of impairment.

The changes in fair value, net of their tax effect, are recognised with a credit or charge to the "Retained earnings" heading included in Equity, until such investments are disposed of, in which the cumulative amount in this heading relating to these investments is allocated in full to the Consolidated Income Statement. If the fair value is lower than the acquisition cost, the differences are recognised directly in Equity, unless the asset has suffered impairment, in which case, it is recognised in the Consolidated Financial Statement.

Trade receivables

For receivables due in less than one year, the Group considers the carrying amount a reasonable approximation of fair value.

Current financial assets

There is no difference between the fair value and carrying amount of short term loans granted since they all accrue interest at market rates.

For other current financial assets, as their maturity is near the financial year end, the Group considers their carrying amounts a reasonable approximation of fair value.

Interest-bearing loans and borrowings

For current and non-current bank borrowings there is no difference between fair value and carrying amount since all these borrowings carry interest at market rates.

Trade and other payables

The Group considers the carrying amount of the items recorded in this Consolidated Balance Sheet heading to be an adequate approximation of fair value.

Fair values of financial instruments

The fair values of current and non-current financial assets and liabilities do not differ significantly from their respective carrying amounts.

The Group uses the following sequence of three levels, based on the relevance of the variables used, to measure the fair value of its financial instruments:

- Level 1: Unadjusted quoted price for identical assets or liabilities in active markets.
- Level 2: Variables which are observably different from the prices quoted in Level 1, either directly (price), or indirectly (derived from the price).
- Level 3: Variables which are not based on observable market data (non-observable variables).

The classification of financial assets recognised in the Consolidated Balance Sheet at fair value, in line with the methodology for calculating such fair value, was as follows:

	Thousands of euros					
	Level 1		Level 2		Level 3	
	2018	2017	2018	2017	2018	2017
Financial assets measured at fair value						
Financial derivative hedging instruments (Note 12.a.3)			6,019	14,718		
<b>Total</b>	-	-	6,019	14,718	-	-

The classification of financial liabilities recognised in the Consolidated Financial Statements at fair value, in line with the methodology for calculating such fair value, was as follows:

	Thousands of euros					
	Level 1		Level 2		Level 3	
	2018	2017	2018	2017	2018	2017
Financial derivative hedging instruments			36,168	54,287		
Financial derivative instruments held-for-trading			19,949	11,914		
Total Financial derivative instruments (Note 23.b.1))			56,117	66,201		
Other current liabilities - Put Option (Note 23.d))						
Defined benefit plans (Note 22.b))	77,601	79,469				
Total	77,601	79,469	56,117	66,201	-	

### 34.4 Capital risk management

The objective of the Group's capital management is to protect its ability to continue as a going concern, upholding the commitment to remain solvent and looking for a high shareholder value for shareholdings.

The Group monitors its capital structure based on its leverage ratio. It defines leverage as net debt (financial borrowings, financial leasing, borrowing from related parties and other financial liabilities less short-term investments and cash and cash equivalents) divided by total equity (consolidated equity plus grants pending release to the income statement). A 31 December 2018 this ratio was 1.01.

Likewise, the Net Financial Debt / EBITDA ratio is mainly used to monitor solvency, which amounted to 2.3 at 31 December.

Gestamp Automoción, S.A.'s rating is BB from Standard & Poor's and Ba2 from Moody's, which makes it speculative grade.

### Note 35. Information on payment deferrals to suppliers in trade operations

The Group's Spanish companies have adapted their internal process and payment period policy to Law 15/2010, hence, measures to fight against default in trade operations have been implemented. In this regard, the conditions for contracting to commercial suppliers in 2018 relating to industrial activity for the manufacture of parts located in Spanish territory included payment periods equal to or less than 60 days in 2018 and 2017, as stipulated in Transitional Provision Two of the aforementioned Law.

In accordance with such Law, the following information corresponds to the Group companies that operate in Spain:

#### **During 2018**

Average payment period to suppliers	44 days
Total payments made	4,717 million euros
Total payments pending	497 million euros

#### **During 2017**

Average payment period to suppliers	49 days
Total payments made	4,233 million euros
Total payments pending	582 million euros

For reasons of efficiency and in line with common business uses, the Group's Spanish companies basically have a supplier payment schedule, whereby payments are made on fixed days which, at the main companies, are twice a month.

Generally in 2018 and 2017, the payments made by Spanish companies to suppliers, under agreements entered into following the entry into force of Law 15/2010, did not exceed the legal deferral limits. Payments to Spanish suppliers which, in 2018 and 2017, exceeded the legal term established have been, in quantitative terms, of scant importance and arise from circumstances or incidents removed from the payment policy established, including mainly the conclusion of the agreements with suppliers in the delivery of goods or the provision of the service or specific handling processes.

Also, at 31 December 2018 and 2017, no amounts were pending payment to suppliers located in Spain that exceeded the legal payment term.

### **Note 36. Subsequent events**

On february 22, 2019 the Parent Company has signed an agreement modifying the original syndicated loan, signed on April 19, 2013 and modified in 2016,2017 and 2018, whereby:

- The initial maturity date in 2020 and 2021 has been modified to April 30, 2023 amounted to 324 thousand euros.
- The tranche of the Revolving Credit Facility has been increased by 45 thousand euros to the final amount to 325 thousand euros, the maturity date has not been modified (July, 2022)
- The financial cost of the Revolving Credit Facility drawn down depends on the fluctuation of the ESG qualification, with a maximum variation of 2,5 bps.

Also, on february 28, 2019 the maturity of the loan amounting to 171 million dollars granted to Gestamp North America, Inc. by Mitsui & Co. Ltd has been modified from the initial maturity date in december 2019 to december 2020, 2021 and 2022, split in three equal amounts, previously the original loan amounting to 22 millions dollar has been repaid in december 2019.

### **Note 37. Information on compliance with article 229 of the Spanish Companies Law**

In conformity with articles 229 and 231 of the Spanish Companies Law (LSC), in order to reinforce the transparency of Spanish corporate enterprises, the Parent Company's Board members informed that they had not been involved in any direct or indirect conflicts with the interests of the Parent Company or its Subsidiaries.

Also, Mr Francisco José Riberas Mera and Mr Juan María Riberas Mera, members of the Parent Company's Board of Directors, informed that they are shareholders and directors of ACEK, DESARROLLO Y GESTIÓN INDUSTRIAL, S.L. and of the companies forming part of the Group of which it is the head.

ACEK, DESARROLLO Y GESTIÓN INDUSTRIAL, S.L. is the parent of an industrial group which carries on the following activities through the following subgroups:

- GESTAMP AUTOMOCIÓN GROUP: engaged in the manufacture and marketing of metallic parts and components for the automobile industry.

- HOLDING GONVARRI GROUP: engaged in the manufacture, processing and trading of metallic products, including renewable energy structures, such as wind power towers, infrastructures for photovoltaic parks and thermo-solar plant items.
- ACEK ENERGÍAS RENOVABLES GROUP: engaged in the development, construction and operation of renewable energy generation plants, including solar power, wind power and biomass.
- INMOBILIARIA ACEK GROUP: engaged in real estate activities.

ACEK, DESARROLLO Y GESTIÓN INDUSTRIAL, S.L. has a direct and indirect holding of 16.91% in CIE Automotive, S.A., of which Mr Francisco José Riberas Mera and Mr Juan María Riberas Mera are directors.

CIE Automotive, S.A. is the head of an industrial group which carries on, among other activities, the design, manufacture and marketing of components and sub-assemblies for the global automobile market.

ACEK, DESARROLLO Y GESTIÓN INDUSTRIAL, S.L. has a direct holding of 50.00% in Sideacero, S.L., of which Mr Francisco José Riberas Mera and Mr Juan María Riberas Mera are directors.

Sideacero, S.L. is the head of an industrial group which carries on, among other activities, the import, export, purchase and sale and brokerage of iron and non-iron products, iron and steel materials, recyclable materials and recyclable waste.

## Appendix I

### Scope of Consolidation

December 31, 2018							
Company	Address	Country	Direct shareholding	Indirect shareholding	Activity	Consolidation method	Auditors
Gestamp Automoción, S.A.	Vizcaya	Spain	Parent company		Portfolio company	Full	Ernst & Young
Gestamp Bizkaia, S.A.	Vizcaya	Spain	85.31%	14.69%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Vigo, S.A.	Pontevedra	Spain	99.99%	0.01%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Cerveira, Lda.	Viana do Castelo	Portugal	42.25%	57.75%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Toledo, S.A.	Toledo	Spain	99.99%	0.01%	Tooling and parts manufacturing	Full	Ernst & Young
Autotech Engineering S.L.	Vizcaya	Spain	10.00%	90.00%	Research and development	Full	Ernst & Young
SCI de Tournan en Brie	Tournan	France	0.10%	99.90%	Property	Full	N/A
Gestamp Solblank Barcelona, S.A.	Barcelona	Spain	5.01%	94.99%	Tailor-welded blanks	Full	Ernst & Young
Gestamp Palencia, S.A.	Palencia	Spain	100.00%		Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Argentina, S.A.	Buenos Aires	Argentina		70.00%	Portfolio company	Full	Ernst & Young
Gestamp Córdoba, S.A.	Córdoba	Argentina		70.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Linares, S.A.	Jaén	Spain	5.02%	94.98%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Servicios, S.A.	Madrid	Spain	100.00%		Business promotion and support	Full	Ernst & Young
Matricerías Deusto, S.L.	Vizcaya	Spain		100.00%	Manufacturing of dies	Full	Ernst & Young
Gestamp Tech, S.L.	Palencia	Spain	0.33%	99.67%	No activity	Full	N/A
Gestamp Brasil Industria de Autopeças, S.A.	Parana	Brazil		70.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Metalbages, S.A.	Barcelona	Spain	100.00%		Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Esmar, S.A.	Barcelona	Spain	0.10%	99.90%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Noury, S.A.S	Tournan	France		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Aveiro, S.A.	Aveiro	Portugal		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Griwe Subgroup	Westerburg	Germany		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Aguascalientes, S.A.de C.V.	Aguas Calientes	Mexico		70.00%	Tooling and parts manufacturing	Full	Ernst & Young
Mexicana Servicios Laborales, S.A.de C.V.	Aguas Calientes	Mexico		70.00%	Employment services	Full	Ernst & Young
Gestamp Puebla, S.A. de C.V.	Puebla	Mexico		70.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Cartera de México, S.A. de C.V.	Puebla	Mexico		70.00%	Portfolio company	Full	Ernst & Young
Gestamp Mexicana de Serv. Laborales, S.A. de C.V.	Aguas Calientes	Mexico		70.00%	Employment services	Full	Ernst & Young
Gestamp Ingeniería Europa Sur, S.L.	Barcelona	Spain		100.00%	Service provision	Full	Ernst & Young

December 31, 2018							
Company	Address	Country	Direct shareholding	Indirect shareholding	Activity	Consolidation method	Auditors
Todlem, S.L.	Barcelona	Spain		58.13%	Portfolio company	Full	Ernst & Young
Gestamp Navarra, S.A.	Navarra	Spain	71.37%	28.63%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Baires, S.A.	Buenos Aires	Argentina		70.00%	Dies, stamping and parts manufacturing	Full	Ernst & Young
Ingeniería Global MB, S.A.	Barcelona	Spain		100.00%	Administration services	Full	N/A
Gestamp Aragón, S.A.	Zaragoza	Spain	5.01%	94.99%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Abrera, S.A.	Barcelona	Spain	5.01%	94.99%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Levante, S.A.	Valencia	Spain	88.50%	11.50%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Solblank Navarra, S.L.	Navarra	Spain		100.00%	Tooling and welding	Full	N/A
MB Aragón P21, S.L.	Barcelona	Spain		100.00%	Tooling and parts manufacturing	Full	N/A
Gestamp Polska, SP. Z.O.O.	Wielkopolska	Poland		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Washington UK Limited	Newcastle	United Kingdom		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Hungaria KFT	Akai	Hungary	100.00%		Tooling and parts manufacturing	Full	Ernst & Young
Gestamp North America, INC	Michigan	USA		70.00%	Administration services	Full	Ernst & Young
Gestamp Sweden, AB	Lulea	Sweden		100.00%	Portfolio company	Full	Ernst & Young
Gestamp HardTech, AB	Lulea	Sweden		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Mason, LLC.	Michigan	USA		70.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Alabama, LLC.	Alabama	USA		70.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Ronchamp, S.A.S	Ronchamp	France		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Manufacturing Autochasis, S.L.	Barcelona	Spain	5.01%	94.99%	Tooling and parts manufacturing	Full	Ernst & Young
Industrias Tamer, S.A.	Barcelona	Spain		30.00%	Tooling and parts manufacturing	Equity method	Ernst & Young
Gestamp Tooling Services, AIE	Vizcaya	Spain		100.00%	Mould engineering and design	Full	Ernst & Young
Gestamp Auto Components (Kunshan) Co., Ltd	Kunshan	China		68.95%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Kartek Co, Ltd.	Gyeongsangnam-Do	South Korea		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Beyçelik Gestamp Kalip, A.S.	Bursa	Turkey		50.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Toluca SA de CV	Puebla	Mexico		70.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Servicios Laborales de Toluca SA de CV	Puebla	Mexico		69.93%	Employment services	Full	Ernst & Young
Gestamp Services India Private, Ltd.	Mumbai	India		100.00%	Tooling and parts manufacturing	Full	S.B. Dave & Co.

December 31, 2018							
Company	Address	Country	Direct shareholding	Indirect shareholding	Activity	Consolidation method	Auditors
Gestamp Severstal Vsevolozhsk Llc	Saint Petersburg	Russia		58.13%	Tooling and parts manufacturing	Full	Ernst & Young
Adral, matriceria y pta. a punto, S.L.	Vizcaya	Spain		100.00%	Mould manufacturing and tuning	Full	Ernst & Young
Gestamp Severstal Kaluga, LLC	Kaluga	Russia		58.13%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Automotive India Private Ltd.	Pune	India		50.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Pune Automotive, Private Ltd.	Pune	India		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Chattanooga, LLC	Chattanooga	USA		70.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Holding Rusia, S.L.	Madrid	Spain	25.19%	52.34%	Portfolio company	Full	Ernst & Young
Gestamp South Carolina, LLC	South Carolina	USA		70.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Holding China, AB	Lulea	Sweden		68.95%	Portfolio company	Full	Ernst & Young
Gestamp Global Tooling, S.L.	Vizcaya	Spain	99.99%	0.01%	Manufacturing of dies	Full	Ernst & Young
Gestamp Tool Hardening, S.L.	Vizcaya	Spain		100.00%	Manufacturing of dies	Full	Ernst & Young
Gestamp Vendas Novas Lda.	Évora	Portugal	100.00%		Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Togliatti, LLC.	Togliatti	Russia		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Automotive Chennai Private Ltd.	Chennai	India		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Palau, S.A.	Barcelona	Spain		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp North Europe Services, S.L.	Vizcaya	Spain	99.97%	0.03%	Consultancy services	Full	Ernst & Young
Loire Sociedad Anónima Franco Española	Guipúzcoa	Spain	100.00%		#N/A	Full	Ernst & Young
Gestamp Tooling Erandio, S.L.	Guipúzcoa	Spain		100.00%	Portfolio company	Full	Ernst & Young
Diede Die Developments, S.L.	Vizcaya	Spain	100.00%		Manufacturing of dies	Full	IZE Auditores
Gestamp Louny, S.R.O.	Prague	Czech Republic		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Autocomponents (Shenyang), Co. Ltd.	Shenyang	China		65.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp West Virginia, LLC.	Michigan	USA		70.00%	Tooling and parts manufacturing	Full	Ernst & Young
Beyçelik Gestamp Sasi, L.S.	Kocaeli	Turkey		50.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Autocomponents (Dongguan), Co. Ltd.	Dongguan	China		65.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Try Out Services, S.L.	Vizcaya	Spain		100.00%	Manufacturing of dies	Full	Ernst & Young
Gestión Global de Matricería, S.L.	Vizcaya	Spain	30.00%		No activity	Equity method	Ernst & Young
Ingeniería y Construcción Matrices, S.A.	Vizcaya	Spain		30.00%	Manufacturing of dies	Equity method (A)	IZE Auditores

(A) This company is consolidated under full consolidation method in Gestión Global de Matricería Subgroup. This Subgroup is accounted for in Gestamp Automoción Group using the equity method.

December 31, 2018							
Company	Address	Country	Direct shareholding	Indirect shareholding	Activity	Consolidation method	Auditors
IxCXT, S.A.	Vizcaya	Spain		30.00%	Manufacturing of dies	Equity method (A)	IZE Auditores
Gestamp Funding Luxembourg, S.A.	Luxembourg	Luxembourg	100.00%		Portfolio company	Full	Ernst & Young
Gestamp Puebla II, S.A. de C.V.	Puebla	Mexico		70.00%	Tooling and parts manufacturing	Full	Ernst & Young
Autotech Engineering Deutschland GmbH	Bielefeld	Germany		100.00%	Research and development	Full	Ernst & Young
Autotech Engineering R&D Uk limited	Durhan	United Kingdom		100.00%	Research and development	Full	Ernst & Young
Gestamp Holding México, S.L.	Madrid	Spain		69.99%	Portfolio company	Full	Ernst & Young
Gestamp Holding Argentina, S.L.	Madrid	Spain	10.80%	59.19%	Portfolio company	Full	Ernst & Young
Mursolar 21, S.L.	Madrid	Spain		65.00%	Portfolio company	Full	Ernst & Young
GGM Puebla, S.A. de C.V.	Puebla	Mexico		30.00%	Tooling and parts manufacturing	Equity method (A)	N/A
GGM Puebla de Servicios Laborales, S.A. de C.V.	Puebla	Mexico		30.00%	Employment services	Equity method (A)	N/A
Kunshan Gestool Tooling Manufacturing, Co., Ltd	Kunshan	China		30.00%	Manufacturing of dies	Equity method (A)	Ernst & Young
Gestamp Technology Institute, S.L.	Vizcaya	Spain	99.99%	0.01%	Education	Full	Ernst & Young
Gestamp Tooling Engineering Deutschland, GmbH	Braunschweig	Germany		100.00%	Manufacturing of dies	Full	N/A
Gestamp Chattanooga II, Llc	Chattanooga	USA		70.00%	Tooling and parts manufacturing	Full	N/A
Autotech Engineering R&D USA	Delaware	USA		100.00%	IT, and research and development	Full	N/A
Gestamp Autocomponents Wuhan, co. Ltd.	Wuhan	China	100.00%	0.00%	Tooling and parts manufacturing	Full	Ernst & Young
Çelik Form Gestamp Otomotive, A.S.	Bursa	Turkey		50.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Washtenaw, LLC.	Delaware	USA		70.00%	Tooling and parts manufacturing	Full	N/A
Gestamp San Luis Potosí, S.A.P.I. de C.V.	Mexico City	Mexico		70.00%	Employment services	Full	N/A
Gestamp San Luis Potosí Servicios Laborales S.A.P.I. de C.V.	Mexico City	Mexico		70.00%	Tooling and parts manufacturing	Full	N/A
Gestamp Auto Components (Tianjin) Co., LTD.	Tianjin	China		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp 2017, S.L.	Madrid	Spain	100.00%		Portfolio company	Full	N/A
Autotech Engineering (Shangai) Co. Ltd.	Shangai	China		100.00%	Research and development	Full	Ernst & Young
Gestamp Hot Stamping Japan K.K.	Tokio	Japan		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Global Laser Araba, S.L.	Álava	Spain	30.00%	0.00%	Tooling and parts manufacturing	Equity method	Ernst & Young
MPO Providers Rezistent, S.R.L.	Darmanesti	Romania		35.00%	Tooling and parts manufacturing	Full	Ernst & Young
Beyçelik Gestamp Teknoloji Kalip, A.S.	Bursa	Turkey		50.00%	Manufacturing of dies	Full	Ernst & Young
Gestamp Nitra, S.R.O.	Bratislava	Slovakia	100.00%		Tooling and parts manufacturing	Full	Ernst & Young
Almussafes Mantenimiento de Troqueles, S.L.	Barcelona	Spain		100.00%	Die maintenance	Full	Ernst & Young
Gestamp (China) Holding, Co. Ltd	Shangai	China		100.00%	Portfolio company	Full	Ernst & Young
Gestamp Autotech Japan Co., Ltd.	Tokio	Japan		100.00%	Research and development	Full	Ernst & Young
NCSG Sorocaba Indústria Metalúrgica Ltda.	Sorocaba	Brazil		70.00%	Tooling and parts manufacturing	Full	Ernst & Young
Tuyauto Gestamp Morocco	Kenitra	Morocco		50.00%	Tooling and parts manufacturing	Full	N/A
Gestamp Autocomponents (Beijing) Co., Ltd.	Beijin	China		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Mexicana Serv. Lab. II, S.A. de CV	México DF	Mexico		100.00%	Employment services	Full	N/A
Reparaciones Industriales Zaldibar, S.L.	Vizcaya	Spain	0.01%	99.99%	Industrial equipment services	Full	N/A
Autotech Engineering Spain, S.L.	Madrid	Spain		100.00%	Research and development	Full	Ernst & Young
Autotech Engineering France S.A.S.	Meudon la Forêt	France		100.00%	Research and development	Full	N/A
Gestamp Auto Components Sales (Tianjin) Co., LTD.	Tianjin	China		49.00%	Consulting and Post-sales services	Equity method	N/A

(A) This company is consolidated under full consolidation method in Gestión Global de Matricería Subgroup. This Subgroup is accounted for in Gestamp Automoción Group using the equity method.

December 31, 2018							
Company	Address	Country	Direct shareholding	Indirect shareholding	Activity	Consolidation method	Auditors
Edscha Holding GmbH	Remscheid	Germany		100.00%	Portfolio company	Full	Ernst & Young
Edscha Automotive Hengersberg GmbH	Hengersberg	Germany		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Edscha Automotive Hauzenberg GmbH	Hauzenberg	Germany		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Edscha Engineering GmbH	Remscheid	Germany		100.00%	Research and development	Full	Ernst & Young
Edscha Hengersberg Real Estate GmbH	Hengersberg	Germany	5.10%	94.90%	Property	Full	N/A
Edscha Hauzenberg Real Estate GmbH	Hauzenberg	Germany	5.10%	94.90%	Property	Full	N/A
Edscha Automotive Kamenice S.R.O.	Kamenice	Czech Republic		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Edscha Hradec S.R.O.	Hradec	Czech Republic		100.00%	Manufacturing of dies	Full	Ernst & Young
Edscha Velky Meder S.R.O.	Velky Meder	Slovakia		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp 2008, S.L.	Villalonquéjar (Burgos)	Spain		100.00%	Portfolio company	Full	Ernst & Young
Edscha Burgos, S.A.	Villalonquéjar (Burgos)	Spain		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Edscha Santander, S.L.	El Astillero (Cantabria)	Spain	5.01%	94.99%	Tooling and parts manufacturing	Full	Ernst & Young
Edscha Briey S.A.S.	Briey Cedex	France		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Edscha Engineering France S.A.S.	Les Ulis	France		100.00%	Research and development	Full	Ernst & Young
Edscha do Brasil Ltda.	Sorocaba	Brazil		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Edscha Japan Co., Ltd.	Tokio	Japan		100.00%	Sales office	Full	N/A
Jui Li Edscha Body Systems Co., Ltd.	Kaohsiung	Taiwan		60.00%	Tooling and parts manufacturing	Full	Ernst & Young
Jui Li Edscha Holding Co., Ltd.	Apia	Samoa		60.00%	Portfolio company	Full	N/A
Jui Li Edscha Hainan Industry Enterprise Co., Ltd.	Hainan	China		60.00%	Tooling and parts manufacturing	Full	Ernst & Young
Edscha Automotive Technology Co., Ltd.	Shanghai	China		100.00%	Research and development	Full	Shangai Ruitong Cpa
Shanghai Edscha Machinery Co., Ltd.	Shanghai	China		55.00%	Tooling and parts manufacturing	Full	Ernst & Young
Anhui Edscha Automotive Parts Co Ltd.	Anhui	China		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Edscha Automotive Michigan, Inc	Lapeer	USA		100.00%	Tooling and parts manufacturing	Full	N/A
Edscha Togliatti, Llc.	Togliatti	Russia		100.00%	Tooling and parts manufacturing	Full	National Audit Corporation
Edscha Automotive Components Co., Ltda.	Kunshan	China		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Finance Slovakia S.R.O.	Velky Meder	Slovakia	25.00%	75.00%	Portfolio company	Full	Ernst & Young
Edscha Kunststofftechnik GmbH	Remscheid	Germany		100.00%	Tooling and parts manufacturing	Full	JKG Treuhand
Edscha Pha, Ltd.	Seul	South Korea		50.00%	Parts manufacture research and development	Full	Ernst & Young
Edscha Aapico Automotive Co. Ltd	Pranakorn Sri Ayutthaya	Thailand		51.00%	Tooling and parts manufacturing	Full	Ernst & Young
Edscha Automotive SLP, S.A.P.I. de C.V.	Mexico City	Mexico		100.00%	No activity	Full	N/A
Edscha Automotive SLP Servicios Laborales, S.A.P.I. de C.V.	Mexico City	Mexico		100.00%	No activity	Full	N/A
Edscha Automotive Components (Chongqing) Co. Ltd.	Chongqing	China		100.00%	Tooling and parts manufacturing	Full	N/A
Edscha Pha Automotive Components (Kunshan) Co., Ltd.	Kunshan	China		100.00%	Parts manufacturing	Full	Deloitte
GMF Holding GmbH	Remscheid	Germany		100.00%	Portfolio company	Full	Ernst & Young
Gestamp Metal Forming (Wuhan), Ltd	Wuhan	China		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Umformtechnik GmbH	Ludwigsfelde	Germany		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Automotive Chassis Products Plc.	Newton Aycliffe, Durham	United Kingdom		100.00%	Portfolio company	Full	Ernst & Young
Sofedit, S.A.S	Le Theil sur Huisne	France		65.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Prisma, S.A.S	Usine de Messempre	France		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Tallent, Ltd	Newton Aycliffe, Durham	United Kingdom		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Wroclaw Sp.z.o.o.	Wroclaw	Poland		65.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Auto components (Chongqing) Co., Ltd.	Chongqing	China		100.00%	Tooling and parts manufacturing	Full	Ernst & Young

December 31, 2017							
Company	Address	Country	Direct shareholding	Indirect shareholding	Activity	Consolidation method	Auditors
Gestamp Automoción, S.A.	Vizcaya	Spain	Parent company		Portfolio company	Full	Ernst & Young
Gestamp Bizkaia, S.A.	Vizcaya	Spain	85.31%	14.69%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Vigo, S.A.	Pontevedra	Spain	99.99%	0.01%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Cerveira, Lda.	Viana do Castelo	Portugal	42.25%	57.75%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Toledo, S.A.	Toledo	Spain	99.99%	0.01%	Tooling and parts manufacturing	Full	Ernst & Young
Autotech Engineering AIE	Vizcaya	Spain	10.00%	90.00%	Research and development	Full	Ernst & Young
SCI de Tournan en Brie	Tournan	France	0.10%	99.90%	Property	Full	N/A
Gestamp Solblank Barcelona, S.A.	Barcelona	Spain	5.01%	94.99%	Tailor-welded blanks	Full	Ernst & Young
Gestamp Palencia, S.A.	Palencia	Spain	100.00%		Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Argentina, S.A.	Buenos Aires	Argentina		70.00%	Portfolio company	Full	Ernst & Young
Gestamp Córdoba, S.A.	Córdoba	Argentina		70.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Linares, S.A.	Jaén	Spain	5.02%	94.98%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Servicios, S.A.	Madrid	Spain	100.00%		Business promotion and support	Full	Ernst & Young
Matrickerías Deusto, S.L.	Vizcaya	Spain		100.00%	Manufacturing of dies	Full	Ernst & Young
Gestamp Galvanizados, S.A.	Palencia	Spain		100.00%	Galvanization of parts	Full	Ernst & Young
Gestamp Tech, S.L.	Palencia	Spain	0.33%	99.67%	No activity	Full	N/A
Gestamp Brasil Indústria de Autopeças, S.A.	Parana	Brazil		70.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Metalbages, S.A.	Barcelona	Spain	100.00%		Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Esmar, S.A.	Barcelona	Spain	0.10%	99.90%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Noury, S.A.S	Tournan	France		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Aveiro, S.A.	Aveiro	Portugal		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Griwe Subgroup	Westerburg	Germany		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Aguascalientes, S.A.de C.V.	Aguas Calientes	Mexico		70.00%	Tooling and parts manufacturing	Full	Ernst & Young
Mexicana Servicios Laborales, S.A.de C.V.	Aguas Calientes	Mexico		70.00%	Employment services	Full	Ernst & Young
Gestamp Puebla, S.A. de C.V.	Puebla	Mexico		70.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Cartera de México, S.A. de C.V.	Puebla	Mexico		70.00%	Portfolio company	Full	Ernst & Young
Gestamp Mexicana de Serv. Laborales, S.A. de C.V.	Aguas Calientes	Mexico		70.00%	Employment services	Full	Ernst & Young
Gestamp Ingeniería Europa Sur, S.L.	Barcelona	Spain		100.00%	Service provision	Full	Ernst & Young

December 31, 2017							
Company	Address	Country	Direct shareholding	Indirect shareholding	Activity	Consolidation method	Auditors
Todlem, S.L.	Barcelona	Spain		58.13%	Portfolio company	Full	Ernst & Young
Gestamp Navarra, S.A.	Navarra	Spain	71.37%	28.63%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Baires, S.A.	Buenos Aires	Argentina		70.00%	Dies, stamping and parts manufacturing	Full	Ernst & Young
Ingeniería Global MB, S.A.	Barcelona	Spain		100.00%	Administration services	Full	N/A
Gestamp Aragón, S.A.	Zaragoza	Spain	5.01%	94.99%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Abrera, S.A.	Barcelona	Spain	5.01%	94.99%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Levante, S.A.	Valencia	Spain	88.50%	11.50%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Solblank Navarra, S.L.	Navarra	Spain		100.00%	Stamping and welding	Full	Ernst & Young
MB Aragón P21, S.L.	Barcelona	Spain		100.00%	Tooling and parts manufacturing	Full	N/A
Gestamp Polska, SP. Z.O.O.	Wielkopolska	Poland		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Washington UK Limited	Newcastle	United Kingdom		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Hungaria KFT	Akai	Hungary	100.00%		Tooling and parts manufacturing	Full	Ernst & Young
Gestamp North America, INC	Michigan	USA		70.00%	Administration services	Full	Ernst & Young
Gestamp Sweden, AB	Lulea	Sweden		100.00%	Portfolio company	Full	Ernst & Young
Gestamp HardTech, AB	Lulea	Sweden		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Mason, LLC.	Michigan	USA		70.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Alabama, LLC.	Alabama	USA		70.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Ronchamp, S.A.S	Ronchamp	France		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Manufacturing Autochasis, S.L.	Barcelona	Spain	5.01%	94.99%	Tooling and parts manufacturing	Full	Ernst & Young
Industrias Tamer, S.A.	Barcelona	Spain		30.00%	Tooling and parts manufacturing	Equity method	Ernst & Young
Gestamp Tooling Services, AIE	Vizcaya	Spain		100.00%	Mould engineering and design	Full	Ernst & Young
Gestamp Auto Components (Kunshan) Co., Ltd	Kunshan	China		68.95%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Kartek Co, Ltd.	Gyeongsangnam-Do	South Korea		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Beyçelik Gestamp Kalip, A.S.	Bursa	Turkey		50.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Toluca SA de CV	Puebla	Mexico		70.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Servicios Laborales de Toluca SA de CV	Puebla	Mexico		69.93%	Employment services	Full	Ernst & Young
Gestamp Services India Private, Ltd.	Mumbai	India		100.00%	Tooling and parts manufacturing	Full	S.B. Dave & Co.

December 31, 2017							
Company	Address	Country	Direct shareholding	Indirect shareholding	Activity	Consolidation method	Auditors
Gestamp Severstal Vsevolozhsk LLC	Saint Petersburg	Russia		58.13%	Tooling and parts manufacturing	Full	Ernst & Young
Adral, matriceria y pta. a punto, S.L.	Vizcaya	Spain		100.00%	Mould manufacturing and tuning	Full	Ernst & Young
Gestamp Severstal Kaluga, LLC	Kaluga	Russia		58.13%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Automotive India Private Ltd.	Pune	India		50.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Pune Automotive, Private Ltd.	Pune	India		100.00%	Tooling and parts manufacturing	Full	V C Venkatraman & Co.
Gestamp Chattanooga, LLC	Chattanooga	USA		70.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Holding Rusia, S.L.	Madrid	Spain	25.19%	52.34%	Portfolio company	Full	Ernst & Young
Gestamp South Carolina, LLC	South Carolina	USA		70.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Holding China, AB	Lulea	Sweden		68.95%	Portfolio company	Full	Ernst & Young
Gestamp Global Tooling, S.L.	Vizcaya	Spain	99.99%	0.01%	Manufacturing of dies	Full	Ernst & Young
Gestamp Tool Hardening, S.L.	Vizcaya	Spain		100.00%	Manufacturing of dies	Full	Ernst & Young
Gestamp Vendas Novas Lda.	Évora	Portugal	100.00%		Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Togliatti, LLC.	Togliatti	Russia		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Automotive Chennai Private Ltd.	Chennai	India		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Palau, S.A.	Barcelona	Spain		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp North Europe Services, S.L.	Vizcaya	Spain	99.97%	0.03%	Consultancy services	Full	Ernst & Young
Loire Sociedad Anónima Franco Española	Guiúzcoa	Spain	100.00%		Cutting machine manufacture and sale	Full	Ernst & Young
Gestamp Tooling Erandio, S.L.	Guiúzcoa	Spain		100.00%	Portfolio company	Full	N/A
Diède Die Developments, S.L.	Vizcaya	Spain	100.00%		Manufacturing of dies	Full	IZE Auditores
Gestamp Louny, S.R.O.	Prague	Czech Republic		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Autocomponents (Shenyang), Co. Ltd.	Shenyang	China		65.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp West Virginia, LLC.	Michigan	USA		70.00%	Tooling and parts manufacturing	Full	Ernst & Young
Beyçelik Gestamp Sasi, L.S.	Kocaeli	Turkey		50.00%	Tooling and parts manufacturing	Full	Denetçiler Swon/KPMG
Gestamp Autocomponents (Dongguan), Co. Ltd.	Dongguan	China		65.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Try Out Services, S.L.	Vizcaya	Spain		100.00%	Manufacturing of dies	Full	Ernst & Young
Gestión Global de Matriceria, S.L.	Vizcaya	Spain	30.00%		No activity	Equity method	N/A
Ingeniería y Construcción Matrices, S.A.	Vizcaya	Spain		30.00%	Manufacturing of dies	Equity method (A)	IZE Auditores

(A) This company is consolidated under full consolidation method in Gestión Global de Matriceria Subgroup. This Subgroup is accounted for in Gestamp Automoción Group using the equity method.

December 31, 2017							
Company	Address	Country	Direct shareholding	Indirect shareholding	Activity	Consolidation method	Auditors
IxCxT, S.A.	Vizcaya	Spain		30.00%	Manufacturing of dies	Equity method (A)	IZE Auditores
Gestamp Funding Luxembourg, S.A.	Luxembourg	Luxembourg	100.00%		Portfolio company	Full	Ernst & Young
Gestamp Puebla II, S.A. de C.V.	Puebla	Mexico		70.00%	Tooling and parts manufacturing	Full	Ernst & Young
Autotech Engineering Deutschland GmbH	Bielefeld	Germany		100.00%	Research and development	Full	Ernst & Young
Autotech Engineering R&D Uk I limited	Durhan	United Kingdom		100.00%	Research and development	Full	Ernst & Young
Gestamp Holding México, S.L.	Madrid	Spain		69.99%	Portfolio company	Full	Ernst & Young
Gestamp Holding Argentina, S.L.	Madrid	Spain	10.80%	59.19%	Portfolio company	Full	Ernst & Young
Mursolar 21, S.L.	Madrid	Spain		65.00%	Portfolio company	Full	Ernst & Young
GGM Puebla, S.A. de C.V.	Puebla	Mexico		30.00%	Tooling and parts manufacturing	Equity method (A)	N/A
GGM Puebla de Servicios Laborales, S.A. de C.V.	Puebla	Mexico		30.00%	Employment services	Equity method (A)	N/A
Kunshan Gestool Tooling Manufacturing, Co., Ltd	Kunshan	China		30.00%	Manufacturing of dies	Equity method (A)	N/A
Gestamp Technology Institute, S.L.	Vizcaya	Spain	99.99%	0.01%	Education	Full	N/A
Gestamp Tooling Engineering Deutschland, GmbH	Braunschweig.	Germany		100.00%	Manufacturing of dies	Full	N/A
Gestamp Chattanooga II, LLC	Chattanooga	USA		70.00%	Tooling and parts manufacturing	Full	N/A
Autotech Engineering R&D USA	Delaware	USA		100.00%	IT, and research and development	Full	N/A
Gestamp Autocomponents Wuhan, co. Ltd.	Wuhan	China	100.00%		Tooling and parts manufacturing	Full	N/A
Çelik Form Gestamp Otomotive, A.S.	Bursa	Turkey		50.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Washtenaw, LLC.	Delaware	USA		70.00%	Tooling and parts manufacturing	Full	N/A
Gestamp San Luis Potosí, S.A.P.I. de C.V.	Mexico City	Mexico		70.00%	Employment services	Full	N/A
Gestamp San Luis Potosí Servicios Laborales S.A.P.I. de C.V.	Mexico City	Mexico		70.00%	Tooling and parts manufacturing	Full	N/A
Gestamp Auto Components (Tianjin) Co., LTD.	Tianjin	China		100.00%	Tooling and parts manufacturing	Full	N/A
Gestamp 2017, S.L.	Madrid	Spain	100.00%		Portfolio company	Full	N/A
Autotech Engineering (Shanghai) Co. Ltd.	Shanghai	China		100.00%	Research and development	Full	N/A
Gestamp Hot Stamping Japan K.K.	Tokio	Japan		100.00%	Tooling and parts manufacturing	Full	N/A
Global Laser Araba, S.L.	Álava	Spain	30.00%		Tooling and parts manufacturing	Equity method	N/A
MPO Providers Rezistent, S.R.L.	Darmanesti	Romania		35.00%	Tooling and parts manufacturing	Full	Toma Financial Consulting
Beçelik Gestamp Teknoloji Kalip, A.S.	Bursa	Turkey		50.00%	Manufacturing of dies	Full	Ernst & Young
Gestamp Nitra, S.R.O.	Bratislava	Slovakia	100.00%		Tooling and parts manufacturing	Full	N/A
Almussafes Mantenimiento de Troqueles, S.L.	Barcelona	Spain		100.00%	Die maintenance	Full	N/A
Gestamp (China) Holding, Co. Ltd	Shanghai	China		100.00%	Portfolio company	Full	N/A
Gestamp Autotech Japan K.K.	Tokio	Japan		100.00%	Research and development	Full	N/A

(A) This company is consolidated under full consolidation method in Gestión Global de Matricería Subgroup. This Subgroup is accounted for in Gestamp Automoción Group using the equity method.

December 31, 2017							
Company	Address	Country	Direct shareholding	Indirect shareholding	Activity	Consolidation method	Auditors
Edscha Holding GmbH	Remscheid	Germany		100.00%	Portfolio company	Full	Ernst & Young
Edscha Automotive Hengersberg GmbH	Hengersberg	Germany		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Edscha Automotive Hauzenberg GmbH	Hauzenberg	Germany		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Edscha Engineering GmbH	Remscheid	Germany		100.00%	Research and development	Full	Ernst & Young
Edscha Hengersberg Real Estate GmbH	Hengersberg	Germany	5.10%	94.90%	Property	Full	N/A
Edscha Hauzenberg Real Estate GmbH	Hauzenberg	Germany	5.10%	94.90%	Property	Full	N/A
Edscha Automotive Kamenice S.R.O.	Kamenice	Czech Republic		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Edscha Hradec S.R.O.	Hradec	Czech Republic		100.00%	Manufacturing of dies	Full	Ernst & Young
Edscha Velky Meder S.R.O.	Velky Meder	Slovakia		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp 2008, S.L.	Villalonguéjar (Burgos)	Spain		100.00%	Portfolio company	Full	Ernst & Young
Edscha Burgos, S.A.	Villalonguéjar (Burgos)	Spain		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Edscha Santander, S.L.	El Astillero (Cantabria)	Spain	5.01%	94.99%	Tooling and parts manufacturing	Full	Ernst & Young
Edscha Briey S.A.S.	Briey Cedex	France		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Edscha Engineering France S.A.S.	Les Ulis	France		100.00%	Research and development	Full	Ernst & Young
Edscha do Brasil Ltda.	Sorocaba	Brazil		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Edscha Japan Co., Ltd.	Tokio	Japan		100.00%	Sales office	Full	N/A
Jui Li Edscha Body Systems Co., Ltd.	Kaohsiung	Taiwan		60.00%	Tooling and parts manufacturing	Full	Ernst & Young
Jui Li Edscha Holding Co., Ltd.	Apia	Samoa		60.00%	Portfolio company	Full	N/A
Jui Li Edscha Hainan Industry Enterprise Co., Ltd.	Hainan	China		60.00%	Tooling and parts manufacturing	Full	Ernst & Young
Edscha Automotive Technology Co., Ltd.	Shanghai	China		100.00%	Research and development	Full	Shangai Ruitong Cpa
Shanghai Edscha Machinery Co., Ltd.	Shanghai	China		55.00%	Tooling and parts manufacturing	Full	Ernst & Young
Anhui Edscha Automotive Parts Co Ltd.	Anhui	China		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Edscha Automotive Michigan, Inc	Lapeer	USA		100.00%	Tooling and parts manufacturing	Full	N/A
Edscha Togliatti, Llc.	Togliatti	Russia		100.00%	Tooling and parts manufacturing	Full	National Audit Corporation
Edscha Automotive Components Co., Ltda.	Kunshan	China		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Finance Slovakia S.R.O.	Velky Meder	Slovakia	25.00%	75.00%	Portfolio company	Full	N/A
Edscha Kunststofftechnik GmbH	Remscheid	Germany		100.00%	Tooling and parts manufacturing	Full	JKG Treuhand
Edscha Pha, Ltd.	Seul	South Korea		50.00%	Parts manufacture research and development	Full	N/A
Edscha Aapico Automotive Co. Ltd	Pranakorn Sri Ayutthaya	Thailand		51.00%	Tooling and parts manufacturing	Full	Ernst & Young
Edscha Automotive SLP, S.A.P.I. de C.V.	Mexico City	Mexico		100.00%	No activity	Full	N/A
Edscha Automotive SLP Servicios Laborales, S.A.P.I. de C.V.	Mexico City	Mexico		100.00%	No activity	Full	N/A
Edscha Automotive Components (Chongqing) Co. Ltd.	Chongqing	China		100.00%	Tooling and parts manufacturing	Full	N/A
GMF Holding GmbH	Remscheid	Germany		100.00%	Portfolio company	Full	Ernst & Young
Gestamp Metal Forming (Wuhan), Ltd	Wuhan	China		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Umformtechnik GmbH	Ludwigsfelde	Germany		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Automotive Chassis Products Plc.	Newton Aycliffe, Durham	United Kingdom		100.00%	Portfolio company	Full	Ernst & Young
Sofedit, S.A.S	Le Theil sur Huisne	France		65.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Prisma, S.A.S	Usine de Messempre	France		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Tallent, Ltd	Newton Aycliffe, Durham	United Kingdom		100.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Wroclaw Sp.z.o.o.	Wroclaw	Poland		65.00%	Tooling and parts manufacturing	Full	Ernst & Young
Gestamp Auto components (Chongqing) Co., Ltd.	Chongqing	China		100.00%	Tooling and parts manufacturing	Full	Ernst & Young

The companies which compose the Griwe Subgroup at 31 December 2018 and 31 December 2017 are as follows:

December 31, 2018				
Company	Address	Country	Shareholding	Consolidation method
Gestamp Griwe Westerburg GmbH	Westerburg	Germany	Parent company	Full
Gestamp Griwe Haynrode GmbH *	Haynrode	Germany	100.00%	Full

December 31, 2017				
Company	Address	Country	Shareholding	Consolidation method
Gestamp Griwe Westerburg GmbH	Westerburg	Germany	Parent company	Full
Gestamp Griwe Haynrode GmbH *	Haynrode	Germany	100.00%	Full

\*In 2017, the merger took place between Gestamp Griwe Hot Stamping GmbH (the acquiring company) and Gestamp Griwe Haynrode GmbH (the acquired company). Gestamp Griwe Hot Stamping GmbH changed its legal denomination to Gestamp Griwe Haynrode GmbH after the merger operation took place.

## Appendix II

### Indirect investments at December 31, 2018

December 31, 2018		
Company	Company holding indirect investment	% investment
Gestamp Vigo, S.A.	Gestamp Servicios, S.A.	0.010%
Gestamp Toledo, S.L.	Gestamp Servicios, S.A.	0.010%
Gestamp Brasil Indústria de Autopeças, S.A.	Gestamp Servicios, S.A.	70.000%
Gestamp Ingeniería Europa Sur, S.L.	Gestamp Servicios, S.A.	0.040%
Gestamp Esmar, S.A.	Gestamp Servicios, S.A.	99.900%
Gestamp Bizkaia, S.A.	Gestamp Servicios, S.A.	14.690%
Gestamp Kartek Co., LTD	Gestamp Servicios, S.A.	100.000%
Gestamp Services India Private, Ltd.	Gestamp Servicios, S.A.	1.010%
Beyçelik Gestamp Kalip, A.S.	Gestamp Servicios, S.A.	50.000%
Gestamp Holding México, S.L.	Gestamp Servicios, S.A.	69.850%
Gestamp Holding Rusia, S.L.	Gestamp Servicios, S.A.	7.655%
Gestamp Togliatti, LLC.	Gestamp Servicios, S.A.	100.000%
Gestamp Cerveira, Lda.	Gestamp Vigo, S.A.	57.750%
Gestamp Washington UK, Limited	Gestamp Vigo, S.A.	4.990%
Gestamp Noury, S.A.	Gestamp Vigo, S.A.	100.000%
Gestamp Louny, S.R.O.	Gestamp Cerveira, Lda.	52.720%
Gestamp Aveiro, S.A.	Gestamp Cerveira, Lda.	45.660%
Gestamp Pune Automotive, Pvt. Ltd.	Gestamp Cerveira, Lda.	26.370%
Autotech Engineering S.L.	Gestamp Bizkaia, S.A.	90.000%
Gestamp Sweden, AB	Gestamp Bizkaia, S.A.	51.010%
Gestamp North Europe Services, S.L.	Gestamp Bizkaia, S.A.	0.030%
Autotech Engineering Deutschland GmbH	Gestamp Bizkaia, S.A.	55.000%
Autotech Engineering R&D Uk limited	Gestamp Bizkaia, S.A.	55.000%
Gestamp Technology Institute, S.L.	Gestamp Bizkaia, S.A.	0.030%
Gestamp Global Tooling, S.L.	Gestamp Bizkaia, S.A.	0.010%
Autotech Engineering R&D USA, Inc.	Gestamp Bizkaia, S.A.	55.000%
Loire S.A. Franco Española	Gestamp Bizkaia, S.A.	1.000%
Autotech Engineering (Shanghai), Co. Ltd.	Gestamp Bizkaia, S.A.	55.000%
Gestamp Autotech Japan K.K.	Gestamp Bizkaia, S.A.	55.000%
Autotech Engineering Spain, S.L.	Gestamp Bizkaia, S.A.	0.010%
Autotech Engineering France S.A.S.	Gestamp Bizkaia, S.A.	55.000%
Reparaciones Industriales Zaldibar, S.L.	Gestamp Bizkaia, S.A.	0.010%
Gestamp Tooling AIE	Gestamp Bizkaia, S.A.	40.000%
Gestamp Levante, S.L.	Gestamp Linares, S.A.	11.500%
Gestamp Hard Tech AB	Gestamp Sweden, AB	100.000%
Gestamp Holding China, AB	Gestamp HardTech, AB	68.940%
Gestamp Tool Hardening, S.L.	Matricerías Deusto, S.L.	0.100%
Gestamp Tooling AIE	Matricerías Deusto, S.L.	20.000%
SCI Tournan en Brie	Gestamp Noury, S.A.S	99.900%
Gestamp Linares, S.L.	Gestamp Toledo, S.A.	94.980%
Gestamp Holding Argentina, S.L.	Gestamp Toledo, S.A.	43.530%
Gestamp Aveiro, S.A.	Gestamp Palencia, S.A.	54.340%
Gestamp Tech, S.L.	Gestamp Palencia, S.A.	99.670%
Gestamp Holding Argentina, S.L.	Gestamp Palencia, S.A.	15.660%
Gestamp Holding México, S.L.	Gestamp Palencia, S.A.	0.150%
Tuyaauto Gestamp Morocco	Gestamp Palencia, S.A.	50.000%
Gestamp Romchamp, S.A.	Gestamp Palencia, S.A.	100.000%
Gestamp Autocomponents (Beijing) Co., Ltd.	Gestamp Autocomponents (Tianjin) Co., Ltd.	100.000%
Gestamp Córdoba, S.A.	Gestamp Argentina, S.A.	7.906%
Mursolar, 21, S.L.	Gestamp Aragón, S.A.	16.924%
Gestamp North America, INC	Gestamp Aveiro, S.A.	70.000%
Gestamp Navarra, S.A.	Gestamp Metalbages, S.A.	28.630%
Ingeniería Global MB, S.A.	Gestamp Metalbages, S.A.	100.000%
Gestamp Aragon, S.A.	Gestamp Metalbages, S.A.	94.990%
Gestamp Abrera, S.A.	Gestamp Metalbages, S.A.	94.990%
Gestamp Ingeniería Europa Sur, S.L.	Gestamp Metalbages, S.A.	99.960%
Gestamp Manufacturing Autochasis, S.L.	Gestamp Metalbages, S.A.	94.990%
Griwe Subgroup	Gestamp Metalbages, S.A.	100.000%
Edscha Holding GmbH	Gestamp Metalbages, S.A.	67.000%
Griwe Subgroup	Gestamp Metalbages, S.A.	100.000%
Edscha Holding GmbH	Gestamp Metalbages, S.A.	67.000%
Gestamp Services India private. Ltd.	Gestamp Levante, S.A.	98.990%
Gestamp Holding Rusia, S.L.	Gestamp Levante, S.A.	7.810%
Mursolar, 21, S.L.	Gestamp Navarra, S.A.	28.535%
Gestamp Holding Rusia, S.L.	Gestamp Levante, S.A.	7.810%
Mursolar, 21, S.L.	Gestamp Navarra, S.A.	28.535%
Gestamp Holding Rusia, S.L.	Gestamp Solblank Navarra, S.L.	5.642%
Gestamp Severstal Vsevolzhsk Llc	Todlem, S.L.	100.000%
Gestamp Severstal Kaluga, Llc	Todlem, S.L.	100.000%
Mexicana Servicios Laborales, S.A. de CV	Gestamp Cartera de México, S.A. de C.V.	100.000%
Gestamp Aguascalientes, S.A. de CV	Gestamp Cartera de México, S.A. de C.V.	100.000%
Gestamp Puebla, S.A. de CV	Gestamp Cartera de México, S.A. de C.V.	100.000%
Gestamp Mexicana Serv. Lab., S.A. de CV	Gestamp Cartera de México, S.A. de C.V.	100.000%
Gestamp Toluca, S.A. de C.V.	Gestamp Cartera de México, S.A. de C.V.	100.000%
Gestamp Puebla II, S.A. de C.V.	Gestamp Cartera de México, S.A. de C.V.	100.000%
Gestamp San Luis Potosí, S.A.P.I. de C.V.	Gestamp Cartera de México, S.A. de C.V.	99.990%
Gestamp San Luis Potosí, Servicios Laborales S.A.P.I. de C.V.	Gestamp Cartera de México, S.A. de C.V.	99.990%
Gestamp Sevicios Laborales de Toluca, S.A. de C.V.	Gestamp Cartera de México, S.A. de C.V.	99.900%

Company	Company holding indirect investment	% investment
Gestamp Holding Rusia, S.L.	Gestamp Solblank Navarra, S.L.	5.642%
Gestamp Severstal Vsevolozhsk Llc	Todlem, S.L.	100.000%
Gestamp Severstal Kaluga, Llc	Todlem, S.L.	100.000%
Mexicana Servicios Laborales, S.A. de CV	Gestamp Cartera de México, S.A. de C.V.	100.000%
Gestamp Aguascalientes, S.A. de CV	Gestamp Cartera de México, S.A. de C.V.	100.000%
Gestamp Puebla, S.A. de CV	Gestamp Cartera de México, S.A. de C.V.	100.000%
Gestamp Mexicana Serv. Lab., S.A. de CV	Gestamp Cartera de México, S.A. de C.V.	100.000%
Gestamp Toluca, S.A. de C.V.	Gestamp Cartera de México, S.A. de C.V.	100.000%
Gestamp Puebla II, S.A. de C.V.	Gestamp Cartera de México, S.A. de C.V.	100.000%
Gestamp San Luis Potosí, S.A.P.I. de C.V.	Gestamp Cartera de México, S.A. de C.V.	99.990%
Gestamp San Luis Potosí, Servicios Laborales S.A.P.I. de C.V.	Gestamp Cartera de México, S.A. de C.V.	99.990%
Gestamp Sevicios Laborales de Toluca, S.A. de C.V.	Gestamp Cartera de México, S.A. de C.V.	99.900%
Gestamp Córdoba, S.A.	Gestamp Brasil Industria de Autopeças, S.A.	4.272%
NCSG Sorocaba Industria Metalúrgica Ltda.	Gestamp Brasil Industria de Autopeças, S.A.	100.000%
Gestamp Baires, S.A.	Gestamp Brasil Industria de Autopeças, S.A.	6.770%
MB Solblank Navarra, S.L.	Gestamp Abrera, S.A.	100.000%
Gestamp Solblank Barcelona, S.A.	Gestamp Abrera, S.A.	94.990%
Gestamp Holding Rusia, S.L.	Gestamp Polska, SP. Z.O.O.	24.561%
Edscha Holding Gmbh	Gestamp Polska, SP. Z.O.O.	33.000%
Gestamp Automotive India Private Ltd.	Gestamp Polska, SP. Z.O.O.	50.000%
Gestamp Automotive Chennai Private, Ltd.	Gestamp Solblank Barcelona, S.A.	100.000%
Gestamp Holding Rusia, S.L.	Gestamp Solblank Barcelona, S.A.	6.673%
Gestamp Chattanooga, LLC.	Gestamp North America, INC	100.000%
Gestamp Mason, Llc.	Gestamp North America, INC	100.000%
Gestamp Alabama, Llc	Gestamp North America, INC	100.000%
Gestamp West Virginia, Llc.	Gestamp North America, INC	100.000%
Gestamp South Carolina, LLC.	Gestamp North America, INC	100.000%
Gestamp Washtenaw, LLC.	Gestamp North America, INC	100.000%
Gestamp Chattanooga II, LLC.	Gestamp North America, INC	100.000%
Edscha Holding Gmbh	Gestamp Holding Rusia, S.L.	74.980%
Gestamp Auto Components (Kunshan) Co., Ltd	Gestamp Holding China, AB	100.000%
Industrias Tamer, S.A.	Gestamp Esmar, S.A.	30.000%
Gestamp Pune Automotive, Pvt. Ltd.	Gestamp Automotive Chennai Private Ltd.	73.630%
Mursolar, 21, S.L.	Subgrupo Griwe	19.540%
Gestamp Louny S.R.O.	Subgrupo Griwe	47.280%
Gestamp Palau, S.A.	Gestamp Manufacturing Autochasis, S.L.	40.000%
Almussafes Mantenimiento Troqueles, S.L.	Gestamp Palau, S.A.	100.000%
Matricerías Deusto, S.L.	Gestamp Global Tooling, S.L.	100.000%
Gestamp Try Out Services, S.L.	Gestamp Global Tooling, S.L.	100.000%
Gestamp Tooling Services, AIE	Gestamp Global Tooling, S.L.	40.000%
Adral Matricería y puesta a punto, S.L.	Gestamp Global Tooling, S.L.	100.000%
Gestamp Tool Hardening, S.L.	Gestamp Global Tooling, S.L.	99.900%
Gestamp Tooling Engineering Deutschland GmbH	Gestamp Global Tooling, S.L.	100.000%
Gestamp Argentina, S.A.	Gestamp Holding Argentina, S.L.	97.000%
Gestamp Córdoba, S.A.	Griwe Subgroup	38.250%
Gestamp Baires, S.A.	Griwe Subgroup	93.230%
Gestamp Córdoba, S.A.	Gestamp Baires, S.A.	50.670%
Autotech Engineering Deutschland GmbH	Autotech Engineering S.L.	45.000%
Autotech Engineering (Shangai), Co. Ltd.	Autotech Engineering S.L.	45.000%
Gestamp Autotech Japan K.K.	Autotech Engineering S.L.	45.000%
Autotech Engineering Spain, S.L.	Autotech Engineering S.L.	99.990%
Autotech Engineering France S.A.S.	Autotech Engineering S.L.	45.000%
Autotech Engineering R&D Uk limited	Autotech Engineering S.L.	45.000%
Autotech Engineering R&D USA limited	Autotech Engineering S.L.	45.000%
Gestamp Tooling Erandio, S.L.	Gestamp Tool Hardening, S.L.	20.000%
Gestamp Cartera de Mexico, S.A. de CV	Gestamp Holding México, S.L.	100.000%
Gestamp Argentina, S.A.	Gestamp Holding México, S.L.	3.000%
Gestamp Hot Stamping Japan K.K.	Gestamp Kartek Co., LTD	50.000%
Gestamp Mexicana Serv. Lab. II, S.A. de CV	Gestamp Cartera de México, S.A. de C.V.	99.990%
Gestamp Mexicana Serv. Lab. II, S.A. de CV	Gestamp Puebla, S.A. de CV	0.010%
Gestamp Tooling Erandio, S.L.	Loire Sociedad Anónima Franco Española	80.000%
Gestamp Autocomponents (Tianjin) Co., Ltd.	Gestamp (China) Holding, Co. Ltd	51.000%
Gestamp Autocomponents Sales (Tianjin) Co., Ltd.	Gestamp (China) Holding, Co. Ltd	49.000%
Ingeniería y Construcción Matrices, S.A.	Gestión Global de Matricería, S.L.	100.000%
IxCxT, S.A.	Gestión Global de Matricería, S.L.	100.000%
GGM Puebla, S.A. de C.V.	Gestión Global de Matricería, S.L.	0.001%
GGM Puebla de Servicios Laborales, S.A. de C.V.	Gestión Global de Matricería, S.L.	0.001%
GGM Puebla, S.A. de C.V.	Gestión Global de Matricería, S.L.	99.990%
Kunshan Gestool Tooling Manufacturing, Co. Ltd.	Gestión Global de Matricería, S.L.	100.000%
GGM Puebla de Servicios Laborales, S.A. de C.V.	Gestión Global de Matricería, S.L.	99.990%
Gestamp Auto Components (Shenyang), Co. Ltd.	Mursolar 21, S.L.	100.000%
Gestamp Autocomponents (Dongguan) Co., Ltd.	Mursolar 21, S.L.	100.000%
Gestamp San Luis Potosí, S.A.P.I. de C.V.	Gestamp Puebla, S.A. de CV	0.010%
Gestamp San Luis Potosí, Servicios Laborales S.A.P.I. de C.V.	Gestamp Puebla, S.A. de CV	0.010%
Celik Form Gestamp Otomotive, A.S.	Beyçelik Gestamp Kalip, A.S.	100.000%
MPO Providers Rezistent, SRL	Beyçelik Gestamp Kalip, A.S.	70.000%
Beyçelik Gestamp Teknoloji Kalip, A.S.	Beyçelik Gestamp Kalip, A.S.	100.000%
Beyçelik Gestamp Sasi, L.S.	Beyçelik Gestamp Kalip, A.S.	100.000%

Company	Company holding indirect investment	% investment
Edscha Automotive Hengersberg GmbH	Edscha Holding GmbH	100.000%
Edscha Automotive Hauzenberg GmbH	Edscha Holding GmbH	100.000%
Edscha Engineering GmbH	Edscha Holding GmbH	100.000%
Edscha Automotive Technology, Co. Ltd.	Edscha Holding GmbH	100.000%
Gestamp 2008, S.L.	Edscha Holding GmbH	100.000%
Anhui Edscha Automotive parts, Co. Ltd.	Edscha Holding GmbH	100.000%
Edscha Hradec, S.R.O.	Edscha Holding GmbH	100.000%
Gestamp edscha Japan, Co. Ltd.	Edscha Holding GmbH	100.000%
Edscha Burgos, S.A.	Edscha Holding GmbH	0.010%
Edscha Velky Meder, S.R.O.	Edscha Holding GmbH	100.000%
Edscha Automotiv Kamenice, S.R.O.	Edscha Holding GmbH	100.000%
Edscha Engineering France SAS	Edscha Holding GmbH	100.000%
Edscha Hengersberg Real Estate GmbH	Edscha Holding GmbH	94.900%
Edscha Hauzenberg Real Estate GmbH	Edscha Holding GmbH	94.900%
Shanghai Edscha Machinery, Co. Ltd.	Edscha Holding GmbH	55.000%
Edscha Automotive Michigan, Inc.	Edscha Holding GmbH	100.000%
Edscha Togliatti, Llc.	Edscha Holding GmbH	100.000%
Edscha Automotive Components, Co. Ltd.	Edscha Holding GmbH	100.000%
Gestamp Finance Slovakia, S.R.O.	Edscha Holding GmbH	75.000%
Edscha Kunststofftechnik GmbH	Edscha Holding GmbH	100.000%
Edscha Pha, Ltd.	Edscha Holding GmbH	50.000%
Edscha Automotive SLP, S.A.P.I. de C.V.	Edscha Holding GmbH	99.990%
Edscha Automotive SLP Servicios Laborales, S.A.P.I. de C.V.	Edscha Holding GmbH	99.990%
Edscha Automotive Components (Chongqing) Co. Ltd.	Edscha Holding GmbH	100.000%
Jui li Edscha Body Systems Co. Ltd.	Edscha Holding GmbH	60.000%
Edscha Automotive Italy	Edscha Holding GmbH	100.000%
Edscha Automotive Aapico, Co. Ltd.	Edscha Holding GmbH	50.990%
Edscha Pha Automotive Components (Kunshan) Co., Ltd.	Edscha Pha, Ltd.	100.000%
Jui li Edscha Holding, Co. Ltd.	Jui li Edscha Body Systems Co. Ltd.	100.000%
Jui li Edscha Hainan Industry Enterprise, Co. Ltd.	Jui li Edscha Holding, Co. Ltd.	100.000%
Edscha do Brasil, Ltd.	Edscha Engineering GmbH	83.260%
Edscha Automotive SLP, S.A.P.I. de C.V.	Edscha Engineering GmbH	0.010%
Edscha Automotive SLP Servicios Laborales, S.A.P.I. de C.V.	Edscha Engineering GmbH	0.010%
Edscha Automotive Aapico, Co. Ltd.	Edscha Engineering GmbH	0.010%
Edscha Santander, S.L.	Gestamp 2008, S.L.	94.990%
Edscha Burgos, S.A.	Gestamp 2008, S.L.	99.990%
Edscha Briey, S.A.S.	Edscha Santander, S.L.	100.000%
Edscha do Brasil, Ltd.	Edscha Santander, S.L.	16.740%
GMF Wuhan, Ltd.	GMF Holding GmbH	100.000%
Gestamp Umformtechnik GmbH	GMF Holding GmbH	100.000%
Automotive Chassis Products, Plc.	GMF Holding GmbH	100.000%
Sofedit SAS	GMF Holding GmbH	100.000%
Gestamp Auto Components (Chongqing), Co. Ltd.	GMF Holding GmbH	100.000%
Gestamp (China) Holding, Co. Ltd	GMF Holding GmbH	100.000%
Gestamp Prisma SAS	GMF Holding GmbH	100.000%
Gestamp Tallent, Ltd.	Automotive Chassis Products Plc.	100.000%
Gestamp Wroclaw, Sp. Z.o.o.	Sofedit, S.A.S	100.000%
Gestamp Washington Uk, Limited	Gestamp Tallent , Ltd	95.010%
Gestamp Hot Stamping Japan K.K.	Gestamp Tallent , Ltd	50.000%
Gestamp Sweden, AB	Gestamp Tallent , Ltd	18.970%

## Indirect investments at 31 December 2017

December 31, 2017		
Company	Company holding indirect investment	% investment
Gestamp Vigo, S.A.	Gestamp Servicios, S.A.	0.010%
Gestamp Toledo, S.L.	Gestamp Servicios, S.A.	0.010%
Gestamp Brasil Industria de Autopeças, S.A.	Gestamp Servicios, S.A.	70.000%
Gestamp Ingeniería Europa Sur, S.L.	Gestamp Servicios, S.A.	0.040%
Gestamp Esmar, S.A.	Gestamp Servicios, S.A.	99.900%
Gestamp Bizkaia, S.A.	Gestamp Servicios, S.A.	14.690%
Gestamp Kartek Co., LTD	Gestamp Servicios, S.A.	100.000%
Gestamp Services India Private, Ltd.	Gestamp Servicios, S.A.	1.010%
Beyçelik Gestamp Kalip, A.S.	Gestamp Servicios, S.A.	50.000%
Gestamp Holding México, S.L.	Gestamp Servicios, S.A.	69.850%
Gestamp Holding Rusia, S.L.	Gestamp Servicios, S.A.	7.655%
Gestamp Togliatti, LLC.	Gestamp Servicios, S.A.	100.000%
Gestamp Cerveira, Lda.	Gestamp Vigo, S.A.	57.750%
Gestamp Washington Uk, Limited	Gestamp Vigo, S.A.	4.990%
Gestamp Noury, S.A.	Gestamp Vigo, S.A.	100.000%
Gestamp Louny S.R.O.	Gestamp Cerveira, Lda.	52.720%
Gestamp Aveiro, S.A.	Gestamp Cerveira, Lda.	45.660%
Gestamp Pune Automotive, Pvt. Ltd.	Gestamp Cerveira, Lda.	26.370%
Autotech Engineering AIE	Gestamp Bizkaia, S.A.	90.000%
Gestamp Sweden, AB	Gestamp Bizkaia, S.A.	55.010%
Gestamp North Europe Services, S.L.	Gestamp Bizkaia, S.A.	0.030%
Autotech Engineering Deutschland GmbH	Gestamp Bizkaia, S.A.	55.000%
Autotech Engineering R&D UK limited	Gestamp Bizkaia, S.A.	55.000%
Gestamp Technology Institute, S.L.	Gestamp Bizkaia, S.A.	0.010%
Gestamp Global Tooling, S.L.	Gestamp Bizkaia, S.A.	0.010%
Autotech Engineering R&D USA, Inc.	Gestamp Bizkaia, S.A.	55.000%
Loire S.A. Franco Española	Gestamp Bizkaia, S.A.	1.000%
Autotech Engineering (Shangai), Co. Ltd.	Gestamp Bizkaia, S.A.	55.000%
Gestamp Autotech Japan K.K.	Gestamp Bizkaia, S.A.	55.000%
Gestamp Tooling AIE	Gestamp Bizkaia, S.A.	40.000%
Gestamp Levante, S.L.	Gestamp Linares, S.A.	11.500%
Gestamp Hard Tech AB	Gestamp Sweden, AB	100.000%
Gestamp Holding China, AB	Gestamp HardTech, AB	68.940%
Gestamp Tool Hardening, S.L.	Matricerías Deusto, S.L.	0.100%
Gestamp Tooling AIE	Matricerías Deusto, S.L.	20.000%
SCI Tournan en Brie	Gestamp Noury, S.A.S	99.900%
Gestamp Linares, S.L.	Gestamp Toledo, S.A.	94.980%
Gestamp Holding Argentina, S.L.	Gestamp Toledo, S.A.	43.530%
Gestamp Aveiro, S.A.	Gestamp Palencia, S.A.	54.340%
Gestamp Galvanizados, S.A.	Gestamp Palencia, S.A.	100.000%
Gestamp Tech, S.L.	Gestamp Palencia, S.A.	99.670%
Gestamp Holding Argentina, S.L.	Gestamp Palencia, S.A.	7.040%
Gestamp Autocomponents (Tianjin) Co., Ltd.	Gestamp Palencia, S.A.	100.000%
Gestamp Romchamp, S.A.	Gestamp Palencia, S.A.	100.000%
Gestamp Córdoba, S.A.	Gestamp Argentina, S.A.	10.669%
Mursolar, 21, S.L.	Gestamp Aragón, S.A.	16.924%
Gestamp Holding México, S.L.	Gestamp Galvanizados, S.A.	0.150%
Gestamp Holding Argentina, S.L.	Gestamp Galvanizados, S.A.	8.620%
Gestamp North America, INC	Gestamp Aveiro, S.A.	70.000%
Gestamp Navarra, S.A.	Gestamp Metalbages, S.A.	28.630%
Ingeniería Global MB, S.A.	Gestamp Metalbages, S.A.	100.000%
Gestamp Aragon, S.A.	Gestamp Metalbages, S.A.	94.990%
Gestamp Abrera, S.A.	Gestamp Metalbages, S.A.	94.990%
MB Aragon P21, S.L.	Gestamp Metalbages, S.A.	100.000%
Gestamp Polska SP. Z.O.O.	Gestamp Metalbages, S.A.	100.000%
Gestamp Ingeniería Europa Sur, S.L.	Gestamp Metalbages, S.A.	99.960%
Gestamp Manufacturing Autochasis, S.L.	Gestamp Metalbages, S.A.	94.990%
Griwe Subgroup	Gestamp Metalbages, S.A.	100.000%
Edscha Holding GmbH	Gestamp Metalbages, S.A.	67.000%
ESSA PALAU, S.A.	Gestamp Metalbages, S.A.	60.000%
GMF Holding GmbH	Gestamp Metalbages, S.A.	100.000%
Gestamp Services India private. Ltd.	Gestamp Levante, S.A.	98.990%
Gestamp Holding Rusia, S.L.	Gestamp Levante, S.A.	7.810%
Mursolar, 21, S.L.	Gestamp Navarra, S.A.	28.535%

Company	Company holding indirect investment	% investment
Gestamp Holding Rusia, S.L.	Gestamp Solblank Navarra, S.L.	5.642%
Gestamp Severstal Vsevolozhsk Llc	Todlem, S.L.	100.000%
Gestamp Severstal Kaluga, Llc	Todlem, S.L.	100.000%
Mexicana Servicios Laborales, S.A. de CV	Gestamp Cartera de México, S.A. de C.V.	100.000%
Gestamp Aguascalientes, S.A. de CV	Gestamp Cartera de México, S.A. de C.V.	100.000%
Gestamp Puebla, S.A. de CV	Gestamp Cartera de México, S.A. de C.V.	100.000%
Gestamp Mexicana Serv. Lab., S.A. de CV	Gestamp Cartera de México, S.A. de C.V.	100.000%
Gestamp Toluca, S.A. de C.V.	Gestamp Cartera de México, S.A. de C.V.	100.000%
Gestamp Puebla II, S.A. de C.V.	Gestamp Cartera de México, S.A. de C.V.	100.000%
Gestamp San Luis Potosí, S.A.P.I. de C.V.	Gestamp Cartera de México, S.A. de C.V.	99.990%
Gestamp San Luis Potosí, Servicios Laborales S.A.P.I. de C.V.	Gestamp Cartera de México, S.A. de C.V.	99.990%
Gestamp Sevicios Laborales de Toluca, S.A. de C.V.	Gestamp Cartera de México, S.A. de C.V.	99.900%
Gestamp Córdoba, S.A.	Gestamp Brasil Industria de Autopeças, S.A.	4.272%
Gestamp Baires, S.A.	Gestamp Brasil Industria de Autopeças, S.A.	6.770%
MB Solblank Navarra, S.L.	Gestamp Abrera, S.A.	100.000%
Gestamp Solblank Barcelona, S.A.	Gestamp Abrera, S.A.	94.990%
Gestamp Holding Rusia, S.L.	Gestamp Polska, SP. Z.O.O.	24.561%
Edscha Holding GmbH	Gestamp Polska, SP. Z.O.O.	33.000%
Gestamp Automotive India Private Ltd.	Gestamp Polska, SP. Z.O.O.	50.000%
Gestamp Automotive Chennai Private, Ltd.	Gestamp Solblank Barcelona, S.A.	100.000%
Gestamp Holding Rusia, S.L.	Gestamp Solblank Barcelona, S.A.	6.673%
Gestamp Chattanooga, LLC.	Gestamp North America, INC	100.000%
Gestamp Mason, Llc.	Gestamp North America, INC	100.000%
Gestamp Alabama, Llc	Gestamp North America, INC	100.000%
Gestamp West Virginia, Llc.	Gestamp North America, INC	100.000%
Gestamp South Carolina, LLC.	Gestamp North America, INC	100.000%
Gestamp Washtenaw, LLC.	Gestamp North America, INC	100.000%
Gestamp Chattanooga II, LLC.	Gestamp North America, INC	100.000%
Todlem, S.L.	Gestamp Holding Rusia, S.L.	74.980%
Gestamp Auto Components (Kunshan) Co., Ltd	Gestamp Holding China, AB	100.000%
Industrias Tamer, S.A.	Gestamp Esmar, S.A.	30.000%
Gestamp Pune Automotive, Pvt. Ltd.	Gestamp Automotive Chennai Private Ltd.	73.630%
Mursolar, 21, S.L.	Griwe Subgroup	19.540%
Gestamp Louny S.R.O.	Griwe Subgroup	47.280%
Gestamp Palau, S.A.	Gestamp Manufacturing Autochasis, S.L.	40.000%
Almassafes Mantenimiento Troqueles, S.L.	Gestamp Palau, S.A.	100.000%
Matricerías Deusto, S.L.	Gestamp Global Tooling, S.L.	100.000%
Gestamp Try Out Services, S.L.	Gestamp Global Tooling, S.L.	100.000%
Gestamp Tooling Services, AIE	Gestamp Global Tooling, S.L.	40.000%
Adral Matricería y puesta a punto, S.L.	Gestamp Global Tooling, S.L.	100.000%
Gestamp Tool Hardening, S.L.	Gestamp Global Tooling, S.L.	99.990%
Gestamp Tooling Engineering Deutschland GmbH	Gestamp Global Tooling, S.L.	100.000%
Gestamp Argentina, S.A.	Gestamp Holding Argentina, S.L.	97.000%
Gestamp Córdoba, S.A.	Gestamp Holding Argentina, S.L.	51.615%
Gestamp Baires, S.A.	Gestamp Holding Argentina, S.L.	93.230%
Gestamp Córdoba, S.A.	Gestamp Baires, S.A.	33.443%
Autotech Engineering Deutschland GmbH	Autotech Engineering AIE	45.000%
Autotec Engineering (Shangai), Co. Ltd.	Autotech Engineering AIE	45.000%
Gestamp Autotech Japan K.K.	Autotech Engineering AIE	45.000%
Autotech Engineering R&D Uk limited	Autotech Engineering AIE	45.000%
Autotech Engineering R&D USA limited	Autotech Engineering AIE	45.000%
Gestamp Tooling Erandio, S.L.	Gestamp Tool Hardening, S.L.	20.000%
Gestamp Cartera de Mexico, S.A. de CV	Gestamp Holding México, S.L.	100.000%
Gestamp Argentina, S.A.	Gestamp Holding México, S.L.	3.000%
Gestamp Tooling Erandio, S.L.	Loire Sociedad Anónima Franco Española	80.000%
Ingeniería y Construcción Matrices, S.A.	Gestión Global de Matricería, S.L.	100.000%
IxCxT, S.A.	Gestión Global de Matricería, S.L.	100.000%
GGM Puebla, S.A. de C.V.	Gestión Global de Matricería, S.L.	0.001%
GGM Puebla de Servicios Laborales, S.A. de C.V.	Gestión Global de Matricería, S.L.	0.001%
GGM Puebla, S.A. de C.V.	Gestión Global de Matricería, S.L.	99.990%
Kunshan Gestool Tooling Manufacturing, Co, Ltd.	Gestión Global de Matricería, S.L.	100.000%
GGM Puebla de Servicios Laborales, S.A. de C.V.	Gestión Global de Matricería, S.L.	99.990%
Gestamp Auto Components (Shenyang), Co. Ltd.	Mursolar 21, S.L.	100.000%
Gestamp Autocomponents (Dongguan) Co., Ltd.	Mursolar 21, S.L.	100.000%
Gestamp San Luis Potosí, S.A.P.I. de C.V.	Gestamp Puebla, S.A. de CV	0.010%
Gestamp San Luis Potosí, Servicios Laborales S.A.P.I. de C.V.	Gestamp Puebla, S.A. de CV	0.010%
Celik Form Gestamp Otomotive, A.S.	Beyçelik Gestamp Kalip, A.S.	100.000%
MPO Providers Rezistent, SRL	Beyçelik Gestamp Kalip, A.S.	70.000%
Beyçelik Gestamp Teknoloji Kalip, A.S.	Beyçelik Gestamp Kalip, A.S.	100.000%
Beyçelik Gestamp Sasi, L.S.	Beyçelik Gestamp Kalip, A.S.	100.000%

Company	Company holding indirect investment	% investment
Edscha Automotive Hengersberg GmbH	Edscha Holding GmbH	100.000%
Edscha Automotive Hauzenberg GmbH	Edscha Holding GmbH	100.000%
Edscha Engineering GmbH	Edscha Holding GmbH	100.000%
Edscha Automotive Technology, Co. Ltd.	Edscha Holding GmbH	100.000%
Gestamp 2008, S.L.	Edscha Holding GmbH	100.000%
Anhui Edscha Automotive parts, Co. Ltd.	Edscha Holding GmbH	100.000%
Edscha Hradec, S.R.O.	Edscha Holding GmbH	100.000%
Gestamp edscha Japan, Co. Ltd.	Edscha Holding GmbH	100.000%
Edscha Burgos, S.A.	Edscha Holding GmbH	0.010%
Edscha Velky Meder, S.R.O.	Edscha Holding GmbH	100.000%
Edscha Automotiv Kamenice, S.R.O.	Edscha Holding GmbH	100.000%
Edscha Engineering France SAS	Edscha Holding GmbH	100.000%
Edscha Hengersberg Real Estate GmbH	Edscha Holding GmbH	94.900%
Edscha Hauzenberg Real Estate GmbH	Edscha Holding GmbH	94.900%
Shanghai Edscha Machinery, Co. Ltd.	Edscha Holding GmbH	55.000%
Edscha Automotive Michigan, Inc.	Edscha Holding GmbH	100.000%
Edscha Togliatti, LLC	Edscha Holding GmbH	100.000%
Edscha Automotive Components, Co. Ltd.	Edscha Holding GmbH	100.000%
Gestamp Finance Slovakia, S.R.O.	Edscha Holding GmbH	75.000%
Edscha Kunststofftechnik GmbH	Edscha Holding GmbH	100.000%
Edscha Pha, Ltd.	Edscha Holding GmbH	50.000%
Edscha Automotive SLP, S.A.P.I. de C.V.	Edscha Holding GmbH	99.990%
Edscha Automotive SLP Servicios Laborales, S.A.P.I. de C.V.	Edscha Holding GmbH	99.990%
Edscha Automotive Components (Chongqing) Co. Ltd.	Edscha Holding GmbH	100.000%
Jui li Edscha Body Systems Co. Ltd.	Edscha Holding GmbH	60.000%
Edscha Automotive Italy	Edscha Holding GmbH	100.000%
Edscha Automotive Aapico, Co. Ltd.	Edscha Holding GmbH	50.990%
Jui li Edscha Holding, Co. Ltd.	Jui li Edscha Body Systems Co. Ltd.	100.000%
Jui li Edscha Hainan Industry Enterprise, Co. Ltd.	Jui li Edscha Holding, Co. Ltd.	100.000%
Edscha do Brasil, Ltd.	Edscha Engineering GmbH	83.260%
Edscha Automotive SLP, S.A.P.I. de C.V.	Edscha Engineering GmbH	0.010%
Edscha Automotive SLP Servicios Laborales, S.A.P.I. de C.V.	Edscha Engineering GmbH	0.010%
Edscha Automotive Aapico, Co. Ltd.	Edscha Engineering GmbH	0.010%
Edscha Santander, S.L.	Gestamp 2008, S.L.	94.990%
Edscha Burgos, S.A.	Gestamp 2008, S.L.	99.990%
Edscha Briey, S.A.S.	Edscha Santander, S.L.	100.000%
Edscha do Brasil, Ltd.	Edscha Santander, S.L.	16.740%
GMF Wuhan, Ltd.	GMF Holding GmbH	100.000%
Gestamp Umformtechnik GmbH	GMF Holding GmbH	100.000%
Automotive Chassis Products, Plc.	GMF Holding GmbH	100.000%
Sofedit SAS	GMF Holding GmbH	65.000%
Gestamp Auto Components (Chongqing), Co. Ltd.	GMF Holding GmbH	100.000%
Gestamp (China) Holding, Co. Ltd	GMF Holding GmbH	100.000%
Gestamp Prisma SAS	GMF Holding GmbH	100.000%
Gestamp Tallent, Ltd.	Automotive Chassis Products Plc.	100.000%
Gestamp Wroclaw, Sp. Z.o.o.	Sofedit, S.A.S	100.000%
Gestamp Washington Uk, Limited	Gestamp Tallent , Ltd	95.010%
Gestamp Hot Stamping Japan K.K.	Gestamp Tallent , Ltd	100.000%
Gestamp Sweden, AB	Gestamp Tallent , Ltd	44.990%

## APPENDIX III

### Guarantors for Syndicated loan 2013 (modified 2016, 2017 and 2018)

Gestamp Navarra, S.A.	Gestamp Palencia, S.A.
Edscha Automotive Kamenice, S.R.O.	Gestamp Polska, Sp.Z.o.o.
Edscha Engineering, GmbH.	Gestamp Cerveira, Ltda
Edscha Briey, S.A.S.	Gestamp Ronchamp, S.A.S.
Edscha Engineering France , S.A.S.	Gestamp Servicios, S.A.
Edscha Automotive Hauzenberg, GmbH	Gestamp Washington UK Limited
Edscha Hauzenberg Real Estate GmbH, & Co.	Gestamp Vendas Novas Unipessoal, Lda
Edscha Hengersberg Real Estate GmbH, & Co.	Gestamp Vigo, S.A.
Edscha Automotive Hengersberg, GmbH.	Gestamp Umformtechnik, GmbH
Edscha Holding, GmbH.	Subgrupo Griwe
Edscha Hradec, S.r.o.	Ingeniería Global MB, S.A.
Edscha Velky Meder, S.r.o.	Loire S.A. Franco Española
Gestamp Bizkaia, S.A.	Gestamp Abrera, S.A.
Gestamp Automoción,S.A.	Gestamp Aragón, S.A.
Gestamp Aveiro, S.A.	Gestamp Metalbages, S.A.
Gestamp HardTech, AB	Gestamp Prisma, S.A.S.
Gestamp Hungaria, KFT.	SCI de Tournan en Brie
Gestamp Linares, S.A.	Gestamp Solblank Barcelona, S.A.
Gestamp Louny, S.r.o.	Gestamp Tallent Limited
Gestamp Esmar, S.A.	Gestamp Sweden AB
Gestamp Wroclaw, Sp. Z.o.o	Edscha Burgos, S.A
Sofedit, S.A.S.	Gestamp Levante, S.A.
Gestamp Toledo, S.A.	Edscha Santander, S.L.
Gestamp Noury, SAS	

Also, a pledge was arranged on shares of the subsidiaries Gestamp Metalbages, S.A., Gestamp Bizkaia, S.A., Gestamp Vigo, S.A., Gestamp Palencia, S.A., Gestamp Servicios, S.A. y Gestamp Toledo, S.A.

### Guarantors for May, 2013 and May, 2016 Bonds

Gestamp Navarra, S.A.	Gestamp Palencia, S.A.
Edscha Automotive Kamenice, S.R.O.	Gestamp Polska, Sp.Z.o.o.
Edscha Engineering, GmbH.	Gestamp Cerveira, Ltda
Edscha Briey, S.A.S.	Gestamp Ronchamp, S.A.S.
Edscha Engineering France , S.A.S.	Gestamp Servicios, S.A.
Edscha Automotive Hauzenberg, GmbH	Gestamp Washington UK Limited
Edscha Hauzenberg Real Estate GmbH, & Co.	Gestamp Vendas Novas Unipessoal, Lda
Edscha Hengersberg Real Estate GmbH, & Co.	Gestamp Vigo, S.A.
Edscha Automotive Hengersberg, GmbH.	Gestamp Umformtechnik, GmbH
Edscha Holding, GmbH.	Subgrupo Griwe
Edscha Hradec, S.r.o.	Ingeniería Global MB, S.A.
Edscha Velky Meder, S.r.o.	Loire S.A. Franco Española
Gestamp Bizkaia, S.A.	Gestamp Aragón, S.A.
Gestamp Automoción, S.A.	Gestamp Abrera, S.A.
Gestamp Aveiro, S.A.	Gestamp Metalbages, S.A.
Gestamp HardTech, AB	Gestamp Prisma, S.A.S.
Gestamp Hungaria, KFT.	SCI de Tournan en Brie
Gestamp Linares, S.A.	Gestamp Solblank Barcelona, S.A.
Gestamp Louny, S.r.o.	Gestamp Tallent Limited
Gestamp Esmar, S.A.	Gestamp Sweden AB
Gestamp Wroclaw, Sp. Z.o.o	Edscha Burgos, S.A.
Sofedit, S.A.S.	Gestamp Levante, S.A.
Gestamp Toledo, S.A.	Edscha Santander, S.L.
Gestamp Noury, SAS	

Also, a pledge was arranged on shares of the subsidiaries Gestamp Metalbages, S.A., Gestamp Bizkaia, S.A., Gestamp Vigo, S.A., Gestamp Palencia, S.A., Gestamp Servicios, S.A. y Gestamp Toledo, S.A.

## Guarantors for European Investment Bank Loan

Gestamp Navarra, S.A.	Gestamp Noury, SAS
Edscha Automotive Kamenice, S.R.O.	Gestamp Palencia, S.A.
Edscha Engineering, GmbH.	Gestamp Polska, Sp.Z.o.o.
Edscha Briey, S.A.S.	Gestamp Cerveira, Ltda
Edscha Engineering France, S.A.S.	Gestamp Ronchamp, S.A.S.
Edscha Automotive Hauzenberg, GmbH	Gestamp Servicios, S.A.
Edscha Hauzenberg Real Estate GmbH, & Co.	Gestamp Washington UK Limited
Edscha Hengersberg Real Estate GmbH, & Co.	Gestamp Vendas Novas Unipessoal, Lda.
Edscha Automotive Hengersberg, GmbH.	Gestamp Vigo, S.A.
Edscha Holding, GmbH.	Gestamp Umformtechnik, GmbH
Edscha Hradec, S.r.o.	Subgrupo Griwe
Edscha Velky Meder, S.r.o.	Ingeniería Global MB, S.A.
Gestamp Bizkaia, S.A.	Loire S.A. Franco Española
Gestamp Automoción,S.A.	Gestamp Abrera, S.A.
Gestamp Aveiro, S.A.	Gestamp Aragón, S.A.
Gestamp HardTech, AB	Gestamp Metalbages, S.A.
Gestamp Hungaria, KFT.	Gestamp Prisma, S.A.S.
Gestamp Linares, S.A.	SCI de Tournan en Brie
Gestamp Louny, S.r.o.	Gestamp Solblank Barcelona, S.A.
Gestamp Esmar, S.A.	Gestamp Tallent Limited
Gestamp Wroclaw, Sp. Z.o.o	Gestamp Sweden AB
Sofedit, S.A.S.	Gestamp Funding Luxemburgo, S.A.

## Guarantors for Kfw IPEX Bank GmbH Loan

Gestamp Navarra, S.A.	Gestamp Palencia, S.A.
Edscha Automotive Kamenice, S.R.O.	Gestamp Polska, Sp.Z.o.o.
Edscha Engineering, GmbH.	Gestamp Cerveira, Ltda
Edscha Briey, S.A.S.	Gestamp Ronchamp, S.A.S.
Edscha Engineering France, S.A.S.	Gestamp Servicios, S.A.
Edscha Automotive Hauzenberg, GmbH	Gestamp Washington UK Limited
Edscha Hauzenberg Real Estate GmbH, & Co.	Gestamp Vendas Novas Unipessoal, Lda.
Edscha Hengersberg Real Estate GmbH, & Co.	Gestamp Vigo, S.A.
Edscha Automotive Hengersberg, GmbH.	Gestamp Umformtechnik, GmbH
Edscha Holding, GmbH.	Subgrupo Griwe
Edscha Hradec, S.r.o.	Ingeniería Global MB, S.A.
Edscha Velky Meder, S.r.o.	Loire S.A. Franco Española
Gestamp Bizkaia, S.A.	Gestamp Abrera, S.A.
Gestamp Automoción,S.A.	Gestamp Aragón, S.A.
Gestamp Aveiro, S.A.	Gestamp Metalbages, S.A.
Gestamp HardTech, AB	Gestamp Prisma, S.A.S.
Gestamp Hungaria, KFT.	SCI de Tournan en Brie
Gestamp Linares, S.A.	Gestamp Solblank Barcelona, S.A.
Gestamp Louny, S.r.o.	Gestamp Tallent Limited
Gestamp Esmar, S.A.	Gestamp Sweden AB
Gestamp Wroclaw, Sp. Z.o.o	Gestamp Funding Luxemburgo, S.A.
Sofedit, S.A.S.	Gestamp Toledo, S.A.
Edscha Burgos, S.A.	Edscha Santander, S.A.
Gestamp Levante, S.A.	
Gestamp Noury, SAS	

**Guarantors for April 2018 bond issue**

Edscha Automotive Hengersberg GmbH	Ingeniería Global MB, S.A.
Edscha Holding GmbH	Gestamp Global Tooling, S.L.
Gestamp Griwe westerburg, GmbH	Gestamp Noury, SAS
Gestamp Griwe Haynrode, GmbH	Gestamp Ronchamp, S.A.S.
Edscha Automotive Hauzenberg, GmbH	Edscha Briey, S.A.S.
Gestamp Umformtechnik, GmbH	Sofedit, S.A.S.
Edscha Hengersberg Real Estate GmbH, & Co.	SCI de Tournan en Brie
Edscha Hauzenberg Real Estate GmbH, & Co.	Edscha Engineering France, S.A.S.
Edscha Engineering, GmbH.	Gestamp Prisma, S.A.S.
GMF Holding GmbH	Gestamp Hungaria, KFT.
Gestamp Servicios, S.A.	Gestamp Polska, Sp.Z.o.o.
Gestamp Navarra, S.A.	Gestamp Wroclaw, Sp. Z.o.o
Gestamp Bizkaia, S.A.	Gestamp Aveiro, S.A.
Edscha Santander, S.A.	Gestamp Cerveira, Ltda
Gestamp Esmar, S.A.	Gestamp Vendas Novas Unipessoal, Lda
Gestamp Palencia, S.A.	Edscha Automotive Kamenice, S.R.O.
Gestamp Abrera, S.A.	Edscha Hradec, S.r.o.
Edscha Burgos, S.A.	Gestamp Louny, S.r.o.
Gestamp Solblank Barcelona, S.A.	Gestamp Tallent Limited
Loire S.A. Franco Española	Gestamp Washington UK Limited
Gestamp Aragón, S.A.	Edscha Velky Meder, S.r.o.
Gestamp Toledo, S.A.	Gestamp HardTech, AB
Gestamp Linares, S.A.	Gestamp Sweden, AB
Gestamp Vigo, S.A.	Gestamp Funding Luxemburgo, S.A.
Gestamp Levante, S.A.	

Also, a pledge was arranged on shares of the subsidiaries Gestamp Metalbages, S.A., Gestamp Bizkaia, S.A., Gestamp Vigo, S.A., Gestamp Palencia, S.A., Gestamp Servicios, S.A. and Gestamp Toledo, S.A.



**Management Report for the twelve months period ended  
December 31<sup>st</sup>, 2018**

Gestamp Automoción, S.A.

February 28<sup>th</sup>, 2019

## Index

1.	GESTAMP AUTOMOCIÓN GROUP SITUATION .....	3
1.1	Business Model .....	3
1.2	Organizational structure .....	5
2.	COMPANY PERFORMANCE AND RESULTS .....	6
2.1	Macroeconomic and sector evolution during 2018.....	6
2.2	Financial Results Overview.....	7
3.	DEBT AND LIQUIDITY .....	10
4.	FORESEEABLE EVOLUTION OF THE COMPANY .....	11
5.	RISK MANAGEMENT .....	12
5.1	Main risks and uncertainties .....	12
6.	NON-FINANCIAL INFORMATION STATUS.....	16
6.1	Introduction .....	16
6.2	Environmental issues .....	20
6.3	Social and personnel-related matters.....	25
6.4	Respect for Human Rights.....	39
6.5	Fight against corruption and bribery .....	43
6.6	Regarding society .....	45
7.	R&D ACTIVITIES.....	58
8.	SUBSEQUENT EVENTS.....	60
9.	OPERATIONS WITH OWN SHARES .....	60
10.	OTHER RELEVANT INFORMATION .....	61
10.1	Stock Exchange Evolution .....	61
10.2	Dividend policy.....	63
10.3	Credit Rating.....	64
10.4	Average period for payment to suppliers .....	65

# 1. GESTAMP AUTOMOCIÓN GROUP SITUATION

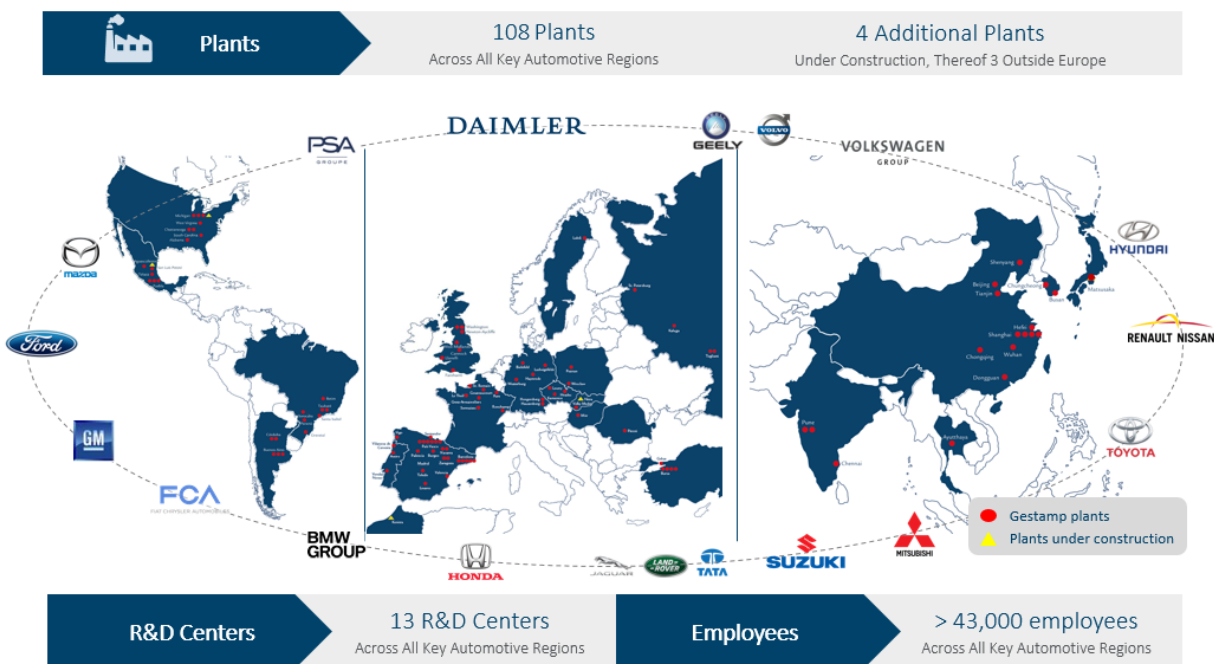
## 1.1 Business Model

Gestamp Automoción S.A. (hereafter “Gestamp” and together with its consolidated subsidiaries “the Group”) is one of the world’s largest suppliers of automotive metal components and assemblies. We are an international group focused on the design, development and manufacture of highly engineered Body-in-White, Chassis components and Mechanisms, as well as tooling & dies and other related services for the automotive industry. Our expertise and core competence in developing and producing light-weight components help our customers to reduce CO2 emissions while at the same time enhancing the safety features of their vehicles.

Since we were founded in 1997, we have cultivated strong relationships with our OEM customers by offering them leading technologies through our extensive global footprint of 108 production facilities in 22 countries across four regions (Europe, North America, South America and Asia) and 4 plants under construction (US, Mexico, Slovakia and Morocco), 13 R&D centres and a workforce of over 43,000 employees worldwide.

Our leading technologies, global footprint and proven track record in executing complex projects set us apart and makes us one of the industry leaders, as well as enables us to secure strong relationships with almost all major global automakers including BMW, Daimler, Fiat Chrysler, Ford, Geely-Volvo, General Motors, Honda, PSA, Renault Nissan, Tata JLR, Toyota and Volkswagen Group, which represented our top 12 customers for the year ended December 31, 2018. We currently supply products to all top 12 OEMs globally by volumes, and we are also incorporating new customers, in line with our stated growth and diversification strategy.

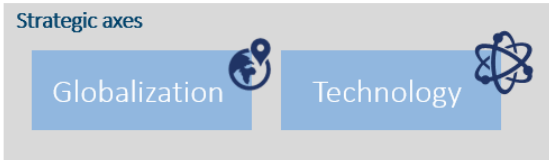
The diagram below shows Gestamp’s global footprint and its main customers as of December 31, 2018.



Our strategy is to continue to be the global partner of choice for OEMs in Body-in-White, Chassis and Mechanisms. In order to achieve our goal we will continue to focus on maintaining and strengthening our technological leadership, maximizing growth on the basis of our client-oriented business model, operational excellence and efficiencies, while developing and implementing digitalization and industry 4.0 in our plants and regions.

**Client Oriented Business Model with Long-Term Strategic Axes and Pillars**

- Gestamp’s Development has been based on a **market-focused strategy supported by solid foundations**



- In years to come, **Gestamp’s strategy will not change substantially**, although there will be an **adjustment to adapt to the new CASE trends**
  - ✓ **Electric vehicle** components are a **priority** for Gestamp
- At the same time, **Gestamp will clearly opt for Digitization** to take its industrial model to the next level



(1) CASE: Connectivity, Autonomous driving, Shared mobility and Electrification

Increasing investments by OEMs in the four pillars of CASE (“Connectivity, Autonomous driving, Shared mobility and Electrification”) lead to less investments in other important areas of vehicle construction such as Body-in-White and Chassis development and production. This trend, together with ongoing global platform standardization among OEMs, has led to an increased need for outsourcing, as OEMs entrust a select number of strategic supply partners with an increasingly high content of vehicle production. In parallel, specialization has led to advancements achieved by strategic suppliers, such as Gestamp, in certain technologies which OEMs find difficult to match in-house, both in price and quality, thereby resulting in increased outsourcing. For example, we are a market leader in the hot stamping manufacturing process, one of the most advanced technologies for reducing the weight of a vehicle’s body structure and improving passenger safety in case of collision. In addition, as OEMs grow outside of their home markets, they are more inclined to turn to external suppliers with plants located in close proximity to the OEMs’ production facilities for content they would have otherwise provided in-house in their home markets.

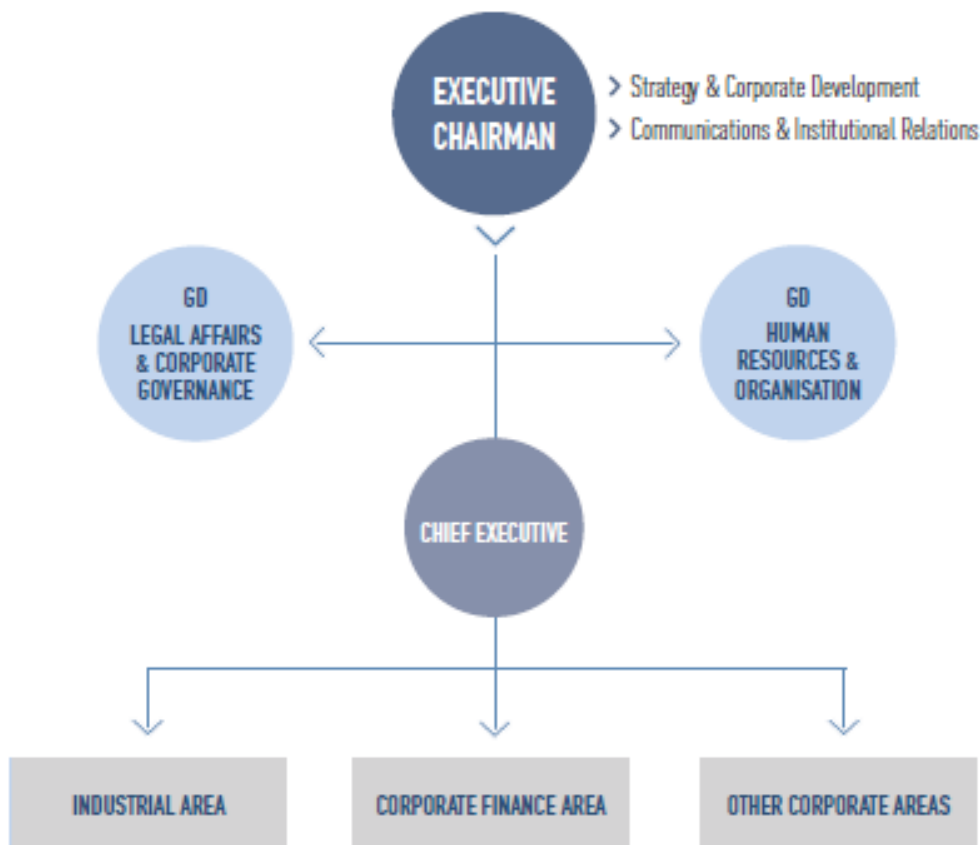
## 1.2 Organizational structure

Our organizational model is structured fundamentally into business units that focus on business development, products, processes and strategic projects, while our geographical divisions concentrate on launching industrial projects and managing production capacities, considering each production plant as an economic center.

The organizational structure keeps the direction provided by Gestamp’s Board of Directors by the end of 2017, and is being adapted to adjust it to the future challenges from our industry. So, among other changes, the new Electrical Vehicle area (EV Group) has been created with the objective to centralize and lead the efforts as a Group to exploit the opportunities that vehicle electrification offers to us.

Mr. Francisco J. Riberas continues to undertake his duties as Executive Chairman, focusing on those most valuable functions for the Group: corporate strategy and development, including key commercial relationships at the highest level with Gestamp’s clients, matters related to Corporate Governance, the institutional representation of the Company and the coordination of the 2 new General Directors, Human Resources and Legal Advice. Beyond his current duties, Mr. Riberas adds the leadership of electric vehicle business area.

Mr. Francisco López Peña keeps its role as the Chief Executive Officer. From this position, he manages the industrial operations of the Group, as well as the financial area, internal control and other corporate functions.



## **2. COMPANY PERFORMANCE AND RESULTS**

### **2.1 Macroeconomic and sector evolution during 2018**

2018 has been a challenging year on the macroeconomic and political front as well as in the automotive sector. Global economic growth for 2018 stood at 3.7%, as stated in the January 2019 World Economic Outlook (WEO) forecast, which is in line with 2017 and slightly above the long-term average. Whilst the first half of the year was strong, the economic environment experienced a slowdown during the second half mainly as a result of the weakness in China and Western Europe. The result of the ongoing uncertainties around trade tariffs during 2018 was also reflected in the financial markets with strong declines across most stock markets around the world with all major indices closing in negative territory.

The automotive sector saw a similar trend with a solid first half of the year but a challenging second half. The main challenges related to the diesel crisis and the implementation of new emission tests, Worldwide Harmonized Light Vehicle Test Procedure (WLTP), in Europe as well as a decrease in production volumes in China for the first time in twenty years. Ongoing trade tensions also led to an increased level of uncertainty.

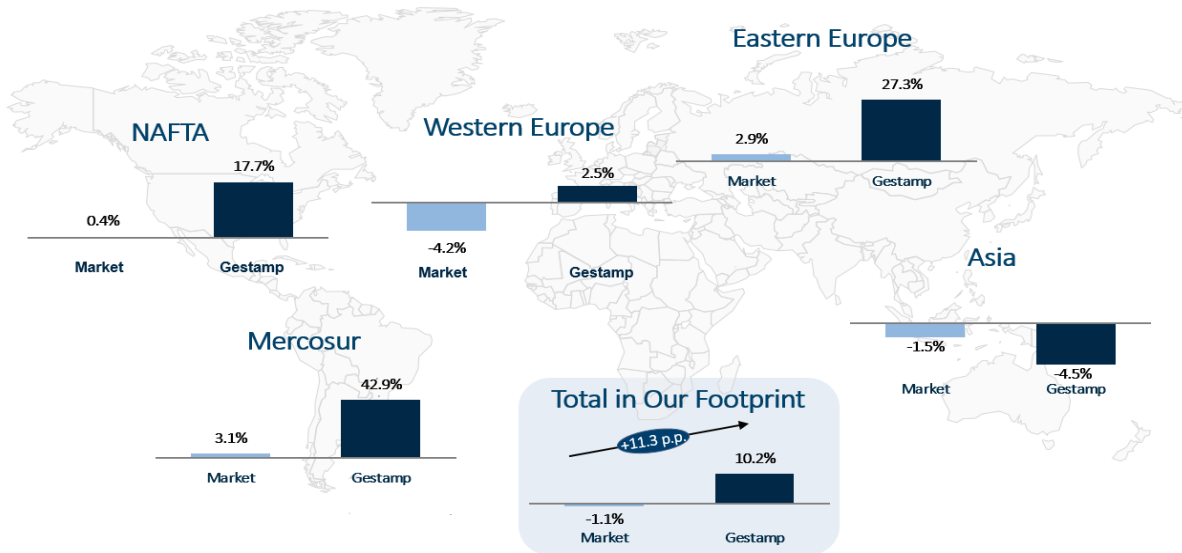
OEMs have continued to focus on developing and taking on the challenges associated with CASE. OEMs have accelerated their strategies towards Electrification with announcements to the market of new vehicles as well as an increase in electric vehicles models in pipeline, which are expected to be launched in the near future.

The aforementioned macroeconomic and auto sector trends have led to a 1.1% decline in global light vehicle production in 2018 in Gestamp's footprint (according to IHS as of February 2019). During the year 2018 growth in Gestamp's footprint was mainly driven by Mercosur (+3.1%), Eastern Europe (+2.9%) and NAFTA (+0.4%). According to IHS (as of February 2019), global light vehicle production is expected to grow at 0.6% in 2019E and 1.6% in 2020E across Gestamp production footprint (lower production volumes in absolute terms vs. October 2018 forecast).

As previously mentioned, OEMs have increasingly allocated resources and capital to CASE which has led to higher levels of outsourcing in other important areas of vehicle construction such as Body-in-White and Chassis development and production. OEMs entrust a select number of strategic supply partners with an increasingly high content of vehicle production. In line with that trend, during 2018 Gestamp continued to execute on its stated strategy by supporting its clients with strong capital investments and the opening of new production facilities. During 2018 Gestamp added 6 new plants to its footprint by launching its first plant in Japan, two plants in China with the creation of a JV with BHAP, a plant in Brazil, a plant in the UK and a plant in Mexico. Gestamp currently also has 4 plants under construction.

Despite the underlying macroeconomic and auto sector uncertainties, Gestamp continued to grow above the market.

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



Note: Gestamp's growth at constant FX used for comparability with production volumes. Market production volume growth is based on countries in Gestamp's production footprint (IHS data for 2018 as of February 2019).

## 2.2 Financial Results Overview

Gestamp has achieved its targets for 2018 for Revenues and EBITDA despite the challenging second half of the year due to the aforementioned market conditions. Revenues grew by 4.2% in 2018 reaching €8,547.6 million (10.2% at constant FX), but with lower tooling revenues than in 2017, outperforming the market by more than eleven percentage points (compared to market production volume growth in Gestamp production footprint – IHS data as per February 2019 of -1.1%). In terms of profitability, EBITDA in 2018 reached €960.5 million with an implied growth rate of 7.9% when compared to 2017 (15.8% at constant FX). EBITDA margin in 2018 was 11.2%, still impacted by the launching costs of new projects mainly in NAFTA and the temporary production volumes fluctuation in Asia and Europe. Net Income for the period grew by 7.5% (€18 million), reaching €257.7 million. Net Income was negatively impacted by higher financial expenses on the back of IFRS 9 application, along with Argentina's hyperinflation adjustment (overall impact of c.€30 million before taxes).

Gestamp has seen an increased number of opportunities, translating into higher capex and leverage, as OEMs have continued to outsource driven by higher demand in lightweighting due to more stringent CO2 emission targets and Electric Vehicle acceleration.

The €920.2 million of capital expenditures invested in 2018 have been higher than expected due to the investment in high quality and profitable projects with firm orders, resulting in high revenue visibility that will support the growth of our business at a rate above that of the market. Capital expenditures include mainly growth, recurrent and intangible capital expenditures. Growth capital expenditures include mainly capital expenditures in new plants (greenfields), expansion of facilities and new products/technologies for clients. Recurrent capital expenditures mainly include investments to replace

existing programs and expenditures on the maintenance of our production assets. Lastly, intangible capital expenditures include capitalization of a part of the Group's R&D expenses, among other concepts.

Million Euros	2018	2017
Growth capital expenditures	484.0	434.4
Recurrent capital expenditures	323.8	265.9
Intangible capital expenditures	112.4	95.7
<b>Capital expenditures</b>	<b>920.2</b>	<b>796.0</b>

Gestamp's net financial debt amounted to €2,233.0 million for the year ended December 31<sup>st</sup>, 2018, resulting in a 2.3x leverage ratio (Net financial debt / EBITDA).

In summary, main figures in 2018 compared to 2017 are as follows:

Million Euros	2018	2017	Change
Revenues	8,547.6	8,201.6	4.2%
EBITDA	960.5	889.9	7.9%
EBIT	527.3	484.7	8.8%
Profit Before Tax	357.4	370.2	-3.5%
Profit attributable to shareholders	257.7	239.7	7.5%
Equity	2,179.0	1,970.6	
Net financial debt	2,233.0	1,897.9	
Capital expenditure	920.2	796.0	

### Revenue by product

Revenues in 2018 increased to €8,547.6 million, of which Body in White and Chassis represented €6,841.8 million, and Mechanisms represented €1,016.6 million. Tooling and others totaled €689.2 million in 2018.

### Revenue by geographical segment

Million Euros	2018	2017	% Change
Western Europe	4,101.1	4,011.2	2.2%
Eastern Europe	1,186.7	1,043.4	13.7%
Mercosur	585.2	562.3	4.1%
NAFTA	1,659.0	1,482.8	11.9%
Asia	1,015.6	1,101.8	-7.8%
<b>Total</b>	<b>8,547.6</b>	<b>8,201.5</b>	<b>4.2%</b>

Western Europe: Revenues in 2018 grew by €89.9 million, or 2.2% (2.5% at constant FX), to €4,101.1 million from €4,011.2 million in 2017. The increase in revenues was mainly attributable to a solid growth in Iberia due to new project launches.

Eastern Europe: During 2018, revenues grew by €143.3 million, or 13.7% (27.3% at constant FX), to €1,186.7 million from €1,043.4 million in the previous year. The increase in revenues was mainly due to the ramp-ups in Poland, Turkey and Hungary.

Mercosur: Revenues in 2018 grew by €22.9 million, or 4.1% (42.9% at constant FX), to €585.2 million from €562.3 million in 2017. Growth, which was above-market even considering the negative FX evolution, was driven by the projects entering ramp-up phase.

NAFTA: During 2018, revenues increased by €176.2 million, or 11.9% (17.7% at constant FX), to €1,659.0 million from €1,482.8 million during 2017. The region has experienced solid growth above that of the market, as a consequence of the new projects in ramp-up.

Asia: Revenues in 2018 decreased by €86.2 million, or -7.8% (-4.5% at constant FX) to €1,015.6 million from €1,101.8 million in 2017. The evolution of revenues was impacted by lower than expected production trends, especially in China and India, resulting in lower than expected volumes that were partially offset by the contribution of the Joint Venture with BHAP in China. Additionally, the region has also been negatively impacted by FX and lower Tooling than in 2017.

### EBITDA by geographical segment

Million Euros	2018	2017	% Change
Western Europe	429.7	423.9	1.4%
Eastern Europe	153.8	122.8	25.2%
Mercosur	77.4	59.5	30.1%
NAFTA	149.1	123.2	21.0%
Asia	150.5	160.4	-6.2%
<b>Total</b>	<b>960.5</b>	<b>889.9</b>	<b>7.9%</b>

Western Europe: EBITDA in 2018 experienced an increase €5.8 million, or 1.4% (1.4% at constant FX), to €429.7 million from €423.9 million in 2017. Stable EBITDA margin despite a very challenging second half in terms of volumes and volatility.

Eastern Europe: EBITDA during 2018 grew by €31.0 million, or 25.2% (44.5% at constant FX) to €153.8 million from €122.8 million in 2017. EBITDA margin in 2018 was above 2017 margin.

Mercosur: During 2018, EBITDA grew by €17.9 million, or 30.1% (82.6% at constant FX), to €77.4 million from €59.5 million in 2017. The increase in EBITDA was mainly due to the continued recovery of volumes and efficiency gains. EBITDA margin increased to levels above group average.

NAFTA: EBITDA during 2018 grew by €25.9 million, or 21.0% (27.8% at constant FX), to €149.1 million from €123.2 million during the year of 2017. EBITDA was impacted by launching costs of new projects in ramp-up phase, that will positively contribute to the evolution of Revenues, EBITDA and EBITDA margin in the future.

Asia: EBITDA during 2018 fell by €9.9 million, or -6.2% (-2.4% at constant FX), to €150.5 million from €160.4 million in 2017. EBITDA evolution was impacted by lower production volumes and FX headwinds during the period. EBITDA margins still above group average despite the higher volatility recorded in the region.

### 3. DEBT AND LIQUIDITY

As of December 31, 2018, net financial debt amounted to €2,233.0 million resulting in a 2.32x leverage ratio (Net Debt / EBITDA), compared to 2.13x as of December 31, 2017.

Million Euros	2018	2017
Non-current financial liabilities	2,685.7	2,288.7
Interest-bearing loans and borrowings and debt issues	2,589.1	2,167.1
Financial leasing	40.0	30.1
Borrowings from related parties	27.8	57.3
Other non-current financial liabilities	28.8	34.2
Current financial liabilities	258.3	548.3
Interest-bearing loans and borrowings	75.9	543.8
Financial leasing	6.7	2.5
Borrowings from related parties	175.7	2.0
Other current financial liabilities	0.0	0.0
<b>Gross debt</b>	<b>2,943.8</b>	<b>2,837.0</b>
<b>Net financial debt</b>	<b>2,233.0</b>	<b>1,897.9</b>
EBITDA	960.5	889.9
Leverage ratio (Net Financial Debt / EBITDA)	2.32x	2.13x

Our long-term indebtedness primarily consists of €483 million in senior secured notes issued in 2016 and with maturity in 2023, €393m in senior secured notes issued in 2018 and with maturity in 2026, €852 million in long-term portion of a funded senior secured amortizing Term Loan (part of the Senior Financing Agreement, or “SFA”, originally syndicated on April 19, 2013), €160 million in long-term debt with the European Investment Bank and €701 million of aggregate principal amount in other long-term bilateral financing.

Million Euros	2018	2017
Cash and cash equivalents	616.5	860.2
Current debt securities	4.3	5.4
Revolving credit facilities	280.0	280.0
Undrawn credit facilities s/t	287.9	643.0
Undrawn credit facilities l/t	320.0	-
<b>Total</b>	<b>1,508.7</b>	<b>1,788.6</b>

Gestamp’s main source of liquidity is its operating cash flow. Net cash flows from operating activities were €614.6 million in 2018. In addition, as part of its Senior Facilities, by 31 of December, 2018 Gestamp had an undrawn revolving credit facility amounting to €280 million with maturity in 2021, as well as €320.0 million in credit lines with expiration of over 12 months that were also undrawn by December 31, 2018 and €321.6 million in credit lines with maturity of less than 12 months, of which €33.7 million were drawn as of December 31, 2018. These credit lines are generally renewed each year, do not have any security and have customary covenants.

## 4. FORESEABLE EVOLUTION OF THE COMPANY

The global economy is expected to continue to expand during 2019 although at a slower pace than in previous years. Global economic growth is projected to grow at 3.5% in 2019 according to the International Monetary Fund's January 2019 World Economic Outlook (WEO). The latest global growth forecast reflects a slight downward adjustment when compared to the previous forecast which stood at 3.7% (October 2018 IMF's WEO), as it reflects the uncertainties around ongoing tariff discussions as well as the slower momentum seen during the second half of 2018.

Based on the current macroeconomic outlook, global auto production volumes are expected to experience moderate growth. According to IHS (as of February 2019), global light vehicle production is expected to increase by 0.6% in 2019 versus the previous year in Gestamp footprint (lower production volumes in absolute terms vs. October 2018 forecast).

Gestamp expects a positive performance of its operations during 2019 with solid revenue and income growth, above that of the market at constant FX, as a result of the strong investments made in recent years in projects that will ramp-up during the year as well as the contribution from the start of operations of the JV with BHAP in China. Gestamp expects a moderation of capital expenditures relative to revenues, with a path to de-leveraging. As of 31 December, 2018, Gestamp had 4 plants under construction in the US, Mexico, Slovakia and Morocco which are expected to be inaugurated throughout 2019 (with related launching costs impacting the short term). Gestamp will continue to focus on transforming OEM's strategies into opportunities in areas such as Electrification in which we aspire to be leaders in lightweight technologies as well as in the development of new products such as the Battery Box (multi-material and high aluminum content). Gestamp will also continue to focus its efforts on digitalization and industry 4.0 in order to improve the efficiency of its processes as well as the quality of its products.



## 5. RISK MANAGEMENT

### 5.1 Main risks and uncertainties

To deal with the uncertainties inherent in complex scenarios such as those faced by Gestamp on a day-to-day basis, the Group has a Comprehensive Risk Management System (hereinafter, "CRMS") that aims to facilitate the correct identification, assessment, management and control of the potential outcomes of these uncertainties.

Gestamp's CRMS has been designed and continues to be developed on the basis of the best corporate risk management practices set out in the ISO 31000 standard and the COSO framework (Committee of Sponsoring Organizations of the Treadway Commission) for Risk Management (known as COSO ERM or COSO II). There has also been taken into consideration the good practices mentioned in the Good Governance Code of listed companies and the Technical Guide 3/2017 on Audit Committees of Public Interest Entities.

Thus, the CRMS Policy, approved by Gestamp's Board of Directors, establishes:

- the different risk categories (operational, strategic, financial, compliance and reporting),
- the basic principles and guidelines for action to be observed in the control and management of risks,
- the bodies responsible for ensuring the proper functioning of the internal risk control and management systems, together with their roles and responsibilities,
- the level of risk considered acceptable.

Although the CRMS is a process that affects and involves all the Group's personnel, those entrusted with safeguarding its smooth operation and its main functions are the following:

- The risk owners, who are responsible for identifying, assessing and monitoring the risks that jeopardise compliance with their aims.
- The Risk Committees, which ensure that risks are kept at an acceptable level and report to the Audit Committee.
- The Board of Directors and Audit Committee in monitoring and following up on the CRMS.
- The Internal Audit and Risk Management Direction, which supports the Audit Committee and coordinates the risk identification and assessment processes, as well as the Risk Committees.

In 2018, Gestamp updated the Corporate Risk Map, which, with the participation of the members of the Risk Committees, included, among other aspects, the prioritisation of the risks, based on the assessment of their probability of occurrence and their possible impact in the event of the materialisation of the risk, analysed from diverse points of view, both from a purely economic perspective and from reputational, legal and operational impact perspectives. Similarly, for the prioritisation of the risks, consideration has been given to the effectiveness of the controls that mitigate them.

The main risks faced by the Group have not changed substantially from those identified in previous years, with slightly more relevance now being placed, due to the current environment and recent regulatory changes, on the risk of application security and cyber security, and the impact that Gestamp's operations could have on the environment. In any case, the CRMS, along with the risk control and management policies and systems of Gestamp that implement it, have taken effective and anticipatory action on the risks and, where necessary, drawn up the relevant action plans.

In this regard, two risk response levels can be determined: global mechanisms that respond to corporate risk management and other individual mechanisms that respond to each specific risk.

The global response mechanisms include the Group's Code of Conduct, the Whistleblower Channel, the Ethics Committee, which is responsible for the analysis and investigation of complaints received, and the Anti-Corruption and Fraud Policy, along with other mechanisms broadly defined in the CRMS Policy, as part of the responsibilities of the CRMS's constituent bodies.

In terms of individual risk, the response plans are in line with the characteristics of each specific risk. The Group has individual control, management and monitoring mechanisms implemented at operational level, which work continuously throughout the day, are carried out by each and every member within the organisation, are embedded within the company's systems and processes, and ensure that operational activities carried out are aligned with the Group's aims and targets.

In this sense, the Group currently has various organisational units or departments that analyse, continuously monitor and provide a response in various areas specialised in risk management. These units and departments form part of the Group's CRMS and are represented on the Risk Committees.

Among the risks observed are the following, grouped according to the risk categories defined in the CRMS Policy (operational, strategic, financial, compliance and reporting):








**Operational risks**

 | **Risk to people's health and safety.**

To monitor these situations of risk, which may potentially result in serious occupational accidents or illnesses, Gestamp has a Health and Safety Policy and a Comprehensive Prevention System that is applicable to all the plants, regardless of their geographical location.

 | **Be a cause of interruption to the supply chain of the customers.**

In order to mitigate this risk, Gestamp takes action on the various factors that could cause such interruptions. Among other actions, purchasing strategies are developed geared towards avoiding single supplier situations, supplier's services are monitored and quality assessment are performed periodically, there are undertaken continuous improvement programmes, regular machinery load and capacity studies and facility maintenance, there is a Health and Safety Policy and a Comprehensive Prevention System, it is worked proactively on security robustness, protecting the Company's assets and systems from potential cyberattacks, and it is ensured that our facilities comply with the local building requirements and recommendations on disaster prevention and mitigation.

-  Operational
-  Strategic
-  Financial
-  Compliance
-  Reporting
-  Internal
-  External

**Incidents linked to the quality of Gestamp's products.**

Gestamp has several control processes, relating both to the product and the production process, which aim to prevent non-compliant products from being sent to customers. Furthermore, there is a quality management system that helps to make good use of those controls and to act as quickly and effectively as possible.

**Variations in the profitability of projects.**

Gestamp has multiple types of control measures around the project management, such as the development of a standard for project launches, the holding of executive and/or monitoring committees for key projects, and various indicators that allow the analysis and monitoring of projects in each of their phases.

**Difficulty in hiring or replacing key personnel, both managers in strategic positions and highly qualified personnel.**

To fill those essential positions, Gestamp has different processes and initiatives aimed at identifying key people and people with great potential. The number of vacancies and potential candidates are regularly analysed and, finally, the replacement plans considered to be necessary are drawn up.

**Security of computer applications and cyberattacks.**

The Group works very proactively to continuously improve the security of the Group's communications and applications in order to have robust control mechanisms that adequately protect its assets from potential cyberattacks.

**Environmental risks**

As an integral part of the automotive sector, Gestamp considers that the environmental impact must be analysed from the perspective of a vehicle's life-cycle beyond the direct impact generated purely on the manufacturing process. As such, one of the Group's policies regards implementing an environmental management system and the ISO 14001 and/or EMAS, and investing in projects and in the investigation of new materials and technologies related to reducing CO2 emissions.

**Strategic risks**

**Concentrating the business on a specific number of customers.**

The automotive sector is highly concentrated on a specific number of great groups of customers. As regards this type of risk, at Gestamp it is performed a detailed monitoring of orders and sales and it is sought and achieved to diversify, to all the possible extent, the customer and product portfolios by groups, brands, models, versions and geographies.

Operational
  Strategic
  Financial
  Compliance
  Reporting

Internal
  External



**Technological change and innovation.**

Using the appropriate technology, materials and processes is fundamental to hold onto competitive advantage and offering the customers the adequate products according to their needs. At Gestamp, different actions are undertaken in this sense, such as participating in co-development with customers, holding Executive R&D Committees and the Industry 4.0 initiative.



**Political and economic instability in the different countries where Gestamp operates.**

Gestamp monitors the geopolitical situation (by analysing the political, economic and social context of the countries in which the Group operates) in order to include the effects of the potential instability into the Group's forecasts and into the strategic and operational decisions.

**Financial risks**



**Risks associated with fluctuations in the financial markets and financing.**

The Financial Risk to which Gestamp's activity is exposed, and their respective mitigating actions, are detailed in the related paragraph in the notes to the Financial Statements. In summary, to manage the main risks of this nature, the Group, among other measures:

- considers the use of derivative financial instruments, both on exchange and interest rates,
- regarding interest rates, additionally, seeks a balance between security and the level of financial costs, and its adaptation to the economic cycle, through the combination of fixed and variable rates in the debt,
- regarding the fluctuations in commodities prices, the most of the steel is acquired through "re-sale" agreements with the customers, in which it is the vehicle manufacturer who negotiates periodically with the steel supplier, the price applicable to the Group purchases of the steel that will be subsequently employed in the production of the parts for the vehicles. With other part of the customers, the sale prices for the Group's products are adjusted based on the variation of the steel prices that the customers agree with the supplier, or in relation to public indexes, or according to eventual negotiations at parties' initiative.

**Compliance Risks**



**Compliance risks associated with the various legislative and regulatory provisions to which the Group is subject, as well as any potential amendments thereto.**

In order to mitigate the probability of these risks materialising and to reduce their potential impact, at Gestamp among other actions: it is worked on the continuous improvement of our Criminal Risk Prevention System and its implementing regulations, also all regulatory changes that may affect the activities are continuously monitored, in order to encourage their timely, conscious and responsible compliance, and anticipate possible changes, in order to manage them properly.

## **Reporting Risks**

### **Risks associated with mandatory public reporting processes.**

The Group has developed an ICFRS Policy, approved by the Board of Directors, in which the managerial responsibilities and the general outline of each component of the ICFRS are assigned (control environment, risk assessment, control activities, reporting and communication and monitoring). In addition, the Group continues developing the documentation and evaluation of the ICFRS with a spirit of continuous improvement.

The Group also has diverse channels of communication for employee complaints regarding irregularities of any kind, including those that could affect the reliability of the information.

● Operational   
 ● Strategic   
 ● Financial   
 ● Compliance   
 ● Reporting  
 ● Internal   
 ○ External

## **6. NON-FINANCIAL INFORMATION STATUS**

In accordance with Law 11/2018, of 28 December, which modifies the Code of Commerce, the revised text of the Capital Companies Act approved by Royal Legislative Decree 1/2010, of 2 July, and Law 22/2015, of 20 July, on Auditing, regarding non-financial information and diversity, the most significant aspects of the 2018 financial year are set out below.

This section has been prepared following the international Global Reporting Initiative (GRI) standards. The table of contents required by Law 11/2018 in relation to the GRI standards applied, the materiality and verification carried out are included at the end.

In addition, Annex includes the Report by EY, the company that verified the information by following:

- The Action Guide on verification status order of non-financial information issued by the Spanish Institute of Certified Public Accountants (ICJCE).
- The ISAE 3000 Standard (Revised): Assurance Engagements Other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standard Board (IAASB) of the International Federation of Accountants (IFAC), with limited assurance.

### **6.1 Introduction**

One of Gestamp's business principles is sustainability, understood as a long-term business plan, based on honesty, hard work, building relationships of trust with its stakeholders and respect for the different environments in which it operates.

The company pursues economic, social and environmental objectives equally and has a strategy and Sustainability model that allows it to keep abreast of new trends, align itself with the needs and expectations of its stakeholders and comply with the main market standards.

Gestamp is one of the largest international groups in the automotive sector that provides global solutions for the vehicles of the present and of the future. Its parts are essential for the safety, weight, dynamics, stability and comfort of vehicles.

The company's value lies in working towards increasingly safer and lighter cars.

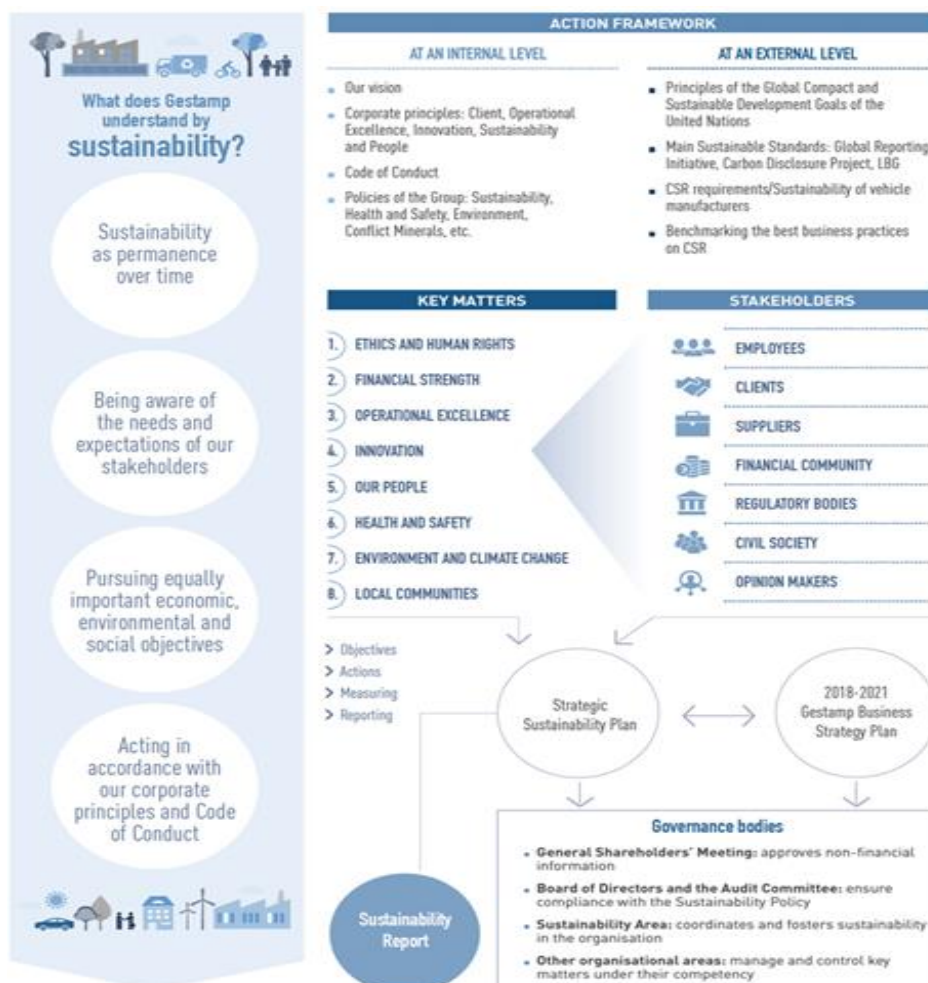
At Gestamp, safety is paramount. This is why every effort is made to create car structures that protect and save people's lives in the event of a collision. It also seeks to make its parts lighter in order to improve energy consumption and to reduce the environmental impact of vehicles.

The Group focus its Sustainability in three dimensions:

- **The organisation:** fostering corporate responsibility and sustainability in the different areas of the company.
- **The value chain of the automotive sector:** aligning itself with the sustainability policies and strategies of its clients and seeking the same level of commitment from its suppliers.
- **Society:** by participating in different forums and organisations and by fostering actions for the economic and social development of the communities where it works.

Based on these premises, it has developed its Sustainability Policy which is in line with its business strategy and the United Nations Sustainable Development Goals.

## Sustainability Model





Improving the health and safety of people who work in our facilities is an on-going goal for the Group.



We promote key skills for our business and for the future to our employees and young people in our environment.



We offer our employees stable employment and we contribute to creating and maintaining it in our surrounding.



Optimising resources, durability and recyclability is present in our production process and products.



The energy control processes at our plants and our effort to make our products lighter contribute to reducing greenhouse gas emissions.

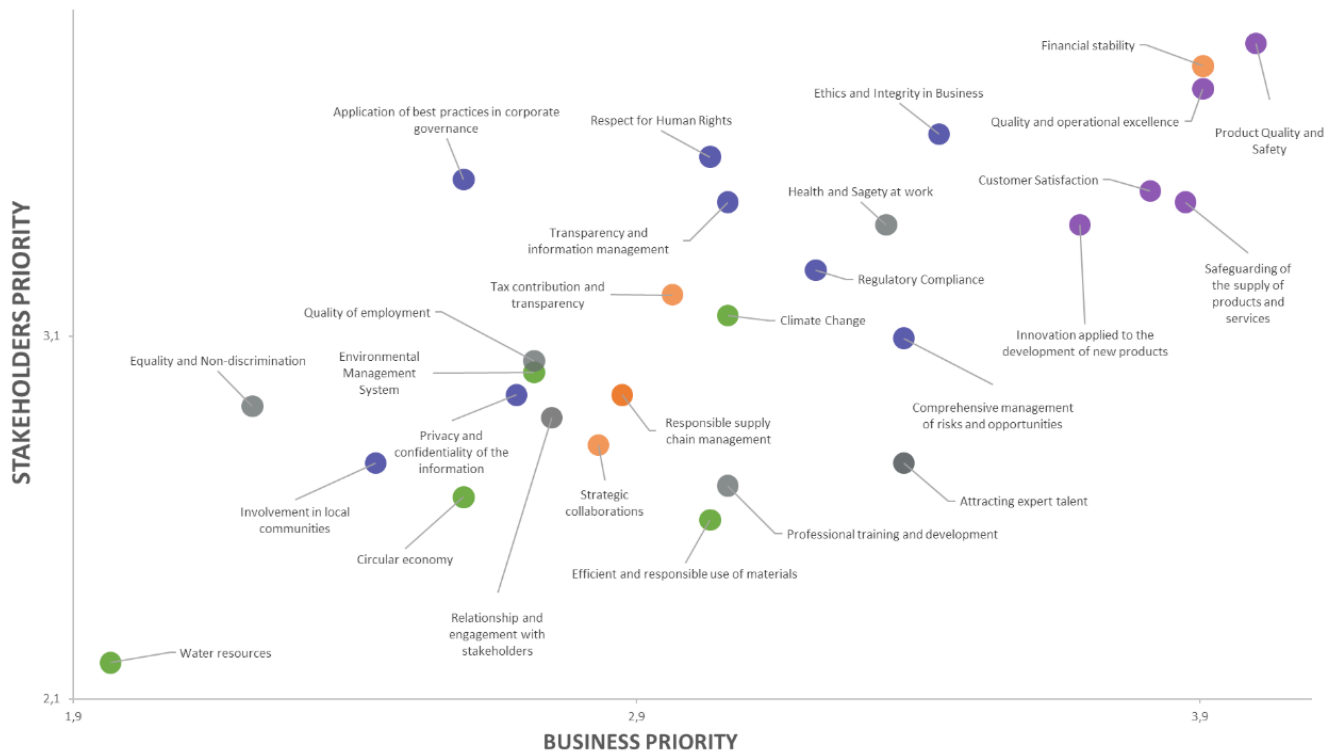


We collaborate with our stakeholders to achieve together better results.

In 2018, Gestamp carried out an assessment using an external company in order to evaluate the Group's sustainability performance. This assessment meant it was possible to identify potential risks, gaps and opportunities for improvement with regards to CSR and Sustainability standards and regulations, client and their requirements, best business practices and emerging trends. In the internal and external analysis conducted, 158 preliminary issues were identified and evaluated, resulting in 28 priority or material issues grouped into 5 categories. The criteria used were the level of importance for the Group and its stakeholders, and the management capacity.

**28 priority issues in sustainability identified by Gestamp**

ECONOMIC ISSUES	CORPORATE GOVERNANCE AND ETHICS ISSUES	PRODUCTS AND SERVICES ISSUES	SOCIAL AND EMPLOYEES ISSUES	ENVIRONMENTAL ISSUES
<ul style="list-style-type: none"> <li>• Financial stability</li> <li>• Tax contribution and transparency</li> <li>• Responsible supply chain management</li> <li>• Strategic collaborations</li> </ul>	<ul style="list-style-type: none"> <li>• Ethics and Integrity in Business</li> <li>• Transparency and information management</li> <li>• Application of best practices in corporate governance</li> <li>• Comprehensive management of risks and opportunities</li> <li>• Regulatory Compliance</li> <li>• Privacy and confidentiality of the information</li> </ul>	<ul style="list-style-type: none"> <li>• Product Quality and Safety</li> <li>• Customer Satisfaction</li> <li>• Safeguarding of the supply of products and services</li> <li>• Innovation applied to the development of new products</li> <li>• Quality and operational excellence</li> </ul>	<ul style="list-style-type: none"> <li>• Health and Safety at work</li> <li>• Equality and Non-discrimination</li> <li>• Quality of employment</li> <li>• Professional training and development</li> <li>• Attracting expert talent</li> <li>• Respect for Human Rights</li> <li>• Involvement in local communities</li> <li>• Relationship and engagement with stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>• Climate change</li> <li>• Environmental Management System</li> <li>• Efficient and responsible use of materials</li> <li>• Circular economy</li> <li>• Water resources</li> </ul>



Based on the materiality assessment, the 2018-2021 Strategic Sustainability Plan has been drawn up, which is in line with the Business Plan and seeks to increase the company's profile in terms of sustainability.

Gestamp's Strategic Sustainability Plan has 6 strategic areas, 19 lines of action and 51 specific actions.

**Strategic areas:**

**1. Integrity and responsibility in our action**

Act with integrity and responsibility, anticipating and managing risks and opportunities.

**2. Operational excellence**

Increase the Group's competitiveness through operational excellence based on efficiency, quality, occupational health and safety, technology and innovation.

**3. The best professionals**

Develop employees' potential so that they can help achieve the Group's objectives.

**4. Minimise environmental impact and climate change**

Reduce the environmental impact on both operations and products.

**5. Economic development and social welfare of local communities**

Strengthen relations with the local communities in which it operates.

**6. Transparency in the communication with our stakeholders**

Strengthen relations with stakeholders and, as a consequence, improve the company's reputation with them.

## 6.2 Environmental issues

### Risk analysis and management approach

As a member of the automotive sector, Gestamp's environmental performance must be analysed from a vehicle life-cycle perspective, taking into consideration the impact and solutions at each of the stages in which the company may act.

- **Vehicle manufacturing stage:** this includes different phases, from obtaining raw materials and energy to manufacture the parts making up the vehicle, to processing the parts and assembling them, and the logistics of transporting the parts and the vehicle itself. Throughout each of these phases, different environmental impacts are caused; the reduction of natural resources when obtaining the raw materials, the consumption of energy and the emissions generated when manufacturing the parts, the generation of waste and dumping, as well as the consumption of fuels and, therefore, the emission of greenhouse gases in the transport phase. At this stage, Gestamp seeks to optimise the use of raw materials and improve the efficiency of its production processes and logistics.
- **Vehicle use stage:** this is when the greatest environmental impacts occur, with fuel consumption being the main one. One of the factors that most affects this consumption during driving is the weight of the vehicle, as the greater the weight, the greater the consumption and, consequently, the greater the environmental impact. Thus, the weight of a vehicle's parts has an impact on the greenhouse gas emissions into the atmosphere. Therefore, it offers its customers lighter products, showing a commitment to new manufacturing technologies and strengthening its R&D departments.
- **End-of-life stage:** the impact on the end-of-life of the car will depend on the materials used to manufacture the parts. Therefore, the possibility of recycling these materials reduces the environmental impact. In the case of Gestamp, as a supplier of metal parts, virtually all of its products are 100% recyclable. Due to the fact that steel can be recycled using only part of the energy needed to produce it in the first place, it is even one of the secondary raw materials in greatest demand.

### Policy and management system

Gestamp has an Environmental Policy and sets out as an essential requirement that production plants must have an Environmental Management System that is certified in accordance with international standards, and also report using a Group environmental management tool (Environmental Indicator) which means all production plants can be monitored and controlled, as well as the identification of improvements and implementation of best practices.

At 31 December 2018, 92% of the plants were ISO 14001 or EMAS II certified. The remaining have a certification period set according to the date they joined the group or the date of construction of the production centre.

Gestamp's environmental management is comprehensive, applying environmental criteria to everything from the selection of suppliers, to the optimisation of the use of raw materials or the management of all the waste it generates. Through the aforementioned Environmental Indicator, on a quarterly basis, the environmental impact of all production plants is monitored using the following key indicators:

- EEI. Energy Efficiency Index.
- CO2 EI. CO2 Emission Index.
- WPI. Waste Production Index.
- WMI. Waste Management Index.
- WCI. Water Consumption Index.

### **Resources earmarked for environmental prevention**

Total investments in systems, equipment and facilities relating to the protection and improvement of the environment amounted to a gross value of 4,907.5 thousand euros at 2018 year-end.

The expenses incurred in 2018 in relation to the protection and improvement of the environment amounted to 1,074 thousand euros.

### **Provisions and guarantees for environmental risks**

Gestamp makes financial provisions to cover the materialisation of any potential environmental risks.

In addition, the company is covered for the materialisation of environmental risks in the insurance it has taken out:

- Environmental Liability Insurance
- Third-Party Liability Cover for Sudden and Accidental Pollution in the General Third-Party Liability policy.

In 2018, it was not necessary to use the cover in the Environmental Liability Policy that the Group has taken out.

## **Results and indicators**

### **Greenhouse Gas (GHG) Emissions - Climate Change**

The entry into force of the Paris Agreement, the first universal agreement against Climate Change, confirms the governments' commitment to effectively reduce CO2 emissions, moving towards low-carbon economies.

Gestamp accepts its responsibility in this process by providing solutions through:

- **GHG environmental impact management:** Monitoring and controlling the main environmental indicators affecting GHGs.
- **Energy Efficiency:** Reducing energy consumption and, therefore, greenhouse gas emissions in our production processes.
- **Technological and R&D capacity:** Providing added value through its technological and R&D capacity to develop new products and innovative solutions that lead to lighter parts being manufactured, which help its customers to reduce their CO2 emissions, as less weight means less fuel consumption and fewer emissions during the vehicle's useful life.

### GHG Impact management

To measure the impact of emissions associated with the production process, Gestamp is guided by the indications of the Greenhouse Gas Protocol (GHG) and the Intergovernmental Panel on Climate Change (IPCC). Moreover, the Group voluntarily reports its emissions performance on an annual basis through the international Carbon Disclosure Project, where in 2015 it was selected as an example of a Spanish company in its publication "Supply Chain Report 2015".

In recent years, despite the increase in production plants and the introduction of hot stamping, technology that is more intensive in the use of energy, Gestamp has managed to reduce CO2 emissions (in relative terms) thanks to improved environmental management and process management.

### Evolution in the CO2 emission Index

	2014	2015	2016	2017	2018
CO2 Emission Index (tonnes of CO2 emissions/€100,000 of added value)	25	24	24	24	23

### Energy efficiency

Gestamp has a global energy efficiency project, which monitors the instant consumption of electricity and gas in equipment and facilities individually. The analysis of this information along with the study of existing best practices in the Group and the exchange of acquired knowledge are making it possible to adopt new energy saving measures and, consequently, to set objectives and involve all levels of the company's organisation.

In 2018, an additional reduction of 40 GWh was achieved with respect to 2017 in 28 plants where the project is implemented. This equals an accumulated total saving of 138 GWh for the Group since 2016.

### Evolution of the Energy Efficiency Index

	2014	2015	2016	2017	2018
Energy Efficiency Index (MWh consumed) (gas, diesel, LPG and electricity) /€100,000 of added value)	62	58	55	58	61

## **Technological and R&D capacity**

Through innovation, Gestamp seeks to stay one step ahead of new technological trends and to offer top quality products that meet efficiency, weight, cost, quality, comfort, safety and sustainability requirements.

For the Group, creating increasingly lighter products is one of the most important factors, as weight has a direct impact on engine energy consumption and, therefore, on CO2 emissions, the regulation of which is becoming increasingly restrictive due to the emergence of new regulations.

To this end, Gestamp is working on:

- **Research and application of new materials** (in addition to traditional steel, aluminium, carbon fibre and new high-strength steels, as well as multi-material hybrid structures) that are available worldwide with consistent quality.
- **Efficient and flexible production processes** throughout the production chain, all at a viable cost using appropriate technology for each case.
- **Investment in hot stamping technology**, one of the most advanced technologies for making the body-in-white structure of vehicles lighter and for improving its performance and passenger safety in the event of a collision. Gestamp is currently the biggest worldwide supplier of hot stamping products, covering the entire value chain, including the manufacture of its own dies and press lines. As of 31 December 2018, the Group had 91 hot stamping lines installed in its productive plants.
- **Collaboration on future electric and hybrid cars.** Electric and hybrid cars have a battery box that exceeds the combustion engine weight. This forces manufacturers to use increasingly lighter solutions to counteract the additional weight. Gestamp's experience in developing lighter and safer parts, as well as its ongoing investment in R&D, means it can anticipate these future trends in the sector and, therefore, it is already working with its customers' large global electric and hybrid car platforms.

In addition, the Group has a team of approximately 1,600 people both in the 13 R&D centres and in production plants. Many projects see the participation of not only R&D engineers, but also stamping, metrology, welding and quality engineers, whose contribution is invaluable throughout the entire development process.

## **Circular economy-Waste prevention and management**

Different types of waste are generated throughout our production process. Gestamp, in its bid to minimise waste generation and the use of natural resources, has included in its activity all of the methods, processes, technologies and best practices regarding the management, reuse and recycling of the materials it uses.

Gestamp has identified the main categories of hazardous and non-hazardous waste produced by the plants and the amount generated is monitored on a quarterly basis by means of the Group's environmental indicator.

98% of the total waste is non-hazardous, 96% of which is scrap. Scrap metal is a waste product that is 100% recyclable, as it is reintroduced into the steel production process and contributes to closing the life-cycle of the product, following a Circular Economy model. As regards hazardous waste, the most common types are contaminated water, mud, used oils and contaminated material (cloths and gloves stained mainly with oil).

The destination of the waste generated in our plants depends on the type of waste, the location of the plant and the legislation of the country in question, and so authorised local waste managers are used. Furthermore, waste reduction targets are set annually as part of the environmental plans.

### Evolution of the Waste Management Index

	2014	2015	2016	2017	2018
Waste Management Index (cost of waste management in thousands of euros/€10,000,000 of added value)	25	15	17	14	17

## Sustainable use of resources

### Energy

The Group's energy expenditure includes the consumption of all energy sources (electricity, natural gas, diesel and LPG). The direct and indirect energy consumption throughout 2018 is detailed below.

#### Direct energy consumption by fuel type (GJ)

Region	Natural gas	Diesel	LPG
Europe	1,397,279	15,648	104,532
North America	460,895	16,912	95,327
South America	40,094	984	54,200
Asia	168,462	8,163	18,803
<b>Total</b>	<b>2,066,730</b>	<b>41,707</b>	<b>272,862</b>

#### Electricity Consumption (GJ)

Region	2018
Europe	2,127,887
North America	966,522
South America	28,888
Asia	602,278
<b>Total</b>	<b>3,979,575</b>

### Water

Water consumption is not a significant environmental aspect at Gestamp, however given that it is a fundamental natural resource, its consumption and management are monitored.

In general, water consumption in Gestamp's production plants is for domestic use. Only plants with surface treatment processes or welding machines and facilities that need refrigeration consume water for industrial use. These systems are, in all cases, closed circuit so that water is reused for long periods of time.

## Evolution of the Water Consumption Index

	2014	2015	2016	2017	2018
Water Consumption Index (m3 of water consumed /100,000 euros of added value)	68	68	58	60	57

In addition, since 2015, Gestamp has completed the CDP Water Disclosure questionnaire, which is specifically regarding water issues, publicly disclosing its water footprint and providing information on the different aspects of managing this resource. The rating obtained in the CDP Water 2018 was "B".

### Raw Materials

The manufacture of Gestamp parts requires the use of raw materials and materials such as ferrous metals (steel), non-ferrous metals (aluminium) and chemicals, as well as auxiliary materials (e.g. wire or welding gases).

Raw materials represent approximately 39.3% of the Group's sales in the last three years, and steel represents over 94.3% of raw material purchases. In 2018, approximately 61.5% of the steel purchased in the Group was purchased through vehicle manufacturers' resale programmes, i.e. the manufacturer directly negotiates the price of the steel used to manufacture its parts with the steel suppliers.

Efficiency in processes, quality, product and tool design are fundamental in order to optimise and reduce raw material consumption. Therefore, Gestamp monitors all of this every quarter by means of different management systems of the Group controlled by the plants, divisions and corporate from different perspectives, in addition to the environmental perspective, such as the areas of Finance, Purchasing, Quality and the Technical Office, with the ultimate goal of achieving Operational Excellence.

### Biodiversity

All of Gestamp's production plants are located in urban and industrial areas. Their impact on biodiversity is low and land use regulations are complied with. Despite having a low impact, Gestamp actively and voluntarily participates in the EU Business @ Biodiversity Platform, within the Directorate General of the European Commission, a forum that aims to work with and help companies integrate natural capital and biodiversity considerations into business practice.

## 6.3 Social and personnel-related matters

### Risk analysis and management approach

Gestamp's continuous growth and internationalisation process has brought with it major challenges in terms of culture and human resource organisation and management: ongoing adaptation of the organisational structure to the growing needs of the Group, downsizing of staff, standardisation of processes, training on new technologies, talent management and boosting corporate culture.

## Management policy and system

The Human Resources and Organisation Department manages organisational structures and people at corporate level, as well as at divisional, regional and production plant level through the following areas:

- **Planning, analysis and metrics** that allow Gestamp to make decisions on the personnel requirements and the most suitable profiles at any given time.
- **Diversity and Equal Opportunities** among employees so that they are guaranteed and encouraged.
- **Compensation and Benefits** based on the same common model for the Group, which is mainly linked to the level of responsibility of the position, profile, duties, performance of the people and takes into consideration the reality of the different geographical areas where Gestamp operates.
- **Labour relations** developed in accordance with the labour and union legislation applicable in each geographical area and any existing collective bargaining.
- **Talent Management** which identifies and monitors people talent with a view to promotion and/or mobility within the organisation.
- **Training and Development** on the skills necessary for people to perform well in their jobs and develop new skills in critical areas for business in the medium and long term, and also on leadership skills to fill key positions in the future.
- **Occupational Health and Safety** are integrated at all levels of the organisation from day-to-day tasks to company decisions so as to ensure safe working conditions and facilities.

## Results and Indicators

### Employment

The global workforce continued to grow in 2018, reaching 43,553 employees. This is 6.1% more than in 2017, with a cumulative growth of 43.8% over the last 5 years.

#### Distribution of employees by country, gender and age

Country	Total Own workforce	Female		Male		<=20	21 - 25	26 - 35	36 - 45	46 - 55	56 - 65	>=66
Argentina	1.116	80	7%	1.036	93%	2	32	330	453	227	65	7
Brazil	4.440	592	13%	3.848	87%	259	533	1.847	1.354	363	77	7
China	4.523	784	17%	3.739	83%	179	466	2.364	1.173	281	60	0
Czech Republic	1.256	491	39%	765	61%	80	167	309	325	240	129	6
France	1.636	292	18%	1.344	82%	8	58	291	528	561	190	0
Germany	4.562	472	10%	4.090	90%	184	261	953	918	1.321	918	7
Hungary	530	169	32%	361	68%	7	50	150	177	112	34	0
India	807	15	2%	792	98%	1	135	532	109	26	4	0
Japan	63	16	25%	47	75%	0	1	21	21	13	7	0
Mexico	3.670	821	22%	2.849	78%	105	736	1.620	881	300	27	1
Poland	1.111	244	22%	867	78%	39	170	459	328	82	33	0
Portugal	1.299	444	34%	855	66%	45	170	374	410	235	65	0
Romania	470	220	47%	250	53%	12	48	142	120	112	35	1
Russia	594	114	19%	480	81%	0	41	355	149	41	7	1
Slovakia	349	111	32%	238	68%	5	32	100	126	55	31	0
South Korea	250	16	6%	234	94%	0	13	109	82	43	3	0
Spain	6.623	1.122	17%	5.501	83%	31	254	1.356	2.395	1.988	599	0
Sweden	398	52	13%	346	87%	0	25	108	100	109	55	1
Taiwan	18	3	17%	15	83%	0	0	3	7	5	2	1
Thailand	7	0	0%	7	100%	0	0	4	2	1	0	0
Turkey	3.452	183	5%	3.269	95%	2	384	1.813	1.067	178	7	1
United Kingdom	2.659	264	10%	2.395	90%	76	216	582	522	703	535	25
United States	3.720	751	20%	2.969	80%	92	465	1.016	897	811	417	22
<b>Total Gestamp</b>	<b>43.553</b>	<b>7.257</b>	<b>17%</b>	<b>36.297</b>	<b>83%</b>	<b>1.127</b>	<b>4.257</b>	<b>14.838</b>	<b>12.144</b>	<b>7.807</b>	<b>3.300</b>	<b>80</b>
						3%	10%	34%	28%	18%	8%	0%

**Distribution of employees by type of contract and country**

Country	Total Own workforce	Open Ended	Fixed Term	Intern.	Apprent.	Total Temporary Agencies	Total Own & Temp. Agencies
Argentina	1.116	1.106	10	0	0	0	1.116
Brazil	4.440	4.283	4	38	115	140	4.580
China	4.523	4.152	228	7	136	477	5.000
Czech Republic	1.256	1.099	154	0	3	209	1.465
France	1.636	1.603	7	0	26	373	2.009
Germany	4.562	3.932	506	6	118	335	4.897
Hungary	530	529	1	0	0	24	554
India	807	753	21	6	27	726	1.533
Japan	63	63	0	0	0	0	63
Mexico	3.670	3.230	440	0	0	456	4.126
Poland	1.111	391	696	0	24	268	1.379
Portugal	1.299	659	621	19	0	294	1.593
Romania	470	470	0	0	0	0	470
Russia	594	582	12	0	0	52	646
Slovakia	349	211	138	0	0	7	356
South Korea	250	248	2	0	0	1	251
Spain	6.623	5.601	945	70	7	407	7.030
Sweden	398	389	6	3	0	45	443
Taiwan	18	18	0	0	0	0	18
Thailand	7	7	0	0	0	20	27
Turkey	3.452	3.450	0	2	0	0	3.452
United Kingdom	2.659	2.571	2	0	86	570	3.229
United States	3.720	3.641	41	10	28	931	4.651
<b>Total Gestamp</b>	<b>43.553</b>	<b>38.988</b>	<b>3.834</b>	<b>161</b>	<b>570</b>	<b>5.334</b>	<b>48.888</b>
		89,5%	8,8%	0,4%	1,3%		

### Voluntary Turnover Rate break down by country\*

Country	Voluntary Turnover Rate (%)
Argentina	5.8%
Brazil	3.6%
China	29.3%
Czech Republic	13.1%
France	4.2%
Germany	3.2%
Hungary	30.7%
India	6.5%
Japan	11.9%
Mexico	12.2%
Poland	0.9%
Portugal	4.8%
Romania	20.7%
Russia	16.9%
Slovakia	2.2%
South Korea	16.7%
Spain	3.0%
Sweden	16.8%
Taiwan	5.6%
Thailand	0.0%
Turkey	5.6%
United Kingdom	8.8%
United States	21.1%
<b>Total</b>	<b>10.3%</b>

\*Voluntary Turnover rate over open-ended employees

### Distribution by professional classification and gender

The Group is in the process of reclassifying its workforce into professional groups and levels using the same methodology: Gestamp Global Grading System (G3S).

By professional groups in 2018\*:

Professional classification	Women	Men
Managers	18.50%	81.50%
Middle management	18.40%	81.60%
All other employees	17.70%	82.30%

(\*Scope: Employees under Gestamp Global Grading System (G3S) (90% of total workforce)

## Classification by type of labour

With regards to the type of employment, the Group has set out the following major professional categories:

- **Direct labour:** employees of production plants directly involved in the processing of raw materials and components into intermediate or finished products.
- **Indirect labour:** employees of production plants whose job is to provide direct support to the production process, thus ensuring that the process is not interrupted.
- **Regular staff:** any office employee in production plants or service centres.

Thus, at 31 December 2018, 45.0% of the Group's employees fell into the category of direct labour, 33.5% into the category of indirect labour and the remaining almost 21.5% into the category of regular staff.

## Remuneration

Gestamp, in line with its principle of equal opportunities established in its Code of Conduct, promotes gender equality in access to employment, in the promotion of professionals and in remuneration for equal work.

Remuneration is established based on levels of responsibility, external competitiveness and professional career, avoiding differences between men and women, beyond the merits achieved in the performance of their work.

### Average remuneration by professional category \*

Managers	Middle management	Rest of employees
€122,503	€68,030	€34,664

(\* Average remuneration paid (all monetary payment done through payroll) to employees managed with the same management system and who have also been classified using the same professional categories. (Scope: 14.235 employees in China, Portugal, United States, France, Germany and Spain)

## Gender pay gap

In a recent analysis carried out in Spain for the Corporate areas, Business Units, Divisional teams, the wage gap identified between men and women of employees classified at the same level of the professional classification system is 5.7% taking as reference the fixed remuneration and of 6.3% taking as a reference the total remuneration. These differences are due to the composition of the workforce in each of the levels whose distribution by men and women include different profiles of seniority in the company, age and work experience.

**Average remuneration of directors (in thousands of euros)<sup>1</sup>**

	Fixed remuneration	Attendance fees	Remuneration for membership on board committees	Salaries	Short-term variable remuneration	Long-term variable remuneration	Severance payments	Other items <sup>2</sup>	Total 2018
Francisco Javier Riberas Mera	700	0	0	0	260	0	0	0	960
Francisco López Peña	550	0	0	0	217	0	0	13	780
Alberto Rodríguez-Fraile Díaz	75	0	30	0	0	0	0	0	105
Ana García Fau	75	0	15	0	0	0	0	0	90
César Cernuda Rego	75	0	0	0	0	0	0	0	75
Pedro Sainz De Baranda	75	0	15	0	0	0	0	0	90
Javier Rodríguez Pellitero	75	0	30	0	0	0	0	0	105
Gonzalo Urquijo Fernández De Araoz	75	0	15	0	0	0	0	0	90
Geert Maurice Van Poelvoorde	0	0	0	0	0	0	0	0	0
Juan María Riberas Mera	75	0	15	0	0	0	0	0	90
Noburu Katsu	19	0	4	0	0	0	0	0	23
Tomofumi Osaki	75	0	0	0	0	0	0	0	75
Shinichi Hori	56	0	0	0	0	0	0	0	56
<b>TOTAL</b>	<b>1,925</b>	<b>0</b>	<b>124</b>	<b>0</b>	<b>477</b>	<b>0</b>	<b>0</b>	<b>13</b>	<b>2,539</b>

(1) The amount of remuneration accrued in 2018 included in this section in favor of the Directors with executive functions differs from the amount included on the Note 32.2. to the annual financial statements of the Group as the accrual criteria applied is different regarding the long-term incentive.

(2) Remuneration in kind: life insurance premiums and company car

The remuneration of Board members of Gestamp is set out individually in the Financial Statements Report and in the [Directors' Remuneration Report](#) annex C1.13.

**Senior Management remuneration (in thousands of euros)\***

Member	Position
Mario Eikelmann	Manager of the Chassis Business Unit and Sales Director of BIW
Fernando Macias Mendizábal	Manager of South Europe Division
Manuel López Grandela	Manager of Mercosur Division
Juan Miguel Barrenechea Izarzugaza	Manager of North America Division
Kevin Stobbs	Manager of Asia Division
Torsten Greiner	Manager of Business Mechanism Unit (Edscha)
Manuel de la Flor Riberas	General Manager of Human Resources and Organisation
David Vázquez Pascual	General Manager of Legal, Tax and Corporate Governance
Miguel Escrig Meliá	Chief Financial Officer
<b>5,011</b>	

(\* ) The amount of remuneration accrued in 2018 for Senior Management included in this section differs from the amount included on the Note 32.3. to the annual financial statements of the Group as the accrual criteria applied is different regarding the long-term incentive.

The total remuneration figure for Senior Management also includes the remuneration paid to Unai Agirre Mandaluniz and to María José Armendariz Tellitu, who ceased to be members of the Company's Management Committee during the year in question.

The remuneration of Gestamp's Senior Management is published in the [Annual Corporate Governance Report](#) annex C1.14

**Integration and universal accessibility of persons with disabilities**

In order to facilitate access to employment for people with disabilities, the Gestamp Group companies directly hire them, whereby they thus forming part of their staff, or they may outsource products and services to special employment centres.

The percentage of employees with a disability in the entire Group in 2018 was 817, representing 1.9% of the Group's workforce.

Furthermore, in order to make information more accessible, the [Gestamp website](#) has been adapted and complies with all of the Level AA conformance criteria developed by the World Wide Web Consortium's (W3C) Web Accessibility Initiative (WAI).

## Organisation of work, reconciliation and work disconnection measures

At Gestamp's production plants, due to the nature of its business, the activity needs to be continuous, sometimes 24 hours a day, and therefore certain groups, generally those classified as Direct and Indirect Labour, have to work shifts. This organisation of work does not prevent Gestamp from promoting the rotation of such shifts, with the aim of facilitating the adjustment of working hours to the specific needs of workers.

In addition, 68% of Gestamp plants implement measures related to the reconciliation of work and private life, in positions where this is possible, such as: flexible working hours, intensive working days, reduced working days or adapting the working hours in certain family circumstances.

As for the hours of work absenteeism in 2018, the result was as follows:

### Absenteeism hours by region\*

Region	Absenteeism Hours*	Absenteeism Rate (%) *
South America	409,158	4.1%
North America	251,621	1.8%
Asia	235,999	2.4%
Europe	2,087,010	4.9%
<b>Total Gestamp</b>	<b>2,983,788</b>	<b>3.9%</b>

*(\*) This includes hours of absenteeism due to common illnesses, accidents and occupational illnesses, accidents on one's way to or from work, and those that are unjustified. 64% are due to common illnesses.*

## Labour relations

The management of labour relations at Gestamp is undertaken in accordance with the labour legislation applicable in each geographic area.

With worker representation in each plant, all aspects relating to employee labour relations are negotiated. In 2018, 65.5% of employees were covered by a collective agreement.

In geographic areas that call for it, due to historical, cultural or legal obligations, there are inter-centre committees that complement the in-plant negotiating framework.

The company has a European Works Council with representatives from all of the countries where it operates.

Gestamp places special emphasis on issues that are unavoidable for the Group: respect for union and labour legislation, policies of non-discrimination, compliance with the Code of Conduct, occupational health and safety, and training and development in key areas to ensure the correct implementation of the business strategy, which always follows the framework of the fundamental labour rights set out in the agreements of the International Labour Organization (ILO).

## Employees covered by collective agreements

	Own workforce	Employees covered	%
Argentina	1,116	1,116	100.0%
Brazil	4,440	4,440	100.0%
China	4,523	247	5.5%
Czech Republic	1,256	0	0,0%
France	1,636	1,636	100.0%
Germany	4,562	4,204	92.2%
Hungary	530	0	0.0%
India	807	190	23.6%
Japan	63	0	0.0%
Mexico	3,670	2,584	70.4%
Poland	1,111	796	71.6%
Portugal	1,299	489	37.6%
Romania	470	470	100.0%
Russia	594	0	0.0%
Slovakia	349	189	54.2%
South Korea	250	218	87.2%
Spain	6,623	6,623	100.0%
Sweden	398	398	100.0%
Taiwan	18	0	0.0%
Thailand	7	0	0.0%
Turkey	3,452	3,295	95.5%
United Kingdom	2,659	1,516	57.0%
United States	3,720	128	3.4%
<b>Total</b>	<b>43,553</b>	<b>28,540</b>	<b>65.5%</b>

## Occupational Health and Safety

Gestamp is committed to offering its employees, and any company working in its facilities, a safe and healthy environment. It therefore has an ambitious occupational risk prevention policy and its own comprehensive management system, called GHSS (Gestamp Health and Safety System).

The main characteristics of the system are:

- **An extensive team of professionals dedicated to prevention**, from a corporate level to the plants, giving criteria when undertaking improvements and starting new projects.
- **The inclusion of experts in working and prevention management conditions** that seek best practices and solutions and define the direction of the system.
- **The creation of manuals and supporting documents:**
  - Safety standards
  - Management guides
  - Specifications
  - Good practices

- **Gestamp Health and Safety Indicator (GHSI)**, with the following main functions:
  - Precisely evaluating the safety performance of plants, according to the management and specific conditions of the work centres, through periodic audits and reviews.
  - To be the Group's safety standard, recognised by all employees, which compares all plants on equal terms.
  - Accumulating the knowledge gained over the years and using it to detect points for improvement in detail
- **IT applications and web communities.**
- **Collaboration with other corporate departments** so that health and safety is another aspect to consider in new projects: layout design, machinery and facility purchasing, training and corporate policies. In 2018, the Health and Safety team participated in different projects in 8 key areas of the Group.
- **Awareness campaigns.** In 2018, an extensive campaign was carried out using 4 videos focusing on the operation of overhead cranes due to the high risk involved given the fact that they are very frequently operated, the weight and dimensions of the loads and due to the accuracy during movement, especially in warehouses. In 2019, campaigns in the same vein are expected to continue.
- **Safety Climate Assessment.** A new project was launched in 2018 with the aim of discovering how safety is perceived within plants and at all hierarchical levels using the internationally renowned Nordic Occupational Safety Climate Questionnaire (NQSACQ-50). The Group's first pilot plant to implement it was Gestamp Palau (Spain) and it is to be extended to other plants in Spain and Portugal in the first quarter of 2019.
- **Training programmes.** In 2018, there were training programmes for different levels: 1) To all employees through the corporate intranet, as part of the internal communication campaign that highlighted the challenges of the Group's strategic projects, Health and Safety being one of the main ones to meet the "0 Accidents" objective. 2) To the Group's Health and Safety teams, with two key meetings to update the management system and exchange best practices. 3) To senior management in Brazil, China and India, at their own request to study improvement measures in their production plants.

### Indicators and results

Within the general system, Gestamp has developed the tool GHSI that enables it to analyse, in all of the Group's plants equally, 78 factors related to:

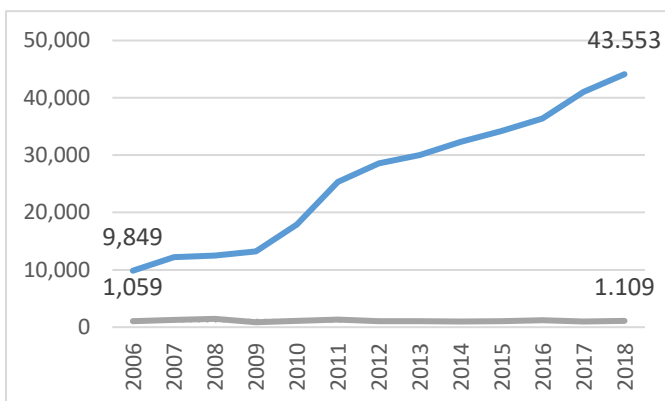
- **Traditional Indicators:** Frequency Rate, Severity Rate and Serious Accidents.
- **Working conditions:** Indoor traffic routes, safety conditions for different types of machinery, warehouse conditions, etc.).
- **Prevention Management:** Management of external companies, specific training, working at a height, etc.).

It is Gestamp's own tool, designed and adapted to the particularities of the company's activity, achieving higher levels of stringency than those that are required by international standards; it covers all fields of action and is integrated at all levels of the organisation.

According to performance in the previous year and the starting situation, each production plant establishes its action plan with the aim of making improvements. The following table shows, per division, the variations in percentages compared to the 2017 figures.

Division	Working conditions % improvement	Prevention management % improvement
North Europe	5%	0%
South Europe	2%	5%
North America	16%	3%
South America	9%	13%
Asia	9%	10%
Edscha	6%	7%
Tooling	12%	11%
<b>Gestamp</b>	<b>8%</b>	<b>6%</b>

Despite the Group's growth, in terms of business and people, the company has not only maintained the rates, but rather has improved on them, which is a clear indication of its effort in the area of prevention.



	2006	2018	Evolution
Employees	9,849	43,553	342%
Accidents	1,059	1,109	4.7%

Traditional Indicators	2017	2018
Frequency Rate <sup>1</sup>	11	12
Severity Rate <sup>2</sup>	0.14	0.19
Fatal Accidents <sup>3</sup>	2	0

(1) Frequency Rate: Number of accidents/Number of hours worked

(2) Severity Rate: No. of work days (M-F) lost / 1,000 hours worked.

(3) Number of fatal accidents: No. of fatal accidents that occurred.

The system used by Gestamp accounts for accidents and occupational diseases without distinction, but there is a classification of the reasons why these accidents or diseases have occurred, which makes it possible to distinguish them and see the severity of the same. In 2018, according to this classification, there was one occupational disease and no fatal accident.

## Training & Development

### Training

Gestamp has a training model that aims to achieve three fundamental objectives:

- **To ensure that all professionals have the skills required** to undertake their work with excellence
- **To accompany the business priorities** of Gestamp at all times
- **To plan the development of those who will hold key positions** for our activity in the immediate future

To ensure that this model works, Gestamp entrusts 75% of its learning activities to a network of internal trainers and experts who transmit the principles and values of the company, as well as its current and future processes and operations.

During the 2018 financial year, Gestamp taught 1.2 million hours of training (1,209,788).

The number of training attendees was 189,916 in 22 countries and the average number of training hours undertaken per employee of the average workforce was 28.

The Corporate University has dedicated 84% of its activity to training programmes. This includes training on specific technical-industrial abilities and skills, including knowledge on new materials, innovation processes, and on state-of-the-art technologies and products, as well as on business skills, such as project, finance and information management.

At Gestamp, knowledge is structured and deployed through the academies of the Corporate University. It can be accessed at any time and from any location through the Gestamp Virtual Campus, Gestamp Global Learning or face-to-face through the Group's different training centres. Some of these academies include the GTI (Gestamp Technology Institute) in Boroa (Spain) and the Gestamp Talent Academy in Aycliff (UK), which incorporated 23 new programmes in 2018 aimed at providing new skill and updating existing ones.

### Development of potential

In addition to the training, Gestamp is committed to developing the people who are key to our success. In 2018, Gestamp designed a Leadership Skills Model, which sets out a total of 18 skills divided into 3 levels (self-leadership, leading people and leading growth), encompassing everyone in the organisation.

Two different initiatives from this model were undertaken throughout 2018:

- **Training under Gestamp's Leadership Model.** Assessment and implementation through 4 different pilot projects at plants in Aguascalientes (Mexico), Santa Isabel (Brazil), Linares (Spain) and Shenyang (China). At these plants, over 700 people were trained under this model and over 150 received training on how to give feedback to their teams. Over 1,000 hours of training were taught. The model will be implemented throughout 2019 in the rest of the Group's plants, taking into account the improvements detected in the pilot projects.

- **Leading One Gestamp – Development Programmes for Country Managers and Plant Managers.**  
In 2018, plant managers, up to a total of 67, continued to be trained in developing their operational, strategic and leadership skills through an innovative training solution based on a business simulator. The overall rating of the course was 4.5/5 and it will continue expanding to other groups in the future.

## **Talent management**

For the Group, the process of attracting, developing and retaining talent is fundamental to ensure success in undertaking the strategy and to have the best professionals.

In 2018, in order to develop and retain talent, given the growth seen in recent years, and to aid consolidation of the company's internationalisation process, Gestamp launched a new project geared towards more global talent management. This project allows talent to be identified and monitored by using the same criteria, tools and methodologies throughout the entire organisation. As such, the company can accompany employees in their professional development and eventually promote them according to the needs of the Group at any given time.

To attract talent, Gestamp has diverse local and corporate initiatives. At the Corporate University, collaborations have taken place with educational institutions, such as the University of Comillas, the Engineering School (Tecnun) of the University of Navarra, the Mondragon University and professional training centres, on developing programmes that help to meet the needs of the Group relating to high specialisation profiles.

The International Master's on Industrial Project Management, the Engineering Development Programme, and professional certificates for tool and die making, metrology, servicing press lines and SAP FI/CO analysing, are just a few examples of those carried out, mainly at Gestamp Technology Institute, that base their methodology on learning a combination of theory and practice.

In 2018, the Gestamp Group hired 77% of the students that had completed programmes at the academy.

## **Equal opportunities**

Gestamp respects the rights of equality and non-discrimination on the grounds of gender, sexual orientation, social origin, ethnic origin, age, disability and religion, among others. This is provided for in our Code of Conduct and under the 6<sup>th</sup> Sustainable Development goal of the UN Global Compact, which we have complied with since 2008.

In 2018, as a complement to this principle, 78 work centres locally developed special plans of equality and measures to foster equal opportunities, mainly in selection processes, wage policy, training and development, as well as in organising work and personal time.

The presence of women is scarce in the automotive sector. At Gestamp, women represent 17% of the Group's total workforce. In terms of holding positions of responsibility, according to the Gestamp Global Grading System (G3S) methodology, 18.5% of management and 18.4% of medium level positions were held by women.

It is rather difficult to find women in selection processes for certain common positions in our business, such as die makers, welders or maintenance specialists, although in some work centres there is almost an equal number of men and women. This is the case in Gestamp Cerveira (Portugal) and Edscha Kamenice (Germany).

To foster female talent and to try to reverse the primarily male trend in the sector, as well as to ensure the development of digital skills, Gestamp launches different projects.

- **Gestamp Automotive English Summer Camp:** a project that aims to promote passion for cars among children, especially girls, and to develop STEM skills (science, technology, engineering and maths) through different workshops and activities in English. The GAESC is undertaken close to the plants in the Basque Country (Spain) during the holidays, helping Gestamp employees to balance their work and personal life
- **Master's in Engineering for Mobility and Safety:** Gestamp has formalised a collaboration agreement with the Comillas Pontifical University. As such, the financial support provided by the company is directly linked to the University's commitment to see women account for close to 40% of the students on said Master's degree.

## 6.4 Respect for Human Rights

### Risk analysis and management approach

For a global company like Gestamp, with intensive labour, it is an important and strategic aspect to uphold human rights as a set of universal conduct standards that are applicable to all companies in all geographical areas.

### Management policy and system

Gestamp believes respect for Human Rights to be fundamental. For that reason, they are largely set out in the Code of Conduct, which is in line with the main international initiatives in this area, such as:

- The International Bill of Human Rights.
- ILO Declaration on Fundamental Principles and Rights at Work.
- Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy.
- The Guiding Principles on Business and Human Rights of the United Nations.
- The OECD Guidelines for Multinational Enterprises.
- The Ten Principles of the UN Global Compact.

In 2017, Gestamp carried out a study in order to analyse the Human Rights situation in all of its work centres around the world.

With this project, the company achieved the following:

- **Establishment of the key matters regarding human rights** that affect the Group, meeting important sector criteria for business and the countries in which we work.
- **Identification of the importance of matters** based on criticality and the probability of non-compliance.
- **Assessment of the management capacity of said matters** according to the current regulations (corporate, divisional, regional, local), indicators, managers and complaint mechanisms.
- **Prioritisation of said key matters at a work centre**, country and divisional level, discovering which require an action plan, constant monitoring, follow-up or maintenance.

## I. WORKING CONDITIONS

- I.1. Compliance with the working day
- I.2. Fair salaries and work benefits
- I.3. Maternity and paternity protection
- I.4. Decent employee treatment
- I.5. Minimal Social Security conditions
- I.6. Respect for intellectual property rights
- I.7. Protection and respect regarding privacy through the proper handling of personal data and information
- I.8. Respecting international standards on under age workers
- I.9. Eradication of forced labour
- I.10. Right to submit, receive, answer and appropriately remedy complaints
- I.11. Professional training and development regarding employees

## II. HEALTH AND SAFETY

- II.1. Comprehensive health and safety in the work environment

## III. UNION ACTIVITIES AND COLLECTIVE BARGAINING

- III.1. Union rights and collective bargaining protection

## IV. EQUALITY AND NON-DISCRIMINATION

- IV.1. Equality and non-discrimination on the grounds of sex, age, ethnic and national origin, religion, disability, political and sexual orientation, gender identity, nationality and illness in human talent management processes.

## V. MATTERS RELATING TO THE WORK ENVIRONMENT

- V.1. Freedom of expression and opinion of employees
- V.2. Decent work and rights regarding migrants
- V.3. Physical safety of employees in complicated contexts
- V.4. Foster local employment

## Code of Conduct

Gestamp has had a Code of Conduct since 2011. The Code of Conduct is the common reference framework for the ethical and respectful behaviour of employees in all of the countries in which Gestamp operates, regardless of the cultural particularities of each geographic region. It contains the rules of conduct based on the corporate principles and on the ten principles of the UN Global Compact relating to human rights, labour standards, environmental standards and the fight against corruption.

The Code of Conduct is 100% applicable to Gestamp as a whole, including all its organisational areas, and to all employees who are contractually bound to the companies in the Group and to any subsidiary in which Gestamp has majority shareholder status.

In 2018, a review and update of the Code of Conduct was undertaken to adapt it to the new listed-company situation as required by investors and the CNMV, while also adapting the Code to events that have arisen in the Group since 2011.

The main changes have been:

- **Including the responsibilities of all employees:** Fulfilling, setting an example, seeking help and communicating
- **Reorganising the Rules of Conduct** according to the area of application.
- **Including Rules of Use regarding privileged information**

The new version was approved by the Ethics Committee, the Audit Committee and, finally, by the Board of Directors on 7 May 2018.

The Code of Conduct is available on the Group's website, where it can be downloaded by users in any of the 18 languages spoken in the Group.

In 2018, replicating the action for the initial launch in 2011, the Group presented the Code of Conduct to the Group's employees, who were also asked to confirm receipt of the Code online. At present, the document is included in the induction plan given to every new employee and adherence thereto is requested.

Regarding training, all Group employees must have carried out, at least once, the introduction course on the Code of Conduct, which may be taken in one of the following ways:

- **Online training:** through the Gestamp Corporate University.
- **Face-to-face training:** For cases where the employee does not have access to a device that allows them to carry out training online.

In both cases, the Group asks employees for the confirmation of receipt of the Code of Conduct training.

### **Code of Conduct bodies**

To ensure implementation and compliance with the internal regulations, Gestamp has the following bodies:

- **The Ethics Committee** is the body in charge of overseeing the compliance and interpretation of the Code of Conduct. The Regulations of the Ethics Committee establish its duties and composition, the complaints channels and process, as well as the internal investigation process to assess the occurrence of any non-compliance of the Code. Said Committee is made up of senior executives and an external advisor, holding ordinary biannual meetings which are documented in the minutes. The Ethics Committee Regulations set forth that said Committee directly reports to the Board of Directors.
- **Compliance Office** is the body under the Ethics Committee that is responsible for appropriately receiving, channelling, monitoring, informing and documenting the communications received through the different means established.

## Complaint channels

In order to handle communications in accordance with its internal regulations, regardless of whether they are suggestions, consultations, doubts or non-compliances, Gestamp has established several channels.

On the one hand, there is the usual channel with assigned representatives in each work centre, through which employees can present their complaints and allegations. Every month, the representatives report the allegations to the person responsible of the compliance office by means of a template.

On the other hand, there is a reporting channel for complaints which can be used by Group staff, as well as by third parties, such as clients or suppliers, which offers increased confidentiality for the whistle-blower, distinguishing between:

- **Internal channel:** to a generic inbox of an email address that the Compliance Office directly receives.
- **External channel:** a complaints channel that is managed by an external company (Speak Up Line), thus increasing the whistle-blower's trust and confidence with regard to confidentiality. Such communication may take place via telephone, web form or email. It is available 24/7 in over 200 languages. Communications are sent to the Compliance Office.

Both channels are available both on the Gestamp intranet and on the website.

## Supervision and control

- **Annual external audits. In 2018, we continued with the audit rotation plan conducted by an external independent** auditor to verify the degree of implementation and knowledge of the Code by employees. It was particularly carried out in all work centres in Portugal and the United Kingdom, joining those carried out in Germany, Argentina, Brazil, China, France, Mexico, the United States and Russia in previous years.
- **Monitoring of agreed improvement plans.** Specific improvements are identified through the external audits. Measures and action plans are carried out to resolve particular aspects and to improve the application and knowledge of the Code.
- **Biannual meetings of the Ethics Committee.** As established in the Regulations, the Ethics Committee met two times during the year.
- **Periodic report of the Compliance Office.** This body draws up a report on the status of the communications received.

In 2018, 122 communications were received, 120 of which were complaints regarding potential breaches and 2 were queries and suggestions. 23 complaints were received through the representatives, 31 directly through the Compliance Office by email and 66 through SpeakUp Line. All the cases reported have been investigated, 10 cases have been archived due to lack of information. As a result of the investigations, in the cases considered necessary, the appropriate measures have been taken, including 15 dismissals.

Complaints received	Cases	Dismissals
<b>Integrity in the workplace:</b> Health and Safety, Equal opportunities, A respectful working environment and fair treatment, Harassment, Respect for freedom of association and thought.	79	4
<b>Integrity in the supply chain:</b> Conflicts of Interest, Limitations and incompatibilities, Requesting and accepting gifts and hospitalities, Offering and giving gifts and hospitality, Bribery and corruption, Political activity.	25	5
<b>Integrity regarding our shareholders and business partners:</b> Reliability of information, Data handling, Privacy and confidentiality, Control of insider information, Asset protection.	13	6
<b>Integrity in our environment:</b> Environment, Community commitment	3	0
<b>TOTAL</b>	<b>120</b>	<b>15</b>

## 6.5 Fight against corruption and bribery

### Risk analysis and management approach

Corruption, fraud and money laundering are phenomena present in current society. These illegal activities stunt economic and social development, debilitate the Rule of Law and, from a business perspective, are detrimental to the market and corporate reputation.

### Management policy and system

With the aim of preventing corruption, bribery and money laundering (as well as other illicit conduct), Gestamp has a system of rules, bodies and procedures that seek to strengthen a global culture of compliance and to eradicate any illicit activity.

#### Code of Conduct

As mentioned in the previous sections, Gestamp has a Code of Conduct that defines the ethical conduct rules required by all of the Group's employees, fostering ethical and honest behaviour.

#### Policy

On 17 December 2018, Gestamp's Board of Directors approved the Group's Anti-Corruption and Anti-Fraud Policy. This policy develops the internal regulations already established in the Code of Conduct relating to corruption, fraud and bribery. Its purpose is to design and establish the general guidelines for action that must be followed by the directors, managers and employees who are contractually bound to the Group's companies, as well as by third parties that liaise with the Group, in order to send out a

strong and clear message against corruption and fraud in all of its forms and to explicitly declare its commitment to avoiding said conduct within the organisation.

This policy sets out a series of action principles and rules relating to corruption and fraud, gifts and entertainment, and donations and grants, which must take precedence in any business activity undertaken in the Group.

The Group is also aligned with the main international references on corporate responsibility and anti-corruption, including the tenth principal of the UN Global Compact, the recommendations of the Organisation for Economic Co-operation and Development (OECD), the US Foreign Corrupt Practices Act (FCPA) and the UK Bribery Act.

### **Supervision and control bodies**

To guarantee compliance with the aforementioned rules of conduct, Gestamp has a Regulatory Compliance Unit, which is additional to the supervision and control bodies mentioned in the section of the Code of Conduct, such as the Ethics Committee and the Compliance Office. The Compliance Unit is a body that reports to the Legal Department and is in charge of ensuring compliance with the Group's internal regulations and any external regulation (including, for reference purposes, laws, regulations and agreements) that is applicable to the Group.

### **Complaint channels**

For complaints relating to corruption, bribery and money laundering, Gestamp makes available all the complaint channels set up for other infringements of the Code of Conduct (hierarchical superior, Compliance Office and *SpeakUp Line*).

Irregularities and possible criminal acts are analysed and investigated as quickly as possible, applying the principles of confidentiality, non-retaliation and protection of personal data to all those involved in the investigation process, with a focus on the whistle blower and accused party.

If the infringement is proven, the corresponding sanction shall be imposed by the competent internal bodies.

The Group is committed to collaborating and cooperating with the authorities and judicial and administrative bodies in relation to the investigation of alleged criminal acts that may be committed within the Group.

The Group promotes a culture of integrity through ongoing ethics and compliance training. It will also encourage employees, partners, suppliers and customers to be aware of this Policy and to follow the behavioural guidelines in compliance therewith.

## 6.6 Regarding society

### Risk analysis and management approach

Gestamp is a powerful driving force behind local development in the communities in which their plants are located, creating employment, working with local suppliers, collaborating with organisations and institutions, or getting involved in social initiatives.

### Policy, management system, results and indicators

#### Company commitment to sustainable development

Gestamp has always been committed to a sustainable business project (previously explained in the introduction section) and, as part of it, it establishes relationships with different stakeholders in the communities in which it operates.

It gets actively involved in various initiatives aimed at benefiting the different communities. These initiatives are of an economic (clusters and business associations) and social nature (supporting improvement projects in education, environmental awareness raising, integration of disadvantaged groups, etc.) that arise from the knowledge of each plant on the social reality that surrounds them and that reflect Gestamp's commitment to local development.

#### Cluster collaboration and business associations

Gestamp participates in organisations, institutions and forums that aim to foster socio-economic, innovation and quality development and to contribute to spreading knowledge from the automotive sector in the countries where it operates.

The following are just a few of them:

##### Bilateral Chambers of Commerce

- German-Spanish Chamber of Commerce (AHK)
- British Chamber of Commerce in Spain
- Brazilian-Spanish Chamber of Commerce (CCBE)
- Spain-China Council Foundation
- Spain-US Council Foundation
- Spain-Japan Council Foundation
- Spain-Russia Council Foundation
- Moroccan-Spain Economic Council (CEMAES)

##### Spanish regional clusters

- Basque Automotive Cluster
- Automotive Cluster of Aragon (CAAR)
- Automotive Cluster of Cantabria (GIRA)
- Automotive Cluster of the Community of Valencia (AVIA)
- Automotive Company Cluster of Galicia (CEAGA)
- Automotive Industry Cluster in Catalonia (CIAC)
- Automotive Forum of Castilla y León (FaCyl)

### **Industrial associations**

- CLEPA (European Association of Automotive Suppliers)
- SERNAUTO (Spanish Association of Automotive Suppliers)
- ASEPA (Spanish Association of Automotive Professionals)
- STA (Association of Automotive Engineers)
- INSIA (University Institute of Automobile Research)
- OESA (Original Equipment Suppliers Association)
- CDTI (Centre for the Development of Industrial Technology)
- AEC (Spanish Quality Association)
- Industry 4.0 Chair of the Comillas Pontifical University

### **Economic Associations**

- Círculo de Empresarios (*Businesspersons Association*)
- Spanish Exporters and Investors Club
- IADG (Atlantic Institute of Governance)
- IEF (Family Business Institute)
- CEOE (Spanish Confederation of Business Organisations)
- CCE (Spanish Chamber of Commerce)
- COTEC Foundation for Innovation

### **Professional associations**

- AED (Spanish Association of Executives)
- APD (Association for Management Progress)
- Corporate Excellence - Centre for Reputation Leadership
- DIRCOM (Association of Communication Managers)
- FUNDACOM

### **Collaborations with non-profit organisations**

Since 2013, Gestamp has been adhering to the LBG (London Benchmarking Group) methodology with the aim of identifying, classifying and assessing the not-for-profit contributions that each one of its companies individually makes in the community in which it operates.

Following application of the methodology, in 2018, a total of 206 social and not-for-profit activities were identified that have benefited 418 organisations and in which a total of 6,702 employees voluntarily participated. The total value of the contribution amounts to 1,670,662 euros.

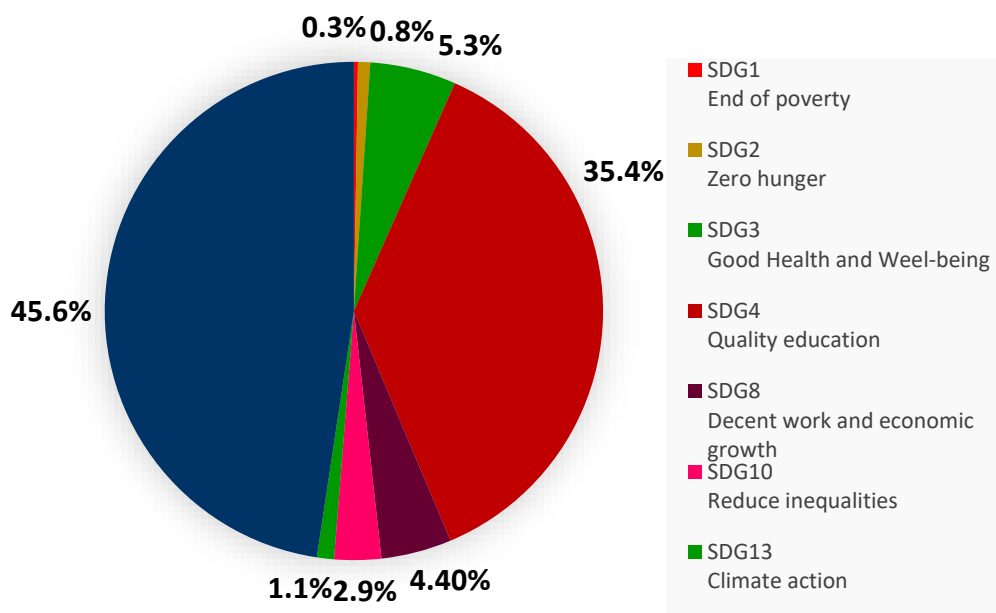
In terms of the type of contributions, the majority of activities undertaken related to monetary contributions (79.6%), which was followed by the time employees dedicated to causes during their work hours (15.7%). Another contribution, albeit representing a small percentage (4.7%), were in-kind contributions, such as donating leftover materials from works to non-profit organisations, furniture to families affected by natural disasters, surplus office supplies, etc.

### Social Contribution by type of area of action

Area of action	Economic value	%
Education and youth	€658,533	39.4%
Health	€ 82,460	4.9%
Socio-economic development	€ 769,618	46.1%
Environment	€ 17,466	1.0%
Art and culture	€ 41,453	2.5%
Social wellbeing	€ 91,753	5.5%
Humanitarian aid	€ 9,380	0.6%
<b>TOTAL</b>	<b>€ 1,670,662</b>	<b>100%</b>

Gestamp's social action is also aligned with the Sustainable Development Goals of the United Nations (SDGs). As such, the previously mentioned activities correspond to:

95.8% of the social contribution is related to the Sustainable Development Goals as follows:



### Youth training

As a strategic focus, Gestamp significantly contributes to the technical-industrial training and education of local residents. It undertakes collaboration agreements and direct donations in the form of grants with regional universities, business schools and vocational training centres.

Gestamp provides young people, so-called apprentices, the opportunity to combine theory and practice through its dual study programmes, which are taught around the world.

Apprentices combine practical training in the company with theoretical sessions taught in vocational training centres.

The aim of this kind of training is to:

- **Ensure that youths under the age of 25 obtain a post-compulsory secondary education certificate** through vocation training studies.
- **Improve the employability of youths** thanks to the high capacity the system has for putting theory into practice.
- **Form close relationships between education centres and Gestamp work centres**, establishing greater connection and communication in the youth and/or worker training process

In general, apprentices who work at a Gestamp centre are accompanied during normal working hours by a tutor, they have a contract, are registered with the Social Security and earn a small wage. In 2018, Gestamp took on 731 apprentices and internships, up 12.6% on 2017.

On a corporate level, there are a number of initiatives, such as those mentioned in the Training and Development chapter.

### **Subcontracting and suppliers**

Gestamp relies on its network of suppliers to carry out its activity. In 2018, the Group had 20,318 suppliers (95% local), through which it spent €7,295 m.

In addition to the economic impulse of demand on suppliers, Gestamp collaborates with a number of strategic suppliers with whom it undertakes key activities in its business model and whose competitive boost helps in seeking common benefit. Gestamp has a close relationship with raw material companies, suppliers of capital goods and production engineering, which accompany the construction and launch of new manufacturing plants throughout the world, and with subcontracted stamping companies that provide contrasted, flexible manufacturing.

Due to the growing globalisation of the business, managing the supply chain has become more complicated. Therefore, the Group has a methodology for the global management of suppliers. This methodology is called Gestamp Supplier Risk Management (SRM).

Its aim is to be able to effectively and consistently evaluate the performance of suppliers and to ensure that our supply chain meets all of the automotive requisites, as well as the local and international legal and regulatory standards, that are key elements in guaranteeing the continuity of the business. The evaluation is based on quality and sustainability (working conditions, health and safety, equality, environmental aspects, and business ethics).

The 2018 Corporate Social Responsibility Requirement for Gestamp suppliers were updated, now available on the [website](#) and [on the Supplier Portal](#).

In the quality audits carried out by the Group, 317 suppliers were evaluated under sustainability criteria.

The classification of the audits was as follows:

A: Top suppliers = 108 (34%)

B: Suppliers that need to improve 175 (55%)

C: Suppliers that don't meet the minimum requirements 34 (11%)

Out of the suppliers that were audited on more than one occasion, 55% obtained a better rating on the last audit.

## **Consumers**

Many of the products produced by Gestamp help manufacturers to comply with safety regulations, which are becoming increasingly complex and difficult to address with regard to the comprehensive safety of vehicles. This is due to the fact that safety is one of the Group's strategic lines in the area of innovation and development, and it is implemented through:

- **Using materials**, such as high-strength and ultra-high-strength steel, which significantly improve the ability of vehicles to withstand impacts.
- **Designing energy absorption improvements** in the chassis and body-in-white product portfolio that increase driver and passenger safety by reducing side impacts to a minimum, while the bonnet hinges in our mechanism product portfolio improve pedestrian safety.
- **Developing technologies**, such as hot stamping, that meet the strictest safety requirements and that pass car-on-car crash tests.

Furthermore, the Gestamp Quality System, a management system, helps the company to continuously improve by focusing on complying with client requirements and fostering prevention over detection, which results in a reduction in defects and waste in the supply chain, while also being safe and sustainable.

A follow-up on the quality performance of parts delivered to clients is undertaken through internal audits, including on products, processes and systems, as well as through the use of indicators at all levels of the organisation (plants, regions, divisions and corporations).

All the incidents that occurred during the year were resolved between the automotive manufacturers and the Group, which favourably managed the incidents within the optimal timeframes. That ensured that final users did not face any inconvenience whatsoever and no vehicle in the possession of a final user was recalled for a revision for any reason relating to the products supplied by the Group in 2018.

The manner in which said incidents were handled was the key element in resolving them. As such, there was no need to resort to the insurance guarantees that the Group has taken out.

## **Tax strategy**

Gestamp bases its fiscal strategy on current national and international fiscal regulations, aware of the importance and need of its contribution to the public finances in the different territories in which it operates.

The Fiscal Policy is based on four basic pillars:

- Responsibility at all tax-related decisions and actions.

- Contribution with the payment of taxes wherever our activity is carried out. The goal of Gestamp has never been to relocate activities or profits to particular jurisdictions for purely fiscal reasons.
- Transparency in all the information that Gestamp provides to shareholders, the market and the different stakeholders with which it is related, , and this information in addition is accessible, clear and accurate.
- Cooperation with the different public authorities of the countries where Gestamp has an industrial presence, and always in accordance to values of professionalism, collaboration, good faith, mutual trust and respect

The bodies at Gestamp that are competent and responsible for the fiscal area include the Board of Administration, the Audit Committee, the Risk Committees, the Fiscal Area of the Legal Advice and Tax Department, and the Internal Audit and Risk Management Department.

In particular, the Fiscal Area of the Legal Advice and Tax Department is in charge of preserving and developing all the principles and values of Gestamp in the area of taxation and of overseeing their fulfilment, defining and establishing the required control mechanisms. It also provides information on fiscal risks and their management to the Internal Audit and Risk Management Department which, in turn, follows up and monitors said risks, including them in the Group's Comprehensive Risk Management System and informing the Audit Committee of them.

**Information by country of payments for corporation tax, profit before taxes and grants (in million euros)**

Country	Total Payment CIT	Profit/(loss) before taxes*	Capital Grants	Grants related to income
Germany	-7.7	17.2	2.1	0.0
Argentina	5.7	5.5	0.0	0.1
Belgium	0.0	0.0	0.0	0.0
Brazil	-5.2	8.6	0.0	0.0
China	-6.5	41.9	0.0	0.7
South Korea	-1.4	10.7	0.0	0.0
Slovakia	-2.6	19.4	1.9	0.0
Spain	-26.4	75.2	1.1	6.1
United States	1.1	-5.8	0.0	1.3
France	2.3	29.0	0.1	0.4
Hungry	0.0	-4.1	0.0	0.0
India	-7.5	23.8	0.0	0.0
Japan	0.0	-2.0	0.0	0.0
Luxembourg	-0.6	-0.2	0.0	0.0
Morocco	0.0	-0.2	0.0	0.0
Mexico	-22.6	66.8	0.0	0.0
Poland	-0.6	28.7	0.0	0.0
Portugal	-1.9	23.1	0.4	0.0
United Kingdom	-2.9	34.5	0.0	0.3
Czech Republic	-2.0	0.3	0.0	0.4
Romania	-0.4	-3.0	0.0	0.0
Russia	-2.9	4.5	0.0	0.0
Sweden	-0.1	-9.9	0.0	0.0
Thailand	-0.1	1.1	0.0	0.0
Turkey	-1.5	29.5	0.0	0.0

*(\*) Financial results derived from intra-group or partner financing have been eliminated in the results before taxes by country in the United States, Sweden and Luxembourg.*

Compliance with Law 11/2018 index		Reference Framework	Page	Reason for omission
<b>General Information issues - GRI: 102-3</b>				
Business Model	Brief description of the group's business model	GRI 102-2, 102-3, 102-4, 102-6, 102-7, 102-14, 102-15	3-4	
General	Reference in the report	GRI 102-54, 102-46, 102-47	16	
Management approach	Description of the policies implemented by the company	GRI 103-1	16-51	
	Description of the policies' results associated	GRI 103-3	16-51	
	Description of the main risks associated with social and employee-related matters linked to the company's operations	GRI 102-15	16-51	
<b>Environmental issues - GRI: 103-2</b>				
Environmental management	Information on the current and foreseeable impact of the company's activities on the environment and, when applicable, on health and safety	GRI 307-1, 308-2	20-21	
	Environmental assessment and certification procedures	GRI 103-2, 308-1 ISO 14001 y EMAS II	21	
	Resources devoted to environmental risk prevention	Financial accounting System	21	
	Implementation of the precautionary principle	GRI 102-11	21	
	Amount of provisions and warranties for environmental risks	Insurance policy	21	
Pollution	Measures to prevent, reduce or repair emissions that seriously affect the environment, including any form air, noise and light pollution.	GRI 305-1, 305-2, 305-3, 305-6, 305-7	21-22	
Circular economy and Waste prevention and management	Measures related to prevention, recycling, reuse and other form of waste recovery and disposal	GRI 301-2, 301-3, 306-1, 306-2 Gestamp Environmental System	23-24	

	Actions to avoid food waste	-		Not applicable
Sustainable use of resources	Water consumption and water supply in accordance with local limitations	GRI 303-1 Gestamp Environmental System	24-25	
	Raw materials consumption	GRI 301-1, 301-2 Gestamp Environmental System	25	
	Measures to improve use efficiency	GRI 302-4, 302-5 Gestamp Environmental System	22-23	
	Direct and indirect energy consumption	GRI 302-1, 302-2 Gestamp Environmental System	24	
	Measures to improve energy efficiency	GRI 203-1, 302-1, 302-4, 302-5 Gestamp Energy Efficiency System	22-23	
	Use of renewable energy	-		Not applicable
Climate Change	Relevant aspects regarding greenhouse gas emissions as a result of the company's activity, including goods and services produced by the company	GRI 201-2, 305-1, 305-2, 305-3 Carbon Disclosure Project	21-22	
	Measures to adapt to climate change	GRI 103-2, 201-2 Carbon Disclosure Project	21-23	
	Voluntary medium to long-term greenhouse gas emission reduction targets and resources assigned to achieve such targets	GRI 305-5, 301-1 Carbon Disclosure Project	21-23	
Biodiversity	Measures to preserve or restore biodiversity	GRI 304-3	25	Not applicable
	Business impact on protected areas	GRI 304-2, 303-2	25	Not applicable

Social and employee-related issues - GRI: 103-2; 102-8				
Employment	Total number of employees and distribution by country, gender and age	GRI 405-1	27	
	Total number of employees and distribution by occupational classification	GRI 401-1 Gestamp Global Grading System	29	
	Total number of employment contracts and its distribution by type	GRI 401-1	28	
	Annual average of permanent, temporary and part-time contracts distributed by gender, age and occupational classification	GRI 401-1, 405-1	28	Information available by country and contract type
	Total number of dismissals by gender, age and occupational classification	GRI 401-1	43	Information not available with the level of detail required
	Gender pay gap	GRI 405-2 Gestamp Global Grading System	30	Spain information reported
	Remuneration for equal or average jobs in society	GRI 405-2 Internal framework: Gestamp Global Grading System	30	Information not available with the level of detail required
	Average remuneration of Board Members broken down by gender	GRI 102-35 Annual Report on Corporate Governance and Annual Remuneration Report	31	
	Average remuneration of Senior Managers broken down by gender	GRI 102-35 Annual Report on Corporate Governance	32	
Implementation of policies to allow employees to disconnect from work	-	33	Work disconnection policies not available. 78.5% of our workforce is directly involved in manufacturing processes	

	Number of employees with disabilities	GRI 405-1	32	
Work organization	Working hours organization	GRI 401-2, 401-3	33	
	Number of hours of absenteeism	GRI 403-2 Gestamp SAP HCM and BW	33	
	Measures to promote work-life balance and co-parenting responsibilities	Internal framework: Gestamp Health and Safety System	33	
Health and Safety	Occupational health and safety conditions	GRI 403-1, 403-2, 403-3, 403-4 Gestamp Health and Safety System	34-36	
	Accident rates broken down by gender	GRI 403-2, 403-3: Gestamp Health and Safety System	36	Information not available broken down by gender
	Frequency rate broken down by gender	GRI 403-2 Gestamp Health and Safety System	36	Information not available broken down by gender
	Severity rate broken down by gender	GRI 403-2 Gestamp Health and Safety System	36	Information not available broken down by gender
	Occupational illnesses broken down by gender	GRI 403-2 Gestamp Health and Safety System	36	Information not available broken down by gender
<b>Respect for Human Rights matters - GRI: 103-2; 102-15; 102-16; 102-17</b>				
Labour relations	Social dialogue organization, including procedures to inform and consult with employees and to negotiate with them	GRI 402-1, 403-1, 403-4	33-34	
	Percentage of employees covered by collective agreements and by country	GRI 102-41	34	
	Results of collective agreements, especially in the field of health and safety	GRI 102-41, 403-4	33-34	
Training	Training policies implemented	GRI 404-2	37-38	

	Total number of training hours by professional category	GRI 404-1	37	
Accessibility	Universal accessibility of people with disabilities	GRI 405-1	32	
Equality	Measures taken to promote equal treatment and equal opportunities for women and men	GRI 401-3, 405-1, 405-2	38-39	
	Equality plans, measures taken to promote employment, protocols against sexual harassment and on the basis of gender	GRI 103-2, 405-1	38-39	
	Integration and universal accessibility for people with disabilities	GRI 405-1	32	
	Company's policy against any type of discrimination and, when applicable, the diversity management policy	GRI 103-2, 406-1	38-40	
	Implementation of human rights due diligence procedures	GRI 103-2, 412-2 Gestamp Code of Conduct	39-43	
	Measures to prevent and manage potential human rights abuses and, when applicable, measures to mitigate, manage and repair potential human rights violations	GRI 412-2 Gestamp Code of Conduct	39-43	
	Reported cases of human rights violations	GRI 406-1 Gestamp Code of Conduct	39-43	
	Promotion and compliance with ILO's provisions related to freedom of association and collective bargaining	GRI 407-1, 408-1, 409-1, 410-1 Gestamp Code of Conduct	39-43	
	Elimination of occupational and work discrimination	GRI 405-1 Gestamp Code of Conduct	39-43	
	Elimination of forced or compulsory labour	GRI 409-1 Gestamp Code of Conduct	39-43	

	Effective abolition of child labour	GRI 408-1 Gestamp Code of Conduct	39-43	
<b>Corruption and bribery issues - GRI: 103-2; 102-15; 102-16; 102-17</b>				
Information related to corruption and bribery	Measures to prevent corruption and bribery	GRI 205-1, 205-2, 419-1 Gestamp Code of Conduct	43-44	
	Measures to prevent money-laundering	GRI 205-2, 419-1	43-44	
	Contributions to non-for-profit organizations	GRI 201-1, 413-1 London Benchmarking Group	45-47	
<b>Information about Society issues - GRI: 103-2; 413-1</b>				
Commitment with sustainable development	Impact of the company's activity on employment and local development	GRI 102-42, 102-43	45-47	
	Impact of the company's activity on local populations and territories	GRI 411-1, 413-2 SDGs and London Benchmarking Group	45-47	
	Company's relations with local communities 'agents and dialogue channels	GRI 102-43	45-47	
	Partnerships and Sponsorship actions	GRI 203-1, 102-12, 102-16, 102-13	45-47	
Sustainable supply chain	Inclusion of social, gender equality and environmental matters in the company's purchasing policy	GRI 102-9, 308-1, 414-1 Gestamp Code of Conduct, and Corporate Social Responsibility Requisites for Gestamp suppliers	48-49	
	Attention given to the social and environmental responsibility of subcontractors and suppliers	GRI 102-9, 414-2 Gestamp Code of Conduct, and Corporate Social Responsibility Requisites for Gestamp suppliers	48-49	
	Supervision and audit systems and their results	GRI 308-2, 407-1, 408-1, 409-1 Gestamp Supplier Risk Management System	48-49	
Consumer relationship management	Measures of Health and safety for consumers	GRI 416-1 Gestamp Quality System	49	

	Complaints system	GRI 416-2, 418-1	49	
	Complaints received and resolution of them	GRI 103-2, 416-2, 417-2	49	
Tax information	Profits obtained per country	GRI 201-1	51	
	Taxes paid on profits	-	51	
	Public subsidies received	GRI 201-4	51	

## 7. R&D ACTIVITIES

During 2018 Gestamp continued to work and collaborate with OEMs in the design of new models.

Gestamp R&D engineers work with OEMs in order to introduce new materials and technologies in their designs to reduce vehicle weight, which translates into a reduction in CO2 emissions for Internal Combustion Engine (ICE) cars, while improving safety.

Electrification is an important driver for the automotive sector in terms of new challenges in the development of body in white and chassis. EV-design requirements, new products and crash behavior varies significantly from ICE. Comfort becomes even more important in the case of EVs.

Gestamp continued to work on the designs of new ICE models together with new EV models which has led to an increase in the number of co-developments. Gestamp has more than 275 co-development programs with its clients in BiW (Body in White), Chassis and Mechanisms. These collaborations have resulted in the achievement in 2018 of new important contract wins.

### **Gestamp Virtual Models – Laboratory Cars**

As more next generation vehicles start to hit the roads, OEMs will have to shorten development cycles.

This agility is achieved by creating digital clone models. These models enable much of the development and testing to take place in the virtual world and thereby accelerating the design, test and approval cycle.

Gestamp has several virtual models for ICE cars and in 2018 developed virtual models for PHEV and EVs as well. Thanks to these models the appropriateness of introducing new designs and / or materials in the BIW and chassis can be predicted.

Thanks to our 13 R&D centers located nearby the OEMs’ Hubs, Gestamp is able to offer local support during the development phase.

**Platform design**

OEMs are focused on platform sharing and standardization to rationalize their product development and production costs, besides significantly reducing the product-conception-to-launch time.

To follow this strategy, engineering should be common across different vehicle models.

Gestamp is one of the most important platform development and suppliers for ICE platforms. During 2018 Gestamp collaborated in the development of several ‘Multi-energy’ and pure EV platforms that allow us to obtain important serial production businesses for different OEMs Globally.

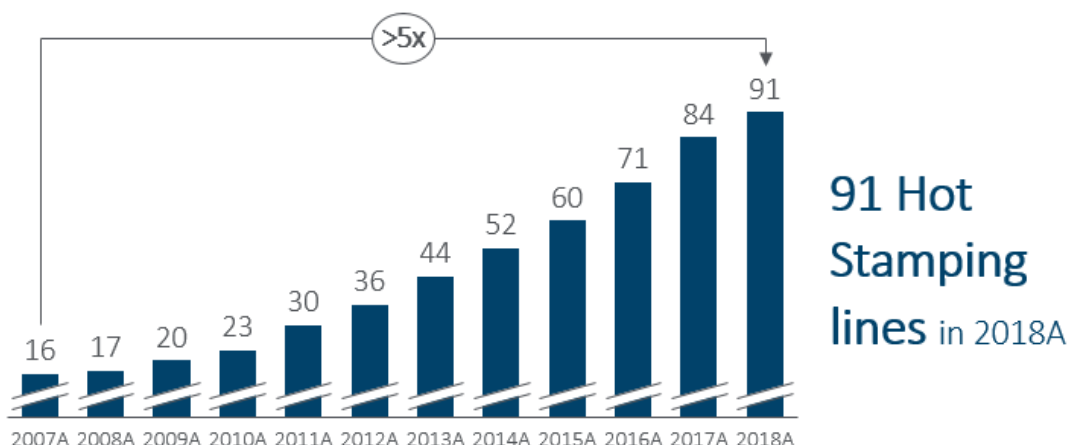
**Weight is one of the main contributor for CO2 emission.**

Gestamp is a pioneer company in the implementation of hot stamping technology in the automotive sector and during 2018 has continued to innovate in this technology.

Hot stamping is a technology that significantly changed the architecture of the vehicle as it enables the production of lighter parts, while it increases safety in case of collision. We believe that EV architecture will increase the amount of hot stamping parts, as it represents the best weight/cost performance ratio that allows EV cars to further reduce weight and therefore increase the cars’ autonomy range.

In its co-development projects with OEMs Gestamp introduces new generation of hot stamping materials that allows to reduce weight.

As of December 31<sup>st</sup>, 2018, the Group had 91 hot stamping lines installed worldwide and, as a result of the project contracts awarded, Gestamp expects to continue to grow the number of new hot stamping lines in all of its regions in the coming years.



### **Innovation as driver for lightweight and crash solutions in EV cars**

In R&D, management of innovation is a key and Gestamp has finalized the development of new technology solutions to fulfill the weight/crash/cost requirements for EV architectures.

Among these new technologies Gestamp has developed a new Multistep hot stamping process that will enable new designs with better performance and lower costs. First production line was installed in Gestamp thanks to the new business award from a German OEM.

Gestamp evaluates new ultra-high grade materials and determinates parameters for crash simulation and production feasibility. These material and their cards are a very important tool to ensure the good performance of the products we develop both during virtual simulation and during serial production. We believe this solutions will be introduce into CMS products.

Gestamp has designed new Laser BKT processes for new generation of ultra-high grades such as 2000MPa materials, this new technology will allow the use of this ultra-high grade hot stamping materials in crash areas and will reduce consequently the weight of the body.

## **8. SUBSEQUENT EVENTS**

No material developments, that significantly affect the annual accounts of Gestamp S.A., have taken place since the close at 31<sup>st</sup> December 2018 up to the date of preparation of the present annual accounts.

## **9. OPERATIONS WITH OWN SHARES**

On 27 July 2018, the Parent Company entered into a liquidity agreement with JB Capital Markets, S.V., S.A.U., adapted to Circular 1/2017, of 26 April, of the CNMV.

The framework of this agreement will be the Spanish stock markets.

This agreement stipulates the conditions in which the financial intermediary will operate for the account of the issuer, buying or selling own shares of the latter, with the sole objective of favouring the liquidity and regularity of their listing, and it will have a duration of 12 months, deemed to be tacitly extended for the same period, unless indicated otherwise by the parties.

The amount earmarked to the cash account associated with the agreement is 9,000 thousand euros.

The own shares at 31 December 2018 represented 0.19% of the Parent Company's share capital and comprised 1,078,834 shares at an average acquisition price of 5.60 euros per share.

The movement in 2018 was as follows:

	Number of own shares	Thousands of euros
<b>Balance at December 31, 2017</b>	-	-
Increases/Purchases	2,648,637	15,497
Decreases/Sales	(1,569,803)	(9,456)
<b>Balance at December 31, 2018</b>	<b>1,078,834</b>	<b>6,041</b>

The sales price of the own shares detailed in the previous table amounted to 8,702 thousand euros, generating a negative result of 754 thousand euros. Likewise, the fees amounted to 13 thousand euros. The total result amounting to 767 thousand euros was recognised under Unrestricted reserves (Note 17.3).

## 10. OTHER RELEVANT INFORMATION

### 10.1 Stock Exchange Evolution

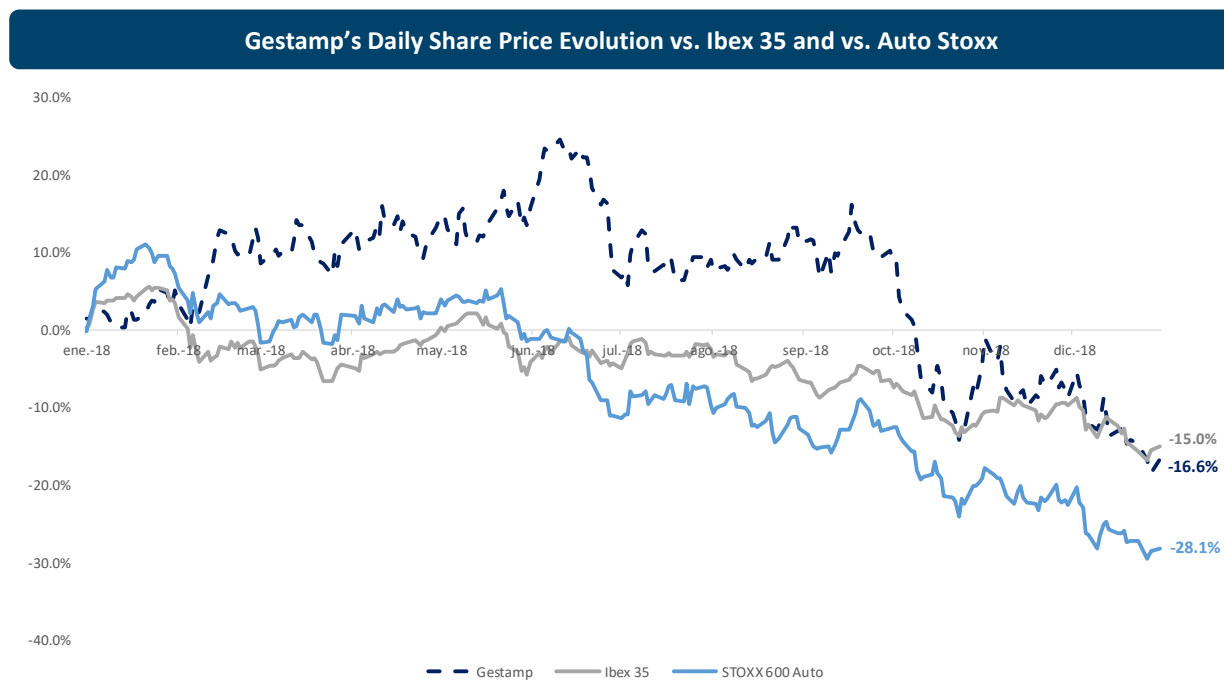
On April 7<sup>th</sup>, 2017, Gestamp made its debut as a publicly listed company on the Spanish stock exchanges (Madrid, Barcelona, Bilbao, and Valencia) under the “GEST” ticker. The final offering consisted of 156,588,438 shares (initial offering of 155,388,877 plus final over-allotment option of 1,199,561 shares corresponding to Greenshoe of 23,308,331 shares). The price was set at 5.60 euros per share, representing an initial market capitalization of €3,222 million.

Since December 2017, the company’s shares have been included in the IBEX Medium Cap index.

On June 4<sup>th</sup>, 2018, Acek Desarrollo y Gestión Industrial, S.L., major shareholder, sold 8,532,331 shares to minority shareholders, an amount representing 1.48% of the share capital of the company.

As of December 31<sup>st</sup> of 2018, 69.79% of the share capital was controlled (directly and indirectly) by Acek Desarrollo y Gestión Industrial S.L. (the Riberas Family industrial holding), being 57.265% owned by Acek and 12.525% by Mitsui. Gestamp’s total Free Float amounted to 30.21% as of December 2018 (including shares held by the Board of Directors and Gestamp own shares that JB Capital Markets operates under the liquidity contract).

Please see below for Gestamp’s share price evolution since January 1<sup>st</sup>, 2018:



Source: Bloomberg

As of December 31<sup>st</sup>, 2018, Gestamp’s shares decreased by -16.6% since the 1<sup>st</sup> of January, implying a market capitalization of €2,860 million at the end of the year. Total volume traded during 2018 stood at 178 million shares or €1,131.75 million.

The shares reached its maximum level for the year on June 11<sup>th</sup> 2018 (€7.42) and its minimum level on December 28<sup>th</sup> 2018 (€4.86). During 2018, our average share price stood at €6.32.

The Group reported earnings per share of €0.45 in 2018. The most relevant information regarding the stock's evolution in 2018 is shown in the table below:

(€)	2018	2017
Total Number of Shares	575,514,360	575,514,360
Share Price at year end	4.97	5.96
Market Cap. at year end (in Thousands)	2,860	3,428
Maximum Price	7.42	6.29
Date of Max. Price	11/06/2018	17/07/2017
Minimum Price	4.86	5.10
Date of Min. Price	28/12/2018	18/04/2017
Average Price	6.32	5.75
Total Volume (in Shares)	177,884,263	275,205,128
Average of Daily Volume Traded (in Shares)	697,585	1,479,597
Total Turnover (in Millions)	1,131.75	1,550.54
Average of Turnover Traded (in Thousands)	4,438.23	8,336.22

*Data as of December 31<sup>st</sup>, 2018. Source: Bloomberg & BME (Bolsa y Mercados Españoles)*

## 10.2 Dividend policy

In December 2018, the Board of Directors of Gestamp approved a new dividend policy. Gestamp will continue to distribute on an annual basis a total dividend equivalent to approximately 30% of the consolidated net profit for each year, but in two payments, anticipating part of the payment via an interim dividend:

- I. A first payment, through the distribution of an interim dividend, that will be approved pursuant to a resolution of the Board of Directors to be adopted in December of each year and paid between January and February of the following year.
- II. A second payment, through the distribution of an ordinary dividend, that will be approved by virtue of a resolution of the Ordinary General Shareholders' Meeting at the time of approval of the annual accounts and will be paid between the months of June and July of each year.

Thus and in line with this new policy, the Board of Directors approved the distribution of an interim cash dividend against 2018 financial results for a gross amount of 0.065 euros per share, a dividend that was paid on January 14<sup>th</sup>, 2019.

## 10.3 Credit Rating

On May 2013, the Group completed an issuance of bonds through its subsidiary Gestamp Funding Luxembourg, S.A., a company belonging to the Western Europe segment. This issuance was carried out in two tranches, one amounting to 500 million euros at an annual coupon of 5.875%, and the other amounting to 350 million dollars with a 5.625% annual coupon.

On May 4<sup>th</sup>, 2016 the Group issued a bond, through the subsidiary Gestamp Funding Luxembourg, S.A. for €500 million with an annual coupon of 3.5%. The issuance was used to fully refinance the May 2013 Euro bond and accrued interest. The US dollar bonds issued in May 2013 were fully refinanced on June 17<sup>th</sup>, 2016 with the tranche A2 of the new syndicated loan granted on May 20<sup>th</sup>, 2016. The maturity date of the bonds is May 15<sup>th</sup>, 2023.

On April 20<sup>th</sup>, 2018 the Group issued a new bond, through the Parent Company (Gestamp Automoción S.A.), amounting to €400 million with an annual coupon of 3.25%. The issuance was used to refinance certain of Gestamp's existing long and short-term debt facilities. The maturity date of the new bonds is April 30<sup>th</sup>, 2026.

This is the third time that Gestamp issues bonds since in 2013, showing diversification of financing sources by accessing the fixed income market. The coupon of the new issue has shown an improvement compared to the conditions recorded in the previous issues.

As of December 31<sup>st</sup>, 2018 Gestamp's corporate credit rating was "BB / stable outlook" by Standard & Poor's and "Ba2 / stable outlook" by Moody's. These ratings were confirmed on April 19<sup>th</sup>, 2018 by Standard & Poor's and by Moody's.

Corporate Credit Ratings	Current Rating	Outlook	Last Review
Standard & Poor's	BB	Stable	19/04/2018
Moody's	Ba2	Stable	19/04/2018
Senior Secured Notes	Current Rating	Outlook	Last Review
Standard & Poor's	BB+	Stable	19/04/2018
Moody's	Ba3	Stable	19/04/2018

## 10.4 Average period for payment to suppliers

The internal processes and payment policy terms of the Spanish companies of the Group comply with the legal provision of the Law 15/2010, which establishes actions against late payment in commercial transactions. As a result, the contractual conditions in the year 2018 with commercial suppliers for parts manufactured in Spain have included periods of payment equal to or less than 60 days in 2018 and in 2017, according to the second transitory legal provision of the Law. (Refer to Note 35).

For efficiency reasons and in line with common standards, the Spanish subsidiaries of the Group have in place a schedule for payments to suppliers, under which payments are made on fixed days, and twice a month in the case of the larger entities.

In general terms, during the fiscal periods 2018 and 2017, payments, for contracts agreed after the entry into force the Law 15/2010 made by Spanish entities to suppliers have not exceeded the legal limits of payment terms. Payments to Spanish suppliers which have exceeded the legal deadline for years 2018 and 2017 have been negligible in quantitative terms and are derived from circumstances or incidents beyond the established payment policy, which primarily include the closing of agreements with suppliers at the delivery of goods or provision of services or handling specific processes.

Additionally, as of December 31, 2018 and 2017 there were no outstanding amounts to suppliers located in Spanish territory that exceeded the legal term of payment.