



Presentation of 9M 2018 Results

October 22<sup>nd</sup>, 2018

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Key Highlights for Q3 and 9M 2018

Financial Overview

Closing Remarks

- Gestamp's performance for the first nine months of 2018 has been in line with our expectations, despite having experienced a **more challenging Q3 than expected** as a result of the underlying market conditions
- **Macro outlook continues to be solid** although global growth forecasts have been revised slightly downwards to 3.7% in 2018 and 2019<sup>(1)</sup> (but still above historical averages)
- **Ongoing auto market uncertainties** (WLTP, Trade Tensions, China and Emerging Markets) have led to short term volatility during Q3 2018 but auto production is expected to grow at 0.9%<sup>(1)</sup> in 2018E and 2.4% in 2019E<sup>(1)</sup>
- Growth for 9M 2018 has been driven by **good volumes of existing programs** and the **ramp-up of new projects**, especially in NAFTA, Eastern Europe and Mercosur but partially offset by **deeper impact of FX headwinds**
  - **Revenues increased by 2.5%** (8.9% at constant FX)
  - In terms of profitability, **EBITDA grew by 8.6%** (16.8% at constant FX), driving EBITDA margin to 11.1% (vs. 10.4% in 9M 2017)
  - **Net Income grew by 7.0%**
- In Q3 2018 **Revenues increased by 1.1%** (7.6% at constant FX) and **EBITDA grew at 11.9%** (22.2% at constant FX)
- Gestamp has **continued to invest in strategic projects** by increasing its global footprint with the **opening of 6 new facilities this year**, including the new **Matsusaka plant in Japan** which will be inaugurated later this week

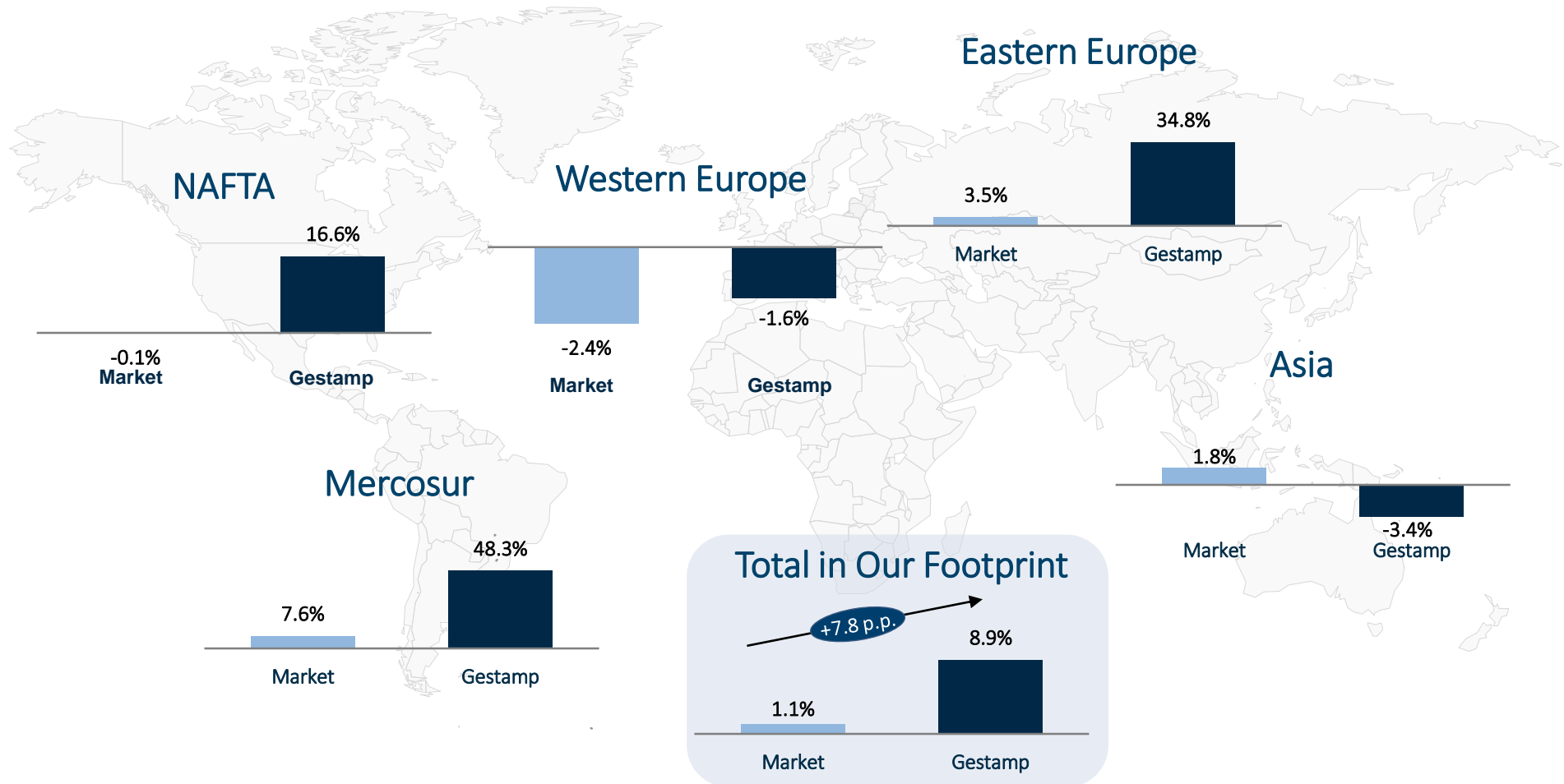
(1) October WEO IMF released on 9<sup>th</sup> October 2018 and market production volume growth is based on countries in Gestamp's production footprint (IHS data as of October 2018)

- **Despite ongoing auto market uncertainties**, which have led to a 1.9%<sup>(1)</sup> decline in global light vehicle production in Q3 2018, the first nine months of 2018 have experienced a 1.1%<sup>(1)</sup> growth rate
  - Growth in 9M 2018 mainly driven by **Mercosur (+7.6%)<sup>(1)</sup>**, **Eastern Europe (+3.5%)<sup>(1)</sup>** and **Asia (+1.8%)<sup>(1)</sup>**
- **Current auto market news flow continues to be around WLTP, Trade Tensions, China and Emerging Markets** leading to uncertainties in the market
  - **WLTP has negatively impacted Q3 production** volumes but a recovery is expected in the coming months
  - The outcome of the **recently announced NAFTA agreement** seems to have had **less impact than what was initially expected**
  - **China has seen a slowdown** over the past three months but **outlook for 2018E remains solid and with good growth prospects for the future**
  - **Emerging Markets impacted by FX headwinds** as a result of the current to macroeconomic situation but healthy auto production growth still expected
- OEMs continue to **launch new EV programs** (Audi e-tron, Mercedes EQC, etc.) which provides **business opportunities** for which **Gestamp is well positioned given its expertise in offering lightweight solutions**
- **Despite the short-term uncertainties, auto production is expected to grow** at a stable 0.9%<sup>(1)</sup> in 2018E and more than doubling that growth rate to 2.4% in 2019E<sup>(1)</sup>

Note: Market production volume growth as of IHS October 2018

(1) Market production volume growth is based on countries in Gestamp's production footprint (IHS data for FY 2018 as of October 2018)

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



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

(In €m)	9M 2017	9M 2018
Total Revenue	6,005	6,155
EBITDA	627	681
EBITDA margin (%)	10.4%	11.1%
EBIT	321	366
EBIT margin (%)	5.3%	6.0%
Net Income	153	163
Net debt	2,150	2,498

9M 2018 Revenue increased by 8.9% at constant FX<sup>(1)</sup> and EBITDA increased by 16.8% at constant FX<sup>(1)</sup>

(1) Revenue increase of 9.5% and EBITDA of 17.6% at constant FX and adjusted for hyperinflation in Argentina

(In €m)	Q3 2017	Q3 2018
Total Revenue	1,874	1,894
EBITDA	175	196
EBITDA margin (%)	9.3%	10.3%
EBIT	79	92
EBIT margin (%)	4.2%	4.8%
Net Income	36	31
Net debt	2,150	2,498

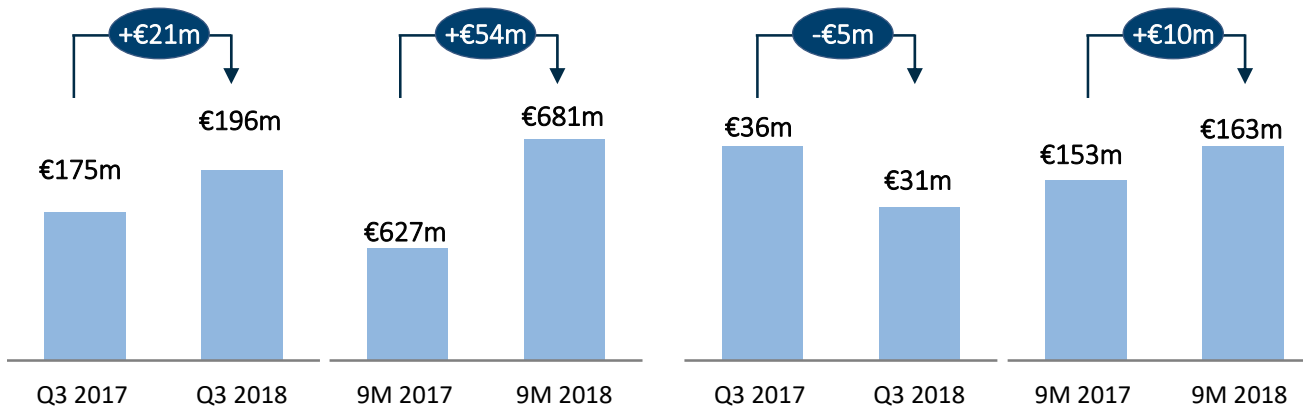
Q3 2018 Revenue increased by 7.6% at constant FX<sup>(1)</sup> and EBITDA increased by 22.2% at constant FX<sup>(1)</sup>

(1) Revenue increase of 8.6% and EBITDA of 23.5% at constant FX and adjusted for hyperinflation in Argentina



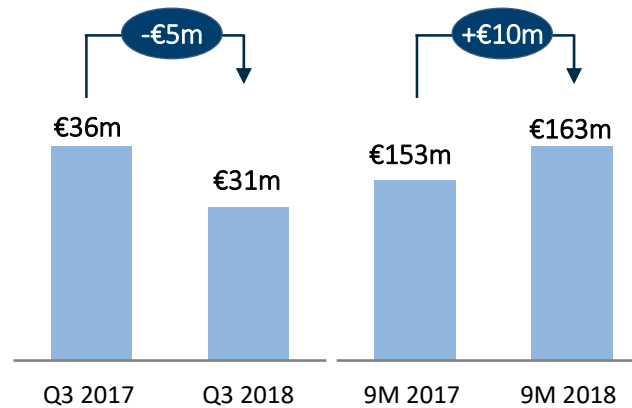
## EBITDA<sup>(1)</sup>

(In €m)



## Net Income

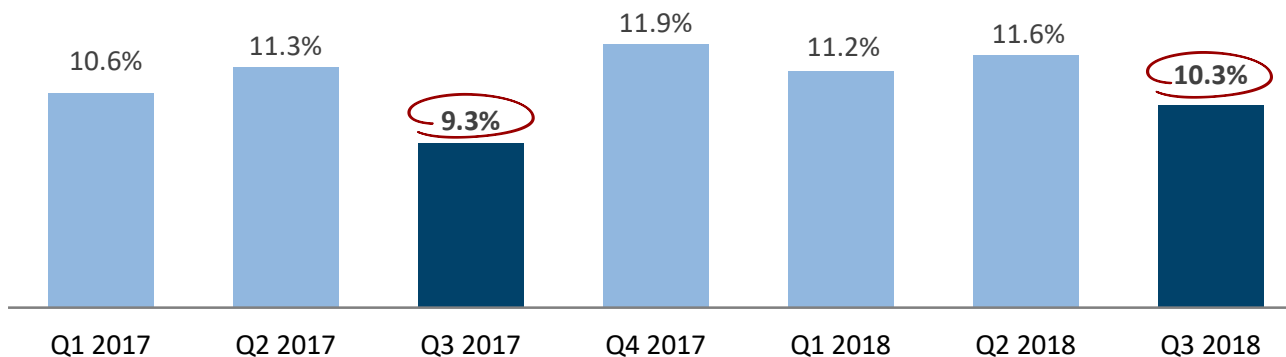
(In €m)



## Considerations

- Strong EBITDA of €196m in Q3 18 or 22.2% growth at constant FX
- Net Income growth in 9M 18 with Q3 18 negatively impacted by
  - Increase in financial expenses due to IFRS 9
  - Exchange losses
  - Argentina inflation adjustment

## EBITDA Margin Evolution



## Considerations

- EBITDA margin in Q3 impacted by:
  - Summer seasonality in some geographies; and
  - Production volume reduction in Europe and Asia

(1) EBITDA growth at constant FX of 16.8% in 9M 2018

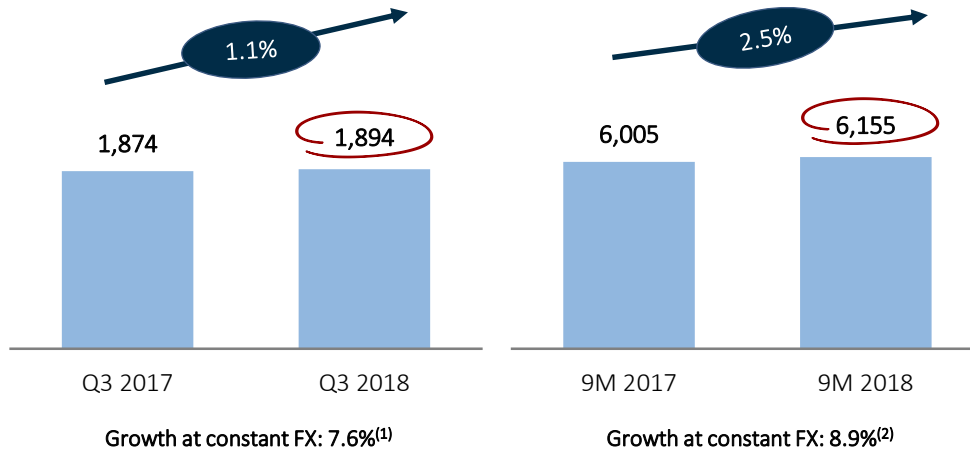
Key Highlights for Q3 and 9M 2018

Financial Overview

Closing Remarks

## Revenue

(In €m)



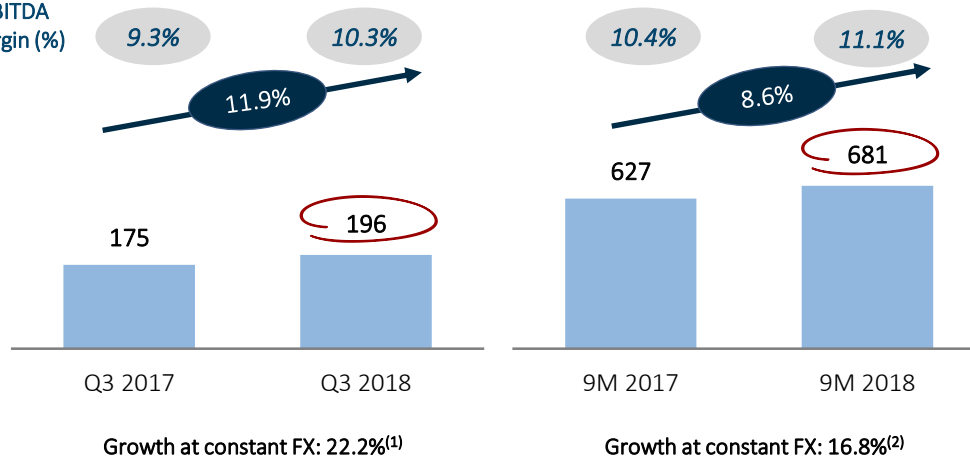
### Considerations

- Q3 Revenue increase of 1.1% or 7.6%<sup>(1)</sup> at constant FX, reaching €1,894m
  - Strong growth in NAFTA and Eastern Europe partially offset by a decrease in Western Europe and Asia
  - FX headwinds especially in Eastern Europe and Mercosur
- 9M Revenue increase of 2.5% or 8.9%<sup>(2)</sup> at constant FX, reaching €6,155m
  - Lower tooling revenues mainly in Western Europe and Asia

## EBITDA

(In €m)

EBITDA margin (%)



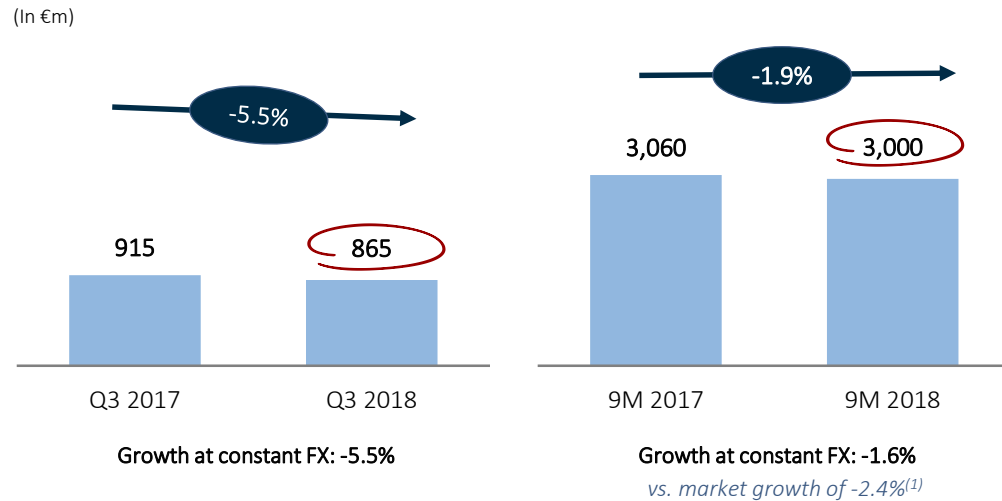
### Considerations

- Q3 EBITDA growth of 11.9% or 22.2%<sup>(1)</sup> at constant FX, moving margin up to 10.3%
- 9M EBITDA growth of 8.6% or 16.8%<sup>(2)</sup> at constant FX, moving margin up to 11.1%
  - EBITDA growth ahead of Revenue growth

(1) Revenue Q3 2018 increase of 8.6% and EBITDA Q3 2018 of 23.5% at constant FX and adjusted for hyperinflation in Argentina

(2) Revenue 9M 2018 increase of 9.5% 2018 and EBITDA 9M 2018 of 17.6% at constant FX and adjusted for hyperinflation in Argentina

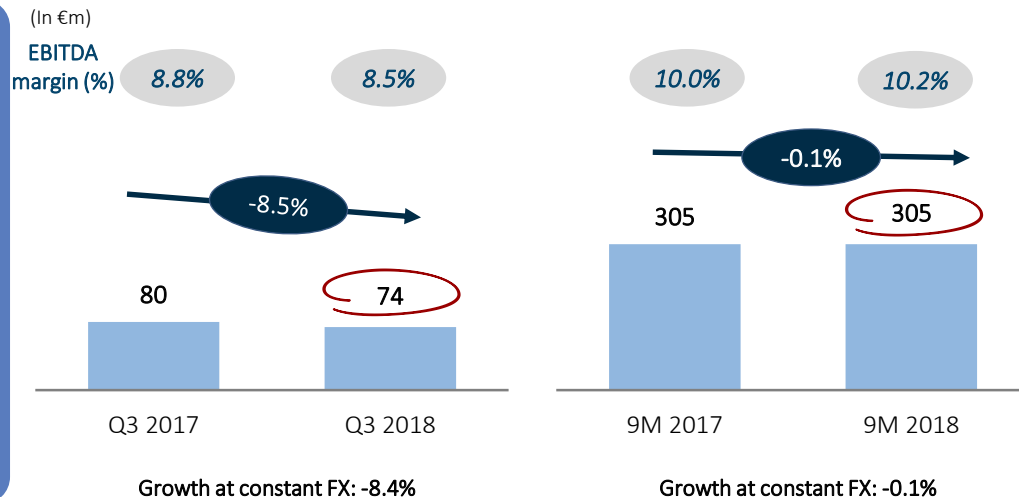
## Revenue



## Considerations

- Q3 Revenue decline of 5.5% reaching €865m
  - Decrease in Germany in line with market production volumes and lower tooling revenues
  - Continued decrease in the UK
  - France and Iberia have been stable
- 9M Revenue experienced a slight decrease, impacted by lower tooling revenues

## EBITDA

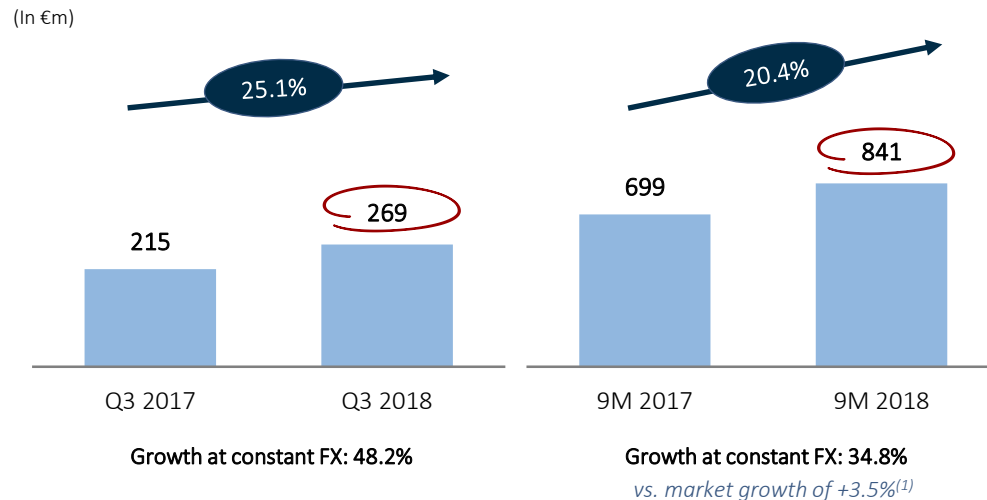


## Considerations

- Q3 EBITDA decreased by 8.5%, reaching €74m
  - Impacted by aforementioned revenue decline
- 9M EBITDA remained flat at €305m
  - Slight EBITDA margin expansion across almost all countries driven by launch of new projects and efficiency gains

(1) Market production volume growth is based on countries in Gestamp's production footprint (IHS data for 9M 2018 as of October 2018)

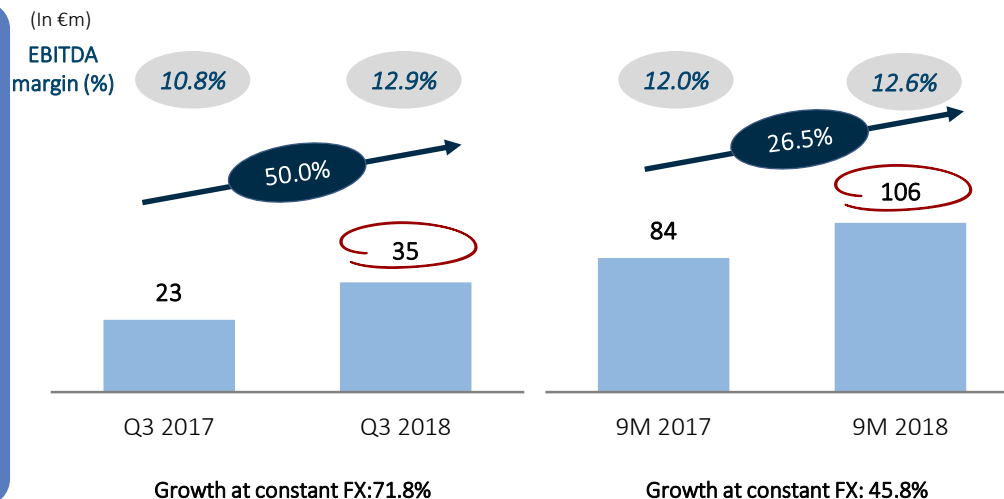
## Revenue



## Considerations

- Q3 Revenue of €269m resulting in 25.1% growth
  - Strong growth across all countries except for Turkey, impacted by continued FX headwinds
  - Underlying growth driven by ramp-up of projects
  - Continued market recovery in Russia and ramp-up of operations in Romania
- 9M Revenue growth of 20.4% reaching €841m based on similar reasons as for the quarter

## EBITDA

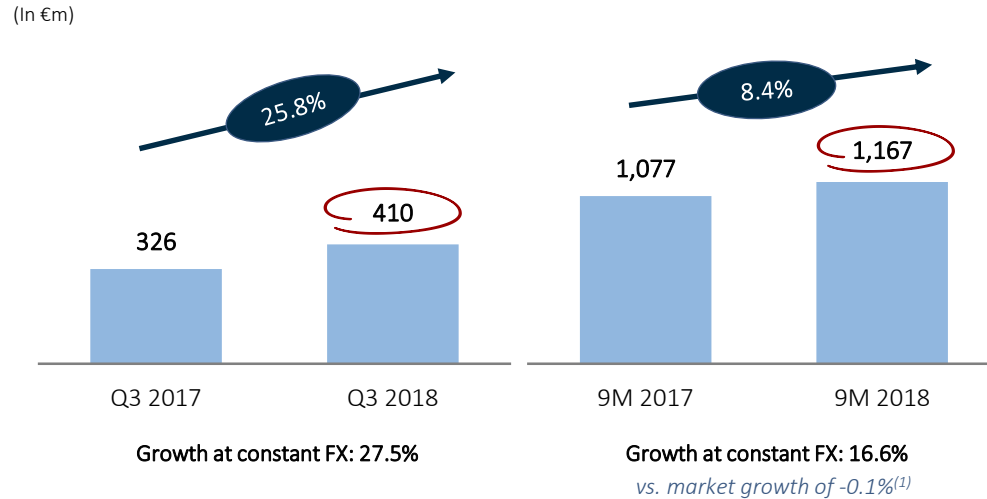


## Considerations

- Q3 EBITDA of €35m resulting in 50.0% growth
  - EBITDA margin expansion driven by overall lower ramp-up costs linked to new projects
- 9M EBITDA growth of 26.5% reaching €106m
  - EBITDA margin of 12.6% higher than 9M 2017 but still impacted by ramp-up costs

(1) Market production volume growth is based on countries in Gestamp's production footprint (IHS data for 9M 2018 as of October 2018)

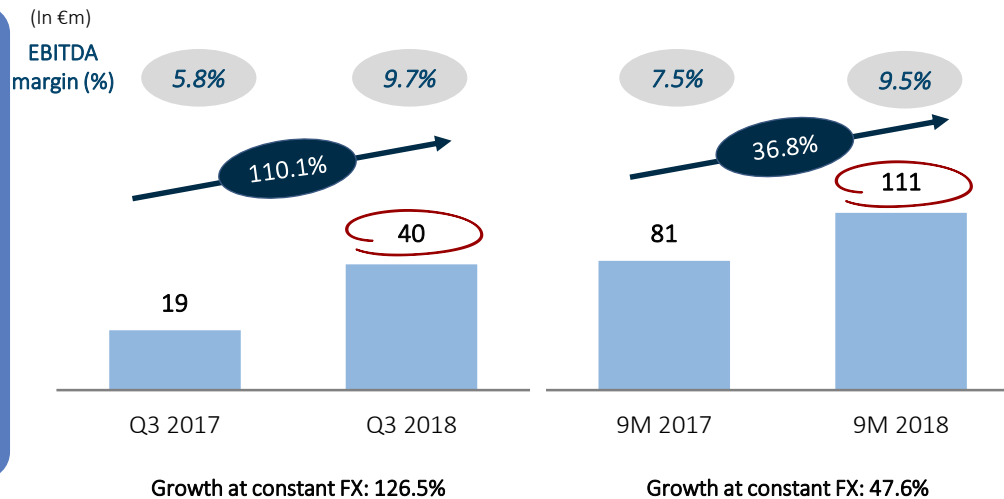
## Revenue



## Considerations

- Q3 Revenue growth of 25.8% reaching €410m
  - Good growth in Mexico as a result of project ramp-ups
  - Solid growth in the US despite change-over of some programs
- 9M Revenue growth of 8.4% reaching €1,167m
  - Growth for the 9M period impacted by FX headwinds as well as change-over of models

## EBITDA

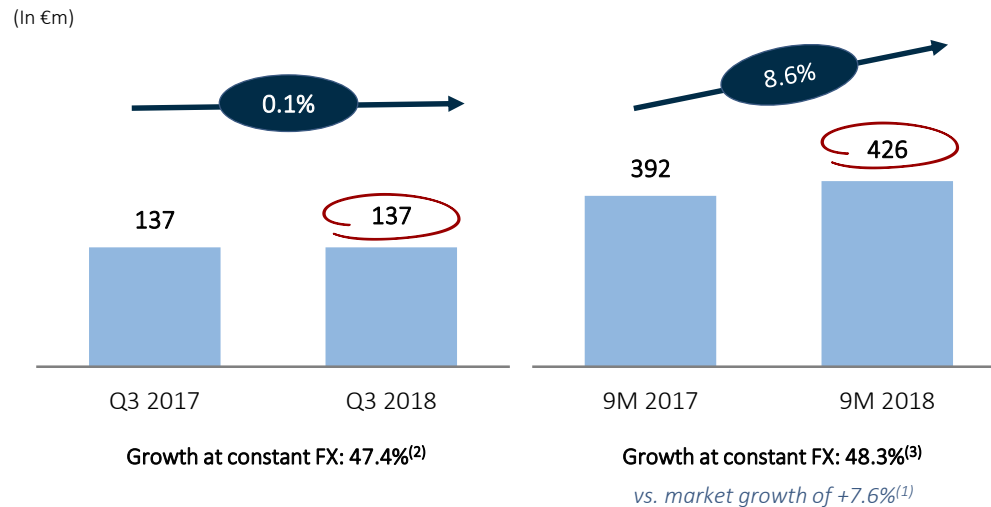


## Considerations

- Q3 EBITDA increase of 110.1% reaching €40m
  - EBITDA margin improvement, although impacted by ramp-up costs
- 9M EBITDA growth of 36.8% reaching €111m
  - New launches and project ramp-ups expected to continue to positively contribute to Revenue, EBITDA and margin growth

(1) Market production volume growth is based on countries in Gestamp's production footprint (IHS data for 9M 2018 as of October 2018)

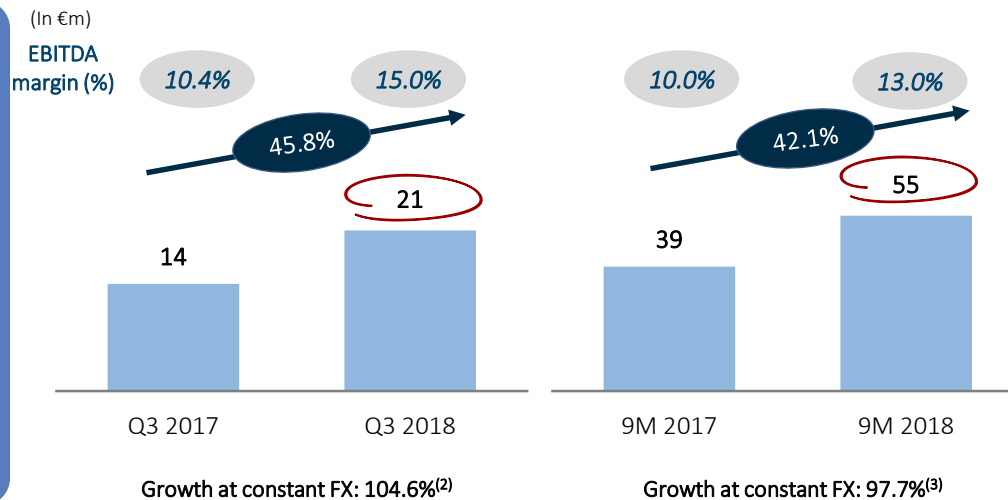
## Revenue



## Considerations

- Q3 Revenue of €137m resulting in 47.4% growth at constant FX<sup>(2)</sup>
    - Strong above market growth in Brazil
    - Argentina impacted by FX headwinds as well as a slow-down in underlying market dynamics
  - 9M Revenue of €426m resulting in 8.6% growth based on similar reasons as for the quarter
- Note: Argentina hyperinflation IFRS adjustment of €(18)m for Q3 2018 and €(35)m for 9M 2018*

## EBITDA



## Considerations

- Q3 EBITDA growth of 45.8% reaching €21m
  - 9M EBITDA growth of 42.1% reaching €55m
    - Margin expansion to levels above group average driven by volume recovery and efficiency gains
- Note: Argentina hyperinflation IFRS adjustment of €(2)m for Q3 2018 and €(5)m for 9M 2018*

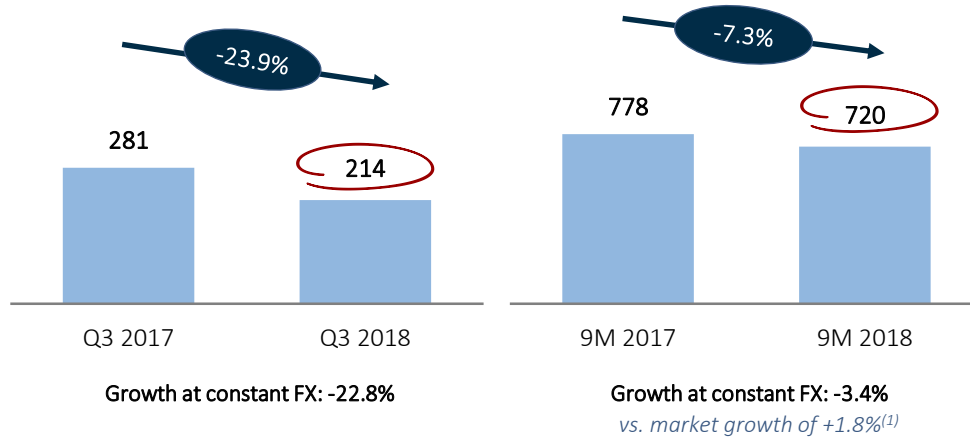
(1) Market production volume growth is based on countries in Gestamp's production footprint (IHS data for 9M 2018 as of October 2018)

(2) Q3 18 Revenue and EBITDA increase of 60.7% and 121.4% respectively at constant FX and adj. for hyperinflation in Argentina

(3) 9M 18 Revenue and EBITDA increase of 57.2% and 109.8% respectively at constant FX and adj. for hyperinflation in Argentina

## Revenue

(In €m)



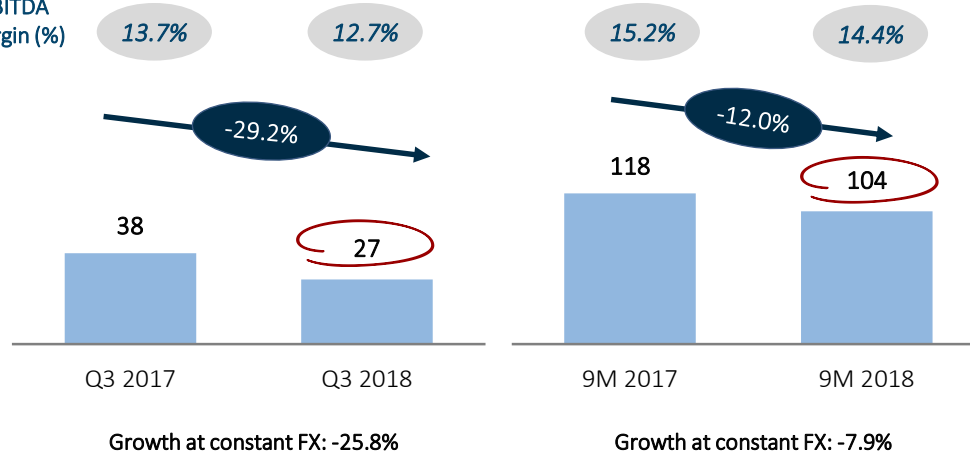
## Considerations

- Q3 Revenue decrease of 23.9% reaching €214m
  - Decrease mainly driven by weaker production volumes
  - China performance in line with market production volume slowdown
- 9M Revenue fell 7.3% reaching €720m based on similar reasons as for the quarter
  - FX headwinds

## EBITDA

(In €m)

EBITDA margin (%)



## Considerations

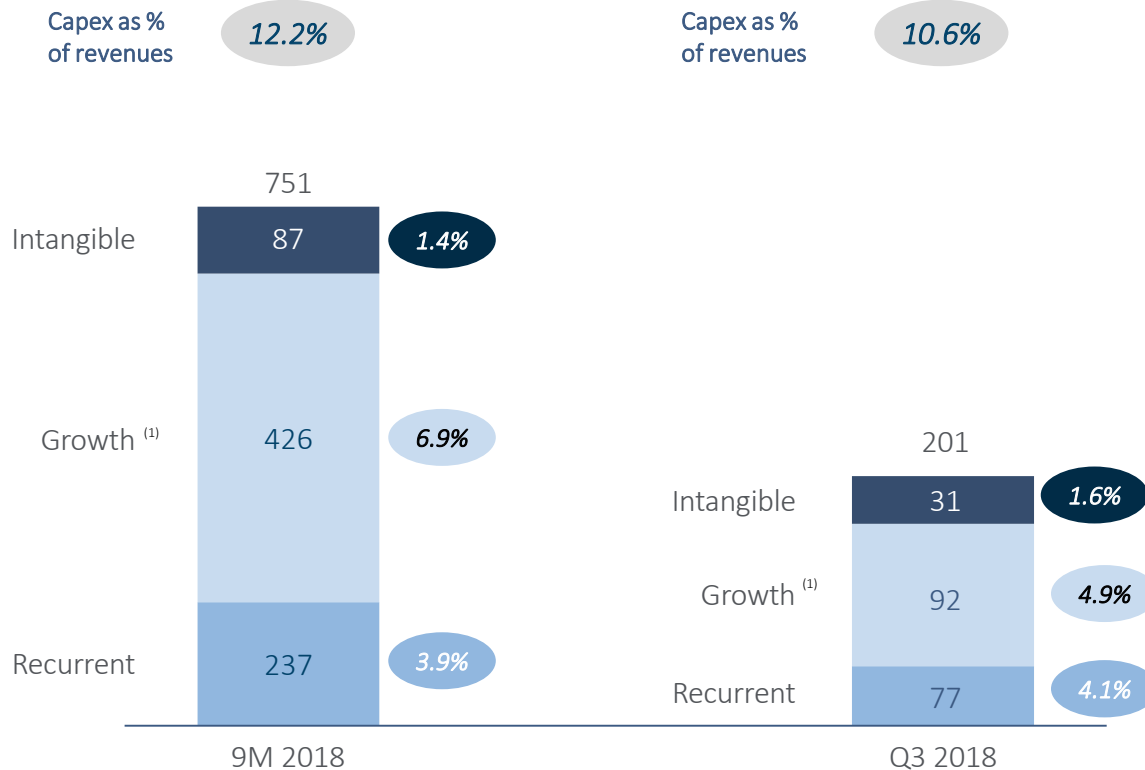
- Q3 EBITDA decrease of 29.2% reaching €27m
  - Impact from launching expenses
  - Moderate margin decrease as a result of higher than expected Revenue drop
- 9M EBITDA decrease
  - Lower volumes in Q1 & Q3 and FX headwinds
  - Margins continue to be above those of the group despite the increased production volatility experienced in the region

(1) Market production volume growth is based on countries in Gestamp's production footprint (IHS data for 9M 2018 as of October 2018)



## Capex Breakdown

(In €m)



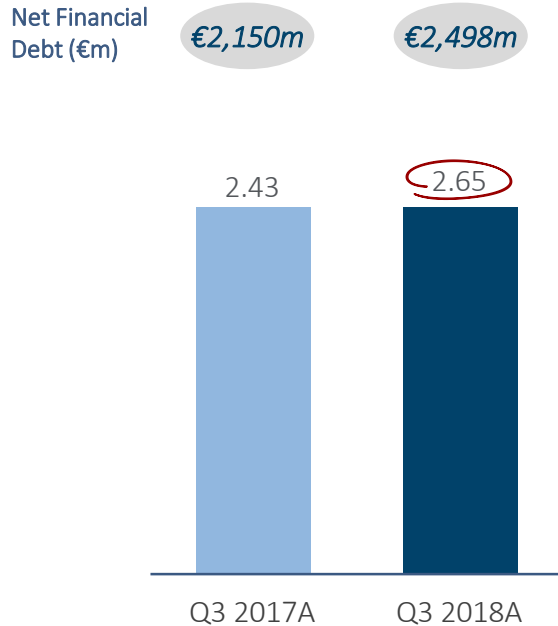
## Considerations

### Q3 2018

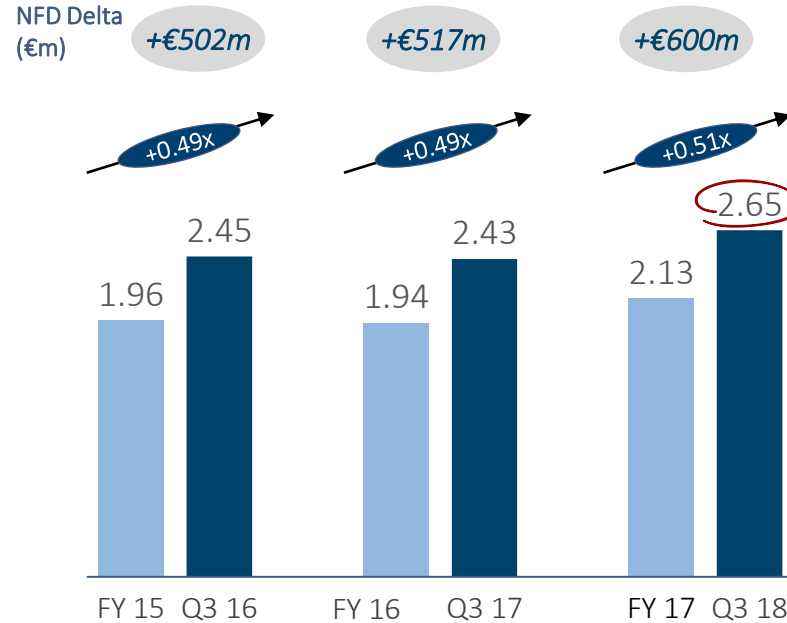
- Gestamp has continued to make **investments to support high-quality projects** which will translate into **profitable growth** in the future
- **Total capex 20% below quarterly average** in H1
- **Recurrent capex close to year to date quarterly average** of €79m
- **Moderation of growth capex**, but it still represents **more than half of tangible capex** in the quarter
  - Primarily in NAFTA, but also in other geographies

(1) Growth capex defined as capital expenditure on greenfield property, plant & equipment, major plant expansions and new customer products/technologies

## Net Financial Debt / EBITDA (x)



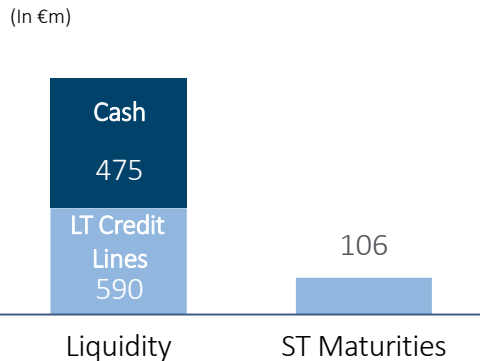
## Net Financial Debt / EBITDA (x) — Q3 Seasonality



## Considerations

- Lower level of activity in Q3 reduces cash-flow from operating activities, and leads to higher inventories
- Higher working capital in Q3 (+€129m, 90% due to inventories) and interest & tax payments lead to only marginal positive CF from operations
- Q3 capex and dividends (€72m) drive the debt higher (€289m)

## Liquidity vs. Maturities ST



## Considerations

- Cash and LT undrawn committed credit lines comfortably exceed maturities
- Additional LT credit lines for €130m in the quarter
- Next 12m maturities €62m lower than in June
- Average net debt maturity close to 5 years

## CF Generation in Q4 to Drive Debt Down

### Factors expected to foster Q4 CF generation

- Higher EBITDA
- Lower operational working capital
- Higher tooling collection
- Capex moderation

Key Highlights for Q3 and 9M 2018

Financial Overview

Closing Remarks

- Gestamp's **performance** for the first nine months of 2018 has been **positive** and **in line with the guidance provided** at the beginning of the year
- **Macro and Auto sector growth expectations** have become **slightly more cautious** given the recent downward revision of forecasts **but they continue to be supportive**
- **Lightweight solutions continue to be key** with an increased focus on **Electric Vehicles** for which **Gestamp is well positioned** to capture new business
- Gestamp continues to **build up the trust from its customers** which translates into **firm orders**, supporting our **long-term strategic positioning**
- This has led to **continued investments in strategic projects** by increasing our global footprint with the **opening of 6 new facilities** during this year



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