



Management Discussion and Analysis of the
Financial Condition and Results of Operations for
the Nine Months Period ended September 30, 2020

Gestamp Automoción, S.A.

October 29, 2020

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1. LEGAL NOTICE IN RELATION TO THE PRESENTATION OF FINANCIAL AND OTHER INFORMATION

1.1. Financial information and operational data

Unless otherwise indicated, all financial information in this report has been prepared in accordance with IFRS applicable at the relevant date and is presented in Euros. IFRS differs in certain significant respects from generally accepted accounting principles in the US.

Certain information presented in this report has not been prepared in accordance with IFRS or any other accounting standards. As used in this report, this information includes “EBITDA”, which represents operating profit before amortization, impairment and depreciation. This report also contains other measures such as: cash, cash equivalent and current financial assets, total financial debt and net financial debt, growth at constant exchange rates, and capex split by categories. We present these non-IFRS measures because we believe those indicators and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity.

In particular, we believe that EBITDA is meaningful for investors because it provides an analysis of our operating results, profitability and ability to service debt and because EBITDA is used by our chief operating decision makers to track our business evolution, establish operational and strategic targets and make important business decisions. To facilitate the analysis of our operations, this indicator excludes amortization, impairment and depreciation expenses from operating profit in order to eliminate the impact of general long-term capital investment. Although we are presenting this measure to enhance the understanding of our historical operating performance, EBITDA should not be considered an alternative to operating profit as an indicator of our operating performance, or an alternative to cash flows from operating activities as a measure of our liquidity. Growth at constant exchange rates is a numerical translation of our figures from local currencies to euros, and not a description of the situation if the currencies had not moved, as this could have had some other implications on the economy and our business situation and contracts. Capex split in categories is a management judgement, and should not be considered as a substitute for additions of tangible and intangible assets, nor depreciation and amortization. The presentation of these measures is not intended to and does not comply with the reporting requirements of the SEC; compliance with its requirements would require us to make changes to the presentation of this information.

Rounding adjustments have been made in calculating some of the financial information included in this report. Figures shown as totals in some tables and elsewhere may not be exact arithmetic aggregations of the figures that precede them.

1.2. Industry data

In this report, we may rely on and refer to information regarding our business and the market in which we operate and compete in. We have obtained this information from various third party sources, including providers of industry data, discussions with our customers and our own internal estimates. We cannot assure that any of this information is accurate or correctly reflects our position in the industry, and none of our internal surveys or information has been verified by any independent sources. We do not make any representation or warranty as to the accuracy or completeness of any such information set forth in this report.

1.3. Forward looking statements and other qualifications

The following discussion and analysis is based on and should be read in conjunction with our historical financials included elsewhere in this quarterly report. Certain capitalized terms used herein have the meaning set out in the offering memorandum for our senior secured notes due 2023 and 2026.

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

2. BUSINESS PERFORMANCE UPDATE

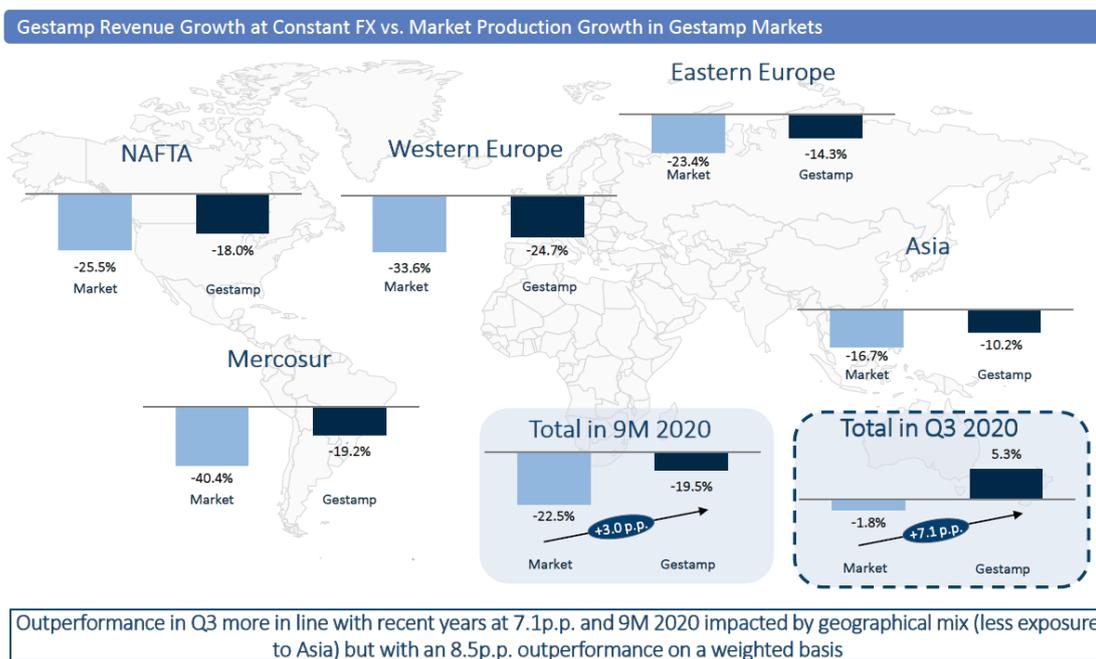
The International Monetary Fund (*IMF World Economic Outlook as of October 2020*) revised its latest global GDP growth forecasts upwards to a 4.4% decline for 2020 (0.8 percentage points higher than the June 2020 WEO projections). The upward revision is driven by Q2 GDP outturning in large, advanced economies, which were not as negative as projected in previous reports. This expected decline in 2020 will revert in 2021 but at a lower growth rate than previously expected. The global economy is now projected to grow at +5.2% in 2021 (-0.2 percentage points lower than June 2020 WEO projections). As the IMF pointed out in the report, recovery is not assured while the pandemic continues to spread and economies continue to face difficult paths back to pre-pandemic activity levels.

In this context, the auto sector experienced a challenging first nine months of 2020, especially impacted in Q2, with a production volume decline of -22.5% in Gestamp's footprint (according to IHS as of October 2020) during the first nine months. Gestamp slightly outperformed the market production volume growth on a constant currency basis by 3.0 percentage points (in Gestamp's footprint – IHS data as of October 2020) impacted by geographical mix (less exposure to Asia) but with an 8.5p.p. outperformance on a weighted basis. All regions in which Gestamp is present experienced better performance than the auto production volumes in that market. During the first nine months, Mercosur (-40.4%) and Western Europe (-33.6%) were the two regions with the strongest declines, followed by NAFTA (-25.5%) and Eastern Europe (-23.4%). As seen in previous quarters, Asia was the best performing region with a decline of -16.7%. During the third quarter of 2020, outperformance vs. the market was more in line with recent years at 7.1p.p. (according to IHS as of October 2020).

Improving top line performance during the quarter, our strict cost control and implementation of our Transformation Plan has allowed us to increase our EBITDA in absolute terms as well as our EBITDA profitability vs. Q3 2019. This, together with a disciplined capex profile leading to a significant reduction vs. Q3 2019, has allowed us to reduce net debt close to Q4 2019 levels.

Current auto production volume expectations for the year remain uncertain but with better prospects than in previous forecasts with an expected decline of 17.9% for 2020 (IHS geographies as of October 2020).

Considering current COVID-19 scenario, we reiterate our Guidance for FY 2020 provided during our H1 2020 results presentation after a solid Q3 and despite the uncertain outlook for the fourth quarter. EBITDA margin is expected to be at the high end of the range (9-10% excl. transformation costs), Capex target of €500 million (excl. IFRS 16) is on track and net debt (excl. transformation costs and IFRS 16) guidance improvement, from at around 2019 levels to below 2019 levels.



Note: Gestamp's growth at constant FX used for comparability with production volumes. Market production volume growth is based on countries in Gestamp's production footprint (IHS data for 9M 20 and Q3 2020 as of October 2020). Western Europe data includes Morocco in line with our reporting

3. FINANCIAL PERFORMANCE FOR THE PERIOD

	Third Quarter			YTD September 30,		
	2019	2020	% Change	2019	2020	% Change
Consolidated Income Statement Data	<i>(Millions of Euros)</i>			<i>(Millions of Euros)</i>		
Operating income	2,118.8	2,047.9	-3.3%	6,765.1	5,145.2	-23.9%
Revenue	2,059.3	2,038.0	-1.0%	6,572.5	5,083.3	-22.7%
Other operating income	30.3	12.1	-60.1%	130.8	100.2	-23.4%
Changes in inventories	29.2	-2.2	-107.5%	61.8	-38.3	-162.0%
Operating expenses	-2,025.3	-1,942.8	-4.1%	-6,427.1	-5,127.1	-20.2%
Raw materials and other consumables	-1,237.9	-1,206.8	-2.5%	-3,947.4	-3,023.3	-23.4%
Personnel expenses	-396.3	-335.9	-15.2%	-1,222.8	-1,000.8	-18.2%
Other operating expenses	-250.6	-260.9	4.1%	-840.1	-660.9	-21.3%
Transformation Plan - Operating Expenses	0.0	0.0		0.0	-89.9	
EBITDA	234.0	244.3	4.4%	754.8	370.3	-50.9%
Depreciation, amortization and impairment losses	-140.5	-139.2	-0.9%	-416.8	-442.1	6.1%
Transformation Plan - Amortiz / Impairment	0.0	0.0		0.0	-13.3	
Operating profit	93.5	105.1	12.4%	338.0	-85.1	-125.2%
Finance income	2.2	0.2	-90.9%	5.2	4.4	-15.4%
Finance expenses	-43.8	-43.7	-0.2%	-121.9	-124.9	2.5%
Exchange gains (losses)	-4.5	-14.7	226.7%	8.6	-48.9	-668.6%
Other	-3.1	-0.6	-80.6%	-13.8	-5.2	-62.3%
Profit from continuing operations	44.3	46.3	4.5%	216.1	-259.7	-220.2%
Income tax expense	-8.8	-7.7	-12.5%	-51.1	62.9	-223.1%
Profit for the period	35.5	38.6	8.7%	165.0	-196.8	-219.3%
Profit (loss) attributable to non-controlling interests	-7.5	-10.2	36.0%	-36.8	26.7	-172.6%
Profit attributable to equity holders of the parent	28.0	28.4	1.4%	128.2	-170.1	-232.7%

During the beginning of 2020, COVID-19 virus spread worldwide and was declared pandemic by the World Health Organization on March 11, 2020. In response, many governments imposed quarantine, severe travel restrictions, and other public safety measures, causing a major disruption to the economies of many countries. These measures led to a high degree of economic slowdown, and as a result projected IHS light vehicle production volumes for 2020 and 2021 were revised down by -17.3% and -8.0%, respectively, from pre-pandemic estimates in January 2020 to the most recent estimates in October 2020.

COVID-19 led to stoppages across the Group's 112 plants for an average of 8 weeks, significantly affecting the results for the second quarter of 2020, which resulted in a 56% decrease in revenues during the second quarter of 2020, when compared to the same period in 2019, as well as the revision of the production volume forecasts for the coming months and years.

However, IHS estimates have improved during Q3 2020 and Gestamp's performance has been solid, with a 7.1% outperformance of LV production volumes (vs. -1.8% in Gestamp's footprint – IHS data as of October 2020), a continued improvement in profitability, higher than that reported in Q3 2019, and quarter on quarter net debt reduction.

The Group is implementing a contingency plan to adapt to this situation by taking measures to improve its liquidity position, as well as labor flexibility, improving cost efficiency, managing working capital and reducing investments; and announced in April not to proceed with the complementary dividend payment scheduled for July.

Based on the new projections of the volumes of activity for the coming years, the Group has set up a transformation plan to adapt the organizational and industrial structures to the new situation and has recorded during Q2 2020 provisions for this purpose in these Consolidated Summary Financial Statements amounting to €89.9 million for operating costs and €13.3 million for asset impairment, which are presented separately in our Consolidated Income Statement.

3.1. Revenues

Revenues reached €2,038.0 million in the third quarter of 2020, of which Body-in-White and Chassis accounted for €1,679.7 million, Mechanisms €224.1 million, and Tooling and others €134.2 million, a decrease of €21.3 million or -1.0% versus €2,058.3 million for the same period in 2019. Revenues in Q3 2020 increased by +5.3% at a constant FX basis.

3.2. Operating expenses

Raw materials and other consumables. Expenses related to raw materials and other consumables decreased by €31.1 million, or -2.5%, to €1,206.8 million in the third quarter of 2020, compared to €1,237.9 million for the same period of 2019. This decrease is in line with the reduction in revenues.

Personnel expenses. Personnel expenses decreased by €60.4 million, or -15.2% for the third quarter of 2020 to €335.9 million from €396.3 million for the same period in 2019. The decrease was mainly due to cost savings in fixed labour resulting from the aforementioned contingency plan implemented by the Group and in variable labour in line with the reduction in Revenues.

Other operating expenses. Other operating expenses increased by €10.3 million, or 4.1%, to €260.9 million in the third quarter of 2020 from €250.6 million for the same period of 2019. The increase is focused on Asia and is consistent with the increase in activity in that geographical area.

Transformation Plan. During the third quarter of 2020 the costs incurred in the execution of the Transformation Plan have been applied against the provision recognized during the second quarter, so there is no effect on the income statement for the third quarter of 2020.

3.3. EBITDA

EBITDA reached €244.3 million in the third quarter of 2020, an increase of 4.4% or €10.3 million, from €234.0 million for the same period in 2019. The increase is due to the recovery of activity with respect to the previous quarter and the cost savings achieved by the set of measures implemented by the Group and focused primarily on personnel expenses. EBITDA in Q3 2020 increased by +10.8% at a constant FX basis. EBITDA in 9M 2020 excluding costs related to the Transformation Plan reached €460.2 million, a decrease of 39.0% or €294.6 million, from €754.8 million for the same period in 2019.

Depreciation, amortization and impairment losses. Depreciation expense decreased by €1.3 million, or -0.9%, to €139.2 million versus €140.5 million in Q3 2019. The decrease is the result of the effect of conversion to euros of the depreciation of companies whose currency is not the euro and whose exchange rates have devalued with respect to 2019.

3.4. Operating result

The operating result reached €105.1 million euros in Q3 2020, an increase of €11.6 million euros, or 12.4% versus €93.5 million for the same period in 2019. The increase is due to the higher margin of profitability obtained in the quarter and derived from the recovery of the Revenues and the cost savings from the set of measures implemented by the Group.

3.5. Financial result

Net financial expenses for the third quarter of 2020 increased by €1.9 million, or 4.6%, to €43.5 million versus €41.6 million for the same period in 2019. This increase is primarily due to lower income from surplus cash balances.

3.6. Exchange differences

Exchange losses amounted to -€14.7 million in Q3 2020 versus losses of -€4.5 million in Q3 2019. Exchange losses in the period were mainly recorded in Turkey, Brazil and Russia.

3.7. Income tax expense

The income tax expense was €7.7 million in the third quarter of 2020, which implies a reduction of €1.1 million, from the €8.8 million of expense for the same period in 2019.

3.8. Result attributable to non-controlling interests

Result attributable to non-controlling interests for the third quarter of 2020 were a profit, resulting in a negative impact of -€10.2 million. This compares with a negative impact of -€7.5 million for the same period in 2019. The profit attributable to non-controlling interests in Q3 2020 is consistent with the performance of Profit Before Tax and is the result of profits in those operations in which the group has non-controlling interests.

4. FINANCIAL INFORMATION BY GEOGRAPHIC SEGMENT

4.1. Revenues & EBITDA

	Third Quarter			YTD September 30,		
	2019	2020	% Change	2019	2020	% Change
Revenues	<i>(Millions of Euros)</i>			<i>(Millions of Euros)</i>		
Western Europe	808.1	829.3	2.6%	2,868.9	2,161.2	-24.7%
Eastern Europe	277.1	295.9	6.8%	972.6	774.3	-20.4%
Mercosur	151.9	127.9	-15.8%	447.4	270.5	-39.5%
North America	545.9	513.2	-6.0%	1,486.1	1,177.8	-20.7%
Asia	276.3	271.7	-1.7%	797.5	699.5	-12.3%
Total	2,059.3	2,038.0	-1.0%	6,572.5	5,083.3	-22.7%

	Third Quarter			YTD September 30,		
	2019	2020	% Change	2019	2020	% Change
EBITDA (excl. Transf. Costs)	<i>(Millions of Euros)</i>			<i>(Millions of Euros)</i>		
Western Europe	73.8	87.2	18.2%	266.2	151.7	-43.0%
Eastern Europe	41.4	48.4	16.9%	154.2	111.9	-27.4%
Mercosur	21.7	7.6	-65.0%	57.8	0.5	-99.1%
North America	60.1	58.1	-3.3%	173.1	102.5	-40.8%
Asia	37.0	42.9	15.9%	103.5	93.6	-9.6%
Total	234.0	244.2	4.4%	754.8	460.2	-39.0%

Western Europe

In the quarter, revenues reached €829.3 million, an increase of €21.2 million, or +2.6% both at reported and constant FX versus Q3 2019. Solid recovery of activity levels, after a challenging Q2, particularly strong in Iberia but weaker in the UK due to a slower recovery of volumes.

EBITDA in the quarter increased to €87.2 million, implying an increase of €13.4 million, or +18.2% (same growth at constant FX) versus Q3 2019. EBITDA growth during the period outpaced revenue growth leading to margin expansion vs. Q3 2019. The cost reductions seen during the first half of 2020 also continued throughout Q3 2020.

During the first nine months of the year, revenues in Western Europe reached €2,161.2 million, a decrease of €707.7 million, or -24.7% (same decline at constant FX) versus 9M 2019. EBITDA reached €151.7 million in the region, a decrease of €114.5 million, or -43.0% both at reported and constant FX versus 9M 2019. As a result, EBITDA in 9M 2020 showed an operating leverage of 16.1%, better than that of H1 2020 as operations in the region continued showing a high level of resilience.

Eastern Europe

Revenues in Q3 2020 increased €18.8 million, or +6.8% (+19.0% at constant FX) versus the third quarter of 2019, reaching €295.9 million. Revenue growth was backed by a recovery of volumes with a normalization of new project ramp-ups, which was partially offset by strong FX headwinds (mainly Turkey and Russia) as well as lower tooling revenues.

In the quarter, EBITDA reached €48.4 million, resulting in +16.9% growth (+33.4% at constant FX) or an increase of €7.0 million when compared to the third quarter of 2019. EBITDA growth implied a margin expansion vs. Q3 2019, reaching 16.4% in Q3 2020. The good levels of flexibility measures seen in H1 2020 continued in Q3 2020.

During the first nine months of 2020, revenues experienced a decline of €198.3 million, or -20.4% (-14.3% at constant FX) versus the first nine months of 2019, reaching €774.3 million. Healthy levels of EBITDA margin in 9M 2020 despite the extraordinary circumstances seen during Q1 and Q2. EBITDA in Eastern Europe reached €111.9 million during the first nine months of 2020, resulting in 27.4% decline (-20.7% at constant FX) or a decrease of €42.3 million when compared to the first nine months of 2019. EBITDA margin of 14.5% well above that of the Group for the nine month period of 2020.

Mercosur

During the third quarter, revenues in the region decreased by €24.0 million, or -15.8% (+16.9% at constant FX) versus Q3 2019, reaching €127.9 million. Revenues in Q3 2020 were impacted by very significant FX headwinds as well as the delay of activity vs. the rest of the regions. Mercosur was the region with the highest activity drop in Q3 due to the COVID-19 pandemic.

EBITDA in Q3 2020 reached €7.6 million, a decrease of €14.1 million or -65.0% (-55.4% at constant FX) versus the third quarter of 2019. EBITDA margin in the third quarter was impacted by a slower recovery of activity levels, higher tooling revenues with lower margin and difficulty to implement restructuring actions due to strict regulatory framework, especially in Argentina.

Revenues in Mercosur reached €270.5 million in 9M 2020, a decrease of €176.9 million or -39.5% (-19.2% at constant FX) from €447.4 million in 9M 2019. EBITDA declined to €0.5 million during the first nine months of 2020, a decrease of €57.3 million or -99.1% (-100.9% at constant

FX) from €57.8 million in the first nine months of 2019. EBITDA in 9M 2020 continued at very low levels given challenging Q2 and Q3 but with improving perspectives expected for Q4.

North America

Revenues in Q3 2020 declined €32.7 million, or -6.0% (+0.6% at constant FX) versus Q3 2019, reaching €513.2 million. Excluding FX impact, revenues during the quarter were slightly higher than Q3 2019 revenues (+0.6%), this growth was backed the US due to pick-up of activity as well as normalization of ramp-ups, but partially offset by slower recovery of activity levels in Mexico, still below Q3 2019 levels.

During the third quarter of 2020, EBITDA in the region slightly declined to €58.1 million, a decrease of -3.3% (+4.4% at constant FX) or -€2.0 million when compared to Q3 2019. EBITDA margin in Q3 2020 improved to 11.3%, slightly higher than Q3 2019 (11.0%). Cost reduction plan was maintained during Q3 despite the challenging labor market, especially in the US.

In North America, revenues decreased by €308.3 million, or -20.7% (-18.0% at constant FX) in 9M 2020 versus 9M 2019, reaching €1,177.8 million. EBITDA in North America reached €102.5 million in 9M 2020, resulting in a decrease of -40.8% (-37.7% at constant FX) or €70.6 million when compared to 9M 2019. EBITDA margin in 9M 2020 at 8.7% demonstrates strong resilience with a solid operating leverage during the quarter, in line with H1 2020.

Asia

During the third quarter of 2020, revenues reached €271.7 million, implying a decrease of €4.6 million, or -1.7% (+2.2% at constant FX) versus the third quarter of 2019. Excluding the FX impact, revenue growth was backed by a solid growth in China which growth was partially offset due to slower recovery of volumes in India.

Despite market volatility, the region had a strong operational performance vs. 2019, with an improvement in EBITDA margin, reaching 15.8% in Q3 2020. EBITDA in Asia reached €42.9 million in the third quarter of 2020, resulting in a 15.9% increase (19.8% at constant FX) or €5.9 million when compared to the third quarter of 2019. Cost efficiencies seen during H1 2020 were maintained during the third quarter of 2020.

Revenues reached €699.5 million during the first nine months of 2020. This is a decrease of €98.0 million, or -12.3% (-10.2% at constant FX) versus the first nine months of 2019. During the period, EBITDA in Asia reached €93.6 million, resulting in a 9.6% decrease (-7.6% at constant FX) or €9.9 million when compared to the first nine months of 2019. EBITDA in 9M 2020 underpinned a solid performance despite the COVID 19 impact.

5. INFORMATION ON CASH FLOW STATEMENT

	Third Quarter		YTD September 30,	
	2019	2020	2019	2020
CASH FLOWS FROM OPERATING ACTIVITIES	<i>(Millions of Euros)</i>		<i>(Millions of Euros)</i>	
Profit for the year before taxes and minority interest	44.3	46.3	216.1	-259.7
Adjustments to profit	189.8	198.0	538.6	630.0
Depreciation and amortization of fixed assets	140.5	139.2	416.8	455.4
Financial income	-2.1	-0.2	-5.2	-4.4
Financial expenses	43.8	43.6	121.9	124.9
Total exchange rate differences	4.6	14.8	-8.6	48.9
Share of profits from associates - equity method	0.2	-0.2	-2.2	-0.6
Change in fair value of financial instruments	2.3	1.0	15.5	4.3
Inflation result	0.5	-0.2	0.4	1.5
TOTAL EBITDA	234.1	244.3	754.7	370.3
Other Adjustments to profit	-8.3	-4.5	10.8	70.1
Change in provisions	0.1	-17.0	5.7	77.0
Grants released to income	-1.1	-1.0	-3.0	-3.2
Profit from disposal of fixed assets	-0.1	-2.2	-0.4	-1.3
Unrealized exchange rate differences	-6.7	15.5	10.2	-0.9
Other income and expenses	-0.5	0.2	-1.7	-1.5
Changes in working capital	-84.2	252.5	-317.4	206.4
(Increase)/Decrease in Inventories	17.1	44.5	-88.0	86.9
(Increase)/Decrease in Trade and other receivables	80.4	-17.2	-95.6	162.1
(Increase)/Decrease in Other current assets	6.1	13.6	-11.7	1.3
Increase/(Decrease) in Trade and other payables	-190.9	206.0	-119.8	-49.5
Increase/(Decrease) in Other current liabilities	3.1	5.6	-2.3	5.6
Other cash-flows from operating activities	-61.0	-48.5	-164.2	-166.4
Interest paid	-36.0	-27.9	-110.1	-105.3
Interest received	2.2	0.2	5.2	4.4
Proceeds (payments) of income tax	-27.2	-20.8	-59.3	-65.5
Cash flows from operating activities	80.6	443.8	283.9	480.4

	Third Quarter		YTD September 30,	
	2019	2020	2019	2020
CASH FLOWS FROM INVESTING ACTIVITIES	<i>(Millions of Euros)</i>		<i>(Millions of Euros)</i>	
Payments on investments	-213.4	-116.6	-668.0	-458.4
Group companies and associates	-4.1	0.0	-12.0	0.0
Intangible assets	-26.5	-25.2	-87.2	-61.8
Property, plant and equipment	-185.9	-92.7	-571.9	-393.7
Other financial assets	3.1	1.3	3.1	-2.9
Proceeds from divestments	1.9	-9.4	26.2	49.9
Group companies and associates	0.0	0.0	0.0	0.0
Intangible assets	-2.5	4.9	0.5	5.8
Property, plant and equipment	10.5	6.9	20.8	31.4
Other financial assets	-6.1	-21.2	4.9	12.7
Grants, donations and legacies received	0.3	7.9	5.9	11.6
Cash flows from investing activities	-211.2	-118.1	-635.9	-396.9
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds and payments on equity instruments	4.2	27.3	15.4	45.7
Change in non-controlling interests	0.8	-0.3	-2.6	5.1
Own shares	0.9	1.1	2.7	0.3
Other equity movements	2.5	26.5	15.3	40.3
Proceeds and payments on financial liabilities	56.0	10.2	182.3	1,112.6
Proceeds from	56.0	174.4	276.6	1,200.8
Bonds and other securities to trade	0.0	0.0	0.0	0.0
Interest-bearing loans and borrowings	14.0	174.4	159.2	975.5
Net increase of credit lines and commercial discount	44.7	0.0	117.2	223.6
Borrowings from Group companies and associates	0.0	0.0	0.0	0.0
Other borrowings	-2.7	0.0	0.2	1.7
Repayment of	0.0	-164.2	-94.3	-88.2
Bonds and other securities to trade	0.0	0.0	0.0	0.0
Interest-bearing loans and borrowings	0.0	0.1	-72.5	-87.0
Net decrease of credit lines and commercial discount	0.0	-161.9	0.0	0.0
Borrowings from Group companies and associates	0.0	0.0	-20.9	2.0
Other borrowings	0.0	-2.4	-0.9	-3.2
Payments on dividends and other equity instruments	-50.0	-1.0	-87.3	-39.6
Dividends	-50.0	-1.0	-87.3	-39.6
Cash flows from financing activities	10.2	36.5	110.4	1,118.7
Effect of changes in exchange rates	2.2	-30.2	-1.6	-48.0
Cash in assets held for sale	0.0	0.0	0.0	0.0
NET INCREASE/ DECREASE OF CASH OR CASH EQUIVALENTS	-118.2	332.0	-243.2	1,154.2

5.1. Cash flow from operating activities

Cash flow from operating activities in the third quarter of 2020 increased by €363.2 million to a net amount of €443.8 million, from €80.6 million for the same period of 2019. This increase was mainly due to a better working capital management which implied an inflow of €252.5 million during the third quarter of 2020 (vs. an outflow of €84.2 million during the same period of 2019).

5.2. Working capital

Cash flow from working capital of 252.5 million during the third quarter of 2020 versus a cash flow usage of -€84.2 million in the Q3 of 2019, implying an improvement of €336.7 million between the quarters.

Our working capital requirements are largely derived from our trade accounts receivable and other accounts receivable, which are comprised primarily of amounts owed by our customers, inventories comprised primarily of raw materials (primarily steel), and other current assets that include accounts receivable with the Public Treasury for payments on account of taxes or tax refunds.

Our accounts payable to suppliers and other accounts payable correspond to the amounts payable for the purchase of raw materials and services, amounts payable to the Treasury for taxes and payments to our employees for accrued remuneration. Historically, we have financed our working capital needs through the funds generated by our operations, as well as loans from financial entities and funds from other sources of financing.

5.3. Cash flow used in investing activities

Cash flow used in investing activities during the third quarter of 2020 decreased by €93.1 million to -€118.1 million from €211.2 million euros for the same quarter of 2019.

5.4. Cash flow from financing activities

Cash flow from financing activities during the third quarter of 2020 amounted to €36.5 million (compared to €10.2 million for the third quarter of 2019).

6. INVESTMENTS IN FIXED ASSETS

	Third Quarter		YTD September 30,	
	2019	2020	2019	2020
Capital expenditures	<i>(Millions of Euros)</i>		<i>(Millions of Euros)</i>	
Intangible assets	28.1	24.2	85.5	63.8
Tangible assets	144.0	85.9	503.1	303.3
- Growth Capex	77.1	28.7	260.0	130.0
- Recurrent Capex	66.9	57.2	243.1	173.3
Total (excl IFRS 16)	172.1	110.1	588.6	367.1
- Effect IFRS 16	2.2	6.1	20.3	49.0
Total	174.3	116.2	608.9	416.1

Investments in fixed assets during the third quarter of 2020 amounted to €110.1 million (€116.2 million including IFRS 16) compared to €172.1 million for the third quarter of 2019 (€174.3 million including IFRS 16). This represents a 36.0% (excl. IFRS 16) decrease in capital expenditures. Investments in fixed assets consist mainly of property, plant and equipment.

Growth capital expenditure has been reduced during the third quarter of 2020 to €28.7 million. Growth capex includes greenfield projects, additional plant expansions, and new customer products / technologies.

Recurrent capex has moderated to levels of €57.2 million during Q3 2020. Recurrent capex includes investments in plant maintenance and business replacement and was in line with last year's trend.

Intangible capital expenditures during Q3 2020 amounted to €24.2 million and includes expenditure on intangible assets such as research and development costs.

7. OTHER RELEVANT FINANCIAL DATA

7.1. Contractual obligations

Our contractual obligations provide for payments primarily in accordance with our outstanding financial debt, including financial obligations arising from senior secured bonds, but excluding financial derivatives.

	As of September 30, 2020			
	Total	Less than 1 year	1 - 5 years	More than 5 years
Contractual obligations	<i>(Millions of Euros)</i>			
Interest bearing loans and borrowings	4,028.9	689.0	2,612.0	727.9
Financial leases and operating leasing (IFRS 16)	423.5	70.5	340.5	12.5
Borrowings from associated companies	129.3	8.5	106.0	14.8
Other financial debts	20.6	0.0	16.8	3.8
Total Financial Debts	4,602.3	768.0	3,075.3	759.0
Non interest bearing loans	12.1	0.0	12.1	0.0
Current non-trade liabilities	191.8	136.0	55.8	0.0
Total Contractual Obligations	4,806.2	904.0	3,143.2	759.0

7.2. Other Financial Data

	YTD September 30,	
	2019	2020
Other Financial Data	<i>(Millions of Euros)</i>	
EBITDA	754.8	370.3
EBITDA excluding IFRS 16 and Transformation Plan	688.9	390.7
Cash, cash equivalent and current financial assets	462.1	1,885.5
Total Financial Debt	3,533.7	4,602.3
Total Net Financial Debt	3,071.6	2,716.8
Net Financial Debt excluding IFRS 16	2,664.1	2,348.3

Note: EBITDA excl. Transformation Plan reached €460.2 million in 9M 2020

	YTD September 30,	
	2019	2020
Operating profit	338.0	-85.1
<i>Adjusted for:</i>		
Depreciation, amortization and impairment losses	416.8	455.4
EBITDA	754.8	370.3
Transformation Plan - Operating Expenses	0.0	89.9
EBITDA excluding Transformation Plan	754.8	460.2

Cash, cash equivalents and current financial assets include cash and equivalents as of September 30, 2020 in the amount of €1,812.8 million and current financial investments of €72.7 million (including loans and accounts receivable, portfolio of current securities and other current financial assets). Net financial debt as of September 30, 2020 amounted to €2,716.9 million or €2,348.4 million excluding IFRS 16.

The following non-trade liabilities are not considered financial debt as of September 30, 2020: €55.8 million in derivative financial instruments, €136.0 million of non-interest bearing short-term liabilities (of which €100.0 million correspond to suppliers of fixed assets) and €12.1 million of non-interest bearing long-term liabilities.

7.3. Liquidity

Available Liquidity

Available liquidity consists of cash and cash equivalents and undrawn lines of credit, as shown in our consolidated financial statements, without adjusting non-controlling interests or accessibility restrictions due to the rules applicable to the Group's subsidiaries.

As of September 30, 2020, the Group's liquidity position amounted to €2,453.9 million and included: Cash and other liquid assets amounting to €1,812.8 million, Current financial investments by €72.7 million (including loans granted, portfolio of current securities and other

current financial investments), available and undrawn long-term credit lines amounting to €260.0 million and available and undrawn short-term credit lines amounting to €308.4 million. This represents an improvement in our liquidity profile during the third quarter of 2020 amounting of €311.0 million to €2,453.9 million as of September 30, 2020, in comparison with €2.142,9 million as of June 30, 2020.

In addition, the debt maturities for the next 12 months from September 30, 2020 amounted to €768.0 million (€697.5 million from loans and other loans and financial debts with associates, and the rest corresponding to financial leases) and, in the third quarter of 2020, the net cash flow used in investment activities (not including purchases and income between companies) amounted to €118.1 million, while the flow of Net cash from operating activities amounted to €443.8 million.

Liquidity Risk Management

The Group manages liquidity risk by seeking the availability of cash to cover its cash needs and the maturity of the debt for a period of 12 months, thus avoiding the need to raise funds under unfavorable conditions to cover short-term needs. This liquidity risk management over the next 12 months is complemented by an analysis of the Group's debt maturity profile, seeking an adequate average maturity and, therefore, refinancing short-term maturities in advance, especially the first two years following. As of September 30, 2020, the average maturity of the Group's net financial debt was 4.0 years (estimated considering the use of cash and credit lines with a maturity of more than 12 months to repay the short-term debt).

Our main source of liquidity is our operating cash flow, which is analyzed above. Our ability to generate cash from our operations depends on our future operating performance, which in turn depends, to some extent, on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond our control.

We believe that the potential risks to our liquidity include: (i) a reduction in operating cash flows due to a lowering in operating profit from our operations, which could be caused by a downturn in our performance or in the industry as a whole ; (ii) the failure or delay of our customers to make payments due to us; (iii) the failure to maintain low working capital requirements; and (iv) the need to fund expansion and other development capital expenditures.

8. INFORMATION ON CONSOLIDATED BALANCE SHEET

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

	September 30, 2019	December 31, 2019	September 30, 2020
Consolidated Balance Sheet Data:	<i>(Millions of Euros)</i>		
Non-current assets	5,421.2	5,572.8	5,270.3
Intangible assets	475.9	479.8	464.3
Property, plant and equipment	4,487.6	4,579.8	4,208.5
Financial assets	79.3	71.3	71.4
Deferred tax assets	378.4	441.9	526.1
Current assets	2,973.3	2,914.9	3,840.0
Assets held for sale	0.0	0.0	0.0
Inventories	517.6	451.0	401.7
Assets from contract with customers	739.2	538.4	451.7
Trade and other receivables	1,132.8	1,067.5	991.5
Other current assets	121.6	110.9	109.6
Financial assets	88.8	88.5	72.7
Cash and cash equivalent	373.3	658.6	1,812.8
Total assets	8,394.5	8,487.7	9,110.3

	September 30, 2019	December 31, 2019	September 30, 2020
Consolidated Balance Sheet Data:	<i>(Millions of Euros)</i>		
Equity	2,302.7	2,392.1	1,907.9
Equity attributable to shareholders of the parent	1,835.5	1,902.7	1,496.2
Equity attributable to non-controlling interest	467.2	489.4	411.7
Non-current liabilities	3,676.7	3,887.2	4,446.1
Deferred income	25.6	23.7	31.6
Provisions	133.0	147.6	154.5
Non-trade liabilities	3,205.3	3,329.2	3,902.2
Deferred tax liabilities	294.5	369.5	343.8
Other non-current liabilities	18.3	17.2	14.0
Current liabilities	2,415.1	2,208.4	2,756.3
Non-trade liabilities	557.8	423.7	904.0
Trade and other payables	1,838.4	1,757.8	1,749.7
Provisions	13.4	16.5	86.6
Other current liabilities	5.5	10.4	16.0
Total equity and liabilities	8,394.5	8,487.7	9,110.3