



CIE *Automotive*

MANAGING HIGH VALUE ADDED PROCESSES GLOBALLY

**MID TERM FINANCIAL REPORT
DECEMBER 31st 2017**



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- CIE uses recurrently and in a consistent way during business management certain Alternative Performance Measures, APM) which include terms about results, balance sheet and cash flow. CIE understands that those APMs are helpful to explain its activity evolution, so they are presented, defined and reconciled with financial statements in this presentation.

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A collage of images in the bottom-left corner. It includes a sunset with orange and yellow rays, a car driving on a road with a side mirror, a city skyline with a prominent tower, and silhouettes of people walking.

1.

December 2017 Results

HIGHLIGHTS 2017

	2016	%	2017
Turnover (€ Mio)	2,879.0	+29%	3,724.5
EBITDA (*) (€ Mio)	407.5	+30%	530.4
Net Income (*) (€ Mio)	162.4	+33%	215.4
Equity (€ Mio)	1,263.3	+6%	1,336.9
Net Income per share (€)	1.26		1.67
31.12 Share Price (€ per share)	18.52	+31%	24.21
Year end number of employees (n°)	26,083		30,961 ⁽¹⁾
Net Financial Debt (€ Mio)	816.2		854.8
NFD/EBITDA (**)	1.86x		1.59x

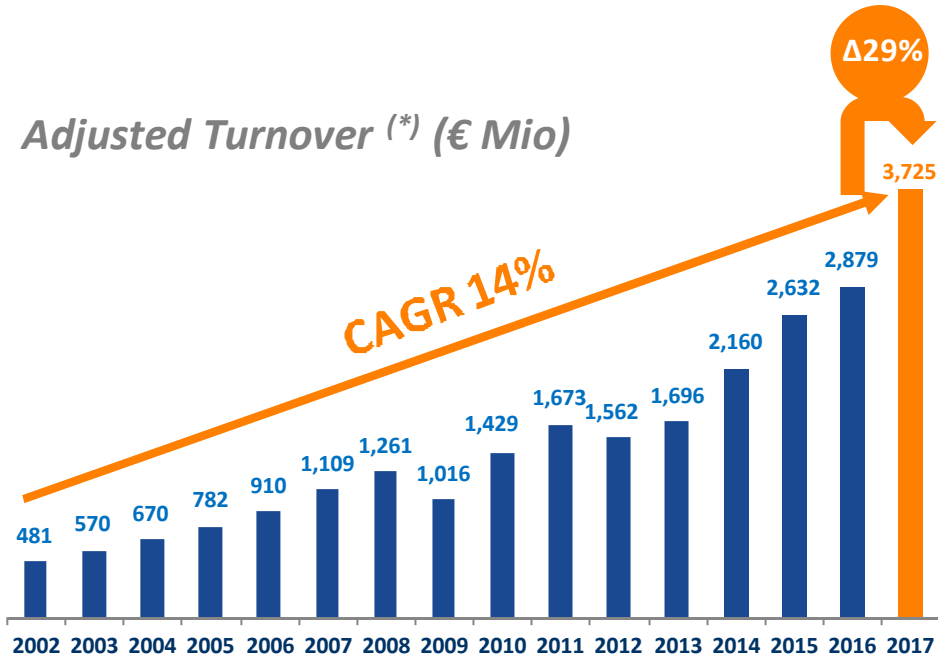
(*) EBITDA: Net Operating Income + Depreciation, Net Income: Profit attributable to the company's shareholders.

(**) EBITDA of last 12 months annualized in those companies incorporated to perimeter during the period.

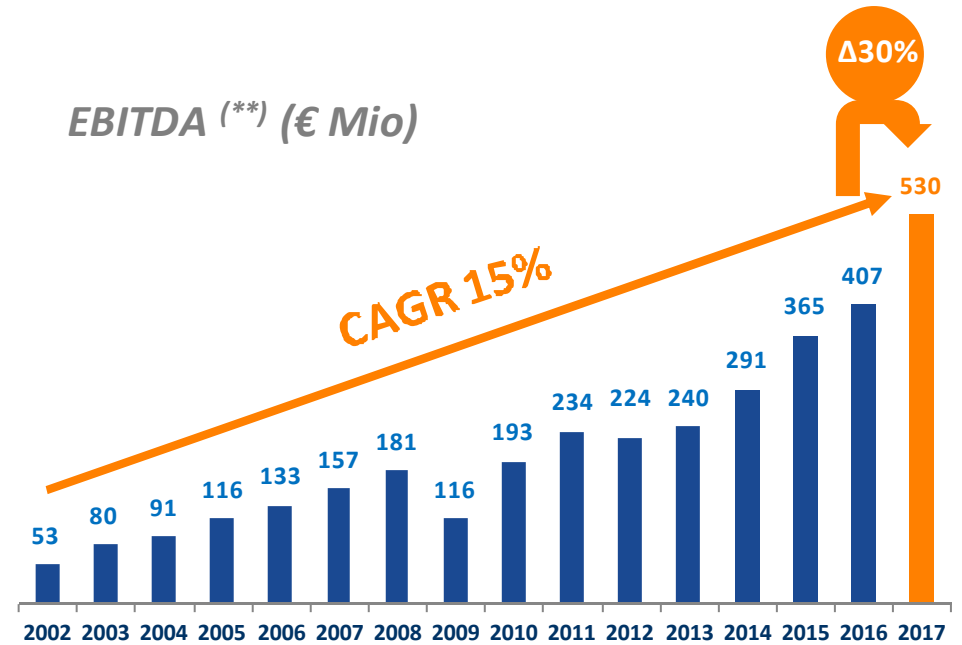
(1) The inorganic growth has resulted in an increase of 2,488 people.

SUSTAINED AND PROFITABLE GROWTH

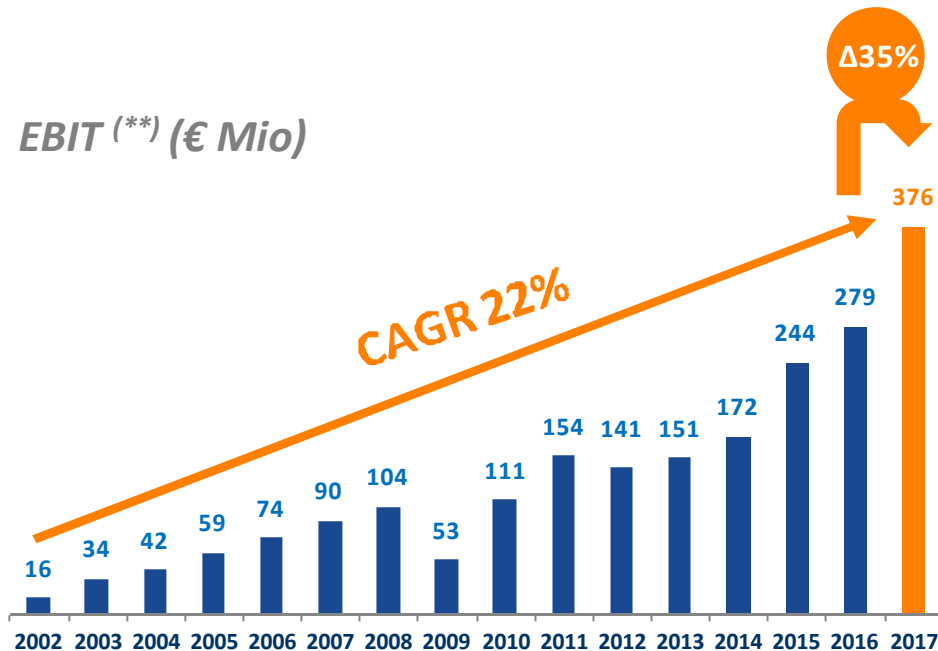
Adjusted Turnover (*) (€ Mio)



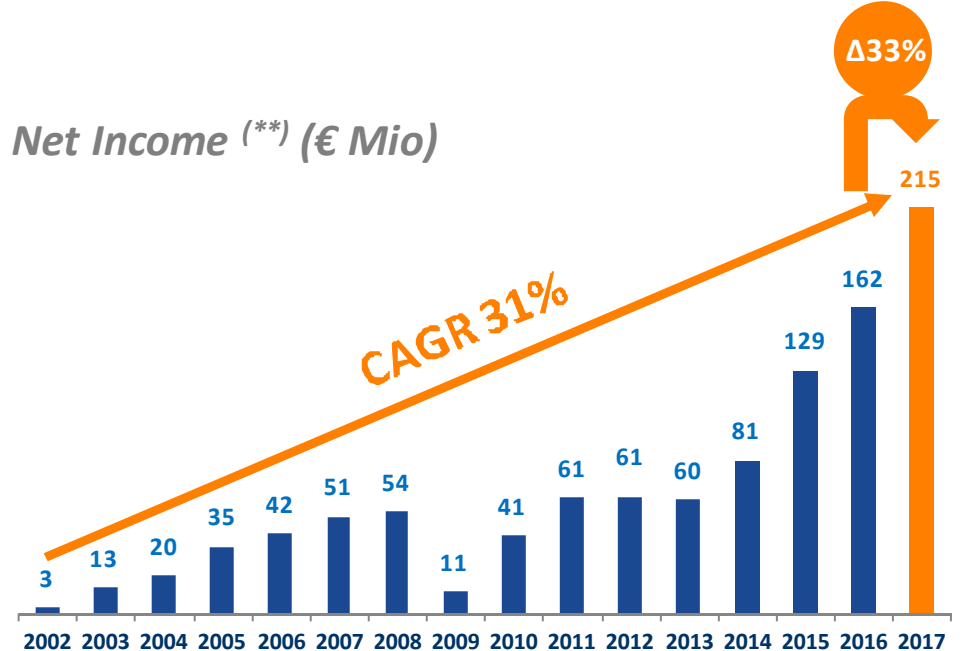
EBITDA (**) (€ Mio)



EBIT (**) (€ Mio)



Net Income (**) (€ Mio)



(*) From 2006 until 2014, proforma values calculated by deducting turnover of diesel oil used for blending.

(**) EBITDA: Net Operating Income + Depreciation, EBIT: Net Operating Income, Net Income: Profit attributable to the company's shareholders.

CAGR : Compound Annual Growth Rate



a. Automotive

2017 AUTOMOTIVE RESULTS

(€ Mio)	31/12/2016	%	31/12/2017
Turnover	2,266.5	+27%	2,881.2
EBITDA (*)	360.3	+31%	472.7
% EBITDA on turnover	15.9%		16.4%
EBIT (*)	246.5	+37%	338.1
% EBIT on turnover	10.9%		11.7%

(*) EBITDA: Net Operating Income + Amortization & Depreciation, EBIT: Net Operating Income.

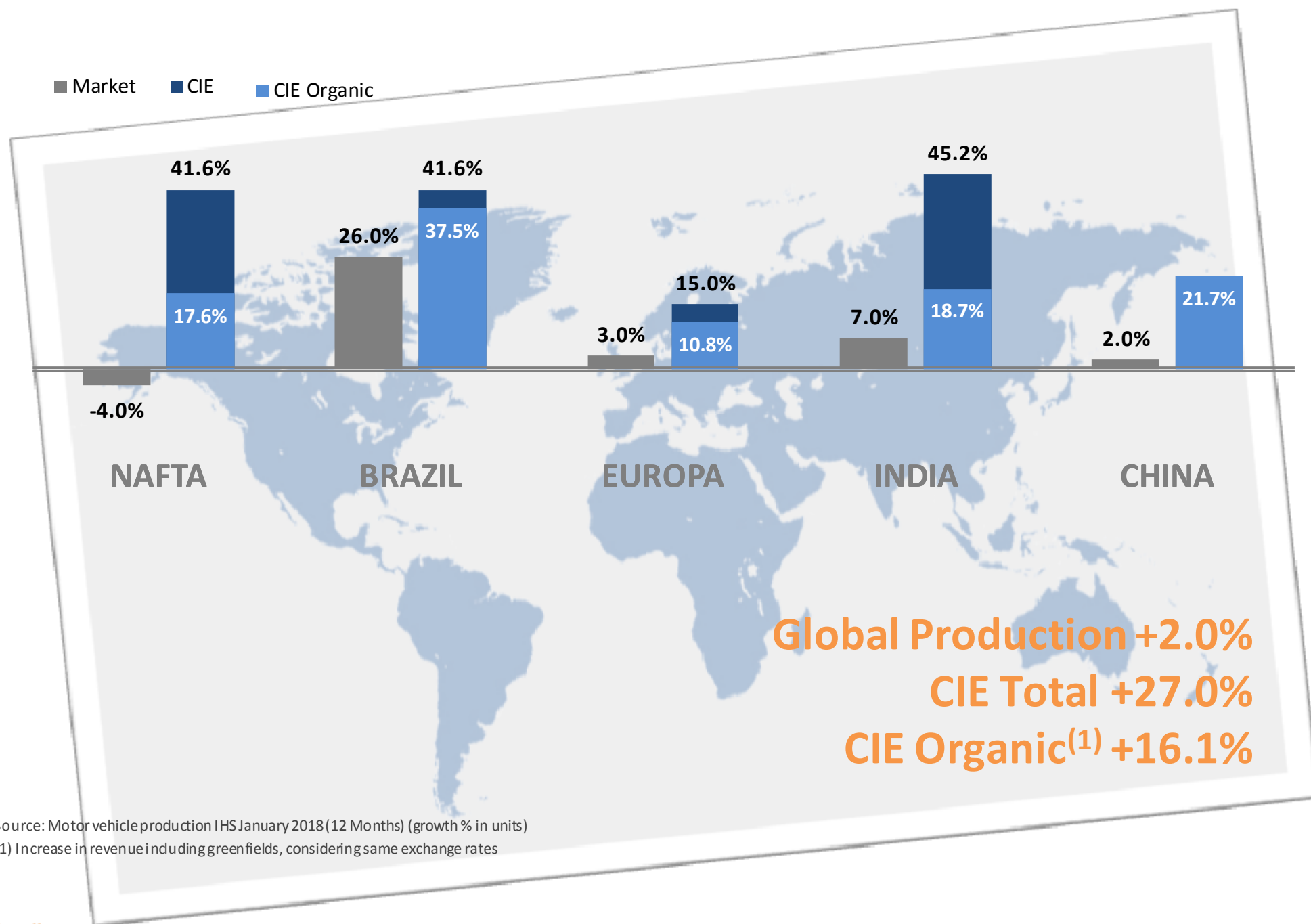
- Significant increase in turnover with organic growth in all geographical areas.
- Excellent performance of margins in all regions, in line with previous quarters.

4Q 2017 AUTOMOTIVE RESULTS

(€ Mio)	4Q 2016	%	4Q 2017
Turnover	604.7	+18%	714.4
EBITDA (*)	88.6	+25%	111.0
% EBITDA on turnover	14.7%		15.5%
EBIT (*)	58.9	+31%	77.4
% EBIT on turnover	9.7%		10.8%

(*) EBITDA: Net Operating Income + Amortization & Depreciation, EBIT: Net Operating Income.

AUTOMOTIVE GROWTH 2016-2017(%)

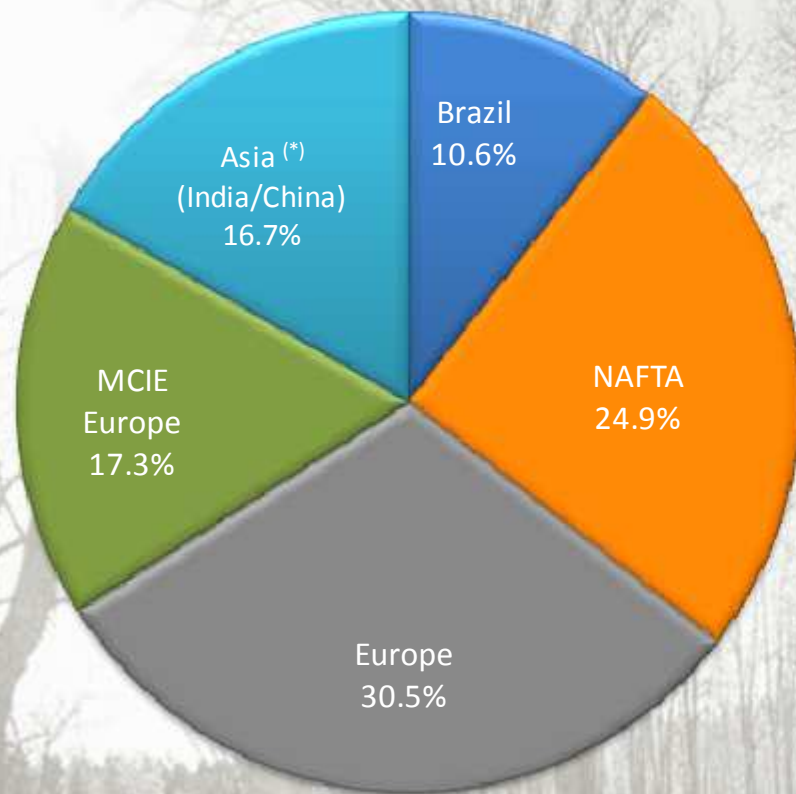


Source: Motor vehicle production IHS January 2018 (12 Months) (growth % in units)

(1) Increase in revenue including greenfields, considering same exchange rates

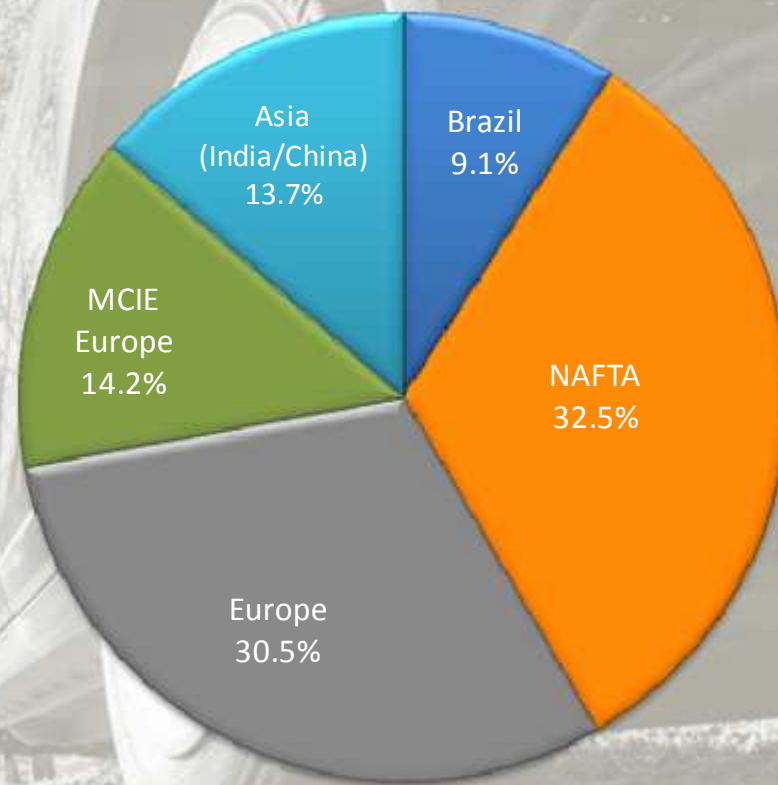
2017 DIVISIONS CONTRIBUTION

TURNOVER



(*) China Turnover: 129 MM€.

EBITDA (**)



(**) EBITDA: Net Operating Income + Amortization & Depreciation

2017 DIVISIONS PROFITABILITY

EUROPE

31/12/16 31/12/17

EBITDA

17.4%

16.4%

EBIT

11.2%

10.6%

Sustainable margins far above market's average

MCIE EUROPE

31/12/16 31/12/17

11.4%

13.4%

7.0%

9.0%

Stable gradual growth in margins, in its way to achieve CIE Group standards

NAFTA

31/12/16 31/12/17

23.0%

21.4%

18.6%

17.2%

Margins significantly higher than CIE Group average that continue growing thanks partially to excellent performance of new greenfields

BRAZIL

31/12/16 31/12/17

8.4%

14.2%

4.1%

10.7%

Margins improvement derived from operational improvements carried out and supported by market increase

ASIA (INDIA & CHINA)

31/12/16 31/12/17

12.2%

13.5%

7.7%

9.1%

Growing margins as a result of integration of Indian plants within CIE Group and of new projects' industrialization in China



b. Dominion

2017 DOMINION RESULTS

(€ Mio)	31/12/2016	%	31/12/2017
Turnover	612.5	+38%	843.3
Adjusted Turnover ⁽¹⁾	612.5	+22%	744.8
EBITDA (*)	47.2	+22%	57.7
% EBITDA on adjusted turnover	7.7%		7.7%
EBIT (*)	32.8	+16%	38.1
% EBIT on adjusted turnover	5.4%		5.1%

(*) EBITDA: Net Operating Income + Amortization & Depreciation, EBIT: Net Operating Income, Net Income: Profit attributable to the company's shareholders.

(**) EBITA: Net Operating Income + PPA Depreciation.

(1) Adjusted Turnover: Net revenue from sales of terminals in the Commercial Services business

- Meeting goals, adjusted turnover growth of ≈22% and organic growth net of FOREX effect of 7.2% in line with the strategic guidance.
- Increase of ≈20% in EBITA^(**) and Net Income^(*), supported by operating leverage and digital model of Dominion Smart Innovation, despite lower margins coming from new acquisitions.

4Q 2017 DOMINION RESULTS

(€ Mio)	4Q 2016	%	4Q 2017
Turnover	204.1	+56%	318.5
Adjusted Turnover ⁽¹⁾	204.1	+19%	242.1
EBITDA (*)	15.2	+34%	20.4
% EBITDA on adjusted turnover	7.4%		8.4%
EBIT (*)	10.3	+36%	14.1
% EBIT on adjusted turnover	5.1%		5.8%

(*) EBITDA: Net Operating Income + Amortization & Depreciation, EBIT: Net Operating Income.

(1) Adjusted Turnover: Net revenue from sales of terminals in the Commercial Services business

A blurred photograph of a multi-lane highway at sunset or sunrise, with a guardrail on the left and buildings in the distance. The image is split diagonally from the top-left to the bottom-right, with the top-left portion showing the road and the bottom-right portion being white.

C. Consolidated Results

2017 CIE GROUP RESULTS

(€ Mio)	31/12/2016	%	31/12/2017
Turnover	2,879.0	+29%	3,724.5
Adjusted Turnover ⁽¹⁾	2,879.0	+26%	3,626.0
EBITDA (*)	407.5	+30%	530.4
% EBITDA on turnover	14.2%		14.6%
EBIT (*)	279.3	+35%	376.2
% EBIT on turnover	9.7%		10.4%
Profit for the year	190.2	+36%	258.2
Net Income (*)	162,4	+33%	215.4

(*) EBITDA: Net Operating Income + Amortization & Depreciation, EBIT: Net Operating Income, Net Income: Profit attributable to the company's shareholders

(1) Adjusted Turnover: Net revenue from sales of terminals in the Commercial Services business

2017 GROWTH

	AUTOMOTIVE TOTAL	DOMINION TOTAL	CIE TOTAL
Organic Growth ^(*)	16.1%	7.2%	14.3%
Inorganic Growth	10.9%	30.5%	15.0%
<i>2017 Growth at same exchange rates</i>	<i>27.0%</i>	<i>37.7%</i>	<i>29.3%</i>
Forex ^(**)	0.1%	-0.1%	0.1%
2017 Total Growth	27.1%	37.7%	29.4%

(*) Increase in revenue including greenfields.

(**) Forex by divisions: NAFTA -2.9%, Brasil 9.7%, China -4.4%, India 1.6%, Dominion -0.1%.

4Q 2017 CIE GROUP RESULTS

(€ Mio)	4Q 2016	%	4Q 2017
Turnover	808.7	+28%	1,032.9
Adjusted Turnover ⁽¹⁾	808.7	+18%	956.5
EBITDA (*)	103.8	+27%	131.4
% EBITDA on turnover	12.8%		13.7%
EBIT (*)	69.3	+32%	91.5
% EBIT on turnover	8.6%		9.6%
Profit for the year	47.9	+27%	61.0
Net Income (*)	39.3	+26%	49.5

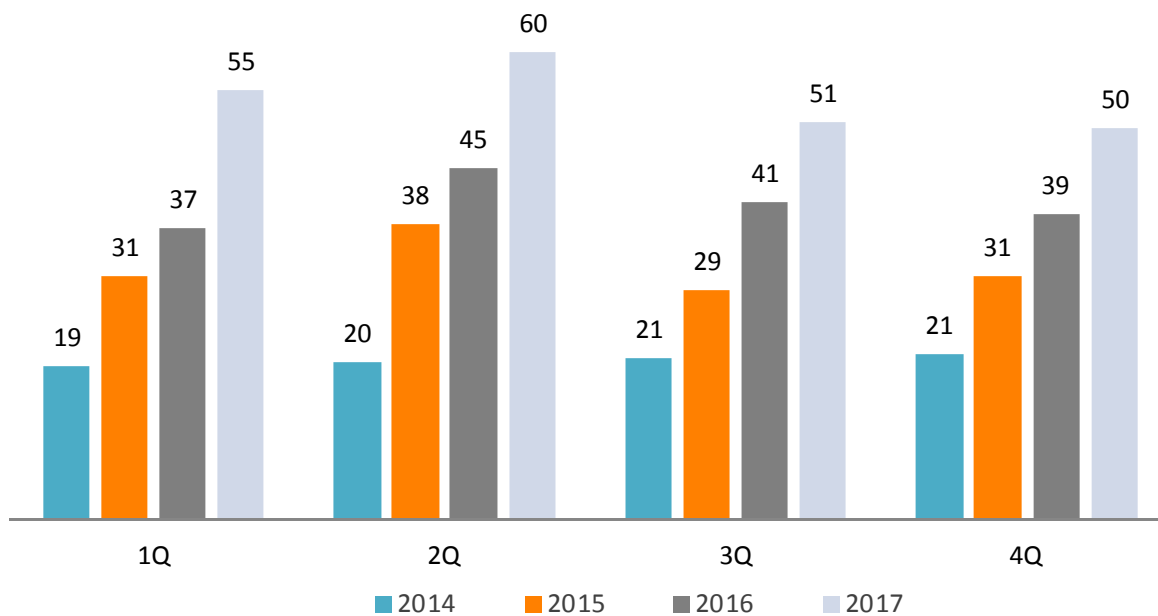
(*) EBITDA: Net Operating Income + Amortization & Depreciation, EBIT: Net Operating Income, Net Income: Profit attributable to the company's shareholders

(1) Adjusted Turnover: Net revenue from sales of terminals in the Commercial Services business

QUARTERLY EVOLUTION

2014/2015/2016/2017

Net Income^(*) (€ Mio)



(*) Net Income: Profit attributable to the company's shareholders



A collage of images in the bottom-left corner. It includes a sunflower in the top-left, a car driving on a road with a side mirror in the middle, a city skyline at sunset in the bottom-middle, and hands typing on a keyboard in the bottom-right.

2. Balance Sheet

BALANCE SHEET

€ Mio	31/12/2016	31/12/2017
Fixed Assets	2,480.5	2,660.8
Net Working Capital	(248.9)	(350,6)
Total Net Assets	2,231.6	2,310.2
Equity	1,263.3	1,336.9
Net Financial Debt (*)	816.2	854.8
Others (Net)	152.1	118.5
Total Equity and Liabilities	2,231.6	2,310.2

The amount of the non-recourse factoring to 31.12.2017 is 266€ Mio (224€ Mio in December 2016)

NFD/Equity	0.65x	0.64x
RONA (**)	16%	19%

(*) Net Financial Debt = Debt with banks and other financial institutions – Cash and equivalents

(**) RONA = "Return on Net Assets": EBIT Last annualized 12 Months/ Net Assets (Fixed Assets + Net Working Capital – Goodwill not associated to cash outs).

CASH FLOW

Net Financial Debt Movements	€ Mio
EBITDA	530.4
Financial Expenses	(46.9)
Maintenance CAPEX ⁽¹⁾	(131.5)
Tax Payments	(55.9)
OPERATING CASH FLOW:	296.1
<i>% OPERATING CASH FLOW / EBITDA</i>	55.8%
Greenfields and Growing Capex	(153.6)
Net Working Capital Variation	46.5
Payment of Dividends	(54.9)
Newcor Acquisition	(101.5)
Phone House Acquisition	(37.6)
Acquisitions to minority shareholders ⁽²⁾	(5.8)
Previous years acquisition payments ⁽³⁾	(53.4)
Exchange rate effect in NFD	15.0
Other Movements	10.4
FINANCIAL CASH FLOW	(38.8)
Net Financial Debt 31.12.2016	816.0
Net Financial Debt 31.12.2017	854.8
NFD/EBITDA ⁽⁴⁾	1.59x

(1) Maintenance CAPEX: The one related to the renovation of the facilities to face market growth.

(2) Acquisition of an additional 34.9% of the capital of the Brazilian subsidiary Durametal, S.A. reaching a percentage share of 84.9%.

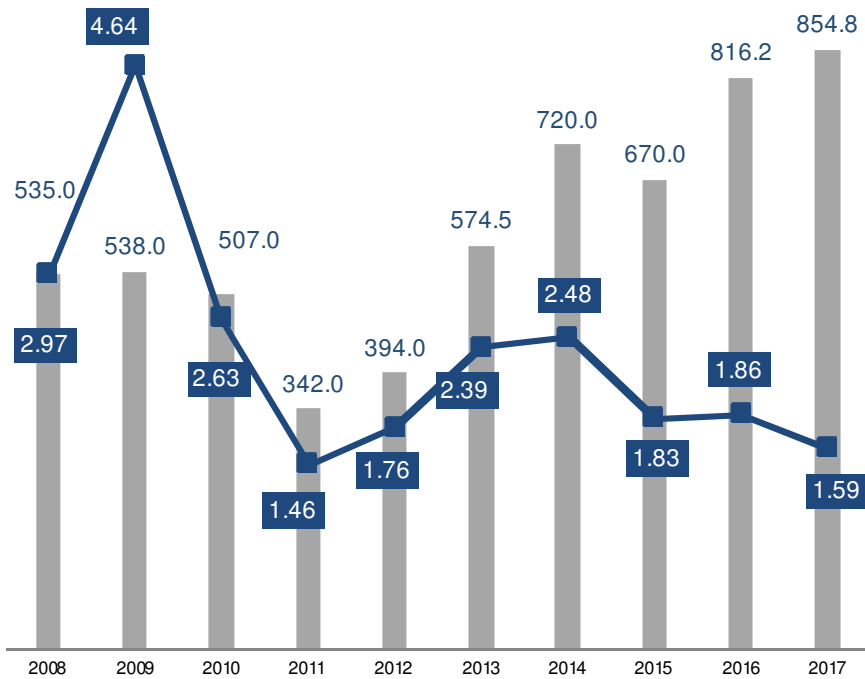
(3) Amaya Tellería and Dominion Group's pending acquisitions payments: International Chimney Corporation (ICC), Beroa and Dominion Energy, S.L.

(4) Last annualized 12 months EBITDA from new companies integrated during the period.

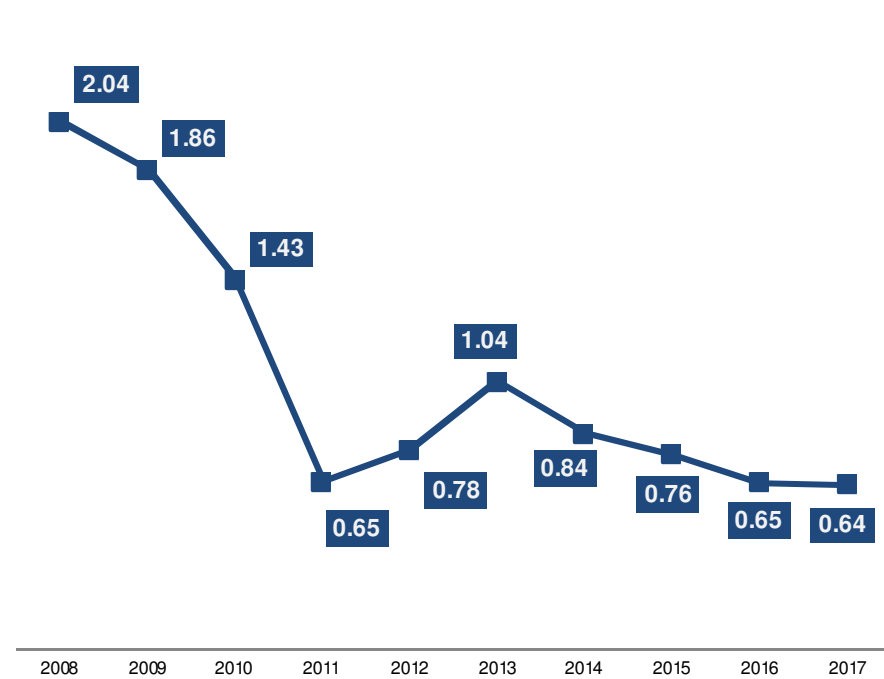


NET FINANCIAL DEBT EVOLUTION

Net Financial Debt (*) (€ Mio)
NFD/EBITDA



NFD/Equity



(*) NFD = Net Financial Debt = Debt with banks and other financial institutions – Cash and equivalents / EBITDA: Net Operating Income + Depreciation 12 last months

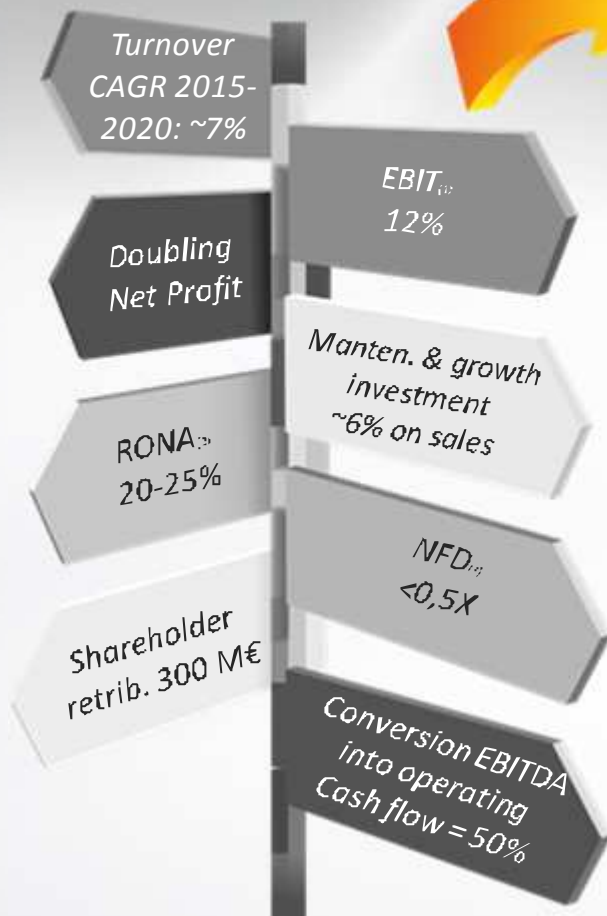


3. Strategic Commitments

STRATEGIC PLAN 2016-2020

STRATEGIC TARGETS 2020

2020 TARGETS UPDATE AFTER FIRST YEAR



- 1 Turnover CAGR 2016-2020: ~8.5%
- 2 EBIT₍₁₎ 12.1%
- 3 Doubling Net Profit a year before (by 2019)
- 4 Maintenance & growth investment ~5.6% on sales
- 5 RONA₍₂₎ 23%
- 6 NFD₍₃₎ <0.8X
- 7 Shareholder retribution 323 M€
- 8 Conversion EBITDA into operating Cash flow > 50%

(1) EBIT: Net Operating Income.

(2) RONA = "Return on Net Assets": EBIT/ Net Assets (Fixed Assets + Net Working Capital – Goodwill not associated to cash outs)

(3) Net Financial Debt = Debt with banks and other financial institutions – Cash and equivalents



4. CIE in Stock Exchange

CIE IN STOCK EXCHANGE

CIE share price performance vs Ibex 35



- CIE share price has increased with a 32% CAGR in the last 4 years..
- In the same period, the Net Income (*) has increase with a 38% CAGR.

(*) Net Income: Profit attributable to the company's shareholders

CIE IN STOCK EXCHANGE

	2017	2016	2015	2014	2013
Market Cap (€ Mio)	3,123	2,388	1,993	1,453	951
Number of shares (Mio)	129	129	129	129	119
Last price of period (euros)	24.21	18.52	15.45	11.27	8.00
Maximum price of period (euros)	26.20	18.98	15.46	12.29	8.35
Minimum price of period (euros)	17.15	11.99	10.65	7.21	5.00
Volume (thousand shares)	59,318	59,065	60,619	62,970	44,953
Effective (€ Mio)	1,244	940	814	600	277

Source: Madrid Stock Exchange



***Further information on
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CIE Automotive

MANAGING HIGH VALUE ADDED PROCESSES