Gestamp at the BE – EIB Conference: "Investment and Investment Finance – The Spanish Case”

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1997
- 10 plants
- 4 countries
- +1,500 employees
- Sales: 205 Million €
- EBITDA: 33 Million €

2007
- 51 plants
- 14 countries
- +12,000 employees
- Sales: 2,146 Million €
- EBITDA: 280 Million €

2016
- 96 plants
- 20 countries
- +36,000 employees
- Sales: 7,549 Million €
- EBITDA: 841 Million €
The Company was founded in 1997 and set out an ambitious Strategic Plan to become a relevant component supplier with...

...enough Critical Mass to...

...attain direct relationships with OEMs

...meet the OEMs’s needs

...and based on two key pillars

Globalization

Technology

Operational Excellence

Financial Robustness

Objective: to be an international Tier 1 supplier with a wide range of Technologies
Crisis as an Opportunity

• In 2008, the world economic crisis hammered the auto industry, with volume declines of around 40%.
• All regions were affected, especially Europe and USA – Bankruptcy of several OEMs and Suppliers
• Situation of uncertainty and instability

Vehicle Production in Western Europe [Mveh]

Gestamp developed a strategy differentiated for the long and short term:
MANAGE THROUGH THE CRISIS, MAINTAINING THE LONG TERM STRATEGY

Short term survival
- Reduction of Working Capital and non-critical investments
- New financing sources
- Maintaining EBITDA, adjusting down costs

Maintain long term strategy
- Continue with investments and commitments already acquired with our customers:
  - Growth countries
  - Expanding Technologies: Hot Stamping (lightweighting with high strength steel)
- Consolidated strategic position
Transformation of the Group’s financial structure

Need to adapt the financial structure of Gestamp

- International financial Crisis
- Spanish banking crisis

Diversification of financing sources / Extension of maturities

- Maintaining a conservative profile, ND / EBITDA < 2
- Less dependence on domestic banks vs. international
- Less dependence on bank financing vs. bonds
- Extension of maturities from 5 to 7 years

Case Study: European Investment Bank

- Early support at parent holding company when Gestamp was still small
- Support during the financial crisis, backing technology investments
- 2016: Strong backing of Gestamp’s expertise in light-weighting the car to help OEMs meet CO2 emissions targets, while increasing vehicle safety
  - Sizable long-term loan with bullet structure, to finance R&D investments in Europe, in turn supporting growth and investment by Gestamp worldwide
- Future opportunities for continued collaboration supporting investments in state-of-the-art factories and new technologies
Trends driving future growth

- EVs Becoming More Important
- Higher Comfort Features & Dynamics
- Increasing Safety Requirements
- Increased CO2 Regulation
- Global Platforms Strategies
- Increased OEM Outsourcing
- Automotive Production Growth

Opportunities to continue growing and strengthen leaderships
Selected Megatrends Driving Future Growth

OEMs increase outsourcing based on...

...Economic factors
- Conversion of fixed costs into variable
- Decrease indebtedness

...Operational factors
- Higher specialization in product/process
- Distribution of R&D expenses

Gestamp’s products make vehicles:

- ...Ultra Safe...
- ...Light Weight...
- ...at Attractive Cost-Benefit Ratio

Driven by:
- Higher Safety Regulations
- Key Buying Criteria
- Stricter CO2 Regulations
- Consumer Pull for Fuel Efficiency

Total value of vehicle
70% Suppliers
30% OEMs